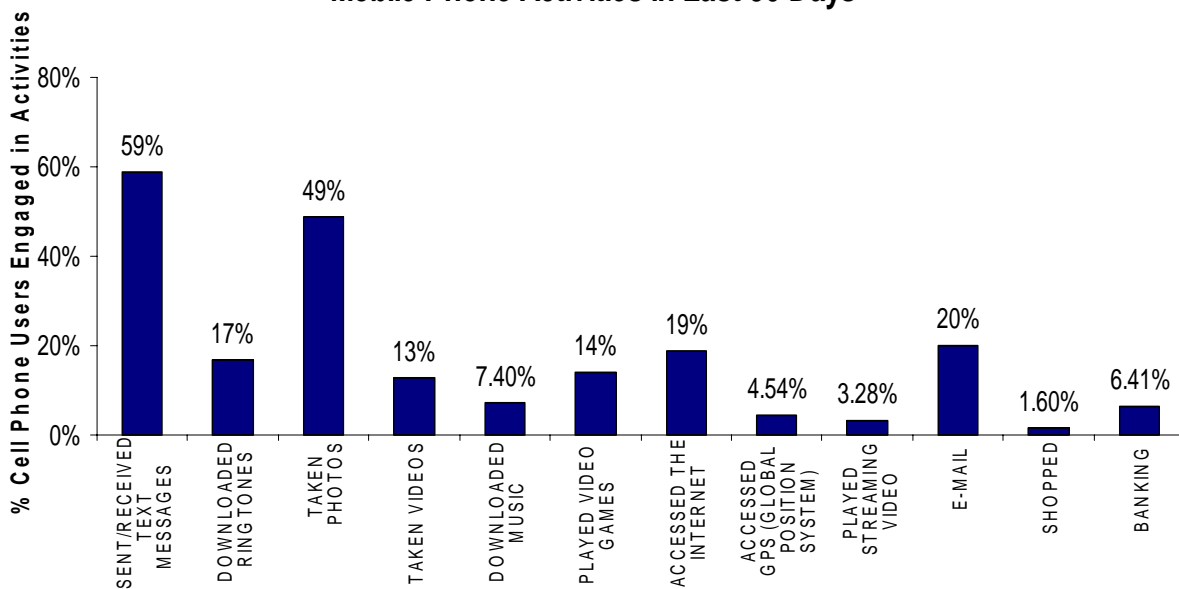


## U.S. Closing Mobile Usage Gap *by Ellen Romer*

Compared to 800 million cars, 850 million personal computers, 1.3 billion fixed landline phones, 1.4 billion credit cards, and 1.5 billion TV sets – there are now 2.7 billion mobile phones in use.<sup>i</sup> Between January 2001 and December 2010, our global society will have transformed from one where 13% carried a mobile phone, to one where 70% carry one.<sup>ii</sup>

By the first quarter of 2006, thirty countries had already exceeded 100% per capita cell phone usage<sup>iii</sup> (over 100% penetration rate means that some individuals in the population have more than one phone).<sup>iv</sup> In that same year, there were about 241 million mobile phone users in the US (roughly 80% per capita mobile phone penetration).<sup>v</sup> The U.S. market is not expected to top 100% per capita penetration until the year 2013, though usage has risen rapidly.<sup>vi</sup>

**Mobile Phone Activities in Last 30 Days**



The chart above from the Simmons New Media Study released in April 2008 compares the usage of different mobile functions among consumers in the U.S. While 59% of people who have used a cell phone in the past 30 days have text messaged, and 49% have taken photos, less than 2% have shopped by mobile and less than 5% have used mobile GPS – indicating the relative nascency of both mobile shopping and mobile GPS in terms of becoming ingrained consumer habits.<sup>vii</sup>

### *Text Messaging*

Globally, about two thirds of mobile phone users are active users of SMS text messaging which means roughly 1.8 billion people are actively texting today. Globally, there are twice as many active users of SMS as are active users of email.<sup>viii</sup> Interesting to note, out of the 10 bestselling books in Japan in 2007, five were "cellphone novels" -- books that were written on the mobile phone, with the authors tapping out sentence by sentence via text message.<sup>ix</sup>

In the U.S., roughly 300 billion text messages were sent in 2007.<sup>x</sup> SMS is typically read within an average of 15 minutes after receipt and responded to within 60 minutes. Whereas 65% of e-mail is spam, less than 10% of SMS is spam. The Finnish Prime Minister, for example, has a voicemail greeting saying he doesn't listen to voicemail, and to please send him a text message instead.<sup>xi</sup> With increasing usage of SMS in both public and private sectors, text messaging seems to be rapidly becoming an integral part of daily life.

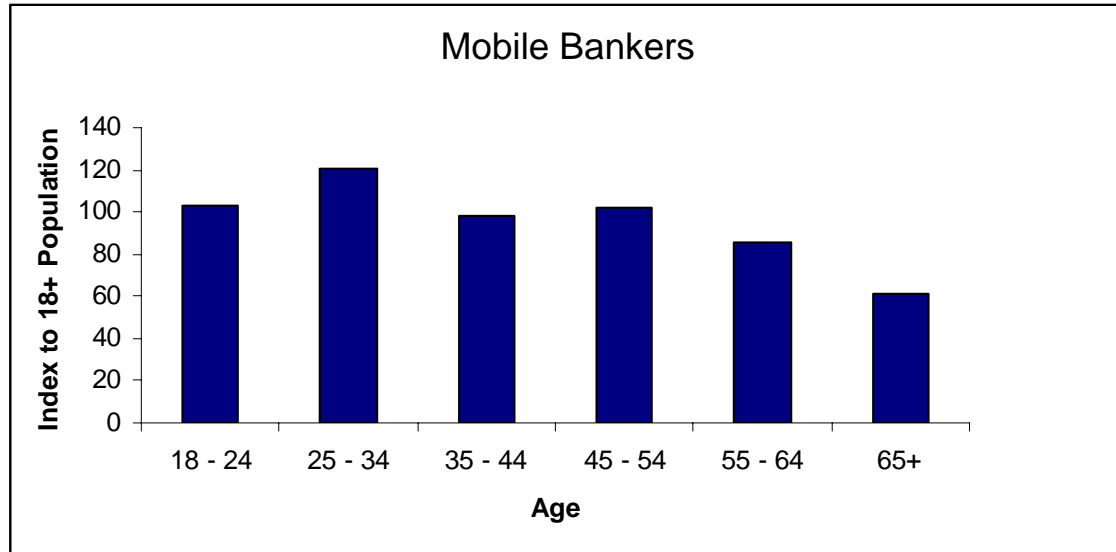
As text messaging becomes increasingly common, different usage drivers are emerging, according to the recent Simmons New Media Study. Whereas only about 19% of text messagers say they use text messaging as a means of communication between themselves and colleagues, 62% say they use text messaging to communicate with friends, and 55% say they use it to communicate with their significant others.<sup>xii</sup>

Consumers are also starting to differentiate how they view text messaging. On a 5-point scale, 28% of consumers who use text messaging view text messaging as a very important source of information (top box). Thirty-seven percent view it as a very important source of communication and 21% view it as an important source of entertainment, according to the Simmons New Media Study.<sup>xiii</sup>

### *Mobile Banking*

With operators, regulators, manufacturers and financial institutions scheduled to get together in Cairo in May 2008 at a GSMA Summit to set up a global framework for m-payments, a whole range of new services could become widely available in key markets as early as 2009.<sup>xiv</sup> The rise of contactless payments made from cell phones are predicted to be commonplace by 2012.<sup>xv</sup>

The potential for low-income consumers in the U.S. to use mobile banking has already been demonstrated in countries like the Philippines and South Africa, where mobile banking has been successfully commercialized. Interfaces can be made simpler for faster access and ease of use for this consumer segment.<sup>xvi</sup>



According to the Simmons New Media Study, the age group most likely to engage in mobile banking are 25-34 year-olds (amongst those consumers who have cell phones and have used them in the past 30 days).<sup>xvii</sup>

U.S. mobile phone users seem to be increasingly comfortable making banking and purchase transactions while on-the-go. Already, 16 percent of mobile phone subscribers use mobile banking services with 60 percent of those people using this service at least once a week. An additional 35 percent of non-users described themselves as being open to checking bank account balances and transferring funds via their mobile devices. A third of those surveyed (33 percent) said they would like to receive text message alerts from their financial institutions. The survey also found that the biggest barrier affecting consumer acceptance of mobile banking and commerce is security concerns over personal data.<sup>xviii</sup>

### Mobile Search

Mobile Search is an evolving branch of information retrieval services that is centered around the convergence of mobile platforms and mobile handsets or other mobile devices.<sup>xix</sup> The previous difficulty of operating across mobile handset brands and models, not to mention limited applications, add-ons, software and graphic interface are starting to be addressed in the marketplace.<sup>xx</sup>

The smartphone market is expected to grow at a 30%+ compound annual growth rate for the next five years globally, exceeding unit sales for laptops. The main driver of this growth has been an improved overall user experience and ease of use with mobile web, fueled by the technological breakthroughs allowing mobile web access to begin to approach the ease and speed of use of computer web access.<sup>xxi</sup>

Amidst a flurry of new mobile web capabilities – the jury is out on who is in the lead. What is clear is the increasing number of players offering an open source mobile OS (operating system) which seems most likely to boost innovation to enable mobile interoperability.<sup>xxii</sup> Coat-tailing the increased speed and usability of mobile web, mobile video blogging tools are proliferating for early adopters including: Kyte.tv mobile, Floobs, KaZiVu, YouTube Mobile.<sup>xxiii</sup>

*Mobile Social Networks*

Mobile social networking is social networking where one or more individuals of similar interests or commonalities, converse and connect with one another using the mobile phone.<sup>xxiv</sup> About 50 million people, or about 2.3 percent of the global population of mobile users, use their mobile for social networking (including chat services and multimedia sharing). Penetration rates are forecast to grow by 12.5 percent over the next five years.<sup>xxv</sup> Big social media networks all went mobile in 2007 (Facebook, MySpace, YouTube and Bebo), supported by more flat rate introductions on different markets.<sup>xxvi</sup>

*GPS*

Location-specific mobile services and applications (cell-ID and/or GPS) driven by the open Google Maps API and flickr’s geotagged photo function<sup>xxvii</sup> have potential to increase significantly as new technology makes this easier to use and offers more applications for mobile users to choose from. Geo-tagging is when a picture is taken, the location of the photographer is saved and overlaid onto services like Google Maps to produce a map of where the photographer has been.

**Age Profile of Mobile Phone GPS Users**

Age	Index
18 - 24	206
25 - 34	108
35 - 44	106
45 - 54	69
55 - 64	68
65+	17

The data in the chart above from the Simmons New Media Study indicate that mobile GPS usage among mobile phone owners skews decidedly younger, although the 35-44 age group indexes slightly above the market average. There is a severe drop-off for the older groups.<sup>xxviii</sup>

<b>Outdoor Activity</b>	<b>Index</b>
Surfing/Windsurfing	169
Motorcycling	160
Sailing	155
Snowboarding	155
Jet skiing/Wave Running/Water Biking	153
Downhill/Cross Country Snow Skiing	148
Water Skiing	145

In taking a closer look at the other interests of GPS mobile phone users, the Simmons New Media Study data confirms that those who engage in outdoor sports activities are more likely than market average to use GPS on their mobile phones.<sup>xxxix</sup>

### *Other*

Continued technological innovation seems likely to continue to drive a host of services so that the mobile becomes as multi-functional as the PC. Larger screens and more storage seem likely to increase mobile usage for music and movies.<sup>xxx</sup> Continued enhancements of mobile cameras for improved face detection/ image stabilization and low light will all contribute to mobile cameras fast becoming a basic mobile feature.<sup>xxxi</sup> Apple's disruptive innovation for touch-based user interfaces is also increasingly becoming the norm in mobile phones, although buttons will not disappear entirely.<sup>xxxii</sup>

### *Looking Forward*

The rapid rise of mobile usage and the concurrent expansion of mobile service usage creates a powerful new channel through which marketing, promotional and advertising messages can be effectively delivered to individual consumers. According to the Simmons New Media Study, over a third of consumers who are online for at least one hour a week rate themselves as being interested in receiving ads via their mobile provided there is a tangible incentive (this includes ratings of: somewhat interested, very interested or extremely interested).

INCENTIVE MOST LIKE TO RECEIVE ON CELL	EXTREMELY INTERESTED IN RECEIVING ADS
Cash	85%
Free Movie Passes	39%
Free Products	38%
Discount Off Mobile Phone Bill	38%
Free Minutes	26%
Free Music Downloads	19%
Free Ring Tones or Games	18%
Discount Coupons	16%
Additional Free Text Messages	15%
Free Movies or TV Over your Mobile Phone	14%
Entry into a Sweepstakes	11%
Other	3%

As the chart above from Simmons New Media study indicates, the most desired incentives are the cash, free movie passes, free products and discount off mobile phone bill.<sup>xxxiii</sup> The increasing need to not interrupt customers, but to provide relevant offers which are a match for what the customer is already looking for can be a good fit with the increasing array of mobile marketing services now available and adopted by more and more consumers.

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With over 20 years of research experience, Ellen Romer leverages expertise gained across multiple sectors and in both customized and syndicated market research. In her current role at Experian Consumer Research, Ellen oversees brand management and new product development, placing special emphasis on providing unique and relevant solutions to clients using Simmons' syndicated databases, proprietary modeling and data integration techniques.

### **About Experian Consumer Research**

The mission of the group is to enable clients to optimize communications with their customers and prospects across multiple channels by providing a robust description of the American Consumer. Experian Consumer Research delivers the full suite of Simmons and Vente products and services. Simmons surveys have been The Voice of the American Consumer™ for over 50 years and Vente capabilities have delivered real-time, online quality lead generation service for over 20 years. In 2006, Experian Consumer Research was ranked the fastest growing market research company by Jack Honomichl, the leading market research industry authority.

### **Important Disclosures**

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