

# The Speed of Life\*

Consumer Intelligence Series



## The Mobile Evolution

Consumer discovery sessions and online discussions conducted in September and October of 2009

### Overview

Through PwC's ongoing consumer research program, we gain directional insights on consumer attitudes and behaviors in the rapidly changing media landscape. Our 2009-2010 series explores Digital Transformation, with this report focusing on consumers' expectations and desires for mobile devices. This report summarizes our learning from two facilitated consumer sessions with adults 19-25 and an online panel made up of 118 young adults 18-24.

### Summary

Today's consumers are on the go – and they want their mobile devices to keep up. Consumer expectations for what a mobile device can do have soared past basic cell phone functionality toward sophisticated, multi-functional devices that keep them connected, entertained, and informed. While the ability to call, text, and listen to music still reign as the principal features, consumers increasingly want more, including GPS, Internet connectivity, the ability to interface with their work computers, and access to the thousands of applications available for smartphones and similar devices.

But even as consumers eagerly anticipate the day when their mobile device can function as an all-encompassing, multi-functional mini PC, there's still high demand for the basics – including fast, clear connections, long battery life, excellent service, high quality features and products, and the ability to expand the keyboard and screen. Consumers also want their products to be easy to use, and they want a better understanding of how to choose and use applications. Meanwhile, consumers still generally associate mobility with their cell phones, and appear less aware of or drawn to one-dimensional devices, such as Netbooks or electronic readers like Kindle.

As part of our research, consumers who took part in the consumer sessions described their "mobile nirvana." The collage below highlights the ideas around features, functionality, apps and networking needs.



*“My Blackberry has a Facebook application. I track it all the time now because anyone can send me a message and it comes right to my phone. It’s immediate. You never have to get on the computer to check it because it already came to my phone.”*

## Key findings

### 1. To consumers, “mobile device” means cell phone – plus some

- **The phone is important, but I want more:** Most consumers associate “mobile device” with “cell phone” and think talking and texting are the predominant uses of a mobile device. However, smartphones, which can access the Internet, have introduced consumers to a new level of mobile functionality and raised expectations for what a mobile device can and will be able to do. These devices are rapidly growing in popularity – of our online panelists, 65 percent of consumers owned a smartphone. Consumers believe the possibilities for mobile devices are limitless.
- **The best of the rest:** MP3 players remain popular (62 percent of online panelists said listening to music is the most important feature on their mobile phone or other mobile device) but are in danger of being viewed as too one-dimensional, especially as mobile phones increasingly offer similar capabilities.

### 2. Consumers have limited awareness/recognition of mobile devices beyond cell phones

- **Netbooks and mobile reading devices, such as Amazon’s Kindle and Sony’s eReader, aren’t widely recognized yet:** Of our online panelists, 78 percent didn’t own a mobile reading device, while 50 percent have never tried one. Consumers consider digital readers to be ancillary or tangential, and view them as one-dimensional because they lack a primary mobile function, such as talking and texting.
- **Large screens better than cell phones:** The bigger screens on mobile readers are viewed as the only advantage over cell phones – but consumers also perceive the size as a hindrance to mobility.

### 3. The basics are critical – but assumed

- **Basic functionality is imperative:** Fast, clear connections and no dropped calls are considered mandatory features. Consumers consider these a “given” and view a breakdown in any of these functions to be troublesome. Cool and advanced functions become insignificant and irrelevant to consumers if the device can’t meet the basics.
- **It’s got to keep on going:** Long battery life is becoming a “make or break” feature in limiting frustration and enabling functionality, especially among smartphone users.

### 4. Consumers still want more

- **One device does it all:** As mobile devices evolve, consumers want and expect greater functionality. The multi-functionality of smartphones and the variety of applications available have consumers anticipating mobile devices that will enable them to accomplish even more tasks – like a mobile PC, but without the tradeoffs of a laptop. They are expecting all the functionality, capacity and long-lasting battery life of a laptop in a device with the size and portability of a smartphone.

*“You don’t really want to watch TV and movies on that little screen with lower resolution. I wish my phone could unfold into a bigger screen with a good keyboard and then fold back into a compact size.”*

- **Expand the capacity:** Consumers like the idea that a mobile device could function like a smaller, more portable laptop or notepad, and desire hard drive-like capabilities.
- **Bigger keyboard and screen – but not necessarily a bigger device:** Consumers want the ability to expand the keyboard and screen, without enlarging or encumbering the mobile device. Such capabilities could include using the phone in a “docking station,” the way iPods use separate speakers, or leveraging virtual technology, such as holograms or projections. As one consumer put it, “I wish my phone could unfold into a bigger screen with a good keyboard and then fold back into a compact size.”
- **More efficient calendars:** Calendars and schedules are considered critical functions and are widely used. Applications that make these programs easier to use, update, interface, or sync with other devices (such as personal computers) are extremely appealing.
- **Longer-lasting battery & easier recharging:** Sustained battery life is considered a problem among mobile devices, especially on heavily used smartphones. As consumers increasingly use and rely on mobile devices, battery life is becoming more of an issue. Longer lasting and self-charging batteries are popular ideas and solve an immediate need.
- **Talk to me:** Voice recognition is still highly desired, especially in on-the-go and hands-free situations, such as driving. Consumers want a device that can understand a greater variety of voice commands and can respond with directions or instructions. Specifically, consumers suggested:
  - Vocal instructions on how to set up the mobile device and its applications
  - Voice-activated GPS
  - A “real-time” voice-activated language translation application

## 5. Exceed my expectations

- **Improve current standards:** While 77 percent of our online panelists expressed satisfaction with their current user interface, they still emphasized a strong desire for improvements to the phone itself as well as to their service. That means faster connectivity for calls and to the Internet (especially on downloads for information and faster, easier access to social media sites). They also want stronger, more reliable signals and batteries. Meanwhile, there is high demand for the ability to make video calls so they can see the person with whom they are speaking. And consumers want all of this available on phones that are even more mobile than they are now.
- **Camera-quality pictures and video:** Pictures and video are highly used functions of mobile devices. But consumers want the ability to take better, “camera-quality” pictures and video, as well as improved ability to send, download, and store pictures and videos. Ultimately, consumers’ want to dispense with the need for a separate digital camera. In fact, only 53 percent of online panelists said they currently use a separate device to listen to music and/or take photos.

*“I only think of phones. I don’t know if it’s branding or word association. When I hear mobile device I think, just phone.”*

- **GPS is hotter than ever:** GPS is highly desired and plays into consumers’ desire for one device that can do it all.

## 6. Entertain me

- **TV & movies:** Consumers want their mobile devices to act as entertainment centers, providing quick, easy, and – most importantly – affordable access to video and movies. They also want both live and prerecorded TV content. However:
  - Compatibility is an issue. Of our online panelists, 55 percent said their current device is not compatible for live TV.
  - Cost and quality are prohibitive. Cost and picture quality relative to viewing live TV on mobile devices is also a concern. Again, 55 percent of online panelists said live TV is too expensive, while 47 percent said the picture quality is poor. As one consumer said, “You don’t really want to watch TV and movies on that little screen with lower resolution.”
- **Music:** Consumers want the same sound quality as their MP3 players, as well as the ease of storage found in MP3 players.
- **Games:** Devices that can function as a gaming console are appealing, because so many consumers currently play games on their mobile phones and already have mobile game devices, like Sony’s PSP.

## 7. De-mystify the apps

- **Too many choices:** Consumers love the idea of applications – 47 percent of online panelists said they highly value the ability to download apps. But many are overwhelmed by the thousands of available apps. There’s high demand for a quick and easy way to preview applications, including demos and explanations of costs.
- **Function confusion:** Consumers want to quickly and easily understand how an application works and how it can best be deployed. There is also great interest in voice-activated explanations of the application.
- **Make them more useful/available. Consumers want apps that make their life easier:**
  - **Personally.** These are applications that provide information (such as recipes), educate them, and offer greater personal productivity or well-being benefits (such as heart rate monitoring or calorie counting). Consumers want to tailor these to their particular interests or needs.
  - **Professionally.** Consumers are interested in applications that interface with their work computers. They also like the idea of an app that lets them deposit their paychecks, but are wary of security concerns.
  - **Fiscally.** Consumers believe the technology is readily available and the applications should be free or inexpensive.

*“I’m sure it has a lot of stuff but I just haven’t had the time to go through it. The knowledge of knowing everything on the phone, it’s just not attainable. And I’ve had the phone for a while... You just don’t want to put in the work”*

## 8. Brand names matter

- **Familiarity:** Brand names play a major role for consumers as they differentiate between products and consider purchases. This includes devices as well as service providers.
- **Trust:** Consumers are also heavily influenced by a brand’s reputation for stability and the comfort of knowing what a brand stands for – for example, Apple is associated with innovation. As one consumer said, “You know they’re going to come through with the best because that’s what they’re known for.”

## Implications to your business

1. **Work to increase awareness—and even consumer lexicon—that “mobile device” means more than just a cell phone.** The more consumers broaden their perception of what they consider to be a mobile device, the more likely they are to look beyond their cell phones to consider devices such as Netbooks or electronic readers, or to upgrade their existing devices.
2. **Continue to promote and explain features and functionality after the sale.** Build and support online communities that enhance ongoing product support and discovery. Many consumers are so intimidated by the volume of features, applications, and functionalities that they buy and use only those they are familiar with and are comfortable using. Educating consumers about the full complement of features and applications—including their benefits and ease of use—could contribute to higher brand loyalty and increased monetization of content and software-based services.
3. **Move away from a voice-centric marketing strategy.** Focus campaigns on enhancing consumer interest—and demand—for multifunctional devices. Today’s tech-savvy consumers want one device that can do it all: communication (calling, texting, video chatting, and translating languages); entertainment and information (music, videos, store/restaurant information, etc); convenience (identification, commerce, directions, etc.); and health monitoring (measuring heart rate or blood pressure; or serving as a pedometer, etc.).
4. **Focus product development on solutions that address consumers’ demand for longer-lasting batteries and alternative methods of recharging (such as solar repowering).** Battery life can be a critical factor in purchasing decisions, as consumers are frustrated about the frequency and inconvenience related to recharging these devices.

For more information:  
Deborah Bothun  
deborah.k.bothun@us.pwc.com  
213.217.3302