GSMA Digital Dividend Spectrum Low-Cost LTE Device

User Survey — Final Report

Martin Garner
Senior Vice President

Agenda

- **Executive summary**
- **Survey aims and approach**
- **Key findings**
- **Recommendations**
- **Country market findings**
  - Brazil
  - China
  - India
  - Indonesia
  - Kenya
  - Mexico
  - Nigeria
  - Saudi Arabia

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Executive Summary

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Executive Summary: Headline Findings

- **We see an opportunity for a low-cost LTE smartphone**
  - A smartphone is the right device to start with
  - Tablets also present an interesting opportunity

- **The survey's findings show clear product priorities**
  - Focus on reasonable data speed with good coverage and good battery life
  - Option to make savings on processor speed, memory, screen, camera quality and, possibly, the range of LTE bands supported

- **Tariffs and services influence device attractiveness and affordability**
  - We were not able to study these in this survey
  - Operators have better data on this than we could get in a survey

- **Estimated addressable market of 100 to 400 million in the eight countries surveyed**
  - Somewhat larger on a world scale

- **The phone will see competition from low-cost 2G and 3G devices**

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Executive Summary

Overview

- The GSMA has been promoting the use of digital dividend spectrum for mobile, mindful that there are 3.8 billion people in the world who do not have a mobile phone let alone access to the Internet on a personal device.
- To encourage the release of spectrum the GSMA wishes to accelerate the supply of low-cost LTE devices in the digital dividend bands (700 MHz and 800 MHz). A key part of this effort is a consumer survey to understand the opportunity for a low-cost LTE smartphone in the relevant countries and find out what the priorities should be for features and functionality.

Summary

- As with all surveys, there were constraints on this one. To cover the right countries within the budget and timescale it was necessary to conduct an online survey, gathering responses from people on their smartphones and feature phones. This meant the questionnaire needed to be kept to about 20 questions, because response rates fall quickly after that. Also it meant that we surveyed people who already have a data plan, and we were not able to gather responses from people who do not yet have full Internet access on their phone.
- In preparing the survey we had useful input from discussions with operators. One key factor that emerged was the importance of operator tariffs and services in purchase decisions and how they affect the suitability of a low-cost device. This is a large and difficult area to study and it was not possible to address this in a short questionnaire. In addition, operators themselves have good data on tariff and service usage, better than we could obtain in a survey. With those points in mind, we focused only on the qualities of the device itself in this survey at this stage.

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- We know from earlier research that consumers grow into their first smartphone, with the range of uses expanding as they find more apps and services that suit them
  - We designed the survey to include both smartphone and feature phone users, to compare their responses
  - In our conclusions we give greater weight to the views of smartphone users as they have direct experience with such a device
- In a survey it is not sensible to ask consumers technical questions, such as frequency bands used or number of megapixels they want for the camera, but it is possible to ask them about trade-offs between features, and that steered the design of the questionnaire
  - The core of it focused on aspects that have the biggest effect on the bill of materials for a phone, namely battery life, screen quality, camera quality, access to thousands of apps, data coverage and data speed, and price
- In order to validate the responses to the trade-offs we asked other questions, including price expectations compared with their existing phone, features that they would not like to give up or that they miss (if they already have a smartphone), features they would sacrifice to get the price down, factors that would help trigger a purchase, and about regular travel to other countries (for roaming needs)

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Executive Summary

Results

- Overall we found that the highest consumer priorities were similar across countries, with data coverage ("reasonable speed data that works in all areas") and battery life standing out as the strongest needs, both in the trade-offs and in the supporting questions.
- Where we found variations in priorities they were more to do with segments in the sample than demographic or country differences. User segments we could identify accounted for 70% of the responses we received, and included what we call Content-Led (20%), Apps-Led (7%), Just Want It to Work (33%), who give strong emphasis to data coverage and battery life, and Price-Led (12%).
- The Price-Led segment should be a key target group for a low-cost LTE device. This group's highest priorities after price were very similar to the Just Want It to Work segment, that is, battery life and data coverage. But they have lower priorities for roaming, access to thousands of apps and high-speed data.
- Pricing expectations are reasonable, with 70% of all respondents seeing a smartphone as a significant trade up in price terms. Interestingly, around a third of feature phone owners expect to pay the same as or less than their current phone when they get a smartphone — this is now feasible, given how quickly smartphones are falling in price.
- People with lower pricing expectations are realistic about what they will get in a phone, with the Price-Led segment more willing to give up higher-speed data, a higher-quality camera, a better screen and roaming if that means the phone will be cheaper.
- As expected there is some disagreement between smartphone users and feature phone users. Smartphone owners are less concerned about the toughness of the device, but are more worried about battery life and less willing to sacrifice data speed and camera quality. Once they have those features, people find them more valuable than expected.

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Executive Summary

Implications for the Industry

- As result of this survey we see an opportunity for a low-cost LTE smartphone that provides reasonable data speed, gives good data coverage and prioritises battery life over processor speed, memory capacity and screen quality. This device does not need really high data speeds, nor does it need to support a lot of bands for roaming, so there may be some savings by having a simpler radio
- The survey has delivered strong and consistent findings. They are not detailed enough to specify a device fully but they show clearly where trade-offs can be made, while still finding a significant target market across countries
- It is possible to make a first estimate of the size of that target market by looking at replacement rates for existing phones, and devices for people getting a data plan for the first time. In the eight countries surveyed, and using cautious assumptions, we estimate that 100 million people are addressable, rising to 400 million people if we use the most optimistic assumptions. The digital dividend bands around 700 MHz and 800 MHz should become available across Latin America, Africa, much of Asia and some of Europe, so the total worldwide addressable market will be much larger than this. Of course any new low-cost LTE phone would win only a share of the addressable opportunity because there will be competition and substitution from other low-cost smartphones on 2G and 3G networks
- From the survey we see that a smartphone is the best device the manufacturers could focus on now. But we also see strong interest in connected tablets and manufacturers may wish to consider specifying a tablet as an additional low-cost LTE device
- Lastly it would be useful if operators studied the tariff and service aspects using the data they already hold, to complement the research carried out on the hardware

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Survey Aims and Approach

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Survey Aims

- **Survey**
  - Explore the potential for a low-cost LTE smartphone in emerging markets
  - Find out how consumers prioritise features
  - Is there a segment that would buy mainly based on a device's price?
  - Estimate the addressable market

- **We know that users begin a journey when they get a smartphone**
  - Their use of the device grows over time as they discover more things to do with it
  - The survey was designed to talk to:
    - Feature phone users who might buy a smartphone
    - Smartphone users who remember their previous feature phone
  - Important to compare their attitudes

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Survey Approach

Parameters:

- **Scope**
  - Eight countries
  - Representative sample
- **Timescale and budget**
  - Start at Christmas 2013, finish for Mobile World Congress 2014
  - Survey carried out on mobile devices to meet the timescale and budget
  - Participants in the survey already have a data plan
- **Technical subject**
  - Technical questions do not work well in a survey
  - But it is possible to ask about trade-offs

Survey Overview

- Eight countries
  Brazil, China, India, Indonesia, Kenya, Mexico, Nigeria, Saudi Arabia
- 1,000 responses from each
- 50:50 split
  Feature phone/smartphone
- 50:50 split
  Male/female

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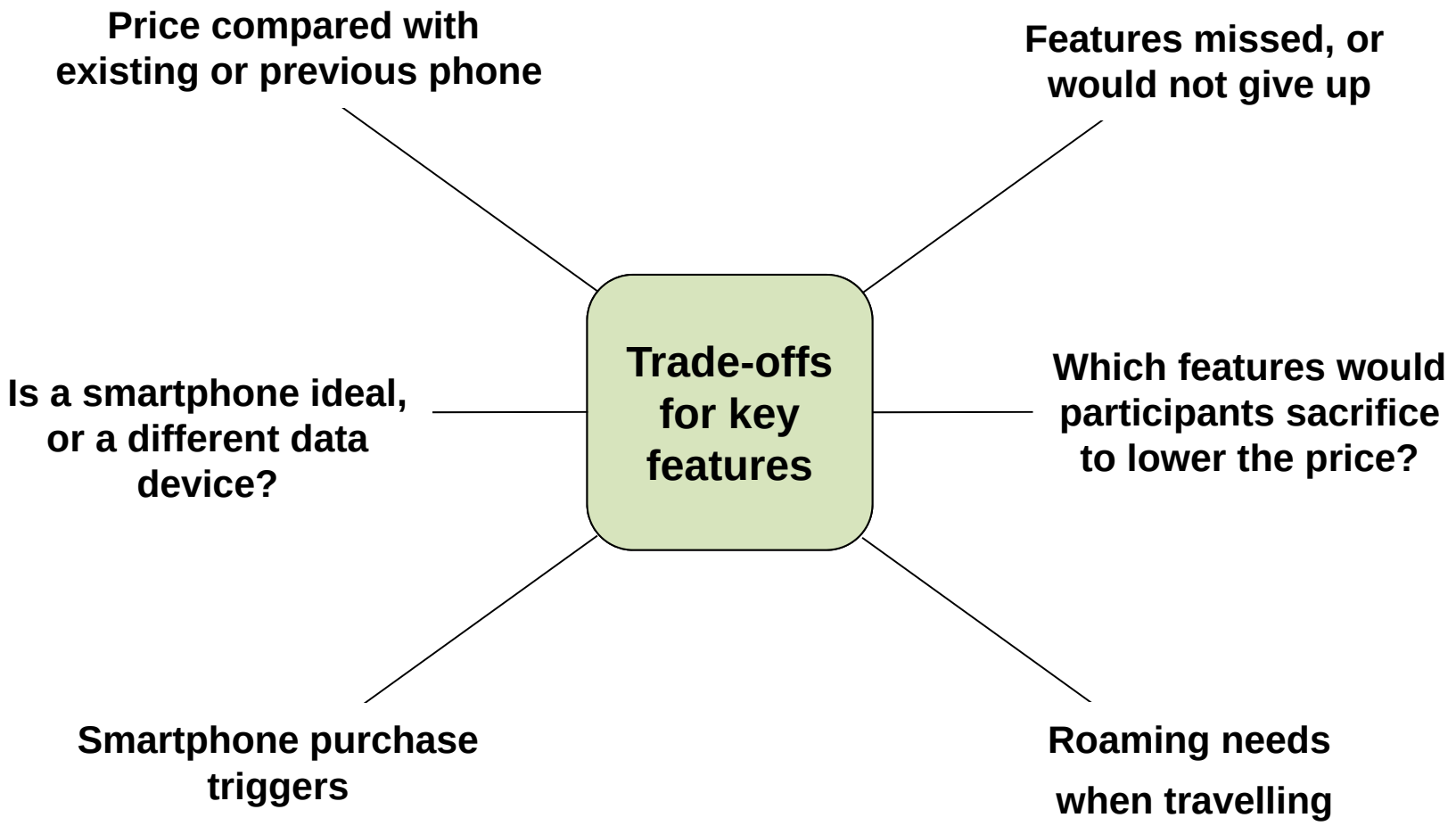
Survey Approach: Operator Input

- ✓ **Allow for the device to be a tablet or a dongle**
- ✓ **What features would participants sacrifice for a cheaper device?**
- ✓ **Is there a fear of a touch screen in some areas?**
- ✓ **How important is the perceived ruggedness of smartphones?**
- ✓ **Is the camera a key driver?**
- ✓ **Explore coverage versus data speed**
- ✓ **Ask about triggers for purchase**

- ✗ **Cost of ownership is more important than the purchase price alone**
  - Need to include tariffs
- ✗ **Change in spend when smartphone is purchased?**
- ✗ **What are the disruptive apps used —Line, Viber, Facebook and WhatsApp, for example**
- ✗ **Explore whether voice and SMS use will rise or fall once participants own a smartphone**

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Survey Approach: Core Trade-Offs



Aim is to understand attitudes and trade-offs either side of the smartphone transition

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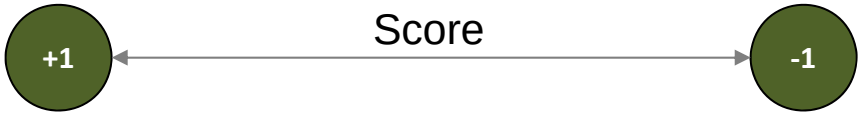
Survey Approach: Trade-Off Questions — the MaxDiff Method

- **MaxDiff:**
  - ✓ Efficient for collecting trade-offs
  - ✓ Differences across segments and countries
  - ✓ Relative importance
  - ✘ Absolute importance of features

Example question layout

Of these four features, which one would be **most** important and **least** important for you in choosing a new smartphone?

Most		**Least**
❑	Battery life	❑
❑	Ability to download thousands of apps	❑
❑	High data speed — like a cyber café	❑
❑	Low price	❑



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Survey Approach: Trade-Off Questions

Features were each tested three times

Reasonable speed data everywhere
- Data coverage

Can download thousands of apps
- Memory and processing

High speed data — like a cyber-café
- Data speed

Low price

Battery life

Basic touch screen
- Quality of screen needed 1

Screen works well in bright sunlight
- Quality of screen needed 2

High-quality camera

Scoring system:

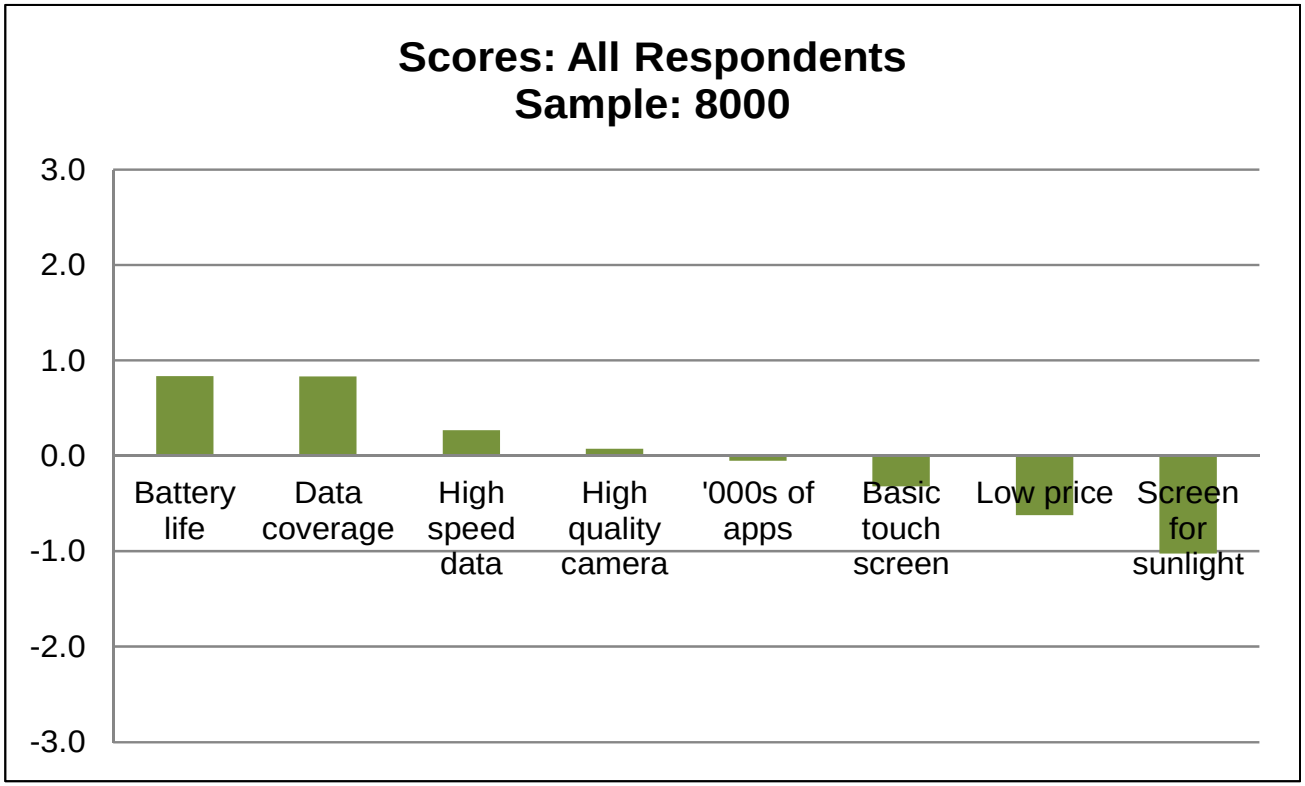
3, 2	Most important
1, 0, -1	No clear preference
-2, -3	Least important

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Key Findings

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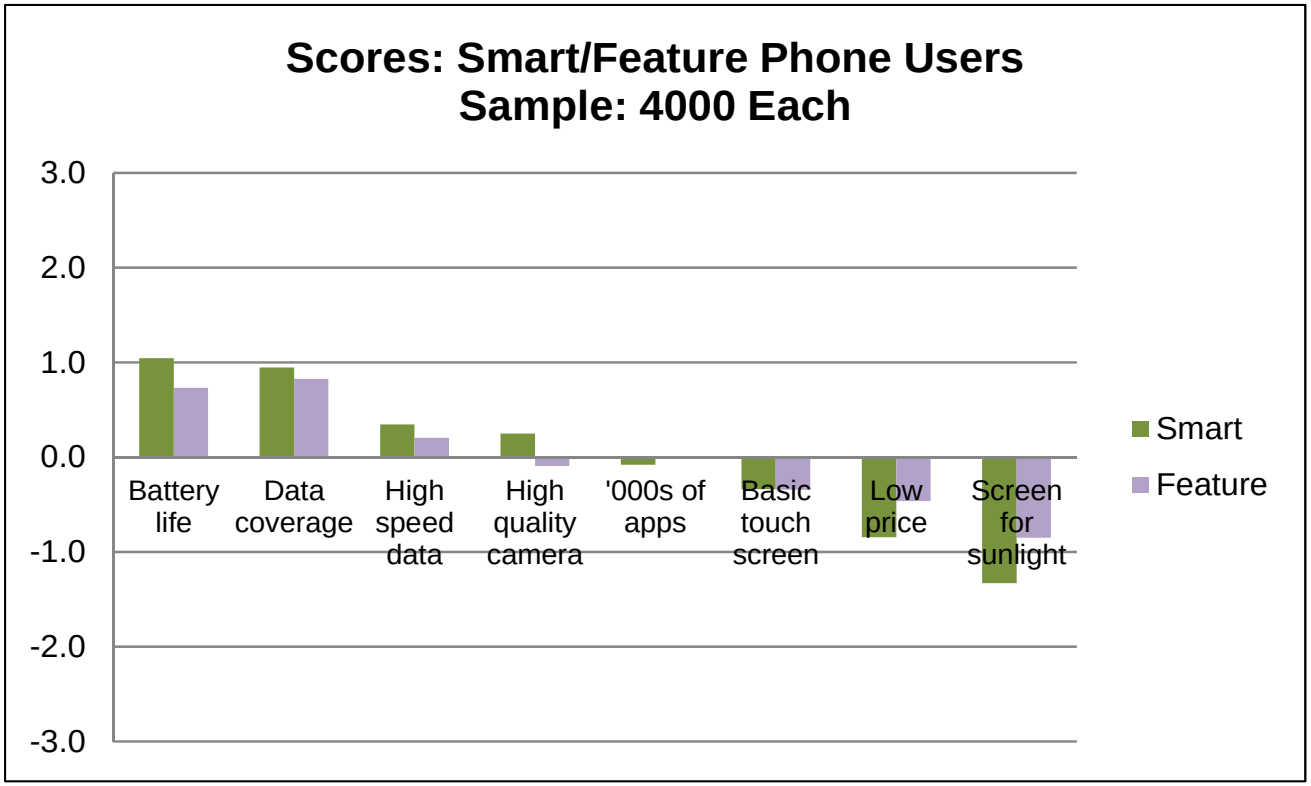
Key Findings: Battery Life and Data Coverage Are the Highest Priorities



- **Broad alignment of priorities across countries, genders, age groups and phone used**
- **Low price is a low priority across the whole sample, especially for smartphone users**
- **Low average scores suggest that there are segments to look for**

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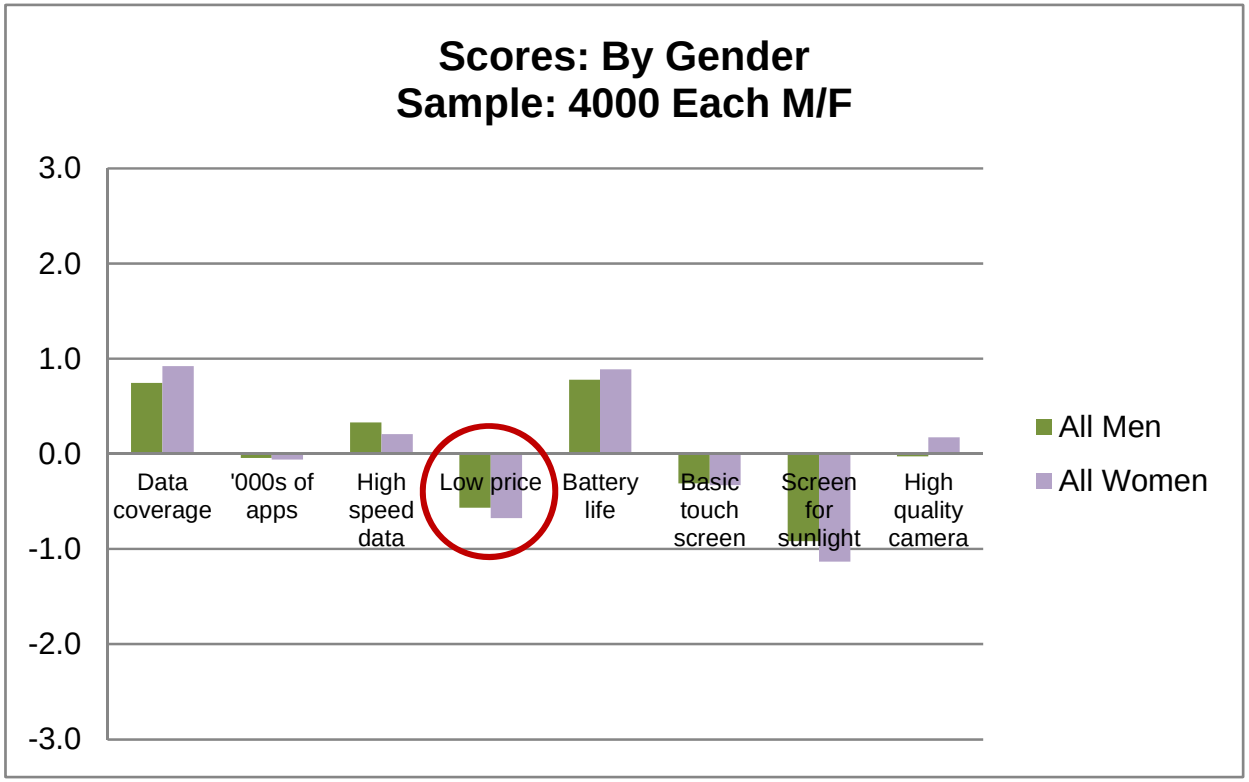
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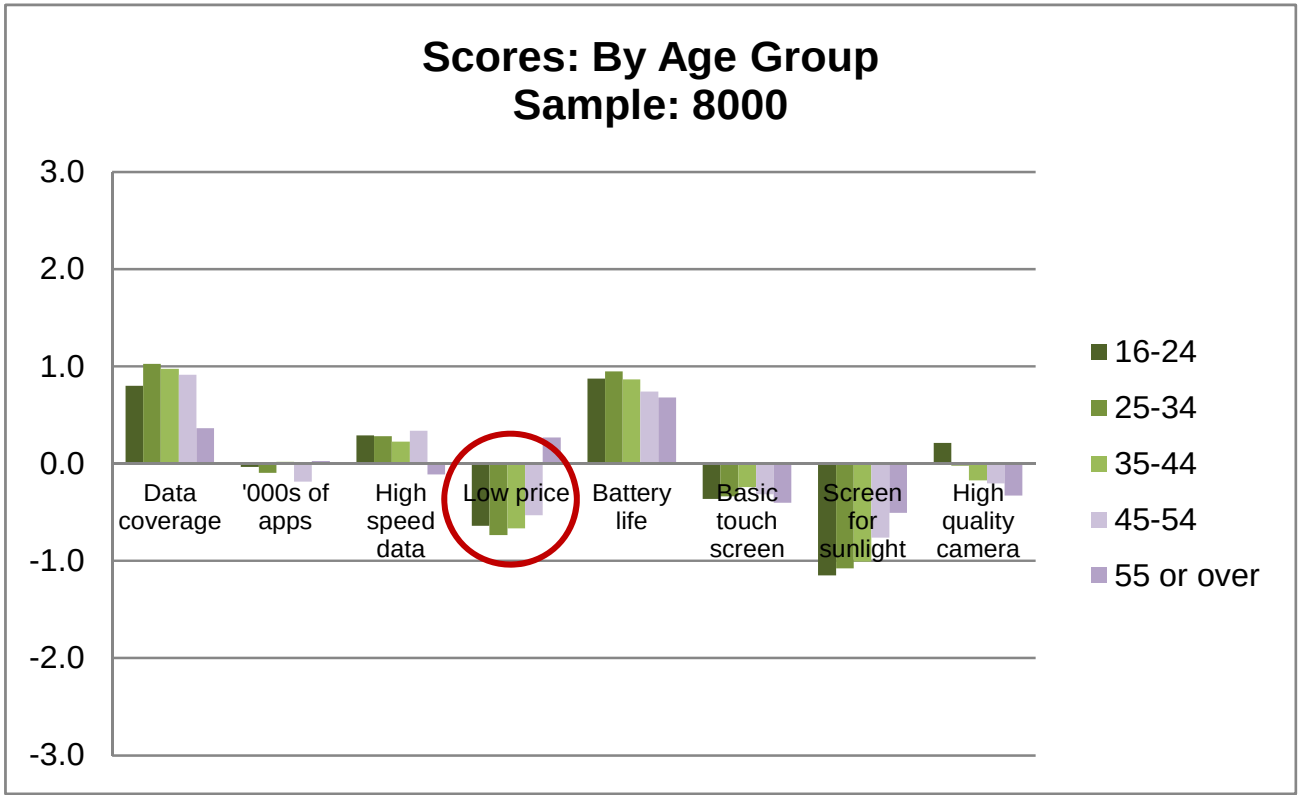
Key Findings: Small Differences in Scoring between Men and Women



- **Women value data coverage and battery life slightly more**
- **Men are more interested in high data speed slightly more**

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Key Findings: Some Preferences Do Show by Age Group



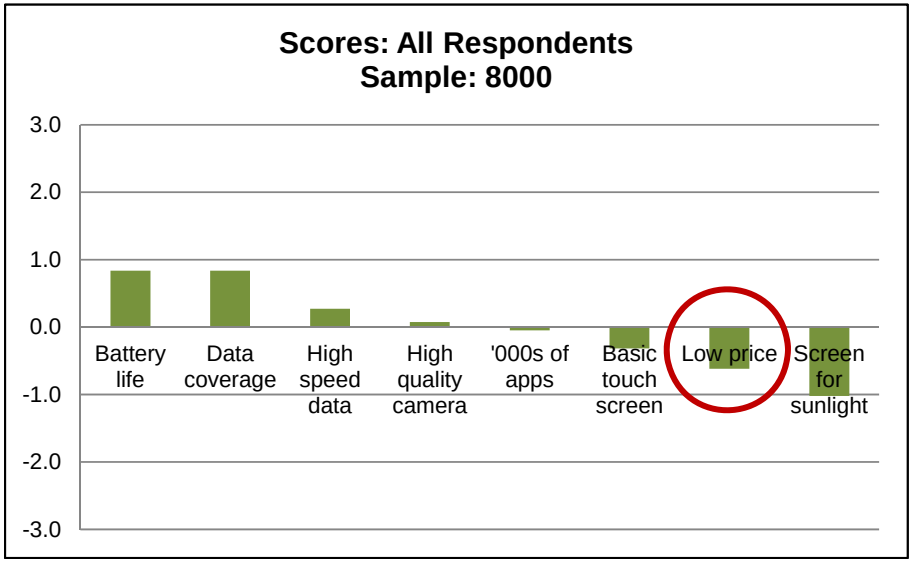
- **Younger people value battery life, data coverage and a high-quality camera**
  - Probably because they typically do more on a phone

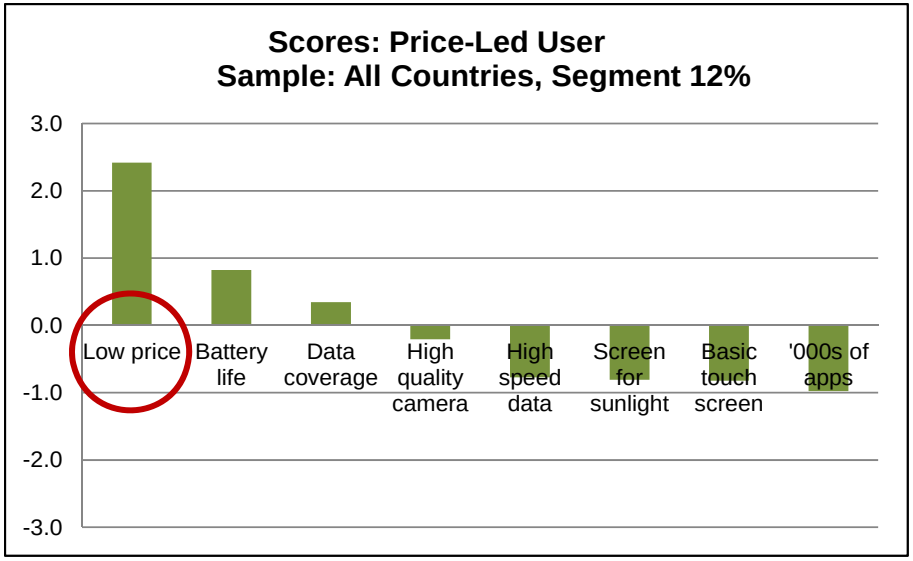
- **Older people are less dismissive of screens that work well in bright sunlight**
  - They are also slightly more concerned about a low price

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Key Findings: Key Segments Account for 70% of Responses

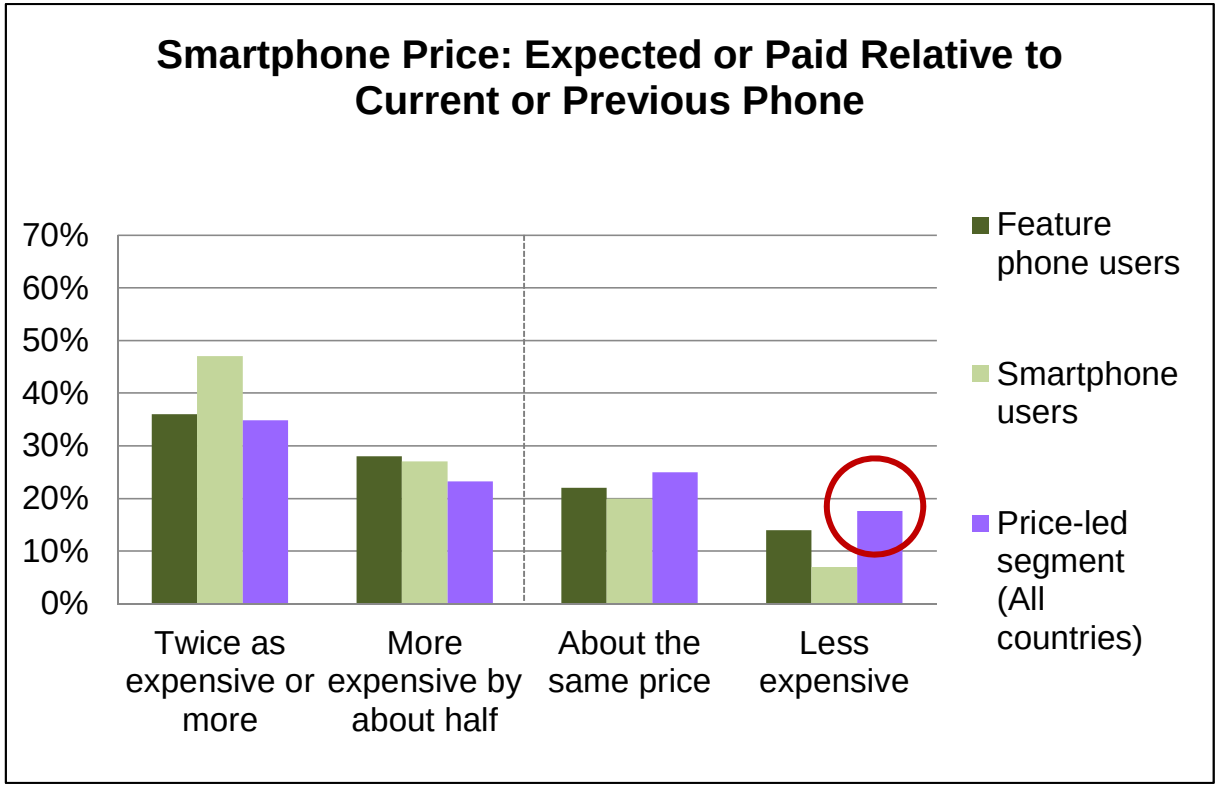
- **Just want it to work — 33%**
  - Priorities: data coverage, battery life
- **Content–led users — 20%**
  - Priorities: camera, data speed, apps
- **Apps-led users — 7%**
  - Priorities: battery life, apps
- **Price-led — 12%**
  - 60% feature phone users, 40% smartphone users
  - Priorities: low price, battery life, data coverage
  - Similar to those who "just want it to work" but with low cost as the highest priority
  - Lower priorities: screen quality, access to thousands of apps





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Key Findings: Price Expectations for a New Smartphone Make Sense



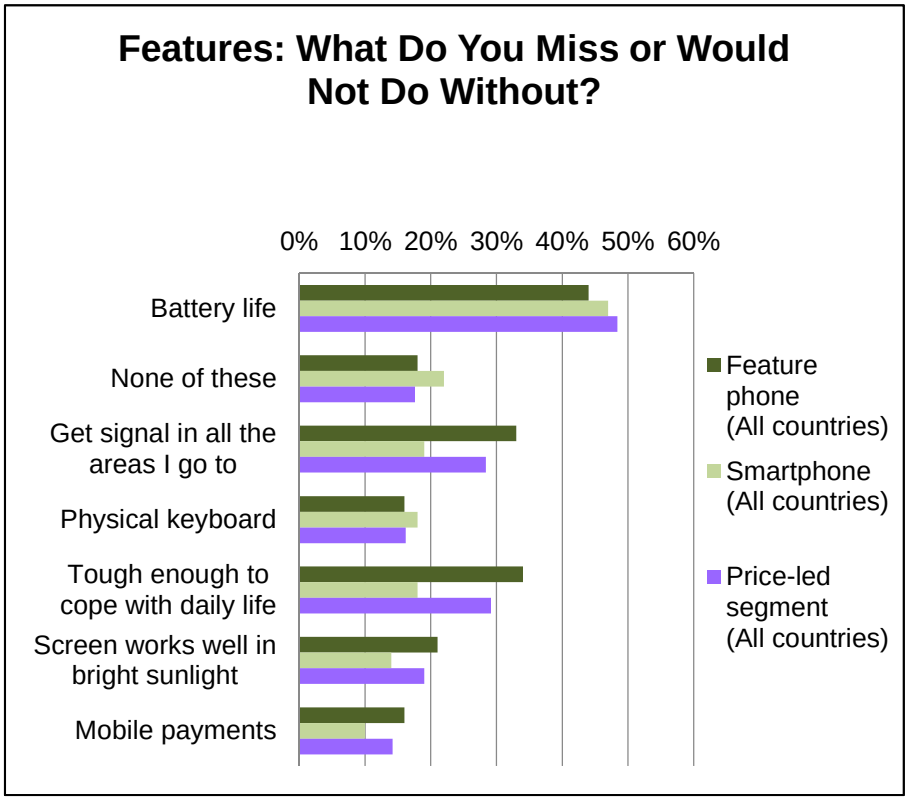
- **Note: feature phone users gave expectations, smartphone users said what they paid**
- **70% see a smartphone as a trade-up by 50% or more in price**
- **A number of participants expect a smartphone to be cheaper than their current phone, or paid less for one than they paid for a previous phone**
  - 1 in 7 feature phone owners
  - 1 in 6 of the price-led segment

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Features They Miss or Would Not Do Without

What do smartphone users miss, and what are reasons not to buy for feature phone users?

- **We should listen most to the smartphone users**
  - They have experience as users
- **Battery life is the most important factor**
- **Feature phone users are worried about coverage and toughness**
  - Smartphone users do not completely agree
- **Responses from the price-led segment are very similar to feature phone users**
  - Although 40% of them are smartphone users



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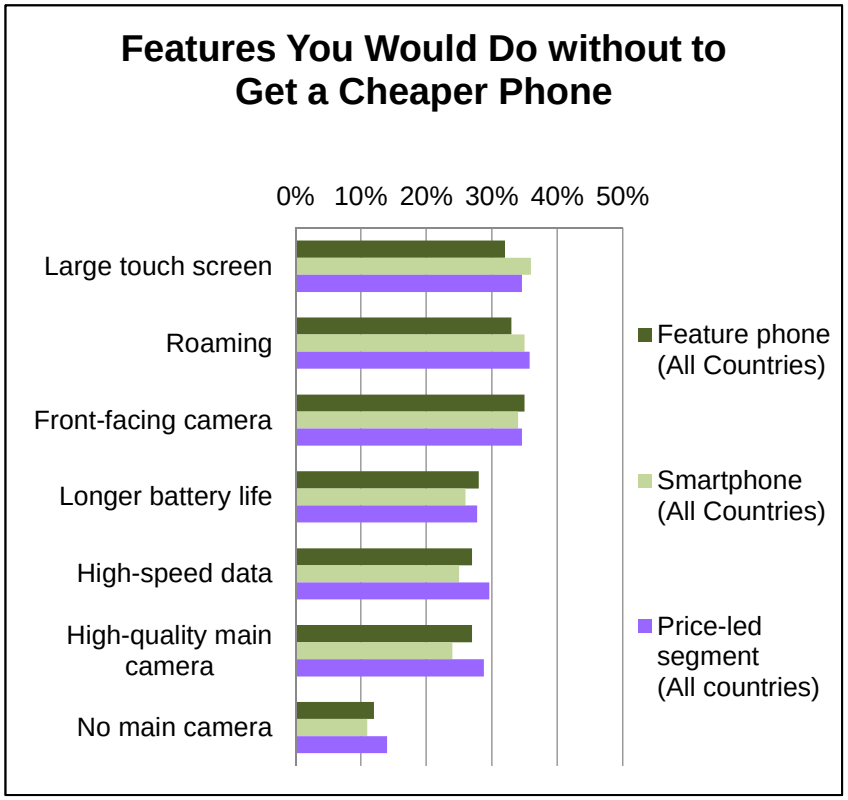
Key Findings: Features They Miss or Would Not Do Without

	More Concerned	Less Concerned
Brazil	-	Battery life, physical keyboard
China	Coverage	Screen works in bright sunlight
India	Screen works in bright sunlight, payments	Toughness
Indonesia	Toughness, data coverage	Payments
Kenya	Battery life	-
Mexico	Physical keyboard	Battery life
Nigeria	Battery life	Toughness
Saudi Arabia	-	Data coverage, battery life

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Key Findings: What Features Would They Sacrifice for a Lower Price?

- **1 in 3 would sacrifice screen size, roaming and a front-facing camera**
- **1 in 4 would sacrifice some battery life, higher-speed data and a high-quality main camera**
  - Would put up with a lower-quality camera
- **Smartphone owners disagree slightly in some areas**
  - Less willing to give up battery life, high-speed data and a high-quality main camera
- **Responses from the price-led segment are similar to those of feature phone users**



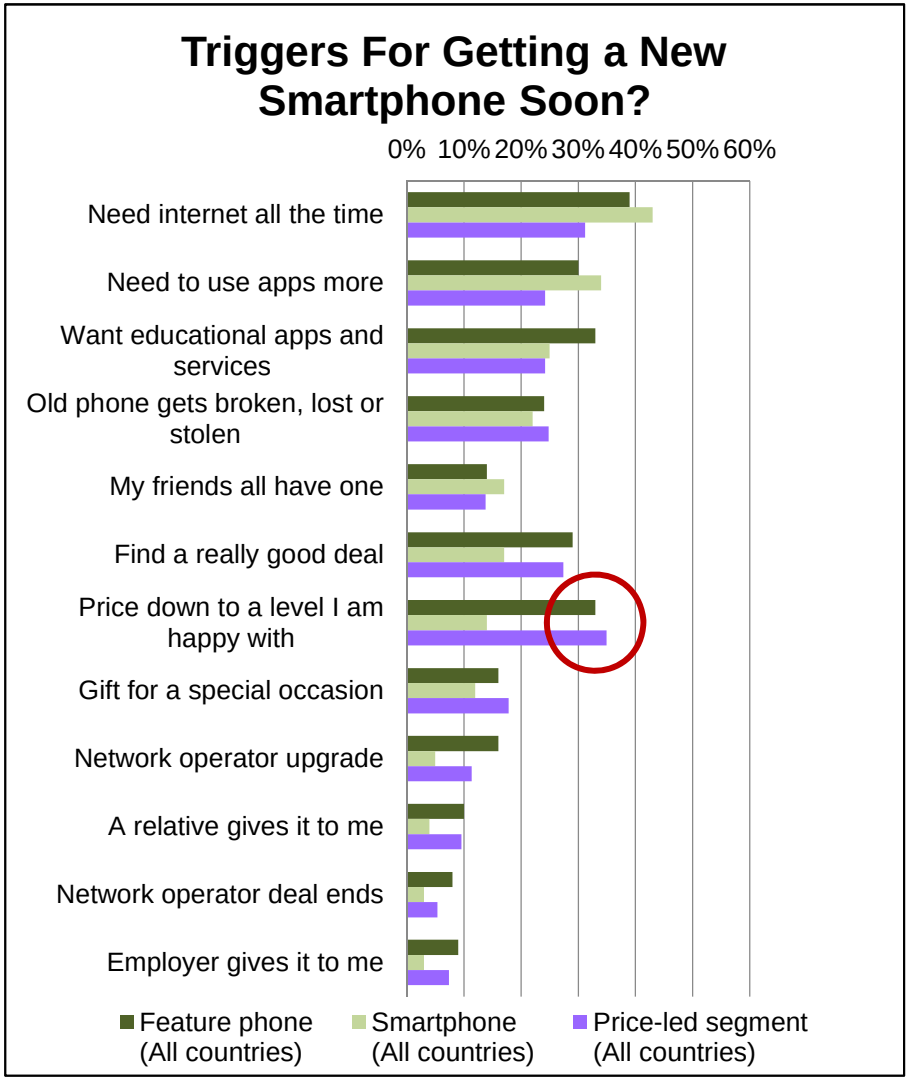
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Triggers for Purchase

Smartphone users: triggers for purchase

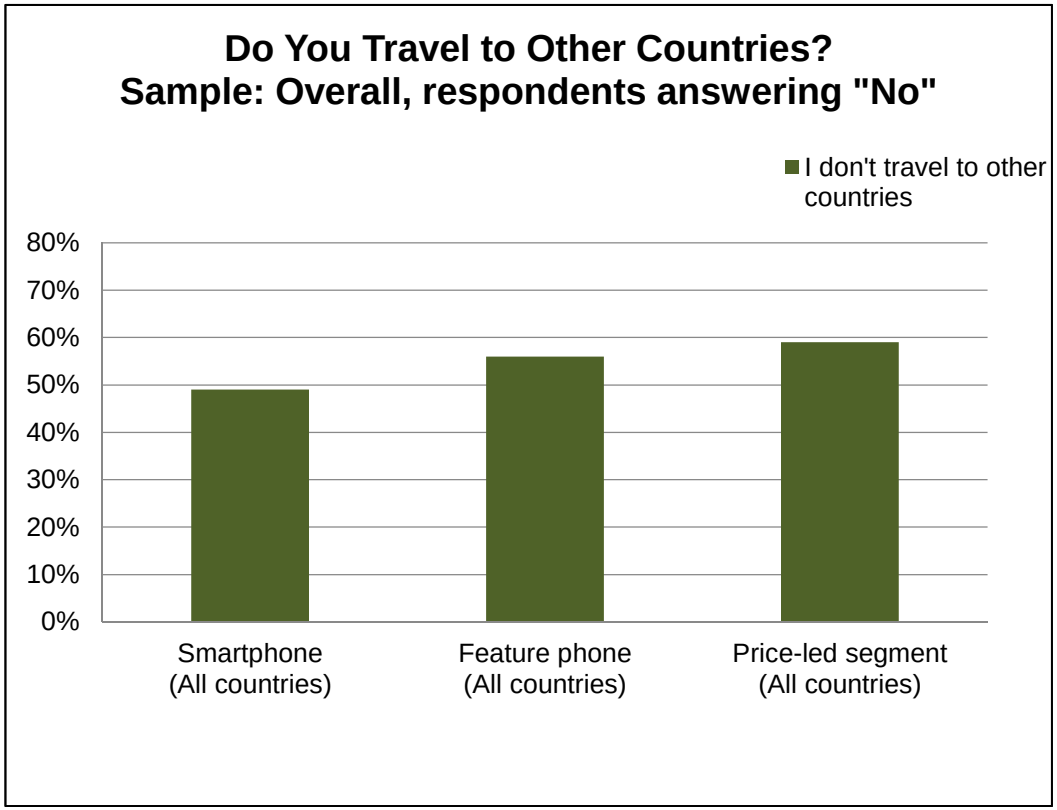
Feature phone users: expected triggers

- **Internet, apps and education are the main triggers**
- **Feature phone users were most concerned with educational apps, price drops and deals available for switching**
  - The price-led segment gave similar responses
- **The price-led segment was less driven by Internet and apps than other users**



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Travel Patterns



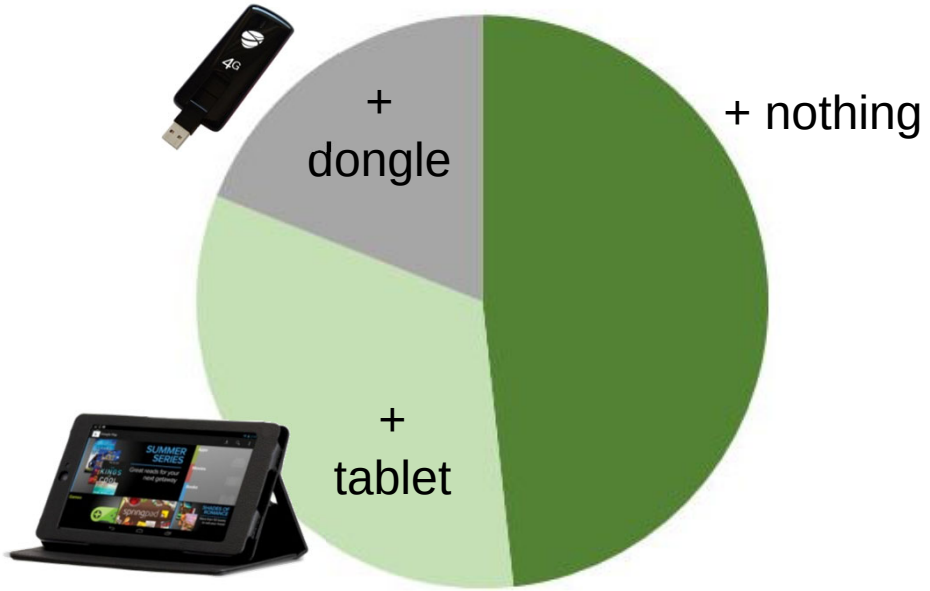
- **Over half of the price-led segment do not travel to other countries — 59%**
  - Stronger response than for sacrificing roaming; some users want the option to roam
- **Strongest overall response in Brazil, Nigeria, Kenya**
- **Supports the view that it may not be necessary to support all LTE bands in the chipset**
- **Note: less true for existing smartphone owners – more of them do travel**

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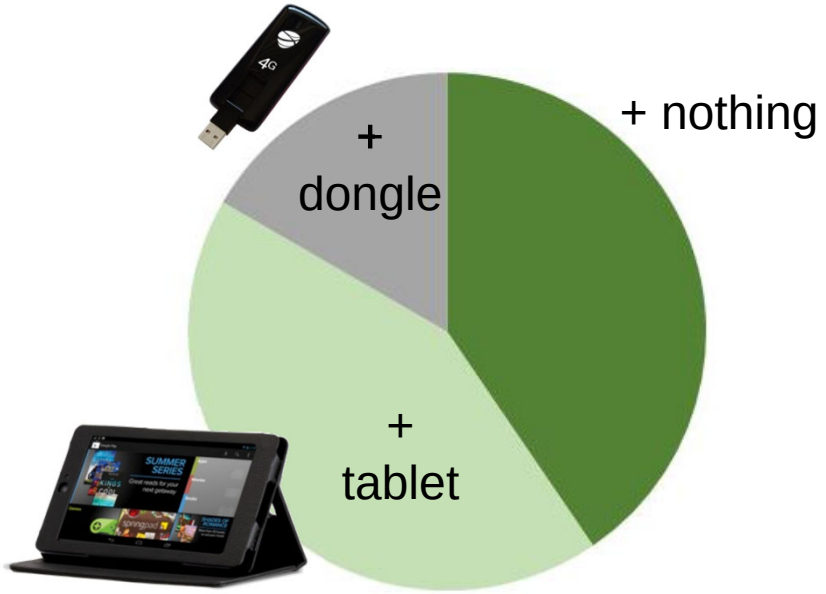
Key Findings: Should It Be a Smartphone?

If high-speed mobile data devices come onto the market at much lower prices, how would you expect your use of mobile to change?

Buy a new smartphone — 58%



Keep existing phone — 42%



- **The majority would prefer a smartphone**
- **Tablets also show strongly, and may be substitutes for some buyers**
- **The price-led segment was more likely to buy a smartphone (61%), and less interested in a tablet (33%)**

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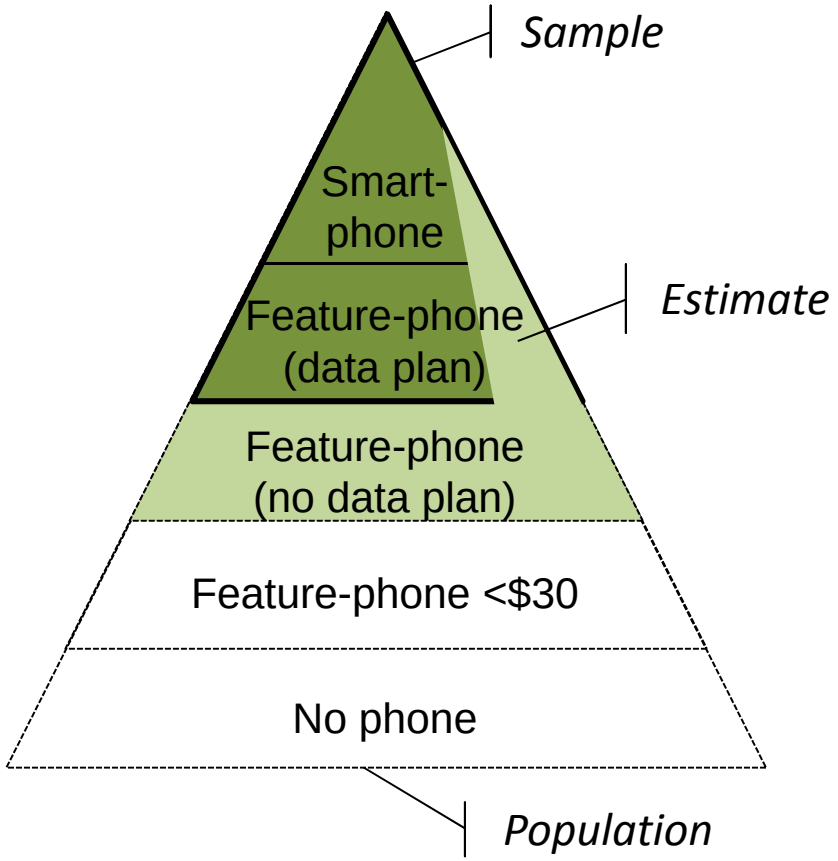
Key Findings: Estimating the Size of the Market Opportunity

- **Our aim was to find an estimate that is realistic, but based on cautious assumptions**
- **We start with the population**
  - Rule out those who do not have a phone, assuming that they are unlikely to choose an LTE smartphone as their first phone
- **Total connections are therefore the foundation of the estimate**
  - Rule out those with a phone costing less than $30, assuming that they are unlikely to move to LTE for their first smartphone
- **Focus initially on those with a data plan — this was the basis of our sample**
  - Some will replace their phone (smartphone or feature phone) to a low-cost LTE device
  - From the survey, we have an estimate for the share who might do this — the price-led segment
- **Then look to those who do not have a data plan for new sales**
  - Some are candidates for buying a low-cost smartphone
  - The most optimistic estimate here is to assume all are candidates
  - The most pessimistic estimate is to take the price-led share from the survey
- **Total addressable market is the total number of replacements and new sales**
- **Need to divide by SIMs per user to convert from connections to people**

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Key Findings: Estimating the Size of the Market Opportunity

4Q13		(m)
Total connections		**3,037**
Of which		
▪ Phone <$30	1,500	1,537
Replacements:		
▪ Have a data plan		770
▪ Price Led		13%
▪ Addressable market		100
New sales:		
▪ Share addressable		100%
▪ Addressable market		767
Total addressable		**867**
▪ SIMs per subscriber		2.1
Total addressable people		**417**

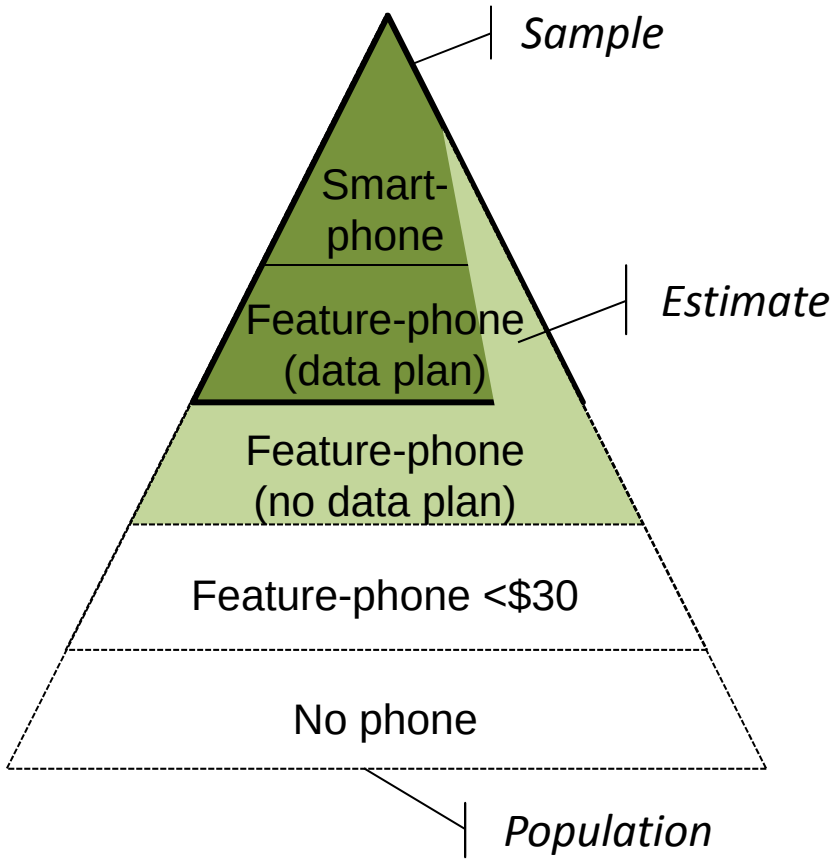


Optimistic estimate

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Key Findings: Estimating the Size of the Market Opportunity

4Q13		(m)
Total connections		**3,037**
Of which		
▪ Phone <$30	1,500	1,537
Replacements:		
▪ Have a data plan		770
▪ Price Led		13%
▪ Addressable market		100
New sales:		
▪ Share addressable		14%
▪ Addressable market		108
Total addressable		**208**
▪ SIMs per subscriber		2.1
Total addressable people		**100**



Pessimistic estimate

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Key Findings: Estimating the Size of the Market Opportunity

- **The price-led segment was 12% of our sample, but 14% when scaled to total connections across the relevant countries**

- **The assumptions used in estimating the market are cautious**

- **There may be upside in several areas**
  - Some participants with an existing phone that cost below $30 will find a low-cost LTE smartphone attractive
  - Some people who do not have a phone at all may find a low-cost LTE smartphone attractive
  - We understand that the number of SIMs per subscriber is lower for users with a data plan than for the overall subscriber base, possibly as low as 1.5 (compared with 2.1). However, we do not have good enough data for this at present to make an estimate

- **Any upside would increase the size of the addressable market**

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Recommendations

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Recommendations

- **Low-cost LTE smartphone product priorities are**
  - Low price, data coverage, battery life
- **Key target groups are less interested in**
  - Camera quality, screen quality, high speed data, having access to thousands of apps
- **Where feature phone and smartphone owners disagree**
  - Design around the views of smartphone owners
  - Their experience is important
- **Non-4G smartphone prices are falling fast**
  - Some feature phone users will find these a good substitute
  - Operators will need to work out how to position 4G devices alongside them

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Recommendations

- **Tariffs will have as big an effect on the cost of ownership and service usage as the cost of the device**
  - We were unable to survey service usage within time and budget constraints

- **Service and app usage will have an influence on what makes a suitable phone**
  - For example, frequent use of YouTube demands a better processor, more memory, and higher need for network speed

- **We recommend operators carry out a study into service usage with their own data**
  - People who have recently switched to a smartphone will be the best group to study

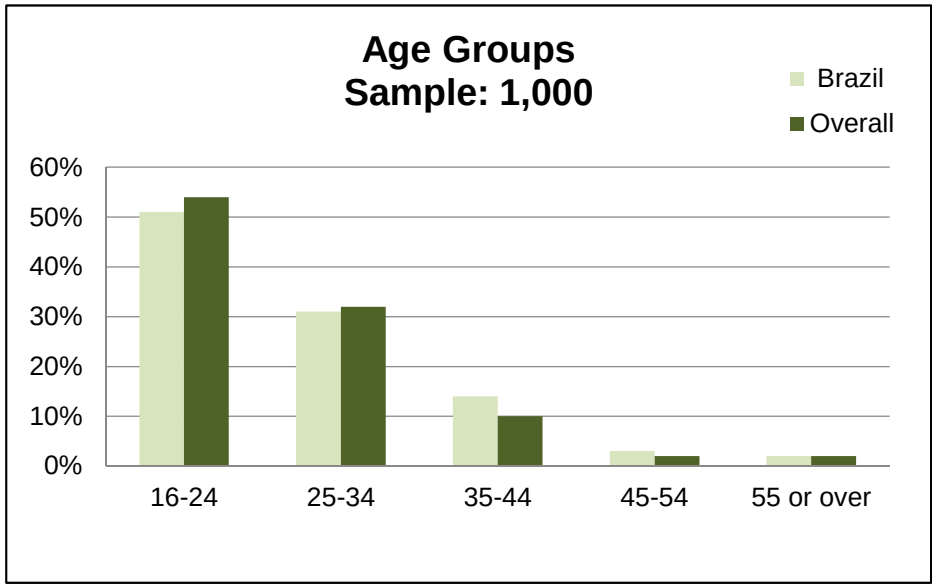
- **A smartphone is the right device to start with**
  - But tablets are generating a significant response
  - Is it worth considering tablets in a second phase?

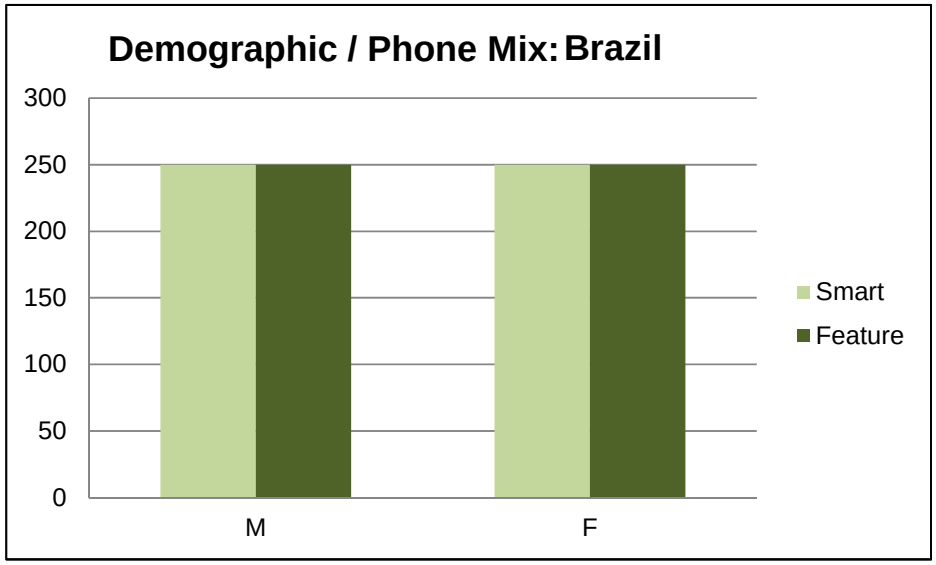
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Country Market Findings
Brazil

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Brazil: Sample Demographics

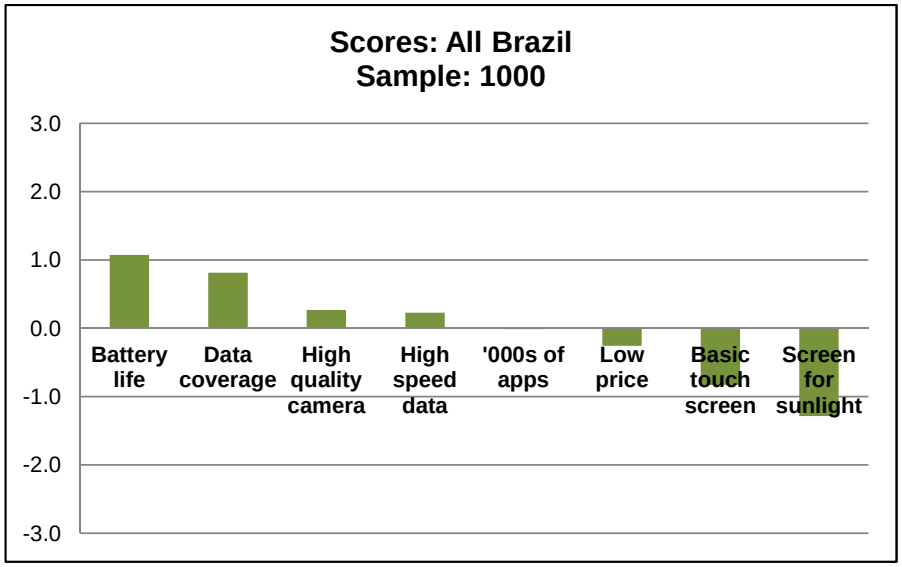


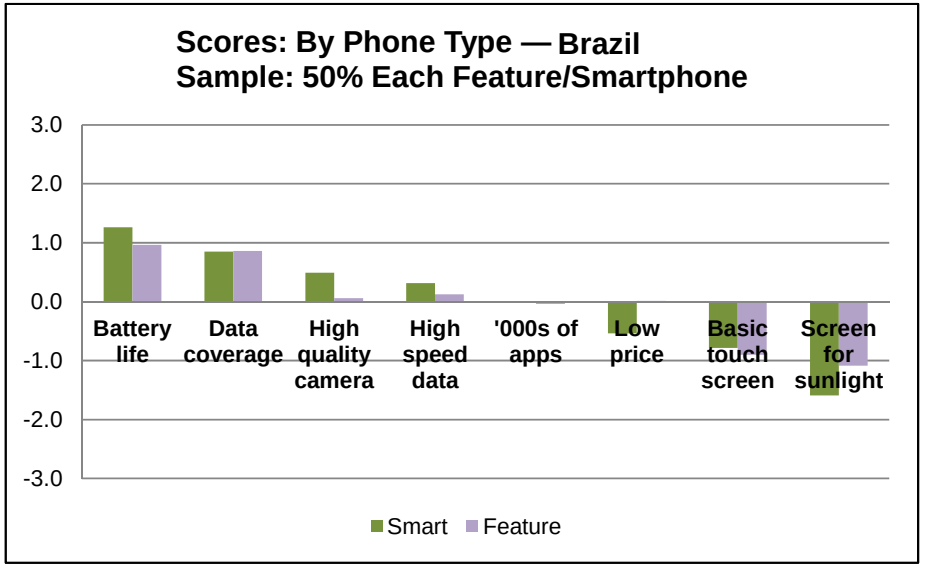


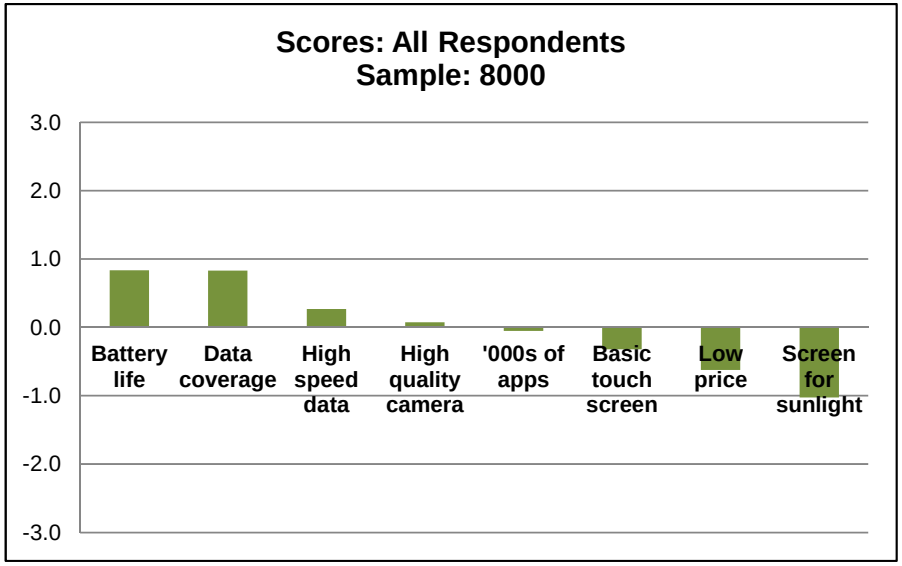
- **Sample of 1,000 people**
  - Male/female: 50:50

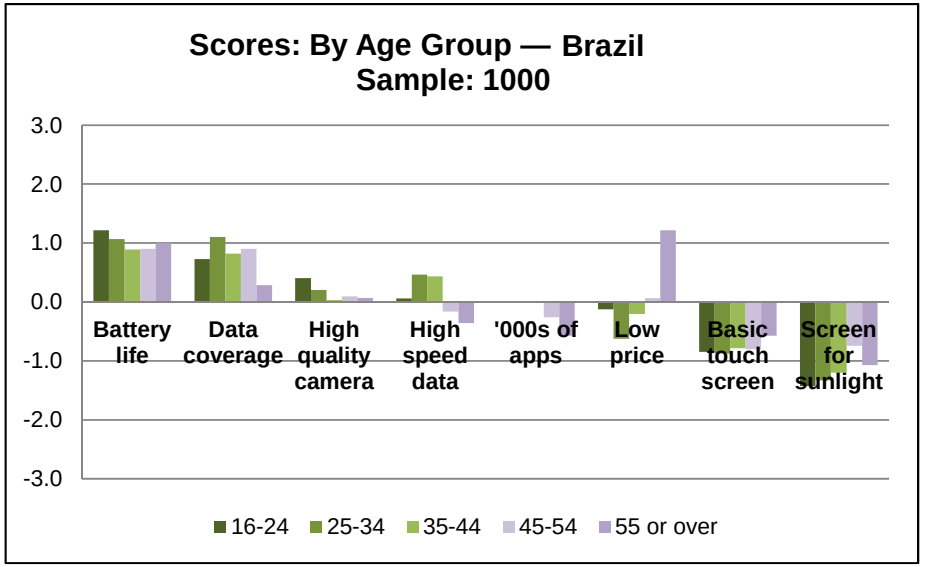
© CCS Insight

Brazil: Feature Priorities



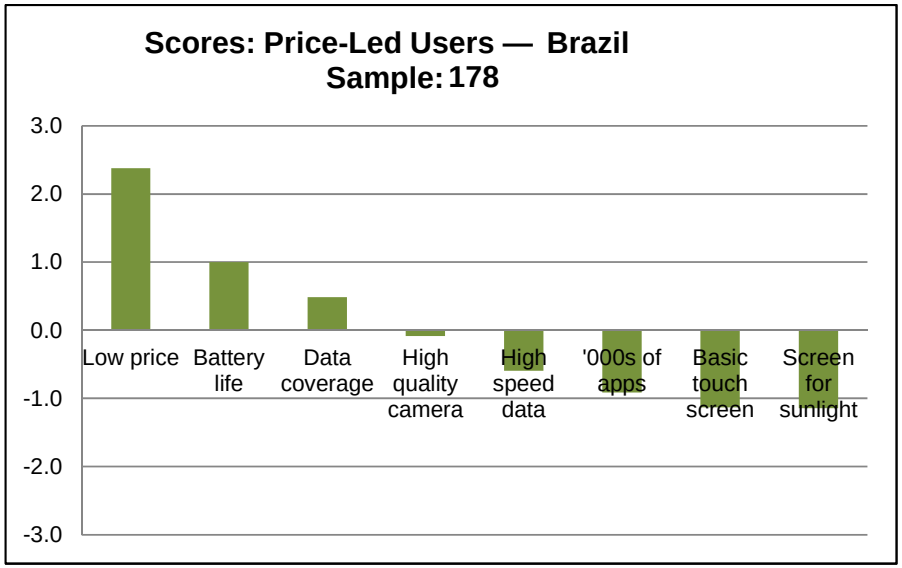


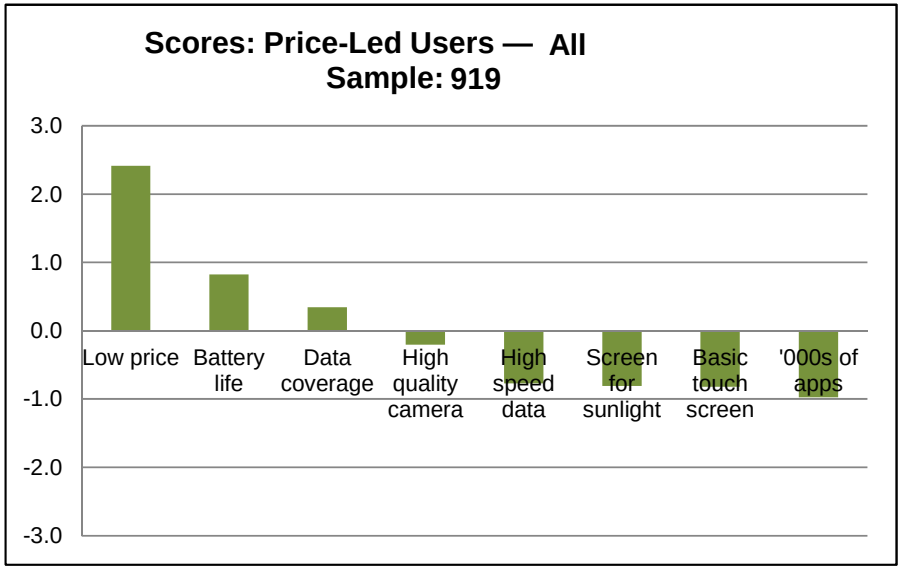




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Brazil: Price-Led Users' Priorities

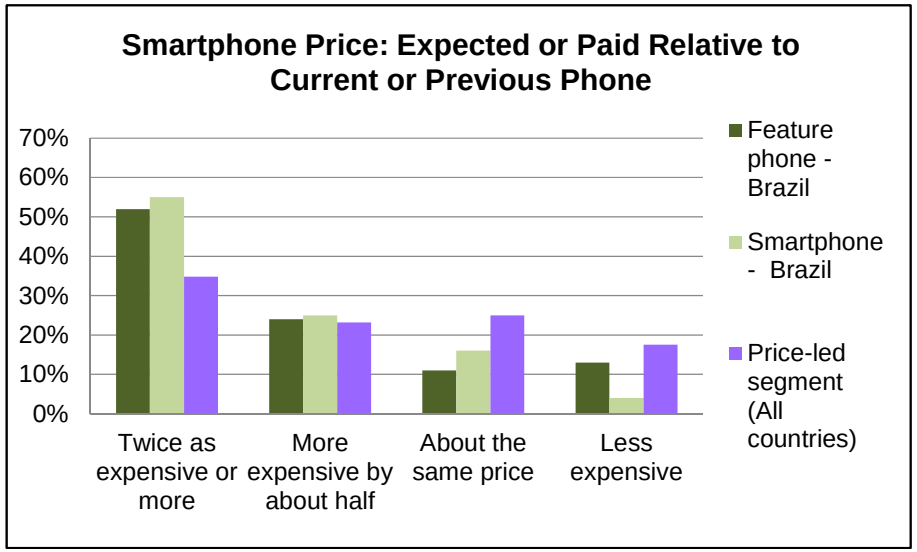


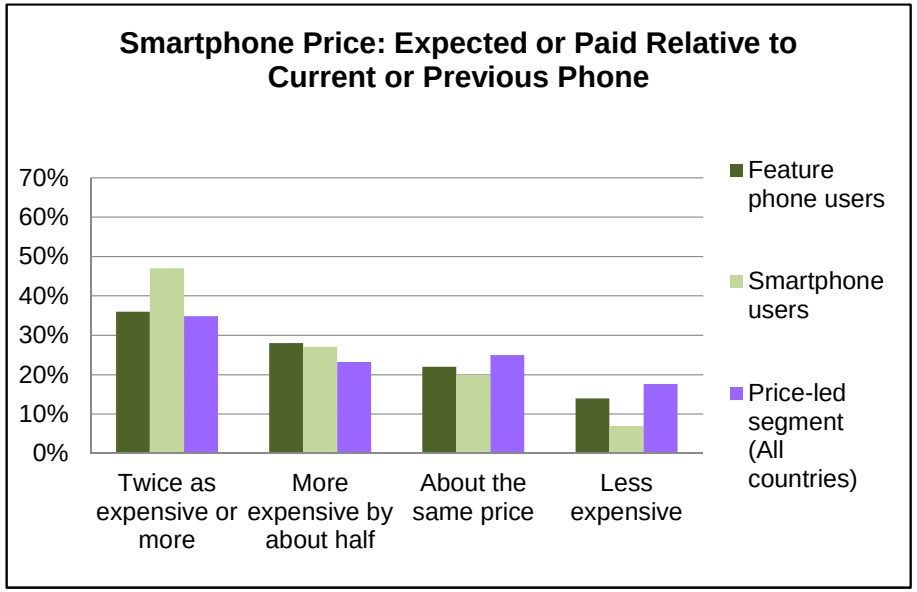


- **Price-led users account for 12% of valid responses overall**
- **In Brazil, they represent 19% of all valid responses**
- **Brazil shows slight variation from the overall average for the lowest-priority features**

© CCS Insight

Brazil: Price Expectations

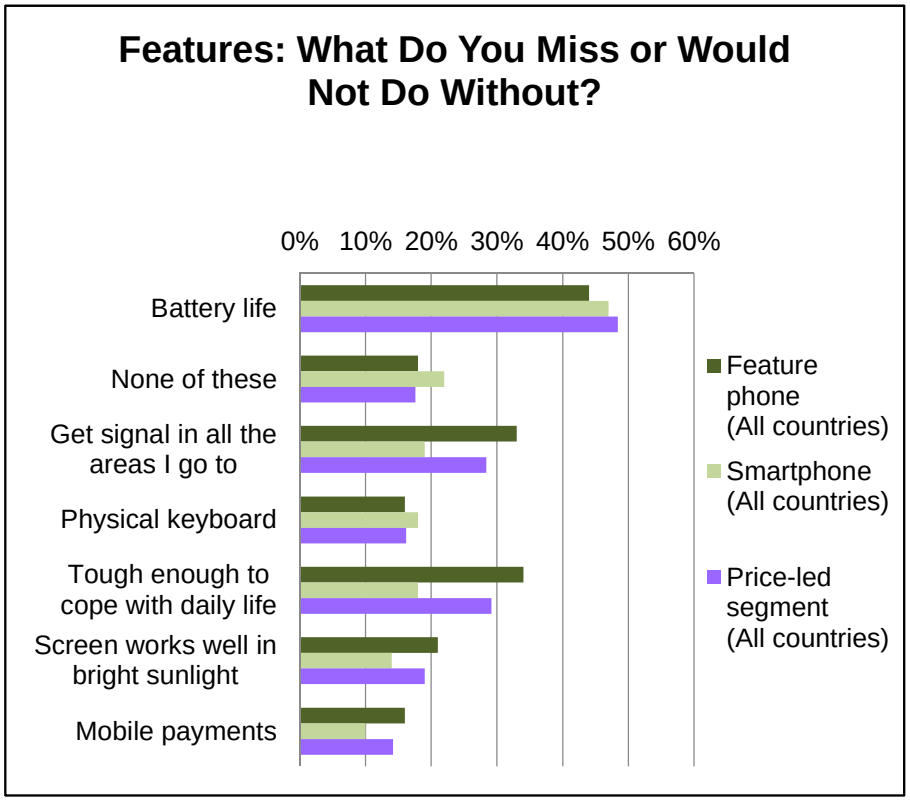


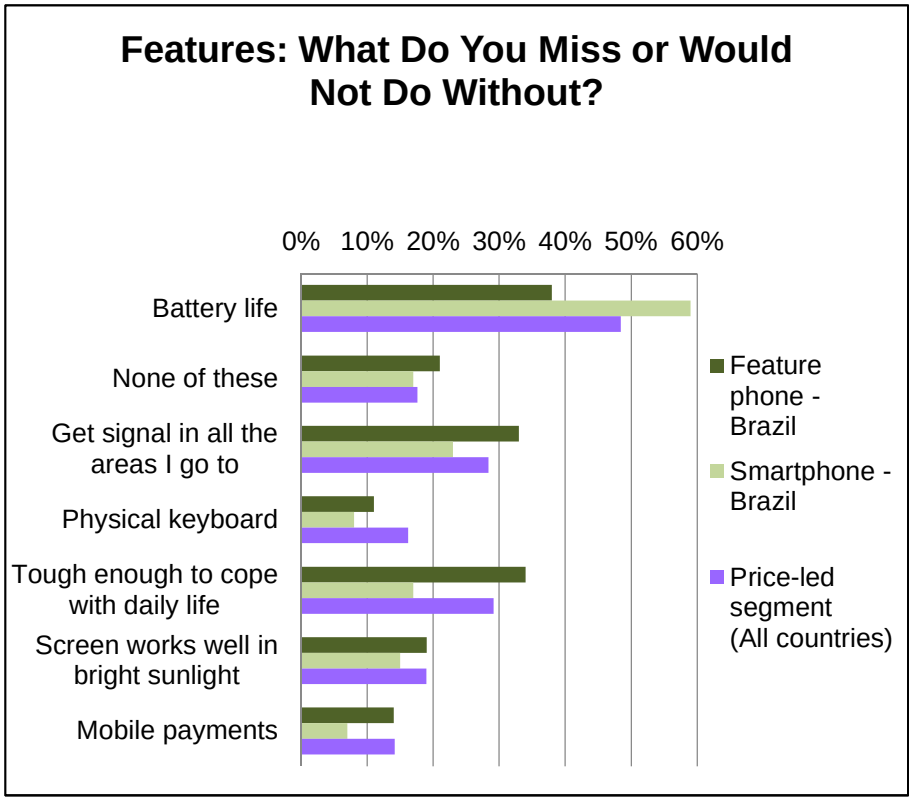


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Brazil, 76% of respondents expect a smartphone to be more expensive**
  - More than half of the respondents expect it to be twice as expensive or more
  - This is reasonable, given the high level of imports

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Brazil: Features That Are Critically Important

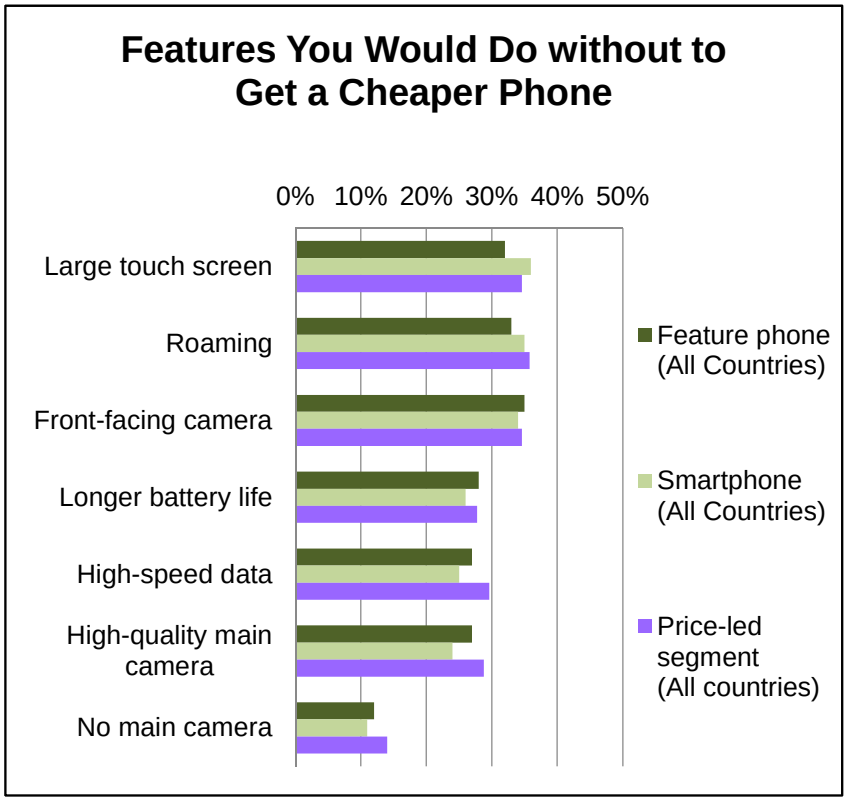


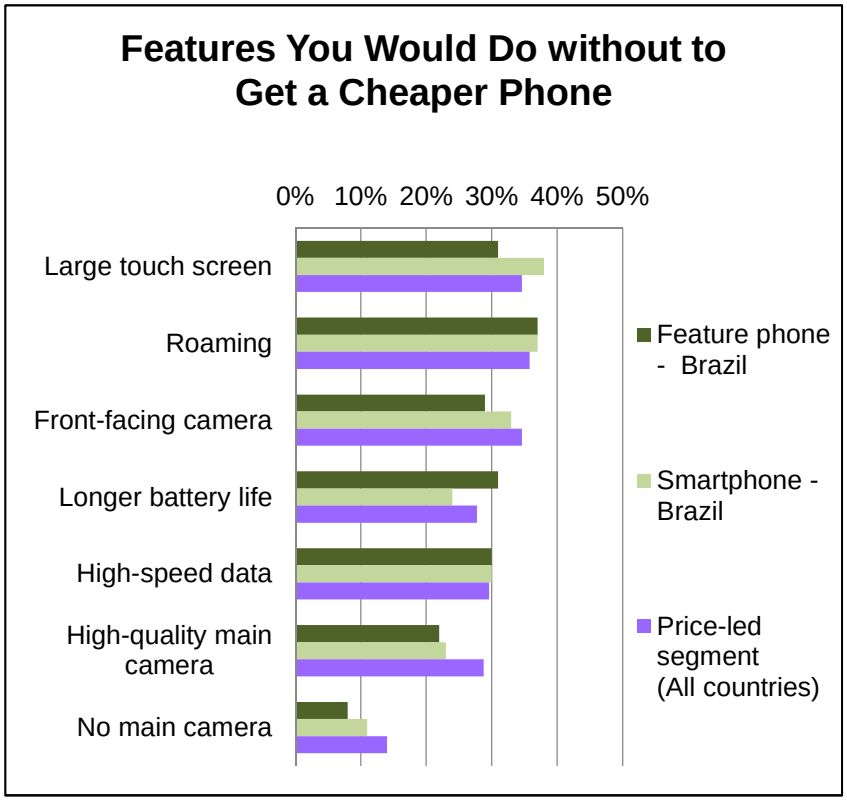


- **The Brazilian response was close to the overall average**
- **Smartphone owners considered battery life as a more essential feature than the average for the whole survey**
  - Less concerned about a physical keyboard

© CCS Insight

Brazil: Features You Would Do without to Get a Cheaper Phone

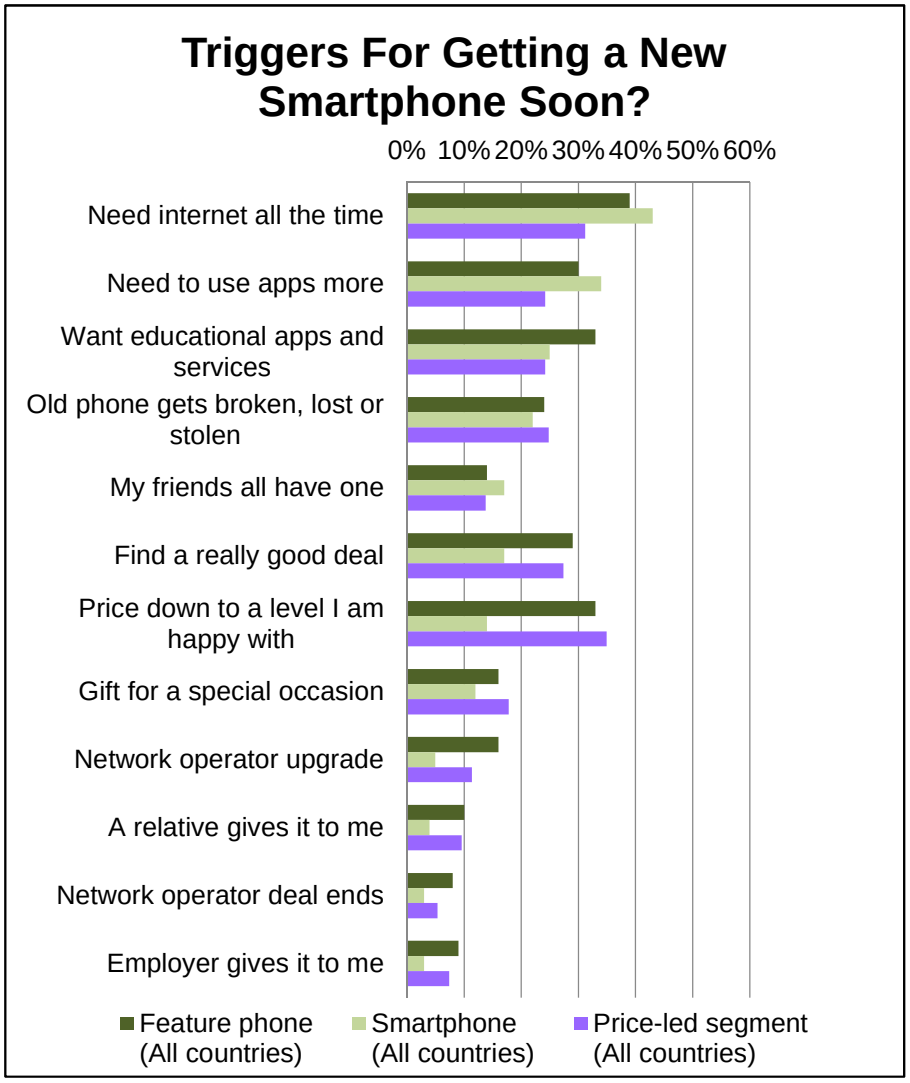


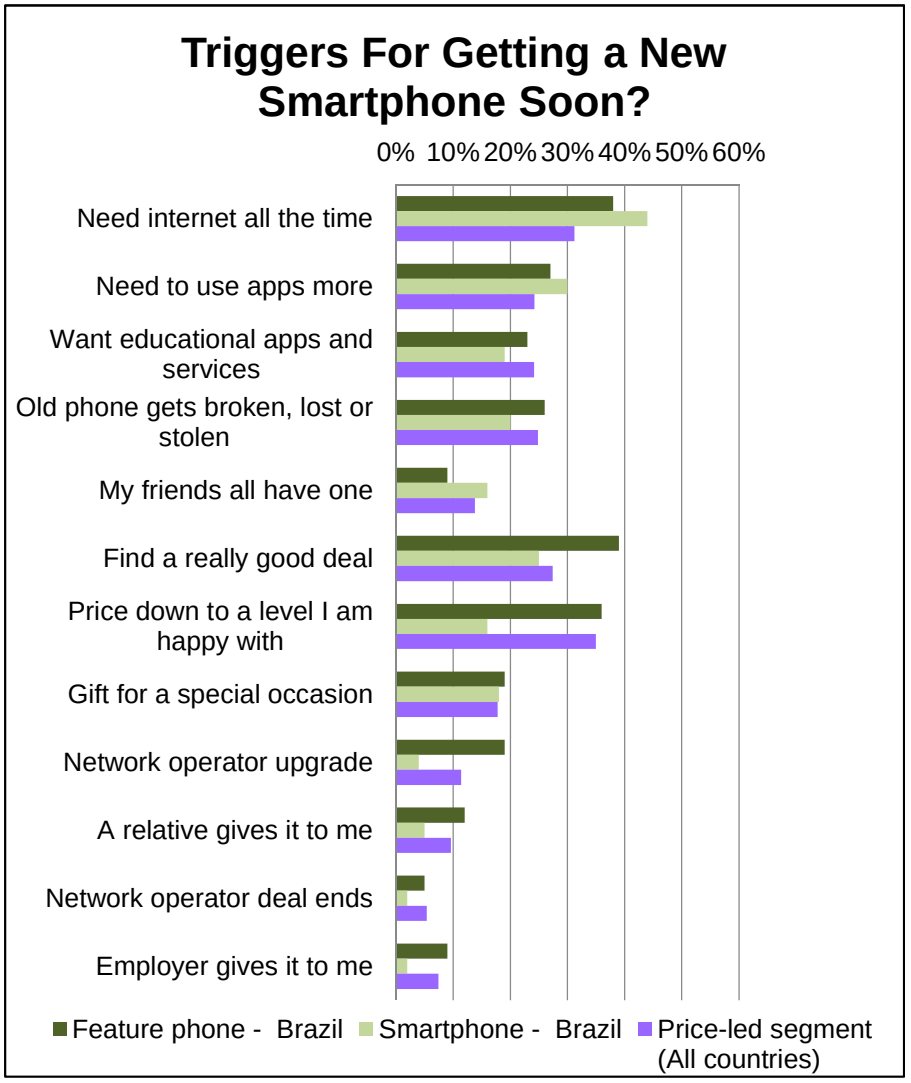


- **The response in Brazil was very close to the average across countries**
- **Slightly lower response on camera features and high-speed data**

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Brazil: Purchase Triggers

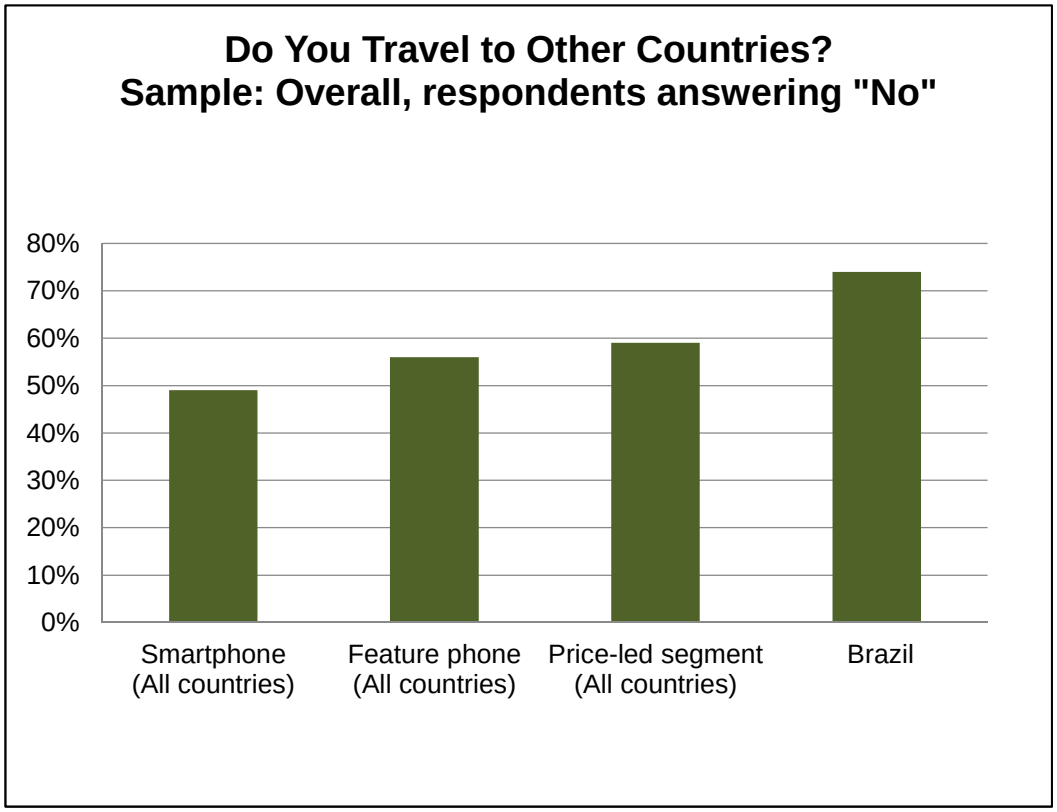




- **Stronger response for pricing deals in Brazil than the overall average**

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Brazil: Do You Travel to Other Countries?



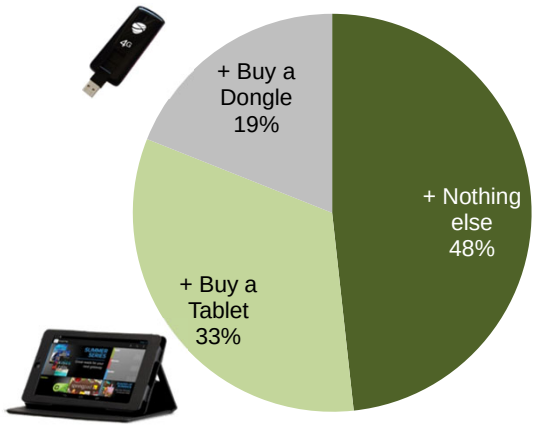
- **Brazil saw a somewhat higher response for not travelling than the overall average**

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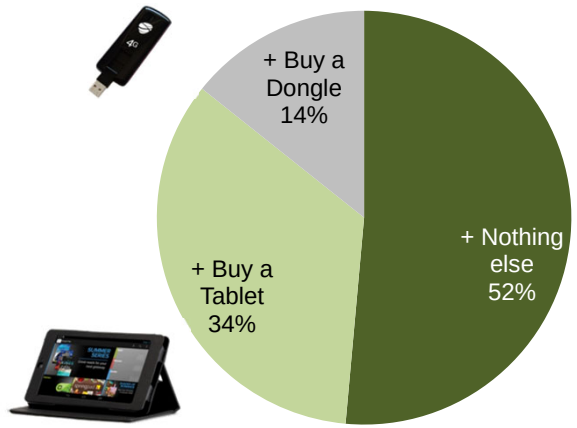
Brazil: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

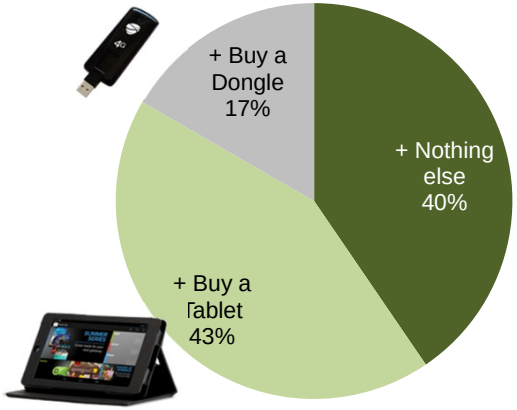
Buy a New Smartphone
All Countries — 58%



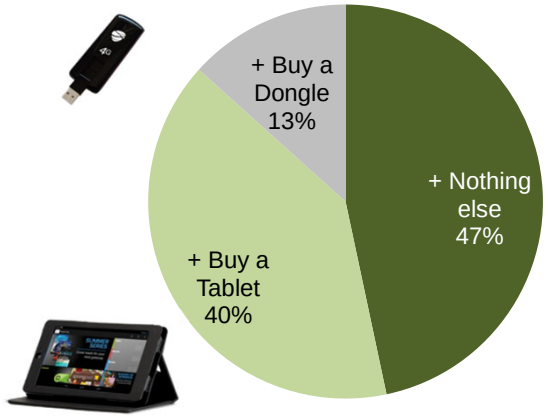
Buy a New Smartphone
Brazil — 70%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Brazil — 30%



Compared with the overall average...

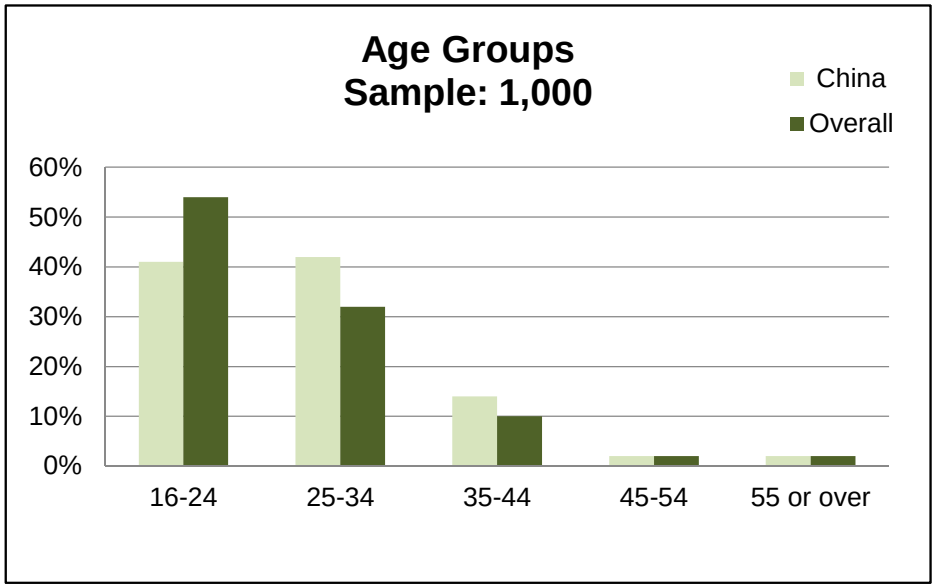
- **Brazil shows a stronger preference for a smartphone**
- **Brazil shows a slightly lower appetite for tablets**

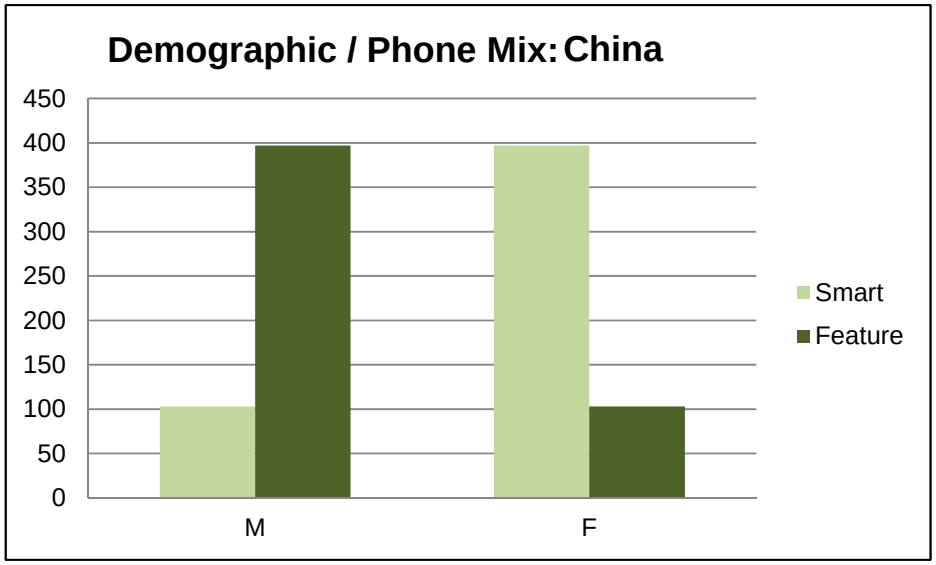
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Country Market Findings
China

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China: Sample Demographics

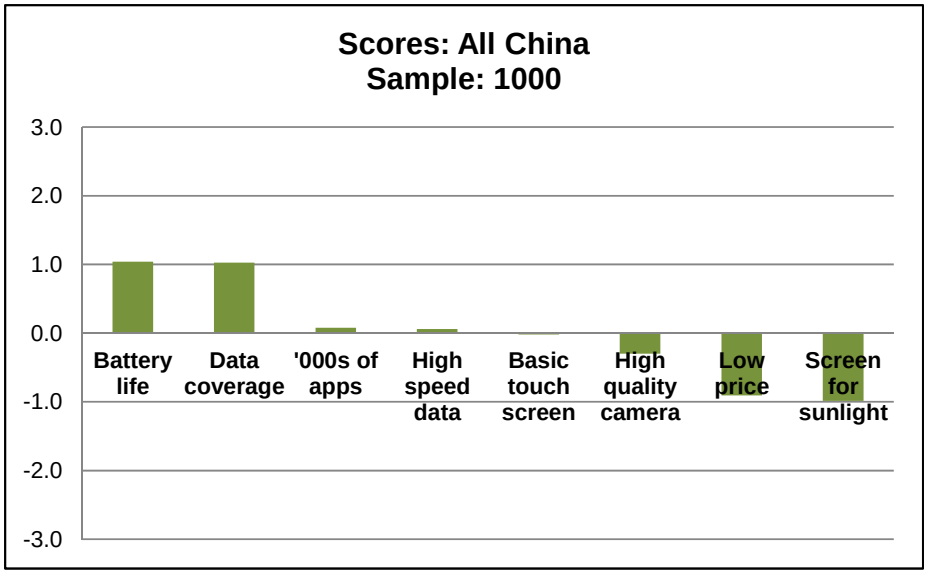


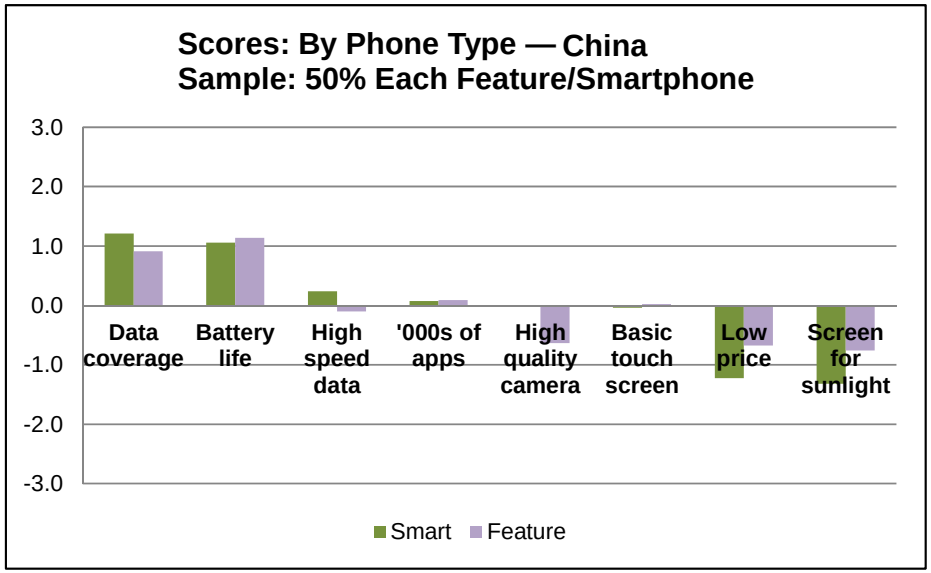


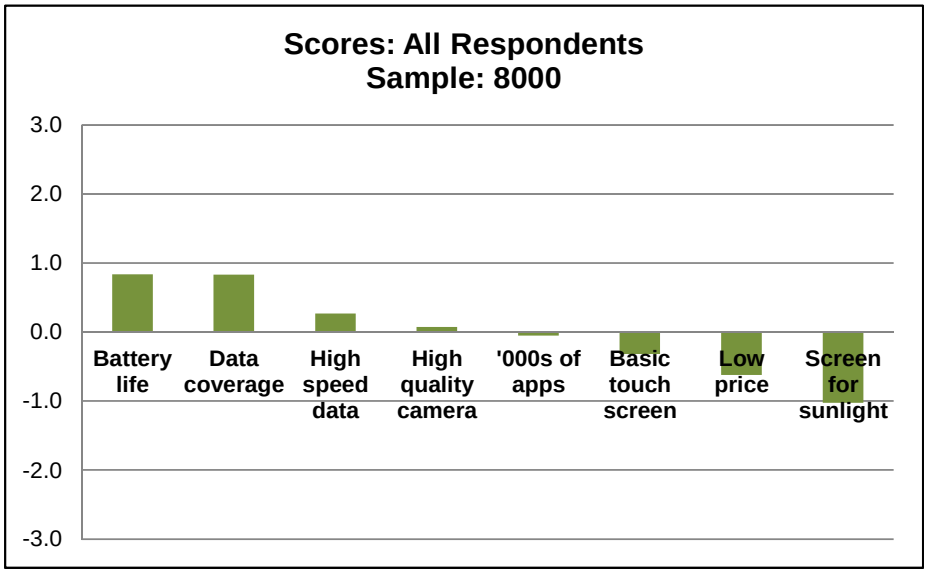
- **Sample of 1,000 people**
  - Male/female: 50:50

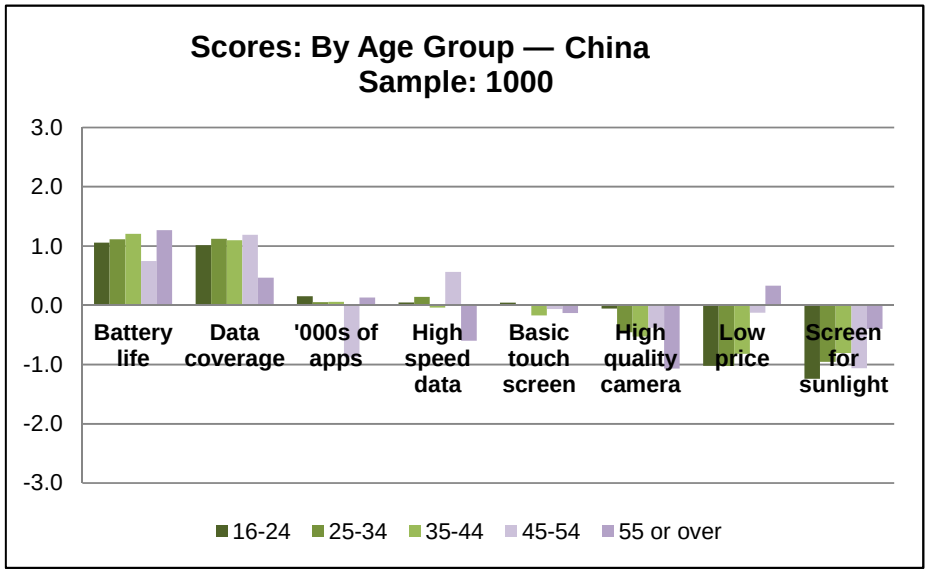
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China: Feature Priorities



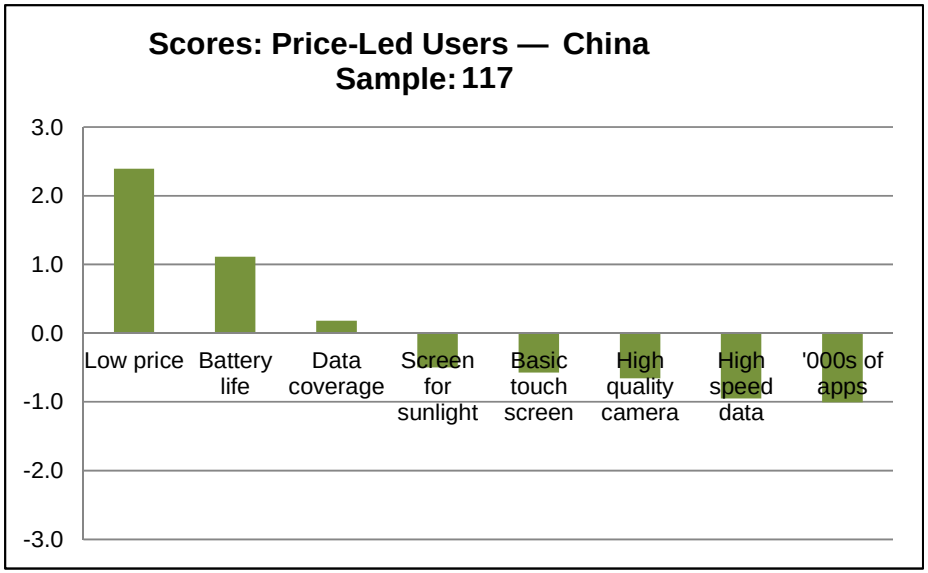


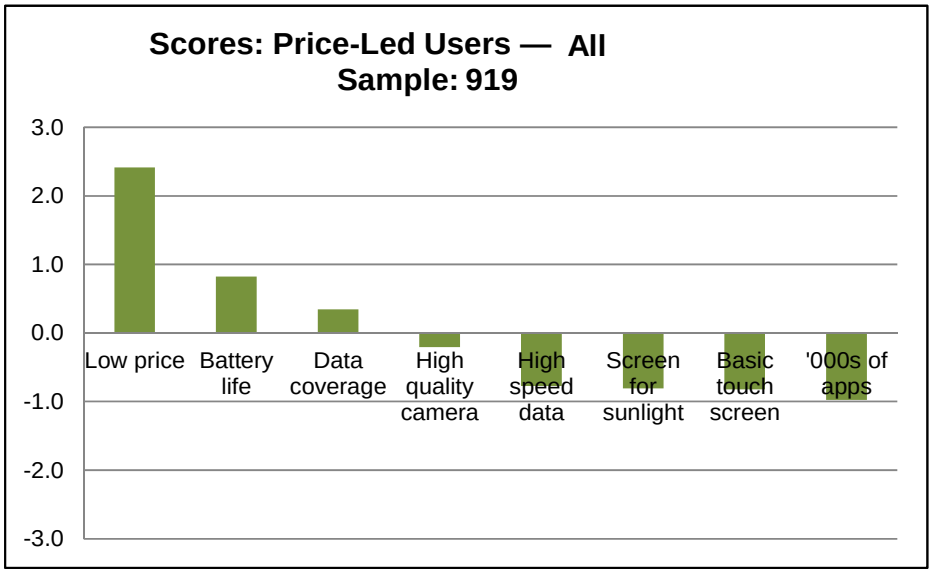




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China: Price-Led Users' Priorities

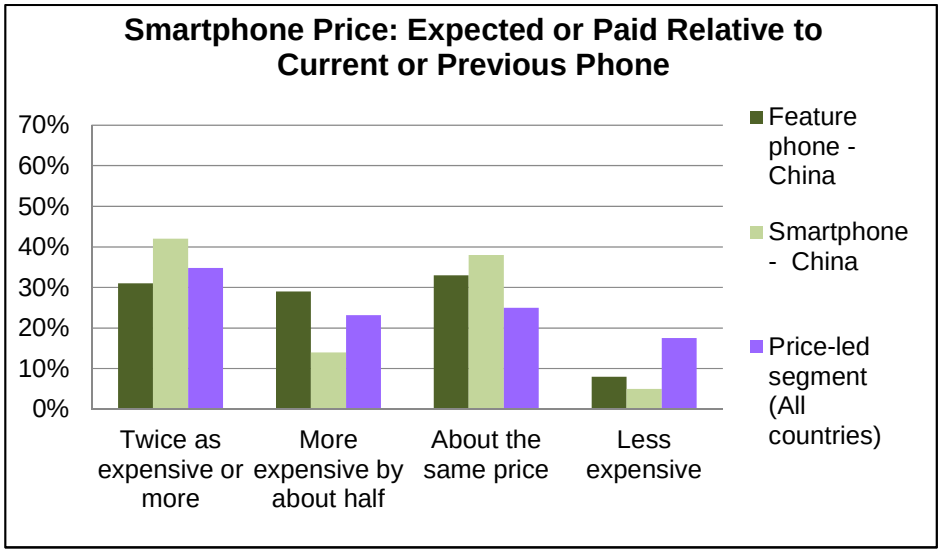


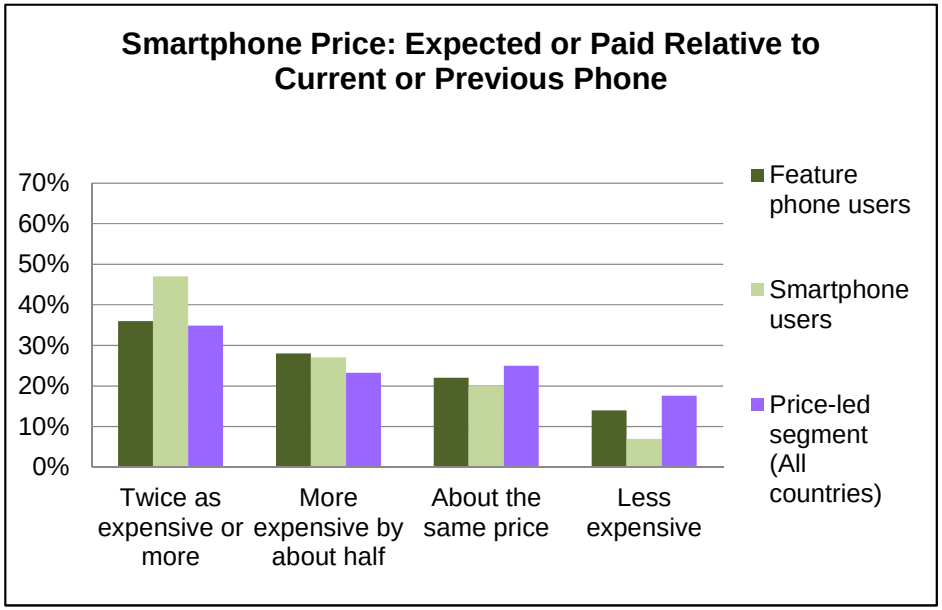


- **Price-led users make up 12% of valid responses overall**
- **In China, they represent 12% of all valid responses**
- **China shows slight variation from the overall average for the lowest-priority features**

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China: Price Expectations

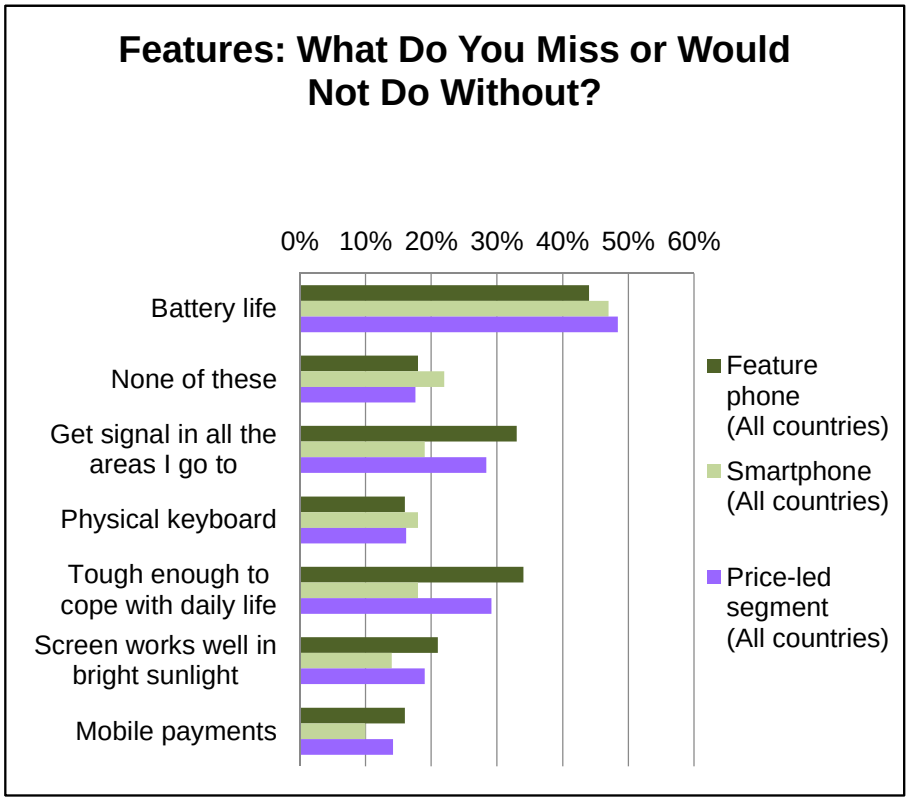


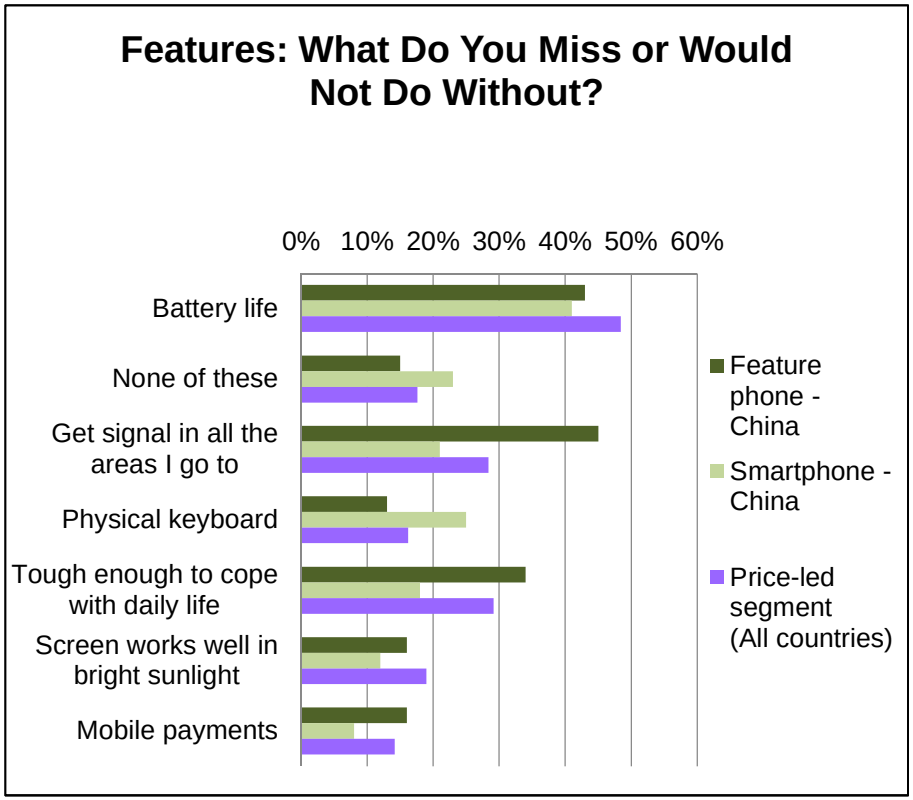


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In China, 58% of respondents expect a smartphone to be more expensive**
- **A higher-than-average share expect a smartphone to be about the same price or cheaper than their existing phone**
  - This is reasonable, given the high level of local manufacturing

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China: Features That Are Critically Important

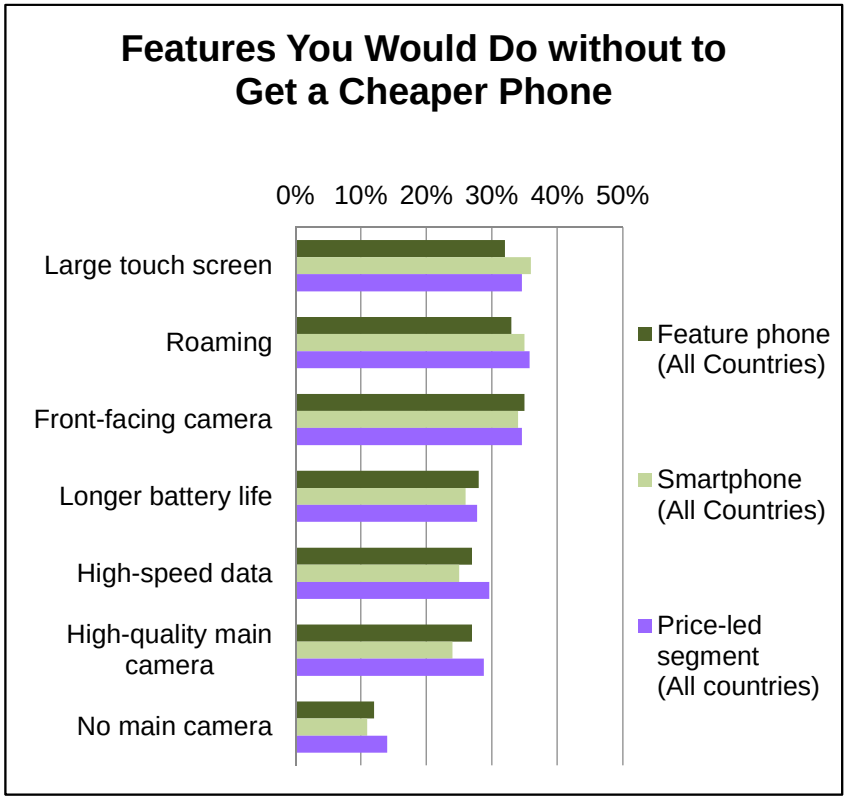


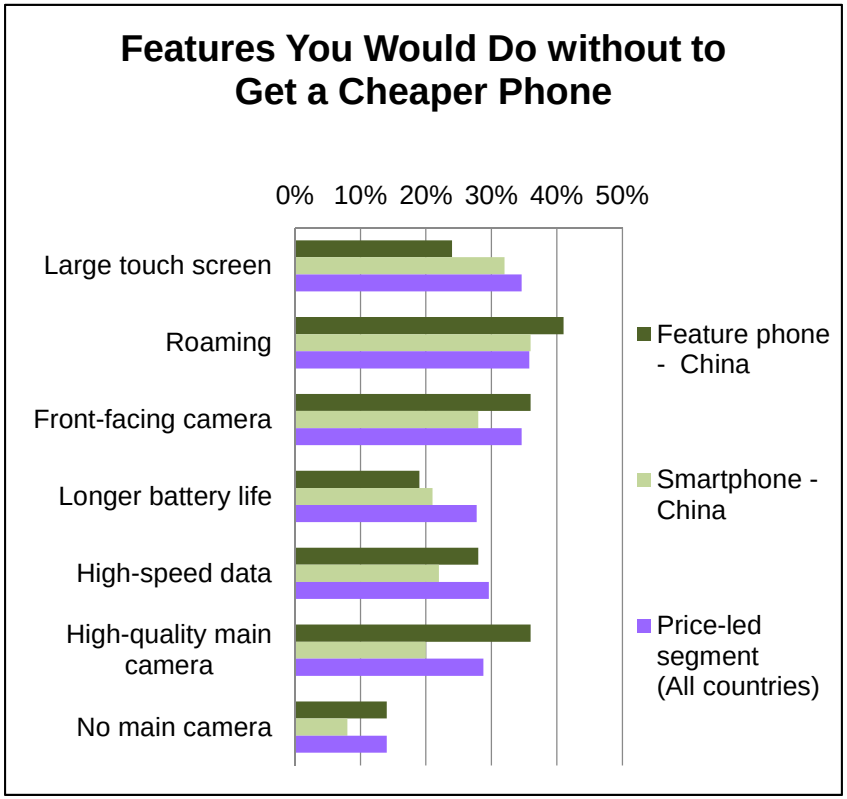


- **The Chinese response was close to the overall average**
- **Feature phone owners were stronger to note coverage as an essential feature than the average for the whole survey**

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China: Features You Would Do without to Get a Cheaper Phone

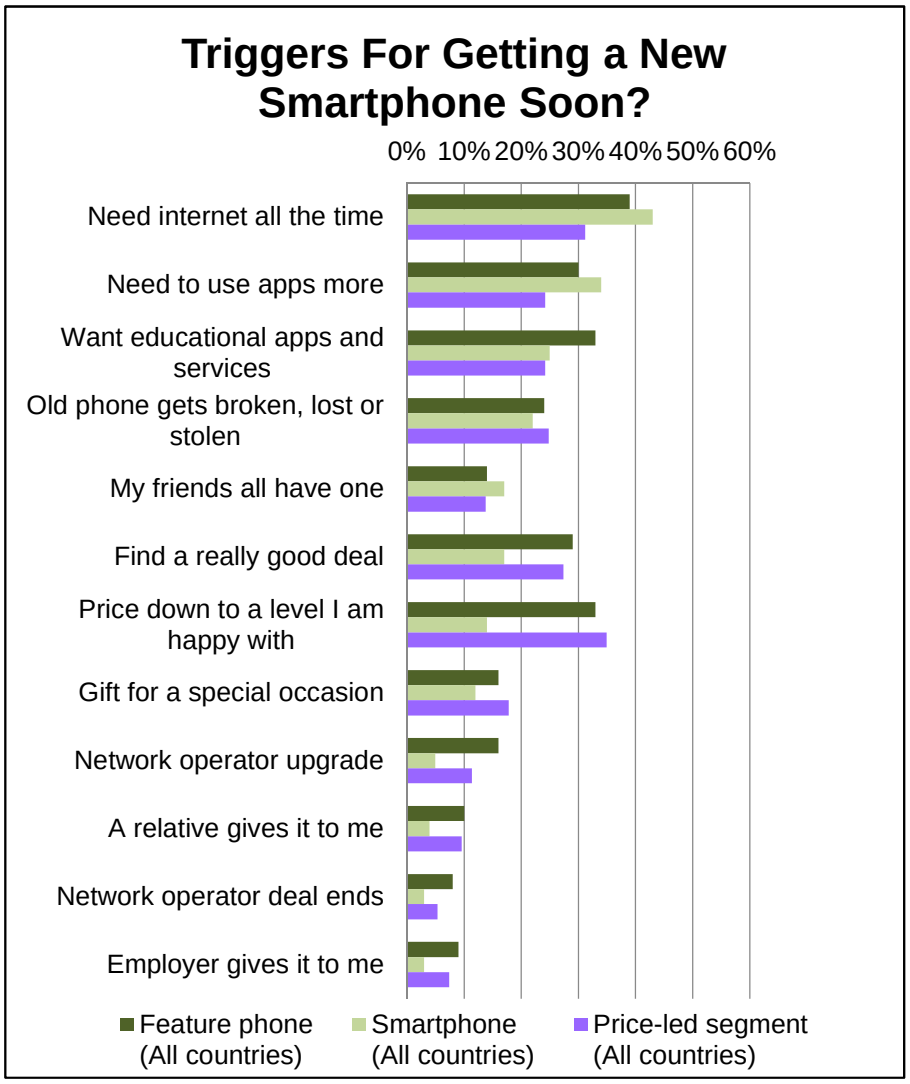


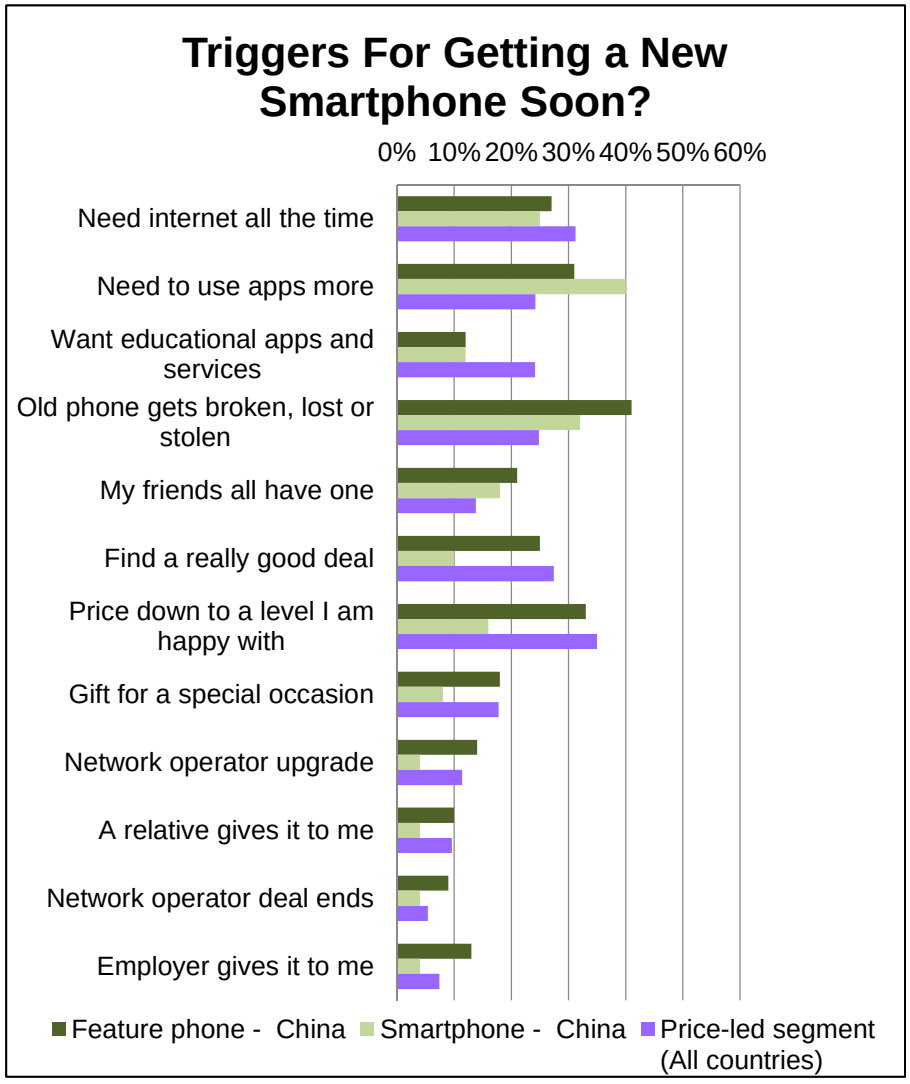


- **The response in China is close to the average across countries**
- **Slightly more willing to sacrifice roaming**
- **Lower response on battery life**

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China: Purchase Triggers

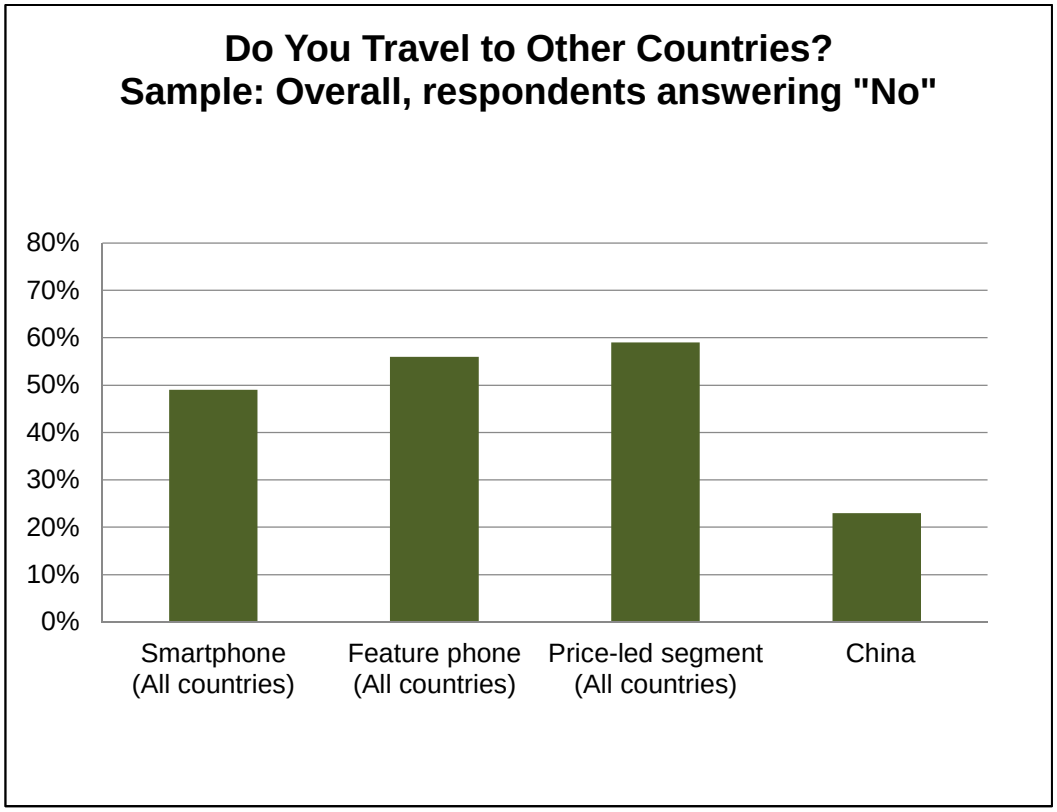




- **Stronger lost or stolen replacement response in China than the overall average**

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China: Do You Travel to Other Countries?



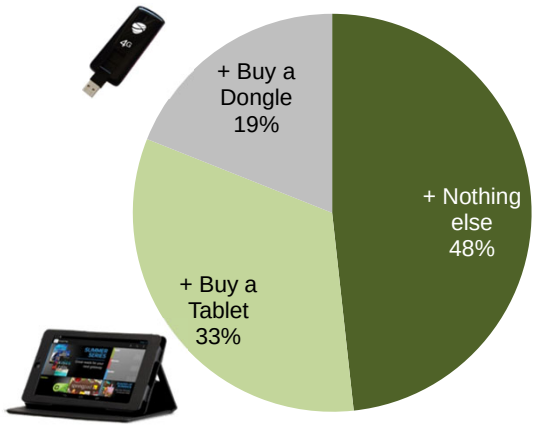
- **China gave a much lower response for not travelling than the overall average**

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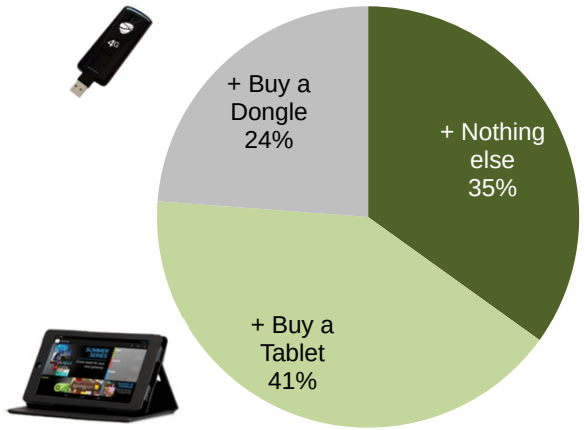
China: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

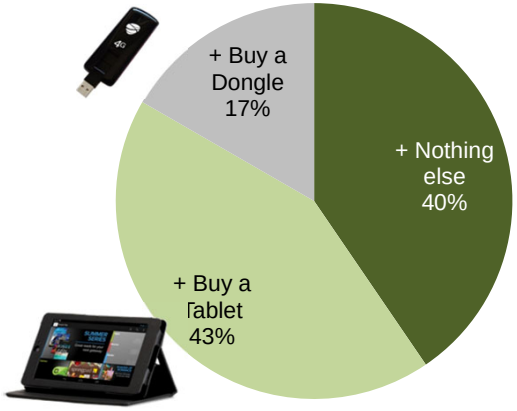
Buy a New Smartphone
All Countries — 58%



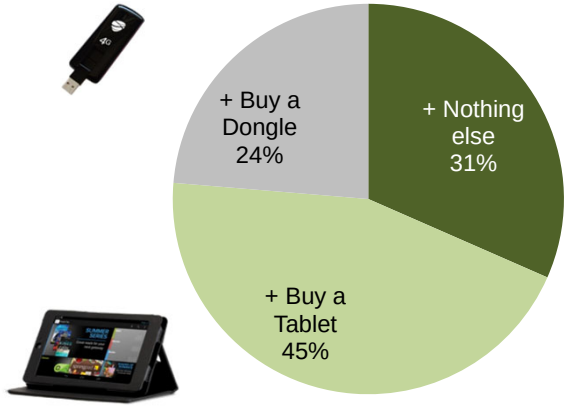
Buy a New Smartphone
China — 63%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
China — 38%



Compared with the overall average...

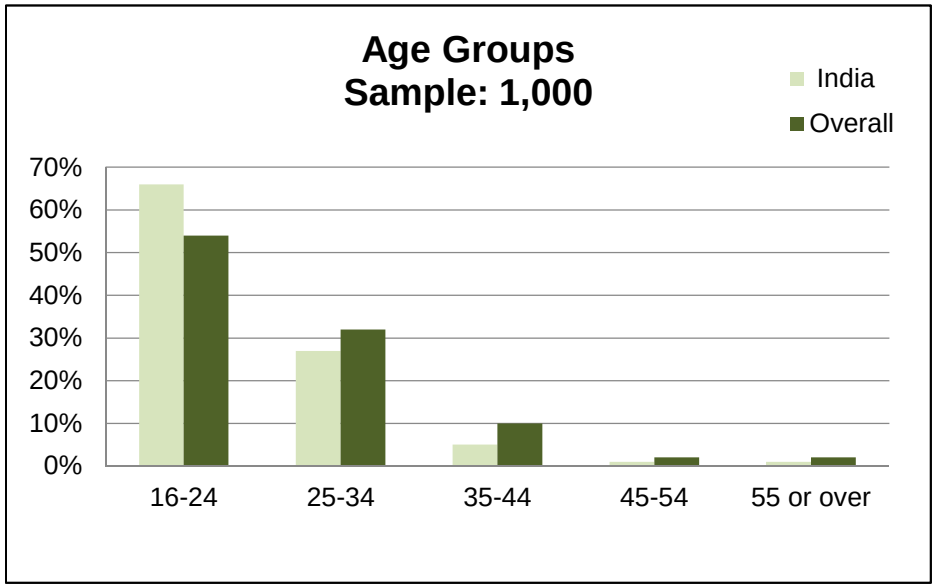
- **China shows a slightly stronger preference for a smartphone**
- **China shows a higher appetite for tablets**

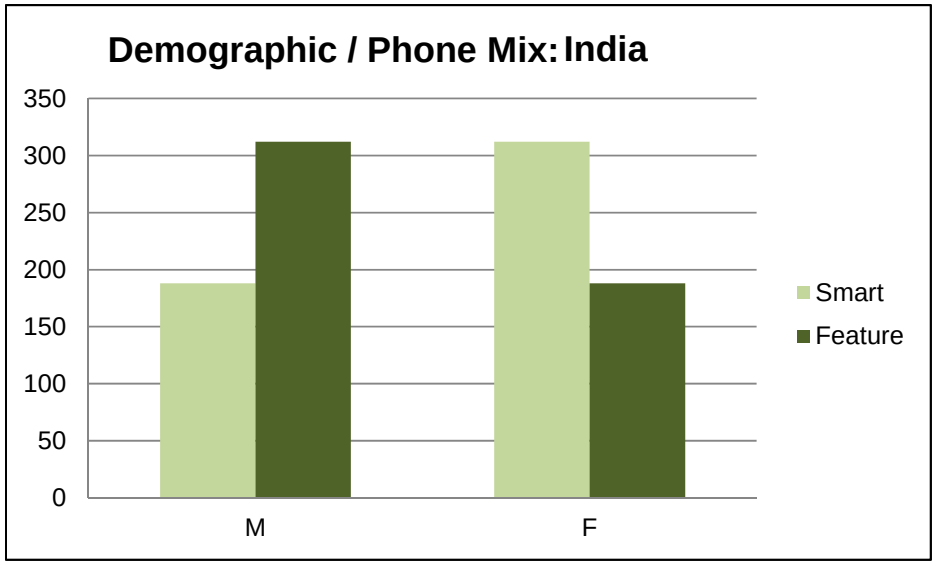
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Country Market Findings
India

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India: Sample Demographics

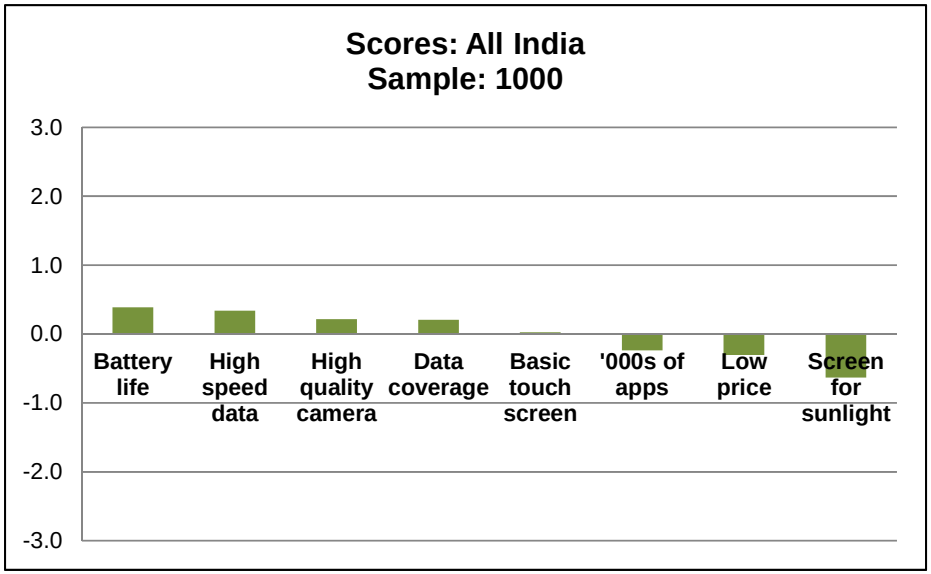


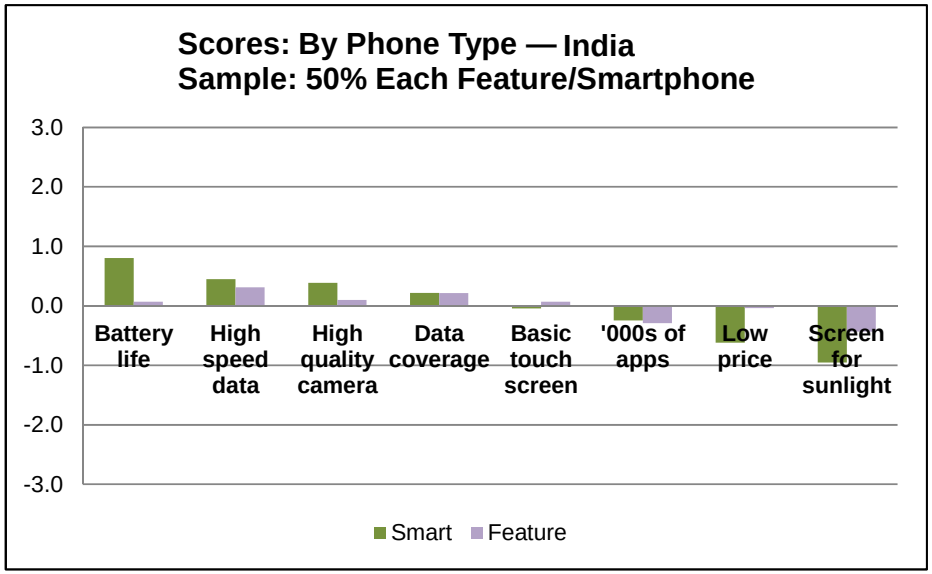


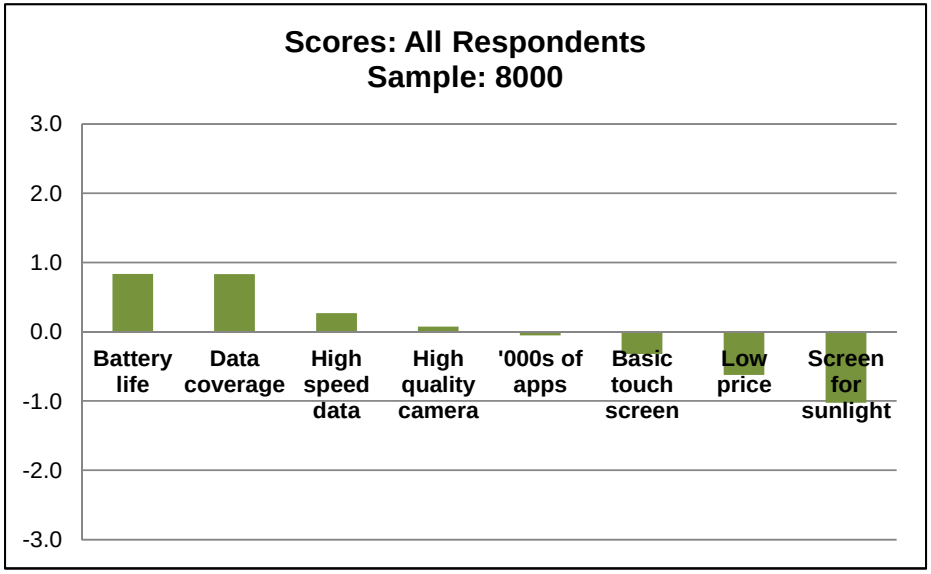
- **Sample of 1,000 people**
  - Male/female: 50:50

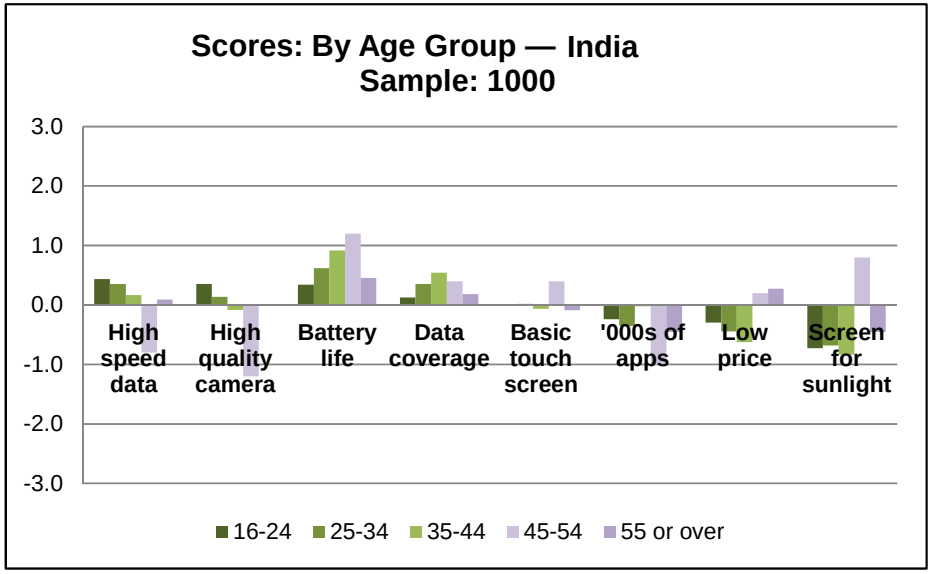
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India: Feature Priorities



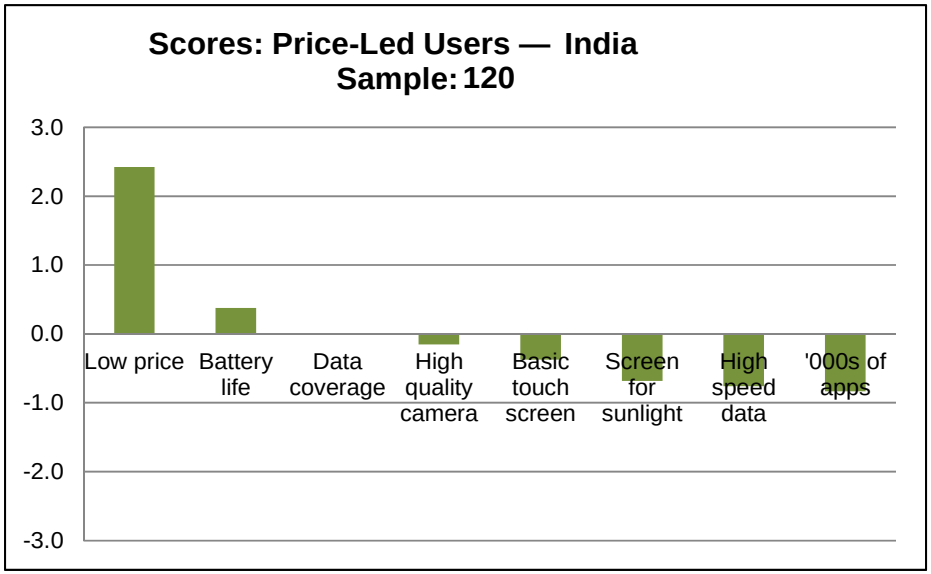


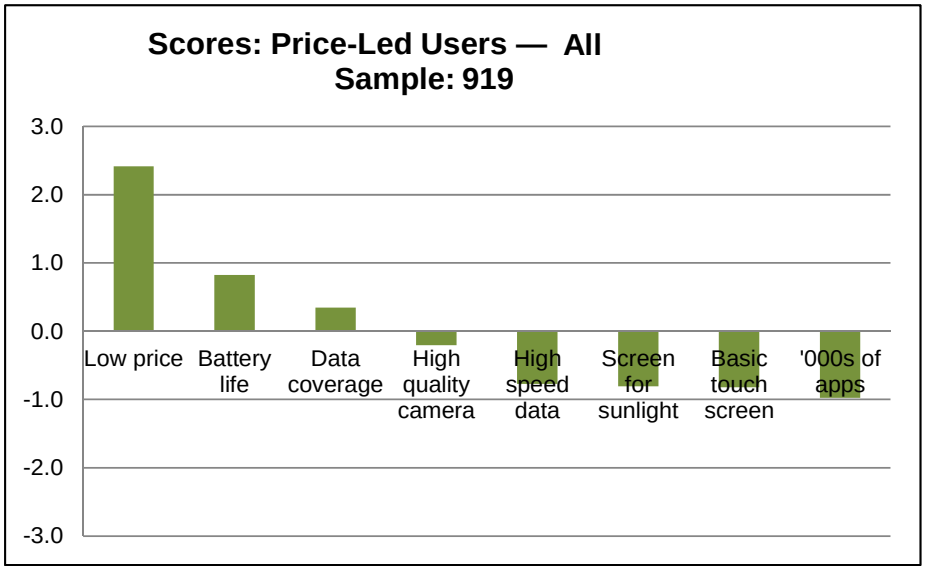




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India: Price-Led Users' Priorities

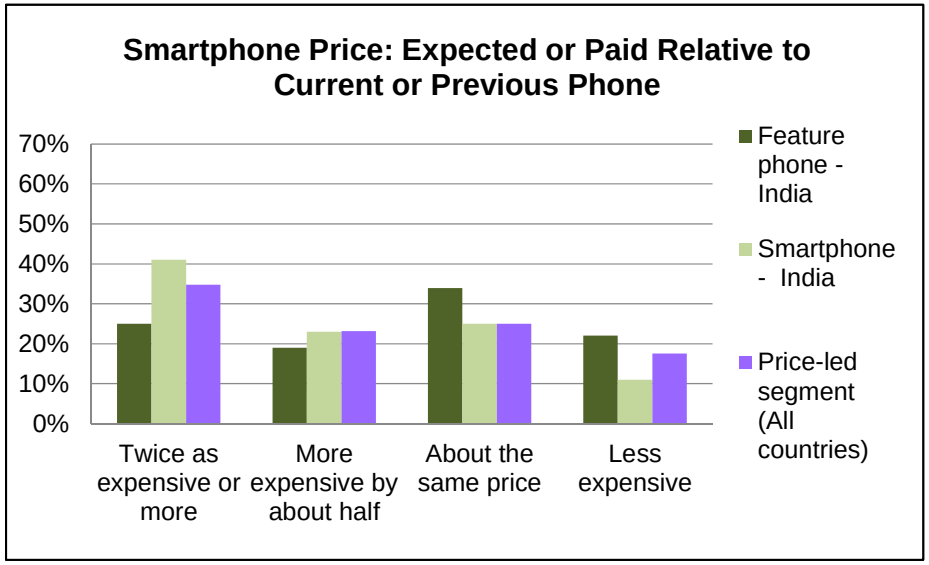


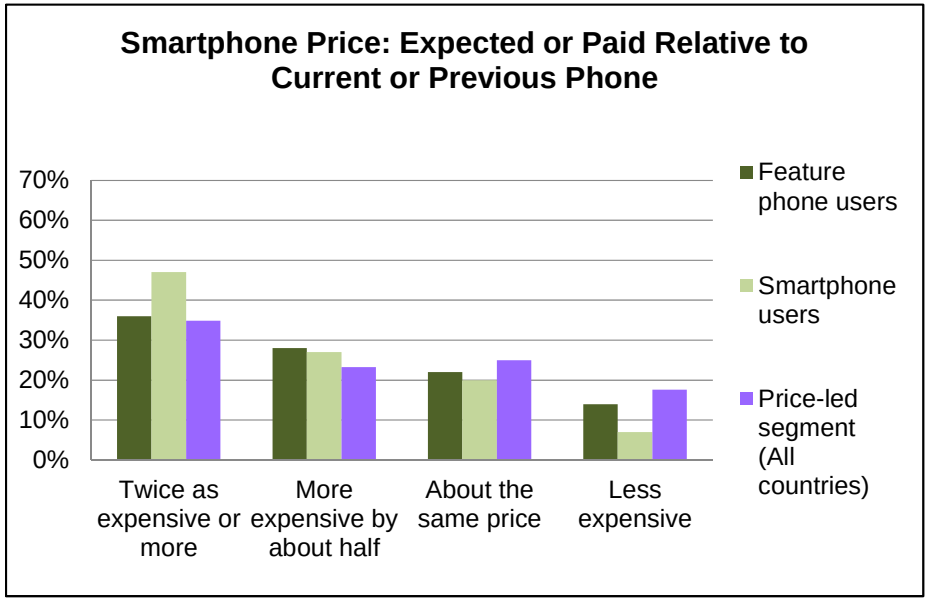


- **Price-Led Users are 12% of valid responses overall**
- **In India they represent 14% of all valid responses**
- **India shows a lower response on battery life and data coverage, and slight variation from the overall average for the lowest priority features**

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India: Price Expectations

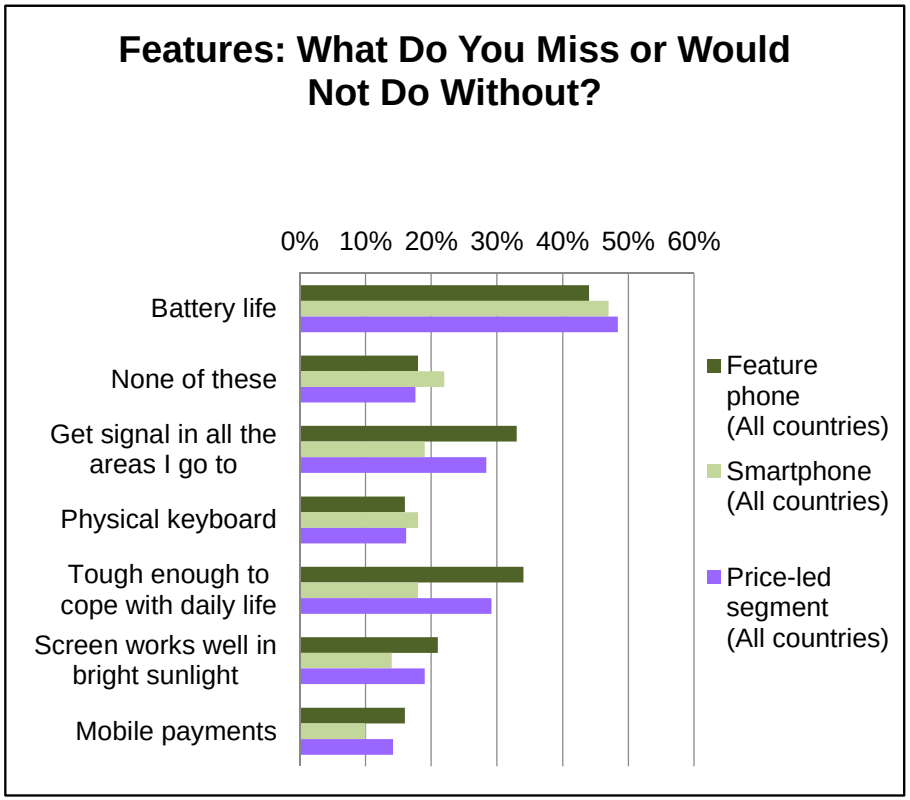


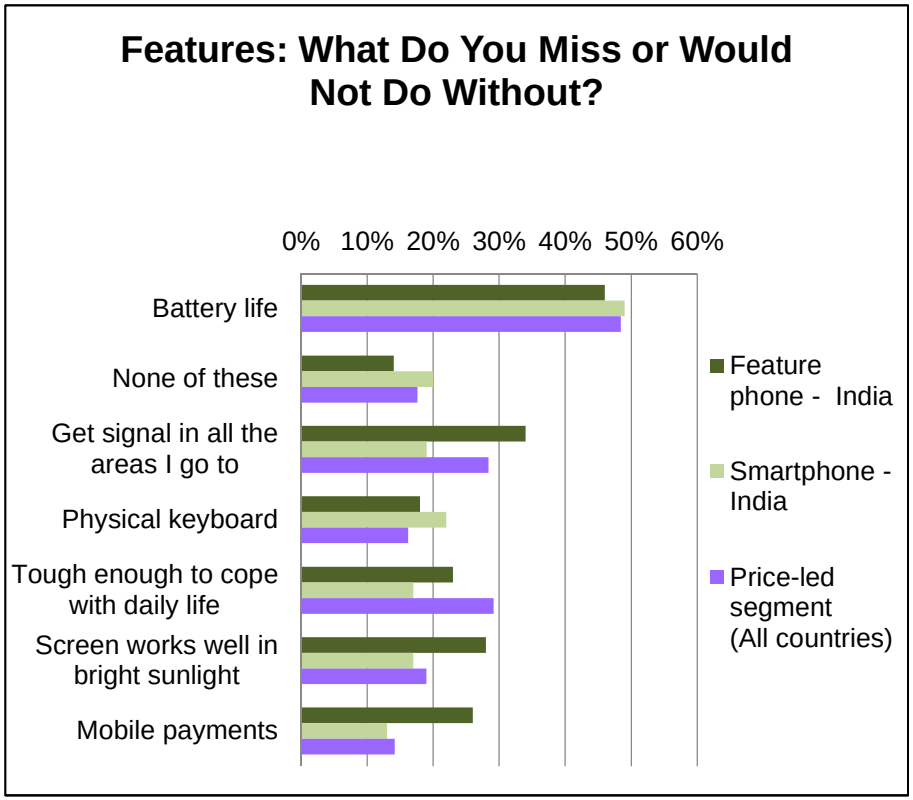


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In India, 54% of respondents expect a smartphone to be more expensive**
- **A higher share than average expect one to be the same price or cheaper**
  - This is reasonable, given the high level of local manufacturing

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India: Features That Are Critically Important

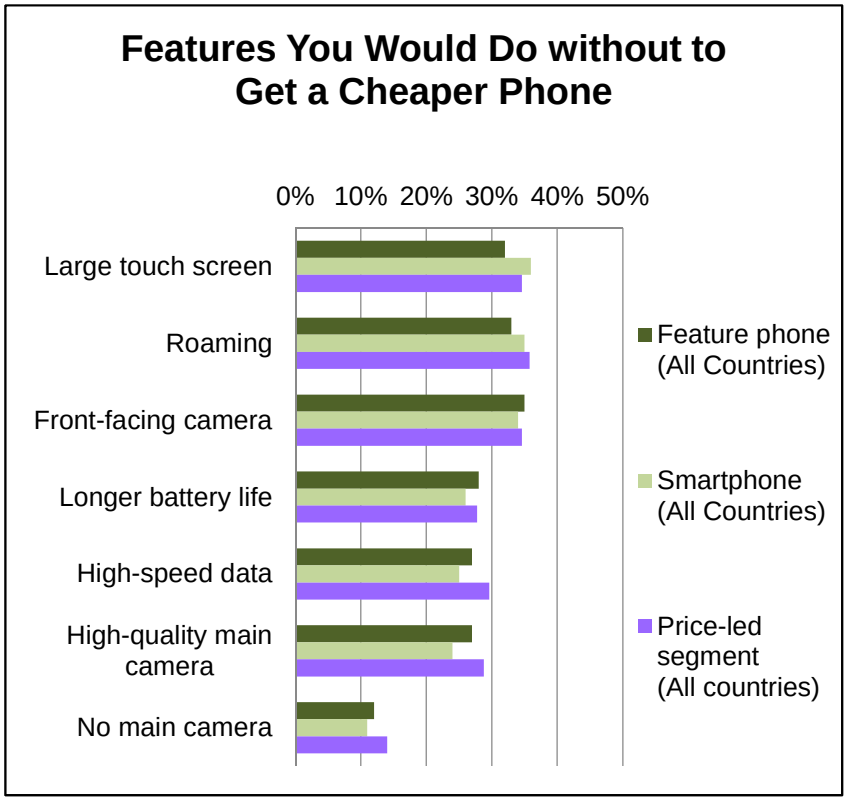


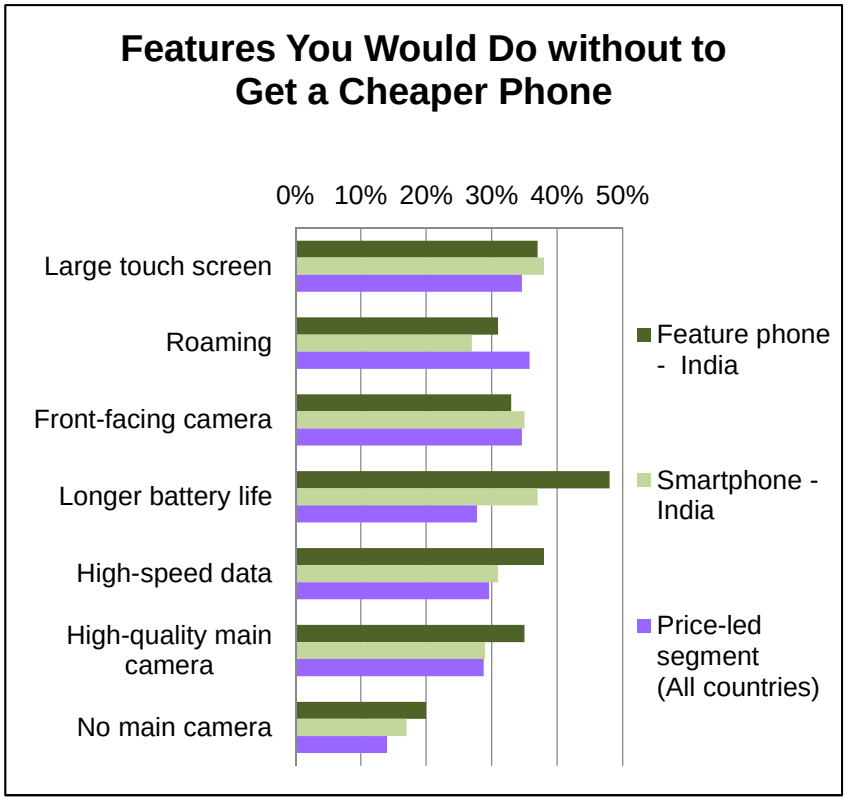


- **The Indian response was close to the overall average**
- **Feature phone owners were less concerned about smartphone toughness than the average for the whole survey**
  - But more concerned about the screen working well in bright sunlight

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India: Features You Would Do without to Get a Cheaper Phone

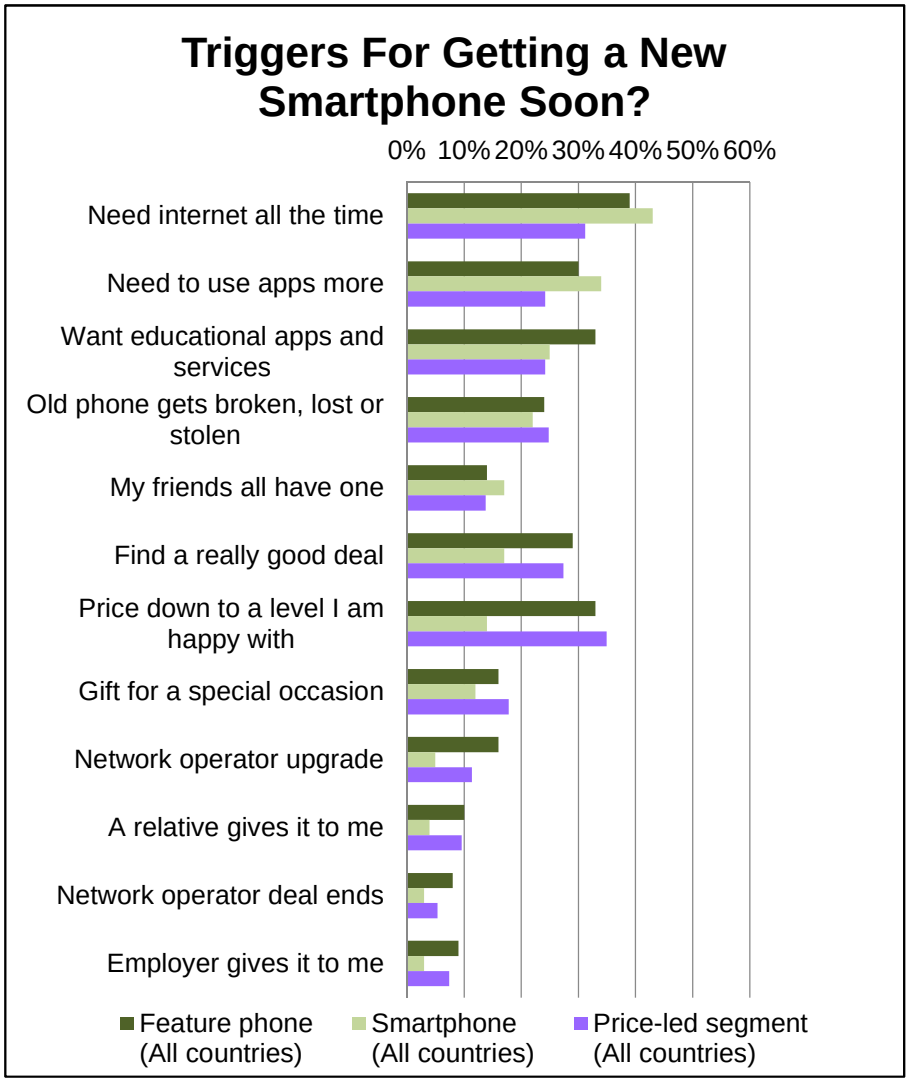


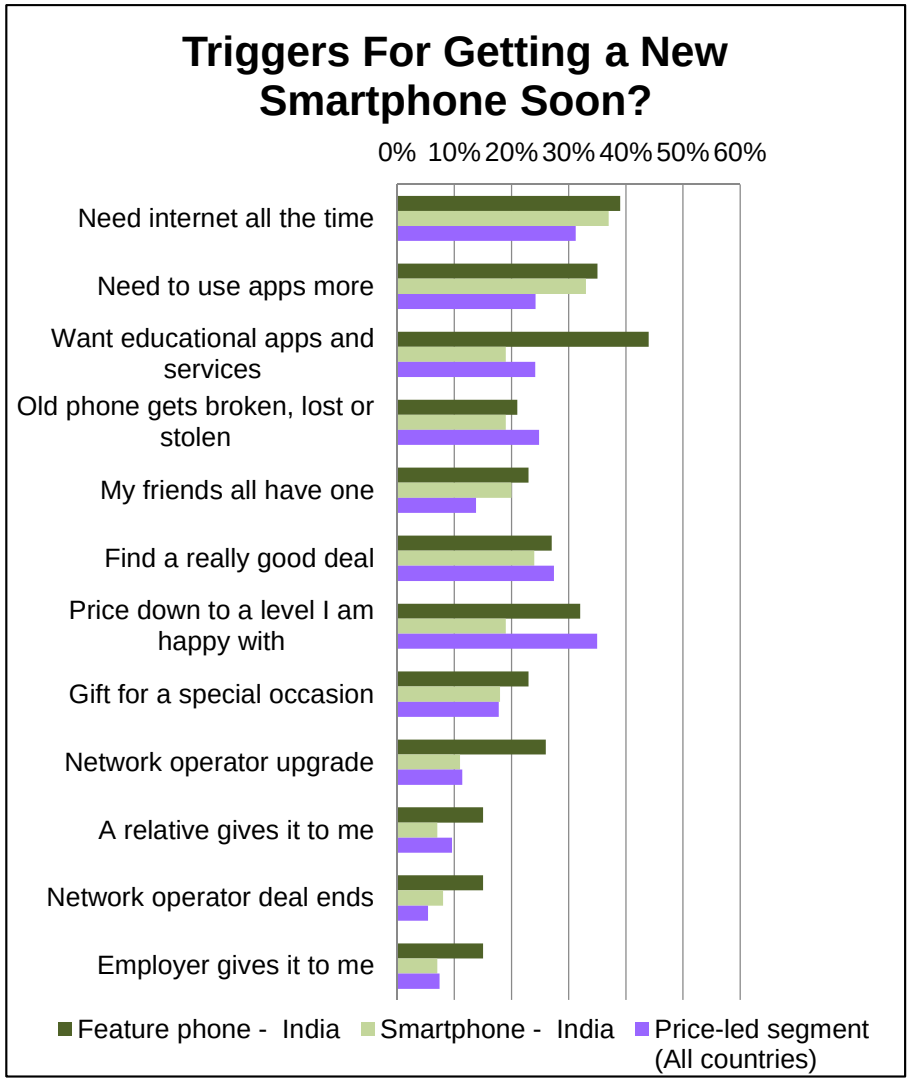


- **The Indian response is very close to average across countries, except on battery life**
- **Slightly more willing to sacrifice battery life (especially true of feature phone users)**

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India: Purchase Triggers

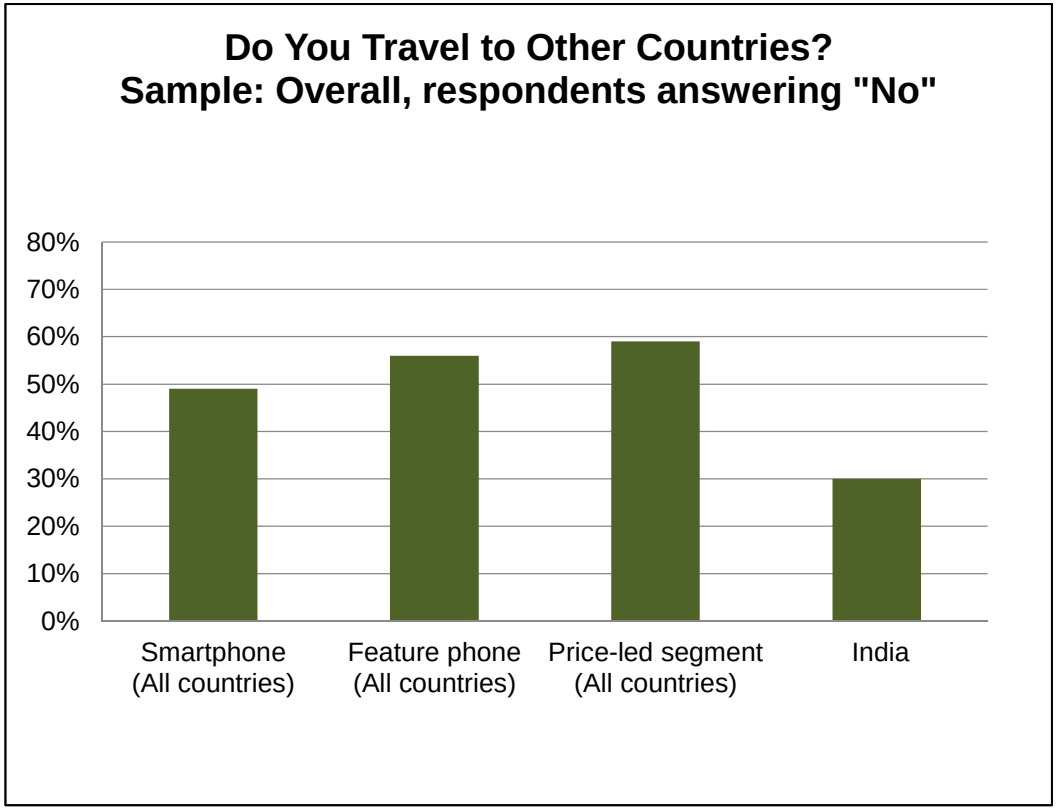




- **Stronger focus on educational apps in India than the overall average**

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India: Do You Travel to Other Countries?



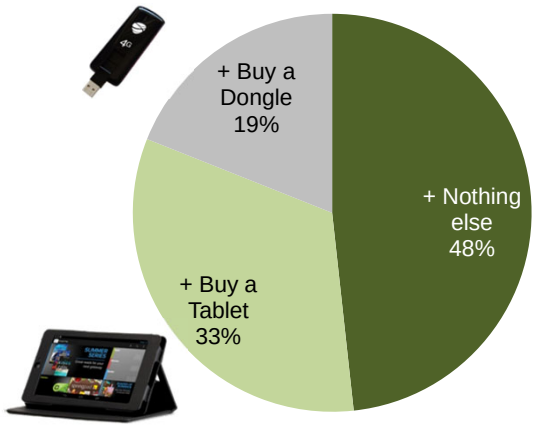
- **India shows a somewhat lower response for not travelling than the overall average**

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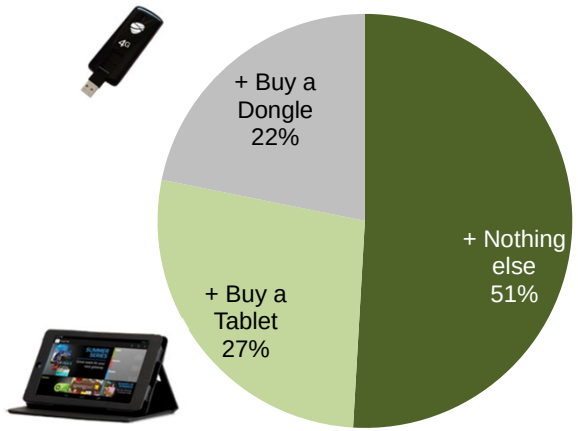
India: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

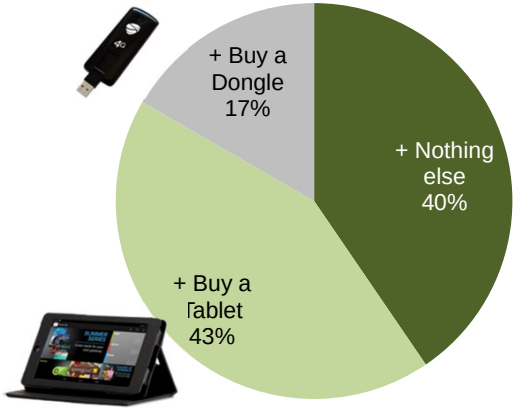
Buy a New Smartphone
All Countries — 58%



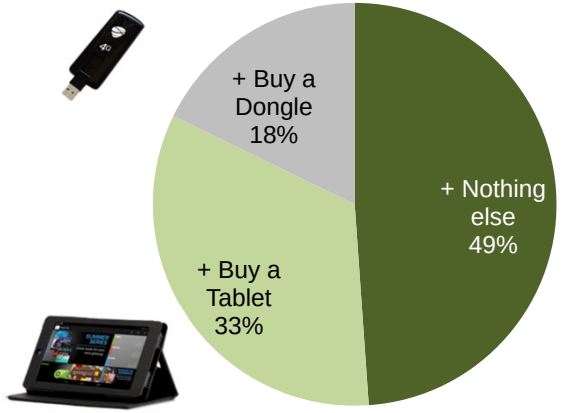
Buy a New Smartphone
India — 55%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
India — 45%



Compared with the overall average...

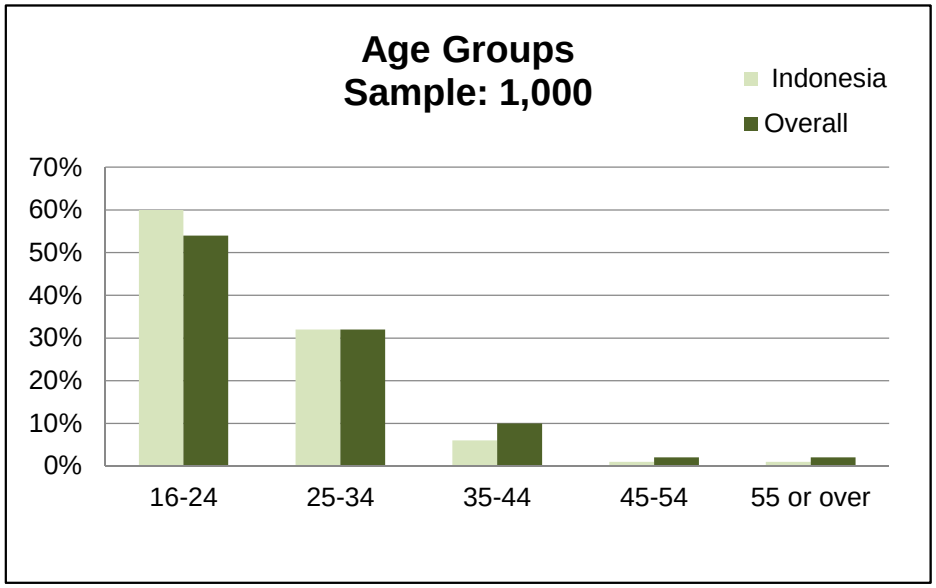
- **India shows a similar preference for a smartphone**
- **India shows a lower appetite for tablets**

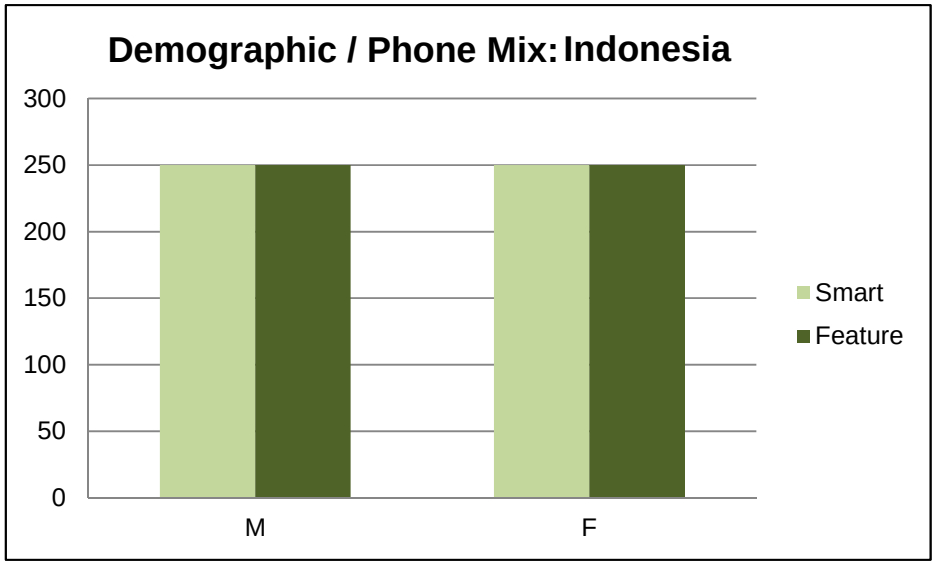
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Country Market Findings
Indonesia

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Indonesia: Sample Demographics

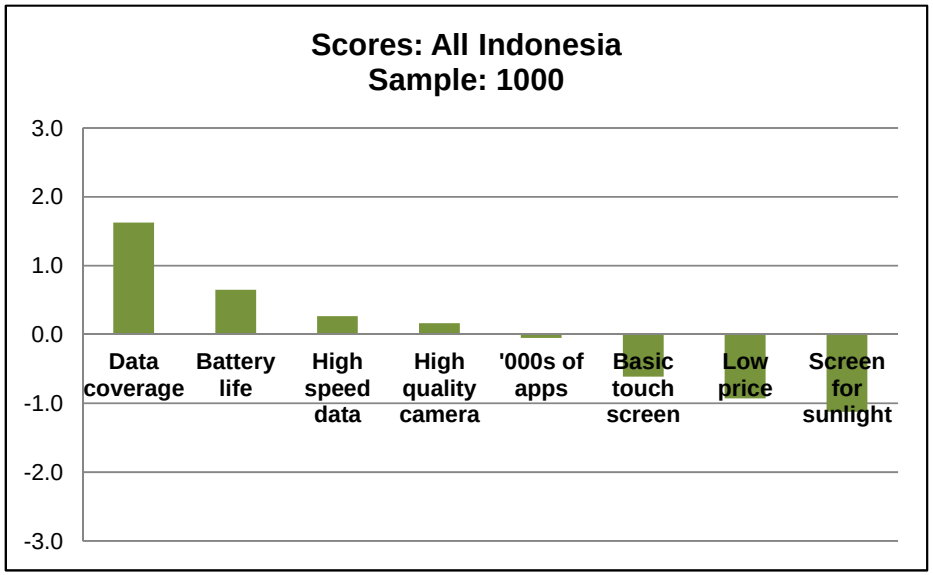


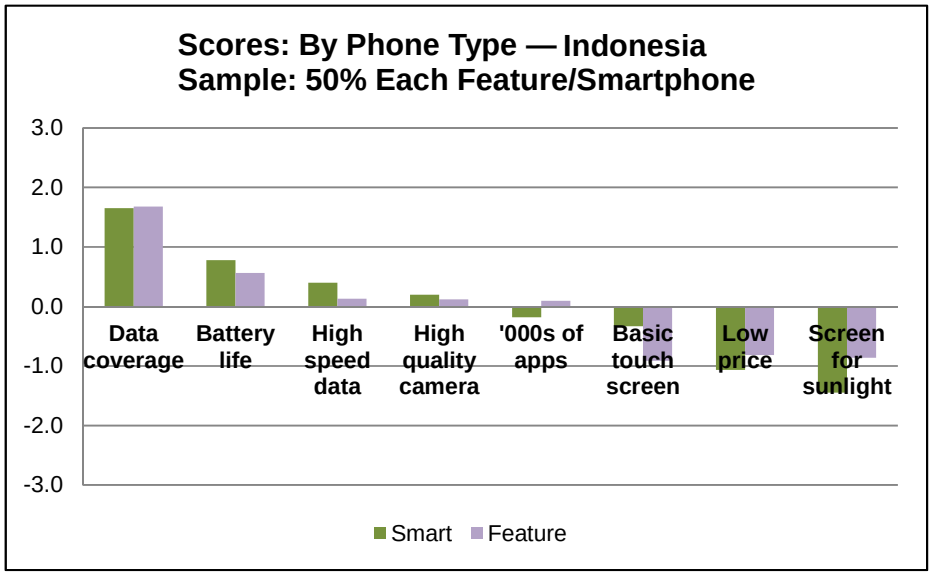


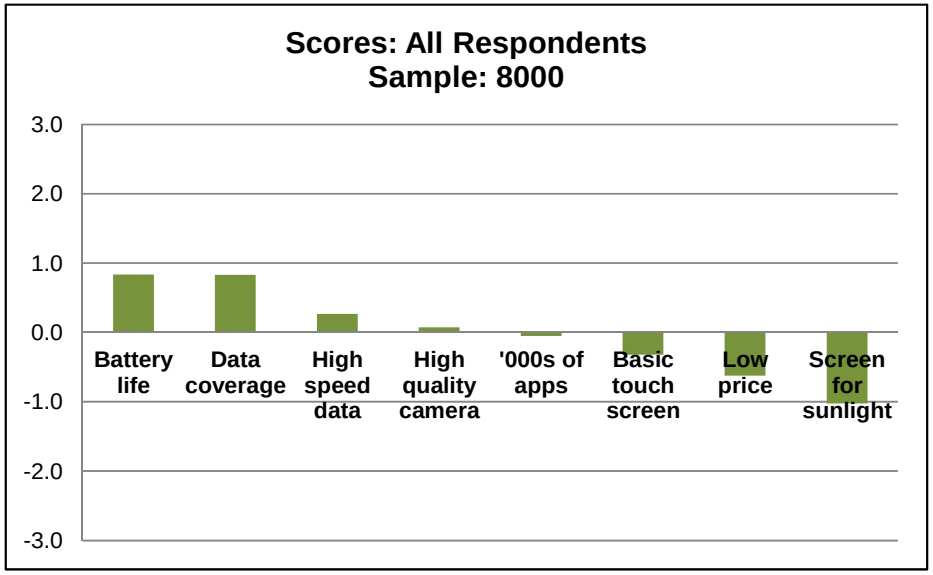
- **Sample of 1,000 people**
  - Male/female: 50:50

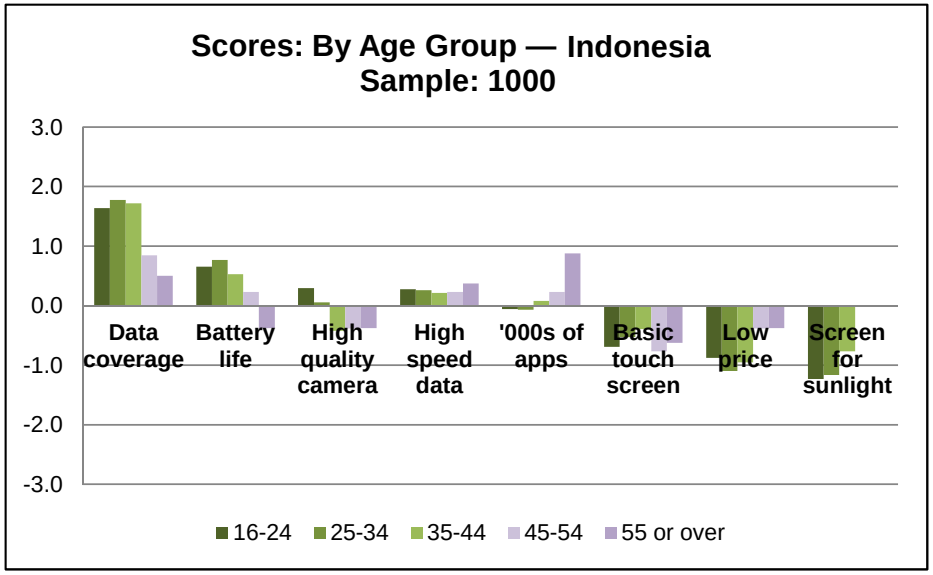
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Indonesia: Feature Priorities



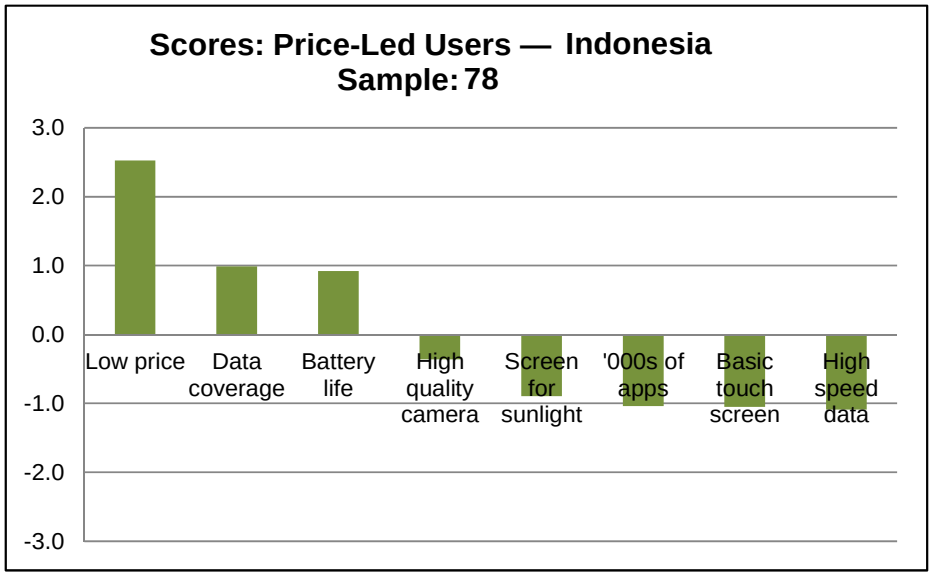


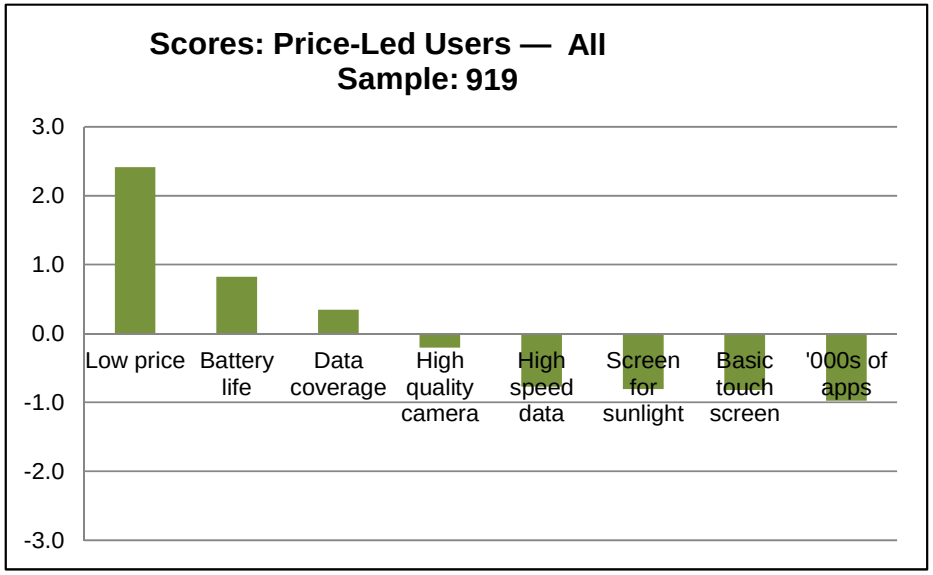




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Indonesia: Price-Led Users' Priorities

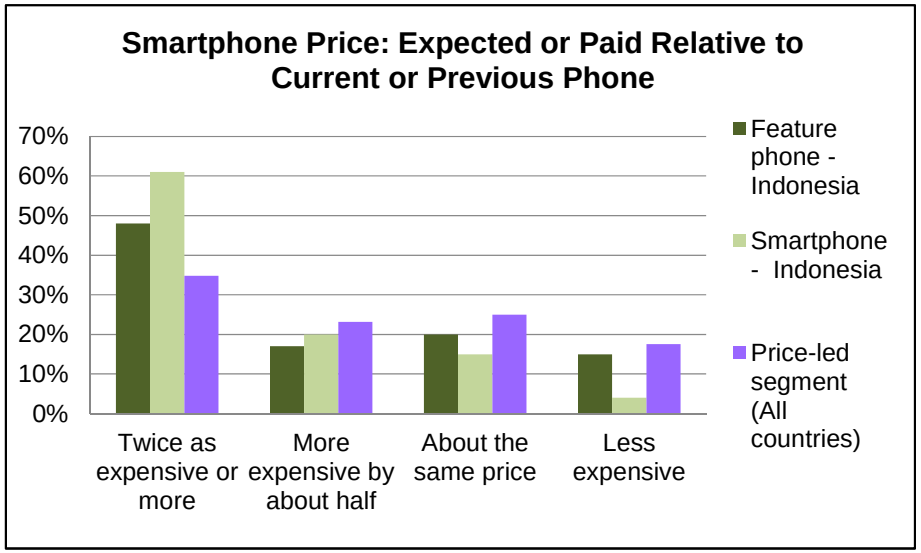


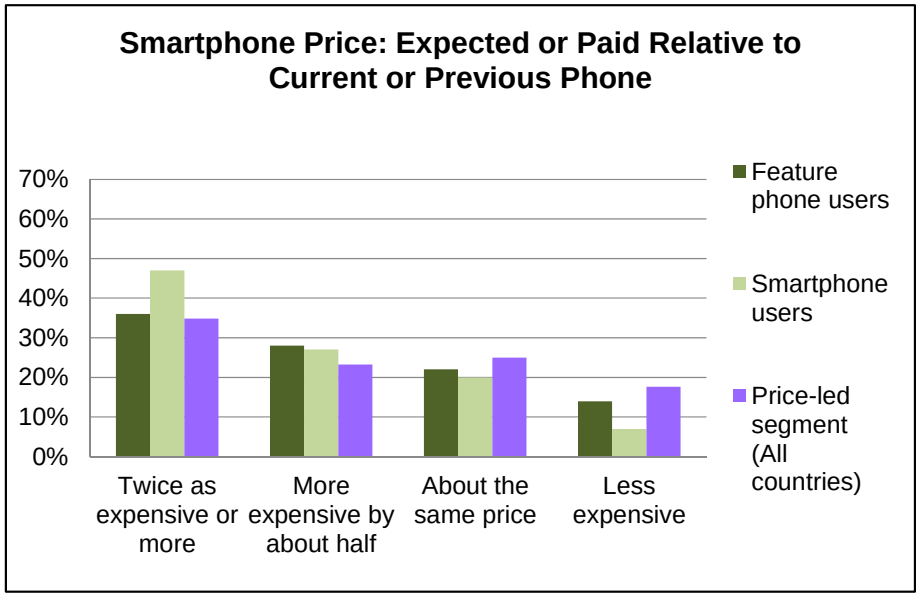


- **Price-led users make up 12% of the valid responses overall**
- **In Indonesia, they represent 8% of all valid responses**
- **Indonesia shows a stronger priority for data coverage and a slight variation from the overall average for the lowest-priority features**

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Indonesia: Price Expectations

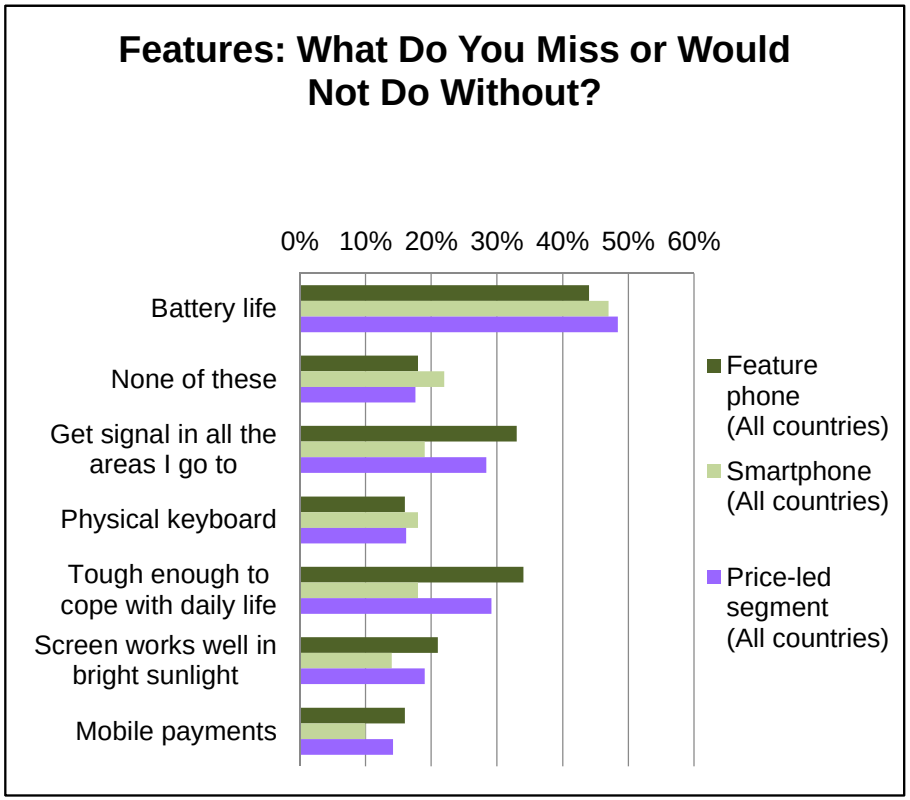


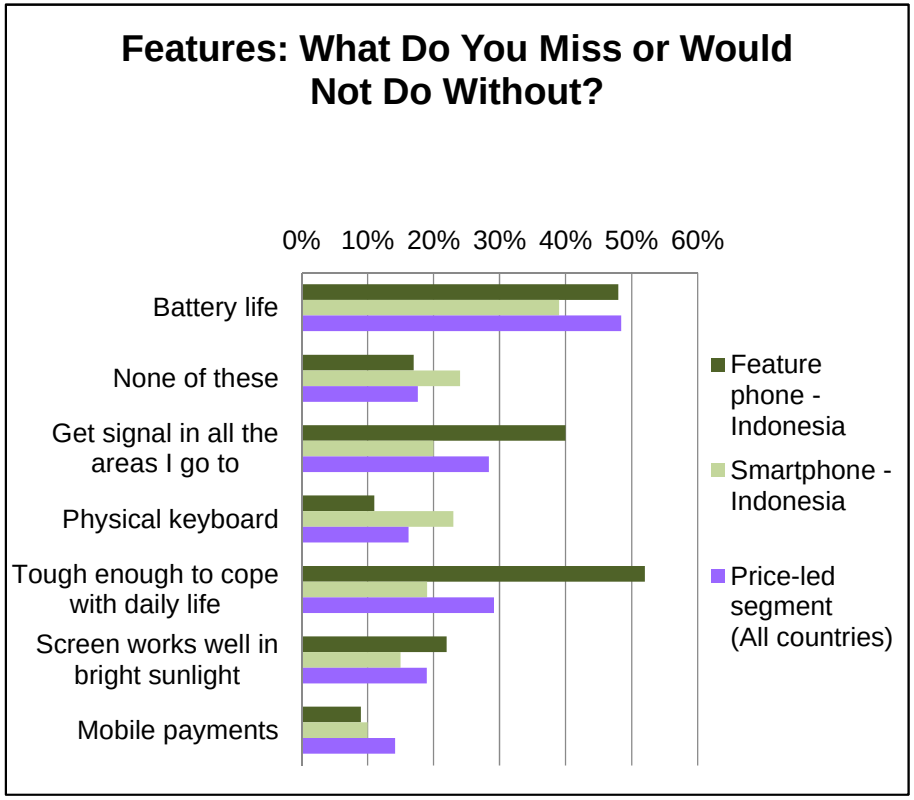


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Indonesia, 74% of respondents expect a smartphone to be more expensive**
  - More than half of the participants expect it to be twice as expensive or more
- **A slightly lower share than average expect one to be the same price or cheaper**
  - This is reasonable given the lower level of local manufacturing than India and China

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Indonesia: Features That Are Critically Important

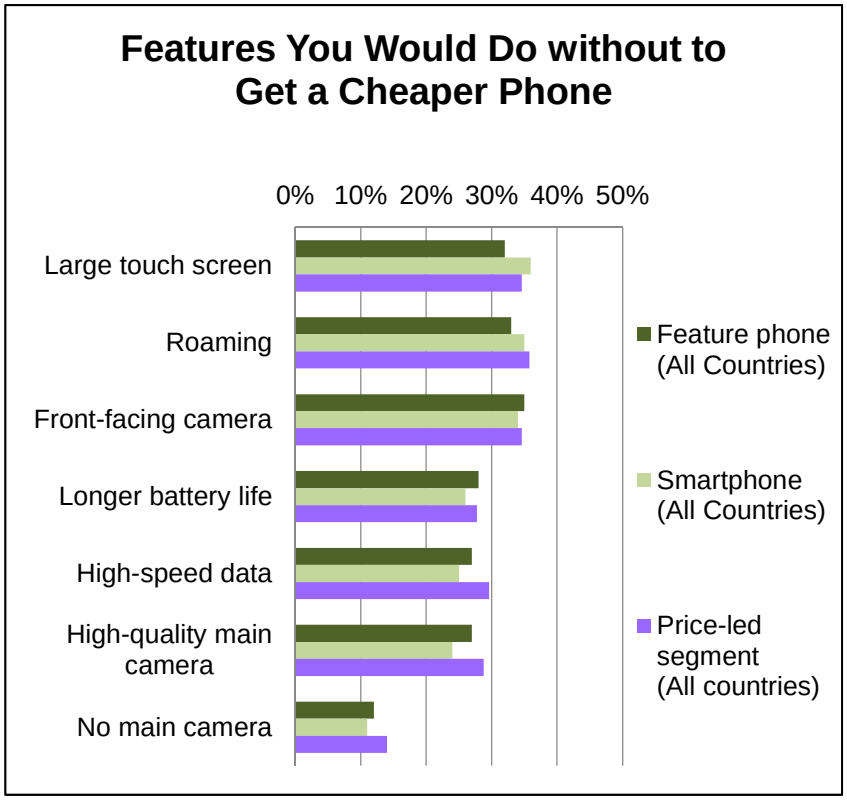


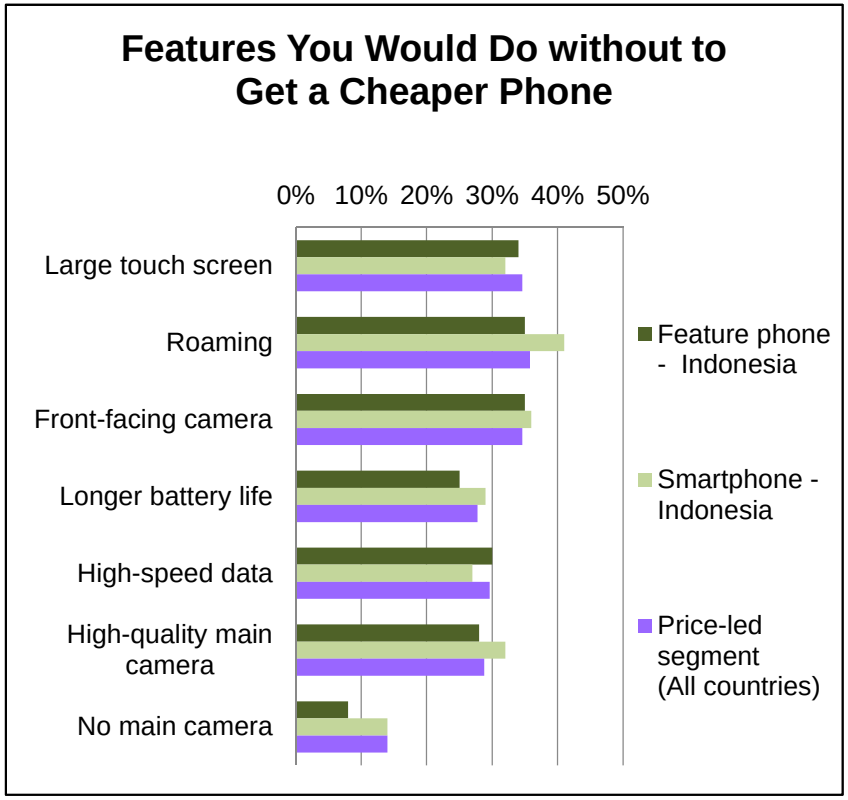


- **The Indonesian response was close to the overall average**
- **Smartphone owners were less concerned about battery life than the overall average for the survey**
- **Feature phone owners were more concerned about coverage and device toughness**

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Indonesia: Features You Would Do without to Get a Cheaper Phone

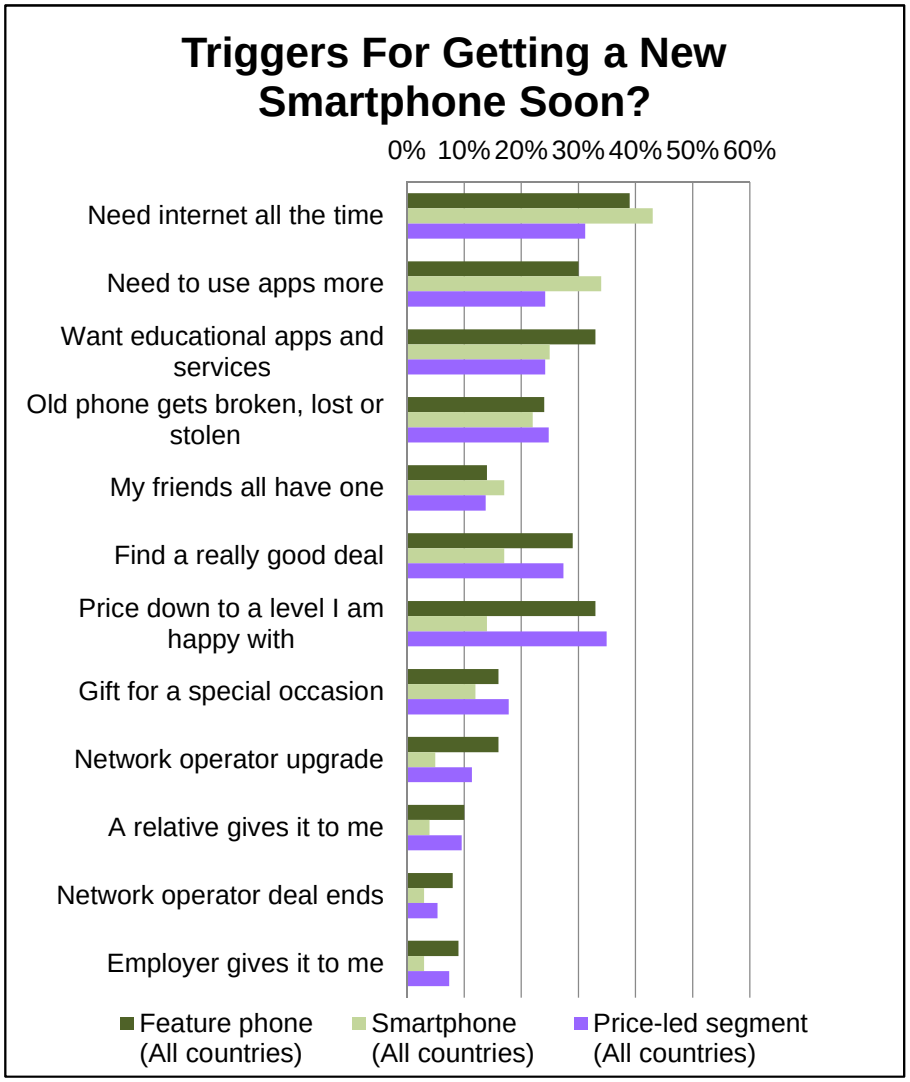


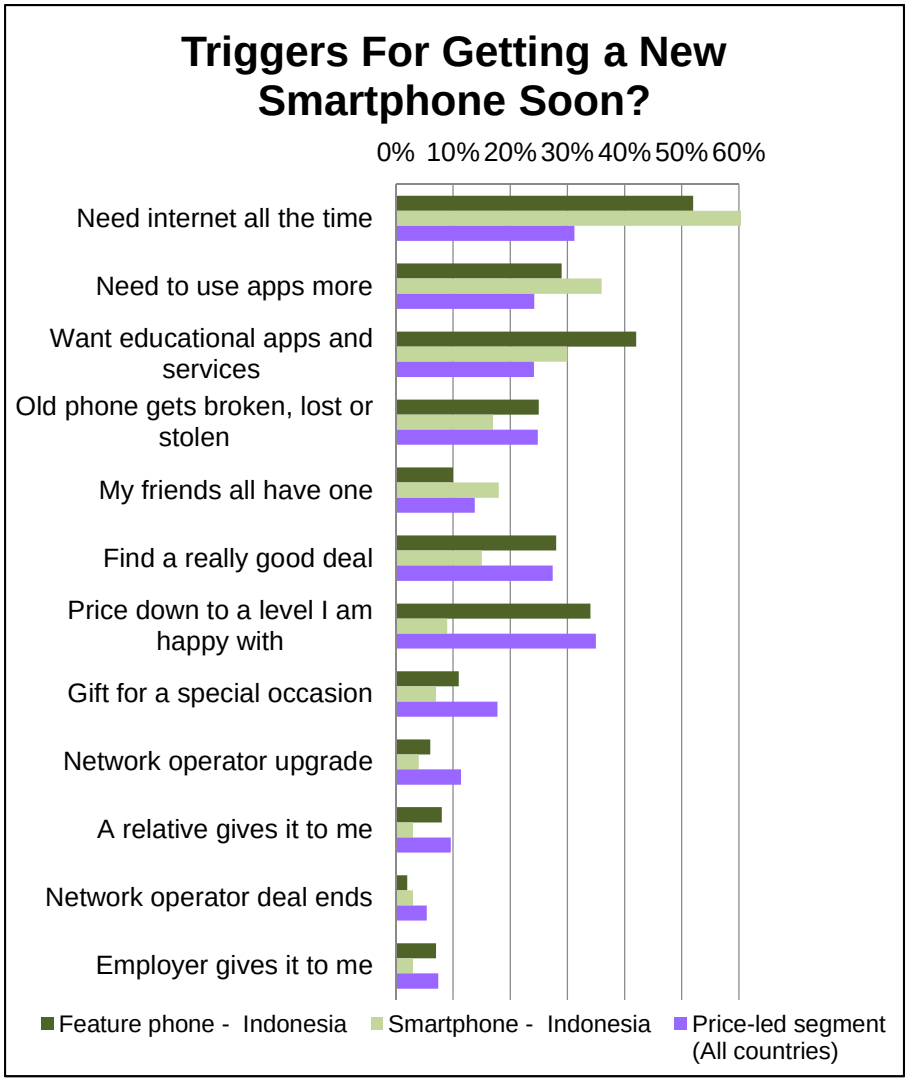


- **The Indonesian response was very close to average across the countries**

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Indonesia: Purchase Triggers

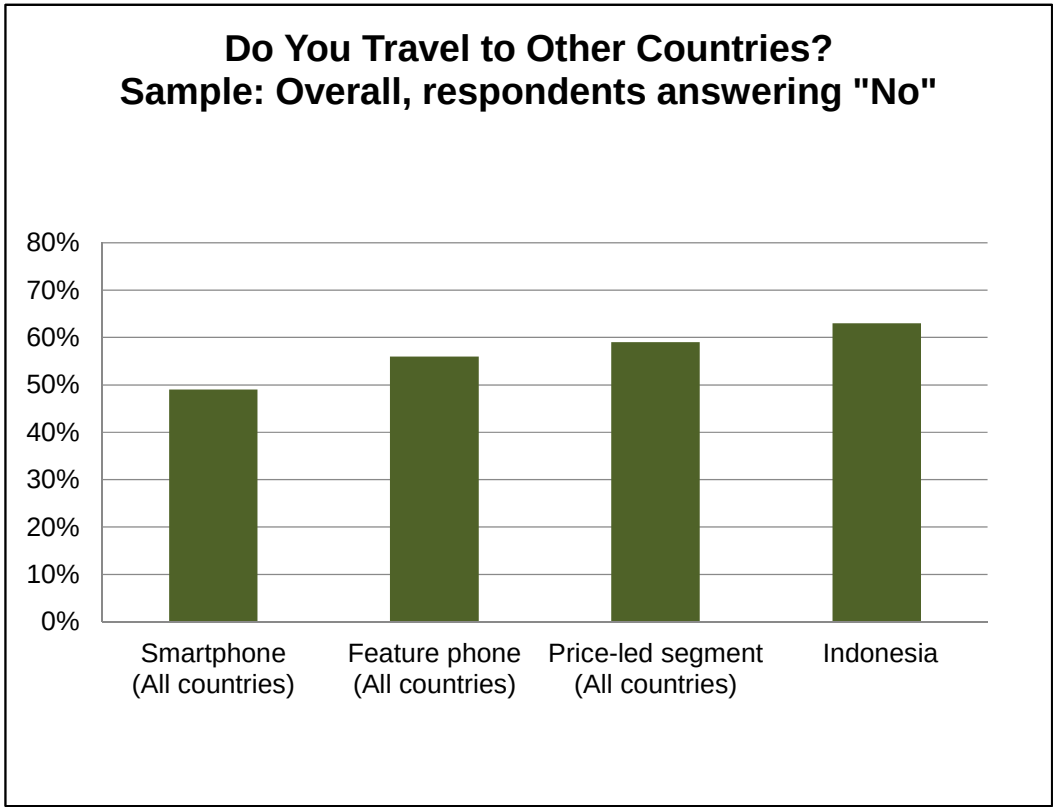




- **Stronger focus on the Internet and educational apps in Indonesia than the average**

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Indonesia: Do You Travel to Other Countries?



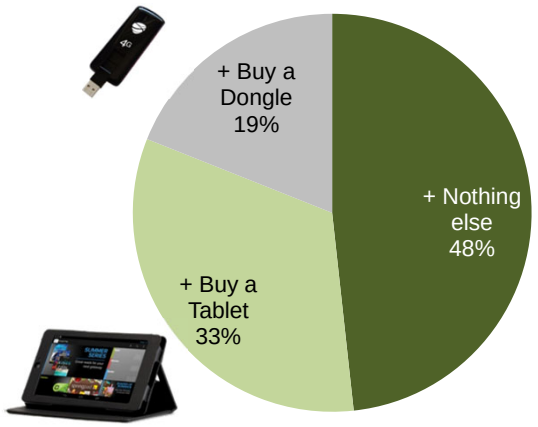
- **Indonesia shows a slightly higher response for not travelling than the overall average**

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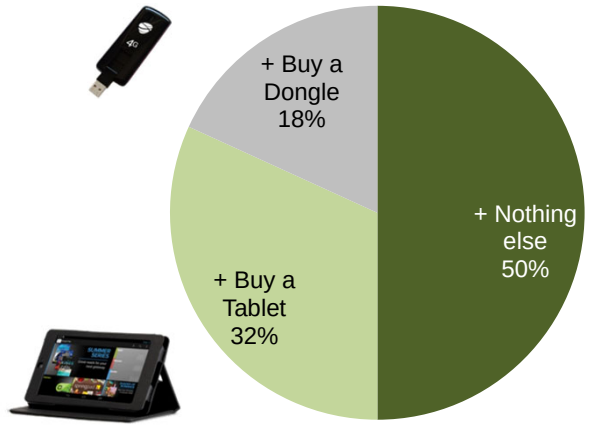
Indonesia: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

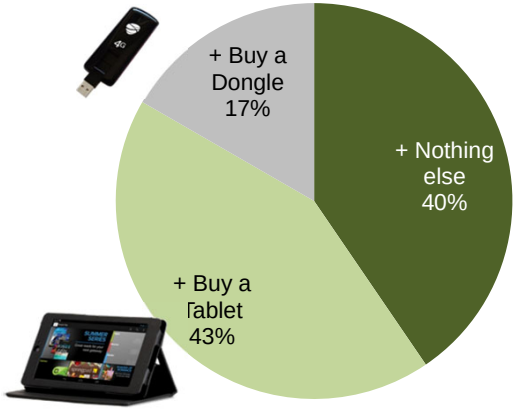
Buy a New Smartphone
All Countries — 58%



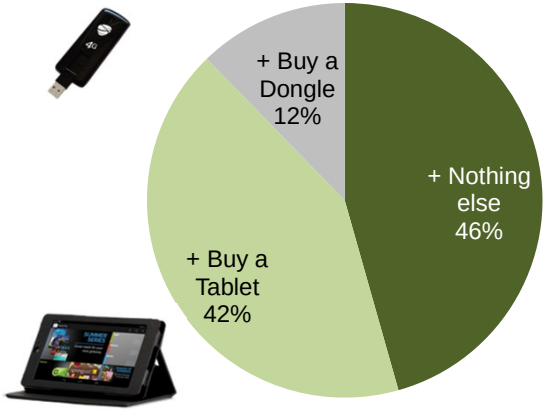
Buy a New Smartphone
Indonesia — 44%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Indonesia — 56%



Compared with the overall average...

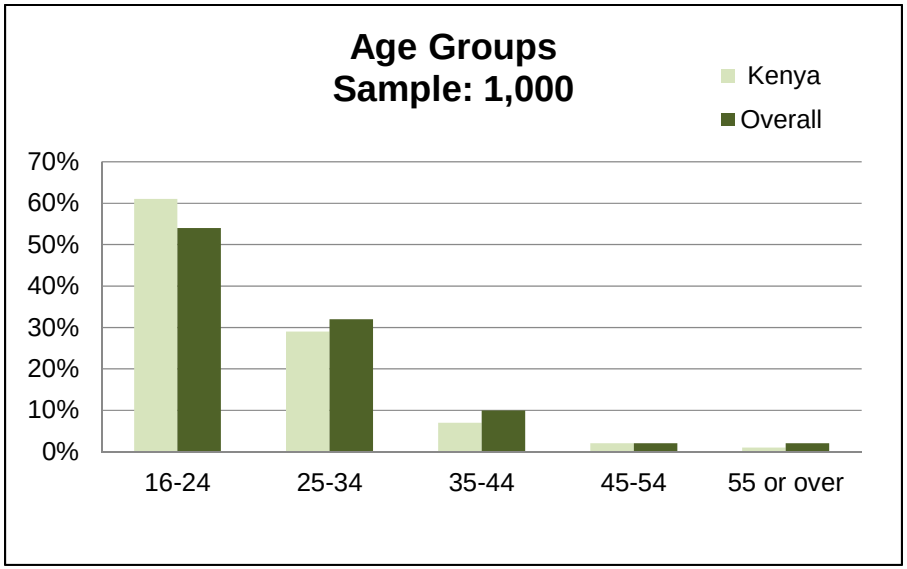
- **Indonesia shows a somewhat lower preference for a smartphone**
- **Indonesia shows a similar appetite for tablets**

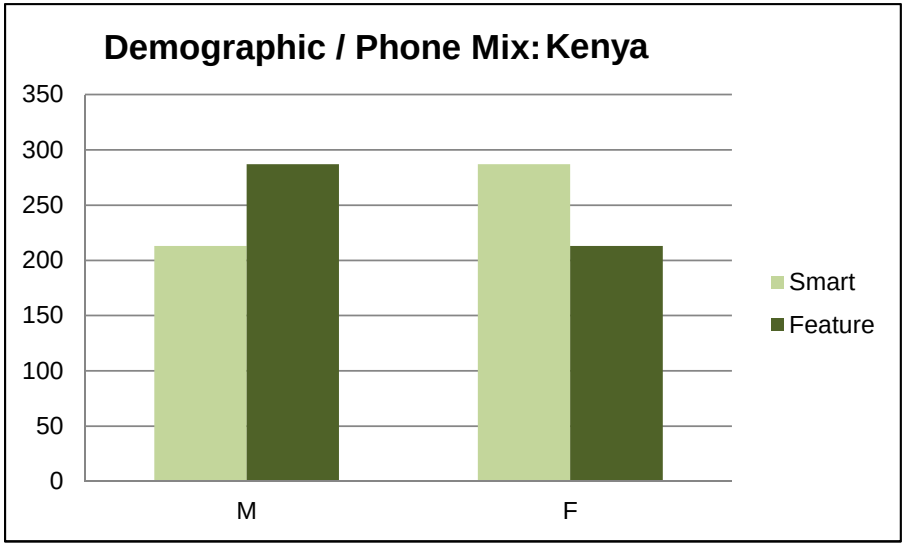
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Country Market Findings
Kenya

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Kenya: Sample Demographics

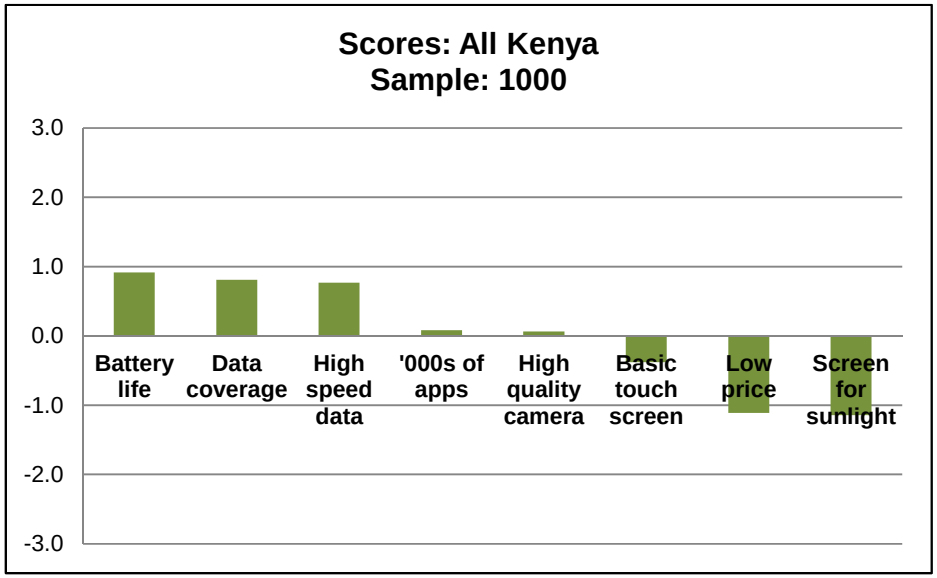


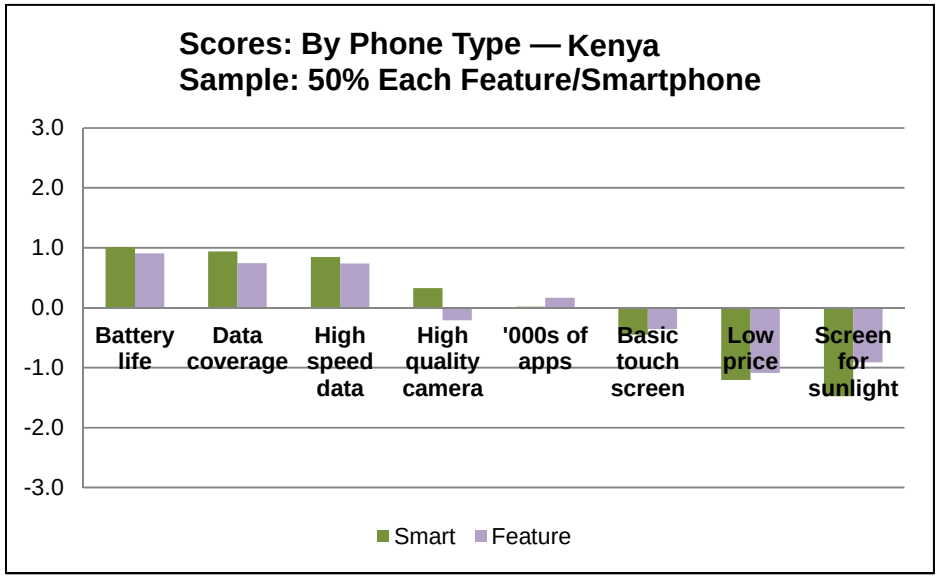


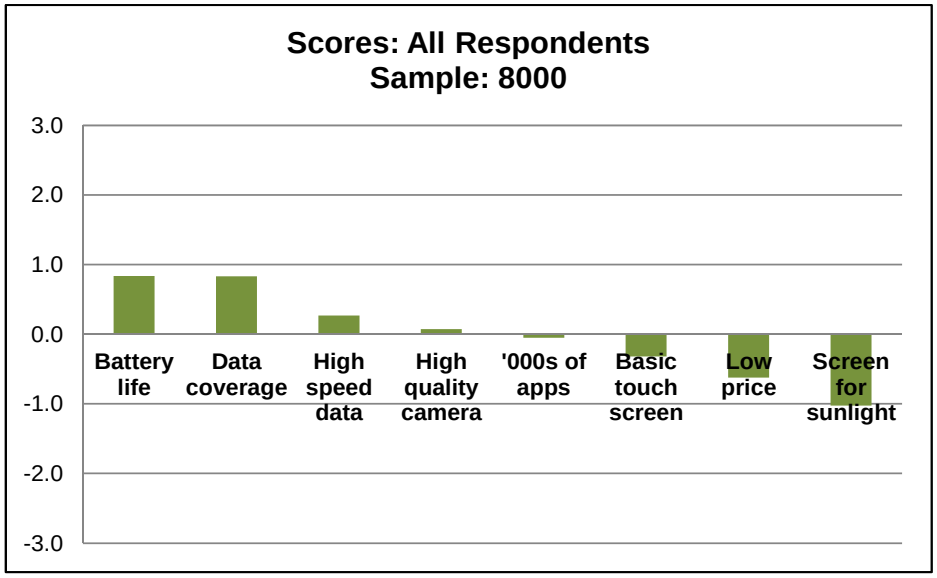
- **Sample of 1,000 people**
  - Male/female: 50:50

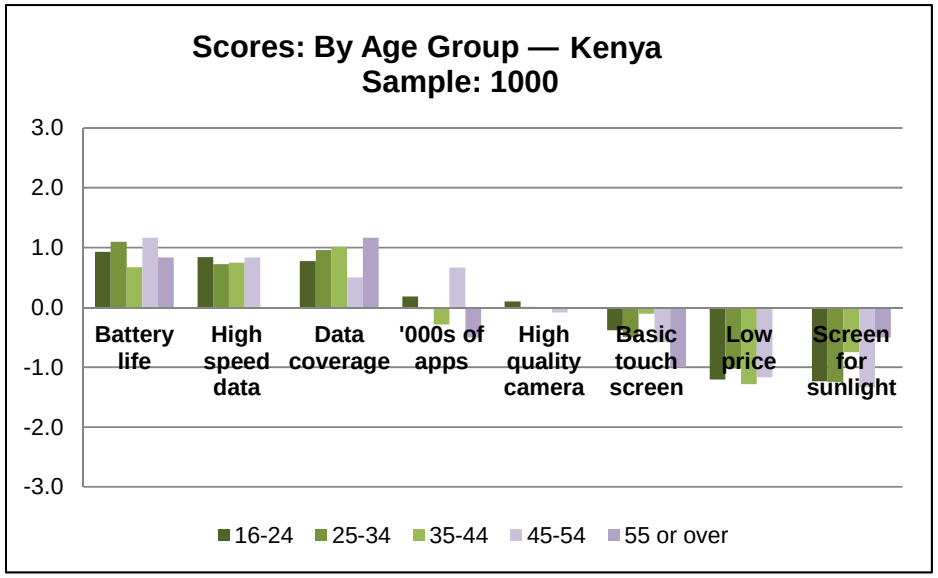
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Kenya: Feature Priorities



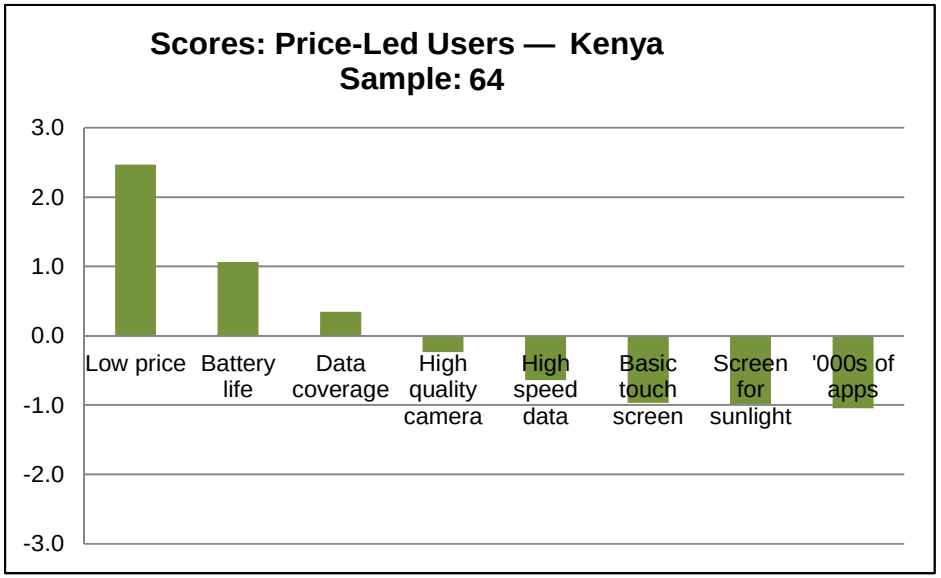


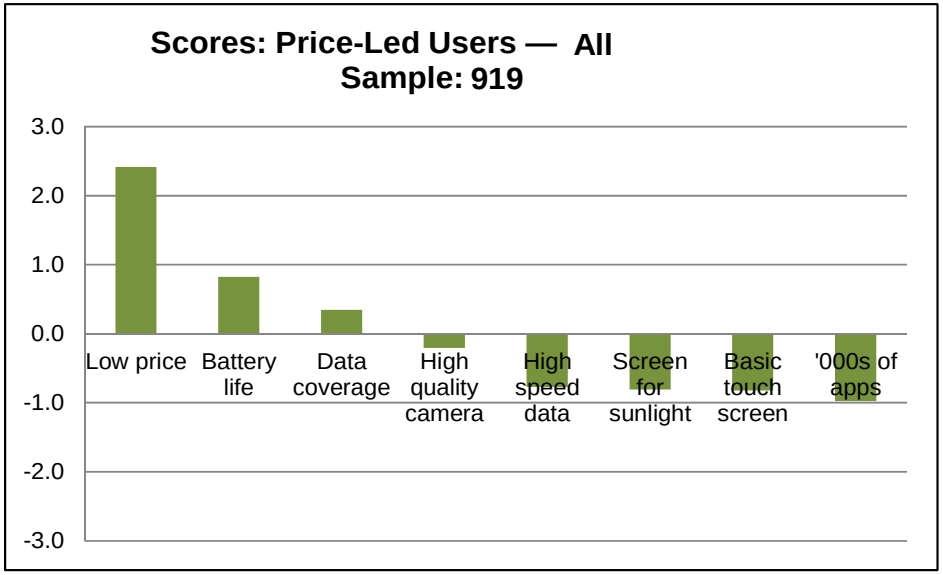




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Kenya: Price-Led Users' Priorities

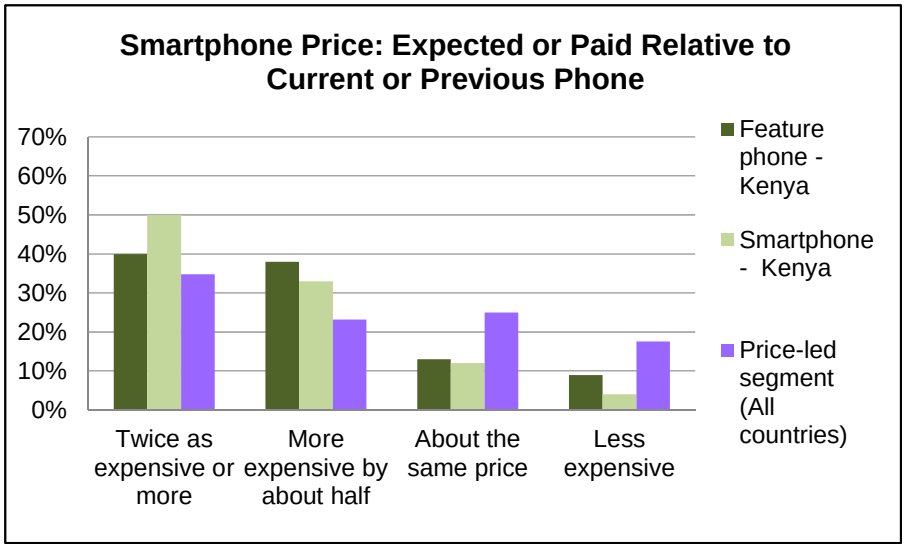


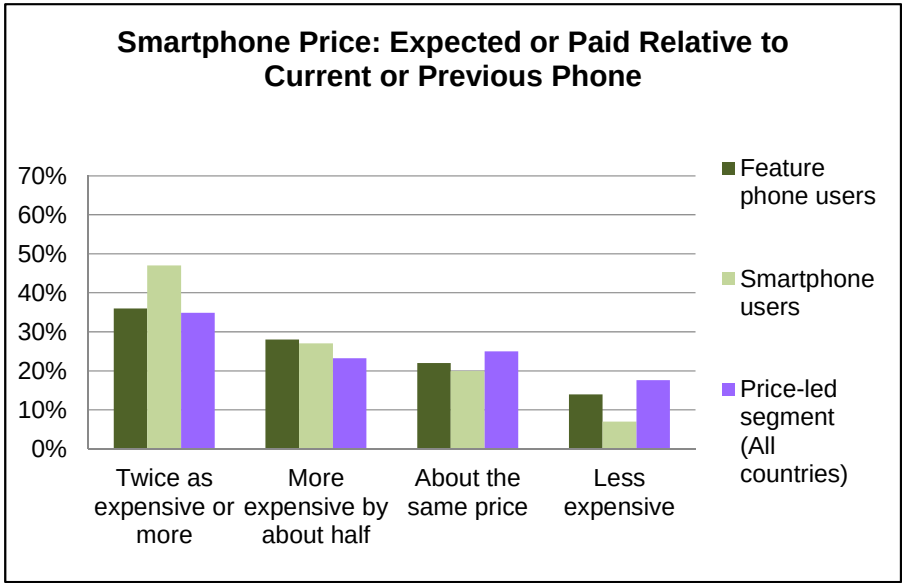


- **Price-led users make up 12% of valid responses overall**
- **In Kenya they represent 7% of all valid responses**
- **Kenya shows a slight variation from the overall average for the lowest-priority features**

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Kenya: Price Expectations

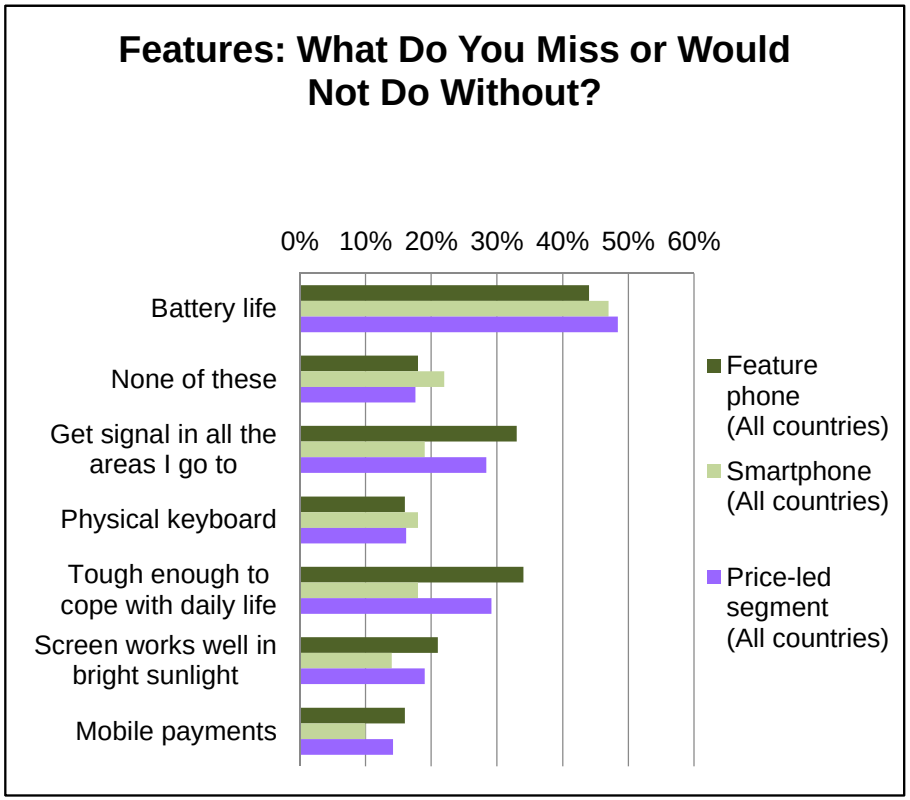


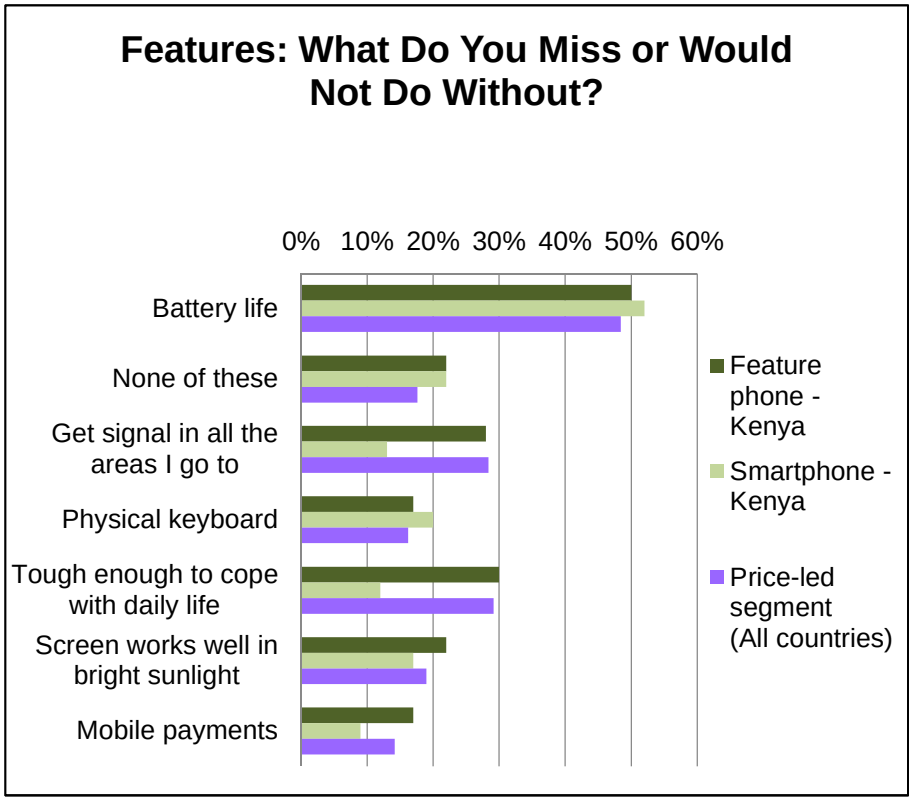


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Kenya, 80% of respondents expect a smartphone to be more expensive**
- **A lower share than average expect one to be the same price or cheaper**
  - This is reasonable, given the high level of importing

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Kenya: Features That Are Critically Important

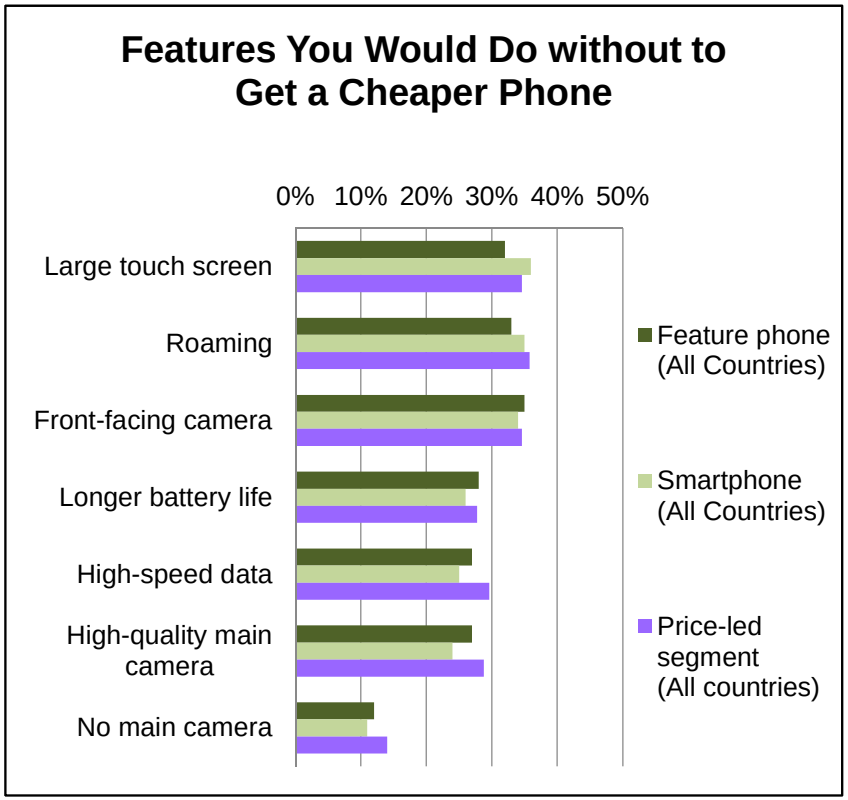


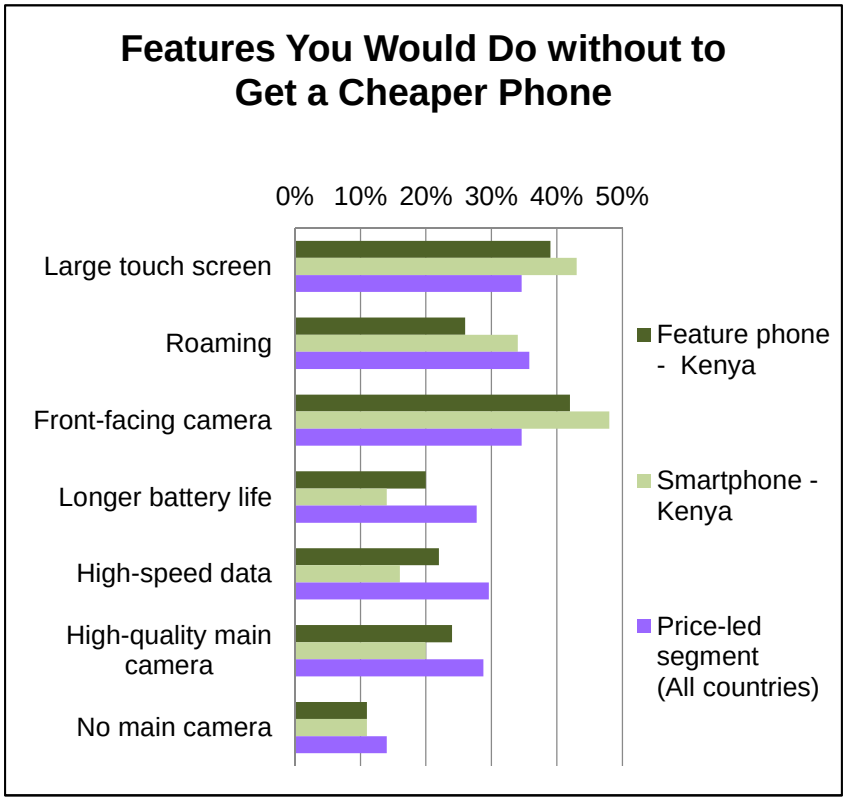


- **The Kenyan response was close to the overall average**
- **Smartphone owners were slightly less concerned about the device's ability to cope with daily life than the overall average**

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Kenya: Features You Would Do without to Get a Cheaper Phone

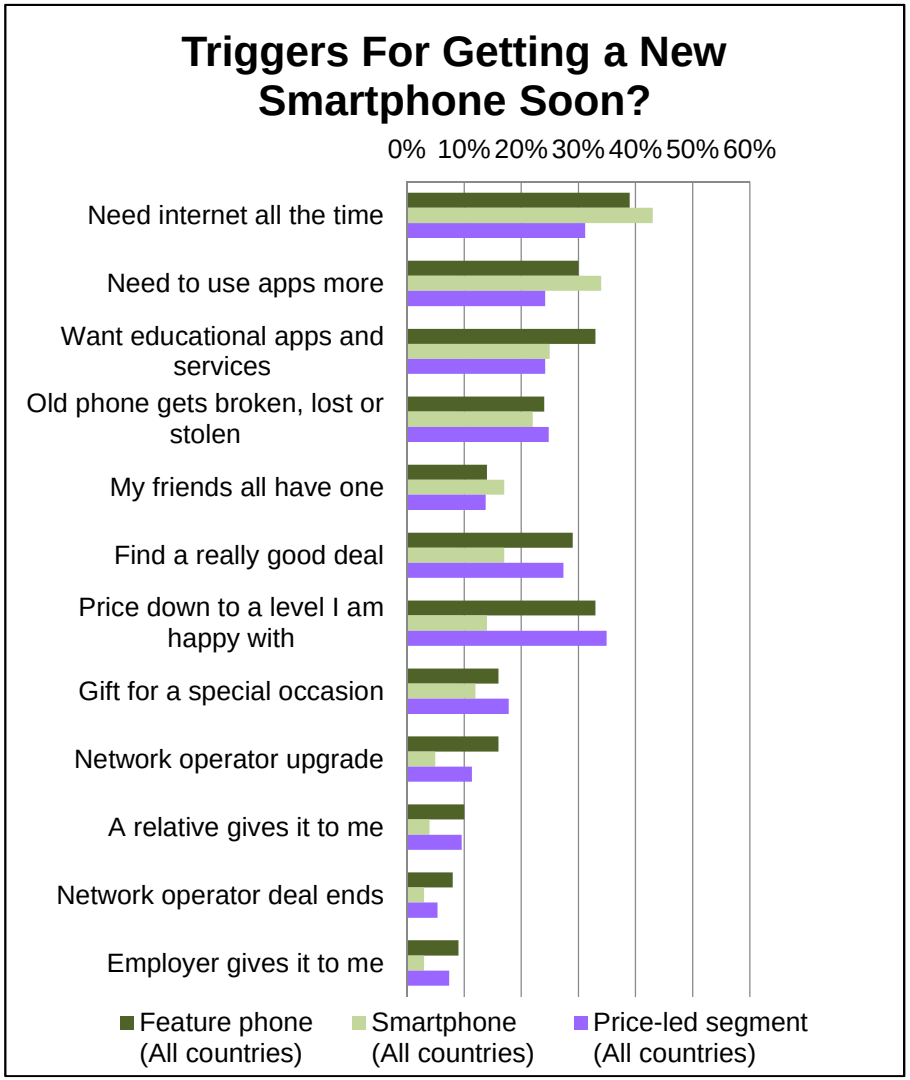


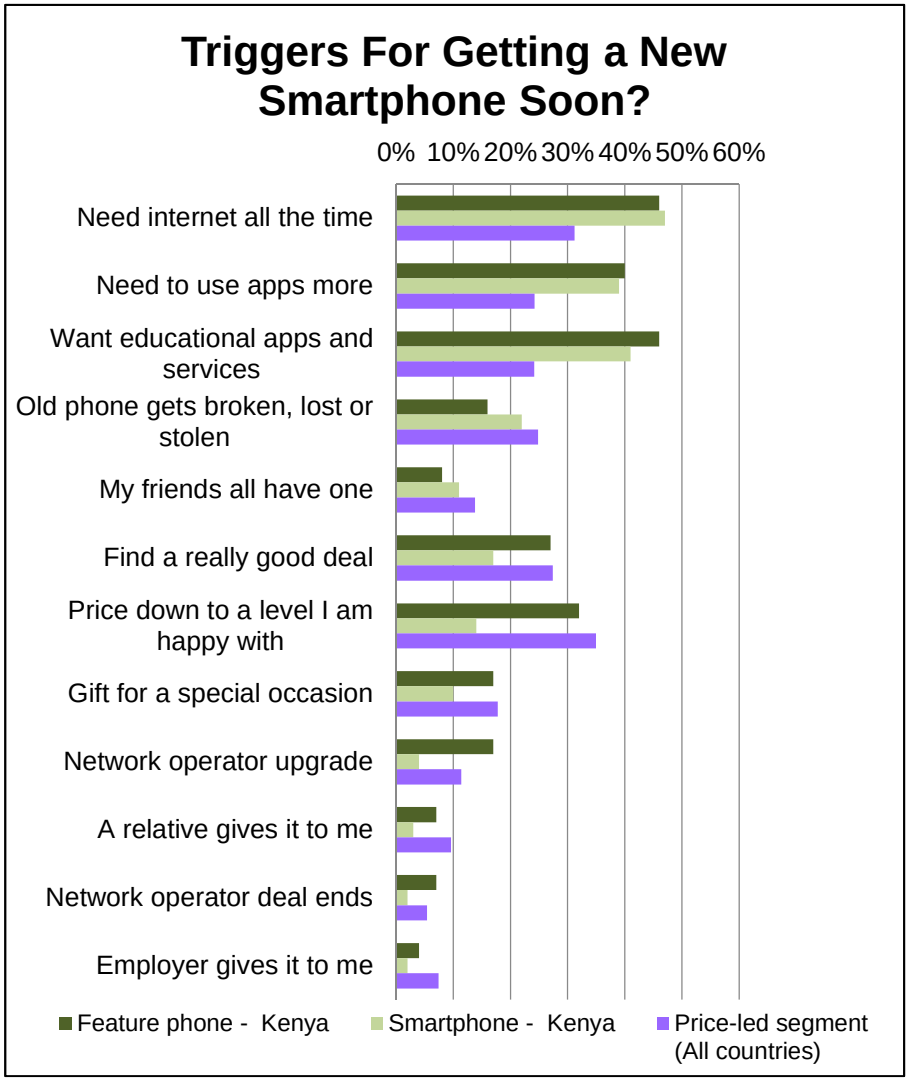


- **The Kenyan response was close to average across countries**
- **More willing to sacrifice a front facing camera**
- **Less willing to sacrifice high-speed data**

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Kenya: Purchase Triggers

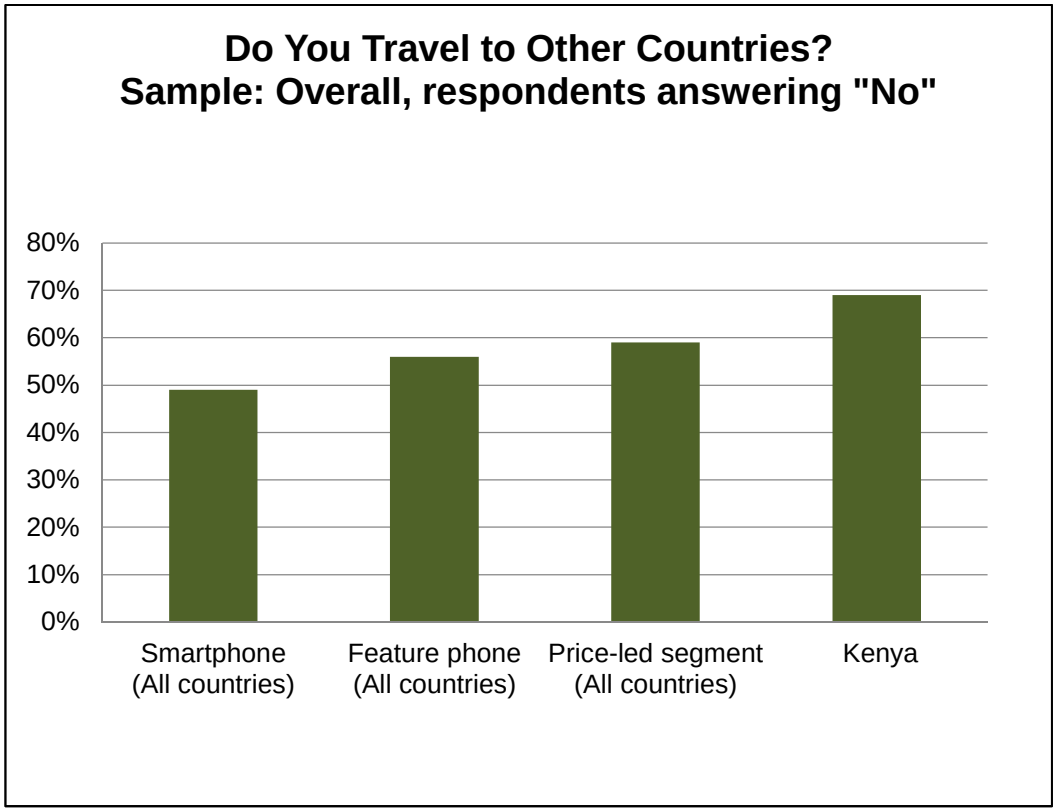




- **Stronger focus on apps and education in Kenya than the average**

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Kenya: Do You Travel to Other Countries?



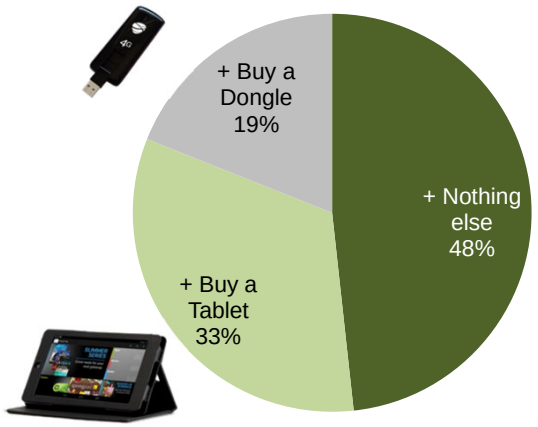
- **Kenya shows a somewhat higher response for not travelling than the overall average**

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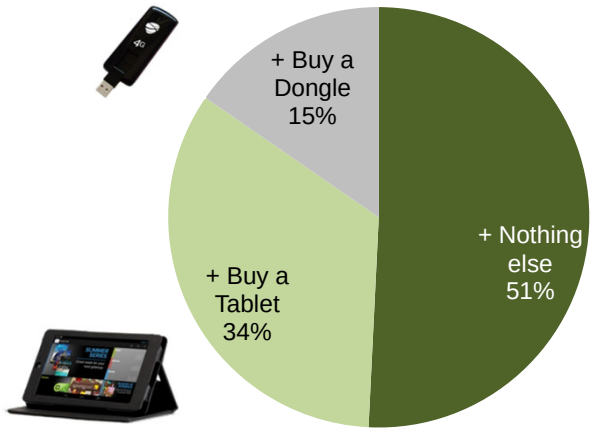
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- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

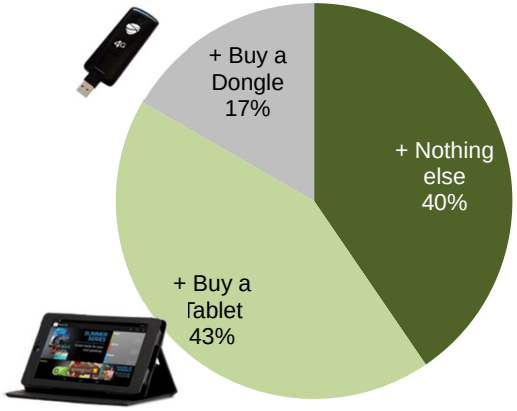
Buy a New Smartphone
All Countries — 58%



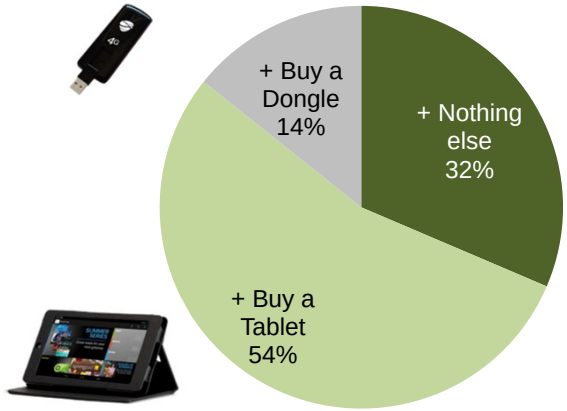
Buy a New Smartphone
Kenya — 65%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Kenya — 35%



Compared with the overall average...

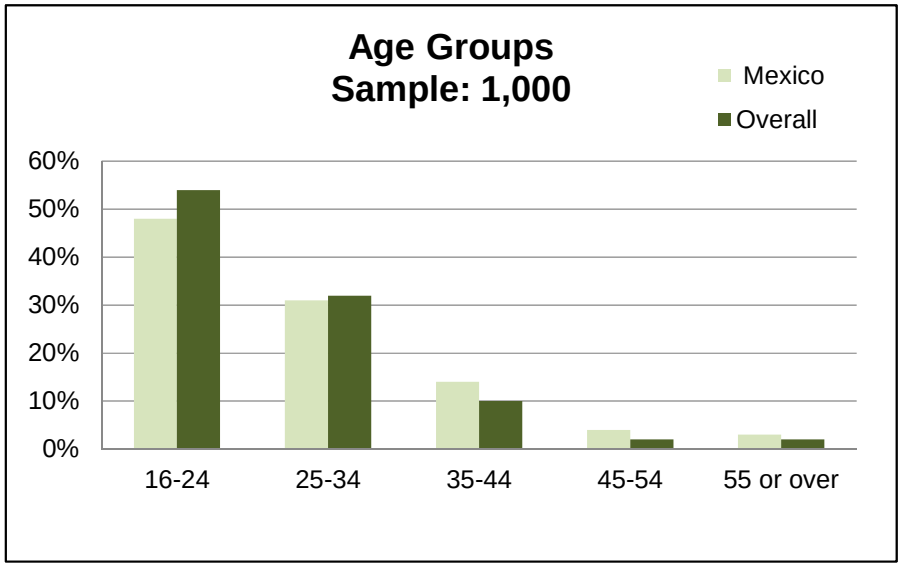
- **Kenya shows a somewhat higher preference for a smartphone**
- **Kenya shows a higher potential for tablet substitution**

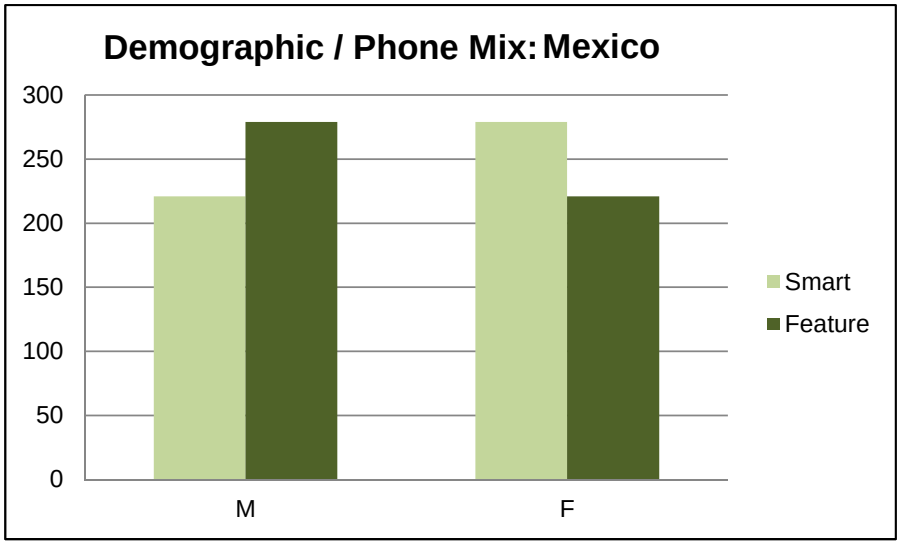
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Country Market Findings
Mexico

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Mexico: Sample Demographics

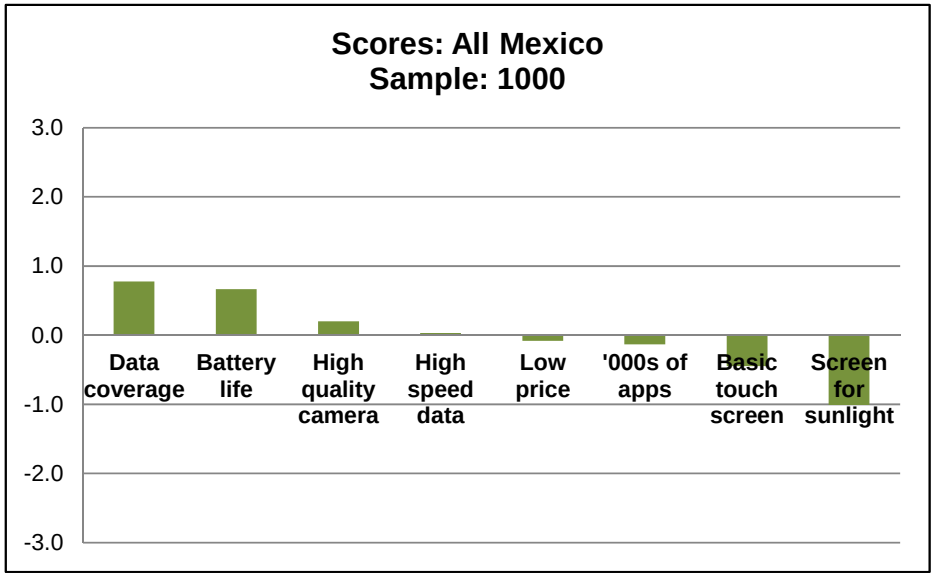


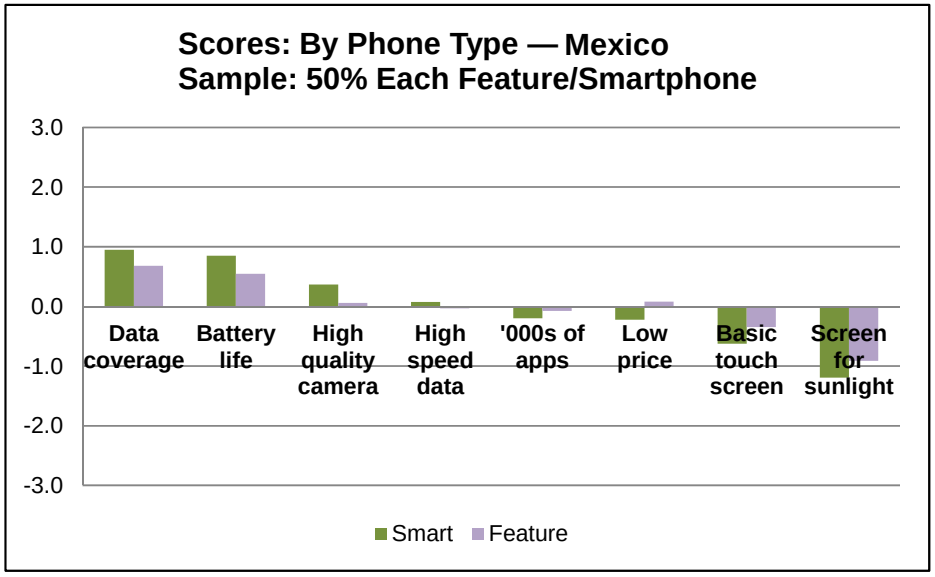


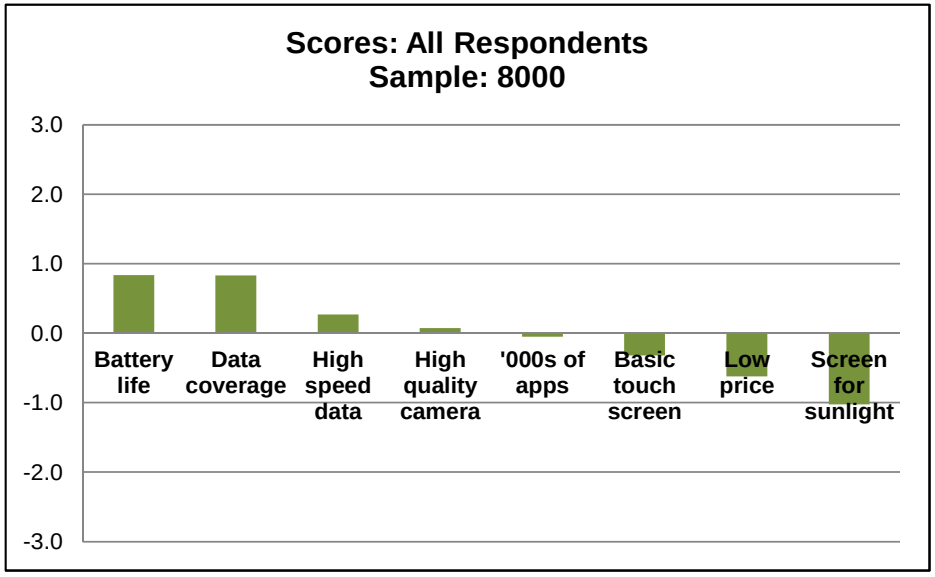
- **Sample of 1,000 people**
  - Male/female: 50:50

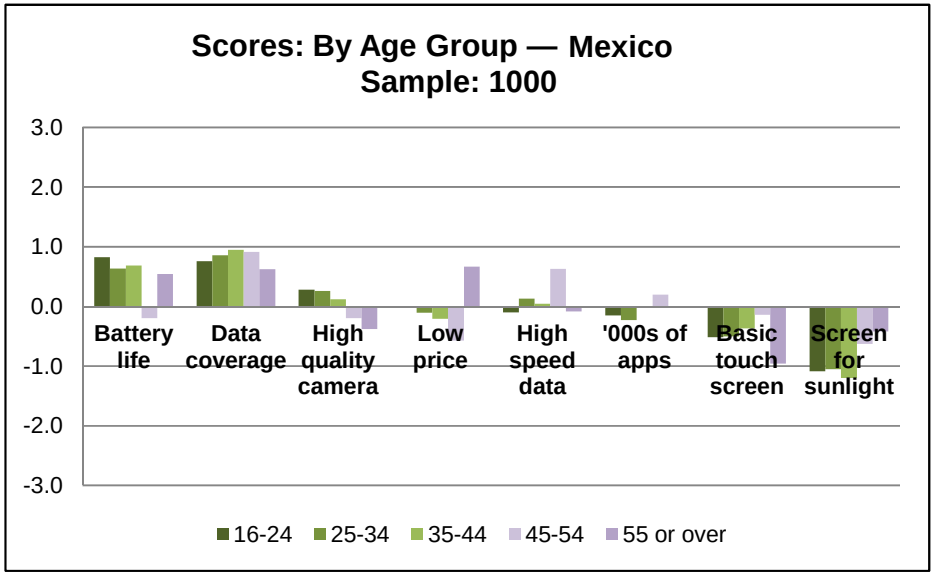
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Mexico: Feature Priorities



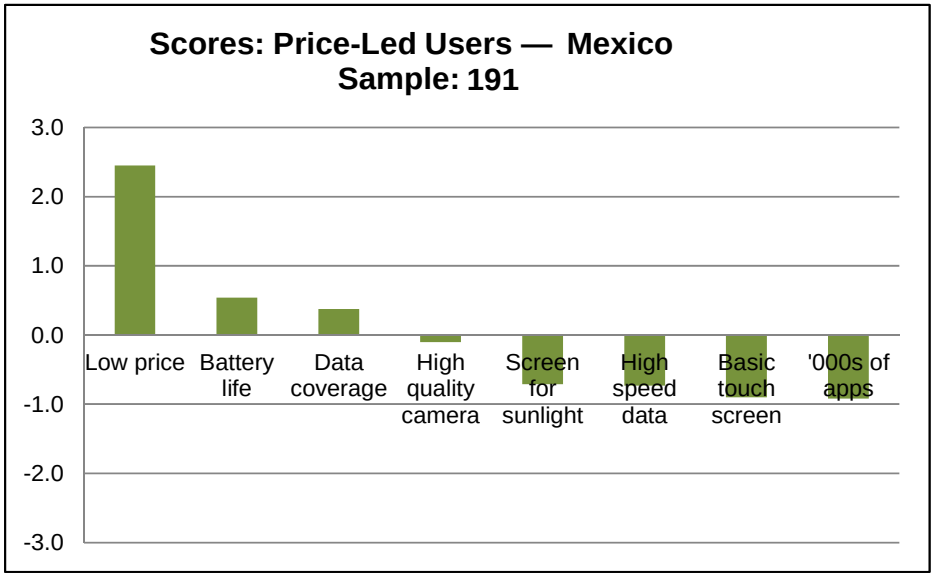


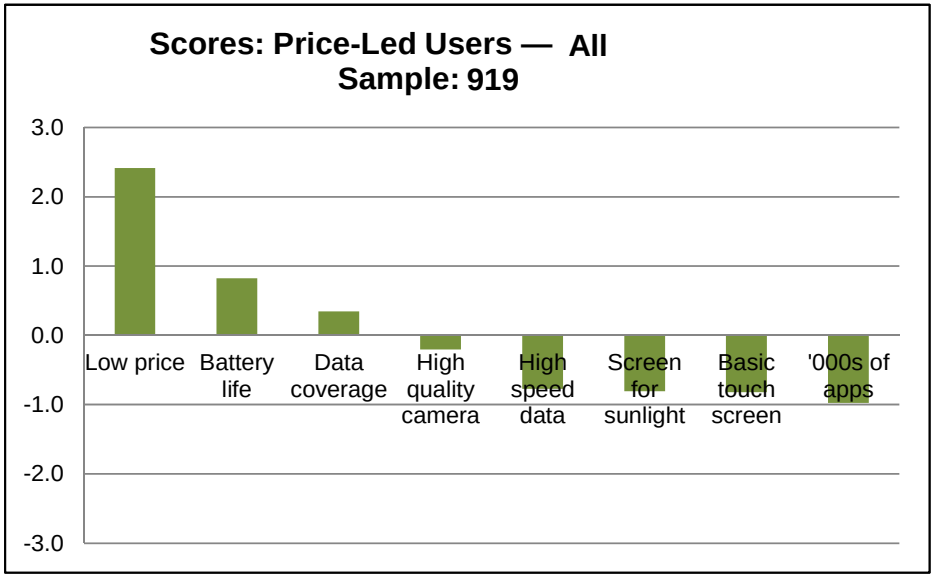




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Mexico: Price-Led Users' Priorities

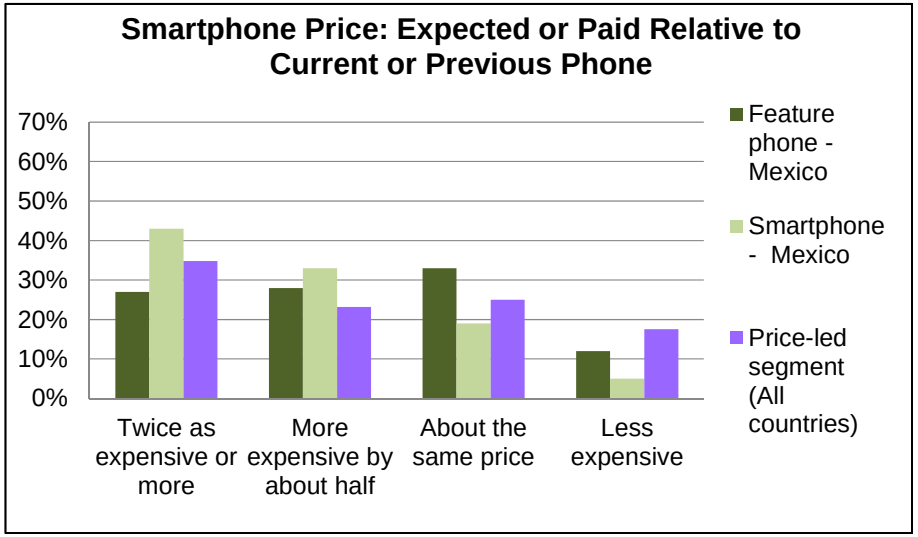


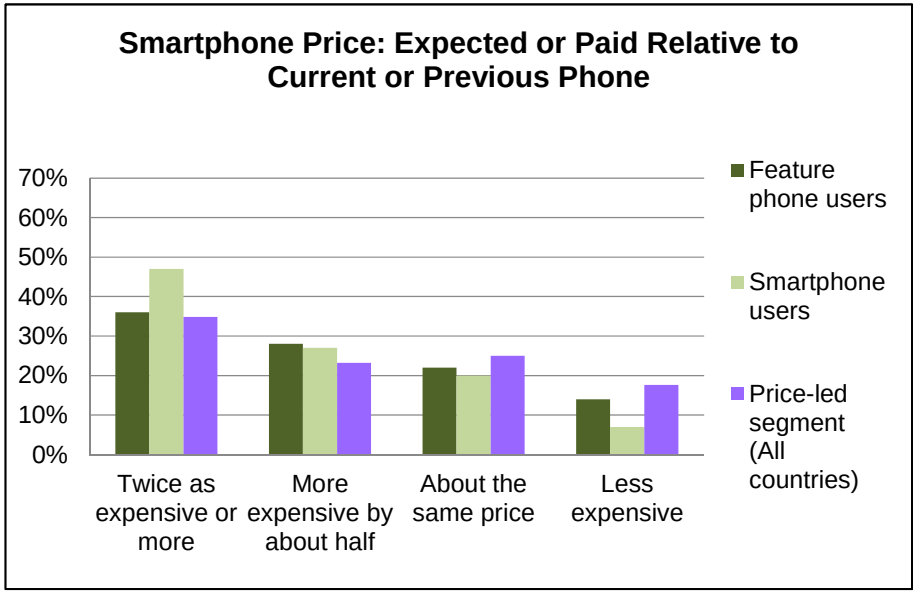


- **Price-led users make up 12% of the valid responses overall**
- **In Mexico, they represent 20% of all valid responses**
- **Mexico shows slight variation from the overall average for the lowest priority features**

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Mexico: Price Expectations

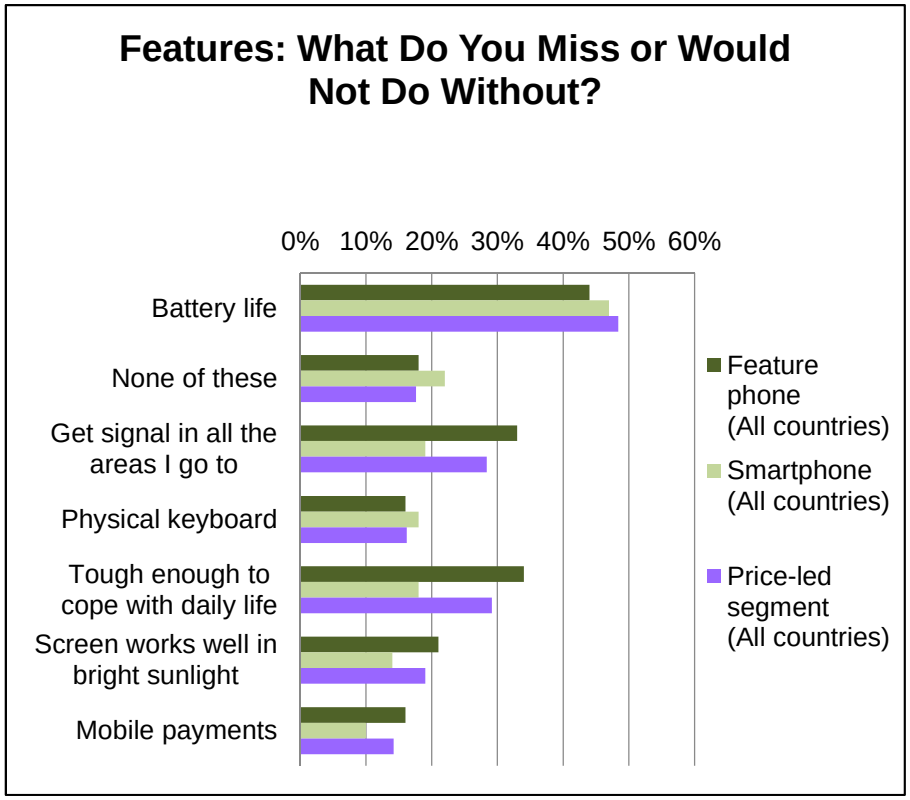


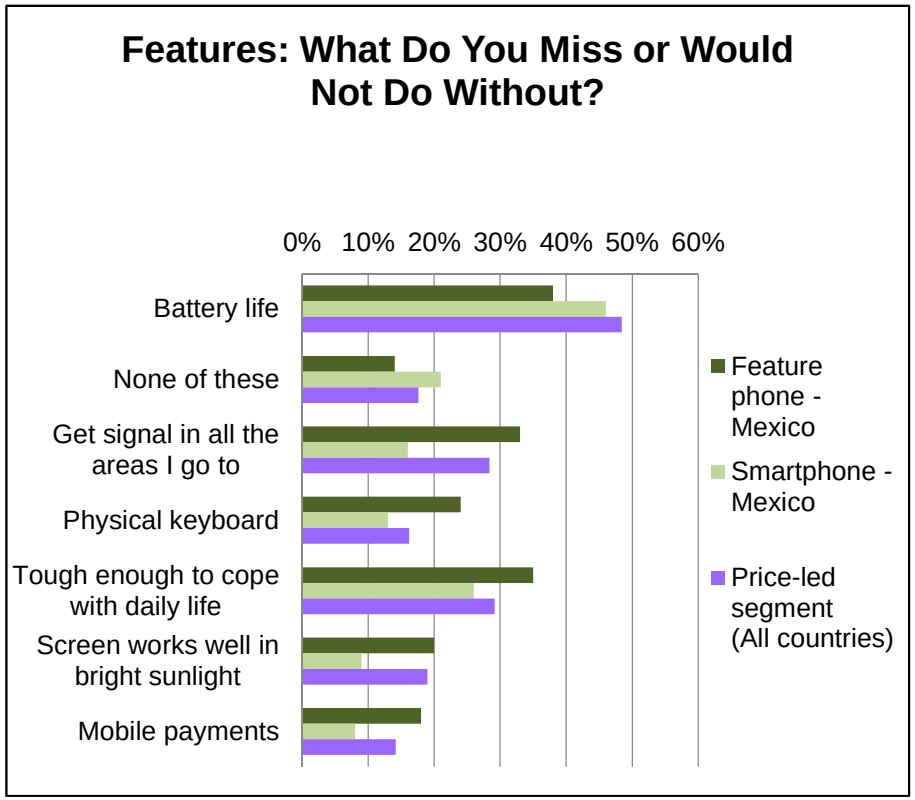


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Mexico, 66% of respondents expect a smartphone to be more expensive**
- **A slightly higher share than average expect one to be the same price or cheaper**

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Mexico: Features That Are Critically Important

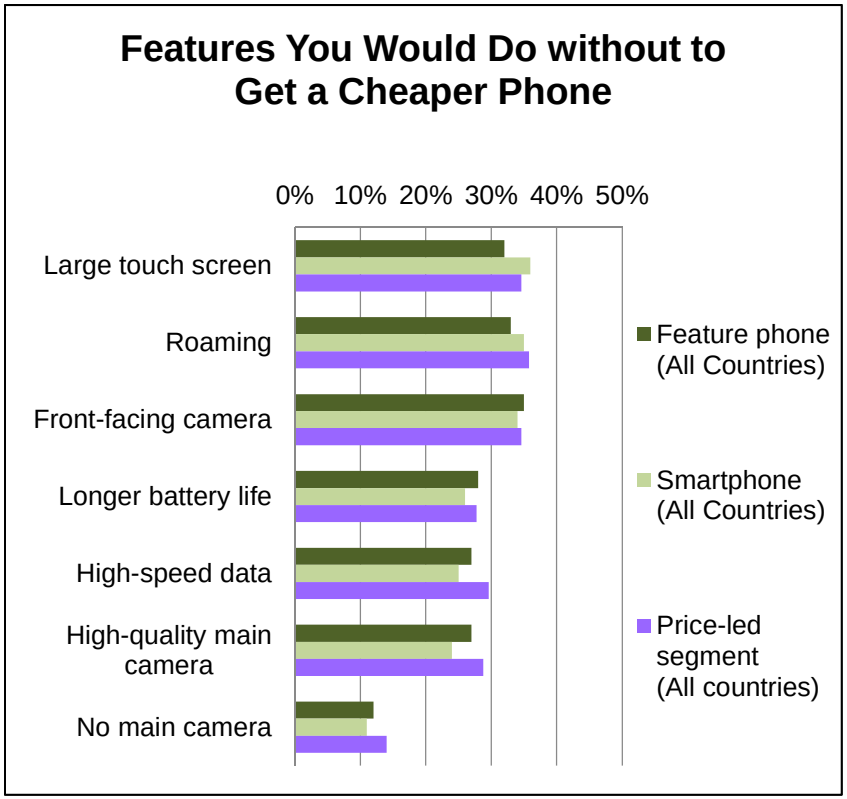


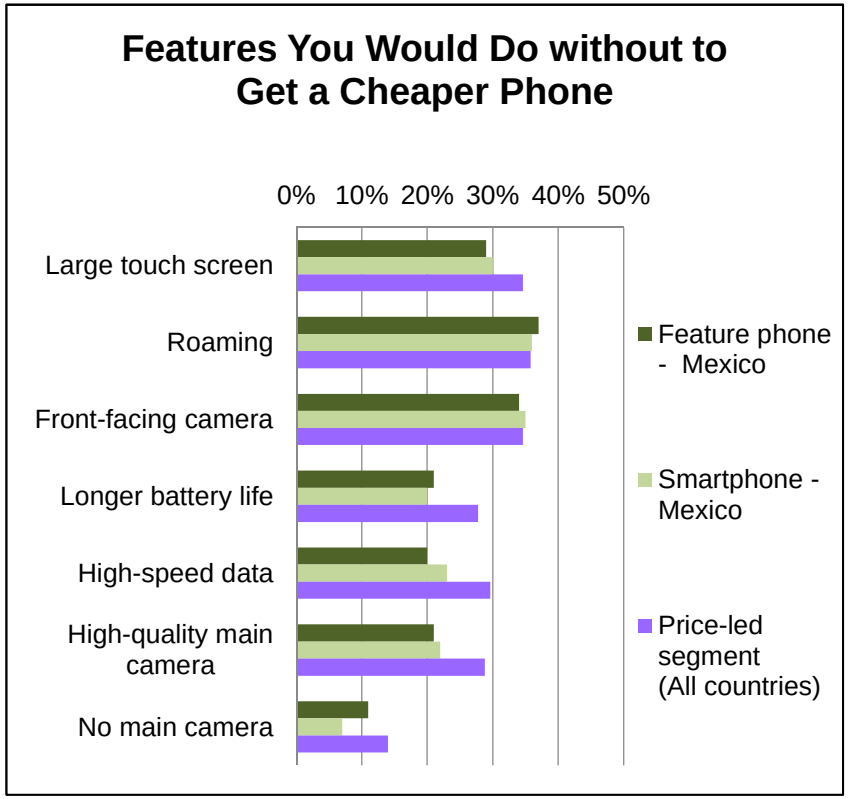


- **The Mexican response was close to the overall average**
- **Feature phone owners were more concerned about a physical keyboard than the overall average**
- **Smartphone owners were more concerned about the device's ability to cope with daily life than the overall average**

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Mexico: Features You Would Do without to Get a Cheaper Phone

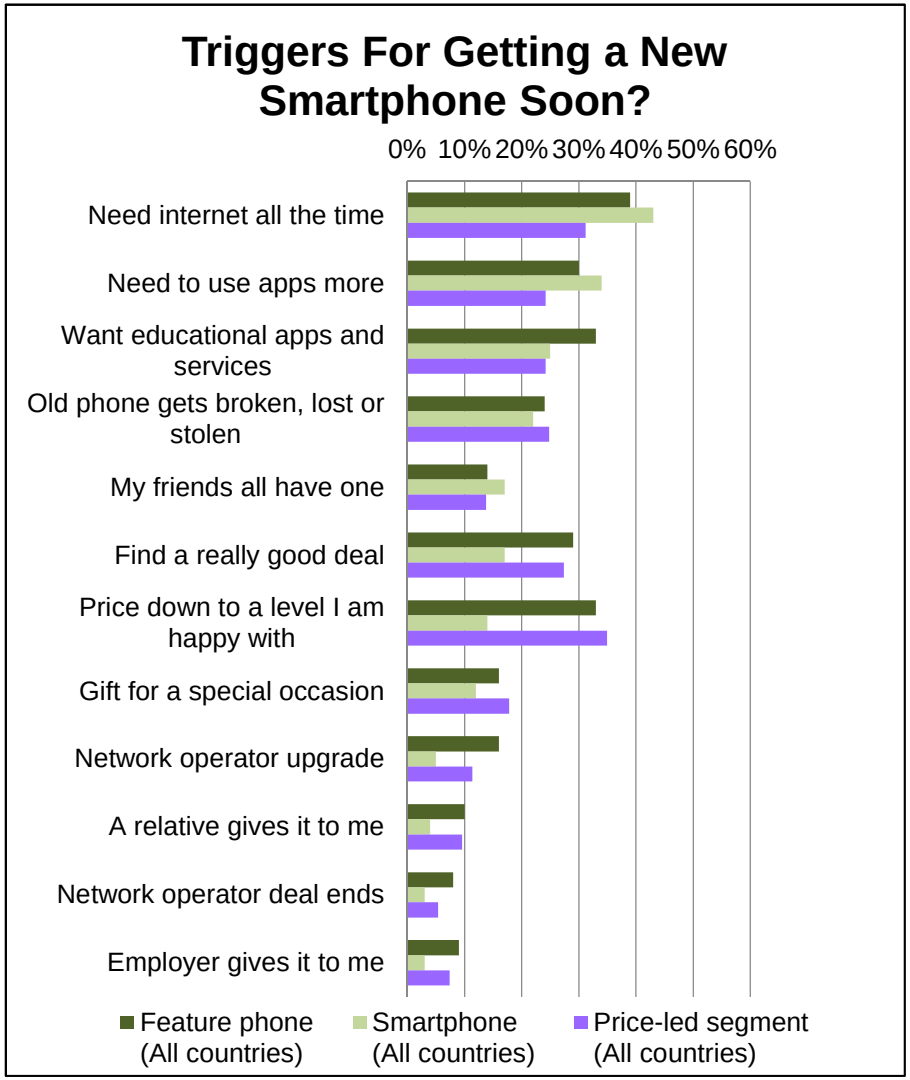


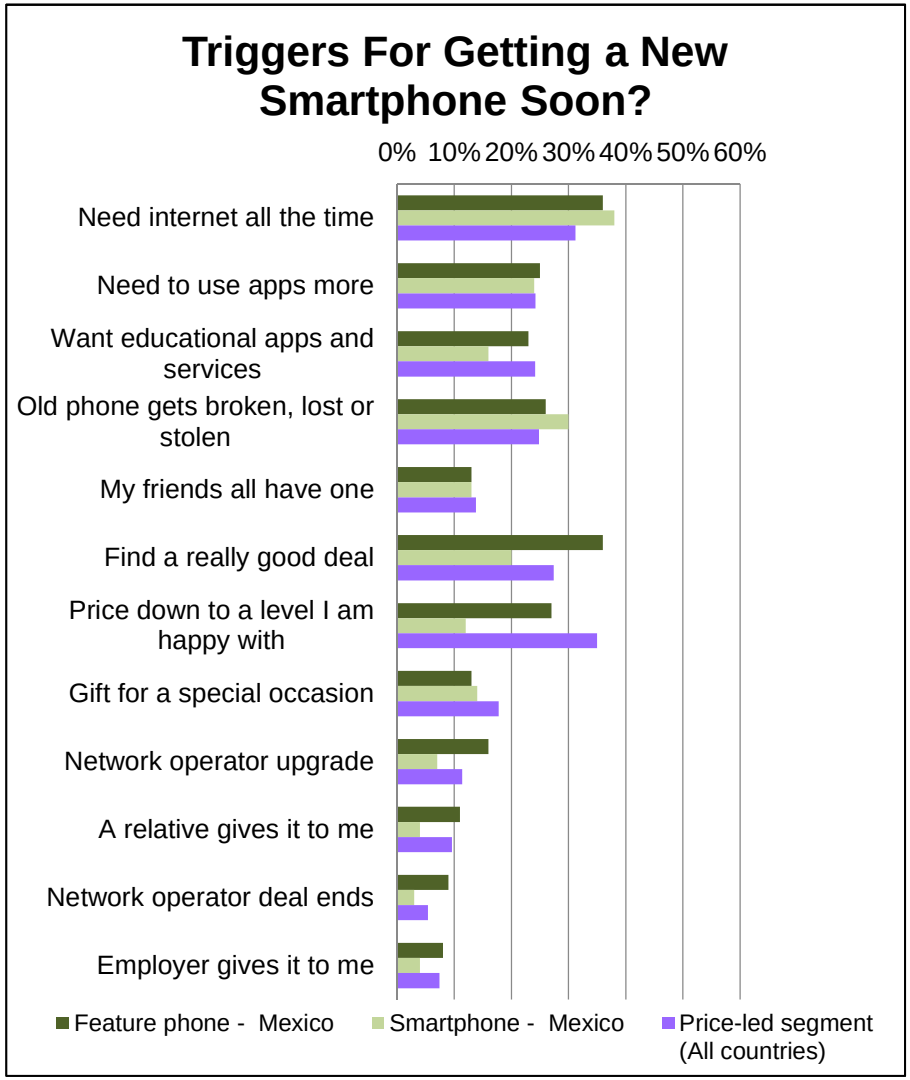


- **The Mexican response was close to average across countries**
- **Less willing to sacrifice longer battery life, high speed data and high quality main camera**

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Mexico: Purchase Triggers

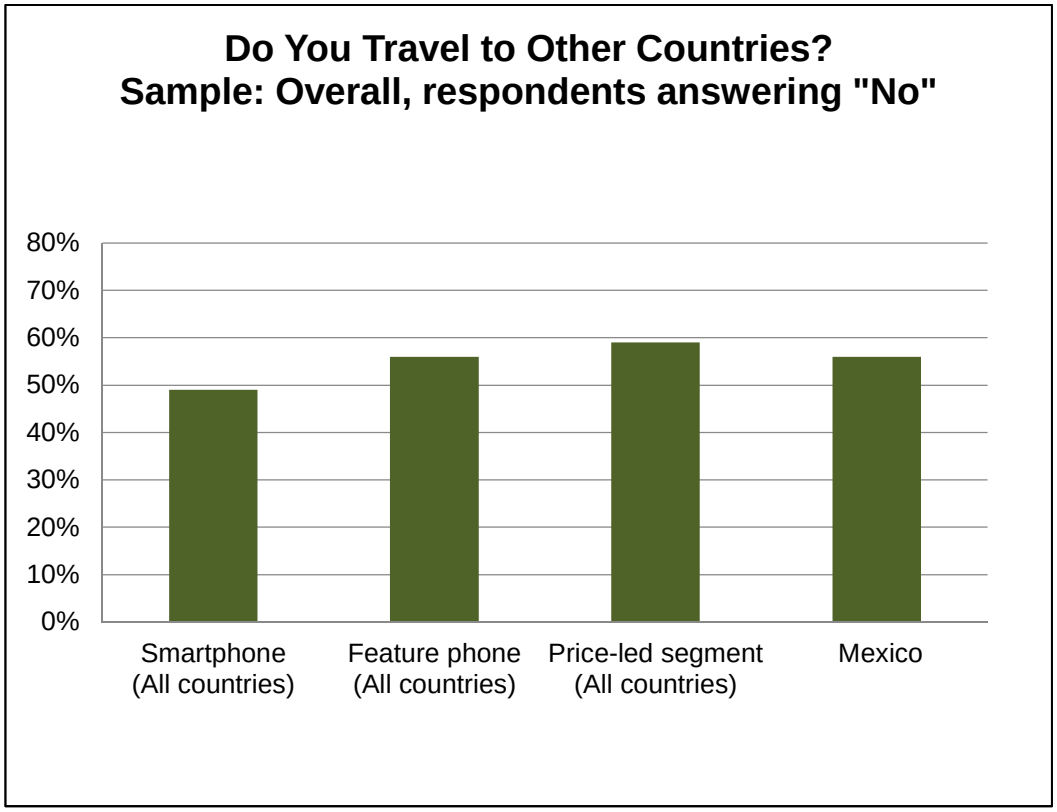




- **Lower focus on educational apps, stronger focus on deals in Mexico than the average**

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Mexico: Do You Travel to Other Countries?



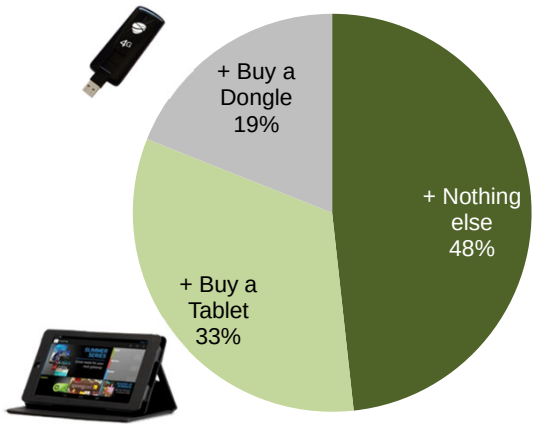
- **Mexico shows an average response for not travelling**

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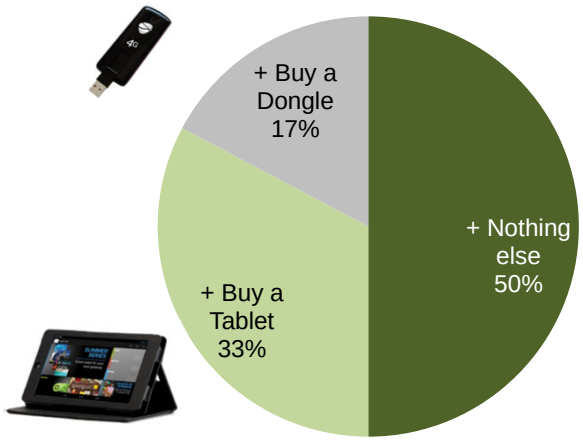
Mexico: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

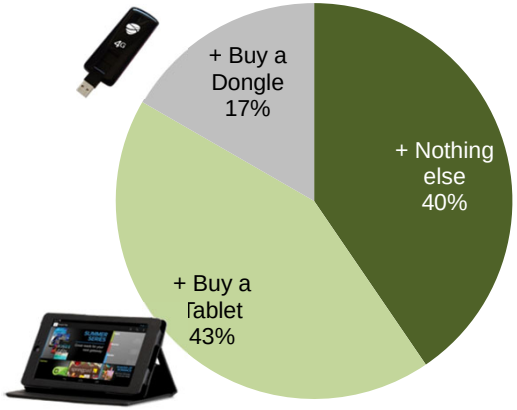
Buy a New Smartphone
All Countries — 58%



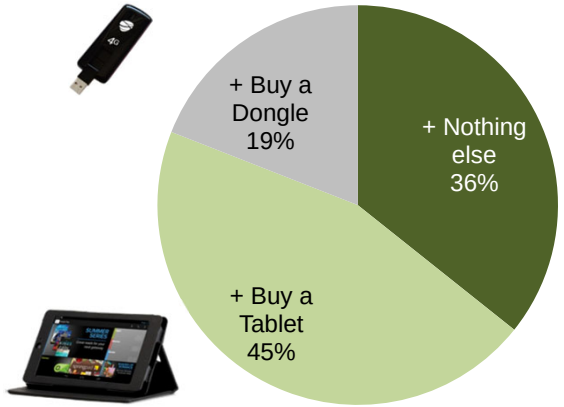
Buy a New Smartphone
Mexico — 58%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Mexico — 42%



Compared with the overall average...

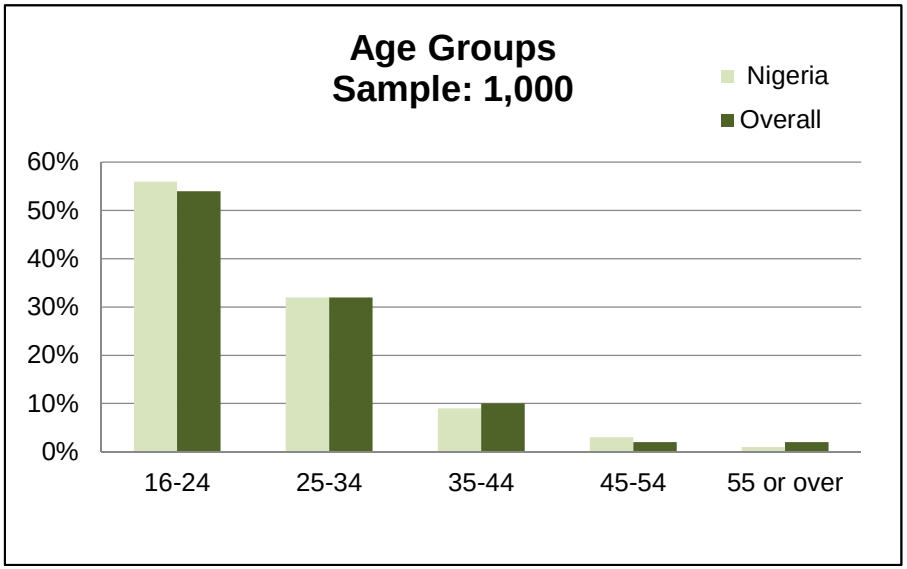
- **Mexico shows an average appetite for a smartphone**
- **Mexico shows an average potential for tablet substitution**

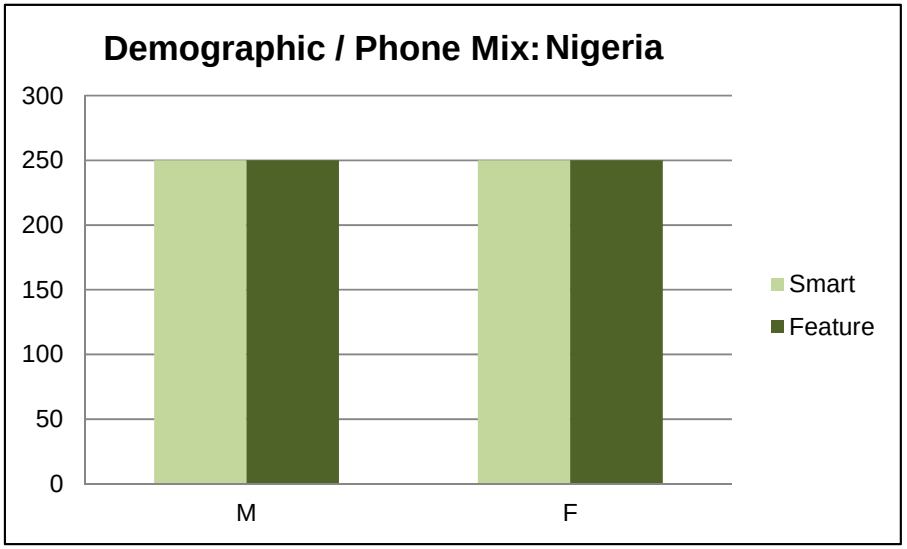
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Country Market Findings
Nigeria

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Nigeria: Sample Demographics

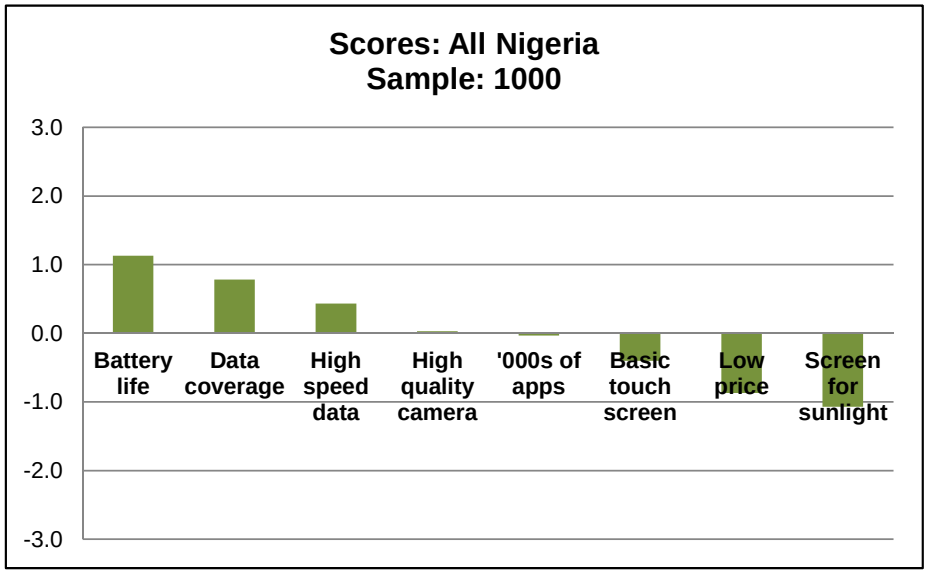


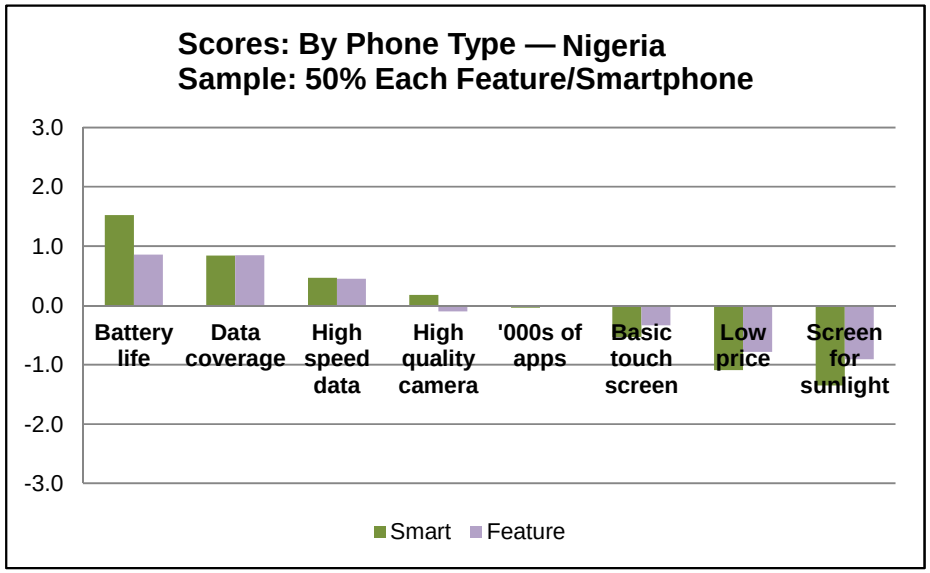


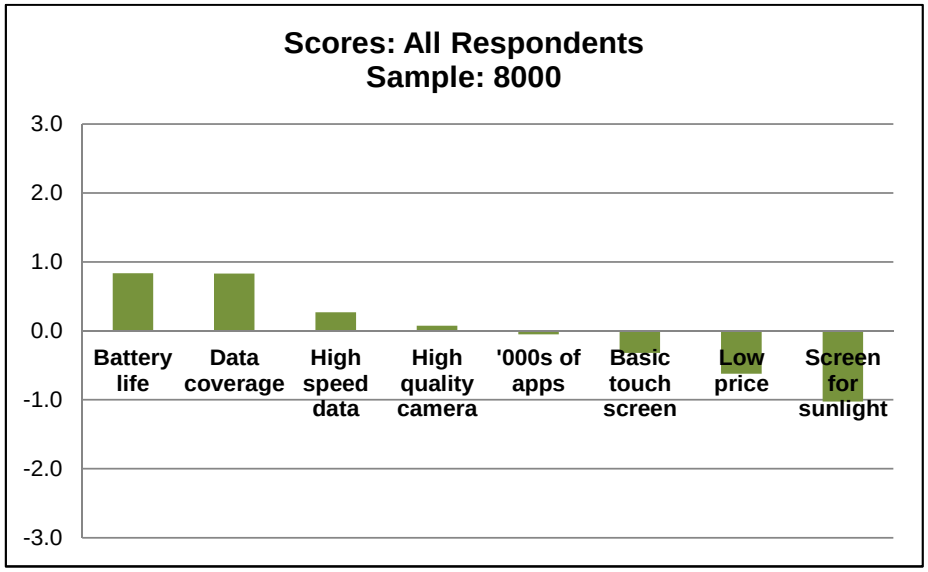
- **Sample of 1,000 people**
  - Male/female: 50:50

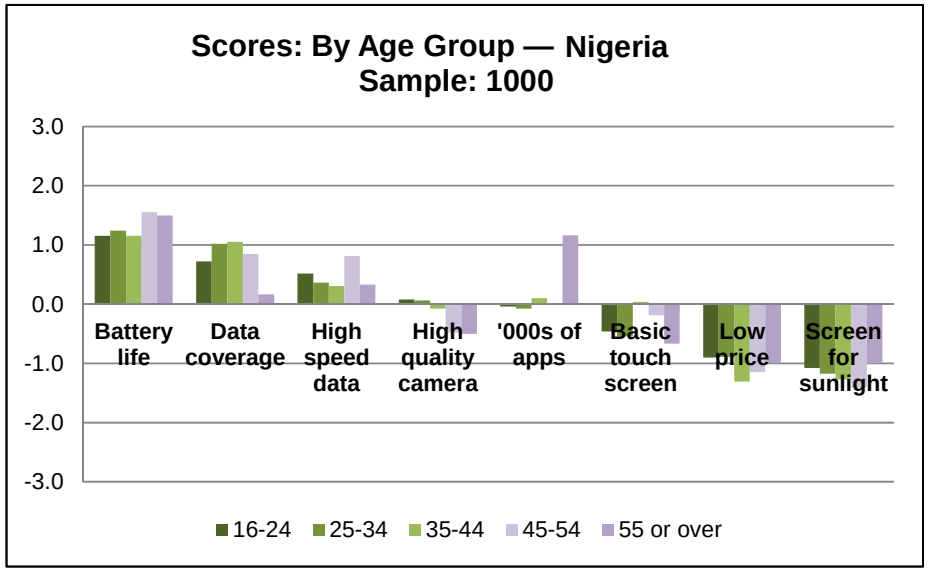
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Nigeria: Feature Priorities



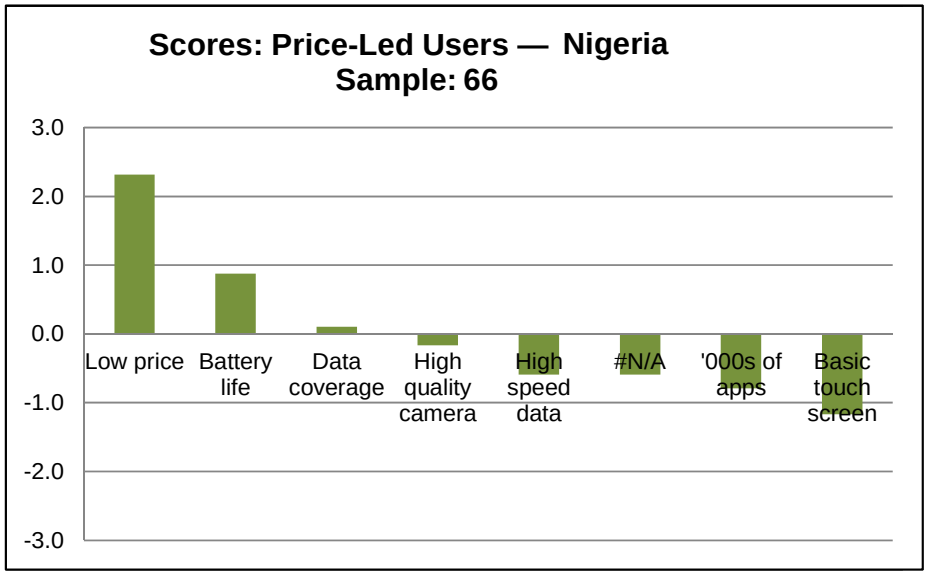


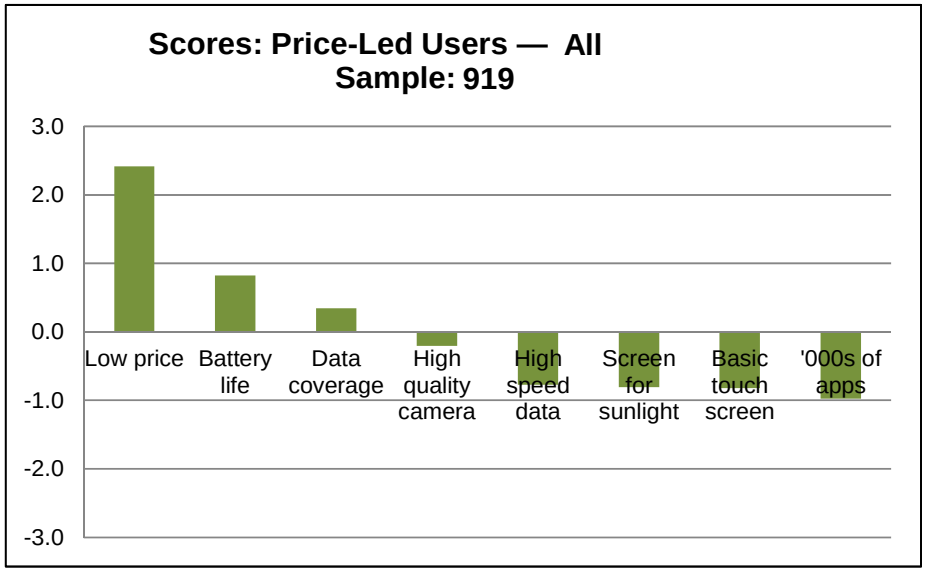




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Nigeria: Price-Led Users' Priorities

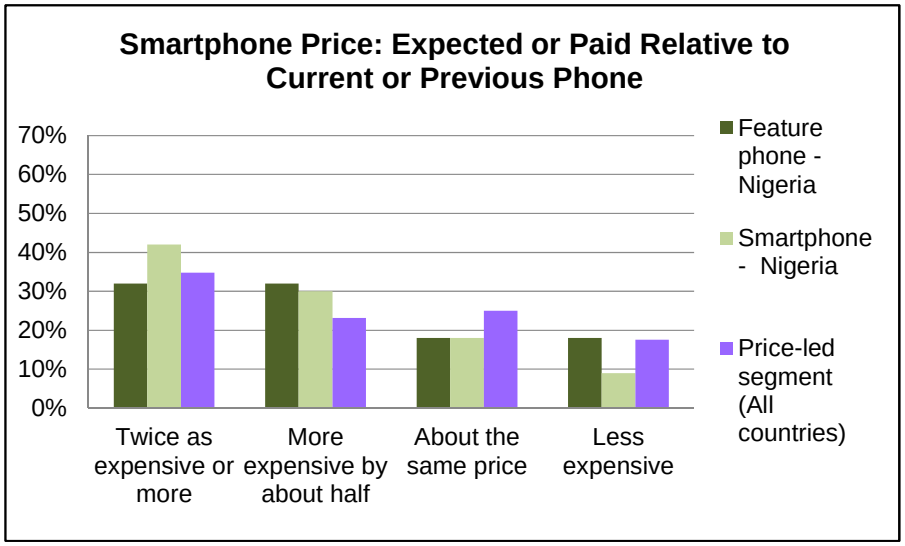


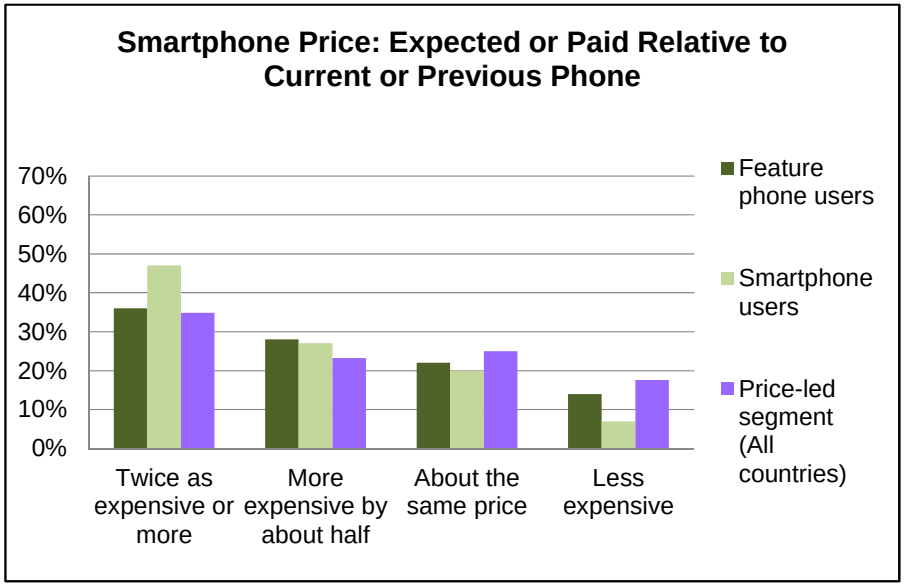


- **Price-led users make up 12% of valid responses overall**
- **In Nigeria, they represent 7% of all valid responses**
- **Nigeria shows a slight variation from the overall average for the lowest-priority features**

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Nigeria: Price Expectations

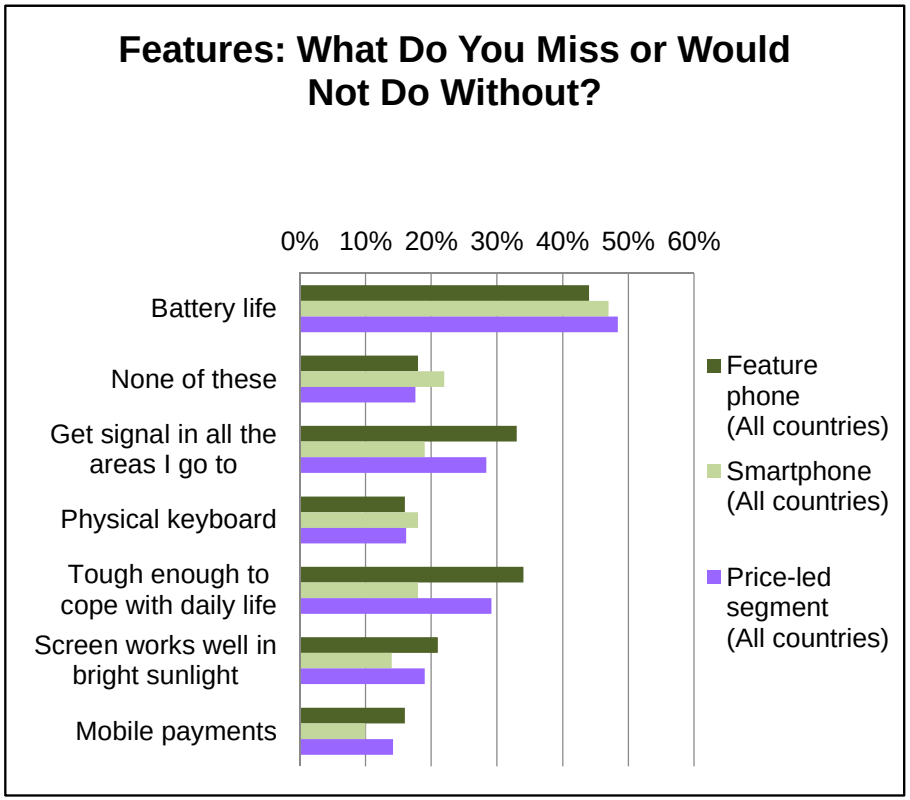


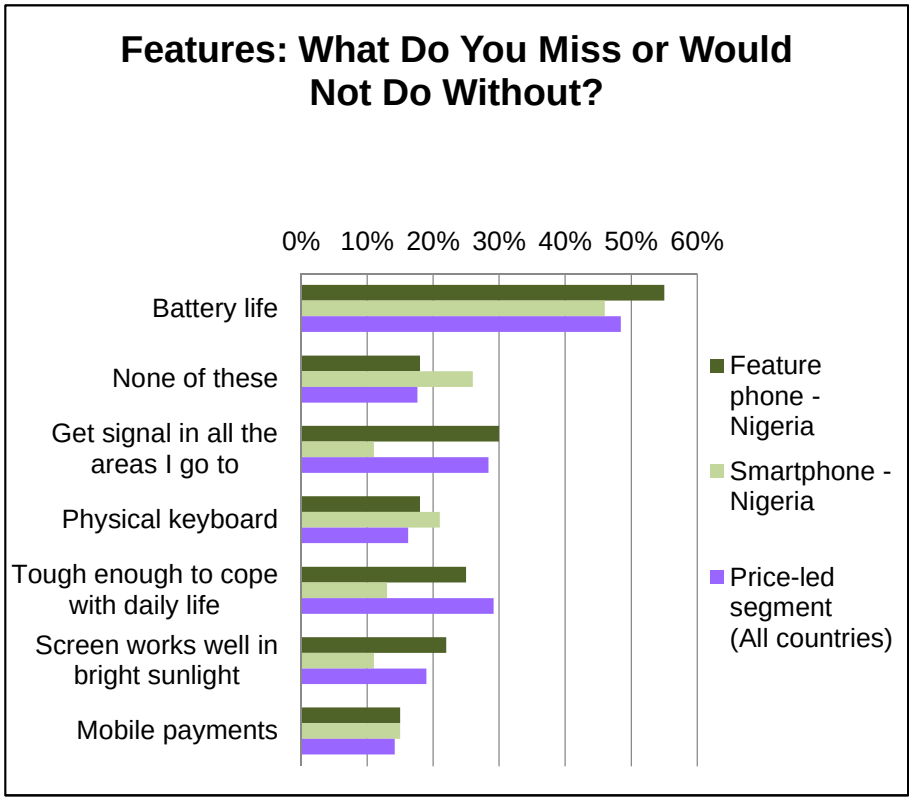


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Nigeria, 68% of respondents expect a smartphone to be more expensive**

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Nigeria: Features That Are Critically Important

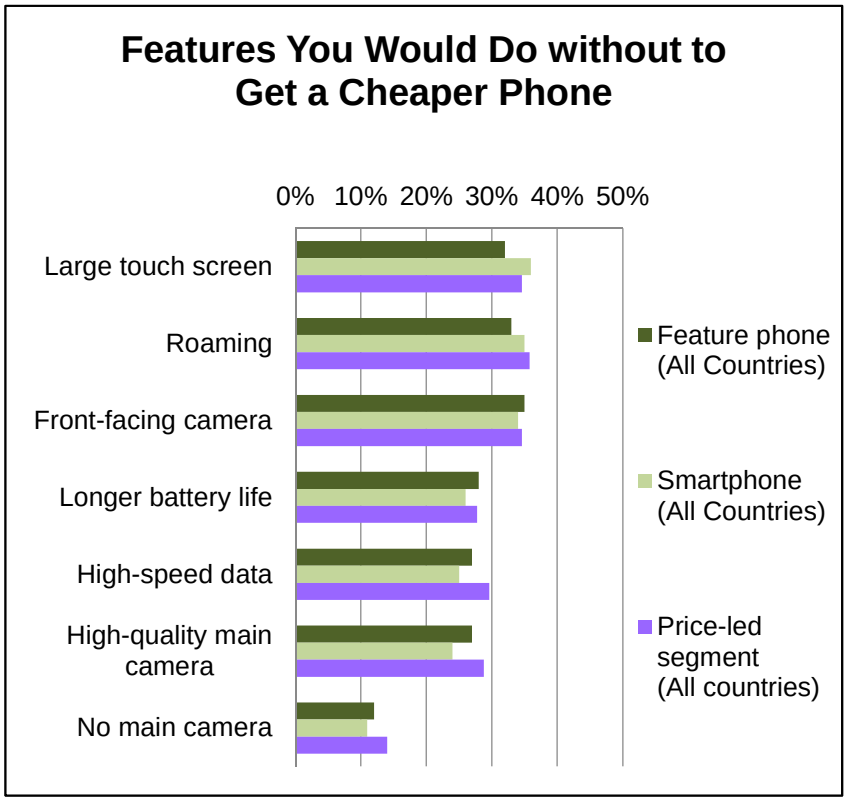


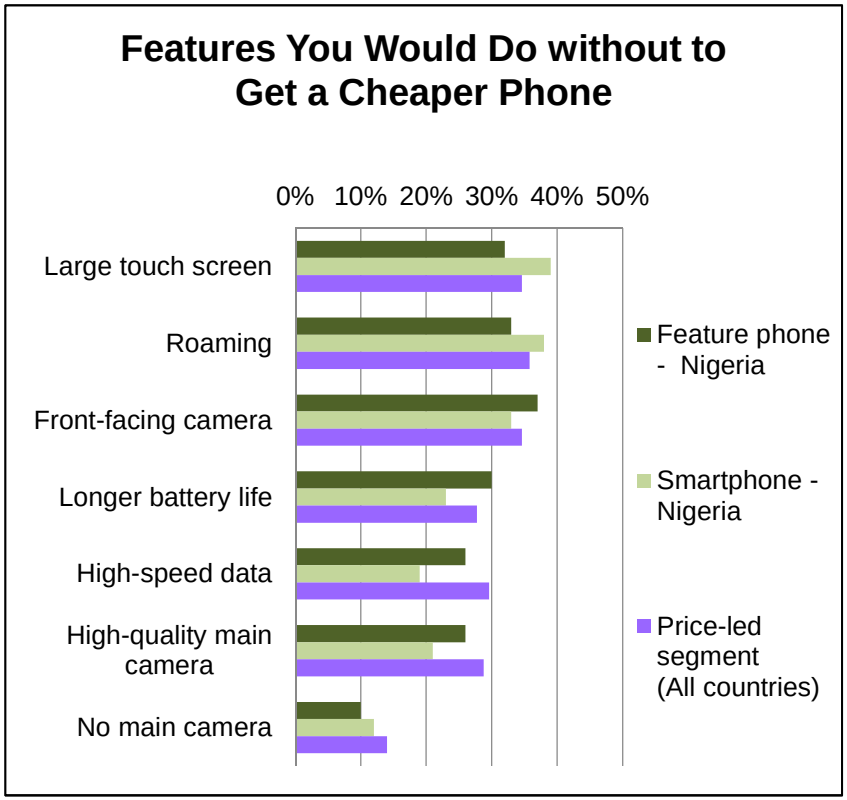


- **The Nigerian response was close to the overall average**
- **Feature phone owners were more concerned with battery life than the overall average**
  - Less concerned about the device's toughness to cope with daily life
- **Smartphone owners were less concerned about coverage than the overall average**

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Nigeria: Features You Would Do without to Get a Cheaper Phone

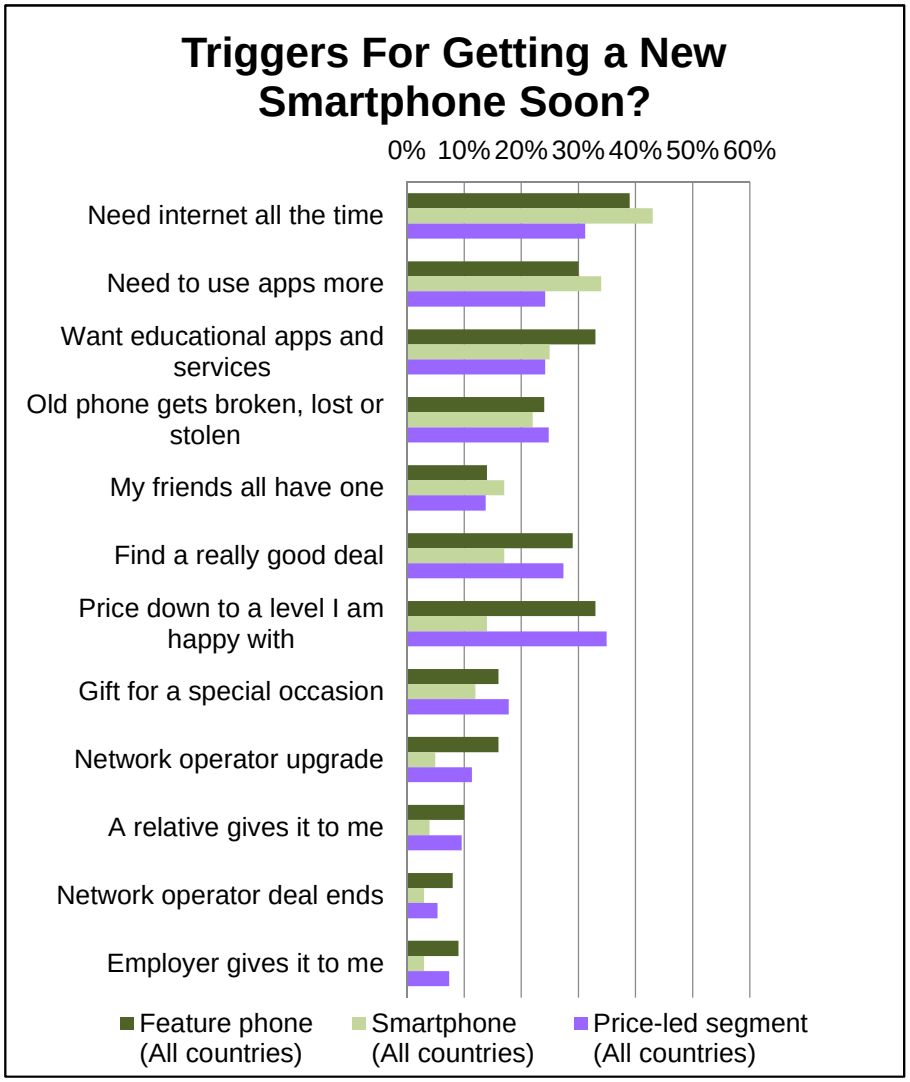


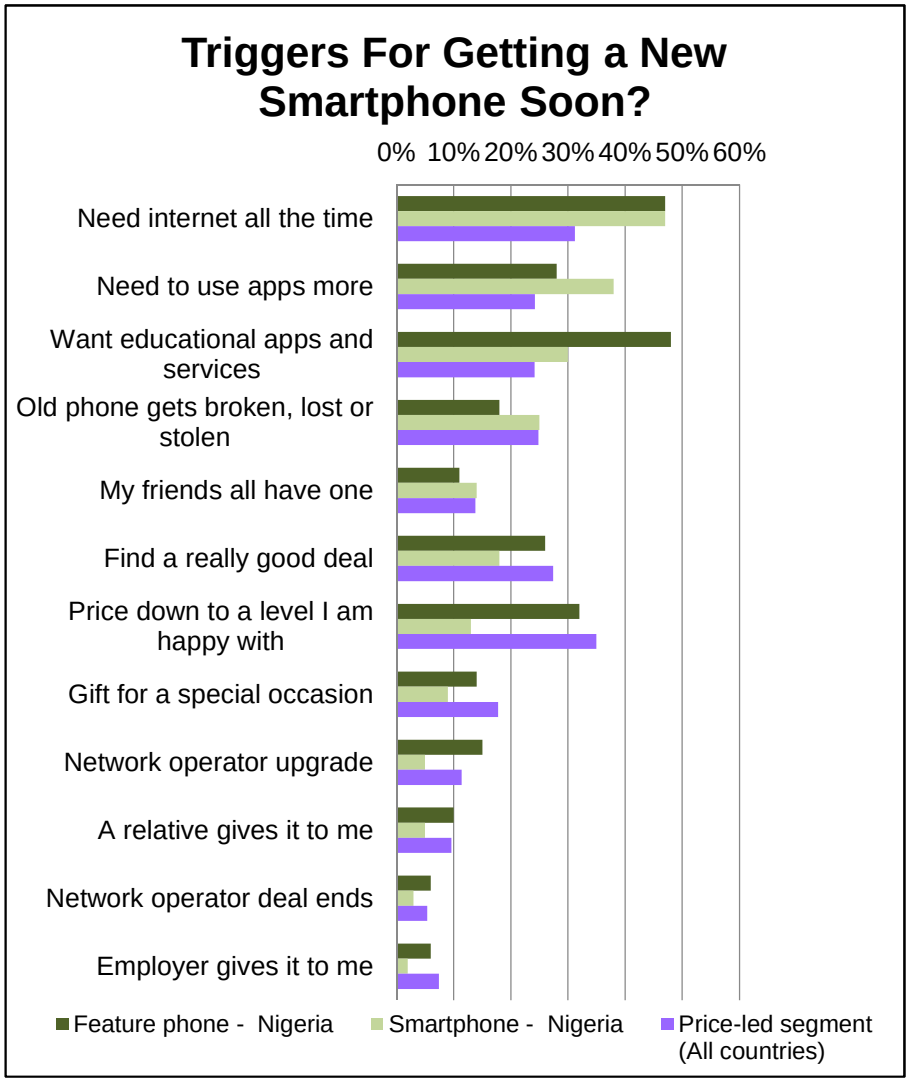


- **The Nigerian response was close to average across countries**
- **Less willing to sacrifice high-speed data**

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Nigeria: Purchase Triggers

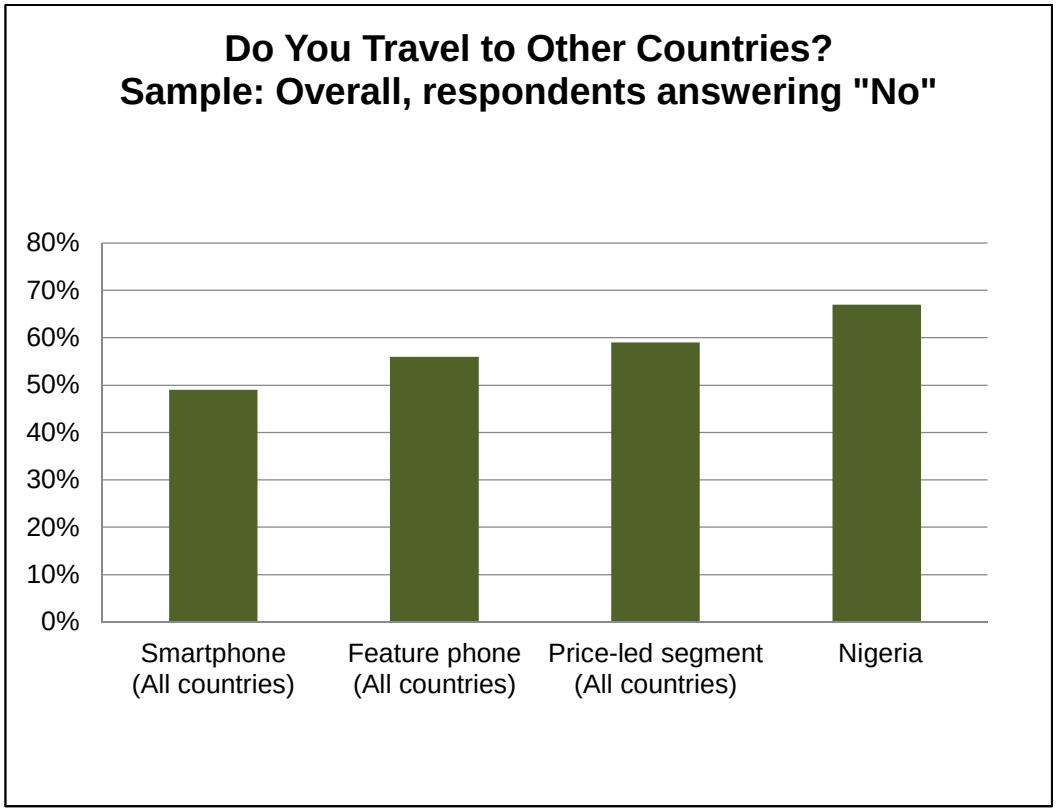




- **Stronger focus on Internet and educational apps in Nigeria than the overall average**

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Nigeria: Do You Travel to Other Countries?



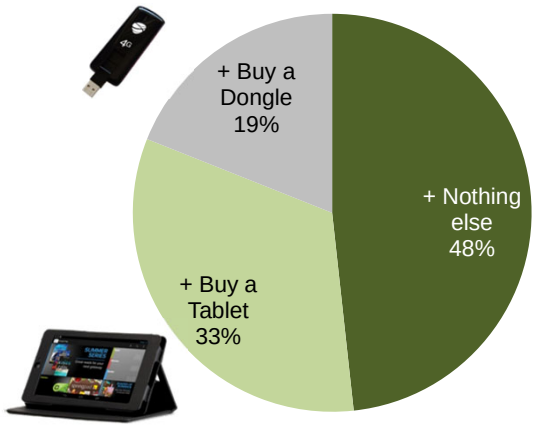
- **Nigeria showed a somewhat higher response for not travelling than the overall average**

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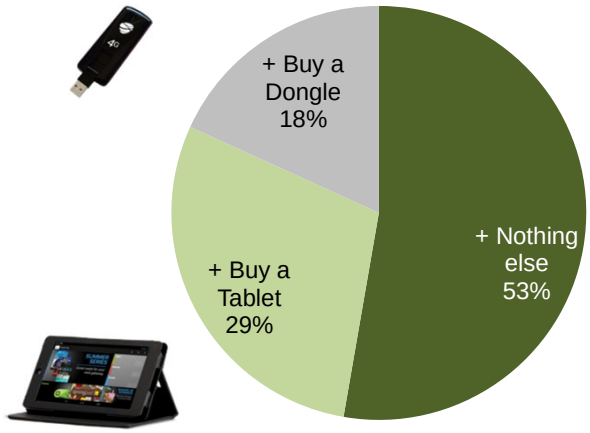
Nigeria: Is a Smartphone The Correct Device?

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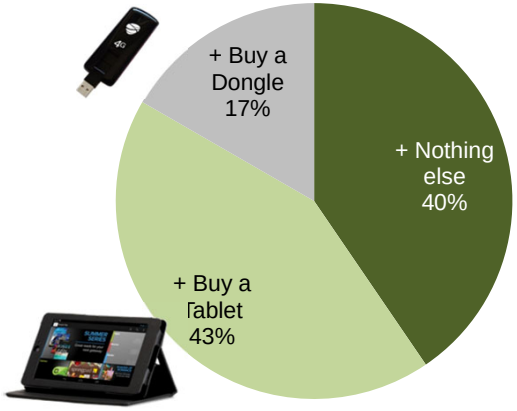
Buy a New Smartphone
All Countries — 58%



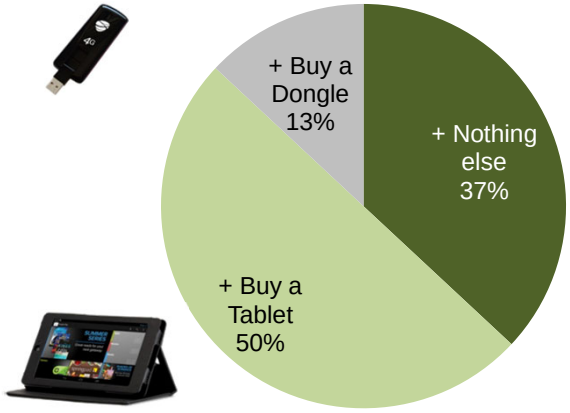
Buy a New Smartphone
Nigeria — 55%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Nigeria — 45%



Compared with the overall average...

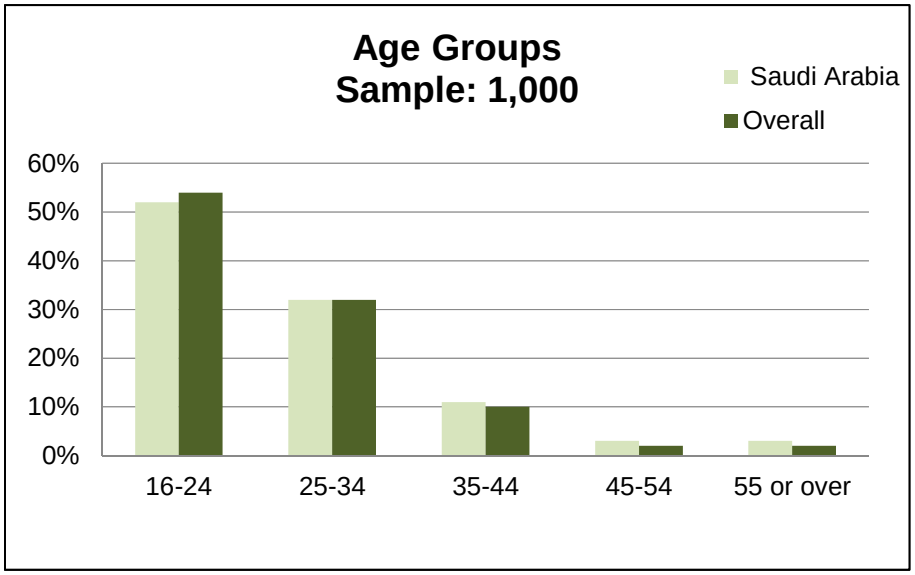
- **Nigeria shows an average appetite for a smartphone**
- **Nigeria shows a slightly higher potential for tablet substitution**

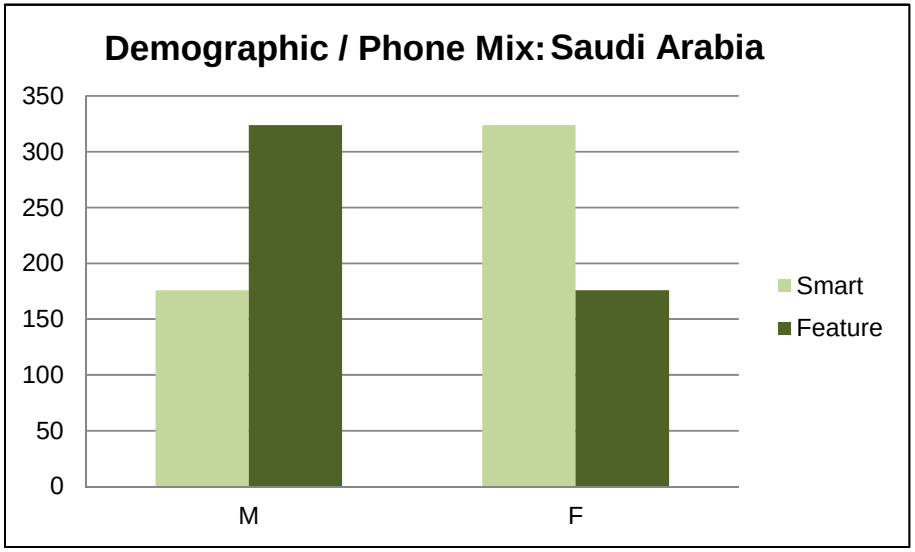
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Country Market Findings
Saudi Arabia

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Saudi Arabia: Sample Demographics

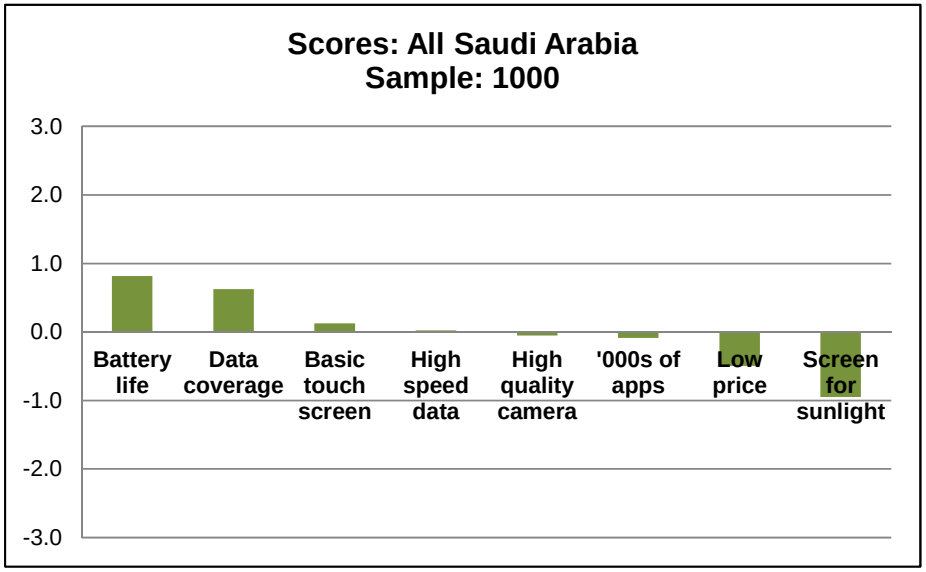


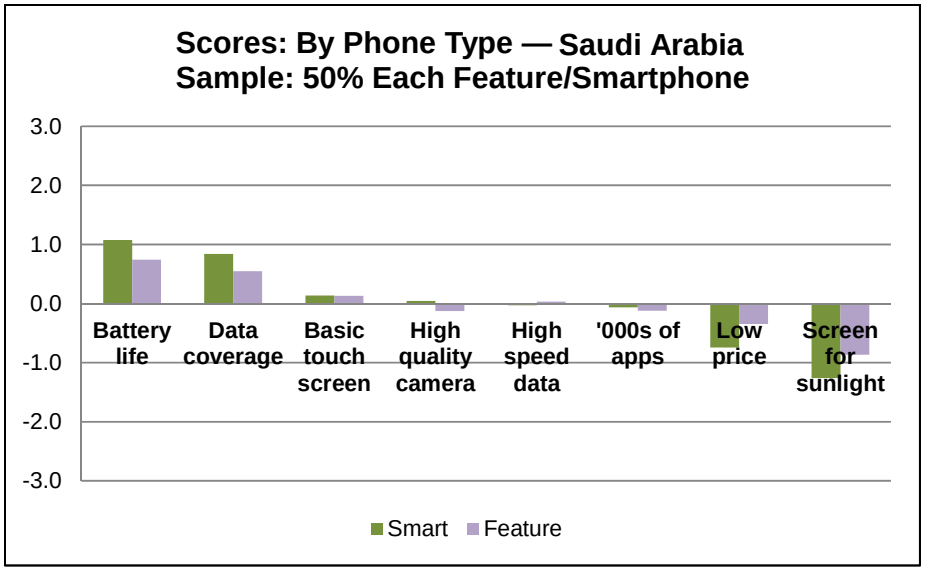


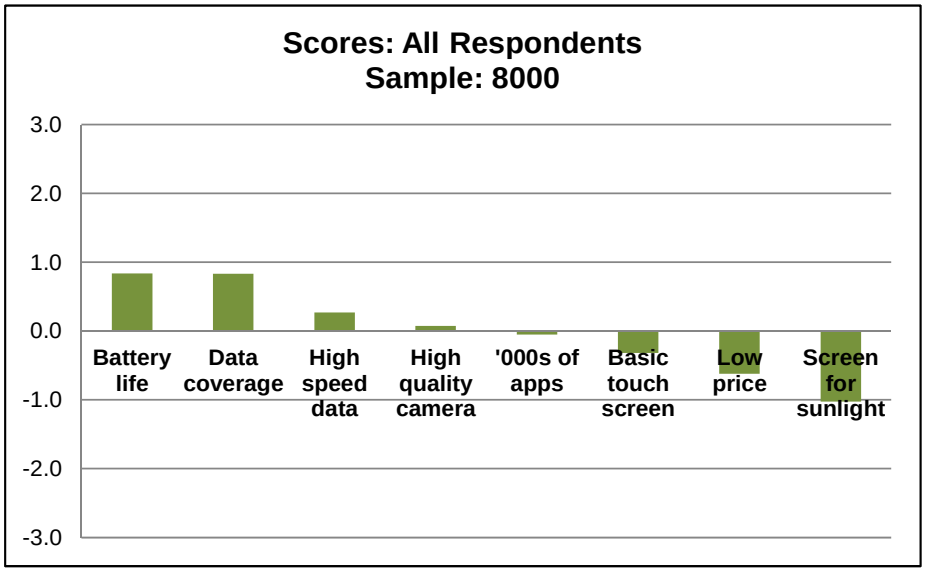
- **Sample of 1,000 people**
  - Male/female: 50:50

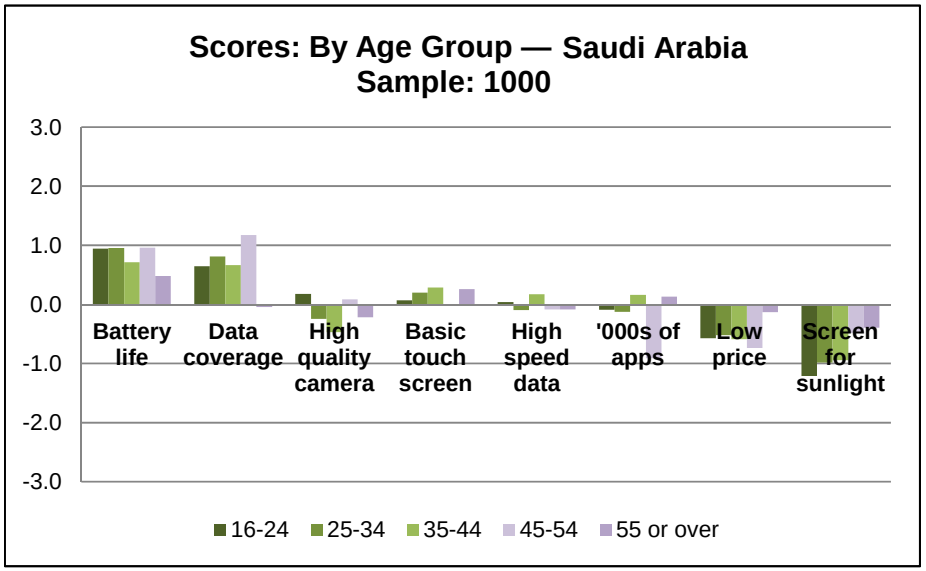
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Saudi Arabia: Feature Priorities



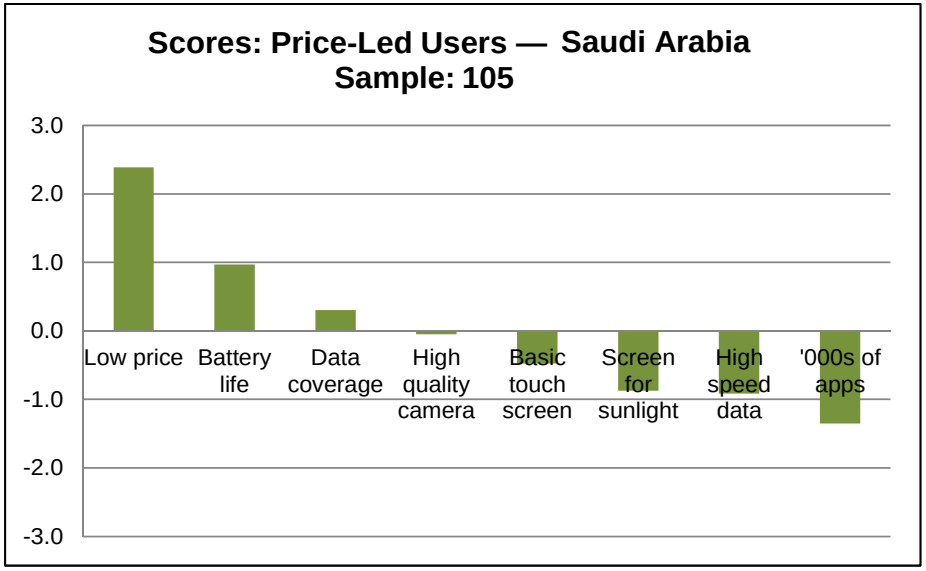


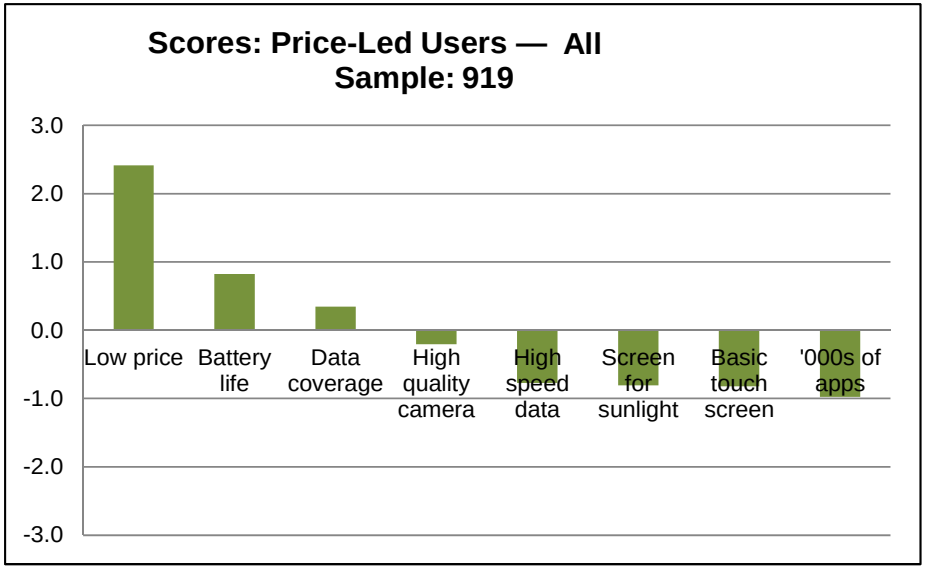




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Saudi Arabia: Price-Led Users' Priorities

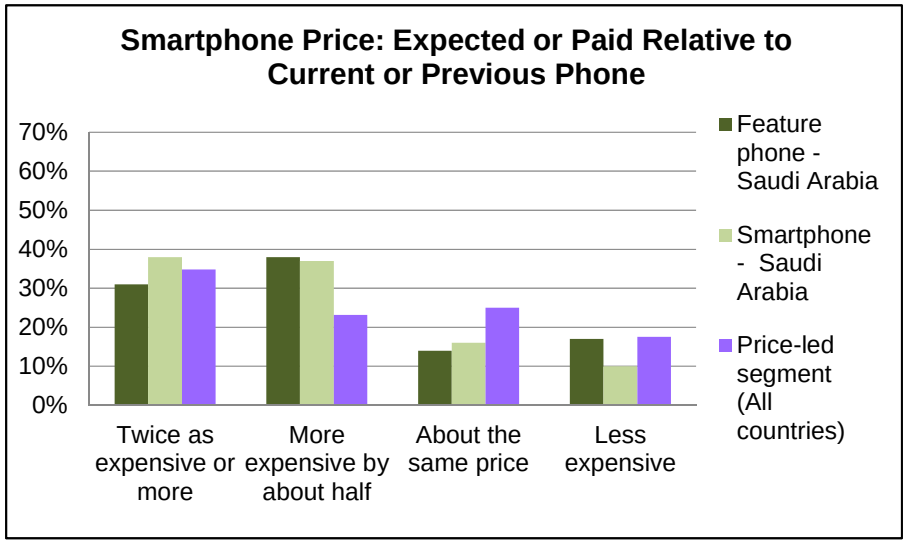


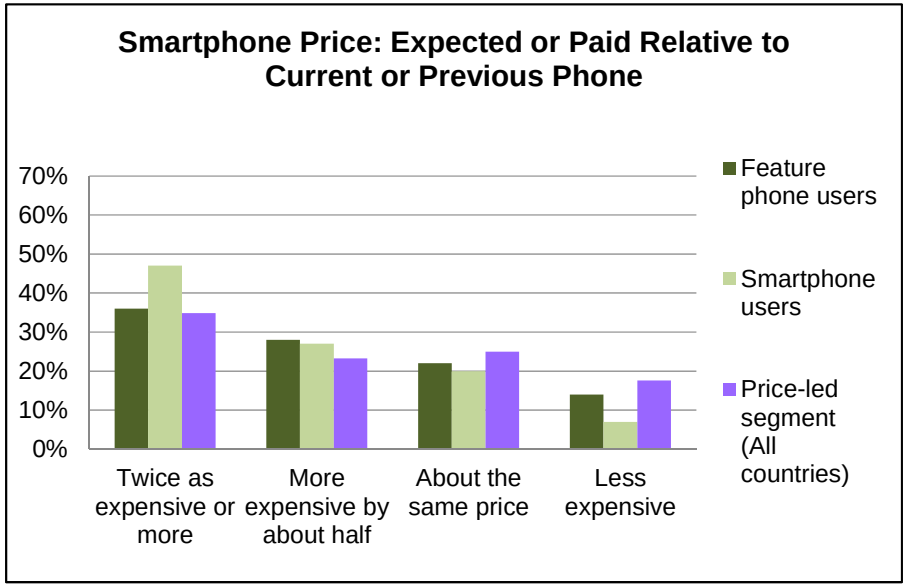


- **Price-led users make up 12% of the valid responses overall**
- **In Nigeria, they represent 12% of all valid responses**
- **Nigeria shows a slight variation from the overall average for the lowest-priority features**

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Saudi Arabia: Price Expectations

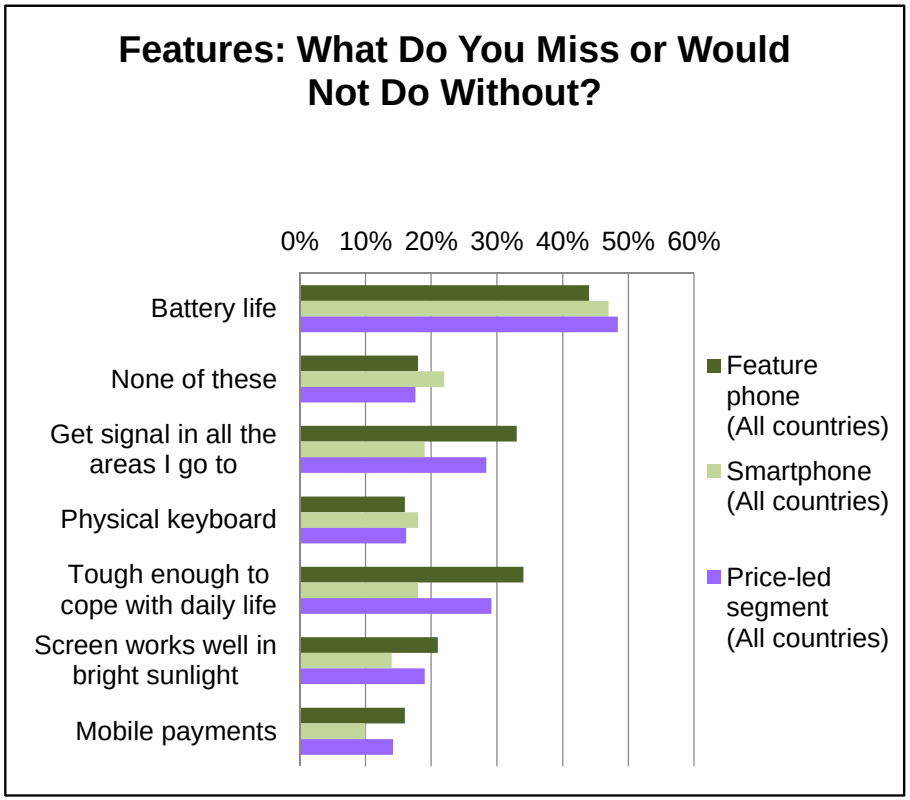


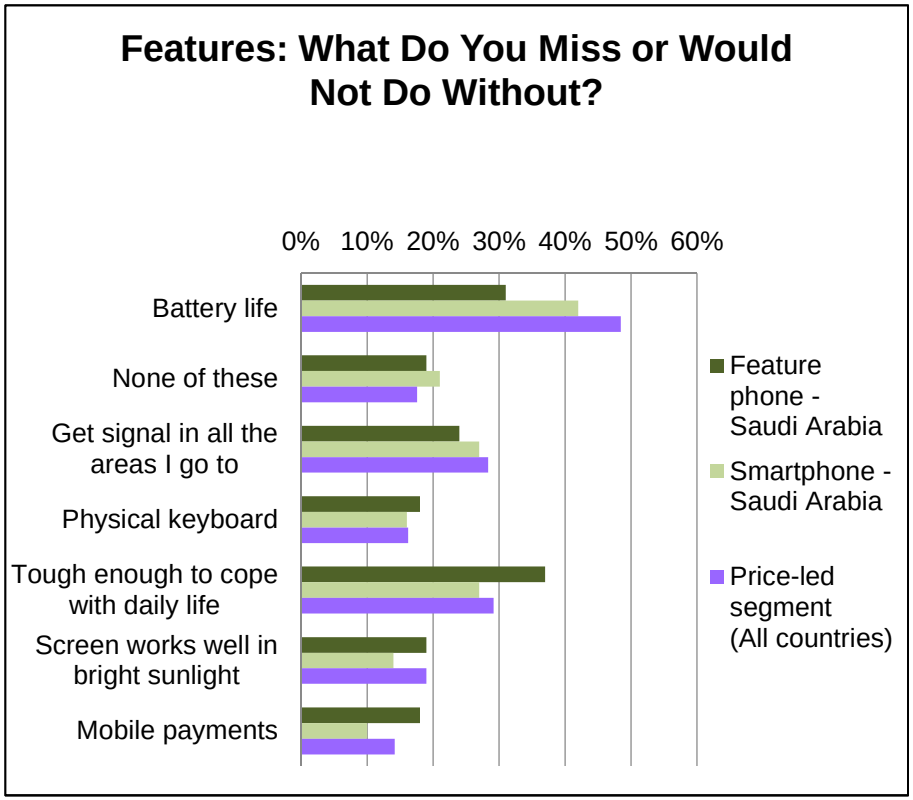


- **Overall, 70% of respondents expect a smartphone to be more expensive than their existing feature phone**
  - Or paid more when they traded up
- **Overall, 30% expect a smartphone to be about the same price or cheaper**
- **In Saudi Arabia, 72% of respondents expect a smartphone to be more expensive**
  - Fewer than average expect it to be twice as expensive

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Saudi Arabia: Features That Are Critically Important

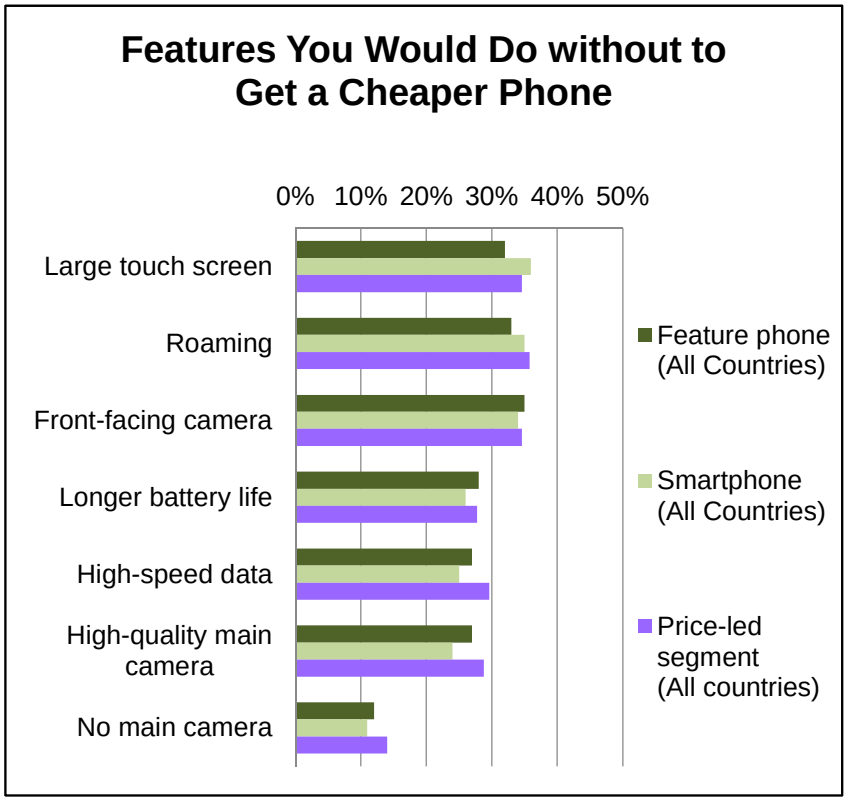


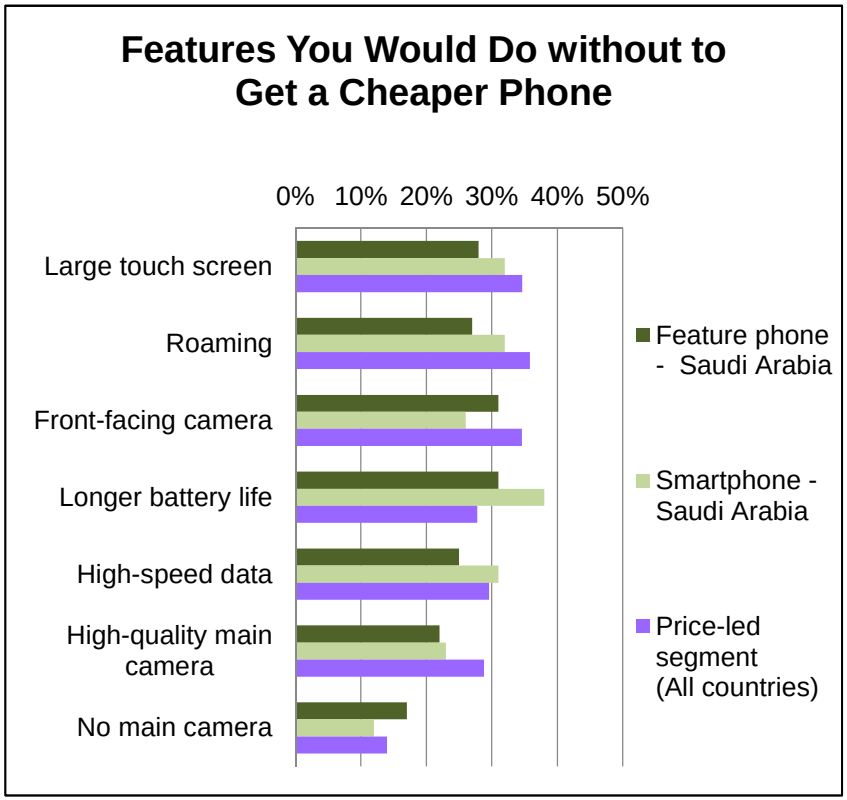


- **The Saudi Arabian response was close to the overall average**
- **Feature phone owners were less concerned about battery life and coverage than the overall average**
- **Smartphone owners were more concerned about coverage and the device's ability to cope with daily life than the overall average**

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Saudi Arabia: Features You Would Do without to Get a Cheaper Phone

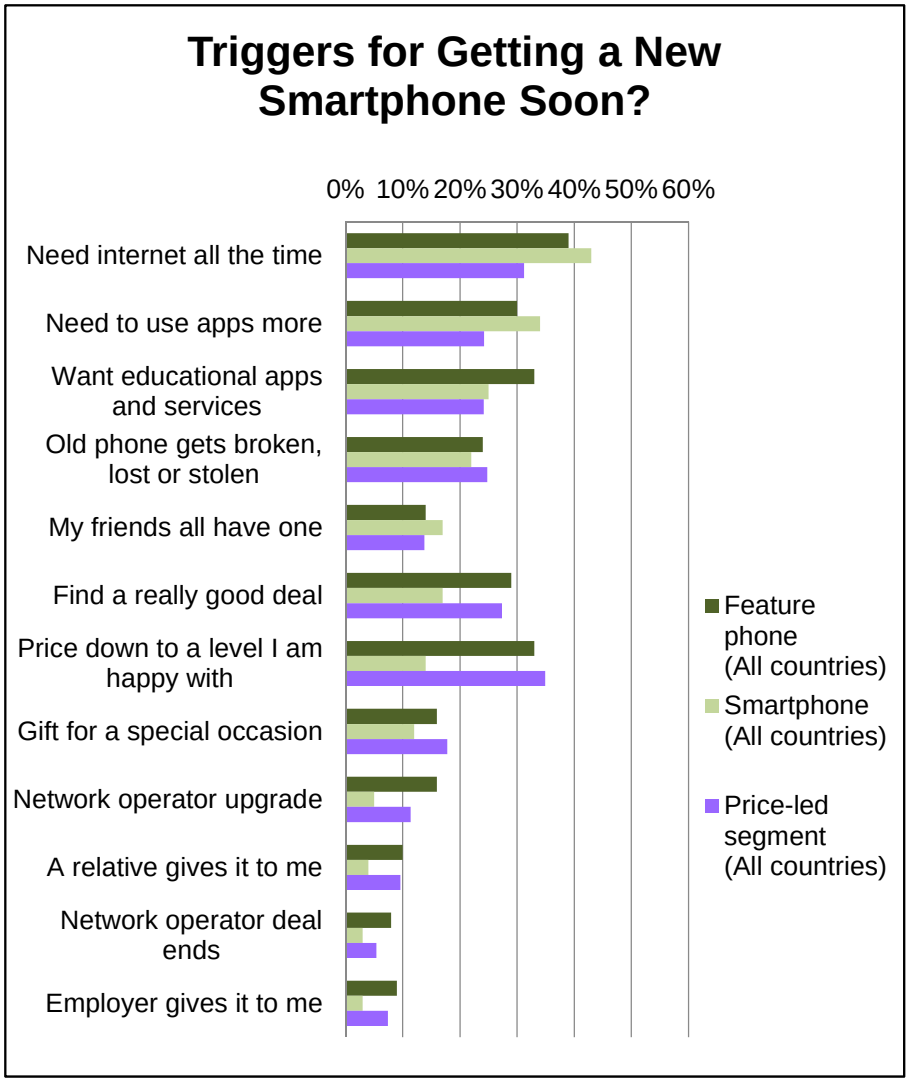


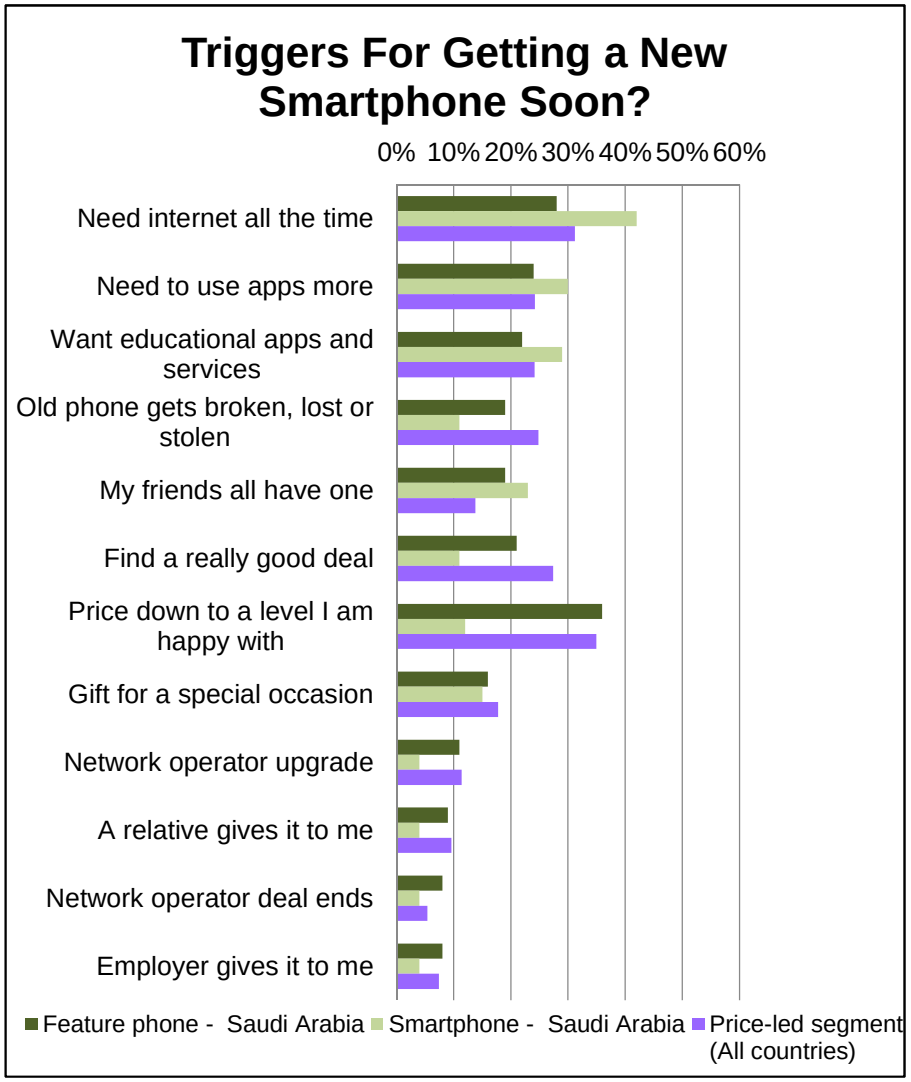


- **The Saudi Arabian response was close to average across countries**
- **Less willing to sacrifice a front-facing camera or a high-quality main camera**

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Saudi Arabia: Purchase Triggers

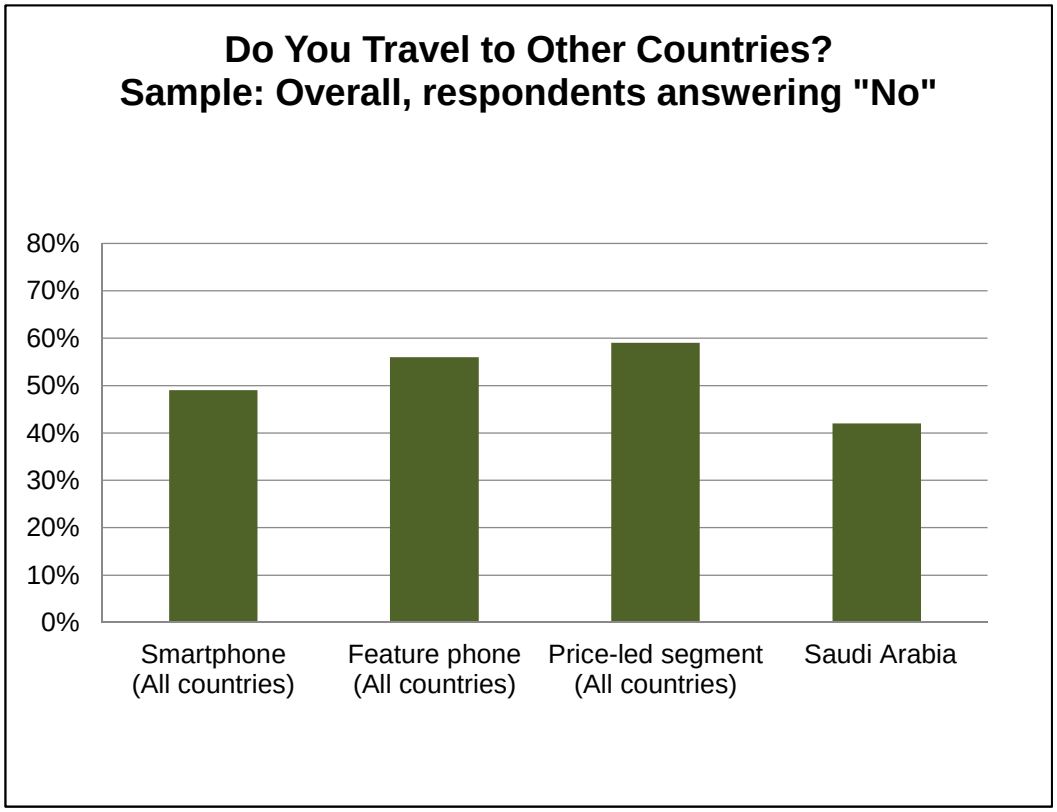




- **Lower focus on Internet and educational apps in Saudi Arabia than the overall average**

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Saudi Arabia: Do You Travel to Other Countries?



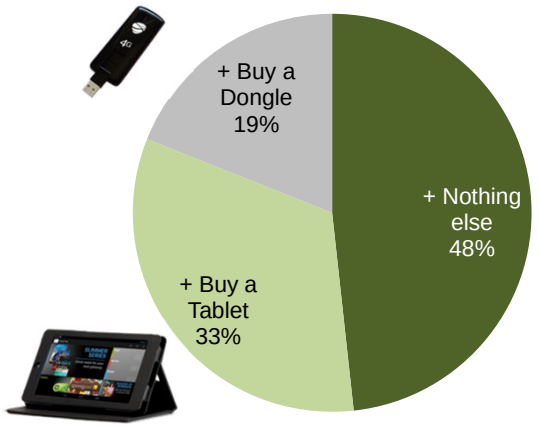
- **Saudi Arabia showed a somewhat lower response for not travelling than the overall average**

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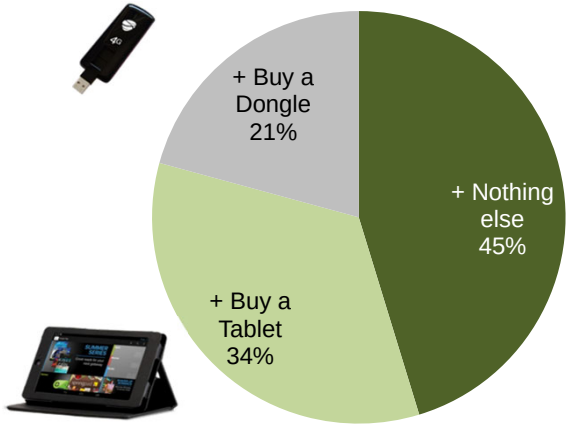
Saudi Arabia: Is a Smartphone the Correct Device?

- **If high-speed mobile data devices came onto the market at much lower prices, how would you expect your use of mobile to change?**

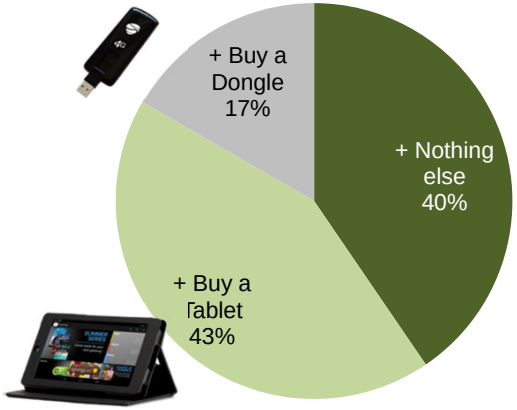
Buy a New Smartphone
All Countries — 58%



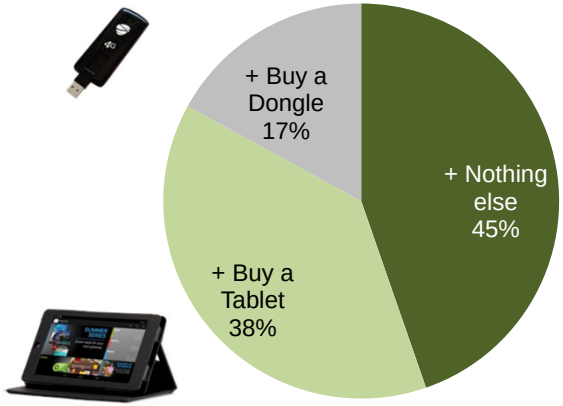
Buy a New Smartphone
Saudi Arabia — 53%



Keep Existing Phone
All Countries — 42%



Keep Existing Phone
Saudi Arabia — 47%



Compared with the overall average...

- **Saudi Arabia shows a slightly lower appetite for a smartphone**
- **Saudi Arabia shows a very similar potential for tablets**

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Notes

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Notes

- **Valid responses**
  - We removed any response for the feature trade-off questions that did not score any feature strongly (+2 or -2)
  - This totalled 609 responses, 7.6% of the sample

- **Price-led segment**
  - We defined this as any respondent who scored the "low price" option with +2 or +3 in the trade-off questions

- **Sample**
  - In doing the research on a mobile device we knew that the sample would not be fully representative of the population
  - The age group mix in particular shows that older people are not as strongly represented as younger age groups

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