Smartphone Market in 2019

Features, upgrade potential and brand relevance

October 2019

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We are a consultative custom market research agency, responsive, agile and committed to our clients’ success above all.

We have a long history of helping brands succeed and we continually innovate new means for obtaining insight. We set ourselves apart as we fuse sector expertise and award winning research designs with innovative technology to deliver impactful, actionable insights.

Expert in all areas of research design, implementation, analysis, and reporting, we have particular strengths in customer experience, brand and new product development.

Working internationally from our offices, our activities span both business-to-business and consumer markets. Our legacy, expertise and relationships made us who we are but technology drives our future and speed of delivery allows us to anticipate challenges.

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Report Contents

SURVEY METHOD

1 Background

- 2002 respondents
- 10 Minute online survey via **harris 24**
- Aged between 18 and 89
- Fieldwork in September 2019
- Survey was weighted to be nationally representative by age, gender and region

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- Harris 24 is an ultrafast polling service from Harris Interactive, delivering up to 5,000 respondents for national polls or targeted audiences
- Clients have real-time data access via an analytics platform with exportable results
- We can reach 30+ million global consumers across 70+ markets
- Click here for more information
- See end of report for more services provided by Harris Interactive

1

TOP 6 FINDINGS

Executive Summary

Phone manufacturers are having to combat inertia in the market, with 38% holding onto their phone for 3 or more years

High impact features, that are most likely encourage faster upgrades revolve around practicality and productivity (5G, long battery life, wireless charging etc.)

Young people are most enticed by these practical features because they enrich a phone's potential to augment their lifestyles

Challenger brands such as Google and Huawei are best placed to promote these features and mount a challenge against market leaders

Smaller brands such as Xiaomi, Honor and OnePlus have yet to differentiate in the market, and could also promote these features to break-out

Interestingly, younger people are the most likely to miss a headphone jack, its removal means too many things to charge and lack of convenience/signal quality

2

UPGRADE MARKET

Phone manufacturers are having to combat inertia in the market to encourage upgrades

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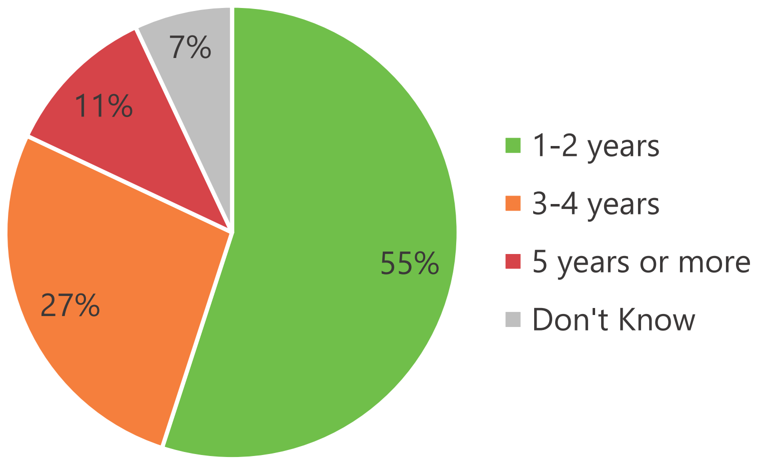
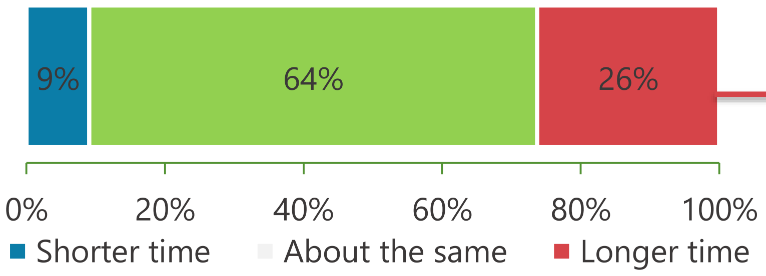
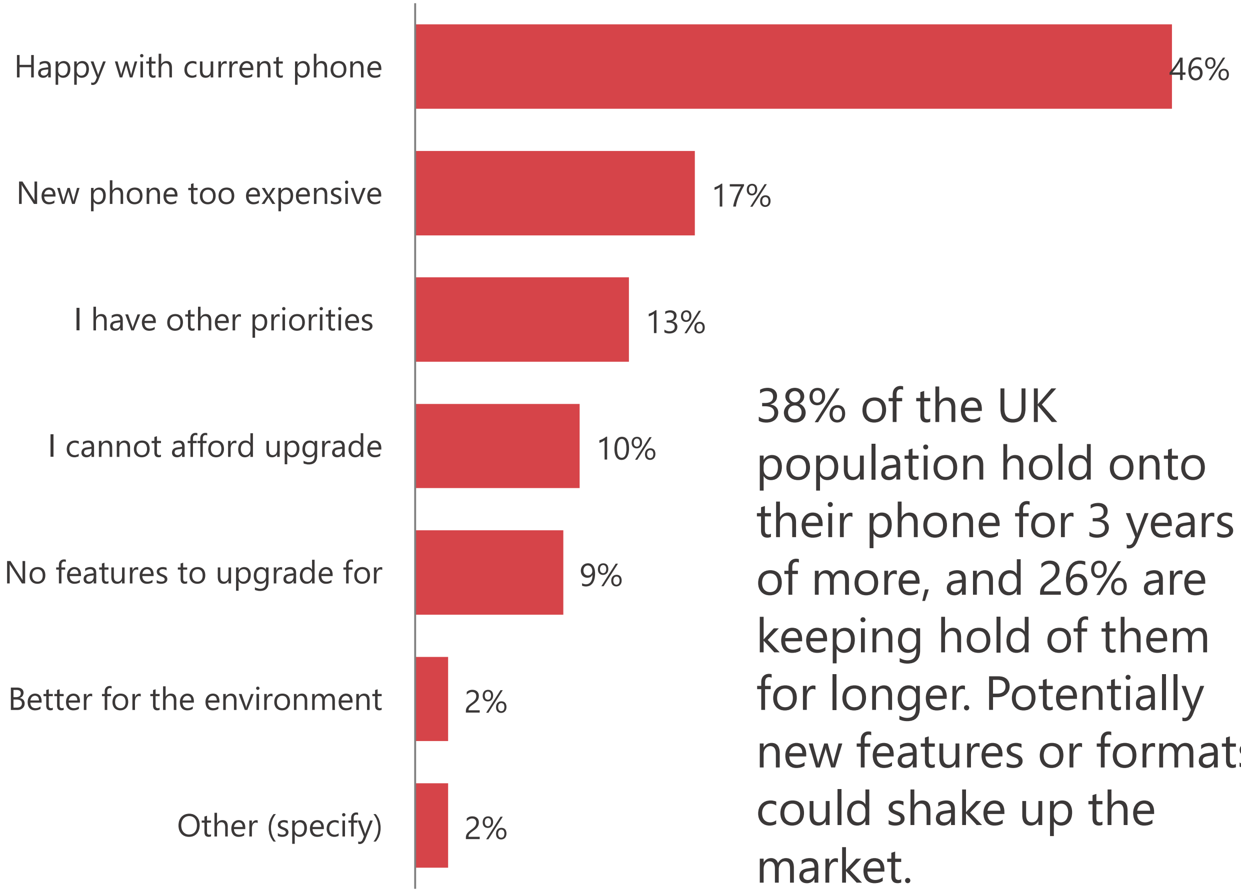
No. of years to upgrade phone



Keeping phone longer/shorter time



Reasons for keeping phone longer



38% of the UK population hold onto their phone for 3 years of more, and 26% are keeping hold of them for longer. Potentially new features or formats could shake up the market.

Base: Total (2002), Reasons for keeping phone longer (531)

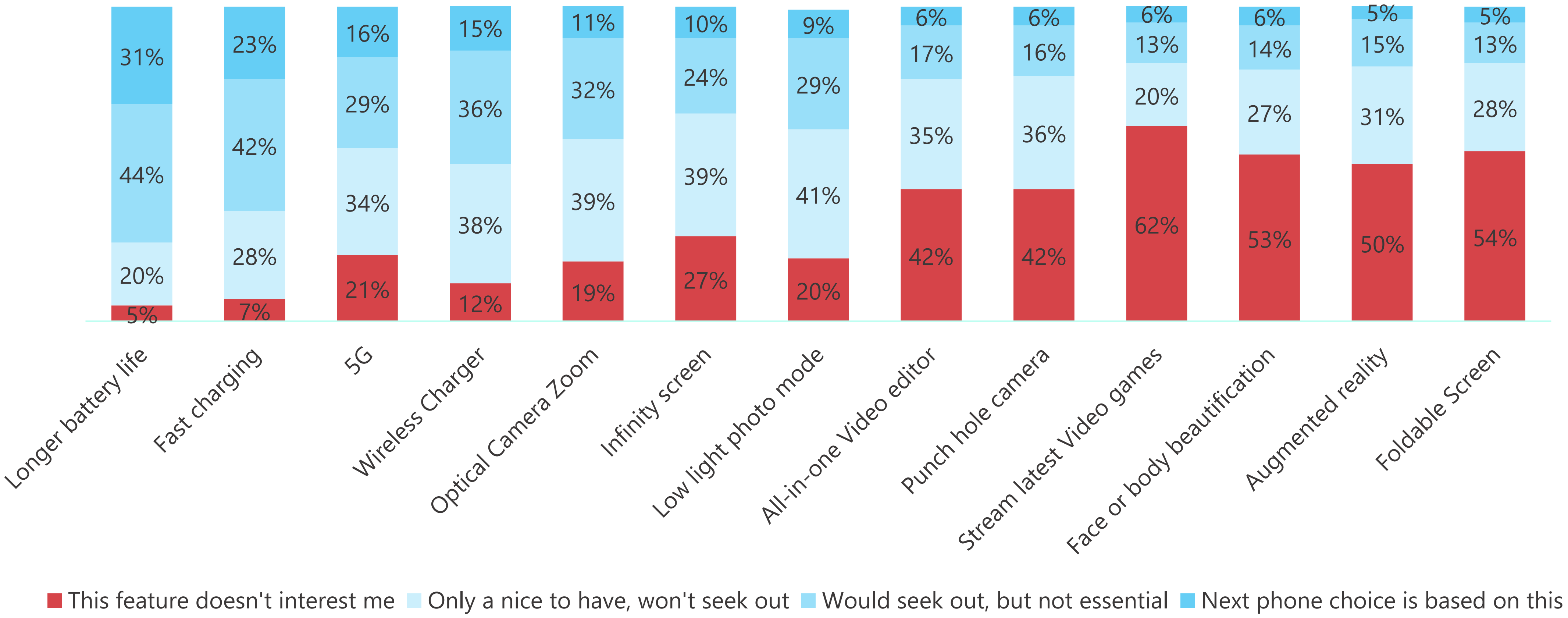
3

PHONE FEATURES

To combat inertia, companies need to introduce Utility-type features that interest people

Features that improve productivity & practicality of smartphones spark the most interest amongst the consumer. Longer battery life, fast & wireless charging are features that will be sought out in future phone purchases.

Level of interest in features

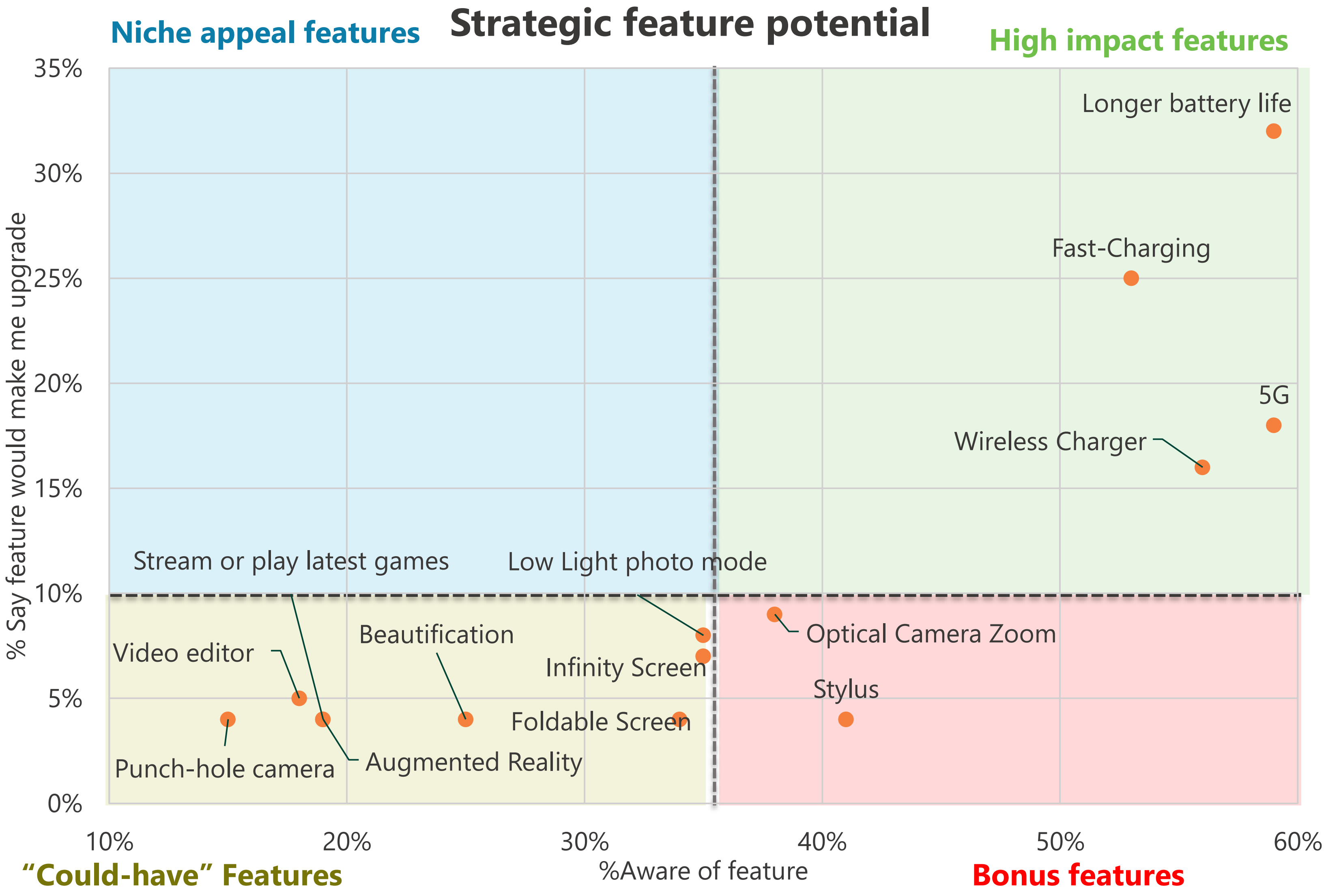


Base: Total (2002)

3

PHONE FEATURES

Utility-type features have wide-market impact, with strong awareness & propensity to upgrade



The features with the highest potential to drive smartphone upgrades relate to practicality, with longer battery life and fast-charging as the features with the highest likelihood to spark an upgrade. Many of the other features, such as beautification & Augmented reality, have both low awareness and low appeal in terms of driving an upgrade.

Base: Total (2002), People interested in features (potential for upgrade) (1709)

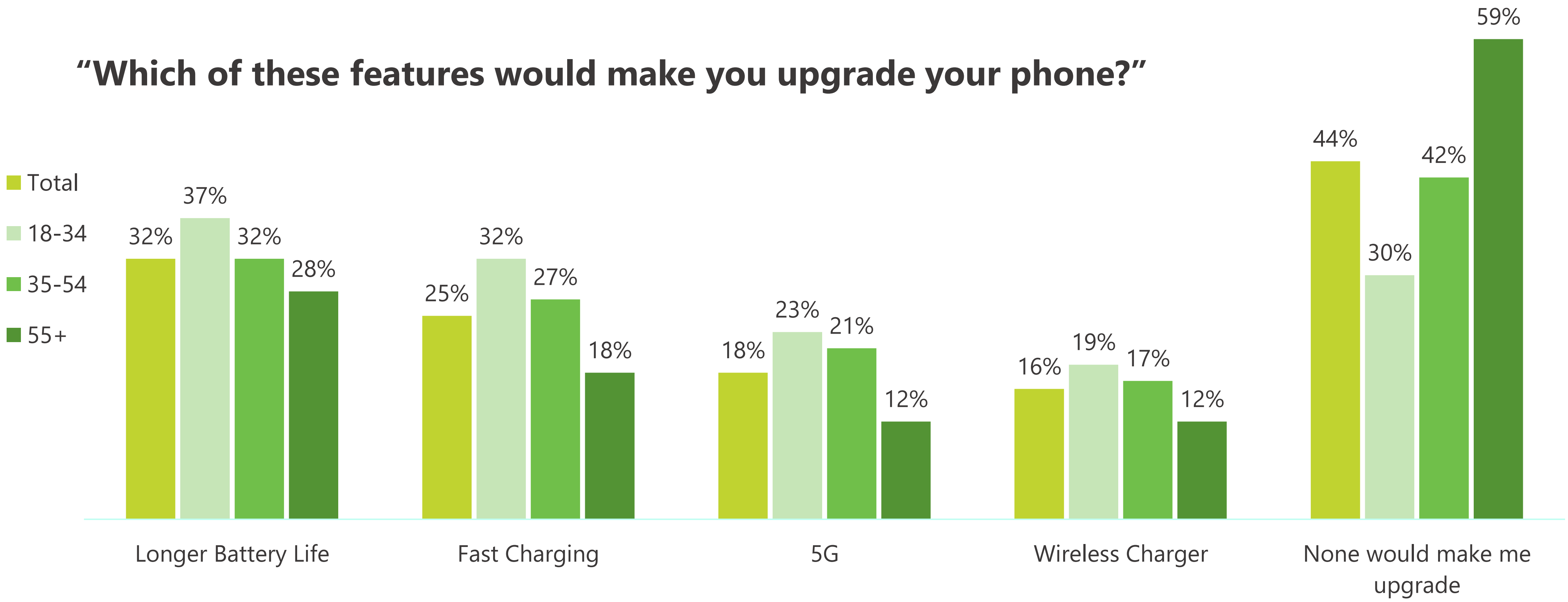
3

PHONE FEATURES

Younger people are most interested in these practical features

Older generations are much less likely to be swayed by new features to upgrade their phone. Young people cite longer battery life as the main driver for an upgrade.

"Which of these features would make you upgrade your phone?"



Base: Total (1709), 18-34 (519), 35-54(599), 55+ (673)

3

PHONE FEATURES

Phones are lifestyle accessories to young people, and features such as 5G enrich that experience

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"What 3 features would you miss the most?"

18-34	
Access the Internet	48%
Use Social Media	36%
Take Photos/Videos	35%
Listen to music	26%
Stream Videos	23%

35-54	
Access the Internet	52%
Take Photos/Videos	35%
Send Texts	35%
Voice Calls	33%
Use Social Media	24%

55+	
Send Texts	58%
Voice Calls	56%
Access the Internet	42%
Take Photos/Videos	38%
Send Email	26%

Essential phone features vary by age group. While older generations prioritise the basic smartphone features, younger people cite the ability to listen to music and stream videos amongst the top 3 features that would be missed the most.

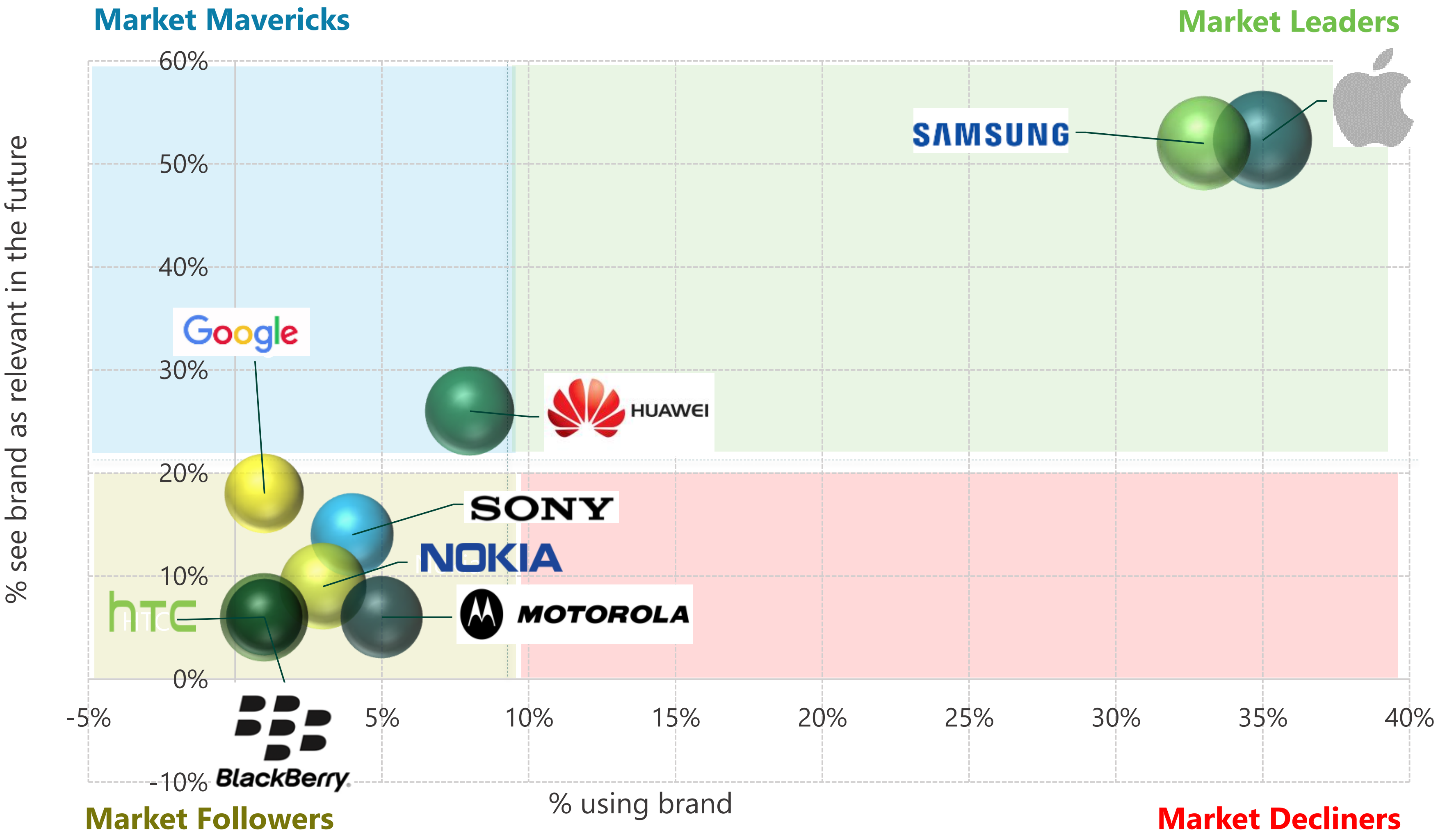
Base: 18-34 (567), 35-54 (702), 55+(845)

4

BRAND POTENTIAL

As market challengers, Huawei & Google could benefit from implementing these changes

Usage, future relevance and awareness of established mobile brands



Despite recent controversy in the press, Huawei is best set to challenge market leaders Samsung and Apple.

Google has great potential, but needs a stronger sales and brand strategy to really start to challenge in this space.

Size of bubble = % awareness

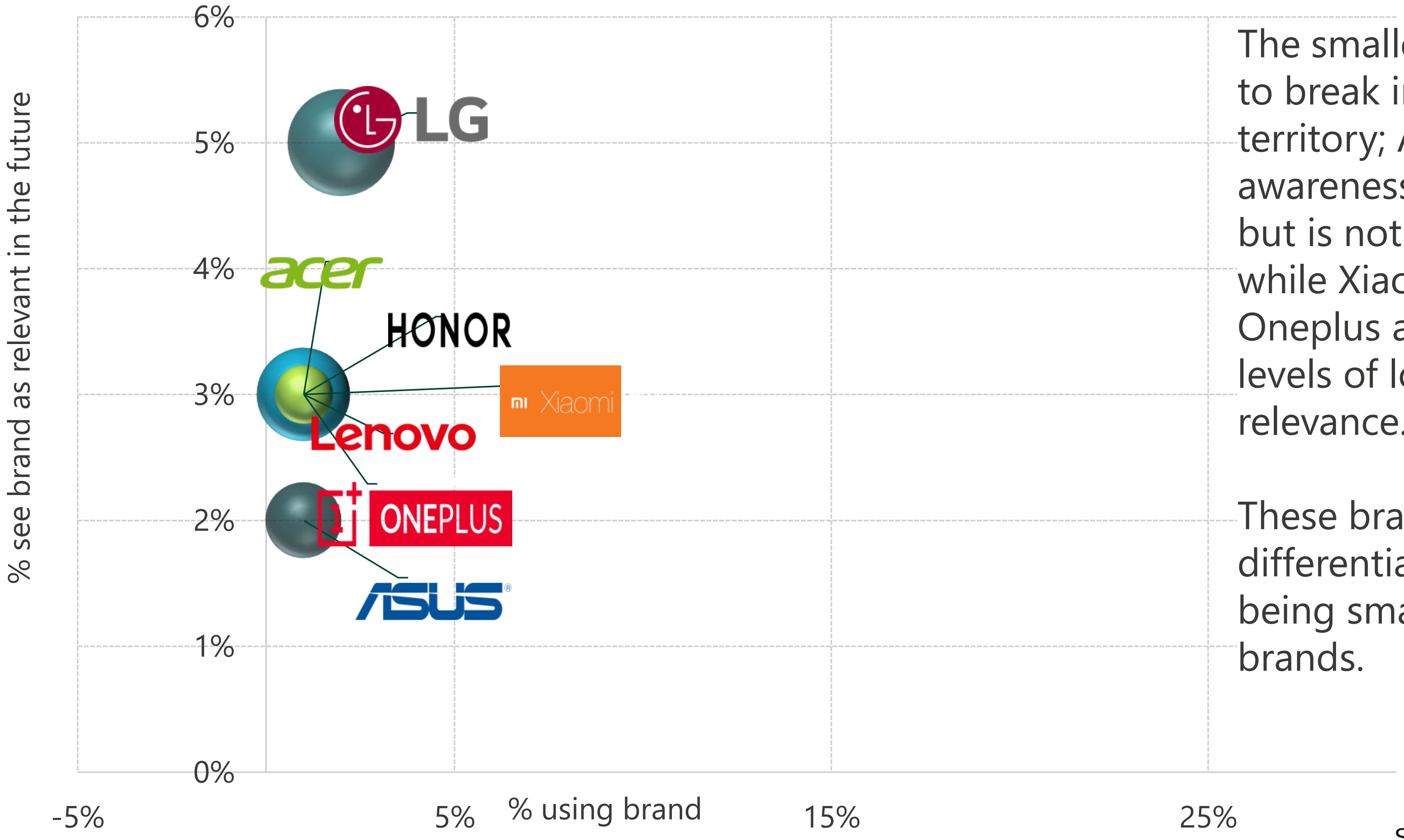
Base: Total (2002)

4

BRAND POTENTIAL

Promoting these features could help smaller brands to differentiate & break out

Usage, future relevance and awareness of smaller mobile brands



The smaller brands have yet to break into challenger territory; Acer has high awareness in the category but is not capitalising on this, while Xiaomi, Lenovo, and Oneplus all have the same levels of low usage and relevance.

These brands really need to differentiate to break out of being small-scale challenger brands.

Size of bubble = % awareness

Base: Total (2002)

5

HEADPHONE JACK

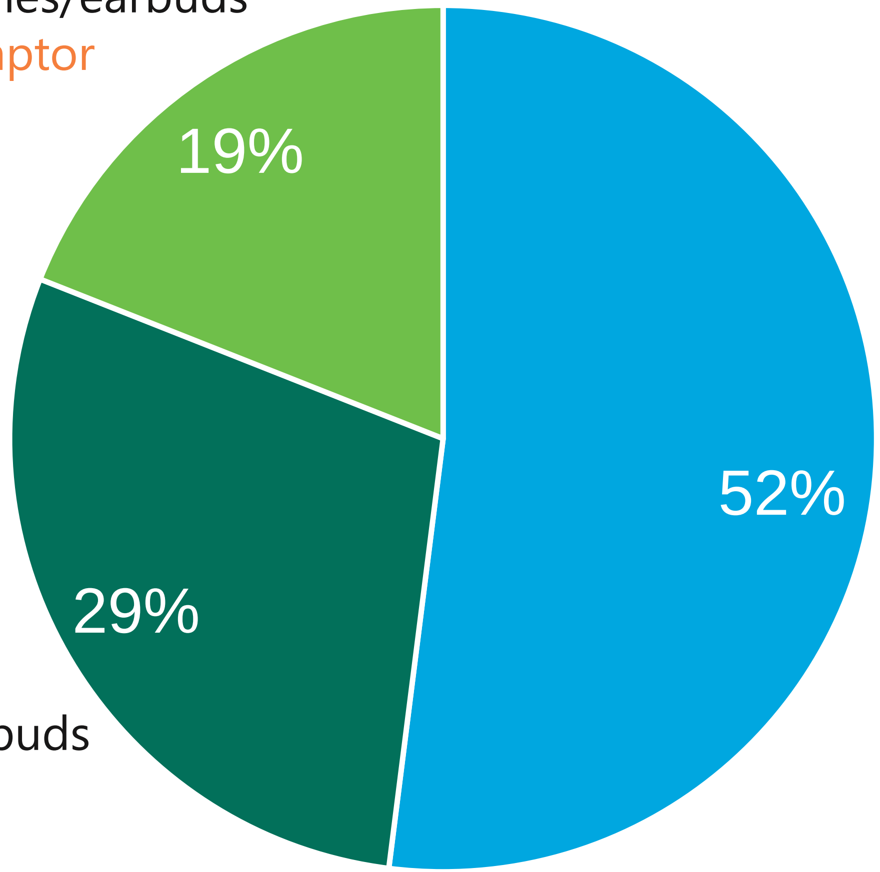
Despite the manufacturers shift away from the inbuilt headphone jack, it remains prevalent

Consumers are still using headphone jacks, as it remains to be the main method of listening to music on smartphones.

61%

of people reported listening to music on their smartphones

Of these people, their **main methods of listening** are:



Base: 1,162

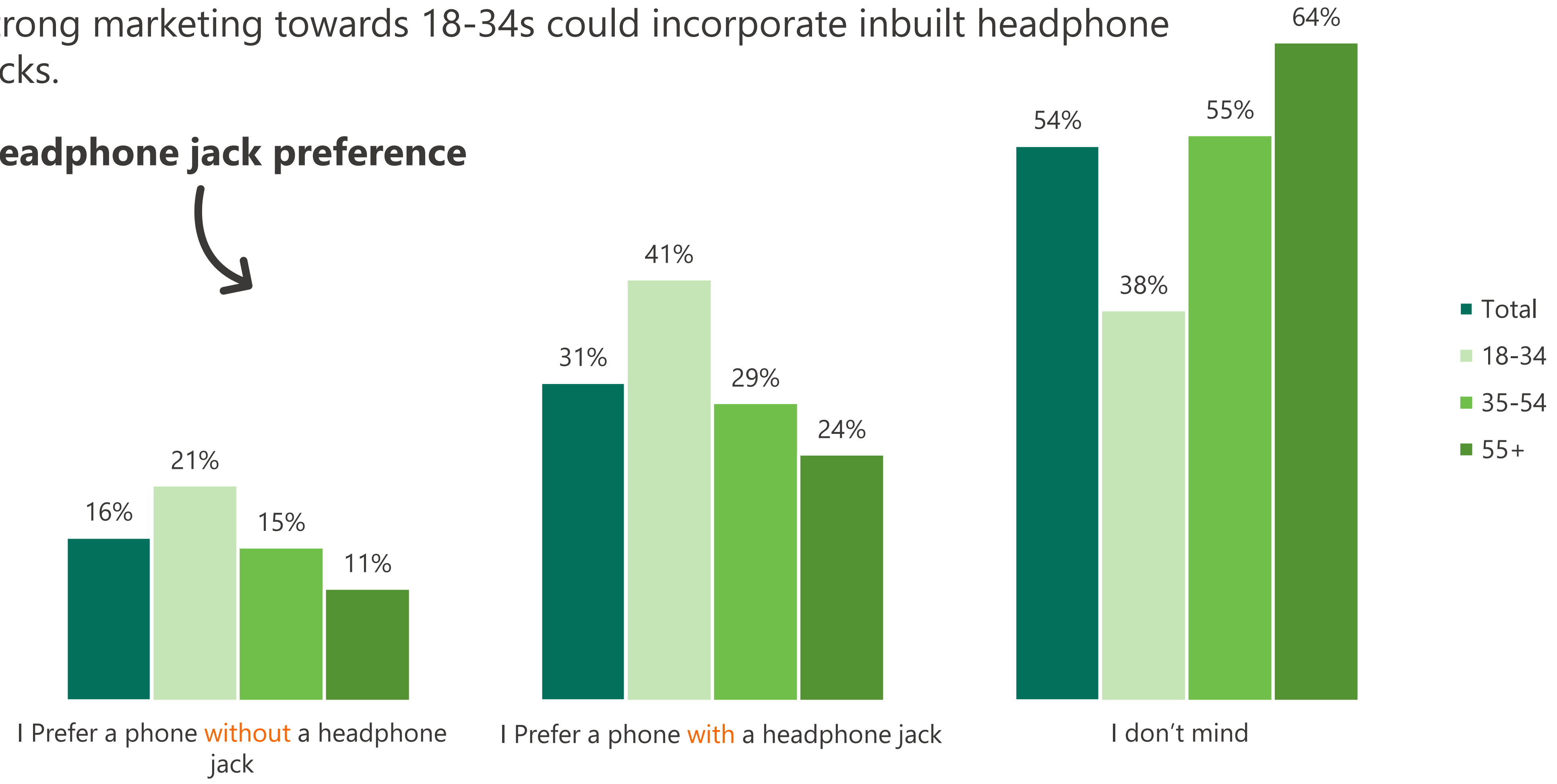
5

HEADPHONE JACK

Interestingly, younger people demonstrate the highest preference for an inbuilt headphone jack

Twice as many people cite a preference FOR a headphone jack compared to without. This preference is higher in younger people. Strong marketing towards 18-34s could incorporate inbuilt headphone jacks.

Headphone jack preference



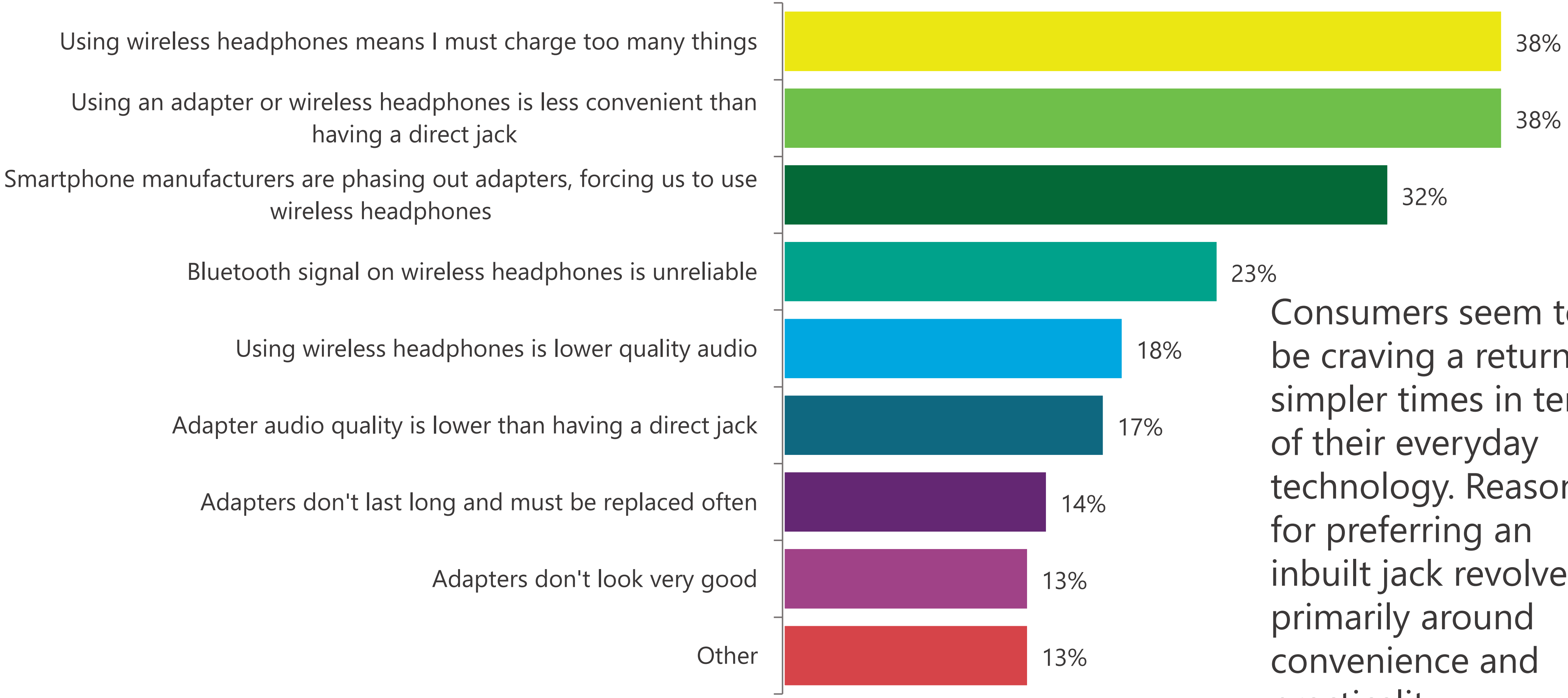
Base: Total (2002) 18-34 (567) 35-54 (702) 55+ (757)

5

HEADPHONE JACK

People are rebelling against the day-to-day complexities imposed on them by tech companies

Reasons for preferring an inbuilt headphone jack



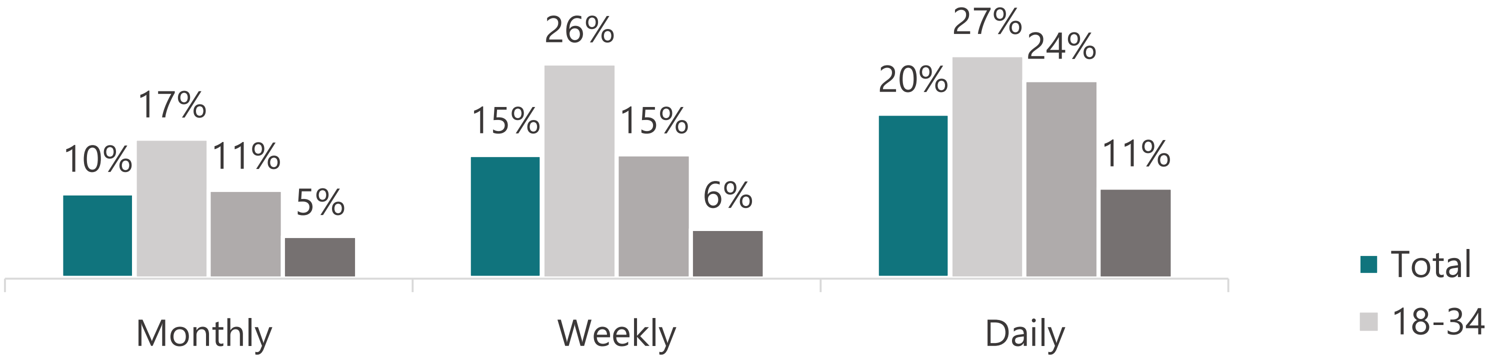
Consumers seem to be craving a return to simpler times in terms of their everyday technology. Reasons for preferring an inbuilt jack revolve primarily around convenience and practicality.

Base: 590

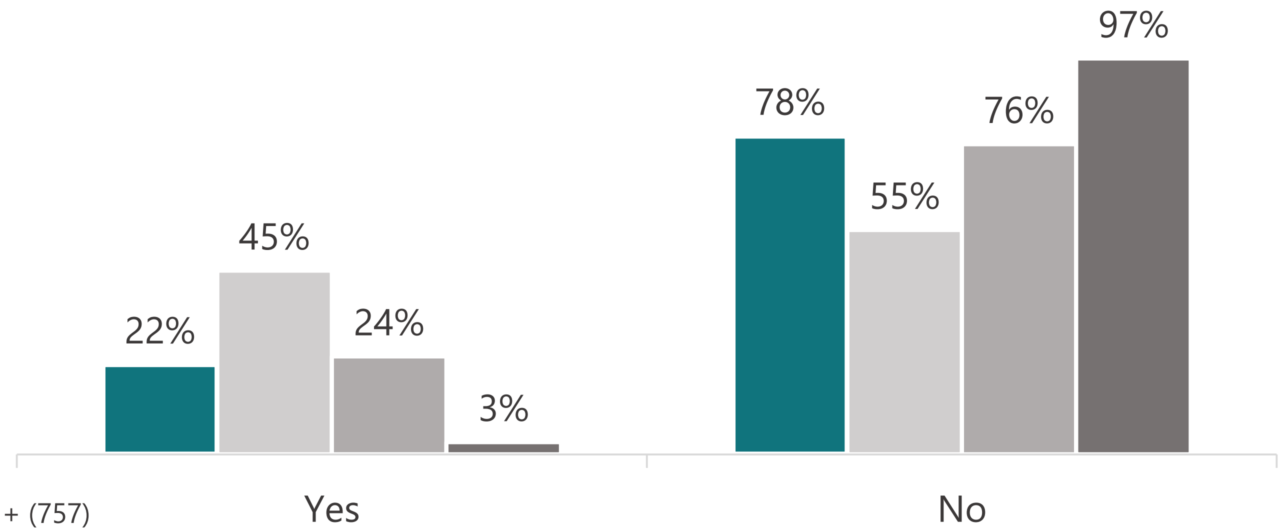
Unsurprisingly, young people are the most 'hardcore' mobile gamers

While 18-34s are the most frequent gamers, they also report the highest desire to stream console-style games direct to their smartphones.

Frequency of mobile gaming by age group:



Desire to stream Xbox, PlayStation, or PC games direct to smartphone:



Base: Total (2002), 18-34 (567), 35-54 (679), 55+ (757)

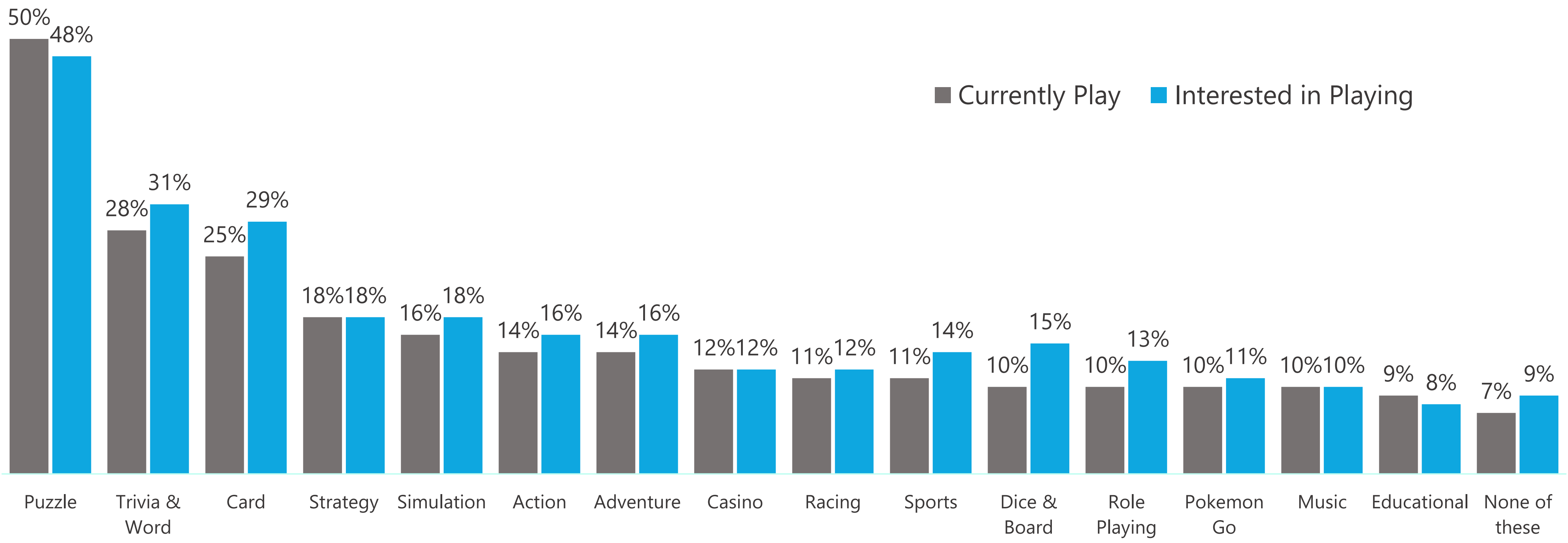
6

MOBILE GAMING

Potential gap in the market for game genres with a higher rate of interest vs current rate of play

Genres like Dice & Board, Adventure, Action, Card, & Trivia have higher rates of interest than current rates of play. This suggests that there are gaps to be filled within these genres to target those who are interested in order to bridge the gap between currently play and interested in playing.

Mobile games currently played vs. games interested in



Base: Currently play/interested (1120)

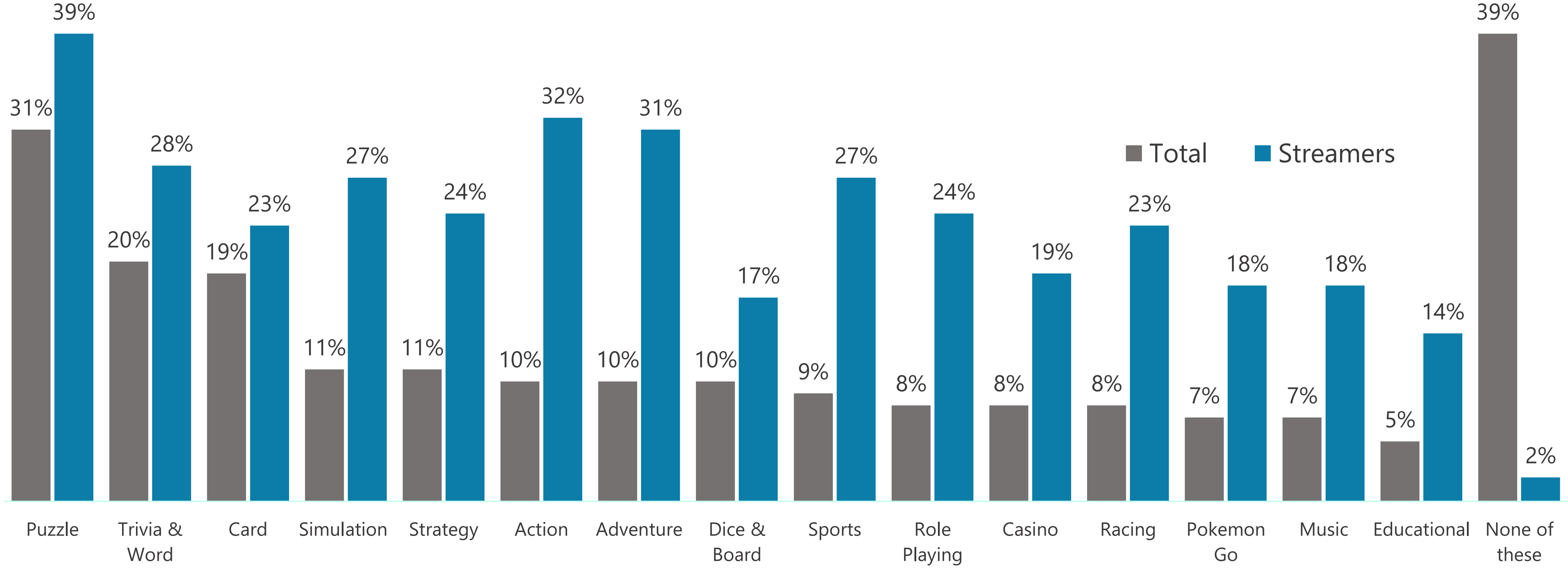
6

MOBILE GAMING

Potential to promote and create ‘hardcore’ game content as streamers get into mobile gaming

People who reported an interest in steaming console games direct to their smartphones are classified as streamers. These people report a much higher interest in playing all genres compared to the general public, especially Action, Adventure, & Sports genres.

Mobile games interested in, all respondents vs, streamers



Base: Total (2002), Streamers (404)

Survey Overview

Topics Covered

- Demographic Details
- Smartphone brand/network usage and awareness
- Provider and contract information
- Length of time people are waiting to upgrade
- Desirable smartphone features
- Headphone jacks
- Mobile Gaming

Potential Data Cuts

Upon request, we are able to cut data by the following:

- Age
- Gender
- Smartphone brand usage
- Service Provider
- Contract Type (long term/monthly/pay-as-you-go, Contract packages, Cost, & Length of contract

Selected Tech & Telecoms case studies

Mobile Concept Test (MVNO)

- Quant research with consumers to test three ‘final’ new handset concepts previously assessed in focus groups.
- 1,500 online interviews with UK target audience using a monadic design with DCM (conjoint) element to finalise list of features to be offered and promoted.

Global Brand Tracker (Digital Media Player)

- Quant tracking to understand awareness, consideration, brand perceptions and advertising recall for leading streaming media player.
- Online tracking study of 2000 consumers per market per monthly wave (across 6 global markets).

iPhone Intentions Study (Major Network)

- After the announcement of the iPhone 8 and X, the client was concerned about low pre-order volumes for the new mobile and wanted to understand why to determine stock levels.
- 3,000 consumer interviews covering purchase intent, reasons for non-consideration, and upgrade likelihood.

UK Brand Tracking (Major Network)

- Quant tracking of how customers’ and prospects’ attitudes evolve over time and what it means for the business.
- 5,000 nationally representative interviews plus 4,000 customer interviews per monthly wave.

In-store experience Study (MVNO)

- Qual research to understand key stages customers go through purchasing a new phone, and areas for CX improvements.
- Accompanied shops with 20 shoppers (5 actually purchased a phone/Sim), and 5 in-store staff interviews.

Consumer IoT Security Labelling Study (Department for Culture, Media & Sport)

- Selected by the DCMS to conduct research into new labelling system to reassure UK public smart devices are safe and secure.
- Background & methodology can be viewed here here

Market Environment Study (VR Brand)

- Quant research across 5 international markets to assess the market potential for a pioneering VR headset.
- 4,000 consumer interviews per market to explore awareness, interest, drivers/ barriers, applications, purchase intent, pricing and early adopter profiling.

Sim Only customer needs (MVNO)

- Quant research to understand why consumers are moving from PAYM/PAYG to SIMO and profile target audience (including spend/sales channels, and drivers of consideration)
- 3,000 consumer interviews with smartphone users

Insight Community (Electronics Company)

- European insight community with experienced photographers and printer users.
- A range of quant and qual research is used to develop products, optimise e-commerce and web design and test marketing communications.

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our approach to brand health and sustainability
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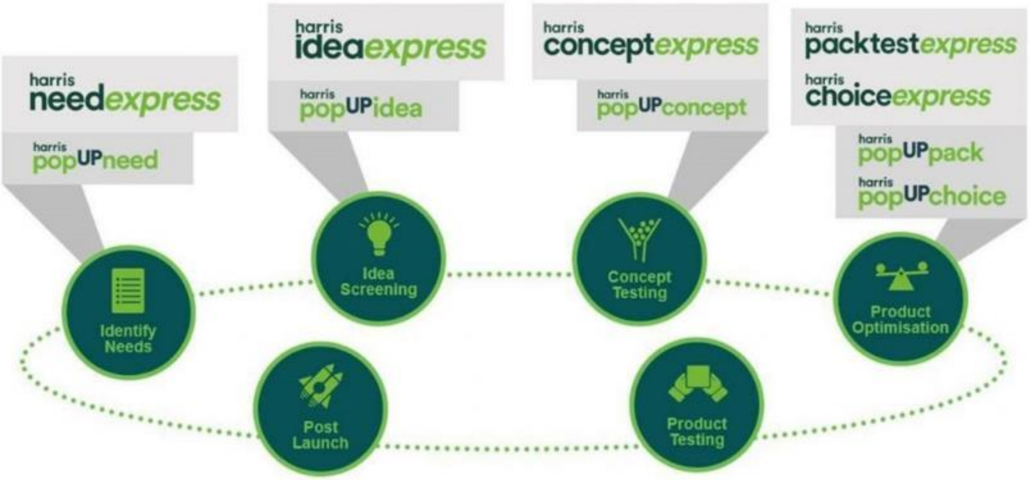

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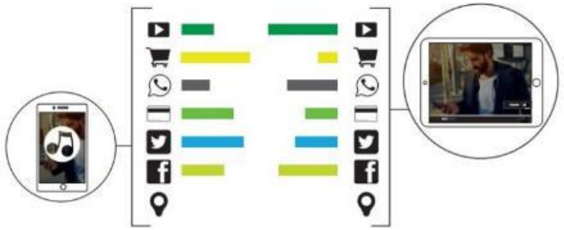

permission-based digital tracking
(actual behaviours)
find out more

we build bespoke, real-time online reporting portals

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ahead of what's next

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