

The smartphone market is there to be won

LONDON, UK: Gone are the days consumers choose mobile phones based solely on their features and functions. New research by GfK shows that smartphone owners in key global markets buy into the 'experiences' created by the mobile ecosystem and the majority (56%) are 'keeping their options open', when deciding their next smartphone purchase.



Every quarter brings new reports of rapid growth in smartphones sales but a key question left unanswered is what is actually driving purchase in the high end smartphone category? Understanding drivers of purchase is naturally a complex subject due to the sheer number of factors that influence consumer decision making. Looking back as little as three years ago, the primary focus for many consumers was acquiring a well designed phone packed with the latest technology such as Wi-Fi, GPS, high resolution camera and so on. In recent years, however, development in mobile hardware has slowed and is arguably becoming less important. Of course, consumers still want good looking handsets with the latest technology, but with so much choice and less differentiation the mobile handset is potentially becoming a more commoditised purchase.

The differentiating factor now, especially among buyers of smartphones, is the 'experience', the possibilities smartphones enable and the needs they satisfy. As such, it is often more appropriate to talk about the attachment consumers place on their smartphones being a direct result of the experiences provided within a 'mobile ecosystem'. An 'ecosystem' can be considered as a mobile operating system (OS) that is internet enabled, has integrated services, is easily customised with 3rd party applications and allows straightforward and instant access to content relevant to the end-user.

So, why is it so important to understand the intricacies behind smartphone purchase decision making? Well, put simply, there is still huge potential for manufacturers to take market share:

1. 37% of mobile phone owners in key global markets are looking to upgrade to smartphones on their next upgrade cycle
2. The majority of smartphone users (56% globally) are keeping their options open on their next upgrade with very few people declaring loyalty to their current smartphone ecosystem

With the rapid advances of smartphone ecosystems in 2010 it is not surprising that consumers remain open minded about which manufacturer they will opt for on their next mobile upgrade. Each mobile ecosystem continues to develop new

services, announce high profile applications and broker exciting content partnerships. Table 1 (see PDF file) shows the varying levels of purchase consideration among consumers using different smartphone ecosystems.

Majority keep their options open

Only 1 in 4 global smartphone users stated they would stay loyal to their current mobile ecosystem with the majority (56%) wanting to keep their options open. Understandably, huge importance is being placed on the ecosystem of smartphones by manufacturers.

Recently, for example, Nokia have rebuilt Symbian and launched Symbian^3 on the N8, whilst Microsoft released Windows Phone 7 in a high profile campaign across a range of high-end devices. Previously, both Symbian and Windows Mobile have come under criticism (from some quarters) for providing a user experience that does not match the high standards set by competitors and for offering limited services and content. This is reflected in the relatively lower loyalty scores their respective ecosystems generate; Symbian (24%) and Windows Mobile (29%). In contrast, Apple, who have arguably led the way in the smartphone market in terms of user experience and service / content provision have very high levels (59%) of stated loyalty to the Apple Ecosystem. Nevertheless, despite this lead even Apple and Android users would consider other mobile ecosystems when it comes to upgrading their phone.

So, with so many consumers keeping their options open, which ecosystems are they currently considering? Overall and perhaps unsurprisingly, Table 2 (see PDF file) indicates that Apple (53%) and Android (51%) lead the way in consumer future purchase consideration.

A positive impact

Clearly, the positive user 'experience' provided by Apple and Android ecosystems is having a positive impact on their current user base. 85% of Apple users would consider re-purchasing an Apple smartphone and similarly 84% of Android users would also consider an Android based Smartphone.

The story is different for other smartphone Ecosystems. Users of Nokia smartphones (running Symbian) are currently more likely to consider alternative mobile ecosystems with Apple, Android and Windows Phone 7 all strong contenders. RIM, although behind Apple and Google Android, is in a stronger position as the large majority of its current base will consider re-purchasing a Blackberry. The challenge for RIM in 2011 is to drive up purchase consideration among non-users and grow its market share.

Evidently, the multitude of options is ensuring that competition in the smartphone market is intensifying. Despite the challenges faced by Nokia and RIM in 2010, they both have some exciting developments in the pipeline which will make them increasingly attractive in 2011. For Nokia, Symbian^3 major updates scheduled in Q1 2011 and the first iteration of MeeGo (not tested in this research) is due for release in early 2011. In addition, RIM has recently launched their new operating system, RIM OS6, and they are expanding their device portfolio with the introduction of a tablet PC.

What is going to influence choice of mobile ecosystem?

So, what is going to influence choice of mobile ecosystem? Table 3 (see PDF file - link at foot of article), shows that in 2011 consumers will be looking for experiences which are interoperable across varied devices such as the smartphone, tablet PC and laptops.

Tablet PCs running the same ecosystems as Apple and Android based smartphones have enabled consumers to evolve the mobile 'experience' and benefit from different form factors on different devices. It is this kind of cross device 'experience' that high-end smartphone consumers will be looking for from their mobile ecosystem in 2011. Smartphone owners from all ecosystem providers ranked the ability to sync their smartphone 'experience' with other device form factors as the most important factor. RIM's tablet PC 'Playbook' is due for release in the first half of 2011 and it is rumoured that Microsoft and Nokia (through MeeGo) will follow suit. If RIM, Microsoft and Nokia can create cross device integrated 'experiences' then

consumers will sit up and take note.

The provision of apps, services and content will still play an important role in 2011. However, it is interesting to see how this has developed and that the importance of 'cloud' based services suggests that consumers want their favourite mobile content supported across different device form factors.

2011 will clearly be an important year for smartphone providers. As consumers continue to buy into 'experiences', the mobile ecosystem will be vital to attracting the next wave of smartphone users and winning the hearts and minds of existing smartphone users. With many compelling options, it will be the manufacturers whose ecosystems offer diverse services, relevant content and a simple user experience across a range of device form factors who will find themselves in the driving seat.

The survey

For this analysis, GfK Custom Research carried out an online survey of a select group of mobile phone users in Brazil (1480), Germany (1001), Spain (1202), the UK (1499), the USA (883) and China (578). The survey was conducted in October and November 2010.

[International Version \(with tables\).](#)

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