

## Mobile and the connected lifestyle

by Rob Conway, CEO and Member of the Board, GSMA

Mobile broadband is growing wildly; there are now more than 287 million HSPA mobile broadband connections and more than 14 million connections are added each month. By 2013, analysts expect that there will be 72 million users of LTE mobile broadband and smartphones and browser-equipped mobile devices will overtake PCs as the dominant Internet access device. The growth of mobile broadband will be accompanied by rising 'app store' sales of a vast number of new mobile applications and a rise in mobile advertising.



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The world's population now stands at more than 6.8 billion people. How are all these people connecting, getting their services and information? There are more than a billion fixed lines in the world, but they address only a very small portion of the global population, and many in emerging markets will never have fixed line access. Conversely, there are currently five billion mobile connections, and that number continues to grow dramatically. Just as mobile networks are connecting the world, mobile broadband will connect the world to the Internet, changing the way we work, live and play.

### Mobile broadband - building the foundation

The adoption of mobile broadband has vastly exceeded all predictions, and this growth is expected to continue. Mobile broadband is enabling more and more people to connect to the mobile Internet. For instance, according to Wireless Intelligence, at the start of the third quarter of this year, there were more than 287 million HSPA (*High Speed Packet Access*) connections spanning 127 countries globally, and more than 14 million connections were being added each month around the world. At the same time, there were nearly 2,100 HSPA devices, including handsets, smartphones,

dongles, notebooks and tablets, available from 175 suppliers.

This momentum is set to continue, as additional HSPA networks are deployed, and operators make the move to LTE (*Long-Term Evolution*). LTE is widely regarded as the de facto mobile broadband technology of the future that will be adopted by the vast majority of mobile operators globally and is expected to experience substantial growth over the next few years. Industry research firm Infonetics Research predicts that the number of global LTE connections will exceed 72 million by 2013.

However, more important than the technology itself is what mobile broadband enables; it allows users to enjoy services ranging from video and music downloads, Web surfing and social networking, to exchanging slide presentations and transmitting medical scans, all on the go.

### Smartphones on the rise

The rapid growth in the mobile broadband market is also fuelling a significant increase in the smartphone market. Smartphones dramatically transform the user experience so that information and content can be more richly delivered, personalised and localised. Research by leading industry analyst firm Gartner underscores the popularity and increasing usage of the mobile Internet. Gartner forecasts that mobile phones will overtake PCs as the dominant Internet access device by 2013. By then, there will be approximately 1.82 billion smartphones and browser-equipped mobile devices, versus 1.78 billion PCs.

### The application explosion

As a result of the growing availability of next-generation mobile broadband networks, as well as the penetration of smartphones, we're seeing a tremendous increase in the number and types of applications available to users today. One only needs to look at statistics on Apple and the iPhone to see how this market is exploding. Nearly 60 million iPhones have been sold since its launch in 2007, and Apple sold more than three million iPads in the first 80 days since its introduction. There are more than 225,000 applications from more than 125,000 developers in the Apple App Store, including 11,000 new apps available for the iPad. Overall, users have now downloaded more than five billion apps and five million e-books. To put this in perspective, there were only 500 apps available when the App Store was launched just two years ago!

However, while perhaps the most popular, Apple is not alone. For instance, we saw that Android app downloads have recently surpassed the one billion milestone. Overall, Gartner forecasts that in 2010, worldwide downloads from mobile application stores will exceed 4.5 billion, and will surpass 21.6 billion by 2013. At the same time, worldwide mobile app stores' download revenue, which includes end-user spending on paid-for apps and advertising-sponsored free apps, is expected to grow from US\$6.8 billion USD in 2010 to US\$29.5 billion USD by the end of

2013. Further, advertising-sponsored mobile apps will generate nearly 25 per cent of mobile application stores' revenue by 2013.

There are other initiatives underway that will serve to accelerate the market for mobile applications. The Wholesale Applications Community (WAC), launched in February 2010, is a global alliance formed by leading organisations within the telecoms sector; it is designed to unite a fragmented applications marketplace. Importantly, WAC will simplify application development by giving developers the opportunity to write applications that can be deployed across multiple platforms and multiple operators, and address a potential global market of more than three billion users. Further, it will enable developers to utilise both device and network capabilities to create a richer experience. WAC will also provide greater choice for end users as it enables portability of apps across devices, OS and network operators.

### Mobile advertising – an eyeball magnet

Clearly, the market for applications is expanding rapidly. Moreover, it's creating something else that is very important - a magnet for eyeballs. According to a study by Nielsen, the average smartphone user has downloaded an average of 22 apps, with iPhone users downloading an average of 37. App stores provide a significant level of 'stickiness', as users return again and again for updates to their current apps and to purchase new apps. People are also spending more and more time with their favourite apps.

Major brands have recognised this and are getting in on the act, extending their advertising campaigns to the mobile app domain. Brands are focusing on developing apps that are useful to their audience, so users see them for their practical value rather than as blatant advertising. Companies such as Starbucks, The North Face, Nike and Chipotle Grill have all developed apps that provide the user with useful information and capabilities, while extending brand recognition. The growth in apps, combined with the rise of the smartphone, makes mobile very ripe for advertising.

Looking at the numbers for mobile advertising today, one may wonder what all the fuss is about. It has certainly been over-promised in the past, and is currently just a fraction of online ad spending and of ad spending overall. However, this overlooks the trends and significant momentum in mobile advertising. Mobile advertising has evolved

dramatically, going beyond the simple offers via SMS text to highly contextualised experiences.

Recent developments attest to how the mobile advertising market is heating up; more than US\$1 billion USD has been spent on the acquisition of companies strictly focused on mobile as an advertising medium. In May, Google completed its acquisition of AdMob, and in January, Apple acquired Quattro Wireless, and Opera Software purchased AdMarvel. These acquisitions are already starting to bear fruit; Apple launched its mobile advertising platform, iAd, in April.

One of the main challenges with mobile advertising is that mobile has not defined common metrics to measure value, such as those for print, broadcast and online advertising. However, the mobile industry has made significant strides in this area through the GSMA's Mobile Media Metrics service.

Mobile Media Metrics is based on 'anonymised', census-level data for mobile Internet usage across mobile networks. This data is augmented with demographic data that has been collected with the consent of a representative sample of mobile Internet users. The Mobile Media Metrics service provides a rich, aggregated view of mobile Internet usage behaviour, enabling market-level analysis of site visitation and engagement metrics, such as page views, time spent on specific sites, and device types and features. Finally, for the first time, we have comprehensive insights into mobile media consumption, empowering brands and agencies to plan effective and focused campaigns for the mobile medium.

### Making the connected lifestyle a reality

We all know that users want to be able to access all of their services, content and applications whenever they want, wherever they are. We need to create a seamless experience on a mobile device, on a PC or on home entertainment systems, so that users can take their content with them, regardless of time or place. That's the big opportunity – creating a truly connected lifestyle. With the advances in mobile broadband technology, the proliferation of feature-rich smartphones, the creation of innovative new applications and the ability to deliver personalized and contextual user experiences, mobile is making this a reality. ●