CONSUMERLAB

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COMMUNICATION IN THE WORLD OF APPS

Understanding how app usage
is transforming the way we interact

CONTENTS

Methodology

This report presents research into app usage behavior using on-device measurements across several markets, with a particular focus on how messaging and social media apps influence the way we communicate – now and in the future.

The research sample represents Android smartphone users in India, Japan, South Korea, the UK, and the US. Prospective panelists were recruited by email, through partner companies or via online/mobile advertising. Data was collected by Nielsen in 2014.

COUNTRY	INDIA	JAPAN	SOUTH KOREA	UK	US
Sample size	7,500 Android users	1,800 Android users	7,500 Android users	3,000 Android users	4,000 Android users
Representation	100 million Android users	25.2 million Android users	29.3 million Android users	20.7 million Android users	94.6 million Android users

THE VOICE OF THE CONSUMER

Ericsson ConsumerLab has 20 years' experience of studying people's behaviors and values, including the way they act and think about ICT products and services. Ericsson ConsumerLab provides unique insights on market and consumer trends.

Ericsson ConsumerLab gains its knowledge through a global consumer research program based on interviews with 100,000 individuals each year, in more than 40 countries and 15 megacities – statistically representing the views of 1.1 billion people. Both quantitative and qualitative methods are used, and hundreds of hours are spent with consumers from different cultures.

To be close to the market and consumers, Ericsson ConsumerLab has analysts in all regions where Ericsson is present, developing a thorough global understanding of the ICT market and business models.

All reports can be found at:
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THE FUTURE OF INTERACTION

In this report, we aim to explain how people communicate today in the world of apps, and what the future will look like as technology continues to develop to accommodate our needs. Through messaging and social media, keeping in touch with those around us has never been easier – even with those we see infrequently.

From smartphone user personalities to cultural variations, we examine the differing ways that today's users relate to communication apps.

KEY FINDINGS

Communication continues to be the dominant activity on smartphones

> Although smartphones have a wide range of functions, more than 30 percent of time spent using them is on communication apps (US, UK and India)

Communication apps are 'always on' and are a key driver of mobile broadband usage

> Communication apps are accessed most frequently and have a higher dependence on mobile broadband. Around 40-50 percent of data consumption for communication apps happens when using mobile broadband, whereas the corresponding figure for video apps is only around 20 percent

Different people use communication apps differently

> Although there is a pioneer app communicator group who are heavy users of both social networking and chat apps, 24 percent of smartphone users in the US predominantly use social networking, whereas 12 percent are more focused on chat apps

Culture and language influence communication patterns and adoption of communication apps

> British and American users make more voice calls, while Japanese and South Korean users prefer texting. Communication apps developed with a local flavor, for example Line and KakaoTalk, are very popular in Japan and South Korea respectively

There is growing interest in visual communication apps with built-in privacy and accessibility features

> Instagram and Pinterest, whose core offering is visual communication, have witnessed 20 and 60 percent growth respectively compared to 2014. The growing popularity of Snapchat shows consumers' preference for visual apps with built-in privacy

There is high interest among consumers for human-like communications with machines

> 1 in 2 smartphone users across 10 major cities would consider getting a robot to teach them how to use new technology. It remains to be seen how humans will communicate with devices and robots in different ways in the future
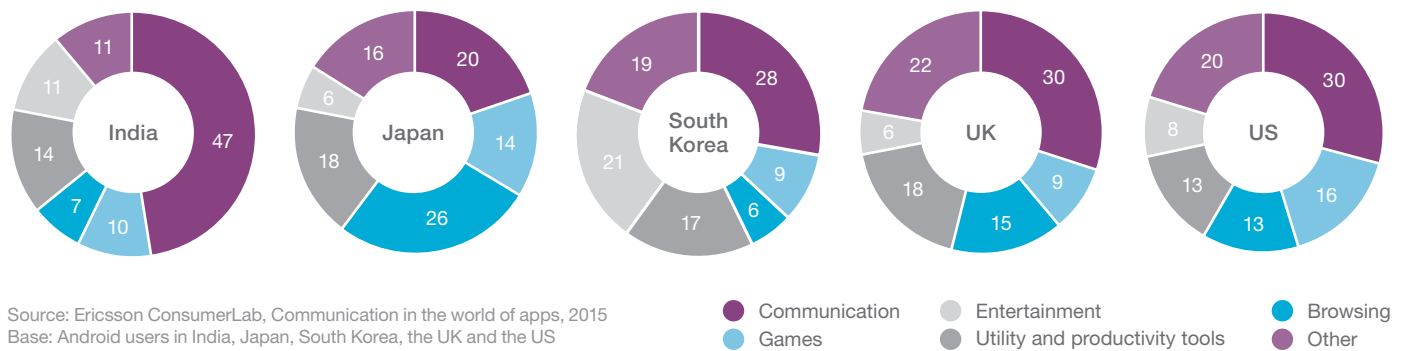
ALWAYS ON

Communication first

Smartphones are replacing a variety of specialized devices. Among the myriad activities that you can carry out on smartphones, communication[1] remains dominant, as illustrated in Figure 1.

Respondents from the US and UK are more likely to communicate using their smartphones, compared to those from Japan and South Korea, who place equal importance on browsing and productivity tools, respectively.

Figure 1: Percentage of time spent using different smartphone app categories (not including SMS)

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
Base: Android users in India, Japan, South Korea, the UK and the US

- Communication
- Games
- Entertainment
- Utility and productivity tools
- Browsing
- Other

Communication is the dominant activity carried out on smartphones

[1] Mobile communication encompasses everything from voice calls and SMS to instant messaging (IM), email and social networking. The data in this analysis applies to Android users only.

Reliance on mobile broadband

Aside from traditional classification, smartphone apps can be classified based on two main factors. These are the average number of times the app is accessed – known as session frequency – and also the app's dependence on mobile broadband versus Wi-Fi, as explained in Figure 2.

Communication apps fall within the 'always on' category. Consumers want constant access to them and use them frequently, which means they often rely on having mobile broadband coverage, especially when outdoors or on the move.
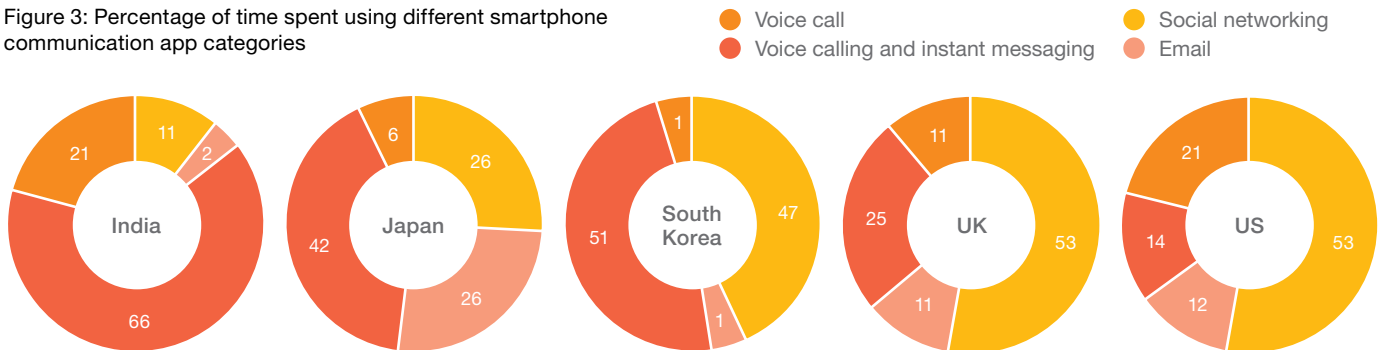
Figure 2: App category classification

Leisure time
> May not be data-intensive
> Usually accessed from the comfort of home

Always on
> Notification-based
> Driven by fear of missing out (FOMO)

Can postpone
> Use can be postponed until cost-effective and stable connection is available

Cannot wait
> Need or time-based
> Driven by the need for instant feedback

Average number of times used in a month

300 — Social networking
250 — IM/VoIP
200 — Games
150
— Email
100 — Other entertainment / Commerce/shopping / Search
News / Finance
50 — Music
Google Play / Maps
Video
0

10% 20% 30% 40% 50%

Proportion of total data sent via mobile broadband rather than Wi-Fi

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
Base: Android users in India, Japan, South Korea, the UK and the US

CULTURAL VARIATION

Figure 3: Percentage of time spent using different smartphone communication app categories

- ● Voice call
- ● Voice calling and instant messaging
- ● Social networking
- ● Email

India: 21, 11, 2, 66
Japan: 6, 26, 26, 42
South Korea: 1, 47, 1, 51
UK: 11, 53, 11, 25
US: 21, 53, 12, 14

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
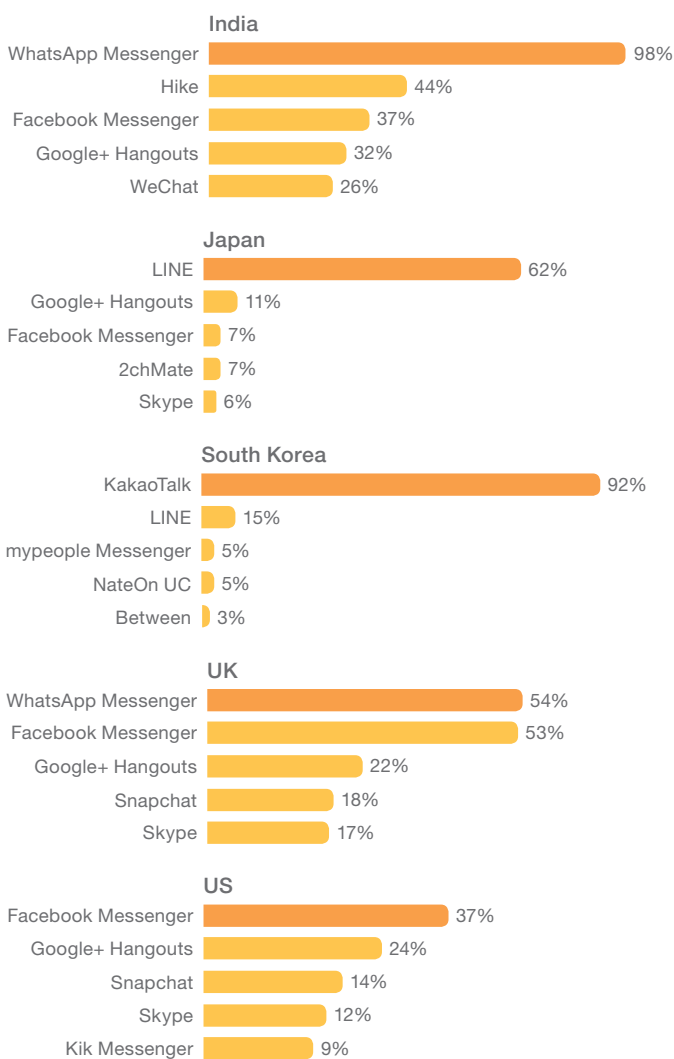Base: Android users in India, Japan, South Korea, the UK and the US

Figure 4: Percentage of respondents using the top 5 apps in the voice calling and instant messaging app categories at least once a month

India
- WhatsApp Messenger — 98%
- Hike — 44%
- Facebook Messenger — 37%
- Google+ Hangouts — 32%
- WeChat — 26%

Japan
- LINE — 62%
- Google+ Hangouts — 11%
- Facebook Messenger — 7%
- 2chMate — 7%
- Skype — 6%

South Korea
- KakaoTalk — 92%
- LINE — 15%
- mypeople Messenger — 5%
- NateOn UC — 5%
- Between — 3%

UK
- WhatsApp Messenger — 54%
- Facebook Messenger — 53%
- Google+ Hangouts — 22%
- Snapchat — 18%
- Skype — 17%

US
- Facebook Messenger — 37%
- Google+ Hangouts — 24%
- Snapchat — 14%
- Skype — 12%
- Kik Messenger — 9%

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
Base: Android users in India, Japan, South Korea, the UK and the US

East versus west

In Japan and South Korea, local communication apps are particularly popular. American and British users also make relatively more voice calls, whereas Japanese and South Korean users prefer to text. This behavior demonstrates the influence culture has on communication.

Another aspect that could influence the way people communicate is the communication plans offered by service providers. For example, unlimited voice calls in the US encourage this way of communicating. Japan has a pronounced email culture, likely influenced by the fact that SMS was not standardized in Japanese systems for some time. 1 in 4 Japanese smartphone users do not make traditional voice calls anymore.

Language and culture shapes popularity

Figure 4 shows that largely English-speaking countries (US, UK and India) are more likely to adopt communication apps developed for an English audience. These countries follow a similar pattern – although WhatsApp Messenger doesn't feature highly in the US.

In Japan and South Korea, local players LINE and KakaoTalk dominate the communication app market. LINE has become very popular due to its emoticons. The pattern of usage in these countries is unique, and these apps appeal to the cultural palate.

1 IN 4 Japanese smartphone users do not make traditional voice calls
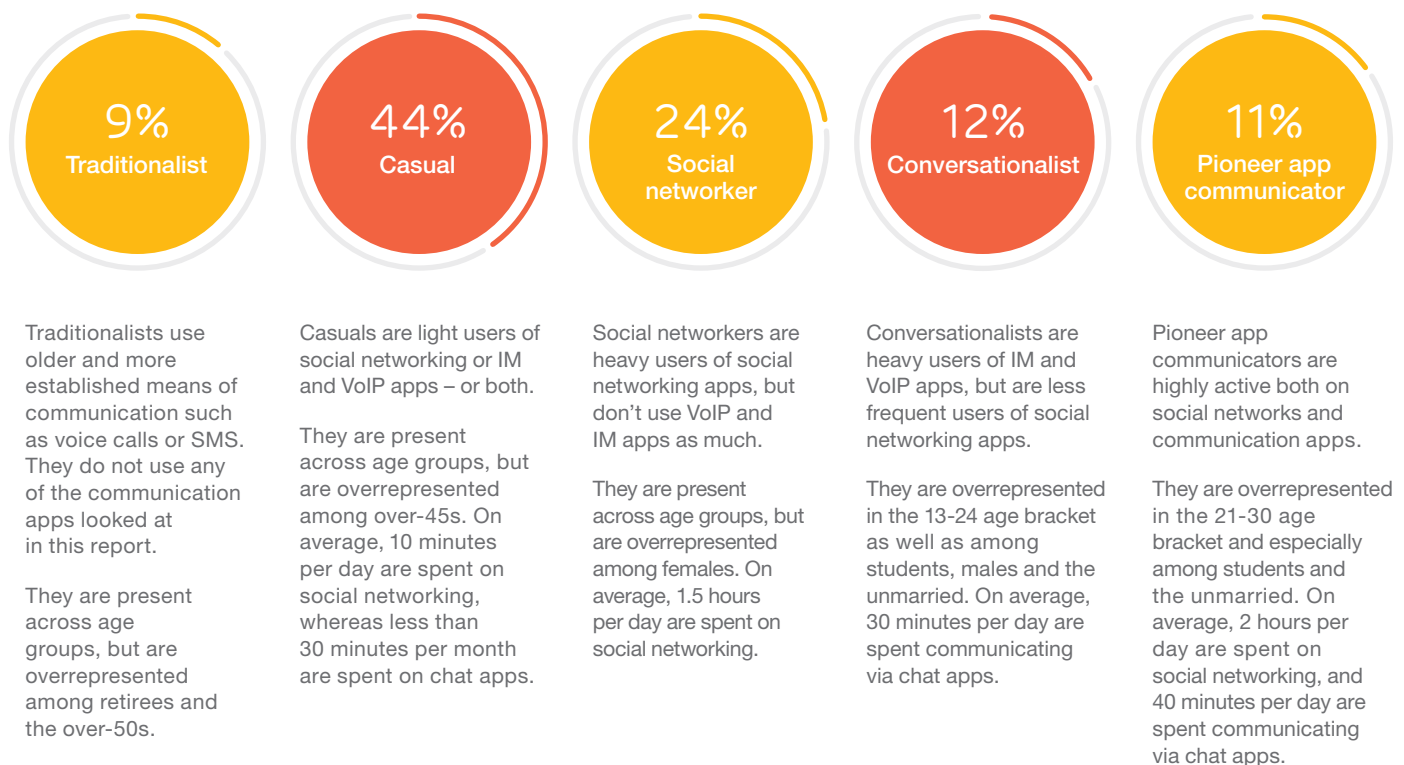
CLASSIFYING COMMUNICATORS

Smartphone users have evolved their behavior from using their phones just for voice calls and texting, to being more interested in social networking and voice calling and instant messaging apps (VoIP and IM apps). Due to this, a multitude of online personalities have emerged. Figure 5 depicts the 5 main communicator personalities in the US – from traditional to heavier users.

The pattern of communicator personalities in India and the UK is similar to the US. However, in Japan and South Korea, the proportion of conversationalists is higher than that of social networkers, owing to the fact that IM and VoIP apps are more popular than social networking apps.

Figure 5: Smartphone communicator personalities

| 9% Traditionalist | 44% Casual | 24% Social networker | 12% Conversationalist | 11% Pioneer app communicator |

Traditionalists use older and more established means of communication such as voice calls or SMS. They do not use any of the communication apps looked at in this report.

They are present across age groups, but are overrepresented among retirees and the over-50s.

Casuals are light users of social networking or IM and VoIP apps – or both.

They are present across age groups, but are overrepresented among over-45s. On average, 10 minutes per day are spent on social networking, whereas less than 30 minutes per month are spent on chat apps.

Social networkers are heavy users of social networking apps, but don't use VoIP and IM apps as much.

They are present across age groups, but are overrepresented among females. On average, 1.5 hours per day are spent on social networking.

Conversationalists are heavy users of IM and VoIP apps, but are less frequent users of social networking apps.

They are overrepresented in the 13-24 age bracket as well as among students, males and the unmarried. On average, 30 minutes per day are spent communicating via chat apps.

Pioneer app communicators are highly active both on social networks and communication apps.

They are overrepresented in the 21-30 age bracket and especially among students and the unmarried. On average, 2 hours per day are spent on social networking, and 40 minutes per day are spent communicating via chat apps.

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
Base: Android users in the US

EXPLORING NEW APPS

The app loyalty divide

There are certain factors that foster loyalty to apps, and others that encourage openness to new ones.

Key factors that drive loyalty to communication apps include ease of use and popularity among friends and peers. On the other hand, attractive and compelling features in new apps can disrupt legacy applications and encourage openness.

Certain apps may begin to lose their charm for younger people as they become more mainstream – especially if their parents begin using them, for example.

Endless choice

There has been an explosion in the number of apps available, and users are intrigued by this. However, many of these apps do not satisfy the discerning smartphone user – hence opening doors for newer and more evolved apps.

Heavy users of social networking apps are more likely to explore the social networking app space for newer options. By contrast, heavy users of IM and VoIP apps are more likely to explore communication apps.

Figure 6: Likelihood of exploring new apps
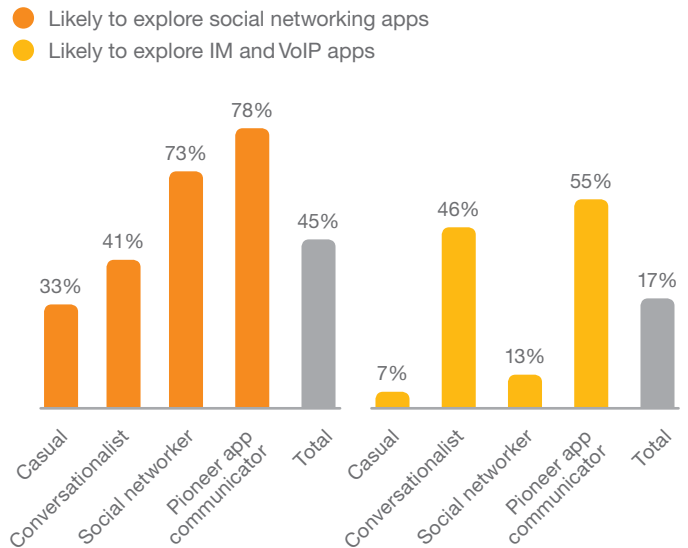
- Likely to explore social networking apps
- Likely to explore IM and VoIP apps

Source: Ericsson ConsumerLab, Communication in the world of apps, 2015
Base: Android users in the US

The figure above shows the proportion of respondents in each segment who use three or more apps in the social networking category, as well as in the IM and VoIP app categories, respectively. Our conclusion is that smartphone users who use three or more apps for a specific app category are more likely to explore new apps, since they do not feel that their socializing and communication needs are met by just two apps.

RICHER COMMUNICATIONS

The way we use technology to communicate is constantly evolving, mirroring the innate habits of human communication.

Looking ahead, communication apps are likely to evolve to become more appealing, instinctive and seamless. With the increasing digital footprint, users are more likely to value on-demand privacy and security in communication apps.

We have already started to see early signs of these features being implemented in communication apps.

1 IN 3

users agrees that sharing photos online is a good way to stay connected with friends

Instinctive response

Communication apps are likely to evolve to a state where communicating with each other digitally becomes natural, like human interactions.

The word 'selfie' was added to dictionaries in 2013, and in 2014 selfie sticks emerged. In an Ericsson ConsumerLab survey of smartphone users in the US in 2014, 1 in 4 were willing to pay for a service offering that includes unlimited image shares without incurring any data charges. Apps like Instagram and Pinterest promote a 'click and share' culture.

Apps such as Yo and Taptalk enable users to converse with just a tap, without typing or speaking. The stickers in chat apps like LINE and KakaoTalk are so popular that they are being monetized. 40 percent believe that within a year, smartwatches that can send light pressure to mimic touch will become mainstream.

Consumers also anticipate that we will soon see advances in instinctive communication technology beyond the way humans currently communicate.

In an Ericsson ConsumerLab survey of smartphone users in major cities in 2014, 70 percent believed that by 2020, devices that interpret brainwaves and allow you to communicate via thought will become common.

Figure 7: Percentage of smartphone users who have accessed Instagram and Pinterest throughout the year
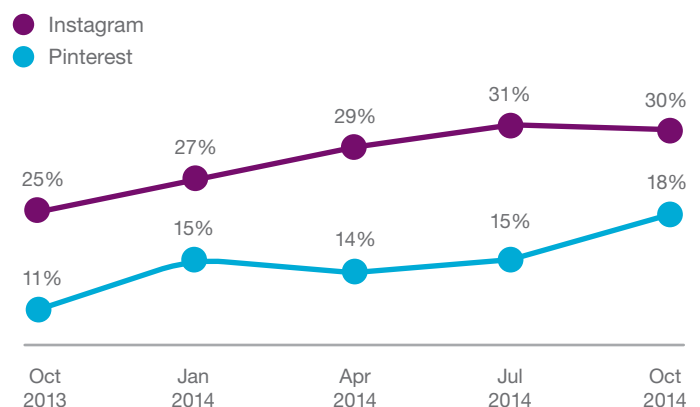
- **Instagram**
- **Pinterest**

Instagram: 25% (Oct 2013), 27% (Jan 2014), 29% (Apr 2014), 31% (Jul 2014), 30% (Oct 2014)

Pinterest: 11% (Oct 2013), 15% (Jan 2014), 14% (Apr 2014), 15% (Jul 2014), 18% (Oct 2014)

| Oct 2013 | Jan 2014 | Apr 2014 | Jul 2014 | Oct 2014 |

Source: Ericsson ConsumerLab, Comscore USA, 2014-2015
Base: 14,000 respondents, smartphone users who use the internet daily

Seamless and uninterrupted

Future digital communication will become more fluid and continuous – uninterrupted across devices, platforms and network connection types. This is particularly important in alleviating users' fear of missing out (FOMO). They want the option to communicate at all times, from any place or device.

40 percent of smartphone users across 10 cities claimed that smartphone notifications for meetings, activities, status updates and messages help them to be on top of things.

Hike offers a feature that allows the user to chat with friends even when they are offline by sending the message as an SMS, at no cost to the user. When they reply, the message appears in Hike. Twitter has latched onto consumers' FOMO too, with a new feature called 'While you were away', which puts together a recap of important tweets tailored to the individual user.

On-demand privacy

The past year has seen a gradual decrease in Facebook usage in the US, especially among the 18-34 age category. Due to Facebook's popularity, especially among parents, overexposure could lead to privacy concerns for the younger generation. Some feel that they can be tracked, while some don't like to be tagged in photos and posts by their parents.

Figure 8: Percentage of US smartphone users who accessed Facebook and Snapchat throughout the year in the age group of 18-34
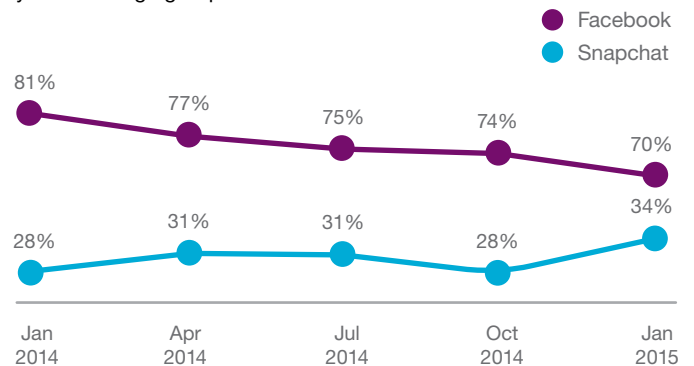
Source: Ericsson ConsumerLab, Comscore USA, 2014-2015
Base: 14,000 respondents, smartphone users who use the internet daily

Figure 8 illustrates Facebook's reach compared to that of Snapchat across one year, for the 18-34 age bracket in the US. It shows us that while Facebook's reach is decreasing, Snapchat has gained in popularity owing to its transient nature.

The images sent via Snapchat disappear within a few seconds, so users don't have to worry about their digital footprint. Facebook, on the other hand, can store images for years once posted. In an Ericsson ConsumerLab survey of smartphone users in major cities in 2014, 21 percent of smartphone users fear that embarrassing photos of them posted online will never be forgotten.

CIRCLES OF COMMUNICATION

The circles of communication concept is based on the idea that the people we communicate with can be imagined as circles surrounding us. Close friends and family are the closest to us, and form the inner circle. Distant friends and relatives form the outer circle. Figure 9 compares the circles of communication today with how they could look in the future.
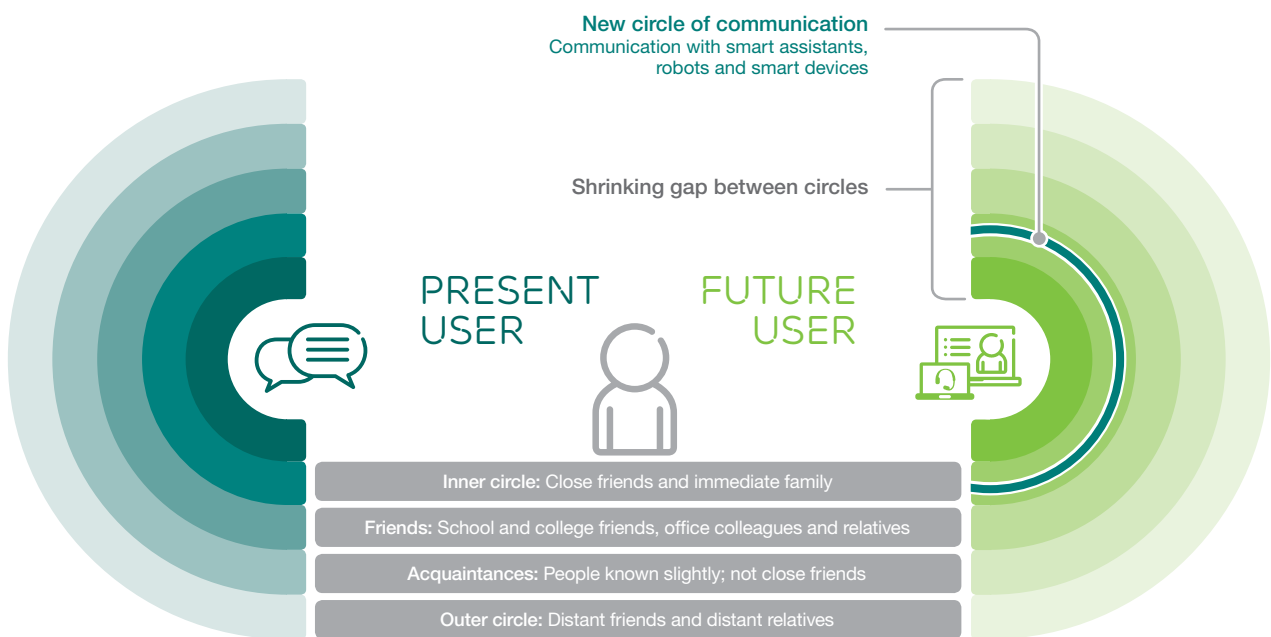
Shrinking the gaps
The use of social networking and chat apps is shrinking the gaps between the circles of communication, bringing them closer together. It is now easier to stay in touch with friends and acquaintances.

The new circle of communication
New aspects of communication are evolving as technology develops. Consumers today have started to have human-like communications with non-humans, like smart assistants, robots and smart devices, creating a new circle of communication.

In a study across 10 major cities, 1 in 2 smartphone users believed that smart assistants that you can talk to for advice and ask to make reservations will become mainstream in a year. 48 percent of smartphone users said they would consider getting a robot to teach them how to use new technology, and 1 in 3 would consider keeping a robot for company.

Figure 9: Evolving circles of communication

New circle of communication
Communication with smart assistants, robots and smart devices

Shrinking gap between circles

PRESENT USER   **FUTURE USER**

Inner circle: Close friends and immediate family
Friends: School and college friends, office colleagues and relatives
Acquaintances: People known slightly; not close friends
Outer circle: Distant friends and distant relatives

Source: Ericsson ConsumerLab, Journey to the third place, 2003
Ericsson ConsumerLab, Communication in the world of apps, 2015

Our research shows that among smartphone users in New York, 14 percent already use a wearable activity wristband.[2] Could wearables soon evolve from mere tracking devices to generate meaningful insights and advice for users?

It remains to be seen if the technology will reach a stage where wearables, along with other futuristic devices, also start to engage in human-like communications with consumers.

[2] Ericsson ConsumerLab, 10 Hot Consumer Trends 2015

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Our services, software and infrastructure – especially in mobility, broadband and the cloud – are enabling the telecom industry and other sectors to do better business, increase efficiency, improve the user experience and capture new opportunities.

With approximately 115,000 professionals and customers in 180 countries, we combine global scale with technology and services leadership. We support networks that connect more than 2.5 billion subscribers. Forty percent of the world's mobile traffic is carried over Ericsson networks. And our investments in research and development ensure that our solutions – and our customers – stay in front.

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