How network speed affects user behavior in Saudi Arabia

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### METHODOLOGY

This study seeks to investigate how network speed affects mobile broadband user behavior in Saudi Arabia. A number of interviews were carried out using qualitative and quantitative methods.

The respondents were people living in urban regions, aged 15–69. All were mobile internet users with either a dongle or mobile phone. The faster network behavior comparison analysis sections are based only on mobile internet users with phones.

The findings are estimated to represent 35 percent of the total population of Saudi Arabia. They encompass 6 focus group meetings in Riyadh and Jeddah, as well as the following interview methods:

- 1,279 quantitative interviews
  - 663 online interviews
  - 351 face-to-face interviews

The fieldwork period took place in the later half of 2013, with a ratio of 72 percent prepaid and 28 percent postpaid users.
Mobile broadband is right at the center of consumers’ lives, from the moment they wake up until the end of the day. As more advanced applications become popular, perceived network performance and reliability have a significant impact on users’ satisfaction and loyalty. In this study, we compared the differences in mobile broadband users’ behavior when using data on networks perceived as faster and networks perceived as slower. The networks perceived to be faster were in this case represented by 4G networks, and the networks perceived to be slower were represented by 3G networks.

> Faster networks are affecting user behavior
Users on faster networks behave differently to users on slower networks. In both samples, the users’ profiles are very similar, and the early adopter segments are not overrepresented in faster networks. However, mobile broadband smartphone users on faster networks tend to have a more positive perception of the network operator, and the number of promoters (users who recommend their operators) is also higher.

> User priorities are changing
Value for money and network performance are two important areas that impact satisfaction. However, network performance is not generally a concern for users on faster networks.

> Advanced services are used more
Advanced services such as internet/video calls, mobile payments and tethering are used significantly more by users on faster networks, compared to those on slower networks.

> Toggling between connections is decreasing
Indoor Wi-Fi used to be preferred to mobile broadband as a way of connecting to the internet. However, due to the perceived good service provided by faster networks, toggling between the two types of connections from location to location is decreasing.

> Perceived extra costs are a deterrent
There is a misguided perception in Saudi Arabia that faster networks are more expensive. This is one of the main barriers preventing people from subscribing to them.

KEY FINDINGS

- Faster networks are affecting user behavior
- User priorities are changing
- Advanced services are used more
- Toggling between connections is decreasing
- Perceived extra costs are a deterrent
A DIVERSE MARKETPLACE

A customized ConsumerLab mobile internet segmentation model has been developed for Saudi Arabia to identify different user groups. The region is a diverse market made up of many different nationalities. In our mobile broadband user sample, 62 percent of the respondents were Saudi nationals and 38 percent were expats. The Saudi national segment consisted of two parts: Saudi adults and Saudi youth. Saudi adults make up nearly half of the total mobile broadband users in the region. There is also a significant expat Arab community, comprising 29 percent of the total mobile broadband users.

Who are the faster network users?
In this study, the behavior of mobile broadband users who had subscribed to faster and slower networks is compared. Between these two groups the nationality and age composition is very similar. The two samples were also analyzed from an early-late adopter perspective.

The majority of early adopters were from the youth segment, with experience-oriented, career-focused profiles, while late adopters include basic and family-phone profiles. The proportion of early adopters in both samples is very similar, with no ‘early adopter effect’ in the faster sample. We therefore consider them to be comparable samples.

The level of technology adoption among users on faster and slower networks correlates with what would be expected from their user profiles. This means that from a behavior perspective, any differences are due to network speed.

Figure 1: Mobile broadband user segments in Saudi Arabia

Figure 2: Network user profiles in Saudi Arabia

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband users in Saudi Arabia

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband smartphone users in Saudi Arabia
SATISFACTION VS. IMPORTANCE

From the moment a consumer enters the operator’s retail store, there are many factors affecting their satisfaction. But which factor has the biggest impact? To address this question, regression analysis was conducted. This calculates the correlation factor between the different elements in regards to contribution to the overall customer satisfaction score.

Figure 3 plots the impact of different elements on customer satisfaction versus the current level of satisfaction for each element. For users, value for money and network performance are the most important factors that impact satisfaction. However, there is also a very strong correlation between the two.

Network performance satisfaction is relatively high compared to other factors, however the satisfaction with value for money is only moderate.

Figure 4 reflects the perspective of users receiving services from slower and faster networks.

Customer support is also an area of high importance with a comparatively low level of satisfaction, and should therefore be prioritized. On the other hand, satisfaction with loyalty rewards is low, but also lower on the scale of priorities.

Figure 4 reflects the perspective of users receiving services from slower and faster networks.

For smartphone users subscribed to the faster network, value for money and customer support are the most important factors impacting satisfaction. At first glance, network performance does not seem to be a high priority for users on better performing networks. The reason is that once users are accustomed to having a good performance, they stop thinking about it and focus on other things. However, they tend to be sensitive to any degradation in performance, and should this happen it would quickly become high priority again.

* Shapley regression analysis, showing the relative impact between satisfaction with each driver and operator satisfaction.
Consumers interact with many different service providers throughout their daily lives, from retail stores to banks. When interacting with their mobile operators, they do not compare the customer service experience with other operators, but to service providers in different sectors. Figure 5 below illustrates that customer satisfaction across the banking, retail, mobile operator and airline industries is compared. The results show that satisfaction with mobile operators’ customer service lags behind other industries in many areas, including speed of service and users’ ability to get help.

In today’s world, mobile phones are lifelines. Mobile services play a vital role in consumers’ lives, and the majority do not expect to have problems with their smartphones. If a problem occurs, they expect immediate resolution. 50 percent of users said that personalized and knowledgeable customer service support is extremely important to them, even if they have to pay extra for it.

Figure 5: Percentage (top two agree) of respondents who agree that the following statement describes their experience of different industries within the different areas of customer service

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband users in Saudi Arabia

Suffering in silence
Customer support plays a major role in the satisfaction of mobile broadband users, as more and more use different channels to seek a resolution to their problems. A robust customer support service is absolutely necessary. In general, customer support for voice services is perceived to be better than for data services. Figure 6 shows that 31 percent said customer support for voice services is always better than data services, and only 7 percent said the opposite. Similar results are observed in both faster and slower networks.

But what about the complaints that never reach customer care? Around 75 percent of the users say that they report less than half of the problems they experience. This means that operators actually know very little about what is really happening. These unspoken complaints could easily turn into negative perception, and lead to negative word of mouth. To help combat this, operators should consider moving their service quality management from ‘reactive’ to ‘predictive’ mode.

Figure 6: Customer support for voice services is perceived as better than for data services

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband users in Saudi Arabia

We want the service provider to listen to us. Even if the speed is good, I won’t choose a provider that doesn’t listen because I can’t take the headache.”

Local male
Saudi Arabian mobile broadband users make use of internet-based communication services quite frequently. At least 29 percent make video calls over the internet on a daily basis, while 85 percent make regular phone calls through their mobile service providers.

Instant messaging (IM) over the internet is used more than SMS. On average, 63 percent of mobile broadband users regularly use IM services, while 53 percent of them choose SMS.

An important point to note is that IM is much more popular among the younger user segments. These segments are more cost-aware compared to adults. In addition, presence, group conversations and the ability to record voice clips and share functionalities are further reasons for the young being drawn to IM services.

Smartphones have made our lives easier. For a video call we don’t have to go through the hassle of setting up a desktop and webcam or a laptop – we can do it easily on our mobile phones.”

Expat Asian

According to Figure 9, those involved in the study who make calls over the internet said that out of every 10 calls, 3 are made over the internet and 7 are made through mobile service providers. Out of every 10 voice/video calls made over the internet, nearly half of them are local calls. Only 2 out of 10 mobile internet calls are international calls.

Figure 7: Is the instant messaging phenomenon mainly limited to young people?

Figure 8: Calls over the internet vs. mobile service provider

Figure 9: Destination of calls made over the internet per 10 calls

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband users doing internet calls on their mobile phones
Once smartphone users have a faster mobile network connection, their mobile services usage behavior changes significantly. In the figure to the right, we compare the faster and slower network subscribers’ usage levels for certain services. Assurance of uninterrupted, high quality network performance led users to make more use of mobile internet services in their daily lives. As a result, smartphone users on faster networks tend to use more data-intensive services compared to those on slower networks.

As well as using advanced services like mobile banking and m-commerce, more users on faster networks are accessing data services by making video calls, streaming video content, tethering and using navigation services. Services such as online payments in particular show a significant jump between these two user groups, because on faster networks the users are more confident that the connection won’t be interrupted during the payment process.

A large proportion of smartphone mobile data users mentioned that their experience with different services improved significantly after they started having access to faster networks. The services that had the biggest improvement were video calls, streaming and uploading/downloading photos/videos – all of which are data-intensive activities. Expats had a more positive reaction to this improvement than Saudi nationals, once both had moved to faster networks. 78 percent of Saudi nationals said that their experience while using video calls improved after moving to the faster networks, while 84 percent of expats said that their experience while using video calls improved.

The main reason for this is that Saudi nationals are much more sensitive to network quality, and hence they have higher expectations.

Figure 10: Fast and slow network subscriber usage levels

<table>
<thead>
<tr>
<th>Service</th>
<th>Slower networks mobile data user</th>
<th>Faster networks mobile data user</th>
</tr>
</thead>
<tbody>
<tr>
<td>Videotelephony or video calls</td>
<td>67%</td>
<td>73%</td>
</tr>
<tr>
<td>Watch video clips, TV or movies</td>
<td>81%</td>
<td>86%</td>
</tr>
<tr>
<td>Tethering via mobile phone</td>
<td>45%</td>
<td>56%</td>
</tr>
<tr>
<td>Use maps, navigation or positioning services (like GPS)</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
<td>Check timetables and/or traffic information</td>
<td>23%</td>
<td>36%</td>
</tr>
<tr>
<td>Transfer money via mobile phone</td>
<td>20%</td>
<td>31%</td>
</tr>
<tr>
<td>Use/access banking services via mobile phone</td>
<td>31%</td>
<td>44%</td>
</tr>
<tr>
<td>Make payments via mobile phone</td>
<td>19%</td>
<td>34%</td>
</tr>
<tr>
<td>Use as part of my shopping habit</td>
<td>34%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband smartphone users in Saudi Arabia using services via mobile networks daily

Figure 11: Service improvement on faster networks – a percentage of Saudi nationals and expats rated their services improved after moving to faster networks (top two agree out of one to five scale)

Saudi national faster network users
- VIDEO CALLS: 78%
- STREAMING: 78%
- DOWNLOADING: 76%
- GAMING EXPERIENCE: 70%
- ONLINE PAYMENTS: 66%

Expat faster network users
- VIDEO CALLS: 84%
- STREAMING: 81%
- DOWNLOADING: 81%
- GAMING EXPERIENCE: 81%
- ONLINE PAYMENTS: 70%

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Mobile broadband smartphone users in Saudi Arabia
In Figure 12, the satisfaction and loyalty of smartphone users on faster and slower networks are compared with regard to their operators. Those who subscribed to faster networks were significantly more satisfied than those on slower networks.

Highly satisfied users are also more likely to be promoters. Those using faster networks have a significantly higher Net Promoter Score (NPS) than those on slower networks.

Users’ higher satisfaction on the faster networks has a positive impact on many aspects of customer interaction, from the billing and payment process to perceived value for money. Figure 13 shows that across all of the key customer interaction touch points, the smartphone users on faster networks are more satisfied. This in turn leads to lower churn and positive word of mouth.

In Figure 13, the satisfaction with mobile service provider is shown for smartphone mobile data users on faster and slower networks. The satisfaction is higher for users on faster networks compared to slower networks. Similarly, the recommendation of mobile service provider is also higher for users on faster networks.

Figure 13: Satisfaction with different service areas

People spend most of their time indoors, either in the office, school or home. Location therefore plays an important role in the type of network connection they prefer. At home, most consumers prefer to use either mobile data or a Wi-Fi connection, depending on the price plan, speed and connection they get. In Figure 14, mobile broadband vs. Wi-Fi preference among smartphone mobile data users on slower and faster networks is compared in different locations.

Across locations, the enhanced experience from faster mobile networks led to greater usage of mobile broadband. Indoors, Wi-Fi was the preferred mode of connection for users on slower mobile networks. However, due to the perceived good quality of services from faster mobile networks, toggling between mobile broadband and Wi-Fi across different locations is decreasing. Indoors, 29 percent of the users who subscribed to faster networks prefer to use Wi-Fi most of the time, compared to 46 percent of the users on slower networks.

As users become familiar with having a faster connection, their behavior with regards to mobility also changes, as shown in Figure 15. Once they realize that the internet experience indoors and outdoors does not vary from a performance perspective, they tend to integrate more mobile internet into their lives, even while they are out and about. Those on faster networks are more likely to access the internet on a daily basis at schools/workplaces and whilst on the move, compared to users on slower networks.
IDENTIFYING BARRIERS

In Saudi Arabia faster mobile networks have wide coverage – and no price premium to subscribe to this access type. As long as the user has a capable smartphone, they can enjoy higher internet speeds without paying any extra fees, compared to the slower networks.

We asked smartphone users on slower networks why they had chosen not to subscribe to the freely available faster networks. Although there is no extra subscription fee for using a faster network, 44 percent of the users who had rejected subscribing to faster networks cited expensive monthly fees as the reason for not doing so. However, if they subscribed to faster networks, they would not need to pay anything on top of their current connection type. This may be a case of consumers simply not being aware of what is available in the market. Other reasons for not doing so include satisfaction with their current internet connection, inertia and perceived lack of coverage.

![Figure 16: Reasons for not subscribing to faster networks](image)

Source: Ericsson ConsumerLab 2014, Life in the fast lane
Base: Smartphone users on slower networks

**Cost perception is a barrier despite network upgrades being free**
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