



UK Mobile Insights Report 2013 Q4

An overview of recent research and data on smartphone and tablet ownership in the UK, November 2013



Introduction

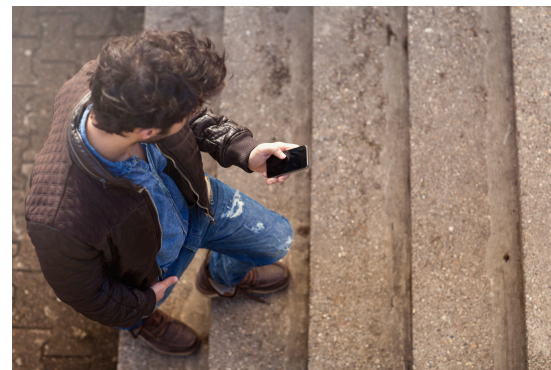
The end of 2012 marked a milestone for mobile device ownership. For the first time ever, smartphone penetration in all major European markets surpassed 50%. Smartphone and tablet growth has continued to rise at a startling pace in 2013, and has remoulded the way people absorb news and engage with brands, as well as causing a dramatic shift in the way we communicate with each other.

Tablets and mobile are forever changing the consumer landscape, and with Google Glass and smart-watches on the horizon, shopping and searching on the move is now becoming an everyday norm. Add

to the mix the steely rise in tablet ownership and the ubiquity of mobile broadband connectivity and we are witnessing the consumption of digital media in ever greater amounts across an increasingly diverse range of devices. With mobile central to people's daily lives, its place as an indispensable part of the marketing mix cannot be stressed enough.

We Are Apps have collated the most up to date research and figures to get an overview of the current state of the UK mobile market, in this, our Q4 2013 UK Mobile Usage round up.

Ian Malone
Managing Director



We Are Apps

We Are Apps is an award-winning, London-based full service mobile, tablet and app media agency. We have developed apps for leading brands such as Westfield, Ford, Cadbury, Avon Cosmetics, Great British Chefs and News International.

Our apps have won the following accolades:

- Best of the App Store 2012, *Apple*
- Best 500 Apps in the World, *Sunday Times*
- 100 Greatest Ever Apps, *Apps Magazine*
- Silver Lovie Award 2012 and 2013 – Lifestyle Tablets, *Great British Chefs*
- Featured in Apple's TV advertising for the iPad

With years of experience in digital marketing and advertising, we help brands and creative agencies plan, produce and promote the most effective mobile execution.

We specialise in:

- [Multiscreen development](#)
- [Creative, award-winning design](#)
- [App marketing and promotion](#)

We are always looking for new opportunities to work with clients to create the apps they want so if you are interested, call us on **020 7100 9318** or email us at enquiries@weareapps.com.



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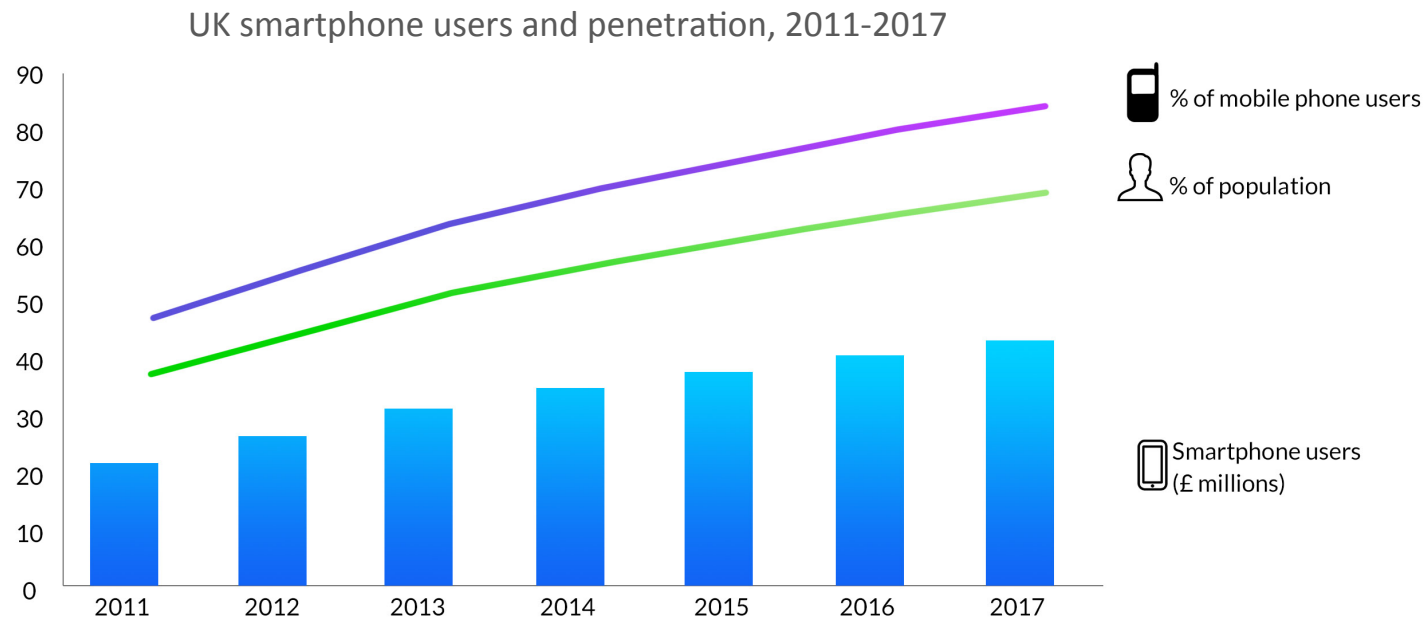
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The UK smartphone market

The UK smartphone audience currently stands at 31.7 million users (60.4%). This number is expected to continue to rise whereby 2017, smartphone users will account for nearly 81% of all mobile users and two-thirds of all people in the UK.



*Individuals who own at least one smartphone and use the smartphone at least once per month

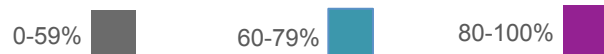
Source: eMarketer, April 2013

Who uses smartphones?

UK smartphone user penetration, by age 2011-2017

	2011	2012	2013	2014	2015	2016	2017
0-11	29%	37%	45%	54%	61%	67%	72%
12-17	61%	74%	81%	87%	91%	94%	96%
18-24	68%	78%	84%	89%	92%	95%	98%
25-34	66%	75%	81%	86%	90%	93%	95%
35-44	58%	67%	76%	83%	88%	91%	94%
45-54	41%	50%	62%	71%	78%	85%	89%
55-64	15%	24%	37%	45%	52%	60%	68%
65+	6%	9%	13%	19%	26%	33%	41%
Total	44%	53%	60%	67%	72%	77%	81%

*Individuals who own at least one smartphone and use the smartphone at least once per month



Source: eMarketer, April 2013

While earlier smartphone adopters tended to be male, females are now much more likely to own a smartphone. 2013 saw 58% of smartphone owners being female, compared with 42% of males.

Smartphone ownership by gender



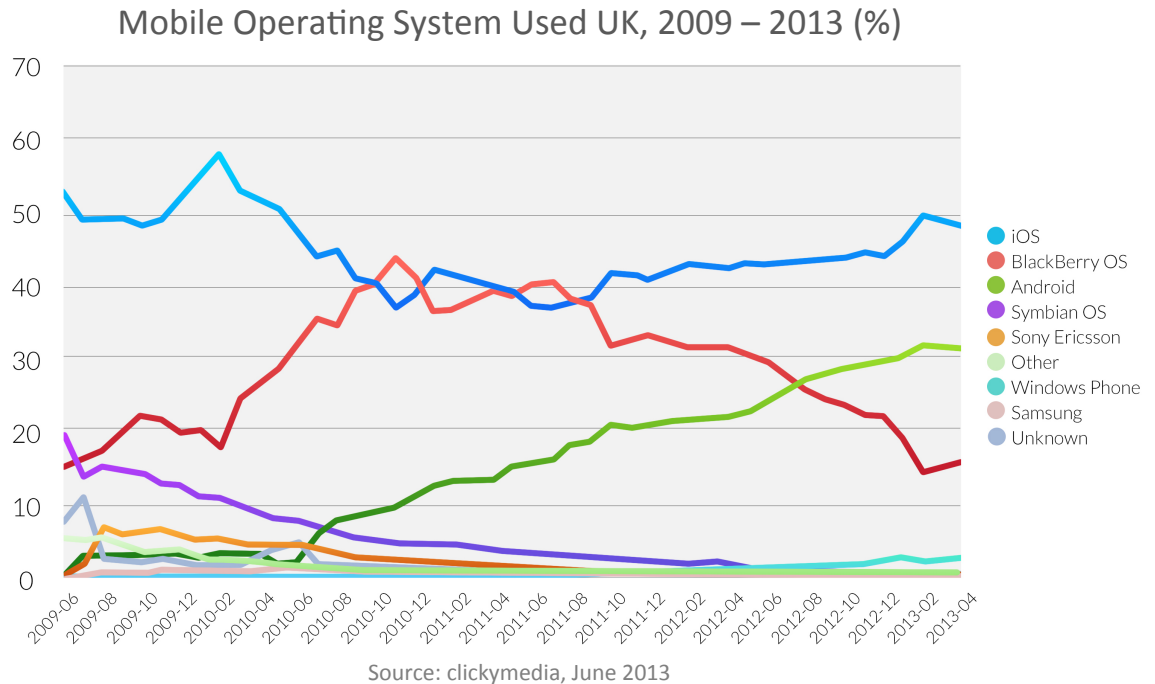
Source: eDigitalResearch, The Explosion of Mobile

Research carried out by eMarketer shows that over 8 in 10 (84%) users aged 18 – 24 have smartphones. This is closely followed by 81% of 25-34 year olds. By 2017 those numbers are expected to rise to 98% and 95% respectively, proving that the consumers of tomorrow will be even more mobile.

Smartphone devices being used

The increase in smartphone adoption may be attributed to the influx of varied handsets on the market like the Samsung Galaxy range and HTC's award-winning One series. This has led manufacturers to reduce the price of their first generation smartphones, which has attracted first-time users.

Android has also seen a steady increase in ownership since 2010, with a 30% hold on the UK smartphone market. iOS continues to dominate the smartphone market however, hitting just under 50% of the smartphone market.

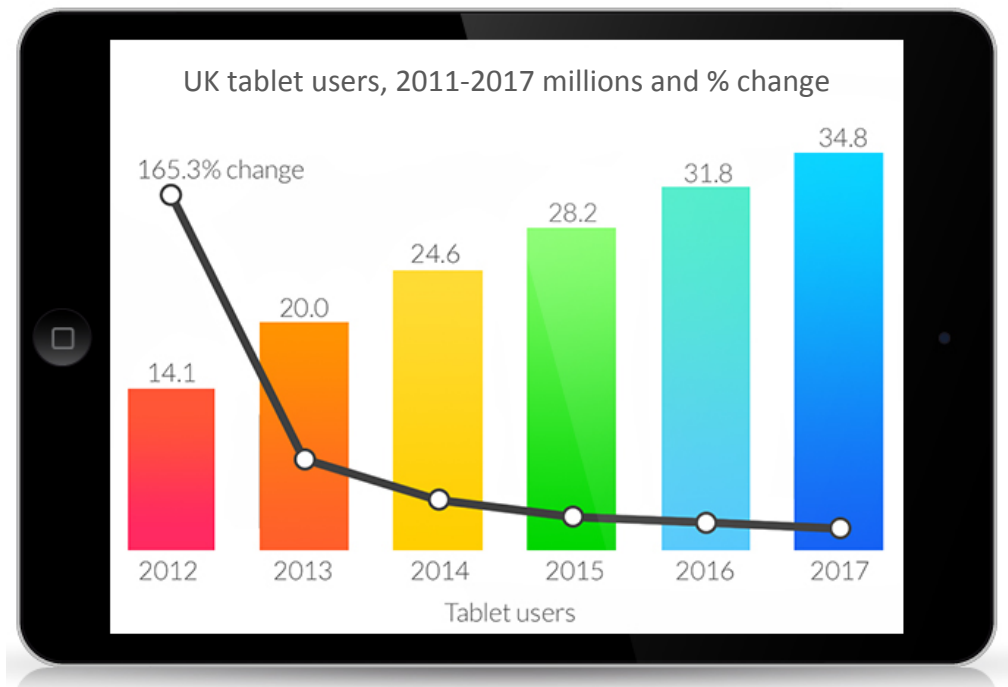


The last few years have been tough for Blackberry, with ownership sharply decreasing since 2011. The company has been struggling to stay relevant and their Q10 Smartphone doesn't appear to be selling the way they expected. After a reported loss of \$965 million (£600m) in the second quarter, the future for Blackberry is looking bleak.

The UK tablet market

Tablet sales are the fastest-growing part of the mobile device market, with sales climbing 106.1% over the past year. The initial apprehension when Apple first released the iPad in 2010 was that it was a cross between an oversized iPhone and a newsreader. Since then however, hundreds of millions have been shipped as well as numerous alternatives from rival companies littering the market.

One-third of the UK population now uses tablets, with predictions that by 2017 the tablet will become a mass-market device with more than half the UK population using one regularly.



Source:: eMarketer, May 2013

Who uses tablets?

UK tablet user penetration, by age 2011-2017

	2012	2013	2014	2015	2016	2017
0-11	7%	9%	9%	10%	10%	10%
12-17	7%	7%	7%	7%	7%	7%
18-24	12%	12%	12%	12%	12%	11%
25-34	22%	21%	20%	20%	20%	19%
35-44	20%	20%	18%	17%	17%	16%
45-54	20%	18%	17%	17%	16%	16%
55-64	9%	9%	9%	10%	10%	10%
65+	4%	5%	6%	8%	9%	10%

*Individuals who use a tablet at least once per month



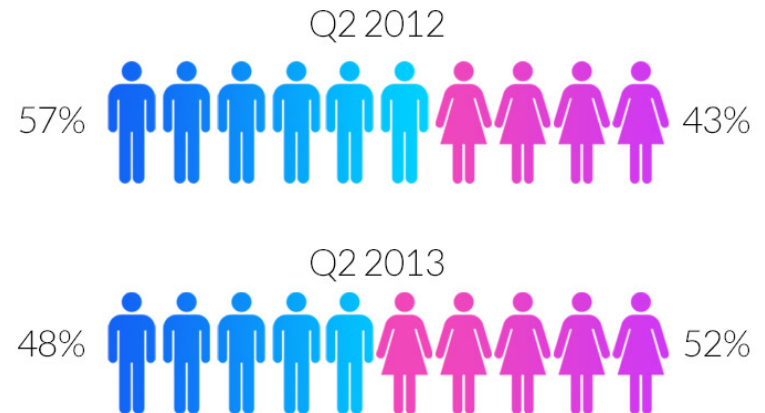
Source: eMarketer, April 2013

Adoption rates are highest among the 25-34 category, with 21.8% of the market share in 2012, with figures slightly dipping in 2013 with 21.1%. The 35-44 and 45-54 groups are close behind, with numbers dropping from 19.5% in 2012 to 17.5% in 2013.

The adoption rate between genders has also shifted from males leading the uptake at 57% in 2012 to 52% female in 2013. This reflects similar figures of the gender distribution of UK mobile owners.

Now at the end of 2013, women are now dominating the mobile market, both in smartphone and tablet adoption.

Tablet ownership by gender



Source: YouGov, July 2013

Tablet devices being used

Apple dominates the tablet market, with the iPad and iPad mini making up 63% of all tablets sold. Their numbers have fallen since 2012, however, as cheaper alternatives and quality competitors have hit the market.

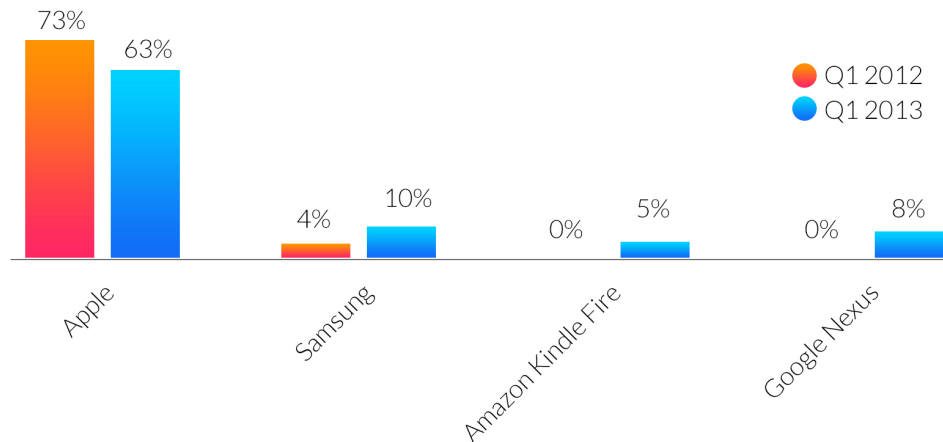
Like the smartphone market, Android has slowly worked its way up to be a worthy competitor in the tablet sector. Amazon Kindle Fire and the

Samsung Galaxy tab series have had a positive adoption uptake.

The Nexus 7 and Tesco's Hudl also look to offer stiff competition as they are not only cheaper, but smaller too. The threat of these devices was one of the factors which led Apple to release their own smaller version, the iPad mini, which has seen great adoption rates.

As people adjust to using tablets in their everyday life, the need for portability whilst still being functional and on trend is key.

UK tablet ownership market



Source: YouGov, April 2013

The decline of the PC

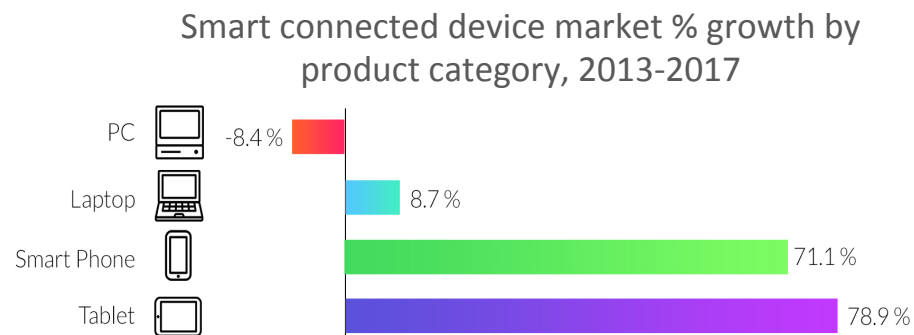
In contrast to rising tablet and smartphone sales, PC sales have slumped. Laptop sales have dropped 13% in 2013, with 50.5 million sold. Users are turning to tablets instead of getting a cheap laptop or netbook.

PC sales usually see a boost come September, as students head back to school and new starters enter University. The younger market is crucial for digital sales, and more and more are turning to tablets as a more attractive and cheaper alternative to laptops and desktop PCs. PC companies will need to adjust the consumer demand for products that meet consumer desires for mobility and touch. Microsoft's Surface 2 is attempting to break into that market, after the weak performance of the Surface 1.

Tablets are set to surpass PC sales by the end of 2013, with an estimated 84.1million to be sold in the Christmas rush against 83.1 million PCs. This has come as a huge boost for manufacturers such as Samsung and Apple, while creating trouble for PC giants Microsoft and Dell.

Tablets are also expected to see a 78.9% growth from 2013 – 2017, while desktop PCs are expected to see a 8.4% drop in growth during the same period.

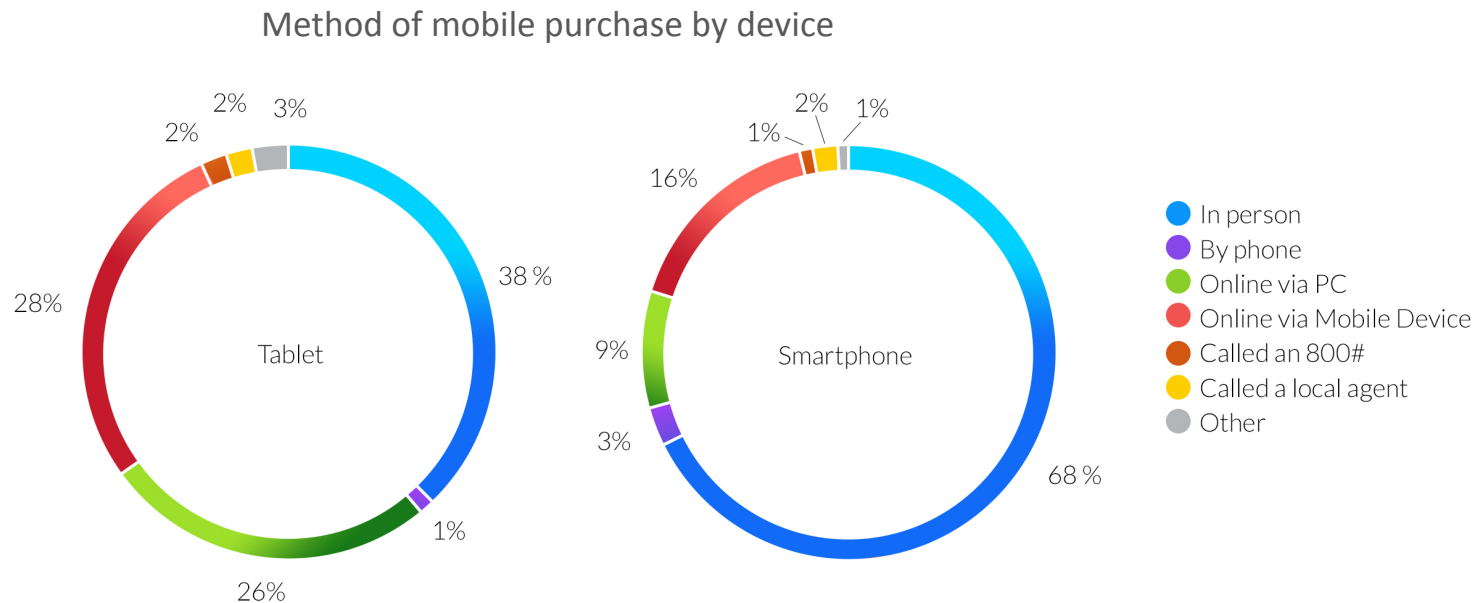
One contributing factor to this are that parents find tablets a more 'family-friendly' device. Businesses should take this into account when marketing apps and services to the younger market. Tablets have developed as a device with exceedingly broad appeal. It appeals to creative designers, business moguls, students, parents and kids. It will by no means leave mobile obsolete, as they are not only a communication tool but becomingly increasingly used as gaming devices and money transfer tools.



Source: IDC, September 2013

Device Purchase

With the ever-expanding market of touch-screen devices, it's interesting to see how consumers select their devices. Consumers are far more likely to buy their smartphone in store or in person than by any other method at 68%. While in person is also the main method of purchase for tablets, the variation between other forms of purchase are much narrower.



Source: : IDC, September 2013

28% of tablet purchases are done via their mobile device, with 26% purchasing via their PC. It's significant to note that more users purchase tablets online via their smartphone rather than a PC. Although the difference is small, it highlights users becoming more comfortable with using their mobiles to make transactions and buy products, as well as showing that mobile and tablet are quickly becoming interlinked for some users.

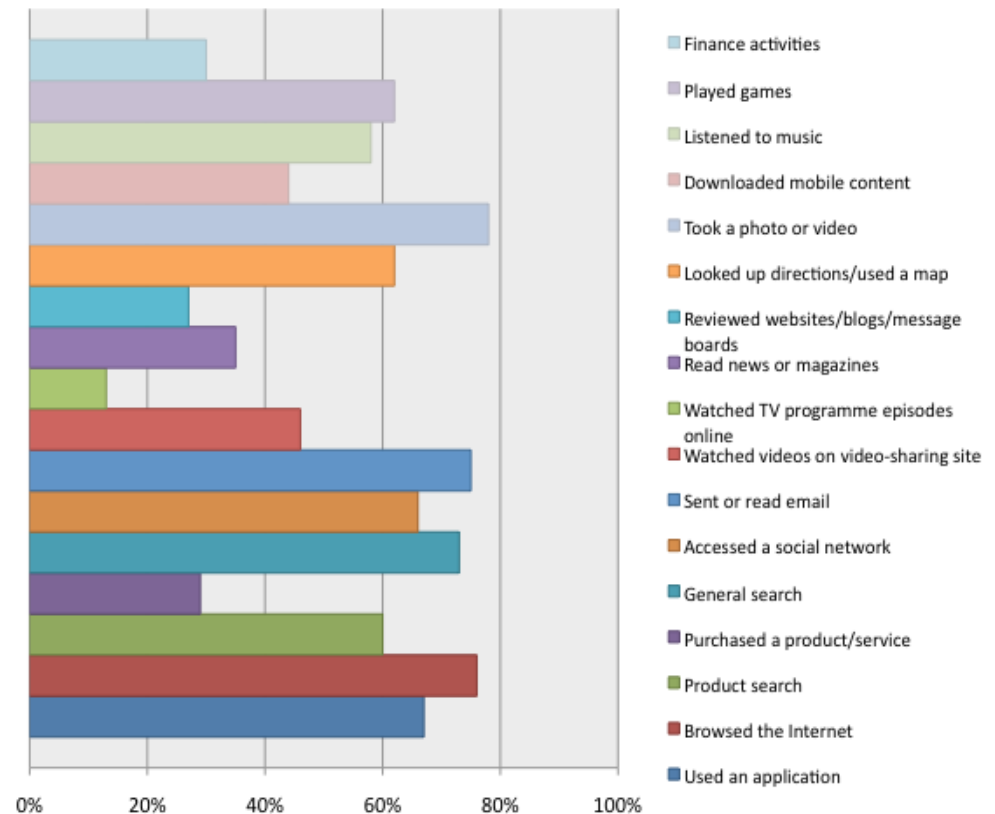
How are smartphones being used?

Brits spend on average 2 hours a day on their smartphone; what exactly are they doing in this time?

Taking photos and videos, playing games, using apps and social networking are still some of the most popular activities carried out on smartphones. 75% also carrying out general searches, looking for product information and making purchases. eDigital Research and IMRG reported more than half of UK smartphone owners shop via their device, and more than a third made purchases at the beginning of 2013. This emphasises the importance of having a mobile presence for businesses.

The importance of optimised email campaigns are also underlined as 75% of smartphone owners use their devices to send and receive emails. According to clicky media, 25% of all emails are being read on a smartphone, while 90% of smartphone owners access the same email account on both mobile and desktop.

General smartphone activities UK 2013 (%)



Source: clickymedia, June 2013

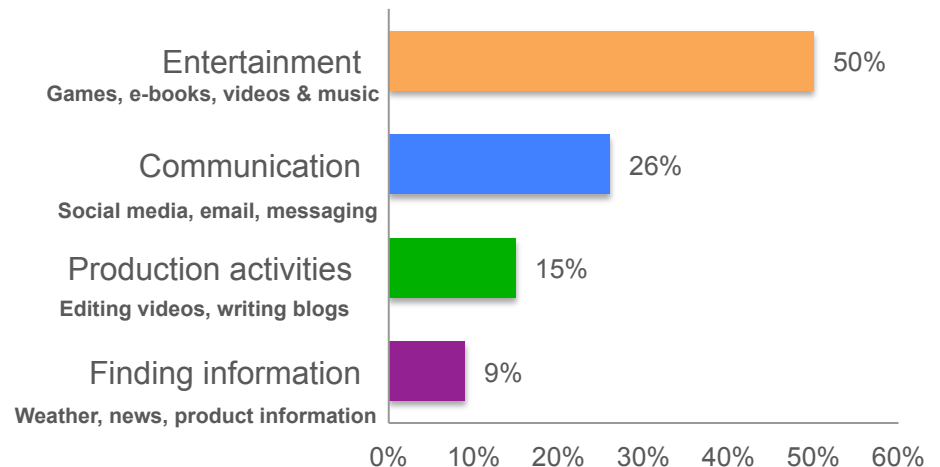
How are tablets being used?

In contrast, tablet users spend 50% of their time for entertainment uses, such as watching videos, playing games and reading. The contrasting size of mobiles and tablets mean that activities such as taking photographs are more beneficial on a mobile phone, whereas digesting visual media better suits a larger screen. Production activities and communication are significantly less common on tablets, at 15% and 26% respectively.

Studies suggest that tablets are predominantly used in the evening when people are at home. This is having a huge impact on retailers as consumers are shopping via these devices and driving sales at unusual times of the day. Early mornings and Sunday nights have become important sales periods for retailers, so much so that many are reviewing their sales strategies and even offering online 'discounted events' during these high traffic times.

M&S have stated that some of the most popular products on its mobile site are for school uniforms, with one of its peak sales periods being 3.30pm as mums are waiting for their kids at the school gate.

Tablets are used mainly for entertainment
% of device time tablet owners spend on the following kinds of activities



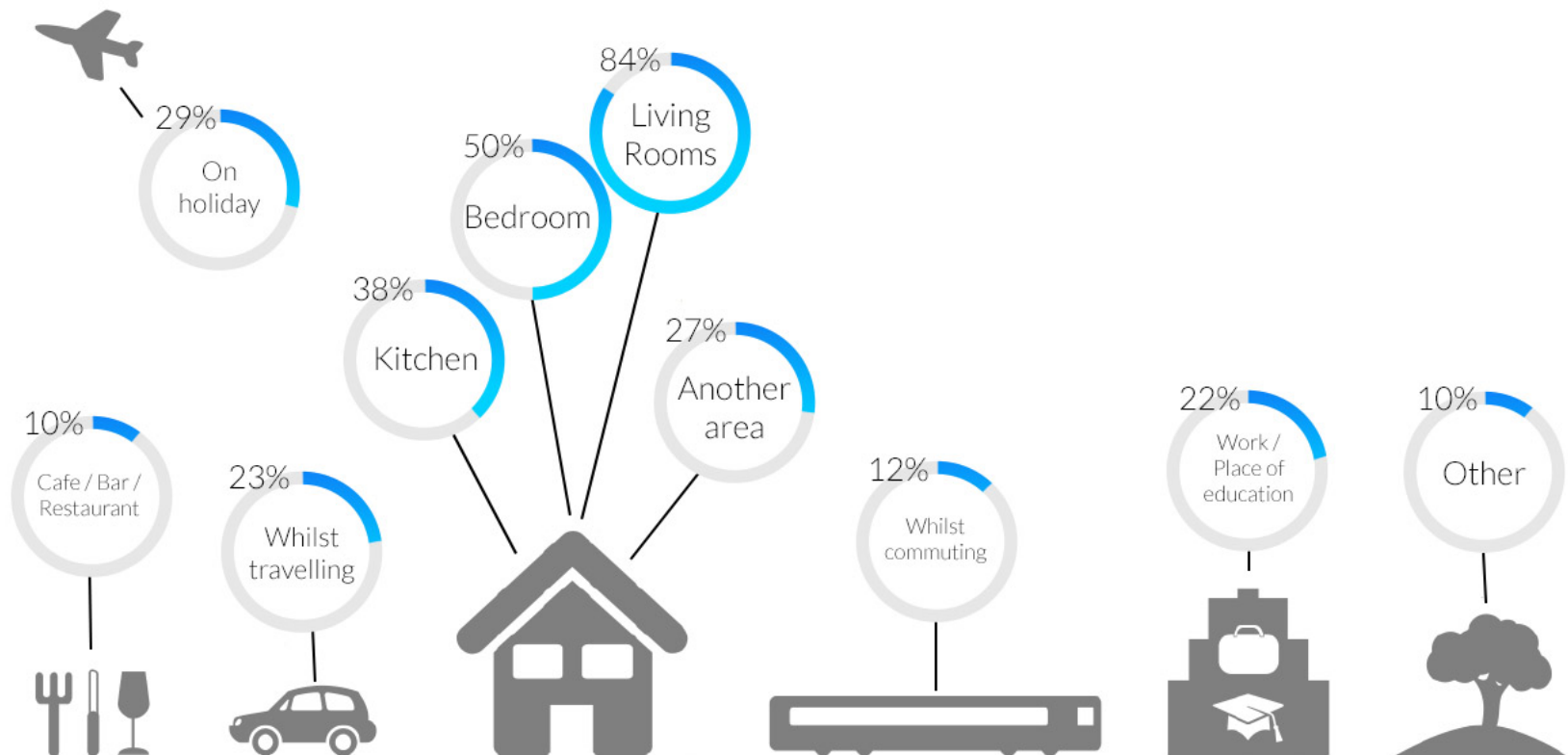
*726 tablet owners from the US, UK and Australia
Source: Gartner

Where are they using them?

With tablets becoming even smaller and lighter, there are no limitations as to where they can be used. According to the Tech Tracker report Q2 2013, people are using their tablets everywhere; during their morning commute, whilst at work during the day, even when they're at home watching TV.

Location usage of tablets in the UK

Source: Tech Tracker, Q2 2013



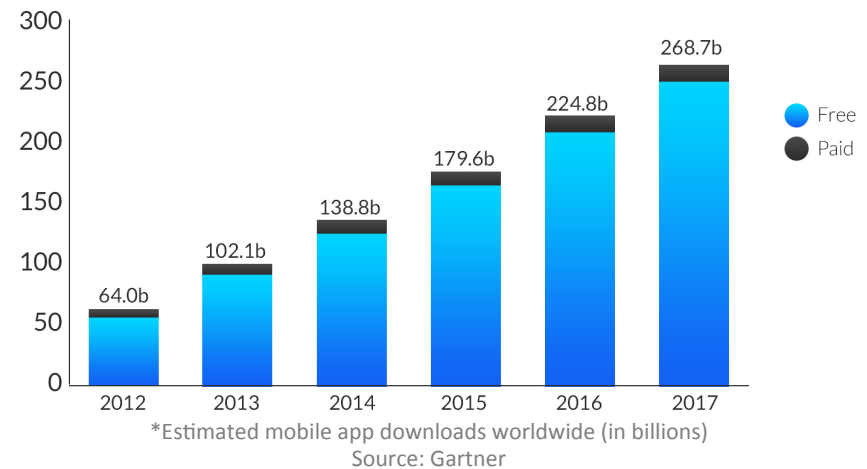
Mobile Apps

With this drastic increase in mobile devices and mobile innovation, it is no surprise that mobile app downloads are also on the rise. By the end of this year, the total number of apps downloaded worldwide will reach 102 billion, more than doubling last year's total of 49 billion.

Google Play and Apple's App Store account for 85% of all app purchases. The majority of this revenue comes from game-related apps, such as Clash of Clans and Candy Crush, which are consistently at the top of the most downloaded list.

17% of all app revenue comes from in-app purchases rather than paid downloads, and 91% of downloads will be free this year, so the free-to-download and in-app purchase business model is the most preferred among developers. By 2017, annual app downloads are expected to reach 268.7 billion, by which point over 94% of apps will be free to download, and in-app purchases will generate 48% of revenue.

Global app downloads to pass 100 billion this year



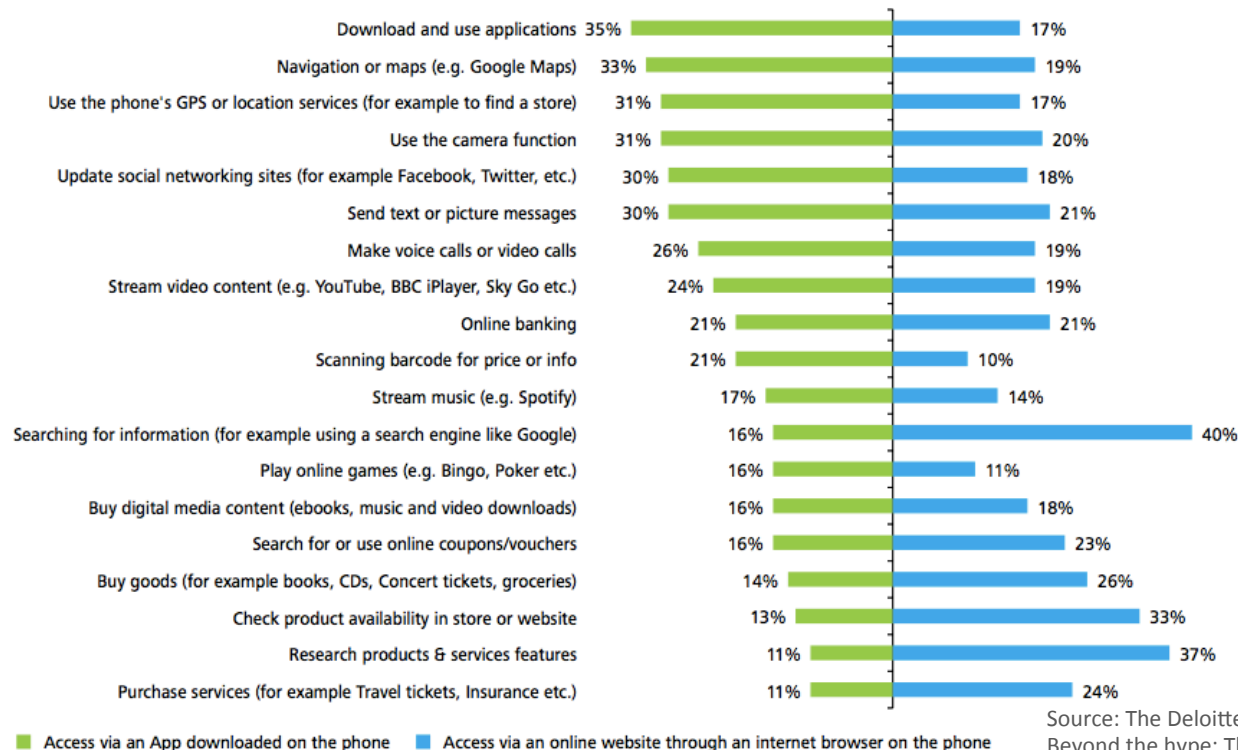
UK Mobile App Revenue

Smartphone users are predicted to spend nearly £10 billion on apps by the end of 2013. Smartphone and tablet app expenditure is expected to reach £9.7 billion, which is more than the figures for 2010, 2011 and 2012 combined.

Mobile App or Website?

The need for businesses to have a mobile presence is evident, however many are not clear on the best route for them. Develop an app, create a mobile optimised website or both? The first consideration should be to fully understand the experience they are looking to provide for their customers, and secondly to recognise the best way to achieve that. The chart below shows that more UK consumers use apps to navigate specific content but a mobile Internet browser is still the preferred method to carry out a search.

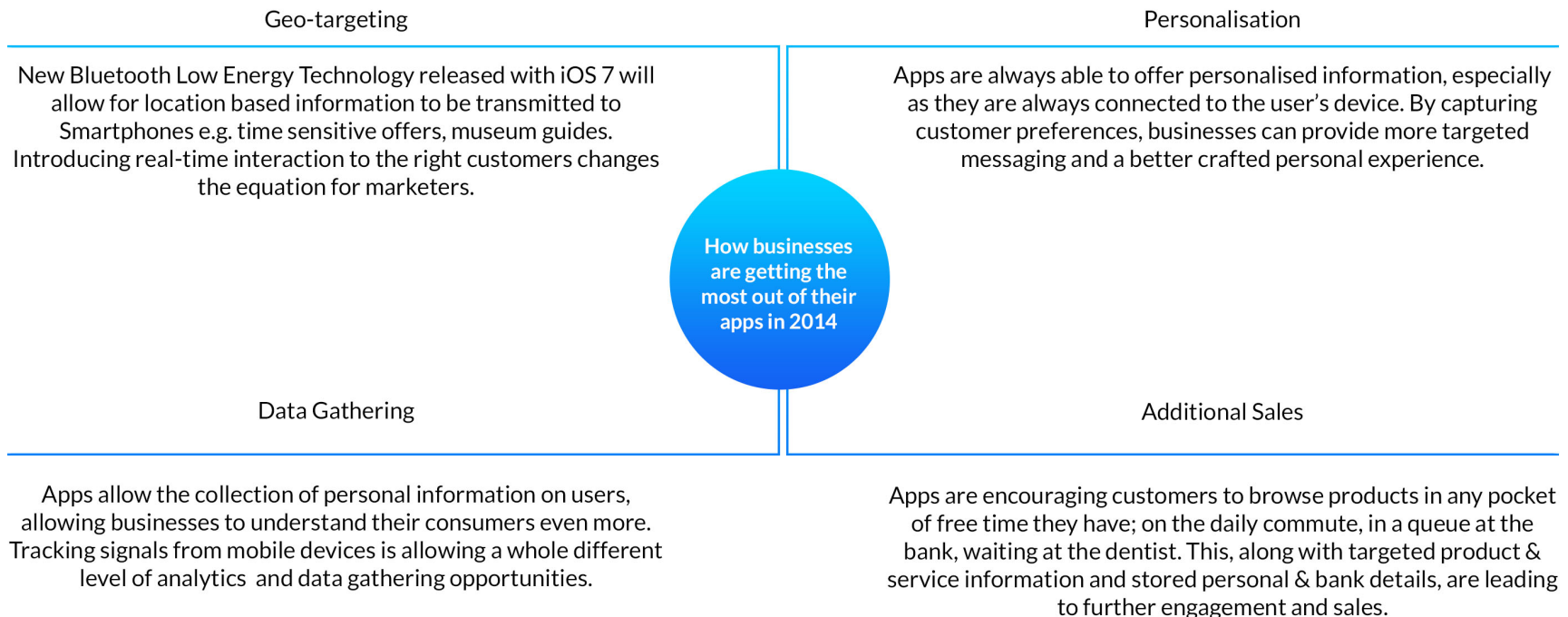
Mobile device usage preference



Source: The Deloitte Consumer Review
Beyond the hype: The true potential of mobile

How businesses are getting the most from their apps in 2014

If an organisation does decide to go down the route of developing an app, they should ensure they get the most out of their app, provide the best customer experience and generate the most revenue by using the latest smartphone and tablet technology.



Conclusion

The facts and figures shown in this report emphasise the impact of portable devices in our daily lives. Smartphone sales show no signs of slowing and tablets have proven to be a hit with all ages.

Competition looks to be fierce over the next year with Android set to overtake Apple for the first time in the UK smartphone market. Tablets look to be no different with the smaller, cheaper devices expected to dominate this Christmas.

The younger age groups continue to be the highest adopters of these devices, meaning that tomorrow's consumers will be even more mobile.

One of the more surprising trends of this year is the rise of female users, as they overtake men for the

first time in both tablet and smartphone ownership. Will this trend continue in 2014?

How and where we are using these devices is having a huge impact on not only the way we interact with each other but also how we engage with brands. Organisations will need to increasingly consider their mobile strategy in order to stay ahead of their competitors.

In most cases, mobile apps are still the best way to engage with customers. The benefits are becoming ever more apparent as new smartphone and tablet technology continues to be released.

As we begin to take these devices for granted, we will be looking for the next level of convenience.

With wearable technology such as smartwatches and Google Glasses looking to enter the market next year, they have the potential to reshape how we interact and use portable technology. It will be interesting to see where the market is at the end of 2014.



Sources

All copyrights for statistics and their graphic representations are acknowledged to be owned by the following organisations:

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