

**EMBARGOED UNTIL 00:01, 23 March 2012**

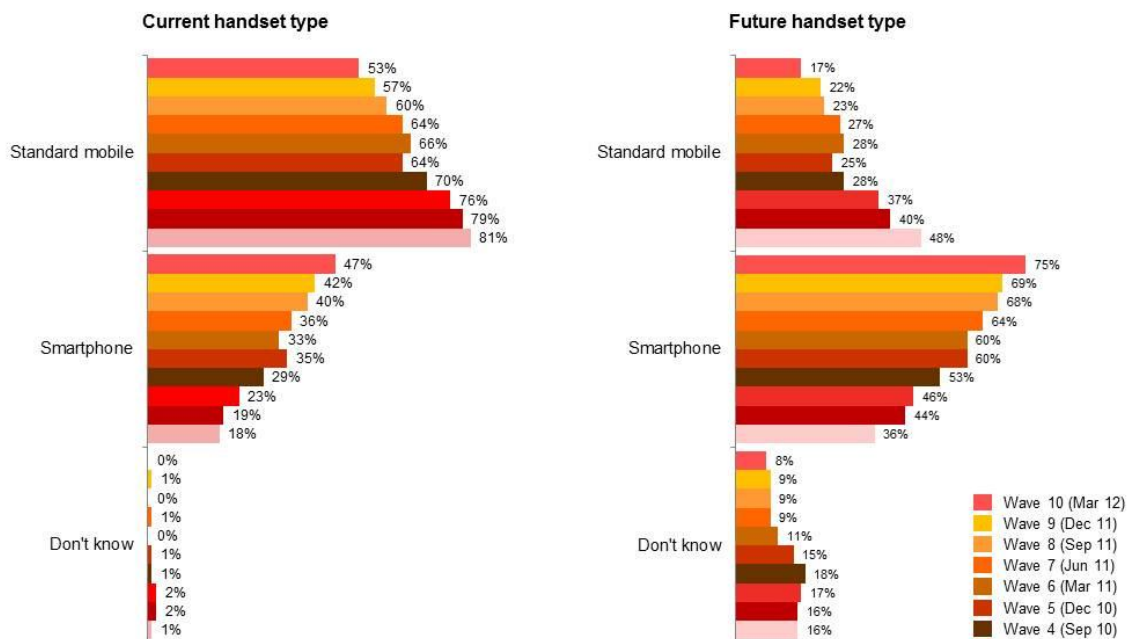
**Standard mobile phones on the wane but smartphone take-up is slow**

Latest research from YouGov's Technology and Telecoms team reveals that standard mobile phone ownership is on the wane as over a third of all standard mobile owners (42%) plan to get a smartphone next time they replace their handset. The SMIX (Smartphone Mobile Internet eXperience) study, conducted quarterly, has seen smartphone penetration rates more than double in the two years since the study began in December 2009.

However, though penetration rates look healthy amongst standard mobile owners, current take-up of smartphones remains slow; over a one year period (March 2011 – March 2012), just 42% of standard mobile owners will convert to a smartphone, an increase of just 6% in one year. The slow speed of this conversion is an indication that smartphone manufacturers and retailers need to do more in order to shift perception and remedy concerns about rejection amongst standard mobile owners.

Over half of all standard mobile phone users (55%) cited 'being happy with their regular mobile phone' as the reason for not owing/getting a smartphone. Other key reasons include: 'having no need for a smartphone' (47%), 'smartphones are too expensive' (32%) and 'tariffs are too expensive' (30%). The perception of smartphones being 'complex' also featured with 16% of respondents stating this as a reason.

**Current handset type vs. future handset type (Nat rep sample)**



*Base: All qualified Nat rep respondents (2077) and all qualified Nat Rep respondents that will get a new handset and know which brand (1019). P10Q1 – Thinking about your current handset, is it...? and P70Q1 – Will this handset be a standard mobile phone or smartphone. Wave 1 'PDA' combined with smartphone. PDA option removed from wave 2*

The gender of standard mobile phone owners remains unchanged, since the study began two years ago, with users of this group predominantly female (56%). However, the proportion of users aged 55 years+ has risen from 38% (two years ago) to 51%, indicating that smartphone take-up for younger age groups has increased. Interestingly, previous YouGov qualitative research suggests that Google Maps is the key driver that would persuade standard mobile users of older age groups to switch to smartphones. The majority

of standard mobile phone owners are on PAYG (64%) with contract penetration declining (28%), wave on wave and year on year.

Purchasing habits differ between the two groups; the majority of standard mobile phone users purchased their handset from non-operator retailers, reflecting the PAYG make-up of the group. Prominent channels for the purchase of standard mobiles include hand-me-downs from friends and family (12%), Tesco (10%), and Argos (4%). Just under a third of standard mobile users (28%) purchased their handset directly from the operator compared to over half of all smartphone users (55%).

Russell Feldman, Associate Director in YouGov's Technology and Telecom's team says: "There is certainly an opportunity for standard mobile phone owners to take advantage of several low-end smartphones currently on the market. Manufacturers such as HTC and Samsung, as well as OEM handsets, are successful at attracting low-end smartphone users and could potentially help convert standard mobile users – especially as there is an increase of PAYG in the smartphone market."

Feldman continues, "The 'one size fits all' approach does not work in this instance and customer service needs to be tailored to suit the requirements of the customer. The groups that are rejecting smartphones do not usually find empathetic sales staff in the retailers they frequent. This is a matter of salesforce training for operators and retailers."

**-ENDS-**

**Notes to editors:**

Figures, unless otherwise stated, are from YouGov Plc.

Total sample size was 2,066 nationally representative British adults and 2,077 targetted smartphone owners. Fieldwork was undertaken 9<sup>th</sup> – 13<sup>th</sup> March 2012. Each interview was conducted online and was approximately 20 minutes in length.

YouGov's SMIX (Smartphone, Mobile Internet eXperience) is a quarterly study that tracks consumer perception on the following:

- Handset usage, attitude and satisfaction
- Mobile operator usage, attitude and satisfaction
- Renewal
- Churn
- Operating systems
- Apps
- And more...

The next wave of the tracker begins in June with a report due in July 2012.

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