

## **Interest in mobile TV overshadowed by other applications**

### **– Survey also reveals European users' views on Apple as mobile phone provider**

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**For immediate release**

The first results from Canalys' new consumer mobility survey reveal some interesting attitudes and opinions from European consumers on a range of topics, including Apple as a mobile phone supplier, mobile TV services and GPS navigation in handsets. The online survey was conducted in April among more than 2,000 employed, adult mobile phone users in France, Germany, Italy, Spain and the UK.

- 51% of those surveyed expressed some interest in mobile TV, but a diverse range of content is required
- Consumers are more open to advertising-supported services around location and communication than TV
- 62% said it would be useful to have satellite navigation built into their mobile phone
- Almost half the iPod owners in the survey said Apple likely to be considered for their next mobile phone

### **iPod owners receptive to Apple as mobile phone provider**

Respondents were asked to rate how likely they would be to choose different vendor brands for their next personal mobile phone. Unsurprisingly, Nokia came out as the clear leader, with almost half the respondents giving the vendor the highest rating and 84% saying they were more likely than not to consider it. Nokia was some way ahead of Sony Ericsson, which was followed closely by Samsung and then Motorola. Consumers' ratings of Apple gave it a mid-table position, behind LG, but marginally ahead of well-known smart mobile device vendors like RIM, HP and Palm. Given that the iPhone has not even shipped yet this gives an indication of how well its brand could play in the consumer mobile phone space, but it will still need to overcome the technical and channel-related challenges entry into this market brings.

“Apple's rating improves dramatically when you talk to existing iPod owners,” said Pete Cunningham, senior analyst at Canalys. “Almost half the respondents who owned an iPod rated Apple as more likely than not be considered for their next phone, compared to just 20% for those who didn't have an iPod, and they were five times as likely to give Apple the highest rating. There is a lot of loyalty there that Apple can tap into.”

### **Interest in mobile TV exists in pockets**

Just under half the people in the survey said they had no interest in watching any kind of TV on a mobile phone, even if the service was free. The fact that 51% expressed some degree of interest may be encouraging for operators planning to roll out such services, but other data Canalys has drawn out of the survey highlights the challenges ahead.

“When asked what types of mobile TV programming they would be interested in, consumers’ preferences are quite diverse, and there is unlikely to be one type of killer content,” commented analyst Adrian Drozd. “This suggests many different content partnerships and charging models may be required, which will add complexity for users and for the operators developing such services.”

Live TV events, related to sports matches or reality shows, were narrowly the most popular content type for mobile TV, which 29% of respondents said they would watch. 23% said they would watch content relating to hobbies or personal interests that they could not get at home, but a similar proportion were interested in having access to exactly the same channels as they had at home. 15% said they would be interested in watching videos from web sites such as YouTube, while 14% liked the idea of place-shifting content that they had already recorded at home. As for duration of content, there were similar levels of interest in short clips, half-hour programmes and full-length movies, though the form-factor and battery life constraints of mobile phones may make the latter particularly difficult to deliver successfully.

“There is an opportunity to target particular consumer segments that will likely be more responsive to certain mobile TV propositions,” Drozd added. “For example, more than 40% of those who were already frequent users of YouTube said they would watch similar content on their phones. They also exhibited much higher levels of interest in all other mobile TV content types.”

A big question for operators is how much consumers will be willing to pay for such services. YouTube users may well have greater interest, but are of course accustomed to getting video content for free. Canalys also points out that those who are already spending a large amount on pay-TV services at home cannot necessarily be counted on to pay again for mobile TV. “Interest in mobile TV is highest in households that spend more on pay-TV and lowest among those that have only a free-to-air service,” said Drozd. “But in the higher spending pay-TV households there was much greater interest in having mobile access to the content they had already paid for, either by having the same channels available on the phone or by place-shifting content from home to the phone. It is hard to imagine operators giving mobile access to all those channels away cheaply, and place-shifting over the air is prohibitively expensive without flat-rate data plans.”

### **Mobile navigation on phone sparks interest**

Despite the existing association of TV with advertising, resistance to an advertising-supported, but otherwise free, mobile TV service was relatively high. “Consumers are much more excited by the prospect of having GPS on the handset than mobile TV,” Cunningham observed. “62% agreed or agreed strongly with the statement that it would be useful to have satellite navigation built into their phone, with even higher levels among existing navigation system owners and regular business drivers. For advertising-supported services, the survey showed higher interest around vehicle and pedestrian navigation, mobile e-mail and IM than for

TV. It shouldn't come as a great surprise that mobile propositions with location or communication at their core resonate the strongest with consumers. Operators need to think carefully before prioritising unproven content services over applications that consumers already accept are useful and have value."

### **About the Consumer Mobility Analysis service**

The research results discussed in this release come from the new Canalys Consumer Mobility Analysis EMEA service, which provides clients with analysis of results from a continuous programme of large-scale consumer surveys. Each quarter, different mobility topics and country markets within EMEA are covered by the survey to provide monitoring of trends and reaction to new initiatives, products and services. In addition to analysis of the survey results, clients receive regular reports, supporting databases and direct access to Canalys analysts. More information is available from the Canalys web site.

### **About Canalys**

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in European routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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