

# Mobile internet shopping growing

A new global survey from KPMG has found that despite major concerns over privacy and data security, people around the world are rapidly adopting the mobile internet as an easy and convenient method of carrying out everyday transactions including banking and shopping.



Compared with only 18 months ago, the global percentage of respondents who have used their mobile device for banking has more than doubled from 19% to 46%, while the percentage that have used it to buy goods and services has gone from 10% to 28%.

This surge is being led by the world's fastest-developing economies. In China, 77% of respondents say they have used their mobiles for banking and 44% for retail transactions, while in India 38% are using them to shop, and 43% for financial business.

In South Africa 90% of the respondents said that they had not performed any financial transactions or mobile banking through a mobile device and 4% shopped online using a mobile phone.

## Privacy issues

Privacy is an issue for 9 out of 10 consumers but, despite their growing familiarity with mobile commerce, many Chinese and Indian consumers remain deeply worried about risking their privacy, a concern they share with much of the world.

More than 90% of respondents in South Korea, France, South Africa, Slovakia, Romania, Brazil and Russia as well as India and China said they were concerned over privacy and security online, in many cases more now than 18 months ago. Information privacy amongst consumers in South Africa will become increasingly important due to the imminent enactment

of the Protection of Information Bill. Respondents in the Czech Republic and the Netherlands are the most relaxed about this issue, but even here, more than seven out of 10 said it is a matter of concern.

"Compared with our last survey, which used data from late 2008, the 2010 survey shows conclusively that the mobile internet is rapidly opening up an entirely new global marketplace," said Gary Matuszak, global chair, information, communications and entertainment. "We have found that people are increasingly willing to pay for high-value content. Organisations that can provide high quality material in an imaginative and user-friendly way will be able to generate significant revenues.

"But the twin perceptions of inadequate privacy and poor security are definitely uppermost in consumers' minds, and may be holding back the further development of the internet as a commercial tool. Consumers around the world see solving these issues as a joint responsibility of service providers, who should improve systems and be more transparent in their reporting on security matters, and regulators, who should introduce privacy and security policies that address the new challenges arising from evolving mobile technology."

## **More people willing to pay**

A major challenge for content providers has been how to turn their internet presence into revenue, but these survey results suggest that consumers may be growing accustomed to the idea that they should pay something for what they consume.

Globally, 43% of respondents said they are now willing to pay for access to frequently used online content. Among the Asia-Pacific countries, this rises to 59%, with China and India the clear global leaders at 63% and 65% respectively.

Least willing to pay are consumers in the Netherlands, at only 6%, followed by Ireland with 12%, Canada with 15%, Germany with 17% and South Africa with 18%.

Among those willing to pay for access, the most popular types of content, which people would pay for, are video, chosen by 56%, and music, chosen by 53%. Paid-for music is especially popular among the young, with 61% of 16-24 year-olds saying they would be prepared to pay. South African consumers indicated that they would most likely pay for music, videos and games.

## **Advertising winning acceptance**

Consumers also seem more willing to accept advertising, although there is a clear distinction here between advertising on a PC and on a mobile device. A clear majority (56%) are comfortable seeing advertisements on their PCs, but only 42% would accept them on their mobile devices.

There are also majorities in favour of seeing advertising tailored to their particular interests and activities, and nearly six in ten (58%) said they would be willing to allow their online usage and personal profile information to be tracked, if this would result in lower costs. This was also the situation with South African consumers.

The most enthusiastic for online tracking are the Hungarians, where nearly 80% said they would accept it, followed by the Brazilians with 72% and Indians and Russians, both with 65%. Least keen are the Poles, with 30%, the Dutch, with 37%, and the Canadians, with 42%.

"At first sight, these results might seem to conflict with our findings on privacy and security," said Sean Collins, Global Chair, Communications and Media, "but there seems to be a clear distinction in consumers' minds between uncontrolled use of personal information, and properly regulated use. They do see the value in allowing service providers to have access to the information necessary for more tailored services, but they are only prepared to do this if the risks are controlled and, crucially, if there is some value in it for them."

## **Asia-Pacific leads in mobile use**

Throughout the report, there are some striking differences between online usage and attitudes in the Asia-Pacific countries and those of Europe and the Americas, with Asia-Pacific consumers much more likely to be heavy users of mobile online services. Even within Europe, there is a clear difference between Western European countries and those of Central and Eastern Europe.

"We think this is down to differences in infrastructure, with North America and Western Europe, which have extensive advanced wired and wireless networks, while other countries that have not invested as heavily in wired technology are leapfrogging this stage and going directly to wireless mobile," said Sean Collins. "But we see no signs that those consumers who currently have landline connections are giving them up. Globally, 84% said they still have a landline, although they now use it mainly as an internet connection, rather than for voice calls."

## **Mixed results on cloud computing**

Anticipating the next major move in online commerce, the survey asked about consumers' use of cloud computing services. Two thirds of respondents (66%) said that they currently use cloud computing services including data storage and shared applications. A fifth said they already store personal medical and financial information in the cloud.

However, there are significant differences in the penetration of cloud services by country. In Spain, for example, 89% said they use technologies that run in the cloud. In South Africa, the figure is 79%. However, just half (51%) of US consumers have adopted cloud services, and a scant 27% of those in Germany are users.

"The main barriers to more use of cloud computing services are lack of awareness and lack of perceived need," said Matuszak. "There does not seem to be any significant bias against using remote applications instead of applications residing on one's computer. If the global problems associated with privacy and security can be overcome to consumers' satisfaction, then this new, convenient and highly efficient channel for delivering information and services is very likely to play a major part in the further development of the global marketplace."

## **Countries covered**

Australia, Brazil, Canada, China, Czech Republic, France, Germany, Hungary, India, Ireland, Japan, The Netherlands, Poland, Romania, Russia, Slovakia, South Africa, South Korea, Spain, Sweden, UK, and the USA.

## **Respondents mobile**

All respondents had to own either a mobile phone or a PDA. Questions covered their day-to-day use of mobile and PC technology, what sorts of content they would be prepared to pay for, their attitudes to advertising and to tracking of an individual's use of the internet, appropriate storage and use of personally identifiable information, and use of cloud computing services. Data was weighted based on estimates of the mobile phone subscriber base in each country surveyed. More detailed information on each country is available in the report and by request.

A copy of the report is available at: <http://tiny.cc/ed3p9>