



# Mobile Ecosystems

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Current experiences and  
future implications

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## **Introduction**

The shift to digital content has meant that electronics companies now have to compete on software as much as hardware. Consumers now think about what devices can do online and what software it can support, with these features selling the hardware as much as vice-versa.

This trend is particularly relevant in the tablet and smartphone market where Apple have led the way in marketing the value of software through iTunes and Apps for iPhones and iPads offering integrated digital content. However Apple's domination is now challenged by new smartphones and tablets offering comparable quality devices at lower prices. We were interested to see how the software offered by these products compared, and how important a consideration this really is for consumers.

We conducted online focus groups with owners of a range of tablets and smartphones to look at how they're using them and what factors are important to them. We focussed in on the role of the operating system and whether people are buying into what the industry has termed an ecosystem. How willing are consumer to switch between operating systems (OS)? Do they even care about their OS? What role do they see it performing?

It seems that regardless of the brand and model being owned consumers are becoming increasingly reliant on their smartphones and tablets to run their life. They have become essential devices that are used every day; not gimmicky technology luxuries. Consumers are looking to store digital content and access internet services across different devices. Essentially, behaviour and needs are consistent with all consumers. What differs amongst consumers of different brands is how they describe this integration, the level of integration they feel is necessary, and the degree of flexibility they feel they need.

It is clear the Apple leads the way in communicating this digital integration, which has positive and negative effects for their brand. Currently they are shaping the debate, which we feel is actually opening up an interesting opportunity for competitors if they can capitalise on some of the weaknesses of how Apple is marketing their ecosystem.

[Infographic – for an overview see our infographic](#)

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## **Ease of use**

When talking about smartphones and tablets, particularly their operating systems, the most important thing for consumers is that it is easy to use. They are essential items that are used on a daily basis to manage their life, and therefore must be intuitive and easy to use, rather than offer complex technical features.

For most consumers this is linked to familiarity, either with the operating system or with the branded device. Those that are familiar with using a certain operating system will look to stick with it for fear that an alternative may bring unnecessary hassle into their life. When upgrades come along many tend to stick with what is familiar, 'I had become familiar with the interface of Apple's products, so I stuck with them'.

Apple still leads the way and divides the market in equal measure regarding ease of use. Most of those who have used Apple talk about its easy to use interface, making it a primary driver for remaining loyal to the brand, believing that other systems will not be as intuitive; 'It's intuitive (...) Because the OS is like the human brain'. However others feel that if Apple ever had an advantage in terms of ease of use it has now gone. Rival devices with Android or Microsoft operating systems are offering strong proposition at lower prices. These OS are growing in familiarity and reputation, which is rivalling Apple's ease of use.

## **Security**

Consumers are relying ever more heavily upon these devices; 'I couldn't live without my iPad now'. This reliance leads to a need for security and many stick with Apple because they feel it is more secure. With many consumers doing activities on their phone involving personal data and banking, Apple gives its consumers peace of mind, 'no major worries iPhone is harder to hack into'.

Those using Android are tending to steer clear of security on their phones, as it takes up space and they believe that as long as they're not banking on their device they're not really at risk. Although there is a feeling it is less secure this doesn't seem to bother Android users, 'I rely on the fact I can hard reset my phone (as it's all in the cloud)'. There is a general trust of data in the cloud with these consumers, who do not feel at risk in an open source system.

A general perception emerges amongst all consumers that Apple is more secure and Android more open. Those that are mixing and matching their devices and OS see this distinction but do not totally buy into either option; 'I'm concerned about security of Android and Apple is too strict'.

## **Sharing and accessing content**

All consumers want some level of integration as they can see how it makes their life easier. Smartphones and tablets are still seen as separate standalone devices with separate uses; the smartphone remains primarily a phone, while the tablet is seen to be closer to a PC. However consumers are finding that their usage habits are changing, with more and more activities taking place on both smartphone and tablet. The most consistent

shared activities that are taking place on both a smartphone and tablet are emailing, photo and music storing, internet browsing, and diary management. 'My phone is about smooth data flow – my camera photos automatically back on to my main PC, my docs, mail etc all sync'.

Integration is understood in relation to these activities; being able to access their photos, emails, music, diary and online resources across different devices. For some integration is about compatibility, where documents and files that are stored and updated on one device and can then be transferred across to another device (syncing). Others talk about a central shared area where documents can be saved as a back-up digitally (cloud). Some mentioned controlling their household appliances such as TVs and lights from a central control App on their phone. Only Apple users voluntarily mentioned an ecosystem, with non-Apple users thinking they 'would need a greenhouse for that!'

We found that consumers are beginning to see integration as a digital operation, which happens automatically without the need of plugging in different devices. 'Long gone are the days of transferring contacts, taking hours for things to update', in fact 'physical connections put me off, I can never be bothered, I want it all to be wireless these days'. However differences emerge between consumers awareness of the operating system in facilitating this instant digital integration.

### **Integration and Operating system**

It is clear that through the use of words like syncing, Apps, ecosystems and the iCloud, Apple is driving the language around digital integration. Apple is clearly communicating with the consumers the role that their IOS plays in seamless integration, which marks them out for some consumers as innovative market leaders.

Apple users are the only consumers to talk spontaneously about having a digital ecosystem, where content such as photos, music, emails and diaries are stored digitally and communicated between Apple devices. For Apple users this is a big motivator in staying loyal to the brand. As one loyal Apple customer told us, 'The apple ecosystem is unique. There is no other brand that offers such a stable framework of products that all interact with each other so perfectly'.

Other Apple users who came into the brand when other options were limited in this category report a hesitancy to leave, being worried that other non-Apple devices will not be compatible with their digital content. Essentially, no matter how much they like Apple devices there is a sense that some Apple users are beginning to feel trapped by them. It is generally understood that 'Apple products are designed for use with other Apple products', which some Apple users embrace and some are beginning to find a little frustrating. Either way it acts as a significant barrier to switching OS, 'the fact that I am so caught up in the Apple ecosystem means that buying any other phone wouldn't make any sense'.

Some of these Apple users are beginning to have their head turned by new devices on the market that offer better value. Some dissent emerges that Apple is 'shiny and pretty but ultimately restrictive and over-priced'. There are clear alternatives in terms of device, but the alternative integrated ecosystems are less obvious.

Although it is still a small sector of the market that buy into the Apple ecosystem, it is telling that non-Apple users talk about the same benefits but are choosing to stay away from the Apple ecosystem. Some are wary of owning too much in the way of Apple products and dislike their integrated communication approach. They highlight the incompatibility of Apple products with flash and office programmes, as well as a reliance of iTunes music as a reason either not to fully commit to Apple or to stay away completely. Essentially, 'I don't like being limited to their walled garden, and I don't have any other Apple devices so no reason to start now!'

The gap is there for an easy to use digital ecosystem that is available across different branded devices that are of comparable quality to Apple. At the moment, in terms of operating systems, that rival is Android. We spoke to some very loyal Android users who despite speaking highly of Android were primarily motivated by rejecting Apple. They actively reject the hype that surrounds Apple as a lifestyle and as a piece of technology. A number of negative comments were made towards, 'isheep', and 'the slavish devotion that people have towards Apple'.

Android emerges as the main option for those looking to avoid Apple, and seeking a choice of devices. The devices and usability compete with Apple, but the communication around Android integrated ecosystems is just not there. In fact the Android loyalists are not aware of the term ecosystem, even though they are positive about the ability of Android to integrate, 'Google+android=seamless transitions'.

It is clear that Android is not communicating directly about integration as well as Apple. This may not necessarily be a bad thing. In fact Android could benefit from not communicating such a comprehensive integrated ecosystem since many consumers are still looking for the freedom to choose individual devices on their own merits, and the ability to customise their OS. 'I like the flexibility, and even though I don't build my own apps, I like the idea that I could, and folks who do don't have to jump through hoops to share them'.

Flexibility in device is a key feature for many, especially those looking for cheaper options. It is clear that an open OS enables cheaper devices, but quality is questioned, 'Android isn't limited to any manufacturer, just look at the cheap tablets from the far east of variable quality'. However there is consensus that some very strong device options are available on Android, particularly through Samsung, and consumers appreciate the ability to choose. In fact it is the sheer range that is appealing; some might want a top of the range tablet and cheap phone or vice versa.

Android users are motivated by the flexibility of an OS that will enable them to customise and work with different software also, 'it's customisable – I've rooted my last two Android phones and find the flexibility refreshing compared to other mobile phone OS'. They are buying into Android's approach to open source integration, 'what's great about Android is that nobody really "owns" it, sure Google provide most of the development but it's not totally theirs'.

Essentially two distinct approaches emerge with Apple as the fully integrated, sleek but restrictive ecosystem, and Android as the flexible, open but potentially less secure. A

potential market emerges for a third approach through our consumers who are mixing and matching their devices and operating systems. Although they have the same needs as Apple and Android consumers they adopt a far more pragmatic approach to the category. This “non-committed” market is not engaging with the Apple brand at anywhere near the same level, either as a zealot or a rejecter. However they have the same needs from an operating system, ‘I have no loyalty to a brand of OS. I just want one that intuitive and easy to use’.

As a result they do not understand integration to mean automatically updating content as Apple consumers do. Instead they understand it as being able to transfer files across different devices either manually or through internet services. Essentially these consumers see the same end benefits of integration but do not see the same pivotal role for the OS.

They feel they can achieve the benefits of integration without committing to Apple’s fully integrated system, ‘all my devices must have some level of compatibility, achieved through dropbox and cloudon’. With this approach they are happy using different OS, ‘I’m quite happy to have more than one OS across all my devices. It depends on features, stability, familiarity and price. But there are often other apps and services (like Google sync) that can help integrate aspects of devices with each other’.

These more pragmatic consumers are still aware of the broad strengths and weaknesses of Apple and Android systems though. Apple is ‘on the whole very positive, but I dislike how Apple restrict access’. Android’s strength is ‘openness’ but there are ‘concerns about security of Android’. So it seems that there is a space emerging for a rival ecosystem that can clearly communicate the benefit of integrating through an OS rather than internet services. This system would need to be easy to use, offer flexibility of devices and be secure.

## **Switching**

With this pragmatic outlook it is no surprise that these consumers report less barriers to switching operating system. They can be motivated by a good deal on an individual device and are not held back by the affiliation to their current OS as much. If the OS is a recognisable brand they will switch, ‘an “old friend” like Windows OS on a smartphone as, ‘I’ve used it forever. I know it and understand it’.

Apple and Android users are more reluctant to switch but opportunities are still there to convince them. Apple users are motivated to stay by zeal for the brand, strong product experience, or the fact that they feel too integrated. The emotional lifestyle investment in Apple is a real barrier to leaving, ‘I’m invested in the Apple ecosystem. Financially & Mentally, I don’t trust any other brand to be so focussed about creating a solid environment’

Other Apple users are more pragmatic though and can see the value in other brands, although there is a feeling that the quality is not quite there yet. The main motivator to leave is price; ‘cost. I doubt any other OS would be as good but if it was almost as good and cheaper I would consider switching’. This is particularly the case in tablets where rival devices are seen to offer very good value. There is an opportunity for a rival OS to prove

to the more pragmatic Apple consumers that they can offer something as intuitive, comprehensive and safe as IOS.

Android users are reluctant to switch their OS, showing a fierce loyalty to the brand. This is mostly driven by their rejection of Apple; they would need '£1 million' to switch to Apple. However their passion for openness and competition means that they are more open to switching to another, non-Apple OS if they can communicate a stronger proposition than Android in terms of ease of use and integration. 'I am interested to see if MS is really serious about making headway in the phone market. Competition might be good and push up quality and functionality'.

### **The future**

Consumers can see the process of integration and consolidation of devices continuing, storing more content digitally and 'integration with household appliances and services'. They can see a role for 4G in this as connectivity will get better and better, but few are excited about 4G at the moment. For most it's too early to see any real benefit, and most would, 'love to have it in a year or two when it comes down in price'. At the moment there is a feeling that it's not worth the expense as 'it will take a while to reach most of the UK'.

Most consumers can see the OS has having a vital role in technology solutions in the future, 'integration – everything in one. OS have to become an "all in one" device'. This continued awareness of the role of the OS means that technology companies should consider communicating directly about what a comprehensive OS system can offer, much like Apple do. However this communication should also include flexibility to avoid the negative aspects of Apple's positioning.

As choice widens in the smartphone and tablet category consumers want the flexibility to choose between devices. They also want the benefits of integration and ease of use. At the moment current communication around OS is creating a divided marketplace. There is a perception that the choice is between a comprehensive and restrictive Apple and an open but less comprehensive Android.

There remain a number of consumers that are not even engaging with the debate. The challenge is there to communicate the benefits of an integrated ecosystem built around one OS that is not restrictive and is secure.

## Methodology

Four two-hour online focus groups were conducted across 1<sup>st</sup> and 6<sup>th</sup> November 2012. There were ten participants in each group and they were recruited and segmented according to the operating systems that they were using;

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| <b>Group 1: Android Loyalists</b>         | <i>Tablet/smartphone users exclusively of the Android platform; mix of brands</i>                  |
| <b>Group 2: IOS Loyalists</b>             | <i>Tablet/smartphone users exclusively of the IOS/Apple platform/devices</i>                       |
| <b>Group 3: Non-Android/Non-IOS Users</b> | <i>Smartphone users particularly of Windows, Symbian, etc. platforms; some interest in tablets</i> |
| <b>Group 4: Non-Committed</b>             | <i>Tablet/smartphone users who are mixed or indifferent in their brand or platform preference</i>  |

We wish to thank those companies from operators, device makers, retail channels, and software developers for their valuable input and feedback.

## Qualitative Study Team



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