



THE VOICES OF THE **HANDSET ECONOMY**

RACEPOINT INMEDIA REPORT | SPRING 2015

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INTRODUCTION

It was only just over two decades ago that the first SMS was sent. Fast forward to now. Most of us carry around a smartphone that has more processing power than the computers used by the Apollo missions. Pretty much anytime, anywhere, we can work as if we're in the office; stay in contact with people across the world; watch a movie; play a game; buy stuff; book tickets and so much more. In fact, the mobile industry can claim to be among the most innovative around — but it's not alone.

The exciting thing, to coin a phrase, is that we've seen nothing yet. The next few years promise more, much more. Mobile technology will finally make our homes smart. Our cars will be safer, more aware, more connected and more environmentally friendly than ever before. (They might even drive us places.) We'll be able to pay in a flash electronically. And small — even invisible — mobile devices will not just hassle us to take the stairs, they'll monitor health conditions and even identify potential issues to prevent new ones.

It's no surprise that the brilliant things happening in mobile make it the subject of a lot of media coverage — coverage that has huge sway over the public's perception and adoption of mobility. Racepoint's report reveals how high profile media in the US, UK and China are talking about mobility as it becomes further embedded in our lives. Throughout the paper, we provide Racepoint Viewpoints. The Viewpoints give our take on important findings and predict the issues we think will lead the news agenda in 2015. The insight will help communications teams better plan their strategies in the quest to secure media coverage for their products be they mobile devices, apps or services.

OUR VIEW: THE BROAD

LANDSCAPE

The technology landscape is shifting dramatically, and the lines between enterprise, mobile and personal computing have blurred. For the past decade, we have experienced the “consumerization” of technology — our ecosystem has expanded and no single type of technology exists in a silo; innovation is connected — this is true in everything from software to hardware to security. Understanding this shift and the technological and cultural trends that continue to change the market landscape is critical to our ability to develop and foster an ecosystem for innovation.

THE MOBILE BUSINESS IS BIG BUSINESS

By some estimates, the global mobile economy totals \$1.6 trillion, or two percent of the world's GDP. The continued growth of mobile applications will increase this output to \$2 trillion by 2017. The figures show how mobility is no longer just a tech story; it's an ingrained part of our culture that will continue to change every area of our lives.

Underscoring this shift in innovation is a surge in investment. In 2014, venture capital investing reached its highest level since Q4 2000. While we are seeing sharp growth in all areas of technology, software dominated VC spending with the largest quarter of investment since 1995. However, the common theme among investment today is that it's primarily focused on disruptive technologies that seek to shift the status quo and solve problems in a different way. Specific trends that are influencing the landscape today include:

- Hardware applications — devices that open up new niches in computing (wearables, IoT, auto).
- Demand and innovation in the developing world is disrupting the conventional evolution of mass market computing. Tablets and mobile designed for the entry-level market are redefining innovation in a way that reaches the next billion. Part of this trend is also non-linear leapfrogging technology — i.e. developing countries that don't have reliable credit card networks but have M-Pesa, the local equivalent of Apple Pay, on their feature phones.

Understanding the nature of this non-linear progression is sometimes hard for companies and marketing execs who have spent their lives in Western markets.

- Technologies that bring suppliers closer to consumers through a sharing economy.
 - Disintermediation of funding: crowdsourcing
 - Proliferation of online exchanges

Security and access will become commodities of technology, serving as the necessary foundation for computing at every node.



Racepoint's view is that all of these ideas should be connected. We see these innovators as an extension of the ecosystem that has grown up around leaders in the mobile space, such as ARM, Apple, Samsung, and now companies like Huawei and Xiaomi. We are excited about the future we see.

In our industry, we see the future most directly, and most often, through the lens of the media. So we wanted to capture exactly what that future looks like today, in the lead up to the world's largest mobile industry forum, Mobile World Congress 2015. This, the first in our series of InMedia reports, examines media coverage in leading business outlets in three geographies — the US, UK and China from October 2014 to February 2015. We chose to review the high-profile publications below to gauge the tone and content of the trends capturing media attention. A summary of key findings is included in the next section.

- In the US: Bloomberg Business, Fortune, The New York Times (NYT), USA Today and Wired
- In the UK: BBC, The Economist, The Guardian, The Financial Times and The Times
- In Greater China: Caixin, CBN Weekly, The Economic Observer, the National Business Daily and Sina.com

MOBILITY & IOT:

DISTRIBUTED INTELLIGENCE

The Internet of Things is a key driver and enabler of mobility across smarter cities, infrastructure and transport, efficient industrial control and automation, smarter energy management, and connected healthcare. The success of IoT in creating a smarter society will be underpinned by the ability to lower the cost of deployment (and OpEX), reduce energy consumption, maintain security (of data) and most importantly, to future-proof IoT-enabled business models and to allow longevity of technology applications and the smart infrastructure.



New functionality of smartphones has prompted a range of stories around peripheral devices and sensors that measure everything from heartbeat (m-health and fitness), light, temperature, GPS (location), motion and so much more. This prompted one journalist to focus on the use of sensors as a way to manage your daily commute to work: synchronizing transportation changes; speeding travel time; avoiding crowds by using the information that already is (or will very soon be) readily accessible to the average consumer via smartphones.

“Through sensors installed in our smartphones and real-time monitoring by distributed sensors in the city, the fundamental infrastructures are getting smarter. More importantly, the city environment and the people living in such environment are closely connected. Such synchronized urban life experience is being considered in strategic urban planning now.”

– China Business News Weekly CBN

THE RACEPOINT VIEW

With mobile devices becoming more compact — even hidden inside the body — there’s an opportunity to lead discussions in the media about this new era of innovation. What will it mean to users? What are the broader privacy concerns? And how will the way we live and work change?



CONNECTING

EVERYTHING

The international media has abundantly reported on how connectivity and intelligence can be added to just about any physical object — clothing, jewelry, thermostats, medical devices, household appliances, home automation, industrial controls, even light bulbs. Almost every major international publication today has a section dedicated to technology — a reflection of how technology awareness has transcended consumer consciousness. However, barring the shiny product launches of 2014 (Toyota Mirai, Google Driverless Car, Apple iPhone 6, Apple Watch, Moto 360, Samsung Bendable Ultra HD TV, Nest, etc.), media coverage was largely focused on the business, personal, and societal applications of technology. For example, the Ebola tracking system for Sierra Leone offered by IBM was covered for its ability to better track and map disease hotspots for proactive and preventive monitoring.



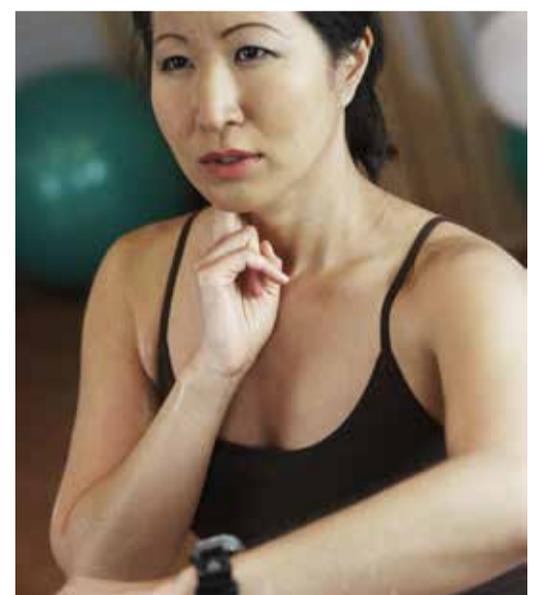
This convergence of connectivity is an important discussion for marketers to grab and own in 2015. The next era of pervasive and ubiquitous computing has been predicted for more than 20 years. But we're finally at the point of technology development that it can turn into a broadly deployed reality. The defining feature of this era will be that mobility enables computing to become invisible; it will move from attention-grabbing devices to the background.

Mobile technology is at the center of this shift to invisibility — the connecting of a continuum of devices from sensors to servers. From this unique vantage point, mobile marketers have a tremendous leadership opportunity to unite and empower the ecosystem around them. The term “mobile” has become synonymous with intelligent, efficient, connected devices. But we need to bring that one step further; we as an industry need to provide a vision for how those devices connect and what it means to our broader audiences. Mobile is not just the device, the network or the app — it is increasingly the architecture for the connection between people. It becomes the architecture for sharing and the architecture for securing systems of innovation, banking, productivity and commerce.

THE RACEPOINT VIEW

OFFER HELP TO BE HEALTHY

Health monitors are of huge interest across our key markets — especially so in China. Companies in this sector will have a great opportunity to secure media traction if they package stories about the benefits of health apps and how people can use the technology to improve their senses of wellbeing.





But this architecture must include an understanding of the human connection to mobility. Of all the great aspects of mobility, only human connections will keep select influencers from rejecting the technology as overly alienating; without the human part of the equation, we might see a backlash. How do we bring this to life? We, as marketers, need to create stories that show how we're connecting people through mobile technology. Yes, you sit on the subway and see everyone on their phones. But let's examine the nature of that — they're actually communicating with or spending time talking or texting someone they wouldn't have been able to spend that time with in the past. Will there be a humanist backlash to this? Maybe, but it is less likely if we help audiences see the human connection side of the story.

- As marketers in the mobile industry, we need to demonstrate how our technology underpins the connection between the expanding universe of devices, people, places and things that we're all computing on — from tablets, to mobile phones, to wearables and IoT devices — enabling a layer of trust and security that lets innovation thrive. People are eager to test out and try new platforms in B2B, embedded, industrial and B2C applications, so we must enable it.
- Intelligent mobility helps provide a layer of security around the movement of people, goods, services and information. Because our companies and products serve as the layer of connectivity underneath the platforms that we use for computing, identity verification, commerce and information sharing, it allows us to move and share in new ways.
- The increasing complexity of our world — cloud, software-defined computing, BYOD and “big data” — is driving the need for a layer of security that stretches from the server to the sensor. Mobile enables and supports this expansion.

THE FUTURE OF MOBILE: PREMIUM & MASS MARKET

EXPERIENCES

In just a few short years, mobile devices have become a constant in our lives, integrated into almost everything we do. For many, a mobile device now serves as a primary computing platform. The diverse ecosystem of hardware and software developers that introduced the smartphone continues to drive innovation in the mobile sector — accelerating growth in emerging economies, enabling better access to services, commerce and healthcare, as well as transforming the user experience. Just as important as the constant connectivity our mobile devices enable, is a new class of devices that increasingly merges our digital world with the physical world. From categories including wearable devices such as smart watches and eyewear, to fitness trackers and medical monitors, to yet-to-be-imagined form factors, mobile technology is behind the new devices that are — once again — redefining the definition of “computing.” Unique to this next wave of mobile devices is a strong hardware app ecosystem that provides the ability to track, monitor, warn and alert users and other authorized parties to milestone moments and potentially life threatening conditions and events.

INNOVATION FATIGUE

While excitement remains around new devices, some outlets have started to cover the first phases of “innovation fatigue.” Brad Stone of Bloomberg Business chronicles a new generation of tech elite who are opting to wait longer between device updates and contract renewals. While several stories have focused on the next “need-to-have” devices — everything from watches to glasses — the larger questions that many outlets ask are, will the mobile market slow down as it matures and what will that mean? It also suggests that companies who can develop more competitive and flexible upgrade options could steal a lead from competitors.

Two stories that will continue to dominate in 2015 across all geographies:

- **The era of the budget phone:** This is couched in different language depending on who’s discussing it — sometimes it’s articulated as the emergence of mid-range devices for the developing world and sometimes, as Bloomberg Business’ Brad Stone terms it, it’s articulated as the beginning of “The Budget Mobile Era.”
- **The web is the phone:** More “Internet” is accessed through mobile devices than traditional PC browsers — the mobile is where we track and monitor everything, from our health to wealth to news and information — anytime, anywhere.





MOBILITY & CONTENT:

EVERY COMPANY IS A MOBILE COMPANY

Innovation is evolving into a shared endeavor — hardware, software, infrastructure, security and content are all part of the ultimate end-user experience. Companies around the world are recognizing that to do business, they must have a mobile presence — it's an increasingly important part of the fabric of commerce today. In 2014, the media dove in to explore this in multiple facets.

FIND YOUR STORY

For a while now, the US media has focused on the benefits and apps enabled by mobile devices rather than the details of the technology itself. We believe this trend will continue and the companies that define and articulate their stories in ways that resonate with the media — and ultimately the end user — will be best-positioned to secure media coverage.

- **Water, Water, Everywhere.** Mobile apps for California's drought, UK floods and India's drinking water made headlines in 2014. Whether there is too much of it or not enough, whether it's too expensive or too dirty, water problems affect billions of people. The water industry is increasingly looking to harness the power of mobile phone technology in an attempt to provide smarter solutions to persistent problems. Innovative new start-ups (mWater, Dropcountr, FloodAlerts) got a lion's share of voice in the media compared to bigger companies (IBM's Creek Watch) and government agencies.
- **Stressed, stupid and less creative?** The media are reporting that mobile technology has started a second evolution of worker productivity, the first being in the early '80s. They wonder if the always-on work-life is making people stressed, stupid and less creative. In European media over the past six months, there was considerable reader interest in companies starting to deploy 'out of hours' policies for mobile and email usage, including a government debate in Germany around the need for mobile-induced anti-stress laws. This debate looks like one that will continue in 2015.
- **The rise of iPhoneography and the mobile phone creative:** Your phone is your best camera because it's always with you. In fact, you can now have a creative studio in your pocket. As the quality and features of mobile cameras and other creativity-enabling features of smartphones continue to be refined, we anticipate increased interest and demand for stories that surface just how much of a difference these technologies add. Our top global media titles have covered stories about new sleek ad campaigns shot on a mobile, film awards and new awards categories for handset films, and even reviews of exhibitions of outstanding mobile photography have become increasingly popular in recent months.



WHAT'S HOT IN 2015

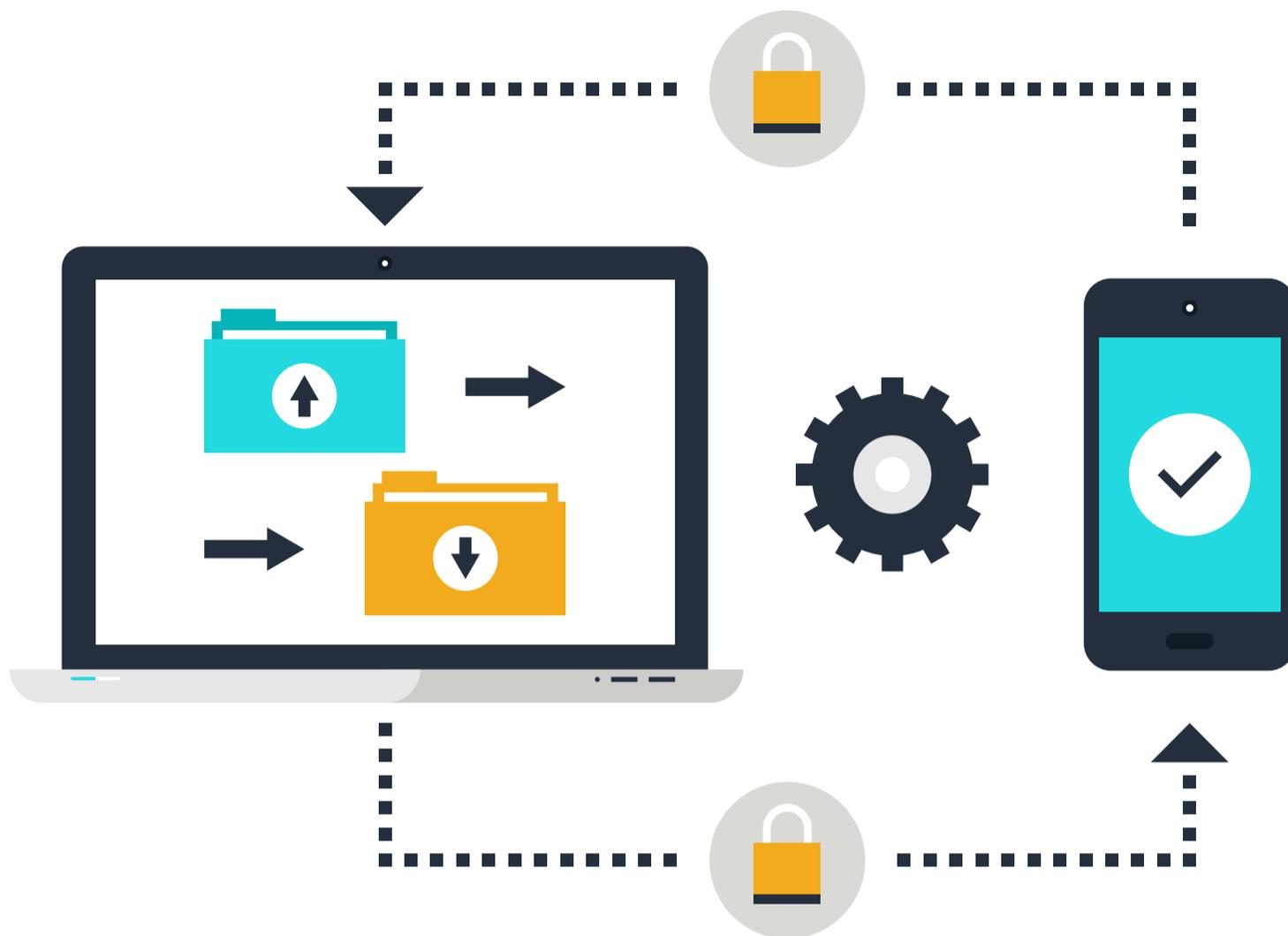
- A focus on apps and benefits — not technology
- The sensor trend and how it can help tackle health challenges (e.g. obesity)
- Education content around privacy and security
- Education content around mcommerce / mpayments and which approaches are likely to succeed

- **The young and mobile technology:** Many stories focused on young people and mobile technology. An Ericsson report touting that 90% of people over the age of six will have a mobile phone by 2020 got significant pick up towards the end of 2014. There were also more personal stories in outlets, such as the New York Times, describing the best way of introducing children to mobile usage and awareness.
- **Improving the nation's health:** Mobile holds the potential to significantly improve healthcare, while at the same time decreasing the reliance on medications. These stories tended to focus on the increased capability for care. The overall tone of media reporting was remarkably positive, urging a collective push forward to embrace new ways to monitor people's health and prevent illness. That said, there's acknowledgement of the need to balance the potential with the need to protect patients' privacy and medical records.
- **The connected car:** While WI-FI enabled cars and trucks have been on the market in the US for several years, connected cars are coming to market in China with interactive touchscreens to meet the insatiable demand for people to stay connected. The media has covered the topic extensively and we expect them to escalate this coverage through 2015 as more new technologies become available that make cars smarter and safer. The vaunted 'Apple Car' is set to pique media interest in this over the coming months.

BIG DATA, LITTLE DATA &

YOUR DATA

We are in the midst of a data explosion that correlates to the expanding continuum of personal computing devices and the growing Internet of Things that surrounds us. Research from IBM found that from the year 2003, working backwards to the beginning of human history, we generated five exabytes of information. By 2012, we were generating that much data every two days. How can we best use this data? How can we share it? How can we ensure the privacy and security of this information while still maximizing the benefits we see from it? How can we ensure that individuals have a role in managing and benefitting from their own data? These are big questions, and we need to look at them with a critical eye.



THE RACEPOINT VIEW

WILL PREDICTIVE INTELLIGENCE FEED FEAR?

As predictive intelligence serves up personalized recommendations on devices, there's potential for the widespread fear of mismanagement of personal data to grow. The media will look out for businesses that fail consumer and industry initiatives to protect privacy. Companies will need to think more about how they disclose their privacy policies and be open and transparent. Simplifying policies — that can look like detailed contracts of law — will help, as will developing stories with clear guidance about how people can better protect their data.

As mobile marketers, we see the need to articulate and call for responsible, secure data collection and management practices that balance data security and ownership issues with the benefits and opportunities new data streams create. The opportunities are tremendous, but there must also be a responsible equilibrium.

COMMERCE &

RETAIL

2014 saw a lot of mobile-enabled market disruption. From contactless payments like ApplePay and biometrics like popular finger-print scanners on Samsung and Apple devices, to “Where 2.0” (including services like Uber and Tinder), new commerce models changed how people date and how consumers buy, shop and bank. These market shifts eroded both brand and market value of long-established businesses.

PREPARE FOR THE
5TH
GENERATION

As 2014 came to a close, discussions shifted to preparations of 5G roll out by 2020. Creating thought leadership around what this will mean for the consumer's experience provides an opportunity to secure coverage in 2015.

High-speed mobile Internet and Wi-Fi are changing the way people use data and apps — and that has huge implications for data. The widespread roll out of 4G across the US and Europe is seeing people review, buy, compare, and sell on the go. Retailers have responded by offering free Wi-Fi, alongside other competitive marketing practices, to improve the experience and support multi-channel shopping. For example, while in-store, people can compare prices with other retailers and place orders online for out-of-stock items to be delivered to their homes or the store.

As a result, all eyes were on the retail sector. The media reported on the urgency and agility (more the lack of) with which businesses were using mobile to enhance the customer experience. The year ended on an analysis of mixed trading results from retailers over the Christmas shopping period. There was a sharp contrast in tone with praise for how much the technology adopters benefitted and criticism for how far the laggards were left behind. What this means, in effect, is that the cultural decision has already been made that adopters are the winners and laggards are the losers.

In China, even prior to the recent public listing of Alibaba and JD.com, mobile commerce was taking off and enjoying rapid growth. Extensive media coverage reflects its status as a hot topic in the Chinese business media. Coverage focuses on key players and their chances of success: in online payments, Alibaba offshoot AliPay is widely mentioned as a leading player.

A new ID card is expected to launch in China in 2015 that will make it safer and more secure to shop online. There will be good opportunities to target media coverage around the launch and to speak about other privacy initiatives.

CONCLUSION: THE IMPLICATIONS FOR

MARKETERS

What does all of this mean for our industry? For marketers in the mobile space; for advertisers in technology; for public affairs professionals in carrier-centric companies, this is interesting information, but how do we act on it? How do we begin building our campaigns around narratives of which people want to be a part?



For starters, we need to recognize that many of our traditional programs aren't going anywhere. Product reviews, tech tear downs, engineering and developer stories — these will continue to be at the heart of mobile and technology marketing programs. But we need to expand beyond bread-and-butter marketing and communications efforts that focus solely on hardware, apps and networks. We are moving into a post tech-centric ecosystem in mobile. As the global public's perception of technology and innovation becomes increasingly integrated with broader social and economic issues, we — technologists and technology marketers — must assume a greater role and voice in broader issues.

As you complete your planning for 2015 and beyond, here are five things to think about to extend your brand's voice:

1. Lead with a narrative that propels your story past the product.

The future is full of vision, purpose — technology supports that.

- a. It is necessary to integrate an element of future-facing vision into your brand and your story. Products and technologies today will dim and fade like WebOS and Netscape unless they are part of a longer-term picture.
- b. When we look at brands that last, they start with more than technology; their stories are about the thoughts and ideas that propel us forward.

2. Create layered arcs, but watch the jargon. It's the first thing that will disconnect your brand from your story. Instead, focus on layering in a series of "arcs" that communicate the human layer of the story, the friction in the story and then finally the technology angle of the story.

- a. The press is telling difficult stories, but they're skipping over the jargon and your campaign should, too.

FOR MORE INFORMATION

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