

The billmonitor.com report on smartphone data usage

The average smartphone user has more than doubled their use of mobile internet, but most are overcompensating, wasting money with a data tariff that is much too large for their needs



what is billmonitor.com?

billmonitor.com is a mobile price comparison site based on analysis of customers' actual bills. Employing highly developed statistical methods, billmonitor analyses post-pay customers' online bills to find out exactly how they use their phone, then analyses all the contract deals in the market before matching them to exactly the right contract so they pay no more than they should.

billmonitor.com was founded by mathematicians in Oxford, who saw an opportunity to put maths to use in solving complex consumer choice problems such as choosing mobile contracts. billmonitor is an independent and impartial service that helps mobile phone users save money not only via its unique bill analysis but also through the UK's first Ofcom-accredited mobile comparison calculator.



The average smartphone user has more than doubled their use of mobile internet, but most are overcompensating, wasting money with a data tariff that is much too large for their needs

New research from billmonitor.com, the Ofcom-approved mobile price comparison site based on analysis of customers' actual bills, shows that smartphone data use has more than doubled in the last 18 months. The average UK smartphone user now uses **154MB** per month compared to 71MB 18 months ago, and nearly **30%** of smartphone users now use more than **250MB** per month. These increases are not surprising given the popularity of iPhone, Android and BlackBerry phones. However talk of the smartphone revolution ignores an important consumer issue: whether we're actually on the right data allowance. billmonitor's research analysed 215,507 bills from UK customers who used billmonitor.com. The key finding is that most smartphone users are on the wrong data tariff.

With smartphone penetration now above 45% in the UK¹, media reports have focused on "data bill shock", that awful moment when you realise you've wildly exceeded your data allowance and incurred hefty out-of-bundle charges. But billmonitor.com's analysis of customer bills shows that in any given month, only around **2%** of bills include out-of-bundle data charges of more than £10. Out-of-bundle spending on mobile data is actually decreasing, even as data usage increases overall.

The real problem facing most UK smartphone users is that they are overcompensating for the amount of data they use by having a much too large data allowance – not only wasting their data allowance, but as they could be on a smaller one, wasting money. Half of all smartphone users are still using less than 154MB a month. But **88%** of smartphone users have opted for a monthly data allowance of at least **500MB**, of which most goes unused.

“Data use is increasing, but with huge allowances most users have more room to grow than they need, and that means wasting money that they could have spent on a better iPhone or Android phone.”

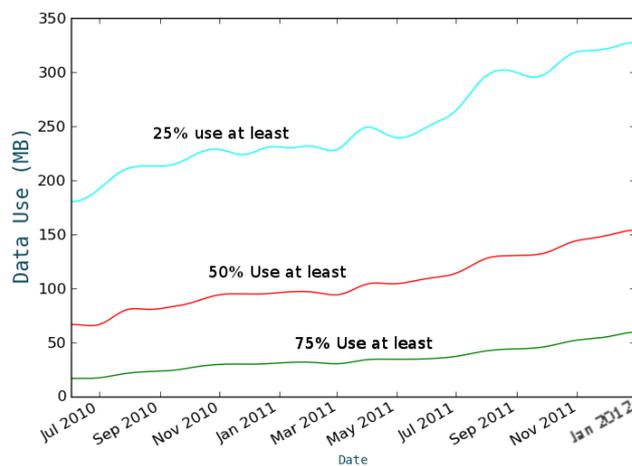
Below billmonitor examines the rapid growth of smartphone data usage and discusses why most UK smartphone users are on the wrong data tariff.

¹Google/Ipsos Jan 2012 <http://googlemobileads.blogspot.co.uk/2012/01/new-research-global-surge-in-smartphone.html>

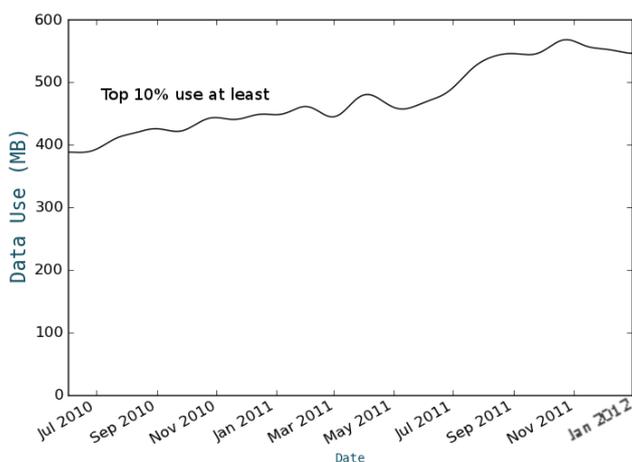
How individual mobile internet usage has more than doubled in 18 months and how much data UK smartphone users are actually consuming

The billmonitor.com research tracked UK customers over 18 months and shows that half of all smartphone users are now using at least **154MB** a month, which represents a more than doubling in average (median) data usage over this period. This strong increase has been steady over that time and seems set to continue into the year ahead as more users discover what they can do with apps and multimedia services from thousands on offer at the iPhone App Store and the Android Market.

Fig 1 – All types of smartphone users, from power users to light users have increased their data usage over the last 18 months



Smartphone users across most usage bands have seen proportionally similar increases as is seen in the top graph

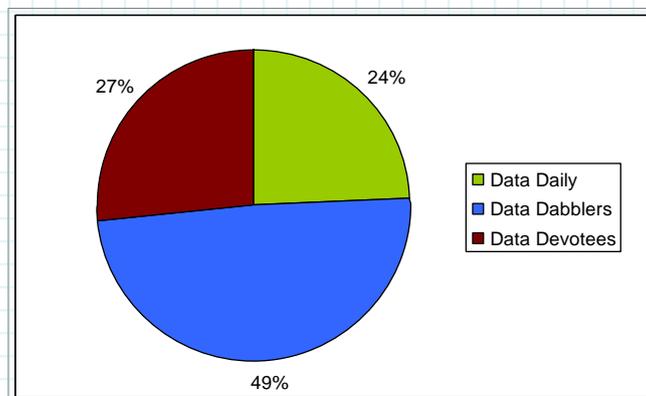


The bottom graph shows the top **10%** of power users have also increased their usage but by a more modest proportion

The billmonitor.com research defines three categories of smartphone user: Data Dabblers, Data Dailies and Data Devotees. Around half of users are Data Dabblers, with the other two quarters being Data Daily and Data Devotees. The research shows that there is mobility between groups – but almost solely in one direction. Most smartphone users increase their data usage over time to move from Dabbler to Daily to Devotee.

Fig 2 – Which kind of smartphone user are you?

- ✦ **Data Dabbler:** Monthly usage less than **100MB**. Dipping a toe in the waters of mobile data
- ✦ **Data Daily:** Monthly usage **100-250MB**. May have had a smartphone for a while, finds it increasingly useful but usage levels remain moderate
- ✦ **Data Devotee:** Monthly usage over **250MB**. A power user who wouldn't want to be without their smartphone



To learn more about how smartphone users move between these usage groups over time, contact us at billmonitor.com

Most UK smartphone users are on the wrong data tariff, paying more than they should

Data Devotees are the only group where a sizeable minority of users (around a quarter of them) have incurred out-of-bundle data charges recently. Since Data Devotees are power users making up only 27% of total smartphone users, this means that across the whole population of smartphone users, only around **8%** have experienced data charges recently.

However, smartphone users' data allowances don't reflect their real usage patterns. **88%** of UK smartphone users have a **500MB** or more allowance, and, remarkably, this is similar in all three groups of users. While most

Data Devotees might find this about right, this is a significant overcompensation for the Dabblers and Daily users who won't come anywhere near their allowance in any given month.

The small number of power users incurring out-of-bundle charges and the majority of people underusing their allowance do have one thing in common: they're all paying more than they should.

It appears that fear of “bill shock” is out of proportion to the real likelihood of exceeding your data bundle - so what's causing so many UK smartphone users to be on the wrong data tariff?

billmonitor.com believes the main factor is confusion and a lack of information. Smartphone users who don't know how much data they're using can't make an informed decision on which data allowance is right for them, so the tendency for smartphone users in the Dabbler and Daily groups is to overcompensate in order to be on the safe side. It appears that fear of “bill shock” is out of proportion to the real likelihood of going out-of-bundle regards data use.

“Fear of bill shock is understandable as it's notoriously difficult for people to estimate their real data usage, as different mobile internet behaviours have very different data usage requirements. Who knows the difference between reading an e-mail (10kb), visiting a website (1.5-2MB) or watching YouTube (roughly 3.8MB for every 5mins) on a mobile?”

This is understandable as it's notoriously difficult for people to estimate their real data usage, as different mobile internet behaviours have very different data usage requirements. Moreover, data consumption varies between phones – the same activity on an iPhone could create a different amount of data consumption compared to an Android or a BlackBerry phone.

When it comes to choosing which mobile contract to go for, out of the thousands on offer, users aren't short of choice – but they are short of guidance. billmonitor.com analyses a user's mobile bills and usage patterns to recommend exactly the right contract that matches the way they use their phone and fits their specific needs.

Looking at the mobile market, the encouraging news is that UK mobile phone providers are now offering a more varied range of data allowances, making it easier to find a

good fit for your specific usage patterns. If you're already a smartphone user you can use billmonitor.com to analyse your bills and see exactly which data tariff is right for you. If however you're just about to get your first smartphone, then you're likely going to be a Data Dabbler so opting for a modest allowance of up to 250MB should be a good starting point.

Since individual data usage also increases over time, billmonitor.com recommends that smartphone users keep a close eye on that carefully-chosen data allowance, to make sure it continues to be right for their individual needs.

To learn more

To learn more about how smartphone users use their phone and how their behaviour is evolving, contact us at billmonitor.com



Methodology

The results in this report are based on statistical analysis of 215,507 anonymised bills from customers with mobile contracts on O2, Orange, Vodafone and T-Mobile covering usage over the last 18 months (June 2010 to January 2012 inclusive).

In its analysis of a customer's anonymised bill, billmonitor takes into account their contract allowance but also all their usage – going line-by-line through the customer's bill to analyse their usage as well as any out-of-bundle costs they may have incurred.



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