

Vol. 1 2017 March 14, 2017

## ***Sei-katsu-sha* smartphone ownership and e-commerce usage in 14 Asian cities**

- **The smartphone has become the device of choice for Internet users in 14 selected Asian cities.**
- **Social media and messenger apps are the most widely used services on smartphones. Users are turning to their smartphones for more diverse reasons, marked by increased use of search sites to find information, news-watching, use of video services, and use of camera and video functions.**
- **East Asian cities (Seoul, Hong Kong, Taipei, Shanghai, Beijing, and Guangzhou), along with Singapore, have the most active e-commerce shoppers.**

To support marketing communication in the global market place, HakuHodo has conducted its Global H A B I T survey of *sei-katsu-sha* each year since 2000. Conducted in major cities in Asia and around the world, the survey polls middle- and high-income earners. We have analyzed data from the most recent Global H A B I T survey (conducted in 2016) from a variety of perspectives to discover hints on potential opportunities in the global marketplace.

**In this report, we present the Ownership and Usage of Information Devices by *Sei-katsu-sha*<sup>1</sup> in 14 Asian Cities.**

*14 cities covered: Hong Kong, Taipei, Seoul, Shanghai, Beijing, Guangzhou, Singapore, Bangkok, Jakarta, Kuala Lumpur, Metro Manila, Ho Chi Minh City, Delhi, and Mumbai*

### **1. The smartphone is definitively the most widely used mobile information device in the 14 Asian cities.**

Smartphone penetration in recent years has been nothing less than astonishing. Smartphone ownership is rapidly approaching 100 percent across Hong Kong, Taipei, the three Chinese cities (Beijing, Shanghai, and Guangzhou), Seoul, and Singapore. Even in Delhi, which had the lowest ownership rate in the survey, almost two-thirds (63.9 percent) of the survey respondents owned a smartphone. We can say conclusively that the smartphone has completely replaced the feature phone as the mobile information device of choice.

### **2. The smartphone has surpassed the computer as the most common Internet access tool.**

With the rise in smartphone user numbers, the majority of people now access the Internet from smartphones. In all 14 surveyed cities, people accessing the Internet from smartphones outnumber those accessing from computers. The biggest gaps between

the two groups were seen in Ho Chi Minh City, Bangkok, Jakarta, Mumbai, and Delhi. These cities are likely to migrate to smartphone-centric environments without passing through a period when computer Internet access is the norm. Occasionally in emerging nations, a new technology will propagate almost overnight, without the step-by-step take-up seen in economically advanced nations. Smartphone penetration very likely fits this scenario.

**3. Smartphone usage has diversified enormously, and smartphones have become indispensable in daily life as a communication and information-sharing tool. The higher the ownership rate in a city, the greater the number of functions used proficiently.**

Non-work-related smartphone usage encompasses a wide variety of Internet services. Although communication services—exemplified by social media and messenger apps—are central, news-watching / reading, information searches, video-sharing and video-watching are also very common, as is using smartphone camera and video functions. Not only is the base of users spreading outward, users are also becoming proficient with more and more services. That a broad range of services are used in cities with higher smartphone ownership rates is to be expected, but the same diversity is seen in cities with relatively low ownership rates. It is certain that as users gain more experience with owning smartphones, they will become more proficient with more functions even in cities with slower smartphone take-up.

**4. E-commerce has widely permeated life in East Asia and Singapore.**

Although e-commerce markets have been introduced in every country, the increase in information devices that can access the Internet has undoubtedly acted as a powerful tailwind to e-commerce expansion. The survey questioned respondents about their use of online shopping, ticket reservations, food delivery, and online auctions. The answers revealed vibrant e-commerce usage in cities that have long had high smartphone and computer ownership rates, whereas mainstream e-commerce take-up is still a few years away in cities with lower ownership rates.

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<sup>1</sup> Since the 1980s, the centerpiece of Hakuodo's philosophy has been *sei-katsu-sha* insight. *Sei-katsu-sha*, which literally means “living person,” stands in contrast to the word Japanese marketers typically use for consumer, *shohisha*. “*Sei-katsu-sha*” expresses the holistic person—an individual with a lifestyle, aspirations and dreams. All the branding work we do in partnership with our clients follows from *sei-katsu-sha* insight.

## Detailed Survey Findings

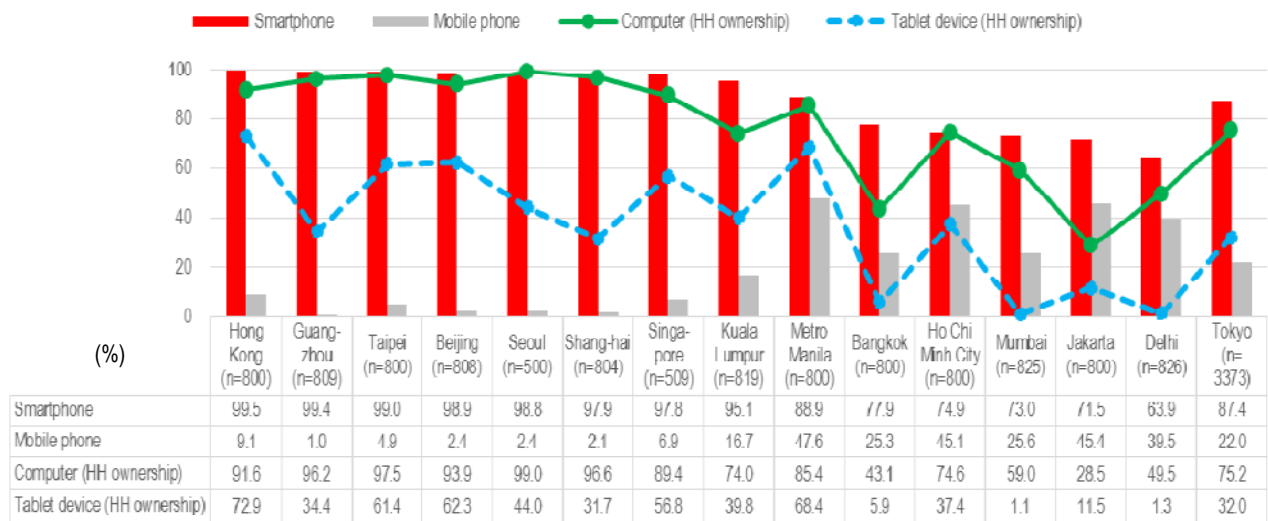
### 1. Ownership rates of information devices (smartphones, feature phones, tablets, and computers)

We compared the personal ownership rates of smartphones and feature phones, and the household ownership rates of computers and tablets, across the 14 Asian cities.

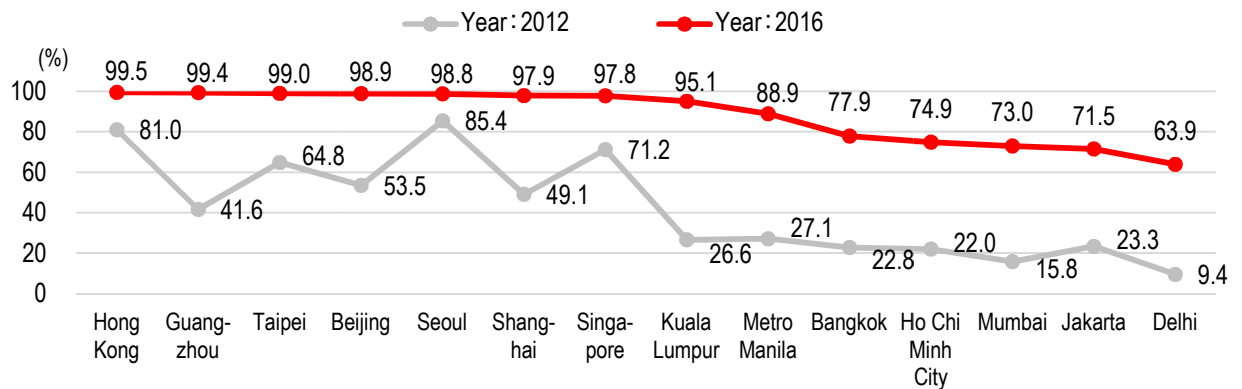
Note: Please keep in mind that the survey was conducted on middle-income and upper-income earners in each city.

- Smartphone ownership was high in all countries, making it easily the most prevalent mobile information tool. Owners of feature phones have become just a tiny minority in cities with smartphone ownership rates over 90 percent. Conversely, a fair-sized feature-phone cohort remains—with ownership rates ranging from 25 percent to 45 percent—in Metro Manila and the other cities where smartphone ownership rates are below 90 percent. Interestingly, household ownership rates of tablets, another mobile device, varied widely among the cities. The most tablet-oriented cities, in order, were Hong Kong, Metro Manila, Beijing, and Taipei, all with household tablet ownership rates over 50 percent.
- Smartphone penetration has advanced at a breakneck pace. As shown in Graph 2, the 2012 survey found no cities with more than 90-percent smartphone ownership and only three—Seoul, Hong Kong, and Singapore—with ownership rates over 70 percent. Conversely, less than 30 percent of the respondents owned smartphones in seven of the cities. On the 2016 survey, however, even the city with the lowest ownership rate, Delhi, had a 63.9 percent ownership rate. It is not difficult to imagine how massively the information lives of *sei-katsu-sha* in these cities has changed in just four short years.
- The millennial generation has been the focus of much attention recently. Smartphone ownership rates among millennials are relatively higher than that of older generations in the cities with lower ownership rates (Graph 3).

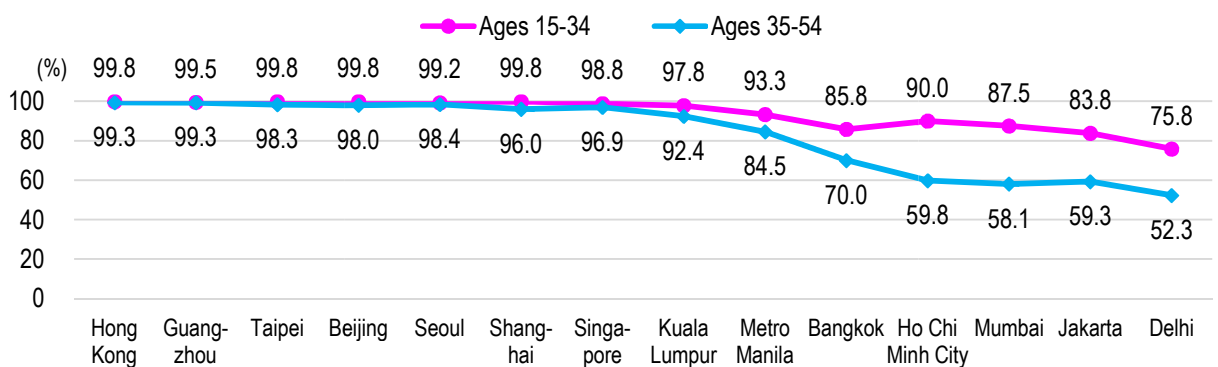
Graph 1 — Ownership rates of information devices by city in 2016



Graph 2 — Smartphone ownership rates (2012 versus 2016)



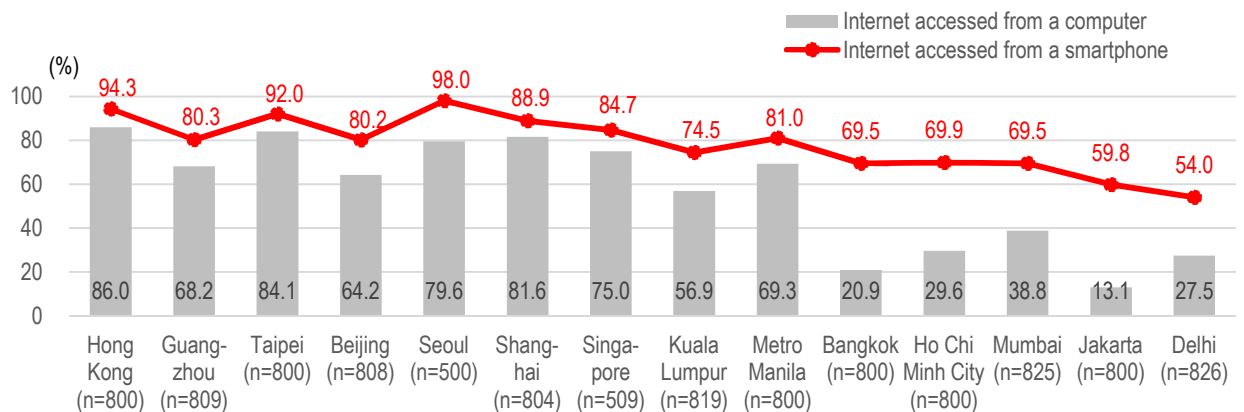
Graph 3 — Smartphone ownership rates by age group in 2016



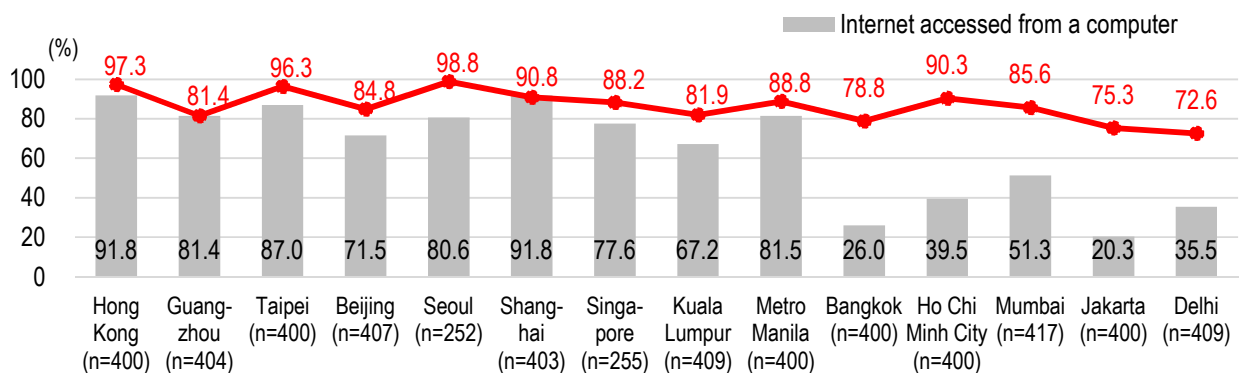
## 2. What devices are frequently used to access the Internet?

- Many people used to access the Internet from computers, but the 2016 survey found the smartphone had supplanted the computer in every city as the most common Internet access device. Any attempt to publish information on the Internet directed toward Asian cities must now assume that the majority of people will read / view the information on smartphones.
- We looked for age-related trends by splitting the respondents into two age groups. But what we found is more people use smartphones than computers for Internet access both among the 15 to 34 millennial generation and among older generations. The two groups did differ, however, in that more than 70 percent of millennials in all cities access the Internet via smartphones and that this rate was relatively consistent between cities. These data support the premise that younger generations share many commonalities, in terms of behavior and values, across borders.

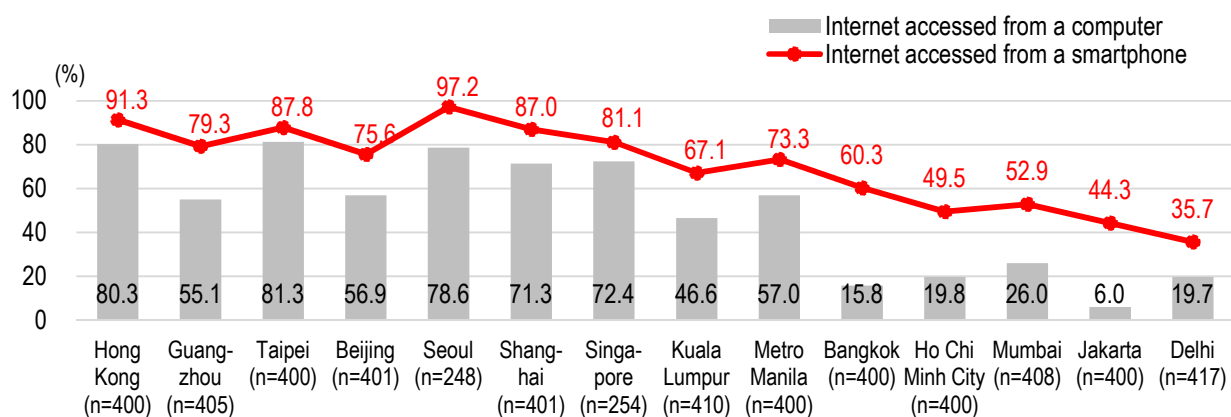
Information devices frequently used to access the Internet (all ages)



Information devices frequently used to access the Internet (ages 15 to 34)



## Information devices frequently used to access the Internet (ages 35 to 54)



### 3. Services and functions frequently used on smartphones (excluding voice calls)

We asked respondents about the non-work-related services they often use on their smartphones. The following analysis looked at respondents who own a smartphone.

- Messenger apps and social media appeared, without fail, in the Top 5 in every country, indicating the smartphone is actively used as a communication tool. Another notable application was gathering information, such as watching / reading news and looking up information on search sites. Though this repeats what was mentioned earlier, these findings suggest users today from their smartphones are readily accessing all kinds of news and information on the Internet that previously could not be accessed without booting up a computer. And the large number of respondents who said that they use a broad range of functions tells us that, not only is the base of users spreading outward, proficiency with more and more functions is also prevalent.

Several interesting differences between cities were found.

- Unlike smartphone users in other cities, Seoulites use information and news functions more often than any other function.
- Online shopping via smartphones is on the rise in Beijing and Shanghai.
- Music download and streaming services were the most frequently used services in the two Indian cities.

*Definitions of service / function groups*

- Communications / social media (yellow): social networks, messenger apps, email, chat, video-sharing services, photo-sharing and snapshot-sharing services
- Entertainment (pink): music download / streaming, watching videos, online / social games, watching real-time TV, camera / video-recording functions
- Information / news (sky blue): watching news, looking up information on search sites, browsing price-comparison / product-comparison sites, GPS / traffic / maps and navigation
- E-commerce (white): online shopping, ordering food deliveries, ticket reservations

Q: What non-work-related services and functions do you often use on your smartphone?  
(multiple answers accepted, 32 options listed)

This question was asked to respondents in all cities who had indicated they own a smartphone.

(Cities listed in order of highest to lowest personal smartphone ownership rate in 2016)

	1	2	3	4	5	6	7	8	9	10
Hong Kong (n=796)	SNS (85.7%)	Messenger (84.9%)	Email (84.8%)	Watching/reading news (84.5%)	Searching for information (77.0%)	Video sharing service (74.5%)	Chat (71.2%)	Watching videos (65.1%)	Camera/video (64.6%)	Downloading/listening to music (62.7%)
Guangzhou (n=804)	Messenger (91.7%)	Camera/video (76.1%)	Watching/reading news (70.0%)	Watching videos (55.8%)	Chat (54.1%)	GPS (52.6%)	SNS (50.0%)	Online shopping (48.4%)	Online/social games (46.1%)	Searching for information (41.2%)
Taipei (n=792)	Messenger (93.1%)	SNS (83.1%)	Watching/reading news (81.2%)	Camera/video (80.6%)	Searching for information (79.8%)	Email (75.8%)	Watching videos (72.2%)	Video sharing service (69.6%)	GPS (64.5%)	Photograph sharing service (62.2%)
Beijing (n=799)	Messenger (85.5%)	Camera/video (60.1%)	Watching/reading news (56.6%)	Online shopping (54.1%)	GPS (44.3%)	Ordering food for delivery (41.4%)	Searching for information (38.9%)	Chat (38.7%)	Downloading/listening to music (38.0%)	Watching videos (37.9%)
Seoul (n=494)	Searching for information (87.0%)	Watching/reading news (83.8%)	Camera/video (83.2%)	Messenger (78.9%)	SNS (77.1%)	Email (74.7%)	Downloading/listening to music (71.3%)	Watching videos (66.0%)	Viewing price-comparison websites (59.1%)	Ticket reservations (58.9%)
Shanghai (n=787)	Messenger (86.8%)	Camera/video (77.4%)	Watching/reading news (67.9%)	Searching for information (62.6%)	Online shopping (59.5%)	Online/social games (54.8%)	Watching videos (52.2%)	Chat (47.9%)	Ordering food for delivery (42.1%)	Downloading/listening to music (41.7%)
Singapore (n=498)	Email (79.1%)	Messenger (72.7%)	SNS (70.9%)	Watching/reading news (68.1%)	Searching for information (66.3%)	Video sharing service (55.2%)	GPS (53.8%)	Camera/video (52.6%)	Photograph sharing service (50.0%)	Online shopping (47.8%)
Kuala Lumpur (n=779)	Messenger (80.9%)	SNS (71.4%)	Video sharing service (66.8%)	Email (60.1%)	Searching for information (59.4%)	GPS (57.6%)	Chat (55.3%)	Camera/video (53.8%)	Photograph sharing service (52.2%)	Watching/reading news (48.7%)
Metro Manila (n=711)	SNS (79.9%)	Searching for information (64.8%)	Video sharing service (63.0%)	Messenger (62.4%)	Camera/video (55.6%)	Downloading/listening to music (45.4%)	Chat (43.6%)	Online/social games (38.7%)	Watching videos (33.9%)	Photograph sharing service (30.9%)
Bangkok (n=623)	Messenger (70.1%)	SNS (66.8%)	Video sharing service (57.3%)	Watching/reading news (56.7%)	Searching for information (56.3%)	Downloading/listening to music (42.7%)	Watching live TV broadcasts (34.0%)	Email (32.1%)	Camera/video (29.4%)	Photograph sharing service (25.0%)
Ho Chi Minh City (n=599)	Watching/reading news (91.8%)	Camera/video (90.2%)	Downloading/listening to music (85.1%)	SNS (83.8%)	Searching for information (83.6%)	Video sharing service (83.5%)	Photograph sharing service (77.1%)	Messenger (66.9%)	Online/social games (59.9%)	Chat (47.1%)
Mumbai (n=602)	Downloading/listening to music (71.1%)	Searching for information (61.1%)	Messenger (60.3%)	SNS (54.8%)	Watching videos (45.5%)	Video sharing service (44.0%)	Camera/video (40.0%)	Online shopping (34.6%)	Email (33.2%)	Chat (30.1%)
Jakarta (n=572)	Messenger (66.1%)	SNS (59.6%)	Searching for information (51.4%)	Video sharing service (40.6%)	Camera/video (34.6%)	Watching/reading news (33.9%)	Downloading/listening to music (29.5%)	Chat (26.7%)	Photograph sharing service (24.5%)	Email (20.8%)
Delhi (n=528)	Downloading/listening to music (61.0%)	Messenger (49.2%)	Searching for information (48.3%)	SNS (47.5%)	Watching videos (34.7%)	Online shopping (34.1%)	Email (23.7%)	Video sharing services (22.7%)	Camera/video (22.5%)	Chat (22.0%) Social games (22.0%)

#### 4. Usage of e-commerce services

The survey measured usage rates of e-commerce services. Respondents were asked about their usage of various services on each information device. The findings presented here, however, provide an overview the usage rates of leading e-commerce services by city based on all survey respondents, regardless of what information devices they own or whether they use the Internet.

- Use of e-commerce services was lively in Seoul and cities with large ethnic Chinese populations (i.e., Taipei, Hong Kong, Beijing, Shanghai, Guangzhou,

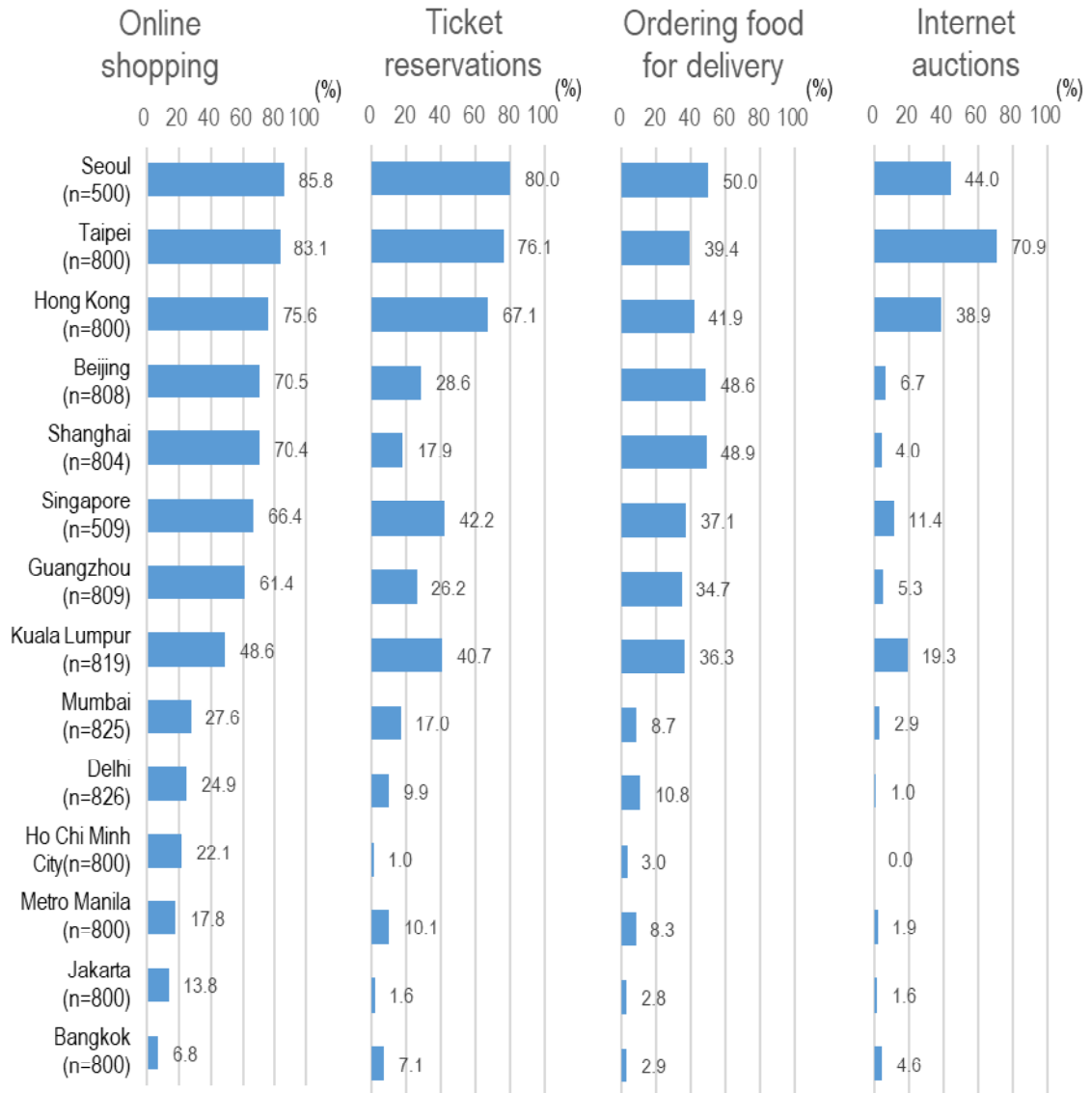


and Singapore) where computer and smartphone ownership has been relatively high for some time. Next in the ranking was Kuala Lumpur, which also has a sizeable ethnic Chinese population. Usage rates were significantly lower in the other surveyed cities, indicating e-commerce development is still limited, on the whole, in Southeast Asia and India.

- Wide differences in the usage of ticket reservations and online auctions were seen even among the cities with vibrant e-commerce service usage. Residents of Seoul, Taipei, and Hong Kong were prodigious users of all services.
- The next page provides a breakdown of service usage by information device. In the past, e-commerce was primarily conducted with computers, but changes can be seen in how e-commerce is conducted. For example, in cities with high smartphone and computer ownership rates, e-commerce usage rates via smartphones are equal to or approaching usage rates via computers. Furthermore, in cities with lower computer ownership rates, and where computer ownership is not likely to grow extensively, we can surmise that e-commerce usage via smartphones will accelerate in the coming years. Bearing in mind that smartphones are becoming the predominant tool in the e-commerce field as well, e-commerce developers must strive to deliver user-friendly, attractive services.

## Usage rates of e-commerce services

Base: All respondents in all cities



## Reference data: E-commerce service usage by information device

Base: All respondents in all cities

(Cities listed in order of highest to lowest online shopping rate (all respondents base))

	Online shopping					Ticket reservations				
	Total/ use frequently	Utilization rate by device (%)				Total/ using frequently	Utilization rate by device (%)			
		Smartphone	Computer	Tablet	Mobile phone		Smartphone	Computer	Tablet	Mobile phone
Seoul (n=500)	85.8	55.0	76.6	18.4	1.2	80.0	58.6	68.2	10.8	0.6
Taipei (n=800)	83.1	60.9	77.5	33.6	0.3	76.1	53.4	69.4	25.9	0.1
Hong Kong (n=800)	75.6	55.6	68.4	42.5	1.5	67.1	44.8	60.5	31.9	1.1
Beijing (n=808)	70.5	53.5	53.2	20.8	0.0	28.6	22.4	16.6	5.1	0.0
Shanghai (n=804)	70.4	58.3	60.8	12.2	0.2	17.9	13.8	13.3	4.6	0.0
Singapore (n=509)	66.4	47.2	51.3	25.9	3.7	42.2	23.4	35.8	11.0	1.8
Guangzhou (n=809)	61.4	48.1	51.7	6.9	0.0	26.2	19.4	14.1	1.1	0.0
Kuala Lumpur (n=819)	48.6	31.9	30.9	17.5	4.0	40.7	24.1	28.6	13.8	2.0
Mumbai (n=825)	27.6	25.7	9.2	1.0	0.7	17.0	14.3	7.2	0.5	0.0
Delhi (n=826)	24.9	22.5	8.1	1.2	0.2	9.9	4.5	7.1	0.5	0.0
Ho Chi Minh City (n=800)	22.1	9.8	5.0	14.9	0.0	1.0	0.9	0.4	0.0	0.0
Metro Manila (n=800)	17.8	11.8	13.4	6.8	0.1	10.1	4.1	8.5	4.5	0.0
Jakarta (n=800)	13.8	11.5	1.5	1.6	1.6	1.6	1.0	0.3	0.3	0.3
Bangkok (n=800)	6.8	4.3	2.0	1.5	0.5	7.1	5.4	2.0	0.9	0.5

	Ordering food for delivery					Internet auctions				
	Total/ use frequently	Utilization rate by device (%)				Total/ use frequently	Utilization rate by device (%)			
		Smartphone	Computer	Tablet	Mobile phone		Smartphone	Computer	Tablet	Mobile phone
Seoul (n=500)	50.0	44.0	23.0	5.0	1.0	44.0	28.2	38.4	6.8	1.0
Taipei (n=800)	39.4	29.1	27.8	12.8	0.0	70.9	51.8	65.6	29.4	0.0
Hong Kong (n=800)	41.9	25.1	33.0	18.0	0.6	38.9	26.4	32.6	18.5	0.6
Beijing (n=808)	48.6	41.0	23.4	10.5	0.0	6.7	4.5	3.3	1.4	0.0
Shanghai (n=804)	48.9	41.3	37.8	8.7	0.1	4.0	3.1	1.7	0.5	0.0
Singapore (n=509)	37.1	23.6	27.3	10.6	2.6	11.4	7.1	7.1	3.7	0.4
Guangzhou (n=809)	34.7	27.8	18.0	1.9	0.0	5.3	3.6	2.5	0.5	0.0
Kuala Lumpur (n=819)	36.3	24.1	19.8	9.4	3.1	19.3	10.0	11.2	7.2	2.3
Mumbai (n=825)	8.7	7.3	1.3	0.4	1.1	2.9	2.3	1.3	0.0	0.0
Delhi (n=826)	10.8	10.4	0.7	0.4	0.0	1.0	1.0	0.1	0.0	0.0
Ho Chi Minh City (n=800)	3.0	2.8	0.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Metro Manila (n=800)	8.3	3.9	6.0	2.5	1.0	1.9	1.1	1.4	0.9	0.0
Jakarta (n=800)	2.8	2.3	0.4	0.1	0.4	1.6	0.9	0.4	0.5	0.0
Bangkok (n=800)	2.9	1.9	1.0	0.3	0.4	4.6	3.0	1.3	0.6	0.4

## Overview of survey data used in this report

### Cities surveyed: 14 Asian cities

Hong Kong, Taipei, Seoul, Singapore, Kuala Lumpur, Bangkok, Metro Manila, Jakarta, Ho Chi Minh City, Delhi, Mumbai, Beijing, Shanghai, Guangzhou

### Respondents: Males and females aged 15–54

### Sample size: 10,700

### Survey period: Mid-April to mid-August 2016 (Malaysia survey conducted over December 2016 and January 2017)

Global H A B I T<sup>®</sup>

Hakuhodo Audience and Brand-User's index for Targeting

Global HABIT is a comprehensive Hakuhodo survey conducted in major cities in Asia and around the world since 2000. Survey data is collected every year, enabling not only comparisons between cities, but also time-series comparison of single cities. Single-source Global HABIT surveys probe individual *sei-katsu-sha*'s lifestyles, values, media contact, purchase attitudes, and use and perceptions of brands in many categories. This enables analysis not only of brand users, but of brand supporters at differing levels of perception (would consider purchasing, favor brand, brand fans, etc.).

### Overview of the most recent Global HABIT 2016 survey

**Cities surveyed:** Hong Kong; Taipei (Taiwan); Seoul (Korea); Shanghai, Beijing, Guangzhou (China); Singapore; Kuala Lumpur (Malaysia); Bangkok (Thailand); Metro Manila (Philippines); Jakarta (Indonesia); Ho Chi Minh City (Vietnam); Delhi, Mumbai (India)

### Respondents: Either 500 or 800 males and females aged 15–54 per city

Note: In Shanghai, Beijing and Guangzhou, an additional 1,500 male and female Chinese power *sei-katsu-sha* aged 25–54 with monthly household incomes of at least 20,000 RMB were also surveyed.

In Delhi and Mumbai, an additional 1,000 male and female Indian power *sei-katsu-sha* aged 25–54 from SEC A2 or higher with monthly household incomes of at least 40,000 INR were also surveyed.

Responses were obtained from persons in the middle/high income bracket of each city (50–95% of the urban population) based on screening by household income.

**Survey period:** Mid-April to mid-August 2016 (Malaysia survey conducted over December 2016 and January 2017)

**Survey method:** In-home interviews (China, Thailand, Philippines, Indonesia, Vietnam, India)  
Individual interviews at a central location (Hong Kong, Taiwan, Korea, Singapore)

### Main items surveyed (some apply only to China and other Asian countries):

#### Demographics and lifestyle

Demographics, lifestyles, environmental awareness, country-of-origin image, media/information contact, shopping, hobbies, sports, durable consumer goods ownership, travel, housing

#### Product & service usage

Insurance, credit cards, convenience stores, passenger cars, motorcycles, AV products, home appliances, mobile phones & smartphones, computers & printers, digital cameras, copiers, game consoles, alcoholic & non-alcoholic beverages, foodstuffs (instant foods, snack foods), cosmetics, personal care products, toiletries, sanitary products & disposable diapers

Media contacts: Corporate Public Relations Division  
Kunio Eto: [kunio.eto@hakuhodo.co.jp](mailto:kunio.eto@hakuhodo.co.jp)  
Tel: +81 3 6441 6161 Fax: +81 3 6441 6166