

Monthly Briefing:

# The Year of the Packaged Internet

Welcome to the new GlobalWebIndex monthly briefing!

February 2011

We are introducing this briefing to give friends of the GlobalWebIndex an overview of key topics and trends that come out of the data along with industry news and insight. The objective is to provide a quick, visual method for understanding these trends and how they fit in with the "big picture". Your feedback is welcome and please feel free to share the briefing with your colleagues.

## The evolution of the packaged Internet revolution

July 2008



August 2008



October 2008



2009



BlackBerry App World.



2010



iPad

2011

Mac App Store

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2011

The introduction of services like [Nokia Life Tools](#) are critical to Internet use in emerging markets

### Redefining the Internet as we know it

The transition to packaged Internet platforms now seems to have come full circle with the launch of the [Mac App Store](#) from Apple and the explosion of tablet devices at the beginning of 2011. Since the launch of Apple's App Store in July 2008, dedicated applications offering packaged Internet content have infiltrated TV sets, tablet computers, and now the desktop computer. For more on the revolution, check out our [Annual Report](#).

## CES 2011 Highlights

2011 is being hailed as the year of the tablet device and a look around CES this past year makes it obvious as to why. For an in-depth look see [Engadget's](#), [Mashable's](#), or the [Guardian's](#) report on CES.

### Tablet to watch



#### Key Spec:

- ✓ Android 3.0 Honeycomb – dedicated tablet OS
- ✓ Dual-core Tegra 2 1Ghz processor
- ✓ 10.1 inch display
- ✓ 5 megapixel camera
- ✓ Touted as the closest competitor to the iPad yet



Engadget's complete breakdown of the more than **40** tablets at CES 2011 can be found [here](#).

#### • Building branded apps -

- ✓ Allows consumers to directly interact with that brand – while **28%** of Internet users felt that the creation of an application would improve their perception of a brand, **44%** merely want brands to listen to consumer comments;
- ✓ Take advantage of new technology - Ex: using GPS-based location of consumers to offer special deals in the proximity of stores;
- **Targeted Advertising** – packaged Internet tablet platforms are better for professional content and the advertising that inevitably goes with it;
- **Integrated products** – bundling tablet devices with content; i.e. get a free iPad with a 2-year Financial Times subscription.

But will consumers buy new tablet devices?

GWI – **41%** of Internet users globally are interested in purchasing a tablet/e-reader device

Wave 2,3 data

*Consumers want a seamless Internet experience that just works – the iPad delivers that, can the new tablets?*

How can brands take advantage?

There is no doubt that tablets are here to stay. The hardware innovation combine with the high-quality content and services that can be delivered using packaged Internet platforms will drive take-up and eventually replace PCs and laptops in the household. Over the next ten years, tablet/mobile applications will help connect every facet of our lives from connected refrigerators that update grocery lists on our tablets automatically to

# The Mac App Store – a packaged Internet platform for desktop

On January 22nd 2011, Apple's App Store for iOS devices contained more than 350,000 apps and registered its 10 billionth download. To capitalize on its success, Apple launched the Mac App Store in early January 2011, which, in its first full day of operation, recorded over 1 million app downloads. Click [here](#) for more about the Mac App Store.



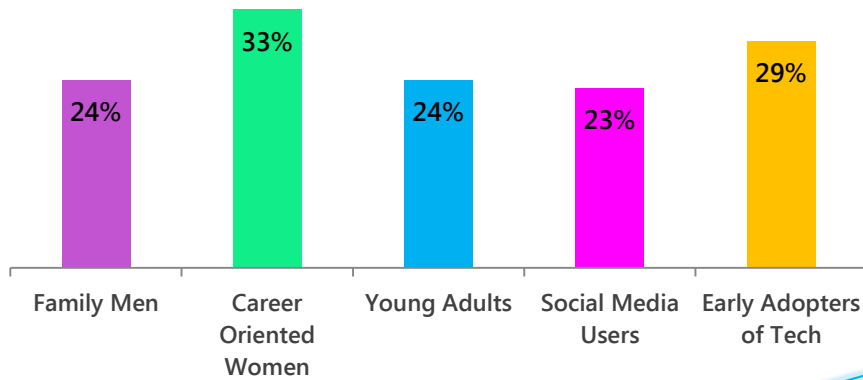
## Seamless user experience is still key

The dynamics of mobile are different to those of a PC environment, but fundamentally, consumers will pay for an app that provides a seamless, high-quality experience that they want. Apps for desktops are, essentially, software, which is nothing new. The Mac App Store, however, has created a single market place for Mac software, that consumers can easily browse and make purchases in an impulse-buy fashion. For developers, Apple's Mac App Store offers a simple distribution platform for software.

The Mac App Store also allows Apple to leverage its vast iTunes customer base to drive app purchases through the Mac App Store. Only the future will reveal whether desktop apps remain like traditional software or develop into a vast array of packaged Internet apps as they have on mobile.

## Comparing how likely different demographics are to pay for mobile apps in the UK

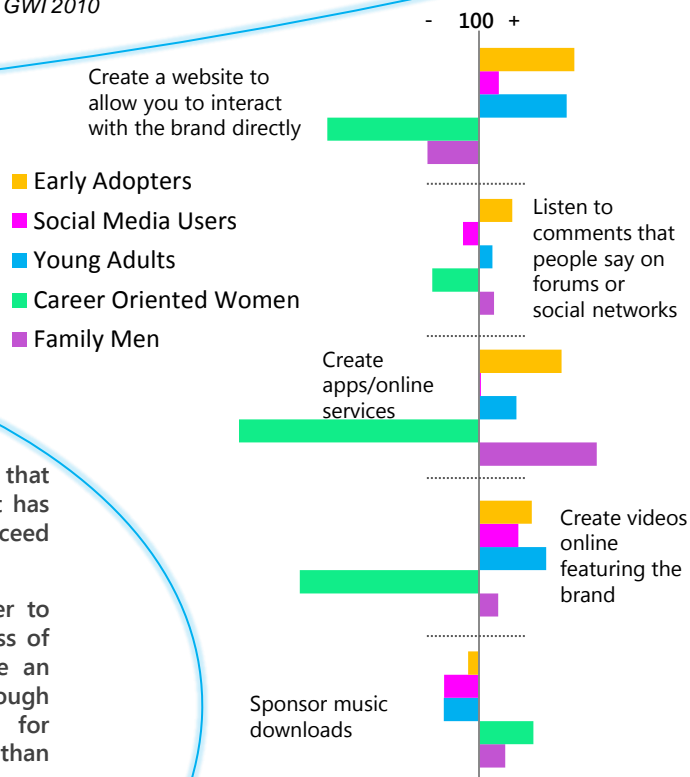
(% demographic group that would pay for mobile apps)



GWI 2010

## Family Men want branded apps the most

(How can alcoholic beverage brands positively influence consumer opinion in the UK? Index shows the degree to which different groups differ on activities that support a brand)



## Web-browsers will still dominate on desktop

From what we've seen so far, it is difficult to conclude that the packaged Internet will take over on desktops as it has on mobile. Nonetheless, some online services may succeed as desktop apps, particularly in the social media space.

Any shift in Internet usage on desktops from browser to packaged apps is yet to be seen, but given the success of apps on mobiles and tablets, brands no doubt have an opportunity to reach and interact with consumers through desktop apps. In the alcoholic beverage industry for example, social media is often seen as more useful than branded websites. Click [here](#) for more on alcoholic beverage brands using social media.

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# Packaged Internet Invades the Living Room

2011 will also see significant growth in the penetration of Internet-connected TV sets. There is still much room for innovation and enhancement of the user experience. The recent launch of the [Microsoft Kinect](#) for Xbox 360 is the best example an innovative new user interface for TV.

Home-theater PC set ups



Connected TV solutions...have been around since the 90s...but never hit the mainstream until now...

## Internet-connected TV at present

- The nascent connected TV market is already crowded with different brands, manufacturers and standards;
- The market is also fragmented in geographical terms with countries and regions adopting different standards and technologies.

International



US



International



International



EU



Currently US



International



International



UK



Penetration of connected TV sets will increase because it will become CE industry standard...

but will consumers actually use the Internet features?



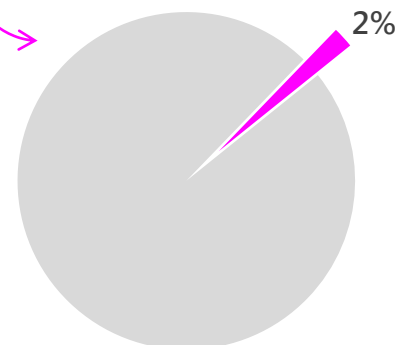
A selection of Google TV apps



## Positioning is Key for connected TV

- The proportion of consumers accessing the Internet via a TV set is miniscule at the moment, but the key to growth is to position connected TV solutions as integrated value-added services rather than merely hardware solutions for getting the Internet on TV;
- Simpler and innovative user interfaces (i.e. Microsoft Kinect) that provide seamless access to Internet content are critical to reach the passive TV viewers. Packaged Internet can provide this much better than browser based solutions;
- Without high-quality content, people will continue watching linear TV – **Recent news:** [During late 2010, the major US broadcasters blocked all access to their online video services from Google TV users;](#)
- Multitasking (i.e. using a laptop while watching TV) is still more popular among consumers than accessing Internet content via the TV set. This is where connected TV is heading over the next 10 years: tablet apps that can interact with TV content seamlessly providing additional content along with enabling media consumption across multiple devices anytime, anywhere using packaged Internet apps.

% of affluent Americans accessing the Internet via their TV set



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