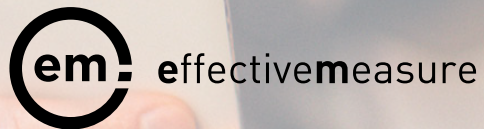


South African Mobile Report

A Survey of Desktop User's Attitudes and
Uses of Mobile Phones

August 2014



OVERVIEW

Effective Measure, a leading provider of digital audience, brand and advertising measurement company, surveyed 5,113 desktop Internet users in South Africa on a range of areas including but not limited to users' smart phone ownership, the operating structure of the smart phone market, brands' market share and consumers' purchase intentions.

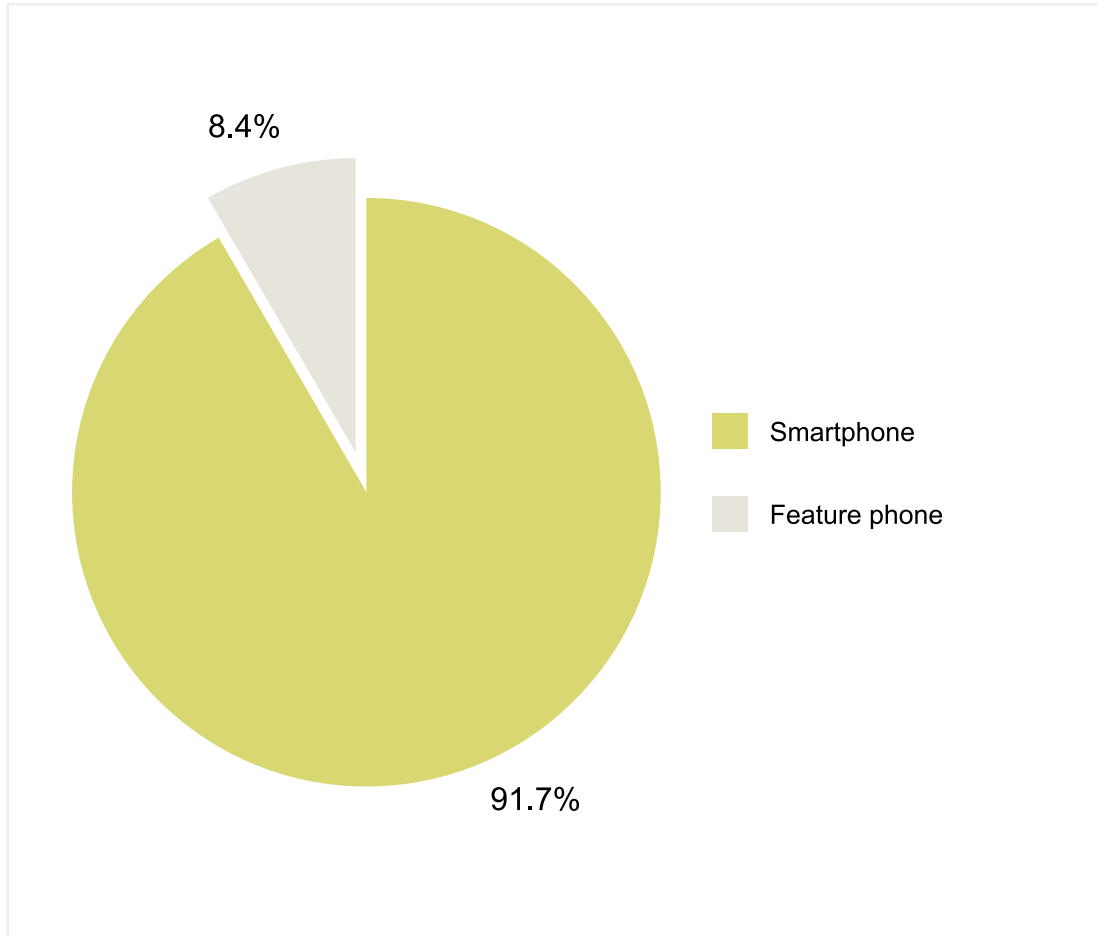
The survey results provide key insights into the South African Internet users who access the Internet via their smart phones and tablet devices.

KEY FINDINGS

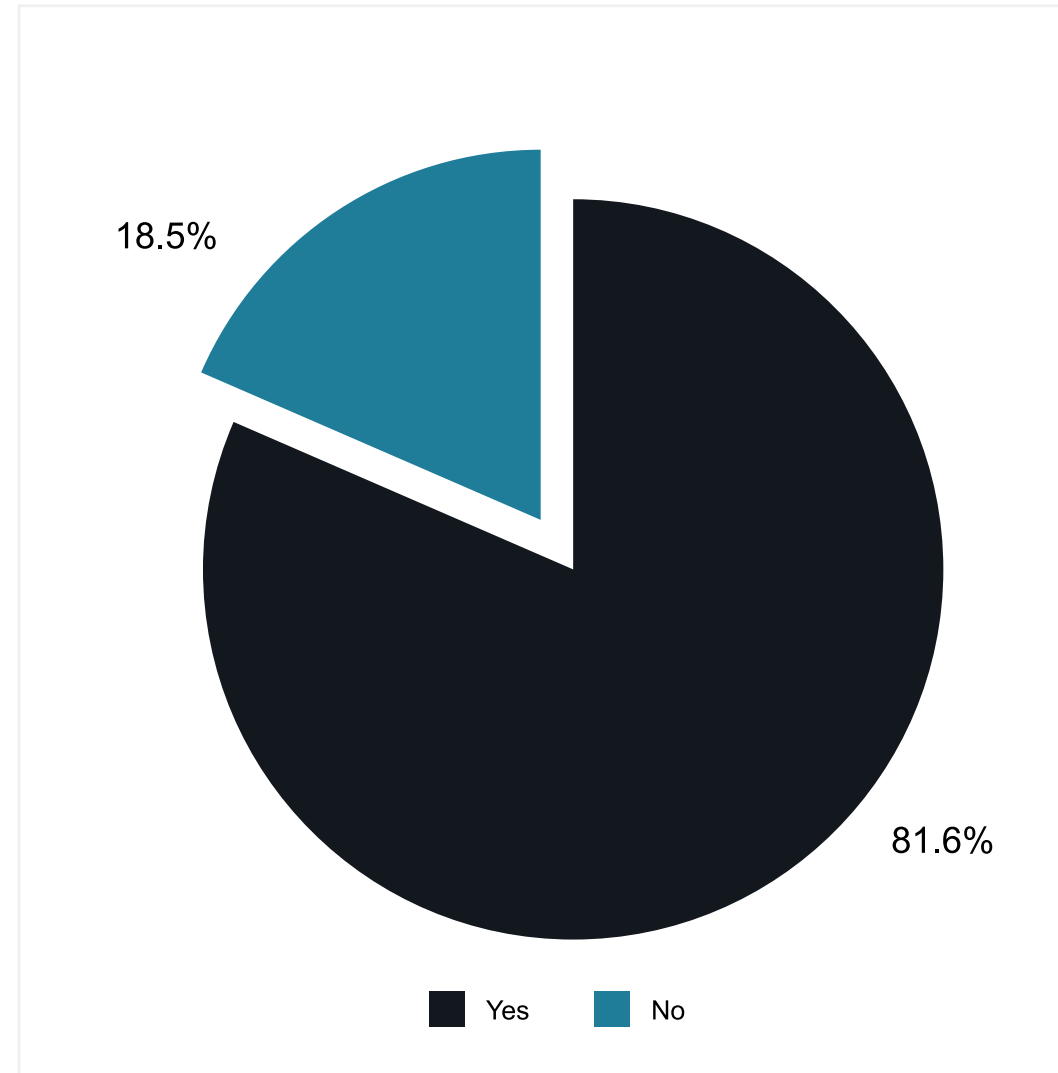
Some of the major findings of the survey of desktop Internet users include:

- 1 9 out of 10 South African desktop Internet users access the Internet via their smartphone.
- 2 Vodacom is the market leader of network operators in the smartphone market with 59.4 percent marketshare. Vodacom has seen a slight decline in marketshare since March 2014. MTN, Cell C and 8ta have seen a small increase in marketshare.
- 3 Samsung is the major smartphone provider followed by Blackberry and Nokia. Since the last report (March 2014) Samsung has overtaken Blackberry.
- 4 Purchase intentions of consumers reveals a significant drop in market shares of Blackberry and Nokia. This loss of market share has been filled by Samsung and will continue to do so.
- 5 Social media is the third most popular activity by South Africans on their smartphone, after instant messaging and email. As predicted, the use of messaging and social media has increased slightly since March 2014.
- 6 Facebook's 16 billion dollar purchase of WhatsApp will put Facebook as the market leader in instant messaging applications at 77 percent.
- 7 About 21 percent of the smartphone owners do banking and finance related purchases using their smart phones.
- 8 Almost 50 percent of smartphone owners have been exposed to mobile based advertisements in the past.
- 9 35 percent of these owners have Apple iPads (mini or standard) and Samsung Galaxy tablets.
- 10 Samsung is now the market leader in South Africa in smartphones and 2nd in tablets behind Apple.

SMARTPHONE USE IN SOUTH AFRICA



Most of South African Internet users (81.6 percent) use their smartphones to access the Internet whilst 18.5 percent of the users use traditional methods of access.



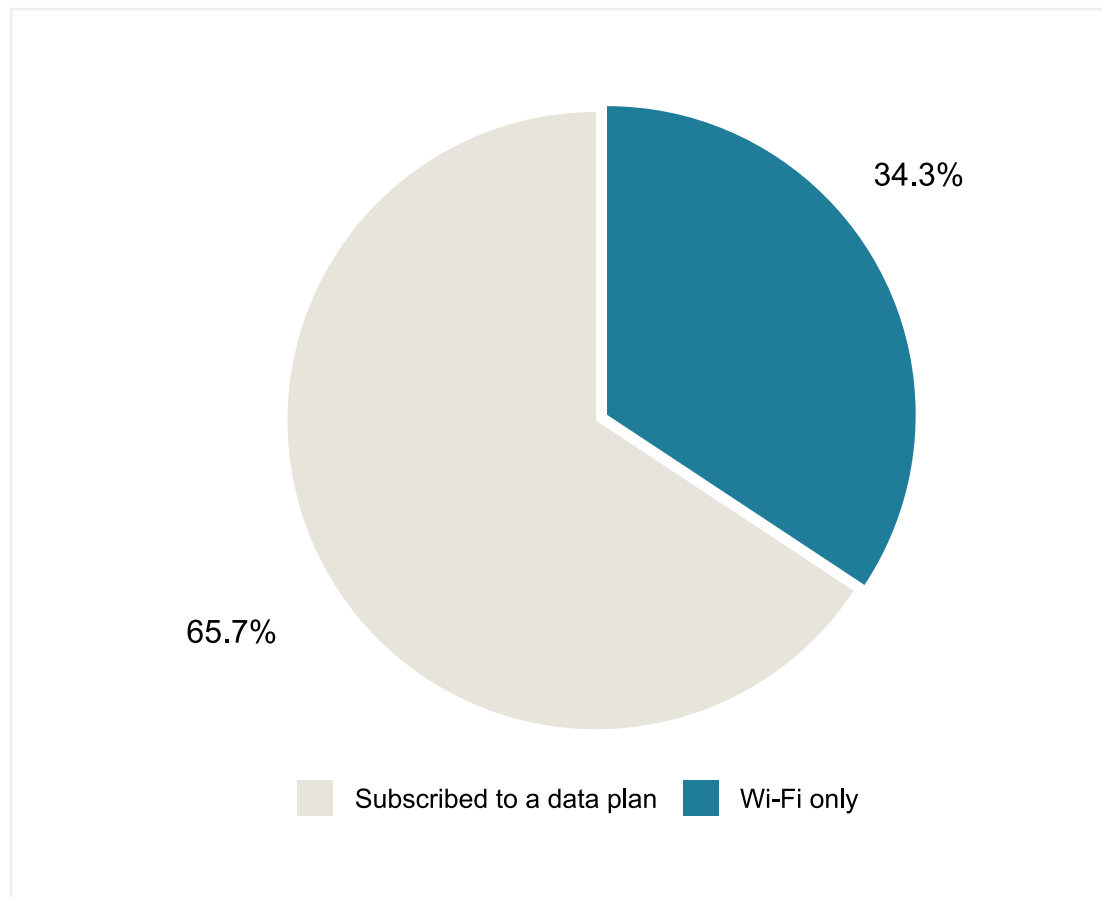
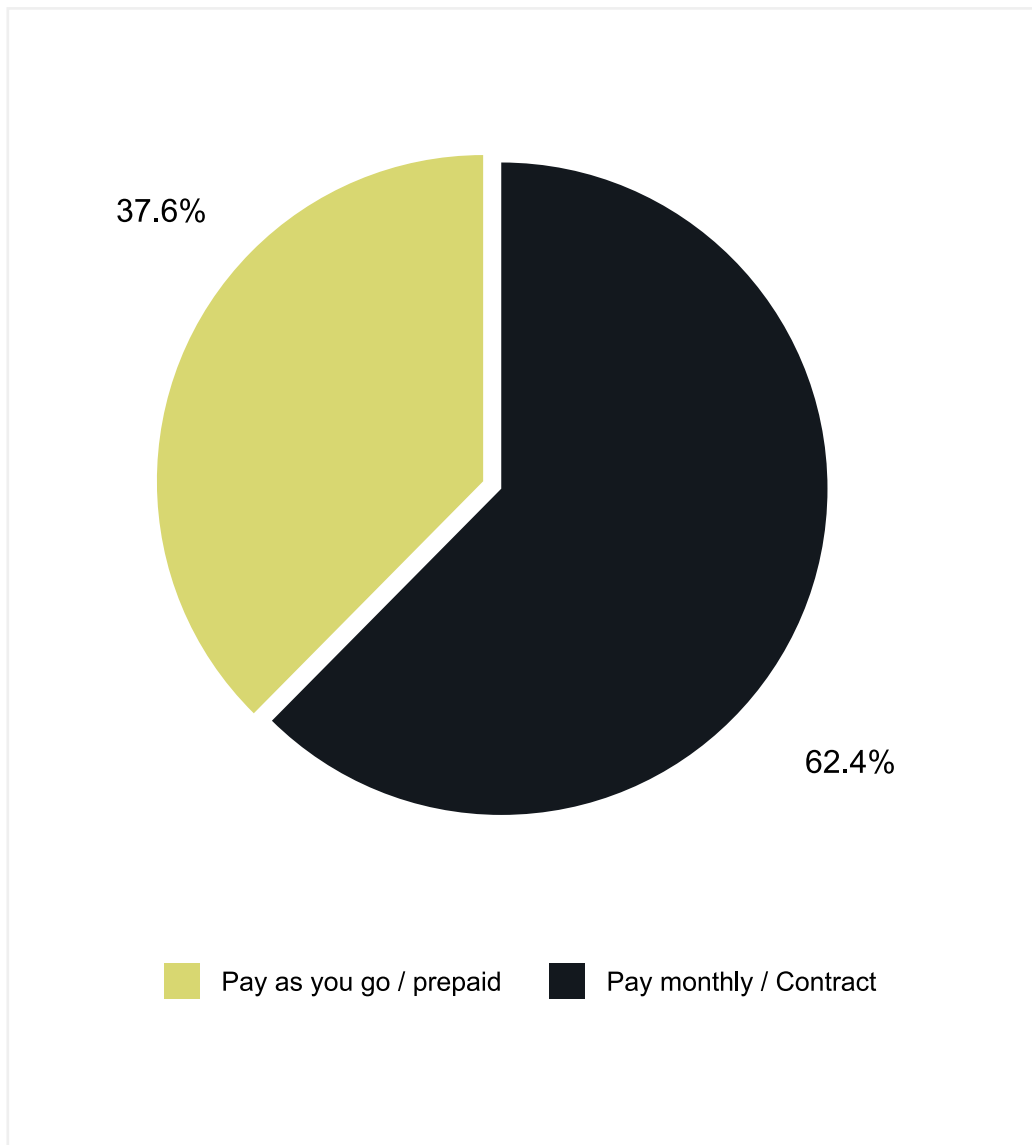
**A GREAT MAJORITY OF SOUTH AFRICAN
INTERNET USERS OWN A SMARTPHONE***

*Smartphone is a mobile phone with more advanced computing capability and connectivity than basic feature phones.

ABOUT 2/3 OF ALL SOUTH AFRICANS WHO ACCESS THE INTERNET VIA THEIR DESKTOPS WHO OWN A MOBILE PHONE HAVE A CONTRACT WITH A TELECOM PROVIDER



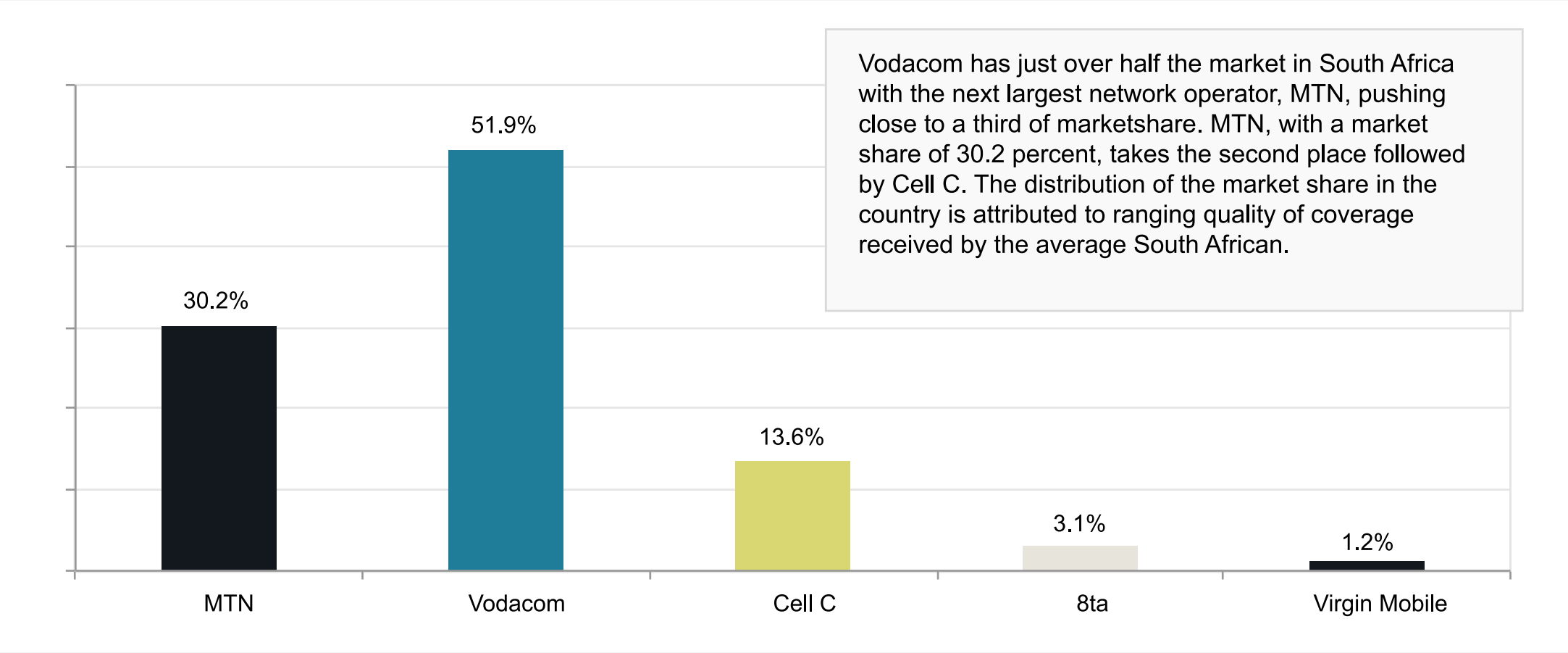
SMARTPHONES' OPERATING ENVIRONMENT



Among the Internet users with a mobile phone, about 65.7 percent have a data plan subscription with their telecom operator. On the other hand, a significant proportion of mobile users choose to access the Internet only when a free Wi-Fi* is available to.

**Wi-Fi, is a technology that allows an electronic device to exchange data or connect to the Internet wirelessly.*

DISTRIBUTION OF SMARTPHONE NETWORK OPERATORS IN SOUTH AFRICA

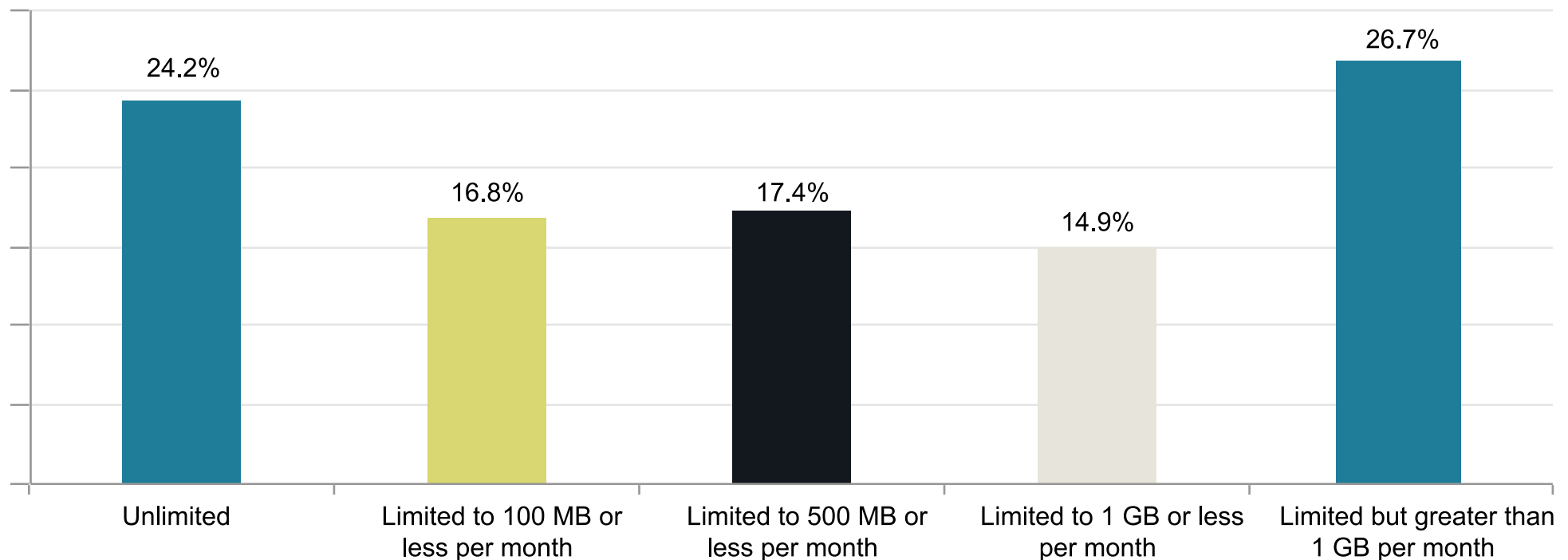


VODACOM HAS JUST OVER HALF THE MARKET IN SOUTH AFRICA WITH THE NEXT LARGEST NETWORK OPERATOR, MTN, PUSHING CLOSE TO A THIRD OF MARKETSHARE

APPROXIMATELY, 50.9 PERCENT OF SMARTPHONE OWNERS HAVE ACCESS TO GREATER THAN 1GB* OF DATA ON THEIR MOBILE PHONES ON A MONTHLY BASIS



TYPE OF INTERNET DATA PACKAGES



Among the Internet users with a mobile phone, 65.7 percent subscribe to a data package plan through their telecom operator. Approximately, 50.9 percent of smartphone owners have access to greater than 1GB* of data on their mobile phones on a monthly basis.

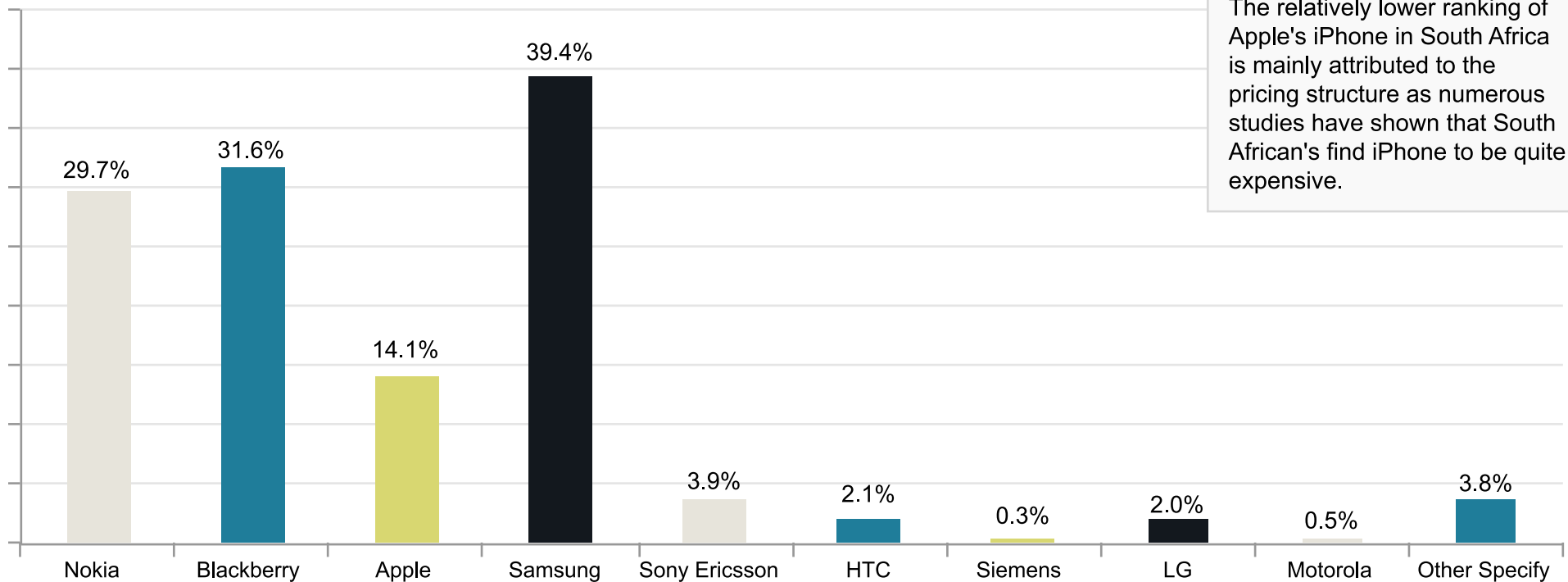
*With 1GB Internet data, one can watch 27 x 5 minute 720p video clip or send 20,480 text-only emails.

SAMSUNG HAS OVERTAKEN BLACKBERRY TO BECOME THE LEADER IN MOBILE PHONE PROVIDERS FOLLOWED BY NOKIA. APPLE IS STILL 4TH WITH 14.1 PERCENT BUT GAINING MARKETSHARE



BRANDS' MARKET SHARE AND USERS' PURCHASE INTENTS

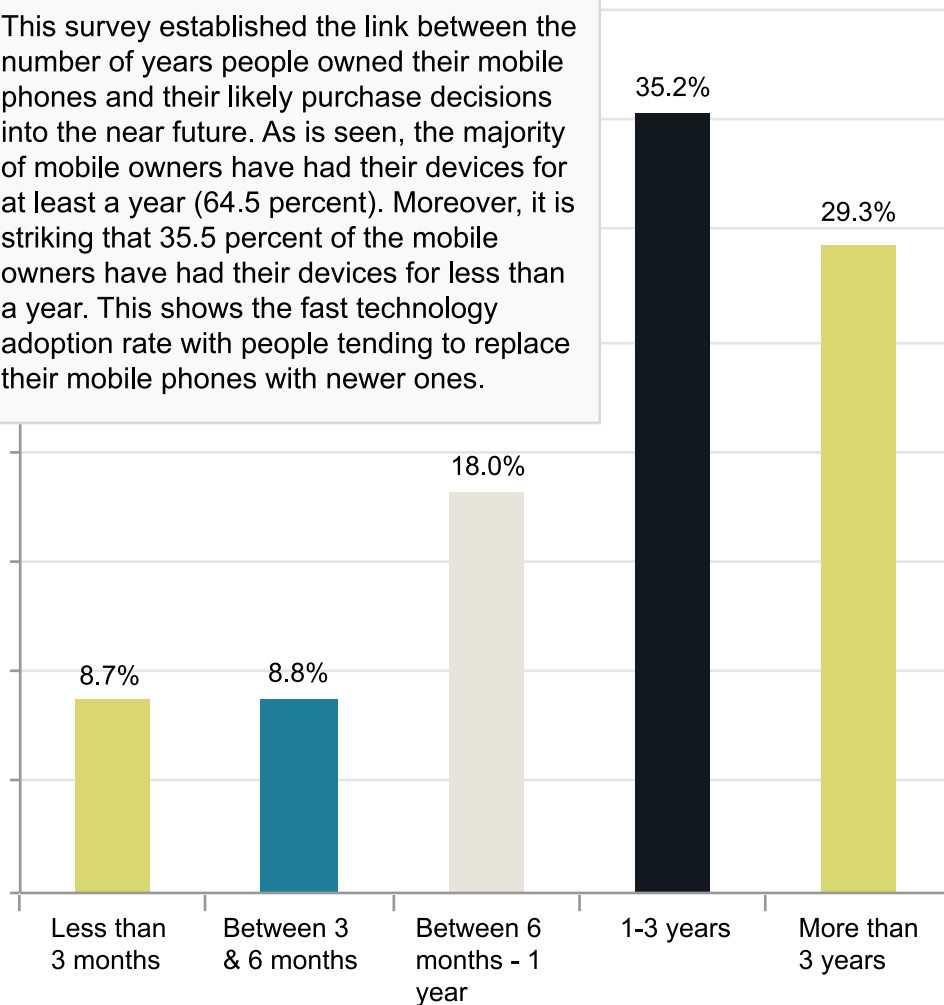
MOBILE PHONE BRANDS OWNED BY SOUTH AFRICAN INTERNET USERS



The relatively lower ranking of Apple's iPhone in South Africa is mainly attributed to the pricing structure as numerous studies have shown that South African's find iPhone to be quite expensive.

AVERAGE DURATION OF SMARTPHONE OWNERSHIP

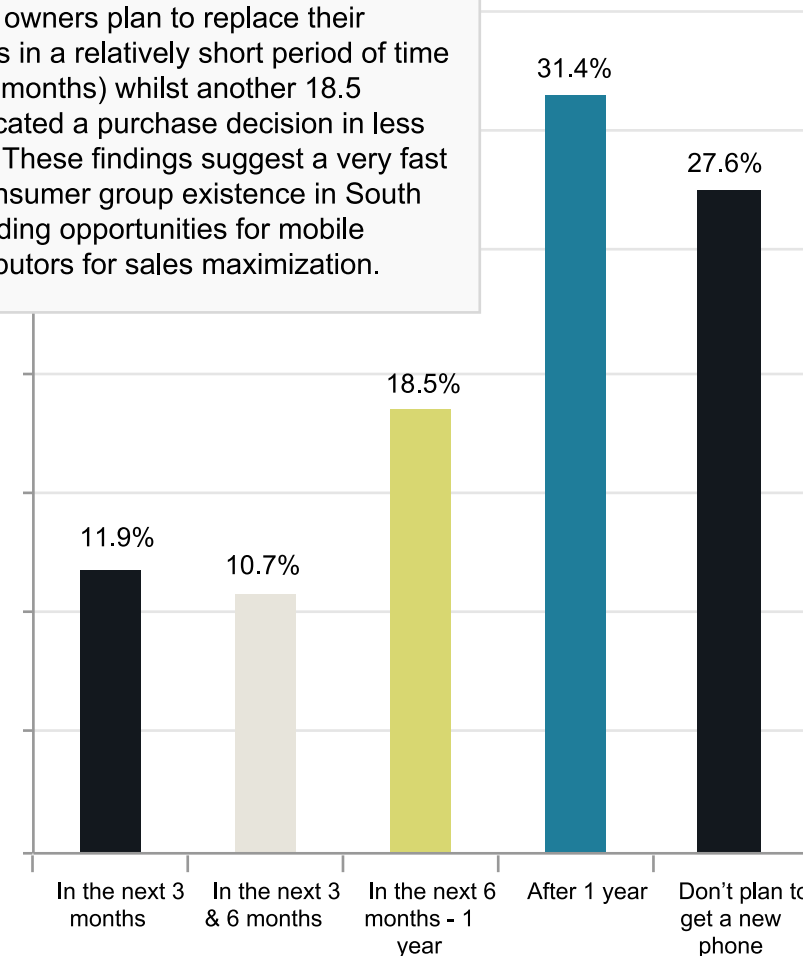
This survey established the link between the number of years people owned their mobile phones and their likely purchase decisions into the near future. As is seen, the majority of mobile owners have had their devices for at least a year (64.5 percent). Moreover, it is striking that 35.5 percent of the mobile owners have had their devices for less than a year. This shows the fast technology adoption rate with people tending to replace their mobile phones with newer ones.



ALMOST 23 PERCENT OF THE SMARTPHONE OWNERS PLAN TO REPLACE THEIR SMARTPHONES IN A RELATIVELY SHORT PERIOD OF TIME (LESS THAN 6 MONTHS)

WHEN DO YOU INTEND TO PURCHASE A NEW INTERNET ENABLED MOBILE PHONE?

The survey found that almost 23 percent of the smartphone owners plan to replace their smartphones in a relatively short period of time (less than 6 months) whilst another 18.5 percent indicated a purchase decision in less than a year. These findings suggest a very fast adopting consumer group existence in South Africa, providing opportunities for mobile phone distributors for sales maximization.

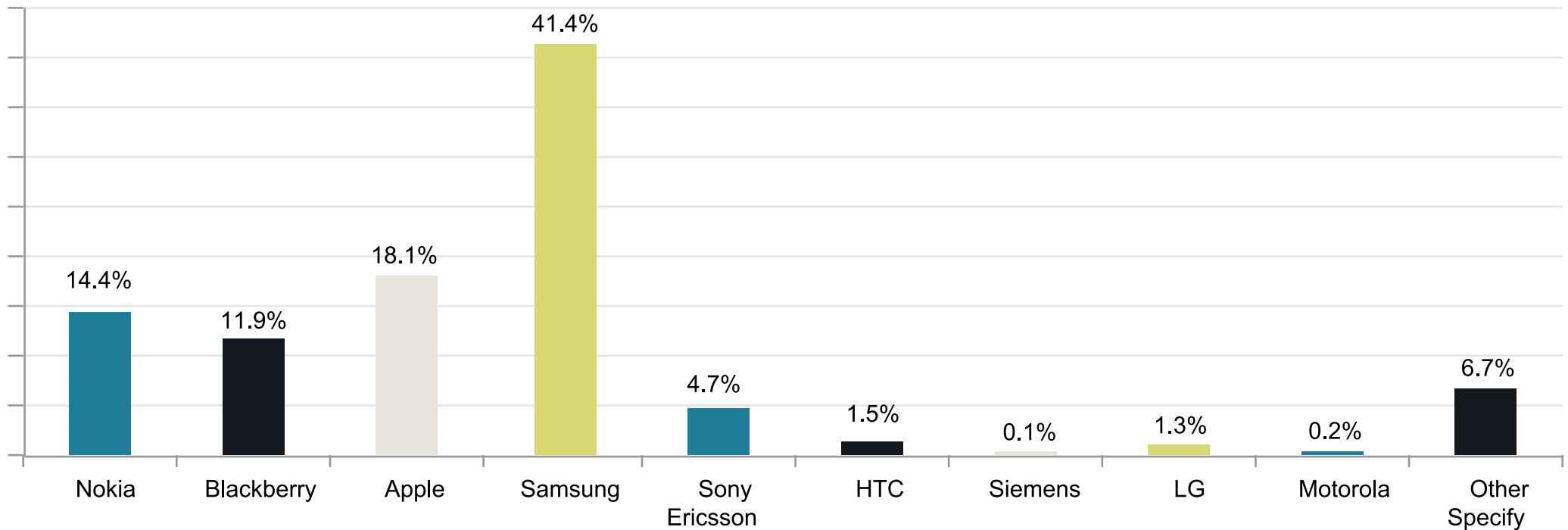


IT IS STRIKING THAT 35.5 PERCENT OF THE MOBILE OWNERS HAVE HAD THEIR DEVICES FOR LESS THAN A YEAR. THIS SHOWS THE FAST TECHNOLOGY ADOPTION RATE WITH PEOPLE TENDING TO REPLACE THEIR MOBILE PHONES WITH NEWER ONES

SOUTH AFRICAN PURCHASE INTENTIONS POINT TO AN INCREASING MARKETSHARE FOR SAMSUNG OVER THE COMING YEARS AS SOUTH AFRICANS SWITCH PHONES

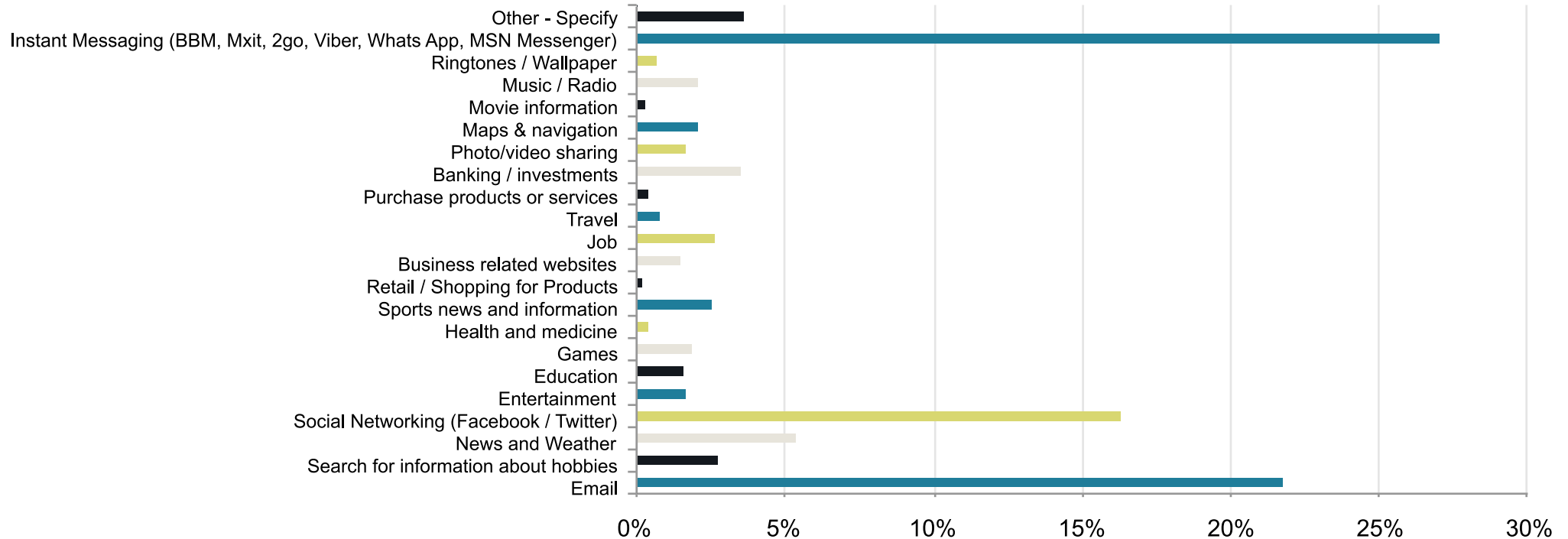


SMARTPHONE PURCHASE PREFERENCES



While Samsung is now the market leader in phone preference (overtaking Blackberry), it is also key to note that the future purchase intentions of South Africans point to Samsung when replacing their phones in the coming years solidifying their position as market leader in the near future.

WHAT TYPE OF ACTIVITIES DO YOU MOST OFTEN USE YOUR MOBILE PHONES INTERNET BROWSER FOR?



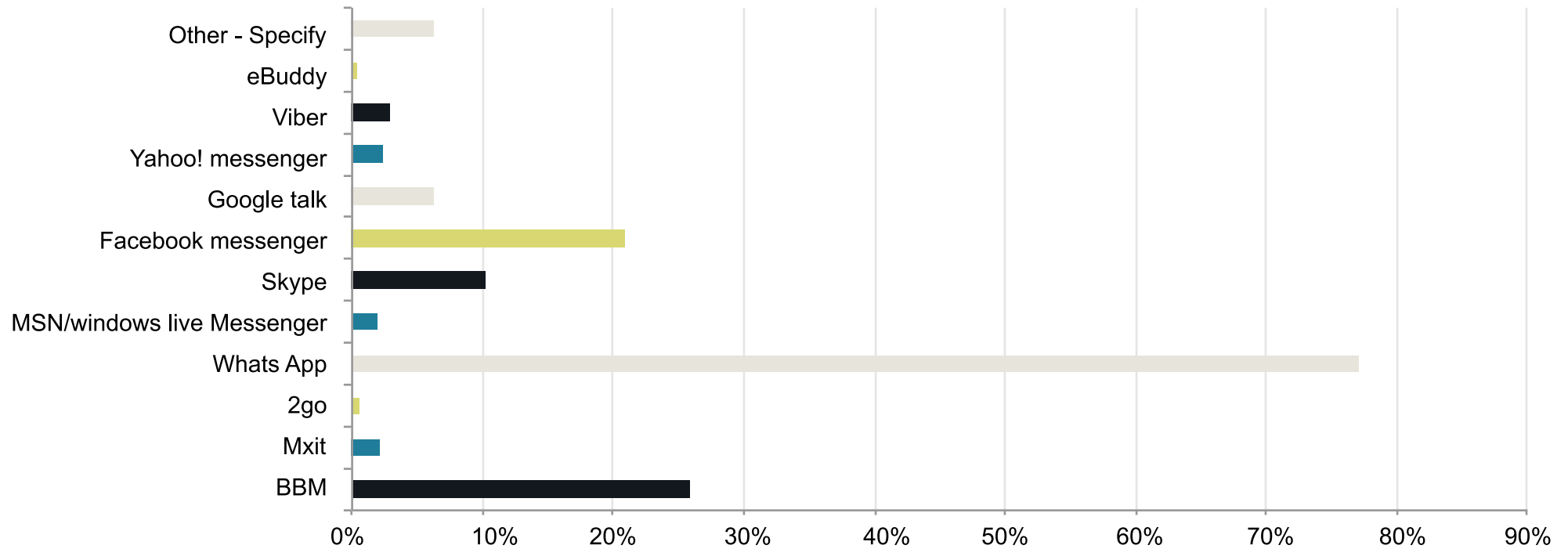
Instant messaging and emailing are the most commonly used activities South Africans perform on the web. It is interesting to note that accessing social media for network activity comes as the third most used activity by South Africans. Instant messaging and social media have increased in usage since March.

ACCESSING SOCIAL MEDIA FOR NETWORK ACTIVITY COMES AS THE THIRD MOST USED ACTIVITY BY SOUTH AFRICANS

FACEBOOK'S 16 BILLION DOLLAR PURCHASE OF WHATSAPP WILL PUT FACEBOOK AS THE MARKET LEADER IN INSTANT MESSAGING APPLICATIONS IN THE COUNTRY, AND GROWING

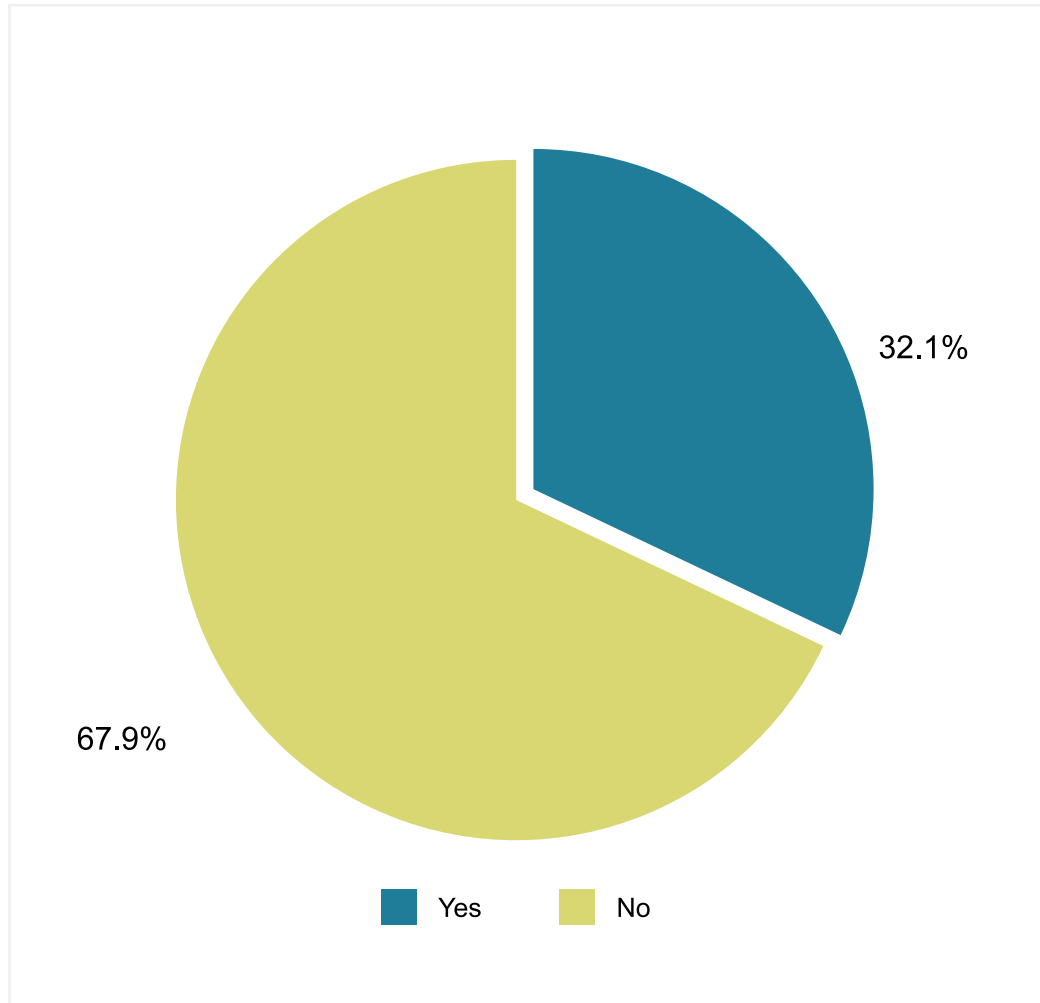


WHICH INSTANT MESSAGING APPLICATIONS DID YOU USE THE MOST IN THE LAST 30 DAYS?

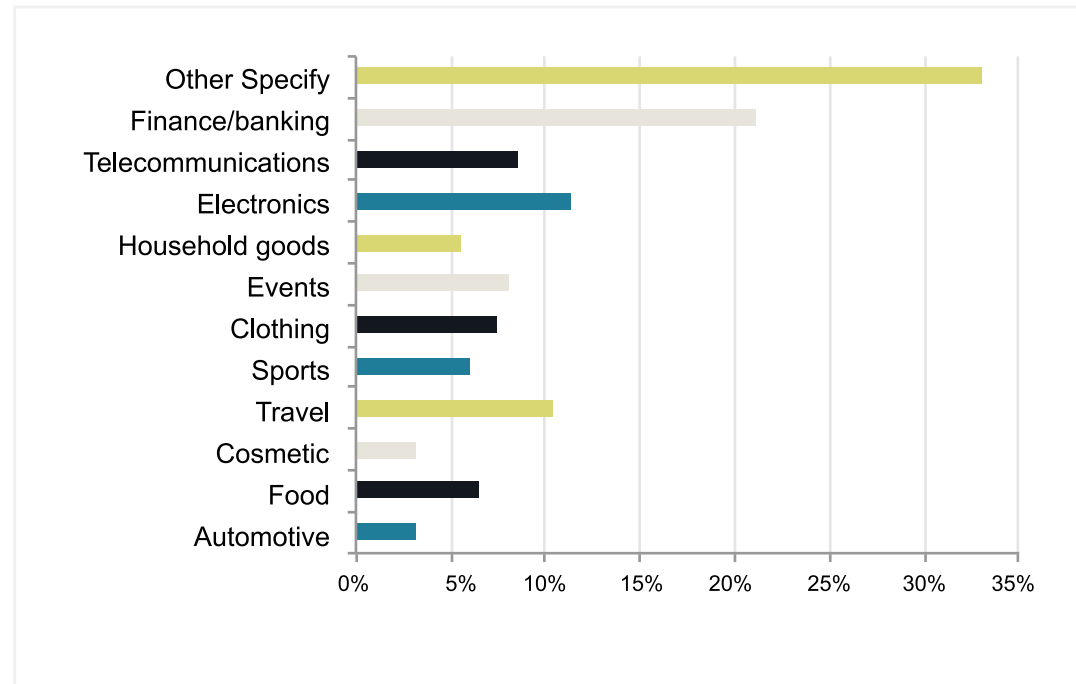


A detailed look at the use of instant messaging applications' in South Africa reveal that WhatsApp is the most commonly used tool South Africans use via their mobile phones, followed by BlackBerry Messenger. Since March, WhatsApp has increased its marketshare of messaging by around 7 percent.

Purchase behaviour of South Africans via their smartphones show that 1/3 of consumers make purchases from their phone and this has grown by almost 2 percent since March 2014.

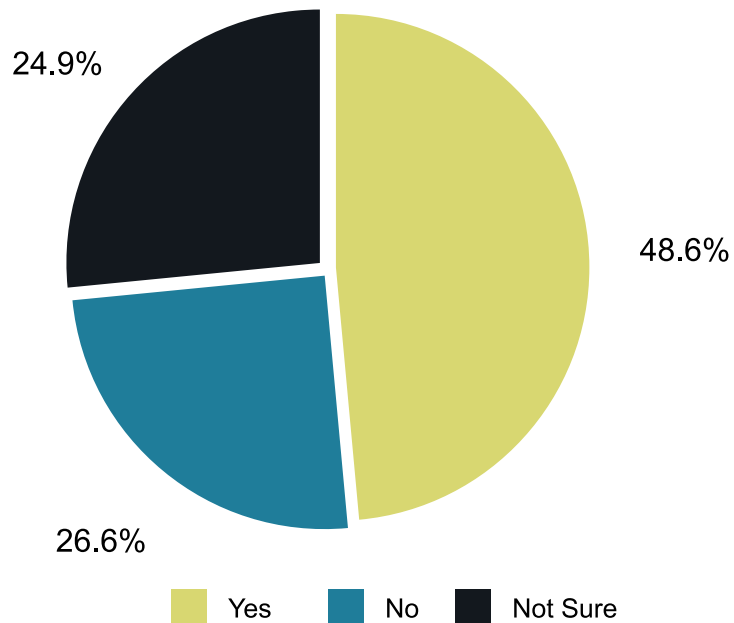


ABOUT 21 PERCENT OF SMARTPHONE USERS DO BANKING AND FINANCE RELATED PURCHASES USING THEIR SMARTPHONE'S CONVENIENCE

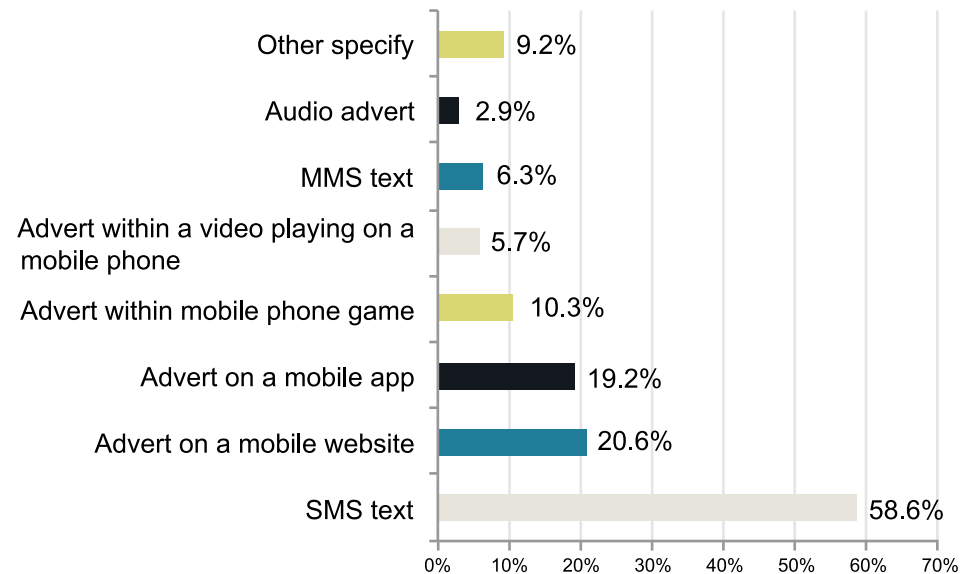


The prevalence of Internet activity on mobile phones is fast increasing in South Africa hence the advertisers' appetite to target mobile phone centric Internet users. EM's South African mobile Survey found that almost 50 percent of smartphone owners have been exposed to mobile based advertisements. Even though SMS text messages dominate the kind of advertisements Internet users are exposed to, advertisements based on a website and applications look to be gaining traction in the market.

RECALLING ADVERTISEMENTS ON SMARTPHONES' BROWSERS



RECALLING THE TYPES OF ADVERTISEMENTS SEEN ON SMARTPHONE



ABOUT EFFECTIVE MEASURE

Effective Measure is a leading provider of digital audience, brand and advertising effectiveness measurement and targeting solutions, bringing best practice online measurement data to premium publishers, agencies, networks, advertisers and researchers. The EM solutions offer brands, media and agencies invested in Oceania, Europe, Southeast Asia, Middle East North Africa and South Africa, a clear insight into their online audience and the ever-growing Internet population.
www.effectivemeasure.com.

ABOUT THE IAB SOUTH AFRICA

The Interactive Advertising Bureau South Africa, formerly the DMMA, is an independent, voluntary, non-profit association focused on growing and sustaining a vibrant and profitable digital industry within South Africa. The IAB South Africa represents the digital industry across all sectors including the media, the marketing community, government and the public, and also acts as the channel through which international bodies can enter the South African digital market. The IAB South Africa currently represents over 96 local online publishers and over 93 creative, media and digital agencies, between them accounting for more than 16 million local unique browsers and 440 million page impressions. The IAB South Africa strives to provide members with a platform through which they can engage, interact and address digital issues of common interest, thereby stimulating learning and commerce within the South African digital space.

To find out more about the IAB South Africa, visit the website www.dmma.co.za, Like them on Facebook <https://www.facebook.com/thedmma> or follow @iab_sa on Twitter.

GLOSSARY OF TERMS

Effective Measure Panel

A panel user is a person who installs the Effective Measure plug-in on their Browser. Effective Measure then track which websites the panel users visit.

Unique Audience

Referred to as an accurate 'people' count. A person has installed the EM plug-in and has confirmed that they are the only device user.

Unique Browser

Based on the number of browser types accessing the site.

SURVEY METHODOLOGY

The survey was conducted in May and June 2014. The sample was 5,113 individuals through desktop access only.

For more insights in to South African digital traffic please contact

Alan Morrissey
Country MD – South Africa
alan.morrissey@effectivemeasure.com
+27 8221 5 3291.