

December 11, 2012

Hakuhodo DY Media Partners, Inc.

**Hakuhodo DY Media Partners Institute of Media Environment Announces  
the Rapid Rise of the “Smart Masses” and  
Eight New Typical Life Scenes Involving Smartphone Users**

The rapid rise in the popularity of smart devices had led to the emergence of a new class of people, which the Hakuhodo DY Media Partners Incorporated Institute of Media Environment has dubbed the “smart masses”. Information on eight new typical life scenarios (“eight new smart scenes”) that characterize the smart masses has recently been announced by the institute, which is headquartered in Minato-ku, Tokyo, and headed by Hiroshi Yoshida.

As recently as last year, smartphones were the province of tech-savvy 20- to 39-year-olds and students preparing to search for jobs. This year, however, we have seen a rapid rise in smartphone use among other sections of the population, particularly older children and teenagers age 10 to 19.

Accompanying this explosion in smartphone use have been changes in the way smartphone owners actually use services. The Institute of Media Environment recently conducted a Smart Masses Study\* and found several differences between the first and second generation of smartphone users. The newest group of smartphone owners buy fewer paid apps, use business-related applications less frequently, and are more likely to use applications designed for amusement or communication. This is a different model than the way cutting-edge smartphone use was once conceived, and suggests that relatively casual communication and services have begun to be the norm when it comes to the way smartphones are being integrated into everyday life. It also seems that an increasing number of smartphone users do not take full advantage of the increasingly powerful features and performance that their smartphones offer (see reference document #1).

As we enter an era where more than half of *sei-katsu-sha* own smartphones, the Institute of Media Environment expects a shift from “cutting-edge usage” scenarios to “everyday usage” scenarios. Smartphones are now becoming prevalent among housewives and older adults as well as among teenagers, and finding ways to create familiar, amusing content that can be conveniently integrated with daily life will be the key to developing future smartphone services. In anticipation of these upcoming trends, the institute has dubbed the new crop of smartphone users the “smart masses” and has come up with the following eight typical life scenarios (“eight new smart scenes”) in which these masses are likely use their smart devices to link to media content in the near future.

Eight new smart scenes (see reference document #2)

1. FUN: *Sei-katsu-sha* gravitate towards entertaining content
2. VISUAL: Simple visual communication
3. ACCESSIBLE: Buy or sell from anywhere
4. DIRECT: Direct business transactions between involved customers
5. FIXED: Flat-rate media services
6. INTEGRATED: Engage content whenever, wherever
7. PUBLIC: Medical and educational sectors join the smartphone world
8. HIDDEN: The service itself is no longer visible

The Institute of Media Environment will continue to research future media environments in the hopes of uncovering clues to effective next-generation advertising, enhancing its communication planning ability and finding ways to media more effectively.

Institute of Media Environment website: <http://www.media-kankyo.jp/> (Japanese only)

## Reference Document #1

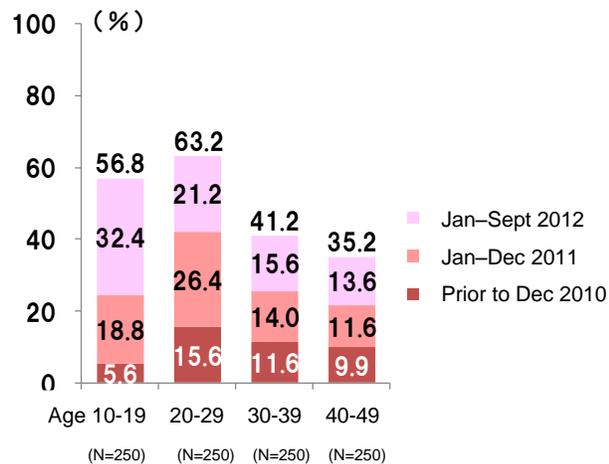
### Results of the Smart Masses Study\*: The emergence of the “smart masses”

The use of smartphones has spread to males and females age 10 to 19 as well as groups who were previously taking a wait-and-see attitude towards purchasing a smart device. The results of a recent Smart Masses Study indicated that a new class of smartphone users is emerging—one that is very different from the cutting-edge, tech-savvy early adopters that first purchased these digital devices.

#### Characteristics of the smart masses #1: Younger users

Prior to 2010, smartphone buyers were typically between 20 and 49, and 2011 buyers were mostly in their 20s. In 2012, we saw a drastic increase in smartphone purchases among older children and teenagers age 10 to 19.

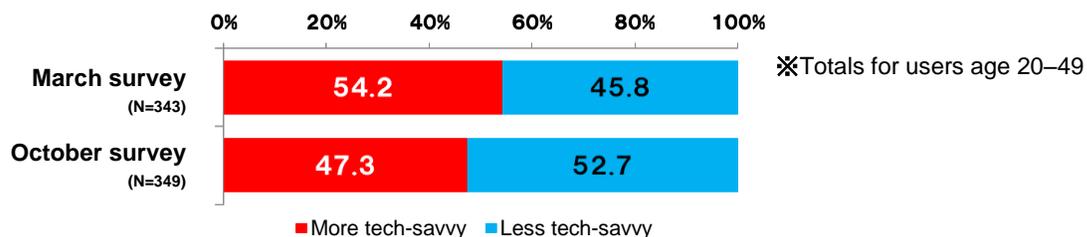
Smartphone ownership (by age group)



#### Characteristics of the smart masses #2: Less tech-savvy

When we asked smartphone users age 20 to 49 how tech-savvy they were, in March and October of 2012, the October respondents reported that they were less competent at operating their smartphone devices than those that answered in March.

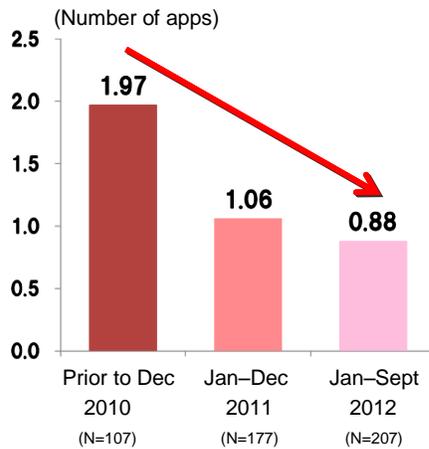
Technological savvy (self-reported) (by survey period)



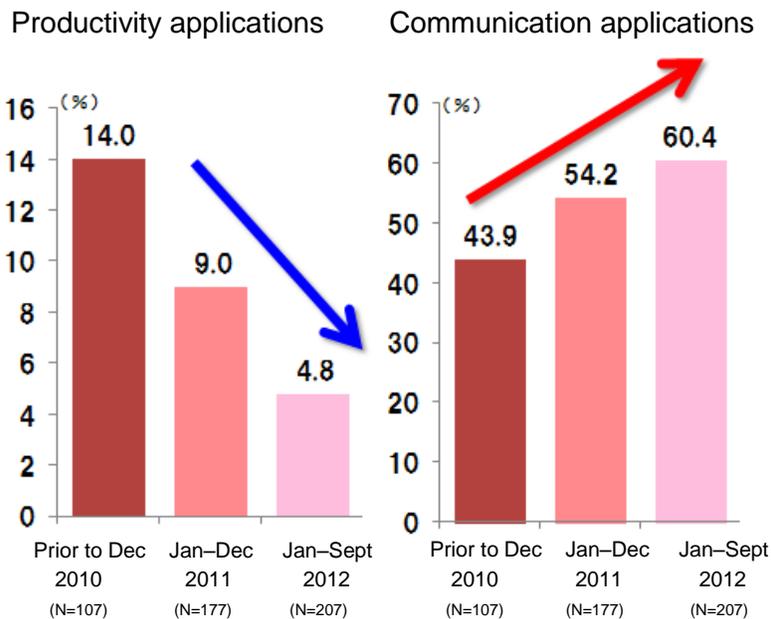
**Characteristics of the smart masses #3: Less money spent on paid applications, higher use of applications designed for amusement or communication**

In general, the earlier a person purchased a smartphone, the more paid applications they use and the more likely they are to use business-related (productivity-enhancing) applications. More recent smartphone purchasers tend to use fewer paid applications and are more likely to use amusement or communication apps—particularly those designed for connecting with others.

Number of paid applications (according to when the smartphone was purchased)



Application usage (according to when the smartphone was purchased)



## Reference Document #2

### Eight new smart scenes

The emergence of the smart masses has brought with it changes in how *sei-katsu-sha* use their smart devices. As the majority of people begin to purchase smartphones (creating the “smart masses”), we are likely to see smartphones being used in the following life scenarios.

#### 1. **FUN: *Sei-katsu-sha* gravitate towards entertaining content**

Unlike cutting-edge users who respond to technological novelty, the smart masses tend to look for entertainment over practicality. Their main consideration when engaging with a new media service is how much fun it brings to experiencing the information or content.

#### 2. **VISUAL: Simple visual communication**

The smart masses do not have technological confidence. They avoid trying to perform the complicated, multi-step operations that would make them more skilled users, and prefer applications that are intuitive and easy-to-understand. This trend supports visual communication that can be understood at a glance.

#### 3. **ACCESSIBLE: Buy or sell from anywhere**

People not only make purchases from their own smartphones, but also create their own “merchant spaces” with other smartphone users thanks to the emergence of shop creation support services. The steps leading to actual purchases have expanded to include all aspects of everyday life.

#### 4. **DIRECT: Direct business transactions between involved customers**

The exchange of money between *sei-katsu-sha* is currently limited to cash and bank transfers, but the ability of everyday people to complete financial transactions among themselves is likely to increase as payment services as simple as sending a text message become more available.

#### 5. **FIXED: Flat-rate media services**

With the appearance of so many media services and the ability to be charged on the spot, *sei-katsu-sha* are concerned about spending too much money. Fixed-rate services are gaining strong support among the smart masses for being transparent and stress-free.

#### 6. **INTEGRATED: Engage content whenever, wherever**

Media services are currently rather scattered, with different applications used on TV, computer, and other screens to watch programs, read magazines, and engage with other content. These diverse applications are likely to be combined in the future, and the key to media services will be finding ways to create content that is constantly being integrated with people's everyday environments.

## **7. PUBLIC: Medical and educational sectors join the smartphone world**

There is a medical support service in the US that lets people scan their prescriptions and have them automatically sent to the nearest pharmacy to be filled. School blackboards are increasingly being replaced by "smartboards", improving the quality of the educational experience for students. There seem to be an increasing number of familiar, easy-to-use custom services in public sectors as well.

## **8. HIDDEN: The service itself is no longer visible**

As sophisticated technology increasingly becomes a part of our everyday lives, more *sei-katsu-sha* are once again looking for interesting content and convenient services. The technology that supports this trend will likely become so ubiquitous as to be unnoticeable; in fact, hidden services are likely to be exactly what *sei-katsu-sha* demand.

### **\*Smart Masses Study: Overview**

Study period:	March investigation: March 16–18, 2012 (Fri–Sun)
October investigation:	October 5–7, 2012 (Fri–Sun)
Target:	March investigation: Males and females age 20–49 October investigation: Males and females age 10–49
Location:	Throughout Japan
Method:	Internet survey
Sample size:	1,000

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