

# The Battle for the Anywhere Consumer

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By  
Boyd Peterson

## Senior Vice President, Consumer Research

Boyd Peterson leads Yankee Group's global consumer research, including communications, broadband, wireless and media research, enabling the Anywhere Consumer™. Peterson focuses on the business impact of consumer technologies on existing and emerging competitors and markets.

Before joining Yankee Group, Peterson served as the director of product marketing at the broadband software vendor BroadJump, now Motive, Inc. Prior to BroadJump and Motive, Peterson was the vice president of Yankee Group's consumer market convergence practice.

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## Executive Summary

The emergence of the **Anywhere Consumer™** will be among the most significant technological, societal, and commercial global trends in the next decade.

Aided by a revolution in connectivity and computing, the most successful applications and companies will be those that facilitate the Anywhere Consumer experience.

Revolutions are usually about increasing freedom—technology revolutions are no exception. The PC revolution meant freedom from the mainframe and the wireless revolution meant freedom from tethered landlines.

Until recently, consumers possessed very little freedom of choice when it came to services and products tied to communications and entertainment networks. Today, consumers are throwing off the shackles of rigid, homogeneous, totalitarian control of their daily activities (i.e., communicating, entertaining, shopping, educating and getting things done) and taking greater control of their activities. They are becoming what Yankee Group calls Anywhere Consumers.

Anywhere Consumers challenge the status quo for commercializing consumer activities—aided by the pervasive technology trends of Internet Protocol standards, the digitization of content and applications, lower cost of media storage,

and a proliferation of broadband networks, both fixed and wireless.

Extraordinarily intelligent portable computing devices combined with pervasive broadband networks (i.e., the Anywhere Network™) will alter every aspect of the consumer product and service landscape—from telecom to media, consumer packaged goods to automotive and financial services to real estate. The players that will profit and succeed in this new environment will be those that facilitate increased freedom of the consumer.

## What Is the Anywhere Consumer?

The **Anywhere Consumer** is Yankee Group's vision of an individual unfettered by the shackles of time and place, who connects to content, social and commercial interactions at any time from anywhere.

## The Shape of Things Today

### The Imperialists Cling to Power

To give form to this revolution, it is instructive to closely examine the current regime (i.e., the companies that hold the power) and their perspective on the future state of the consumer (see Exhibit 1). The current kings and queens of consumer services behave as *Imperialists*: They want to guide consumers to the Anywhere future with a gentle embrace of connected, managed devices in the home and on the go, accessing a rich palette of integrated consumer applications and content via managed end-to-end networks.

In other words, they assume the consumer is not ready for, and does not want, freedom. These Imperialists attempt to control technological innovation.

They depend on the captive management of the user experience and developed homogeneous service offerings. Most importantly, they make money primarily through subscriptions.

But a word of warning: Imperialists must embrace the new realities of the Anywhere Consumer or they will crumble.

### The Guerrillas Plan an End Run

Opposing the Imperialists, as with any good revolution, are Guerrillas. Guerrillas comprise the consumers themselves and their compatriots, the portals, the web application developers, the consumer electronics industry, and venture capital firms; indeed, any entity that can profit by providing a better set of alternatives than

the existing rulers is a Guerrilla). The Guerrilla's credo: Consumers will reject the hegemony of legacy service providers, choosing to independently select networked consumer electronics and computing platforms, enjoying access to new applications (e.g., VoIP and broadband TV) that displace old apps, with new business models and connecting to a variety of networks on an ad-hoc basis.

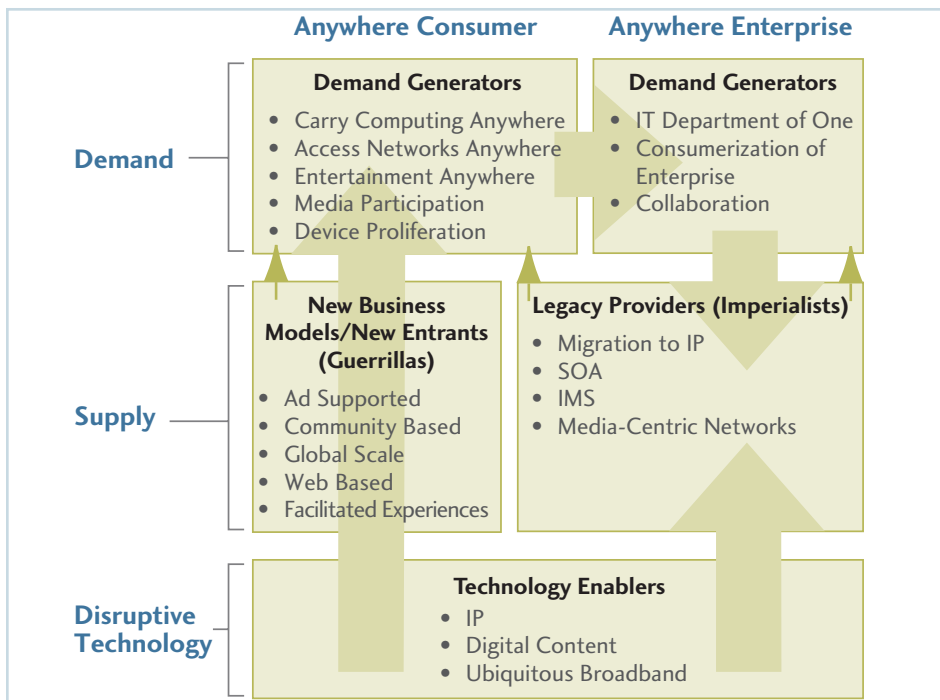
Recent successful consumer technologies facilitate individual expression, instant gratification and status, while Imperialists merely deliver managed, controlled applications. The difference between facilitating and delivering is at the crux of the revolution.

Guerrillas succeed by attacking traditional telecommunications and entertainment business models with captive internet communities and revenue from advertising and commerce to offset would-be subscriptions. Their business models, which have fostered the rapid adoption of internet applications, come from a mind-set born of the web—innovate fast or perish, for the next disruptive force will inevitably come from a small band of innovators with nothing to lose and everything to gain.

It begs this question: What is the underlying consumer motivation for this revolution?

Exhibit 1. Connectivity and Communications Evolve with the Emergence of the Anywhere Consumer

Source: Yankee Group, 2007



## Who Is the Anywhere Consumer?

At their core, consumer motivations and behaviors don't really change. However, the ease with which consumers accomplish tasks is often aided by technology revolutions that make it seem as though there is a fundamental behavior shift. This is untrue. Technology ultimately succeeds if it accomplishes something very basic: allowing consumers to do something they really want to do with more ease, or for less expense. Microsoft owes its massive size to making spreadsheets, word processing and presentations easier. It removed inefficiencies.

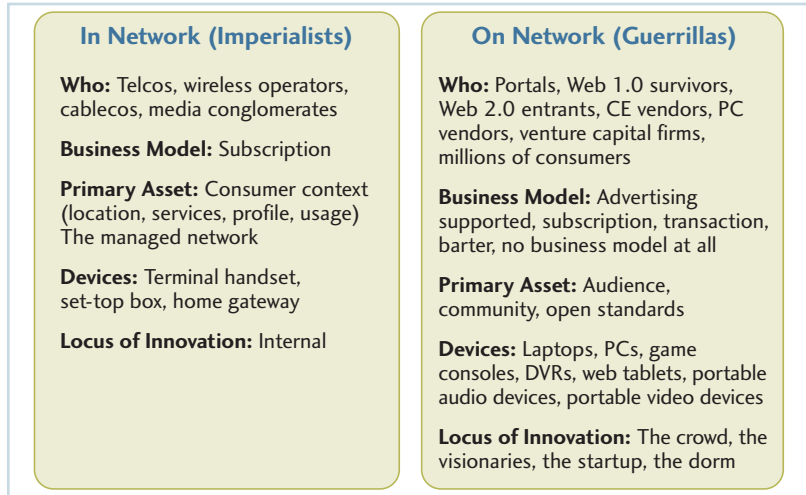
So what do consumers really want to do? Socialize and communicate, be popular, make money, stay informed, find things and information quickly and easily, find jobs, be entertained, and generally keep moving toward self-actualization.

Accordingly, the first wave of the connectivity revolution ascends: instant messaging, e-mail, Skype, blogs, MySpace, ETrade, Yahoo!, Google, eBay, craigslist, Monster, Napster, Kazaa, Apple iTunes and YouTube. The wild success of these applications and these companies boils down to the fact that they allowed consumers to do something they were doing already in a more efficient and economical way. All of these applications and companies took advantage of the trends of increased personal computing power and penetration, internet (and broadband) proliferation, and web application development environments. Exhibit 3 includes a sampling of these technologies and tools.

The most important transformational change in the consumer landscape will be freeing these applications from one physical connection through ubiquitous connectivity. The Anywhere Consumer is unbound. The Anywhere Consumer does all these things and more anywhere he happens to be.

### Exhibit 2. Who Will Determine the Future of the Anywhere Consumer?

Source: Yankee Group, 2007



### Exhibit 3. New Business Models Disrupt the Market

Source: Yankee Group, 2007



## Perspectives on the Anywhere Consumer

To illustrate the revolution and how it is changing the traditional ways of doing business, we examine the different perspectives on the Anywhere Consumer, and how their needs are being served.

The consumer marketplace is on the cusp of a new wave of product and service adoption, centered on freeing devices and applications from physical boundaries. The Anywhere Consumer is beginning to take form. By looking for emerging behaviors, we gain a better sense of how the mass market will evolve. Anywhere Consumers are all around us, and their ranks grow daily.

Spot them using five rules:

**1. Anywhere Consumers carry several intelligent connectable devices with them wherever they go.**

The Anywhere Consumer is a modified version of the early adopter with a bent toward laptops and smart phones, and a prime candidate for the next generation of consumer devices that have connectivity embedded (Zune, Mylo, MusicGremlin, Nseries, PSP, iPhone), as

shown in Exhibit 4. One of the key markings of the Anywhere Consumer is portable, nomadic or mobile internet access. The Anywhere Consumer spends a lot of time on the laptop—not because it is the right device but because it is the only device designed to be network neutral. The Anywhere Consumer wants to get to the web in the fastest, most economical way possible, whether through sharing an Ethernet cable or Wi-Fi connection at a friend’s house, at a coffee shop, in a park or at the airport. The Anywhere Consumer’s use of BlackBerry devices or smart phones is an early indicator of what’s to come.

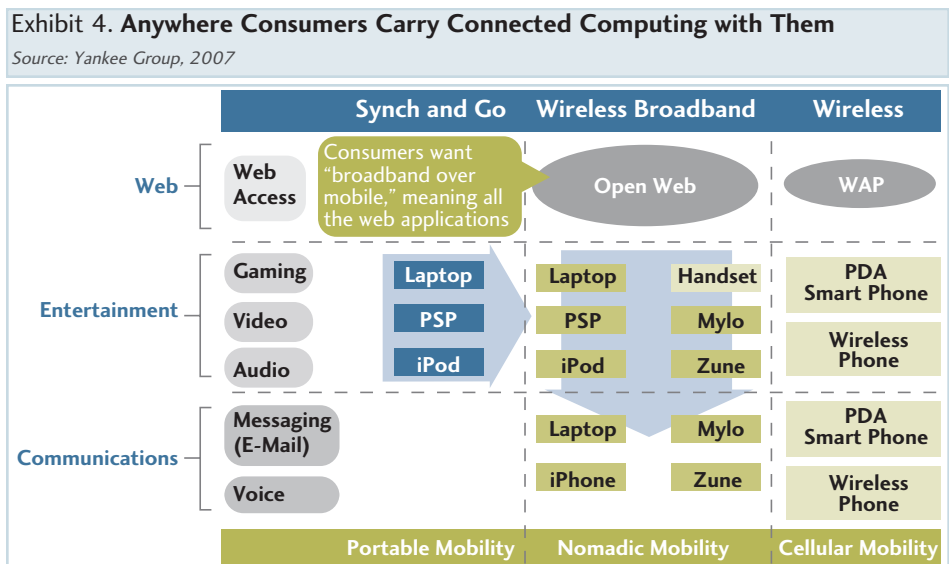
If the task is checking e-mail or making a call, out comes the mobile phone or BlackBerry device. Things get more interesting when the Anywhere Consumer is looking for a hotel in Cleveland or the score of the Browns game.

If time allows, they fire up the laptop, access the web and surf to satisfaction. If time is fleeting, they may attempt to navigate the Byzantine handset browser and attempt a web search on the mobile phone. If entertainment is in order, chances are Anywhere

**The consumer marketplace is on the cusp of a new wave of product and service adoption, centered on freeing devices and applications from physical boundaries.**

Consumers will extract their iPod or PSP. Imperialists would like consumers to pull out a mobile phones for each of these situations.

But just because they can, does not mean they will. A primary tenet of Anywhere Consumer behavior is choosing the computing device and connectivity most appropriate for the task, with the best value proposition (see Rule 5). Therefore, the Anywhere Consumer will use the mobile phone for to check e-mail, make calls and look for quick information on the run. For entertainment, bulk productivity, and longer unstructured web surfing, Anywhere Consumers will use the laptop—at least today. In the future, consumers will have many more options for applications that require connectivity. What remains uncertain is how quickly mobile carriers will embrace quick and fluid access to the unstructured web through the handset at a reasonable price and with a superior user experience.



**2. Anywhere Consumers use broadband networks wherever they go, through a variety of means.**

Watch the mobile professional on the road to get a sense of emerging Anywhere Consumer behaviors. What happens when the intrepid sales executive hits the ground in Cleveland? She first checks her cell phone to see if she missed any calls. Then to the BlackBerry or Treo to see if any urgent e-mails have come in. If there is a need to respond quickly via these platforms, she does.

Upon arriving at the hotel, she'll analyze the following: Does the hotel room have an Ethernet cable? Does it have Wi-Fi? Is it free, or is this hotel still gouging the guest with a \$10 connection fee? Is there free Wi-Fi she can poach from the park across the street? Maybe she can get more work done with a cappuccino at the Starbucks and a T-Mobile account. Better yet, she could head to the hipper, independent coffee shop near campus that offers free Wi-Fi. How much work does she need to get done, and how big are the files she needs to access from corporate? Can she simply plug in the wireless data card and send the presentation from her laptop?

The Anywhere Consumer does not tie herself down to any one mode of connectivity. She uses Ethernet broadband, Wi-Fi and 3G wireless. As Wi-Fi mesh, WiMAX and 4G wireless emerge, the Anywhere Consumer will use the broadest, cheapest connectivity alternative available, and move on to the task at hand.

**3. Anywhere Consumers use technology to get their entertainment wherever they are.**

Anywhere Consumers are now demonstrating that there is value in watching video entertainment anywhere. From the advent of the Sony Walkman to the more recent adoption of portable digital audio players, there is proof that facilitating Anywhere experiences increases demand for consumption. Whether it is the growth in mobile television viewing on cellular platforms during the most recent World Cup, downloading television programs and movies to watch on a laptop or portable device, or subscribing to Major League Baseball on ESPN GameCast, Anywhere Consumers are increasingly free from the restrictions of television schedules and home televisions when it comes to entertainment.

**The Anywhere Consumer will use the mobile phone for to check e-mail, make calls and look for quick information on the run.**

**4. Anywhere Consumers define community for themselves, regardless of geography and they join multiple communities.**

The Anywhere Consumer has a work e-mail account, an ISP account from their DSL or cable provider (but never uses it), plus Gmail, Hotmail and Yahoo! e-mail accounts (see Exhibit 5). The Anywhere Consumer has three IM accounts for different groups of friends—perhaps one for fantasy football smack talk, one for family and one for friends.

The Anywhere Consumer has a Skype account he uses to keep in touch with his college friends. He uses the video conferencing feature before the big games. When the Anywhere Consumer actually goes to the big game, he takes pictures and videos of himself at the big game and posts them on his blog.

**Exhibit 5. Building Behavior through Social Networks**

Source: Yankee Group, 2007

Profile Item	Social Networkers	All Respondents with Internet Access at Home
Have Two or More E-Mail Accounts	85%	56%
Local Event Listings	62%	37%
Photo Sharing and Viewing	79%	52%
Online Shopping	71%	58%
View Video Online	31%	13%
IM	68%	34%
Read Blogs	54%	16%

Note: 71% of social networkers have high speed internet, 58% of all respondents with internet access at home have high speed.

The Anywhere Consumer is a member of a virtual clan of gamers that regularly compete in World of Warcraft. The Anywhere Consumer has a MySpace account, and is spending more time on LinkedIn trying to find a new job by using his contact list. The Anywhere Consumer gets his news from blogs, podcasts and YouTube replays of The Daily Show.

And how much of this activity is his phone, cable or wireless provider aware of? Virtually none of it.

In short, Anywhere Consumers choose from a rich palette of applications based on their unique interests, needs and affiliations. No single characteristic or affiliation defines Anywhere Consumers. They are consumers at will and can join or leave at any time without financial penalty.

### **Anywhere Consumers are defined by their activities not their technologies. That goes a long way to understanding the Anywhere Consumer.**

#### **5. Anywhere Consumers choose technology based on task and scenario, not the subscription they happen to have.**

Anywhere Consumers are defined by their activities, not their technologies. That goes a long way to understanding the Anywhere Consumer. The Anywhere Consumer will choose the most appropriate technology available for the task at hand. The Imperialists have made the mistake of defining Anywhere Consumers by activities that happen on their networks. If they don't offer it, it might as well not exist.

The trouble is that the service provider does not control the majority of what consumers want to do. They have adopted a subset of technologies because they were the only modes available or certifiable at the time.

Anywhere Consumers use SMS because they couldn't IM from their mobile phones. They use wireless data cards because Wi-Fi is not ubiquitous. They watch TV at home because they have no way to bring it with them.

In the coming years, all consumers will trend toward Anywhere; they will disengage from the Imperialists as alternatives proliferate. The alternatives that permeate the mass market will demonstrate the following heuristic: They will facilitate an activity that addresses a fundamental human motivation. The new way of accomplishing that activity will be easier or cheaper than the old way. Not all activities and applications will meet these criteria.

The more salient question will be which technologies stand the best chance of becoming adopted by the masses. Another way to investigate this problem is to look for inefficiencies that technologies or new business models can eliminate and look for opportunities to liberate the consumer.

The following list is not complete, but worth monitoring because it represents activities currently dominated by Imperialist providers that have a set of alternatives fast on their heels:

- Internet access anywhere
- Text and video messaging anywhere
- Television viewing anywhere
- Video production (i.e., movies, television, instructional)
- Video distribution
- Buying advertising
- Buying targeted advertising

Looking at the list, it's difficult to envision the cadre of service providers taking the disintermediation of their markets lying down. In fact, many will move to become facilitators, rather than delivery mechanisms. The enlightened will look closely at their current world view and make necessary changes.

## Understanding the Anywhere Consumer Is Critical to All Service Sectors

Understanding emerging Anywhere behaviors is not merely an academic exercise. As we have seen with voice communications and mobile audio, applications that initially appeal only to those who are highly transient quickly transcend their use in the mobile context to dominate access in all contexts. The largest growth in minutes of use for mobile voice are calls from the office and from the home—locations with fixed alternatives.

Therefore, the mass market will evolve to become the Anywhere Consumer. To understand the application of the Anywhere Consumer to emerging web applications, entertainment applications and productivity applications, Yankee Group will outline the motivations and behaviors of the Anywhere Consumer in future publications. We do this with an eye toward the timing and available technologies for entertainment, communications, information, commerce, access and other emerging applications.

To help industries affected by this revolution, our research will explore the demand-side characteristics of the Anywhere Consumer.

For the suppliers of technology, we will highlight the new business rules for succeeding in the Anywhere age. This will include assessing business models, identifying innovations in Anywhere technologies and charting a course for successful partnerships and acquisitions.

## Conclusions

In the era of the Anywhere Consumer, the success of a device, application or company depends on fostering individual freedom and facilitating valued experiences.

It is no longer sufficient to pay lip service to “customer centricity” when consumers are free to choose what is central to their daily activities, and who has the privilege of providing these experiences. The Anywhere Consumer is unbound.

New business models, deployed by recent entrants to the consumer market are shaping and defining the future of the Anywhere Consumer. Legacy providers are losing market share and attention to Guerrilla providers, and the pace of this migration is accelerating.

The key to success, regardless of starting position, is to fully understand and embrace Anywhere Consumers. The winners will recognize consumers’ inclinations as well as the breadth of their application use and content consumption to deliver the experiences they crave.

**Our research will lay out the demand-side characteristics of the Anywhere Consumer as an aid to companies affected by this revolution.**

## Yankee Group

Yankee Group has research and sales staff located in North America, Europe, the Middle East, Africa, Latin America and Asia-Pacific. For more information, please contact one of the sales offices listed below.

### Corporate Headquarters

31 St. James Avenue  
BOSTON, MASSACHUSETTS 02116-4114  
617-956-5000 phone  
617-956-5005 fax  
info@yankeegroup.com

### Europe

55 Russell Square  
LONDON WC1B 4HP  
UNITED KINGDOM  
44-20-7307-1050 phone  
44-20-7323-3747 fax  
euroinfo@yankeegroup.com

### Yankee Group | the global connectivity experts™

A global connectivity revolution is under way, transforming the way that businesses and consumers interact beyond anything we have experienced to date. The stakes are high, and there are new needs to be met while power shifts among traditional and new market entrants. Advice about technology change is everywhere—in the clamor of the media, the boardroom approaches of management consultants and the technology research community. Among these sources, Yankee Group stands out as the original and most respected source of deep insight and counsel for the builders, operators and users of connectivity solutions.

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The people of Yankee Group are the global connectivity experts™—the leading source of insight and counsel for builders, operators and users of connectivity solutions. For more than 35 years, Yankee Group has conducted primary research that charts the pace of technology change and its effect on networks, consumers and enterprises. Headquartered in Boston, Yankee Group has a global presence including operations in North America, Europe, the Middle East, Africa, Latin America and Asia-Pacific.