

# 2012: the year of the smartphone

 By [Mark Taylor](#)

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South Africa's telecommunications industry has lived through yet another year of growth, change and upheaval, touching lows like the worrying upheaval at Telkom, and reaching highs such as the launch of the country's first commercial long-term evolution (LTE) networks. The factor that I would single out as perhaps the most important trend of 2012 is the rapid move of smartphones into the mainstream.

In the process, they have brought easy, personal access to services such as the web, social networking, email and instant messaging to many South Africans for the first time. This reflects a worldwide trend in which smartphones have emerged beyond the developed country into the emerging world at an impressive speed. Indeed, the uptake of smartphones must surely rank as one of the most rapid adoptions of a technology that we have ever seen, with falling prices of data and devices acting as the spur.

According to Strategy Analytics, one billion people around the world - or one in seven people - today carry smartphones, compared to 708 million in the third quarter of 2011. Adoption in South Africa has been just as impressive, with a World Wide Worx study earlier this year showing that about 10 million smartphones have been sold in South Africa to date.

## Spend on data has increased by half

World Wide Worx also notes that the average user's cellphone spend on data has increased by half in the past 18 months - from 8% of budget at the end of 2010 to 12% in mid-2012. This shows that smartphones are slowly starting to deliver on their promise of closing the digital gap between those who can afford PCs and ADSL lines, and those of more modest means.

Behind the scenes, one reason that smartphones are becoming such an attractive proposition for users is the way that data tariffs in South Africa have tumbled over the past three years. The investments that the industry has made in undersea cables, national fibre, transmission networks, and so on, mean that bandwidth is cheaper and more plentiful than before.

From our side, we are seeing massive uptake of smartphones among our subscribers. It is interesting to see that many users are looking for financing to purchase the smartphones they aspire to own. In some cases, these are users wanting to buy latest devices from Samsung or Apple. In other instances, the requests for financing come from people who really want to take up the technology for the first time so that they can be connected to the Internet and all the services and benefits it offers.

## Smartphone penetration is still very low

It's encouraging to see this adoption, but smartphone penetration is still very low - one in five, if that much. So the challenge that we face as the telecoms industry for the next year is to get even more of these devices in the hands of the consumer at an affordable price.

Falling device prices may help - we're seeing talk of sub-USD40 Android handsets - but innovative financing models will be important. It will also be critical for the industry to package more flat-rate data services that make prices affordable and transparent to the end-user. If we get these factors right, smartphones could, within a few years, become as pervasive as cellphones are today.

## ABOUT MARK TAYLOR

Mark Taylor, chief executive officer (CEO) of Nashua Mobile, is an ICT industry veteran with more than two decades of experience. Prior to re-joining Nashua Mobile on 1 October 2012, Taylor was the managing director (MD) of Vodacom Payment Services (M-PESA) as well as managing executive for Vodacom's Supply Chain and Logistics divisions. [View my profile and articles...](#)

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