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**Introduction**

Curious about how much customers value their smartphones and the personal mobile content stored on them? Then talk to them about the impact – and the emotions that get stirred up – when they lose access to those devices and content due to theft, loss or damage. That’s what we did – and the results were not pretty. Typical reactions included anger, frustration and fear as people come to grips with not just the headaches and irreversible losses they face – but also the regret when they realize they could have taken steps to better secure and protect themselves and their valuable personal content.

In this Black & White Paper, 451 Research examines exclusive consumer survey data to better understand how users value their personal mobile content, and how they deal with the aftermath of stolen, damaged or lost smartphones, including:

- How important is personal mobile content – such as contacts, messages, apps, photos and videos – to smartphone users? Specifically, we examine mobile user behavior and sentiment in four countries: United States, United Kingdom, Australia and Singapore.
- What causes the biggest headaches when a device is lost, stolen or damaged, and how do users feel when their device and personal content go missing?
- What preventive measures do mobile users take today to protect their devices and personal content from theft, damage or loss?
- What additional preventive measures would mobile users be willing to take if offered, and how much (and to whom) would they be willing to pay for such services?

Understanding how much value mobile users place on their devices and content is critical for mobile operators, which are in a unique position to help eliminate – or at least ease – worries and fears related to theft, loss and damage. Operators have the ability to address such concerns at two crucial points in the customer lifecycle: at device sale/service activation and at the point of damage or loss. These critical interactions can happen in person at a retail location or via Web or call center channels.

Without a doubt, customers rely on their mobile devices for their most personal communication and tasks – from connecting with friends and family to creating, consuming and sharing content of all types. For operators, helping customers better manage and protect their mobile devices and personal data can vastly improve customer satisfaction and loyalty, while also offering new and potentially significant revenue opportunities.

**Methodology**

The survey data presented in this report was collected in January 2016 by 451 Research – commissioned by Synchronoss Technologies – using a Web-based survey to query 1,500 smartphone users on their personal content usage. The gender-balanced sample included respondents from the US, the UK, Australia and Singapore, between the ages of 18 and 45.
How Users Value Their Personal Mobile Content – and How They Feel When They Lose It

Mobile devices such as smartphones are important to users not only for what they do – call, text, message, browse, view and entertain – but for what they hold: life-critical contacts, messages, photos, videos and other content. According to 451 Research survey data, typical mobile users store plenty of files and data on their device (see Figure 1). All of that personal content consumes about 11GB of device storage, and grows by nearly 1GB per month.

Figure 1: Personal Content Storage of a Typical Mobile User

<table>
<thead>
<tr>
<th>CONTENT STORAGE</th>
<th>GROWTH RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contacts</td>
<td>300</td>
</tr>
<tr>
<td>Photos</td>
<td>750</td>
</tr>
<tr>
<td>Videos</td>
<td>10</td>
</tr>
<tr>
<td>Songs</td>
<td>150</td>
</tr>
<tr>
<td>Apps</td>
<td>30</td>
</tr>
</tbody>
</table>

The personal nature of much of this content makes the unexpected loss of data so painful. Just how painful? 451 Research surveyed 1,500 mobile users who had suffered the loss, theft or damage of their phone to better understand the impact of that loss; what users had done to prevent it ahead of time; and what they would do if given a second chance. The total survey sample (n=15,000) was representative across key attributes: 50/50 men and women; roughly one-quarter each from the US, UK, Australia and Singapore; and grouped fairly evenly between ages 18-45. When it came to the loss of personal mobile content, 86% had at one point suffered a loss due to device damage (e.g., water damage or dropped phone); 47% had lost a device; and 23% had a device stolen, as illustrated in the figure below.

Figure 2: Lost/Stolen/Damaged Smartphone

Q: Which of the following statements is true: I’ve had a smartphone lost/stolen/damaged (n=1,500; select all that apply)

- [ ] Lost: 43%
- [ ] Stolen: 23%
- [ ] Damaged: 86%

Users have also reported a range of emotions upon the loss of their devices/data. For those who reported that they felt ‘vulnerable,’ there is a clear sense that losing a device could result in possible privacy violations or theft of personal data. Simple lock-screens and more sophisticated remote device-wiping solutions can help alleviate most of those fears.
However, the overwhelming majority of users’ feelings — anger, frustration and fear — center on the loss of a valuable (and costly) device, as well as the possible inconvenient (and often permanent) loss of valuable personal content. In those cases, the emotions are rooted in concerns that the user either hasn’t protected or backed up their device, or are otherwise unsure about how to recover their device or their data.

And what about the small percentage (5%) of users that said they ‘did not care much’ if they lost their device? In those cases, respondents felt confident that they could either recover their content or protect it from being accessed by others, or they would be able to replace the device (if not necessarily the content) affordably thanks to it being insured. Clearly, planning ahead to protect one’s device and content in case of loss pays dividends when theft, loss or damage occurs.

With high-end smartphones today costing $500 or more, the financial impact of such an event cannot be underestimated. But when a device goes missing, users also feel the strong sting of lost personal content. In our survey, 86% of respondents said their personal content is at least as valuable as the device itself, while 39% stated that the personal content is even more valuable than the device.
Figure 5: What Smartphone Users Value the Most

Q: What is more valuable to you? (n=1,500)

- Personal Content: 47%
- Smartphone: 39%
- Both personal content and smartphone: 1%
- Neither is especially important: 13%

Figure 6: Regional Insight – What is more valuable: smartphone or content?

<table>
<thead>
<tr>
<th>Region</th>
<th>Content</th>
<th>Smartphone</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>37%</td>
<td>12%</td>
<td>51%</td>
</tr>
<tr>
<td>UK</td>
<td>37%</td>
<td>18%</td>
<td>44%</td>
</tr>
<tr>
<td>Australia</td>
<td>42%</td>
<td>17%</td>
<td>40%</td>
</tr>
<tr>
<td>Singapore</td>
<td>41%</td>
<td>3%</td>
<td>56%</td>
</tr>
</tbody>
</table>

The survey also reveals another trend: the longer customers own their phones, the more concerned they are about the potential loss of content. This makes sense, in that the longer they own a device, the more content they accumulate and store on it. For example, 26% of respondents who owned their phone for less than one year would be willing to pay between $100 and $500 to recover lost content; that number rose to 46% for customers who owned their device for at least five years.

Figure 7: The ‘Price’ of Lost Content vs. How Long the Device was Owned

Q: How much would you be willing to pay to recover the content of your missing or damaged smartphone, if you had not been previously backed up? (n=1,500) (Answers cross-tabbed against how long the phone was owned)

<table>
<thead>
<tr>
<th>Duration</th>
<th>NOTHING</th>
<th>&lt;$100</th>
<th>$100-$200</th>
<th>$201-$500</th>
<th>&gt;$500</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1 year</td>
<td>20%</td>
<td>51%</td>
<td>20%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>18%</td>
<td>54%</td>
<td>21%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>3-4 years</td>
<td>14%</td>
<td>53%</td>
<td>21%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>&gt;5 years</td>
<td>15%</td>
<td>35%</td>
<td>35%</td>
<td>11%</td>
<td>4%</td>
</tr>
</tbody>
</table>
How Mobile Users Protect Their Devices and Content Today

The reality is that device losses don’t need to be so devastating to mobile users. Device insurance can help soften the financial blow, while proper content storage, backup and recovery practices can make the impact to personal content almost nil. However, such options only work if 1) mobile operators or some other service provider offers them, and 2) mobile users have the forethought to take advantage of them. To date, the offer and take-up of such services have been a mixed bag – just 27% of respondents said they insured their phones against theft, damage or loss.

When it comes to content backup, many users are also leaving themselves largely unprotected. Overall, just 19% of respondents say they use no mobile backup solution at all – and thus are at major risk to lose their personal mobile content if their device goes missing or becomes unusable. Where do users typically back up their content? According to our survey, 54% of users say they do not back up their data to a cloud service (35% only back up to an external device, and 19% don’t back up at all). When it comes to cloud backup, 30% said they back up to a cloud solution only, while 16% said they back up to both a cloud service plus an external device.

**Figure 8: Backup Practices**

Q: Do you back up your smartphone data? (n=1,500)

<table>
<thead>
<tr>
<th></th>
<th>Yes, to a cloud solution (e.g. iCloud, OneDrive, Dropbox, wireless operator solution)</th>
<th>Yes, to an external device (e.g. laptop)</th>
<th>Yes, to both a cloud solution and an external device</th>
<th>I don't back up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>30%</td>
<td>19%</td>
<td>16%</td>
<td>35%</td>
</tr>
</tbody>
</table>

**Figure 9: Regional Insight – Do you back up your smartphone data?**

<table>
<thead>
<tr>
<th></th>
<th>CLOUD</th>
<th>EXTERNAL DEVICE</th>
<th>BOTH CLOUD &amp; EXTERNAL</th>
<th>NONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>32%</td>
<td>30%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>UK</td>
<td>32%</td>
<td>32%</td>
<td>13%</td>
<td>23%</td>
</tr>
<tr>
<td>Australia</td>
<td>26%</td>
<td>39%</td>
<td>12%</td>
<td>23%</td>
</tr>
<tr>
<td>Singapore</td>
<td>26%</td>
<td>43%</td>
<td>16%</td>
<td>15%</td>
</tr>
</tbody>
</table>

While those numbers are relatively strong (in particular when compared with device insurance levels), and they foretell a scenario in which most users should have little to fear if they lose access to their mobile device, there are some important caveats. For instance, many mobile users do not go beyond the free storage offerings from their mobile operator or cloud provider – which often offer just 1GB or 2GB of storage at no cost. As we noted earlier, even average users store as much as 11GB of personal content on their devices, putting much of that content at risk.

At the same time, many users – especially those that back up to local devices – manage such backups manually (for instance, cutting and pasting files or actively choosing files to back up to a local hard drive) or are not fully aware of how to use such services to restore files after a device loss or failure. Such methods and a lack of overall user education can put important personal files at risk even if a user thinks they are ‘covered.’ Such concerns came up when we asked respondents about the ‘biggest hassle’ when losing their devices. According to the survey, the largest number of respondents (30%) stated that their biggest concerns upon losing a device were content-related – including restoring content from the cloud (8%); restoring from external devices (8%); and getting content off a damaged device (14%). Replacing the device (29%) and ‘temporarily being out of touch’ (27%) also registered as concerns.
Figure 10: The Biggest Hassle

Q: What is the biggest hassle when your smartphone gets lost, stolen, or damaged? (n=1,500)

- 29% Replacing the device
- 27% Being temporarily out of touch
- 14% Restoring content from cloud
- 8% Restoring content from external device
- 8% Security/privacy concerns
- 7% Getting content off the damaged device
- 1% Other

Operator Opportunity: Helping Mobile Users Protect and Restore Personal Content

Clearly mobile users want, need, and in many cases seek out help to avoid turning an unpleasant event – a stolen, lost or damaged phone – into a disastrous one that not only slams the wallet but also results in the permanent loss of valued personal content.

When it comes to the device itself, 27% of mobile users in our survey purchase insurance to protect themselves in case of a device loss. In many markets, device insurance is not only being offered by mobile operators but also being embedded within device financing/upgrade programs, which makes it a more appealing purchase. The even better news for mobile operators is that customers seem to be turning to their carriers first when purchasing insurance. According to our survey respondents, the majority (54%) purchased their insurance from a mobile operator as opposed to a retailer (28%) or third-party insurance provider (15%).

Figure 11: Smartphone Insurance

Q: How did you acquire your phone insurance? (n=412)

- 54% Via mobile operator
- 28% Via retailer
- 15% Via third-party insurance provider
- 3% Other
Figure 12: Regional Insight – Do you have phone insurance? How did you acquire it?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>OPERATOR</th>
<th>RETAILER</th>
<th>3RD PARTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>39%</td>
<td>62%</td>
<td>31%</td>
<td>7%</td>
</tr>
<tr>
<td>UK</td>
<td>36%</td>
<td>45%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Australia</td>
<td>18%</td>
<td>55%</td>
<td>36%</td>
<td>8%</td>
</tr>
<tr>
<td>Singapore</td>
<td>13%</td>
<td>58%</td>
<td>26%</td>
<td>16%</td>
</tr>
</tbody>
</table>

There is also potential new revenue to be gained by offering users mobile device storage and backup solutions: 56% of respondents said they would be willing to pay $5 or more per month for a storage/backup service.

Figure 13: Paying for Storage/Backup

Q: How much would you be willing to pay for a storage/backup service to ensure you don’t lose personal content when your phone is lost, stolen or damaged? (n=1,500)

- 44% No charge/free only
- 34% $5 per month
- 14% $10 per month
- 5% $15 per month
- 3% More than $15 per month

Figure 14: Regional Insight – How much would you pay for a storage/backup service?

<table>
<thead>
<tr>
<th></th>
<th>FREE</th>
<th>$5/MONTH</th>
<th>$10/MONTH</th>
<th>$15/MONTH</th>
<th>&gt;$15/MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>22%</td>
<td>38%</td>
<td>25%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>UK</td>
<td>49%</td>
<td>37%</td>
<td>10%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Australia</td>
<td>51%</td>
<td>31%</td>
<td>11%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>59%</td>
<td>30%</td>
<td>7%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Mobile users are willing to spend even more on ‘after the fact’ recovery services, which, although they might not provide active month-to-month cloud storage, would allow users to ‘recover’ content if they happen to suffer a cataclysmic loss. According to the survey, 82% of users are willing to pay to recover and restore their smartphones, with the largest percentage (52%) willing to pay anywhere between $1 and $100 for that service.
### Figure 15: The ‘Price’ of Lost Content

*Q: How much would you be willing to pay to recover the content of your missing or damaged smartphone, if you had not been previously backed up? (n=1,500)*

- **I wouldn't pay a dime**: 7%
- **Less than $100**: 18%
- **$100-$200**: 21%
- **$201-$500**: 2%
- **More than $500**: 52%

### Figure 16: Regional Insight – How much would you be willing to pay to recover the content of your missing or damaged smartphone?

<table>
<thead>
<tr>
<th>Region</th>
<th>$0</th>
<th>&lt;$100</th>
<th>$100-$200</th>
<th>$201-$500</th>
<th>&gt;$500</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>8%</td>
<td>48%</td>
<td>29%</td>
<td>13%</td>
<td>2%</td>
</tr>
<tr>
<td>UK</td>
<td>21%</td>
<td>56%</td>
<td>15%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Australia</td>
<td>21%</td>
<td>52%</td>
<td>21%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>22%</td>
<td>55%</td>
<td>17%</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Conclusions and Carrier Opportunities

As we have seen, mobile users collect and store large amounts of mobile content and hold that content in high regard – in some cases, considering the loss of it even more painful than the theft, loss or damage of the (often very expensive) mobile device itself. While awareness of and limited use of cloud storage and backup services appear to run high, such offerings today have limits – both for operators and their customers. They are typically free to use, but correspondingly offer a limited amount of storage and tools for managing backup and recovery.

Given the high value of mobile content, the strong interest in protecting it, and the relatively limited capability and usage of mobile storage, backup and recovery tools today, this area represents a potentially strong new service opportunity for mobile carriers. The payoff is more loyal and satisfied customers, plus the prospect for incremental – and in some cases, significant – new revenue streams.

Some clear paths forward stand out for operators looking to take advantage of the user sentiment and trends illustrated in this Black & White paper:

- **The moment of device sale/service activation is the best time to engage with customers about services to protect their device and data.** Not only is this a time of deep customer interaction, but as carriers move away from device subsidies, customers now have a more accurate understanding of the true cost of mobile devices. With subscribers paying more out of pocket for their smartphones than in the past, it can only help to reinforce the notion of how valuable their devices, and their content, is.

- **Mobile users already view mobile operators as a trusted partner for device and content protection services.** For example, more than half of respondents (54%) said they acquired phone insurance from their carrier, making it the most popular channel for that purchase.

- **Customer touch/relationship plus trust and the need for device/content protection presents operators with a significant service bundle opportunity.** In our survey, 86% of respondents stated that their content is at least as valuable as their device. That represents a clear opportunity for carriers to offer subscribers not only a way to insure the device itself but also a product that can save and preserve the data on the device in the event that it is lost, stolen or damaged, so that content can be easily and securely recovered.

- **There is a significant revenue upside for carriers to monetize device insurance and content protection storage/backup services.** More than half (56%) of mobile users said they are willing to pay at least $5 per month for a cloud backup service.

- **With the content stored on mobile devices constantly growing, carriers have the ability to upsell additional cloud storage in the future.** The average subscriber stores about 11GB of personal data on their device – and this data is growing by nearly 1GB per month on average – so the opportunity for carriers to garner additional revenue from cloud storage is rapidly expanding. Whether that means starting customers with a small amount of free storage and then shifting them into paid storage or upselling them into larger storage tiers, the opportunity is clear.