

MOBILE FUTURE IN FOCUS **2013**

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INTRODUCTION

For each of the past several years, many tech industry pundits have proudly proclaimed that the upcoming year will be “the year of mobile.” And while it may be true that mobile is continually becoming more important to the digital landscape, the industry is only now undergoing its most significant changes.

This report examines the mobile and connected device landscape with a focus on the U.S. market but includes highlights from several other markets: the UK, France, Germany, Spain, Italy, Canada and Japan.

DATA NOTE

This report is based on a combination of sources in the comScore Mobile suite of products, including comScore MobiLens®, comScore TabLens®, comScore Mobile Metrix® and comScore Device Essentials™. The report also includes data from comScore Media Metrix® Multi-Platform (Beta). Smartphones are defined throughout the report as mobile phones that use the Google Android, Apple iOS, BlackBerry, Windows Phone and other similar platforms.

FOR FURTHER INFORMATION,
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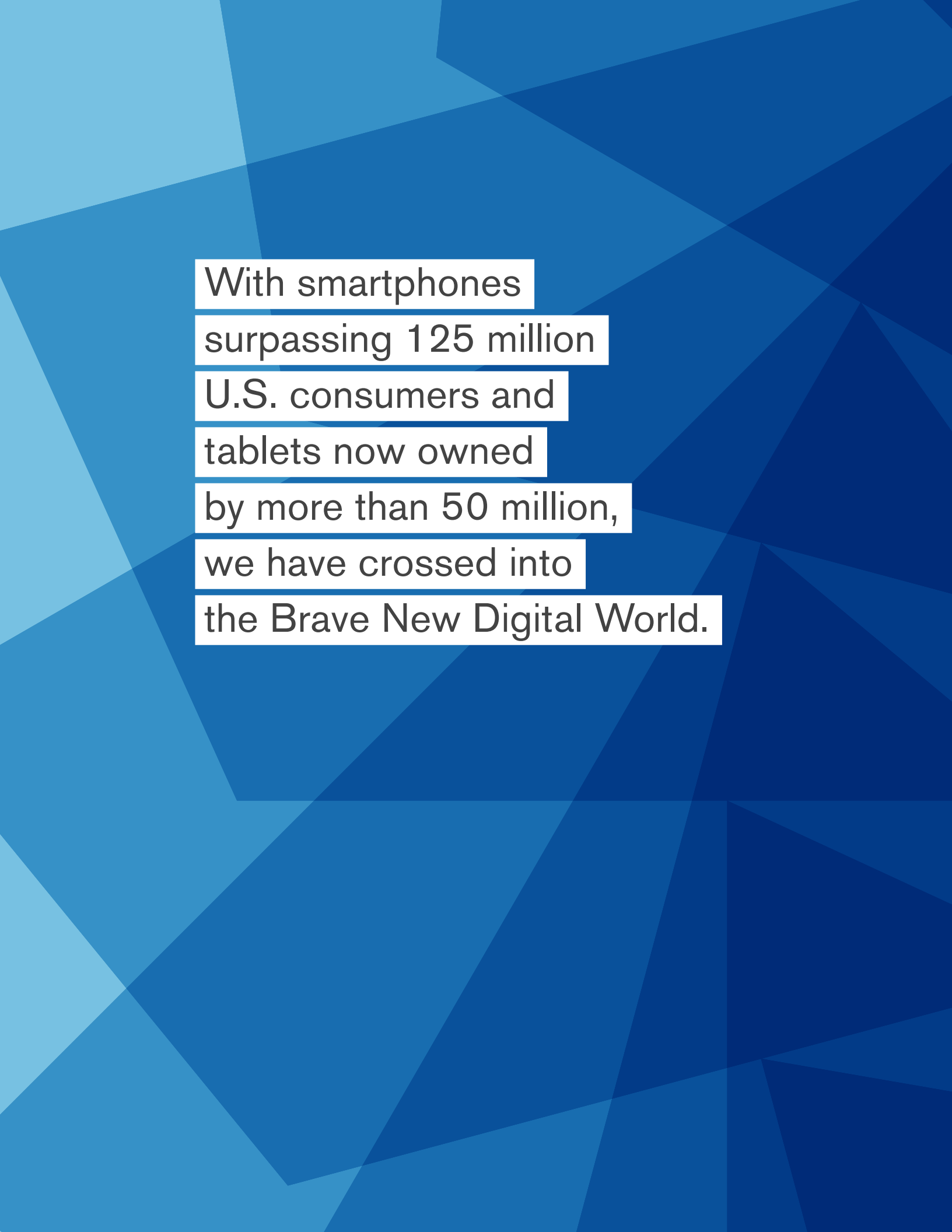
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The background of the slide is an abstract composition of various shades of blue, ranging from light sky blue to deep navy blue. These colors are arranged in a complex, overlapping pattern of geometric shapes, primarily triangles and polygons, creating a sense of depth and movement. The text is presented in a clean, white, sans-serif font, centered horizontally and stacked vertically within the image.

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EXECUTIVE SUMMARY

2012 was another milestone year in the life of mobile as continued innovation in hardware, software and device functionality lays the groundwork for the future of the industry. Smartphones and tablets are ushering in a new era of multi-platform media, with consumers becoming increasingly agnostic about how, when and where they engage with content. This report will examine how these rapidly changing market dynamics have shaped the current U.S. and international mobile marketplaces and what these changes mean for the coming year as comScore helps bring the mobile future into focus.

MULTI-PLATFORM DYNAMICS SHAPING THE ‘BRAVE NEW DIGITAL WORLD’

With smartphones surpassing 125 million U.S. consumers and tablets now owned by more than 50 million, we have crossed into the **Brave New Digital World** – a new paradigm of digital media fragmentation in which consumers are always connected. This constant flow of information is not only changing how, when and where consumers engage with media, but is also disrupting established revenue streams, making it paramount for businesses to adapt or risk being left behind. Despite this uncomfortable change, media companies have new opportunities to monetize incremental consumption activity while marketers have the ability to optimize campaigns for maximum effectiveness across multiple channels. Now is the time for businesses to get smarter about how their audiences are behaving in this multi-platform world.

SMARTPHONES SURPASS 50 PERCENT PENETRATION AND BREAK INTO ‘LATE MAJORITY’ OF ADOPTERS

Five years after the launch of the original iPhone, the smartphone market has come of age in the past year with a majority of U.S. mobile consumers now owning these devices featuring advanced capabilities and multimedia access. The most rapid part of the technology adoption curve may now be in the industry’s rear view mirror as smartphones begin to penetrate the “late majority” of consumers. Because these consumers tend to be somewhat resistant to new technology and more price-sensitive than the average consumer, gaining adoption in this segment requires the industry to evolve its product mix and marketing strategies.

ANDROID AND iOS CONTROL U.S. SMARTPHONE MARKET

Google's Android OS, which has been adopted by multiple OEMs, and Apple's iOS, which is carried exclusively on iPhones, have come to dominate the U.S. smartphone landscape with nearly 90 percent of the market today. Both platforms have continued to grow their respective market shares at the expense of BlackBerry, Windows and HP. This market share dominance is being reinforced by the two platforms' well-developed app ecosystems, making it even more difficult for the competing platforms to narrow the gap.

SAMSUNG MAKES SPLASH IN SMARTPHONE OEM MARKET

Apple continues to gain ground as the leading smartphone Original Equipment Manufacturer (OEM), but Samsung has seen the most explosive growth in this market over the past couple of years with a year-over-year increase of more than 100 percent and a two-year increase of more than 400 percent. While Apple maintains a healthy lead over #2 Samsung, the gap has been steadily narrowing during a year in which the rivalry heated up between the two smartphone OEM leaders.

APP USAGE, LED BY FACEBOOK AND GOOGLE, DOMINATES MOBILE WEB

Consumers have demonstrated a clear preference for engaging with content on smartphones via apps, which account for 4 out of every 5 mobile minutes, rather than the mobile web. As a result, the dynamics of mobile media consumption are proving different from the traditional web. Because of the scarcity of app real estate on the smartphone home-screen, consumers are spending more time concentrated on the apps of major media brands rather than with the long tail of brands. Facebook finished the year as the top U.S. smartphone app, followed by five different Google apps, as major media brands dominated the top of the rankings.

'SHOWROOMING' STIRS MAJOR DISRUPTION IN RETAIL AS MOBILE ENTERS BRICK-AND-MORTAR

Many U.S. consumers have come to rely on their smartphones to assist with their in-store shopping, arming them with information in the palm of their hands to ensure they are getting the right product at the best available price. This behavior, known as "showrooming," is putting significant price pressure on brick-and-mortar retailers as they are forced to compete with e-commerce retailers within the confines of their own stores. With the pricing power so clearly in the hands of the consumer today, the retail industry is rapidly being disrupted as e-commerce grows at 4x the rate of traditional retail while accounting for 1 out of every 10 retail dollars. Brick-and-mortar retailers are being faced with the need to quickly adjust with aggressive defense strategies to protect their businesses and ensure long-term survival.

HIGH-SPEED MOBILE CONNECTIVITY HAS UNLEASHED MOBILE CONTENT CONSUMPTION

The improved availability of high-speed Internet access has significantly enhanced the average user's media consumption experience, contributing to a rapid uptick in mobile media consumption. Default Wi-Fi accessibility for smartphones and tablets has not only off-loaded bandwidth from networks, but has also contributed to a better on-premise (e.g. in-home) browsing experience for users. While Wi-Fi usage has become more prevalent, networks speeds have also improved with 4G and LTE technology as an increasing number of phones on the market are enabled for these speeds. The net result for mobile Internet users is a faster, more seamless browsing experience that has resulted in mobile channels now accounting for 1 out of every 3 digital media consumption minutes.



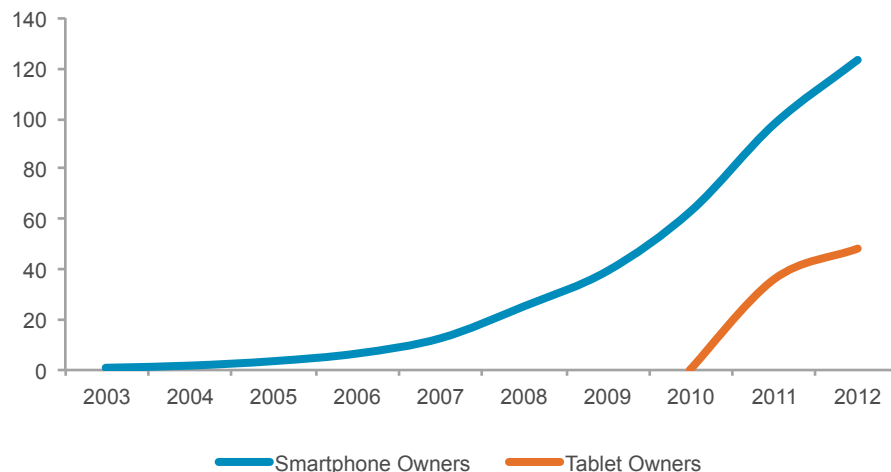
Multi-platform
consumption is today's
new reality.

1 in 3 minutes spent
online is now spent
beyond the PC.

MOBILE AND CONNECTED DEVICE LANDSCAPE

RAPID ADOPTION OF SMARTPHONES AND TABLETS USHERS IN 'BRAVE NEW DIGITAL WORLD'

The past year saw mobile media consumption grow exponentially as smartphone adoption surged nearly 30 percent to more than 120 million owners, while tablets emerged as one of the fastest selling devices in history to reach nearly 50 million owners. Tablets have already achieved a level of adoption in three years that it took smartphones nearly a decade to reach from when they were originally introduced.



Smartphone and Tablet Ownership (MM)

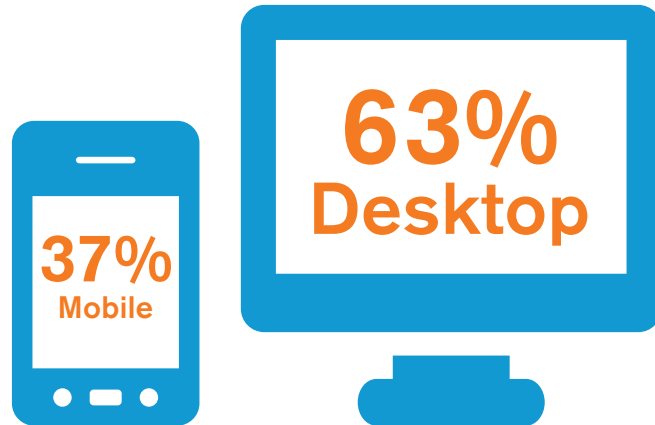
Source: comScore
MobiLens & TabLens,
U.S., 2003-2012

Smartphones and tablets are completely reshaping the way consumers connect with content and experience media, with audiences fragmenting even further as attention gets shared across platforms. In this **Brave New Digital World**, the fundamental economics of digital media are at stake if shifting between platforms means trading dollars for dimes. At the same time, an overall increase in media engagement also means more monetization opportunities for media companies and a greater ability for marketers to optimize campaigns across platforms. Digital businesses still have a chance to effectively navigate this transition and maximize their opportunities while mitigating their risks. Doing so will require a firm grasp of the multi-platform landscape and an understanding of how consumer usage patterns are shifting. Those who fail to devise an effective multi-platform strategy will likely be left behind.

Share of Digital Media
Time Spent: Desktop
Computer vs. Mobile
(Smartphone + Tablet)
Source: comScore Media
Metrix Multi-Platform
(Beta), U.S., Dec-2012

MULTI-PLATFORM CONSUMPTION IS TODAY'S NEW REALITY

The digital media landscape is already well into this transition, and smartphone and tablet usage can no longer be considered a mere rounding error in digital consumer behavior. **comScore Media Metrix® Multi-Platform (Beta)**, which provides an unduplicated view of digital media audiences and consumption across desktop computers, smartphones and tablets, reveals that more than 1 in 3 minutes (37 percent) is now spent beyond the PC.



As digital consumers become more reliant on their smartphones and tablets for everyday content consumption, we can expect this share to rise over time and perhaps take over majority share during the course of the next year. Envisioning this reality places a premium not only on getting the mobile channels right, but also on proving their value in short order.

MORE PLATFORMS MEANS EXTENDED REACH FOR MEDIA COMPANIES

While desktop-based Internet usage has not seen notable declines for the majority of content categories and leading digital properties, usage does appear to be leveling off as incremental usage shifts to smartphones and tablets. By accounting for these incremental audiences, media companies are able to demonstrate significantly wider scale to advertisers, along with the ability to provide unique marketing experiences according to the medium.


The average Top 25 digital media property extended its reach via mobile channels by 29 percent. Certain mobile-oriented properties such as Pandora (+155 percent reach), ESPN (+59 percent) and Twitter (+46 percent) are extending their reach by an even greater percentage. Even those with a relatively modest incremental reach in the teens are recognizing that mobile channels represent more than a mere rounding error.

	TOP 25 DIGITAL PROPERTIES	TOTAL DIGITAL POPULATION (000)	PC (000)	MOBILE (000)	% INCREMENTAL AUDIENCE VIA MOBILE
1	Google Sites	223,445	193,757	113,650	15%
2	Yahoo! Sites	206,830	185,847	92,218	11%
3	Facebook.com	185,335	150,294	97,739	23%
4	Microsoft Sites	178,737	170,947	55,190	5%
5	Amazon Sites	159,630	128,227	80,476	24%
6	AOL, Inc.	140,252	117,628	62,360	19%
7	Glam Media	128,317	110,555	50,428	16%
8	Ask Network	121,833	104,148	47,972	17%
9	Apple Inc.	108,580	83,722	51,548	30%
10	Turner Digital	104,897	85,666	44,675	22%
11	CBS Interactive	104,415	87,121	42,135	20%
12	Wikimedia Foundation Sites	103,644	85,883	41,700	21%
13	eBay	95,498	77,725	39,489	23%
14	Demand Media	89,208	74,924	33,406	19%
15	Comcast NBCUniversal	88,586	71,091	37,300	25%
16	Viacom Digital	80,614	71,695	22,312	12%
17	Federated Media Publishing	78,680	64,639	30,105	22%
18	The Weather Channel	69,749	48,928	34,877	43%
19	Wal-Mart	66,208	52,203	26,734	27%
20	Pandora.com	65,838	25,863	52,595	155%
21	Answers.com Sites	64,931	49,171	28,006	32%
22	Gannett Sites	63,573	48,228	27,523	32%
23	ESPN	61,505	38,660	34,616	59%
24	VEVO	59,790	56,793	5,504	5%
25	Twitter.com	59,323	40,659	29,629	46%

The future revenue streams of these media companies depend on effectively delivering content and commerce to their consumers through these channels and demonstrating why they are an important part of the marketing mix. Failure to meet consumer expectations and aggressively prove the value of these additional channels in 2013 could spell a very rocky economic transition by the time 2014 comes around.

Top 25 Digital Properties by Digital Population (000)

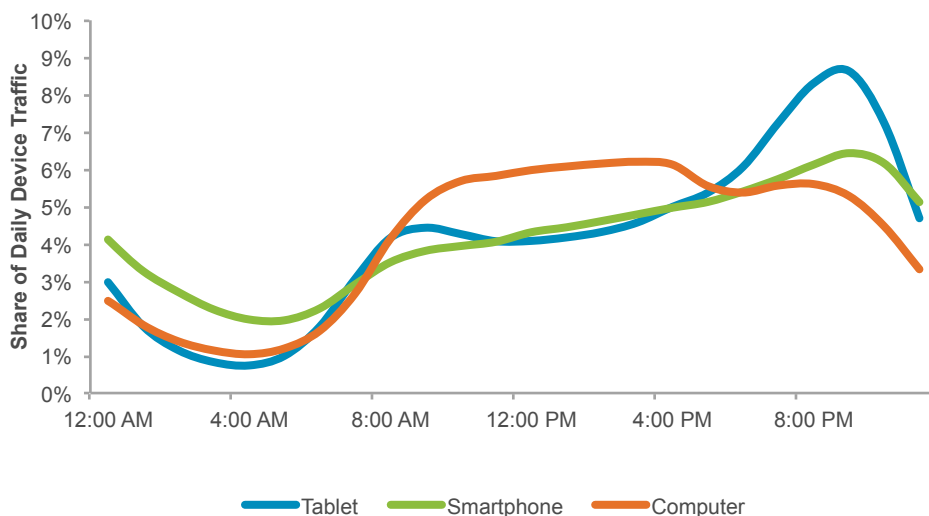
Source: comScore Media Metrix Multi-Platform (Beta), U.S., Dec-2012



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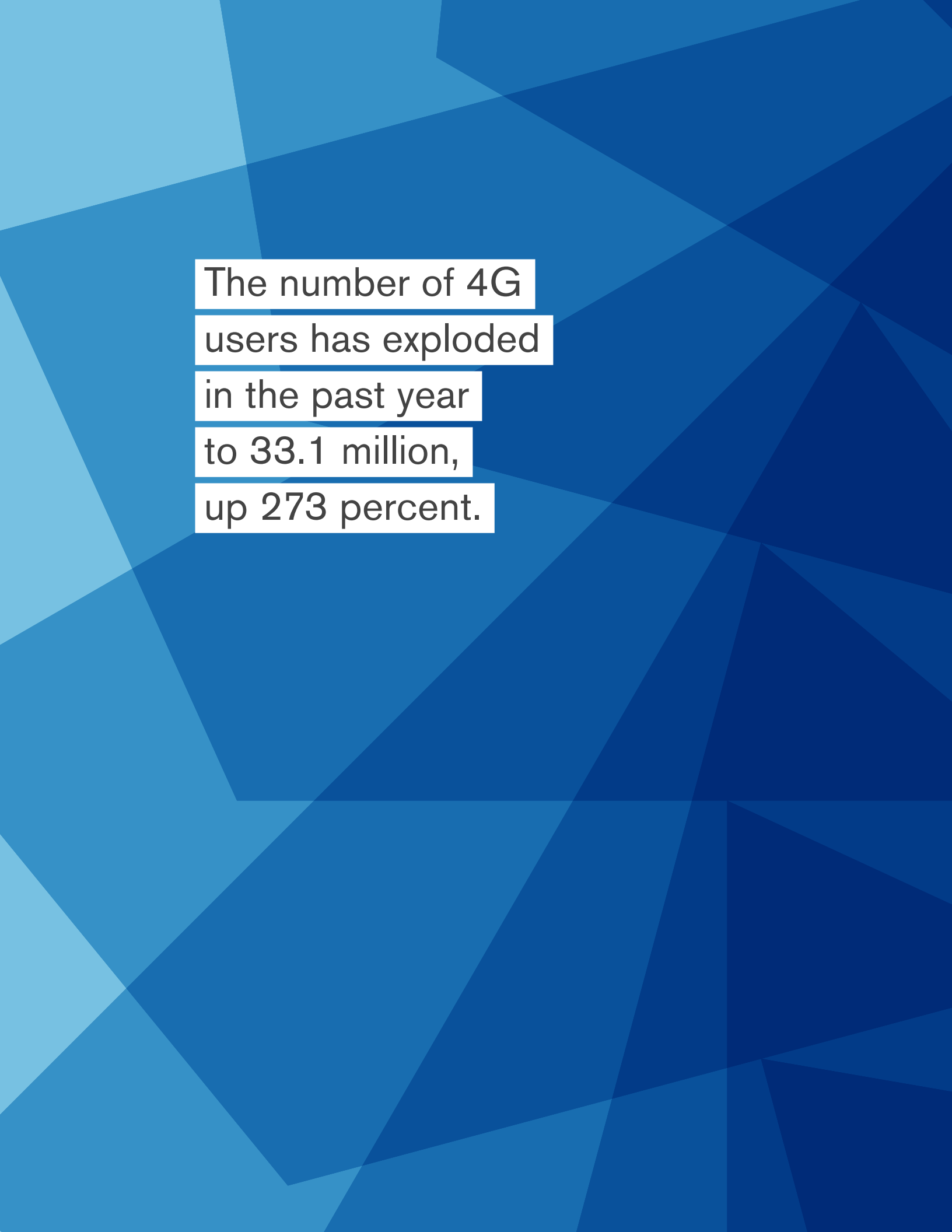
FRAGMENTED MEDIA LANDSCAPE ALSO DRIVES DIFFERENT USAGE PATTERNS

With so many consumers becoming “**digital omnivores**” accessing media content at different points in the day across varying devices, there has also been an evolution in behavioral patterns around when people tend to consume content using each respective platform. More content availability means the emergence of new consumption occasions and a greater amount of overall engagement with digital media for the average consumer. Mobile platforms, in particular, are creating occasions for consumption when people are either on-the-go or in a more relaxed, lean-back setting. While desktop computer usage tends to peak during the workday and in the early evening, smartphones see peaks during the rush-hours (when people are in transit). Tablet consumption is highest during the late evening hours when people are curled up on the couch or winding down for the night in bed.



Share of Browser-Based Page Traffic by Hour for Computer, Smartphone and Tablet Platforms
Source: comScore Device Essentials, U.S., Monday, Jan. 21, 2013

Importantly, these new occasions mean new opportunities. Media companies have the ability to monetize additional media channels or reinforce the value of primary channels, while marketers have the ability to optimize their campaigns according to day-part to reach consumers when they may be most receptive to particular messaging.

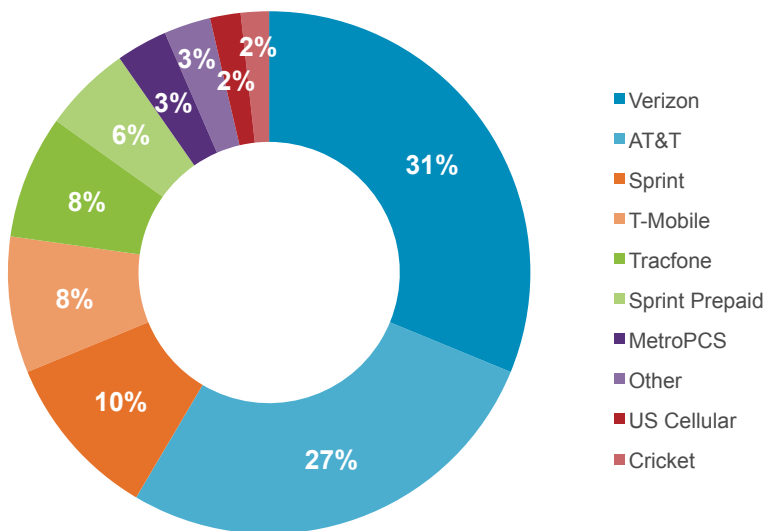


The number of 4G
users has exploded
in the past year
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up 273 percent.

MOBILE NETWORK DYNAMICS

VERIZON MAINTAINS LEAD OVER AT&T IN OPERATOR SHARE

Across the total mobile market, the top 4 network operators – Verizon, AT&T, Sprint and T-Mobile – comprised more than three-quarters of all subscribers. Verizon maintained its leading position, garnering 31.2 percent of the market, followed closely by AT&T at 27.3 percent. Sprint (10.3 percent) and T-Mobile (8.4 percent) rounded out the top four. Other network operators combined to account for more than 20 percent of the market, led by Tracfone, slightly behind T-Mobile at 7.6 percent, Sprint Prepaid (5.4 percent) and MetroPCS (3.2 percent).



Network Operator Share of Total Mobile Market

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012

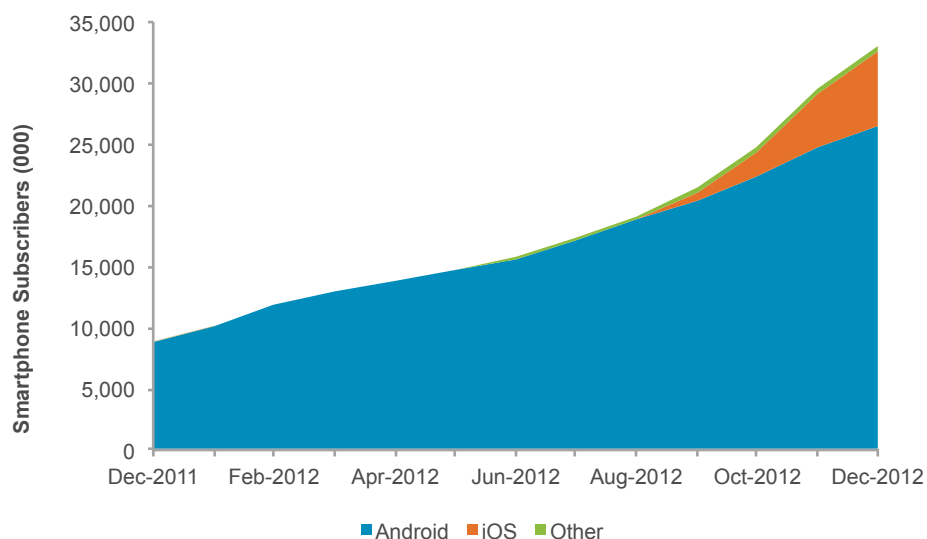
4G SMARTPHONE USAGE EXPLODES IN 2012

Another important driver of mobile media use apart from smartphone adoption is the adoption of 3G or 4G-enabled devices. In recent years, mobile carriers have made it a priority to build out increasingly faster networks while handset manufacturers prioritized the development of smartphones that could fully take advantage of these networks. In 2012, Apple made waves with the announcement that its next iPhone would support LTE – a sign that major industry players saw the future of mobile in these faster networks.

By the end of 2012, 97.7 percent of U.S. smartphone owners used 3G or 4G enabled devices. While 3G users still represent the wide majority of the smartphone market, the number of 4G users has exploded in the past year to 33.1 million, up 273 percent from a year ago. Android has led the way with 4G adoption but the introduction of the 4G-enabled iPhone 5 in September 2012 spurred an acceleration in adoption during the final months of the year.

4G Adoption Among iOS and Android Smartphone Subscribers (000)

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2011 to
Dec-2012

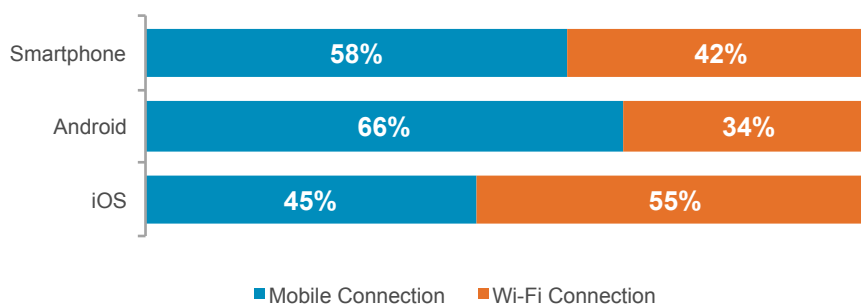


IPHONES CONTINUE TO SHOW GREATEST WI-FI ACTIVITY

An analysis of mobile Internet and Wi-Fi usage across smartphones and tablets shows that a significant share of browsing activity happens via Wi-Fi. For tablets, which do not require a wireless data plan to function, 93.6 percent of all time spent online is via Wi-Fi connection, with both Android tablets and iPads showing similar percentages. For smartphones, Android phones and iPhones show an interesting disparity. While two-thirds of online activity on Android phones is conducted via a mobile connection, more than half of all time spent online on iPhones happens via Wi-Fi. The higher level of Wi-Fi activity on iPhone could be attributable to their heavier use as entertainment devices, inducing more video and music streaming activity, and that network settings default to off-load activity to accessible Wi-Fi networks.

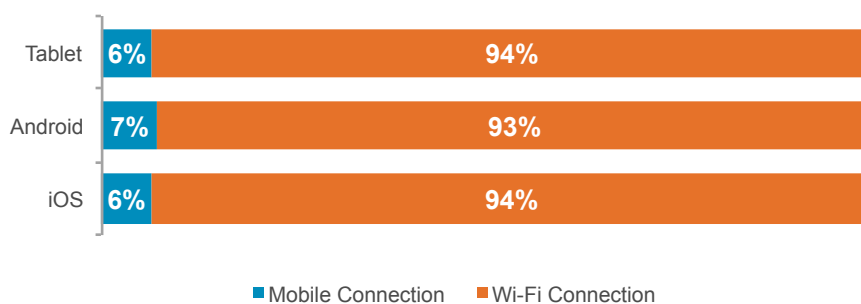
Mobile and Wi-Fi Connection Activity Across Smartphones

Source: comScore Device
Essentials, U.S., Dec-
2012



Mobile and Wi-Fi Connection Activity Across Tablets

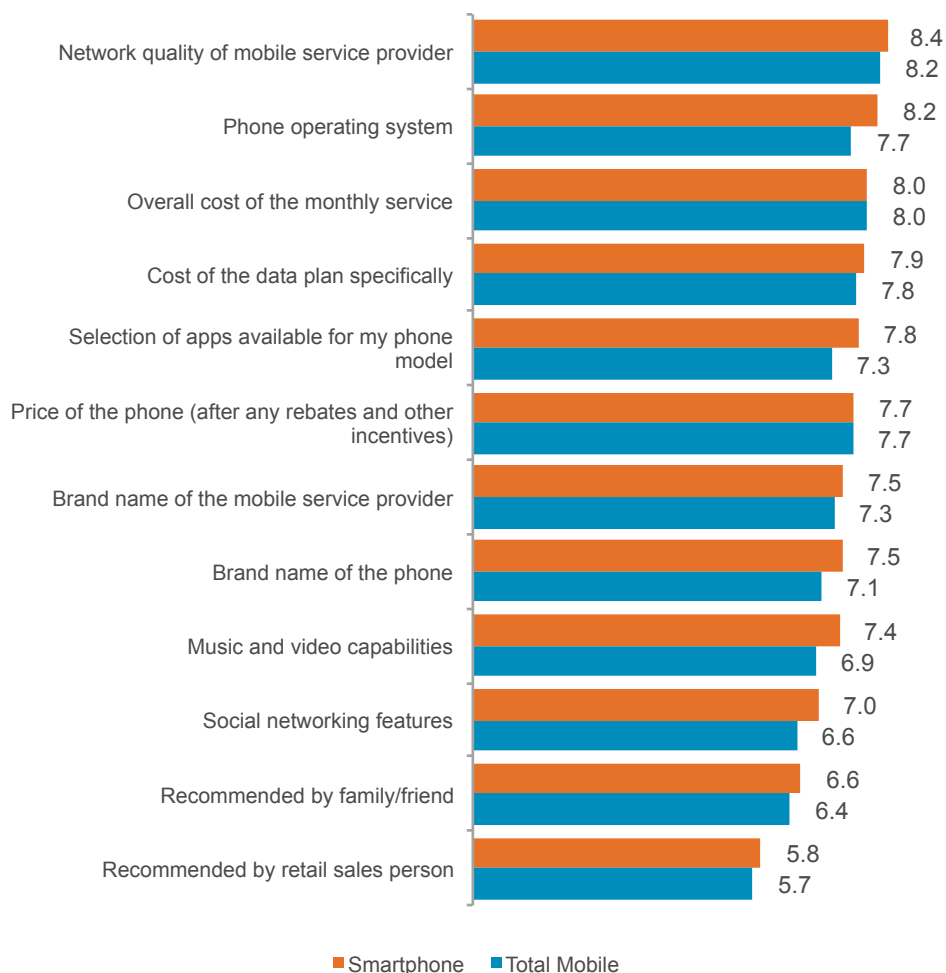
Source: comScore Device
Essentials, U.S., Dec-
2012




NETWORK AND OS RANK HIGHER THAN COST FOR SMARTPHONE PURCHASE CONSIDERATION

Purchase consideration factors continue to be very important for the mobile industry given the high rate of customer churn and new device acquisition. Among both the total mobile phone and smartphone populations, network quality still ranks as the most important purchase consideration factor, validating the efforts of carriers rolling out faster and higher-capability 4G networks.

For smartphone users, operating system ranks as the second-most important consideration factor. In contrast, the total mobile audience put the overall cost of monthly service and the cost of the data plan specifically higher on the list. Interestingly, the selection of apps available only ranked fifth as a consideration factor for smartphone users this time around, compared to last year when it ranked third, perhaps suggesting that consumers perceive greater parity in app ecosystems among the leading operating systems.



Top Purchase Consideration Factors for Smartphone Purchasers vs. Total Mobile (1-10 Scale, 10=Most Important)
Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012



The race among
handset manufacturers
heats up as
smartphones
take center stage.

MOBILE OEM DYNAMICS

APPLE AND SAMSUNG COMPETE FOR SUPREMACY IN MOBILE OEM MARKET

The race among handset manufacturers heated up in 2012 as smartphones took center stage in the mobile market. Across the total mobile population, Samsung maintained its position as the lead Original Equipment Manufacturer (OEM), increasing its share to slightly more than a quarter of all mobile devices in use in the U.S. Apple rose two spots, overtaking LG and Motorola, to claim the #2 position accounting for nearly 20 percent of the total mobile market. Across the smartphone population, however, Apple takes the largest share of the OEM market, having increased its lead by a significant 6-percentage points to 36.3 percent, buoyed by the continued popularity and increasing affordability of the iPhone. Samsung edged out RIM and HTC to claim the #2 spot among smartphone manufacturers, with the release of the well-received Samsung Galaxy S III, accounting for 21 percent of all smartphones in use. Noticeably absent from the OEM leaderboard was BlackBerry, which took the #2 spot the year prior.

TOTAL MOBILE		SMARTPHONE	
Samsung	27.1%	Apple	36.3%
Apple	19.5%	Samsung	21.0%
LG	17.3%	HTC	10.2%
Motorola	10.0%	Motorola	9.1%
HTC	5.6%	LG	7.1%

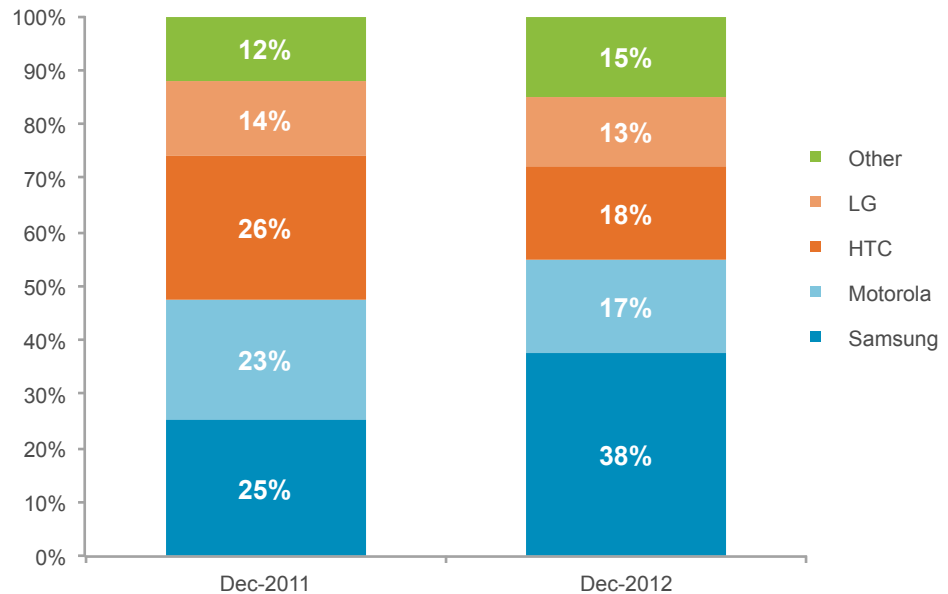
A look at the share of OEMs among the Android smartphone market in particular shows Samsung exhibiting remarkable growth within the market in the previous year. In December 2011, Samsung accounted for just 1 in 4 Android smartphones in use. By the end of 2012, that percentage shot up 13 percentage points, gaining share directly from Motorola and HTC to account for nearly 2 in 5 Android smartphones. While the market still remains fiercely competitive among OEMs in the Android ecosystem, Samsung is exhibiting remarkable leadership with the recent smartphone models it has introduced to the market, such as the Samsung Galaxy S III. As a result, no other OEM has captured the attention of consumers and smartphone enthusiasts in the past year as much as Samsung.

Top OEMs by Share of Total Mobile Market and Smartphone Market

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012

OEM Share for Android Smartphones

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012 vs.
Dec-2011

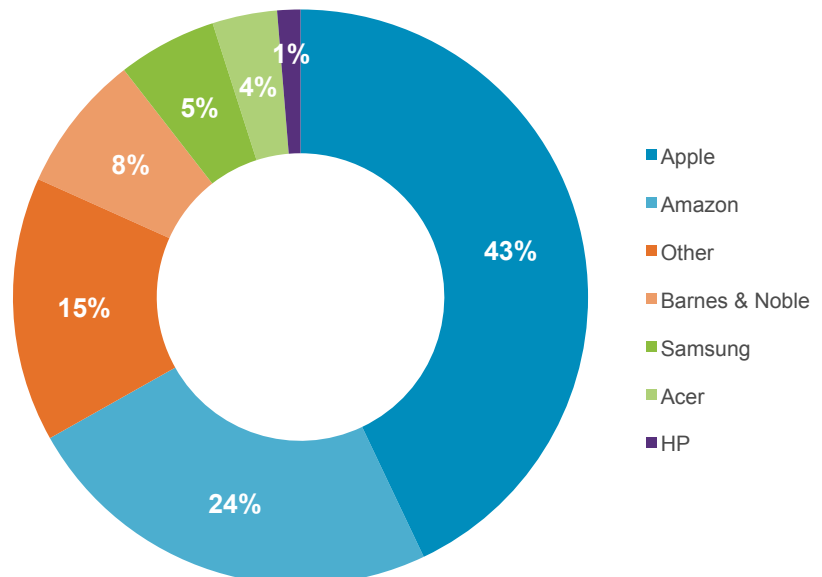


APPLE AND AMAZON LEAD AMONG TABLET OEMS

In the household tablet market (excluding tablets for business use), Apple sees an even greater lead over other device manufacturers, with iPads accounting for 42.9 percent of the tablet market. Amazon followed with the #2 spot as Kindle Fire tablets comprise nearly a quarter of all tablets in use. Barnes & Noble accounted for the third-largest share among OEMs with 7.8 percent of all tablets, largely due to the Barnes & Noble NOOK Tablet. Samsung and Acer rounded out the top five tablet OEMs, with 5.6 percent and 3.6 percent share of the market, respectively, due to the popularity of the Samsung Galaxy Tab and the Acer Iconia Tab devices.

OEM Share of the Tablet Market

Source: comScore
TabLens, U.S., 3 Month
Avg. Ending Dec-2012



APPLE TOPS LIST OF MOST ACQUIRED MOBILE PHONES AND TABLETS

Smartphones dominated the list of top acquired mobile phones in the U.S., led by various versions of the Apple iPhone, which claimed four of the top five spots, ousting BlackBerry and HTC devices from the year prior. The Samsung Galaxy S III proved to be highly popular as well, finding its way into the top five. Apple's popularity among consumers making new mobile device purchases likely comes from a combination of strategic marketing moves. As older models of iPhones are marked down with the release of newer models, an increasing number of consumers gain access to them, which accounts for the popularity of a model such as the Apple iPhone 3GS – originally released in 2009.

TOP ACQUIRED PHONES

Apple iPhone 4S
Apple iPhone 4
Apple iPhone 3GS
Apple iPhone 5
Samsung Galaxy S III

A look at the tablet landscape shows Apple ruling this market as well, with iPads ranking as the top acquired tablet family in the past year, outpacing other tablet families by a significant margin. As a platform, however, Android also fared well with each of the next four most acquired tablet families. Amazon put on a good showing with the Kindle Fire family of tablets ranking #2, followed by the Acer Iconia and Iconia Tab, Samsung Galaxy Tab and Note, and Barnes & Noble NOOK tablets.

TOP ACQUIRED TABLET FAMILIES

Apple iPads
Amazon Kindle 2/Fire/HD
Acer Iconia/Iconia Tab
Samsung Galaxy Note/Tab
Barnes & Noble NOOK Color/Tablet/HD

TABLET OWNERS OLDER AND LESS AFFLUENT THAN SMARTPHONE OWNERS


A demographic comparison of tablet owners and smartphone owners showed that while both groups had fairly similar gender splits, tablets saw higher percentages of older and less affluent members of their audience. More than 28 percent of tablet owners were age 55 and older vs. 20 percent of smartphone owners, while 25 percent came from households earning at least \$100,000 annually vs. 36 percent among smartphone owners. One hypothesis might be that because

Top Acquired Individual Phone Models in the U.S.

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Jan-2012 to
Dec-2012

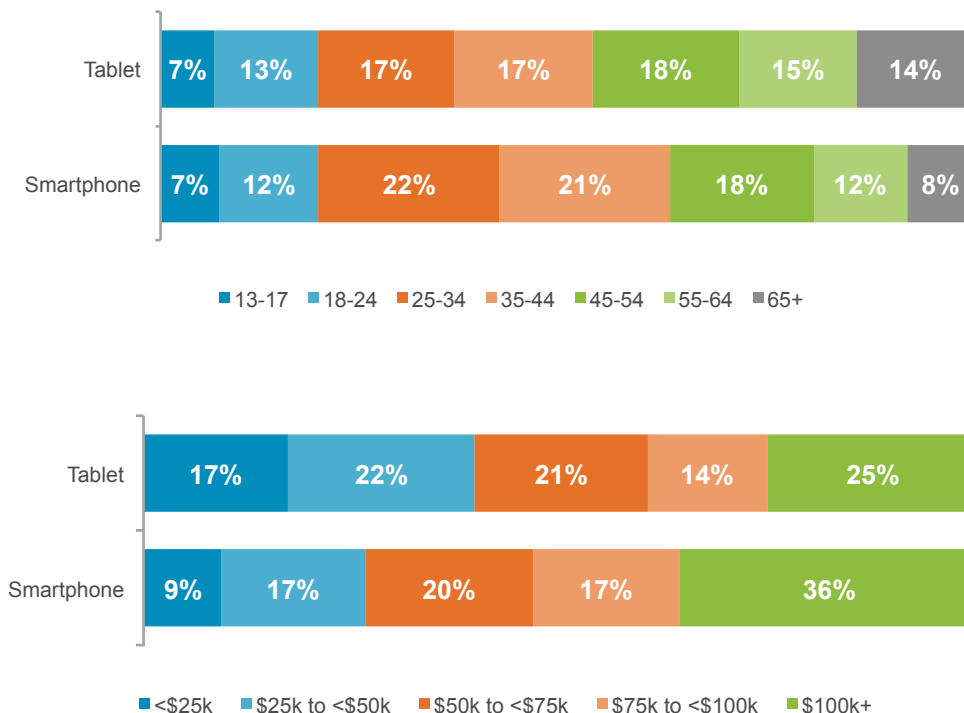
Top Acquired Tablet Families in the U.S.

Source: comScore
TabLens, U.S., Apr-2012
to Dec-2012

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While Apple leads
among tablet
manufacturers in share,
Android devices also
fared well, with 4 of the
top 5 most acquired
tablet families.

tablets are very intuitive, older generations are starting to use these devices in place of computers, which can be more complicated to set up and maintain. In addition, tablets are increasingly providing a less expensive alternative to computers and can be more affordable than smartphones in the long run, as they don't require a data plan for use.




Age Breakdown of Smartphone and Tablet Owners

Source: comScore TabLens and MobiLens, U.S., 3 Month Avg. Ending Dec-2012

Household Income Breakdown of Smartphone and Tablet Owners

Source: comScore TabLens and MobiLens, U.S., 3 Month Avg. Ending Dec-2012

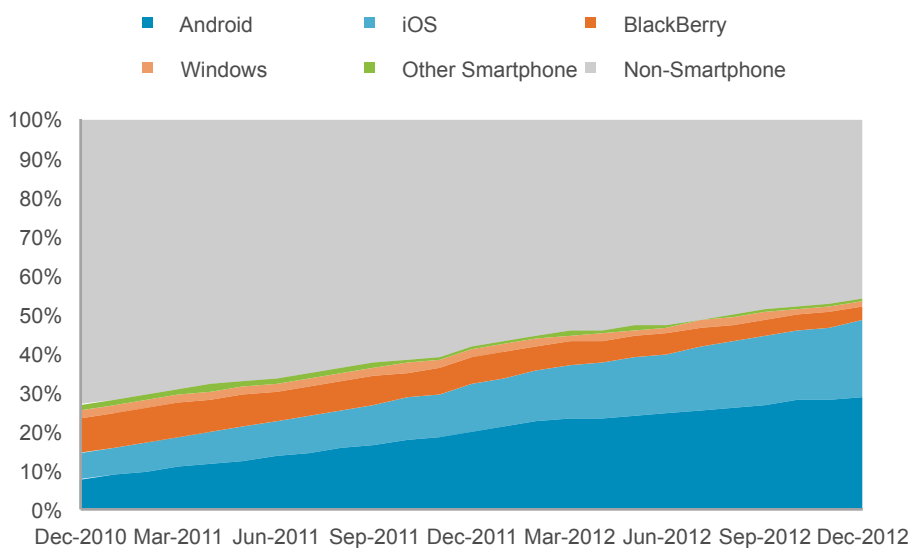


Smartphones hit
the mobile majority
in 2012, up 29 percent
from a year ago.

MOBILE PLATFORM DYNAMICS

SMARTPHONE PENETRATION SURPASSES 50 PERCENT IN 2012

2012 was a milestone year for the U.S. smartphone market as it finally surpassed 50 percent market penetration. The more than 125 million smartphone subscribers represents a 29-percent increase from a year ago, and a 99-percent increase from two years ago. Not only does the market's current ownership profile reflect a smartphone majority, but 72 percent of all newly-acquired devices are now smartphones.

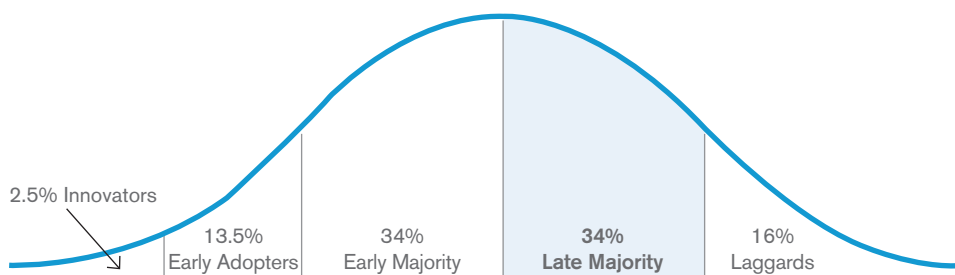


Mobile Phone Market Share Trend by Platform

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2010 to
Dec-2012

SMARTPHONES ENTER 'LATE MAJORITY' IN TECHNOLOGY LIFECYCLE

With smartphone penetration surging past 50 percent during the latter half of 2012, the market is now entering the "late majority" stage of the technology adoption curve. The characteristics and motivations of consumers in the late majority are substantially different than the early majority, and almost the complete opposite of the innovators and early adopters. These fundamentally different market dynamics



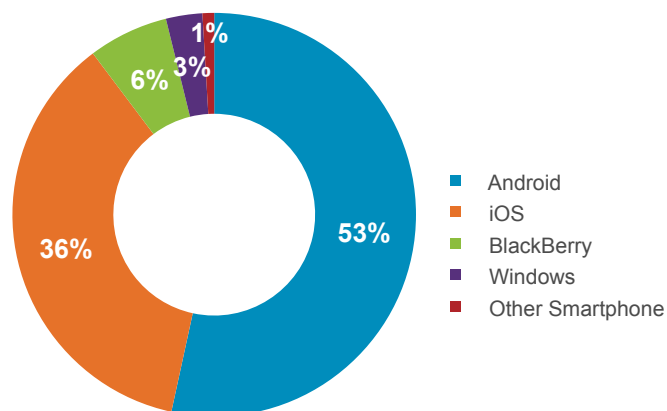
mean that new marketing strategies are required to capture this segment of the population representing approximately 80 million U.S. consumers.

Individuals in the late majority tend to be of below average means, may be somewhat skeptical of technology and are opinion takers rather than opinion makers. These characteristics will necessarily drive the marketing strategies needed to win over new adopters during this next phase of the smartphone market. Price sensitivity dictates that many in this segment will simply not consider premium models and are willing to sacrifice certain features for more basic functionality. Many may not even grasp what advanced features mean or why they deliver a superior experience. The availability of a diverse app ecosystem is likely to be an important driver of utility for these consumers, which favors Android and iOS.

Another impediment to adoption is that it's not just the price of the phone but the additional recurring cost of a data plan. While handset prices are already heavily subsidized by the operators, the introduction of a new tier of pricing plans to capture this segment of consumers may be required to spur further device adoption. But even if an acceptable threshold is met, the average sales price for device models will need to remain sufficiently low. Recognition of this reality may be one reason that Apple is heavily rumored to be developing a low-cost iPhone. Without being able to meet the price expectations of these consumers, a premium device such as the iPhone would likely begin to lose market share.

ANDROID OWNS MAJORITY SHARE OF U.S. SMARTPHONE USERS

The U.S. smartphone market has seen two platforms, Android and iOS, come to dominate the market over the past few years and now combine for nearly 90 percent of the market. Android captured a majority of the market for the first time in February



2012 and continued to extend its leadership to 53.4 percent by the end of the year. Apple grew its market share nearly 7 percentage points to 36.3 percent in the past year. All other platforms experienced share declines.

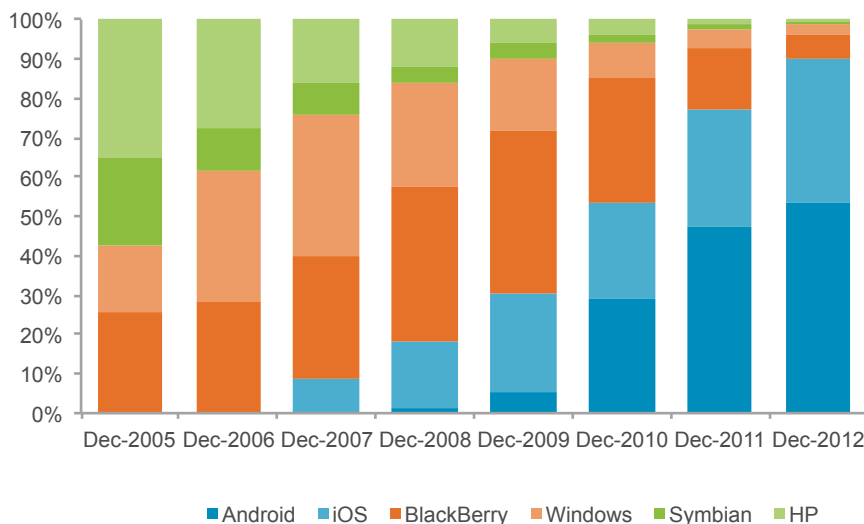
Smartphone Market Share by Platform

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012

This upcoming year in the smartphone market could be make-or-break for non-iOS and Android platforms. If they concede much more of their remaining market shares, it could be very difficult to encourage developers to build for their platforms, putting them even further behind the market leaders.

LONG TERM VIEW OF SMARTPHONE MARKET REMINDS HOW QUICKLY FORTUNES CAN CHANGE

But while Android and iOS might appear poised to lock up the smartphone market for good, it is worth looking at the history of the smartphone market to understand just how quickly fortunes can change. In 2005, the market was dominated by Palm, Symbian and BlackBerry. However, by the following year all three had ceded control to Microsoft as the new market share leader. 2008-2010 saw BlackBerry stage a comeback to assume the #1 position before eventually giving way to the upstart Android platform in 2011. The only key player in the current smartphone market never to have owned the market share lead, interestingly enough, is iOS.



Long Term Smartphone Platform Market Share Trend

Source: comScore
MobiLens, U.S., Dec-2005 to Dec-2012

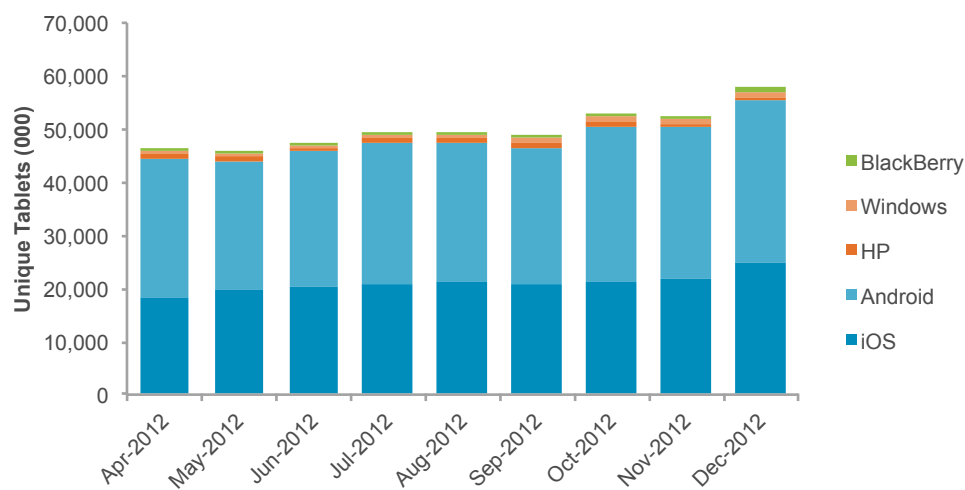
This view reminds us that the smartphone market has historically been one of constant disruption, and with most consumers trading out their phones for new ones every couple of years, there is more opportunity to bring a compelling product to market and quickly win market share. Conversely, one could also argue that the emergence of well-developed platform ecosystems creates a higher degree of customer lock-in that did not exist in the earlier days of the market, suggesting that iOS and Android may have a better chance of maintaining their stranglehold on the market for the foreseeable future. But the possibility of emergent platforms (Amazon and Facebook) and resurgent platforms (Windows and BlackBerry) suggests an uncertain future where new leaders certainly have the potential to break through.

Unique Tablets (000) by Platform

Source: comScore
TabLens, U.S., 3 Month
Avg. Ending Dec-2012

ANDROID'S OEM INTEROPERABILITY HELPS IT ESTABLISH TABLET MARKET SHARE LEADERSHIP

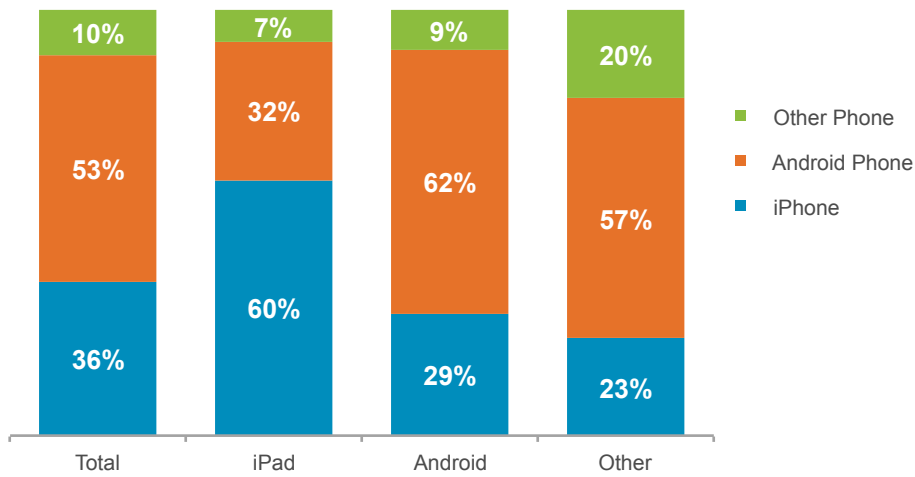
Although Apple effectively invented the tablet market with its 2010 introduction of the iPad, several fast-followers delivering more affordable models have helped drive the tablet market as it's evolved in the past few years. Android models are now the most-owned tablets in the U.S. household tablet market – largely buoyed by the Amazon Kindle Fire – just slightly ahead of the iPad. Other tablet platforms maintain just a fractional percentage of the market.



Although Apple has conceded its initial leadership position to Android in the tablet market, it is fighting to win back market share with its October 2012 introduction of the 7.9-inch iPad Mini. The smaller and lighter model is proving popular with consumers who favor portability over screen size. With other tablet makers likely to follow suit, the market appears pointed towards increased adoption of smaller tablets. This product differentiation can not only help capture a segment of new tablet consumers who valued portability, but it also may increase second-tablet ownership for households that might have different occasions to favor a particular device type.

PLATFORM LOYALTY EXISTS BETWEEN TABLET AND SMARTPHONE OWNERSHIP

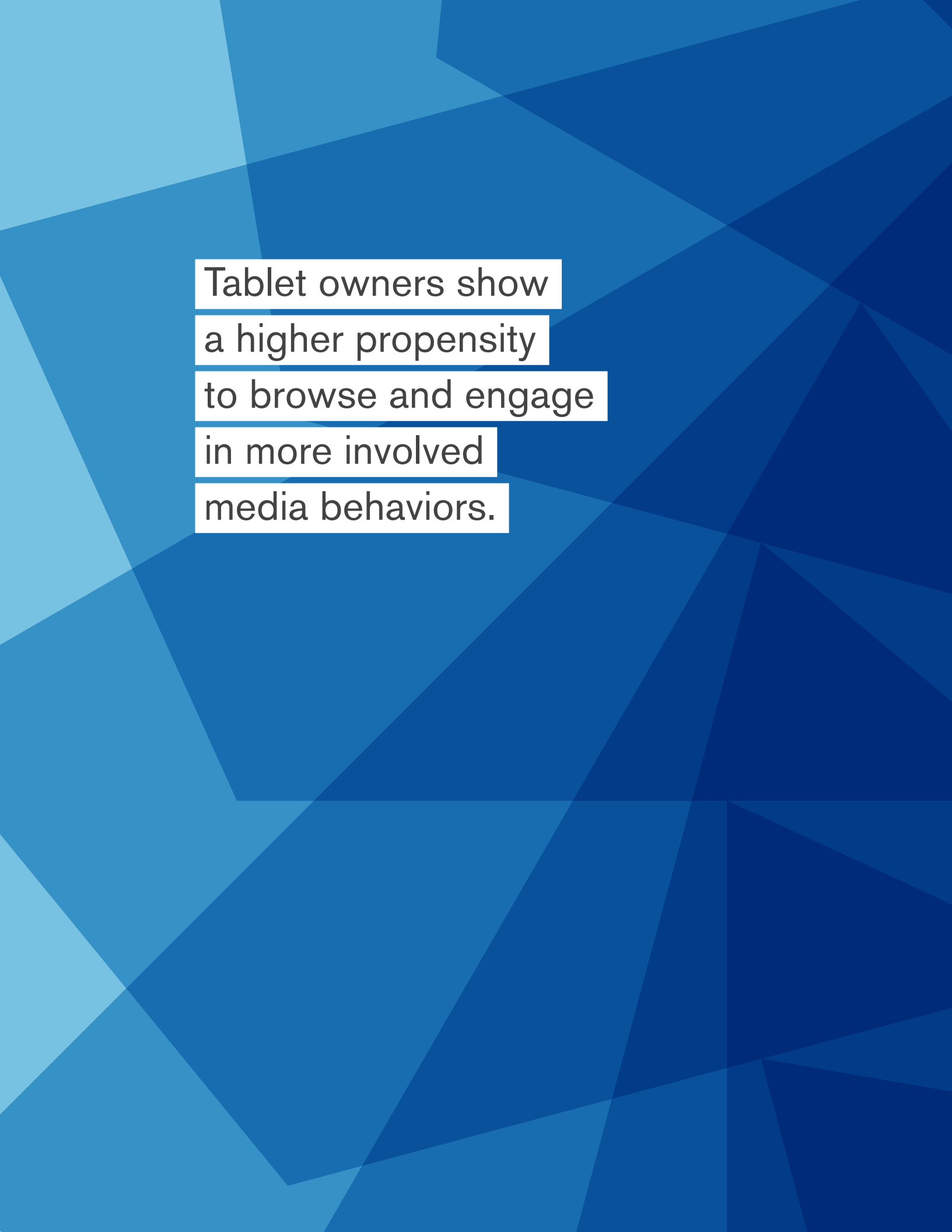
Although tablets and smartphones are different devices with varying functions, there is evidence of platform loyalty among consumers. Most mobile consumers may not resemble the stereotypical Apple “fanboy”, but their propensity to favor one platform over another is apparent. For example, iPhone users represent 36 percent of the total smartphone market, but a full 60 percent of smartphone users with an iPad have an iPhone. Similarly, 62 percent of smartphone users with an Android tablet also use Android phones, considerably higher than that of the total smartphone market.



Percentage of Tablet Users by Platform Who Use Smartphone Platforms

Source: comScore
MobiLens, U.S., 3 Month
Avg. Ending Dec-2012

Platform loyalty is important because it increases the likelihood of a consumer being wedded to a particular platform over the long term, especially given mobile's rapid replacement cycle. With an app ecosystem that transfers seamlessly between devices, consumers may become accustomed to a consistent interface and media experience that makes them more likely to stick with the same platform when it's time for a device upgrade.



Tablet owners show
a higher propensity
to browse and engage
in more involved
media behaviors.

MOBILE MEDIA CONSUMPTION

SMARTPHONES AND TABLETS DRIVE EXPANDED MOBILE MEDIA USAGE

Analysis of the top mobile media behaviors across smartphone and tablet users shows some interesting similarities and differences for both groups. Both platforms' users show an inclination toward engaging in activities that lend themselves well to being done on-the-go, such as accessing weather, maps and news updates.

Among smartphone users, sending text messages was still the foremost activity in which users engaged (90.5 percent). Taking photos was the second-ranked activity for smartphone users (83.4 percent), followed by checking e-mail (77.8 percent) and accessing weather updates (67.1 percent). Accessing social networks or blogs also ranked among the top mobile media activities for smartphone users (65.3 percent), as apps have made it easier than ever for smartphone users to engage with social networks at any given minute.

TOP ACTIVITIES FOR SMARTPHONE AUDIENCE		TOP ACTIVITIES FOR TABLET AUDIENCE	
Sent text message to another phone	90.5%	Accessed search	73.9%
Took photos	83.4%	Used email	73.6%
Used email	77.8%	Accessed social networking	67.5%
Accessed weather	67.1%	Played games	66.3%
Accessed social networking	65.3%	Accessed weather	64.6%
Accessed search	58.7%	Accessed news	58.8%
Played games	52.9%	Accessed photo/video sharing site	51.5%
Accessed maps	51.2%	Read books	51.2%
Accessed news	49.2%	Watched video	50.9%
Listened to music on mobile phone	48.0%	Accessed retail	49.8%

For tablet owners, there is a higher propensity to browse and engage in more involved media behaviors. While the most popular activity for tablet owners was accessing search results (73.9 percent), a significant percentage also played games (66.3 percent), accessed photo/video sharing sites (51.5 percent), read books (51.2 percent) and watched video (50.9 percent). As tablets have come

Top Mobile Media Activities by Share of Smartphone and Tablet Users

Source: comScore MobiLens and TabLens, U.S., 3 Month Avg. Ending Dec-2012

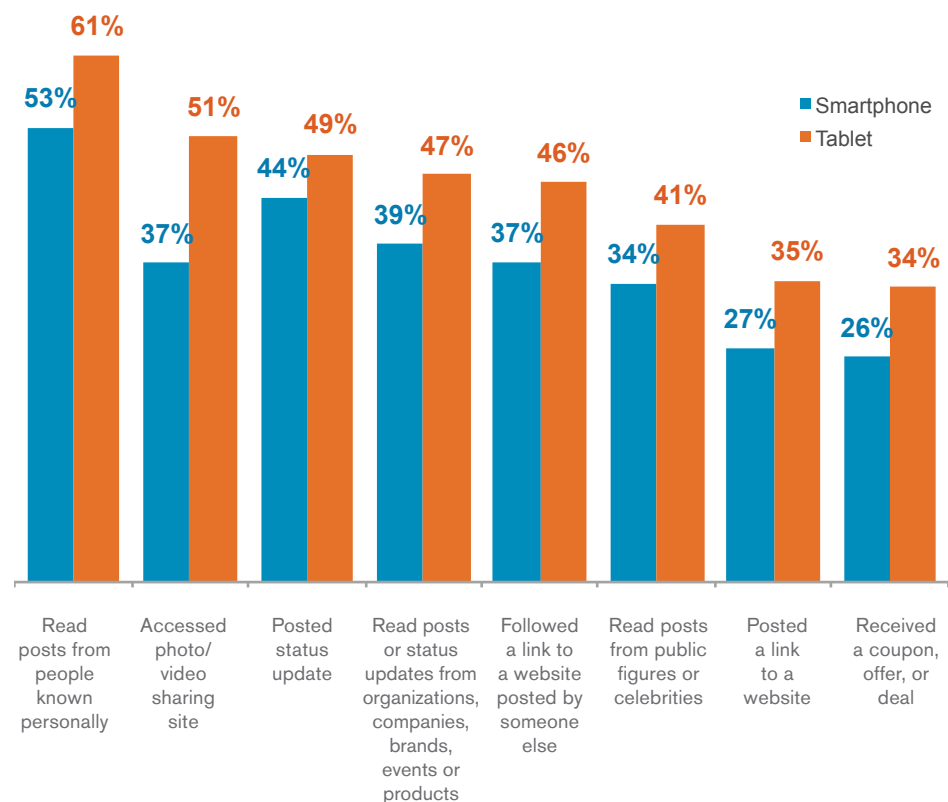
to provide a convenient platform for users to read longer-form content, we have seen this platform disrupt the way tech-savvy consumers are consuming news and information. In addition to books, 37.8 percent of tablet owners read magazines on their devices, underscoring the importance of this platform to magazine publishers as consumers continue to shift away from print.

TABLETS DRIVE SOCIAL ENGAGEMENT

Social networking activity continued to be very popular on mobile devices, with approximately 2 out of every 3 smartphone and tablet owners accessing these sites from their devices. The most popular social media activity among both groups was reading posts or status updates from people known personally. Half of the smartphone audience reported reading status updates from friends, and 3 in 10 smartphone owners reported doing so on a daily basis. For tablet owners, the percentage is even higher for many social networking activities, as tablets lend themselves particularly well to leisurely browsing for prolonged periods of time.

In addition to using their devices for keeping up to date on friends' activities, smartphone and tablet owners are engaging with brands on social networks. 2 in 5 smartphone subscribers read posts from brands and organizations, while nearly half of the tablet audience reported doing so as well. A slightly lower percentage of smartphone (34.5 percent) and tablet (41.3 percent) owners read posts by celebrities and public figures. Finally, 1 in 4 smartphone owners reported receiving a coupon, offer or deal via mobile social networking. A greater percentage of tablet owners (34 percent) reported the same thing.

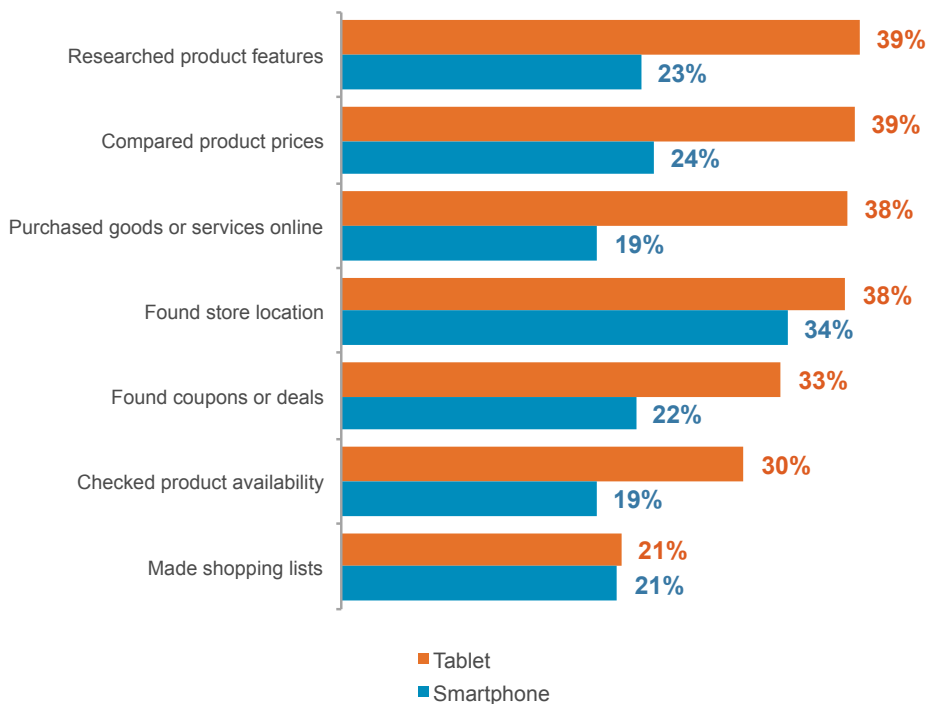
Selected Social Networking Activities Among Smartphone and Tablet Owners
Source: comScore MobiLens and TabLens, U.S., 3 Month Avg. Ending Dec-2012



SMARTPHONES DRIVING SHOWROOMING, TABLETS DRIVING PURCHASE

The past few years have seen the rise of a practice known as “showrooming,” which means visiting a retail store to check out a product in person but then completing the actual purchase online. In Q4 2012, 36 percent of consumers indicated they had engaged in showrooming and 74 percent of those individuals said that price was an important driver of that activity. Interestingly, smartphones have emerged as a significant enabler of showrooming activity because people are armed with access to competitive pricing information and product reviews while in a brick-and-mortar store. In fact, 46 percent of smartphone owners have showroomed as compared to just 27 percent of non-smartphone owners.

While smartphones are becoming disruptive to the traditional retail environment, tablets are changing shopping behaviors in somewhat different ways. Because their functionality more closely resembles that of computers, tablets are not influencing the in-store shopping experience as much as they are driving in-home shopping behavior. In fact, tablet users were significantly more likely than smartphone owners to engage in various shopping behaviors, such as researching product features and comparing prices. Perhaps most importantly, tablet users were twice as likely to purchase items on their devices (38 percent) than smartphone owners (19 percent).



Share of Smartphone and Tablet Owners Performing Mobile Retail Activities

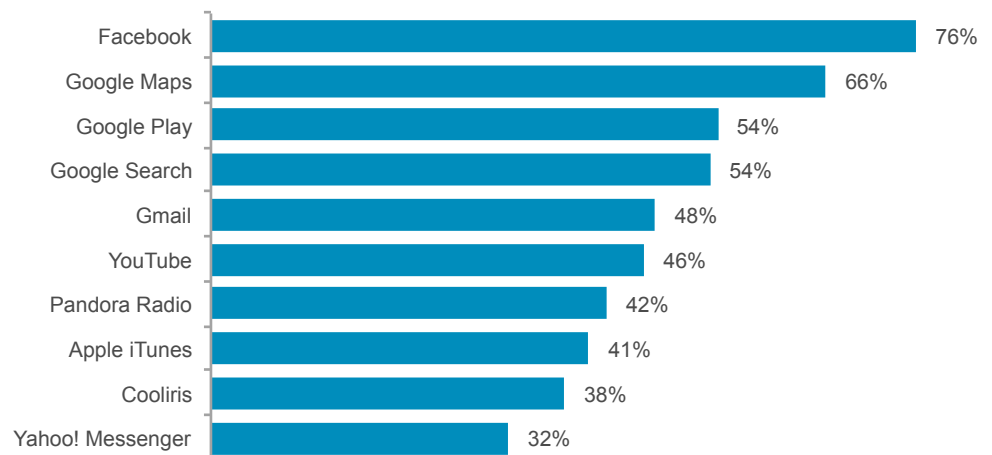
Source: comScore
MobiLens and TabLens,
U.S., 3 Month Avg. Ending
Dec-2012

FACEBOOK #1 AMONG MOBILE APPS, WHILE GOOGLE OWNS HALF OF TOP 10

Consumers who engage with mobile media may do so via the mobile web or apps. And in this environment – unlike with the traditional fixed web – the majority of consumption is driven by apps, which are optimized for the smaller-screen environment. 4 out of every 5 mobile media minutes occur via apps, while mobile web usage drives the remainder.

Among smartphone apps on the iOS and Android platforms, Facebook finished 2012 strong to capture the #1 position, reaching 3 out of every 4 smartphone users in December 2012. Facebook grabbed the lead from Google Maps, which conceded the top spot following Apple's decision to replace it with Apple Maps on iOS 6. Despite losing the #1 position, Google still featured prominently among the leading apps with each of the next 5 spots. Google Maps ranked 2nd with a reach of 65.9 percent in the smartphone market, followed by Google Play (54.3 percent), Google Search (53.5 percent), Gmail (47.6 percent) and YouTube (46.4 percent).

Top Mobile Apps by Reach of Smartphone Audience (Age 18+)
Source: comScore Mobile Metrix, U.S., Dec-2012



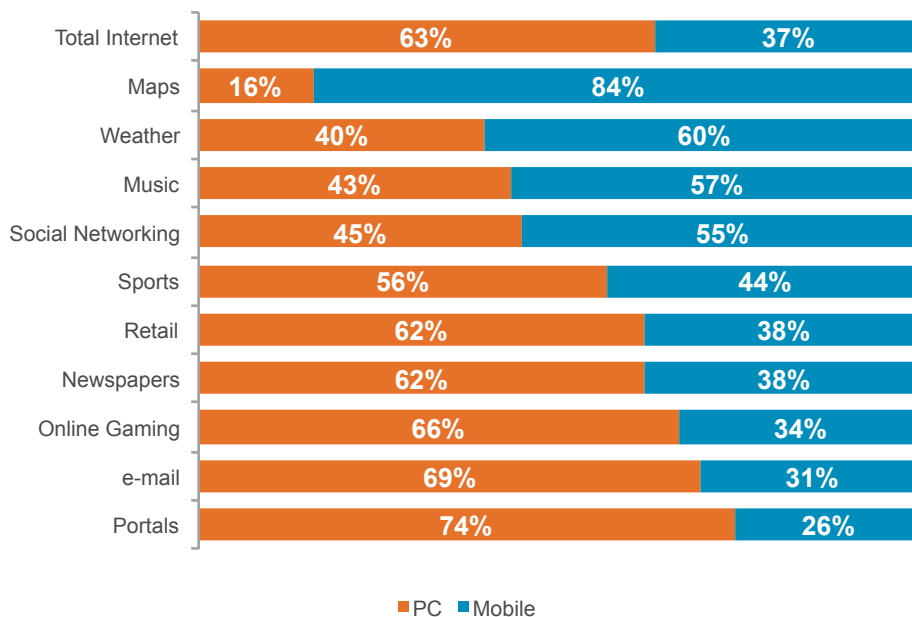
A breakdown of the top mobile apps specifically for iOS and Android users yields some noticeable differences between the platforms. For iPhone owners, the Apple iTunes app proved to be the #1 app on the list, barely edging out Facebook, while Yahoo! Stocks, Google Maps and Yahoo! Weather rounded out the top five. Meanwhile, Google apps dominated the list of top apps for Android users, with Google Play ranking first, followed by Google Search, Gmail, Facebook and Google Maps. For iPhone users, a number of the top apps on this list are entertainment-focused, such as Pandora Radio, YouTube and Instagram.

TOP IOS MOBILE APPS	TOP ANDROID MOBILE APPS
Apple iTunes	Google Play
Facebook	Google Search
Yahoo! Stocks	Gmail
Google Maps	Facebook
Yahoo! Weather	Google Maps
Pandora Radio	Cooliris
Apple Maps	Yahoo! Messenger
YouTube	Voice Search
The Weather Channel	YouTube
Instagram	Google News and Weather


Top Mobile Apps for iOS and Android Active Users (Age 18+)
Source: comScore Mobile Metrix, U.S., Dec-2012

MOBILE MEDIA USE CONTRIBUTES TO GROWING PERCENTAGE OF TIME SPENT ONLINE

The rapid growth in mobile media usage has resulted in a greater share of time spent online now happening on mobile devices. comScore Media Metrix Multi-Platform (Beta) indicates that one-third of digital media consumption time happens via smartphones and tablets. However, these time splits by platform can vary considerably by content category. Categories that lend themselves well to mobile use – such as Maps and Weather – will naturally see a higher percentage of time spent online coming from those platforms. Other categories such as Portals, which represent the traditional entry-point for experiencing much of the fixed web, still see a higher percentage of activity being driven by PC access.



Share of Total Time Spent Online for Selected Properties
Source: comScore Media Metrix Multi-Platform (Beta), U.S., Dec-2012

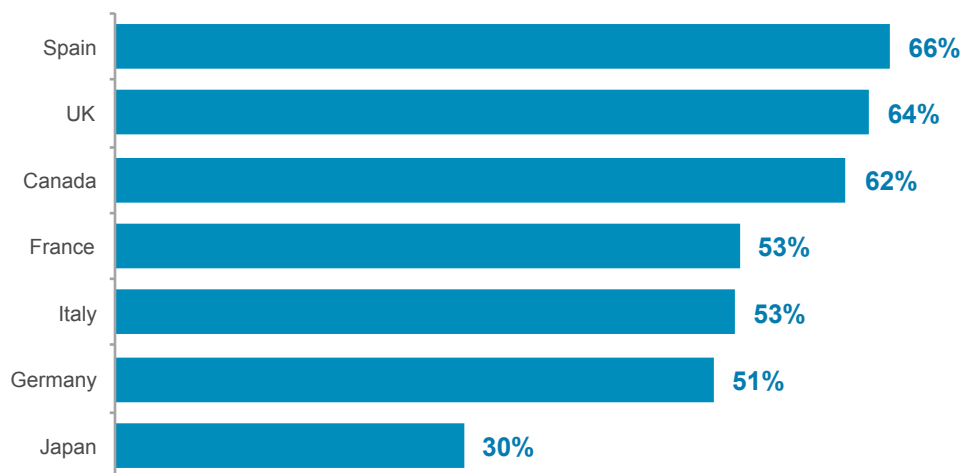
The background consists of various overlapping triangles and polygons in different shades of blue, ranging from light sky blue to deep navy blue. The shapes are arranged in a way that creates a sense of depth and movement.

Smartphone adoption
hit the mobile
majority in EU5
and Canada.

MOBILE INSIGHTS AROUND THE WORLD

SMARTPHONE ADOPTION REACHES MOBILE MAJORITY ACROSS EU5 AND CANADA

Smartphone adoption rose rapidly in the past year to assume the mobile majority in 2012 in many international markets, including the EU5 (UK, France, Germany, Spain and Italy) and Canada. Among these markets, Spain had the highest smartphone adoption at 66 percent, followed by the UK (64 percent) and Canada (62 percent). Canada saw significant gains at the end of the year after first reaching 50 percent penetration in Q2 2012. France, Germany and Italy each saw their subscriber bases surpass this mark in the second half of the year and ended the year with at least 51 percent smartphone penetration.



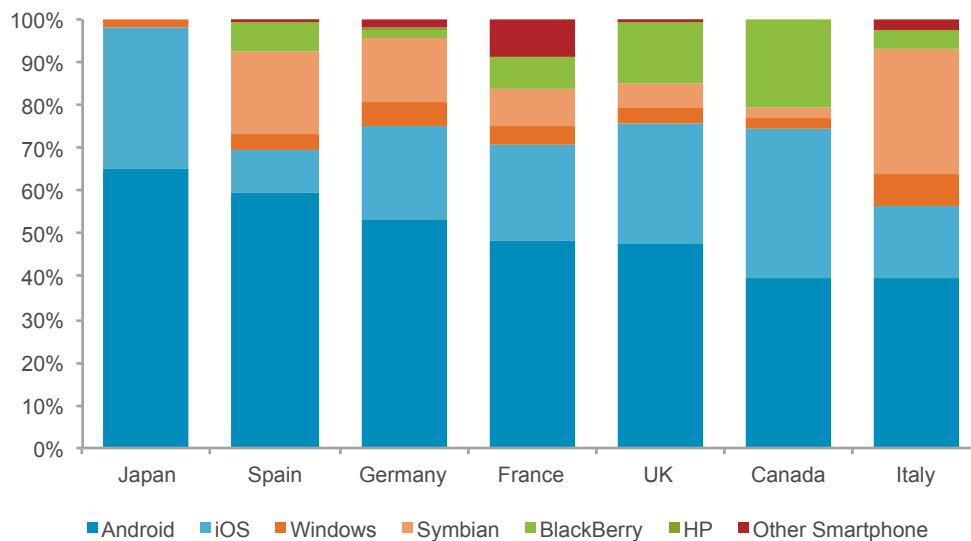
Smartphone Adoption Across Markets

Source: comScore
MobiLens, 3 Month
Avg. Dec-2012

ANDROID LEADS SMARTPHONE MARKET SHARE ACROSS COUNTRIES

Android owned the smartphone market share lead in each of the EU5 countries, Canada and Japan. Android had greater than 50 percent market share in Japan, Spain and Germany, and even eclipsed 60 percent in both Japan and Spain. iOS ranked second in 5 out of the 7 markets, while Symbian captured the #2 spots in Spain and Italy. In general, Android, iOS and Windows saw gains in these markets over the past year, while BlackBerry and Symbian saw declines.





Smartphone Platform Market Share
Source: comScore
MobiLens, 3 Month Avg.
Ending Dec-2012

Some of these markets outside the U.S. have a heritage with other platforms that may enable their revival. As home to BlackBerry, Canada has a rooting interest in seeing that platform succeed. Nokia's rich history as one of Europe's leading companies gives it the potential to reawaken its prospects in the European markets, particularly in Spain and Italy. But regaining traction will depend on improved product and marketing strategies, which may be easier said than done in a competitive market led by the well-entrenched Android and iOS platforms.



CONCLUSION

2013: PUTTING THE MOBILE FUTURE INTO FOCUS

ARE THE PLATFORM WARS ENDING OR JUST BEGINNING?

With Android and iOS now representing the overwhelming majority of smartphone and tablet users, the market in some ways appears headed towards a two-party system for the foreseeable future. At the same time, BlackBerry and Windows are once again making a renewed push that suggests it is too early to count either one of them out of the smartphone market. At the same time, the possibility of new entrants such as Amazon and Facebook could reignite the platform wars, and history suggests that leadership positions can change instantly and new players can quickly carve out market share with a compelling offering.

MULTI-PLATFORM PARADIGM WILL DRIVE AD AND CONTENT INTEGRATION STRATEGIES

With the platform shift in full swing, businesses will be challenged in the coming year to stay ahead of consumers' usage curve and deliver them with the content they want, when and where they want it. It will also be imperative to maintain revenue streams in the core digital channels while capturing market share and monetizing emerging channels. Doing so will require businesses to get even smarter in how they scale their content to other platforms by developing integration strategies that deliver unique offerings to advertisers. Greater integration between delivery of content and the ability to deliver campaigns in a multi-platform fashion remains a challenge, but the companies who facilitate this form of platform agnostic strategy will enhance value to marketers, simplify campaign management for agencies and foster greater pricing equilibrium between their content channels. Some media companies are completely re-configuring the design of their websites to optimize them across any platform. Others are developing "native ad" units, such as Facebook's Sponsored Story or Twitter's Promoted Tweet, which seamlessly integrate into the content stream on any device. Strategies like these that break down the barriers between platforms not only improve the consistency of user experience, but also facilitate the flow of ad dollars.

MOBILE ADVERTISING WILL EVOLVE AS A BRANDING MEDIUM TO ATTRACT MAJOR AD DOLLARS

The coming year will be a critical one for the mobile advertising industry as it looks to bring its share of ad dollars into greater alignment with its share of media consumption time. With people now spending so much time on their phones and tablets, there is a growing need to prove the value of the medium – especially as that time begins to eat into existing content channels like TV and Online. Failure to

prove advertising value could mean cannibalization of existing content monetization streams, raising the stake for many publishers and media companies. At the same time, the use of outdated ad metrics such as click-through rates is impeding the development of the medium, as advertisers place little faith in figures clearly inflated by the “fat finger syndrome” on touch-screens. Proving value in 2013 will shift to evaluating campaigns on the basis of reaching target audiences, and the development of innovative research methods to demonstrate the branding value of these campaigns, particularly within the context of a brand’s TV and online campaigns. Finally, another critical component to mobile advertising’s evolution will be providing consumers with clear choices for data privacy. Clear and transparent standards for data privacy must be adopted by the industry as it seeks to grow.

THE LINES BETWEEN DEVICE TYPES WILL CONTINUE TO BLUR

The definitions of what constitutes a smartphone, tablet or other connected device will continue to blur in the coming year with so many new devices featuring their own unique dimensions and technological specifications. Is it an e-reader or a tablet? A smartphone or a “phablet?” These questions will become more commonplace in the year ahead as each device maker adapts its offerings to meet one of the many micro-segments of consumers with a specific set of need drivers. Screen size, functionality, portability, keyboard style, content ecosystem, processing power, connection speeds and many other variables have varying importance to consumers, which means that OEMs will continue to innovate and experiment with their offering to find consumer sweet spots.

MOBILE COMMERCE WILL ACCELERATE CHANNEL CANNIBALIZATION

Mobile will accelerate its cannibalization of both e-commerce and traditional brick-and-mortar retail over the coming year, driven by the increase in consumers shopping, comparing prices and transacting over their smartphones and tablets. With m-commerce currently accounting for 1 in 10 e-commerce dollars, and e-commerce dollars accounting for 1 in 10 retail dollars, m-commerce still represents only 1 percent of total retail spending. But the introduction of the mobile device into the existing retail marketplace has the potential to be far more disruptive because it is influencing and shaping the path to purchase in so many new ways. And even modest share shifts from one channel to another can be significant in a low-margin industry such as retail, so even a modest acceleration in the current trends could prove exponentially more disruptive. Retailers will be challenged to sharpen their mobile strategies, invest in additional platforms and defend against “showrooming” in order to preserve their existing business. While it is an uncomfortable position for many retailers, this approach may be necessary for long-term survival against the digital commerce tidal wave.

4G CONNECTIVITY TO PAVE WAY FOR ADVANCED COMMUNICATION AND CONTENT CONSUMPTION

With leading smartphones on the market boasting 4G networks, consumers will increasingly be enabled with a faster and more robust experience for mobile media consumption. Faster speeds will not only give consumers more incentive to rely on their phones for monetizable activities like searching and news consumption, but it

will also facilitate the use of streaming video on services like Netflix and HBO GO. In addition, high-bandwidth activities such as video chat may begin to gain popularity among consumers as data speeds allow. Mobile operators may be challenged to provide sufficient bandwidth for its subscribers as these behaviors expand, and they will need to balance consumers' increasing demand for data speed with the costs associated.

GLOBAL SMARTPHONE GROWTH WILL DRIVE MOBILE MARKET EXPANSION

While the U.S. market still has plenty of room for growth, the business prospects for operators and OEMs in international markets are expansive. Expect to see many key players set their sights on opportunities abroad to take advantage of the burgeoning middle class in developing countries. China will be a specific area of focus in the coming year, as will other parts of Asia and Latin America. While developing markets may not boast the profit potential of the U.S., they represent hundreds of millions if not billions of subscribers that can drive huge revenue and play an important role in global market share dynamics.



METHODOLOGY AND DEFINITIONS

This report utilizes data from the comScore suite of products, including comScore MobiLens, comScore TabLens, comScore Device Essentials and comScore Mobile Metrix. The report also includes data from comScore Media Metrix Multi-Platform (Beta).

- **comScore MobiLens®**

comScore MobiLens provides market-wide insight into mobile digital media consumption, brand-level audience metrics and details of device ownership and technology penetration. Using proprietary data collection methods, we survey nationally representative samples of mobile subscribers age 13+ in the U.S., UK, France, Germany, Spain, Italy, Canada and Japan. The MobiLens sample is substantial enough to provide projected data for sub-segments as small as 1 percent of mobile subscribers. The MobiLens' sampling and survey methods undergo extensive analysis and market validation including comparisons to known network operator market shares, leading handset model shares, downloading activity and other usage metrics.

For more information, please visit:

www.comscore.com/Products/Audience_Analytics/MobiLens

- **comScore TabLens®**

comScore TabLens is a monthly syndicated service providing insights into U.S. tablet ownership and usage. Based on a 3-month rolling sample of 6,000 U.S. tablet owners, TabLens provides insight into tablet audiences, including demographics, content consumption habits and device ownership, to provide the industry with the most up-to-date look at this expanding tablet market.

For more information, please visit:

www.comscore.com/Products/Audience_Analytics/TabLens

- **comScore Device Essentials™**

comScore Device Essentials provides insight into digital traffic share across all devices worldwide, offering detail into device characteristics, connection type and category consumption. The product is based on the comScore Unified Digital Measurement (UDM) approach, measuring browser-based page views coming from computers, mobile and other connected devices to more than one million domains tagging with comScore. Device Essentials also utilizes the comScore Client Focus Dictionary to segment connected device usage into content categories.

For more information, please visit:

www.comscore.com/Products/Audience_Analytics/Device_Essentials



- **comScore Mobile Metrix®**

Mobile Metrix provides direct and continuous monitoring of actual U.S. consumer behavior on smartphones across the Android, iOS and RIM platforms for mobile users age 18 and older. Utilizing comScore's Unified Digital Measurement approach, Mobile Metrix combines panel and census measurement to provide a comprehensive picture of mobile activity across browser and application usage including metrics such as unique visitors, reach, frequency and duration as well as demographic insights in order to best understand today's smartphone audience.

For more information, please visit:

www.comscore.com/Products/Audience_Analytics/Mobile_Metrix

- **comScore Media Metrix® Multi-Platform (Beta)**

The comScore Media Metrix suite of syndicated products sets the standard for digital audience measurement and media planning. Included in this suite, comScore Media Metrix Multi-Platform (Beta) offers comprehensive reporting on more than 300,000 digital media entities, including their un-duplicated audience size, demographic composition, engagement, performance within key user segments and behavioral trends.

For more information, please visit:

www.comscore.com/Products/Audience_Analytics/Media_Metrix_Multi-Platform



ABOUT COMSCORE, INC.

comScore, Inc. (NASDAQ: SCOR) is a global leader in digital measurement and analytics, delivering insights on web, mobile and TV consumer behavior that enable clients to maximize the value of their digital investments.

A preferred source of digital audience measurement, comScore offers a variety of on-demand software and custom services within its four analytics pillars: Audience Analytics, Advertising Analytics, Digital Business Analytics and Mobile Operator Analytics. By leveraging a world-class technology infrastructure, the comScore Census Network™ (CCN) captures trillions of digital interactions a month to power big data analytics on a global scale for its more than 2,000 clients, which include leading companies such as AOL, Baidu, BBC, Best Buy, Carat, Deutsche Bank, ESPN, France Telecom, Financial Times, Fox, LinkedIn, Microsoft, MediaCorp, Nestle, Starcom, Terra Networks, Universal McCann, Verizon, ViaMichelin and Yahoo!.

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