TV & MEDIA 2014
CONSUMER INSIGHTS

ERICSSON

Ericsson Media Strategy
Niklas Heyman Rönnblom

MEDIA VISION 2020

Consumer

Changing…

-Behaviors

-Demands

-Experiences

Business

Changing…

-Services

-Business models

-Value chains

Technology

Changing…

-Distribution

-Networks

-Devices

Source: Ericsson Media vision 2020

MEDIA VISION 2020

- The Networked Society is realized
  - 15 billion video-enabled connected devices
- Emerging markets rely on mobility
  - Limited fixed IP infrastructure,
  - Mobile as the primary screen?
- New entrants bring new investment
  - IP connectivity brings new entrants into the market
- Consumer convenience
  - Personalization, choice and intelligent recommendation
- On-demand has risen to parity with live/linear
  - 50/50 split between on demand and live/ scheduled viewing
- $750bn revenues
  - $530bn (2013)
  - Business models reach across industries
  - Personal information & advertising is increasingly important

Source: Ericsson Media vision 2020

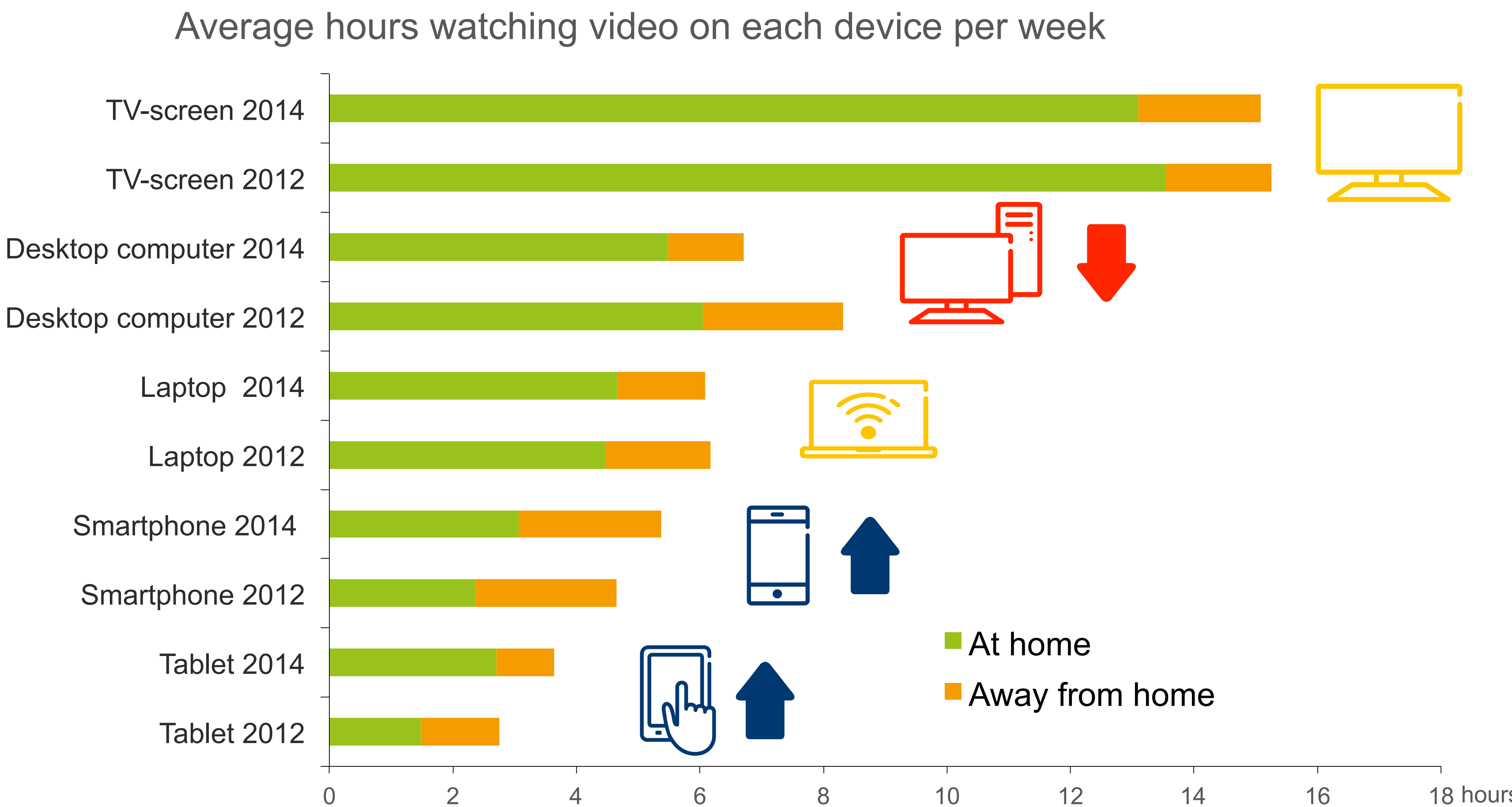
REPRESENTING >620 MILLION CONSUMERS

Qual: 22 in-depth interviews (San Fransisco, London & Stockholm)

Quant: 23 000 online interviews (1000/country) + booster for age 60-69
All 23 Markets (Base 23 Markets): Brazil, Canada, Chile, China, France, Germany, Greece, Indonesia, Ireland, Italy, Malaysia, Mexico, Portugal, Russia, Singapore, Spain, South Korea, Sweden, Taiwan, Turkey, UAE, UK, US

Source: Ericsson ConsumerLab TV & Media 2014 Study

DEVICE VIEWING



BASE: Base 9 Markets [Those who have and use respective device]
Source: Ericsson ConsumerLab TV & Media 2014 Study

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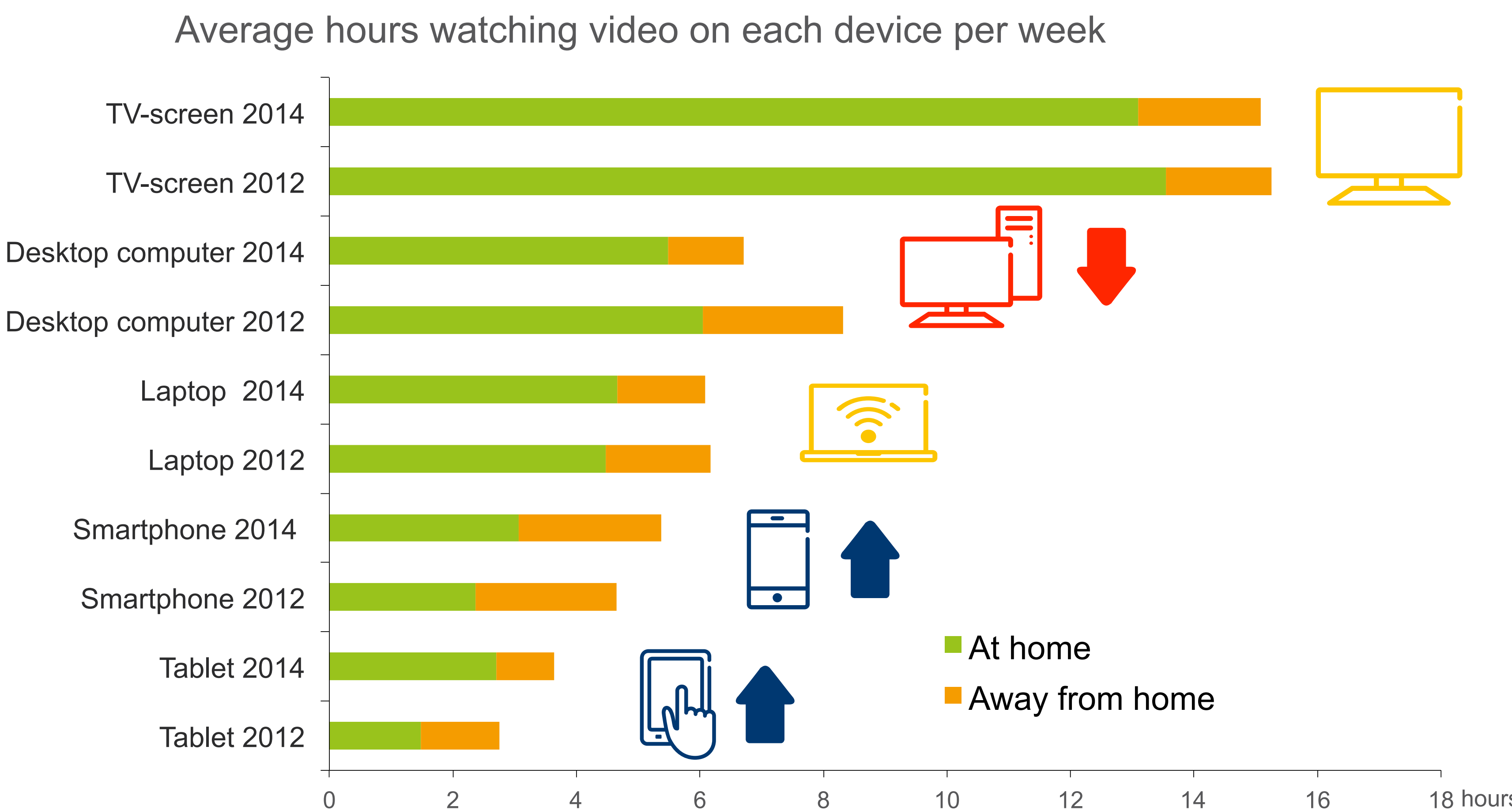

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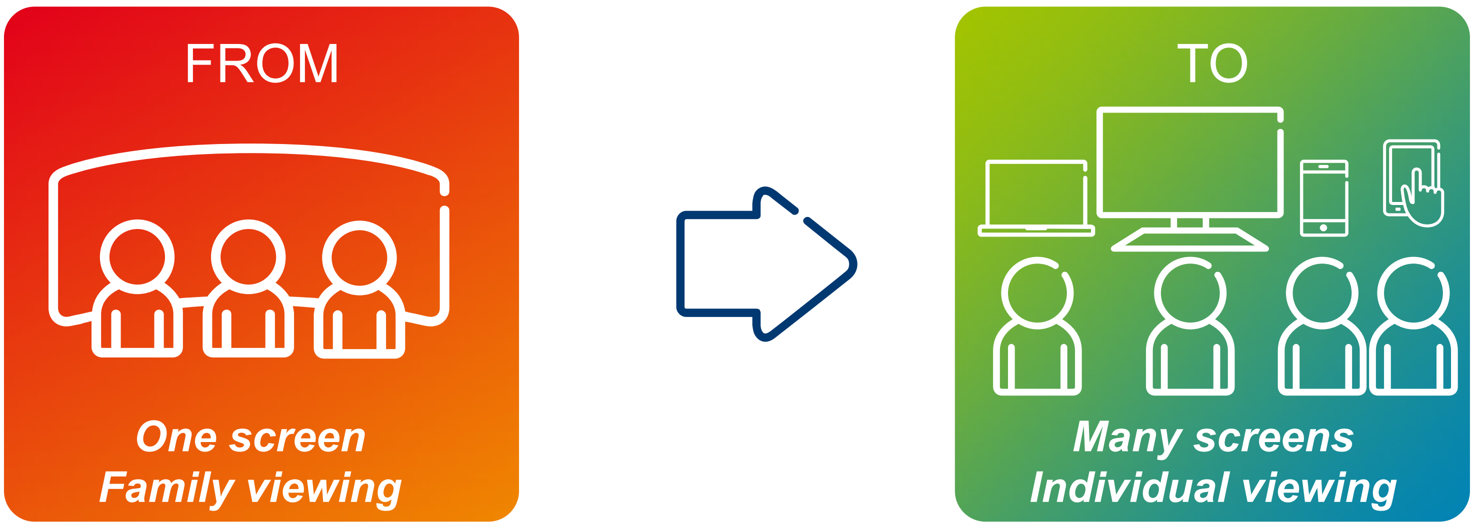
TV & VIDEO SOCIALIZING

Mobile devices are impacting the traditional at home TV setting and the way consumers watch content



If you watched us at 11:30 at night in bed, we'd both be on our phone. I'll be watching one thing, she'll be watching another thing"

Hector, 33, US

Source: Ericsson ConsumerLab TV & Media 2014 Study

PLACE-SHIFTING

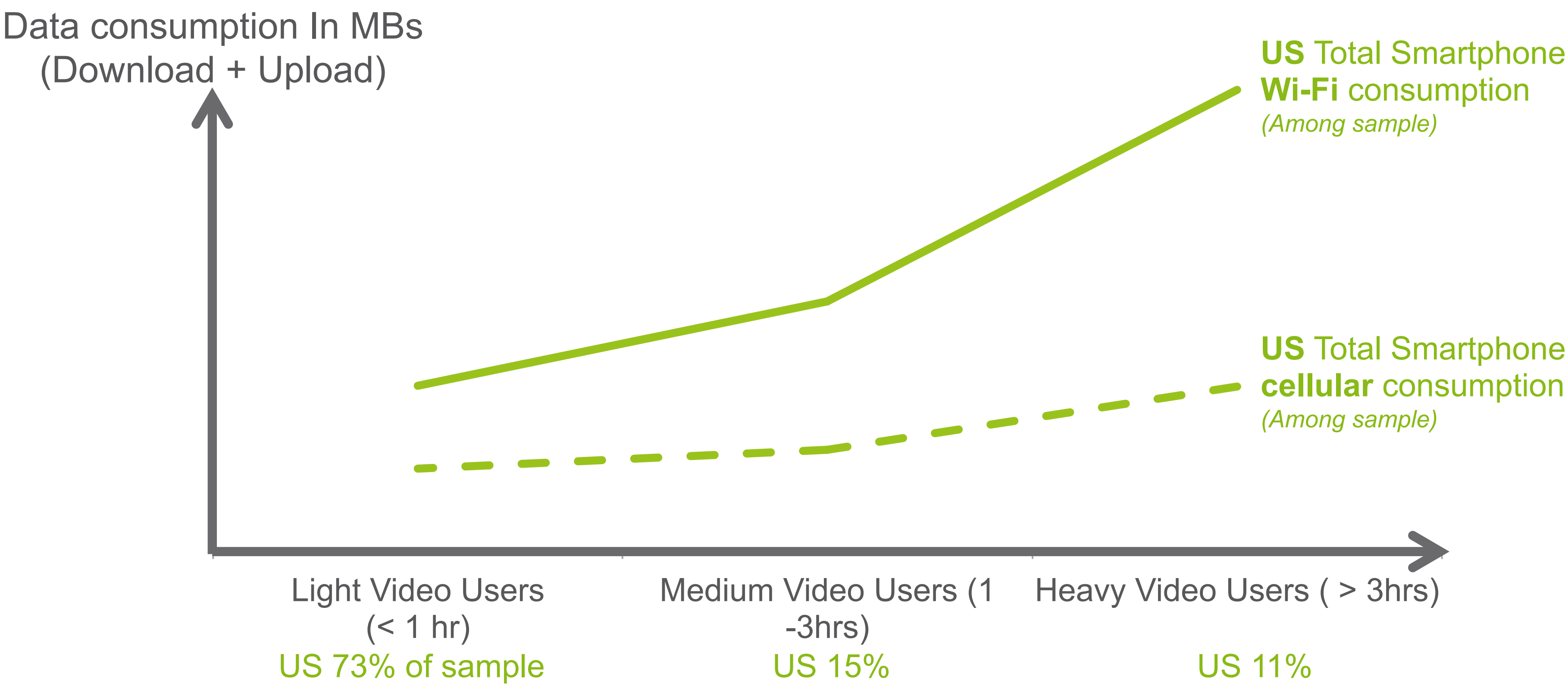
36% place-shift on a weekly basis or more often (20% in Sweden)

- Drivers for place-shifting
  - Killing time on-the-go
  - To finish already started content
  - To find more time for watching
  - As background viewing

Source: Ericsson ConsumerLab TV & Media 2014 Study

DATA USAGE

Existing business models impact mobile video consumption habits



The figure shows Wi-Fi and cellular network data usage among different types of video users. The classification of the video usage groups are based on the time spent on video related apps in a month (within ODM Sample)

BASE: US, Smartphone users who use video apps on mobile phone
Source : On-device metering data from Nielsen (5000 Smartphone users in each market)

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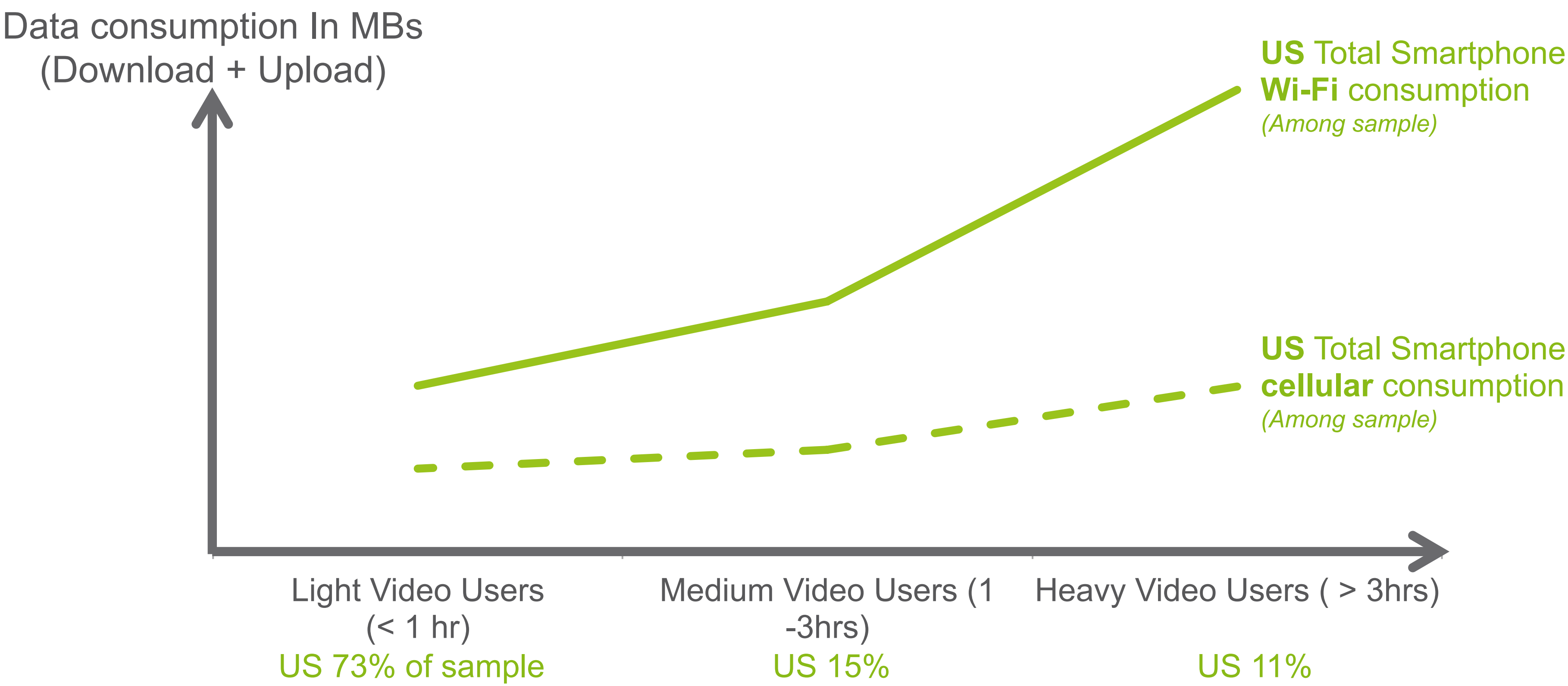

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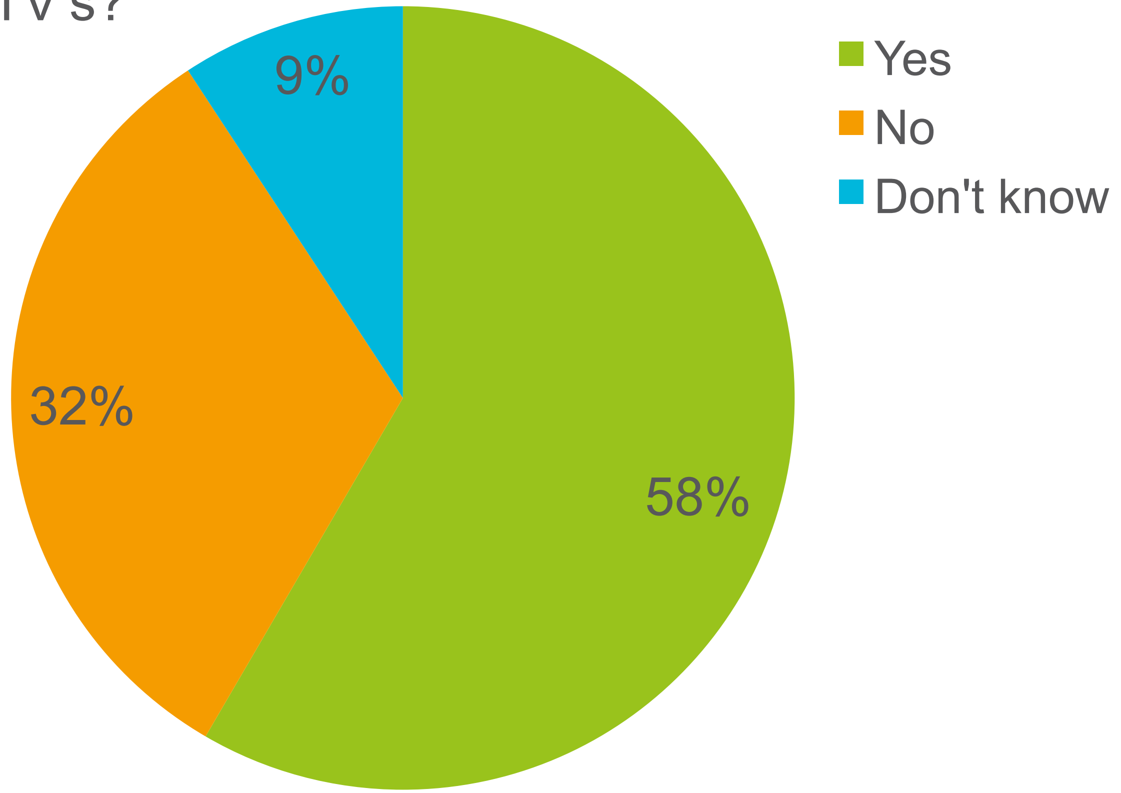
INTERNET ENABLED TV'S

Almost 60% are able to access content from internet on one or more of their TV's

Are you able to access TV/Video content from Internet on one or more of your TV's?

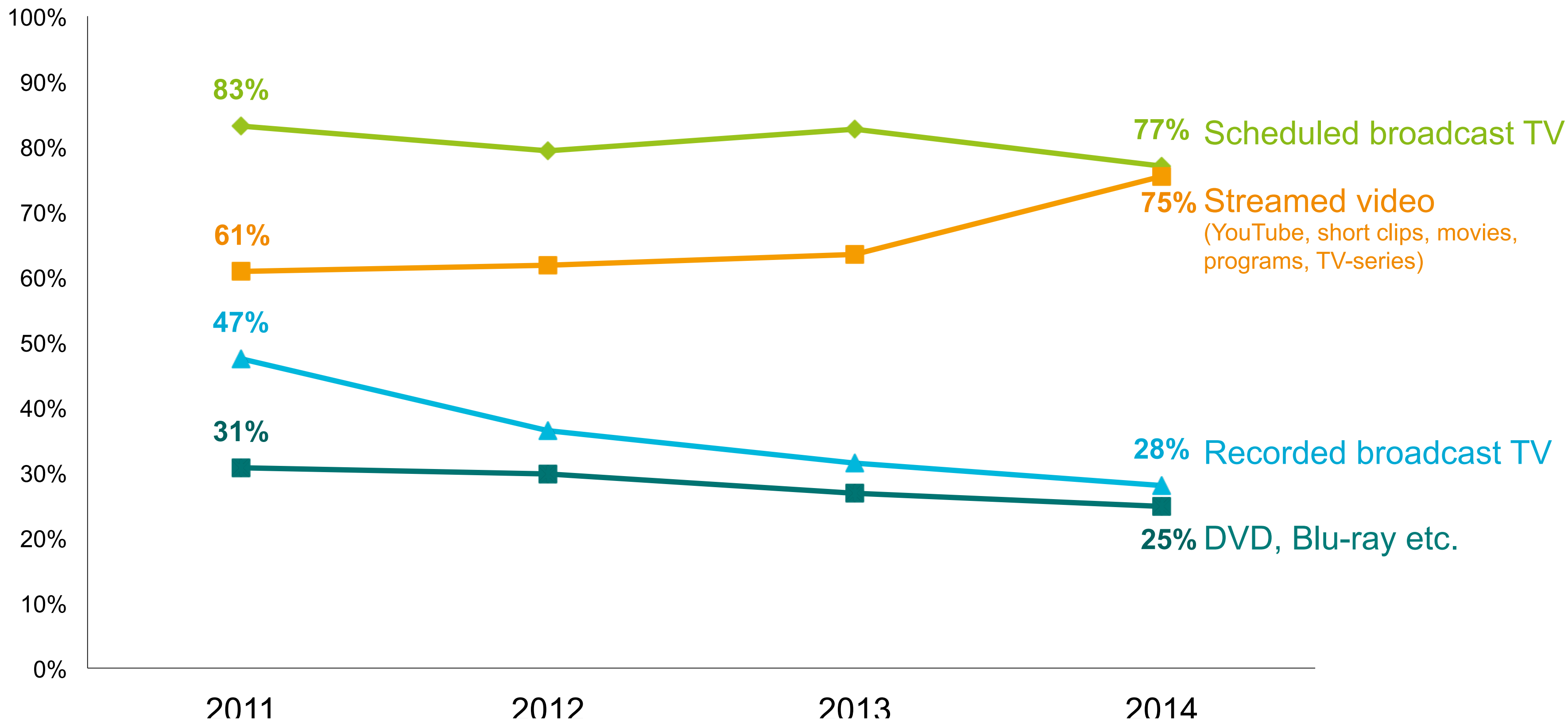


BASE: Base 23 Markets
Source: Ericsson ConsumerLab TV & Media 2014 Study

CHANGES IN VIEWING

On demand content make up for an increasing part of consumers viewing habits, especially streaming

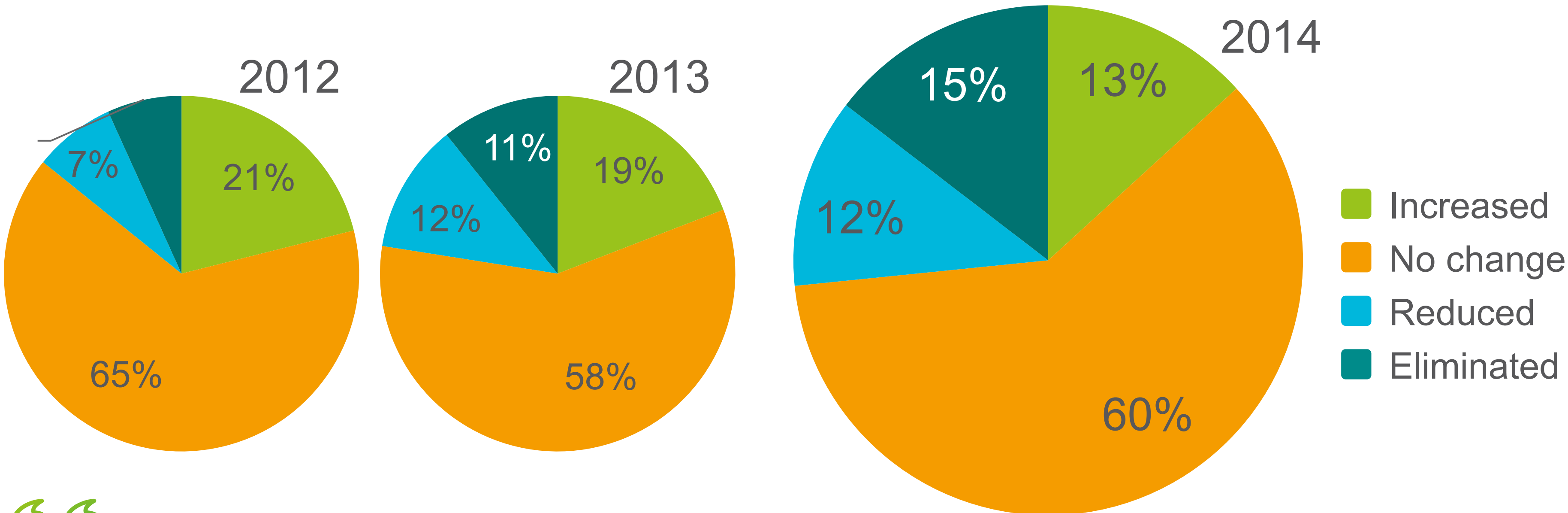
Consumer TV/Video consumption on a more than weekly basis



BASE: Base 9 Markets [Showing: Use several times a week or more]
Source: Ericsson ConsumerLab TV & Media 2014 Study

CORD CUTTING

Existing restrictions for the managed services impact the perceived value, and trigger cord cutting and shaving

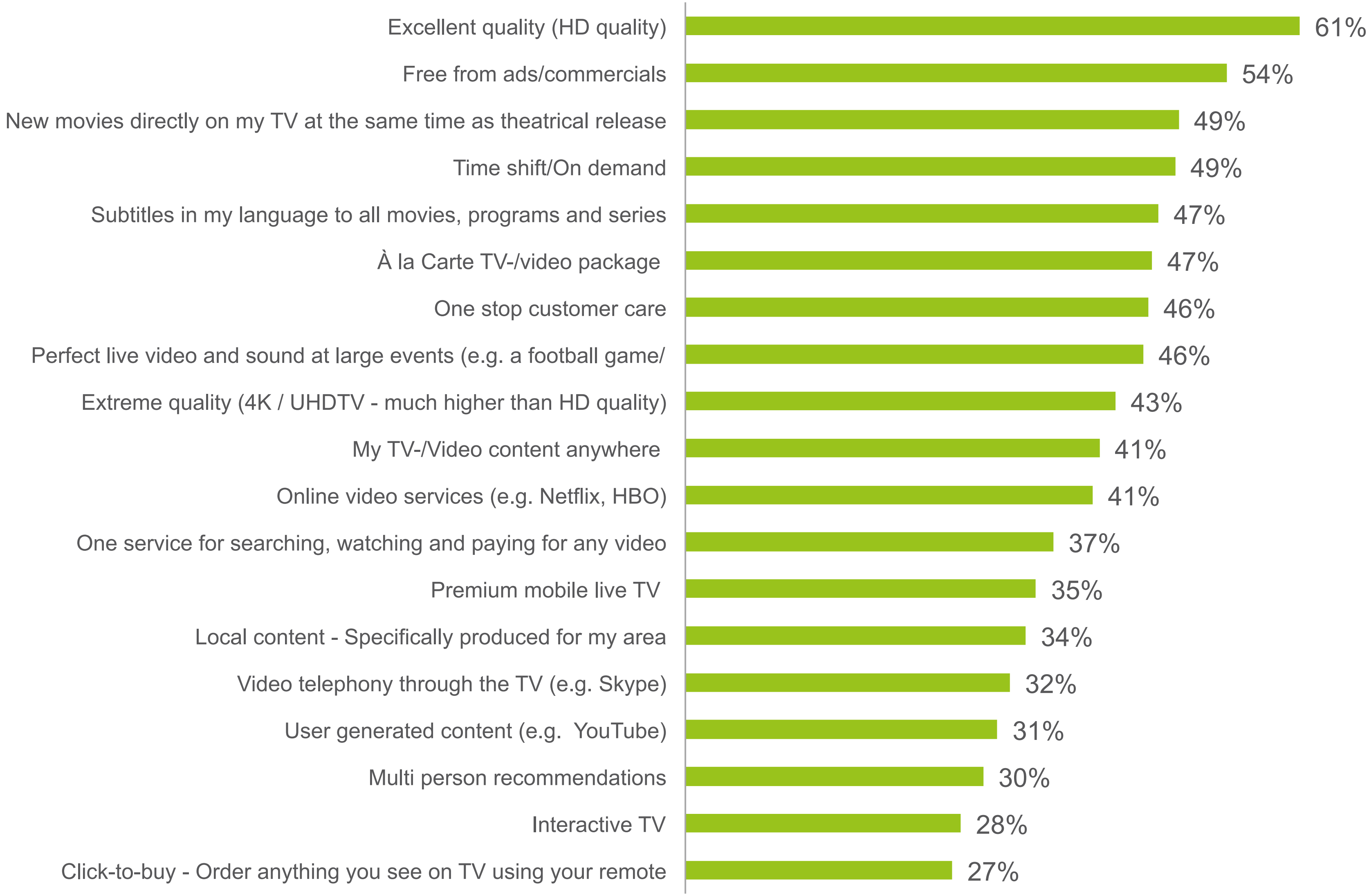


We're spending so much money on just Comcast channels, and most of them you don't watch. Should we get a Roku?... If [my husband] wasn't so obsessed with golf, it would be a no-brainer… We literally pay $200 a month for golf"

Laura, 33, US

BASE: Base 9 Markets
Source: Ericsson ConsumerLab TV & Media 2014 Study

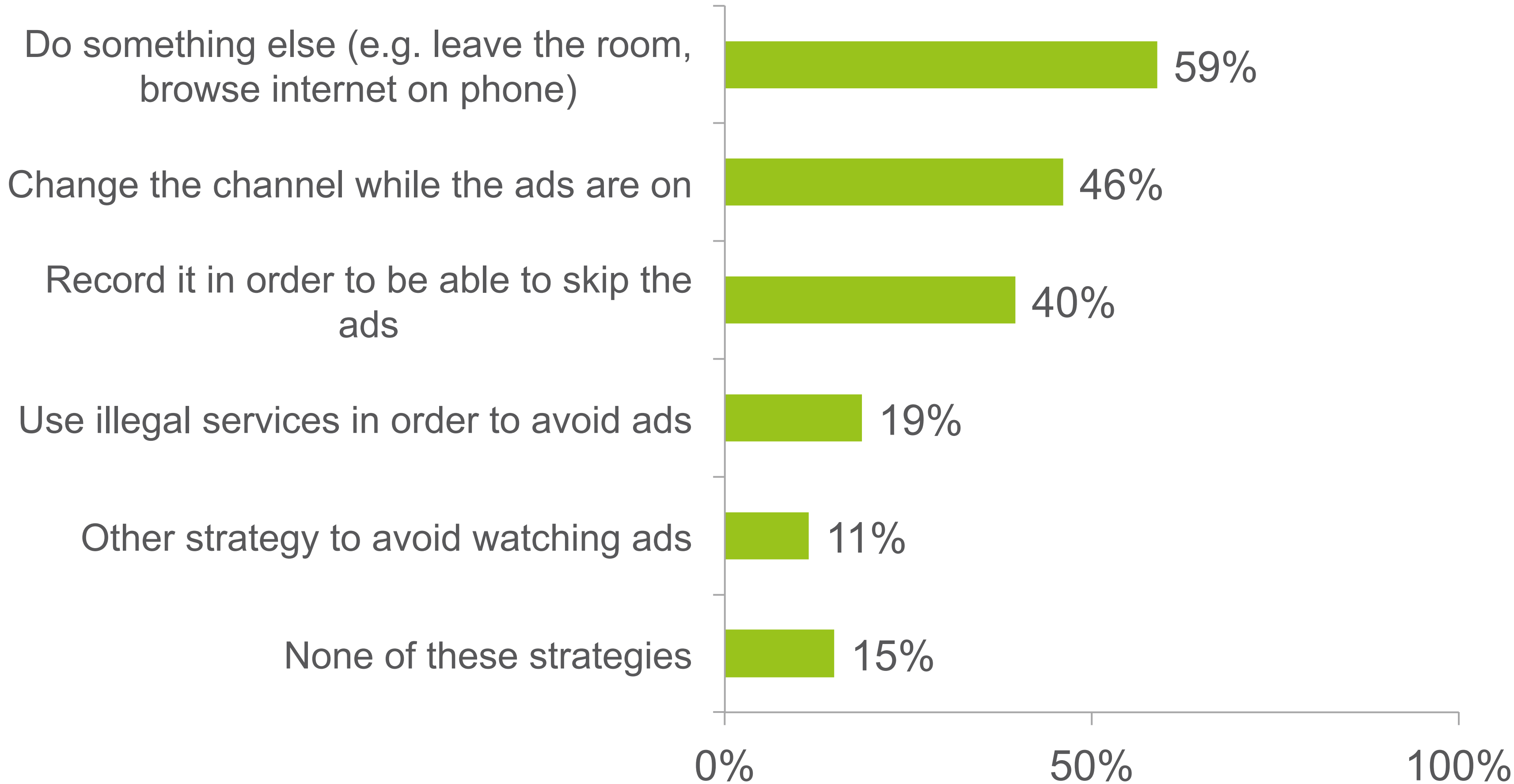
IMPORTANT TV FEATURES



BASE: Base 23 Markets [Interest, top 2 answers on 7-graded scale]
Source: Ericsson ConsumerLab TV & Media 2014 Study

AD COPING STRATEGIES

Do you do any of the following activities in order to avoid watching TV and video ads and commercials?



BASE: US and Canada

Source: Ericsson ConsumerLab TV & Media 2014 Study

AD'S MODEL UNDER ATTACK

- Help finance existing viewing habits
- Some ads are fun, a few relevant

- Willingness to pay to get rid of ads
- Ads interrupt the experience
- Many actively avoid ads (e.g. DVR)

Ads need to become

Non-intrusive | **Opt-in** | **More relevant**

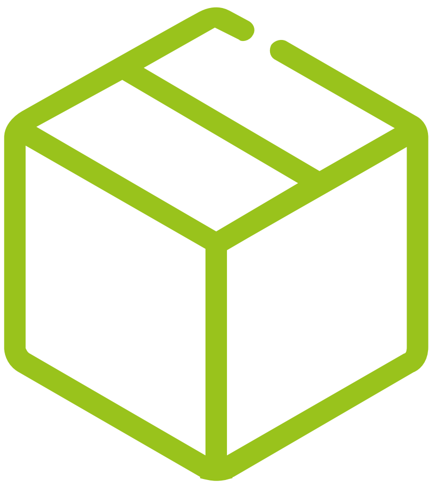
"Selling very targeted TV ads is merely a technician's wet dream – mass market TV ads will continue to be the bread and butter for the commercial TV industry also in the foreseeable future."

Malte Andreasson, United Screens, Sweden

Source: Ericsson ConsumerLab TV & Media 2014 Study

ATOMS & AGGREGATION

Pre-bundled



- All-in-one experience
- Little or no personalization
- No additional access cost

Atomized

- Full personalization
- Scattered experience
- Additional access cost (data)

Consumers want a fully atomized media experience, but they still want help aggregating it all

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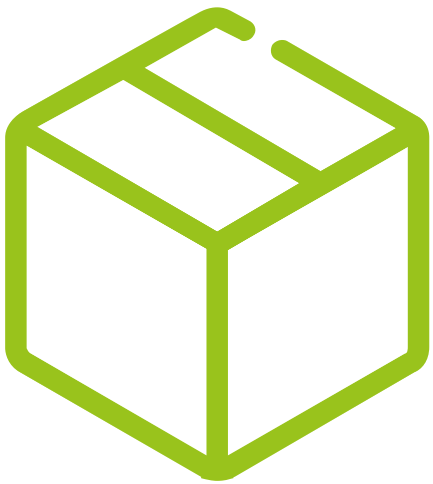

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