TV & VIDEO CONSUMER TRENDS 2011

"IT'S ALL ABOUT SIMPLICITY & EXPERIENCE"

ERICSSON CONSUMERLAB, SEPT 1, 2011

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SUMMARY

- On-demand TV/video continues to grow!
- Social aspects of TV increasingly important
- TV spending is aligning with user behaviour

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

ERICSSON CONSUMERLAB

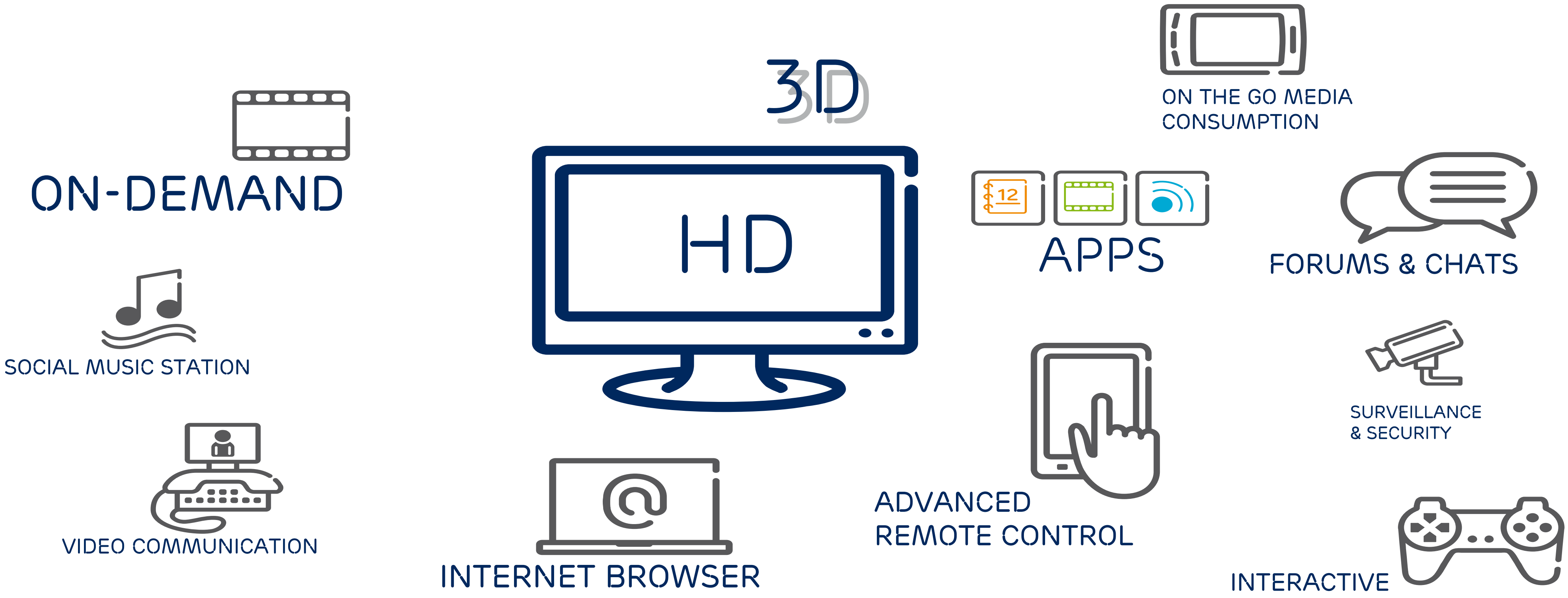
- The voice of the consumer into Ericsson since 1995
  - Research representing opinions of more than 1.1 billion people
  - More than 80 000 interviews every year
  - More than 40 countries worldwide

QUALITATIVE AND QUANTITATIVE
22 HOUSEHOLDS / 13000 TV VIEWERS

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

TV IS CHANGING

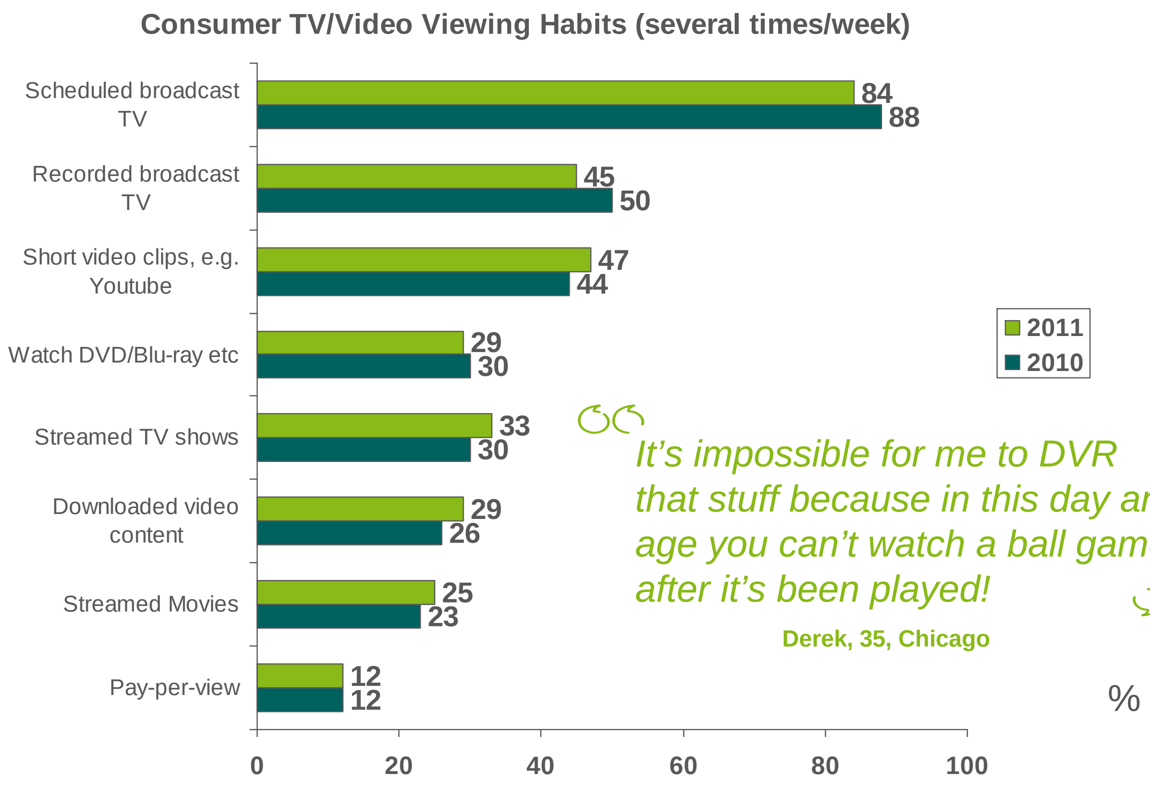
› Consumer are open minded and welcome features improving their TV/Video experience
  – But it is all down to usability!



Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

ON DEMAND / LIVE TV / INTERNET BASED TV COMPARISON 2010-2011

- More than 8 out of 10 still watch broadcast TV several times per week
- Significantly decreased recording of broadcast TV 45% (50%)
- More than 44% (38%) use “internet based” on-demand TV/video several times per week

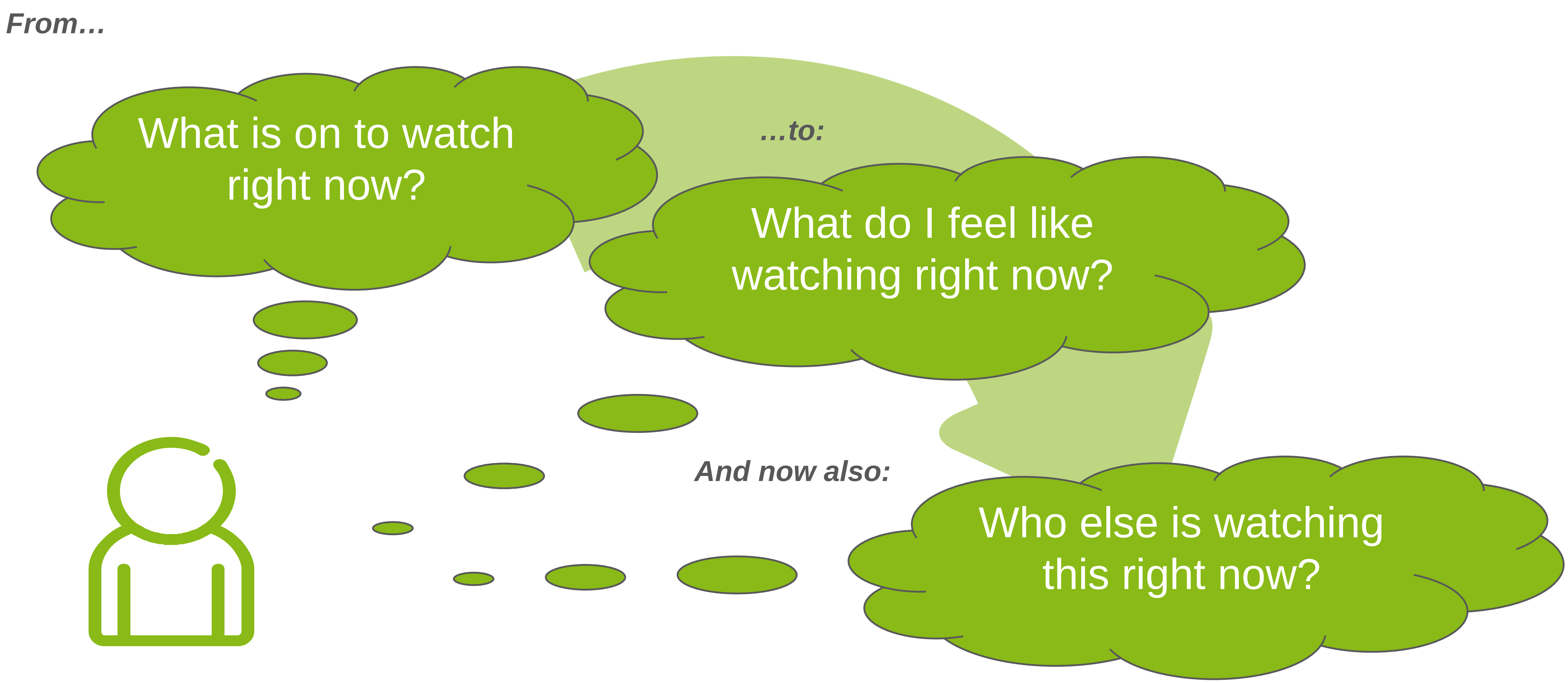


It’s impossible for me to DVR that stuff because in this day and age you can’t watch a ball game after it’s been played!

Derek, 35, Chicago

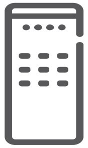
Question: How often do you use the following services?
Base: All (US, UK, Sweden, Germany, Spain and Taiwan)
Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011 & Ericsson ConsumerLab Multiscreen Media Consumption study 2010

CHANGES IN TV CONSUMPTION



Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

THE IMPORTANCE OF SOCIAL ASPECTS



BROADCAST
VIDEO ON DEMAND
CINEMAS
FILMS
...

“We just sit here and make fun of *The Bachelorette*. It’s so ridiculously stupid. We usually tweet about…Oh, like so-and-so’s is so stupid!”

Bradley 26, Chicago

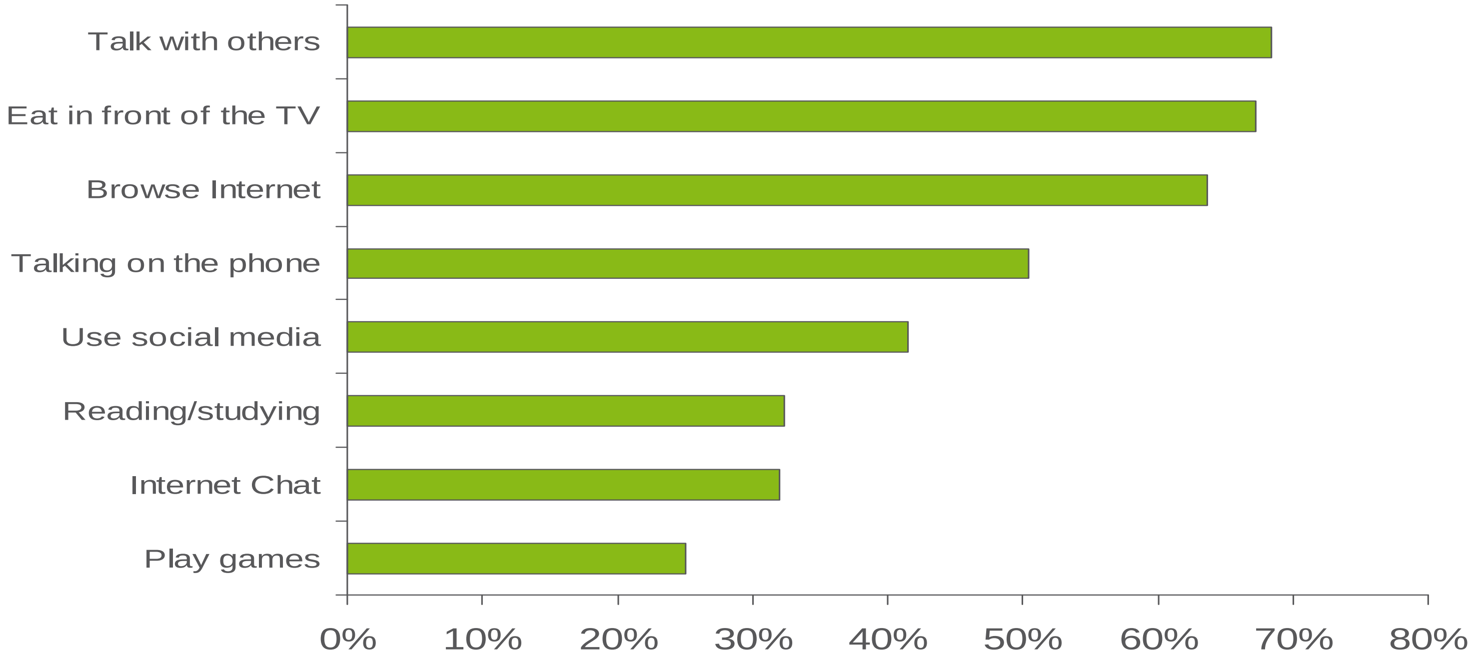
FACE TO FACE
FACEBOOK
FORUMS
SMS
...

Social forums could become an alternative starting point to content consumption, as natural as the EPG or Zapping!

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

ACTIVITIES WHILE WATCHING TV

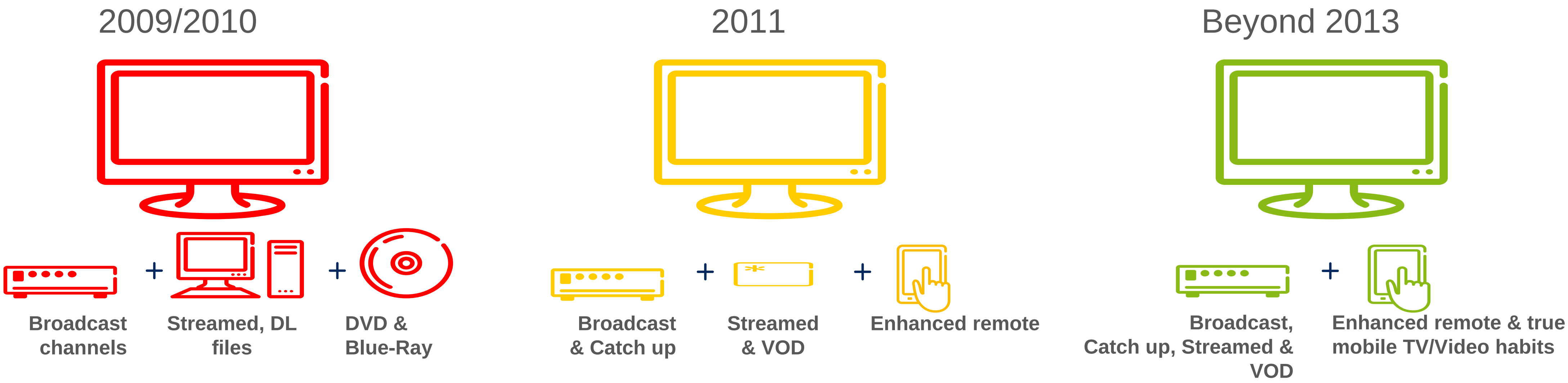
Weekly usage



More than 40% use Social Media while watching TV (on a weekly basis)

Question: Which activities do you do at the same time as you are watching TV?
Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

THE PC AND PHYSICAL MEDIA IS LEAVING THE TV EQUATION



- Built-in or separate smart boxes makes on-demand super simple
  - Simpler navigation & installation
  - Striving to reduce the number of devices, without harming the experience
- Consumers are “creating” their own remotes
  - Requesting an improved TV interaction

> What I love about the Apple TV is that I can throw anything on the TV from my phone, like Youtube at parties!
>
> John, 14, Chicago

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011 & Ericsson ConsumerLab Multiscreen Media Consumption study 2010

CHANGES IN TV CONSUMPTION

Consumers have begun to use and pay for Video On Demand services…

"Is there enough content on Netflix? Oh God yeah!"

Barbara, 40, Chicago

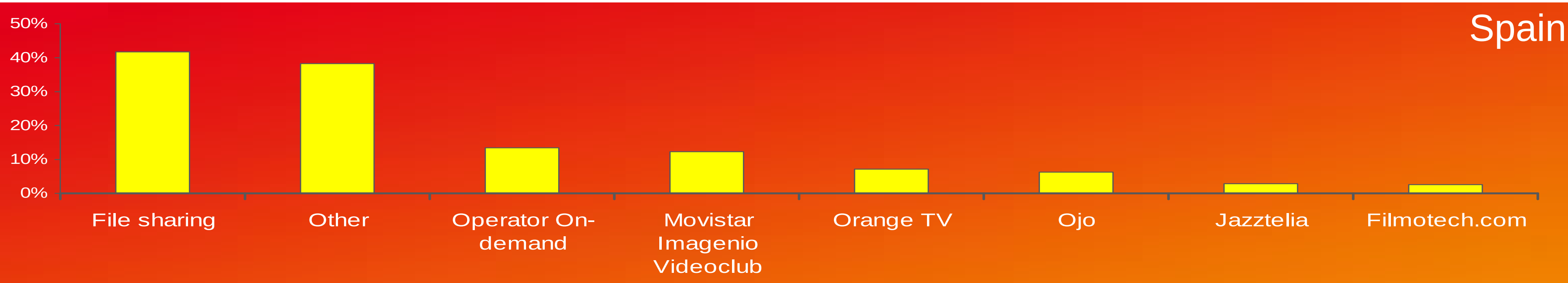
Commerical VOD Services

The three main reasons are:

- New & old content to choose from
- Attractive pricing (models and levels)
- User friendly & simple

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

FILESHARING CAN BE REDUCED!

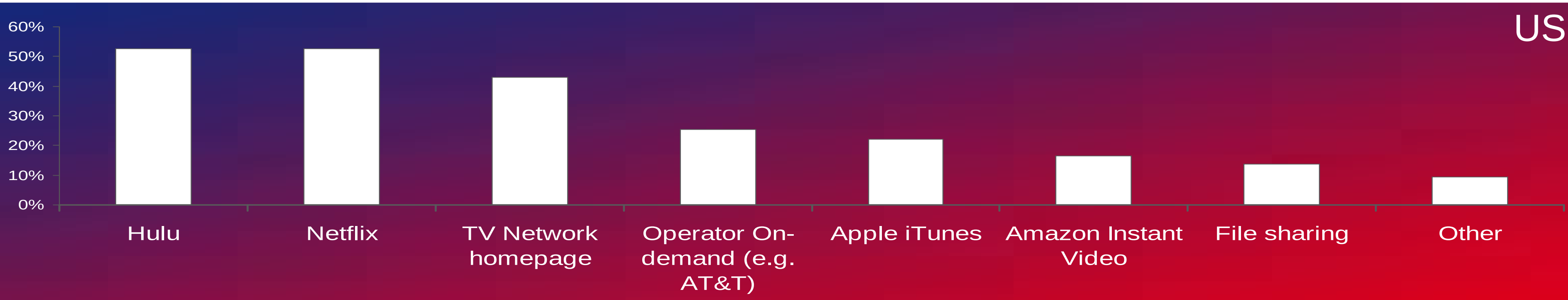


Base: Spanish "internet" on-demand users (759 users out of 996)

New & old content

Attractive pricing

User friendly & simple

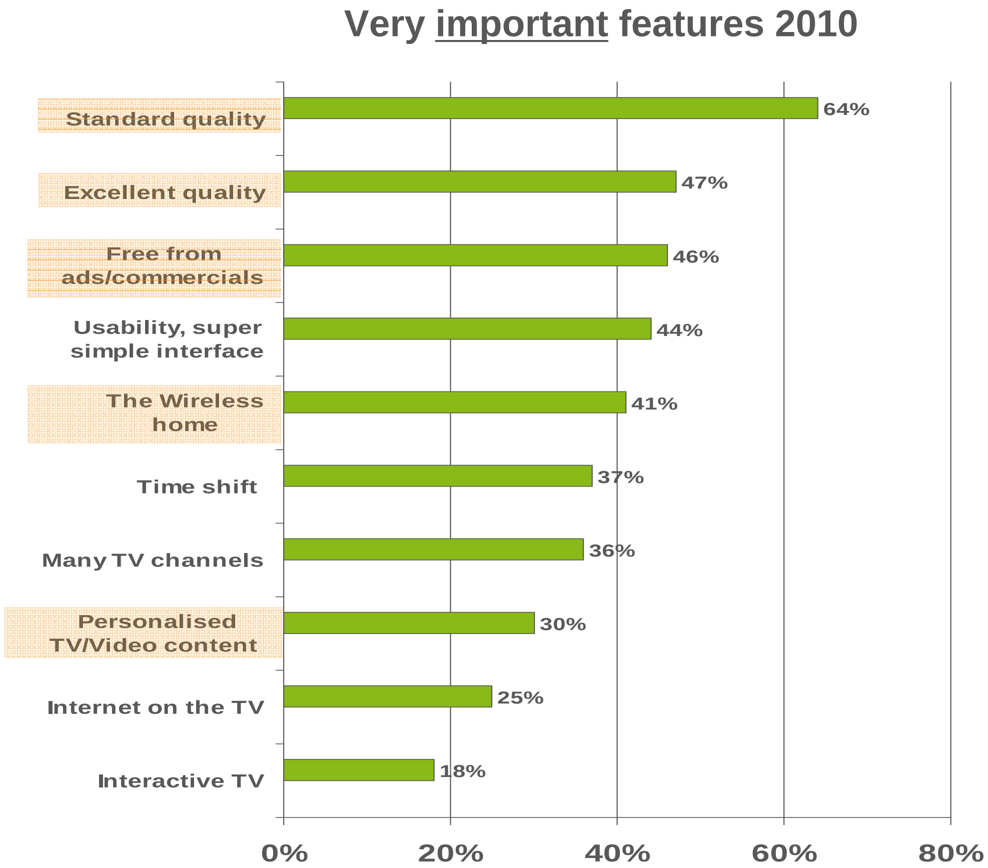


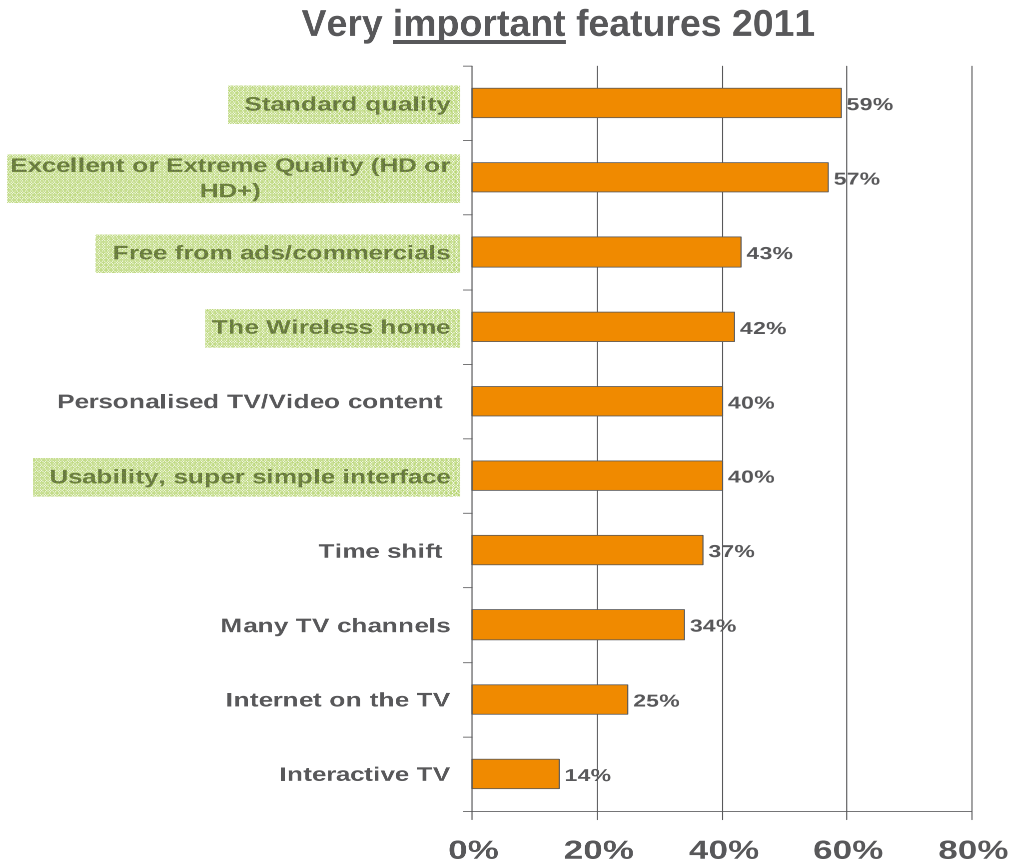
Base: US "internet" on-demand users (492 users out of 904)

Question: When you watch downloaded/streamed video, which services do you use?

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

MOST IMPORTANT FEATURES
COMPARISON 2010-2011





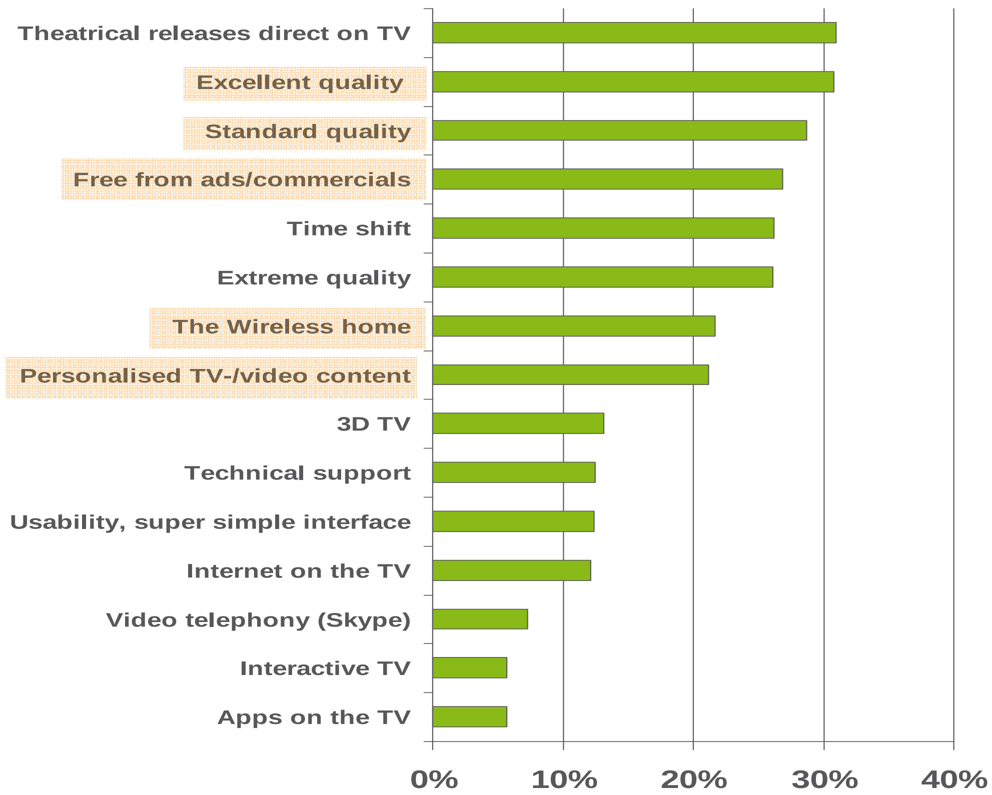
Quality is still the most important factor, Personalized TV is increasing

Question: How important are the following services/features to you?

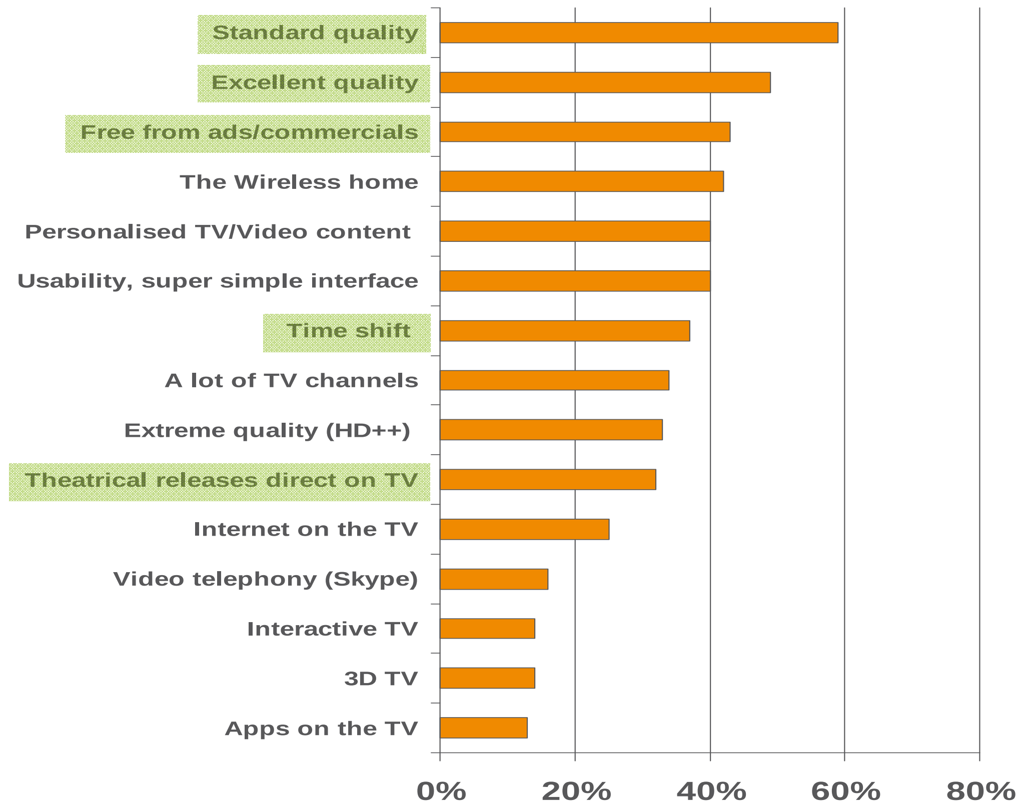
Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011 & Ericsson ConsumerLab Multiscreen Media Consumption study 2010 (US, UK, Germany, Sweden, Spain & Taiwan)

WILLINGNESS TO PAY

Willingness to pay 2011



Very important features 2011



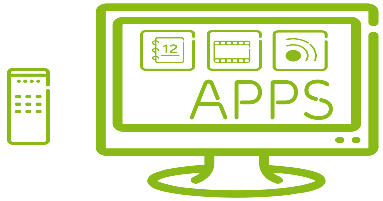
[Fresh content and high quality has the highest willingness to pay]

Question: How important are the following services/features to you? & Which of the following services/features do you consider worth paying for?

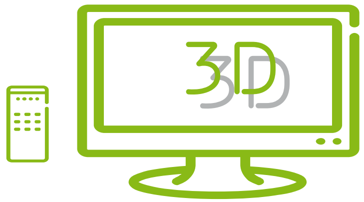
Source: Ericsson ConsumerLab TV & Video Consumer trends 2011 (US, UK, Germany, Sweden, Spain & Taiwan)

APP TV - NOT A KILLER, NEITHER IS 3D... SO FAR...!

› Applications in the TV
  - Smart phones & tablets set the standard
    - › Not as fast
    - › Not as good selection
    - › Not as easy to control



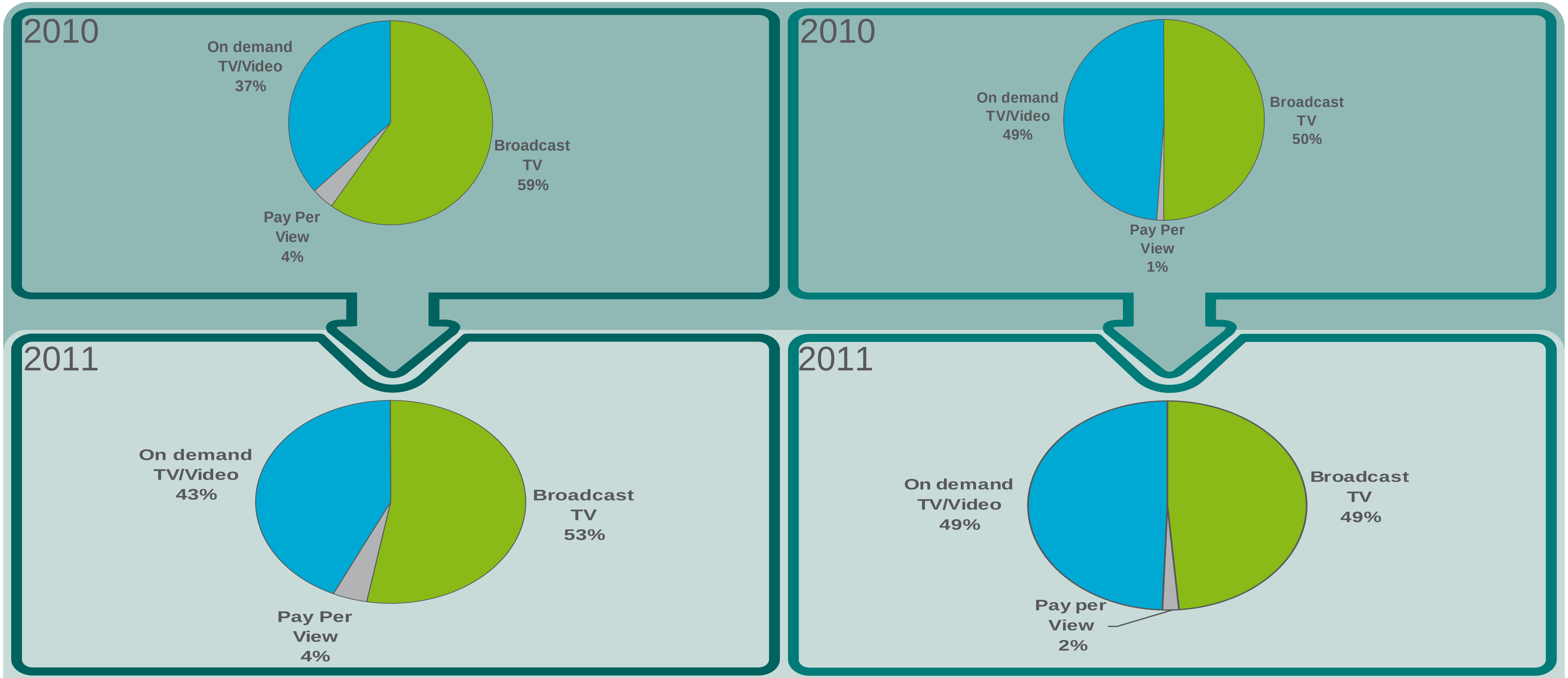
› 3D TV
  - Limited amount of content
  - Expensive glasses
  - A large part of the world population will need to wear two pair of glasses!



› Internet on the TV
  - Have to be fast
    - › "Internet is an experience"
  - Have to be user friendly
    - › "How do I write www.google.com using digits 1 to 9?"

Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

SHARE OF WALLET VS. SHARE OF TIME

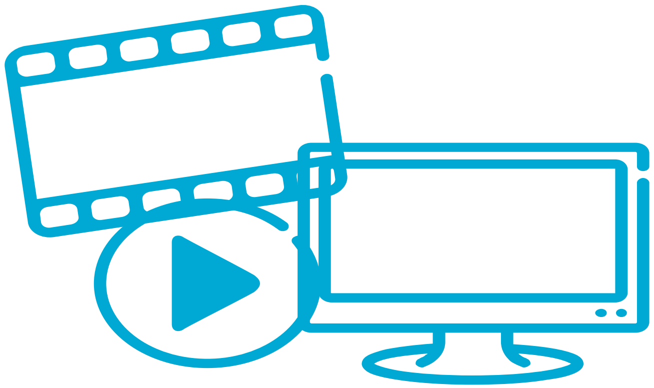


Average share of spending on TV/Video | *Share of time watching TV/Video (@ home)*

Base: All (US, UK, Sweden, Germany, Spain and Taiwan)
Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011 & Ericsson ConsumerLab Multiscreen Media Consumption study 2010

SUMMARY

- On-demand TV/Video continues to grow!
  - 16% increase from 2010
- Social aspects of TV increasingly important
  - On-demand viewing of "live content" is less valuable because of social media
- TV spending is aligning with user behaviour
  - 6 %-points increase of on-demand spending over Broadcast TV spending



Source: Ericsson ConsumerLab TV & Video Consumer Trends 2011

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