TV CONSUMER INSIGHTS 2010

"IT'S ALL ABOUT EXPERIENCING"

CONSUMERLAB

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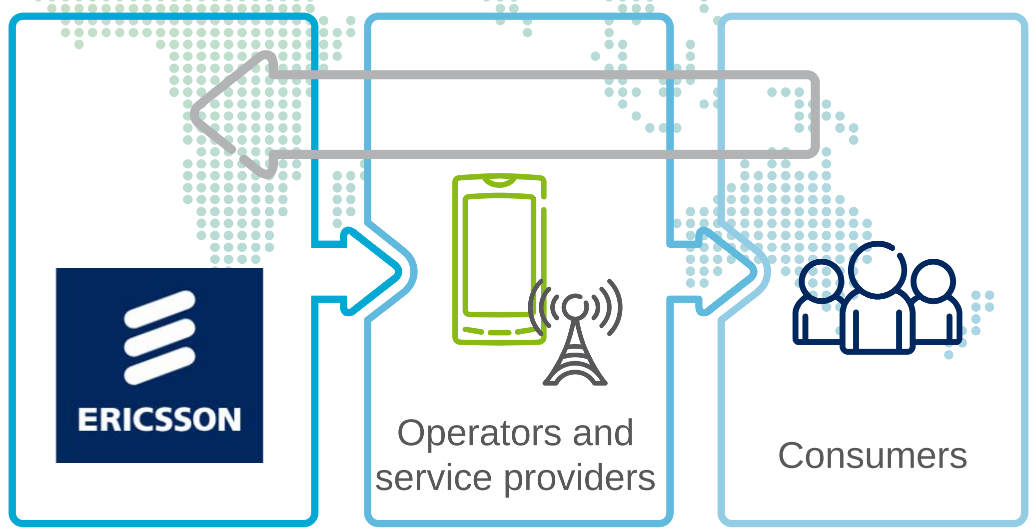
ERICSSON CONSUMERLAB

- The voice of the consumer into Ericsson since 1995
  - Research representing opinions of more than 1.1 billion people
  - Use consumer insight to improve
    - Products and services
    - Strategy
    - Marketing
    - Our customers’ products and services



SAMPLE REPRESENTATIVE FOR MORE THAN 300 M CONSUMERS

	China	Germany	Spain	Sweden
Population aged 15-59:	550 M	48 M	26 M	5 M
Representativity of sample (15-59) in %:	**11%**	**82%**	**80%***	**90%**
Representativity of sample (15-59) in size:	**60 M**	**39 M**	**20 M**	**4,6 M**

	Taiwan	UK	US	Total**
Population aged 15-59:	16 M	51 M	183 M	880 M
Representativity of sample (15-59) in %:	**70%***	**86%**	**86%**	**38%**
Representativity of sample (15-59) in size:	**11 M**	**44 M**	**157 M**	**336 M**

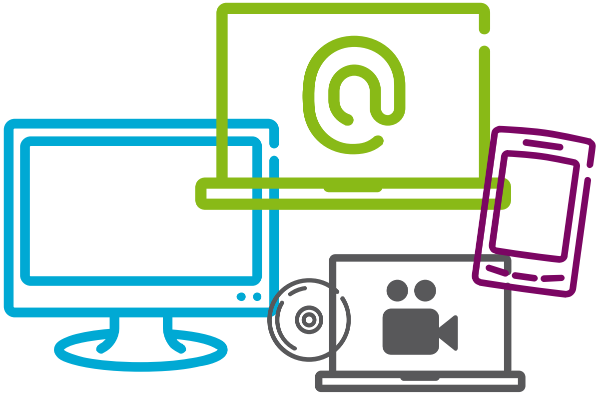
Source: Ericsson ConsumerLab MSMC-study 2010 * Estimations using knowledge from similar markets ** Including estimations for Spain and Taiwan (31 M)

WE ARE IN A TRANSITION PERIOD

› Consuming TV/Video is very popular and people are today spending up to 35% of their leisure time on watching content

Consumers are currently…

› Exploring new TV/Video technologies
› Enriching the viewing experience
› Creating new consumption patterns



…meaning:

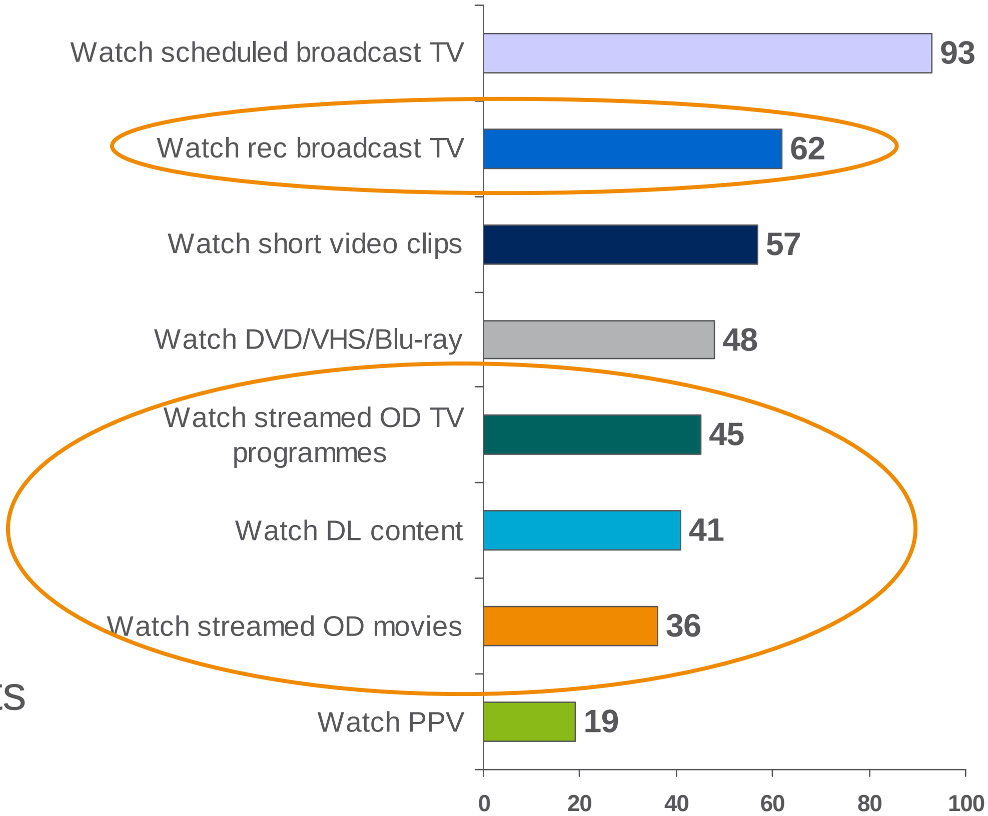
› TV/Video consumption is fragmented and complex
› Few established consumption patterns
› A trial and error market with lots of curiosity around

Source: Ericsson ConsumerLab MSMC-study 2010

ON DEMAND IS HERE TO STAY…

- More than 70 % are “time-shifting” on a weekly basis
  (streaming, downloading or watching recorded broadcast TV)
- More than 50% are using internet based on demand TV/video every week
- Google search results…
  - “Online TV shows free”: 677 million hits
  - “Web TV free”: 495 million hits

Weekly use of different TV/video distribution channels (%)



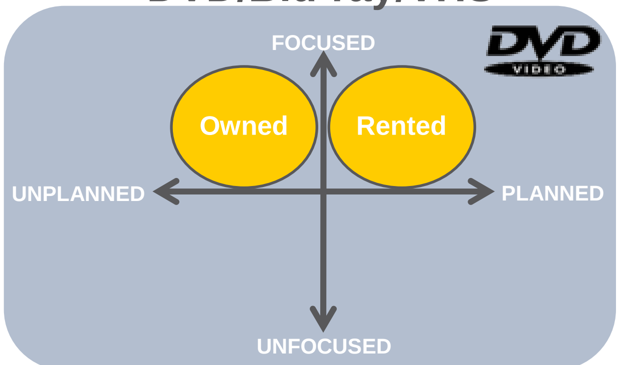
Consumption of on demand content is growing rapidly - and there is no return…

Base: ALL
Source: Ericsson ConsumerLab MSMC-study 2010

DISTRIBUTION CHANNEL

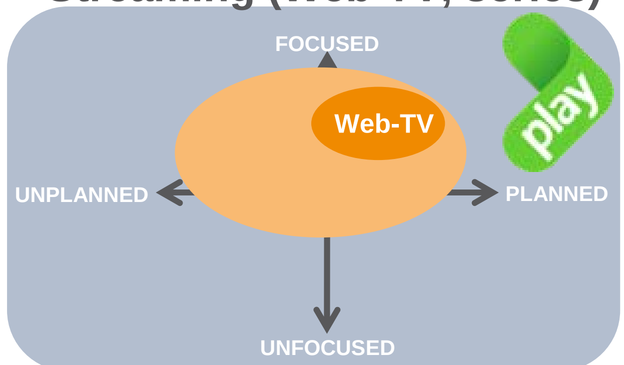
AND THEIR EFFECT ON BROADCAST TV

DVD/Blu-ray/VHS



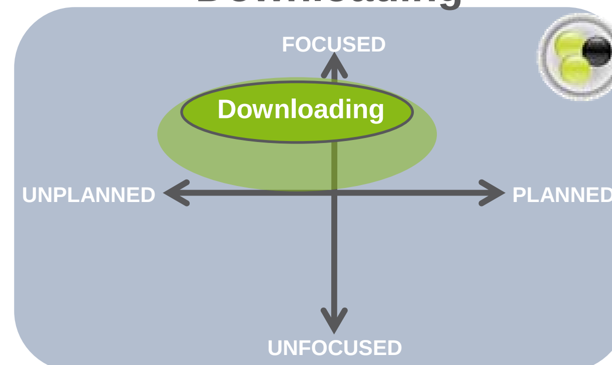
› Reliable › Easy to use › Legal	› Costly › Must leave home › Burning procedure

Streaming (Web-TV, series)



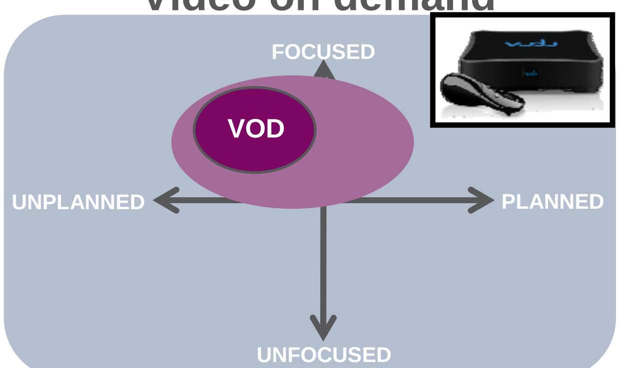
› Instant access › Simple & free › Legal	› Time limits › Pixilated quality › Unreliable access

Downloading



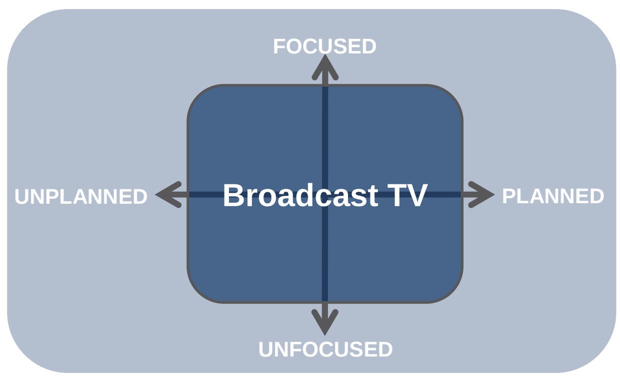
› Unlimited supply › New/fresh content › Free content	› Cumbersome › Corrupt files/virus › Legal concerns

Video on demand



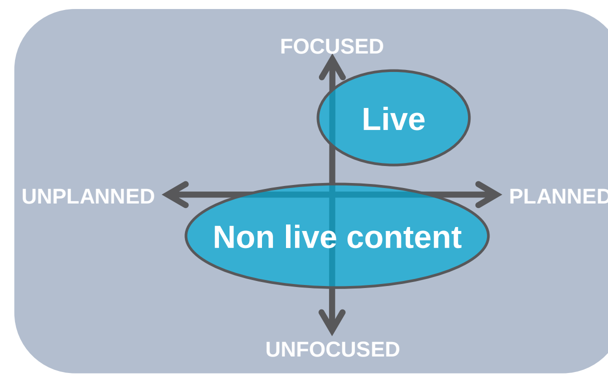
› Reliable › On demand › High quality	› Unfairly priced › Limited supply › Easy to forget

Traditional broadcast TV



› High quality › Easy and simple › Relaxed setting	› Have to adjust to the TV-schedule › Not personalized

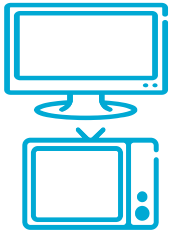
Future of broadcast TV



› High quality › Easy and simple › Relaxed setting	› Have to adjust to the TV-schedule › Not personalized

Source: Ericsson ConsumerLab MSMC-study 2010

ON DEMAND'S ATTRACTIVENESS SPURS CONSUMPTION



Non-Live Broadcast

Limited, scheduled, commercials

Traditional viewing experience

Trying to cut back

On demand

Unlimited, time-shifted personal

Enhanced viewing experience

Increased usage

From "What's on" to "What do I feel like watching…"

Source: Ericsson ConsumerLab MSMC-study 2010

NO SINGLE DEVICE HAS IT ALL

_TV_

The Social Screen

12,2h/week

Computer

The Private Screen

8,6h/week

Mobile devices

The Mobile Screen

2,8h/week

Each screen has its usage and purpose, as a part of the TV-puzzle

Values

- Simple & convenient
- High quality
- The social screen
- ”Backwards leaning”

Usage

- Relaxing
- Sharing the experience
- Fighting loneliness

Values

- Time shifting
- Free & unlimited content
- The private screen
- ”Forward leaning”

Usage

- Active consumption
- Multi purpose screen
- Multitasking
- Private consumption
- In home portable (laptop)
- During travel (laptop)

Values

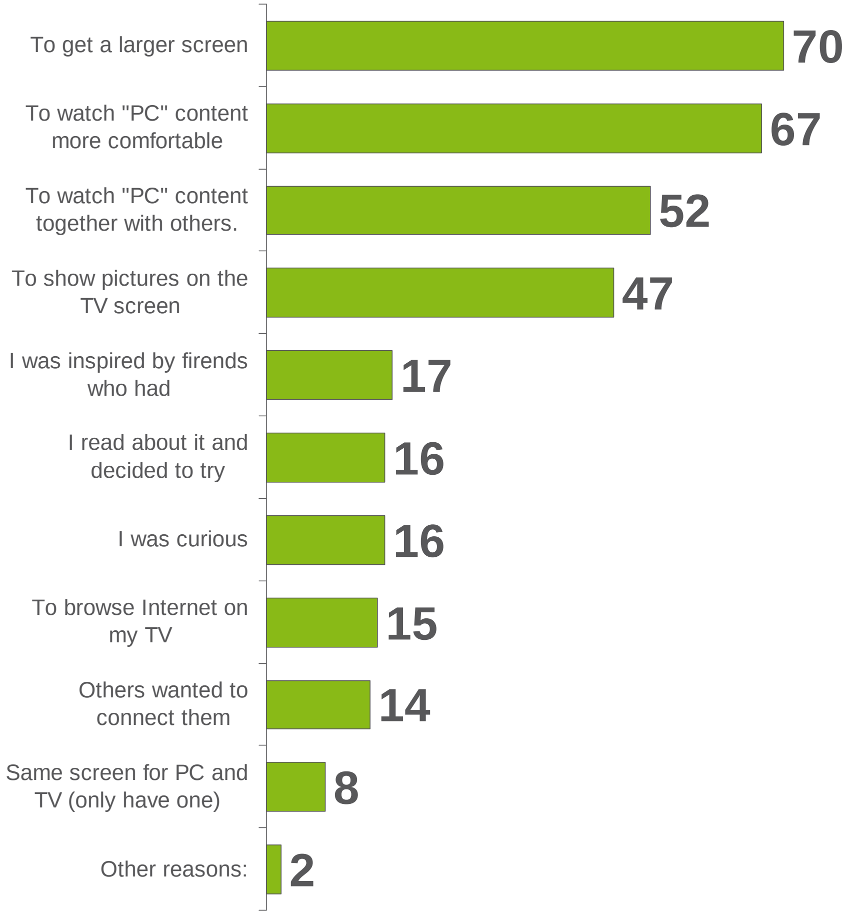
- To kill time
  - One of many options
- Only option available
  - When away from ”home”

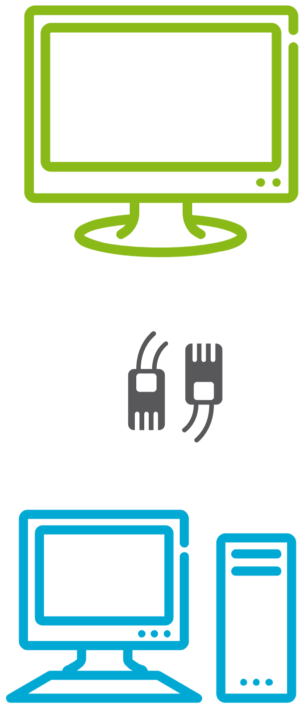
Usage

- In-transit screen
- While waiting
- Entertaining the kids when away from home

Base: All
Source: Ericsson ConsumerLab MSMC-study 2010

DRIVERS FOR CONNECTING PC AND TV





Base: Have connected a computer to a TV screen

[Experience and social aspects are heavy triggers for merging the TV and PC]

Source: Ericsson ConsumerLab MSMC-study 2010

BARRIERS FOR CONNECTING PC AND TV

- Connecting the PC and the TV is still way to complicated for the majority of people.
- Even when one have managed it, there are still some issues and problems left

STEP

Aware of alternative way to watch TV

- Awareness of alternatives

STEP

On demand/time shift usage

- Access to ”Time-shift” features

- Knowledge

- Interest

STEP

Decision to connect the TV and PC

- Know-how

- Awareness of possibility

- Fear of the task

STEP

Access to required technology

- To old TV

- No cable

- Astethical reasons

- To far away

- Cost

STEP

TV and PC connected

- Complicated navigation

- Separating private and social usage

- Time, if not permanently connected

- Online content becomes pixelated on large screens

Barriers
(Examples)

Source: Ericsson ConsumerLab MSMC-study 2010

THE FUTURE OF "TV" IS CENTERED AROUND EXPERIENCING

TV-screen

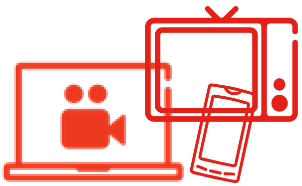
- Convenience
- Comfortable
- Social
- Large screen

PC-screen

- "All" content
- On demand
- Private
- "Free"

TECHNOLOGY oriented

My screen(s)



What, when, where and how I want

- My personal TV/Video experience
- Combining drivers from both (all) worlds

EXPERIENCE oriented

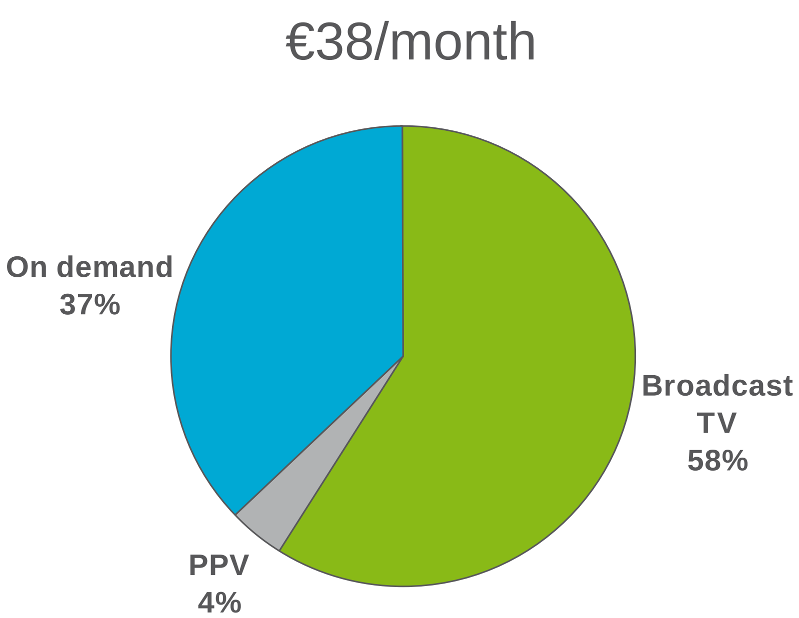
[Leaving the TV and the PC world behind, entering the experience world]

Source: Ericsson ConsumerLab MSMC-study 2010

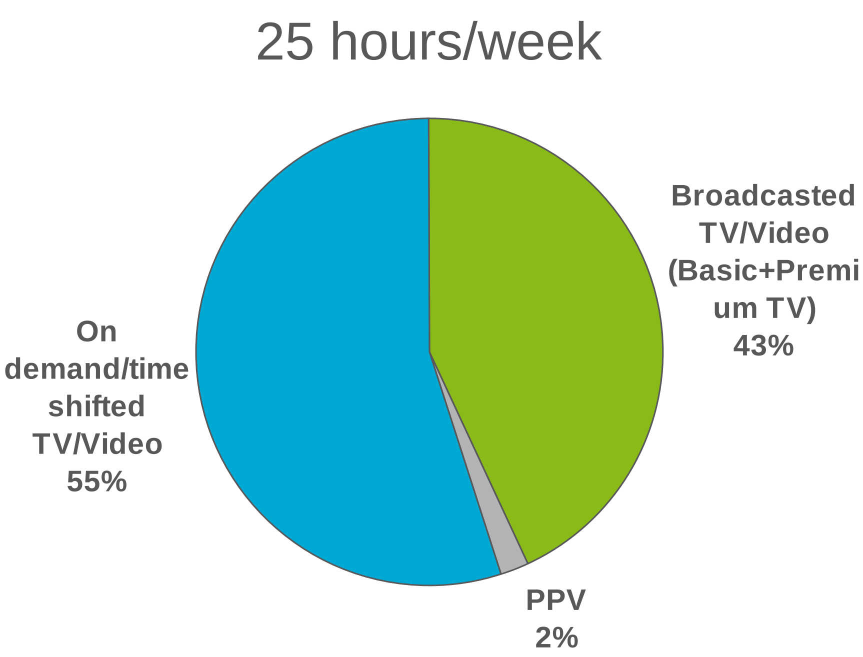
PAYING FOR TV AND VIDEO

SHARE OF TIME VS. SHARE OF WALLET

- The investments in money is not proportional to invested time
- Future share of wallet will more likely resemble the actual share of time



Average share of spending on TV/Video



Share of time watching TV/Video (inside the home)

Base: ALL
Source: Ericsson ConsumerLab MSMC-study 2010

PAYING FOR TV AND VIDEO

WHAT IS WORTH PAYING FOR TODAY?

The things that consumers are actually paying for today, without hesitation

HARDWARE
- TV sets
- Computers
- Mobile phones
- DVRs
- DVD-players

EXTENDED SERVICES
- Additional channels
- Video on Demand

BASIC ACCESS
- TV platform
- Broadband

SPECIFIC CONTENT
- Live sports
- TV on demand
- Series

PHYSICAL FORMATS
- Purchase DVDs
- Rental DVDs

- Average monthly spending on TV/video: €38
- Average monthly spending on Internet: €22
- Compulsory monthly TV license: €10

~ €70/month

Base: ALL
Source: Ericsson ConsumerLab MSMC-study 2010

PAYING FOR TV AND VIDEO

NEW VALUES IN A NEW LANDSCAPE

- Low willingness to pay for online content today
  - Internet mindset
  - Consumption on PC

- Future values
  - From owning content to always access to content
    - 40% thinks immediate access is very important
  - Reintroducing the social dimension
  - Guidance, super simplicity
    - More than 50% think simplicity is very important

[TV/Video is, and will be, highly valued and appreciated. If done right, consumers will reallocate their TV spending to new alternatives]

Source: Ericsson ConsumerLab MSMC-study 2010

WHAT ABOUT DIGITAL RIGHTS?

Respondents do not want to be limited in how they consume media

- Little concern about media rights
- Want full freedom
- Anywhere access to everything they can watch on their home TV

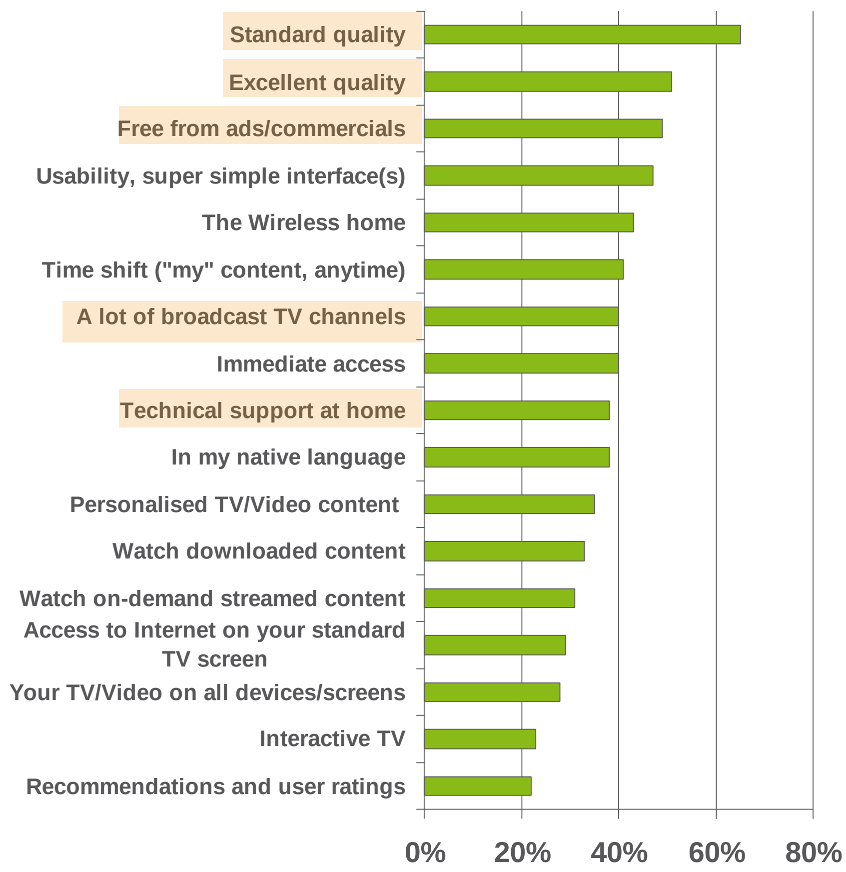
The ease of getting access to copyrighted content sets a important reference

- Any commercial alternative will have to be able to compete with other/illegal options concerning:
  - Ease of use
  - Access
  - Content
  - Price
  - …

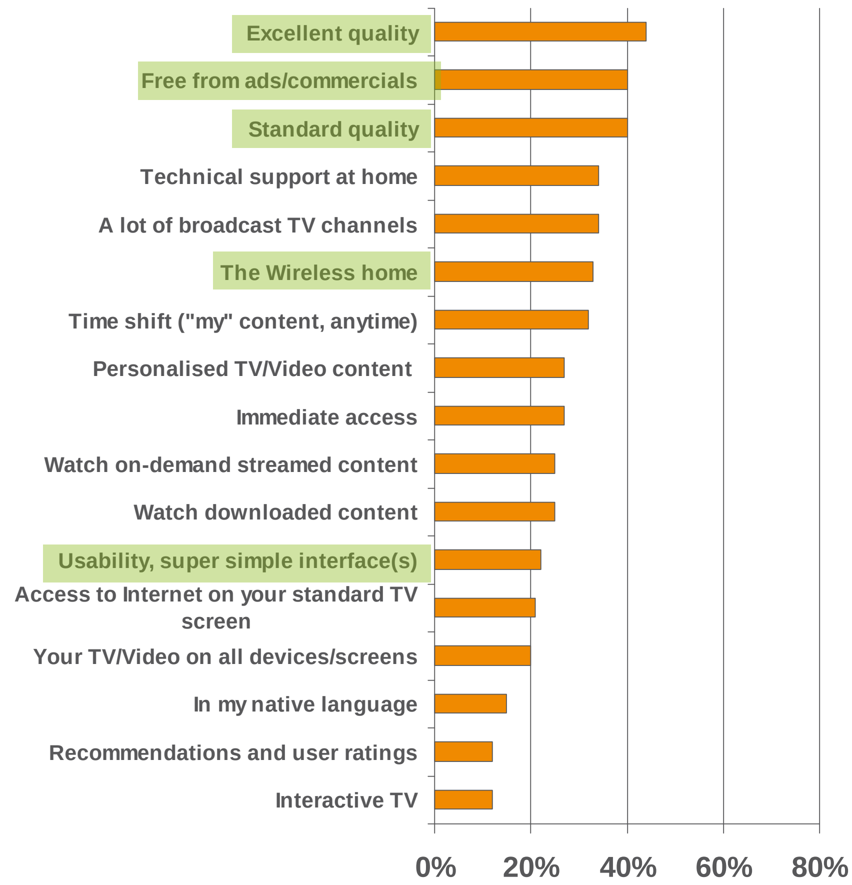
Source: Ericsson ConsumerLab MSMC-study 2010

MOST IMPORTANT FEATURES
AND THE WILLINGNESS TO PAY FOR THEM

Very important features



Features worth paying for



[Usability is a hygiene factor, very important but taken for granted]

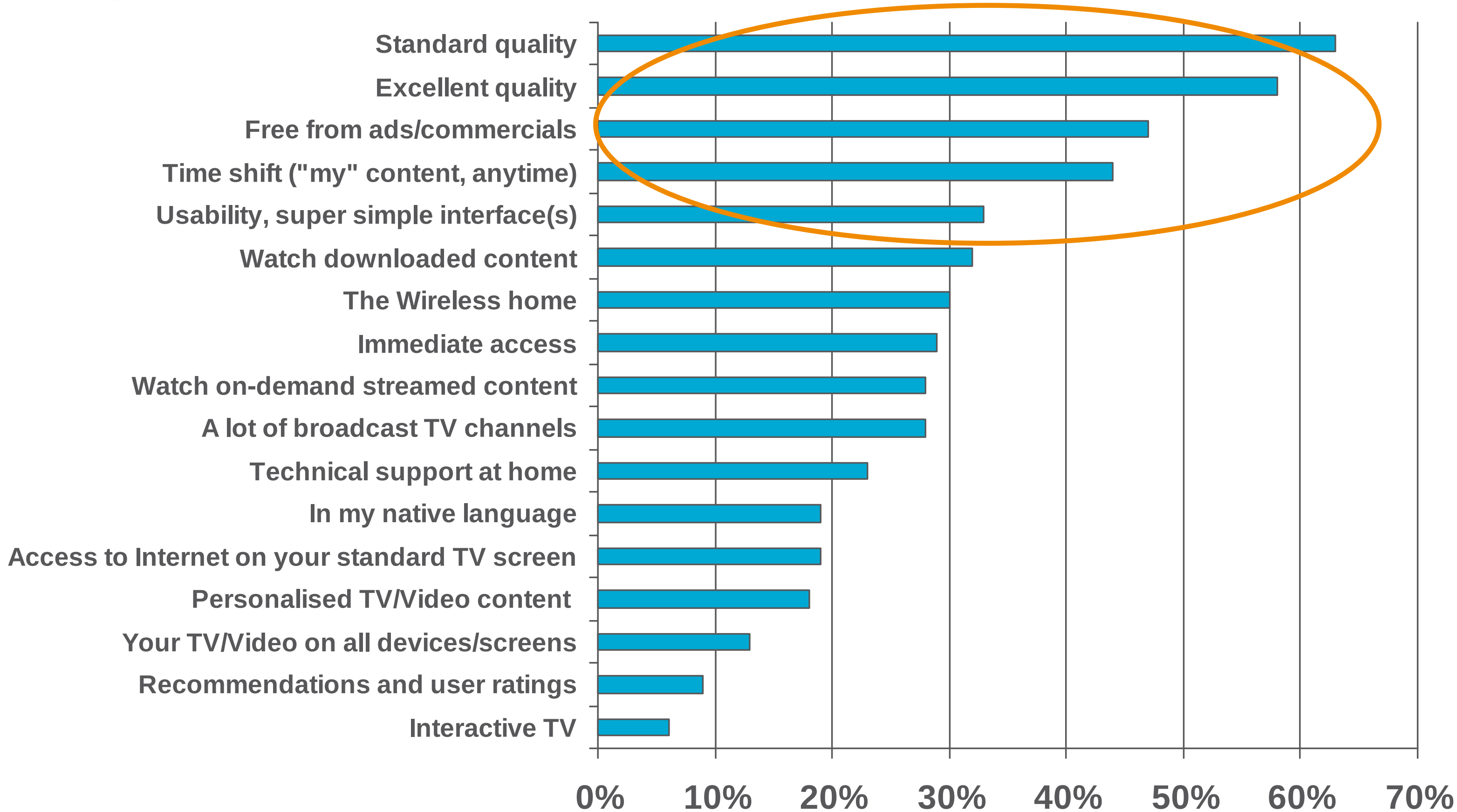
BASE: ALL

Source: Ericsson ConsumerLab MSMC-study 2010

MOST IMPORTANT FEATURES

BUILDING A "TV"-PACKAGE

If you could select five features to include in your future TV-solution



The consumers are requesting an easy to use, high quality, on demand service with no commercial brakes as their next TV service

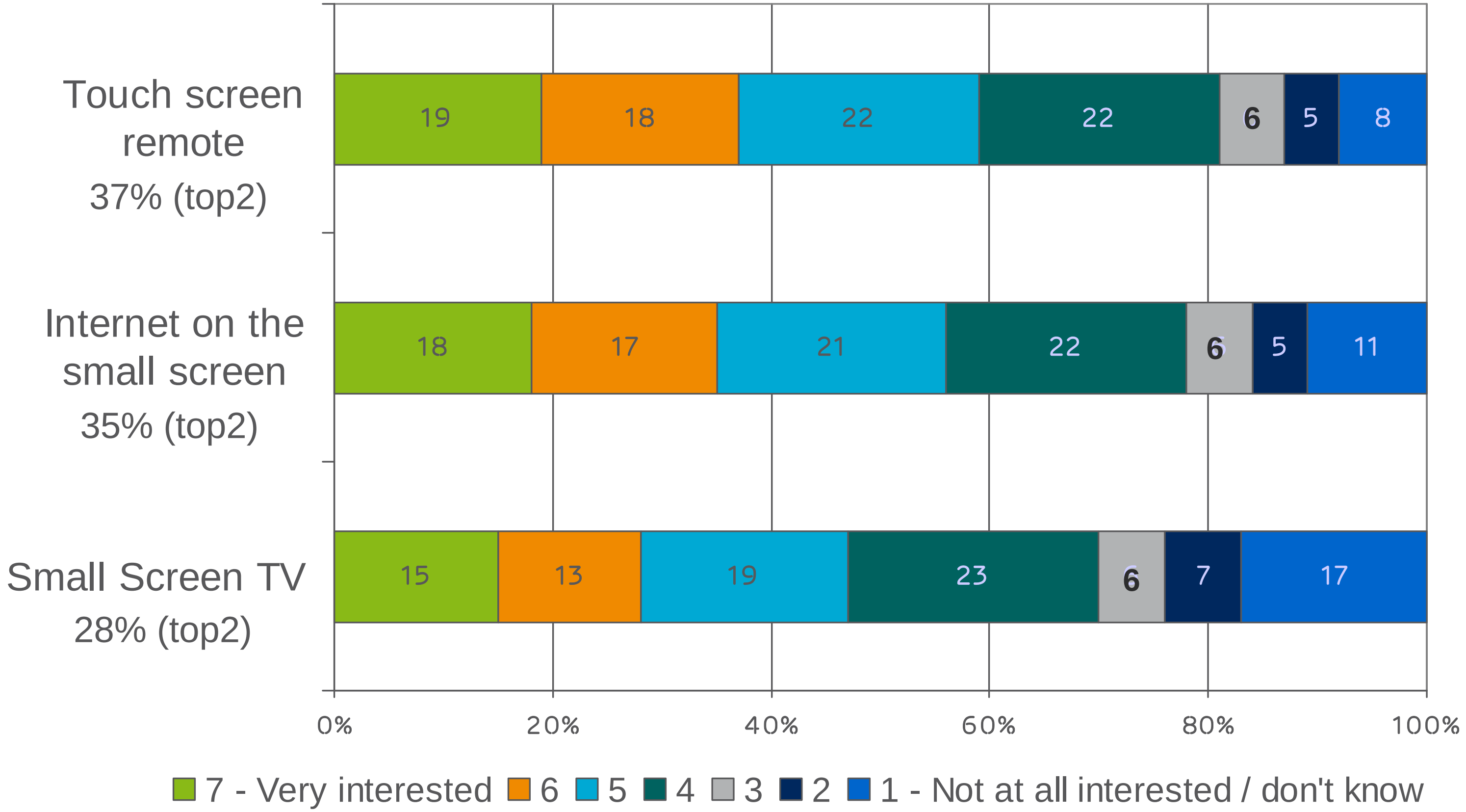
Base: ALL
Source: Ericsson ConsumerLab MSMC-study 2010

THE TOUCHPAD TV REMOTE

THE TOUCHPAD TV REMOTE

SERVICE RANKING

› Ease of use, control and enabling Internet in the TV without disturbing the experience is attractive!



When thinking about the different services/options in the concept. How interested would you be in having a portable, wireless touch screen that allowed you to do all the following things:

Base: ALL

Source: Ericsson ConsumerLab MSMC-study 2010

THE TOUCHPAD TV REMOTE

UNLOCKING NEW POTENTIAL

A problem when introducing new services and features into the TV is that they can interrupt and disturb the TV-experience

The TV-setting

A social context

New TV-services are often born elsewhere in another context, this causes conflicts
(e.g. Messaging on livingroom TV)

The PC-setting

An individual context

The touchpad TV remote could solve these conflicts, allowing the consumers to stay in charge. This would enable:

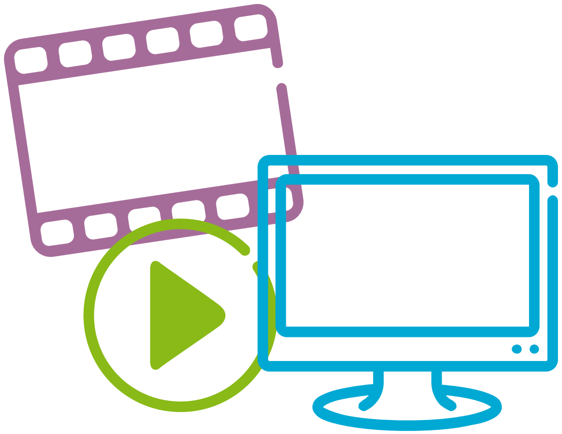
› Introduction of new advanced services in a non intrusive way
  - E.g. voice, video and text communication, interaction…
› Easy PC-TV connection
› Greater control of the digital home

[The touchpad TV remote enables private services and usage in the social TV-setting]

Source: Ericsson ConsumerLab MSMC-study 2010

FAST FACTS AND SUMMARY

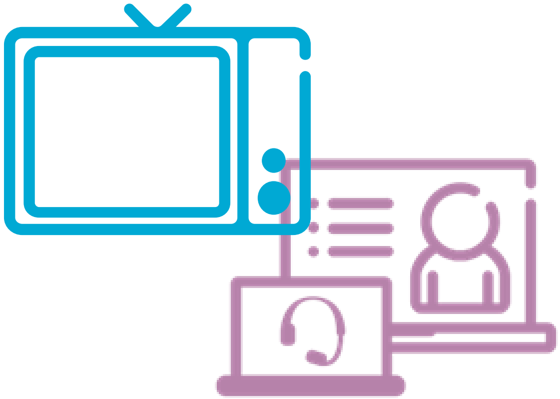
- People are today spending up to 35% of their leisure time on watching content
- 93% still watch traditional broadcast TV every week
- More than 70 % are “time-shifting” on a weekly basis
- More than 50% are using internet based on demand TV/video every week



Source: Ericsson ConsumerLab MSMC-study 2010

FAST FACTS AND SUMMARY

- More than 50% would like to connect their PC with their TV just so that they can watch online TV content together with others
- On demand has only 40% share of wallet, but 60% share of time
- 40% thinks immediate access to TV content is very important
- More than 50% think simplicity is very important
- 37% are very interested in a touch screen tablet connected to their TV



Source: Ericsson ConsumerLab MSMC-study 2010

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