



HIGHLIGHTS FROM THE

TV & VIDEO CONSUMER TREND REPORT 2011



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ABOUT THIS REPORT

TV has been an integral part of people's lives since the 1940s, providing consumers with news, information and entertainment. In other words, the medium has a long history of providing people with topics of conversation.

Today, TV is arguably more important than ever – at least, this is implied when you see what people are discussing online or look at traffic data for fixed and mobile networks.

At the same time, TV is evolving. In addition to scheduled broadcast programs, we now have video on demand, internet TV, 3D TV and TV applications. Today's TV experience is richer than ever before. This enhanced experience comes from improved image quality, more content and the explosion of social

media. These factors have changed the way we consume TV.

Ericsson became aware of this evolution early on. We have studied how people consume TV since 2004. The 2011 TV and Video Consumer Trend Report is based on both quantitative and qualitative research methods. More than 13,000 interviews, representing the opinions of 400 million consumers, were conducted in June–August 2011 in 13 countries: the US, the UK, Germany, the Netherlands, Austria, Spain, Sweden, Russia, South Korea, China, Taiwan, Brazil and Australia. This quantitative approach was complemented by 22 in-depth, in-home interviews with families in three countries: Germany, Sweden and the US. This document outlines some of the highlights of our findings.



ANDERS ERLANDSSON is in charge of the research for Ericsson's annual TV and Video Consumer Trends Report. He has studied consumer behavior, TV and media since 2005. He is a frequent speaker at industry conferences. His favorite TV shows are Eureka and The Big Bang Theory.



ConsumerLab is a knowledge-based organization that provides consumer insight to influence strategy, marketing and product management in the Ericsson Group. Its knowledge helps operators develop attractive revenue-generating services. It gains its knowledge through a global research program based on annual interviews with 80,000 individuals in more than 40 countries – statistically representing the views of 1.1 billion people. ConsumerLab

have been doing this since 1995 and use both quantitative and qualitative research. It spends hundreds of hours on in-depth interviews and focus groups with consumers from different cultures. Its research includes general market and consumer trends and in-depth insights into specific areas.

To be close to the market and the consumers ConsumerLab has team members in most of Ericsson's market regions. Being part of the Ericsson Group gives it a

thorough understanding of the Information and Communication Technologies (ICT), its market and business models. This broad knowledge is unique and is the basis for their credibility and integrity. It sees the big picture, understand where the individual fits in, and know what this means for future trends and services.

KEY FINDINGS

WILL ON-DEMAND OUTGROW BROADCAST?



- Internet-based on-demand viewing, e.g. BBC iPlayer, continues to increase in popularity. This trend will continue.
- People who claim that broadcast TV is dead or dying are exaggerating.
- The on-demand share of media spending is increasing compared to last year.
- TV viewing is increasingly complemented by the use of social media. This trend is growing stronger.

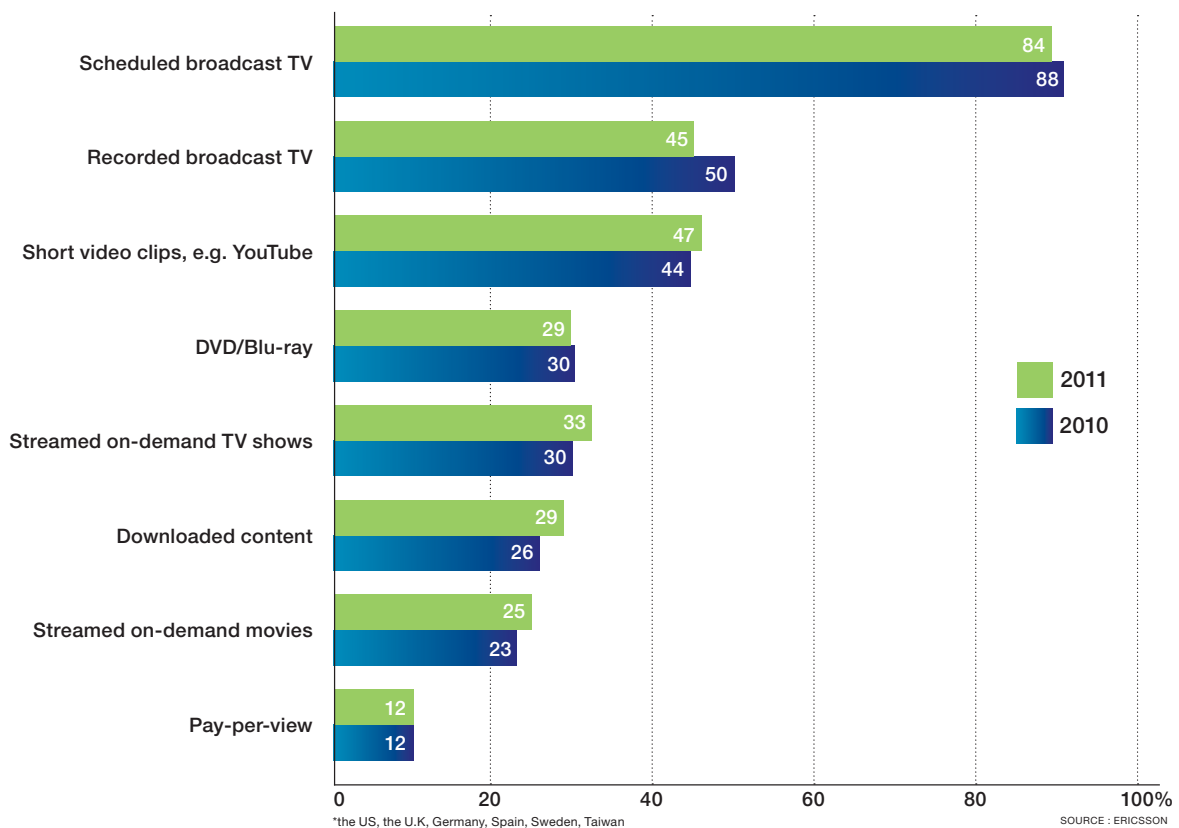
COMMENT BY ANDERS:

“On-demand viewing is increasingly popular, while broadcast viewing has decreased somewhat. The study shows that broadcast is still the most commonly consumed TV. People want both broadcast and on-demand viewing to be available.

TV and video have not been negatively affected by the internet in the same way that print has; we just watch TV in many more ways than we did before. Cable companies and TV operators are offering more and better on-demand content and services than before. Looking ahead, ConsumerLab research indicates that on-demand viewing continues to grow in popularity, and might eventually surpass broadcast.”

ON-DEMAND TV IS INCREASING

CONSUMER TV/VIDEO VIEWING HABITS*



TV/Video. Percentage of consumer usage (more than once/week).

COMMENT BY ANDERS:

“The increase in on-demand viewing is driven by freedom and simplicity. On-demand offers consumers freedom of choice; to view what they want, when and where they want. As one respondent put it: ‘I would rather have five shows of my choice, than a million channels.’ Another big factor behind the uptake of on-demand uptake is that it is becoming easy to use. With the advent of user-friendly set-top boxes such as Roku, the Boxee box and Apple TV — coupled with super-simple and affordable streaming services such as Netflix — the popularity and ubiquity of on-demand viewing is increasing rapidly. Traditional TV companies are also offering better on-demand viewing by making more content available and simplifying their services. We also see consumers spending money on on-demand that was previously spent on broadcast viewing.”

ON-DEMAND SHARE OF TOTAL VIEWING



TOTAL TV/VIDEO VIEWING (average hours/week)

1. Germany	25
2. UK	24
3. Spain	23
4. US	22
5. Sweden	21

SOURCE : ERICSSON

ON-DEMAND SHARE OF TOTAL VIEWING

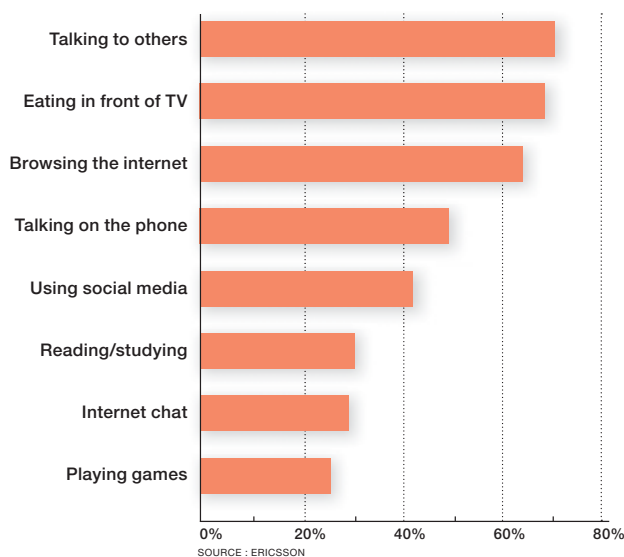
1. Spain	44 %
2. US	41 %
3. UK	40 %
4. Sweden	38 %
5. Germany	28 %

SOURCE : ERICSSON

SOCIAL MEDIA

OUR NEW ACTIVITY WHILE WATCHING TV

CONSUMER ACTIVITIES WHILE WATCHING TV



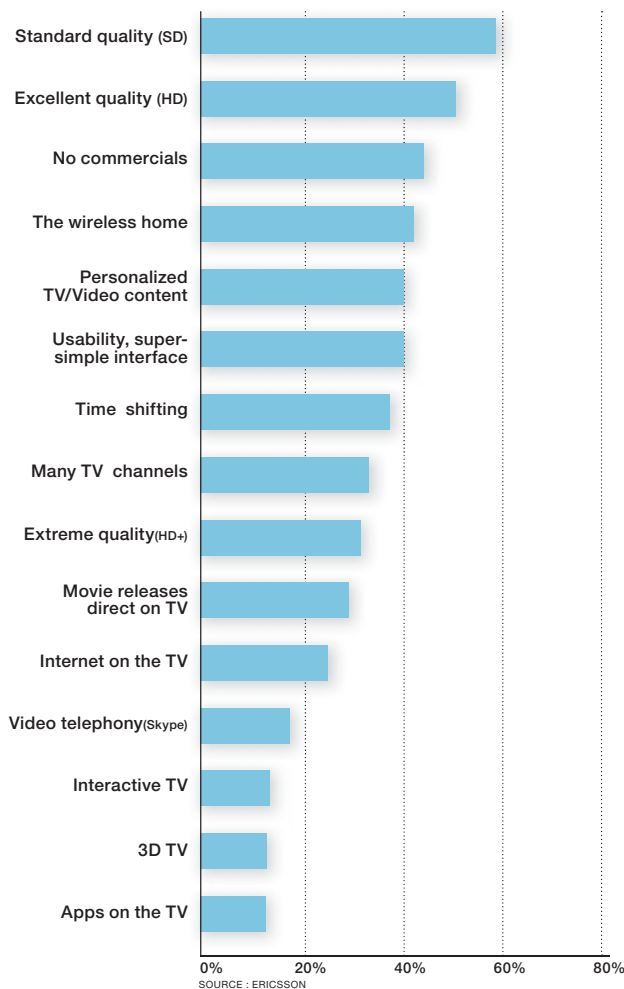
- We watch in new contexts; by ourselves physically, but at the same time sharing the experience with others through social media. Different devices, with tablets as the latest addition, facilitate this trend.
- More than 40 percent use social media while watching TV on a weekly basis. Almost one out of three chat on-line.
- What we access on TVs continues to evolve. Music, browsing, smart home services, gaming and more are being made available.

COMMENT BY ANDERS:

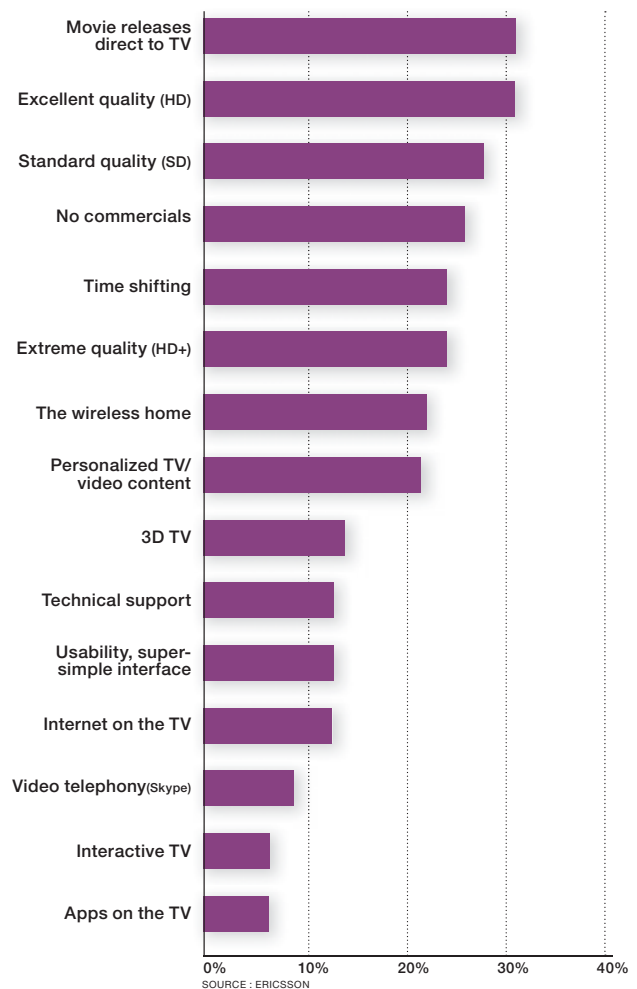
“Our in-depth interviews – especially those in the US, which is a frontrunner in TV/video consumer trends – show how social media usage is impacting viewing. The majority of families combined TV viewing with the use of Twitter, Facebook, texting, voice calls and forum discussions about what they watched. This is particularly the case when watching reality shows and sports. This communication adds another dimension to the TV experience, as consumers found an annoying reality show funnier when they were able to comment on social media about ‘terrible singers’, ugly clothing or when your favorite team scores a goal. It is safe to say that this behavior is increasing. It is time to welcome the ‘virtual TV sofa.’”

MOST WANTED TV FEATURES

MOST IMPORTANT FEATURES 2011



WILLINGNESS TO PAY 2011



What people found to be the most important TV set features and their willingness to pay for them.

COMMENT BY ANDERS:

“High video quality is very important to consumers, and they are prepared to pay for it. The old saying that content is king is still true. The service consumers are most willing to pay for is getting fresh Box Office movies, that still run at the movie theaters, directly to the TV. User-friendly interfaces are still important, but improvements have been made in these areas. Consumers now expect TV content to be personalized to a much higher degree. I think this is best explained by the global macro trend of individualization; consumers expect the world to adapt to their needs. When looking at the future of TV sets, although features such as browsing, accessing apps and 3D are not yet big factors for consumers, they will probably become standard features in time. Consumers are requesting simpler, user friendly, wireless solutions that provide them with everything: streaming, broadcasting, downloading, recording and accessing everything.”



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Ericsson is the world's leading provider of technology and services to telecom operators. Ericsson is the leader in 2G, 3G and 4G mobile technologies, and provides support for networks with over 2 billion subscribers and has the leading position in managed services. The company's portfolio comprises mobile and fixed network infrastructure, telecom services, software, broadband and multimedia solutions for operators, enterprises and the media industry. The Sony Ericsson and ST-Ericsson joint ventures provide consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of being the "prime driver in an

all-communicating world" through innovation, technology, and sustainable business solutions. Working in 180 countries, more than 90,000 employees generated revenue of SEK 203.3 billion (USD 28.2 billion) in 2010. Founded in 1876 with the headquarters in Stockholm, Sweden, Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ New York.

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