

Ending the obsession with youth – what do consumers really want?

The key to reaching the broader masses is to find services that add real value to people's lives, making them richer and easier. **Start looking beyond** young consumers and their need for entertainment. This article takes a deeper look at changing consumer behavior **based on joint research** by Ericsson and Ovum.

► **LOOKING BACK** 11 years: In 1997 no one had heard of Google, iTunes, Facebook, Second Life, or MySpace. Today these companies and services have millions of users all over the world and play an important part in everyday life for many. Just imagine what the next decade will bring...

Consumers are changing dramatically in terms of what they expect from services and how they interact with them. Their overarching desire is to have more control over services and flexibility in how and when they use them. This is a long-term effect that will continue to mutate, having a profound impact on the digital services value chain and service evolution.

Digital media and communication are not only for the young early adopters. All user groups can benefit from multimedia services. The challenge in reaching a mass market is to engage followers in all age groups and attract them with services that add value to their lives.

Of course, there are individuals from all age groups who are keen on new technology, and want to explore how new services work and learn what value they provide. Although there are fewer in the older age groups than in the younger, there are early adopters in all user groups. The way the young generation's usage evolves will strongly influence how the rest of us use communications services over the next ten years. The young users adapt more quickly and their expectations and attitudes will affect the rest of us, and this will be emphasized in the workplace. The young users will confront their managers with such questions as, "Why use old stuff like e-mail when instant messaging is available?" and "Why can't I have a mobile phone for work?" or "Why is the corporate wiki such a mess?"

THE SUPERFLUOUS SOCIETY

The problem in the West is not necessity but superfluosity. Today a majority of end users in "developed" countries have largely exhausted the things they need to

purchase and are more focused on what they desire; that is, opportunities and experiences to make their lives happier, richer, and more rewarding. It is a movement toward an experience economy.

Not long ago, a middle-class home in the West contained between 150 and 200 objects. Today, in nearly every home the items of furniture, clothing, dinner sets, durable consumer goods, and kitchen hardware easily number 3000, and that does not include the huge number of music and video tapes, CDs, and books. Of course, many of these items give consumers pleasure, and many consumers dream of more and newer acquisitions. But their attitude toward these possessions often becomes equivocal. Indeed, there is much to keep an eye on, and many objects must be cleaned and sometimes repaired. The problem of maintenance can soon exceed the pleasure of ownership.

There is a shift in how consumers define value: from products to experiences. It is not enough to make a well-functioning product or service; now you also have to provide a rich user experience and appeal to the consumer's emotions. For instance, people like to be stimulated and have things suggested to them.

Designers have been slow to adapt to this – to change their focus from things to services – leading to a divergence between technological intensification and value perceived by the consumer. Designing with people, not for them, can bring new life to the creation of "right" user experiences.

When technology is "good enough" and therefore irrelevant, user experience becomes dominant. Once technology reaches the point where it satisfies basic needs, it loses its glamour and people start looking for efficiency, reliability, low cost, and convenience.

New usage patterns put new requirements on service evolution. Media consumption and communications have become individualized. People now expect to use the three screens – TV, PC, and mobile – for similar types of services. For



services will be to simplify life. So far, digital media have not made life easier – you now need to master and coordinate different devices connected through different networks using different business models.

HOLISTIC APPROACH NEEDED

From a user perspective, the requirements of new services are straightforward: seamless access to all their content and services from the device of their choice. And users expect industry players to employ business models that are easy to understand, transparent, fair, and priced at a suitable level.

Many of the developments to date have been driven by the different players in the industry from their own business perspectives, not putting user expectations at the center. There must be a holistic user perspective – people want to use different devices depending on the situation they are in, but they will use and pay for services in a broader context.

Today the industry speaks about the mobile internet as if it were a new internet; from the user perspective, however, there will be only one internet, and the services they utilize (whether via PC, laptop, or mobile phone) will be compared in terms of content, usability, quality, and price.

Our research shows that key drivers for usage differ between categories of service in the digital arena.

Content – The digital material that people consume; for example, music, games, and TV programs. Content is usually the focal point of habitats, something that consumers gather around and socialize about. The motivator for usage is interest. At the same time, many people still like to own content on CD or DVD rather than just have a file stored on a hard drive. This might partly be explained as a generational divide. The preference for ownership of virtual versus physical goods affects the uptake of new services within the broader user groups.

Applications – The tools people use to access content, and other people and habitats in the digital arena; for example, the PC or MSN Messenger. Applications transport or transfer content and habitats to consumers, and vice versa. The motivator for usage is access.

Social Networks – Locations in the digital arena where content and applications, as well as other people, are gathered and reside; for example, the internet or communities on the internet. The wish to be a part of habitats often drives the use of applications. The motivator for usage is socializing.

Different business models are preferred ▶

instance, the TV experience is becoming increasingly personalized and not only enjoyed in front of the television. Content is viewed on the PC and on the mobile phone screen, depending on user context.

Perhaps the biggest revolution has occurred in publishing. We have moved from a world where few could afford publishing to a world where anyone can be a media producer.

More and more devices, such as web cameras, digital still and video cameras, mobile phones, and MP3 players, will capture and display content. Time- and space-shifted media are also a part of this trend; we see growing demand for being able to consume content “when I want and where I want it.”

THE CONTRADICTIONS OF LIFE

We live in societies characterized by multiple trends and contradictions that are often two sides of the same coin. Such coexisting trends and contradictions will increase and become more complex. We should expect them not just in society, but in the same person.

▶ **Control vs. chaos.** Consumers want flexible control over how they interact with services; but, conversely, too much freedom can leave people feeling as

though things are out of control.

- ▶ **Collectivism vs. individualism.** As individualization grows stronger, people start looking for a community.
- ▶ **Freedom vs. enslavement.** There are moments when consumers don't want to be reached but feel a need to be reachable.
- ▶ **Work vs. leisure.** The borderline between professional life and private life is becoming blurred.
- ▶ **Eco concern vs. lack of eco action.** You have to be seen to be green. But many people already feel powerless as individuals.
- ▶ **Online exhibitionism vs. online privacy.** People desire to openly express themselves, but there are growing fears over misuse of personal data.

Usefulness is a main force driving users to change their behavior and to embrace new services in the digital landscape. But it's clear that we need to be aware of how benefits can turn into burdens. An ever increasing flow of new services and technical innovations are coming to market, and users are left to themselves to figure out how to handle everything without drowning in the digital sea.

It is natural that the demand on future

► by users to stimulate usage in these three areas of service.

For content, consumers request a trial during the market introduction. With occasional usage, they prefer to pay per use because they do not know when or how often they will use the content. With continuous and frequent usage, consumers prefer a flat rate because they want to control the cost of heavy usage.

For applications, consumers want to try things out during the market introduction. As soon as they start to use applications, they prefer a flat rate because it is convenient.

For accessing social networks, consumers want to pay a flat rate for an access application but nothing for the social network itself. With heavy usage, consumers are willing to pay a premium price and, when fully immersed in the social network, they are willing to pay for add-ons.

BEYOND ENTERTAINMENT

In sorting through the sometimes bewildering maze of opportunities and choices that lie in the future, we identify two strong recommendations: The industry should (1) end its obsession with young consumers and (2) get away from thinking that entertainment will be the main source of revenues.

Because of the shrinking margins in film and music, entertainment is an elusive industry where you may not want to be over the long term. A much more sustainable market can be expected from services built on bringing value to people's everyday lives.

The full potential of multimedia services lies in engaging users beyond their youth; to engage the broad masses of users. Our research shows that there is great potential in services beyond entertainment. People are interested in simplifying their lives and want services that support their involvement in education, democracy, society, health care, and so forth.

Emerging markets will play an important role in the innovation of services to make life richer and easier. In these markets the mobile screen will be the dominant one for experiencing the internet. This will most likely fuel new views toward developing services adapted for the mobile device, rather than just copying a service originally developed for the PC screen and big keyboard. Also, the life conditions for a large proportion of the people in emerging markets will put focus on services such as bringing education and health care to the masses and allowing them to interact

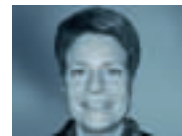
with governmental bodies – services far removed from the entertainment services that dominate today in the developed part of the world.

Looking further ahead, we see interesting developments such as Near Field Communication transforming the mobile phone into a multi-tool for payments, electronic keys, and tickets. There will also be a multitude of connected devices – not only the fixed PC, the laptop, and the mobile phone, but also a wide range of different consumer electronics. These will bring new opportunities and many new services to market. ●

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