

EXPERIENCE SHAPES MOBILE CUSTOMER LOYALTY

The effects of connectivity experience on smartphone users' loyalty to their mobile operator

1 ISSUES STILL REMAIN

- Smartphone users face issues as **frequently** as they did in 2013
- 2/5** users face more than 11 issues weekly
- Those with 11+ issues a week are **twice as likely** to think of switching operators

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CONNECTIVITY PERCEPTION BUILT USING MENTAL INDEX

Smartphone users have their own mental index to judge their connectivity experience

1/3 smartphone users measure connectivity experience by video load time and buffering effects on streaming apps

Millennials expect operators to communicate how social and video streaming apps perform

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LOYALTY BEYOND NET PROMOTER SCORES

Net Promoter Scores are no longer enough to gauge customer loyalty

1/5 smartphone users who recommend their operators don't necessarily prefer them over other operators

They are also **twice as likely** to switch compared to those who prefer their operator

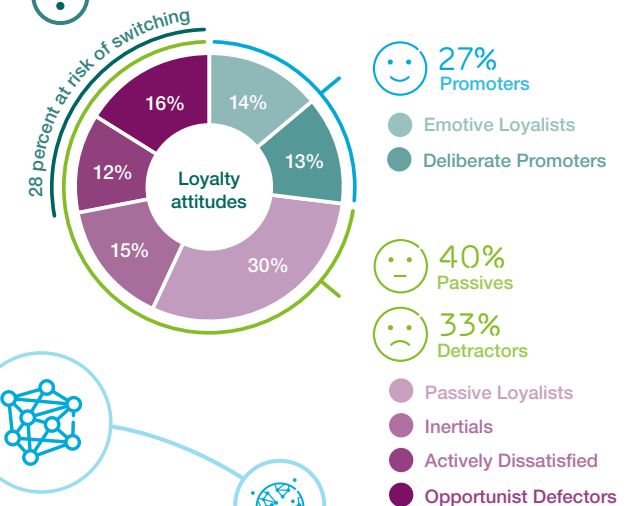
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DIFFERENT LOYALTY MOTIVES

Smartphone users exhibit six different loyalty attitudes

Five percent of smartphone users state they will switch operators in the next few months however loyalty profiling reveals **28 percent** are at risk of switching

Mobile broadband performance has the highest impact on loyalty and is a common source of dissatisfaction among **73 percent** of users globally



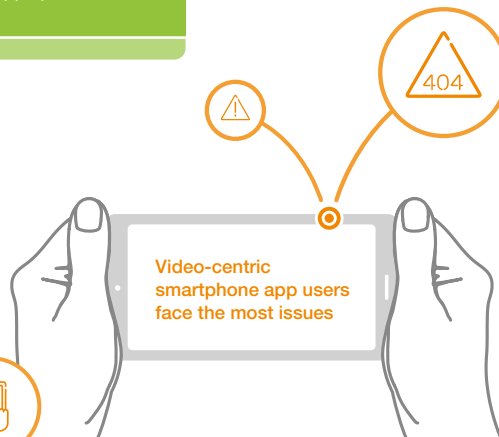
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CHANGING USER BEHAVIOR

Evolving video app usage behavior is to blame for today's issues

1/3 of South Korean smartphone users and almost 1/10 in the US watch live streamed videos

45 percent globally record and share videos over apps: e.g. Snapchat, Facebook, Messenger, Instagram, etc.



CONCLUSION

Network performance is the principal driver of smartphone users' loyalty to their mobile operator. Understanding a customer's loyalty motives, and meeting connectivity experience expectations in line with the increase in video streaming, will help operators keep pace with the changing face of customer loyalty.

Source: Ericsson ConsumerLab, Experience shapes mobile customer loyalty, 2016.