Towards a 5G consumer future

Six calls to action from consumers for operators to rethink mobile broadband

An Ericsson Consumer and Industry Insight report
Methodology

Ericsson ConsumerLab and Tefficient analyzed and benchmarked mobile broadband strategies of operators globally.

- 14,000 smartphone users
- 14 countries
- 800 million consumer views represented
Expectations for a 5G consumer future

5G has the potential to completely change how we interact with wireless devices.

It is imperative to understand whether current mobile broadband offerings meet consumer expectations today and in a 5G future.

Six calls to action from consumers have been uncovered, which operators must act on.
Expectations for a 5G consumer future

Provide us with an effortless buying experience

Offer us a sense of unlimited

Treat gigabytes as currency

Offer us more than just data buckets

Give us more with 5G

Keep networks real for us
The complexity in telecom (percent of smartphone users who agree with the following statements)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
<th>Japan</th>
<th>Argentina</th>
<th>Brazil</th>
<th>China</th>
<th>Indonesia</th>
<th>Ireland</th>
<th>France</th>
<th>South Korea</th>
<th>Finland</th>
<th>Mexico</th>
<th>Germany</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complicated to understand what is included in mobile data plans</td>
<td>69%</td>
<td>64%</td>
<td>79%</td>
<td>74%</td>
<td>78%</td>
<td>74%</td>
<td>72%</td>
<td>74%</td>
<td>73%</td>
<td>73%</td>
<td>69%</td>
<td>69%</td>
<td>63%</td>
<td>62%</td>
</tr>
<tr>
<td>Navigating through and finding the best plan among all the options is confusing</td>
<td>71%</td>
<td>71%</td>
<td>72%</td>
<td>74%</td>
<td>68%</td>
<td>74%</td>
<td>73%</td>
<td>73%</td>
<td>71%</td>
<td>70%</td>
<td>67%</td>
<td>59%</td>
<td>54%</td>
<td>54%</td>
</tr>
<tr>
<td>It is difficult to keep up with frequent price changes, price campaigns, introductory prices and discounts</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>54%</td>
<td>54%</td>
<td>57%</td>
<td>57%</td>
<td>54%</td>
<td>45%</td>
<td>49%</td>
<td>49%</td>
<td>53%</td>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Base: Smartphone users aged 15–65 across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US

Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Provide us with an effortless buying experience

Just 3 in 10 smartphone users are satisfied that their operator presents mobile broadband plans simply and transparently.

Globally, half of all users experience data distress, limiting their mobile broadband usage to avoid overage fees.

70 percent of users globally are unaware of mobile advertising eating up their data allowances.

60 percent want operators to act on this.
Offer us a sense of unlimited

Consumers buy unlimited plans primarily for peace of mind i.e. to avoid bill shocks.

70 percent buying such plans are not the heaviest users. Most of those on such plans use 2.5 times more Wi-Fi than cellular data.

Smartphone users are not looking for limitless data plans but rather a sense of unlimited.
Offer us a sense of unlimited

Preferred data plan features that offer a sense of unlimited to smartphone users

A large majority (80 percent) of smartphone users are willing to accept the features of a sense of unlimited data plan.

- Unlimited music streaming without using data allowance: 7%
- Ability to adjust data allowances each month based on usage: 12%
- Get a bigger bucket at a marginally higher price: 12%
- Unlimited streaming of video without using data allowance: 15%
- Unlimited usage of social networking apps without using data allowance: 23%
- Save unused data in a data vault: 32%

Base: All smartphone users aged 15–65 with capped data plans across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US

Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Treat gigabytes as currency

Smartphone users are left with an average 31GB of unused data over a year, enough to stream 6 seasons of Game of Thrones, or 1.5TB over a lifetime.

Consumers want to treat unused gigabytes as they would extra money:

— Save it for future use
— Trade it for rewards or freebies
— Share it with family or friends
— Give it as a gift
Treat gigabytes as currency

Mobile data purchased vs. unused per month by a smartphone user

On average, smartphone users globally with capped data plans have 40 percent of their data allowance as unused by the end of the month.

Base: Smartphone users on plans with data caps in App Annie panel reporting mobile data usage in July 2017
Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Offer us more than just data buckets

Consumers want a personalized data plan based on their unique needs.

Smartphone users can be classified into six segments based on usage patterns.

Video-centric users are two times more likely to value inclusive video content as well as the ability to stream video without using data allowances when selecting data plans.
Offer us more than just data buckets

Relative importance of features when selecting a new mobile data plan (percent)

- Highest internet speeds: 31%
- Rollover of unused data to next month: 11%
- No penalty for exceeding mobile data allowance: 9%
- Unlimited usage of social networking apps without using data allowance: 7%
- No binding contract: 7%
- Free subscription for video on-demand services included: 7%
- Amount of SMS and minutes included: 5%
- Unlimited video streaming in standard definition quality without using data allowance: 5%
- Use your mobile phone as a Wi-Fi hotspot: 4%
- Freedom to adjust data plan up and down each month: 4%
- Ability to add more devices to the plan without paying any additional charges per device: 4%
- Share data with family/device from one data bucket: 3%
- Unlimited streaming on just one video app in HD quality without using data allowance: 3%
- Free subscription for premium music service included: 3%
- Free access to mobile operator TV/video service included in the plan: 2%

Base: All smartphone users aged 15–65 across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US

Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Offer us more than just data buckets

Smartphone user segments and features preferred in a mobile data plan

Quality
- Internet speed
- Wi-Fi hotspot

Flexibility
- Share data
- Adjust plan up and down
- No penalty on exceeding

Bucket innovation

Mobile–video service convergence
- Unlimited HD quality video
- Unlimited SD quality video

Power users
- Free video subscription
- Free music subscription

Video-centric users
- TV/video from operator
- Possibility to add devices

Utility-centric users
- Free music subscription

Social media-centric users
- Free SN included

Browser-centric users
- Wi-Fi hotspot

Light data users
- No binding
- Adjust plan up and down

Amount of SMS and minutes

Fixed data users
- No penalty on exceeding

Monthly rollover

Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Give us more with 5G

Top expectations among smartphone users from 5G

- Should be many times faster than 3G/4G: 26%
- Should have speed better than Wi-Fi networks: 13%
- Better outdoor and indoor network coverage: 13%
- Will provide less expensive price plans: 13%
- Better reliability when compared with 3G/4G: 13%
- Better responsiveness and no delays to content: 10%
- Should enable better battery life on devices: 4%
- Enhanced security for personal data: 6%
- Enable highest quality video streaming (4K, 8K) without delay or buffering: 4%
- Guaranteed quality of experience: 4%
- Ability to connect almost any appliance or device at home: 2%

Despite the technology being a few years away, one-third of smartphone users (35 percent) globally expect 5G to deliver beyond speed, coverage and low data prices.

Base: All smartphone users aged 15–65 across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US
Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Give us more with 5G

Consumers predict most 5G services will go mainstream within three to four years of launch

Globally 5G services appeal to 76 percent of smartphone users and 44 percent among them are even willing to pay.

Base: Smartphone users aged 15–65 with interest in 5G services across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US
Source: Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018
Give us more with 5G

Consumers envision an end to paying per gigabyte consumed in a 5G future:

— **57 percent** would rather pay a single fee for each 5G service or device

— **6 in 10** users think a whole new class of devices will be needed to leverage 5G capabilities

— An equal proportion expects an iconic device like the iPhone to emerge and drive 5G adoption
Consumers build a perception of their operator’s network performance based on their direct experience with the network, rather than on marketing claims or third-party studies.

Most credible source of information which convinces consumers that an operator has the best network performance:

- 46% Own experience
- 17% Family/friend recommendations and advice
- 8% Speed tests
- 7% Third-party reports
- 7% Government body/regulator reports
- 6% Experts’ advice
- 4% Operators’ own reports and claims
- 4% Ads/marketing around operator network
- 2% Celebrity/public figure endorsements

Only 4 percent find operators’ own advertising and reporting on network performance to be credible and convincing.
Keep networks real for us

Consumers who perceive their operator to provide the best network in the market are loyal and far more likely to recommend it.

They spend, on average, **17 percent** more per month on mobile broadband access.

Consumers want operators to avoid empty words and focus on network experience instead.