

CONSUMERLAB



ERICSSON

THE NETWORKED LIFE

How connectivity is shaping consumers' lifestyles



An Ericsson Consumer Insight Summary Report
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CONTENTS

- 3 TOWARDS A NETWORKED LIFESTYLE
- 4 INCREASING DEVICE OWNERSHIP
- 5 NETIZENS AND THE UN-NETWORKED
- 6 UNEVEN SPREAD
- 7 THE JOURNEY
- 8 SOCIAL PARTICIPATION AND SHARING
- 9 COLLECTIVE INTELLIGENCE
- 10 TECHNOLOGY FOR GOOD
- 11 THE FUTURE OF NETWORKED LIFESTYLES

METHODOLOGY

This report presents insights from data gathered through 45,290 face-to-face and online interviews with consumers aged 15-69 years old, representing 1.2 billion people across 24 countries: Angola, Brazil, Canada, Chile, China,

Colombia, France, Germany, India, Indonesia, Italy, Ivory Coast, Jamaica, Japan, Kenya, Lebanon, Norway, Poland, Russia, South Korea, Sweden, Thailand, the UK and the US.



THE VOICE OF THE CONSUMER

Ericsson ConsumerLab has 20 years' experience of studying people's behaviors and values, including the way they act and think about ICT products and services. Ericsson ConsumerLab provides unique insights on market and consumer trends.

Ericsson ConsumerLab gains its knowledge through a global consumer research program based on interviews with 100,000 individuals each year, in more than 40 countries and 15 megacities – statistically representing the views of 1.1 billion people.

Both quantitative and qualitative methods are used, and hundreds of hours are spent with consumers from different cultures. To be close to the market and consumers, Ericsson ConsumerLab has analysts in all regions where Ericsson is present, developing a thorough global understanding of the ICT market and business models.

All reports can be found at: www.ericsson.com/consumerlab

TOWARDS A NETWORKED LIFESTYLE

Through the ages, lifestyles have been shaped by the social, economic, political and cultural patterns that existed at that time. For instance, the hippie movement in the United States in the mid-60s endorsed an alternative and differentiated lifestyle that was detached from the mainstream. Today, however, lifestyles are synonymous with the products and services we use, which indicate who we are to the world. As consumers spend more time online and use digital

services, their perspective on life changes, leading to a networked lifestyle. In addition, the exponential growth in internet use and an ever-increasing share of products and services being consumed over the internet have triggered an “all-inclusive” effect.

This report explores the attitudes and behaviors of two groups of consumers who are at opposite ends of the spectrum of a networked lifestyle.

KEY FINDINGS

1. More than 80 percent of consumers in 24 countries lead a networked lifestyle to some degree



Social participation, sharing, engagement in collective intelligence and the belief that technology has a positive impact on society are key elements of the networked lifestyle

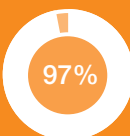


The networked lifestyle is all-inclusive in the sense that individual benefit increases as more people participate and adopt it

2. The forerunners of the networked lifestyle are the netizens, who spend more time online on a wider range of services than others. They comprise 17 percent globally



Netizens are highly represented in Chile with 32 percent, South Korea with 29 percent and Brazil with 28 percent. Lebanon and Ivory Coast have the lowest representation with 3 percent and 2 percent respectively



In comparison to Brazil and Chile, France and Germany have a low percentage of netizens; however 97 percent of people have adopted the networked lifestyle to some extent, indicating inclusivity. One in every five consumers in Brazil is un-networked, suggesting the presence of a digital divide

3. There are varying differences in key markers of the networked lifestyle



65 percent of netizens participate in a sharing economy, compared to 9 percent of un-networked

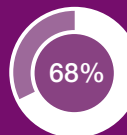


The un-networked show an inclination in becoming socially networked. 35 percent believe it is easier to discover products through online communities and they are closer to the global average in this respect

4. 18 percent of consumers are still not a part of this lifestyle



Many in the un-networked group have a mobile phone but are yet to experience the positive effects of interconnecting with others. They may be connected technically but are not yet networked socially



The highest proportions of un-networked consumers are in Ivory Coast with 68 percent, Indonesia with 62 percent and India with 52 percent

5. Consumers expect more devices to be connected



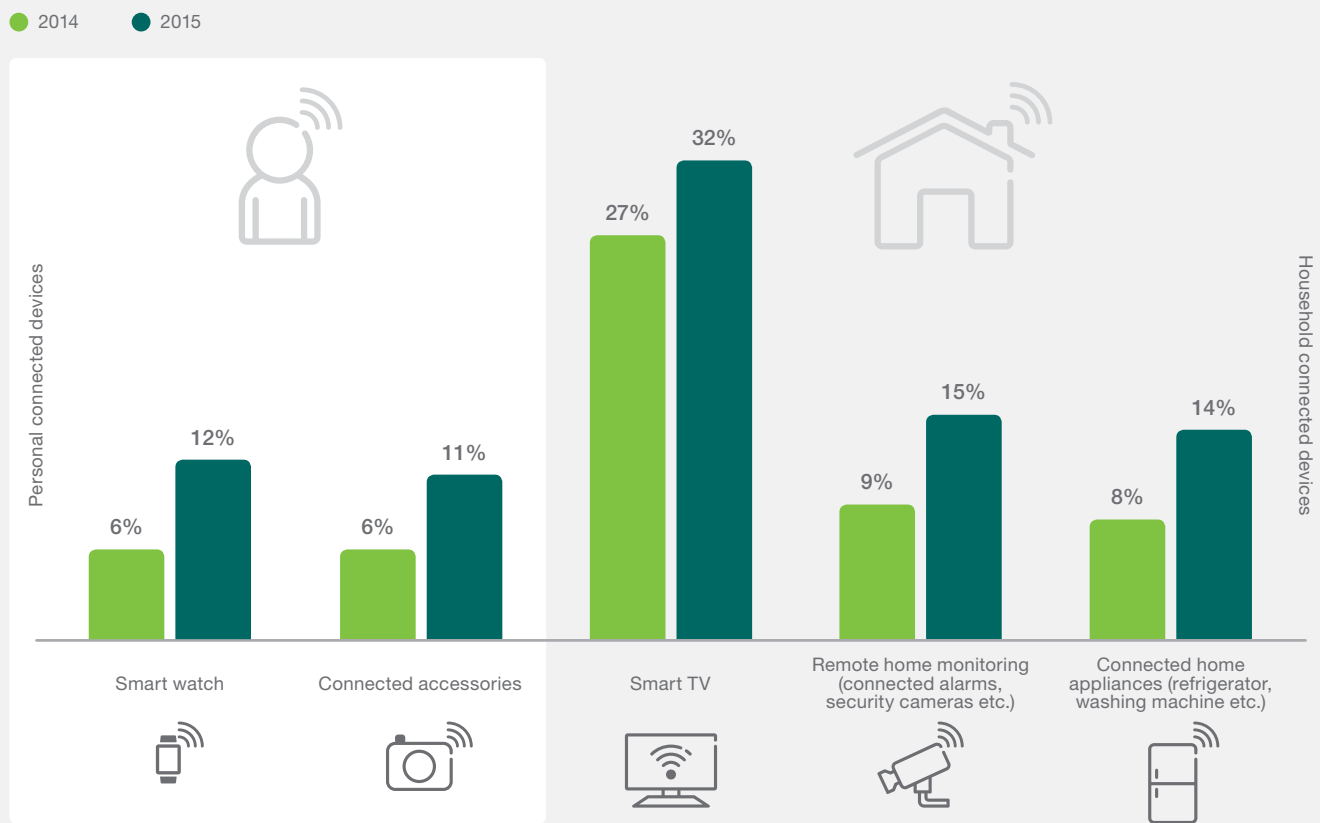
Topping the wish list of devices to be connected are TVs at 53 percent, home alarms at 37 percent and cars at 35 percent

INCREASING DEVICE OWNERSHIP

Owning a mobile phone is not necessarily indicative of one's adoption of a networked lifestyle. In order to adopt this lifestyle, one needs to see the benefits of online participation and subsequently engage in behavior which involves social online activity and sharing. Using multiple devices is endemic to such behavior. Today, consumers are connecting more devices to the internet than ever before.

Based on research in 12 countries, it was found that the average number of devices connected to the internet has increased from 3.1 devices per household in 2014 to 4.1 devices in 2015. This increase is visible for both personal connected devices such as smart watches, as well as connected household devices such as smart TVs and remote home monitoring systems (Figure 1). As a result, consumers are spending more time online incorporating digital services and devices with everyday activities.

Figure 1: Average number of connected devices available in a household



Source: Ericsson ConsumerLab Analytical Platform, 2014-2015
 Base: Population aged 16-69 in Brazil, Canada, China, Germany, India, Italy, Japan, Russia, South Korea, Sweden, the UK and the US

The networked effect

A network effect is the influence that a user of a product or service has on the value of that product or service to other people. For example, as more and more people obtain mobile phone connections, it increases the levels of interconnectivity, thereby increasing the value of owning the product itself.

However, we now see that when the network effect happens to many products and services simultaneously – such as when people quickly adopt a range of both connected products and networked services – value becomes accumulated on a lifestyle level.

A networked lifestyle is one where people become connected online and start engaging in sharing knowledge and resources with each other. As more people engage in social participation and sharing, it leads to an accumulation of collective intelligence. This comes from an implicit trust placed in online communities when it comes to information research, reviews or finding new products to buy. This lifestyle is inclusive in nature, because it increases in strength as more people start adopting it.

NETIZENS AND THE UN-NETWORKED



Globally, consumers are in various stages of adopting a networked lifestyle but 18 percent are still not part of this lifestyle. Based on analysis of 24 countries, it has become evident that as consumers spend more time on the internet and use more digital services, they start to have a different perspective on life. Based on time spent on the internet and the variety of online services used, two consumer groups were selected to represent behavior at each end of the usage spectrum.

Netizens

Netizens are the forerunners. They spend the most amount of time on the internet and their average internet usage is at least an hour daily. They are the heaviest users of digital services, typically using around seven services on a daily basis. This group differs from others across multiple parameters. There are more males than females, with a high representation of professionals in the 30-39 age bracket and fewer in the 50+ group.

Our research shows that netizens, who comprise 17 percent of those interviewed, are driving the networked lifestyle; and about another 65 percent are engaged in some aspects of the networked lifestyle. On average, netizens own at least three devices that are connected to the internet. They are the most positively disposed towards ICT and display the need to be constantly connected via the internet. As a result, they frequently engage in virtual social interactions and believe in the power of collective intelligence (discovering products and services through social networking platforms rather than asking friends and family; preferring to discover products through online communities than by searching the internet). They feel that technology helps them to be efficient in managing everyday activities as well as providing them with entertainment.

Even though netizens appreciate the positive aspects of ICT, they do express a few concerns about leading a networked lifestyle. 40 percent of netizens agree that ICT is compromising their privacy. However, they are also

ahead in finding that the benefits of ICT outweigh the risks. Perhaps the netizens' higher levels of usage and experience of ICT makes them more appreciative of the benefits of ICT, while still being aware of the risks.

Un-networked

The un-networked group, which comprises 18 percent of consumers, is at the other end of the spectrum. This group spends the least amount of time on the internet, which is less than once a day. The group includes more females than males with a high representation of 40-59 year olds and a low number of under 29 year olds and students. The number of devices owned is the lowest, with an average of only a single device. The limited set of consumers within this group, who are connected to the internet, tend to lean towards ICT largely for entertainment, compared to the netizens who perceive benefits of both entertainment and efficiency. Lack of knowledge in using the internet is a key barrier, and results in low aspirations for virtual social interaction and a lack of recognition in the potential of collective intelligence.

Only around one in five of the un-networked group uses the internet, and they do so quite infrequently (less than weekly). There is also very little difference in their outlook towards technology in comparison to non-internet users. For instance, around 41 percent of internet users in the un-networked group believe that ICT helps them manage everyday tasks efficiently, while 37 percent of the non-internet users think this would be the case, showing a similar outlook. Similarly, 46 percent of internet users among the un-networked believe that connecting more people using technology would be better for society, which is again similar for the non-internet users at 45 percent. From this, we can conclude that the un-networked is a homogenous group with similar attitudes towards ICT.

Like netizens but to a lesser degree, the un-networked also have concerns, with 32 percent agreeing that ICT is abetting civil unrest in the world and 29 percent agreeing that it is compromising their privacy.

UNEVEN SPREAD

Based on research in 24 countries, about 43 percent believe that development and wide usage of technology has helped in creating high quality products and services in their country. 41 percent state that technology has helped them reach more people in the world and understand global developments, making geographical boundaries irrelevant. Around 31 percent mention that their buying habits have changed a lot over the past 5 years, with most purchases carried out online.

However, there is an uneven spread in terms of the extent of adoption across these countries. As seen in Figure 2, the distribution of netizens and un-networked varies across the

24 countries, indicating considerable differences in how fast societies are becoming networked. Chile (32 percent), South Korea (29 percent) and Brazil (28 percent) have the largest group of consumers leading a networked lifestyle, compared to Ivory Coast (2 percent) and Lebanon (3 percent), which have the smallest groups of netizens.

The share of consumers in the un-networked group is high in Ivory Coast (68 percent), Indonesia (62 percent) and India (52 percent) and the lowest in Canada with less than 1 percent and Japan and Norway with 1 percent each.

Figure 2: Distribution of the groups

● Un-networked ● Netizens



Online interviews: Canada, France, Germany, Italy, Japan, Norway, Poland, Russia, South Korea, Sweden, UK, and the US

Face-to-face interviews: Brazil, Chile, China, Colombia, India, Indonesia, Ivory Coast, Jamaica, Kenya, Lebanon and Thailand

Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries

THE JOURNEY

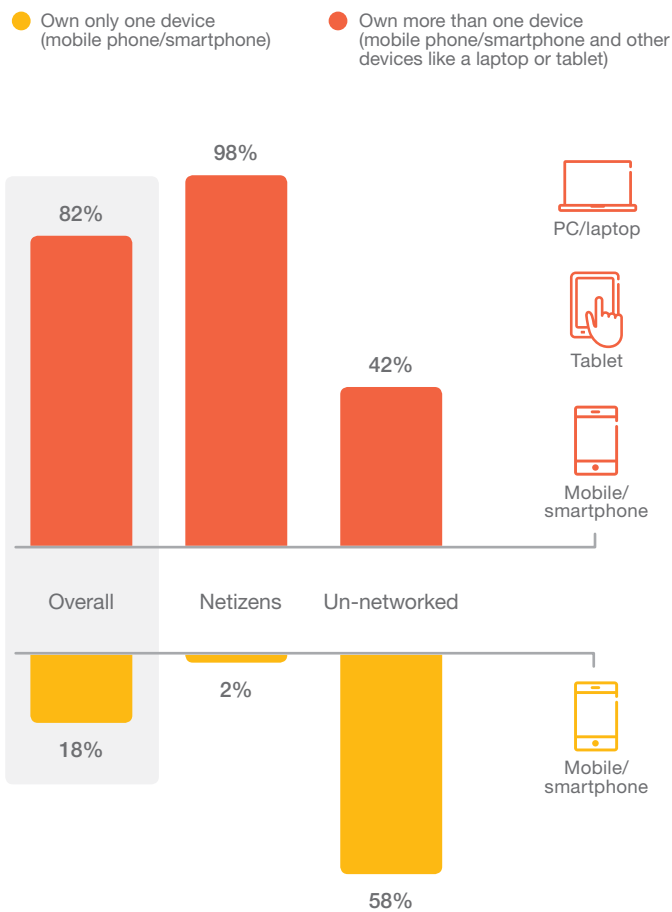
The disparities between the two groups, the netizens and the un-networked, are indicative of the pace at which societies move towards a networked lifestyle.

Disparate levels of connectedness

98 percent of netizens own more than one device (smartphone and other devices like a laptop or tablet), as seen in Figure 3. The highest proportion of netizens owning more than a single device is seen across Canada, Germany, Lebanon, Poland and Russia; while the lowest is seen in Thailand and Indonesia.

In contrast, 58 percent of the un-networked own only a single connected device (mobile phone/smartphone); the highest proportion of which is seen in Angola (70 percent). There is also an interesting paradox in Brazil where 1 in every 4 consumers belongs to the netizens group, while about 20 percent of its population is in the un-networked group. This demonstrates that a digital gap exists in these countries, between those who have adopted the networked lifestyle and the un-networked.

Figure 3: Ownership of devices



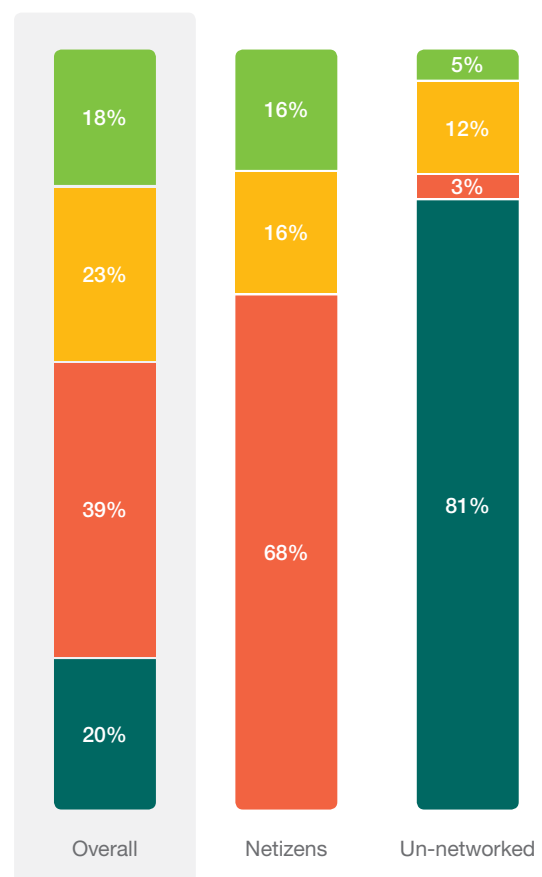
Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries



98 percent of netizens own more than one device

Figure 4: Mediums used to access the internet

- Only fixed broadband
- Only mobile broadband
- Both
- Don't use the internet



Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries

On the other hand, France and Germany have 16 percent and 14 percent of consumers, respectively, who belong to the netizens group, which is lower than Chile and Brazil. However, France and Germany have an un-networked population of less than 3 percent, indicating more inclusivity.

The un-networked group also ranks high among those who use only mobile broadband to connect to the internet. Out of the 19 percent who have some form of internet at home and use it by themselves, 12 percent use only mobile broadband (Figure 4). In comparison to the netizens, 68 percent are using both mobile and fixed broadband to connect to the internet.

SOCIAL PARTICIPATION AND SHARING

Consumers are increasingly participating in and sharing information on multiple social media platforms. They create and participate in communities with varying lifespans, depending on the objective. For example, social groups created for a university alumni network to keep in touch with each other will have a longer lifespan compared to a group created to plan an event.

The highest levels of social participation and sharing are displayed by the netizens, with 73 percent engaging in at least 2 communities using social networking apps and websites, compared to the overall average of 46 percent (Figure 5).

Increased social participation leads to a greater belief in social platforms for sharing goods as well as receiving services from peers. Consumers have started actively using websites and apps designed to enable sharing of goods and services with peers. The essence of these websites and apps are based on social participation and what is referred to as the sharing economy. This behavior is particularly prevalent among the netizens. 65 percent of netizens engage in some form of sharing activity through websites and smartphone applications, compared to 34 percent overall.

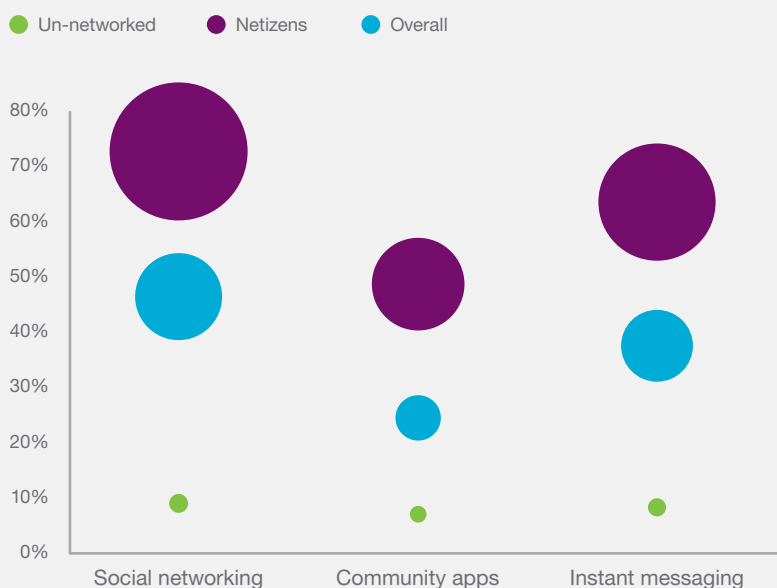
Wi-Fi data sharing with others and renting rooms during travel through service platforms like websites or mobile apps are the most used sharing service categories. An example is Fon, a popular Wi-Fi sharing service which claims to have the largest Wi-Fi network in the world. Fon requests that you share access to your own Wi-Fi router with others, in exchange for free Wi-Fi at any of the 14 million hotspots in its network worldwide.

Among netizens, a variation in the levels of peer-to-peer sharing was observed, with India at 79 percent, Angola and Colombia at 78 percent each and Kenya at 35 percent.

When it comes to the un-networked group, lower levels of social participation were observed. Nine percent of un-networked consumers engage in at least two social networking communities and fewer still engage in instant messaging and community apps. In addition, only nine percent of the un-networked group use peer-to-peer sharing services.

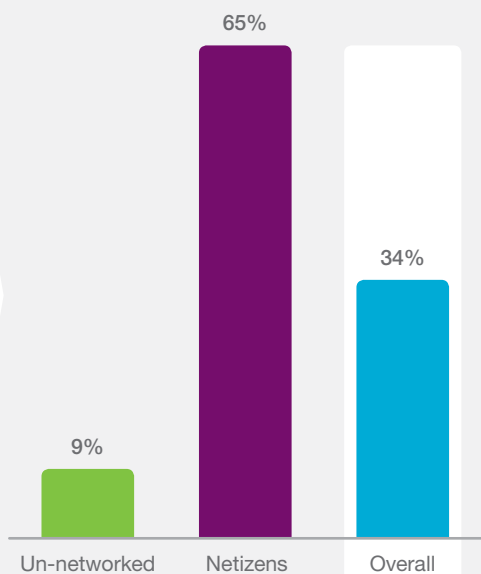


Figure 5: People engaging in at least two communities



Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries

Proportion of people participating in a sharing economy



COLLECTIVE INTELLIGENCE



48 percent of netizens perceive that discovering products through online communities is easier than through the internet

As consumers participate in more social media platforms, visit e-commerce sites and review websites, they gain access to a wealth of information about products and services based on user reviews and ratings. This provides them with the collective intelligence required to make a decision about buying a product or service.

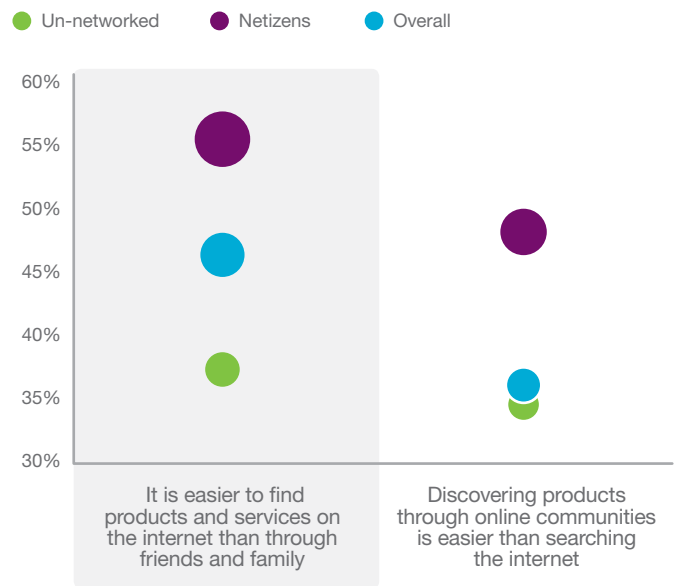
Social platforms also offer opportunities to discover new products and services. For example, being a member of an educational community for high school students can give access to information on the various courses available across different universities. 56 percent of netizens state that it is easier to find products and services on the internet than through friends and family; the highest proportion of these are seen in the US (71 percent).

Across the 24 countries, 38 percent of the un-networked group state that it is easier to find products and services on the internet than through friends and family. In India, the percentage of people who do this is high, at 56 percent.

Likewise, while 48 percent of netizens perceive that discovering products through online communities is easier than searching the internet; 35 percent in the un-networked group

are of the same opinion. This indicates that the un-networked are open to the idea of discovering products through online communities. In fact, the top reason why non-internet users get an internet connection is to access social networking. This explains why the percentage of un-networked consumers who agree that discovering products and services through online communities is closer to the overall average.

Figure 6: Proportion of consumers who agree with the statement



Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries



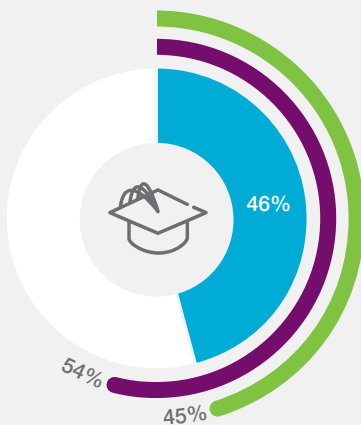
TECHNOLOGY FOR GOOD

There is a positive correlation between adopting a networked lifestyle and believing that technology can have a positive impact on society. A higher proportion of netizens believe that technology has the transformative power to bring about the betterment of society.

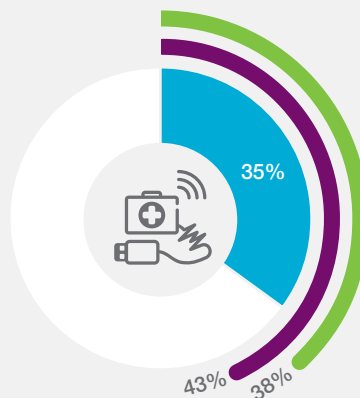
For instance, 54 percent of netizens believe technology is making education available for all, in comparison to 44 percent of the un-networked group. Among the netizens, 64 percent in the US believe in the democratization of education. This is also reflected in the higher numbers of netizens who think technology plays a role in the improvement of the healthcare environment and has the potential to reduce casualties from natural and man-made disasters (Figure 7).

Figure 7: Consumers who agree that technology has positive effects

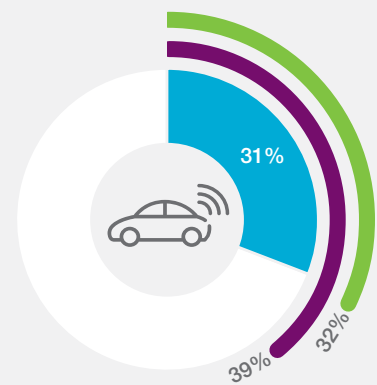
● Un-networked ● Netizens ● Overall



Technology democratizing education



Technology improving healthcare environment



Technology reducing casualties

Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries



THE FUTURE OF NETWORKED LIFESTYLES

Greater connectivity and integration across devices

According to Ericsson ConsumerLab Analytical Platform comprising data from 21 countries, 23 percent of consumers in 2015 believe that virtual interactions are as good as person-to-person interactions compared to 17 percent in 2011. This shows that acceptance for virtual interactions are growing slowly and steadily. 48 percent in 2011 tried to strike a healthy balance between work and life, while this is only 42 percent in 2015, indicating that consumers are looking for more work-life integration than balance. 46 percent of consumers in 2011 believed it was important to be reachable all of the time, but this has fallen to 38 percent in 2015, suggesting that consumers have access to technologies that help them remain accessible.

Consumers have only begun to enter the era of networked lifestyles, and they expect greater mobility and an increasing number of devices to become connected.

For instance, based on research and analysis of 24 countries, 32 percent own a smart TV. Therefore, video streaming apps have the potential to become mainstream on a global scale in the near future, which could potentially have large ripple

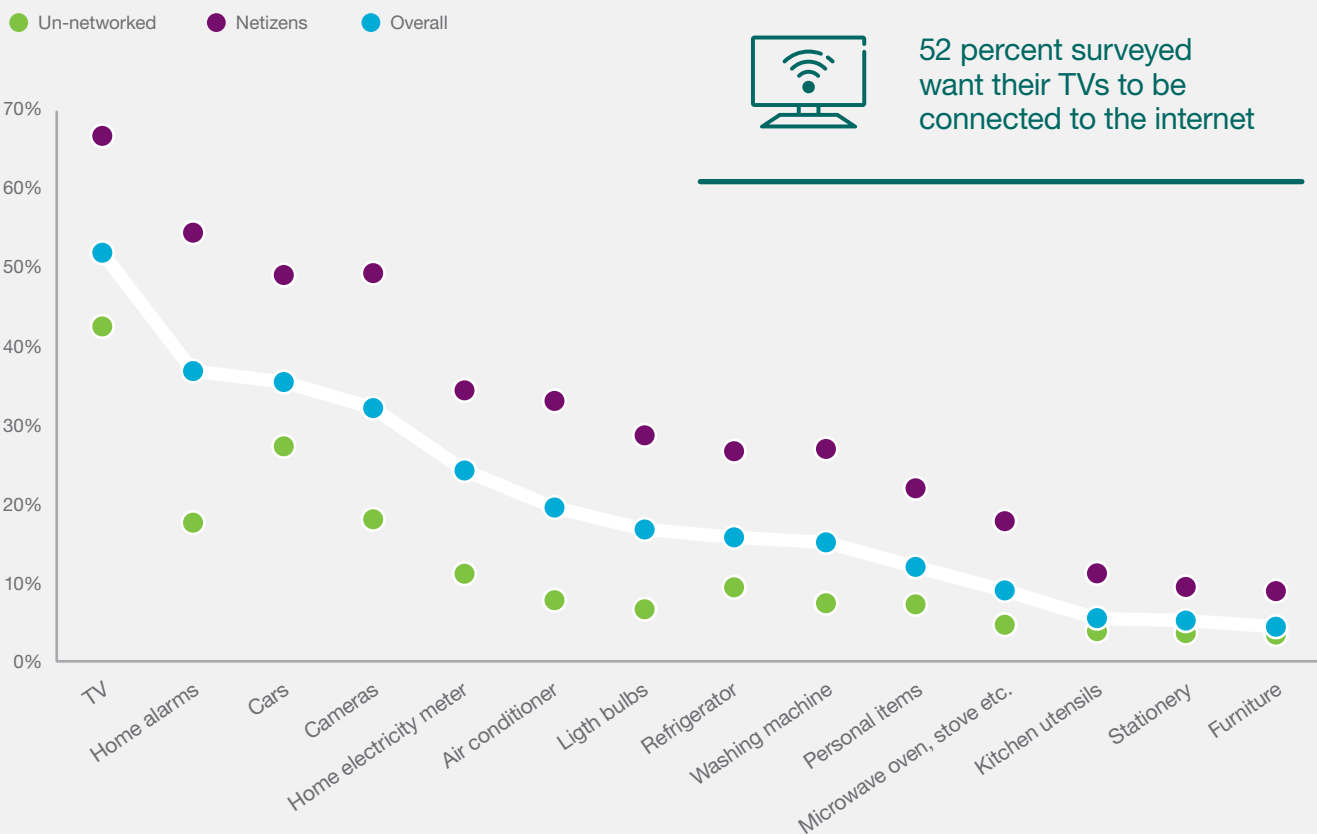
effects on the entertainment industry. Already, 52 percent surveyed want their TVs to be connected to the internet. 24 percent of consumers also state that they are using services that allow them to pause a movie, TV show or video on one device and then resume playing from another device.

Across the 24 countries, 37 percent of consumers stated that they want their home alarms to be connected, while around 24 percent want connected home electricity meters, and 19 percent want their air conditioners to be connected. Inside their homes, fewer want connected kitchen appliances, indicating that the usefulness of these items being connected is not evident to the consumers.

Endless options for connectivity

Nevertheless, it seems that consumers recognize the benefits of various devices in their life becoming connected. Overall, 35 percent of internet users in 24 countries want their cars to be connected, and around 32 percent want their cameras to be connected, while around 12 percent want their personal items like shoes, clothes, glasses, wallet and jewelry to be connected. More connected devices will ultimately lead to redefined networked lifestyle needs.

Figure 8: Wish list of devices to be connected



52 percent surveyed want their TVs to be connected to the internet

Source: Ericsson ConsumerLab, The networked life, 2015
Base: People aged 15-69 across 24 countries

Leading transformation through mobility

We are a world leader in the rapidly changing environment of communications technology – providing equipment, software and services to enable transformation through mobility.

Some 40 percent of global mobile traffic runs through networks we have supplied. More than 1 billion subscribers around the world rely every day on networks that we manage. With more than 37,000 granted patents, we have one of the industry's strongest intellectual property rights portfolios.

Our leadership in technology and services has been a driving force behind the expansion and improvement of connectivity worldwide. We believe that through mobility, our society can be transformed for the better. New innovations and forms of expression are finding a greater audience, industries and hierarchies are being revolutionized, and we are seeing a fundamental change in the way we communicate, socialize and make decisions together.

These exciting changes represent the realization of our vision: a Networked Society, where every person and every industry is empowered to reach their full potential.

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