

MILLENNIALS' EXPECTATIONS FOR 5G

EXTRACT FROM THE
ERICSSON MOBILITY REPORT

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Born between the early 1980s and the early 2000s, millennials have grown up in the age of the internet and mobile communications. This age group is not only leading the way in terms of the adoption of digital devices but also will most likely set the demands on future digital networks and services due to its technical knowledge and skills, as well as its high expectation level

As 5G wireless technology is rolled out, millennials will be the largest generation and in their prime years of consumer spending. They will play a pivotal role in shaping the future of the telecommunications industry and, more specifically, 5G services.

Millennials demand more from network performance

Relative to other consumer segments, millennials have high expectations for network performance and demand a lot from their mobile service providers. Younger millennials have led a clear shift in video consumption trends,

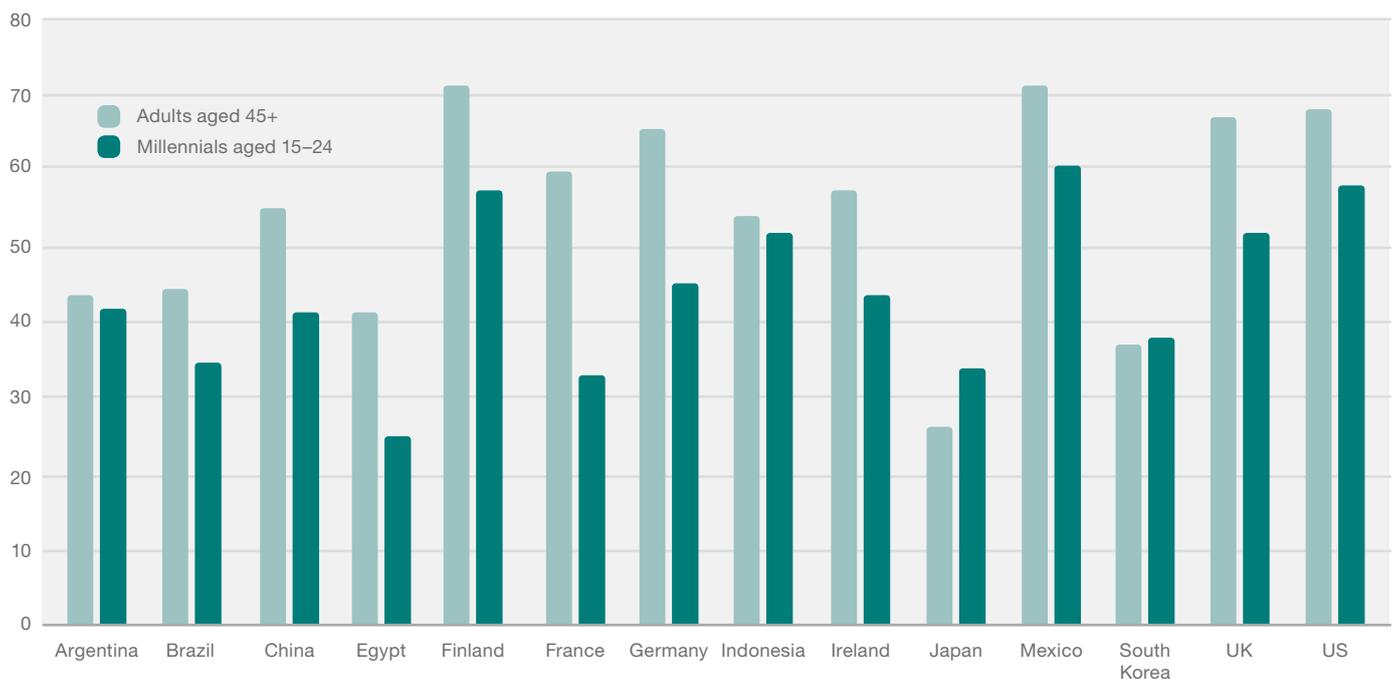
and how they engage with video today offers an insight into the way mainstream viewing patterns could develop over the next 5 to 10 years. A recent survey of 14,000 smartphone users in 14 countries revealed that 28 percent of millennials aged 15 to 24 stream on-demand videos for 1 to 3 hours a day, and 17 percent stream for 3 to 6 hours – nearly 6 times more than those aged 45 or over.¹

The group's high video consumption pattern leads to higher expectations on network performance. In 12 of the 14 countries surveyed, millennials were more critical of network performance

than those aged over 45. Less than half of millennial smartphone users said their mobile broadband quality expectations have been met. As millennials' spending power and expectations rise, these findings suggest that operators will need to focus on how to meet the expectations of this consumer segment.

Less than half of millennial smartphone users say their expectations have been met on mobile broadband performance

Millennials and adults aged over 45 who say their expectations on network performance have been met (percent)



¹ Ericsson ConsumerLab Analytical Platform (June 2017)

High expectations for 5G

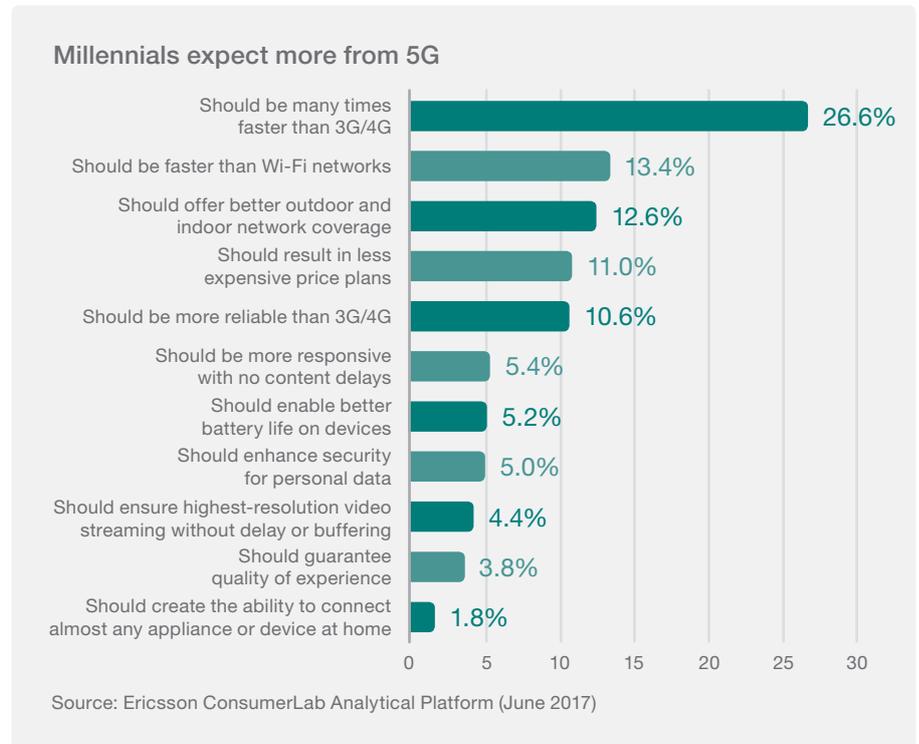
The potential benefits of 5G networks are already creating big expectations in the market. The recent survey among smartphone users previously referenced suggests that young millennials expect better speeds and coverage from 5G. In addition, when asked to choose their most important expectation, over 30 percent named a factor beyond speed and coverage, such as better battery life, high network reliability and guaranteed quality. While some of these expectations will be difficult for operators to deliver soon, many tie in well with the promise of 5G.

Over 30% of millennial smartphone users say a factor beyond better speed and coverage is their most important expectation from 5G

Evolving video experience

Making the expectations for 5G a reality will have significant implications for mobile networks. Up until this point, increasing video usage has been the main driver behind the growth in mobile data traffic. As video continues to merge with other types of content, beyond streaming apps and video on-demand services, this trend is expected to continue. Video now accounts for over 50 percent of all mobile traffic – a figure that is expected to increase to over 75 percent by the end of 2023.

There is much discussion within the mobile industry community about the rapid development of online video to ever more immersive formats. For example, the rise of virtual reality (VR) and augmented reality (AR) will place



new demands on networks in the future. A recent survey² of consumers aware of VR in 8 countries suggested that 7 out of 10 early adopters expect VR/AR to fundamentally change everyday life. These early adopters expect 5G to play a significant role in enriching the shared VR experience by providing lower latencies, haptic feedback and higher resolutions.

Given that network performance is sufficient, AR and VR look set to make the transition from media and entertainment novelties to enabling a wide range of consumer and industrial use cases. This transition should accelerate as 5G network capabilities, including significantly reduced latency in the radio access, are combined with network slicing and Mobile Edge Computing (MEC).

In its current forms, AR may be much more suited than VR to mobile applications. However, the line between the two is already dissolving, with merged reality (MR), stereoscopic six degrees of freedom (6DoF) and holographic video on the horizon.

Meeting expectations

As existing mobile broadband networks improve, and consumers become more aware and exposed to the services that can be further enriched by 5G, expectations will continue to evolve. Operators preparing for 5G have an opportunity to win the trust of these millennials by keeping up with their demands – reaping the benefits of increased customer loyalty.

² Ericsson ConsumerLab, Merged Reality (June 2017)

Base: 9,200 consumers aged 15–69 in France, Germany, Italy, Japan, South Korea, Spain, the UK and the US

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