ERICSSON

# 10 HOT CONSUMER TRENDS 2013

# CLOUD RELIANCE RESHAPES DEVICE NEEDS

Figure 1: Online service use preference on different devices

**USA**
- Tablet user: 51% / 30%
- Smartphone user: 48% / 27%
- Mobile phone user: 39% / 35%

**SWEDEN**
- Tablet user: 53% / 35%
- Smartphone user: 46% / 22%
- Mobile phone user: 37% / 28%

**JAPAN**
- Tablet user: 53% / 35%
- Smartphone user: 37% / 23%
- Mobile phone user: 29% / 31%

**AUSTRALIA**
- Tablet user: 62% / 18%
- Smartphone user: 51% / 21%
- Mobile phone user: 39% / 33%

● I use all my devices for all my online services          ● I use a specific device for each online service
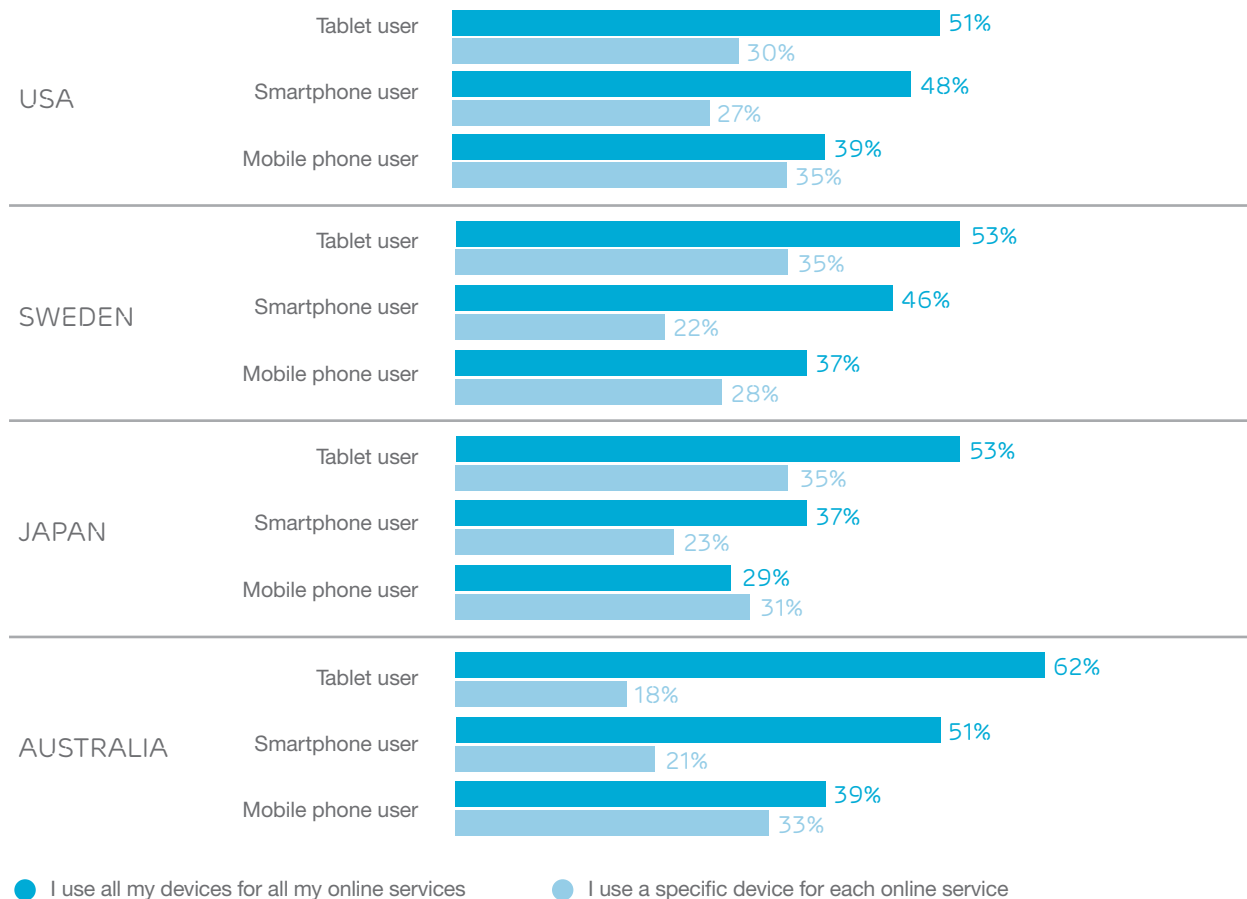
Source: Ericsson ConsumerLab Analytical Platform 2012
Study base: Users of respective devices, aged 15-69

Consumers who use tablets or smartphones know the benefit of having access to all online services on all devices. Services like Facebook, email, browsing, games, music, photos and apps can be used from any connected device, depending on the situation.

On the other hand, users of traditional mobile phones are more prone to use specific devices for specific services. The desktop PC may be used for internet banking and for price comparisons, with the phone used for messaging, the Xbox for games, the iPod for music and the laptop for email and browsing.

Tablet and smartphone users appreciate the simplicity and convenience of having the same apps and data seamlessly available through the cloud on multiple devices. As a result, products aimed at the mass market – from cars to cameras – increasingly require access to the internet, as devices without connectivity are becoming difficult to use for those who wish to access all services seamlessly on all devices.

# COMPUTING FOR A SCATTERED MIND

Figure 2: Home computing for a scattered mind: purchase intent for tablets is now greater than for desktop PCs



Desktop PC   Tablet
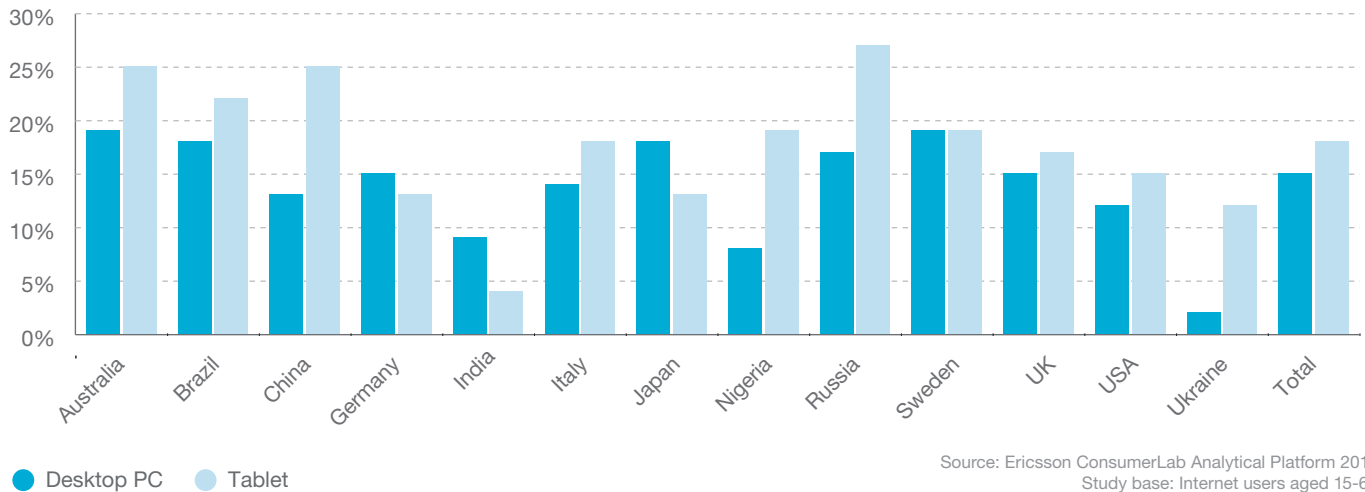
From desktops, files, folders and garbage cans to flat surfaces, apps and cloud services, consumers are increasingly turning their backs on a computing paradigm for the focused mind. Instead of sitting at a work desk and completing tasks, there has been a shift in favor of a computing paradigm where things are handled on the spur of the moment and with one hand – subject to the flow of events as we stand in a shopping line, talk to someone at a café, or run between buses during the commute.

In our study, 18 percent intend to purchase a tablet, compared to 15 percent who plan to buy a desktop PC.

The PC at the work desk becomes the tablet on the living room table, used while watching TV – or on the kitchen table, picked up during a breakfast discussion with the family. Tablet interest is particularly high in Australia, China and Russia.

29 percent also intend to buy smartphones compared to 25 percent who plan to buy laptops. This transforms the mobile computing experience from hauling heavy bags, finding places to sit and searching for power outlets to emailing on the commuter train, using Facebook and shopping apps during the lunch hour, and reading news blogs during a coffee break.

Figure 3: Mobile computing for a scattered mind: purchase intent for smartphones is now greater than for laptops



Laptop   Smartphone
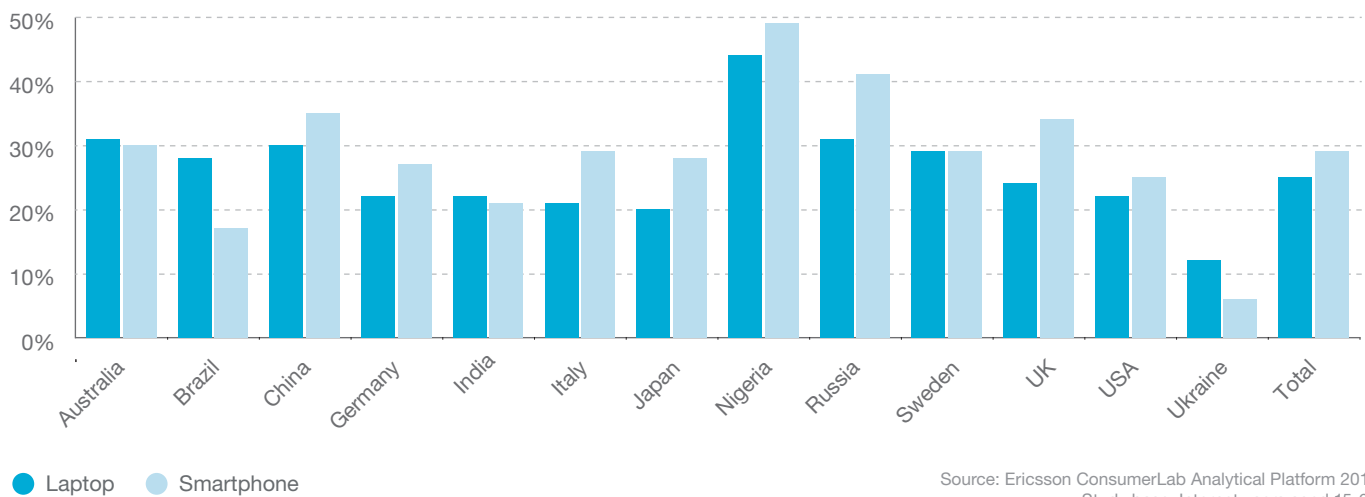
# BRING YOUR OWN BROADBAND TO WORK



Figure 4: Share of smartphone subscriptions used at work



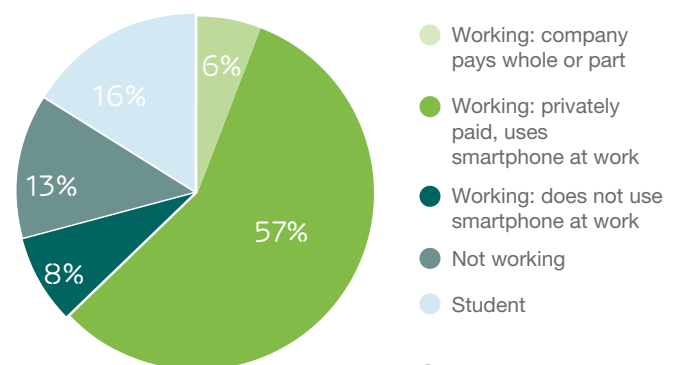● Working: Privately paid, uses smartphone at work  ○ Working: Company pays whole or part

Source: Ericsson ConsumerLab Analytical Platform 2012
Study Base: Smartphone users aged 15-69

It is increasingly possible to remain in contact with one's personal network all day. In order to remain in the loop, people bring their own smartphones with their favorite apps, cloud services and personal smartphone subscriptions when they go to work. According to our study, 57 percent of all smartphone users are working people who use their privately paid smartphone subscriptions at work, compared to only 6 percent who are getting their smartphone bills paid by employers.

Personal smartphones are increasingly being used for work, to send emails, plan business trips, find locations and more. These work applications not only run on employee-owned devices, but also over the mobile broadband connectivity employees bring to work.

Figure 5: Overall distribution of smartphone subscriptions



● Working: company pays whole or part
● Working: privately paid, uses smartphone at work
● Working: does not use smartphone at work
● Not working
● Student

Source: Ericsson ConsumerLab Analytical Platform 2012
Study Base: Smartphone users aged 15-69

## 57%
OF SMARTPHONE USERS ARE WORKING PEOPLE WHO USE THEIR PRIVATELY PAID SMARTPHONE SUBSCRIPTIONS AT WORK

# CITY DWELLERS GO RELENTLESSLY MOBILE

By relentlessly accessing the internet always and everywhere, consumers are now an unstoppable force making internet truly mobile. Total smartphone subscriptions will reach 1.1 billion by end of 2012, and according to Ericsson's Mobility Report this number is expected to grow to 3.3 billion by 2018. There will be no turning back to the fixed internet of old.

In our ongoing city research, we asked people from 18 megacities how satisfied they were with 30 different aspects of their cities, including factors such as safety, garbage handling, quality of education and health care. Mobile network coverage is now the fourth most important driver of satisfaction for city life as cities go mobile. Overall, 67 percent of city dwellers are satisfied with mobile network coverage – with total satisfaction levels peaking at 85 percent in Delhi, 80 percent in Berlin and 78 percent in New York.

Mobile network coverage is essential, as consumers of all ages use their smartphones to stay connected all day. Smartphone apps are based primarily on mobility, and their popularity is transforming the way we use the internet.
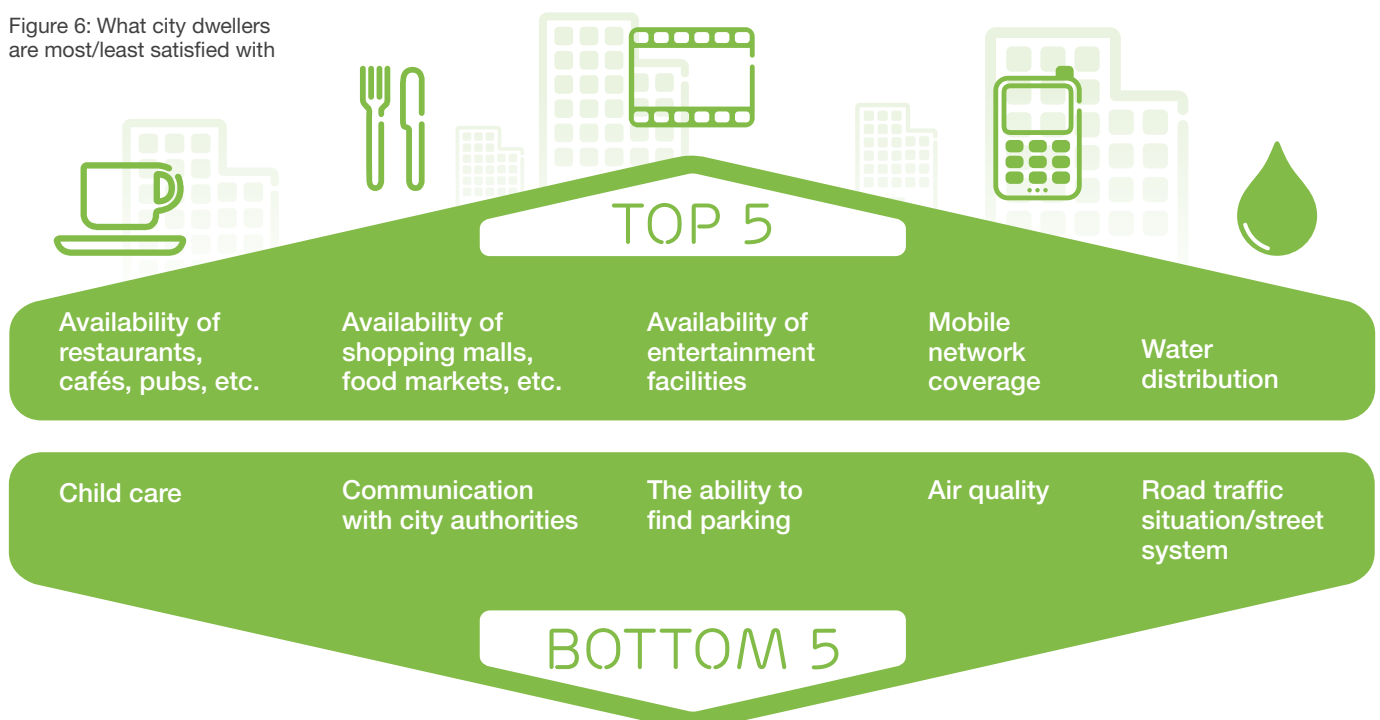
> A better phone is like an upgrade that enables more internet use, but I consider more money spent on internet as an upgrade of life."
>
> Indian consumer

Figure 6: What city dwellers are most/least satisfied with



**TOP 5**

| Availability of restaurants, cafés, pubs, etc. | Availability of shopping malls, food markets, etc. | Availability of entertainment facilities | Mobile network coverage | Water distribution |

| Child care | Communication with city authorities | The ability to find parking | Air quality | Road traffic situation/street system |

**BOTTOM 5**

Source: Ericsson ConsumerLab Analytical Platform 2012
Study base: Internet users in 18 megacities, aged 15-69
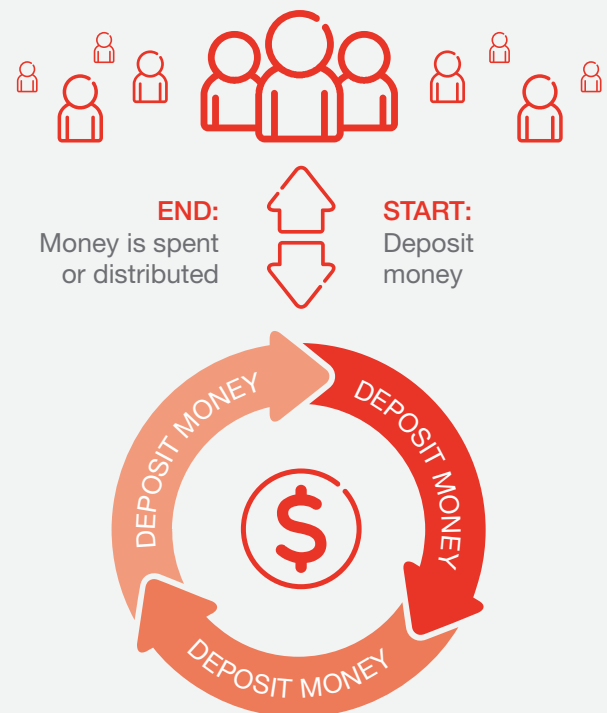
# PERSONAL SOCIAL SECURITY NETWORKS

As a result of economic turbulence, trust in traditional structures and authorities is decreasing and consumers are increasingly putting their trust in personal networks and communities. Consumers often gather in online networks with a common interest, in the same way that consumers in countries where bank structures are not fully implemented gather in private 'saving communities'.

Using online networks to pool money and other resources has also become more common, through crowd-funding and collective cooperation.

In addition, online tools give the individual the opportunity to build different personal spheres and networks that serve a cause, as well as a safety net in case of emergency. Students link up on video chat forum ooVoo to get homework done, and others are using neighborhood networks such as Nextdoor to immerse themselves in their local communities. In a similar way, Linked-In is shaping up to be a serious contender to the unemployment agency. Instead of writing lengthy CVs, some now prefer to send out 140 character 'twesumes' on Twitter.

Figure 7: Saving community structure

**END:**
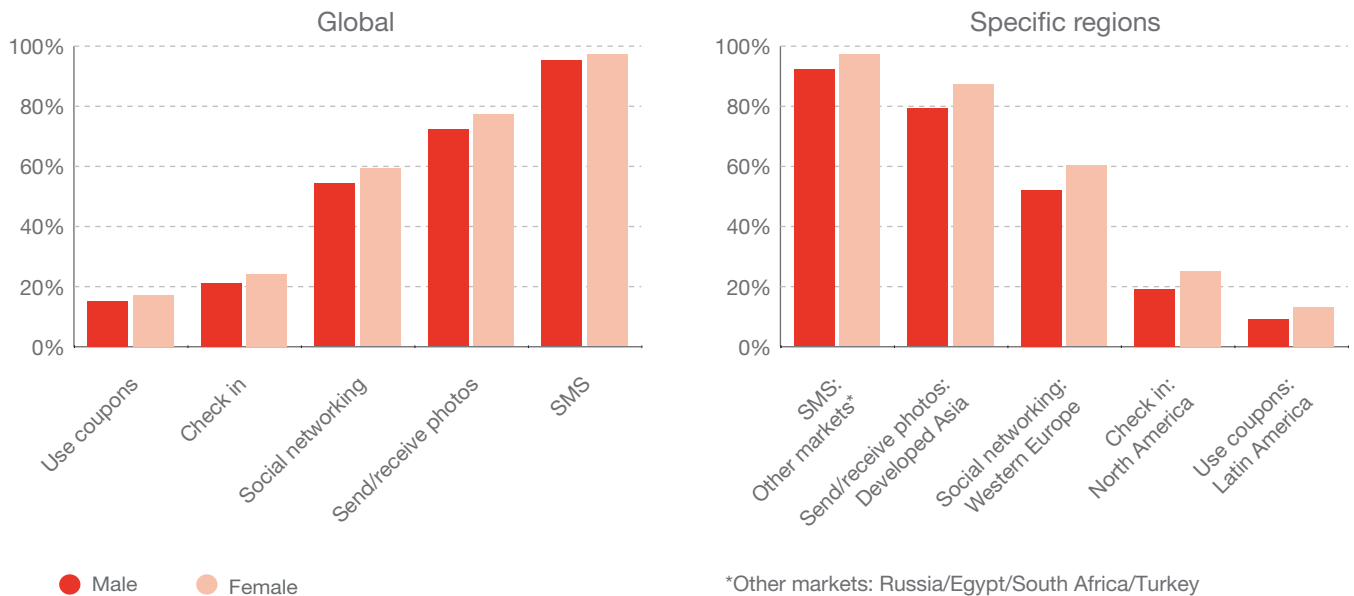Money is spent or distributed

**START:**
Deposit money

DEPOSIT MONEY

DEPOSIT MONEY

DEPOSIT MONEY

$

Source: Ericsson ConsumerLab M-Commerce in Sub-Saharan Africa Report, 2012
Study base: Qualitative study in Sub-Saharan Africa

# WOMEN DRIVE SMARTPHONE MARKET

Figure 8: Male vs female smartphone service use



**Global**

**Specific regions**

● Male    ● Female

*Other markets: Russia/Egypt/South Africa/Turkey

Source: Ericsson ConsumerLab Analytical Platform 2012
Study Base: Smartphone users aged 15 and upwards

Women have been heavy users of communications services on mobile phones for years – and continue to lead many communication and daily life related behaviors on smartphones. On a global scale, female smartphone owners are more active than men when using SMS. 77 percent of women send and receive photos, 59 percent use social networking, 24 percent use apps to check in at physical locations and 17 percent redeem coupons using their smartphones.

Women are especially heavy SMS users in markets such as Russia, Egypt, South Africa and Turkey. Furthermore, they are leaders of the send/receive photo trend in developed Asia, with 87 percent of women doing this compared to 79 percent of men. In Western Europe, a full 60 percent of female smartphone owners use social networking, compared to just 52 percent of men. A quarter of North American women check in to different locations, more so than in other regions. Latin American women also use coupons more than men, although overall use is lower than the global average.

By integrating communication and daily activities with their smartphone usage, women continue to drive broad mass market smartphone adoption.

# CITIES BECOME HUBS FOR SOCIAL CREATIVITY

Figure 9: Prime drivers for using social networks



Legend:
- **Other reasons**
- **To inform myself on what is going on in the city**
- **For business networking**
- **To update myself on what is happening around the world**
- **To connect and exchange ideas with other users who share similar interests and hobbies**
- **To keep my friends, family and other contacts up-to-date on my life**
- **To stay up-to-date with what my friends, family and other contacts are doing**

Chart x-axis labels: CITY AVERAGE, Stockholm, Los Angeles, New York, London, Johannesburg, Hong Kong, Moscow, Seoul, Mumbai, Beijing, São Paulo, Cairo, Tokyo

Source: Ericsson ConsumerLab City Life Report 2012
Study base: Internet users in 13 major cities, aged 15-69



**THE THIRD MOST COMMON ACTIVITY ON SOCIAL NETWORKING SITES IS TO CONNECT AND EXCHANGE IDEAS WITH OTHERS**

People in city centers spend twice as much time with friends as people in rural areas. Perhaps as a result, they also love to use online social networks. City center dwellers have an average of 260 friends online – significantly more than people in suburban areas who have an average of 234. City dwellers also spend a full 45 minutes socializing online every day.

But it's not all about catching up with friends and family. 12 percent of respondents in our city study say that the main reason for using social networks is to connect and exchange ideas with others. This is the third most common reason for social networking among city dwellers, in effect turning cities into hubs for socially networked creativity. It is particularly important in Tokyo, where as many as 38 percent consider exchange of ideas to be the most important reason for social networking. This number is also high in Beijing, Cairo and Seoul.

When thinking about how to increase city dweller satisfaction with the social aspect of cities in the future, being able to better facilitate the creative exchange of ideas on social networks could become very important.

# IN-LINE SHOPPING

Figure 10: What people dislike about online shopping is what they like about in-store shopping

**What do you dislike most about shopping online?** **What do you like most about shopping in a store?**

| | | |
|---|---|---|
| I can't see touch or try things | 73% | 76% I can see touch and try things |
| I have to wait to receive purchases | 30% | 59% I can take my purchases home directly |
| I worry about security/ credit card fraud | 35% | 44% It's fun to browse stores |
| Lack of customer service | 16% | 42% I can get personal customer service |
| Too much choice | 11% | 28% Something to do with friends or family |

Source: Ericsson ConsumerLab
Analytical Platform 2012
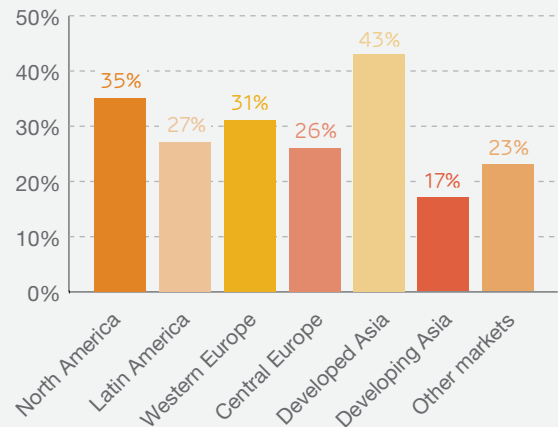Study Base: Internet users in Western
Europe, aged 15 and upwards

A phenomenon best described as 'in-line shopping' has emerged as a result of consumer desire to combine the best aspects of in-store and online shopping. Shoppers want to be able to see, touch and try products, make price comparisons and access extended product information without having to wait in line to make a purchase. In today's Networked Society, where people constantly shift their attention between the physical world and the internet, it will soon become meaningless to talk about online and offline as two separate realities. Retailers will benefit from understanding consumers' desire to shop whenever the mood takes them and to have the ability to combine the benefits of in-store and online shopping.
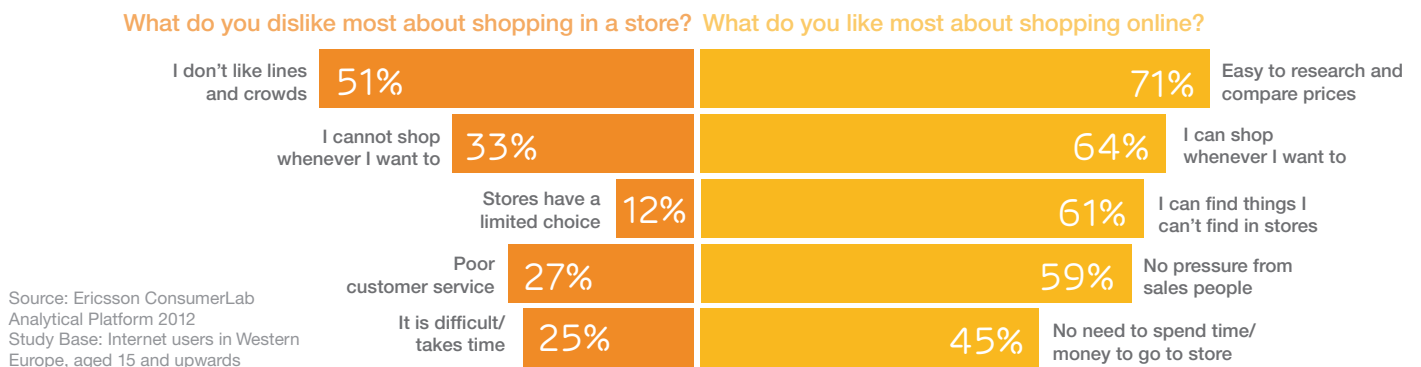
**32%** OF SMARTPHONE USERS GLOBALLY USE SMARTPHONES FOR SMALL PAYMENTS, PRODUCT BARCODES OR COUPONS

Figure 11: Use smartphones for small payments, product barcodes or coupons

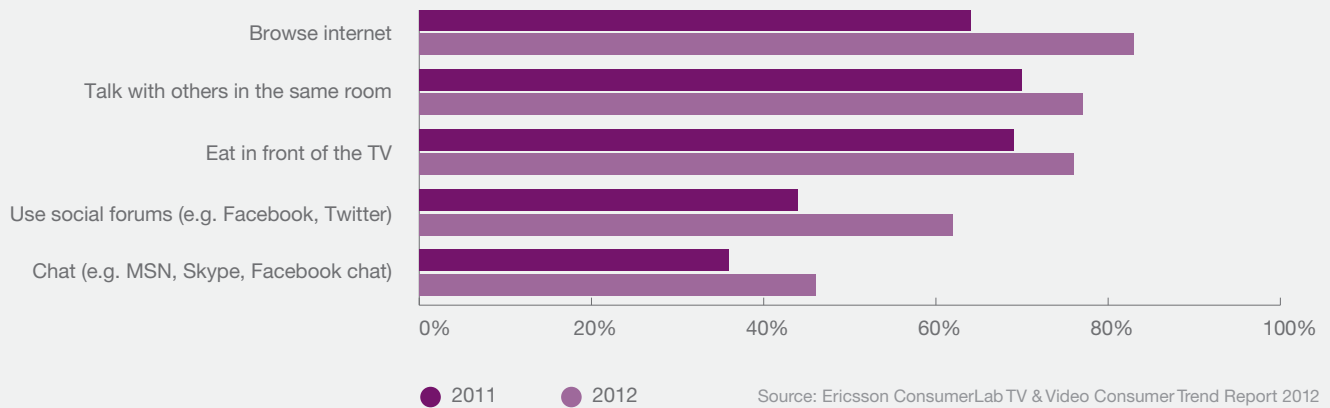| Region | Percentage |
|---|---|
| North America | 35% |
| Latin America | 27% |
| Western Europe | 31% |
| Central Europe | 26% |
| Developed Asia | 43% |
| Developing Asia | 17% |
| Other markets | 23% |

Source: Ericsson ConsumerLab Analytical Platform 2012
Study base: Smartphone users

Figure 12: What consumers dislike most about in-store shopping corresponds to what they like about online shopping

**What do you dislike most about shopping in a store?** **What do you like most about shopping online?**

| | | |
|---|---|---|
| I don't like lines and crowds | 51% | 71% Easy to research and compare prices |
| I cannot shop whenever I want to | 33% | 64% I can shop whenever I want to |
| Stores have a limited choice | 12% | 61% I can find things I can't find in stores |
| Poor customer service | 27% | 59% No pressure from sales people |
| It is difficult/ takes time | 25% | 45% No need to spend time/ money to go to store |

Source: Ericsson ConsumerLab
Analytical Platform 2012
Study Base: Internet users in Western
Europe, aged 15 and upwards

# TV GOES SOCIAL

Figure 13: Activities engaged in at least once per week while watching TV or video content



| Activity | |
|---|---|
| Browse internet | |
| Talk with others in the same room | |
| Eat in front of the TV | |
| Use social forums (e.g. Facebook, Twitter) | |
| Chat (e.g. MSN, Skype, Facebook chat) | |

0%    20%    40%    60%    80%    100%

● 2011    ● 2012

Source: Ericsson ConsumerLab TV & Video Consumer Trend Report 2012
Study base: Broadband users with at least weekly TV/video consumption, aged 16-59 in US, UK, Germany, Spain, Sweden, Taiwan and China

Watching different kinds of video content has always been a social activity. Now, consumers are increasingly using social media while watching TV. More than 80 percent browse the internet while watching and more than 60 percent use social forums or blogs while watching video and TV on a weekly basis.

Interestingly, out of those who use social forums or chats while watching, 42 percent are discussing the things they are currently watching on a weekly basis. The availability of different easy to use mobile devices such as smartphones, laptops and tablets enables this behavior. Micro-blogs like Twitter are popular because they make it possible for people to find others with similar viewing interests, in effect creating a live chat that adds to the overall viewing experience.

## 62%
**USE FACEBOOK OR TWITTER WHILE WATCHING TV**

Mobile devices are becoming a natural part of the viewing experience. Although the majority of video and TV consumption on mobile devices takes place in the home, almost 50 percent of the time spent watching TV and video on smartphones happens outside the home.

Social behaviors enhance the overall TV and video experience, making it worth more. Over 30 percent of respondents say they are more likely to pay for content that they watch in a social context.

# LEARNING IN TRANSFORMATION

A significant number of young people today live in an interactive culture characterized by unlimited access to information and content, anytime, anywhere. It is a culture that relies on peer-to-peer interaction for information to legitimize opinions, actions and behavior. This cultural change is now impacting educational institutions and learning itself.

Learning is transformed through both internal and external forces:

- When young people are at school and college, they bring their personal technology experience into the classroom. In this way, students are becoming a major force for change. Students and progressive teachers' use of ICT is driving a bottom-up pressure on schools and governments to transform. Combined, these students and teachers form the external force.

- There is also an internal force driven by the need for governments and institutions to save money and be more efficient, while at the same time ensuring educational quality and competitiveness. This leads them to look for new ICT-based opportunities that will enable them to be more efficient, extend their reach and enhance their value proposition.

Learning is also transformed when individuals and schools first get connected and gain access to the same learning resources as others. Connectivity changes the outlook for children on a global scale. For example, in India around 30 million of 69 million urban children aged 9 to 18 own mobile phones, and 3 million of these use mobile broadband on their phones. Parents using mobile broadband themselves are more likely to introduce their children to the technology.

Figure 14: Family dynamics need to be considered when it comes to mobile broadband

**24%** of urban parents use mobile broadband on their mobile phones

**83%** of these parents let their kids use mobile broadband
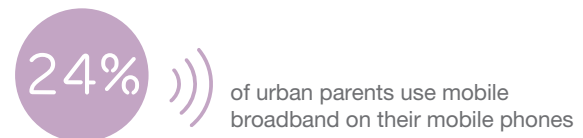
Source: Ericsson Learning and Educations in the Networked Society Report 2012
Ericsson ConsumerLab Generation Z Report – understanding the digital lives of India's young mobile users 2012

Ericsson is the world's leading provider of communications technology and services. We are enabling the Networked Society with efficient real-time solutions that allow us all to study, work and live our lives more freely, in sustainable societies around the world.

Our offering comprises services, software and infrastructure within Information and Communications Technology for telecom operators and other industries. Today more than 40 percent of the world's mobile traffic goes through Ericsson networks and we support customers' networks servicing more than 2.5 billion subscribers.

We operate in 180 countries and employ more than 100,000 people. Founded in 1876, Ericsson is headquartered in Stockholm, Sweden. In 2011 the company had revenues of SEK 226.9 billion (USD 35.0 billion). Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ, New York stock exchanges.