

5G value: Turning performance into loyalty

Exploring what drives 5G network satisfaction and user retention



Methodology of the study

Sample representing 1.5 billion consumers



Data collected between May and June 2023



28 Markets covered in the study

37K+ Consumers surveyed globally

10K+ Active 5G users were interviewed

1.5bn Representing 1.5 billion consumers, including 650 million 5G users

Key trends to capture 5G value

1

5G network satisfaction drivers are evolving beyond coverage

2

5G is reshaping video streaming and AR usage

3

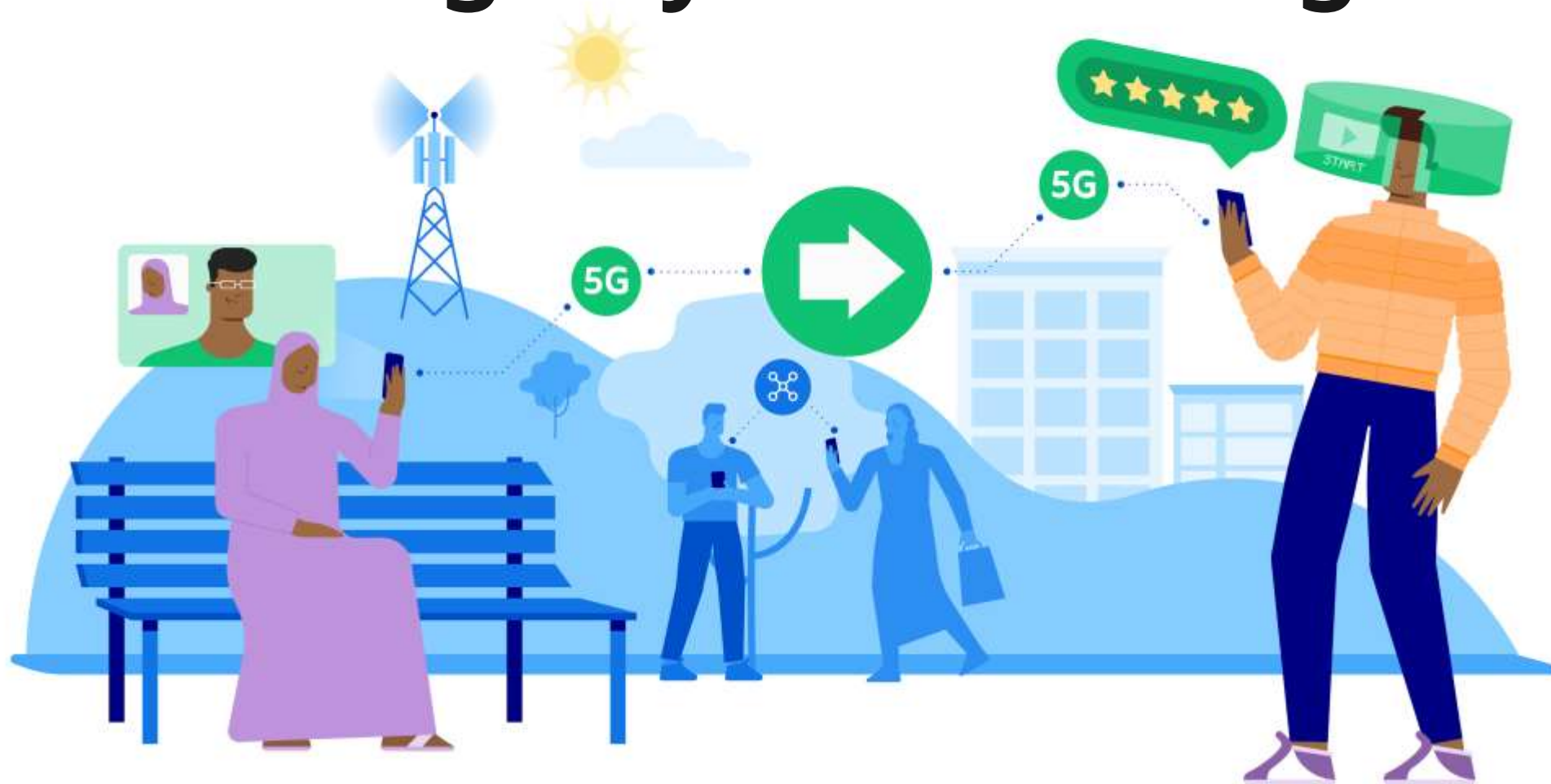
5G performance at key locations influences consumer loyalty

4

5G consumers are willing to pay a premium for differentiated connectivity



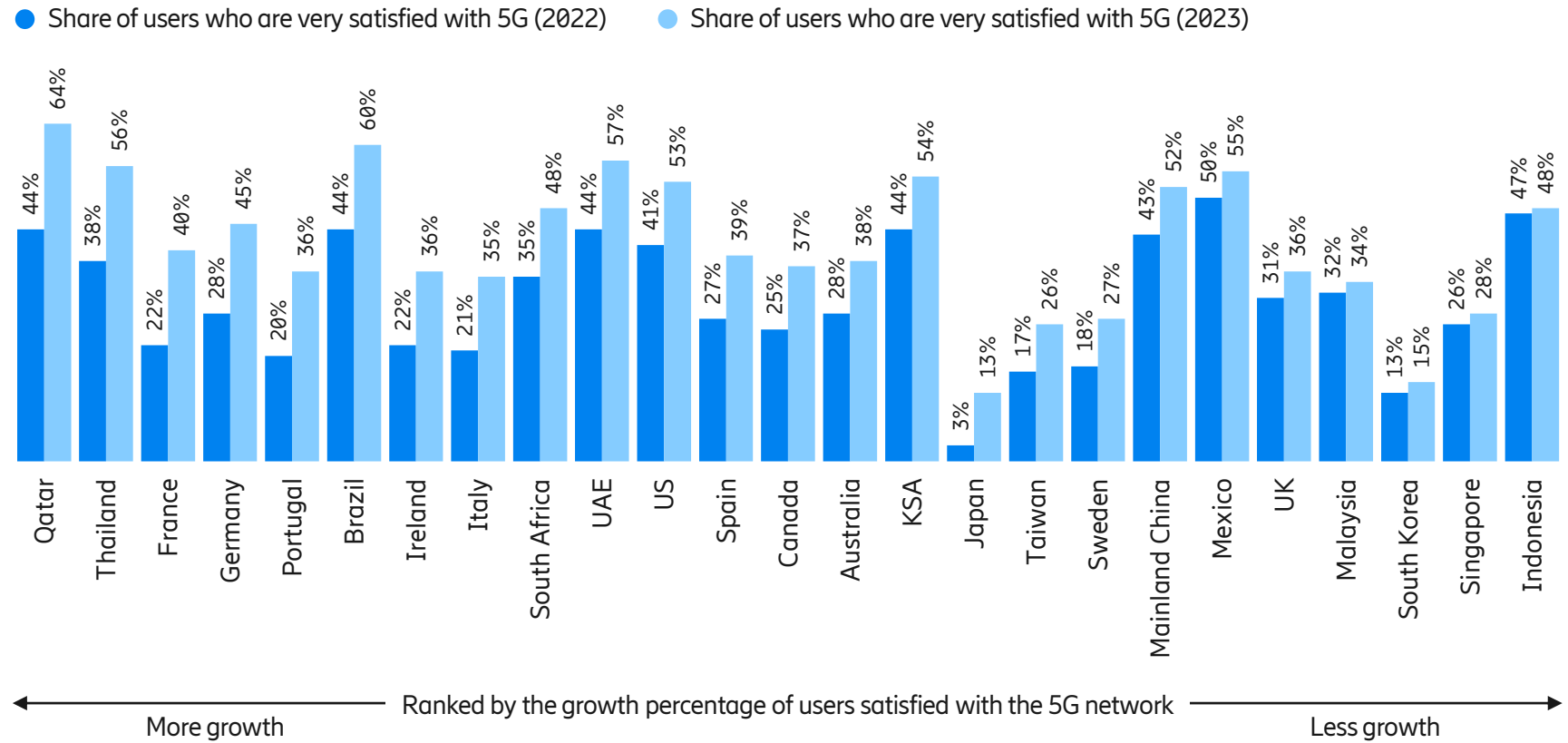
5G network satisfaction drivers are evolving beyond coverage



5G network satisfaction is improving



Percentage-point increase in 5G overall network satisfaction, Apr–May 2022 versus May–Jun 2023



10%
The number of users highly satisfied with overall 5G network performance has increased by 10 percent year-on-year.

Base: 5G users
Source: Ericsson ConsumerLab, 5G value, 2023

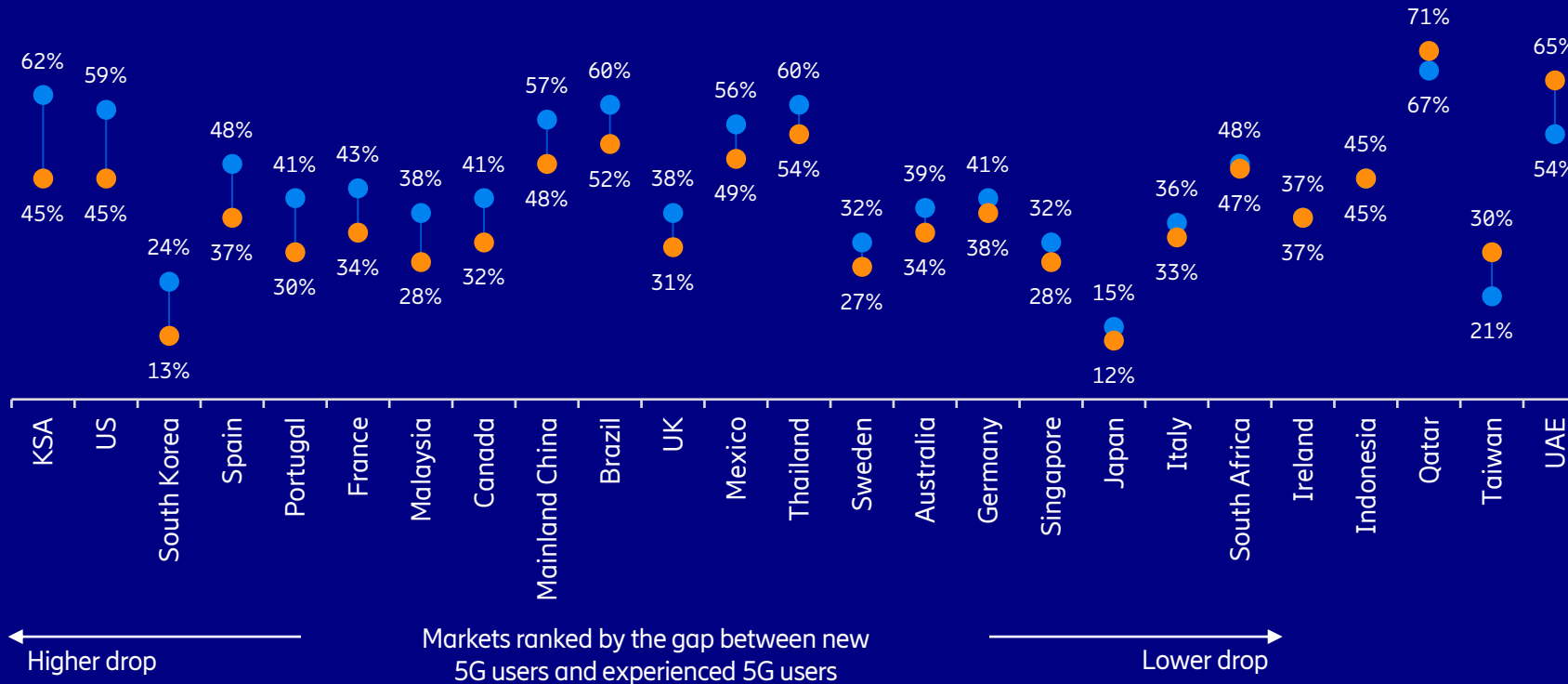


Yet satisfaction among experienced 5G users is declining

Share of users who are very satisfied with 5G network, in relation to time as a 5G user

● New 5G users (less than 6 months as a 5G user)

● Experienced 5G users (more than a year as a 5G user)



-10%

After consumers have been on 5G for over a year, the number of satisfied users declines by 10 percent.

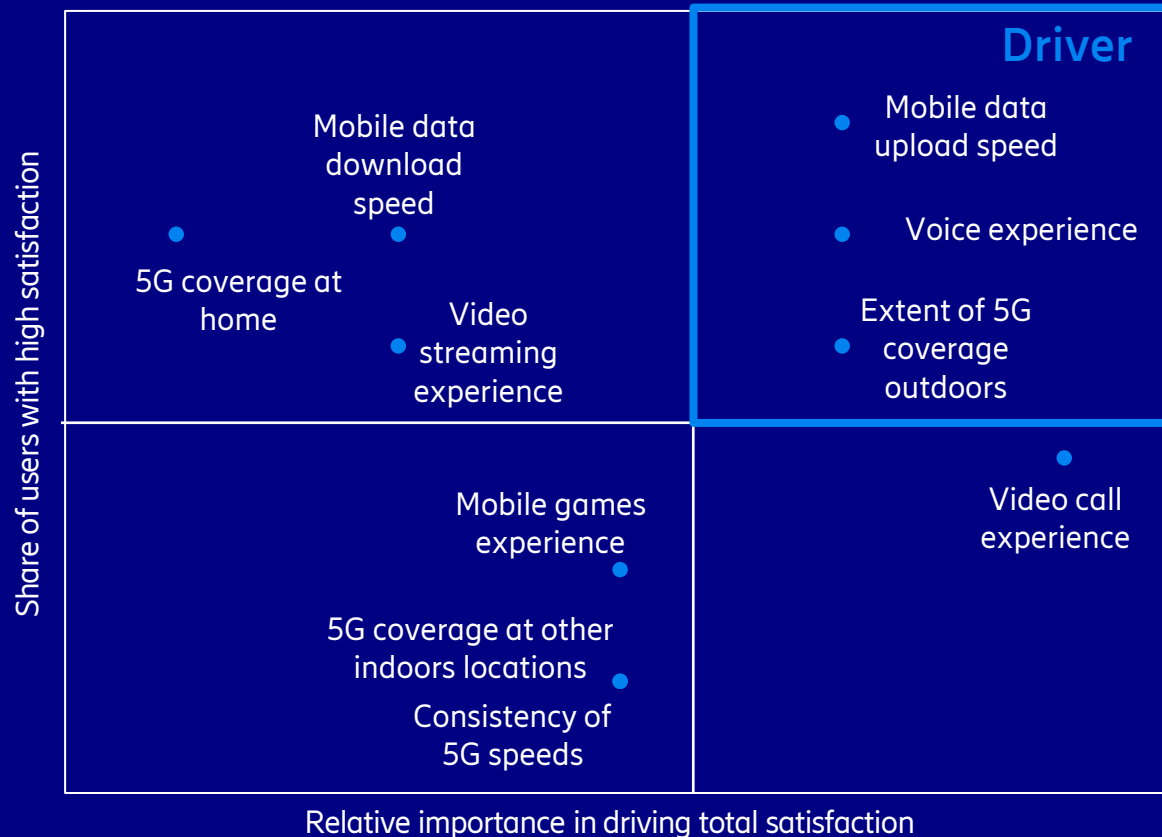
Base: 5G users
Source: Ericsson ConsumerLab, 5G value, 2023

5G network satisfaction drivers are evolving

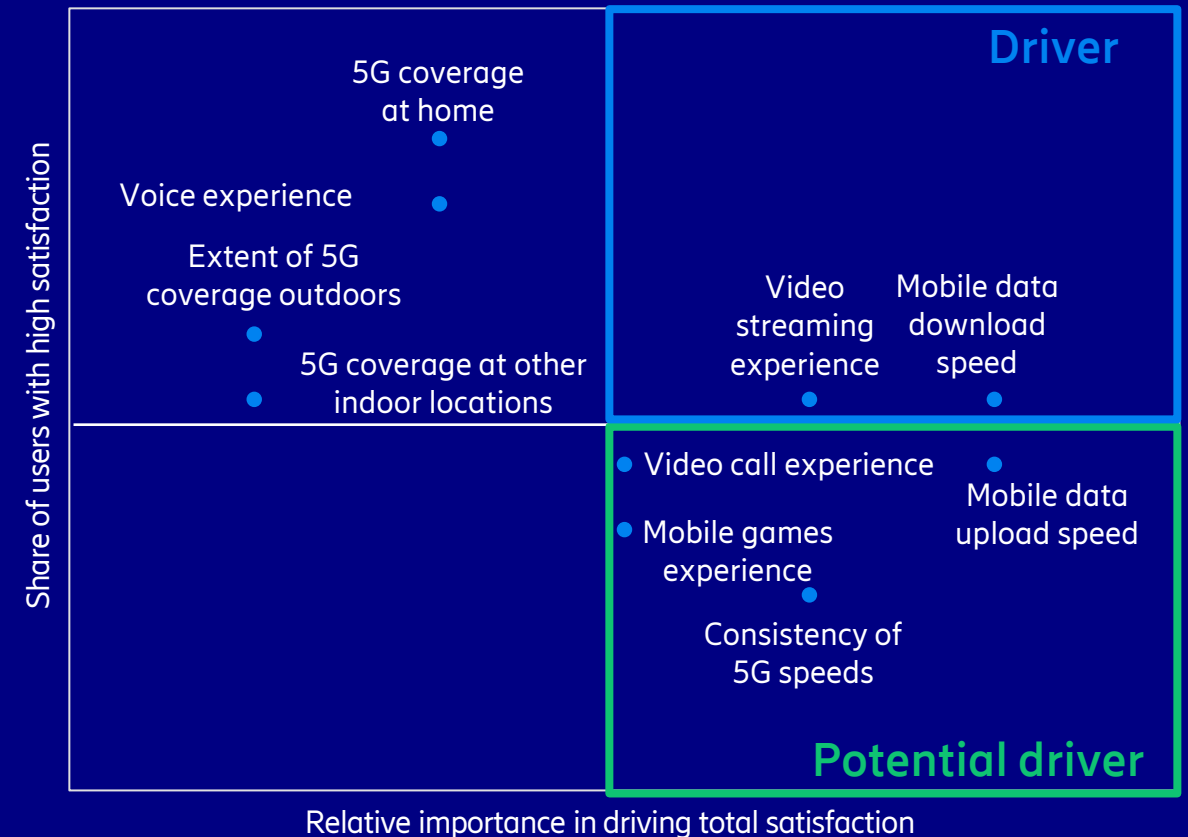
Video streaming has 20 percent more long-term impact



5G users (less than 6 months)

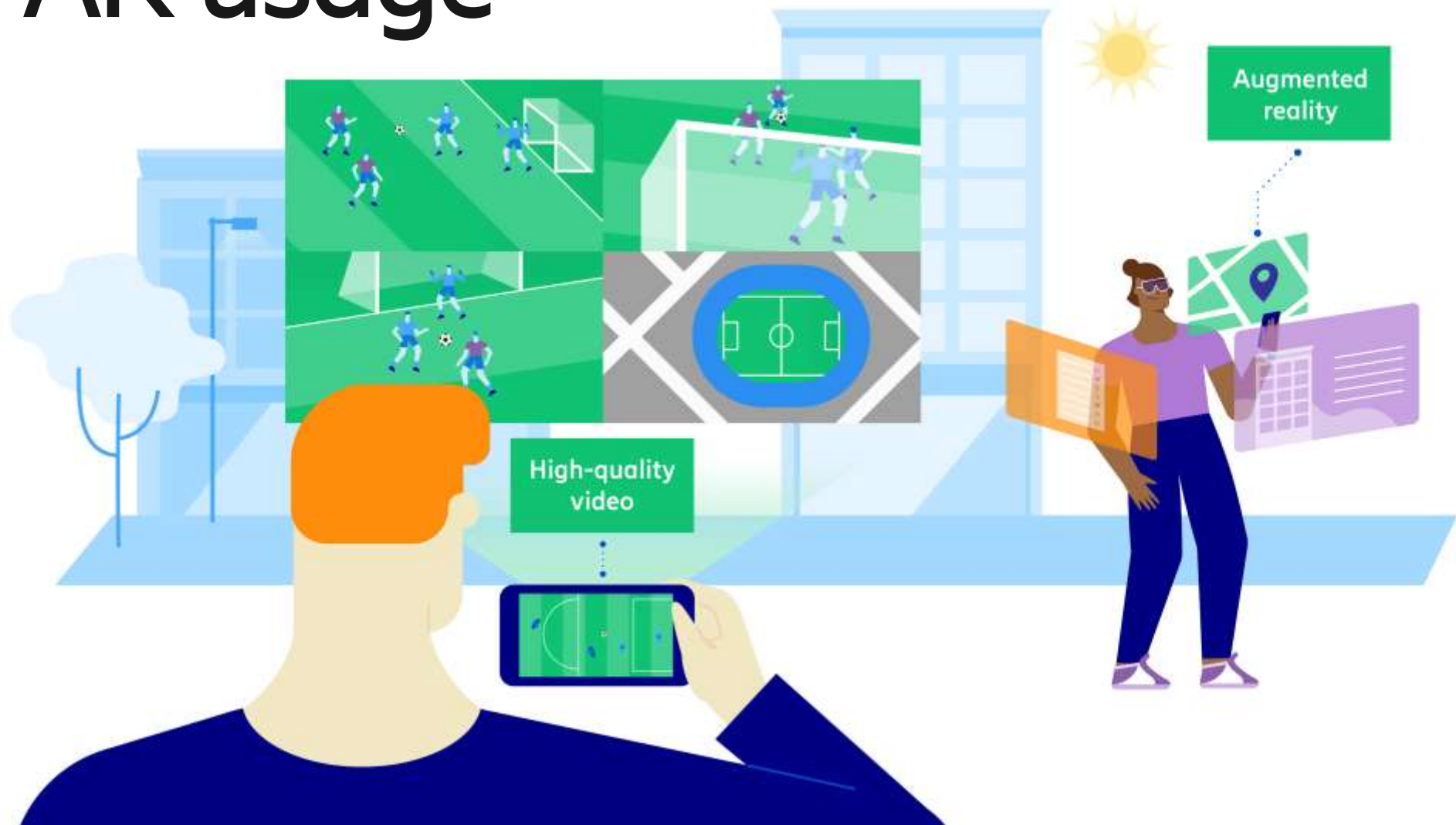


5G users (more than 12 months)



Base: 5G users in markets where 5G penetration is more than 40 percent and 5G population coverage is more than 80 percent (US, Qatar, UAE, South Korea, Mainland China, Taiwan)
 Source: Ericsson ConsumerLab, 5G value, 2023

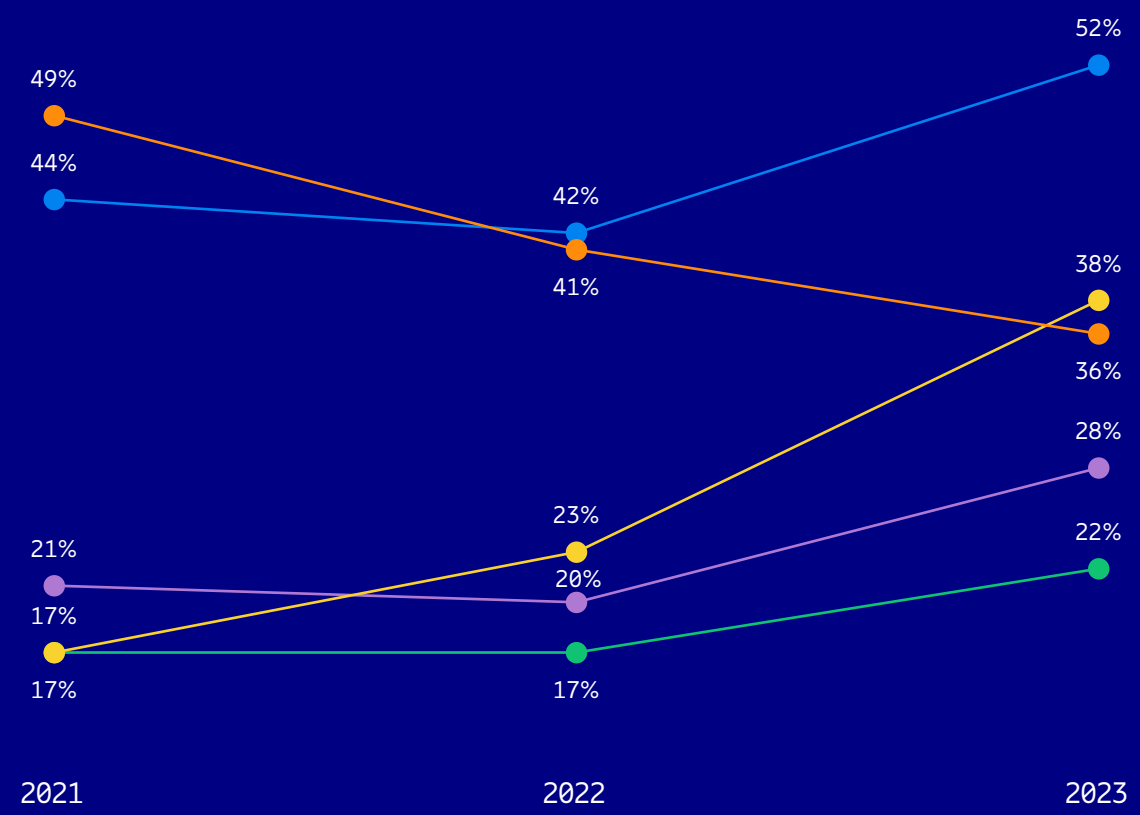
5G is reshaping video streaming and AR usage



Surge in 5G user engagement driven by enhanced video and augmented reality (AR) applications



Daily share of services by 5G users: 2020/2021–2023



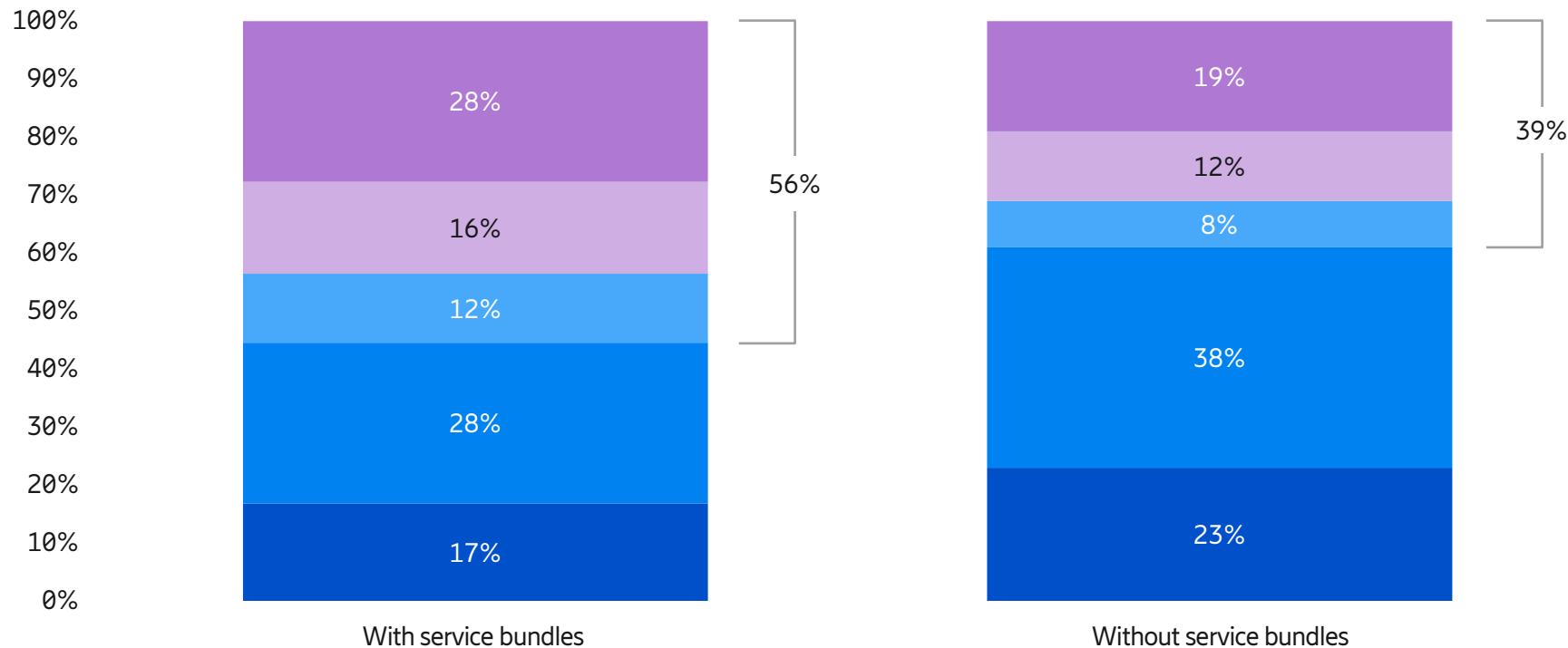
Service	Percentage of time spent per day compared to 2021	Minutes of time spent per day compared to 2021
Streaming video in HD/4K format	+31%	+20
Using any AR application	+50%	+13
Streaming standard video	-30%	-23
Watching multi-view broadcasting	+55%	+15
Watching 360-degree videos	+56%	+10

Base: Smartphone users in Australia, Canada, Mainland China, Germany, Ireland, Italy, KSA, Qatar, Singapore, South Korea, Sweden, Taiwan, Thailand, UAE, UK and US
 Source: Ericsson ConsumerLab, 5G value, 2023

Service bundling changes consumer behavior



Share of time spent on different video services of total video/AR usage



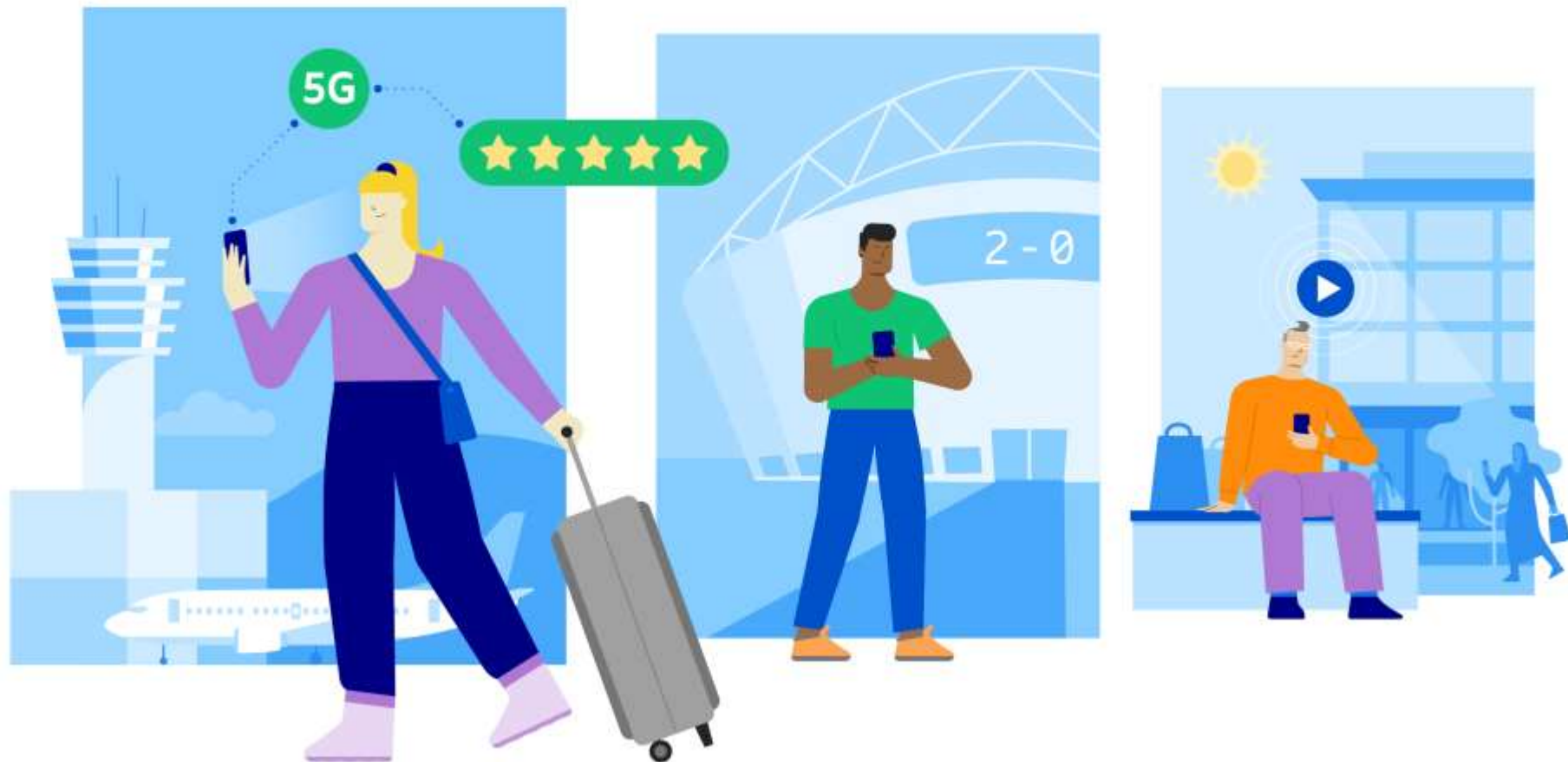
56%

Users with innovative service bundles spent more than half of their total video streaming time on enhanced video content or AR, while those without spent one-third of their time on immersive content.

- Using any AR application
- Streaming multi-view video
- Streaming 360-degree video
- Streaming 4K/HD video
- Streaming standard video

Base: 5G users in Australia, Brazil, Canada, Mainland China, Germany, Ireland, Italy, KSA, Qatar, Singapore, South Korea, Sweden, Taiwan, Thailand, UAE, UK and US
Source: Ericsson ConsumerLab, 5G value, 2023

5G performance at key locations influences consumer loyalty

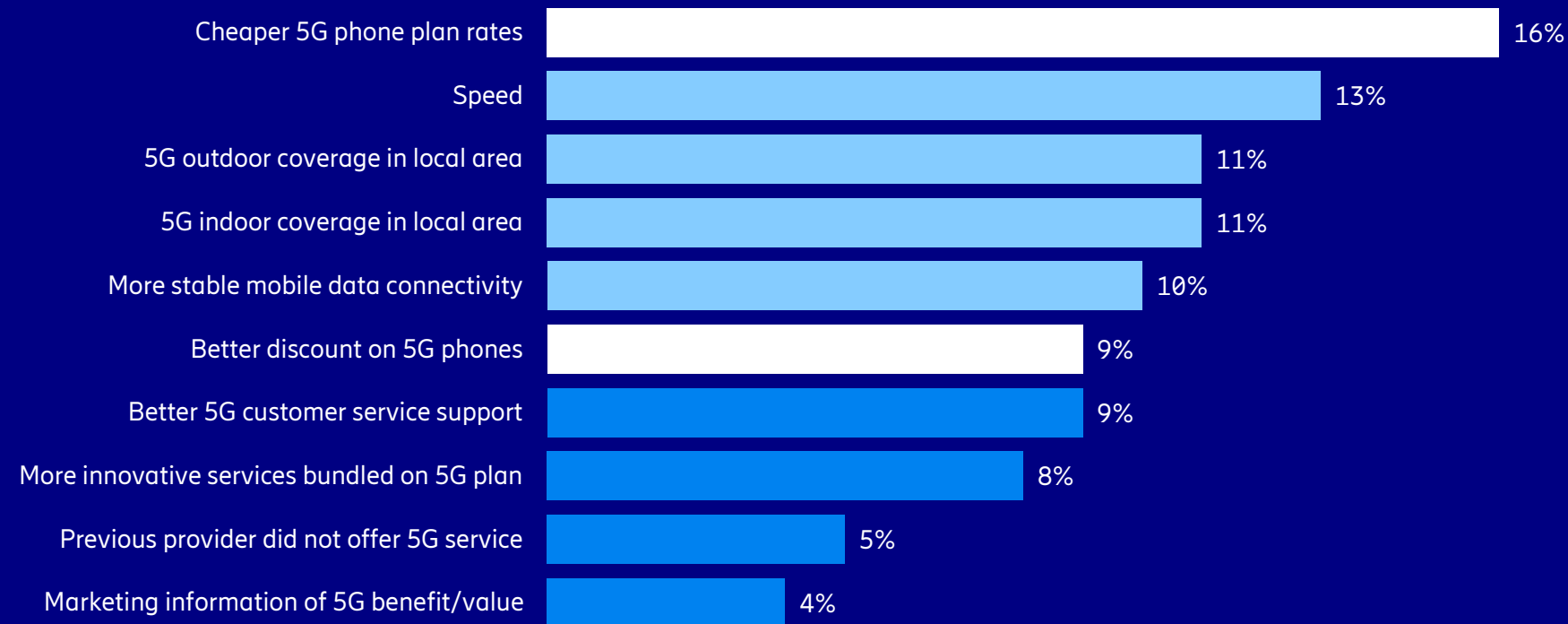


Since the launch of 5G, 17 percent of users have switched service providers



Share of 5G users and most important reason for switching service provider

Reasons for switching provider: ● Price ● Network ● Other

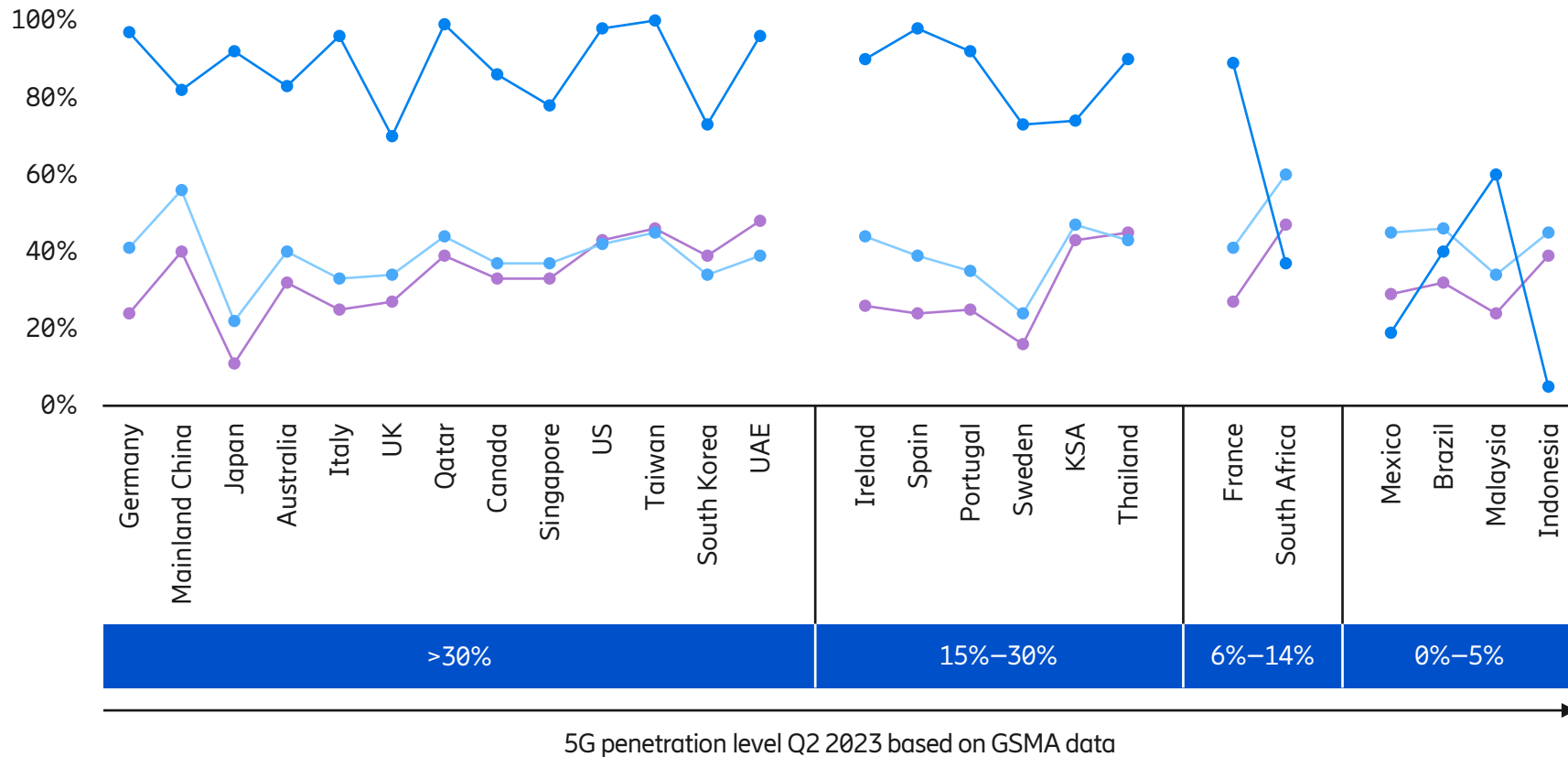


45%

Among those who have switched operators, nearly half wanted better 5G network performance.

Marginal increase in user perceptions of 5G availability

5G population coverage vs. 5G perceived availability



7%

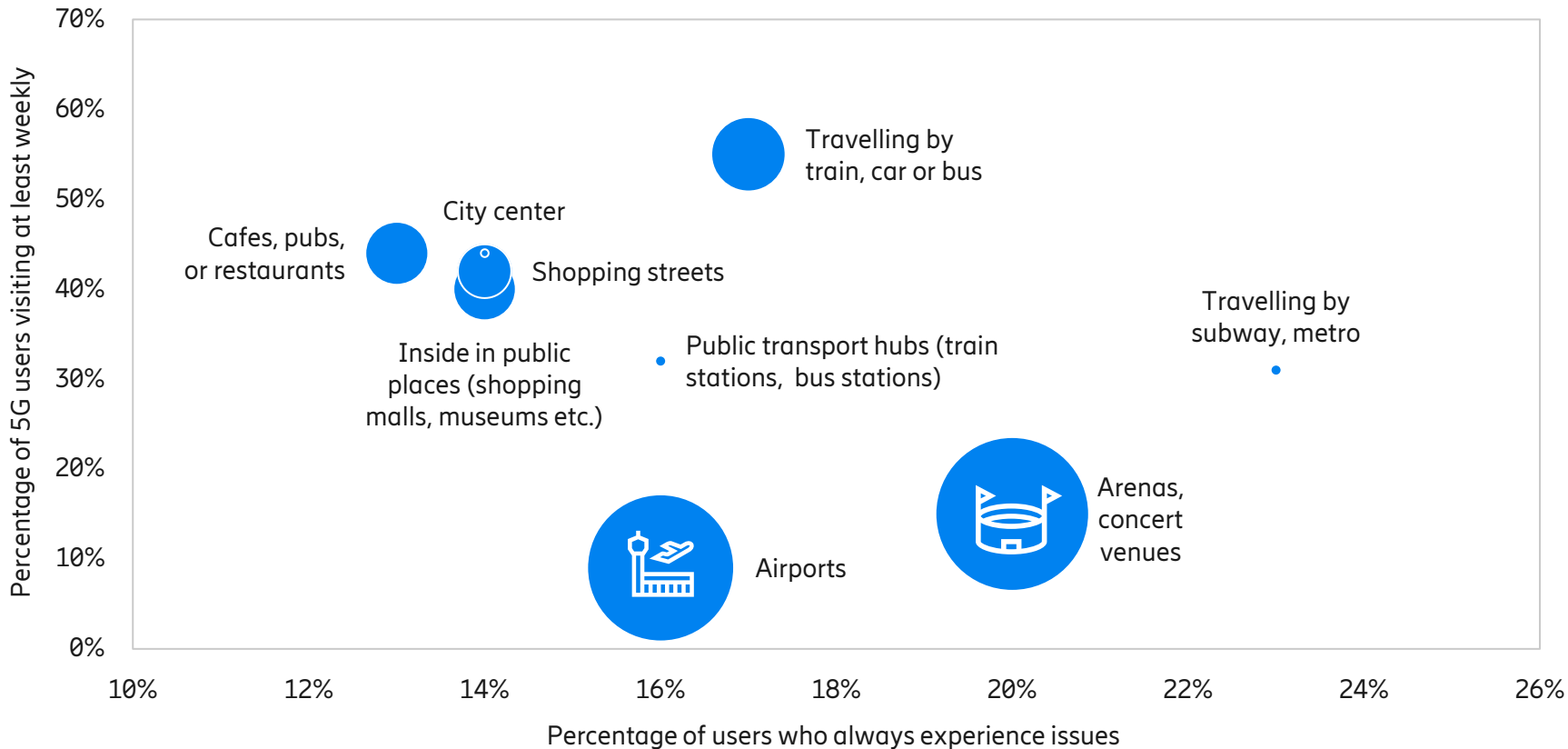
While current 5G population coverage is 1.5 times that of 2021, the perception of 5G availability has increased by only 7 percent.

- 5G population coverage (based on GSMA Q2 2023)
- Percentage of 5G users who perceive being connected to 5G more than half of the time (2023)
- Percentage of 5G users who perceive being connected to 5G more than half of the time (2022)

Base: 5G users
Source: Ericsson ConsumerLab, 5G value, 2023

5G performance in important locations triggers switching decisions

Frequency of visiting different locations versus frequency of experiencing issues

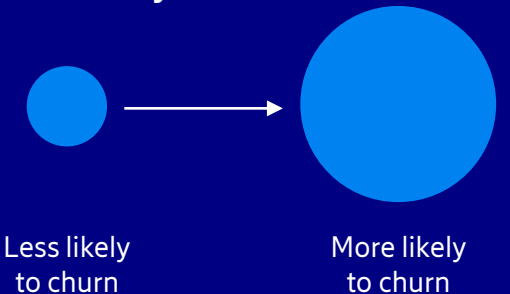


Base: 5G users
Source: Ericsson ConsumerLab, 5G value, 2023

3x

Users who have issues at event venues are 3 times more likely to churn in the next 6 months.

Churn catalysts: users who face issues in important locations are more likely to churn



5G consumers are willing to pay a premium for differentiated connectivity

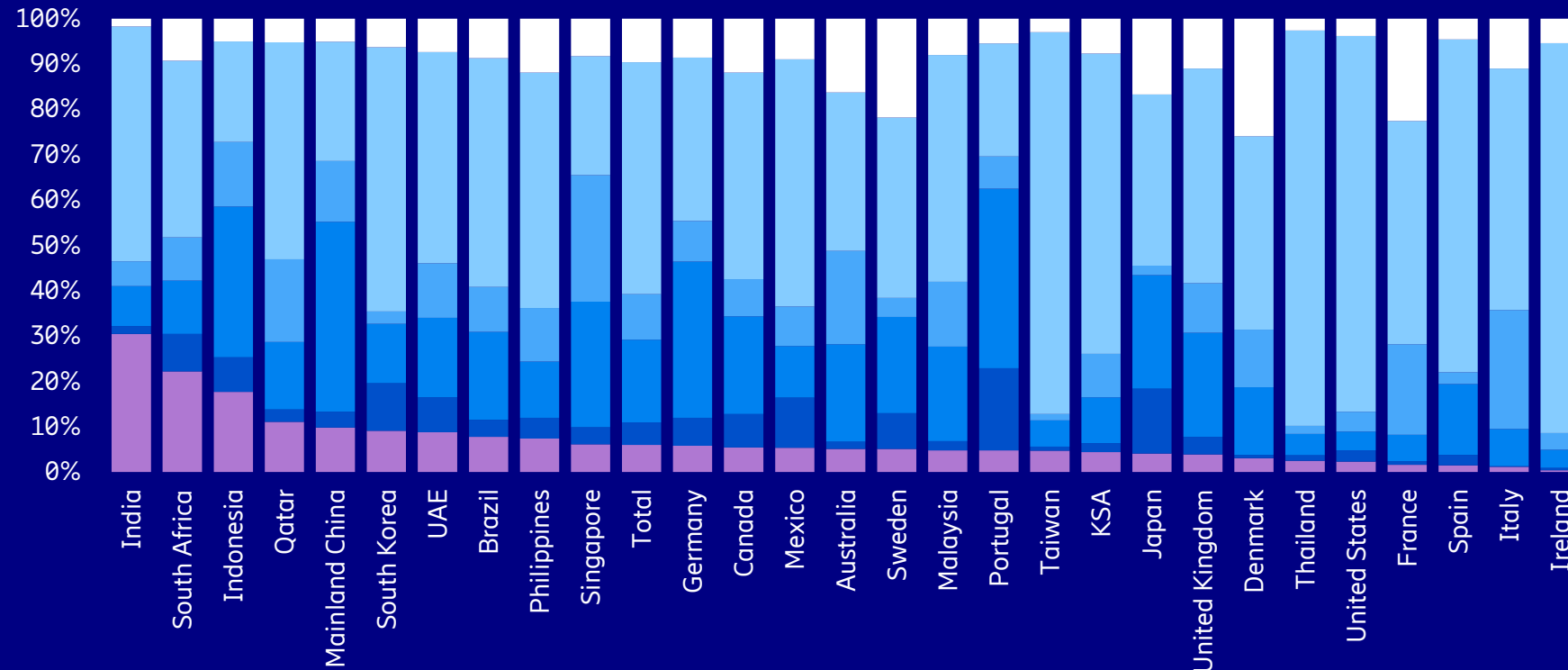


Consumers have enough data buffer for their needs, so what is next beyond unlimited plans?



Share of users who have XGB left by the end of the month

Overages 1 to 5 GB 5 to 30 GB More than 30 GB Unlimited Don't know



84%
More than 80 percent have a data buffer by the end of the month and 10 percent have even more than 30 GB left after using all the services they want.

Base: 5G users
Source: Ericsson ConsumerLab, 5G value, 2023

Different monetization tiers tested with consumers



Share of smartphone users who would like their 5G plans to include specific tiers to justify a price increase



More data on the plan



5G-rich app bundles



Speed-based tiers



QoS-led offering

37%

want more data to justify a price increase

20%

want bundles with more innovative services to justify a price increase

23%

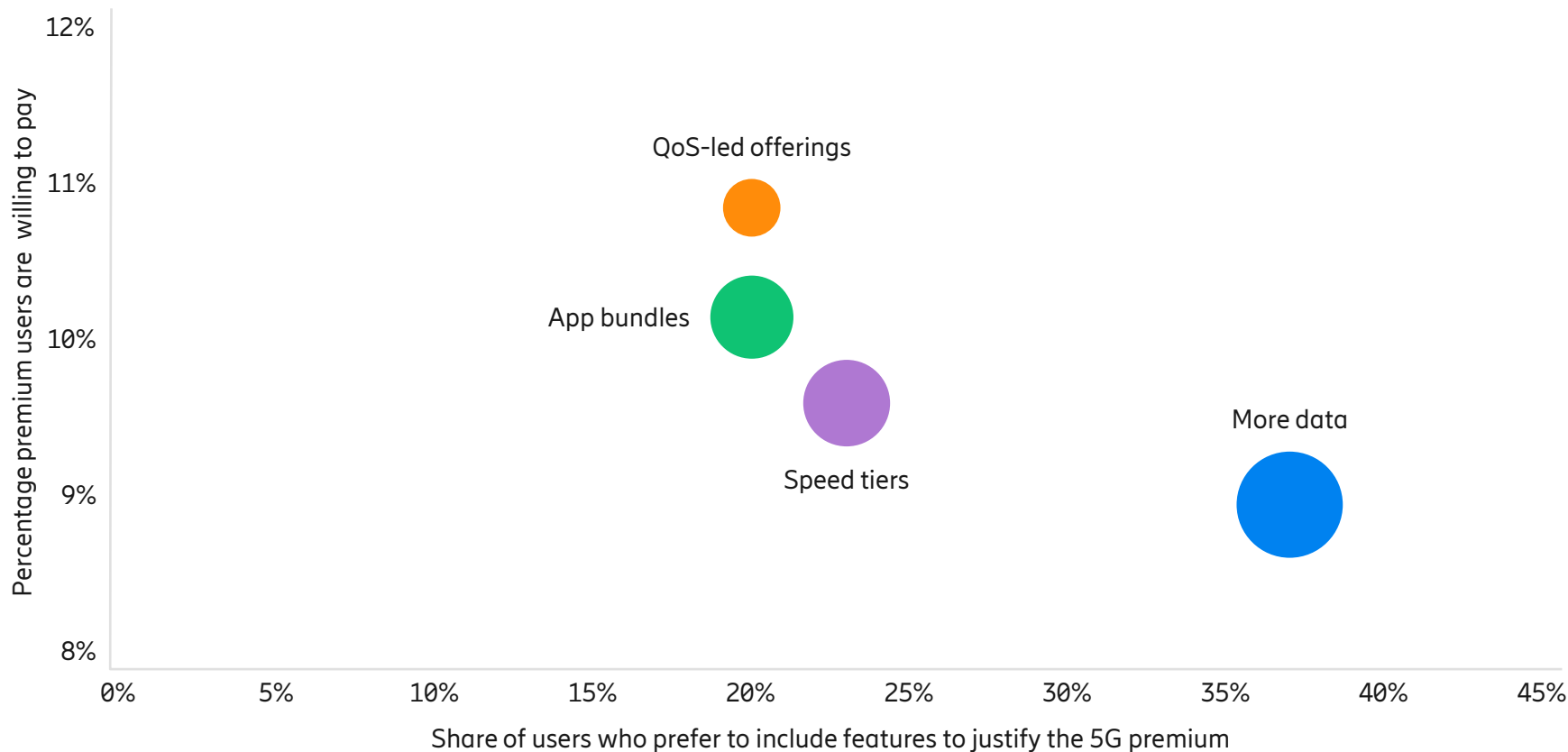
want increased speeds to justify a price increase

20%

want elevated performance or prioritized connectivity to justify a price increase

QoS-led offerings have strong potential to drive the 5G premium

User preferences for 5G plan features and willingness to pay extra for 5G premium



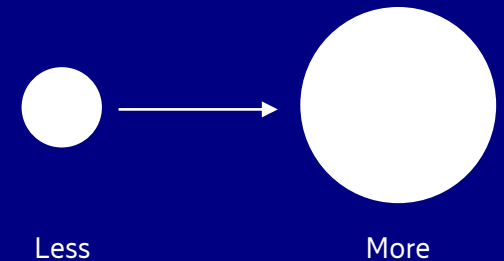
Base: Smartphone users aged 15–69
Source: Ericsson ConsumerLab, 5G value, 2023



11%

Smartphone users are willing to pay an average premium of 11 percent for QoS-led offerings.

Mobile revenue potential of different monetization routes



Unlocking 5G value will require:

1

Post 5G buildout, prioritize network optimizations that cater to high-performing video streaming, gaming, and other popular applications to boost user satisfaction.

2

Offer innovative service bundles to leverage the rising demand for new video formats and AR, driven by 5G.

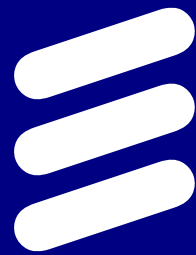
3

Prioritize enhancing 5G performance in key use locations to boost consumer loyalty and minimize churn rates.

4

Explore differentiated 5G monetization strategies with speed tiers, content bundles, and QoS-based pricing leveraging 5G Standalone (SA) capabilities and targeted segmentation.





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