

5G value: Turning performance into loyalty

Exploring what drives 5G network satisfaction and user retention in Italy



Methodology of the study, sample representing 33 million consumers in Italy



1,220

Consumers surveyed in Italy

460

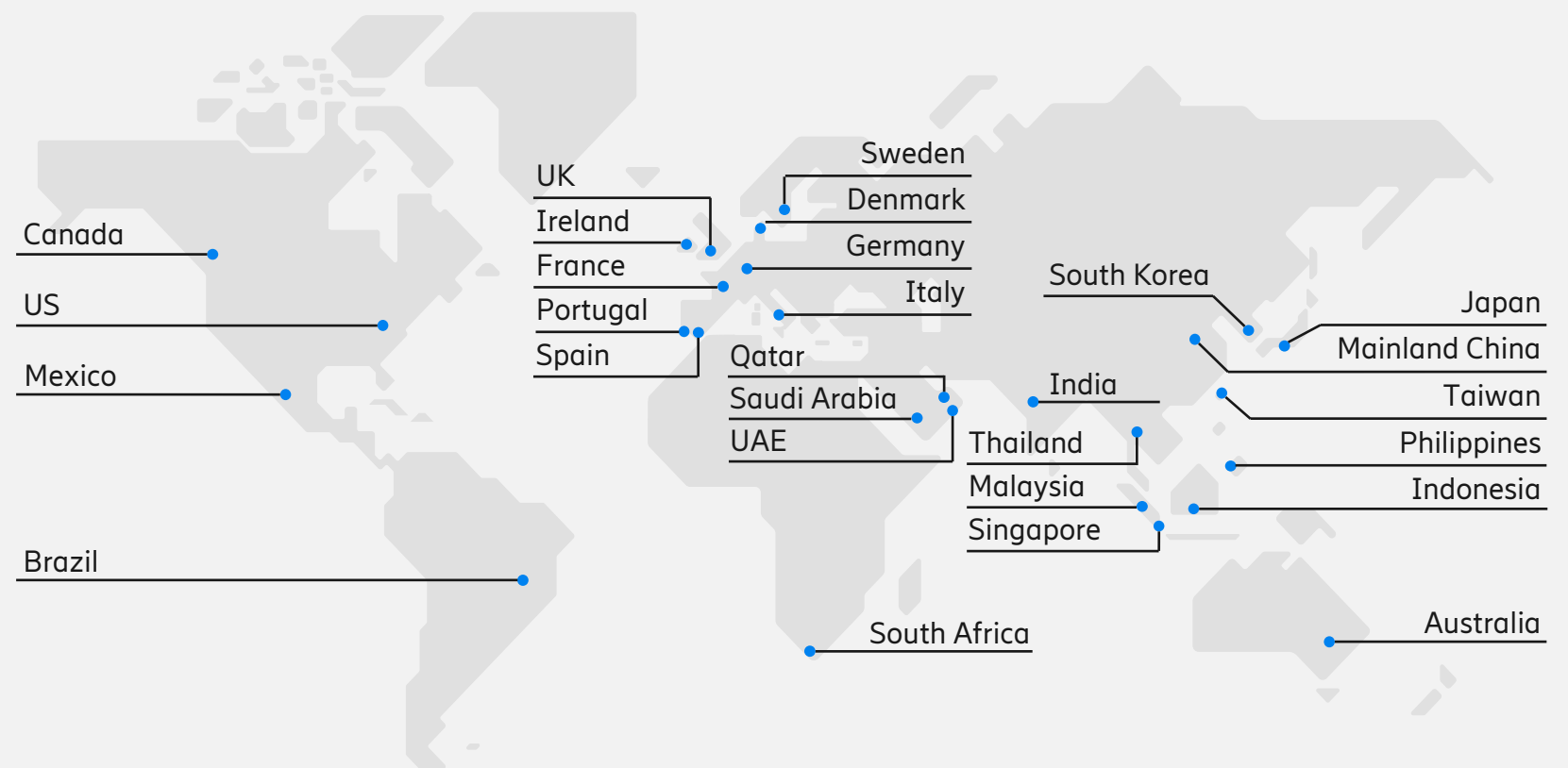
Active 5G users were interviewed

9 m

Representing 9 million 5G users in Italy

33 m

Representing 33 million consumers in Italy



Data collected between May and June 2023

Key trends to capture 5G value

1

5G network satisfaction drivers are evolving to indoor coverage and application experience

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 premiums for differentiated connectivity



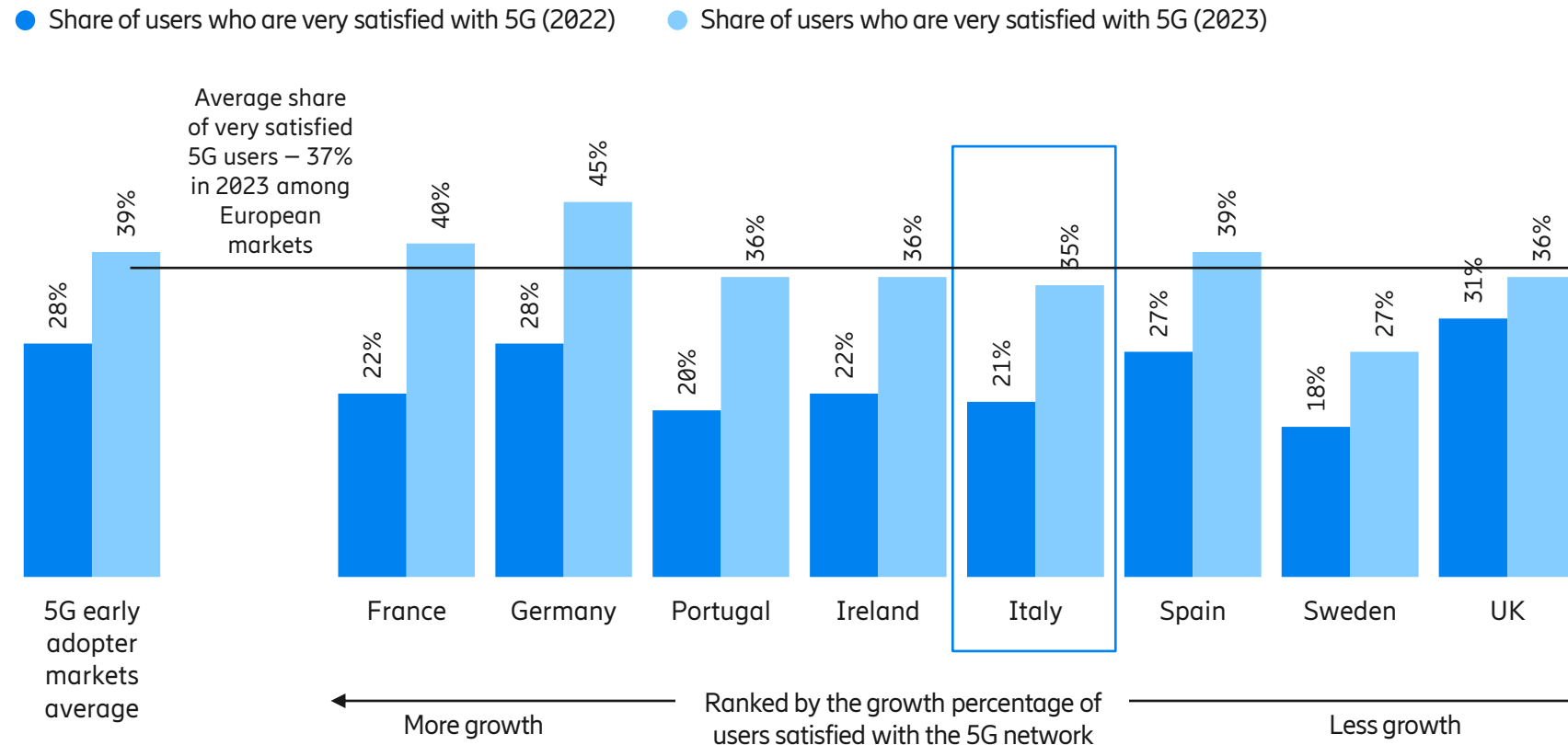
5G network satisfaction drivers are evolving



5G network satisfaction is improving



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



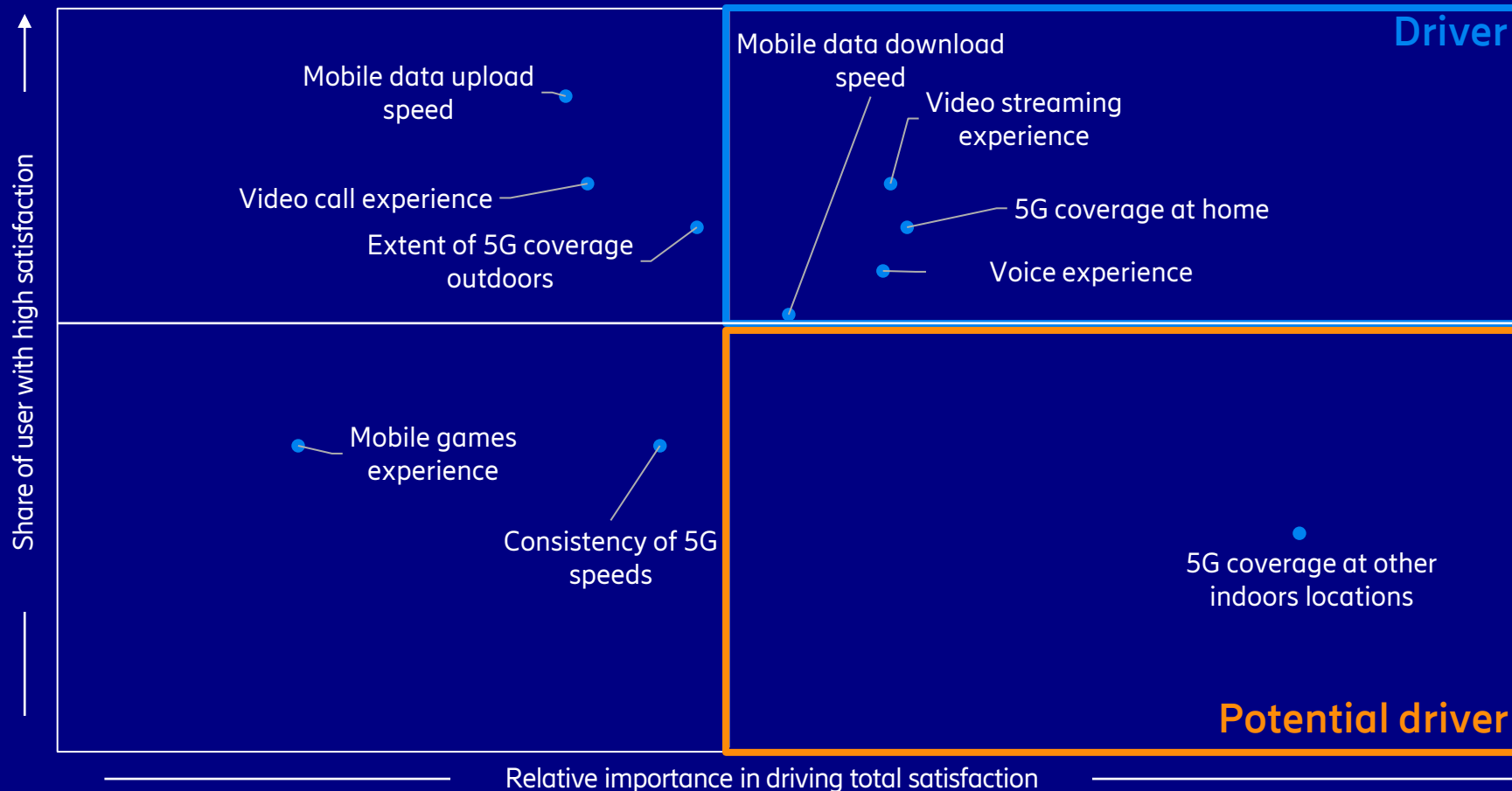
14%

The number of users highly satisfied with overall 5G network performance has increased by 14 percent year-on-year in Italy

Enhancing indoor coverage and application experience for maximizing 5G network satisfaction



Satisfaction driver analysis, share of very satisfied users vs. relative importance



Base: 5G users in Italy

Source: Ericsson ConsumerLab, 5G value, 2023

5G is reshaping video streaming and AR usage



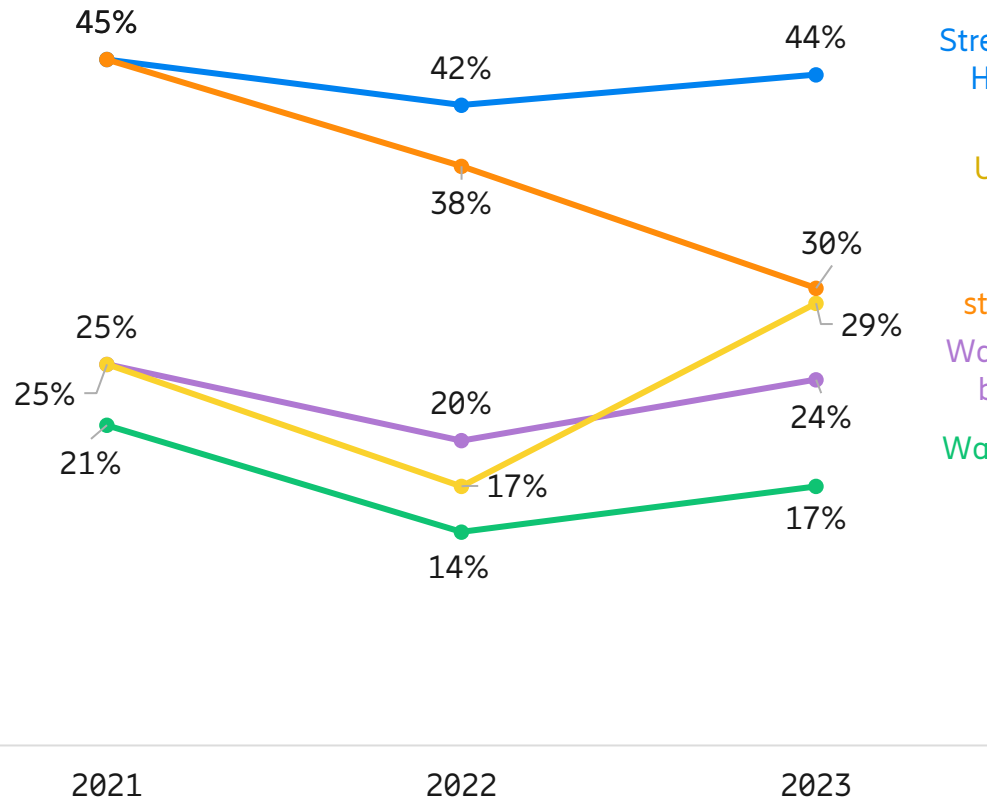
Surge in 5G user engagement being driven by enhanced video and augmented reality (AR) applications



Daily 5G user share of video and AR services: 2020/2021-2023

Percentage of time per day compared to 2022

Minutes of time per day compared to 2022



Streaming video in HD/4K format

+24%

+15 minutes

Using any AR application

+106%

+25 minutes

Streaming standard video

-35%

-20 minutes

Watch multi-view broadcasting

+17%

+5 minutes

Watch 360-degree videos

+30%

+5 minutes

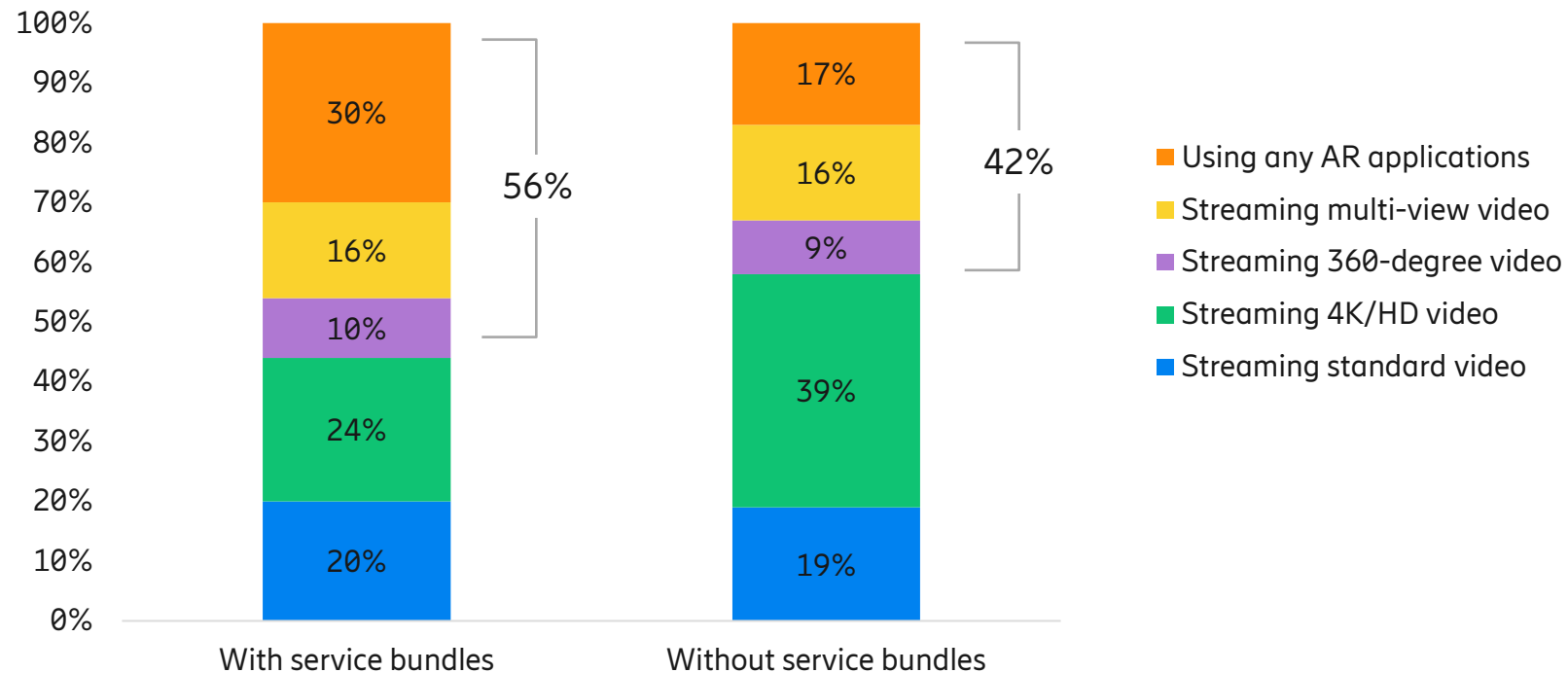
Base: 5G users in Italy

Source: Ericsson ConsumerLab, 5G value, 2023

Service bundling changes consumer behavior



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



Users with innovative service bundles spent almost 60 percent of their total video streaming time on enhanced video content or AR, while those without spent 40 percent of their time on immersive content.

56%

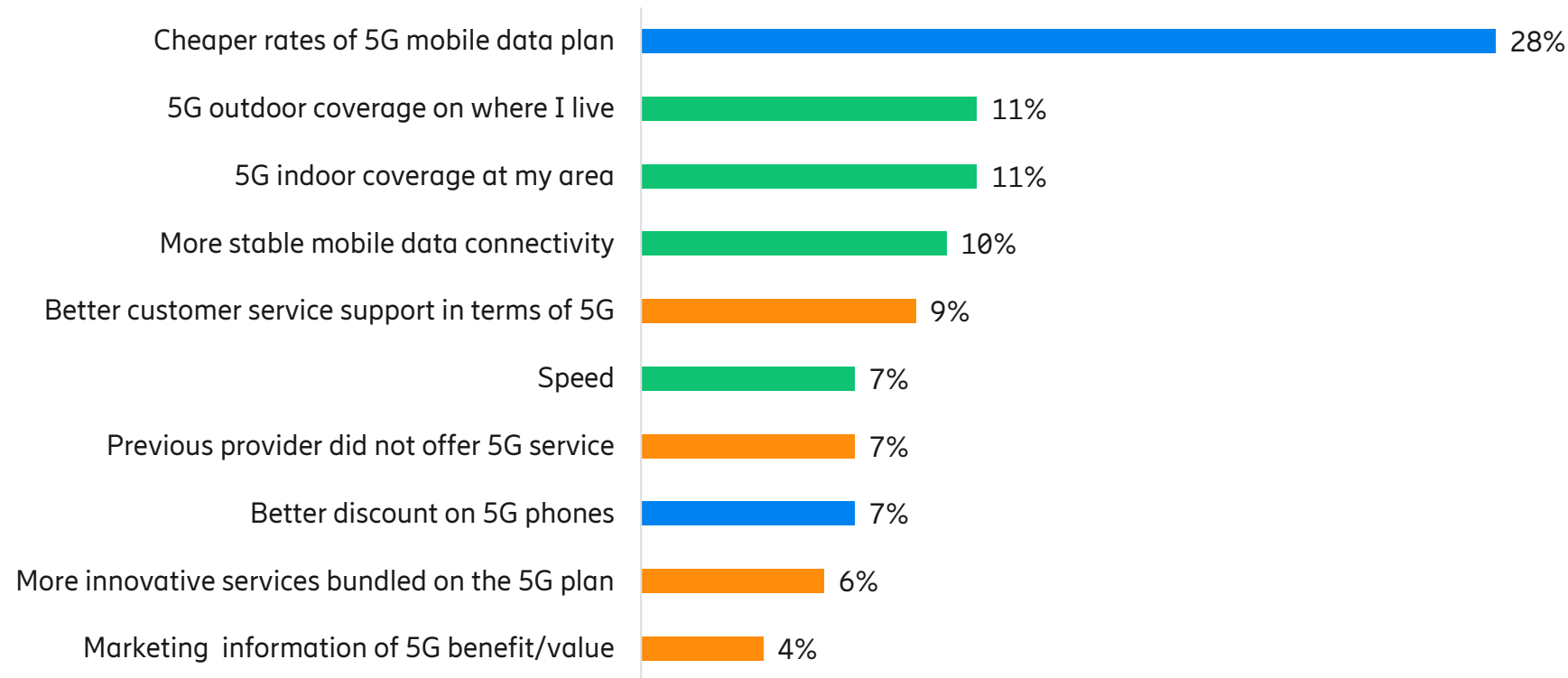
5G performance at key
locations influences
consumer loyalty



29% 5G users have switched providers since launch of 5G in Italy



Share of 5G users and most important reason for switching providers



Among those who have switched operators, almost 40 percent have switched due to 5G network performance.

39%

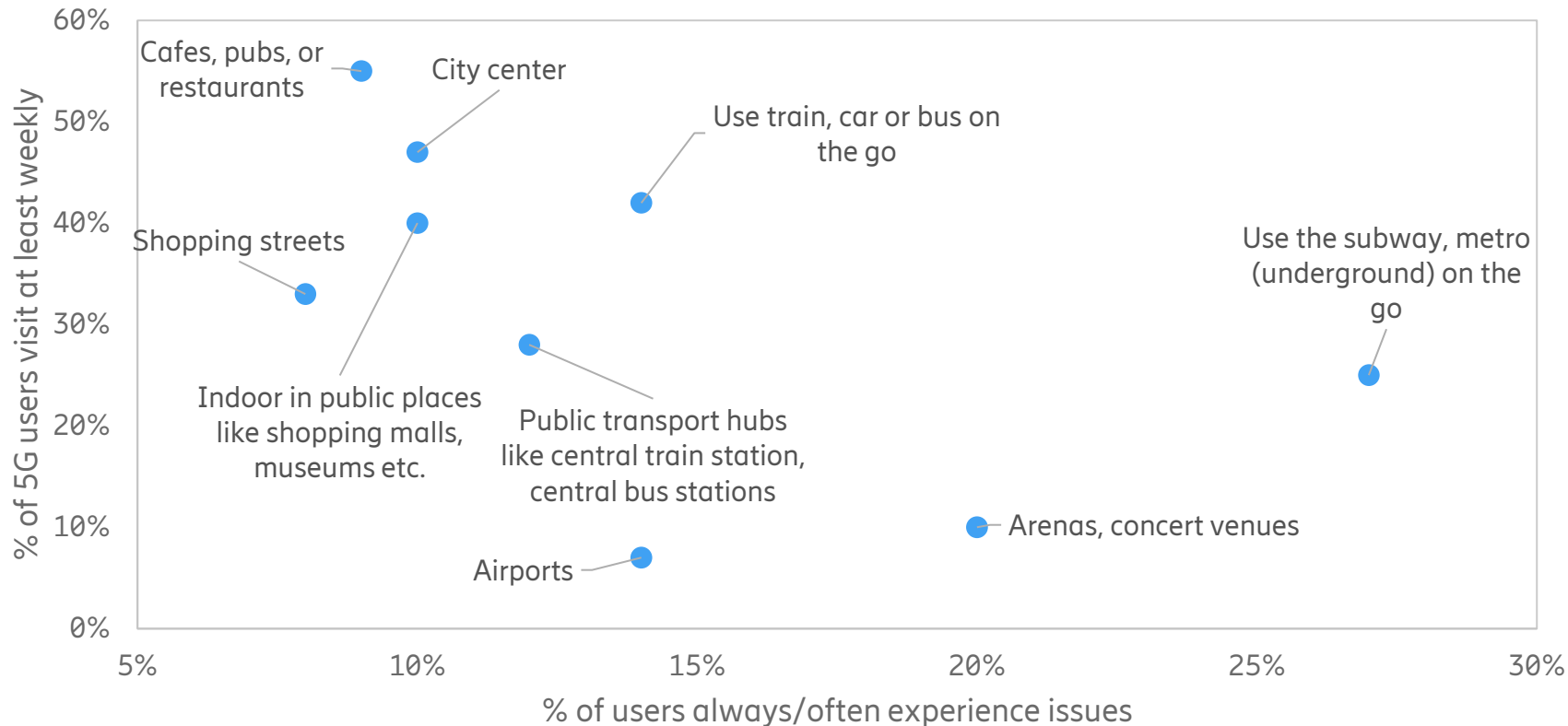
Type of reasons:

- Price related reasons
- Network related reasons
- Other reasons

A good 5G connectivity experience at key locations can reduce churn rate



Frequency of visiting different locations vs. frequency of experiencing issues



If a user has connectivity issues in two or more locations, they are 2 times more likely to churn.

2x

New monetization routes
beyond flat rate
unlimited/inflated data
buckets

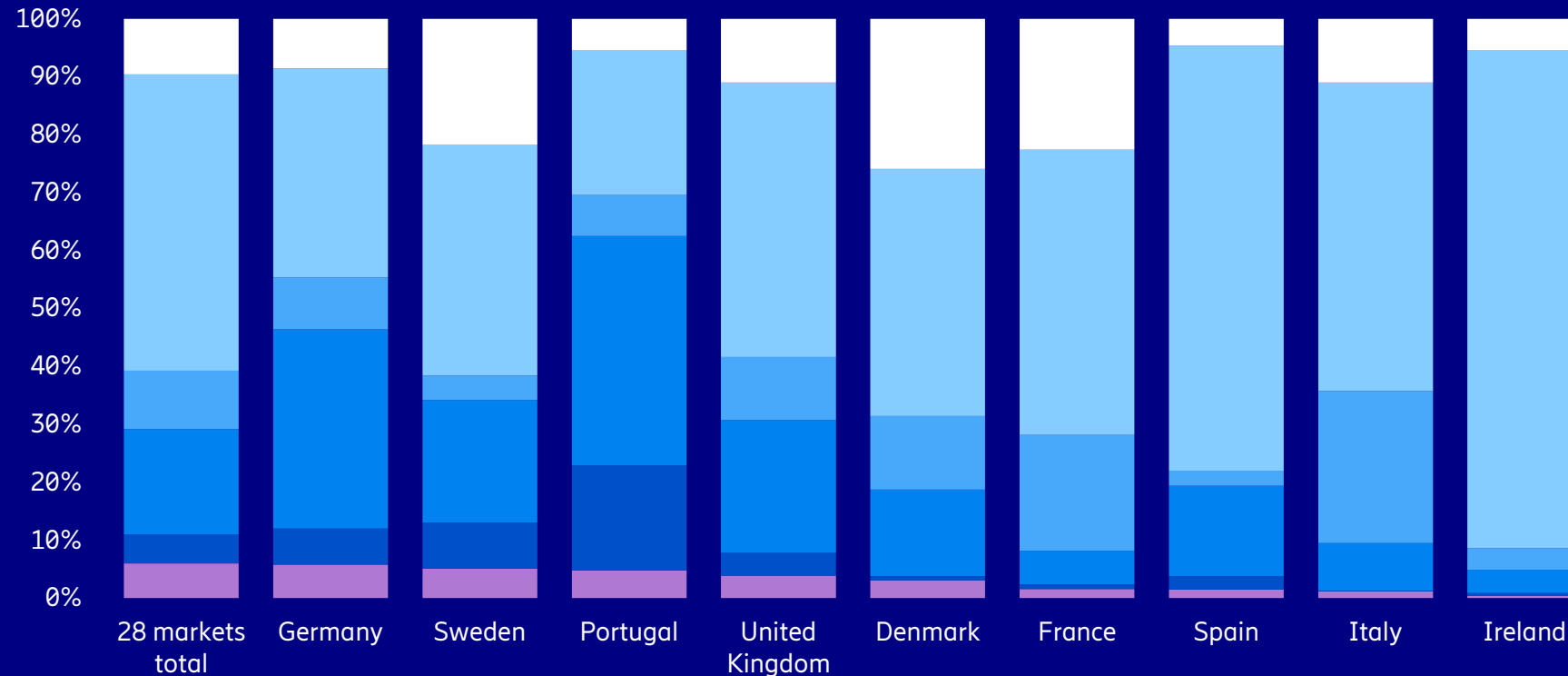


Consumers have enough data buffer for their needs, so what is next beyond unlimited plans?



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

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



53%
More than half of the 5G users in Italy have unlimited data plan and 26 percent have 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 respective tiers to justify a price increase



More data on
the plan

44%

want more data to to justify a price
increase



5G-rich app
bundles

21%

want bundles with more innovative
services to justify a price increase



Speed-based
tiers

18%

want different speeds to justify a price
increase



QoS-led
offering

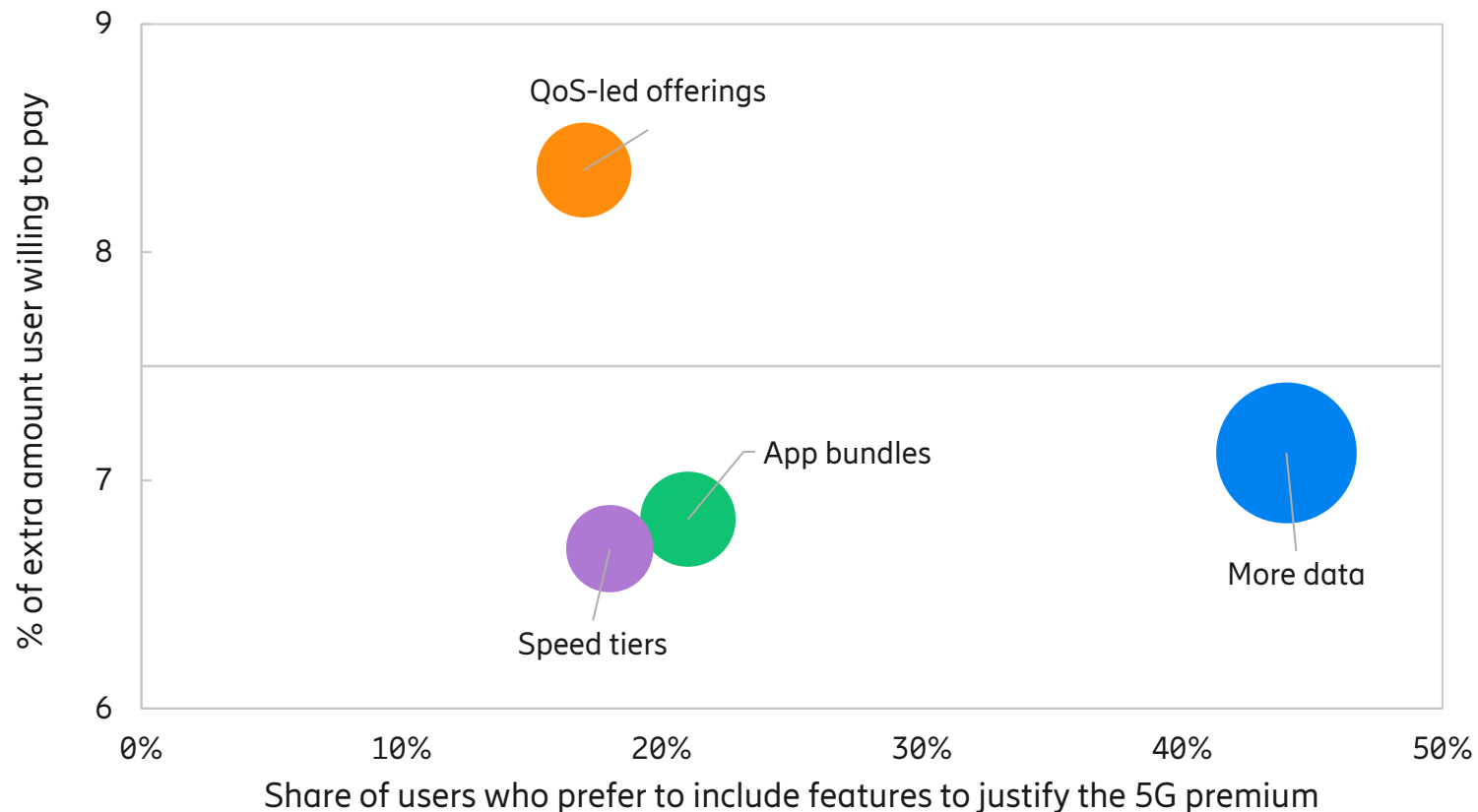
17%

want elevated performance or
prioritized connectivity to justify a price
increase

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

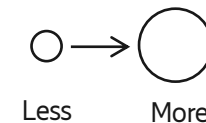


User preferences for 5G plan features and willingness to pay extra for 5G premium



8%

Smartphone users are willing to pay an average premium of 7-8 percent for QoS-led offerings.



Mobile revenue potential of different monetization routes

Unlocking 5G value will require:

1

Post 5G buildout, prioritize indoor coverage and 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 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 SA capabilities and targeted segmentation.





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