EUROPE

ERICSSON MOBILITY REPORT

NOVEMBER 2015

MARKET OVERVIEW

Key figures: Europe

	2015	2021	CAGR 2015–2021
Mobile subscriptions (million)	1,140	1,250	1%
Smartphone subscriptions (million)	550	880	10%
Data traffic per active smartphone (GB/month)	1.8	13	40%
Total mobile traffic (EB/month)	1.2	11	45%

Different markets in Europe continue to have different levels of maturity when it comes to using information and communications technology (ICT). However, the difference between advanced and developing markets is getting smaller

Digital activities surround and support people throughout the day, making life easy, comfortable and safe, while bringing people closer to each other. Consumers understand the advantages of high quality connectivity and the important role that technology plays in their lives. Around 70 percent of Europeans state that it is important for them to be able to access the internet wherever they are, and around 50 percent of mobile phone subscriptions are for smartphones.

High smartphone ownership drives a higher usage of mobile data across Europe. Overall, three out of four internet users in Europe access the web via mobile broadband.[1]

50% Around 50 percent of mobile phone subscriptions are for smartphones

[1] Ericsson ConsumerLab, The Indoor Influence, regional report Europe (2015)

MOBILE SUBSCRIPTIONS

In Europe, every country has WCDMA/HSPA networks, including Ukraine, which launched new 3G services in 2015. Most countries have also launched LTE. Western Europe has the largest number of LTE subscriptions due to early LTE roll-out, whereas Central and Eastern Europe lags behind due to spectrum being awarded later in some countries

The steady growth of smartphone subscriptions in Europe

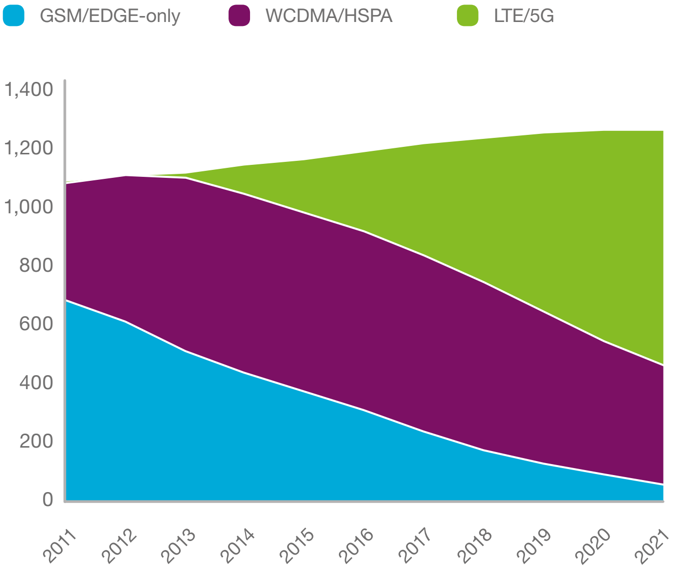
The number of smartphone subscriptions is forecast to reach 550 million by the end of 2015, accounting for around 50 percent of total mobile phone subscriptions. By the end of 2021, the uptake of smartphones in Europe will reach 880 million, meaning that more than 70 percent of mobile phone subscriptions will be smartphones.

70% Over 70 percent of handsets will be smartphones by 2021

LTE subscriptions are spreading throughout Europe

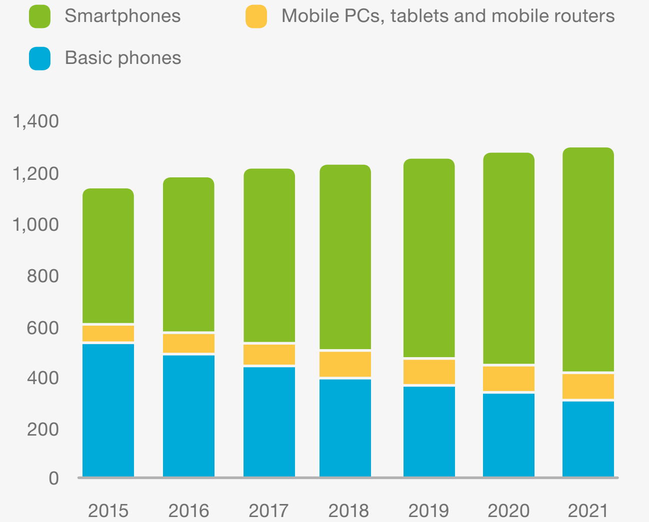
The uptake of LTE subscriptions in Europe is taking off. This technology is expected to account for 15 percent of all mobile subscriptions by the end of 2015. The number of LTE/5G subscriptions will then rapidly grow, and reach roughly 800 million by the end of 2021. This equates to around 60 percent of all mobile subscriptions.*

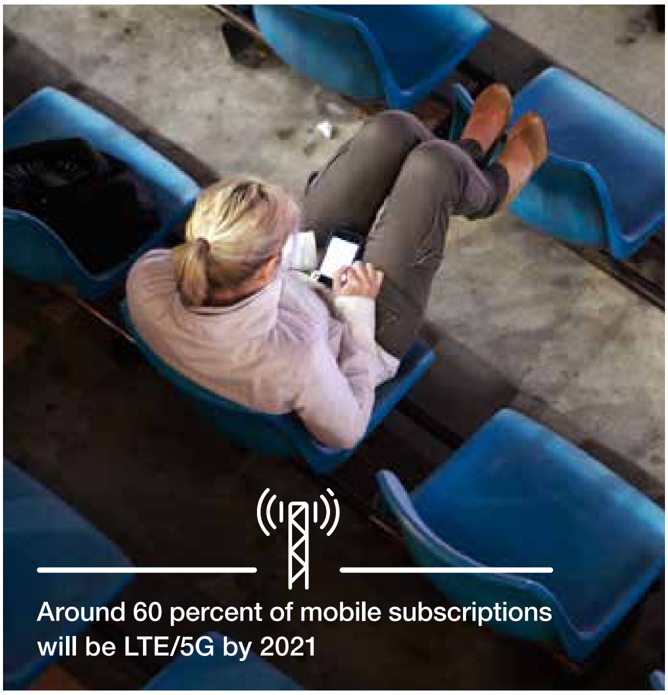
Mobile subscriptions, Europe (million)



* All subscriptions exclude M2M

Mobile subscriptions split per device, Europe (million)





MOBILE TRAFFIC

Mobile data traffic in Europe will reach 11 ExaBytes (EB) per month by the end of 2021 – around 9 times more than 2015. Mobile voice traffic will slightly increase in the coming years, but will have very little impact on total mobile traffic volumes

Mobile data traffic is continuing to rise steadily, and by the end of 2015 should have grown by 45 percent from 2014. It is expected to rise by a CAGR of around 45 percent between 2015 and 2021.

Europeans are consuming more and more mobile data

The continued growth of mobile data traffic is due to attractive data plans and the increased availability of affordable smartphones and tablets. This combination is making it easier to access mobile data services, such as social networking, browsing and video.

The growing consumption of video is also supported by the improved speed and capacity of WCDMA/HSPA networks. The deployment of LTE across Europe and the evolution of LTE-Advanced will further fuel the use of mobile services and enhance the user experience.

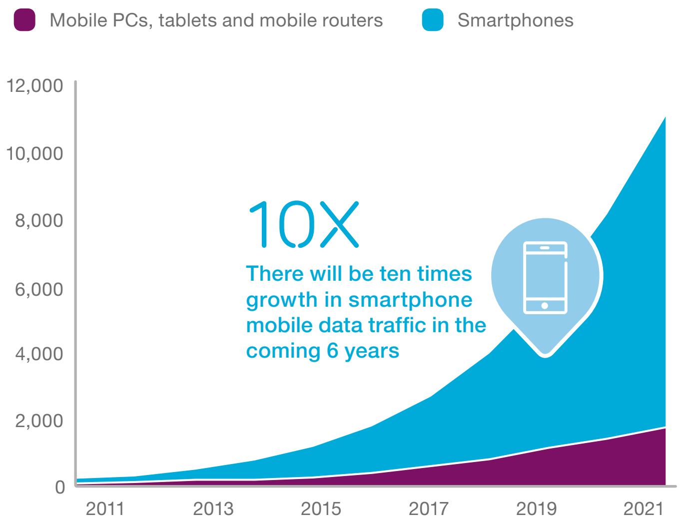
Mobile traffic is primarily generated by smartphones. Total monthly smartphone data traffic over mobile networks will grow 10 times from 2015 to 2021. The amount of data used on each active smartphone subscription* will increase substantially from an average of 1.8 GB per month in 2015, to a forecast average of around 13 GB per month in 2021.

13GB

In 2021, mobile data traffic per active smartphone in Europe will be 13 GB per month

The growth in traffic per user is in part driven by technology advances in devices, such as higher resolution screens. The usage corresponds to an average of 10–20 minutes of video per day in 2021. The availability of different access technologies makes a difference. For example in Sweden, UK and Italy twice as many LTE users as WCDMA/HSPA users watch full-length videos on their smartphone every week.[2]

Mobile traffic, Europe (monthly PetaBytes)



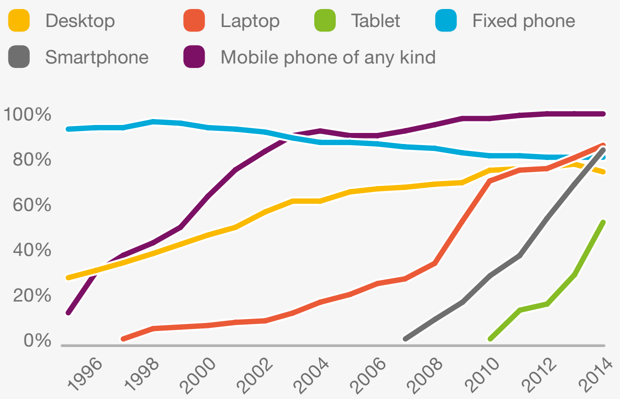
* Active subscriptions here refer to the number of used devices, i.e. not including multiple SIMs or inactive devices
[2] Ericsson ConsumerLab, Infocom (2015)

EVOLVING HOUSEHOLDS

People want to stay connected throughout the day and the speed of connected device adoption in households has increased to reflect this. The average European household has more than three connected communication devices, the most popular being smartphones and laptops

Smartphones drive internet use across all segments, and the number of smartphone owners who have never used the internet on their device is close to zero. Smartphones also contribute to higher internet usage outside of the home. The percentage of smartphone owners who access the web while traveling is five times greater than the corresponding percentage among non-smartphone owners.

Household ownership of communication devices, Europe



Source: Ericsson ConsumerLab analytical platform (1995–2014)
Base: Population, Europe (Czech Republic, France, Germany, Italy, Poland, Spain, Sweden, UK)

Evolving behaviors

Busy lifestyles make consumers seek new benefits from their technology. Households are becoming host to multiple smart connected devices, on top of their basic communication devices. These are used for a range of services, including entertainment, security, health and wellness.

The interest and curiosity in future technologies is high, especially in metropolitan areas. 50 percent of Londoners and 66 percent of Muscovites would be interested in having domestic robots to carry out chores.[3]

New technology is also expected to benefit the quality of city life. For instance, two out of three consumers in Rome would like their smartphone to check water quality in public facilities. And about 60 percent of smartphone owners in Paris would like to compare real-time energy consumption with other households in their neighborhood in order to optimize their energy footprint.[3]

60%

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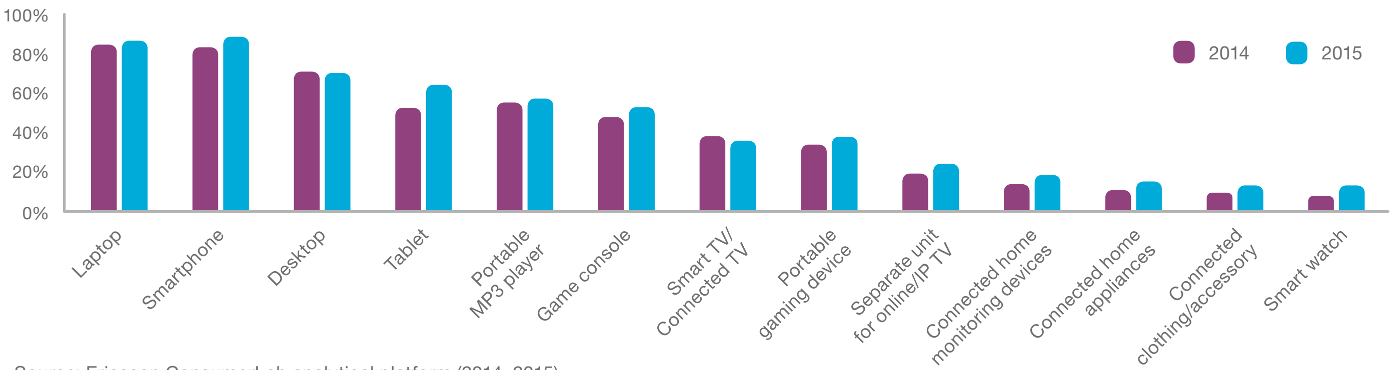
Household ownership of connected devices, Europe



Source: Ericsson ConsumerLab analytical platform (2014–2015)
Base: Online population, Europe (Austria, Denmark, Germany, Italy, Russia, Sweden, UK, Ukraine)

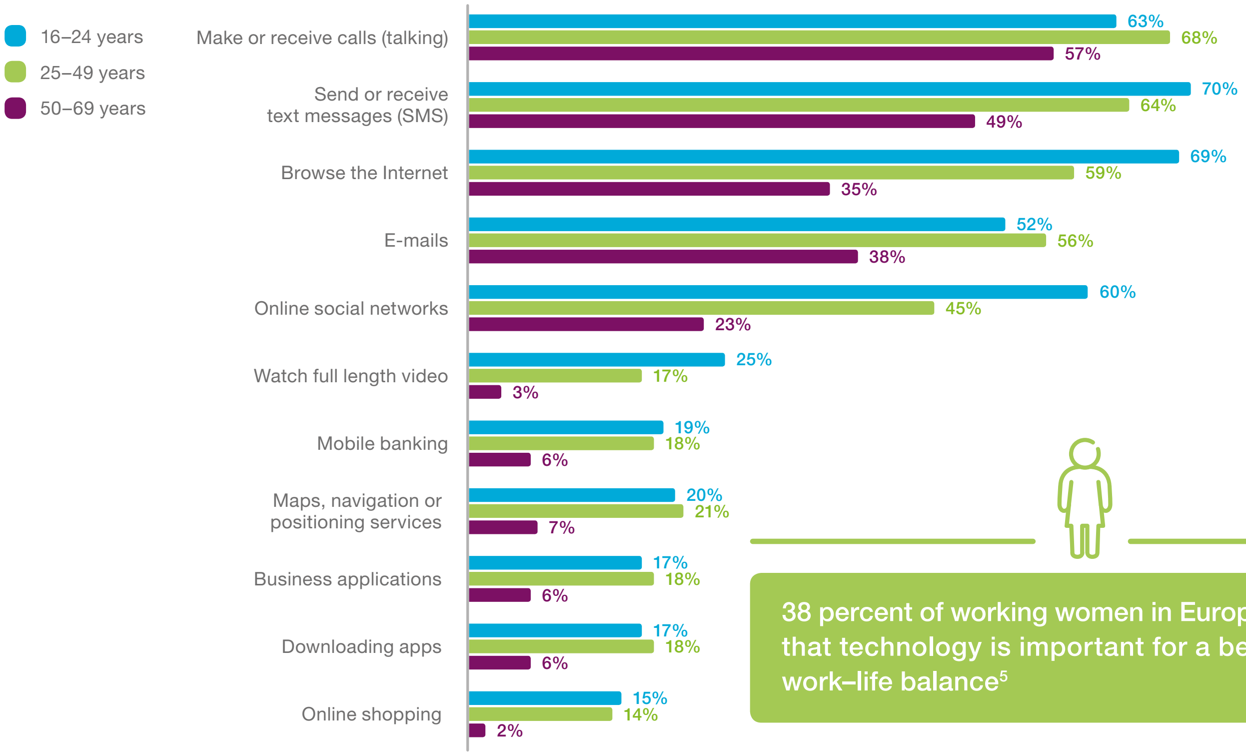
DIFFERENT HABITS

In Europe, men and women use basic communication services to an equal degree. However, men tend to be early adopters of new services and are often quicker to download new apps. When apps become mainstream, the gender gap in adoption closes[4]

ICT usage patterns demonstrate a strong correlation with age groups, with young people adopting new services earlier. For example, on smartphones online social networks are used daily by 60 percent of those under 25.

The usage is reduced to 45 percent in age group 25–49 and to around 20 percent for people aged 50+. Those under 25 are also more text-centric, while people 25 and above use more traditional voice services.

Daily usage of services on smartphones, Europe



38 percent of working women in Europe think that technology is important for a better work–life balance[5]

Source: Ericsson ConsumerLab analytical platform (2015)
Base: Smartphone users, Europe (Sweden, Norway, Russia, Poland, Germany,UK, France, Italy)

Working women benefit from ICT services

ICT services enable people to stay connected and provide the flexibility and reach to efficiently manage tasks, irrespective of time and place. Working women are also increasingly benefiting from these services. They strongly believe that technology improves their work-life balance. Interest in working remotely is 1.5 times higher for female business owners and women in leading positions than for their male counterparts. Despite working more often from home, they want to separate their work and personal lives.[6]

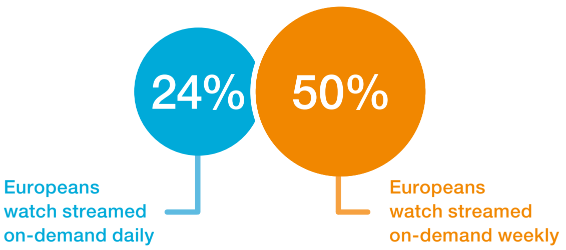
Cloud services are emerging and 10 percent of women use smartphone business applications for remote work. However, working women in Europe see more benefits in using technologies for their personal lives than for work. Thus, 40 percent use online storage for personal purposes, while only 20 percent use it for work.[5]

[4] Ericsson ConsumerLab, The Indoor Influence, regional report Europe (2015)
[5] Ericsson ConsumerLab, 10 Hot Consumer Trends 2015
[6] Ericsson ConsumerLab analytical platform (2014)

THE EVOLUTION OF TV AND VIDEO

The growing penetration of connected devices coupled with a wider availability of online content is reshaping the way that Europeans consume TV and video content

Usage of streaming video, Europe



Source: Ericsson ConsumerLab, TV and Media 2015
Base: Population with broadband at home who watch any type of TV/video at least weekly, Europe

The rise of on-demand

On-demand viewing is taking a central role among European consumers, and its share of viewing time in Sweden, Italy UK, Ireland and Russia now exceeds 30 percent. On-demand viewing is no longer limited to shorter video clips. In Ireland, Spain and Russia for instance, the time spent watching on-demand movies, series and TV programs weekly is more than six hours.[7]

The youth is driving the mobile viewing

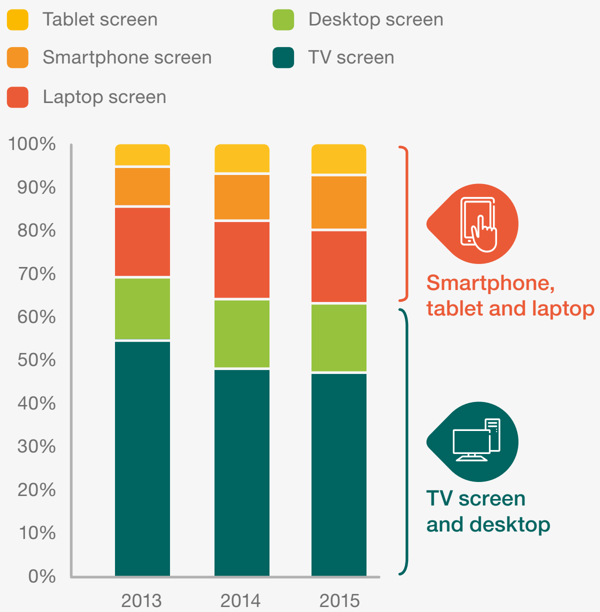
Mobile platforms such as laptops, tablets and smartphones are growing in importance when it comes to TV and video consumption. Over half of Europeans use smartphones for viewing video content on a weekly basis. This is especially true with younger generations, with teenagers' smartphone viewing accounting for around 25 percent of total viewing time.[7]

New behaviors like place-shifting have emerged where consumers start watching content in one place or on one device, and finish the viewing elsewhere. 20 percent of Europeans have switched screens at least once in the past 30 days while watching video.[8]

Younger generations shift prime-time

Television prime-time is being redefined, with the younger generation playing a driving role. Two out of three people under the age of 25 watch TV or video content in bed before falling asleep. One out of three in this young age group watches TV or video content in bed before getting up.[7]

Device share of total TV/video time, Europe



Source: Ericsson ConsumerLab, TV and Media 2015
Base: Population with broadband at home who watch any type of TV/video at least weekly, Europe

[7] Ericsson ConsumerLab, TV & Media 2015
[8] Ericsson ConsumerLab analytical platform (2014)

Ericsson is the driving force behind the Networked Society – a world leader in communications technology and services. Our long-term relationships with every major telecom operator in the world allow people, business and society to fulfill their potential and create a more sustainable future.

Our services, software and infrastructure – especially in mobility, broadband and the cloud – are enabling the telecom industry and other sectors to do better business, increase efficiency, improve the user experience and capture new opportunities.

With approximately 115,000 professionals and customers in 180 countries, we combine global scale with technology and services leadership. We support networks that connect more than 2.5 billion subscribers. Forty percent of the world's mobile traffic is carried over Ericsson networks. And our investments in research and development ensure that our solutions – and our customers – stay in front.

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