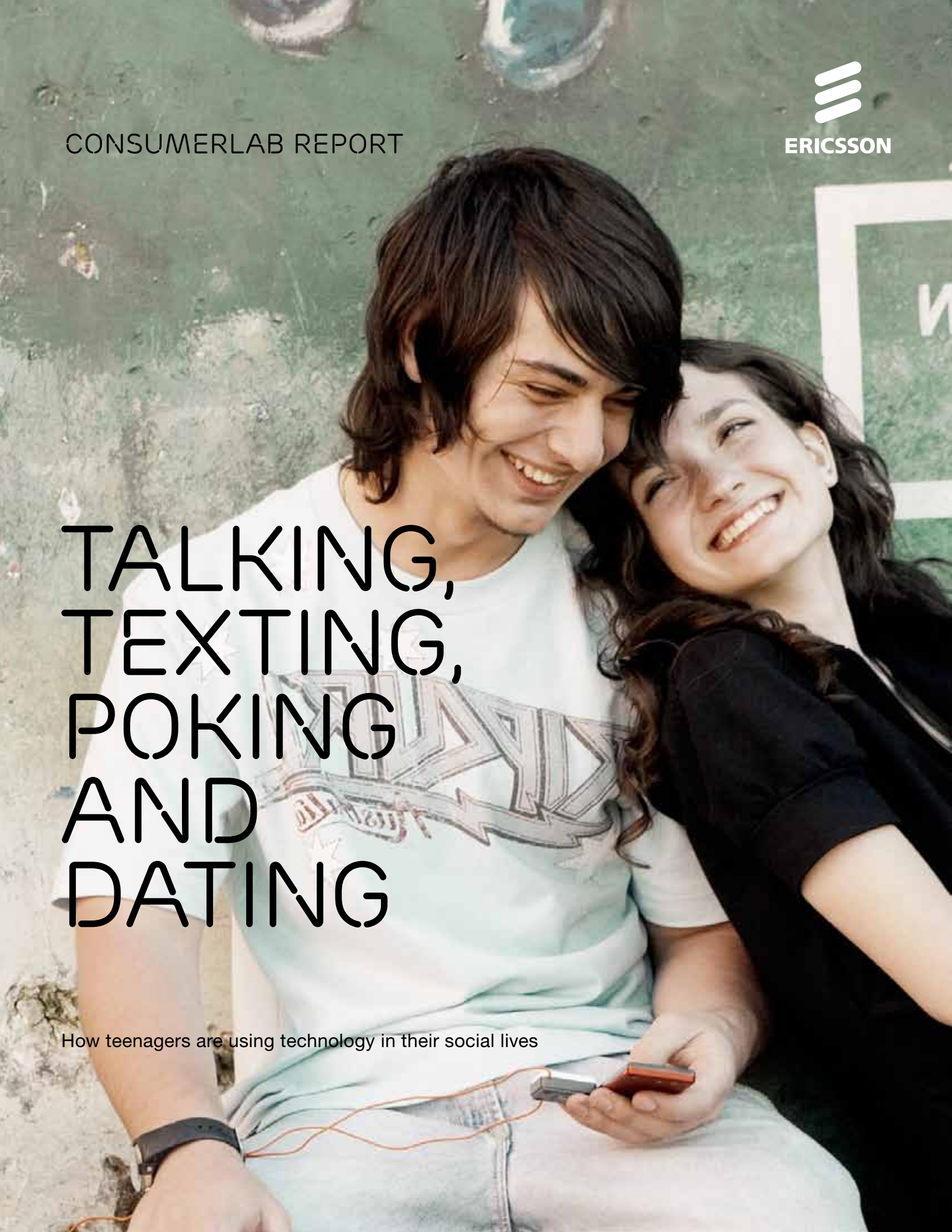


CONSUMERLAB REPORT



TALKING, TEXTING, POKING AND DATING

How teenagers are using technology in their social lives



INTRODUCTION

How do teenagers prefer to communicate and socialize with each other? At Ericsson, we think their behavior has important implications for the future of devices and technology. In 2011, Ericsson ConsumerLab carried out research into what those implications will be.

The research focused on US teenagers aged between 13 and 17. The quantitative part of the research consisted of almost 2,000 online surveys, and involved a representative sample of 20 million people between 13 and 17 years of age. The research took place between June and November 2011.

The qualitative element of the research consisted of two parts. In the first, one-hour-long interviews were conducted with 32 respondents from Long Island, New York. Following this, 12 of the teenagers were selected for

two-hour-long interviews. The survey sample was selected to be representative of the entire US, and the behavior reported is similar to that in many other countries.

This brochure presents some initial findings of the research.

ERICSSON CONSUMERLAB – THE VOICE OF THE CONSUMER

Ericsson ConsumerLab is a knowledge-based organization that provides consumer insight to influence strategy, marketing and product management within the Ericsson Group. Ericsson ConsumerLab has more than 15 years' experience in consumer research, which involves studying people's values and behaviors, including the way they act and think about ICT products and services. This knowledge helps operators develop attractive revenue-generating services.

The knowledge is gained through a global research program based on annual interviews with 100,000 individuals in more than 40 countries and 10 megacities – statistically representing the views of 1.1 billion people. This is based on both quantitative and qualitative

research, and hundreds of hours of in-depth interviews and focus groups with consumers from different cultures. This research includes general market and consumer trends and in-depth insights into specific areas.

To be close to the market and consumers, Ericsson ConsumerLab has team members in most of Ericsson's market regions. Being part of the Ericsson Group gives the organization a thorough understanding of the ICT market and business models. This broad knowledge is unique and is the basis for credibility and integrity. Ericsson ConsumerLab sees the big picture, understands where the individual fits in, and knows what this means for future trends and services.

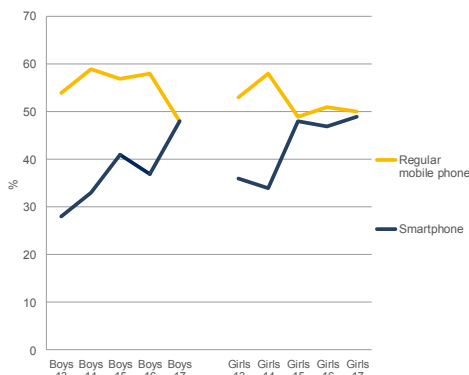
HIGHLIGHTS

- > Texting on the phone is great, but nothing beats meeting face-to-face
- > Facebook gets lots of 'likes' – but it is just a tool
- > Video chat is growing – 23 percent say usage is up on last year

Ownership levels for smartphones and regular phones are the same for 17-year-olds, but 13-year-olds are much more

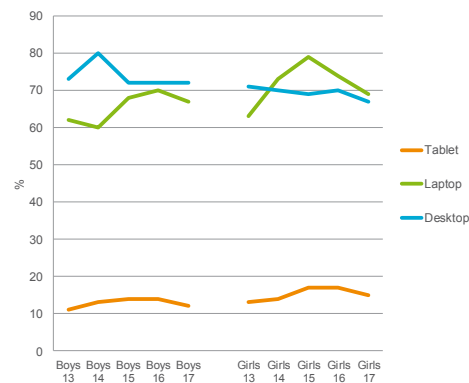
interested in getting a smartphone, if they don't already have one. The same applies to tablets.

Ownership levels for smartphones and regular phones



Source: Ericsson

Ownership levels for tablets, laptops and desktops

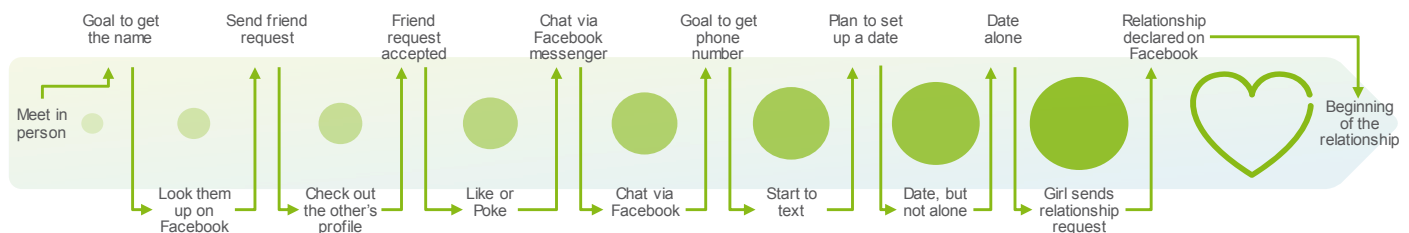


Source: Ericsson

The common usage of texting and Facebook has changed the dynamics of teenage dating. The biggest changes can be seen in the courting process where the goal is to ask the other person out on a date. However teenagers still meet potential romantic partners face-to-face.

Another obvious shift is the fact that changing your Facebook relationship status to “in a relationship” or “single” is now seen by friends as the official declaration.

Teenage dating timeline



Source: Ericsson

FIRST FACE-TO-FACE. TEXT COMES NEXT

- Use of home phone falling and Facebook, texting and mobile phone use is rising
- 53 percent say their calls last less than four minutes
- In-real-life best for getting the big picture

In an era of online social networking, it may come as a surprise that teenagers' preferred form of communication doesn't rely on technology. Asked what form of communication they would miss most if it were taken away, the vast majority of respondents replied "face-to-face." Less than half as many said they would miss texting the most, putting it in second place. Meanwhile, Facebook use came in as only the fourth most popular, after talking on the mobile phone.

"We will always have texting, just as our parents will always have voice calls."

Lisa, 16 years old

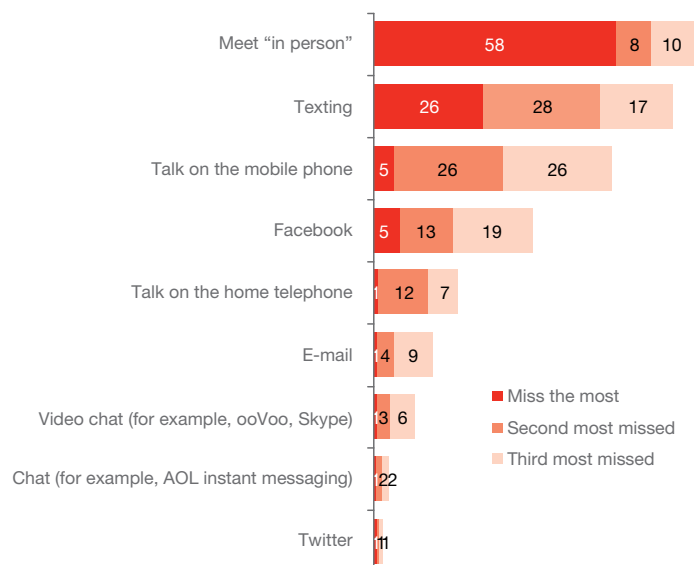
Meeting IRL (in real life) is best because it provides the complete context, including body language and non-verbal cues. This is especially important considering the way teenagers often use sarcasm. Texting remains the teenager's tool of choice when face time isn't an option. In fact, it dominates high-school kids' social lives. One of the reasons is convenience – it allows them to communicate while multitasking. They are able to send a text to friends between classes, at parties, out shopping, and at home while doing chores or watching TV – it does not interrupt the flow of their lives.

Voice calls, on the other hand, are considered by teenagers to be more suitable for adults. Unsure about the unwritten rules of phone conversation, teens find it difficult to deal with "awkward pauses" on the phone, so they tend to

make brief calls: on average, 53 percent (or more specifically, 59 percent of boys, and 47 percent of girls) say their calls last less than four minutes.

Regardless of teenagers' communication preferences, in the 12 months preceding the research, use of home telephones among those questioned decreased, while the use of chat (such as AOL Instant Messenger) remained the same. By contrast, 49 percent of teenagers reported an increased use of Facebook, 45 percent said they were now using text more, 44 percent said mobile-phone usage was up, and 23 percent said they were engaging in more video chat.

Communication methods that teenagers would miss



Source: Ericsson

ON CAMERA: VIDEO CHAT A GROWING TREND

- > Teens expected to continue video chat into later life
- > More than a third say they use video chat for homework
- > 83 percent of video-chat users use it at least once a week

The use of video chat is on the rise among teenagers. It combines their increasing use of digital technology with the desire for face-to-face interaction, and is used when meeting friends in person is impossible because of the distance separating them, or parental restrictions. This is reflected by the statistics, which show that 13- to 15-year-olds – who are more subject to parental restrictions than older teenagers – are the main users of video chat.

Of those who have started using video chat, 57 percent use it after school a few times a week, while 83 percent do so after school about once a week.

“Video chat – it’s like having your friends sitting on the desk.”

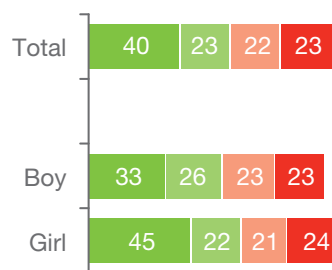
Victoria, 15 years old



During video chat, the most popular way of using the service is to actively chat with the other person, but it is also common for users to do homework or chores at the same time, to chat occasionally or simply “hang out.” Users who interact with more than one person at a time tend to use ooVoo instead of Skype, and to be young girls. More than a third of the participants in the study also reported using video chat to collaborate on homework.

It is expected that teens will carry the use of video chat – and texting – into later life stages.

How teenagers use video chat



Base: Using video chatting

- Talk the whole time
- Talk now and then
- Just hang out
- While on a session do other things simultaneously like chores, homework, listening to music and so on

Source: Ericsson

FACEBOOK: LOTS OF 'LIKES' BUT IT'S JUST A TOOL

- > Average number of Facebook friends is 265
- > But having more than 350 is seen as 'strange'
- > Teenager and adult usage differs

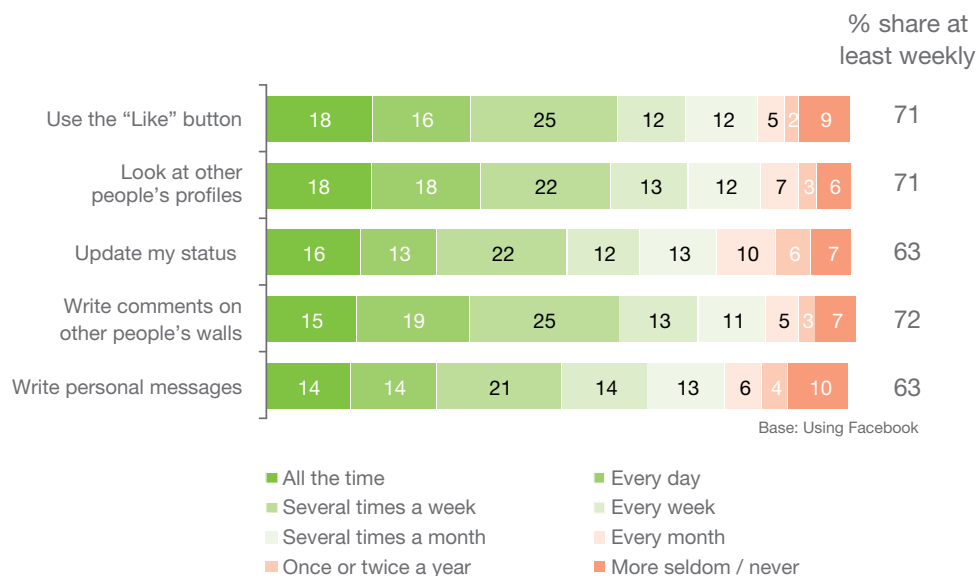
In a teenage context, the concept of social media effectively means Facebook. But while teenagers like it, they could live without it. They simply see it as a tool that – as a complement to texting – is another way to connect with their friends. The number of Facebook friends they have is much larger than those listed as contacts on their mobile phones. This contains an average of 55 contacts as opposed to the average of 265 friends they have on Facebook.

Teenagers are likely to have all the students from their grade as Facebook friends, whether or not they have mutual interests. It is common among teenagers to become Facebook friends with people they meet through

other friends at parties, and to exchange names rather than phone numbers with them. However, teenagers do not become Facebook friends with complete strangers, and having too many Facebook friends (the average for the upper limit was 352) is considered strange.

The research also highlights differences in the ways teenagers and adults use Facebook. While adults tend to use it to exchange information by making statements, teenagers express themselves through song lyrics and movie quotes. Teenagers also use Facebook emotionally, as an extension of their real-life relationships, whereas adults use it more rationally as a substitute for other forms of communication.

Frequency with which activities are performed on Facebook



Source: Ericsson

SAME NEEDS, DIFFERENT TOOLS

- > The phone is a social tool, like smoking once was
- > Expectations are different in today's digital age
- > ooVoo is an emerging social tool

Teenage communication behavior is based around the need to belong and be significant. A social tool must support fundamental emotional drivers, but will change depending on the life stage of the user.

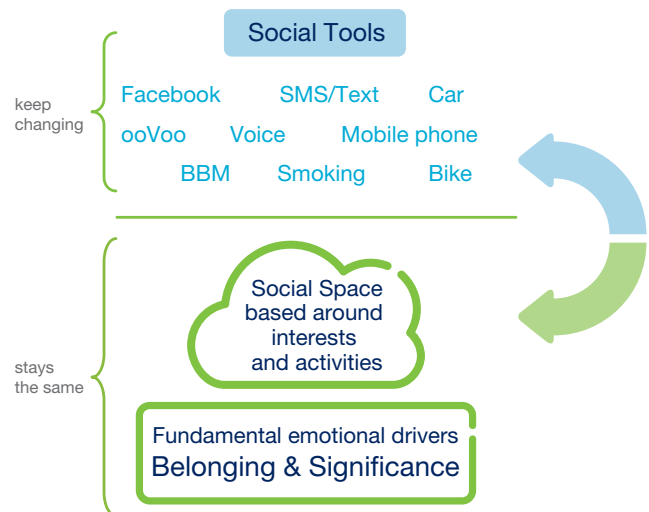
Young people create or adopt their own social tools – which should ideally exclude their parents and older generations. Smoking was once a social tool, a way of belonging. These days, with smoking increasingly unpopular, technology – and particularly the mobile phone – are seen as the most popular social tools.

But predicting the future of teenage communication has less to do with identifying the tools than identifying how they fulfill their emotional needs. These needs remain constant over time and drive behaviors that in turn lead people to discover social tools and create social spaces. Teenagers develop a sense of belonging through shared emotions rather than shared tools or activities.

In this research we have identified that ooVoo is an emerging social tool among teenagers, while texting and Facebook remained as the main social tools. Texting is a key social tool for US teenagers in high school, while other markets and cultures find their own, often local, equivalents to fulfill the same fundamental emotional needs.

Behaviors are dynamic, and shift as people enter different life stages. Teenagers eventually start to use communication tools in the same way as adults do as they get older.

They will continue to use “their” tools such as texting, Facebook and video chat, but at the same time, they understand the need to use voice and e-mail as they move into the next stage of their lives.



A Social tool needs to support the fundamental emotional drivers

Source: Ericsson

Ericsson is the world's leading provider of technology and services to telecom operators. Ericsson is the leader in 2G, 3G and 4G mobile technologies, and provides support for networks with over 2 billion subscribers and has the leading position in managed services. The company's portfolio comprises mobile and fixed network infrastructure, telecom services, software, broadband and multimedia solutions for operators, enterprises and the media industry. The Sony Ericsson and ST-Ericsson joint ventures provide consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of being the "prime driver in an all-communicating world" through innovation, technology, and sustainable business solutions. Working in 180 countries, more than 100,000 employees generated revenue of SEK 203.3 billion (USD 28.2 billion) in 2010. Founded in 1876 with the headquarters in Stockholm, Sweden, Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ New York.

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