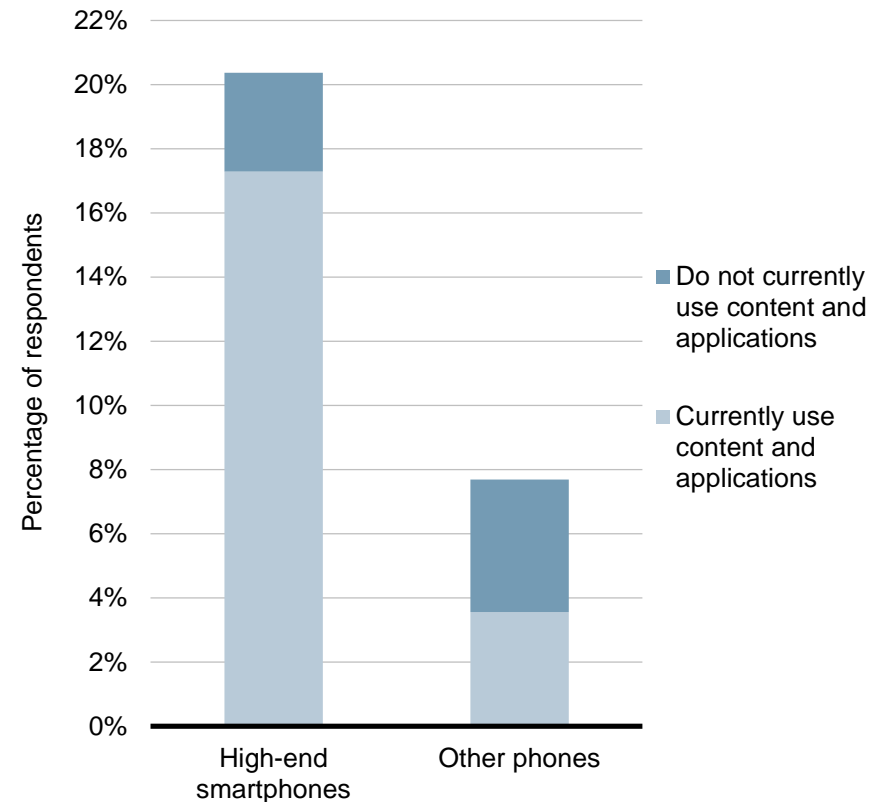


The more users are exposed to content and applications, the more important it becomes when selecting a CSP

- Mobile content and applications are becoming an important part of a consumer's decision to select an operator. This is particularly true for consumers who already have a high-end smartphone and are using these services.
- Over 20% of users of high-end smartphones (that is, users who have access to more sophisticated services) would switch to a new network in order to gain access to specific mobile content and applications.
- This creates opportunities and threats:
 - CSPs with better access to content and applications (e.g. through exclusive contracts for devices or exclusive services) will win subscribers.
 - CSPs risk losing subscribers if they do not provide access to these services (e.g. if they block services), or if the quality of the service provided is poor.

Figure 8: Proportion of subscribers who would switch provider to gain access to mobile content and applications, by device type, USA¹ [Source: Analysys Mason, 2011]

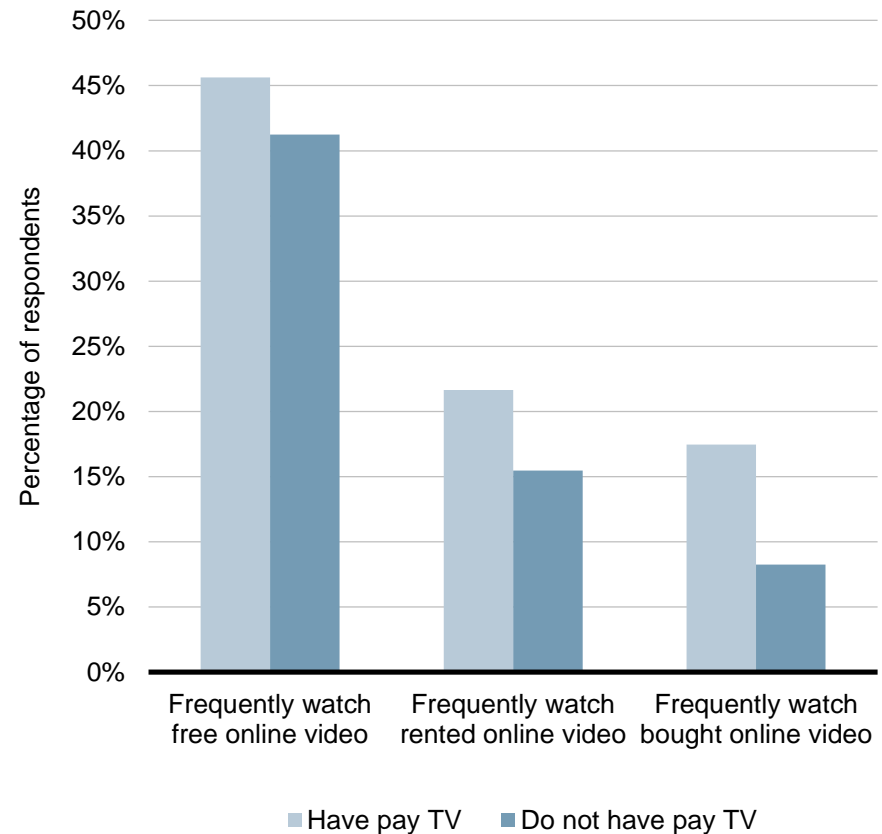


¹ Questions: "Are you thinking about switching mobile operator in order to get access to the mobile content and applications that you want?" and "What is the make, or brand, of the mobile phone that you use most frequently?"; respondents with a mobile phone; USA; n = 864

OTT video is not yet cannibalizing pay-TV services

- The growth in online video usage does not appear to be having a negative impact on pay-TV take-up. Consumers in the US who subscribe to pay-TV services are more likely to be frequent viewers of online video content than those who do not have a pay-TV subscription.
- Users who have pay-TV services are also more likely to use paid-for online video services than those who do not have a pay-TV subscription. More than 20% of US pay-TV customers claimed to watch rented online videos frequently. This statistic is consistent with the increasing popularity of Netflix – the online video rental company reported 20 million customers at the end of 2010, which equates to a household penetration rate of about 20%.

Figure 20: Online video service usage, USA¹ [Source: Analysys Mason, 2011]



¹ Question: "How often do you view, rent or buy online video content?"; all respondents that have viewed an online video in the past 3 months; USA; n = 663.