

EXECUTIVE SUMMARY

The Multi-Screen Experience

A global overview of consumer demand

As consumers adopt a digital lifestyle, they want easy access to their communication and entertainment services any time, anywhere — with seamless delivery across their favorite devices. By meeting these demands, multi-screen services can help service providers increase ARPU, enhance consumer loyalty and connect with the youth demographic, which is highly valuable to advertisers.

Introduction

The multi-screen experience will open up a new world of services and applications, by allowing seamless connections between TVs, desktop PCs, laptop computers and a wide range of mobile devices. This trend is being driven by consumer demands for:

- *Video entertainment* – including professionally generated content and user-generated videos, available through sites like YouTube and Flickr
- *Web 2.0 functionality* – for information sharing, interactivity and collaboration
- *Personalized entertainment* – enabled by the Internet and an array of devices, such as TiVo, AppleTV and personal video recorders (PVRs)
- *New mobile devices* – including media center PCs, mobile phones, PDAs, in-vehicle entertainment screens and portable gaming devices connected to the Internet

The number of mobile video subscribers worldwide increased by more than 300 percent from 2005 to 2006 and should top 46 million by 2010.

SOURCE: INFONETICS

More than 30 percent of consumers would subscribe to a multi-screen service, if offered today.

SOURCE: ALCATEL-LUCENT MARKET ADVANTAGE RESEARCH 2008

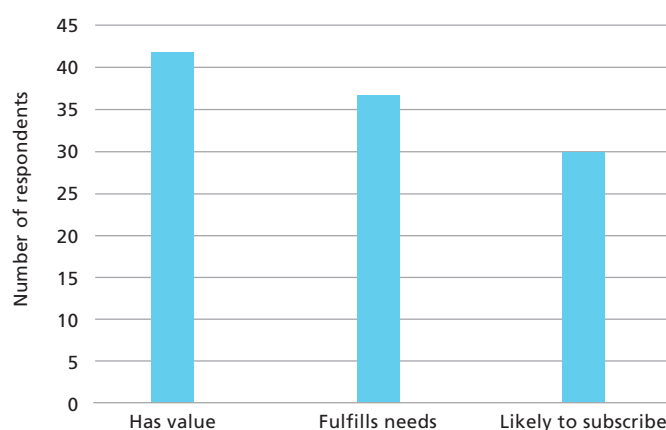
To evaluate the market opportunity for integrated, cross-screen video services, Alcatel-Lucent conducted consumer research in North America, Western Europe and Asia. These 2008 quantitative studies examined key target markets, consumers' willingness to pay and the influence of teens on family buying decisions.

Key research findings

Overall, Alcatel-Lucent Market Advantage global research indicates that consumers have a strong interest in subscribing to multi-screen services and recognize their value.

- *In North America* – The results shown in Figure 1 validate that multi-screen services have the critical components needed for a successful product introduction. In addition, 55 percent of consumers will seek additional information about the services, which is critical for effective marketing.
- *In Europe* – More than 33 percent of respondents believe multi-screen services offer more flexibility and control of the viewing experience, allowing them to multi-task between devices in a new way. Consumers in Spain and Italy may be particularly receptive to these offerings, because they lead Europe in online and mobile phone usage — and make greater use of advanced applications and entertainment features.

Figure 1: Multi-screen findings in North America



- *In Asia* – Thirty percent of respondents believe that multi-screen services would make the viewing experience more interactive and allow them to personalize content.

Reducing churn in Europe and Asia

In these regions, multi-screen services are seen as an important differentiator that greatly increases consumers' likelihood of continuing with their service provider.

Multi-screen services can help service providers connect with the valuable youth demographic — and reduce churn.

SOURCE: ALCATEL-LUCENT RESEARCH

Reaching younger market segments

Consumers aged 11 to 25, known as the “millennials” market segment, showed the highest level of interest and desire to pay for multi-screen services. For example, in North America:

- *Among survey respondents 14 to 17 years old* – 37 percent are “highly likely to subscribe” to multi-screen services after only a brief introduction (without any pricing information).
- *Among respondents 18 to 25 years old* – 43 percent are highly likely to subscribe after only a brief introduction.

The power of millennials – According to the research, this market segment includes 84 million consumers in North America, 51 million in Western Europe and more than 99 million in Asia. Comfortable with advanced technologies, millennials want communications services that can improve their lifestyle, with easy multimedia downloads, conferencing and text messaging — regardless of their location and device.

The influence of teens – This study also showed that teens have significant influence on their parents' buying behavior.

- *In Europe* – Spanish parents look most to their children for family technology purchases, followed closely by the United Kingdom and Italy. In the latter two countries, teens will push for mobile video and converged services, such as Web recorders that can record TV programming directly to a PC.
- *In Asia* – parents in South Korea and Taiwan look to their teenage children most for family technology purchases. However, parents in South Korea and New Zealand are the most easily persuaded when their teens ask them to purchase something.

Conclusions

With today's technological advances and media-hungry customers, service providers have an opportunity to earn billions of dollars in new business through multi-screen services — or lose it all to competitors. Service providers need to prepare for the multi-screen experience now, including a strategic marketing approach that combines incentives, discounts, cost control and innovative new ideas. Significant marketing efforts should be focused on the teen population, because most consumers trust their children to help make decisions regarding family communications purchases.

For more detailed research findings, please contact your Alcatel-Lucent account representative.

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