Welcome!

Introduction
Explore NBCUniversal’s latest perspectives and insights into the Telco industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Telco brands and marketers as they navigate what’s next.

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Telco partners to build their brands. This report has been created based on NBCU’s:
• Ongoing Industry Evaluation
• Conversations with Telco Advertisers and Agencies
• Continual Marketplace Analysis
• Examination of Consumer Attitudes towards the Telco Industry
In 2023, NBCU worked with:
All Major Telco Industry Advertisers

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Major Carriers       Alternate Carriers

And Telco Subcategories

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Mobility             Internet              MVPDs                      B2B
Contents

01. Looking Back: 2023 in Review
02. Looking Ahead: Key Industry Trends to Watch
03. The Power of Advertising & Media Trends to Watch
04. Partnering with NBCU
After spending immense resources on building & deploying new infrastructures, **telcos are focused on ROI initiatives to recoup investment**
Telco Brands Re-Assess Strategy & Priorities in 2023

**Heavy Infrastructure Costs & Expense Cuts**

Macroeconomic volatility & heavy infrastructure costs drove stringent ROI goals, resulting in cost-cutting across operations, employment, & advertising.

**Slowed Infrastructure Development**

After constructing required technology to deploy 5G, fiber optic, & fixed wireless innovations, telcos were more focused on driving subs, revenue, and usage.

**Continued Pricing Dynamics**

To help profit margins, Verizon & AT&T raised prices 2x in 2023. T-Mobile employed a dynamic pricing strategy to keep plans lower than competitors, but still reactive to economic realities.

**Diversification of Business Lines**

In the wake of these challenges, telcos increasingly bet on other LOBs such as B2B, Subscription Service Aggregators, and Prepaid to re-invigorate demand & drive revenues.

BRANDS ACROSS TELCO SUB-CATEGORIES ARE
Navigating Newly Unstable Terrain

### Mobility
The subcategory continues to see slow growth due to lukewarm 5G adoption, maxed mobility penetration, low smartphone sales, and minimal churn.

- **95%** of consumers already own a smartphone & **87%** are satisfied with their current telco provider

### Internet
While cable is still the most common internet option, it’s lost 10pp in users as consumers cut cabled internet/TV/landline bundles and fixed wireless grows.

- **0% → 16%** growth in fixed wireless users from 2019 to 2023 due to price

### Prepaid
Given recession and inflation fears, more consumers and telcos have turned to prepaid options vs. past years.

- **34%** of consumers have prepaid plans, +29% vs. 2020 due to middle-income sub growth

### B2B
Telcos are dedicating more investment in B2B LOBs by targeting SMBs and enterprise accounts for long-tail & big contract revenue streams.

- **$181B** projected global B2B telco market by 2030 (15% CAGR)

MARKETPLACE PARTNERSHIP EXAMPLES

How Our Partners Are Evolving Their Media Strategy & Storytelling

Showcasing Integrated Partnerships
Telcos are activating co-branded campaigns to drive users towards integrated services

Leaning into Cultural Moments
Capitalizing on consumer passion points, tentpoles & fan-favorite talent continue to bolster brand visibility

Promoting Loyalty Programs
With mobility growth slowing, telcos focused more on customer lifetime value with loyalty incentives

Highlighting Small Business Narratives
Majority of B2B creative showcased SBO themes to drive affinity with this prioritized segment

Looking Ahead

KEY INDUSTRY TRENDS TO WATCH
Looking Ahead

Key Telco Trends & Emerging Sub-Categories

We Expect to Influence Marketing & Media Strategies

1. Competition Evolves To Fiercer Stakes
2. Rebound in Churn & Value Prop Focus
3. Bundles Drive Diversified Customer Relationships
4. Realization of 5G Potential
5. Acceleration of the Telco to Techco Movement
Competition Evolves To Fiercer Stakes

Lukewarm financial results are driving an increasingly crowded field

As mobility and cable providers struggle amidst poor wireless growth and cord-cutting, they’re diversifying business lines, battling on price, and ultimately, bundling competitive services.

LOB Advertising Spend Share: YoY Growth

Brands are increasing spend within LOBs outside of postpaid to diversify revenues, resulting in a more crowded landscape across telco connectivity business units.

<table>
<thead>
<tr>
<th></th>
<th>Postpaid</th>
<th>Prepaid</th>
<th>B2B</th>
<th>Internet</th>
<th>Cable</th>
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<tr>
<td>AT&amp;T</td>
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<td>Comcast</td>
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<td>T-Mobile</td>
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<td>Verizon</td>
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- ▲ Share YoY Growth
- ▼ Share YoY Decline


Postpaid Prepaid B2B Internet Cable

Brands are increasing spend within LOBs outside of postpaid to diversify revenues, resulting in a more crowded landscape across telco connectivity business units.
Rebound in Churn & Value Prop Focus

Consumer interest in churning has been growing as provider satisfaction has started declining.

In seeking the best deals, users are looking for more flexibility and better prices that suit personal needs, requiring telcos to shift marketing strategies.

### Growing Rationale for Switching Providers

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<th>% Decrease</th>
<th>% Increase</th>
<th>% Increase</th>
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<tbody>
<tr>
<td>10%</td>
<td>51%</td>
<td>33%</td>
</tr>
<tr>
<td>Decrease in consumers “Very Satisfied” with current provider (2023 vs. 2022)</td>
<td>Subscribers considering switching for the best coverage (increases to 54% for multiculturals)</td>
<td>Subscribers considering switching for cost</td>
</tr>
</tbody>
</table>

### Shifts from Unlimited to Flexible Cost-Effective Plans

<table>
<thead>
<tr>
<th>% Decrease</th>
<th>% Increase</th>
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<tbody>
<tr>
<td>6%</td>
<td>34%</td>
<td>75%</td>
<td>59%</td>
</tr>
<tr>
<td>Drop in unlimited data plan subscriptions (2023 vs. 2022)</td>
<td>Consumers subscribing to single-line plans, up from 29% in 2020</td>
<td>Prepaid subscribers are more likely to recommend their carrier to friends (vs. postpaid subs)</td>
<td>More alternate carrier subscribers believe they have better deals than other consumers</td>
</tr>
</tbody>
</table>

**Bundles Drive Diversified Customer Relationships**

Telcos will further leverage bundling to drive profit margins & beat competition

Packaging 3rd party services (e.g., streaming) and in-house services (e.g., Prepaid, B2B, Internet, Cable, Home Security) will help target key segments over-indexing in bundles: Males 18–44, Hispanics, & African-Americans

**43%**
Subscribers considering switching for bundled streaming services

**71%**
Of Telco leaders are seeing acquisition & retention growth via video streaming bundles

**+25%**
Projected increase in streaming video subscriptions sold via telco bundles by 2028

**Most Effective Services in Driving Acquisition & Retention**

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>SVOD</td>
<td>71%</td>
</tr>
<tr>
<td>Music</td>
<td>68%</td>
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<tr>
<td>Sports Streaming</td>
<td>64%</td>
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<tr>
<td>Food Delivery</td>
<td>59%</td>
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<tr>
<td>Health &amp; Fitness</td>
<td>57%</td>
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<tr>
<td>Audiobook</td>
<td>54%</td>
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<tr>
<td>Gaming</td>
<td>53%</td>
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</tbody>
</table>

**Sources:**
1. Mintel - Mobile Network Providers 2023
2. SpotsnDots

**Subscribers considering switching for bundled streaming services**

71% of Telco leaders are seeing acquisition & retention growth via video streaming bundles

+25% Projected increase in streaming video subscriptions sold via telco bundles by 2028
## Realization of 5G Potential

As hype settles, B2C & B2B 5G adoption will grow more sustainably

After investing massive infrastructure capex, telcos will focus on demonstrating 5G’s ability to power digital transformation, provide differentiated service, and unlock innovation, such as generative AI & machine learning.

### B2B Adoption

- **$10B** US private 5G network market valuation by 2030
- **84%** of enterprises believe deploying a private 5G network is a top 5 priority

### B2C Adoption

- **5.9M** Mobile 5G subscriptions worldwide projected by 2027 (up from 1.9M in 2023)
- **91%** Projected 5G share of total North America mobile connections in 2030
- **21%** Multiculturals planning to buy their first 5G capable smartphone in the next 12 months (vs. 17% NHW)
Acceleration of the Telco to Techco Movement

Telcos will prioritize future-proofing operations to:

- Build autonomy & automation
- Drive revenue & market value
- Reduce CAPEX & inefficiencies
- Grow OPEX (R&D) investment
- Develop comprehensive solutions across cloud, IoT, cybersecurity, edge compute, data management, digital scale & automation, & AI/ML enablement
- Compete with Big Tech’s scale economies, market positioning, resources, & walled gardens

“We are building the best connectivity for our customers, but growth will come through opening up our services, partnering, and embarking upon new revenue models.”

Colman Deegan
CEO Vodaphone Spain

“The success of telcos will require that they become one-stop diversified technology service providers... enabling movement up the ‘technology stack’...”

Sudipto Moitra
General Manager
MTN Satellite Communications

Market Cap 2022: Telco vs. Internet ($T)

- Although telcos & tech leaders have comparable revenues, tech brands are far more valued given their proven ability to grow, adapt, & capitalize on new opportunities

Internet includes Alphabet, Amazon, Apple, Meta, Microsoft, Alibaba, Tencent

Sources: 1. STL Partners, 2. Oracle, 3. Ericsson, 4. Fierce Wireless
SUMMARY

Key Tech Trends We Expect to Influence Marketing & Media Strategies

1. **Competition Evolves to Fiercer Stakes**
   Lukewarm financial results are driving an increasingly crowded competitive field

2. **Rebound in Churn & Value Prop Focus**
   Consumer interest in churning has been growing as provider satisfaction has started declining

3. **Bundles Drive Diversified Customer Relationships**
   Telcos will further leverage bundling to drive stronger profit margins & beat competition

4. **Realization of 5G Potential**
   As hype settles, B2C & B2B 5G adoption will grow more sustainably

5. **Acceleration of the Telco to Techco Movement**
   Telcos will prioritize future-proofing operations to become more autonomous & competitive in our digital world
The Power of Advertising & Media Trends to Watch
While valuations fell, brands who maintained ad spend through 2022 ultimately saw less declines in market capitalization.

For the average company, this translated to maintaining $707m more in market capitalization vs. brands who cut ad spend.

*On Average
Sources: S&P CIQ, MediaRadar, NBCU Proprietary Analysis
Analysts watch ads too
Wall Street Analysts held more favorable opinions of companies that grew ad spend since Q2’22

# of Analysts with Buy Calls (vs. sell or hold)
CY2022 for S&P500 Consumer Discretionary

23.6%

20.2%

Cut Spend
Grew Spend

Analysis includes Consumer Discretionary companies within the S&P 500 and companies who all grew ad spend in 2021 but changed strategy in 2022.
Media Trends to Watch

While linear remains valuable for telcos, it’s imperative for NBCU to continue defending TV spend & moving dollars to Streaming solutions as budgets decline and move to performance channels.

**Steady Linear & Digital Share AMIDST LOWER TOTAL SPEND**

-16%

YoY total spend, but Linear & Digital share remained flat at 33% and 58% respectively.

**Shifting to TV'S DIGITAL FORMATS**

+14%

YoY increase in 2022 TV Networks’ digital channels as telcos recognize the impact of TV digital & performance solutions.

**AUDIENCE TARGETING VIA Programmatic, Social, Short-Form**

26%

Share of total spend (flat YoY) as telcos target regions where new services are deployed.

**HOME & RESIDENTIAL Leads in Category Spend**

51%

Home & Residential’s leads share of telco spend (+9% YoY spend) as brands diversify offerings via cable & internet given slow wireless growth.

Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS & PARTNERSHIP EXAMPLES
Telco
Proven Impact: Across Brand KPIs

BUSINESS OUTCOME

Brand
(Upper Funnel)

Performance
(Lower Funnel)

NBCU CAMPAIGNS – Test vs. Control

Brand Familiarity
+6%

Ad Recall
+23%

Brand Favorability
+11%

Brand Consideration
+19%

Purchase Intent
+15%

Site Visitation
+4%

Campaigns across more than one platform are more effective

Telco Category NBCU Campaigns: Multi-Platform vs. Single Platform

% LIFT

+31% Ad Recall

+14% Brand Favorability

+16% Purchase Intent

+18% Brand Recommendation

Source: NBCU Ad Impact Database 2017-2022, 40 Telco Brand Impact Studies
Custom research, vendors vary. Average of test cells for 2+ platforms vs. single platform campaigns
Strategic Consideration for Driving Growth for Telco Brands

Build Mass Awareness Via Cultural Connection

Why
Leverage live premiere moments with built-in mass appeal to catapult awareness of bundles and value prop offerings

How
Align value prop messaging with mass reach content, influential talent, & cultural moments, e.g. Bravocon, 2024 Election, Big 10

Differentiate With Marketing & Branded Integrations

Why
Combat competitive category, field, and pricing to retain and acquire consumers as switching potentially rebounds

How
Capitalize on high impact storytelling to build affinity with viewers and showcase advantages of services and packages

Engage Multicultural & BDM Audiences for Growth

Why
Increase conversion by resonating with audiences most primed for bundled offerings across video streaming, prepaid, B2B, & internet

How
Leverage data and audience targeting tools to drive consumer action with these key demos

Deploy Performance & Measurement Solutions

Why
Effectively and efficiently drive towards ROI objectives across LOBs and campaigns highlighting bundles or value prop offerings

How
Optimize campaigns based on measurement solutions and activating digital-first commercial innovation ad products
NBCU solutions for delivering Brand & Business Impact for Telco Brands

Differentiate With Marketing & Branded Integrations

Engage Multicultural & BDM Audiences for Growth

Deploy Performance & Measurement Solutions

Audience Targeting & Automation Across One Platform

✓ NBCU Streaming
✓ Data-Driven Linear (DDL)
✓ Cross-Platform (XP)
✓ Managed Service
✓ Programmatic
✓ Apple News
✓ Anzu
✓ Commercial Innovation

NBCU provides SCALE at 227M adults total & PRECISION at 56M tech early adopters and 18M BDMs each month
How Our Partners Are Evolving Their Media Strategy & Storytelling

Launching Season-Long Partnerships
The first-of-its-kind SNL campaign ran throughout season 48 via custom social, sponsorships, audience tickets, and content featuring cast member Bowen Yang, resulting in +106% purchase intent amongst non-T-Mobile customer SNL fans.

Leveraging Contextual Tactics
To launch its Tplus Peacock partnership and engage Hispanic audiences within fan-favorite programming, Metro by T-Mobile deployed contextual ad creative within the Messi docuseries.

Tapping into IP & Talent
To leverage buzz around Bel-Air’s second season premiere, demonstrate the power of Xfinity’s services, and align the brand with the iconic franchise, custom co-branded spots and ad innovations featured Bel-Air’s Geoffrey Thompson (Jimmy Akingbola).

Driving Fan Interaction
To drive awareness and mirror the customization benefits of its new myPlan, Verizon launched a first-of-its-kind activation empowering viewers to select movies to be featured within a custom Curator Peacock ad unit.