

NBCUniversal

2023

Telco Industry Assessment



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
-



NBCUniversal Has a Unique Perspective

In 2023, NBCU worked with:
All Major Telco Industry Advertisers



**Major
Carriers**



**Alternate
Carriers**

And Telco Subcategories



Mobility



Internet



MVPDs



B2B

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with NBCU

Looking Back

2023 IN REVIEW



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, & advertising¹

Slowed Infrastructure Development



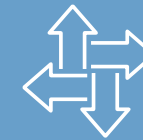
After constructing required technology to deploy 5G, fiber optic, & fixed wireless innovations, telcos were more focused on driving subs, revenue, and usage

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 realities²

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 provider¹

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 price¹

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 growth³

B2B

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

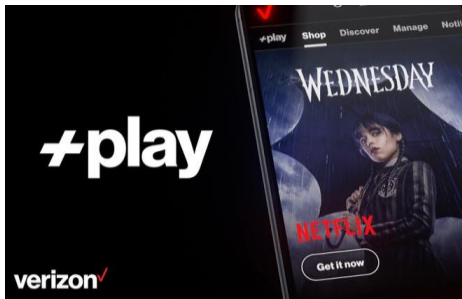
\$181B

projected global B2B telco market by 2030 (15% CAGR)³

MARKETPLACE PARTNERSHIP EXAMPLES

How Our Partners Are Evolving Their Media Strategy & Storytelling

NETFLIX verizon



Showcasing Integrated Partnerships

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

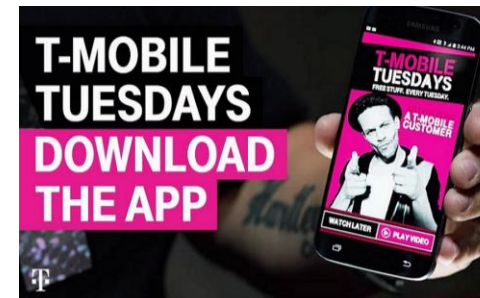
NCAA AT&T



Leaning into Cultural Moments

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

T-Mobile



Promoting Loyalty Programs

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

COMCAST



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



Competition Evolves
To Fiercer Stakes



Rebound in
Churn & Value Prop Focus



Bundles Drive
Diversified Customer Relationships



Realization of
5G Potential



Acceleration of the
Telco to Techco Movement

Competition Evolves To Fiercer Stakes


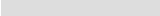
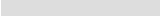
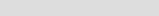
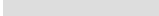





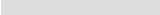


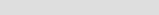
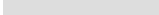





Lukewarm financial results are driving an increasingly crowded field

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

Sources: 1. [Mintel - Mobile Network Providers 2023](#) 2. [Mintel - Home ISPs 2023](#)
3. [MediaRadar - CY-21 - CY-23 \(as of 8/18/23\)](#)

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

	Postpaid	Prepaid	B2B	Internet	Cable
AT&T					
Comcast					
T-Mobile					
Verizon					

 Share YoY Growth  Share YoY Decline

 Share YoY Flat or LOB not applicable

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

-10%

Decrease in consumers "Very Satisfied" with current provider (2023 vs. 2022)

51%

Subscribers considering switching for the best coverage (increases to 54% for multiculturals)

33%

Subscribers considering switching for cost

Shifts from Unlimited to Flexible Cost-Effective Plans

-6%

Drop in unlimited data plan subscriptions (2023 vs. 2022)

34%

Consumers subscribing to single-line plans, up from 29% in 2020

75%

Prepaid subscribers are more likely to recommend their carrier to friends (vs. postpaid subs)

59%

More alternate carrier subscribers believe they have better deals than other consumers

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

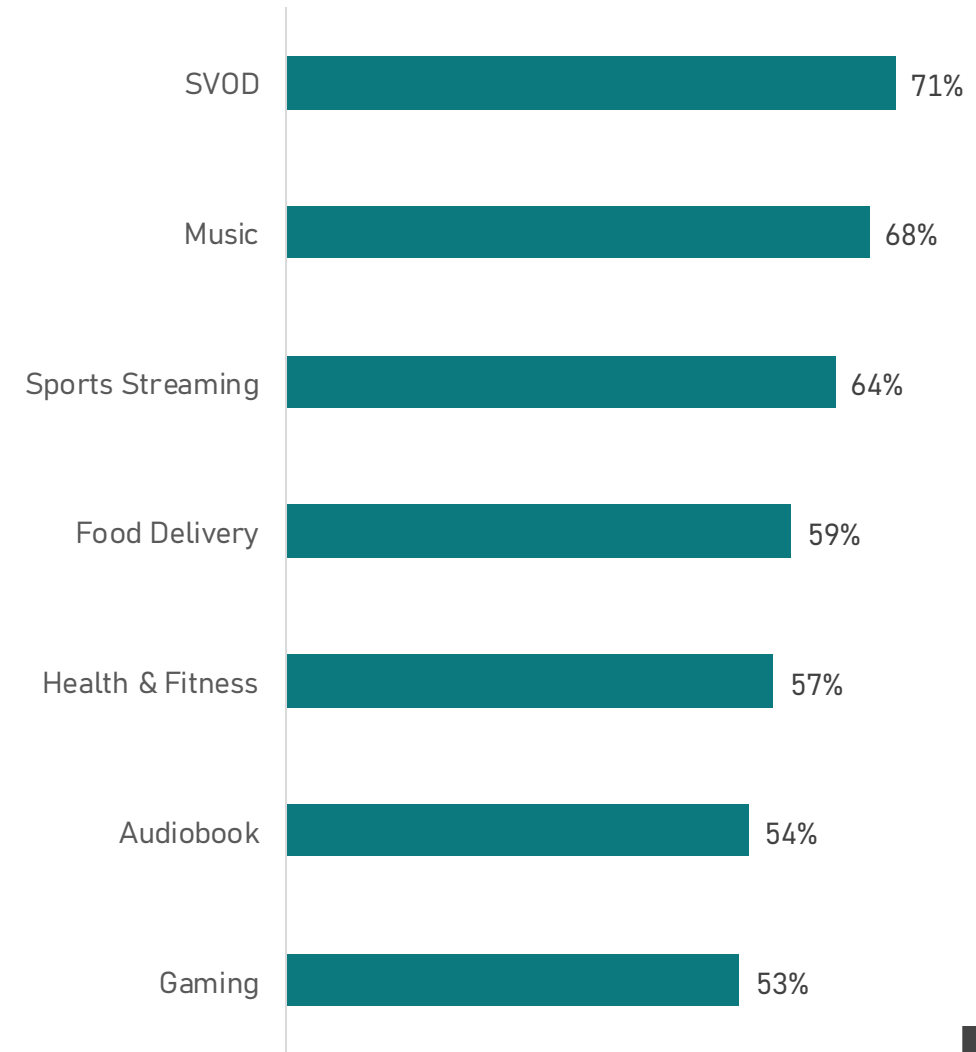
71%

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



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

Accelerated 5G Upgrades by Providers

What Verizon's 5G latest upgrade news actually means for users

AT&T's 5G Network Gets an Upgrade Sooner Than Expected

Verizon says it's weeks away from a major upgrade to rural 5G

Nokia tasked with Canada 5G upgrade

Verizon Business CEO on private 5G: 'Next year, we're going full throttle'

Dish Network's private 5G plans underscore its fiscal future

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

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

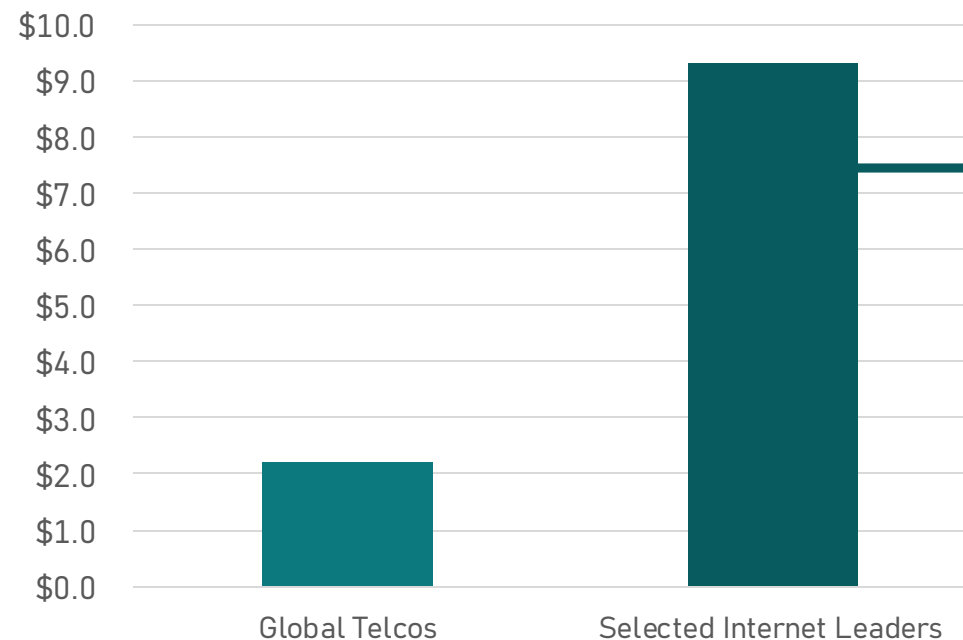
“ We are building the best connectivity for our customers, but growth will come through **opening up our services**, partnering, and embarking upon new revenue models. ”

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

SUMMARY

Key Tech Trends We Expect to Influence Marketing & Media Strategies

**Competition Evolves to Fiercer Stakes**

Lukewarm financial results are driving an increasingly crowded competitive field

**Rebound in Churn & Value Prop Focus**

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

**Bundles Drive Diversified Customer Relationships**

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

**Realization of 5G Potential**

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

**Acceleration of the Telco to Techco Movement**

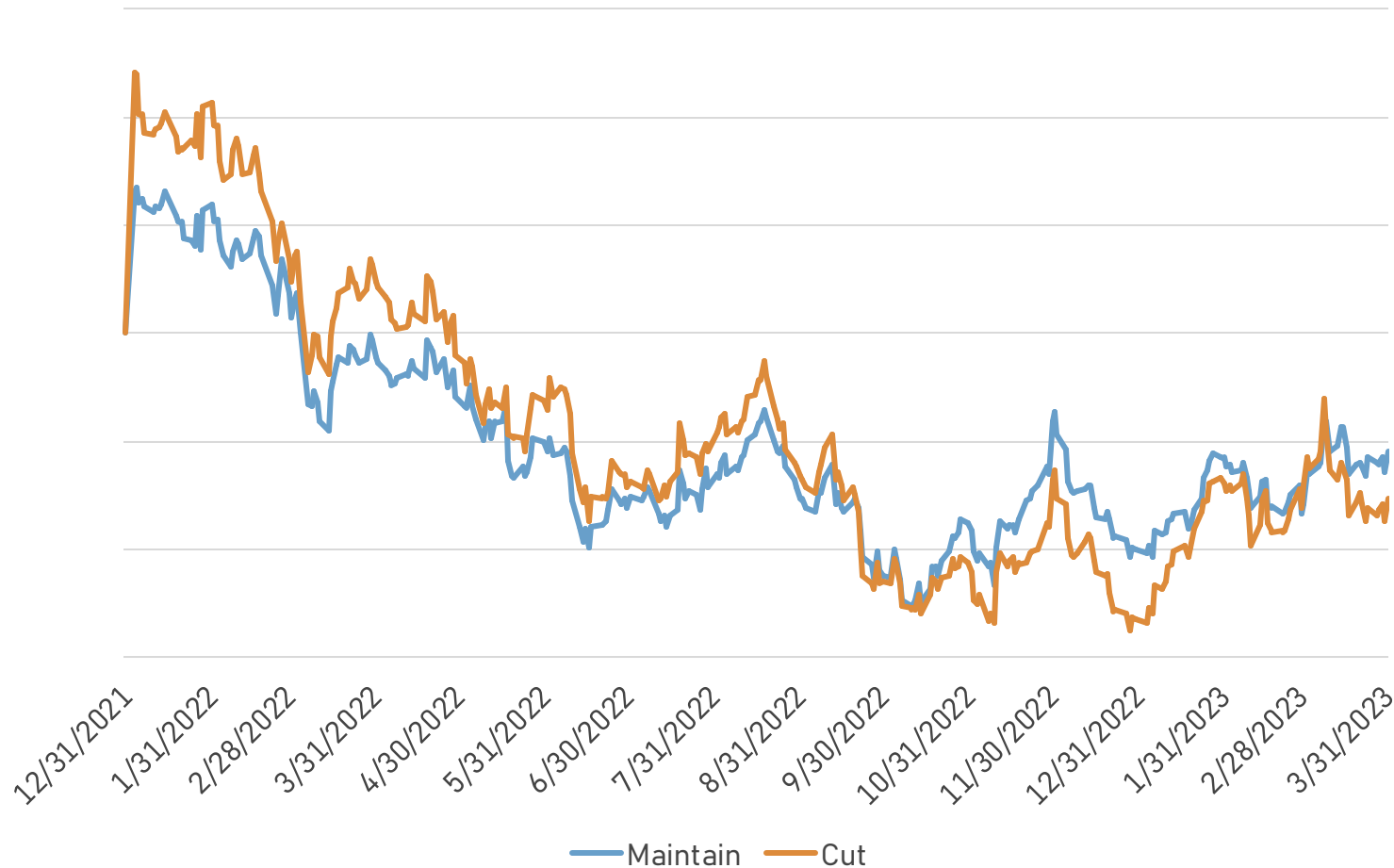
Telcos will prioritize future-proofing operations to become more autonomous & competitive in our digital world

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

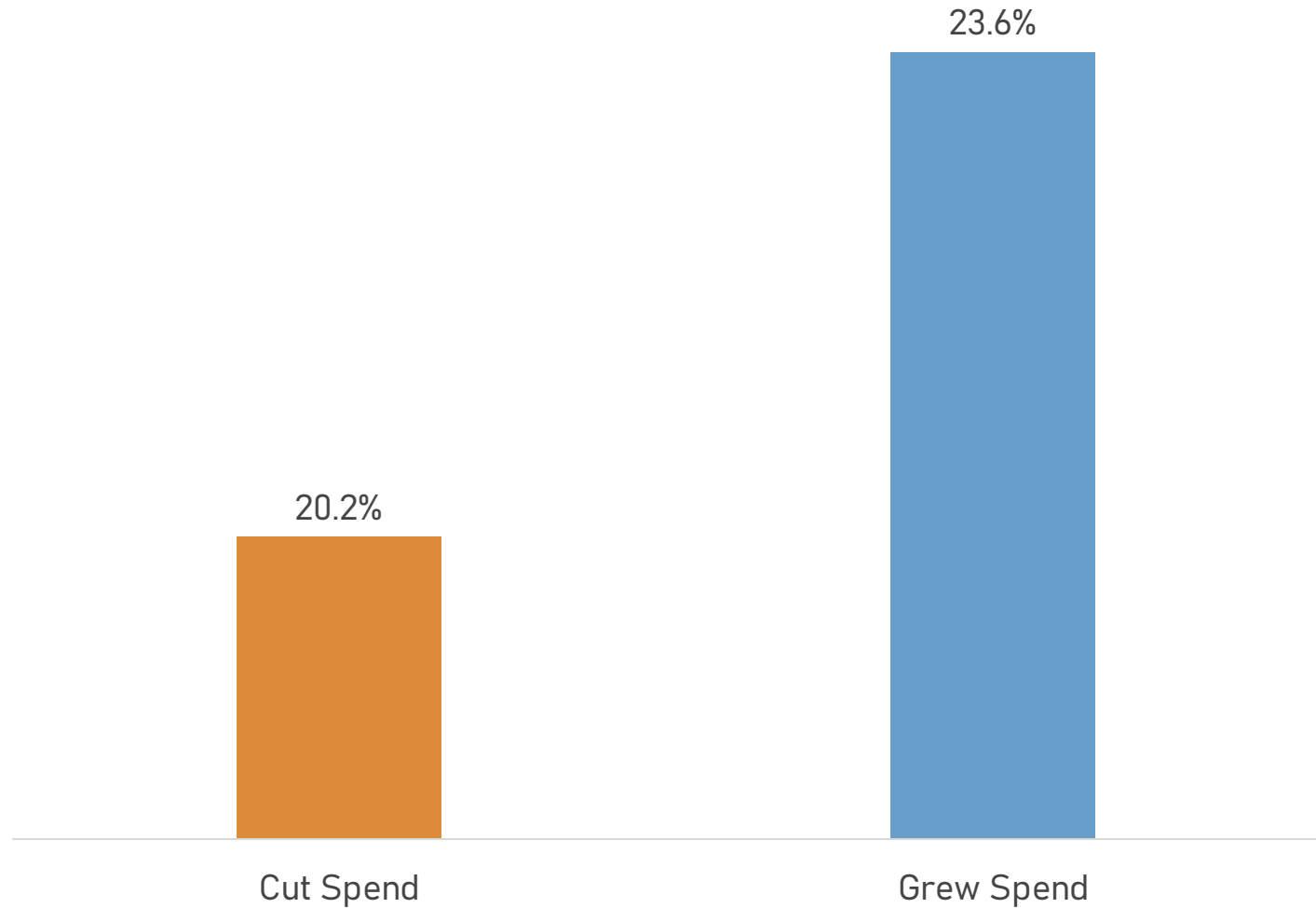
more in market capitalization vs. brands who cut ad spend

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



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

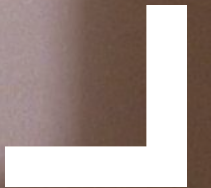
HOME & RESIDENTIAL Leads in Category Spend

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

NBCU CAMPAIGNS – *Test vs. Control*

Brand
(Upper Funnel)

Brand
Familiarity
+6%

Ad
Recall
+23%

Brand
Favorability
+11%

Brand
Consideration
+19%

Performance
(Lower Funnel)

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

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

SCALE

Build Mass Awareness Via Cultural Connection



SNL50



bravo CON



PARIS
2024
OLYMPICS



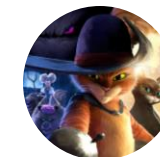
BIG



SUNDAY NIGHT
FOOTBALL



HALLOWEEN
FANDEMONIUM



peacock

NBCUNIVERSAL

Differentiate With Marketing & Branded Integrations

Branded Content



WATCH
WHAT
HAPPENS
LIVE
Andy Cohen



Issue Oriented Programming



Moments that Matter



Engage Multicultural & BDM Audiences for Growth



NBCU provides
SCALE at 227M adults total
&

PRECISION at 56M tech early adopters and
18M BDMs each month

PRECISION

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

NBCUNIVERSAL PARTNERSHIP EXAMPLES

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

2023 Telco Industry Assessment

NBCUniversal

NBCU TELCO CLIENT STRATEGY TEAM:
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