

Telecoms Retailing - UK - January 2011

Report Price: £1500 / \$2310 / €1793



What is this report about?

The mobile phone retail sector has reached the first stage of maturity. The aggressive expansionary phase is now over. The market is now saturated with mobile phone outlets, but now we are faced with just as many questions as we would have been ten years ago, but not because of immaturity, but because the nature of the market is changing.

Technology is moving fast and the winners will be the most nimble and the losers those that don't see the need to change.

What have we found out?

- Online buyers are predominantly younger and more affluent. In mobile phones the young are the early adopters and they lead the way. They are much more confident about the products than older consumers, much less likely to need the help of well trained staff.
- Customers of the network stores are much less likely to buy online than those of independent retailers such as Carphone warehouse and Phones 4U. A large element of this business is probably contract renewal where the help of qualified staff is less necessary and having opted for one network it is easier just to stay with it.
- Some 31% of people bought their last phone online. But 27% researched either online and in-store before buying. The overwhelming majority of these end up buying in-store. The fact is that not everyone is confident enough to buy online and customers can be helped/guided/persuaded into buying by skilled and knowledgeable staff. This is a sector which might superficially seem well suited to being sold online, but in fact it is one where stores have considerable advantages and the more complicated phones and available contracts become, the more store based retailers will be able to benefit.
- The young are much more likely to know what they want, but they can also be driven by other considerations. Those who choose a retailer because it is the only one that has a phone they want are typical. They are at the younger end of the spectrum and they are as likely to be swayed by considerations of the phone as a fashion item or status symbol.
- But many of this younger group are less confident, so we find those rating a retailer because the features of a phone will be explained are also relatively young.
- At the older end of the spectrum phones are still for making phone calls. these people are much more likely to return to a retailer they have used before. This is where high standards of service are important.

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