

Mobile Network Providers - UK - February 2021

Report Price: £1995.00 | \$2693.85 | €2245.17

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“COVID-19 has caused numerous changes to the mobile network providers market. It is possible that some consumers will not upgrade their mobile data allowances long term if they work from home permanently post-COVID-19, but this in turn opens up opportunities for network providers to target these consumers with their 5G broadband offerings.”

– **Zach Emmanuel, Consumer Technology Analyst**

This report looks at the following areas:

- **The short, medium and long-term impact of COVID-19 on how consumers buy and use their mobile contracts, including changes to what they're looking for in call, text and data allowances.**
- **Which mobile network provider consumers are subscribed to, whether it is a contract, SIM-only or PAYG plan and how pricing compares between providers.**
- **Consumers' intention to buy a 5G phone and contract in the next year and the importance of 5G coverage in deciding between providers.**

SIM-only is now the most widely used type of mobile payment plan (38%) ahead of contracts bought with the phone (32%). Whilst the market had been moving in this direction in recent years, COVID-19 is likely to have accelerated it with consumers trying to save money on their contracts. To put the shift in perspective, 39% of people who had a phone with a network connection bought a contract with the phone in 2018, compared to just 28% having a SIM-only plan.

In terms of how COVID-19 will affect the market going forwards, 29% of people with mobile contracts say the financial uncertainty caused by the pandemic means they are more likely to switch to a cheaper network provider. This could benefit Three in particular as its subscribers pay less than the other major networks on average per month. Additionally, Three has the most widespread coverage of 5G and 54% of people intending to upgrade to the connection say that coverage is the main factor in their choice of who their next network provider will be.

The biggest threat to network providers is that there is a movement towards greater consumer flexibility and fewer ties to fixed contracts. Not only has there been a rise in SIM-only deals but also Ofcom is banning networks selling locked smartphones from December 2021 to enable people to switch providers more easily.

Over the next year network providers should put a greater focus on entry to mid-level 5G devices ahead of the usual flagships. With consumers concerned over their finances, devices like the Galaxy A42 5G, which is available for £349, are likely to appeal to people who want to upgrade to 5G without paying too much.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Issues and Insights

- How COVID-19 is shaping the mobile network providers market
- Shift to SIM-only and cheaper contracts
- Changes to habits in mobile calling and data usage
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Department for Education's Help with Technology programme
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 Vodafone's discounted mobile plan for jobseekers
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