“The market for mobile network providers has reached a mature point as a static subscriber base continues to gravitate to flexible options offered by competitive SIM-only deals.”

- Joe Birch, Consumer Technology Analyst

This report looks at the following areas:

- Preventing churn and fostering brand loyalty can be short-term aims
- Bringing 5G’s potential to life for consumers can help re-energise MNOs’ proposition
- Mobile networks’ next battleground could be away from mobile phones

5G could help usher in a new dynamic helping operators to move from being a provider of communication to a platform of connected services. However, the functionality and promise of 5G capabilities will need to resonate more clearly with consumers before we see a significant shift towards these new services.
The market
A stagnant subscriber base, with a decreasing monthly spend contribute to market decline
Figure 1: Mobile network providers’ market size and forecast, 2014-24

Companies and brands
O2 and EE are top providers but MVNO proposition gains ground
Figure 2: Mobile network provider, 2018 and 2019

The big four roll out 5G in 2019 across major cities in the UK
Vodafone and O2 infrastructure agreement to deliver faster 5G rollout
Vodafone showcases 5G capability at Ricoh Arena in Coventry
Virgin Mobile moves to Vodafone’s network from 2021
Three pioneers cloud-based core network in partnership with Nokia...

The consumer
SIM-only contracts continue to rise as consumers delay upgrading
Figure 3: Contract with a phone vs SIM-only vs PAYG, 2017-19

Users in longer-term contracts are down in 2019
Figure 4: Length of contract, 2018 and 2019

Ethical and environmental traits can add halo effect for providers
Figure 5: Factors influencing purchase decision, November 2019

Take-up of 5G contracts and handsets looks set to be a slow burn
Figure 6: Uptake of 5G phones and contracts, November 2019

Customers tend to stay loyal to network providers
Figure 7: Length of time with network, 2018 and 2019

Data allowances still a priority for consumers
Figure 8: Attitudes towards mobile contracts, November 2019

What we think
Preventing churn and fostering brand loyalty can be short-term aims
The facts
The implications
Bringing 5G’s potential to life for consumers can help re-energise MNOs’ proposition
The facts
The implications
Mobile networks’ next battleground could be away from mobile phones

The facts

The implications

Market continues to decline on back of mature consumer base and decreasing prices
SIM-only deals increase as those with longer-term contracts with providers go down
Ofcom launches a host of initiatives to encourage competition in the mobile market
Bundled services see a drop-off in 2018 as market reaches maturity

Market Size and Forecast

A stagnant subscriber base, with a decreasing monthly spend contribute to market decline
Figure 9: Market size and forecast for mobile network providers, 2014-24
Figure 10: Volume of mobile network connections, 2014-24
Figure 11: Value and volume of mobile network connections, 2014-24
Figure 12: Contract with a phone vs SIM-only vs PAYG, 2017-19

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Mobile minutes increasing gradually as fixed line use drops off
Figure 13: Average monthly voice call minutes per line/subscription, 2013-18

Decrease in international calling from mobiles
Figure 14: Outgoing mobile call minutes, by call type (bn), 2013-18

Bundled services see a drop-off in 2018 as market reaches maturity
Figure 15: Mobile retail revenue, by service (£ billion), 2013-18

Contract spend decreases as competition across the board hots up
Flagship smartphones’ price points can be a hindrance to the upgrade cycle
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Data use continues to rise on the back of 5G capacity...
...but take-up will likely be a slow burn
Figure 17: Total mobile data use, by subscription type, (PB) 2013-18

MNOs focus on 4G rollout to continue targeting not-spots and increased coverage in rural areas
Transparency and contract rules aim to increase fairness and transparency for mobile customers
Clearer signposting on cost implications for handset and airtime contracts
A challenge to industry to reduce bills across the board
Focus on delivering converged services can shift MNOs’ business models
Ofcom launches Text-to-Switch service to make it easier for consumers to change providers
Proposals to ban mobile providers selling handsets locked to their networks aimed to ease switching inconvenience

Companies and Brands – What You Need to Know

EE and O2 share top billing in Mintel’s research as most popular providers
EE, O2 and Vodafone go live with 5G service
Virgin Mobile will move from the EE network to the Vodafone network from 2021

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BT outlines its future of connectivity
EE and Vodafone named top two providers in 2020 UK Mobile Benchmark test
O2 adds Apple Watch to its Custom Plans

**Market Share**

EE and O2 share top billing in 2019

Figure 18: Mobile network provider, 2018 and 2019

**Launch Activity and Innovation**

EE joins O2 and Vodafone in trials to provide 4G on London Underground
EE, O2 and Vodafone go live with 5G services...
...but Three delays its launch due to technical problems
Shared rural network agreement to bolster 4G coverage across the UK
Virgin Mobile will move from the EE network to the Vodafone network from 2021
Vodafone partners with Mencap to provide technological help to people with a learning disability
Vodafone prioritises cross-selling services to existing subscribers to drive growth
BT outlines its future of connectivity
Three aims to provide the fastest 5G network with partnership with Nokia
Vodafone showcases 5G capability at Ricoh Arena in Coventry
O2 adds Apple Watch to its Custom Plans
EE and Vodafone named top two providers in 2020 UK Mobile Network Test
Mobile providers eye strategic initiatives to boost ethical credentials and reduce environmental impact
Giffgaff pushes refurbished phones
Vodafone and Sky Mobile partner with Fairphone
Consumers need tech brands to take the lead

**Advertising and Marketing Activity**

Advertising spend sees small decrease in 2019
Vodafone looks to “Unlimited” future
EE uses Rugby World Cup to consolidate its 4G positioning
5G focus could boost spend in 2020

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Nielsen Ad Intel coverage

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Brand attitudes
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Mobile Network Providers - UK - February 2020

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Figure 31: User profile of Vodafone, January 2020

The Consumer – What You Need to Know

SIM-only contracts continue to rise as consumers delay upgrading

Users in longer-term contracts are down in 2019
Nearly 70% of PAYG users are spending £10 or less a month
Ethical and environmental traits can add halo effect for providers
Awareness of 5G is high amongst the majority, but knowledge of the details is low
Take-up of 5G contracts and handsets looks set to be a slow burn
Customers tend to stay loyal to network providers
Three in 10 are with a different provider for their current mobile contract
Data allowances still a priority for consumers
Mobile network providers can foster loyalty through transparency

Contracts vs PAYG

SIM-only contracts continue to rise as consumers delay upgrading
Figure 32: Contract with a phone vs SIM-only vs PAYG, 2017-19

Users in longer-term contracts are down in 2019
Figure 33: Length of contract, 2018 and 2019

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Nearly 70% of PAYG users are spending £10 or less a month
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Ethical and environmental traits can add halo effect for providers
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Take-up of 5G contracts and handsets looks set to be a slow burn
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Customers tend to stay loyal to network providers
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Three in 10 are with a different provider for their current mobile contract
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Attitudes towards Mobile Contracts

Data allowances still a priority for consumers
Mobile network providers can foster loyalty through transparency
Figure 40: Attitudes towards mobile contracts, November 2019

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