

Mobile Phones: Inc Impact of COVID-19 - UK - April 2020

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This report looks at the following areas:

- The short, medium and long-term impact of COVID-19 on the mobile phones market.
- How the market will look post COVID-19 and how consumer habits will have changed.
- Launch activity and innovation from the major smartphone manufacturers.
- Types of smartphone owned by consumers, as well as attitudes towards the major brands.
- Opinions on emerging form factors like foldable devices and smartphones with physical keyboards.

The smartphone market was estimated to be worth £6.52 billion in 2019, marking a minor decrease on the previous year. 2020 will be much more challenging though, due to the outbreak of the coronavirus. In an early indication of the challenges facing the industry, Apple said in February that the virus caused issues in the production of its latest iPhones as a result of factory closures in China, with other manufacturers reporting similar problems. Handset shipments have no doubt been impacted in the short term, and market value will suffer as a result, although at the time of writing production is starting to pick up again and the second half of the year should be less challenging on this front.

Even if supply chain issues are managed, though, the industry will face even greater challenges in the second half of the year as a result of the distribution and economic disruption that the COVID-19 outbreak will cause. Although many sales are made online, the industry is still heavily dependent on high street retailers to showcase handsets. From a demand perspective, the industry was resilient during the last slowdown, but high unemployment and stretched consumer incomes will inevitably mean a lengthening of the replacement cycle, and a temptation to switch to budget or mid-range handsets, rather than flagship models.



"The mobile phone market stayed stable in 2019 as Samsung and Apple continued to dominate the market, although the challenger brands will hope that offering affordable 5G handsets will help them to gain share."

– **Zach Emmanuel, Consumer Technology Analyst**

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- **Consumers least satisfied with battery life**
- **Slight increase on upgrade intentions compared to 2019**
- **Ease of use ranks third behind price and quality when choosing a new phone**
- **Over 30% of smartphone owners interested in buying foldable devices**

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