

Task :- Undertake market research of other telecom companies to determine the potential of your handset leasing hypothesis Summarize your findings in an email to your manager

Hello Elisse,

Here is my report for the client Company X regarding whether or not they should introduce handset leasing.

My recommendation is that they should introduce the concept of handset leasing as this is already successfully adopted in Asian market. On the other hand, the telecom industry is suspected to contract by 4 % annually by 2018 -22 and hence the telecom industry is adopting novel business models to drive the revenue growth and value to the consumer.

Below are the reasons for why I recommend this move:

changing customer preferences:-

1)The short-term leasing market is projected to grow from USD 124.6 billion in 2024 to over USD 477.9 billion by 2037, with a CAGR of over 10.9% from 2025 to 2037.

2. The constant growth in network topologies ranging from 4g to 5g to starlink protocols and yearly release of new models with enhanced feature sets has also increased the demand amongst youth and old for flexible, easy to understand handset leasing plans.

competitor introduced similar strategy and done well .-

1)Amongst the top four US wireless players, Sprint and T-Mobile (TMUS) offer leasing plans.

2)I found that the main competitor of X is Sprint's, has already experienced exponential growth in revenues from 3q15 to 3q16 by 36% by adopting the model years ago.

3. In the Asian market sphere, the largest mobile operators in South Korea and Singapore – SK Telecom (SKT) and Singtel – introduced two-year handset leasing plans for a number of iPhone and Samsung Galaxy models, with 25 % popularity rating amongst young population of less than 25 years old.

4)Further research showed that the SKT's monthly rental fees is substantially lower than purchasing a premium phone with a contract plan.

5. Similarly, for Singtel, the leasing policy is keeping customers happy since the customer pays about 50 per cent less over two years for a mobile plan and a rental than for a similar plan with a handset they end up owning after two years.

Handset leasing to SIM only customers has proven to be successful business model reducing the losses from 55 % to 5% per customer

In conclusion, our hypothesis is that this should be a profitable business to venture into and since the technological advancements and cost per smartphone is increasing every year, leasing concept in telecom industry will be worth billion dollars over the next few years.

References,

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