Hello Elisee,

Here is my report for our client company: X regarding whether they should offer customers handset leasing or not. My recommendation is that introducing handset leasing to customers would be a strategic move for the company, leading to increased profitability.

Below are the reasons why i recommend this move:

Unlocking customer interests:

* Consumers are often seen interested in handset leasing as it offers low or no upfront cost while getting a mobile phone and affordable monthly installments are to be paid until the lease period.
* It also offers customers the choice to upgrade to the latest phone or purchase the same device after the lease period.
* It also provides consumers some additional network plans and benefits.
* This market has become fully grown in the US, Singapore, South Korea and Singapore showing people seem interested in getting phones on a leased period rather than buying a new phone from the retail store instead.

Competitors have introduced similar products and have done well:

* I found out that SK Telecom (SKT) and Singtel, one of the largest mobile operators in South Korea and Singapore started offering handset leasing and 25% of its new customers opted for leasing.
* About 28% of SKT subscribers in their 20s choose to lease which shows it has gained attraction among the youths.
* Sprint Corporation which is an American Telecommunication company helped regain its financial position.

In 3Q16 the take rate of Sprint leasing plan reached about 43% while the leased devices were valued at more than $3 billion in 3Q15 to about $3.5 billion in 2Q16 to $4.5 in 3Q16.

* Here is table showing the difference between the net revenue between the sim-only plans and bundled plans by major mobile operators of Singapore:

| Operator Name | Singtel |  | StarHub |  | M1 |  |
| --- | --- | --- | --- | --- | --- | --- |
| Plans | Sim Only Plan | Bundled Plan | Sim Only Plan | Bundled Plan | Sim Only Plan | Bundled Plan |
| Price | $20/mth | $68.9/mth | $25/mth | $50/mth | $25/mth | $40/mth |
| Net Revenue | $480 | $980 | $600 | $640 | $400 | $488 |

* Both Singtel and SKT started offering handset leasing after suffering a major decline in revenue.

In conclusion my hypothesis is that offering handset leasing should be a profitable business to venture into and will help Company X increase its revenue. By enabling customers to lease handsets, the company can increase profitability, expand its customer base, foster long-term relationships, and align with evolving market demands.

Source:

1. Market Realist, Why Sprint Is Focusing on Handset Leasing to Accelerate Growth <https://marketrealist.com/2017/04/why-sprint-is-focusing-on-handset-leasing-toaccelerate-growth/>
2. PhillipCapital, SG Telco Sectorhttps://internetfileserver.phillip.com.sg/POEMS/Stocks/Research/SectorStrategy/SG/Telc oSector20190104.pdf
3. Institutional Knowledge (InK) at Singapore Management University, Transformation of Globe Telecom - https://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=7205&context=lkcsb\_research