

Subject: Market Research Summary on Handset Leasing Impact

Hello Elisse,

I hope this message finds you well. Following our exploration of handset leasing as a potential business model, I have reviewed available market reports and analyst insights. Based on my findings, I recommend that our team consider handset leasing for Company X. Here's an overview of the key insights:

Market Overview and Industry Trends:

1. Market Adoption and Impact:

- Handset leasing has gained traction in developed markets such as India, Singapore, the US, and Australia. In these regions, telecom companies have successfully implemented leasing models, leading to improved revenue streams and customer retention.

2. Industry Challenges and Shifts:

- The global telecom industry faced an annual contraction of 4% from 2018 to 2022. To counteract declining revenues and shareholder value, many incumbents have adopted handset leasing to stabilize their financial performance.
- The frequent release of new smartphone models and the rise in mobile data traffic, driven by advancements like 5G, have fueled demand for leasing options. Consumers are increasingly seeking flexible plans that offer frequent upgrades without long-term commitments.

3. Competitive Pressures:

- The rise of Mobile Virtual Network Operators (MVNOs) has intensified competition, particularly with their lower-priced SIM-Only plans. MVNOs have gained substantial market share, with some providers like Sprint achieving up to 43% take-up rates for these plans in 2016.
- Telecom incumbents have responded by partnering with MVNOs to offer competitive SIM-Only plans, and integrating handset leasing into these offerings has been shown to mitigate revenue losses.

4. Financial Impact:

- Handset leasing has been shown to reduce the net revenue loss from switching to SIM-Only plans from 54% to as low as 5%. This dramatic reduction highlights the financial benefits of incorporating leasing options into our service portfolio.

Conclusion:

- Handset leasing is a compelling business model that addresses current market challenges and consumer preferences. It offers significant potential to boost revenue, improve customer retention, and compete effectively in a dynamic industry.

If you require further details or additional analysis on specific markets, please let me know, and I will be happy to provide more comprehensive insights.

Best regards,
Pranav Magdum