

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“In the context of a slowing smartphone market, manufacturers’ upgrade programmes can help gain valuable control of the smartphone distribution market. Moreover, such programmes can increase switching costs and further foster brand loyalty. Furthermore, returned one-year-old devices would give manufacturers much more valuable control over the second-hand market.”
– Sara Ballaben, Senior Technology Analyst

This report looks at the following areas:

- Potential developments of brand loyalty in a slowing smartphone market
- The threat of the second-hand market and how to overcome it

Stalling smartphone ownership is a clear indication that the UK’s smartphone market is approaching saturation. Therefore, a mixed market performance is expected over the next few years until the launch of 5G helps to encourage upgrades to more premium/advanced handsets.

Another sign of the degree of maturity of the market is the increasing polarisation of the hardware market around the two market leaders, Samsung and Apple. In turn, the software market is effectively evolving towards a binary OS space based on the competition between iOS and Android.

The trend is only likely to continue going forward as Mintel’s research shows a high degree of brand loyalty in the smartphone market, with seven in 10 consumers planning a device upgrade in the next two years saying they would most likely buy a device from the same manufacturer as their current smartphone.

But despite a healthy interest in upgrading to a new smartphone in the next two years, battery life is the only feature among those analysed able to catalyse interest from the majority of those planning on a device upgrade within the next two years, suggesting that a lack of general innovation is encouraging consumers to hold on to their devices for longer or to look at the second-hand market. Mintel’s research shows that two in five smartphones now have a ‘second life’.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

- What you need to know
- Products covered in this Report

Executive Summary

The market

The smartphone market is approaching maturity

Figure 1: Value of mobile phone sales in the UK, 2011-21

Figure 2: Value of mobile phone sales in the UK (source data), 2011-21

Companies and brands

Manufacturers responsible for most of the promotional effort

Figure 3: Total above-the line, online display and direct mail advertising expenditure on smartphones, by advertiser, 2016

Sony struggles to challenge market leaders' brand positioning

Figure 4: Attitudes, by manufacturer brand, January 2017

Windows Phone struggles to compete in the binary OS eco-system

Figure 5: Attitudes, by operating system brand, January 2017

The consumer

Samsung and Apple continue to strengthen their market leadership

Figure 6: Manufacturer of smartphone owned, December 2016

Towards a binary OS eco-system

Figure 7: Operating system of smartphone owned, December 2016

Buying smartphones outright is the preferred option

Figure 8: Ways in which consumers paid for their smartphone, December 2016

No marked preference for online or offline smartphone shopping

Figure 9: Ways in which consumers got their smartphone, December 2016

Mobile network providers dominate smartphone distribution market

Figure 10: Whom consumers got their smartphone from, December 2016

Majority of smartphone owners to upgrade in the next two years

Figure 11: Intentions to buy or upgrade to a new smartphone in the next two years, December 2016

Non-upgraders want to make the most of their current device

Figure 12: Reasons not to plan a smartphone purchase in the next two years, December 2016

Brand loyalty in the smartphone market

Figure 13: Attitudes of consumers planning on a smartphone purchase in the next two years, December 2016

Longer battery life by far the most wanted feature

Figure 14: Most important features when upgrading to a new smartphone, December 2016

Two in five smartphones have second life...

Figure 15: Second life of smartphones, December 2016

Almost half of smartphone owners wouldn't buy second-hand

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 16: Attitudes towards second-hand smartphones, December 2016

What we think

Issues and Insights

Potential developments of brand loyalty in a slowing smartphone market

The facts

The implications

The threat of the second-hand market and how to overcome it

The facts

The implications

The Market – What You Need to Know

The smartphone market is approaching maturity

Innovation to help revive the market from 2020 onwards

Substitution of basic phones with smartphones continues

Purchasing intentions remain strong despite market slowdown

Voice assistants could further drive mobile-first behaviours

The smartphone market is the most brand-driven

Market Size and Forecast

The smartphone market is approaching maturity

Figure 17: Value of mobile phone sales in the UK, 2011-21

Figure 18: Value of mobile phone sales in the UK (source data), 2011-21

The short and long-term impact of Brexit

Innovation to help revive the market from 2020 onwards

Forecast methodology

Market Drivers

Substitution of basic phones with smartphones continues

Figure 19: Ownership of mobile phones and smartwatches, January 2012-December 2016

Purchasing intentions remain strong despite market slowdown ...

Figure 20: Plans to purchase or upgrade consumer technology products, by timescale, December 2016

...as smartphone usage continues to grow

Figure 21: Devices used to access the internet in the last three months, June 2013-September 2016

Mobile-first teens and tweens entering the adult demographic

Figure 22: Devices used by children aged 10-15, May 2016

Voice assistants could further drive mobile-first behaviour

Mobile gaming further drives smartphone usage

The smartphone market is the most brand-driven

Figure 23: Factors on which consumers would decide first when buying technology products, April 2017

Companies and Brands – What You Need to Know

Upgrade programmes become a reality in the UK

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The Nokia 3310 is back

Welcome Pixel, the first true Google Phone

A shift in the monitored admix

Manufacturers responsible for most of the promotional effort

Sony struggles to challenge market leaders' positioning

Windows Phone struggles to compete in the binary OS eco-system

Launch Activity and Innovation

Upgrade programmes become a reality in the UK

The Nokia 3310 is back

Figure 24: the new Nokia 3310 in the three colour variations available, March 2017

Welcome Pixel, the first true Google Phone

Figure 25: The Pixel and Pixel XL, October 2016

Sony bets on slow motion

LG moves from modular designs to split-screen support

Are bendable and flip smartphones on the horizon?

Figure 26: The Lenovo CPlus Prototype, April 2017

Advertising and Marketing Activity

A shift in the monitored admix

Figure 27: Total above-the line, online display and direct mail advertising expenditure on smartphones, by media type, 2015 and 2016

Manufacturers responsible for most of the promotional effort

Figure 28: Total above-the line, online display and direct mail advertising expenditure on smartphones, by advertiser, 2016

Nielsen Ad Intel coverage

Brand Research – Manufacturers

Brand map

Figure 29: Attitudes towards and usage of selected manufacturer brands, January 2017

Key brand metrics

Figure 30: Key metrics for selected manufacturer brands, January 2017

Brand attitudes: Sony struggles to match market leaders' positioning

Figure 31: Attitudes, by manufacturer brand, January 2017

Brand personality: Apple's exclusivity is unmatched

Figure 32: Brand personality – Macro image, January 2017

HTC and Lumia equally struggling

Figure 33: Brand personality – Micro image, January 2017

Brand analysis

Samsung's reputation unaffected by Galaxy Note 7 backlash

Figure 34: User profile of Samsung, January 2017

Sony appears stuck in the middle

Figure 35: User profile of Sony, January 2017

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Apple's exclusive positioning has some drawbacks

Figure 36: User profile of Apple, January 2017

HTC's value for money proposition best appeals to men

Figure 37: User profile of HTC, January 2017

Lumia struggles on awareness

Figure 38: User profile of Microsoft Lumia, January 2017

Brand Research – Operating Systems

Brand map

Figure 39: Attitudes towards and usage of selected operating system brands, January 2017

Key brand metrics

Figure 40: Key metrics for selected operating system brands, January 2017

Brand attitudes: Windows Phone struggles to compete in the binary OS eco-system

Figure 41: Attitudes, by operating system brand, January 2017

Brand personality: exclusivity vs accessibility is key to the competition between iOS and Android

Figure 42: Brand personality – Macro image, January 2017

iOS outperforms competitors for both features and style

Figure 43: Brand personality – Micro image, January 2017

Brand analysis

Android's wide availability is its key advantage

Figure 44: User profile of Android, January 2017

iOS's exclusivity drives upbeat brand image

Figure 45: User profile of iOS, January 2017

Windows Phone struggles to keep up in the binary OS eco-system

Figure 46: User profile of Windows Phone, January 2017

The Consumer – What You Need to Know

Samsung and Apple continue to strengthen their market leadership

Buying smartphones outright is the preferred option

Mobile network providers dominate smartphone distribution market

Brand loyalty is a key driver in the smartphone market

Two in five smartphones have second life...

Manufacturer and Operating System

Samsung and Apple continue to strengthen their market leadership

Figure 47: Manufacturer of smartphone owned, December 2016

Samsung has wider appeal but Apple is able to reach key demographics

Figure 48: Ownership of Samsung and Apple smartphones, by gender and age, December 2016

Keeping up with the top players

Towards a binary OS eco-system

Figure 49: Operating system of smartphone owned, December 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Smartphone Purchasing Process

Buying smartphones outright is the preferred option

Figure 50: Ways in which consumers paid for their smartphone, December 2016

Figure 51: Ways in which consumers paid for their smartphone, by manufacturer of smartphone owned, December 2016

No marked preference for online or offline smartphone shopping

Figure 52: Ways in which consumers got their smartphone, December 2016

Figure 53: Ways in which consumers got their smartphone, by ways in which consumers paid for their smartphone, December 2016

Mobile network providers dominate smartphone distribution market

Figure 54: Whom consumers got their smartphone from, December 2016

Figure 55: Whom consumers got their smartphone from, by ways in which consumers paid for their smartphone, December 2016

Buying Intentions in the Next Two Years

Majority of smartphone owners to upgrade in the next two years

Figure 56: Intentions to buy or upgrade to a new smartphone in the next two years, December 2016

The impact of the second-hand market on upgrades

Non-upgraders want to make the most of their current device

Figure 57: Reasons not to plan a smartphone purchase in the next two years, December 2016

Brand loyalty in the smartphone market

Figure 58: Attitudes of consumers planning on a smartphone purchase in the next two years, December 2016

Manufacturers' upgrade programmes could threaten operators' positioning

Retailers and operators can use trade-ins to attract upgraders

Important Features When Upgrading

Longer battery life by far the most wanted feature...

Figure 59: Most important features when upgrading to a new smartphone, December 2016

...but cameras remain a key area of competition

Still looking for the next killer smartphone feature

Figure 60: Most important features when upgrading to a new smartphone, by repertoire of most important features when upgrading to a new smartphone, December 2016

Smartphones' Lifecycle and the Second-hand Market

Two in five smartphones have a second life...

Figure 61: Second life of smartphones, December 2016

...but keeping a spare remains the most popular option

Almost half of smartphone owners wouldn't buy second-hand

Figure 62: Attitudes towards second-hand smartphones, December 2016

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Market size and forecast

Fan chart forecast

Figure 63: Best- and worst-case forecast for the value of the UK mobile phone market, 2016-21

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Mobile Phones - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Brand research

Brand map

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com