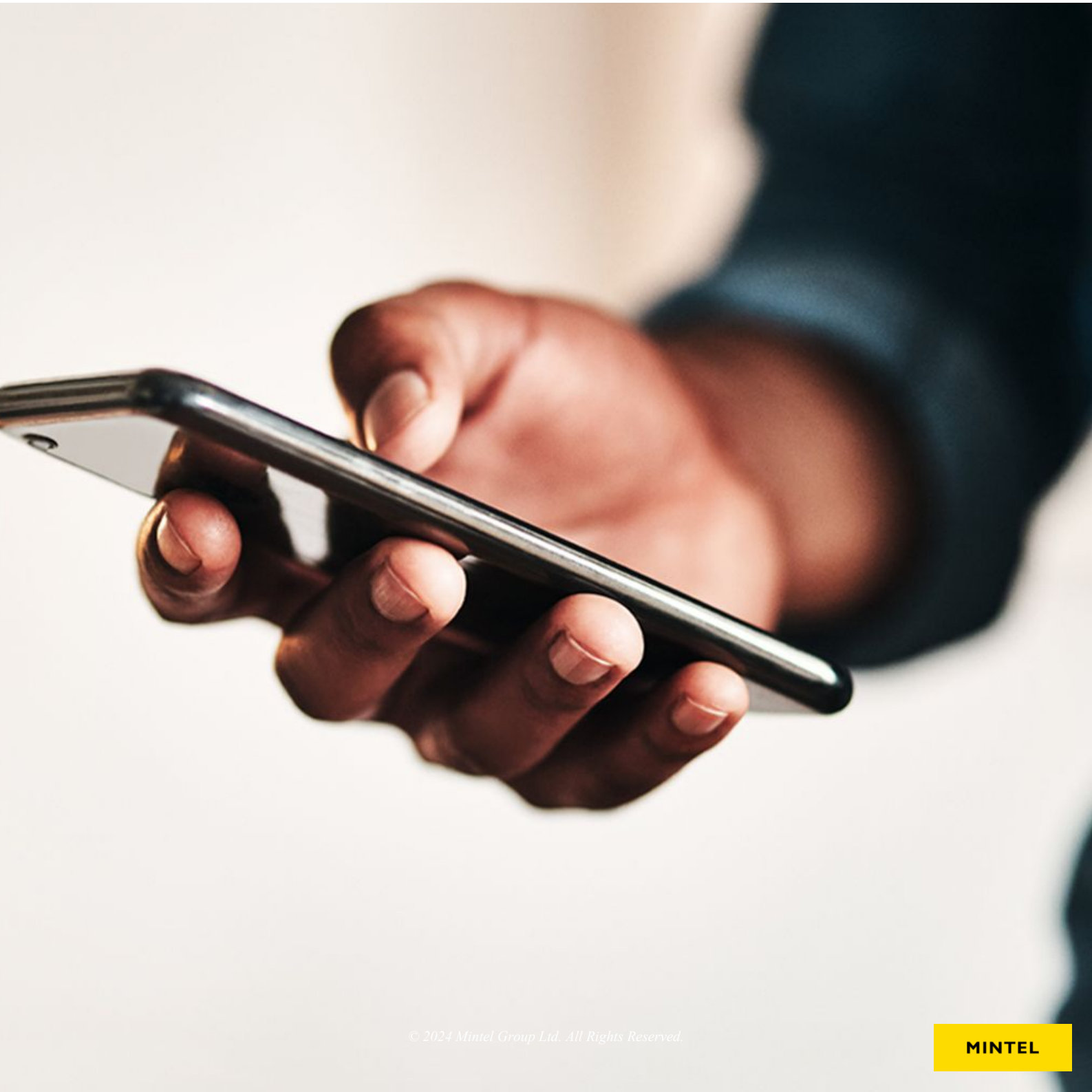


MOBILE NETWORK PROVIDERS – GERMANY – 2022

Mobile network providers face intense competition and price pressure on the German market. Leveraging ethical credentials can build brand affinity needed to reduce churn – particularly among Gen Z.



Jan Urbanek, Principal Analyst



Mobile Network Providers – Germany – 2022

This report looks at the following areas:

- The short-, medium- and long-term impact of COVID-19 on mobile network providers
- Mobile network providers used by German consumers, including important factors when choosing a contract/prepaid deal
- Types of mobile network services used, including how German consumers signed up for their current service
- Uptake of and interest in 5G-ready smartphones and mobile networks services, including usage barriers and greatest perceived benefits of 5G
- Behaviours regarding mobile network providers, including the willingness to pay more for an environmentally friendly provider and the reliance on recommendations when choosing a provider



Mobile network providers face intense competition and price pressure on the German market. Leveraging ethical credentials can build brand affinity needed to reduce churn – particularly among Gen Z.

Overview

A substantial **47% of Gen Z who have a network connection on the phone used most often and know who their supplier is*** would pay more for an environmentally friendly mobile network provider. Providers can go hard on making ethical credentials a central part of their brand identity, reducing churn by creating brand affinity among German Gen Z.

Online is the most popular way German consumers signed up for their current mobile network service (**45%** vs 34% in-store); however, contracts with phones are more likely to be signed in-

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store. Especially as ecommerce is expected to play a vital role in the customer journey beyond the pandemic, providers can drive device sales by seeking ways to improve how consumers can experience devices online – for example, by using 3D-views or embedding product review videos on their websites.

Being happy with the speed of their current network connection is the leading reason for Germans not planning to upgrade to 5G (55%). **Shaping** and advertising **use cases** that specifically **benefit from 5G connectivity, such as flexible working or AR apps, represents a great tool for providers to spur uptake.**

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview

The impact of COVID-19 on mobile network providers

- COVID-19 impacting the mobile network market in Germany
- COVID-19's impact on mobile network providers and German consumer behaviour

Market context

- Legislative changes could increase competitiveness
- COVID-19 accelerating digital engagement

Mintel predicts

- The German mobile communications market was hit hard by COVID-19
- Market size & forecast following the COVID-19 outbreak

Opportunities

- Multi-channel is key for network providers in Germany
- Drive device sales by maximising purchase assistance online
- Build brand affinity with ethical commitment...
- ...but consistency is key
- Shape and advertise 5G use cases...
 - Graph 1: reasons for not planning to upgrade to 5G, 2021
- ...by providing augmented tourism experiences

The competitive landscape

- The big three network operators are the leading brands on the German mobile network market
 - Graph 2: brands providing a network service for the personal phone, 2021
- Quick download resources

MARKET DRIVERS

COVID-19 and the German economy

- COVID-19: market context
- The impact of COVID-19 on the German economy
 - Graph 3: key economic data, in real terms, 2019-23

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- The impact of the economy on mobile network providers

Internet usage

- Online consumption has been growing and becoming increasingly mobile in Germany...
 - Graph 4: respondents using internet on the go at least weekly, 2015–21
 - Graph 5: online media consumption (in mins), by age, 2018–21
- ...driving demand for mobile data
- COVID-19 greatly changed working life in Germany

Legal regulations

- German government aims to strengthen consumer protection
- Further legislation to improve contract conditions for consumers on the way

Ethical orientation

- Ethical values shape consumption in Germany

WHAT CONSUMERS WANT AND WHY

Mobile network providers used

- The three big network operators are the leading brands on the German mobile network market...
 - Graph 6: brands providing a network service for personal phone, 2021
- ...but the German mobile network market is highly fragmented and competitive
- Withstand competition with additional revenue streams and ethical credentials...
- ...and by successfully capitalising on 5G
- The Deutsche Telekom can further engage a young female audience
 - Graph 7: respondents with a Deutsche Telekom network service on their personal phone, by age & gender, 2021
- Cater to the digital wellbeing of young females in Germany...
- ...by leveraging cooperations and mindfulness apps

Payment types of mobile network services

- Contracts are the most popular types of mobile network services among German consumers...
- ...but fostering loyalty is of growing importance
- Seek ways to increase upgrading frequency
- Drive phone sales with refurbished devices
- Mobile network service types are almost equally distributed across generations in Germany...
 - Graph 8: type of mobile network service used, by generation, 2021
- Capture older Germans with targeted offers
- Cater to the price-focus of prepaid customers...
 - Graph 9: type of mobile network service used, by net monthly household income, 2021
- ... by advertising the saving potential of contractual offers

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- Target "contract with phone owners" with additional devices
 - Graph 10: ownership and purchase interest in wireless earbuds, by type of mobile network service, 2021

Way of signing up for mobile network service

- Multi-channel is key for network providers in Germany
 - Graph 11: way of having signed up for current mobile network service, 2021
- Drive device uptake by improving online experiences

Important factors when choosing a service with a mobile network provider

- Price and data are key for German consumers...
 - Graph 12: important factors when choosing a contract/pay as you go deal with a mobile network provider, 2021
- ...driving price-aggressiveness on the market
- Seek ways to differentiate beyond the core features
- Differentiate with ethical commitment...
- ...but consistency is vital
- Vodafone leverages creative marketing to underpin its environmental commitment
- Data-focused offers are key to resonate with younger Germans
- Capture older consumers with customer service qualities

Uptake and perceived benefits of 5G

- Improving network coverage is key to push 5G uptake
 - Graph 13: ownership of and plan to upgrade to 5G-ready service and smartphone, 2021
- Younger Millennials are the pioneers of 5G
 - Graph 14: ownership of and plan to upgrade to 5G-ready smartphone, by generation, 2021
 - Graph 15: ownership of and plan to upgrade to 5G-ready network service, by generation, 2021
- Address Gen Z's limited spending capacity with your 5G offers
- German consumer want better network coverage and faster downloading from 5G
 - Graph 16: greatest perceived benefits of having 5G, 2021
- Promote coverage to drive 5G adoption
- Perceived benefits of 5G vary with generation
 - Graph 17: greatest perceived benefits from having 5G, by generation, 2021
- Tap into Gen Z's propensity for media streaming to promote 5G...
- ...and leverage their unique connection to audio
- Capture German Baby Boomers with future 5G-use cases
- Capitalise on the future improvements to voice quality of 5G

Barriers to 5G upgrade

- Being happy with the speed of one's current network is the central barrier for 5G adoption in Germany
- Shape 5G use cases to drive interest
- Leverage the shift to flexible working to push 5G

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- Utilise AR use cases to drive interest in 5G
- Shape AR use cases with mainstream appeal...
- ...by providing AR-based tourism experiences
- Focus on targeting higher-income households with 5G
 - Graph 18: 5G-ready network service/smartphone ownership & plan to upgrade, by net monthly household income, 2021

Behaviours regarding mobile network providers and services

- Family plans are surprisingly scarce among German consumers
 - Graph 19: behaviours regarding mobile network providers, 2021
- Pull more family members into family plans
- Leverage the power of refer-a-friend programs

LAUNCH ACTIVITY AND INNOVATION

5G coverage

- Only one substantial 5G network in Germany so far...
- ...with a significant head-start for the Deutsche Telekom

Advertising and marketing activity

- #LoveShareProtect – Apple and Vodafone promote how to 'preserve' with green technologies
- The Deutsche Telekom symbolises the speed of 5G with a fast rapping musician

MARKET SHARE

- The big three network operators are the leading brands on the German mobile network market
 - Graph 20: brands providing a network service for the personal phone, 2021

MARKET SIZE, SEGMENTATION AND FORECAST

- The German mobile communications market was hit hard by COVID-19
- Short term decline
- Mid- to long-term growth

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and central forecast methodology

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value
- Market forecast and prediction intervals – value (continued)

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