

# MOBILE PHONES – GERMANY – 2020

While Germans retain a strong desire to upgrade, rising prices and COVID-19's squeeze on income will mean fewer are able to and less will be spent by those that do.



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# Report Content



## EXECUTIVE SUMMARY

- Mintel's perspective

### Market context

- Impact of COVID-19 on mobile phones
- Shift in communication habits in Germany
  - Graph 1: mobile and landline phoning time (in min), 2015-18
- Shifting consumer habits
  - Graph 2: online media consumption (in min), by age, 2015-19
- Higher prices, less innovation
- Germany slow to roll out 5G, with consumer awareness low

### Mintel predicts

- COVID-19 impacting the German smartphone market
- COVID-19 hitting smartphone sales in the short term

### What consumers want and why

- Consumers want: better batteries
  - Graph 3: satisfaction with smartphone features, January 2020
- Consumers want: to see 5G benefits
- Consumers want: real innovation

### Opportunities

- Focus on the basics
- Make 5G benefits tangible
- Utilise gaming demand

### The competitive landscape

- Samsung dominates the German smartphone market
  - Graph 4: personal ownership of smartphone brands, January 2020
- Quick download resources

## THE IMPACT OF COVID-19

- COVID-19's impact on the broader category
- Market size & forecast following COVID-19 outbreak
- What COVID-19 will mean in the short, medium and long term for the mobile phones market

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- Key shifts in consumer behaviours
- How COVID-19 is impacting key consumer segments
- Threats to the mobile phone market
- Opportunity: cultivating a positive brand image
- Opportunity: engaging more with older consumers
- The impact of COVID-19 on the marketing mix
- How a COVID-19 recession will reshape the industry

### MARKET DRIVERS

- Recession in Germany through COVID-19 in 2020
  - Graph 5: change in GDP, 2016-19
- Saving on tech during COVID-19
- COVID-19 hits smartphone supply chains early on
- Shift in communication habits in Germany
  - Graph 6: mobile and landline phoning time (in min), 2015-18
- Internet communication is on the rise
- Smartphone adoption among older demographics is growing
  - Graph 7: smartphone ownership, by age, 2015-19
- Smartphone adoption among older demographics is growing
- The internet is taking over media consumption
  - Graph 8: online media consumption (in min), by age, 2015-19
- Rise of mobile streaming
  - Graph 9: device usage by age groups, 2018
- Digital detox
- Income affects tech adoption
  - Graph 10: mobile device ownership by income group, January 2020
- Are smartphones a 'luxury' item?
- Increasing flagship prices
  - Graph 11: release prices of Samsung's S-Models (in €), S7-S20, 2016-20
  - Graph 12: release prices of iPhone-models each year (in €), 2016-19
- Can foldable phones boost the market?
- Still early days for 5G in Germany
- Sustainability mindset continually transforming industries

## WHAT CONSUMERS WANT AND WHY

### Smartphone brands

- Samsung is the leading smartphone brand in Germany
  - Graph 13: personal ownership of smartphone brands, January 2020
- Apple struggling on the German market
- An end to Huawei's winning streak?
- Apple is a lifestyle brand for younger consumers
  - Graph 14: smartphone ownership by age, January 2020
- Responsible & diverse brands appeal to younger Germans
- Samsung the strongest brand in the entry-level market

### Length of ownership & brand loyalty

- Seven in 10 have owned their smartphone less than two years
  - Graph 15: length of owning current smartphone, January 2020
- Older Germans stick longest to their smartphones
- Apple has strongest brand loyalty
  - Graph 16: brand loyalty by brand, January 2020

### Upgrading intentions

- Threat of decreasing upgrade frequency
- Young Germans are most determined to upgrade
  - Graph 17: intention to buy/upgrade to a new smartphone in next two years, by age, January 2020
- The young are most put off by high smartphone prices
  - Graph 18: consumers who have been stopped from upgrading their current phone due to the high price of the latest smartphone, by age, January 2020

### Smartphone usage

- Chat apps dominate smartphone usage
  - Graph 19: most-followed activities on the smartphone (ranking from 1-3), January 2020
- Chat apps dominate smartphone usage
- Communication & social activities
  - Graph 20: most-used communication-based activities on the smartphone (ranked top 3), by age, January 2020
- People are ditching social media for their wellbeing
- Females lead in chat and social media usage
  - Graph 21: most-followed smartphone activities by gender (any rank from 1-3), January 2020
- Females lead in chat and social media usage
- Young Germans have the most diverse media usage
  - Graph 22: most-used media-based smartphone activities (ranked top three), by age, January 2020

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- Appealing to the young
- Mobile gaming demand is a big opportunity for smartphone brands
  - Graph 23: personal ownership of portable games consoles, by age, January 2020
- Casual on-the-go gaming or demanding shooters?

## Satisfaction with smartphone features

- Battery life biggest concern for the (largely satisfied) German consumer
  - Graph 24: satisfaction with smartphone features, January 2020
- High satisfaction leaves little perceived space for improvement
- Battery life the biggest issue
- A bigger battery is not enough
- High-refresh-rate displays offer growth potential
- Older consumers least satisfied with their smartphones
  - Graph 25: respondents who are very satisfied with their smartphone features, by age, January 2020

## Attitudes towards smartphone features and purchase

- High prices on latest models have stopped half of Germans from upgrading
  - Graph 26: attitudes towards mobile phones, January 2020
- Are foldables & flipables the end to 'peak smartphone'?
- Are foldables & flipables the end to 'peak smartphone'?
- Young Germans care most about privacy
- Back to basics?
- Germans expect to upgrade to 5G
- Tethering devices widespread among younger consumers

## 5G

- Knowledge of 5G still scarce in Germany
- Men tend to know more about 5G
  - Graph 27: ownership of 5G smartphone, by gender, January 2020
- Giving 5G a tangible appeal

## LAUNCH ACTIVITY AND INNOVATION

### New smartphones

- Apple's entry-level iPhone SE
- Apple launches new flagship iPhone 11 Pro range
- iPhone 11's lower price gives more Apple fans access to latest flagship
- Samsung Galaxy S20
- Samsung Galaxy A series

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- Huawei's P40 range

## **New form factors**

- Fold, flip or just 'old-school'?
- Samsung Galaxy Fold
- Samsung Galaxy Z Flip
- A premium handset based mainly on style
- Motorola razr 2019
- Huawei Mate XS

## **Niche devices**

- Fairphone
- ASUS RoG Phone 2
- Black Shark 3

## **Advertising and marketing activity**

- Building trust during the COVID-19 crisis
- Apple's differentiation through privacy
- Apple building on its privacy features
- Apple supporting gender equality and diversity
- Samsung pushing the Galaxy A series' strength on core features
- First Xiaomi Mi Store in Germany
- Telekom visually marketing the biggest 5G network Germany's
- A lightshow on the Rheintower is ringing in Telekom's 5G push
- An additional TV-ad showing what the 'G' in 5G stands for

## **MARKET SEGMENTATION, SIZE AND FORECAST**

### **Forecasting during COVID-19 crisis**

- Note on forecast in response to COVID-19
- COVID-19 impacting the German smartphone market
- Short-term decline
- Medium-term recovery
- Long-term growth

## **APPENDIX**

- Abbreviations or technical terms

## **Note on COVID-19**

- COVID-19's impact on mobile phones and German consumer behaviour
- Consumer research methodology

## **Appendix – market size and forecast**

- Market size and forecast – value

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