

U.S. Mobile Device Distribution Channels: *The Move to Installment Plans*

Market Study
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Abstract

U.S. mobile consumers have a wide range of options when deciding where to purchase a mobile phone or smartphone. They can purchase it directly from their mobile service provider or the phone manufacturer, but many other options are also available, including electronics stores, such as Best Buy or Radio Shack, discount stores, such as Target, Walmart or even Costco, and online-only retailers, such as Amazon, eBay, or Newegg. And within each of these types of retailers, consumers usually have the choice to either purchase online or go to a physical store.

In addition to the many choices in where to purchase, consumers also have a choice in how they purchase their mobile phone: buy the phone at full price and pay for it up front, or purchase with an installment plan that allows for frequent upgrades. However, buying a subsidized phone with a two-year contract is no longer an option at the major U.S. mobile operators.

This market study discusses where and how U.S. mobile consumers purchase their mobile phones. The study also looks at the rising popularity of device installment plans from both mobile operators and device manufacturers (specifically, Apple) and consumers' awareness of and interest in the plans. When appropriate, results are compared to those from *iGR*'s market study of January 2016. The data in the study is based on two web-based surveys of more than 1,000 U.S. mobile consumers that *iGR* fielded in November 2015 and March 2017.

Key questions addressed:

- How often do U.S. mobile consumers visit their mobile service providers' retail stores and why?
- From what type of retailer did U.S. mobile consumers purchase their latest mobile phone?
- Did U.S. mobile consumers purchase their latest phone online or in a physical store?
- Where do U.S. mobile consumers plan to purchase their next mobile phone and why?
- What type of purchase method did U.S. mobile consumers use when they purchased their last phone – a subsidized phone plan with a contract, an installment plan, or did they pay the full price of the device up front?
- What type of purchase method do U.S. mobile consumers plan to use when they purchase their next phone and why?
- What are U.S. mobile consumers' awareness of and interest in their mobile service providers' installment plans? How has this awareness and interest changed over the last three years?

- What percentage of U.S. mobile consumers have purchased their devices with mobile service provider installment plans? How does this number compare to one or two years ago?
- What are U.S. mobile consumers' awareness of and interest in Apple's iPhone Upgrade Program?
- What percentage of U.S. mobile consumers have purchased their devices with Apple's iPhone Upgrade Program?
- Would more U.S. mobile consumers prefer to purchase their next iPhone with Apple's iPhone Upgrade Program or with their provider's installment plan?
- How do the location and method of U.S. mobile consumers' mobile device purchases vary according to their mobile service provider?
- How do the location and method of U.S. mobile consumers' mobile device purchases vary according to demographic variables?

Who should read this report?

- Mobile network operators
- Mobile service retailers and distributors
- Mobile device OEMs
- Financial and investment analysts.