



The State of the Telecom Retail Industry:

Trends for 2022 and Beyond

After another year of transformation, here are the telecom retail trends that are holding fast, and where the sector is heading



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A Year of Transformation

The North American telecom industry continues to undergo rapid change, as new players enter the sector and disrupt the traditional state of play. This change has been happening for some time, but has not slowed down over the past 12 months, even during a global pandemic.

Stacy Hamer, iQmetrix's Lead (Vice President) of Client Experiences, told delegates at the 2021 iQmetrix Telecom Industry Address, "What an exciting time for all of us to be in the telecom space, because of the radical transformation that's rolling out right in front of us. The last year has been jam-packed with change in our industry."

These changes include:

- new players in the telecom sector, creating fierce competition for traditional carriers
- rising customer expectations in terms of products, service, convenience, safety, and more
- continued market convergence, at an increasingly rapid pace, making it harder for established players to know where their competition is coming from
- massive challenges in workforce management with severe labor shortages
- radical changes in consumer behavior, sparked by the pandemic but likely permanent
- and the transformation of traditional purchasing channels into a buy-anywhere reality.

Over the following pages, we dive into some of these key areas of transformation in the telecom sector, and how the industry is shaping up for the years to come.

Market Competitors

The biggest industry disruptor is the emergence of new players into the telecom sector, who are luring customers away from established carriers. These new players largely come in two forms:

Wireline/Cable Operators Entering the Wireless Space

Companies such as Spectrum Mobile or Xfinity Comcast are making a splash by gaining traction among their subscriber bases, which is a trend that is getting attention from existing tier 1 and 2 carriers.

"These wireline companies, moving into the wireless space, can bundle mobile plans with services such as home cable, internet, smart home devices, and streaming services," said Hamer. "This makes

it enticing for the consumer to only have to deal with one provider."

Added to that convenience is the economy of bundling services, which means customers can often get a much better deal than paying for individual subscriptions. This is tough for established carriers who are not in the home internet or cable space to compete with.

Online or Mobile-Only Wireless Providers

The other key form of new competition comes from new entrants in the wireless space who have no physical retail presence and operate purely online—such as Mint Mobile, for example.

Mint Mobile's subscriber base is growing rapidly, thanks in part to the celebrity of its owner and spokesperson, movie star Ryan Reynolds, but also thanks to the low cost of its cellphone plans. Hamer said, "Mint Mobile is clearly investing a lot in its marketing, with its owner and figurehead Ryan Reynolds luring

customers to its no-frills service and easy cellphone activation."

Added to this competition are a host of new MVNOs, which are emerging and promoting themselves as an alternative to traditional carriers—again, some with no physical retail presence. Some are online-only, like Mint, while others are using fleets of branded mobile trucks to take their offerings to where the customers are—at their homes or offices, and at events and public spaces.



"Traditional carriers need to be differentiating themselves, and advancing their offerings, in order to keep up with the new, fierce competition."

—Stacy Hamer, Vice President of Client Experiences, iQmetrix



Market Convergence

Another factor keeping everyone on their toes is that the sector continues to be in a state of flux in terms of market convergence—and on a greater scale than ever before. In 2020, all talk was of the T-Mobile and Sprint merger, followed by Verizon's \$7 billion purchase of Tracfone, which is still underway. Now, in Canada, there is the Rogers acquisition of Shaw in the pipeline, for a massive \$26 billion CAD (approximately \$20 billion US).

The consolidation in the US market has made space for wireline operator Dish to move into the wireless sector. Dish has taken full advantage of its new position and has also made acquisitions, buying Boost Mobile earlier this year—which in turn is snapping up smaller MVNOs such as LA-based Gen Mobile.

with their new acquisitions," said Hamer. "We're all going to grab some popcorn and wait to see what will happen. What is Verizon going to do with Tracfone? Will they come up with a new pre-paid brand? What will Dish do with Boost? Are they going to stay in pre-paid or will they make a run for the post-paid space?"

"Some of these big players, such as Verizon and Dish, are getting ready to make some powerful plays



"All eyes will be on these big players because these moves could be highly disruptive to the industry. It's essential for telecom carriers and wireless retailers to know where their competition is coming from."

—Stacy Hamer, Vice President of Client Experiences, iQmetrix

5G and Telecom Retail Stores

The rollout of 5G has been slower than expected, as the globe navigated its way through the pandemic. But now, there is a host of renewed rollout activity, with Tier 1 US carriers launching massive post-pandemic marketing blitzes with promotional pricing and free 5G phones, plus major advertising campaigns involving celebrities, the Super Bowl, and gaming platforms. The recent iPhone launch was a big part of that, with crowds of shoppers drawn to the great deals on the new iPhones as telecom brands lure customers onto 5G so they can phase out 3G and 4G as efficiently as possible.

For telecom retail businesses, the full rollout and adoption of 5G will have a host of wide-ranging effects, with new services, devices, rate plans, and customer experiences being just some of these effects. Below are the key ways in which this new technology will change the game for the sector.



New device launches, new sales: Just as 2G phones couldn't connect to 3G or 4G networks, 4G and LTE devices won't be able to connect to 5G networks. This means an increase in sales all around; new devices to access the improved network and compatible accessories for those devices. However, this may be partially offset by the much longer-lasting battery power of 5G devices.

More profitable rate plans: Increased network benefits will allow carriers and wireless retailers to charge more for the rate plans or even add new rate plan options. 5G will be an expensive endeavor, so it will be important to recover those costs. The risk factor here, of course, is the additional cost to the consumer, so it will be crucial for 5G to prove its value first.

Different media and entertainment services: With the ability to stream or download media and entertainment at break-neck speeds, we will see more opportunities to offer services or content to customers. Current subscription services may become obsolete as new, more profitable services emerge.

New IoT opportunities: More products for customers will be hitting the market: more Internet of Things (IoT) accessories for people's work, homes, or vehicles will emerge. Customers will be expecting smart products such as drones, wearables, baby tech, medical sensors, etc. Such products will provide retailers with much higher profit margins than a typical cell phone case or screen protector.

Customer-facing in-store technology: 5G will continue to force the evolution of the technology that retailers use to interact with customers. Adoption is already underway in everything from augmented reality apps to in-store tech devices. Faster connections will allow for solutions like digital signage, digital price tags, augmented and virtual reality kiosks, and more.

Strengthening the customer connection: Near-instant connections for customer service, whether it's initiated by humans or artificial intelligence (AI), will require 5G-type speed. New opportunities for these types of connections will continue to evolve. Rather than text or calls, there may be a move to video chats where connectivity will be extremely important.

Increased connectivity for businesses: Retailers that rely on multiple devices and sensors to communicate and aggregate data will see performance enhancements. This will allow more devices to be connected and with lower latency. Surveillance video or tracking technologies will also be faster and better utilized for pattern recognition of shoppers.

Better, faster inventory visibility: If a product the customer wants isn't on the store shelves, a sales associate could advise instantly if there's another somewhere in current inventory, either in their store or another one of the brand's outlets. Another benefit will be the overlay of AI in-store to see sales data over areas in a specific store, distribution warehouses, or manufacturing plants.

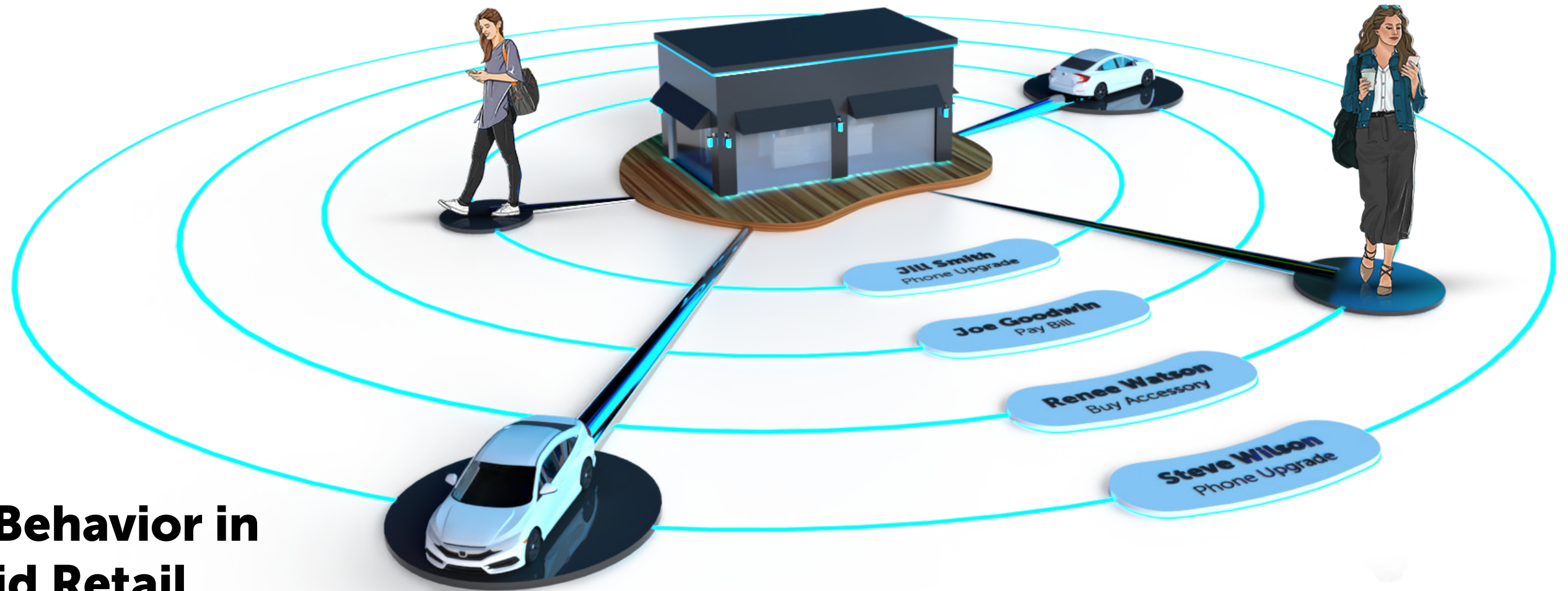
Better connectivity for supply chain logistics: 5G allows manufacturers to take advantage of IoT to streamline workflows in the warehouse. The network will also provide cableless connectivity for industrial robots as they receive commands and software updates from the cloud.

Improved retail data and analytics: 5G should result in more data aggregated in a more consumable way. This will mean sharing even more data to the cloud but with better and faster processes and less data entry, which takes out personal perspectives that can skew data. But AI will need to sit on top of the data to make it more digestible and curate the influx of information.

Future potential: Perhaps 5G-enabled autonomous vehicles will deliver store shipments or deliver items to customers more quickly, and retailers could even ship orders through fulfillment solutions with 5G-connected drone fleets. Customers will be even more mobile with their buying habits, ultimately evolving purchasing behavior to where the customer can buy wireless products and services anywhere.

"The rollout of 5G will affect wireless retail stores drastically, but in a really positive way—and it's about much more than just new 5G device launches."

—Stacy Hamer, Vice President of Client Experiences, iQmetrix



Consumer Behavior in a Post-Covid Retail

In the aftermath of the Covid-19 pandemic, “consumers will continue to want and demand the best experiences in physical retail, in a safe environment,” said Butch Cavello, Samsung’s Vice President of Direct to Consumer Retail, at iQmetrix’s 2021 Telecom Industry Address. “The price of admission for retailers has only increased.”

Foot traffic to retail locations has increased dramatically compared with the height of Covid, but is still below what it was in 2019, with customer behaviors having changed during the pandemic—perhaps permanently. Massive growth in online shopping continues to shape the retail landscape, with as

much as 24% annual increase in online purchases seen by Samsung in some areas. Cavello said, “The pandemic not only forced retailers to expand their digital offerings but also all age groups and demographics are now participating.”

With customers changing their purchasing habits, some are even switching brand loyalties due to the customer experience they have in their retail journey, according to Cavello. The implementation of seamless omnichannel journeys such as buy online, pick up in-store, and features such as curbside pickup and contactless transactions, have separated the most successful retailers from the pack.

Pandemic-related global supply chain issues are another major factor affecting all retailers, with many products increasingly unavailable while consumer expectation of availability has not decreased. The successful retailers will be those who can adapt to these challenges using such technologies as buy/reserve online, pick up in-store (BOPIS/ROPIS), or store-to-store product transfers. “Those are the retailers who are going to win during this disruption in the supply chain,” said Cavello.

The ‘Phigital’ Retail Experience

In the physical retail space, advanced digital technologies are becoming the new normal for customers, who are experiencing retail through tools on their 5G-enabled devices, including some of the in-store technologies mentioned in the previous chapter.

Cavello said, “Some of the experiences in this ‘phigital’ experiential space include the ability to interact with content, to have navigation tools and enhanced environments when shopping, immersive retail displays, touch-free transactions, in-store brand experiences—and doing all that with family and friends across social networks.”

“Augmented reality is happening today, being rolled out and tested in stores. The use of AR is driving intent, higher conversion rates, and enhanced consumer data in real time.”

—Butch Cavello, Vice President of Direct to Consumer Retail, Samsung

Workforce Management Challenges

Employee management and labor shortages are key challenges that are facing every business and every industry today, including telecom retail. Along with hospitality, retail is feeling the shortage particularly acutely.

Joanne Helm, Lead (Vice President) of Partner Management at iQmetrix, said at the 2021 iQmetrix Industry Address, “The retail industry is rocked right now because of this foundational problem, and it’s pulling retailers away from all the other pressing priorities they need to focus on.”

Operating wireless retail stores with fewer associates than before the pandemic is part of the new normal. And with this comes the necessity to hire staff who have less experience in retail and customer management.

“The labor pool has decreased, and that’s just a reality,” said Samsung’s Cavello. “And with that comes declined services levels. But, like product and availability

expectations, customers’ service expectations have not decreased. The retailers who figure out the labor gap will be the ones who have success at the tail end of this pandemic and going forward.”

Telecom retailers need to implement intelligent workforce management solutions, such as those provided by iQmetrix and its recent acquisition Shiftlab, a data-driven employee management platform. Such solutions optimize employee scheduling using sales data and create the most efficient use of a store’s associates in these lean times.

Security Risks

Operating stores with fewer and less experienced associates has the add-on effect of increasing security risks, both externally from shoppers in understaffed stores, and internally from employees themselves. Fewer associates on the floor mean fewer employees being able to watch products effectively, and their lack

of experience means nefarious shoppers are more likely to be able to pull off fraudulent schemes.

Added to that, with operators feeling the pressure to hire anybody they can get, this means there is additional scope for fraud and theft from employees themselves. Internal fraud and theft have long been a problem in wireless retail, but iQmetrix clients have told the company that this is only getting worse in today’s lean market.

Telecom retailers seeking solutions to both internal and external fraud and theft have many tools at their disposal, outlined in our two-part whitepaper on Fraud and Theft in Wireless Retail.

“Re-evaluating your employee experience is one of the most strategic initiatives retailers can take on right now. Leaning into your company culture, focusing on learning and development, and assessing compensation will be key to successful recruitment and retention.”

—Joanne Helm, Lead (Vice President) of Partner Management, iQmetrix



Retail’s Buy-Anywhere Future

It is inarguable that multi-channel purchasing strategies are essential to every retail vertical, and telecom is no exception. As sophisticated retailers get their omnichannel flows established, they are freed up to explore new ways to sell anywhere and are investing heavily in new strategies.

iQmetrix conducted a North America-wide survey of telecom retailers in April 2021, and published the results in The Future is Anywhere: 2021 Trends in Telecom Retail. In a question on likely purchasing channels in the next five years, the top answer selected by 88% of respondents was a “greater focus

on customer loyalty, subscription, and rewards programs to upsell and increase consumer spend.”

While this area is seeing huge growth in retail generally, the North American telecom sector has a way to catch up to other verticals. Where it will likely play out is in the growth of smart home and Internet-of-Things-connected devices, which could result in more bundling and upselling. Taking smart devices a step further, it’s possible our phones themselves will tell us when it’s time for an upgrade, and automatically order the latest device. Essentially, a phone could simply replace itself.

In terms of future channels, at nearly 83% of respondents, the second most popular answer was “increased focus on brand channel integration, creating greater customer visibility into inventory availability.” The seamless integration of multiple retail channels and inventory visibility is foundational to enabling all those e-commerce and omnichannel strategies—it’s not possible to effectively serve the customer without that transparency.

Anywhere, Anytime

Growth in other channels such as experiential stores, social and search platforms, mobile kiosks, pop-up stores, and mobile trucks was also seen as “likely” by most respondents, to varying degrees. One wireless retailer respondent said, “We’re figuring out how to start our customer journey on Facebook, and through videos on social, which takes them to the e-commerce site. With search and social, it’s less about the actual purchasing, and more about the beginning of the customer journey.”

Samsung’s Cavello told Industry Address delegates, “Today and going forward, offering an end-to-end shopping journey is going to be critical. The shopping journey starts much further upstream

than ever before and now goes all the way to post-purchase customer service. Customers expect brands and retailers to know and understand them and their needs, and be there for them.”

Today, retailers are exploring how they can bring products to customers via other channels. One key trend resurgence in telecom retail is pop-up stores and kiosks at arenas, events, street corners, malls, and building lobbies. This trend was curtailed by the pandemic and, with the anticipated rush of event participation as we gather once again, it is ripe for exploration. Further, the rollout of 5G supports the technology needed to improve this retail experience, compared with past iterations.

“Consumers have buying options,” added Cavello. “The retailers and brands that do this the best will be the winners.”

More than anything else, both our research and daily conversations with clients show that the future of telecom retail is in meeting the customer where they are. Retail operators are investing in innovative ways to sell anywhere so that their customers can buy anywhere. In-store, online, via mobile, via social, via search, at big-box store kiosks, from mobile trucks, in pop-up stores, and anywhere else.



“When we talk about Buy Anywhere, it’s also about being able to buy anytime. And return anywhere, anytime. It’s about creating that unified, seamless experience across every imaginable retail touchpoint.”

—Marty Yaskowich, Lead (Vice President) of Global Sales and Marketing, iQmetrix

Discover How to Create a Unified Customer Experience

About iQmetrix

iQmetrix’s intelligent retail management software is designed to power the telecom industry. Our software is built around enabling telecom retailers to deliver a buy-anywhere strategy through multi-channel inventory management and digital retail solutions; make data-driven decisions using powerful reporting; and unify storefronts and digital channels for a consistent customer experience,

in-store, online, and anywhere else. For 20 years, we’ve been helping the leading brands in telecom to grow by providing best-in-class software, services, and expertise. Our solutions powered \$15.5BN in sales last year, and are used by 425,000 retail professionals. iQmetrix is a privately held software as a service (SaaS) company with offices in Canada and the U.S. More information at www.iQmetrix.com