

## Press release

Zurich, 15 November 2018

### Smartphones are becoming the control centre of people's lives – only 8% of Swiss do not have one

- **Market penetration in Switzerland is higher than average: 92% of adults have a smartphone compared to 91% in Europe**
- **The smartphone is becoming an indispensable assistant and multifunctional toolkit for everything in life**
- **Augmented reality and workplace applications are driving future smartphone markets according to the Deloitte Mobile Consumer Survey**
- **Market transformation: Consumers are buying higher-priced devices and keeping them longer – giving rise to a professional second-hand market**
- **At the same time, untold numbers of older devices lie unused in drawers, as only 7% of users throw old phones away after purchasing a new one**

The [Global Mobile Consumer Survey](#) conducted by Deloitte in Switzerland of over 1,000 consumers and 56,000 people in 34 other industrial and emerging countries found that 92% of all adults in Switzerland own a smartphone, 97% of whom use their device every day.

"Smartphones are becoming an indispensable assistant: These devices can track and learn what our daily routines are, and then forecast our activities and plans. They're capable not only of recognising with high precision what we wish to communicate, but also of recommending with whom we should be communicating. They can independently remind us of activities, and request us to take whatever action is needed. Moving forward, we're also going to have to learn how to use and deal with these new technological possibilities in a meaningful way so that they simplify our lives, rather than restricting us," predicts Bjørnar Jensen, Managing Partner for the TMT sector at Deloitte Switzerland.

Just one year ago, the sense and folly of smartphones price-tagged at over 1,000 Swiss francs was debated. And since then, prices for new models have become even more expensive. "High-priced devices have a considerable impact on the manufacturers' revenues and this holds particularly true for Switzerland: People here like to purchase the latest and best devices," says Roger Lay, Director Mobile Enterprise at Deloitte Digital.

#### **A new phone is not purchased every two years**

In the past, the key driver of smartphone sales growth was the transition from classic cell phones to smartphones. Meanwhile, most people have changed over: A mere 5.5% of survey respondents in Switzerland are still exclusively using a simple mobile phone, while 2.9% completely abstain from using a mobile device.

SIM-only contracts are having an increasing impact on the sale of new smartphones. 26% of mobile phone users in Switzerland have such a contract, while across Europe the figure is 38%. Under these agreements, contract extensions are not linked to mobile device upgrades. So, consumers today don't automatically acquire a new phone every two years, rather they usually wait longer before purchasing a new one.

This is shown by the historical data from the UK: In this year's survey, 59% of smartphone owners had purchased their device in the past 18 months. This percentage in 2017 was 62%, and in 2016 it was 66%. In

Switzerland, 54% of smartphone owners had bought their devices within the last 18 months. 25% of Swiss users last purchased a new phone between 18 and 30 months ago, while 17% have had theirs even longer.

### **Augmented reality on the cusp of a major breakthrough**

Augmented reality applications hold vast potential that will first fully mature and come to fruition when the faster 5G cellular mobile communications standard and more powerful devices come into use. Self-learning systems superimpose the user's view onto the real world with existing as well as currently computed information. "What to date has proven highly successful, video games in particular, now harbours the potential to revolutionize the retail sector and healthcare industry. But it may take some time until these applications are able to generate benefits on a broad scale," explains Roger Lay.

Other potential market drivers include employer-provided smartphones as well as coaching services. In the coming years, employers will increasingly supply their employees with smartphones, as they more frequently rely on their devices for work. Manufacturers see extensive promise in particular from augmented reality applications in the construction sector and medical fields, as well as in training and higher education.

Moreover, various providers are already investing in smartphone coaching to enable their clientele to take full advantage of the more powerful but often more complex functions of high-end smartphones. For example, over three quarters (77%) of all smartphone users in Switzerland take photos with their phones every week or even more frequently – but only 22% post-process their images, and 17% use filters to artistically edit them despite the fact that these functions are even included in the messenger and social media apps.

"While the broader future of smartphones remains highly promising, the short-term outlook for the Swiss market is mixed. The upcoming improvements such as the faster 5G mobile telecommunications standard, applications utilizing artificial intelligence, and more powerful processors are neither apparent nor tangible to current users today," says Bjørnar Jensen. This is why industry and trade really need to focus sales efforts more strongly on the concrete advantages their devices offer.

### **One third of devices will be re-used**

When users in Switzerland purchase new phones, many of their old devices get re-used. Deloitte's survey revealed that 17% sold their old phones, while across the rest of Europe only about 12% do so. In addition, 17% in Switzerland gave their old device to a friend or family member. Hence about one third of old phones are re-used when users purchase new devices.

Yet, most people keep their old smartphone simply to have it in-hand, in case their new phone fails – as 37% of new buyers in Switzerland do, and even 45% across Europe as a whole. "Because these phones are getting steadily more expensive, it's understandable that people want a backup option, rather than having to buy a new device if your new phone has any troubles. From an economical standpoint, however, selling the old device and thus ensuring its re-use would be a more sensible choice, for consumers as well as the environment," says Roger Lay.

The slowing of technical improvements has also led to a growing second-hand market. 9% of the survey respondents in Switzerland said that they had purchased used phones; whereas in Germany and the UK, 14% of phone users bought used devices, making them the leaders of the second-hand smartphone market in Europe. Providers in Switzerland, too, are meanwhile enjoying burgeoning success offering what is termed as "refurbished" second-hand phones that have been cleaned and repaired, and in many cases even sold with a guaranty.

### **Too many phones land in the waste bin**

6% of the mobile phone users surveyed indicated that they had recycled their old devices. That figure is less than the 7% who simply chuck their old phone into the waste bin after buying a new one. Every year, over 80,000 mobile phones in Switzerland end up being incinerated as refuse. In addition to this, are old devices which, after gathering dust in drawers for years, are also thrown in the rubbish.

As Lay further explains, "In view of the increasing shortages of the many raw materials that go into making modern mobile phones, this throw-away mentality of consumers in Switzerland is highly problematic. Whoever doesn't wish to sell their old device can return it to their mobile network operator and donate it."

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#### **About this report**

This year marks the seventh time that Deloitte has conducted its Global Mobile Consumer Survey, offering unique insights into the mobile phone behaviour of around 54,150 respondents in 35 countries. In Switzerland, 1,001 people aged from 18 to 75 were surveyed in July 2018. The full report will be published at the end of 2018.

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