

Consumer awareness of eSIMs is low; operators may benefit from taking control of the narrative

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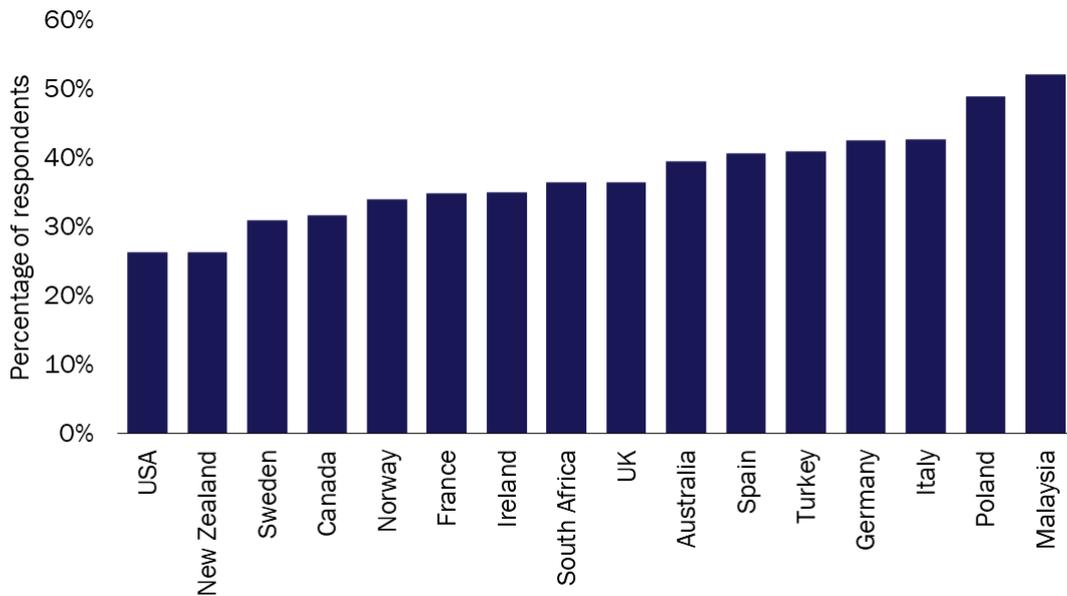
The adoption of eSIMs brings many potential benefits for operators, as well as obvious risks. These benefits are mainly linked to the digitalisation of the customer journey, operational efficiencies and new revenue opportunities, as discussed in our report *eSIMs: risks and opportunities for operators*. However, consumer awareness and adoption of eSIM technology is low in most countries, as our latest [consumer survey](#) shows.

eSIMs could bring immediate advantages for mobile users. The most obvious one is that eSIMs enable users to hold multiple profiles on a single device (for example, a personal and a work number) that they can use simultaneously. This capability can also enable users to access rates that are cheaper than those of regular roaming fees when travelling abroad, as they can activate additional numbers with local providers. Furthermore, there are other advantages linked to security and accessibility as eSIMs can be activated and deactivated remotely, in case of loss or theft.

However, most mobile users are unaware of these advantages and may even have concerns or misconceptions about handset compatibility, reliability or security. Operators should look at how to build customer awareness of eSIMs because this will position them at the centre of the customer journey from physical SIMs to the eSIM. If they do not, they risk losing control to more aggressive players.

Consumers do not perceive that eSIMs have additional value and operators are not in a rush change this perception

According to our survey, less than 50% of respondents in nearly all countries (except for Malaysia) have heard of eSIMs and claim to have a reasonable understanding of what the technology is used for (Figure 1). This percentage goes as low as 26% in the USA even though it is the only country to have an eSIM-only iPhone (available since 2022) and free eSIM test drives are widely available.

Figure 1: Consumer awareness of eSIMs by country, 2023

Source: Analysys Mason

Question: "Are you familiar with the eSIM term? If so, how familiar are you?". For more information, see Analysys Mason's [consumer survey](#) results.

One of the main barriers to eSIM adoption is not owning a compatible device; however, the penetration of eSIM-enabled handsets is increasing rapidly. All smartphone models released by Apple and Google have been eSIM-compatible since 2018, while Samsung and Huawei began commercialising eSIM-enabled handsets in 2020. Most handset manufacturers have launched eSIM-compatible models, including vendors such as OnePlus, Xiaomi and Oppo, all of which offer low-cost options.

Mobile users who own an eSIM-compatible smartphone are often unaware that their device has this capability because the primary SIM is still a physical card. Handset manufacturers play a key role in raising awareness of the technology, as Apple's launch of its first eSIM-only smartphone in September 2022 proved, but the role of operators in promoting the technology is essential.

Mobile operators are not only responsible for offering eSIM connectivity options, but they also have a unique direct relationship with consumers that can be leveraged to promote the technology actively and educate users about its advantages. Whether they should leverage this position to encourage the use of eSIM at this point in time is a more complex question.

Operators' tentative efforts to promote eSIMs could be a missed opportunity

The adoption of eSIMs in the consumer market will bring many benefits for mobile operators, but it also poses a threat to those that are not sure how to approach this new technology. eSIMs will make it easier for customers to switch between operators and will reduce entry barriers for new MVNOs, which could lead to higher churn and increased price pressure.

Most operators are taking a cautious approach to eSIMs in the consumer segment; they are making the technology available to their customers, but their promotional efforts are tentative. For instance, eSIMs are not generally offered as the first connectivity option for new smartphone customers, who often need to activate a traditional SIM card before transferring their number to an eSIM. Operators regard eSIMs as a primary form of connectivity for consumer devices such as smart watches and (increasingly) connected tablets, but not for smartphones.

Customers who decide to replace a physical SIM with an eSIM expect the process to be relatively quick and can potentially manage the process themselves using the operator self-care apps. This expectation, however, is not always fulfilled; the process of swapping a physical SIM card to an eSIM, is often clunky and requires the assistance of a customer support agent. Many users do not see the transfer as a necessary step once their phones are up and running with a physical SIM card.

The advance of eSIMs in the consumer segment is inevitable, and it is only a matter of time before Apple makes its eSIM-only smartphones available outside the USA. The rest of the market will follow Apple's example. Operators need to prepare for this scenario and consider if they want to start getting their customers used to the idea of eSIMs.

If established operators do not do this, then they risk losing out to more aggressive competitors, such as no-frills MVNOs. No-frills players are already promoting eSIMs for roaming but we believe this is just an initial step before offering domestic services. Established players should be doing more to control consumers' understanding of eSIMs.

For more information about eSIMs, watch our webinar [*eSIMs: challenges and opportunities for mobile operators*](#).