

The market is poised for eSIMs to become ubiquitous, and operators should capitalise on their potential

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Eulalia Marin

eSIMs are now available in more than 190 countries worldwide but awareness and adoption remain low, partly due to operators’ reluctance to promote the digital solution over fears of increased churn and revenue loss.

Operators broadly understand the risks posed by eSIMs. eSIMs make it easier for customers to switch between operators and lower the barriers for new MVNOs to enter the market, potentially resulting in higher churn and increased price pressure. If customers switch to an eSIM when they are travelling, roaming revenue could also decline. eSIMs are also likely to encourage consumers to buy from digital channels, rather than physical stores, where the bulk of operator sales take place.

While these risks are inevitable, the adoption of eSIMs brings many benefits for operators including the digitalisation of the customer journey, operational efficiencies and new revenue opportunities.

The adoption of eSIMs creates new revenue opportunities for mobile operators

Bundling multiple mobile users into a single contract is a commonplace practice for mobile operators. Multi-SIM bundles enable customers to add secondary SIM cards to their primary phone plan, allowing them to share their plan’s allowance with additional SIM cards. This feature, mainly directed at families, can also be used by a single customer with multiple devices.

Multi-device data bundles are centred around a primary phone plan which allows customers to add extra connected devices for a fixed monthly fee. The customers each have a unique mobile number, and the data allowances included in the main plan are shared among all the devices included in the bundle.

Traditionally, the most common option for eSIM bundles has been to add an eSIM-enabled smartwatch to a user’s smartphone plan, but operators are exploring more flexible bundling options that allow users to add a broader range of eSIM-enabled devices such as tablets, laptops and other consumer IoT devices, such as connected car dongles (Figure 1) to their phone plans. In an effort to attract new customers, operators are offering price discounts on companion device plans when bundled with a primary smartphone, along with a separate data allowance.

Figure 1: Pricing examples of multi-device offer deals from selected operators

Operator (country)	Multi-device offer details
Movistar (Spain)	<ul style="list-style-type: none"> Movistar multi-SIM customers can add up to three SIMs/eSIMs to a smartphone plan for the fixed price of EUR8 (USD8.62) per month regardless of the number of SIMs/eSIMs added.

	<ul style="list-style-type: none"> The airtime and data allowances in the primary plan is shared among all the associated devices yet data consumption from secondary devices is restricted to 20GB per month.
Vodafone (UK)	<ul style="list-style-type: none"> Vodafone’s OneNumber bundle allows users to add up to three eSIM devices to their smartphone plan. Smartwatches can be added to the bundle for GBP7.5 per month (USD9.16). Customers adding a tablet to the bundle receive a GBP3.5 (USD4.27) monthly discount on their tablet plan.
Verizon (US)	<p>Verizon smartphone customers can share their data allowance with an eSIM-enabled smartwatch for USD10 per month.</p> <p>Verizon also offers discounted device plans:</p> <ul style="list-style-type: none"> tablets: USD20–30 per month (final retail price: USD80–90) hotspot: USD20–80 per month (final retail price: USD90–110) connected car: USD20 per month (final retail price: USD75)

Source: Analysys Mason

Multi-device service bundling can help improve service experience and increase customer loyalty, which can help balance the increased risk of churn brought by the implementation of eSIM technology.

Operators can leverage eSIMs to reduce costs and to improve customer experience

The digital transformation of customer engagement has become a priority for most operators looking to improve operational efficiency and customer experience. eSIMs enable the provision of a full digital service experience where the customer acquisition and onboarding processes are managed using digital channels.

While traditional customer support channels are still more commonly used by consumers worldwide than digital channels, customers’ preference for digital channels for sales and customer support has been growing steadily in recent years (as shown in our report, [Mobile digital experience: consumer survey](#)).

Operators are increasingly enabling in-app activation features on their customer-care apps to streamline their onboarding processes. T-Mobile USA, for instance, has added an Easy Switch function to its app to allow prospective clients with an unlocked eSIM-compatible smartphone to switch service providers faster and in a more hassle-free way.

eSIMs’ potential to reduce customer adoption barriers and increase churn can also be advantageous to operators as it can help them to attract new customers more efficiently. Operators can use eSIM technology to attract customers to their own networks. By offering a test-drive, operators can convince users on competing networks to subscribe to their services.

Unlike traditional network test drives, where the operator has to send a physical SIM card to the prospective customer, eSIMs allow the entire registration process to be handled through the operator’s app. eSIM test drives also enable prospective customers to use their current network provider and the one they are testing simultaneously without using a different handset, telephone number or service plan.

eSIM test drives can be helpful for challenger operators looking to showcase their strengths, mainly when these are linked to network performance and coverage. In the USA, where most operators use coverage and speeds to promote their service plans, eSIM trials have become relatively common, particularly among low-cost direct-to-consumer, app-centric brands targeting digital natives such as US Mobile, Visible or MVNO Google-Fi. The adoption of eSIM technology in the consumer market brings many challenges for operators. However, its advancement is inevitable, and operators should be exploring how to maximise its potential.