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Apple launched its latest series of smartphones and smart watches at its keynote event on 12 September 2023. Its newly launched devices included improvements in camera quality, battery life and compute capabilities. However, these improvements are unlikely to encourage most consumers to replace their old devices and so handset lifetimes will continue to increase.

Nonetheless, Apple dedicated a large share of its event to themes that are important to telecoms operators, particularly gaming and reducing Scope 3 emissions.[1] eSIM announcements were notably absent from the event. eSIM-only iPhones are still only available in the USA, which will be a relief to operators that are worried about the effects of eSIMs on churn risk.

Apple's anticipated device launches do not offer major innovations on previous models

All of Apple's new devices are retailing at the same prices of its previous models when launched. This fact, in addition to the lack of inclusion of any radically different features, suggests that there is little to encourage consumers to pay more for newer models.

- **iPhone 15**. Apple emphasised the device's improved camera capabilities and durability. It also announced that all iPhones would use USB-C charging ports. New iPhone models also include roadside assistance functions using satellite connectivity.

- **iPhone 15 Pro**. The main difference between this model and the iPhone 15 Pro is the inclusion of the A17 Pro chip, which enables improved computing capabilities and graphics for gaming.

- **Apple Watch Series 9.** The series 9 has improved capabilities for tracking and finding devices as well as a brighter display. Apple emphasised its new 'double-tap' feature for managing applications without touching the watch face.

- **Apple Watch Ultra 2**. This model includes the same functions as the series 9, as well as features that can be used during outdoor activities.

Handset lifetimes have been increasing worldwide**.** Consumers are delaying the replacement of their smartphones, partly due to a lack of innovation in new smartphone features. Data from Analysys Mason's consumer survey shows that average handset lifetimes have increased by 4 months between 2019 and 2023.[2]

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[1] Scope 3 emissions are those that are not associated with the company itself but are from organisations that the company is indirectly responsible for (for example, as part of the company's value chain or from the use of products that it sells).

[2] Survey questions: "How old is your handset?; When do you expect to replace your handset?" *n* = 15 614.

These new devices are unlikely to disrupt this trend, given that they contain only marginal improvements on previous models.

Apple also emphasised large discounts on device trade-ins, which indicates that the company needs to provide customers with greater incentives to replace their old handsets. For example, customers can receive between USD200–650 in credit when they trade-in an iPhone 11 or later model to upgrade to the iPhone 15 Pro.

Three main themes emerged during Apple's device launch that will be important for telecoms operators

Strong focus on sustainability. Apple dedicated a large proportion of its event to its sustainability initiatives. It announced its plans for all its products to be carbon neutral by 2030. Its Apple Watch Series 9 is its first carbon-neutral product. Apple claims to have achieved this by reducing carbon emissions in the production process and plans to match the expected energy usage of all Series 9 watches with investments in solar- and wind-powered electricity generation. For Apple, energy usage from charging smart watches qualifies as Scope 3 emissions, which telecoms operators have been struggling to reduce as part of their own sustainability initiatives. Apple's marketing efforts around the carbon neutrality status of its products highlights the growing importance of sustainability to consumers. Analysys Mason's consumer survey supports this trend: 22% of survey respondents cited that a lower environmental impact is a factor that would attract them to a new mobile plan.

Gaming. The improved graphics capabilities of the iPhone 15 Pro's A17 Pro Chip enable the company to support AAA gaming titles on-device for the first time.[3] This is an important development because it could help more consumers to access premium gaming titles without purchasing additional hardware (such as games consoles). However, Apple's focus on on-device gaming does not provide telecoms operators with the same level of growth opportunities presented by cloud gaming. Operators can – and-do – leverage cloud gaming's need for high bandwidths and low latency to upsell connectivity, while on-device gaming has less demanding connectivity requirements. Our research shows that cloud gamers are willing to pay more for connectivity and are more satisfied with their providers, which gives operators a reason to focus their efforts on cloud gaming.

Little focus on eSIMs. Apple has not changed the use of eSIM technology for its iPhone 15 and 15 Pro devices. Like its predecessor, the iPhone 14, the iPhone 15 and 15 Pro will include both eSIMs and physical SIMs in most countries (the only exception is the USA, where all new iPhone models only have eSIMs). The full adoption of eSIMs in smartphones is just a matter of time and will create significant opportunities for operators to improve customer journeys and operational efficiencies.

The headline announcements from Apple's September keynote will not disrupt the telecommunications market, but the company's focus on gaming and sustainability show that vendor and operator interests are clearly aligned. We anticipate more announcements related to eSIMs at future Apple events; and operators should therefore prepare for wider adoption by looking at the potential benefits that eSIMs can bring to customer onboarding and digital journeys.

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[3] AAA titles refer to big-budget games from established developers that have historically not been able to run natively on smartphones.

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