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Volume 18, Issue 10

Navigating the Telco Bureaucracy

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With growing inflation and tightening budgets in the United States, consumers and businesses alike need to save money however they can. One place people are starting to look at tightening their budgets is within their monthly phone plans.

For years, the process of finding a new phone or telecom plan has been riddled with complexity for consumers. The gauntlet that customers are forced to navigate just to switch phones or plans is enough of a hassle to make them passively accept wireless plans that are ill-fitted to their needs. Or perhaps they believe that the plan they signed up for years ago was a good deal, and they have never bothered to look for a new one. Experiences with this difficult process translate into most consumers being reluctant to switch phones and plans with their carriers.

Still, more than 30 million Americans switch phones or plans every year due to changing technologies, coverage maps, special promotions and more. Consumers looking to trade in or get the latest, greatest phone must be aware of the dynamics by which this complexity and opaqueness arise that result in purchasing phones and plans that may not necessarily be best for them.

However now, with better data and more awareness of how phone and plan pricing changes, consumers can more easily identify the best deals and their relative value that suits their individual needs.



Variables affecting phone pricing

Finding a great deal on a phone is not as straightforward as you might think. Many variables affect the price you pay when buying a new phone or signing up for a new wireless plan. Some of those variables include:

- The time of year you buy
- The phone you're trading in
- Whether you're a new or existing customer
- Whether you have an entry level plan or a premium plan
- Whether you pay in full up front or over time with financing
- Special promotions, and more

When combined, these variables result in more than two million unique pricing outcomes for consumers when making a switch. With that in mind, it's nearly impossible for consumers to fully understand their options—especially when talking directly to carriers who have a stake in converting conversations with customers into new contracts.

All these variables make the process of acquiring a new device or plan difficult. However, there are still a few guiding principles that Navi has identified through its unique market data and knowledge that consumers and enterprises should be aware of to make switching easier. Here are some of those insights consumers should keep in mind in order to get a great deal.

Timing is everything

Phone prices can fluctuate a lot depending on the time of year, product lifecycle, and planned promotions. Additionally, the manufacturer's suggested retail prices (MSRP) are just that—suggestions, but they are not written in stone. When certain carriers or vendors need to boost sales for a given quarter, they may dip well below the MSRP line to get customers in the door and close new contracts. With that in mind, give yourself time to shop around and monitor different prices from a multitude of vendors, and you might be able to secure a flagship phone at a lower-than-average price.

If you identify a good phone at the right price, it's important to purchase fast, especially if the offer is through a carrier as they can change their promotions rapidly. Most of the time, the best promotions from carriers tend to launch early in the workweek. If you miss a flash promotion or sale, you'll probably be waiting at least a few weeks before you find a similar deal.

Explore a variety of phone options

One bottleneck for many consumers in getting a great deal is feeling constrained by offers on the one specific phone they want. As wireless technologies have matured, the playing field has been upleveled to the point that many of the newest devices offer similar capabilities at vastly different price points. Many consumers start their buying journey by exploring a specific device. While it is good to have an idea of what you want, at the same time, there may be better value in a different phone with similar capabilities that better aligns with your budget. With that in mind, consumers should keep their options open when exploring deals to consider all devices that may suit their needs.

Unlocked phones are a great place to start. Unlocked phones are typically sold directly by the original equipment manufacturers (OEMs) or at national retailers like BestBuy and allow consumers to move around to different carriers at their discretion as opposed to being locked into a specific deal for one to two years. Buying an unlocked phone may cost the same money as going through a carrier at checkout, but in the long run it can produce more return on investment with the flexibility to shop around and move between carriers for the best deal. As a bonus, they typically don't come with preinstalled software, so you're less likely to need to add more storage.

Consumers should also consider previous years' devices. Sure, you can spend a few hundred dollars on a brand-new mid-range phone, but you might also score the same price on one of last year's flagship models that likely offers comparable features, service, and performance. Older models are usually discounted when new ones are released, and as a result, carriers will offer promotions on them to get the older, perfectly functional models out the door to make way for the newer ones.

Trade-in promotions also provide an easy way to get serious discounts on newer devices for individuals not looking to switch carriers outright. Consumers can either go through their carrier to trade in a device or use a dedicated trade-in site that will give them cash on the spot. Trade-in sites aren't as seamless as swapping your old phone for a new one, but they often pay more money.

Switch or stay?

While carriers make the process of switching phones and getting a deal difficult, buying plans and devices from them can also have its benefits. Some carriers offer special promotions in which new subscribers get a prepaid gift card or access to streaming services like Netflix after they've had service for a certain number of months. Carriers also occasionally offer rebates that are added to your account after a certain period, so it's important to read the terms and conditions of any promotion to make sure you're aligned with the associated time commitments of the deals.

To make an informed decision about whether to stay with the current carrier or instead go through the process of switching to another, a user must weigh all the costs and benefits, including phone discounts, plan features, commitment terms, and so on, which may be a daunting task.

Tips for switching phone plans

The complicated market of phone pricing illustrates a fundamental need to help relieve this burden on consumers and ultimately empower them with data to help aid their buying decisions. Three aspects consumers should keep in mind when aiming to switch phones or plans are the data, insights, and timeliness of their search and purchases.

Data is ultimately the key to ensuring consumers understand their current phone plan and where opportunities to save may exist. Consumers need modern tools to investigate and research wireless plan pricing based on things like the current phone they own, which carrier they prefer to use based on network coverage in their area, or a new phone that has just come to market that they would like to buy. Data drives insights, which ultimately lead to more informed buying decisions.

Timing is also a critical factor in getting a good price on your phone or wireless plan. Effective price tracking can help consumers navigate seasonality, when carriers and manufacturers are offering special promotions that allow consumers to get better deals on their devices.

To remedy the difficulties of switching phones and plans, consumers must be empowered with data. Data and insights will ultimately cut the red tape off the bureaucratic processes of the telecom industry and allow consumers to understand their options and ultimately tailor their services to fit their needs.