

Press Release

Nigeria and Global Smartphone Markets

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Nigerian Smartphone market has recorded 5.7 million units in 2016 with a 17% decline compared to 2015 figures, according to GfK Point of Sales data. The market continues in a downward trend for the first 2 months of 2017.

Global Smartphone demand totaled 1.41 billion units for 2016 and GfK forecasts a 3% growth for 2017, resulting in 1.48 billion units.

2016 Overview:

Smartphones are still one of the most popular products in the world as well as in Nigeria. Multiple brand players and new product launches are creating a sustained interest and demand. Thus, the smartphone markets continue to grow; however the growth started to slow down compared to previous years.

GfK Point of Sales data shows 5.7 million units for Nigerian Smartphone markets in 2016 for the tracked channels, with a decreasing annual growth rate compared to the previous years. Especially in the second half of the year the market due to current economic challenges saw demand started to decrease over 2015.

2016 Smartphone Market Dynamics:

For Nigeria, one of the most important developments for 2016 was the launch of 4G+. Although data transfer speeds were increased; the effect on sales was not that big; because the majority of the products sold before the launch were already compatible with 4G. In 2015 4G devices sold was 20.6% and 25.1% of Smartphone sales in 2016

When it comes to screen sizes Nigeria had screens larger than 5 inches (excluding 5 inch). This segment's share within total was 11% in 2015, and grew to 23.6% in 2016 resulting in 73% increase.

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Smartphones sold in Nigeria in 2016 had lesser storage than 16GB, and this segment (16GB) has increased year on year by 26 points. The average capacity for smartphones is 16GB.

Global Markets in 2016:

According to GfK’s estimations, the smartphone global demand in 2016 was 1.41 billion units with 6.6% year over year growth. 28% of these sales came from the developed countries. However growth has slowed down or even turned to negative in these regions. One of the main reasons was the high rate of smartphone penetration. These regions were saturated in the previous years. Therefore in 2016, Western Europe faced a -3% decline, Developed Asia 1% increase and the market stayed flat in North America in year over year comparisons.



Emerging markets continued to grow 2016. Middle East and Africa region had a 5% growth in units, while Central and Eastern Europe had 10% and Emerging Asia had 6% growth rates. However Latin America did not follow the same trend and had -1% decline in 2016. Although the total annual growth is negative, as the economic atmosphere began to improve in Brazil, the smartphone markets for the region also started to show increases in the last quarter of 2016. Last but not least, China’s growth in

units was 17% for 2016, increasing up to 450 million units. Expanding 4G Technology contributed to the increase.

2017 Outlook:

The first two months of 2017, the market followed the same trend as the last months of 2016 in Nigeria with a decline due to inflation and dwindling purchasing power.

In February 2017, Smartphones were among the popular products to be considered a gift for Valentine's Day just like in previous years. In the organized retail channel¹ Valentine's Day sales decreased by 2% over the January 2017 average in units. This ratio was 5% in 2015 and 1% in 2016.

Regarding emerging markets the market will continue to be shaped by the new demand increasing the penetration. According to GfK, 2016's 1.41 billion global sales volume is estimated to increase by 3% in 2017 and achieve 1.48 billion units sales. For developed markets like Western Europe and North America growth is not expected or the maximum expectation is 1%. As Global Director of Telecom Research Arndt Polifke points out; "There is no other technology product that is as intensively used by consumers as the smartphone. As a result, smartphone demand remains stable even in saturated markets. Spurred on by the impressive range of exciting innovations, such as virtual reality, artificial intelligence, smart home functionality, mobile payments and mobile health, smartphones are going to gain further relevance for consumers in developed markets. On top of this, developing regions such as the Middle East/Africa and Emerging Asia have yet to mature and as such still have significant potential for growth. These two factors lead to a solid growth outlook for smartphone demand in 2017."

¹ Organized retail: Technical superstores, hyper and supermarkets, online players.



GfK POS (Point of Sales)

Global figures are derived from GfK POS data. GfK forecasts end-demand consumer purchases rather than manufacturer shipments. Market sizes are built up by point-of-sale (POS) tracking in 90+ markets with updates on a weekly and monthly basis.

GfK POS panel is based on the sales data gathered from over 425.000 outlets worldwide. A panel study is the periodic study where sales and price trends of product groups, features etc are audited in the defined sales channels in retail. GfK Nigeria POS Panel audits approximately 20 product groups in 5 sectors; Telecom, Information Technologies, Consumer Electronics, Small Domestic Appliances and Major Domestic Appliances.

GfK

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