

## Press Release

### **South African smartphone unit sales rise 16% in Q3 2018 as consumer tech market shows resilience**

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South Africa's technical consumer goods market enjoyed a boost from strong sales of telecom devices in the third quarter of 2018, with smartphone sales rising by around 16% to 3.15 million units in Q3 of 2018 compared to the same quarter last year and smartphone revenues expanding by 19% over the same period. The overall technical goods market grew in value by 6.9% for Q3 2018 when compared to Q3 2017, according to point of sale data from market research firm, GfK South Africa.

The smartphone market – one of the largest segments of the South African consumer goods market by both value and unit shipments – continued to benefit from consumers migrating from feature phones to smartphones.

“Panel television, smartphone and small domestic appliance sales continued to show resilience in the third quarter of 2018, even under difficult economic conditions and even with many consumers holding on to their cash for Black Friday deals in November,” says Kali Moahloli, Commercial Head for Market Insights at GfK South Africa.

“Smartphone unit sales continue to be driven by mid-range to entry-level devices, while price increases for new-generation models of high-end flagships from the leading brands is powering the growth in value of the market. Feature phone sales are also holding up well, even as the market continues to transition to smartphones.”

In the information technology segment, media tablet revenues for the quarter dropped by double digits year-on-year. Consumers that are purchasing tablets are now opting for cheaper devices from lesser-known brands rather than purchasing high-end models from the major manufacturers.

On a more positive note, mobile computing revenues grew by double digits of 21.4% in Q3 2018 against Q3 2017, thanks to strong sales of both entry-level devices (R4,000 and less) and higher-specification devices costing



R10,000 and more. Desktop sales also grew significantly, thanks to rising demand for mid-range to high-end computers.

Other highlights from Q3 2018 include the following:

- Consumer electronics revenues grew by 6.4% in Q3 2018 in comparison to Q3 2017 with speakers (especially mini-speakers) and panel TVs performing well. Ultrahigh definition technology, price drops and larger screen sizes all had a positive influence on panel TV sales.
- New market entrants and price competition helped spur good monitor sales in the quarter.
- Value generated by small domestic appliances grew by double digits year-on-year. Kettles, toasters and food preparation devices (like hot air fryers) sold well.
- Major domestic appliances showed flat growth (0.9% for Q3 2018 vs Q3 2017) as consumers held back on large purchases.
- The photograph sector declined by 31% year-on-year, as consumers continued to seek out smartphones with good cameras rather than buying dedicated cameras for casual photography.

#### **GfK**

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