

Press release

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Mobile communication is booming thanks to wearables

Wrist-mounted technology is on the rise

Nuremberg, August 31, 2016 – Alongside the ever booming global market for smartphones, demand for wearables saw particularly positive growth in the first half of 2016. These are GfK's findings for the global smartphone market on the occasion of IFA 2016 in Berlin.

Worldwide, 667 million smartphones were sold between January and June 2016. Following a rise of 7 percent in the first half of 2015, the number of smartphones sold in the first half of 2016 increased again by 6.2 percent. Revenue in the global smartphone market also increased by 4.5 percent in the first six months compared with the previous year.

The growth markets China, Central and Eastern Europe, Middle East and Africa, Latin America as well as emerging APAC* lead the way here with an increase in sales on 9.7 percent. In contrast, demand in Western industrialized countries** fell slightly due to extensive market saturation, dropping by 1.9 percent. Consumer demand for classic mobile phones (Feature Phones) was also down in the first half of the year (minus 14 percent). This means that the overall number of mobile devices sold worldwide was the same as in the first six month of 2015.

Trend for large displays and 4G devices continues

Smartphones with a large display of with 5 inches and above are especially popular. In the first half of 2016, 424 million of these models were sold worldwide. This represents a share of 64 percent of all smartphones sold, or a growth in share of 47 percentage points compared with the same period in the previous year. The share of 4G-enabled devices in the overall market also continues to rise. In the first half of 2015, 56 percent of smartphones were equipped with 4G technology. In the first half of 2016 this figure had risen to 79 percent. In total, 519 million 4G-enabled devices were sold between January and June 2016.

The global market has benefited from the stable price level of smartphones. On average the non-subsidized price of smartphones in the first half of 2016 was €272.

Wearables as companions to smartphones

The demand for wearables is also showing extremely positive growth. These are technical devices worn on the body which record activity and

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body data and often also have communication functions.

GfK predicts global sales of 122 million units for 2016 and expects to see a global market volume in this sector of US\$ 13.3 billion. This corresponds to a growth of US\$ 4.8 billion compared with the previous year. GfK trade panel figures for the first half year also show that wrist-mounted technology is becoming increasingly well established in Western Europe: Currently, one in ten consumers who buy a smartphone also purchase a wearable. 5.5 million devices were sold in total, around 1.2 million of which in Germany. This corresponds to a growth rate of 75 percent in Western Europe and 54 percent in Germany.

An overview of the most important categories:

Smartwatches: This segment is the most dynamic one. Here, technology and electronics companies join forces with sports, fashion and watch companies, resulting in a significantly broader range and therefore greater competition. In Western Europe the number of smartwatches sold in the first half year is up 153 percent, while in Asia it is up 115 percent.

Health and fitness trackers: Compared with the other categories, this is the segment with the highest market volume. However, compared with smartwatches, the volume growth in Western Europe is significantly lower at 63 percent. In Asia the segment is still growing rapidly, recording an increase of 141 percent in terms of units sold.

Wrist sports computers: The traditional sport segment faces increasing competition with health & fitness trackers in the lower price ranges and with multi-functional smartwatches in the upper price categories. Accordingly, growth in sales in Western Europe is relatively low at 20 percent. In Asia this category is relatively insignificant.

Connected watches: Often found in the range of traditional watch manufacturers, these appeal to classic wristwatch wearers. In Western Europe, demand rose in the first half of 2016 by 97 percent compared with the same period last year, at an average price of €158. This segment is likely to become even more important in future.

Locators: This category is especially popular in Asia, where every fifth wearable device is a locator. In Western Europe the segment has yet to attract much interest.

About the method

As part of its Telecom trade panel, GfK regularly collects data in 90 countries on mobile and landline telephones, tablet computers, mobile broadband sticks, mobile phone accessories, radio equipment, wearable devices and telephone tariffs. The analysis presented here is based on information on global trends in the mobile phone market for the 2016 half year. Western Europe here refers to the markets in Germany, France, Great Britain, Italy, Spain and the Netherlands.

* Emerging APAC countries include India, Indonesia, Cambodia, Malaysia, Philippines, Thailand and Vietnam.

** Western industrialized countries include the regions of North America, Western Europe and the APAC industrial nations of Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea and Taiwan.

GfK activities at the IFA, September 2–7, 2016, Berlin:

- 1) The **GfK Info Point** at the IFA press center provides all the information published by GfK during IFA
- 2) Come and chat with our experts in the **GfK office** at the IFA (VIP Room 2, Großer Stern).
- 3) **GfK Technical Innovation Conference** "The Connected Consumer" on September 1, 1-3pm, IFA, Marshall Haus, Messegelände Berlin. You can download the agenda here:
<http://www.gfk.com/insights/event/ifa-2016-2/>

In occasion of IFA 2016 GfK publishes press releases relating to the sectors IT, TV, Smartphone & Wearables, Audio, Small Domestic Appliances and Major Domestic Appliances. All information are available on the website: <http://www.gfk.com/press-room/press-releases/>.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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