

Press release

Embargo date: July 24, 2017 at 0400 UTC

Global smartphone demand peaks alongside a leap in average sales price in 2Q17

July 24, 2017

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- **Smartphone demand of 347 million units makes 2Q17 the best second quarter on record**
- **Emerging markets are driving the growth**
- **Average sales price (ASP) grew five percent year-on-year in the quarter**

Nuremberg, July 24, 2017 – Global smartphone demand totaled 347 million units in 2Q17, up four percent year-on-year. This makes it the strongest second quarter on record. Emerging Asia led the demand growth with a 13 percent year-on-year increase, followed by Central and Eastern Europe at 11 percent, and Latin America at 10 percent. Market value grew nine percent year-on-year, due to rising average sales price (ASP).

Smartphone sales 2Q 2017 vs. 2Q 2016

	Units sold (in million)			Sales value (in billion USD)		
	2Q17	2Q16	Y/Y % change	2Q17	2Q16	Y/Y % change
Western Europe	28.7	29.8	-4%	12.1	12.2	-1%
Central and Eastern Europe	18.7	16.8	11%	4.6	3.7	24%
North America	47.4	44.6	6%	18.7	16.2	15%
Latin America	27.0	24.6	10%	8.5	7.5	13%
Middle East & Africa	42.2	41.6	1%	9.9	10.7	-7%
China	110.1	109.7	0%	35.1	32.4	8%
Developed Asia	16.1	16.6	-3%	10.0	9.4	6%
Emerging Asia	56.7	50.0	13%	10.3	7.9	30%
Global	346.9	333.7	4%	109.2	100.0	9%

Source: GfK Point of Sales (POS) Measurement data in 75+ markets, monthly data to the end of May 2017, plus weekly data to 24 June 2017. Percentages are rounded.

Arndt Polifke, global director of telecom research at GfK, comments, "The

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record demand for smartphones in the second quarter this year shows that, despite saturation in some markets, the desire to own a smartphone is a worldwide phenomenon. How that manifests itself differs widely by region. Manufacturers are maximizing all their creativity to ensure their latest devices are irresistible – and to increase ASP as a result. Elsewhere, macroeconomic factors and consumer confidence are having an impact, but operators and retailers are employing localized tactics to ensure the smartphone remains the connected device of choice.”

Yotaro Noguchi, product lead in GfK’s trends and forecasting division, adds, “Consumers are willing to pay more for their smartphone as they seek a better user experience. Despite the market reaching high penetration levels, GfK forecasts smartphone demand will continue to see year-on-year growth even in 2018, as innovation from smartphone vendors keeps replacement cycles from lengthening.”

Western Europe: Demand drops for a third consecutive quarter

Smartphone demand totaled 28.7 million units in 2Q17, down three percent year-on-year. This is the third consecutive quarter of decline, caused by saturation in the largest markets, **Germany, Great Britain and France**. In these markets year-on-year demand fell -4 percent, -5 percent and -7 percent respectively. However, GfK expects major device launches in 4Q to help moderate full-year declines to -0.4 percent.

Central and Eastern Europe: Growing, and with a positive outlook

The region continues its recovery, with smartphone demand reaching 18.7 million units in 2Q17, up 11 percent year-on-year. As the political situation stabilizes and consumer confidence recovers in **Russia** and the **Ukraine**, both markets have posted impressive year-on-year growth. In Russia, demand was up 11 percent year-on-year in 2Q17, and in the Ukraine it was up 22 percent. GfK raised its forecast for smartphone demand in the region slightly to 85.2 million in 2017, a rise of nine percent year-on-year.

North America: A welcome return to growth

Here, the market grew six percent year-on-year to 47.4 million units in 2Q, following falls in demand in the recent quarter. GfK forecasts smartphone demand in the region to total 203 million units in 2017, a rise of two percent year-on-year.

Latin America: Demand grows despite economic uncertainty

Smartphone demand in the region rose 10 percent year-on-year to 27 million units in 2Q17. This recovery is driven mainly by pent-up demand for smartphones in **Brazil**. Despite the uncertain political and economic environment, demand for smartphones in the country increased 15 percent year-on-year in the second quarter. GfK maintains its optimistic outlook for Latin America in 2017, forecasting smartphone demand to increase by

approximately seven percent year-on-year.

Middle East and Africa: Macroeconomic weakness weighs on growth

Smartphone demand totaled 42.2 million units, up just one percent year-on-year. The slowdown in growth is largely due to macroeconomic weakness in the region and device saturation in the Middle East. **Egypt** in particular is experiencing very high inflation. Demand here declined four percent year-on-year in 2Q, while GfK forecasts a fall of 10 percent in 2017. However, this is a large and diverse region and GfK forecasts its overall smartphone demand to grow five percent year-on-year in 2017. Growth will come primarily from those Sub-Saharan and South African countries where smartphone penetration is still relatively low.

China: The market plateaus

In China, smartphone demand plateaued in 2Q17 at 110.1 million units, showing no change year-on-year. This moderation of growth in demand for smartphones was caused primarily by saturation in the market. However, as we're seeing in other regions, higher-priced new products are pushing up market value. GfK forecasts smartphone demand in China to total 461 million units in 2017, an increase of two percent year-on-year. The growth in value terms (USD) is expected to be considerably higher, at 11 percent year-on-year.

Developed Asia*: South Korea drags down the region

Overall smartphone demand totaled 16.1 million units in 2Q17, down three percent year-on-year. Declining demand in **South Korea**, which saw impressive growth last year, offset the increased demand in both **Japan** (up 12 percent year-on-year) and **Australia** (up nine percent year-on-year). GfK expects the region to experience a slight improvement in demand in the second half of 2017, finishing the full year down one percent. That will equate to 73.1 million units.

Emerging Asia*: Anticipating the strongest regional growth in 2017

Smartphone demand in the region totaled 56.7 million units, up 13 percent year-on-year. **Bangladesh** and **Malaysia** powered most of this growth. In Bangladesh, smartphone demand grew by a strong 40 percent year-on-year. Malaysia is maintaining a steady recovery from its 2015 slump, and here demand in 2Q17 grew by 31 percent year-on-year. Smartphone demand in **India** also remained resilient in 2Q17, having leveled out slightly to 14 percent year-on-year. GfK expects the recently announced Goods and Services Tax (GST) will have no impact on smartphone demand in the country. GfK forecasts overall smartphone demand in the region will total 234 million units in 2017, an increase of 11 percent year-on-year. This represents the strongest growth across all regions for the year.

Smartphone sales 2017 vs 2016

	Units sold (in million)			Sales value (in billion USD)		
	2017 sales	2016 sales	Y/Y % change	2017 sales	2016 sales	Y/Y % change
Western Europe	130.7	131.2	0%	55.2	53.4	3%
Central and Eastern Europe	85.2	77.9	9%	20.4	17.0	20%
North America	203.1	198.5	2%	81.7	77.5	5%
Latin America	114.3	106.6	7%	35.1	31.8	10%
Middle East & Africa	176.2	167.8	5%	41.7	42.4	-2%
China	461.0	450.1	2%	148.3	133.5	11%
Developed Asia	73.1	74.1	-1%	46.0	45.1	2%
Emerging Asia	234.4	211.7	11%	41.9	34.4	22%
Global	1,478.0	1,417.9	4%	470.3	435.1	8%

Source: GfK Point of Sales (POS) Measurement data in 75+ markets, monthly data to the end of May 2017, plus weekly data to 24 June 2017. Percentages are rounded.

-Ends-

Note to editors

This release is based on final GfK Point of Sales data for April and May, and June estimates based on weekly data to 24 June 2017.

GfK forecasts end-demand consumer purchases rather than manufacturer shipments. Market sizes are built up by point-of-sale (POS) tracking in 75+ markets with updates on a weekly and monthly basis. For the US, GfK employs proprietary market modeling and consumer research rather than POS to produce its market forecasts. Values are based on unsubsidized retail pricing. Data is available quarterly and the next data set is due in October 2017.

N America data: GfK has recalibrated its US smartphone forecast model, particularly for non-captured segments of the market (including smaller mobile phone carriers, MVNO's and proprietary channels such as manufacturer-owned stores). GfK previously assumed that the mix of non-captured smartphone sales would decline as the major mobile phone carriers gained share. However, analyzing wholesale connections reported by all carriers, GfK concluded that the non-captured segment mix, in fact, continued to increase. Going forward, GfK will size the US market by analyzing carrier reported metrics such as net additions, churn rates and device upgrades.



***Countries included in Developed/Emerging Asia in this release:**

Developed Asia:

Australia
Hong Kong
Japan
New Zealand
Singapore
South Korea
Taiwan

Emerging Asia:

India
Indonesia
Cambodia
Malaysia
Philippines
Thailand
Vietnam

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