

## Press release

### Global smartphone market goes large for premium priced devices

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Igor Richter  
T +49 911 395 2186  
[igor.Richter@gfk.com](mailto:igor.Richter@gfk.com)

Stefan Gerhardt  
Public Relations  
T +49 911 395 4440  
[public.relations@gfk.com](mailto:public.relations@gfk.com)

**Nuremberg, August 29, 2018 – Over the past decades the mobile phone industry has transformed itself into a highly sophisticated ecosystem. With the bar of consumer expectation about what smartphones can do constantly rising, smartphones remain the key personal device. In the first half of 2018 a total of 693.5 million smartphones were sold globally. The total revenue amounted to €215.3 billion, which is an increase of three percent compared to same period in 2017. Consumers show a clear trend towards premium devices, resulting in an increase in the average selling price by four percent. These are GfK's findings for the global telecom market to be released at IFA 2018 in Berlin.**

Igor Richter, GfK expert for the telecom industry comments: “Product features are important enablers to deliver user experiences. The sophistication of handsets announced for this year clearly shows the effort invested to push the boundaries of smartphone capabilities to the limits. These features and applications are constantly evolving with technological innovation, component availability and price affordability. Screen sizes and cameras with high resolution are underpinning the visual experiences enabled by multi core processors and large internal storage. Nearly two thirds of all smartphones sold today are already full HD or 4K video enabled. This is positioning the smartphone even more as the personal device for gaming, or for high definition entertainment in music and video. With 5G devices on the horizon these experiences will become even richer for multi-player applications or sharing of content.”

#### **Online popularity impacts traditional retail**

Telecom Retailers and Consumer Electronics Shops remain the most influential channels for the telecom market internationally. Online channels are growing in popularity due to convenience, cost savings and improved product feature descriptions. Although sales through the traditional

GfK SE  
Nordwestring 101  
90419 Nuremberg  
Germany

T + 49 911 395 0

Management Board:  
Peter Feld (CEO)  
Christian Bigatà Joseph (CFO)

Supervisory Board Chairman:  
Ralf Klein-Bölting

Commercial register:  
Nuremberg HRB 25014

channels clearly dominate, online sales accounted for 15 percent of all sales in the first half of 2018. This is a slight increase of two percentage points compared to the first half of 2017.

While presence in the traditional retail is important, creating a global consistent 'digital' retail presence is becoming increasingly important as well.

### **Consumer trend towards premium priced devices**

Although the demand for smartphones is more or less stable in unit terms, the mobile phone industry continues to be strong and resilient including the trend towards premium devices. Also, with growing consumer preference for social responsibility, the environment, and fair trade, these consumers won't buy a new smartphone if the old one is doing all right. While there is a tendency towards prolonging lifecycles, consumers are willing to pay premium as long they see improved features or other benefits, and as a consequence demand is shifting to premium priced devices.

### **Connectivity is key, not only in Telecom**

With smart features growing in popularity there is increasing opportunity for voice controlled user interfaces based on big data and artificial intelligence. Emerging customized voice assistant technology allows embedded branded Artificial Intelligence (AI) capability to be used across smart home devices under one branded look and feel. Also, the combination of voice assistants with new sensors to capture gestures offers further promising possibilities.

Smartphones with improved mobile connectivity, multiplayer gaming, and virtual, augmented, as well as mixed reality are further enhancing the way consumers can interact with each other, and deliver new imagination stretching experiences on the go.

### **Developing markets continue to influence international markets**

The weight of developing countries matters globally. Developing Asia including India plus the Chinese market weigh in with about 41 percent of all smartphone purchases internationally in the first half of 2018 and, APAC remains the largest region internationally.

### **About GfK's methods**

As part of its Telecom trade panel, GfK regularly collects data in more than 75 countries on sales of cellular and landline telephones, tablet computers, cellular broadband sticks, mobile accessories, radio equipment, wearable devices and telephone tariffs. The analysis presented here is based on information on global trends in the cellphone market for the first half of 2018.



**Meet GfK at IFA in Berlin, August 31 to September 5, 2018:**

Come and chat with our experts in the GfK office at the IFA (VIP Room 2, Großer Stern).

At IFA 2018, GfK will be publishing press releases relating to the sectors IT, TV, Smartphone, Audio, Small Domestic Appliances, Major Domestic Appliances, Smart Home and Online Retail. All information is available at: <https://www.gfk.com/press-room/press-releases/>

**About GfK**

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