



Press Release

Global smartphone market recovers in 2021

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Nuremberg, February 24, 2022 – After a significant drop in revenue in 2020, the global market for smartphones recorded a growth in revenue of 13.4 percent in 2021 to a total of 365.5 billion US-dollars. GfK experts also forecast a further recovery for 2022. These are GfK’s findings ahead of the Mobile World Congress 2022 in Barcelona.

2021 started off positively for the smartphone industry: In the first and second quarters, the market recorded growth in revenue of 28.7 percent compared to the same period of the previous year. However, this development leveled out over the course of the year, resulting in only a slight revenue increase of 1.8 percent in the second half of the year.

“Even though the global smartphone market ended 2021 with an overall growth in revenue, it needs to be emphasized that sales figures in the second half of the year fell significantly by 10.6 percent compared to the same period of the previous year. One reason for this is the persistent price pressure caused by problems in the semiconductor chip supply chain,” **explains Jan Lorbach, GfK expert on telecommunications and technical consumer goods.** “For 2022, the extent to which the increase in the need for premium products can counteract the fall in sales figures for smartphones still remains to be seen. For this year, however, we forecast renewed revenue growth in the mid-single-digit range, mainly driven by the expansion of the 5G network.”

5G and premiumization as drivers in the smartphone market

Consumers looking to buy new smartphones are primarily choosing better, faster, or more powerful models, which caused the average price of smartphones to rise to 368 US-dollars last year (2020: 318 US-dollars). Despite a fall in sales figures, the global market continued to record an increase in revenue, which was due to the so-called premiumization effect: This means that fewer pieces were purchased overall, but at a higher price point. And this trend is continuing: In the time period under review,

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October to December 2021, the average smartphone price rose again to 392 US-dollars, which was already 6.5 percent above the annual average.

In particular, devices with 5G functionality are driving prices up. While a 5G model cost an average of 706 US-dollars in the fourth quarter of 2021, the price of smartphones without this function was only 180 US-dollars. In terms of total global revenue, the share of 5G models increased to 73 percent, which had a subsequent impact on the overall average price of smartphones.

Although 5G is an important factor influencing the market, its potential has not yet been fully exploited. The global GfK findings of *gfknewron Consumer* in the third quarter of 2021 showed that only 25 percent of the consumers surveyed stated that 5G was an essential criterion in purchasing a smartphone. The size of the internal memory (51 percent), the battery capacity (47 percent) and the general performance characteristics of the smartphone, such as RAM memory (46 percent) and processor (38 percent), were deemed more important.

Increasing demand for wearables in the health area

In addition to smartphones, wearables such as smartwatches and fitness trackers, also play an important role at the Mobile World Congress. With an increase of 36 percent to 13.8 billion US-dollars, this product group recorded an enormous revenue growth in 2021. The growth was mainly driven by the pandemic, as consumers awareness for health increased, and wearables developed from a pure tech gadget to a tool for living a healthier life. This was particularly evident in devices with several integral sensors for monitoring health data, which recorded an above-average growth in revenue. Devices with a blood oxygen measurement function, for example, doubled their revenue share in the global market from 33 percent in 2020 to 67 percent in 2021, while devices with an integral sleep monitoring function increased their revenue share from 67 percent to 93 percent. The high level of consumer interest also resulted in the launch of new products in the wearables sector: Devices with EDA sensors for measuring stress levels, for example, have been available since 2021, and have already achieved global revenue of 103.6 million US-dollars.

In 2022, consumers will continue to focus on health. As a consequence, further sales growth in the wearables sector can be expected this year.

About the Study

Through its retail panels, GfK regularly collects POS data in more than 70 countries worldwide for the consumer electronics, photography, telecommunications, information technology, office equipment, and small and large household appliances sectors. All figures according to GfK panel market, Global excluding North America and presented in US-dollars.



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