

# Press release

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## Smartphone market continues to grow, up 6.6 percent year-on-year in 2016

- Continued 4G expansion in China, plus accelerating growth in Russia, drove global demand over the year
- Smartphone sales in 4Q16 totaled 391 million units globally, up six percent year-on-year
- All regions except Western Europe saw year-on-year growth in 4Q16

Nuremberg, February 08, 2017 – Global smartphone demand totaled 391 million units in 4Q16, up six percent year-on-year. North America returned to growth in the final quarter of the year, spurred on by flagship device launches and aggressive operator promotions. Despite strong demand in Great Britain during Black Friday promotions, sales in Western Europe fell four percent year-on-year in 4Q16.

### Smartphone sales 4Q 2016 vs. 4Q 2015

	Units sold (in million)			Sales value (in billion USD)		
	4Q15	4Q16	Y/Y % change	4Q15	4Q16	Y/Y % change
<b>Western Europe</b>	40.4	38.6	-4%	16.3	16.2	-1%
<b>Central and Eastern Europe</b>	20.9	24.2	16%	4.3	5.6	30%
<b>North America</b>	56.2	58.0	3%	21.9	22.9	5%
<b>Latin America</b>	29.9	32.3	8%	7.1	9.8	38%
<b>Middle East &amp; Africa</b>	41.5	41.9	1%	10.3	10.7	4%
<b>China</b>	106.6	118.9	12%	33.7	36.9	9%
<b>Developed Asia</b>	19.8	20.5	4%	12.3	13.6	11%
<b>Emerging Asia</b>	53.3	56.8	7%	8.5	9.8	15%
<b>Global</b>	<b>368.6</b>	<b>391.2</b>	<b>6.1%</b>	<b>114.4</b>	<b>125.5</b>	<b>9.7%</b>

Source: GfK Point of Sales (POS) Measurement data in 75+ markets, December 2016

Based on GfK's Point of Sales data, smartphone demand totaled 1.41

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billion units in 2016, in line with GfK's previously projected figures. Looking ahead, GfK forecasts global smartphone growth in 2017 to moderate to five percent year-on-year, with total demand reaching 1.48 billion.

### **Western Europe: A saturated market**

Smartphone demand totaled 38.6 million units in 4Q16, down four percent year-on-year. In Great Britain, demand was strong during November's Black Friday promotions. However, this was not enough to offset 10 percent year-on-year declines in both Germany and France in the quarter. In 2016, the region saw a three percent fall in demand year-on-year, bringing sales for the year to 131.6 million units. GfK forecasts flat year-on-year demand in Western Europe in 2017, as the overall region reaches saturation.

### **Central and Eastern Europe: A Russian recovery**

Here smartphone demand totaled 24.2 million units in 4Q16, up 16 percent year-on-year. Due to improving political stability, **Ukraine** saw an impressive growth of 34 percent year-on-year. In Russia, currency stabilization was the leading catalyst for improving smartphone demand, pushing sales up 10 percent year-on-year. GfK forecasts smartphone demand to reach 84.4 million in 2017, a rise of eight percent year-on-year.

### **North America: Flagship device launches and operator promotions power 4Q**

Following a dip in 3Q16, the market saw a turnaround in demand in 4Q16. This was driven by operator promotions and flagship devices launches, both coinciding with the holiday season. Smartphone demand hit 58 million units, an increase three percent year-on-year. GfK forecasts that tough competition between the carriers this year will drive marginal growth in smartphone demand of one percent year-on-year, totaling 193.4 million units in 2017.

### **Latin America: Argentina enjoys a stellar 2016, Brazil bounces back**

Smartphone demand in the region reached 32.3 million units in 4Q16, building on the turnaround which started in 3Q16. This is up eight percent year-on-year. **Brazil's** improving political and economic situation heralded a gradual recovery in demand during 2016, with November posting the first year-on-year increase in demand of the year. **Argentina** demand remains strong, with 4Q16 up 38 percent year-on-year. In 2016, demand across the region is down one percent year-on-year. However, GfK has an optimistic outlook for 2017, as demand in Brazil continues to grow after two years of economic downturn.

### **Middle East and Africa: Growth continues to abate**

Smartphone demand totaled 41.9 million units, up one percent year-on-

year. This was weighed on by macroeconomic weakness in **Saudi Arabia**, **Nigeria** and **Egypt**. However, GfK forecasts year-on-year smartphone demand growth in the region to accelerate in 2017, helped by expected economic improvements.

#### **China: The spread of 4G powers rising demand**

In China, smartphone demand totaled 118.9 million units in 4Q16, up 12 percent year-on-year. The 4G smartphone user base hit 57 percent by the end of the year, driven by operator subsidies. Having penetrated the highly populated urban areas, 4G is now expanding to smaller cities and rural areas, as 2G and 3G users are encouraged to upgrade. GfK expects four percent year-on-year growth in 2017, bringing sales to 467.9 million units.

#### **Developed Asia\*: South Korea drives growth in a saturated region**

Overall smartphone demand totaled 20.5 million units in 4Q16, up four percent year-on-year. **South Korea** saw impressive growth of 17 percent year-on-year, helped by increasing demand for mid-range smartphones. However, like Western Europe and North America, the region is saturated and GfK expects smartphone demand to fall two percent year-on-year in 2017 to sales of 72 million.

#### **Emerging Asia\*: India and Bangladesh drive growth in the region**

Smartphone demand in the region totaled 56.8 million units, up seven percent year-on-year, a slight slowdown from 3Q16. Demand in India grew five percent year-on-year, with strong Diwali sales in October partially offsetting the negative impact of demonetization. GfK has a positive outlook for the region for 2017, with smartphone demand expected to grow nine percent year-on-year, reaching 229.4 million units. Bangladesh's projected growth of 28 percent year-on-year, added to India's rise of nine percent year-on-year, provides a major contribution to this forecast figure.

#### **Smartphone sales 2016 vs. 2015**

	Units sold (in mil.)			Sales value (in billion USD)		
	2015 sales	2016 sales	Y/Y change	2015 sales	2016 sales	Y/Y change
<b>Western Europe</b>	135.4	131.6	-3%	52.9	53.6	1%
<b>Central and Eastern Europe</b>	71.5	78.5	10%	14.5	17.1	18%
<b>North America</b>	191.0	191.3	0%	72.1	71.8	0%
<b>Latin America</b>	108.4	107.1	-1%	26.8	31.7	18%
<b>Middle East &amp; Africa</b>	157.5	165.5	5%	40.4	41.8	3%

<b>China</b>	385.3	450.1	17%	116.2	133.6	15%
<b>Developed Asia</b>	73.4	73.8	1%	43.0	45.3	5%
<b>Emerging Asia</b>	197.9	210.2	6%	32.2	34.1	6%
<b>Global</b>	<b>1,320.5</b>	<b>1,408</b>	<b>6.6%</b>	<b>398.1</b>	<b>428.9</b>	<b>7.7%</b>

Source: GfK Point of Sales (POS) measurement data in 90+ markets for calendar years 2015 and 2016.

Arndt Polifke, Global Director of telecom research at GfK, comments, “There is no other technology product that is as intensively used by consumers as the smartphone. As a result, smartphone demand remains stable even in saturated markets. Spurred on by the impressive range of exciting innovations, such as virtual reality, artificial intelligence, smart home functionality, mobile payments and mobile health, smartphones are going to gain further relevance for consumers in developed markets. On top of this, developing regions such as the Middle East/Africa and Emerging Asia have yet to mature and as such still have significant potential for growth. These two factors lead to a solid growth outlook for smartphone demand in 2017.”

-Ends-

#### Note to editors

This release is based on final GfK Point of Sales data for October and November, and December estimates based on preliminary data.

GfK forecasts end-demand consumer purchases rather than manufacturer shipments. Market sizes are built up by point-of-sale (POS) tracking in 90+ 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 April 2017.

#### \*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

#### 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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