

Press release

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Smartphone average selling price sees record year-on-year growth in 3Q

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- **ASP accelerated further in 3Q17, posting the highest year-on-year increase in any observed quarter**
- **Strong 3Q demand for smartphones is powered by Latin America, Central and Eastern Europe**

Nuremberg, October 24, 2017 – Global smartphone demand reached 367 million units in 3Q17, up three percent year-on-year. This is the highest 3Q tracked by GfK, in terms of absolute demand, despite moderating growth. The record demand was primarily driven by Latin America (up 11 percent year-on-year) and Central and Eastern Europe (up nine percent year-on-year). Global average sales price (ASP) continued to increase in 3Q, rising by a record seven percent year-on-year.

Smartphone sales 3Q 2017 vs. 3Q 2016	Units sold (in million)			Sales value (in billion USD)		
	3Q17	3Q16	Y/Y % change	3Q17	3Q16	Y/Y % change
	Western Europe	30.9	33.2	-7%	13.7	13.2
C & E Europe	22.3	20.5	9%	5.4	4.3	26%
North America	49.3	50.0	-1%	19.1	18.9	1%
Latin America	27.8	25.1	11%	8.8	7.8	13%
Middle East & Africa	45.2	41.9	8%	10.7	10.2	5%
China	117.0	111.9	5%	38.3	31.9	20%
Developed Asia	16.4	17.6	-7%	10.3	11.3	-9%
Emerging Asia	57.7	55.2	5%	10.5	8.7	21%
Global	366.6	355.4	3%	116.8	106.3	10%

Source: GfK Point of Sales (POS) Measurement data in 75+ markets, monthly data to the end of August 2017, plus weekly data to 30 September 2017. Percentages are rounded.

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

“Although unit sales may be down in some regions, the increase in ASP reveals the fantastic opportunity to grow the value of the smartphone market. This is welcome news for manufacturers, particularly in regions such as Western Europe where saturation has resulted in declining sales volumes year-on-year. The industry has clearly been switching its focus to drive sales value, and top tier global brands, such as Apple, Google, HTC, Huawei, LG, Moto, Nokia, Samsung and Sony, either already have, or will release, new premium models in an effort to upsell customers to their flagship devices. At the same time, premium features are increasing in importance to consumers, so we expect to see more emphasis on water and dust protection, battery power and memory, high resolution sound, camera and video capabilities, bezel-less design and even biometric sensors on new launches.”

Western Europe: Revenue grows despite market saturation

Smartphone demand totaled 30.9 million units in 3Q17 in Western Europe, down seven percent year-on-year. The combination of the saturated market and delayed launch of the iPhone X has led to a year-on-year decline for the fourth consecutive quarter. Demand in **Germany** is set to decline by seven percent year-on-year and both **Great Britain** and **France** are expected to experience an eight percent fall. However, sales value in the region rose four percent year-on-year, driven by an 11 percent increase in ASP. As a result, GfK raised its 2017 smartphone revenue outlook for the region to six percent year-on-year. The shift towards very high end devices is a clear trend in this region, with one out of eight smartphones sold in this quarter priced above USD 900, compared to one out of 16 in 3Q16.

Central and Eastern Europe: Revenue up 26 percent

Smartphone demand continues to recover in Central and Eastern Europe, with a nine percent increase year-on-year in 3Q17, bringing demand to 22.3 million units. Sales value, however, increased at a faster rate of 26 percent year-on-year, driven by a shift in consumer demand towards higher-priced devices. The improvement in the region's demand in 3Q17 is mainly due to strong growth in **Russia** (up 10 percent year-on-year) and the **Ukraine** (up 19 percent year-on-year). The outlook is also positive, with 2017 smartphone demand forecast to grow nine percent year-on-year to 85.2 million.

North America: A slight fall in 3Q17 but a positive outlook to round the year off

In North America, smartphone demand totaled 49.3 million units in 3Q17, down one percent year-on-year. This represents a return to decline, following growth in 2Q. However, the outlook for 4Q17 is positive, as major product releases have been announced for this quarter. GfK forecasts 2017 smartphone demand to total 201 million units, a growth of one percent year-on-year.

Latin America: Brazilian sales give the region a boost

In this region, smartphone demand reached 27.8 million units in 3Q17, a rise of 11 percent year-on-year. Demand in **Brazil** remains the driver of this sterling regional performance. Brazil experienced a 17 percent increase in demand in 3Q17 compared to the previous year. GfK has raised its 2017 forecast for Latin America to growth of nine percent year-on-year.

Middle East and Africa: Egypt returns to growth

Smartphone demand totaled 45.2 million units in the Middle East and Africa, up eight percent year-

on-year. This increase in sales has been driven by a faster-than-expected recovery in **Egypt**, where demand returned to growth in July 2017 for the first time since November 2016. Overall, GfK forecasts smartphone demand to grow by five percent year-on-year in 2017. This is driven primarily by Sub-Saharan and South African countries, where smartphone penetration remains relatively low.

China: Unit demand up, with prices set to increase further as new models are launched

In China, smartphone revenue is up 20 percent year-on-year in 3Q17. This growth was driven by a 15 percent year-on-year rise in ASP, while demand increased five percent year-on-year, reaching 117 million units. Launches from key domestic brands that were postponed to 3Q17 contributed to the positive performance of this quarter. Overall, smartphone demand in China is expected to total 464 million in 2017, a growth of four percent year-on-year. In value terms (USD), 16 percent year-on-year growth is forecast.

Developed Asia*: Declining demand in South Korea continues to bite

Smartphone demand in the region reached 16.4 million units in 3Q17, down seven percent year-on-year, weighed-down by a 15 percent year-on-year decline in **South Korea**. GfK's 2017 forecast for the region has been lowered to minus four percent year-on-year, with smartphone demand totaling 70.1 million units.

Emerging Asia*: Still on track to post the strongest growth across all regions in 2017

In emerging Asia, smartphone revenue increased 21 percent year-on-year in 3Q17, while demand increased five percent year-on-year, reaching 57.7 million units. Demand growth in **India** and **Indonesia** in the quarter moderated to three percent and five percent, respectively, year-on-year. In **Malaysia** demand grew by 25 percent year-on-year, representing the sixth consecutive quarter of growth. **Bangladesh** also saw strong demand in the quarter, with growth of 22 percent year-on-year. GfK forecasts smartphone demand in emerging Asia to total 238 million units in 2017 (up 11 percent year-on-year), the strongest of all regions this 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	126.7	131.0	-3%	56.6	53.5	6%
Central and Eastern Europe	85.2	78.0	9%	21.0	16.8	25%
North America	201.1	198.5	1%	80.6	77.5	4%
Latin America	115.4	105.9	9%	36.2	30.9	17%
Middle East & Africa	176.8	168.9	5%	41.9	42.1	0%
China	464.3	448.5	4%	154.3	133.1	16%
Developed Asia	70.1	72.9	-4%	44.7	46.1	-3%
Emerging Asia	238.6	214.5	11%	43.0	34.5	25%



Global	1478.2	1,418.2	4%	478.3	434.5	10%
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Source: GfK Point of Sales (POS) Measurement data in 75+ markets, monthly data to the end of August 2017, plus weekly data to 30 September 2017. Percentages are rounded.

Yotaro Noguchi, product lead in GfK's trends and forecasting division, concludes, "This quarter's results reveal the complexity of the global smartphone market and explain why, when it comes to forecasting performance and meeting future demand, manufacturers really do need to examine and understand the nuances of each individual market."

-Ends-

Note to editors

This release is based on final GfK Point of Sales data for July and August, and September estimates based on weekly data to 30 September 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 January 2018.

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:

Bangladesh
India
Indonesia
Cambodia
Malaysia
Myanmar
Philippines
Thailand
Vietnam

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