

**From:** gap intelligence  
**Sent:** Tue, 31 Oct 2023 05:05:52 +0000  
**To:** chatty@google.com  
**Subject:** Google's Pixel 8 Generation Gains Expansion Across Channels



## MARKET INTELLIGENCE REPORT



### Smartphone

S

Oct 30, 2023



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## PRODUCT UPDATES

- gapSnapshot: Qualcomm Processors See Strong Adoption at Budget & Ultra Premium Ends of the Market
- Google's Pixel 8 Generation Gains Expansion Across Channels
- Lively Refreshes Best Buy with Jitterbug Smart4 Smartphone
- Qualcomm Announces Snapdragon 8 Gen 3 Processor & Cross-Platform Integration



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## INDUSTRY REPORTS

- Verizon Reports Q3 2023 Financials, Total Revenue Decreases 2.6% to \$33.3 Billion
- Google Parent Company Alphabet Reports Q3 2023 Revenue Increase of 11% to \$76.6 Billion
- Amazon Releases Q3 2023 Financial Results, Revenue Growth of 13% YoY
- Intel Reports Q3 2023 Results: Revenue Down 8% YoY to \$14.2 Billion

- LG Electronics Balances Revenue Decline with Stronger Profitability in Q3 2023
- Deloitte: 2023 Holiday Spending & In-Store Shopping Rebounding to Pre-Pandemic Levels
- NRF: Consumers Expected to Spend 5% More This Holiday Season
- Survey: Holiday Shopping Starts Early for Younger Generation
- Survey: Social Media Expected to Drive 2023 US Holiday Sales

## PRODUCT UPDATES

### gapSnapshot: Qualcomm Processors See Strong Adoption at Budget & Ultra Premium of the Market

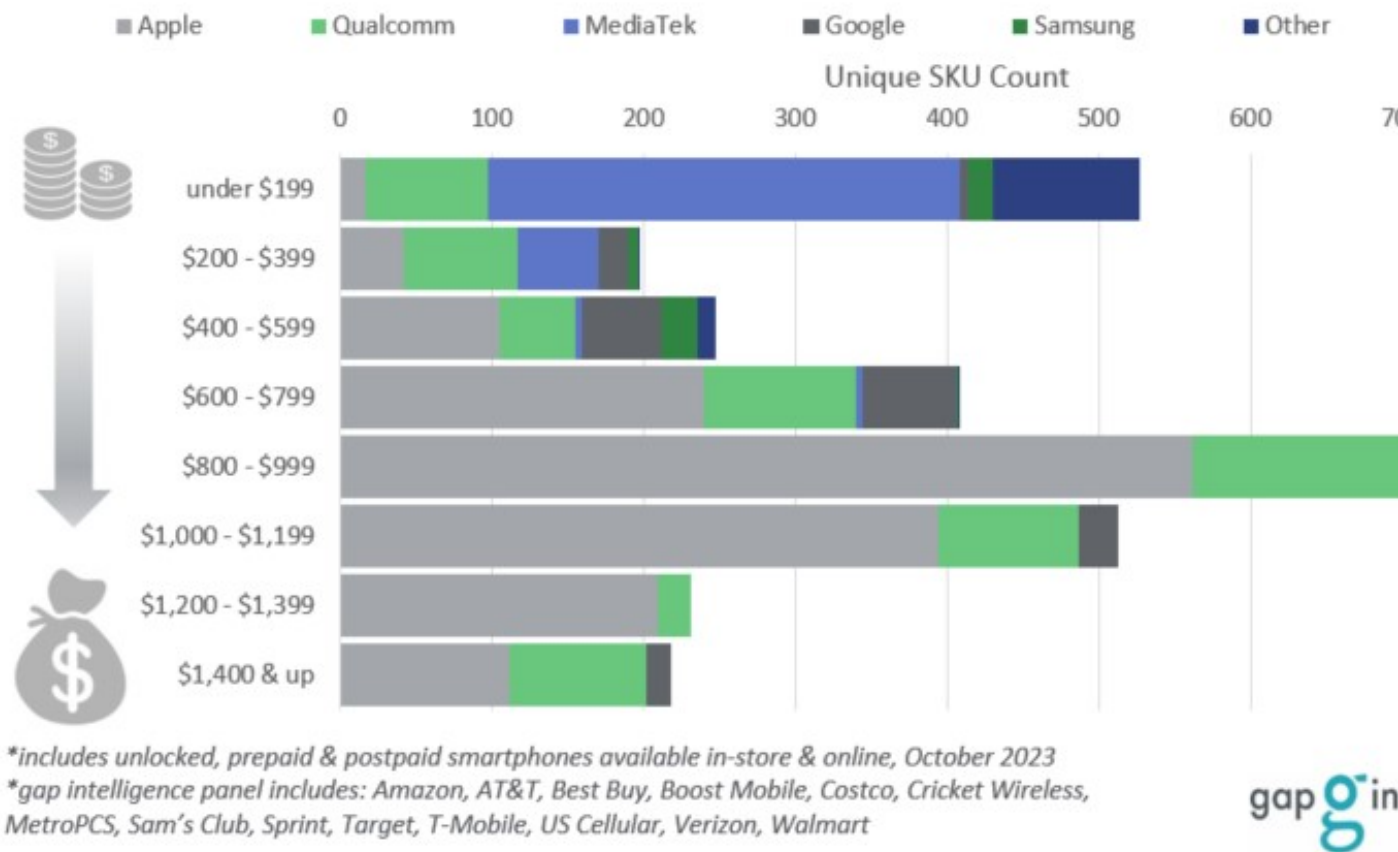
This week's Snapshot highlights processor makers' involvement in the current landscape of smartphones of the US by price band. Prepaid, postpaid, and unlocked market segments are reflected in the chart. Place captured from gap intelligence's full omni-channel merchant panel that includes Amazon, AT&T, Best Buy, MetroPCS, Sam's Club, Sprint, Target, T-Mobile, Verizon, and Walmart.

#### gap impact summary

- Overall processor mix remains relatively unchanged YoY in October 2023 w/ Apple claiming 52% share & Qualcomm making up 32% of the US market
  - o Google gains 1ppt YoY to a 7% share & MediaTek remains 6% of the landscape
- Apple holds dominant shelf share in all price tiers \$400 & above, strongest segment is \$1,200 - \$1,399 responsible for 90% of the smartphones
- Under \$399 is Apple's weakest area; \$200 - \$399 is only price band where Qualcomm-powered models outnumber iPhones (75 vs. 42 SKUs)
- Samsung reserves 99% of its own processors for smartphones priced under \$599 in the US; MediaTek confined to budget market w/ 98% of its processors used for smartphones under \$399

- Google challenges Qualcomm in premium Android realm w/ its strongest establishment from \$600+ as testament to stronger generational adoption for its Pixel 8

## Smartphones: Processor Makers' Price Band Involvement



Source: "Specifications" tab within the October 29, 2023 Pricing & Promotions Report in [Dashboard](#) Recent

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## Google's Pixel 8 Generation Gains Expansion Across Channels

Following a [pre-order period](#) and planned availability for October 12, 2023, Google's Pixel 8 and Pixel 8 Pro are appearing at merchants across channels. Postpaid carriers AT&T, T-Mobile, and Verizon have each introduced the Pixel 8 generation into brick-and-mortar locations, while Best Buy also offers postpaid sales through AT&T and Verizon in addition to presenting unlocked models to its shoppers. Unlocked Pixel 8 models have also emerged at T-Mobile and Verizon locations, giving another prominent national outlet for the new generation. Online exposure for the Pixel 8 Pro has expanded to include the aforementioned accounts, plus US Cellular.com and Amazon.com as additional digital channels and open market outlets, respectively. The Pixel 8 ranges in price from \$0 (through T-Mobile on a 24-month installment plan postpaid) and \$699.00 prepaid on US Cellular, up to \$899 on AT&T postpaid. Meanwhile, the Pixel 8 Pro is priced between \$199.92 (through T-Mobile on a 24-month installment plan postpaid), and \$999.00 prepaid on US Cellular, up to \$1,179 on Verizon postpaid.

### gap impact summary

- Google's Pixel 8 & Pixel 8 Pro debut at merchants across channels
- Online & in-store appearances follow release date earlier this month
- Tensor G3 processor & AI capabilities lead features, 7yrs of OS updates included
- Early deals led by free Pixel 8 models & free accessories (Pixel Watch 2 or Pixel Buds)



Along with refreshing its positions within carrier stores in the retail channel, Google updated its Best Buy event for the arrival of its Pixel 8 generation. The display includes live units of the new smartphones alongside a feature table that asks visitors “Which Pixel is right for you?”

AT&T, T-Mobile, and Verizon promote the new generation as free after trade-in or offer up to \$1,040-off for the Pixel 8 Pro while the latter two carriers attach the [Pixel Watch 2 for free](#) as well. Additionally, Verizon is giving a [\\$200 off](#) for switchers which is identical to last year’s Pixel 7 launch. The offer for a free Pixel Watch 2 is echoed across the board by merchants like Best Buy and Target during the early pre-order period (\$349 value), which the national carrier also has an opportunity to attach Pixel Buds headphones through a giveaway offer.

**Free**

**Free Google Pixel Watch 2 when you buy the new Pixel 8 Pro.**  
Also, save up to \$800 with qualifying trade-in.  
Terms and conditions apply.  
[Shop Now](#)

**Pixel Buds Pro when you pre-order & purchase Pixel 8 smartphone\***

**Get the new Google Pixel 8 Pro FREE**  
Learn how everyone gets this offer with eligible trade-in.  
[See offer details](#)  
[Pre order](#)

**Free Google Pixel Buds Pro when you pre-order the new Pixel 8.**  
Also, save up to \$800 with qualified trade-in.  
Terms and conditions apply.  
[Pre-Order](#)

**Get the new Google Pixel 8 for free.**  
With select trade-in and select Unlimited Plans. And get \$200 when you switch. ⓘ

**Google Pixel 8 Pro & Pixel Watch 2. Both on us.**  
Phone with select trade-in and select Unlimited plans. Service plan req'd for watch. ⓘ

## Pixel 8 Pro

The Pixel 8 Pro retains the same 6.7” OLED as the preceding Pixel 7 Pro, although it is brighter with a peak and features a variable refresh rate from 1Hz up to 120Hz. The model gains a new temperature sensor, used

measuring cookware, liquids, and other objects as well as an updated triple rear camera system to help justify the hike on-year.

- Tensor G3 chipset w/ AI
- Rear cameras: 50MP main, 48MP telephoto w/ 5x zoom, 48MP ultra-wide
- 12GB RAM
- 128GB, 256GB, 512GB, & 1TB storage options
- Black, porcelain, & light blue colors

### **Pixel 8**

With a 6.2" OLED, the Pixel 8 is slightly smaller compared to its 6.3" Pixel 7 predecessor, although the new device boasts a peak brightness of 2,000 nits and a variable refresh rate from 60Hz up to 120Hz. Google positions the new device as an "all-day" battery life and improved image capturing capabilities, despite having a similar dual rear camera system as the previous year.

- Tensor G3 chipset w/ AI
- Rear cameras: 50MP main, 12MP ultra-wide
- 8GB RAM
- 128GB & 256GB storage options
- Black, rose, & hazel colors

The newly launched Pixel 8 and Pixel 8 Pro illustrate Google's historical focus on differentiators like strong image capture mixed with robust software capabilities and support. The Pixel 8 generation is also benefiting from Google's long-standing establishment in the channel to find exposure through major US carriers and national retailers like Best Buy, which is helping during this early phase.

Google is directly challenging Samsung as one of the only other Android makers to operate in the flagship segment. Despite the Pixel 8's price premiums over last year's generation, countered by the brand's aggressive marketing on the new device, this further illustrates its effort to hold this market stance. Google is already offsetting the devices' higher price tag through the form of aggressive pre-order incentives and will likely continue its promotional vigor for the cycle ahead as it

third-place advertiser in the market.

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## Lively Refreshes Best Buy with Jitterbug Smart4 Smartphone

Lively's new Jitterbug Smart4 recently appeared at Best Buy stores, marking a direct refresh of the wellness brand's smartphone for seniors. Lively holds an important place within Best Buy's portfolio of in-house brands. Smart4's endcap placement in-store reflects this close relationship. Lively's Smart4 arrives with the same \$149.99 price as the previous Smart3 and Best Buy's Plus or Total Members can save \$60, reducing the model to an \$89.99 net. The new smartphone's debut coincides with its first placement in Best Buy's weekly advertising, which [savings value](#), setting the Smart4 up for what should be a visible lifecycle ahead considering that Lively has been featured almost every week within the chain's Top Deals.

### gap impact summary

- Best Buy adds new Jitterbug Smart4 smartphone from Lively
- Direct refresh for Smart3, priced identically at \$149.99, on sale for \$89.99 net for members
- Positioned competitively against prepaid handsets as only senior-focused option on shelf
- High level of visibility expected based on Best Buy's frequent promotion of its Lively subscription program in advertising





Unlimited Talk & Text  
**\$19.99\***  
 /mo.

\*\$5 discount when you enroll in paperless billing.  
 Full price \$24.99/month, plus taxes and fees.

jitterbug phones  
**Easy and helpful.**



**lively**

**Lively services subscription. Caring, human support 24/7 with Apple Watch and Alexa!**

- Access Urgent Response team day or night for health or safety concerns.
- Compatible with select smart speakers, smart watches and smartphones.
- No long-term contract required.

**live!**

To purchase, or for more information, give this card to a Blue Shirt.

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**jitterbug smart4**

**Our simplest Jitterbug smartphone yet.**

- Larger 6.7" screen with easy-to-navigate menu
- Powerful dual speakers for clear sound
- Longer-lasting battery with faster charging
- Urgent Response button for help, 24/7
- Plans as low as \$19.99/mo.\* Add data for as low as \$5/mo.

\*\$5 discount when you enroll in paperless billing. Full price \$24.99/month, plus taxes and fees.  
 © 2021 Best Buy. All rights reserved. MSRP



**Plus and Total Member Price \$89.99**

Unlimited

**\$149.99**

Jitterbug Smart4 Smartphone for Seniors

Model: T500QJ004-882 SKU: 6557140 Capacity: 32 GB Color: Black

Scan QR Code for details, offers and financing disclosures

**Pricing Options**

**Dimensions**  
 3.01" Wide x 6.61" High x 0.35" Deep

Manufacturer's warranty available upon request. Pricing varies. Pricing requires qualified activation. Savings may include Best Buy instant discount and/or 24 or 36 mo. carrier bill credit. \$48 credit starts in 1-2 cycles & ends when phone balance is paid off or line terminated.





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**jitterbug smart4**



Like the previous Smart3 smartphone, Lively's \$149.99 Smart4 is positioned alongside a flip phone comparable to the Lively brand's endcap adjacent to Best Buy's mobile department. The endcap features an updated backplash that highlights the Jitterbug device "easy and helpful" and pitches unlimited talk and text for \$19.99 per month. A feature tagline focuses on the core attributes of the Smart4 like its 6.7" display, which is larger than its predecessor's 6.2" panel, dual speakers, a "longer lasting" battery (5,000 mAh vs. 3,500), and Urgent Response button to summon "caring human support."

The outbound Jitterbug Smart3 is also currently advertised by Best Buy for a \$74.99 net price, a \$15 difference from the Smart4. This increase in price may increase its rate of sellout as Lively's new Smart4 becomes established across the merchant's digital and physical storefronts. The Smart4 faces a collection of up to 25 other smartphones priced under the \$150 threshold, many of which regularly sit under \$100 like the Lively model (\$89.99 net). These include prepaid items from Tracfone like the Lively C100 and Motorola's Moto G Power (2022), plus the Galaxy A03 (Tracfone & Boost Mobile).

Best Buy	Lively Jitterbug Smart4 T608GJBS4-8IN	Motorola Moto G Power (2022) 64GB - Dark Gr... TFMTXT2165DCP	Nokia C100 TFNKN152DCP	Samsung Galaxy A03 SPH-A700
				
<b>Product Specifications</b>				
Contract Type	Prepaid	Prepaid	Prepaid	Prepaid
Product Family	Jitterbug Smart4	Moto G Power (2022)	C100	Galaxy A03
Carrier	Lively	Tracfone	Tracfone	Boost Mobile
Contract Length (mos)	na	na	na	na
Operating System	Android	Android	Android	Android
Display Size (in)	6.7	6.5	5.45	6.5
Internal Storage (GB)	32	64	32	32
Rear Megapixel	13	Tri 50+2+2	8	13
Product Status	NEW	Current	Current	Current
Product Debut	10/15/2023	01/02/2022	05/01/2022	02/01/2023
<b>Pricing Highlights</b>				
Most Recent Shelf Price	\$149.99	\$99.99	\$49.99	\$49.99

Amid this competition, the Jitterbug Smart4's biggest differentiator comes from the service and support it brings to the table as part of Lively's senior-based subscription program. Like the earlier generation, promotions are expected to be common for the Smart4, which could even be offered as low as \$45.99 during peak sales periods, and was the lowest-

of its predecessor (Jul 2023).

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## Qualcomm Announces Snapdragon 8 Gen 3 Processor & Cross-Platform Integrat

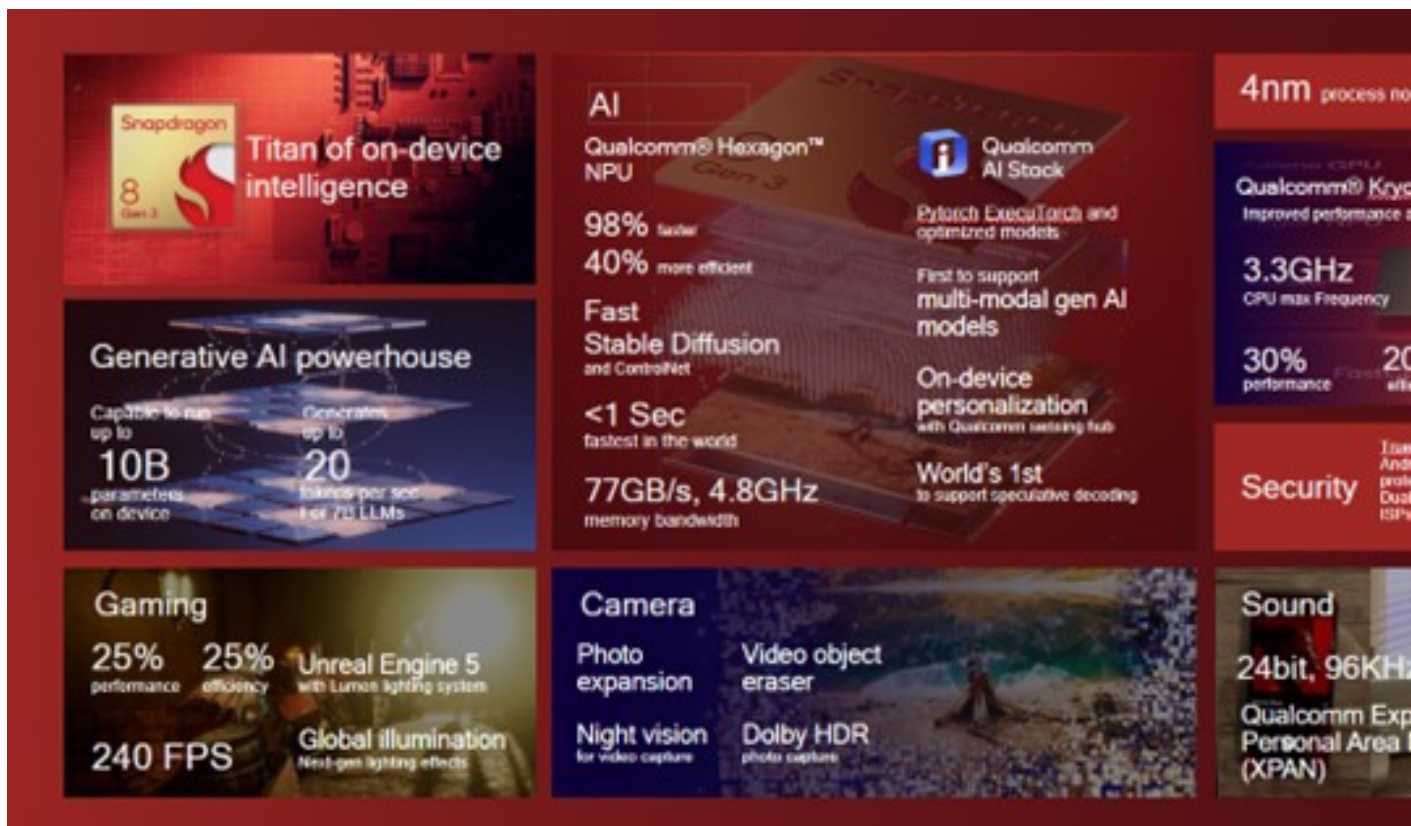
Qualcomm [announced](#) its new Snapdragon 8 Gen 3 processor during the Snapdragon Summit last week, heralding its first mobile platform “meticulously designed with generative AI in mind.” Flagship Android devices powered by Qualcomm’s Snapdragon 8 Gen 3 are expected to be available in the “coming weeks.” The premium chips will be used within a comprehensive list of global Android OEMs and brands such as ASUS, Honor, iQOO, MEIZU, Nubia, OnePlus, OPPO, realme, Redmi, RedMagic, Sony, vivo, Xiaomi, and ZTE.



Along with faster responses from activities that are usually outsourced to the cloud, the Snapdragon 8 Gen 3's AI capabilities enable users to generate unique content, help with productivity, and other “breakthrough use cases” have yet to be defined. The chipset supports a chatbot trained on Meta’s Llama 2, and can accept text, image, or voice input, while also talking back to you or delivering AI-generated images/text. Additionally, the system runs the image generator Stable Diffusion on-device.

Qualcomm’s Snapdragon 8 Gen 3 offers a 10% improvement in power savings compared to the 8 Gen 2 based on efficiency gains from the Kryo CPU and Adreno GPU. Numerous imaging enhancements are enabled by its camera, including the ability to capture Dolby Vision HDR photos (over 1 billion shades of color in a Rec 2020 color space, 10-bit color depth). Unique functions include:

- **Photo Expansion:** Similar to Adobe’s Generative Expand, photos can be artificially “zoomed out” from their original points to include AI-derived backgrounds
- **Zoom Anyplace:** Powered by Samsung’s Snapdragon-optimized 200MP image sensor, it allows capturing 4K videos, object tracking, & up to 4x zoom in 4K resolution
- **Video Magic Eraser:** Designed with ArcSoft, it is capable of removing subjects & distracting elements from videos, similar to features of Google’s Tensor chipsets



In support of its new processors, Qualcomm [also announced](#) Snapdragon Seamless, a technology that supports platform integration across devices and operating systems. As an example, a user would be able to use the same peripherals across multiple PCs, phones, and tablets, or have earbuds automatically switch between devices. Qualcomm's move to build off Qualcomm's large user base for mobile phones and Android tablets could help jumpstart its expansion into PC computing; however, many brands have tried, but few have succeeded in replicating Apple's success with a unified product ecosystem, despite many attempts. Announced partners for Seamless include Microsoft, Android, Xiaomi, Honor, Lenovo, and Oppo.

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## INDUSTRY REPORTS

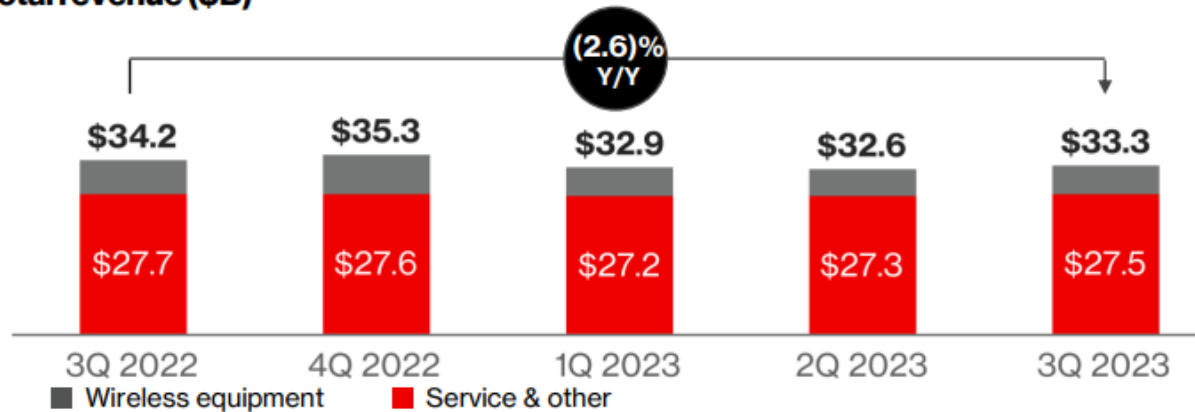
Verizon Reports Q3 2023 Financials, Total Revenue Decreases 2.6% to \$33.3 Bil

Verizon [released](#) the financial results for its Q3 2023, reporting total revenue of \$33.3 billion, a 2.6% year-over-year decrease [from \\$34.2 billion](#). The carrier's third-quarter revenue did see a small quarter-over-quarter (QoQ) increase from its previous \$32.6 billion it posted during [Q2 2023](#) this year.

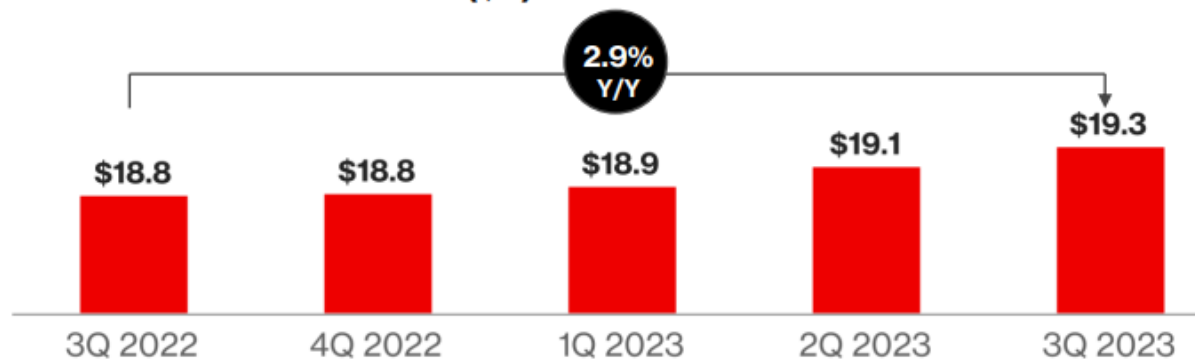
### Key Q3 2023 Results

- Total revenue decreased 2.6% YoY to \$33.3 billion
- Consumer Segment revenue saw a 2.3% YoY decrease to \$25.3 billion
- Business Segment revenue decreased 4% YoY to \$7.5 billion
- FY 2023 Outlook: Wireless service revenue growth of 2.5% to 4.5%

#### Total revenue (\$B)



#### Total Wireless service revenue\*\* (\$B)

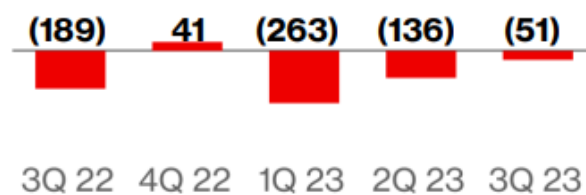


## Consumer Segment

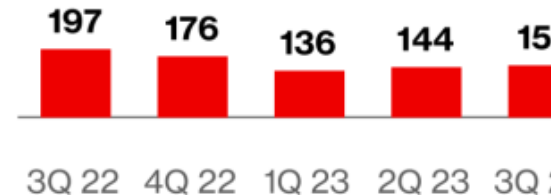
Verizon's Consumer segment generated \$25.3 billion in total revenue in Q3 2023, declining 2.3% YoY from \$25.9 billion in Q3 2022. Wireless Equipment revenue dropped 11.8% YoY to \$4.9 billion, while Service revenue grew 2.3% YoY to \$20.4 billion in this Q3. This quarter saw Verizon's prepaid net losses at 51,000 less users during the period. Verizon also noted that the 4.2 million upgrades it had during Q3 2023 was down 26.2% from last year.

- Fios revenues: \$2.89 billion (-0.2% YoY)
- Wireless retail postpaid churn rate: 1.04% down YoY from 1.10%
- Wireless retail churn rate: 1.68% up YoY from 1.66%

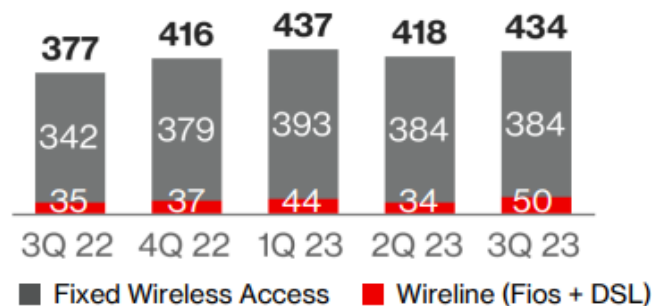
**Consumer  
retail postpaid phone net adds (K)**



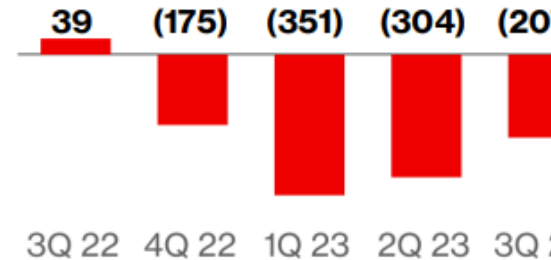
**Business  
retail postpaid phone net adds (K)**



**Broadband net adds (K)**



**Prepaid net adds (K)**



## Business Segment

Verizon's Business segment revenue was \$7.5 billion, down 14% YoY from \$7.8 billion. Enterprise and Public Safety revenue declined 3.9% YoY to 3.8 billion, while Business Markets and Other dropped 1.6% YoY to \$3.2 billion.

- Fios revenues: \$308 million (+1.3% YoY)
- Wireless Retail postpaid churn rate: 1.47% up YoY from 1.42%



- Wireless retail postpaid churn rate: 1.14% up YoY from 1.10%

## Outlook

Verizon expects its Wireless service to see revenue growth between 2.5% to 4.5% for the full year of 2023. In its results presentation, the carrier noted its focused priorities through the end of the year as:

- Delivering growth across key metrics & meeting 2023 financial targets
- Continuing momentum in Consumer mobility with segmented & disciplined approach
- Deploying remaining C-Band spectrum to make the best network even stronger

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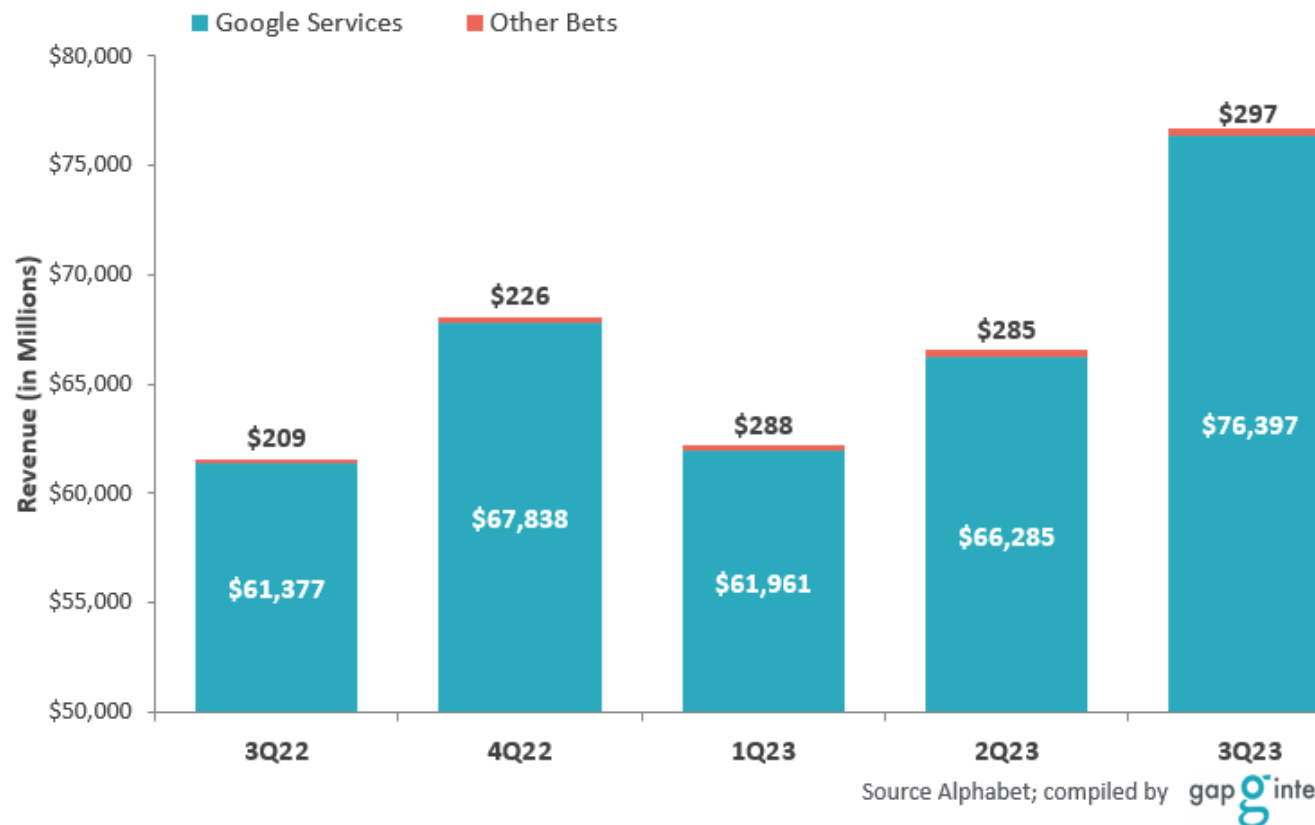
## Google Parent Company Alphabet Reports Q3 2023 Revenue Increase of 11% to \$76.7 Billion

Google's Parent Company, Alphabet, recently [released](#) its Q3 2023 financial results, ending September 30, 2023. Alphabet reported an 11% YoY increase in revenue to \$76.6 billion. Alphabet's CEO Sudar Pichai attributed the growth to meaningful growth in Search and YouTube. As a result, operating income increased by 25% to \$21.3 billion, and operating margin increased of 3ppts to 28%.

### Key Q3 2023 Financial Figures

- Revenue increased by 11% YoY to \$76.7 billion
- Operating Income increased by 25% YoY to \$21.3 billion
- Net Income increased by 42% YoY to \$19.7 billion
- Operating Margin increased by 3ppt YoY to 28%

## Google Revenue by Segment



### Google Segment Q3 2023

- Google Search & other revenue was up 11% YoY to \$44 billion
- YouTube ads revenue was up 12% YoY to \$8 billion
- Google Network revenue was down 2% YoY to \$7.7 billion
- Google Advertising revenue was up 9% YoY to \$59.6 billion
- Google other revenue was up 21% YoY to \$8.3 billion
- Google Services total revenue was up 11% YoY to \$68 billion
- Google Cloud revenue was up 22% YoY to \$8.4 billion

### Outlook

Alphabet's CFO, Sundar Pichai, stated that Search and YouTube remained the most significant contributors to revenue growth and momentum in its Cloud segment. Alphabet will continue to invest in AI-enabled opportunities and plans to continue investing in the Search Generative Experience, expanding to more countries and languages.

officially opening up availability to India and Japan in August. For Google Cloud, the company consistently growth and plans to continue to focus on Google Cloud's AI-optimized infrastructure, large language model platform services. The company has seen positive integration of generative AI offerings such as Duet AI for Workspace. The company plans to continue to not only invest in AI, but also remain focused on re-engineering base to support growth priorities, specifically with AI.

See Also:

[Google Parent Company Alphabet Reports Q2 2023 Revenue Increase of 7% YoY to \\$74.6 Billion](#) July 31, 2023

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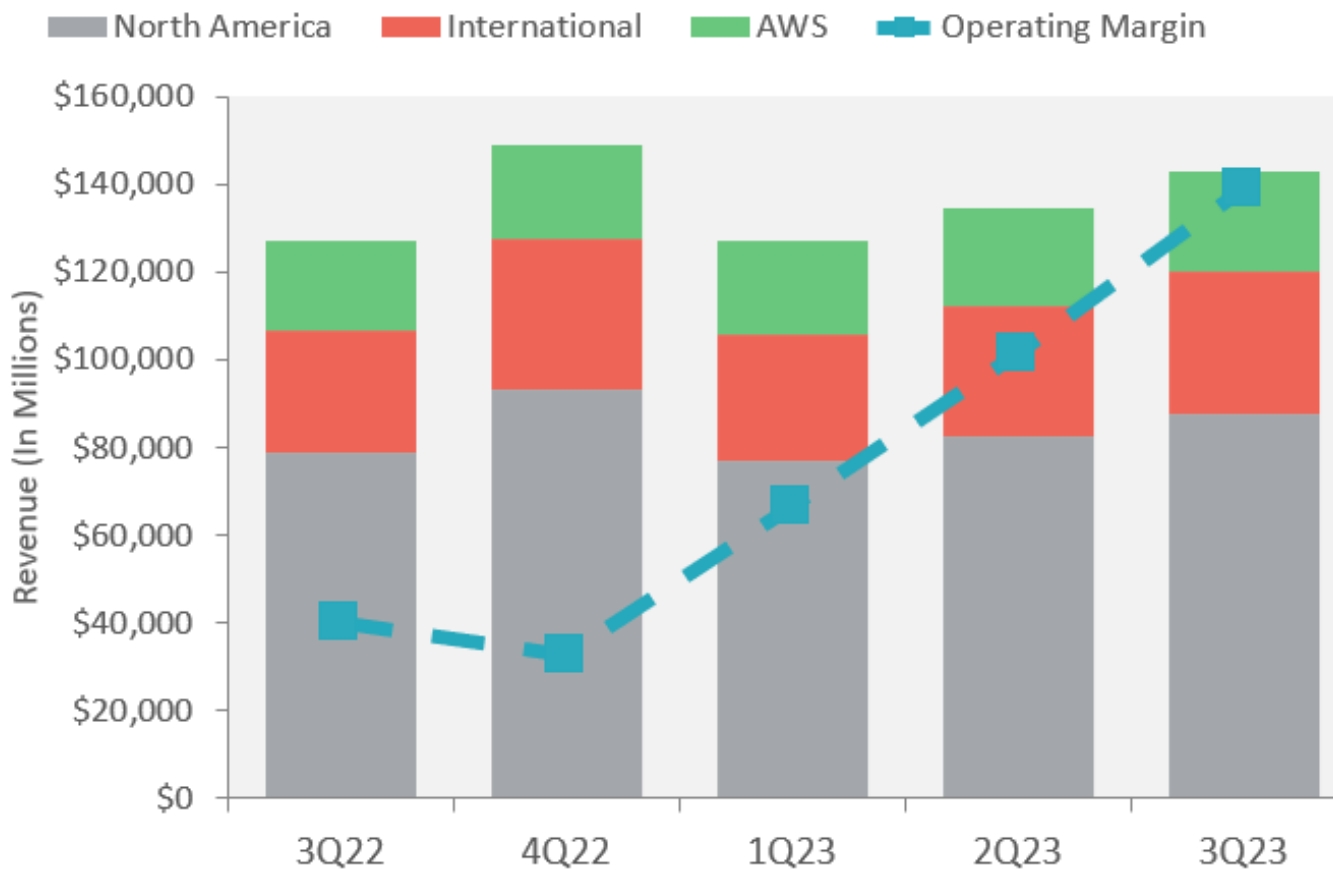
## Amazon Releases Q3 2023 Financial Results, Revenue Growth of 13% YoY

Amazon recently released its Q3 financial [results](#) for the period ended September 30, 2023. The company saw an increase in revenue year-over-year (YoY) to \$143.1 billion. Amazon's net income for the quarter was \$9.9 billion. The company saw an increase in segment net sales across North America (+11% YoY), International (+16% YoY), and AWS (+13% YoY).

### gap impact summary

- Q3 2023 revenue increased 13% YoY to \$143.1 billion, up from \$127.1 billion
- Q3 2023 operating income increased 290% YoY to \$11.2 billion, up from \$2.5 billion
- Q3 2023 net income saw a dramatic change YoY, up from \$2.9 billion to \$9.9 billion
- Q3 2023 operating margin of 7.8% from 2.3% in Q3 2022

# Amazon Revenue & Operating Margin



Source Amazon; compiled by g

## Amazon Q3 Highlights

- Amazon featured Prime Big Deal Days, the company's largest two-day October holiday kick-off event.
  - On the first day of the event, US Prime members purchased more than 25 million items with Day Delivery
- Amazon announced its plan to hire 250,000 full-time, part-time, & seasonal employees in the US this year.
  - Amazon also announced its largest-ever annual investment in US hourly employee pay—\$1.1 billion to raise the new average hourly wage for customer fulfillment and delivery roles to more than \$20.50 per hour
- Amazon partnered with BuzzFeed, Hearst Newspapers, Pinterest, Raptive, & Ziff Davis brand's, like Mashable, to display sponsored product ads on their apps & websites for products sold in Amazon's

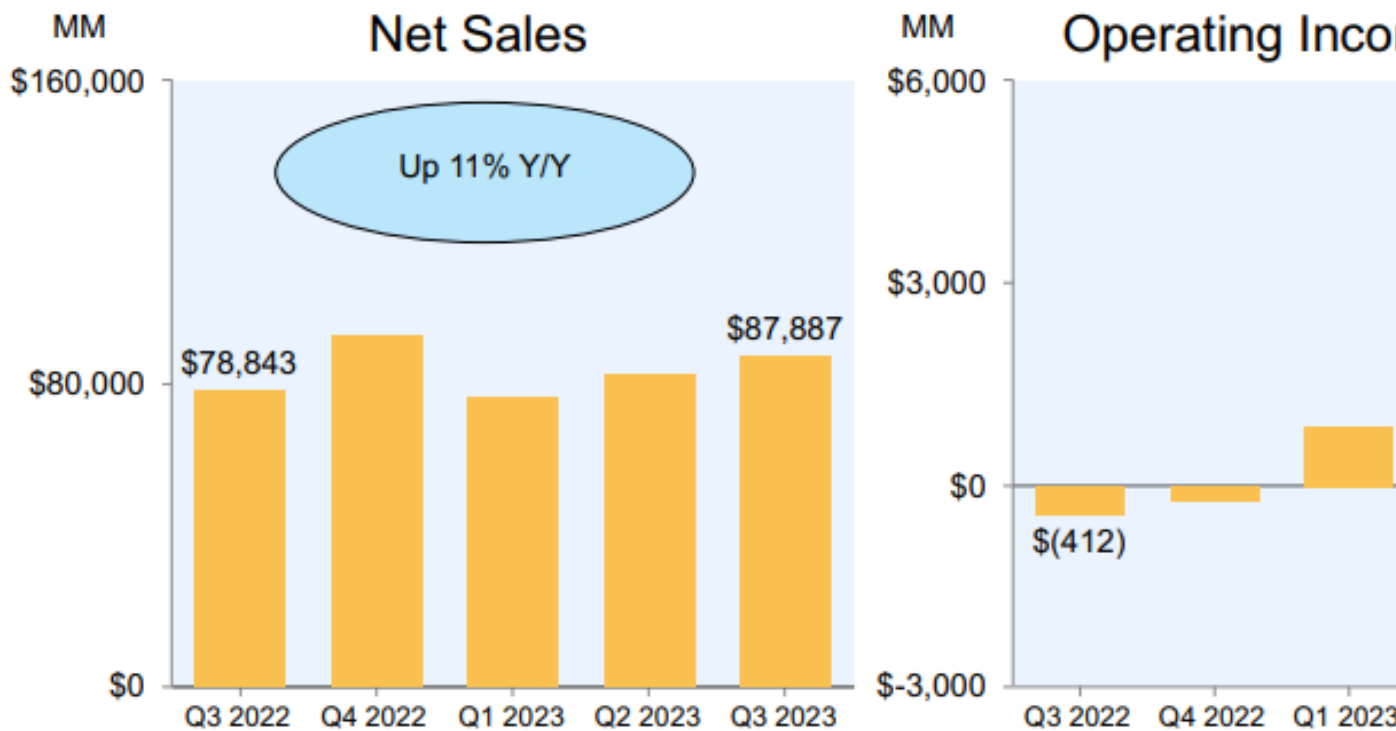
- o These third-party ad partnerships make it easier for customers to move from inspiration to buy clicks

### Segment Performance

#### North America

- Q3 2023 revenue up 11% YoY to \$87.9 billion from \$78.8 billion
- Q3 2023 operating income improved to \$4.3 billion from a loss of \$412 million in Q3 2022

## Segment Results – North America

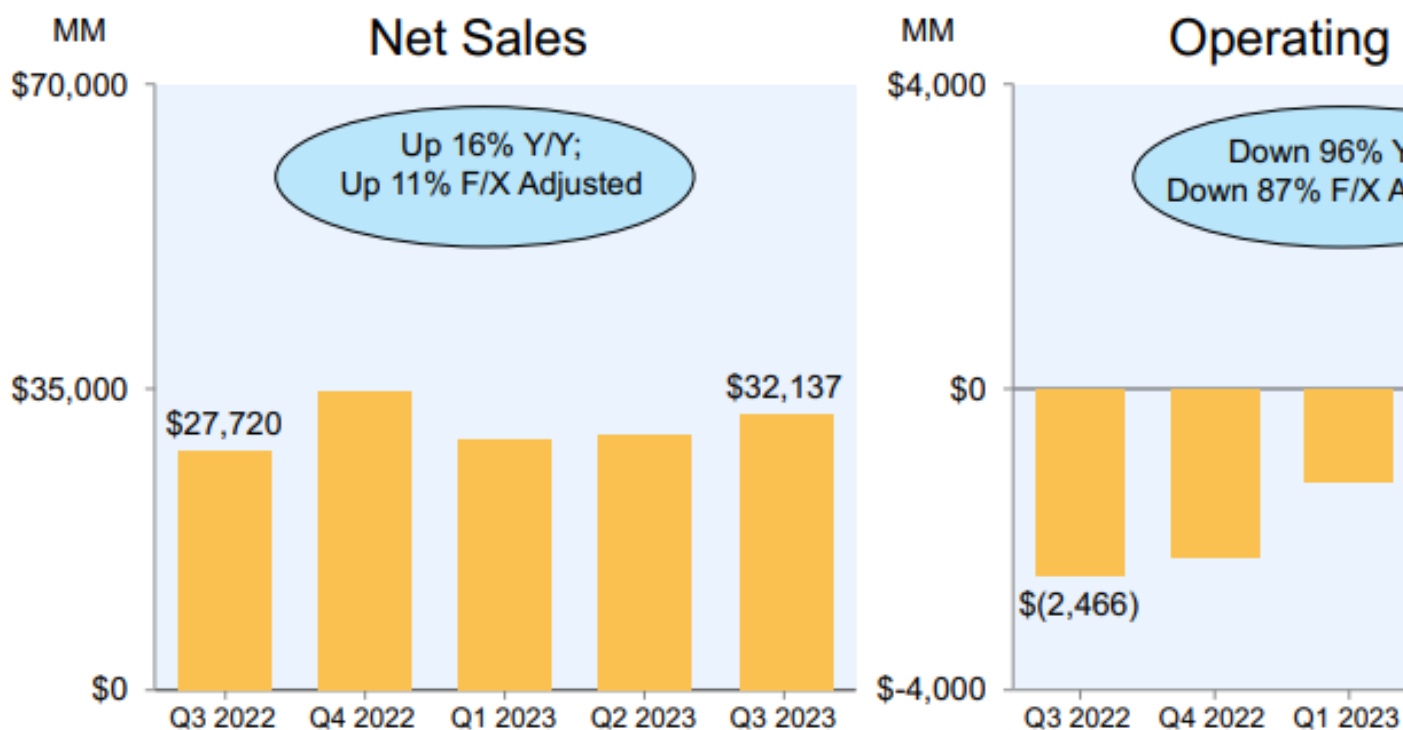


TTM Net Sales \$340.7B; TTM Operating Income \$

## International

- Q3 2023 revenue increased 16% YoY to \$32.1 billion from \$27.7 billion
- Q3 2023 operating loss improved to \$95 million from \$2.5 billion in Q3 2022

# Segment Results – International



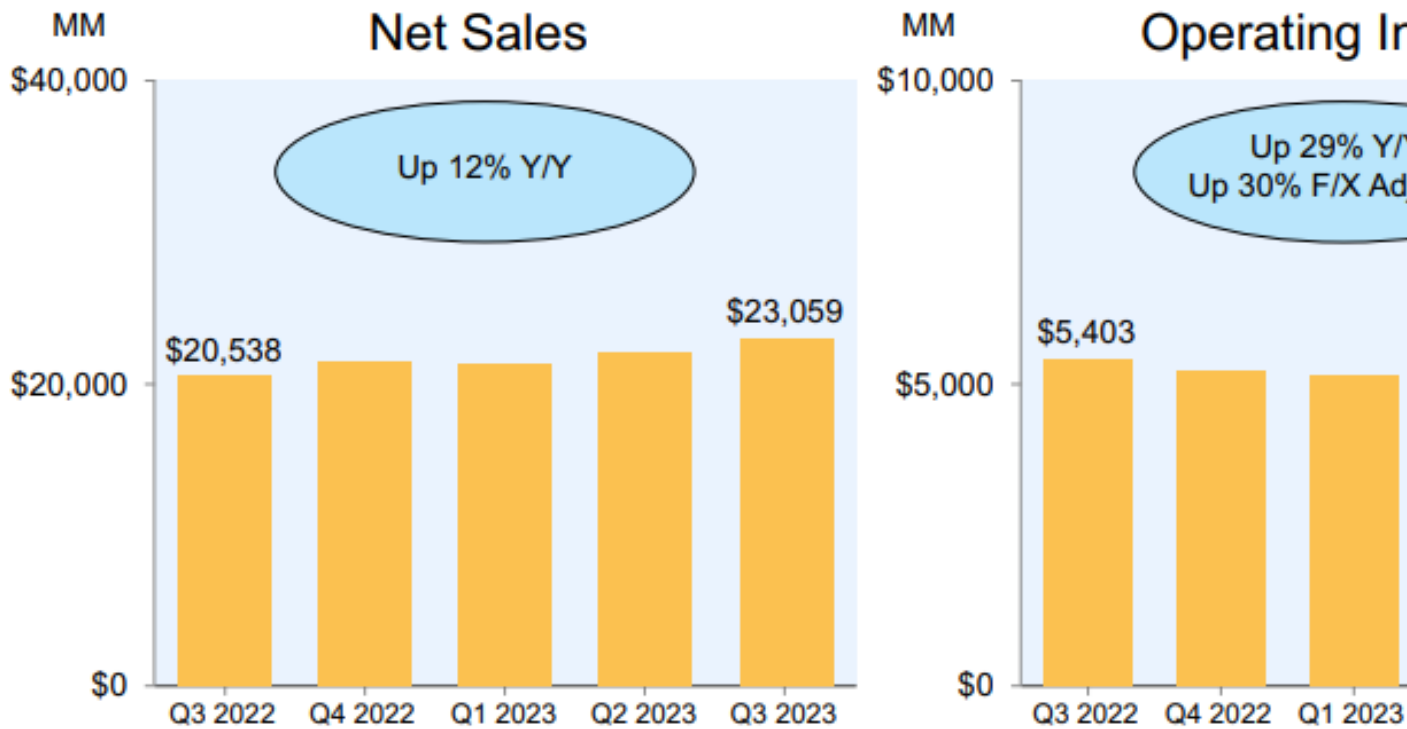
**TTM Net Sales \$125.4B; TTM Operating Loss \$4**

## Amazon Web Services (AWS)

- Q3 2023 revenue increased 12% YoY to \$23.1 billion from \$20.1 billion
- Q3 2023 operating income improved to \$7.0 billion from \$5.4 billion last Q3



# Segment Results – AWS



TTM Net Sales \$87.9B; TTM Operating Income \$2

## Outlook

Amazon expects its Q4 net sales to be between \$160.0 billion and \$167.0 billion, or to grow between 7% and 11% over the fourth quarter of 2022. Operating income is expected to be between \$7.0 billion and \$11.0 billion, compared to the fourth quarter of 2022.

See also: [Amazon Releases Q2 2023 Financial Results, Revenue Growth of 11% YoY](#)

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## Intel Reports Q3 2023 Results: Revenue Down 8% YoY to \$14.2 Billion

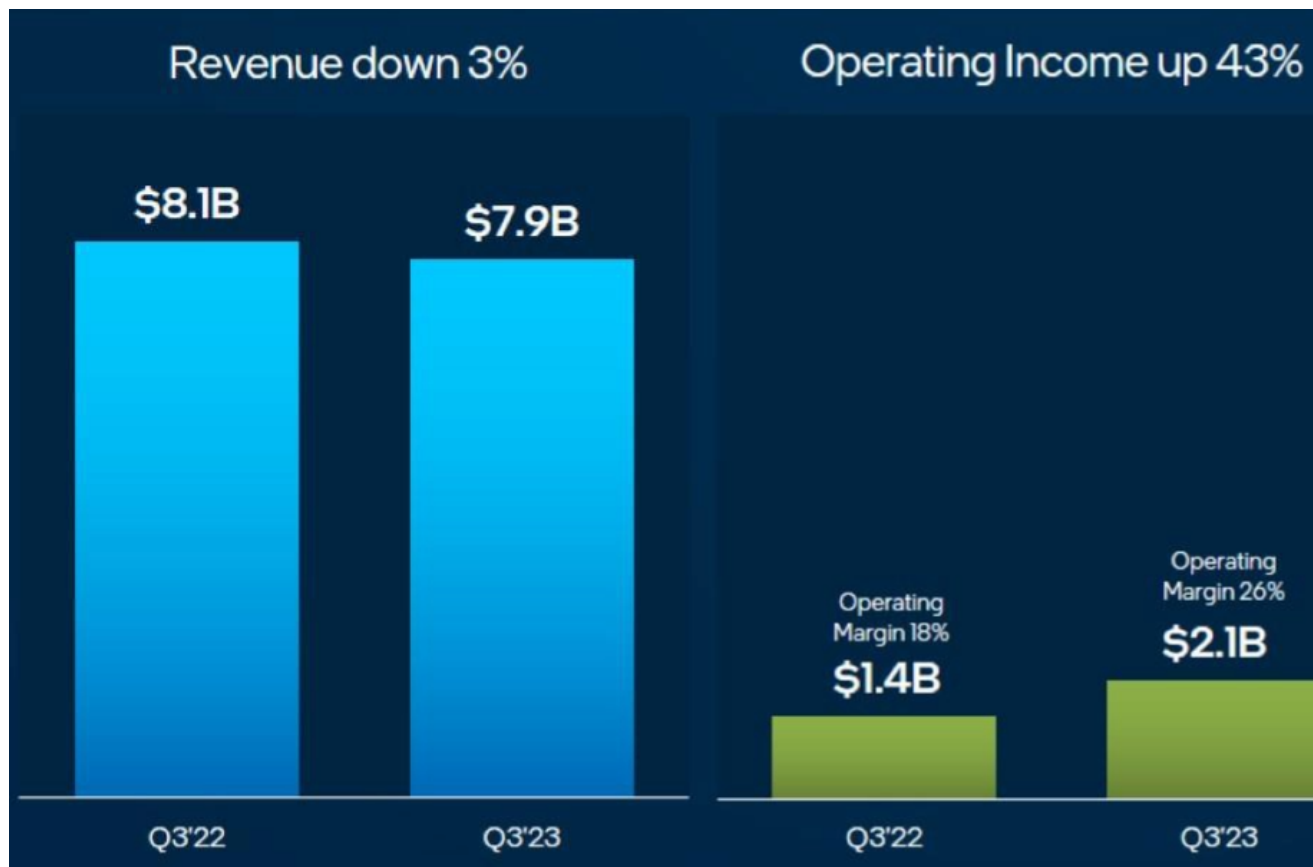
Intel reported its Q3 2023 financial results for the period ended September 30, with revenue down 8% year-over-year to \$14.2 billion. Net income was \$310 million, down 71% YoY, in part due to better performance for its main Client Computing Group compared to previous quarters. Overall, Intel exceeded its guidance for the quarter, with Gelsinger labelling Q3 2023 "a standout."

### gap impact summary

- Q3 2023 revenue down 8% to \$14.2 billion
- Q3 2023 net income down 71% to \$310 million
  - Client Computing Group (CCG) revenue down 3% to \$7.9 billion
  - Datacenter & AI Group (DCAI) revenue down 10% to \$3.8 billion
  - Network and Edge Group (NEX) revenue down 32% to \$1.5 billion
  - Mobileye revenue up 18% to \$530 million
  - Intel Foundry Services (IFS) revenue up 299% to \$311 million

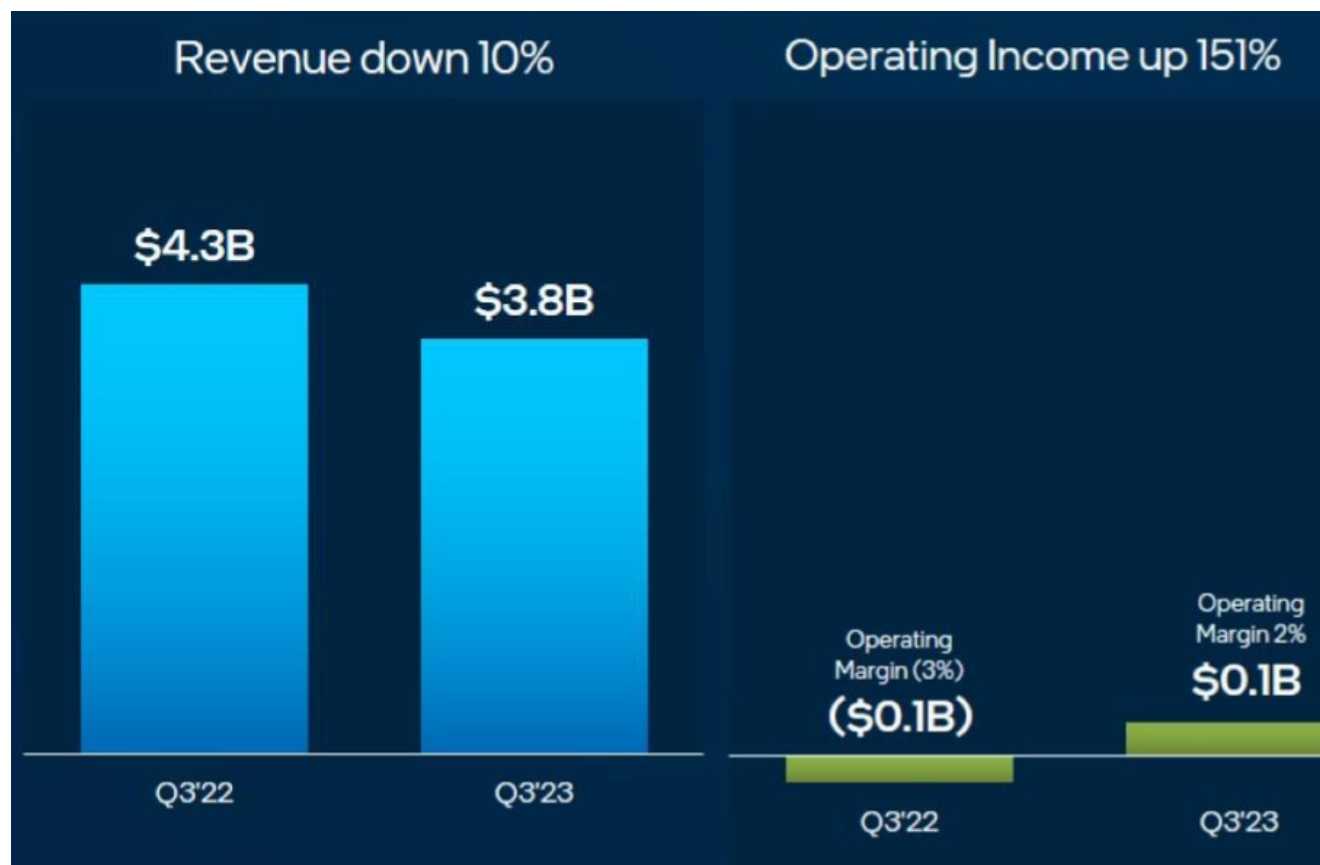
### Client Computing Group (CCG)

Intel's largest segment saw a slight decline (3%) in revenue, allowing it to beat expectations, while operating profit up 43% to \$2.1 billion. While revenue declined YoY, Q3 still represented much better performance than previous quarters, which frequently had the CCG posting double digit declines. Intel attributed this to stabilizing OEM demand, albeit partially offset by lower demand from consumers and businesses.



### Data Center and AI Group (DCAI)

The DCAI reported revenue of \$3.8 billion (down 10% YoY), but an increase in operating income to \$100 million. The company attributed this to increased competition and reduced TAM for CPUs.



### Network and Edge Group (NEX)

The NEX group saw revenue decline 32% YoY to \$1.5 billion amid lower TAM and higher inventory levels from customers. Operating income was down 91% to effectively 0.



### Intel Foundry Services (IFS)

Intel's attempt to become a foundry got a spot of positive news in Q3, with revenue almost tripling to \$3.1 billion. Additionally, its operating losses decreased slightly to \$86 million. Intel attributed the segment's results to higher packaging and IMS tool sales.



## Outlook

Intel is forecasting a return to growth in Q4 2023, with revenue up 8% YoY to \$14.6-\$15.6 billion and a gross margin of 46.5% (up 2.7ppt YoY). The company also reported that it is on track or ahead of schedule for its next several product launches, such as Meteor Lake (December 2023), Arrow Lake and Lunar Lake (2024), and Panther Lake (2025). Intel CEO Pat Gelsinger also noted that Intel is seeing a return to historical purchasing cycles amid balanced inventory levels and increasing demand.

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## LG Electronics Balances Revenue Decline with Stronger Profitability in Q3 2023

LG Electronics [released](#) the financial results of its Q3 2023, showing a revenue increase quarter-over-quarter but a decrease year-over-year from [Q3 2022](#). The company reported a Q3 2023 revenue decline of 2.2% YoY to KRW 15.4 trillion (\$15.4 billion), while seeing a 34% YoY operating profit increase to KRW 996.7 billion (\$740 million), both of these figures the second highest third-quarter figures in the company's history. LG's quarterly performance was driven by its core home appliance business, which more than doubled its operating profit YoY, and vehicle sales, which is noted as one of LG's future growth engines with an all-time high operating profit in Q3 2023.



### Key Q3 2023 Results:

- Total Revenue down 2.2% YoY to KRW 20.7 trillion (\$15.4 billion)
- Operating profit up 34% YoY to KRW 996.7 billion (\$740 million)
- Net Income up 44.2% YoY to KRW 485.2 billion (\$360 million)



## LG Electronics Revenue & Operating Margin



source: LG Electronics, compiled by gapg

Home Appliance & Air Solutions

- Q3 2023 revenue decrease of 0.2% to KRW 7.46 trillion (\$5.5 billion) due to stagnant market demand, persistent, intense competition for appliances
- Profitability grew YoY in Q3 2023 to 6.8% because of a sharpened focus on what LG calls “the volume game” and an expansion in new business areas such as appliance subscriptions
- Market Outlook: Overall uncertainties are expected to worsen in the period ahead with heightened geopolitical risk in Europe and the Middle East prolonging the slowdown in consumer sentiment within a sluggish global economy
- Segment Outlook: LG looks to enhance both revenue and profitability by running stable production and management operations and responding “nimble” to swings in demand across major regions

## Home Entertainment

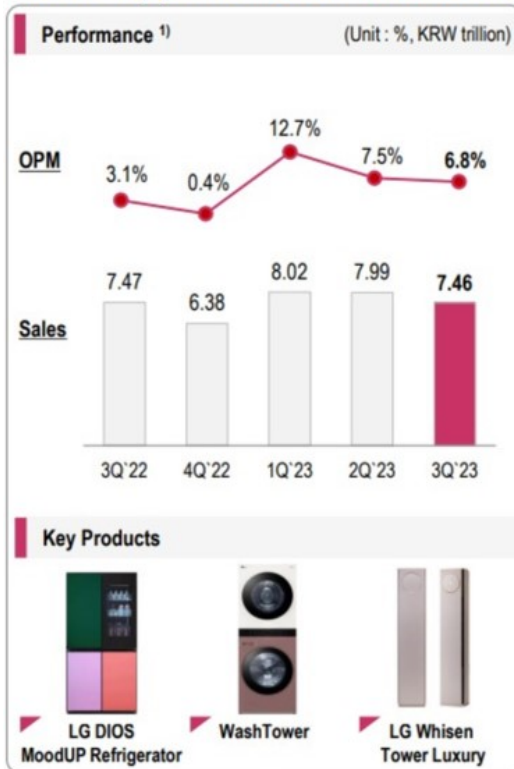
- Q3 2023 revenue decreased 3.9% YoY to KRW 3.57 trillion (\$2.7 billion) due to intense premium segment competition coupled with high geopolitical risk in Europe, despite increasing sales volumes in response to “the peak season” during the quarter
- Profitability increased YoY to 3.1% in Q3 2023 as LG gained enhanced efficiency in marketing spend and managed channel inventory at “appropriate” levels, despite noteworthy cost pressure from rising LCD prices
- Market Outlook: Global TV market demand is expected to improve consecutively during the busiest part of the peak season ahead, but LG will face intense competition as recovery in overall global demand moves at a slower pace
- Segment Outlook: LG will secure profitability by spending marketing expenses efficiently to address demand through “optimized collaboration” with retailers

## Business Solutions

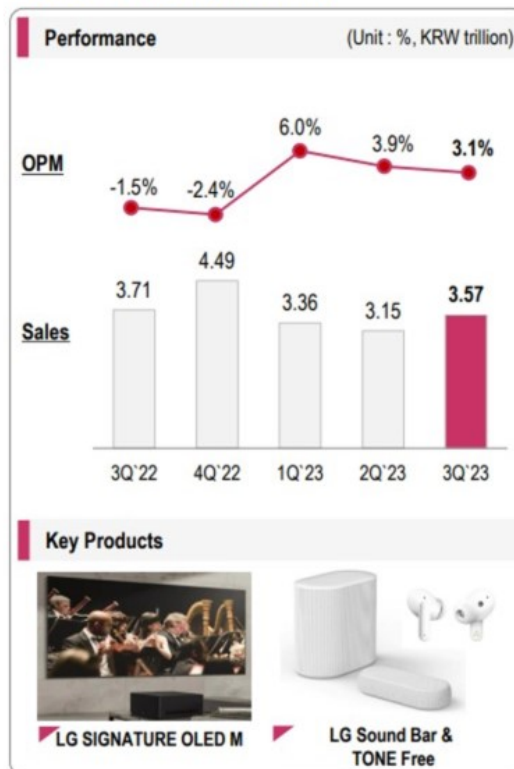
- Q3 2023 revenue decreased 6.9% YoY to KRW 1.3 trillion (\$987 million) due to slowing growth in Information Display from fiercer competition amid a delayed recovery in IT demand
- Profitability decreased both YoY and QoQ to -0.2% in Q3 2023 due to the drop in revenue from major markets and an increase in spending for new businesses, including robot and EV charging

- Market Outlook: IT demand is expected to improve by a small margin, but risks and uncertainties surrounding the global economy are expected to remain, causing the pace of growth to be somewhat subdued
- Segment Outlook: LG plans to achieve top-line growth by expanding sales of new and strategic products, while focusing on efficiently spending resources as it takes “proactive actions” to address B2B demand

### Home Appliance & Air Solutions



### Home Entertainment



### Business Solutions



## Outlook

The strong performance in Q3 2023 reflects LG's progress in the execution of its future vision for 2030, which was announced last July and includes fundamentals like B2B expansion, non-hardware business model innovation, and development of new growth engines. Amid a prolonged economic slowdown ahead, LG aims to secure solid profits by growing beyond a home appliance company to become a Smart Life Solutions company “capable of creating and expanding diverse spaces and experiences.” A key contributor to its profitability is an evolving business model that combines non-hardware solutions such as content and subscription services with traditional hardware items.

appliances and TVs. With this, LG is generating recurring revenue from the use of its platforms installed in products used by consumers.”

LG’s outlook for increased sales and profits in the quarter ahead is based on positive expectations for its major and growth in its vehicle component business, while the overall business environment remains challenges. that a continued tightening of monetary policy in major countries, elevated international conflicts, and unstable are expected to lead to heightened uncertainty in the global economy and intensified competition.

See also:

[LG Electronics Posts Revenue Increase but Lower Profits for Q2 2023](#)

[LG Electronics Reports Q1 2023 Financials, Revenue Down 2.6% YoY to \\$15.2 billion](#)

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## Deloitte: 2023 Holiday Spending & In-Store Shopping Rebounding to Pre-Pandemic

Deloitte’s 2023 Holiday Retail Survey forecasts that spending during the 2023 season will surpass pre-pandemic for the first time. The survey, which was conducted from August 30 and September 8 and based on responses from consumers, also shows that consumers’ preference for in-store shopping is returning to 2019 levels, and that sale events will capture much of the activity. Deloitte notes that consumers are expecting higher prices over the holidays, upwardly adjusting their holiday spending, while retailers can expect growth as shoppers maximize budgets. favorite retailer, “presenting new opportunities to build loyalty.”

### Spending Expectations

Consumers surveyed for Deloitte’s report plan to spend an average of \$1,652 during the 2023 holiday shopping season, a 14% increase year-over-year (YoY). Every income group plans to spend more this year, with the survey’s middle income group, those making \$50,000 to \$99,999 per year, showing the most significant gains with an intention to spend 18% YoY. Deloitte notes that just 30% of consumers will be responsible for nearly 70% of holiday spending in 2023, with these high spenders expected to average \$2,146 or more by focusing on high-quality products, versus other consumers’ concentration on deals.

## Spending Timeline

Inflation-wary consumers intend to make the most of promotional shopping events to stretch their budgets and conclude their shopping faster with an average shopping duration of 5.8 weeks compared to 7.4 weeks in 2021. Promotions are motivating 24% of consumers to shop during October promotional events, but most spending will occur in November and early December with 66% of respondents planning to shop during Thanksgiving week, up from 60% in 2022, and take advantage of Black Friday Cyber Monday deals to offset rising prices.

## Spending Locations

Deloitte's survey found that the preference for in-store shopping has returned to 2019 levels, with 37% of respondents' budgets set to be spent in-store, just ahead of 2019's 36%. Respondents noted that they continue to value convenience for holiday shopping, citing mass merchants (53%) as the most preferred retail format along with online-only retailers (63%). The leading reasons for spending inside stores are the ability to interact with the product (44%), to ensure quality (39%), and to avoid shipping costs (28%). However, consumers plan to visit fewer stores (4.2, down from 4.8 in 2022) and only 28% of respondents intend to utilize Buy Online Pay in Store (BOPIS) this holiday season (down from 35% in 2022), negating the area's growth in recent years.

According to survey respondents:

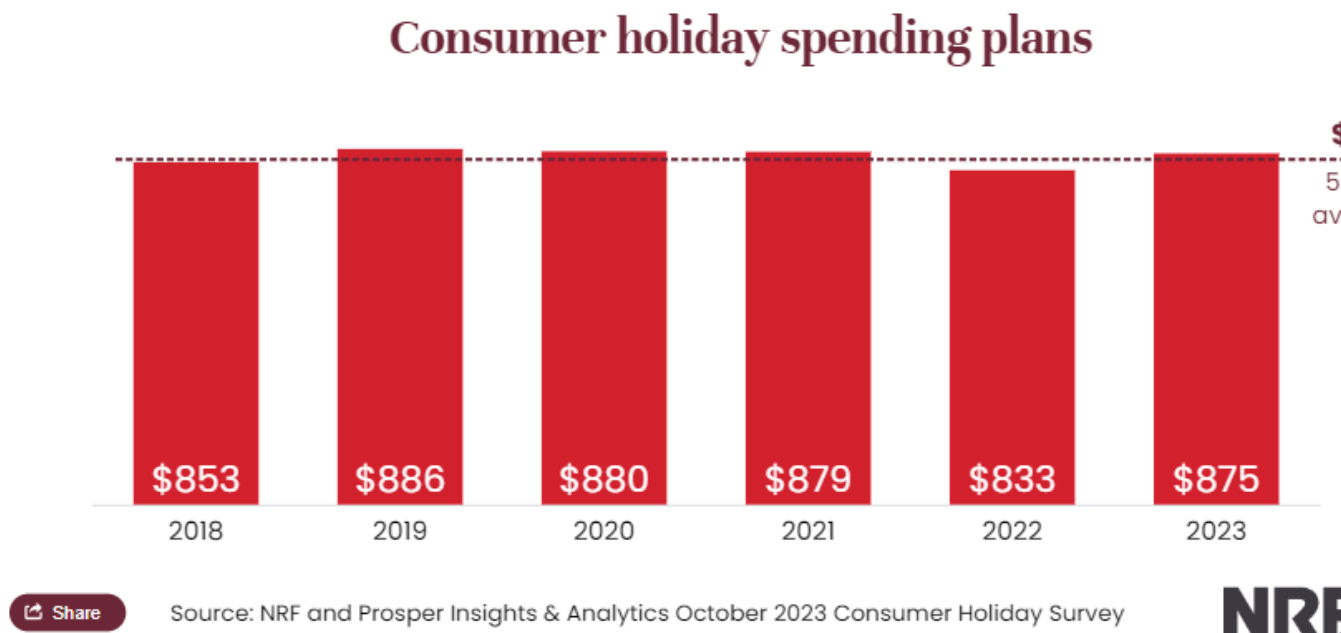
- 95% plan to shop this holiday season, up from 92% in 2022 & 88% in 2021
- 72% expect higher prices, similar to 2022, particularly in key categories:
  - Food & Beverage (86%)
  - Clothing & Accessories (82%)
  - Electronics & Accessories (80%)
- 57% are less confident about staying within budget during the holiday shopping season, up from 63% in 2022. 57% plan to modify behaviors like purchasing an average of 8 gifts, down from 9 in 2022
  - 75% will be tempted to gift themselves if practical or valuable
  - 53% would reduce self-gifting to preserve their budget
- 54% plan to add items to wish lists or online shopping carts & wait for deals, up from 48% in 2022
- 55% of younger shoppers plan to purchase sustainable gifts, up from 48% in 2022, compared to 35% of older respondents
  - Respondents who prefer to shop for sustainable products spend 29% more on average than those who do not

The results of Deloitte’s latest survey reflects a more positive assessment of 2023 holiday spending compared to the holiday retail forecast from earlier this year, which forecast weaker consumer spending and a sales increase of 4.6% between November and January, slowing from the 7.6% increase recorded in 2022.

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## NRF: Consumers Expected to Spend 5% More This Holiday Season

According to a recent [survey](#) conducted by the National Retail Federation (NRF), consumers are expected to spend an average of \$875 this holiday season. This number is up 5% from \$833 in 2022, but aligns with the average of \$875 holiday budget over the last five years. Of the \$875, consumers state that about \$620 will be used for gifts, while \$255 will be used for seasonal items. NRF President and CEO, Matthew Shay, stated “retailers have been working for months to ensure their inventories will meet demand, while at the same time helping consumers maximize their savings with shopping events and discounts running throughout the extended holiday shopping season.”

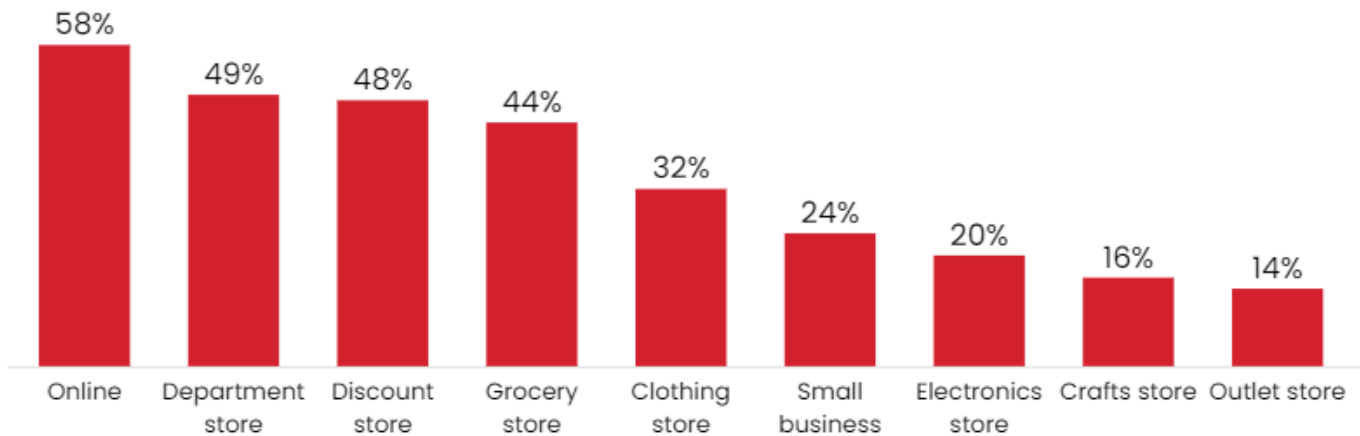


43% of holiday consumers shared that they generally start shopping for the holidays prior to November. The top ranking reasons for early shopping include to spread out their budget (60%), to avoid the stress of last-minute shopping, and to take advantage of early sale events (50%).



(46%), and to avoid crowds (45%). Notably, 62% of respondents do not expect to finish their shopping until November. Prosper Executive Vice President of Strategy Phil Rist stated, “this year, seven in 10 holiday shoppers say they are considering taking advantage of October sales events to pick up holiday gifts, décor, and other items on their list.”

### Top 10 2023 holiday shopping destinations



Share

Source: NRF and Prosper Insights & Analytics October 2023 Consumer Holiday Survey

NRF

This year, 58% of consumers expect to do their holiday shopping online, followed by department stores (49%), discount stores (48%), and grocery stores/supermarkets (44%). Holiday shoppers are spending conscientiously this year, with 62% saying sales and promotions are even more important to them this season than last.

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## Survey: Holiday Shopping Starts Early for Younger Generation

The most recent survey results from the Shopify-Gallup Christmas Shopper Pulse reveal that almost two-thirds of Christmas buyers would think about beginning their buying sooner than normal. When asked if they would probably start sooner for the holidays, 48% of young adults who buy gifts indicated they would start in early November.

Under half of consumers stated they plan to start shopping before November (41%), while 59% said they'd wait until November or December. Around 24% of those in the "before November" ground began shopping in September.

remaining 17% beginning in October. For those who plan to shop after November, 39% plan to shop during and 20% plan to shop in December.

### Where are consumers planning to purchase gifts?

- 93% plan to buy some gifts online
- 41% plan to buy most gifts online
- 6% plan to buy all gifts online

Most of the consumers who plan to do the majority of their shopping online are upper-income consumers (55% to 49 years (55%), or have young children (54%).

### How do this year's shopping habits compare to the previous year?

Most holiday shoppers (55%) plan to spend the same amount of gifts this year as last year, while 26% plan to spend more and 19% plan to spend less. Those between the ages of 18 and 29 are more likely to say they will spend more. Out of the younger shoppers, 41% plan to spend the same as last year, 37% plan to spend more and 22% expect to spend less.

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## Survey: Social Media Expected to Drive 2023 US Holiday Sales

According to a recent survey of US retailers and online consumers by [Fiverr International Ltd.](#), 54% of merchants plan to grow social media advertising spend, with 52% planning to partner with online influencers. Additionally, 41% of responding retail leaders intend to enhance organic social media content, while 40% will increase brand partnerships (46%), update search-engine optimization (41%), or improve email marketing (48%).

Among consumers, 20% intend to utilize TikTok Shop to find holiday presents, with the largest numbers of consumers coming from Gen Z (37%). Further, 19% of surveyed consumers intend to utilize influencer recommendations, while 15% plan to use social media advertisements on Facebook or Instagram. Despite the use of social media and online shopping, the majority of consumers will still shop at brick-and-mortar retailers, with 66% stating they will go in-store.

## Additional Findings

- 84% of surveyed retail leaders expect increased sales during the 2023 holidays, w/ 32% expecting “significant” increases
- 57% of consumers stated that good deals & aggressive discounts are a priority this holiday season
- 55% of retailers plan to offer deeper discounts in 2023, w/ 43% will offer between 25% & 40%-off
- 51% of respondents stated supply chain disruptions & inventory shortages will be among the greatest challenges during the 2023 holiday season, up from 43% in 2022
- 46% of retailers claimed inflationary impacts on sales will be among the greatest challenge during the 2023 holidays, up from 37% in 2022
- 32% of consumers plan to spend more money in 2023 compared to 2022

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