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Date: 10/23/2023 9:14:40 PM

Subject: gap intelligence: Samsung Still Strongest Influence in FoldableSmartphone Segment



## MARKET INTELLIGENCE REPORT



### Smartphones

Oct 23, 2023



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## PRODUCT UPDATES

### gapSnapshot: Samsung Still Strongest Influence in Foldable Smartphone Segment

This week's gapSnapshot is a weekly trend of omni-channel placements and average net pricing for foldable smartphones. The chart reflects each brands' unique foldable smartphone models presented to in-store and online shoppers since the segment's creation in April 2019.

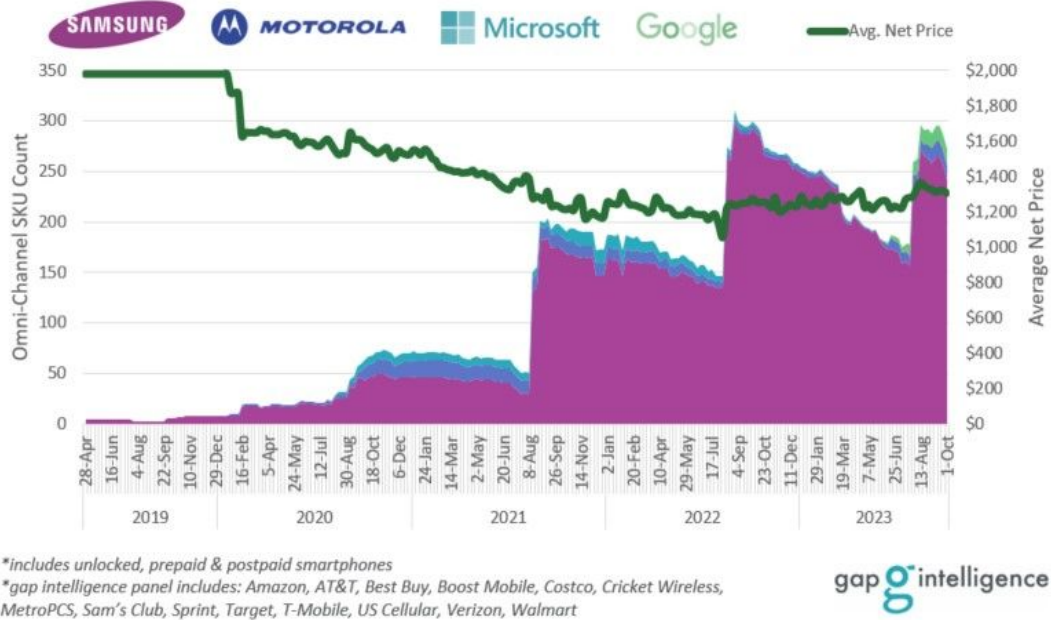
#### gap impact summary

- Availability of foldable smartphones is nearly identical YoY in October 2023 (272 vs. 273 SKUs)
  - Foldables segment now accounts for 7% share of overall omni-channel landscape, a small improvement from 6% last year
- Samsung's current Z series (Galaxy Z Flip5 & Galaxy Z Fold5) continue to define foldable segment through wide carrier support & channel placements
  - Samsung responsible for 89% of today's foldable segment exposure across channels, down from the 99% share in maintained in October 2022 & [early 2023](#)
- Microsoft's entrance & widened Motorola availability led to segment's first peak in fall 2020, but these brands nearly phased out of US market in 2022
- Motorola's newly-expanded razr series is poised to solidify its 2nd place rank in foldables segment;

entrance of OnePlus further diversifies mix

- Average pricing up 4% YoY for foldables (\$1,308 vs. \$1,259) & remains in premium realm
  - Pricing was decaying at annual rate of ~15% since creation, was halted by lack of competition in segment during 2022 & early 2023

### Smartphones: Foldables Placement & Pricing Trend



Source: "Merchant Pricing Trends" tab within the October 22, 2023 Pricing & Promotions Report in [Dashboard](#) Recent Reports

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## OnePlus Announces Open as its Debut Foldable Smartphone

Following earlier [rumors](#) and [confirmations](#), OnePlus officially entered the foldable smartphone market with its new Open. The Open is the company's first foldable handset and holds a strong emphasis on image capture while launching as one of the slimmest and lightest models in the segment to date.

OnePlus' Open is priced at \$1,699 in Emerald Dusk and Voyager Black and set for availability later this month. Pre-orders are currently active for the model in the US through OnePlus.com, which allows customers to trade-in any smartphone for a minimum \$200 off the new foldable, or up to a more significant \$1,000 off based on the trade-in device. Additionally, the Open ships with a case, and supplementary launch promotions include items like free headphones and YouTube Premium subscriptions. To date, US carriers have not rushed to support the new high-end foldable, which foreshadows a lower launch impact in comparison to established entities in the segment.

### gap impact summary

- OnePlus enters premium foldable market w/ \$1,699 Open
- Open leads w/ strong camera specifications & thin, durable design
- Poised to attract OnePlus enthusiasts & Android multi-taskers
- Initial US exposure limited to OnePlus.com, BestBuy.com may also adopt



OnePlus' Open arrives as the brand's first foldable smartphone, although its parent company Oppo has previously released models like the Find N and Find N2 in China. Oppo and OnePlus share a lot in common, and this is illustrated by the Open's directly similarity to the new Find N3 foldable from Oppo. Like that model, the Open is based on two AMOLED displays that have 2,800 nits and a refresh rate of 120Hz, plus its design supposedly lessens the crease in comparison to other foldables, a current pain point for the segment. The Open is designed to be compact, measuring 0.4mm thinner than Google's Pixel Fold and 4mm thinner than Samsung's Galaxy Z Fold5, and when unfolded it is just 5.8mm thick. The model is also durable with a cover screen that is 20% more impact-resistant than Gorilla Glass Victus, and an internal 3-layer internal screen protected by Ultra-Thin Glass, a TPU layer, and an anti-reflective protector. OnePlus also states that the Open's hinge has been tested to survive one million folding cycles, which is roughly five times more than competitors in the segment.

The Open's inner display unfolds to 7.82" (2,440 x 2,268) with an aspect ratio of 20:9, similar to Samsung's Galaxy Z Fold 5, while its outer display measures 6.31" (2,484 x 1,116) and has the same maximum 120Hz refresh rate and peak brightness of 2,800 nits. The Open's display supports HDR content (4K 60p) and Dolby Vision (4K 30p), plus it features Dolby Atmos audio and includes a triple spatial speaker array that OnePlus notes is a first for any smartphone.

- OxygenOS 13.2 (based on Android 13)
- Snapdragon 8 Gen 2
- 16GB RAM
- 512GB internal storage
- Triple rear camera:
  - 48MP 24mm f1.7 w/ OIS (Sony LYTIA-T808, Type 1/1.43" w/ 1.12µm pixel size)
  - 64MP telephoto 70mm f2.6 w/ OIS (3x periscopic optical, 6x digital, 120x "Ultra Res")
  - 48MP ultra-wide 14mm f2.2 (Type 1/2")
- Front facing 32MP & internal 20MP cameras
- 4,805 mAh battery w/ SUPERVOOC charging

Camera hardware is a key component of OnePlus' Open with the model featuring a new "Pixel Stacked" image sensor from Sony that incorporates a "Dual-Layer Transistor Pixel" design that enables the module

to detect and store light more efficiently. The model also has an improved Hasselblad Portrait Mode, which offers better low-light performance and realistic bokeh and flare effects to simulate the historical camera maker's XCD 30, 65, and 90V lenses.

With US market sales opening through OnePlus itself, the debut of the Open will not generate the wide impact seen with launches from Samsung, or even Motorola and Google, which have solid support from postpaid carriers. The \$1,699 price tag of the Open places it into direct comparison with premium items like Samsung's Galaxy Z Fold5 and Google's Pixel Fold, giving productivity enthusiasts another option in the market. OnePlus has generated a strong following of dedicated users, but its mainstream exposure in the US comes primarily from its budget-class smartphones as postpaid carriers have shied away from its premium offerings in recent years. In addition to OnePlus.com, US shoppers may also have an opportunity to connect with the Open at Best Buy, although this may be initially limited to online listings rather than retail channel presence.

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## Razr 2023 Foldable & Edge 2023 Join Motorola's Smartphone Lineup

Motorola introduced two step-down models for its smartphone lineup in the form of the razr 2023 and the Edge 2023, which debut as lower-priced alternatives to members of the brand's current portfolio. The razr 2023 was announced [earlier this year](#) as a part of Motorola's fourth generation foldable series and is now gaining a US release this month, priced at \$699.99, which makes it the least expensive mainstream flip-style smartphone in the US by a significant margin. Meanwhile, the Edge 2023 debuts as a midrange sibling to the Edge+ 2023 at a lower \$599.99 price point. The new Motorola smartphones became available last week and as the company indicated, are being carried by Amazon and Best Buy in addition to AT&T in the postpaid carrier space. For launch, Amazon and Best Buy are offering \$100 instant savings on both models, while AT&T is advertising the foldable as low as \$2 per month.

### gap impact summary

- Motorola officially launches razr 2023 & Edge 2023, priced at \$699 & \$599, respectively
- Both debut as step-down siblings to members of Motorola's current 2023 lineup
- \$100 intro discounts available at launch; AT&T offers razr 2023 for \$2/mo
- razr 2023 has important stance as foldable segment's lowest-priced option yet
- Postpaid segment exposure led by AT&T, Unlocked options found through Amazon & Best Buy



### razr 2023

Motorola's razr 2023 smartphone features almost the same overall size and shape as its razr+, but sports a much smaller cover screen. The model's outer display is a 1.5" 60Hz OLED that is best designed for quick information like calendars, texts, and weather, with Motorola pitching it as an alternative for those who want to spend less time looking at their phones. The new model also has a feature called Moto Unplugged that lets users pick the apps and notifications that are allowed and to set timeframes for use. Meanwhile, it has a similar 6.9" (1080p) inner screen to the razr+, but with a lower 144Hz maximum refresh rate, and it uses an older Snapdragon 7 Gen 1 chipset to achieve cost savings.

- 8GB RAM
- 128GB internal storage
- 64MP f1.7 main camera w/ OIS, 13MP ultra-wide
- 32MP inner camera
- 4,200mAh battery
- 5W wireless charging
- IP52 rating (dust/splash resistant)

Having a duo of razr foldables brings expansion to Motorola's lineup that gives the brand a step-up model while also notably lowering the entry point into the segment. A US market launch is extremely important for the brand and stands to disrupt Samsung's nearly uncontested stance as the sole foldable vendor.

Prior to the release of the \$699 razr 2023, the foldable segment's minimum price was set by models like Samsung's Galaxy Z Flip5 and Motorola's razr+ at \$999. With Motorola taking a "budget" stance in comparison to the other folding models its support from carriers like AT&T will help the Motorola model gain traction and visibility in the market, but unlocked sales are still expected to make up a large proportion of its sales.



### Edge 2023

Motorola's Edge 2023 smartphone accompanies the Edge+ that the brand launched [earlier this year](#) , undercutting its launch price by \$100. The Edge is based around a 6.6" pOLED (1080p) with a 144Hz top refresh rate and comes with a MediaTek Dimensity 7030 chipset that offers a lower level of performance compared to upper-mid range and flagship class devices.

- Android 13 OS
- 8GB RAM
- 256GB internal storage
- 50MP main camera & 13MP ultra-wide/macro
- 4,400 mAh battery (68W wired charging & 15W wireless charging)
- IP68 rating (dust & water resistance)

The pricing of the Edge 2023 undercuts popular Android models in the market and renews Motorola's establishment in the sub-\$600 price band. The new Edge 2023 faces Google, Nokia, OnePlus, and Samsung models much the same way as the earlier Edge 2022 did. Motorola is expected to gain a wide presence for the latest Edge model based on previous exposure through major merchants like Amazon and Best Buy, along with more postpaid sales opportunity beyond AT&T with expansion into Verizon's portfolio in the months ahead.

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## INDUSTRY REPORTS

### AT&T's Q3 2023 Financial Results Bring Revenue Increase YoY

AT&T recently [released](#) its Q3 2023 financial results, reporting a 1% year-over-year (YoY) rise in quarterly revenue to \$30.4 billion, up from \$30.0 billion in [Q3 2022](#) . Meanwhile, the company's



operating income showed a decrease of 9% YoY to \$5.8 billion when compared to \$6.4 billion the previous year. AT&T highlighted its ability to grow its revenue and subscribers in what it calls “solid 5G and fiber subscriber growth,” and it also achieved company’s best-ever Mobility segment and operating income that included “historically low levels of churn.”

#### Key Q3 2023 Financial Figures:

- Total revenue of \$30.4 billion, up 1% YoY
- Mobility revenue of \$20.7 billion, up 2.0% YoY
- Consumer Wireline revenue of \$3.3 billion, up 4.6% YoY
- Outlook: Full-year guidance raised for adjusted EBITDA & free cash flow

## 3Q23 Financial Summary

*Continuing Operations, \$ in billions, except EPS*



#### Mobility

AT&T achieved revenue gains in Q3 2023 through “high-quality subscriber” growth and ARPU increases that offset lower equipment revenue and fewer net additions for the quarter. Quarterly revenues rose by 2.0% on-year increase to \$20.7 billion for Q3 2023, and the segment’s operating income margin was rose 8.6% to \$6.8 billion, giving it a margin of 32.7% compared to 30.7% one year ago. The segment’s service revenues of \$15.9 billion are an increase of 3.7% on-year, which AT&T attributes to growth in both subscribers and postpaid ARPU. Meanwhile, equipment revenues were \$4.8 billion in Q3 2023, down 3.2% versus last year, driven by a lower volume of device sales.

The carrier reported a total net gain of 6.6 million wireless subscribers during Q3 2023, including 550,000 postpaid net adds that consisted of 468,000 postpaid phone net adds and 130,000 other net adds, plus 26,000 prepaid phone net adds, which combine to offset the loss of 48,000 postpaid tablet/other computing devices during the period. AT&T reported an improved postpaid phone churn of 0.95% in Q3 2023 versus its 1.01% rate last year, while its prepaid churn was 2.78% compared to 2.83% last year, with AT&T citing its Cricket MVNO as “substantially lower.”

## 3Q23 Mobility Results

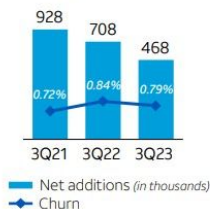
Revenues EBITDA<sup>†1</sup> EBITDA Margin<sup>†1</sup>  
\$ amounts in billions



### Strong revenue and EBITDA<sup>†1</sup> growth from high-quality subscriber and ARPU gains

- Wireless service revenues grew \$571M, up 3.7%
- Postpaid phone ARPU of \$55.99, up 0.6%
- EBITDA<sup>†1</sup> of \$8.9B, up 7.6%
- Continued strong EBITDA and margin expansion from sustainable go-to-market strategy and cost transformation

### Postpaid Phones



### Consistent and disciplined execution with profitable customer growth

- 468,000 postpaid phone net additions
- Continued low postpaid phone churn of 0.79%, as value proposition continues to resonate
- Focus on high value customers with deliberate segmentation

## Consumer & Business Wireline Results

Broadband growth drove the gains seen in AT&T's Wireline division for Q3 2023, offsetting declines in legacy voice and data services from the company. Consumer revenues were up 4.6% on-year to reach \$3.3 billion, while Business revenues contracted 7.9% year-over-year to \$5.2 billion. Consumer Wireline operating income margin saw a small gain on-year from 4.5% to 4.8% while Business Wireline operating income margin dropped YoY from 11.0% to 6.7%.

Total broadband subscriber losses were 15,000 in Q3 2023, reflecting Fiber net adds of 296,000, which more than offset AT&T's losses in non-fiber services. The company notes that Fiber now has 8 million subscribers, double the count compared to four years ago, and has the ability to serve 20.7 million customer locations and offers multi-gig speeds across "parts of its entire footprint" of over 100 metros.

## 3Q23 Consumer and Business Wireline Results

Revenues EBITDA<sup>†1</sup> EBITDA Margin<sup>†1</sup>  
\$ amounts in billions

### Consumer Wireline



### Revenue and EBITDA<sup>†1</sup> growth driven by Fiber adoption, with Fiber revenues up ~27%

- Broadband revenues grew 9.8%, driven by Fiber subscriber and ARPU growth from mix shift to Fiber
- Fiber ARPU of \$68.21, up 8.9%, with intake ARPU \$70+
- AT&T Fiber net additions of 296K, reflecting resilient demand and product superiority
- Introduced AT&T Internet Air fixed wireless access service in 20 locations

### Business Wireline



### Business Wireline results impacted by ongoing transition toward core connectivity

- Portfolio rationalization continuing to impact year-over-year comparisons
- Continued fiber expansion supports connectivity gain opportunities in small/medium businesses
- Business Solutions<sup>†5</sup> wireless service revenues grew 7.0%; FirstNet added ~275K connections

## Outlook

AT&T is raising its full-year adjusted EBITDA and free cash flow guidance based on the continued subscriber and revenue growth it has seen this year. The company now expects 4% growth in its adjusted EBITDA versus its prior guidance of 3% up. Full-year free cash flow is expected to also increase to about \$16.5 billion, slightly ahead of a previous guidance of "\$16 billion or better."



See also:

[AT&T's Q1 2022 Financial Results Show Small Revenue Increases YoY](#)

[AT&T Reports Q2 2023 Financial Results; Revenue Grows 0.9% YoY](#)

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## Walmart Publicly Commits to Utilize AI in Ethical Manner

Walmart recently committed to creating and utilizing artificial intelligence (AI) technology safely and ethically. The merchant released the "Walmart Responsible AI Pledge," centered around six commitments highlighting ways associates, members, and customers can expect the company to utilize AI and be transparent through all AI phases responsibly. The six commitments include:

- **Transparency:** Walmart has pledged to assist clients, members, and staff in comprehending how the corporation employs data and technology, including artificial intelligence (AI), and the objectives behind its usage of AI.
- **Security:** Walmart will safeguard customer data using cutting-edge security techniques. Walmart has pledged to monitor security procedures to counter new and evolving threats.
- **Privacy:** Walmart has pledged to assess AI technologies to ensure the privacy-preservation of the private or sensitive data it holds.
- **Fairness:** Walmart will assess AI tools for potential biases impacting its members, clients, and associates' quality of life. Walmart promises to conduct frequent reviews and will work to reduce bias.
- **Accountability:** Walmart has pledged to take responsibility for the effects of AI and will employ AI under human management.
- **Customer-centricity:** To make sure the technology is precise, pertinent, and beneficial to both customers and staff, Walmart will track customer satisfaction with AI interactions, pay attention to input, and commit to ongoing assessments of its AI tools.

Amazon, the main competitor of Walmart, joined six other tech giants in July 2023 to pledge to develop AI in a transparent, secure, and safe manner. The initiative, backed by the Biden administration, also involves Anthropic, Microsoft, Google, Meta, OpenAI, and Inflection.

Walmart has already begun rolling out generative AI tools, including the launch of Walmart GenAI Playground in June 2023 and generative AI Assistant in August 2023. Both tools are exclusive to Walmart employees. Additionally, Walmart is creating generative AI capabilities to help customers with complex transactions, like choosing a cell phone that is age-appropriate and compatible with their current wireless carrier. The retailer is also investigating how technology may support consumers in making decisions by developing tools that highlight essential characteristics of products and summarize reviews succinctly.

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## Amazon Enhances Consumer Decision Making Process Through Consult-a-Friend

Amazon is implementing its new [Consult-a-Friend](#) feature, which allows users to receive feedback from peers through the company's shopping app. To use the functionality, Amazon shoppers can select products and share product reviews with friends through preferred messaging apps. The messages include a link that navigates recipients to the review on the Amazon shopping app to view the product details and react with emojis and commentary. Early testing of the feature revealed an interest in feedback on products across apparel, shoes, electronics, and furniture categories.



Amazon's implementation of Consult-a-Friend will enhance the consumer decision making process by providing product reviews from trusted sources. So far, the company is testing Consult-a-Friend in the US, Australia, Belgium, Canada, France, Germany, India, Italy, Japan, Mexico, Netherlands, Poland, Spain, Saudi Arabia, Singapore, Sweden, Turkey, UAE, and the UK. Amazon has recently shown increased interest in aiding consumer's decision making, previously launching Inspire in early 2023. Along with Consult-a-Friend, Inspire provides influencer content in the Amazon shopping app to help users find new products.

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## NRF: September Sales Up 2.2% Year-Over-Year

According to the National Retail Federation's (NRF) retail sales [data](#), which excludes automobile dealers, gasoline stations, and restaurants, September 2023 brought a 0.5% increase month-over-month (MoM) and a 2.2% increase year-over-year (YoY) in core retail sales. Separately, the US Census Bureau reported increases of 0.7% MoM and 3.8% YoY and during the same period. The NRF noted that "the consumer is still healthy, and today's report shows households are forging ahead with plenty of buying power despite persistent inflation, rising interest rates, and geopolitical conflicts."

Sales increased in five out of nine retail categories tracked by the NRF on a yearly basis, led by health and personal care stores. Additionally, September saw increases (or unchanged) in all but three categories MoM.

- Health/personal care stores up 0.8% MoM & up 7.3% YoY
- Online/non-store sales up 1.1% MoM & up 6.2% YoY
- General merchandise stores up 0.4% MoM & up 3% YoY
- Grocery/beverage stores up 0.4% MoM & up 2.1% YoY
- Clothing/clothing accessory stores down 0.8% MoM & up 0.8% YoY

- Sporting goods stores unchanged MoM & down 1.6% YoY
- Electronics/appliance stores down 0.8% MoM & down 2.5% YoY
- Furniture/home furnishing stores unchanged MoM & down 6.5% YoY
- Building materials/garden supply stores down 0.2% MoM & down 6.5% YoY

The NRF expects that as we gear up for the holiday season, we will see moderate growth continue as consumers focus on value and household priorities.

See also: [NRF: August Retail Sales Grow On-Month & On-Year](#)

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## Survey: Consumers Plan to Shop Across the Omni-Channel For Early Holiday Deals

Most consumers are expecting to shop in-store this holiday season, according to the 2023 ICSC Holiday Intentions Survey, which conducted online in late September with over 1,000 respondents. The survey found that 87% of consumers are expecting to go into brick-and-mortar stores this holiday season, with 75% planning to purchase online and have items shipped to them. Of those surveyed, 41% of total holiday expenditures will be spent at B&M locations, 42% online, and 17% is expected to be spent on "click-and-collect."

Consumers are also looking to stop at fewer retailers, at an average of 2.4 stores, compared to 3.4 in 2022. The most popular stop, discount department stores, remains unchanged with 63% of shoppers planning on going, followed by traditional department stores at 34%, and electronic stores at 22%.

The holiday season begins earlier each year, with this year being no different. ICSC found that 79% of consumers are planning to start shopping earlier than normal, with 25% having already started their holiday shopping in August or earlier. Half of consumers who planned to shop early for the holidays did so for the early promotions offered.

Around 80% of shoppers expect to spend the same or more than they did last year, up slightly from 73% of consumers in 2022. Consumers were split for their reasoning for spending the same or more this year, with 42% saying their expected spending increase was due to inflation and the increased cost of holiday items, while 54% plan to spend less for the same reason. Around 38% expect to spend more as holiday deals and promotions provide more value for their spending. Inversely, of those who plan to spend less this year, 43% say it is due to a change in budget, regardless of job status or income. For payment methods, 63% of consumers surveyed plan to use a debit card, 50% credit, 48% cash, and 14% plan to use buy now, pay later options.

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