

**From:** gap intelligence  
**Sent:** Tue, 3 Oct 2023 05:58:57 +0000  
**To:** chatty@google.com  
**Subject:** gap intelligence: Smartphones (US) Market Intelligence Report - Oct 02, 2023



## MARKET INTELLIGENCE REPORT



### Smartphone

S

Oct 02, 2023



**Scott Peterson**

Smartphones Analyst

[Smartphones@gapintelligence.co  
m](mailto:Smartphones@gapintelligence.com)

## PRODUCT UPDATES

- gapSnapshot: Android Brands Grow Presence in US Market During Q3 2023
- Q3 2023 Advertising Overview: Smartphones



Visit the gap intelligence  
Dashboard

Interact with our data online



Connect with us on LinkedIn

## INDUSTRY REPORTS

- Best Buy Announces Real-Time Deals with Best Buy Drops
- Costco Logs Net Sales Increases for Q4 & FY 2023
- Target Runs Annual "Circle Week" Before October Prime Day
- Amazon Invests \$4 Billion in AI Partnership with Anthropic
- Study: Consumers Continue to Shop Online This Holiday Season

## PRODUCT UPDATES

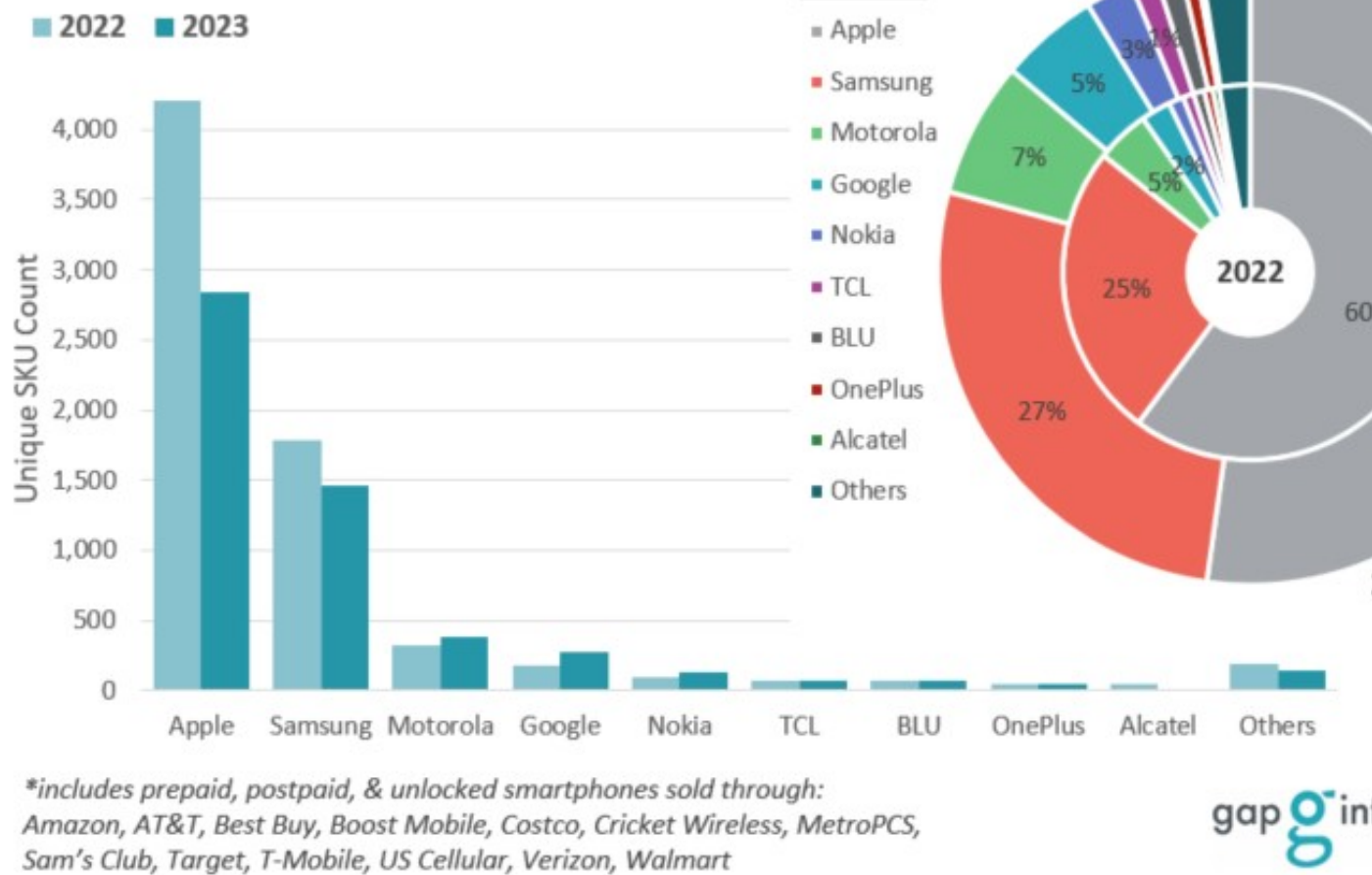
gapSnapshot: Android Brands Grow Presence in US Market During Q3 2023

This week's Snapshot highlights the year-over-year (YoY) change in the US omni-channel smartphone market of Q3 2023 by brand. The chart includes prepaid, postpaid, and unlocked smartphones sold in-store and/or through merchants including Amazon, AT&T, Best Buy, Boost Mobile, Costco, Cricket Wireless, MetroPCS, Target, T-Mobile, US Cellular, Verizon, and Walmart.

### gap impact summary

- Total US omni-channel shrinks 22% YoY at Q3 2023's end (5,443 vs. 6,995 SKUs); follows consecutive 17% slump in [Q2 of this year](#)
- Apple's leading share reduced to 52% in Q3 2023 (-8ppt) due to 32% drop in channel exposure
- Samsung maintains 2nd place in US market w/ 320 fewer SKUs YoY in Q3 2023; share increases 2ppt
- Android players Motorola, Google, Nokia, & TCL notably post growth in US market during Q3 & Q2
- Google increases involvement by 55% YoY w/ 279 SKUs vs. 180 SKUs last year, reflecting solid reception of latest Pixels across channels/carriers & push into US prepaid market
- Motorola & Nokia presence rise 2 points YoY due to momentum in prepaid segment w/ availability of new models across diverse set of value-oriented carriers/MVNOs

## Smartphones: Q3 US Omni-Channel Placements



Source: "Merchant Pricing Trends" tab within the October 1, 2023 Pricing & Promotions Report in [Dashboard Reports](#)

[Top](#)

## Q3 2023 Advertising Overview: Smartphones

Smartphone advertising during Q3 2023 totaled 1,249 ad placements within gap intelligence's panel, an 8% decline following [last quarter's](#) 1,360 ads and a 28% lower volume year-over-year (YoY) compared to the 1,711 ads captured in [Q3 2022](#). The period was again dominated by advertising from Apple and Samsung while

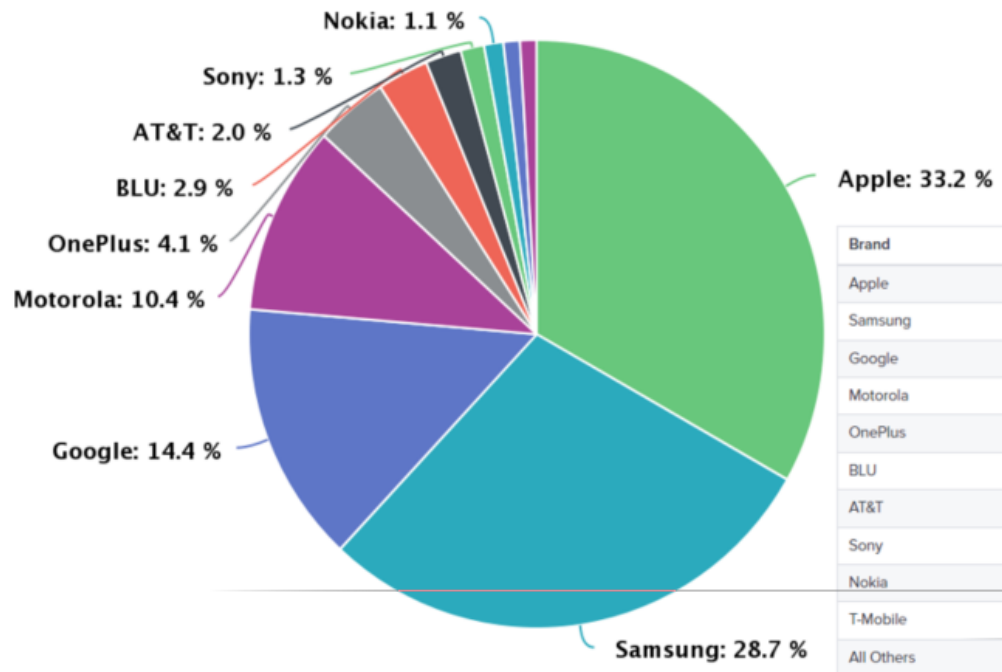
an uptick in activity from Google to support its latest Pixel smartphones and strong participation from Motorola. Samsung's performance was aided by the launch of new Galaxy Z-series foldables during the quarter. Apple finished the period as the strongest advertiser due to the introduction of its iPhone 15, which will be of the brand's marketing during the important year-end period ahead.

#### gap impact summary

- Q3 2023 advertising total down 28% YoY (1,249 vs. 1,741 ads) & down 8% QoQ
- Familiar brands remain top advertisers; Apple & Samsung responsible for 62% of all ads
- Apple's iPhone 14 generation & Samsung's Galaxy S23 lead ads for 3rd quarter in a row; Google made advancements YoY
- Best Buy is primary Q2 2023 advertiser w/ 56% share, up 4 points YoY

## Smartphones: Q3 2023 Advertising by Brand

7/2/2023 – 9/30/2023

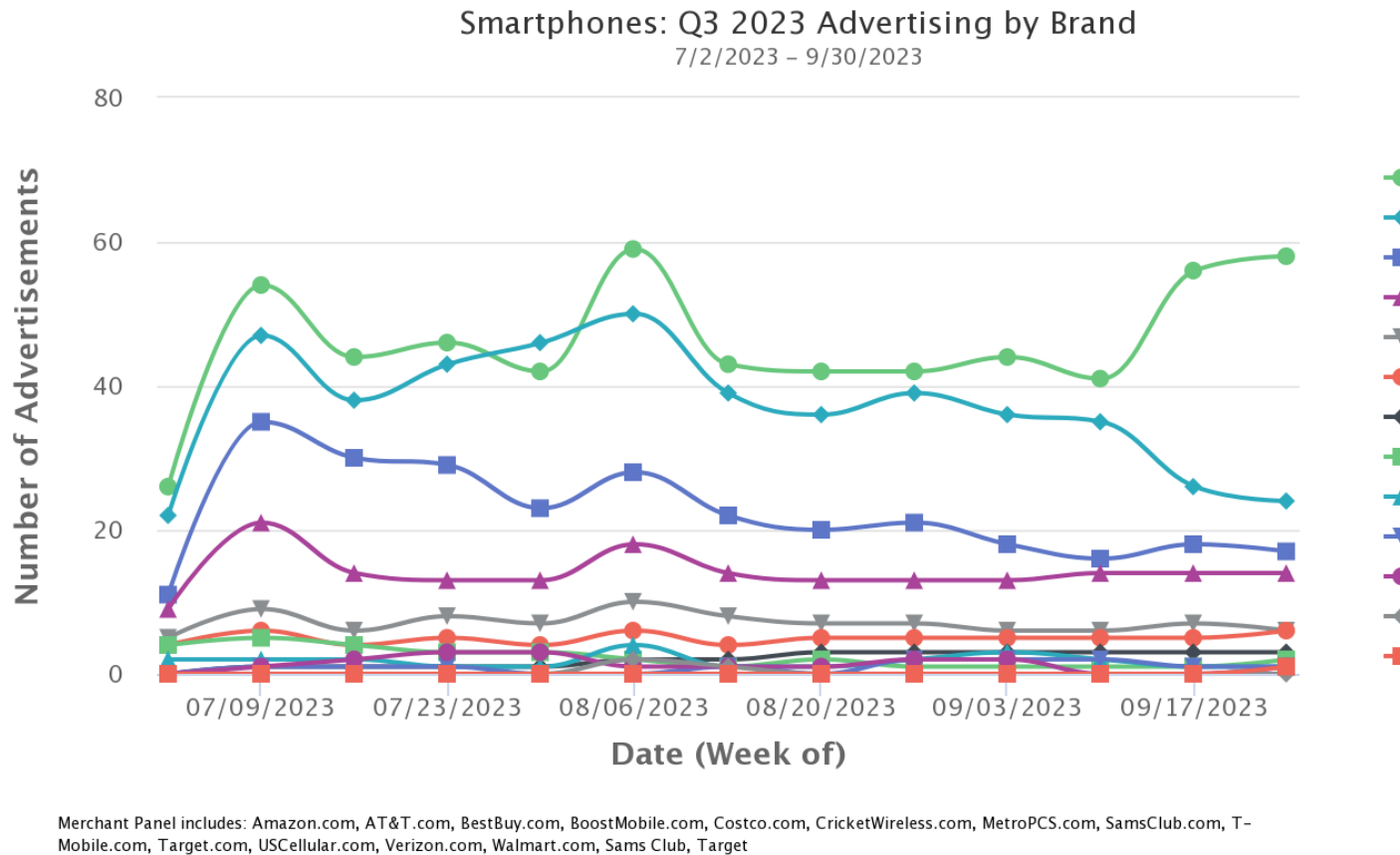


Merchant Panel includes: Amazon.com, AT&T.com, BestBuy.com, BoostMobile.com, Costco.com, CricketWireless.com, MetroPCS.com, SamsClub.com, T-Mobile.com, Target.com, USCellular.com, Verizon.com, Walmart.com, Sams Club, Target

gap **g**intellig

Apple and Samsung make up 62% of the Q3 2023 advertising landscape, up four points on-quarter, but down from their 66% control of Q3 advertising in 2022 as Google and Motorola claim wider portions. Following Apple kept its rank above Samsung as the first place advertiser in Q3 2023, holding a four point lead in share (430 vs. 372 ads), although both brands post ad count reductions on-year (was 575 vs. 580 ads). Google's smartphone advertising leaps from 4% to 14% this year, and much like recent quarters, its Pixels are notably some of the smartphones other than Apple/Samsung models consistently advertised by postpaid carriers during the period. Motorola is another exception to this with its latest foldable, the Razr+ 5G, for [free on T-Mobile](#), which helps the brand maintain its fourth place share of 10%, a two point improvement over its 8% share last year, but a two point decline consistent with last year's 12% share.

Q2 of this year. Nine additional brands participate in the Q3 2023 advertising landscape with mostly pre-unlocked segment options, all of which control shares under 5% of the period's overall activity.

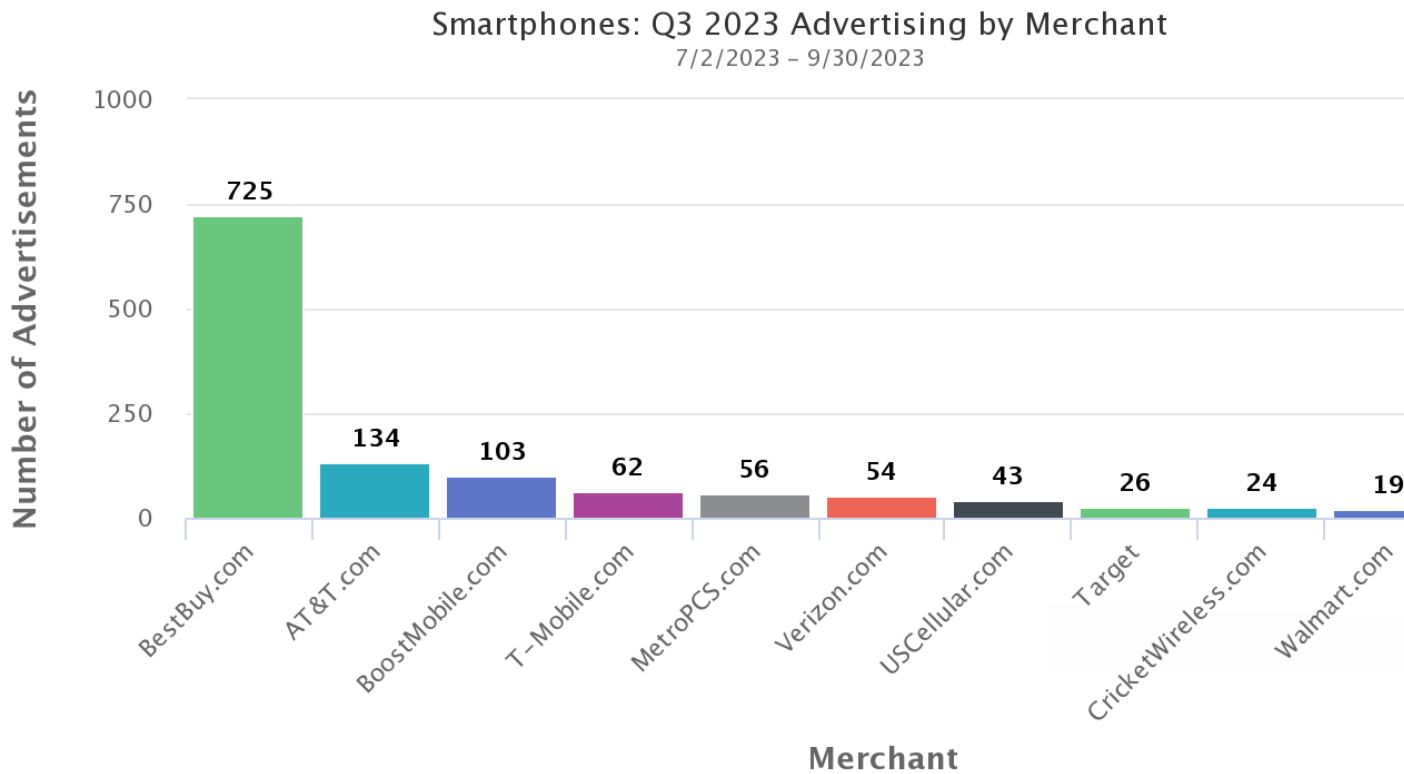


As with earlier quarters, Apple and Samsung set the pace of Q3 2023's smartphone advertising, with the latter holding leadership position only for the week immediately following the launch of its latest foldables at July 15. The duo steadily placed around 40 ads per week, and Apple strengthened leadership of advertising for the mid-September debut of its iPhone 15, which directly drove a downturn in Samsung ads as merchants' ad space was reserved.

iPhones. Google kept a vigorous pace throughout the quarter to stay ahead of Motorola's weekly ad totals with brands experiencing peaks in early July to follow Independence Day and again at the start of August.

In Q3 2023, Apple primarily advertised its iPhone 14 generation, which made up 13% of the quarter's total compared to the 5% share of its new iPhone 15, while Samsung split the majority of its efforts between the S23 series and its Galaxy S23 Generation, both of which appeared in 6% of the quarter's overall marketing. Google generation made a notable showing within Q3 2023 advertising, representing 9% of the total ads tracked as the expanded series continues in the market.

T-Mobile advertised four iPhone 13 models for free with four new lines, a value [up to \\$2,919](#), as is the quarter's most lucrative offer. US Cellular advertises the best Samsung offer in the form of a [free Galaxy Z Fold5 plus a free upgrade](#) with pre-orders in early August, which translates to a total value of \$1,918, while Verizon bundles the S23 with a Watch6 and Tab S7 FE for a total [savings of \\$1,819](#). Trade-in values up to \$1,000 continued for Samsung models across major carriers while Google also advertised [at this level](#) with its Pixel Fold for the second consecutive quarter.



Similar to previous quarters, Best Buy's Top Deals advertising dominated the Q3 2023 merchant landscape, with the electronics box retailer responsible for 56% of the quarter's total ads, four points ahead of its share from last year, but down from Q2 of this year. Best Buy's ad total is over 5x the size of the next nearest share controlled by another merchant during the period (AT&T's 134 ads, 10% share), a result of its frequent marketing and range of carrier/unlocked phone options. Wireless carriers themselves, including prepaid brands Boost Mobile and Metro outpaced the total ad counts of retail chains like Target and Walmart, which collectively represented just 3.5% of the Q3 2023 advertising landscape. A consistent second place advertiser in the past, disappeared from the rankings YoY after shuttering its kiosks, which were operated by Wireless Advocates [at the end of 2022](#). Since then, AT&T, T-Mobile, and Verizon have brought their individual presences into select Costco warehouses, but they have not participated in any advertising with the retailer.



club.

[Top](#)

## INDUSTRY REPORTS

### Best Buy Announces Real-Time Deals with Best Buy Drops

Best Buy is launching a new promotional program called Best Buy Drops, offering exclusive holiday discounts on select products in limited quantities through its consumer app. The campaign includes discounts on product releases, limited runs, and more, all available only in real time. The drops will include special products and deals from various categories, including gaming consoles, smart home devices, wearable devices, e-transportation products, small appliances, smart home, and toys. Multiple drops will occur every week during the holiday season.

Customers with the latest version of the Best Buy mobile app for iOS or Android can find the Drops arrow icon in the navigation bar on the bottom of the app home screen. They can also opt-in to a Drop Alert feature on the app, which sends a push notification for drops featuring selected items shortly before they go live. Once a drop goes live, it will only be available while inventory remains. My Best Buy Plus and My Best Buy Total loyalty program members will get exclusive access to deeper discounts on select drops.

Best Buy is also running early holiday promotions to compete with Amazon Prime Big Deal Days sales. Plus, members of its My Best Buy Memberships annual membership program will get exclusive access to thousands of products and discounts every day in October.

[Top](#)

---

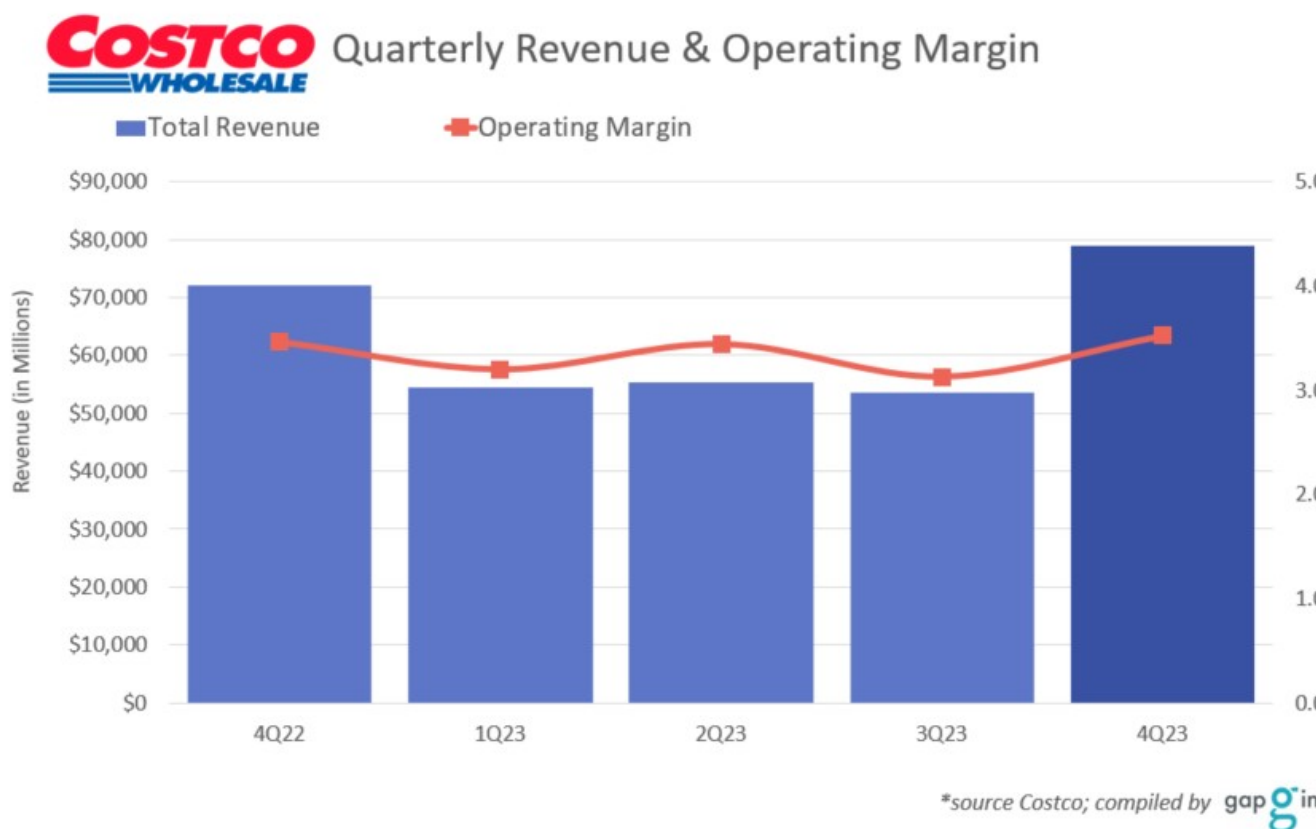
### Costco Logs Net Sales Increases for Q4 & FY 2023

Costco recently [released](#) the financial results for Q4 and its full fiscal 2023, ended September 3, 2023, showing significant sales increases and consistent profitability for the periods. The warehouse club chain's Q4 net sales improved 9.1% year-over-year (YoY) to \$77.4 billion, up from \$70.8 billion, while full year net sales rose 6.7% YoY to hit \$237.7 billion, up from [fiscal 2022 total](#) of \$222.7 billion. Q4 net income was up 16% YoY to reach \$2.2 billion compared to \$1.9 billion in Q4 of 2022.

year, and ended at \$6.3 billion for fiscal 2023 compared to the \$5.8 billion it had in fiscal 2022. Costco's membership revenue for this quarter was \$1.5 billion, up 14% YoY, and reached a total of \$4.6 billion for the full fiscal 2023, up 8% compared to last year. The warehouse merchant continues to see high membership renewals despite a sales decline, with a 90.4% rate, and says that "It's a question of when, not if," it will raise annual fees to maintain QoQ and YoY growth. Costco's last membership fee increase occurred in 2017, increases from \$55 to \$60 for Gold Star members, and from \$110 to \$120 for Executive members.

### Key Q4 & FY 2023 results:

- Q4 2023
  - o Net sales up 9.4% YoY to \$77.4 billion
  - o Net income up 16% YoY to \$2.2 billion
  - o Operating margin of 3.5%
  - o Comparable sales increase 1.1%
- FY 2023
  - o Net sales up 6.7% to \$237.7 billion
  - o Net income up 7.7% to \$6.3 billion
  - o Operating margin of 3.3%
  - o Comparable sales increase 3.0%



All of Costco's geographic divisions reported positive increases in comparable sales YoY during Q4 and the first three quarters of fiscal 2023. The company's US sales were up by a slight 0.2% YoY for Q4, while Canada and Other International sales were up by 1.8% and 5.5% respectively. These regional results combined for comparable sales growth of 1.1% for the company during Q4 2023. For the complete fiscal 2023, Costco posted an overall comparable sales increase of 3.3%, which includes growth across US (+3.3% YoY), Canada (+1.7% YoY), and International (2.8% YoY) regions. Comparable sales in Costco's online channel were down 0.8% YoY in Q4 and down 5.7% YoY for its fiscal 2023.

Costco currently operates 861 warehouses (+8 QoQ), including 591 (+4 QoQ) in the United States and Puerto Rico, 10 in Canada, 40 in Mexico, with the remaining 123 stores (+4 QoQ) split across 11 countries. It also currently operates e-commerce sites in the US, Canada, the UK, Mexico, Korea, Taiwan, Japan, and Australia.

See also:

[Costco Reports Q1 2023 Financial Results: Net Sales Up 8.1%](#)

[Costco Releases Q2 2023 Financial Results; Net Sales Improve 6.5% to \\$54.24 Billion](#)

[Costco Q3 2023 Financial Results Show Net Sales Improvement of 2%](#)

[Top](#)

---

## Target Runs Annual "Circle Week" Before October Prime Day

Target's annual fall sales event, Target Circle Week, begins October 1st and runs through October 7th. The event was [initially announced](#) on September 19th and strategically begins the week before Amazon's second Prime Day on October 10 - 11, 2023.

During Circle Week, Target's loyalty club members can save up to 40% off various items. Along with the digital ad exclusives, Target's same-day delivery service, and Ulta Beauty At Target will both participate in the sale for the first time. Other promotions include a 50% discount on a new Shipt same-day delivery subscription (down to \$49 yearly, regular \$99). Regarding Ulta Beauty, customers whose Target Circle account is connected to their Ultimate Rewards account and spend \$40 or more on specific Ulta Beauty at Target brands will also get a \$5 Target gift card.

Target is also teaming up again with online travel agency Tripadvisor to offer members a special discount on Tripadvisor's "Things To Do," which comprises more than 300,000 activities worldwide.

### Key Target Circle Week Offers

- 40% off kitchen and floor care items
- 30% off women's sweaters, denim, jewelry, accessories, and shoes
- 30% off bedding and bath items
- 30% off select Halloween costumes and accessories
- 20% off select groceries
- 20% select diapers and wipes

Target will also relaunch its Deal of the Day program (formerly known as "Deal Days") on October 1, offering discounts only to Target Circle members. Members may earn discounts on in-store and online seasonal merchandise through December 24.

Beginning during Target Circle week and running through the holiday season, Target will offer digital influencers on dedicated sections of its e-commerce site. The retailer claims that their holiday lineup for 2023 will include over 10,000 new products from its owned brands, including Good & Gather and Threshold, as well as new national brands and more than 1,000 new toys.

To participate in Target Circle Week, anyone who isn't yet a member can join for free on the Target site to event.

Top

## Amazon Invests \$4 Billion in AI Partnership with Anthropic

Amazon announced a \$4 billion investment in generative AI developer Anthropic as part of a long-term partnership. Anthropic's AI model, Claude, is a competitor to ChatGPT, with future AI models using Amazon Web Services infrastructure. Amazon's investment in Anthropic is part of a broader strategy to expand its AI capabilities, including the use of Trainium and Inferentia chips and continuing to run on Amazon Web Services infrastructure. Amazon's investment in Anthropic is a minority stake in the startup. This announcement is only Amazon's recent in a spree of AI investments. Amazon's three-pronged approach encompasses AWS support for Nvidia instances as well as custom AWS instances for AI, foundational models for customers through AWS, and AI applications and services like its coding companion, CodeWhisperer. The company also announced last month an [AI tool](#) to help sellers generate product descriptions at a time when experts expect AI to have a [half trillion dollar impact](#) on the likes of Walmart and Amazon.

[Top](#)

## Study: Consumers Continue to Shop Online This Holiday Season

According to a [recent study](#) by Pitney Bowes Inc., 48% of consumers say they plan to spend the same amount during the holiday season this year, while 20% plan to spend less. Of those shoppers that plan to spend less, less than half will be cutting back on non-holiday spending, which is significantly less than in 2022 (71%). More than half of surveyed consumers plan to do more of their holiday shopping online.

## Additional findings from the study:

- 42% of consumers already expect it will become harder to qualify for free shipping this holiday season last year, while 39% noticed it's already more difficult to qualify for free shipping
- 44% of consumers are most likely to add more items to their cart to qualify for free shipping, while 39% are most likely to switch to the same item with a different online brand that will offer free shipping

[Top](#)

701 Island Avenue | San Diego, CA 92101 | [www.gapintelligence.com](http://www.gapintelligence.com) | [info@gapintelligence.com](mailto:info@gapintelligence.com)

gap intelligence is a values led company. We care about each other, our clients, and recognize that business plays a central role in our lives. We are driven to contribute to something bigger than ourselves and trust that our hard work will turn into something great and that we'll make a positive impact the way.

[PDF Version](#) | [Unsubscribe](#)