

From: gap intelligence
Sent: Tue, 19 Sep 2023 06:48:53 +0000
To: chatty@google.com
Subject: gap intelligence: Smartphones (US) Market Intelligence Report - Sep 18, 2023



MARKET INTELLIGENCE REPORT



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Sep 18, 2023



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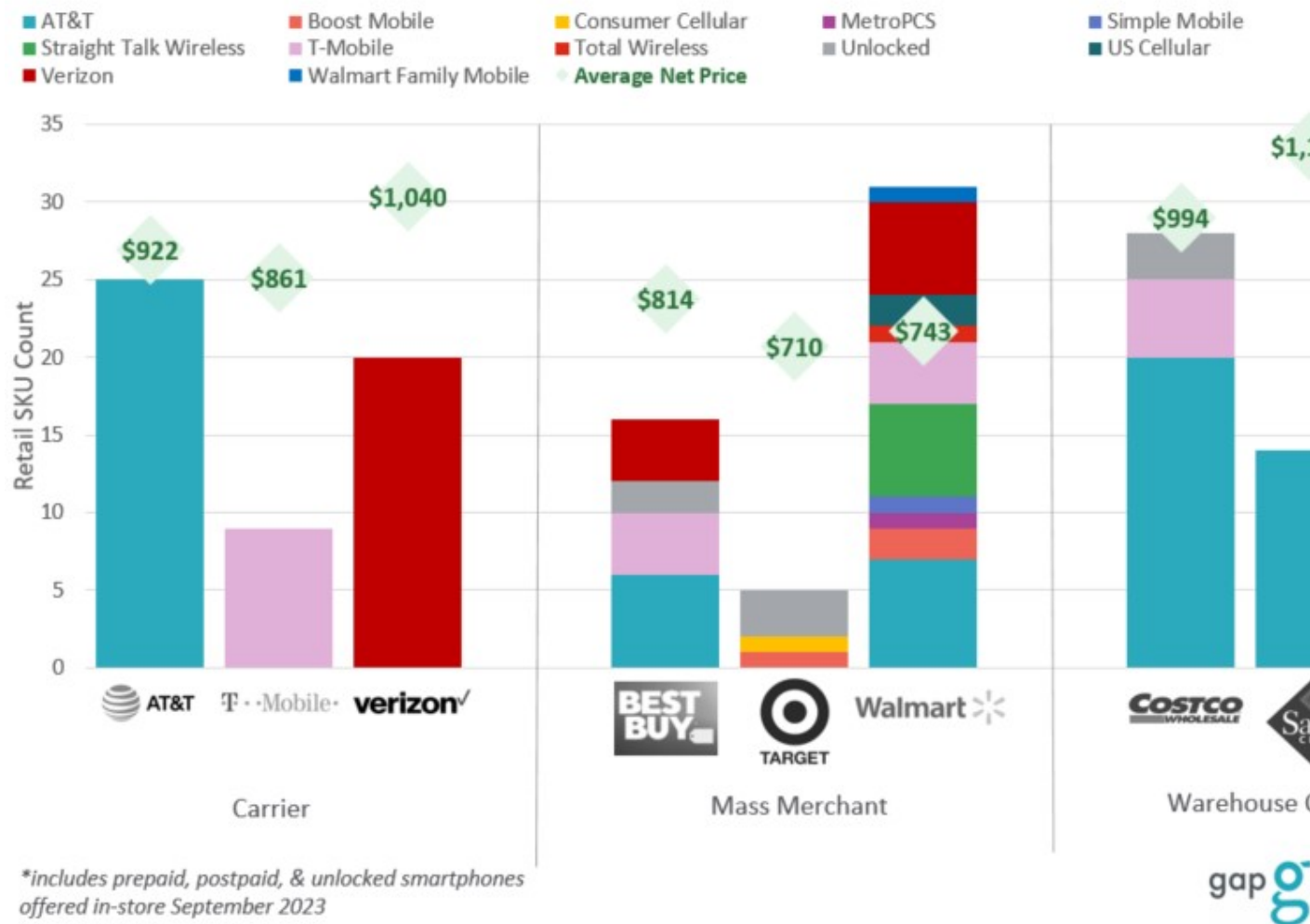
gapSnapshot: How are Apple iPhones Currently Assorted in the Retail Channel?

This week's Snapshot highlights the presence of Apple iPhones inside brick-and-mortar retailers by carrier/brand. The chart reflects the unique models that are currently available at the brick-and-mortar locations of AT&T, Best Buy, Sam's Club, Target, T-Mobile, Verizon, and Walmart.

gap impact summary

- Apple iPhones currently found in retail channel across 12 unique carrier/MVNOs
- AT&T is Apple's strongest partner across Carrier, Mass Merchant, & Warehouse Club channels, accounting for 48% of its channel exposure
 - AT&T is exclusive postpaid carrier inside Sam's Club & at 1/3 of Costco's warehouses (a separate stock only T-Mobile iPhones)
- Walmart offers 31 unique iPhones & widest variety of carrier choice w/ 7 prepaid MVNOs in addition to postpaid carriers
 - AT&T (23% shelf share), Verizon (19% shelf share), & Straight Talk Wireless (19% shelf share) represent the largest portions of in-store presence
- Target, & Costco are destinations for Apple's unlocked iPhone 14 portfolio, while Best Buy only stocks previous generation models as unlocked SKUs
- Average iPhone net pricing is highest at Verizon & Sam's Club (>\$1,000), reflecting focus on Apple's premium lineup
- Average iPhone net pricing is lowest at Target, & Walmart (<\$750), showing the value stance of the mass merchant segment offerings

Smartphones: Retailer Assortments of Apple by Carrier



Source: “Merchant Pricing Trends” tab within the September 17, 2023 Pricing & Promotions Report in [Data](#)
Recent Reports

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Apple Announces iPhone 15 Smartphone Generation

Apple announced its new lineup of iPhone 15 smartphones at its “[Wonderlust](#)” launch event last week. The four-model array includes the iPhone 15, iPhone 15 Plus, iPhone 15 Pro, and iPhone 15 Pro Max, which co

arrive to replace last year's 14-series equivalents. Each of the new handsets comes with a USB-C port for the first time and do away with a notch display in favor of Apple's Dynamic Island that was introduced on the iPhone 14 Pro and Pro Max last year. The premium iPhone 15 Pro and 15 Pro Max also debut Apple's new A17 Pro chip, a physical Home button, and offer quick 10Gbps transfer speeds. Like last year's iPhone 14, the iPhone 15 starts at \$799 and the iPhone 15 Plus starts at \$899. The iPhone 15 Pro also starts at familiar price of \$999, while the iPhone 15 Pro Max starts at \$1,199. These are mostly the same price points that Apple has set for its models for the past three cycles, with the only difference being this year's starting price of the iPhone 15 Pro Max, which creeps up \$100 to justify added features and innovations. Pre-orders began on September 15 for the latest iPhone 15 smartphones, with initial availability starting on September 22, 2023.

Initial launch incentives for the iPhone 15 generation are largely similar to last year's iPhone 14 launch. Partners are offering up to \$1,000 with premium plans and trade-ins on Apple's new models, which is broadcast as first in the channel-wide, just like previous cycles. This is similar to the messaging deployed since the launch of the iPhone 13 launch, although the newer lineups have seen sizable value increases (vs. \$700 trade-in max from 2020) to compete with Samsung's current \$1,000 on its rival flagships.

gap impact summary

- Apple announces iPhone 15 generation, refreshing its 4-model array
- Embrace of USB-C & expansion of Dynamic Island lead features; Pro models gain A17 Bionic chip
- Following pre-order, all items in new generation set for September 22 debut
- Early deals bring up to \$1,000 via trade-in, yielding free iPhones like prior years
- Exposure for new generation expected across every merchant account



iPhone 15 Pro & iPhone 15 Pro Max

Each model in the iPhone 15 generation features a USB-C port instead of Apple's proprietary Lightning connector, allowing for widespread compatibility, faster charging, and higher data transfer rates, specifically on the 15 Pro models. This is Apple's first phone to offer 10Gbps transfer speeds. The new USB-C port is able to output up to 4.5 watts of power, enabling features, like charging other accessories and connecting to external displays.

Apple's 6.1" iPhone 15 Pro and 6.7" iPhone 15 Pro Max receive the majority of innovation presented during this generation, including titanium bodies that make them stronger and lighter and an Action Button that takes the place of the volume rocker toggle on earlier iPhones and can be customized for shortcuts. The iPhone 15 Pro and iPhone 15 Pro Max also feature an always-on display, which is lacking on the entry-level iPhone 15s, and a peak brightness of 2,000 nits.

Apple debuts its more efficient A17 Pro processor inside the Pro-designated devices, which Apple claims to be the fastest chips currently available. The A17 Pro has a more powerful GPU and hardware-accelerated real-time ray tracing, which will aid the company's AR initiatives, and represents the debut of TSMC's cutting edge 3nm process. The new rear camera array on the premium iPhone 15 models consists of a 48MP main camera with an additional 12MP ultra-wide lens, a 12MP telephoto lens, and a 12MP LiDAR scanner. The camera lens in the Pro models can now be changed to shoot at multiple focal lengths (24mm, 28mm, & 35mm), and the iPhone 15 Pro Max has a new 5x tetraprism zoom lens with a 120mm focal length, which is the longest ever offered by Apple and longer than the 77mm focal length limit of the iPhone 15 Pro.



iPhone 15 & iPhone 15 Plus

The 6.1" iPhone 15 and 6.7" iPhone 15 Plus are based around the A16 chip that Apple included within last

Pro, and both models gain the Dynamic Island feature as a creative way to show important alerts, notifications, and activities that surround the display cutouts to create usable space. Apple indicates that the models' Super Retina XDR displays can reach peak HDR brightness of 1,600 nits and have a peak outdoor brightness of 2,000 nits, which is brighter than last year's generation. The two iPhone 15 models share a dual-camera system that includes the same ultra-wide camera as the previous iPhone 14, however, both offer an improved 48MP main camera with a 2x optical zoom length. While the iPhone 15 and iPhone 15 Plus feature USB-C ports, they notably do not offer the speeds of the Pro models, which feature USB 3.0 transfer speeds.

Impact

With availability slated for later this month, Apple's latest smartphones are expected to be rapidly embraced across all distribution channels. They will likely join siblings in Apple's current product array like the iPhone 14, iPhone 13, and iPhone 12 (2022) across every account tracked by gap intelligence as they arrive to replace outgoing predecessors. Pricing in line with last year, the new generation should make a relatively frictionless transition into major accounts, where shoppers are faced with a \$100 premium to obtain the more advanced iPhone 15 Pro Max.

Like years past, iPhone SKUs attached to AT&T and Verizon are expected to be the most common sightings at retail store and online channels, followed by T-Mobile variants, based on the omni-channel distribution of these carriers' operators. Unlocked versions of the new iPhones are expected to expand into Best Buy and the online assortment of other national chains, followed by prepaid variants that traditionally appear during retailers' holiday-season promotions.

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HMD Global Aims to Launch Its Own Smartphone Brand

HMD Global, the Finnish company behind Nokia-branded smartphones, recently [revealed](#) plans to launch its own portfolio of mobile devices. The future lineup of HMD-branded handsets will co-exist alongside Nokia smartphones in the marketplace, in addition to collaborations with "exciting new partners" that have not yet been disclosed. While details about upcoming HMD-branded smartphones are not available, only that the company intends to create a "design for a more sustainable and affordable future," which hints that its new devices may be aligned toward budget-conscious buyers, much like current Nokia models.

At HMD we are passionate
about **creating value** for
people, partners and planet.

HMD Global was formed after Microsoft relinquished its rights to the Nokia brand in 2016, positioning HMD as the exclusive provider of the legacy brand's smartphones. Nokia-branded smartphones are currently produced by HMD, making it likely that HMD Global will maintain its manufacturing relationship with the Taiwanese tech giant for upcoming items. In the US market, Nokia has a small number of smartphones unlocked and on major carriers like T-Mobile and Verizon, but most of its exposure comes from budget-focused models across an array of nine prepaid MVNOs.

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Samsung Galaxy S23 FE Leaks, Expected by Year End

Recent rumors suggest that Samsung will launch a Galaxy S23 FE smartphone by the end of this year, reentering the "Fan Edition" lineup after not releasing a version based on last year's S22 generation. Samsung's FE line is positioned as an alternative to its current flagships by offering similar levels of performance with compromises that achieve a lower price tag. While full specifications have yet to be revealed, official-looking images have leaked and show that the upcoming model will follow the major design cues of the Samsung's base Galaxy S23. Samsung is speculated to launch the Galaxy S23 FE at some point in Q4 2023, which could give the item holiday season exposure, or make it one of the first models of 2024.



Images of the rumored Galaxy S23 FE show a large 6.4” front display with minimal bezels, a slightly rounded design, and a triple rear camera array that likely includes a 50MP main sensor. Other information points to the model’s Snapdragon 8 Gen 1 or Exynos 2200 processor, depending on region, and a wireless charging rating of 4.4W, all of which place the model under other members of the current S23 generation.

Samsung first debuted the “Fan Edition” series in 2020 with the Galaxy S20 FE, which was released in September of that year. The next model came in the form of the Galaxy S21 FE, but instead of a fall launch, Samsung used the event as the focus of CES in January 2022 as a late supplement to the series.



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INDUSTRY REPORTS

Amazon Sets Date for Prime Big Deal Days Sale Event

Following [earlier news](#) of a second member-exclusive sales event this year, Amazon [officially confirmed](#) that Prime Big Deal Days will take place on October 10, starting at 3 am Eastern, through October 11, 2023. This is the second consecutive year that Amazon is holding a fall sales event to follow its main [Prime Day in July](#). The Prime Big Deal Days event follows the same 48-hour format as prior Prime Days and last year's "Prime Early Access Sale," yielding deals as often as every five minutes during select periods that are exclusive for over 200 million paid Prime members across 21 countries around the world. Additionally, Amazon will present personalized recommendations based on past browsing history, and saved items to its Prime members in order to make it easier to find relevant deals.



- **Request access now to doorbuster deals:** Sign up for invite-only deals, shoppers can request an invitation to access deals that are expected to sell out:
 - 50% off Sony Dolby Atmos/DTS:X Soundbar-HTX8500 2.1ch
 - 55% off Jabra Elite 7 Active True Wireless Earbuds
- **Explore all delivery options:** Same-day delivery in 90 US cities, shoppers can select free delivery to their home, Amazon Locker or Counter locations, giving omni-channel flexibility
- **Set up personalized deal alerts:** Shoppers subscribe and receive deal alert notifications related to recommendations, product searches and recently viewed items, will receive push notifications on available deals
- **Use Alexa to track deals:** Get deal notifications from Alexa up to 24 hours in advance on products in your cart, Wish List, Cart, or Save for Later, can be alerted at the start of the event via voice interface

Last year, Amazon's Prime Early Access Sale had [lower overall awareness and sales volumes](#) compared to its summertime events, with shoppers placing fewer, smaller orders and purchasing lower-priced items than the Prime Day 2022.

The Prime Big Deal Days follows the [record setting performance](#) of Prime Day 2023, which grew 6.1% on- to \$12.7 billion in sales, but saw lower order size (\$58.41 vs. \$60.73) and lower spend per unit (\$31.27 vs. \$32.11).

Prime Big Deal Days may show similar patterns of spending and not reach record heights, but will undoubtedly start of holiday season sales across the market during October 2023.

Competing merchants like Target and Walmart are expected to react to the confirmation of Amazon's fall e-weeklong sales events of their own covering similar dates to show a major interest in capitalizing on the increased traffic overall during Amazon's sale.

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Amazon Launches Generative AI to Assist Sellers

Amazon is launching a [generative AI](#) tool to help sellers manage their placements and businesses on the e-commerce platform. One of its main features will allow sellers to use the AI tool to fill out a listing and product description by inputting a short prompt, such as "mouse pad with gel wrist." Sellers can further refine this manually if they need. Amazon originally announced this feature at Accelerate 2023, its annual seller conference, and has been testing it for a few months with positive feedback. Amazon joins fellow e-commerce site [Newegg](#) in offering AI features. Newegg announced in March it would use generative AI to help shoppers build PCs while the site uses it to improve product listings and for customer service chat. Amazon is also promising further improvements for sellers using generative AI.

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Recently Announced Supply Chain by Amazon Enhances Third Party Seller Logistics

Amazon recently [announced](#) its new supply chain services that provide logistics, fulfillment, and transportation for third party sellers, calling the end-to-end solution Supply Chain by Amazon. Sellers will receive services from Amazon that include picking up inventory from manufacturers, shipping items across borders, handling customs clearance, and transportation, inventory storage, managed replenishment, and direct delivery. The addition of Supply Chain by Amazon continues to grow the company's suite of services offered to its sellers, which in turn enhances Amazon's capability to provide a seamless buying experience to its consumers.



Supply Chain by Amazon Features

- *Automatic cross-border discounts for Amazon Global Logistics (AGL)*
 - Amazon prices reflect up to 25% discounts on cross-border transportation for items that are handled by Amazon Warehousing & Distribution
- *Streamlined domestic inbound transportation to AWD with Partnered Carrier Program (PCP)*
 - Sellers can use PCP for domestic transportation to AWD centers
- *Expanded AWD offering with reduced prices*
 - AWD is open to all sellers and gives discounts up to 80% for bulk storage when compared to standard Amazon (FBA) storage fees
- *New Multi-Channel Distribution (MCD) capability*
 - Moves products in bulk from AWD to designated sales channels to aid replenishment for a seller's multi-channel inventory pool
- *Automatic inventory replenishment with FBA*
 - Uses machine learning & supply chain optimization to replenish inventory automatically in Amazon fulfillment centers to better support customer demand

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NRF: August Retail Sales Grow On-Month & On-Year

According to the National Retail Federation's (NRF) [retail sales data](#), which excludes automobile dealers, gas stations and restaurants, August 2023 brought a 0.1% increase month-over-month (MoM) and a 3.3% increase year-over-year (YoY). The increase this August follows a similar 3.3% (adjusted) YoY uptick that the NRF logged in July. The data suggests that US households have the capacity to spend during back-to-school season even as inflation and interest rates remain high.

high and “consumers are still active even as they continue to be selective and price sensitive.” Separately, the Bureau [reported](#) increases of 2.5% YoY and 0.6% MoM during the same period.

Sales increased in seven out of nine retail categories tracked by the NRF on a monthly basis, and five of those excluding electronics and appliance stores, increased on a yearly basis. August’s online sales were flat with the month prior, noteworthy considering that Amazon Prime Day boosted last month’s results. Similarly, the merchant’s upcoming Big Deals event will bring elevated sales to the October 2023 results ahead.

- Online sales flat MoM & up 7.6% YoY
- Clothing & clothing accessory stores up 0.9% MoM & up 3.6% YoY
- Electronics & appliance stores up 0.7% MoM & down 1.6% YoY
- Health & personal care stores up 0.5% MoM & up 7.8% YoY
- Grocery & beverage stores up 0.4% MoM & up 2.8% YoY
- General merchandise stores up 0.3% MoM & up 3% YoY
- Building materials & garden supply stores up 0.1% MoM & down 3.8% YoY
- Furniture & home furnishings stores down 1% MoM & down 7.6% YoY
- Sporting goods stores down 1.6% MoM & down 1.6% YoY

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Survey: E-Commerce Search Issues May Affect Black Friday & Cyber Monday Sales

According to a recent survey by [Nosto](#), which surveyed 1,000 US consumers, 77% of respondents head directly to the search bar when they arrive on an e-commerce site. Notably, 84% revealed that they have left a site due to irrelevant search results (42%), search issues (31%), too many/too few products being displayed (31%), or being directed to out-of-stock items (31%). Based on the findings, the customer experience platform suggests that US online retailers could lose \$1 billion in sales during Black Friday and Cyber Monday by not addressing basic search errors. 42% of respondents believe that one of the ways that online retailers can improve site search results is to provide contextual filters.

The survey revealed that young millennials (25-35 years old) have the highest online search expectations with 90% going straight to the search bar. 90% of young millennials believe that an efficient and accurate site search makes a

shopping easier, higher than any other age group. 83% of young millennial respondents buy a product having consumed user-generated content (UGC) during their search, while 82% purchase after engaging with UGC specifically

Other key findings from the survey:

- 77% of respondents say they are more likely to purchase if search results are personalized to things like their purchase history (specific brands, colors, or sizes)
- 66% of respondents want retailers to use their search queries to personalize their wider site experience (only showing relevant products based on their search intent data)
- 66% of respondents engage w/ relevant content in site search results such as articles, FAQs, & collections
- 65% stated they made purchases after consuming aforementioned content
- 58% of respondents have engaged with relevant influencer/UGC specifically in site search, & 64% have seen it seeing it

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Study: 2023 Holiday Retail Sales Expected to Show Lowest YoY Growth in Five Years

According to a recent study by Bain & Company, “[2023 Holiday Shopping Outlook](#)”, holiday sales are expected to be around \$915 billion. The US holiday retail sales growth is expected to come in below the 10-year average and the lowest real sales growth since 2018. Unadjusted seasonal sales are anticipated to increase 3.0% year-over-year in the coming months, with 90% of that growth being driven by e-commerce and mail-order sales.

The study showed that retail sales in the US are up 4.0% YoY, with an increase in health and personal care, apparel merchandise, as well as food and beverage. Other in-store categories have seen general slowing and even YoY declines in overall sales. Bain & Company anticipates that holiday sales will benefit from consumer spending power that is up with wages, disposable income, and stocks all up YoY.

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