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## MARKET INTELLIGENCE REPORT



### Smartphone

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Sep 25, 2023



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## PRODUCT UPDATES

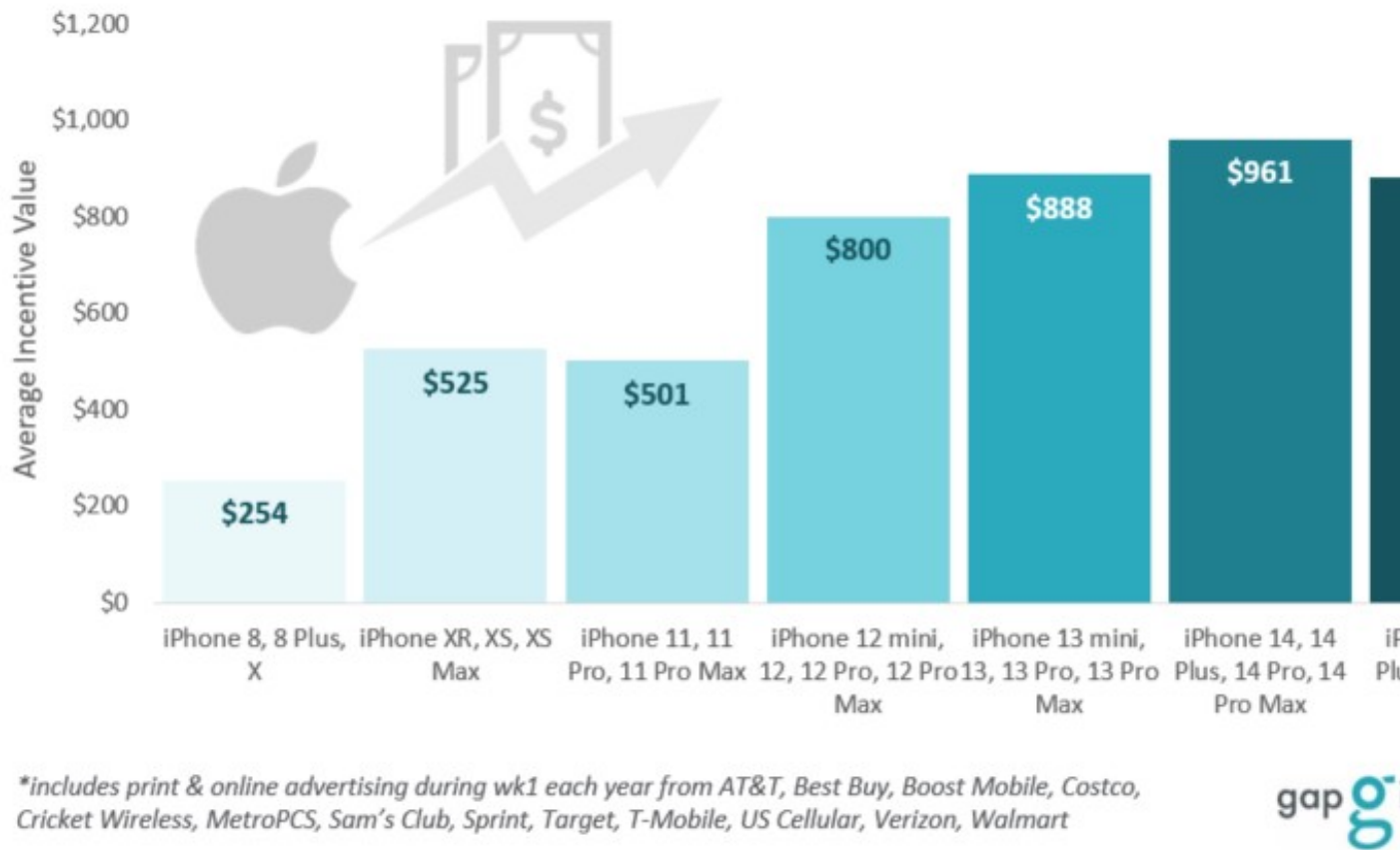
### gapSnapshot: How do Advertised Promotions for the iPhone 15 Compare to Previous Launches?

This week's Snapshot highlights a multi-year trend of the average launch incentive values advertised for Apple at debut. The chart includes print and online advertising during wk1 each year from AT&T, Best Buy, Boost Mobile, Costco, Cricket Wireless, MetroPCS, Sam's Club, Sprint, Target, T-Mobile, US Cellular, Verizon, and Walmart.

#### gap impact summary

- Launch incentives for Apple's iPhone 15 are largely identical to iPhone 13 & iPhone 14 generations across all carriers offering up to \$1,000 w/ premium plans & trade-ins
- (start sub bullets)
- Translates to "free" iPhones channel-wide, just like previous cycles
- (end sub bullets)
- iPhone 15 launch brings 8% YoY decline in overall average incentive value (\$881 vs. \$961 avg), reversing 3 consecutive years of average value upticks
  - o iPhone 14 debut incentives +8% vs. iPhone 13
  - o iPhone 13 debut incentives +11% vs. iPhone 12
  - o iPhone 12 debut incentives +60% vs. iPhone 11
- iPhone 15's \$881 average incentive value reflects a spectrum of advertised offers from [\\$250-off](#) (AT&T; down vs. \$350 last year) & \$350-off (T-Mobile; down vs. \$550 last year) to \$1,000 across all major carriers. US Cellular's aggressive offer for up to \$1,200 in bill credits, which yields an "[iPhone 15 Pro on us](#)" (\$1,920 last year)
- Following initial hype, iPhone 15 promotions will peak again timed for Black Friday/Cyber Week

## Smartphones: Apple iPhone Launch Advertising



Source: "Advertising" tab within the September 24, 2023 Pricing & Promotions Report in [Dashboard](#) Rece

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## Apple's Advanced Models Drive Activity on iPhone 15 Launch Day

Apple stores across the country opened doors at 8am on September 22, 2023 for the release of the iPhone 15 Plus, iPhone 15 Pro, and iPhone 15 Pro Max smartphones. The generation's availability follows Apple's of announcement [earlier this month](#) and, fueled by familiar launch promotions, initial demand seems to be pro favorable start to a healthy lifecycle ahead for the models. In addition to observing early shoppers, including,

location's first sale of the day, Apple associates and security personnel shared information with gap intelligence launch day activity. The overall sentiment was that the "crowd was larger than last year" for the iPhone 15. Reservations were full and on-hand inventory waned throughout the morning.



### Apple Fashion Valley - San Diego, CA

Pre-opening lines brought an estimated initial turnout of nearly 300 people. Many had placed orders online in addition to setting appointments for later days/times, Apple associates were also accommodating walk-ups for items (after ~2hr wait in line). The first sale of the day was an iPhone 15 Pro Max, and the crowd cheered when it emerged from the store. In-store signage prompted shoppers to "Trade in. Upgrade. Save." including \$200 credit toward the iPhone 15 Pro when trading in an iPhone 11 or newer.





The new Apple Watch was cited as a major driver for the morning store visit, with some planning to buy both iPhone 15 and Apple Watch and many only buying the wrist wearable as an upgrade. Most in line were already Apple Watch owners, and as expected, many of the brand's early adopters were going for the step-up Pro and Pro Max SKUs. Apple Store associates in San Diego confirmed that all iPhone 15 Pro Max models were sold out by 9:45am, and that even the iPhone 15 Pro 128GB models were also gone.

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## Apple iPhone Price Cuts Spotted Across Channels

Sweeping price cuts were recently applied to Apple's smartphones across merchants and carriers, affecting the iPhone 13 and iPhone 14 generations. The price adjustments arrived predictably following the launch of the [iPhone 15 lineup](#), bringing savings of 8% up to 20% off of the older generations, one point under last year's maximum (21%). The strategic price drops on Apple iPhones follows the company's [consistent historical pattern](#) and serve to ensure a continued level of sales for the older devices, which will tempt the hold-out shoppers not interested in the iPhone 15 family. In past years, price cuts ranging up to \$150 were applied to dated members of Apple's portfolio; last year's maximum was \$140 and most of this latest round of adjustments peak at \$100.

### gap impact summary

- Older iPhone generations experience price drops
- iPhone 13, 14, 14 Plus, 14 Pro, & 14 Pro Max lines affected
- Most price cuts range from \$70 - \$100 (8% - 14% reductions); US Cellular is outlier w/ \$200 drop on 14 Pro (20%-off)
- Arrival matches historical pricing patterns, timed for new launch

Smartphones:  Apple Fall 2023 iPhone Price Drops		Was	Price Drop	Now	Change
iPhone 13 5G	AT&T	\$729.99	-\$100	\$629.99	-14%
	T-Mobile	\$729.99	-\$100	\$629.99	-14%
	US Cellular	\$729.99	-\$100	\$629.99	-14%
	Verizon	\$699.99	-\$70	\$629.99	-10%
	Unlocked	\$729.99	-\$100	\$629.99	-14%
iPhone 14 5G	AT&T	\$799.99	-\$70	\$729.99	-9%
	T-Mobile	\$829.99	-\$100	\$729.99	-12%
	US Cellular	\$829.99	-\$100	\$729.99	-12%
	Verizon	\$799.99	-\$70	\$729.99	-9%
iPhone 14 Plus 5G	AT&T	\$899.99	-\$70	\$829.99	-8%
	T-Mobile	\$929.99	-\$100	\$829.99	-11%
	US Cellular	\$929.99	-\$100	\$829.99	-11%
	Verizon	\$899.99	-\$70	\$829.99	-8%
iPhone 14 Pro 5G	AT&T	\$999.99	-\$100	\$899.99	-10%
	T-Mobile	\$999.99	-\$100	\$899.99	-10%
	US Cellular	\$999.99	-\$200	\$799.99	-20%
	Verizon	\$999.99	-\$100	\$899.99	-10%
iPhone 14 Pro Max 5G	AT&T	\$1,099.99	-\$100	\$999.99	-9%
	T-Mobile	\$1,099.99	-\$100	\$999.99	-9%
	US Cellular	\$1,099.99	-\$100	\$999.99	-9%
	Verizon	\$1,099.99	-\$100	\$999.99	-9%

*\*price drops recorded week of September 17, 2023 at  
Amazon, AT&T, Best Buy, Costco, Cricket Wireless, MetroPCS,  
Sam's Club, Target, T-Mobile, US Cellular, Verizon, & Walmart*

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The most common price cut for the Apple iPhones is \$100 off, which is issued to nearly all of the impacted (71%). While these price drops are mostly the same size as previous years, this cycle's \$70 minimum price cut is applied by AT&T and Verizon on the iPhone 14 and iPhone 14 Plus, while the latter carrier also only drops its iPhone 14 Pro \$70. The single largest price drop this year is applied to the iPhone 14 Pro on US Cellular in the form of a \$200 reduction, which represents 20% off and lowers that model to \$799.99 compared to \$999.99 across other carriers.

Noting the consistent nature of Apple-initiated price cuts, all retailers, carriers, and contract types are expected to implement recent price changes to align with the company's strategy. The phase-out of the advanced iPhone 14 models is being observed as Apple's new generation progresses across the channel, and the same pricing movement throughout last year's SKUs sets up late-life expansion for the iPhone 13 generation. The now dated generation is expected to behave similarly to earlier iPhone models as strategic items used to expand the iOS user base as a low-cost option alongside units like the iPhone SE (2022), especially on prepaid carriers/MVNOs.

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## Verizon Kiosks Spotted Inside Costco Stores

gap intelligence retail collectors recently spotted Verizon kiosks inside Costco for the first time last week, following months behind similar setups from AT&T and T-Mobile at the chain. After Costco ended its relationship with Advocates [late last year](#), the warehouse club store has been experimenting with each of the major US postpaid carriers across separate swaths of its stores. Dedicated [AT&T](#) and [T-Mobile](#) shop-in-shops were established at Costco locations in early 2022 and in late 2022, respectively, and while Verizon was left to operate in a third distinct portion, its presence was not officially recorded until now. Sources indicate that Verizon began increasing its investments in Costco this year, and that kiosks at more locations are the result of this. Like the other carriers, Verizon is the uncontested postpaid carrier at specific Costco locations, and its kiosks include 25 smartphones from brands like Apple (15 SKUs), Google (10 SKUs), Motorola (1 SKU), and Samsung (6 SKUs).

### gap impact summary

- Verizon kiosks officially recorded inside Costco stores
- Verizon exclusive locations stock 25 collective smartphones from Apple, Google, & Samsung
- Costco also has AT&T & T-Mobile exclusive stores in separate regions
- Unlocked Apple iPhones are only other smartphone options at Costco





Unlike the digital screen-heavy display of AT&T and the new construction of T-Mobile's white displays in Costco, Verizon does not show the same level of care as it simply rebrands the same kiosk that was once occupied by Advocates. Interestingly, this was also the way that AT&T [first established](#) its presence inside Costco before revamping its in-store display, indicating that Verizon has yet to fully commit a high level of resources to the chain. In addition to promoting 5G home internet, the offers displayed on Verizon's kiosk include its free N

Ticket YouTube promotion, plus member benefits like a \$250 and \$100 Costco Shop Cards for new lines and upgrades respectively.



The bulk of the Verizon kiosk consists of Apple models like the full iPhone 14 generation (4 families) and its predecessor (2022) as a step-down option. Samsung's claims the next largest presence with its Galaxy S23, S23+, and S23 Ultra, while Google focuses on its advanced Pixel 7 Pro, and Motorola provides its aging Moto G Pure as the only mid-range model available. Verizon's 25-model array is slightly smaller than the 33 SKUs that AT&T has on its Costco Kiosks, but provides more diversity with Google and Motorola options (vs. Apple/Samsung only). Meanwhile, T-Mobile's kiosk display houses a smaller collection of 13 smartphones and, in addition to Motorola and T-Mobile branded models, also provides a wider selection within Samsung's portfolio that include the A-series, showing its aim to attract price-conscious buyers.

Outside of the AT&T, T-Mobile, and Verizon kiosks, Apple holds an uncontested position inside Costco with its unlocked iPhone lineup, which was notably added [last summer](#) as the first representation, in-store and/or online, of the unlocked segment in over one year at the time. These iPhones are placed on Apple's table independent of the

efforts of wireless carriers' in-store displays.

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## INDUSTRY REPORTS

### gap intelligence Announces Addition of Sponsored Banner Advertisements

gap intelligence is excited to announce an expansion to our advertising collection with the addition of sponsored banner ads, effective the week of September 17, 2023. Due to the increasing number of dynamic advertisements across merchants, the collection of sponsored banner ads creates additional visibility into manufacturers' share of voice. We are confident that the increase in advertising information will provide a fuller picture of the competitive landscape.

**VIZIO** Your TV craves an audio upgrade.  
[Shop VIZIO >](#)

Product	Rating	Count
VIZIO 2.0 Home Theater Sound Bar with DTS Virtual	★★★★★	3,840
VIZIO V-Series All-in-One 2.1 Home Theater Sound Bar	★★★★★	5,314
VIZIO M-Series All-in-One 2.1 Immersive Sound Bar	★★★★★	3,577

**LG**  
**Save \$100 off Select LG Laundry Pairs**  
valid thru 9/27/23

[Shop Now](#)

Sponsored banner advertisements will be collected weekly on merchants' home and category-specific landing pages. This expanded array of information will be reflected in all advertising downloads and Dashboard tools for all categories. These new data points are denoted as "Sponsored Banner" and will be collected at the same weekly cadence as other advertising types. These new data points are denoted as "Sponsored Banner" in our platform and tools to allow for differentiation between standard and dynamic advertisements.

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### Best Buy, Target, & Walmart Reveal Fall Sale Events to Rival Amazon

Major national merchants reacted to Amazon's official confirmation that [Prime Big Deal Days](#) is taking place on October 10, 2023 by revealing plans for rival sale events that are set to happen concurrently. Best Buy, Target, and Walmart have released details about their own fall sale events, which will serve to jumpstart the entire holiday season for the retailers and their merchants. The fall deals start weeks ahead of traditional events like Black Friday and Cyber Monday and continue the trend of holiday promotions steadily moving earlier and more online in recent years. The fall sale events are also a way for merchants to reward loyalty through exclusive deals and also prioritizing repeat traffic with several promotions designed to bring shoppers back later in the season.

## Best Buy

The early holiday promotional period begins at Best Buy with a [Member Exclusive Month](#) that starts on October 1 and every day of the month, paid members of Plus and Total My Best Buy Membership programs will have access to "thousands of deals and discounts." Best Buy is also providing its members early access to Black Friday, October 27 through Sunday, October 29, 2023. Meanwhile, members of Best Buy's Totaltech program who spend \$500 during October will earn a \$50 reward certificate to use on purchases in December, showing the company's strategic effort to drive repeat visits and late season sales momentum. Best Buy will also be running October promotional events that do not require My Best Buy Memberships.

- October 6 – 8: Special Samsung sale event
  - Spend \$1,000 on Samsung products, including home theater & appliances, to receive a \$100 reward certificate to use on other Samsung products between October 24 & November 16
- October 10 – 11: 48hr Flash Sale
  - Hundreds of deals on technology items including TVs, notebooks, headphones, smartwatches, and transportation
- October 13 – 15: Special Microsoft sale event
  - Offers on Xbox & Windows products, including savings up to \$500 on notebooks
- October 20 – 22: 3-day gaming sale event
  - Deals on hardware, games, & accessories



## Target

The annual [Circle Week](#) fall savings event is taking place from Sunday, October 1 through Saturday, October 7, 2023, and will feature weeklong discounts up to 40% off on “thousands of items” for members of the free Target Circle program. Target’s online Deal Days program will also start up again on October 1, which will bring deal-of-the-day offers each day through December 24, 2023 to Target Circle members. Target.com will additionally feature influencer storefronts as dedicated sections of the e-commerce site during the season to promote a curated experience and capitalize on social shopping trends.

## Walmart

The “Walmart Deals – Holiday Kickoff” savings event spans from Monday, October 9 (7 pm Eastern) through Sunday, October 12, 2023. The event will feature deals on “thousands of holiday gift items” specifically on Walmart.com in electronics, home, fashion, and toy categories. Walmart aims to offer “hyper-personalized content” through its shopping experience, although it is not using the sale event to drive Walmart+ membership, by allowing all members to access its fall holiday deals.

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## Amazon Brings Prime Series to Life with New Virtual Shopping Experience

Amazon recently expanded its metaverse presence by creating an immersive shopping experience based on the streaming series, “Gen V”. The online retailer is providing web-only Virtual Campus Tours and Virtual Campus Storefronts in metaverse spaces from the Amazon Prime Video streaming series, which is accessible on the “Gen V” detail page.

Customers from the United States can shop at the store for items like Godolkin University memorabilia and supplies. Customers from other countries can still view the virtual tour, but cannot purchase items, and the experience will only be available in English.

Additionally, the interactive virtual resident hall sells dorm room goods to customers in the United States. Customers can see around 150 items for sale in this virtual shop. Customers may visit the Amazon e-commerce site, choose items they wish to purchase, and click “Buy Now” to finish the transaction.

Although this is the first virtual shop experience based on an Amazon Prime Video series, it will not be the only one received.

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## US August Online Prices See Record 40 Month Low

According to Adobe Digital Price Index (DPI), online prices in the US fell 3.2% year-over-year (YoY) in August, their lowest in 40 months and marking the 12th consecutive month of overall YoY price decreases. Online price increases were noticed for 11 of 18 categories tracked by Adobe, but online August prices did see a small 0.4% increase, influenced by Prime Day discounts. DPI analyzes one trillion visits to retail sites and over 100 million SKUs across product categories: electronics, apparel, appliances, books, toys, computers, groceries, furniture/bedding, toys, home improvement, home/garden, pet products, jewelry, medical equipment/supplies, sporting goods, personal care, flowers/related gifts, non-prescription drugs, and office supplies.

### Notable Pricing Changes

- Sporting Goods: -7% YoY & -1.4% MoM
- Appliances: -7.3% YoY & +1.3% MoM
  - Appliances hit a record low in June 2023, with prices down 8.3% YoY. Currently, August marks the 12th consecutive month of falling YoY online appliance pricing. This changes the previous trend of 11 consecutive months of YoY pricing increases starting May 2020 and peaking in at 7.1% YoY in June 2020
- Home and Garden: -6.8% YoY & -0.2% MoM
- Electronics: -11.6% YoY & -0.8% MoM
  - Electronics have continued to drop in pricing recently, with similar YoY decreases noted in July (-10.9% YoY) and June (-12.9%). Adobe highlights that as a major discretionary category, the electronics category significantly impacts overall inflation online
- Computers: -14.2% YoY & 1% MoM

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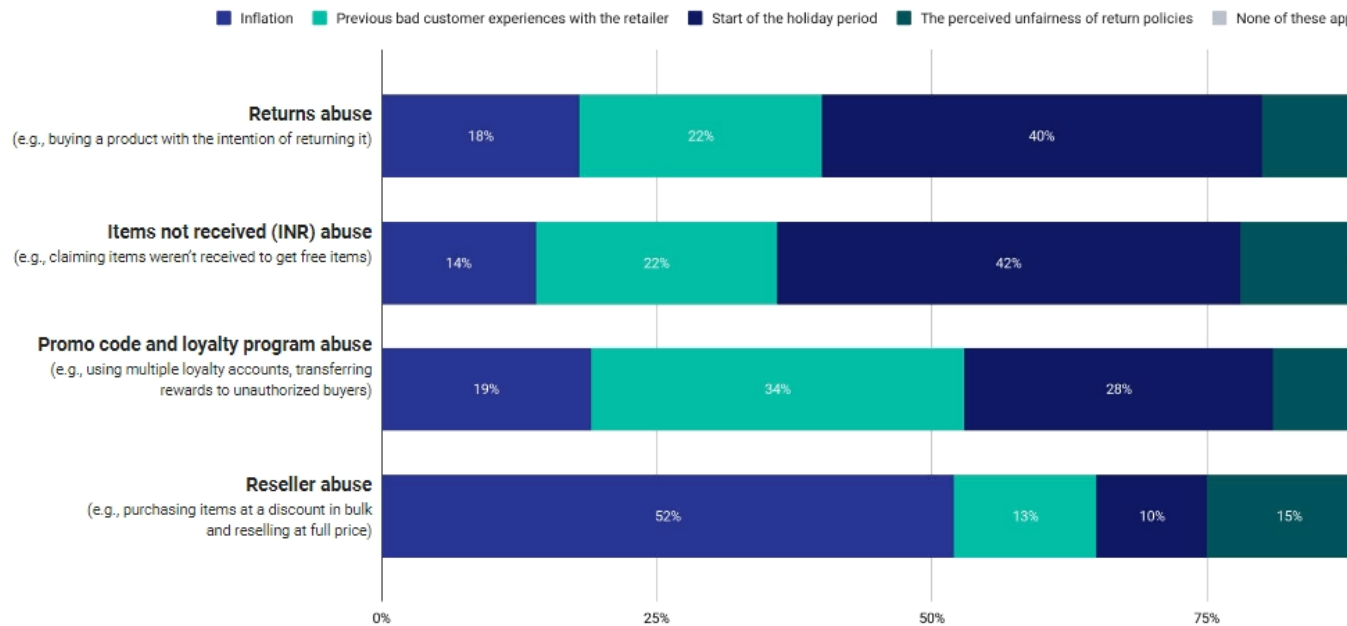
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## Report: Generous Return Policies Are a Double-Edged Sword for Retailers

Retailers increasingly find themselves in a pinch when it comes to generous refund and return policies, [according to a new report from Riskified](#). On one hand, the vast majority (93%) view them as essential for attracting and retaining customers, while at the same time nine out of 10 merchants have seen significant costs arise from fraud and abuse. Instances of policy abuse tend to correlate with shopping trends; 70% of retailers saw more abuse during the holiday shopping season, while two-thirds reported an increase post-Q4 holiday season. Other insights include:

- The most common form of policy abuse is claiming items weren't received to get free items (94%)
- 37% of retailers experienced increased financial losses from return abuse in 2022 versus 2021
  - 59% claimed their losses remained the same
- Retailers primarily blame economic factors and emotional factors (for example, bad customer experience, poor merchant) for policy abuse
- Most merchants (62%) still don't have automated ways to detect return and refund fraud or abuse
  - This is quickly changing, however; 94% of those without automated systems want to implement them in the next two years
- 40% of retailers are recouping less than 25% of the value of a return
  - Only 32% were able to recoup 50% or more of a return's value

## United States: Causes of Policy Abuse



Survey question: [United States] Based on your experience, which of the following best explains any increases in the previous question? Choose the best answer or none of these apply, simply say, "None of these apply."

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## Report: Consumers Are Starting Early This Holiday Season

According to Jungle Scout's "[Q3 2023 Consumer Trends Report](#)," 27% of shoppers started preparing for the holiday season as early as August this year, up from 19% in 2022. 44% of high income consumers have already started holiday shopping this year. Comparatively, only 23% of consumers with a lower income have started their holiday shopping. Additionally, 34% of surveyed consumers stated that inflation is impacting their holiday shopping plans. Some of the top strategies for holiday shoppers who wish to cut back their spending this year are spending less per person on gifts, buying fewer products, spending less on holiday decor, and trimming the number of recipients on their lists.

### Additional findings from the report:

- 54% of shoppers have either never tried AR, such as virtual try-on, or do not use it often



- 48% of high-income consumers consider Amazon's Climate Pledge Friendly badge very important when purchasing products, compared to 24% of consumers with low incomes
- 41% of consumers with high incomes are more likely to start product searches on Facebook
- 33% of high-income consumers shop online at least daily, while only 18% of consumers with lower incomes

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## Survey: Online Shoppers Are Optimistic About Personalization Provided by AI

In a recent global survey of online shoppers conducted by Rokr, a large percentage of Gen Z respondents showed interest in artificial intelligence, with 88% believing AI can benefit the online shopping experience. Additionally, 55% of respondents are interested in a virtual AI assistant that simplifies product discovery and anticipates the consumer's wants and needs. 20%-29% of respondents stated that they will leave their cart or the brand if the experience is not personalized. With AI, 55% found the most important part of the online shopping experience to be curated deals from their preferred influencers. Inflation remains a concern, with 63% claiming that they have increased the amount of time spent browsing prices and deals to save money.

### Key Findings:

- 73% of US respondents experience barriers at checkout
  - 34% too many ads
  - 33% required account/log in
  - 33% irrelevant ads & product recommendations
- 40% of US respondents reconsider purchases or remove items from their cart when frustrated at checkout, 15% abandon their cart, & 22% have lowered brand perception
- 73% of global respondents are satisfied when a needed item is found last minute during checkout
- 67% of global respondents enjoy adding an extra item to the online shopping cart when checking out
- Global respondents provide top ways AI will improve online shopping:
  - 47% price comparison
  - 45% find deals
  - 41% more targeted offers & suggestions
  - 37% personalized assistance

o 28% find reviews

The survey was conducted by The Harris Poll from May 1 to May 15, 2023, on behalf of e-commerce technology company Rokt. 6,023 consumers between the ages of 18 and 78 were surveyed across the US, UK, France, Australia, and Japan.

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