

From: gap intelligence
Sent: Tue, 10 Oct 2023 07:14:08 +0000
To: chatty@google.com
Subject: gap intelligence: Smartphones (US) Market Intelligence Report - Oct 09, 2023



MARKET INTELLIGENCE REPORT



Smartphone

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Oct 10, 2023



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PRODUCT UPDATES

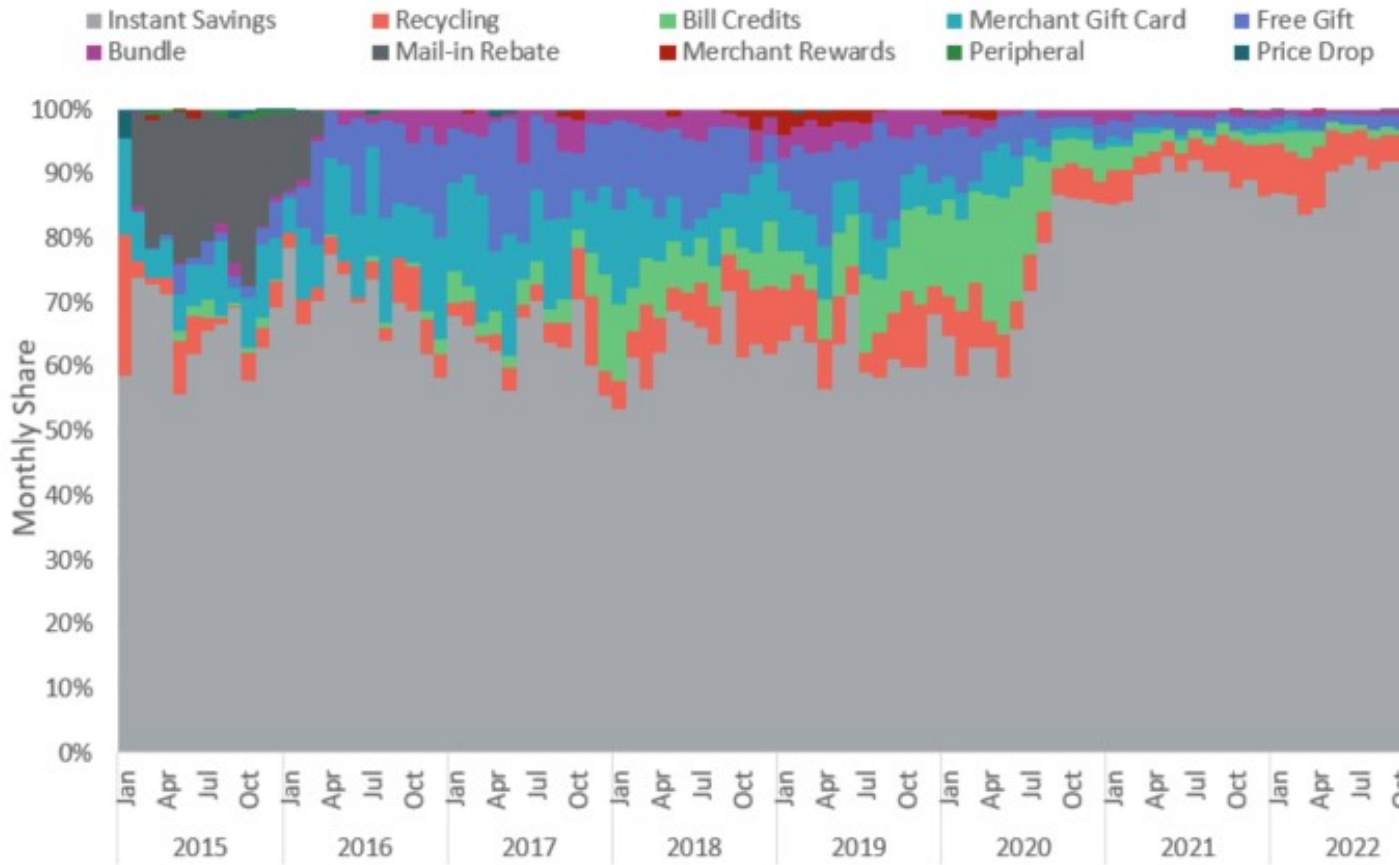
gapSnapshot: Instant Savings & Trade-Ins Remain Prominent Promotional Mechanisms in the US Smartphone Market

This week's gapSnapshot is a monthly trend of the promotion types offered within the US smartphone marketplace through September 2023. The trend reflects the share that each promotion type holds each month across retail channels, plus print/online advertising. gap intelligence's panel includes Amazon, AT&T, Best Buy, Boost Mobile, Costco, Cricket Wireless, MetroPCS, Sam's Club, Sprint, Target, T-Mobile, US Cellular, Verizon, and Walgreens.

gap impact summary

- Instant Savings remain dominant promo type over 9-year period, making up 84% - 93% of monthly promotional mix throughout 2022 & 2023
 - Promotional messaging changed mid-2020 to stress Instant Savings, showing desire to show more value than bonus gifts etc. during pandemic
- Bill Credits & Recycling (trade-in) increasingly leveraged since 2018, led by postpaid segment operators; Recycling common promotional tactic in marketplace behind Instant Savings
 - Recycling incentives present in 5% to 9% of the monthly promotional mix in 2023 YTD
- Mail-in Rebates fall out of favor after 2015; Merchant Gift Cards & Free Gifts/Bundles (TVs, headphones, etc) grow in popularity during the following years (2016 & 2017) before Bill Credits take over in 2020
 - Although Free Gifts/Bundles make up just 1% of the promotional mix in 2023 YTD, the time-limited deployment generates strategic advantage for participating brands
 - Use of Free Gifts/Bundles hit highest level since 2019 during 2022's year-end period & showed a slight uptick at the close of this year

Smartphones: Monthly Promotional Trend by Type



**includes in-store, online, & advertised promotions for unlocked, prepaid & postpaid smartphones*

**gap intelligence panel includes: Amazon, AT&T, Best Buy, Boost Mobile, Costco, Cricket Wireless, MetroPCS, Sam's Club, Sprint, Target, T-Mobile, US Cellular, Verizon, Walmart*

gap intelligence

Source: "Promotion" tab within the October 9, 2023 Pricing & Promotions Report in [Dashboard](#) Recent Report

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Google Unveils Pixel 8 & Pixel 8 Pro Smartphones

At its annual [fall launch event](#), Google officially announced the Pixel 8 and Pixel 8 Pro smartphones. The new generation leads with a distinct focus on AI, Android 14 with seven years of OS upgrades, and performance with the more powerful Tensor G3 processor, Google's custom processor. The Pixel 8 and Pixel 8 Pro are currently

pre-order ahead of their Thursday, October 12, 2023 release with price tags starting at \$699.99 and \$999.99 respectively, \$100 more than [last year's Pixel 7](#) equivalents.

Google also announced the Pixel Watch 2 alongside the Pixel 8 and Pixel 8 Pro, and the wearable plays a part in the landscape of initial promotions for the smartphones. AT&T, T-Mobile, and Verizon promote the new watches as free after trade-in or offer up to \$800-off for qualified plans, while the latter two carriers attach the Pixel 8 as free. Additionally, Verizon is giving a \$200 e-gift card to switchers, which is identical to last year and similar to the free Pixel Buds Pro being offered by Best Buy and Google itself.

gap impact summary

- Google announces Pixel 8 & Pixel 8 Pro, starting at \$699.99 & \$999.99, respectively
- Tensor G3 processor & AI capabilities lead features, 7yrs of OS updates included
- Pre-order deals yield free Pixel 8 models & free accessories (Pixel Watch 2 or Pixel Buds)
- New generation will benefit from Google's current establishment across postpaid & unlocked channels



Powered by Google's new Tensor G3 chipset, the Pixel 8 generation offers improved performance and a host of new AI capabilities. Google Assistant can now read aloud, summarize, and translate webpages, while a new Magic Eraser can remove distracting sounds from videos. Google Photos features AI-powered editing features that include Magic Editor and Best Take, and an AI-based text-to-image diffusion model allows users to create AI-generated wallpapers by describing them to the smartphone.

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 brightness of 2,000 nits and features a variable refresh rate from 1Hz up to 120Hz. The model gains a new temperature sensor, useful for measuring cookware, liquids, and other objects as well as an updated triple rear camera system to help justify the hike on-year.

- 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 model offers a peak brightness of 2,000 nits and a variable refresh rate from 60Hz up to 120Hz. Google is positioning the Pixel 8 with an "all-day" battery life and improved image capturing capabilities, despite it having a similar dual rear camera system as last year.

- Rear cameras: 50MP main, 12MP ultra-wide
- 8GB RAM
- 128GB & 256GB storage options
- Black, rose, & hazel colors

The launch of the \$699.99 Pixel 8 and \$999.99 Pixel 8 Pro this month follows Google's historical launch cycle and shows the brand consistently focusing on differentiators like strong imaging capture and robust software capture support. Google is directly challenging Samsung as one of the only other Android makers to operate in the mid-market and the \$100 premiums that the latest Pixels hold further solidify this market stance. Google is already offsetting devices' higher price tags in the form of aggressive pre-order incentives and will likely continue its promotional efforts in the cycle ahead as the current third-place advertiser in the market. The Pixel 8 generation will benefit from Google's establishment in the channel to find exposure through major US carriers and national retailers like Best Buy and Walmart.

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Samsung Announces Value-Oriented Galaxy S23 FE

Samsung is renewing its "Fan Edition" lineup with the new [Galaxy S23 FE](#) smartphone, an alternative to its flagship line that offers similar levels of performance with compromises that achieve a lower overall price tag. The official announcement follows [earlier rumors](#) and serves as the first activity for the "Fan Edition" series since Samsung did not release a version based on last year's S22 smartphones. The Galaxy S23 FE holds a strong value proposition with its starting price tag of \$599.99, which is \$100 lower than the previous S21 FE (\$699.99 launch price). This separates the model from Samsung's other current S23 handsets. Samsung's Galaxy S23 FE will ship in two configurations: 128GB and 256GB (\$659.99), and is set for release on October 26, 2023 in mint, cream, graphite, and purple options. Samsung.com will also offer exclusive indigo and tangerine variants to appeal toward an even wider audience of style-conscious buyers.

gap impact summary

- Samsung announces Galaxy S23 FE as "value flagship" for \$599, \$100 less than prior "Fan Edition" models
- Offers similar design & features as S23 family w/ trade-offs to hit lower price point
- First refresh to FE line since 2021, widens Samsung's stance in mid-market price tier

- Wide exposure expected from national retailers & carriers during holiday season



The Galaxy S23 FE mirrors the design of Samsung's current S-series, including its floating camera and "pre" plus IP68 water and dust resistance, creating a new entry point to the brand's portfolio without drastic trade capabilities. Samsung boasts that the handset features "a wide variety of recycled materials" internally and including pre-consumer recycled aluminum and glass, and post-consumer recycled plastic, which is sourced nets, water barrels, and PET bottles. This emphasis on sustainability is designed to help new users and young consumers form a positive opinion of the brand.

The Galaxy S23 FE has a 6.4” AMOLED with a 120Hz adaptive refresh rate and Vision Booster technology that automatically keeps the screen vivid based on the surrounding environment. The photo/video features of the camera are enhanced by advanced digital image stabilization (VDIS) and an optical image stabilizer (OIS), and the mode Nightography mode contributes to better photos in challenging lighting conditions.

- ❑ Triple rear camera system: 50MP main, 8MP telephoto w/ 3x optical zoom, 12MP ultra-wide
- ❑ Qualcomm Snapdragon 8 Gen 1 chipset
- ❑ 8GB RAM
- ❑ 128GB & 256GB storage options
- ❑ 4,500mAh battery w/ 25W super-fast charging (50% in 30min)
- ❑ Wireless charging

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. The new Galaxy S23 FE marks a return to the fall launch schedule for Samsung’s series, giving important holiday season exposure. Samsung says that the Galaxy S23 FE is specifically “for those who want to experience Galaxy flagship devices for the first time,” and describes its launch as the “perfect entry point.”

The new model sits below the S-series in price, and above the A-series in terms of capabilities to give Samsung a wider coverage in the market. Previous FE models launched with trade-in promotions through Best Buy, Google, Mobile, and Verizon, dropping pricing to \$0 (postpaid), and the same promotions may again be expected for the S23 FE. Value-oriented smartphones from Motorola and Google will be the primary Android challengers to the Samsung model, which is expected to benefit from an established path to follow into major retail accounts.

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INDUSTRY REPORTS

Amazon Introduces Invite Only Deals for its Big Deal Days Savings Event

Amazon is introducing invite only deals during its October 10th and 11th Big Deal Days savings event. The exclusive event will incorporate invitations for its largest discounts to ensure consumers receive deep savings. Consumers will need to constantly monitor Amazon's site. The deals are denoted on Amazon's e-commerce platform and all Prime members to request an invitation that will guarantee the purchase of the specific product when it goes on sale. Invitations are limited based on the number of in-stock products. Those that are accepted for the invitation will receive email confirmation alongside a unique link that takes the shopper to the specific product page during the event. Each Prime member is allowed to request one invitation per product.

Big Deal Days Invite Only Savings

- Amazon Fire TV 50-inch Omni Series for \$150 after \$226 savings
- Hisense 50-inch ULED Smart Fire TV for \$200 after \$300 savings
- Sony HTX8500 Soundbar for \$198 after \$177 savings
- SodaStream Art Sparkling Water Maker Bundle for \$110 after \$90 savings
- Blink Outdoor (3rd Gen) security camera for \$100 after \$150 savings
- Jabra Elite 7 Wireless Earbuds for \$80 after 44% off
- Citizen Men's Promaster Dive Automatic 3 Hand Silver Stainless Steel Watch for \$200 after \$275
- Philips 3000 Series Air Fryer for \$80 after \$70 savings

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Report: 2023's Top 10 Busiest Shopping Days in the US

An analysis compiled by [Sensormatic Solutions](#) reveals the top ten busiest shopping days in the US.

Black Friday (Nov. 24) remains the busiest predicted shopping day of the holiday season, followed by Super Saturday (Dec. 23) and the third Saturday in December (Dec. 16)

On average, the top 10 shopping days in the United States account for 40% of total Christmas retail traffic. The busiest days are anticipated to be more concentrated near the end of the year due to Christmas Day falling on Dec. 25 this year.

In keeping with the retail traffic performance thus far in 2023, Sensormatic expects that US in-store traffic decline marginally compared to 2022, with projections showing a year-over-year reduction of no more than 1%. According to Sensormatic data, store visitation was down on average by 2% from 2022 to this year.

Sensormatic's Predicted Top 10 Busiest Shopping Days in the US

1. Friday, Nov. 24 (Black Friday)
2. Saturday, Dec. 23 (Super Saturday)
3. Saturday, Dec. 16 (Third Saturday in December)
4. Friday, Dec. 22 (Friday Before Christmas)
5. Saturday, Nov. 25 (Saturday after Black Friday)
6. Tuesday, Dec. 26 (Boxing Day)
7. Saturday, Dec. 9 (Second Saturday in December)
8. Saturday, Dec. 2 (First Saturday in December)
9. Saturday, Dec. 30 (Saturday after Christmas)
10. Sunday, Dec. 17 (Sunday before Christmas Eve)

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Report: Consumers Experience False Declines, Push to Shop with Trusted Retailers

According to the “[2023 Trust Premium Report](#)” from Forter, which surveyed 5,000 consumers across five countries, shoppers are willing to spend 46% more with retailers that they trust. Notably, 76% of respondents reported a recent negative e-commerce experience, and 77% stated that they would likely not follow through with a purchase if the checkout experience is difficult or not efficient.

The most common negative online shopping experience was false declines, with the US having the highest rate (56%) of false declines in the last 90 days, followed by Singapore (48%). Millennial and Gen Z (49%) respondents were more likely to be falsely declined at checkout compared to Gen X (27%) and baby boomer (8%) consumers. Forter's data from Forter indicates that false declines are typically five to 10 times higher than actual fraud. Forter estimates on this first-party data that for every \$1 retailers lose to fraud, they forfeit \$30 by falsely declining consumers.

Forster data also found that mandating account creation can cause about 3% to 5% of consumers to leave their carts empty, while requiring consumers to validate their email addresses and phone numbers can cause an average 4% to 5% drop in conversion rate.

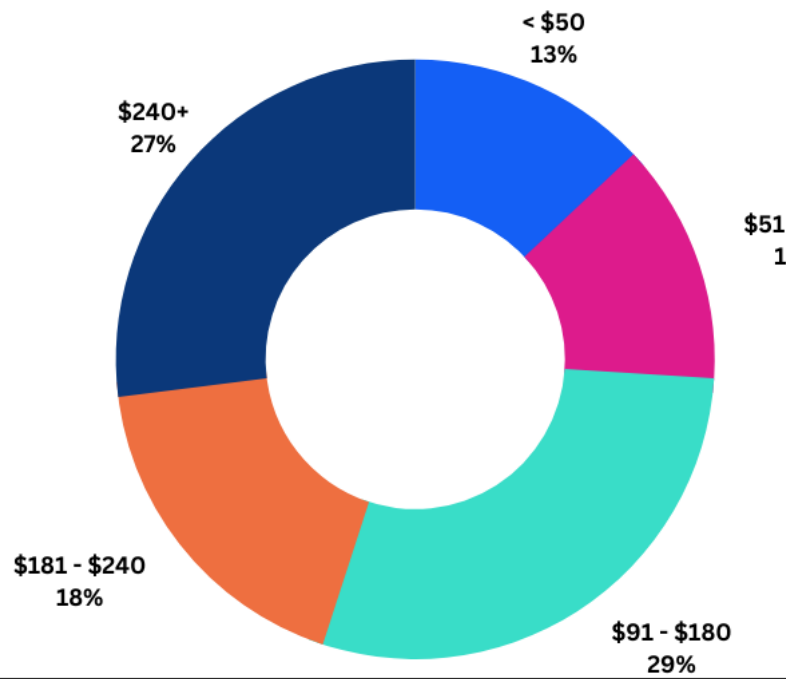
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Survey: 79% of July 2023 Prime Day Shoppers Plan to Shop During October Event

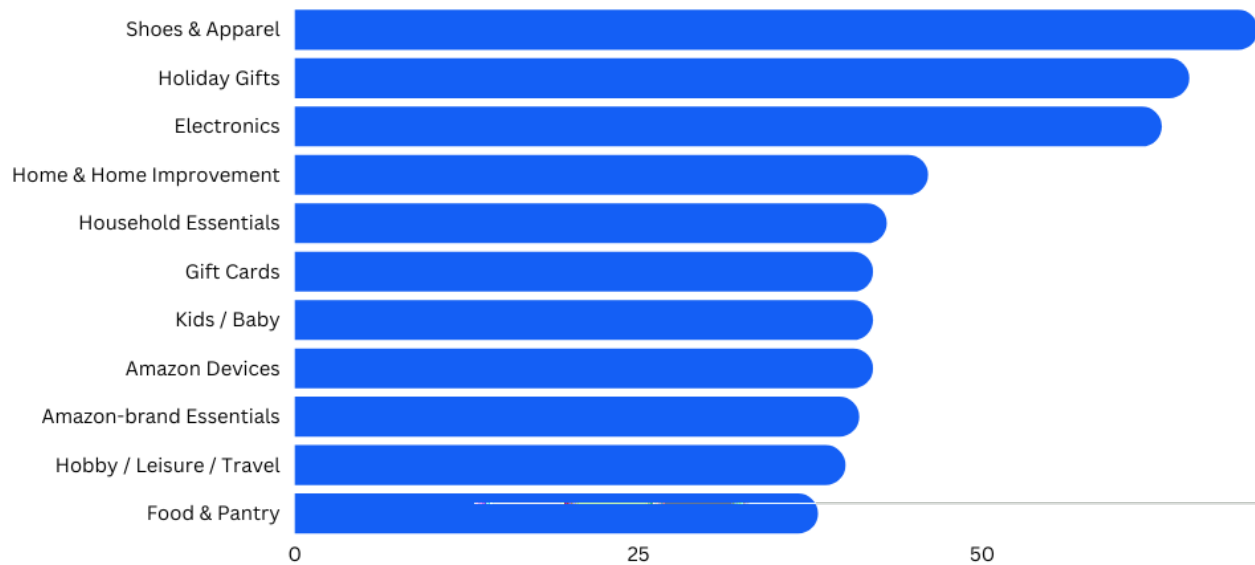
The vast majority (79%) of those who participated in Amazon's last Prime Day event plan to shop during the upcoming Amazon Prime Big Deal Days event (October 10-11), [according to Slickdeals](#). When asked what categories they plan to shop during Big Deal Days, the top five responses were shoes & apparel (70%), holiday gifts (65%), electronics (63%), home & home improvement (46%), and household essentials (43%). Commissioned by Slickdeals and conducted by Forrester, the survey included 1,045 American adults who shopped during the last Prime Day. Other key takeaways include:

- 57% felt that there might be better deals during Cyber Week
- 27% expect to spend more than \$241 during Prime Big Deal Days
- 69% plan to shop for holiday gifts during Prime Big Deal Days
 - 24% would consider buying a gift if they find something they like
 - Only 6% think October is too early for holiday shopping
- For those who shop competing sales, the top choices are Walmart (90%), Target (81%), and Costco (79%)

How much shoppers are willing to spend during Prime Big Deal Days



What shoppers are planning to buy during Prime Big Deal Days



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Survey: Consumers Search for Holiday Deals

A new survey from Bread Financial shows that 76% of shoppers plan to seek better holiday deals, an increase from last year's (69%). This year, 89% of shoppers stated price hikes are impacting their planned purchases, up from 81% last year. However, 33% plan to spend more on holiday purchases this year, down two points from 2022, while 31% plan to spend the same as last year. Of consumers looking to spend more than last year, 58% plan to spend more due to the desire, while 42% need to due to inflation. Half of shoppers expect to begin their holiday shopping by late October, an increase from the 42% last year.

Likely to help with budgeting, 53% of shoppers plan to use cash and 59% use debit cards. Buy now pay later is up 4% from 21% last year, while bank-branded credit cards are 7% less likely and retail credit cards are down 27%. Adobe predicts US online holiday sales will hit \$221.8 billion, an increase of 4.8% YoY for the Nov. 1 to Dec. 31 period.

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