

From: gap intelligence
Sent: Tue, 8 Aug 2023 04:03:27 +0000
To: chatty@google.com
Subject: gap intelligence: Smartphones (US) Market Intelligence Report - Aug 07, 2023



MARKET INTELLIGENCE REPORT



Smartphone

S

Aug 07, 2023



Scott Peterson

Smartphones Analyst

Smartphones@gapintelligence.com

PRODUCT UPDATES

- gapSnapshot: S-Series Stays Atop a Declining Samsung Omni-Channel Portfolio
- Channel Prepares for Arrival of Samsung's New Foldable Z-Series



Visit the gap intelligence
Dashboard

Interact with our data online



Connect with us on LinkedIn

INDUSTRY REPORTS

- T-Mobile Reports Q2 2023 Results, Highlighting Lowest Industry Postpaid Phone Churn
- Apple's Q2 2023 Financials Show Overall Revenue Decline of 1% YoY but Record for Services
- Qualcomm Reports Q3 2023 Financial Results: Revenue Down 23% YoY to \$8.5 Billion
- Acer Reports Q2 2023 Financial Results, Revenue Down 19% YoY
- Amazon Reaches Fastest Prime Fulfillment Speeds in Q2 2023
- Amazon Releases Q2 2023 Financial Results, Revenue Growth of 11% YoY

- Survey: Consumer's Prioritize Security When Shopping Online
- Study: Inventory Distortion Drives \$1.77 Trillion in Lost Sales Globally During 2022

PRODUCT UPDATES

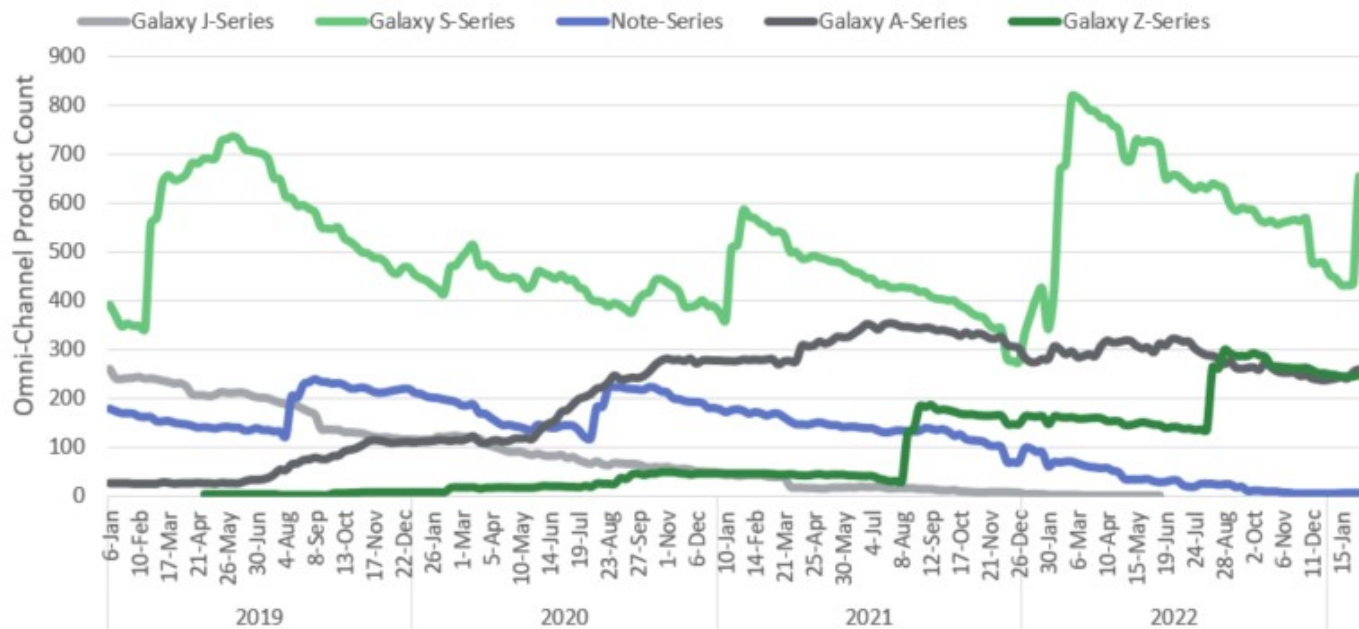
gapSnapshot: S-Series Stays Atop a Declining Samsung Omni-Channel Portfolio

This week's Snapshot highlights a multi-year trend of Samsung's omni-channel smartphone placements by product family. Members of the Galaxy A, J, S, Note, and Z-series are included in the chart, which includes prepaid and unlocked market segments. gap intelligence's panel of merchants includes Amazon, AT&T, Best Buy, Costco, Cricket Wireless, MetroPCS, Sam's Club, Sprint, Target, T-Mobile, US Cellular, Verizon, and Walmart.

gap impact summary

- YoY, Samsung's selection of smartphones placed across omni-channel shrinks 20% in Jul 2023 (872 SKUs), a similar reduction logged in [Q1 of this year](#)
- S-series stays a staple for Samsung, representing 53% of its current cross-channel portfolio, a 5-point share amid rise in budget & foldable product families
 - o SKU count diminishes YoY by 25% (460 vs. 629 SKUs)
- A-series sits as Samsung's No.2 product family, virtually uninterrupted since summer 2020 w/ the competition occurring for the summer 2022 Z-series launch
 - o A-series now responsible for 29% of Samsung's omni-channel exposure, up 1-point YoY
 - o Budget-focused series briefly took over as Samsung's No.1 product family during Dec 2021
- Z-series holds 3rd place position in Samsung's portfolio w/ current 18% share ahead of the 4th generation product line, up 6-points YoY
- SKU count for foldables rises 14% YoY (145 vs. 135 SKUs), giving segment nearly equal footing as A-series since Sept 2022 through Jan 2023

Smartphones: **SAMSUNG** Omni-Channel Trend by Series



*includes unlocked, prepaid, & postpaid smartphones available in-store &/or online
 *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: "Merchant Pricing Trends" tab within the August 6, 2023 Pricing & Promotions Report in [Dashboard Reports](#)

[Top](#)

Channel Prepares for Arrival of Samsung's New Foldable Z-Series

With pre-orders active, and availability set for later this week (Aug 11, 2023), Samsung's latest foldable smartphones, the [Galaxy Z Flip5 5G](#) and [Galaxy Z Fold5 5G](#) are being placed and promoted by merchants across the US market. The channel's response to this launch, as recorded thus far, is similar to Samsung's previous Galaxy Z-series generational launches, complete with an initial reservation period prior to pre-order, channel-wide deals designed by the vendor, and unique promotions offered to individual merchant accounts. Samsung's swift channel execution ensures a high level of exposure to consumers during this early phase and sets the brand up with a solid start to this year's generation of foldables. The annual success of the foldable segment is largely dependent on this early phase and sets the brand up with a solid start to this year's generation of foldables. The annual success of the foldable segment is largely dependent on this early phase and sets the brand up with a solid start to this year's generation of foldables.

refresh arrives slightly ahead of last year's Z-series launch, showing Samsung's intent to keep its lead in the foldable segment amid new, and renewed competition from Google and Motorola.

gap impact summary

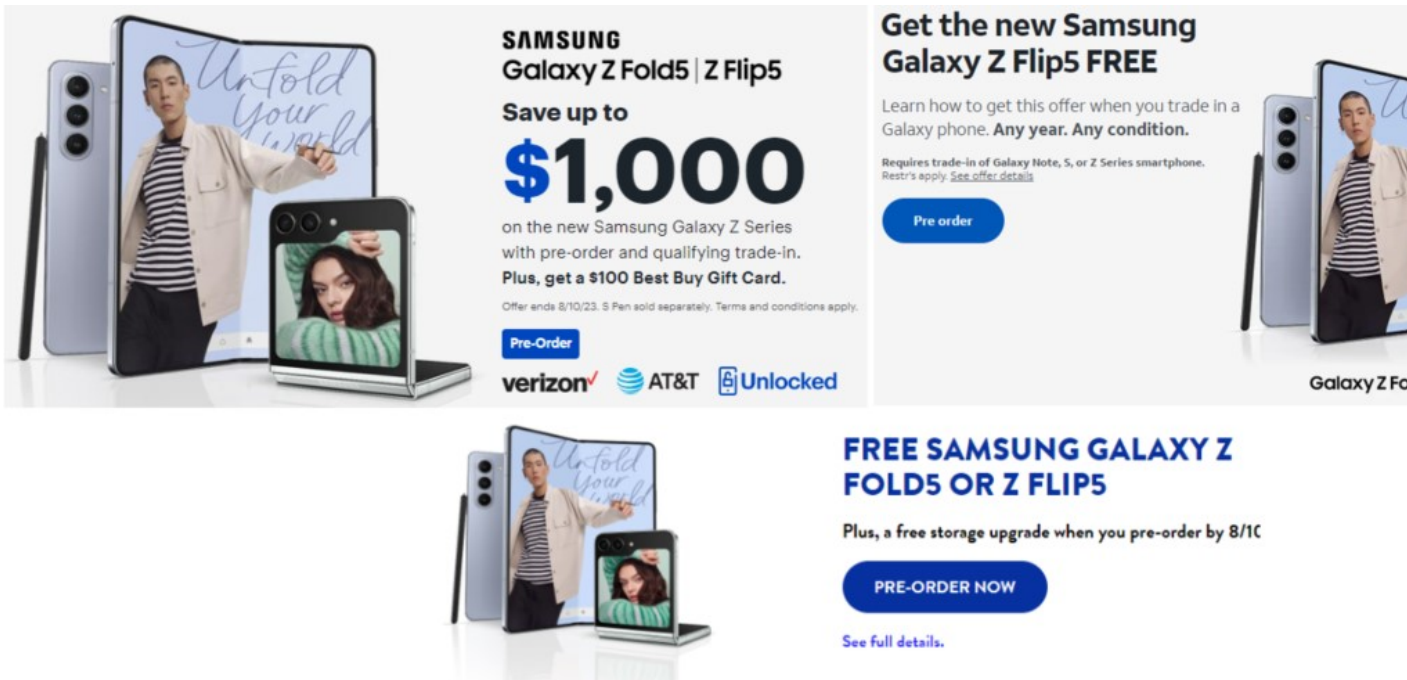
- Online channel gains new Galaxy Z Flip5 5G & Galaxy Z Fold5 5G listings during pre-order period
- Major carriers AT&T, T-Mobile, US Cellular, & Verizon showcase postpaid options, along with Best Buy & Amazon unlocked buying options found through Amazon, Best Buy & Walmart to date
- Overarching promotions include up to \$1,000-off of the Galaxy Z-series via trade-in, plus storage up to 1TB (Galaxy Z Fold5) & \$100 gift cards (Best Buy)
- Robust array of merchants expected to showcase 5th gen foldables following pre-order



The pre-order availability of the fifth generation Z-series will spur a revamp of Samsung display fixtures across the brick-and-mortar channel. To date, Samsung's Experience Shop at Best Buy is the most comprehensive setup in the channel with interactive displays, illuminated podiums, and informative comparisons of the new models' specifications. Samsung's Galaxy Z Fold5 and Galaxy Z Flip5 launch with respective starting prices of \$1,799.99 and \$999.99, the same as earlier generations. This year's foldables have design improvements centered around the "teardrop" hinge, the latest Snapdragon chipsets, and a visibly larger display on the Flip5.

Within gap intelligence's panel, carriers including AT&T, T-Mobile, and Verizon have added members of the Z-series to their online assortments, while the models are also captured online through US Cellular. BestBuy. com also lists these major carriers' SKUs along with unlocked buying options that can also be found through Amazon.com and Walmart.com during this early phase. Additionally, T-Mobile's tables inside Costco are displaying the Galaxy Z Flip5 5G to gain early awareness for the smartphone.

Carriers and merchants that have devoted advertising for Samsung's Galaxy Z Flip5 5G and Galaxy Z Fold5 are united in offering up to \$1,000-off of the Galaxy Z-series items via trade-in, which is in line with last year's strategy. Best Buy also includes a \$100 gift card [within its advertising](#). US Cellular and Verizon also echo Samsung's trade-in storage upgrade tactic, adding an extra \$120 on top of trade-in values that bring the phone to [zero net cost for buyers](#). Samsung's aggressive pre-orders and early carrier promotions for the new Galaxy foldables foreshadow a more promotionally rich lifecycle than seen previously, which sets a high bar for the competing promotions in the segment players.



SAMSUNG
Galaxy Z Fold5 | Z Flip5

Save up to
\$1,000

on the new Samsung Galaxy Z Series with pre-order and qualifying trade-in.
Plus, get a \$100 Best Buy Gift Card.

Offer ends 8/10/23. S Pen sold separately. Terms and conditions apply.

[Pre-Order](#)

verizon AT&T Unlocked

Get the new Samsung Galaxy Z Flip5 FREE

Learn how to get this offer when you trade in a Galaxy phone. **Any year. Any condition.**

Requires trade-in of Galaxy Note, S, or Z Series smartphone. Restr's apply. [See offer details](#)

[Pre order](#)

Galaxy Z Fo

FREE SAMSUNG GALAXY Z FOLD5 OR Z FLIP5

Plus, a free storage upgrade when you pre-order by 8/10

[PRE-ORDER NOW](#)

[See full details.](#)

Debuting with identical price tags in comparison to Samsung's previous two generations of foldables, the Galaxy Z Fold5 and Galaxy Z Flip5 illustrate the brand's efforts to draw appeal for the segment without raising pricing thresholds. The solid dual SKU cascade shows Samsung's stance as the market leader in the foldable realm, although Motorola will provide more competition this year with its \$999.99 Razr V30. Google's debut of the \$1,799.99 Fold gives a new option for the power-users and productivity-focused individuals who would gravitate to the Fold5's format.

[Top](#)

INDUSTRY REPORTS

T-Mobile Reports Q2 2023 Results, Highlighting Lowest Industry Postpaid Phone

T-Mobile recently [released](#) its Q2 2023 financial results for the period ended June 30, reporting quarterly revenue of \$19.2 billion, down 2.6% year-over-year (YoY) from \$19.7 billion. Despite overall contracting revenue, the company saw a slight increase of 2.8% YoY in total service revenues, rising to \$15.7 billion from \$15.3 billion. T-Mobile's

for the quarter was \$2.2 billion, compared to a loss of (\$108) million during the same period in 2022. In its Q2 earnings call, the company highlighted its Un-carrier approach and how it has contributed to consistent growth. T-Mobile had the most Q2 postpaid phone net additions in eight years, due to its low churn rates and industry-leading

gap impact summary

- Total revenue of \$19.2 billion, down 2.6% YoY
- Net income of \$2.2 billion, up from a loss of (\$108) million YoY
- Service revenue \$15.7 billion, up 2.8% YoY
- Postpaid net customer adds of 1.6 million, industry leading
- Postpaid phone net customer adds of 760 thousand, 0.77% churn

(in millions, except EPS)	Quarter			Six Months Ended June 30,		Q2 2023 vs. Q1 2023	Q2 2023 vs. Q2 2022
	Q2 2023	Q1 2023	Q2 2022	2023	2022		
Total service revenues	\$ 15,738	\$ 15,546	\$ 15,316	\$ 31,284	\$ 30,444	1.2 %	2.8 %
Postpaid service revenues	12,070	11,862	11,445	23,932	22,646	1.8 %	5.5 %
Total revenues	19,196	19,632	19,701	38,828	39,821	(2.2)%	(2.6)%
Net income (loss)	2,221	1,940	(108)	4,161	605	14.5 %	NM
Diluted EPS	1.86	1.58	(0.09)	3.44	0.48	17.7 %	NM
Adjusted EBITDA	7,405	7,199	7,004	14,604	13,954	2.9 %	5.7 %
Core Adjusted EBITDA	7,336	7,052	6,618	14,388	13,081	4.0 %	10.8 %
Net cash provided by operating activities	4,355	4,051	4,209	8,406	8,054	7.5 %	3.5 %
Cash purchases of property and equipment, including capitalized interest	2,789	3,001	3,572	5,790	6,953	(7.1)%	(21.9)%
Adjusted Free Cash Flow	2,877	2,401	1,758	5,278	3,407	19.8 %	63.7 %

NM - Not Meaningful

T-Mobile achieved the lowest postpaid phone churn in the industry in Q2 2023, making this the first time the company has done so. The company claimed that this effort was attained through its consistent goal to enhance its value proposition and improve the overall customer experience, reaching a churn rate of only 0.77%. Additionally, T-Mobile's ability to extend its leadership in 5G, with third-party results showing a widening gap between the carrier and its competitors. As other companies move to incorporate longer and more expensive contracts, T-Mobile initiated its [Freedom](#) plan in April of this year, paying off locked phones and transitioning customers to its own services. These efforts have helped drive its consumer base and ultimately fall in line with T-Mobile's overall Un-carrier initiative.

- Postpaid service revenue of \$12.1 billion, up 5% YoY – best in industry growth
- Postpaid customer additions of \$1.6 million – best in industry & raising guidance

- Postpaid phone net additions 760 thousand – best in industry
- Prepaid net customer additions 124 thousand, down 2 thousand YoY – churn of 2.62%

	Quarter			Six Months June
(in thousands, except churn)	Q2 2023	Q1 2023	Q2 2022	2023
Postpaid net account additions	299	287	380	586
Total net customer additions	1,685	1,319	1,802	3,004
Postpaid net customer additions	1,561	1,293	1,656	2,854
Postpaid phone net customer additions	760	538	723	1,298
Postpaid other net customer additions ⁽²⁾	801	755	933	1,556
Prepaid net customer additions ⁽²⁾	124	26	146	150
Total customers, end of period ⁽²⁾⁽³⁾	116,602	114,917	110,023	116,602
Postpaid phone churn	0.77 %	0.89 %	0.80 %	0.83 %
Prepaid churn	2.62 %	2.76 %	2.58 %	2.69 %
High Speed Internet net customer additions	509	523	560	1,032
Total High Speed Internet customers, end of period	3,678	3,169	1,544	3,678

Outlook

Considering its success during Q2 2023, the carrier store opted to again raise its full-year guidance. T-Mobile total postpaid net customers to reach between 5.6 and 5.9 million, up 250,000 at the midpoint of the year. With growth is reflected across all market segments, the company expects around half of the postpaid net adds to be on smartphones. Additionally, the overall EBITDA expectations increased to between \$28.9 billion and \$29.2 billion YoY at the middle of the year and driven by T-Mobile's profitable growth strategy.

See also:

[T-Mobile Raises Fiscal 2022 Guidance Despite Slight Q2 Revenue Decline](#), August 8, 2022

[Top](#)

Apple's Q2 2023 Financials Show Overall Revenue Decline of 1% YoY but Record Services

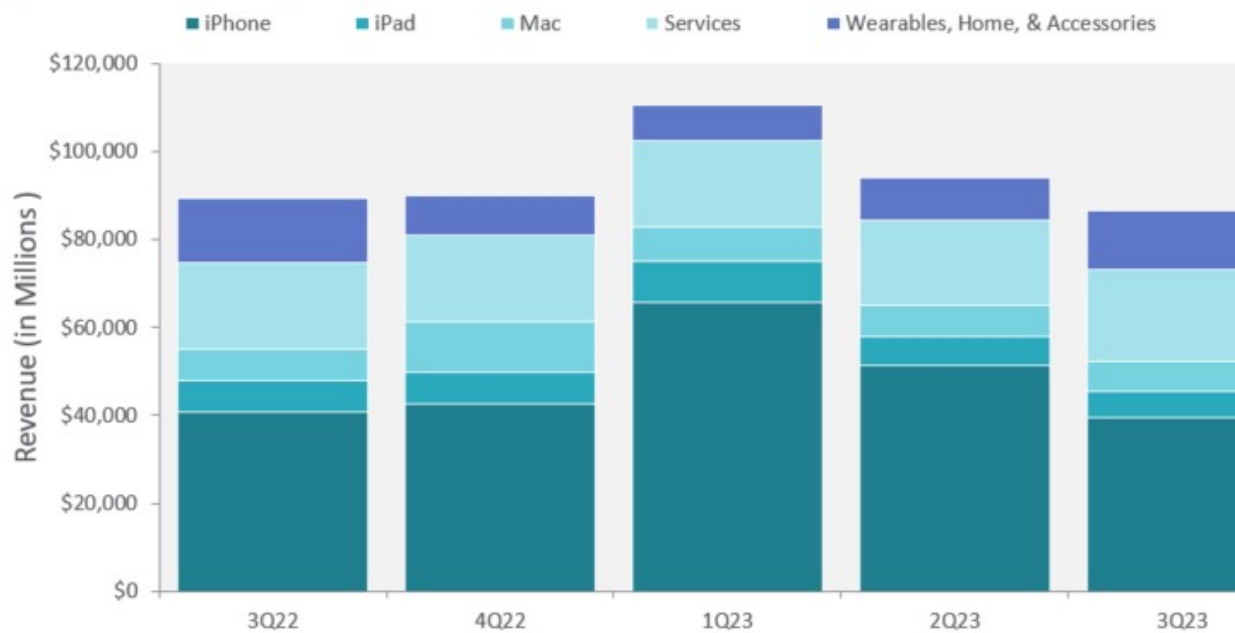
Apple recently [reported](#) the financial results for its fiscal Q3 2023, the three-month period that ended July reporting a 1% YoY decrease in revenue to \$81.8 billion, down from a "record-setting" \$83 billion [last year](#).

Apple achieved an all-time revenue record in Services during the quarter, driven by over 1 billion paid subscribers. The installed base of active Apple devices reached an all-time high in every geographic segment. The company's performance improvements across business from Q2 of this year, including a continued strength in emerging markets due to robust sales of its iPhones.

Key Q3 FY2023 Financial Results:

- Overall Q2 FY2023 revenue down 1% YoY to \$81.8 billion
- Net income up 2% YoY to \$19.9 billion
- Services revenue up 8% YoY to \$21.2 billion, a new record
- Greater China & Europe post largest geographic segment increases YoY (up 8% & up 5%)

Apple Revenue by Segment



Source Apple; compiled by

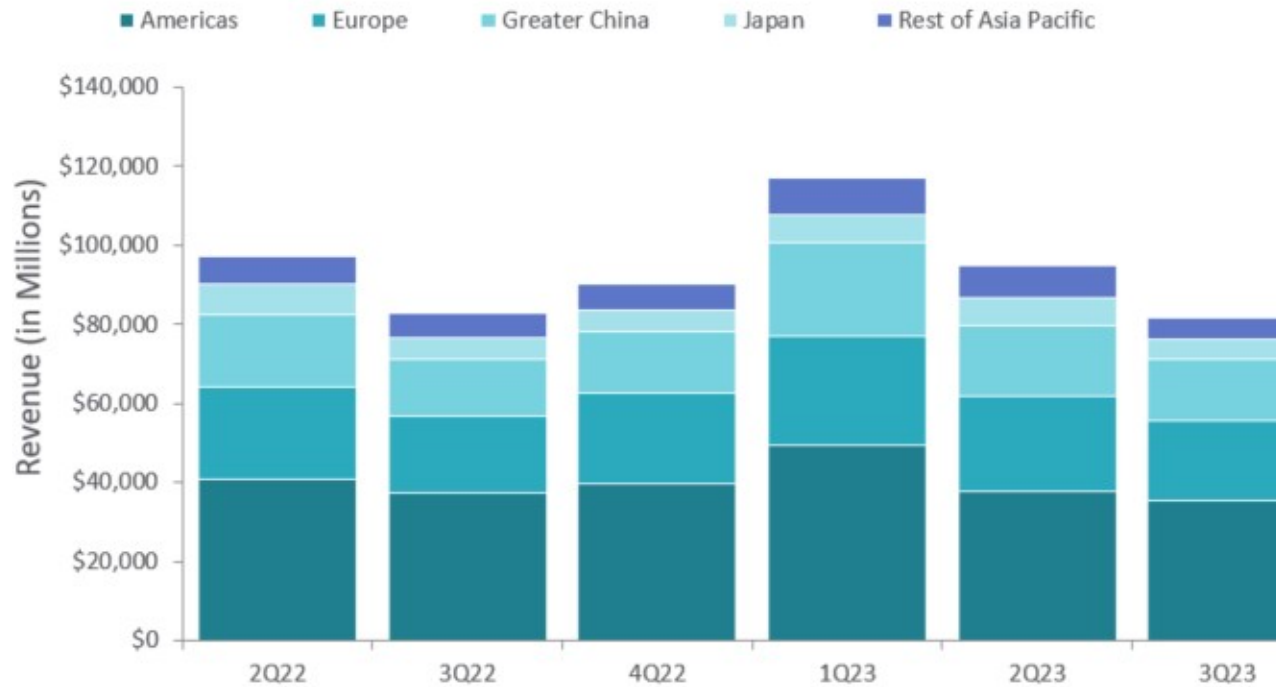
gap g intellig

Q3 FY2023 Results by Product Segment

- iPhone revenue down 2% to \$39.7 billion
- iPad revenue down 20% to \$5.8 billion
- Mac revenue down 7% to \$6.8 billion
- Wearables, Home, & Accessories up 2% to \$8.3 billion
- Services revenue up 8% to \$21.2 billion

Apple's iPhone segment continues as the leading source for the manufacturer's sales again this quarter, representing 33% share of its revenue, unchanged YoY. Services takes up the next most significant portion at a 26% share and is the strongest growth category in Q3, followed by Wearables, Home, & Accessories. Subscriptions grew by 150% in Q3 2023 over the past year, and have more than doubled over the last three years. Apple considers the strength of its ecosystem a key justification for the continued growth in its active installed base, which drives high levels of consumer loyalty. Apple commented that around half of Mac buyers in Q3 2023 were new to the product and two thirds of Apple TV+ subscribers have come from first time buyers.

Apple Revenue by Region



source: Apple; compiled by gap intelligence

Q3 FY2023 Results by Geographic Region

- America's down 6% to \$35.4 billion
- Europe up 5% to \$20.2 billion
- Greater China up 8% to \$15.8 billion
- Japan down 11% to \$4.8 billion
- Rest of Asia Pacific down 8% to \$5.6 billion

International sales accounted for 57% of Q3 2023's total revenue, down ahead of its mix in Q3 last year (55%). Americas continue to be Apple's most important geographic region with \$39.7 billion in revenue, 43% share of total, but an on-year decline of 2%. Greater China and Europe were positive areas of growth for Apple in Q3, up 8% and 5%, respectively, while sales drops in Japan and the Rest of Asia Pacific offset this positive performance.

Outlook

For the quarter ahead, Apple is anticipating that YoY performance will be comparable to this latest quarter, if the macro economic environment does not worsen. The company is expecting a YoY revenue impact around 1% and a gross margin of roughly 45%, which is based on its confidence in a strong product mix, cost savings. Q4 2023 is expected to bring continued increases in Services and a boost in Phone sales backed by the debut of iPhone 15 in September. Q4 revenue could drop double digits due to difficult comparables in Mac and iPad segments.

See also:

[Apple Reports Fiscal Q1 2023 Financials, Revenue Down 5% YoY to \\$117.2 Billion](#)

[Apple Reports Fiscal Q2 2023 Financials, Revenue Down 3% YoY to \\$94.8 Billion](#)

[Top](#)

Qualcomm Reports Q3 2023 Financial Results: Revenue Down 23% YoY to \$8.5 billion

Qualcomm reported its results for its Q3 FY2023, the period ending June 25, with revenue down 23% YoY to \$8.5 billion and net income down 52% YoY to \$1.8 billion. Qualcomm President and CEO Cristiano Amon announced that Qualcomm's performance was in line with its previous guidance and on the high end for its chipset division and on the low end for its licensing division. President Amon also believes that "on-device AI has the potential to drive an inflection point across all products" and is confident in the future results of integrating AI across all of Qualcomm's segments.

gap impact summary

- Q3 2023 revenue decreased 23% YoY to \$8.5 billion
- Q3 2023 net income decreased 52% YoY to \$1.8 billion
- Hardware division (QCT) revenue decreased 24% YoY to \$7.2 billion
 - o Handsets revenue down 25% YoY to \$5.3 billion
 - o Automotive revenue up 13% YoY to \$434 million
 - o IoT revenue down 24% to \$1.5 billion
- Licensing division (QTL) revenue down 19% YoY to \$1.2 billion

Third Quarter Results^{1, 2}

<i>(in millions, except per share data and percentages)</i>	GAAP			Non-GAAP		
	Q3 Fiscal 2023	Q3 Fiscal 2022	Change	Q3 Fiscal 2023	Q3 Fiscal 2022	Change
Revenues	\$8,451	\$10,936	(23%)	\$8,442	\$10,928	(23%)
Earnings before taxes (EBT)	\$1,757	\$4,239	(59%)	\$2,430	\$3,894	(38%)
Net income	\$1,803	\$3,730	(52%)	\$2,105	\$3,356	(37%)
Diluted earnings per share (EPS)	\$1.60	\$3.29	(51%)	\$1.87	\$2.96	(37%)

Qualcomm QCT

Qualcomm's hardware division reported a 24% decrease in revenue to \$7.2 billion, consistent with last quarter. The decrease in revenue was primarily due to a global decline in sell-in for handsets. Qualcomm estimates that handset units will continue to decline by high single-digit percentages compared to 2022, reflecting the overall macroeconomic environment. In its Q3 2023 earnings call, Qualcomm highlighted its Snapdragon 8 Gen 2 mobile platforms and announced that Snapdragon 8 Gen 2 will be used in Samsung's new flagship devices.

Q3 2023 marks the 11th consecutive quarter of YoY double-digit percentage growth in QCT automotive revenue, which increased by 13%. Regarding IoT, decreases are attributed to elevated inventory due to weaker demand driven by macroeconomic conditions.

Qualcomm QTL

QTL revenue decreased by 19% YoY to \$1.2 billion. As the Smartphone market continues to grow, Qualcomm expects QTL to grow with it and expects this division to be less negatively impacted than QCT.

Outlook

Qualcomm's guidance for Q4 2023 forecasts \$8.1 to \$8.9 billion in revenue, with \$6.9 to \$7.5 billion for QCT and \$1.35 billion for QTL.

See also:

[Qualcomm Reports Q2 2023 Financial Results: Revenue Down 17% to \\$9.3 Billion](#) May 8, 2023

[Top](#)

Acer Reports Q2 2023 Financial Results, Revenue Down 19% YoY

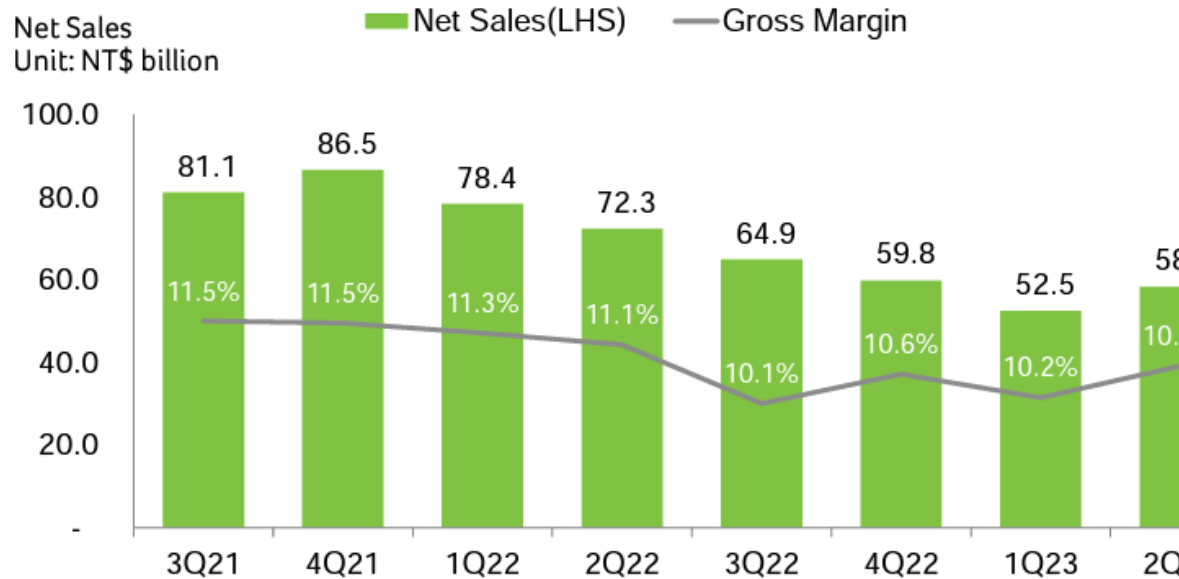
Acer recently [reported](#), its fiscal Q2 2023 financial results for the three-month period that ended June 30, 2023, showing a revenue decrease of 19% YoY to NT\$58.3 billion (\$1.8 billion).

Note: Q2 2023 US Dollar (\$) conversions are estimates based on historical exchange rates from the ended period. YoY percentages are based on Taiwan New Dollar (NT\$) comparisons.

gap impact summary

- Acer Q2 2023 revenue down 19% YoY to NT\$58.3 billion (\$1.8 billion)
- Gross profit down 22% YoY to NT\$6.3 billion (\$197 million)
- Operating income dropped 52% YoY to NT\$1.05 billion (\$32.7 million)
- Net income decreased 19% YoY to NT\$1.39 billion (\$43.8 million)

Net Sales and Gross Margin Trend



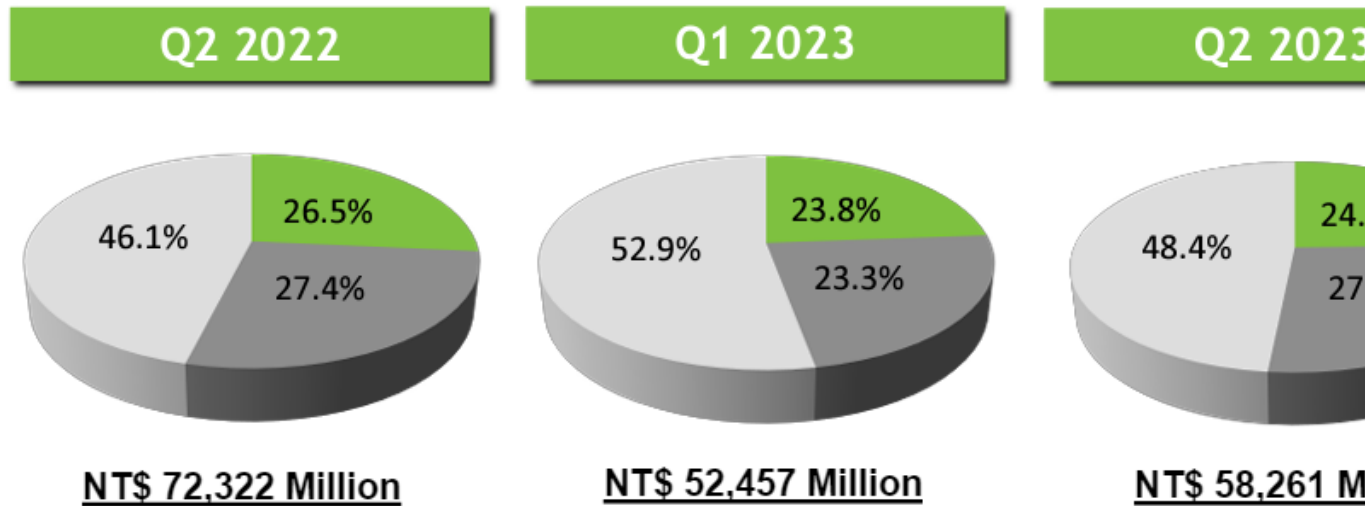
acer

IDC's Q2 PC shipment report ranked Acer in fifth place. Acer shipped 4 million units during the quarter, a 19.2% for Q2 YoY, earning a 6.4% market share this year. Gartner reported Acer shipped 4.02 million PCs, taking a 6.7% market share with a YoY decrease of 21.1% (see also: [IDC & Gartner: Q2 2023 Sees Less Severe in PC Shipments](#)).

Q2 2023 Revenue Breakdown by Geography

- Pan Asia Pacific region grew YoY to 48.4% in Q2 2023 from 46.1%
- Pan America region saw a slight decrease YoY to 27% from 27.4%
- EMEA region saw a decline YoY to 24.6% from 26.5%

Revenue Breakdown by Geography



Pan Asia Pacific
 Pan America
 EMEA

Notes:

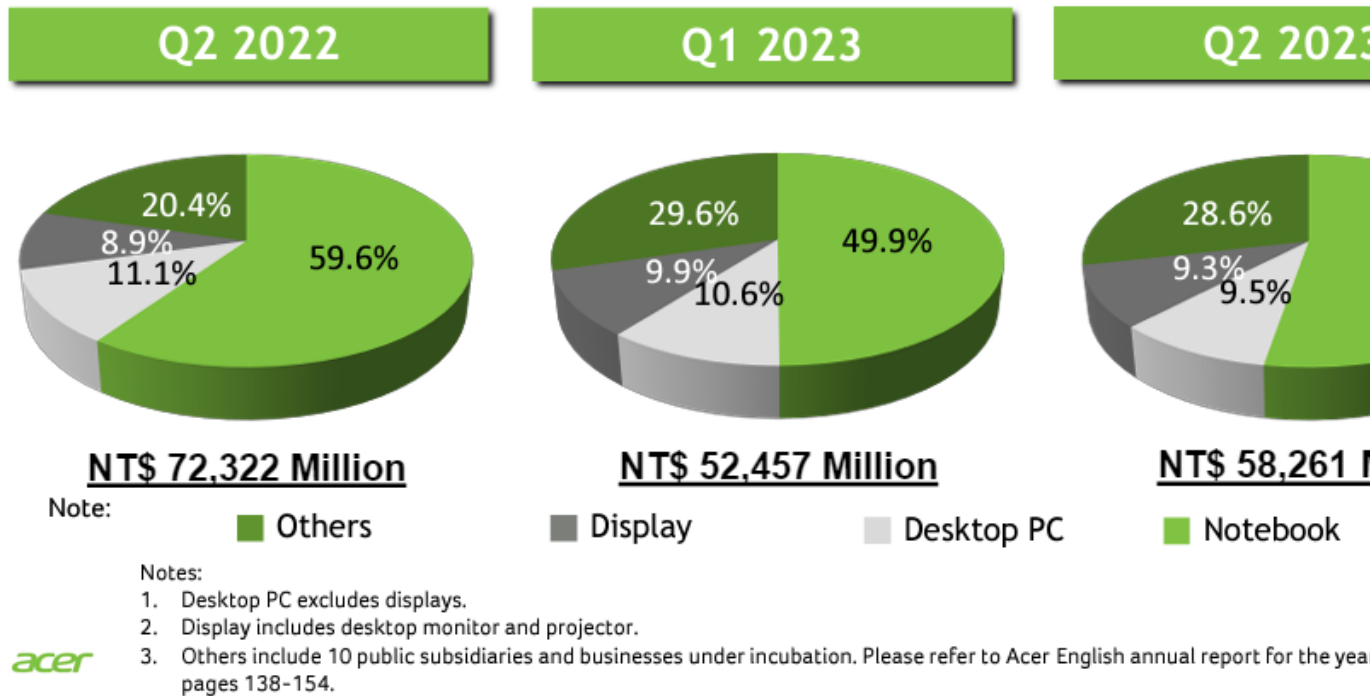
1. Pan Asia Pacific includes Asia Pacific, Japan, Taiwan, Hong Kong, and Mainland China.
2. EMEA includes Europe, Middle East and Africa



Q2 2023 Revenue Breakdown by Application

- Notebooks revenue decreased YoY to 52.6% YoY from 59.6%
- Desktops revenue decreased YoY to 9.5% YoY from 11.1%
- Displays revenue increased YoY to 9.3% YoY from 8.9%

Revenue Breakdown by Application



See also: [Acer Reports Q2 2022 Financial Results, Revenue Down 9.3% YoY](#)

[Top](#)

Amazon Reaches Fastest Prime Fulfillment Speeds in Q2 2023

During Amazon's second quarter, which ended June 30, over half of Amazon Prime member orders were delivered on the same or the following day. Doug Herrington, CEO of Worldwide Amazon Stores, credits three initiatives that contributed to the accelerated delivery windows: regionalizing Amazon's US operations network, employing machine learning algorithms to bring items closer to consumers, and leveraging an expanding network of same-day delivery facilities.

Amazon recently shifted from a national fulfillment network to a regionalized model, which means that the company now operates eight interconnected regions that serve smaller geographical areas rather than fulfilling orders from across the US.

To decide what inventory should be accessible at certain sites, Amazon utilizes sophisticated machine learning algorithms to predict demand. By putting goods in proper fulfillment centers for each area, the company reduces replenishment times while maintaining goods accessible at various locations.

Leveraging its newly shifted regional fulfillment network, Amazon plans to increase the number of its same-day delivery sites over the next few years. The new sites are located near large metro areas, which decreases the distance to customers and creates smaller footprints.

As a result, Amazon's Same-Day facilities typically take 11 minutes from picking up a customer's products to delivering the customer's package on the outbound dock, which is more than an hour faster than its standard fulfillment centers.

[Top](#)

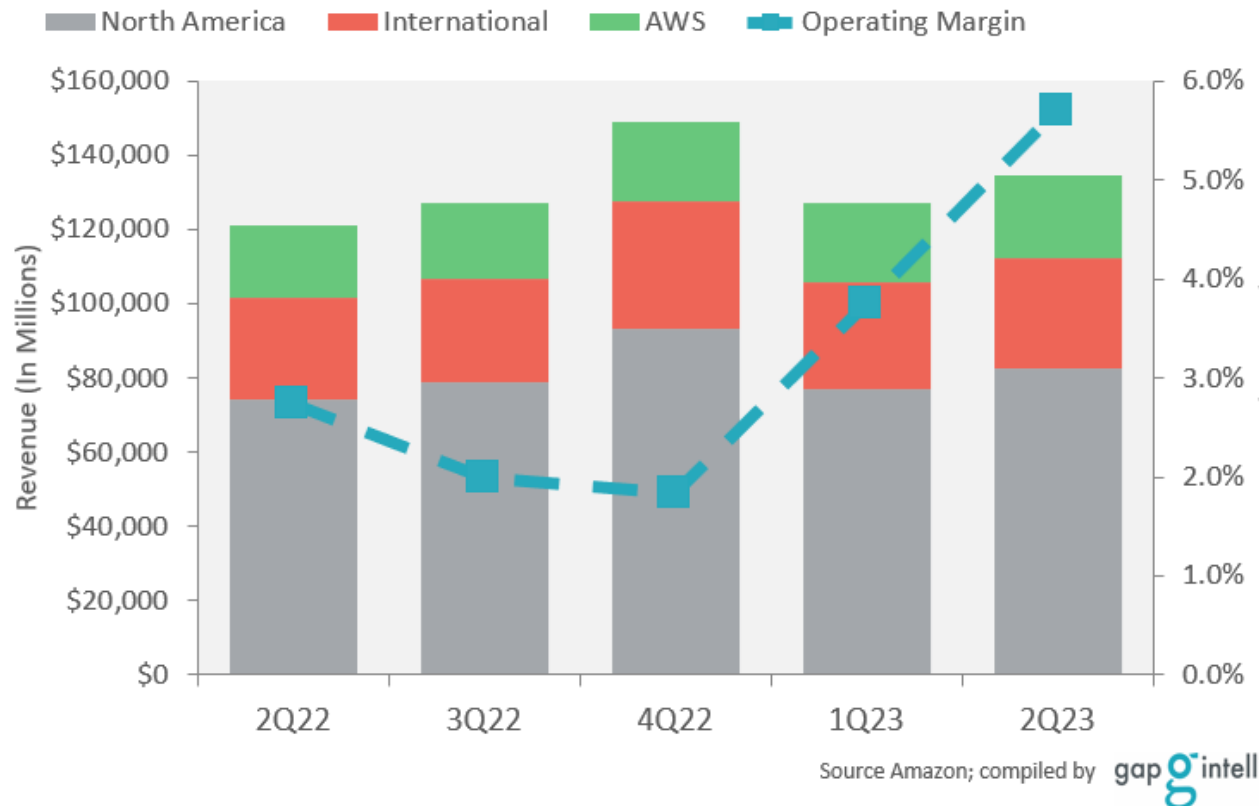
Amazon Releases Q2 2023 Financial Results, Revenue Growth of 11% YoY

Amazon recently [released](#) its Q2 financial results for the period ended June 30, 2023. The company reported a significant increase in revenue year-over-year (YoY) to \$134.4 billion. Amazon's net income for the quarter was \$6.75 billion, a YoY improvement from a loss of \$2.03 billion from its previous Q2 results. The company saw an increase in sales across North America (+11% YoY), International (+10% YoY), and AWS (+12% YoY).

gap impact summary

- Q2 2023 revenue increased 11% YoY to \$134.4 billion
- Q2 2023 operating income increased 132% YoY to \$7.68 billion
- Q2 2023 net income saw a dramatic change YoY from -\$2.03 billion to \$6.75 billion
- Q2 2023 operating margin of 5.7% from 2.7% Q2 2022

Amazon Revenue & Operating Margin



Business Highlights

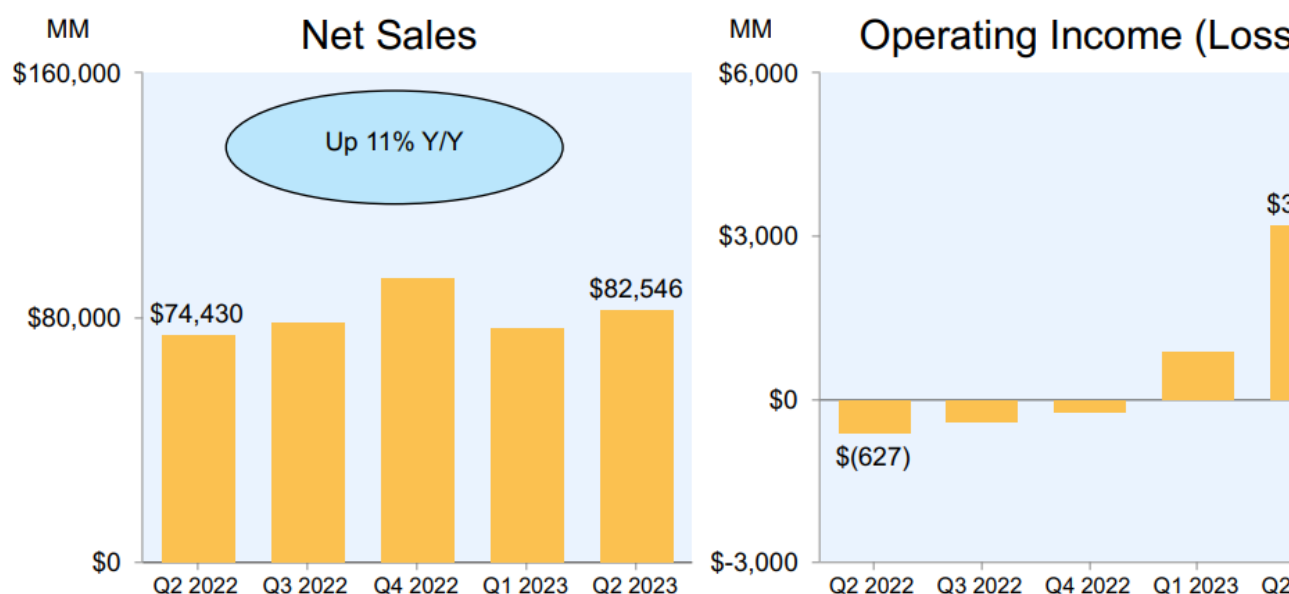
- Amazon delivered 1.8 billion units to US Prime Members the same or next day so far this year, nearly double the number of units by this point in 2019
- Largest Prime Day Event ever with 375 million items sold worldwide with savings over \$2.5 billion
- Amazon Business is the fastest growing offerings, with a \$35 billion annualized gross sales run rate and 10 million customers
- Announced Amazon Day deliveries program, giving Prime members the ability to choose a designated week to receive packages, saving 136 million boxes in 2022 and using 30% fewer boxes on average
- Grew Prime Video's International content with more than 40 new local Amazon Originals and live sports
- Partnered with Pinterest to display ads on its website for products sold in Amazon's stores, targeting 100 million monthly users
- Will continue to expand infrastructure footprint by launching AWS local Zones in Auckland (New Zealand), Manila (Philippines), and Amazon CloudFront location in Nigeria

Segment Performance

North America

- Q2 2023 revenue up 11% YoY to \$82.5 billion
- Q2 2023 operating income improved to \$3.2 billion from a loss of \$627 million last Q2

Segment Results – North America

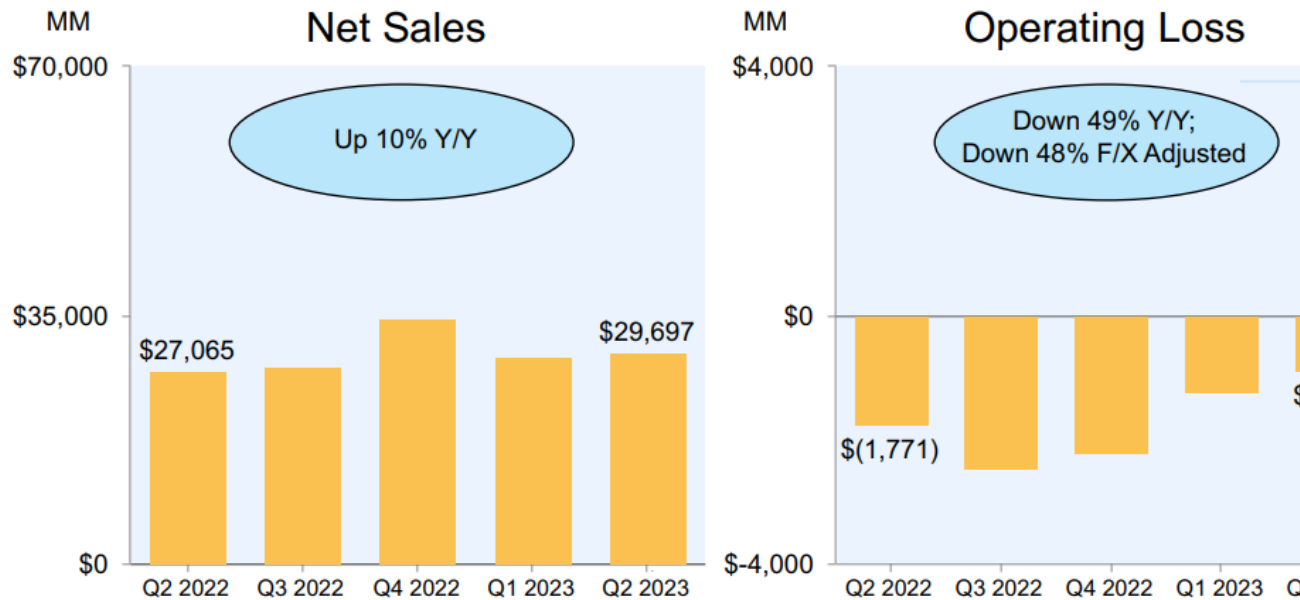


TTM Net Sales \$331.6B; TTM Operating Income \$3.5B

International

- Q2 2023 revenue increased 10% YoY to \$29.7 billion
- Q2 2023 operating loss improved to \$895 million from \$1.7 billion last Q2

Segment Results – International

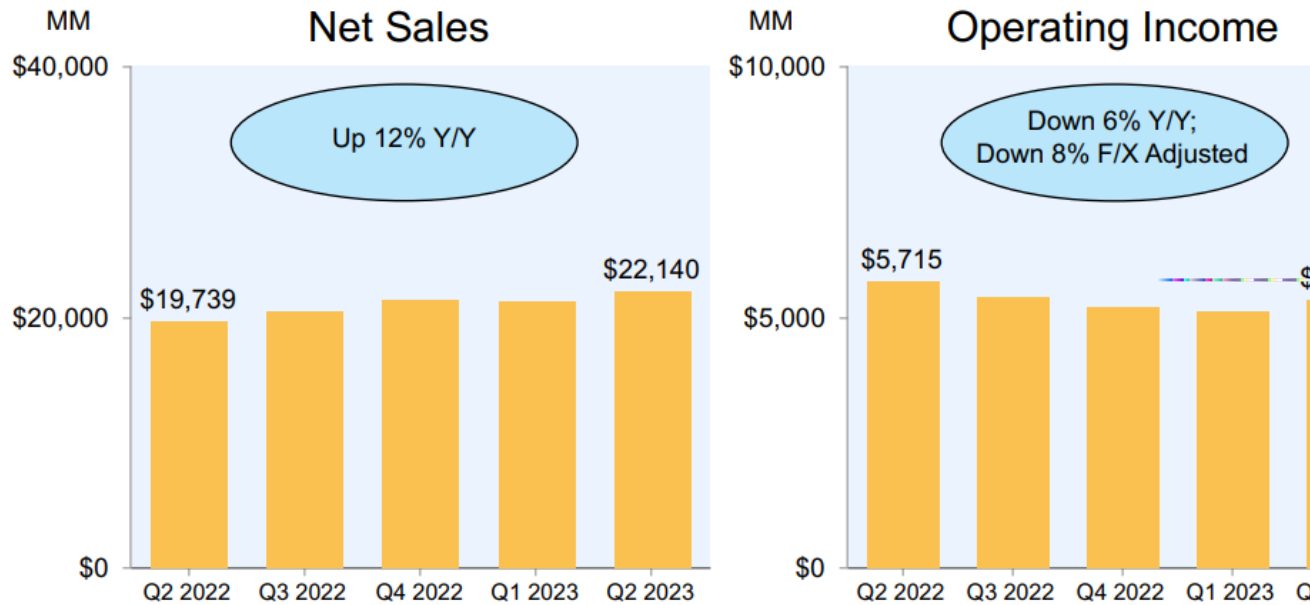


TTM Net Sales \$121.0B; TTM Operating Loss \$6.8B

Amazon Web Services (AWS)

- Q2 2023 revenue increased 12% YoY to \$22.1 billion
- Q2 2023 operating income decreased 6% YoY to \$5.3 billion

Segment Results – AWS



TTM Net Sales \$85.4B; TTM Operating Income \$21.1B

Outlook

Amazon expects its Q3 net sales to be between \$138 billion and \$143 billion, around a 9-13% growth YoY. Amazon expects a favorable impact from around 120 basis points from foreign exchange rates. Amazon forecasts an operating income between \$5.5 billion and \$8.5 billion, compared to just \$2.5 billion in Q3 2022.

[Top](#)

Survey: Consumer's Prioritize Security When Shopping Online

A recent [survey](#) by Radial and Dynata, which targeted 1,000 general US based consumers over the age of 18, found that the leading cause of online cart abandonment is linked to security concerns. Consumers are most likely to abandon their carts when they are concerned about the security of their personal information.

online purchases due to the security of the website (48%) and uncertainty about the security and use of personally identifiable information (PII) (45%).

Notably, 24% of online shoppers would not shop with a brand again if their order was canceled due to suspicious activity. The survey found that one out of three consumers have been victim to fraudulent credit card activity in the last 12 months, and have experienced various risks while shopping online. These risks include unauthorized credit card charges (41%), phishing scams (40%), and encountering fake online retailers (40%).

In other findings, consumers highly value the number of payment methods available with 58% considering it a top factor when making purchases online. The top security measures consumers valued the most were a strong password for online transactions (50%), two-factor authentication (2FA) (32%), and verified by Visa/Mastercard SecureCode (30%). The survey noted that PayPal is the most trusted digital wallet with 57%, followed by Venmo with 33%.

[Top](#)

Study: Inventory Distortion Drives \$1.77 Trillion in Lost Sales Globally During 2022

New research from the IHL Group titled “[Inventory Distortion — The Good, The Bad, the Ugly](#),” highlights the opportunity and challenge of inventory distortion, which is the combined cost of overstocks and out-of-stocks, to reveal the true cost of lost sales to US and Canadian retailers amounted to \$349 billion during 2022. From a worldwide standpoint, IHL Group found that inventory distortion amounted to \$1.77 trillion in 2022, a reduction of \$172 billion from 2021, with overstocks representing 31.8% (\$562 billion) and out-of-stocks representing 68.2% (\$1.2 trillion). While last year’s worth of improvements seen in supply chain and product availability across the world have led to fewer lost sales for consumers to encounter this year, but the IHL Group says that the “rapid growth of theft and organized retail crime has overshadowed systems and process gain,” jumping to \$379 billion last year. The US market has the highest loss due to theft, which the firm notes has led to 17.7% more out-of-stocks than last year.

Overstocked merchandise, which are items that were mis-forecast or heavily discounted after arriving too late for the season, and out-of-stocks, which are products sold out at a location, are part of the reasons why consumers return to stores without buying items they planned to purchase. Other reasons include lack of employees to help, products out of stock or inaccessible, or that the price was too high.

The leading causes of inventory distortion in 2022 include:

- \$418 billion - supplier issues, remains largest driver YoY
- \$291 billion - personnel issues (either lack of personnel or poor training)
- \$239 billion - poor systems
- \$173 billion - inefficient processes
- \$67.4 billion - spoilage & lockdown issues, major improvement vs. \$570 billion in 2020

[Top](#)

701 Island Avenue | San Diego, CA 92101 | www.gapintelligence.com | 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 find the way.

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