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MARKET INTELLIGENCE REPORT



Smartphone

S

Jul 31, 2023



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PRODUCT UPDATES

- gapSnapshot: Motorola Boosts Establishment Against Samsung on Summertime Shelf
- Samsung Announces New Foldable Galaxy Z-Series Smartphones

INDUSTRY REPORTS

- AT&T Reports Q2 2023 Financial Results; Revenue Grows 0.9% YoY
- Verizon Q2 2023 Results Show Continued Declines Across Consumer & Business Segments
- Google Parent Company Alphabet Reports Q2 2023 Revenue Increase of 7% YoY to \$74.6 Billion
- Samsung Electronics Reports Q2 2023 Revenue of \$47 Billion, Down 22%
- Intel Reports Q2 2023 Financials: Revenue Down 15% to \$12.9 Billion
- Walmart+ Members Will Receive Travel Benefits from Expedia Partnership



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- Amazon to Open New Robotics Fulfillment Center in Michigan
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PRODUCT UPDATES

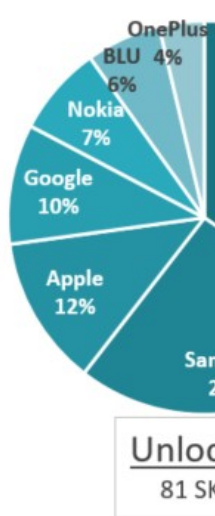
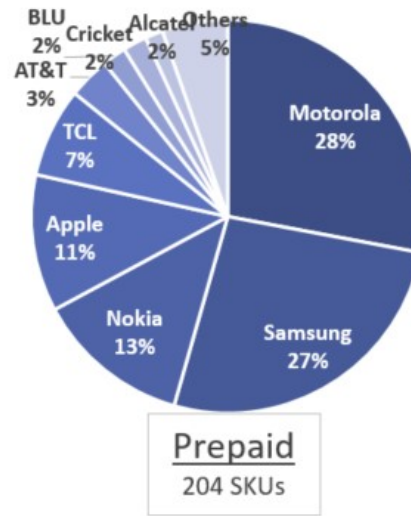
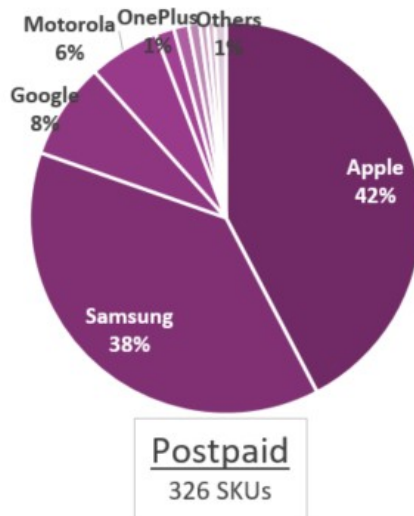
gapSnapshot: Motorola Boosts Establishment Against Samsung on Summertime S

This week's Snapshot highlights the current retail landscape for smartphones by segment and shows leading of exposure in the channel. The chart reflects Postpaid, Prepaid, and Unlocked handsets placed on the shelves at Best Buy, Costco, Sam's Club, Sprint, Target, T-Mobile, Verizon, and Walmart this July.

gap impact summary

- Today's total brick-&-mortar channel has 4% more unique smartphone SKUs vs. [last summer](#)
 - o Postpaid represents 54% of current retail channel landscape, down 2-points from summer 2016
 - o Prepaid is 34% of brick-&-mortar channel (up 1-point YoY)
 - o Unlocked is 12% (up 1-point YoY)
- Apple sits atop Postpaid while ranking 4th in Prepaid & 3rd in Unlocked segments
- Motorola is leading Prepaid & Unlocked brand while holding 3rd in Postpaid segment
- Samsung has current 2nd place rank across Postpaid, Prepaid, & Unlocked segments w/ respective 30%, 26% shares
- Google is reigning 4th place brand in both Postpaid & Unlocked segments, one position down from its 3rd place in [early spring](#), should become a top 10 Prepaid brand soon w/ recent [entrance into segment](#)

Smartphones: Retail Shelf by Segment



*data collected July 2023

*gap intelligence retail panel includes: AT&T, Best Buy, Costco, Sam's Club, Target, T-Mobile, Verizon, & Walmart

Source: "Merchant Pricing Trends" tab within the July 30, 2023 Pricing & Promotions Report in [Dashboard Reports](#)

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Samsung Announces New Foldable Galaxy Z-Series Smartphones

Samsung's introduction of its latest foldable smartphones, the Galaxy Z Fold5 and Galaxy Z Flip5, occurred at its [Unpacked](#) launch event last week. [As anticipated](#), the annual summertime refresh arrives slightly ahead of the previous series launch, showing Samsung's intent to keep its lead in the foldable segment amid new, and renewed competition from Google and Motorola. The launch brings design improvements centered around a new "teardrop" hinge, the latest Snapdragon chipsets, plus a visibly larger display on the Flip model. Samsung's Galaxy Z Fold5 and Galaxy Z Flip5 are set to begin shipping on August 11, 2023, with respective starting prices of \$1,799.99 and \$999.99, the same as their predecessors [last year](#) and earlier generations. Pre-orders are active for the pair, including Samsung's direct offer of a 12GB memory upgrade, up to \$1,000-off with trade-ins, up to \$540 in bundle discounts when purchased with the Galaxy Tab S9 and Watch 6, and 30%-off Samsung Care+. US carriers and merchants are united in offering up to

the Galaxy Z –series items, which is in line with last year’s launch, while Best Buy also includes a \$100 gift [its advertising](#).

gap impact summer

- Samsung unveils Galaxy Z Fold5 5G & Galaxy Z Flip5 5G foldables
- Respective \$1,799.99 & \$999.99 price tags remain unchanged for past 2 generations
- Duo builds upon last year’s innovations, emphasis on thinner designs & larger outer display on Flip5
- Samsung is now met by Google & Motorola w/ new foldables in US market, increasing battle for tech & style-seeker buyers
- Wide support expected across US channels, replacing outbound generation



Galaxy Z Fold5 5G

The fifth generation of Samsung's foldables is topped by the \$1,799.99 Galaxy Z Fold5, which maintains many similarities with last year's Fold4 and notably keeps the same price tag as the past two generations. Like its predecessor, the new model has a 6.2" outer display and a 7.6" inner OLED with an under-display camera (4MP), however, it is rated to a brighter 1,750 nits. Samsung's new teardrop-shaped hinge allows the Galaxy Fold5 to close flat and is 0.8mm thinner than the Fold4 (13.4mm vs. 14.2mm), which is the primary upgrade issued to the model, along with the same Qualcomm Snapdragon 8 Gen 2 chipset seen in the S23-series flagships.

- ❑ Android 13 w/ One UI 5.1.1
- ❑ 50MP primary camera w/ 12MP ultra-wide camera & 10MP telephoto camera
- ❑ 10MP front facing camera
- ❑ 12GB RAM
- ❑ Internal storage options: 256GB, 512GB, & 1TB
- ❑ 4,400 mAh battery
- ❑ 25W wired charging & Qi wireless support

Galaxy Z Flip5 5G

The \$999.99 Galaxy Z Flip5 is positioned under the Fold as a "compact clamshell" foldable smartphone, though it takes on the same design and positioning as the Flip4. A larger cover display, and thinner design featuring the new "teardrop"-style hinge are the most noticeable hardware updates on the Flip5, the latter allowing it to close flat to eliminate the gap present in previous Flip-series items. The new version is also thinner (5mm vs. 7mm), which is a key element to Samsung's push for the foldable as a compact alternative. The Galaxy Z Flip 5 introduces a new cover display called the "Flex Window" which makes an important jump to a 3.4" 60Hz display (720 x 748) from last year's 1.8" screen. The panel takes up the entire space of the Flip5's exterior and offers more capabilities like customizable clocks and widgets, calendar, and Samsung Wallet for mobile payments, and a full QWERTY keyboard for composing and replying to communications.

- ❑ 6.7" FHD+ 120Hz inner display w/ ultrathin glass for improved strength
- ❑ Qualcomm Snapdragon 8 Gen 2 processor
- ❑ Dual 12MP rear cameras: wide & ultra-wide
- ❑ 10MP front facing camera
- ❑ Internal storage options: 256GB, 512GB
- ❑ 3,700 mAh battery

- 25W wired charging& Qi wireless support

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 overall feel like a safe update to the line. Features like improved hinges and the Flip5's larger outer display suggest a continued adoption for Samsung's foldables as awareness of the form factor grows through new brands' earlier launches in the next season. The solid dual SKU cascade shows Samsung's stance as the current leader in the foldable realm, although Motorola will provide more competition this year with its \$999.99 Razr+, and Google's debut of the Pixel Fold, offering a new option for the power-users and productivity-focused individuals who would gravitate to the Fold5's larger format. 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.

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INDUSTRY REPORTS

AT&T Reports Q2 2023 Financial Results; Revenue Grows 0.9% YoY

AT&T recently released its Q2 2023 financial [results](#), reporting a 0.9% year-over-year (YoY) rise in quarterly revenue of \$29.9 billion, up from \$29.6 billion in Q2 2022. The company's operating income showed an increase of 2.0% to \$6.4 billion when compared to \$5.0 billion the previous year. AT&T highlighted its ability to grow its postpaid subscriber adds, increasing to 8.3 million and contributing to the carrier's overall growth strategy.

gap impact summary

- Total revenue of \$29.9 billion, up 0.9% YoY
- Mobility revenue of \$20.3 billion, up 2.0% YoY
- Consumer Wireline revenue of \$3.3 billion, up 2.4% YoY
- *Outlook:* Service revenue growth in low single digits expected for FY 2023

2Q23 Financial Summary

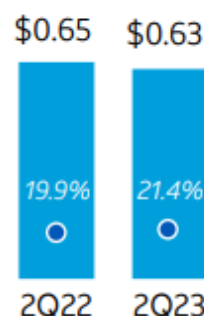
Continuing Operations, \$ in billions, except EPS

Revenues



Adjusted EPS^{†4}

● Adj. OI Margin^{†1}



Cash from Ops

■ Free Cash Flow^{†5}



Mobility

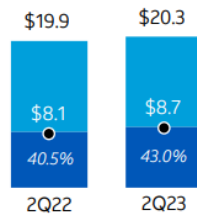
AT&T's revenue in the Mobility segment improved 2.0% YoY to \$20.3 billion as a result of increased service revenue of \$15.7 billion, up 4.9% compared to Q2 2022. Despite the segment growth, the carrier's revenues were offset by a 7.2% YoY decline in equipment revenue, falling to \$4.6 billion in the second quarter of 2023.

The company attributed its overall Mobility gains to higher subscriber growth and ARPU, with total wireless additions of 6.2 million during the quarter. Postpaid net adds were 464,000, broken down into 326,000 postpaid phone and other net adds, offset by 70,000 fewer postpaid tablets and branded computing devices. Further, prepaid contributed 123,000 net adds to the overall 6.2 million additions. Churn for postpaid was 0.95%, remaining relatively flat from 0.95% in 2022. The prepaid segment saw 2.5%.

2Q23 Mobility Results

■ Revenues
 ■ EBITDA^{†1}
● EBITDA Margin^{†1}
\$ amounts in billions

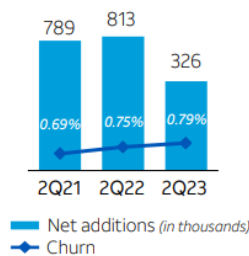
Mobility



Strong revenue and EBITDA^{†1} growth from high-quality subscriber and ARPU

- Wireless service revenues grew \$741M, up 4.9%
- EBITDA^{†1} of \$8.7B, up 8.3%
- Postpaid phone ARPU of \$55.63, up 1.5%
- Continued strong EBITDA and service margins from sustainable go-to-market strategy and cost transformation

Postpaid Phones



Consistent and disciplined execution as industry growth normalizes

- 326K postpaid phone net additions
- Continued low postpaid phone churn of 0.79%, as improved value proposition continues to resonate with customers

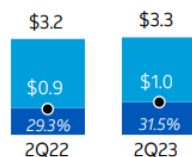
Consumer & Business Wireline Results

AT&T's Consumer Wireline business saw revenue of \$3.3 billion, a 2.4% YoY increase that was due to a 7.1% increase in broadband revenue. Broadband's improvement was a result of 28.0% YoY Fiber growth, which was partially offset by a 13.7% decline in non-fiber revenue. Conversely, Business Wireline revenue fell 5.6% YoY to \$5.3 billion, due to a decline in demand for legacy voice and data services. Growth in the company's connectivity services slightly offset the decline. Operating income for Consumer and Business Wireline segments was \$168 million (up 15.9% YoY) and \$30 million (down 19.2% YoY), respectively.

2Q23 Consumer and Business Wireline Results

■ Revenues ■ EBITDA^{†1} ● EBITDA Margin^{†1}
\$ amounts in billions

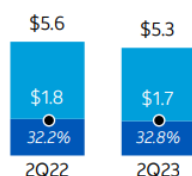
Consumer Wireline



Revenue and EBITDA^{†1} growth driven by Fiber adoption, with Fiber revenues

- Broadband revenues grew 7.0%, with Fiber subscriber growth and mix shift to Fiber
- Fiber ARPU of \$66.70, up 8.2%, with intake ARPU about \$70
- AT&T Fiber net additions of 251K, even with significantly lower move activity
- Closed Gigapower transaction and announced initial 8 new areas

Business Wireline



Business Wireline results impacted by ongoing transition toward core connec

- Portfolio rationalization continuing to impact year-over-year comparisons
- 2Q23 EBITDA^{†1} comparability impacted by ~\$75M in favorable items this quarter
- Business Solutions^{†6} wireless service revenues grew 9.1%; FirstNet added ~350K conn

Outlook

Considering its quarterly results, AT&T expressed continued confidence in its full-year financial guidance. The company's previous guidance included expectations for mid-single-digit revenue growth for its wireless and services. Looking at each service segment, wireless is predicted to grow by 4% or more, while broadband growth is expected to exceed 5%.

See also:

[AT&T Releases Q2 2022 Financial Results; Showing Subscriber Increases as Revenue Declines](#), July 25, 2022

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Verizon Q2 2023 Results Show Continued Declines Across Consumer & Business

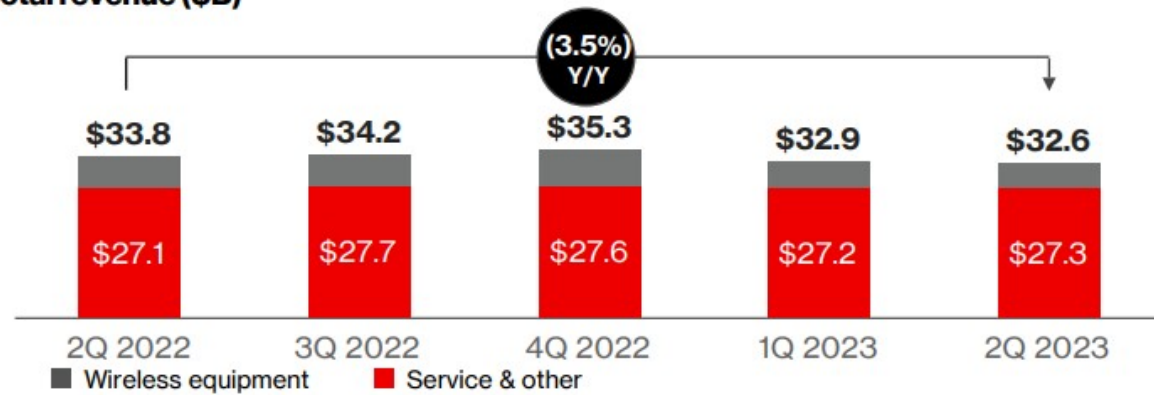
Verizon [released](#) the financial results for its Q2 2023, reporting total revenue of \$32.6 billion, a 3.5% year-over-year decrease [from \\$33.8 billion](#). The carrier's second-quarter revenue is also a small consecutive drop from the \$32.9 billion it posted in [Q1 of this year](#). Meanwhile, Verizon's Q2 2023 net income of \$4.8 billion is a minor improvement

last quarter (\$5 billion) but a decrease of 10.3% compared to Q2 2022. Verizon is entering the second half of the year with a high level of confidence following its performance in Q2, which included notable on-year improvement in the Consumer Segment postpaid phone gross additions and over 400,000 broadband net adds for the third consecutive quarter.

Key Q2 2023 Financial Figures

- Total revenue down 3.5% YoY to \$32.6 billion
- Consumer Segment revenue down 4.1% YoY to \$24.6 billion
- Business Segment revenue down 1.9% YoY to \$7.5 billion
- Outlook: Wireless service revenue growth between 2.5% - 4.5%

Total revenue (\$B)



Total Wireless service revenue** (\$B)



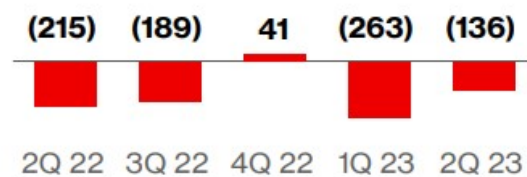
Consumer Segment

Verizon's Consumer Segment generated \$24.6 billion in total revenue during Q2 2023, declining 4.1% YoY.

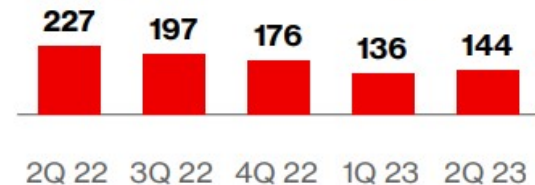
billion due to lower upgrade volumes and wireless equipment revenue partially offset by growth in service revenue. The segment's operating income was \$7.3 billion, a 2.5% rise YoY, and operating income margin was 29.8% YoY to reach 29.8% for Q2 2023. Wireless Service revenue grew 3.5% YoY to reach \$18.6 billion in Q2, due to growth in retail postpaid Average Revenue Per Account (ARPA), while Wireless Equipment revenue shrank to \$4.4 billion, down from \$5.7 the previous year. The division reported 136,000 wireless retail postpaid phone net adds and 304,000 wireless retail prepaid net losses in Q2 2023, partially offset by 251,000 fixed wireless net adds and 51,000 Fios Internet net additions during the period.

- Fios revenues: \$2.9 billion, down 0.3% YoY
- Wireless retail postpaid churn rate: 0.95% up YoY from 0.93%
- Wireless retail churn rate: 0.76% up YoY from 0.75%

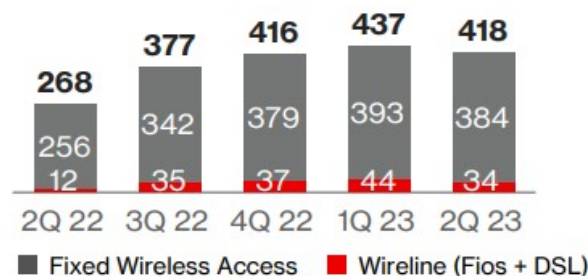
**Consumer Wireless
retail postpaid phone net adds (K)**



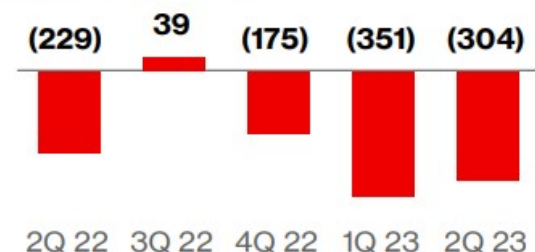
**Business Wireless
retail postpaid phone net adds (K)**



Broadband net adds (K)



Prepaid net adds (K)



Business Segment

Verizon's Business Segment revenue was \$7.5 billion in Q2 2023, flat from last quarter, but a drop of 1.9% from the prior year, as lower wireline and wireless equipment revenue negated growth in wireless service revenue once

segment's operating income was \$533 million, a decrease of 21%YoY, and operating income margin was 7.1% compared to last year's 8.9%. Wireless service revenue in the segment totaled \$3.4 billion in Q2 2023, an increase of 5.3% YoY. The segment continued strong net additions and implemented "pricing actions" in recent quarters. Verizon Business grew its wireless retail postpaid net additions to mark its eighth straight quarter of wireless phone net additions of over 1 million.

- **Fios revenues:** \$308 million, up 3.4% YoY
- **Wireless retail postpaid churn rate:** 1.48% up YoY from 1.37%
- **Wireless retail postpaid phone churn rate:** 1.10% up YoY from 1.07%

Outlook

Looking ahead, Verizon aims to extend its network leadership into the second half of this year by "rapid" C-band deployment. The steps it has taken to improve operational performance show that it prioritizes value creation for its investors. For its full fiscal 2023, Verizon's outlook includes an expected 2.5% to 4.5% growth in service revenue compared to its complete 2022, which is unchanged from its previous guidance. Expectations for capital spending remain unchanged for the year ahead and are estimated to fall between \$18.25 billion and \$19.25 billion.

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Google Parent Company Alphabet Reports Q2 2023 Revenue Increase of 7% YoY to \$74.6 Billion

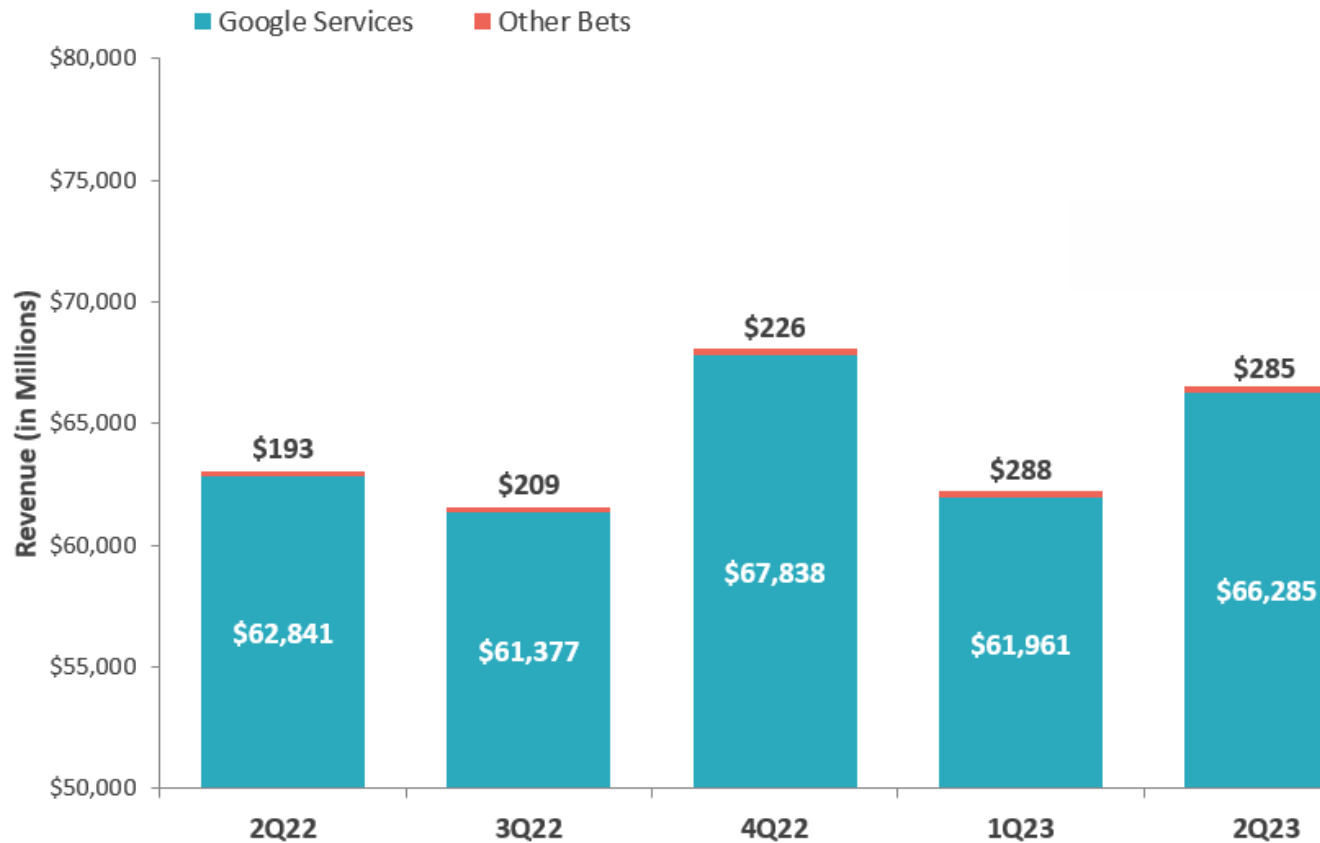
Google's Parent Company, Alphabet, recently [released](#) its Q2 2023 financial results ending on June 30, 2023. Alphabet reported a 7% YoY increase in revenue to \$74.6 billion. Alphabet is focused on reducing costs as said by its CEO, Sundar Pichai, "We remain committed to durably re-engineering our cost base in order to help create capacity for the investments in support of long-term, sustainable financial value." This focus was seen in the Q2 2023 results where operating income increased 12% YoY, net income increased 15% YoY, and its operating margin increased 1ppt YoY.

Key Q2 2023 Financial Figures:

- Revenue increased by 7% YoY to \$74.6 billion
- Operating Income increased by 12% YoY to \$21.8 billion
- Net Income increased by 15% YoY to \$18.4 billion

- Operating Margin increased by 1ppt YoY to 29%

Google Revenue by Segment



Source Alphabet; compiled by gapgint

Google Segment Q2 2023

- Google Search & other revenue was up 5% YoY to \$42.6 billion
- YouTube ads revenue was up 4% YoY to \$7.6 billion
- Google Network revenue was down 5% YoY to \$7.9 billion
- Google Advertising revenue was up 3% YoY to \$58.1 billion
- Google other revenue was up 24% YoY to \$8.1 billion
- Google Services total revenue was up 5% YoY to \$66.3 billion
- Google Cloud revenue was up 28% YoY to \$8 billion

Outlook

Alphabet's CFO, Ruth Porat, stated that Search remained the largest contributor to its revenue growth along with the momentum seen in its Cloud segment. Alphabet will prioritize product focus in Youtube on increasing quality and consumption of video content with both Shorts and in the Living Room, which is translating into improved performance in advertising spending. Google Play returned positive growth in Q2, driven by a solid increase in the number of new apps. The company plans to continue to focus on Google Cloud's AI-optimized infrastructure, large language models, platform services, and new generative AI offerings such as Duet AI for Google Workspace. The company also plans to remain focused on re-engineering its cost base, in reference to reducing headcount growth and a slower pace of hiring in an effort to reallocate talent from within to fuel growth priorities.

See also:

[Google Parent Company Alphabet Reports 3% YoY Revenue Growth in Q1 2023 to \\$70 Billion](#)

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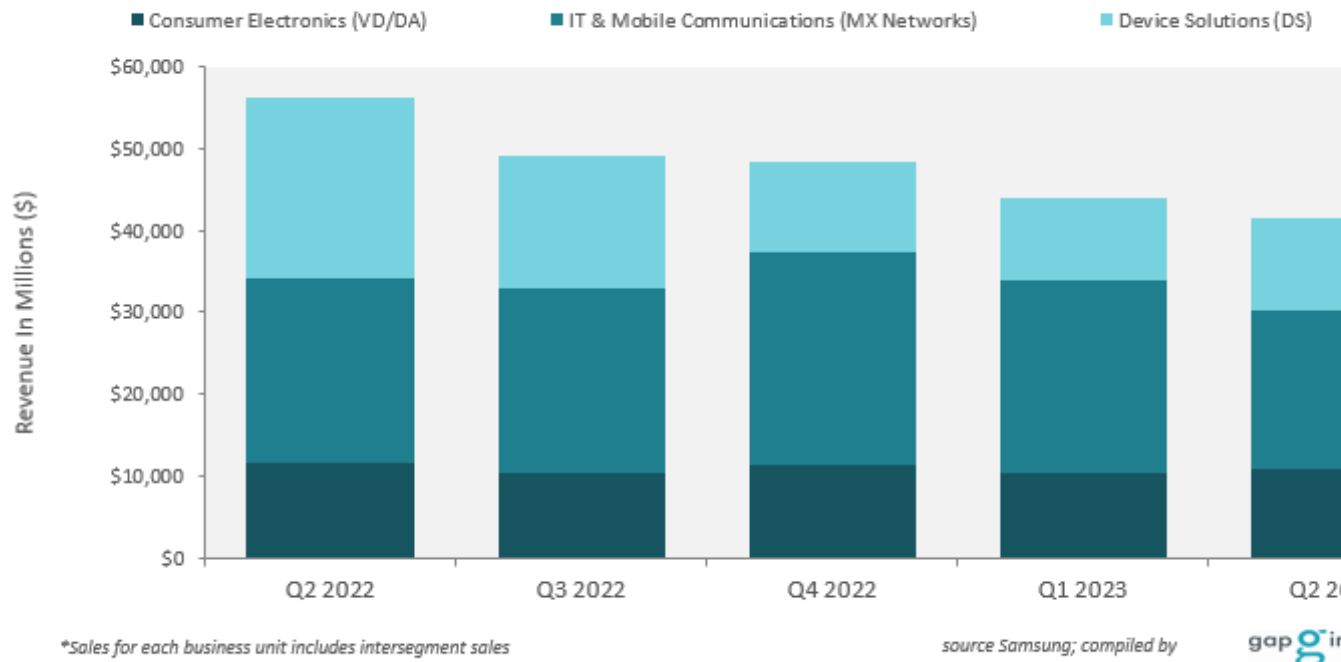
Samsung Electronics Reports Q2 2023 Revenue of \$47 Billion, Down 22%

Samsung Electronics recently posted its second quarter financials for the period ending June 30, 2023. The results show a 22% decrease in overall revenue year-over-year (YoY) to KRW 60.01 trillion (\$47 billion) and a decrease in operating profits to KRW 0.67 trillion (\$524 million).

gap impact summary

- Total Q2 2023 revenue down 22% YoY to KRW 60.01 trillion (\$47 billion)
- Operating income down 95% YoY to KRW 0.67 trillion (\$524 million)
- Consumer Electronics (VD/DA) revenue down 3% to KRW 14.39 trillion (\$11.3 billion)
- IT & Mobile Communications (MX/Networks) revenue down 13% to KRW 25.55 trillion (\$20 billion)
- Device Solutions (DS) revenue down 48% to KRW 14.73 trillion (\$11.5 billion)

Samsung Revenue by Business Segment



Results by Business Segment

Consumer Electronics (VD/DA)

The Consumer Electronics division experienced a 3% decrease in sales YoY to KRW 14.39 trillion (\$11.3 billion). In Visual Display (VD), Samsung noted the trend of declining demand, but saw a smaller decrease in Q2 due to overcoming of several issues last year such as the Russia-Ukraine conflict. VD saw positive results in focusing on improvements through the sales of high-value-added products, such as Neo QLED/OLED/super-big TVs. Appliances (DA) reported a grow-back in revenue in Q2 due to peak seasonality for air conditioners and products driven by reduced cost burden.

IT & Mobile Communications (MX/Networks)

IT & Mobile Communications (MX/Networks) experienced a 13% drop to KRW 25.55 trillion (\$20 billion). Smartphone demand saw a decrease due to continued macro uncertainties, like heightened interest rates. Sales in the quarter-over-quarter (QoQ) decrease driven by the launch of the S23, which maintained solid sales through

Device Solutions (DS)

The Device Solutions divisions experienced a decrease of 48% to KRW 14.73 trillion (\$11.5 billion). Samsung the Memory division maintained its low frequency, as consumers continued to adjust to inventories. The company noted that the demand for high-density/high-performance products was high, driven by the current focus on AI. A large QoQ drop in ASP happened despite the stated efforts by Samsung to strengthen cost competitiveness.

Outlook

Looking ahead to Q3 2023, Samsung expects seasonal strength to shorten the decrease in overall display demand. The manufacturer expects to capture peak-season demand by leveraging innovative products such as 98" Super AMOLED Micro LED, and the "world's first large-sized gaming monitor featuring OLED". Samsung also plans to continue to promote the global expansion of BESPOKE by focusing on increasing operating efficiencies while simultaneously growing eco-friendly products featuring AI Energy Mode.

Overall, demand in Q2 2023 is not expected to increase drastically, but should lessen the decrease going into Q3. Earnings within the smartphone markets are expected to improve half-over-half (HoH), with new releases in foldables and other areas pending. The tablet market is expected to stay mostly flat due to a slowdown in demand, while the smartwatches sector is likely to contract.

See also: [Samsung Electronics Reports 18% Decrease in Q1 Revenue to \\$46.9 Billion](#)

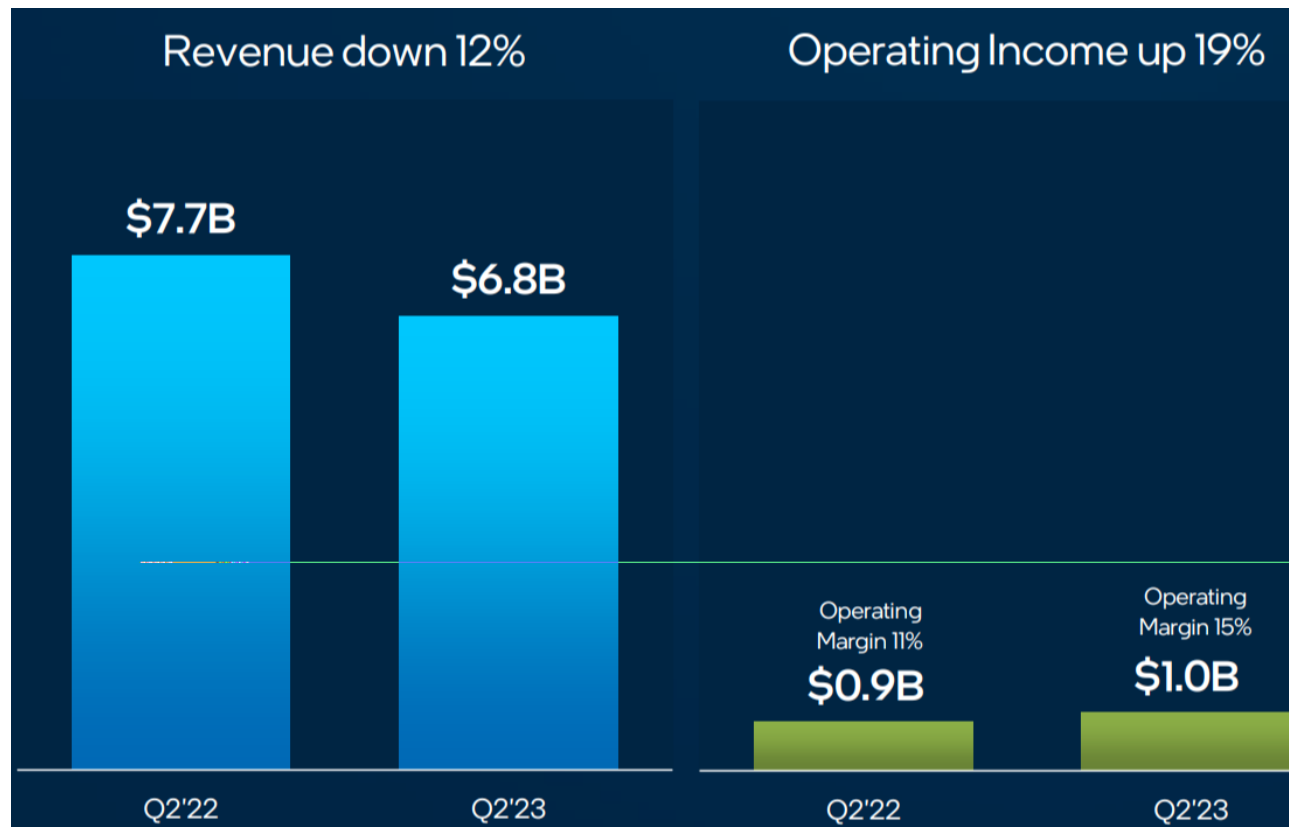
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Intel Reports Q2 2023 Financials: Revenue Down 15% to \$12.9 Billion

Intel [reported](#) its Q2 2023 financial results for the period ended June 30, with revenue down 15% year-over-year to \$12.9 billion. Net income was \$1.5 billion compared to a loss of \$500 million in Q2 2022, while operating margin improved from a loss of 7.8%. In welcome news for the PC industry, Intel's main Client Computing Group was among the top performers, even if it was down 12% YoY.

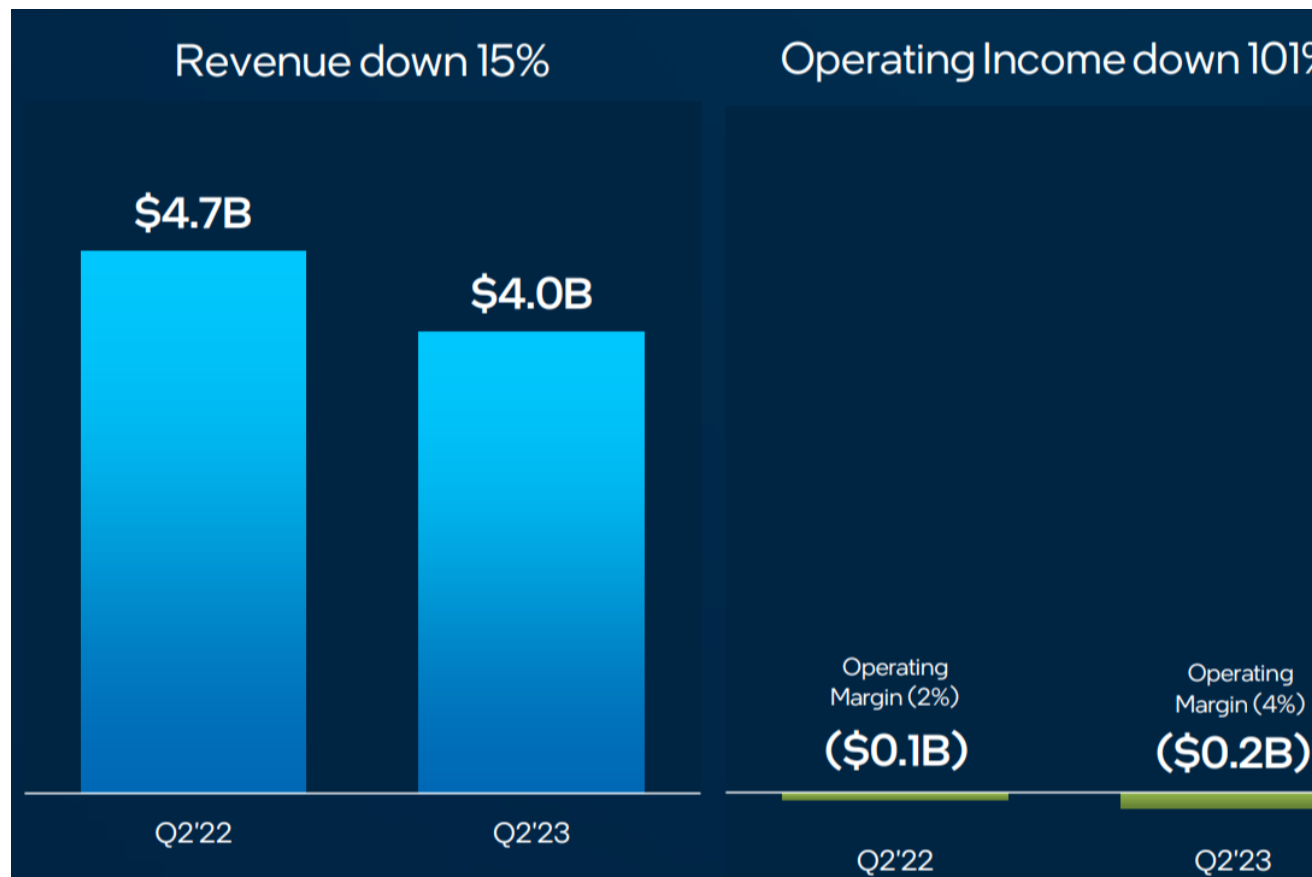
- Q2 2023 revenue down 15% YoY to \$12.9 billion
- Q2 2023 net income of \$1.5 billion after a loss of \$500 million in Q2 2022

- o Client Computing Group (CCG) revenue down 12% YoY to \$6.8 billion
- o Datacenter & AI Group (DCAI) revenue down 15% YoY to \$4 billion
- o Network and Edge Group (NEX) revenue down 38% to \$1.4 billion
- o Mobileye revenue down 1% to \$454 million
- o Intel Foundry Services (IFS) revenue up 307% YoY to \$232 million



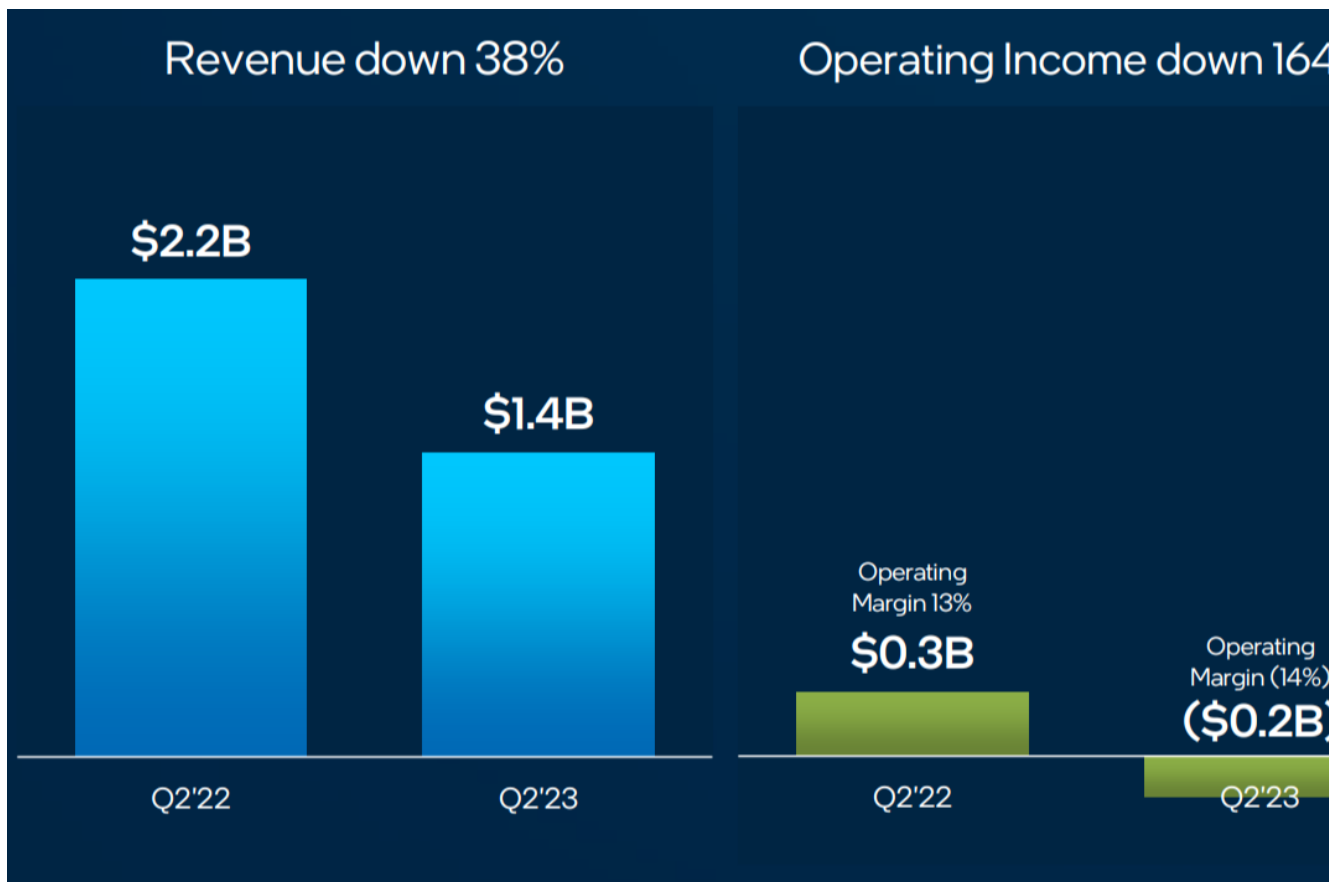
Client Computing Group

Intel's largest segment reported revenue of \$6.8 billion, down 12% YoY, and operating income of \$1 billion, improvement from Q1 2023's 38% decline in revenue suggests that the PC market is on its way to recovery company attributed Q2 performance to reduced demand ("overall TAM contraction") and OEM inventory



Data Center and AI

This segment reported a 15% decline in revenue to \$4 billion, as well as a 101% fall in operating income to \$0.2 billion. Intel cited a contraction in demand for Data Center CPUs and competition, as well as higher unit costs.



Network and Edge Group

Revenue was down 38% to \$1.4 billion and operating income was down 164% to a loss of \$200 million. Intel reported lower demand and excessive inventory.

Outlook

The worst appears to be behind Intel as its main CCG moves toward growth again. For Q3 2023, Intel is forecasting revenue of \$12.9-\$13.9 billion (down 13% YoY) and a gross margin of 43% (down 2.9 ppts YoY).

See also:

[Intel Q1 2023 Financials: Revenue Down 36% YoY to \\$11.7 Billion](#)

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Walmart+ Members Will Receive Travel Benefits from Expedia Partnership

Walmart is expanding its paid membership program, Walmart+, by launching WalmartPlusTravel.com, an online travel marketplace for travel-related bookings. Starting July 26, Walmart+ members will receive 5% Walmart Cash back for hotels, car rentals, and activities bookings, 2% Walmart Cash back for all flights, and a blended rate of Walmart Cash back for vacation packages. The platform is enabled by Expedia Group White Label Template technology, providing access to over 900,000 properties, 500 airlines, 100 car rental companies, and thousands of activities worldwide. Walmart+ members can access travel services through their member benefits hub in the Walmart app or at WalmartPlusTravel.com. Walmart Cash will be available 30 days after travel is completed and can be used for future purchases or cashed out in-store. Walmart+ members will also have access to Expedia Group's end-to-end customer service offerings, including live agents and AI-based Virtual Agent tool. The partnership aims to make planning, shopping, and booking travel a seamless part of Walmart's shopping experience, connecting the company's massive customer base with Expedia Group's extensive array of travel supply partners worldwide.

Walmart+, introduced in September 2020, provides unlimited free delivery on \$35 or more orders, gasoline discounts, and access to the Scan & Go app. Walmart has expanded the program with various promotions, including free membership for full- and part-time associates, Spotify Premium content streaming for new and existing members, and InHome delivery service for \$10 less than previous annual pricing.

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Amazon to Open New Robotics Fulfillment Center in Michigan

Amazon is opening a new robotics fulfillment center in Detroit, Michigan. The 823,000-square-foot facility will support the retailer's operations and transportation network within the state, alongside the existing 10 fulfillment centers and delivery stations. Upwards of 1,200 employees will work cohesively with innovative technology that has already been introduced in other [fulfillment centers](#) across the country.

Amazon has been using over a dozen types of robotic equipment in its global supply chain facilities, including the first generation fully autonomous mobile robot "Proteus" and "Cardinal" the robotic lifting arm. Amazon recently partnered with a Belgian company, Cloostermans, to develop mechatronics solutions that enable the company to lift and stack pallets, totes, and wrap goods for customer delivery. Amazon is also launching "Sparrow," an intelligent robot that recognizes, chooses, and handles specific products in inventory. The retailer is already testing next-generation robots that can wander freely across fulfillment facilities using AI and computer vision. Amazon is also exploring the use of multimodal identification (MMID) to automate inventory identification and streamline fulfillment.

Amazon's US fulfillment network was once a single nationwide network, with stock distributed from distribution centers. In 2022, Amazon transitioned from a nationwide network to a regionalized network model to streamline the fulfillment process. The modernization of software, procedures, and physical operations was established in eight intercorporate regions across smaller geographic areas, aiming to reduce shipping costs and delivery times.

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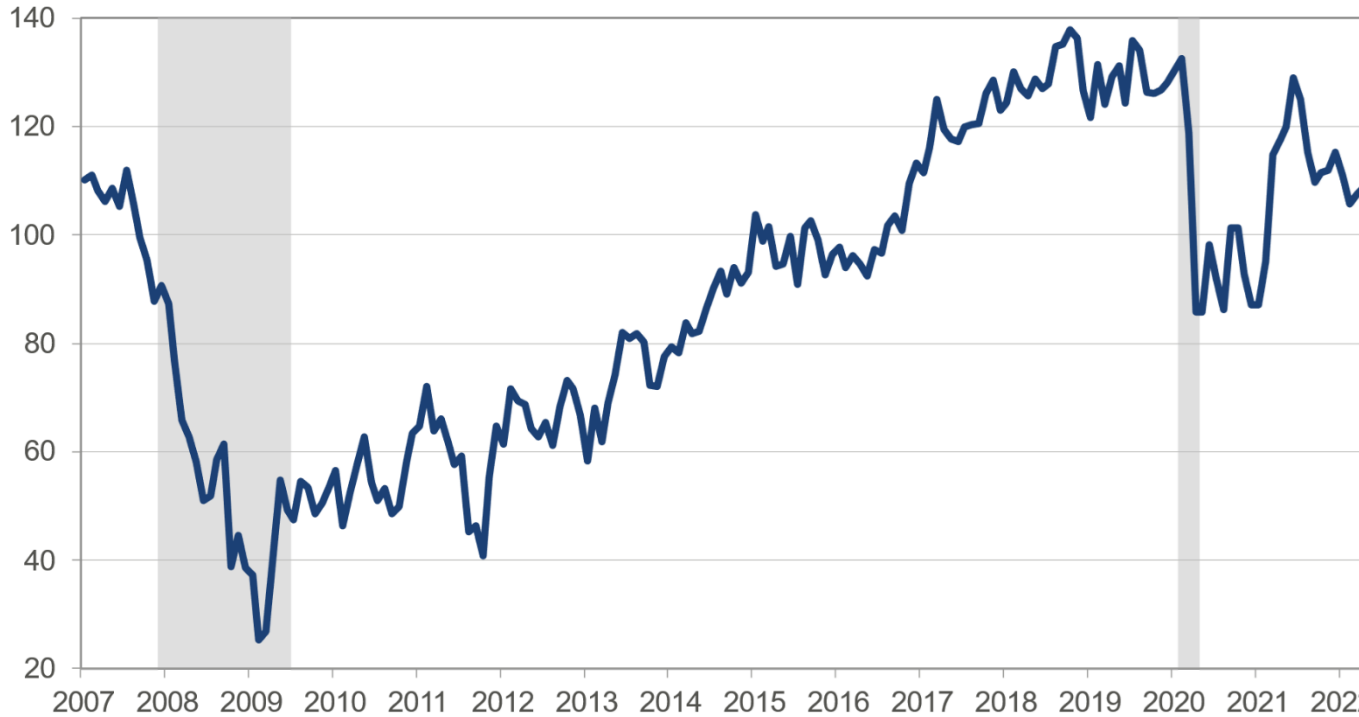
US Consumer Confidence Rises For Second Straight Month in July

The [Conference Board Consumer Confidence Index](#) improved to 117 in July, the second straight month of growth in consumer confidence and highest rating since July 2021. Additionally, The Expectations Index, which rates consumer expectations for income and the overall economy, rose to 88.3. A score below 80 historically indicates a recession within the next year, suggesting that presently the economy has already hit bottom and is recovering; however, the conference board still believes a recession is likely before the end of 2023. Additional insights include:

- Consumer confidence improved the most among those earning less than \$50,000 and those making \$100,000 or more
- Consumers are still spending less on discretionary services according to surveys
- 21.9% said business conditions were good, a dip from 23.4% in June
- 46.9% of consumers think jobs are "plentiful," up from 45.4% MoM

Consumer Confidence Index®

Index, 1985 = 100



*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
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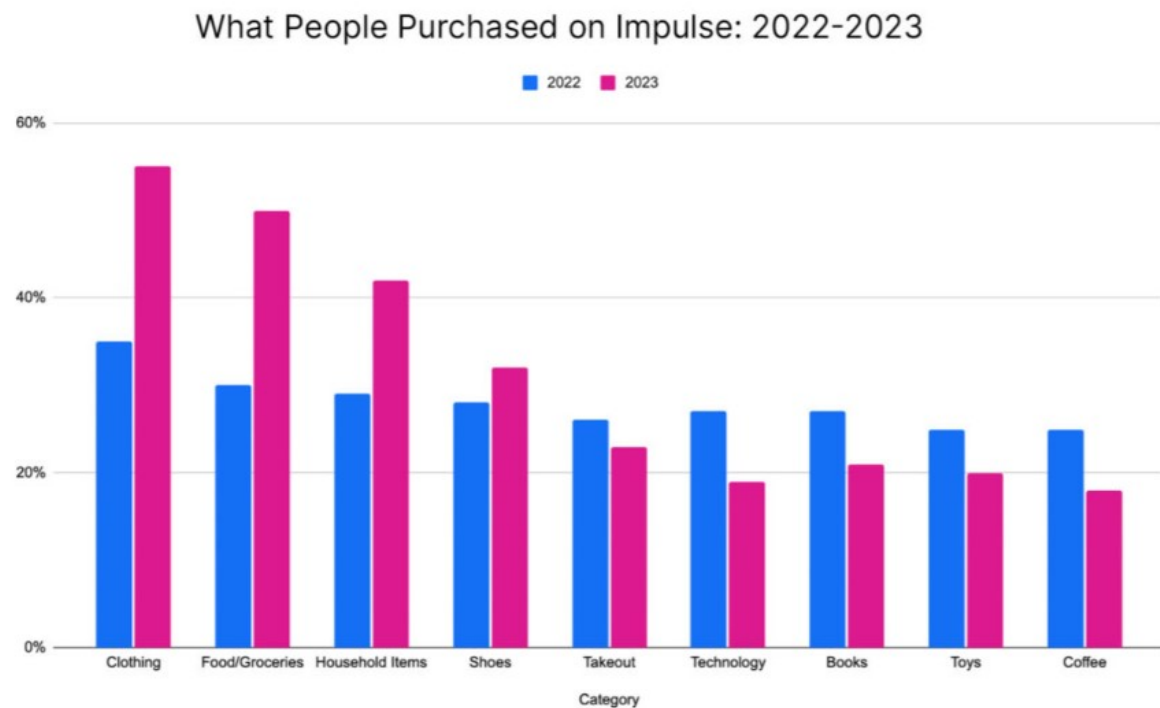
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Survey: US Shoppers Report Lower Impulse Spending

According to an annual OnePoll [survey](#) commissioned by online shopping platform Slickdeals, US shoppers are making fewer impulse purchases and are spending less on than they have in prior years. Of the 2,000 US adults surveyed, 54% admit decreasing the amount of impulse spending this year compared to the 14% and 16% who said this in 2021 and 2020, respectively. Only 36% of respondents admit that most of their purchases were impulsive this year, compared to 46% last year. This year, shoppers indicate making six impulse purchases per month, down from 12 per month in 2021 and nine per month in 2020. On average, respondents are now spending \$151 impulsively per month on their purchases, the lowest amount in recent years compared to \$314 in 2022, \$276 in 2021, and \$183 in 2020.

Saving money is the primary motivation for holding back on impulse shopping in 2023 as 77% of respondents are more conscientious about their budget this year because of inflation. US shoppers are also prioritizing impulse spending on necessities (39%) versus luxuries (19%), with more than half (53%) always, or often, looking for deals/coupons before committing to a purchase.

- 58% reported they would only make impulsive purchases if an item was on sale, up from 32% last year
- 48% shop the most from their phones, an increase from 33% last year
- 43% spend impulsively while shopping from bed, a sharp decrease from 71% last year
- 35% said some impulse buys were done to alleviate FOMO (fear of missing out), a steep drop from 60% last year



The most common impulse buys for US shoppers are:

- Clothing (55%)
- Food/groceries (50%)
- Household items (42%)

- ☐ Shoes (32%)
- ☐ Takeout (23%)
- ☐ Books (21%)
- ☐ Toys (20%)
- ☐ Technology (19%)
- ☐ Coffee (18%)

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