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MARKET INTELLIGENCE REPORT



Smartphone

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Sep 05, 2023



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- T-Mobile's New REVVLs Hit Retail Channel
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PRODUCT UPDATES

gapSnapshot: Samsung Maintains the Lead in Declining August Advertising Land

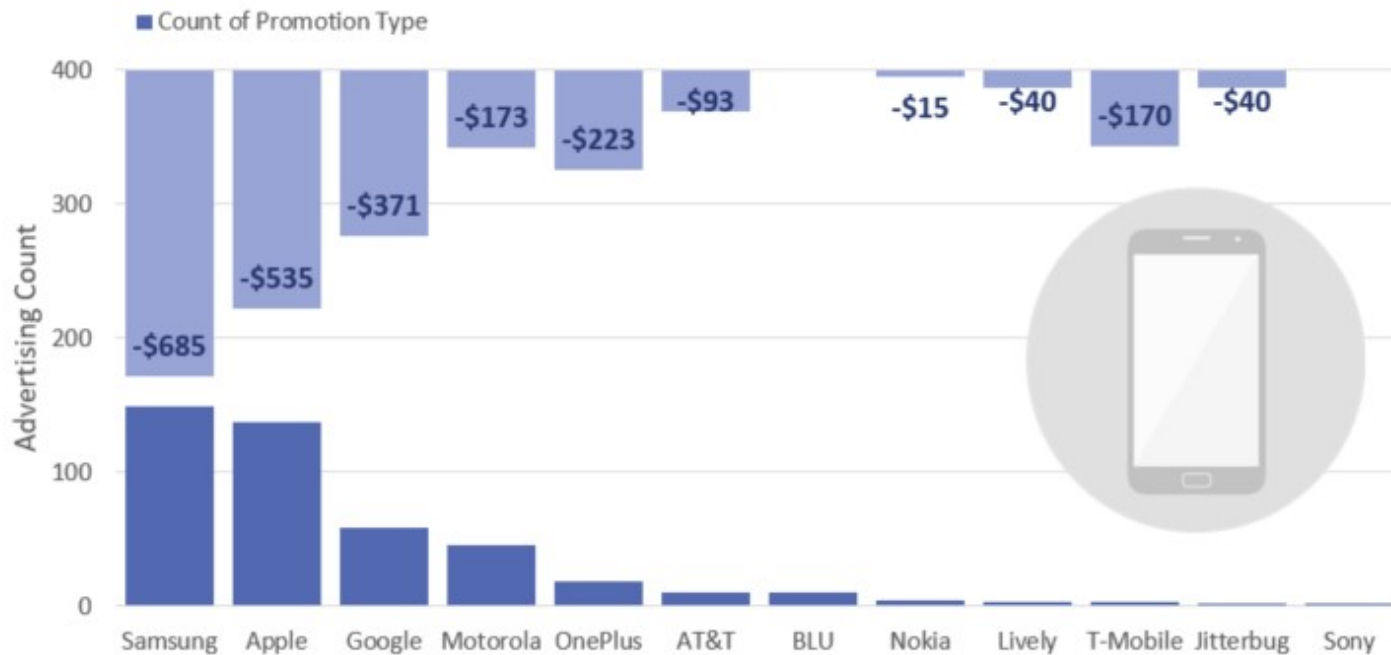
This week's Snapshot explores advertising for smartphones by brand during the month of August 2023. The report compares each brand's overall advertisement count and the average value of their incentives offered during the month, within printed and online circulars, plus online banner ads, which includes a mix of Trade-ins, Instant Rebates, Free Gifts, Gift Cards, and/or Bundles. Postpaid, prepaid, and unlocked segment advertising is reflected in the overall totals.

gap impact summary

- August 2023 advertising decreased 30% YoY (447 vs. 643 ads in [August 2022](#)) & rose a slight 2% MoM (447 ads in July 2023)
- Samsung led monthly ad landscape w/ a 33% share, down 2-points YoY & only slightly ahead of Apple's 31% share of voice, an uptick of 2-points vs. last August
- Google made visible gain YoY to hold 13% of August 2023's advertising, up from its 5% share as the Gen Z generation continues to experience a wider foothold in the market
- Motorola claimed a 10% share of the August advertising mix, up 1-point YoY & showing stability
- Samsung led in average incentive values this month (\$685 value), increasing 5% YoY (\$654 value) and offsetting a decline for Apple (\$535 value) & Google (\$371 value) by 15% & 19%, respectively
 - Samsung's averages lifted by offers including:
 - Free Galaxy Z Fold5 or Z Flip5, plus free storage upgrade w/ pre-order ([\\$1,918 value](#) on AT&T Cellular)
 - \$1,250 off Galaxy Z Fold5 or Z Flip5, plus waived activation fee ([\\$1,285 value](#) on AT&T)
- August 2023 advertising features 55 unique smartphone product families, most frequently shown are:
 - 39 ads – Apple iPhone 14 5G

- [Save up to \\$1,000](#) on iPhone 14 Series w/ trade-in of your old or damaged phone & q activation for Verizon
- o 35 ads – Samsung Galaxy Z Flip5 5G
 - [Get up to \\$1,250 off](#), plus waived activation fee when you bring your number to AT&T eligible trade-in
- o 22 ads – Google Pixel 7 5G
 - [Save up to \\$900](#) on Google Pixel 7 Series with trade-in of your old or damaged phone activation for Verizon
- Trade-ins & Bill Credits were most common tactics across August 2023's advertising landscape, claiming respective 20% & 23% shares; use of standard Instant savings fell 7-points YoY to 19% share

Smartphones: August 2023 Advertising by Brand



*print & online advertising for August 2023; unlocked, prepaid & postpaid segments

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

Source: “Advertising” tab within the September 4, 2023 Pricing & Promotions Report in [Dashboard](#) Recent

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T-Mobile’s New REVVLs Hit Retail Channel

The REVVL 6x PRO 5G and REVVL 6x 5G, the newest T-Mobile branded smartphones, gained initial exposure in the retail channel last week at T-Mobile store locations. The retail channel debuts follow an announcement and subsequent omni-channel listings at T-Mobile.com and its prepaid site, MetroPCS.com. Like the carrier’s current lineup, the new REVVL 6x PRO 5G and REVVL 6x 5G will be available exclusively through T-Mobile and its prepaid brand, and are positioned to refresh older units with respective \$229.99 and \$199.99 price tags. These new value segment offerings contribute to T-Mobile’s goal of “making 5G affordable for every pocket” and will help compete against the most competitively priced 5G options throughout their lifecycles at the national carrier.

gap impact summary

- T-Mobile’s new REVVL 6x PRO 5G & REVVL 6x 5G refresh carrier-branded budget 5G options
- \$229.99 & \$199.99 debuts follow earlier online listings, priced \$10 - \$30 higher than last year’s versions; however, promos make handsets free
- National exposure at T-Mobile & Metro expected to be enhanced by Walmart & select Costco warehouses in future



T-Mobile's latest REVVL models represent the seventh generation of the lineup and were developed in collaboration with Google for what the carrier calls "an optimized software experience" on its network. The new generation arrives a year after the last REVVL refresh to serve as direct replacements for the REVVL 6 Pro 5G and REVVL 6 5G.

Both handsets are powered by a MediaTek Dimensity 700 processor, have fingerprint readers, face recognition, and 5G compatibility. The REVVL 6x PRO 5G has a 6.82" HD+ display and a quad rear camera system (50MP main, 8MP ultra-wide, 2MP depth, 2MP macro), while the REVVL 6x 5G has a smaller 6.52" HD+ display and less so on the triple rear camera setup (50MP main, 2MP depth, 2MP macro).

At \$229.99 and \$199.99, respectively, the new REVVL 6x PRO 5G and REVVL 6x 5G hold price premiums over last year's equivalents (\$219.99 & \$169.99), which T-Mobile efficiently counters by immediately dropping the

with introductory offers. As postpaid options, the REVVL 6x PRO 5G is \$8.75/month and the REVVL 6x 5G is \$6.70/month at T-Mobile on its 24-month pricing structure for those who do not take advantage of the promotional offers.

Like previous generations, a wide array of the latest low-cost and no-cost 5G smartphones from Motorola, Nokia, OnePlus, Samsung, and T-Mobile, will be the primary competitors for the new REVVLs. T-Mobile and Samsung are the only brands to have a dual SKU representation in this segment at the carrier.

T-Mobile	Motorola Moto G 5G (2023) 64GB - Ink Blue MOTXT23D TMB	Nokia G310 5G TA R273 TMB	OnePlus Nord N300 5G CPN23B9 TMB	Samsung Galaxy A03s 32GB - Black SM A037J2KAXAU TMB	Samsung Galaxy A14 5G 64GB - Black SM A14EJ2KAXAU TMB	T-Mobile REVVL 6x 5G REVVL6x5G
						
Product Specifications						
Contract Type	Unactivated	Unactivated	Unactivated	Unactivated	Unactivated	Unactivated
Product Family	Moto G 5G (2023)	G310 5G	Nord N300 5G	Galaxy A03s	Galaxy A14 5G	REVVL 6x 5G
Carrier	T-Mobile	T-Mobile	T-Mobile	T-Mobile	T-Mobile	T-Mobile
Contract Length (mos)	na	na	na	na	na	na
Operating System	Android	Android	Android	Android	Android	Android
Display Size (in)	6.5	6.6	6.56	6.5	6.6	6.52
Internal Storage (GB)	64	128	64	32	64	128
Rear Megapixel	48	Tri 50	Dual 48+2	Tri 13+2+2	Tri 50+2+2	Tri 50+2+2
Product Status	NEW	NEW	Current	Current	Current	NEW
Product Debut	07/30/2023	08/27/2023	11/06/2022	01/16/2022	01/15/2023	08/27/2023
Pricing Highlights						
Most Recent Shelf Price	\$227.99	\$215.99	\$257.99	\$197.99	\$257.99	\$229.99
Most Frequent Shelf Price	na	na	\$257.99	\$197.99	\$257.99	na
Lowest Net Price	\$227.99	\$215.99	\$257.99	\$197.99	\$257.99	\$229.99
Average Net Price	\$227.99	\$215.99	\$257.99	\$197.99	\$257.99	\$229.99

The annual update of T-Mobile’s longstanding budget smartphone series will attract buyers with low pricing and promotional support in the price band. The REVVL series has a long history of exclusivity at T-Mobile and has been embraced by the carrier’s prepaid Metro by T-Mobile brand several generations ago, leading to more opportunities in retail channels. Having Metro options also opened up national exposure for earlier REVVL generations at Walmart and to Metro itself. Along with showings inside T-Mobile-controlled Costco locations, this same channel distribution is expected for the new REVVL 6x PRO 5G and REVVL 6x 5G.

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Apple Confirms September Product Launch, iPhone 15 Expected

Apple confirmed that its next product launch will occur on September 12, 2023 at 1PM ET via press invitation event. The company is expected to announce the iPhone 15 smartphone lineup as well as new Apple Watch event, which falls in line with historical launch patterns. The event will take place live at Apple Park and is

“Wonderlust” tagline along with a gray, blue, and black colorway, which may hint at upcoming color options for the iPhone 15 Pro lineup.



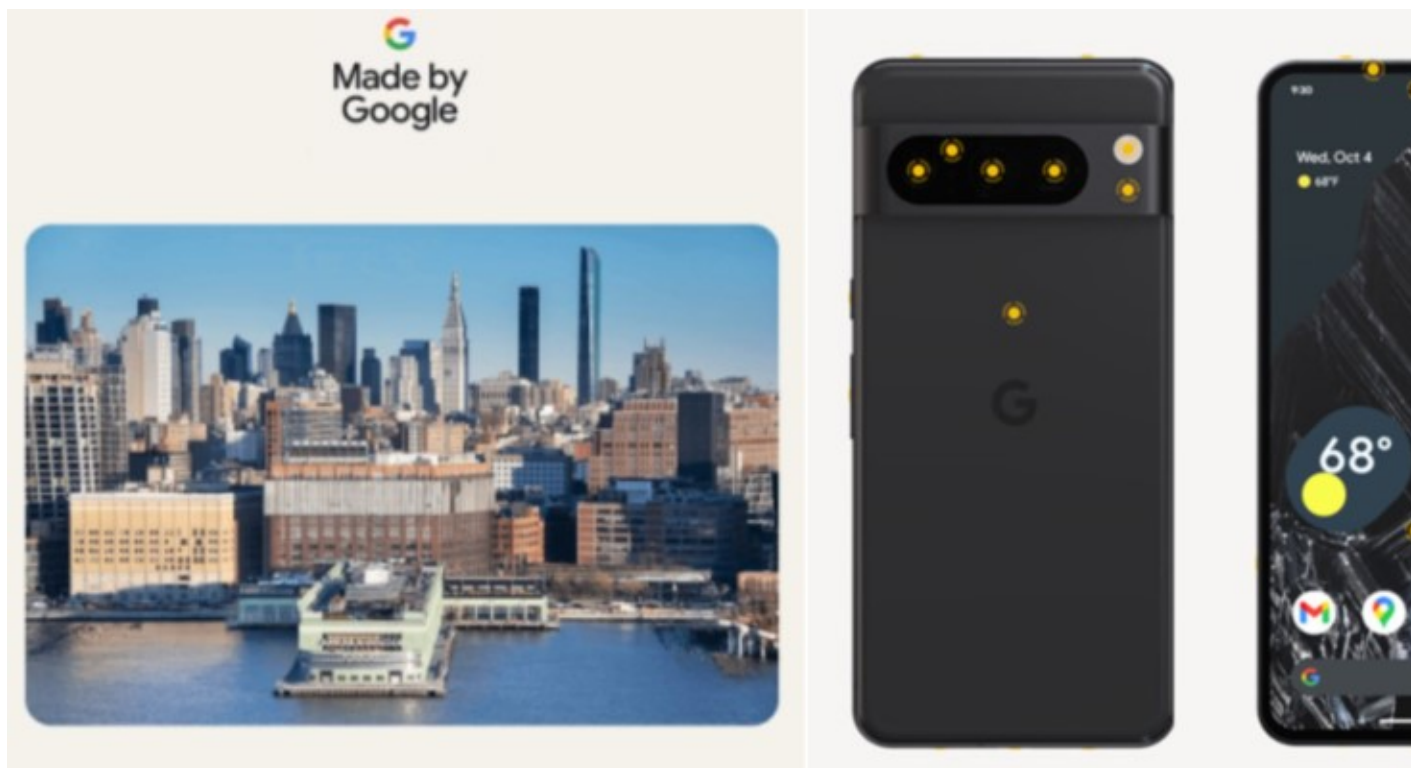
Rumors indicate that the iPhone 15 models will have a similar design to the iPhone 14, but with key differences, including the company's Dynamic Island display and a shift to USB-C from Lightning port, enabling faster charging and widespread compatibility. Apple's higher-end iPhone 15 models are also rumored to feature titanium frames, flat bezels, and camera system improvements. As with previous cycles, the new iPhones are expected to be among

common items across the US market, and the fall introduction will bring pricing down on current iPhone 14 items.

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Google Sets Date for Pixel 8 Smartphone Launch

Google is sending out invitations for a “Made For Google” launch event on Wednesday, October 4, 2023 at New York City, which will presumably bring the launch of the Pixel 8 and Pixel 8 Pro smartphones. The invitations state that the company will “introduce the latest additions to our Pixel portfolio of devices.”



Official news of the October event follows Google’s [historical pattern](#) of launches and several [public leaks](#) of new smartphones. Early information also seems to confirm rumors that the Pixel 8 Pro will feature a built-in temperature sensor, a physical SIM card tray, and will ship in three different colors (pale blue, porcelain, & black). The u

handset is expected to hold an advanced stance in Google's smartphone lineup, offering premium features compared to the Pixel 7 and 7a, while the Pixel Fold remains its flagship option. Introducing a new premium option in the Pixel line is expected to maintain the brand's momentum in the market against the latest Android and iOS handsets, helping to build its stance as a top three market player.

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INDUSTRY REPORTS

Best Buy Posts Q2 FY 2024 Results, Revenue and Comparable Sales Down YoY

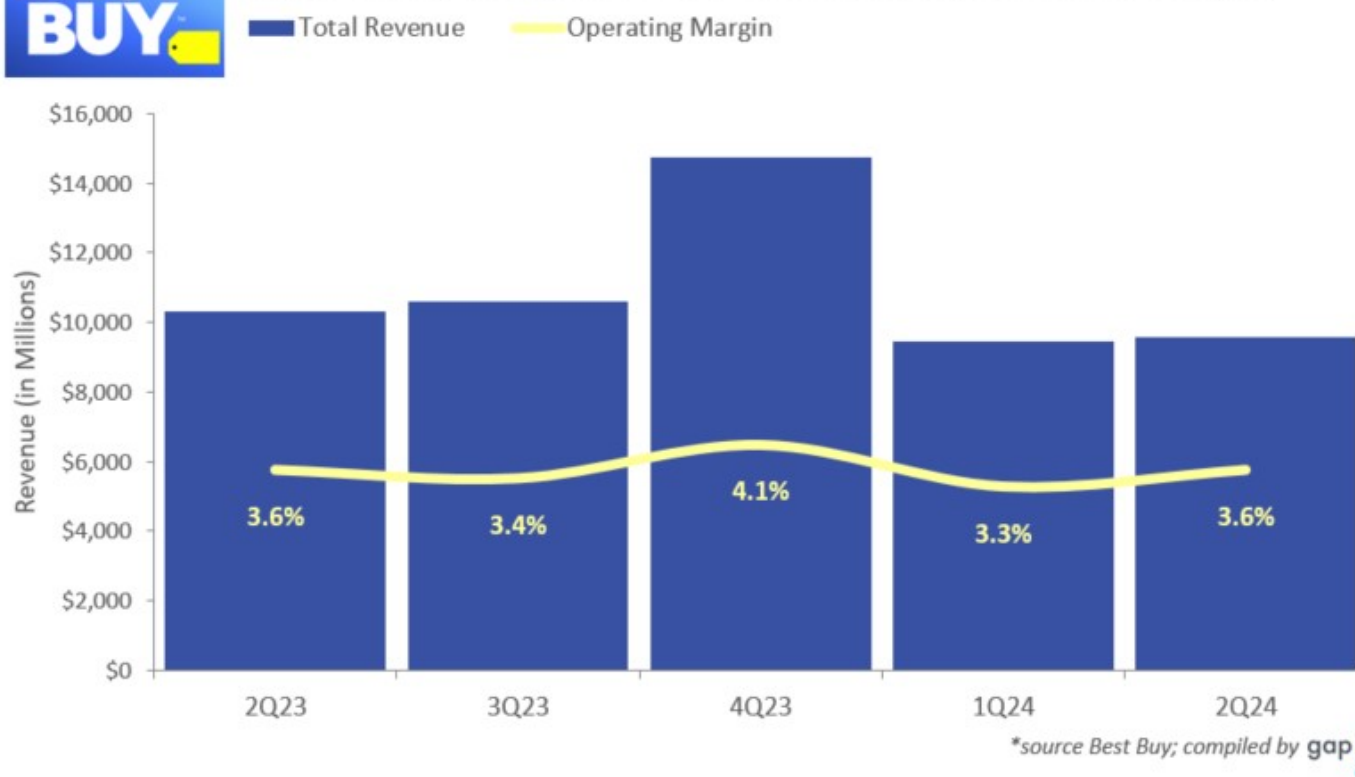
Best Buy [released](#) the financial results for the second quarter of its fiscal year 2024, ending on July 29, 2023. The quarter brought a 7.2% year-over-year ([YoY](#)) decrease in revenue to \$9.6 billion and a 6.2% decrease in operating income to \$348 million. Although comparable sales declined YoY across key areas, Best Buy says that its operating profitability was better than expected and that its quarterly performance settled at the high-end of its earlier range. Best Buy is anticipating that the consumer electronics industry will remain challenged due to “the pull-forward of sales in prior years” and because “various macroeconomic factors that we are all too familiar with” are affecting the market, thus lowering the high-end of its full year revenue outlook for the remainder of its 2024.

Key Q2 2024 Results

- Revenue down 7.2% on year to \$9.6 billion
- Operating income down 6.2% YoY to \$348 million
- Domestic revenue of \$8.9 billion, down 7% on year
- International revenue of \$693 million, down 8.8% on year



Quarterly Revenue & Operating Profit Margin



Domestic Segment Results

For Q2 2024, domestic revenue decreased 7% YoY to \$8.9 billion, mainly driven by a comparable sales decline of 6.3%. Online revenue decreased 7.1% YoY to \$2.76 billion in Q2 2024, but as a percentage of total domestic revenue, performance was flat YoY at 31.0%.

The Domestic segment posted a higher gross profit rate of 23.1% this quarter, 1-point higher YoY, due to favorable product margin rates and what Best Buy calls “improved financial performance from membership offerings” from higher Services margin rates and improved gross profits from Health initiatives, combined with a reduction in costs associated with its membership programs. The largest drivers for the segment’s comparable sales decline in Q2 2024 were appliances, home theater, computing and mobile phones. These drops were partially offset by growth in ga

Domestic Segment	Revenue Mix		Comparable Sales	
	Three Months Ended		Three Months Ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Computing and Mobile Phones	41%	42%	(6.4)%	(16.6)%
Consumer Electronics	30%	30%	(5.7)%	(14.7)%
Appliances	16%	17%	(16.1)%	(1.2)%
Entertainment	6%	5%	9.0%	(9.2)%
Services	6%	5%	7.6%	(8.5)%
Other	1%	1%	2.4%	15.6%
Total	100%	100%	(6.3)%	(12.7)%

International Segment Results

For Q2 2024, international revenue decreased by 8.8% to \$693 million, mainly driven by a comparable sales decline of 5.4% and a negative impact of 340 basis points from foreign currency exchange rates. The segment posted a profit rate of 24.2% this quarter, 1-point higher YoY, reflecting positive contributions from Services.

Outlook

For Q3 FY 2024, Best Buy expects its comparable sales to be “slightly better” than the 6.2% decline it logged in Q2 and its operating income rate to be around 3.4%. Best Buy called its fiscal 2024 “a low point in tech demand after years of sales declines” and looks toward stabilization, and possibly growth, next year. According to Best Buy, the recovery will be driven by a “natural upgrade and replacement cycles and the normalization of tech innovation” within the consumer electronics industry. The company plans to shut down 20 to 30 of its larger-format stores during the year ahead, while remodeling eight into its “experience” format and expanding its outlet store format from 19 to 25.

Best Buy is lowering the high-end of its full year revenue outlook for the year ahead, placing it in line with a midpoint in its forecast, while maintaining the low-end of the revenue guidance, and narrowing its profitability target. Best Buy’s updated guidance for FY24 (53 week) is:

- Revenue of \$43.8 billion - \$44.5 billion (vs. prior guidance of \$43.8 billion to \$45.2 billion)
- Comparable sales decline of 4.5% - 6.0% (vs. prior guidance of a decline of 3.0% - 6.0%)

□ Enterprise operating income rate of 3.9% - 4.1% (vs. prior guidance of 3.7% - 4.1%)

See also:

[Best Buy Reports Q1 FY 2024 Results, Quarterly Revenue Down 11% YoY](#)

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Walmart Announces E-Comm and Fulfillment Updates at Seller Summit

Walmart unveiled several updates at its first-ever Seller Summit, including B2B improvements and new marketplace options. The box retailer will now offer Walmart Business, a channel focused on B2B vendors, and Walmart Restored, which focuses on refurbished products. And early next year, Walmart Marketplace will add support for Chile, alongside the United Kingdom, Canada, Mexico, and US markets. The company will also continue rolling out its brand shops and brand shelves. The former allows sellers to create a digital storefront with curated listings, while the latter allows sellers to create brand shelves that feature specific assortments or seasonal collections (for example, back to school or holidays).

Walmart is also offering additional fulfillment options for its online Marketplace. The company will stand up curbside pickup and delivery for sellers with physical stores. Customers will be able to pick up their purchases or opt for home delivery through Walmart's last-mile delivery network. The retailer is also expanding access to its Walmart Fulfillment Services program, its more affordable end-to-end fulfillment solution. It will now support sellers of bulkier items that require multiple boxes.

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LG Display Reports 15% YoY Revenue Decline in Q2 2023, Fifth Quarter of Losses

LG Display's financial results for Q2 2023, the period ended June 30, 2023, brought a 15% decrease in revenue over-year (YoY) to KRW 4.7 trillion (\$3.7 billion) compared to the KRW 5.6 trillion (\$4.4 billion) it posted in Q2 [2022](#). The manufacturer posted a net loss of KRW 699 billion (\$525 million) in Q2 2023, showing some concern over the company's financial health.

improvement from its net loss of KRW 1.2 trillion (\$902 million) in [Q1 2023](#), but still a higher level compared to its net loss of KRW 382 billion (\$287 million) in Q2 last year. Q2 2023 marks the fifth consecutive quarterly loss for LG Display, mainly due to “weak demand for mobile display panels and a slowdown in premium TV demand in Europe.

Key Q2 2023 Results

- Total revenue of KRW 4.7 trillion (\$3.7 billion), down 15% YoY
- Operating loss of KRW 881 billion (\$689 million) compared to loss of KRW 488 billion (\$366 million) in Q2 2022
- Panel revenues consists of: 42% IT, 24% TV, 23% Mobile, & 11% Auto

Q2 2023 Business

LG Display weathered an operating loss of KRW 881 billion (\$689 million) for Q2 2023, a significant increase from its KRW 488 billion (\$366 million) loss that it reported Q2 last year, but a reduction compared to the first quarter of 2023. Overall, the company’s quarterly performance was affected by reduced panel inventory levels across the ecosystem, but it did see increased demand and shipments of mid- and large-sized panels, including OLED panels, which contributed to consecutive rises of 11% and 7% in area base panel shipments and revenues in Q2, respectively. IT devices, such as monitors, laptops, and tablet PCs, accounted for 42% of LG Display’s revenues in Q2 2023. TVs accounted for 24%, panels for mobile and other devices accounted for 23%, and panels for automobiles accounted for 11%.

Outlook

Looking ahead, LG Display has a strategy to focus on the market-to-order business and plans to increase the proportion of its total revenue from 40% to over 50% next year, and over 70% within the next two to three years. Expanding into new businesses is also a priority, with a target to make OLED panels account for over 50% of its total revenues through 2025, capitalizing on the fundamental advantages of the technology as it explores emerging sectors like Gaming OLED and Transparent OLED for diversification. To address upcoming challenges, LG Display is working on reducing costs by innovating its cost structure, strengthening inventory management, and improving its overall operational efficiency.

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Shopify and Amazon Partner to Add 'Buy with Prime' Purchasing Options

Amazon and Shopify recently announced a [partnership](#) that allows Shopify merchants to utilize Buy with Prime fulfillment at checkout. This means shoppers with Prime subscriptions can shop on other sites and use their Amazon accounts to finalize purchases. The partnership offers a complete e-commerce experience, with Amazon also handling fulfillment of those purchases. Through its Amazon integration, Shopify will expand its merchants' ability to reach new locations and reach a larger audience.



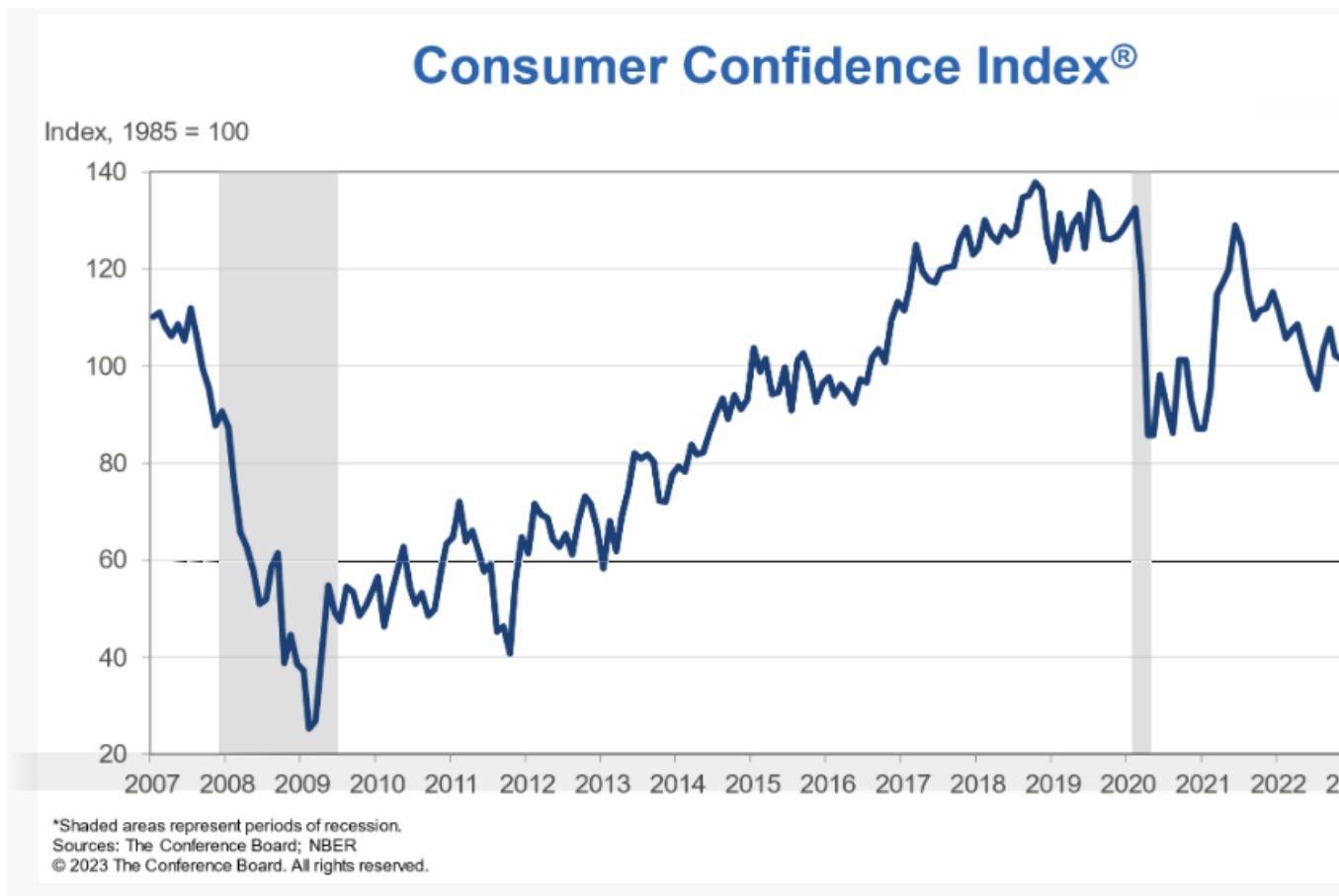
Amazon first introduced Buy with Prime in April 2022 and was met by significant barriers from Shopify. Buy with Prime was released without pre-existing e-commerce partners, with Amazon ultimately facing incompatibility with Shopify due to a code snippet violating the e-commerce platform's terms of service. Due to its popularity, Shopify has since adopted Amazon's Buy with Prime from wide adoption across websites as merchants aimed to maintain Shopify partnerships. Shopify's adoption of Buy with Prime will increase the popularity of the platform and likely grow its use across e-commerce sites.

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US Consumer Confidence Falls in August After Two-Month Uptick

After two months of consumer confidence steadily increasing, the Conference Board's [Consumer Confidence](#) reports a decrease in August. The index fell from 114.0 in July to 106.1 in August, reflecting dips in the current conditions and expectations indexes. Based on consumers' assessments of the present state of the economy and financial markets, the Present Situation Index dropped from 153.0 to 144.8. The Expectation Index, which analyzes the short-term outlook for income, business, and labor market conditions, fell from 88.0 in July to 80.2 in August.

- Overall Consumer Confidence falls to 106.1 (from 114.0 in July)
- The Present Situation Index falls to 144.8 (from 153.0 in July)
 - Data shows employment gains have slowed, overall wage increases slow compared to previous average number of weeks of unemployment increases
- The Expectations Index falls to 80.2 (from 88.0 in July)
 - Data reflects less confidence about job availability, incomes, & future business conditions



Intentions to buy automobiles and appliances continued to trend upward on a six-month moving average basis, while intentions to buy houses, which are more in line with rising interest rates, continued to trend lower.

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Survey: August Brings Inflation Concerns with Consumers

A survey of US consumers, conducted by Numerator, revealed that 59% of respondents have a high level of concern about the economy, an increase from July. Additionally, around 65% of consumers surveyed feel as if the country is in an economic recession, with the same amount thinking the US economy will get worse in the next couple of months. On the topic of inflation, 76% of respondents believe inflation will increase in the coming months, with 77% (+5ppt MoM) citing rising prices on essential goods and services as a main economic concern, followed by 70% (+9ppt MoM) of respondents concerned by rising gas prices. Personal finances are also a primary concern, with 38% (-4ppt MoM) citing concerns about savings and 31% (-3ppt MoM) concerned about government benefits scaling back.

Respondents are generally uncomfortable with discretionary spending, with 73% saying they are uncomfortable spending on premium items, 72% are uncomfortable taking money out of savings or retirement accounts, and 55% are uncomfortable spending money on non-essential items. In response to inflation and rising prices, respondents expect to cut back on spending on items such as dining out (43%) and travel (38%), however, 28% do not expect to cut back on spending.

Additionally, economic concerns are affecting consumer plans for the Labor Day holiday period, with 42% expecting rising prices to impact their spending. The vast majority (86%) of respondents plan on taking more budget-friendly measures for labor day, including buying items on sale (54%), preparing more budget-friendly meals (35%), using coupons (32%), switching to store brands (23%), and visiting dollar or discount stores (20%).

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Survey: Brick-and-Mortar Retail Locations Will Drive 2023 Back-to-School Shopping

According to a recent back-to-school survey by [Sensormatic Solutions](#), 79% of US consumers will choose in-store shopping experiences while preparing for the new educational year. 65% of respondents stated they are looking at in-store displays to inform purchasing decisions for new products, up 10% year-over-year (YoY). Considering what will be purchased, 70% of those surveyed will spend the most money on apparel, 58% on shoes, and 53% on school supplies. 80% planning to start shopping in July or August.

Peak Shopping Periods by US Region

- South: July 30 - August 5
- West: July 30 - August 12

- Midwest: August 6 - August 19
- Northwest: August 20 - August 26

Where Consumers Plan to Shop

- 45% - free-standing retailers in strip malls
- 20% - open-air shopping centers
- 19% - enclosed malls

Additionally, 51% of respondents said that either the current economy won't have an impact on their back-to-school budget or they will spend more money than the previous year. Despite declining budgetary concerns, price remains the most important factor for 91% of consumers, with 30% prioritizing retailers that hold tempting sales and promotions. Based on the survey's findings, the brick-and-mortar shopping experience is growing in importance compared to previous years and will likely drive competition amongst manufacturers attempting to improve in-store exposure throughout the remainder of 2023.

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Survey: Holiday Shopping Will be Driven by Social Media and Online Reviews

According to a recent [survey](#) by Bazaarvoice, which surveyed more than 1,000 US consumers, 81% of respondents said they will shop in-store this upcoming holiday season. Comparatively, 72% said they will shop online and 22% would look to use social media to holiday shop. Consumers are looking to hear about Black Friday deals from social media (46%), and news articles/gift guides (42%). 49% of respondents follow particular brands on social media to discover their Black Friday deals. Notably, 74% of surveyed consumers agree that reviews impact their purchasing decisions during Cyber Weekend, while 59% say the same about purchasing decisions via social media.

Other key survey findings:

- 11% of respondents already started holiday shopping in July & 14% in August
 - Followed by September (19%), October (35%), November (57%), & December (48%)
- Consumers plan to shop at large chain retailers (82%), local businesses (58%), & online-only retailers (51%)

- Consumers plan to gift apparel (70%), games/toys (51%), electronics (47%), food/beverage (40%), home (37%), & jewelry (36%) during the holiday season

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