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Subject: gap intelligence: Smartphones (US) Market Intelligence Report - Aug 14, 2023



MARKET INTELLIGENCE REPORT



Smartphone

S

Aug 14, 2023



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PRODUCT UPDATES

- gapSnapshot: Samsung is Continued Leader of Best Buy's Unlocked Shelf
- Samsung Galaxy Z Flip5 5G Expands to Sam's Club Following Launch



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- Asus Reports Q1 2023 Financials, Revenue Down 7% YoY to \$3.4 Billion
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- Staples Partners with DoorDash to Expand Same-Day Delivery
- NRF: Imports Expected to Peak in August
- Consumers Report Largest Increase in Satisfaction in 15 Years

- Adobe: July Online Prices Decrease YoY for 11th Consecutive Month

PRODUCT UPDATES

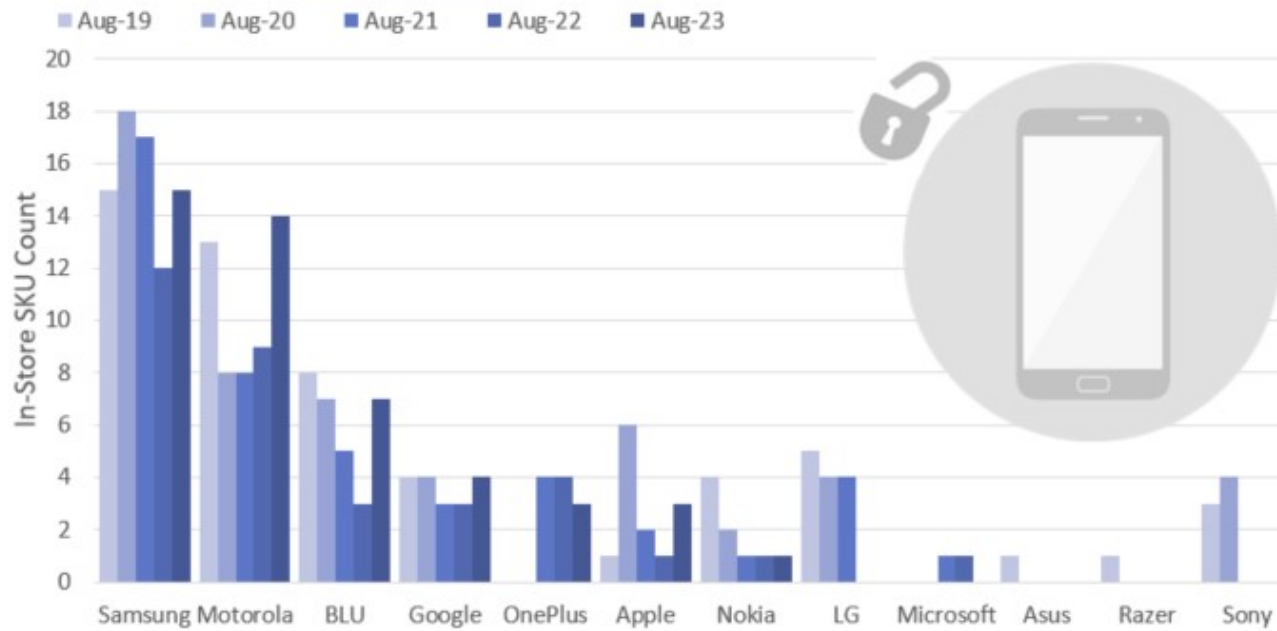
gapSnapshot: Samsung is Continued Leader of Best Buy's Unlocked Shelf

This week's Snapshot highlights the year-over-year changes to Best Buy's unlocked smartphone assortment inside its brick-and-mortar locations. The chart reflects the unique smartphone models presented to in-store each August.

gap impact summary

- Best Buy's unlocked smartphone assortment up 38% YoY in August 2023 (34 to 47 SKUs), but still down vs. 2019 peak (55 SKUs)
- Samsung maintains overall lead & posts on-year SKU count increase of 3 (+25% YoY)
- Motorola's presence surges 56% YoY inside Best Buy stores; 14 SKUs represents a maximum for its availability/diversity
- BLU brings more to Best Buy's summertime assortment w/ 7 SKUs, all targeting budget minded shoppers
- Google adds 1 SKU to hold an edge over OnePlus (-1 SKU) & Apple on shelf; although placements of latter brand (3 SKUs currently available), showing a growing focus

Smartphones: Unlocked In-Store Assortment



*includes unlocked smartphones placed inside Best Buy stores

gap  intelligence

Source: “Master Pricing Table” tab within the August 13, 2023 Pricing & Promotions Report in [Dashboard Reports](#)

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Samsung Galaxy Z Flip5 5G Expands to Sam’s Club Following Launch

gap intelligence collectors recently spotted unactivated and monthly versions of the Samsung Galaxy Z Flip5 256GB and 512GB storage configurations in Sam’s Club stores. This comes alongside the official availability of the foldable (along with its Galaxy Z Fold5 counterpart) on August 11, and follows major carriers AT&T, T-Mobile, Verizon, & Verizon adding buying options, along with Amazon, Best Buy, and Walmart.



As previously mentioned, Samsung's swift channel execution ensures a high level of exposure to consumers in the early phase and sets the brand up for a solid start to this year's generation of foldables. The annual summertime event arrives slightly ahead of last year's Z-series launch, showing Samsung's intent to keep its lead in the foldable market amidst new and renewed competition from Google and Motorola.

Sams Club	Samsung Galaxy Z Flip5 5G 256GB - Graphite SM-F731UZAATT	Samsung Galaxy Z Flip5 5G 512GB - Graphite SM-F731UZAETT
		
▼ Product Specifications		
Contract Type	Unactivated	Unactivated
Product Family	Galaxy Z Flip5 5G	Galaxy Z Flip5 5G
Carrier	AT&T	AT&T
Contract Length (mos)	na	na
Operating System	Android	Android
Display Size (in)	6.7	6.7
Internal Storage (GB)	256	512
Rear Megapixel	Dual 12+12	Dual 12+12
Product Status	NEW	NEW
Product Debut	07/30/2023	07/30/2023
▼ Pricing Highlights		
Most Recent Shelf Price	\$999.99	\$999.99
Most Frequent Shelf Price	na	na
Lowest Net Price	\$999.99	\$999.99
Average Net Price	\$999.99	\$999.99

SamsClub.com is also running a promotional banner ad, found in a carousel of ads on the home landing page, for the Samsung Galaxy Z series that offers up to \$1,250 off, plus waived activation fees when a customer brings their old AT&T with an eligible trade-in.

Learn how to get up to \$1,250 off, plus waived activation fee. ^{1,2,3,4}

When you bring your number to AT&T with an eligible trade-in.

Online and in select clubs. While supplies last. Restrictions apply.



See also:

[Channel Prepares for Arrival of Samsung's New Foldable Z-Series](#) Aug 08, 2023

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INDUSTRY REPORTS

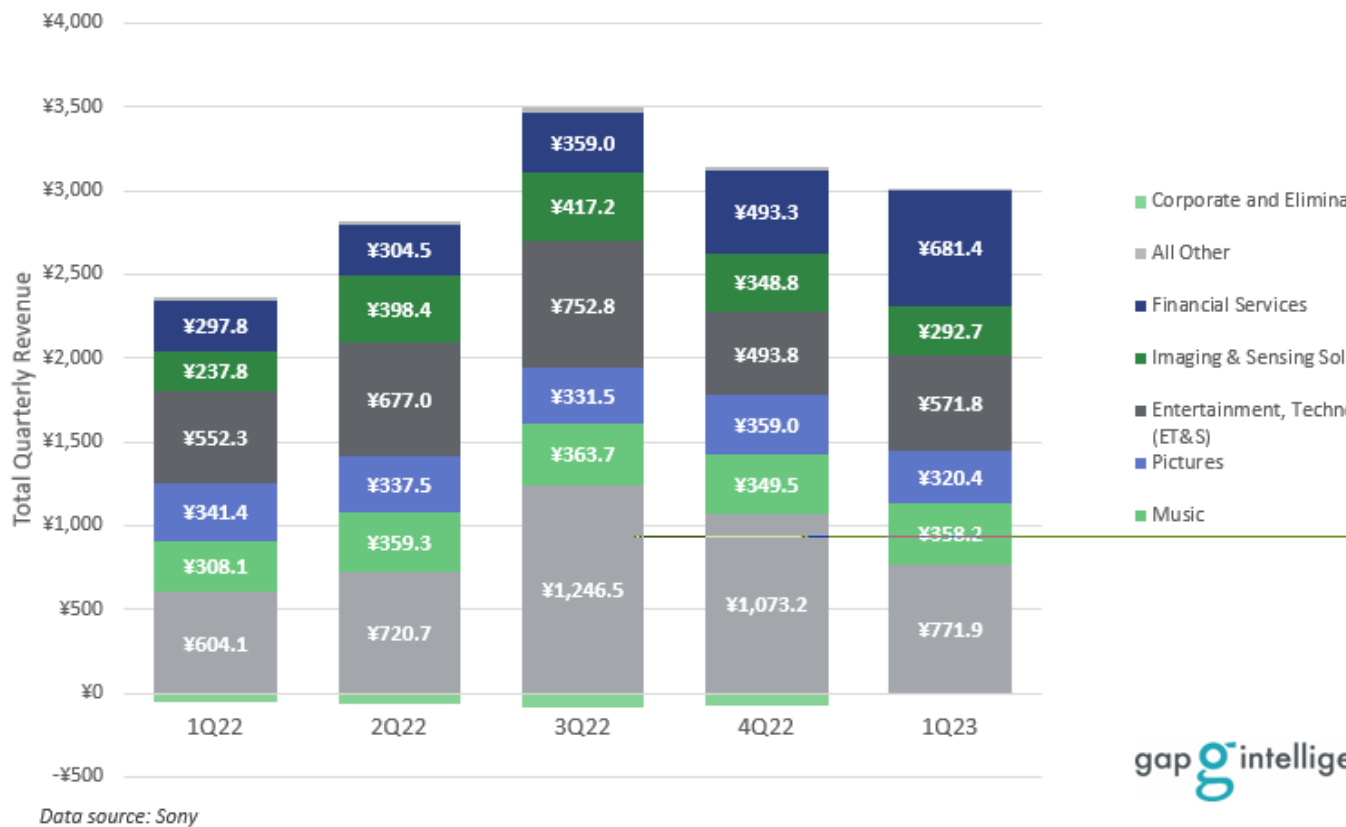
Sony Reports Q1 2023 Financial Results, Revenue Growth of 33% On-Year

Sony released its [financial results](#) for Q1 2023 ending June 30, 2023, reporting revenue growth of 33%, to ¥2,963.7 billion (\$20.4 billion). Q1 2023 saw an operating income of ¥253 billion (\$1.7 billion), while net income was ¥217.5 billion (\$1.5 billion). Sony's performance was largely driven by significant year-over-year (YoY) sales increases in G&NS, I&SS, and ET&S.

gap impact summary

- Total revenue of ¥2,963.7 billion (\$20.4 billion), up 33% on-year
- Operating income of ¥253 billion (\$1.7 billion), down 31% on-year
- Net income of ¥217.5 (\$1.5 billion), down 17% on-year

SONY Quarterly Revenue by Business Segment



Key Results by Business Segment

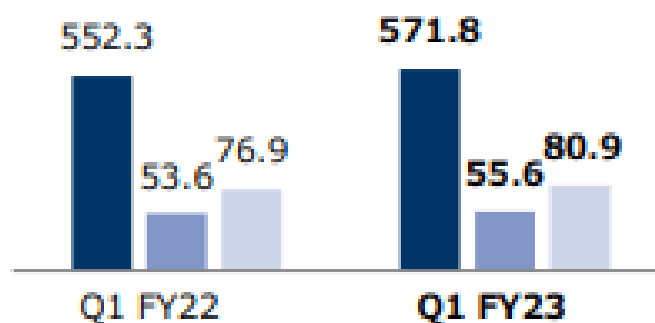
Entertainment, Technology & Services (ET&S) [Formerly Electronics, Products & Solutions]

- Sales of ¥571.8 billion (\$3.9 billion), a ¥19.5 billion increase YoY
- Operating income of ¥55.6 billion (\$38 million), a ¥2.1 billion increase YoY
- Increase in unit sales of digital cameras offset the decrease in unit sales of smartphones/TVs
- Forecasted increase of 2% YoY due to reduction of operating costs for TVs

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



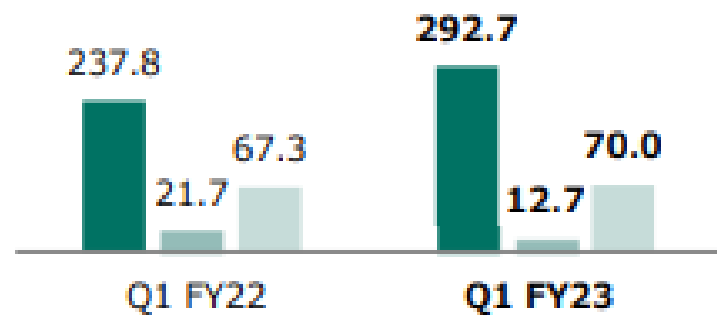
Imaging & Sensing Solutions (I&SS)

- Sales of ¥292.7 billion (\$2.01 billion), a ¥54.9 billion increase YoY
- Operating income of ¥12.7 billion (\$9 million), a ¥9 billion decrease YoY
- Increase in unit sales of image sensors for mobile products and foreign exchange rates
- Forecasted decrease of 3% YoY due to decrease in net sales of image sensors for mobile products/ind infrastructure

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA

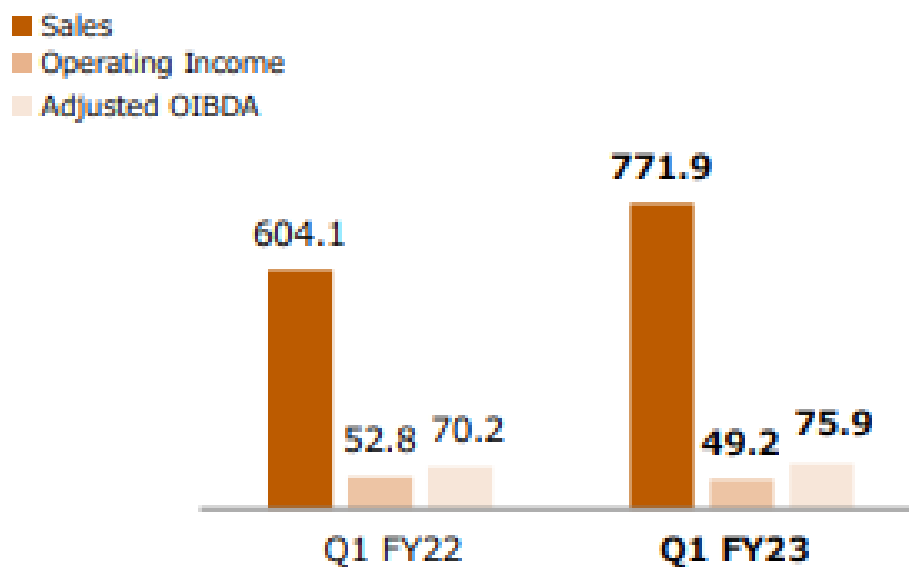


Game & Network Services (G&NS)

- Sales of ¥771.9 billion (\$5.3 billion), a ¥167.8 billion increase YoY
- Operating income of ¥49.2 billion (\$34 million), a ¥3.6 billion decrease YoY
- Significant increase in sales caused by foreign exchange rates, as well as increases for hardware & fir
- Forecasted increase of 7% due to improvement add-on content in non-first party titles

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)



Outlook

For FY 2023, Sony is forecasting ¥12,200 billion in total sales, with ¥1,170 billion in operating income and in net income. Sony anticipates nearly all segments will experience significant increases, especially in the G Network Services segment (+ ¥4,170 billion).

FY2023 Results Forecast by Segment

		FY22	FY23 April FCT	FY23 August FCT	Change April
Game & Network Services (G&NS)	Sales	3,644.6	3,900	4,170	
	Operating income	250.0	270	270	
	Adjusted OIBDA	337.0	365	375	
Music	Sales	1,380.6	1,410	1,490	
	Operating income	263.1	265	280	
	Adjusted OIBDA	316.4	325	335	
Pictures	Sales	1,369.4	1,520	1,470	
	Operating income	119.3	120	120	
	Adjusted OIBDA	168.2	165	165	
Entertainment, Technology & Services (ET&S)	Sales	2,476.0	2,380	2,430	
	Operating income	179.5	180	180	
	Adjusted OIBDA	276.9	280	280	
Imaging & Sensing Solutions (I&SS)	Sales	1,402.2	1,600	1,560	
	Operating income	212.2	200	180	
	Adjusted OIBDA	408.9	445	425	
Financial Services	Revenue	889.1	870	1,320	
	Operating income	318.1	180	180	
	Adjusted OIBDA	322.4	205	205	
All Other, Corporate and elimination	Operating income	-39.8	-45	-40	
	Adjusted OIBDA	-12.9	-15	-15	
Consolidated total	Sales	10,974.4	11,500	12,200	
	Operating income	1,302.4	1,170	1,170	
	Adjusted OIBDA	1,816.9	1,770	1,770	
	Adjusted EBITDA	1,797.6	1,750	1,750	

Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

See also:

[Sony Reports Q4 2022 and FY 2022 Results: Respective Revenue of \\$85.2 Billion & \\$22.6 Billion](#)

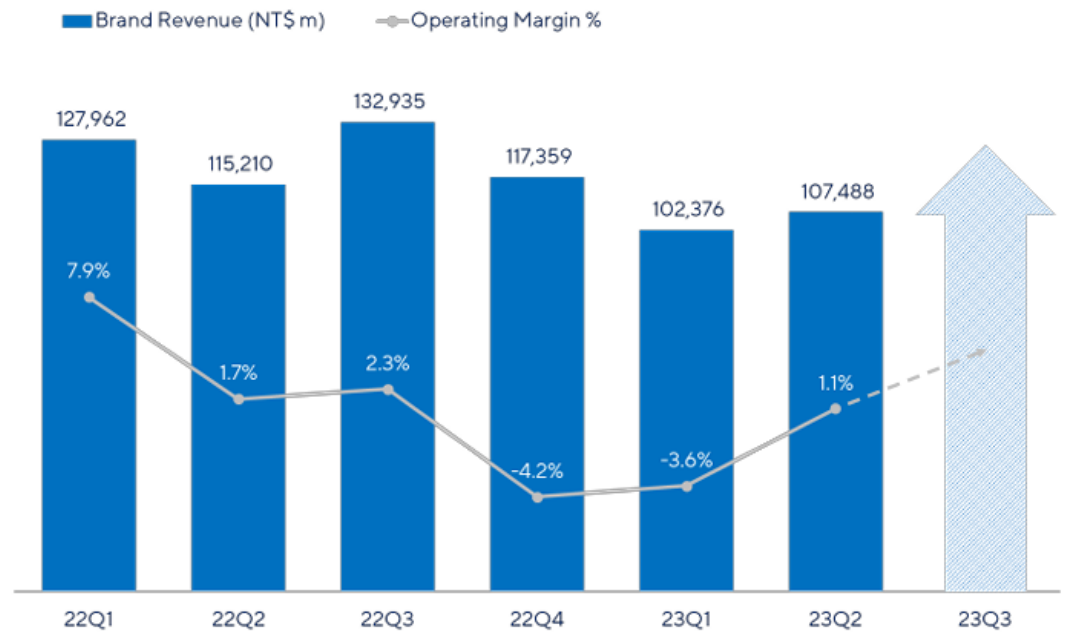
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Asus Reports Q1 2023 Financials, Revenue Down 7% YoY to \$3.4 Billion

Asus recently released its Q2 FY 2023 financial results for the three-month period ending June 30, 2023, reporting a decrease in revenue year-over-year (YoY) to NT\$107 billion (\$3.36 billion). Operating profit saw a significant increase of 38% YoY to NT\$1.2 billion (\$38.1 million), while net profit increased 36% YoY to NT\$2.5 billion (\$81 million).

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.

Business Stabilization

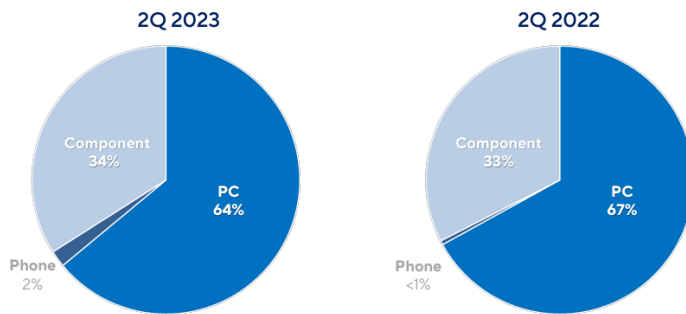


ASUS

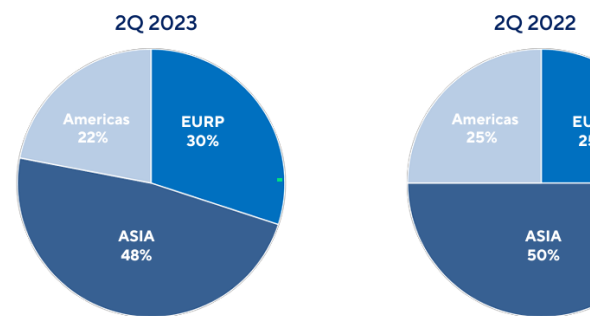
gap impact summary

- Asus Q2 2023 revenue decreased 7% YoY to NT\$107 billion (\$3.36 billion)
- Operating profit decreased 38% YoY to NT\$1.2 billion (\$38.1 million)
- Net profit increased 36% YoY NT\$2.6 billion (\$81 million)
- Product Mix: PC 64%, Component 34%, & Phone 2%
 - o Asus' product mix saw a 3ppt decrease in PCs YoY, 1ppt increase in components, and >1ppt in Phones
- Region Mix: 48% Asia, EURP 30%, and 22% Americas
 - o Asia saw a mild decrease of 2ppt, while the Americas decreased 3ppt, and EURP increased 5ppt

Product Mix



Region Mix



System Business Group

- Revenue decreased ~5-10% YoY for Q2 2023
- Asus states it holds the #1 gaming notebook market share with ~25-30% in 2023 YTD
- >60% of Q2 2023 were considered premium PCs
- Asus is focused on ONE PC strategy: to become a more agile and synergistic organization with dual consumer and commercial products
- Highlights new brand of AI-powered PC

Open Platform Business Group

- Open Platform business group revenue down 5% YoY
 - Mother Board shipments grew 10% YoY
 - Enhanced Graphics card product mix saw an ASP growth of ~0-5% YoY
- Server business revenue grew 40% YoY in Q2 2023, aiming to achieve 5x growth over 5 years
- The company highlighted its "The Best of COMPUTEX 2023" awards for graphics card and network categories (ROG Matrix GeForce RTX 4090 and Asus ExpertWiFi EBA63)
- Asus states "No. 1 motherboard and graphics card: expanding gaming and ProArt creator lineups"

AIoT Business Group

- AIoT Business group revenue grew 60% YoY for Q2 2023
- 5G+ AIoT Smart Manufacturing Upgrades focused on AI solutions
- Introduced a Co-Winning Approach to ASUS AIoT Partner Alliance, uniting over 60 solutions providers

- Fostered smart manufacturing upgrades through 5G+ Alot solutions, including factory war room and system

Outlook

Asus expects to see around a $\sim 20\%$ increase QoQ in its PC business and $\sim 10\%$ increase in CoComponent

See Also

[Asus Reports Q2 2022 Financials, Revenue Down 4% to \\$3.9 Billion](#)

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Amazon's Second Prime Day of 2023 Scheduled for October

Amazon [announced](#) that it will be hosting its second member-exclusive sales event of the year during October. The upcoming event is called “Prime Big Deal Days” and marks the second consecutive year that Amazon has had a sale event to follow after its main [Prime Day](#) in July. Amazon has not confirmed specific dates for Prime Big Deal Days, but only that it will “share more details soon as we get closer to the event,” and that Prime members across 19 countries (Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Italy, Japan, Luxembourg, Netherlands, Portugal, Singapore, Spain, Sweden, & US) will have access to exclusive deals.



Last year, Amazon's Prime Early Access Sale was positioned as an early holiday sales event that took place on October 10 and 11, 2022. The sale had [lower overall awareness and sales volumes](#) compared to Amazon's summertime Prime Day 2022, with shoppers placing fewer, smaller orders and purchasing lower-priced items than they did during Prime Day 2022. This year's Prime Big Deal Days follows the [record setting performance](#) of Prime Day 2023, which grew 6.1% over 2022 with \$12.7 billion in sales, but saw lower order size (\$58.41 vs. \$60.73) and lower spend per unit (\$31.27 vs. \$32.14). Prime Big Deal Days may show similar patterns of spending and not reach record heights, but will undoubtedly kick off the start of holiday season sales across the market during October 2023.

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Staples Partners with DoorDash to Expand Same-Day Delivery

Staples recently announced its partnership with DoorDash to provide more options for same-day delivery of orders. Around 1,000 Staples stores are available within DoorDash's marketplace, with an average fulfillment time under an hour. Staples is also available for users with DashPass, which includes free delivery for orders that meet minimal subtotal requirements.

DoorDash isn't the first delivery service the retailer has collaborated with. Staples has offered same-day delivery at its US retail stores through a partnership with Instacart beginning in June 2020. Since then, it has expanded same-day delivery capabilities for large items in August 2022 and joined Instacart Business in its B2B marketplace in January 2023.

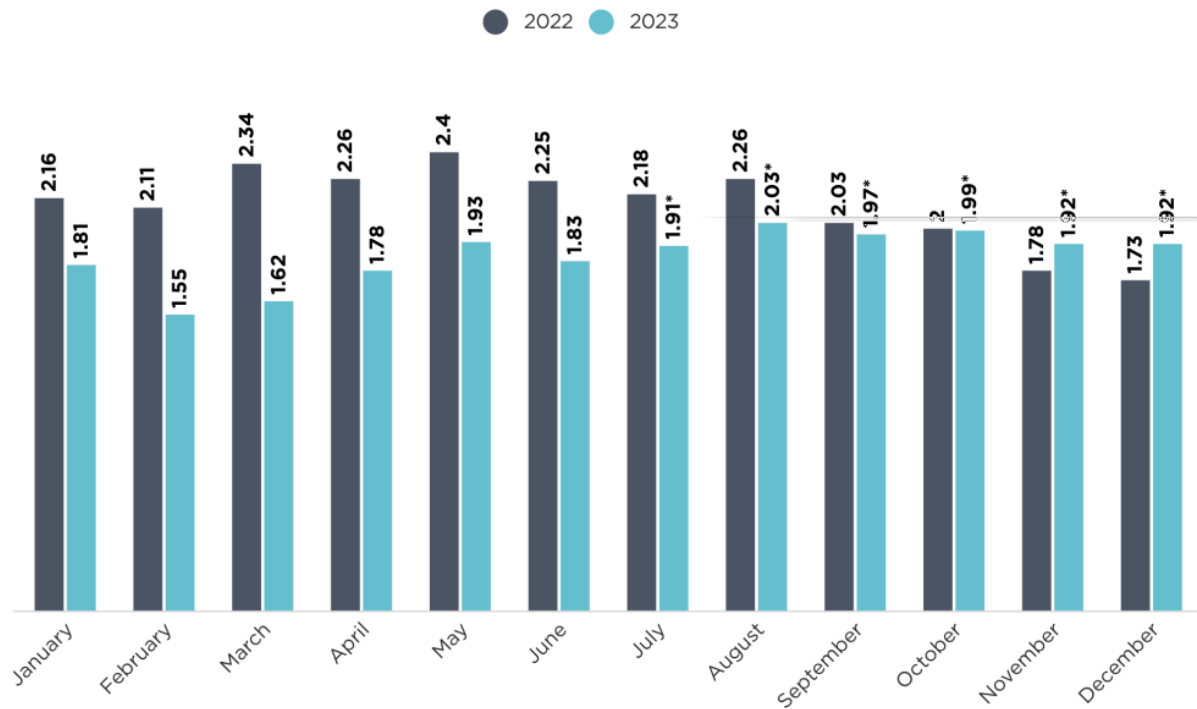
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NRF: Imports Expected to Peak in August

According to the Global Port Tracker report published by the National Retail Federation (NRF) and Hackman & Wiegman, import cargo volume at major container ports is expected to hit its highest level in nearly a year this August. NRF President for Supply Chain and Customs Policy Jonathan Gold noted that "Port and package-delivery labor issues that threatened the supply chain at the beginning of the summer have been resolved, and retailers are now fully preparing for the all-important holiday season."

In June, labor and management at West Coast ports struck a tentative deal, a 13-day port strike in western Canada impacted US retailers last month ended, and a UPS/Teamsters tentative contract avoided a potential August strike. Additionally, a Canadian labor agreement was ratified on August 4, with others remaining in the ratification process.

Monthly imports 2022-2023 (TEU-Millions)



Source: NRF/Hackett Associates Global Port Tracker *Forecast

US ports covered by Global Port Tracker handled 1.83 million Twenty-Foot Equivalent Units (TEU) in June, the latest month for which figures are available. TEU was down 5.2% from the previous month and down 11.2% from the previous year. The first half of this year hit 10.5 million TEU, which was down 22% from the first half of 2022.

While ports have not reported July numbers, Global Port Tracker forecasts the following:

- July 1.91 million TEU, down 12.7% YoY
- August at 2.03 million TEU, down 10.2% YoY (but 1st month since last October to reach 2 million TEU)
- September at 1.97 million TEU, down 3% YoY
- October at 1.99 million TEU, down 1% YoY
- November at 1.92 million TEU, up 8% YoY (1st YoY increase since June 2022)
- December at 1.92 million TEU, up 10.7% YoY

□ Full year 2023 at 22.3 million TEU, down 12.8% versus 2022

See also:

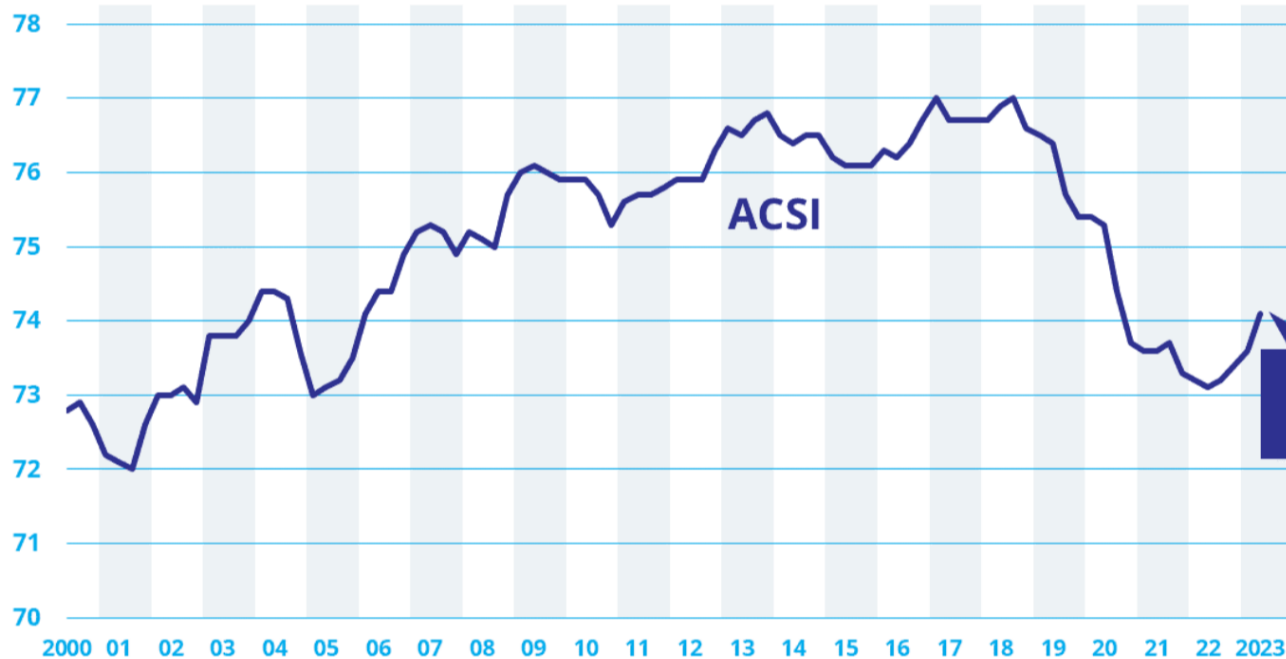
[NRF: Imports Building Toward Summer High Despite Labor Disruptions](#) July 17, 2023

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Consumers Report Largest Increase in Satisfaction in 15 Years

American shoppers recently reported the largest increase in satisfaction over the last 15 years during Q2 2023, according to the [American Customer Satisfaction Index](#). The 0.7% gain bumped Q2's score to 74.1 and is the fourth consecutive quarter with increases, largely driven by customer satisfaction with household appliance and personal computer purchases. This rebound follows about four years of declining customer satisfaction that culminated in Q1 2019 at the lowest level in almost two decades. The ACSI is a strong predictor of overall economic performance, with the increase lining up with 2.4% growth in GDP and a 1.6% increase in consumer spending. ACSI scores are based on annualized customer satisfaction scores across sectors and industries.

The American Customer Satisfaction Index (ACSI®) 2000 - 2023



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Adobe: July Online Prices Decrease YoY for 11th Consecutive Month

In July 2023, US online prices fell 1.6% year-over-year, which marks the 11th consecutive month of YoY price decreases according to the Adobe Digital Price Index. Comparing monthly to June 2023, online prices decreased by 0.3%.

Adobe recorded the largest YoY online price decrease in June 2023, where prices declined by 2.6% YoY. This was the largest decrease in online prices since May 2020.

In July 2023, 11 of 18 categories experienced a YoY price drop. Notable category price decreases include apparel (-1.8% YoY), and furniture/bedding (-3.5% YoY). Appliances prices hit a record low in June 2023, where they experienced a decrease of 8.3%. Prices for this category have been increasing persistently due to inflation since May 2020, but recently experienced a positive downturn.

The categories experiencing the largest YoY decreases include electronics (-11.7% YoY), computers (-15.4% YoY), flowers/related gifts (-31.6% YoY).

The seven categories that experienced YoY price increases in July 2023 include personal care, pet products, prescription drugs, tools/home improvement, medical equipment/supplies, and apparel.

Groceries is a category that has experienced persistent inflation over the past year. Although prices continued to rise in July 2023, Adobe has slowly observed price increases in the category for its 10th consecutive month. In July 2023, groceries increased 6.3%, which follows a 7.6% increase in June 2023 and an 8.2% increase in May 2023.

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