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Subject: Smartphone Retail Channel Grows This December Due to Major National Merchants



MARKET INTELLIGENCE REPORT



Smartphones

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PRODUCT UPDATES

gapSnapshot: Smartphone Retail Channel Grows This December Due to Major National Merchants

This week's Snapshot highlights the presence of unique carriers/MVNOs inside retailers' smartphone assortments based on a unique product count. The charts reflect a year-over-year view of the smartphones available at the brick-and-mortar locations of AT&T, Best Buy, Costco, Sam's Club, Target, T-Mobile, Verizon, and Walmart.

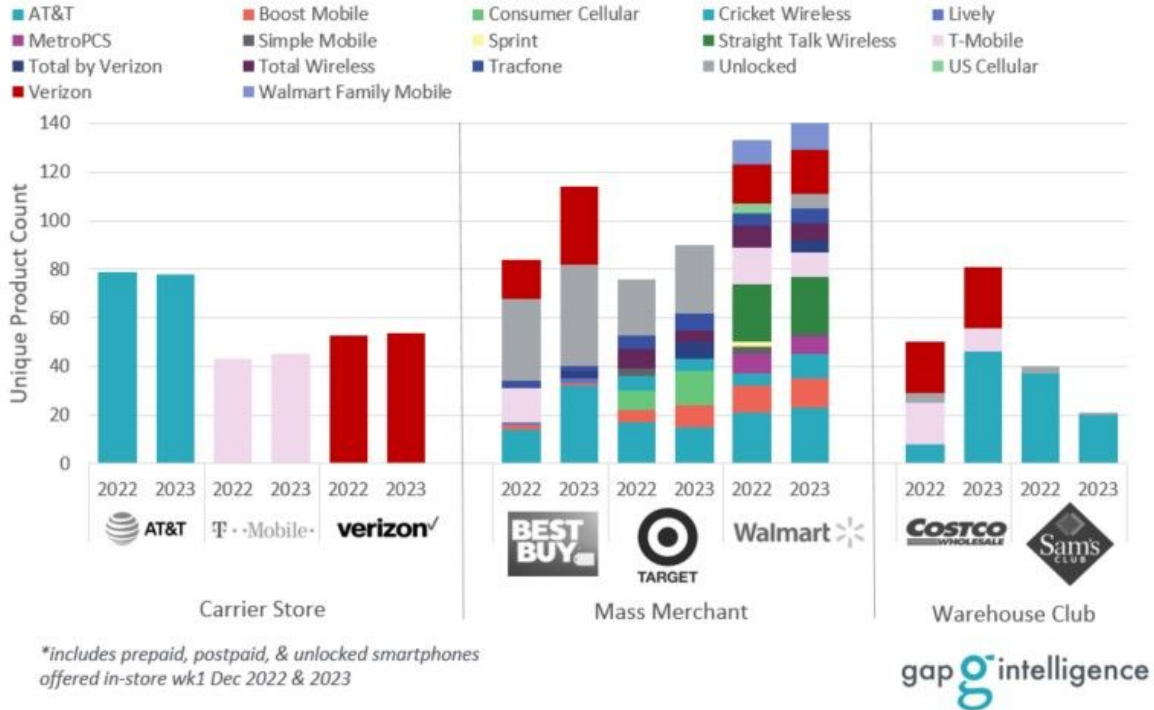
gap impact summary

- Brick-&-mortar channel features 6% more smartphones this December vs. last year (624 vs. 584 SKUs), primarily due to growth in the national Mass Merchant channel
- AT&T is most common carrier in retail with 34% share of the channel (214 of 624 total SKUs), up 4ppts vs. last December as presence inside Best Buy & Costco swells YoY
 - AT&T holds uncontested stance as lone postpaid operator within Target & Sam's Club both this year & last
- Verizon smartphones make up 21% of December 2023's retail assortment (129 of 624 SKUs), up 3ppts YoY amid stronger in-store representation at Best Buy
- T-Mobile's retail share lessened to 10% this year following withdrawal from Best Buy this fall &

lower product counts inside Walmart YoY

- Walmart continues to have most diverse carrier landscape & largest in-store SKU count YoY
 - Sells array of 13 unique carriers/MVNOs in 2022 & 2023
 - Shelf represents 23% of retail channel (141 of 624 SKUs), unchanged share YoY

Smartphones: Retailer Assortments by Carrier YoY



Source: "Master Pricing Table" tab within the December 10, 2023 Pricing & Promotions Report in [Dashboard](#) Recent Reports

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Smartphones: December National Retail Merchant Report

Assortment shifts at Best Buy, Target, and Walmart fueled the majority of the positive gains seen this December in the retail channel year-over-year (YoY) as the merchants continue to hold large smartphone selections. The following is a breakdown of the brick-and-mortar offerings at the three major national chains, with tables that isolate the YoY changes to prepaid, postpaid, and unlocked device assortments by brand.



December 2023 YoY Placements

Brand	2022	2023	Contract Type				Total Delta
			Monthly	Prepaid	Unactivated	Unlocked	
Alcatel	1			-1			-1
Apple	36	24	-7		-7	2	-12
BLU	5	7		1		1	2
Dish	1			-1			-1
Google	3	17	3		8	3	14
Lively	1	2		1			1
Motorola	10	32		-1	18	5	22
Nokia	1	3		-1	2	1	2
OnePlus	4	6			4	-2	2
Samsung	63	49	-10		-2	-2	-14
TCL		1		1			1

Best Buy

- Retail assortment up 13% YoY in December 2023 (141 vs. 125 SKUs)
- Exit of T-Mobile in October 2023 drives most significant shelf changes YoY, impacting Apple & Samsung the most, contributing to respective SKU count reductions of 33% & 22% (down 12 & 14 SKUs)
- Instead of carrier-specific digital sales tags, multi-carrier formats give boost to AT&T & Verizon presence as Unlocked handsets show both carriers in addition to open market pricing
 - Motorola & Google benefit from this having received most of their attention in Unlocked previously



December 2023 YoY Placements

Brand	2022	2023	Contract Type				Total Delta
			Monthly	Prepaid	Unactivated	Unlocked	
Apple	18	9	-5	2	-7	1	-9
AT&T	1	4		3			3
BLU	4	6		3		-1	2
Boost Mobile		1		1			1
Consumer Cellular		2		2			2
Cricket	2	1		-1			-1
Dish	1			-1			-1
Google	3	7		1		3	4
Motorola	18	23		7		-2	5
Nokia	9	10		1			1
Samsung	25	22	-2			-1	-3
TCL	1			-1			-1
ZTE	3	2		-1			-1

Target

- Retail assortment up 2% YoY in December 2023 (87 vs. 85 SKUs)
- Unlocked devices are of rising importance at chain, along with prepaid MVNOs Boost Mobile & Consumer Cellular
 - Google gains in-store via more unlocked segment placements YoY
 - Motorola uses prepaid segment for stronger foothold YoY, along with carriers themselves with branded handsets

- Lax in-store execution for AT&T (postpaid) leads to further decline of in-store representations, shown as Apple & Samsung reductions



December 2023 YoY Placements

Brand	2022	2023	Contract Type				Total Delta
			Monthly	Prepaid	Unactivated	Unlocked	
Alcatel	1			-1			-1
Apple	56	19	-22	-7	-8		-37
AT&T	6	7	-1	2			1
BLU	2	2					
Boost Mobile		1		1			1
Cricket	1	4		3			3
Dish	1	1					
Google		5	1	2	2		5
Motorola	35	46	4	2	3	2	11
Nokia	8	10		1		1	2
OnePlus	3		-1	-1	-1		-3
Orbic	1	1					
Samsung	44	51	2		3	2	7
Sharp	1	1					
T-Mobile	5	4	-1	1	-1		-1
TCL	11	15	-1	4		1	4

Walmart

- Retail assortment up 6% YoY in December 2023
- Remains retail's most diverse destination for smartphones, offering 13 separate carriers/MVNOs
- Store-affiliated Walmart Family Mobile & Straight Talk Wireless gain presence YoY & are just as established as postpaid carriers AT&T & Verizon
- Motorola increases model count across prepaid, postpaid, & unlocked segments, 31% up YoY (46 vs. 35 SKUs)
 - Samsung also increases SKU counts YoY in postpaid & unlocked
- Apple faces largest YoY contraction at merchant, a 66% drop, after phase out of older generations & less specific postpaid carrier pricing on in-store sales tags

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INDUSTRY REPORTS

Survey: Consumers Prioritize Value Over Sustainability During Holiday Shopping Period

The "Sustainable Lifestyle Brands Index," by Stifels revealed that during this holiday shopping season, consumers are prioritizing price and overall value rather than sustainable brands. The survey includes 6,000 active/casual lifestyle brand consumers ages 18-55 in the US.

Along with an increase in heightened price sensitivity amongst shoppers, the index also compiled a list of the top ten most sustainable brands based on consumers' responses. The brands include Carhartt, Patagonia, Allbirds, Adidas, Columbia, Underarmour, Smartwool, and Levi's.

Over 80% of consumers believe it is important for brands to operate sustainably, however, most consumers prioritize a good value (68%) and low price (57%) over sustainability (32%) when making purchasing decisions. The prioritization of price increased 5ppts YoY from 52% in 2022. Despite this, 63% of consumers remain willing to pay premiums for manufacturers with leading sustainability practices.

Other findings include:

- 78% of consumers are trying to be more sustainable in their everyday life (+3ppts YoY)
- 70% care more about the sustainability of products they purchase (+3ppts YoY)
- 67% of consumers are aware of brands receiving negative attention on social media for a statement or action regarding a social issue
- 60% of consumers think it is important for brands to take a stance on social issues, with 74% willing to boycott a brand if the stance was contrary to their opinion

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Survey: Majority Of Consumers Want to Support Small Business, But Still Plan to Shop With Amazon

The majority of people still want to support small, local companies, even if they are purchasing gifts from Amazon this holiday season.

In Jungle Scout's Q4 Consumer Trends Report, which polled 1,000 American shoppers, more than two-thirds (67%) stated they will choose the e-commerce behemoth for their gift-giving requirements this year. Amazon was the most popular website for finding gifts online, followed by eBay, Etsy, the websites of Walmart and Target. The most well-liked places to shop for gifts within stores were Costco, Walmart, Target, Kohl's, and specialty or boutique stores. This holiday season, one in five consumers stated they intended to purchase gifts from small and local businesses as much as feasible; this percentage has doubled from 2022. This holiday season, younger consumers are more inclined to shop at local establishments; 14% of Gen Z and 10% of Millennials say as much. 20% of consumers in each of the four age groups—Gen Z: 13%, Millennials: 20%, Gen X: 20%, and Baby Boomers: 24%—said they would like to give homemade or do-it-yourself gifts this year due to the high cost. Over half of the customers surveyed (52%) stated they intended to spend the same amount of money on gifts as they did the previous year, while 34% stated they intended to spend less. Of those planning holiday decorations, 51% intend to make budget cuts, while 40% plan to spend the same amount. 52% of consumers stated that they intended to make the most cuts in the travel.

Although the US inflation rate declined significantly in 2023 compared to its record highs in 2022, most consumers are still concerned about the overall effects, according to Jungle Scout. 85% of shoppers are feeling the impact of rising prices as we approach the holiday season by altering their spending habits. Additionally, while many people are reducing their spending on vacation and decorations for the holidays, a considerably lower percentage are doing the same with gifts: two out of every three plan to spend the

same as or more than they did the year before.

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Survey: Consumers Uneasy About Home Delivery this Holiday Season

According to the 2023 US holiday shipping survey from [Blue Yonder](#), 48% of surveyed consumers stated that they are unwilling to pay for expedited shipping. The charge was led by baby-boomer respondents, with 64% stating they will not pay for expedited shipping. Instead, consumers are looking to complete their shopping ahead of shipping deadlines. Only 13% of all surveyed respondents were willing to pay between \$11 and \$20 for expedited shipping, with 37% only willing to pay \$5 to \$10.

48% of respondents are feeling uneasy about the reliability of home delivery, but despite the uncertainty, 50% of surveyed consumers believe placing an online order by Dec. 15 will guarantee their packages arrive by Christmas. 52% of respondents stated they expect packages purchased online to arrive within two to four days of placing an order, while 39% said they expect packages to arrive within five to seven days.

Consumers were asked if they would be willing to use alternative shopping methods like buy online pickup in-store (BOPIS), and 45% of respondents said they would do so if the pick-up location was convenient for them. 20% stated they would not be willing to use an alternative delivery method during the holidays. Notably, 38% of surveyed consumers stated they would prefer to shop in-store during the 2023 holiday season due to flexible returns, with 35% citing the availability of free in-store returns as high priority.

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Survey: Consumers & Brands Seek Balance in Marketing

A survey from marketing firm R.R. Donnelley Sons & Company (RRD) reveals that consumers are overwhelmed by marketing and being cautious with spending amid the current inflationary environment, while retail marketers are turning to proven channels to reach their audiences.

RRD's survey included over 1,000 consumers in the US, 80% of which reported being impacted overall by inflation over the past 12 months, and are looking to maximize cost-efficiencies. Responses from the over 500 US marketers included in RRD's survey show that they are forced to balance their building of brand loyalty with respect for consumers' privacy with 93% reporting that growing privacy concerns have influenced digital marketing strategies. As a result, 75% of surveyed marketers reported reallocating some of their marketing budget into direct mail.

- 42% of consumers reported an increased interest in receiving direct mail vs. last year
 - Younger generations most interested: 61% of those aged 18-26
- Reasoning for interest in direct mail:
 - 47% b/c it is nice having a physical copy of information to refer back to
 - 30% b/c it is easier to remember than email
 - 28% b/c it is fun to open

Despite 40% of consumers wanting to use discounts and promotions more often than last year while holiday shopping, a majority of these consumer also stated that they are overwhelmed by digital brand communications via email (69%) and social media (61%).

- 46% reported being more cautious about sharing personal data & other info to receive deals
- 20% report having deleted a social media account in the last year

Consumers are also more cautious when exploring potential purchases, with 74% of shoppers agreeing that they spent more time researching before purchasing in the past 12 months than they did before. In addition, 78% of consumers report consolidating shopping trips to fewer stores, switching to more cost-efficient brands, and using customer loyalty or reward programs more often.

- 66% of consumers were not nearly as likely as millennials (80%) to weigh a brand's sustainability practices when making a purchasing decision
- Among Gen Z consumers, top driving factors for purchasing decisions include:
 - 77% the value of products/services
 - 73% the brand's reputation
 - 71% the brand treating employees fairly

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