Smartphones: worldwide trends and forecasts 2019–2024

Simon Lumb and Polytimos Kontos

RESEARCH

About this report

This report analyses the smartphone market and describes the key worldwide and regional trends that affect the sales and adoption of smartphones.

It is based on several sources:

- Analysys Mason's internal research, including global and regional telecoms forecasts and the *Telecoms Market Matrix*
- secondary information from vendors, operators, regulators and other formal sources.

WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and mobile device managers who are interested in smartphone market trends and the role of operators as smartphone distribution channels.
- Device manufacturers that want to identify worldwide and regional opportunities in terms of smartphone unit sales growth and primary regional drivers.
- Smartphone distributors and wholesale executives who are interested in learning more about operator and vendor initiatives for smartphone sales, regional growth expectations and key trends.

GEOGRAPHICAL COVERAGE

- Worldwide
- Central and Eastern Europe (CEE)
- Developed Asia–Pacific (DVAP)
- Emerging Asia–Pacific (EMAP)
- Latin America (LATAM)
- Middle East and North Africa (MENA)
- North America (NA)
- Sub-Saharan Africa (SSA)
- Western Europe (WE)

KEY METRICS

Worldwide

- Unit sales of mobile handsets (smartphones and non-smartphones)
- Mobile handset connections (smartphones and non-smartphones)
- Sales of 5G-enabled mobile handsets (smartphones)
- Connections from 5G-enabled mobile handsets (smartphones)
- Smartphone sales by manufacturer (2015–2019)

Regional

- Unit sales of mobile handsets (smartphones and non-smartphones)
- Mobile handset connections (smartphones and non-smartphones)
- Sales of 5G-enabled mobile handsets (smartphones)
- Connections from 5G-enabled mobile handsets (smartphones)

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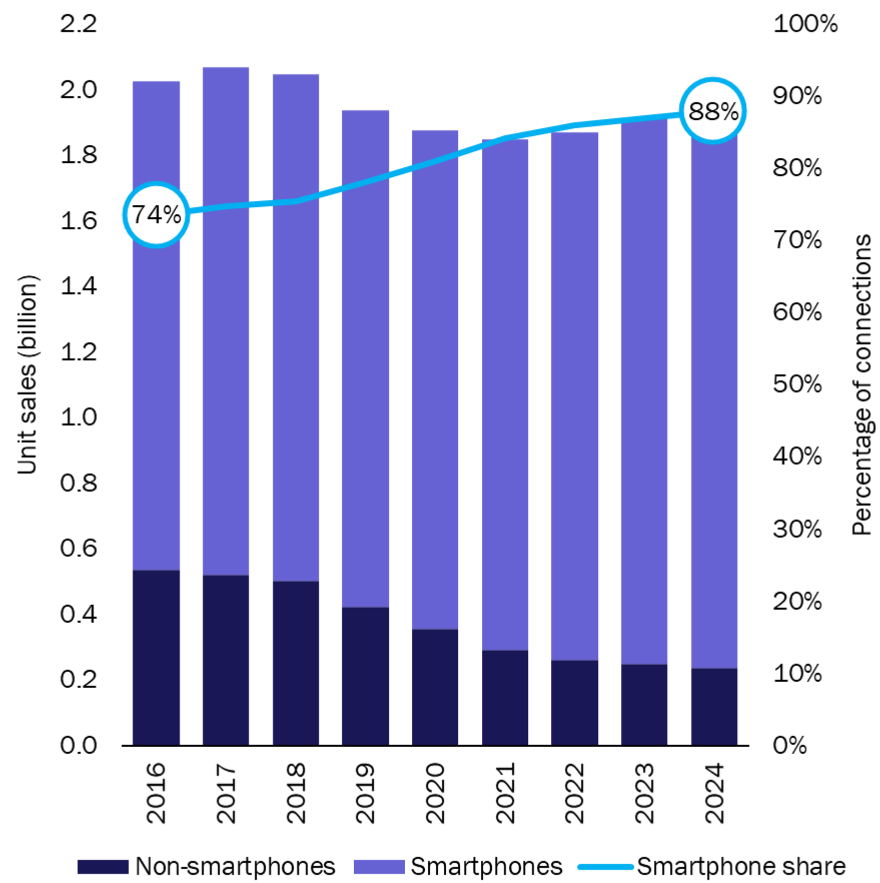
Worldwide: smartphones sales will increase moderately over the forecast period, and growth will be particularly strong in emerging markets

Worldwide smartphone sales have declined for two consecutive years, due to the saturation of developed markets.

The mobile markets in North America (NA), Western Europe (WE) and developed Asia–Pacific (DVAP) are saturated. Smartphone sales in these regions increased rapidly until 2015; they then plateaued for 2 years and subsequently declined. Sales in China have also been falling since 2016, despite the country having the largest smartphone market in the world (over 27% of worldwide sales).

This decline is largely due to lengthening replacement cycles because a lack of design innovation has slowed the demand for new models. Moreover, the increased penetration means that there are fewer first-time customers, and migration to SIM-only plans has hindered device sales growth. The declining trend in developed markets is expected to continue until the end of 2020, at which point 5G technology is anticipated to lead to a small boost in smartphones sales because vendors such as Apple will launch new, 5G-compatible devices, and Chinese manufacturers will address the lower-value market with affordable devices. This boost will drive an overall increase in global handset sales from 2021 onwards, but the level of sales achieved in 2015 will not be reached.

Figure 1: Mobile handset unit sales by type, and the smartphone share of connections, worldwide, 2016–2024



Source: Analysys Mason

Worldwide: 5G is set to be the key driver for boosting smartphone sales in developed markets

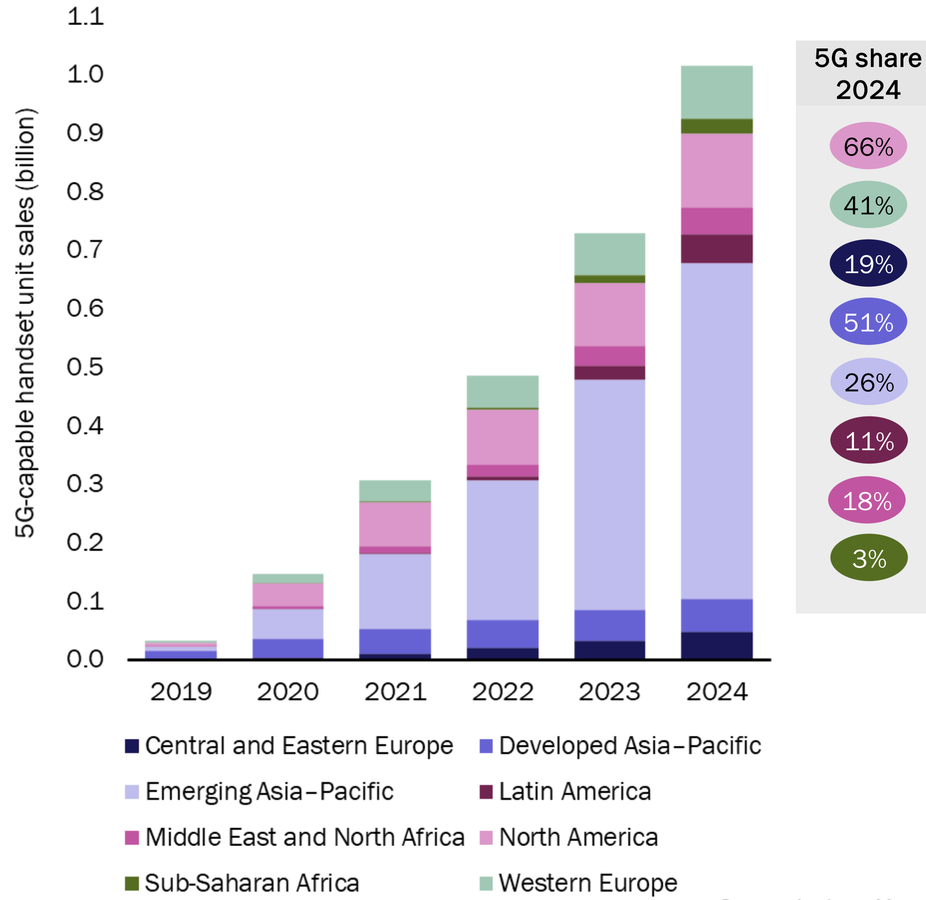
We forecast that the number of 5G-enabled smartphones worldwide will be more than 1.7 billion by 2024.

Most major developed markets should have active 5G networks by the end of 2020, representing a potential opportunity for smartphone vendors. However, unlike 4G, the mass-market consumer use case for 5G (beyond improved speeds and latency) is currently unclear. 4G's success was largely due to the support for mobile video, whereas much of 5G's potential for differentiation lies in the support for new types of content such as AR gaming. 5G adoption is already strong in South Korea, but the market in this country can be considered to be an outlier due to its advanced content ecosystem.

The established nature of smartphone vendors and the high level of competition means that 5G device development is evolving at pace, and fears over short battery life and unwieldy device sizes have been allayed. Most significant vendors launched devices in 2019 (although Apple is not expected to release its device until 2020). The launch of 5G gives mid-market brands such as Xiaomi, Oppo and Vivo the opportunity to increase their market share in developed markets because their initial 5G devices undercut the premium competition from Samsung. Xiaomi already sells a device for less USD300.

The buzz around 5G and increasing device innovation (such as folding phones) will temporarily shorten replacement cycles in most developed markets, and will lead to an increase in sales.

Figure 5: 5G-capable handset unit sales by region, 2021–2024, and the 5G-capable share of connections, worldwide, 2024



Source: Analysys Mason

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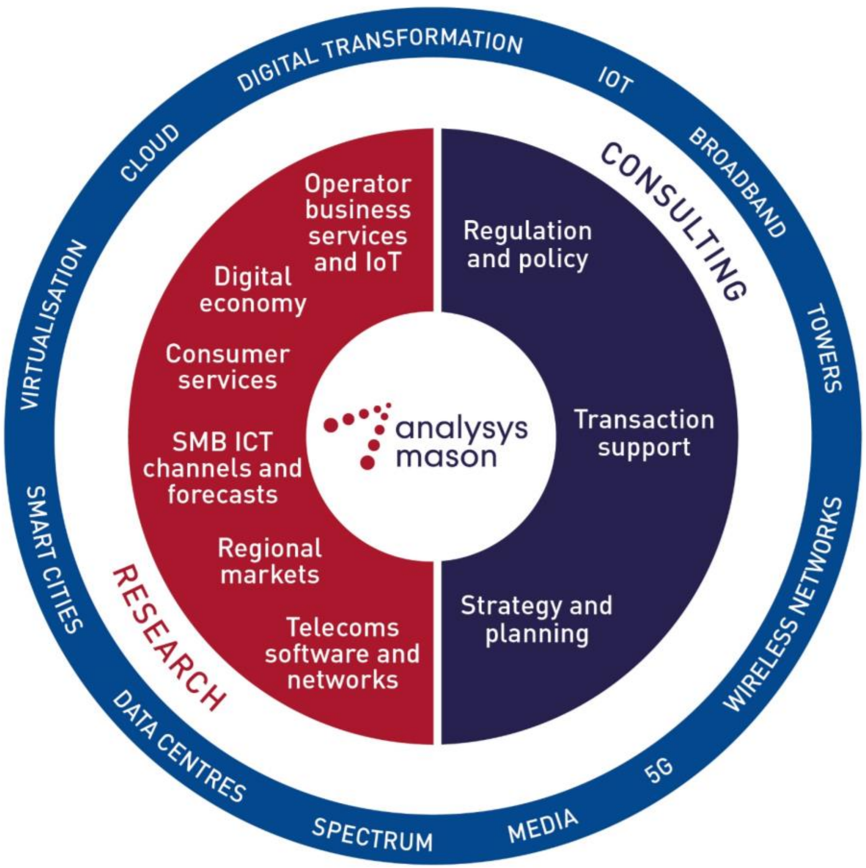

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