

Smartphone expansion cooling, prices dropping

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A survey by research firm IDC said Monday that the smartphone market will experience slowed growth in the next few years and "will be hard hit by the increasingly cutthroat nature of pricing"

The global smartphone market will see cooler growth in the next few years amid "cutthroat" competition that will bring down prices for many consumers, a market tracker said Monday.

A forecast by the research firm IDC indicates [smartphone](#) sales of 1.5

billion units in 2015, a rise of 12.2 percent from the current year's estimate. That would mean growth falling by more than half from the 26 percent pace of 2014.

The sluggish growth is likely to continue through 2018, IDC said, with the average increase over the period just 9.8 percent.

Significantly, smartphone prices are likely to drop from an average selling price of \$297 in 2014 to \$241 by 2018.

Emerging markets like India will see much lower smartphone prices—\$135 in 2014 and \$102 by 2018.

Smartphone revenues "will be hard hit by the increasingly cutthroat nature of pricing," growing just 4.2 percent over the same forecast period, according to IDC.

"The impact of upstart Chinese players in the global [market](#) will be reflected in a race to the bottom when it comes to price," IDC analyst Melissa Chau said.

"While premium phones aren't going anywhere, we are seeing increasingly better specs in more affordable smartphones. Consumers no longer have to go with a top-of-the-line handset to guarantee decent hardware quality or experience. The biggest question now is how much lower can [prices](#) go?"

IDC said Google-powered Android devices will continue to dominate the market with 80 percent of global smartphones and 61 percent of revenues. Apple's iPhones will represent 13 percent of units sold and 34 percent of revenues, the report said.

"As shipment volume slows, we expect greater attention to shift toward

value trends," said IDC's Ramon Llamas.

"Apple's approach with premium pricing ensures a growing portion of overall revenues despite its declining market share."

Because of Android's dominant position, IDC said new operating systems like Tizen and Firefox will have difficulty gaining a foothold and "must bring a radically different appeal to gain any significant traction," IDC said.

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