

Samsung Note 8, then iPhone 8, could remedy stagnant phone sales

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Samsung is ready to unpack a new Galaxy smartphone Wednesday. Apple is expected to follow suit, with its 10th-anniversary iPhone, next month.

The world's two-biggest smartphone sellers, in rapid succession, are making major additions to their product lineups that could broaden appeal to millions of consumers, who have dragged their feet on upgrading. Adding to the mix, Verizon, the nation's largest carrier, on Tuesday restructured its unlimited data offerings in a move that could lead to a mobile price war.

Both new entries, not to mention revised pricing plans, could give consumers compelling reasons to snap up smartphones and put an end to lethargic shipments worldwide, says Stephen Stokols, CEO of FreedomPop, a wireless Internet and mobile virtual network operator.

"You can make the case that these are the most important events" in the market in three [years](#), he says. "It is a step stage, an inflection point."

But others see the forces that have kept growth at a standstill—namely, the incremental pace of innovation that has lessened the urgency among customers to upgrade—to hold back sales.

"The [smartphone market](#) is still stagnant," says Gene Munster, managing partner at Loup Ventures. Neither Apple nor Samsung's new products are likely to have a demonstrable impact on shipments worldwide, says

Munster, who predicts modest, single-digit growth next year.

Apple, with 12% of the market, should reverse flat sales and experience a 10% bump in shipments, and Samsung could see an uptick. But both aren't enough to rally the saturated smartphone market out of its stupor, Munster says.

Revised estimates of smartphone shipments worldwide were flat at 347.5 million in the second quarter this year and sluggish in 2016, according to market researcher IDC. Apple and Samsung registered slight gains last quarter, while Chinese manufacturers Xiaomi, OPPO and Huawei continue to make significant strides with shipments of their low-cost phones in Asia, Latin America and Africa.

Apple and Samsung should rebound from rough years—the flammable Note 7 did particular damage to the South Korean electronics giant's finances and brand—with "slight rebounds" this year, says IDC analyst Ryan Reith.

NYC event: A new Samsung Galaxy Note

At an event in New York City Wednesday, Samsung is expected to unveil the next Note 8, its larger smartphone that uses a stylus, this time with two rear cameras and a large, phablet-sized screen. Last year's version, the Note 7, was well received by customers and reviewers—until the phones' batteries started to overheat, setting them on fire.

Yet despite Samsung's \$5.3 billion recall of the phones, many Samsung customers say they're willing to try their luck with a new Note.

Consumers with older smartphones, in particular, are likely to upgrade in large numbers the rest of the year, says Dan Hays, a partner at

PriceWaterhouseCoopers who closely follows the smartphone market.

"There hasn't been a great reason to upgrade. Last year was a bit of a dud," Hays says. "The last real breakthrough was fingerprint recognition. Bigger screens, more memory and higher-resolution cameras have largely failed to engage masses in spending thousands to replace phones."

The iPhone 8 carries particularly lofty expectations: Its redesigned glass back and sharper OLED screen mark the first significant iPhone design change since 2014's iPhone 6 and its larger screen. It's also expected to have wireless charging and augmented reality features that may generate some buzz.

Its launch should add up to the strongest iPhone sales in three years, say financial analysts.

Angelo Zino, a senior equity analyst at CFRA, predicts record iPhone shipments of 241.5 million in the 12 months following the iPhone 8 launch—smashing the previous high, set by iPhone 6, following its introduction in late 2014.

Long-time tech analyst Patrick Moorhead is equally bullish on the forthcoming Samsung Galaxy Note 8.

"Samsung's S8 ([smartphone](#)) is selling better than the S7" despite fallout from the Note 7, Moorhead says. "This shows just how resilient the Samsung brand is, and I expect after the (Aug. 23) announcement of the Note 8, its sales will do even better."

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