

Gartner: Smartphone Sales Slow in 2016

Written by Marco Attard
17. June 2016

Gartner predicts global smartphone sales will continue to slow in 2016-- growth will no longer come at total double digits, instead clocking at 7% to reach 1.5 billion units, down from 14.4% seen in 2015.



"The smartphone market will no longer grow at the levels it has reached over the last 7 years," the analyst admits. "Smartphone sales recorded their highest growth in 2010, reaching 73%."

What lead to such sales slowdown? A smartphone penetration rate reaching 90% in the mature W. European, N. American and Japanese markets, mainly. Furthermore, customers are not replacing or upgrading smartphones as often as in previous years, extending the premium handset lifecycle to 2.5 years-- a replacement rate set to remain as such over the next 5 years.

In the meantime communication service providers (CSPs) are moving away from providing "free" smartphone every 2 years, leading to more varied upgrade programs. For example, Apple offers customers with the latest iPhone after all of 12 months. However, Gartner says most customers prefer to hold on to handsets for 2 years or longer, since "technology updates have become incremental rather than exponential."

Emerging markets have a similar lifetime for premium smartphones (2.2-2.5 years), while the basic phone has an average lifetime of 3 years or more. Gartner points out a potential sales opportunity in sub-Saharan Africa, a region ripe for migration to first smartphones.

"The WW smartphone market remains complex and competitive for all mobile phone vendors,

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and we are not expecting the vendor landscape to get smaller," the analyst concludes. "In such a fluid vendor landscape, some will exit the market while newcomers, including mobile manufacturers or internet service providers from China and India, could make their debut."

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