

Smartphone sales in SA rise 28% as average selling price falls

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South African smartphone sales climbed 28% year-on-year to three million units in the third quarter of 2017, while basic mobile phone sales were up 6% to 1.6 million units for the same period, according to point-of-sale tracking data from [GfK South Africa](#). Smartphone revenues were up 27% compared to the same quarter in 2016, as the market accelerated its transition from basic phones.



For the year to the end of the third quarter, smartphone sales are up 21.1% and smartphone revenues are up 8.1%. The smartphone market in 2016 grew 5.2% in value and 10.5% in units in 2016, compared to the year before. Basic phones dipped 13.7% in unit sales and 1.9% in revenue. However, basic phones still command a 35% share of the market.

“Mobile operators are on a drive to boost data usage to compensate for a steady decline in voice revenues,” says Nikolay Dolgov, General Manager, Point of Sales Tracking at GfK South Africa. “Falling prices of smartphones, aggressive operator promotions and growing Wi-Fi/4G penetration are all helping to speed up the adoption of smartphones in South Africa.”

Fierce competition from Chinese brands is reshaping the entry-level smartphone market in South Africa, with the average selling price (ASP) for smartphones falling despite the weakness of the South African rand. Around 25 brands are today contesting the entry-level smartphone market, compared to just six in 2013.

While owning a smartphone is becoming more affordable, smartphone penetration in South Africa nonetheless remains low, and there is still scope for growth. However, top brands are continuing to move out of the entry-level segment as the Chinese brands strengthen their grip on the market.

Norman Muzhona, Senior Product Manager of Telecommunications at GfK South Africa, expects the year to end off on a strong note as Black Friday and festive season offers kick in. “Many of the seasonal offers may focus on data and value-added services for existing prepaid users and subscribers rather than on device discounts. Smartphone sales and

revenues are likely to grow in double digits in 2018.”

South African 4G and Wi-Fi penetration will grow significantly over the coming years. E-learning, e-health and e-governance are taking off in South Africa, all pointing to robust growth for smartphone sales in the years to come.

GfK data shows that there are now almost three times as many smartphones in South Africa than there are television sets. This suggests that brands should re-evaluate their marketing mix and allocate more budget to mobile, especially if their spending is largely focused on TV.

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