

South African smartphone sales rise 7.2% in 2018 despite Q4 downturn

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Panel television sales enjoy strong momentum for the quarter and the year

The South African smartphone market enjoyed solid growth in 2018, with unit sales rising 7.2% year-on-year to around 13.5 million and value growing 13.2% to just under R35bn. That's according to newly released point-of-sale tracking data from [GfK South Africa's](#) Weekly Monitor, which also shows that unit sale growth for the important fourth quarter of the year declined 8.7% to 3.6 million units compared to Q4 2017.

GfK's data for the year reveals that while the high-end smartphone segment (R6000 and above) accounted for 9.7% of smartphone unit sales during 2018, it contributed almost 50% in value. Low-end smartphones (R1499 and below) accounted for 61% of unit sales in 2018, but contributed just 17% to the value of the market.

"South Africa's smartphone market has fragmented into low-, mid- and high-end segments, with operators focusing for much of 2018 on driving volume sales in the entry-level and lower-end of the market and on average revenue per user (ARPU) and value at the high-end," says Nicolet Pienaar, Product Manager at GfK South Africa.

"However, the dip in the fourth quarter indicates that operators chose to focus on value over unit sales over the Black Friday and Christmas period. Operators reduced or pulled subsidies on entry-level smartphones in the fourth quarter, which caused unit sales to contract," says Kali Moahloli, Commercial Head for Market Insights at GfK South Africa. "This segment of the market remains price-sensitive rather than feature-driven."

The panel television market enjoyed another good year of a growth against the backdrop of a weak market for technical consumer goods. Unit sales for 2018 were up 13% to 1.1 million year-on-year, while the value of the market was R6bn, up nearly 7% on 2017.

Good sales over the Christmas and Black Friday periods helped to drive the growth of the market. For the fourth quarter, panel TV unit sales climbed 12.7% year-on-year to 378,000 and value increased 7.7% year-on-year to R2bn. Ultra-high-definition technology, price drops and larger screen sizes influenced panel TV growth over Black Friday.

"Black Friday week is the annual seasonal peak for panel television sales in terms of both value and volume. In 2018, retailers shifted around 93,000 units worth about R500m during the week of Black Friday," says Moahloli. "People save far in advance for the Black Friday specials, which have become a seasonal event in this market."

The South Africa technical consumer goods market overall showed flat growth in the fourth quarter of 2018 compared to the same quarter in 2017. Major Domestic Appliances (MDA) saw 7.4% growth in value, and Small Domestic Appliances (SDA) increased 11.9% in value.

Some other highlights for the quarter include:

- The IT Sector declined by 9.1% in value year-on-year in the fourth quarter, driven by plummeting media tablet and storage sales.
- Mobile computers showed a small decline in unit sales and value, but desktop computers showed growth of 3.2% in value compared to the fourth quarter of 2017.
- The photography segment declined by 31% year-on-year in the fourth quarter.
- Monitor unit sales were boosted by B brands entering the market and reduced prices.

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