One in every three mobile phones sold in the Philippines is a smartphone: GfK Philippines

Consumers bought five times as many smartphones in the first five months of this year compared to a year ago

16 July, 2012, Manila – Increasing affordability of smartphones has been propelling the strong growth of the sector in the Philippines, rendering the country one of the fastest growing smartphone markets in the emerging Southeast Asia region. In the first five months of this year, almost 1.7 million units of smartphones have already been sold, translating to more than five times the volume sales from the same period last year.

GfK Philippines report revealed that nearly 5.5 million mobile phones valued at around USD606.5 million have been sold since the beginning of this year. Out of this total, smartphones made up 30 percent in volume and contributed 66 percent in value. According to the latest May findings, sales of smartphones hit its highest level, reaching over a third (34%) of all mobile phones sold, while its proportion of value contribution to the overall mobile phone market went up to 71 percent.

“Basic feature phones grew in sales volume by 30 percent and continue to remain popular, but it was the smartphone segment, with its 408 percent spike in demand that has been stirring up the industry,” noted Mr. Benny Villanueva, general manager of GfK Philippines. “It’s rising demand is largely triggered by the efforts of the manufacturers who are offering more affordable smartphones, as well as retailers, who have started offering zero percent interest programs of up to 24 months on top of their other aggressive promotion schemes.”

The average price of smartphones in Philippines has dropped 23 percent on the whole—from last year’s USD317 to USD 244 this year. Increasing affordability of smartphones is more apparent in the Mindanao and Davao which recorded 43 and 35 percent drop in average prices when compared to last year. Findings also reflected a wide ranging average smartphone price across the different regions, from the lowest of USD169 in Mindanao to the highest, at USD268 in Metro Manila.

In terms of performance in each region, Metro Manila holds the greatest dollar share of the overall pie at 57 percent, as consumers here bought more than half (52%) the total number of smartphones sold in the country. Although take up rate of smartphones has consistently been increasing across all regions of Philippines, it is in Visayas and Mindanao where adoption has been most rapid, registering a combined incremental growth of nearly 800 percent in units and over 500 percent in value.

“While Southeast Asian countries such as Singapore and Malaysia have already reached high smartphone penetration level, the Philippines market still presents a

lot of potential to smartphone manufacturers," Mr. Villanueva added. "The aggressive marketing and promotional activities by network service providers along with the government's ongoing efforts to improve Internet connectivity as well as offer free wi-fi in public areas will continue to generate escalating demand for smartphones for the next few years."

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