

Smartphone sales in Thailand gather pace

GfK

Two in every five mobile handsets sold was a smartphone; Northeast region fastest growing

26 June 2013, BANGKOK – Take-up of smartphones in the still developing market of Thailand has been surging in recent times; more than doubling in sales from being just one in every five handsets less two years ago to more than two in five or 42 percent of overall volume sales in the last 12 months. According to latest GfK findings, growth momentum started picking up at the beginning of 2012 with consumers in the country spending over USD 800 million on smartphones in the past year.

Although basic feature phones continue to make up the larger proportion of consumers' handset purchases in the country, demand has been progressively waning, with sale volume dropping by over 11 percent compared to the year before. Revenue for the segment has correspondingly lunged by around 38 percent during this same period, accounting for just over 15 percent of the total handset market compared to 40 percent previously.

“Consumers demand for handsets has been growing successively every quarter since the second quarter of 2012, inflating the volume and value of the market considerably by 23 and 61 percent respectively in the past 12 months,” highlighted Wichit Purepong, Managing Director for GfK in Thailand. “This growth has been purely contributed by smartphones, which registered the greatest spike of 24 percent in volume sales in the first quarter of this year over the quarter before.”

Intensified demand of smartphones is generally seen across the country but the fastest growth has been reported in the northeast region of Thailand. Latest GfK findings for the first four months of 2013 revealed smartphone sales units across the combined 17 provinces here more than quadrupled (344%) compared to the year before, far exceeding the momentum in the central and western regions which reported only 17 and 11 percent growth.

“Although the northeast region is the largest in term of population and size, it is the least developed and has the lowest average income in Thailand; and the low wage has propelled some of the natives here to head out to other parts of the country to find better paying jobs,” explained Purepong. “However, the establishment of new industrial estates after the heavy flooding of 2011 has attracted the labor force back to northeast, fuelling higher demand in this case, for smartphones, since mid of 2012.”

Yet another reason for the strong growth registered in the northeast region is the availability of more smartphone models which matched the lower purchasing power of the local population. While the average price of a smartphone cost USD300 in the

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most affluent area of Bangkok and vicinity, it costs around USD230 in the northeast region.

“In the last year, basic feature phones still make up the dominant segment but this trend will soon be reversed with smartphones contributing to a larger proportion of volume sales in the next year,” said Purepong. “We anticipate the adoption of smartphones to be further expedited to rake in at least 70 percent growth in value to continue to drive the handset market in the next year,” he concluded.

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