

SMARTPHONES – GERMANY – 2022

As inflation could slow growth of the smartphone market, brands must look for ways to entice upgrading, such as by offering devices for rent or innovating and underpinning longevity.



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Smartphones - Germany - 2022

This report looks at the following areas:

- The short-, medium- and long-term impact of inflation on smartphones, including changing usage habits and buying intentions
- Brands of smartphones owned, including the ownership of 5G smartphones
- Time with the current smartphone, ways of paying/having paid for it and intentions to buy a new one
- Interest in and ownership of foldable smartphones
- Attitudes towards smartphones, including the appeal of buying refurbished smartphones, the importance of the latest technical features and an analysis of four consumer segments based on these attitudes



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Overview

With inflation putting a squeeze on budgets and uncertainty undermining consumer confidence, **some Germans are expected to delay smartphone upgrades, while others will be particularly looking for value-for-money purchases.** Brands need to emphasise the value their smartphones offer to keep upgrades coming, for instance by highlighting their robustness and battery life, conveying that they are worth their price as they keep their value for a long time.

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Particularly for younger Germans, smartphones are part of their self-expression and they value smartphones that look good. This **provides leverage for brands to entice upgrading by going hard on branding and the fashionable appeal of devices**, for example by offering style customisation or by leveraging recycled materials to tap into the sustainable fashion trend.

81% of German smartphone owners agree that it's too expensive to get latest models after release. This is a particular issue for Gen Z smartphone owners, as they are among the demographics that **agree most** that it is appealing to always have the latest model, but are also typically characterised by **limited spending capacity**. However, **40% of Gen Z see renting tech devices as a good alternative to buying, providing great opportunities for brands to cater to their smartphone demand while accounting for their spending capacity**. Highlighting the convenience and sustainability benefits of renting is key to maximise appeal and stand out from contracts and financing options.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for smartphones

Market context

- Budget squeezes to slow the growth of the smartphone market
 - Graph 1: time when planning to buy new smartphone, NET, by financial situation, 2022
- The 5G network takes shape in Germany

Mintel predicts

- The smartphone market will continue to grow
- Market size and forecast

Opportunities

- Leverage the fashionable appeal of smartphones
- Entice upgrade frequency by offering devices for rent
- Don't overlook older Millennials as a key target group for flagship models
 - Graph 2: consumer segments by generation, 2022

The competitive landscape

- Samsung leads in the German market
 - Graph 3: smartphone brands owned, 2022
- Quick download resources

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- Strong post-COVID-19 bounceback followed by a period of slower growth
 - Graph 4: key economic data, in real terms, 2019-23
- The impact of the economy on the smartphone market
 - Graph 5: time when planning to buy new smartphone, NET, by financial situation, 2022
- The impact of the economy on the smartphone market

Rollout of 5G

- The 5G network takes shape in Germany
- Shape 5G use cases to drive adoption

Sustainability

- Environmental values shape consumption in Germany
- Samsung caters to German consumers' environmental orientation by recycling discarded fishing nets in its smartphones

Legal regulations

- Legislation to improve contract conditions for consumers

WHAT CONSUMERS WANT AND WHY

Smartphone brands owned

- Samsung leads the German market
 - Graph 6: smartphone brands owned, 2022
- Bet on a combination of image and technical features to entice Germany's youngest to switch
 - Graph 7: smartphone brands owned, by generation, 2022

Time with smartphone and time when planning to buy a new smartphone

- The smartphone upgrade frequency is declining in Germany
 - Graph 8: time with currently owned smartphone, 2020-22
 - Graph 9: time when planning to buy new smartphone, 2022
- Seeking ways to entice upgrade frequency in a replacement market...
- ...by innovating longevity and security
- Younger Germans are driving smartphone sales
 - Graph 10: time when planning to buy new smartphone, NET, by generation, 2022
- Seek ways to resonate with the young key target group
- Consider opportunities to engage Germans aged 65+
- Underpin the value of smartphone features to engage Germans aged 65+
- Benefit from directly targeting older demographics
- Don't overlook the power of social media when targeting older Germans

Ways of paying for smartphones

- Seek ways to differentiate from the various smartphone retailers...
- ...by leveraging sustainability

5G and foldable smartphones

- Don't forget about the essentials when advertising 5G smartphones...
 - Graph 11: ownership of smartphone supporting 5G connectivity, 2021-22
- ...and leverage 5G use cases to drive appeal
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 - Graph 12: ownership and interest in buying foldable smartphones

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 - Graph 13: attitudes towards smartphones, 2022
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- Allow Gen Z to use their smartphones to express themselves
- Tap into the sustainable fashion trend

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 - Graph 14: consumer segments by generation, 2022
- Samsung: bitmojis for Gen Z, Backstreet Boys for Millennials
- Group 1: Enthusiasts (29%)
 - Graph 15: age by consumer segments, 2022
- Group 1: Enthusiasts (29%)
- Enthusiasts: cater to their quest for novelty
- Group 2: Featurists (24%)
 - Graph 16: age by consumer segments, 2022
- Group 2: Featurists (24%)
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 - Graph 17: age by consumer segments, 2022
- Group 3: Budgeters (26%)
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- Group 4: Loyalists (20%)
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- Loyalists: entice upgrading among Loyalists with refurbished devices
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- Samsung Galaxy Z Flip3 5G
- Samsung leverages localised advertising
- Apple releases its third iPhone SE version...

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- ...highlighting Apple's commitment towards lower-priced entry options
- Xiaomi Redmi Note 11 Pro+ 5G

Advertising and marketing activity

- Samsung goes for emotional activation to promote its Galaxy S22
- Apple advertises the Hollywood-grade camera quality of the iPhone 13 Pro
- Xiaomi addresses younger Germans' perception of tech as style accessories

MARKET SHARE

- Samsung takes the lead
 - Graph 20: smartphone brands owned, 2020-22

MARKET SIZE AND FORECAST

- The smartphone market grows against all odds
- Slowed growth in the short term...
- ...and continued growth in the mid and long term

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and central forecast methodology

- Forecast methodology
- Forecast methodology – fan chart
- Market size and forecast – value
- Market size and forecast – value – best and worst case

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