Africa's smartphone market expected to reverse declines

Africa's smartphone market has declined despite the strong performance of the region's biggest markets. Economic recovery in two of Africa's biggest markets, namely Nigeria and South Africa, which have both dealt with challenging economic conditions in recent years, will have a positive effect on consumer confidence and spending on mobile phones.

Africa's smartphone market experienced a quarter-on-quarter (QoQ) decline of 6.4% during Q4 2017, according to the latest insights announced this week by International Data Corporation (IDC). The global technology research and consulting firm's *Quarterly Mobile Phone Tracker* shows smartphone shipments were down to 20.3 million units for the quarter. Year on year (YoY), this represents an 18.0% decline, meaning the YoY improvement seen in the previous quarter did not extend to the year's final – and traditionally strongest – quarter.

Feature phones

In the feature phone space, shipments totaled 33.4 million units, up 3.1% QoQ after decreasing in the previous quarter. Year on year, the feature phone market was up 9.9%. Feature phones continue to account for a majority share (62.2%) of the region's overall mobile phone market as they adequately address the needs of consumers that have limited purchasing power and require a reliable long-lasting mode of communication, particularly in rural areas.

Combining smartphones and feature phones together, the overall Africa mobile phone market saw shipments of 53.7 million units in Q4 2017, which represents downturns of 0.7% QoQ and 2.6% YoY. The continent's two biggest markets saw extremely strong growth, with shipments up 19.9% QoQ in Nigeria and 27.0% QoQ in South Africa. North Africa also experienced a slight increase, although there were declines across most other markets, which explains the region's overall decline.

"Major campaigns took place around Black Friday and during the lead up to Christmas, which positively impacted consumer spending in Nigeria and South Africa," says Ramazan Yavuz, a research manager at IDC.

"While Nigeria continues to recover from recession and consumer spending is on the rise, there are also clear signs of improvement in South Africa. The end to the political crisis means that challenging economi conditions will be addressed as a priority by the new government, which will have a positive effect on consumer confidence and spending on mobile phones."

In terms of the vendor landscape, Transsion brands continued to lead the smartphone category in Q4 201 with 30.4% share, followed closely by Samsung on 27.0%.

"The Transsion Group maintains its top position by designing attractively priced devices that address the specific needs of each local market – a strategy the group proudly refers to as its 'glocal' approach," says Nabila Popal, a senior research manager at IDC.

"Despite the significant presence of Transsion brands in most African markets, it is important to note the increasing prevalence of local brands that are gaining considerable share in their home markets and slowl expanding to surrounding countries."

In the feature phone space, Tecno and itel – both of which are Transsion brands – continued to dominate Q4 2017 with a combined share of 57.2%.

4G popularity growth

IDC's research shows that 4G phones are growing in popularity, finally accounting for a majority share of tl smartphone market at 56.8%. Shipments of 4G devices were up 3.9% QoQ in Q4 2017, with a drop in prices for entry-level 4G phones and an increase in the number of 4G networks across the continent drivin this growth.

"Despite the push of operators towards 4G, the price differential between 3G and 4G devices, together w the price sensitivity of African consumers, means that many people in Africa still prefer 3G phones," says Popal.

Looking ahead, IDC expects Africa's overall mobile phone market to grow 0.7% QoQ in Q1 2018, with overall shipments to increase slightly through 2018, leading to YoY growth of 2.0% for the year as a whole

Demand for feature phones is expected to remain strong, although IDC expects vendors to drive smartphone uptake by offering more features in affordable price bands.

IDC's video snapshot of the market's performance is available.