

Market analysis example: smartphone industry

[Business](#)



Market analysis is the comprehensive assessment of the quantitative and qualitative nature of a target market or industry. It can take into account a wide range of variables, and it's up to you to decide which of these variables will be the most helpful for analyzing the chosen market. Although this freedom may sound like a good thing, it results in many beginners getting confused on where to start with market analysis.

That's why in this article we're going to present an example market analysis of the smartphone industry. By the end of this case study, we hope you'll understand the core elements of market analysis and even how to conduct one yourself!

Chosen Market

The chosen market for this market analysis example is the smartphone industry. Smartphones have become a part of everyday life for many, and their relevance is only growing as prices drop and access to new technology spreads. We will further discuss the purpose of this market analysis in the next section.

Purpose of Analysis

In order to conduct a useful market analysis, it's essential to know what you hope to learn from analyzing your chosen market — in this case, the smartphone industry. Of course, the purpose of your market analysis will vary from one analysis to the next, but you should always have some idea of what you are seeking to learn. This will make the findings of your market analysis significantly more meaningful for your organization.

As we discuss in our article *What Is Market Analysis*, market analyses are often performed for two main reasons and at two times:

- To assess viability (before entering a new market)

Market analysis may be conducted to assess the viability of entering a new market. In this case, the market analysis is performed before entering the market and gives you an idea of whether you are making a smart business decision (or if your new venture is bound to fail).

- To thrive (while operating in a market)

Market analysis may also be conducted to help your existing business thrive. Such market analysis is performed when you or your organization is already operating in the market, and might tell you how to optimize your business or whether you should be looking for a backup plan!

For this example market analysis of the smartphone industry, we will assume that you want to assess the viability of entering the smartphone market. For instance, you would like to build a proprietary smartphone. The goal of this market analysis, then, is to help you make that decision by evaluating how likely you are to succeed.

Example Market Analysis Factors (Smartphone Industry)

Now that we have chosen our market and determined the purpose of our market analysis, it's time to dive in and start seeing what information we can find. For the purpose of this market analysis example, we'll focus on the five variables outlined in the *What Is Market Analysis* post, but there might be additional factors that seem more relevant to your chosen market.

Volume

A quick Google search for “ volume of smartphone market” found this article from Statista, which estimates that over 1.5 billion smartphones are sold to end consumers every year.

Value

On the same page as previously, the smartphone market is valued at just under \$480 billion. This represents the annual revenue associated with smartphone sales to end consumers across the world.

With volume and value out of the way, we’ve already covered the two main quantitative factors in market analysis. Now, it’s time to move to the qualitative factors — which aren’t so easy to assess!

Market need

There is no easy way to evaluate the need for smartphones. However, personal experience has shown that it would be considered “ unusual” for someone living in developed countries not to own a smartphone. Even in developing countries, the relevance of smartphones is growing.

Other factors that help determine the market need for smartphones might include the growing population and the number of smartphones broken every year.

Competition

There are a number of smartphone brands on the market. A quick Google search suggests there are dozens — if not hundreds — of them. Of these, Apple and Samsung are considered the two premium smartphone manufacturers.

While it's possible to estimate what market share each smartphone producer captures, it's more valuable to qualitatively consider the competition. For example, could our proprietary smartphone venture rival Apple or Samsung? Probably not.

Regulation

In the smartphone industry, regulation is not a major concern. There are no special laws for smartphones any more so than other electronics, unlike with markets for foods, pharmaceuticals, and fuels.

Tying the Analysis Together

Now that we've quickly reviewed some of the quantitative and qualitative factors at play in the smartphone industry, we can tie our example market analysis together by considering these variables holistically.

An easy way to start is by tying all of your findings into a single statement, like this:

The smartphone industry is a sizeable industry, with over 1.5 billion mobile phones sold every year for a total revenue of almost \$480 billion. Even a one percent share in the smartphone industry would amount to a total, annual revenue of just under \$5 billion. There is also significant market need for smartphones, considering their relevance in day-to-day life, the rate at which

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they are broken, and the growing population. However, this market need is filled by a significant amount of competition — in which an elite few smartphone producers capture the majority of revenue. Regulation is not an issue.

Reading this statement over, it's easy to see how the smartphone industry could have massive potential for some. However, the fierce competition in the smartphone industry means it is a poor choice for small and medium-sized enterprises who are considering getting involved.

Final Thoughts

Creating a market analysis is easy! It can be as simple or as detailed as you like — depending on what information is available to you — and it doesn't have to follow a rigid structure. For this example market analysis of the smartphone industry, it was enough to look at just five factors to see the deadly competition in an otherwise extremely profitable market. Think about how much time and money we just saved our hypothetical company by avoiding this unrealistic venture!

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