

Samsung is staring down the barrel with the Galaxy S5.

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This time last year there was an incredible hoopla around the impending launch of Samsung’s Galaxy S4 – remember not only the orchestra and dancers in New York but also the anticipation leading up to it. With the S4, Samsung was breaking new ground. Not, it seems, with the Galaxy S5. Smartphones are a hits business, and Samsung could be about to experience its first miss.

It is hard to believe we are only a day away from a Galaxy launch. There is no big fanfare for the S5. Just a modest invite sent out to the press and a video tease that focuses heavily on lifestyle in a way that echoes the 2013 Life Companion theme.

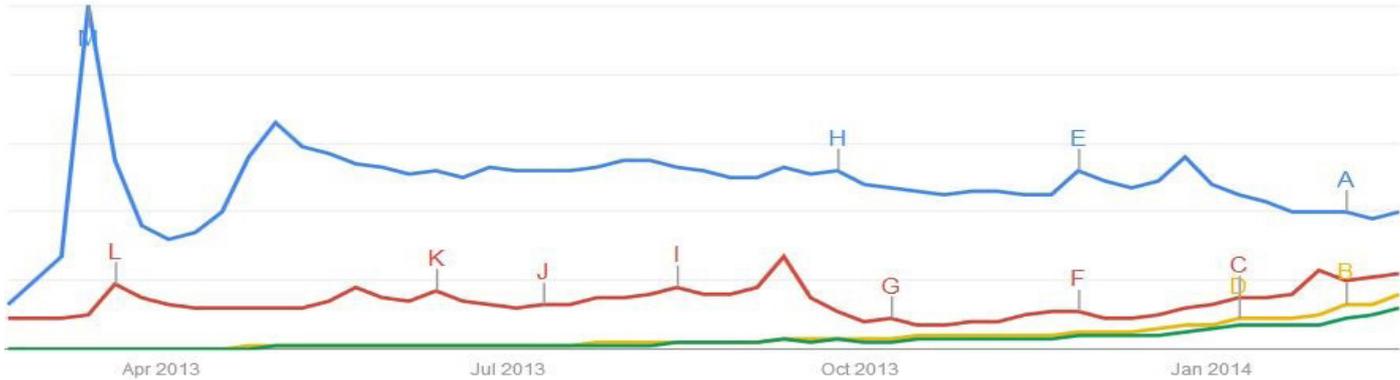
Yet this is the flagship smartphone of the world’s biggest selling smartphone maker. It looks likely to be launched at a trade show rather than at a public event. And the S5 comes after Samsung admitted that it made mistakes with the S4 and promised a back to basics approach to the new phone.

The S5 looks likely to come in more than one version, as did the S4; it might build on the success of the waterproof S4 Active; have a slightly curved screen; a fingerprint reader, a better camera; and a bigger display. How much interest is all that generating?

To assess that I took a look at search interest in the S4 last year and S5 now - search patterns on Google have been touted as an early warning system for events like flu viruses and an indicator of potential sales for some types of goods. I’m not trying to claim anything so grand here – but people’s desire to find out more about the S5 is an indication, though only one, of the phone’s potential. A comparison between interest in the S4 and S5 can tell us something about relative traction and Samsung’s success in generating buzz.

The table below shows global search interest in different Samsung and Galaxy terms on Google. The time frame is from late February 2013 to 18th February 2014. The blue line represents search interest in the Galaxy S4. Look at the peak on the left. That peak represents search interest in the two days before and the day after, the S4 launch. The dog-leg just before it represents the week previous.

One way to compare interest in the S4 and S5 launches is to see them both as a percentage of that blue peak back in March 2013. So, call the peak 100% interest.



Below the blue line, the yellow and green lines represent the search terms 'Galaxy S5' and 'Samsung S5', respectively.

In the week before the S4 launch, search interest in the Galaxy S4 (blue) was already at 27% of the peak. People were already on the ramp with Samsung. In the week leading up to the S5 launch, interest in the term 'Galaxy S5' (yellow) is only 16% of the March 2013 S4 peak. Search interest as expressed by the term 'Samsung S5' (green) is only 12%.

That means search interest is off by about 40% on the S4 launch, if you take just the term Galaxy S5. But the terms Samsung S4 and Samsung S5 follow the same pattern. Measured by search interest, Samsung is not getting people up on the ramp with them to the same degree this time around.

Meanwhile interest in the iPhone 6, the red line, is higher than 'Galaxy S4' and 'Samsung S4' even though its launch is months away.

The Financial Times reported, Friday, that investors expect a very low key response to the S5. After citing analysts who believe that the incremental improvements of the S5 won't tempt buyers, the FT concludes: interest in the new flagship phone is also a reflection that investors expect growth in smartphone sales to come increasingly from sales of more modestly priced devices in developing countries, instead of from the saturated premium market.

However if you lay search interest in the term 'Samsung Galaxy' over the graph above you see very high interest. Samsung has done a great job of promoting the Galaxy brand.

Yet it is reasonable to suggest that Samsung is now passing the baton on from the Galaxy range to the Note range where it has been quicker to develop the relationship between the Gear smart watch and the phone.

Lower interest could also reflect Samsung's poor capability compared with Apple in software and services. People who said we are moving towards peak smart phone have called it right. Nonetheless Apple

has moved the game on with its new 64 bit processor and its increasing focus on distinct market segments such as retail and autos. There is also talk of Apple making a major move into health services. The company has been on a hiring spree in the area of health monitoring. And it is likely to use a highly competitive new LCD display in its next iPhone.

Samsung meanwhile is sending out mixed messages in its earnings. BGR reported in January, after a quarterly profit decline for Samsung: This was the first quarterly operating profit decline for Samsung in two years, even though overall it had a record year, with revenues at 228.69 trillion won, or a 14% increase from last year and operating profit at 36.79 trillion won for 2013, a 27% increase from 2012.

It is clear Samsung is at a crossroads and is holding back on the fanfare while it works out the best mix of smartphone and wearables, connected home and services. A significant drop in interest from S4 to S5, however, will wreck its hard earned reputation for serial, high-paced innovation. It will look like the strategy is going nowhere and, in a hits business like smartphones, a failure is difficult to recover from.

Whichever way you look at it, Samsung needs to do more in content and services but has struck a deal with Google to revert to a standard Android interface. It will be interesting to see what that adds up to on Monday evening.

