

Structure Demand Estimation for Smartphone Service: A Study of the Japanese Market

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Abstract

The key moment in the development of the smartphone industry is generally regarded as the 2007 launch of Apple's iPhone. The years following the iPhone release saw other firms enter the smartphone market, including tech companies Google and Microsoft, as well as increased focus by existing mobile manufacturers like Nokia and Samsung on the smartphone market. The smartphone market has been rapidly growing now.

In this paper, I estimate a structural model of the Japanese smartphone market, which allows me to analyze the characteristics that affect the price and demand of smartphone terminals. The estimation result indicates that Japanese consumers averagely prefer smartphones with larger screen and more compact size regardless of the capacity of battery. Smartphones are expected to have better performance. Furthermore, Japanese consumers are found to be "lazy" in a sense because they prefer those products that are not acceptable for an SD to expand the memory capacity of their smartphones. Japanese consumers tend to purchase smartphones made by foreign makers. Specifically, Apple has a great established reputation among Japanese consumers.

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This is a preliminary draft.

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