Almost 40% of smart phones shipping in EMEA have GPS integrated

– Battery life must improve to enable users to get the most from their devices

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For immediate release

- EMEA smart phone shipments reached 12.6 million in Q2 2008, up 28% on the figure one year ago
- Growth slowed from Q1 2008, when it was 44%, to the lowest figure seen for 18 months
- Despite this, it was the second biggest quarter on record for smart phone shipments in the region
- 38% of these smart phones had built-in GPS, 58% had integrated Wi-Fi
- Devices with touch screens represented 13% of the smart phone market

Highlights from the Canalys Q2 2008 research

Growth slowed in the smart phone market in EMEA in Q2, but total shipments of 12.6 million still made it the second biggest quarter ever in volume terms. Canalys estimates that smart phones represented 13% of all mobile phone shipments. Nokia remained the market leader by some margin, but the other vendors in the top five posted much higher than average year-on-year growth, with second-placed RIM closing the market share gap by several points, and HTC, Motorola and Samsung more than doubling their shipments.

EMEA smart phone market
Market shares Q2 2008, Q2 2007

Vendor	Q2 2008 shipments	% share	Q2 2007 shipments	% share	Growth Q2'08/Q2'07
Total	**12,568,430**	**100.0%**	**9,806,780**	**100.0%**	**28.2%**
Nokia	8,950,820	71.2%	7,811,120	79.7%	14.6%
RIM	900,950	7.2%	546,570	5.6%	64.8%
HTC	881,200	7.0%	402,950	4.1%	118.7%
Motorola	433,040	3.4%	134,580	1.4%	221.8%
Samsung	401,990	3.2%	121,090	1.2%	232.0%
Others	1,000,430	8.0%	790,470	8.1%	26.6%

Source: Canalys estimates, © canalys.com ltd. 2008

Both HTC and RIM have been making steady progress toward the one million shipments per quarter mark in EMEA and are now very close to each other in market share terms, but it is possible that they will be overtaken by Apple in Q3 following the launch of the iPhone 3G in many countries in the region.

The smart phone market continues to be boosted by user demand for high-end features. This is unlikely to be dramatically affected by the economic situation in the short term, though operators will likely become even more unwilling to heavily subsidise high-end devices without adequate proof of return, and contract lengths and the time between upgrades are expected to increase. Canalys estimates that 58% of the smart phones that shipped in EMEA in Q2 had integrated Wi-Fi, 13% had stylus or finger-driven touch screens and 38% had integrated GPS.

"Today, many owners are not making full use of their smart phone's features," said Canalys senior analyst Pete Cunningham. "Concern over usage costs is still a big barrier, though wider availability of flat rate data plans will help, and usability still needs to improve for certain applications on many devices. People are also wary of draining their battery and not being able to make calls. Battery life isn't helped by having GPS and Wi-Fi turned on, nor by having a large, bright screen for navigation or web browsing. But there is clear demand for those features and applications, and advances in battery technology would enable quite substantial changes in usage patterns, with all the service revenue benefits that would bring."

Recent consumer research conducted by Canalys in several European countries reinforces the importance of balancing features against power consumption. In a survey of over 4,000 mobile phone users in March, battery life came out as the aspect of their phone they were least satisfied with. Another survey of 3,000 consumers in June showed that having better battery life than current mobile phones and notebooks would make two-thirds of respondents "more", or "much more", likely to purchase a Mobile Internet Device (MID) – a device designed for web browsing on the move. This registered as a stronger influence than the inclusion of features such as GPS, mobile TV or the ability to make phone calls.

As the number of GPS-equipped phones rises, adoption of location-based services (LBS) becomes a more realistic prospect. Canalys' European consumer surveys also reveal interest in a variety of such services. The most popular are those that relate to driving, such as getting information on local road traffic, speed cameras, open petrol stations and current fuel prices. The services that fewest respondents thought would be useful were those that delivered information on local cinemas and programme times, and local retail price comparison and stock searches.

"Something that stood out in the latest survey was that those who already owned a Portable Navigation Device (PND) showed only a slight preference toward paying to have these services on their PND rather than on their mobile phone," commented Canalys analyst Tim Shepherd. "There is already quite high acceptance in principle that even key driving-related location services would be delivered to the phone."

With 4.8 million PNDs shipping in EMEA in Q2, and 4.7 million integrated GPS smart phones, it is clear that PND vendors will have to adapt quickly to the rising threat posed by phone-based navigation solutions and location-based services, even if most of those GPS phones today are not being used for vehicle navigation.

Location, map-based applications and the future of navigation will be key topics of the EMEA Canalys Navigation Forum, being held in Budapest, Hungary on 8–10 September 2008. Sessions will look at location-based mobile advertising, the role of dynamic and location-aware content, the future of connected devices and services, and PND differentiation. Presentations will also analyse the navigation value chain in more depth and explore the interaction needed between mobile operators, vendors and content owners.

To find out more about this key industry event, please visit http://emea.canalysnavigationforum.com. There are a limited number of complimentary places still available for accredited press. To take advantage of this unique opportunity to gain access to industry experts and insight into this changing market please request a place, registering as press, at: http://emea.canalysnavigationforum.com/page.asp?id=14.

About the Canalys services

The shipment estimates discussed in this release come from the market-leading Canalys Smart Mobile Device Analysis and Mobile Navigation Analysis services. The consumer research quoted comes from the Consumer Mobility Analysis service. Canalys' globally consistent market segmentations and definitions are used by vendors the world over to provide a coherent view of the total market for smart phones and mobile navigation solutions. Clients receive quarterly market updates, regular reports, trends presentations, webcasts, forecasts and direct access to Canalys analysts. Canalys offers services looking at the navigation and smart phone markets by country in APAC, North and Latin America and EMEA, as well as providing global market overviews and survey-based analysis of consumer and enterprise attitudes and preferences toward mobile applications, devices and services. More information is available from www.canalys.com.

About Canalys

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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