

Mobile device market to reach 2.6 billion units by 2016

- **Smart phones and tablet PCs will continue to impact shipments of other phones and notebook PCs**

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Worldwide mobile device shipments (notebook PCs, tablet PCs, smart phones and phones) will reach 2.6 billion units by 2016, according to the latest forecasts from Canalys. Tablet PCs will be the fastest-growing category, with a compound annual growth rate (CAGR) of 35%, followed by smart phones at a CAGR of 18%. Shipments of other phones will decline; during 2013 smart phones will overtake feature phones for the first time. Notebook PCs will also experience a decline (a CAGR of -6%) as tablet PCs continue taking a greater share of consumer spending. Tablet shipments are expected to exceed those of notebooks in 2014. Canalys estimates that the mobile device market in total will grow at 8% CAGR.

In 2016, smart phone shipments will be double the 695 million achieved in 2012. In terms of operating systems, Android will peak in 2013, with 71% of shipments, falling to 66% in 2016. In 2012, Android took 68%, while iOS achieved 20% and BlackBerry followed with 5%.

‘Just three years ago BlackBerry had more than 20% of the global smart phone market. While Canalys does not expect BlackBerry to return to that high in the coming years, it does have an opportunity to win back some of the lost customers, especially those that miss the BlackBerry keyboard. However, for it to achieve this, the new operating system must filter down through its portfolio in the next year,’ said Chris Jones, Canalys VP and Principal Analyst.

Another challenger to Android and iOS is Microsoft Windows Phone 8.

‘Windows Phone had a stop-start year in 2012. The lack of forward compatibility from Windows Phone 7.x to Windows Phone 8 slowed its momentum. The launch of Windows 8 will help Windows Phone in the coming years: consumer familiarity with the Live Tiles UI will rise; the cost of Windows 8 PCs will fall; and enterprise adoption of Windows 8 will increase,’ said Pete Cunningham, Canalys Principal Analyst. ‘Nokia has its sights set on delivering devices to price-conscious consumers, but also needs to maintain momentum at the high end. Microsoft itself needs support and a steady stream of Windows Phone smart phones from more handset vendors to succeed.’

New smart phone operating systems, such as Firefox OS, Tizen, Sailfish and Ubuntu, will gain attention at Mobile World Congress next week. ‘Their best chance in the short term will be to attract first-time smart phone buyers, and Mozilla is working with several carriers to launch devices for that specific target market,’ added Cunningham.

Shipments of tablet PCs are forecast to reach 384 million units in 2016. Volumes will be dominated by 7-inch screens this year, with these making up more than half of the tablet market. In terms of operating systems, Apple will retain the lead over the next five years, although its share will be eroded to just under 40%, from 57% in 2012.

Tim Coulling, Canalys Senior Analyst, said, 'Android tablets will continue to proliferate, as both phone and traditional PC vendors seek entry into the market and help drive prices down further. However, Microsoft still has growth opportunities, as consumers become more accepting of Windows 8 and its touch-screen experience, but price points will be critical to its success.'

Category	2012 shipments (millions)	2016 shipments (millions)	CAGR
Total	1,936.2	2,614.2	7.8%
Basic phone	122.0	58.0	-17.0%
Feature phone	770.8	660.9	-3.8%
Smart phone	694.8	1,342.5	17.9%
Tablet	114.6	383.5	35.3%
Notebook	215.7	169.1	-5.9%
Netbook	18.3	0.3	-65.4%

Source: Canalys estimates and forecast, © Canalys 2013

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Note: Canalys defines a client PC as a computing device designed to be operated by an individual and positioned to serve a broad range of purposes, achieved by running third-party applications, some of which can work independently of a network connection. When designed to be portable, it must be able to function without mains power and have a built-in display of at least 7 inches in diagonal.

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