

Smart phone market shows modest growth in Q3

– But Apple and RIM hit record volumes

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For immediate release

- Global smart phone shipments grew 4% year on year, to 41.4 million units in Q3 2009
- Nokia, RIM, Apple and HTC command over 80% of the market between them
- The APAC region shows the highest growth, at 26%, while EMEA shrinks
- Proportion of smart phones with touchscreens reaches 45%, up from 31% a year ago
- Over 80% of smart phones now ship with integrated GPS, more than 75% have Wi-Fi built in

Canalys quarterly research highlights

Global smart phone shipments in Q3 2009 rose 4% year on year, slower than the 13% annual growth seen last quarter, and held back primarily by a 6% fall in EMEA. Shipments in North America were up 5%, but the APAC region saw a remarkable 26% rise after several flat quarters.

Worldwide smart phone market					
Market shares Q3 2009, Q3 2008					
Region	Q3 2009 shipments	% share	Q3 2008 shipments	% share	Growth Q3'09/Q3'08
Total	41,394,250	100.0%	39,850,100	100.0%	3.9%
Asia Pacific	13,226,770	32.0%	10,470,990	26.3%	26.3%
Europe, Middle East & Africa	13,950,770	33.7%	14,808,640	37.2%	-5.8%
Latin America	2,051,930	5.0%	2,951,760	7.4%	-30.5%
North America	12,164,780	29.4%	11,618,710	29.2%	4.7%

Source: Canalys estimates, © Canalys 2009

Nokia retained its worldwide smart phone lead, with a share of 40% – slightly up on its year-ago position, but down almost 5% sequentially. RIM held onto second place with a largely unchanged (compared to Q2) share of 21%, while Apple reached a new high of 18% share in third, significantly up from the 14% it held in Q2 as supply of the iPhone 3GS improved in many countries. HTC retained its fourth-place position with 5% share.

Looking at the market by operating system, Symbian's overall lead shrank as its share fell to 46%, ahead of RIM and Apple. Microsoft remained in fourth with its share dipping slightly below last quarter's previous

low point of 9%. The proportion of smart phones running Google's Android OS climbed to almost 4%, from just under 3% in Q2.

Worldwide smart phone market					
Market shares Q3 2009, Q3 2008					
Vendor	Q3 2009 shipments	% share	Q3 2008 shipments	% share	Growth Q3'09/Q3'08
Total	41,394,250	100.0%	39,850,100	100.0%	3.9%
Nokia	16,413,420	39.7%	15,485,690	38.9%	6.0%
RIM	8,521,280	20.6%	6,051,730	15.2%	40.8%
Apple	7,362,670	17.8%	6,899,010	17.3%	6.7%
HTC	2,179,960	5.3%	2,308,210	5.8%	-5.6%
Fujitsu	1,394,410	3.4%	1,093,870	2.7%	27.5%
Others	5,522,510	13.3%	8,011,590	20.1%	-31.1%

Source: Canalys estimates, © Canalys 2009

“The smart phone market continues to hold up pretty well,” commented Canalys senior analyst Pete Cunningham. “While growth has undoubtedly slowed, it is still outperforming the overall mobile phone market by some margin, as well as driving data revenue for operators, and smart phones are ushering in a range of changes in user behaviour when it comes to what people actually do on their phones.”

Notable performers in Q3 included Apple and RIM, which both saw a new record volume of devices shipped in the quarter. “Demand for the iPhone 3GS far outstripped supply,” Cunningham added. “And we expect to see continued growth for Apple, especially with new operators coming on board, for example in the UK with the end of O2's exclusivity on the device. Our end-user research indicates growing demand for touchscreen products and Apple's satisfaction ratings in our surveys are consistently the highest of any vendor.

Furthermore, the iPhone's appeal is not limited to the consumer market, in our October study of 600 European decision makers in medium and large enterprises, more than 20% said they expect the iPhone to be the dominant smart phone platform for running business applications in their organisation within the next 3 to 5 years. In France, the iPhone was ahead of Windows Mobile and RIM in this regard – a remarkable result.”

Operator exclusivity is likely a barrier for many companies. While Apple leads in France, Canalys' enterprise survey shows RIM in pole position in the UK, and Windows Mobile holding a strong lead in Germany. But Apple is already ahead of Microsoft in the minds of those UK decision makers and wider availability can be expected to translate to greater acceptance among business buyers.

“As well as enjoying a sustained strong position in the UK and North America, RIM is seeing great growth in other parts of the world and overcoming some difficult market conditions,” added Chris Jones, principal analyst and VP. “Despite overall market contraction in both Latin America and the Middle East, RIM saw strong growth in both of these regions, of 54% and 214% respectively. This was aided by demand for the Curve 8900 and the newly introduced Curve 8520, and supported by specific in-country marketing campaigns and promotions.”

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OS vendor	Q3 2009 shipments	% share	Q3 2008 shipments	% share	Growth Q3'09/Q3'08
Total	41,394,250	100.0%	39,850,100	100.0%	3.9%
Symbian	19,107,490	46.2%	18,583,060	46.6%	2.8%
RIM	8,521,280	20.6%	6,051,730	15.2%	40.8%
Apple	7,362,670	17.8%	6,899,010	17.3%	6.7%
Microsoft	3,631,630	8.8%	5,425,470	13.6%	-33.1%
Google (Android)	1,455,140	3.5%	NA	NA	NA
Others	1,316,040	3.2%	2,890,830	7.3%	-54.5%

Source: Canalys estimates, © Canalys 2009

Nokia remains the smart phone volume leader by some distance and its share is stable year on year. In Q3 it suffered somewhat from component shortages as suppliers reduced capacity due to the overall market slowdown, but while its smart phone volume was down 10% in EMEA year on year, in the APAC region 29% growth put it comfortably ahead of the market average. “Much of the recent growth in the smart phone market has come in the high tier, with products like the Nokia N97, the iPhone and the BlackBerry Bold,” observed Rachel Lashford, MD of Canalys APAC. “Vendors are now beginning to drive smart phones into a new segment, with products such as the Nokia 5230, targeting consumers who are new to smart phones. We expect this to boost growth and penetration of smart phones substantially over the next two years. There will be increasing competition in this space – T-Mobile, for example, is already offering the Huawei-built, Android ‘Pulse’ on pre-pay, and it is likely we will see more Symbian devices being pushed at price-sensitive segments.”

The changing dynamics of the smart phone industry will be one of many topics discussed at the Canalys Mobility Forum in London on November 17. Full details are available at www.canalysmobilityforum.com.

About the service

The shipment estimates discussed in this release come from the market-leading Canalys Smart Phone Analysis services. Canalys offers services looking at the markets by country in Asia Pacific, 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.

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 and provides worldwide market data and trends analysis.

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