

## Global smart phone market growth rises to 67%

- Nokia and RIM achieve record Q1 volumes

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For immediate release

Smart phone volumes continued their climb in Q1 2010 as volumes reached 55.2 million. The sector weathered the period of economic uncertainty well, and growth has fully rebounded at 67% year-on-year, which is the highest growth rate seen since the end of 2007. Nokia led the market once again, with a new smart phone volume high of 21.4 million units shipped, around twice the volume of nearest competitor RIM.

Worldwide smart phone market					
Market shares Q1 2010, Q1 2009					
Vendor	Q1 2010 shipments	% share	Q1 2009 shipments	% share	Growth Q1'10/Q1'09
Total	55,201,280	100.0%	33,066,560	100.0%	66.9%
Nokia	21,429,680	38.8%	13,683,920	41.4%	56.6%
RIM	10,589,260	19.2%	7,298,820	22.1%	45.1%
Apple	8,752,180	15.9%	3,792,470	11.5%	130.8%
HTC	2,840,120	5.1%	1,379,860	4.2%	105.8%
Motorola	2,602,490	4.7%	1,099,100	3.3%	136.8%
Others	8,987,550	16.3%	5,812,390	17.6%	54.6%

Source: Canalys estimates, © Canalys 2010

Nokia showed strong growth across all regions, with Latin America the highest growth market, but with the lowest volume. Notable growth came from APAC, which reached just under 10 million units and saw 70% growth year on year. The Greater China area alone has seen nearly 90% growth compared with a year ago, reaching 5.7 million units. Under fierce competition from rivals, Nokia has broadened its touch-screen portfolio over the last six months, with devices such as the 5230, 5800 and 5530. 'For the first time, touch-screens represented over 50% of Nokia's smart phone shipments this quarter, which were historically dominated by the keypad-based candy bar form factors,' said Chris Jones, Canalys VP and Principal Analyst. 'Aggressive pricing has enabled Nokia to deliver smart phones that appeal to a broader consumer audience. With the launch of its 'all-you-can eat' Comes With Music subscription service in China and the recent announcement of Ovi Music Unlimited in India, Nokia is flexing its muscles in crucial developing markets.' Nokia has recently announced a slew of new smart phones aimed at expanding its

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consumer appeal, including a mid-tier typewriter keyboard smart phone, the E5. The upcoming N8 flagship model will run Symbian^3, bringing a much needed platform refresh and important user interface improvements. But the update is not a dramatic leap forward. With Symbian^4 devices now not expected until 2011, Nokia will need to deliver some strong and attractive product propositions in H2 2010 if it is not to lose momentum and risk falling behind in terms of innovation, as Apple, Google, RIM and Microsoft release updates to their respective platforms.

Worldwide smart phone market by primary input type					
Market shares Q1 2010, Q1 2009					
Primary input	Q1 2010 shipments	% share	Q1 2009 shipments	% share	Growth Q1'10/Q1'09
Total	55,201,280	100.0%	33,066,560	100.0%	66.9%
Keyboard	15,085,310	27.3%	9,392,560	28.4%	60.6%
Keypad	7,479,350	13.5%	12,311,590	37.2%	-39.2%
Touchscreen	32,636,620	59.1%	11,362,410	34.4%	187.2%

Source: Canalys estimates, © Canalys 2010

RIM was another vendor to forge ahead, particularly on the back of its impressive performance in Latin America where it saw 297% growth in Q1 2010. It also enjoyed a strong performance in APAC with 215% growth, driven primarily by the markets of Southeast Asia. RIM is continuing to demonstrate its growing appeal among consumers worldwide, and its ability to build new operator partnerships and effective channel strategies in developing markets.

While the top two vendors performed well in terms of volume, their market share is still under pressure from Apple, which has made share gains over the past year, climbing from 11% a year ago to 16% in Q1 2010. Volumes have been helped by the ending of operator exclusivity arrangements in some markets, as Apple caters to the pent-up demand among customers of other networks.

Other notable performers with triple-digit growth among the top 10 vendors were Sony Ericsson and Palm, which saw 292% and 129% year-on-year growth respectively. Sony Ericsson successfully delivered its first Android-based devices at the end of the quarter, but its boost in volumes came instead from its Symbian platform products, the Vivaz and the Satio, which performed well in APAC and EMEA.

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Palm has done well to add AT&T and Verizon Wireless to its initial Palm Pre and Pixi US launch partner Sprint, and is continuing to expand its operator footprint in Europe. 'Under HP's ownership, Palm will have a better opportunity to make webOS devices a success,' noted Canalys Senior Analyst, Pete Cunningham. 'The combined assets of Palm's webOS platform and innovation culture, with HP's geographical reach, extensive and loyal channel partnerships, and solid financial position, will form a formidable force in the future. The success of other vendors, such as Motorola and Sony Ericsson, undoubtedly means stiffer competition. But growing consumer awareness and demand for smart phones and associated services will provoke substantial volume increases over the next two years worldwide, bringing many opportunities.'

### **About the service**

The shipment estimates and forecasts 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 specializes in delivering high-quality market data, analysis and advice to the world's leading technology vendors. It is recognized 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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