

## Apple takes the lead in the US smart phone market with a 26% share

- With a 33% share, Nokia is still the leading vendor worldwide, but Android-based smart phones grab a quarter of the market

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In Q3 2010, the worldwide smart phone market grew an impressive 95% over the same quarter a year ago to 80.9 million shipped units. Nokia retained its leadership position, albeit by a diminished margin, with a 33% share of the market. Apple’s healthy performance this quarter saw it achieve a 17% share worldwide, a little ahead of RIM, which held a 15% share this quarter. In the world’s largest smart phone market, the US, Apple ousted RIM from the top spot, seizing a 26% share as iPhone shipments continued unabated. RIM has also launched its latest generation smart phone, the Torch, though it only saw half a quarter’s shipments in the US. But the plethora of smart phones running the Open Handset Alliance’s (OHA’s) Android platform meant that Canalys’ final published country-level data shows that it took the lead in the US market by operating system (OS), with a 44% share.

| US smart phone market           |                      |         |
|---------------------------------|----------------------|---------|
| Shipments by OS vendor, Q3 2010 |                      |         |
| OS vendor                       | Q3 2010              |         |
|                                 | shipments (millions) | % share |
| Total                           | 20.9                 | 100.0%  |
| OHA                             | 9.1                  | 43.6%   |
| Apple                           | 5.5                  | 26.2%   |
| RIM                             | 5.1                  | 24.2%   |
| Microsoft                       | 0.6                  | 3.0%    |
| Others                          | 0.6                  | 3.0%    |

Source: Canalys estimates, © Canalys 2010

As well as the positive picture in the US, Canalys’ detailed country level smart phone research has consistently highlighted the importance of, and differences in, ‘emerging markets’. For example, in what are now being called the ‘BRIIC’ countries (Brazil, Russia, India, Indonesia and

mainland China), smart phone shipments increased by 112% year-on-year, faster than the market overall, and each country individually saw strong growth. Nokia was the leading vendor in all five BRIIC markets in Q3 2010, benefiting from its global reach and channel relationships. In India, for example, Nokia held a 65% share of the smart phone market, and grew its shipments 208% year-on-year to 1.1 million units. The combination of affordable smart phones and its Ovi suite, which offers e-mail and messaging, navigation and music services, continues to prove popular in India, with products such as 523x series of smart phones performing well.

Despite ongoing discussions with the Indian authorities over the monitoring of encrypted communications, RIM has also continued to grow its business in the country and held an 18% share of the market in Q3 2010, with volumes up 412%. 'For RIM, aggressively priced BlackBerry smart phones, such as the Curve 8520, have helped drive volumes across emerging markets, aided by its engagement in substantial marketing activities. It remains the number one smart phone vendor in Latin America, where it holds nearly 40% of the market,' said Chris Jones, Canalys Principal Analyst. 'Where smart phone growth in mature Western markets has been driven by high-end products, in many emerging markets where disposable income is more constrained, growth is being driven by good-quality products that can attract mass-market volumes in the mid-tier of the market. To succeed in these markets, vendors need to offer smart phones that provide consumers with the same ability to engage with the locally relevant mobile applications and connected services that consumers want to use, but at a more locally accessible price.'

Once again this quarter, it was devices running the Android platform that proved the greatest driver of growth in the worldwide market, up 1,309% year-on-year from 1.4 million in Q3 2009 to more than 20.0 million units in Q3 2010, forming a quarter of the market share. 'With Samsung, HTC, Motorola and Sony Ericsson all delivering large numbers of Android devices, and with focused efforts from many other vendors, such as LG, Huawei and Acer, yielding promising volumes, the platform continues to gather momentum in markets around the world,' said Canalys Senior Analyst Pete Cunningham. 'Android has been well received by the market and in some geographies it is becoming a sought-after consumer brand. It has rapidly become the platform to watch, and its growing volumes will help to entice developers, ensuring consumers have access to an increasingly rich and vibrant mobile content and application ecosystem. Vendors are now delivering Android devices across a broad range of price points, from high-end products such as the Samsung Galaxy S or HTC Desire, to aggressively priced devices such as the LG GT540 Optimus or the Huawei built Vodafone 845, ensuring that Android devices are available and affordable to consumers on almost any budget.'

Driven by Nokia, the Symbian Foundation retained its position as the leading smart phone OS vendor worldwide. Of the 56 named countries that Canalys tracks, it is still the number one OS vendor in 37 of them because of Nokia's dominance, plus in Japan, where its position is supported by Fujitsu and Sharp. The Symbian Foundation has been in a recent state of flux, with a streamlining of the workforce and the departure of its Executive Director, Lee Williams, along with the withdrawal of support from Samsung and Sony Ericsson. But it still has continued backing from the Japanese vendors and dedication from Nokia to its ongoing development. The launch of Nokia's new range of Symbian devices, particularly the N8, will give a boost to its holiday season shipments, and the outlook into 2011 remains positive as Nokia aims to push Symbian devices further into the mid-tier of the market to attract mass-market volumes. 'There has been a lot of speculation about whether Nokia will adopt another platform, but that looks highly unlikely. Its current strategy is clear and makes sense,' added Pete Cunningham. 'But Nokia still lacks a truly high-end product to compete against the iPhone and leading Android devices. The market is moving quickly and Nokia urgently needs to deliver an exciting and genuinely differentiated, high-end flagship MeeGo device early next year to regain its reputation as an innovative technology leader, and to retain its leadership position in the market.'

Devices running Microsoft's OS accounted for just 3% of worldwide smart phone shipments in Q3 2010, though with the launch of Windows Phone 7 devices, the outlook for the fourth quarter and beyond is significantly improved. 'Windows Phone 7 is streets ahead of earlier iterations and provides a vastly improved user experience that will pleasantly surprise many people when they come to use it. The integration of Microsoft service assets, such as Xbox Live, Bing, Zune and Office, greatly strengthens the proposition and we are confident that the initial array of products will perform well,' said Chris Jones. 'But the big challenge will be for handset vendors to differentiate their devices sufficiently given the restrictions Microsoft has placed on customizing the user interface, and its relatively demanding minimum hardware requirements, which will confine devices to the higher end of the market. The market is also awaiting the platform's availability in non-roman languages to support its expansion into important emerging markets. Failure to deliver this soon will restrict the volume opportunity.'

Canalys analysts in Asia Pacific, the Americas and EMEA are available for press interviews on topics related to mobile devices and the growing ecosystem for mobile applications and services. To arrange an interview, please send a request to [press@canalys.com](mailto:press@canalys.com). Analyst biographies, with photos, are available [here](#).

## 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 worldwide market overviews and analysis of consumer and enterprise end-user 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. Canalys does not release preliminary, incomplete data and uses consistent definitions and methodologies to ensure total consistency across all of the market data that appears in its services. The company publishes its final market data every quarter for every country tracked simultaneously on the same day.

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