

HTC takes the lead in the US smart phone market

➤ A stellar performance from Samsung sees it become the world's number one vendor

Palo Alto, Shanghai, Singapore and Reading (UK) - Monday, 31 October 2011

Canalys today released its Q3 2011 country-level smart phone shipment estimates to clients, revealing that HTC has taken the top spot in the US market. At the same time, a particularly strong performance from Samsung saw it become the world's number one smart phone vendor. Overall, the worldwide market grew substantially: 49% year-on-year to 120.4 million units.

With phenomenal year-on-year and sequential growth of 252% and 60% respectively, Samsung shipped 27.3 million smart phones under its own brand to capture a 23% share, becoming the number one vendor in APAC, Western Europe and Latin America, ahead of Nokia, Apple and RIM respectively. With well-regarded products, such as the Galaxy S II, and significant marketing campaigns, the vendor registered the second highest quarterly shipment total in the market's history, behind only Nokia's Q4 2010 performance. In addition, Samsung shipped an estimated 500,000 units worldwide under the Google and T-Mobile brands.

In the United States, the world's largest smart phone market, HTC shone in Q3 2011, edging out Apple and Samsung to become the leading vendor. HTC shipped 5.7 million smart phones in the US under its own brand, giving it almost a quarter of the market, as well as an estimated 70,000 units under the T-Mobile brand. 'However you count it, HTC has become a deserved leader in the US smart phone market,' said Palo Alto-based Canalys Vice President and Principal Analyst, Chris Jones. 'This is an awesome achievement for HTC, which has built a premium brand in a highly competitive market in just a few short years. It now has a strong range of 4G Android products, with devices ranged by each of the major carriers, and offers some of the most compelling and differentiated products found on the platform today.'

Samsung pushed Apple into third place in the US market, with shipments of its own-brand devices reaching 4.9 million units. Apple's US smart phone shipments totaled 4.6 million in the quarter and it was affected around the world by consumers waiting for the launch of the next-generation iPhone.

'Apple did not stir the usual excitement levels in the industry with the announcement of the iPhone 4S, but that was never likely to dampen volumes, due to pent up demand from the later than expected launch and the addition of Sprint as a third carrier,' said Jones. 'Early iPhone 4S sales have shown this is the case, and we expect to see a strong Q4 for Apple.'

'Next week marks the two-year anniversary of Verizon Wireless's DROID launch, the tremendously successful family of Android-based smart phones in the United States,' said Jones. 'Customers who bought early will see their loyalty tested in the coming weeks as their contracts come to an end.'

After a slow start in 2010, AT&T has over-delivered on the number of Android devices it promised to launch in 2011, including the Impulse 4G, supplied by Huawei but AT&T-branded, sold at an aggressive \$30 with a contract to target first-time smart phone buyers. Android holds nearly 70% of the platform share in the United States, compared with 57% worldwide.

RIM had another tough quarter in its largest market, where its volumes declined 58% from a year ago and its US market share slipped from 24% in Q3 2010 to just 9% in Q3 2011. It continues to face unfavorable press there and its volumes have dropped significantly despite a refreshed product line that includes its flagship BlackBerry Bold 9900.

‘RIM’s market share has fallen below 10% for the first time, and the current outlook for it in the US is certainly bleak,’ said UK-based Canalys Senior Analyst, Tim Shepherd. ‘While Apple can for now get away with not having a 4G smart phone, no other vendor in the US can. RIM must deliver a competitive high-end 4G smart phone in early 2012.’

‘The picture for RIM in other parts of the world is clearly more positive. It grew 59% in EMEA and 56% in APAC over a year ago, largely driven by the continued popularity of BBM, its BlackBerry Messenger service. The Middle East and Africa and Southeast Asia were particular bright spots, and while October’s outage, focused on EMEA particularly, has hurt RIM’s reputation for reliability we do not expect it to have a substantial impact and expect a decent Q4 performance there.’

‘But undoubtedly RIM needs to deliver new, fresh, exciting products to the market and increase its pace of innovation and execution if it is going to have any chance of reasserting its position in North America. It badly needs to deliver on its potential with its new BBX platform,’ said Shepherd.

Canalys’ research also revealed huge growth in the smart phone market in mainland China, where shipments in Q3 2011 increased by an impressive 160% on a year ago to 23.2 million units. While maintaining very high growth potential, just over 200,000 fewer smart phones shipped in China than in the United States, leaving it a hair’s breadth away from being the world’s largest smart phone market.

‘The Chinese smart phone market is seeing explosive growth, not least from domestic vendors Huawei and ZTE,’ said Shanghai-based Canalys Research Director for China, Nicole Peng. ‘Both vendors are delivering good-quality, attractive smart phones on the Android platform for both the domestic and foreign markets, and their aggressive pricing strategies are enabling them to ship large volumes. They will continue to be an increasingly disruptive force in the global market in the coming quarters.’

Nokia retained its lead in the Chinese smart phone market, though echoing a picture seen around the world, it lost significant ground. Its share declined from 75% in Q3 2010 to 28% in Q3 2011.

‘Nokia has several tough quarters still ahead of it, even in its traditionally strong markets in APAC, such as China,’ said Peng. ‘The recent announcement of its first two Windows Phone devices, however, gives cause for some optimism, and shows that Nokia can still produce innovative and well-designed products. While China is not on Nokia’s initial list of launch countries for its Lumia products, Canalys understands that the market is a key priority for the vendor and expects to see Nokia Windows Phone devices there in the first half of 2012.’

Apple and Samsung also grew significantly in China this quarter, each enjoying growth of 710% and 805% year-on-year respectively.

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