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Stellar growth sees China take 27% of global smart phone shipments, powered by domestic vendors

- **Android is the clear platform of choice, accounting for 81% of Chinese shipments**

Shanghai, Palo Alto, Singapore and Reading (UK) – Thursday, 2 August 2012

Canalys published its final Q2 2012 country-level shipment estimates to clients yesterday. Results show that China saw phenomenal growth of 199% year-on-year and 32% over the previous quarter. In total, more than 42 million smart phones were shipped into the channel in China in Q2 2012, representing the second consecutive quarter of record breaking volumes in a single country market. China accounted for 27% of the 158 million global smart phone shipments, compared to 16% for the United States.

Notably, growth in China was heavily driven by domestic vendors, while international vendors struggled to keep pace.

While Samsung maintained its overall leadership position in China with a 17% market share, this reduced sequentially as volumes were flat and as several local vendors closed the gap. ZTE, Lenovo and Huawei were the second-, third- and fourth-placed vendors, ahead of Apple, making up a third of the market. They achieved growth of 171%, 2,665% and 252% year-on-year respectively. Collectively, domestic Chinese vendors shipped 25.6 million units, representing a growth of 518% and 60% of the market. By comparison, international vendors grew by a more modest 67% to 16.7 million units. Apple fell to fifth place in China. While its shipments were up 102% year-on-year, they were down 37% compared to Q1 2012.

'The rise of the domestic tier-one brands has been aided by a number of factors. Their reactiveness to market demands and deep understanding of local consumer behavior and preferences have been key in helping them surpass international peers in the fast-evolving Chinese market. Local tier-one vendors have worked hard in recent quarters to greatly improve their brand resonance among consumers and to expand and enhance their relationships and influence within operators,' said Canalys Research Director for China, Nicole Peng. 'But the tier-two vendors — the likes of Oppo, K-Touch and Gionee — have also stamped their mark, boosting smart phone shipments into tier-three and tier-four cities, predominantly through the open channels. As feature phone vendors, they already have established partnerships and strong brand awareness. These domestic vendors are making significant progress transitioning their portfolios and customer bases to be more focused on smart phones.'

Nokia and Motorola both lost significant ground in China, with Nokia's volumes down 47% on Q2 2011. 'Among the international vendors, only HTC managed an outstanding performance in mainland China. Its shipments grew 389% year-on-year to reach 1.8 million units for the quarter,' said Jessica Kwee, Canalys Research Analyst. 'Its success this quarter is heavily based on the strong performance of Desire V series devices, designed with the local China market in mind, underscoring the importance of tailoring propositions to local consumer preferences.'

Android has become a major growth driver in China, running on 81% of the smart phones shipped in China in Q2 2012.

On a global basis, Android continued to grow in significance, surpassing 100 million quarterly smart phone shipments for the first time and reaching two-thirds share of the market. 'Growth in Android volumes of 110% far outpaced growth in the overall market of 47% year-on-year, heavily driven by Samsung, which saw Android volumes of over 45 million, contributed to by a full and broad portfolio of products, from its high-end flagship Galaxy S III down to its aggressively priced Galaxy Y and Galaxy Mini. Its sponsorship of the London Olympics and subsequent product placements are sure to attract new customers to ensure that Q3 delivers a strong performance,' commented Pete Cunningham, Canalys Principal Analyst.

Samsung retained its gold medal position in the global smart phone market with a 31% share, followed by Apple and Nokia once again. Huawei and ZTE were unable to push in on the global top five with shipments of their own branded devices. HTC moved up to fourth place, though, just ahead of RIM, which shipped 8.5 million units in the calendar quarter.

Global smart phone market
Shipments into the channel, split by platform, Q2 2012, Q2 2011

Platform	Q2 2012 shipments (million)	% share	Q2 2011 shipments (million)	% share	Growth Q2'12/Q2'11
Total	**158.3**	**100.0%**	**107.7**	**100.0%**	**46.9%**
Android	107.8	68.1%	51.2	47.6%	110.4%
iOS	26.0	16.4%	20.3	18.9%	28.0%
BlackBerry	8.5	5.4%	12.5	11.6%	-32.1%
Symbian	6.4	4.1%	18.1	16.8%	-64.6%
Windows Phone	5.1	3.2%	1.3	1.2%	277.3%
bada	3.3	2.1%	3.1	2.9%	5.1%
Others	1.2	0.8%	1.1	1.0%	15.2%

Source: Canalys estimates, © Canalys 2012

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