

A third of smart phones shipped in Q1 had 5"-plus displays

➤ The market grew 29% year on year, but fell 5% on Q4 2013

Palo Alto, Shanghai, Singapore and Reading (UK) - for immediate release

Worldwide, 279.4 million smart phones shipped in Q1 2014, representing growth of 29% on Q1 2013, but a decline of 5% on the seasonally strong Q4 2013. 81% were Android devices, with iOS and Windows Phone accounting for 16% and 3% respectively. Samsung remained the leading vendor with a 31% share, ahead of Apple at 16%. Half of the top 10 vendors were Chinese companies: Huawei (third), Lenovo (fourth), Xiaomi (sixth), Yulong (eighth) and ZTE (ninth). China, the world's largest smart phone market, accounted for 35% of shipments, substantially ahead of the US, which managed just 12%.

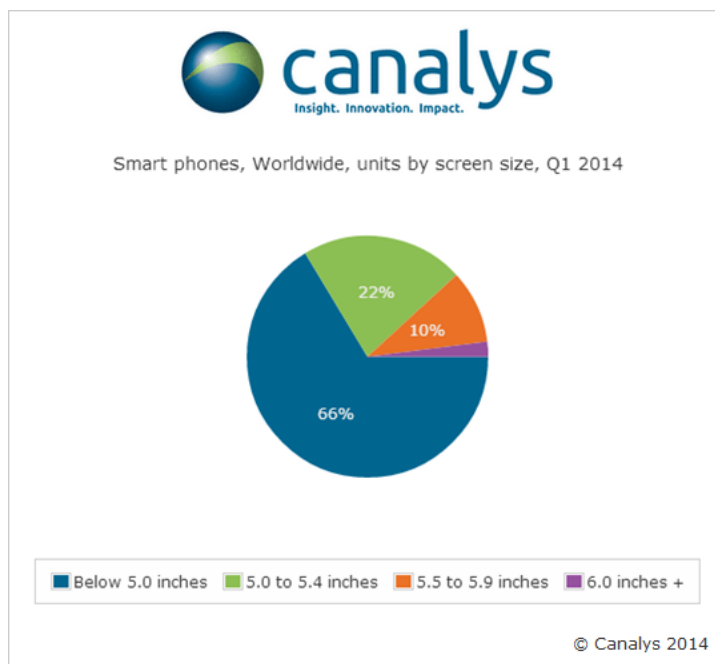
97.5 million smart phones shipped in China alone in Q1, though this was down 3% sequentially. 'The Chinese market is undergoing major change and maturing quickly, with smart phones making up 93% of total mobile phone shipments in Q1 2014,' said Canalys Research Director for China Nicole Peng. '4G will be the biggest growth driver for 2014 in the Chinese market, pushed heavily by China Mobile, which holds a dominant share of the 3G market but still has 70% of its subscribers using 2G. The operator hopes to exploit its first-mover advantage in 4G this year, while China Unicom and China Telecom are waiting for FDD-LTE licenses before making significant investments in 4G.' 16% of smart phones shipped in China were 4G handsets, compared with 34% globally and 80% in the US.

'Though Samsung remained the leading vendor in China with an 18% share, the Chinese smart phone market continues to be driven by the dynamism and aspirations of local vendors,' noted Canalys Research Analyst Jingwen Wang. 'Helped by its Redmi range, Xiaomi became a top three vendor in China for the first time during the quarter, when just a year ago it was a niche player. This domestic success has helped Xiaomi to become the sixth largest global smart phone vendor, despite 97% of its shipments being in mainland China, helped by its competitive hardware and innovative marketing strategy. But other Chinese vendors are achieving increasing international success. 37% of TCL-Alcatel's shipments were in Latin America, 23% in North America and just 8% in China. ZTE, Huawei and Lenovo shipped 43%, 40% and 15% of their respective handsets outside of China as they look to compete more and more on a global stage.'

For the first time, all four BRIC countries appeared among the top 10 smart phone markets, reflecting the shift in momentum toward the new growth markets that has been occurring over the last few years. With China first, India was the third largest market, accounting for a 5% share of global shipments. Brazil and Russia were in eighth and tenth place respectively, each at 2%. Combined, the BRIC countries saw shipments of 123.4 million units, equivalent to 44% of the global total. 'New growth and emerging markets represent a collective opportunity that now far outweighs mature markets. Q1 smart phone shipments represented 65% of the wider mobile phone market. Much of the potential for that number to increase is now focused on emerging markets,' said Peng.

Smart phones with 5" and larger screens grew 369% - a substantially greater rate of growth than the overall market. Worldwide, they represented just over a third of shipments (34%), and in Greater China the figure hit 39%, and 43% in Asia Pacific.

'This is still a market segment led by Samsung, but the trend is unmistakably toward larger-screen handsets at the high end of the market. It held a 44% share of devices with displays of 5" and above, and 53% if the view is narrowed to look at 5.5"-plus displays,' said Canalys Analyst Jessica Kwee. 'But many other vendors, such as Lenovo, Huawei, LG and Sony, have also achieved significant volumes in this space with products at the top end of their portfolios. Consumers now expect high-end devices to have large displays, and Apple's absence in this market will clearly not last long. It is notable that 5" and above displays featured on almost half (47%) of smart phones with an unlocked retail price of US\$500 or more. Of the remaining 53% of high-end smart phones, 87% were iPhones. Apple plainly needs a larger-screen smart phone to remain competitive, and it will look to address this in the coming months.'



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