

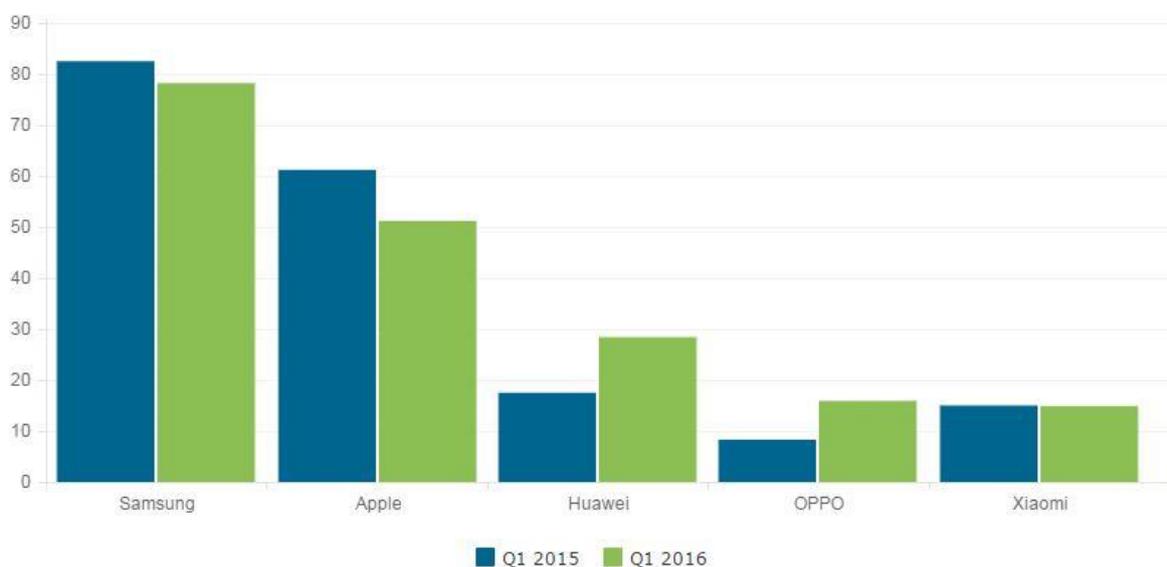
## Media alert: Smart phone shipments fall as Apple struggles

Palo Alto, Shanghai, Singapore and Reading (UK) - Friday 29 April 2016

Worldwide smart phone shipments fell for the first time in the market's history, from 324 million units in Q1 2015 to 321 million units in Q1 2016. The top two vendors both posted shipment declines, with Apple the worst hit. Excluding Apple and Samsung smart phone shipments increased 5%, despite some of the big named international vendors outside the top five also faring badly. LG, Lenovo and TCL-Alcatel posted significant declines, while Sony plummeted by around 57%.



Smart phones, Worldwide, units (millions) by vendor, Q1 2015 and Q1 2016



The market decline can be attributed to a number of factors:

- Apple's inability to repeat the success of the iPhone 6, which kick-started a massive upgrade cycle thanks to its larger display. The company had the largest fall in growth of all the major vendors, shipping 11 million fewer units in Q1 2016 than in Q1 2015 (a 16% drop).
- Slowing product innovation in the premium smart phone space has led to increasingly modest upgrades to flagship handsets, meaning consumers keep devices for longer. In some markets, such as the US and Western Europe, subsidies are being reduced, which has compounded the effect.

- The significant improvements in the specification and quality of mid-range devices means replacement cycles in high-growth markets are also lengthening.
- Flagship models, such as Samsung's Galaxy S7 and Apple's iPhone 6s, are still beyond the reach of many in emerging high-growth markets.

Rachel Lashford, Canalys VP of Analysis, said, 'Conditions are challenging for many vendors, and we expect to see a consolidation of the smart phone market in coming quarters. There are bright spots, however, such as Huawei, Oppo and Vivo, which all increased shipments dramatically. These vendors are expanding beyond China, nurturing their channels, spending on marketing and making their differentiators around technology and positioning abundantly clear to consumers.'

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