

Gartner Says Worldwide Mobile Phone Sales Grew 17 Per Cent in First Quarter 2010

RIM Made Its Debut into the Top Five Mobile Handset Manufacturers

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Worldwide mobile phone sales to end users totalled 314.7 million units in the first quarter of 2010, a 17 per cent increase from the same period in 2009, according to Gartner, Inc. Smartphone sales to end users reached 54.3 million units, an increase of 48.7 per cent from the first quarter of 2009. Among the most successful vendors were those that controlled an integrated set of operating system (OS), hardware and services.

"In the first quarter of 2010, smartphone sales to end users saw their strongest year-on-year increase since 2006," said Carolina Milanese, research vice president at Gartner. "This quarter saw RIM, a pure smartphone player, make its debut in the top five mobile devices manufacturers, and saw Apple increase its market share by 1.2 percentage points. Android's momentum continued into the first quarter of 2010, particularly in North America, where sales of Android-based phones increased 707 per cent year-on-year.

Growth in the mobile devices market was driven by double-digit growth of smartphone sales in mature markets, helped by wider product availability as well as mass market price tags. "Increasing sales of white-box products in some emerging regions, in particular India, also drove sales of mobile phones upward. We expect sales of white-box products to remain very healthy for the remainder of 2010, especially outside of China," said Ms Milanese.

The first quarter also saw some movement outside the top five mobile handset vendor rankings (see Table 1), Hong Kong-based manufacturer G-Five made its debut into the top 10, grabbing 1.4 per cent of market share in the first quarter of 2010. The rise of white-box manufacturers from Asia has also helped the "others" section, as a proportion of overall sales, increase its market share to 19.20 per cent in the first quarter of 2010, up 2.7 percentage points. "This is having a profound effect on the top five mobile handset manufacturers' combined share that dropped from 73.3 in the first quarter of 2009 to 70.7 per cent in the first quarter of 2010," said Ms Milanese.

Table 1
Worldwide Mobile Terminal Sales to End Users in 1Q10 (Thousands of Units)

Company	1Q10		1Q09	
	Units	1Q10 Market Share (%)	Units	1Q09 Market Share (%)
Nokia	110,105.6	35.0	97,398.2	36.2
Samsung	64,897.1	20.6	51,385.4	19.1
LG	27,190.1	8.6	26,546.9	9.9
RIM	10,552.5	3.4	7,233.5	2.7
Sony Ericsson	9,865.6	3.1	14,470.3	5.4
Motorola	9,574.5	3.0	16,587.3	6.2
Apple	8,359.7	2.7	3,938.8	1.5
ZTE	5,375.4	1.7	3,369.6	1.3
G-Five	4,345.0	1.4		
Huawei	3,970.0	1.3	3,217.9	1.2
Others	60,418.1	19.2	44,972.2	16.5
Total	314,653.50	100.0	269,120.10	100.0

Source: Gartner (May 2010)

In the first quarter of 2010, Nokia's mobile phone sales to end users reached 110.1 million units, a 1.2 per cent decline in market share year-on-year. Although Nokia's midtier products sold well, Nokia lacks a high-volume driver in the high-end. "MeeGo based devices and other high-end products will not rejuvenate Nokia's premium portfolio until the end of the third quarter of 2010 at the earliest, and Nokia will continue to feel pressure on its average selling price (ASP) from vendors such as HTC, RIM and Samsung," said Ms Milanese. The reorganisation announced last week demonstrated that Nokia is trying to streamline the reporting process to deliver results quickly, which we believe shows its recognition of the pressure it faces from investors.

Samsung sold 64.9 million devices in the first quarter of 2010, an increase of 26.3 per cent year-on-year. Samsung was one of the five vendors in the top10 vendors ranking to grow its market share, which increased by 1.5 percentage points year-on-year. Samsung saw healthy margins in the first quarter of 2010 and was also able to grow its presence in developing markets such as India and the Commonwealth of Independent States.

RIM's mobile phone sales reached 10.6 million units in the first quarter of 2010, a 45.9 per cent increase year-on-year. RIM is making its debut into the top five worldwide mobile handset manufacturers ranking. RIM's focus this quarter was centred on its ecosystem strategy, its tightly integrated control of store, OS and device played to RIM's strengths.

Sony Ericsson sold enough units to remain in the top five mobile handset manufacturers, but its market share declined 2.3 percentage points in the first quarter of 2010. The channel held some inventory for Sony Ericsson in the first quarter of 2010 as some new products reached the channel late into the quarter. One of Sony Ericsson's most important future differentiators is its relationship with its parent company, Sony. This partnership, combined with Sony Ericsson's ownership of the strongest portfolio it has had since 2007, place it well to lead the trend toward increasingly connected consumer devices.

The first quarter of 2010 was Apple's strongest quarter yet, which placed the company in the No. 7 position with a 112.2 per cent increase in mobile devices sales. "Growth came partly from new communication service providers in established markets, such as the UK, and stronger sales in new markets such as China and South Korea," said Ms Milanese. "The second quarter of 2010 will be a very important one for Apple. We expect that Apple will present its new iPhone in June during its Worldwide Developer Conference, which will be the first to feature the latest release of the iPhone OS that includes welcome improvements for developers and users, such as multitasking."

In the smartphone OS market, Android and Apple were the winners in the first quarter of 2010 (see Table 2). Android moved to the No. 4 position displacing Microsoft Windows Mobile for the first time. Both Android and Apple were the only two OSs vendors among the top five to increase market share year-on-year. Symbian remained in the No. 1 position but continued to lose as Nokia remains weak in the high-end portfolio.

Smartphones accounted for 17.3 per cent of all mobile handset sales in the first quarter of 2010, up from 13.6 per cent in the same period in 2009.

As seen with the iPad and web books based on Google's Android platform, mobile OS ecosystems are developing and will move beyond smartphones to continue to deliver consumer value and a rich user experience," said Roberta Cozza, principal research analyst at Gartner.

Table 2

Worldwide Smartphone Sales to End Users by Operating System in 1Q10 (Thousands of Units)

Company	1Q10		1Q09	
	Units	1Q10 Market Share (%)	Units	1Q09 Market Share (%)
Symbian	24,069.8	44.3	17,825.3	48.8
Research In Motion	10,552.6	19.4	7,533.6	20.6
iPhone OS	8,359.7	15.4	3,848.1	10.5
Android	5,214.7	9.6	575.3	1.6
Microsoft Windows Mobile	3,706.0	6.8	3,738.7	10.2
Linux	1,993.9	3.7	2,540.5	7.0
Other OSs	404.8	0.7	445.9	1.2
Total	54,301.4	100.0	36,507.4	100.0

Source: Gartner (May 2010)

Mobile e-mail, rich messaging and social networking will continue to drive demand for smartphones and enhanced phones that feature full qwerty hardware keyboards. "To compete in such a crowded market, manufacturers need to tightly integrate hardware, user interface, and cloud and social networking services if their solutions are to appeal to users," said Ms Cozza. "Just adding a qwerty keyboard will not make a device fit the communication's habits of today's various consumer segments."

Additional information is in the Gartner report "Competitive Landscape: Mobile Devices, Worldwide, 1Q10." The report is available on Gartner's website at www.gartner.com.

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