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IDC - Press Release

Strong Demand for Smartphones in Second Quarter Continues to Drive the Worldwide Mobile Phone Market, According to IDC

26 Jul 2012

FRAMINGHAM, Mass. July 26, 2012 – The worldwide mobile phone market grew 1% year over year in the second quarter of 2012 (2Q12), as Samsung and Apple shipped almost half of the world's smartphones. According to the International Data Corporation ([IDC](#)) [Worldwide Quarterly Mobile Phone Tracker](#), vendors shipped 406.0 million units in 2Q12 compared to 401.8 million units in the second quarter of 2011.

Samsung and Apple have more than doubled their combined market share over the past two years, which has created more distance between the companies and the competition. "Samsung and Apple have quickly become the global smartphone heavyweights though both employ somewhat different approaches to the market," said [Kevin Restivo](#), senior research analyst with IDC's [Worldwide Quarterly Mobile Phone Tracker](#). "Samsung employs a 'shotgun' strategy wherein many models are created that cover a wide range of market segments. Apple, in contrast, offers a small number of high-profile models. While both companies have expanded their geographic presence in pursuit of market share, the two companies will inevitably come into greater conflict as both try to generate additional gains."

Market share gains will be harder to generate, however, if the worldwide smartphone market grows at rates similar to the 42.1% year-over-year rate at which the market increased in 2Q12. This was the lowest growth rate since the fourth quarter of 2009. Vendors shipped 153.9 million smartphones in 2Q12 compared to 108.3 million units in 2Q11. The 42.1% year-over-year growth was one percentage point lower than IDC's forecast of 43.1% for the quarter.

The spectre of further economic woes puts growth prospects for the mobile phone market at risk. "With half of 2012 behind us, vendors are looking ahead to 2013 and how key markets – particularly Europe and emerging markets – will play out," said [Ramon Llamas](#), senior research analyst with IDC's [Mobile Phone Technology and Trends](#) team. "Despite recent maneuvers to shore up several countries within the Eurozone, the effectiveness of these efforts remains to be seen. Meanwhile, emerging markets will continue to be strong contributors due to their sheer size and growth trajectory, but how much they can offset potential declines in other countries is unclear."

Nonetheless, IDC expects long-term mobile phone and smartphone shipment demand to grow steadily in 2012 and through the years ahead due to the central role mobile phones play in people's lives. "For many users, the mobile phone has become the essential communications link to others and to the world," noted Llamas.

Smartphone Vendor Highlights

Samsung extended its lead over Apple during the second quarter, taking advantage of Apple's release schedule and launching its flagship Galaxy S III. In addition, Samsung experienced continued success of its smartphone/tablet hybrid device, the Galaxy Note. As a result, Samsung topped the 50 million unit mark and reached a new quarterly smartphone shipment record in a single quarter. What remains to be seen is how the company's smartphones will fare against Apple's next-generation iPhone expected later this year.

Apple posted an expected sequential decline last quarter, similar to years past. The quarter-over-quarter shipment decline came six months after it unveiled its latest iPhone. The decline is not unusual as iPhone shipment volume is highest in the first two quarters after its release. The company's once-a-year release cycle usually results in two quarters of lower volumes leading up to

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the next-generation model introduction. Nonetheless, Apple made significant inroads into new markets and segments, including smaller regional carriers and prepaid service providers.

Nokia smartphone business underwent another quarter of transition. Demand for Symbian and MeeGo units declined, reaching levels not seen since 2005 though the company almost doubled its Windows Phone shipments from the previous quarter. Nokia's Lumia sales were not terribly affected by Microsoft's Windows Phone 8 announcement, which will prevent current Lumia owners from upgrading to the new mobile operating system. However, Lumia sales have remained steady and key enhancements available on the new platform will eventually become available to current Lumia owners. Nokia, however, has a long path to travel before it can reclaim previous volume levels and challenge Apple and Samsung for smartphone supremacy.

HTC rebounded from its struggles in the two previous quarters to reclaim the number 4 spot in the smartphone vendor rankings. Its relatively strong performance in the Asia/Pacific region allowed it to climb back up the rank order as did the correction of its channel inventory issues. The company's streamlined portfolio means future share gains will be predicated upon the success of its One products.

ZTE climbed into the smartphone Top 5 for the first time thanks primarily to shipments of its lower-cost entry-level smartphones in China, where it's based. However, the vendor has also grown its international smartphone sales, particularly in the U.S. where its smartphones can be found under other brands. Latin America is another source of significant smartphone growth for the vendor. Despite impressive gains last quarter, brand equity may prove to be an issue for ZTE in future. Strong brand recognition is a necessity if high-growth smartphone sales abroad are a priority for the company.

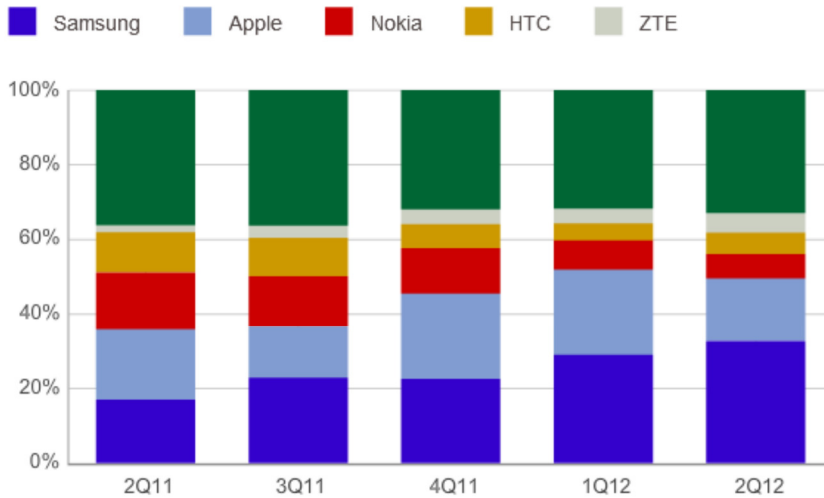
Top Five Smartphone Vendors, Shipments, and Market Share, Q2 2012 (Units in Millions)

Source: IDC Worldwide Mobile Phone Tracker, July 26, 2012

Note: Vendor shipments are branded shipments and exclude OEM sales for all vendors.



Worldwide Smartphone Vendors Market Share, 2Q 2012



INFO | Chart by IDC

Top Five Total Mobile Phone Vendors, Shipments, and Market Share, Q2 2012 (Units in Millions)

Vendor	2Q12 Unit Shipments	2Q12 Market Share	2Q11 Unit Shipments	2Q11 Market Share	Year-over-year Change
Samsung	97.8	24.1%	75.4	18.8%	29.7%
Nokia	83.7	20.6%	88.5	22.0%	-5.4%
Apple	26.0	6.4%	20.4	5.1%	27.5%
ZTE	17.7	4.4%	16.3	4.1%	8.6%
LG Electronics	13.1	3.2%	24.8	6.2%	-47.2%
Others	167.7	41.3%	176.4	43.9%	-4.9%
Total	406.0	100.0%	401.8	100.0%	1.0%

Source: IDC Worldwide Mobile Phone Tracker, July 26, 2012

Note: Vendor shipments are branded shipments and exclude OEM sales for all vendors.

For more information about IDC's Worldwide Quarterly Mobile Phone Tracker, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

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