

FOR IMMEDIATE RELEASE

CONTACTS:

Laurence Goasduff
Gartner
+ 44 (0) 1784 267 738
laurence.goasduff@gartner.com

Christy Pettey
Gartner
+ 1 408 468 8312
christy.pettey@gartner.com

Gartner Says Sales of Mobile Devices in Second Quarter of 2011 Grew 16.5 Per Cent Year-on-Year; Smartphone Sales Grew 74 Per Cent

ZTE Became Fifth-Largest Mobile Phone Manufacturer and RIM Dropped to No. 6

Egham, UK, 11 August 2011 — Worldwide sales of mobile devices to end users totalled 428.7 million units in the second quarter of 2011, a 16.5 per cent increase from the second quarter of 2010, according to Gartner, Inc. (see Table 1).

The channel built up stock at the end of the first quarter of 2011 in preparation of possible component shortages following the Japanese earthquake. As a result, sell-in demand slowed in the second quarter of 2011 to 421.1 million units, a 4.4 per cent decrease from the previous quarter.

Sales of smartphones were up 74 per cent year-on-year and accounted for 25 per cent of overall sales in the second quarter of 2011, up from 17 per cent in the second quarter of 2010.

“Smartphone sales continued to rise at the expense of feature phones,” said Roberta Cozza, principal research analyst at Gartner. “Consumers in mature markets are choosing entry-level and midrange Android smartphones over feature phones, partly due to carriers’ and manufacturers’ promotions.” However, replacement sales in Western Europe showed signs of fatigue as smartphone sales declined quarter-on-quarter.

Table 1
Worldwide Mobile Device Sales to End Users by Vendor in 2Q11 (Thousands of Units)

Vendor	2Q11 Units	2Q11 Market Share (%)	2Q10 Units	2Q10 Market Share (%)
Nokia	97,869.3	22.8	111,473.7	30.3
Samsung	69,827.6	16.3	65,328.2	17.8
LG	24,420.8	5.7	29,366.7	8.0
Apple	19,628.8	4.6	8,743.0	2.4
ZTE	13,070.2	3.0	6,730.6	1.8
Research In Motion	12,652.3	3.0	11,628.8	3.2
HTC	11,016.1	2.6	5,908.8	1.6
Motorola	10,221.4	2.4	9,109.4	2.5
Huawei Device	9,026.1	2.1	5,276.4	1.4
Sony Ericsson	7,266.5	1.7	11,008.5	3.0
Others	153,662.1	35.8	103,412.6	28.1
Total	428,661.2	100.0	367,986.7	100.0

Source: Gartner (August 2011)

In smartphones, Nokia’s sales into the channel in the second quarter of 2011 were low. This was partly due to a very competitive market that deflated demand for Symbian, but also to inventory management issues in Europe and China in particular. The channel bought less and worked hard to reduce stock levels,

partly by cutting prices on older products. These factors reduced Nokia's average selling price for smartphones, compared to the first quarter of 2011. "The sales efforts of the channel, combined with Nokia's greater concentration in retail and distributors' sales, saw Nokia destock more than 9 million units overall and 5 million smartphones, helping it hold on to its position as the leading smartphone manufacturer by volume," said Ms Cozza. "However, we will not see a repeat of this performance in the third quarter of 2011, as Nokia's channel is pretty lean."

Samsung achieved strong growth in sales of mobile devices. For example, the Galaxy S II sold well, and this model went on to chalk up 5 million sales by the end of July. A strong performance in the smartphone market helped Samsung increase its market share, to become the third-largest smartphone vendor. However, its overall share dropped year-on-year, and grew only marginally quarter-on-quarter, mainly due to Samsung's weaker presence in more price-sensitive market segments.

Apple continued to exceed expectations, even though the iPhone 4 will soon be replaced by a new model. Part of its growth came from the 42 new carriers and 15 new countries that it entered in the second quarter of 2011, which brought its total coverage to 100 countries. This expansion caused its inventory to grow a little by the end of the second quarter of 2011, when sales to end users stood at 19.6 million units. In mainland China, Apple is the seventh-largest mobile phone vendor and the third-largest smartphone vendor.

Research In Motion's (RIM's) share of the smartphone market declined to 12 per cent in the second quarter of 2011, from 19 per cent a year ago. Also, the company lost its No. 5 position in the worldwide ranking of mobile device vendors to ZTE. Demand for RIM's devices in the second quarter was impaired by an ageing portfolio and delays in shipping products. In the coming quarters RIM will have to deal with increased competition to its messaging offering and manage a platform migration from BlackBerry 7 to QNX.

Google and Apple are the obvious winners in the smartphone ecosystem. The combined share of iOS and Android in the smartphone operating system (OS) market doubled to nearly 62 per cent in the second quarter of 2011, up from just over 31 per cent in the corresponding period of 2010 (see Table 2). Gartner analysts observed that these two OSs have the usability that consumers enjoy, the apps that consumers feel they need, and increasingly a portfolio of services delivered by the platform owner as well.

Table 2
Worldwide Smartphone Sales to End Users by Operating System in 2Q11 (Thousands of Units)

Operating System	2Q11 Units	2Q11 Market Share (%)	2Q10 Units	2Q10 Market Share (%)
Android	46,775.9	43.4	10,652.7	17.2
Symbian	23,853.2	22.1	25,386.8	40.9
iOS	19,628.8	18.2	8,743.0	14.1
Research In Motion	12,652.3	11.7	11,628.8	18.7
Bada	2,055.8	1.9	577.0	0.9
Microsoft	1,723.8	1.6	3,058.8	4.9
Others	1,050.6	1.0	2,010.9	3.2
Total	107,740.4	100.0	62,058.1	100.0

Source: Gartner (August 2011)

"We expect manufacturers and distributors to remain cautious about raising their stock levels in the second half of 2011, following the recent uncertainty on the world financial markets," said Annette Zimmermann, principal research analyst at Gartner. Gartner expects sales of mobile devices to grow around 12 per cent in 2011.

For more information, see the Gartner report “Market Share: Mobile Communication Devices by Region and Country, 2Q11” which is available on Gartner’s website at <http://www.gartner.com/resId=1764117>.

About Gartner

Gartner, Inc. (NYSE: IT) is the world’s leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner to 60,000 clients in 11,500 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,500 associates, including 1,250 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.

###