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Gartner Says Worldwide Sales of Mobile Phones Declined 2.3 Per Cent in Second Quarter of 2012; Smartphone Sales Increased 42.7 Per Cent

Android Extended Lead While Apple iOS Market Share Growth Paused

Egham, U.K., 14 August 2012 — Worldwide sales of mobile phones to end users reached 419 million units in the second quarter of 2012, a 2.3 per cent decline from the second quarter of 2011, according to Gartner, Inc. Smartphone sales accounted for 36.7 per cent of total mobile phone sales and grew 42.7 per cent in the second quarter of 2012.

"Demand slowed further in the second quarter of 2012," said Anshul Gupta, principal research analyst at Gartner. "The challenging economic environment and users postponing upgrades to take advantage of high-profile device launches and promotions available later in the year slowed demand across markets. Demand of feature phones continued to decline, significantly weakening the overall mobile phone market.

"High-profile smartphone launches from key manufacturers such as the anticipated Apple iPhone 5, along with Chinese manufacturers pushing 3G and preparing for major device launches in the second half of 2012, will drive the smartphone market upward. However, feature phones will continue to see pressure," Mr Gupta said.

In the second quarter of 2012, Samsung's mobile phone sales remained very strong — up 29.5 per cent from the second quarter of 2011 (see Table 1), and managed to extend its lead over both Apple and Nokia quarter-on-quarter. This quarter's growth was driven by record sales of Galaxy smartphones, meaning smartphones now account for 50.4 per cent of all Samsung mobile devices, or 45.6 million units. Demand for the new Galaxy S3 was particularly strong, exceeding Samsung's own expectations, with a reported 10 million units reached in the two months after its release. The Galaxy S3 was the best-selling Android product in the quarter and could have been higher but for product shortages.

In the second quarter of 2012, consumer demand for the Apple iPhone weakened as sales fell 12.6 per cent from the first quarter of 2012, but grew 47.4 per cent year-on-year. Depending on the exact launch date of the new iPhone, Apple might experience another weaker-than-usual quarter in the third quarter of 2012, while Apple will be ready to take advantage of the strong holiday sales in North America and Western Europe that have historically remained immune to economic pressure.

"Samsung and Apple continued to dominate the smartphone market, together taking about half the market share, and widening the gap to other manufacturers. No other smartphone vendors had share close to 10 per cent," Mr Anshul said. "In the race to be top smartphone manufacturer in 2012, Samsung has consistently increased its lead over Apple, and its open OS market share increased to one-and-a-half times that of Apple in the second quarter of 2012."

Table 1
Worldwide Mobile Device Sales to End Users by Vendor in 2Q12 (Thousands of Units)

Company	2Q12 Units	2Q12 Market Share (%)	2Q11 Units	2Q11 Market Share (%)
Samsung	90,432.1	21.6	69,827.6	16.3
Nokia	83,420.1	19.9	97,869.3	22.8
Apple	28,935.0	6.9	19,628.8	4.6
ZTE	17,936.4	4.3	13,070.2	3.0
LG Electronics	14,345.4	3.4	24,420.8	5.7

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Huawei Device	10,894.2	2.6	9,026.1	2.1
TCL Communications	9,355.7	2.2	7,938.9	1.9
HTC	9,301.2	2.2	11,016.1	2.6
Motorola	9,163.2	2.2	10,221.4	2.4
Research In Motion	7,991.2	1.9	12,652.3	3.0
Others	137,233.4	32.8	152,989.70	35.7
Total	419,007.90	100.0	428,661.15	100.0

Source: Gartner (August 2012)

Nokia's mobile phone sales declined 14.8 per cent in the second quarter of 2012. Nokia is battling fiercely with white-box and new emerging device manufacturers to defend its feature phones sales. Nokia succeeded, to a certain extent, in winning feature phone market share as its sales grew quarter-on-quarter. While posting sequential growth in the feature phone market, Nokia's Lumia devices continue to struggle to find a place in consumers' minds as a replacement for Android.

"Declining smartphone sales is worsening Nokia's overall position, as it had already lost the No. 1 position to Samsung in the previous quarter and is facing reduced profitability due to continuous declining sales of premium smartphones," said Mr Gupta.

In the smartphone OS market, Android extended its lead with an increase of 20.7 percentage points in market share in the second quarter of 2012 (see Table 2). While Apple's iOS market share slightly grew year over year (0.6 per cent), it declined 3.7 percentage points quarter-on-quarter, as users postponed their upgrade decisions in most markets ahead of the upcoming launch of the iPhone 5.

Gartner analysts said the arrival of the iPhone 5 should provide the greatest upgrade opportunity yet as the expected new design with a larger screen and likely other stylistic changes to the form factor will certainly make a strong case for iPhone 4 users to upgrade.

Table 2

Worldwide Mobile Device Sales to End Users by Operating System in 2Q12 (Thousands of Units)

Operating System	2Q12 Units	2Q12 Market Share (%)	2Q11 Units	2Q11 Market Share (%)
Android	98,529.3	64.1	46,775.9	43.4
iOS	28,935.0	18.8	19,628.8	18.2
Symbian	9,071.5	5.9	23,853.2	22.1
Research In Motion	7,991.2	5.2	12,652.3	11.7
Bada	4,208.8	2.7	2,055.8	1.9
Microsoft	4,087.0	2.7	1,723.8	1.6
Others	863.3	0.6	1,050.6	1.0
Total	153,686.1	100.0	107,740.4	100.0

Source: Gartner (August 2012)

Additional information can be found in the Gartner report "Market Share: Mobile Devices, Worldwide, 2Q12." The report is available on Gartner's website at <http://www.gartner.com/resId=2117915>.

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