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Gartner Says Annual Smartphone Sales Surpassed Sales of Feature Phones for the First Time in 2013

Smartphones Accounted for 57.6 Per Cent of Total Sales in Fourth Quarter of 2013

Sales of Android Phones to Approach One Billion in 2014

Egham, UK, 13th February, 2014 — Worldwide sales of smartphones to end users totaled 968 million units in 2013, an increase of 42.3 per cent from 2012 (see Table 1), according to Gartner, Inc. Sales of smartphones accounted for 53.6 per cent of overall mobile phone sales in 2013, and exceeded annual sales of feature phones for the first time.

Table 1

Worldwide Smartphone Sales to End Users by Vendor in 2013 (Thousands of Units)

Company	2013 Units	2013 Market Share (%)	2012 Units	2012 Market Share (%)
Samsung	299,794.9	31.0	205,767.1	30.3
Apple	150,785.9	15.6	130,133.2	19.1
Huawei	46,609.4	4.8	27,168.7	4.0
LG Electronics	46,431.8	4.8	25,814.1	3.8
Lenovo	43,904.5	4.5	21,698.5	3.2
Others	380,249.3	39.3	269,526.6	39.6
Total	967,775.8	100.0	680,108.2	100.0

Source: Gartner (February 2014)

Smartphone sales grew 36 per cent in the fourth quarter of 2013 and accounted for 57.6 per cent of overall mobile phone sales in the fourth quarter, up from 44 per cent year over year (see Table 2). This increasing contribution of smartphones was led by growth in Latin America, the Middle East and Africa, Asia/Pacific and Eastern Europe, where smartphone sales grew by more than 50 per cent in the fourth quarter of 2013. With a 166.8 per cent increase in the fourth quarter of 2013, India exhibited the highest smartphone sales growth among the countries tracked by Gartner, and Latin America saw the strongest growth among all regions (96.1 per cent) in the fourth quarter. China also contributed significantly to worldwide smartphone sales as sales grew 86.3 per cent in 2013.

Table 2

Worldwide Smartphone Sales to End Users by Vendor in 4Q13 (Thousands of Units)

Company	4Q13 Units	4Q13 Market Share (%)	4Q12 Units	4Q12 Market Share (%)
Samsung	83,317.2	29.5	64,496.3	31.1
Apple	50,224.4	17.8	43,457.4	20.9
Huawei	16,057.1	5.7	8,666.4	4.2
Lenovo	12,892.2	4.6	7,904.2	3.8
LG Electronics	12,822.9	4.5	8,038.8	3.9

Others	106,937.9	37.9	75,099.3	36.2
Total	282,251.7	100.0	207,662.4	100.0

Source: Gartner (February 2014)

In the fourth quarter of 2013, mobile phone sales in mature regions fell due to weaker demand. "Mature markets face limited growth potential as the markets are saturated with smartphone sales, leaving little room for growth with declining feature phone market and a longer replacement cycle," said Anshul Gupta, principal research analyst at Gartner. "Lack of compelling hardware innovation has further exacerbated replacement cycles for high-end smartphones in 2013 because consumers don't find enough reasons to upgrade."

Top Smartphone Vendor Analysis

Samsung: While Samsung's smartphone share was up in 2013 it slightly fell by 1.6 percentage points in the fourth quarter of 2013. This was mainly due to a saturated high-end smartphone market in developed regions. It remains critical for Samsung to continue to build on its technology leadership at the high end. Samsung will also need to build a clearer value proposition around its midrange smartphones, defining simpler user interfaces, pushing the right features as well as seizing the opportunity of bringing innovations to stand out beyond price in this growing segment.

Apple: Strong sales of the iPhone 5s and continued strong demand for the 4s in emerging markets helped Apple see record sales of 50.2 million smartphones in the fourth quarter of 2013.

"However, Apple's share in smartphone declined both in the fourth quarter of 2013 and in 2013, but growth in sales helped to raise share in the overall mobile phone market," said Mr Gupta. "With Apple adding NTT DOCOMO in Japan for the first time in September 2013 and signing a deal with China Mobile during the quarter, we are already seeing an increased growth in the Japanese market and we should see the impact of the last deal in the first quarter of 2014."

Huawei: Huawei smartphone sales grew 85.3 per cent in the fourth quarter of 2013 to maintain the No. 3 spot year over year. Huawei has moved quickly to align its organisation to focus on the global market. Huawei's overseas expansion delivered strong results in the fourth quarter of 2013, with growth in the Middle East and Africa, Asia/Pacific, Latin America and Europe.

Lenovo: Lenovo saw smartphone sales in 2013 increase by 102.3 per cent and by 63.1 per cent in the fourth quarter of 2013. Lenovo's Motorola acquisition from Google will give Lenovo an opportunity to expand within the Americas.

"The acquisition will also provide Lenovo with patent protection and allow it to expand rapidly across the global market," said Mr Gupta. "We believe this deal is not just about entering into the US, but more about stepping out of China."

Gartner expects smartphones to continue to drive overall sales in 2014 and an increasing number of manufacturers will realign their portfolios to focus on the low-cost smartphone sector. Sales of high-end smartphones will slow as increasing sales of low- and mid-price smartphones in high-growth emerging markets will shift the product mix to lower-end devices. This will lead to a decline in average selling price and a slowdown in revenue growth.

In the smartphone OS market, Android's share grew 12 percentage points to reach 78.4 per cent in 2013 (see Table 3). The Android platform will continue to benefit from this, with sales of Android phones in 2014 approaching the billion mark.

Table 3
Worldwide Smartphone Sales to End Users by Operating System in 2013 (Thousands of Units)

Operating System	2013 Units	2013 Market Share (%)	2012 Units	2012 Market Share (%)
Android	758,719.9	78.4	451,621.0	66.4
iOS	150,785.9	15.6	130,133.2	19.1
Microsoft	30,842.9	3.2	16,940.7	2.5
BlackBerry	18,605.9	1.9	34,210.3	5.0
Other OS	8,821.2	0.9	47,203.0	6.9
Total	967,775.8	100.0	680,108.2	100.0

Source: Gartner (February 2014)

Worldwide mobile phone sales to end users totaled 1.8 billion units in 2013, an increase of 3.5 per cent from 2012 (see Table 4). Users bought 490.3 mobile phones in the fourth quarter of 2013, an increase of 3.9 per cent compared with the same quarter in 2012.

"While the top three mobile manufacturers are dominating the global mobile phone market, their share collectively fell in the fourth quarter of 2013 and yearly as Chinese and regional brands continue to raise their share," said Mr Gupta.

Table 4
Worldwide Mobile Phone Sales to End Users by Vendor in 2013 (Thousands of Units)

Company	2013 Units	2013 Market Share (%)	2012 Units	2012 Market Share (%)
Samsung	444,444.2	24.6	384,631.2	22.0
Nokia	250,793.1	13.9	333,938.0	19.1
Apple	150,785.9	8.3	130,133.2	7.5
LG Electronics	69,024.5	3.8	58,015.9	3.3
ZTE	59,898.8	3.3	67,344.4	3.9
Huawei	53,295.1	2.9	47,288.3	2.7
TCL Communication	49,531.3	2.7	37,176.6	2.1
Lenovo	45,284.7	2.5	28,151.4	1.6
Sony Mobile Communications	37,595.7	2.1	31,394.2	1.8
Yulong	32,601.4	1.8	18,557.5	1.1
Others	613,710.0	34.0	609,544.9	34.9
Total	1,806,964.7	100.0	1,746,175.6	100.0

Source: Gartner (February 2014)

Additional information is in the Gartner report "Market Share Analysis: Mobile Phones, Worldwide, 4Q13 and 2013." The report is available on Gartner web site at <http://www.gartner.com/doc/2665319>.

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