

Gartner Says Worldwide Mobile Device Sales on Pace for Flat Growth in 2009

End User Sales to Increase 9 Per Cent in 2010

Egham, UK, December 15, 2009 — Stronger than expected sales in Western Europe and an acceleration in the grey market in the third quarter of this year will drive worldwide mobile device sales to end users to 1.214 billion units, a 0.67 per cent decline from 2008, according to the latest outlook by Gartner, Inc. In September, Gartner had forecast sales to decline 3.7 per cent in 2009. Gartner now predicts sales in 2010 will show a 9 per cent increase from 2009.

“Although the grey market or ‘white label’ is not a new phenomenon and has been generated by Chinese device manufacturers who do not have a licence to sell and manufacture devices without a valid international mobile equipment identity (IMEI), today grey-market sales are no longer limited to China,” said Carolina Milanese, research director at Gartner. “All manufacturers will have to compete with grey-market players as they expand into emerging markets in Asia/Pacific, Eastern Europe, the Middle East and Latin America and bring a lower weighted average selling price (ASP). The grey market will affect Nokia’s market share the most.”

In 2009, overall market economic conditions impacted disposable income and extended replacement cycles in mature markets from 12 to 18 months. Gartner expects replacement cycles globally to return to normal within two years, with the introduction of more aggressively priced smartphones and shorter contracts. Gartner also expects second-hand sales in emerging markets and SIM-only sales globally to stabilise in 2010 and to start decreasing from 2011 as consumers feel less macro-economic pressure.

Smartphone volumes will represent 14 per cent of total mobile devices sales in 2009, growing by 23.6 per cent from 2008 and to 38 per cent by 2013. However, this positive outlook could be negatively impacted by mobile operators’ decision to associate all smartphones with high flat-rate data plans, which could increase the total cost of ownership beyond mass-market consumer acceptance. Despite this, Gartner expects global ASPs for enhanced phones and smartphones to decline by 3 per cent in 2010.

The strong performance of markets such as Western Europe and Asia Pacific was balanced by weaker than expected sales in Latin America and the Middle East and Africa (see Table 1).

Table 1

Forecast: Mobile Terminal Sales to End Users, Worldwide, 2007-2011 (Thousands of Units)

Region	2008	2009	2010
Asia/Pacific	453,100.1	479,862.6	546,770.8
Eastern Europe	96,068.0	81,145.1	84,995.0
Japan	40,588.1	34,871.7	34,897.9
Latin America	142,323.1	119,737.5	126,772.7
Middle East and Africa	133,471.9	128,879.6	140,305.1
North America	182,245.8	182,571.6	190,130.8
Western Europe	174,455.3	186,950.5	198,498.9
Worldwide	1,222,252.30	1,214,018.60	1,322,371.20

Source: Gartner (December 2009)

“Despite a projected return to growth in 2010, the times of 20 per cent growth are certainly over as mature markets are saturated and most growth will come from emerging markets,” concluded Ms Milanese.

“Pressure will remain for manufacturers to sustain and grow margins as ASP continues to decline. Software, services and content will be much bigger drivers than hardware, pushing traditional mobile phone vendors to reinvent themselves to remain at the top of their game.”

Additional information is available in the Gartner report “Forecast Analysis: Mobile Devices, Worldwide, 2003-2013, 4Q09 Update”. The report is available on Gartner’s web site at <http://www.gartner.com/resId=1253216>.

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