

## A quarter of a billion smart phones ship in Q3 2013

### ➤ Large-screen handsets account for 22% of shipments

Shanghai, Palo Alto, Singapore and Reading - Tuesday, 5 November 2013

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Over a quarter of a billion smart phones shipped worldwide in Q3 2013 as the market grew 44% year-on-year. The top two vendors, Samsung and Apple, maintained their positions, with market shares of 34% and 15% respectively. Huawei, Lenovo and LG completed the top five.

Shipments of large-screen smart phones, 5" and above, reached their highest ever level, accounting for 22% of shipments or 56 million units. This trend continues to be driven mainly by Samsung, which dominates the large-screen segment. Breaking this down further, 66% of the 56 million smart phones had a 5" display, 31% had screens between 5" and 6", while just 3% had 6" or larger screens.

'The 6"-plus segment will be boosted next quarter by Nokia's arrival, but this market won't develop quickly unless Samsung invests marketing dollars to push its Galaxy Mega range,' said Jingwen Wang, Research Analyst. Over the next year, Asia Pacific is expected to continue to lead the demand for large-screen smart phones due to the nature of emerging markets there. Low PC and home broadband penetration, a high level of mobile network use, and low Wi-Fi network penetration in these countries limit the presence and functionality of Wi-Fi tablets. At the same time, many consumers in these countries are price-sensitive, so domestic vendors have been successful with affordable large-screen smart phones - a phenomenon that is less visible in other regions. Worldwide, though, Canalys expects smart phones with screens between 4.1" and 5" will be most popular with consumers in 2014 as they offer the best balance between portability and legibility.

At a regional level, Greater China (China, Hong Kong and Taiwan) again grew the most, by 64%, with nearly 100 million units shipping. Greater China now accounts for 39% of the global market. Latin America had the second highest growth rate, at 59%, though it is the smallest region, with 19 million units shipping.

'There is an interesting disparity among the leading vendors across the regions,' said Nicole Peng, Research Director, China. 'Samsung was the leading vendor across all regions except North America, where Apple held the top spot. These two vendors account for almost 70% of the market there. LG held onto third place in North America, while Nokia has moved from eighth to fourth place after making gains from its competitors with its new flagship products, the Lumia 1020 and 925.'

'In Greater China, local vendors Lenovo, Yulong and Huawei followed Samsung. Apple moved back into the top five this quarter, ahead of Xiaomi and ZTE, which shows the success of its strategy to finally prioritize China as one of the initial launch countries for its new products.'

After Greater China, the second largest region was Europe, the Middle East and Africa, where 56 million units shipped, representing year-on-year growth of 22%. Here, Samsung leads with nearly a 50% share, while Apple follows far behind with 13%. Sony, Nokia and LG retained their positions. Sony also took third

place in Asia Pacific (excluding Greater China), driven by its home market, Japan. Indian vendor Micromax then followed, also thanks to its domestic shipments.

Apple trails in Latin America, where it has only a 5% share and is in seventh place. Here, LG, with 10%, falls far behind Samsung; TCL-Alcatel makes an appearance in third place, followed by Nokia and Huawei.

In terms of platforms, the Android and iOS shares were static sequentially, but Microsoft increased its share of the market to 4%. It increased its shipments by 185% to 9.2 million units against Q3 2012, which helped to place it as the second biggest OS in 19 countries, most notably Finland, with a 39% share; Vietnam, with 16%; Italy, with 15%; Thailand, with 11%; Turkey, with 11%; and Russia, with 8%. 'Nokia's new Lumia handsets will help shore up this position in the holiday quarter, but Microsoft and Nokia must ensure that momentum is kept up well into the New Year as the acquisition goes through to completion,' said Jessica Kwee, Singapore-based Analyst. 'In this quarter we also saw the rise of alternative OSs, with more Firefox OS units shipping, but also an upsurge for Linux in China as Aliyun signed up more than 20 small domestic vendors, offering quad-core smart phones ranging from US\$100 to US\$300 in China.'

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