

North American smart phone shipments to exceed 65 million units in 2010

- Android will grow strongly but RIM will retain its market leadership position

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For immediate release

- The North American smart phone market is forecast to grow 38% year on year in 2010
- Android device shipments in North America will grow quickly, surpassing 12.3 million units this year
- BlackBerry, iPhone and Android devices will account for over 80% of smart phones shipped in the region this year
- The Latin American market will also experience solid growth this year, up 30% on 2009

Canalys research highlights

Smart phone shipments in North America totalled 47.2 million units in 2009, an increase of 27% over the volume seen in 2008, helped by a strong fourth quarter. This healthy growth is forecast to accelerate to 38% in 2010, bringing total shipments in the region to 65.1 million units.

North America smart phone market

Market share forecast 2010, 2009

OS vendor	2010 forecasts		2009 shipments		Growth 2010/2009
	(millions)	% share	(millions)	% share	
Total	65.1	100.0%	47.2	100.0%	37.9%
RIM	28.0	43.0%	23.2	49.2%	20.5%
Apple	13.8	21.3%	10.9	23.1%	27.1%
Google (Android)	12.3	18.9%	4.6	9.7%	169.2%
Microsoft	4.7	7.2%	4.8	10.1%	-1.3%
Palm	3.1	4.7%	1.4	3.1%	112.3%
Symbian	2.1	3.4%	1.5	3.2%	47.0%
Others	1.0	1.6%	0.8	1.7%	25.0%

Source: Canalys estimates, © Canalys 2010

RIM will retain its leadership position in the North American market in 2010, with Apple in second place by operating system (OS) vendor share. Both vendors will grow their annual shipment volumes in the region, by 21% and 27% respectively. In 2009, RIM held a 49% market share in North America, with Apple at 23%, though they will each lose a modest portion of their share this year as the total market grows at a quicker

pace. RIM will remain strong in the corporate space and will continue to entice consumers. Apple's strong performance in the market is set to continue, with 2010 volumes expected to be helped by a likely mid-year product update.

By comparison, Microsoft will have a difficult year, ahead of the commercial availability of Windows Phone 7 Series, expected shortly before the holiday season. 'Windows Phone 7 Series represents a major improvement to the platform that was badly needed from Microsoft. However, the delay between announcement and expected commercial availability in Q4 2009 will make this year a tough one. It will impact shipment volumes in the second and third quarters, as no vendor or carrier will want a warehouse full of Windows Phone 6.5 devices come the launch of 7,' said Chris Jones, Canalys VP and Principal Analyst, based in Palo Alto. Windows Phone shipments in North America are expected to remain almost flat this year, at 4.7 million units – a 7% share of the market.

Shipments of smart phones running Google's Android platform are forecast to see the strongest growth in 2010. In 2009, 4.7 million Android devices shipped in North America. With new devices from HTC, Samsung, Motorola and LG, among others, this number will grow in 2010 by 169% to more than 12.3 million units, with considerable growth expected for several years ahead. 21.7 million Android smart phones are expected to ship in North America in 2013.

Strong growth in the market this year and beyond will be driven by smart phone vendors delivering cheaper handsets to the market that will appeal to a wider section of the public. 'We have seen growth in the smart phone market, until now, driven by, high-end, flagship devices, but there is now a shift in focus taking place,' commented Tim Shepherd, Canalys Analyst. 'Many vendors are looking to use Android and other platforms to lower the cost of smart phones, and open up the market to new customers on tighter budgets, who previously could not have afforded to buy a smart phone. The demand is clearly there – more and more consumers want to browse the Internet on their phones, download third-party applications to enhance and personalize their devices, and engage with mobile services such as social networking, e-mail and navigation. A smart phone is an excellent vehicle for that.'

The increasing mobile data burden on networks, however, is a challenge that carriers need to take on if these services are to be enabled for a wider audience. 'Overburdened existing network capacity has fast become a substantial concern for carriers,' noted Daryl Chiam, Canalys Senior Analyst. 'With smart phones becoming cheaper, more customers will want to consume data services over carriers' networks. Commercial LTE deployments will start to emerge but this is a longer-term strategy, and with some networks already experiencing difficulties, carriers will have to tackle this issue head on. Expect to see more concerted efforts to optimize data transmission where possible, as well as new data pricing models evolving in 2010.' Vendors, too, will come under pressure to improve data efficiency. 'RIM has a lead in this regard,' said

Chris Jones. 'BlackBerry devices are highly efficient in terms of the data traffic they send over carriers' networks. Other smart phone vendors will need to improve the way their devices handle data to help ensure that the user experience is not compromised.'

The Latin American smart phone market, which declined 11% in 2009, will also return to strong growth this year. Shipments are expected to increase by 30% to 11.0 million units in 2010. Nokia's strength in the region ensured that, in 2009, Symbian was the leading smart phone platform, taking a 42% market share, followed by RIM's BlackBerry platform with 28%. Brazil and Mexico remained the largest smart phone markets in the region, accounting for 33% and 19% of shipments respectively, and this is expected to remain largely unchanged through 2013.

Canalys analysts will be available for press and industry interviews at CTIA Wireless in Las Vegas from 23 to 25 March. To arrange an interview or to get mobile numbers to contact them on during the show, please send a request to press@canalys.com. Photos and biographies of analysts are available on the Canalys web site.

About the service

The shipment estimates and forecasts discussed in this release come from the market-leading Canalys Smart Phone Analysis services. Canalys offers services looking at the markets by country in Asia Pacific, North and Latin America and EMEA, as well as providing global market overviews and survey-based analysis of consumer and enterprise attitudes and preferences toward mobile applications, devices and services.

About Canalys

Canalys specialises in delivering high-quality market data, analysis and advice to the world's leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and consumer electronics companies. It has unrivalled expertise in routes to market for all kinds of high-technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

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