

## Asia Pacific to become the largest smart phone market by 2012

- Symbian will remain dominant, but the OHA, RIM and Apple will grow strongly

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For immediate release

The smart phone market continues to see impressive growth around the world, and in the Asia Pacific (APAC) region particularly. Shipments in the region are expected to grow 53% year-on-year in 2010 to reach 76.7 million units and are projected to easily surpass 100 million units in 2011. Furthermore, Canalys forecasts that APAC will overtake Europe, the Middle East and Africa (EMEA) in 2012 to become the largest regional smart phone market, accounting for 36% of global shipments. Smart phones will continue to represent a growing portion of the wider mobile phone market. In 2009, smart phones accounted for 11% of mobile phone shipments in APAC. This percentage is expected to grow steadily and, in 2012, Canalys expects that 20% of mobile phone shipments in the region will be smart phones.

Asia Pacific smart phone market					
Market share forecast 2010, 2009					
OS vendor	2010 forecasts		2009 shipments		Growth 2010/2009
	(millions)	% share	(millions)	% share	
<b>Total</b>	<b>76.7</b>	<b>100.0%</b>	<b>50.2</b>	<b>100.0%</b>	<b>52.8%</b>
Symbian Foundation	48.1	62.7%	37.6	75.0%	27.8%
Apple	9.1	11.9%	4.8	9.6%	89.5%
OHA	7.1	9.2%	0.7	1.5%	861.0%
Microsoft	6.1	8.0%	4.0	8.0%	53.4%
RIM	5.4	7.0%	1.6	3.1%	246.2%
Others	0.9	1.2%	1.5	2.9%	-39.4%

Source: Canalys estimates, © Canalys 2010

The Symbian Foundation operating system (OS) will remain dominant in the region for the foreseeable future, though with aggressive growth expected for devices running platforms from other OS vendors, its share will contract significantly. Symbian devices from Nokia, Sharp, Fujitsu and others made up 75% of smart phone shipments in 2009. This share is forecast to decline to 63% in 2010, despite a 28% year-on-year growth in shipment volumes as the market rapidly expands. Nokia, which held a 51% smart phone market share in APAC in Q1 2010, is focused on consolidating its leadership position. It is working closely with China Mobile and

recently announced an amalgamated, co-branded mobile application and content marketplace, MM-Ovi Store, and has voiced its commitment to bringing more TD-SCDMA-compliant handsets to market. It has also recently launched its Comes With Music proposition in China and an Ovi Music Unlimited offering in India as it continues to roll out its service strategy in the region. Nokia in particular is expected to use the Symbian platform to push smart phones down to lower price points in the mid-tier of the market, to appeal to new customers with tighter budgets. Other platforms will also be used in this way by other vendors, including the Open Handset Alliance's (OHA's) Android platform.

Combined volumes for Android and China Mobile's Android-based Open Mobile System (OMS) platform are expected to reach 7.1 million units in 2010 - growth of 861% over 2009. Many vendors are offering smart phones running the Google-backed Android platform and it will be used increasingly to address new customer segments with affordable products. 'Motorola, HTC, Samsung and LG, among others, will be looking to grow share and increase their presence in the APAC smart phone market this year with Android devices,' said T Y Lau, Canalys Senior Analyst. 'Mobile operators in several markets, though, are exploring the possible benefits of following China Mobile's example and creating their own Android-based platforms, allowing them to deliver devices offering a unique user experience and integration with their own-branded mobile services. China Mobile has invested heavily in its own platform, OMS, as well as the TD-SCDMA standard that is key to its next-generation 3G network. Domestic phone vendors, such as Dopod, Haier, Hisense, Huawei, Lenovo, Yulong and ZTE, supply TD-SCDMA-compliant handsets to China Mobile, but most international phone vendors lag behind and it is unlikely that those that dictate their own OS developments will work on OMS.' The People's Republic of China (PRC) became the largest smart phone country market in 2009, pushing Japan into second place. 16.3 million smart phones shipped in the PRC in 2009 and the growth potential there remains enormous.

BlackBerry maker RIM continues to go from strength to strength in the APAC region, with Indonesia in particular a success story. Canalys expects RIM to continue investment in this country and other Southeast Asian markets to boost its brand image and encourage sales. 'RIM's BlackBerry brand has gained a very positive image in Southeast Asia, and its products are sought-after, aspirational purchases,' noted Daryl Chiam, Canalys Senior Analyst. 'Consumer-focused offerings, such as its BlackBerry Messenger service, have also proved hugely popular and user engagement has helped to drive growth. RIM has adapted its go-to-market strategy well to address the disparate APAC markets, establishing close working relationships with channel partners in distributor-led markets, such as China, India and Indonesia, for example.'

Apple is also forecast to grow significantly this year. In 2009, APAC was its fastest growing region with 261% year-on-year growth. 'Apple had a good 2009 in APAC, overcoming several big challenges,' said Lau. 'Unlike in North America where the iPhone is firmly established, in APAC

Apple has had to deal with countries dominated by domestic brands, such as Japan and South Korea, where international vendors have historically struggled, combined with its relatively weak brand strength in certain country markets in the region. It achieved strong growth last year as it rose to these challenges. Expect to see continuing significant growth for Apple in the quarters and years ahead as it establishes itself in new markets and addresses pent-up demand, helped undoubtedly by the announcement of the iPhone 4.' Canalys expects Apple volumes to grow 90% in 2010 to 9.1 million units, making it the second largest OS vendor in the region.

Canalys analysts will be available for press interviews at CommunicAsia 2010 in Singapore from 15 to 18 June. To arrange an interview or to get mobile numbers to contact them on during the show, please send a request to [press@canalys.com](mailto:press@canalys.com). Photos and bios of analysts are available from the Canalys web site.

### **About the service**

The shipment estimates and research discussed in this release come from the market-leading Canalys Smart Phone Analysis services. Canalys offers services that look at the markets by country in Asia Pacific, North and Latin America, and EMEA, and provide global market overviews and analysis of consumer and enterprise end-user attitudes and preferences toward mobile applications, devices and services.

### **About Canalys**

Canalys specializes in delivering high-quality market data, analysis and advice to the world's leading technology vendors. It is recognized 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 and provides worldwide market data and trends analysis.

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