

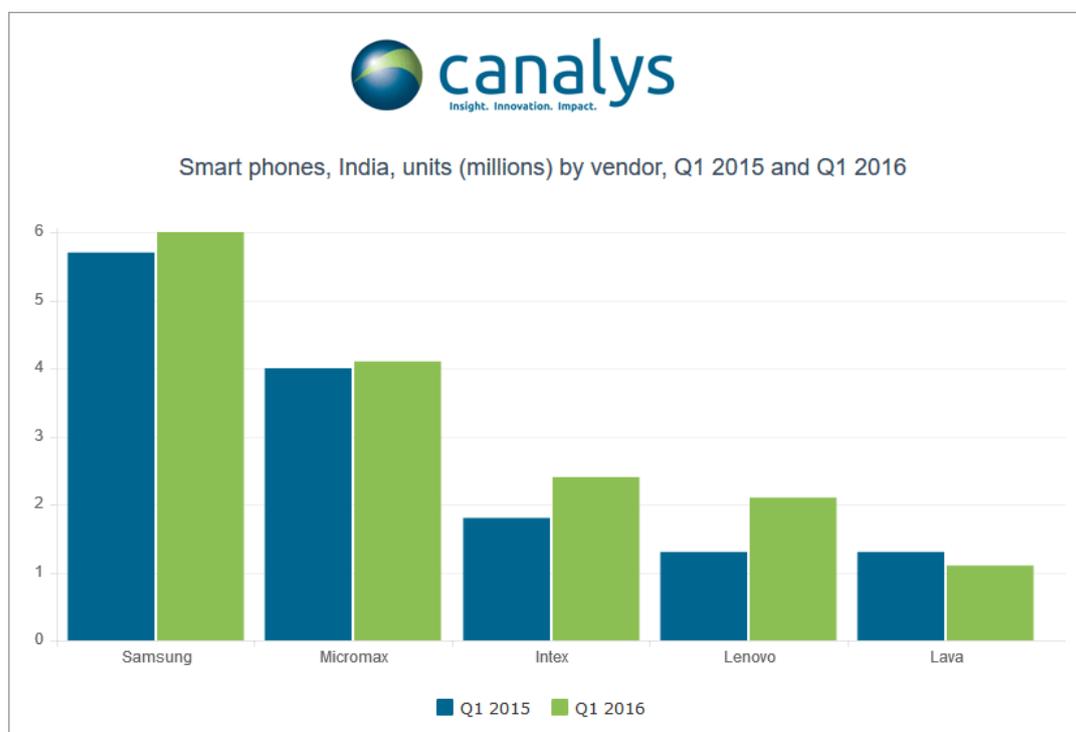
Lenovo and Apple are fastest growing among India's top 10 smart phone vendors

- Indian smart phone market grows annually by 12% in Q1 2016

Palo Alto, Shanghai, Singapore and Reading (UK)

India's smart phone market grew by 12% year on year, with 24.4 million units shipping in Q1 2016. The top five vendors stayed the same, with Samsung in the lead, followed by Micromax, Intex, Lenovo and Lava. Lenovo grew the most, thanks to its value-for-money handsets and offline channel strategy - its shipments were up 63% on Q1 2015. Established international brands Microsoft, BlackBerry, Sony and LG were the biggest losers as the market shifted toward low-cost and value-for-money handsets.

'Over the past 18 months, India's smart phone market has been rocked by dramatic changes. The rise of online channels, the arrival of new international vendors (particularly from China), the move to LTE and the desire for higher-quality devices have all had a big impact. Indian companies have struggled as incoming vendors have been quicker to address these trends,' said Ishan Dutt, Research Analyst at Canalys. 'Micromax, in particular, has been through tough times, with key executives leaving. Now the company is aiming to revamp its strategy to incorporate an ecosystem of services around payments and content.' Micromax's market share fell by a couple of percentage points to 16.7% in Q1 2016.



But other vendors are maneuvering to move up the market share rankings. Though in eighth place, Apple continued to climb in India, increasing shipments by 56% to make it the second fastest-growing vendor in the top 10. 'Apple is outperforming the overall market in India, and still has great growth potential,' said Canalys Mobility Analyst Wilmer Ang. It is seriously challenging Samsung's dominance of the premium segment. For devices priced over US\$300 (INR20,000), Samsung's market share fell from 66% in Q1 2015 to 41% in Q1 2016, while Apple grew its market share from 11% to 29%. Successive price cuts to the iPhone 5s made it the most popular Apple device on the market, despite its smaller screen and outdated hardware. Ang added, 'Apple's growth run could be short-lived. The 5s' success in India has more to do with affordability of a premium brand than a preference for smaller phones, and the move to the more expensive SE will discourage budget buyers. Also, the recent government regulation curbing discounts on smart phones sold by online platforms will affect demand.'

Over the rest of the year, Canalys expects to see more vendors partnering with financing establishments, which will help boost overall affordability and ensure growth in a cost-conscious market.

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