Gartner: iPhone Smartphone OS Reached No. 3 Position, Displacing Windows Mobile in 2009

Asia Pacific Mobile Phone Sales Grew 6.7% in 2009; Global Market Flat: Gartner

Worldwide mobile phone sales to end users totalled 1.211 billion units in 2009, a 0.9 per cent decline from 2008, according to Gartner, Inc. In the fourth quarter of 2009, the market registered a single-digit growth as mobile phone sales to end users surpassed 340 million units, an 8.3 per cent increase from the fourth quarter of 2008.

"The mobile devices market finished on a very positive note, driven by growth in smartphones and low-end devices," said Carolina Milanesi, research director at Gartner. Smartphone sales to end users continued their strong growth in the fourth quarter of 2009, totalling 53.8 million units, up 41.1 per cent from the same period in 2008. In 2009, smartphone sales reached 172.4 million units, a 23.8 per cent increase from 2008. In 2009, smartphone-focused vendors like Apple and Research In Motion (RIM) successfully captured market share from other larger device producers, controlling 14.4 and 19.9 per cent of the worldwide smartphone market, respectively.

Throughout 2009, intense price competition put pressure on average selling prices (ASPs). The major handset producers had to respond more aggressively in markets such as China and India to compete with white-box producers, while in mature markets they competed hard with each other for market share. Gartner expects the better economic environment and the changing mix of sales to stabilise ASPs in 2010.

Three of the top five mobile phone vendors experienced a decline in sales in 2009 (see Table 1). The top five vendors continued to lose market share to Apple and other vendors, with their combined share dropping from 79.7 in 2008 to 75.3 per cent in 2009.

Table 1: Worldwide Mobile Terminal Sales to End Users in 2009 (Thousands of Units)

Company	2009 Sales	2009 Market Share (%)	2008 Sales	2008 Market Share (%)
Nokia	440,881.6	36.4	472,314.9	38.6
Samsung	235,772.0	19.5	199,324.3	16.3

LG

122,055.3

10.1

102,789.1

8.4

Motorola

58,475.2

4.8

106,522.4

8.7

Sony Ericsson

54,873.4

4.5

93,106.1

7.6

Others	299,179.2	24.7	248,196.1	20.3
Total	1,211,236.6	100.0	1,222,252.9	100.0

Note*
This table includes iDEN shipments, but excludes ODM to OEM shipments.

Source: Gartner (February 2010)

In 2009, Nokia's annual mobile phone sales to end users reached 441 million units, a 2.2 per cent drop in market share from 2008. Although Nokia outperformed industry expectations in sales and revenue in the fourth quarter of 2009, its declining smartphone ASP showed that it continues to face challenges from other smartphone vendors. "Nokia will face a tough first half of 2010 as improvement to Symbian and new products based on the Meego platform will not reach the market well before the second half of 2010," said Ms Milanesi. "Its very strong mid-tier portfolio will help it hold market share, but its ongoing weakness at the high end of the portfolio will hurt its share of market value."

Samsung was the clear winner among the top five with market share growing by 3.2 percentage points from 2008. This achievement came as a result of improved channel relationships with distributors to extend its reach and better address the needs of individual markets as well as a rich mid-tier portfolio. For 2010, the company is putting a focus on Bada, its new operating system (OS) that aims at adding the value of an ecosystem to its successful hardware lineup.

Motorola sold slightly more than half of its 2008 sales and exhibited the sharpest drop in market share, accounting for 4.8 per cent market share in 2009. "Its refocus away from the low-end market limited the volume opportunity, but should help it drive margins going forward. Motorola's hardest barrier is to grow brand awareness outside the North American market, where it benefits from a long-lasting relationship with key communications service providers (CSPs).

In contrast to the flat market globally, in Asia Pacific, a total of 483.5 million devices were sold in 2009, up 6.7% from 453.1 million in 2008.

Table 2: Asia Pacific Mobile Device Sales in 2009 (Thousands of Units)

Vendor	2009 Total	2009 Market Share

Nokia

197,443.7

40.8%

Samsung

72,512.2

15.0%

LG
Electronics

24,430.6

5.1%

ZTE

14,647.0

3.0%

Huawei

11,802.3

2.4%

Others	162,633.9	33.7%
TOTAL	483,469.7	100.00%

Source: Gartner (February 2010)

In the smartphone OS market, Symbian continued its lead, but its share dropped 5.4 percentage points in 2009 (see Table 2). Competitive pressure from its competitors, such as RIM and Apple, and the continued weakness of Nokia's high-end device sales have negatively impacted Symbian's share.

At Mobile World Congress 2010, Symbian Foundation announced its first release since Symbian became fully open source. Symbian^3 should be made available by the end of the first quarter of 2010 and may reach the first devices by the third quarter of 2010, while Symbian^4 should be released by the end of 2010.

"Symbian had become uncompetitive in recent years, but its market share, particularly on Nokia devices, is still strong. If Symbian can use this momentum, it could return to positive growth," said Roberta Cozza, principal research analyst at Gartner.

Table 3: Worldwide
Smartphone Sales by Operating System 2009 (Thousands of Units)

Company	2009 Units	2009 Market Share (%)	2008 Units	2008 Market Share (%)
Symbian	80,878.6	46.9	72,933.5	52.4
Research In Motion	34,346.6	19.9		

23,149.0

16.6

iPhone OS

24,889.8

14.4

11,417.5

8.2

Microsoft Windows Mobile

15,027.6

8.7

16,498.1

11.8

Linux

8,126.5

4.7

10,622.4

7.6

Android

6,798.4

3.9

640.5

0.5

WebOS

1,193.2

0.7

NA

NA

Other OSs

1,112.4

0.6

4,026.9

2.9

Total

172,373.1

100.0

139,287.9

100.0

Source: Gartner (February 2010)

The
two best performers in 2009 were Android and Apple. Android increased its market share by 3.5 percentage points in 2009, while Apple's share grew by 6.2 percentage points from 2008, which helped it move to the No. 3 position and displace Microsoft Windows Mobile.

Android's success experienced in the fourth
quarter of 2009 should continue into 2010 as more manufacturers launch Android products, but some CSPs and manufacturers have expressed growing concern about Google's intentions in the mobile market, Ms Cozza said. If such concerns cause manufacturers to change their product strategies or CSPs to change which devices they stock, this might hinder Android's growth in 2010.

"Looking back at the
announcements during Mobile World Congress 2010, we can expect 2010 to retain a strong focus around operating systems, services and applications while hardware takes a back seat," said Ms Milanesi. "Sales will return to low-double-digit growth, but competition will continue to put a strain on vendors' margins."

Additional information is in the Gartner report "Competitive Landscape: Mobile Devices, Worldwide, 4Q09 and 2009." The report is available on Gartner's website at www.gartner.com.

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