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Chinese Vendors Set to Rise in 2013 Smartphone Supplier Ranking

Lenovo, ZTE, Huawei, and Yulong/Coolpad take advantage of surging low-end smartphone market.

The 2014 edition of IC Insights' IC Market Drivers report will be released at the end of November. The smartphone market is one of the key topics included in the new report.

Although Samsung and Apple dominated the total smartphone market in 2012 and are expected to do so again in 2013, Chinese vendors are expected to have a significant presence in the smartphone supplier ranking this year (Figure 1). In total, Samsung and Apple shipped 354 million smartphones and held a combined 50% share of the total smartphone market in 2012. For 2013, these two companies are expected to ship 457 million smartphones and see their combined smartphone unit marketshare slip three percentage points to 47%.

As recently as 2011, Nokia was the third-largest supplier of smartphones behind Samsung and Apple. In 2012, the company saw its share of the smartphone market drop to only 5% due to increased competition from suppliers targeting consumers with interactive touch-screen handsets that are capable of running multimedia applications. In 2013, Nokia's smartphone shipments are forecast to decline by another 4% and represent only a 3% share of the total smartphone market. This precipitous fall from being the market leader in smartphones led to Nokia's decision to sell its cellphone business to Microsoft for \$7.2 billion in a deal that is expected to be finalized in 1Q14.

Other smartphone producers that have fallen on hard times recently include RIM and HTC. While each of these companies had about a 10% share of the smartphone market in 2011, IC Insights estimates that each of them will have only about a 2% share of the 2013 smartphone market.

Competition in smartphones intensified in 2013 as suppliers rolled out new handset designs with larger touch-screen displays, more powerful processors, better operating systems, higher-resolution cameras, and new radio-modem connections to the faster 4G cellular networks, which were quickly spreading in the U.S., South Korea, Europe, and Japan. In the next few years, new high-speed 4G networks are planned for China, India, Brazil, the Middle East, and other fast-growing developing markets.

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2011-2013F Major Smartphone Sales Leaders

2013F Rank	2012 Rank	2011 Rank	Company	2011 Total Smartphone Units (M)	2012 Total Smartphone Units (M)	2012/2011 % Change	2013F Total Smartphone Units (M)	2013F/2012 % Change
1	1	1	Samsung (S. Korea)	95	218	129%	306	41%
2	2	2	Apple (U.S.)	93	136	46%	151	11%
3	8	7	LG (S. Korea)	24	26	8%	49	88%
4	9	—	Lenovo (China)	2	23	955%	47	103%
5	4	9	ZTE (China)	12	35	192%	45	29%
6	11	10	Huawei (China)	10	22	120%	41	86%
7	6	6	Sony (Japan)	24	32	31%	40	26%
8	12	—	Yulong/Coolpad (China)	5	18	260%	35	94%
9	3	3	Nokia (Finland)*	77	35	-55%	34	-4%
10	7	5	HTC (Taiwan)	45	31	-32%	22	-30%
11	5	4	RIM (Canada)	51	33	-36%	21	-36%
12	10	8	Google/Motorola (U.S.)	19	23	22%	18	-24%
—	—	—	Other	27	80	196%	167	108%
—	—	—	Total	485	712	47%	975	37%

*Selling its cellphone business to Microsoft.

Source: IC Insights, company reports

Figure 1

In contrast to the weakening fortunes of Nokia, RIM, and HTC, 2012 and 2013 smartphone sales from China-based ZTE, Lenovo, Huawei, and Yulong/Coolpad surged. Combined, these four major China-based smartphone suppliers shipped 98 million smartphones in 2012, more than a 3x increase from the 29 million smartphones these companies shipped in 2011. Moreover, these companies are forecast to ship 168 million smartphones in 2013 and together hold a 17% share of the worldwide smartphone market.

It should be noted that the Chinese suppliers of smartphones are primarily serving the China and Asia-Pacific marketplace. These smartphones, unlike those from Apple, HTC, and RIM, are low-cost low-end handsets that typically sell for less than \$200. In some cases, smartphones sold by the Chinese companies have been known to sell for as little as \$50. With much of the growth in the smartphone market currently taking place in developing countries such as China and India, these low-end systems are expected to be a driving force in the cellphone market over the next few years.

In 2013, low-end smartphones are expected to represent just under one-third (310 million) of the total 975 million smartphones shipped. By 2017, it is forecast that low-end smartphone shipments will

represent 46% of the total smartphone market. It is also expected that China and the Asia-Pacific region will remain the primary markets for these low-end smartphones.

Report Details: *IC Market Drivers 2014*

IC Market Drivers 2014—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2017. In Part 2, the *IC Market Drivers* report examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2017. Some of these applications include automotive electronics, smartphones, personal/mobile computing (including tablets), servers and cloud computing, wireless networks, medical/health electronics, and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade like the Internet of Things (IoT). The *IC Market Drivers 2014* report is priced at \$3,290 for an individual-user license and \$6,390 for a multi-user corporate license. **It is set for release in November 2013.**

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IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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