

## Gartner Says Worldwide Mobile Phone Sales Increased 16 Per Cent in 2007

### *Mobile Phone Industry Expected to Resist Economic Downturn as Majority of Growth Will Come From Emerging Markets*

**Egham, UK, 27 February 2008** — Worldwide sales of mobile phones to end users surpassed 1.15 billion units in 2007, a 16 per cent increase from 2006 sales of 990.9 million, according to Gartner, Inc (see Table 1). Mobile phone sales at the end of the year were consistent with the yearly trend, as fourth quarter sales reached 330 million units.

“Emerging markets, especially China and India, provided much of the growth as many people bought their first phone,” said Carolina Milanese, research director for mobile devices at Gartner, based in Egham, UK. “In mature markets, such as Japan and Western Europe, consumers’ appetite for feature-laden phones was met with new models packed with TV tuners, global positioning satellite (GPS) functions, touch screens and high-resolution cameras.”

“After another strong year, we expect the growth in sales of mobile devices to end users will decelerate in 2008 and fall to about 10 per cent growth as mature markets become more saturated,” added Ms Milanese. “However, the global mobile devices market will remain relatively immune to a recession in the US and Western European economies as the majority of growth in 2008 will come from emerging markets. The mature Western Europe and North America markets are driven by operator contract terms and replacement cycles and will account for just 30 per cent of the global mobile devices market in 2008.”

**Table 1**  
**Worldwide Mobile Terminal Sales to End-Users in 2007 (Thousands of Units)**

Company	2007 Sales	2007 Market Share (%)	2006 Sales	2006 Market Share (%)
Nokia	435,453.1	37.8	344,915.9	34.8
Motorola	164,307.0	14.3	209,250.9	21.1
Samsung	154,540.7	13.4	116,480.1	11.8
Sony Ericsson	101,358.4	8.8	73,641.6	7.4
LG	78,576.3	6.8	61,986.0	6.3
Others	218,604.3	18.9	184,588.0	18.6
<b>TOTAL</b>	<b>1,152,839.8</b>	<b>100.0</b>	<b>990,862.5</b>	<b>100.0</b>

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

Source: Gartner (February 2008)

Nokia achieved its long-term target of 40 per cent market share in the fourth quarter of 2007 when it sold slightly more than 133 million phones across the world (see Table 2). Despite some component shortages, Nokia increased its market share sequentially in all regions except North America, which remains a challenging market for the vendor. In emerging markets, products such as the 1110, the 1600 and the 2630 were in demand by consumers, while in mature markets such as Western Europe high-end phones like the N95, N82 and N73 were sought-after devices. In 2008, Nokia will need to continue to improve its portfolio, offering not only more applications and functions, but also novel designs and improved user interfaces.

**Table 2**  
**Worldwide Mobile Terminal Sales to End Users in 4Q07 (Thousands of Units)**

<b>Company</b>	<b>4Q07 Sales</b>	<b>4Q07 Market Share (%)</b>	<b>4Q06 Sales</b>	<b>4Q06 Market Share (%)</b>
<b>Nokia</b>	133,194.4	40.4	102,791.8	36.2
<b>Samsung</b>	44,353.1	13.4	32,011.3	11.3
<b>Motorola</b>	39,291.0	11.9	61,034.4	21.5
<b>Sony Ericsson</b>	29,848.8	9.0	25,666.9	9.0
<b>LG</b>	23,545.0	7.1	17,833.2	6.3
<b>Others</b>	59,822.4	18.2	44,886.7	15.7
<b>TOTAL</b>	<b>330,054.7</b>	<b>100.0</b>	<b>284,224.3</b>	<b>100.0</b>

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

Source: Gartner (February 2008)

In the fourth quarter of 2007, Samsung maintained second position, and although its market share slipped slightly, the gap widened between it and third-placed Motorola. Its success relied on its Ultra and Ultra II family of products. In 2008, Samsung needs to diversify its portfolio further with more form factors and colours so that single products stand out from the overall line-up.

The problems that beset Motorola in the third quarter of 2007 continued through the fourth quarter, and it recorded sales of 39 million phones across the world, taking 11.9 per cent of the market. It retained second place in terms of annual sales to end users in 2007, largely thanks to the inventory it disposed of in the first half of the year. Nevertheless, the extent of Motorola's troubles can be seen in the 9.7 percentage-points market-share drop in its fourth quarter of 2007 result from the same period in 2006.

Sony Ericsson ended 2007 with another positive performance, growing its market share on a quarterly basis to 9.0 per cent from 8.7 per cent. Its Cyber-shot and Walkman products, such as the K850i, K610i, W910i, K550i and W300i, remained popular among consumers around the world. As Sony Ericsson widens its reach, adding features such as Wi-Fi and GPS, as well as more low-tier products, it will stay competitive in the coming quarters.

LG's mobile phone sales totalled 23.5 million units in the fourth quarter of 2007, maintaining its 7.1 per cent market share despite the increase of more than three million in sales volumes. The success of the Viewty, the Venus and the Voyager helped LG gain brand awareness across the world as well as improve its margins. Ms Milanese commented: "In 2008, LG will need to continue strengthening its high-end portfolio for mature markets as well as its mid tier. In the low tier, LG will increasingly be challenged by vendors such as ZTE, which has already been eroding its market share in key markets such as India."

The market saw three new entrants into the top ten in the fourth quarter of 2007. These vendors included Research In Motion (RIM), ZTE and Apple. "On one hand, we have aggressive pricing and a focus on emerging markets (ZTE), and on the other, RIM with targeted functions and Apple with brand and design," said Ms Milanese.

"Phone manufacturers need to continuously adapt their portfolios to respond to operators' demands for open platforms, lower pricing and more personalisation," recommended Ms Milanese. "They should also try to meet consumers' desires for fashionable, easy-to-use phones."

## Regional Analysis

In Asia/Pacific, 112 million mobile devices were sold in the fourth quarter of 2007, representing 9.6 per cent growth over the previous quarter. Over the holiday season, operators and distributors offered a wide range of mobile phone options at reasonable prices, tempting new users to sign up to service plans. "Driving factors for growth in emerging markets in Asia/Pacific included huge numbers of new subscribers, lower-priced phones based on wideband code division multiple access (WCDMA) technology, as well as ultra-low-cost CDMA phones and low-cost global system for mobile (GSM) phones," said Ann Liang, Gartner principal research analyst for mobile terminals, based in Taipei.

Sales in the Eastern Europe, Middle East and Africa region remained strong in the fourth quarter of 2007 and reached 61.8 million units. Mobile operators continued to add new subscribers to their networks, especially in Africa where countries such as Nigeria, Egypt, Algeria and South Africa saw healthy net new additions.

In Japan, sales to end users numbered 12.5 million units in the fourth quarter of 2007, a decrease of 3.6 per cent year-on-year. Strong sales in the early part of the year brought total sales in 2007 to a record high of 52.3 million units — more than in 2003, when many Japanese bought their first camera phones. "In 2007, music player functions and embedded TV-tuners with large, high-resolution displays persuaded users to replace their devices," said Nahoko Mitsuyama, principal analyst for mobile communications research at Gartner, based in Tokyo.

In Latin America, sales reached 38.8 million units in the fourth quarter of 2007, a 12.5 per cent increase from the same period in 2006. "In December, the holiday season, along with accompanying promotions, meant sales hit a new record level," said Tuong Nguyen, analyst for mobile terminals at Gartner, based in Arlington, Virginia.

The fourth quarter of 2007 was another record quarter in North America, as sales to end users continued at a rapid pace, reaching 49 million units, an increase of 9.2 per cent from the fourth quarter of 2006. "AT&T and Verizon Wireless continued to be the strongest performing operators, while Sprint Nextel lagged," said Hughes De La Vergne, principal analyst for mobile terminals research at Gartner, based in Dallas, Texas. "Replacement devices continued to dominate sales and growth in new subscribers slowed down as penetration rates climbed."

In the fourth quarter of 2007, mobile phone sales in Western Europe totalled 55 million units, up 2 per cent from the fourth quarter of 2006. Features such as music players, GPS and cameras proved to be significant attractions. In the same quarter, operators in Germany, the United Kingdom and France introduced Apple's long-awaited iPhone to the market. Although sales have been small, this iconic device renewed consumers' interest in high-end phones, which in most Western European markets are still heavily subsidised by operators.

More information is available in the Gartner report "Dataquest Insight: Market Share for Mobile Devices, 4Q07 and 2007", available on [gartner.com](http://gartner.com) or through Holly Winter (contact details below).

In addition, trends in mobile and wireless markets will be further discussed at the **co-located Gartner Enterprise Networking & Communications Summit and Wireless & Mobile Summit, 23-24 April at the Royal Lancaster Hotel, London, UK**. For more information, please visit [europe.gartner.com/en](http://europe.gartner.com/en) and [europe.gartner.com/wireless](http://europe.gartner.com/wireless) and to register please contact Holly Winter at Gartner (contact details below).

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