

Smartphones to Account for Majority of Cellphone Shipments by 2015

El Segundo, Calif. — Driven by booming sales of low-end models, shipments of smartphone will rise to account for more than half of the worldwide cellphone market in 2015, according to a new [IHS iSuppli Mobile Handset Market Tracker report](#) [1] from information and analysis provider IHS (NYSE: IHS).

Global smartphone unit shipments will soar to 1.03 billion units in 2015, more than double the 478 million in 2011. This will cause smartphones' share of global cellphone shipments to increase to 54.4 percent in 2015, up from 32.5 percent in 2011, as presented in the figure below. This rise to dominance is all the more remarkable considering that smartphones accounted for only 15.8 percent of the total cellphone market in 2009.

Within the smartphone market, the fastest-growing category will be low-end models, defined as devices with limited features and lower memory densities relative to higher-end products. Shipments of low-end smartphones are expected to rise at a compound annual growth rate of 115.4 percent during the period from 2010 through 2015, compared to just 16.4 percent for mid-range to high-end smartphones.

“With their affordable prices, low-end smart phones are attractive to first-time users and to consumers in emerging economies where subscriber levels are rising at the fastest rates of all regions of the world, such as China, India, South Asia and Africa,” said Francis Sideco, senior principal analyst, wireless communications for IHS. “Low-end smart phones often are sold with inexpensive tiered data plans that target consumers who do not yet need full-featured services. This further reduces these phones' total cost of ownership, making them attractive to vast numbers of entry-level consumers.”

Samsung gets smart

The rapid expansion of low-end sales already is impacting the market share of various players in the smartphone space.

Nearly lost amid news of Apple Inc.'s rise to leadership in global smartphone shipments in the second quarter was the performance of Samsung, which posted the strongest growth of all companies in the market with a 600 percent sequential increase in shipments. Samsung's industry-leading performance was driven by its line of low-end smart phones that appeal to consumers in China and Latin America.

Cellphone sellers like Samsung are now able to offer lower-priced smartphones because of the availability of inexpensive single-chip 3G baseband solutions and license-free open operating systems.

Apps driving growth

In addition to low-end models, the rise of the smartphone segment is being amplified by the growth of mobile apps development.

“Success in the mobile phone industry is no longer purely a function of hardware capabilities,” Sideco said. “Growth for all players is being determined by a number of other important factors, such as software capabilities, the sleekness and intuitiveness of the user interface and the availability of a variety of applications.”

Key drivers of success will be strong support from the developer community, and how well smartphone original equipment manufacturers (OEMs) can make their hardware and software work together to create the best user experience.

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[1] <http://www.isuppli.com/Mobile-and-Wireless-Communications/Pages/Low-End-Smartphones-Boost-Market-Growth.aspx?PRX>