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Gartner Says Global Smartphone Sales to Only Grow 7 Per Cent in 2016

Smartphone Sales in China and North America Will Be Flat in 2016

PC Shipments to Bottom Out in 2016, Return to Growth Expected in 2017

Gartner, Inc. said global smartphone (<http://www.gartner.com/it-glossary/smartphone>) sales will for the first time exhibit single-digit growth in 2016. Global smartphone sales are estimated to reach 1.5 billion units in 2016, a 7 per cent growth from 2015. The total mobile phone market is forecast to reach 1.9 billion units in 2016.

Worldwide combined shipments for devices (PCs, tablets, ultramobiles (<http://www.gartner.com/it-glossary/ultramobiles>) and mobile phones) are expected to reach 2.4 billion units in 2016, a 0.6 per cent increase from 2015 (see Table 1). End-user spending in constant US dollars is estimated to decline by 1.6 per cent year on year.

Table 1

Worldwide Devices Shipments by Device Type, 2015-2018 (Millions of Units)

Device Type	2015	2016	2017	2018
Traditional PCs (Desk-Based and Notebook)	244	228	223	216
Ultramobiles (Premium)	45	57	73	90
PC Market	289	284	296	306
Ultramobiles (Basic and Utility)	195	188	188	194
Computing Devices Market	484	473	485	500
Mobile Phones	1,917	1,943	1,983	2,022
Total Devices Market	2,401	2,416	2,468	2,521

Note: The Ultramobile (Premium) category includes devices such as Microsoft's Windows 10 Intel x86

products and Apple's MacBook Air.

The Ultramobile (Basic and Utility Tablets) category includes devices such as, iPad, iPad mini, Samsung Galaxy Tab S 10.5, Nexus 7 and Acer Iconia Tab 8.

Source: Gartner (March 2016)

"The double-digit growth era for the global smartphone market has come to an end," said Ranjit Atwal (<http://www.gartner.com/analyst/14371>), research director at Gartner. "Historically, worsening economic conditions had negligible impact on smartphone sales and spend, but this is no longer the case. China and North America smartphone sales are on pace to be flat in 2016, exhibiting a 0.7 per cent and 0.4 per cent growth respectively."

Emerging Markets Continue to Grow, but at a Slower Rate

While smartphone sales will continue to grow in emerging markets, the growth will slow down. Gartner predicts that, through 2019, 150 million users will delay upgrades to smartphones in emerging Asia/Pacific, until the functionality and price combination of a low-cost smartphone becomes more desirable.

"Prices did not decline enough to drive upgrades from low-end feature phones to low-end smartphones," said Annette Zimmermann (<http://www.gartner.com/analyst/28113>), research director at Gartner. "Vendors were not able to reduce the price of a 'good enough to use' smartphone lower than \$50."

Countries such as India will help generate new mobile phone user growth. Sales of smartphones in India are on pace to reach 29 per cent in 2016 and will continue to exhibit double-digit growth in the next two years.

Mature Markets to Increase Mobile Phone Lifetimes

In the mature markets of North America, Western Europe, Japan and mature Asia/Pacific, Gartner analysts expect to see an extension of phone lifetimes among users.

"As carriers' deals become more complex, users are likely to hold onto phones, especially as the technology updates become incremental rather than exponential," said Ms Zimmermann. "In addition, the volumes of users upgrading from basic phones to premium phones will slow, with more basic phones being replaced with the same type of phone."

PC Shipments to Bottom Out in 2016

The global PC shipment market is expected to total 284 million units in 2016, a decline of 1.5 per cent year on year. Traditional PCs are on pace to decline 6.7 per cent in 2016. "In 2016, the PC market will reach its last year of decline before returning to growth in 2017," said Mr Atwal. "The biggest challenge, and potential benefit for the PC market, is the integration of Windows 10 with Intel's Skylake architecture. It has the potential for new form factors with more attractive features."

In addition, the frustration with the capabilities in tablets will drive some consumers and businesses to review new form factors. "However, to draw their interest the PC manufacturers need to ensure that they meet demand with the right products at the right price," added Mr Atwal.

Demand for ultramobiles (basic and utility tablets) will continue to weaken, with a decline of 3.4 per cent in 2016. Users are not only extending lifetimes, but also some will fail to replace these devices at all through 2016.

More detailed analysis is available in the report, "Forecast: PCs, Ultramobiles and Mobile Phones,

Worldwide, 2013-2020, 1Q16 Update." (<http://www.gartner.com/document/3264818>) Analysis on the impact of the devices forecast on overall IT spending will also be shared in the complimentary Gartner webinar, "IT Spending Forecast, 1Q16 Update: Where Is All the Money Going?" (http://www.gartner.com/webinar/3238622?srcId=1-6298933933&cm_sp=swg_-_wbmr_-_tail) taking place on Tuesday 12th April at 16:00 UK time.

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