Palm and Sony handhelds perform well in Q4 2002

- But Nokia stays ahead in feature/smart phones

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- EMEA mobile device shipments in Q4 2002 up 72% on Q4 2001
- Sustained Nokia 7650 shipments maintain company's overall leadership position
- Palm is the leading handheld vendor, with shipments up 19% on one year ago
- Palm market share more than double that of HP, its nearest handheld rival
- With triple-digit growth, Sony is next, far ahead of other handheld vendors
- Orange SPV smart phone, despite hitches, out-ships all other operators' wireless handheld offerings

EMEA Q4 2002 - highlights from the Canalys research

With total shipments of over 1.6 million, this quarter builds on the good results of Q3 2002, bringing the market to a new high and puts overall shipments for 2002 up 25% on 2001. The market in Q4 was split evenly between the data-centric handhelds/wireless handhelds and voice-centric smart/feature phones. "Much of what we expected three months ago has come to pass," said Chris Jones, Canalys director & senior analyst. "In a consumer-driven quarter Palm has seen healthy shipments, up 19% on the same period last year, with the Zire lowering the price barrier and bringing new users into the market. The overall share of Palm OS was also helped again by Sony, with its own shipments up 182%. On the smart/feature phone side, Nokia maintained its high shipment levels of the 7650, and Orange's SPV shipped in good quantities too."

Five by five

In the handheld/wireless handheld segment Palm had a clear lead, with 48% share, the highest it's been since Q1 2001. HP remained the number two handheld vendor, with 19% share. While this is still some way ahead of Sony's 10%, it will be disappointed not to have capitalised on the iPAQ's earlier successes. "From an individual purchaser's perspective, the design and features of devices like the Palm OS 5.0 based Sony NX70V stand out from the crowd," Jones added. "Pocket PC vendors are finding it harder to differentiate themselves. In the enterprise market, having a choice of several vendors with similar, standardised offerings is very beneficial, but that market hasn't taken off yet. Its time will come, but while the individual retail purchaser remains the main buyer of handhelds the market share pattern we see today is likely to prevail."

Strings attached

As Canalys has often pointed out, wireless handhelds (those that have built-in GSM or GPRS capability) remain a difficult sell. The form-factor is not a credible alternative to the much smaller and voice-optimised mobile phone that most Europeans already possess (and are unlikely to give up), so demands a dual-SIM network subscription, yet offers little that is compelling in return and that couldn't be achieved equally well by the pairing of a Bluetooth-enabled handheld and phone.

In Q4 2002, O2 was the leading vendor in wireless handhelds, followed some way behind by T-Mobile, but overall shipments of such devices represented only 5% of the total handheld/wireless handheld segment. Canalys senior analyst Andy Buss reiterated the company's view: "If you have a handheld and a mobile phone, both with integrated Bluetooth, and if the vendors make it easy enough to get them to talk to each other out of the box, then you have the best of both worlds: a small phone that's great for voice communication and has a long battery life, and a handheld with a larger screen for the applications that demand it, when you need them. A two-piece solution also gives you a much wider choice of vendors and networks."

Buss is disappointed that handheld and phone vendors haven't done a better job of making Bluetooth setup and device bonding simpler and more reliable. "They are starting to take this more seriously," he noted. "But why couldn't they have done it from the outset? As the Bluetooth experience improves, and more devices come with it built in, the arguments for wireless handhelds just get weaker."

EMEA mobile device market Vendor market shares Q4 2002, Q4 2001					
Vendor	Q4 2002 shipments	% share	Q4 2001 shipments	% share	Growth Q4'02/Q4'01
All devices	**1,601,320**	**100%**	**928,390**	**100%**	**72%**
Nokia	679,250	42%	84,050	9%	708%
Palm	381,100	24%	320,330	35%	19%
HP	151,990	9%	212,115	23%	-28%
Sony	78,900	5%	28,010	3%	182%
Motorola	53,810	3%	48,400	5%	11%
Others	256,270	16%	235,485	25%	9%
Data-centric	**792,940**	**100%**	**777,640**	**100%**	**2%**
Palm	381,100	48%	320,330	41%	19%
HP	151,990	19%	212,115	27%	-28%
Sony	78,900	10%	28,010	4%	182%
Casio	38,510	5%	49,705	6%	-23%
Toshiba	22,110	3%	2,050	0%	979%
Others	120,330	15%	165,430	21%	-27%
Voice-centric	**808,380**	**100%**	**150,750**	**100%**	**436%**
Nokia	679,250	84%	84,050	56%	708%
Motorola	53,810	7%	48,400	32%	11%
Orange	43,460	5%	-	0%	NA
Others	31,860	4%	18,300	12%	74%

Data-centric = handhelds and wireless handhelds
Voice-centric = feature phones and smart phones
Definitions available from Canalys web site

All eyes on Nokia

The relatively poor market showing of the various wireless handhelds is in stark contrast to the performance of the voice-centric feature phones and smart phones. This segment remains dominated by Nokia. In Q4 2002 the Finnish vendor's combined 7650 and 9210/9210i shipments took 84% of the feature/smart phone segment, far ahead of its nearest rival Motorola, with its Accompli, on 7%. Orange, with its SPV, followed these with just over 5% even though it only began shipping half way through the quarter.

"For most people seeking a single integrated wireless voice/data device, the feature/smart phone will be a more natural choice than the wireless handheld," said Buss. "It is easy to knock new devices, like the Orange SPV, when they have technical problems, but early adopters are accustomed to such difficulties. We are only at the start of the smart phone curve. It would be great if vendors got it right first time, every time, but it is more important that they learn from their mistakes and overcome them before the market picks up speed and less tolerant customers get involved."

For 2002 as a whole, shipments of handhelds/wireless handhelds in EMEA were down 13% on 2001, and accounted for 58% of the mobile device market. Smart/feature phones were up 204%, from a relatively small base, resulting in overall growth for the mobile device market of 25%.

The detailed story of 2002, along with insight into how well the various platforms and vendors are placed for 2003, and forecasts for the different types of device, are revealed in the Canalys 2003 annual mobile device market trends report.