

# HTC blazes discreet trail in U.S. smart-phone market

July 16 2010, By Kristena Hansen

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After mulling over which smart phone to buy for months, Seth Chapman decided against jumping on the iPhone, BlackBerry or Droid X bandwagons and instead went with the HTC Evo 4G.

He liked the Evo's built-in features, such as voice navigation, and he wanted to be among the first to use the superfast 4G network.

The name of the company that made the phone -- [HTC](#) Corp. -- was incidental.

"I have some friends who are Korean," Chapman said while shopping for Evo accessories at a Sprint store in downtown Los Angeles. "I guess it's big in Korea."

And in much of the rest of the world. HTC, based in Taiwan, has quietly grown to the point where it has joined the ranks of the largest smart-phone makers. It currently ranks fourth in the world, according to Gartner Inc. In North America, nearly 10 percent of people who bought smart phones in the first quarter of this year chose models made by HTC.

Last week, the company reported second-quarter sales of \$1.9 billion, up more than 58 percent from the same time period last year.

In North America, HTC ranks in sales behind Research in Motion (maker of the BlackBerry line), Apple Inc. (iPhones) and Motorola Inc.

([Droid X](#), and others). It has edged ahead of [Samsung Electronics Co.](#), Nokia Corp. and [Palm Inc.](#)

"It's the fastest-growing handset company in history," said Richard Doherty, an analyst at Envisioneering Group. "HTC is the model of the new Asia. They're very quick and very responsive."

With the Evo, HTC became the first phone maker in the U.S. to come out with a handset that could access the 4G network. In fact, 4G is so new it still isn't available in many parts of the country.

The Evo is powered, like many HTC phones, with [Google Inc.'s Android](#) operating system. In 2008, HTC produced the first phone to use the Android system. That phone was called the T-Mobile G1 in this country, and the HTC Dream in other parts of the world.

Android, which has been compared by some critics to Apple's operating system, has proven so popular that in the first quarter, phones equipped with the operating system outsold iPhones for the first time.

HTC isn't the only phone manufacturer to put out phones powered by Android, but its strong association with the operating system certainly hasn't hurt.

When the first HTC-branded phones arrived in the U.S. in 2007, the company already had a stealthlike operation here. It had spent several years making private-label phones that sported the names of wireless carriers, mobile operating systems and others.

The company was started in 1997 by Cher Wang, a University of California-Berkeley graduate and daughter of one of Taiwan's wealthiest businessmen, Wang Yung-Ching.

By the time HTC went public in 2002, it had expanded to North America.

Jason Mackenzie, now vice president of HTC North America, assembled his own desk when he started at the Seattle office. "We went from five or six employees at the end of 2005, to 50 by the end of 2006," he said.

Putting its own name on products was a major step for the company. But at first, Doherty said, the HTC was dogged by quality issues.

Then came the G1 or HTC Dream, depending on where you lived, equipped with Android.

"Android helped pull them out," Doherty said.

HTC is expected to bring out more new models this year that will use the Android operating system.

"Their growth is very tied to Google," Doherty said. "They need to execute Android better than anyone else."

Microsoft's Windows Mobile system, which HTC also puts in phones, has not been a hit. But Microsoft plans to introduce a completely retooled version of its mobile [operating system](#) in the fall with a new name -- Windows Mobile 7.

There could be problems ahead. In March, Apple sued HTC, claiming the company had infringed on 20 of its patents that protected its touch screen and other technologies.

And while some analysts believe that HTC is on a path of continued growth, Joe Chang of Jih Sun Financial Holdings in Taiwan urged caution.

"We anticipate the market for HTC will be cruel in the second half," Chang said in a Bloomberg report. "HTC will need to struggle against severe competition" from other manufacturers' new products.

But however the company fares, its performance will be based on products that carry its own name. For better or worse, HTC has stepped out of the shadow of others.

"A brand is the way that a person identifies with your product and services," said HTC spokesman Keith Nowak. "The only way to grow was to build loyal customers. The only way to get them to return is to give them a way to identify with you."

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Citation: HTC blazes discreet trail in U.S. smart-phone market (2010, July 16) retrieved 25 April 2024 from <https://phys.org/news/2010-07-htc-blazes-discreet-trail-smart-phone.html>

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