

## Smartphone sales top one billion, keep growing

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Smartphones are on display at an AT&T store in Chicago, Illinois, March 28, 2013

Global smartphones sales will top one billion for the first time this year, and keep growing at a steady pace for the next four years, a market tracker said Tuesday.

The forecast by International Data Corporation showed smartphone



growth of 39.3 percent this year over 2012, a pace that will moderate in the next few years.

One key factor in the marketplace is the decline in smartphone prices, according to IDC. The average sales price this year is estimated at \$337, down 12 percent from a year ago. And IDC predicts it will drop further to \$265 by 2017.

"The key driver behind smartphone volumes in the years ahead is the expected decrease in prices," said IDC analyst Ramon Llamas.

"Particularly within emerging markets, where price sensitivity and elasticity are so important, prices will come down for smartphones to move beyond the urban elite and into the hands of mass-market users. Every vendor is closely eyeing how far down they can price their devices while still realizing a profit and offering a robust smartphone experience."

IDC expects the <u>smartphone</u> shipments to hit 1.7 billion by 2017, with the growth rate easing to an average of 18.4 percent in the coming year.

"The game has changed quite drastically due to the decline" in prices, said IDC analyst Ryan Reith.

"Just a few years back the industry was talking about the next billion people to connect, and it was assumed the majority of these people would do so by way of the feature phone. Given the trajectory of (prices), smartphones are now a very realistic option to connect those billion users."

The fastest growth in smartphones will be in the Asia-Pacific and Latin American regions, each expected to see increases of around 23 percent in the next four years.



North America, which already has a large number of smartphones, will see growth slow to a 7.8 percent pace and Europe's pace of increase will ease to 11.1 percent, IDC said.

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