Press Release

For Immediate Release
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One billion people will own a smartphone by 2013

Despite the increasing overlap between mobile phone functionality and other handheld devices, consumers are still purchasing standalone cameras, sat navs, personal media players and handheld gaming devices, according to a new convergence report from Futuresource Consulting.

“Right now, the functionality and quality of dedicated products can far exceed that of multi-function gadgets,” says David Luu, Senior Market Analyst at Futuresource. “Features like optical zoom and image stabilisation in cameras or embedded maps in personal navigation devices are seen as key value-add differentiators, and still drive consumers to make that purchase. However, it won’t be long before the continued rise of the smartphone will have a major impact on the handheld device landscape.

“Last year, mobile phone ownership exceeded four billion users - which equates to nearly 60% of the world’s population. And in the face of a handset market which is slowing on the whole, smartphone sales are rising fast, with our year-end forecasts for 2009 showing smartphone sales representing 17% of total handset shipments. By 2013, more than one billion people will own a smartphone.”

The smartphone segment consists of a group of highly disruptive converged devices, with programmable OS, continually improving functionality, wireless networking capabilities and a younger reach that will hinder the growth of dedicated devices. Standalone products that survive will be increasingly differentiated by their form factor (a smartphone user may want to own a miniaturised media player for use when exercising, for example) and their unique attributes (such as the use of e-ink for electronic books, which can display large areas of static text while drawing very little or no power).

“The iPhone raised the bar in terms of smartphone impact, especially for media players and casual gaming,” says Luu. “Continued smartphone development and the trend towards cloud computing may also start to nibble away at the laptop and netbook market, but it’s unlikely we’ll see any impact here for three to four years at least. Inherent limitations for the smartphone are screen size, lack of full size keyboard, storage shortfalls and battery life, which is why consumers see computers as essential products to own today. Shorter term we’re going to experience the rise of the apps market, which many see as a new gold rush, especially for games and amusement.”

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Handheld Device Convergence is a 70-page strategic report focusing on the impact of convergence across the spectrum of handheld devices, drawing on Futuresource Consulting's continuous global research services covering key segments such as digital consumer electronics, digital imaging and digital content distribution. For more information or to purchase this report, please contact David Luu on +44 (0) 1582 500 157 or via email at david.luu@futuresource-hq.com.

Save the date
The Futuresource Entertainment Summit
10–11 June 2010, London, UK
Addressing the business opportunities presented by new home entertainment technologies, platforms and delivery systems, this year's conference focuses on the strategic impact of 3D, the rise of IP connected devices and the changing face of retail, plus revenue stream development and optimisation for Blu-ray and online content services. Find out more at www.fes2010.com.

Notes
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