

Q4 worldwide mobile phone sales decline - Gartner

The global economic downturn had a significant impact on the mobile phone industry as worldwide mobile phone sales to end users totalled 314.7 million units in the fourth quarter of 2008, a 4.6% decline from the fourth quarter of 2007, according to Gartner, Inc. Manufacturers continued to struggle against low consumer confidence in both emerging and mature markets.

The top five mobile phone vendors all experienced a decline in sales in the fourth quarter of 2008. The industry did experience growth for the year, with worldwide mobile phone sales to end users surpassing 1.22 billion units in 2008, a 6% increase over 2007 sales.

“Mobile phones have traditionally been one of consumers' preferred presents for Christmas. However, in the fourth quarter of 2008 consumers were concerned about taking on the contract associated with the most attractive products on the market,” said Carolina Milanesi, research director for mobile devices at Gartner, based in Egham, UK. “Consequently, mobile devices in both emerging and developed markets experienced the lowest quarter-on-quarter growth (2%) ever recorded in a fourth quarter.”

Sales into the channel reached 297.3 million in the fourth quarter of 2008, while sales to users were just short of 314.7 million units. This is the biggest difference recorded since Gartner started measuring the market in 2001. Such a difference was the result of the channel reducing the inventory it holds. Low consumer confidence is forcing distributors and retailers to limit the volume they hold in stock, because the channel cannot afford significant capital investment.

“Efforts to reduce inventory will intensify in the first quarter of 2009 and continue into the second quarter of 2009. In the second half of 2009, the channel will have to start re-stocking and this will help sell-in volumes,” said Ms Milanesi. “This will not mark the start of a market recovery — we do not expect demand to stabilise before 2010.”

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