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# The NPD Group: Rise in Smartphone Purchases Driven Entirely by Pre-Paid Phones

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**Total smartphone unit sales rose 9 percent in the second quarter of 2012 compared to the prior year; however, all growth was driven by increases in pre-paid smartphone sales.**

PORT WASHINGTON, NEW YORK, August 8, 2012 – According to [The NPD Group](#), a leading market research company, driven by sales of pre-paid smartphones, total smartphone unit-volume sales rose 9 percent in the second quarter (Q2) of 2012, compared to Q2 2011. While year-over-year post-paid smartphone unit sales were flat, pre-paid smartphone unit volume almost doubled, rising 91 percent year over year.

"Prepaid smartphones are no longer just cheap, also-ran options, focused on older and less capable phones," said Stephen Baker, vice president of industry analysis at The NPD Group. "As the smartphone market matures, and as growth slows, carriers have been smart to aggressively market some of their best current smartphones on a pre-paid basis to a new set of customers, in order to keep sales humming along."

Based on NPD's monthly Mobile Phone Track service, the income level of the average smartphone buyer is shifting downward, from middle- and upper-income families, to those with lower annual household incomes. In Q2 2011 24 percent of smartphone buyers had average household incomes of less than \$35,000 per year; however, in Q2 2012 that number jumped to 33 percent. This year 71 percent of pre-paid smartphone buyers had an average income less than \$35,000, which is a 12 percentage-point rise over the prior year.

### Apple and Samsung Top Smartphone Brands

NPD's research also revealed that the lion's share of smartphone-market growth is concentrated in the top two brands. In fact Samsung's and Apple's combined smartphone unit sales rose 43 percent between Q2 2011 and Q2 2012, as unit sales for other brands fell 16 percent.

According to NPD, the top five smartphone brands, and their market shares, in Q2 were as follows:

1. Apple: 31 percent
2. Samsung: 24 percent
3. HTC: 15 percent
4. Motorola: 12 percent
5. LG: 6 percent

"By concentrating on their best, flagship devices, while at the same time supplementing their volumes with lower priced alternatives, both Apple and Samsung are extending their lead over the other smartphone makers," said Baker. "To be a share leader means participating in all segments of the market, in order to take advantage of pre-paid and other growth opportunities, while also providing the hero devices that drive customers to your brand."

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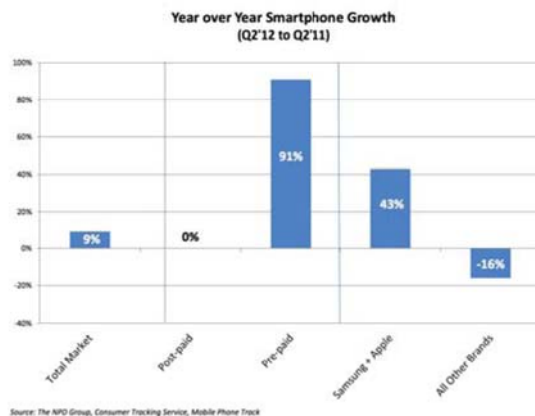
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Information this press release is from Mobile Phone Track and Smartphone Track, both of which report on the activities of U.S. consumers, age 18 and older, who reported purchasing a mobile phone or smartphone. NPD does not track corporate/enterprise mobile phone purchases.

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