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## Motorola Looking Sharp

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11/22/05 - 01:08 PM EST

The pace of cell-phone sales gains continues to pick up, as new figures show strong trends across nearly all regions and price ranges.

The top two handset makers, **Nokia (NOK)** and **Motorola (MOT)**, extended their leads on the rest of the pack with popular designs and cheap phones in new markets.

**Samsung** held steady at No. 3, and **Sony Ericsson** bounced **LG** out of the fourth slot on the strength of its new Walkman music phone.

Overall, worldwide sales surged 22% from a year ago, with 205 million phones shipped in the third quarter ended in September, according to market research by Gartner. Those figures compare with a 21% year-on-year rise in the second quarter, to 190 million units.

Given this year's torrid sales pace and expectations for an usually robust Christmas season, industry watchers are even more optimistic about the full-year performance. Gartner now predicts 810 million phones will be sold this year, marking a 28% increase over last year.

Analysts cite the ability of Nokia and Motorola to build cheap -- \$40 or below -- phones for markets like Brazil and India, where new wireless networks are expanding across areas that were previously not served by phone companies.

Nokia added to its lead in the quarter, controlling 32.6% of the handset market. That compares with a 31.9% take last quarter and the 31% share the Finnish company held a year ago.

Motorola was the biggest gainer in market share, thanks largely to sales of 6 million thin Razr phones in the quarter. Motorola grabbed 18.7% of the market last quarter, compared to 17.9% in the prior period and 13.5% a year ago.

### Motorola Momentum Third-quarter market share

Source: Gartner

Samsung kept its third-place status but lost market share in the most recent quarter. Samsung had 12.5% of the market, falling from 13.7% in the year-ago period.

Sony Ericsson -- co-owned by **Sony (SNE)** and **Ericsson (ERICY)** -- showed how music can help turn up sales volume. The company rose to fourth place on the popularity of two new orange-tinged Walkman phones.

"The joint venture retook the No. 4 market share position in sell-through and will probably add to its lead over LG next quarter," writes Charter Equity Research analyst Ed Snyder in a research note Tuesday. "Much of this is due to the popularity of the W600 and W800 Walkman phones, which are selling particularly well."

But looking beyond the holiday sales rush and into next year, the picture starts to dim a bit. It seems the rush to increase supply may eventually slam into diminished demand.

Shipments "could be as high as 820 million of units if the supply chain is able to satisfy the demand," Carolina Milanese writes in the Gartner cell-phone report Tuesday.

"Gartner predicts a build up in inventory," writes Milanese. This "will affect 3G mobile phones in particular as mobile operators, especially in Western Europe, will fail to convince consumers that Christmas this year will be a 3G Christmas."

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