

Media alert: China smartphone market hits its highest shipment total ever

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Canalys estimates that for the full year 2016, China reached 476.5 million unit shipments, growing year on year at 11.4%. This swept away the annual growth rate of 1.9% in 2015. China shipments reached 131.6 million units in Q416, which is the highest single quarter total in history, accounting for nearly a third of worldwide shipments.

Canalys research shows that, in 2016, Huawei took the top spot in the market with 76.2 million shipments, a small lead ahead of runner-up Oppo with 73.2 million units, followed by Vivo in third place at 63.2 million units. The smartphone market recovery was driven by several factors. Leading domestic manufacturers Huawei, Oppo and Vivo invested heavily in new product and channel developments. Canalys Research Analyst Jessie Ding said “In 2016, the top three brands were competing with new product launches, go-to-market strategies and brand building. Also, their flagship products started to contribute to a much larger part of their total shipments and created a halo effect for the rest of the portfolio, like Samsung and Apple.”



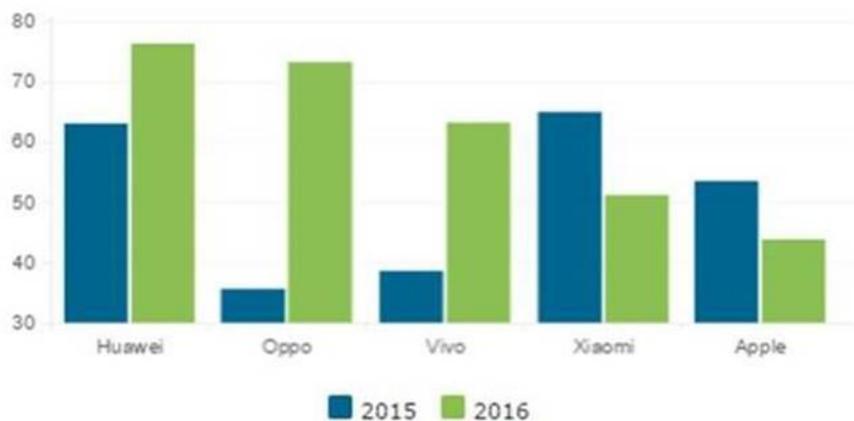
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While Apple, Samsung and Xiaomi are all in the process of adjusting their strategies in China, Huawei took the opportunity to consolidate its position in the tier-one and tier-two cities. Ding noted that, meanwhile, “Huawei also began attacking Oppo and Vivo’s backyard in the tier-three and tier-four cities, through its “thousands of towns”, targeting open channels.” Conversely, Oppo and Vivo started to move upscale to target consumers in the tier-one and tier-two cities through heavy investments in branding. Ding added, “In 2017, competition between Huawei, Oppo and Vivo will become much more intense, while their increasing scale and bargaining power within the industry will have a larger impact on device strategies of operators and open channel partners. This will leave very little room for smaller brands to increase share. Moreover, among these three vendors, it will be difficult for one of them to capture more than 20.0% market share and be a clear leader under current competitive conditions.”



Smart phones, China, units (millions), 2015 and 2016



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Xiaomi became number four in the China smartphone market, while Apple fell to fifth place. Xiaomi shipped a total of 51.4 million units of smartphones with a 21.0% year-on-year decline, while its market share decreased from 15.2% in 2015 to 10.7% in 2016, the lowest since 2013. Apple shipped 43.8 million units of iPhones throughout the year, a year-on-year decrease of 18.2%. "China and Hong Kong are still the hardest-hit areas in Apple's global top ten market. This directly led to a 7.0% decline in global shipments compared to 2015." Ding commented, "This year, the outlook remains bleak for Apple to get its China performance back to its heyday of 2015. As with consumers in other developed markets, China's consumers are awaiting the 10th anniversary of the iPhone with very high expectations."

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