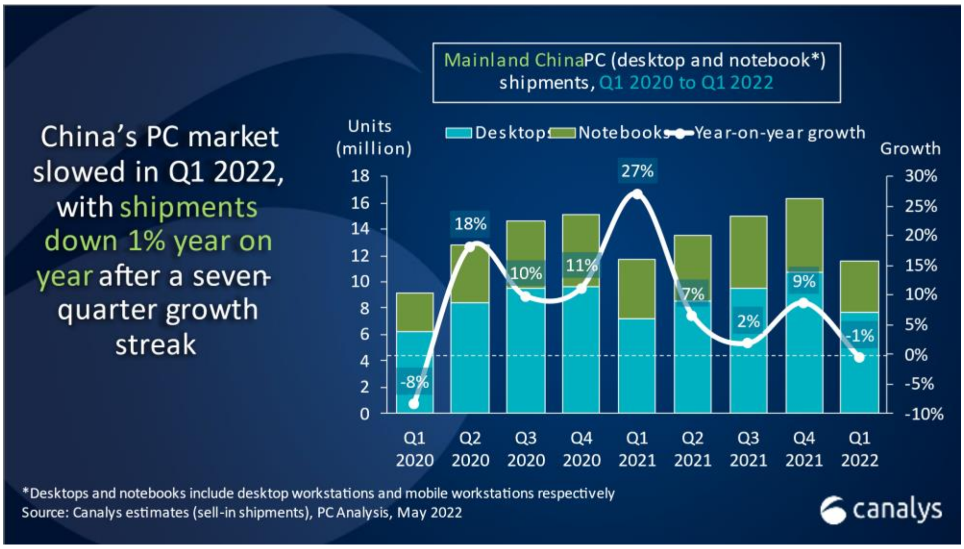
Growth streak over as China's PC market shrinks 1% in Q1 2022

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Thursday, 26 May 2022

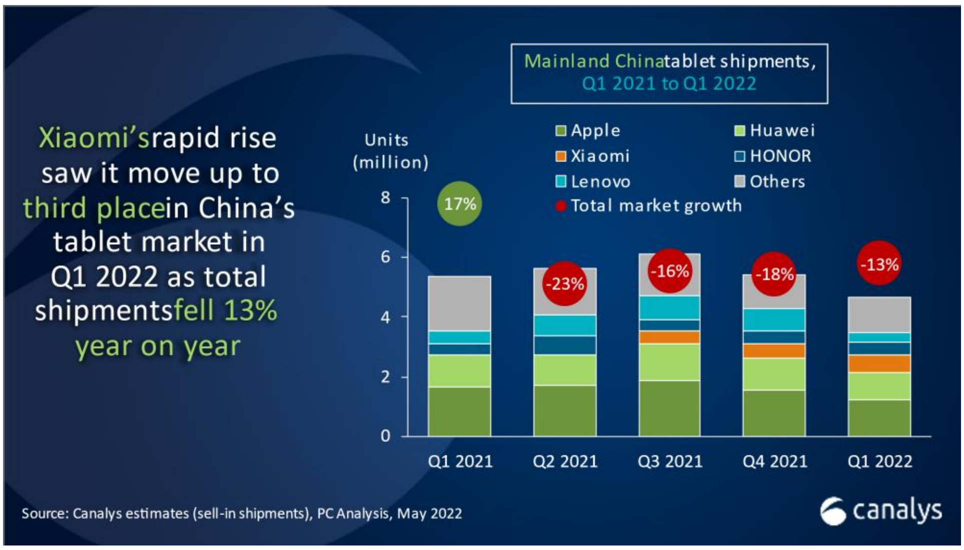
China's PC (desktop, notebook and workstation) shipments fell by 1% to 11.7 million units in Q1 2022, ending the growth streak of the last seven quarters. Desktop (including desktop workstation) shipments were down by 11% annually to 3.9 million units. Notebook (including mobile workstation) shipments stayed strong, with year-on-year growth of 6% to reach 7.7 million units. China's tablet market suffered a fourth consecutive decline in Q1 2022, with shipments down 13% to 4.7 million units following supply issues and weaker demand from both consumers and businesses.



"While Q1 2022 was still relatively strong, China's PC industry faces further challenges on both the supply and demand sides as the effect of COVID-19 lockdowns has increased," said Canalys Analyst Emma Xu. "Supply shortages of key components, such as driver ICs, extended into Q1, while both production and logistics have worsened significantly due to lockdowns in the key cities of Shanghai and Kunshan. Meanwhile, restrictions on business and consumer activity amid a worsening economy threaten the strength of domestic demand for PCs. Weaker consumer spending and constrained commercial demand, especially from SMBs, will present a challenge to PC vendors in

China for the rest of the year. Public sector procurement is also set to shrink as the government plans to tighten its budget this year. But the education segment is likely to remain a bright spot as the goals of reduced socioeconomic disparities and improved vocational education programs are set to drive investment that will benefit the technology market. Finally, the competitive landscape for PC vendors in China is set to tip even more in favor of local brands. The government is making a renewed push to limit security concerns around the use of hardware and software developed by foreign entities. Vendors such as Huawei and Tongfang are set to see unprecedented opportunity as core participants of China's 'Xinchuang' industry, which focuses on developing domestic IT innovation."

Lenovo's shipments were flat in Q1 2022, at 4.3 million units, as growth was impeded by weakness in its desktop business, which declined 16%. Despite that, Lenovo extended its massive lead in China to take a 37% market share. Dell took second place with 7% growth and 1.4 million PCs shipped on the back of its strong performance in both commercial and gaming sectors. HP was the only vendor that posted a decline in Q1, with shipments of just under a million units, 14% lower than in the first quarter of 2021. Asus was in fourth place with 34% year-on-year growth, while Huawei replaced Acer in fifth place thanks to impressive growth of 66%. Huawei has extended its ambitions in the PC space by releasing a wider product portfolio, along with competitive pricing and increased marketing efforts.



China's tablet market shifted in Q1 2022 due to Xiaomi's rapid ascent. With a greater focus on its Mi Pad line, Xiaomi climbed to third place with 0.6 million units shipped after three quarters of consistent growth. Apple and Huawei remained first and second in China's tablet rankings, but both faced supply issues, leading to declines of 29% and 11% respectively. HONOR took fourth place with 2% year-on-year growth, while Lenovo rounded off the top five with a 17% year-on-year fall in shipments.

“The surge in tablet use in China during the pandemic has paved the way for new vendors to enter the market,” said Xu. “Tablet shipments reached a high in 2020, with Apple the main beneficiary, as there were limited brand options as Huawei struggled. Though the market’s momentum was lost as life returned to normal, we are now seeing a similar situation develop as the latest lockdowns are set to cause an uptick in demand. The difference this time is that smartphone vendors such as OPPO, vivo and realme have launched their first tablets as part of strategies to build wider product ecosystems. These players are entering the market at a time when the Chinese government is encouraging investment in digital education, not just in large cities, but in smaller towns and rural areas. The success of these new entrants will firmly rest on their ability to deliver quality user experiences in line with evolving consumer needs while also navigating a difficult supply chain environment.”

People’s Republic of China (mainland)
PC (desktop, notebook and workstation) shipments and growth

Canalys PC Market Pulse: Q1 2022

Vendor (company)	Q1 2022 shipments (thousand)	Q1 2022 market share	Q1 2021 shipments (thousand)	Q1 2021 market share	Annual growth
Lenovo	4,289	37%	4,276	36%	0%
Dell	1,389	12%	1,295	11%	7%
HP	975	8%	1,132	10%	-14%
Asus	833	7%	624	5%	34%
Huawei	710	6%	428	4%	66%
Others	3,462	30%	3,996	34%	-13%
Total	**11,657**	**100%**	**11,750**	**100%**	**-1%**

Note: percentages may not add up to 100% due to rounding.
Source: Canalys PC Analysis (sell-in shipments), May 2022

People’s Republic of China (mainland) tablet shipments and growth

Canalys PC Market Pulse: Q1 2022

Vendor (company)	Q1 2022 shipments (thousand)	Q1 2022 market share	Q1 2021 shipments (thousand)	Q1 2021 market share	Annual growth
Apple	1,200	26%	1,682	31%	-29%
Huawei	926	20%	1,037	19%	-11%
Xiaomi	600	13%	-	0%	N/A
HONOR	421	9%	414	8%	2%
Lenovo	320	7%	385	7%	-17%
Others	1,223	26%	1,875	35%	-35%
Total	**4,691**	**100%**	**5,393**	**100%**	**-13%**

Note: percentages may not add up to 100% due to rounding.
Source: Canalys PC Analysis (sell-in shipments), May 2022

For more information, please contact:

Emma Xu (Shanghai): emma_xu@canalys.com +86 158 0075 6471

About PC Analysis

Canalys' PC Analysis service provides quarterly updated shipment data to help with accurate market sizing, competitive analysis and identifying growth opportunities in the market. Canalys PC shipment data is granular, guided by a strict methodology, and is broken down by market, vendor and channel, as well as additional splits, such as GPU, CPU, storage and memory. In addition, Canalys also publishes quarterly forecasts to help better understand the future trajectory and changing landscape of the PC industry.

About Canalys

Canalys is an independent analyst company that strives to guide clients on the future of the technology industry and to think beyond the business models of the past. We deliver smart market insights to IT, channel and service provider professionals around the world. We stake our reputation on the quality of our data, our innovative use of technology and our high level of customer service.

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