

Surprising 3.0% fall for Southeast Asian smartphone market in Q3 2018

Palo Alto, Shanghai, Singapore and Reading (UK) – Thursday, 15 November 2018

Smartphone shipments to Southeast Asia (excluding Laos, Brunei and Timor-Leste) fell by 3.0% year on year, a surprising drop for the most important market in Asia, outside of India and China. Three of the region's five largest markets suffered falls this quarter, as the industry faced strong headwinds and as local economies grappled with the effects of the Sino-US trade war. Vietnam and Thailand plunged 17% and 20% respectively, while Philippines dropped by 3.1%. Malaysia grew 5.3% to return closer to pre-2016 levels, while Indonesia had the biggest increase, at 13.2%, largely due to the growth of official channels and wider availability of TKDN-compliant devices. Samsung was the top vendor, shipping 5.8 million units, with Oppo second, on 4.8 million units.

"It is too early to write off Southeast Asia," said Canalys Analyst TuanAnh Nguyen. "The rise of the Chinese vendors has set off a wave of consolidation. Multiple local and international vendors have left the market, while vendors such as Samsung have seen their shipments plummet. The temporary correction has caused a one-off decline overall, distracting from the true potential of the region. The booming population and low penetration beyond the metro cities presents a prime opportunity for smartphone vendors to continue investing in these markets." The region accounts for nearly 8.5% of the world's population but less than 7.5% of the smartphone market. "While 2018 is expected to end on a positive note, vendors will need to contend with a strengthening dollar and its impact on device prices. Various encouraging factors mean a bright outlook for the Southeast Asian smartphone market. Governmental digital economy initiatives, such as Thailand 4.0, Indonesia's Palapa Ring and Vietnam's Industry 4.0 vision, will create strong catalysts for short-term growth."

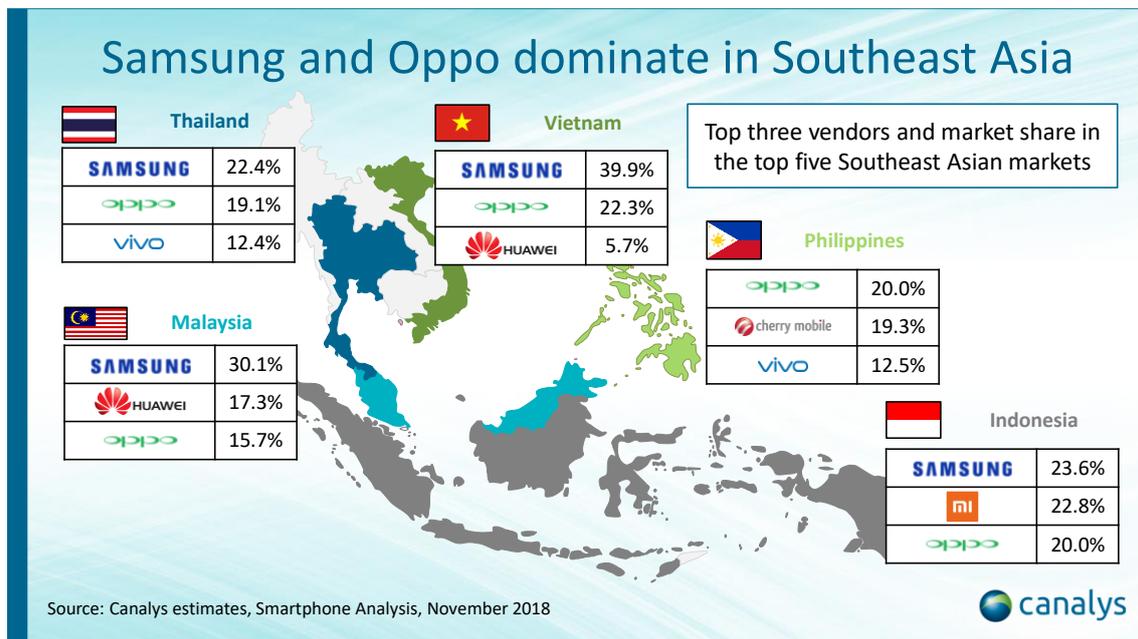
Southeast Asian* smartphone shipments and annual growth
Canalys Smartphone Market Pulse Q3 2018

Country	Q3 2018 shipments (million)	Q3 2018 Market share	Q3 2017 shipments (million)	Q3 2017 Market share	Annual growth
Indonesia	8.9	2.5%	7.9	2.1%	13.2%
Thailand	4.1	1.2%	5.1	1.4%	-20.1%
Philippines	3.9	1.1%	4.0	1.1%	-3.1%
Vietnam	3.3	1.0%	4.0	1.1%	-16.8%
Malaysia	2.9	0.8%	2.7	0.7%	5.3%
Myanmar	1.7	0.4%	1.5	0.5%	-10.3%
Cambodia	0.8	0.2%	0.8	0.2%	6.8%
Total	25.4	7.2%	26.2	7.1%	-3.0%

**Includes Indonesia, Malaysia, Philippines, Thailand, Vietnam, Myanmar and Cambodia*

Source: Canalys Smartphone Analysis, November 2018

“Oppo’s performance was most notable, as it was the only vendor that appeared in the top three in all five of the largest markets,” said Research Analyst Jin Shengtao. Its best performance was in Philippines, where it overtook local king Cherry Mobile to lead for the first time with a market share of 20%. Samsung, on the other hand, is facing massive difficulties in maintaining its leadership in the region, which has been among its brightest spots worldwide for the last two years. The global leader failed to grow in all seven markets in Q3 and suffered double-digit declines in Thailand, Philippines and Malaysia. It even failed to reach the 1 million mark in Thailand, declining 44% year on year. “Samsung is fighting hard to remain relevant,” added Jin. “It has released new devices with competitive specifications and is revamping its go-to-market strategy, giving due importance to online retailers, bringing the fight back to the Chinese vendors. This will only ensure further growth in Southeast Asia, where Oppo, Vivo, Xiaomi, Huawei/Honor and Samsung will continue to invest heavily in the years to come.”



Smartphone quarterly estimate and forecast data is taken from Canalys' Smartphone Analysis service.

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