

# Canalys: China smartphone market declines 15% with 85 million units shipped in Q4 2019

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Tuesday, 28 January 2020

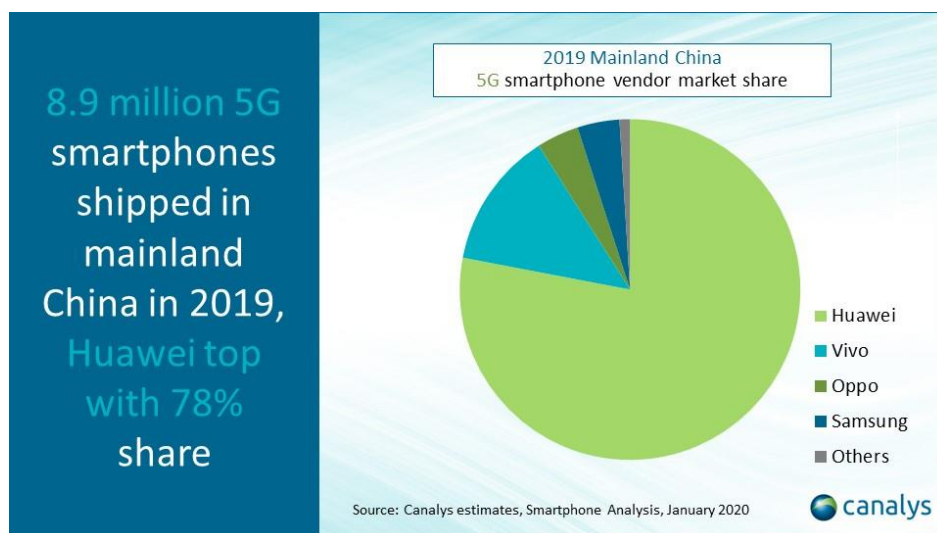
China's smartphone market declined 15% to 85.3 million units in Q4 2019, as device fatigue hit consumers. It marks the 11<sup>th</sup> consecutive quarterly decline, and the market's lowest level since Q1 2013. For the 2019 full year, China's market closed at 369 million units, down 7% year-on-year. The market significantly underperformed in a traditionally high season of smartphone sales, given a drastic slowdown of 4G smartphone purchases coupled with weaker demand than major vendors' anticipated for 5G smartphones. Meanwhile, distribution channels started to clear 4G inventory in anticipation for 5G uptake in the new year. Huawei maintained the lead in China with 39% market share by growing 11% over Q4 2018, despite a sharp sequential decline of 20%. Oppo and Vivo remained in second and third place, although both shipments fell faster than market average at 25% and 29%. Apple moved up one position to number four and Xiaomi rounded the top five in Q4.



Huawei shipped more than 33 million smartphones in China in Q4. But there is a note of caution to be sounded about the market leader's non-stop growth in the past 12 months. "Channel inventory build-up in Q2 and Q3 adversely impacted Huawei's performance in Q4," said Nicole Peng,

Canalys' VP Mobility. "Huawei will find it challenging to persuade smartphone distribution partners to increase wallet share of Huawei's devices in 2020, as the sell-out of 4G smartphones, especially the mid to high-end, is becoming difficult. Despite Huawei leading the 5G smartphone shipments with a 78% share, the vendor must help channel partners ease the 4G device inventory pressure before more 5G devices flood the market."

Apple managed to reverse its decline with a China smartphone Q4 market share of 11.8%, the vendor's highest in eight quarters. Apple narrowed its year-on-year decline to 12% with 10 million iPhones shipped. "The competitive pricing of the iPhone 11 was a big contributor to Apple's Q4 result," commented Peng. "Given the industry is heading full speed to displace 4G with 5G phones, consumers are likely to pause phone replacement to future-proof devices. The iPhone 11 series is bucking the trend and was the best-selling 4G device in the China market. It has demonstrated there is still a strong pull factor for Apple's products, at the right price, given the hardware and service ecosystem strength. This will help with a better than expected upgrade rate when its 5G iPhone finally arrives."



Oppo and Vivo bore the brunt of market declines. "Oppo and Vivo suffered from a lack of channel appetite in Q4 amid Huawei's strength," said Louis Liu, Canalys Research Analyst. "However, there were some positive notes. Vivo became the second largest in 5G smartphone shipments following Huawei in 2019, with 1.2 million units shipped. Oppo's new Reno brand also started to show promise, as its Reno 3 series shipped over 400,000 units within a week. Each vendor is determined not to lose share to Huawei and are ready to fight with stronger 5G smartphone portfolios in 2020."

“With the broader rollout of 5G and more incentives given by operators this year, 5G smartphones are expected to exceed 150 million units in 2020. Smaller vendors are hoping to break the market dominance of major brands, while competition between the top five will be cutthroat,” added Peng. “The overall market also faces high pressure to downsize with the black swan event of the outbreak of coronavirus. This will have a significant and long-lasting adverse effect on the country’s tech manufacturing industry, retail sector and consumer consumption. Vendors must start to prepare for further business risk and disruptions amid the developing outbreak.”

**People’s Republic of China (mainland) smartphone shipments and annual growth  
Canalys Smartphone Market Pulse: Q4 2019**

Vendor	Q4 2019 shipments (million)	Q4 2019 Market share	Q4 2018 shipments (million)	Q4 2018 Market share	Annual growth
Huawei	33.3	39.0%	30.0	29.8%	+11%
Oppo	14.0	16.4%	18.7	18.6%	-25%
Vivo	13.1	15.4%	18.5	18.4%	-29%
Apple	10.1	11.8%	11.5	11.4%	-12%
Xiaomi	8.1	9.5%	9.4	9.3%	-14%
Others	6.8	8.0%	12.5	12.4%	-46%
<b>Total</b>	<b>85.3</b>	<b>100.0%</b>	<b>100.7</b>	<b>100.0%</b>	<b>-15%</b>



Note: percentages may not add up to 100% due to rounding

Source: Canalys Smartphone Analysis (sell-in shipments), January 2020

**People’s Republic of China (mainland) smartphone shipments and annual growth  
Canalys Smartphone Market Pulse 2019**

Vendor	2019 shipments (million)	2019 Market share	2018 shipments (million)	2018 Market share	Annual growth
Huawei	142.0	38.5%	104.8	26.5%	+35%
Oppo	65.7	17.8%	79.3	20.1%	-17%
Vivo	62.7	17.0%	77.6	19.6%	-19%

<b>Xiaomi</b>	38.8	10.5%	49.1	12.4%	-21%
<b>Apple</b>	27.5	7.5%	34.6	8.7%	-21%
<b>Others</b>	32.0	8.7%	50.1	12.7%	-36%
<b>Total</b>	<b>368.6</b>	<b>100.0%</b>	<b>395.5</b>	<b>100.0%</b>	<b>-7%</b>

Note: percentages may not add up to 100% due to rounding

Source: Canalys Smartphone Analysis (sell-in shipments), January 2020

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## About Canalys

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