

# Online retail to account for 38% of the India smartphone market in Q3 2018

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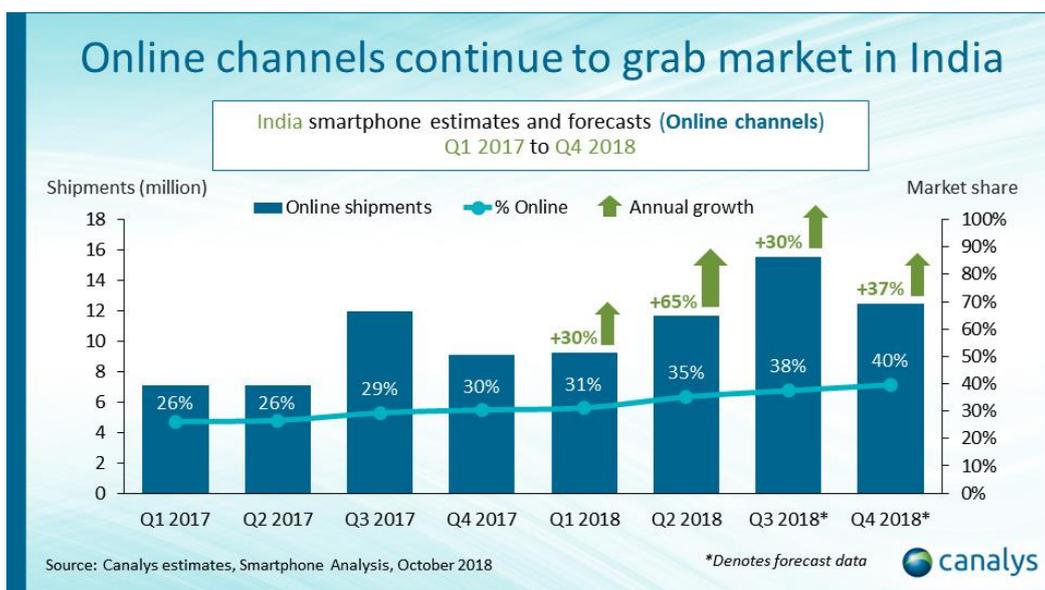
The online smartphone market in India is poised to surpass 15 million units in Q3 2018, growing by more than 25% year-on-year and expecting to account for a record 38% of the total



Online channels, including @Flipkart @AmazonIN @XiaomiIndia @OnePlus to account for 38% of India's smartphone in Q3 2018, shipments to surpass 15 million units. #ecommerce #india #smartphones #canalys  
- via @Canalys <https://tinyurl.com/y8n9h1b2>

smartphone market. The market is also expected to grow sequentially (32% quarter-on-quarter), dispelling doubts of looming saturation in online retail. In Q2 2018, online channels like Flipkart, Amazon, PayTm Mall, mi.com, OnePlus.com, etc. grabbed 35% of the total smartphone sell-in to India, growing by more than 65% year-on-year, to 11.7 million units. Shipments sold directly via vendors' websites accounted for 9% of all online shipments, while retailers such as Flipkart, Amazon, etc. took the remaining 91%. While

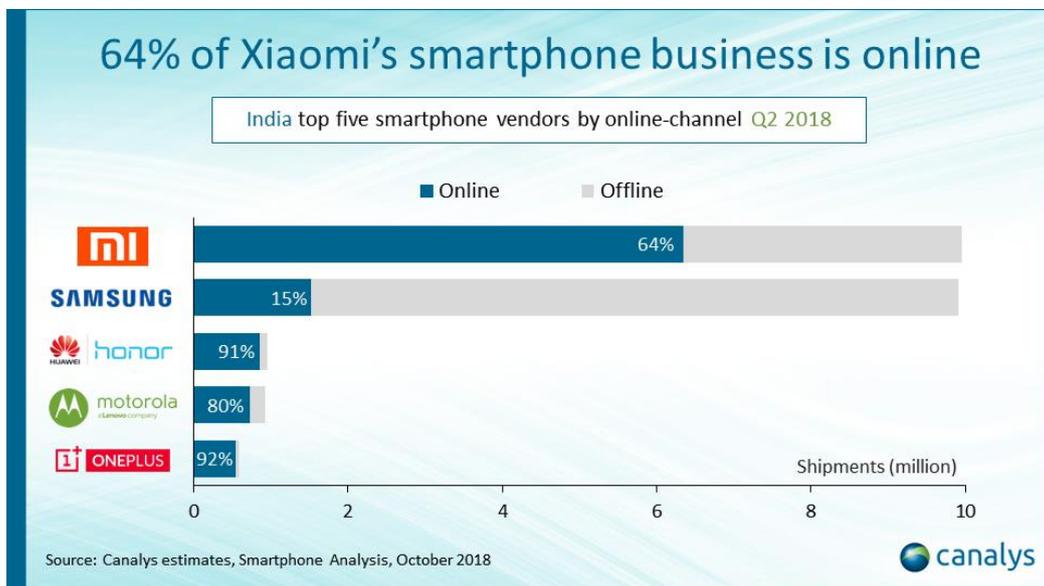
almost all vendors in India have some sort of online presence, Xiaomi led the market by a mile, grabbing a commendable 54%, followed by Samsung with 13% and Huawei was third with 7%.



“Online retail is seeing fresh vigor in India,” said Canalys Analyst TuanAnh Nguyen. “Walmart’s acquisition of Flipkart and Alibaba’s investment into PayTM has infused much needed optimism in the industry, with smartphones being the most popular products sold on these platforms, benefiting directly from these investments.”

In the run up to the festive season in November, Flipkart and Amazon are expected to stimulate demand with aggressive offers at their October sales festivals. Adding to the excitement are the launches of new sub-brands targeted squarely at the online consumer. Xiaomi’s Pocophone and Oppo’s RealMe are expected to boost shipments in Q3 and Q4, further underlining the importance of these channels when launching new brands in India.

“Consumer sentiment towards online purchasing has changed rapidly since the days of ‘flash-sales’,” added Nguyen. “Retailers like Flipkart and Amazon have transformed from being mere ‘points of sale’ to offering an array of ‘additional services’ such as device exchange, buy-back guarantees, after-sales service and even partnering with multiple financial institutions to provide 0% EMIs and cashbacks, piling immense pressure on local retailers who are unable to provide such perks to the consumer.”



India’s widely independent retail network and fragmented offline retail has been a sticking point for most vendors looking to grow against dominant players like Xiaomi and Samsung. As of Q2 2018, 62% of smartphones were shipped to distributors in India and eventually resold to lower-tier channel partners and retailers. Asus, whose Indian business was 100% distributor led until Q1 2018, revamped its go-to-market and moved to 100% online-only within months. Asus has since

tripled its shipments sequentially in Q2 2018 and is bracing for a record performance in India in Q3 2018.

Other smartphone vendors have also realigned their strategies in recognition of the growing importance of these retailers. “There has been a marked shift in the go-to-market of various smartphone vendors in India and online retail is a big part of that change,” said Canalys Research Manager Rushabh Doshi. “While it’s difficult to shake Xiaomi’s dominance, vendors have begun to build partnerships with leading e-commerce players and are challenging the status quo. Oppo’s online-only brand Realme promises to boost performance of the Chinese brand that has struggled to grow in recent quarters. Second-placed Samsung is bringing the fight to Xiaomi by enhancing its ‘value’ through discounts and offers on e-commerce portals.”

“Competition in India’s smartphone market has begun to intensify again, with vendors wary of losing market share at the expense of shifting go-to-market strategies. But as the online market continues to grow, two players will emerge as the true winners – Amazon and Flipkart.”

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

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