

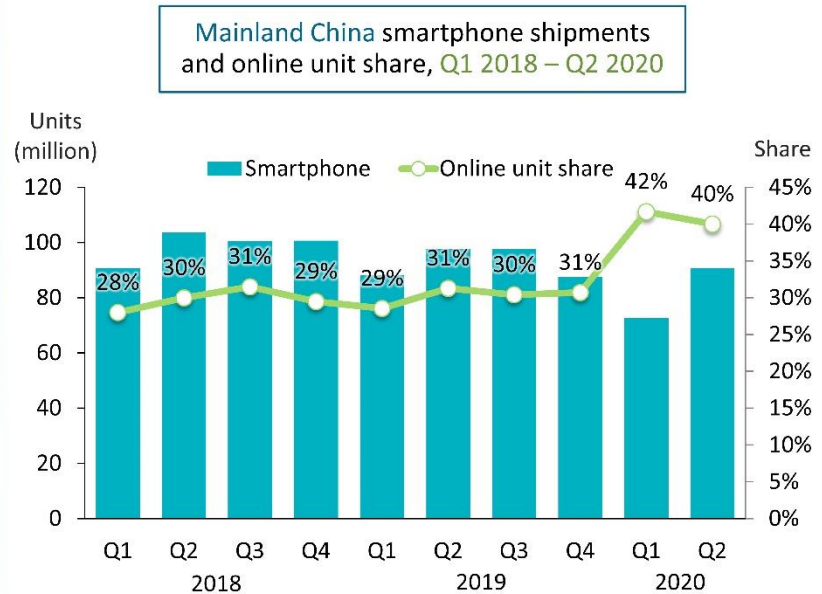
Canalys: Huawei and Apple stay strong in China as the smartphone market rebounds in Q2 2020

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Friday, 31 July 2020

The smartphone market in Mainland China posted 25% quarter-on-quarter growth to reach over 90 million sell-in units in Q2 2020, despite the market contracting 7% compared to Q2 2019. China's smartphone market is on track for recovery amid a sharp rebound of economic activity. Huawei led its home market, shipping 40.2 million units in Q2 2020, and extending its market share to a whopping 44%. Vivo and Oppo maintained second and third place, growing 23% and 16% sequentially. Xiaomi, in fourth place, shipped 9.3 million units with 21% quarter on quarter growth. Apple shipped 7.7 million iPhones, posting the fastest growth among the top five, at 25% sequentially and 35% annually, driven by rising online sales and its lower priced portfolio.

“A mature e-commerce channel in China is critical to the Chinese smartphone market recovery.” said Jason Low, Senior Analyst at Canalys. “Thanks to the significant marketing push and sales incentives offered by major e-commerce players like Alibaba, JD.com and Pinduoduo during the quarter, smartphone vendors saw stronger than expected Q2 results, despite offline traffic being weak. Premium brands like Huawei and Apple keep investing online and are benefiting from the soaring appetite for online shopping.”

Huawei and Apple posted strong growth on the back of mainland China's market rebound in Q2 2020



Source: Canalys estimates (sell-in shipments), July 2020

“The launch of the low-cost new iPhone SE right after the Chinese market reopened in April created a real buzz, with promotions around installment plans and trade-in offers.” Low added. “Lower price points work exceptionally well with online channels, where e-retailers can couple a device with a wide range of payment options and bundling offers. Sales subsidies, in this case, are highly effective too. The level of collaboration between Apple and e-commerce players is new, the results of which are welcomed by consumers.”

“5G smartphones are thriving with 39 million units shipped in China in Q2 2020, up 260% from Q1,” said Louis Liu, Research Analyst. “The local brands are driving 5G penetration within their portfolio to support operator efforts to transition existing 4G users to 5G, which have already surpassed 100 million subscribers in July. Huawei is aiming to be the go-to 5G brand in China. Its 5G portfolio exceeded 60% of its total shipments in Q2. Meanwhile, close to a third of the shipments of competitors, such as Vivo, Oppo and Xiaomi, are already 5G enabled. Few new 4G models will appear in any major vendors’ second half roadmap this year. 5G adoption will therefore accelerate as consumers will have fewer 4G options when they replace their smartphones.”

Canalys forecasts China's smartphone shipments to reach 325 million in 2020. “Although there is a small domestic resurgence of COVID-19 cases in China, overall business activities and economic recovery are unlikely to reverse,” added Low. “Consumer demand for smartphones is likely to

improve gradually, with growth uncertainties persisting. Chinese vendors are keen to rapidly capitalize on China's recovery to offset their losses in other major markets, where the negative impact of coronavirus may be more prolonged.”

People’s Republic of China (mainland) smartphone shipments and annual growth
Canalys Smartphone Market Pulse: Q2 2020

Vendor	Q2 2020 shipments (million)	Q2 2020 Market share	Q2 2019 shipments (million)	Q2 2019 Market share	Annual growth
Huawei	40.2	44.3%	37.3	38.2%	+8%
Vivo	14.8	16.3%	17.1	17.5%	-13%
Oppo	14.5	16.0%	17.9	18.4%	-19%
Xiaomi	9.3	10.3%	11.5	11.8%	-19%
Apple	7.7	8.5%	5.7	5.9%	+35%
Others	4.1	4.5%	8.1	8.3%	-49%
Total	90.7	100.0%	97.6	100.0%	-7%



Note: percentages may not add up to 100% due to rounding
 Source: Canalys Smartphone Analysis (sell-in shipments), July 2020

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