

China's smartphone market grew for the first time in four years as Huawei loses market share reign

Article

China's smartphone market returned to growth for the first time in four years **according to** Canalys. Overall, smartphone shipments in China reached 92.4 million units in Q1 2021, representing an increase of 27% year over year (YoY). Canalys attributed the Q1 resurgence to an unusually high number of smartphone launches in the quarter and increased consumer appetite for Huawei alternatives.

Despite the growth of its biggest market, Huawei's performance didn't match up with its competitors. During the quarter, Huawei shipped 13.5 million smartphones in China, a 50% decline from the prior year—while the four other top vendors experienced double-digit growth. This decline moved Huawei, previously China's No. 1 vendor by shipments with a 41% market share in Q1 2020, to the No. 3 spot with just 16% market share. This is bad news for Huawei, which became **heavily** reliant on mainland China for device sales because of trade **restrictions** with the US and other countries.

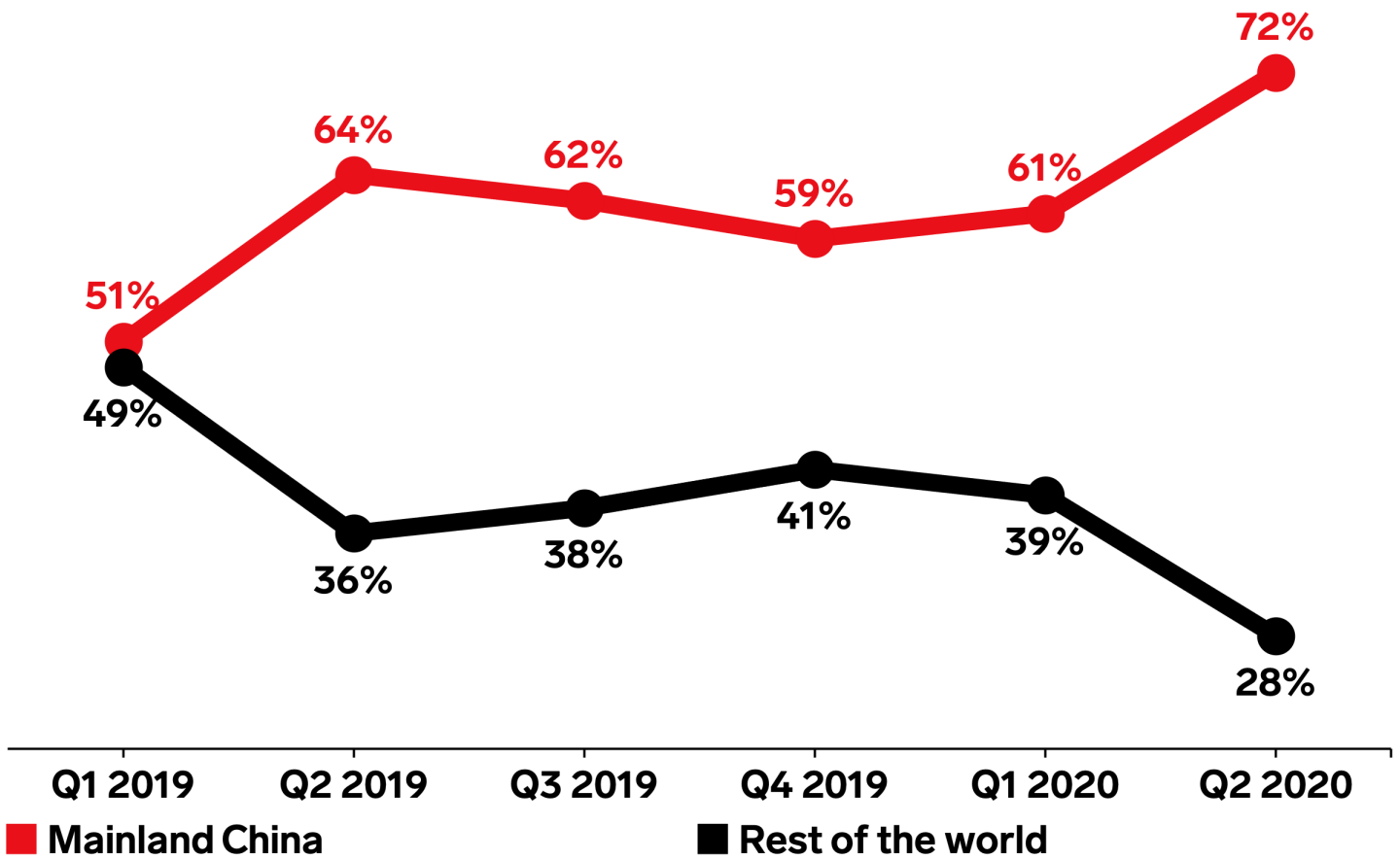
Huawei's decline amid the market's return to growth has opened up space for the competition. Here's how the other major players in China's smartphone market fared this quarter:

- **Vivo became China's leading smartphone brand for the first time.** Vivo experienced a 79% YoY growth rate, the largest rate of any smartphone vendor in the market with shipments reaching 21.6 million units. Canalys attributes part of Vivo's success to its strong performance with affordable 5G devices.
- **Oppo grew its market share by 5 percentage points.** Oppo's smartphone sales grew 65% in China from 12.5 million units in Q1 2020 to 20.6 million units in Q1 2021, increasing its market share to 22%. Oppo's gains were driven by the **successful** launch of its Reno 5 devices in March which offered better specifications at lower prices than the Reno 4.
- **Xiaomi saw shipments grow 75% YoY.** Its smartphone sales hit 13.5 million in Q1 2021, up from 7.8 million in Q1 2020—this helped the company record the second largest YoY growth, behind Vivo with 79%. Xiaomi is particularly making inroads in China's premium phone market once dominated by Huawei, per Canalys.

Apple saw shipments double during the quarter. iPhone shipments increased 49% YoY from 6.2 million to 12 million in Q1 2021, enabling the company to grow its share from 9% to 13%. Much of Apple's growth was likely the result of **high demand** for its iPhone 12.

Huawei Share of Smartphone Shipments By Region

Q1 2019–Q2 2020



Source: Canalys, 2020

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