

# Global smartphone market shrinks 6% thanks to shortages, and supplies for holiday shopping season will be scarce

Article

**The news:** Global smartphone shipments slipped 6% in Q3 2021, [per](#) Canalsys—and market dynamics are shifting as vendors navigate component shortages and struggle to meet demand.

- **Samsung** regained the top spot in Q3 with 23% global market share, while Apple reclaimed the number two position with 15% market share thanks to strong early demand for iPhone 13.
- Previous leader, **Xiaomi**, fell to third place with 14% market share and **Oppo** and **Vivo** followed with 10% market share apiece.

**How we got here:** “The chipset famine has truly arrived,” said Canalsys principal analyst Ben Stanton as various component shortages impact smartphone makers heading into the most profitable year-end quarter.

- With component stockpiles depleting, the gap between orders and semiconductor deliveries has hit a record **21.7 weeks**, per Susquehanna International Group.

The number of new device models launched in the first half of 2021 declined **18% YoY** to 310, per Counterpoint.

Given that the effects of the shortage are expected to intensify, scarcity and price increases will likely get worse long before they start to get better.

- Apple is [slashing](#) iPhone 13 production targets for 2021 by 10 million units during their most profitable quarter.
- In Q3, major smartphone vendors reported only receiving 70% of their requested components., and around 90% of the smartphone industry is expected to feel component pains in late 2021, per Counterpoint.

The shortage comes as pent up demand for new smartphones during the pandemic is heightened:

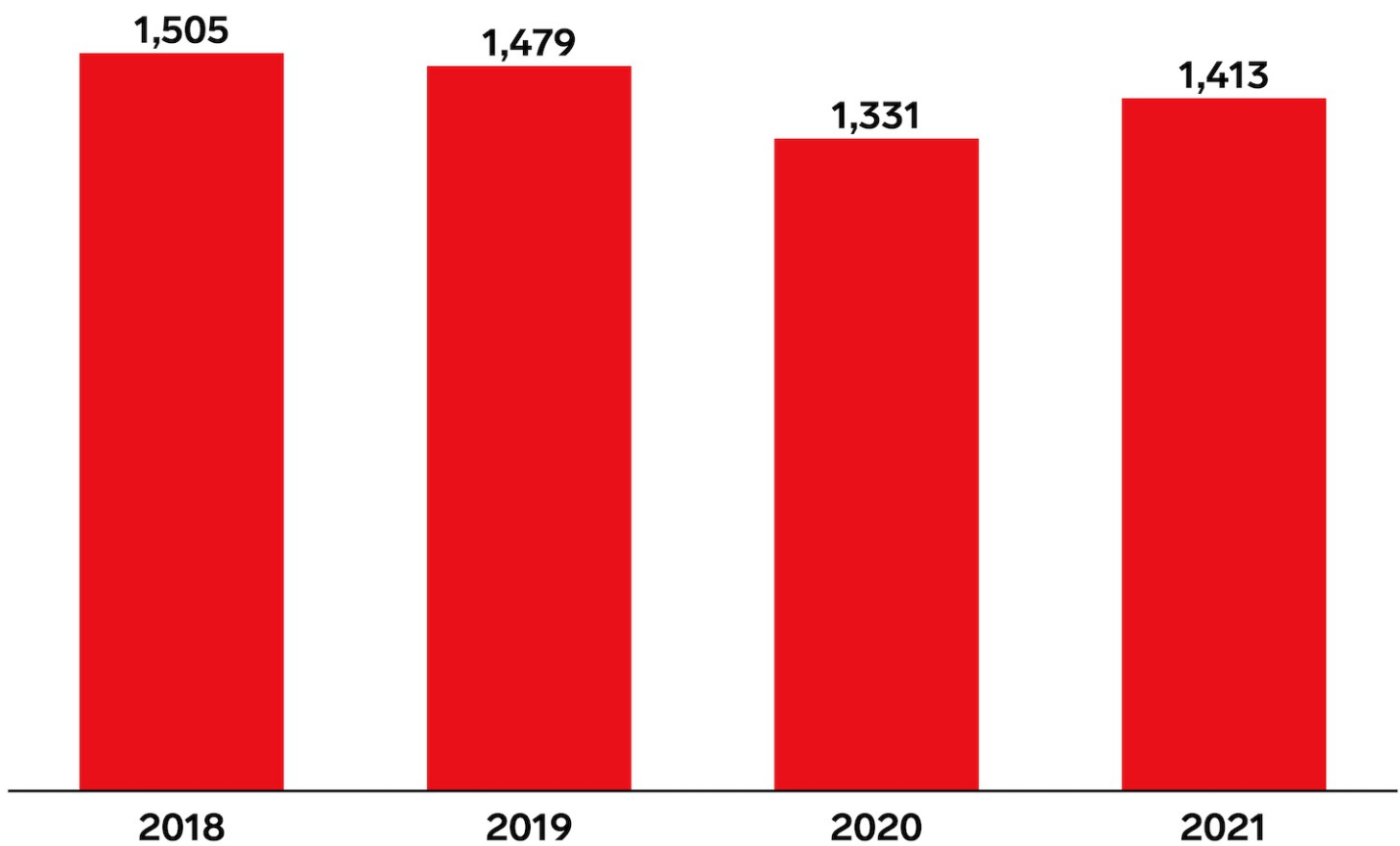
- A recent YouGov survey found **22% of US adults were** very likely or somewhat likely to purchase a new smartphone in the next three months—an increase from 15% of those who said so the year prior.

**What's next?** Smartphone vendors are trying various strategies to contend with the component shortages.

- This includes delaying or cancelling product launches, slashing production, or implementing last-minute changes to devices to fulfill volume capacity per Canalys.
- Canalys adds that smartphone channel inventories are already running low, and as more customers start to anticipate these sales cycles, the impending wave of demand will be impossible to fulfill.

## The Chip Shortage's Effect on Smartphone Shipments

*Global smartphone shipments, 2018-2021*



Source: Counterpoint Research, September 2021

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