

TrendForce: In 2015, Lenovo, Huawei and Xiaomi will Compete to Be Top Chinese Smartphone Brand

2014-12-03 [Alan Chen](#)

Chinese vendors have been growing at an annual clip of more than 50 percent since entering the smartphone market in 2011. In 2014, they will ship more than 450 million units, a year-on-year increase of 50 percent, comprising 38.6 percent of worldwide smartphone shipments, according to the latest research by [TrendForce](#).

“Surging Chinese consumer demand for smartphones is the key reason Chinese handset brands have enjoyed such explosive growth,” said Alan Chen, a handset analyst at TrendForce. But as the Chinese economy slows, carrier subsidies are cut and smartphone penetration reaches saturation, that torrid pace of expansion will slow to 17 percent annually – 530 to 540 million units – in 2015, Chen said. Despite that slowing growth, Chinese brands will still comprise more than 40 percent of smartphone shipments globally in 2015 and very possibly more than 50 percent by 2016, he added.

Huawei, Lenovo and Xiaomi battle to be top Chinese smartphone vendor

Huawei, Lenovo and Xiaomi are each expected to ship more than 60 million smartphones in 2014. That places them among the six largest global handset vendors, a group that also includes Samsung, Apple and LG. Competition among Huawei, Lenovo and Xiaomi to become the top Chinese handset vendor will be fierce as all three are targeting to ship 100 million smartphones in 2015. “How Lenovo’s Motorola acquisition plays out and whether Xiaomi can replicate its home market success overseas will be key factors in determining who becomes the top Chinese brand in 2015,” Chen said.

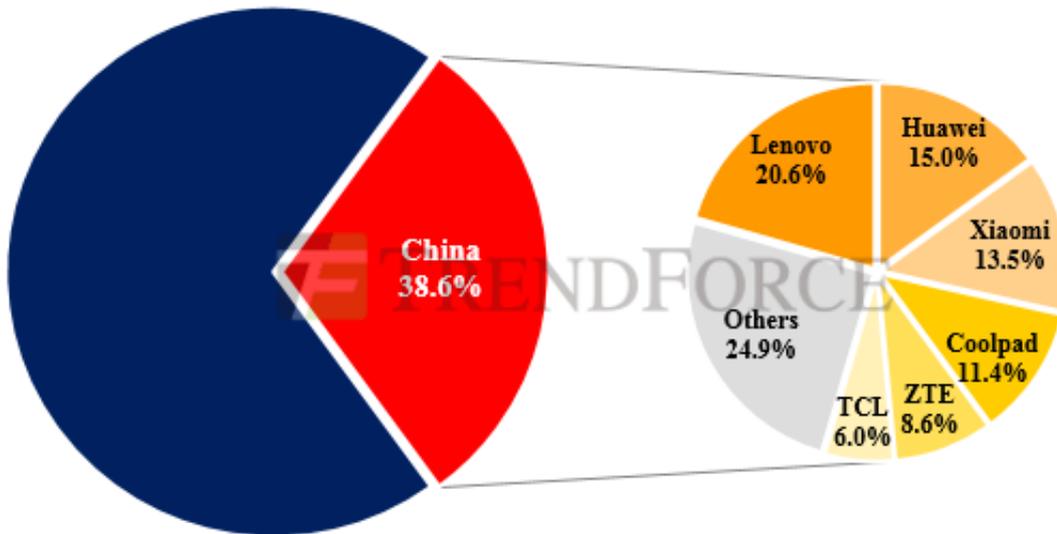
Inventory adjustment will last at least until the first quarter of 2015 while 4G penetration in the Chinese market may reach 40 percent

Because of cuts in carrier subsidies and the market’s ongoing transfer from 3G to 4G, smartphone inventory has risen, causing sales to appear weaker. “Currently, inventory in the supply chain is undergoing an adjustment and will last to the first quarter of 2015,” Chen said. “If all goes well, then growth will be evident in the second quarter of 2015.” “Demand for 4G will drive this growth,” he added. TrendForce forecasts 4G penetration will reach 15 to 20 percent this year in China on the back of carrier promotions and the launch of mid and low-range 4G SOC chips with a high price-to-performance ratio. In 2015, 4G penetration is likely to rise to 40 percent in China.

Chinese brands will battle for market share overseas

In 2014, while more than 30 percent of Huawei, ZTE and TCL’s smartphone shipments have gone to foreign markets, most Chinese brands remain focused on their huge home market. Yet as the Chinese market nears saturation, Chinese brands are eager to find new sources of growth. Other emerging markets, such as India and Latin America, could offer them new avenues to expand. In these markets, smartphone penetration is low. Chinese brands, which tend to compete aggressively on price, could also capitalize on the price sensitivity of consumers in emerging markets. Developing a successful strategy for overseas expansion will be pivotal for Chinese smartphone brands to maintain robust growth in the years ahead.

Figure: 2014 China % of Total Smartphone Shipments



Source: TrendForce, Dec., 2014

About TrendForce

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