

## TrendForce Reports Global Smartphone Shipments Reached 292 Million Units in First Quarter with iPhone Plunging 43.8%

2016-04-18 [Avril Wu](#)

Global market research firm [TrendForce](#) reports that the worldwide smartphone shipments in the first quarter of 2016 totaled 292 million units, down 18.6% from the previous quarter and a year-on-year decline of 1.3%. The decrease was mainly attributed to market saturation. Leading brands such as Samsung and Apple no longer have the same growth momentum as before, so the overall shipments depended on contributions from Chinese brands and rising demand in India and other emerging markets.

Avril Wu, TrendForce smartphone analyst, said the combined shipments (including exports) from Chinese brands in the first quarter reached 125 million units, surpassing the combined shipments from Samsung and Apple for the first time. Chinese brands accounted for 42.9% of the global smartphone shipments, up from 41.5% in the previous quarter. In their home market, Chinese brands have benefitted from increasing subsidies for 4G smartphones from domestic telecom operators. At the same time, they have gain grounds in foreign markets. As a result, Chinese smartphone makers did not suffer as steep shipment decline as their foreign competitors did in the off-peak season of the first quarter. Their combined quarterly shipments fell by only 16%. On the other hand, the competition in the overseas markets have intensified as major international brands are struggling to keep their market shares. This will continue to put pressure on Chinese vendors' margins.

Apple is unlikely to make a turnaround for this year's shipments with iPhone SE; Samsung grew its shipments against market headwinds

Apple posted its largest quarterly decline ever for iPhone shipments, plummeting 43.8% from 75 million units in last year's fourth quarter to just 42 million units in this first quarter. Sales of iPhone 6s have been lackluster as the model lacks exciting new features. Moreover, Apple's management of channel inventories have become more conservative before the launch of its next iPhone. TrendForce thus has lowered its iPhone shipment estimate for this year to 213 million units, an almost 10% drop compared with the previous year.

Wu said: "As the budget model, iPhone SE will support Apple's overall shipments in the second quarter before the next major iPhone release. However, iPhone SE is going to face severe price competition from Chinese branded products in its target market, which is the mid-range device segment. This year's iPhone SE shipments are projected to come in below 15 million units and they are unlikely to help turn around the weak annual shipment result for Apple."

Samsung's first-quarter shipments exceeded expectations and arrived at 81 million units, up 2.5% from the prior quarter. Samsung boosted its smartphone sales by launching its flagships Galaxy S7 and S7 Edge ahead of schedule and stepping up its promotional activities. Additionally, the vendor's J series, which consists of entry-level devices with high cost-performance ratios, has been a success in China and worldwide. TrendForce has raised Samsung's 2016 shipment projection to 316 million units, which is about the same level as last year. This upward revision in the shipment estimate also suggests that the vendor is going to retain its market share by keeping margins low. Hence, Samsung's mobile profit may drop slightly in the next few quarters.

Compared with other smartphone makers, LG has put in a bit more effort in developing new designs and features for its products – from G3, the first smartphone with a 2K screen, to V10 that came with a secondary display for notifications. G5, the flagship that the South Korean brand revealed at this year's Mobile World Congress, is the first "modular type" mobile device. This design features detachable component modules, which allow the customization and enhancement of G5's functionality. Besides batteries, G5 users can also swap camera and audio components. Despite LG's innovations, it posted a slight shipment decline in this first quarter due to encountering escalating market competition. The company stayed at No. 6 in the worldwide market share ranking.

**Table 1: Top Six Global Smartphone Brands by Worldwide Market Share, 4Q15~1Q16**

Company	1Q16		4Q15	
	Ranking	Market share	Ranking	Market share
<b>Samsung</b>	1	27.80%	1	22.10%
<b>Apple</b>	2	14.40%	2	20.90%
<b>Huawei</b>	3	9.30%	3	9.50%
<b>Lenovo</b>	4	5.80%	4	5.00%
<b>Xiaomi</b>	5	5.50%	4	5.00%
<b>LG</b>	6	5.10%	6	4.50%
<b>Others</b>	--	32.10%	--	33.10%
<b>Shipment Total (Unit: K)</b>		<b>291,700</b>		<b>358,199</b>

Source: TrendForce, Apr., 2016

Huawei remains the top brand in China and is steadily catching up to Apple in the global competition

Huawei's first-quarter shipments came in at 27 million units, or a drop of around 20% compared with the prior quarter. Nonetheless, the Chinese smartphone maker retained its rankings as the top brand in China and the third-largest vendor worldwide. Huawei currently is ahead of its domestic competitors in terms of scale, technology, and supply chain integration. The Kirin processors manufactured by Huawei's semiconductor subsidiary HiSilicon are on par with high-end chips from Qualcomm and MediaTek. Additionally, Huawei faces the least amount of resistance than other Chinese brands do when it comes to shipping to the overseas markets.

"Huawei won't be able to overtake Apple and become the No. 2 smartphone brand worldwide any time soon," said Wu. "Still, the market share gap between Huawei and Apple are expected to narrow with each passing year."

Lenovo smartphone shipments reached 17 million units in the first quarter, translating to a small quarterly decline of 5.6%. Lenovo will be focusing on foreign markets this year and have assigned 80% of its total shipments for exports. By the end of year, Lenovo's respective market shares in India and Indonesia may surpass 10%. However, the brand's global market share is expected to contract because of insufficient product differentiation. Lenovo's flagship devices also lack attractive features that can capture consumers' interests.

Xiaomi shipped about 16 million units of smartphones in the first quarter and is now in close competition with Lenovo for the No.2 spot in China. Wu said Xiaomi has been more capable of creating market buzz for its products by making significant hardware upgrades.

Xiaomi's latest premium smartphone, Mi 5, offers the top-of-line Snapdragon 820 processor, the highest density of LPDDR4 at 4GB and the largest storage available at 128GB. Xiaomi is also committed to make its smartphones into powerful platforms for the Internet of Things and has built an ecosystem of connected products. TrendForce expects marginal shipment growth from Xiaomi this year, but the Chinese vendors will see increasing profits coming from the sales of peripheral products related to its smartphones.

OPPO and Vivo together will represent almost 20% of Chinese branded smartphone shipments for 2016. Vivo has shown that it is willing to bring out the best hardware with Xplay 5, which features a dual-curve screen and is the first smartphone to carry 6GB of memory. Besides maintaining channel networks in China's second and third-tier cities, Vivo is also actively building up its overseas presence. Currently, 10% of Vivo's total shipments goes to foreign markets.

OPPO's strategy is about improving smartphone's overall functionality, such as having an excellent camera and a fast-charging battery. On other hand, OPPO tends to use mid-range application processors for their mobile devices and rely on system optimization to create better user experience. OPPO is among the few Chinese brands to expand abroad early on, and the brand has strong sales records in Southeast Asia and India.

**Table 2: Top Five Chinese Smartphone Brands, 4Q15~1Q16**

Company	1Q16		4Q15	
	Ranking	Worldwide Shipment	Ranking	Worldwide Shipment
Huawei	1	27,000	1	34,000
Lenovo	2	17,000	2	18,000
Xiaomi	3	16,000	2	18,000
TCL	4	12,000	6	12,000
OPPO	5	11,000	5	14,000
BBK/VIVO	5	11,000	4	15,000
<b>Shipment Total (Unit: K)</b>		<b>125,000</b>		<b>148,800</b>

Source: TrendForce, Apr., 2016

## About TrendForce

TrendForce is a global provider of the latest development, insight, and analysis of the technology industry. Having served businesses for over a decade, the company has built up a strong base membership base of 435,000 subscribers. TrendForce has established a reputation as an organization that offers insightful and accurate analysis of the technology industry through five major research divisions: DRAMXchange, WitsView, LEDinside, EnergyTrend and Topology. Founded in Taipei, Taiwan in 2000, TrendForce has extended its presence in China since 2004 with offices in Shenzhen and Beijing. For more details about TrendForce, please visit [www.trendforce.com](http://www.trendforce.com)

### Major research divisions:

**DRAMeXchange** focuses on memory, storage and the consumer electronics industry including PC DRAM, Mobile DRAM, Server DRAM, NAND Flash, SSD and smartphone.

**WitsView** offers comprehensive coverage of the display industry from upstream components, midstream panels/touch modules to downstream system integrators, brands and channels.

**LEDinside** covers all aspects of the LED supply chain from upstream equipment/materials, midstream chip/packaging to the downstream backlight and lighting market.

**EnergyTrend** specializes in green energy research, such as solar energy, lithium battery, energy storage systems and xEVs.

**Topology** studies structural trends of technology industries in the Greater China Region and beyond, focusing on semiconductors, photovoltaic technology, telecommunications, and IA.

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