

Technology - Asia Pacific

China smartphone expert call takeaways:
muted 2024, Huawei the only spotlight

Industry Overview

Expert sees flattish shipment growth in 2024

We hosted a call with China smartphone channel expert, Mr. Changjiang Yu, Vice President and Executive Director at Tianjin Yingrui Huifeng Technology Co., Ltd on 10 Jan. Mr. Yu stated that the China market recorded positive shipment growth YoY in 4Q23, thanks to new model launches from Huawei/Xiaomi and other brands. During our 2023 China Conference, Mr. Yu expects a stable China market in 2024 (see: [takeaways](#)). Mr. Yu still expects a muted market at around 270mn units but with a more conservative tone over demand. He stated that the end-market posted a decent recovery during Oct-Nov 2023, but started showing signs of weakness post year-end promotions in Dec. Although according to Mr Yu, more new models were launched in the market, consumer replacement demand remained lukewarm, and the low-end of the market witnessed a rapid decline in volumes. In terms of inventory, Mr. Yu noted that inventory is healthy for retail channels at 28-35 days. Brands are also carefully managing inventory, and our expert noted some models had supply shortage at channels after 5-6 months' sale post launch.

Mr Yu believes Huawei could grab 20%+ share; rest see stiff competition

According to my Yu, among all brands, Huawei may be the only one in China to achieve rapid growth. Mr. Yu believes Huawei will likely become the No.1 brand in China in 2024 with 20%+ share while volume may exceed 50mn units. Mr. Yu lowered his Huawei's shipment forecast from 70-80mn units (vs our meeting in Nov 2023), and he attributed this mainly to tight chipset supply. However, he noted that 70-80mn units seem achievable if Huawei is able to feature own chipset on Enjoy series. (□想). Mr. Yu said Xiaomi's activation numbers slightly exceeded Huawei in 4Q23, but Huawei may secure No.1 position in 1Q24 post the launch of Nova 12 series. Huawei's Nova 12 Pro/ Ultra witnessed solid demand and also enjoyed a price premium at retail channels, similar to the situation seen in Mate 60 Pro series. According to Mr. Yu, Huawei's successful return has been mainly led by its brand image (compared to spec/marketing), and should lead to fierce competition for the rest with a potential price war. After Xiaomi launched its Mi 14 series, other China brands also lowered their high-end models' selling price to below RMB4k (but with a higher spec). The competitive landscape in the mid-end market is quickly intensifying and brands like OPPO/vivo offer more profit to channels for promotions.

Second-hand market still hot; foldable sees fast growth

Mr. Yu noted China's second-hand market remains vibrant, even after a fast growth over the past two years. He noted that almost 100% of the retail channels now offer second-hand smartphones (including sale/recycle), and this also put pressure on Apple. In terms of foldable model, Mr. Yu expects 50-100% growth in 2024 in China, and Honor now has a 15% share in China's foldable market. He expects Honor to have close to 1mn units' foldable shipment in 2024.

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