Features : Chinese Hello March Grows Stronger

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CHINESE OEMS LED BY HUAWEI ARE WRESTING MORE GROUNDS FROM RIVALS BUT ABSENCE OF STAR MODELS COULD BE THEIR UNDOING.

Huawei surpassed Apple in global smartphone sales consistently for June and July, according to the latest research from Counterpoint's Market Pulse for July 2017. Of course, this was before the launch of Apple 8 but then the writing on the wall has been clear and loud to the discomfort of previous undisputable leaders like Samsung and Apple. With August sales looking strong for the Chinese vendor, a hat-trick for Huawei is on the cards. The continued good show by other Chinese vendors such as Oppo and Vivo too shows that Chinese are in there for a long haul globally. In Q1 too, it were Chinese makers only which had shown double digit growth while old war horses such as Samsung and Apple had struggled with near flat growth, though they continue to be leaders by a fair margin in terms of total shipment.

Discussing this key competitive development, Counterpoint's Research Director Peter Richardson, notes, "This is a significant milestone for Huawei, the largest Chinese smartphone brand with a growing global presence. It speaks volumes for its primary network infrastructure vendor and how far it has grown in the consumer mobile handset space in the last three to four years. The global scale Huawei has been able to achieve can be attributed to its consistent investment in R&D and manufacturing, coupled with aggressive marketing and sales channel expansion." Mr Richardson adds, "While this streak could be temporary, considering the annual iPhone refresh is just around the corner, it nevertheless underscores the rate at which Huawei has been growing. However, a weak presence in the South Asian, Indian and North American markets limits Huawei's potential in the near-to mid-term to take a sustainable second place position behind Samsung. Huawei is over-dependent on its home market China where it enjoys the leadership position and operator-centric markets in Europe, Latin America and Middle East." Mr Richardson's statement was made before Apple's much awaited anniversary launch of iPhone 8.

Talking about future prospects and other findings, Counterpoint's Associate Director Tarun Pathak, notes, "The growth of Chinese brands is an important trend which no player in the mobile ecosystem can ignore. Chinese brands with their dominant position in key markets such as China, Europe, Asia and Latin America have restricted the growth prospects for leading global brands such as Samsung and Apple. Chinese brands are growing swiftly thanks not only to smartphone design, manufacturing capability and rich feature sets, but also by out-smarting and out-spending rivals in sales channels, go-to-market and marketing promotion strategies."

Mr Pathak adds, "Huawei, Oppo, Vivo and Xiaomi have successfully gained access to key supply chain partners, which has allowed them to launch designs with bezel-free, full displays, Augmented Reality, in-house chipsets and advanced camera features, that have kept them toe-to-toe with rivals. Chinese vendors have become as equally important as Samsung or Apple to the global supply chain, application developers and distribution channels, as they continue to grow in scale more rapidly than the incumbent market share leaders."

However, there is a word of caution from Counterpoint's Senior Analyst Pavel Naiya. "While Huawei climbed to world's second largest brand overall, it is surprising to see none of its models break into top ten rankings. This is due to a multiple SKU portfolio that currently lacks a true hero device. While having a diverse portfolio allows Huawei to fight on multiple fronts, it does little to build overall brand recognition, something Huawei badly needs if it is continue to gain share. While Huawei has trimmed its portfolio, it likely needs to further streamline its product range like Oppo and Xiaomi – putting more muscle behind fewer products," points out Mr Naiya.

Commenting on the best-selling models in the month of July, Senior Analyst, Pavel Naiya highlighted, "Apple continued to drive its flagship momentum with iPhone 7 & 7 Plus; still the world's best-selling models. OPPO has been one of the fastest growing brands globally thanks to the popularity of models including the flagship OPPO R11 and the mid-tier OPPO A57 that captured third and fourth spots respectively. These were followed by Samsung's flagship Galaxy S8, Xiaomi Redmi Note 4X and Samsung Galaxy S8+. Apple's 32GB refresh of the venerable iPhone 6 enabled it to regain momentum during the month, with popularity across prepaid markets to edge out Samsung's Galaxy J7.

Tags : Huawei