



Smartphone Assembly via ODMs was Soft in 4Q17 due to Low Demand and Product Shifts, says IDC

FRAMINGHAM, Mass. April 11th, 2018 – According to the International Data Corporation (IDC) Worldwide Smartphone ODM QView, smartphone ODM and EMS assembly shipments decreased 13.8% year-on-year in 4Q17 due to weakening market demand. This was a slight quarter-on-quarter growth of 2.1%.

"The fourth quarter is traditionally a strong season for smartphone production, but this year's weakness was the result of both conservative supply and weakening demand," said [Sean Kao](#), research manager with IDC's Worldwide Hardware Assembly Research Group. "Driven by a migration to full screen smartphones, Chinese OEMs accelerated their inventory cleanup of old models while staying conservative on orders for new models. Component suppliers were also cautious given the fast-changing specs. All these contributed to the unusual shipment trend across the supply chain prior to the Chinese New Year."

Domestic consumption in China was also sluggish due to longer replacement cycles and the absence of operator subsidies, while local vendors in emerging markets shortened their purchase cycles and reduced order sizes in response to market changes. Seasonal increases for Apple, Huawei and Xiaomi also led to ranking changes in the smartphone ODMs.

Figure 1



Top 10 Smartphone Assembly Vendor Shipment Rankings, 1Q17 - 4Q17

Rank	1Q17	2Q17	3Q17	4Q17	Full Year 2017
1	Samsung	Samsung	Samsung	Foxconn	Samsung
2	Foxconn	Foxconn	Foxconn	Samsung	Foxconn
3	OPPO	OPPO	OPPO	Pegatron	OPPO
4	Pegatron	vivo	vivo	OPPO	vivo
5	LG	Inventec	Pegatron	vivo	Pegatron
6	vivo	Pegatron	Inventec	Flex	LG
7	Huaqin	Flex	Huaqin	Inventec	Inventec
8	Flex	LG	LG	LG	Flex
9	ZTE	Huaqin	Flex	Huaqin	Huaqin
10	Inventec	ZTE	ZTE	ZTE	ZTE

Notes: These figures are based on Completely Knocked Down (CKD) assembly, which includes in-house assembly but excludes design without assembly.

Source: IDC Smartphone ODM QView, March 2018

Factors to watch out for in the upcoming quarters include the shift to full screen smartphones and improving facial recognition technologies. But total shipments will not likely to grow significantly until low-end smartphone specifications stabilize in 2Q18. Midrange and low-end products are likely to be the target segment for brand vendors as emerging-market demand becomes a key driver for growth.

IDC Worldwide Hardware Assembly Research

IDC's Worldwide Hardware Assembly Research analyzes companies that provide assembly, manufacturing, and design services to branded vendors. ODMs and EMS's are in the upstream industry supply chain, as noted in the red segment of Figure 1. Companies include Foxconn, Huaqin, Compal, Quanta, Compal, and Wistron, while their clients are branded or white-box vendors, such as Apple, Amazon, Lenovo, Huawei, OPPO, etc.

Figure 2



Figure 1: Industry Supply Chain of Electronic Products

EMS (Electronics Manufacturing Services): company's activity mainly focuses on product manufacturing. ODM (Original Design Manufacturer): company's activities include both product design and manufacturing.

-Ends-

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