



## **eTailer Aggression Drives the Smartphone Market in India in 3Q2018; Market Clocks Highest Ever Shipments: IDC India Report**

**NEW DELHI, November 15<sup>th</sup>, 2018** - According to the [International Data Corporation \(IDC\)](#) Quarterly Mobile Phone Tracker, smartphone market reached an all-time high of 42.6 million-unit shipments in 3Q18, registering 9.1% year-on-year (YOY) growth. This is the first time when the smartphone market is at par with the feature phone market, each contributing 50% to the overall mobile phone market.

With the onset of festive season, shipments in 3Q18 were primarily driven by the eTailer channel in preparation for the multiple sale events in the run-up to the Diwali festival. eTailers continued to drive affordability with multiple financing options such as zero or low-cost EMIs (equated monthly installments), buyback guarantees, and cashback on debit/credit cards. Additionally, strong online exclusive portfolios driven by brands like Xiaomi, Honor, Realme, Asus, OnePlus, etc. resulted in quarter-on-quarter (QoQ) growth of 37%, taking the online share to 39% in 3Q18,” says [Upasana Joshi](#) , Associate Research Manager, Channel Research, IDC India.

Realme with its new Realme 2 and Realme 2 Pro series and Asus with its Zenfone Max Pro series entered the top 5 online brand list. In the US\$400+ price segment, OnePlus clocked its highest ever shipments in a quarter, pushing the overall smartphone ASP in the online space to US\$166 in 3Q18 from US\$156 in 3Q17, adds Joshi.

Xiaomi grew to a new high, shipping 11.7 million units on the back of its successful Redmi 5A and Redmi Note 5 Pro series and refreshed Redmi 6/A/Pro portfolio. Xiaomi also made an aggressive entry in the mid-premium segment of US\$300 to US\$500 with its Poco series, targeting upgraders with the experience of a flagship at pocket-friendly price.

The offline segment registered a slower annual growth of 6.6% in 3Q18. Some of this can be attributed to the impact of eTailer aggression, high decibel marketing, and exclusive models in the mass segment preferring to choose online over retail. Having said that, the offline channel continues to dominate with around 60% of the India smartphone market; it cannot be overlooked for its sustained importance and wide consumer reach in the smallest cities and towns of India.

“With Diwali coming in the first week of November, the offline channel gained some momentum in the month of October as it prepared for the consumer purchase around the festive days with exciting offers on retail counters”, adds Joshi.

Commenting on the premium end of the market (US\$500+), Joshi further adds, “OnePlus climbed to the leadership position at the back of OnePlus 6, surpassing Samsung and Apple in 3Q18. With its dedicated community building activities and high decibel promotional activities on social media platforms, the vendor has been gradually scaling up in volumes. The newly launched iPhone XS and iPhone XS Max were unable to create much demand in the opening quarter due to its high pricing in the India market.”

With a 2.1% YoY growth, the feature phone market registered shipments of 43.1 million units in 3Q18. Shipments for Jio Phone continued to decline as the vendor focused on clearing existing channel inventory. However, the 2G/2.5G feature phone market saw some traction as it grew by 19.6% QoQ after declining for the previous two quarters. This was largely because of higher shipments of vendors like Samsung, HMD, and Lava leading this segment.

### Company Highlights: 2018Q3

Figure 1

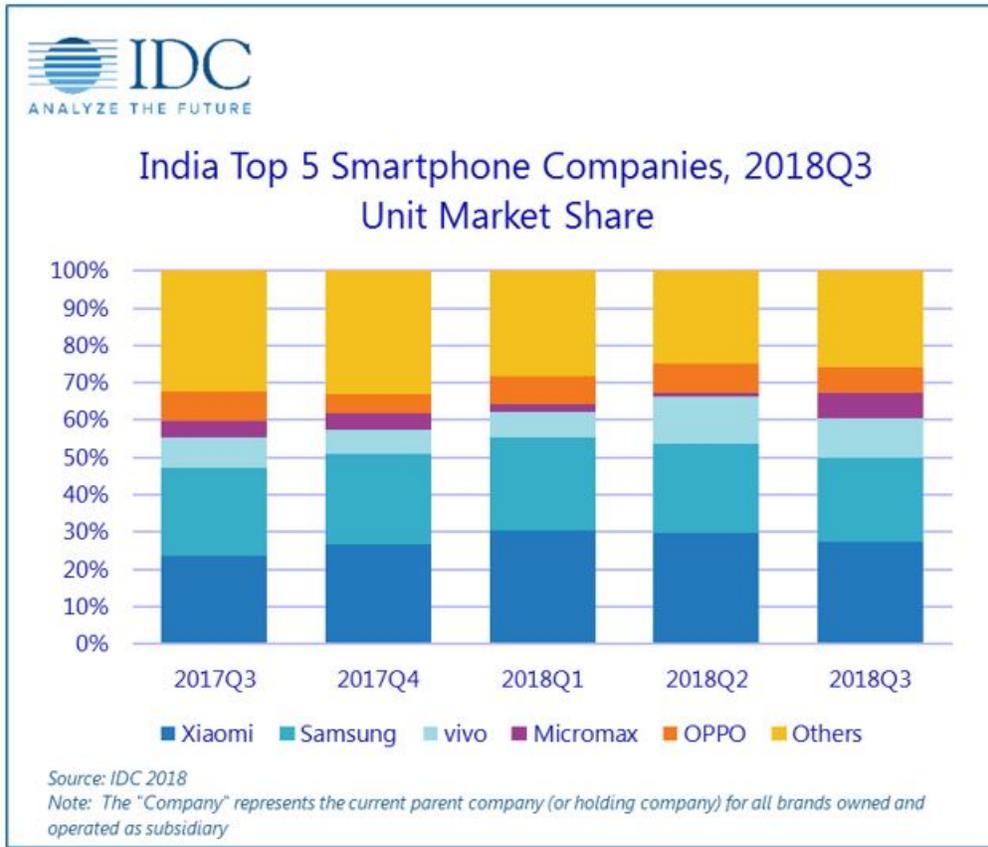


**India Smartphone Market, Top 5 Company Shipments, Market Share, Year-over-Year Growth, 2018Q3 (shipments in million)**

Company	2018Q3 Shipment Volumes	2018Q3 Market Share	2017Q3 Shipment Volumes	2017Q3 Market Share	Year-Over-Year Unit Change (2018Q3 over 2017Q3)
<b>Xiaomi</b>	<b>11.7</b>	<b>27.3%</b>	<b>9.2</b>	<b>23.5%</b>	<b>27.0%</b>
<b>Samsung</b>	<b>9.6</b>	<b>22.6%</b>	<b>9.2</b>	<b>23.5%</b>	<b>4.8%</b>
<b>vivo</b>	<b>4.5</b>	<b>10.5%</b>	<b>3.3</b>	<b>8.5%</b>	<b>35.4%</b>
<b>Micromax</b>	<b>2.9</b>	<b>6.9%</b>	<b>1.7</b>	<b>4.3%</b>	<b>77.3%</b>
<b>OPPO</b>	<b>2.9</b>	<b>6.7%</b>	<b>3.1</b>	<b>7.9%</b>	<b>-7.1%</b>
<b>Others</b>	<b>11.1</b>	<b>26.0%</b>	<b>12.7</b>	<b>32.3%</b>	<b>-12.7%</b>
<b>Total</b>	<b>42.6</b>	<b>100.0%</b>	<b>39.1</b>	<b>100%</b>	<b>9.1%</b>

Source: IDC Quarterly Mobile Phone Tracker, November 14, 2018  
Notes: The "Company" represents the current parent company (or holding company) for all brands owned and operated as subsidiary

Figure 2



### Top 5 smartphone vendor highlights

**Xiaomi** continued to dominate, growing YoY by 27.0% in 3Q18. The brand’s hit models Redmi 5A and Note 5 Pro continue to be the fastest selling smartphones in India with a combined shipment of more than 5 million in two consecutive quarters. It maintained a lead in online channels too with a share of 48.9% while continuing to grow its retail shipments.

**Samsung** remained at the second position but continued to lose share from previous few quarters owing to rapid growth of other China-based players like Xiaomi, vivo and OPPO. Samsung registered an annual growth of 4.8% in 3Q18 at the back of its "infinity" series model “Galaxy J6” followed by Galaxy J2 (2018), J8, J4 and the recently launched Android Go Model Galaxy J2 core with a middling demand.

**vivo** too continued at 3<sup>rd</sup> position with an impressive YoY growth of 35.4% in 3Q18. The newly launched Y81 and Y83 Pro picked up significant demand along with its top-selling model Y71 and the recent flagships- V11 and V11 Pro. Owing to huge investments in marketing and promotional activities and attractive channel partner schemes, vivo was able to maintain its high shipments.

**Micromax** entered the top 5 vendor list after declining for straight 7 quarters, as it climbed to 4<sup>th</sup> position. Micromax, in partnership with Reliance Jio, had won a state government tender with the Chhattisgarh government to supply smartphones to underprivileged women and students. IDC expects the shipments for the vendor to decline afterwards.

**OPPO** slipped to 5<sup>th</sup> position, as shipments declined by 7.1% annually in 3Q18. Owing to fewer promotional activities and non-availability of attractive channel and consumer schemes, it continued to lose its ground. The newly launched F9 and F9 Pro were unable to create much demand. However, OPPO is gaining attention for its high-end flagship devices like Find X.

### **IDC India Forecast:**

“With the duty hikes in place and the dollar fluctuation, smartphone vendors are expected to raise prices of devices in the coming months rather than absorbing the cost or clocking it under cash backs and financing schemes etc. Moreover, offerings like device AI, full-screen displays with notches, and higher memory configurations are expected to drive volumes from low to mid-range devices, carving out an affordable premium segment, especially for the upgraders," says **Navkendar Singh** , Associate Research Director, Client Devices & IPDS, IDC India .

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