Beijing, May 29, 2020 -- IDC's latest quarterly tablet tracker shows that tablet shipment in China reached approximately 3.73 million units in 2020Q1, but there was a YoY drop of 29.8% in plant capacity due to the COVID-19 pandemic. Shipment of slate tablets stood at around 1.67 million units, down 63.3% year-on-year. But, 2.06 million detachable tablets were shipped during the quarter, maintaining a substantial YoY increase of 168.2%, thanks to the pull of product form transformation since the second half of 2019. During the epidemic period, consumer demand for tablets surged as long-distance office work and online classes became popular. However, adverse factors such as work stoppage and manpower, spare parts and logistics constraints after resumption of work dragged factory production and supply down, and the surging demand was hardly met. Mainstream brand products on the market were in short supply. After the epidemic is brought under control, production capacity has been gradually recovering, while product supply shortage gradually eased. But, the demand peak has passed, and vendors did not fully grasp the market "dividend". IDC believes that affected by the epidemic, long-distance office work and online education will become more normal in the future. Demand for tablets, which has been sluggish for many years, will rise significantly. Seizing the coming opportunities will become the key for industry participants to maintain their competitive advantages.
Affected by the COVID-19 pandemic, business/consumer tablet shipments were both significantly down. In the business market, government focus on fighting against the epidemic, school shutdown at all levels and production stoppage at enterprises resulted delays or cancellation of tablet procurement projects. As a result, the business market underperformed, with a shipment of only 620,000 units, down 47.8% year on year. The consumer market outperformed, driven by students' demand for online education. But, supply was constrained by production capacity, with shipment standing at around 3.1 million units, down 24.6% year on year.

Figure 2
Overview of Top5 Tablet Vendors in China in 2020Q1:

Huawei: continued to be the No.1 vendor. In the first quarter, Huawei shipped approximately 1.5 million tablets, up 4.3% year-on-year, with a market share of 40.2%. During the epidemic, all vendors were affected by plant shutdown, with less shipments. Only Huawei bucked the trend. Thanks to good production resumption at its OEM plant and continuous hot sales of all its products spurred by surging demand, Huawei continued to maintain its No.1 shipper position, with expanded market share. With the release of new products in the future, Huawei is expected to continue to keep its lead.

Apple: supply chain affected shipment. Apple's iPad shipment in the first quarter numbered around 1.31 million units, down 42.5% year on year, accounting for 35.1% of the market. As its OEM plant was slow to resume production,
the subsequent short supply of spare parts prevented Apple from meeting market demand. Due to product positioning and price factors, the newly launched iPad Pro could not boost overall shipment. In the face of fierce market competition in the future, Apple still needs to launch more competitive entry-level products.

Xiaomi: product lines are in need to update. In the first quarter, Xiaomi shipped approximately 210,000 tablets, down 31.3% year on year, with a market share of 5.5%. Despite the increase in market share, Xiaomi’s old products have stopped production, but with no update on new products.

Microsoft: shipment remained stable. Microsoft’s tablet shipment stood at around 120,000 units in 2020Q1, down 17.6% year-on-year, with a market share of 3.2%. Despite the significant YoY decline in shipment, Microsoft’s QoQ fall was only 1.5%, showing relatively stable shipment. Shipment of the new surface pro 7 continued to improve, while the surface X series began to be shipped. Thanks to rising demand for online classes, the surface Go saw relatively little fluctuation in shipment during the epidemic.

Lenovo: significantly affected by the epidemic. In the first quarter, Lenovo shipped around 60,000 tablets, down 49.5% year-on-
year, with a market share of 1.7%, down 1.6 percentage points. Because its main OEM plant is located in Wuhan, Lenovo's shipment is more affected by the epidemic. However, thanks to strong demand for online classes and enhanced cooperation with online channels, Lenovo made significant improvement in the consumer market.

Figure 3

<table>
<thead>
<tr>
<th>Vendor</th>
<th>2020Q1 Shipment (10,000 units)</th>
<th>2020Q1 Market Share</th>
<th>2019Q1 Shipment (10,000 units)</th>
<th>2019Q1 Market Share</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Huawei</td>
<td>150</td>
<td>40.2%</td>
<td>144</td>
<td>27.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2. Apple</td>
<td>131</td>
<td>35.1%</td>
<td>225</td>
<td>42.9%</td>
<td>-22.5%</td>
</tr>
<tr>
<td>3. Xiaomi</td>
<td>21</td>
<td>5.5%</td>
<td>20</td>
<td>5.6%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>4. Microsoft</td>
<td>12</td>
<td>3.2%</td>
<td>16</td>
<td>2.8%</td>
<td>-17.6%</td>
</tr>
<tr>
<td>5. Lenovo</td>
<td>8</td>
<td>1.7%</td>
<td>13</td>
<td>2.4%</td>
<td>-49.5%</td>
</tr>
<tr>
<td>Other</td>
<td>53</td>
<td>14.2%</td>
<td>102</td>
<td>19.3%</td>
<td>-49.3%</td>
</tr>
<tr>
<td>Total</td>
<td>373</td>
<td>100.0%</td>
<td>531</td>
<td>100.0%</td>
<td>-29.6%</td>
</tr>
</tbody>
</table>

Note: All data are rounded

Source: IDC China Tablet Market Tracker, 2020Q1

1. IDC believes that there was a noticeable fall in tablet shipment in China in 2020Q1 due to the COVID-19 pandemic, resulting in that the surging market demand could not be fully met. As the epidemic situation improves, production capacity has been gradually recovering. However, as schools around the country start reopening and supplementary education and training institutions return to business, the scale of online education will witness a clear decline in the future. As a result, the peak demand for tablets will also ease off. In the current round of the tablet “dividend”, only Huawei has grasped part of it, while other vendors have missed out because of their limited capacities. Nevertheless, after the inculcation and experience of the epidemic, students, parents, teachers, schools and industry participants alike have had a deeper understanding of online
education. In the next five years, the vigorous development of education will become the main driving force of the tablet market, be it the business or consumer tablet market.

2. The business market: The Ministry of Education issued the Education Informatization 2.0 Action Plan in 2018. Stating from 2019, it has kickstarted the Education Modernization 2035 campaign. Among this year’s 5G innovative application indicators for “new infrastructure”, the National Development and Reform Commission explicitly gave key support for innovative applications in seven major fields, including smart education. With the long-term planning and support of national policies, Smart Classroom and other projects will get continuous boost in schools at all levels after the epidemic is over. Demand for tablets in the education sector will also continue to grow. IDC expects that the tablet market in the education sector in China will grow at a CAGR of over 5% in the next five years, the biggest growth among all sectors.

3. The consumer market: During the COVID-19 pandemic, online education has made many parents and teachers experience the convenience of tablets as an educational tool. In the future, online education, as a normal auxiliary system, will effectively complement existing offline education. Lenovo and Huawei have successively launched ordinary tablets for education users, while BBK, which mainly relies on offline channels for sales, still managed to make stable shipments when its offline channels were closed during the epidemic. This proves that education tablets are gaining growing favors with parents. Online or offline, tablets combined with rich educational resources and management and control systems will become the right assistant for students to improve their academic performance. As a result, more and more parents will buy tablets as a learning tool for their children.

Arthur Guo, Senior Market Analyst at IDC China, said: “Affected by the COVID-19 pandemic, tablet
shipment in China fell significantly in the first quarter of 2020. But, the market opportunities arising from the epidemic also came as a surprise to participants in the whole industry. As a result, the industry needs to make overall arrangements and well plan ahead, so as to seize the fleeting opportunities. At the same time, the long-term good news brought by the epidemic from the education sector will become the most important growth driver for the tablet market in the future.

- END –

About IDC Tracker

IDC Tracker products provide accurate and timely market size, vendor share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC’s Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel deliverables and on-line query tools.

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Figure 4

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