

## Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“In the saturating mobile phone market, replacement purchase is the key driver as consumers show the potential to trade up. This is especially the case for lower tier cities and rural areas. Brands should focus on offering outstanding premium phones and also pay attention to developing offline retail channels to win in lower tier markets.”

– **Terra Xu, Senior Research Analyst**

This report looks at the following areas:

- Online and offline channels play different roles
- Attracting purchases in the saturated smartphone market
- Brands should enrich their product portfolios

The mobile phone market in China continued to see slow growth in volume sales in 2016 although value sales increased at a higher pace.

Huawei was the biggest winner in 2016, in terms of market volume share as well as consumer ownership, purchase intention and loyalty. OPPO and Vivo also enjoyed share increases, while Apple, Samsung and Xiaomi faced challenges.

Most consumers do not wait until their old phone breaks to buy a new one, and most of them would always buy the latest model based on survey results. Consumers show the tendency to upgrade if they were to purchase a new smartphone, and the less expensive their current phone is, the higher the upgrade rate is. Upgrades in function and appearance are the most appealing features to motivate purchase. Furthermore, consumers show similar preference for online and offline purchase channels, but they would trust online information more than in-store staff.

**BUY THIS  
REPORT NOW**

**VISIT:**  
[store.mintel.com](http://store.mintel.com)

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
[reports@mintel.com](mailto:reports@mintel.com)

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know  
 Covered in this report  
 Personal income

### Executive Summary

The market

A slow growth, and estimated to continue

Figure 1: Volume sales of mobile phones in China, 2011-21

Premiumisation fuels market growth, and offline channels remain important

Companies and brands

Huawei leads volume share, followed by OPPO and Vivo

Xiaomi, Apple and Samsung face challenges

Figure 2: Leading mobile phone brands in China, by volume share, 2015-16

The consumer

Huawei enjoys increase among tier one, two and three cities

Figure 3: Brands of current smartphones and ranking change, October 2016 and November 2016

Purchase intention dropped in 2016

Mid earners and lower tier cities should be the focus to attract purchase

Figure 4: Smartphone purchase intention in the next 6 months, October 2015 and November 2016

Huawei continues to win consumers' favour

Figure 5: Intended smartphone brands, October 2014, October 2015 and November 2016

The less expensive current smartphones, the higher upgrade degree

Figure 6: Price range of current smartphones and future purchase budget, November 2016.

Product rather than brand driven

Figure 7: Smartphone purchase motivation, November 2016.

Both online and offline channels are important, but play different roles

Figure 8: Attitudes towards online and offline channels for mobile phone purchase, November 2016

Always going for the latest models

What we think

### Issues and Insights

Online and offline channels play different roles

The facts

The implications

Figure 9: Xiaomi Home, Shanghai, February 2016

Attracting purchases in the saturated smartphone market

The facts

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The implications

Brands should enrich their product portfolios

The facts

The implications

## The Market – What You Need to Know

Mobile phone market grows slowly yet steadily

Premiumisation drives market value growth

Smartphone growth slows down, as does 4G mobile phone growth

## Market Size and Forecast

Mobile phone market maintained slow yet steady growth in 2016

Figure 10: Volume sales of mobile phones in China, 2011-16

Figure 11: Value sales of mobile phones in China, 2011-16

Mobile phone market estimated to continue steady growth with slight acceleration

Figure 12: Volume sales of mobile phones in China, 2011-21

## Market Factors

Consumers trading up to premium smartphones fuels market value growth

Offline channels remain important

4G transition is no longer a key growth driver

## Market Segmentation

4G devices make 96% of total mobile phone volume, but no longer a key driver

Figure 13: Volume sales of smartphones and non-smartphones in China, 2011-16

Figure 14: Volume sales of 2G, 3G and 4G mobile phones in China, 2014-16

## Key Players – What You Need to Know

Huawei, OPPO and Vivo won in 2016, while Xiaomi, Apple and Samsung lost share

Brands are offering premium models

Opening bricks-and-mortar stores in lower tier markets, and leveraging the power of celebrities

Innovative screen design and limited/special edition to increase appeal

## Market Share

Huawei is the biggest winner in 2016, followed by OPPO and Vivo

Xiaomi, Apple and Samsung losing volume share

Fewer product lines, more specific target audience

Figure 15: Leading mobile phone brands in China, by volume share, 2015-16

A more concentrated smartphone market, in terms of value sales

Figure 16: Leading mobile phone brands in China, by value share, 2015-16

## Competitive Strategies

Offering premium models to satisfy consumers' evolving needs

Bricks-and-mortar stores winning in lower tier markets

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Continuing the power of celebrity endorsement  
 Enriching product portfolio for new growth or spreading the risk

## Who's Innovating?

Differentiating screen design to increase appeal  
 Limited or special editions to attract sophisticated consumers

## The Consumer – What You Need to Know

Domestic brands dominate with Huawei taking the lead  
 Purchase intention sees decline, while lower tier markets show potential  
 Huawei expected to strengthen advantage  
 Consumers show potential to upgrade their smartphones  
 Function and design upgrade can motivate purchase  
 Online and offline purchase channels both appeal, while consumers trust online information more  
 About half of buyers would always choose the latest models

## Current Smartphone Brands

Huawei ranking up and Xiaomi faces challenge  
 Figure 17: Ranking comparison of top 5 smartphone brands, October 2015 and November 2016  
 Domestic brands dominate  
 Figure 18: Brands of current smartphones, November 2016

## Purchase Intention

A drop in purchase intention  
 Figure 19: Smartphone purchase intention in the next 6 months, October 2015 and November 2016  
 Who are likely to buy smartphones?  
 Figure 20: Smartphone purchase intention in the next 6 months, by personal income and city tier, October 2015 and November 2016  
 No big difference by brand owners  
 Figure 21: Smartphone purchase intention in the next 6 months, by current smartphone brand, November 2016

## Intended Brands

Apple and Samsung are losing appeal, while Huawei is biggest winner  
 Figure 22: Intended smartphone brands, October 2014, October 2015 and November 2016  
 Brand loyalty is relatively low  
 Figure 23: Loyal users of leading brands, October 2015 and November 2016

## Smartphone Price Range

Average spending and budget for future purchase reduce ...  
 Figure 24: Average price of current smartphones and future purchase budget, October 2014 and November 2016.  
 ... yet consumers still want to upgrade their smartphones  
 Figure 25: Price range of current smartphone and future purchase budget, November 2016.  
 20-24-year-olds show strong upgrade potential  
 Figure 26: Average price of current smartphone and future purchase budget, by demographics, November 2016.

**BUY THIS  
 REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
 APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Smartphone Purchase Motivation

New function and appearance drive purchase

Figure 27: Smartphone purchase motivation, November 2016.

Trade-in programmes can attract those who have not made up their mind

Figure 28: Smartphone purchase motivation, by purchase intention in the next 6 months, November 2016.

Appearance and design is important to attract the 20s, while WOM reputation matters to 30s and 40s

Special/limited editions still attract high earners

Figure 29: Smartphone purchase motivation, by age and personal income, November 2016.

## Attitudes towards Mobile Phone Purchase

Online versus offline channels

Not an either/or question

Figure 30: Attitudes towards online and offline channels for mobile phone purchase, November 2016

Xiaomi users prefer buying mobile phones online, while Huawei users do not show specific preference

Figure 31: Attitudes towards online or offline channels, by demographics, November 2016

When to buy a new phone

Most consumers do not wait until their phone breaks to get a new one

Figure 32: Attitudes towards mobile phone purchase, November 2016

30s are an important target group

Figure 33: Attitudes towards mobile phone purchase, November 2016

Accessories or not

Accessories can be an added-value feature to increase appeal

Figure 34: Attitudes towards mobile phone accessories, by demographics, November 2016

## Meet the Mintropolitans

Mintropolitans prefer Huawei and Apple

Figure 35: Current smartphone brands, by consumer classification, November 2016

Greater drop of purchase intention among Mintropolitans

Figure 36: Smartphone purchase intention in the next 6 months, by consumer classification, November 2016

Non-Mintropolitans show higher upgrade rate

Figure 37: Average price of current smartphone and future purchase budget, by consumer classification, November 2016

Adopting latest technology and modular design appeals to Mintropolitans

Figure 38: Smartphone purchase motivation, by consumer classification, November 2016

Online and offline channels are both important

Figure 39: Attitudes towards mobile phone purchase, by consumer classification, November 2016

## Appendix – Market Size and Forecast

Detailed market size and forecast table

Figure 40: Volume sales of mobile phone market in China, 2011-21

Figure 41: Value sales of mobile phone market in China, 2011-16

## Appendix – Market Segmentation

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Mobile Phones - China - February 2017

Report Price: £3170.69 | \$3990.00 | €3696.39

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Detailed market segmentation table

Figure 42: Volume sales of mobile phone market in China, by market segment, 2011-16

### Appendix – Methodology and Abbreviations

Methodology

Fan chart forecast

Abbreviations

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)