

Gartner: A First Smartphone Decline on Q4 2017

Written by Marco Attard
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Gartner reports global Q4 2017 smartphone sales total 408 million units-- a -5.6% Y-o-Y decline, a first since the analyst started tracking the smartphone market in 2004.

Table 1

Worldwide Smartphone Sales to End Users by Vendor in 4Q17 (Thousands of Units)

Vendor	4Q17 Units	4Q17 Market Share (%)	4Q16 Units	4Q16 Market Share (%)
Samsung	74,026.6	18.2	76,782.6	17.8
Apple	73,175.2	17.9	77,038.9	17.8
Huawei	43,887.0	10.8	40,803.7	9.4
Xiaomi	28,187.8	6.9	15,751.3	3.6
OPPO	25,660.1	6.3	26,704.7	6.2
Others	162,908.8	39.9	195,059.1	45.1
Total	407,845.4	100.0	432,140.3	100.0

Source: Gartner (February 2018)

"Two main factors led to the fall in the fourth quarter of 2017," Gartner says. "First, upgrades from feature phones to smartphones have slowed down due to a lack of quality "ultra-low-cost" smartphones and users preferring to buy quality feature phones. Second, replacement smartphone users are choosing quality models and keeping them longer, lengthening the replacement cycle of smartphones. Moreover, while demand for high quality, 4G connectivity and better camera features remained strong, high expectations and few incremental benefits during replacement weakened smartphone sales."

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Samsung retains the top position in the vendor rankings, despite sales falling by -3.6% Y-o-Y. The Galaxy S8 and S8+ were relatively successful following a sales slowdown, helping the company improve overall ASPs. The recently announced S9 and S9+ should boost Samsung smartphone sales in Q1 2018, even if the company's most significant sales volumes continue to lean towards midprice and entry-level models.

Table 2

Worldwide Smartphone Sales to End Users by Vendor in 2017 (Thousands of Units)

Vendor	2017 Units	2017 Market Share (%)	2016 Units	2016 Market Share (%)
Samsung	321,263.3	20.9	306,446.6	20.5
Apple	214,924.4	14.0	216,064.0	14.4
Huawei	150,534.3	9.8	132,824.9	8.9
OPPO	112,124.0	7.3	85,299.5	5.7
Vivo	99,684.8	6.5	72,408.6	4.8
Others	638,004.7	41.5	682,915.3	45.7
Total	1,536,535.5	100.0	1,495,959.0	100.0

Source: Gartner (February 2018)

Meanwhile Apple stabilises market share in Q4 2017 in comparison to Q4 2016, even as iPhone sales drop by -5% Y-o-Y. Affecting Apple performance for the quarter are 2 factors. The first is late availability of the iPhone X, leading to slow upgrades to iPhone 8 and 8 Plus. Second is a combination of component shortages and manufacturing capacity constraining iPhone X shipments. The situation is now back to normal, and Gartner expects a delayed sales boost for

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Apple in Q 2018.

Huawei and Xiaomi are the only two smartphone vendors seeing Y-o-Y growth in Q1 2018 (9.6% and 79% respectively), as well as market share growth. Huawei has appealing smartphone additions in the quarter, such as the Mate 10 Lite, Honor 6C Pro and Enjoy 7S, while the Mi and Redmi models helped Xiaomi boost growth in the emerging APAC market.

Smartphone sales for overall 2017 total 1.5 billion-- a 2.7% increase. The year is dominated by Chinese vendors, since Huawei, Oppo and Vivo follow leaders Samsung and Apple. The combined share of the Chinese vendors is also on the up by 4.2 percentage points, while Samsung and Apple share remains unchanged.

When it comes to operating systems, Google continues to dominate with 2017 OS share of 86%, an increase of 1.1 percentage points from 2016. iOS follows with 14% share, and the "other" category is down to just 0.1%.

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