



IDC Releases China Video Surveillance Equipment Tracker Report AI & 5G Bring Video Surveillance to a New Era

Beijing, August 20th, 2019 –IDC China today announces that it has released the China Video Surveillance Equipment Tracker, a report that tracks the sales revenues and shipments of video surveillance products in the Chinese market. The report also focuses on the penetration of AI and wireless communication (WiFi, 4G& 5G cellular connectivity) in cameras to provide data support and business insights for end users' procurements and investment institutions' decision making.

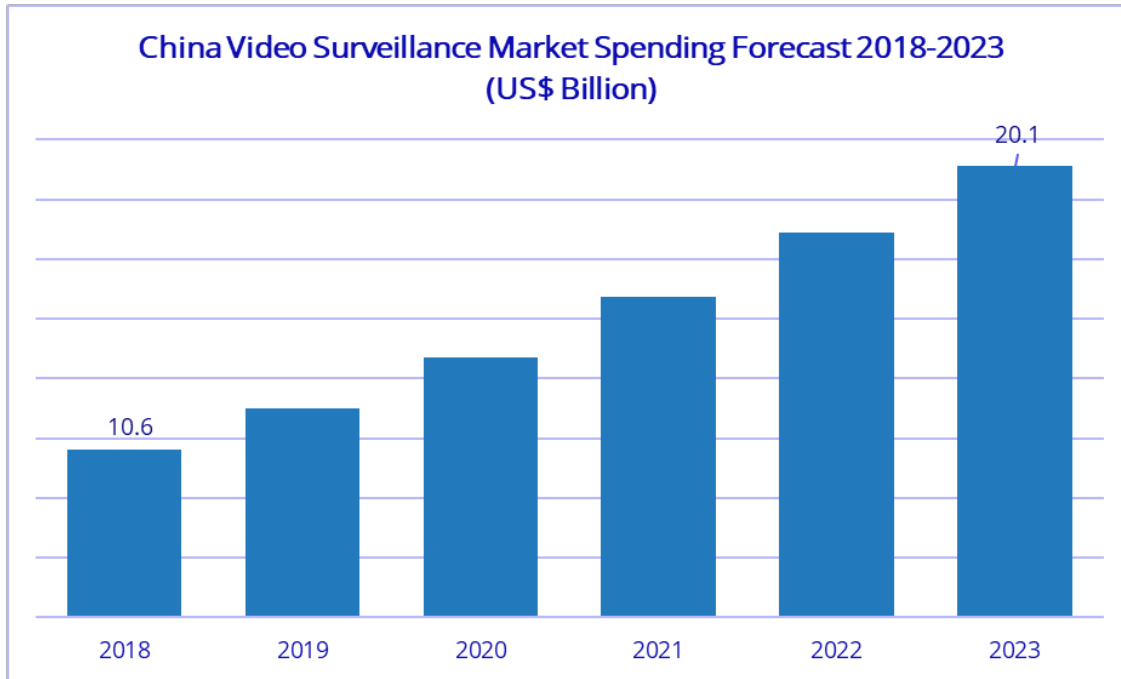
Through comparisons of industries, regions and vendors, the report analyses the competitive landscape as well as the penetration rates and growth trends of AI, 5G and other emerging technologies in different market segments.

As a major application of the Internet of Things (IoT), video surveillance is playing an increasingly important role in public safety, traffic management, and smart cities. Driven by AI technology, especially Edge AI, the application of video surveillance has gradually expanded to more fields, such as passenger flow analysis, environmental pollution monitoring and insurance loss determination. With the development of 5G, IDC China expects the application of video surveillance will continue to expand further.

China's video surveillance market is huge

In 2018, China's video surveillance equipment market (excluding home video surveillance) reached US\$10.6 billion. The market is expected to reach US\$20.1 billion in 2023, with a CAGR of 13.6%.

Figure 1



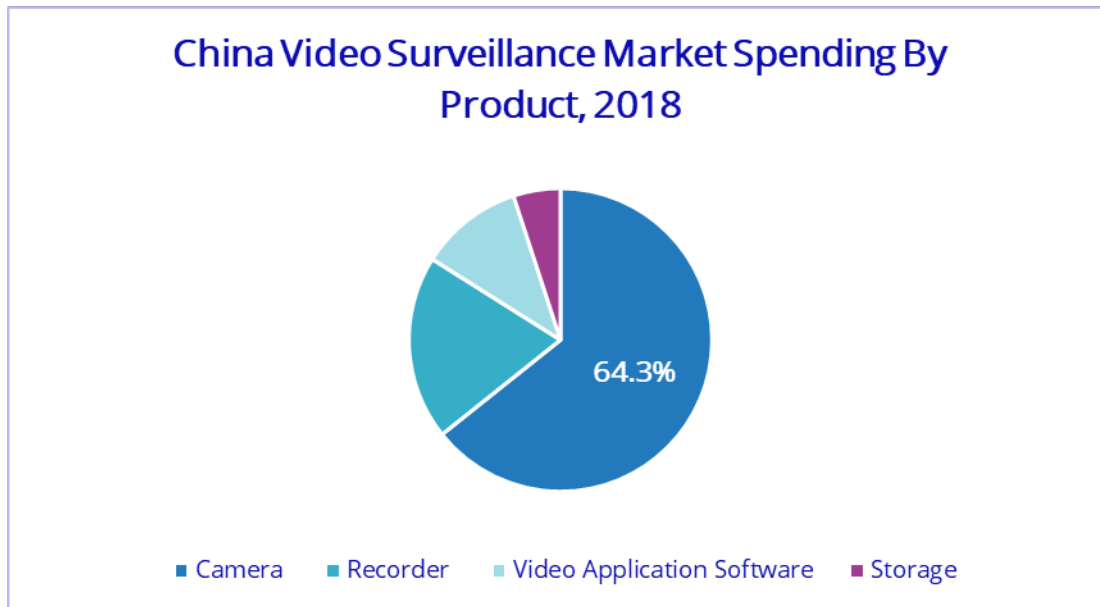
Source: IDC China, 2019

Cameras have the largest segment of video surveillance spending

The IDC China Video Surveillance Equipment Tracker traces the sales revenues and shipments of eight products in four categories, including cameras, recorders (DVR and NVR), storages, and video application software, and analyzes the growth trends of different products.

Cameras have the highest share of spending in China's video surveillance market, accounting for 64.3% of total spending. Driven by the progress of urbanization and the upgrade of existing smart city projects, there are huge replacement programs and new deployments of cameras in smart cities.

Figure 2



Source: IDC China, 2019

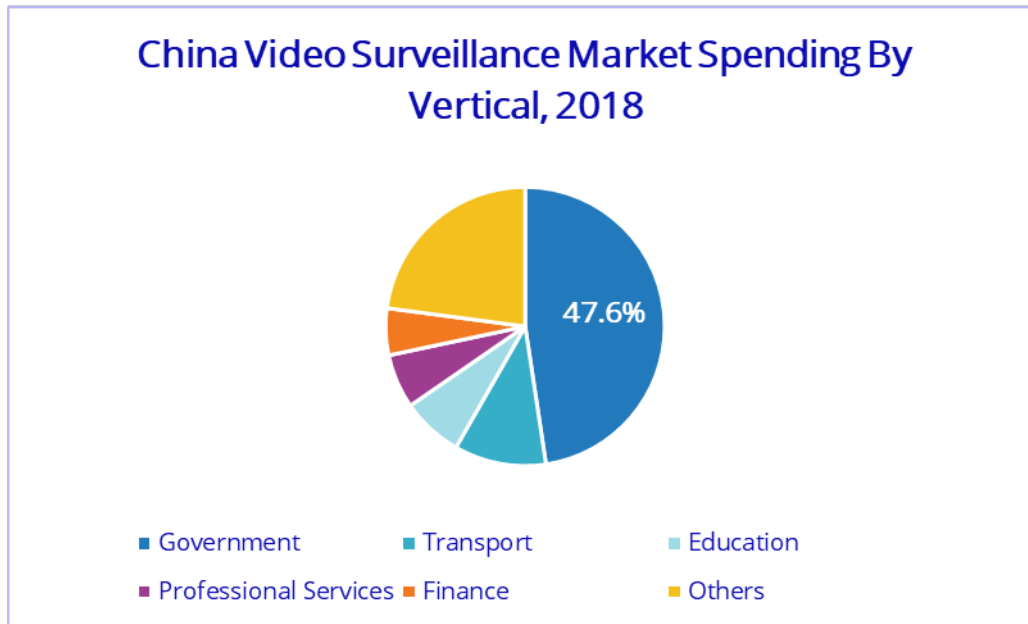
Although the penetration rate is low at present, accounting for only 2.0% of the total spending in the market, AI cameras have a much higher growth rate, with a CAGR of 42.0%, significantly outpacing the average growth rate of 13.9% in the camera market.

Government is the largest spender on video surveillance

The IDC China Video Surveillance Equipment Tracker covers 14 verticals including government, transport, education, finance, retail and professional services (mainly industrial park management and commercial real estate management). The report analyses the penetration and growth trends of video surveillance across these different sectors.

Government is the largest video surveillance sector in China, accounting for 47.6% of total spending. The public safety projects including Safe City (video surveillance in cities) and the Xueliang Project (video surveillance in counties and towns) are the main market drivers. In the future, with the gradual completion of Xueliang Project, video surveillance spending growth in the government sector will slow down, and its market share will decline slightly. However, the government will remain the largest segment in the video surveillance market.

Figure 3



Source: IDC China, 2019

North China leads the spending on video surveillance

The IDC China Video Surveillance Equipment Tracker covers seven major regions, namely: North China, East China, South China, Central China, Southwest China, Northwest China and Northeast China. Regional data revealed the correlation between the video surveillance market and economic activities in China. A developed economy results in a larger floating population as well as more transport, logistics and financial transactions. This leads to further growth of video surveillance applications in public security, traffic management, logistics monitoring, shopping mall monitoring, financial premises security and so on.

The North China region spends the most on video surveillance in China, comprising 29.9% of the total spend. This is because Beijing and its surrounding areas are transport and trade hubs in North China and Beijing is also the main financial, educational and service industry center in the country. Compared with other regions, North China spends much more on transport management, logistics monitoring, public security management, financial organization security, campus security, smart buildings and other key areas.

Figure 4



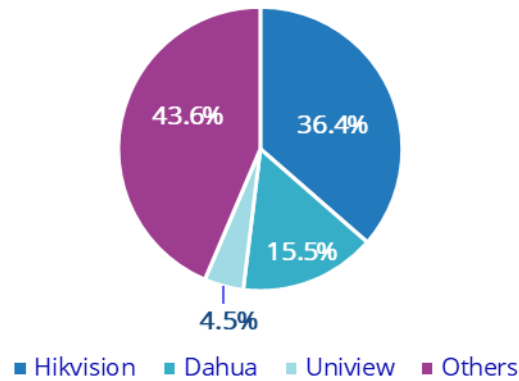
Source: IDC China, 2019

The top 3 vendors serve more than half of the market

China's video surveillance market is relatively concentrated, with the top three vendors (Hikvision, Dahua and Uniview) having a combined market share of 56.4%. The concentrated market enhances top vendors' economies of scale effects.

Figure 5

China's Video Surveillance Market Share By Vendor, 2018



Source: IDC China, 2019

In the future, China's video surveillance market will gradually shift from the current large-scale deployment phase to the optimization phase. As a result, video applications will receive more investment, and AI cameras will continue to see strong growth.

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Figure 6



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