



IDC Unveils New In-Depth Research on China’s Tier 3-5 Smart Cities

IDC’s new research focuses on technology adoption of small and medium-sized cities in China

BEIJING, October 17th, 2019 – IDC Government Insights’ new in-depth research reveals that smart cities has expanded to the tier three to five cities in China along with the amplification of the internet. With clearer policy direction, increased local awareness, and evolved technology, IDC predicts that the expansion of smart city construction in the tier three to five cities will truly bring about a new wave of smart city growth and usher in a new height of development by 2022.

In the past seven years, China's smart city ICT spending and success stories were mainly concentrated in the Tier one to two cities. However, there are more untapped opportunities in tier three to five cities given they account for over 85% of all the prefecture-level cities in China.

"The development path, regional objectives, and focus areas for the tier three to five cities all differ from those of the first- and second-tier cities, with the core objective of migration is to become a different type of smart city. This has led to the industrial construction diversification strategy "thousand cities, thousand faces" (千城千面), " says [Jill Zu](#), Senior Market Analyst for IDC China.

Figure 1



Why is the 3-5 line smart city market important?			
	First Tier & New Cities	Second Tier	3-5 Tier City
Number	20	29	289
Purchasing Method	Supplier diversity strategy	Hybrid	Single supplier
Core objectives	Policy formulation, world benchmark	National benchmarking, digital transformation	Industrial development, social welfare driven

Figure 1: Comparison Between Three Categories of Cities Under City-Tier Classification

Key highlights of the research:

- The number of potential customers for tier three to five cities is almost 10 times higher than the two upper tiers. This will help manufacturers escape the “red ocean” market competition of the two upper tiers.
- 95% of single-city investments are still over 100 million. A smaller city size has not affected the individual investment sizes, with some of the smaller cities placing more importance on urban development.
- For tier three to five cities, overall government control capability is stronger and overall level of science and technology is lower.

To address the rapid changes China is experiencing, IDC will be launching a series of reports to study small and medium-sized smart cities in China, which will include:

- **Multi-user Research:** Insights into the Development of China's 3-5-Line Smart City Construction
- **China county level smart city deep dive study:** IT enabled China county governance to build digital China in detail
- **Global Small and Medium Smart City Maturity Model:** A smart cities research that aims to: gain insight into the development status, core drivers, competitive landscape, supplier ecosystems, and future trends of China's 3-5-line smart city construction; and provide manufacturers with effective strategic recommendations for market entry, effective support for solution development, and efficient guidance for creating partnerships.

Figure 2

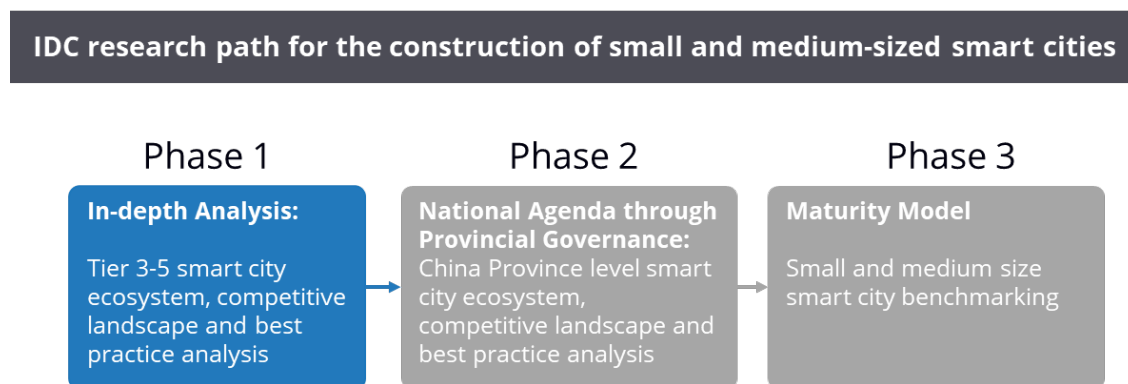


Figure 2: Framework for Global Small and Medium Smart City Maturity Model

For more information on this report series including the maturity model, please contact Jill Zu at jzu@idc.com or Frank Wang at fwang@idc.com. For media inquiries, please contact Alvin Afuang afuang@idc.com or Maggie Xie mxie@idc.com.

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About IDC

IDC is the world's leading provider of information technology, telecommunications and consumer technology consulting, consulting and event services. IDC has more than 1,100 analysts worldwide, providing a global, regional and localized perspective on technology and industry development opportunities in more than 110 countries and services. IDC's analytics and insights empower IT professionals, business executives, and investment agencies to make fact-based technology decisions to achieve key business goals. Founded in 1964, IDC is a subsidiary of IDG. IDG is the world's leading media publishing, research consulting, and exhibition services company. For more information, please visit www.idc.com.cn

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