

Client Devices Market in 2020 Likely to Follow a U Curve Due to the COVID-19 Outbreak, According to IDC

BEIJING, February 26, 2020 — IDC forecasts that the COVID-19 outbreak will bring a series of major changes in China’s client devices market. “The outbreak without doubt will, to some extent negatively impact devices sales in 2020 – especially in the first quarter – but there is also a positive side to it,” says [Antonio Wang](#), Associate Vice President at IDC China.

“The SARS outbreak 17 years ago in 2003 was followed by a rapid growth of the laptop market in the third quarter of the same year, with one important underlying factor being that the crisis made more consumers aware of the importance of access to internet information, and of having portal internet-enabled devices. Therefore, in assessing the factors that impact the devices market, it is important for the entire industry to highlight the short-term and long-term positive factors,” adds Wang.

Below are IDC’s ten predictions for the client devices market in 2020 in connection with the ongoing COVID-19 outbreak:

#1 China’s devices sales will fall between 30%-40% in the first quarter before taking a U turn

As far as the sales channels of the commercial market are concerned, physical stores nationwide will experience a substantial fall in sales in February, only with e-commerce channels contributing to some sales. The affected supply will also bear on the sales in the subsequent quarters. If the epidemic is put under control in early March, IDC predicts that the client device market will register a fall of 7-10% for the whole year of 2020.

#2 “Future of work” will become a continual focus of companies in the short and long term

In the last few years IDC has been promoting the “future of work” concept which encompasses the three dimensions: workspace, workforce and work culture. The current epidemic has underscored more companies the importance of getting ready for the future of workplace as the anytime anywhere office becomes a key solution for companies to respond to emergent crises. On the dimension of the future of workforce, this epidemic has given rise to many applications like drone disinfection and robot food delivery, pointing to the future of human-machine collaboration as a main form of workforce.

#3 Online learning will increase diversified demand for client devices over the long term

Classes could be suspended, but not learning. At present, many students are learning at home by taking courses online, which undoubtedly highlights the importance of client products for online learning. As early as 2018, China had introduced the “education informatization 2.0” policy which emphasizes the diversification of teaching scenarios and the bridging of the school-home divide. This epidemic has accelerated the transformation of the education sector, and further increased the use of related client devices by primary and middle school students. IDC forecasts that the industry needs to seize

this opportunity to enhance their capabilities of providing device solutions for home education.

#4 Video-based interactions including real-time video communication will see rapid development

The past decade has seen human-device interface develop from keyboard to touch to voice control. Because of the epidemic, business users as well as consumers have gradually adapted to real-time video communication in a trend which will have a positive effect on how people communicate with each other and drive the development of a diversity of video devices including TVs, smart audio and video devices, and laptops.

#5 The expanding gamer base will increase demand for gaming devices

Due to the long Spring Festival holiday and home quarantine due to the epidemic, many consumers have turned to gaming for entertainment, with many previously light gamers spending more time on gaming. This will drive consumers' demand for related devices such as gaming computers and high-performance smartphones and tablets.

#6 Health wearables will see further development

Despite the impact of the epidemic, IDC projects an

approximately 30% growth of the wearables market in 2020. On one hand, the epidemic has made more consumers aware of the importance of health and increased their interest in wrist bands, smartwatches, and other health trackers. On the other, the epidemic will stimulate new product innovations in the form (e.g. disinfectant and protective wearables).

#7 The global client device supply chain could face an inventory shortage for approximately 1.5 months

China's manufacturing bases of client devices are mainly distributed in regions such as Guangdong, Fujian, Jiangsu, Hubei, Henan, Anhui, Sichuan, and Chongqing. While some client device factories are expected to resume production in late February, those in the regions seriously hit by the epidemic including Hubei can hardly resume production in the short term. Moreover, logistics is another important factor that will affect the global supply chain in the short term. IDC expects that the global supply chain as a whole will likely face an inventory shortage of approximately 1.5 months.

#8 Client device purchases from SMEs will be seriously hit by the epidemic

Based on analysis of an online survey of 150 enterprise users

of professional client devices, IDC projects that among the market segments including personal consumers, SMEs, large enterprises, and the education sector, purchases from SMEs will be most hit – especially those in sectors including hospitality, catering, retail, transportation, and manufacturing. Evidently, it will also be longer for the U-turn to be exhibited for SMEs.

#9 There will be a wave of closures of traditional physical stores as e-commerce platforms continue to gain increasing shares of sales

Physical stores – which have been struggling for the past two years – will be unable to resume business before the end of February. This will inevitably affect their cashflow, revenue, and make the already bad situation worse for them. However, e-commerce platforms will benefit further and achieve stronger long-term growth as more consumers buy products online.

#10 As the government increases support to the medical industry, there will be an increasing demand for related client device products

This epidemic will prompt the government to increase investment in key medical departments and areas – disease prevention, control centers, grassroots medical organizations, large hospitals for infectious diseases, and medical device manufacturing. This will

drive demand for diversified devices such as PCs, tablets, and wearables.

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Figure 1



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