

Russian smartphone market – run up before the fall

Russian Smartphone Market Contracts but Still Strong in Q1 2020, IDC Says

Moscow, FOR IMMEDIATE RELEASE — Russia's smartphone market contracted in Q1 2020 but still performed strongly amidst a falling ruble and lockdown measures to combat the spread of COVID-19, according to International Data Corporation (IDC).

Smartphone shipments totaled 6.57 million in Q1, a drop of less than 4% year on year, IDC research found. The average sales price of an Android smartphone declined 7.4% year on year, coming in at \$184 before sales tax.

Feature phones recorded a 21.9% year-on-year gain, rising to 2.14 million units sold in Q1.

“The Q1 data showed most consumers opting for smartphone models under \$100 or models in the \$200–300 price band,” said Olga Babinina, senior research analyst for IDC Russia.

When the ruble plunged in 2014–2015, the mobile phone market experienced a boom as consumers snapped up stock before prices reflected the falling currency, said Simon Baker, program director for IDC Europe, the Middle East, and Africa. A pronounced decline has so far been averted in 2020 after the Central Bank purchased rubles to help keep the exchange rate relatively stable.

Huawei strengthened its leadership of the Russian smartphone market in Q1, recording a nearly 40% unit share, a new high for the vendor. Phones from Huawei subsidiary Honor continue to outsell Huawei branded phones three to one in Russia, with the Honor 8A and 10 Lite selling particularly well.

Samsung gained share in Q1 and continued to hold second position behind Huawei. Samsung's new Galaxy A51 Android smartphone was a standout, accounting for more than one-third of the vendor's sales.

Xiaomi lost share but maintained third position in unit terms, ahead of Apple. No other vendor held more than 4% of the smartphone market.

Chinese smartphone supply chains were impacted following the initial COVID-19 outbreak in Wuhan, but Russian importers did not report major difficulties receiving deliveries in Q1. Higher

freight costs and some logistical challenges were reported, however.

The Russian market is expected to record a significant downturn in Q2 2020 in response to the lockdown ordered at the end of March to slow the spread of COVID-19. Mobile industry operations in Russia are expected to be eased somewhat by the government's decision to postpone until January 2021 implementation of a law requiring the mandatory installation of Russian-made software on smartphones sold in the country. The law is aimed at helping Russian software companies compete with global players.

Figure 1



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