



Smartphone Assembly Volumes Dropped 4.4% in the Third Quarter, Driven by Weakening Market Conditions, According to IDC

FRAMINGHAM, Mass. December 20, 2018 – Worldwide smartphone ODM/EMS assembly shipment volumes dropped 4.4% year over year during the third quarter of 2018 (3Q18), due to weakening channel demand. According to the latest results from the International Data Corporation (IDC) [Worldwide Smartphone ODM QView](#), total shipments in the quarter were 355.8 million units. This brings the total volume of shipments to just over 1 billion through the first three quarters of 2018, which is about on par with 2017. Currently the top 6 OEM brands account for more than 70% of the global market smartphone market production. The partner ODMs and in-house manufacturing arms of those six major brands account for nine of the top ten worldwide smartphone assemblers.

"The shipment push between March and the middle of June, which was largely driven by a rapid production shift toward low-priced models from first-tier Chinese brands as well as India's customs policy adjustment, has begun to slow. This caused global smartphone production to drop in 3Q18," said [Sean Kao](#), senior research manager, Worldwide Hardware Assembly Research at IDC. "Despite the release of new products in September that drove a spark of growth late in the quarter, worldwide smartphone ODM/EMS assembly shipment volumes showed a year-over-year decrease of 4.4% and only slight quarter-over-quarter growth of 3.3%."

Worldwide Top 10 Smartphone Assembly Companies, Shipment Volume Ranking, Q1 2017—Q3 2018								
Rank	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
1.	Samsung	Samsung	Samsung	Foxconn	Samsung	Samsung	Samsung	Samsung
2.	Foxconn	Foxconn	Foxconn	Samsung	Foxconn	Foxconn	Foxconn	Foxconn
3.	OPPO	OPPO	OPPO	Pegatron	OPPO	Pegatron	OPPO	OPPO
4.	Pegatron	VIVO	VIVO	OPPO	VIVO	OPPO	VIVO	VIVO
5.	LG	Inventec	Pegatron	VIVO	Pegatron	VIVO	Pegatron	Pegatron
6.	VIVO	Pegatron	Inventec	Flex	LG	Flex	Huaqin	Huaqin
7.	Huaqin	Flex	Huaqin	Inventec	Inventec	Huaqin	Inventec	Flex
8.	Flex	LG	LG	LG	Flex	Inventec	Flex	Wingtech
9.	ZTE	Huaqin	Flex	Huaqin	Huaqin	LG	Wingtech	CNCE
10.	Inventec	ZTE	ZTE	ZTE	ZTE	Transsion	Transsion	Transsion
Source: IDC Worldwide ODM & Display Industry Research Group, December 2018								

Notes: The ranking on this list is based on complete knock-down (CKD) assembly, which includes in-house assembly, but excludes design without assembly.

Looking ahead, IDC expects smartphone ODM/EMS assembly volumes to return to growth in 4Q18 as production ramps up to meet the needs of holiday spending, as well as preparing the channels in many Asian markets for the Chinese New Year push. Beyond 2018, IDC expects lengthening life cycles caused by high penetration rates will continue to have a negative impact on developed markets. In addition, the appreciation of the US Dollar will lead to weaker buying power in emerging markets. These two issues are likely to result in challenging market conditions in 2019 and beyond. Component suppliers and manufacturers will face the challenge of inventory management since the orders may be lower than previously expected.

IDC Worldwide ODM & Display Industry Research

The object of IDC Worldwide ODM & Display Research is the compilation of manufacturers who provide ODM and EMS services to their clients -- branded vendors. The ODM/EMS manufacturers are in the upstream of industry supply chain, as indicated by the red block in the figure below. ODM/EMS manufacturers include Foxconn, Huaqin, Compal, Quanta, Compal, Wistron, etc. Their clients are branded or white-box vendors, such as Apple, Amazon, Lenovo, Huawei, Oppo and so forth.

Figure 1

Industry Supply Chain of Electronic Products



Notes:

EMS (Electronics Manufacturing Services): company activity mainly focuses on product manufacture.

ODM (Original Design Manufacturer): company's activities include both product design and manufacture.

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For more information contact:

Annabelle Hsu
ahsu@idc.com
+886 2 87580818
Sean Kao
skao@idc.com
+886 2 87580816