

Apple iPhone sales Plummet in China as Huawei Takes Control

Portfolio Management

Hong Kong, Feb 13, 2019 (IssueWire.com) - Tech giant Apple, is facing difficulties again in china, as their smartphone shipments have plummeted by an estimated 20% in the final quarter of 2018. Which is a significant blow to Apple in the world's largest mobile device arena, losing out to rivals like Huawei Technologies.

The domestic market contracted nearly 10 percent in the final quarter of 2018, however Apple declined at almost twice the pace, our analysts reported on Monday. Contributing to the decline we believe a slowing economy, lengthening replacement times, and with a hefty Apple price tag are to blame for the US giants decline. Xiaomi Corp fell further than Apple in the last months of 2018, with their shipments estimated to have faced a 35% decline.

Smartphone producers like Apple and Samsung are facing a slowing market after years of extraordinary growth, as a lack of innovation and increase in value to smart phones has discouraged many consumers from replacing their devices as often as they previously would have. Apple also is facing the struggle of rising star Huawei, which is taking a hefty share of the market, which apple needs to continue driving its growth in china. China's top retailers slashed prices on the latest iPhone models by as much as 20% in the past few months, a move that is uncommonly seen, however does serve as a warning for Apples gadgets.

"Apple doesn't have a good go-to market strategy that fits the rapidly changing Chinese market," said Nicole Peng, a senior director at Canalys. "It also seemed to be slow in reacting to China's economic slowdown and changes in consumption structure. When smartphones became a commodity for Chinese customers, multinationals need to adjust their overall sales and marketing strategies," Peng said. "Apple didn't seem to change its Chinese marketing plans."

Reduced Chinese demand is one of the main problems at Apple, a Company which is struggling to produce another hit device, as its pioneer gadget loses some of its cachet. Revenue generated from iPhone sales declined 15 percent between the months of October to December. In a bid to cover their loses Apple are pushing hard to replace the sales loss, with revenue from services instead.

Apple CEO Tim cook has been noted saying China is a key part of apples strategy. In the last financial year the company generated around \$53 billion USD in revenue from Greater China. However with China announcing its slowest economic growth since 2009, Cook said its revenue fell 27 percent in the holiday quarter, a huge blow to Apple. The economic slowdown in China was one of the factors behind apples first revenue report cut in the last two decades. Tim Cook has stated that Apple are in it for the long haul. And highlighted a near 20% increase to services revenue.

The Phone industry is certainly modernizing itself, with innovative productions of foldable screens, 5g ready smartphones, and 3D cameras in a hope to revitalize a stagnant market place. Phone manufacturers think that consumers will be hooked when they experience devices with data speeds that are over 10 times faster than today's current market leaders. Xiaomi's co-founder Lei Jun, is one of our analysts favorites to be the advent of 5G to energize the demand. But not everyone agrees, "The domestic smartphone market environment in 2019 doesn't look very optimistic," IDC senior analyst Wang Xi said in the report. And "5G phones will still only comprise a very small portion of the overall

market. We've a long way to go before they become mainstream," IDC said.

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