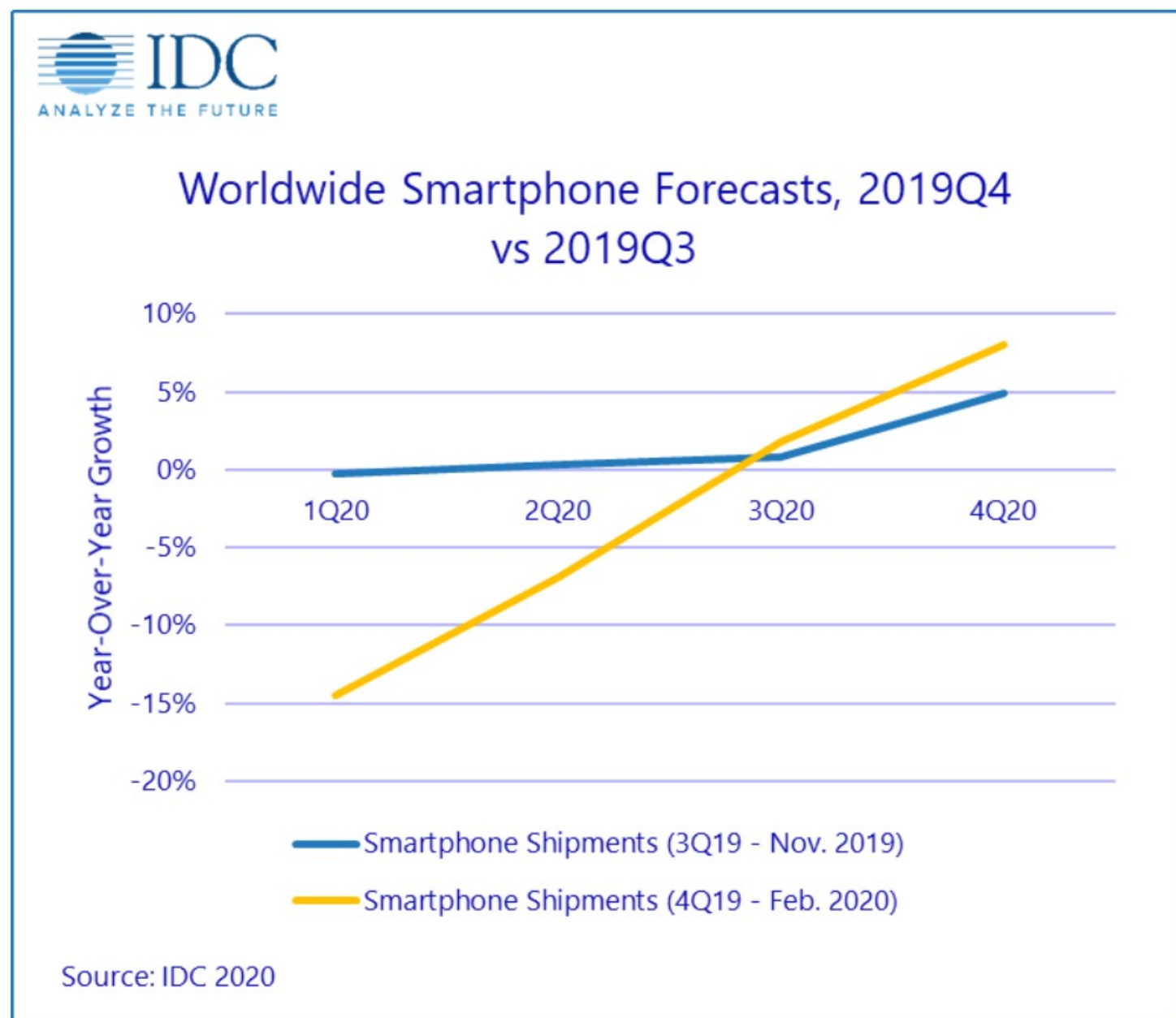


IDC: Coronavirus Impacts Smartphone Recovery

Written by Marco Attard
28. February 2020

The recovery of the global smartphone market is affected in 2020 by the uncertainties surrounding the coronavirus (aka Covid-119), IDC reports, as shipments are set to decline by -2.3% to just over 1.3 billion units.



The coronavirus impact should stress the market in the short-term, leading to shipments dropping by -10.6% Y-o-Y in H1 2020. The analyst has optimistic, probable and pessimistic

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forecasts relating to the virus. It is currently sticking with the probable scenario, describing a multi-quarter recover for manufacturing and logistics following a more gradual return of Chinese workers to factories amidst persisting transportation challenges. China's demand shock extends several quarters, but its government-backed stimuli and subsidies should mitigate it by the end of the year.

Meanwhile demand in surrounding areas will also be briefly suppressed. Global smartphone shipments show a more U-shaped recovery from H2 2020, but actual phone shipments show a different overall shape due to the seasonal nature of shipments. After all, manufacturers unveil key flagship products on February and March, meaning changes made to products in H1 2020 lead to the adjustment of product plans for the medium and even long term.

"Covid-19 became yet another reason to extend the current trend of smartphone market contraction, dampening growth in H1 2020," IDC adds. "While China, the largest smartphone market, will take the biggest hit, other major geographies will feel the hit from supply chain disruptions. Component shortages, factory shutdowns, quarantine mandates, logistics, and travel restrictions will create hindrances for smartphone vendors to produce handsets and roll out new devices. The overall scenario is expected to stabilise from Q3 2020 as the Covid-19 situation hopefully improves and 5G plans pick up the pace globally."

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