

Samsung, apple lose ground to china smartphone makers

by luk lorraine and wong gi...

[Business](#)



The paper " Samsung, Apple Lose Ground to China Smartphone Makers by Luk Lorraine and Wong Gillian" is an outstanding example of an article on business. Recently, the question of whether the Chinese Smartphone companies will soon rule the Smartphone market has been greatly debated. The market shares of the dominating companies have fallen greatly while those ones of the Chinese Companies are increasing and even doubling yearly through their sale of not so expensive Smartphones. Market leaders like Samsung and Apple have lost ground while Chinese smartphone maker like Xiaomi has seen their market share rise in the third quarter. Huawei Technologies Co., though not known to many U. S. consumers has also become a great threat to Samsung Electronics Co., which is the biggest smartphone maker. Discussion

In their article on The Wall Street Journal, Luk and Wong stated that Samsung Electronics Co. and Apple Inc. dominance on global smartphone market was quickly eroding while their counterparts in the Chinese industries were undercutting them with their low-cost phones (Para 2). The article, ' Samsung, Apple Lose Ground to China Smartphone Makers', states clearly how Samsung market share fell from 35% to 24. 7 % in three months ending 30th September which is the steepest decline since 2011 when they became the industry leader. The four-year-old Xiaomi, on the other hand, rose to third place in the global market with a 5. 6% market share up from 2. 1%. At number two, Apple also fell from 13. 4% to 12. 3%. According to the article, the competition from the Chinese smartphone makers has hurt the dominating companies in the mobile business (Luk and Wong, Para 2).

The Chinese handset makers have been pushing smartphones for several

years but there has been a stunning rise recently while the dominating giants decline. The three most noticeable and remarkable Chinese smartphone companies are Xiaomi Inc., Lenovo Group Ltd, and Huawei Technologies Co. globally, the Chinese handsets account for almost 40% of the global market which is more than Samsung's and Apple's combined. The main advantage of these Chinese companies is that their phones are way cheaper than the renowned companies' smartphones. It is hard for the dominant companies to compete more directly to the Chinese companies since Huawei, Lenovo and Xiaomi will sell their smartphones for about \$300 where Samsung, Apple, and L. G will sell an equivalent model for twice or more than double that price.

Though gaining market share does not really guarantee a profit, the trend shows that the demand for cheaper smartphones is higher compared to that of the big names companies. The supply of Chinese smartphones is so high globally that a company like Xiaomi tripled its shipments in three months. Huawei shipments have jumped 95% from a year earlier becoming one of the fastest-growing smartphone companies while Samsung's shipments declined by 3.9%.

Xiaomi or 'little rice' in Chinese was stated as the fourth most profitable handset maker in the third quarter trailing behind Apple, Samsung and LG Electronics Inc. by Linda Sui of Strategy Analytics. She added that their choice of distribution in which they used low-cost online distribution instead of bricks-and-mortar shops used by their counterparts helped in increasing their profitability. Their low-cost handsets do not skimp on features and as it grows globally it has created a cult-like fan base among the adopters of their

gadgets. They have also made use of social media and have over 11 million followers on Sina Weibo. In China, it is the top smartphone maker and also the world's largest smartphone market by shipments according to Canalys market research (Luk and Wong, Para 3).

Lenovo and Huawei have increased rapidly across the globe with Lenovo's smartphones exhausting the markets in Eastern Europe and Southeast Asia. Huawei's precedence has been mainly felt in the Middle East, Latin America and Africa. The dominance of the big companies is being challenged by these companies through the selling of inexpensive models which have competitive technological features making them consumer-friendly.

Conclusion

The Chinese Companies strategy which seems to be focused on the standard man in the streets and on cheaper but standard smartphones has gained favor globally and made them a success. Their investing more on market research and development while focusing on regions that are not so developed has also helped them in their profitability and large shipments. The optimism of these Chinese companies has made researchers come up with a result that in two years, China will have outstripped their counterparts in the smartphone business.

The dominant companies of the smartphone business will have to change their marketing strategies in order to compete with Chinese companies. The companies will have to seek on how to produce devices more economically in order to leverage the economies of scale. The best days of these dominant

companies smartphone business could be behind them if they do not change their marketing strategies.