

Exploring the Global Consumer Tech Industry



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Global Consumer Technology
Spending Forecasts

CE MarketMetrics



Retail CE sales tracking at more than 340,000 retail stores in 80 countries.

CE MarketMetrics

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U.S. sell-in (shipments) data for dozens of
CE categories on a monthly basis.

Product Categories

Consumer Electronics

- Audio and Video Accessory
 - Headphone
 - Universal Remote Control
 - Docking Speakers
 - Bluetooth Pairing Speakers only
 - Docking Speakers Excl. Bluetooth Pairing only
- Auto Multimedia
 - Car Entertainment
 - Car Audio
 - Car Speaker
 - Car Vision
 - Fixed Car Navigation
 - Portable Car Navigation
- Home Audio
 - Audio Home System
 - Home Theatre System
 - Music System
 - Hi-Fi Single Element
 - Loud Speaker
 - Hi-Fi Loudspeaker
 - Soundbar Speaker
- Home Video
 - Home DVD Player and Recorder
 - Home DVD Player
 - Home DVD Recorder
 - Home HD DVD+ Blu Ray
- Personal Audio
 - Portable Media Player
 - Radio Devices
 - Clock Radio
 - Portable Radio
 - Radio Boombox
- E-Reader
- Recording Media
 - Memory Card
 - Other Recording Media
 - CD R
 - DVD R
 - USB Memory

Product Categories

Consumer Electronics

- TV
 - LCD TV
 - 3D LCD/LED TV
 - LED TV
 - Smart LCD/LED TV
 - CRT TV
 - Plasma TV
 - 3D Plasma TV
 - Smart Plasma TV
- TV Set-Top Box
- Videogame Console

IT

- Monitor
- Other PC Peripherals
 - External HDD
 - Keying Device (Keyboard)
 - PC Speaker
 - Pointing Device (Mouse)
- PC
 - Desk PC
 - All-in-One PC
 - Desk PC (ex AIO)
 - Mobile PC
 - Netbook PC
 - Notebook PC
 - Computing Tablet
 - Media Tablet
- Printing
 - Printer
 - Printer Cartridge

Product Categories

Telecom

- Mobile Handsets
 - Mobile Phone
 - SmartPhone
- Other Telecom
 - Headset
 - Headset ex-Mobile Stereo
 - Mobile Stereo Headset
 - Line Phone
 - Fixed Line Phone
 - Mobile Line Phone
- Wearables
 - Health & Fitness Tracker
 - Smart Eyewear
 - Smartwatch
 - Wrist Sport Computer
 - Locator
 - Connected Watch
 - Hearables

Photo

- Digital Camcorder
 - Action Camera
 - Digital Camcorder ex-Action Camera
- Digital Still Photography
 - Digital Still Camera
 - Compact Camera
 - Compact System Camera (Mirrorless)
 - DSLR Camera
 - Interchangeable Lens

Analysis Considerations: Geographical, Financial

Developed

- North America
- Western Europe
- Developed APAC



Emerging

- Central /Eastern Europe
- Latin America
- Emerging APAC
- Middle East/ Africa



- Exchange Rates (FX)
- Sales Tax
- Tech Subsidies



0.81



0.96



6.94



118.50



1.34





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2016: The Year of the Unexpected



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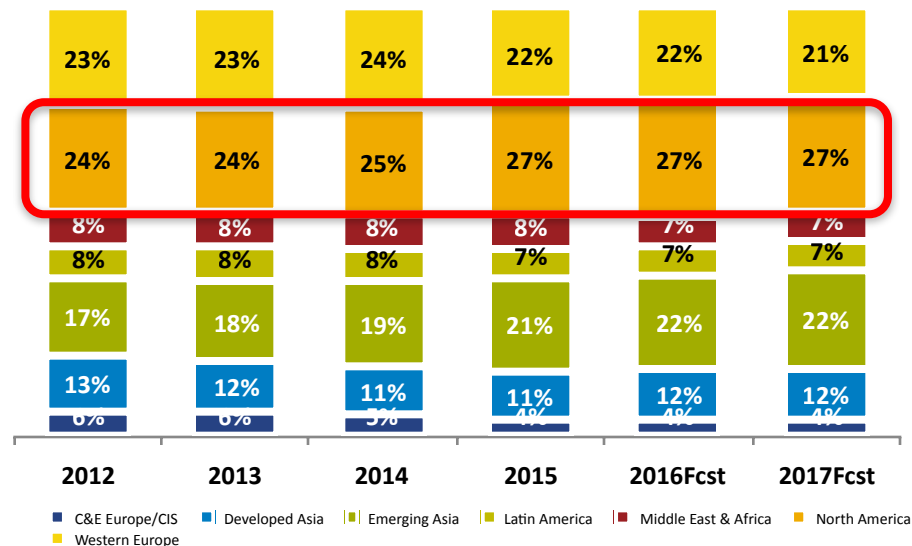
Global Economic Picture

World GDP

2016 = 3.1%

2017 = 3.4%

GDP* distribution by Region - USD



* Source: IMF, OCT 2016



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2017 Global Economy:

Realignments, Long-Term Trends, New Shocks

- Uncertainty underscores outlook
- Brexit, trade risks and Trump
- Some firming of commodities pricing
- Sentiment toward emerging markets improving – Asia looking strong
- Advanced economies wrestle with new political landscape
 - USA, UK, Korea, Brazil
- China: consumer spending strong, capital spending weak

Technology's Magnificent Seven



Global



Share:
Total:

2015 = 79%
761 billion USD

2016 = 78%
740 billion USD



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Technology's (New) Magnificent Seven



Global

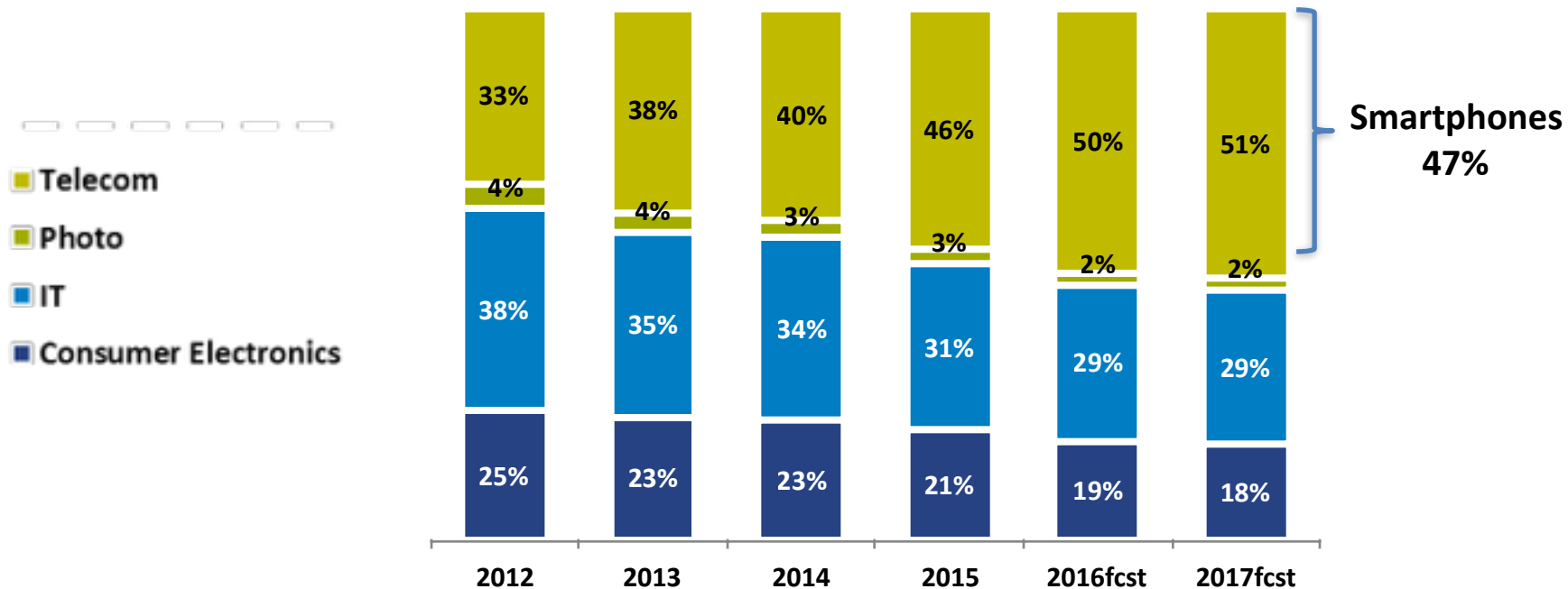


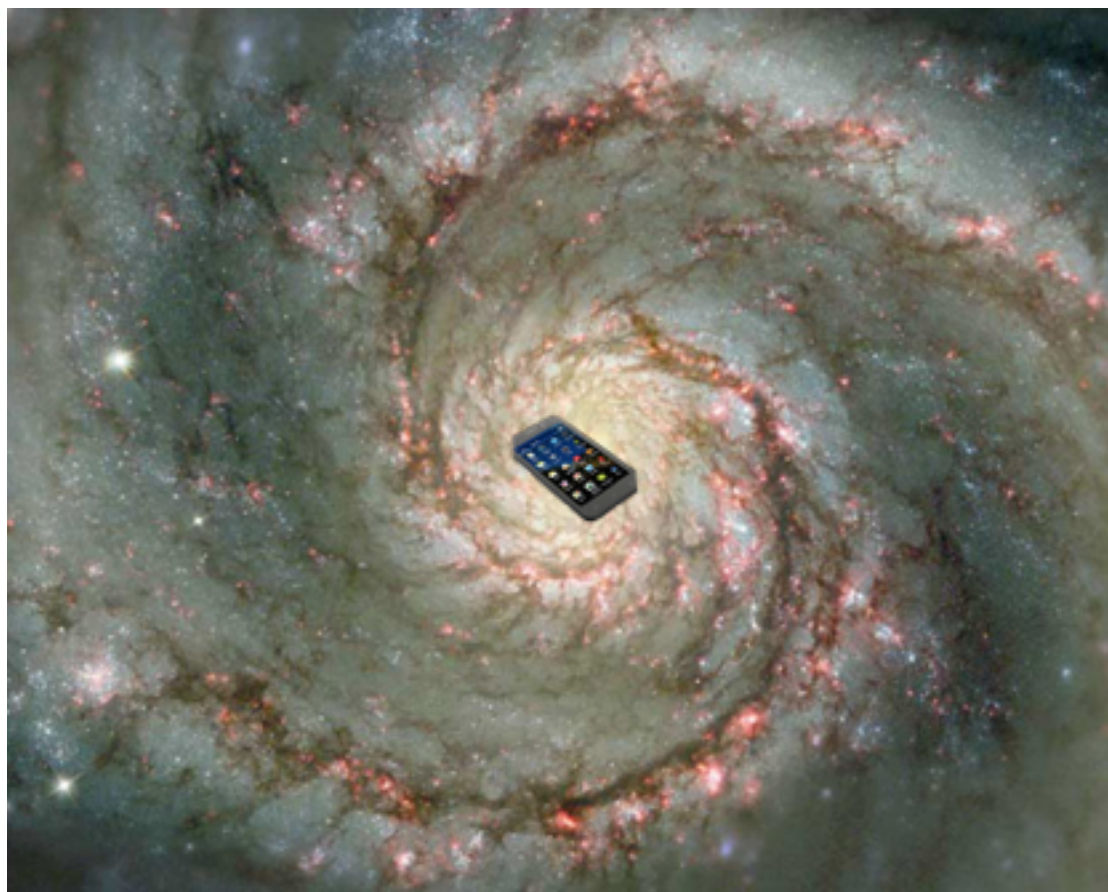
Share:
Total:

2017 = 81%
754 billion USD

Mobility Makes the World Go Round

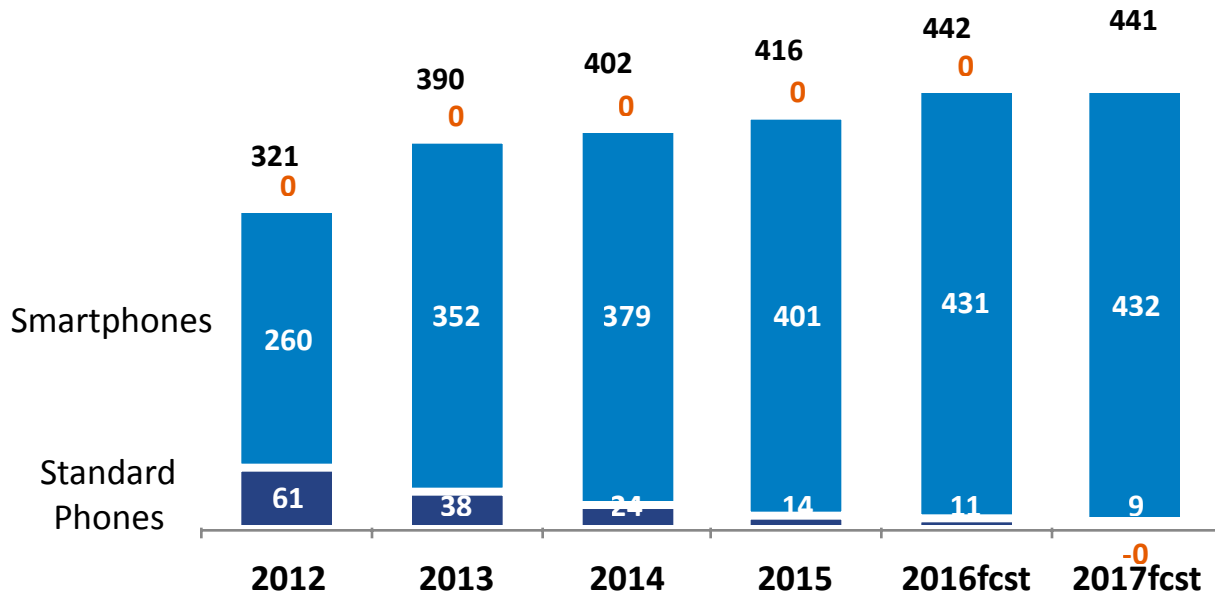
Global Digital World Values (USD) share by Category





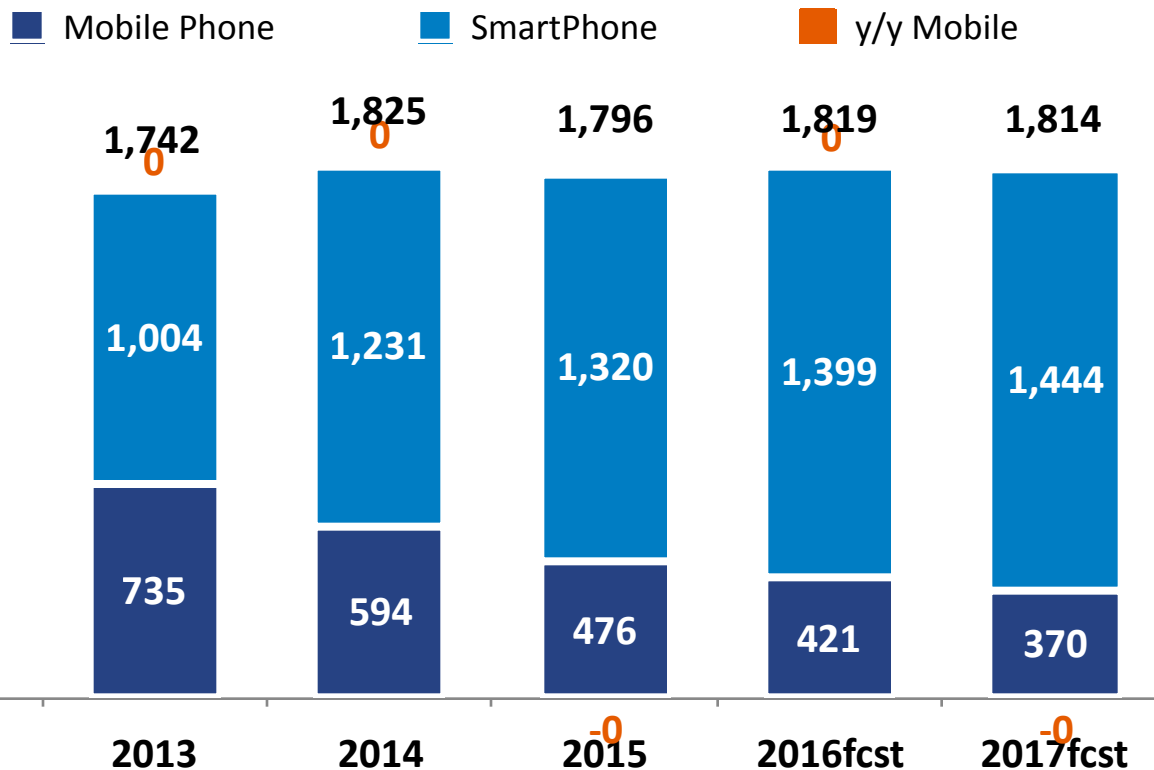
Smartphones: Super Massive

Global Mobile Values (USD bn)

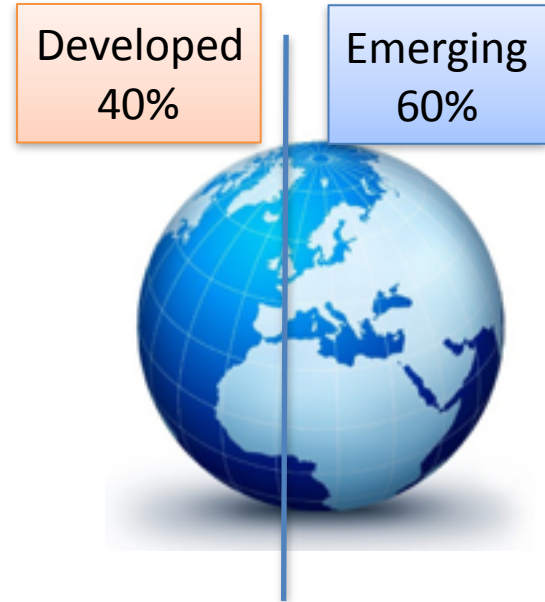
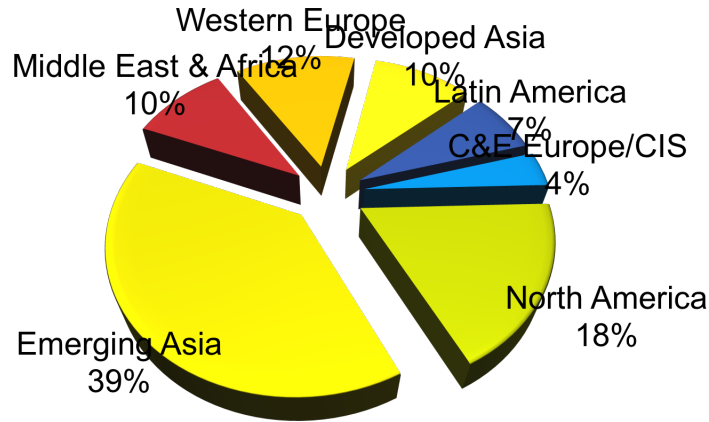


Global Handset Volumes Steady

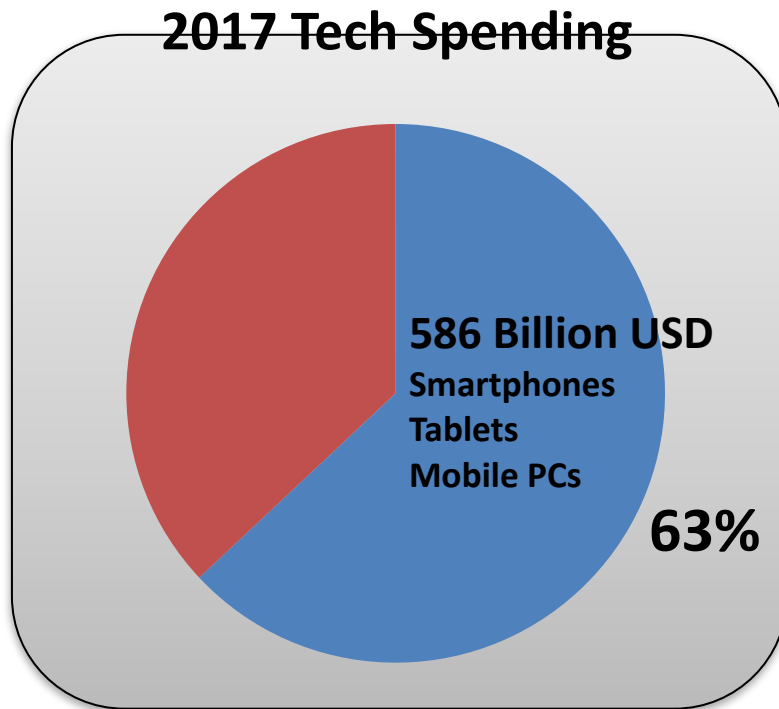
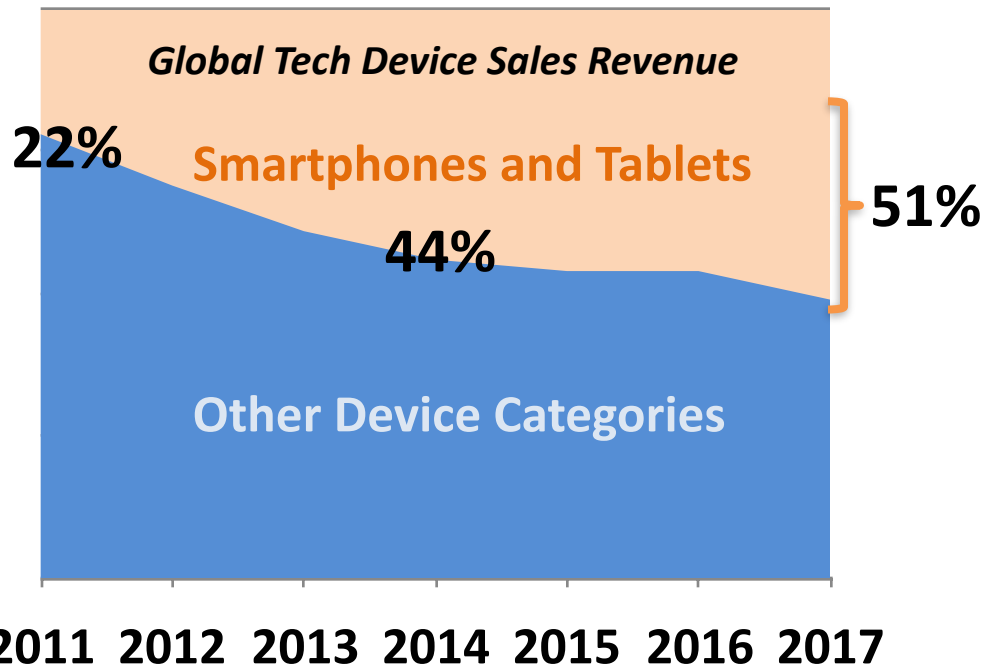
(Units in Millions)



Smartphones Value Share by Region (USD)

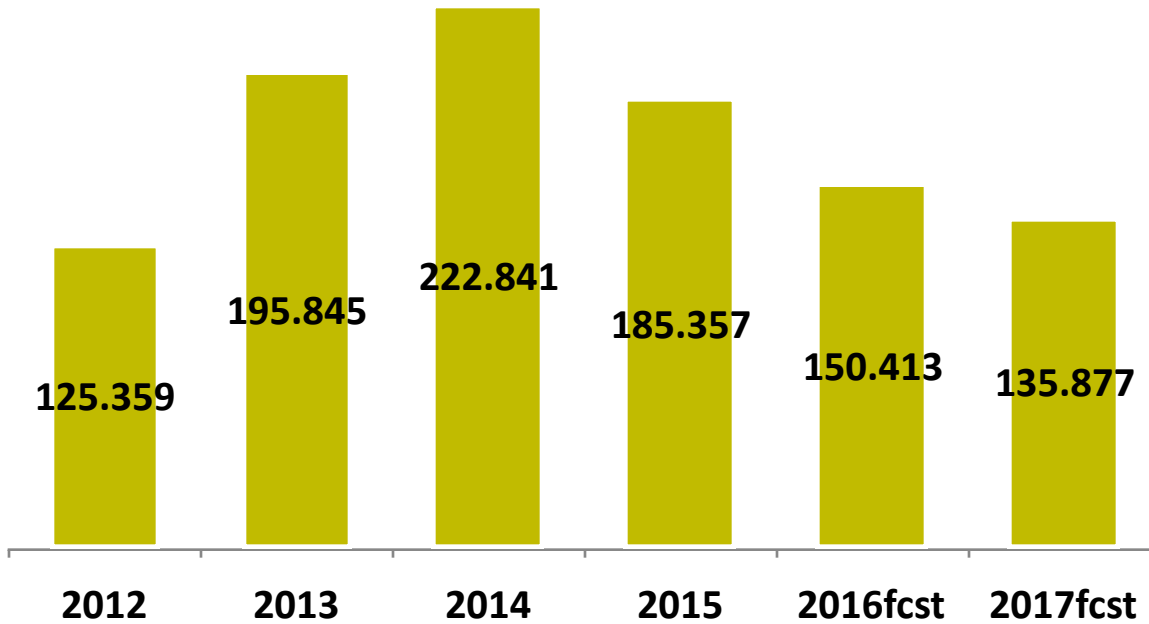


Think Globally, Connect 'Mobilly'



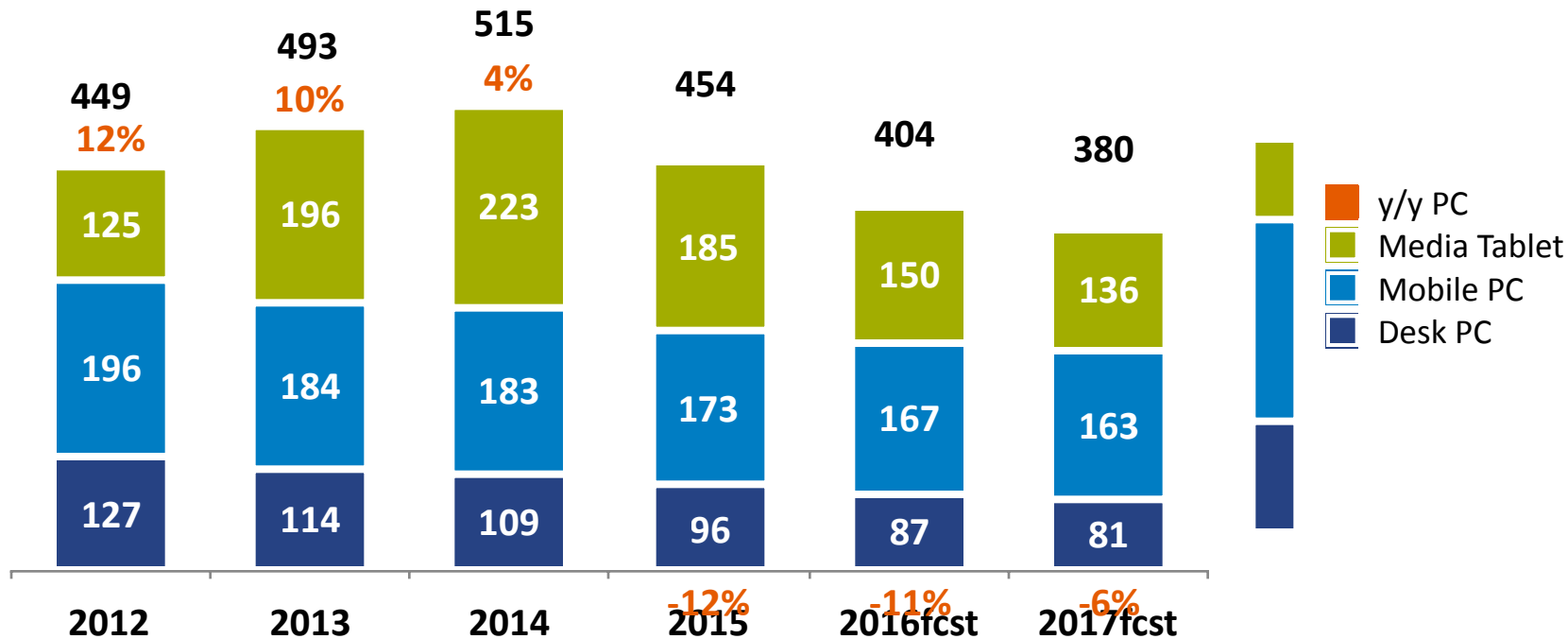
Global Tablet Volumes Trending Lower

(Units in Millions)



Have Global PC Volumes Crested?

(Units in Millions)

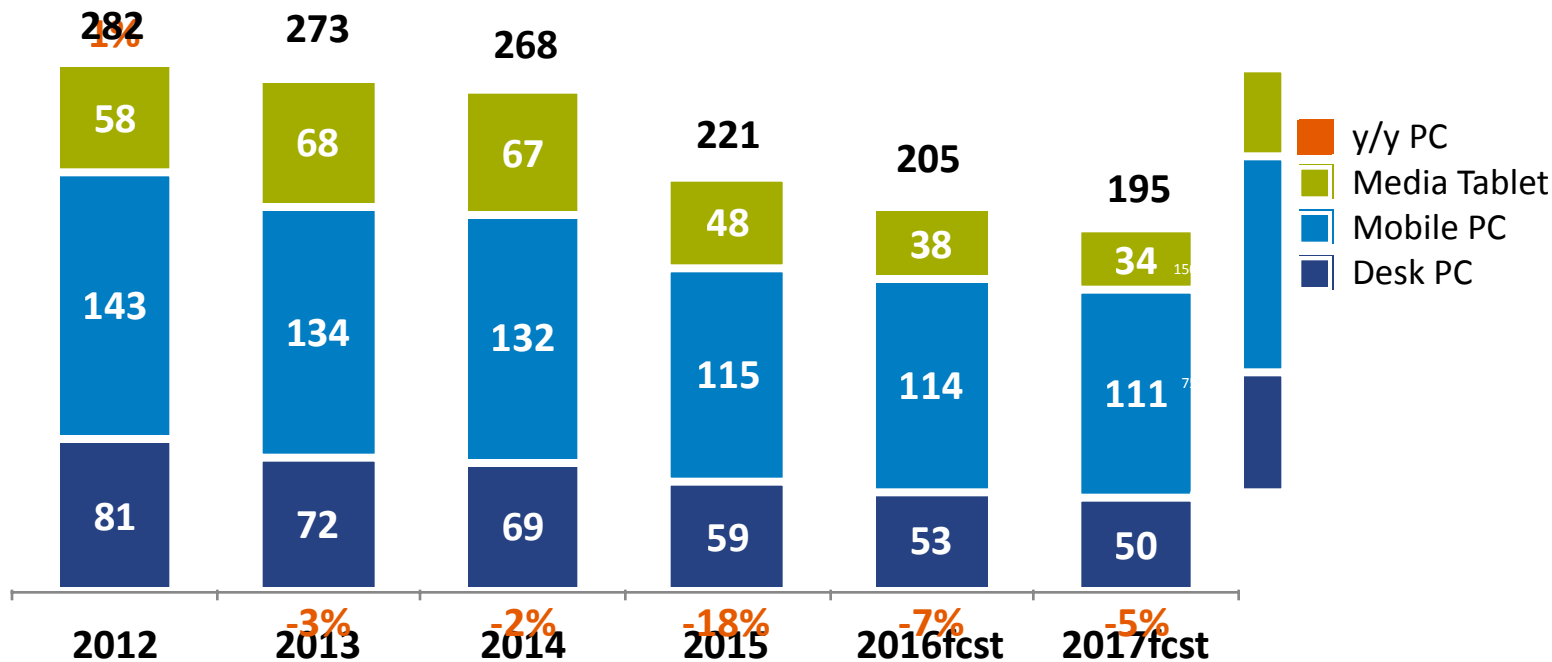




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Tablet Declines Impact Global PC Revenues

(Revenues in Billions USD)



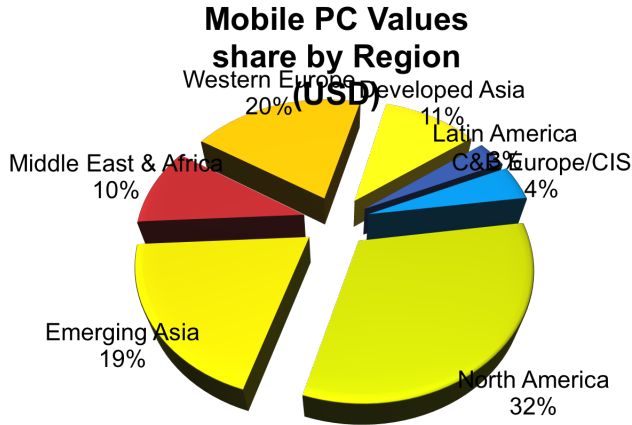
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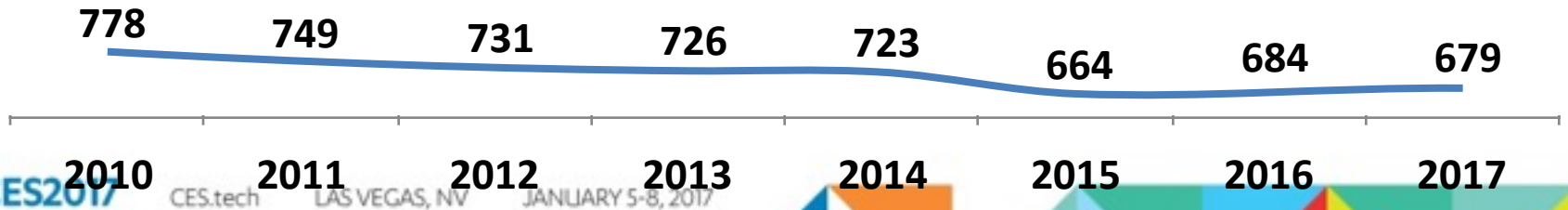
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Developed Regions Dominate Mobile PC Sales



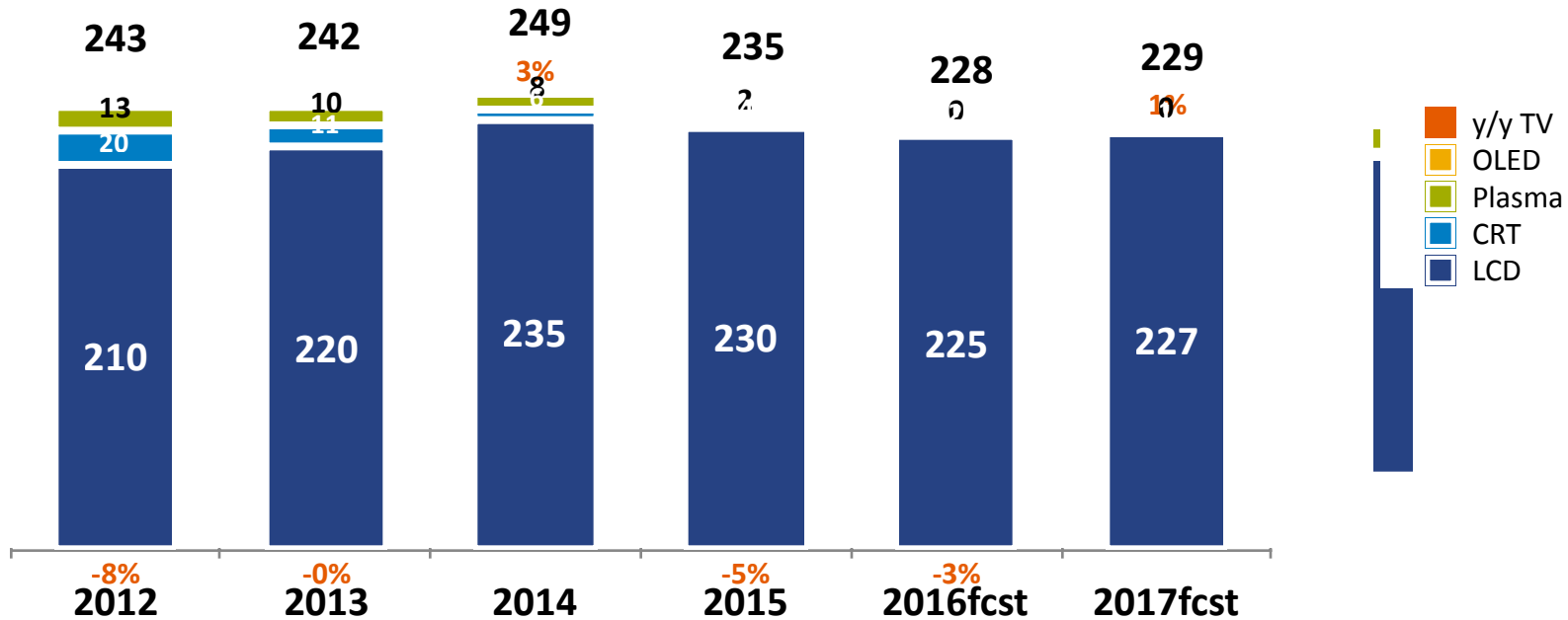
Avg. Selling Price (USD)





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Global TV Volumes Leveling Off (Units in Millions)



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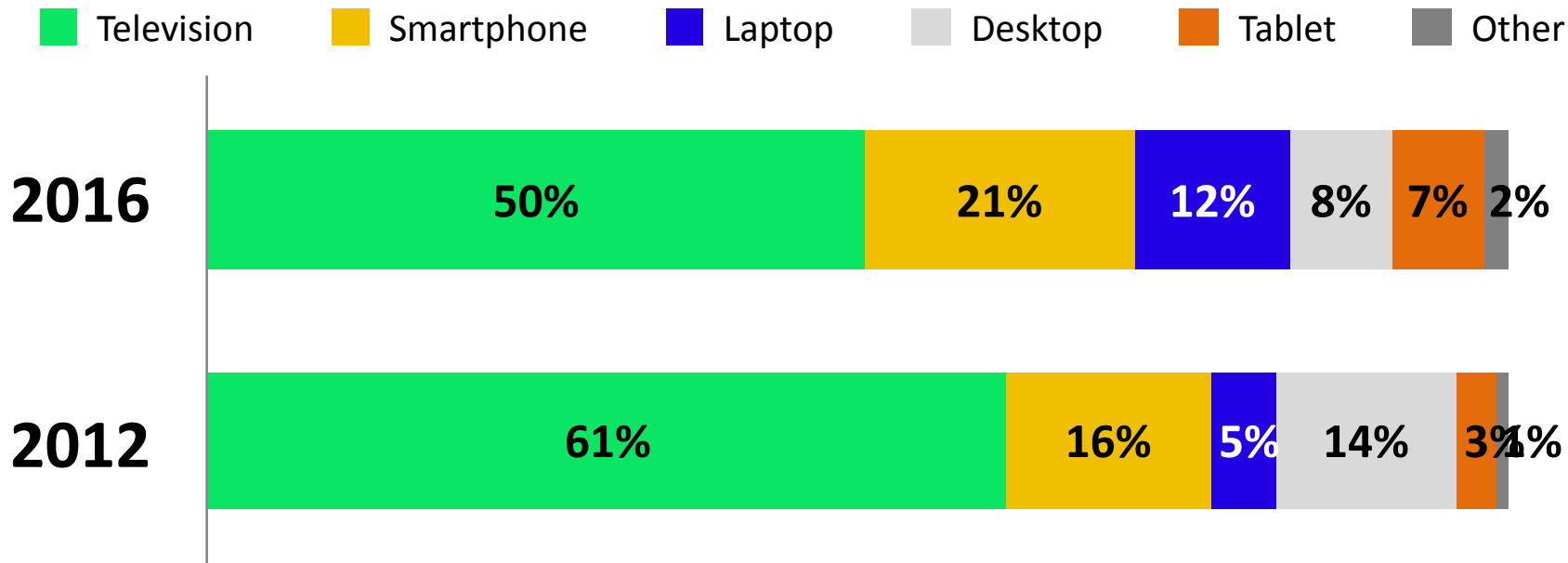
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Smaller Screens = Bigger Viewing Profile

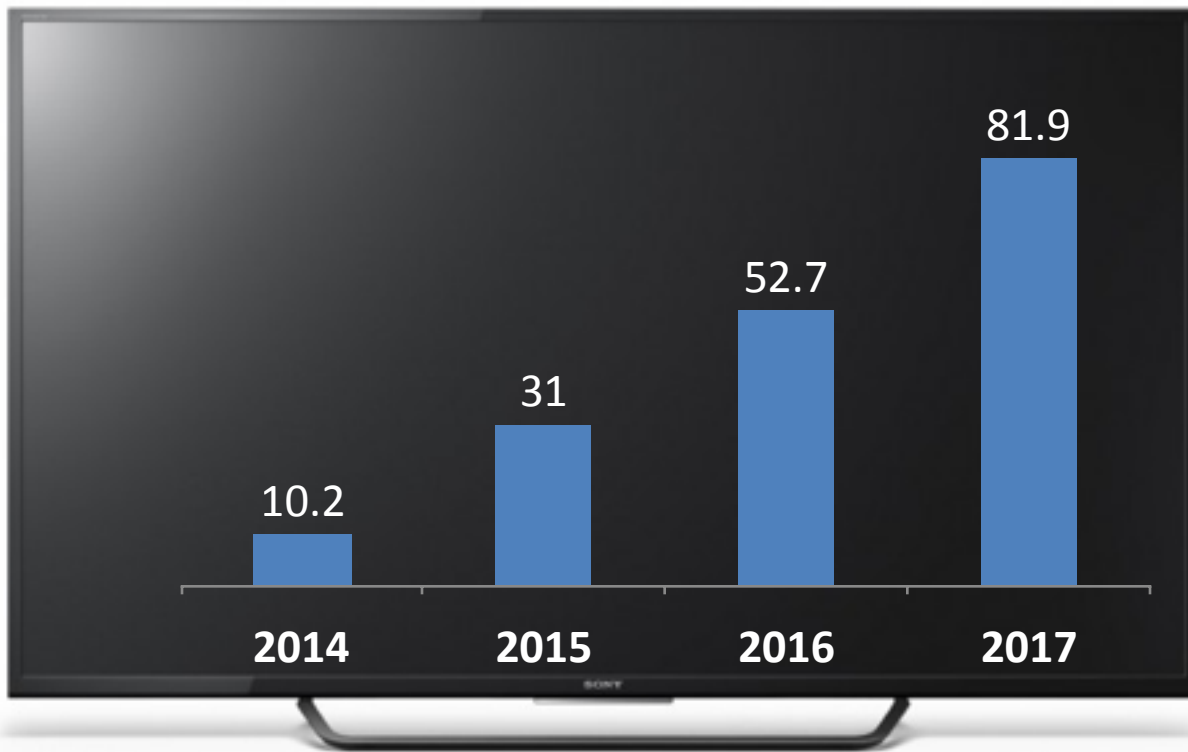
USA: Average Share of Video Viewing on Each Device



Source: The Evolving Video Landscape (2012)

Source: 2016 Video Study

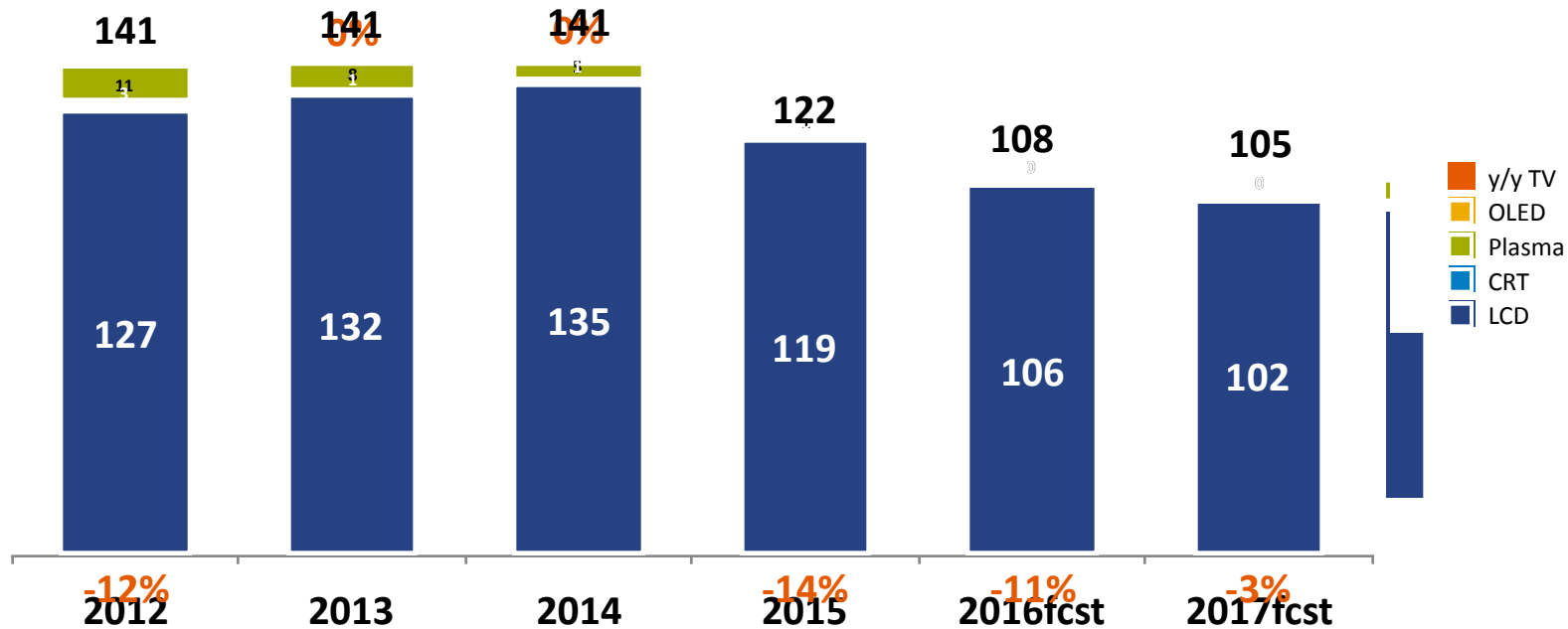
Global 4K UHD Sales Volumes (in Millions)



Source: GfK

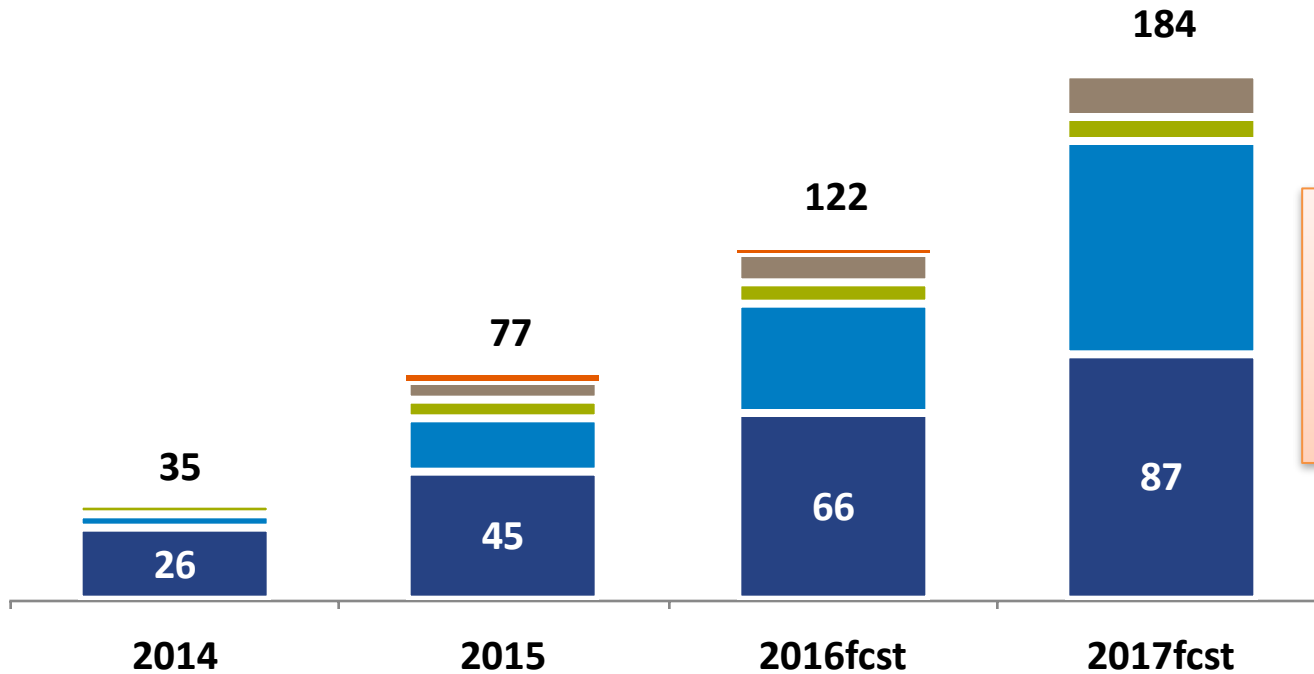
The New Normal for TV

(Revenues in Billions USD)



Global Wearables Market In High Gear

(Units in Millions)



Western Europe and China key markets to watch in 2017, as they gain on the U.S. market's early wearables lead

Gear S3 smartwatch



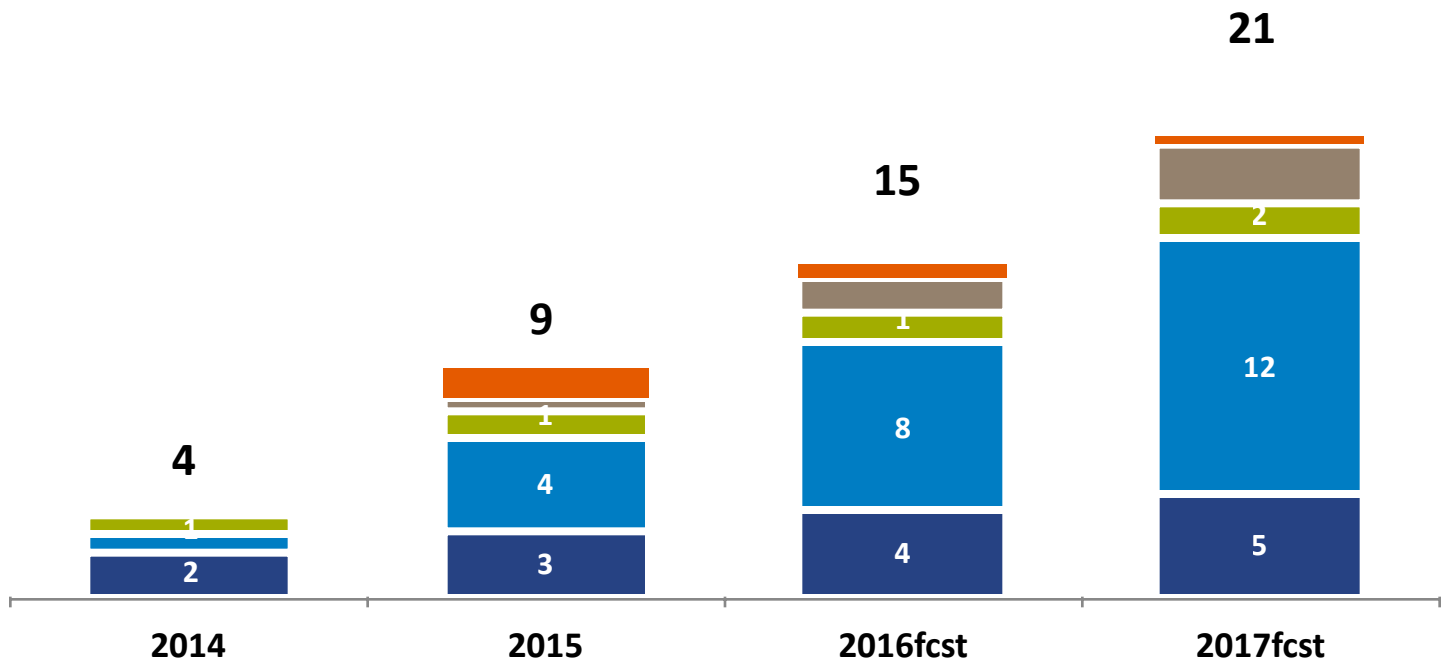
VPS 16 eye-tracking glasses

Spartan Boxer Brief



Wearables: Double-Digit Revenue Growth

(Revenues in Billions USD)





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REGIONAL FOCUS

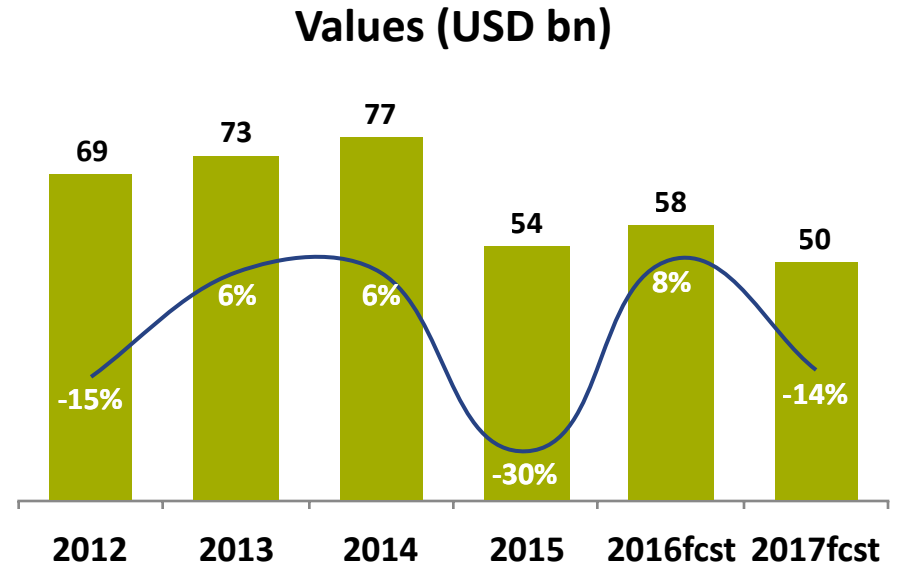
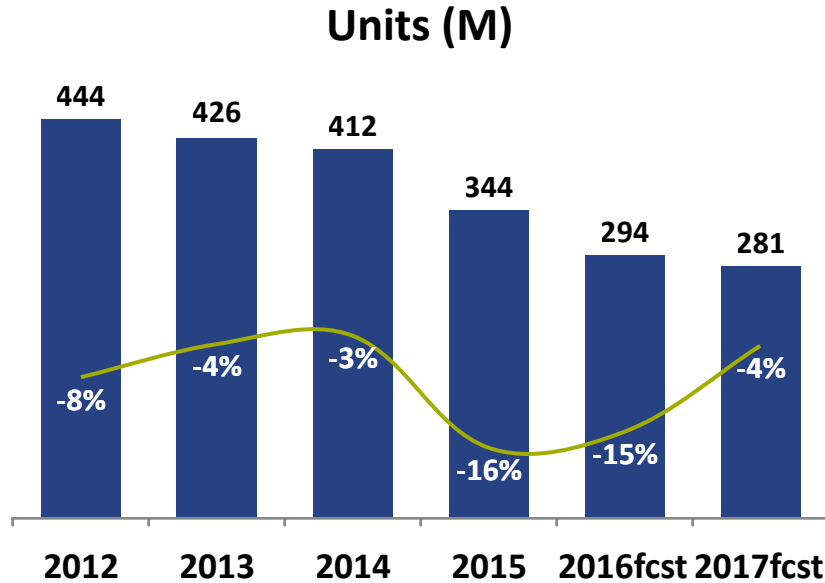
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Latin America – Tech Spending Analysis





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Latin America | Seeking Economic Redemption?

- **Brazil** – tough recession, infrastructure
- **Argentina** – more economic weakness
- **Venezuela** – soaring inflation

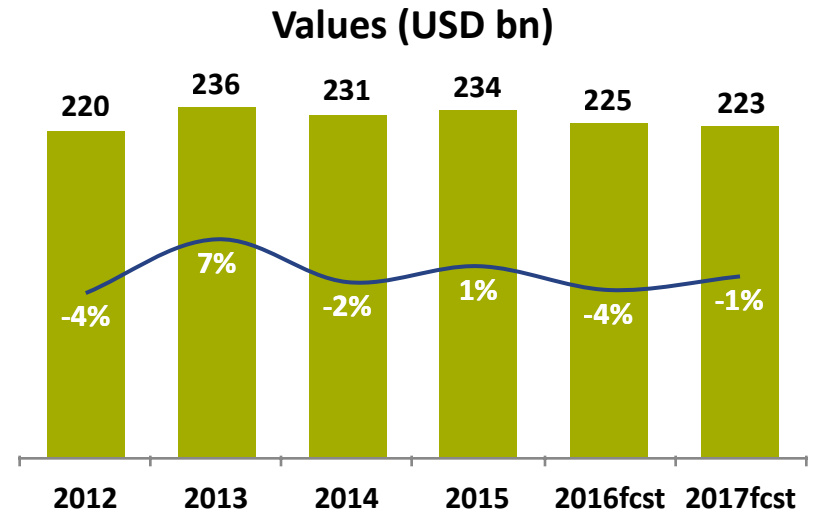
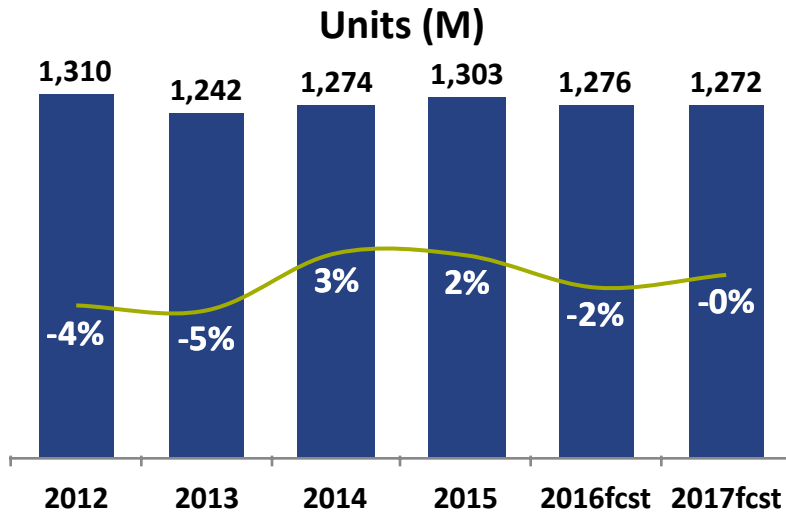
- Economic challenges dim 2017 outlook for tech spending

- Telecoms is expected to return to growth in 2017, while the other main categories continue to decline

- Some emerging product markets are still small



North America – Tech Spending Analysis





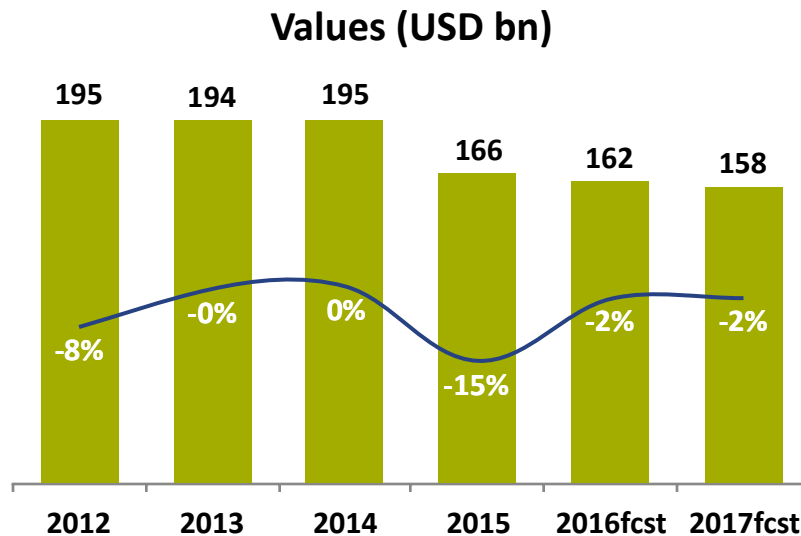
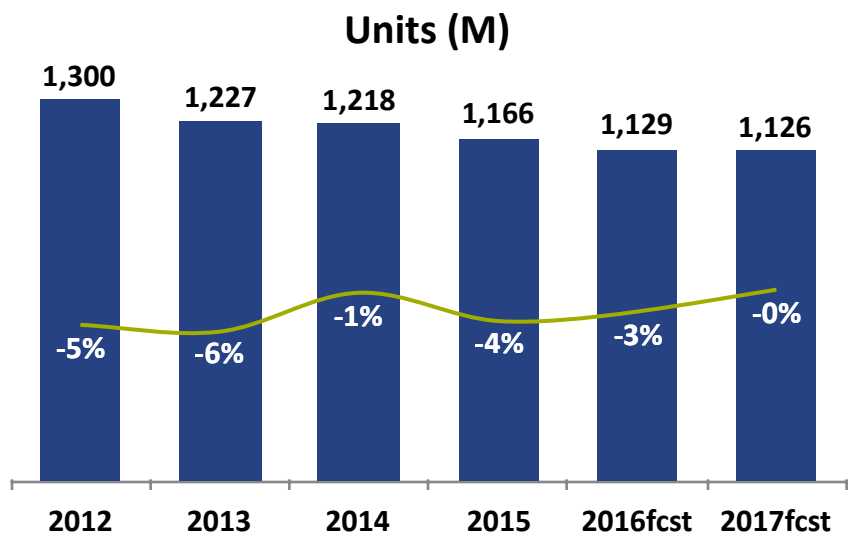
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North America | Three Amigos?

- **USA** – CCI=113.7 highest since 2001. Employment/wages, spending and interest rates up.
- **Mexico** – modest growth. Crime, corruption, immigration issues present headwinds.
- **Canada** – impact of oil slowdown. Trade with USA and EU to rise.
- Demand for 2017 revised up, driven by expected improvement in smartphones and PC demand.
- Revenue decline expected to moderate slightly due to increasing ASP's within main sectors
- Wearables and audio products are among the fastest growing products.



Western Europe – Tech Spending Analysis





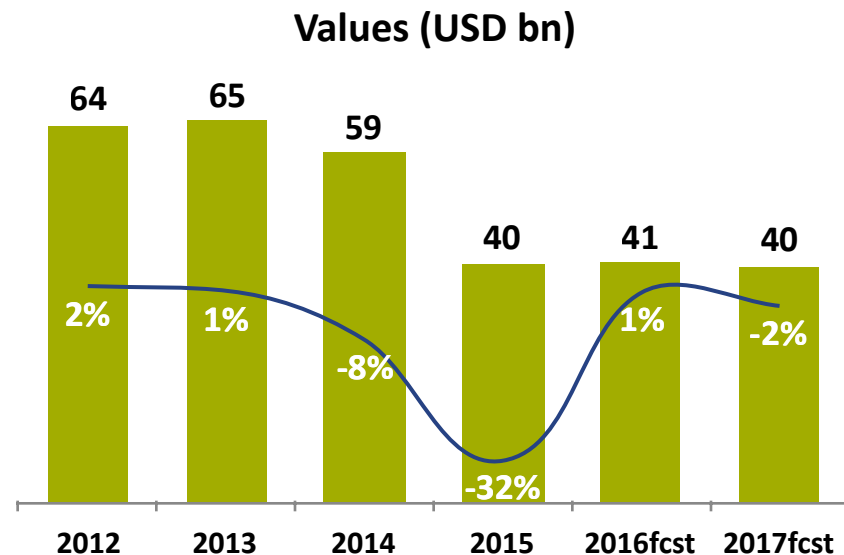
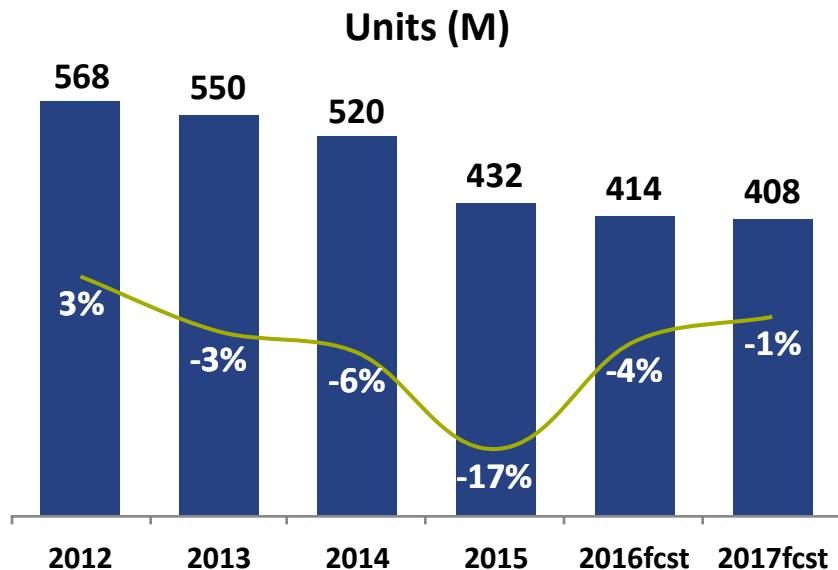
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Western Europe | Mind the Gap

- Brexit impact and potential aftershocks still unclear
- EU public debt; immigration tensions spark nationalism
- More headwinds to economic growth than tailwinds
- Smartphones sales stable. Softening demand for other major categories.
- Streaming video adding new life to living room entertainment.



C&E Europe – Tech Spending Analysis





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C&E Europe | Going for Growth!

- Central and Eastern Europe economy growing steadily at 3.0%. EU development funds to fuel more growth although currencies pressures present headwinds. Trade tightening could hurt.
- **Ukraine** and **Russia** remain in focus 2017.
- Marginal improvement in tech end-demand in most countries. 2016 revenue gains defined by smartphones and LCD TV.
- Replacement cycles quickening. Sales orient towards higher-end devices with better user experience and higher ASP.
- Growth continues for emerging products like wearables.



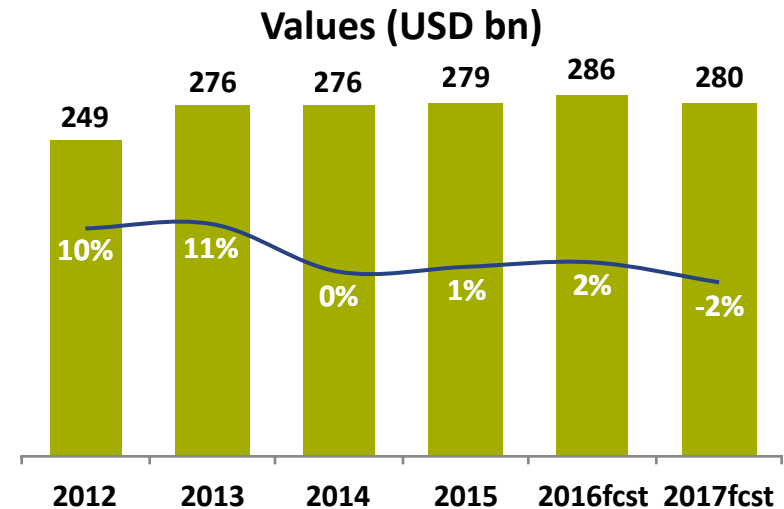
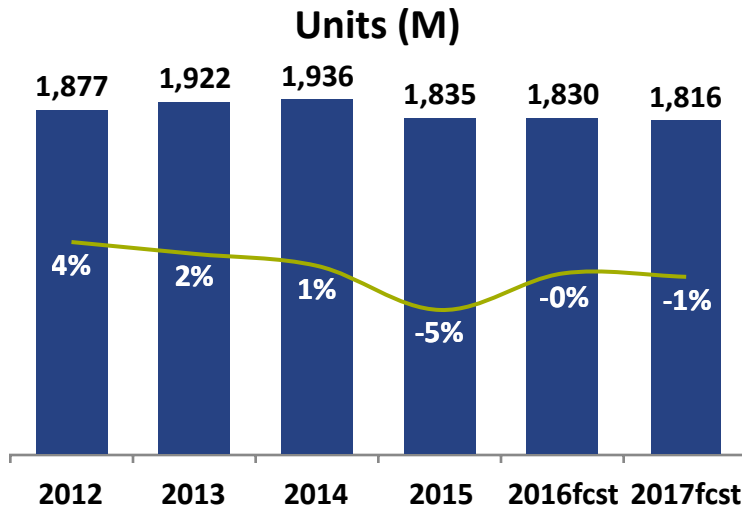
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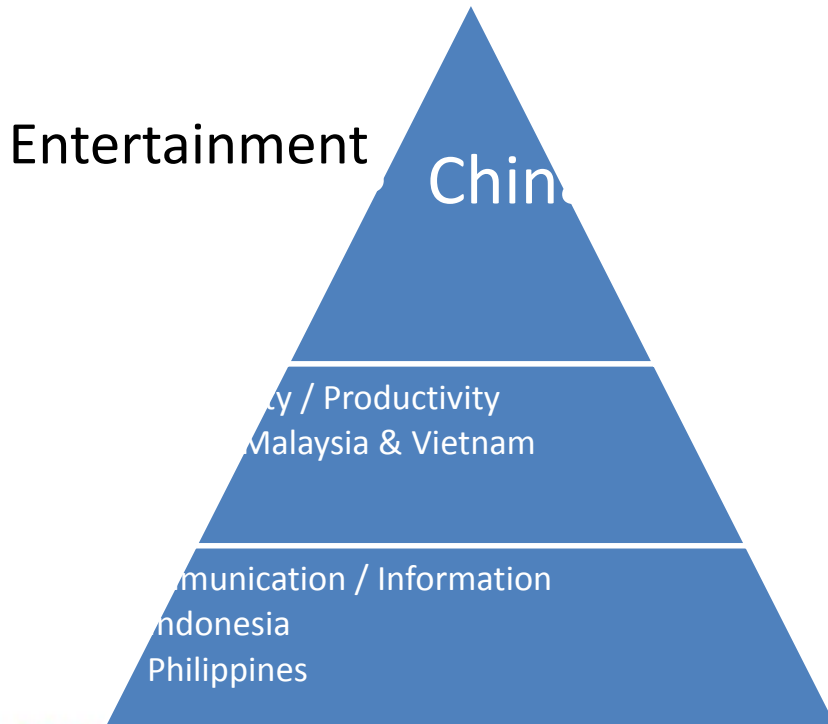
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Emerging Asia – Tech Spending Analysis



China = fully developed tech market



- Tech is fully integrated into daily life & used for enjoyment / entertainment
 - Few barriers other than access to brands
 - Robust channels – online purchasing
-
- Tech use more basic – supports communication & productivity
 - Markets still developing in terms of:
 - Internet
 - Channels – largely in-store purchase which may contribute to limited access



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Emerging Asia | Growth Beyond China

- China GDP 6.4% in 2017 as turn toward service/innovation economy continues.
- India is the new China. GDP growth 7.5% through 2020.
- Other countries seeing lift in end-demand. Chinese brands capitalizing.
- Smartphones dominate the tech landscape.
- Bifurcated strategy: budget phones and high-performance models.
- Among fastest-growing products are 4K Ultra HDTV, action cameras, wearables and audio products.



June 7-9, 2017
Shanghai, China

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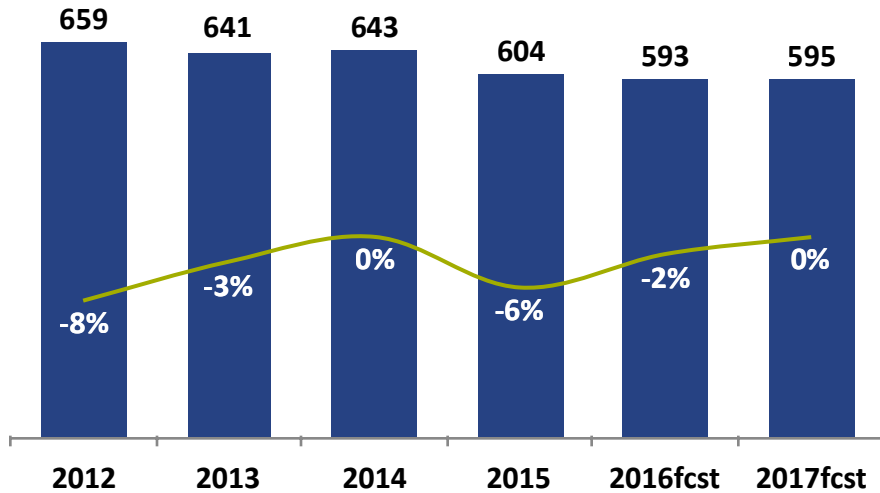
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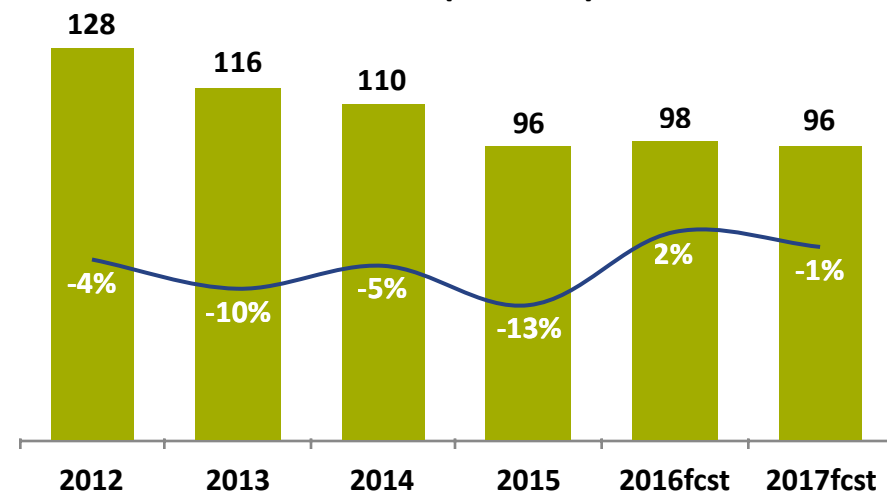
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Developed Asia – Tech Spending Analysis

Units (M)



Values (USD bn)





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Developed Asia | Active Aging with Technology

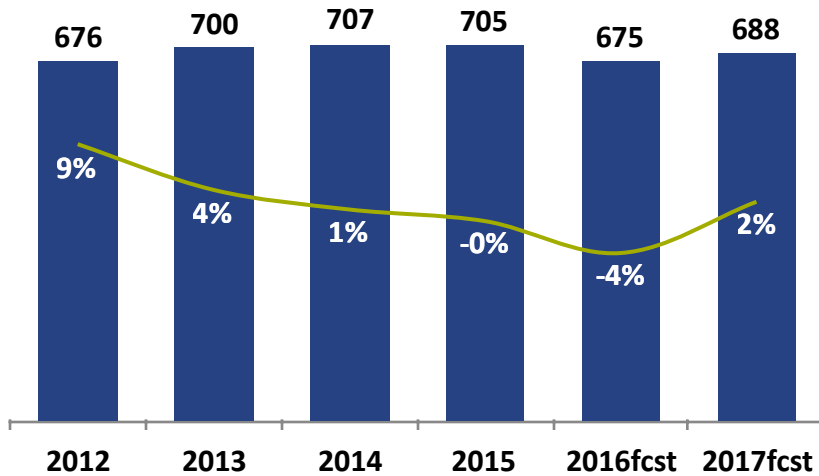
- Weakness moderates in all key countries, 2017 outlook for Japan GDP growth is positive, but still historically low.
- South Korea moving past political scandal
- PC sales improving; smartphone outlook stable.
- Photo declining.
- Wearables seeing strong growth.
- High adoption of active aging tech?



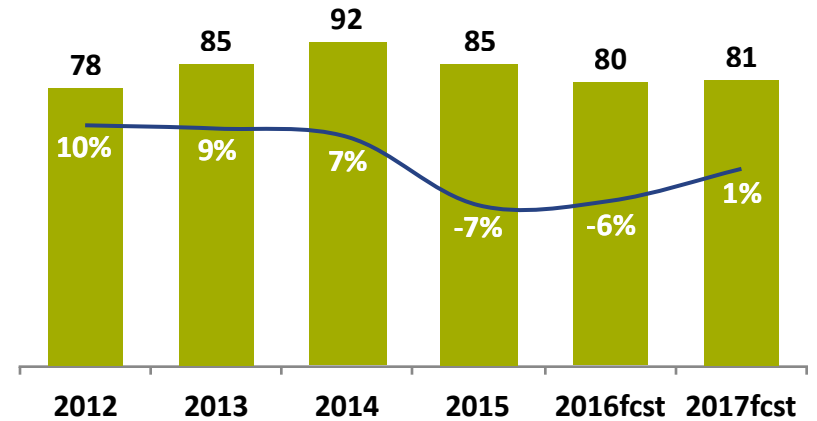


Middle East & Africa – Tech Spending Analysis

Units (M)



Values (USD bn)





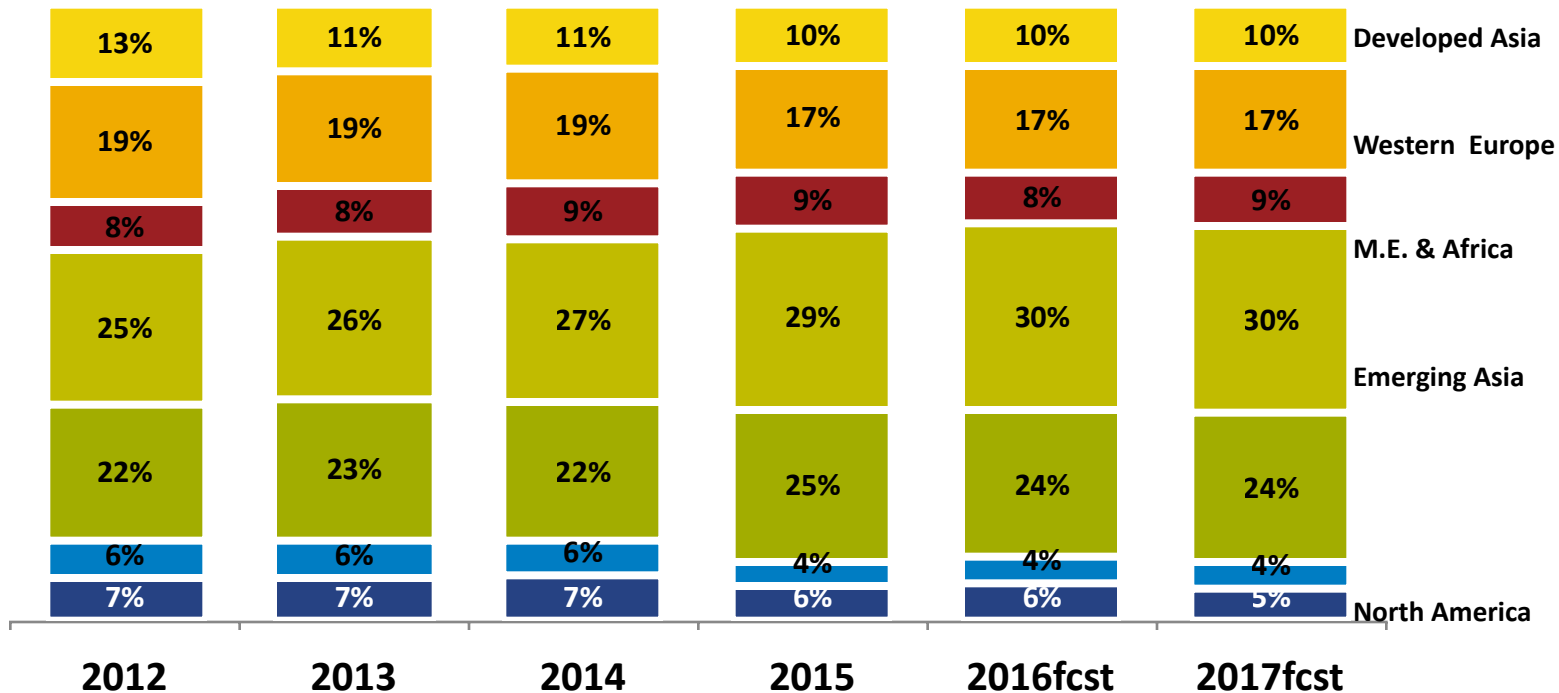
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Middle East & Africa | Hope for Peace

- Conflicts across the region continue to create headwinds to growth.
- 2017 outlook remains positive, driven by improved demand in a some countries, as UAE and Egypt.
- Smartphones domination of tech landscape even more pronounced here.
- Rising competition driving down prices, but also revenues.



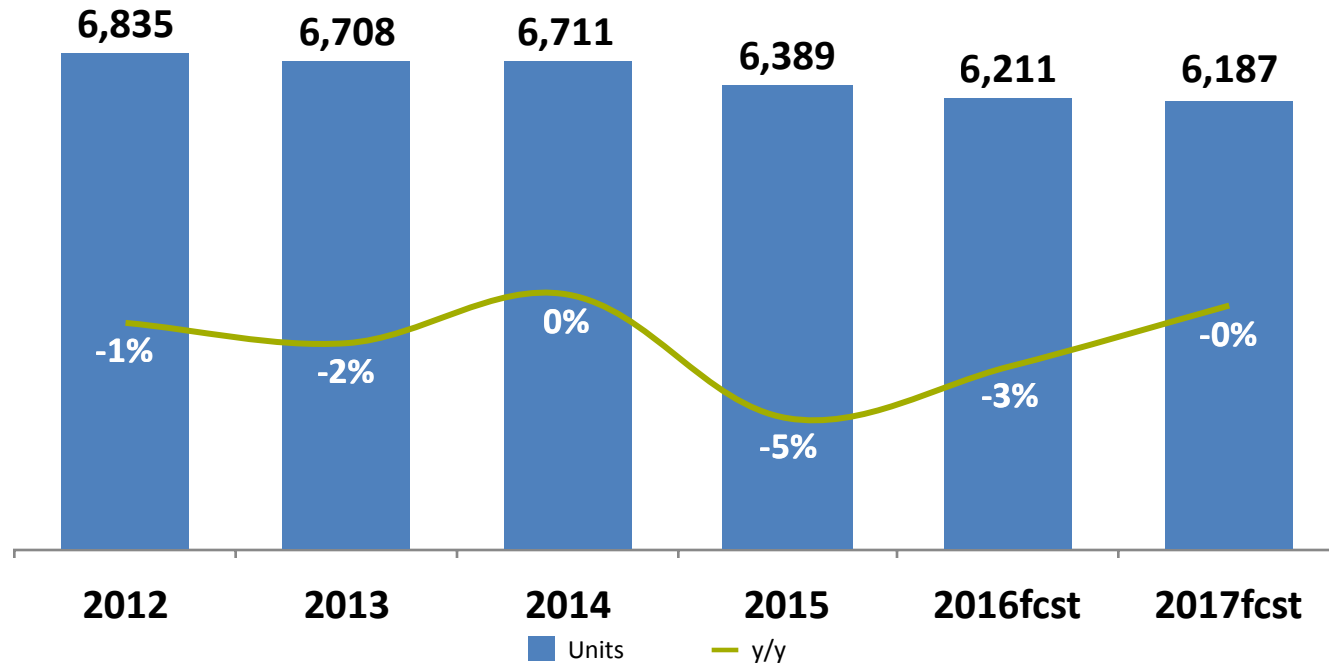
Global Tech Spending Share by Region





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Global Consumer Tech Unit Sales Leveling Off (in Millions)



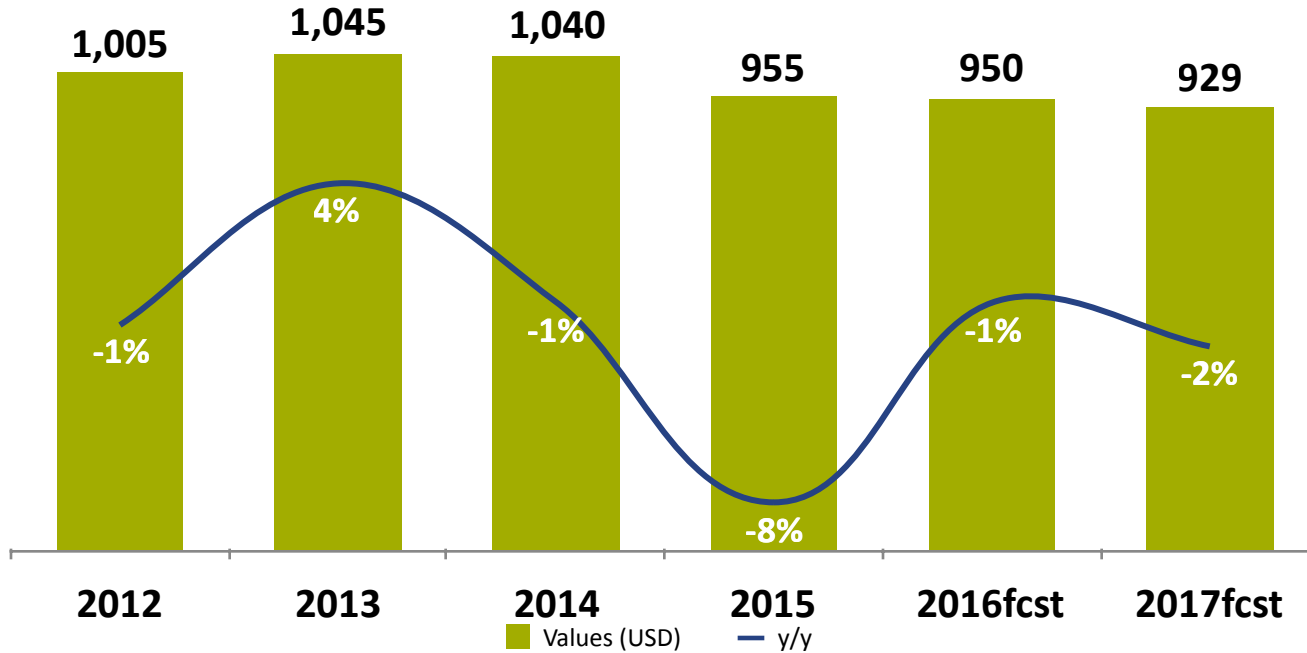
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Global Consumer Tech Spending (Billions of USD)





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Why is Global Tech Spending Lower?

- **Strong dollar** unfavorable to conversion of global currencies.
 - Global GDP growth of 3.4% in 2017
 - China growth moderating, Euro and Yen weak
- **Volume growth flat / negative** in core categories: Smartphones, PCs, TVs
 - Tablets units down 10% in 2017
- **Retail prices trending lower** in categories with big impact:
 - Smartphones (-3%); TV (-5%); Laptops (-1%)
- **Uncertainty** underscores outlook for end-demand
 - Geopolitical (Trump, Russia); Trade risks (TPP, Brexit), Commodities pricing (Oil)



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Closing Announcements

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