CEA
Consumer Electronics Association

PRODUCER OF International CES

What Drives the CE Marketplace?

Trends, Products, and Attitudes

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About CEA

- **The preeminent trade association promoting growth in the $175 billion U.S. consumer electronics (CE) industry.**
- **More than 2,300 member companies, including:**
    - o *Manufacturers, Retailers*
    - o *Content providers and producers*
    - o *Integrators / Installers*
- **Producers of the International CES – largest technology event in the U.S.**
    - o *125,000 attendees, 140 countries*

International CES
WHERE ENTERTAINMENT, TECHNOLOGY AND BUSINESS CONVERGE
PRODUCED BY CEA

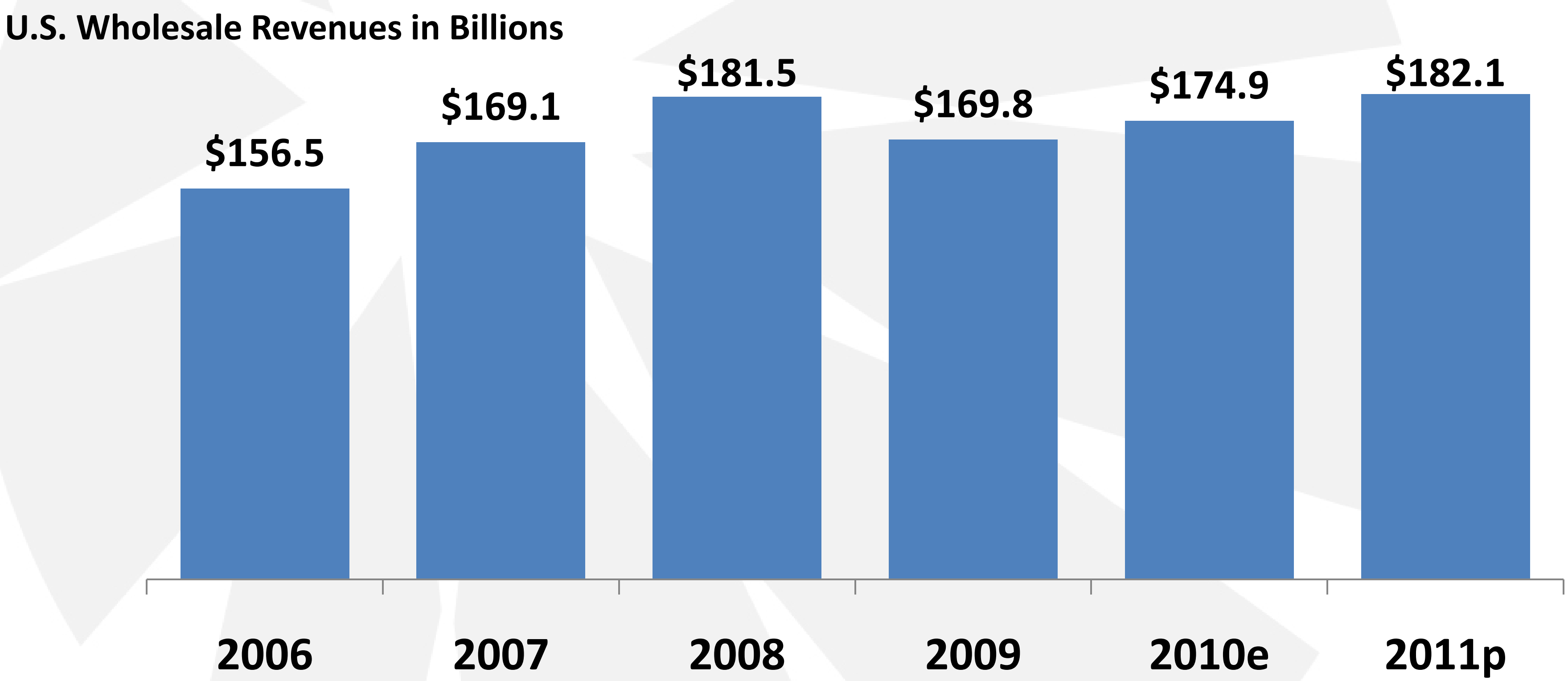
Today's Conversation

- **Setting the Stage:** Top trends in CE today
- **Hot CE Products:** Key developments and purchase drivers
- **Parting Thoughts:** Consumer attitudes on green purchasing

SETTING THE STAGE
SALES AND TRENDS

CE Industry Sales and Growth

Year	2007	2008	2009	2010	2011
% Growth	8.1%	7.3%	-6.4%	3.0%	4.1%



Source: CEA, CE Sales and Forecasts, July 2010

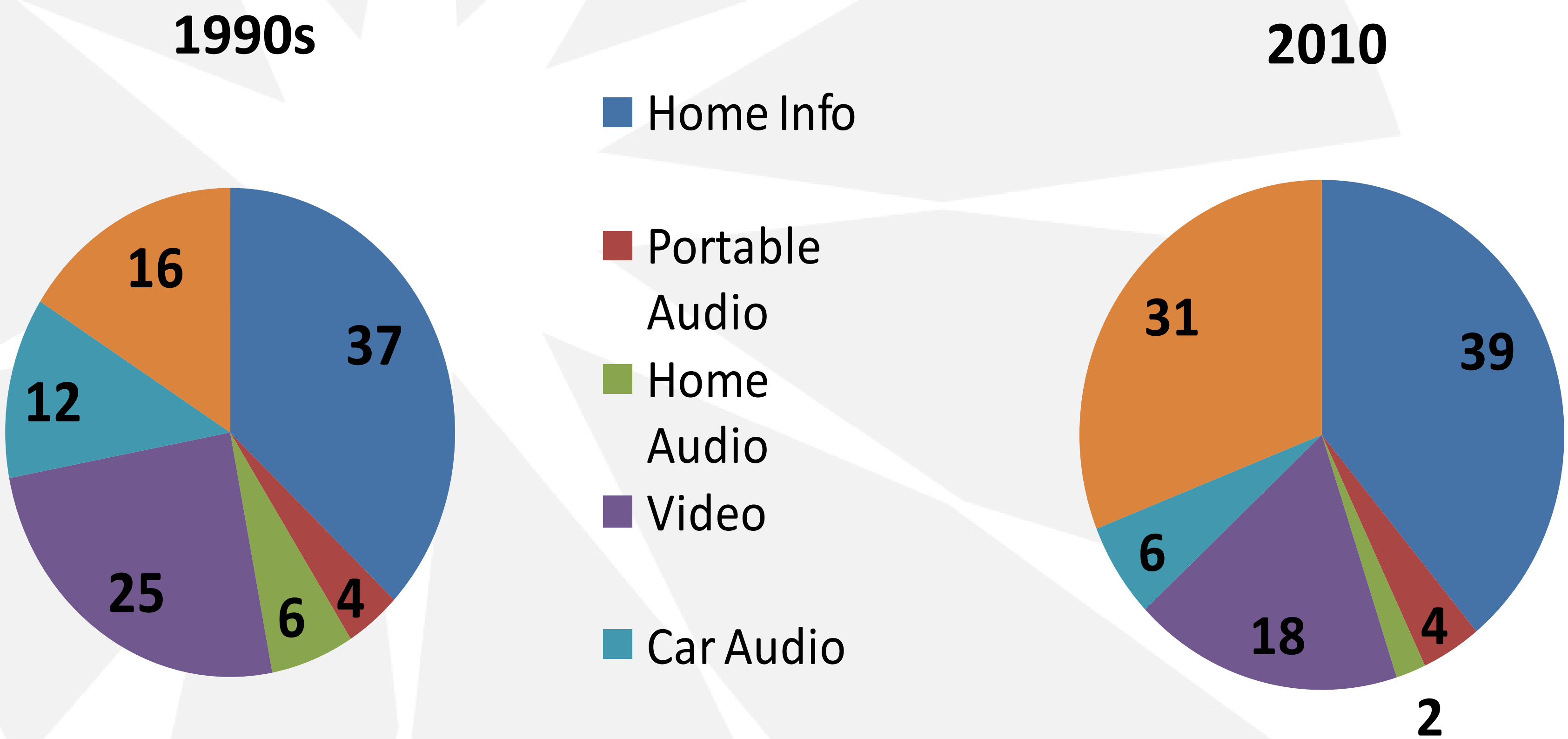
Current Macro Trends in CE

Analog ... Digital ... Connected

- Connectivity
- Rise of Software, Services
- Mobility, Portability
- Evolving Command/Control
- Green

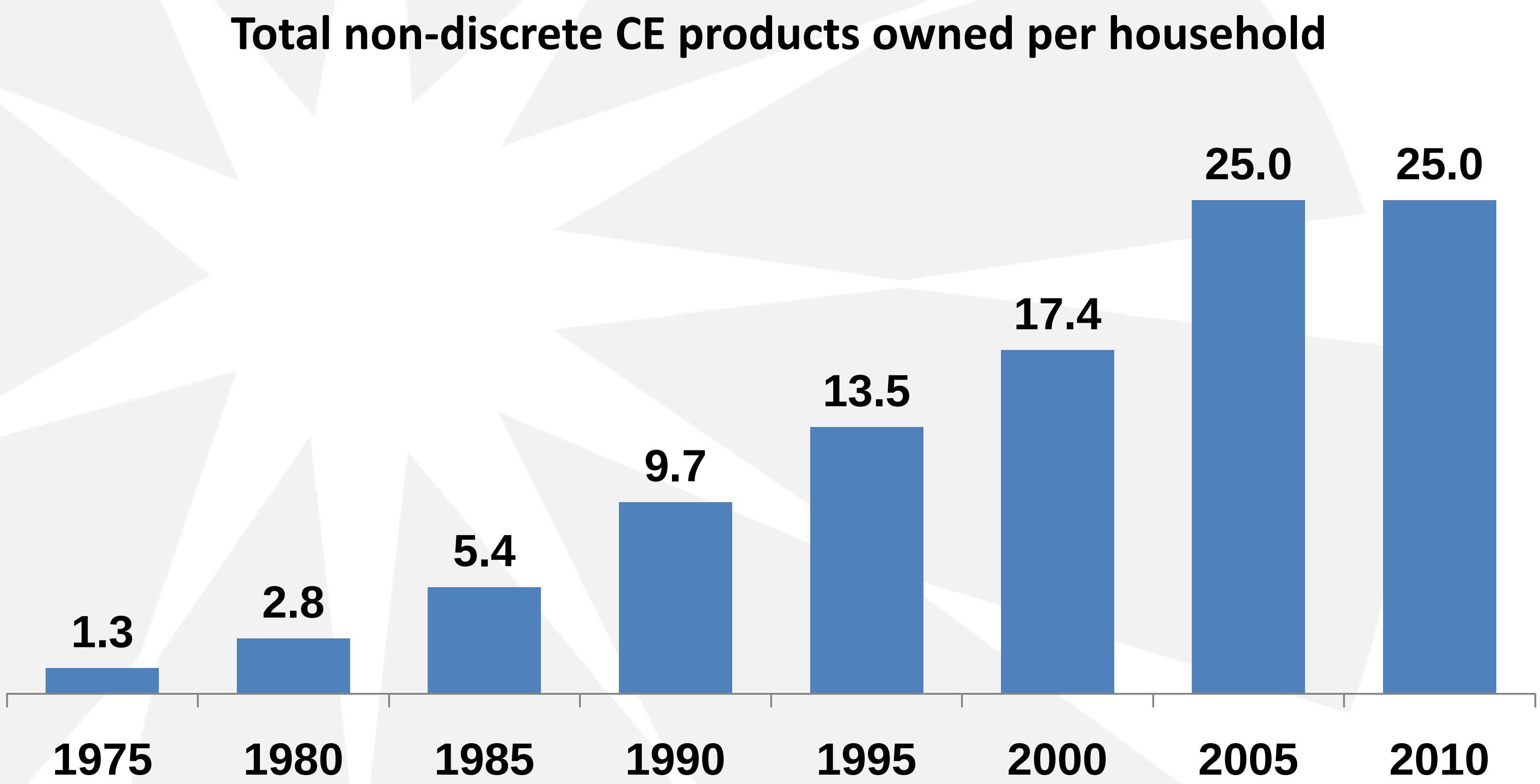
Compositional Shifts

% of Total Industry Revenues



* Includes Gaming, Blank Media, Digital Imaging, Accessories

The Rise of CE: # of Products per Home



Source: CEA, Household CE Ownership and Market Potential

Ten Most Owned CE Products

Ranked by Household Penetration Rate	% Penetration
TV (any type)	95
DVD player/recorder (any type)	93
Cell phone (any type)	85
Digital camera	80
Standard home DVD player	79
In-dash CD player	76
Basic cell phone (non-smartphone)	75
Desktop computer	75
Multi-function printer	66
HDTV	65

Ranked by Installed Base	Installed Base (Millions)
TV (any type)	324.9
Cell phone (any type)	232.6
DVD player/records (any type)	222.6
Basic cell phone (non-smartphone)	171.0
In-dash CD player	164.6
Digital camera	164.2
Standard home DVD player	162.1
Paired speakers	140.4
HDTV	133.4
Desktop computer	128.3

Source: CEA, 12th Annual CE Ownership and Market Potential Study

HOT PRODUCTS AND PURCHASE DRIVERS

Why Buy Technology?

Reasons Consumers Buy

- Helpful, 'It Works'
- Fun, Cool
- Increases Productivity
- Necessity

What They Worry About

- Obsolescence
- Hard to Use
- Damage / Replacement
- Interoperability

Today’s Hottest CE Products

Blu-Ray Players

eReaders

Tablet Computers

3DTV and Connected Displays

Accessories

Smartphones

3DTV and Connected Displays

Key Developments

- Manufacturers jumping in
- Small price premium
- Dearth of content today
- Glasses required

Key Developments

- PC on the TV
- ‘Over the Top’ Services
- Wired or Wi-Fi
- Connected platforms (Google TV)

TV Purchase Drivers – the Eyes Have It

Feature	% Important
Picture quality	92
Screen size	87
Price	86
Sound quality	77
Picture resolution	75
Brand reputation	75
Warranty	72
Type of technology	67
Fits in existing furniture	52
Thickness	49
Weight	39
Ability to hang on wall	29

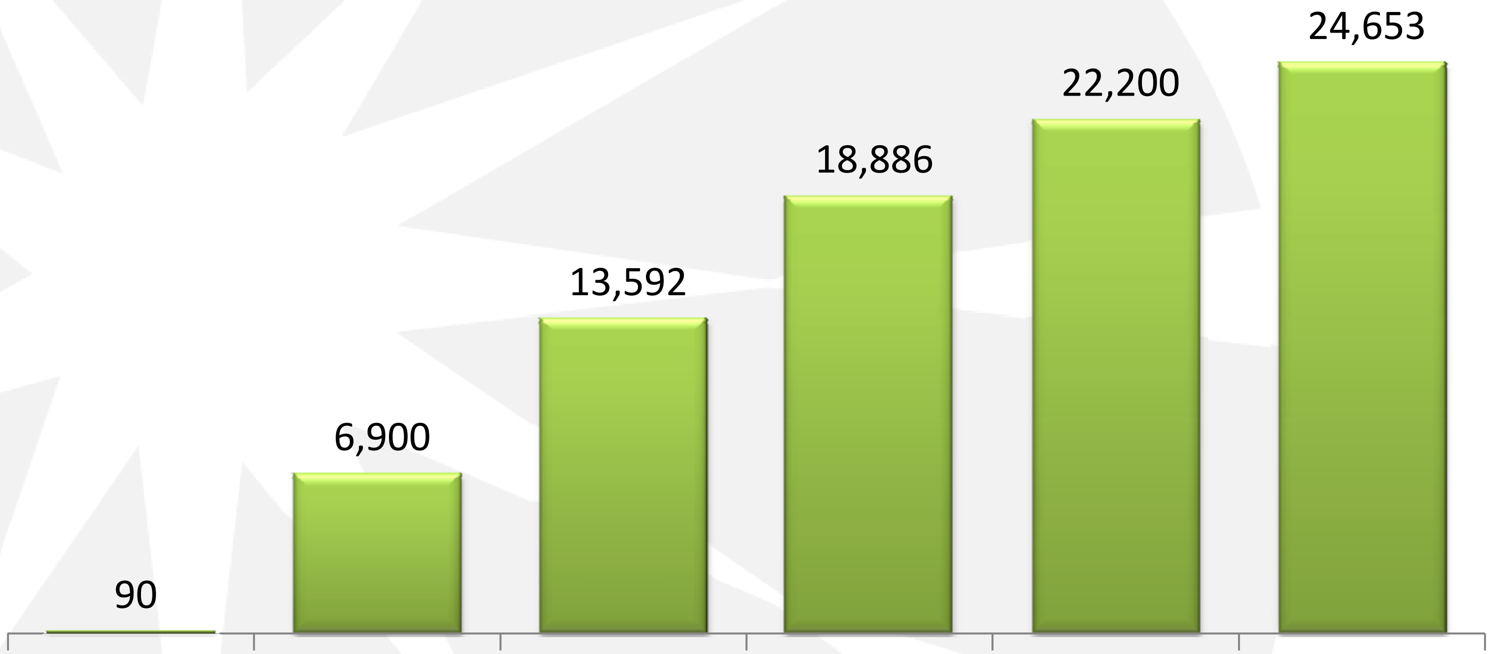
Profile of the 3DTV Buyer

- Younger, more affluent.
- Avid consumers of TV shows and movies.
- 43% of these individuals have seen a 3D movie in the theater in the last 12 months.

HDTV: From Niche to Ubiquity, 2007

Tablets Take Center Stage

U.S. Unit Sales (000s)



	2009	2010	2011	2012	2013	2014
AWP	$700	$630	$595	$565	$530	$530
Rev. (M)	63	4,347	8,087	10,670	11,766	13,066

Source: CEA Sales and Forecasts, July 2010

Tablet Buyer = Early Adopter

- Classic ‘Early Adopter’ purchaser
- Adding to mobile computing mix
- Should be big for holiday 2010
- Usage focus: entertainment, ebooks, web

Apple iPad

9.7” LED Screen
1GHz / 64GB
Apple iOS
1.5 pounds

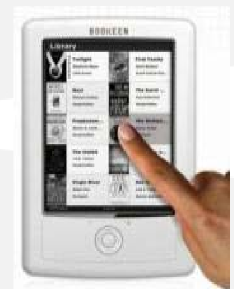
Samsung Galaxy Tablet

7” LCD Screen
1GHz / 64GB
Google Android
0.84 pounds

eReaders: Moving Beyond Niche

- E-Ink technology gives an edge
- eBook library growing rapidly
- Pricing affordable for most (about $200)
- Distribution channel expanding
  – Best Buy gets Nook
  – Target gets Kindle

Amazon Kindle



Bookeen Orizon

Sony Reader

Samsung E6 / E10

iRiver Story

Interead COOL-ER

B&N Nook

Accessory Purchase Drivers

Factor	Top Two Box Score*	Male	Female	Ages 18-24	Ages 25-34	Ages 35-44	Ages 45-54	Ages 55+
Functionality	**87%**	86%	88%	79%	83%	91%	94%	89%
Quality	**87%**	88%	86%	75%	83%	93%	88%	92%
Price	**83%**	82%	83%	74%	79%	86%	87%	84%
Price relative to CE Device	**67%**	65%	71%	57%	65%	73%	72%	67%
Appearance/look of accessory	**52%**	48%	56%	55%	63%	56%	48%	36%
Brand	**49%**	48%	51%	52%	51%	55%	48%	42%
Recommendations from store sales associates	**35%**	34%	37%	41%	36%	32%	34%	33%

* Very important / important

Source: Accessories Purchasing in the 21st Century, 2010

PARTING THOUGHTS
CONSUMER ATTITUDES

Key Findings: Shades of Green Study,

1001 U.S. Adults, November 2009

- Consumers are largely aware of issues affecting the environment
  - Terms such as organic, recyclability, and energy efficiency enjoy near ubiquitous understanding by consumers
  - 76% agree that companies should do more to protect the environment
  - 10% of consumers report purchasing a Green computer in the past 12 months
- While price is an important factor in the purchase decision process, environmentally friendly attributes still rank high
  - 74% of consumers agree environmental friendly attributes are important
- Future purchasers of CE are looking for energy efficiency, recyclability, less packaging.
  - 58% of consumers are willing to ***try*** a CE company for fulfilling these requirements.
  - 33% of consumers are willing to ***invest*** a CE company for being "green"

QUESTIONS?

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