

CE and IT - Market continuously driven by new technologies and by the development of changing consumer approach

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Consumer Electronic Market today is not anymore only watching TV or listening music.

Approximately 50 years ago, when consumer started to watch TV or to listen to music, recorded on vinyl the use of consumer electronic products have been very easy, very concentrated on specific times and the number of devices, which have been in use have been very limited. Beginning of this century, 50 years later, the usage of consumer electronics is much more different. Not judging the quality of content here, the use of consumer electronics has changed into different directions: more frequent use, at home and mobile outside, more media as for example internet, more content as e.g. TV programs now are running 24 hours a day. But the most significant change is, that content became digital.

What is Consumer Electronics in private households?

Basically Consumer Electronics can be differentiated by to different experiences:

- viewing pictures
- listening music

Pictures can be moving pictures as for example TV programs or still pictures, taken by a camera. Nowadays Digital Still Camera is absolutely accepted as a part of Consumer Electronics. But we can differentiate also by another criteria: consumer electronics can be passive or active.

In the beginning, all have been passive only. People sat down in front of the TV or in front of a radio or record player. During the seventies however, Consumer Electronics became active, which means consumer had the possibility, not only to playback, but to record first of all music with a Cassette Deck. During the 80ies they new technologies have been developed. Video Tape Recorder came up and a view years later also Videocameras or Camcorder.

But we have to be aware, basically even today Consumer Electronics is nothing more than viewing pictures or listening music.

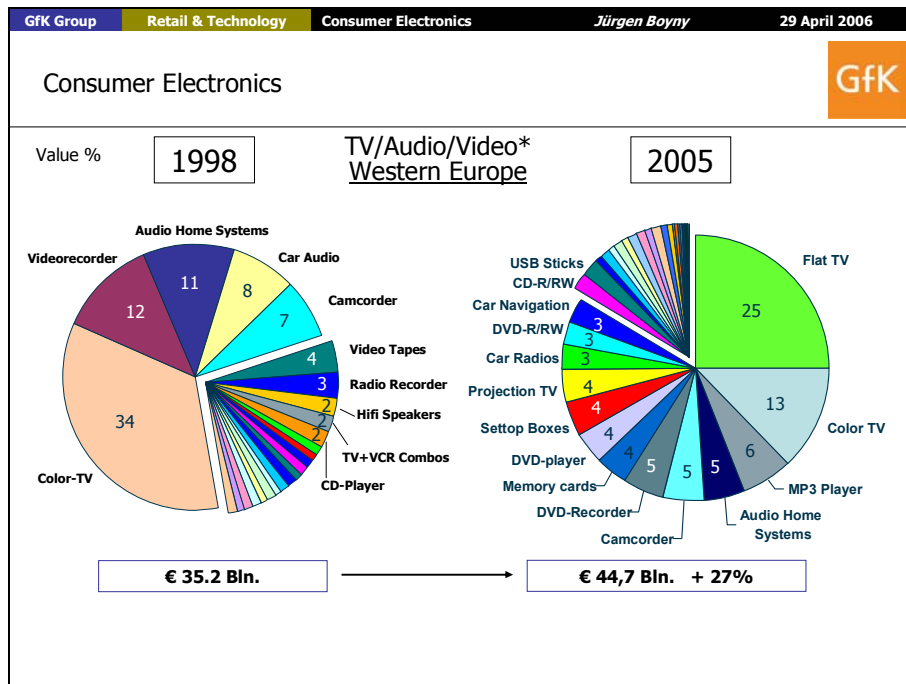
Innovation steps became faster and faster

Even Consumer Electronics can be focused on viewing pictures and listening music, the whole branch is at least developing only via innovative products. Let's take a view examples to demonstrate the innovations of that branch and even the acceleration of the innovations

- In the 50ies TV started with black and white programs
- 17 years later 1967 the programs changed to color
- 1983 Video Tape Recorders, even with different systems have been developed
- 1886 – 3 years later - Camcorder have been introduced in the market
- parallel at that time CD-Player came up – the first step into digitalization
- in the 80ies the products became tiny and portable – Walkman have been introduced
- then in the 90ies a longer time with a brake of new products

- and then – even it seems as in a hurry – beginning and of the 90ies: DVD – Flat-TV – DVD-Recorder – MP3-Player – Car Navigation

The basket of a retailer, dealing today with consumer electronic products is complete different to the basket 7 years ago:



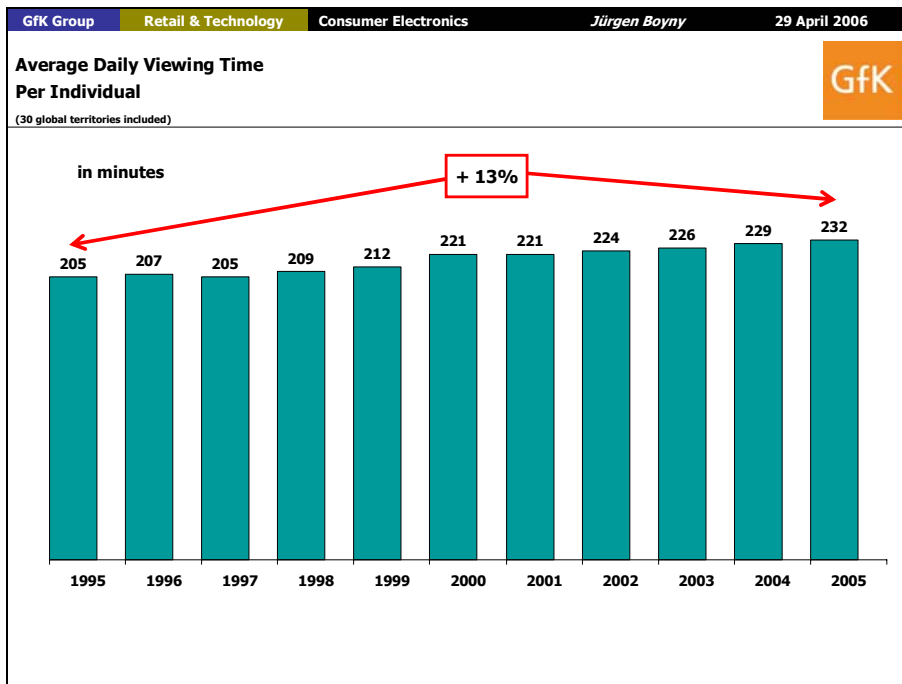
Consumer Electronic assortment changing from 1998 to 2005

Also usage of Consumer Electronics has changed

Watching TV today might even be basically the same as 50 years ago, beside the fact, that it is colored instead of black and white, however, it is more often.

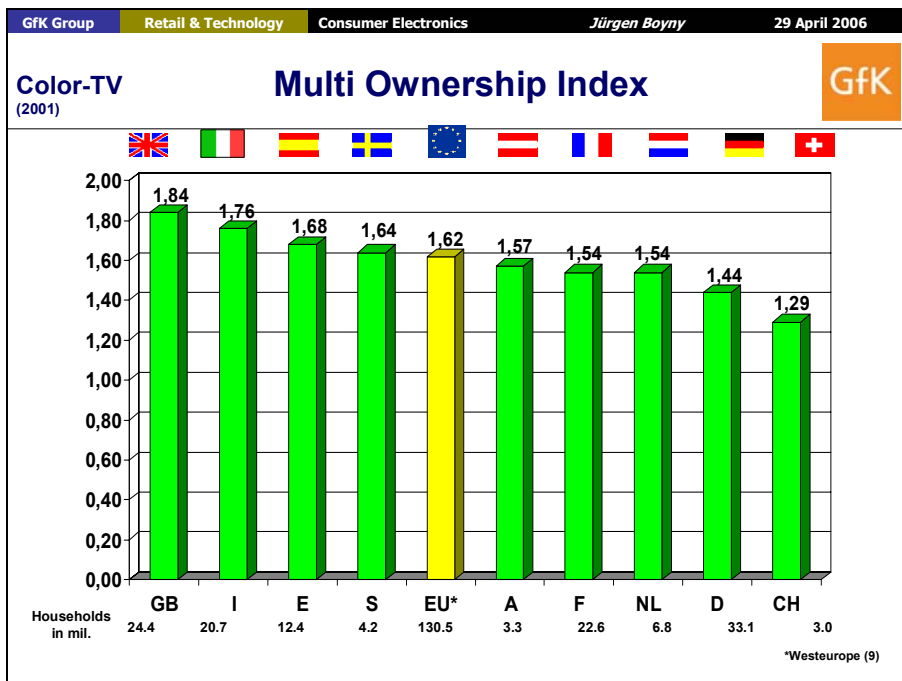
Worldwide personal time of viewing TV programs is more than three and a half hour. More the 230 minutes a day one single person switches on the TV-set. The reason for that is easy to understand. Beside the fact, that more programs are available (in Germany today app. 50 programs are available free of charge, 30 years ago there have been only 3 available), content can be received 24 hours a day.

But also social situation is changing. Number of elder households is increasing, number of households with unemployed people is in creasing, number of single person households is also increasing. And all these different points bring person to a situation to watch more TV:



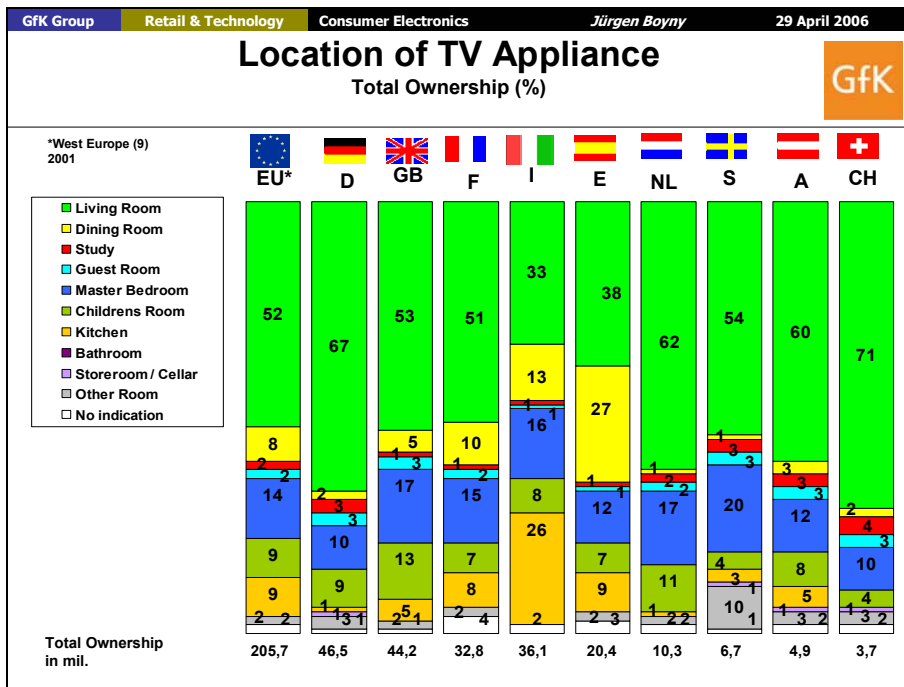
Average Viewing Time per Individual 1985 – 2005

But in total usage of TV has been changed. If we remember back, in former times family and maybe friends came together in the evening to watch TV, sitting down in the living room, maybe at 8 p.m., having some kind of social family event in front of the TV. Today, maybe a single person is coming home in the evening after work, no direct contact person is available for conversation. Quite often automatically the TV-set is switched on. Even that person is doing something completely different, maybe having a meal in the kitchen, maybe even starting PC to check the emails, which came in. The TV is mostly running all the time.



TV Multi Ownership 2001

And also number of TV-sets in a household has been increased over the years. In Western Europe we have had in 2001 a household penetration of TV-sets of 162%, which means approx. 55% of the household own more than one TV-set. This second TV-set might be located in the kitchen, in the bedroom, in the children room or anywhere else.

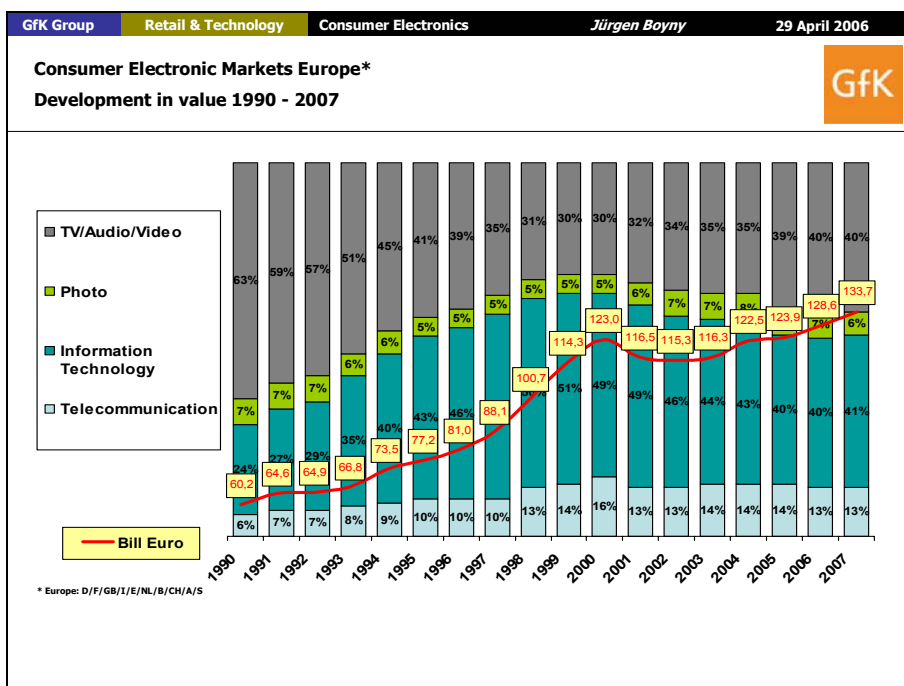


Location of TV Appliance

And we have to be aware, the more often usage of TV is only one part of increase use of Consumer Electronics. Videorecorder came up, DVD-Player and Recorder came up, CD-Playe or Digital Dolby Audio Receiver and at least the household penetration of PC at home.

Meanwhile we have in Europe 65% of the household, who own a PC. And also additional PC environment have been added: a printer, a scanner, a digital camera – household penetration meanwhile 55% - a webcam or a MP3-Player.

Even at the time it seems, that we have a re-launch of traditional consumer electronics, driven by Flat-TV, DVD and MP3, during the 90ies the market have been grown enormously by the growth of the information technology:



Enlarged market of Consumer Electronics to IT, Telco and Photo

With all these development we learn at least: as far as innovative products, totally new for the consumers are offered, the consumer will try to catch this train as soon as possible. The consumer seems at least to be fascinated by the technology, only by the technology, probably not by the content.

