



Industry Analysis - Consumer Electronics

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Executive Summary of the Consumer Electronics Industry

From the early 1900's until the 1980's/ 90's; Consumer Electronics, Computers, and Telecommunications developed as separate, distinct industries. Then *digitization* changed the rules of the game – knocking down walls and blurring the distinction between once separate industries.

As a market, Consumer Electronics is pegged as a \$300 billion industry. However, with the convergence of computers and telecommunications, the market space is closer to \$2 trillion.

Overall, the consumer electronics industry may be segmented into Entertainment, Productivity, and Communications. Change is driven by widespread internet usage, on-the-go lifestyles, cutting-edge innovation, and digital convergence.

Havoc is being caused by commoditization, small pipes, DRM, and (lack of) portable power. Three major trends sweeping through consumer electronics are *web-centricity*, *mobilization*, and *integration*.

Growth opportunities for consumer electronics include *mobile devices*, *personal area networks*, and *smart homes*.

Within the consumer electronics industry there are many competing forces – globalization, convergence, and the next-generation internet.

To aid in analyzing these forces are the PEST (“P.E.S.T.” is an acronym for the Political, Economic, Social, and Technological) factors and Porter's Five Forces + Analysis which is a model for analyzing the competitive forces that shape every industry. Porter's model explores 1) Buyer Power, 2) Supplier Power, 3) Industry Rivalry, 4) Threat of New Entrants, and 5) Threat of Substitute Products. Complementors for the consumer electronics industry include Broadband Suppliers, Hardware Platforms, and Software Platforms.

Many investment opportunities exist throughout the Consumer Electronics Industry. The convergence of Consumer Electronics, Computers, and Telecommunications are brewing up the *perfect storm*. Where there's chaos, there's opportunity!