

No end yet to electronics boom

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The housing market might be frothy, and the stock market's outlook is anyone's guess, given the prospect of still-higher interest rates and pricey energy costs. Yet the electronics sector remains buoyant about its own outlook, with one industry association anticipating sales rising at least 8 percent in 2006 from a year ago.

"The consumer electronics industry is hot," said Gary Shapiro, the head of the Consumer Electronics Association, which represents some of the world's biggest names in the sector. "Consumer electronic sales are consistently growing, breaking records every year, because our industry is constantly changing to provide products that consumers love and can't live without," he added.

Whether or not people can survive without their MP3 players is debatable, but there is no doubt that Apple Computer's ubiquitous iPod was one of the biggest sellers during the latest holiday season. Overall spending for holiday gifts in 2005 rose 10 percent from a year ago to \$8.2 billion, according to retail researchers NPD Group. It noted that sales of desktop and laptop computers and plasma-screen television sets, as well as electronic gadgets, were particularly strong.

So hopes are high for the latest international consumer electronics show, one of the industry's biggest trade shows, which kicks off in Las Vegas Thursday and where some of the world's biggest names in the business will compete to launch their next biggest hit products.

Electronic sales in 2005 reached \$125.9 billion, considerably above the \$122 billion projected by the CEA at the beginning of the year, amid high demand for video games, software and cellular phones, among other items.

Over the next 12 months the association expects digital-television sales to exceed \$23 billion, or 18 million units as prices come down, having reached \$17 billion in 2005. Meanwhile, it anticipates game consoles such as Microsoft's Xbox and Sony's PlayStation 3 to remain popular and reach \$14 billion in sales, up from \$12 billion the previous year.

In addition, the group sees the popularity of MP3 players remaining solid.

"We are projecting an increase in sales of MP3 players to \$4.5 billion in 2006, with 30 percent of all MP3 players sold having video playback capability," said the CEA's director of industry analysis Sean Wargo. "MP3 technology helped boost the audio and accessories markets in 2005. With the introduction of video playback capability, MP3 player sales surged 200 percent in 2005 to \$3 billion. Trends in 2006 should be

no different."

Another driving force of the electronics market will continue to be multi-functioning mobile phones, and the CEA expects wireless handset sales to exceed \$16 billion, up from \$13.5 billion.

Certainly, mobile giant Nokia is expecting consumers to continue trading up their mobile phones for the next new thing, as it launched three new Bluetooth headsets that will enable users to improve their Internet connectivity while on the go.

"The Bluetooth-enabled mobile phone market grew to 133 million units in 2005 and we expect it to grow to 220 million units in 2006," said Razvan Olosu, vice president of mobile enhancements at the Finnish cellular group.

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