

Global tech spending seen slipping one pct in 2014

January 6 2014, by Ryan Nakashima

The Consumer Electronics Association estimates that global spending on technology will slip 1 percent in 2014 to \$1.06 trillion as the lower average selling price of smartphones and tablets offsets unit growth in markets like China.

The decline is off the peak of \$1.07 trillion estimated for 2013.

Steve Koenig, the association's director of industry analysis, issued the forecast at the opening of the annual International CES gadget show on Sunday.

The retreat doesn't reflect less consumer appetite for what Koenig called the "dynamic duo" of tech gadgets. Spending on smartphones and tablets is still expected to account for some 43 cents of every dollar spent on technology this year.

But the average price of smartphones, for example, will fall from \$444 in 2010 to an estimated \$297 this year, despite the number of smartphones sold rising to 1.21 billion up from 1.01 billion.

"These lower-end devices are what's required to penetrate most deeply into these emerging markets," he said.

Smartphones and tablets remain such key drivers of technology spending that they are eating into other categories of devices like point-and-shoot cameras, video cameras, portable GPS devices and handheld gaming

devices.

However, within other categories of devices there are a few pockets of growth, including wearable devices.

Smartwatch sales are expected to be 1.5 million units globally this year, up from 1 million in 2013, said Shawn DuBravac, the association's chief economist.

"This is a very nascent market. We're still looking for that killer application for that particular device," he said.

Ultra HD televisions, which roughly quadruple the number of pixels of a high-definition set, are also seen taking off.

There were 60,000 such sets sold in the U.S. alone last year, a number expected to hit 485,000 this year, the association said. However, that's still a small number compared to the nearly 40 million TVs sold in the U.S. each year, DuBravac said.

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