

New gadgets only part of CES's success story

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It's easy to get caught up with all the new gizmos at CES.

But the annual consumer electronics show in Las Vegas, being held this week, has become much more than a showcase for gadgets. It's the tech industry's premier networking event. And those interactions will shape how technology evolves - and how you'll experience it.

"It's the largest business event in the world," said Gary Shapiro, CEO of the Consumer Technology Association, which puts on the annual trade show.

Sure, you can expect to hear about lots of new electronics devices announced at the show. Cool new cars, a raft of new virtual reality devices and a clutch of new smartphones are likely to get top billing. And the showroom floors will be packed with devices representing the latest tech trends, like drones and smart home products, as well as old standbys like jumbo-sized flat-screen TVs.

But there will be a lot more going on that has little to do with which gadgets will be on store shelves by the end of the year. Government officials will be talking about the regulatory environment as the Trump administration prepares to take office. Representatives of Facebook, Google and other web companies will be talking with advertisers eager to make their online messaging more effective.

Manufacturers will be meeting with parts suppliers and software coders who want to incorporate their technology into future devices. And

representatives of companies outside the industry will be meeting with tech firms to see how to incorporate the latest gadgets into their businesses.

"The ways companies use CES today have evolved," said John Curran, managing director of consulting firm Accenture's communications, media and technology practice. "It's an indication of where high tech has been and where it's going."

It would have been hard to predict when CES launched 50 years ago that it would turn into an event with such broad influence. Although it was billed in 1967 as the largest-ever electronics event to date, the first Consumer Electronics Show - as it was then known - was modest by today's standards, taking up about 6 percent of the floor space of this year's show.

It also was fairly straightforward in its purpose. The show served as a venue for electronics manufacturers to gin up excitement for new products - and negotiate with distributors and retailers about which gadgets would actually be in stores.

But the industry has changed dramatically since then. Back when CES launched, electronics was an \$8 billion market whose main products were TVs, radios, stereo systems and tape recorders. Today, [consumer electronics](#) consists of a much wider variety of gadgets, from computers to digital bathroom scales. As the industry has broadened, sales have ballooned to nearly \$300 billion annually in the United States and almost \$1 trillion a year globally.

Electronics are increasingly becoming an important part of more traditional products and services. Auto manufacturers now tout big-screen infotainment systems or adaptive cruise control as much as their horsepower or 0-to-60 mph times. Home builders are starting to use

smart features like app-controlled lights and door locks to lure customers to new houses. And appliance makers have increasingly been attempting to upsell consumers on "smart" refrigerators and washing machines that can be remotely controlled with phones.

Show organizers have been adept at adapting CES to new trends, promoting new technologies to help them gain traction and curtailing older ones as they mature or fade away.

"The evolution of the CES show as we know it mirrors very accurately the evolution of the technology industry," said Werner Goertz, research director for personal technology at tech consulting firm Gartner.

CES has been lucky in some respects. Other big technology shows like Comdex, E3 and INTX have folded, lost major participants or struggled to stay vibrant.

Some, including yours truly, predicted CES would follow a similar path, particularly after Microsoft stepped away from the show four years ago.

Instead, CES has continued to thrive and, in some cases, filled the gaps left by the foundering rival shows. Part of that has to do with a conscious effort by CES organizers to give their show a broader appeal.

With the consolidation of the electronics retail business in the late 1990s and early 2000s, the show risked becoming unnecessary, at least in terms of its traditional purpose as a meeting place for manufacturers and retailers, Shapiro said. You wouldn't need a big show for that, because the top retailers - the ones that accounted for the lion's share of electronics sales - could fit into a small room, he said.

So the trade group adapted. Show organizers made it international, luring foreign journalists and companies. Perhaps more importantly, they took

note of how technology was infiltrating traditional industries. They set out to attract top executives in non-tech industries, marketing the show as the place where those leaders could get a glimpse of the technologies that would affect their businesses.

"So they could see future and prepare for it," Shapiro said.

Finally, organizers promoted the show as a place where deals were made, not just between traditional electronics retailers, distributors and marketers, but also among parts vendors, software developers, content distributors, car manufacturers, home builders and more.

"What we tried do with the show over years is to make it a place where everyone must go to focus on innovation," Shapiro said.

So, go ahead, get excited about all the new gadgets that will be announced at CES this week. I will. But just realize that there's a lot more to the show than the next smartphone or smart home device.

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CES by the Numbers

CES, formerly known as the Consumer Electronics Show, will celebrate its 50th anniversary this week in Las Vegas. Now one of the largest trade shows in the world, the annual event has come a long way from its roots.

Expected attendees (2017): More than 165,000

Attendees (1967): More than 15,000

Exhibitors (2017): 3,800

Exhibitors (1967): 117

Floor space in square feet (2017): 2.5 million

Floor space (1967): 150,000

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