

China economy weighs on consumer tech spending

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Spending on personal tech gadgets is taking a hit from the economic slowdown in China and the strong US dollar, researchers from the Consumer Technology Association said Monday.

The CTA forecast that \$950 billion will be spent globally on [consumer electronics](#) this year in a two percent drop from the \$969 billion spent last year, while the number of actual units shipped will see little change.

"We are seeing pretty flat demand while we wait for new innovations to reach consumers," CTA senior director of market research Steve Koenig said as the premier Consumer Electronics Show prepared to get under way in Las Vegas.

Koenig cautioned that technology spending comparisons were "challenged" by a very strong dollar and prices dropping on market mainstays such as smartphones and tablets.

"We really see the global economy starting to get back on track as we wrestle with a range of issues," Koenig said.

"I think the biggest thing we are starting to come to grips with is the normalization of the slowdown in China."

Technology triumvirate

Smartphones and tablet computers were expected to account for 46 percent of the money spent this year on consumer electronics, but new categories such as "wearables," drones and [virtual reality](#) gear should be making their presence felt in the market, according to Koenig.

When mobile computers such as laptops are included with smartphones and tablets, the share of sales in the year was predicted to be 58 percent or some \$551 billion.

"Over half a trillion US dollars," Koenig said of the forecast. "I give you technology's triumvirate: laptops, smartphones and tablets."

He wondered aloud regarding the potential for tablets to be squeezed out by large-screen smartphones and portable computers such as the Lenovo Yoga, which are designed with screens that can be removed and used as touch-controlled tablets.

Smartphone shipments were predicted to cool a bit this year, growing about eight percent to 1.4 billion devices.

Smartphone adoption is being pushed by progressively lower prices, which is especially important in markets such as China, Africa, and the Middle East where high-end handsets are out of reach for many people.

Rise of 'wearables'

Meanwhile, the overall category of wearable computers that includes smart watches should continue its "meteoric rise" and there will be "no shortage" of wearable computing gadgets on the CES show floor that officially opens on Wednesday, according to Koenig.

Emerging markets were seen as continuing to be central to growth in the [consumer electronics market](#), with India becoming a driving force as

China shifts to lower, steady growth after a long run of booming expansion.

"Even a small slowdown in China can have really big knock-down effects around the world," Koenig said of the chilling effect it has had on other regions, especially those where exporting commodities is important.

"Most companies are going to start looking increasingly to India as the new place for double-digit growth year over year."

LCD televisions remain "the king of screens" with sizes trending up. One in every five televisions sold this year was expected to be 50 inches, measured diagonally, or more and feature ultra high-definition 4K resolution.

Televisions were likely, once again, to be stars on show floor at CES, but new talent in the form of drones, robots, 3D printers, and virtual reality, along with smart cars and homes were expected to grab attention and momentum.

"Make no mistake, innovation is really reshaping the global technology industry," Koenig said.

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