

# China's Consumer Electronics Market

## Overview

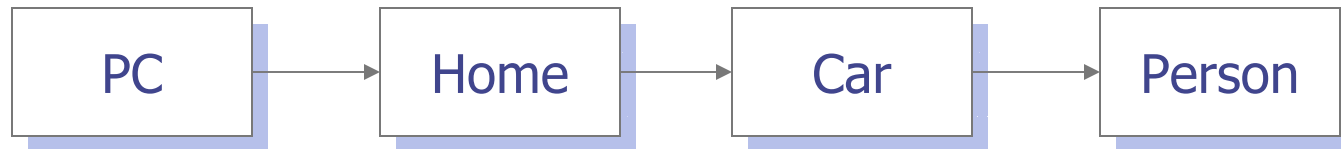
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“In the digital home ... we all want to experience our digital content in the way we want to .... We don't want to be stuck in one room.”

Craig Barrett  
CES Keynote 2005  
Intel CEO

Mobile computing has become mainstream enough to begin affecting society .... Intel research has shown that women are playing more of a role in technology buying decisions, favoring lighter notebooks with wireless capabilities, while men generally prefer more robust desktop machines.

## U.S. Consumer Evolution



- In search of the perfect solution: PC on a mobile phone.
- Learning how to use mobile phones in society.

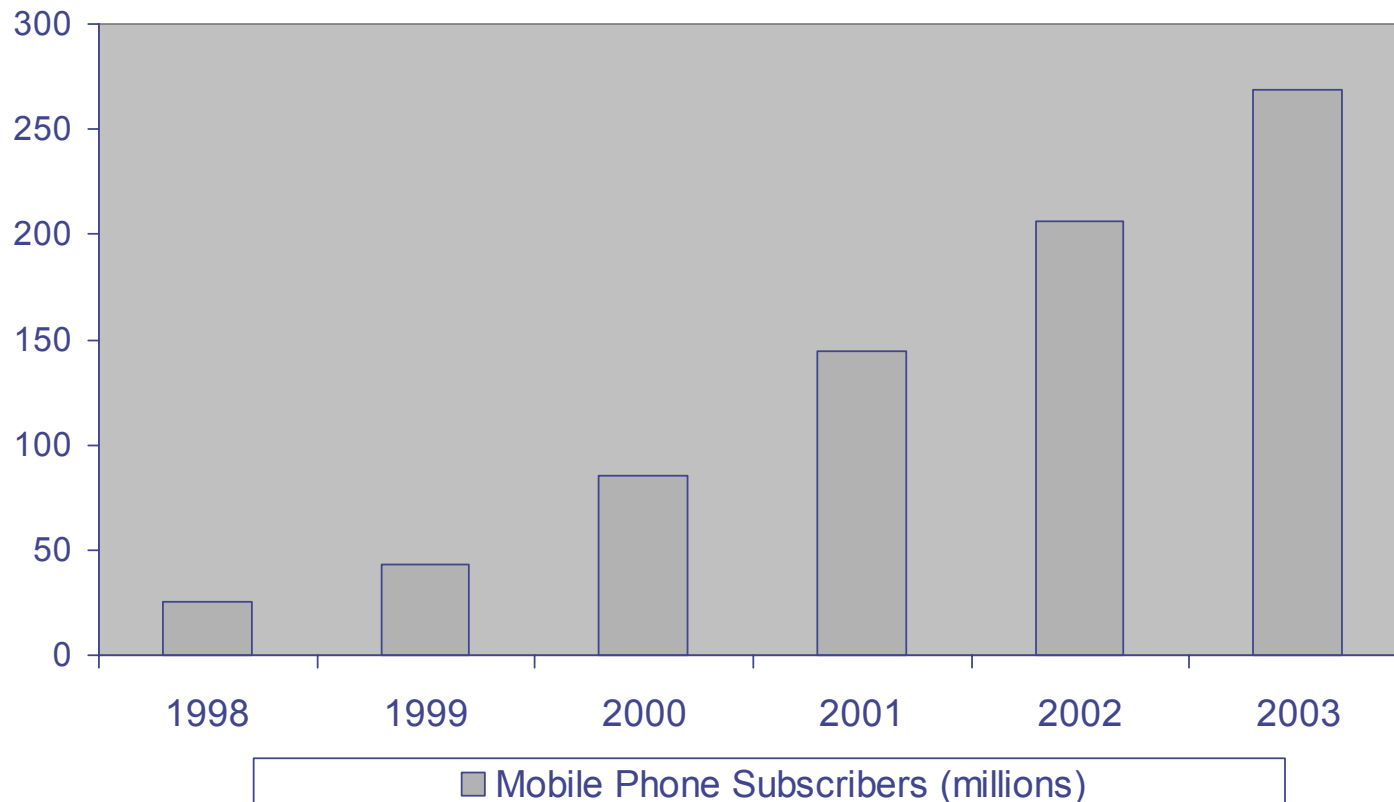
## China's Consumer Evolution



- The “good enough” solution.
- Communications center is the mobile phone.

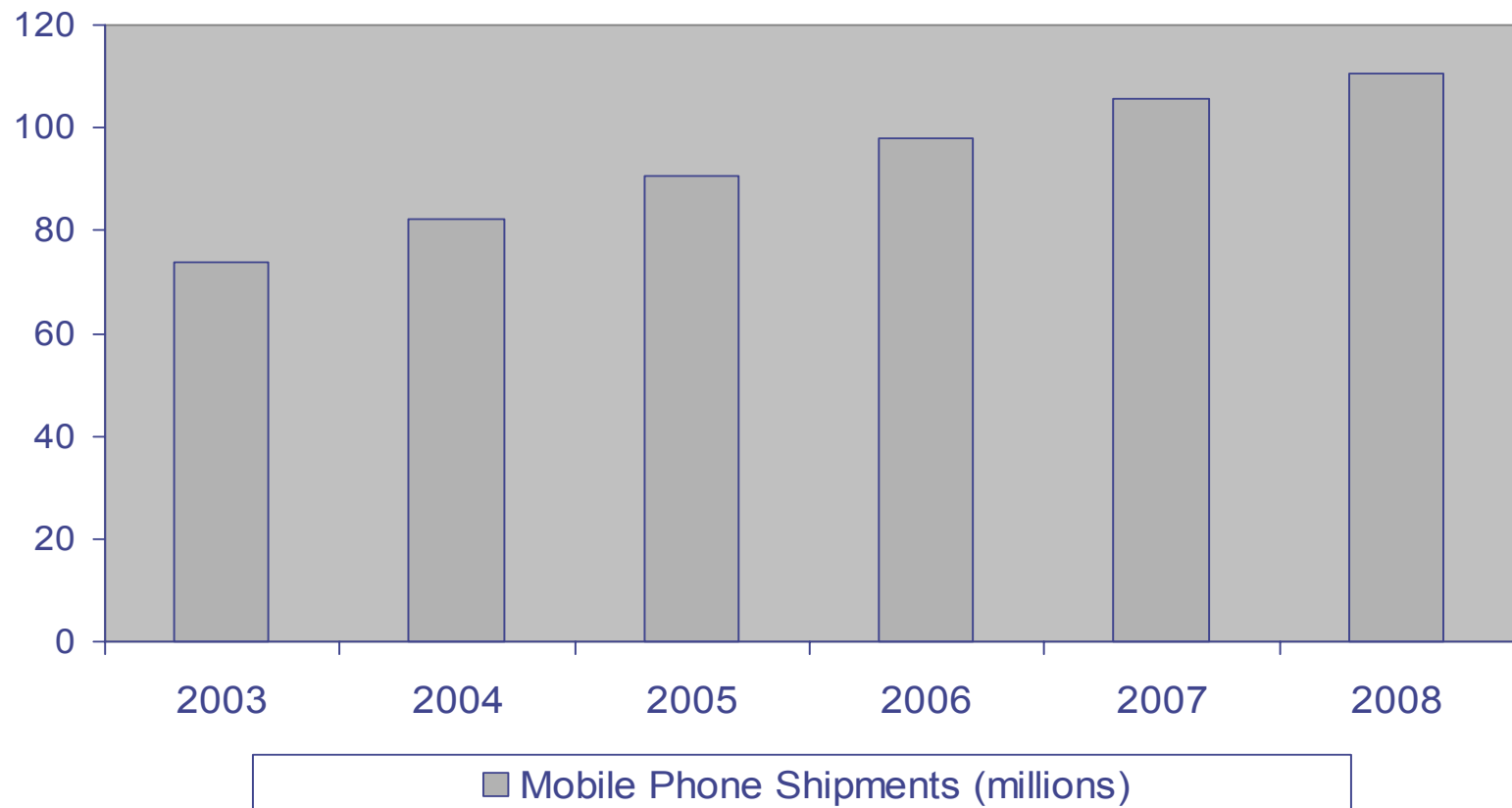
**Mobility in China:  
It's already here.**

- ◆ In 2004, at over 310 million subscribers, is the year that exceeded entire population in U.S.



## Mobile Phone Shipments

- ◆ Replacement cycle in some urban segments: down to 12 months.
- ◆ Diverging product features: Very sophisticated, or very simple.
- ◆ Projected 2004–2008 CAGR = 7.7%



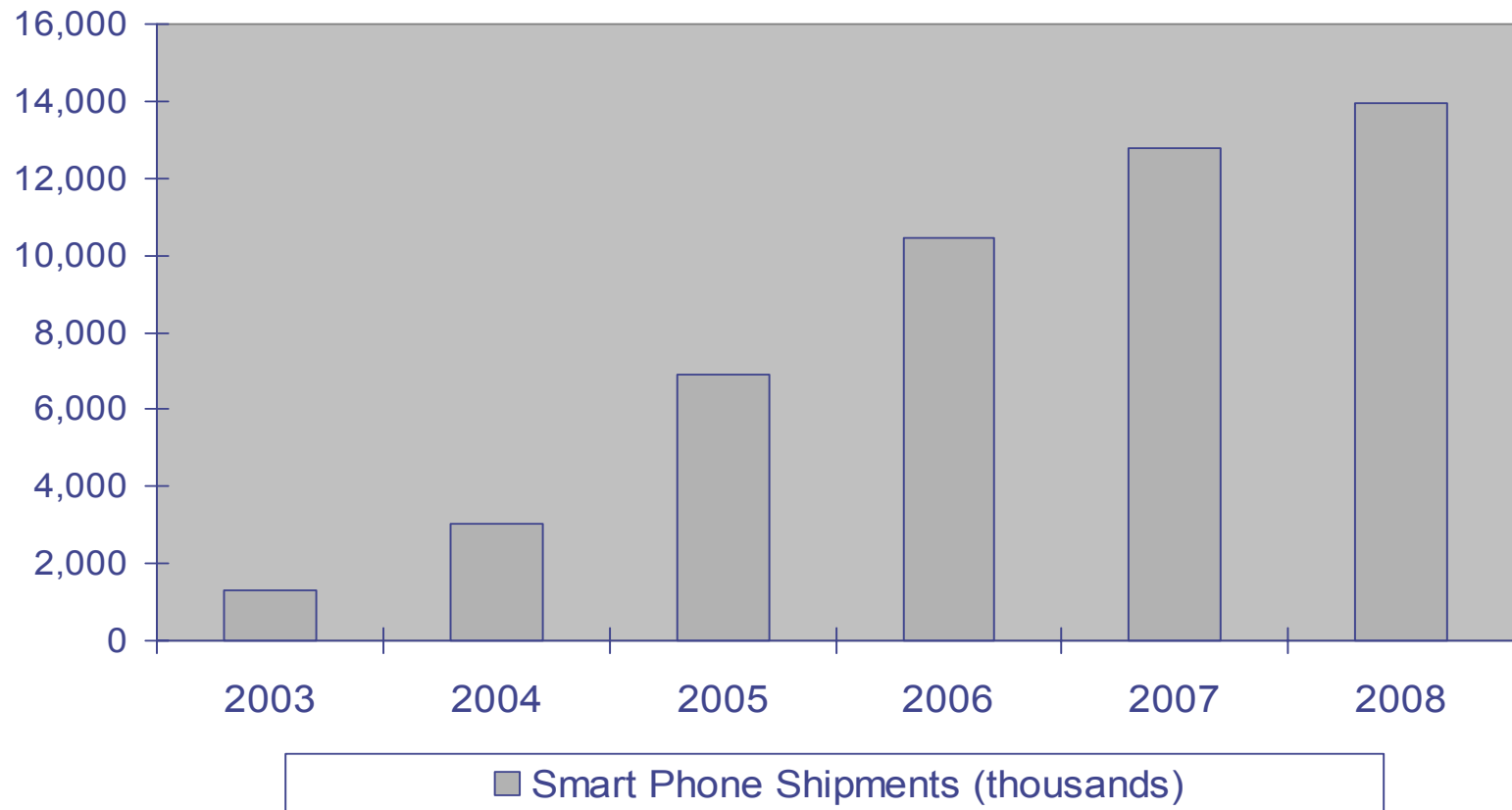
# Mobile Phone Market in China

## 2003 Competition Review

|   | Vendor   | Shipments (millions) | Market Share |
|---|----------|----------------------|--------------|
| 1 | Bird     | 10.3                 | 14.0%        |
| 2 | Motorola | 9.9                  | 13.4%        |
| 3 | Nokia    | 9.8                  | 13.3%        |
| 4 | TCL      | 6.5                  | 8.8%         |
| 5 | Samsung  | 6.3                  | 8.6%         |
|   | Others   | 30.9                 | 41.8%        |
|   | Total    | 73.8                 | 100%         |

## Smart Phone Shipments

- ◆ High growth: Projected 2004–2008 CAGR at 46.3%.
- ◆ Targeted at more sophisticated users.





# Smart Phones in China

## 3Q 2004 Competition

|   | Vendor        | Market Share |
|---|---------------|--------------|
| 1 | Nokia         | 66.3%        |
| 2 | Motorola      | 14.5%        |
| 3 | Lenovo        | 5.5%         |
| 4 | Dopod         | 3.4%         |
| 5 | Sony-Ericsson | 3.2%         |
|   | Others        | 7.1%         |

### Product Releases

- ◆ Nokia model 7610
- ◆ Panda model E88
- ◆ Dopod model 535
- ◆ Dopod model 565
- ◆ Lenovo model ET280
- ◆ Sony-Ericsson model P910c
- ◆ Motorola "Entertainment PDA" E680
- ◆ China Mobile initiates smart phone standards for interconnectivity and interoperability

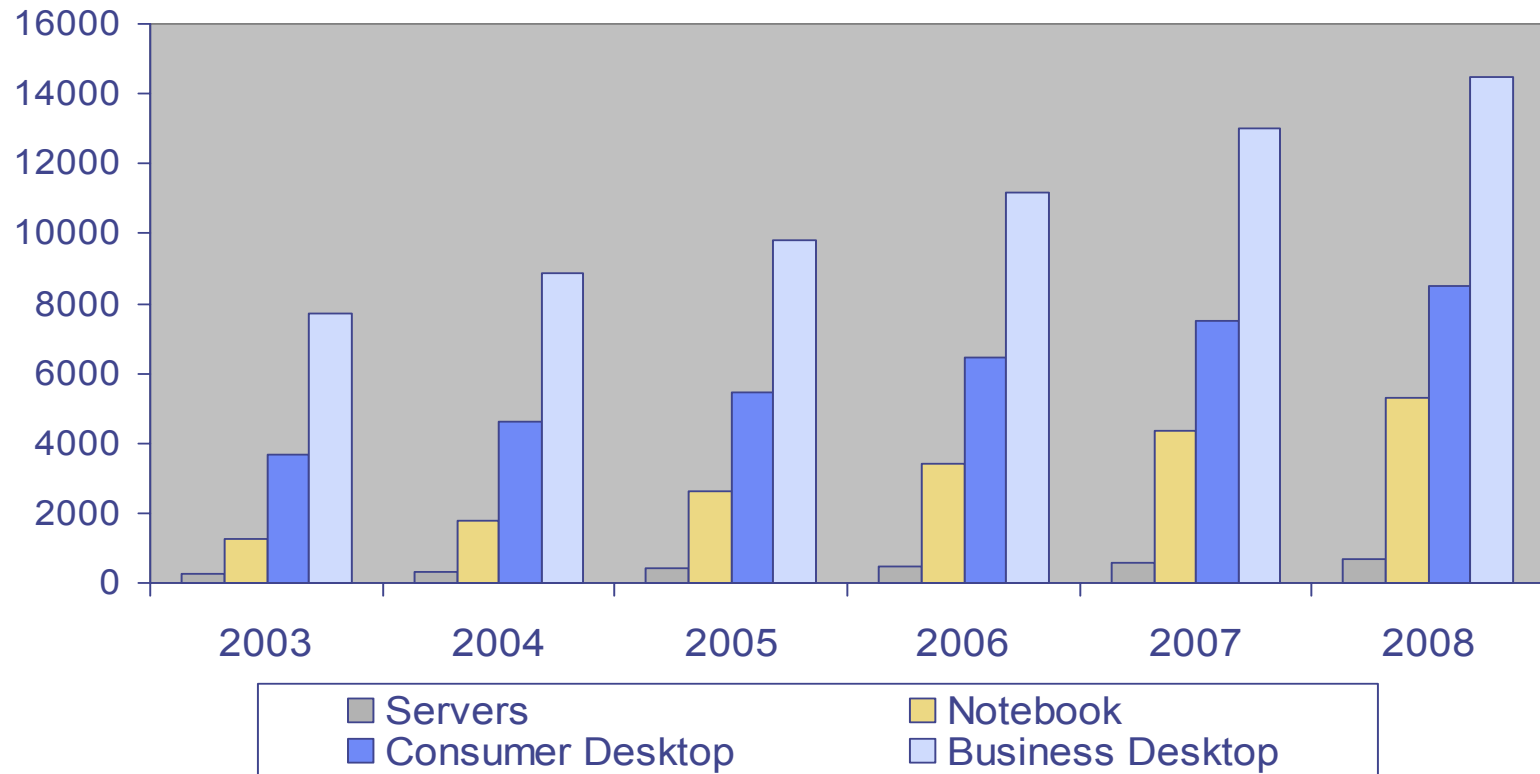
## Computer Shipments

Projected 2004–2008 CAGR:

◆ Servers 18.7%; *Notebook* 31%

◆ Consumer Desktop 16.5%; Business Desktop 13%

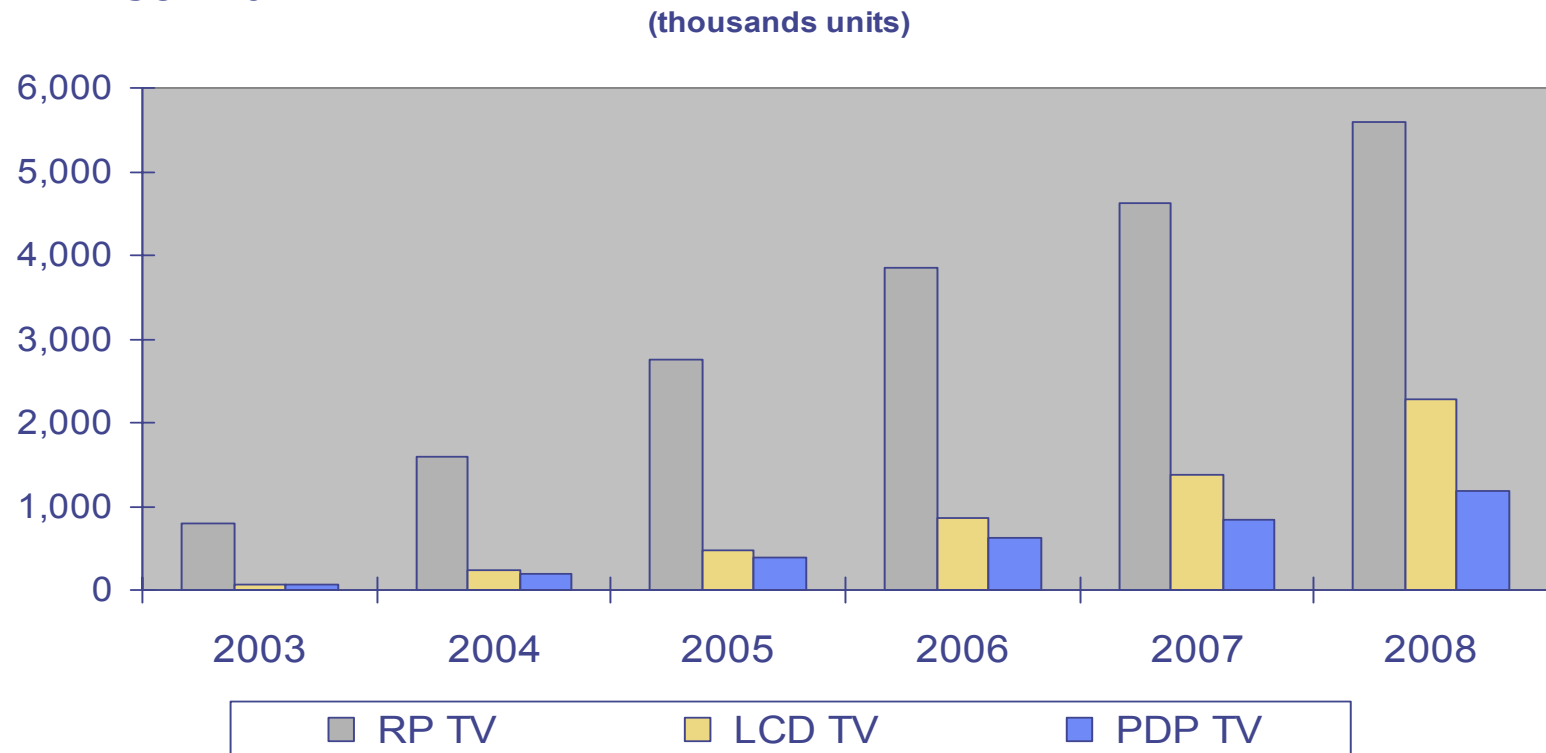
**Computer Shipments (thousands)**



## High-End TV Shipments

Projected 2004–2008 CAGR:

- ◆ RP 36.8%
- ◆ LCD 77.1%
- ◆ PDP 58.4%



|   | RP Vendor | Market Share |
|---|-----------|--------------|
| 1 | Changhong | 11.7%        |
| 2 | Samsung   | 10.5%        |
| 3 | LG        | 10.4%        |
| 4 | Hisense   | 8.4%         |
| 5 | Toshiba   | 8.3%         |

|   | LCD Vendor | Market Share |
|---|------------|--------------|
| 1 | Konka      | 23.1%        |
| 2 | Sharp      | 20.5%        |
| 3 | SVA        | 14.9%        |
| 4 | LG         | 12.1%        |
| 5 | Xoceco     | 11.5%        |

|   | PDP Vendor | Market Share |
|---|------------|--------------|
| 1 | Matsushita | 24.6%        |
| 2 | LG         | 16.5%        |
| 3 | Hisense    | 12.3%        |
| 4 | TCL        | 9.5%         |
| 5 | Samsung    | 8.3%         |

## Know your Core Competency

- ◆ Know which of your core competencies are hard to copy
- ◆ Be open to new cultures, new ways of doing business, new markets
- ◆ Treat China as a market that commodifies incredibly quickly
- ◆ But stay closer to your core competency than you would in the U.S. markets

Does your core competency apply to the China?

1. Geography
  - ◆ Geographies more disparate than you expect—find those that fit you.
2. Market Tier
  - ◆ Economic development of cities and provinces very disparate.
3. Industry
  - ◆ Good opportunities where industries are reforming with WTO as a driver.
4. Channels
  - ◆ Rapidly evolving, and differently in different regions, tiers, and industries.
5. Timing
  - ◆ Constantly monitor the markets: China is rapidly evolving.
  - ◆ Check out websites and news items such as [ccidadvisory.com](http://ccidadvisory.com).

## Know the Competition

- ◆ Lots of it
- ◆ Both multinational and Chinese companies
- ◆ “Coopetition” is the keyword
  - Offensive strategy
  - Defensive strategy



Thank You