Reconciling Hardware Availability With Consumer Content Demand

Paul Gluckman
Managing Editor
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AGENDA

Assessing the current normal
Consumption demand trends
The enabling hardware picture
Vendors adapt to the new reality
Summary
A bit about me ...

37 years in the consumer electronics industry
January 1983 was my first CES
CE Daily began publication October 16, 2001
Assessing the Current Normal
“Fluid” became the new watchword in March

Uncertainty breeds retrenchment, and new watchword is “lockdown.”

97% of US population under “stay-at-home” orders
Consumption Demand Trends
By March 31, average home monthly broadband usage in the US was around 400 GB, says OpenVault.

That’s up around 20% from the end of 2019.

OpenVault extrapolations point to April ending with 450-460 GB per average home.

That’s a year's worth of usage growth in a few weeks.
Traffic on fixed broadband infrastructure networks is up 20-100%, says Sandvine.

The biggest jump is during daytime hours.

End-user uplink speeds are being “detrimentally impacted,” says Penn State’s X-Lab.

“Major headaches” to come with increasing HD telepresence.
Some observations from Comscore --

Average March VOD transactions per home were 30% higher than in March 2019.

SVOD had the highest growth (+53%) from March 2019. Free On Demand was next (+21%).

OTT activity up significantly year over year
The Enabling Hardware Picture
Consumers didn’t hoard tech hardware as they did toilet paper and hand sanitizer ...

... But anecdotal evidence suggests connectivity product sales surged significantly higher in March.

The biggest retail activity was in the last 2 weeks of March.
More than 1/3 of homes bought tech products as US was locking down, says CTA.

Smartphones topped the list, bought by 14% of homes. Laptops (12%) and TVs (11%) followed.
But there’s potentially bad news:

Laptop, smartphone shortages loom.

Global supply chain has become very unstable.

National Retail Federation estimates March retail imports will set a 5-year low

February imports from China were remarkably small.
China was 90% of laptop, tablet and smartphone units imported to the US in 2019.

US imported 2.8 million laptops and tablets from China in February -- fewest since May 2009.

February smartphone imports from China were 5.8 million, fewest in history of smartphones.
TVs a different story

China no longer dominant in TV supply chain

TVs face the challenge of “faltering demand,” not shortages

Q1 global TV shipments are projected to fall 38% from Q4, per DSCC reporting. January forecast was for 15% decline.

Time will tell if TV shipments rebound Q4.
Vendors Adapt to the New Reality
Roku OS 9.3 and its adaptability to “older devices”

LG WebOS smart TVs to 2017 updated with Movies Anywhere app

UHDA’s Filmmaker Mode debuts on TVs, but hard to promote it with brick-and-mortar retail relegated to curbside pickup
SUMMARY

1. D2C content distribution is not what’s straining the system.
2. Tablet, laptop shortages loom in Q2.
3. TVs face big demand headwinds.
4. TV OS vendors servicing older devices.
Thank you.