

# Industry Analysis - Mobile Electronics



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## Executive Summary of the Consumer (Mobile) Electronics Industry

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Mobile Electronics may be segmented into: Mobile – Communication, Entertainment, and Productivity. Although *Mobile Communication* originated as far back as the 1940's/ 50's, the true revolution in mobile communications began in the early 1980's with the introduction of portable, cellular telephones. *Mobile Entertainment* began in earnest with the introduction of Sony's Walkman in 1979. Portable gaming originated for the most part with Nintendo's *Game Boy* in 1989. *Mobile Productivity* accelerated noticeably with advent of portable personal computers. One of the earliest models was the bulky Osborne 1. True portables (laptops) emerged in late 1980's/ early 1990's.

As a market, it is hard to pinpoint what percentage of overall electronics is *mobile*. With the convergence of computers and telecommunications, the total market space is close to \$2 trillion and mobile is a large part that will continue to grow.

Four factors that are driving change are: *On-the-go Lifestyles*, *Miniaturization*, *Network Effect*, and *Convergence/ Integration*. Major issues facing the industry are: *Commoditization*, *Smartphones vs. uPC*, *Multi-Functionality*, and *Standards Wars*.

Growth opportunities for mobile electronics include *Entertainment*, *Connecting*, and *Computing*. Entertainment is a huge growth opportunity for mobile devices, which are now commonly referred to as the third screen. Connecting offers huge potential since less than 2 billion own mobile phones in a world approaching 7 billion. Computing will play a major role as devices get smarter. Will the Smartphone be the next PC?

Within the consumer electronics industry there are many competing forces – globalization, convergence, and the standards wars.

To aid in analyzing these forces are the PEST factors and Porter's Five Forces + Analysis which is a model for analyzing the competitive forces that shape every industry. Porter's model explores 1) Buyer Power, 2) Supplier Power, 3) Industry Rivalry, 4) Threat of New Entrants, and 5) Threat of Substitute Products. Complementors for the mobile electronics industry include Broadband Suppliers, Hardware Platforms, and Software Platforms.

Many investment opportunities exist throughout the Mobile Electronics Industry. The question is – who will capitalize on the great shift to mobility. Will it be Smartphone makers? Will it be PC makers? Or, will it be a new set of players?