

Home Entertainment/ Audio Visual Electronics in High Demand in 2007

An industry survey finds that electronics buyers are on the hunt for home entertainment and audio visual products like LCD TV sets and personal electronics for 2007.

Other hot items include all-in-one multimedia devices like 3G telecom products, PDAs, MP4 players, multimedia players, air purifiers and car navigators.

The Trade Development Council (TDC) commissioned an independent market research company, Oracle, to conduct a survey at the Hong Kong Electronics Fair (Autumn Edition) being held at the Hong Kong Convention and Exhibition Centre (October 13 - 16). A total of 712 buyers and 423 exhibitors were interviewed.

On market outlook, over 60% of respondents expect 2007 to be better or slightly better than 2006. Exhibitors and buyers from the Chinese mainland are the most optimistic respondents; they are of the view that the overall market growth would reach 11-13%.

62% of the interviewed buyers said they have placed more orders and increased their purchase quantity of each order this year. Close to 70% of the surveyed exhibitors said markets that have the highest growth potential include China, India, South East Asia, Russia, Eastern Europe and Central European countries. These markets' average estimated growth rate next year is 17%, slightly higher than that of the US and Western European markets.

About 30% of the responding buyers said they would source from OBM suppliers. Over 80% said they were willing to pay an average 11% premium for a Hong Kong branded item over a Hong Kong OEM item. Such a trend is a reflection of the rationale behind setting up the "Hall of Fame" at the Hong Kong Electronics Fair (Autumn Edition) 2006.

In face of increasing 'green' regulations, 80% of exhibitors showed their readiness for compliance to product standards. On the other hand, 48% of surveyed buyers intended to source more 'green' products. Buyers said they were willing to pay an extra 9% in average unit price as a result of compliance to 'green' regulations.

Other findings of the survey are as follows:

- 60% of interviewed buyers said Hong Kong/Southern China is the preferred region for new suppliers, followed by Shanghai/Yangtze River Delta.
- Exhibitors, though preferring the US, Canada and Western Europe for new buyers, 21% showed interest to find new buyers from Russia, Central and Eastern Europe.
- 67% of buyers plan to source more from Hong Kong-based companies for their quality workmanship, design, reliability, price competitiveness and good business practice.
- Buyers (30%) tend to source more branded products. Brand reputation is important when sourcing electronic products. Most buyers (81%) are willing to pay a premium for a Hong Kong branded item.
- Traders find their new buyers/suppliers primarily via Hong Kong trade fairs, and secondarily through websites and trade publications.

- Over 40% of the buyers are facing difficulties in sourcing 'green-compliant' products. Besides price issues, they also find it difficult to locate relevant suppliers.

The Hong Kong Electronics Fair 2006 (Autumn Edition) attracted close to 2,500 exhibitors and is the largest of its kind in Asia.
