



The Coming Age of 3 Billion Digital Consumers- The Technologies That Will Drive Their Lifestyles.

Tim Bjarin
President, Creative Strategies, Inc
Email: tim@creativestrategies.com
www.technologypundits.com
Columnist, PC Magazine

3 Billion Digital Consumers

- ◆ In 1995, there were only 500 million digital consumers.
- ◆ By the year 2010, there will be 3 billion connected digital consumers.
 - ❖ This rapid growth drives demand for billions of internet connected devices.

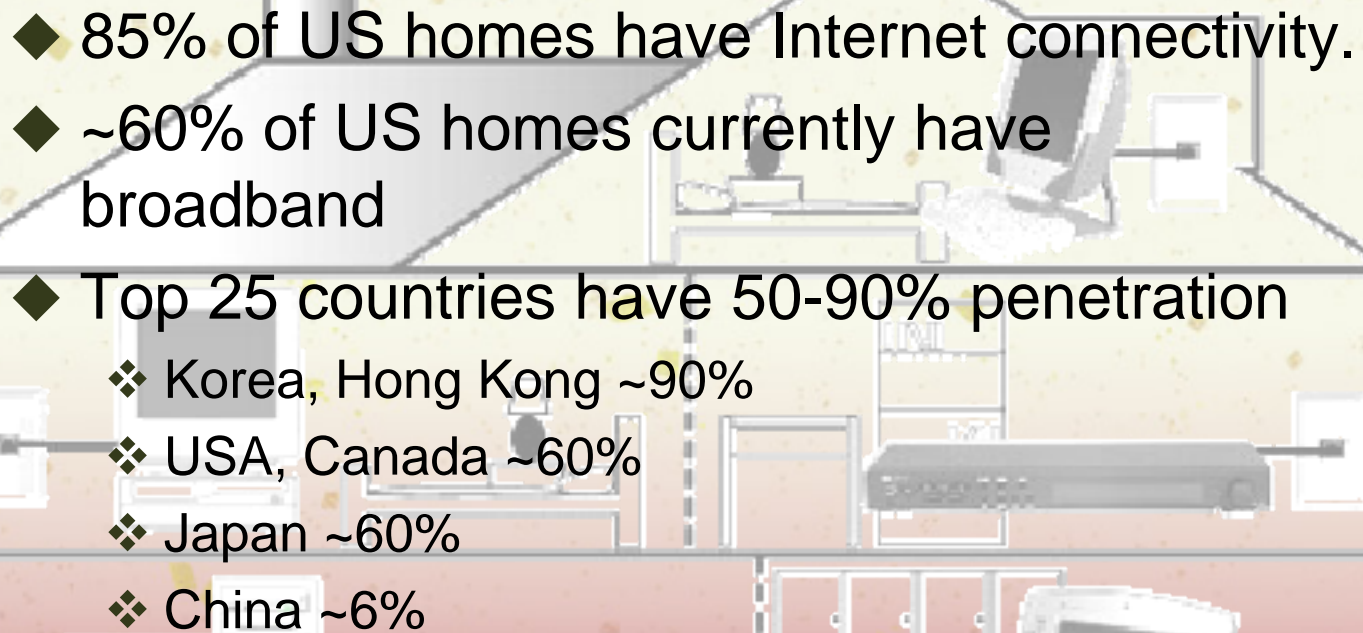
Billions of Connected Devices On The Horizon

- ◆ By end of 2008, there will be 3 billion cell phone users.
- ◆ In 2008, 300 million PCs will be sold.
- ◆ By 2010, 1.8 billion connected devices will be sold annually worldwide.
- ◆ Worldwide technology spending today is \$1.2 Trillion dollars- USD.

Digital Usage Demographics

Silver Surfers Born 1909-1945	55 Million	Minimal use of technology
Baby Boomers Born 1946-1964	77 Million	Cautious but growing embrace of technology
Generation X Born 1965-1978	79 Million	Openly embraces technology if it can enhance their lives
Millenials Born 1979-1990	80 Million	Technology integrated into their lifestyles

Internet Connectivity Becoming Pervasive

- 
- The illustration shows a cross-section of a house with various rooms. In the living area, there is a television, a printer, and a chair. In the kitchen, there is a stove and a sink. In the bedroom, there is a bed and a desk with a computer. In the bathroom, there is a toilet and a sink. A router is shown in the living area, and a computer monitor is shown in the bedroom. The house is connected to the internet, as indicated by the text and the presence of a router.
- ◆ 85% of US homes have Internet connectivity.
 - ◆ ~60% of US homes currently have broadband
 - ◆ Top 25 countries have 50-90% penetration
 - ❖ Korea, Hong Kong ~90%
 - ❖ USA, Canada ~60%
 - ❖ Japan ~60%
 - ❖ China ~6%

Future Connectivity Trends

- ◆ Broadband connections go mainstream
- ◆ New Wireless Networks
 - ❖ WiFi
 - ❖ WiMax
 - ❖ 3G and 4G Cellular

“Always Connected” Drives New Expectations

- ◆ In a connected world, business and consumer expectations change-
 - ❖ They will want access to information and entertainment anytime and anywhere they happen to be.

The Meaning of “Connected”

- ◆ In the digital age, being connected has two meanings:
 - ❖ Connected to the Internet
 - ❖ Connected to other people
- ◆ Technology is key to digital lifestyles

Trends:

Portable media devices



- ◆ iPods - 150 million installed base - 50+ million annually through 2008



- ◆ MP3 - Additional 10-12 million annually through 2008



- ◆ Mobile Internet Device (MID)

Technology Trends



- ◆ Digital cameras - 111 million sold worldwide, annually through 2008, IDC



- ◆ Cell Phones- 1.4 billion sold annually worldwide by end of 2008, CTIA data



- ◆ By 2009, 17% will be Smart Phones

More Trends

◆ PC to TV connectivity



❖ Media Extenders



❖ Digital set top boxes with PVR



❖ Console gaming systems



Technology Trends: HDTV & Set top boxes



- ◆ Digital HDTV - 60 million displays shipped annually by 2010 - IMS Research
- ◆ Set top boxes-
 - ❖ 15.6 million shipped in 2005-worldwide
 - ❖ 27.5 million shipped in 2006
 - ❖ Digital HD set top with PVR (N. America)
 - ◆ 6 million shipped in 2005
 - ◆ 8 million shipped in 2006
 - ❖ China market
 - ◆ 2.2 million units shipped in 2005
 - ◆ 9 million units shipped in 2006- InStat Research

The Connected Environment

- ◆ All devices are connected to the Internet and each other.
- ◆ These devices deliver various types of content and can have wired or wireless connections.

Customer Touch points

◆ Three “screens” of digital lifestyle

❖ PC - 17-20”

TV - 32+”

PDA/cell 2-4”



Touchpoint “screens”

- ◆ All three represent
 - ❖ Accessing
 - ❖ Viewing
 - ❖ Distribution
 - ❖ Control of Content



Optional “fourth” screen (information & entertainment-to-go)

- ◆ Focus on fourth screen will be on mobile entertainment and information
 - ❖ Intelligent portable information and entertainment device
 - ◆ Common components
 - ◆ Operating system
 - ◆ 3 to 5 inch color screen
 - ◆ Hard drive or flash
 - ◆ Music player
 - ◆ Video player
 - ◆ Connects to PC or digital entertainment center
 - ◆ Wireless internet connectivity
 - ◆ Web browser



Examples of fourth screens

- ◆ iPod Classic (video)



- ◆ iPod Touch



- ◆ Mobile Internet Device (MID)

 - ❖ Asus

 - ❖ BenQ



- ◆ Portable Gaming Devices

 - ❖ Sony PSP



Fifth “screen”

- ◆ In-car navigation systems with wireless internet connectivity.
- ◆ Portable navigation systems with embedded cellular chip.
 - ❖ Dash Navigation
 - ❖ Magellan Navigation



Most Versatile Screen in Home

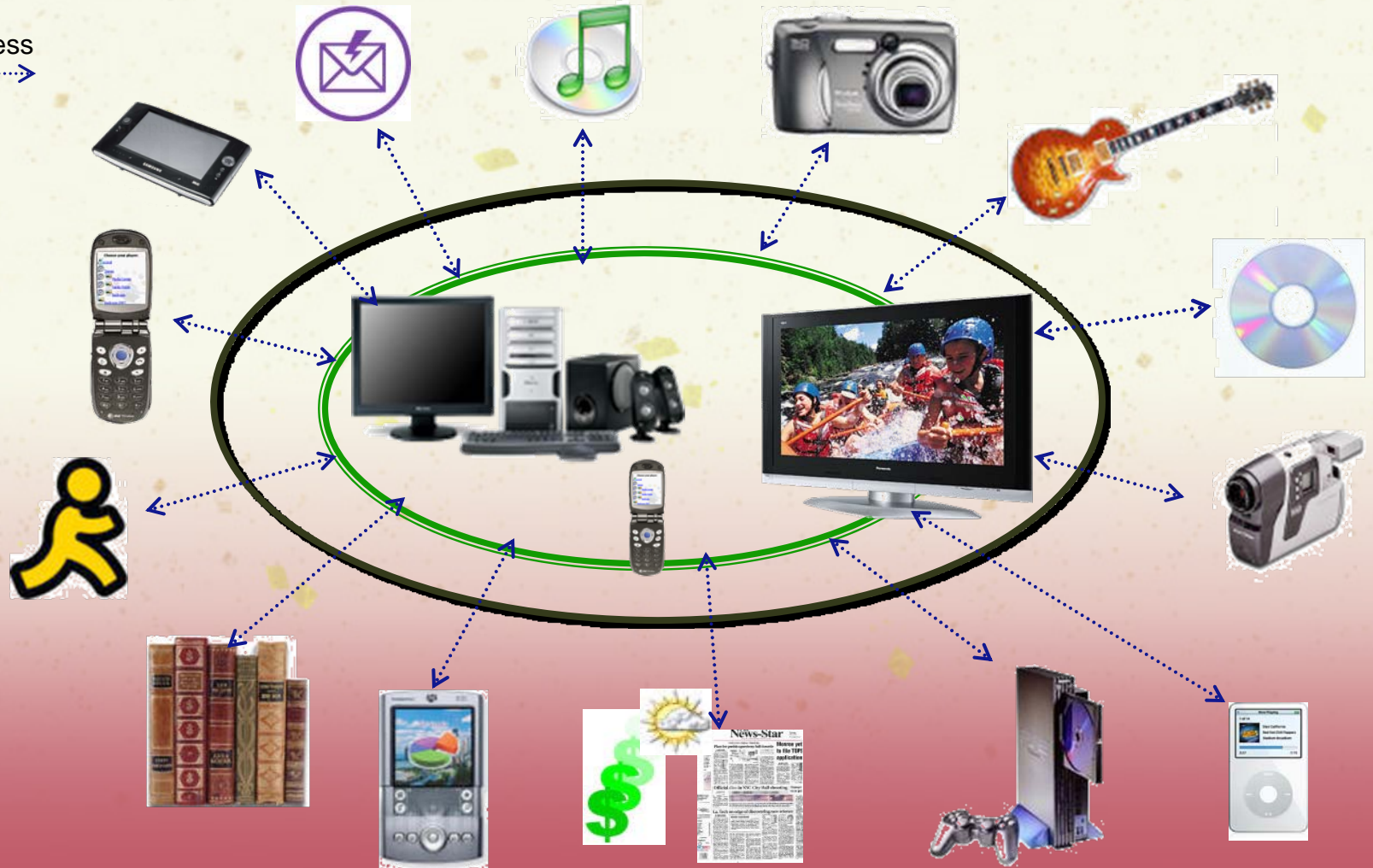
◆ The Photo Frame

Dumb today, Smart tomorrow

- Can be hung on refrigerator
- Can be taken to the couch for Web surfing
- Could be on Kitchen Counter

Digital Ecosystem

IP Address



Gen Y - (Millennial)

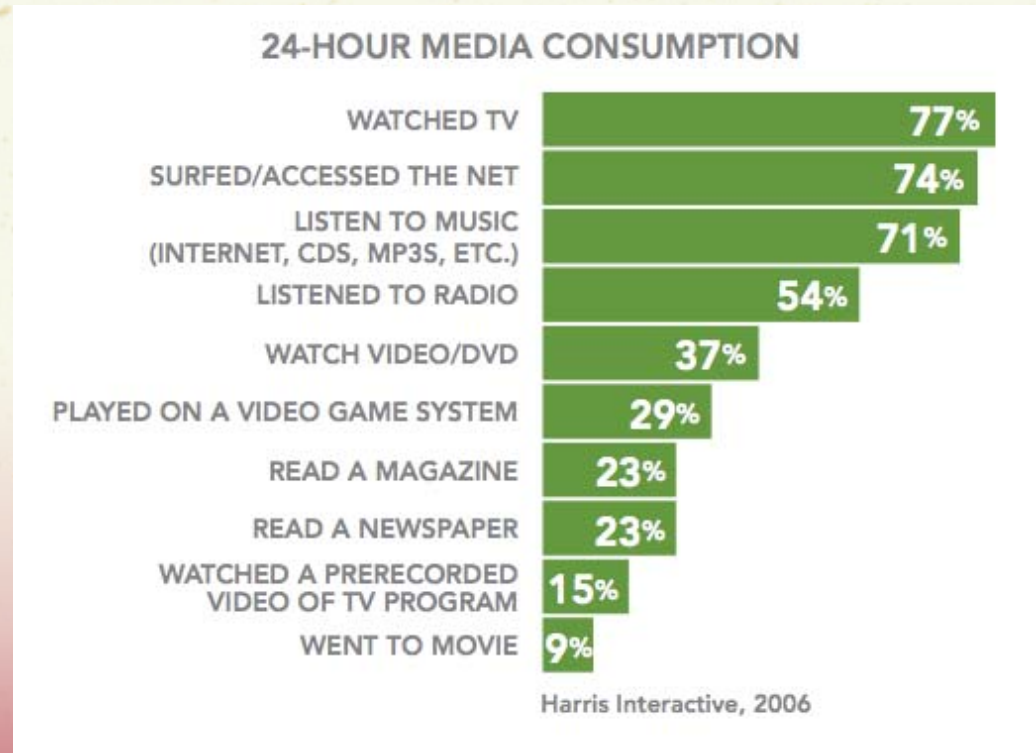
Driving the Digital Age

- ◆ First generation to grow up surrounded by digital technology
- ◆ Want their digital content anytime and anywhere - on ALL their digital devices
- ◆ Want access to their
 - ❖ Music
 - ❖ Video
 - ❖ Social networks
 - ❖ Calendar
 - ❖ Communications
 - ❖ Information



Media Consumption of Millennials

- ◆ Consume 20 hours worth of media in 7 hour period
- ◆ They control their media, it does not control them



The Digital Eco-System Vision



BROADBAND
Entertainment,
E-Business, Services



MOBILE MULTIMEDIA
Entertainment,
Personal Pictures and Video,
Services



MEDIA
Pre-Recorded Content
Personal Media



Consumers want their devices to work together and share content



BROADCAST
Services,
Entertainment



Highlights

- ◆ Three billion connected consumers on the horizon.
- ◆ Each consumer will have at least one connected device, some will have more than one.
- ◆ All devices will be part of individual's digital eco-system.
- ◆ Digital televisions, set top boxes, camera phones, mobile media devices will drive double digit growth in the CE market for the next 5 years.