

FOR RELEASE

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HOUSEHOLD PENETRATION OF CE PRODUCTS SOARS IN 2005

Ownership Improved in Every Category of Survey

Arlington, Va., May 17 – U.S. households now own an average of 25 consumer electronics products, according to the 2005 “CE Ownership and Market Potential” study released today by the Consumer Electronics Association (CEA). Moreover, each U.S. household typically spends more than \$1,250 annually on consumer electronics (CE) products. The study also reveals that households are equally enthusiastic about their content, owning on average approximately 100 music CDs, more than 40 DVD movies and 16 video games.

“The consumer electronics industry grew 11 percent in 2004 and is expected to grow another 11 percent this year,” said CEA President and CEO Gary Shapiro. “U.S. households spend heavily on consumer electronics because they recognize the tremendous value these products deliver. Few industries provide products where prices consistently fall while features and performance consistently rise.”

The on-going transition from analog products to digital products continues to power growth in the CE industry. The study shows that the average U.S. home now has 3.1 television sets, up from an average of 2.4 sets last year. This implies that the digital transition is continuing to influence purchasing decisions as digital high-definition televisions (HDTVs) are present in roughly 13 percent of households, flat-panel televisions in about 10 percent of homes, digital video recorders (DVRs) in almost 10 percent, and DVD player penetration rates are on the verge of eclipsing VCRs.

“The video arena illustrates how rapidly consumers are adopting digital technologies. From image capture devices to displays, penetration rates in many digital video technology segments show steady increases over prior year figures,” said Steve Koenig, CEA senior manager of Industry Analysis.

In many categories, the transition is more than just a move to digital, but rather a move away from products that use physical media (i.e., CDs) and a move towards hard drive-based products (i.e., portable MP3 players). The portable MP3 player category shattered all expectations last year by more than doubling unit shipment volumes and nearly tripling revenues to \$1.2 billion. These devices now can be found in approximately 15 percent of homes.

The quantitative survey provides household product ownership rates and intent to buy for more than 40 consumer electronics products. The “CE Ownership and Market Potential” study was administered via telephone interview to a random national sample of 869 U.S. head of household adults between February 17 and 20, 2005. The margin of sampling error for aggregate results is +/-

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3.4 percent. The study is available for purchase for non-members at www.CE.org and is free for members.

About CEA:

The Consumer Electronics Association (CEA) is the preeminent trade association promoting growth in the consumer technology industry through technology policy, events, research, promotion and the fostering of business and strategic relationships. CEA represents more than 2,000 corporate members involved in the design, development, manufacturing, distribution and integration of audio, video, mobile electronics, wireless and landline communications, information technology, home networking, multimedia and accessory products, as well as related services that are sold through consumer channels. Combined, CEA's members account for more than \$113 billion in annual sales. CEA's resources are available online at www.CE.org, the definitive source for information about the consumer electronics industry.

CEA also sponsors and manages the International CES – Defining Tomorrow's Technology. All profits from CES are reinvested into industry services, including technical training and education, industry promotion, engineering standards development, market research and legislative advocacy.

UPCOMING EVENTS

- **Consumer Electronics CEO Summit**
June 22-25, 2005, Colorado Springs, CO
- **CEA Summer Technology & Standards Forum**
July 25-29, 2005, Denver, CO
- **CEA Industry Forum**
October 17-19, 2005, Las Vegas, NV
- **EHX Fall**
November 7-11, 2005, Anaheim, CA
- **2006 International CES – Defining Tomorrow's Technology**
January 5-8, 2006, Las Vegas, NV