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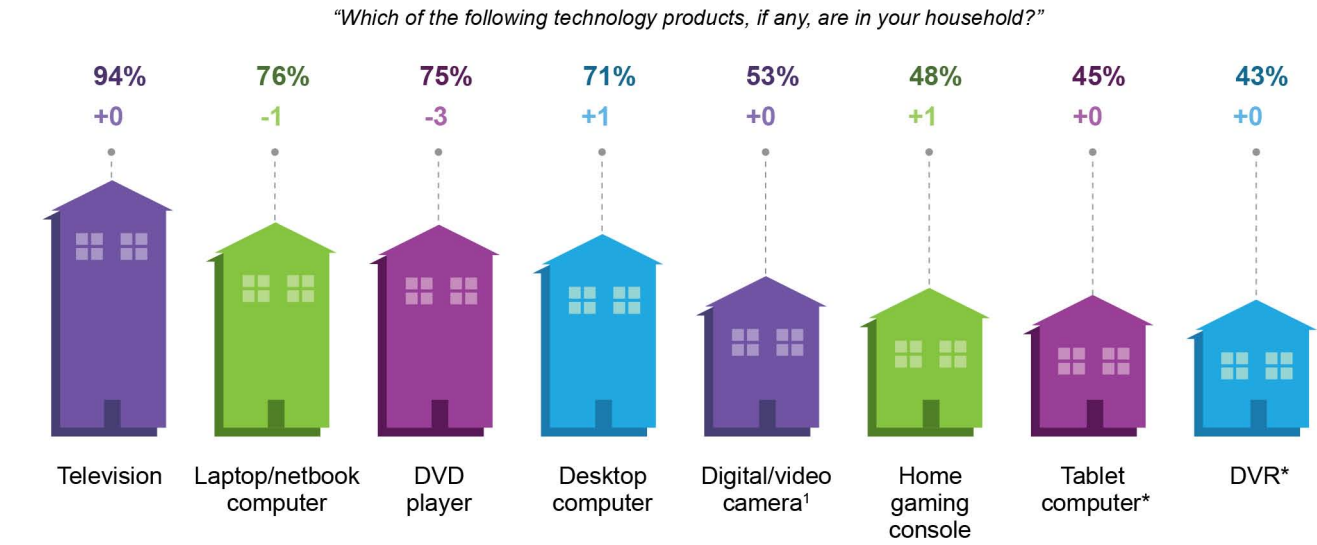
WHAT WE THINK

“Market expansion in consumer electronics is going to be a challenge, as penetration in many digital products and services has plateaued among higher-income groups. Sales for this demographic are likely to entail replacement, upgrade, or purchase of additional units. However, certain items, such as smartphones and tablets, have much potential for higher penetration. Targeting minority or late-adopting groups presents an avenue for sales growth, as they have both lower penetration and exhibit receptiveness to new technology.

HIGH EXISTING PENETRATION LEVELS IMPEDE GROWTH

For many household electronics, especially televisions and computers, consumers already have a unit in the home. Thus, any growth is likely to come from the purchase of upgraded, additional, or replacement devices. The increased capabilities of the new systems may make buyers feel the need to upgrade surrounding components; however, many will need to be persuaded.

HOUSEHOLD ELECTRONICS OWNERSHIP, JULY 2013-JANUARY 2014

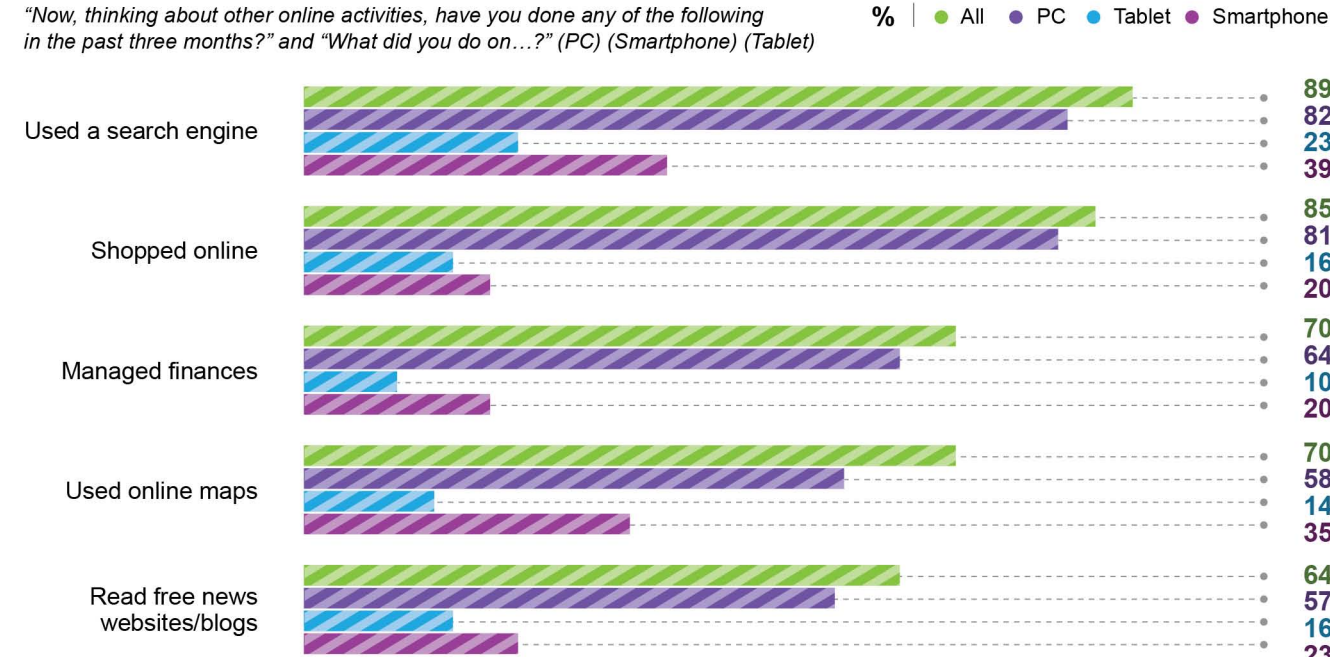


Base: 2,000 internet users aged 18+
% penetration in January 2014 and % point change since July 2013
* comparable July 2013 data are unavailable
¹ excluding mobile phones
SOURCE: MINTEL

LOCATION-BASED SERVICES LED BY DESKTOPS, DESPITE BETTER FIT WITH MOBILE DEVICES

Many location-based online activities are conducted using a PC. However, the portability and constant presence of smartphones and tablets would likely suit these activities better. Web services should encourage connection via mobile devices to fuel increased interaction. In order to do so, web services may need to promote mobile apps more prominently in high-profile locations on their own home pages.

ONLINE ACTIVITIES CONDUCTED IN PAST THREE MONTHS—SEARCHING, SHOPPING, REVIEWING, JANUARY 2014

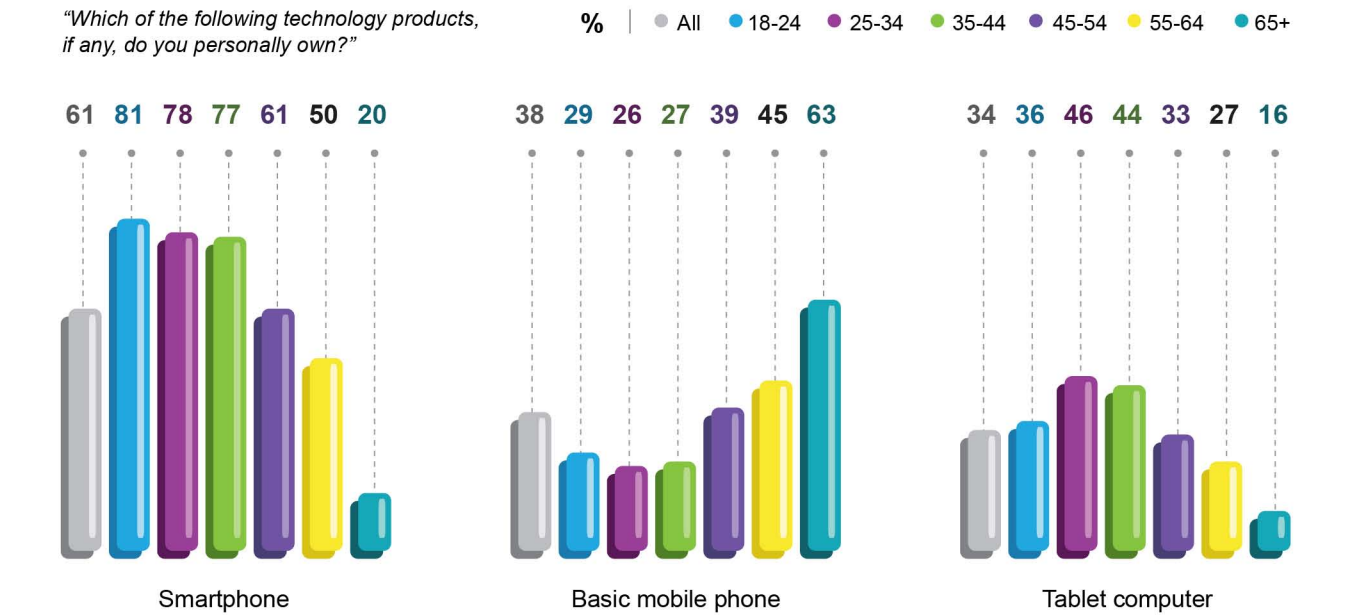


Base: 2,000 internet users aged 18+
SOURCE: MINTEL

APPEALING TO LATE ADOPTERS

Three fifths of adults surveyed own a smartphone, which implies a still sizable portion of the population that may soon be ready to make the jump from basic mobile phones to the smart devices with much of the potential growth to be derived from the population aged 45 and older.

PERSONAL PHONE AND TABLET OWNERSHIP, BY AGE, JANUARY 2014

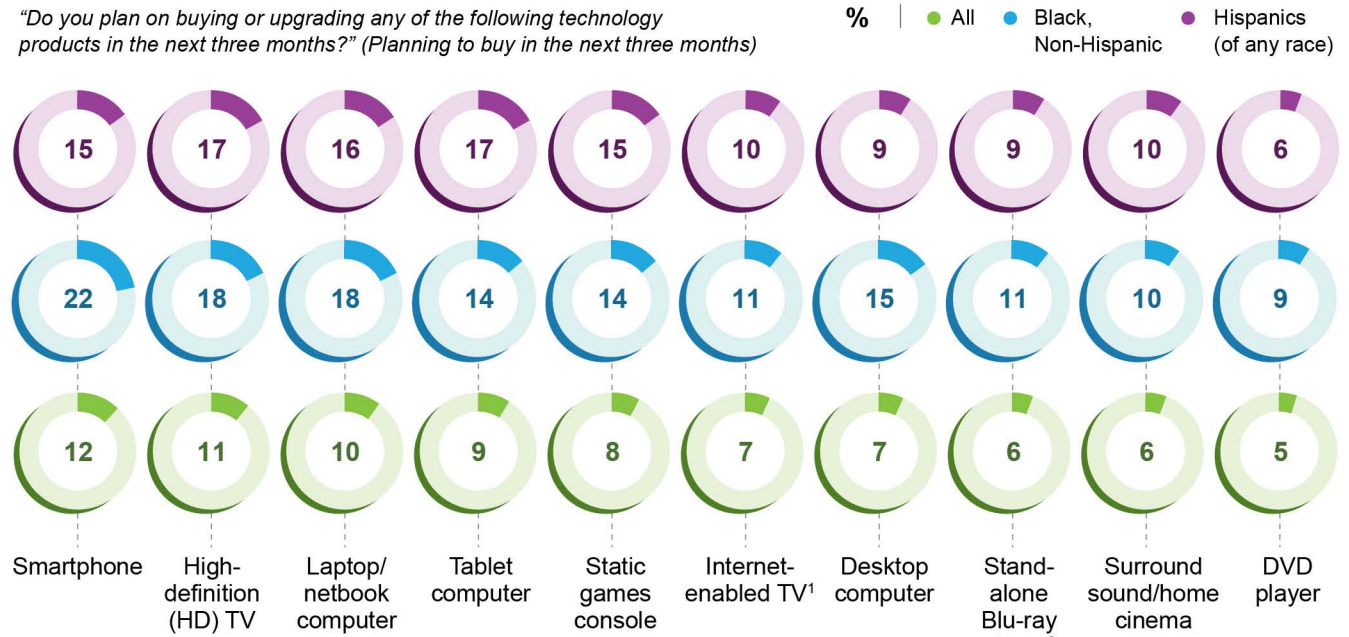


Base: 2,000 internet users aged 18+
SOURCE: MINTEL

MINORITIES READY TO BUY OR UPGRADE

Blacks and Hispanics are much more likely than non-Hispanic Whites to plan on buying a number of consumer electronics goods. Designing an inclusive marketing effort that fully considers Black, Hispanic, and Asian shoppers is likely to have a better return than one that focuses mainly on White consumers.

INTENT TO PURCHASE ELECTRONICS, BLACK AND HISPANIC ORIGIN, JANUARY 2014



¹ including smart TV
² excluding in a PC or gaming console
Base: 2,000 internet users aged 18+
SOURCE: MINTEL

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