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Gartner Says Mobility Is Reshaping Consumer Gadget Spending and Behaviour

STAMFORD, Conn., 14 March, 2013 — Household adoption and spending on consumer technology products is shifting faster than expected in favour of gadgets and services that are portable or mobile and those that deliver networking capabilities and entertainment, according to a recent survey by Gartner, Inc. The major change is that mobility is now reshaping mainstream consumer behaviour in fundamental ways, the way people organise their lives and the spaces they live in.

The Gartner survey was conducted during July and August of 2012 and included responses from more than 8,000 consumers in the US, the UK, Canada and the BRIC countries (Brazil, Russia, India and China).

"Early adopters tend to leave the home laptop in the bag and are abandoning the home office in favour of the sitting room couch or bedroom to do online activities in a more comfortable environment using a tablet or smartphone," said Nick Ingelbrecht, research director at Gartner. "This early adopter trend is becoming mainstream consumer behaviour. Consequently, technology and service providers are faced with no alternative but to innovate for mobility. If they do nothing, they face a potential train wreck as consumers abandon gadgets, services and applications that do not fully support changing mobile lifestyles."

The average household spending by users of media tablets, e-readers, laptops and digital cameras has fallen even as household penetration of these devices has increased (see Table 1). Falling prices and increased technology performance are primary drivers of increasing adoption and multiple purchases.

Table 1

Household Penetration and Average Annual Spending by Device Owners, 2010 vs. 2012

| | 2012 Household Penetration (%) | 2010 Household Penetration (%) | 2012 Average Spend (US\$) | 2010 Average Spend (US\$) |
|--|--------------------------------|--------------------------------|---------------------------|---------------------------|
| Mobile phone | 94 | NA | 289 | 173 |
| Laptop computer | 55 | 40 | 726 | 821 |
| Tablet | 17 | 3 | 503 | 624 |
| Desktop computer | 60 | 60 | 642 | 754 |
| Netbook | 14 | 7 | 462 | 493 |
| E-book reader | 14 | 5 | 185 | 233 |
| Television set | 96 | 96 | 685 | 593 |
| Set-top box (DVR, video recorder, digital decoder/cable box) | 45 | 25 | 98 | 107 |
| Digital camera/Camcorder | 65 | 36 | 292 | 364 |
| Personal media player or mobile Internet device player | 37 | 33 | 165 | 139 |
| Handheld video game device | 18 | 16 | 225 | 200 |
| Video game console | 25 | 23 | 258 | 324 |
| Printer for Mac or PC | 44 | 42 | 144 | 157 |
| Home networking equipment | 47 | 32 | 121 | 81 |

Note 1: Spending base: Household currently owns and uses this device. Falling average selling prices (ASPs) of tablets over the past two years have driven down the average spend on these devices. Conversely, consumers are spending more on average on other devices as they upgrade to gadgets such as smartphones and smart TVs from less expensive legacy products.

Source: Gartner (March 2013)

According to the survey, legacy products such as TVs and desktop computers have the highest mean years between upgrades, at four-and-a-half years and four years, respectively, while newer product classes such as tablets and e-readers have yet to be replaced by the majority of respondents. Replacement and upgrades of fixed devices such as desktop PCs and game consoles will be deferred or abandoned as consumers find they can do most of what they want on more recently purchased portable devices anywhere they want when they want. The things they can't do will either get postponed to a later time or be forgotten about altogether as consumers reorganise tasks and activities to the devices and services they prefer to use.

"Where they are occurring, the lengthening of gadget replacement cycles reflects a mixture of economic pressures on the consumer wallet and hardware product maturity," said Amanda Sabia, principal research analyst at Gartner. "Increasingly, upgrades are taking place in software, content and application ecosystems supported by cloud services, relieving the requirement for hardware upgrades."

Ms Sabia said PC and game console vendors can address attrition of desktop PC replacements by focusing product road maps and consumer branding initiatives on upgrade paths to portable devices or, alternatively, on home media hubs that provide storage and remote retrieval to the personal cloud.

The shift to wireless access and portable devices represents both a threat and an opportunity to technology vendors. Some static device ownership paradigms such as desktop computers and television sets remain stable while others, such as TV-related boxes and home networking equipment, increase. Consumers' shift to more mobile devices and applications provides opportunities for equipment to deliver Internet access and content as well as to accelerate the development of mobile solutions and portable extensions to traditionally fixed products and services.

More detailed analysis is available in the report "User Survey Analysis: Consumer Gadget Spending Shifts to Mobile and Multiscreen Home Entertainment." The report is available on Gartner's web site at <http://www.gartner.com/resId=2357315>.

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