

Home Entertainment



February 2010 US\$495



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HOME ENTERTAINMENT

Supplier capability in China

EXECUTIVE SUMMARY

The home entertainment industry in China continues to expand as suppliers secure their position as the leading hub for this line worldwide.

Dominating global output, manufacturers provide more than half of the world's TVs, A/V players, speakers and amplifiers.

The selection covers low-end, midrange and upscale models, differentiated mainly by the key components and materials used, including display panels, ICs and housings.

Additional distinguishing factors are multifunction features, enhanced user interface, connectivity options and customized external designs.

With global economic recovery on the horizon, suppliers are optimistic of a revitalized industry, driven by dynamic A/V advancements and progress in the Internet, wireless and "green" technologies.

The following are some of the key trends observed in China's home entertainment industry:

- The latest enhancements in broadband, digital and wireless technologies are shaping R&D and manufacture across the different product categories. These are particularly notable in the TV segment where flat-panel models are steadily phasing out analog CRT versions.

- The global shift to high definition is prompting suppliers to offer more compliant products, including HDTVs, HDMI-enabled DVD and Blu-ray players, and a range of HD set-top boxes.

- Energy-saving policies in major export markets are overhauling production processes to meet mandatory restrictions on power consumption. Some proactive suppliers have gone ahead of their competitors and have developed green devices, including low-power LCD and plasma TVs, and STBs.

- Makers are struggling to weather numerous challenges, with cutthroat competition topping the list. Stringent market requirements, IPR issues and rising production costs are also keeping suppliers constantly on their toes.

- Redirected efforts to emerging export markets, including the Middle East, non-EU countries and the Asia-Pacific region, have kept many businesses afloat during the financial slowdown. Most suppliers will continue this strategy, although some are eyeing the US and the EU as the economy further improves in coming months.

This report covers CRT, LCD and plasma TVs, DVD, Blu-ray and multimedia players, STBs, radios, and home theater speakers, subwoofers and amplifiers.

The Industry Overview discusses developments in China's supply, and key trends and challenges faced by makers. The products are discussed in separate modules that detail features and functions in mainstream models. Price and R&D trends are also covered.

Guangdong province, with its abundant materials and components and accessible services available to suppliers, is China's largest home entertainment products manufacturing hub.

The cities of Shenzhen, Dongguan, Huizhou and Guangzhou are leading output. Nearby provinces, including Fujian, also contribute to the country's production.

The supplier base is composed of companies with diverse manufacturing backgrounds, capability and relevant experiences.

Most specialize in a particular line such as TVs or speakers, while some offer a range of products to provide a complete home entertainment selection.

In this report

- 24 in-depth company profiles
- 20 additional suppliers
- 101 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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INDUSTRY OVERVIEW

China continues to solidify its position as a major sourcing hub for home entertainment products. The country remains as the largest manufacturing center for color TVs, contributing about half of global supply. In the set-top box segment, China accounts for 80 to 85 percent of worldwide output of high-definition models.

An export-driven industry, selections from China cater to the entire spectrum of low-end to upscale sectors to meet the varying requirements of users. Lineups comprise TVs, DVD players and recorders, Blu-ray players, HD set-top boxes, satellite TV receivers, radios, wireless speakers, home audio subwoofers, home theater-in-a-box systems and vacuum tube amplifiers.

Many makers saw sales dipping in the aftermath of the global financial downturn. They, however, are positive of a rebound in coming months as orders start picking up. A number are boosting capacity and overseas business in anticipation of a demand upsurge driven by stabilizing economies worldwide.

Across the different product categories, latest developments in broadband, digital and wireless technologies are shaping R&D and manufacture. For one, the shift to digital broadcasting in many countries is compelling makers in China to abandon erstwhile mainstream CRT and step up to LCD TVs.

The "green" trend is a bellwether of new directions and challenges as well. Energy-saving policies implemented in major TV export markets, including the EuP of Europe and Energy Star of the US, are providing a strong influence on the local TV and PDP sectors. European governments are reportedly finalizing mandatory requirements for TVs. Products that pass performance tests will have to be labeled with ratings to allow buyers to identify the most energy-efficient sets for their homes.

Environment-friendly flat panels currently account for about 20 percent of the overall segment for TFT LCDs, OLEDs and PDPs. The share is projected to reach 50 percent by 2011 and 100 percent by 2014. As for TVs, 70 percent of flat-panel shipments will feature green technology by 2012 from 20 percent in 2008, according to DisplaySearch.

Among the different TV types, it is large plasma models that may be in danger of being phased out from one of their key overseas destinations. These units are said to consume four times more electricity than the biggest CRT TV. They also emit fourfold the level of carbon dioxide released by the latter.

China TV makers are currently supplying plasma versions with a power consumption of 200W to 250W for 32in sets, and 200W to 300W for 42in. The values for 50in models range from 300W to 450W. All of these depend on the rated and full-white power.

The country has yet to pass a local version of the power consumption regulation covering flat-panel, LCD and plasma TVs. During the China Flat Panel TV Forum in December 2008, however, stakeholders in the

Supplier summary

Suppliers surveyed	24
Export sales	\$592.1mn
Export ratio	78%
OEM business	60%
Capacity utilized	65%
Annual R&D spending	\$25.4mn
Full-time employees	30,090

Data: All surveyed suppliers

flat-panel industry said they were looking to launch a new standard. This will be based on three indexes: energy efficiency, and standby and operating power.

In response to the growing demand for energy-saving home entertainment products, some plasma TV suppliers are introducing green units with lower power consumption. These consume one-third less energy than counterparts.

Another major challenge for China suppliers of home entertainment products is IPR. Some are asking international buyers to be cautious in assessing domestic manufacturers.

This is in light of a study by the United States Trade Representative or USTR showing the mainland still on the IPR priority watch list. In contrast,

Major customers

Company

Cowin	SVEN (Ukraine), Suzuki (Brazil), Hyundai (Russia), Thomson (Australia)
Dongguan Qisheng	Elekta (UAE), Keltron (Saudi Arabia), Videocon (India), Hyundai (Syria)
Guangzhou Aivin	Harman, Logitech, Bose (US); Cambridge (UK); Panasonic, Toshiba (Japan)
HKC	AOC (Turkey), Reco (Spain), BBK (Russia), N.V. Europea (Belgium), Majestic (Italy)
Info Advanced	Ascenda (US)
Jinpin	Britania (Brazil)
Shenzhen Multicav	IGL Industries (Tunisia), Daokorea (South Korea)
Xiamen Sumpo	Harver Norman, JBHi Fi (Australia); Nuance Group (Switzerland); DFS (Hong Kong); Target (US)
Zhuhai Yali	Philco (Mexico)

Data: All surveyed suppliers

Cowin Electronics Corp. Ltd

Mainland China-owned Cowin is an ISO 9001:2008-compliant maker of home entertainment products. Its speakers and home theater systems account for 60 percent of the company's total annual sales. Overall revenue amounted to \$1.5 million in 2009.

The manufacturer exports its products mainly to non-EU countries and the Asia-Pacific region. Shipments of home entertainment equipment amount to \$1.5 million each year. Exports are split between OEM, 90 percent and ODM, 10 percent. Cowin exports 10,000 units each month.

Some of its major customers are Sven of Ukraine, Suzuki of Brazil, Hyundai of Russia and Thomson of Australia.

Cowin has a 5,000sqm factory in Shenzhen, in Guangdong province. More than 300 workers operate this facility, with 16 assigned to R&D and 20 to QC. Last year, the company allocated \$50,000 for product development.

The company expects its export sales of home entertainment products to increase between 10 and 20 percent, with North America as the target market.

Company facts

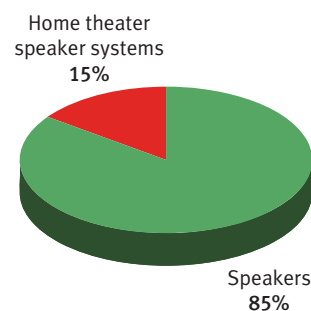
Year established	1992
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Shenzhen (Guangdong)
Number of factories	1
Factory location(s)	Shenzhen (Guangdong)
Total factory area	5,000sqm
No. of full-time employees	350
No. of R&D/design staff	16
No. of QC staff	20
Annual sales (all products)	\$2.5mn
Annual R&D spending	\$50,000
ISO certification	Yes

Sales & output: Home entertainment products

Annual sales	\$1.5mn
Share of total sales	60%
Annual export sales	\$1.5mn
Total monthly capacity	10,000 units
Average monthly output	10,000 units
Capacity utilized	100%
Average monthly exports	10,000 units
Export ratio	100%
OEM % of exports	90%
ODM % of exports	10%
OBM % of exports	—
Major customers	SVEN (Ukraine), Suzuki (Brazil), Hyundai (Russia), Thomson (Australia)
Other products made	Portable and vibro speakers

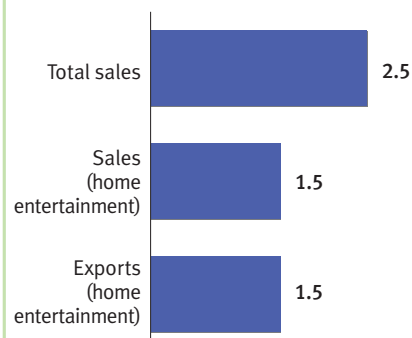
Profile

Products exported



Sales

\$mn/yr



Contact details

Business contact

MEI Bill

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cowinelec.com

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Shenzhen, Guangdong, China

Capability

In-house processes

SMT	No
PCB making/design/subassembly	Yes
Mold making	No
Plastic injection	No
Reliability test	Yes
EMC test	Yes
LCD module production	No
Raw speaker assembly	No
Speakers cabinet production	No
RoHS line	Yes

Exports by product

Speakers	85%
Home theater speaker systems	15%

Exports by market

North America	5%
European Union	8%
Europe (non-EU)	45%
Asia-Pacific	32%
Middle East	7%
Other	3%

Survey

- **Export prices**
Stayed the same
- **Export sales**
Increase 10-20%
- **Target market**
North America
- **Capital expenditure**
Increase up to 50%
- **Major challenge**
Price competition
- **Export capability**
Reduce production costs
- **R&D focus**
Enhance housing/external design

Popular export models



Home theater speaker system

Model	CD-603
MOQ	1,000 sets
Packaging	Color box
Delivery	25 days
Price	•

Description: 5.1-channel home theater speaker system; TDA2030 solution; 85W power output; RCA A/V I/O ports; FM radio; USB, SD card; remote and key control, 659x460x315mm, 11.5kg



Speaker

Model	S-5018
MOQ	1,000 sets
Packaging	Color box
Delivery	25 days
Price	•

Description: 2.1-channel speaker system; TDA2030/2025 solution; 12W power output; RCA ports for A/V input, output; FM radio; USB interface; SD slot; 2RCA/2RCAx1; 355x190x240mm, 3.2kg



Speaker

Model	S-8018
MOQ	1,000 sets
Packaging	Color box
Delivery	25 days
Price	•

Description: 2.1-channel speaker system; TDA2025 solution; 9W power output; RCA A/V I/O ports; FM radio; USB, SD card; 355x190x240mm, 4.5kg

• Information not disclosed

PRODUCT GALLERY

Amplifiers



Guangzhou Aivin

(profile page 54)

Model: AV-3100T

MOQ: 550 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: Power amplifier for stereo AM/FM receiver; digital AM/FM tuner with 64 station presets, auto-memory preset; tone control; 4 stereo audio input, 1 output ports; 2x100W stereo, ≥ 85 dB S/N ratio; headphone jack; speaker on/off control



Guangzhou Aivin

(profile page 54)

Model: S210T

MOQ: 550 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: Power amplifier for stereo AM/FM receiver; digital AM/FM tuner with 64 station presets; auto-memory preset; 4 stereo audio input, 1 output ports; 2x100W stereo, 8ohm rms; ≥ 85 dB S/N ratio; $< 1\%$ THD; tone control; headphone jack and speaker on/off control; sleep



Guangzhou Aivin

(profile page 54)

Model: DT300

MOQ: 550 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: 2-channel power amplifier, class T; single fidelity; 2x150W output, 8ohm; 5Hz to 100kHz frequency response; ≥ 100 dB S/N ratio, A-weighted; $\leq 0.01\%$ THD at 1W; treble, bass and balance control; high-speed switching power supply; 250x290x44mm, 2.6kg gross



Guangzhou Aivin

(profile page 54)

Model: 918

MOQ: 550 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: Power amplifier for stereo AM/FM receiver; digital AM/FM tuner with 64 station presets; auto memory preset; 4 stereo audio input, 1 output ports; tone control; 2x100W stereo output, 8ohm rms; $< 1\%$ THD; ≥ 85 dB S/N ratio; headphone jack and speaker on/off control

• Information not disclosed



Guangzhou Aivin

(profile page 54)

Model: H100

MOQ: 960 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: A/B speaker; digital AM/FM tuner with 64 station presets; manual memory preset, memory stations per set; 4 audio input, 1 output ports; headphone output; 2x75W power output, 4ohm; VFD; short-circuit, overload, overcurrent protection; treble/bass



Guangzhou Aivin

(profile page 54)

Model: HA200

MOQ: 550 sets

Packaging: Carton

Delivery: 60 days

Price: •

Description: Hi-fi integrated power amplifier; 1,10W power output at 8ohm, 200W at 4ohm; 600W switched power supply; 7 analog input and 1 I/O ports; 5x7 dot matrix display; digital volume control; $\leq 0.4\%$ THD at 1W; ≥ 98 dB S/N ratio, A-weighted

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