Handheld Media Player Suppliers biting into Apple‚Äôs Share

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Apple continues to enjoy remarkable success with its iconic range of iPod audio and video players. However, a recent study by IMS Research on the global markets for handheld media players over the next five years analyses the forces that may make its dominance only regional and temporary. Apple has shown remarkable powers of innovation, but it remains to be seen whether it can rise to the formidable competitive challenges ahead.

Although shipments of the iPod range exploded from almost 1.5 million units in 2003 to almost 32 million units in 2005, their estimated global share of shipments of stand-alone handheld media players increased only slightly over the last year, from 23% in 2004 to 27% in 2005.

â€œThe strongest growth in shipments has come from low cost, flash-based playersâ€• commented Peter Cooney, Senior Market Analyst for this report. â€œApple certainly made the right moves with its timely iPod â€œshuffleâ€• and â€œnanoâ€• intr and reaped the market benefits. However, their continued focus on the higher end of the market could be their downfall. Continued global unit growth with be from low cost, flash-based players, which are expected to be largely supplied by Chinese companies.â€•

In 2005, Apple was estimated to lead the market for flash-based players, but with only a 15% share of the global total. It continues to dominate the market for HDD-based players (half of which is currently in the US), with almost three-quarters of all units shipped globally in 2005, but this market is forecast to grow less than 10% a year over the next five years.

Apart from the increasing threat from low cost players, the ubiquitous cellular phone may well mop up much of the demand for audio and video players. A recent Nokia-commissioned survey of the 18-35 age group in 11 countries showed that the desire for separate cell phones and media players was very much a U.S. phenomenon. Elsewhere, most of those surveyed expected their phone to replace their portable music player. Even in the U.S., one must be cautious about fickle consumer tastes. The MP3 player has amazingly been voted â€œcoolerâ€• than beer-drinking among U.S. college students this year, but todayâ€™s â€œcoolâ€• is rapidly transformed into tomorrowâ€™s â€œboringâ€• as the market saturates

This report is focused on and restricted to the markets for audio-enabled cellphones (i.e. those with MP3 capability), HDD- and flash-based handheld media players (e.g.MP3 players) and portable DVD players. If you require anymore information on report definitions please contact IMS Research.

About IMS Research

IMS Research is a leading provider of market research, business intelligence and consulting services, primarily to the electronics industry. Our services span a diverse range of sectors including semiconductors, wireless, consumer, automotive, medical, power & energy, security, mechatronics and automation. Founded in the 1980s, IMS Research has established itself as a reliable and trusted source of market intelligence. Today we have 40 analysts spread across three locations: Austin/Texas, USA, London, UK, and Shanghai, China. Our customer list encompasses most of the household names in the electronics industry, including all top 10 semiconductor companies.

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