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## Analysts identify five high-growth markets for ICs

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As the semiconductor industry recovers from a sharp and painful downturn, it will be aided by high growth rates in five consumer electronics categories, according to analysts from Semico Research.

SAN FRANCISCO—As the semiconductor industry recovers from a sharp and painful downturn, it will be aided by high growth rates in five consumer electronics categories, according to analysts from Semico Research Corp.

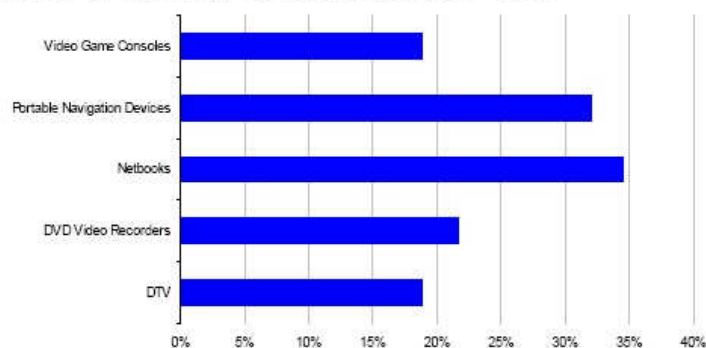
According to Jim Feldhan, Semico president, consumers are changing buying patterns, placing a new emphasis on value and gravitating toward products that promise to improve their lifestyles, such as netbooks, portable navigation devices (PNDs), digital televisions (DTVs), DVD recorders, and video game consoles.

Netbooks, which grew from practically nothing in 2007 to an estimated 20 million units this year, are expected to continue to enjoy strong growth, according to a recent report by [Semico](#) (Phoenix). The firm projects that netbook unit shipments will enjoy a compound annual growth rate (CAGR) of 31.3 percent from 2009 through 2013, reaching 59.5 million units. Revenue from netbooks is expected to have a CAGR of 27.4 percent during the same period, reaching \$16.2 billion in 2013, according to the report.

The total available market (TAM) for semiconductors in netbooks is expected to grow at a 34.6 percent CAGR from 2009 through 2013, reaching nearly \$9.4 billion, according to the report.

Thanks largely to partnerships with automotive manufacturers, Semico projects high penetration rates for PNDs. The report forecasts that unit shipments of PNDs will grow at a 30.9 percent CAGR from 2009 through 2013, reaching 83.4 million units. The semiconductor TAM for PNDs through that period is projected to grow at a CAGR of 32 percent through that period, reaching \$1.5 billion, according to the report.

Figure 1: Five High Growth Markets 2009 - 2013



Source: Semico MAP Model

[Click on image to enlarge.](#)

Meanwhile, the semiconductor TAM for DVD recorders is projected to grow at a CAGR of 21.7 percent from 2009 through 2013, reaching \$15.1 billion, the report says. Unit shipments for DVD recorders are projected to grow at a CAGR of 22.4 percent during this period, reaching 161.4 million in 2013, according to the report.

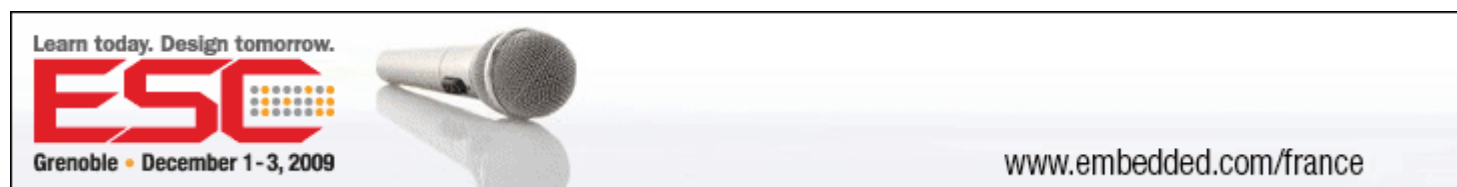
The report forecasts that the semiconductor TAM for DTVs will grow at an 18.9 percent CAGR from 2009 through 2013, reaching \$20.5 billion. Unit shipments for DTVs are projected to grow at a 16.5 percent CAGR through this period, reaching 163.6 million in 2013, according to the report.

OEM average selling prices for DTVs are projected to continue falling noticeably through 2011, after which the declines will slow, making DTVs a mature market, the Semico report predicts.

The semiconductor TAM for video game consoles is forecast to grow at an 18.8 percent CAGR from 2009 through 2013, reaching nearly \$21.9 billion, according to the Semico report. Video game console unit shipments are projected to grow at a 10.7 percent CAGR through this period, reaching 85.8 million in 2013, according to the Semico report.

The report notes that video game consoles are not a profit-making business in and of themselves, saying that the consoles are a loss leader for many OEMs. The bill of materials costs for video game consoles exceed the OEM price and in some cases even the retail price, according to the report. OEMs make a profit over the long term from the games that run on the machines, according to the report.

Semico is offering the report, "5 High Growth Markets," through its website at no cost for a limited time. The report can be accessed [here](#).



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