

Car MP3 Players



March 2008 US\$495

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China manufacturer profiles

Detailed profiles of 31 suppliers with verified manufacturing and export credentials

Product & price trends

Prices and specifications of 111 top-selling export products

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CAR MP3 PLAYERS

Supplier capability in China

EXECUTIVE SUMMARY

China produces an estimated 60 to 70 percent of the world's car MP3 player and FM transmitter output. The country shipped more than 20 million car MP3 players and FM transmitters overseas in 2007. North America and the EU are the largest export markets due to their mature car industries and high acceptance of digital audio technology.

Output from China makers is expected to increase by more than 10 percent in 2008 as worldwide demand for in-vehicle audio products continues to grow. Many companies are likewise expected to expand their capacity in anticipation of the increased demand.

China has a supplier base of more or less 50 makers. Most suppliers are OEM-oriented with the majority of their sales generated from exports. The industry is relatively small compared to others in the country as most makers regard car MP3 players as a secondary product line. Not many new makers are expected to enter the line due to increasing production cost and escalating price competition.

The following are some of the key trends we see in China's car MP3 player industry:

- Export prices are expected to rise in 2008 as a result of rising raw material and labor costs. Intense competition among suppliers, however, will limit price increases to within 5 percent.
- The quality of China-made car MP3 players will improve in the coming months as suppliers place greater importance on quality control and minimize defect rates.
- Future releases will have sleeker designs—featuring touch button controls, metallic cases and water resistance. More FM transmitters compatible with iPod and iPhone series will also be released.
- The majority of suppliers will

raise their production capacity by 20 to 50 percent mainly by upgrading their existing facilities.

- More suppliers will also enhance efficiency by automation and simplifying their production processes as part of their effort to manage increased labor cost.

This report covers the two main types of in-vehicle audio electronics from China: car MP3 players with FM transmitters and standalone FM transmitters. Makers generally offer both types of products although some specialize in only one product type.

Common features of China-made car MP3 players include LCD or LED screen, USB interface, MMC/SD card slot, WMA playback, 206 FM channels and 12V to 24V DC car cigarette lighter power source. Standalone FM transmitters generally come with frequency of 87.5MHz to 108MHz, earphone jack, LCD screen and 206 channels. They can be powered by car cigarette lighter or batteries.

The Products and Prices section in this report elaborates on the features and price ranges of products from China. It also discusses component sourcing and the direction of product development.

The Industry Overview explains how suppliers are dealing with intense competition and the other challenges they are facing. The section also elaborates on the supplier base and industry composition, highlighting key characteristics of the different types of manufacturers.

Almost 60 percent of China's supplier base is covered in this report. All interviewed suppliers are based in Guangdong province, the main production center for car MP3 players in the country. Most makers are concentrated in the city of Shenzhen, which has a mature supply chain for solutions and components, as well as abundant subcontractors.

In this report

- 15 in-depth company profiles
- 16 short company profiles
- 111 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and 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 each company profile, 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 email.

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 capabilities of each supplier.

All suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. 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

As with many electronics products, China is regarded as the world's biggest production center for car MP3 players and FM transmitters, accounting for an estimated 60 to 70 percent of global supply. Official export data for these products is not available from China because they are not tracked independently by customs. However, based on the aggregate data of suppliers interviewed for this report, approximations from industry experts and our own research, it is estimated that the country exported more than 20 million car MP3 players and FM transmitters in 2007.

North America and countries in the European Union are by far the most popular export destinations, largely because of the maturity of their respective car industries and high acceptance of digital audio technology.

The output of China makers is expected to increase by more than 10 percent in 2008, driven by the increasing demand for in-vehicle audio products worldwide. To cope with the anticipated demand growth, many makers plan to expand their manufacturing capacity, some by up to 50 percent.

However, the supplier base of 50 makers is unlikely to undergo significant expansion. This is because of the increased production costs and fierce price competition faced by suppliers in the industry over the past two to three years. As such, only a few new makers are venturing into the product line.

Some companies are also gradually turning their attention to producing other types of in-vehicle electronics and reducing the share of car MP3 players and FM transmitters in their total sales.

Mature industry spurs competition among makers

As China's car MP3 player and FM transmitter supply industry is relatively mature, price competition is so intense

that most makers have to decrease the price quotes of their products repeatedly to secure new orders. Since early 2006, prices have declined by more than 30 percent on average.

Many manufacturers are thus focusing on the development of new products with healthier profit margins. These include new models using private molds and featuring value-added functions such as Bluetooth and built-in memory.

Makers are also trying to shorten the R&D lead time for new models as well as the delivery lead time to buyers in order to become more competitive and to ensure positive cash flow.

Apart from releasing new products with enhanced features, China suppliers are placing greater emphasis on product quality. Many makers are aiming to decrease product defect rate so as to reduce wastage and maintenance cost. As a result, more exquisite and reliable products that comply with international standards are expected from China makers in the coming months.

Implemented in January 2008, China's new labor law is expected to push up labor cost by 5 percent to as much as 40 percent in the near term. To minimize the impact of such increases, suppliers are upgrading their production facilities and simplifying their production processes. Makers are also using more automation to improve production efficiency.

Supplier summary

Suppliers surveyed	31
Export sales	\$177.7mn
Export ratio	90%
OEM business	69%
Capacity utilized	51%
Annual R&D spending	\$31.2mn
Full-time employees	12,866

Data: All surveyed suppliers

Industry composition

China's car MP3 player industry is considered small compared to other in-vehicle electronics industries, not just in terms of the size of the supplier base, but also in terms of their scale of operation. The 50 or so car MP3 player manufacturers operate factories with sizes typically ranging from 2,000sqm to 5,000sqm, mostly with 100 to 800 full-time employees.

Suppliers offer two types of car MP3 players: car MP3 players with built-in FM transmitters and standalone FM transmitters. About 60 percent of the makers focus on car MP3 players with built-in FM transmitters, while the remaining 40 percent are engaged in the production of standalone FM transmitters. Generally, most suppliers can offer both product types but tend to specialize in one or the other.

The OEM-dominated car MP3 player industry is largely driven by export sales, with exports accounting for more than 70 percent of annual sales for the majority of suppliers. Among surveyed respondents, the average

OEM/ODM/OBM partners

Company	Major customers
Best Talent	Carrefour (France); ITC (US); TTI (Italy)
Netac	Dell, HP, IBM (US); Panasonic, Toshiba (Japan); Samsung (South Korea); Siemens (Germany)
Shenzhen Ji'an Tai	Best Buy, COSCO (US)
Shenzhen Langkun	TCL (US); Panda (UK)
Yifang	Belkin, XtremeMac (US)
Yiton	Bahia E-shop Imports (Brazil); GT Products (US)

Data: All surveyed suppliers

Beelan Enterprise Co. Ltd

Beelan specializes in the production of accessories of portable electronic products such as FM transmitters, iPod, MP3 players, mobile phones and laptops. The company also manufactures electronic devices including FM transmitters and car MP3 players, which generated total sales of \$700,000 in 2007.

Beelan ships the majority of its FM transmitters and car MP3 players overseas. Export sales reached almost \$600,000 in 2007. It forecasts sales to increase by more than 20 percent in 2008. The company plans to attend major trade shows such as the China Sourcing Fair to search for new buyers.

The company's 3,000sqm facility in Shenzhen is operated by 120 workers. Two production lines can turn out 20,000 FM transmitters and car MP3 players every month. Monthly output averages 7,000 units. Key materials, such as PU and PVC, are sourced from South Korea,

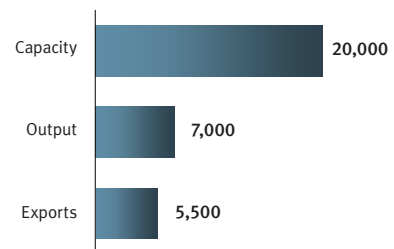
Taiwan and other regions.

Beelan produces FM transmitters that are specially designed for iPod and iPhone. For instance, the BLFM018 model has a remote control that functions not only for frequency selection but also for iPod/iPhone operation. This remote control is designed like a small-size iPod player. Beelan has also released some compact-sized FM transmitters. BLFM029, for example, is a mini FM transmitter that is also compatible with iPod and iPhone. This model complies with RoHS. Aside from existing models, the company also accepts customized orders from buyers.

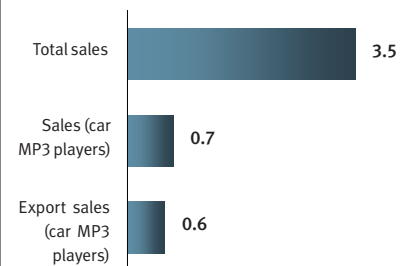
Product development is overseen by five personnel. Beelan considers enhancing cosmetic design as its major R&D direction in the coming months.

Due to the increase in raw material costs, Beelan plans to raise quotes of its car MP3 players and FM transmitters in the following months.

Production units/mth



Sales \$mn/yr



Profile

Company facts

Year established	2001
Head office location	Shenzhen (Guangdong)
Business type	Manufacturer: Exports via agent
Ownership	Mainland China-owned
Factory location(s)	Shenzhen (Guangdong)
Total factory area	3,000sqm
Full-time employees	120
Total annual sales (all products)	\$3.5mn
Annual R&D spending	\$0.15mn
ISO certified	No

Sales & output: Car MP3 players

Annual sales	\$0.7mn
Share of total sales	20%
Annual export sales	\$0.6mn
Total monthly capacity	20,000 units
Average monthly output	7,000 units
Capacity utilized	35%
Average monthly exports	5,500 units
Export ratio	79%
OEM % of exports	30%
ODM % of exports	—
OBM % of exports	70%

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Capability

Production checklist

Assembly lines	2
R&D/design staff	5
QC staff	4
Mold making in-house	No
SMT in-house	No
PCB sub-assembly in-house	No
Final assembly in-house	Yes
QC in-house	Yes

Exports by product

Car MP3 players with FM transmitters	20%
Standalone FM transmitters	80%

Exports by market

Nth America	80%
European Union	—
Europe (non-EU)	20%
Middle East/Africa	—
Asia	—
Other	—

Outlook

- **Export prices**
Increase 5-10%
- **Export sales**
Increase more than 20%
- **Production capacity**
No increase
- **Main target market**
Mideast/Africa
- **Hot product trend**
External design innovation
- **Major challenge**
Price competition
- **Efficiency improvement**
Reduce raw materials wastage
- **Capability improvement**
Staff training

Popular export models



Standalone FM transmitters

Model	BLFM031
Minimum order	500 units
Packaging type	Gift box
Delivery time	3 days
Indicated price	•

Description: 87.5MHz to 108MHz frequency; LCD screen; TI 0805 chipset; iPhone/iPod compatible



Standalone FM transmitters

Model	BLFM039
Minimum order	500 units
Packaging type	Gift box
Delivery time	3 days
Indicated price	•

Description: 87.5MHz to 108MHz frequency; LCD screen; KT Micro KT0801 chipset; iPhone/iPod compatible; RoHS approved



Standalone FM transmitter

Model	BLFM018
Minimum order	500 units
Packaging type	Blister pack
Delivery time	3 days
Indicated price	•

Description: 87.5MHz to 108MHz frequency; LCD screen with blue backlight; ROHM BH1417F/FV chipset; iPhone/iPod compatible; 3.5mm audio input; remote control

• Information not disclosed

PRODUCT GALLERY

Car MP3 players with FM transmitters



Blue-Two
(profile page 32)
Model: CFT868
Minimum order: 1,000 units
Packaging type: Blister pack
Delivery time: 5 days
Indicated price: •
Description: 87.5MHz to 108MHz frequency; WMA playback; USB port



Blue-Two
(profile page 32)
Model: CFT623
Minimum order: 1,000 units
Packaging type: Blister pack
Delivery time: 5 days
Indicated price: •
Description: 87.5MHz to 108MHz frequency; WMA playback; USB port



Blue-Two
(profile page 32)
Model: CFT616
Minimum order: 1,000 units
Packaging type: Blister pack
Delivery time: 5 days
Indicated price: •
Description: 87.5MHz to 108MHz frequency; WMA playback; USB port; remote control



Chi-na
(profile page 58)
Model: CN-T94
Minimum order: 200 units
Packaging type: Blister pack
Delivery time: 15 days
Indicated price: \$9.40
Description: 256MB to 4GB flash memory capacity (optional); USB 2.0 port; frequency phase lock loop technology; 3D sound coding technology; IR remote control



Chi-na
(profile page 58)
Model: CN-T97
Minimum order: 200 units
Packaging type: Blister pack
Delivery time: 15 days
Indicated price: \$10.60
Description: 87.5MHz to 108MHz frequency; 256MB to 4GB flash memory capacity (optional); MMC/SD card reader; IR remote control; 12V DC car cigarette lighter power source



Chi-na
(profile page 58)
Model: CN-T91-B
Minimum order: 200 units
Packaging type: Blister pack
Delivery time: 15 days
Indicated price: \$6.10
Description: 14 frequencies (optional); USB port; LED indicator; 12V DC car cigarette lighter power source

• Information not disclosed

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