Portable Digital Devices

China Sourcing Reports

June 2011
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China supplier profiles
Detailed profiles of 27 companies with verified manufacturing and export credentials

Product gallery
Specifications and full-color images of 54 top-selling products

Industry trends
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Supplier capability in China

PORTABLE DIGITAL DEVICES

Product differentiation is prompting China makers of portable digital devices to invest in better raw materials and solutions aimed at enlivening a saturated market that is proliferated with similar devices.

To counter fierce competition, suppliers are expanding to advanced configurations targeted at the high end. Those that opt to stay in the entry-level and midrange segments are exploring the promotional and gifts markets with stylish, energy-saving and environment-friendly variants.

Manufacturers are also increasing shipments to emerging destinations in South America, the Asia-Pacific region, the Middle East and Africa to boost sales. The EU and North America, however, remain the key export markets for most businesses. Companies are expecting robust overseas trade in the year ahead, with most anticipating growth of 10 to 20 percent or even more.

Key findings

1. Export prices are anticipated to increase by 15 percent in some segments of the industry to offset additional costs brought about by rising spending for materials and components, worker salaries and product development initiatives. Other manufacturers are reducing prices by less than 5 percent to survive fierce competition in mature lines.

2. Companies are raising capital expenditure by as much as 50 percent for the acquisition of advanced equipment as wireless connectivity and high definition functions are integrated in new devices. Smart, 3D and 3G applications are also explored in some categories.

3. Portable digital devices adopting large LCD and OLED screens are forecast to increase, making this a key differentiator in the line. More makers are also most likely to adopt digital panels for new models.

4. Instead of competing head-on with other mobile entertainment devices such as cellular and smartphones, and the iPad, iPhone and iPod, some suppliers are manufacturing compatible models and accessories. They are doing so to bolster competitiveness and secure market foothold.

5. Strong rivalry in the line has driven companies to shift to the production of related devices. This is particularly true for MP3 and portable media player makers. Suppliers offering the first now manufacture e-book readers and tablet PCs, and the second group, HDD media players.

Scope & methodology

This report covers the major categories in China’s portable digital devices industry, namely digital cameras and photo frames, flash MP3 and portable DVD players, portable radios and digital voice recorders. For each product group, details about the different types offered and their features and price determinants are provided.

The Industry Overview elaborates on issues affecting production and exports. It also identifies the strategies employed to boost sales and enhance overall competitiveness. To reflect the industry structure, the majority of suppliers featured in this report are local, privately owned enterprises. Most of the companies are based in Guangdong province. The hub accounts for the bulk of China’s export sales.

To produce this report, Global Sources interviewed a wide range of suppliers. Instead of focusing 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 are verified by Global Sources. Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products. The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six months. All questions are single choice. Results were calculated based on the actual number of valid responses to each question.

Global Sources supplier rankings

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages. Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online. The rankings are correct at the time of publication and may be subject to change.
Industry Overview

China suppliers of portable digital devices are ramping up R&D to break product homogeneity as fierce competition from a growing breed of similar gadgets squeezes the line further. Internally, the increasing number of multifunction models being released across related categories underscores the need for differentiation.

For example, digital photo frames, particularly those that sport larger displays and boast expanded functions, are seen as a threat to portable TVs.

The compact and lightweight constructions of TV mobile phones and portable media players, meanwhile, are putting portable TVs at a disadvantage. Recent TV mobile phones and PMPs have screens as small as 1.5 to 4.3in.

To counter external and internal competition, portable digital device makers in China are directing product development efforts toward performance enhancements. These advancements enable companies to expand into the high end.

In popular categories such as portable TVs, DVD players and speakers, MP3 players, and digital video cameras and photo frames, improvements emphasize audio quality, wireless connectivity and high definition. This comes as suppliers offering these models compete head-on with mobile entertainment devices.

Even small manufacturers are looking to step up, spurred by continued breakthroughs and product rollouts from international giants, including Sony, Samsung, Panasonic and Apple.

For flash MP3 players, which include water-resistant types and MP3 sunglasses, enhancements address the growing preference for music formats other than MP3, WAV and WMA that boast better audio output. Most suppliers are likewise adding larger LCDs or OLEDs to keep up with digital device trends. R&D for MP3 players also emphasizes Bluetooth and Wi-Fi capability.

Meanwhile, production of digital video cameras adopting HD is steadily rising as companies catch up with other industries that have already shifted to the technology, in particular portable TVs. R&D efforts are also geared toward enabling 3D capability and other functions.

In addition, China manufacturers are investing in software and hardware upgrades.

Makers of digital photo frames are packing more features and larger screens into streamlined housings, and stay abreast of the latest developments in smart and 3G versions. Further, companies are integrating wireless connectivity and HD applications to add value. Most
Acuce Co. Ltd

Established in 2005, Acuce manufactures digital photo frames, portable DVD players and TVs, and e-book readers. The line represents 20 percent of the company’s total sales, garnering $100 million in revenue in 2010.

The Guangdong province-based supplier has 4,000 employees and an average monthly output of 80,000 portable digital devices. Of these, 70,000 units are shipped primarily to Europe, the Middle East, North America, and the Asia-Pacific region. Last year, the company’s total export sales amounted to $70 million. Revenue from overseas shipments is expected to stay the same in coming months.

Company facts

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<th>Year established</th>
<th>2005</th>
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<tbody>
<tr>
<td>Business type</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Company ownership</td>
<td>Mainland China-owned</td>
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<tr>
<td>Head office location</td>
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<td>Factory location(s)</td>
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<tr>
<td>No. of full-time employees</td>
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<td>Annual sales (all products)</td>
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<td>Annual R&amp;D spending</td>
<td>$1.0mn</td>
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</table>

Sales & output: Portable digital devices

- Annual sales: $100.0mn
- Share of total sales: 20%
- Annual export sales: $70.0mn
- Total monthly capacity: 100,000 units
- Average monthly output: 80,000 units
- Capacity utilized: 80%
- Average monthly exports: 70,000 units
- Export ratio: 88%

Contact details

<table>
<thead>
<tr>
<th>Business contact</th>
<th>WU Lance</th>
</tr>
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<tbody>
<tr>
<td>Phone</td>
<td>(86-755) 2759-3435</td>
</tr>
<tr>
<td>Fax</td>
<td>(86-755) 2759-3700</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:lance@acuce.com">lance@acuce.com</a></td>
</tr>
<tr>
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<td><a href="mailto:clco@globalsources.com">clco@globalsources.com</a></td>
</tr>
<tr>
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<td><a href="http://www.acuce.com">www.acuce.com</a></td>
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<td><a href="http://www.globalsources.com/clco.co">www.globalsources.com/clco.co</a></td>
</tr>
<tr>
<td>Address</td>
<td>632 Block A, Huamei Business Building, Bao’an, Shenzhen, Guangdong, China</td>
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Model: 760
MOQ: 1,000 units
Description: Portable DVD player; 7in TFT LCD, 480x234-pixel resolution, 4:3 or 16:9 aspect ratio; DVD, picture CD, CD, MP3, CD-R/RW, ATSC TV tuner; disc menu, fast backward, fast forward, OSD, repeat, zoom, resume playback from stop.

See more popular export models in the Product Gallery.

Exports by product

- Portable TVs: 20%
- Digital photo frames: 40%
- Portable DVD players: 30%
- E-book readers: 10%
- Portable TVs: 20%
- Digital photo frames: 40%
- Portable DVD players: 30%
- E-book readers: 10%
- Europe (non-EU): 10%
- Asia-Pacific: 10%
- EU: 30%
- North America: 20%
- Middle East: 30%
## PRODUCT GALLERY

### Digital cameras & photo frames

<table>
<thead>
<tr>
<th>Company</th>
<th>Model</th>
<th>MOQ</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acuce</td>
<td>A87P</td>
<td>1,000 units</td>
<td>Digital photo frame; glasses-free 3D images; 2D or 3D video; MP3 audio; on-the-fly music; SD, MMC, MS, xD card support; integrated stereo speakers; A/V output port for connecting to home theater systems; slideshow with music, calendar, clock with timer and alarm; remote control</td>
</tr>
<tr>
<td>Dongguan Kangfeng</td>
<td>KS-1502T</td>
<td>100 units</td>
<td>Digital photo frame; 15in LCD, 1027x768 pixels, 4:3 aspect ratio; JPEG image, MPEG-1/2/4, AVI video, MP3, WMA audio formats; NAND flash memory, SD, MMC, MS card support; USB key; 5, 15, 30s/1, 3min slideshow; background music; built-in stereo speakers</td>
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<tr>
<td>Dongguan Kangfeng</td>
<td>KS-1041</td>
<td>100 units</td>
<td>Digital photo frame; 10.4in LCD, 800x600 pixels, 4:3 aspect ratio; JPEG image, MPEG-1/2/4, AVI video, MP3, WMA audio formats; NAND flash memory, SD, MMC, MS card support; USB key; 5, 15, 30s/1, 3min slideshow; background music; built-in stereo speakers</td>
</tr>
<tr>
<td>Jingwah</td>
<td>CHD500</td>
<td>500 units</td>
<td>Digital video camera; 1.3MP CMOS; 2 in TFT LCD, 1280x720 or 640x480 pixels VGA; AVI video format; TransFlash card support; 128MB to 32GB; built-in 140-degree wide-angle lens; 8x digital zoom; Windows 98 SE, 2000, ME, XP, 7, Vista 32/64 and Mac OS 10</td>
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<td>Jingwah</td>
<td>DV-71</td>
<td>1,000 units</td>
<td>Water-resistant digital video camera; 5MP CMOS; 16MP image capture; HD digital transflective TFT LCD, 1920x1080 full HD, 1080p/720p/VGA video resolution; SD, SDHC card support, up to 32GB; 8x digital zoom; H.264 video compression; HDMI, USB 2.0 ports</td>
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<tr>
<td>MIT</td>
<td>DP3565M</td>
<td>1,000 units</td>
<td>Digital photo frame; 3.5in TFT LCD; JPEG image, MP3 audio formats; built-in 16MB memory; SD, MMC card support; FM radio; more than 10 photo playback transition effects; changeable slideshow interval time; MP3 or FM channel music as background; snooze, dual-alarm clock</td>
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