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The 2010 Accenture Consumer Electronics Products and Services Usage Report Singapore

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Singapore has a high ownership of consumer technologies. The latest edition of the Accenture Consumer Electronics Products and Services Usage study highlights that more people in Singapore own mobile phones and computers than those in the other countries surveyed. Mobile phones are highly popular in Singapore, especially Web-enabled ones, and 46 percent of the surveyed population own them.

The 2010 Accenture Consumer Electronics Products and Services Usage survey findings also show high penetration rates in Singapore for all forms of consumer technologies, including the latest products such as Netbooks. However, innovation seems to have lost its edge in this island nation, with as many as 66 percent of the respondents saying that it is only somewhat important that the products they own be perceived as innovative. Price, and not innovation, is the main component of purchase decisions.

About the research

Singapore was one of the eight countries surveyed under the 2010 Consumer Electronics Products and Usage study, which was conducted among 16,000 consumers globally—representing balanced segments across gender, age, demographic segments and geographic regions. The study covered both developed and emerging markets, with the intent of developing a deeper understanding of consumer preferences and buying behavior for various technology products and services globally. Such understanding would aid manufacturers, service providers and investors alike to get closer to their markets and consumers. In Singapore, the survey was administered online to 2,000 adults—to men and women 18 years of age and older.

Key findings

Price is a key consideration, though individual spends are higher than the global average

Technology products are must-buys for a majority of the consumers, with 91 percent of the respondents having made such purchases over the last year. However, they clearly identify price as the most critical point of evaluation while purchasing electronic products. Forty-one percent of the country sample rate price as being the most important, well ahead of the global average of 30 percent. Globally too, price emerges as the most important purchase criterion. However, its significance is less pronounced in terms of the next most important determinant. In Singapore, the second most important purchase determinant trails by close to 20 points—making it the most price-sensitive market among the overall global sample.

Baby Boomers are considerably more price sensitive, with 48 percent of them ranking it as the most critical differentiator compared to 35 percent of Generation Y respondents. By average individual spends, Singapore has a bigger budget than the global averages indicate. Thirty-seven percent of the respondents spend between US\$500 and US\$1,500, against the global average of 33 percent, while 22 percent make purchases worth more than US\$1,500—significantly more than the global average of 16 percent.

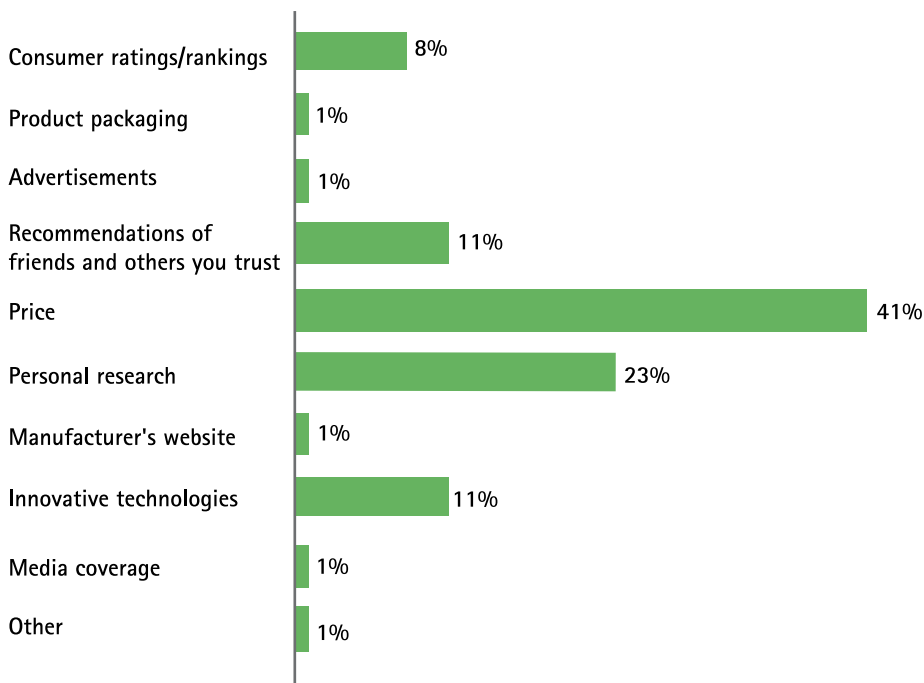
A similar trend of high individual spends is reflected in the service consumption patterns. In 2010, Singapore respondents plan to invest in mobile phone services, home Internet services and mobile data service for phones instead of other services and in percentage figures that are significantly more than the global averages. For instance, 33 percent of the respondents plan to invest in a mobile phone service compared to the global average of 25 percent. In fact,

with the exception of satellite radio, a higher percentage of Singapore respondents plan to purchase more than the overall global average in every service area.

Overall, these trends point to the impact that recession has had on this mature market, as consumers turn more prudent—buying more for utility and use than for trials or upgrades.

Figure 1. Price is the most critical determinant for purchase decisions.

When deciding to purchase consumer technology products and services, which one of the following factors plays the biggest role in making your decisions?



Extremely high penetration of technology products; mobility is a key driver

Across categories of electronic products, penetration rates are consistently high for Singapore—almost everyone owns computers and mobile phones (95 percent), more than three-fourths of the population owns digital photo cameras (80 percent) and DVD players (80 percent) and 65 percent own high-definition TVs. These figures are well ahead of the global averages, and those for larger emerging markets like China, Malaysia and India.

A clear trend emerges from this pervasive adoption of technology. New purchases are driven by a need for mobility. Mobile phones top the list of purchases made in 2009 and planned purchases for 2010—last year, 67 percent of the respondents bought either a mobile phone, a Web-enabled mobile device, or both, while this year

more than half plan to do so. This also means that a significant number will replace the phones they bought last year, indicating the short upgrade cycle and consumption life for such products in this market.

Though smartphones enjoy high popularity—with a penetration rate that is second only to China’s—regular mobile phones have not fallen completely out of favor. This is an interesting finding given the evolved nature of this market and the tech-savviness of its consumers. The survey findings show that a near equal percentage of the respondents plan to buy a regular mobile (34 percent) versus a smartphone (31 percent).

The waning pull of innovation

The lukewarm response to innovation brings Singapore closer to the developed markets than the emerging ones. Our survey findings indicate that globally only 10 percent of the respondents view “innovative technologies” as the most important reason for choosing a product. In Singapore, 11 percent of the country sample share this opinion. This same trend gets reflected in responses made about product perceptions—66 percent of the Singaporean respondents feel that it is only somewhat important that their product be perceived as “innovative.” This is in clear contrast to the trends displayed by the emerging markets of China, India and Malaysia.

Figure 2. Mobile phones were the most popular purchase in 2009.

Which of these consumer electronics have you purchased in the last 12 months?

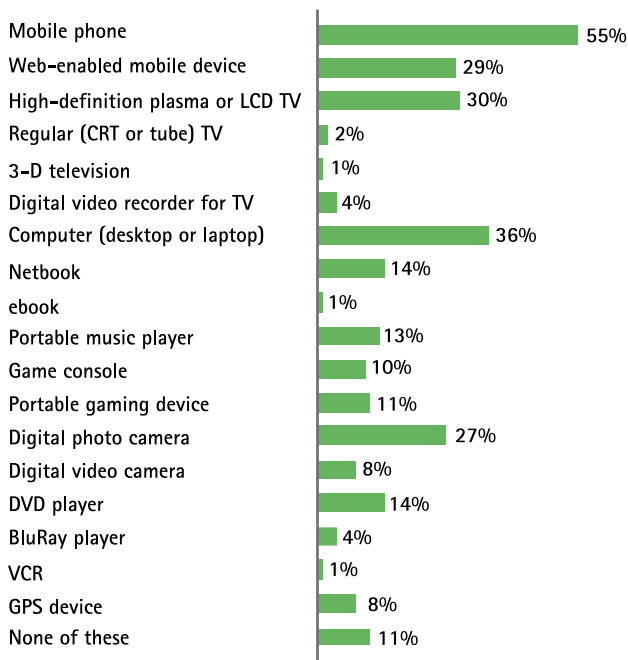


Figure 3. Computers share space with mobile phones in consumers' list of potential purchases for 2010.

As the economy rebounds, which of the following consumer electronics do you plan to purchase in the next 12 months?

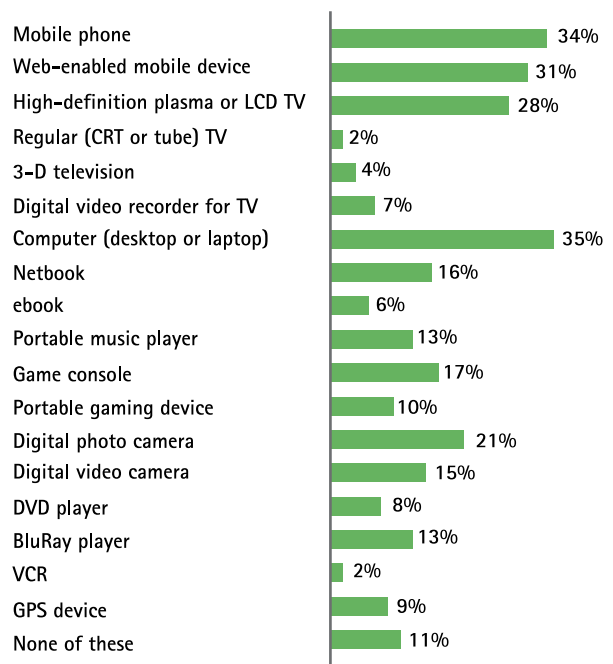
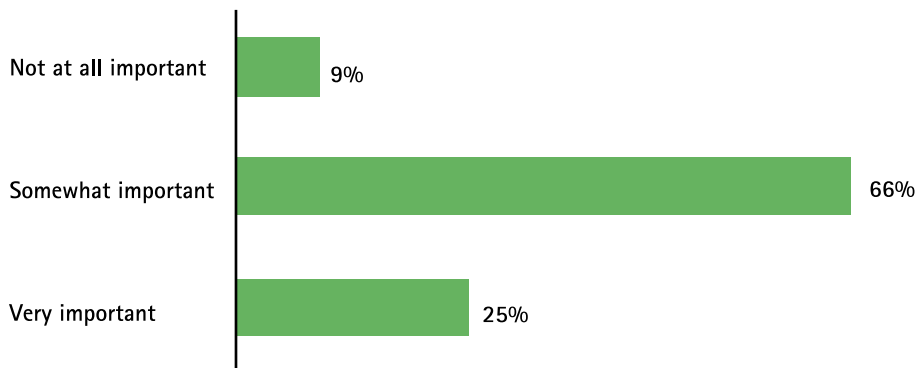


Figure 4. Innovation has limited appeal as a product benefit.

How important is it for you to own electronic brands that are perceived as the most innovative?



Green products have lesser appeal

Eco-friendly products hold moderate appeal in this market—a response which is, once again, more aligned with the developed markets than those of the emerging markets. Globally, 67 percent of the respondents show a willingness to pay a premium for products that are marketed as eco-friendly. There is just one percentage point of difference with what the Singaporeans say (68 percent). This controlled response to eco-friendliness could be because consumers regard it as less of a real difference and more of a marketing tactic. Possibly, the sense of responsibility is also less heightened in these markets, where industrial pollution levels are lower than in emerging markets.

Business insights

The analysis presented here highlights the key findings that will be of interest to consumer technology manufacturers and retailers in Singapore or to those who are planning to invest there. The business implications are:

Price sensitivity could be a time-bound phenomenon

The recession has left its imprint on buying patterns with consumers basing their purchase decision primarily on price. Yet, the survey findings simultaneously reveal two other important trends—average individual spends are higher than the global average and there is pervasive usage of technology products. Very clearly, Singaporeans cannot do without their electronic goods, and do not resist spending. While extracting a greater value from their purchases is uppermost on their minds during this recessionary phase, that may

not be an enduring trend. It is likely that consumers will look much beyond the price-value tradeoff as disposable incomes rise. Marketers, product manufacturers and service providers need to position themselves accordingly—not merely as price and value players, but as ones with strong offerings and a composite value proposition.

Looking beyond innovation

The consumer's disenchantment with innovation possibly has its roots in the long exposure to swift changes in technology—with product shelf lives getting shorter and shorter. This is a wakeup call for marketers and product manufacturers to think differently and search out new ways of making products seem appealing and differentiated. The possibilities and alternatives are unclear, but the answers need to be found to remain connected with these markets.

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For More Information

The information and analysis provided
here is part of a larger global study
conducted across eight countries,
in the developed and emerging
markets. For more information on
the 2010 Accenture Consumer
Electronics Products and Services
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