



China 3C Market Industry Report 2017





In 2016, China Technical Consumer Goods market grew rapidly. As the key driving force of internet and technology, 3C* market grew even faster than TCG market.

In 2017, there is still plenty room for 3C market to grow.

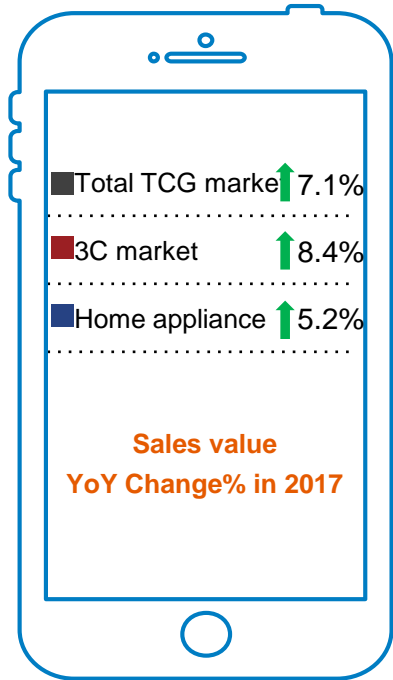
With consumption diversification and replacement upgrade, various market segments have distinct developing tendencies. Under new ecological consumption, mid-and-high range products with innovation will drive 3C market boom.

*3C products include: telecommunication, IT and office equipment and digital imaging

China Technical Consumer Goods Market is expected to grow



Sales value of China Technical Consumer Goods market in 2017 is expected to grow 7.1% YoY, sales value of 3C market growth is expected to be 8.4%.



China TCG Market Sales Value YoY Change% in 2017



Value% of JD in 3C market has over 50%

Data sources: GfK China market calculated and tracking data

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*The data of 2017 is forecast by GfK

Channel and technology development in 3C market will accelerate the acceptance of new products



**Online & offline
Integration and expansion**

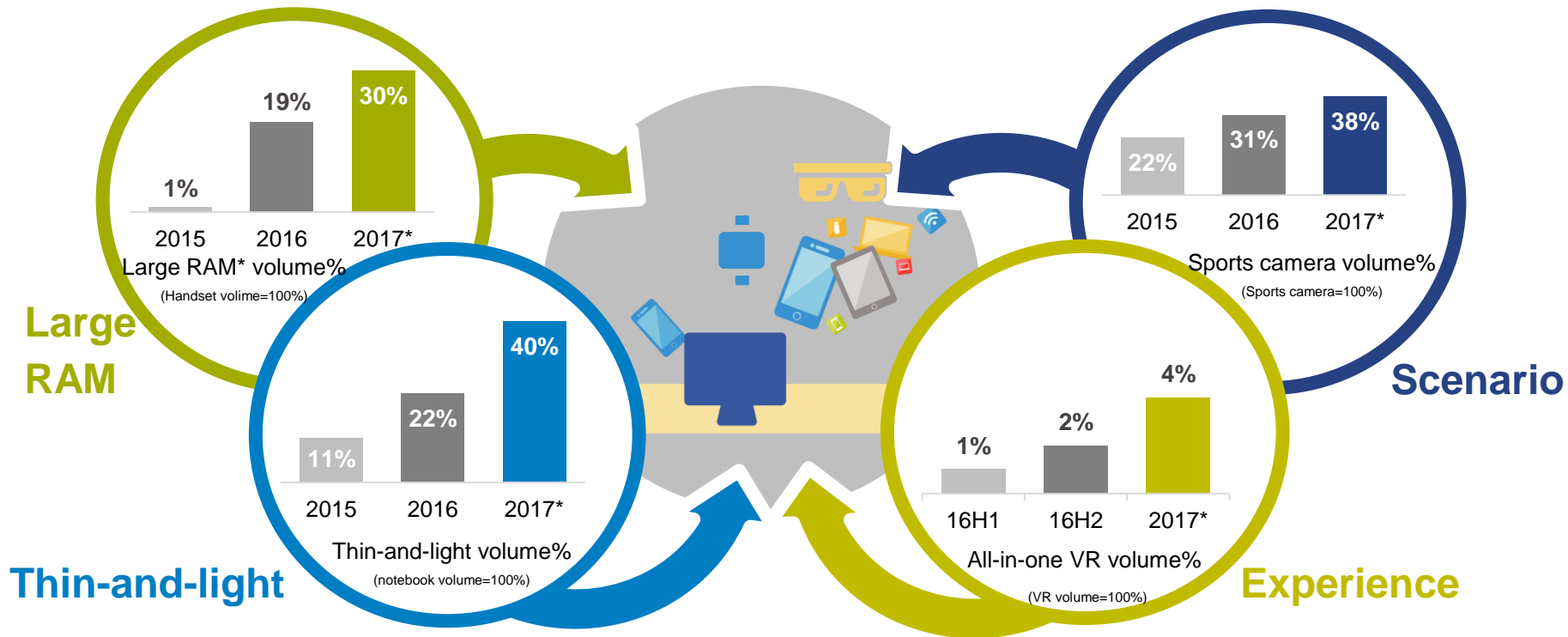


**Volume & Price
Rising**



**Product technology
Innovation and breakthrough**

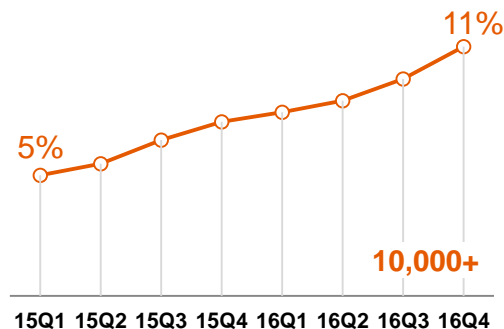
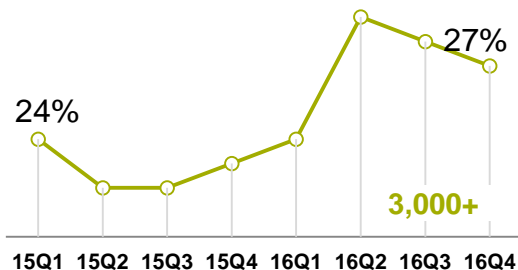
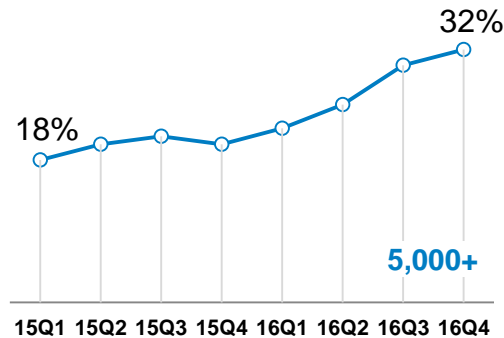
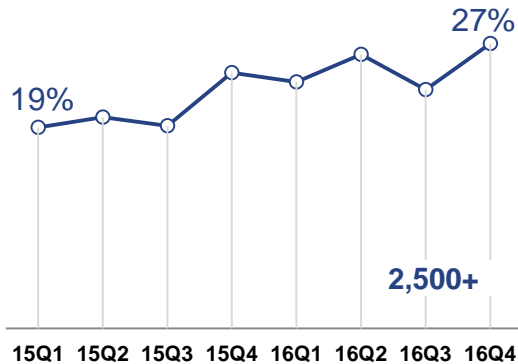
Quickly iteration in 3C market makes new products have the most outstanding creation and imagination



Consumers are more likely to choose mid-and-high range products with future and technical feeling in 2017



China 3C Market Mid-and-High Range Products Volume% in 2015Q1-2016Q4



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A man and a woman are in a meeting, looking at a whiteboard. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a yellow patterned shirt. They are both looking towards the whiteboard. The background is a bright, out-of-focus office setting.

So ...



Through the **deep discovery**
of 3C market by GfK experts

You will find the **true driving force**
what determines the future development trend
of new products

Handset: replacement upgrade is the key driving force in 2017



- After explosive growth of online and 4G replacement, upgrading iteration becomes the key driving force of market increment.
- In terms of RMB depreciation and cost go-up, handset market meets fiercer competition.
- GfK forecast: China handset market size will meet growth slowdown in 2017 compare with 2016; sales value is expected to maintain relatively higher growth rate than sales volume, and the average price will continue go up.



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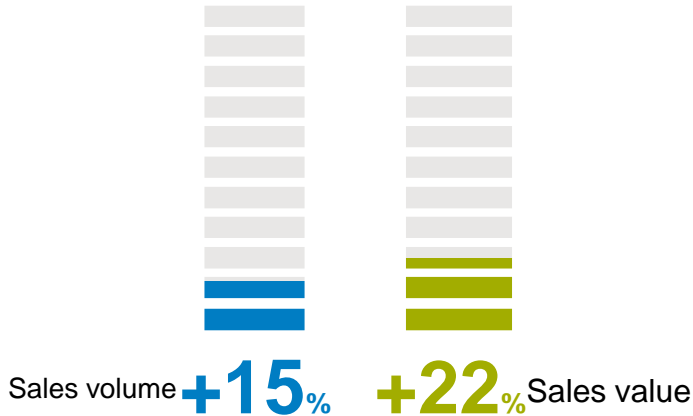
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Handset: channel-type & major brands swarm into T-1 cities

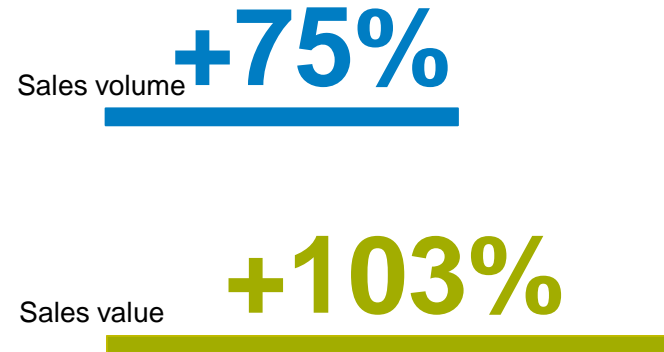


- With the further penetration of upgrade consumption in rural market, channel-type manufactures have effectively boosted rural market increment. They began to swarm into tier-1 cities with flagship products in 2017.
- Major e-commerce has strong influence and position in big cities, which can help manufactures to penetrate into tier1 & tier-2 cities.

China Online Market Top10 Brand YoY Change% in 2016



Online Market Channel-type Brand YoY Change% in 2016



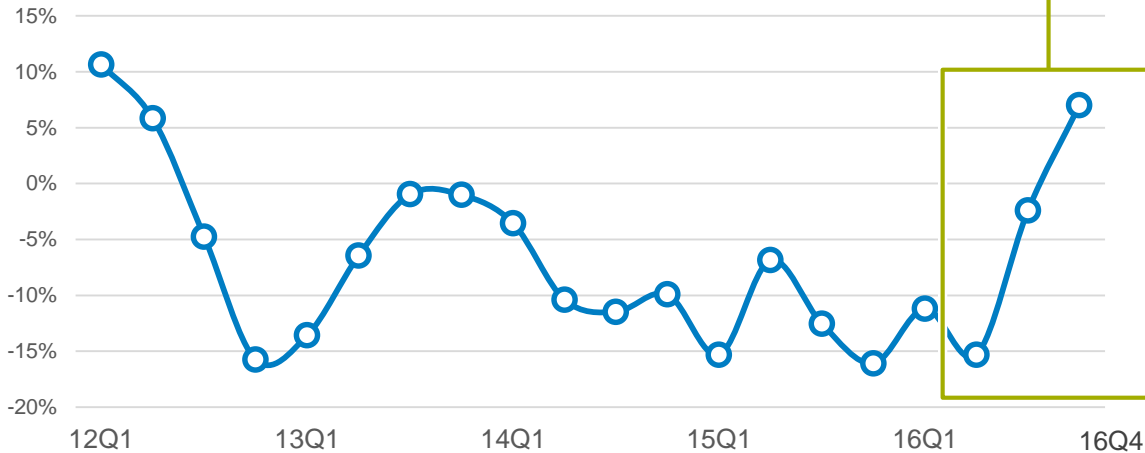
* Channel-type manufactures include: OPPO/vivo/Gionee and Huawei(exclude Honor)

Notebook: online & high-end products drive market grow



- China notebook market rebounded in 2016Q4 after declining for past 17 quarters
- Online market and high-end products (thin-and-light & gaming notebook) drive market recovery

China Notebook Sales Volume YoY Change% in 2012Q1-2016Q4



Online market driven

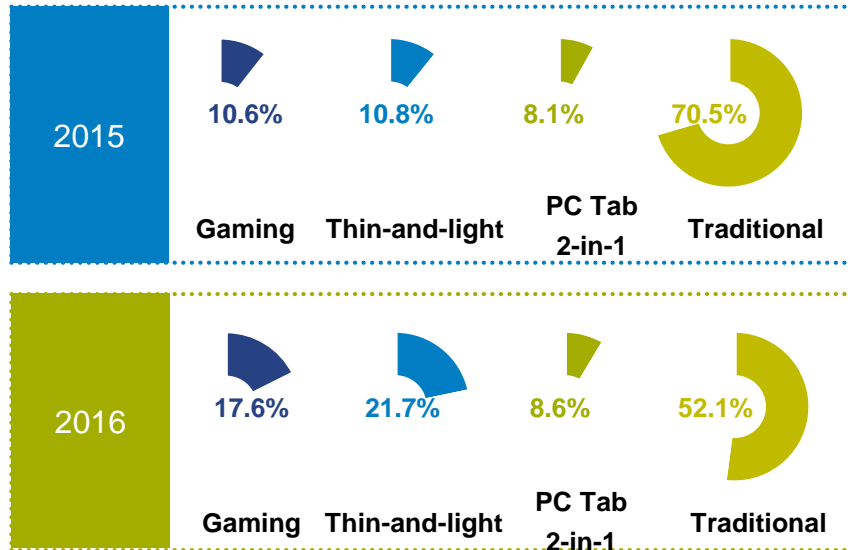
5K+ market driven

**High-end products driven
(thin&light, gaming, 2-in-1)**

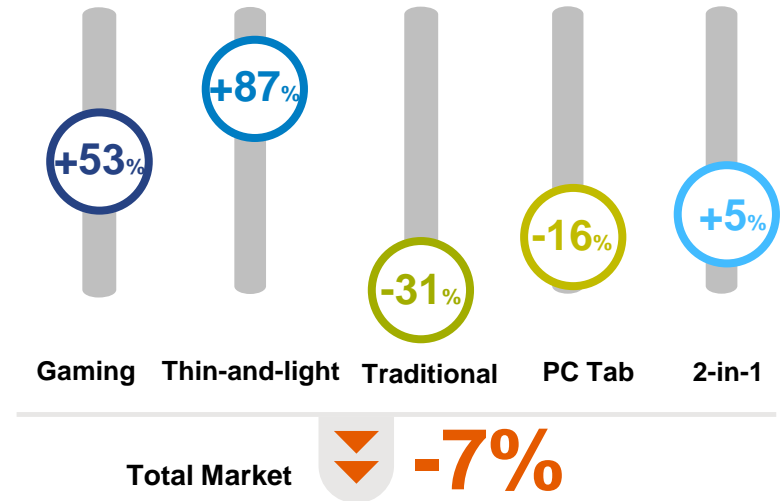
Notebook: gaming & thin-and-light products grow rapidly

- Notebook market ramps up along with the growth of gaming & thin-and-light notebook.

China Notebook Market Volume% 2016 vs. 2015



China Notebook Sales Volume YoY Change% in 2016

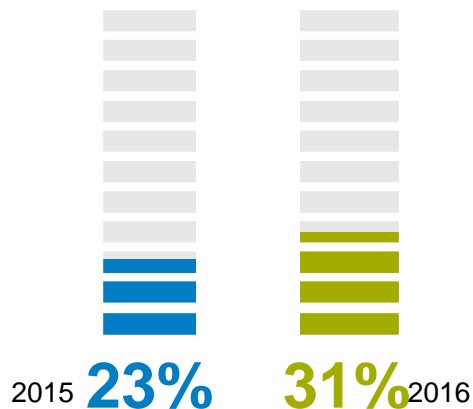


Notebook: offline market declined, JD led online to grow

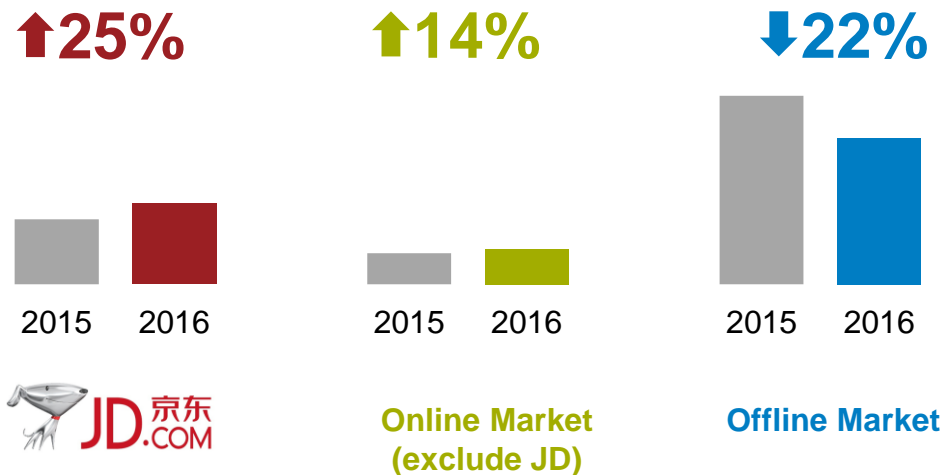


- Notebook online market continue to prosper, while JD is leading the raise of total notebook market. JD continuously expands influence in notebook market.

JD Volume% in China Notebook Market



China Notebook Sales Volume YoY Change% in 2016 (Unit: K)



Data sources: GfK China market calculated and tracking data, data of JD is provided by JD company

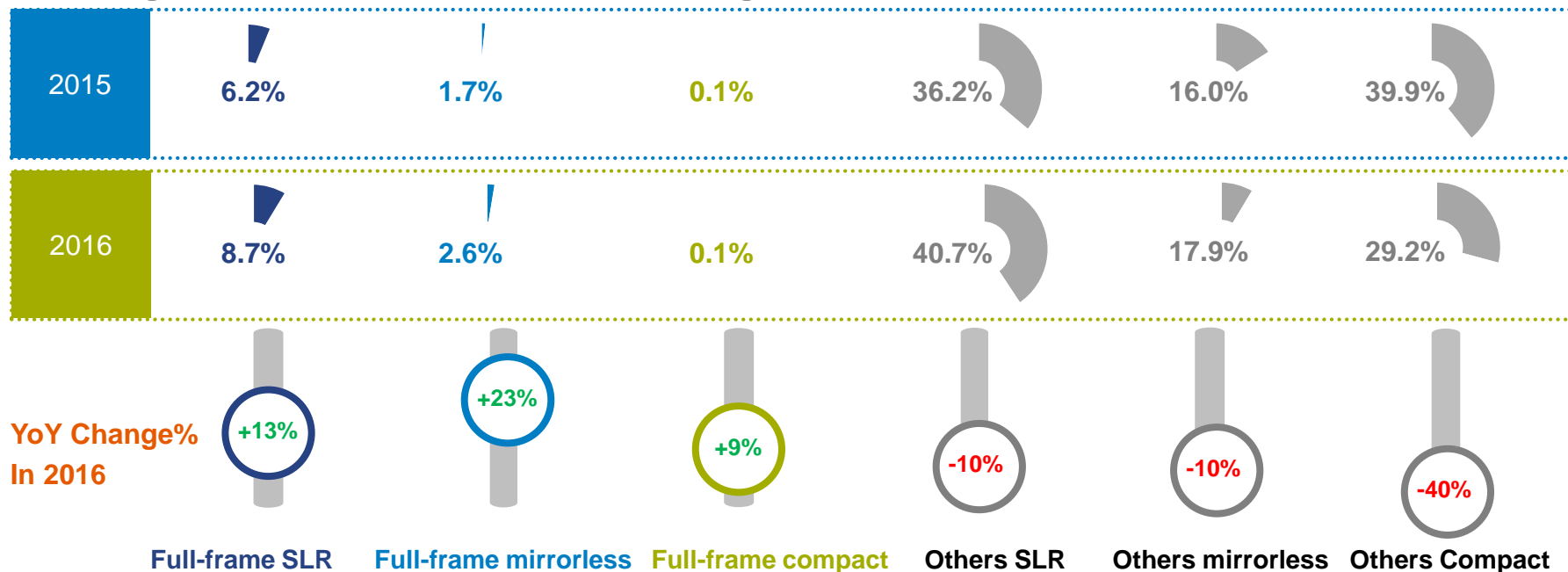
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Digital Camera: Full-frame camera is driving industry upgrading



- Although the digital camera market met a 20% yearly decline of volume in 2016, the full-frame camera still has obvious and optimistic growth space.

China Digital Camera Market Volume% and YoY Change% 2016 vs. 2015



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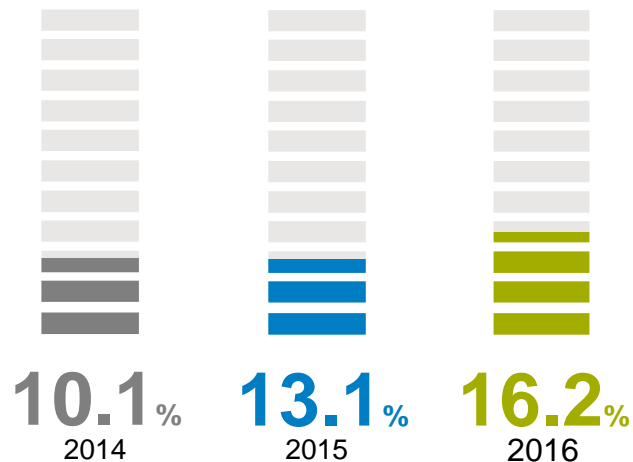
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Digital Camera: JD drives the growth of full-frame camera in online market

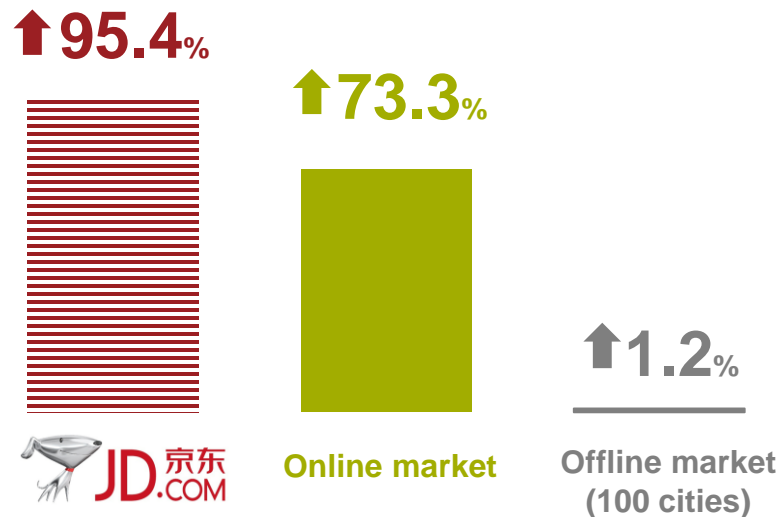


- Full-frame & interchangeable-lens camera move forward by leaps and bounds.

Full-frame & Interchangeable-lens Camera Volume%
Camera market=100%



Full-frame & Interchangeable-lens Camera Volume YoY
Change% in 2016



*Interchangeable-lens camera include: SLR camera and mirrorless camera

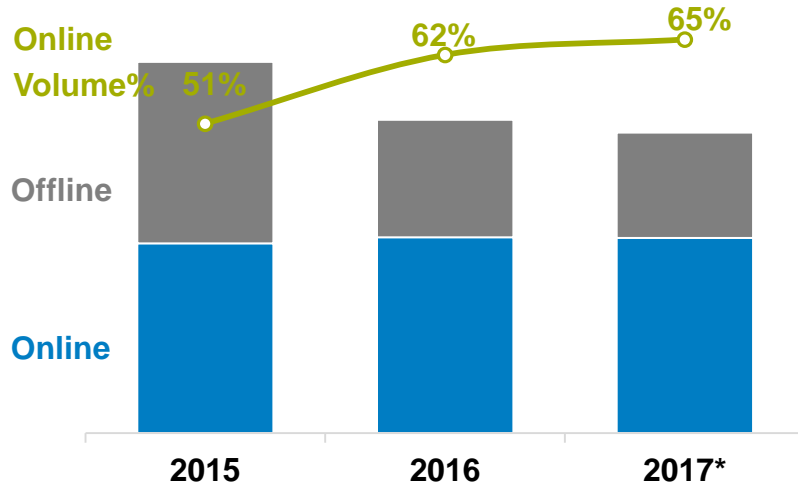
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Tablet: market decline slows down, online shows leading power

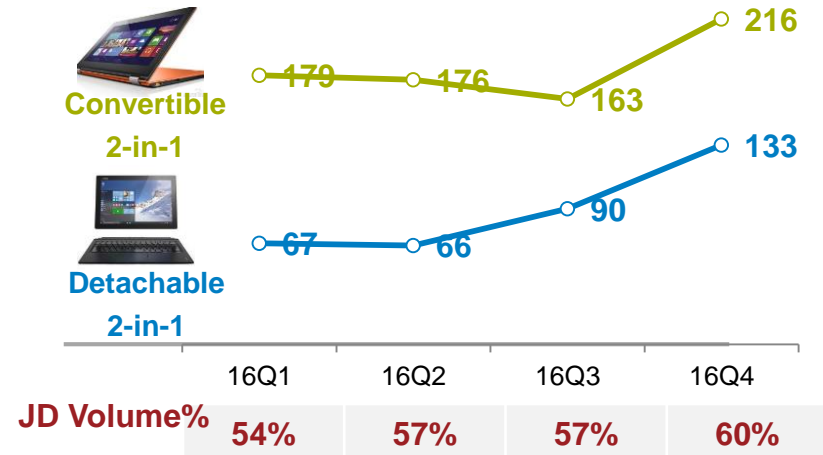
- Promotion from major manufactures and e-commerce slow down the decline of tablet market, consumption upgrade is driving up average price of the whole market.
- As channel structure changed, online channel was gradually showing the leading power.
- Since 2-in-1 tablet meets consumers' demands, it showed good performance in 2016. Major manufactures and e-commerce especially JD will continue to expand sales of this market.

China Tablet Volume by Channel 2015-2017* (Million)



China 2-in-1* Market Sales Volume 16Q4 vs. 16Q1 (Unit:K)

*2 in 1 means: display size above 9.7 inch, X86framework, Windows system and detachable or convertible tablet



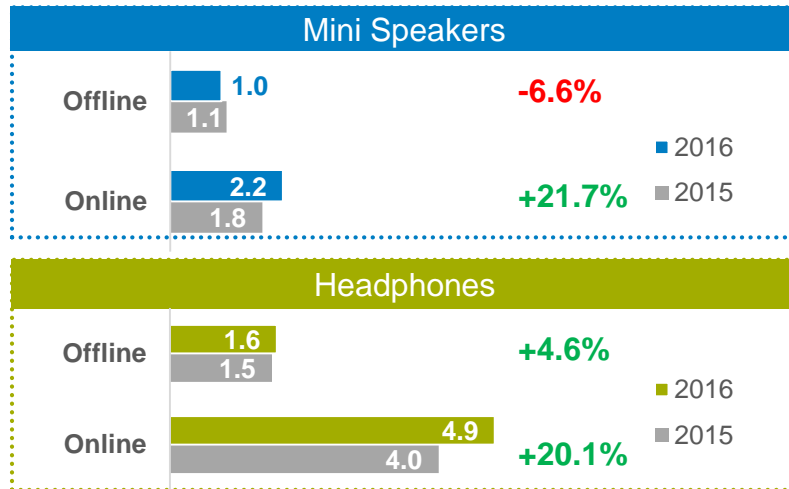
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Headphones & Mini Speakers: Online promotion increases sales of high-end products

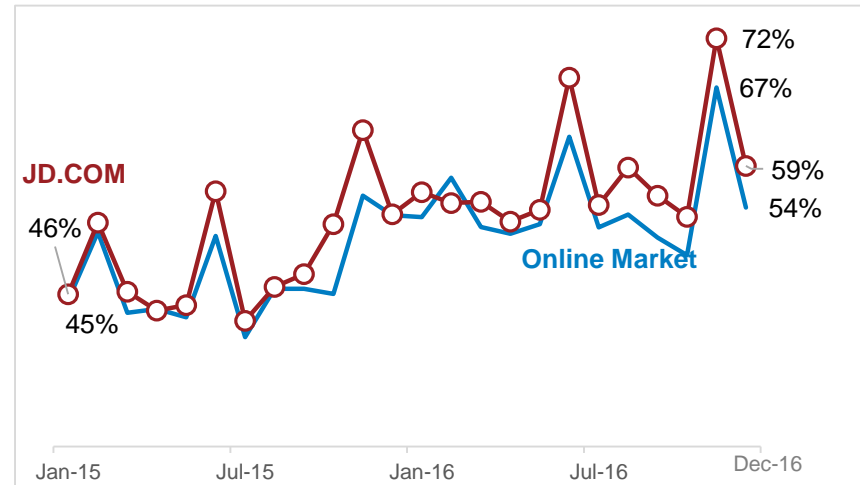


- Headphones and mini speakers recorded a 15% yearly growth on sales value in 2016, online gradually becomes the main channel with high growth rate.
- High-end products have more advantages to make a breakthrough among all kinds of promotions, and JD goes ahead in online market.

China Headphones & Mini Speakers Sales Value (Billion RMB) 2016 vs. 2015



Online Value% of Headphones and Mini Speakers above 200RMB 2015-2016



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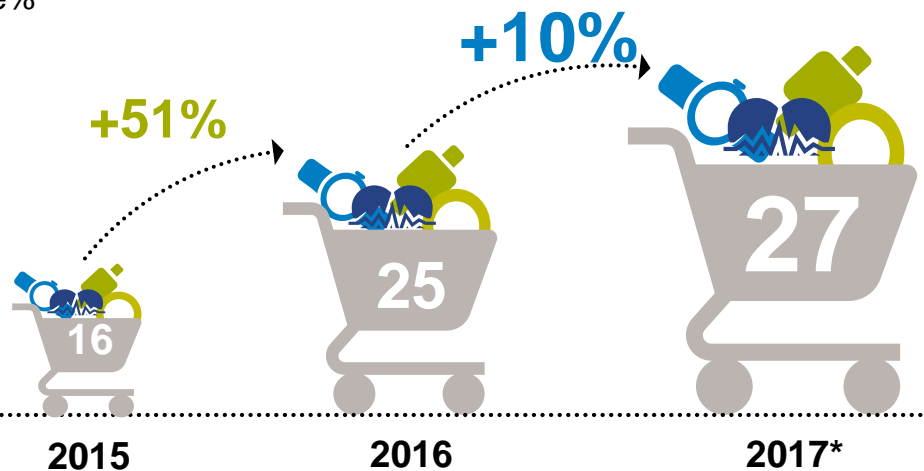
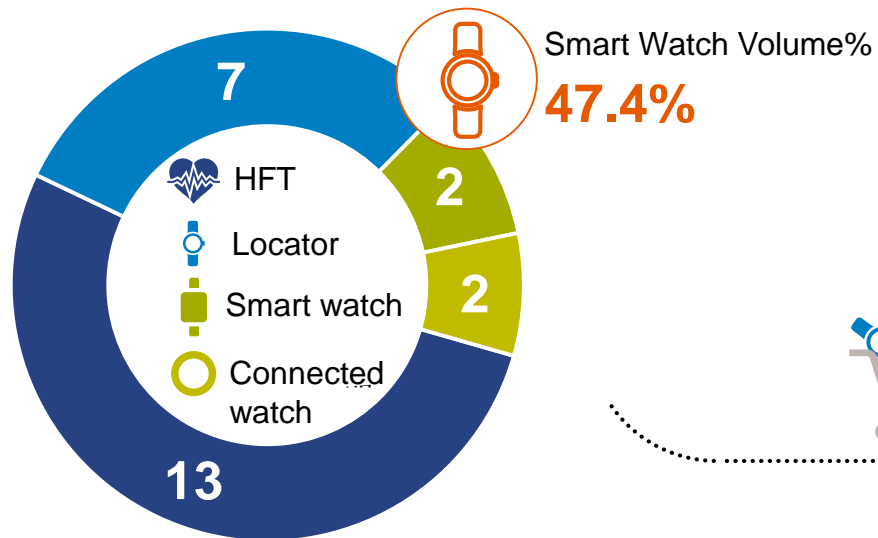
Wearable: market enters into stable phase, smart watch becomes new fashion



- Wearable market enters into stable phase after explosive growth in 2015. The overall volume growth of wearable products is expected to be 10% in 2017.
- Smart watch surpass HFT(Healthy Fitness Tracker) in 2016 H2, which thanks to variety of hot sport watches sold on JD platform.

China Wearable Market Sales Volume in 2016 (Million)

China Wearable Market Sales Volume 2015-2017* (Million)



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As China market went into **upgrade iteration**, better replacing **cheaper** becomes the new trend of consumption.

”

Mid-and-high range products, such as: large RAM handset, thin-and-light notebook, 2-in-1 tablet, sport camera and smart watch become new attraction to consumers.

The growth of 3C market size and profits provides space for development of innovation and technology.

Represented by JD, online market will continue to move forward.

2017 is a year full of opportunities for 3C market.

THANKS!

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