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Circana Projects Flat H2 For CE Sales

Growing categories include ultra-large TVs, AI PCs and tablets; TVs, desktop and notebook PCs suffer dollar value declines

By Stewart Wolpin

Circana has some bad news, some so-so news, and some decent news for CE retailers.

Bad news first: the sales analytics company says that H1 CE sales revenue is projected to be down 5% compared to the first six months of 2023, and will fall 2% YoY for the year.

The so-so news? CE revenue for H2 of this year will be flat compared to last year.

“As we reach the midpoint of 2024, it’s clear that many of the economic pressures from late 2023 and early 2024 are still impacting consumer spending,” reports Paul Gagnon, Circana VP and technology industry advisor. “While unemployment remains low and real wage growth has been positive, high credit card debt and mortgage interest rates continue to strain consumer finances.”

The good news is that Circana “expects overall industry growth to resume in 2025 and 2026,” adds Gagnon.

Circana’s most recent 2024 forecasts are slightly gloomier than those it made in January. “At the time of the forecast update,

our economic outlook indicated a stronger economic outlook and persistent inflation above Federal Reserve targets, reducing the prospect of two or more interest rate cuts, which were factored into our January forecast,” Gagnon explains. “Interest rate reductions will be important to unlocking consumer discretionary spending.”

Keeping retailers happy in H2 according to Gagnon will be sales of ultra-large TVs – 75 inches and larger, driven by ASPs “falling more than any other size category.” Sales of 75-inch TVs and larger are projected to grow 24% YoY in H2, matching their pace of growth in H1. “Consumers continued to show preference for lower priced TV models,” Gagnon noted, “and the price erosion on the largest sizes, while driving demand, was higher than expected.”

Gagnon also is bullish on 65-inch TV models, citing a potential replacement cycle following the 65-inch TV

sales boom from 2018-2020.

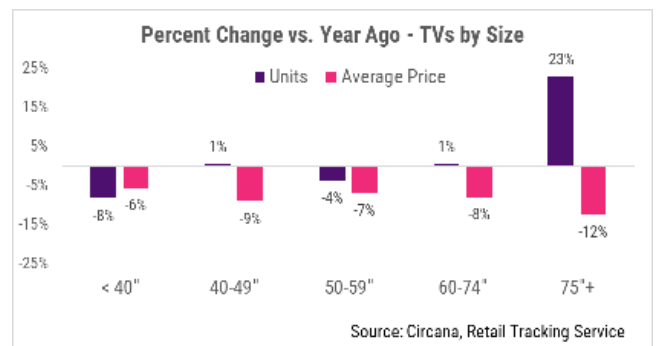
However, Circana is more bearish on sales of smaller TV sizes, a decline that will drag all TV unit sales down to a mere 2% YoY growth during the last six months of 2024.

This mixed TV sales outlook also has resulted in a mixed outlook for home theater audio gear. “The soundbar market has been capturing share from traditional home theater components over the past five years, especially in price points below \$500,” Gagnon comments. “As a result, the home speaker and receiver categories have seen an increase in average selling price, but lower units and revenues. While we do expect soundbar revenue growth to improve in 2025, unit growth will turn positive in H2 2024 aided by the strong demand for larger TVs.”

PCs also are pegged to see demand increases in H2 with consumers looking to upgrade their pandemic PC purchases, tempted by new AI features.

Perhaps surprising is the surge in tablet sales, projected to grow 6% YoY, despite a 7% increase in tablet ASPs, all thanks in large part to what Gagnon describes as a “very strong reaction” to Apple’s four new iPad Air and Pro models introduced in May as well as a \$100 pricing drop for the 10th generation iPad to \$349. Gagnon also expects that smartphones and tablets “with substantially improved battery life and flexible use-cases will also drive consumer interest.”

While CE sales during the remainder of 2024 are due to at least hold steady, “we are still expecting growth in 2025 and 2026, particularly in key categories such as notebook PCs and large-screen TVs,” Gagnon says. “Introducing significantly innovative products that offer enhanced productivity, performance, and convenience will drive consumer interest and upgrades.”



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