

■ North America TV Market Remains Strong but Caution Advised, According to Presentations at DisplaySearch's TV Supply Chain Conference; Conference Proceedings Now Available

Austin, Texas, June 20, 2008—Industry executives agreed that despite the state of the US economy, the North America TV market remains robust so far, as evidenced by Q1'08 shipments exceeding targets by 7% with 7.5 million units shipped. The state of the North American TV industry was just one of many topics covered at DisplaySearch's Second Annual *TV Supply Chain Conference*, which was held in San Diego earlier this month.

Jeff Schindler of Vizio cited DisplaySearch data to highlight the 53% Y/Y increase in flat panel TV shipments in North America, as consumers continue to desire LCD and plasma TVs. "Smaller TV sizes are doing better than larger sizes, while the larger sizes seem to be under pressure from weakened consumer spending," noted Paul Gagnon. "For example, global shipments of 32" TVs exceeded our forecasts by 10%, while all screen size categories above 40" fell short of expectations by 3% or more."

DisplaySearch's *TV Supply Chain Conference* served as forum for representatives from all facets of the TV supply chain, whether it be retailers, suppliers or brands, to discuss the state of the TV supply chain piece by piece and determine what's needed to achieve success in this ever-changing marketplace.

This year's conference included presentations from a number of stakeholders, including the Platt Retail Institute, Vizio, the LCD TV Association, Trident, AMD, Zoran, Zisser Customs Law Group, PC, NOVA Chemicals, North American Production Sharing, Sears Holding Corporation, Blockbuster Inc., American TV & Appliance, Emo Labs, SRS Labs, Macrovision and Dolby—covering a broad spectrum of topics:

- US TV Market Outlook
- Will Global Brands Control Panel Supply?
- TV Technologies: Are Smart Panels a Better Solution?
- TV Assembly Challenges: Recognizing When and How to Outsource
- Supply Chain Management: Finding the Loose Change
- Retailer Panel
- Future of TV: Delighting Consumers with "Love-At-First-Sight" Feature and Functionality

Additional conference highlights included

- Steven Platt of the Platt Retail Institute indicated that the economy is currently in a recession and the outlook for holiday 2008 would be challenged. Consumers have more debt than ever, and the stimulus package seems likely to go more towards paying high energy bills and reducing debt than actually making it to retail.
- Panel manufacturers are rapidly expanding capacity over the next several years and DisplaySearch's David Barnes, Vice President of Strategic Analysis, indicated that there could be more TV panel capacity available than people assume, placing downward pressure on pricing.
- DisplaySearch's David Hsieh outlined how the TV market is behaving more like the PC monitor market every year, and that the trend in manufacturing is to produce products closer to end-markets to save costs. He also pointed out that while many brands retain a high degree of vertical integration, the trend is for more outsourcing to bring lower cost models to market.
- Manufacturers are always looking to reduce costs, and one way is to optimize the chipset solutions used in TVs. Reducing the number of chips, while at the same time keeping an eye on improving performance, can result in big cost savings as shown by the panel of speakers in the Smart Panel session led by DisplaySearch's Paul Gray.
- Jeff Schindler of Vizio indicated that different channels of distribution required unique approaches to optimize supply chain efficiency, both for the retailer and for the brand. There are plenty of opportunities to bolster flagging margins, such as increasing shipping efficiency through more compact packaging like with Nova Chemicals' Arcel Resin packaging materials that allows more units to be shipped per container.
- Retailers discussed the business environment surrounding TVs and what were the principle challenges facing the industry. Representatives from Sears, American TV and even Blockbuster agreed that communication between vendor and retailer is a critical component to optimizing efficiency.
- The conference wrapped up with a discussion about innovation, as representatives from Emo Labs, SRS and Macrovision discussed what will excite consumers in the

future, and what the role of the TV would evolve into. TV as we know it may be coming to an end noted DisplaySearch's Paul Gray.

Additional attendee comments

- "Information, as always, was top notch."
- "Very good cross section of topics covered."
- "Informational and helped in terms of business development."

The 2008 *TV Supply Chain Conference* Proceedings are now available for \$995, which includes an electronic download of all presentations. To purchase, please visit www.displaysearch.com/tvsupply.

About DisplaySearch

DisplaySearch, an NPD Group company, has a core team of 59 employees located in Europe, North America and Asia who produce a valued suite of FPD-related market forecasts, technology assessments, surveys, studies and analyses. The company also organizes influential events worldwide. Headquartered in Austin, Texas, DisplaySearch has regional operations in Chicago, Houston, Kyoto, London, San Diego, San Jose, Seoul, Shenzhen, Taipei and Tokyo, and the company is on the web at <http://www.displaysearch.com/>. Visit the [DisplaySearch blog](#) to read what top DisplaySearch analysts are thinking and join in this discussion about technology and the flat panel industry.

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