

Mp3 player industry analysis

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Electronic gadgets are very much popular nowadays. Both teens and adults alike are caught up in this technology wave of the present and future. Almost everyone in the US and other first-world countries have mobile phones. Even little kids have one for practical reasons, according to some parents. Yet another electronic gadget that is as popular as a mobile phone is the MP3 player. Since everyone seems to like music a lot, this little electronic device easily captured the hearts of many people around the world.

Apple was the company that had big risks yet big hopes in this market when it released its own version of MP3 player called the Apple iPod in 2001. Some were not convinced of Apple's strategy entering this line of business as the industry was not quite promising that time (Guglielmo, 2001). But even with its price tag on the upper bracket, Apple reportedly has the highest share in the market at about 80% (Skee, 2006). But with the increasing number of competitors in the market offering much more affordable digital audio players, this huge amount of market share will most likely decrease in the years to come.

As all knows, technology is something that does not really stagnate at all. MP3 players would not only remain as simple music playing device forever. With continuous engineering and innovation, a third of the MP3 players currently available in the market now have video playing capability. This means that users will not only be able to listen to their favorite music wherever they want, but watch some cool music videos as well.

This made a huge impact in the sales of MP3 players since the feature was introduced. Wargo, director of Consumer Electronics Association, (as cited in

Slocombe, 2006) stated that, “ MP3 technology helped boost the audio and accessories markets in 2005. With the introduction of video playback capability, MP3 player sales surged 200 percent in 2005 to \$3 billion.[...]” The figures concerning this industry are really huge considering that this only talks about the US consumers alone.

At present, MP3 players still do not lose their charm. Just for the past holiday season, MP3 players topped the survey of 1, 000 US adults for their most wanted gift (Ogg, 2006). The device had outdone other popular consumer electronic devices such as digital cameras and portable DVD players. According to CEA (2007), “ MP3 players continue to drive the audio market. [...] Thirty-four million MP3 players shipped in 2006 and an additional 41 million are expected to ship in 2007.”

The toughest competitor of Apple iPod now is Microsoft’s own Zune which was just introduced in the market late 2006, just in time for the holidays. The two products have been compared by a lot of analysts. Most of the reviews and comparison reports made still think that Apple will be the leading brand in this industry for the next years to come. However, Apple is still in stand by because Microsoft is still Microsoft.

Although there are not enough information yet as to how many people already own the new Microsoft Zune nor their current market share, it is well-known that the brand Microsoft itself owns about 90% of the market when it comes to operating systems which is about 300 million people. On the other hand, there are about 30 million people who have an iPod, which is about 70% of the MP3 player industry. (Elgan, 2006)

In a nutshell, the MP3 player industry is still a promising and flourishing industry and will continue to increase sales in the coming years. With all the different companies trying to compete and outdo the market starter, Apple iPod still is the leading player in the market since its introduction despite the quite expensive price tag it has.

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