Continuously falling notebook PC panel prices

David Hsieh, DisplaySearch

Trends in TFT LCD panel prices are very different for the three main applications. TV panel prices have been increasing for 3 quarters, and are becoming the main source of profit for panel makers; monitor panel prices are stagnant, as panel production has been falling due to weak demand; notebook PC panel prices have been falling continuously since Q2 and indications are that prices will remain soft through the first half of 2013.

While “China demand” is the driving force for the LCD TV panel outlook, and “production control” is the key to stabilizing the monitor panel market, there are no clear trends in the notebook PC panel market, despite efforts to promote ultra-slim form factor, high resolution panels, and the Windows 8 launch; none have proved to be powerful yet.

According to our Monthly Large-Area LCD and PDP Pricing *[1]*, 14” HD and 15.6” HD notebook PC modules with wedge-type backlights have been selling for below $40, nearly at the manufacturing cost. The fact that there is not much difference between 14” and 15.6” means that panel pricing has driven below value in some cases.

Tablet PCs continue to capture consumers’ favor, as those who care more about content consumption than creation value portability and convenience, and thus tablet PCs are taking share from traditional clamshell notebook PCs. At the same time, economic concerns have hampered enterprise IT spending, which hits notebook PCs in particular.

Another issue is that many notebook PC brands appear to be carrying inventories due to slow sales this year and preparation for the Windows 8 launch. Notebook PC panel buyers have been asking panel makers for rebates or for marketing funds to compensate for losses in panel inventory value as panel prices have fallen.

Notebook PC makers have adopted conservative outlooks for their 2013 business plans. In the DisplaySearch Market Tracker *[2]* we showed that PC brands do not have optimistic targets.

Brands	2012 Target	2013 Business Plan
Apple	15.0	16.0
HP	36.5	29.5
Acer	27.0	24.5
Dell	25.3	16.0
Lenovo	27.0	31.0
Asus	18.8	20.0
Samsung	15.0	14.4
Toshiba	15.8	14.5
Sony	7.0	7.3
Total - Leading Notebook PC Brands	187.4	173.2

It seems as though only Lenovo, ASUS, Apple, Sony are planning on increase their 2013 notebook PC shipments. This means it is hard to see notebook PC panel prices bouncing back at least for the next 2-3 quarters. The influence of smart phones and tablet PCs is becoming more obvious. Now the question “when will tablet PCs surpass notebook PCs?” has become a hot topic, which many observers believe will be 2013 or 2014.

Notebook PC panel price recovery will most likely come from value-added scenarios for notebook PC usage, such as high resolution for better data processing and picture performance, ultra-slim form factor and lighter weight for better portability, and touch screen integration for improved user interfaces. These seem to be the only way for panel makers to stop losing money from their notebook PC panel business.

Source URL (retrieved on *07/01/2015 - 9:01pm*):
http://www.ecnmag.com/blogs/2012/12/continuously-falling-notebook-pc-panel-prices

Links:
[1] http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/monthly_large_area_lcd_and_pdp_pricing_report.asp
[2] http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/dsm_11276.asp