

Trends in the Audio Visual Equipment and Services Market Norway

Summary

The Norwegian market for audiovisual equipment services and goods has been growing over the last few years and this is expected to continue. Most market segments will enjoy rising revenues. In the private market, continued high sales of HDTVs, portable music players and video cameras drive the major part of sales, whereas niche markets such as high-end projectors will become increasingly popular as prices fall.

In the business market, professional integrates AV-equipment in education and boardrooms have a significant part of the market. High-end flat screens and sound systems for control rooms have also evolved rapidly over the last few years and offer greater functionality at price levels most corporations can live with. Broadcasting equipment enjoys higher sales volumes but margins are dropping.

Overall imports of audiovisual equipment in Norway grew by 16% from 2004 to 2005.

The overall market in Norway is not documented, but an InfoComm study indicate that the European market produces annual revenues of €8.5 billion, and is projected to grow at a rate of 7% annually over the next three years.

Market Overview

The Norwegian market is relatively small, but technology savvy, innovative and largely homogeneous, and often one of the first to try out new technology. The general trend is that consumers and businesses spend more money on AV equipment and buy higher end products.

This makes Norway, along with its Nordic neighbors, a good entry point into the European market for many U.S. companies.

Market Trends

The audiovisual market has a wide footprint, covering both services and products within a very diverse business segment and a more homogeneous consumer market. In the professional market, it is suitable to separate the broadcasting

market and the corporate and educational markets. It would also be justifiable to address the public sector separately due to need for different solutions, but the technology migration seems to close this gap between public and private sector moving forward.

Board rooms, education and control rooms

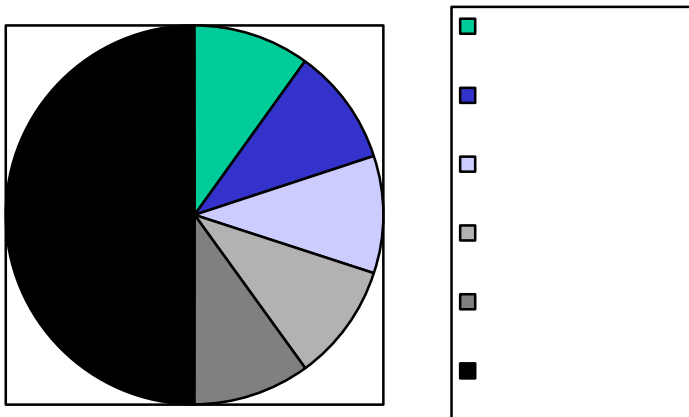
The AV industry has evolved dramatically, enhancing communication everywhere today - from the boardroom to the classroom to the family room. The vendors in Norway experience a rather fast migration from purely professional equipment to high-end personal home-equipment, so advanced that the gap between the professional and personal sphere seems to close.

The convergence of AV and IT, the emerging applications for AV products, and the surging demand supported by the residential market are driving forces in the professional AV market.

Control systems, projectors, displays and sound reinforcement equipment and acoustics represent the top product opportunities. Each of the segments account for approximately 10% of the total market. See figure 1.

Digital movie theatres are now on the doorstep of being introduced to the Norwegian market. By Q2 2006, only one theatre has digital capacities, but this will change gradually. U.S. vendors offering technology in this niche segment are advised to look for opportunities in Norway and the Nordics.

Figure 1. Source: InfoComm



Broadcasting

Drama for television is a fast growing market in Norway, with independent companies taking advantage of falling prices of advanced equipment. Leasing of

equipment and contracting personnel on short-term contract is often popular among the smallest studios. More and more agents and studios have advanced equipment and volumes are growing. But prices on optics and mechanical parts have dropped over the last few years as the consumer segment has moved closer to the professional market in terms of quality. Therefore, U.S. vendors new to this market would have to be price competitive unless they can offer something unique.

Consumer electronics

Expenditure per household per year, by commodity and service group. 2003-2005. 2005 prices (Million NOK). Currency: 1 USD = 6.5 NOK

	NOK	%
Audio-visual, photographic and information processing equipment	7,312	2.3

As noted, the consumer electronics part of the AV industry has been a significant driver for pricing and technology development in the business markets, also in Norway. A good example of migration between business and consumer segments is the increased sales of semi-professional SLR cameras. In 2004, 8,000 cameras were sold, another 16,000 units in 2005 and by Q3 2006, 27,000 cameras have been sold.

Expenditure per household is considered to be among the highest in Europe and products on display are in the higher end. High definition (HD) capabilities have boosted the life cycle of flat screens, and sales are expected to be at record highs in 2007, fueled by low margins and fierce competition. It is important to note that these types of technologies often generate increased sales in related markets, such as video cameras, gaming consoles and digital cameras. Niche products not in direct competition with Asian products can perform well in this market, for example audio with iPod docking capabilities. U.S. made stereo systems and loud speakers enjoy a good reputation in the Norwegian market. Norwegian consumers are willing to pay a premium for well-known brands.

Services

Products account for almost 65% of the market opportunity, while services account for about 35%. The largest service opportunities are within systems integration and installation, which account for nearly 40% of total service market, followed by systems design, comprising almost 19% according to an InfoComm survey.

Typically, foreign vendors approach the largest integrators when introducing a new brand or technology to the market, rather than serving the clients from

abroad. Norwegian customers usually prefer having a point of contact in the country for installations, especially for higher end and complex systems. Systems integrators in Norway are often smaller shops and not necessarily independent. U.S. manufacturers may therefore find situations where integrators are reluctant to introduce a new brand because they have a competitor in their portfolio already.

Import Market

Norway is to a great extent dependent on foreign trade and most audiovisual equipment in the Norwegian market is imported. Imports of ICT goods amounted USD 5.3 billion in 2005, according to Statistics Norway. Audiovisual equipment accounted for about USD 950 million in 2005.

Table: Imports and exports of ICT goods. Mill NOK. Source: Statistics Norway
Currency: 1 USD = 6.5 NOK

	2005		2004		2003	
	Export	Import	Export	Import	Export	Import
Audio and video equipment	706	6 161	635	5 308	545	4 515

Competition

U.S. products in this market have a very good reputation. This especially applies to the integrated complex systems with speakers, panels and screens. Comprehensive systems are also a niche where U.S. vendors and systems integrators have performed well in the Norwegian market, and where the margins are considered good. European vendors also have a good reputation, but are not up to the same volumes as U.S. vendors.

On the other side of the spectrum, Asian manufacturers do well with fine-tuned mechanics, such as DVD-players, digital cameras and tape players. Asian vendors often dominate the mechanical segments of the broadcasting industry, the gadgets and consumer markets for stand-alone products. Margins are low, however, often down to a 5% level.

End Users

With an overall population of 4.6 million, the Norwegian market is small. However, Norwegian end-users are technology savvy, innovative, largely homogeneous, and are often among the first to try and adopt new technology.

Especially AV products represent areas where Norwegian end users wish to be noticed and show off the latest products.

Norway is also often used as a test market for foreign manufacturer to effectively measure the potential of their products. As a gateway to Europe, testing in Norway offer a relatively low cost arena of reducing uncertainty before investing in the larger markets.

Market Access

Norway is one of the world's richest countries on a per capita basis and has an important stake in promoting a liberal environment for foreign trade. Norway's import climate is open and receptive to U.S. products and investments, especially in the high-tech markets. There are no major trade barriers or regulations that U.S. firms need to take into consideration at a general level.

Norway is not a member of the European Union (EU), but is linked to the EU through the European Economic Area (EEA) agreement. By virtue of the EEA, Norway is practically part of the EU's single market, except in fisheries and agriculture. This makes Norway's regulatory framework adopt most regulations related to ICT, including patent laws currently under revision.

Market Entry

U.S. exporters seeking general export information and assistance or country-specific commercial information should consult with their nearest U.S. Export Assistance Center or the U.S. Department of Commerce's website www.export.gov. Information on services offered by the U.S. Commercial Service in Oslo can be found at <http://www.buyusa.gov/norway>.

Opportunities for Profile Building

ICT Norway

A leading membership organization in the Norwegian ICT sector.

Website: www.ikt-norge.no

Abelia

Association of Norwegian ICT- and knowledge based enterprises. Trade and employers' association with about 400 members. Abelia is part of the Confederation of Norwegian Business and Industry.

Tel: +47 23 08 80 70

Website: <http://www.abelia.no>

American Chamber of Commerce in Norway

The American Chamber of Commerce in Norway is a business networking, information and assistance organization promoting the interests of its members.

Tlf: +47 22 54 60 40

Website: www.amcham.no

Key Contacts

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Upcoming Trade Shows/events

Lyd, Lys og Bilde 2007

A relatively small trade show for the B2B AV industry. Next show scheduled for 2007.

Website only in Norwegian language. Attendance of about 3,500 visitors.

Website: www.llb.no

Elektrofil 2007

Exhibition of consumer electronics. Will be hosted in March 2007. Website only in Norwegian language. Attendance of about 19,000 visitors in 2006.

Website: www.elektrofil.com