



Photo by Panumas Nikhomkhai from Pexels

Computers and Peripherals in Japan

PROSPECTS

Legal Revision Set to Undermine Tablets Sales through Telecommunications Vendors

In 2019, the Japanese Government revised the Telecommunications Business Law to ban carriers from offering plans that cover the cost of both the device, including mobile phones and tablets, and data usage. Prior to the revision, carriers placed high fees on data usage while subsidizing the cost of the device. This was seen as unnecessarily complicated and led to data usage fees that were much higher than in other developed markets. The revision to the law is aimed at making pricing more transparent and making it easier for consumers to compare prices, boosting competition. It is expected to undermine sales through telecommunication vendors.

While retail volumes of tablets continued to fall markedly in 2019, business volumes grew strongly, bolstered by the fact that extended support for Windows 7 was scheduled to end in January 2020.

Changing Working Practices and Streaming Boosting Demand for Monitors

New working practices are boosting demand for monitors, with additional or larger screens being used to support the growing number of people working from home. The change in working styles is leading to a shift from desktops to laptops, as working locations become more flexible. As a result,

workers are increasingly getting used to working with laptops along with independent monitors. Demand for monitors is also being boosted by the increasing popularity of video streaming services, such as YouTube, Netflix, and Amazon's Prime Video, as they are perceived to offer a more satisfying viewing experience than devices' own, smaller screens.

Large Ink Tanks Becoming Increasingly Popular

Large ink tanks are increasingly being installed in printers. Printer businesses rely largely on ink rather than the printer itself, with the retail price of the machine often being relatively low and companies recouping the costs of development and production through ink sales. Selling larger ink tanks, which lead to longer refill cycles for ink cartridges, has a potential downside for manufacturers. However, they are becoming an increasingly prominent competitive feature and are proving popular with consumers.

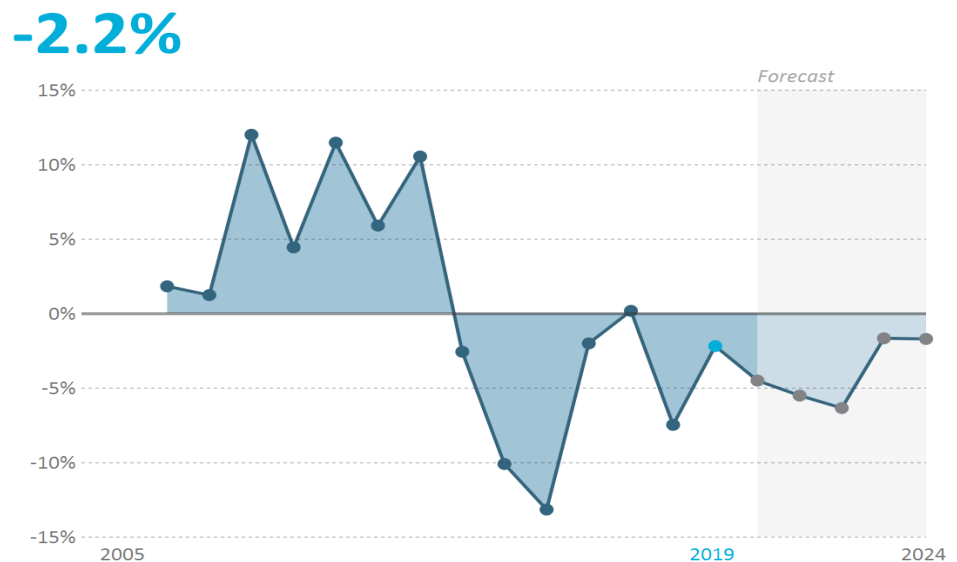
COMPETITIVE LANDSCAPE

Japanese Loyalty to Domestic Brands Blurred by Acquisitions

Seiko Epson Corp retained the lead in computers and peripherals in 2019, narrowly ahead of fellow Japanese manufacturer, Canon Inc. Traditionally, Japanese consumers have shown high levels of trust in and loyalty to domestic brands. However, the national identities of brands are becoming increasingly blurred through merger and acquisition

Sales Performance of Computers and Peripherals in Japan

% Y-O-Y Retail Volume Growth 2005-2024



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activity. In 2018, Chinese company, Lenovo Group, acquired a 51% stake in Fujitsu Client Computing Limited. The deal added the Fujitsu brand to Lenovo’s computer portfolio, which already contained NEC and the company’s eponymous brand. Fujitsu and NEC are, respectively, the first and second largest brands in desktops in Japan, with their positions reversed in laptops.

Another example of the blurring of brands’ national identities came with Sharp’s acquisition of an 80% stake of Toshiba Client Solutions Co Ltd, a PC subsidiary of Toshiba. Sharp, which is re-entering the personal computer business having previously exited in 2010, is currently under Hon Hai, a Taiwanese company. In 2019, Toshiba Client Solutions Co Ltd was renamed Dynabook, after one of the company’s laptop brands. The acquisition allows Dynabook to take advantage of the display technology, sales network, purchasing power and other resources of Sharp and, more generally, Hon Hai Precision Industry Co Ltd.

Local Brands Performing Well in Gaming PCs

Local brands are showing a strong presence in the growing gaming PCs segment. Japanese company, Mouse Computer Co Ltd, offers

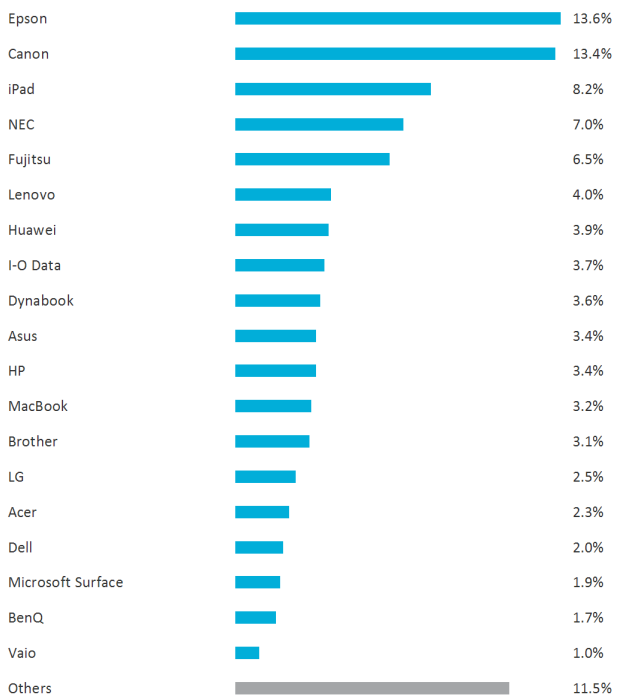
gaming PC brand, G-Tune, while Thirdwave Corp includes the gaming PC brand Galleria in its portfolio. Both these brands have adopted a competitive pricing strategy, retailing at notably lower prices than rival brands.

Microsoft developing the Surface brand in the market

Microsoft is working to expand in the Japanese computer market. Having established the Surface brand in the market with a tablet model, the company has expanded it to a desktop model specifically for creative users, such as designers, and laptop models. Indeed, Surface has blurred the distinctions between tablets and laptops through the development of detachable keyboards, which can now also be found among other brands. Detachable keyboards are compatible with the trend towards multiple working locations and the development of the “mobile office” concept. Japan is an important research market for Microsoft, playing a significant role in the development of the new Surface Go model in 2018. In 2019, Microsoft further extended Surface’s offer with the introduction of headphones under the brand. ■

Brand Shares of Computers and Peripherals in Japan

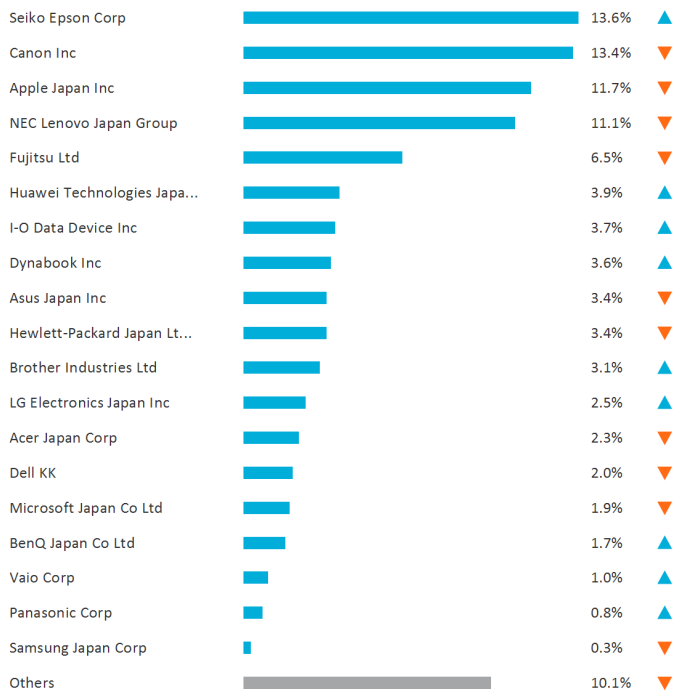
% Share (LBN) - Retail Volume - 2019



▲ Increasing share ▼ Decreasing share — No change

Company Shares of Computers and Peripherals in Japan

% Share (NBO) - Retail Volume - 2019



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