Nintendo Surpasses Samsung as Top Consumer and Wireless MEMS Buyer

El Segundo, Calif., -- Culminating a neck-and-neck race, Nintendo in 2009 surpassed Samsung to become the world's top purchaser of Microelectromechanical Systems (MEMS) used in consumer electronics products and cell phones, according to iSuppli Corporation.

Despite deep cuts in consumer spending on electronic products, the market for MEMS used in consumer electronics and cell phones in 2009 grew a respectable 7.6 percent to $1.19 billion, up from $1.10 billion in 2008.

Given the revenue increase in 2009, the Compound Annual Growth Rate for MEMS for the 2008-2013 forecast period now stands at 18.4 percent. As a result, revenue in this particular segment of the MEMS market will top $2.5 billion in 2013 — more than double the $1.1 billion mark of 2008.

"Although Nintendo had been the No.-2 buyer of MEMS in consumer electronics during 2007 and 2008, the company in 2009 increased its purchase of gyroscopes — a MEMS sensor for measuring or maintaining orientation — for use in the Wii Motion Plus plug-in," said Jérémie Bouchaud, director and principal analyst for MEMS at iSuppli.

"This caused the company's spending on MEMS to rise to $108 million in 2009, up 11.9 percent from $97 million in 2008."

Dropping to second place after a two-year run at the top was Samsung. "From 2005 to 2007, Digital Light Processing (DLP) chips for rear-projection televisions accounted for most of Samsung's MEMS consumption," Bouchaud said.

"However, with Samsung exiting the DLP market, its overall consumption of MEMS in 2009 declined to $105 million, down 1.1 percent from $106 million in 2008. Nonetheless, Samsung remains a high-volume purchaser of BAW filters for duplexers and quintplexers, and the company was also the top buyer of MEMS microphones last year."

Rounding out the Top-5 after Nintendo and Samsung were Nokia in third place, LG Electronics in fourth and Apple in fifth.

Accelerometers accounted for most of Nokia's MEMS purchases, while BAW filters were the top product bought by LG. In the case of Apple, the company used accelerometers and BAW filters for the iPhone, accelerometers for the MacBook laptop and accelerometers as well as MEMS microphones for the newest-generation iPod nano MP3 player. With Apple's consumption of MEMS continuing to expand, the company could increase its use of accelerometers — and possibly MEMS

microphones — in its new iPad tablet.

MEMS in 2009 found their biggest application in mobile handsets. Accelerometers were the largest MEMS product category for cell phones last year, followed by BAW filters and microphones.

In accelerometers alone, 354 million were shipped for use in cell phones in 2009, with a strong upward spike in the second half of the year, MEMS companies reported to iSuppli. Almost every fourth phone featured an accelerometer in 2009, up from one out of every 10 handset in 2008.

The Chinese market represented a particularly significant area for MEMS accelerometers. According to iSuppli's China Research service, MEMS companies in 2009 reported shipping 85 million to 90 million accelerometers — 25 percent of total accelerometer shipments worldwide — to Chinese handset makers such as Huawei, Lenovo and TianYu.

Furthermore, 36 million accelerometers went to the so-called gray handsets that comprise an unsanctioned but thriving segment of the Chinese cell-phone market. Gaming was the second largest application for MEMS devices last year. While accelerometers largely dominated this space in 2008 and accounted for 85 percent of MEMS revenue in game controllers, gyroscopes took over in 2009, becoming the top product and making up 55 percent of all MEMS revenue for gaming in 2009. As the market for MEMS accelerometers in gaming starts to saturate, gyroscopes will remain the best opportunity up to 2013, iSuppli forecasts. In other applications, MEMS revenue saw no growth in laptops and hard disk drives during 2009 compared to the year before. Although the shipment of accelerometers for freefall protection rose robustly, rapid price erosion stole any potential for revenue growth. Digital still cameras also did not contribute to greater MEMS revenues in 2009. Gyroscopes used for the optical image stabilization feature in cameras continued to increase, but the higher penetration was offset by a drop in overall shipments of digital still cameras.

The bad news is continuing for MEMS DLP chips as rear-projection televisions using the Texas Instruments devices are set to exit the market by 2011. Mitsubishi is the only significant buyer of DLP chips for rear-projection television remaining in 2010.

Learn more about the state of the consumer MEMS industry with Bouchaud's MEMS market brief, entitled: Consumer MEMS: Downturn, What Downturn?

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