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London (Oct. 31, 2013)—The global market for Bluetooth Smart integrated circuits (IC) that enable low-power wireless pairing of devices is set for remarkable growth in the next five years, with shipments expected to rise nearly tenfold during the period, according to a report from IHS Inc. (NYSE: IHS).

Worldwide annual shipments of Bluetooth Smart ICs will surge to almost 300 million units in 2018, up from just over 30 million projected at the close of 2013, for a five-year compound annual growth rate of more than 55 percent. This year alone, shipments will grow nearly 250 percent from 9 million units last year, and volumes in 2013 are expected to double by next year. The findings are contained in the report entitled “Low-Power Wireless Market Tracker – World – 2013.”

Shipments are then forecast to cross the hundred-million-mark by 2015, subsequently breaching the 200-million-unit threshold in another two years in 2017, as shown in the attached figure.

To date sports and fitness applications have been the largest end market for Bluetooth Smart, supported by device suppliers including Polar, BodyMedia, Under Armour and others. The chips are used in health and fitness monitoring devices such pedometers that can track heart rate and other vitals, and then show the results in displays, smartwatches or smartphones. Bluetooth Smart power consumption, which is significantly lower than Classic Bluetooth technology, is a significant asset, particularly in devices powered by non-rechargeable batteries.

While much of the early success of Bluetooth Smart has been driven by the sports and fitness industry, consumer electronics is projected to account for the largest proportion of the Bluetooth Smart market in the coming years, driven by uptake in devices such as remote controls and PC peripherals. By 2018, consumer electronics applications are projected to account for more than 60 percent of Bluetooth Smart shipments.

“The ability of Bluetooth Smart to offer voice control capabilities in remote controls, for instance, which many previously thought was not practical due to the relatively low transmission rates, continues to drive interest from home entertainment providers looking to radio frequency (RF) mechanisms in order to drive advanced remote control features beyond those that are possible with infrared (IR) technology,” said Lisa Arrowsmith, associate director for connectivity, smart home and appliances at IHS.

The living room, in particular, represents an enormous market for low-power wireless technologies. Bluetooth Smart’s advantage is that it can leverage support in mobile electronics, which makes the technology a real contender in other devices that stand to benefit from a low-power connection to existing consumer devices, such as smartphones and tablets. This is an advantage not shared by competing technologies, according to Lee Ratliff, principal analyst for low-power wireless at IHS.

Other emerging end applications, such as wireless consumer health monitoring, proximity sensors and so-called smart home applications, will also contribute to the growing Bluetooth Smart market in the next few years, noted Arrowsmith. The technology will continue to become more widely established as the need grows for low-power wireless solutions, driven by the clear trend toward connectivity across a broad range of markets.
There are, however, a number of competitors to Bluetooth Smart also poised for strong market growth. Among them are ZigBee, which has been increasingly adopted in smart home applications and has been accepted as an IR replacement technology by a number of set-top box providers. Another competing technology is Z-Wave, likewise vying for traction along with ZigBee in the smart home market.

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