
Silicon providers main beneficiaries of enthusiast PC growth; opportunities exist for vendors to raise profits with innovative products, says HWInsights

CPU and graphics card account for over 66% of the cost of a typical overclocking system in Q1'15

Intel and NVIDIA are the market leaders in the CPU and GPU segments

Premium product lines act as a de-stressor enabling vendors to raise prices in other segments

June 23, 2015 - The rapid expansion in demand for premium PC hardware from the enthusiast and overclocking segments has given hardware vendors a much needed opportunity to bolster declining sales in the mainstream consumer space. But while related players have all enjoyed some gains from their efforts to design and market products primarily for overclockers, the main winners so far have been the chip providers. In Q1'15 the cost of the CPU and graphics card accounted for over 66% of the €1050 (\$1151) cost of a typical overclocking system, according to the latest quarterly report from HWInsights.

In Q1'15, the cost breakdown of a typical overclocking system was €330 (31%) for the CPU, €365 (35%) graphics card, €150 (14%) motherboard, €75 (7%) RAM, and €130 (12%) PSU, HWInsights noted.

For high-end systems the cost of the CPU alone accounted for 42% of the total system price, making Intel, which enjoys an enthusiast PC market share of 78%, the major beneficiary of the overclocking boom.

"In the years we have been tracking the market, we have seen overclocking evolve from originally appealing to budget conscious consumers looking to squeeze out additional performance for their dollar, to the current situation where it represents a premium category that sits at the very top of vendors' price scales," said Pieter-Jan Plaisier, Director, HWBOT. "When leveraged effectively, targeting the overclocking market not only allows vendors to maximize their margins, it also has the effect of adjusting upwards consumer price expectations in other product segments, in particular gaming."

A rising tide lifts all boats

This effect of a premium product helping to push up prices for a vendor's other product lines was recently observed with the introduction of the GeForce GTX TITAN series by NVIDIA.

With an MSRP of \$999, the first TITAN, released in February 2013, set a new benchmark for the most expensive single-GPU card on the market. As a result, NVIDIA's next-generation high-end gaming product, the GeForce GTX 780 was generally regarded as offering a good price/performance ratio, despite the fact it was priced at \$649, compared to \$500 for the previous-generation GeForce GTX 680.

HWInsights believes there is opportunity for vendors in other hardware categories to push the price envelope if they are willing to challenge consumer expectations with more value-added features and new innovations.

However, to be successful vendors cannot simply expect the market to settle for higher numbers for existing features, HWInsights warned. Attempts by PSU vendors to woo enthusiasts with 1000W+ models have been largely ignored, the firm noted. Even at the top end of the charts where cost is typically not a concern, data still show a high number of users are still opting for more modestly priced 850W models, HWInsights said.

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Press Release

Supplementary media

NVIDIA single-GPU card pricing		
Series	Launch MSRP (USD)	Launch date
GTX 280	649	Jun-08
GTX 285	399	Jan-09
GTX 480	499	Mar-10
GTX 580	499	Nov-10
GTX 680	500	Mar-12
Titan	999	Feb-13
GTX 780	649	May-13
GTX 780 Ti	699	Nov-13
Titan Black	999	Feb-14
GTX 980	549	Sep-14
Titan X	999	Mar-15
GTX 980 Ti	650	Jun-15

Title: NVIDIA single-GPU card pricing

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Links

<http://hwinsights.com/press-release/silicon-providers-main-beneficiaries-of-enthusiast-pc-growth-opportunities-exist-for-vendors-to-raise-profits-with-innovative-products-says-hwinsights/>

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About HWinsights

HWinsights is the worldwide authority on marketing intelligence specific to the global enthusiast PC market and overclocking community. HWinsights provides data services, trends analysis, and technical expertise aimed at giving system integrators, vendors, and hardware designers the insights they need to target the enthusiast PC market with accuracy and with confidence.

HWinsights is a division of HWBOT.