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Prices drop for digital products at yearend

15% for LCD TVS and 12% for Recorders in just three months

The price of digital products is declining and its ratio was especially high from November to January. The prices seem to be influenced by the recent recession and this could affect the results of makers. We explore these figures using “BCN Ranking”, which collects POS data from major retailers.

●Through the year, there was a 28% unit price decline for laptops and a 13% decline for LCD TVs

Looking at the price changes of seven major digital products such as laptops and LCD TVs from last January to this January, the largest decline were laptop PCs. The prices declined at a rate of 28% and the average price (excluding tax) in January was ¥89,200. The decline rate for Portable media players and digital cameras were both over 16%. LCD TVs had a unit price increase during the first half of the year because of the Olympics, but declined rapidly after December. As of this January, the average price of LCD TVs are ¥97,700 and Plasma TVs are ¥14,8000. Decline rates were 13% for LCDs and 15.6% for Plasmas.

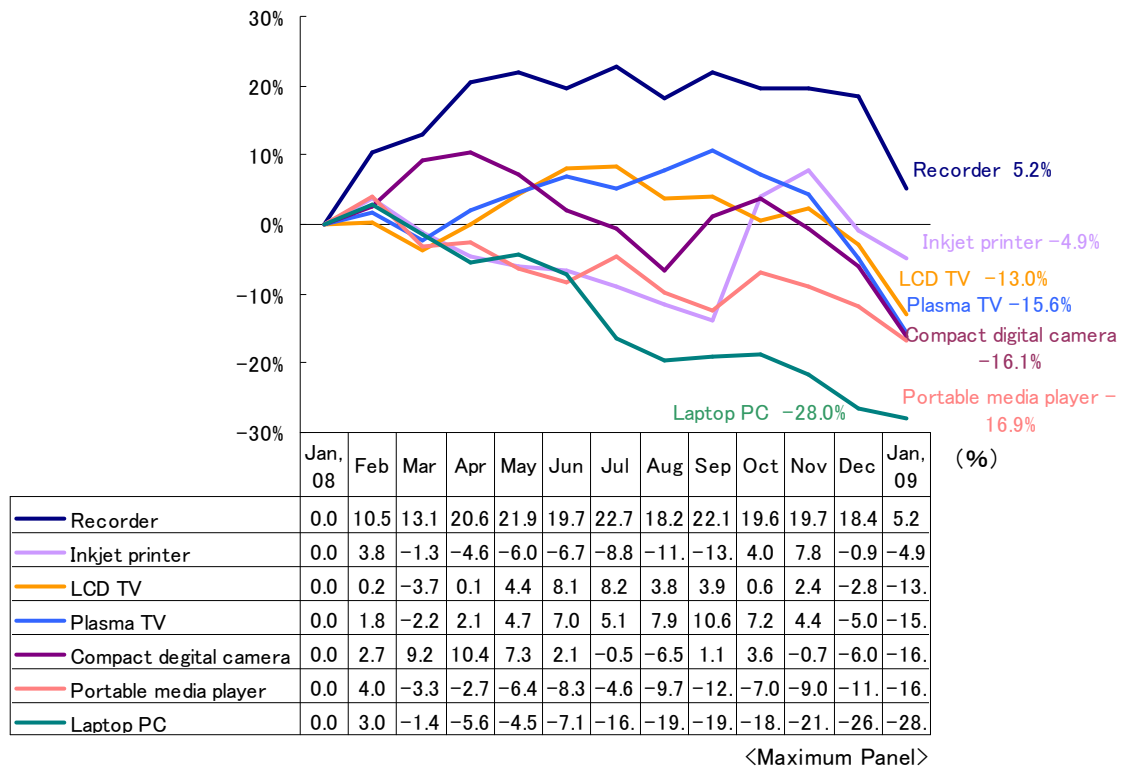
When we look at the price changes in the short term, from last November to this January, the largest drop were Plasma TVs with a 19.2% decline. Compact digital cameras followed with 15.5%, LCD TVs with 15.0% and recorders with 12.1% decline. These products decreased their unit price largely in a short period.

The decline of laptop PCs was largely influenced by the rise of the netbooks, which has a 10.2 inch screen or smaller. In the laptop PC market, sales ratio of netbooks increased 26.0% this January and the average price of netbooks were very cheap at ¥47,000. The market structure is going to be changed by the netbooks. Following these facts, the price of A4 sized laptops, which are strong sellers in the market, has declined and this drove down the average price of the whole market.

Usually, the price of LCD TVs start declining in the New Year. However, in 2008, prices started dropping in December. The peak of yearend sales promotions and the speed of decline have accelerated into this January. According to the statistics report from last December by the Ministry of Economy, Trade and Industry, the stock of LCD TVs are up 98.2% compared with last year. It seems that the decline of prices is going to continue toward March. There was no drop in portable media players in 2006 or 2007 but in 2008, prices started to decline. The decline rate from the past thirteen months was significantly large at 16.9%.

With the penetration of Blu-ray Disc (BD) recorders, the recorder market maintained a 20% unit price increase. However, this January, it has declined over 10% compared with last December because the ratio of BD recorders sales in the recorders market has slowed down. Unit sold ratio of BD recorders in January was 56.1%, 8.3 points down from last December and sales amount ratio was 71.1%, also down 6.3 points. This was almost the same level as last November. As for compact digital cameras, unit prices increased temporarily with new models released in autumn, but it declined rapidly last November. On the other hand, Inkjet printers had good sales from their new models, so price decline is comparatively gradual.

Figure 1 The transition of average price decline of major digital products (From Jan 2008)



●Demand stimulated by price reductions contributed to the rise of unit sales, which helped to maintain sales amount

These price reductions still have a big affect to stimulate demand, especially for Plasma TVs. Their unit sold was down 8.7% compared with the previous year in December, but had good sales with 21.1% increase in January. Laptop PCs also had strong sales with over 30% growth; it marked a 48.3% increase in January. As for compact digital cameras, their sales were up 2.3% and Portable media players were also up 17.3% compared with previous months. However, the growth of LCD TVs is gradually slowing down though their rate of growth continues to be in the double digits.

Figure 2:
Unit sold comparison of major digital products

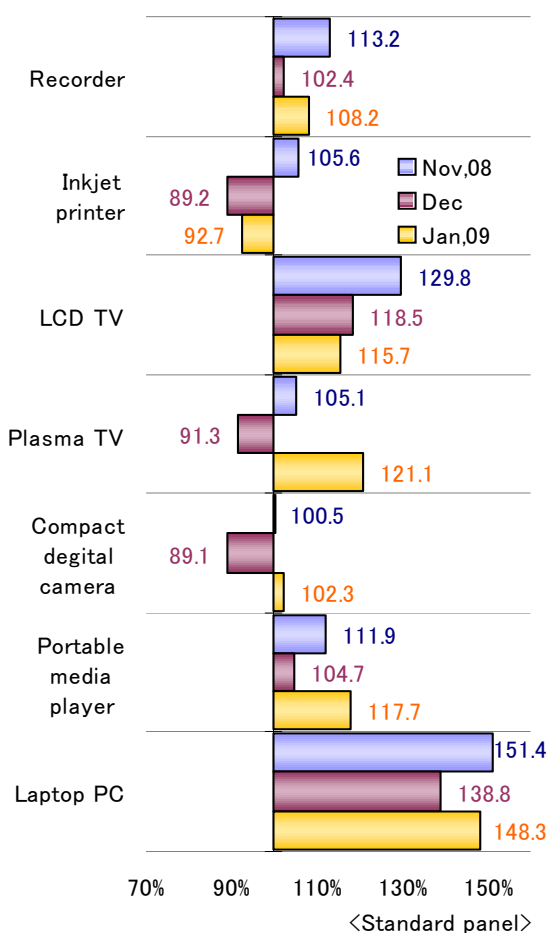
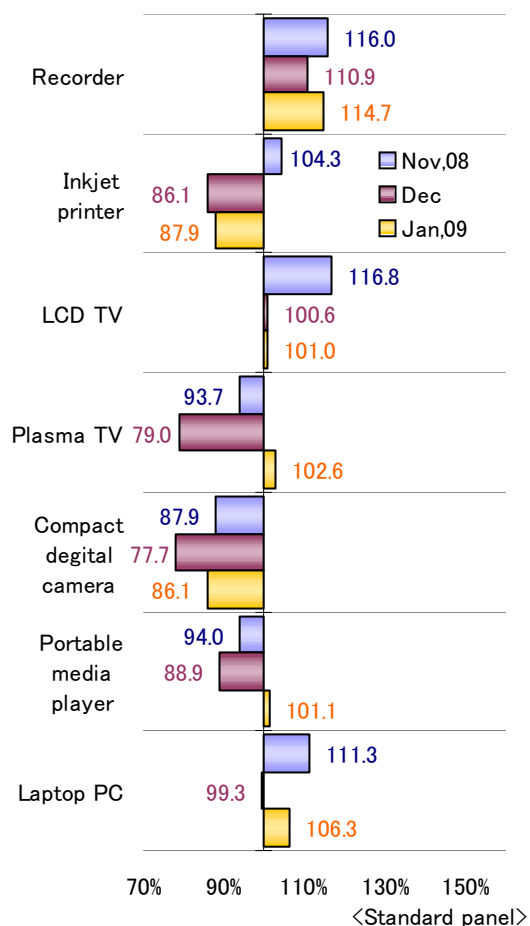


Figure 3:
Sales amount comparison of major digital products



On the other hand, when we look at the sales amount, Plasma TVs, Laptop PCs and Portable media players recovered and exceeded the results of the previous year. In the recent recession, it is positive news that they can keep their sales amount, but its stability is questionable. Inkjet printers and Compact digital cameras were not able to recover their sales to the previous year's level. Recorders kept a double-digit growth in their sales amount since last May. However, the sales ratio of BD recorders is flat and prices may decline. To stabilize their growth is a significant issue.

BCN gathers the daily Point of Sale (POS) data from 25 major home electronics retailers (Amazon Japan, Eiden, Otsuka Corporation, GoodWill, K's Holdings, Thirdwave, Sakuraya, 3Q Group, Joshin Denki, Stream, 7dream.com, Sofmap, ZOA, Tsukumo, T•Zone Strategy, Deodeo, Tokyo Edion, BicCamera, PC Depot Corporation, Best Denki, Midori Denka, Murauchi, Murauchi.com, Unitcom and Laox) everyday. This data is used to provide the BCN Rankings and news releases about market trends.*

**The number of companies mentioned above includes companies contracted to supply data for us.*