

**The depreciation of digital products became clear during the consecutive holidays this spring.
--Concerns of flat-styled TV depreciation is accelerated by "Eco point"**

In the digital home electronics market, deflation had a run during the recent consecutive holidays compared with last year. We discovered this issue by looking at the "BCN Ranking," which gathers POS data from major national retailers.

●Units sold increased, but sales amount did not

When we look at the sales data from April 29 to May 6 2009 compared with 2008, the units sold increased but sales amount declined for many products. This is especially true for the units sold of flat-styled TVs, which was up 17.8% but the sales amount was down 4.8%. The reason was because the average price of flat-styled TVs declined 19.3% compared with last year.

The laptop PCs market recovered from the rise of netbooks and units sold was up 33.0% compared with last year. However, average price declined by 27% and sales amount was also down 2.9%. The low-price effect of the netbook is ready to change the market structure. Similarly, units sold of IC recorders were up 18.9% but its sales amount was down 8.1% due to the 22.7% price decline.

Figure 1: The Sales Trend of Major Digital Products during spring's Consecutive Holidays (*)

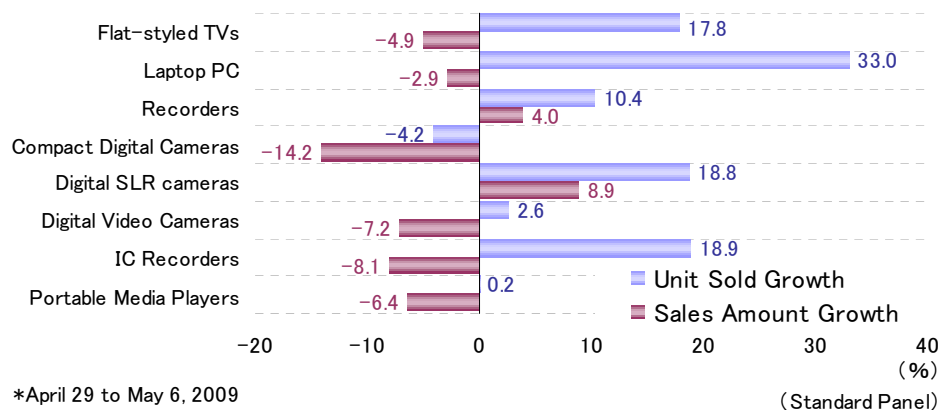
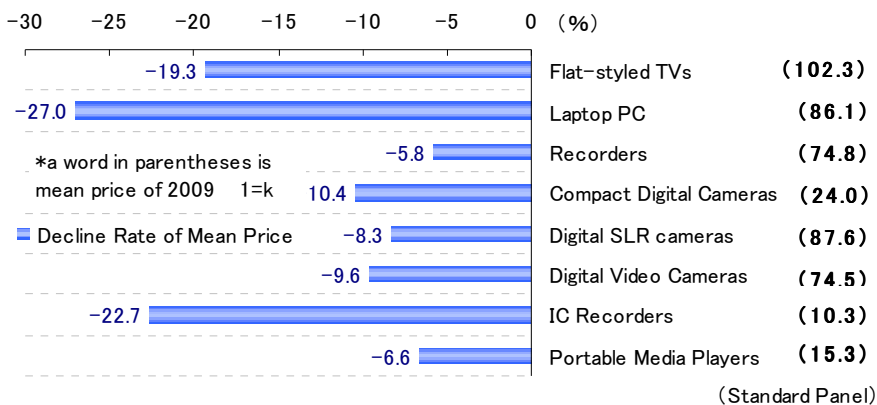


Figure 2: The Average Price and Decline Rates of Major Digital Products during the Holidays



Digital video cameras and portable media players also had a decline in their sales amount though units sold increased. Compact digital cameras, which are in a tight situation, suffered from depreciation for both units sold (down 4.2%) and sales amount (down 14.2%).

On the other hand, DVD/BD recorder sales exceeded the last year for both units sold and sales amount during the holidays. However, they lost their momentum from February to March, which marked a 20% growth compared with last year. The special demand is gradually ending. Decline of their price continues to be 5.8% but whether or not it is able to maintain sales is unpredictable.

Digital SLR cameras have kept its market value within the eight major genres of digital products. Over 20% of units sold increase became a bit weaker to 18.8%, price declined only 8.3% and sales amount was up 8.9%. However, sales amount was down 11.9% in April and it is still unknown if they can keep the market growth or not.

●Will “Eco Point” lead flat-styled TVs to the Low-price effect?

In the recent deflation, another potential anxiety is “Eco Point,” which is an economic stimulus program by the Japanese government. This plan is aimed at boosting demand for energy-efficient home electronics such as air conditioners, refrigerators and TVs available for Terrestrial digital broadcasting by giving “Eco Point.” This “point,” in the case of TVs, will be given to consumers in proportion to the screen size and not the product’s price. Therefore, if the screen size is the same, cheaper products could have more discounted rates by the “point” system. It will possibly lead to more lower prices. Although the points cannot currently be used, it may throw cold water on buyer motivation. We will have to watch the market trend more attentively.

News Release



BCN gathers the daily Point of Sale (POS) data from 22 home electronics retailers (Amazon Japan, Eiden, Otsuka Corporation, GoodWill, K's Holdings, Thirdwave, Sakuraya, 3Q Group, Joshin Denki, Stream, 7dream.com, Sofmap, ZOA, T•Zone Strategy, Deodeo, BicCamera, PC Depot Corporation, Best Denki, Midori Denka, 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.*