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e-Data B2C: Average Price for Tech Products Decline- Results from Latest NPD Consumer Electronics Price Watch Released

The NPD Group, a leading marketing information provider, has released in June the latest edition of the *NPD Consumer Electronics Price Watch*, a monthly pricing monitor that provides a top-line look into the average selling price of technology products being sold in the U.S.

The *NPD Consumer Electronics Price Watch* is based on 27 of the best selling product categories in the consumer electronics space, which includes a cross-section of the products people buy and is made up of a "market basket" of the most frequently purchased electronic products, including televisions, PCs, cameras and media players.

For the month of April, prices continued to fall with a 2 percent sequential decline over March, which was the steepest drop so far in 2004. The total cost for the market basket of goods fell below \$13,000 for the first time as the average dollar value to purchase each item fell by \$262. Since January 2003 the cost of the market basket has fallen by over \$4100, or nearly 25 percent.

Price declines in April were seen across the board with 19 of 27 products falling in price over last month. The biggest dollar declines came in plasma and rear projection TV, both of which declined approximately \$40 over last month. In IT products both desktop and notebook PC prices fell, with notebook prices giving back last months increase and desktops showing their biggest decline since last November.

"April pricing trends reflect ongoing industry activity," said Stephen Baker, director of industry analysis, The NPD Group. "TV prices remain under pressure as new screen sizes, new distribution channels and new brands alter the playing field at the high end of the market. Falling prices for plasma, which have declined over \$1000 since last January, and rear projection TV, have put stress on category pricing all the way down to the basic tube set."

Home DVD recorder prices fell by 9.9 percent to mark the largest percentage decline of any one category when compared with the previous month. DVD recorders had the second biggest decline since January 2003, as prices have fallen by 46 percent as the category attempts to gain mainstream acceptance. Other leading percentage decliners in April were personal CD players, down 7.2 percent and desktop PCs, which fell 5 percent from the prior month.

ITAA E-LETTER

For more information: Mark Uncapher, Senior Vice President & Counsel, INTERNETCommerce & Communications Division; Information Technology Association of America, 1401 Wilson Blvd. #1100 Arlington, VA 22209; 703-284-5344-direct, 703-525-2279 fax; muncapher@itaa.org; Division Website <http://www.itaa.org/isec> ITAA E-Letter <http://www.itaa.org/isec/pubs/ecurrent.cfm> Association text links <http://www.internet-association.org/>

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IT products, which are much further along in the digital conversion cycle, have seen much less pricing pressure in recent months. In fact, while PC prices are down versus March, desktop PC prices are actually the only category that has seen an increase in average selling prices since January 2003.