

different ways, with webcams suffering due to the rise of laptops, while mice and keyboards are seeing continued growth.

However, even within the growth area of mice and keyboards there are various trends having an effect on sales. Despite the rise in portable solutions, corded mice have remained the most popular form of device, outselling wireless versions by a ratio of almost three to four.

Even then there are trends exerting pressures amongst the various channels to market. "The greatest decline in price is that of notebook mice. This is more notable through the retail channel, down to £14 from £20 in February 2008," comments GfK analyst Iliana Tolia. Keyboards – another growth area – saw volume sales rise by six per cent, but in value only by 0.5 per cent in the year. "Whilst volumes are up by six per cent this August compared to last year, a declining pricing trend in the high-end segments has not allowed the market an equal growth in its value, which unfortunately remained flat year-on-year," she adds.

Indeed, price has had another interesting effect on the market, as Tolia explains: "While corded keyboard prices remain stable at around £12 per unit, prices of cordless keyboards have fallen significantly over the past five months, both in the consumer and business channels. This has not, however, resulted in a growing demand for wireless

technology so far, and corded keyboards continue to outsell cordless models by a ratio of two to one in August."

One undisputed victim of the move towards laptops has been webcams, sales of which fell by seven per cent in volume and ten per cent in value compared to the same time last year. Tolia also noted that the average selling price of webcams had dropped below the £18 mark for the first time, although she concedes that there had been aggressive price promotions during the month that may have pushed the ASP down.

"August has been a noticeably good month for office equipment retailers, who are currently enjoying a successful promotional period. However, the aggressive offering has resulted in a serious decline in the average selling price in that part of the channel."

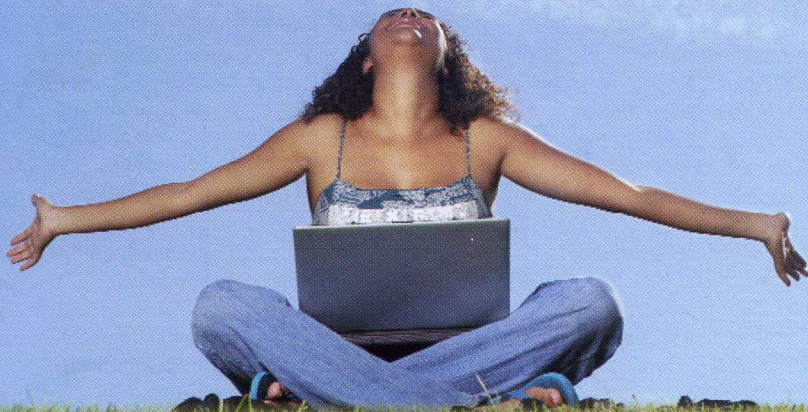
Furthermore, despite the apparent fall in demand, Tolia notes that much of the activity aside from promotions has been the consolidation of sales into mass merchandisers such as Asda and Tesco. "Mass merchandisers maintain their dominance in the market, demonstrating a stable average price for the past three months. Changing retailers' strategies has resulted in better arrangement of IT products on the supermarkets' shelves, positioning trade brands as an affordable alternative to the more respected brands," she concludes.



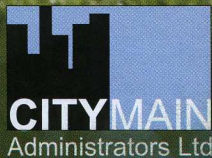
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