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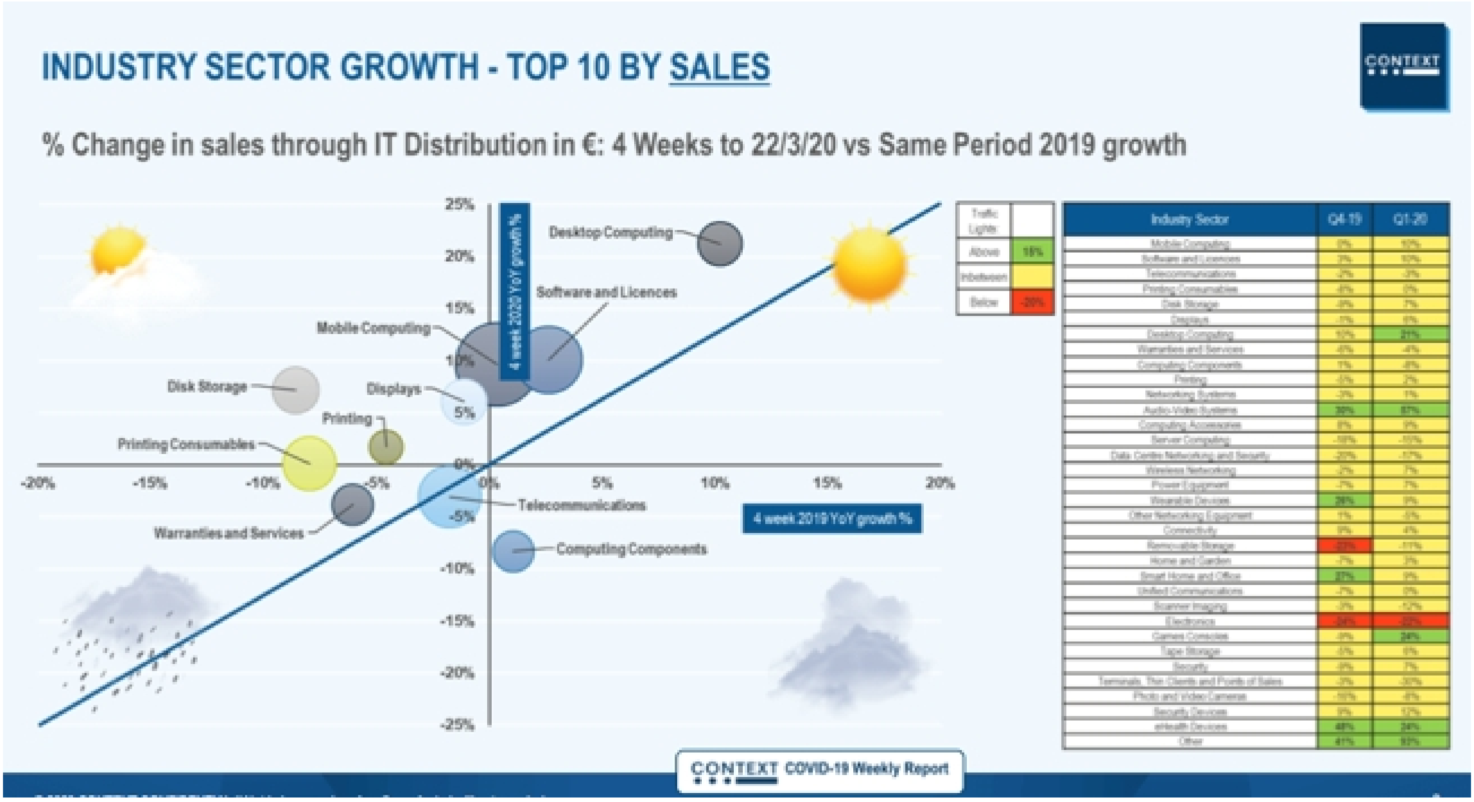
Webcams, headsets, software and notebooks-- the categories seeing the biggest increase in channel revenue across W. Europe, Context reports, as home working and schooling forces "major" changes in demand.



According to the analyst, the four weeks ending 22 March 2020 see the biggest Y-o-Y revenue increase for webcams (127%). Following are headsets and microphones (76%). Notebook also see strong 36% Y-o-Y growth in Q2 2020, with sales surging particularly in March across both business and consumer markets. Context says Y-o-Y growth during the first 3 weeks of March 2020 total nearly 56% for business notebooks, and 44% in consumer space.

The two countries seeing the most notebook sales revenue growth in the commercial sector are the two to enforce a lockdown earlier than others in Europe, namely Italy (137%) and Spain (143%). However such strong demand impacts inventory "significantly," and Context says many distributors face "critically low" supply in a few top markets. This is due to customers buying "everything they can," including ageing stock.

The low stock numbers are also the result of earlier supply disruption, as China faced manufacturing issues and logistics problems. Container space for products shipping from China is limited, and increased border controls in Europe are lengthening product journeys.

Overall, week 12 figures show European revenue growth 8% higher than it was the same time last year (10% vs 2%). Individual countries show a similarly clear divergence between 2020 and 2019 figures at around the time schools were ordered to close in Italy (week 9), Spain (week 11), Germany (week 12) and the UK (week 13). However, while W. Europe shows a clear correlation between incresed IT channel spending following government lockdowns, the evidence is less clear in E. Europe.

Context also warns the coronavirus-related spike in revenue will soon hit a peak. Italy already shows such a trend, since following a large spike beginning in week 9, growth declined "sharply" in week 12. As such, one can expect the same will happen in many W. European countries, particularly those like Spain which have engaged in similar business lockdowns.

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