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Recent findings of the GfK retail panel in Europe and Asia

Nuremberg, 17 July 2002 - The 2002 World Cup proved to be a powerful driving force behind sales of TVs, both in Europe and Asia. Sales in Europe increased by five per cent compared with the previous year while sales in Asia rose by an average of sixteen per cent. These are the findings of the regular retail surveys carried out by GfK in the Non-Food Tracking division in April and May 2002.

"Sports events with national or even global reach excite large sections of the population and encourage consumption," explains Andy Drake, Managing Director of GfK Asia, Singapore. In the run-up to the Olympic Games 2000 in Sydney, for example, and the World Cup 1998 in France, the number of consumer electronics sold in the respective host countries increased dramatically: in Australia by 45 per cent and in France by 15 per cent. The same applies to this year's World Cup, as confirmed by the findings of the regular retail surveys carried out by GfK's Non-Food Tracking division. In addition, retail sales also grew in the countries whose teams took part in the World Cup - football fever manifested itself in increased sales of colour TVs and other TV equipment.

Europe

In western Europe, demand for TVs increased in the two months leading up to the World Cup, with sales up EUR 71 million to EUR 1.44 billion, representing growth of five per cent on the same period in the previous year. With an increase of eight per cent, unit sales displayed even clearer growth.

In Germany, home to the new runners-up, sales of TVs grew by nine per cent. This increase, however, was far lower than the increase in unit sales, which amounted to 15 per cent. Following a long period of stagnation, more appliances were bought but buyers paid far less per appliance on average. Consumers were obviously taking advantage of the many World Cup-related offers before the start of the tournament.

In the European countries, sales of TVs corresponded to the success of the respective national teams. The more successful the team, the higher the sales of TVs in that country. The champions were accordingly Denmark, Germany, Sweden and Spain, while the "sales losers" were the Netherlands, Austria and Switzerland, whose national teams did not qualify for the World Cup. An exception was the UK. Although the tournament was regarded as a key event in the UK, sales of TVs have remained at a high level since the introduction of digital TVs a few years ago. The World Cup, therefore, did not have a great impact on sales of TVs.

Asia

In the two months preceding the World Cup, TV sales were to the tune of EUR 789 million in the Asia-Pacific region (conversion rate as at 12 July 2002: EUR 1 = US$ 0.987937) - EUR 111 million higher than in the same period the previous year. Two thirds of this sales figure was attributable to conventional TVs, while there was a huge increase in video projectors, plasma screens and LCDs. The share of this equipment rose by 103 per cent.

"Growth rates in the Asia-Pacific region reflect the level of emotional identification with the World Cup", explains Andy Drake, Managing Director of GfK Asia. Four trends were apparent:

1. Sales boom in the host countries
In Korea, sales increased by 34 per cent, in Japan by 21 per cent. Football fans primarily bought larger screens and video projectors. Growth rates in these product segments were spectacular - 103 per cent in Korea and 46 per cent in Japan. In large areas of Korea, the World Cup could only be transmitted digitally, giving digital TV technology a boost.

2. Sales of analogue TVs booming in poorer countries
Poorer countries were also characterized by exceptional growth, although only in sales of analogue TVs, the market volume of which rose by 32 per cent in Thailand, 61 per cent in Indonesia and 16 per cent in Malaysia. "Football fever is widespread in the south east Asian countries. Since people earn considerably less there than in the neighbouring countries and in the World Cup host countries, video beamers and plasma screens were of no consequence in these poorer countries," affirms Andy Drake.

3. Sales of high-tech appliances booming in more affluent countries
In Singapore and Hong Kong, the World Cup did not only boost general sales of TVs, but particularly sales of high-tech products. Sales of plasma screens and video projectors correspondingly increased by 15 and 16 per cent respectively in Singapore and Hong Kong.

4. Market saturation in China
Although it was the first time that China had taken part in a World Cup, demand for TVs remained at a moderate level. Unit sales decreased by two per cent although sales rose by nine per cent. Andy Drake attributes this to the above-average growth of the TV market in China over the last five years and the saturation of demand in this product segment.

The GfK Group

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