

Technical Consumer Goods Market Continues To Record Growth

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Results of German GfK TEMAX® for the first quarter of 2010

The overall market for technical consumer goods in Germany recorded a sales volume of EUR 10.9 billion in the first three months of 2010, which marks an increase of 1.8% on the same period of the prior year.

Growth was driven by the information technology, photographic, telecommunications and small domestic appliances segments.

Whilst sales of major domestic appliances and consumer electronics are stagnating, and office equipment & consumables are continuing to see a decline.

With an increase of 1.8% in comparison with the same period in the prior year, GfK TEMAX® is continuing the growth recorded in 2009. The market for technical consumer goods has therefore had a successful start to the new year.

Information technology: a pleasing 7.7% at the start of 2010

With a market volume of EUR 2.8 billion and sales growth of 7.7% in the first quarter, the information technology (IT) sector has had a pleasing start to 2010. With a 50% sales share, mobile computers were the most important product group.

Most consumers either tended towards buying notebooks with an extra-large display or preferred the particularly handy "netbooks", whose sales share is continuously rising. Despite falling average prices, total sales of mobile computers were slightly higher than the corresponding figure for the first quarter of 2009.

The mobility trend is likely to continue this year. Servers and workstations also recorded above-average growth compared with the same period of the prior year, as did desktop PCs.

However, sales of monitors dropped back, with the exception of large-size, well-equipped models including HDMI interface and full HD resolution.

Photographic market: interchangeable lenses on the increase

With a rise of 6.4%, the photographic market also achieved growth and reached a total sales volume of EUR 569 million. Digital cameras expanded their market share, primarily as a result of the increase in demand for cameras with interchangeable lenses.

Cameras with an in-built lens recorded steady growth. The market also benefited from consumers who purchased a second camera as a result of attractive technological developments such as full HD video, lower focal lengths and an improved wide angle function, and a stronger zoom for cameras with an in-built lens.

The new interchangeable lens systems such as "micro four third" have also provided positive impetus. These developments had an impact on the purchase of lenses.

Sales rose by almost a quarter in comparison with the same period of the prior year, in part because the average price of lenses had increased.

Telecommunications: positive impetus from smartphones

With sales growth of 6.0%, the telecommunications market was also in positive territory and achieved sales of EUR 996 million in the first three months of 2010. This increase was driven by the success of smartphones: one in six mobile phones sold in Germany is now a smartphone.

As modern, multifunctional devices with high entertainment value, they are becoming increasingly attractive to private consumers. Together with mobile phones, smartphones recorded double-digit sales value growth in the first quarter.

In particular, devices with a touchscreen, integrated GPS hardware and open operating systems were popular. In contrast, landline telephones, small telecommunications devices and fax machines decreased in significance.

Small domestic appliances: sustained positive trend

With sales of EUR 700 million and value growth of 2.9%, growth slowed slightly for small domestic appliances in the first quarter of 2010.

However, they remained on an upward trend overall. Vacuum cleaners achieved particularly pleasing results: thanks to the popular new ecological models with low wattage and high suction capacity, value sales growth was almost in the double digits.

Kitchen machines also recorded good growth, particularly new appliances with direct drive, where the motor is located directly under the mixing bowl. Overall, sales growth for hot beverage makers was slower than in previous quarters.

Espresso machines saw a slight rise, whereas sales of filter pad machines declined a little. Although demand increased in this sub-segment, it was particularly low-priced appliances that achieved success.

On the other hand, traditional filter coffee machines and pod-based systems continued to record sales growth.

Major domestic appliances: cautious start to the new year

Following an outstanding year in 2009, the market for major domestic appliances had a comparatively cautious start to 2010. Growth of 0.3% was low compared with the same quarter of the prior year, but was nonetheless positive and reached sales of EUR 1.7 billion.

The markets for washing machines and dishwashers were the reason for this steady development. While energy-efficient tumble driers, cooker hobs and stove tops with induction technology and extractor hoods in modern designs showed growth, refrigerators, freezers and ovens recorded a slight drop in sales.

In particular, tumble driers achieved considerably lower growth rates than in the prior year. Increased price pressure from suppliers in the lower and middle price segments, as well as the rising importance of online sales, was also observed. One in every ten euros is now spent on the internet.

Consumer electronics: slight sales decline

The consumer electronics sector declined slightly by 1.3% in the first quarter of 2010, achieving sales of EUR 2.8 billion. Despite sustained positive demand, the market for flat screen televisions suffered moderate sales losses as a result of a slight drop in average prices.

Since more than half of sales in the consumer electronics segment occur in this product group, the marginal sales decrease had a comparatively strong impact. However, a first glance at the April figures reveals growth in volume and value sales, which indicates that things are settling down on the price front.

Televisions with integrated HDTV tuners were especially popular with consumers. In the wake of the gradual conversion to HD TV transmission, set-top boxes experienced growth, as did appliances offering the possibility of integrated reception. As a result of the upcoming football world cup championships and the issue of 3D TV, further positive impetuses can be expected in the TV segment for 2010.

Equipment that ensures an excellent picture is being complemented in living rooms by the trend towards high-quality hi-fi appliances such as loudspeaker boxes, AV receivers and home cinema systems, all of which are experiencing a sales rise in value terms.

Blu-ray technology for both DVD recorders and storage media achieved success in the first three months of 2010.

Office equipment: predominantly negative trend

The area of office equipment & consumables continued to be characterized by a predominantly negative trend in the first quarter of 2010. Sales dropped back by 6.1% to EUR 1.3 billion, owing to the ongoing decline in printer cartridges.

In contrast, data and video projectors showed positive growth in both unit sales and sales revenue. In addition to mini LED projectors and the relatively new handheld LED micro projectors, full HD devices were also in demand.

Among printers, only the inkjet printer retained its previous level, while sales of multifunctional printers rose.

Good start to 2010

With sales growth of 1.8 % in the first quarter of 2010, the market for technical consumer goods had a successful start to the year. In view of the continued perceptible uncertainty in some areas of the markets, increased energy and petrol prices and the aftermath of the economic crisis, this is a good result.

So far, consumers have not been unsettled by the general conditions, and consumption behavior has remained stable. For 2010, GfK is anticipating continued positive growth in the markets for technical consumer goods.

The survey

GfK TEMAXÂ® is an index developed by GfK Retail and Technology to track the technical consumer goods markets. The

findings are based on surveys carried out on a regular basis by the retail panel of GfK Retail and Technology.

The retail panel comprises data from over 340,000 retail outlets worldwide. Since February 2009, GfK Retail and Technology has also been compiling the GfK TEMAX® index at international level, in more than 30 countries.

It is the first index that includes all of the markets for technical consumer goods in different countries. All reports and press releases are available at www.gfktemax.com.

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