German Technical Consumer Goods Market In Good Shape

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Results of the GfK TEMAXÂ® Germany for the fourth quarter of 2011

The overall Technical Consumer Goods (TCG) market in Germany experienced a slight decrease of 0.7% in Q4 2011, corresponding to a sales volume of just EUR 14.7 billion. Looking at the whole year 2011, sales were up 2.9%, reaching a total volume of EUR 50.5 billion.

From all technical consumer markets, surveyed in the GfK TEMAXÂ® Germany, Information Technology (IT) achieved the highest growth rates in 2011, despite a weaker final quarter. The biggest growth drivers in Q4 2011 were products from the Telecommunication (Telco) sector. Most markets developed positively or were at least able to hold prior yearâ€™s level, despite a difficult year with unsafe economic conditions. Only Consumer Electronics (CE) performed lower than 2010, however, the market showed an upward trend.

Telecommunication: Market with strongest growth in Q4
Due to a growth rate of 11.6 % Telco was the leading market within GfK TEMAXÂ®. From October to December, a total sales volume of EUR 1.3 billion had been recorded, based on subsidized prices. With a growth rate of 3.8%, the overall balance for last year is positive too. The market for Telco recorded a total sales volume of just less than EUR 4.1 billion. Smartphones in particular, are more popular than ever, still recording double digit growth rates.

The development of small telephone systems was also positive as sales continued to grow. This was strongly driven by high value IP-based systems. The yearly sales volume of landline was approximately level with 2010, although landline phones faced negative growth in Q4 2011Corded and cordless devices were affected by this. Â

Major Domestic Appliances: Year-end closed with positive growth
The MDA market also showed growth in Q4 2011, increasing its sales by 3.7% to EUR 2.1 billion. On a yearly basis, the growth rate even reached 5.5% corresponding to a total sales volume of EUR 7.8 billion. Refrigerators, freezers and hoods were the key drivers for the positive growth rates in the last quarter. Cooling appliances benefitted from the ongoing trend towards bigger models and cooling-freezing-combinations.

The growing importance of high value features also attributed to the good development in sales. The positive sales development for hoods is based on the trend towards high quality and design oriented cooking. Although the trend towards energy efficient heat pump technology weakened a little bit to the end of the year, it still achieved a positive growth rate on a year-on-year basis.

Consumer Electronics: Upward trend
The CE sector gained ground in the last quarter of 2011. Although performance was not as strong as 2010â€™s level, with a growth rate of -1.6% and a sales volume of EUR 3.3 billion, the development was better than before. Regarding CE products, the total sales volume recorded in 2011 was around EUR 10.5 billion, a decrease of 5.5% compared to 2010. LCD-TVs remained the most important core segment, achieving a slight increase in sales by 1.2% in Q4 2011.

This was largely due to the introduction of the new Eco label, as more and more appliances with efficiency level A were sold. Set-top-boxes also performed well; this was primarily because of the upgrading of HD ready TVs without integrated HDTV set-top- box. With the Olympic Games and the European Football Championship ahead, there is much optimism surrounding the TV segment for 2012. Previous years have shown that these major sporting events significantly boost sales within the CE sector. Â

Small Domestic Appliances: Customers focus on quality
Despite good business during Christmas period, with a sales volume of EUR 902 million, Q4 2011 was slightly down (-2.4%) when compared to Q4 2010. However, last year was extraordinary due to numerous sales promotions. With regards to the total year, there was a positive sales development for SDA. The sector increased by 2.1%, corresponding to a sales volume of nearly EUR 2.9 billion. The biggest growth drivers were fully automatic coffee and espresso machines, followed by espresso capsule systems, traditional kitchen machines, steam generators and robots.

Appliances sold in the kitchen segment were often of higher quality. The biggest beneficiaries of these higher priced products were choppers and traditional kitchen machines. In the espresso capsule systems and fully automatic segment, consumers also preferred higher priced appliances in 2011. Christmas presents in the SDA sector were increasingly bought via the internet last year; online sales increased, while sales generated via traditional retail remained steady.

Information Technology: Trend towards mobile and online
The positive growth trend in the IT sector was not maintained in the fourth quarter. On a year-on-year basis, sales were

down by 3.2%, reaching EUR 5 billion. Considering 2011 in total, the IT sector was the leading sector regarding GfK TEMAXÂ® Germany, achieving an increase in sales of 8.8%; the total sales volume in 2011 was nearly EUR 17.8 billion. Mobile computers, the most important segment in terms of sales, were mainly responsible for this performance.

The positive development was largely down to eCommerce. The high propensity to buy within the segment of mobile computers in turn had a positive impact on the sales of storage media. Private consumersâ€™ demand was especially focused on external hard drives and despite the ongoing crises within the European market GfK expects sales potential for the IT sector in 2012. However, this is only if retail and industry set the right focus on growing markets.

Photo: Sector holds ground against difficult circumstances
Despite difficult circumstances, caused by the reactor accident in Fukushima in early 2011, it was a good year for the Photo sector. Even with supply shortages in the second half of the year, and resulting production problems, the total sales volume reached EUR 2.6 billion, which is a similar performance to last yearâ€™s level. Digital cameras were the strongest area in terms of sales, their wealth of features is continuously growing, with connectivity and software becoming more and more important.

The accessories segment recorded the strongest growth rates in Q4 2011 and also performed well during over the whole year. Growth drivers were interchangeable lenses and from October to December, sales increased by nearly 26% compared to Q4 2010. GfKâ€™s outlook for the Photo sector is positive. Announced innovations for the first half of 2012, as well as the photokina event, will lead the necessary push for the Photo industry.

Office Equipment: Stable sales level
The Office sector recorded a total sales volume of EUR 4.9 billion in 2011, which is close to the level of 2010. However, sales in Q4 2011 were down 3.9% to EUR 1.3 billion. Printers performed quite well during the whole year. Appliances with laser technology in particular, were able to slightly increase their sales level in Q4 2011.

Printing cartridges, the most important office product segment in terms of sales, were not able to generate additional sales growth, compared to 2010â€™s figures. A negative growth rate of 8.8% in Q4 2011 indicates decreasing printing activities in private households. The total performance for copiers for 2011 was positive due to a very good final quarter with double digit growth rates. Â

GfK TEMAXÂ® Germany: Good year for Technical Consumer Goods market
Although the final quarter was down by 0.7%, the overall performance in 2011 was positive. Despite Euro crises and nature catastrophes, total sales achieved a volume of nearly EUR 50.5 billion. . The ongoing positive job situation and stable consumer demand has provided relatively stable economic conditions in 2012 so far.

Additionally, there are two major sport events ahead â€“ the Olympic Games and the European Football Championship â€“ which will generate positive sales stimuli and allow a positive outlook for 2012. Â

The Survey
GfK TEMAXÂ® is an index developed by GfK 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. The retail panel comprises data from over 370,000 retail outlets worldwide.

Since February 2009, GfK has also been compiling the GfK TEMAXÂ® 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.

About GfK TEMAXÂ®
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