



## Press Release

Date  
March 2, 2010

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### **Western Europe's Technical Consumer Goods Market improves slightly despite crisis**

#### **Results of GfK TEMAX® Western Europe for the fourth quarter of 2009**

**Nuremberg, March 2, 2010 – In the fourth quarter of 2009, consumers in Western Europe spent almost EUR 55 billion on technical consumer goods, which means an increase of 0.5% compared to the same quarter of 2008. After three quarters of continuous but alleviating decline in 2009, the fourth quarter shows pleasing growth despite the crisis and many markets become positive. For the fourth quarter some of the major markets in Western Europe like Germany, France and Italy even encountered around a 4.0% increase. Excluding currency effects, the UK market is also back on track. Also smaller markets, like Austria, Belgium and Sweden show slight growth. Nevertheless the full year 2009 suffered a decline of -5.1%. These findings are based on GfK TEMAX® Western Europe, an information service developed by GfK Retail and Technology.**

The Publication of Q3 TEMAX for Western Europe concluded with the identification of first signs of recovery. As observed by GfK Retail and Technology, these expectations were partly met in Q4 by the retail industry, which in some markets enjoyed pleasing year-end sales.

The IT market experienced the most positive revenue development; closing the fourth quarter at +4.2% for Western Europe. Major Domestic Appliances also showed positive growth with +2.2%, followed by Small Domestic Appliances with +1.8%. With a fall of -0.9%, the Consumer Electronics market was slightly negative, however showed improved growth compared to Q3. A similar improvement regarding growth compared to Q3 was in the Telecommunications sector, with a -3.2% decline in Q4. The sectors Office Equipment & Consumables and Photo fell in between the above mentioned markets with a decline of -2.6% and 2.7% , respectively. Generally, the year 2009 has seen the markets take full advantage of the integration of electronics into contemporary lifestyles.

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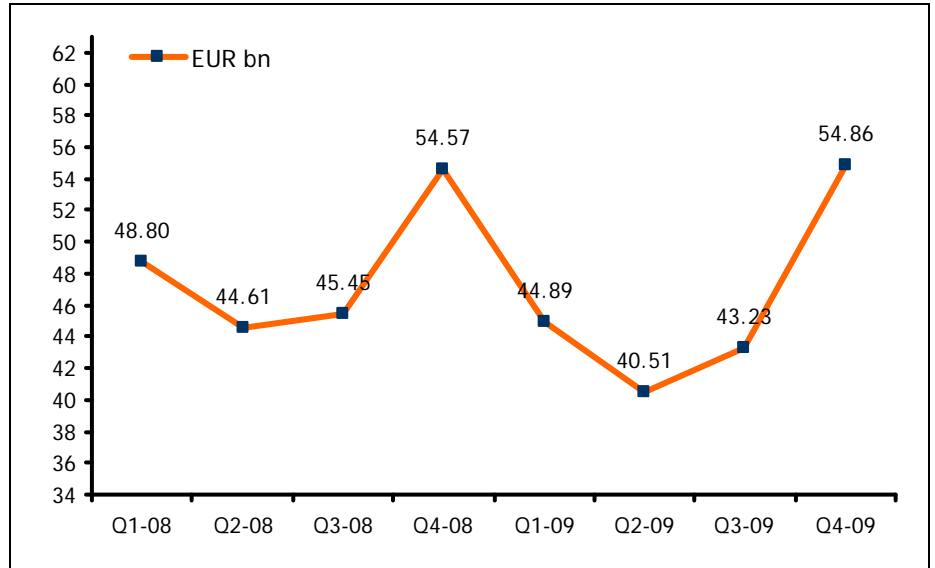
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### Sales trend for Technical Consumer Goods in Western Europe



Source: GfK TEMAX® Western Europe, GfK Retail and Technology

### IT – Mobile Computers still driving the market

**Information Technology** market, the second biggest market behind Consumer Electronics, was worth EUR 13.2 billion in Q4 and totalled EUR 44.3 billion in 2009. Despite fears earlier in the year, the value growth has turned positive in Western Europe (+4.2%). Nevertheless growth rates are varying strongly between the countries. Especially the Greek IT market, which benefited tremendously from government subsidies launched in the last quarter of the year. Besides that, Germany, Belgium and Sweden showed two digit growths. Further positive signs come from the UK IT market where also a slight recovery can be seen.

The recent positive developments are showing that computers with the new form factor of netbooks, as well as the basic form factors of portable computers and even desktops, did sell quite well in some countries. Internet access is certainly one of the reasons for this positive development and from the consumer's point of view: the ability to be more flexible with information is the underlying reason for this development. The trend for netbooks is illustrating this: products which are easy to take away and to use wherever people are. Hotspots for mobile internet access are meanwhile available across countries in cafes, bars, restaurants, at airports, train stations or even shopping centres. Mobile access to information will continue to be one of the driving forces for market demand in 2010.

Replacement was a further factor in 2009, resulting in growth of the desktop-computer market in countries like Germany and France. External HDDs are also a growing category especially when looking at usb-powered portable 2.5 inch drives. This is a consequence of the increased share of mobile computers during the last couple of quarters, or even years. Similar tendencies can be observed across all IT-Peripherals markets.

Mobility, as well as Entertainment aspects are likely to drive IT markets for 2010 and the coming years.

### **MDA – Energy efficiency is the key**

The **Major Domestic Appliances** market once again ranked second in terms of growth rate. Overall, sales in value terms amounted to EUR 8.4 billion in the fourth quarter, increasing by +2.2%. Total year's sales exceeded EUR 31 billion. Most of the Western European markets have achieved a turnaround and showed positive development in Q4. Austria and Sweden performed best with two digit growths. Good development in Germany, Italy and France further supported growth of the sector.

The Austrian version of a scrapping bonus for cooling appliances resulted in a year-end finish at double-digit growth rates based on significantly higher sales of A++ appliances; customers could apply for a reimbursement of up to 100 € after purchasing a fridge or freezer labelled A++.

The same continuing trend towards improved energy efficiency could be observed in all countries, as well as in all labelled product groups. The most outstanding growth was registered for heat-pump tumble dryers, selling almost 250k units in 2009 compared to slightly above 100k units sold in 2008. Further value drivers were induction hobs and No-Frost cold appliances. It is to be expected that these positive market trends are going to continue into 2010.

### **SDA – Many markets with positive development during the Christmas period**

In total, consumers spent EUR 4.2 billion on **Small Domestic Appliances** in the fourth quarter of 2009, showing a satisfying development of +1.8% compared to the same period in 2008. Total yearly sales accumulated to EUR 13.7 billion. As with MDA, the SDA market turned positive in many Western European countries in the last quarter of 2009. Especially the major markets Germany, France, Spain and UK (without currency effect) improved well in sales value.

A deeper look at the driving factors for growth in the fourth quarter of 2009, reveals there was not one main influencing factor, instead growth was influenced by many different product groups. Within electric kitchen appliances markets, mainly espresso machines using capsules and coffee/espresso fully automatic machines continued to drive growth over this Christmas period. Furthermore, deep fryers, traditional kitchen machines, hand blenders and choppers contributed to the positive development of SDA in Q4.

In the area of personal care market, men's shavers were growing steadily. Within the floor care market, the huge market of cylinder vacuum cleaners performed quite well, but also the robotic vacuum cleaners, still a small segment within floor care, enjoyed a strong growth.

With regards to the European distribution scene, online sales became more and more important for many SDA markets in Q4. In comparison to Q4 in



2008, online sales for total SDA grew by more than 30% (value) in Western EU. In Q4 2009, online retailers generated most of their revenues with hot beverage makers, followed by vacuum cleaners.

### **Consumer Electronics – LCD-TV much in demand by consumers**

**Consumer Electronics**, the largest sector, achieved EUR 15.8 billion in Q4 and EUR 48.2 billion over the full year. Compared to the fourth quarter of 2008, the segment recorded only a slight loss of -0.9%. Compared to Q3 (-7%) this is a tremendous improvement with regards to the growth rate in the last quarter of 2009.

The Consumer Electronics market was still pushed by the Flat-TV market which accounted for around half of the Consumer Electronics sector. In Q4 consumers invested again in a new Flat-TVs, upgrading to bigger screen sizes, 40 inches or larger. In addition, consumers were attracted by advanced picture quality for the living room – more and more often a second or third TV set was purchased for other rooms. Having once experienced the excellent picture quality of Full HD Display and HD content, consumers tended to invest in other TV related products such as Blu Ray players, HD set top boxes and Home Theatre equipment.

Nevertheless, the Consumer Electronics market was still slightly negative in Q4, this mainly due to a continuous price erosion of Flat-TVs compared to 2008. In 2010 further impulse will most likely come from LED technology, with an increasing offer of HD quality for public broadcasting. If this can be turned into positive value development in 2010, remains to be seen.

### **Office Equipment and Consumables – decline slows**

Total sales of **Office Equipment and Consumables** amounted to EUR 4.8 billion in the fourth quarter of the year. For 2009 it means a total of EUR 17.7 billion. The growth rate has fallen by -2.6%; a better performance compared to -7.2% in the third quarter. Office and Consumables is the bottom of the table of sectors in terms of year on year growth rate with a decline of -7.8%. There is however still a big difference between the countries. Netherlands, Italy and Sweden are the precursors, Belgium and France showing positive trends for the first time in 2009, with Portugal, Greece and Spain bringing up the rear. The trend in Euro is very negative for the UK but this is influenced by the exchange rate. In local currency it sees a -2.5% decline, which is more in line with the European average.

Where in 2008 Inkjet Printers were responsible, in value terms, for more than 20% of the total inkjet market, it is expected that by the end of 2010 this will drop to between 5 and 10%. The growth in this market is expected to come from Ink MFD (multi functional devices). The first repercussions suggest this.

W-LAN functionality was very popular in 2009, which helped to increase average prices, and realized already more than 40% of the Ink MFD turnover at the end of the year for many countries.

For laser, a comparable trend in the ratio of printers versus MFD can be seen. Where in 2005 laser printers made more than 80% in units this has fallen to just 60%, with the ratio expected to fall further. This comes as Business Ink devices increase and the average prices in MFD laser fall.

In the laser segment only Laser MFD colour was able to maintain a positive growth and is expected to make up more than 40% of the laser sales in 2010.

Looking at the channel development, internet sales did not suffer under the economic conditions, with a positive index for almost every month where the traditional sales did the opposite.

### **Photo – single-lens reflex cameras remain popular**

In the **Photographic** market the sales value amounted to EUR 2.8 billion and faced a decline of -2.7% against last year's quarter. This is a better result compared to the development of each previous quarter in 2009 so far. On a year on year basis there is an overall decline of -6.4%, with 2009 sales reaching EUR 9 billion. Austria, Greece and Sweden have returned to positive growth rates.

For Western Europe the consumer demand for digital cameras was still growing in 2009, although not at such a high rate as in the past. Especially in the Christmas months DSLR (digital single lens reflex) cameras were popular with consumers. This of course had a stabilizing effect on the sales value of the photographic market, given that the average prices of DSLR cameras were higher than digital compact cameras, which still suffered from slight price erosion. In line with this trend, the Photographic market in the UK for example even saw increasing average prices in the segment of cameras with changeable lenses and high-end fixed lens models. Digital image frames also encountered a nice year-end business in many European countries.

For 2010 the branch is expecting further product innovations to spur the market such as those already seen in 2009. An example being the wide-angle functionality for digital compact cameras or SLR-like cameras.

### **Telecommunication – Smartphones and Touchscreens are soaring**

The **Telecommunication** market recorded a sales volume of EUR 5.8 billion (Telecommunication figures are based on subsidized sales prices) in the fourth quarter of 2009, which represents a -3.2% drop. 2009 sales achieved EUR 19.3 billion (Telecommunication figures are based on subsidized sales prices) which is -7% lower than 2008 full year sales. Even the positive development in some of the major countries like France and UK could not back the market. France for example was developing extremely well with sales up by 16.9%. Also in the UK the Telecoms market encountered 8% growth (excluding currency effects).

The last three months of 2009 were more positive than the rest of the year and growth of the Smartphone nearly compensated for the decline of mobile phones. The share of Smartphones in 2009 was still around 10% in



sales units; its share in value was around 30% of the complete product category. This value share is twice as high as in 2008 and illustrates the success story of Smartphones, or rather touch screen technology, in Western Europe.

According to the high growth of Smartphones observed in the last three months of 2009, the outlook is optimistic for 2010.

### Sector and Country Developments still differentiated in Western Europe

Led by the big countries Germany, France, Italy and the UK, most Western European countries reached positive growth rates in the last quarter of 2009 and the markets are moving in the right direction. Only Spain, the fifth biggest market in Western Europe, saw a sales level similar to 2005. Overall GfK TEMAX shows signs of recovery in the fourth quarter: all sectors noted reduced declines this period compared to previous quarters. Thus further positive development can be expected in 2010, if the economic environment proves stable enough.

#### Summary in table format

In EUR million	Q1-2009	Q2-2009	Q3-2009	Q4-2009	Q4-2009/ Q4-2008 in %	Q1-Q4- 2009	Q1-4-2009/ Q1-4-2008 in %
Consumer Electronics	11,916	9,82	10,656	15,766	-0.9%	48,158	-6.5%
Photo	1,941	2,118	2,149	2,814	-2.7%	9,022	-6.4%
Major Domestic Appliances	7,464	7,455	8,095	8,351	2.2%	31,365	-3.4%
Small Domestic Appliances	3,174	3,08	3,216	4,19	1.8%	13,66	-0.3%
Information Technology	11,259	9,623	10,242	13,197	4.2%	44,321	-4.0%
Telecommunications <sup>1)</sup>	4,527	4,191	4,789	5,772	-3.2%	19,279	-7.2%
Office Equipment & Consumables	4,608	4,228	4,087	4,769	-2.6%	17,691	-7.8%
GfK TEMAX® Western Europe	44,889	40,515	43,234	54,859	0.5%	183,497	-5.1%

1) Telecommunication figures are based on subsidized sales prices

Source: GfK TEMAX® Western Europe, GfK Retail and Technology

#### The survey

GfK TEMAX® is an index developed by GfK Retail and Technology to track the consumer durables markets. GfK TEMAX® is published internationally. The findings are based on surveys carried out by the retail panel of GfK Retail and Technology. The retail panel comprises data from over 200,000 retail outlets worldwide. All reports and press releases are available at [www.gfktemax.com](http://www.gfktemax.com).

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