



Growth
from
Knowledge

GfK Market Insights Reports Q3 / 2019

Every quarter, the GfK Retail Reports summarize the current developments in the biggest non-food markets in Belgian retail.

It gives a clear resume of hard facts and sharp analyses of trends, in words and images.

Markets in detail

We invite you to glance through the Q3 analysis of the following markets:

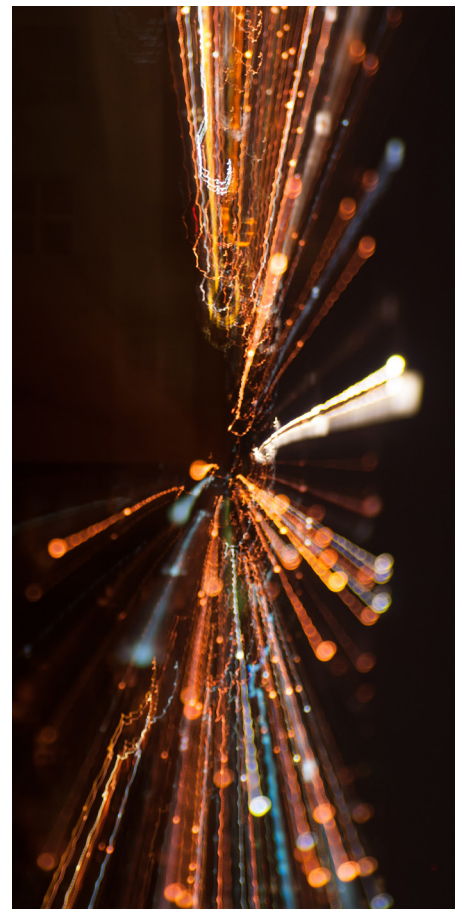
- Retail in general
- Consumer Electronics & Photo
- Telecom
- IT & Office
- Small Domestic Appliances (SDA)
- Major Domestic Appliances (MDA)
- Home Improvement
- Stationery

GfK makes research matter by delivering the future. In a digitalized world, we are the trusted source of relevant market and consumer intelligence that answers your key business questions and empowers smarter decisions.

As thought leaders in our industry, we have a deep understanding of consumer experiences and choices.

We turn research into business opportunities. Through innovative systems and partnerships, we integrate on and offline data to support Growth from Knowledge.

Our goal is simple: enable our clients to create winning strategies to enrich consumers' experiences and choices.





Kristof Scheys

Head of Market Insights Belgium

The stable trend in Technical Consumer Goods (TCG) continues with a modest +1% growth for the traditional TCG panels. A trend of “Premiumisation” (buying higher priced items) within Domestic Appliances and categories aimed around mobile usage in both the Telecom and IT sectors has brought value to the market, while other more “traditional” categories, like PTV, have not.

At GfK, our aim is to provide relevant market insights and predictive analytics. In this Market Insights report, our consultants share their conclusions drawn from the latest quarter results, and their view of the near future.

We will be tracking the non-food market with interest, to see how it finishes the year 2019. I wish you all the best in the next quarter.



Retail in general

This year's summer period (Q3) remains relatively flat, overall



Muriel Pessinet

Market Insights Expert

The five traditional electronic panels (Consumer Electronics & Photo, Telecom, IT & Office, SDA, and MDA) end up at a modest +1% value increase, continuing the overall stable figures seen since the beginning of 2019 (+1,3%).

Domestic Appliances and Telecom contributed to the Q3 positive figures. Premiumisation in Domestic Appliances and the increased demand for higher priced Phablets gave value to the total TCG market.

The Consumer Electronics (CE) & Photo, and the IT & Office panels remain in the red at -7,3% and -4,0% respectively for the quarter – thereby underperforming against the year to date (YTD) trend of -6,7% and -1% respectively. The lack of a seasonal uplift for CE this quarter (e.g. during the World Cup, Black Friday) demonstrates the overall shrinking observed for several years. Devices for mobile usage (Mobile Computing and Media Tablets) added value within the IT panels, but not sufficiently to turn the whole panel in green.

Home Improvement continues its positive trend with a +2,4% growth this quarter.

Compared to the previous quarters' growth, however, (+5,3% in Q1 and +3,5% in Q2), we do observe a slowing down. Weather conditions have an important impact on sales within this panel: Solar Shades, for example, dropped by -10% due to the mediocre summer period.

The Back-to-School momentum in Stationery is rather disappointing showing an overall decline of -3,4% in units and -3,6% in value.

The Coloring product groups failed to deliver (Coloring Pencils suffered a -10.2% value decrease), as did Office Adhesives (-14.4% value decrease). Luckily the pastel hype is still going strong, with the turnover for Highlights remaining stable (+0.9%).

All in all, we are seeing positive results for some major categories that might be pushed higher with Black Friday and the end of year coming up.

Consumer Electronics & Photo

Difficult third quarter of 2019, but positive results for Smart Audio products



Alain Brys

Consultant IT, Office
Equipment & Telecom

With a turnover of close to 149 Mio € and just over 670.000 units sold, the Consumer Electronics (CE) sector registered a decrease of close to -7% in value compared to the Q3 2018 period. The average price of products purchased in the CE sector during the third quarter of 2019 increased to a level of 222€ (+5%).

The only categories that were able to show unit growth during Q3 2019 were the Audio Home Systems and the PTV product groups, but these were heavily impacted by a strong erosion of their average price. PTV declined in average price by almost -5% and Audio Home Systems by -17%.

If we look at the audio market, we notice very positive results, especially in categories such as smart speakers, DAB+ equipped radio's and voice-controlled speakers.



Strong third quarter of 2019 due to new product introductions and increased sales in the accessory market



Alain Brys

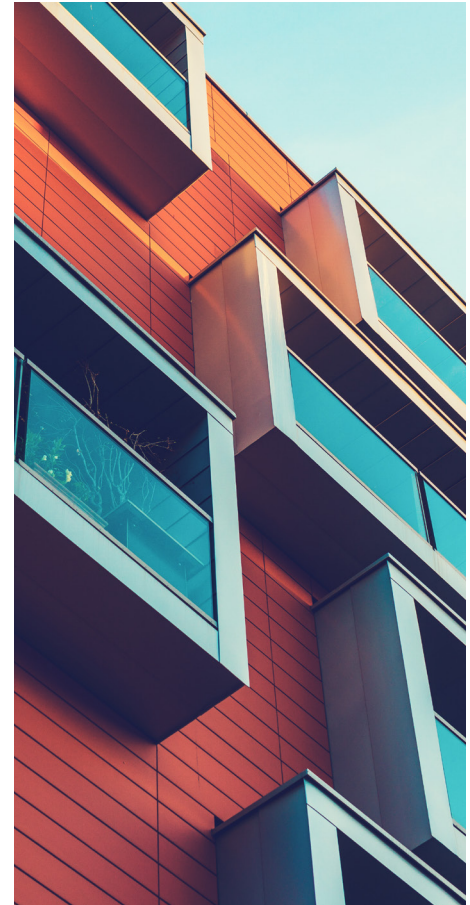
Consultant IT, Office
Equipment & Telecom

With a turnover of close to 364 Mio € and just over 2,67 Mio units sold, the Telecom business continued 2019 on a very positive note, showing an increase of close to +8% in value compared to the Q3 2018 period.

The average price of products purchased in the Telecom sector during the third quarter of 2019 increased to a level of 136€ (+8%). Within the category of Smartphones-Phablets, the average price spend by end-users was still close to 395€.

The market for Hardware devices – especially the larger Smartphone-Phablet products – managed excellent results, thanks to new product introductions.

Similarly, the accessory market saw very positive results, especially in categories such as Mobile Headsets, Smart Watches and Wearables.





Alain Brys

Consultant IT, Office
Equipment & Telecom

IT: Positive results thanks to growth in Mobile Computing & Media tablet sales

During the third quarter this year, the IT market was unable to maintain the value growth level of Q3 2018, showing a decline of just over -4% to close at a total value of 478 Mio €. The average price of a product purchased increased with almost +1,5% compared to Q3 2018.

Even though this year's Q3 was unable to show any significant growth figures, several IT product groups still performed excellently. Products aimed at mobile usage such as ultra-thin Mobile Computers and Media Tablets continue to increase their share of the total wallet spend by end-users.

Office Equipment and Consumables: Difficult third quarter

In Q3 2019, the Office Equipment and Consumables sector recorded a decrease of -10% compared to Q3 2018, giving a total value of almost 84 Mio €. The average price of a product purchased decreased by almost -2.5% compared to Q3 2018.

The market for Printer and Consumable Products continues to suffer due to a strong decline in sales in both the Hardware and Cartridge categories. However, the segment of Continuous Ink Supply Systems (CISS) recorded significant growth.

Small Domestic Appliances (SDA)

Continuous value growth for the SDA market in Q3



Thalia De Mesmaeker

Consultant SDA

The SDA market ended Q3 with strong growth figures of +3,2% in units and +3,9% in value. Also, the year-to-date figures are still positive, with growth of +0,4% in units and +2,3% in value.

Whereas Vacuum Cleaners were contributing the biggest growth in the previous quarters of this year, in Q3, they showed a small decline in units of -0,4%, and a smaller value increase than previously of +0,9%. So, if it's not thanks to Vacuum Cleaners that we see a big growth in sales value and volume during Q3 2019, what is driving this?

First of all are the Hot Beverage Makers. This product group realized a value growth of +14,7% during Q3, as well as a growth in units of +6,6%. The fact that value is increasing stronger than units has to do with the impact of the Full Automatic Espresso Machines, which are, on average, more expensive than traditional hot beverage appliances.

Next to this, we see a new growth contributor in Hair Stylers. This category managed to grow +13,4% in units and +19,3% in value – with a big part of this growth driven by innovation, with a new type of Hair Styler delivering strong sales.

Major Domestic Appliances (MDA)

Accelerating growth within MDA for the third time in a row



Vanessa Theunissen

Consultant MDA

The market of Major Domestic Appliances (MDA) shows a big increase (+3,7%) in Q3 2019 in value terms, and also a unit growth rate of +0,9%. So, the market is still progressing in volume, as well as the average price increasing.

The Freezer market remained stable in value but declined slightly in units (-1%). This decline is only coming from free standing freezers. Built-in appliances still seem to be very in demand within the market.

Cooling saw growth again this quarter (+3%), mainly driven by the 'American style' refrigerators (Side by Side's and 3+ Doors). In particular, metal look and black Refrigerators are now a big hype, being mixed with natural elements in consumer's kitchens.

Within the Washing category we see yet again great growth figures for value compared to Q3 last year – including Dishwashers (+5%), Washing Machines (+1%) and Tumble Dryers (+14%). The high growth rate within the Tumble Dryer market is caused by the fact that last year saw an enormous decrease in sales, due to the very hot weather conditions in Belgium that lasted for a long period of time.

Both Cooking and Microwave Ovens grew in value in Q3 – up +3% in comparison to last year. In particular, Microwave Ovens with steam function have been picking up over the last few years. The downside of the increasing popularity of these combination appliances is, that consumers have been neglecting the traditional Steam Ovens (-3%), due to limited space in the kitchen area. The benefits of cooking with steam continue to be popular, including healthier meals, better quality of the food, and no flavor transfer.

Home Improvement

Home Improvement turnover growth continues throughout third quarter



Kristof Scheys

Head of Market Insights Belgium

In the third quarter of 2019, Home Improvement retail turnover has grown +2,4% compared to the previous year, continuing the quarterly growth trend that we have registered throughout most of the year. However, compared to the results that we reported for the first and second quarter of the year (+5,3% and +3,5% growth, respectively) it seems that the rate of market growth is slowing down.

Growth in the third quarter was driven by a large variety of products. Lawn Mower and Trimmer sales are recovering, which led to a huge +40% growth for Powered Garden Tools revenue. Emulsion Paint turnover also improved substantially, which must be a relief to many manufacturers and retailers, after a few troublesome quarters that dragged down the results for this category. After a strong second quarter to the year, turnover generated by the sales of Solar Shades declined -10% in Q3. We could assume that this is the result of sales shifting to the earlier quarter due to weather conditions.

Although the growth rate has slowed down slightly, the overall positive results should allow the sector to maintain its momentum going into the final quarter of the year.

Back-to-School not as successful as we hoped for



Thalia De Mesmaeker

Consultant Stationery

After experiencing difficult years, and hoping for a positive back-to-school 2019 period, the market unfortunately didn't succeed in Q3, producing a quarterly decline of -3,4% in units and -3,6% in value.

Important product groups like Coloring are struggling to find growth. Color Felt Pens saw a decline of -10,2% in value during Q3 2019, and Coloring Pencils are experiencing similar difficulties with a decline of -5,4% in value.

Office Adhesives, another major contender during back-to-school, didn't deliver positive figures either in Q3, with a decline of -14,4%.

The product groups that are still providing value growth to the Stationery market are Highlighters (+0,9%), Ball Point Pens (+4,4%) and Mechanical Pencils (+2,2%). Highlighters remained stable, mostly thanks to the pastel hype.

A lot of Stationery sales are still done during the end of year period, so maybe the market can recover itself a little in Q4.

Retail Reports Belgium is a quarterly publication of GfK, distributed in hard copy to all active Belgian clients and interested parties through our website www.gfk.com/be/retailreports.

This publication provides insight in the current evolutions within the major non-food markets in Belgian retail. GfK does not assume responsibility for any misprints or the contents of the advertisements contained herein.

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