



Growth
from
Knowledge

GfK Retail Reports

Q2 / 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 Q2 analysis of the following markets:

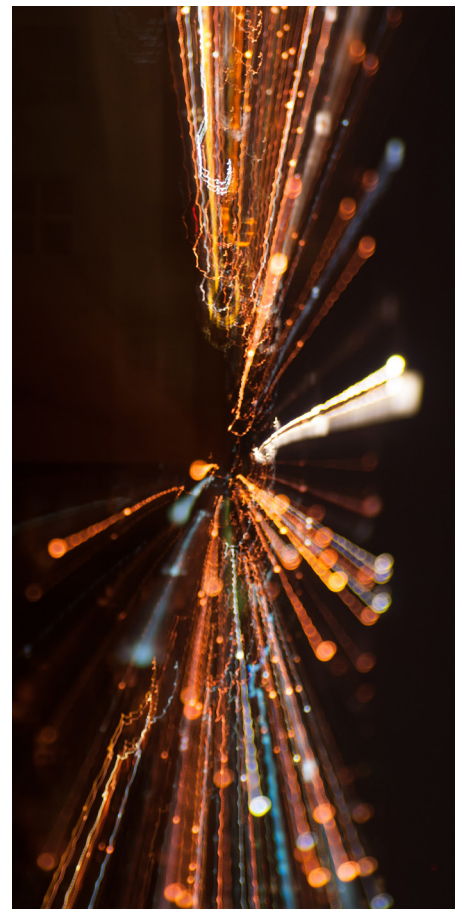
- Retail in general
- Consumer Electronics
- Photo
- Telecom
- IT & Office
- Small Domestic Appliances (SDA)
- Major Domestic Appliances (MDA)
- Home Improvement
- Fashion

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

Halfway through 2019, the Belgian non-food market stabilizes. After a good start (Q1 booked a value growth of 2%), Q2 ends up at +0,03%. Despite hot temperatures, the market cools down. However, the first quarter is strong enough to keep the year to date results in green.

At GfK, our aim is to provide relevant insights and predictive analytics to the field. With this Market Insights report, our consultants share their conclusions drawn from the first quarter results and they share their vision on 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.





Ines Penders

Market Insights Expert

The year starts well, with a value growth of +2%, but this upward trend unfortunately did not last very long. The non-food market ends stable in Q2 (value growth of +0,03%) compared to the same period last year – due to a majority of the panels (mostly the smaller ones) facing negative numbers. Nevertheless, when we take the whole year 2019 into account, the market grows +1,7%, thanks to the strong Q1.

After promising results for Consumer Electronics in Q1 (+2.3%), this market shows a substantial decline of -16,5% in Q2, compared to the same period last year. This drop may come as a surprise, but is due to the importance of the World Championship in last years' sales. The same happened in 2017, where sales of PTV declined at the speed of light one year after the UEFA EURO 2016.

CE being the only panel making crazy growth jumps during the second quarter, the results for the rest of the panels are less startling. Information Technology (-0,5%) and Stationary (-0,2%) both hold close to stable, while Media & Entertainment (-3,5%), Fashion (-2,4%) and Photo (-7,6%) experience declines. On the positive side. Books (+2,4%), DIY (+3,5%), MDA (+2,5%), SDA (+1,9%) all show comfortable growth in Q2, with the biggest gains seen in Telecom (+9,9%).

The growth of Telecom in Q2 (+9,9%) exceeds that seen in Q1 (+1,4%), thanks to the popularity of some new releases in the phablets family. Added to this, the market for hardware devices, characterized by larger smartphone-phablets devices, mobile headsets and smart watches, pushed up the value growth of the Telecom sector. Accessories seem to be as important as the smartphone itself.

Retail in general

While Home Improvement was one of the two best performing categories during the first three months of the year, it now hands over the trophy to Telecom. For Q2, Home Improvement grows +3, 5%, mainly driven by the excellent performance of ventilation and air conditioning as consumers prepare themselves for extreme temperatures.

Looking ahead to what the rest of 2019 will bring, there are many interesting events in Q3: Amazon prime days, the summer sales period, the back-to-school period.

Will they accelerate growth after this slow Q2, or will the non-food market continue to cool down?



Consumer Electronics

Television market under pressure



Vanessa Theunissen

Consultant MDA

Declining trend within consumer electronics continues (-16%). PTV/Flat in decline whilst January sales boomed.

While PTV/Flat did benefit from the January sales this year, the product group is not able to continue this growth – standing at -21% in Q2. The impact of the world championship in 2018 remains visible in these comparative figures and continues to reflect on the market in 2019. The year to date results are impacted by the strong negative decline in Q2: CE booked a result of -6% in value for the first six months of the year.

Drops in sales occur in other categories as well such as video players (-16%), portable media players (-12%), and audio home systems (-10%). The only categories with a Q2 growth are tuner (+93%) and amplifier (+15%) – along with car navigation (+6%).



Too much competition from ever-evolving smartphones and phablets



Vanessa Theunissen

Consultant MDA

For the umpteenth time, the Photo panels suffers severe negative numbers.

Compared to the previous quarter, this segment drops -7.6% in value and -11,1% in volume. The reason for this ongoing downturn remains the same as in the past: phablets with exquisite photography technology are a tough competitor and are drawing many customers away from digital cameras and interchangeable lenses.



Telecom is the best performing panel, thanks to smartphones and accessories



Alain Brys

Consultant IT, Office
Equipment & Telecom

Telecom: strong Q2 2019 due to new product introductions and increased sales in the accessory market.

With a turnover of close to 370 Mio €, and just over 2,54 Mio units sold, the telecom business continues the strong start of 2019, showing an increase of close to +10% in value in Q2 vs SPY.

The average price of products purchased in the Telecom sector during the second quarter of 2019 increase to a level of 143€. Within the category of Smartphones-Phablets, the average price spent by end-users on their devices increases by almost +5% to 421€.

The market for hardware devices – and especially the larger smartphone-phablet products – delivers excellent results thanks to new introductions launched at the end of the first and beginning of the second quarter of 2019. It is clear that the market demand for more and more high-end featured devices is still very strong.

Looking at the accessory market, we notice very positive results - especially in categories such as mobile headsets and smart watches. Mobile phone accessories are as important as the smartphone in our day-to-day life. Most of us would find it almost impossible to survive without a minimum set of accessories.



Alain Brys

Consultant IT, Office
Equipment & Telecom

During Q2 2019, the IT and Office Equipment market is able to maintain the level of Q2 2018 in value, showing a decline of just -0.5%, for a total value of close to 446 Mio €. The average price of a product purchased increased +1% compared to Q2 2018.

IT: positive results thanks to growth in several mobile and peripheral categories

Several IT product groups perform well during the second quarter of 2019, allowing the IT sector overall to remain stable at around 351 Mio €.

Products aimed at mobile usage, such as ultra-thin mobile computers and media-tablets, continue to increase their share in the total wallet spend by end-users. In addition, the peripheral categories like networking products and keyboards continue to show excellent growth figures.

Office Equipment and Consumables: difficult first quarter

In Q2, the Office Equipment and Consumables sector decreases -1.7% compared to Q2 2018, for a value of almost 95 Mio €.

The market for printer and consumable products continues to suffer from a strong decline in sales in both the hardware and cartridge categories.

The segment of continuous ink supply systems (CISS) is able to record significant growth, indicating the importance of environmental-friendly solutions and market attention to the cost of maintenance in the printing sector.

Small Domestic Appliances (SDA)

SDA wins again in Q2 2019 with a growth of +1,8% in value



Thalia De Mesmaeker

Consultant SDA

With a growth of +1,1% in units and +1,8% in value, the SDA market continues its growth in the second quarter of 2019. Looking at the first six months the result is less positive in units with a small decline of -1,1%, but a growth in value of +0,9%

Vacuum Cleaners continue to be an important growth factor for SDA at +4,6% in value in Q2 and +1,6% in units compared to the SPY. The average selling price of a Vacuum Cleaner is therefore still raising, which can be explained by the popularity of the more expensive Handsticks.

Next to this, Hot Beverage Makers show the biggest growth of +11,5% in value and +5,8% in units. Here we see the same price effect as above, with the more expensive Full Automatic Espresso Machines as the main driver for the increased average selling price.

The most remarkable growing category in this past quarter are the Hair Stylers. They show an impressive growth of +45% in value and +93,7% in units. Although Hair Dryers aren't growing as strongly, they show positive figures in Q2, with +6,3% in value and +18,6% in units.

Unfortunately, there are some important categories that don't show the same increases. Dental Care (-2,5%) and Shavers (-5,4%) continue to show a declining trend, together with Foodpreparation (-2,4%) and Irons (-6,1%).

Major Domestic Appliances (MDA)

Good quarter for MDA thanks to energy efficient appliances



Vanessa Theunissen

Consultant MDA

+2, 5% growth in the Q2 2019 for MDA, with extremely high growth figures in most product groups.

Despite the positive figure for the overall category, washing machines fail to grow in the second quarter of the year (-4, 3%). This is due to a decline in the traditional 8 KG segment, whilst 9 and 10 KG still remain popular amongst consumers. On the positive side, the wash dryer segment – with its energy efficient appliances (A+++) and heat pump devices – pushed up the performance for tumble dryers overall (+ 6%). The new generation of washers and dryers is more attractive with bigger loading capacities and the ability to choose between various programs. Additional factors to consider when buying a new washer and dryer include noise level, price, safety locks.

Other segments in MDA also increase notably during Q2, including dishwashers (+5,8%) and cooling (+4,8), which both increase in freestanding and built-in appliances. Energy efficient appliances are the main driver here. When looking into cooling, it seems that American-style refrigerator such as 'Side by Sides' and '3+ Doors' penetrate the Belgian market. Many brands focus on technology, design and convenience first, and this strategy clearly works.

Home Improvement

Promising half-year results for Belgian Home Improvement sector



Kristof Scheys

Head of Market Insights Belgium

Double-digit turnover growth in June led to a quarterly growth rate of +3, 5% in Q2 2019 compared to the same quarter the previous year. As seen in the first quarter of the year, it is yet again the final month of the quarter that boosted the business. As a result, half-year turnover growth comes in at +4, 2% for the Belgian Home Improvement sector.

When looking into the broad assortment of products sold in DIY stores, one particular product group stands out from the pack: ventilation and air conditioning. Influenced by weather conditions, sales for the category more than double. Among the rest of the assortment, LED lamps continue to expand their share and already represent around seventy percent of the category turnover. On the other hand, gardening categories that performed well last year are not able to continue that trend in the second quarter this year: gardening tools, garden watering and garden chemistry remarkably all show declining sales figures.

Average turnover per shop seems to be increasing at a quicker rate than last year, which leads us to conclude that the first half of 2019 has shown promising results for the Home Improvement sector in Belgium.

Fashion

Quarterly growth of Fashion does not continue in Q2, but still grows on a half-year level



Thalia De Mesmaeker

Consultant Fashion

Looking at the second quarter of 2019, the Fashion market in Belgium shows a decline in value of -2, 4% and -0, 7% in units compared to the same quarter last year. On a year to date level (last 6 months), we still see a growth in value of +1, 3% and +3, 4% in units.

Upper wear (-4, 1%) is the main driver for the quarterly value decline within Fashion, and this within both the Men (-4%) and Women (-6, 9%) segments. In contrast, the Kids segment still growth +3, 7% in Q2. Shoes and Body fashion remain stable : resp. -0, 4% and -0, 2% in value.

Growing segments are Legwear (+5, 3%) and Accessories (+1, 1%) in the second quarter of 2019.



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.

Copyright reserved to GfK

No part of this publication may be published or reproduced without prior written consent of GfK.

Editorial team

Nikolay Dolgov, Alain Brys, Vanessa Theunissen, Thalia De Mesmaeker, Conrad Hayen, Kristof Scheys and Ines Penders.

Editorial coordination

Ines Penders and Amanda Martin.



Editorial office



Growth
from
Knowledge

The editorial office of Retail Reports
can be reached by email: be@gfk.com

By post:

GfK

T.a.v. Redactie Retail Reports België
Arnould Nobelstraat 42
B-3000 Leuven

**Want to stay up to date about the
trends in the Belgian Retail landscape?**

Send an email to be@gfk.com to sign
up for the Retail Reports or to receive
a previous version.

