

# GfK RETAIL REPORTS

Q1 / 2016



GfK. Growth from Knowledge

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

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**Wim Boesmans**

Head of POS  
Measurement

Welcome to the first Retail Report of 2016! If you want to find out how the Belgian non-food market performed in the first quarter of 2016, then stay tuned.

Well, Belgian retail didn't get off to a good start in 2016. Sales value of the non-food market declined by 2.5% in the first quarter, compared to the same period last year.

We note this downward trend in most of the markets we measure. IT and Office Equipment (-7.7%) are worst in class this quarter. The Consumer Electronics market also keeps shrinking (-3.9%), but we are optimistic with the upcoming European Championships, that could have a positive impact on the Consumer Electronics market.

Additionally, the Telecom business also suffered during the first quarter due to a decrease in smartphones sales (-1.6%). At the same time, we noticed Core Wearables growing strongly, but unfortunately, their market share within Telecom remains limited. The Books market follows this descending trend and suffered a strong decline (-3.3%) as well. The only winning book genre is comic books. And finally, after years of steady growth, even the Small Domestic Appliances market noted a small decrease during this first quarter (-0.7%).

But luckily, there is also some positive news to share. After a record breaking year, the Major Domestic Appliances market continues to grow and ended the first quarter again with positive numbers (+1.0%).



# MARKETS IN DETAIL

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Surprisingly, Media & Entertainment managed to grow for the second quarter in a row (+0.6%), and also the Home Improvement market remains stable (+0.1%); nothing won or lost yet in this market.

So, even though 2016 didn't start that well, let's not be too pessimistic: we still have three quarters to go to recuperate our losses. The European Football Championship can certainly give a boost to commerce, so let's cross our fingers for some big wins, both for our Red Devils and Belgian Retailers! We are already wondering how the non-food markets will evolve during the next quarter of 2016!

Are you looking for more details? Go to our website and download the full report!

See you next quarter!



# MARKETS IN DETAIL

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We invite you to glance through the Q1 analysis of following markets:

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- SMALL DOMESTIC APPLIANCES »
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- HOME IMPROVEMENT »

GfK make research matter by delivering the future. In a digitised world, we are the trusted source of relevant market and consumer information that empowers our clients to make smarter decisions.

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

We are 13,000 passionate experts with more than 80 years of data science experience and German heritage. We deliver globally with vital insights into local markets in 100 countries. We turn research into business opportunities. Through innovative systems and partnerships, we integrate online and offline data to support Growth from Knowledge.

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



Q1/2016

## RETAIL IN GENERAL

### 2016 is off to a bad start

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**Wim Boesmans**  
Head of POS  
Measurement

The new year did not start well for Retail. Reasons for this bad start are multiple: Asian stock markets crashing early January, consumer confidence declining month after month, the horrible terror attacks leading to a lockdown in Brussels and a shutdown of our national airport, and our government announcing new measures will be necessary to get the budget under control. This all led to a decline in sales value of -2.5% in the first quarter, compared to the same period last year. The comparison is based on the sum of all non-food markets measured by GfK POS Measurement.

Most of the markets we measure declined during the first quarter of 2016. Worst off is IT and Office Equipment (-7.7%). Secondly, the Consumer Electronics market also keeps shrinking (-3.9%), although we are optimistic with the upcoming European Championships. Let's see if this event will have a positive impact on television sales in the second quarter.

Furthermore, even the Telecom business suffered during the first quarter due to a decrease in smartphones sales (-1.6%). At the same time, we noticed Core Wearables (Health & Fitness Trackers, Smartwatches and Wrist Sport Computers) growing strongly, but their market share within Telecom remains limited. Also the Books market suffered a strong decline (-3.3%). The only winning book genre is comic books.

Finally, after years of steady growth even the Small Domestic Appliances market noted a small decrease during this first quarter (-0.7%). Nonetheless, the most important product group for SDA, vacuum cleaners, is still growing thanks to the popular handstick models.



## RETAIL IN GENERAL

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Nevertheless, there is also some positive news to share. After a record breaking year, the Major Domestic Appliances market continues to grow and ended the first quarter again with positive numbers (+1.0%). This market keeps on benefitting from higher sales within Tumble Dryers and also Hobbs and Hoods are on the rise again.

Surprisingly, Media & Entertainment managed to grow for the second quarter in a row (+0.6%), and the Home Improvement market also remains stable (+0.1%); nothing won or lost yet in this market.

But let's not be too pessimistic: we still have three quarters to go to recuperate our losses. The European Football Championship can certainly give a boost to commerce, so let's cross our fingers for some big wins, both for our Red Devils and Belgian Retailers! We wonder how the non-food markets will evolve during the next quarter of 2016!



Q1/2016

## CONSUMER ELECTRONICS

### Preparations for the European Championships

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**Jürgen De Mesmaecker**  
Director Digital World

**After a successful Q4 2015, thanks to some strong promotions by Belgian operators, the TV business fell back in the first quarter of 2016.**

With a volume decrease of 8% we ended the first 3 months of this year with a total number of 188,000 new televisions in Belgian living rooms. Half of the turnover of these new sales is done by 4K TV's, the proof that Ultra High Definition screens are well established and the consumer is willing to spend some extra Euros for upscaled picture quality.

The Action Cam is the most striking consumer electronics product group: a sales rise in Q1 2016 of almost 30% compared to the first quarter of 2015 ensures a good start of this video segment.

In the audio segment, and more precisely the loudspeaker part, we see a new trend rising: the in-wall/ceiling speakers. Not everyone has a bookshelf or floor-standing speakers in every room of their home... but nearly everyone wants to have a truly fantastic sound when watching TV or listening to high quality audio. Many home theater enthusiasts are using in-wall/ceiling speakers to save space in their rooms without having to compromise on audio performance. With a growth of almost 80% in volume (Q1/2016 vs Q1/2015) and 55% in turnover this segment shows a better performance than soundbar.

We are looking forward to a devilish EC 2016 campaign... let the games begin!

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## IT & OFFICE

### IT & Office: heavy decline

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**Alain Brys**

Consultant IT & Office  
Equipment

During the first quarter of 2016 the IT and Office Equipment market decreased in value by nearly -8%. This is the worst decline ever recorded during a first quarter of the year.

#### IT: PC market started 2016 off poorly

Within the IT categories we noticed the following trends in Q1 2016:

- Although mainstream computing devices such as desktops & notebooks suffered low demand in the first quarter of 2016 with a decline of close to -12% in units and -6% in value, there was a continued demand for either thin or light notebooks with detachable keyboards. The gaming notebook segment also witnessed impressive growth figures in Belgium.
- The media tablet bubble seems to have burst completely now, with declines registered close to -25% in value for this category.
- Input peripherals designed for gaming purposes, IP netcams, PC Monitors and solid state storage products showed sustainable growth rates.

#### Office Equipment: long term trend: cartridges

In Q1 2016, the Office Equipment and Consumables sector recorded a decline in turnover by -10%, compared to Q1 2015.

Both in the standalone printers as in the multifunctional devices category, the market demand dropped heavily. The main positive driver was in the sales of high-yield and multipack cartridges.



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## TELECOM

### Telecom business under pressure!

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**Jürgen De Mesmaecker**  
Director Digital World

**For the total Telecom business 2016 started more dramatically than 2015 ended... and this is an understatement!**

At the moment the telecom hardware market stands or falls with the performance of smartphones, in the first quarter of 2016 we can notice a decrease of 9% in the sales of these smart devices (vs Q1/2015). Fortunately, the Belgian consumer was attracted by devices with a higher ASP (Average Selling Price) so the drop of turnover was less emphatic (-1% vs Q1/2015).

A ray of light and hope comes from Core Wearables (Health & Fitness Trackers, Smartwatches and Wrist Sport Computers). As we had a head start in 2015 with sales of more than 21,000 wearables in the first quarter the amount is more than doubled in Q1/2016!

The enormous uplift in the smartwatches segment was due to the top 3 brands Apple, Fitbit and Samsung boosted the average selling price.

The headset market also stays on track. Headphones equipped with a microphone remain popular to make hands free calls. Headband headsets are especially stimulating the market and keep their status as a fashionable sound tool.

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## MAJOR DOMESTIC APPLIANCES

### Even further growth for Major Domestic Appliances

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**Karel Tyberghein**  
Consultant MDA

One could expect a relapse after a record breaking year 2015 in Major Domestic Appliances. Nevertheless, overall MDA market is growing slightly once more in the first quarter. The surplus originated solely from a fantastic February, exceeding the effect of an extra intercalary day this year.

Again tumble dryers are the star product group in MDA, erasing a hefty dip in washing machines. With dishwashers also on the rise, the total washing category is in the green. The question remains how many more Belgian households will bring forward replacement plans of their condenser dryers in favor of the more energy efficient heat pump technology.

Cooling category is at a standstill with growth in refrigerators compensating for heavy decline in freezers.

Last year, the two most important product groups of the cooking category moved in opposite directions. Hobs suffered from dramatically lowering prices and no growth while innovations in ovens had driven prices and sales up. Today, hobs reached a bottom and shows conservative growth numbers again but prices are still dropping. As ever, hoods realized strong value growth in this category. Furthermore, freestanding microwave ovens (MWO) declined heavily while built-in versions are increasingly popular.

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## SMALL DOMESTIC APPLIANCES

### Difficult start for Small Domestic Appliances

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**Caroline Cauwenberghs**  
Consultant SDA

Although Small Domestic Appliances have always shown a steady growth during previous years, we do see a decline during the first quarter of 2016. And besides that, some of the 'growth drivers' of SDA cannot attain the same sales results as previous year.

Hot Beverage Makers are losing compared to the same period last year. When we have a closer look at these products, it's not only Filter Coffee machines that have a hard time, but Espresso machines as well. Here the capsule machines suffer quite a strong decline.

Also for Food Preparation products that grew immensely during the last years thanks to the cooking hype – we see a fallback in sales. Maybe this cooking hype is coming to an end?

In the Personal Care segment, we only see growth for Hair Dryers and Dental Care. So within this range of products, we don't see many positive progresses either.

And for the last group of products – Home Comfort – Irons are also losing compared to last year. And last but not least, the most important product group for Small Domestic Appliances: Vacuum Cleaners. Here we still see strong growth numbers, but mainly driven by handsticks that continue their impressive growth of 2015.

## MEDIA & ENTERTAINMENT

### Increasing importance of top 10 bestsellers

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**Conrad Hayen**

Business Analyst Media  
& Entertainment

**In Belgium, the digital product sales continue growing and no longer fail to compensate for the physical loss.**

In January and February, DVD and Blu-ray sales kept plummeting and dropped by a quarter due to a lack of any blockbuster titles. It wasn't until March, with the release of Spectre and Game of Thrones 5, that the market slightly recovered, still resulting in a decline of 18% for the first quarter. Combined with the revenues in (S)VOD however, the movie industry grows with an estimated 6.6% compared with last year.

Quite the opposite happened in the Belgian music industry, breaking even in January and February and surviving on the success of the December bestsellers (Adele, K3 and David Bowie), before shrinking by 15% in March and leading to a total loss of 5.7% in Q1 2016. By adding the revenues from paid streaming subscriptions, the estimated total growth for music was 6.6%, demonstrating that the Belgian consumer definitively embraced the shift from possession of content to access to content.

Despite the decline of physical sales in the first quarter, it stood out that the top 10 bestsellers in the same period generated significantly higher earnings, in both music (+12%) and film (+30%), opposite to a continuous shrinking of long-tail turnover.

The Belgian gaming industry started 2016 off on the wrong foot as well, being down by over 8% compared with Q1 2015. With games (-2.5%) only suffering slightly from the ongoing GTA V effect of early 2015, hardware was the main catalyst with a decline of almost 16%. The latest generation of consoles being over 2 years old now, together with the deferred release of the Nintendo NX and a possible Microsoft and Sony update towards VR compatibility create uncertainty. But nonetheless, exciting times are ahead!

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## BOOKS

### Comic book sales hit the roof in first quarter of 2016

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**Cindy Van Mulders**  
Consultant Books &  
Stationery

Despite a more positive trend the last few weeks, the first quarter of 2016 closed with a decline -7, 5% both in volume and in revenue.

The only book genre that performed well, were comic books. This genre grew by 80% in March 2016. The explanation for this is that a lot of retailers held promotions on comic books. For example: 3 comic books at the price of 5 euro. Or buy two comic books, get one free. There is also a regional newspaper that launched a promo which offers comic books at a low price.

For the complete quarter, this resulted in a growth of 26% for this genre. The average price of a comic book also grew by 70 cents. So the great result in revue sales for this genre was not only due to specific promotions, but also because the average price rose by 10%.

In revenue, 'Het Smelt' from Lize Spit (Das Mag) remains the best-selling book. Followed by two comic books: the 145th album of De Kiekeboes - Wie A zegt and nr. 89 from F.C. De Kampioenen (both Standaard Uitgeverij).

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## HOME IMPROVEMENT

### Home Improvement remains stable in Q1 2016

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**Dimitri Vits**  
Consultant Home &  
Living

**After a challenging 2015 for the Home Improvement market we take a look at the performance of the market in the first 3 months of 2016. In total, the market remains stable during this first quarter.**

January didn't convince with a minor fall back of 0.7% in total value within the DIY Superstores. A very promising February 4 with a value raise of almost 6 % showed us the good direction.

However, in the month March we noted a decline of 0.7% in value. Let's take a closer look at what happened during this quarter.

Firstly, January: After a long declining period in paint sales, January shows excellent results in this category. A growth in value by more than 3% is an excellent result.

The reason why January was negative in the end came from groups like Sanitary, Wood and doors. Although we have to mention that January is not the month that will make the year.

February was excellent. We see growth in almost all categories. Again paint looked promising once more with a 2% growth in value. "Is the paint segment recovering from a very hard 2015?", that is the question many of us have. However, we cannot forget that we actually had one more selling day this year and this effects the results.

The real business starts in March and results were definitely not what we all hoped. We noted a minor fall back of 0.8% in turnover after a strong decline already in March 2015. Of course we still benchmark with an exceptional March 2014 (+16%). March didn't show the best weather conditions this year and two big groups were heavily impacted: Garden



## HOME IMPROVEMENT

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(-8%) and unfortunately also a fall back for the Paint Sector with almost -7%. A positive note is the revival of building materials in March.

Overall a hesitant start to 2016. With nothing won or lost. The real performance in Home Improvement market will be measured in the coming months. It will be interesting to see how we can keep up with the strong performance from April until July in 2015.



## COLOFON

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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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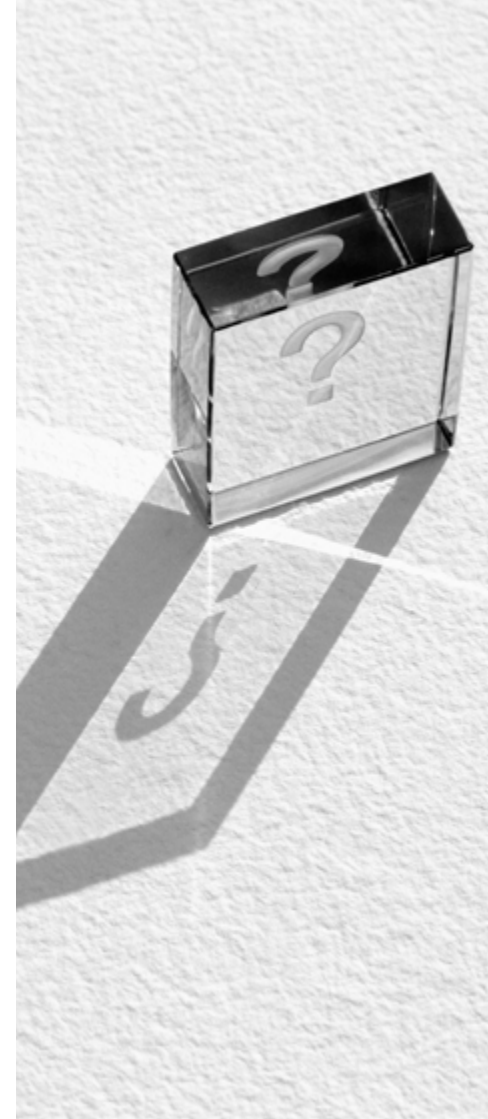
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