

Press release

Continued solid growth in the Australian Technical Consumer Goods market

November 23rd 2015

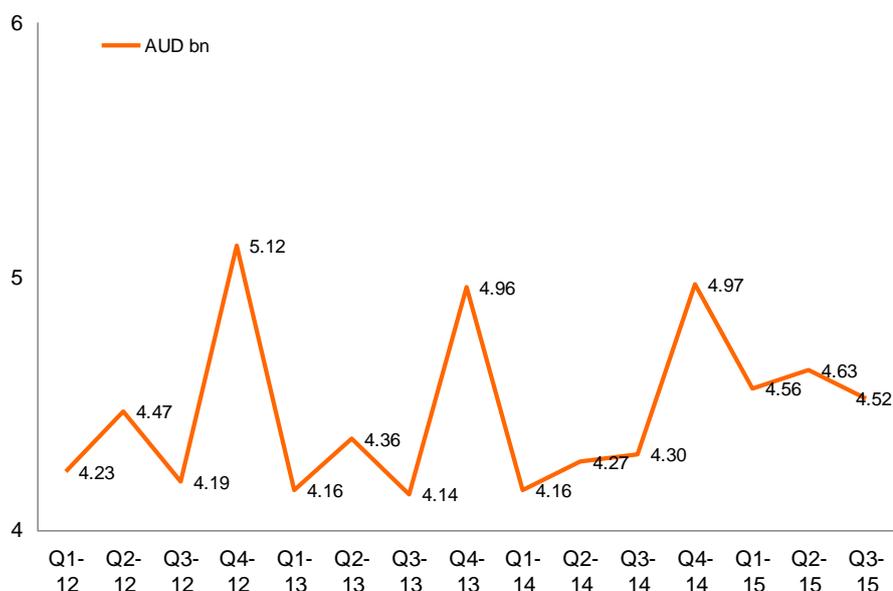
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Results of GfK TEMAX® Australia for quarter 3, 2015

Sydney, November 23rd, 2015 – The Australian Technical Consumer Goods (TCG) market recorded a third successive quarter of solid growth, with value sales up 5.2%, although this represents the slowest rate of growth seen in 2015. Six of the seven sectors experienced growth, with Major Domestic Appliances, Telecommunications and Small Domestic Appliances continuing to lead the growth.

The Australian dollar continued to fall relative to the US dollar, further fueling the price rises already seen during 2015. A further base interest rate cut was made in June, with lowering commodity prices contributing to a slow-down in the rate of economic growth. This has been a factor in the relatively weak demand, with the majority of segments experiencing unit sales declines in quarter 3. However, value growth has been achieved through the continued popularity of higher-end products and segments.

Sales development of Technical Consumer Goods in Australia



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Source: GfK TEMAX® Australia, GfK

Major Domestic Appliances: Strong, widespread sector growth

Major Domestic Appliances had a strong quarter, with value sales growth of 11% compared with quarter 3, 2014.

The trend was widespread: With the exception of Freezers, all segments performed strongly, with washing machines, dryers, hobs and hoods experiencing double-digit growth rates. Higher-end segments continued to perform the strongest, with bottom mount and French door fridges, front loading washing machines, electric induction hobs, pyrolytic ovens, cartridge hoods and heat pump dryers, all driving growth.

In a sector with a healthy premium segment, the further weakening of the Australian dollar - with its resulting upward pressure on average prices - has had a significant impact on value growth. However, other contributing factors were the strength of the housing market, and the strong consumer focus on the home and aspirational living.

Telecommunications: Strong prepaid and outright growth

The Telecoms sector recorded strong value growth, albeit at a slower rate than in recent quarters, up 10% on quarter 3 last year. Several factors were at play, including the continued growth of sales of prepaid and outright smartphones, as well as the popularity of new, high value wearable devices.

Within smartphones, prepaid and outright combined to achieve their highest ever share of market, accounting for 44% of all smartphone units sold in quarter 3, 2015. This growth was led by non-telecom retailers, who sold more prepaid and outright smartphones during this quarter than ever before. An interesting outcome of this growth is the emergence of Chinese smartphone brands in the Australian market. Sales of Chinese brands have doubled in 2015, accounting for a fifth of prepaid and outright purchases in the latest quarter.

For wearable devices, the exceptional sales growth continued, supported by the widening distribution of established models and the launch of new, higher-priced products.

Small Domestic Appliances: Blenders and Hand Stick Vacuums booming

Small Domestic Appliances continued their recent strong performance, experiencing 8% growth in value sales. This positive trend was evident across a wide range of segments.

Food preparation was comfortably this quarter's fastest growing segment, with high-end personal blenders the driving force; another outcome of Australian consumers' increasing desire for healthy lifestyle products.

Hand stick models continued to drive vacuum cleaner sales, with the market benefitting from increasing average prices, via the popularity of higher-end products.

Thanks to the cool weather, electric heating also performed well this quarter, as did coffee machines, where higher-end manual machines fuelled growth.

Consumer Electronics: High-end TVs drive return to value growth

The Consumer Electronics sector returned to value growth of 1%, representing a strong recovery from quarter 2.

Solid growth in the value of the TV market, which accounts for two-thirds of the sector's turnover, was a key factor. Whilst still experiencing unit sales decline, the overall market average price growth accelerated, increasing by 17% compared with quarter 3 last year. UHD/4K panel take-up gathered further momentum, with the number of models in the market and promotional offers continuing to rise.

The Audio sector had another strong quarter, led by the rapidly growing mini-speakers market, where the increasingly popular Bluetooth models continued to perform well. Another major growth area, soundbars, recorded solid growth, however the rate of growth here has started to slow.

Information Technology: Modest decline, but portable PCs continue strong growth.

Information Technology continued to show a modest decline in sales in quarter 3, with value sales declining 4% compared with quarter 3, 2014.

Whilst IT is the only sector to record an overall decline, some areas continued to perform well. The largest category, portable PCs, consisting mainly of traditional clamshell notebook PCs and 2-in-1 devices, recorded double-digit year-on-year growth, for the fourth consecutive quarter.

A recent slow-down in the rate of tablet PC price erosion was apparent during quarter 3, something that will be a key factor to limiting value sales declines during the key gift-driven final quarter.

Year expected to end in growth

Market growth is expected to continue during the critical quarter 4 Christmas period. A recent change in Prime Minister has had an immediate and dramatic impact on Australian consumer sentiment, reaching its highest point in almost two years, in November. However, signs of a weakening housing market and weakening wages growth could limit the impact of this change on consumer expenditure.

Summary in table format

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q3 15 /Q3 14	Q1-3 2015	Q1-3 15 /Q1-3 14
	M.AUD	M.AUD	M.AUD	M.AUD	+/-%	M.AUD	+/-%
Consumer Electronics (CE)	813	678	634	698	0.8%	2,009	-1.7%
Photo (PH)	138	95	108	113	4.0%	317	-4.1%
Major Domestic Appliances (MDA)	835	844	859	899	10.6%	2,602	9.3%
Small Domestic Appliances (SDA)	557	443	568	507	7.9%	1,518	12.5%
Information Technology (IT)	971	906	882	833	-3.8%	2,620	-1.9%
Telecommunication (TC)	1,500	1,411	1,405	1,294	10.2%	4,110	20.2%
Office Equipment & Consumables (OE)	160	183	178	179	2.0%	540	1.2%
GfK TEMAX® Australia	4,973	4,561	4,633	4,522	5.2%	13,716	7.8%

Source: GfK TEMAX® Australia, GfK

The Survey

GfK TEMAX® 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 425,000 retail outlets worldwide. Since February 2009, GfK has also been compiling the GfK TEMAX® 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. If information from this press release or www.gfktemax.com is cited, GfK TEMAX® should be explicitly indicated as the source.

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About GfK

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