

# GfK RETAIL REPORTS

Q3 / 2014



GfK. Growth from Knowledge

Every quarter, the GfK Retail Reports summarize the current developments in the biggest non-food markets in the Belgian retail. It gives a clear resume of hard facts and sharp analyses of trends, in words and images.

## 9 MARKETS IN DETAIL

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*First of all, the Belgian non-food market continues to recover in the 3rd quarter. This time at an accelerated pace: we note an index of 102.9 compared to the same period last year.*

*Especially Telecom is driving the market during this quarter. With double digit growth figures (+17,7%), we mark the best third quarter ever in the history of the Telecom business! For the IT & Office Equipment market as well, it has been the best quarter in the last 4 years. Especially Smartphones and Mobile Computers are responsible for this increased sales value of more than € 65 million.*

*Another pleasant surprise comes from rather traditional products: vacuum cleaners! We register double-digit growth figures, which boosts growth within the SDA market (+4.4%). Is the new energy label responsible for this positive evolution?*

*Find out all about the third quarter on the separate pages on our website, or download the full pdf. I hope we can close the year on the same positive note and wish you all a good continuation!*

*Wim Boesmans  
Director Home & Lifestyle*



# 9 MARKETS IN DETAIL

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We invite you to glance through the Q2 analyses of the following markets:

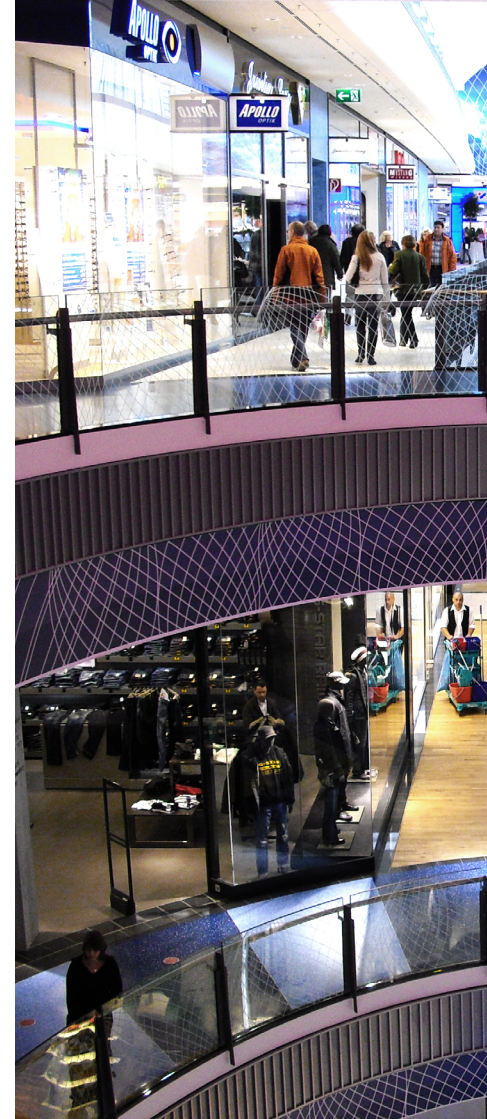
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- STATIONERY »

GfK makes research matter by delivering the future. In a digitized 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 on- and offline data to support Growth from Knowledge.

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



## RETAIL IN GENERAL

### Second growth quarter for Belgian retail landscape



**Wim Boesmans**  
Director Home &  
Lifestyle

After the first signs of a recovering market in Q2 2014 (+1%), this growth continues in Q3 at an accelerated pace: an index of 102,9 compared to the same period last year. This index is based on the sum of all nonfood markets measured by GfK.

There is a strong recovery of the Telecom market with double digit growth again (+17,7%), and together with IT (+4,7%) and Small Domestic Appliances (+4,4%) this is driving the market. Smartphones and Mobile Computers are in excellent shape with an increased sales value of more than € 65 million compared to Q3 last year. Vacuum Cleaners and Hot Beverage Makers have generated an extra € 4 million of sales in SDA.

For the second consecutive quarter now, Mediatablet sales are decreasing both in value and volume, resulting in a loss of € 11,5 million. Together with Mobile Phones (- € 6,6 million) and Digital Cameras (- € 6,0 million) these are the worst performing product groups in absolute value.

Computer Shops & System Houses are the fastest growing channel (+20%), followed by Buying Groups (+9%) and Mass Merchandisers (+7%). Photo Retailers (-15%) and Electro Independents (-9%) are hurting most, but also Electro Chains are decreasing in value (-1,5%). The Internet Sales channel remains in great shape with a growth of more than 20%, this being the combination of both Pureplayer as Click & Mortar Online sales.

With a higher than expected growth of the Belgian economy in Q3 (+0,2%), thanks to an increased domestic demand driven by lower oil prices and thus an increased purchase power, these are good signs for the future and this will hopefully lead to a strong Q4 and an overall positive result in 2014.

*\*This index is based on the sum of all non-food markets measured by GfK. Levels above and below this baseline of 100 indicate degrees of respectively positive or negative growth.*

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## CONSUMER ELECTRONICS

### No collapse for Consumer Electronics

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**Jurgen de Mesmaecker**  
Business Consultant CE

After a very strong second quarter of 2014, where football ruled the consumer electronics business, everyone expected a strong decline in the third quarter. Especially the forecasts of the TV business were dramatically low. Despite those negative predictions the CE market could minimize the loss: a decrease of 'only' 5% (Q3/2014 vs. Q3/2013).

The additional TV sales of 30.000 screens during the World Cup Football in Brazil didn't cause any injury to our most important promo period: the 'solden' of July. We note a status quo in July 2014 compared to the same month in 2013. The brown good industry took a sigh of relief. The turnover made by the TV business in the 3rd quarter could almost equal the one produced in Q2/2014. This is contrary to the evolutions in the last decades: this year we are facing a higher sales volume in the 2nd quarter of the year than in the July-September period.

Finally, I would like to stipulate the good performance of 3 product groups: docking and mini speakers, sound bars and network music systems. These categories are part of the audio segment, which grows in volume as well as in value. Does it surprise you that a lot of manufacturers try to uplift their sales by focusing on audio?

## Best 3rd quarter in more than 4 years



**Alain Brys**  
Consultant IT & Office  
Equipment

During the third quarter of 2014 the IT and Office Equipment market increased in value by almost +5% reaching a value of 513 Mio €. This is the best ever third quarter in more than 4 years. Thanks to these excellent growth figures the market for IT and Office Equipment products increased during the first 9 months of 2014 by close to 2% for a value of 1,6 Mio € .

### IT: growth of "classic" computing hardware

Within the IT categories we noticed the following trends during the first 9 months of 2014.

- The classic PC market of desktops and notebooks was able to grow significantly because of a high demand especially in the "back-to school period".
- The strong decrease in value on the Media tablet segment continued for the second quarter in succession.
- Peripheral categories continued their strong performance in the market especially in the segments of networking products, storage categories such as memory cards and USB cards and keying devices for media tablets.

### Office Equipment: still in difficulties

The market of Office Equipment products was unable to show signs of recovery during the third quarter of 2014. Looking at the first 9 months of 2014 this sector declined by almost -5% in value.

Hardware products declined at a rate of -7% while the consumable cartridge products declined by almost -3%.

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## TELECOM

### Best 3rd quarter ever

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**Jurgens de Mesmaecker**  
Business Consultant  
Telecom

With a turnover of more than €240 million we mark the best third quarter ever in the history of the telecom business! The main reason behind this strong performance is the numerous subsidy promotions by different Belgian operators. The consumers were delighted by so many offers, they were spoiled for choices. Compared to the third quarter of 2013 we note a sales uplift of almost 35% in the smartphone segment, value-wise the increase in Q3/2014 is 25%.

This spectacular increase in smartphones has affected the market of mobile phone accessories: in Q3/2014 we note growth rates in volume (+12%) and value (+26%), compared to Q3/2013. Especially the mobile phone headset market came into the spotlight. On the one hand more and more headphones are equipped with a microphone, so there is a shift from the classic headphones segment towards the headsets; on the other hand the handset business stimulates the sales of this category.

At the beginning of this year we started the measurement of the Communication Wearables, more specifically the smartwatches segment. In the first 3 quarters of 2014 around 12.000 smartwatches were sold in Belgium. Each month we note a significant growth. We are convinced that this new product group will give a new and extra impulse to the telecom market.

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## MAJOR DOMESTIC APPLIANCES

### Flat trend for MDA sector

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**Kristof Van Den  
Bossche**

Business Analyst MDA

**During the 3rd quarter the MDA sales have shown a rather flat trend.**

After two consecutive periods of volume increase, the refrigerators, the largest contributing product group within MDA, are declining. Another key segment are the washing machines – this product group performed at a level approximately equal to last year. Tumble dryers ended above last year's volume, after 2 quarters of suffering from the good weather.

Because of the current economical circumstances and in order to correspond with the quantity of sales of the previous periods, manufacturers and retailers are setting up activities – for instance, introducing new product lines or intensifying their promotional activity.



## SMALL DOMESTIC APPLIANCES

### Positive results for Small Domestic Appliances

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**Caroline Cauwenberghs**  
Consultant SDA

The third quarter of 2014 ended on a positive note: with a growth of 4% compared to the same quarter last year, Small Domestic Appliances keeps growing and overscoring previous periods.

First of all, within Kitchen Appliances, the same trends continue. These products keep growing, although we don't see the same –spectacular– growth numbers as previous periods. Hot Beverage Makers keep showing a steady growth and also other products in the Breakfast-segment, deliver nice results. But when we look to Foodpreparation – a category that always showed a double-digit growth during the last quarters– we see that growth is slowing down. Still a positive trend for these products, but less than what we are used to.

If we look closer to the Personal Care products, growth is still driven by the Hairstylers. These products keep showing spectacular results after several years of decline. When we look to Dental Care, products that also showed positive results during the previous periods, we note a decline. Let's hope that these products will show a positive growth in the next quarter!

In the last segment, Home Comfort, we marked some spectacular evolutions. Unfortunately, irons could not regain and showed a new decline. But the Vacuum Cleaners on the other hand showed us some spectacular results. Double-digit growth figures for these products is quite remarkable, as it concerns more traditional products. Could it be that the new energy label has something to do with this? And will this affect upcoming periods?

Let's wait and see what this last –and most important– quarter will bring us!

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## MEDIA & ENTERTAINMENT

### PS4 outnumbers the Xbox One

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**Dimitri van Roy**  
Business Analyst

In the 3rd quarter of 2014 we see a bigger loss in the physical Entertainment market than in Q2. The continuing decline in movie and music causes a drop of -6.8%.

#### Games

In Games Hardware, the turnover has doubled in comparison to the same period last year. The PS4 continues to push the market. Five times more PS4- than Xbox One-consoles are sold in Q3.

After the big success of GTA V in Q3 last year and the absence of a big title this year, we see the Games Software market decline with -32.9%. Best-selling titles: Fifa 15 on the Home Consoles and The Sims 4 on PC.

#### Music

The success of the Belgian dance festival Tomorrowland gets reflected in the charts, with a #1 position for the album 'Tomorrowland 2014'. With -22% we see a less negative result for the physical music market, though the turnover loss is still severe.

#### Film

The physical film market continues to deteriorate. The decline in Blu-Ray (-5.8%) is almost in line with DVD (-6.1%) now. Frozen, Divergent and Rio 2 are the best-selling titles of this quarter.

## STATIONERY

### No plain sailing for Stationery

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**Cindy Van Mulders**  
Consultant Books &  
Stationery

**This third quarter, the stationery market drops with 2,4%. Last year, same period the decline was less high with a drop of -0,7%. For the complete year, we see an overall negative evolution of - 3% for all the stationery sales.**

The first 9 months of this year we register the biggest decline in two channels: the traditional office supplies chain and the B2B channel.

Also this last quarter, during the 'Back-to-school- period, the business market as well as the stationery shops show a negative evolution and drop respectively with -2,6% and -7,4%.

The supermarket channel, with a share of 35% was the only one to write positive figures. In the third quarter, the most important quarter in stationary sales, this channel increases its sales with 4,5%.

Product wise, we see the biggest drop in the sales of paper, labels, presentation and planning materials, and in writing instruments. All these product categories show a decline in sales of approximately 3%.

Writing instruments in general are still very important. These products represent a share of 40% of all units sold in stationery. Overall this product category declines with 1,7% in value. A positive light within this product group under pressure, is seen in the sales of coloring products like felt pens and pencils. This market segment had a good third quarter and compensates its decline of the first semester.

# COLOFON

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Marijn van Zomeren  
Corporate GfK Marketing Team

## **English Translation**

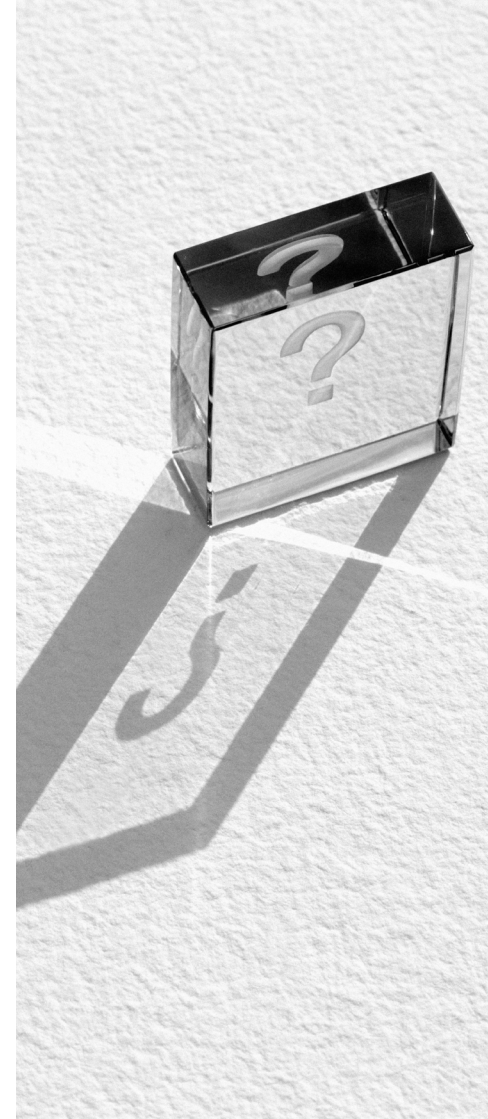
Crystal Clear Translations, Wim van Verre & Veerle Willaert

## **Editorial team**

Alain Brys, Jürgen De Mesmaecker, Caroline Cauwenberghs, Dimitri Van Roy, Wim Boesmans, Cindy Van Mulders and Kristof Van Den Bossche.

## **Editorial coordination**

Anja Szondi, Consultant Retail / Marketing & Communications Manager GfK Belgium



## EDITORIAL OFFICE

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The editorial office of Retail Reports can be reached by email:

info@gfkrtr.be

**By post:**

GfK  
Division Belgium  
T.a.v. Redactie Retail Reports België  
Arnoud Nobelstraat 42  
B-3000 Leuven

**Looking for previous publications?**

Please contact Anja Szondi at [info@gfkrtr.be](mailto:info@gfkrtr.be).

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