

# Press release

## Double-digit decline for Australian TCG market

### Results of GfK TEMAX<sup>®</sup> Australia for quarter 3, 2012

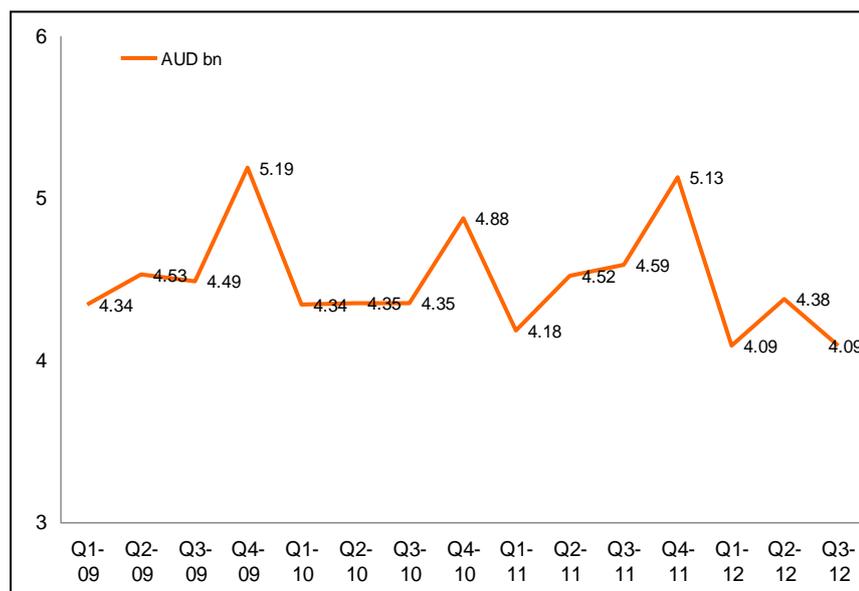
Nov 20th 2012

Gwenno Hopkin  
 GfK Retail and Technology  
 T +61 2 9900 2856  
 F +61 2 9900 2828  
[gwenno.hopkin@gfk.com](mailto:gwenno.hopkin@gfk.com)

**Sydney, November 20<sup>th</sup>, 2012 – A succession of interest rate cuts failed to soften the ongoing revenue decline of the Australian Technical Consumer Goods (TCG) market. In fact, a combination of consumer pessimism, market maturity, and a strong Australian dollar, accelerated the speed of decline. Compared to Q3 2011, market value was down 11 percent; the largest decline since quarter Q4 2010.**

Small Domestic Appliances continued to perform against the trend, with a value growth of 4 percent, while the smartphone-fuelled growth of the Telecommunications sector came to an abrupt end, with value remaining flat. On the other end of the scale, the Information Technology sector experienced its first significant decline for many years (-12 percent), while the value of the Consumer Electronics sector continued to retract significantly (-28 percent).

### Sales development of Technical Consumer Goods in Australia



Source: GfK TEMAX<sup>®</sup> Australia, GfK

GfK Retail and Technology  
 Australia Pty Ltd  
 Level 8, 107 Mount St  
 North Sydney NSW 2060  
 Australia

T +61 2 9900 2888  
 F +61 2 9900 2828  
[www.gfk.com](http://www.gfk.com)  
[www.gfkrt.com](http://www.gfkrt.com)

Managing Director:  
 Mr. Gary Lamb

ABN: 90 056 061 495

### **Small Domestic Appliances: Domestic bliss**

Within an environment of significant market volatility, the Small Domestic Appliances sector has been delivering steady, modest growth throughout 2011 and 2012. Technological and design innovation, coupled with ongoing media interest in the kitchen and household arena, has been successful in attracting consumers to higher-end, higher-value products. This has contributed to the steady value of the sector as a whole, while many other sectors fall victim to intense price erosion.

Star segments within this sector continue to be food preparation products, hot beverage makers and vacuum cleaners, while hair stylers generated this quarter's highest value growth.

### **Telecommunications: Smartphone value remains flat**

With its dominant position as the largest single segment within the TCG market, the value generated by mobile / smartphones has a significant impact on overall market trends. Following a relatively brief (Q1 2011 to Q1 2012) but unprecedented period of growth, the value of the segment in Q3 remained flat. Thanks to the influence of higher-end smartphones, however, value sales continue to exceed units: in fact, although value was flat, the segment experienced significant, double-digit unit decline in the quarter.

### **Major Domestic Appliances: Knocked by consumer sentiment**

One of the most stable sectors within the TCG market, Major Domestic Appliances also suffered this quarter from the consumer propensity to save rather than spend. Despite a trend towards higher-specification products (i.e. higher-capacity washing machines, French door refrigerators and 14+ place settings dishwashers), the sector suffered a modest 4 percent value decline. Encouragingly, however, for this increasingly competitive sector, microwave ovens is the only segment to have experienced significant price erosion. The overall average price for all other segments remained steady.

### **Information Technology: Value slump**

Since the launch of the GfK TEMAX report in 2008, the Information Technology (IT) sector has never before reported double-digit decline. The strong growth of new technology segments (media tablets and touch-screen PCs) continues to be significant, but is not sufficient to compensate for overall declines in average price. This declining average price is a result of both general price erosion, and more significantly, by the changing structure of the sector: unit sales of media tablets exceeded sales of notebook PCs for the first time in Q3.

### **Consumer Electronics: Accelerated decline**

The ailing Consumer Electronics sector continues to deliver the most negative results of the TCG market, with decline for the quarter accelerating to 28 percent. Within TVs, a segment which has been contracting in value since its peak in 2009, is now also contracting in units, having reached a volume peak in 2011. The decline in units is now so significant, as the market finds its new, 'natural' size, that even slight increases in overall average price have very little impact on the value of the segment.

Although by far the largest segment in this sector, TV is by no means the only segment to experience decline in this quarter. Almost all Consumer Electronics segments experienced substantial decline, with the one exception of headphones, which is enjoying a revival of fortunes, thanks to the inflated attachment base of products across the Telecom and IT sectors.

### Turmoil expected to continue

The Australian TCG market is clearly experiencing some exceptional challenges, causing significant turmoil within the retailer base. The quarter has been marked by store closures and changes in ownership, while the industry re-structures and re-positions itself for the uncertain future ahead. Overall trends are unlikely to change significantly during the lead-up to Christmas, but new model launches and product developments will be optimized, in order to maximize the peak season's share of consumer spend.

### Summary in table format

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 12 /Q3 11	Q1-3 2012	Q1-3 12 /Q1-3 11
	M.AUD	M.AUD	M.AUD	M.AUD	+/-%	M.AUD	+/-%
Consumer Electronics (CE)	1,248	826	815	793	-27.8%	2,434	-23.3%
Photo (PH)	206	110	139	129	-18.3%	379	-14.6%
Major Domestic Appliances (MDA)	811	771	786	775	-4.4%	2,332	-1.6%
Small Domestic Appliances (SDA)	487	350	508	431	3.8%	1,290	2.7%
Information Technology (IT)	973	879	997	888	-11.7%	2,764	-1.1%
Telecommunication (TC)	1,249	985	969	918	0.1%	2,872	6.4%
Office Equipment & Consumables (OE)	154	173	165	157	-12.4%	495	-9.4%
GfK TEMAX® Australia	5,128	4,094	4,380	4,091	-10.8%	12,566	-5.4%

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 390,000 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](http://www.gfktemax.com).



If information from this press release or [www.gfktemax.com](http://www.gfktemax.com) is cited, GfK TEMAX<sup>®</sup> should be explicitly indicated as the source.

Further information:

Eshani DeSilva, T +61 2 9900 2818, [eshani.desilva@gfk.com](mailto:eshani.desilva@gfk.com)

Gwenno Hopkin, T +61 2 9900 2856, [gwenno.hopkin@gfk.com](mailto:gwenno.hopkin@gfk.com)

### **About GfK**

GfK is one of the world's largest research companies, with more than 11,500 experts working to discover new insights into the way people live, think and shop, in over 100 markets, every day. GfK is constantly innovating and using the latest technologies and the smartest methodologies to give its clients the clearest understanding of the most important people in the world: their customers. In 2011, GfK's sales amounted to EUR 1.37 billion.

To find out more, visit [www.gfk.com](http://www.gfk.com) or follow GfK on Twitter:

[https://twitter.com/GfK\\_en](https://twitter.com/GfK_en)

Responsible under press legislation  
GfK SE, Corporate Communications  
Marion Eisenblätter  
Nordwestring 101  
D-90419 Nuremberg  
Tel. +49 911 395-2645  
Fax +49 911 395-4041  
[public.relations@gfk.com](mailto:public.relations@gfk.com)