



## Press release

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Spyros Camileris  
Retail & Technology  
Tel. +30 210 7572603  
Fax +30 210 7564664  
spyros.camileris@gfk.com

### **Technical consumer goods market feels the consequences of IMF austerity measures**

#### **Results of GfK TEMAX<sup>®</sup> Greece for the second quarter**

**Athens, 6 August 2010 – during the second quarter of 2010, the Greek government started applying all austerity measures agreed with the IMF at the beginning of 2010.**

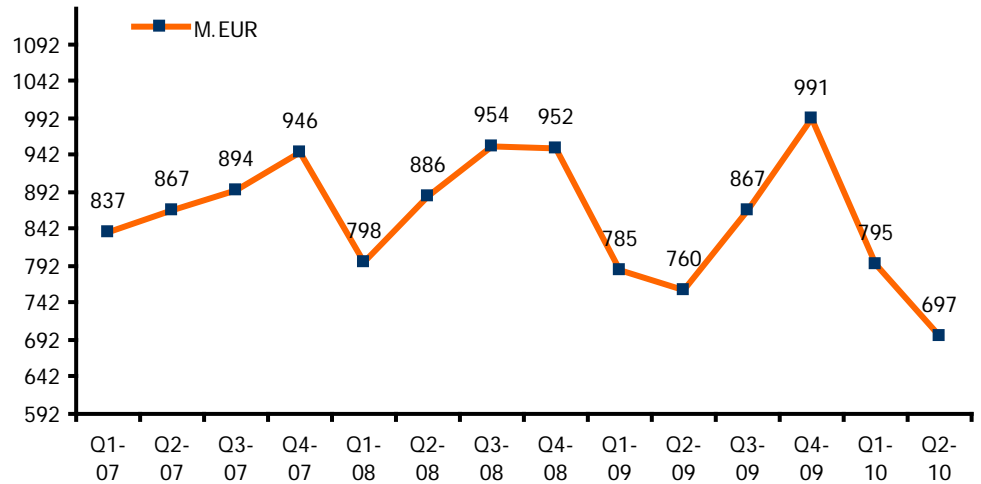
**Among these measures were drastic salary cuts for state employees in March and a double increase of VAT in July. Austerity measures affected consumption and consequently stores were lead to significant price reductions and/or price offers.**

The overall market was down by 8,3% in value compared to Q2 2009 with only the mobile phone sector exhibiting positive growth (+10,1%) and proving once again that Greeks love communication despite the negative environment. SDA is the sector that indicates the highest decline (-34%), basically due to Air Conditioning that had a very difficult year (please see below). Photo is the second category which decline significantly (-24,3%), while CE and MDA demonstrate smaller declines; June was a month that for various reasons decelerated the downtrend (please see in the corresponding paragraphs). IT also follows the downtrend (-9,1%) despite the positive performance of netbooks, while Office Equipment is the sector with the smallest declination (-4,5%) as the previous two years saw this sector demonstrate significant drops.

GfK Hellas Ltd  
16 Laodikias &  
1-3 Nimfeou St.  
115 28 Athens

Tel. +30 210 7572600  
Fax +30 210 7564664  
www.gfk.gr

### Sales development of technical consumer goods in Greece



Source: GfK TEMAX® Greece, GfK Retail and Technology

#### **Small domestic appliances: The unexpectedly cold spring and the lack of governmental subsidies affect the A/C market.**

Last year the governmental subsidies to the A/C market in June had boosted the market significantly. This year's market lacks any governmental support and on top of that weather during Q2 was quite cold and rainy by Greek standards, generating anticipation for a rather cool summer and allowing consumers to postpone the purchase of an "expensive" product for better times. Thus A/C declined by 44,5%. In any case A/C remains the most significant category for SDA and therefore affects the whole sector dictating the pace of growth in the category.

Elsewhere, dental care (+12%) and Hot Beverage Makers (+0,4%) continued to show positive growth.

#### **Major domestic appliances: The upcoming second increase to VAT forced for early purchases**

The MDA sector declined by only 5.4%, despite the promotions and lower prices that manufacturers and retailers offered to consumer. One reason for this was the upcoming second increase of VAT. After the 1<sup>st</sup> increase on March from 19% to 21% the sector experienced a significant positive growth. This time the upcoming increase affected the market again to a lesser degree, although coolers were the product to benefit most, being a very seasonal category.

On the other hand categories such as a tumble dryers, freezers and microwave ovens recorded significant declines (>10%) for different reasons. The first two being considered "luxury categories" in the current situation and facing the budget cuts in the household, the third as the market is dominated by many offers and cheap brands.

**Information technology: Netbooks continue to grow but are not sufficient to drive the sector.**

IT was another sector to benefit from the governmental subsidies both last year (October) and earlier this year (January). Subsidies were given to students and high school kids for purchasing laptops or netbooks. Without the subsidies, netbooks continue to grow in the sector.

Mobile PC's declined for the first time, at a rate of 4% (Q2 2010 vs Q2 2009) while monitors declined by 29%.

**Consumer electronics: Flat TV still enjoys growth**

The World Cup in June (the Greek team participating in the first round) and the launch of 3D TV supported the sales of Flat TV which together with Headphones were the only positive product groups in the sector (+7,9% and +2% respectively).

Both LCD and Plasma Segments were positive. Other product categories continued the downtrend of previous quarters.

It is interesting to note the decline of navigation systems by 44,5%. Until the end of 2009, this was a healthy product group. However, the increase of VAT and the double extra taxation has raised the price of fuel by more than 40%, forcing Greeks to restrict travelling. Navigation was immediately impacted by this new trend.

**Photography market: SLR turns negative**

After a good 2009 and first quarter of 2010, SLR turns for the first time negative (-34%) not only because volume growth is negative (-21%) but also because of the falling average price.

The negative trend of SLR accelerates that of the compact segment (-27%). Image frames continue to grow in volume (+16%) but the numerous promotions forced the value to decline by 3,7%.

**Telecommunications: Greeks continue to communicate (and continue to do so live)**

Live communication has always been a characteristic of the Greeks. This continues to be the case and even in this challenging era smart phones continue to a three digit growth both in volume and value.

This growth has boost the value of the sector by +10,1%.

### Office equipment: The slow down of the decline continues

For the last three quarters, Office Equipment demonstrates a slowdown of the downward trend. In Q2 2010, value declined by only 4,5%, compared to -14,5% in Q1 2010, -16,1% in Q4 2009. This appears to signal the stabilization of the sector. This comes mainly from the fact that printers are back to a positive trend with value sales in Q2 2010 being 2,4% higher than in Q2 2009.

#### Summary in table format

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q2 10 / Q2 09	Q1-2 2010	Q1-2 10 /Q1-2 09
	M.EUR	M.EUR	M.EUR	M.EUR	+/-%	M.EUR	+/-%
Consumer Electronics (CE)	165	227	178	135	-7.9%	313	-6.8%
Photo (PH)	31	30	24	19	-24.3%	43	-11.3%
Major Domestic Appliances (MDA)	200	171	159	146	-5.4%	304	-1.6%
Small Domestic Appliances (SDA)	136	82	73	92	-33.9%	165	-22.6%
Information Technology (IT)	115	217	139	89	-9.1%	228	1.3%
Telecommunication (TC)	214	254	216	210	10.1%	426	6.8%
Office Equipment & Consumables (OE)	7	9	8	6	-4.5%	13	-10.4%
GfK TEMAX® Greece	867	991	795	697	-8.3%	1,492	-3.4%

Source: GfK TEMAX® Greece, GfK Retail and Technology



### **The survey**

GfK TEMAX<sup>®</sup> Greece is an index developed by GfK Retail and Technology to track the technical consumer goods markets. The GfK TEMAX<sup>®</sup> Report is published internationally. The findings are based on surveys carried out by the retail panel of GfK Retail and Technology. The retail panel comprises data from over 190.000 retailer outlets worldwide. All reports and press releases are also available at [www.gfktemax.com](http://www.gfktemax.com).

For further information, please contact:

Mr. Spyros Camileris, tel: +30 210-7572 603, [spyros.camileris@gfk.com](mailto:spyros.camileris@gfk.com)

### **The GfK Group**

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Responsible under press legislation:

GfK Hellas,

Spyros Camileris

16 Laodikias & 1-3 Nimfeou Str.

115 28 Athens

Tel. +30 210-7572 603

Fax +30 210-7564 664

[Spyros.Camileris@gfk.com](mailto:Spyros.Camileris@gfk.com)

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