



Press Release

Technical consumer goods market experiences further decline

Results of GfK TEMAX® Greece for the first quarter of 2011

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Athens, 23 May 2011 – As a result of the recession and shrinking disposable income due to strict Government measures, the Greek technical market continues to decline.

As well as this, March 2011 had to be compared against an abnormal March 2010. Last March the first increase of VAT was announced and a lot of consumers made their purchases in advance; this steered the distribution of sales towards the beginning of the year.

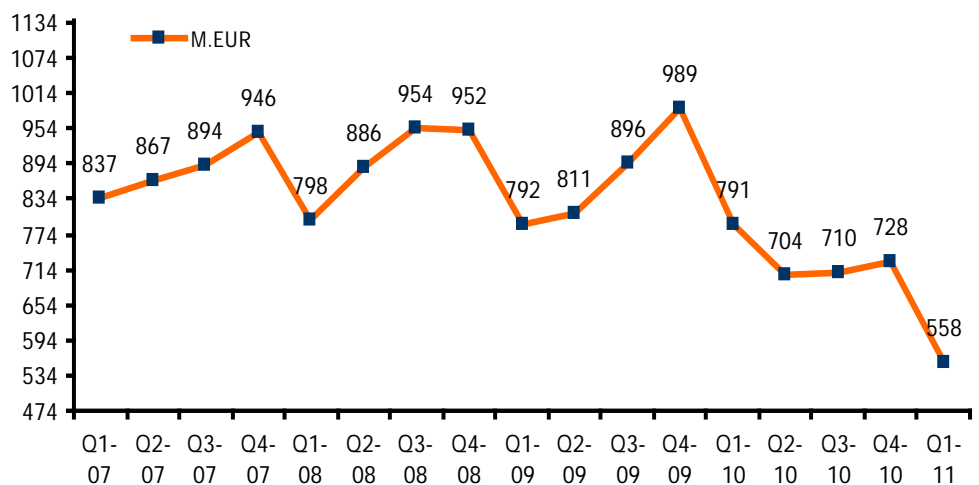
The overall market for electrical goods amounted to EUR 557.8 million in the first quarter of 2011, which represents a 29.5% decline in sales. The decrease in sales for March 2011 against March 2010 is much bigger due to the aforementioned reason.

Sales in volume did not experience the same level of decline. This reflects a retail trend of either cheaper models or an increasing amount of offers in an attempt to maintain store traffic.

Sales development of technical consumer goods in Greece

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All sectors registered a negative performance, with the Telecom sector surprisingly recording the lowest performance (-32.4%).

The IT sector recorded the second lowest performance (-31.9%) followed closely by Photo (-31.0%), CE (-30.4%) and MDA (- 28.0%).

Small domestic appliances (SDA) and office equipment (OE) show some "kind of resistance" to this sharp decrease since they only declined by 18.2% and 18.0% respectively.

Small Domestic Appliances: Hot beverage makers maintain positive performance

Only one product within the SDA market maintains a positive trend -. Hot beverage makers. This trend may partially be explained by the fact that entertainment is returning to Greek households; this is largely due to restricted disposable income. The remaining categories show declines that range from 0.6% (almost stability) to -44.8% (out fashioned category).

However, deep fryers, bread makers and tooth brushes also maintain positive trends in terms of volume. It is important to note that the first two are also associated with in house activities.

Major Domestic Appliances: March 2011 struggles against the previous year

Last March the MDA market demonstrated a high performance. The high prices and the savings towards the arriving double increase of VAT (March 2010 and July 2010) were significant. Consumers, especially within this category, bought products before the increase therefore March 2010 was a positive month for MDA. Consequently, March 2011 demonstrates poor results when compared to this impressive period.

Dishwashers and coolers are the two categories with the highest downturn.

Information Technology: Another "unfair" comparison

The first quarter of 2010 was outstanding for the IT sector. Government subsidies to University freshmen in January 2010 and the effect of March 2010 allowed the IT sector to grow in Q1.

Therefore, the comparison of the first quarter of 2011 with Q1 2010 can be characterized as "unfair" This sector continues to account for EUR 95 million, contributing 17.1% to the sales of the total TEMAX market (16.0% contribution in 2010).

Consumer Electronics: The barometer of the economic crisis

In Q1 2010 the LED screen was already a new trend in the market and 3D technology was nearing its launch.

The introduction of these new models helped maintain sales at a relatively good level.

Once again, the first quarter of 2011 has to be compared against a better performing quarter. Flat TV's accounted for 75% of the sector sales and therefore is the category that gives the pace to the sector.

Regardless of the "unfair" comparison, the CE sector suffers a lot from the economic crisis, the battle for gaining market share and an even more competitive and fascinating market

Office equipment: An out of date market

The OE sector continues to decline. The total value of the category only reached EUR 6.2 million in the first quarter of 2011, a decline of 18% versus the corresponding quarter of 2010.

However, it seems that it is not just the economic crisis that affects the sales of the sector. Electronic transfer of files has reduced the needs of printing; an expensive process when taking into account the cost for cartridges, paper etc.

Photomarket: Smartphones limit the need for new cameras

One of the main effects of the economic crisis in Greece is the decrease in the amount of people going out. Entertainment is mainly done within the house and therefore the demand for new cameras is low. Also, smartphones are now equipped with advanced cameras and undoubtedly this has contributed to the decline.

As well as this, the digital camera market is based on upgrades of megapixels; consequently, consumers grown tired of having to constantly purchase new models

Therefore, it is not surprising that the new system cameras are the only segment demonstrating a positive trend within the sector.

All in all, the sector accounts for EUR 16.1 million in the first quarter of 2011; this is a decrease of 31% versus last year.

Telecommunications: Smartphones succeed despite crisis

Smart phones continue to grow at a double digit rate. They contributed to the total turnover of the telecom sector by more than 20% but their growth is not able to counterbalance the negatives performances of the other telecom categories. However, even this increase is lower than in previous quarters; this is mainly due to falling prices and very cheap models in the market.

Falling prices is also a characteristic for mobile phones and this significantly affects the category.

All in all, the telecom sector accounts for EUR 143.1 million and experienced a 32.4% decline when compared to last year. However, it is still the biggest sector in turnover in the Greek market, contributing by 25.7% to the total sales of the market.

Summary

The deterioration of the Greek economy directly affects the consumer behavior. As it was described in previous reports, consumers in Greece will only make practical purchases, they will try to find value for money and in the last few years, have been used to waiting for offers.

Therefore, the market becomes even more competitive and those brands offering real value to the consumers will win the race.

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q1 11 /Q1 10
	M.EUR	M.EUR	M.EUR	M.EUR	+/-%
Consumer Electronics (CE)	136	126	173	124	-30.4%
Photo (PH)	18	23	22	16	-31.0%
Major Domestic Appliances (MDA)	144	160	144	111	-28.0%
Small Domestic Appliances (SDA)	100	102	76	62	-18.2%
Information Technology (IT)	90	99	115	95	-31.9%
Telecommunication (TC)	210	194	190	143	-32.4%
Office Equipment & Consumables (OE)	6	6	8	6	-18.0%
GfK TEMAX® Greece	704	710	728	558	-29.5%

Source: GfK TEMAX® Greece, GfK Retail and Technology



The survey

GfK TEMAX[®] is an index developed by GfK Retail and Technology 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 Retail and Technology. The retail panel comprises data from over 340,000 retail outlets worldwide. Since February 2009, GfK Retail and Technology 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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