

Press release

Decline in market for consumer electronics

- EITO expecting 9 percent reduced turnover in Europe
- Consumers benefit from falling prices for innovative products
- New impetus from home-networking and HDTV

Berlin, May 5, 2009

The European market for consumer electronics will probably contract in 2009 by around 9 percent and reach a total turnover value of €62 billion. The international market research institute EITO announced this today in Berlin on the basis of data of the GfK (Gesellschaft für Konsumforschung). This is the first reduction in the market for consumer electronics since the middle of the 1990's. "The reason for the fall has less to do with reduced consumer spending as a result of the economic crisis", said EITO Chairman Bruno Lamborghini. "The switch to digital in entertainment electronics has led to strong growth rates in recent years. This process is now nearly complete. In addition, there are no major sporting events this year like the European football championship and the Olympic Games in 2008." In markets which for the most part have reached saturation, competition will increasingly be determined by prices. In 2009, 95 percent of the turnover in consumer electronics is being produced by digital products and only 5 percent by analogue equipment. The digital camera has progressively replaced old photographic equipment, the DVD-player the video recorder, the MP3 player the Walkman, and the flat screen television the cathode-ray-tube-TV.

The contraction of the overall market is to be explained in particular by the decline in turnover for flat screen televisions. LCD and plasma-screen televisions account for 43 percent of the entire CE market. With 42 million sets (plus 3.1 percent), there are more flat-screen televisions being sold in the EU than ever before. Yet, according to the EITO forecast, turnover is declining by 10.3 percent, to €26.3 billion. "Customers buying modern TV sets are profiting from falling prices", said Lamborghini. Turnover is also declining for digital cameras, MP3 players and navigation devices. There is

European Information
Technology Observatory -
a project of
Bitkom Research GmbH

Albrechtstraße 10 A
10117 Berlin-Mitte
Tel. +49.30.944002-60
Fax +49.30.944002-45
info@bitkom-research.de
www.bitkom-research.de
www.eito.com

Contact

Maurice Shahd
Press Spokesman
Tel. +49.30.27576-114
Fax +49.30.27576-400
m.shahd@eito.com

Dr. Axel Pols
Chairman EITO Task Force
Tel. +49.30.27576-120
Fax +49.30.27576-400
a.pols@bitkom.org

Press release

Decline in market for consumer electronics

page 2

an increase in turnover for Blu-ray players, digital set-top boxes for TV reception, and games consoles.

New impulses are expected from the increasing spread of home-networking. Home-networking refers to connecting different devices, such as computers, televisions, digital cameras, MP3 players and hi-fi equipment, with each other and to the Internet. "Consumers want to look at the photos and videos stored in the computer on the television, or to play music from an MP3 player with hi-fi equipment. Networking the devices makes this possible", said Lamborghini. The EITO expects a new market worth billions to emerge in this area in years to come. The increasing frequency of high-definition television broadcasts and films in countries like Germany, France or Great Britain is providing a further impetus. "As consumers realise the advantages of the new television service with its better picture and sound quality, their interest in high-definition-compatible equipment will increase by leaps and bounds", said Lamborghini. This applied to large-format televisions as well as HD-enabled set-top boxes and hard-disc recorders.

Of the largest EU countries, Spain is recording the sharpest fall in turnover according to the EITO, with minus 16 percent, to €4.8 billion in 2009. In Italy the decline is 13 percent to €5.8 billion and in France, 12 percent to €8.9 billion. The decline is more moderate in the largest EU markets, Germany and Great Britain. Germany is forecast to lose 7 percent of turnover to €12.5 billion, and Great Britain as little as 4 percent, to €12.4 billion.

The EITO has published a report on the market in consumer electronics with current data for the CE markets in Europe, which can be obtained from www.eito.com.

Since 1993 the European Information Technology Observatory (www.eito.com) has been offering high quality and up-to-date information on European and global markets for information technology, telecommunications and consumer electronics. The EITO is managed by Bitkom Research GmbH, a wholly owned subsidiary of BITKOM, the German Association for Information Technology, Telecommunications and New Media. EITO collaborates with leading market research institutes including PAC, IDATE, GfK, and research activities of the EITO Task Force are supported by the European Commission and the OECD. EITO is sponsored by CeBIT, Deutsche Telekom, KPMG, Messe München, Red.es, Simo and Telecom Italia.