



# **EUROPEAN ELECTRICALS RETAILERS 2008**

Table of Contents

Reference Code: DMVT0487

Publication Date: 12/08

## ABOUT VERDICT RESEARCH

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With more than 20 years experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their views at first hand. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

Verdict Research Ltd is a wholly owned subsidiary of Datamonitor Plc. Datamonitor plc is a premium business information company specialising in industry analysis. It helps over 5,000 of the world's leading companies to address complex strategic issues. Through proprietary databases and wealth of expertise, it provides clients with unbiased expert analysis and in-depth forecasts for seven industry sectors: Automotive, Consumer Markets, Energy, Financial Services, Pharmaceuticals & Healthcare, Technology, and Transport & Logistics. Datamonitor maintains its headquarters in London and has regional offices in New York, San Francisco, Sydney, Frankfurt, Tokyo and Hyderabad.

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Datamonitor plc.

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Datamonitor delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such Datamonitor can accept no liability whatever for actions taken based on any information that may subsequently prove to be incorrect.

## TABLE OF CONTENTS

<b>CHAPTER 1 EXECUTIVE SUMMARY</b>	<b>16</b>
Key Findings	16
Main Conclusions	17
<b>CHAPTER 2 EUROPEAN MARKET – ECONOMIC OVERVIEW</b>	<b>21</b>
Key Findings	21
Main Messages	22
GDP	25
Consumer Expenditure	28
Inflation	29
Interest Rates	33
Employment	36
<b>CHAPTER 3 EUROPEAN MARKET – DEMOGRAPHIC OVERVIEW</b>	<b>39</b>
Key Findings	39
Main Messages	40
Trends	42
Growth by Country	43
Age Breakdown	46
Consequences for Retailers	49

Households	50
Urban Population	54
<b>CHAPTER 4 EUROPEAN MARKET – RETAIL SPENDING</b>	<b>56</b>
Expenditure	56
Growth	63
Per Capita	67
Retail Share	70
<b>CHAPTER 5 ELECTRICALS MARKET STRUCTURE</b>	<b>72</b>
Expenditure	72
Specialists Sales	82
Specialists Space	86
Store Numbers	89
<b>CHAPTER 6 ELECTRICALS MARKET IN FRANCE</b>	<b>93</b>
Recent Developments & Trends	95
Shares of Electricals Retailers in France	96
Outlook for Electricals Retailing in France	97
<b>CHAPTER 7 ELECTRICALS MARKET IN GERMANY</b>	<b>99</b>
Recent Developments & Trends	101
Shares of Electricals Retailers in Germany	102
Outlook for Electricals Retailing in Germany	103

<b>CHAPTER 8 ELECTRICALS MARKET IN ITALY</b>	<b>104</b>
Recent Developments & Trends	105
Shares of Electricals Retailers in Italy	106
Outlook for Electricals Retailing in Italy	107
<b>CHAPTER 9 ELECTRICALS MARKET IN SPAIN</b>	<b>109</b>
Market Summary	109
Recent Developments & Trends	111
Shares of Electricals Retailers in Spain	112
Outlook for Electricals Retailing in Spain	114
<b>CHAPTER 10 ELECTRICALS MARKET IN THE UK</b>	<b>116</b>
Recent Developments & Trends	118
Shares of Electricals Retailers in the United Kingdom	119
Outlook for Electricals Retailing in the United Kingdom	120
<b>CHAPTER 11 STRATEGIC ISSUES</b>	<b>122</b>
Challenging economic outlook	122
Technology Pipeline Weakens	123
Energy efficiency	124
Best buy plans European debut	125
Consolidation	128
Non-specialists loyalty to electricals will be tested	129
Migration	129

Cost inflation	130
<b>CHAPTER 12 COMPANY COMPARISONS</b>	<b>132</b>
Overview	132
<b>CHAPTER 13 DSG INTERNATIONAL</b>	<b>136</b>
Company Overview	136
Recent Key Developments	138
Sales Performance	141
Year to April 2008	142
Half-year to 18 October 2008	144
Store Portfolio	146
Outlook	149
<b>CHAPTER 14 KESA ELECTRICALS</b>	<b>151</b>
Company Overview	151
Recent Key Developments	153
Sales Performance	154
Year to January 2008	155
3 months to 30 April 2008	156
3 months to 31 July 2008	156
Benchmarks	158
Store Portfolio	159
Outlook	162

<b>CHAPTER 15 METRO GROUP</b>	<b>164</b>
Company Overview	164
Recent Key Developments	165
Sales Performance	166
Media Markt and Saturn	167
Benchmarks	170
Store Portfolio	171
Outlook	173
<b>CHAPTER 16 PPR</b>	<b>175</b>
Company Overview	175
Recent Key Developments	177
Sales Performance	178
PPR	178
Fnac	179
Conforama	180
Benchmarks	182
Fnac	182
Conforama	182
Store Portfolio	184
Fnac	184
Conforama	186
Outlook	188

<b>CHAPTER 17 ELECTRICALS BUYING GROUPS</b>	<b>189</b>
Buying Group Comparison	190
Euronics	191
Expert Global	193
EDA	195
Electronic Partner	197
Outlook	199
<b>CHAPTER 18 GLOSSARY</b>	<b>201</b>
Definitions	201

## LIST OF TABLES

Table 1:	Consequences of population change for retailers 2008-2018	49
Table 2:	EU Top Six retail expenditure 2002-2007e	56
Table 3:	EU Top Six retail expenditure growth 2002-2007	57
Table 4:	EU retail expenditure (€30.0bn+) 2002-2007 <sup>e</sup>	59
Table 5:	EU retail expenditure (€30.0bn+) growth 2002-2007e	60
Table 6:	EU retail expenditure (€30.0bn-) 2002-2007 <sup>e</sup>	61
Table 7:	EU retail expenditure (€30.0bn-) growth 2002-2007e	62
Table 8:	EU electricals expenditure 2002-2007	72
Table 9:	EU electricals growth rates 2001-2007	74
Table 10:	Expenditure on electricals by country in €m 2002-2007	75
Table 11:	EU Electricals expenditure provisional forecast 2002-2008	76
Table 12:	Electricals retail expenditure as % of all retail expenditure by EU country 2002 & 2007	78
Table 13:	Sales through specialist retailers of leading EU countries and EU overall 2002-2007	82
Table 14:	EU Electricals specialists sales growth rates 2002-2007	82
Table 15:	Specialist sales by country 2001-2007	84
Table 16:	Electricals specialists selling space (000 sq m) estimates by country 2002-2007	86
Table 17:	EU electricals specialists store numbers estimates by country 2002-2007	89
Table 18:	France electricals expenditure & specialist sales 2002-2007	93

## Table of Contents



Table 19:	France electricals specialists 2002-2007	93
Table 20:	France electricals market share estimates 2007	96
Table 21:	Germany electricals expenditure & specialist sales 2002-2007	99
Table 22:	Germany electricals specialists 2002-2007	99
Table 23:	Germany electricals market share estimates 2007	102
Table 24:	Italy electricals expenditure & specialist sales 2002-2007	104
Table 25:	Italy electricals specialists 2002-2007	104
Table 26:	Italy Electricals market share estimates 2007	106
Table 27:	Spain electricals expenditure & specialist sales 2002-2007	109
Table 28:	Spain electricals specialists 2002-2007e	109
Table 29:	Spain electricals market shares 2007e	112
Table 30:	The UK Electricals expenditure & specialist sales 2002-2007	116
Table 31:	The UK Electricals specialists 2002-2007	116
Table 32:	UK electricals market shares 2007	119
Table 33:	Leading European electricals retailers sales 2007/08	132
Table 34:	Leading European electricals retailers estimated EU market shares 2007	133
Table 35:	Leading European electricals retailers store portfolios 2007/08	134
Table 36:	DSG International company overview 2008	136
Table 37:	DSG International turnover 2003-2008	141
Table 38:	DSG International Operating Profit 2003-2008	141
Table 39:	DSGi store portfolio 2006/07-2007/08	146
Table 40:	DSGi selling space development 2006/07-2007/08	148

## Table of Contents



Table 41:	Kesa company overview 2008	151
Table 42:	Kesa turnover 2004-2008	154
Table 43:	Kesa retail profit 2004-2008	154
Table 44:	Kesa benchmarks 2006/07-2007/08	158
Table 45:	Kesa store portfolio 2007-08	159
Table 46:	Kesa selling space development 2007-2008	159
Table 47:	Metro Group company overview 2008	164
Table 48:	Metro turnover record 2002-2007	166
Table 49:	Metro profit record 2002-2007	166
Table 50:	Media Markt & Saturn trading record 2002-2007	168
Table 51:	Media Markt and Saturn benchmarks 2006-2007	170
Table 52:	Media Markt and Saturn store estate 2006-2007	171
Table 53:	Media Markt and Saturn sales per country 2007	172
Table 54:	PPR company overview 2008	175
Table 55:	PPR trading record 2002-2007	178
Table 56:	Fnac trading record 2002-2007	179
Table 57:	Conforama trading record 2002-2007	180
Table 58:	Fnac benchmarks 2006-2007	182
Table 59:	Conforama benchmarks 2006-2007	182
Table 60:	Fnac global store portfolio 2004-2007	184
Table 61:	Fnac store portfolio by country 2006-2007	184
Table 62:	Conforama store portfolio 2004-2007	186

## Table of Contents



Table 63: Conforama store portfolio by country 2006-2007	186
Table 64: Leading European buying group members turnover and EU electricals market shares 2007e	190
Table 65: Leading European buying groups store portfolios 2007	190
Table 66: Euronics company overview 2008	191
Table 67: Expert company overview 2008	193
Table 68: EDA company overview 2008	195
Table 69: Electronic Partner company overview 2008	197

## LIST OF FIGURES

Figure 1:	GDP: Top 10 countries in European Union 2007	25
Figure 2:	GDP growth forecast of Top 10 EU countries 2008 & 2009e	25
Figure 3:	GDP: Other 17 countries in European Union (€100bn+) 2007	26
Figure 4:	GDP growth forecast of other 17 European Union countries (€100bn+) 2008 & 2009	26
Figure 5:	GDP: Other 17 countries in European Union (€100bn-) 2007	27
Figure 6:	GDP growth forecast of other 17 European Union countries (€100bn-) 2008 & 2009	27
Figure 7:	Consumer expenditure of Top 10 EU countries 2007	28
Figure 8:	Consumer expenditure: Other 17 countries in EU (€50bn+) 2007	28
Figure 9:	Consumer expenditure: Other 17 countries in EU (€50bn-) 2007	29
Figure 10:	Harmonised Index of Consumer Prices – growth of Top 10 EU countries 2006 & 2007	30
Figure 11:	Harmonised Index of Consumer Prices – growth of other 17 EU countries (3.0%+) 2006 & 2007	31
Figure 12:	Harmonised Index of Consumer Prices – growth of other 17 EU countries (3.0%-) 2006 & 2007	32
Figure 13:	Central bank interest rates, official average lending rates 2007	33
Figure 14:	ECB interest rates 2002-2008	34
Figure 15:	Total unemployment rates of Top 10 EU countries 2002 & 2007	36
Figure 16:	Total unemployment rates of other 17 EU countries (6.0%+) 2002 & 2007	37

## Table of Contents



Figure 17: Total unemployment rates of other 17 EU countries (6.0%-) 2002 & 2007	38
Figure 18: 10-year trends in total EU population growth 2008-2048e	42
Figure 19: EU population totals (000) by country 2008	43
Figure 20: Forecast population growth (%) for the Top 10 countries in EU by GDP – 2018 on 2008	44
Figure 21: Forecast population growth (%) for other EU countries 2018 on 2008	45
Figure 22: Comparison of EU age groups 2008 & 2018	48
Figure 23: Top 10 EU countries by GDP – household numbers 2005	50
Figure 24: Other EU countries household numbers 2005	51
Figure 25: Top 10 EU countries by GDP – average household size in 2005	52
Figure 26: Other EU countries average household size in 2005	53
Figure 27: Comparison of EU countries by urban population % – Top 10 EU countries by GDP – 2007	54
Figure 28: Comparison of EU countries by urban population % – Other EU countries – 2007	55
Figure 29: EU27 retail spend and change % 2002-2007	63
Figure 30: Ten CEE new member states retail spend and change % 2002-2007	64
Figure 31: Growth in EU 27 retail spend by country 2007 on 2002	65
Figure 32: EU per capita retail spend 2002-2007	67
Figure 33: EU27 per capita retail spend by country 2007	68
Figure 34: EU retail spend as % of total consumer expenditure 2002 & 2007	70
Figure 35: Electricals spending growth in leading EU states 2007 on 2002	74
Figure 36: Electricals expenditure per capita EU15 2007	80

## Table of Contents



Figure 37: Electricals expenditure per capita new member states 2007	81
Figure 38: Electricals specialists sales densities estimates EU15 (€ per sq m) 2007	87
Figure 39: Electricals specialists sales densities estimates for new member states (€/sq m) 2007	88
Figure 40: Electricals specialists average store size (sq m) EU15 2007	91
Figure 41: Electricals specialists av store size new member states (sq m) 2007	92
Figure 42: Pipeline of new technologies 2005-2010	123
Figure 43: Retail concentration – stores per million people 2003-2007	128