



## PRESS RELEASE

### **EURONICS International well placed**

- **Europe's biggest retail buying group achieves sales worth EUR 14.4 billion**
- **Strong industrial partnerships are a success factor**
- **First European marketing concept for exclusive models planned**

Berlin, September 04, 2009.

EURONICS International, Europe's biggest buying group in the consumer electronics (CE) market, achieved sales worth EUR 14.4 billion in the past financial year. Thus the co-operative partnership recorded significant 14.3 percent growth in 2008. By contrast, the European market as a whole contracted by five percent last year. The members of Europe's biggest buying group have so far been affected by the recession to widely differing degrees. While 2009 turnover growth in Germany, France and Italy was actually slightly higher than the previous year's, Spain, the United Kingdom and some East European members, for example, suffered marked setbacks.

### **Effects of financial crisis**

"The wide variations in turnover growth have a ripple effect. Not all European countries are affected equally and simultaneously by the consequences of the economic crisis. Of course this also applies to our members. The reasons for this are the significant differences in local market structures and consumer preferences," explains EURONICS International's Managing Director, Klaus Lahrman. For example, in the past five years, Spain has been a country with some of the strongest growth areas, but at present the Spanish are particularly hard hit by the recession. Lahrman adds: "We see one of the main reasons for this in the consumer dependency on the property market, which is suffering worst in the current financial climate." Figures from market research firm GfK

show that the CE market in Spain recorded a 15 percent fall from 2008 levels in the first half of this year. The UK, too, was down by around 17 percent. "Another major cause of lower sales by our members, in many cases, has been the massive collapse in prices, though not in demand." In the UK, wide exchange rate fluctuations exacerbated the sharp fall.

"Despite the worldwide financial crisis, intense competition persists in the European market for consumer electronics and household appliances. Pressure on prices and margins is strong. EURONICS International has found the right answers to quality orientation and the price decline in Europe's consumer market. We are also on course for a successful market presence in Europe in the future," noted EURONICS Chairman Werner Winkelmann at the IFA trade fair in Berlin. In 2009 the European consumer electronics market will have to cope with significant reductions in turnover. "EURONICS International is well placed in relation to the world recession, but must also expect lower overall sales figures in 2009. We are optimistic as we approach the end-of-year trade, which is decisive to our business, and will maintain our former market position in Europe," added Winkelmann with conviction.

### **Chain stores and buying groups on par**

Meanwhile EURONICS International is present with over 11,300 outlets in 29 countries. Taking turnover on the European CE market as a whole, chains and buying groups are currently level with a volume of €34.6 billion each. The EURONICS International main fields of business in sales volume terms are entertainment electronics (€3,370 million), household appliances including major and small domestic appliances (€3,844 million) and PC/multimedia (€736 million). "While our share of the brown goods trade is currently at about 39%, for major domestic appliances it stands at around 35%“, explains Winkelmann.

## **First European marketing concept for exclusive models planned**

In 2009 EURONICS International is developing the first European marketing concept for what are known as exclusive models. This means products launched especially for EURONICS to give its retailers a clear position of distinction in their respective markets. EURONICS customers receive the best products or a more sophisticated design. They also enjoy an excellent price-performance ratio. "The exclusive models have already been a great success for EURONICS Deutschland. Our next step will be to expand this successful exclusive model programme on a pan-European basis for the first time. Thus EURONICS will be making its industry partners an offer that is unique until now in Europe, and taking another, big step in the quality of its marketing," announces Werner Winkelmann.

A multi-tier set of contracts will form the basis for the future marketing of exclusive models at EURONICS. This consists of a master contract between EURONICS International and its industry partners; a contract between EURONICS International and the national organisations; and a contract between the national organisation and its member retailers. The rules set high standards for all partners, who must conform to them. "As the largest consumer electronics buying group, with 11,300 members, we currently reach more than 600 million consumers in Europe, and we offer the industry the largest distribution system on the market. So EURONICS gives the industry every incentive to agree a series of exclusive models in future years, which only this co-operative partnership will distribute. Our contracts guarantee our industry partners top quality in Europe-wide marketing," says Winkelmann.

## **IFA 2009: valuable boost to end-of-year trade**

The IFA Berlin offers an outstanding platform for the international CE sector. Well-known international brands of white goods clearly strengthened the Berlin exhibition venue in 2008. "This has made the calendar more crowded. But we are looking forward to the fair," reports Klaus Lahrmann at the start of IFA. Winkelmann adds: "For our retailers, the participation of the domestic appliances manufacturers makes the IFA even more attractive. Our trade visitor figures confirm the importance of the IFA to our co-operative partnership. Over a thousand EURONICS retailers from 29 countries found out

about new products and trade trends at IFA 2008. They received a valuable boost to their end-of-year trade. Especially in times of economic difficulty for the whole sector, such a platform is vital for all market players," stresses Winkelmann. In 2009 the buying group expects even higher participation by its members than last year.

### **EURONICS at IFA 2009**

To appeal both to a trade audience and the many consumers expected to attend, the buying group is again positioning itself in the middle of the public area this year. For visitors to its exhibition stand, competent advisers on HDTV are available to answer all relevant questions about the latest TV reception technology and the many ways of using it. IFA product highlights will also be on display, with explanations of how to obtain them via the EURONICS retail network. Of course, a draw with attractive prizes also awaits visitors. The buying group is making special provision for its members this year, with around 750 square metres of space. The stand serves as home base for EURONICS members and offers full service. This is intended to make attendance at IFA as uncomplicated and pleasant as possible for EURONICS members. Last year's guided tours of selected exhibition highlights, which proved a big hit with EURONICS members, will be repeated this year.

#### **Photographs:**



***Leading the biggest buying group in the European specialist consumer electronics trade are Chairman Werner Winkelmann (left) and Managing Director Klaus Lahrmann.***

For further information:

1. *EURONICS Deutschland eG*  
*Cornelia Bonow*  
*Tel.: +49 71 56 / 933 403*
  
2. *Engel & Zimmermann AG*  
*Business Communications Agency*  
*Björn Seeger*  
*Schloss Fussberg, Am Schlosspark 15, 82131 Gauting*  
*Tel. +49 89/89 35 63 3, Fax +49 89/89 39 84 29*  
*e-mail: [info@engel-zimmermann.de](mailto:info@engel-zimmermann.de)*