

In-car electronics - Western Europe recovery

NUREMBERG, GERMANY: After a long dry season for the past two and a half years, in which a two digit decline rate was experienced in the in-car electronics market in Western Europe, there are finally signs indicating a recovery in the third quarter of 2010, according to findings of GfK Retail and Technology for Q3 2010.



The demand for car audio products in the third quarter of 2010 was just 5% below that of the previous year; this was -11% in the first half of the year. However there is a ray of hope: Price stability in the main segments CD tuners and amplifiers, as well as remarkable growth in the demand for so-called 'mechaless' devices, a new device category, which is without a CD drive but with connection possibilities for MP3 players and USB sticks or even SD-cards. Almost every tenth of car radios sold in Western Europe belongs in this category. In 2009, its market share was only 3%.

This situation is similar for the car multimedia and car navigation product groups: The demand for both of these product groups as well as the main sub-segment portable navigation was only 7% below that of the previous year in the third quarter, against 15% in the first half of the year. Positive niche developments can also be witnessed here: Navigation devices in 2DIN format grew about 35%. Especially, one new product category contributed to this growth rate: The demand for devices for the Double DIN Tray, which are in looks and technical connection exactly for specific car brands, increased over 60%. Every fifth 2DIN device is built specifically for certain car brands.

Younger they are, the more they seem willing to spend

Young clientele are willing to spend more for innovations and absolute added value, in particular if the price for installing the device after the purchase of the car is far more attractive and technically superior to the in-built device.

The situation is similar for portable navigation devices: the premium segment - with its access to LIVE information which makes the retrieval of traffic, flight and weather data possible - almost tripled; its share grew from 3 to 8% in the entire PND market volume and has therefore contributed to price stability of the navigation market.

But it remains to be seen whether the trend reversal just began in the third quarter, or if this upward trend is only temporary.

A boom is expected for the introduction of devices with Internet access not only within radio, but also multimedia categories. However when this is going to happen is yet unknown.

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