



Gadgets on the go

The rise of smartphones and tablets has boosted consumer demand for a huge range of accessories. Sean Hannam reports on the opportunities for independents

INDEPENDENTS who ignore the accessories market do so at their peril. In a tough retail sector, add-on sales can offer dealers a lifeline of profit to help them survive.

Even though devices such as smartphones and tablets may seem alien to traditional electrical retailers,

they are the future of consumer electronics, whether we like it or not, and they also create a booming market for accessories, from cases, to charging devices and wireless speakers.

"The 'halo' effect around smartphones is driving a massive market for accessories – from fashion-led

cases to practical extras and an increasing range of AV and custom installation (CI) applications," says Clare Newsome, group PR manager for distributor Computers Unlimited.

"Gadgets driven by smartphone and tablet apps are big business. The range of 'accessories' keeps growing – from microphones and musical instruments to creative tools such as styli, health and fitness gadgets and games. On the AV and CI side, there's growth in both control devices and the charging and mounting for those tablet controls. Power is also key – greater dependence on smartphones and tablets means greater dependence on these devices' batteries staying topped up – wherever you are. From charging phone cases to universal chargers and even portable Bluetooth speakers that can charge up your gadgets on the go, we're seeing rising demand for them all."

Ms Newsome continues: "Headphones are massive business, too, obviously. Two new Apple launches – the iPhone 5 and iPad mini – have given an already buoyant accessories market a further boost. Bluetooth speakers were big news already, but now even more so, as Apple changed the connector on the new iPhone and iPads. The lack of native Lightning connector docks and speakers is driving people towards technologies like Bluetooth and AirPlay."



Above: Panasonic XD Series headphones

Left: QED Bluetooth audio receiver

Right: Braven 600-R Bluetooth speaker

GfK Cables in decline

DESPITE the London Olympics, Euro 2012, the Diamond Jubilee and digital TV switchover, the consumer electronics market continues to decline in line with what 2011 had brought.

The value of the market is down 15 per cent year on year (October 2011 to September 2012), mainly as a result of the continued deterioration of the vision market-place.

In the face of a declining CE market, and in particular its vision segment, it is no surprise to see products such as AV cables follow the same path. Apart from a slight increase in the 10+ metre cables segment, the past 12 months saw this market decline 23 per cent in value and 16.4 per cent in volume.

Unlike last year, the largest AV cable segment (HDMI) has driven this market's decline. HDMI sales declined by 16.1 per cent year on year, even though its average price fell by £1.59 per cable. This was faster than any other AV cable segment and the market as a whole.

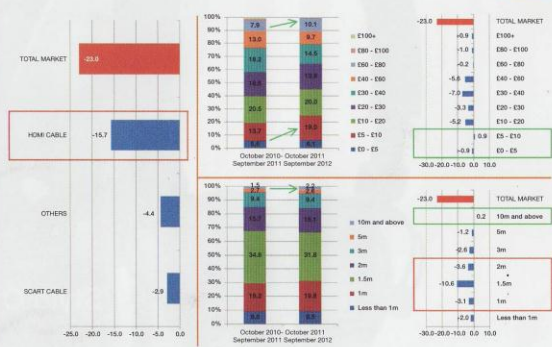
In terms of pricing, the pinch from the CE market has primarily impacted on the middle price bands (£10 to £60), resulting in the market's average price declining over the past 12 months (£16.09 against £14.82). Sales at the top end consolidated in the £60 to £80 brackets, while the under-£10 price bracket grew its share by 30.1 per cent to a quarter of the market.

Cable sales are expected to continue declining, however, as in previous years, we expect this market to show considerable rigidity during the post-Christmas period. This is when the market generally displays positive growth resulting from consumers expertly wiring up their newly acquired gifts to their other electronic AV devices.

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Audio Visual Cables

Contribution to Market Growth: Sales Value % (Oct 11 - Sept 12)



Comments Alan Tadd, managing director of specialist power management and energy-saving accessory brand Energenie: "The opportunities in these markets are growing. The financial crisis has made people more cost-conscious, but if you recognise that a £40 accessory is going to save you £50 a year in energy costs, it becomes a more straightforward sell."

Apps in control

He adds: "We have seen interest in home power-saving devices that enable people to save power by switching off plugs of products that have gone into standby mode. The growth of app technology is also an opportunity, with the integration of the remote control of home devices through apps and accessories."

Audio streaming is an area that has taken off this year, but is set to explode in 2013, as Chris Emerson, sales director of Armour Home, is keen to point out: "The three most important technologies driving the accessories market are wireless streaming, wireless streaming and wireless streaming! Alongside standard domestic wi-fi networks, the two contenders in this highly competitive battle are Apple's AirPlay wireless system and Bluetooth – a more universally applied wireless system. Fortunately, for everyone concerned,

there doesn't need to be only one winner."

Sony is getting behind what it says is the latest streaming technology trend – Near Field Communication (NFC), as Matt Coupe, its audio category marketing manager, explains: "Everyone's using NFC technology on a day-to-day basis, possibly without realising it – on their Oyster travel cards, by making contactless payments at till points, etc. Now this has come to the forefront in new electronics. NFC offers a means of connecting Bluetooth devices with 'one touch'."

"For example, you can tap the new Sony Xperia T smartphone to Sony's SRS-BTM8 NFC portable wireless speaker and the two instantly connect without any lengthy process, so you are ready to stream your tunes. NFC functionality is now launching across a range of products. You can tap to connect to a pair of new Sony MDR-1BT wireless headphones, which also features NFC, and, instantly, your music is playing through your headset."

Mr Coupe says NFC pairing is a great technology for retailers to demonstrate, as previously they may have struggled with weak wi-fi connections and feeble routers when trying to demo wireless streaming products.

"Now a customer can walk through the door, tap their device on a dock or headphones and be able to

self demo the product in seconds," he says.

Patrick Mathews, chief executive and founder of accessories brand Brefo, also sees the potential for NFC, saying: "I think NFC could be very widespread if it's adopted by the main market movers."

He adds: "It looks like most retailers have cottoned on to the consumer demand for accessories – I even saw headphones and phone covers for sale in my local shoe shop, recently."

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So, how should retailers stock and sell accessories? Gordon Dutch, managing director of BBG-Peerless, has some ideas.

"If I was still in retail, I would still range low-margin, hot products such as the iPad and the iPod, but ensure I worked hard on bundling the other higher-margin items that you can sell off the back of them, such as headphones, docks and cables. This would drive footfall and sales and even up the lack of margin on the hardware," he says.

And what will be the big accessory trends in 2013? Says Energenie's Mr Tadd: "The industry is crying out for user-friendly accessories for home networking and content storage. To date, the home server market has not taken off, but, as more content becomes digital, rather than physical, I see the linking of devices in the home as the next big opportunity for accessories."

Concludes Ms Newsome of Computers Unlimited: "As tablets become more common in the workplace – and the classroom – we'll start to see more accessories with business and educational applications. Health and fitness gadgets will also continue to grow in popularity. Prepare for a world of app-driven everything."