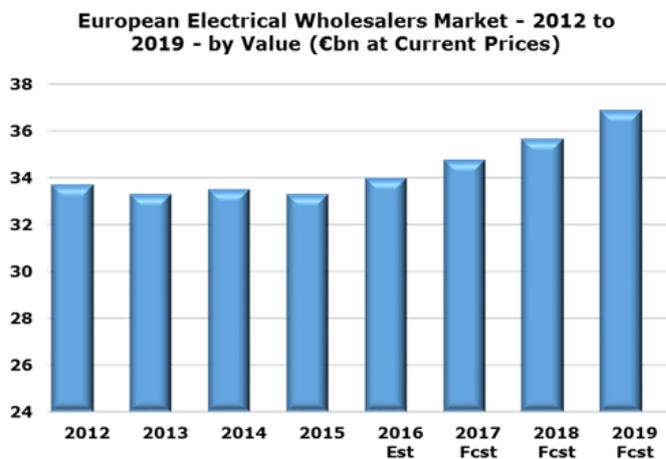




PRESS RELEASE

Leading European electrical wholesale groups continue to increase market share

August 2017 – Cheltenham, UK



The overall electrical wholesalers market in leading EU countries was estimated at €34bn in 2016, having seen a moderate increase on 2015, with 2017 growth expected at around 2%. This is according to AMA Research's definition, which includes 12 EU countries, and excludes the UK market. The European electrical wholesale market has been affected by the downturn in construction in many countries over the last decade but has begun to show signs of improvement in 2016 and early 2017.

Germany represents the largest market for electrical wholesalers by value, followed by France and Italy, both some way behind. It should be said that there can be substantial variations in estimates of market size and mix by country due to there being a variation in definitions of what constitutes an electrical wholesaler, with some organisations providing much wider range of products than others – in some cases non-electrical ranges - which account for a significant proportion of turnover.

Prospects in the medium term will continue to be variable as some countries continue to impose tough public spending cuts to reduce their budget deficits, while in other countries the economic situation has improved over the past 1-2 years. Broadly, forecasts over the next few years in the electrical wholesaling market indicate modest recovery, reflecting a combination of increases in new housebuilding levels and a steady recovery in consumer spending feeding through into rising demand for electrical products in the medium term.

New market opportunities are also emerging with the electrical sector adopting variable levels of involvement in renewable energy and home automation, while IT and communications also continue to attract significant investment. Conversely, external threats to the sector have grown with a switch to offsite manufacturing in some countries and a growing focus on modularity in areas such as wiring and circuit breakers.

"In all of the markets reviewed, the 'national' players dominate the electrical wholesale market by value in 2016 – typically with shares of over 65% for the top 2-3 players" said Keith Taylor, Director of AMA Research. "It is becoming increasingly difficult for the smaller, independent companies to compete in the market for reasons including an inability to match depth and range of stock of the larger operations, the higher investment in IT and health & safety required, the burden of product regulations and other legislation, together with expectations to provide training and additional services".

The continuing rationalisation has remained a key feature of this market, with further acquisitions consolidating the dominant positions of *Rexel* and *Sonepar*. Both organisations have continued to expand their operations in less mature markets in developing economies. Other groups with wholesaling operations beyond their national base are *Solar* and *CEF*, but neither group has the international scale of operations of the leading two suppliers. The trend towards further concentration of supply has also included buying groups, which are strong in the electrical wholesaler market. In addition, some vertical integration of the supply chain has taken place.

The outlook is for steady, if modest, growth to 2021, which will be underpinned by returning confidence in the European construction sector but characterised by severe price competition, particularly from imported products from the Far East.

The '**Electrical Wholesalers Market Report - Europe 2017-2021 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The **full** report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724. In addition, also on offer are reviews of the 12 individual countries and a separate review of the UK electrical wholesale market is also available on our website.

Editors Note:

If you would like to receive further information or would like to speak to an author of this report, please contact Anna Eriksson on (01242) 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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