

Press release

Bathroom market dampened by economy

Consumer confidence index edges up to a 15 month high, but the bathroom market remains in the throes of recession

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GfK can report that value sales of bathroom suites declined by -9 percent from the year ending July 2011 to year ending July 2012. This decline can be attributed to low consumer confidence and the beleaguered economy, which is experiencing the worst double dip recession since records began.

After three stagnant months, the consumer confidence index has edged up one point to -28 in September. It is, however, uncertain if this slight rise is a precursor for future trends or just an end of summer blip. The GfK consumer confidence index highlighted that in August 2012, 52 percent of consumers felt that the economic situation would get worse over the next 12 months. Similarly, 45 percent of consumers felt it would get a little or a lot worse in terms of their household financial situation. As a result, consumers have continued to tread cautiously with regards to big ticket purchases.

An additional buffer to the growth of the bathroom market is the decline in property transactions. In 2011, there were 866,000 property transactions compared to over 1.6 million in 2006. As the numbers of sellers and buyers dwindle, the impetus to renovate bathrooms is increasingly lost. Cosmetic improvements have proved a popular substitution, with 23.6 percent of all value sales in the bathroom markets stemming from bathroom accessories and cabinets for July year-to-date 2012.

Sam Kelly, TSR Director, comments: 'The bathroom market has been challenged due to certain economic factors, which impact the sales of big ticket items within bathroom. These factors include consumer confidence, property transactions and unemployment. It would seem that consumers have turned to buying quick fix products to freshen up the look of their bathroom instead of replacing their bathroom suites.'

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