



Technische Konsumgüter 2022 – in der Krise?

IFA - Innovations Media Briefings
13. Juli 2022

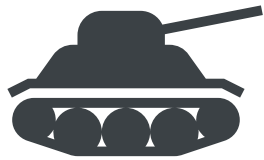
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What impacts consumers in early 2022?



War in Ukraine

- rising energy costs & supply
- shortages in FMCG goods

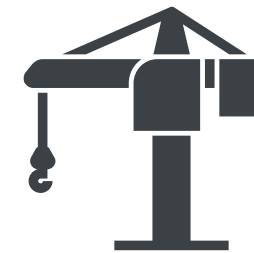


Covid still affects people & businesses
(e.g. shortages of staff)

Uncertainty



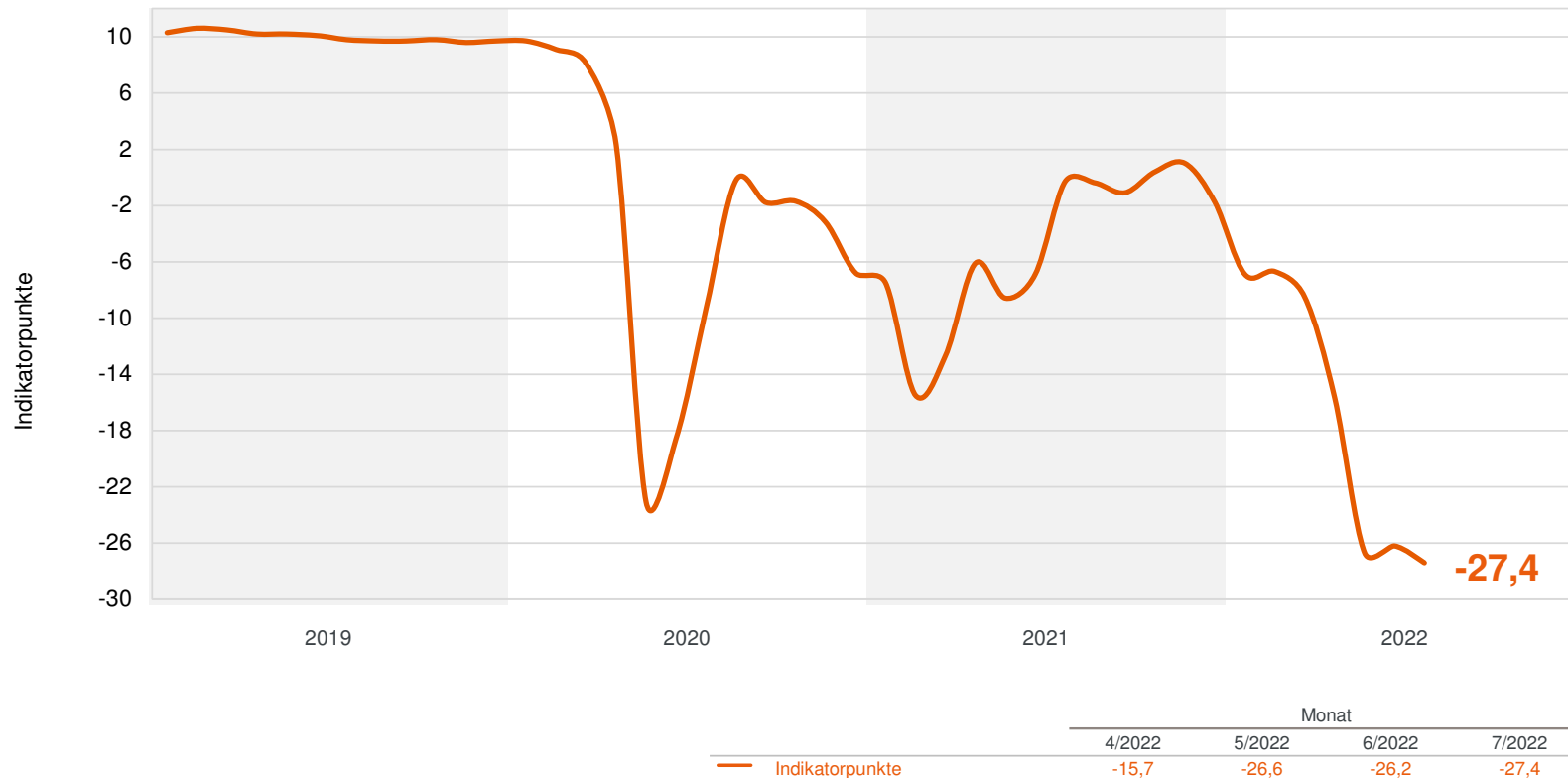
Inflation reaching a long-time high
GDP Forecasts revised downwards
Dollar parity with EUR



Raw Material & Supply Chain issues

- shortages in products
- long delays

German Consumer Climate drops in June to an all-time united Germany low.



Economic expectations

Index: -12 | +/- vs prev. month: -2%



Income expectations

Index: -34 | +/- vs prev. month: -10%



Willingness to buy

Index: -14 | +/- vs prev. month: -3%

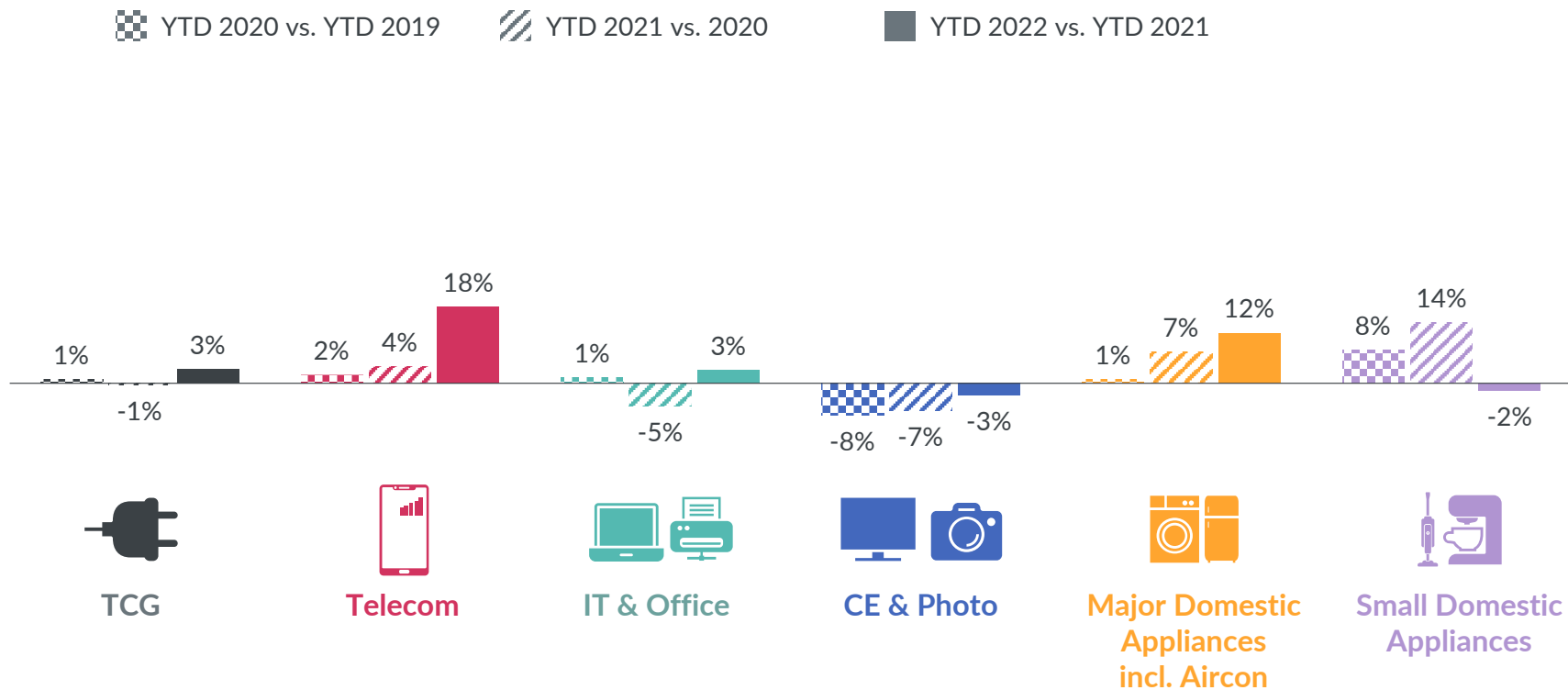
Source: GfK, EU Commission | Germany | June 2022

Do we see a direct impact on Technical Consumer Goods (TCG) sales?
Not yet as clear, but effects will be visible soon.

Technical Consumer Goods (TCG) are growing – Telecom, IT & Office and MDA currently still drive the value increase.



Development in Germany | EUR value growth | YTD Jan-May

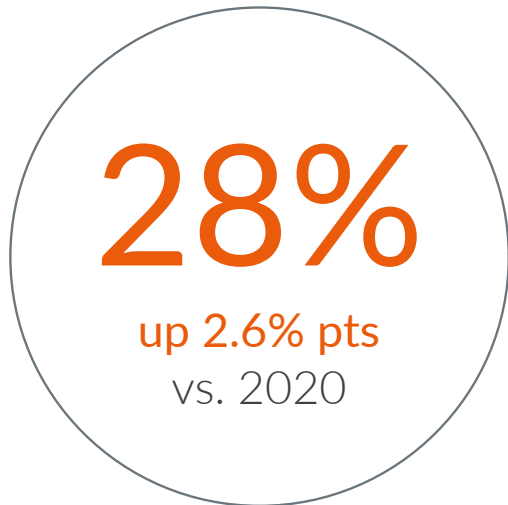


Source: GfK POS Market Intelligence. Panelmarket

Price increases – what impact can we see in Technical Consumer Goods?



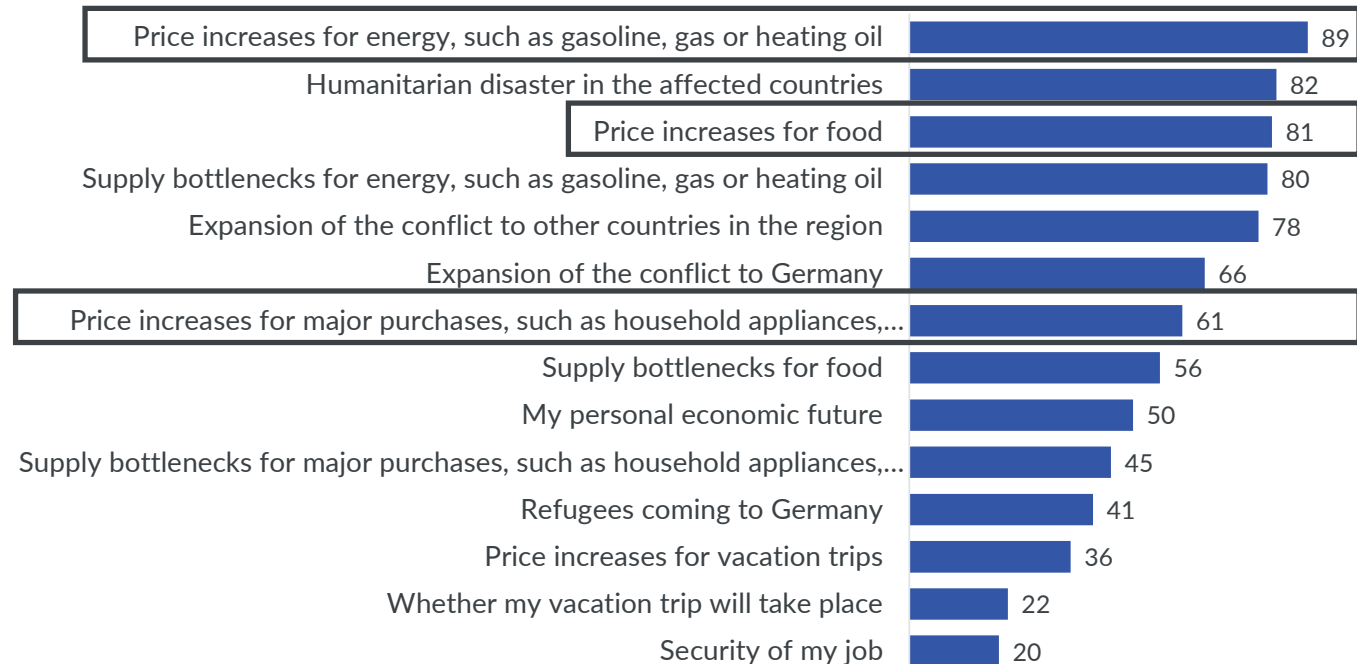
eBus study Germany: Energy and food prices are of high concerns. TCG prices less concerned.



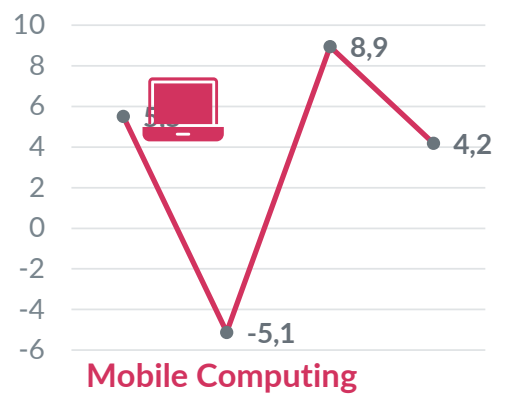
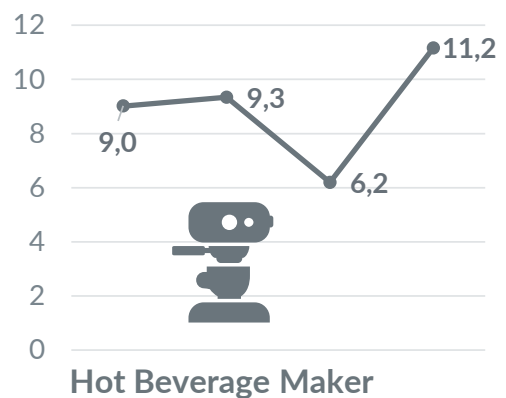
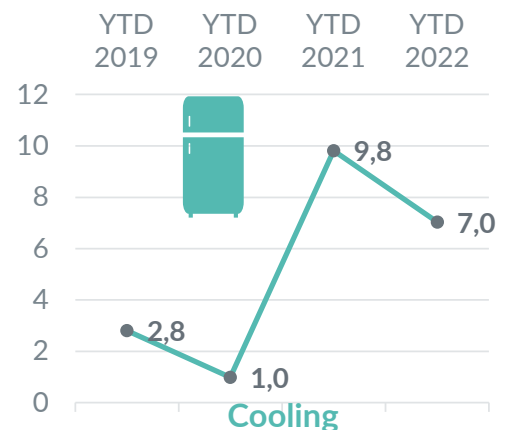
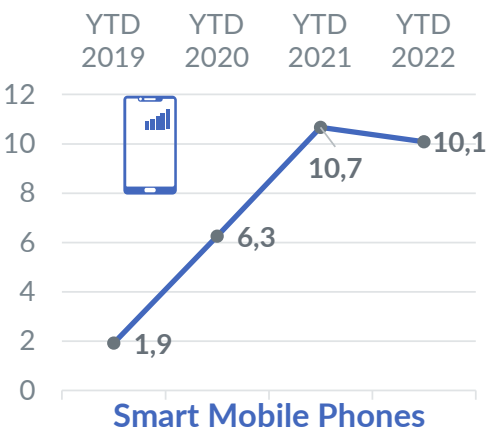
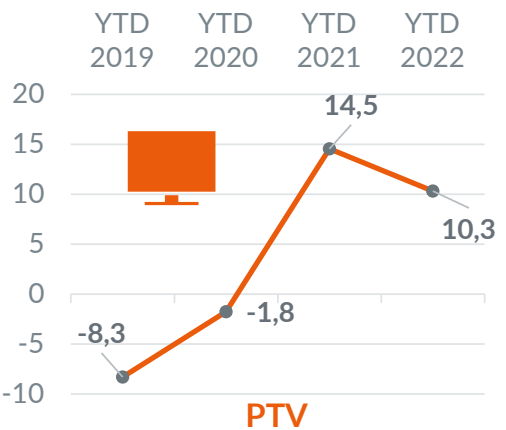
of consumers are not very confident about their own economic future

Source: GfK Consumer Life, global
GfK eBUS survey week 10 2022

% of Germans concerned due to the war in Ukraine about...



Seemingly all examples show price hikes. However, many factors contribute: uptrading, availability, model mix & price increases.
 (Germany YTD (Jan-May) changes in % vs. respective previous year)



Average price spent went up before 2022!

Source: GfK POS Market Intelligence

Example TV – money spent on TV goes up on average - but the model mix sold makes the difference.

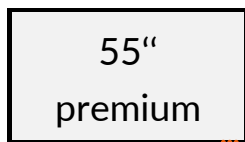
(Germany YTD (Jan-May) changes in % vs. respective previous year)



Units: -8% Price: +16%.
Sales Shift to channels with higher average price/assortment
MassMerchandiser (Online + Hypermarkets) Units -30%, Price +2%
Electrical Retail Units +16%, Price +17%



Units: -48% Price: +4%.
Less entry TV Sales increase average prices



Units: +22% Price: -7.5%.
Growing premium TVs drive up overall average price

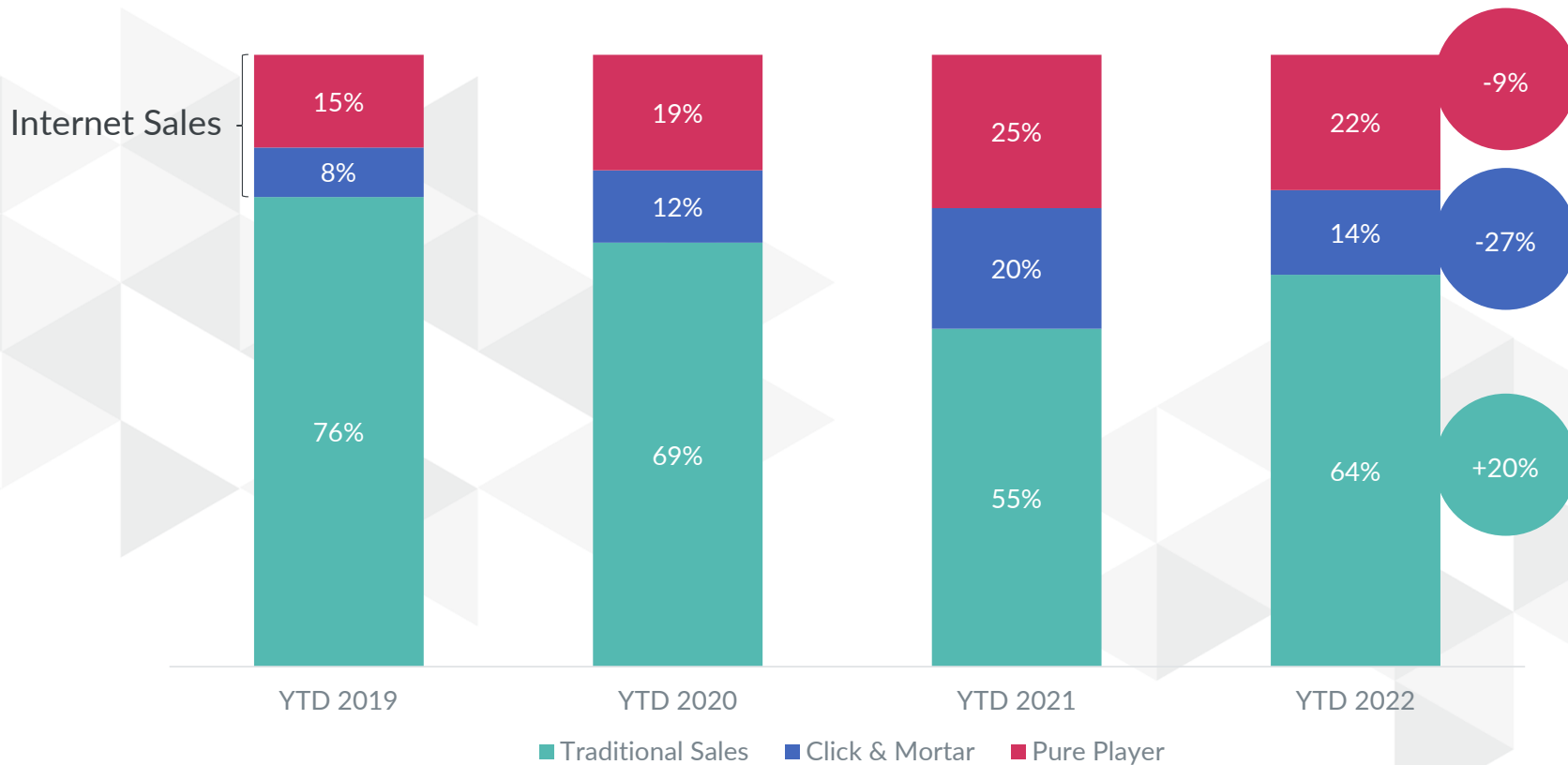


Units: +8% Price: -2.5%.
Growing share of XXL screens drives up overall average price

Source: GfK POS Market Intelligence

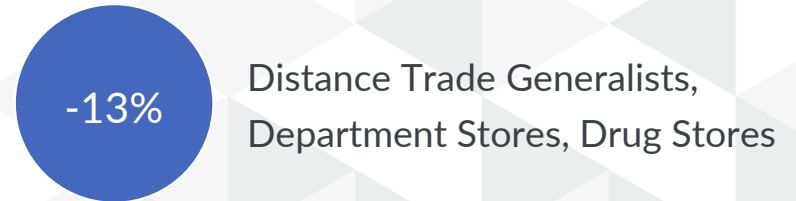
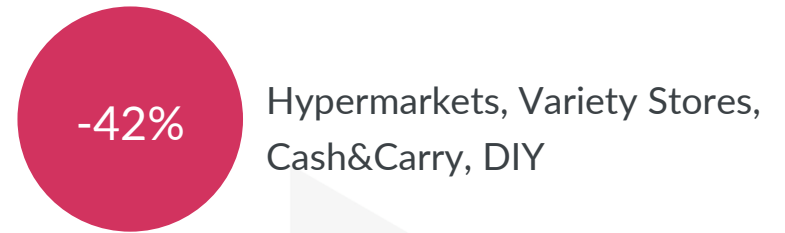
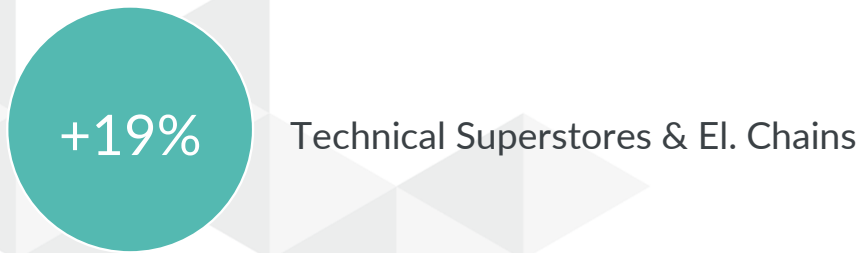
Does shopping **behaviour** change after COVID?

Traditional Retail comes back in 2022.
But does not reach pre-Corona level.
Development in Germany | EUR YTD Jan-May



Source: GfK POS Market Intelligence, TCG Products

Sales shifts in channels for TCG are well visible.
Promotional channels do not profit
Development in Germany | EUR YTD Jan-May

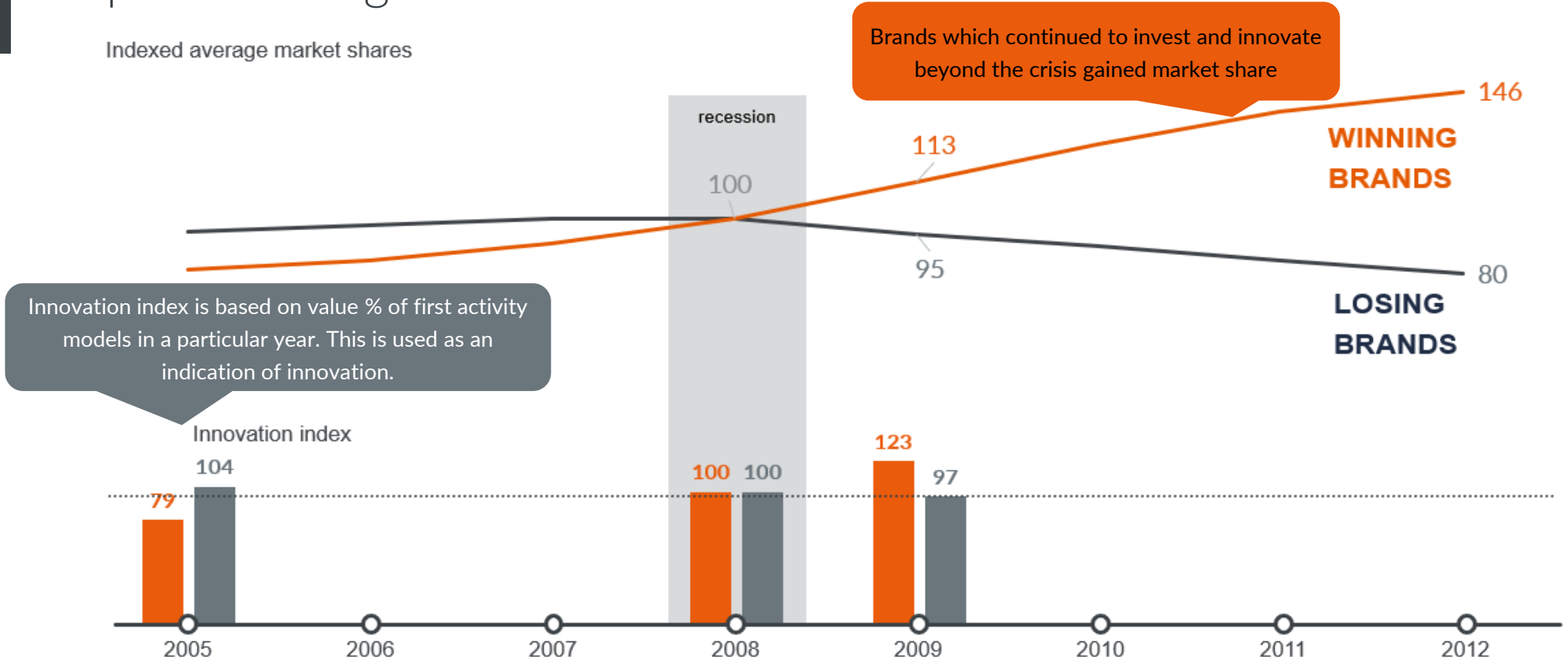


Source: GfK POS Market Intelligence

In every crisis there is an **opportunity**.

Crises create opportunities: Innovation sets the path for long-term success

Indexed average market shares

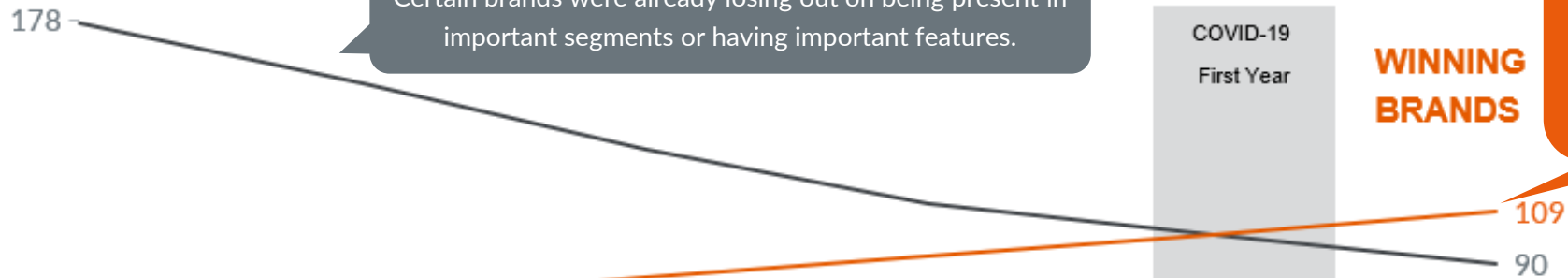


Source: GfK POS Market Intelligence; EU5, RU, PL, CN, Cross Category View: PTV, Mobile PC, Cooling, Washing, Vacuum cleaner, Hot Beverage Machines; We exclude smartphones due to the shorter lifecycles and high churn rates
 Innovation Index: Revenue share for newly launched products compared to overall revenue. It is calculated using sales value share of first activity models. Both for market shares and innovation index 2008 is used as an index year.



Innovation and investment in the right segments continue to catalyze growth for winning brands

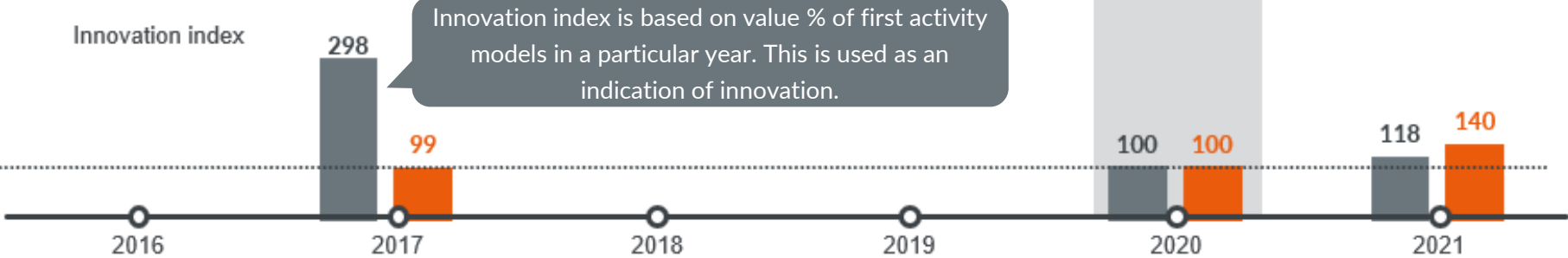
Indexed average market shares



Certain brands were already losing out on being present in important segments or having important features.

Brands which continued to invest and innovate are showing a similar winning trend like in 2008 crisis

Innovation index



Innovation index is based on value % of first activity models in a particular year. This is used as an indication of innovation.

We exclude smartphones due to the shorter lifecycles and high churn rates
Innovation Index: Revenue share for newly launched products compared to overall revenue. It is calculated using sales value share of first activity models. Both for market shares and innovation index 2020 is used as an index year.

Trends impacting FMCG shoppers

Sales Value development in % 2021 vs. 2019



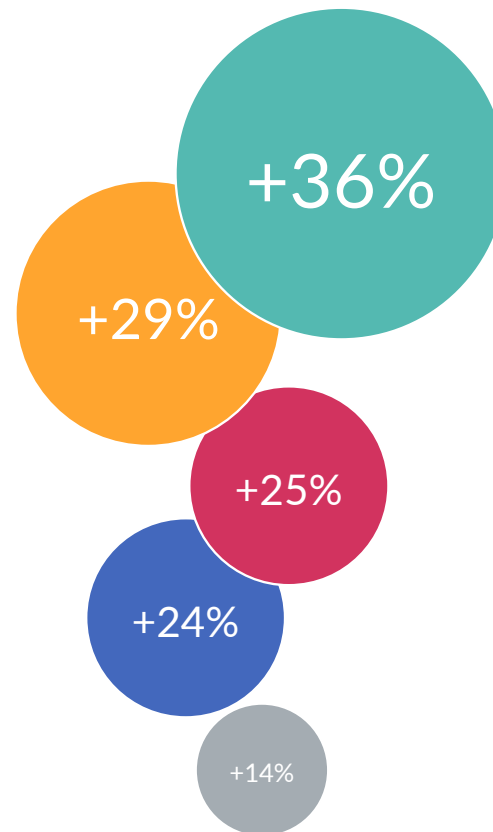
 Sustainability /
Nachhaltigkeit

 Lifestyle &
Premium

 Convenience

 Health /
Gesundheit

 FMCG



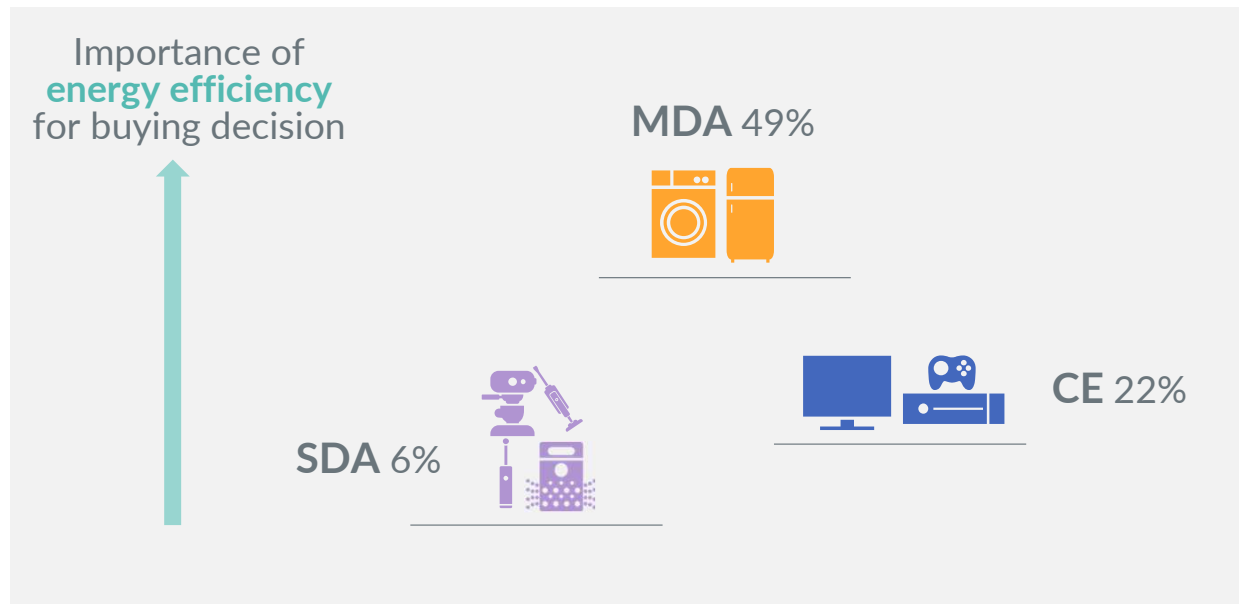
Younger cohorts
Gen Z & millennials
even >40%

Source: GfK Consumer Panel CP+ 2.0 FMCG | FMCG

TCG is not all the same in sustainability.

Sustainability is not only about energy efficiency.

Consumer decision making criteria vary widely



For these categories, historically **performance features** play a more prominent role, e.g. **CPU, RAM**, audio and picture quality as well as size and capacity

...but sustainability factors, also packaging, repair & refurbished, are set to become more differentiating in the future

IT and Smartphones — Energy efficiency not asked for as a criterion, only indirectly via battery life

Source: GfK Consumer Insights Engine, all countries monitored, MDA: Cooker / Oven / Hob, Dishwasher, Microwave Oven, Refrigerators/Freezers, Washing Machines Tumble Dryers; CE: TV, AI speakers/ digital cams; SDA: Electric Kettle, Hot Beverage Maker, Shaver / Trimmer, Vacuum Cleaner; Q2 2018- Q4 2021

Continuation of premiumization, simplification, multi-function and @home trends?

Audio, Smartphones and 'Gaming' demanded

Jan-May22, Sales Value

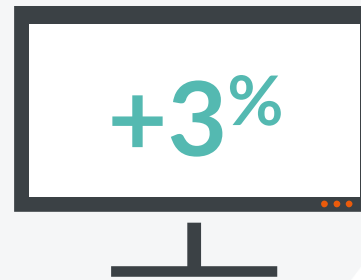


Smart Mobile Phones



+19%

Monitors Gaming



+3%

Bluetooth Headphones



/ -sets

+27%

Radio DAB+



+7%

Soundbar



+9%

+2%



Bluetooth Speaker

Source: GfK POS Market Intelligence

Growth in MDA by multi-function and built-in

Major Domestic Appliances, Jan-May22, Sales Value



Major Domestic Appliances



+12%



Pyrolytic Ovens

+20%



Tumble Dryer >=8kg

+26%

Trend goes to large-volume devices 8 or 9 kg loading capacity

Washing machines with steam function



+30%

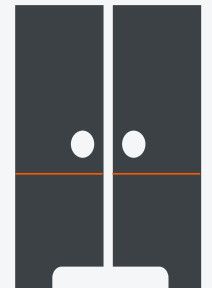
Hobs with integr. Hood

+40%



Refrigerator Multidoors

+29%



Source: GfK POS Market Intelligence

SDA -2%, but still growing segments

Small Domestic Appliances, Jan-May22, Sales Value

Small Domestic Appliances



-2%

Hot Air Fryer

+36%



Espresso Pump Traditional
(Siebträger)



+7%

Hair Dryer



+10%

Hot Air Styler



+20%

Laser/IPL



+6%

Source: GfK POS Market Intelligence

What now?

Summary & how to succeed



- 1** 2022 developments have become even more difficult to predict – outlook indicators deteriorated
- 2** Consumer confidence is eroding and prices go up – esp. for food and energy. EUR weakness will have an impact in the future
- 3** Needs of the consumer to be put in focus: help to save (energy, money, time) GfK tracks quarterly thousands of shoppers of key TCG markets
- 4** In every crisis there are opportunities – innovation on products and strong brands are key. Omni-channel shopping experience.
- 5** The need to know latest developments (consumer/market information on a weekly basis) to take fact based decisions grows.

Thank you
for your attention.

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