
State of Consumer Technology and Durables Webinar

Gearing up for Q4
and beyond

Namrata Gotarne, Diane Gahl
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Today's presenters



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New edition just released: The State of Consumer Technology and Durables Report

STATE OF | LAST UPDATE
REPORT | FOR LITE REVIEW

GfK Growth from Knowledge

OUTLOOK 2023

Consumer Technology and Durables

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The big picture

Navigating a sector slowdown, after the pandemic boom

The consumer technology & durables market is on its way down from a record high.

In 2021, ongoing Covid-19 restrictions continued to curtail travel, socializing and work outside the home. As a result, consumers invested heavily in elevating their at-home experience via devices for eating, entertaining or remote work. Budgets that had been set aside for vacations or travel were also diverted toward this push for greater home comforts, freeing up cash to spend on more premium products.

Against this backdrop, revenues across the global consumer technology & durables market soared to an all-time high, with overall value growth of 12.2%. But for C-suite leaders it is critical to regard this period as largely anomalous within their wider strategies.

Some level of deceleration had already begun in H2 2021 but the pace of this decline in growth has ramped up significantly. At the start of 2022 the consumer technology & durables market had looked set for value growth and volume decline but ongoing challenges of both supply and demand have considerably dampened performance.

In fact, in H1 2022 total sales values in consumer technology and durables had declined by 5.5% compared to 2021. This spans all major categories.

-5.5%

Global Technical Consumer Goods sales value USD YTD 2022 vs. 2021

Source: GfK Market Intelligence Sales Tracking YTD - See also: International Coverage (incl. North America)

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Start by optimizing supply chain

Brands and retailers respond to pressures by adopting strategies that enable higher launch prices

Launch price development per category: US \$

Category	2019	2020	2021	H1 2022
Mobile computing	799	776	871	920
Panel TVs	540	590	719	820
Washing machines	385	454	488	448
Vacuum cleaners	222	262	312	314
Printers	164	112	148	162

total volume sales only went up by 9% creating a category longtail of 9% that is contributing less than 5% of overall category volume sales.

By slimming down brands and / or SKUs instead, brands are left with greater time and resources to zero in on top performers and maintain availability of those 'hero' products that drive consumer engagement and loyalty. To identify these products successfully, companies need to make use of a mix of market and consumer data to take into account both past sales and emerging consumer trends.

Companies may also consider prioritizing a pipeline of NPD and innovation as part of any product portfolio. Not only can availability be easier to determine on new products and technologies than existing ones in some cases, but new SKUs can be more easily positioned at a higher launch price to reflect increased supply and production costs. To pursue this strategy though, higher priced products need to be supported by a compelling value story in order to win customers over.

This strategy may also require the adoption of new technologies earlier than planned, such as the latest iterations of Wi-Fi networks, and sufficient forward planning to coincide launches with the emergence of these new technologies into mainstream consumer markets.

By carefully realigning both logistics and product mix to optimize existing supply chains, brands and retailers will put themselves in a far better position to navigate through current delays and shortages, with minimal impact on sales or brand.

Source: GfK Market Intelligence Sales Tracking International Coverage (incl. North America)

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Keep low consumer confidence with products that spark joy

Currently, product categories that are helping to counterbalance the pressures consumers are facing are doing well for instance. This includes smart thermostats which saw a 48% increase in sales in H1 2022 compared to the same period in 2019, smart LED lamps (+32%) and smart home monitoring (+102%). Though these aren't low-cost items, the fact that they deliver energy savings, increased convenience and portability allows consumers to justify the expense, even at a challenging economic time.

These benefits are fuelling wider value growth in smart automation, SDAs and MDAs too, led by products that prioritize convenience and added value. In SDAs for instance, sales of robotic vacuum cleaners grew by 94% from 2019-2022 and in MDAs dishwashers saw 28% growth in the same period, despite already high penetration rates. Both

provide a clear USP in saving consumers time and hassle.

Those products that provide a spark of joy - or affordable indulgence - may also appeal to consumers in challenging times, particularly those that elevate the at-home experience. In the entertainment category for example, audio home systems (+48%), soundbars (+53%) and mini bluetooth speakers (+50%) have all seen significant sales growth in H1 2022.

The bottom line for brands and retailers is that, though confidence is low, there are still products within the consumer technology & durables sector for which consumers will splash out, so long as they're supported by a compelling case for enriching or easing their lives during a difficult time," sums up Vishal Bhat, global VP for customer success at GfK.

Confidence is rebounding in developing markets ahead of more developed regions

Change in percentage of consumers who are confident they will be better off in 12 months, 2021-22

Region	Change in percentage of consumers who are confident they will be better off in 12 months, 2021-22
UK	-9 points
Belgium	-10 points
Netherlands	-6 points
India	+11 points
Brazil	+5 points
Indonesia	+3 points
South Africa	+5 points

Source: GfK Consumer Life Global 2021 and 2022

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Agenda

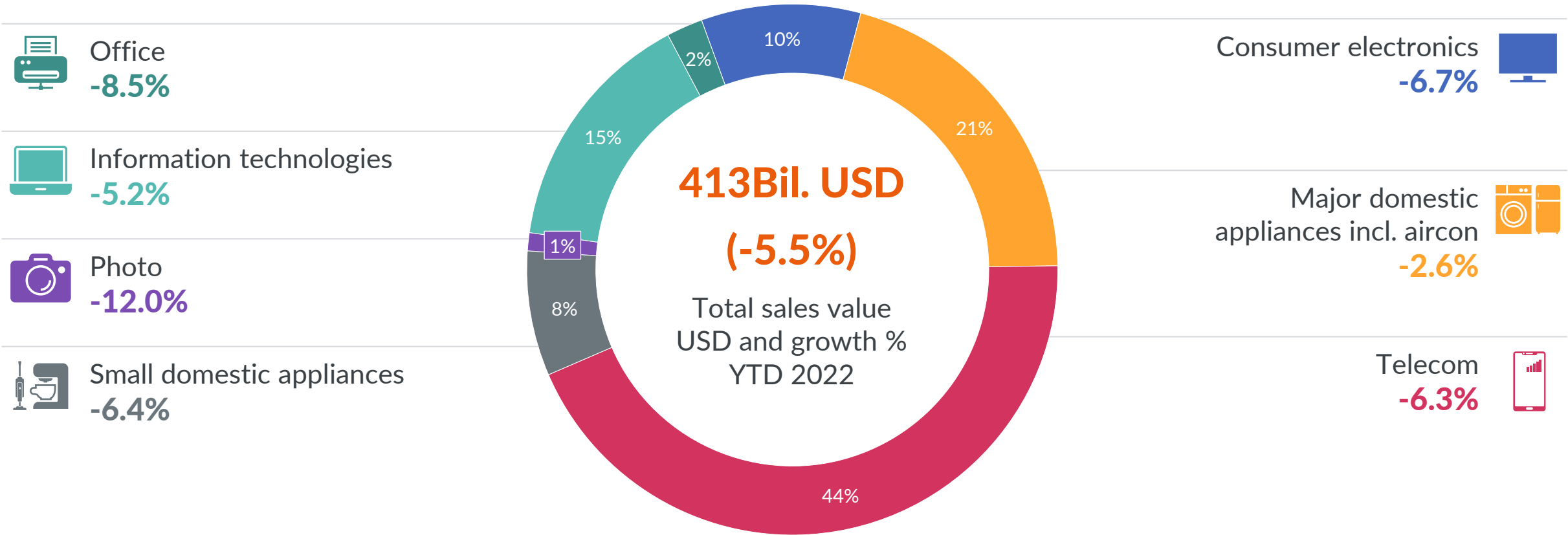
- 1 Tech and Durables sales performance
- 2 Consumer behavior in the new normal
- 3 Key strategies for the months ahead



H1 2022 decelerates across all sectors compared to higher baseline of 2021



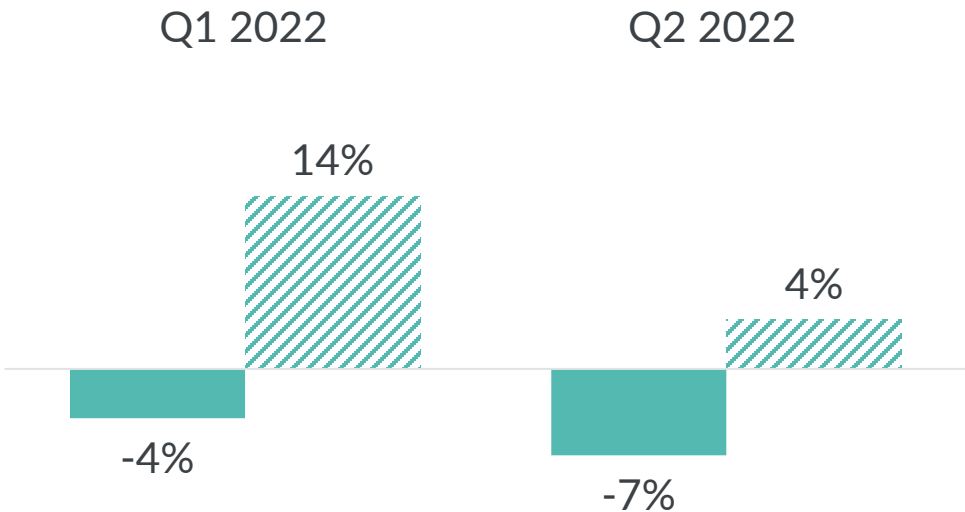
Sales value USD (NSP) | Growth rate YoY | B2C Retailer Market | YTD: Jan – Jun 2022



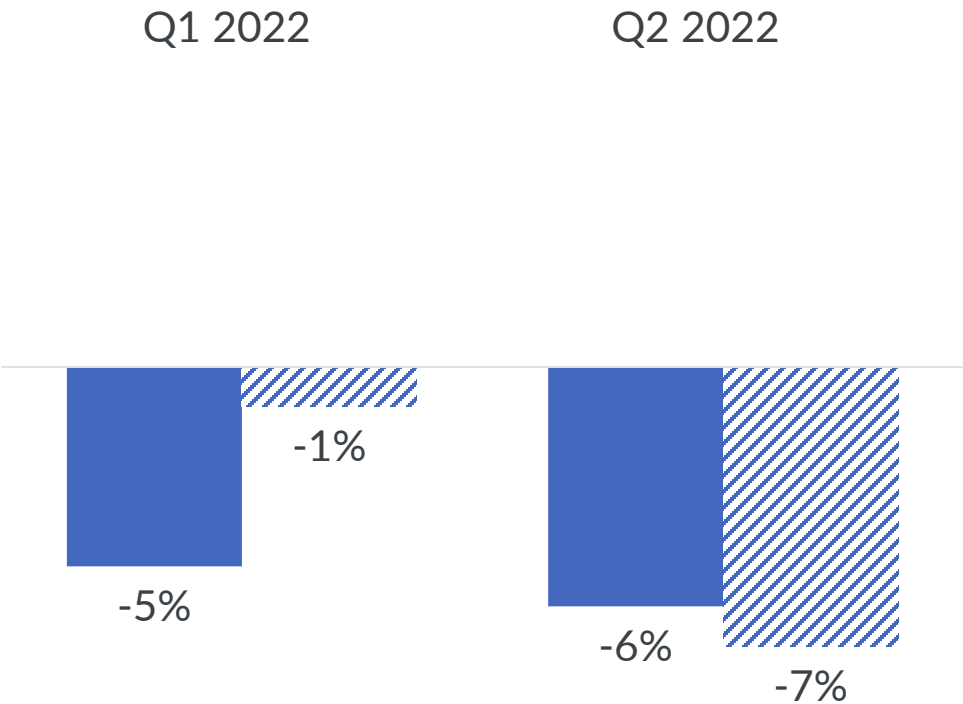
Value trend remains higher than pre pandemic whereas volume decelerates strongly



Sales value T&D | Growth %



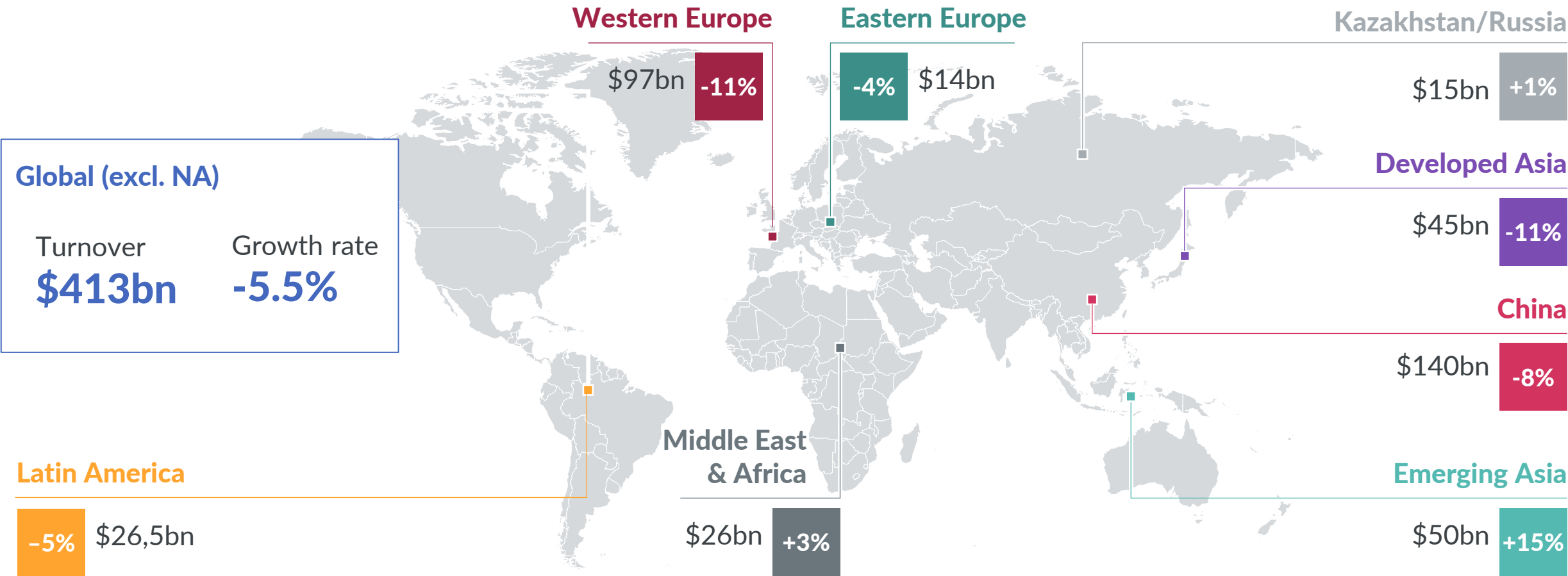
Sales volume T&D | Growth %



Deceleration continues especially in Europe and China, while market still operates on high sales levels



Sales value USD (NSP) | YTD June 2022 vs 2021



Worst price hikes are over and commodity costs start to moderate on high levels

Price increase July 22 vs July 21



Palladium

-19%



Crude oil

+34%



Lithium

+434%



Copper

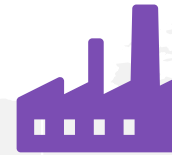
-21%



Aluminum

-3%

Shipping delays



European factories
do not produce the
total product line
of brands

Lead time

+63 days

China → US
Jul '22

vs. 80 days
in Dec' 21



Shipping costs
(Jul' 22 vs. Jul' 21)
All routes **+3%**

-22%

Asia →
North Europe

+40%

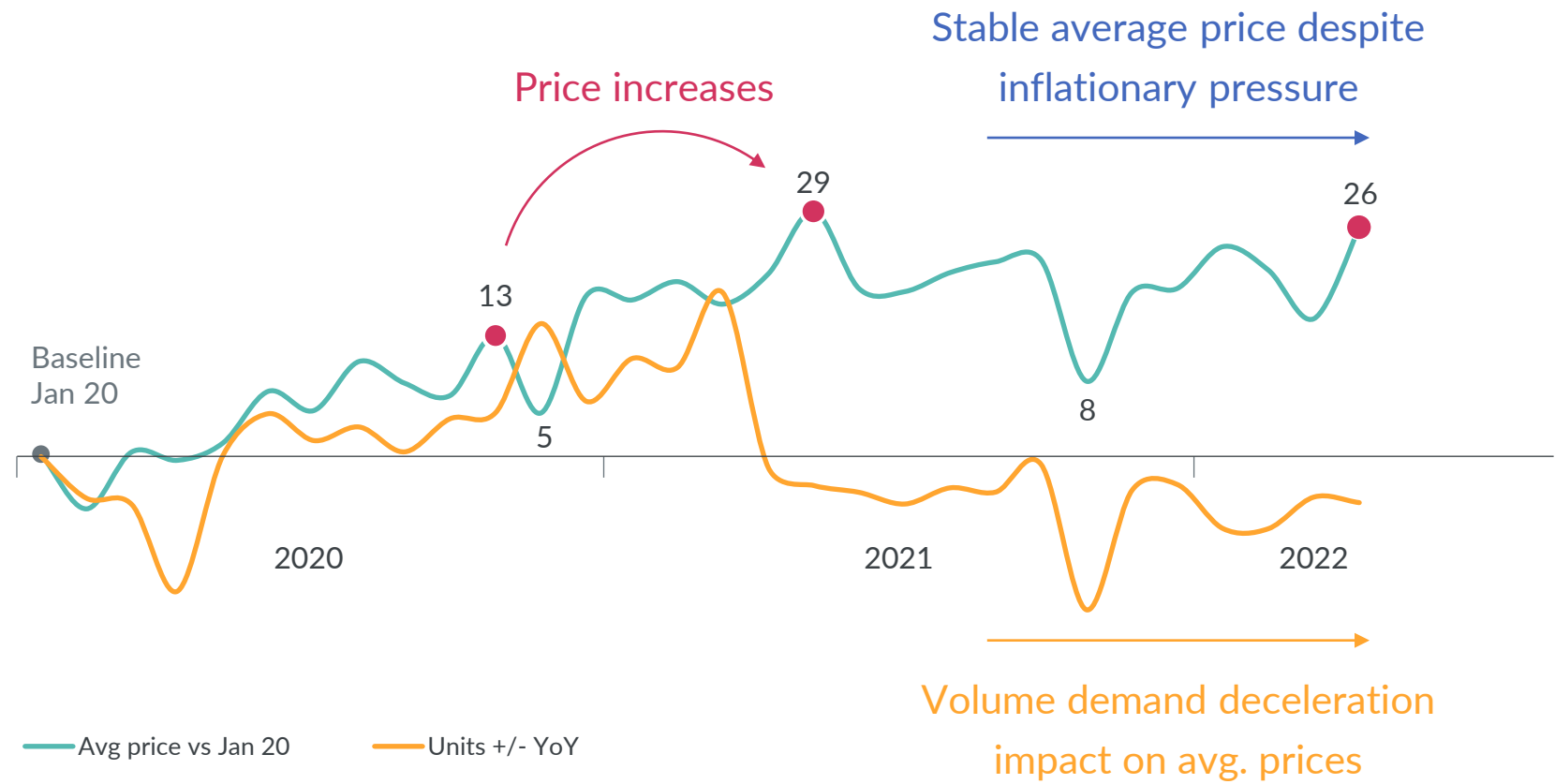
North Europe →
US East Coast

Decelerating demand stabilizes average prices even with high inflation



Global price development | TCG average price/unit growth +/- % vs Jan 20

Rising inflation
+8.3%
expectation IMF
2022 globally

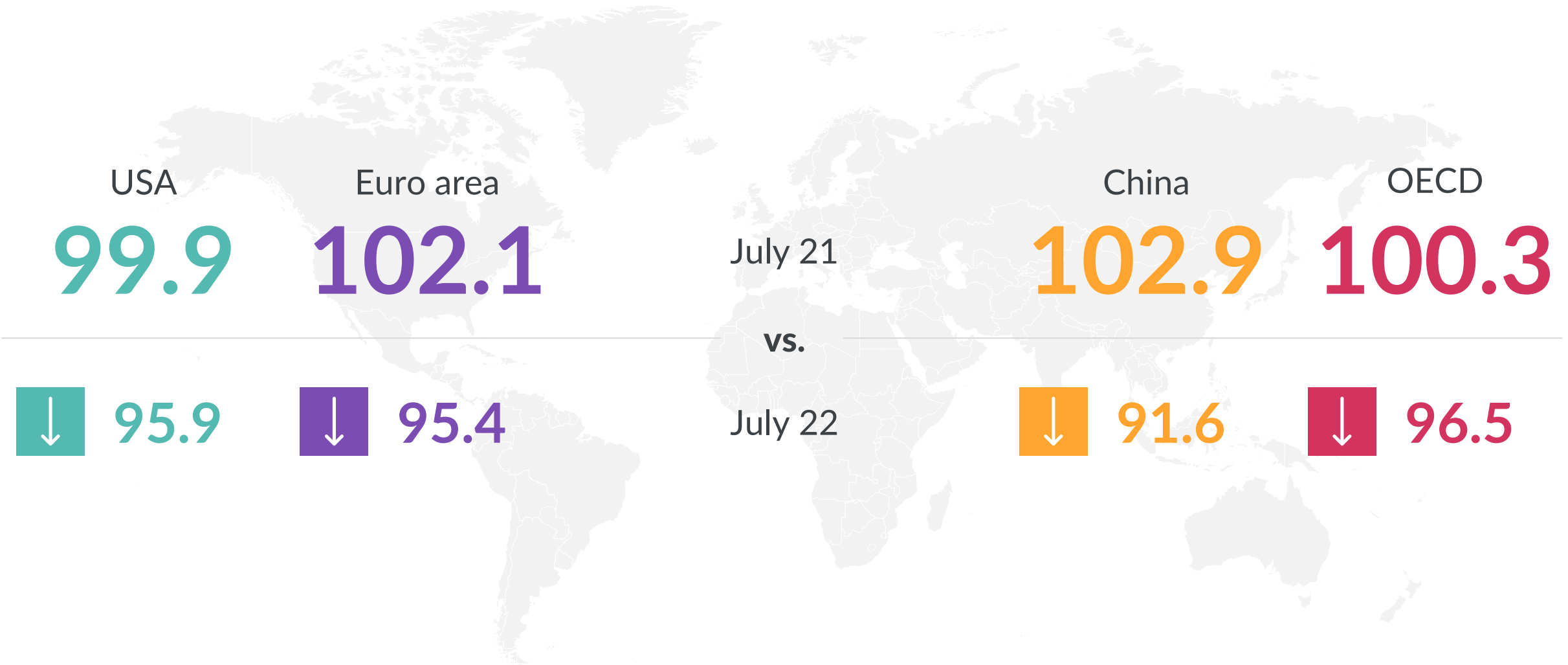


2

How are consumers behaving in the “new normal”?

Consumer attitudes and purchase drivers

Consumer confidence is in decline across the globe



A woman with long dark hair and glasses, wearing a grey sweater and blue jeans, is walking on a city street. She is holding a smartphone in her right hand and looking at it. She is also carrying a large white shopping bag. In the background, there is a red brick building with many windows and a white building with columns.

43%

of consumers think
it is a good time to
wait with purchases

+ 3.4 ppts vs. 2020

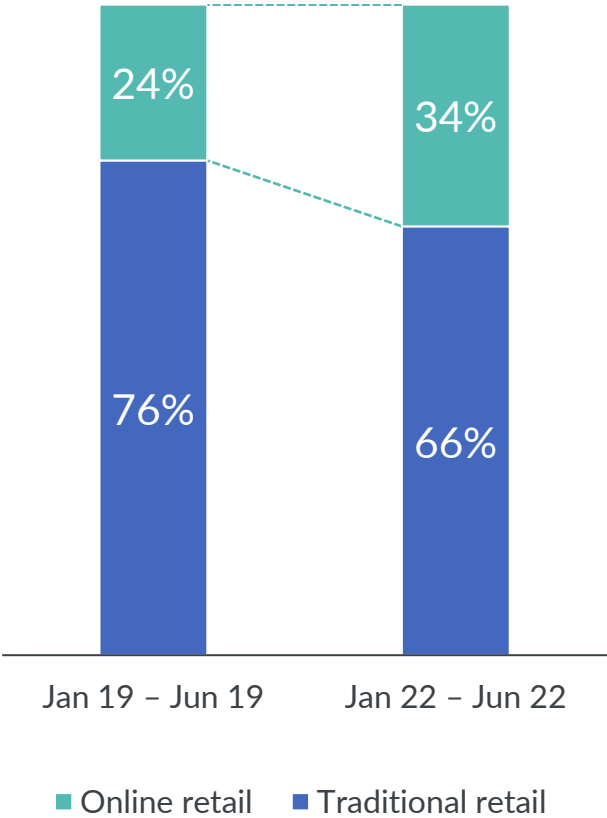
Consumer behavior transformed tech and durables markets during the pandemic



50%

Of consumers will increase online shopping

Technical Consumer Goods | Sales value USD (NSP)



3

Key strategies for the months ahead and 2023

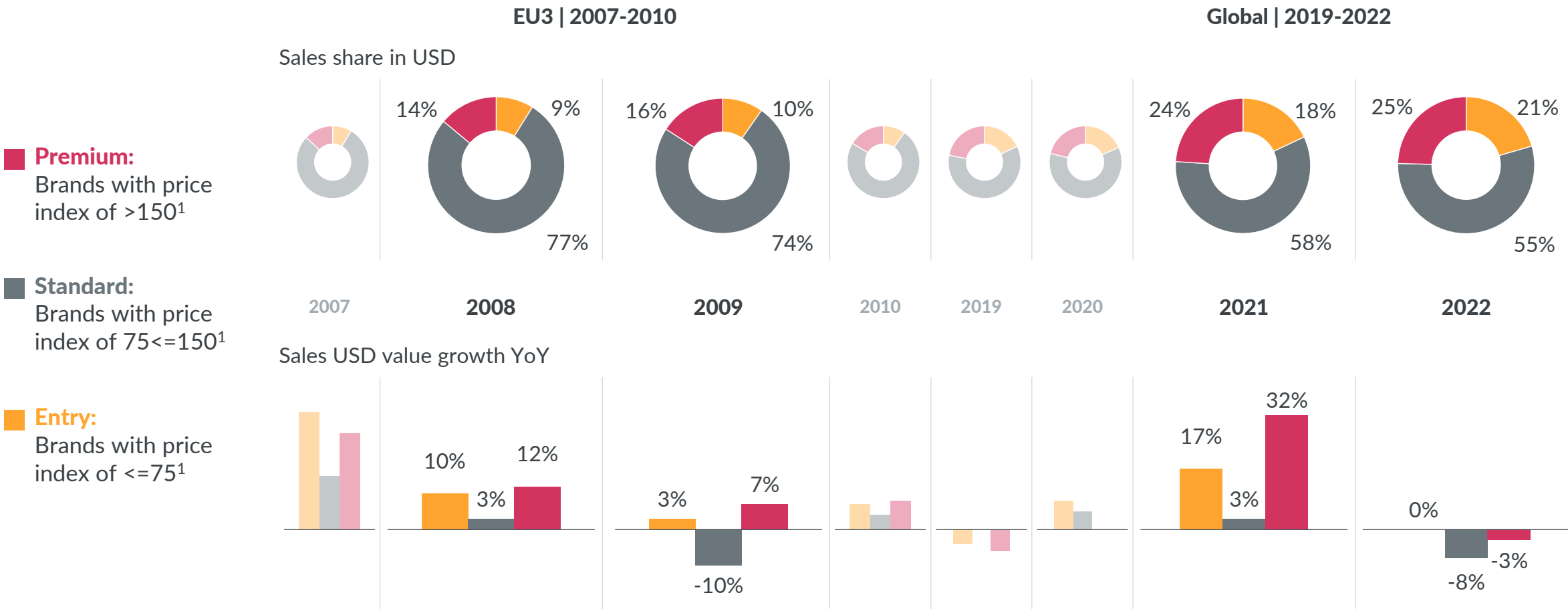
Innovation is crucial to endure and grow in these uncertain times

Growth of premium after financial crisis of 2008 & during the pandemic



Continued polarization between entry and premium brands

Key Technical Consumer Goods product groups



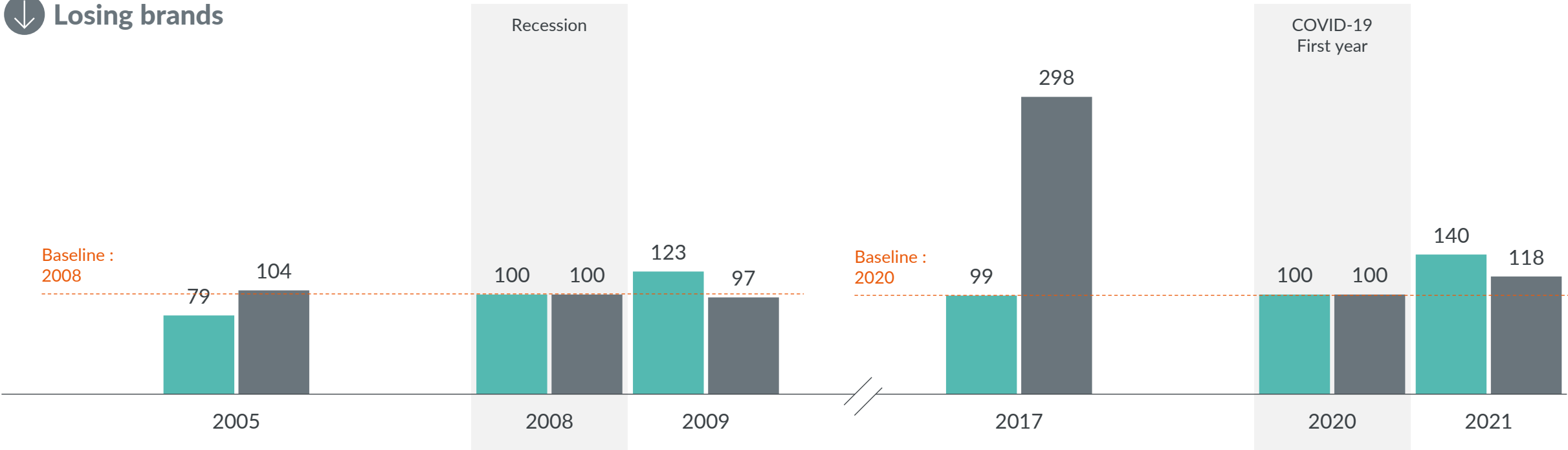
Source: GfK Market Intelligence: Sales Tracking, EU3, USD (NSP) Value & growth 2007 vs 2010, Key Product Groups in tech and durables.
¹ Price Index per brand is aggregated up from a country/product group level to use comparable price index information within one country and product group.
GfK State of Consumer Tech and Durables Webinar

2008/2020 crisis: Innovation and investment in the right segments continue to catalyze growth for winning brands



Indexed value share of new products

- Winning brands
- Losing brands



Source: GfK Market Intelligence; Sales Tracking, 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. | GfK State of Consumer Technology and Durables Webinar Q3 2022
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Innovation: Key to grow and succeed

01

Premiumization

02

Sustainability

03

Omnichannel

04

Price and promotions

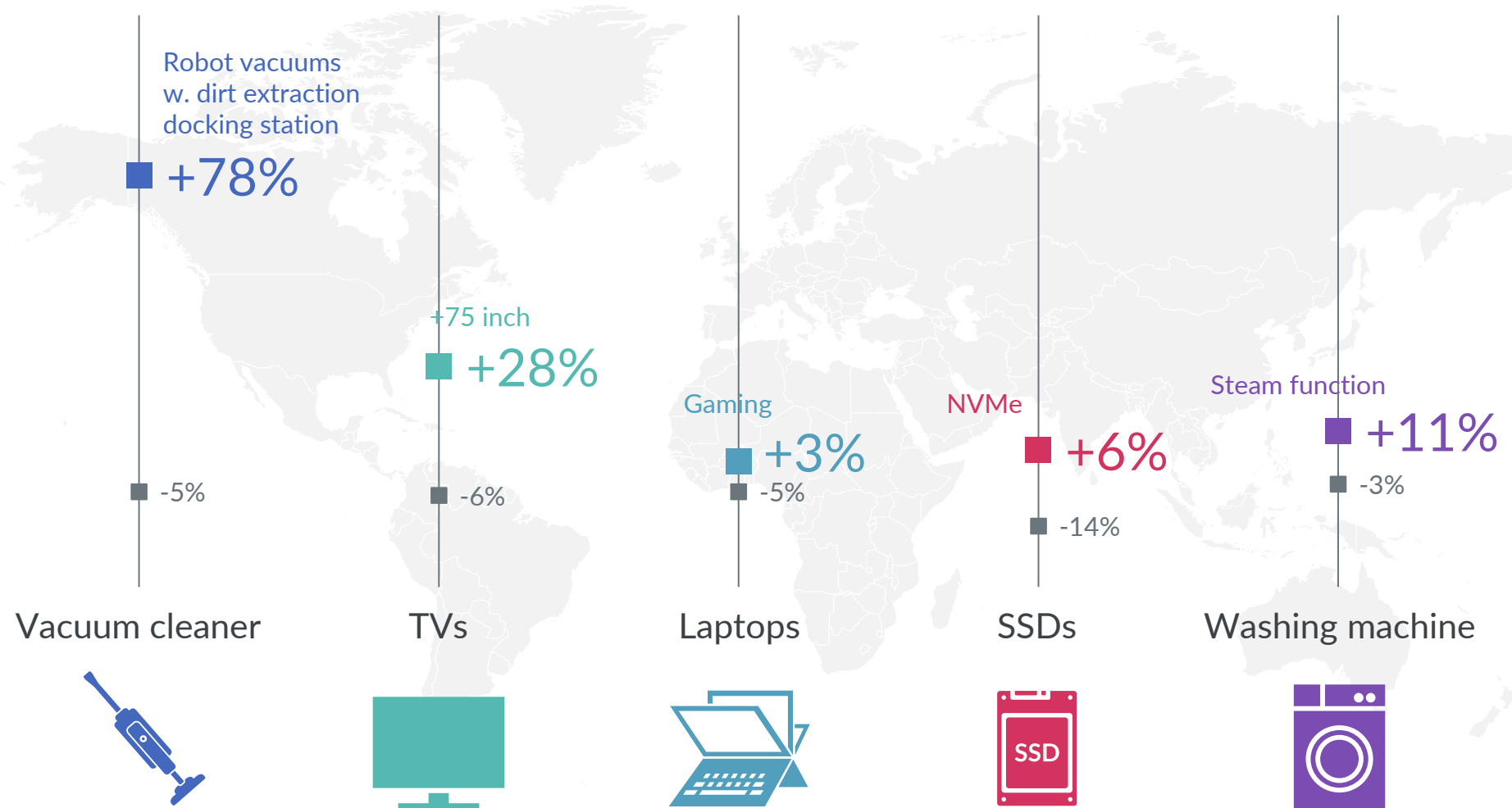
Focus on the innovative products that add value to consumer's lives



Premium segments continue growing where overall categories decelerate

Premium segment example vs. category total

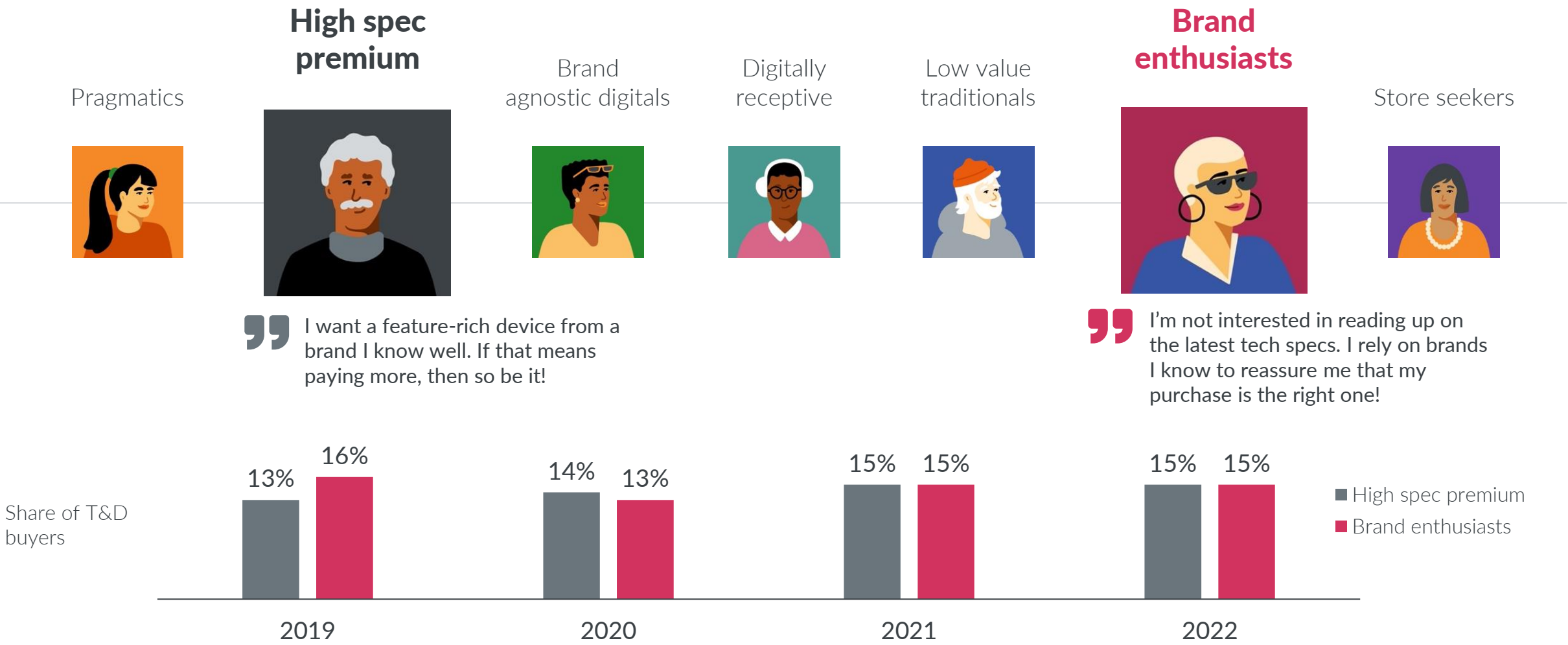
Global (ex. NA) |
Sales value growth
USD YoY |
Jan– June 2022



Focus on relevant tech and durables buyer groups



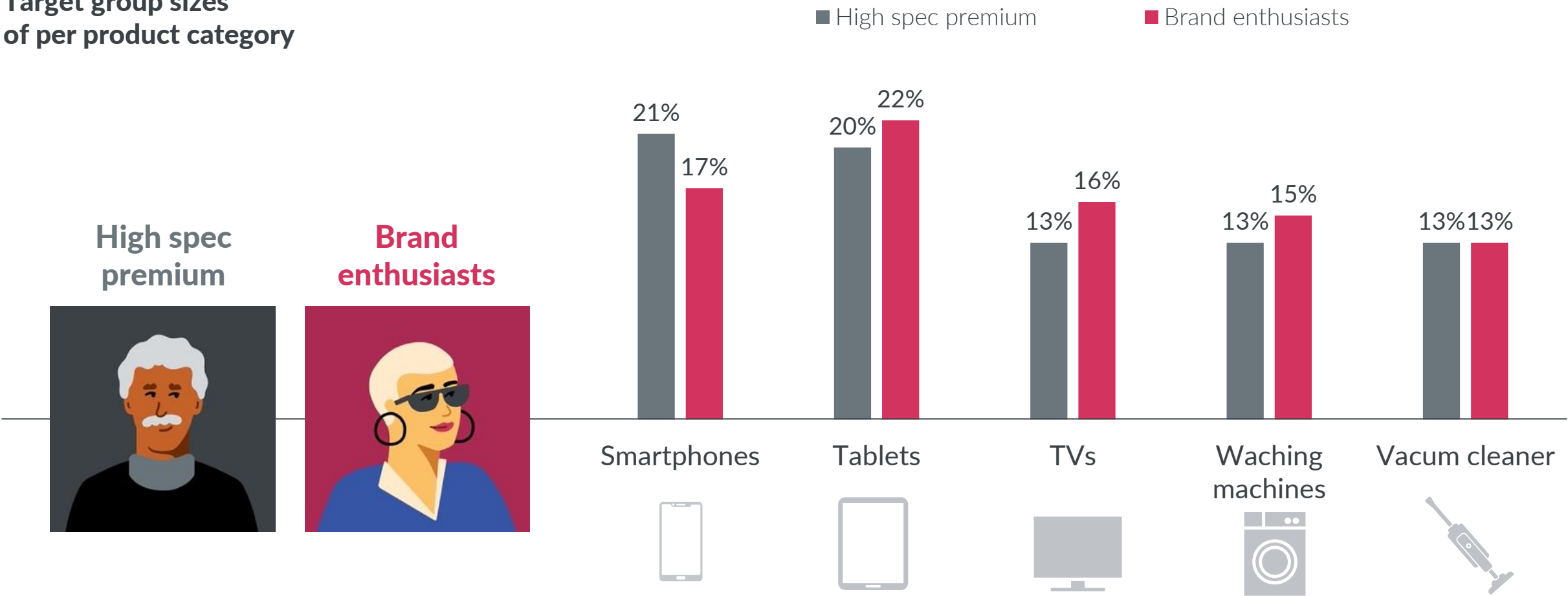
High spec premium and brand enthusiasts share in purchases remains constant



Consider category dynamics

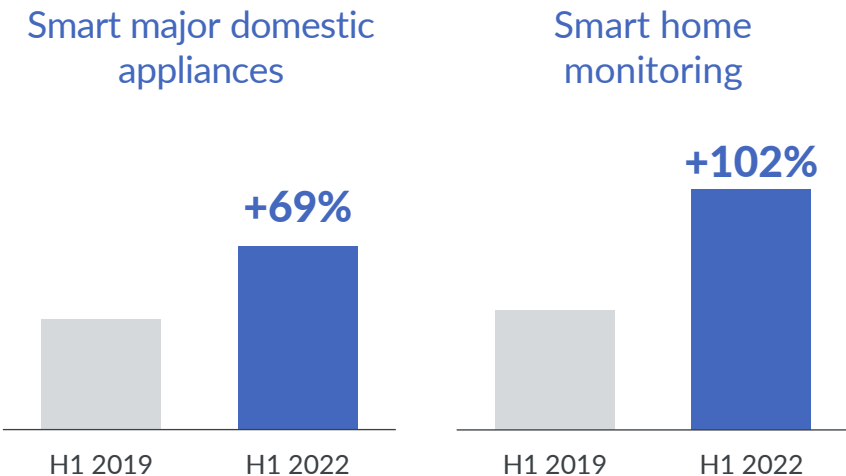
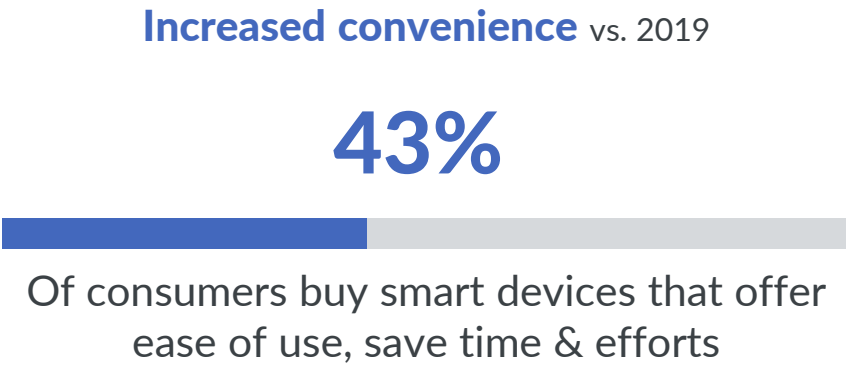
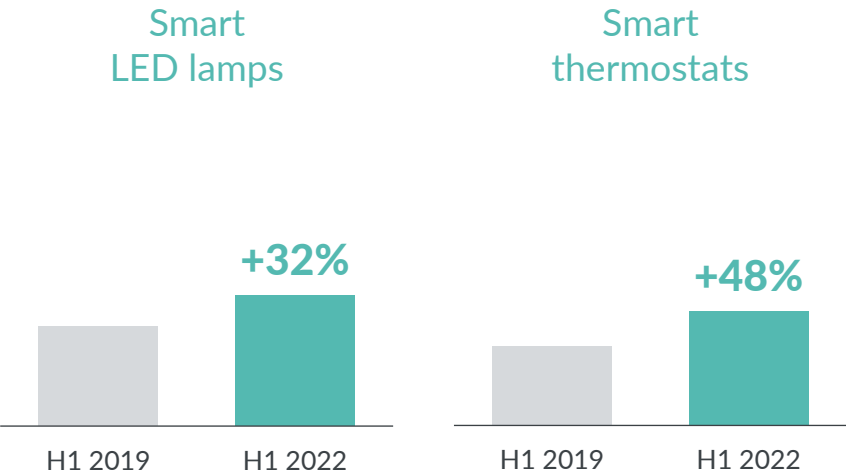
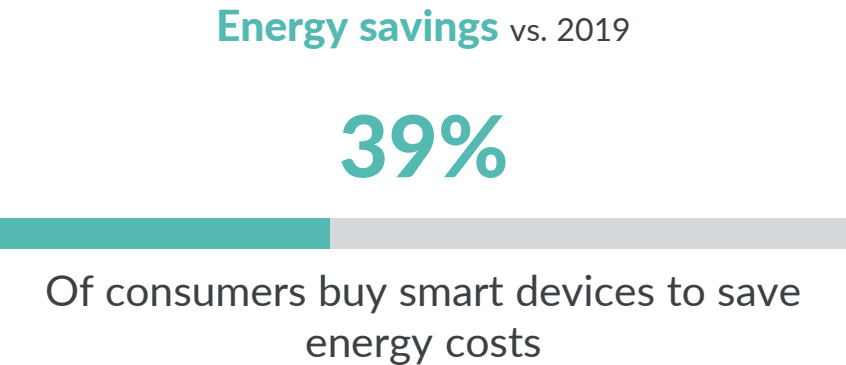
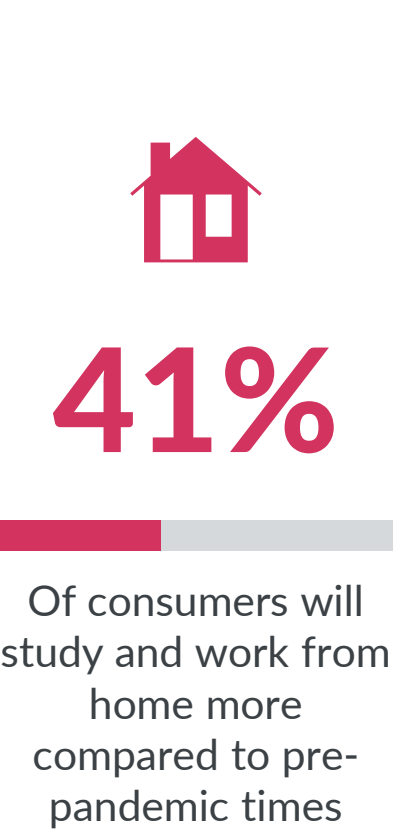


Target group sizes
of per product category



Focus on offering the right product mix

Products that deliver value and ease consumers financial pressures



Sustainability continues to be an important value for consumers



73%

It is important that companies take environmentally responsible actions



27%

Purchased refurbished products rather than new to both save money and reduce environmental impact

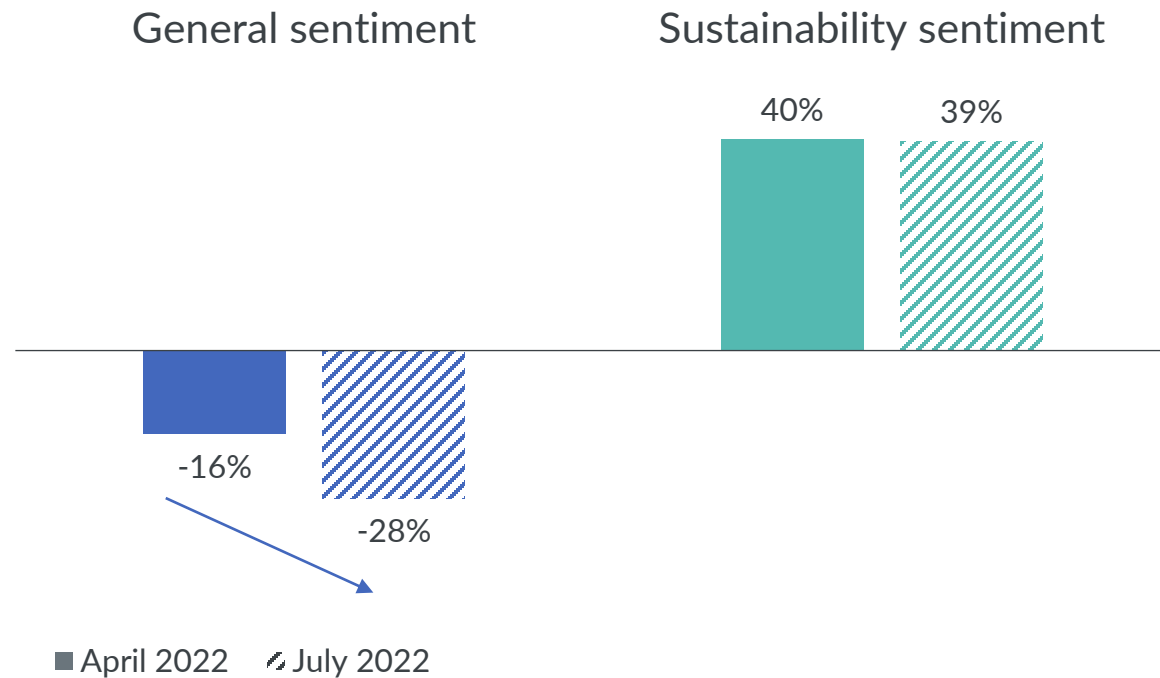


Despite inflation: Consumers in Germany buy sustainably

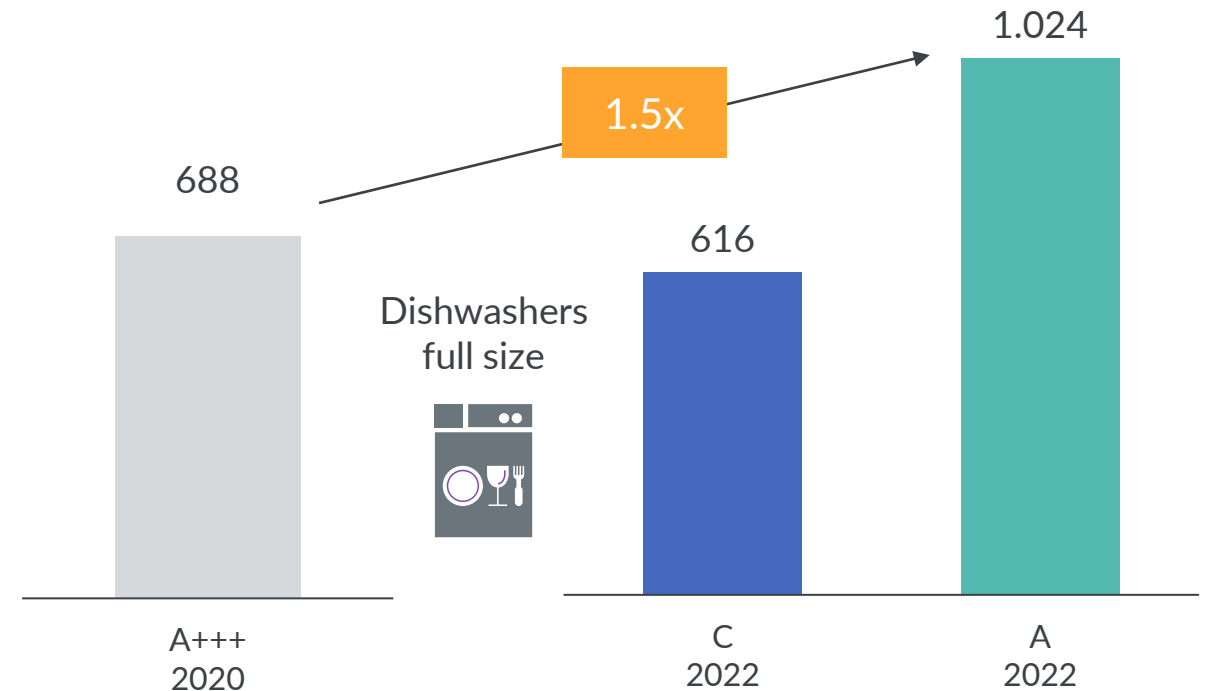
GfK Sustainability Index: Only minor fluctuations despite inflation



Consumer sentiment Germany | General vs sustainability index | April 22 vs. July 22



Western Europe and Eastern Europe | Old vs. new energy label avg prices in EUR



A man and a young child are standing in a lush green field, looking towards a large white wind turbine in the distance. The man is pointing towards the turbine. The sky is clear blue with a few wispy clouds. The scene is bright and sunny.

“Instead of ‘going public’, you could say we’re ‘going purpose’. Earth is now our only shareholder.”

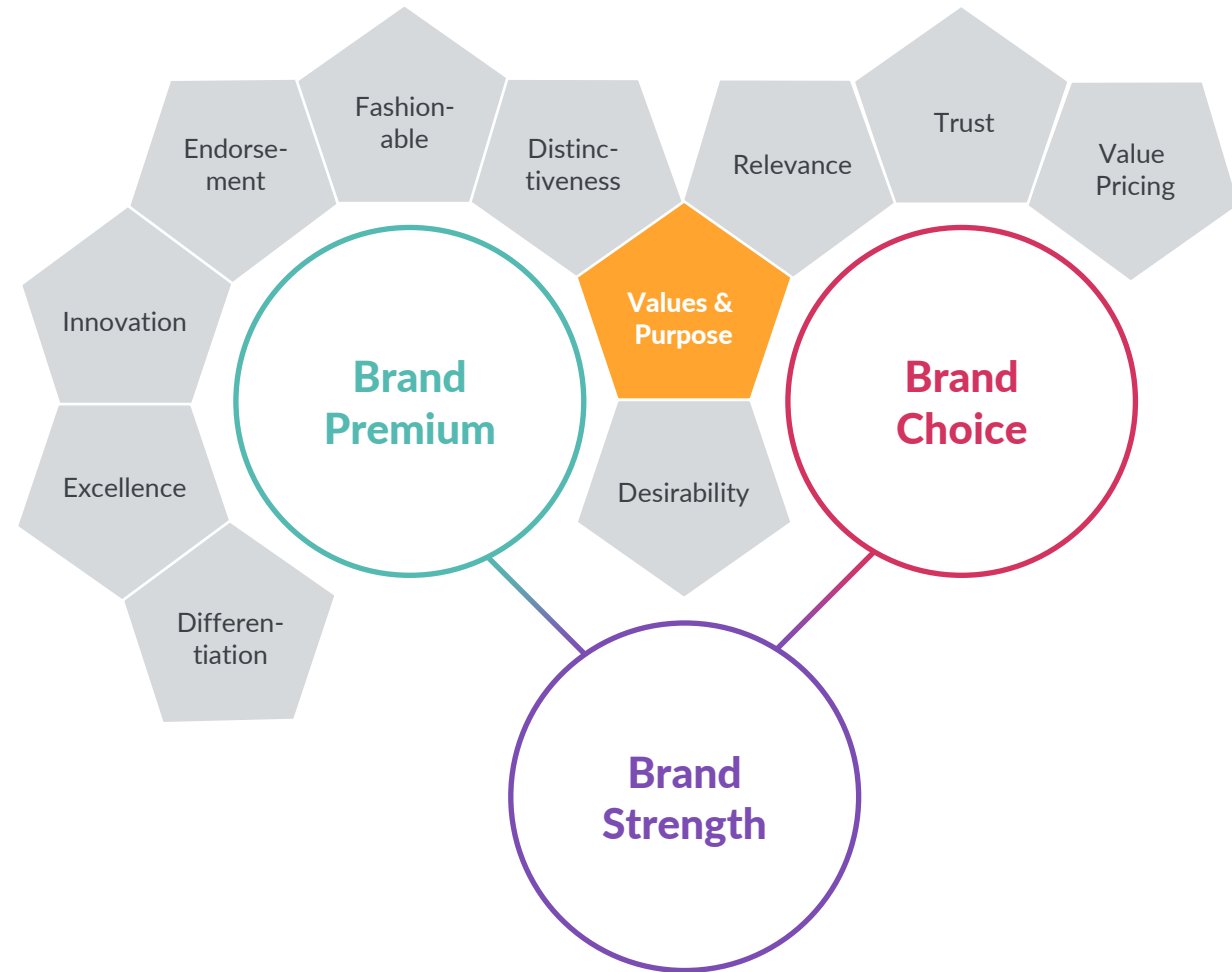
Patagonia founder
Yves Chouinard

Purpose as an essential driver for premium and volume



What drives **Brand Choice** is notably different to what drives **Brand Premium**

Values & Purpose is the common denominator

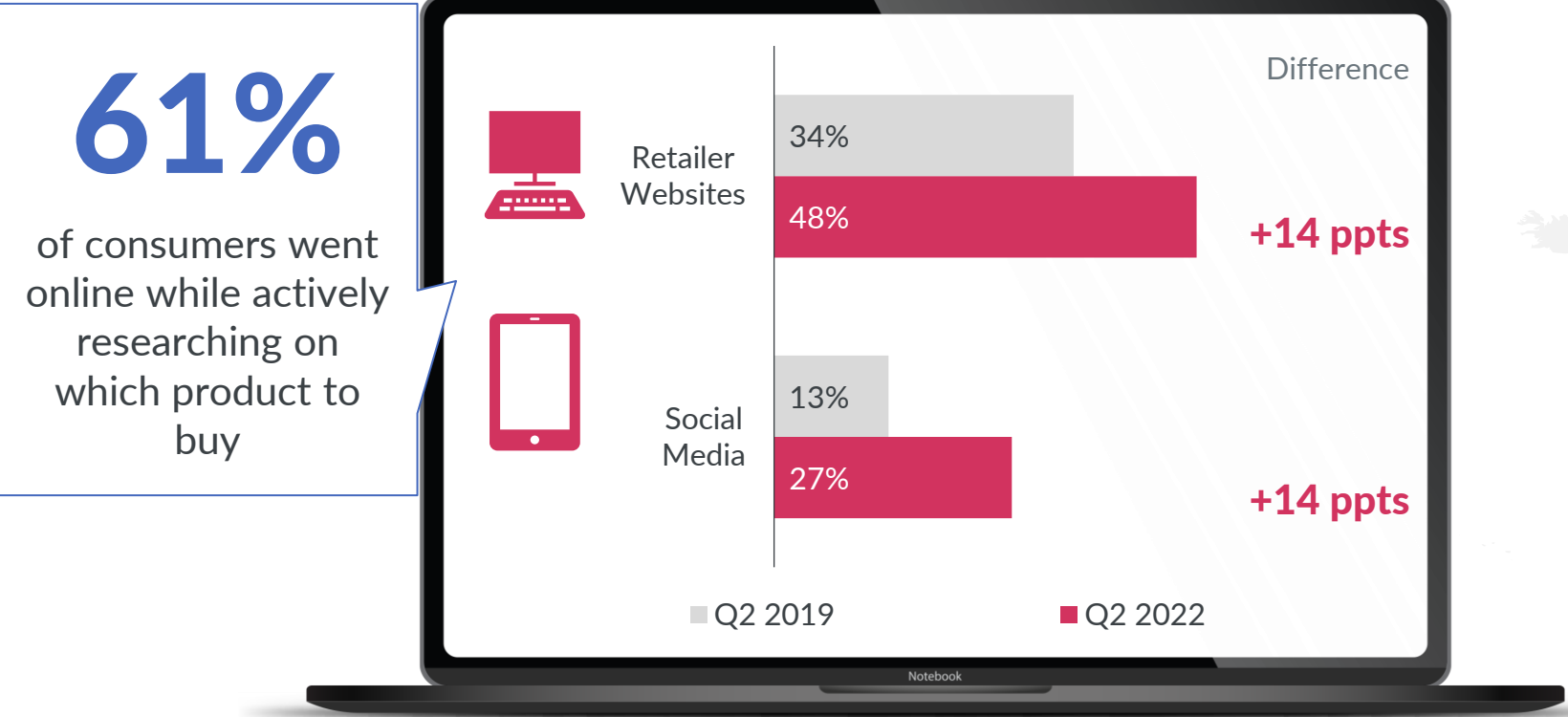


Leverage next-gen digital innovation, in store and online

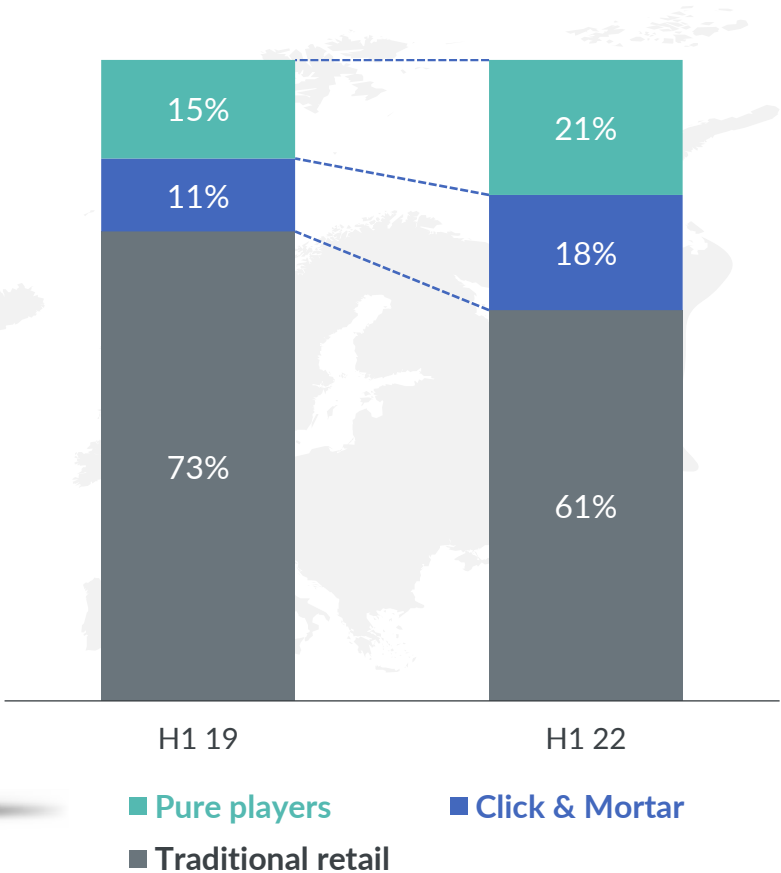
Enhance the right touch points to engage your multichannel audience



Global online research channels



Europe | Sales EUR

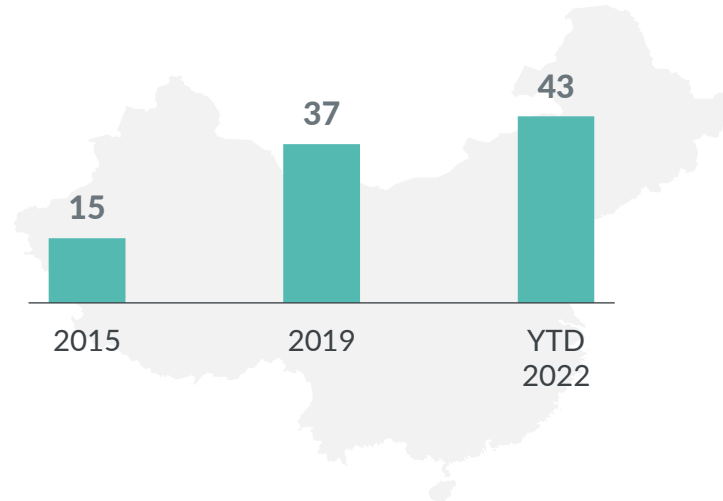


Leverage next-gen digital innovation, in store and online

Enhance the right touch points to engage your multichannel audience



China | Evolution of 'online'



15%

Example: Social commerce share of online for shavers in China

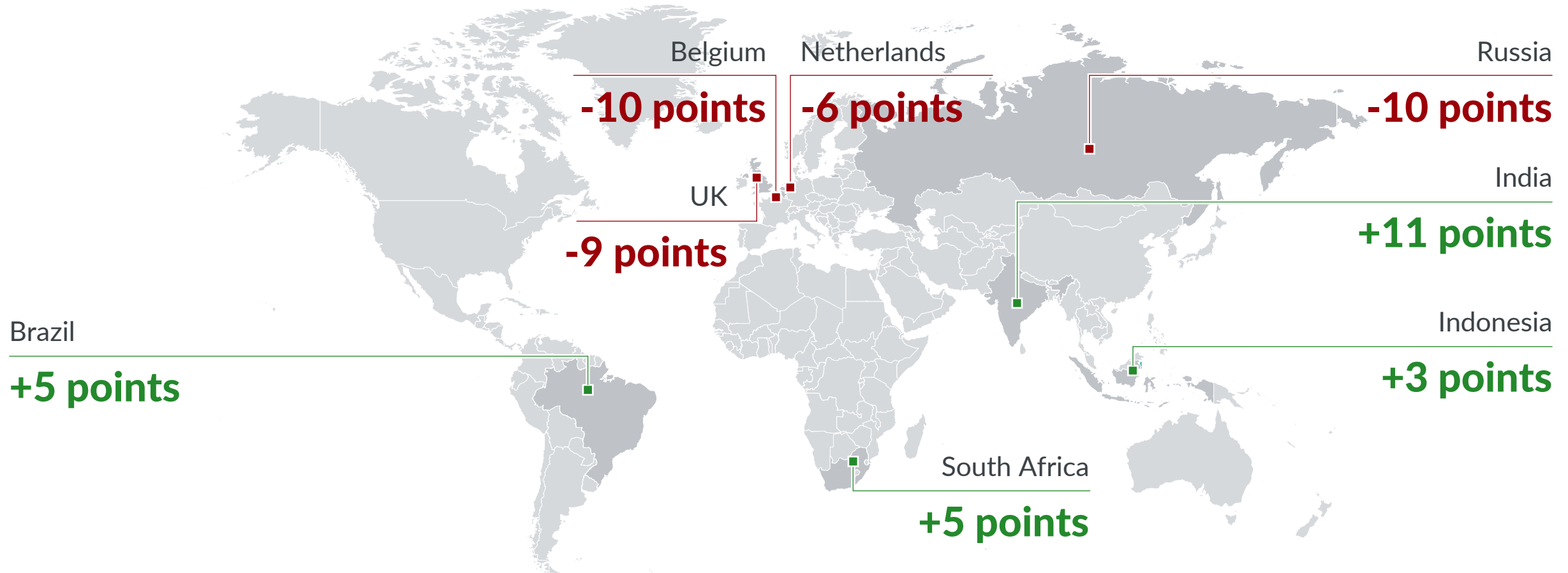


Innovate and invest to tap into the emerging markets potential

Lower penetration rates and rebounding consumer confidence offers new growth opportunities



Change in percentage of consumers who are confident they will be better off in 12 months | 2021 – 2022

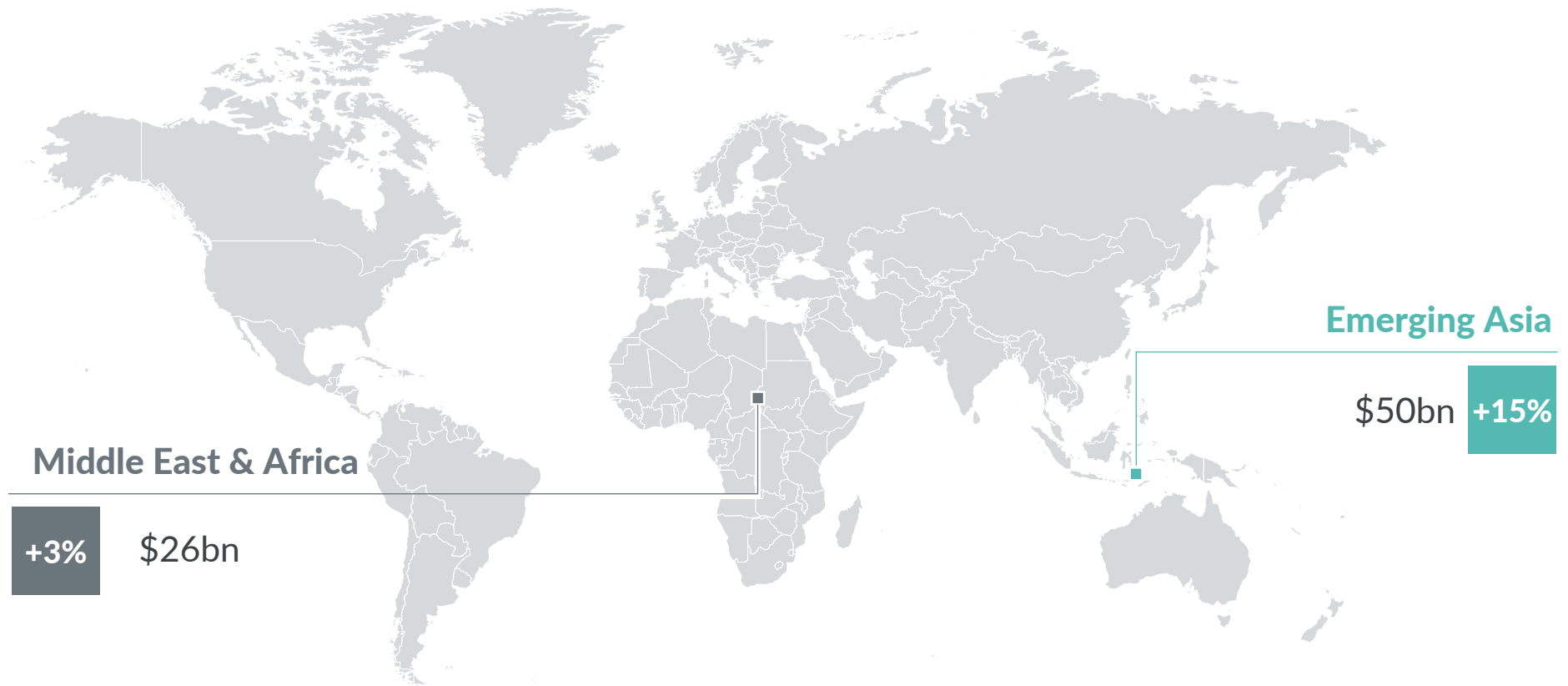


Innovate and invest to tap into the emerging markets potential

Lower penetration rates and rebounding consumer confidence offers new growth opportunities



Sales value H1 2022 and growth %

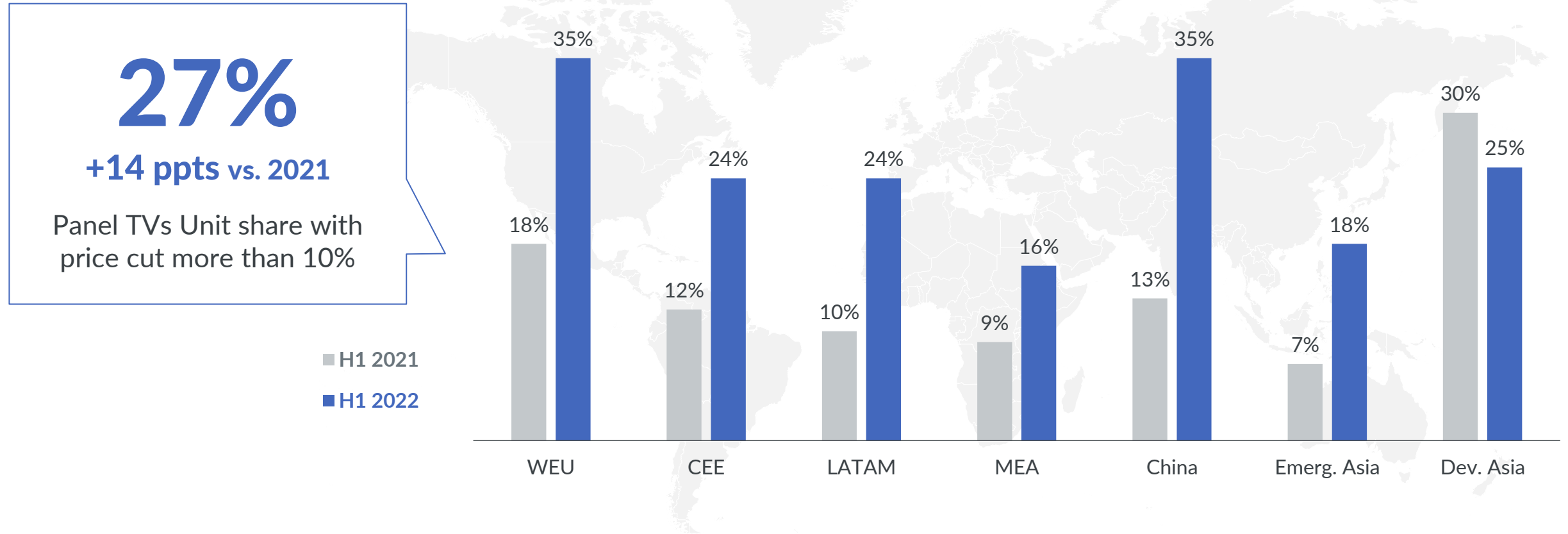


Rethink pricing and promotion to reflect new market dynamics

Inventory clearance and decelerating demand led to increased price cuts



TV unit share with price cut of more than 10%

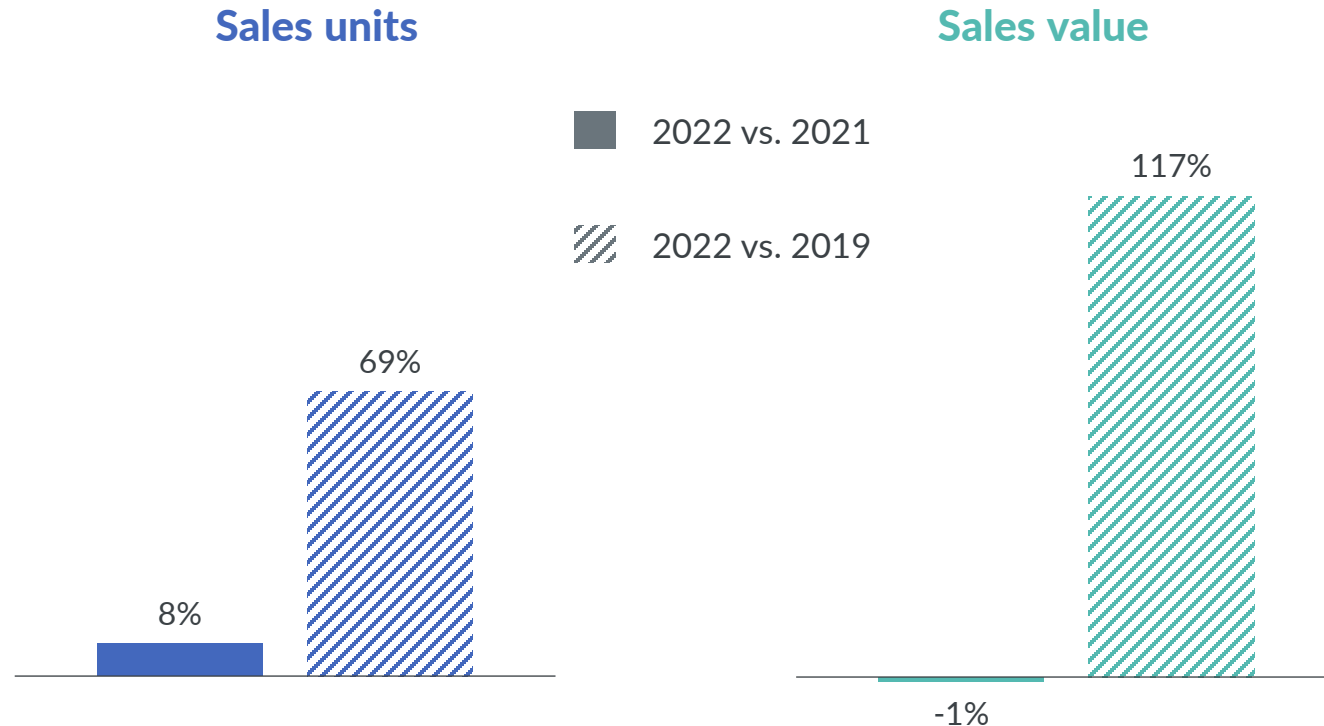


Rethink pricing and promotion to reflect new market dynamics

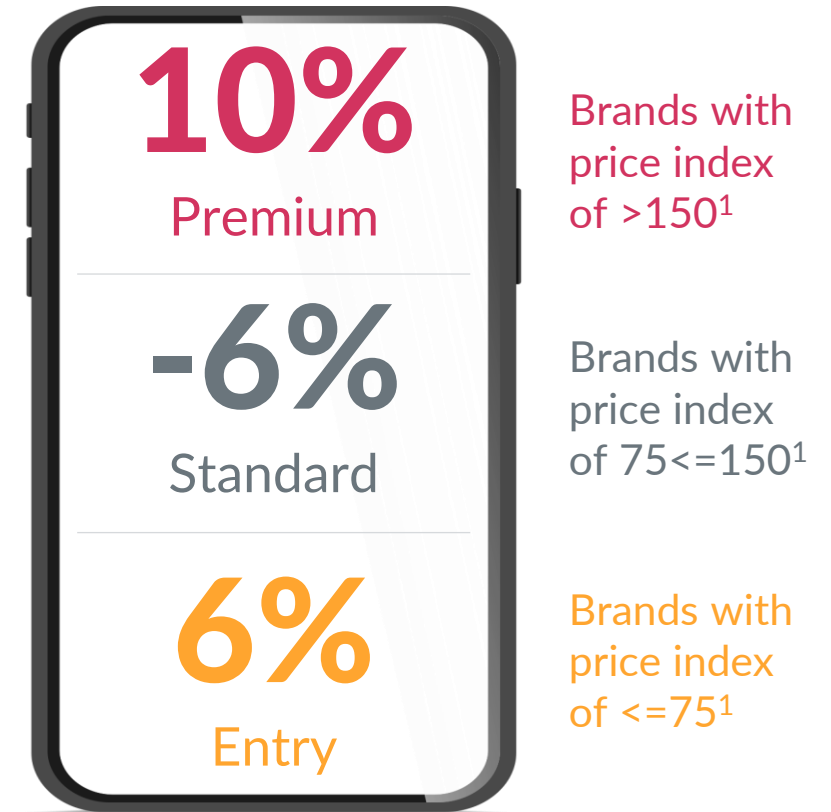
Key promotional events even more critical to drive demand in upcoming months



APAC online channel (week of 18th June sales performance)



APAC online channel H1 2022



Source: GfK Market Intelligence: Sales Tracking, | ¹ Price Index per brand is aggregated up from a country/product group level to use comparable price index information within one country and product group.

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01

Invest in innovation

The evidence shows that continued investment during a crisis helps brands sustain retail market share and recover faster.

02

Tap into premium opportunities

There are pockets of growth which brands and retailers can target, such as a willingness to splash out for products which create longer-term savings.

03

Balance sustainability and performance

Consumers want sustainable and high-performing products. The ability to join both aspects innovatively is a key success factor in the future.

04

Fine-tune pricing and channel strategy

The right promotion, pricing, and omni-channel strategy is crucial to answer consumers' needs. Non-premium buyers will be on the lookout for a bargain.

05

Drill down into data

With the landscape changing so rapidly, access to the right data is essential to stay on top of trends and craft relevant brand positioning for now, and for many years to come.

**Want a deeper view
on what was presented in the
webinar?**

Our latest State of Consumer Technology and Durables Report draws on extensive research and expert insights to help you fine-tune your strategies and tactics for the months ahead.

**Make the most of Q4.
Plan with precision in 2023.**
[Download the report now.](#)

**Thank you.
Questions?**



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