



Growth  
from  
Knowledge

# Technical Consumer Goods in Germany What's next?

GfK@IMB 2023

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*5<sup>th</sup> July 2023*

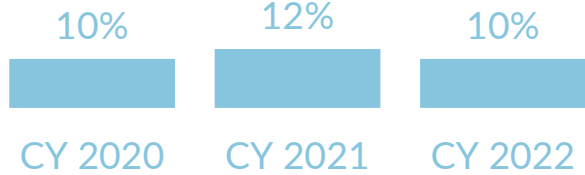


01

The big picture.

# What factors impact the industry and consumers in 2023?

Germany B2C TCG Revenue  
€ vs. 2019



~6%  
German inflation FC\*

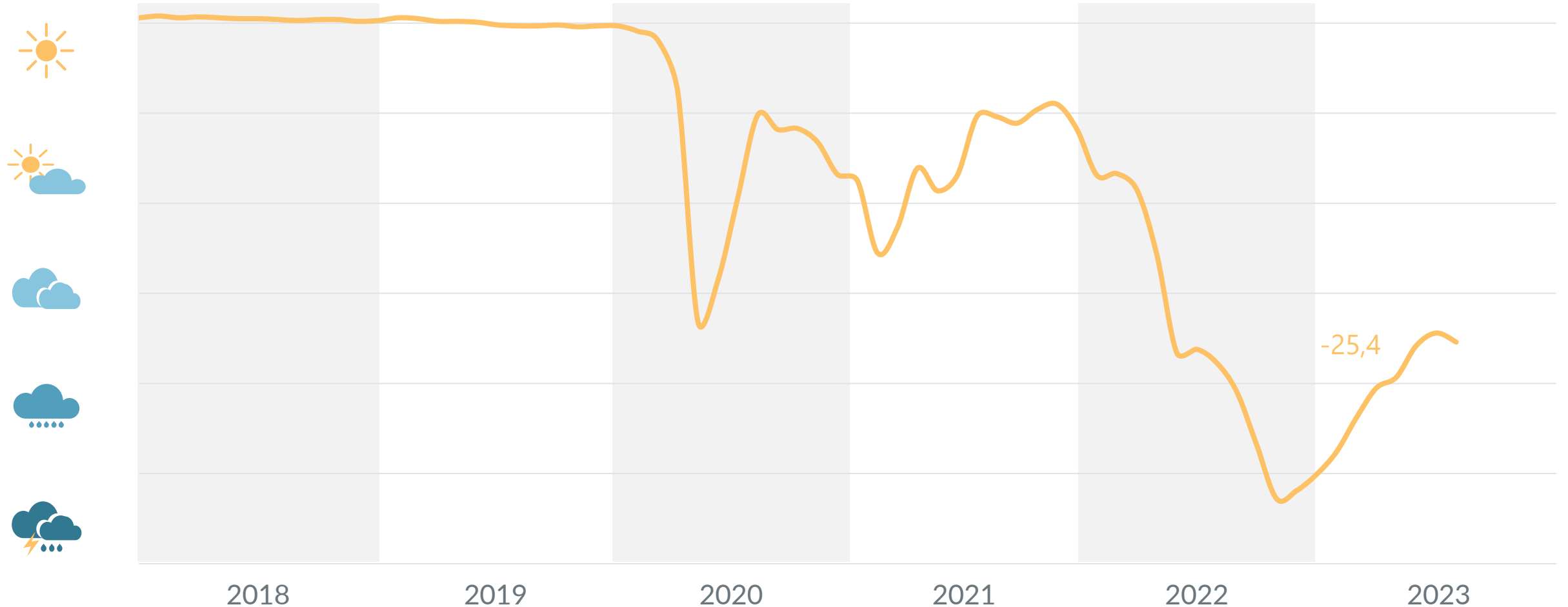
Slowing demand after demand and supply disruption from pandemic leading to inventory build-up

End of Zero Covid policy in China, restoration of out-of-home activities

# Consumer sentiment in Germany recovered in 2023 (still on low level), but is facing a recent setback in July

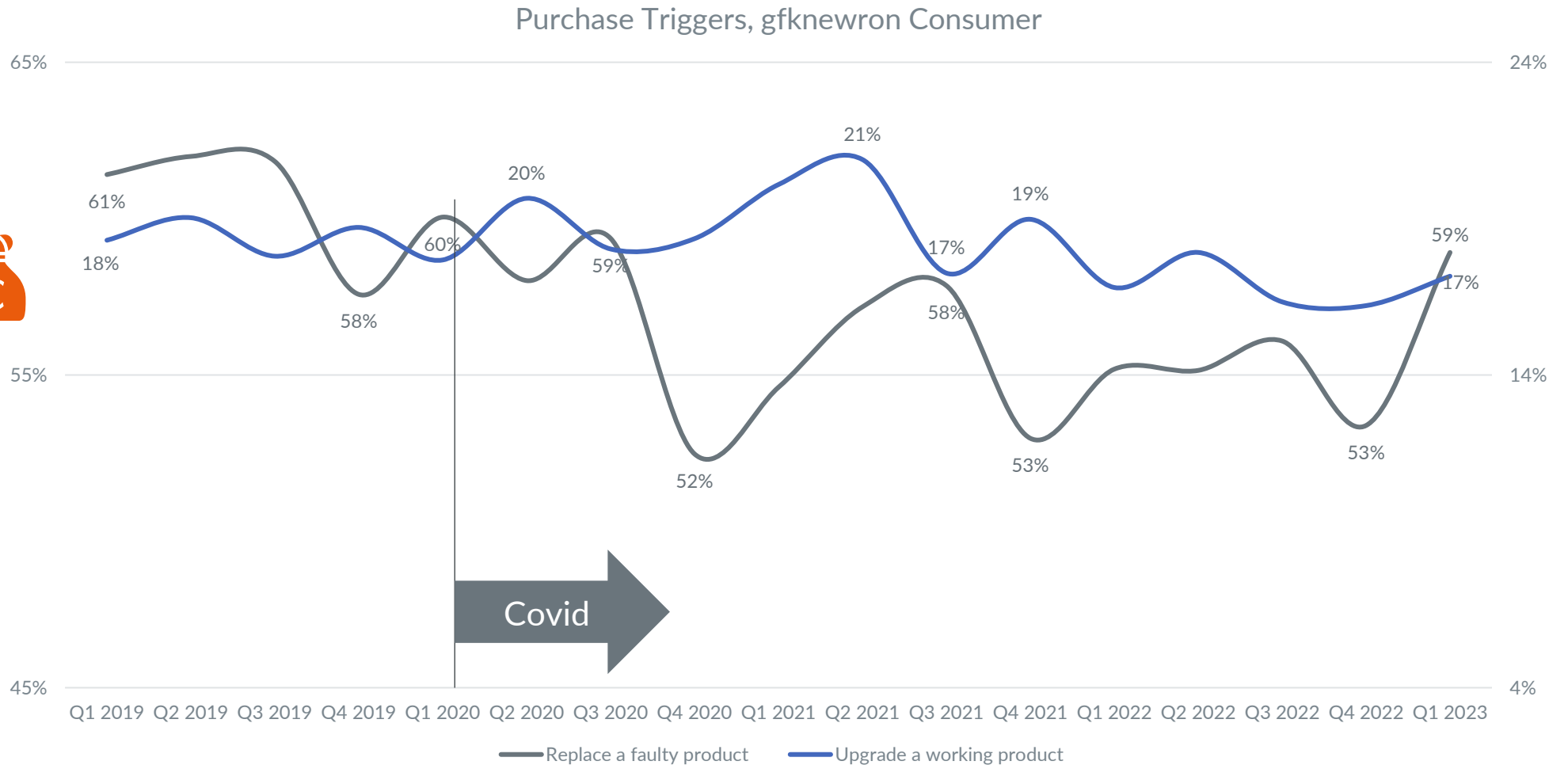


GfK consumer climate July 2023



# Consumers are less upgrading and the purchase trigger is increasingly again to replace faulty products again

Upgrading trend comes to an end?



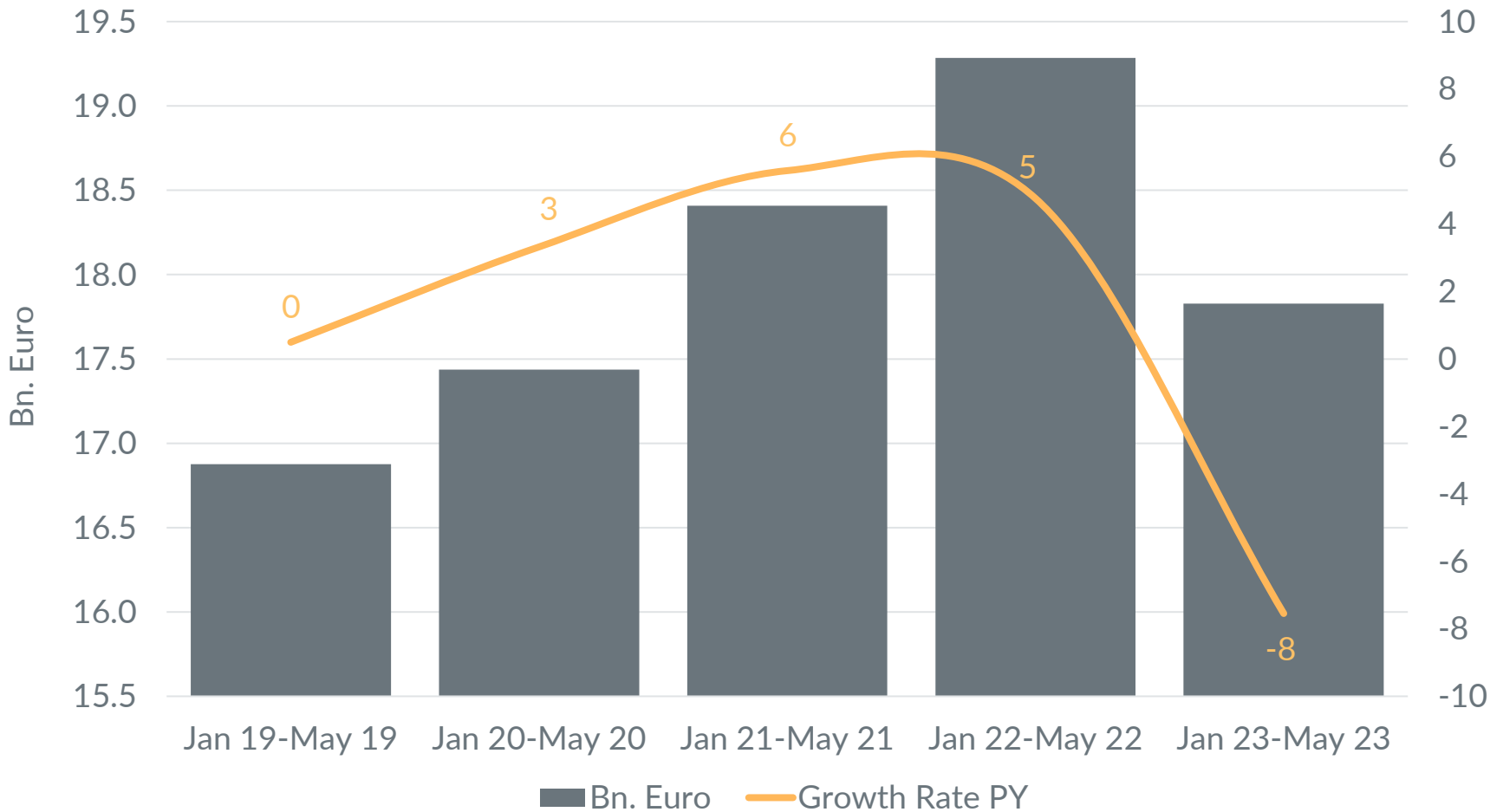
Source: gfknewron Consumer | Base: Germany. Product Group- ALL tracked. Time Frame- Q1 2019 – Q1 2023, 339.384 Interviews  
 Values shown with primary and secondary axis to allow easy comparison

# Private end consumer sales below the level of '21 and '22

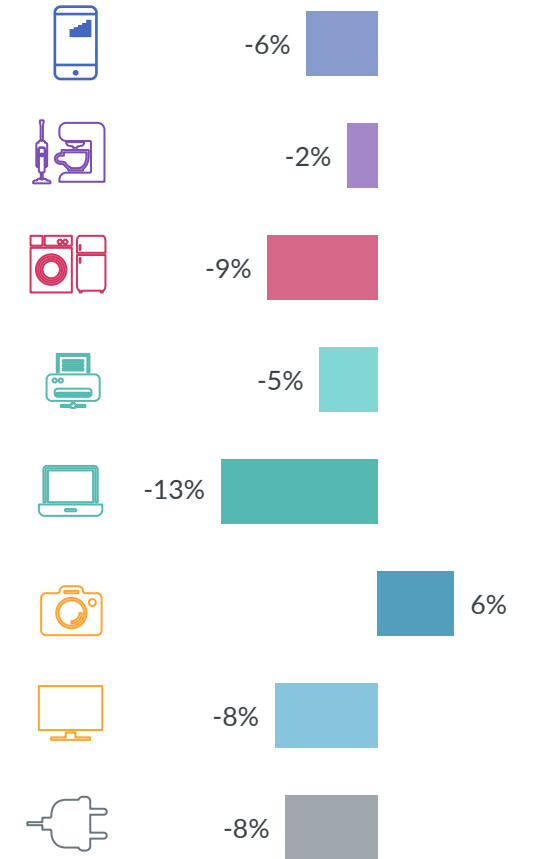
Nearly all sectors suffer under the consumer reluctance



Technical Consumer Good Sales (B2C) | Jan-May 2023 YoY



Growth Q1 2023 vs. PY

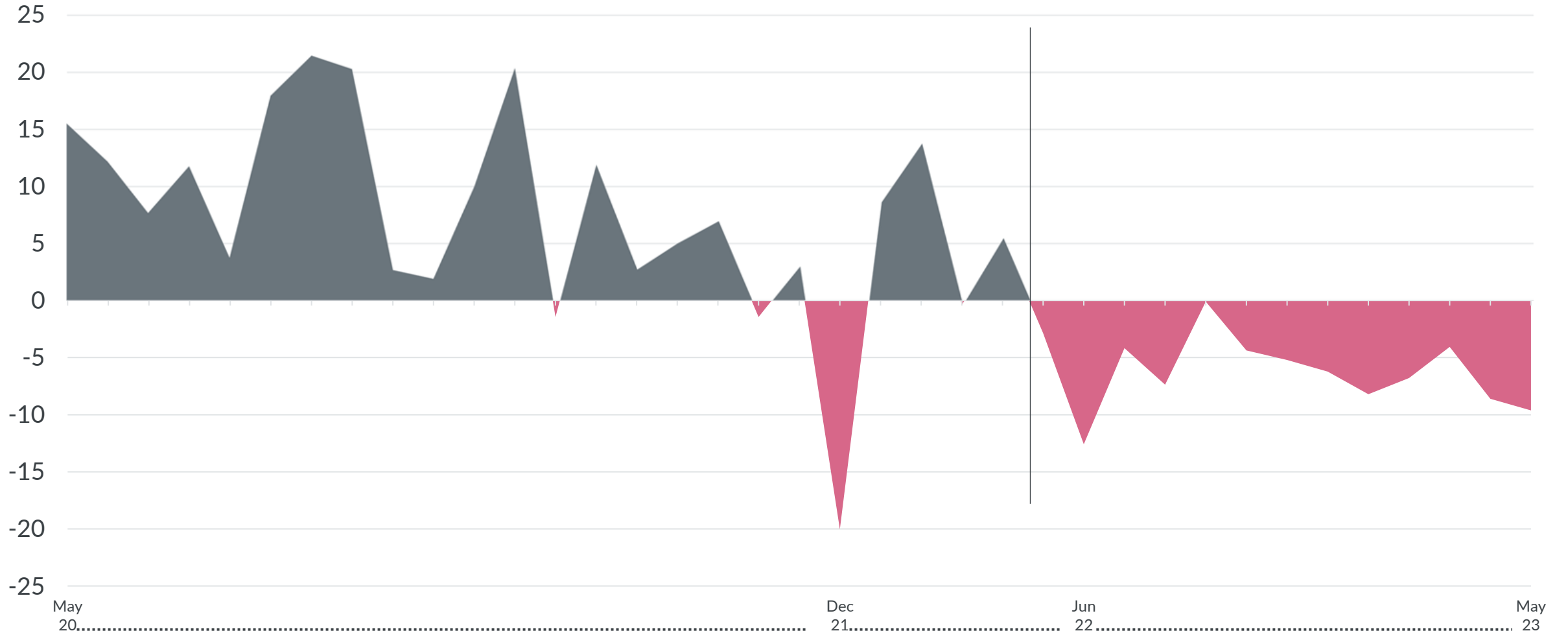


# Trend reversal is obvious since Q2 in 2022

TCG market is declining the last consecutive 13 months



TCG TOTAL || Growth Rates Value EUR



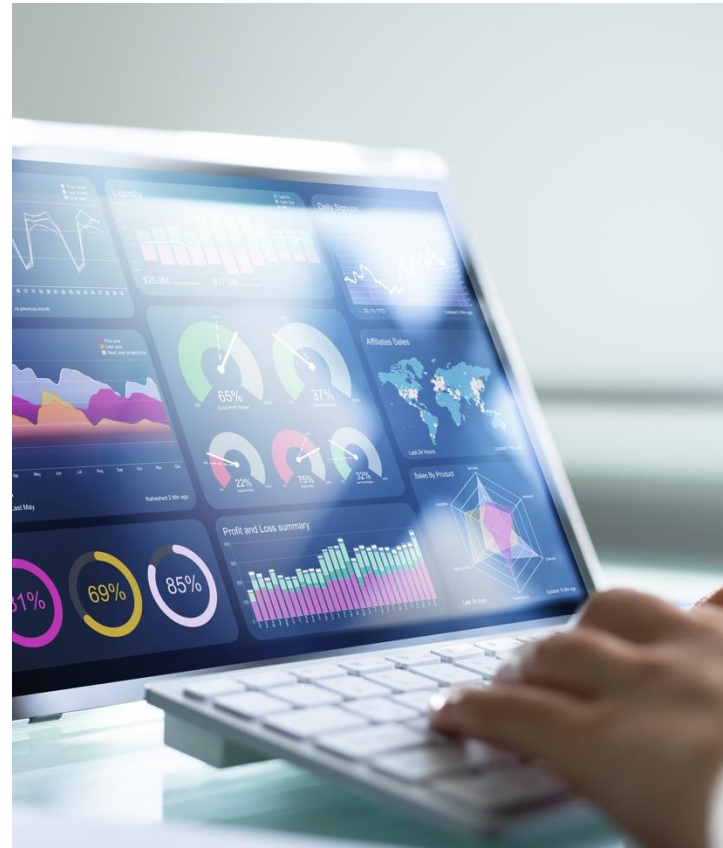
# Now that we have seen the past, what will the future bring?

Scenario Forecasting – Designed to mitigate uncertainty



## Background

- State-of-the-Art Forecasting incl. machine learning algorithm
- Customized two-year Forecast
- Scenario based (optimistic, neutral, pessimistic)
- Comprehensive Coverage (subsegment to TCG Forecast)
- Robust Data source: GfK POS data, internal and external variables



## Expertise

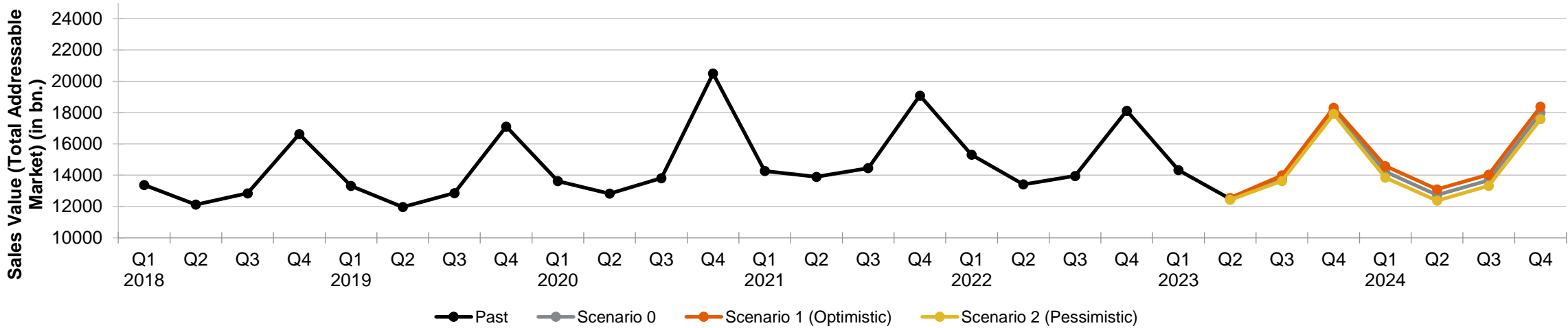
- Country and Category Expertise to enhance the scenario building
- Macro-economic data, consumer trends & behavior
- Ongoing evaluation and activation
- Optional: Stakeholder interviews and further insights by **gfkconsult**



# Scenario Forecasting Germany – what will happen if, e.g. inflation will go down?



Germany: Technical Consumer Goods, B2C Sales



Scenario variables

- Average selling price,
- Annual inflation rate (growth)
- Black Friday (Google trends)
- GfK Consumer climate: Propensity to buy (GfK Consumer climate: Economic expectation)

Growth Rates FC	2023	2024
Optimistic	-2,7%	1,6%
Neutral	-3,4%	-0,2%
Pessimistic	-4,1%	-2,0%

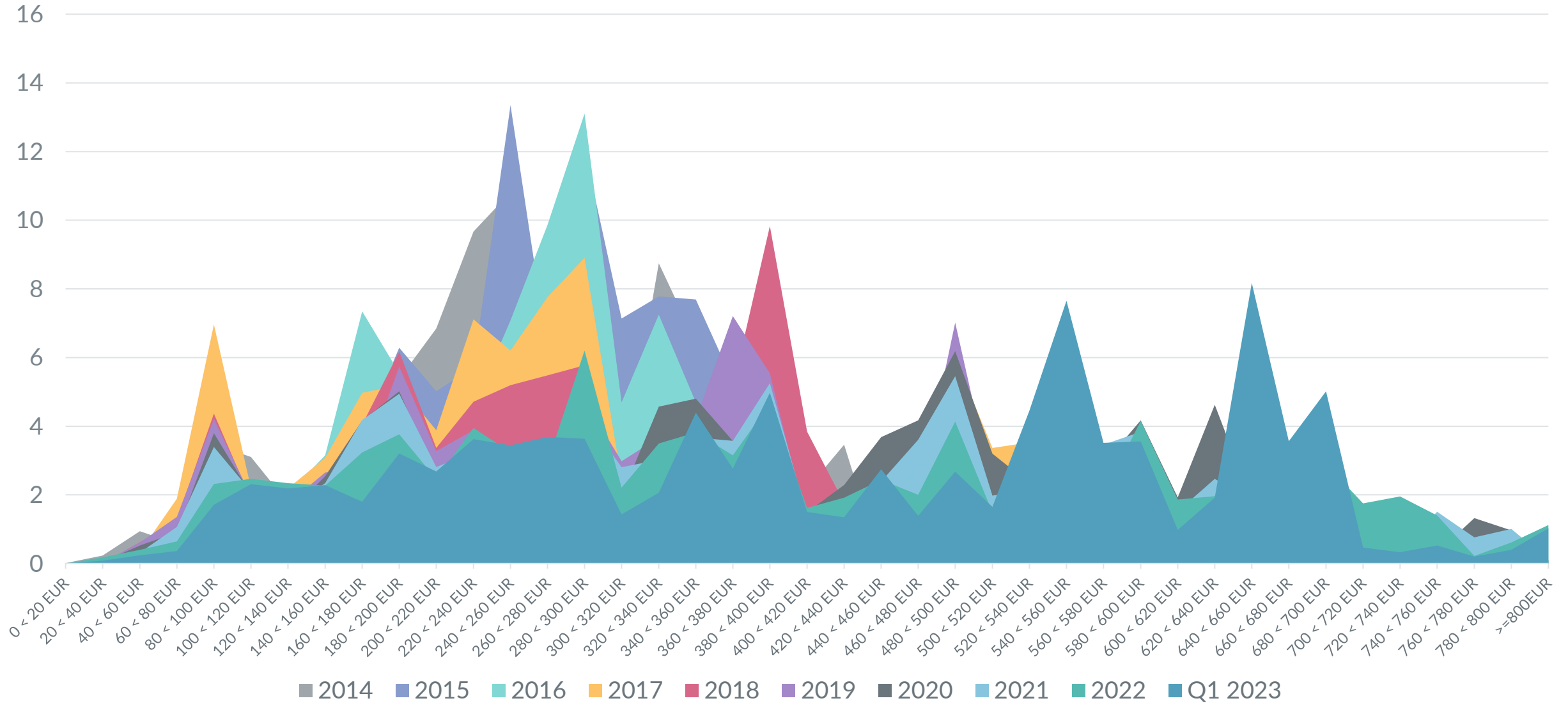
02

Where can you succeed  
now? Premiumization.

# Premiumization of a whole Product Group over a longer period

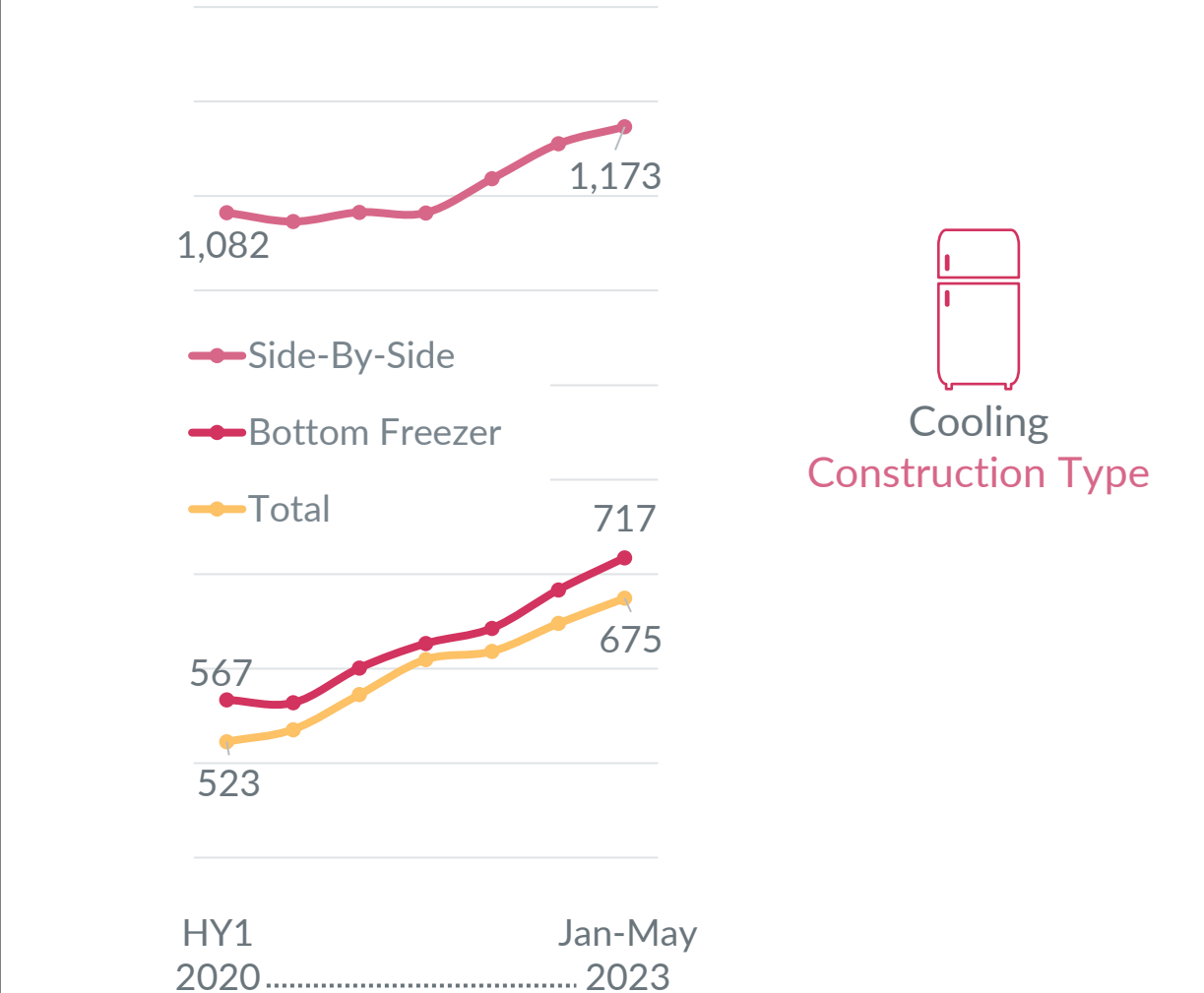
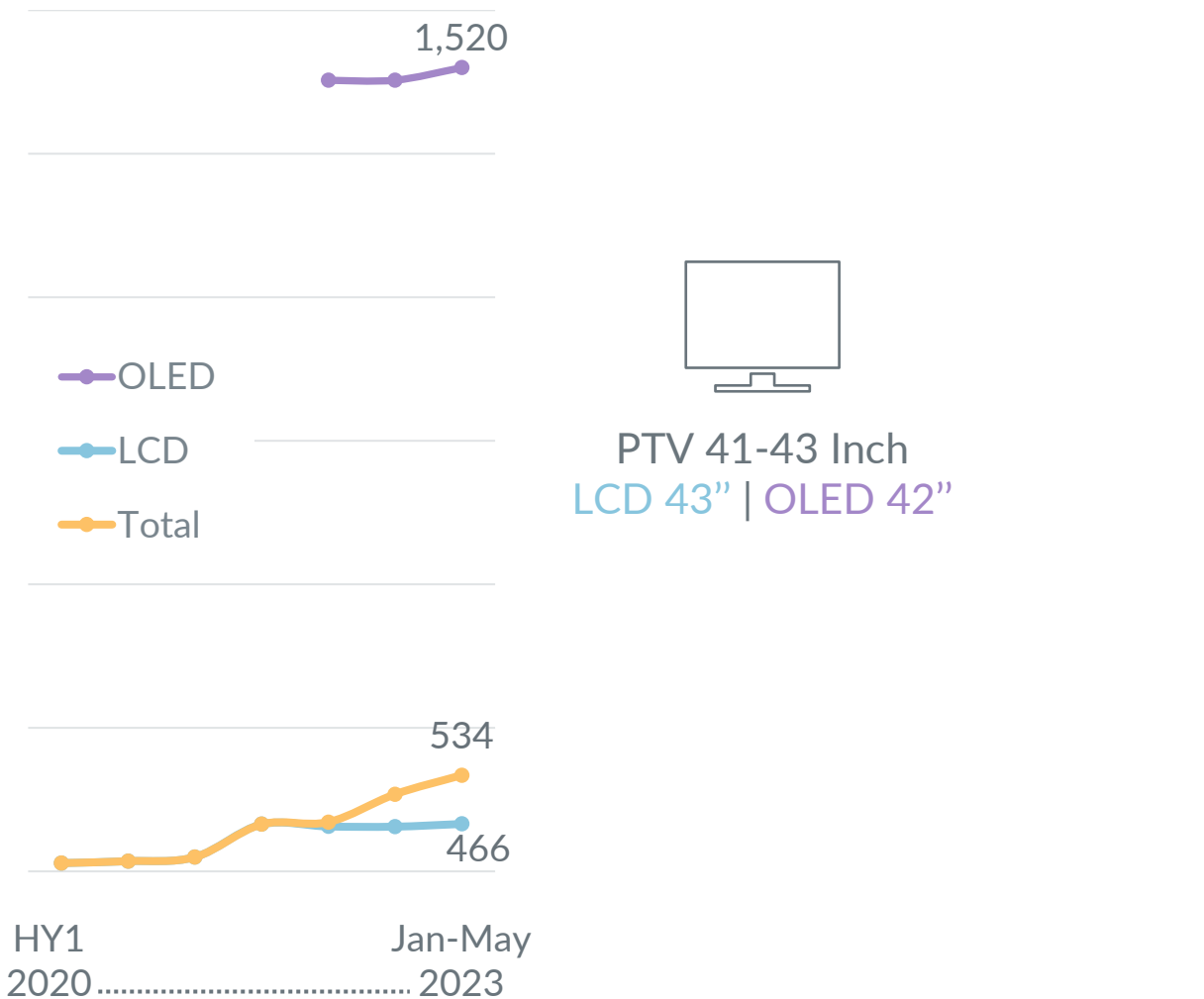


Vacuum Cleaner Handstick Rechargeable – constant growth in last 10 years

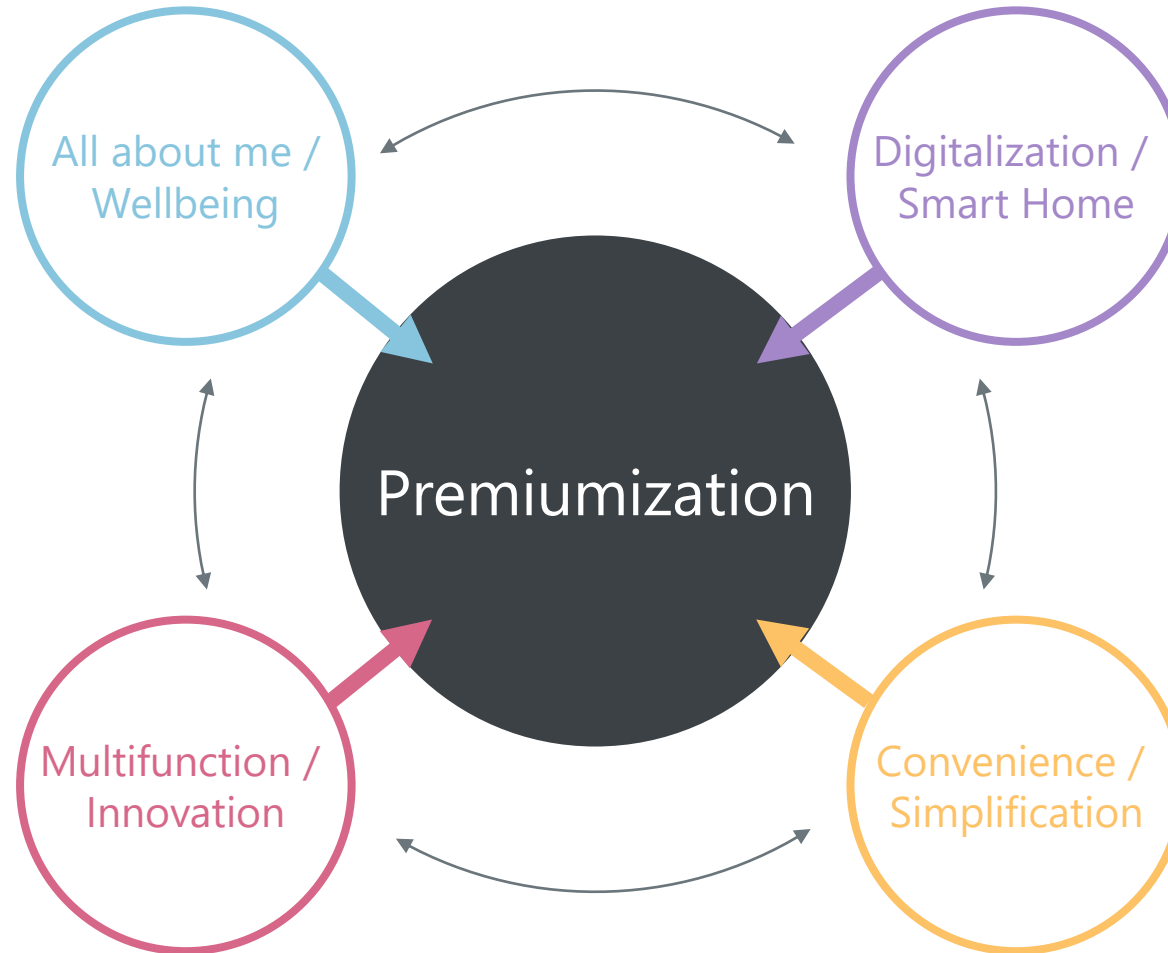


# Higher prices are being paid in key categories...

BUT it's actually a combination of Premiumization and innovative product features ...



# Real Premiumization (not inflation) is driven by various factors



03

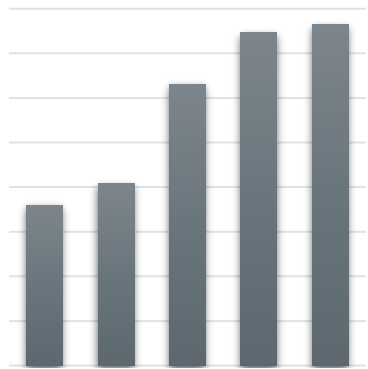
Where can you succeed  
now? Convenience.

# Convenience as strong asset and growth driver

Products with additional product benefit heavily on the rise with impact on categories' ASP



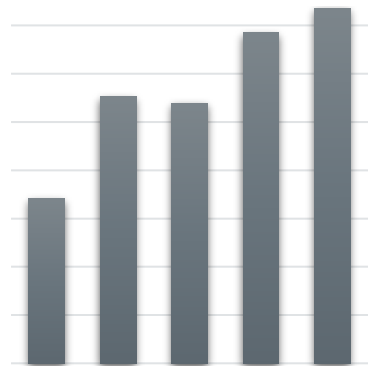
WM Smart +2%  
Non-smart -6%



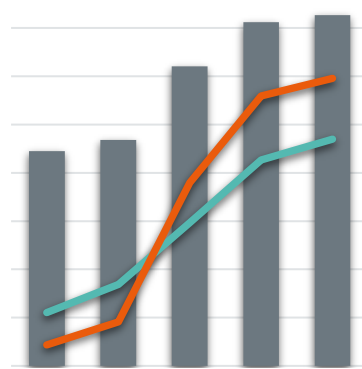
Jan-May 2019 ..... Jan-May 2023



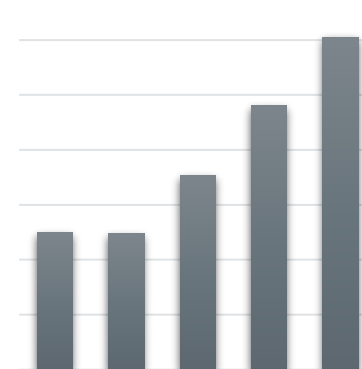
BT +7%  
Wired -11%



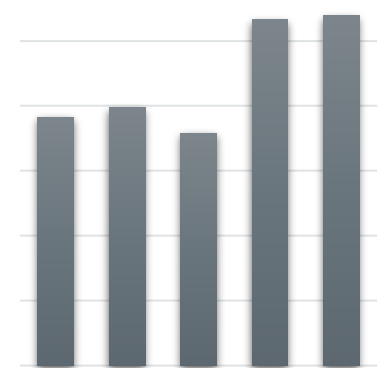
Core Wearables +2%  
Blood Oxygen Sens. +6%  
ECG +10%



Hot Air +26%  
Oil Fryer -8%



Robot Mower +1%  
Other Pow. LM -9%

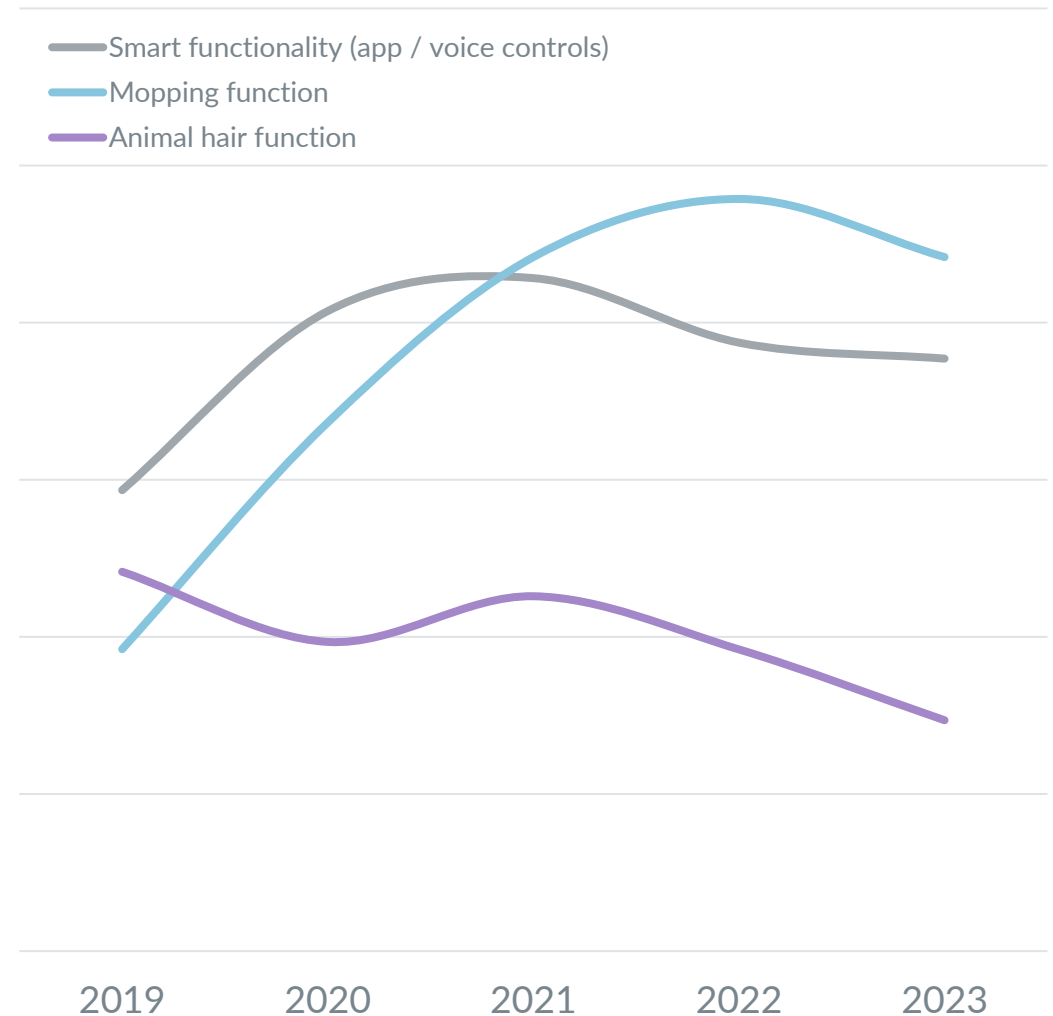
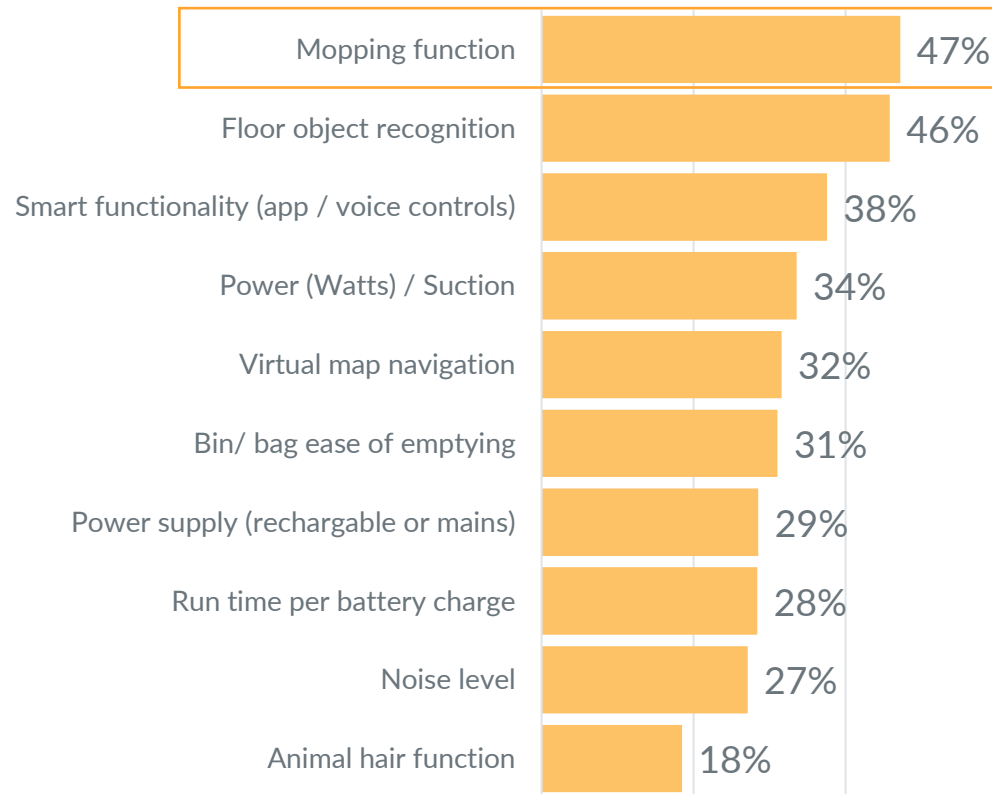


# Convenience as strong asset and growth driver

Example of Robotic Vacuum Cleaner – Innovation - Mopping Function



## Most important product feature



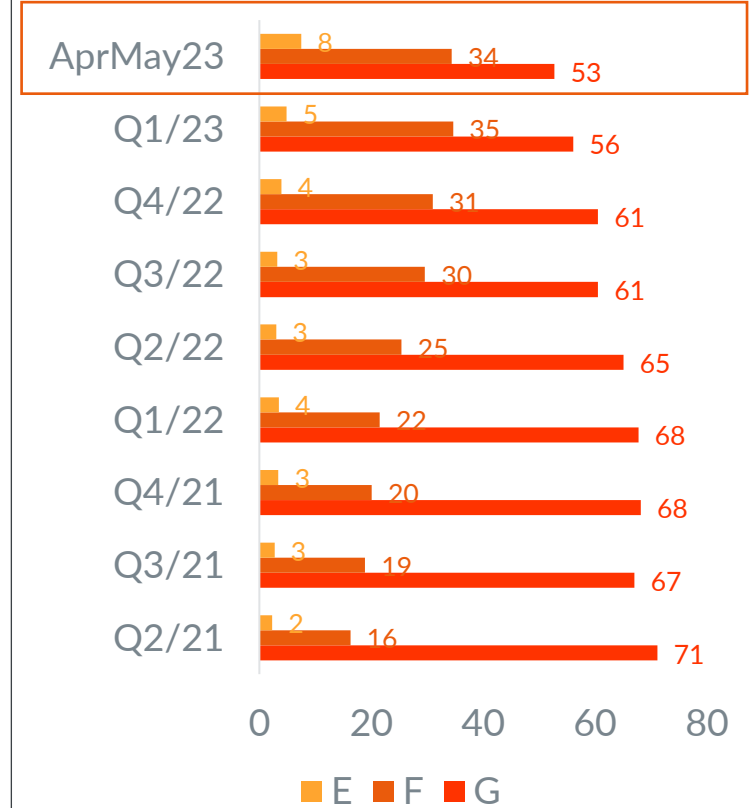
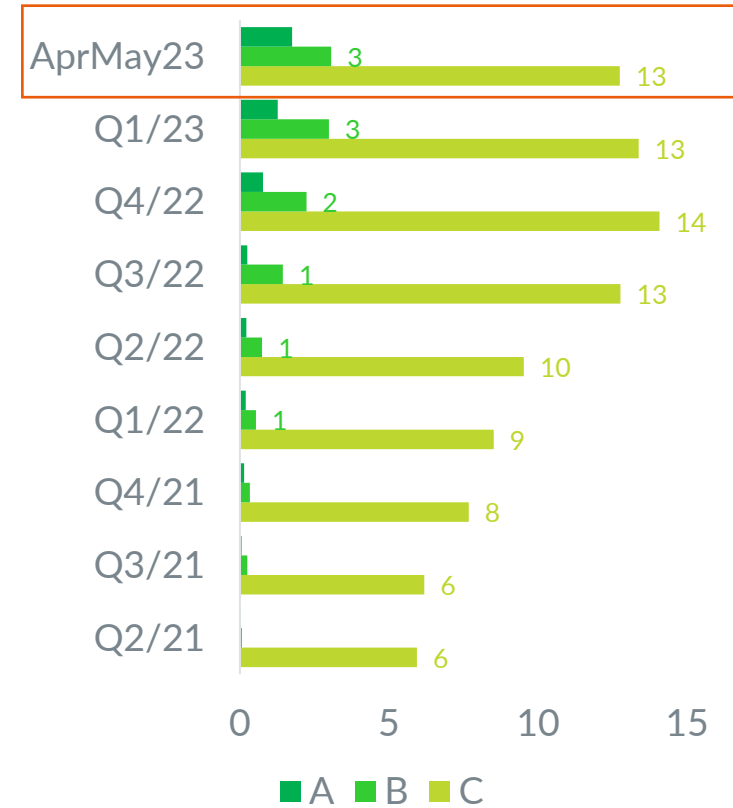
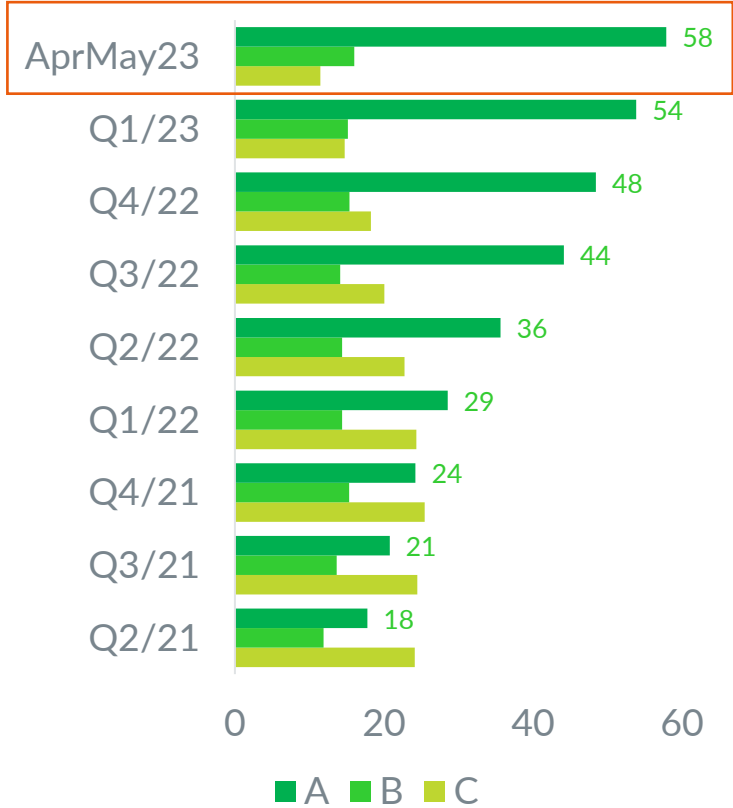


04

Where can you succeed  
now? Sustainability.

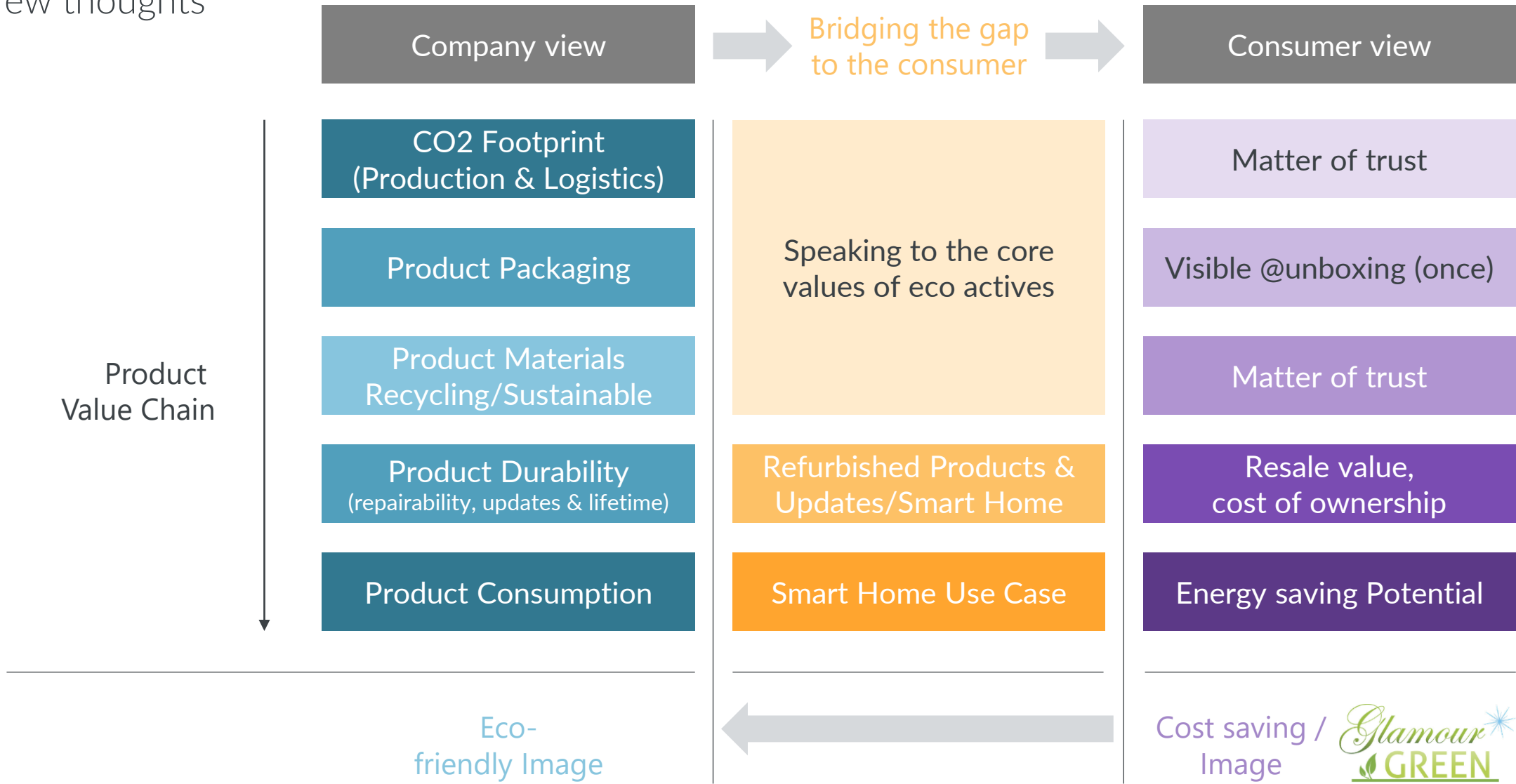
# Across categories superior Energy Efficiency labels rise rapidly

In the field of Washing almost 60% of currently sold appliances sold are A-labelled



# Sustainability

A few thoughts

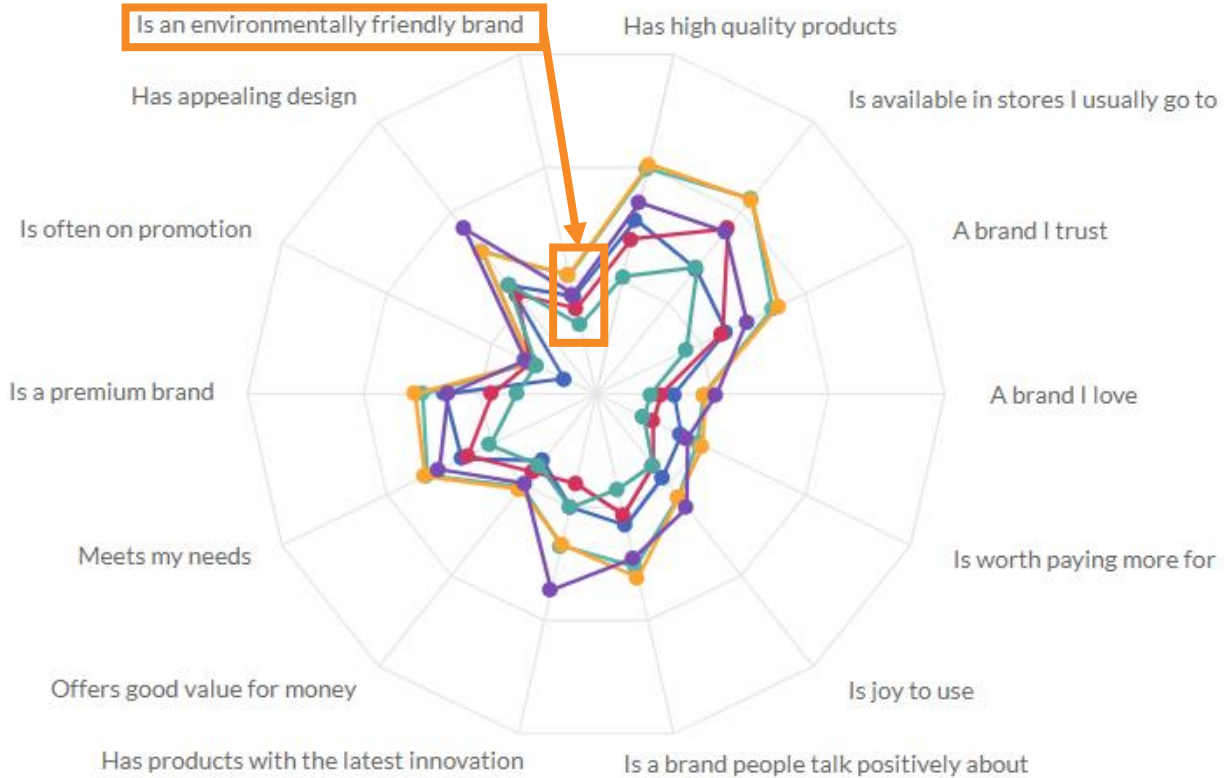


# Who will win the race in the sustainability image battle?

Size the opportunity – positioning within the field of sustainability is key



## Brand perception last 4 quarters



Brand perception “environmentally friendly” is:

- not yet as distinguished (e.g. like quality)
- for no brand yet a key asset

- 
- an asset that needs **constantly** to be brought to life
  - an asset that will be earned with a **holistic** approach

05

## In a nutshell

- Markets to remain difficult for the rest of the year
- Pockets of growth exist
  - Premiumization
  - Convenience/Simplification
- Holistic and Constant Brand Positioning for Sustainability



## Get in touch



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### Join us

*@IFA*

*GfK Insight Talk #2 @IFA  
Manufacturer or Retail - where does the  
future lie?*

*Saturday, 2nd Sept, 9am  
German Speaking Breakfast, Marshall House*