



Press Release

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Out of the red – Technical Consumer Goods counter difficult economic climate

GfK estimates a market value of 1.0 trillion EUR for 2020

Nuremberg, October 13, 2020– The last few weeks and months have been a whirlwind for anyone working in the Technical Consumer Goods (TCG) markets. Looking forward, GfK expects the value of this market to remain strong - at last year's level. For 2020, such 0 percent “growth” equals an estimated market value of 1.0 trillion EUR, including North America. A solid period of recovery paves the way for this significant comeback, driven by consumers' “at-home” focus and add-on demand due to digitization during lockdown. These are GfK's findings for the global TCG market forecast 2020.

“We project that the current market recovery will continue. For the last quarter of 2020 there are several indicators pointing to a stable scenario for the crucial peak season” **explains Norbert Herzog, GfK expert for the TCG industry.** “On the other hand, volatility in the markets will not disappear as consumer demand patterns have seen – and are expected to continue to see - significant shifts. The sustainable step-up of e-commerce is the most significant acceleration of such a trend shift. For retailers and manufacturers, it is a call to action to deliver the next level of omnichannel experience that consumers are demanding.”

Markets move from “want” to “need”

Disruption hit the TCG markets in the advent of COVID-19. While this is somewhat disguised by a 0 percent growth performance vs. 2019, business reality is far away from a state of stability. Looking at the Telecom/Smartphone market representing 40 percent of the TCG turnover, the expected decline of -6 percent proves this. Market volatility has never been as high as this year – on the extreme positive end the IT/Office business is expected to grow by +15 percent in value. Here, the market went from “I want” to “I need” IT/Office equipment due to lockdown and enforced working from home. With some delay and initial declines, the

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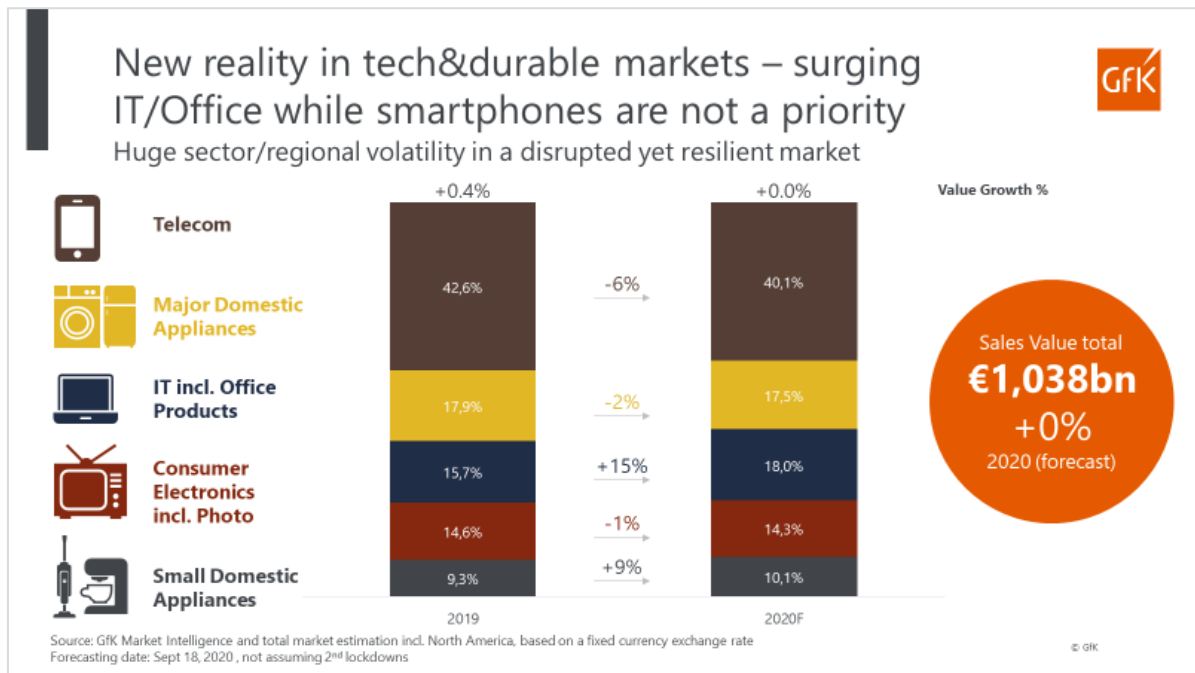
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Small Domestic Appliances market accelerated post lockdowns to deliver almost double-digit growth (+9 percent in value) for the year 2020. Similarly, consumer electronics (-1 percent in value) and major domestic appliances (-2 percent in value) close the gap on last year's performance and benefit from the "cook at home" and "entertain at home" trend.



While emerging countries step back, Europe invests in TCG

Demand is not where it was before: more developed parts of the world are coping better with COVID-19's impact compared to emerging economies. For instance, Europe including CIS, with a growth rate of +5 percent, demonstrates the ability to invest in TCG, even in times of crisis. On the other side of the world, emerging Asian countries are expected to decline by -6 percent as the difficult economic environment directly impacts on consumers' ability to spend.

Sales of products featuring the important benefits of simplification, health and wellbeing accelerated substantially. COVID-19 added a lot of value to such product promises as consumers strive to manage their time at home most efficiently. Be it kitchen machines doubling in value during the period of May to July 2020 versus the same period last year, or dishwashers which rose by 16 percent, a continuation of growth is expected at least in the mid-term.

The focus on health and well-being similarly accelerated sales of air treatment devices (+20 percent in value May to July 2020). As hygiene starts to play a more important role in our daily lives, washing machines featuring a steam function to kill bacteria and viruses will continue to sell strongly. These



registered a growth of 32 percent from May to July 2020 in value compared to the same period of last year.

Ends

Notes to editors

GfK regularly collects sales data in more than 70 countries worldwide for the consumer electronics, photo, telecommunications, information technology, office equipment, and major and small domestic appliance segments through its retail panels. All figures are assuming a fixed Euro exchange rate.

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