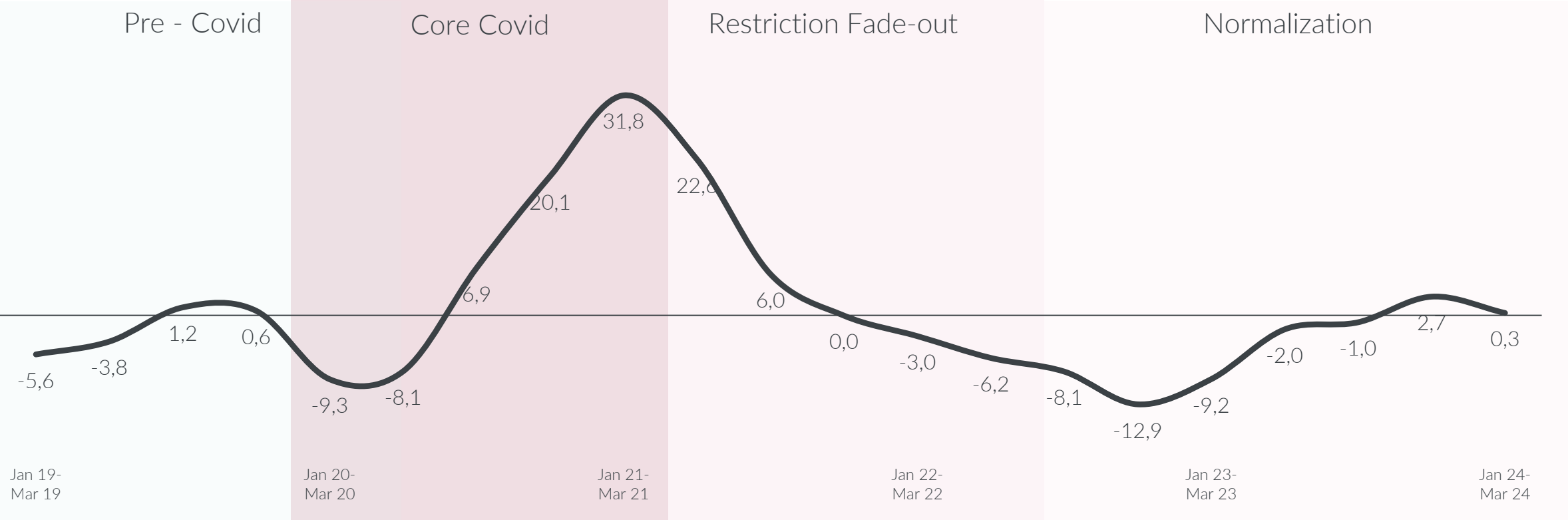

Maximize growth opportunities by focusing on consumer aspirations

Ines Haaga
GfK Global Strategic Insights
Channel Summit Monaco | May 2024

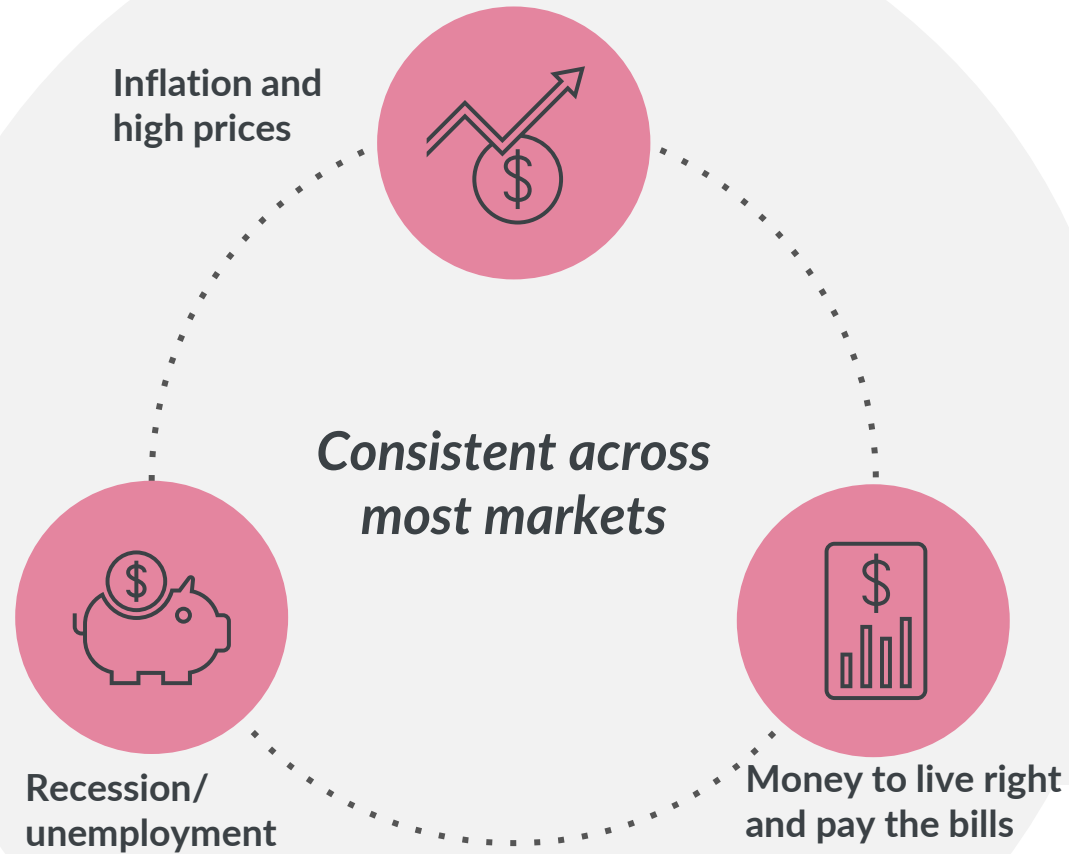
TCG Growth recovers in 2024 after suffering during Covid-19 Normalization Period



TCG | Sales Value USD | Growth rate PY| Jan 2019 – March 2024



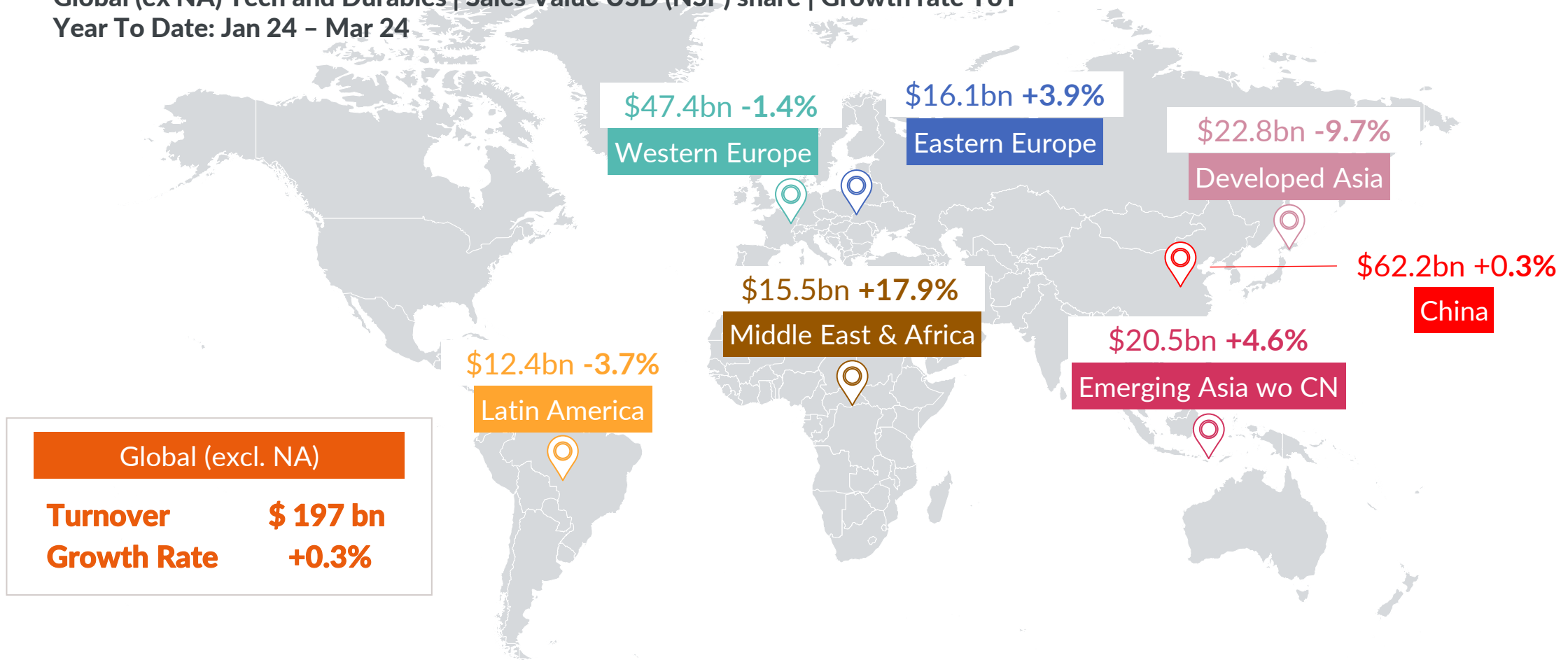
Top 3 concerns of consumers to remain in 2024 - but with less intensity



MEA continues success story, Eastern Europe and Emerging Asia with positive growth as well



Global (ex NA) Tech and Durables | Sales Value USD (NSP) share | Growth rate YoY
Year To Date: Jan 24 – Mar 24



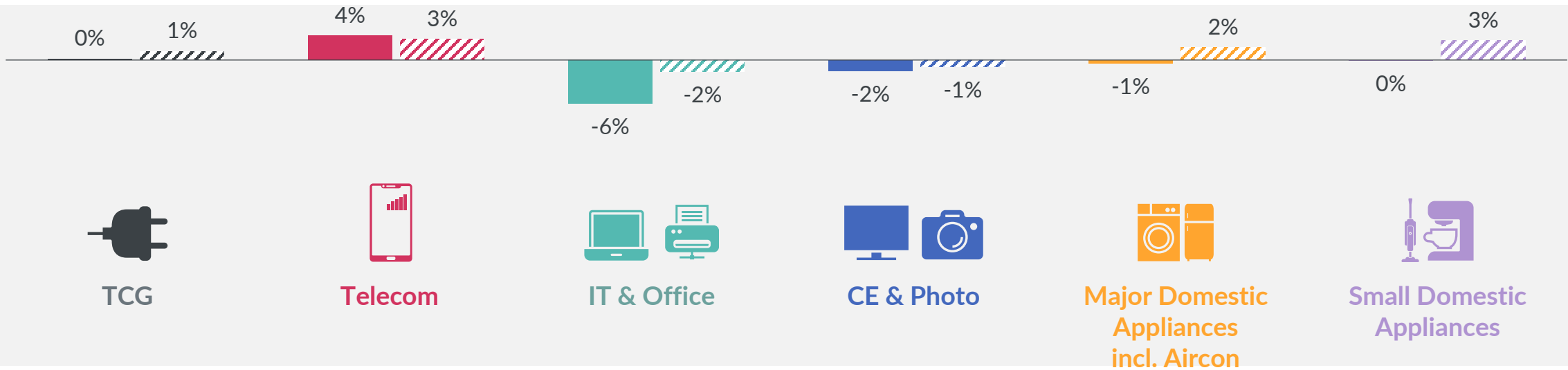
Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth
CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics

TCG in total with stable performance, Volume vs. Value indicates decreasing prices especially for Appliances



Global (ex NA) Tech and Durables | Sales Value USD (NSP) | Sales Volume | Growth rate YoY
Jan 24 – Mar 24 vs Jan 23 – Mar 23

■ Sales Value USD ▨ Sales Volume



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth
CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics

Which factors drive the Consumer Tech and Durables Industry?



**Saturation
vs.
Innovation &
Premium**

**Consumer
Aspirations**

**Sustainability
&
Circularity**

Which factors drive the Consumer Tech and Durables Industry?



**Saturation
vs.
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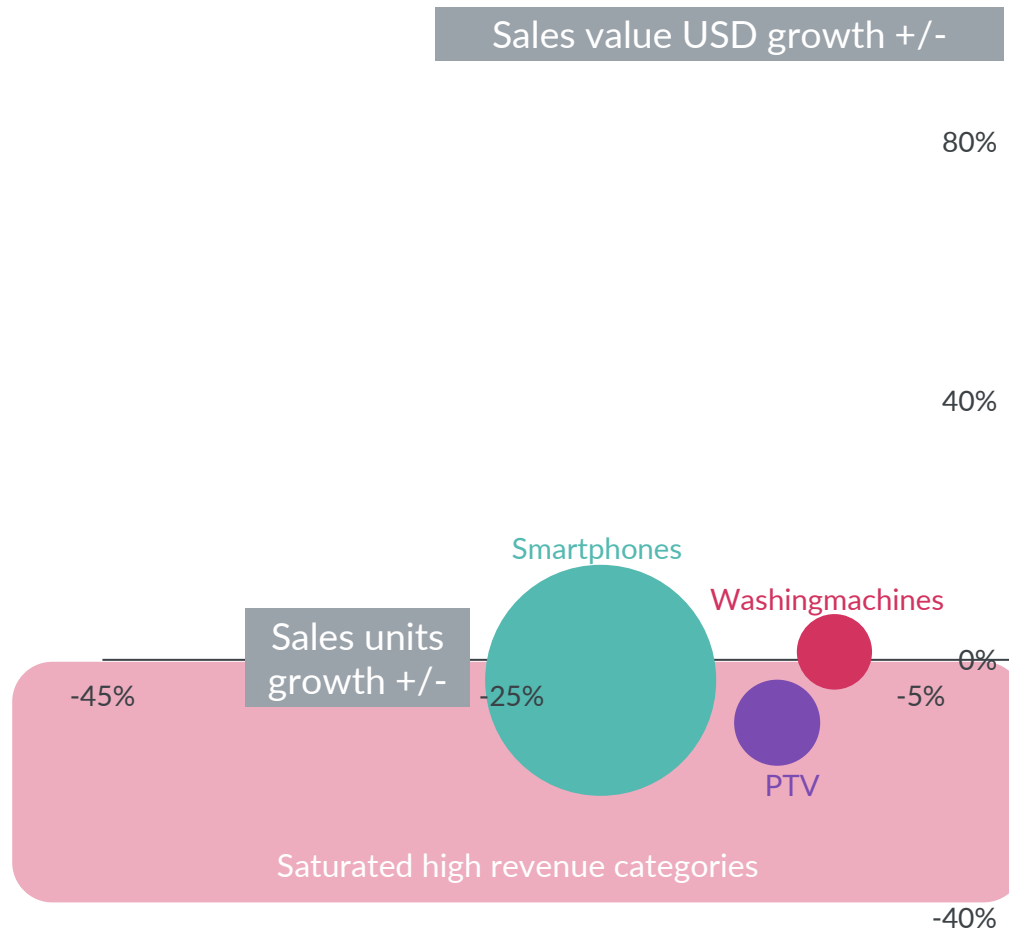
**Consumer
Aspirations**

**Sustainability
&
Circularity**

For highly saturated
markets, the opportunity
is premiumization via
incremental innovation

Saturated (big) categories are limited in volume growth but have value potential. Smaller categories realize penetration potential!

Sales volume/value growth | 2023 vs 2019 | Jan – Dec 23



What's important?

Growth is only possible **against competition** (units) or increasing the total **market value via premiumization**.

How to grow?

Incremental innovation is a must, to leverage a justifiable price premium as early as possible!

In these key markets, **premium performance features** (and the brand) have driven prices and market value up.

Saturated (big) categories are limited in volume growth but have value potential. Smaller categories realize penetration potential!

Sales volume/value growth | 2023 vs 2019 | Jan – Dec 23

What's important?

Organic growth is possible as products reach more and more consumers.

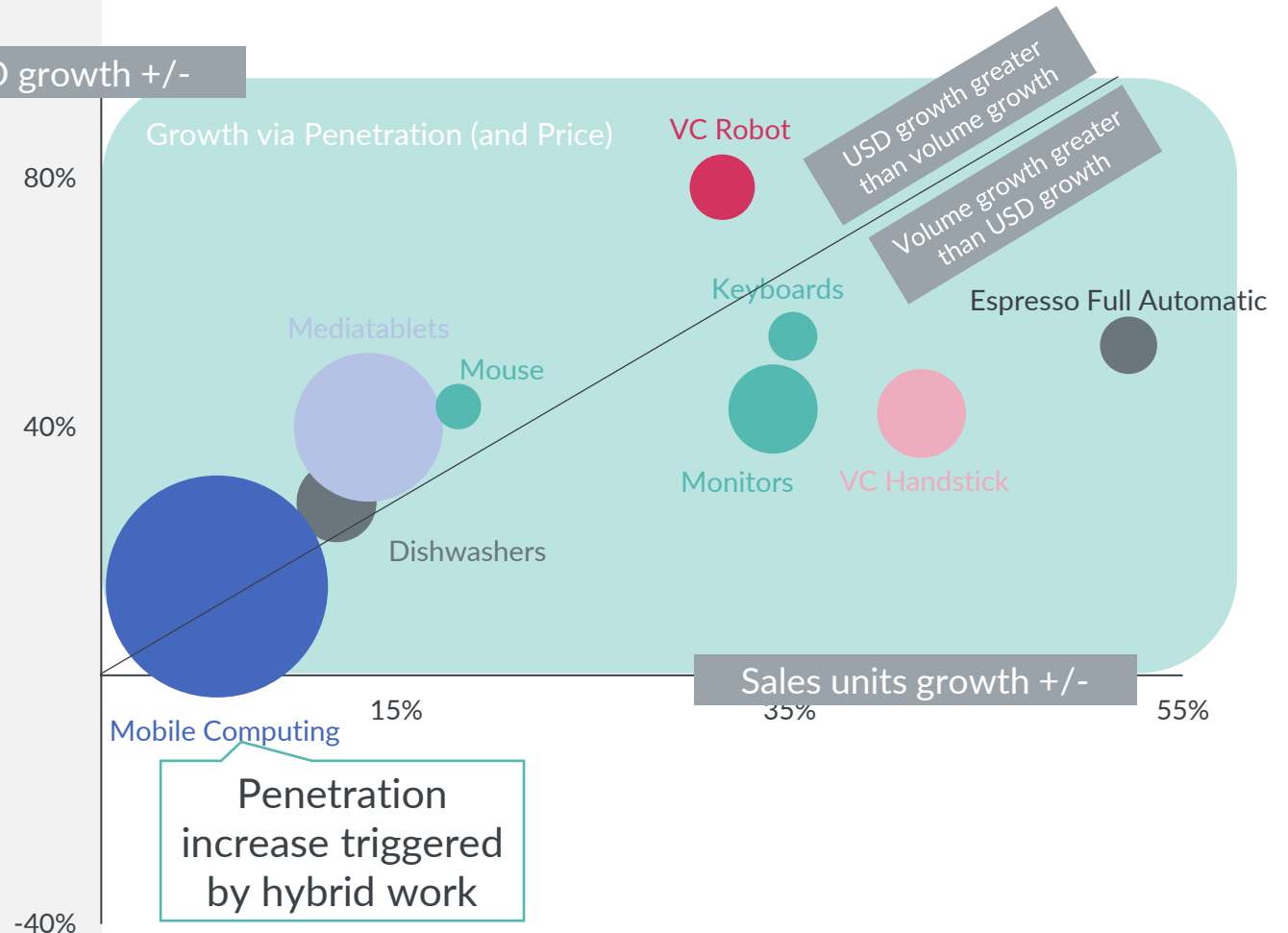
How to grow?

Distribution and marketing are levers to further increase addressable markets.

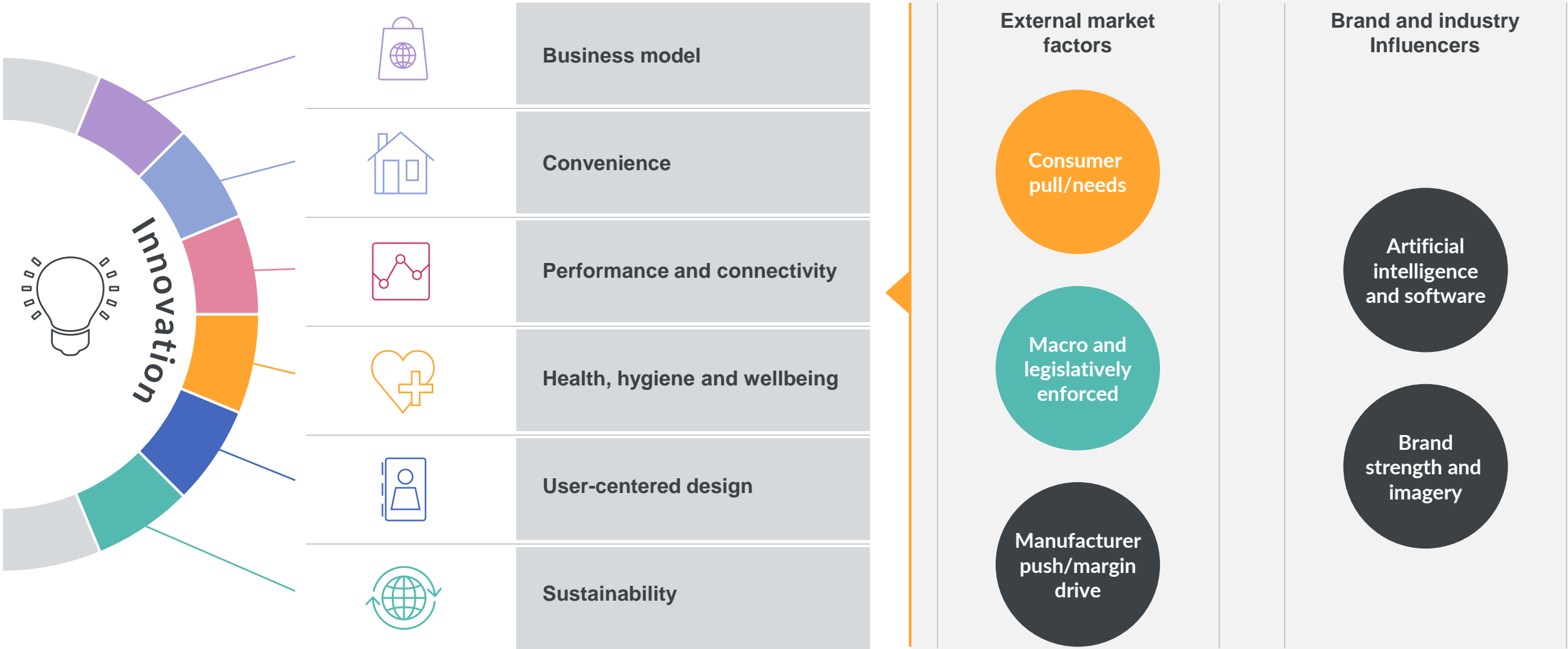
Innovation is essential as such less established categories often demonstrate rapid evolution (e.g. robot VCs).

With growing competition, a **strong brand** safeguards both the price and availability of the product.

Sales value USD growth +/-



GfK's Innovation Framework for Tech & Durables



Source: Conceptualized by market experts of Global Strategic Insights Team @GfK. This is conceptualized by looking at some of the key categories across all key TCG and H&L sectors. How is it different from trends and themes: There will certainly be some level of overlap as some trend manifest as drivers of innovation. But innovation is at a more basic level at an execution or implementation level versus a trend which is more broad

Which factors drive the Consumer Tech and Durables Industry?



**Saturation
vs.
Innovation &
Premium**

For highly saturated markets, the opportunity is premiumization via incremental innovation

**Consumer
Aspirations**

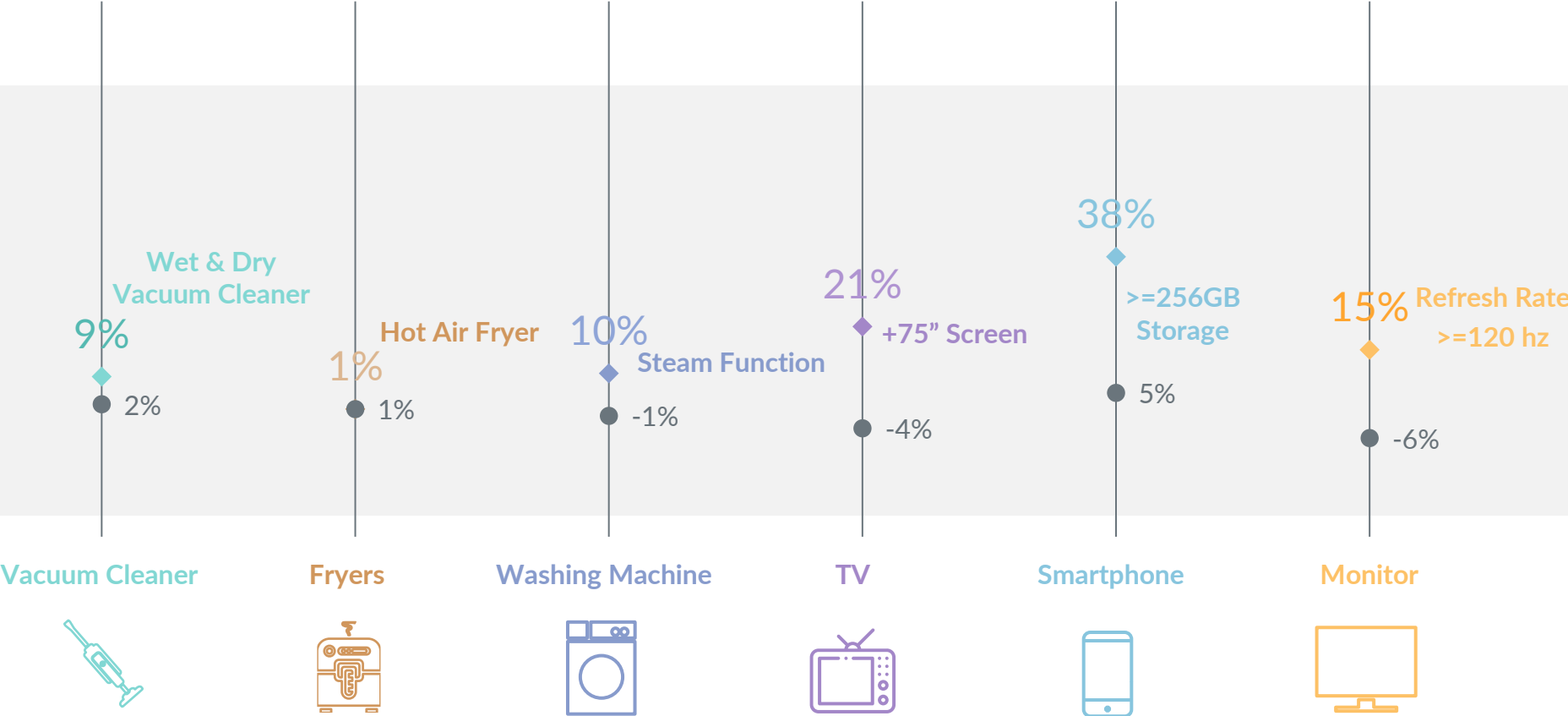
Experience – Entertainment
- Unique Use Cases –
Customer Preferences - Fun

**Sustainability
&
Circularity**

Premium segments continue to outperform category sales



Sales value growth
USD | 2024 vs
2023 | Jan-Mar 24
YTD | Segment vs.
Category Growth



Wearables continue their success story and continue to focus on health metrics

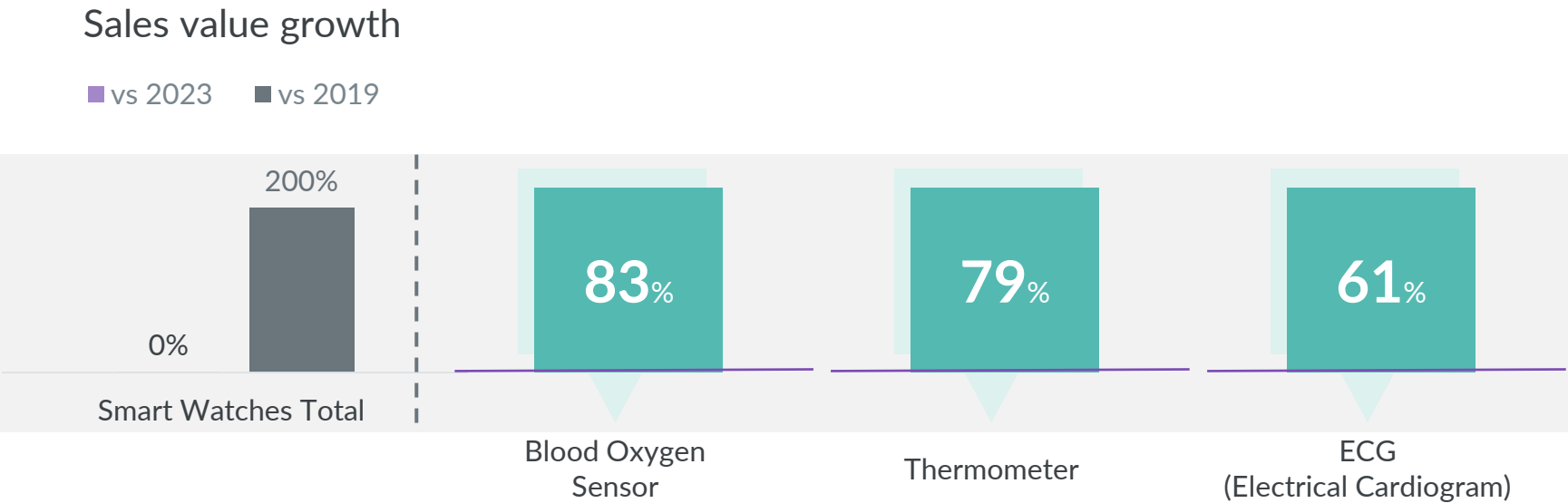


Sales value growth USD | 2024 vs 2023 | Jan-Mar 24 YTD

Smartwatches

46%

of consumers state that they used a fitness or exercise app in the past 30 days



Top individual activities categorized by suitability for form factor

The future of headsets



True Wireless

- Weight: Light
- Size: Small
- ANC: Medium
- Stow away: Easy
- Sports: Danger of falling off



Headbands

- Weight: Heavy
- Size: Large
- ANC: Great
- Stow away: Difficult
- Sports: Heavy



Open Ear

- Weight: Light
- Size: Medium
- ANC: No
- Stow away: Medium
- Sports: Great

45% commuting to work or school

37% browsing the internet

27% using social media

27% taking a walk or a hike

Top individual activities:

39% for housework

41% for relaxing or unwinding

33% for exercising or at the gym

33% for cooking

Total Headphones / Headset Market grow by 5% in 2023

Source: https://www.ifpi.org/wp-content/uploads/2023/12/IFPI-Engaging-With-Music-2023_full-report.pdf
Headphone+Headsets Total | Panelmarket | Jan-Dec 23 Global excl. NA | Sales Units share and sales units growth

*Wireless Headbands only

Which factors drive the Consumer Tech and Durables Industry?



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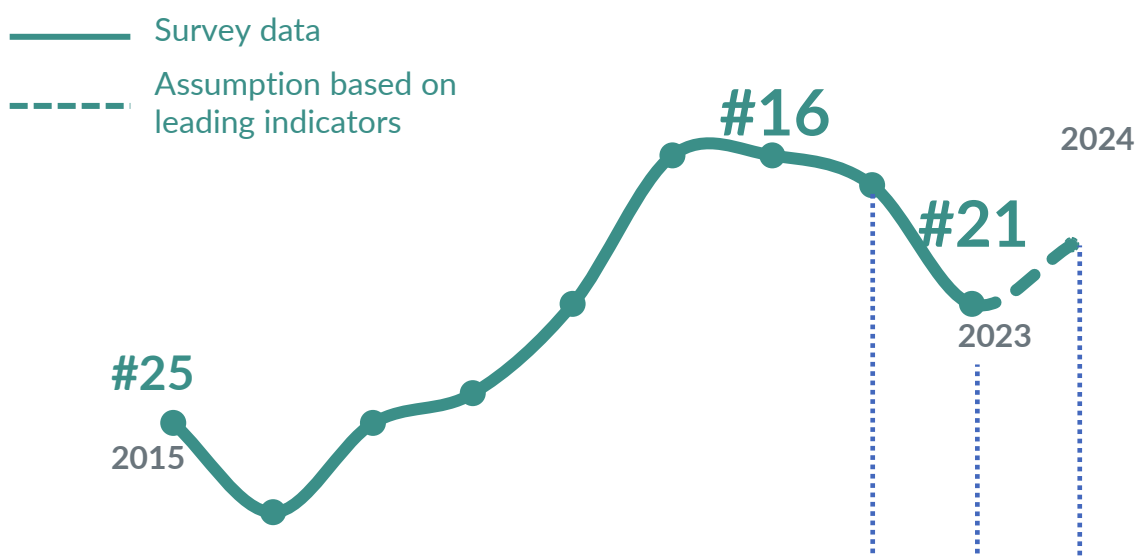
**Sustainability
&
Circularity**

Consumer demand as well as governance continue push for sustainable options

For 2024, sustainability is expected to grow in relevance, as economic security rises.

Protecting the environment as a personal value

It is a **growing** personal value since 2015, but “economic security first” has been a priority in 2023



% Consumers feeling worse off - YoY

Year	% Consumers feeling worse off - YoY
2022	37%
2023	39%
2024	34%

Source: GfK Consumer Life Global 2023 and previous years, C1 (global = 18 countries), ranks out of 57 personal values
NIQ Consumer Outlook 2024, Global
Q: Compared to a year ago, is your household better off or worse off financially



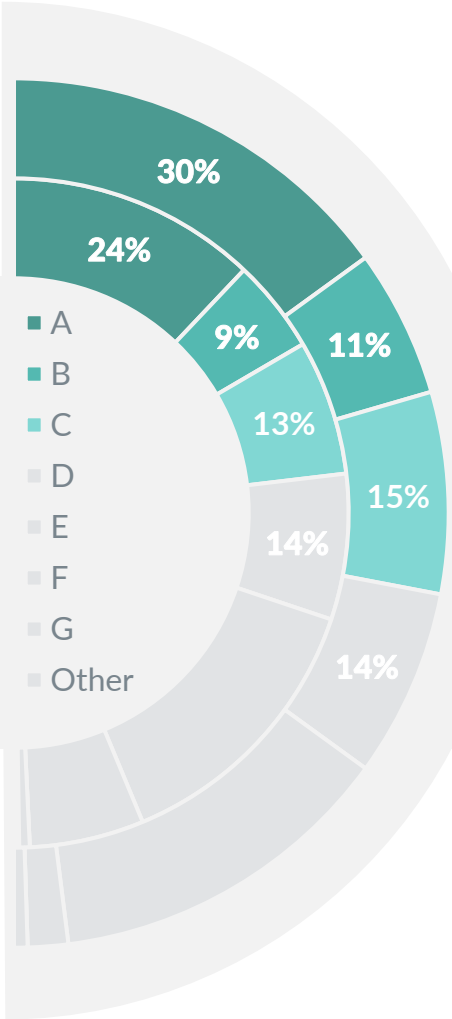
Assortment: Eco-Products sell better: In many categories energy efficiency is driving market share



Washing Machines, Refrigerators, Freezers, Dishwashers

Panelmarket	Newly launched
Jan-Mar 24	Jan 23 – Mar 24
	Total market YTD 2024

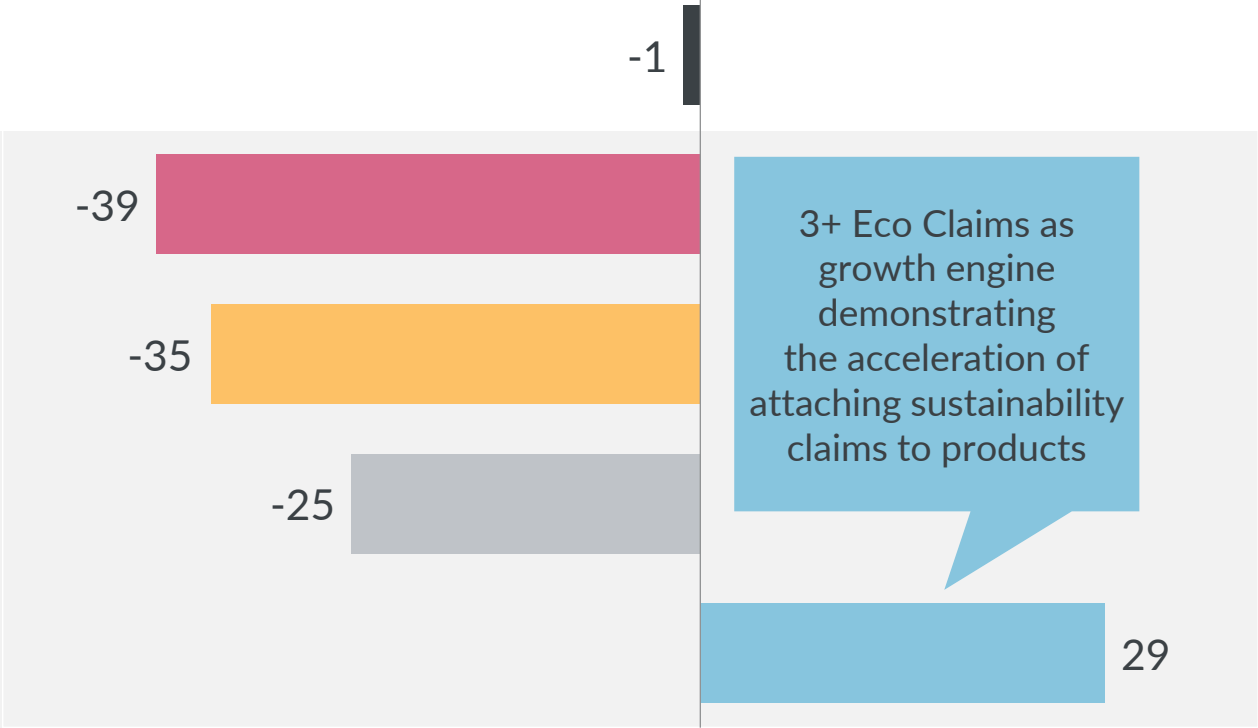
Energy efficient home appliances will further gain market share over next years, as newly launched products will become the market norm in coming years



Clear message to consumers: Eco Claims convince consumers to buy



Smartphones | Growth rate of “number of Eco Claims” | +/- % Sales Value



Total

- No Eco Claims
- 1 Eco Claim
- 2 Eco Claims
- 3+ Eco Claims



Integrate Sustainability into wider context

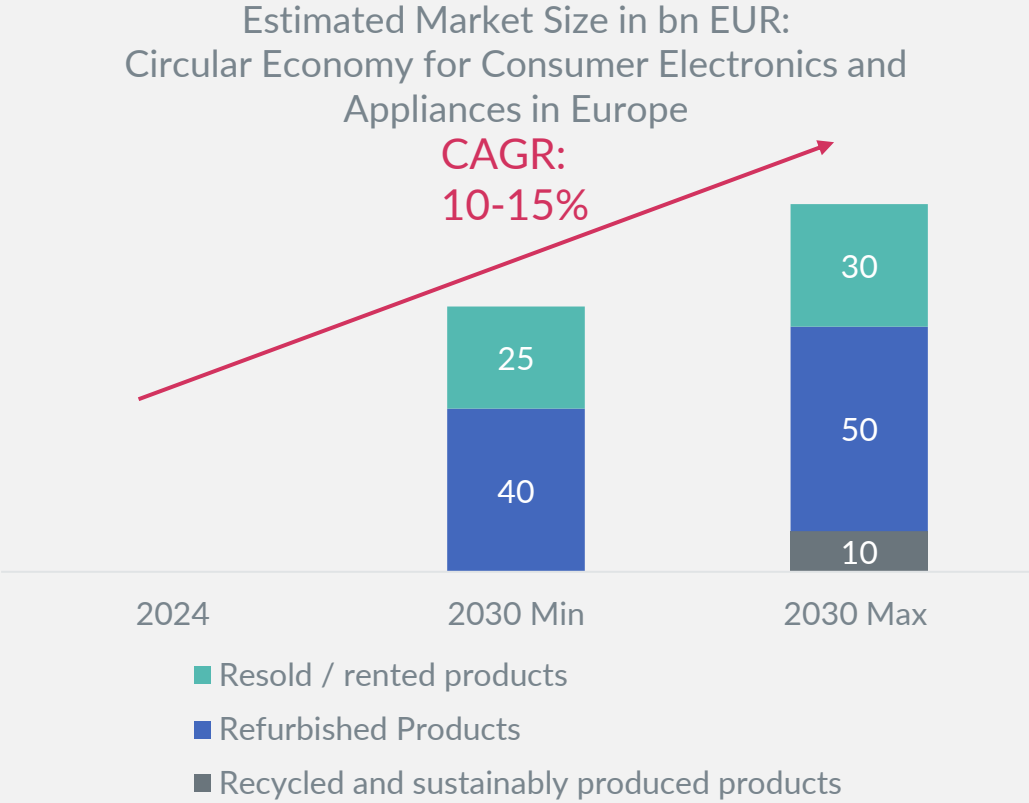
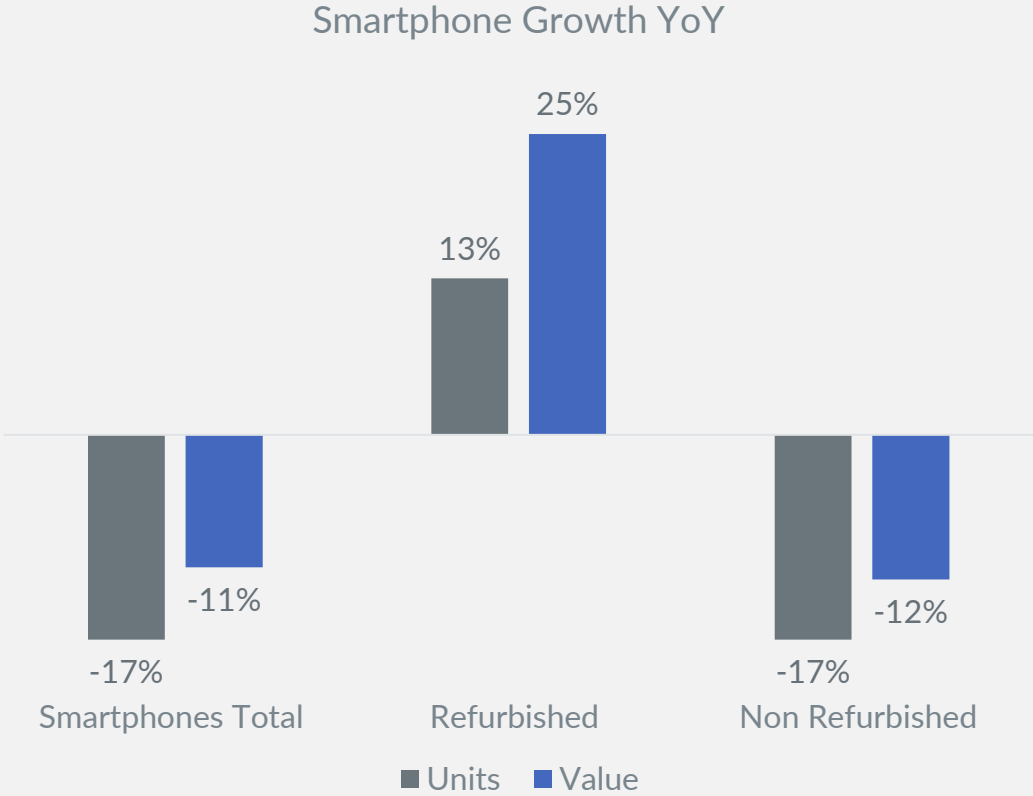
Sustainability + Smart = USP



A great topic for Experience Stores – show benefits, educate consumers, get people into the store

Refurbished Smartphones with positive performance

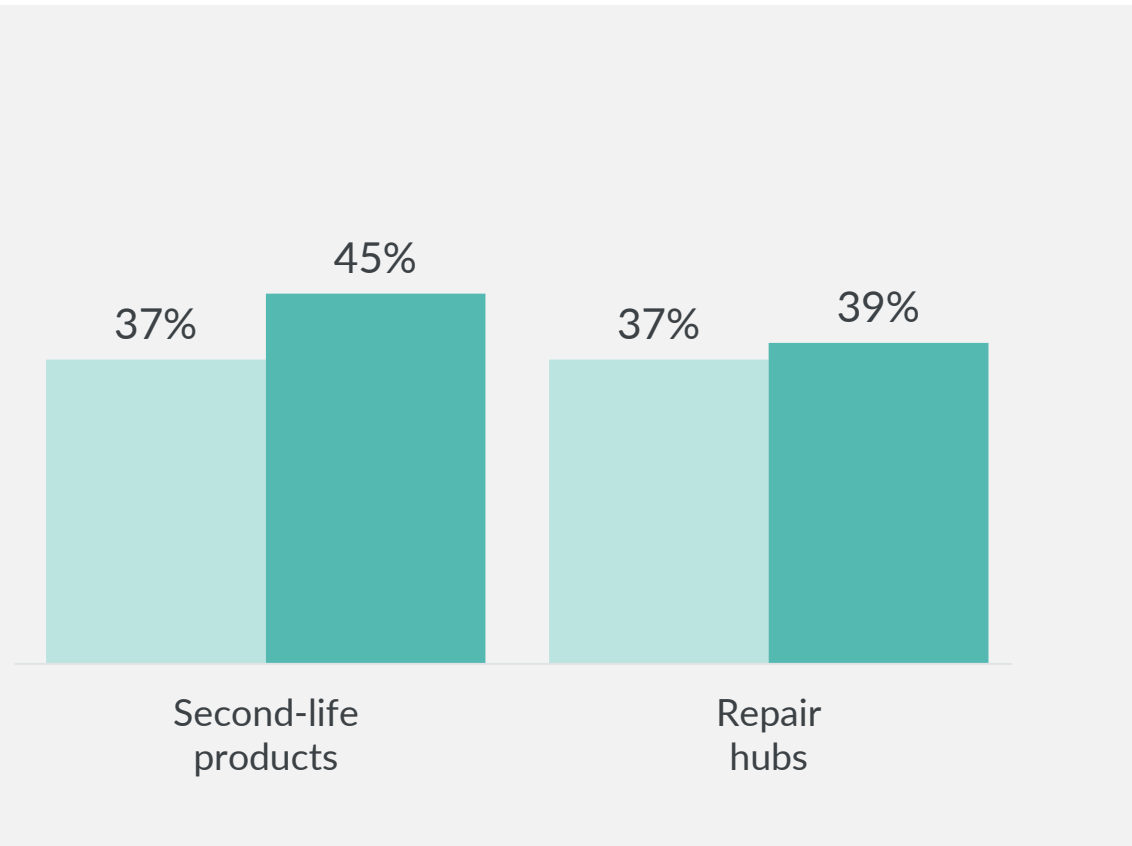
Optimistic long-term forecast for circular products



The sustainability gap

Purpose is rising up the agenda – but many retailers are yet to give it a focus

% of retailers with high or very high focus on activities matching consumers' sustainability values



New EU rules encouraging consumers to repair devices over replacing them

Press Releases [PLENARY SESSION](#) [IMCO](#) 21-11-2023 - 12:23



The new rules would ensure access to information and spare parts for all, including independent repairers and end-users. @GuruXOX/AdobeStock

- A majority of EU citizens would rather repair a good instead of buying a new one
- New obligation for producers to repair products even after legal guarantee has expired
- Vouchers and other financial incentives to encourage consumers to opt for repair

Global
Europe

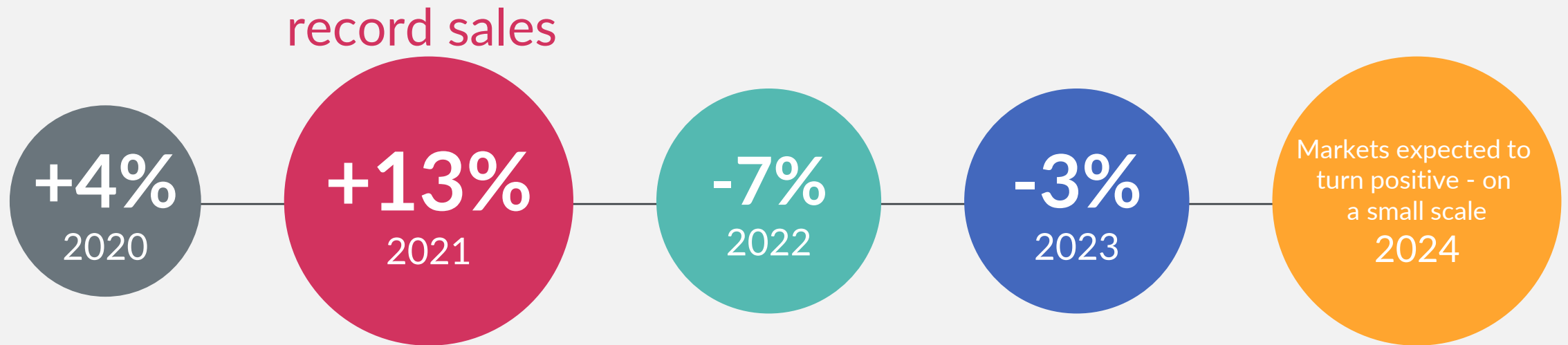
P1: To which extent will you focus on the following activities to match consumers' sustainability values in the next 2-3 years? [Chart includes Top 2 Boxes] | Base: Total n = 796, Europe n = 444, scale where 1 is "No strategic focus at all" and 5 is "very high strategic focus" | Source: GfK Retail Revolution 2023;

<https://www.europarl.europa.eu/news/en/press-room/20231117IPR12211/new-eu-rules-encouraging-consumers-to-repair-devices-over-replacing-them>

Consumer tech and durables stabilized in 2023 and is expected to turn positive in 2024



Consumer Tech and Durables global incl. North America | Growth rate in USD



Thank you

In case of questions or remarks, please contact me:
ines.Haaga@gfk.com