

Harnessing Innovation for Convenience

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TCG market environment

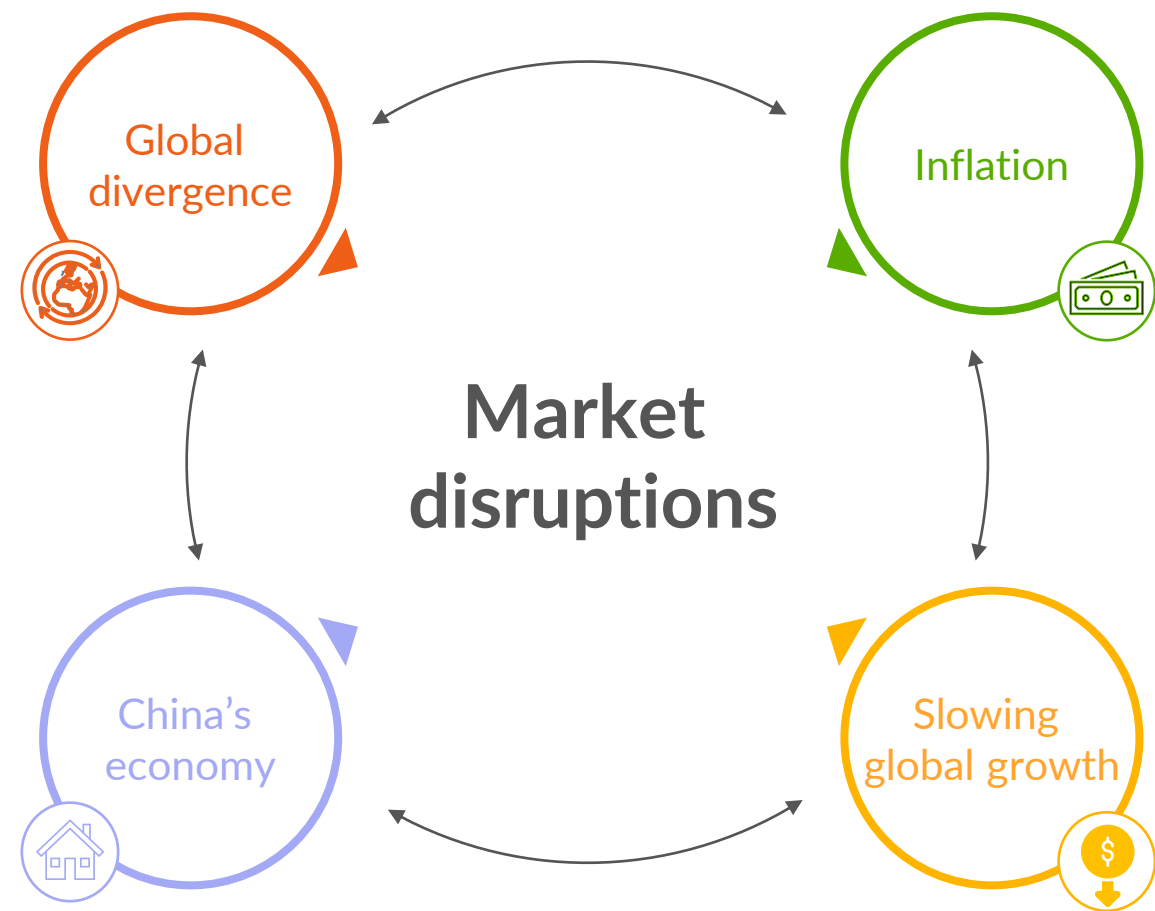
Macroeconomics

(Smart) product portfolio

How to create a
consumer pull?

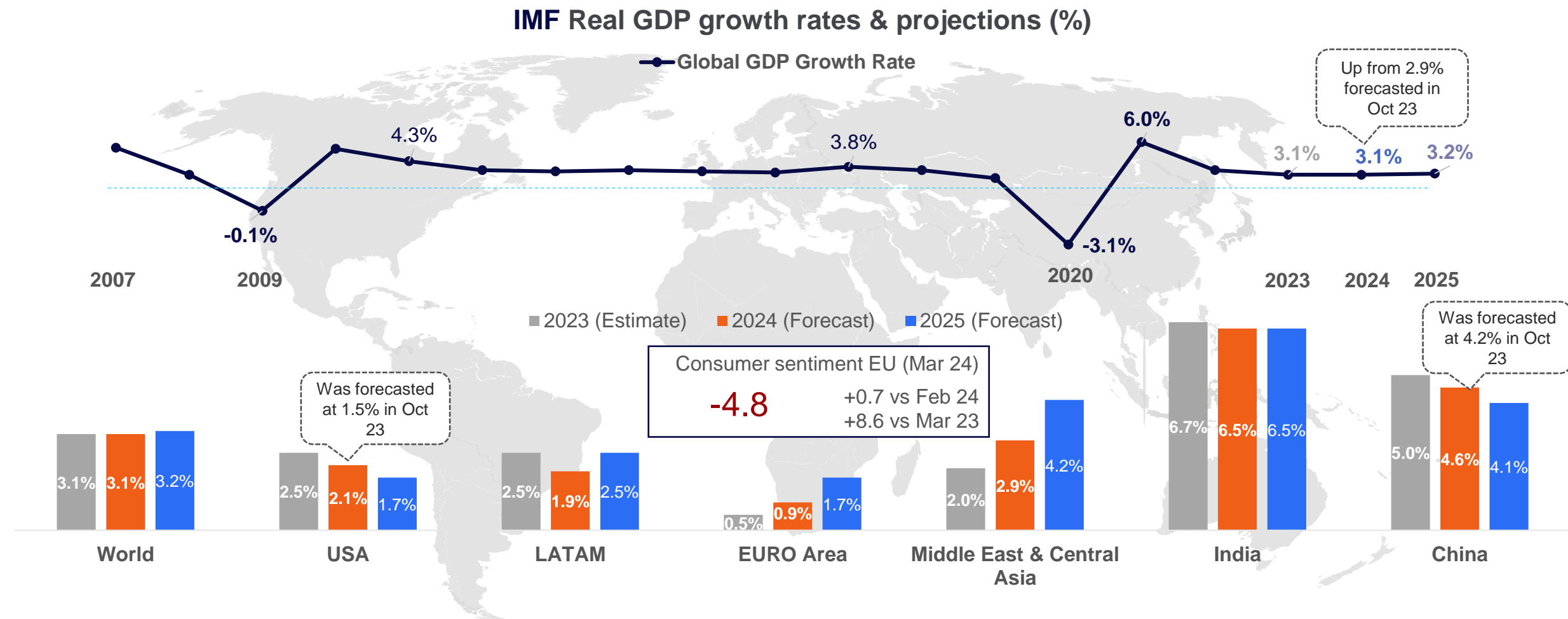
AIoT opportunities?

Despite economic resilience, challenges remain



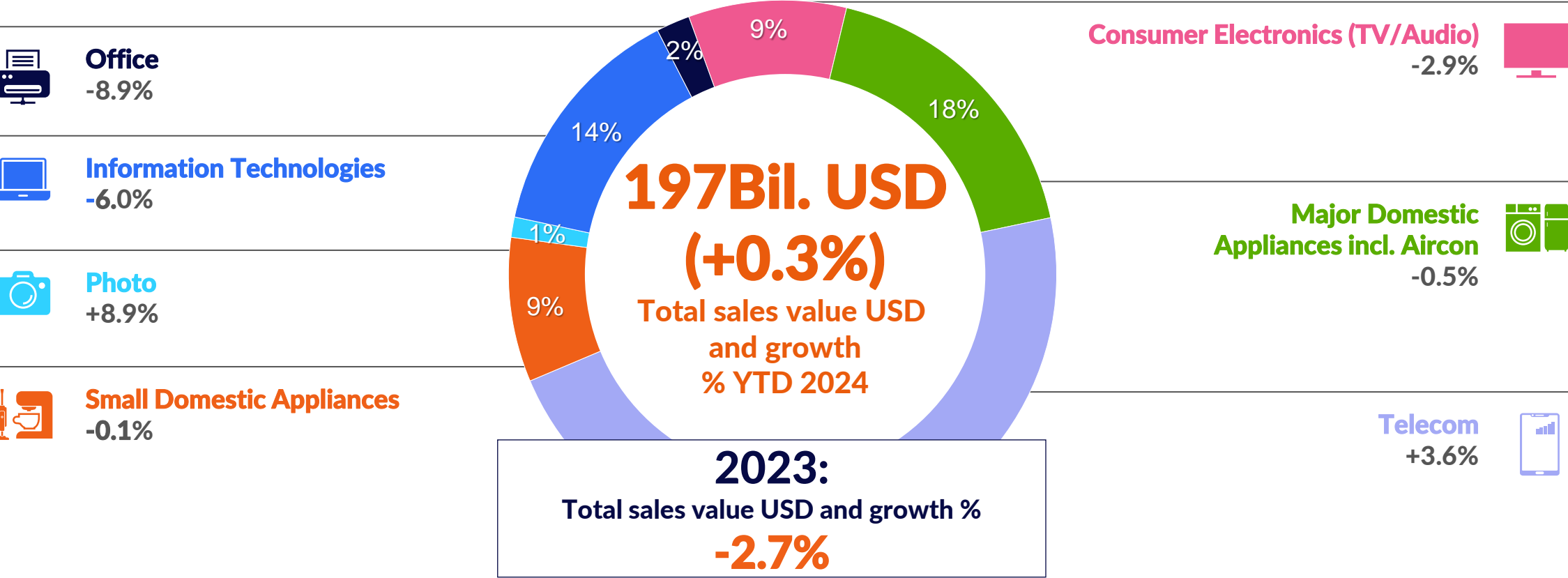
Global divergences – most growth expected from emerging economies

USA & China forecast for 2024 revised upwards while Euro, LATAM and MEA downgraded

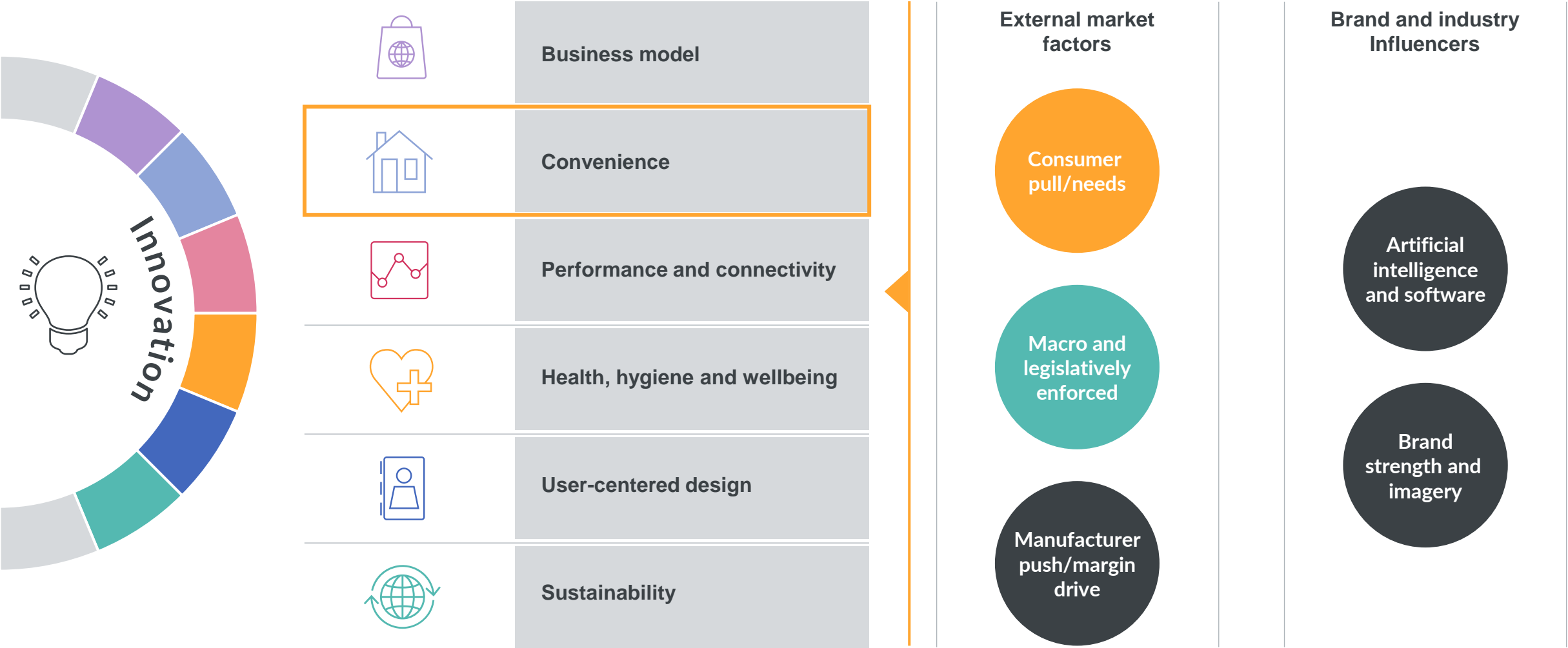


Turnaround with growth for the first two months of 2024

Sales Value USD (NSP) in % / growth rate YoY in % | B2C Retailer Market | Year To Date: Jan – Mar 2024



GfK's Innovation Framework for Tech & Durables



Impact and opportunities for the smart home market

Macroeconomics

(Smart) product portfolio

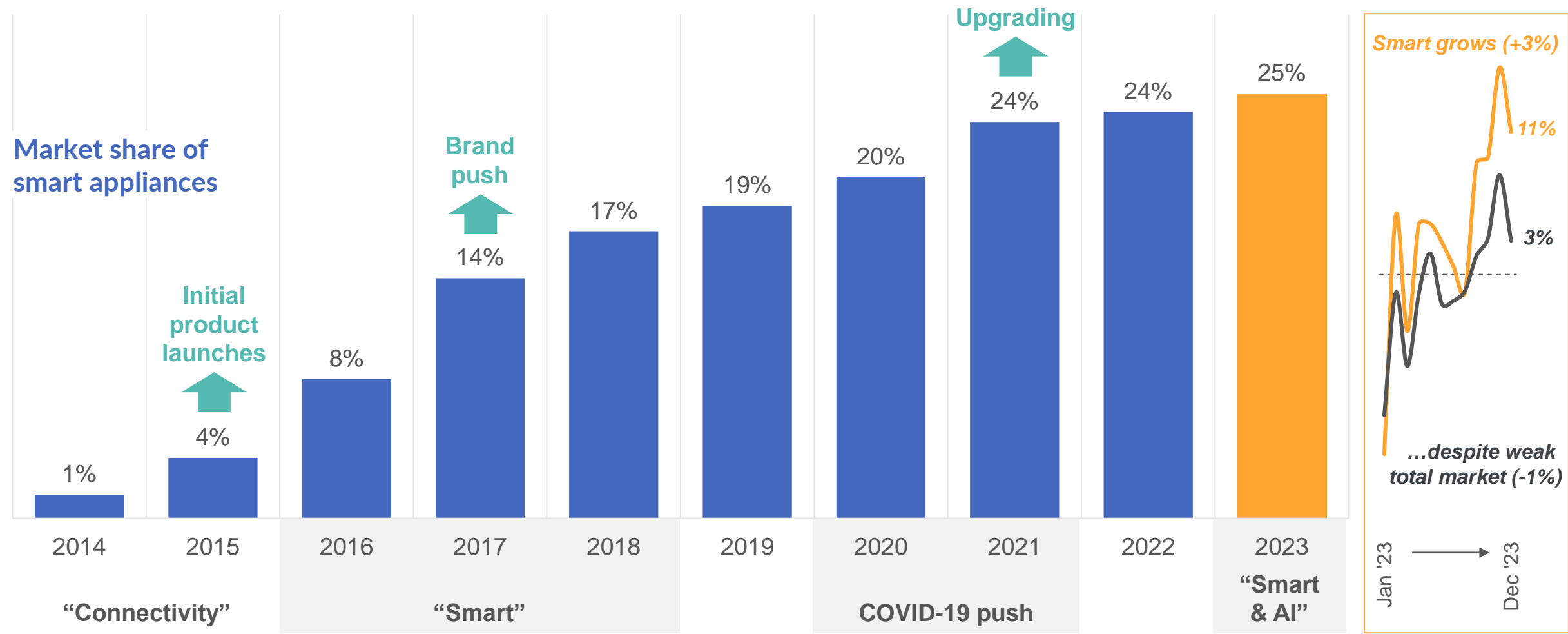
How to create a consumer pull

AIoT opportunities?

Home appliances market has seen multiple major pushes of smart appliances

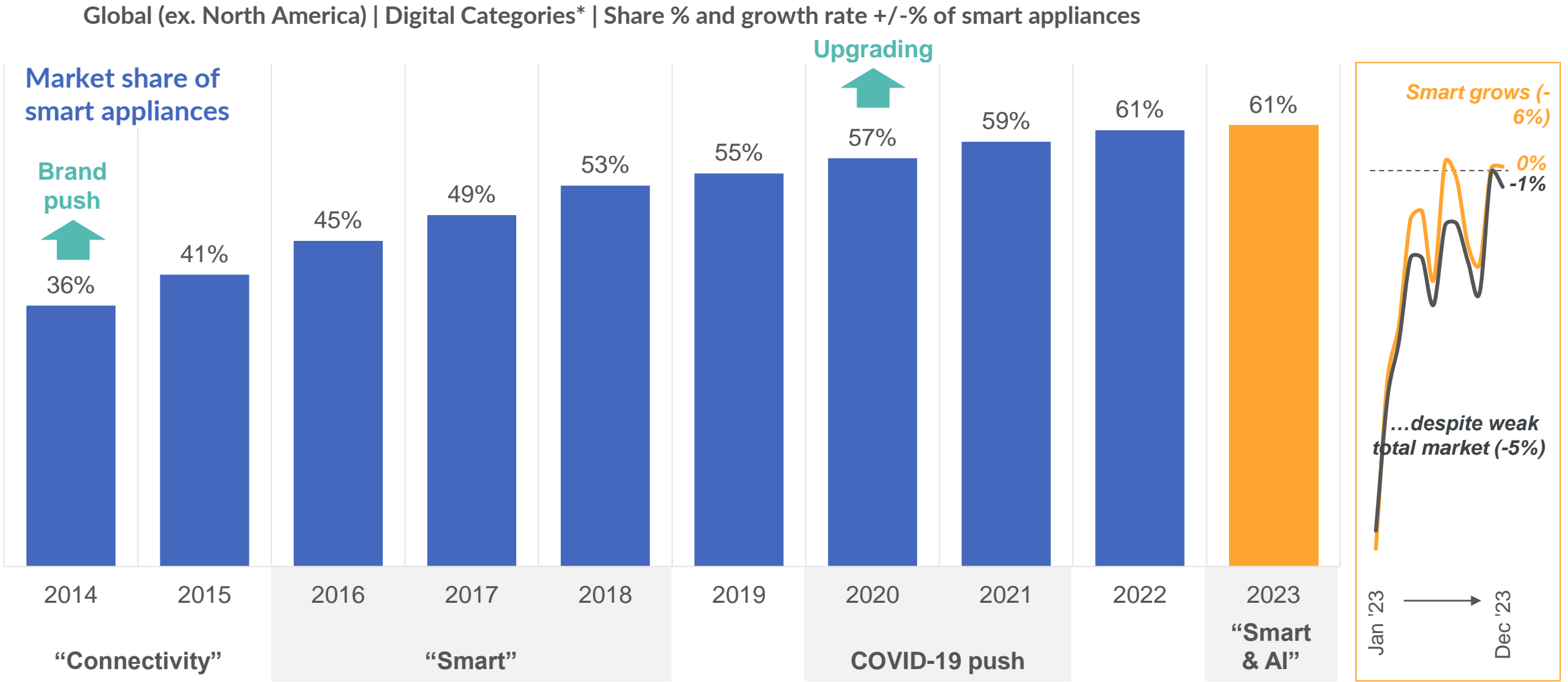
Resulting in every fourth dollar spent on connected appliances

Global (ex. North America) | Home Appliances (MDA/SDA) | Share % and growth rate +/- % of smart appliances



Digital smart categories matured earlier than smart appliances

Share of smart is quite high due to over skewing of Televisions and Audio categories



Smart Home adoption is facing a deceleration in-line with market deceleration

However smart features and connectivity features are still one of the best levers for product premiumization if the product has the right use cases especially for home appliances

EU7 | Sales Value USD % | Jan-Mar 24 vs PY



Home Automation



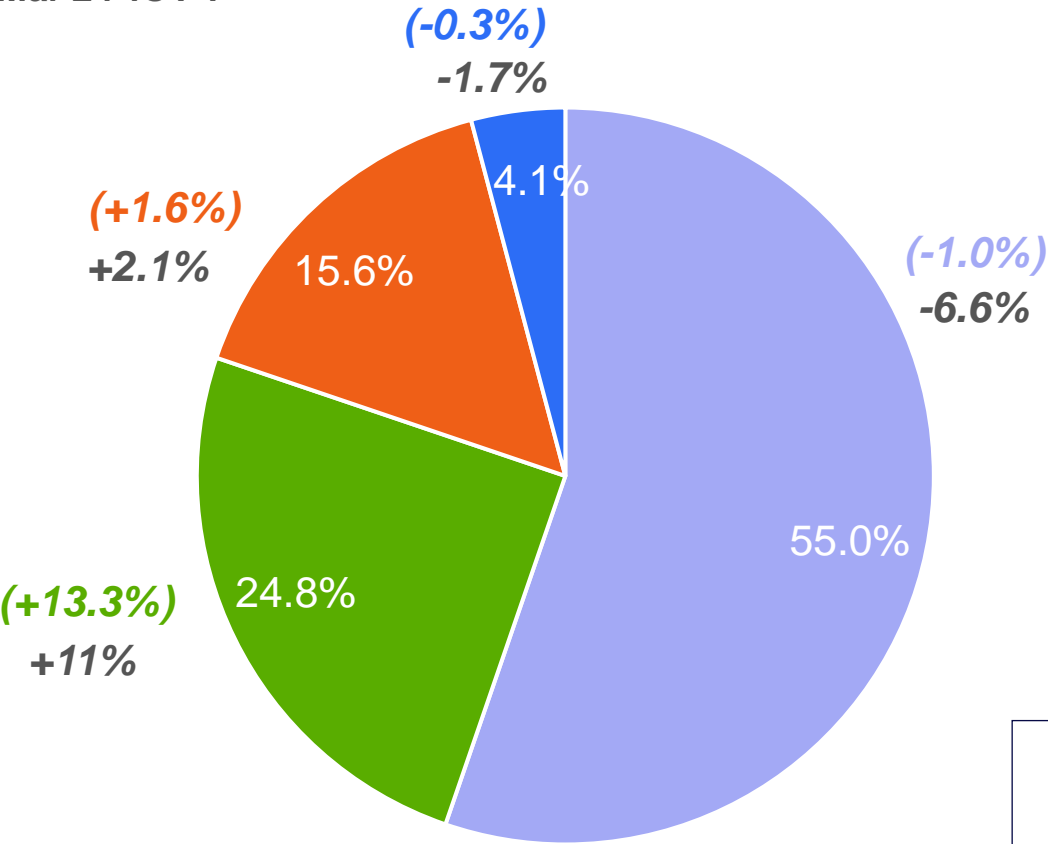
Small Domestic Appliance & Health



Major Domestic Appliances



Entertainment & office



Total Sales Value and Value Growth % Jan-Mar 24 vs 23

\$ 7.1 bn (+2.6%)

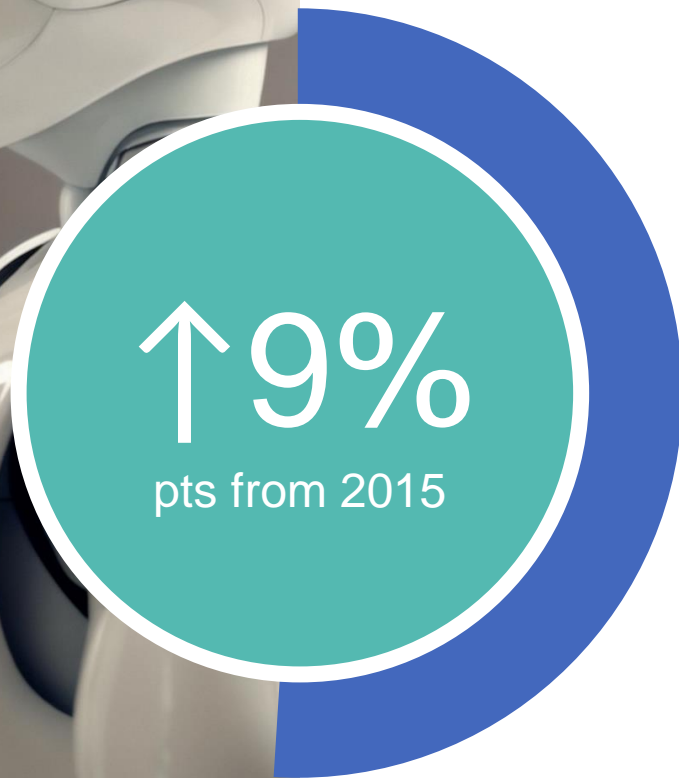
2023:

Total sales value USD and growth %

\$ 28.9 bn, -1.4%



Consumers' ask for simplification and convenience resonates with smart appliance promises



51% agree
“I am always looking for ways to simplify my life”

All time high
reached in the
COVID-19-year 2020

Who is my consumer and the relevance of key usecase






Macroeconomics


(Smart) product portfolio

**How to create a
consumer pull**

AIoT opportunities?

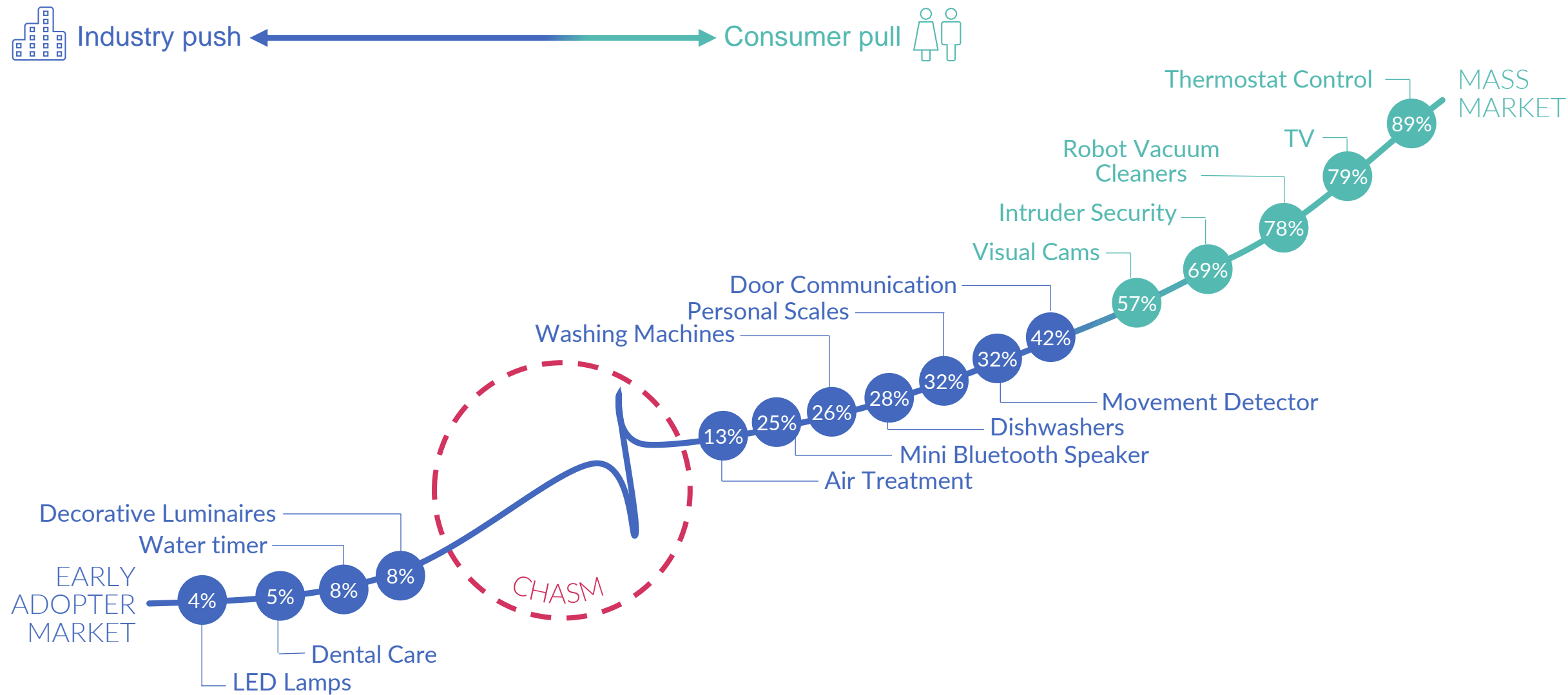
Who is the „buyer“ of smart product?

				
	TVs	Vacuum Cleaners	Washing Machines	Wearables
SMART	<ul style="list-style-type: none">High Income: 30%	<ul style="list-style-type: none">High Income: 43%	<ul style="list-style-type: none">High Income: 49%	<ul style="list-style-type: none">High Income: 44%
TOTAL MARKET	<ul style="list-style-type: none">High Income: 32%	<ul style="list-style-type: none">High Income: 30%	<ul style="list-style-type: none">High Income: 29%	<ul style="list-style-type: none">High Income: 37%

	TVs	Vacuum Cleaners	Washing Machines	Wearables
				
SMART	<ul style="list-style-type: none">Millenial: 31%	<ul style="list-style-type: none">Millenial: 40%	<ul style="list-style-type: none">Generation X: 39%	<ul style="list-style-type: none">Millenial: 40%
TOTAL MARKET	<ul style="list-style-type: none">Millenial: 30%	<ul style="list-style-type: none">Baby Boomers: 29%	<ul style="list-style-type: none">Millenial: 31%	<ul style="list-style-type: none">Millenial: 34%

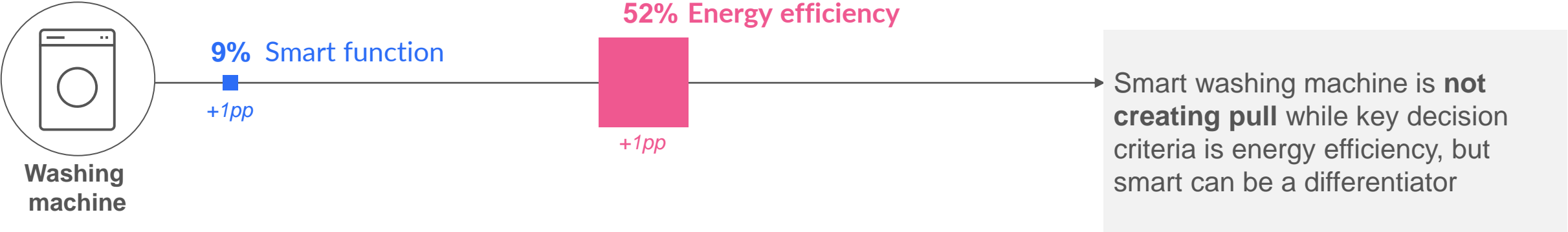
Relevant use cases are key to achieve mass market adoption

EU14 countries | Sales Units % | Jan-Dec 2023



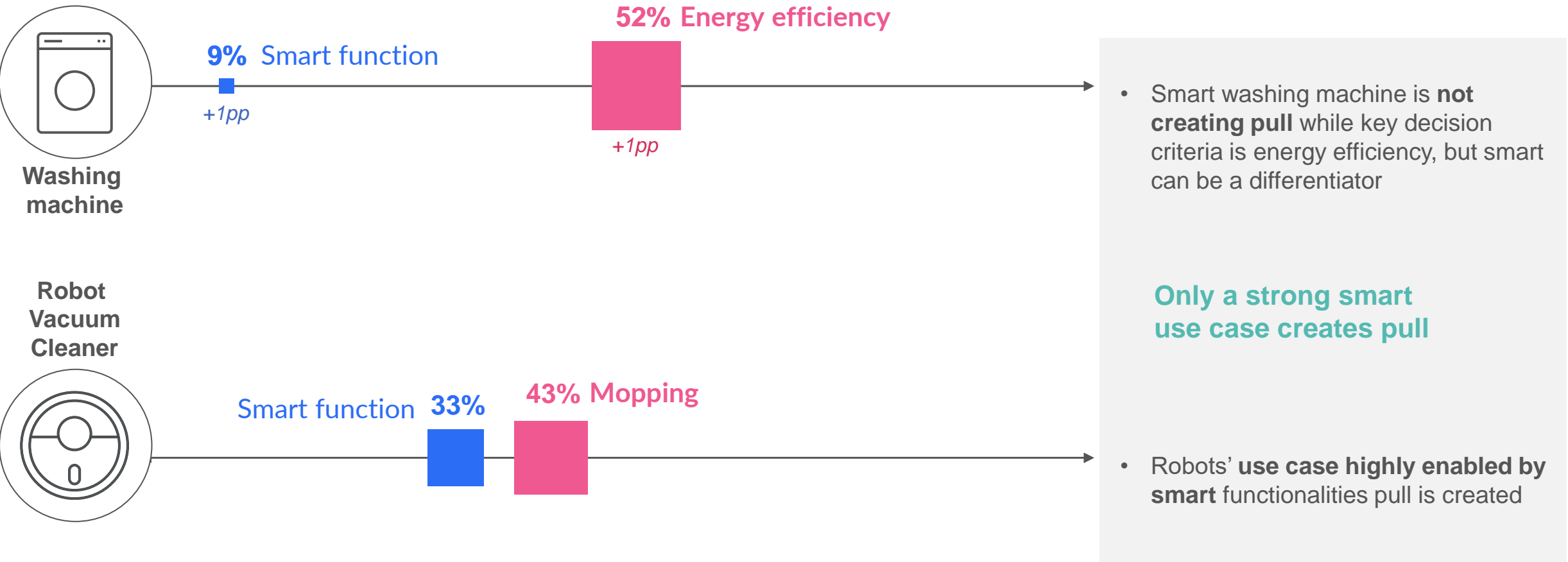
Smart use case is key to enable consumer pull

Most important product features during purchase (~30.000 interviews) | Q3 2023



Smart use case is key to enable consumer pull

Most important product features during purchase (~30.000 interviews) | Q3 2023



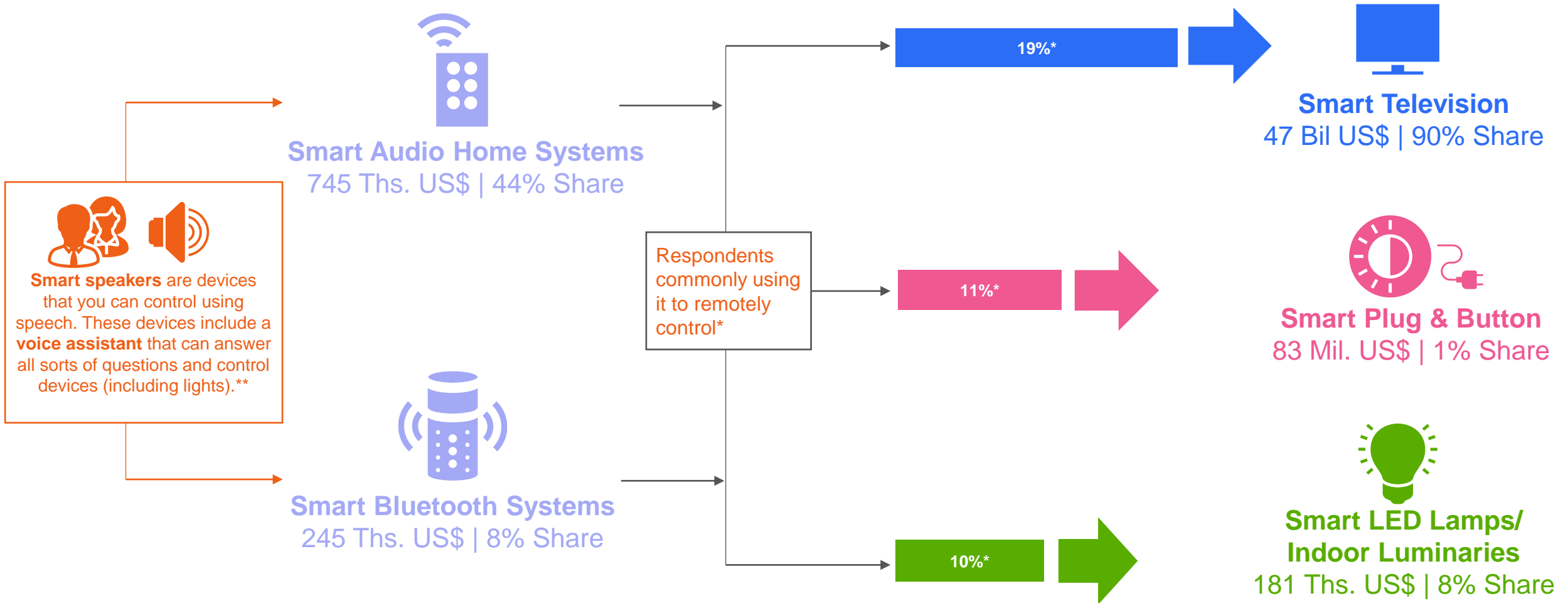
What can you already do with your Smart TV that creates this consumer pull?



Smart Hub:
Transmitting
information and
messages from
other connected
devices

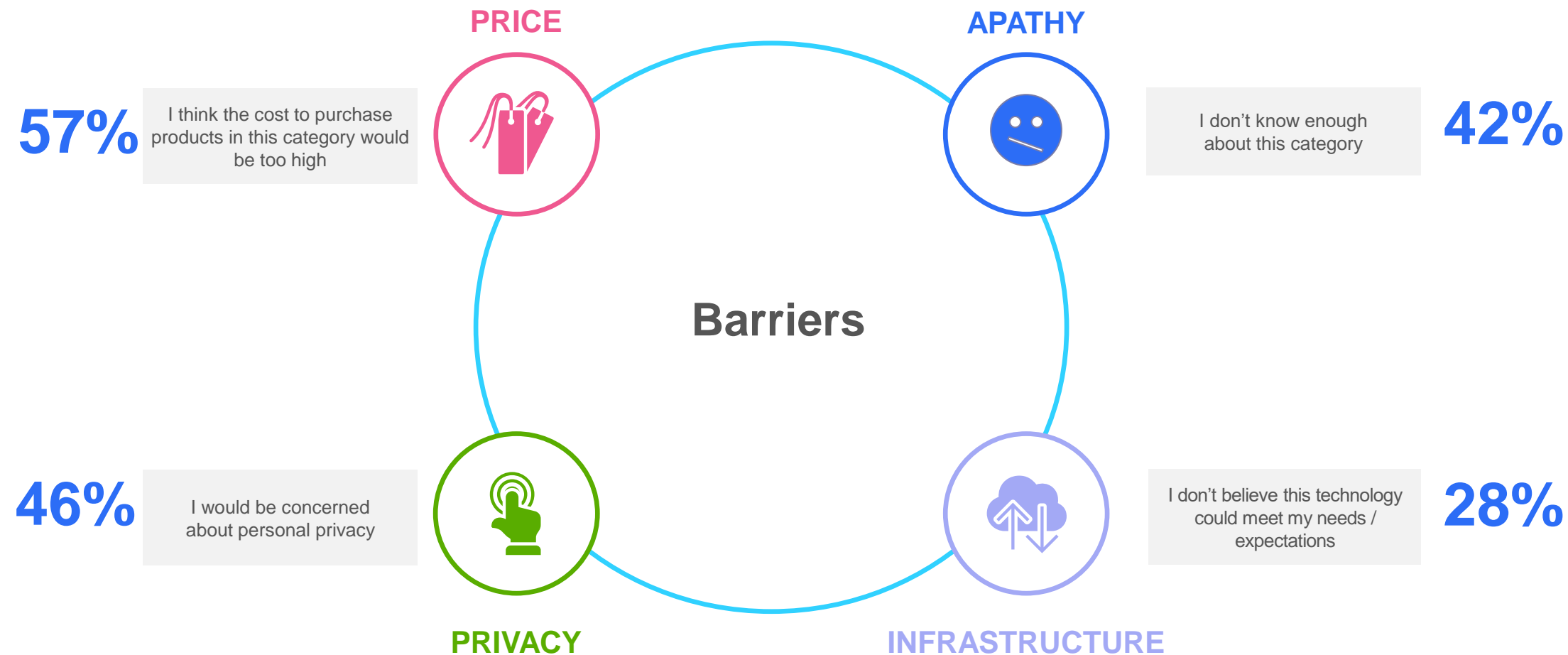
What are the conveniences offered by smart speakers?

Our studies shows most common usage is to **remotely control** televisions, lighting and power sources

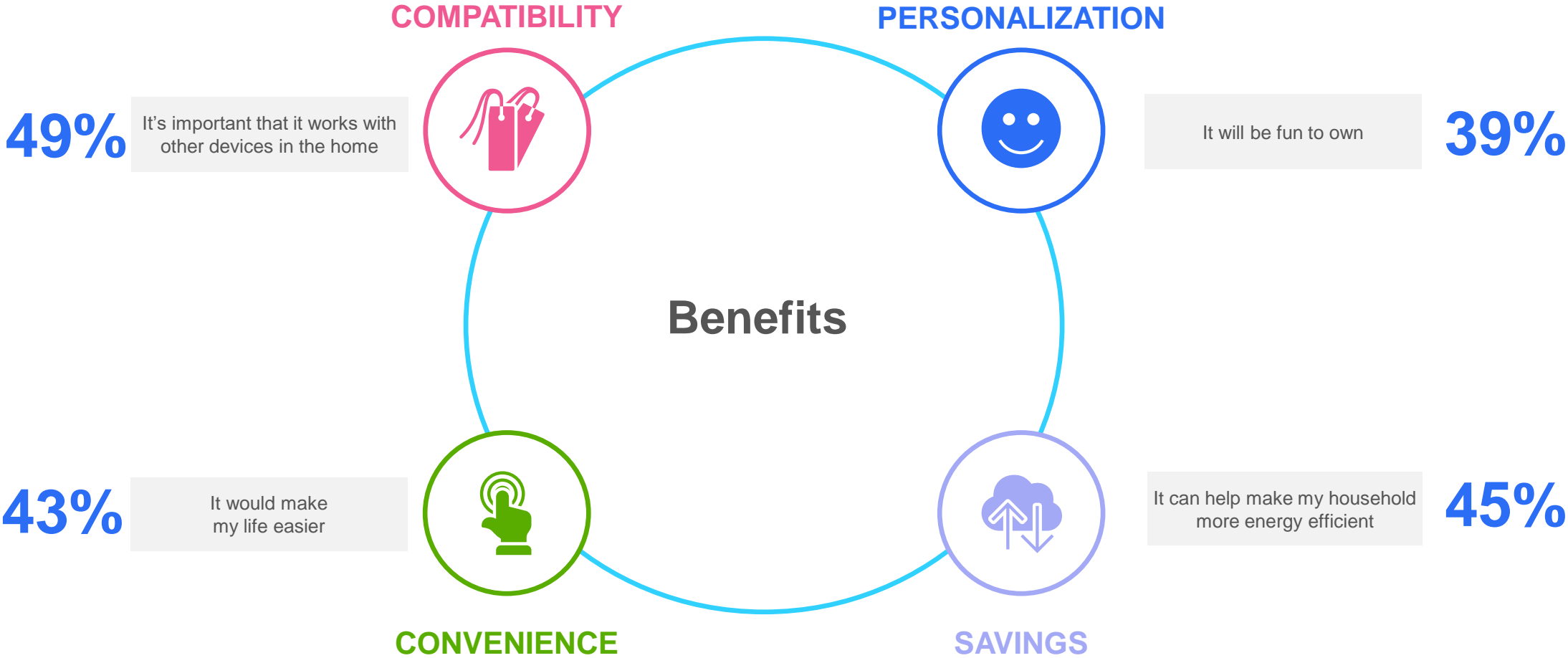


Barriers to smart home adoption

...lead by price, privacy and security concerns, but lack of understanding also prominent



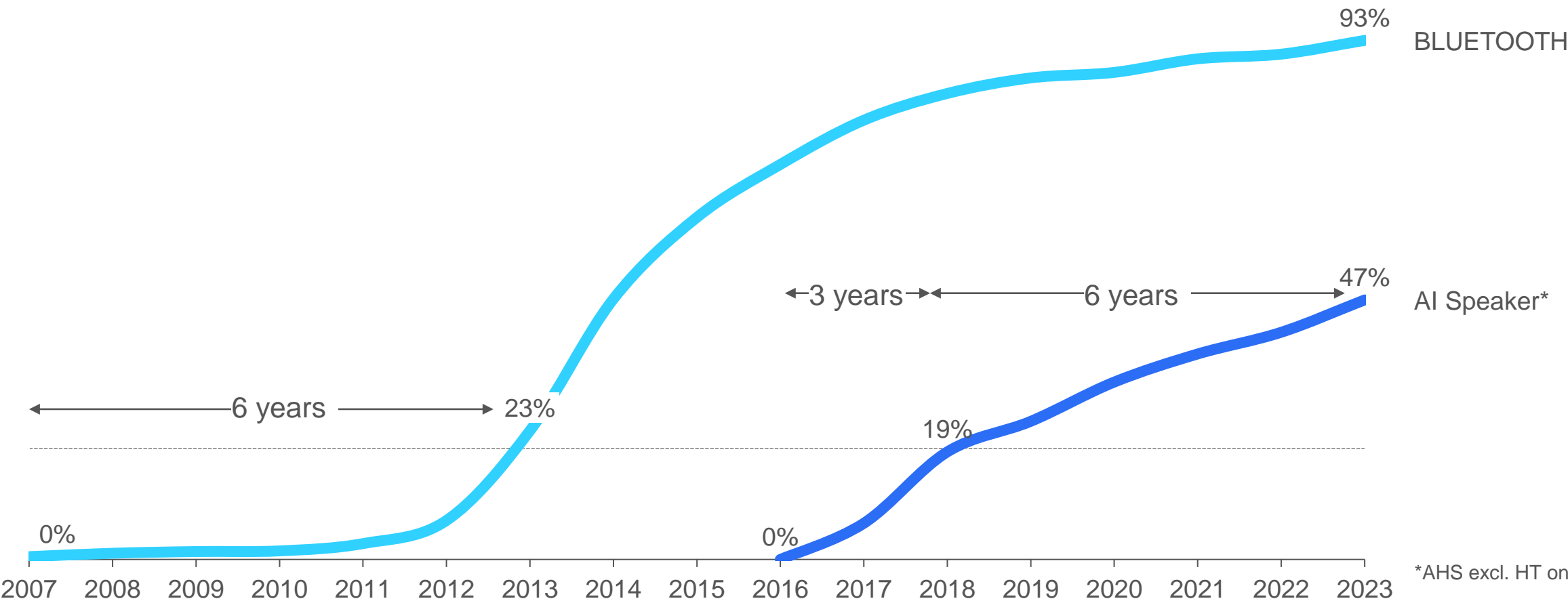
Criterion / benefits sought while buying smart home products



Adoption of new technology in audio providing improved use cases

While Bluetooth needed about 6 years to reach 20% of revenues,
AI Speaker clearly gained quicker but then developed rather linear

GfK Panelmarket | AHS excl. Home Theater + Mini/Bluetooth Speaker with Bluetooth and/or Operating AI | Sales Value USD%



*AHS excl. HT only

Impact and opportunities of AI on TCG market

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How to create a consumer pull

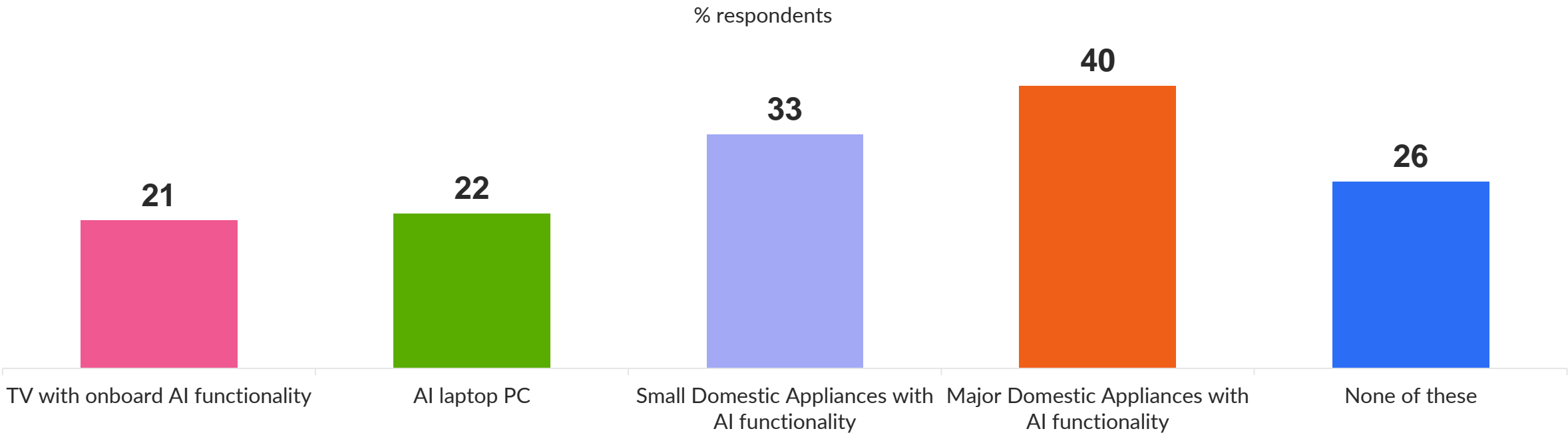
AIoT opportunities?

Are consumers aware of AI in Tech and Durables categories?

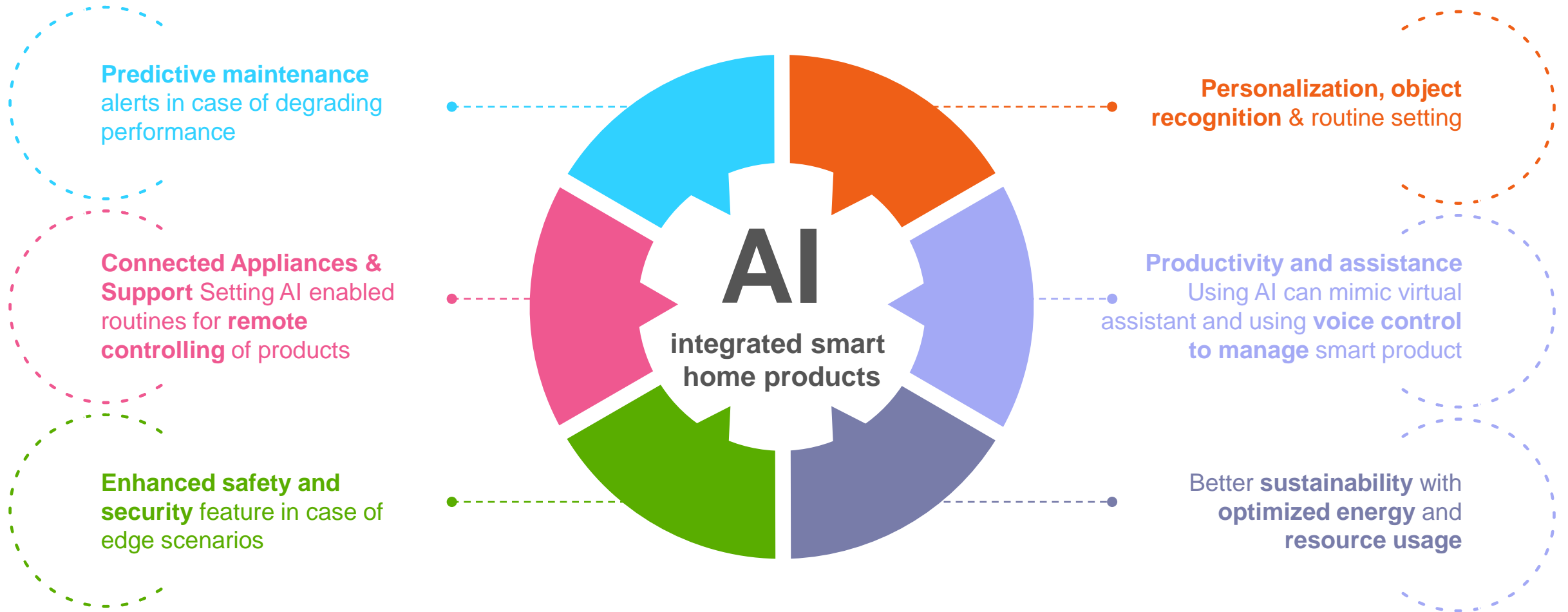
Germany consumer survey



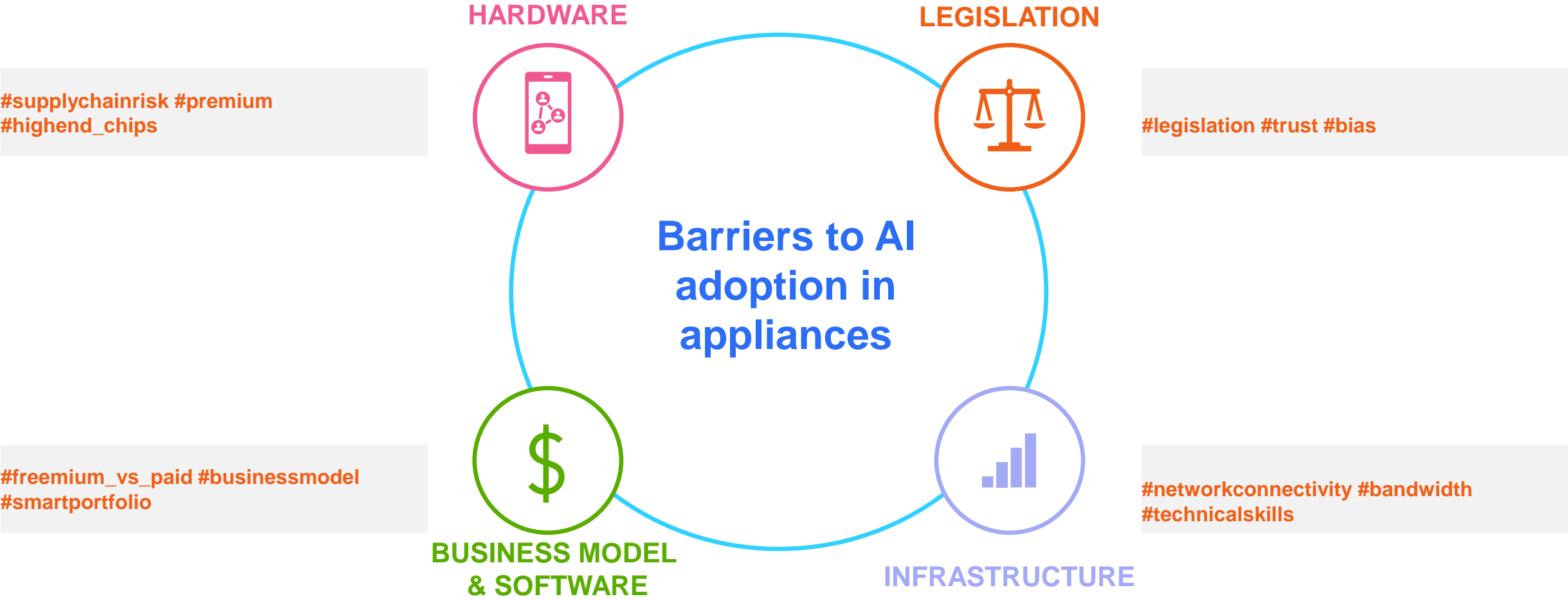
„Have you ever heard about the following?“



Further development of smart home integrating AI opens more opportunities



Barriers for (Gen) AI adoption



AI for Retail

Generative AI is here, and executives expect it to have an enormous impact on business, but most say they are unprepared for immediate adoption.

How big is the market for AI in retail? > 31bn in 2028

Potential benefits of AI

Optimization

Increase of profits and **optimization of processes**, for example by providing support for smart staffing, management of inventory and optimization of product offerings.

Sustainability

AI enables **further success for sustainability** initiatives. Being used for forecasting, AI can improve inventory planning and thus **reduce waste**.

Customer Experience

Enriched customer experiences with improved personalization or recommendations and better loyalty programs.

Insights

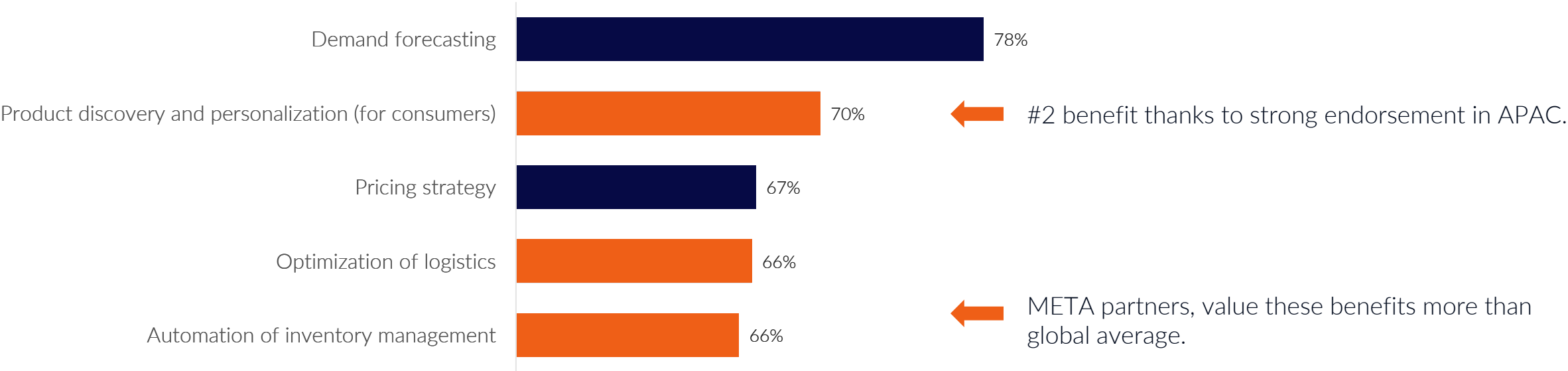
Support to create **actionable insights**. This might be done by creating demand forecasts, optimizing pricing strategies or tackling supply chain issues by integrating AI.

Demand Forecasting seen as most beneficial followed by personalization

Benefits for retailers with strategic focus on AI and ML

482 respondents will strategically focus on Artificial Intelligence (AI) and Machine Learning (ML) in the next 2-3 years

Expected benefits of AI and ML:



Summary

1

Incremental Innovation: Smart portfolio is slowly but steadily expanding there's a critical need to iteratively innovate, learn consumers needs and offer products that stand out in features and connectivity to capture this growing market.

2

Convenience & Savings: Consumers prefer products that simplify their routines, saves resources and money. To succeed, brands must focus on ease of use and integration capabilities that enhance daily life, emphasizing convenience in marketing strategies.

3

Utilizing AI and its impact: AI poses challenges like cost and privacy concerns, but it also offers unique personalization and efficiency improvements. Brands need to balance the cost and technology challenges, possibly adopting tiered product features for different market segments.

4

Regional Variance: Varied economic conditions influence consumer spending on tech globally. Understanding regional economic trends can help tailor products and marketing campaigns to specific markets, optimizing sales strategies.

5

Outlook & Benefits: Advancements in AI and IoT are paving the way for more sophisticated smart home products. Offering innovative AIoT products along with applications that offer control and integration, enhances brand reputation and consumer loyalty.

Thank you !

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