GfK An NIQ Company

How relevant are promotional weeks?

GfK Insight Talks 2023

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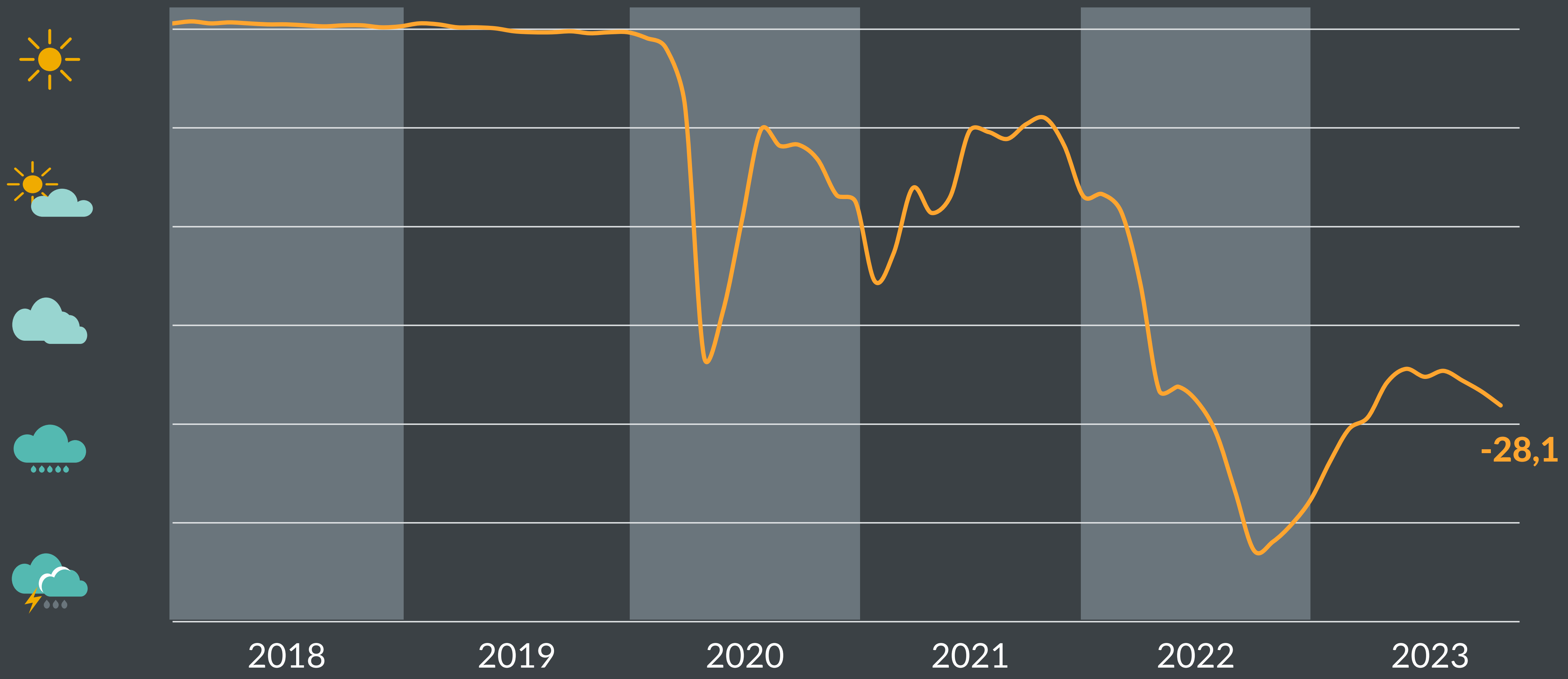
Customer Success Management
16. November 2023

What is the current state of the German TCG market?

After a summer recovery, consumer sentiment turns negative again.

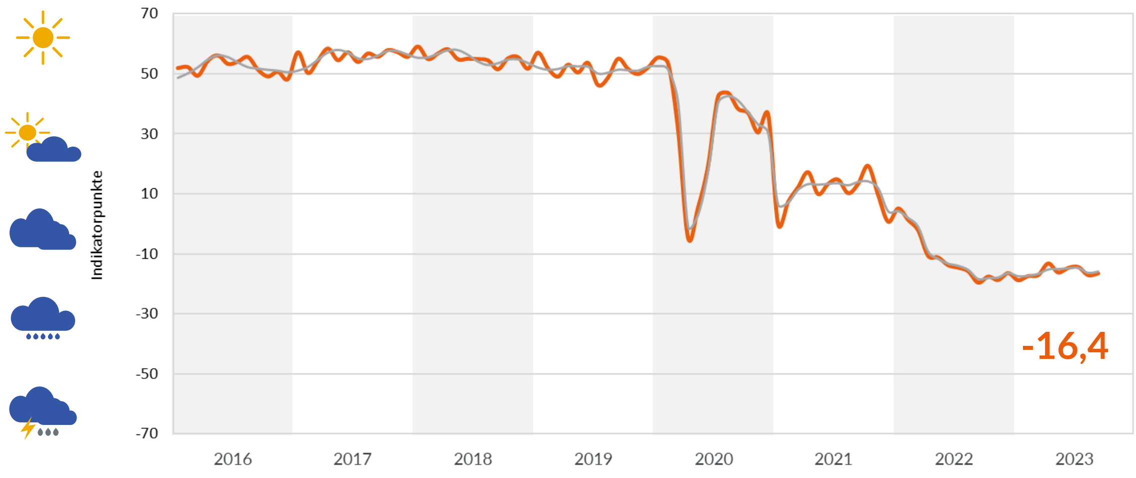
GfK consumer climate November 2023



Source: GfK Consumer Climate powered by NIM | co-funded by the European Commission | 10/23

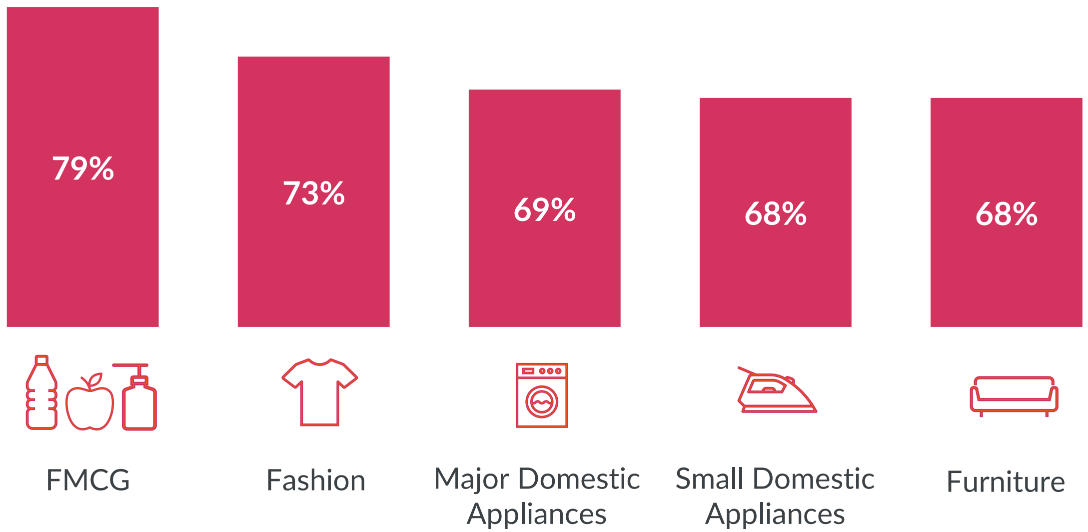
The propensity to buy remains at very low level, 80% of Germans have changed their buying behavior

GfK Consumer Climate Germany, **Propensity to Buy**



GfK Study, Germany

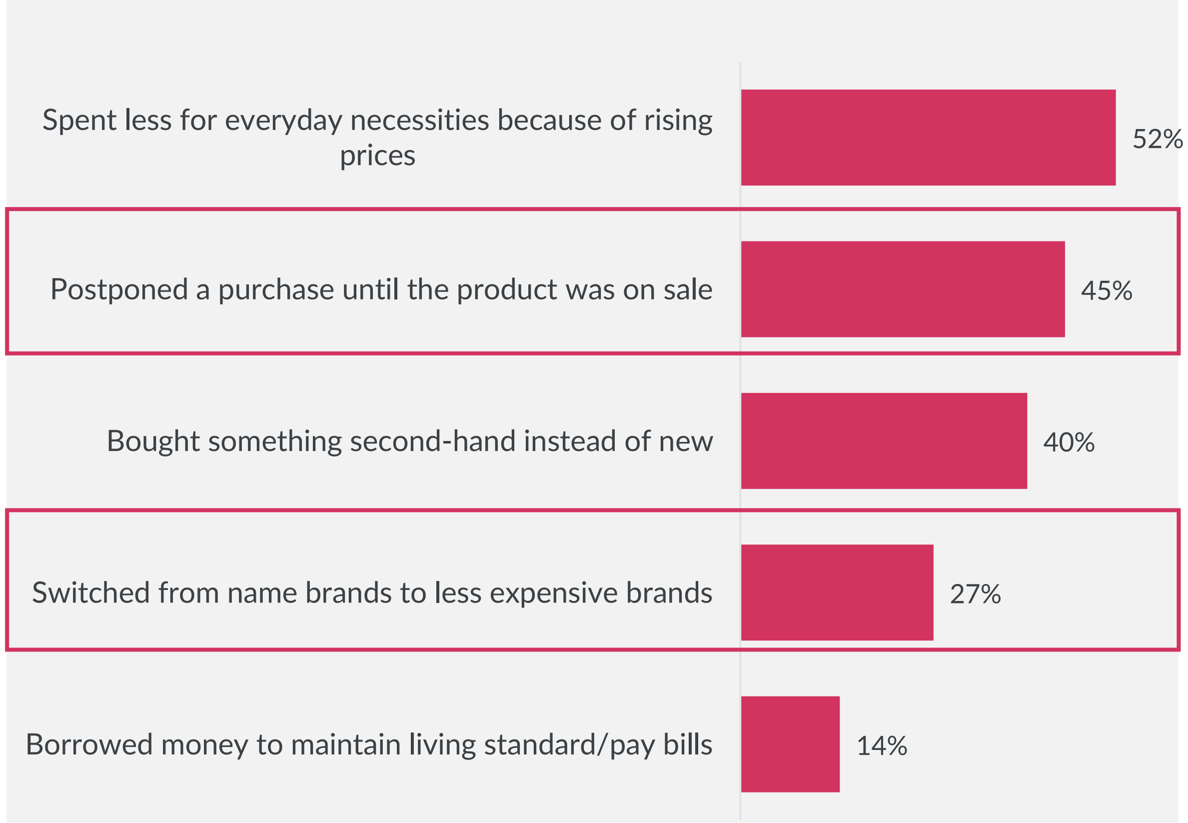
I have changed my buying behavior for the following product since the inflation crisis:



Consumers have already adopted coping strategies

More than half of consumers spent less on necessities. Many also waited for sales or bought second-hand.

Coping strategies of German consumers (in %)

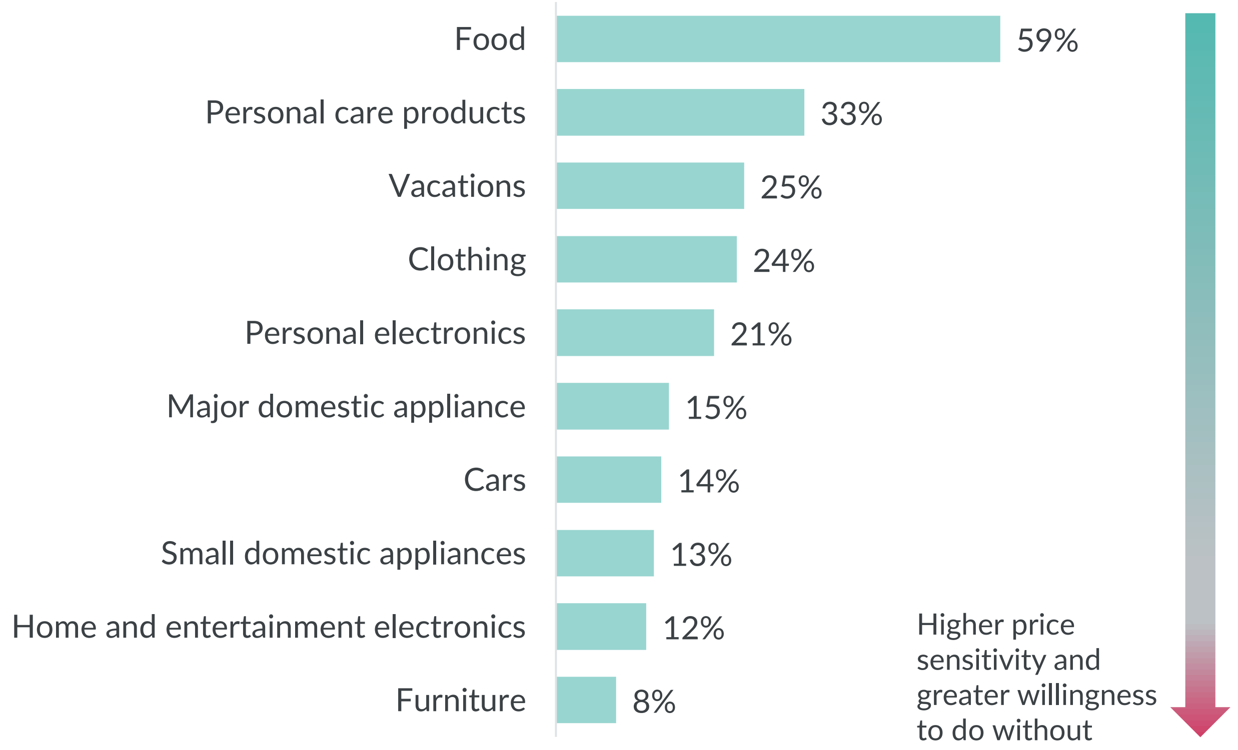


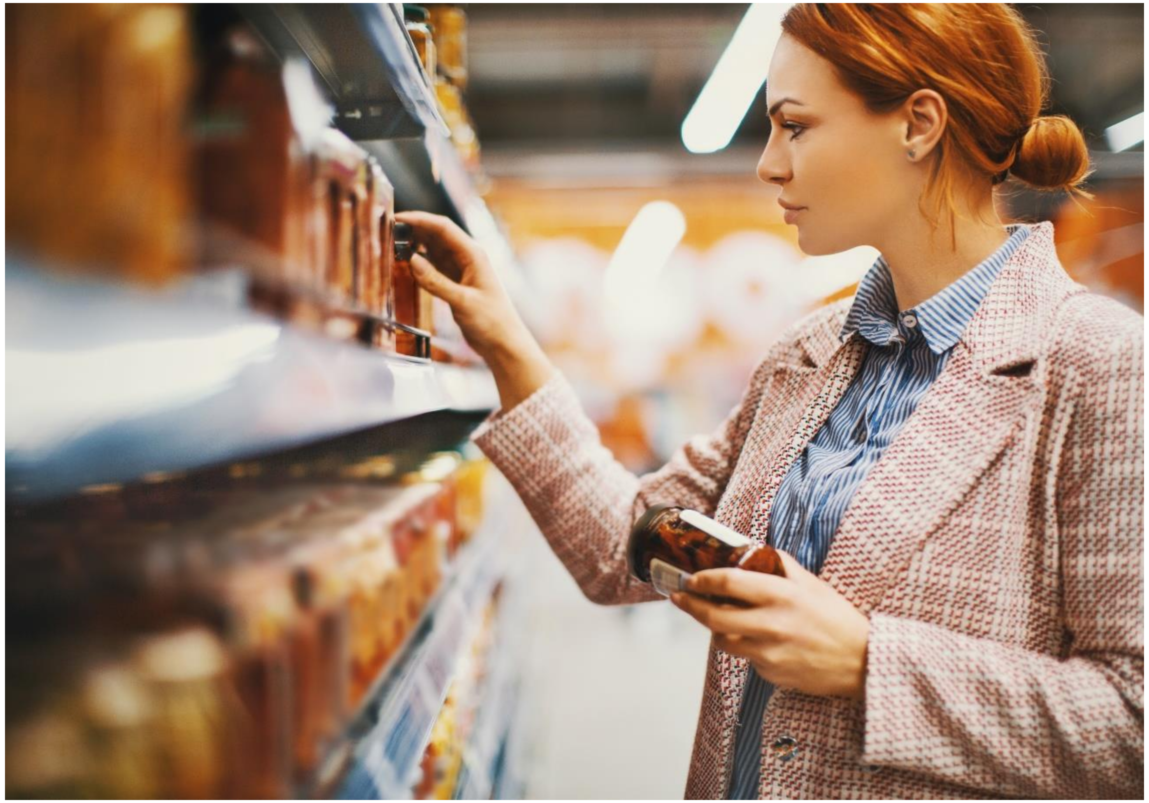
Source: GfK Consumer Life Global B38, L20 (filtered by Germany) | Consumers' price perceptions in times of crises

Consumers focus on the necessary categories

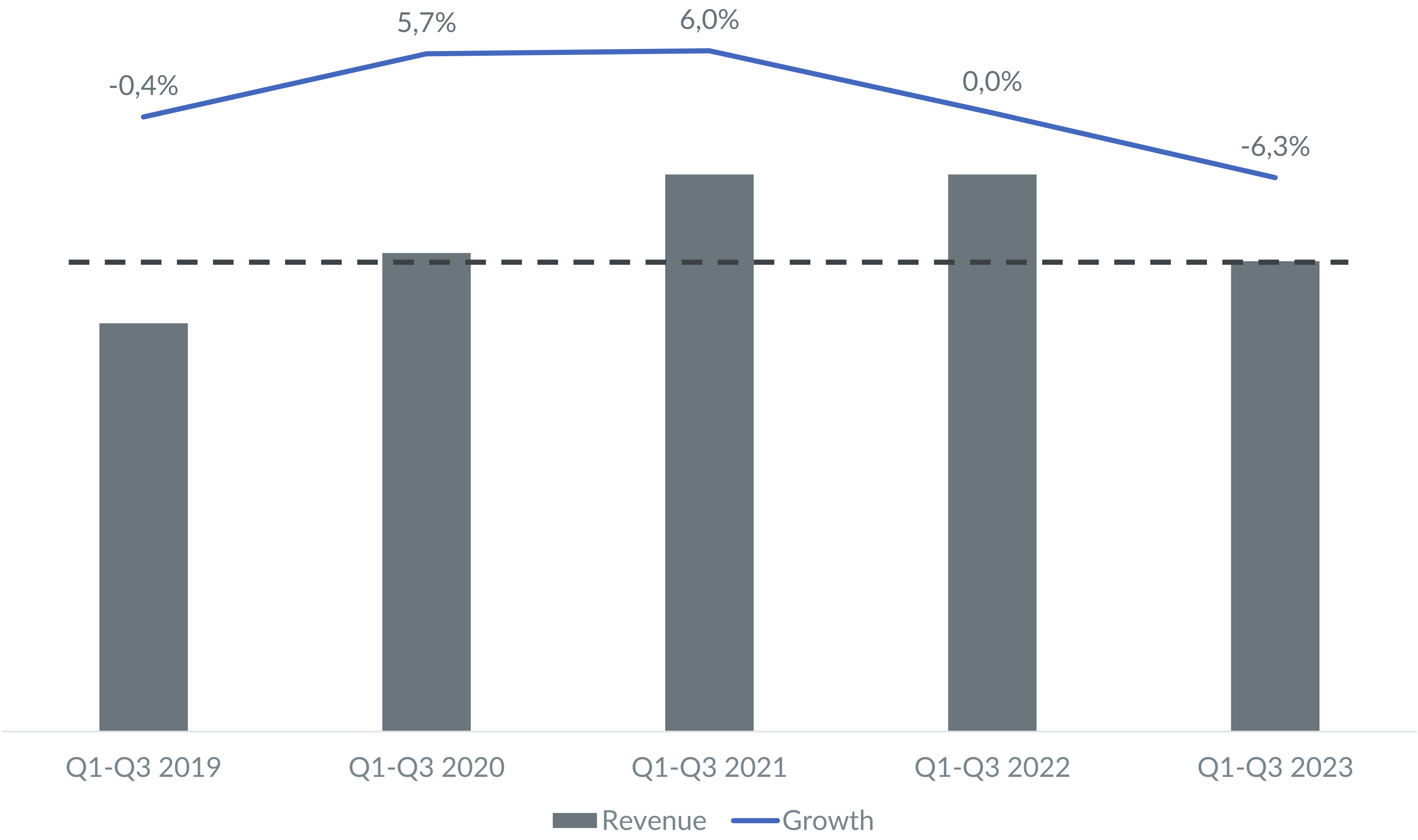
Consumers say regardless of the price they don’t want to give up anything in categories that they simply (feel like they) need to buy like food and personal care. Furniture, electronics and cars seem more dispensable to them.

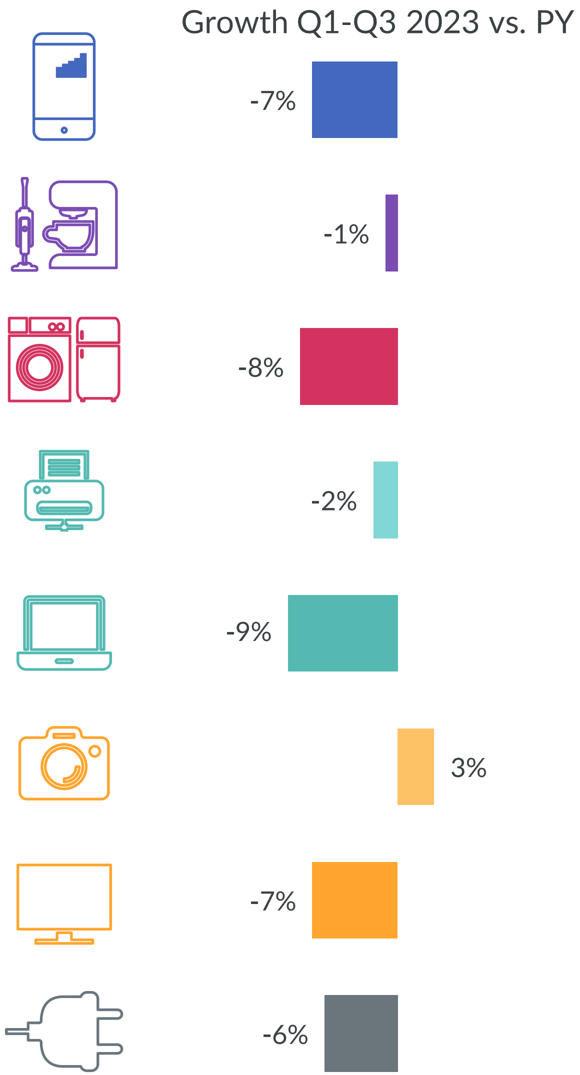
Will keep buying regardless of price in … (in %)





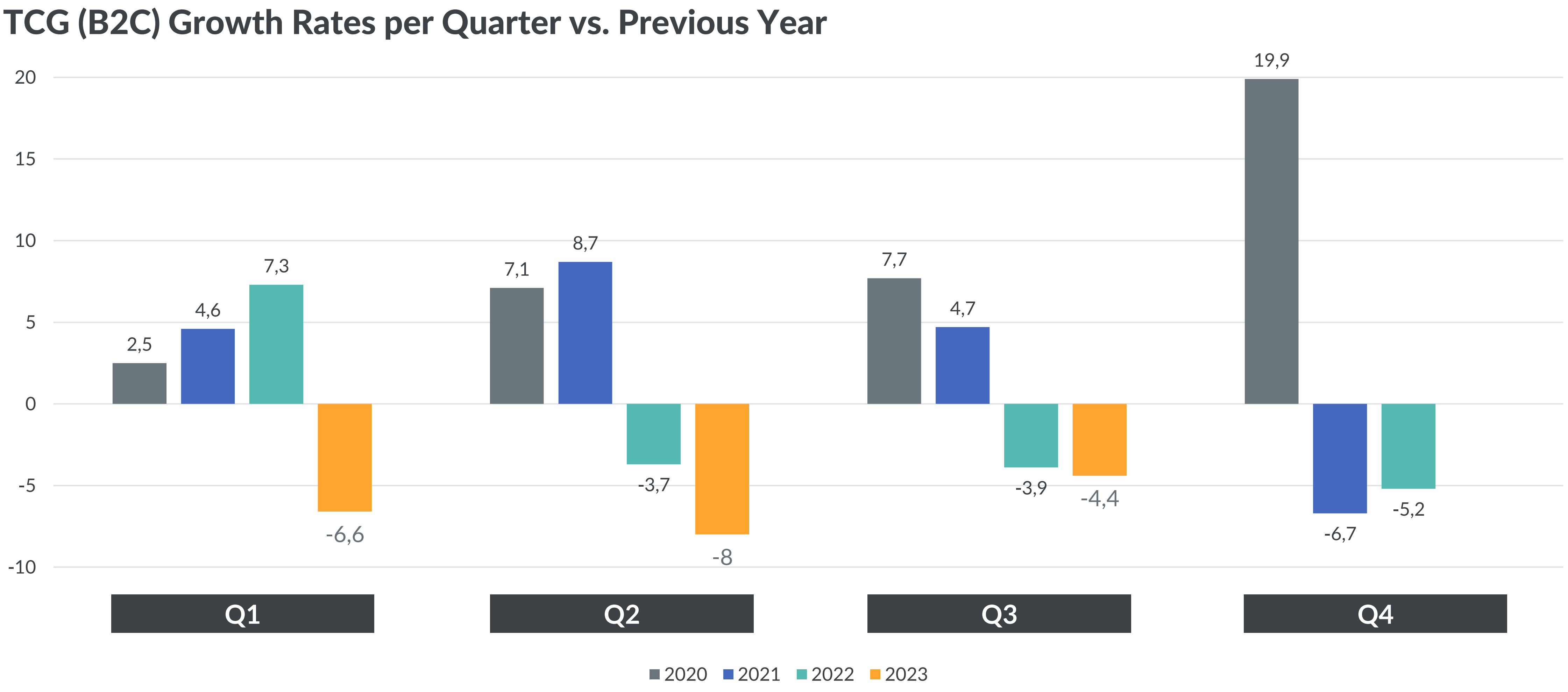
2023 right now is just below the revenue of 2020, the first COVID year.





Source: GfK POS Panel. Retailer B2C Sales, Sales Value EUR Growth, Germany

Six consecutive quarters of decline (since Q2 2022), but Q3 was still best performing in 2023.



Source: GfK POS Panel, Retailer B2C Sales, Sales Value EUR Growth, Germany

Forecasting: Consumer spend to remain higher than pre-COVID, but for 2024 scenarios go from decline to slight growth.

Low unemployment and further wage growth will have an impact

Replacement cycles from lockdown likely to start in 2024/25

FMCG prices & inflation to stabilize will allow budget shifts

Growth Rates FC	2024
Optimistic	1,5%
Neutral	-0,1%
Pessimistic	-1,7%

Lack of innovation stifling future growth in tech

Polycrisis and global instability will continue to shape consumer confidence

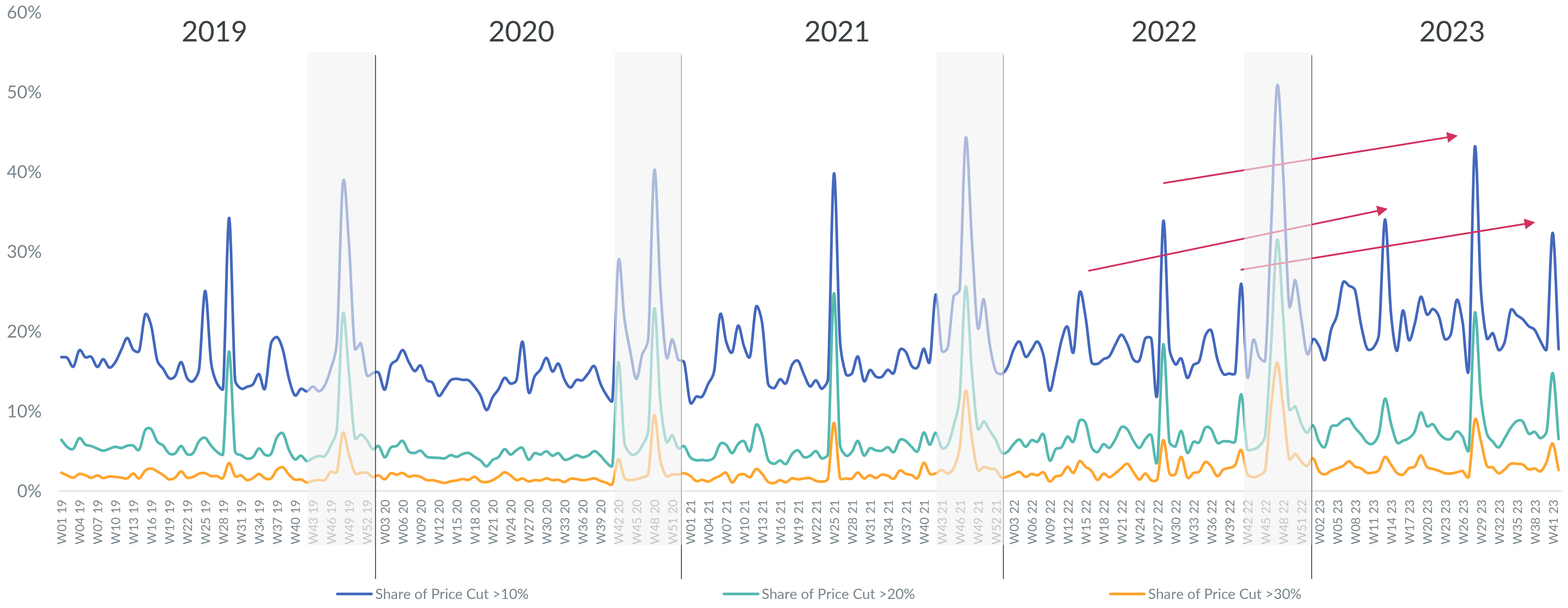
Low number of new dwellings will impact especially MDA but also CE

Source: Sales Value Germany, TCG Retail, Scenario Forecasting upon Q3 2023 data.

So, what‘s the market reaction?

Promotions!

Intensity and frequency of promotions increases in 2023 and for the rest of the year, we expect a continuation.

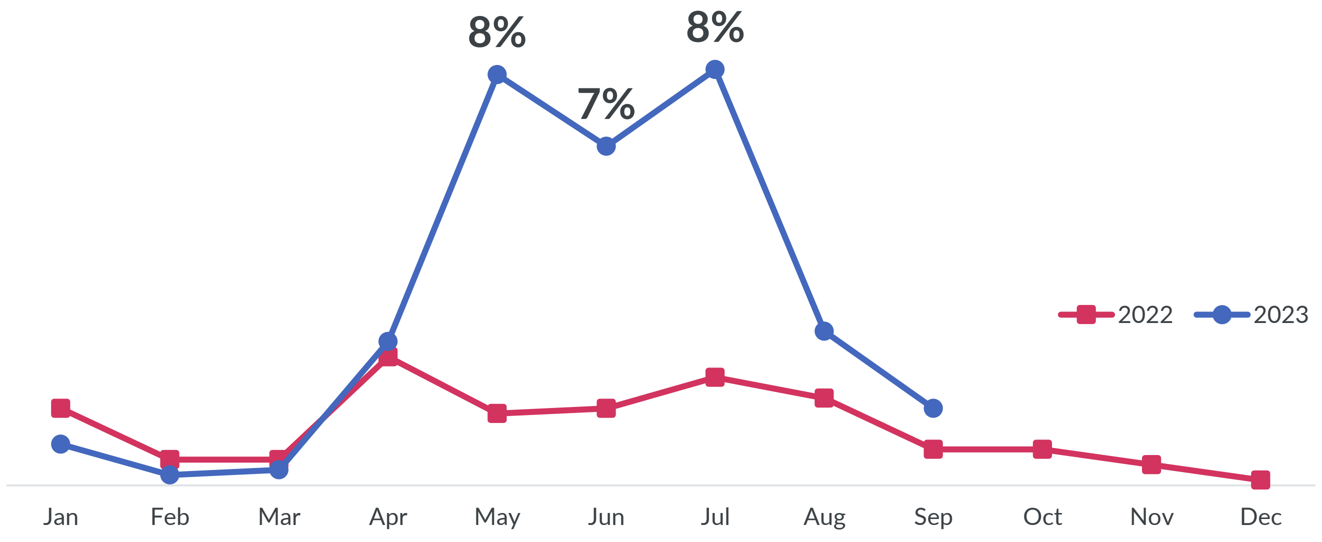


Source: Point of Sales Tracking | Germany | International POS Weekly | Retail Channels excl. B2B | Technical Consumer Goods excl. Smartphones

But it's not always only price cuts. Soundbar bundle promo grew in 2023

GfK Flyer Tracking

TV + Soundbar Bundle Share



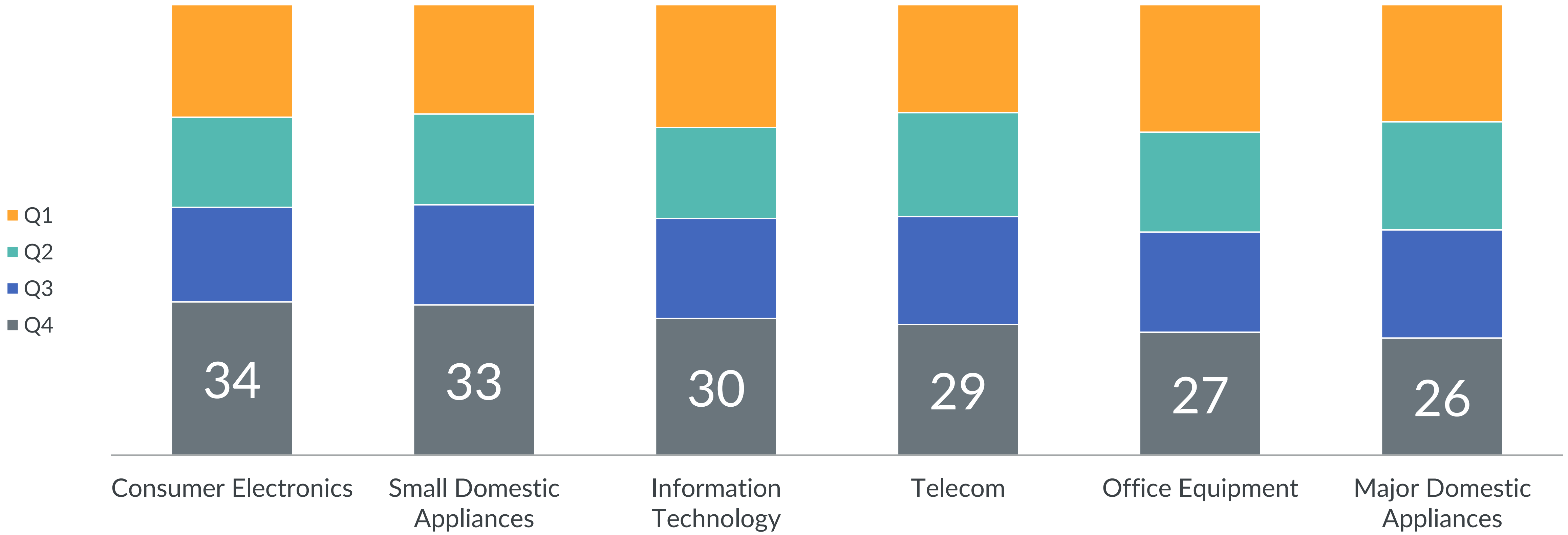
# of Soundbar Bundles 2023	37	562	358

Now, let‘s start

Q4 is most important for CE, SDA, IT & Telco

Seasonality by Quarter in 2022

Sales Value weight per quarter in 2022

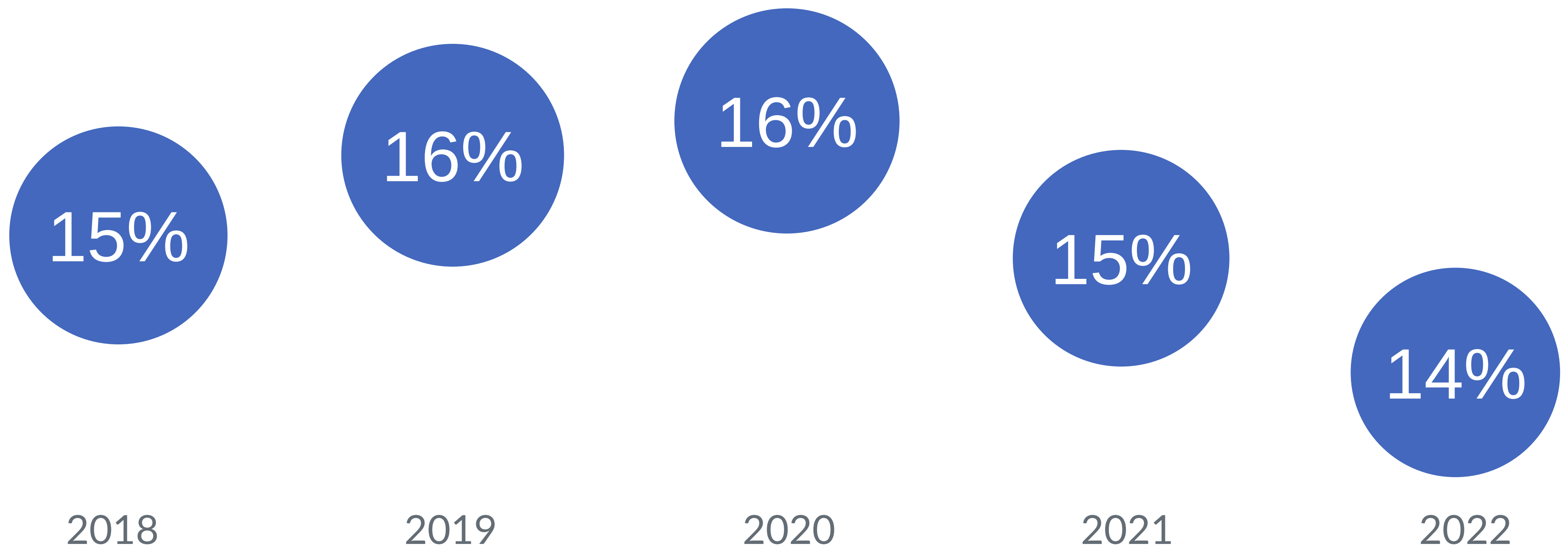


Source: GfK Point of Sales Tracking | Germany | Sales Value (NSP) EUR | Reporting Channel: CE, Telco, SDA, MDA: Panelmarket, IT: Retail, Office Equipment: Consumer Channels

Development of Top 5 weeks for selected key categories*

Concentration on single weeks decreased in last two years

Weight of the top 5 weeks per calendar year (Sales Value)

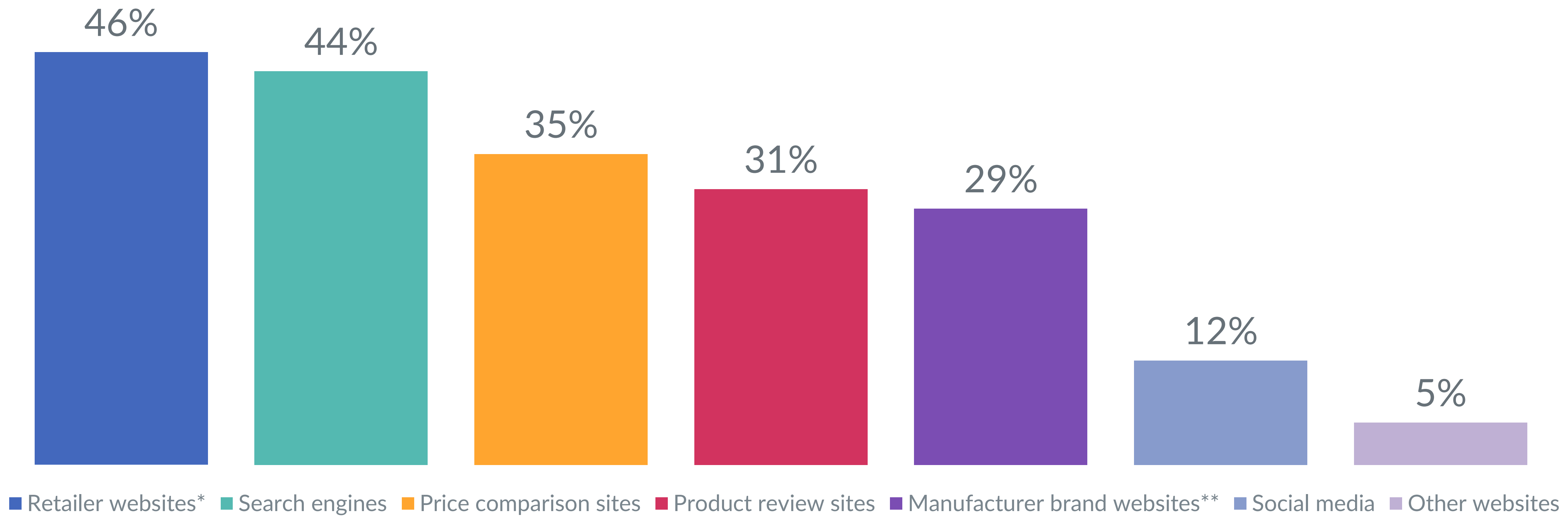


Source: Point of Sales Tracking | Germany | International POS Weekly | Retail Channels excl. B2B | Sales Value (NSP)
*SMP+Phablets, Mobile Computing, PTV/Flat, MediaTablets; Vacuum Cleaners, Washing Machines, Cooling, Hot Beverage Makers, Headsets, Monitors

Online touchpoints used for research

80,217,700 Shoppers researching products online | 58,126 Interviews

Most important Online Touchpoints while Researching



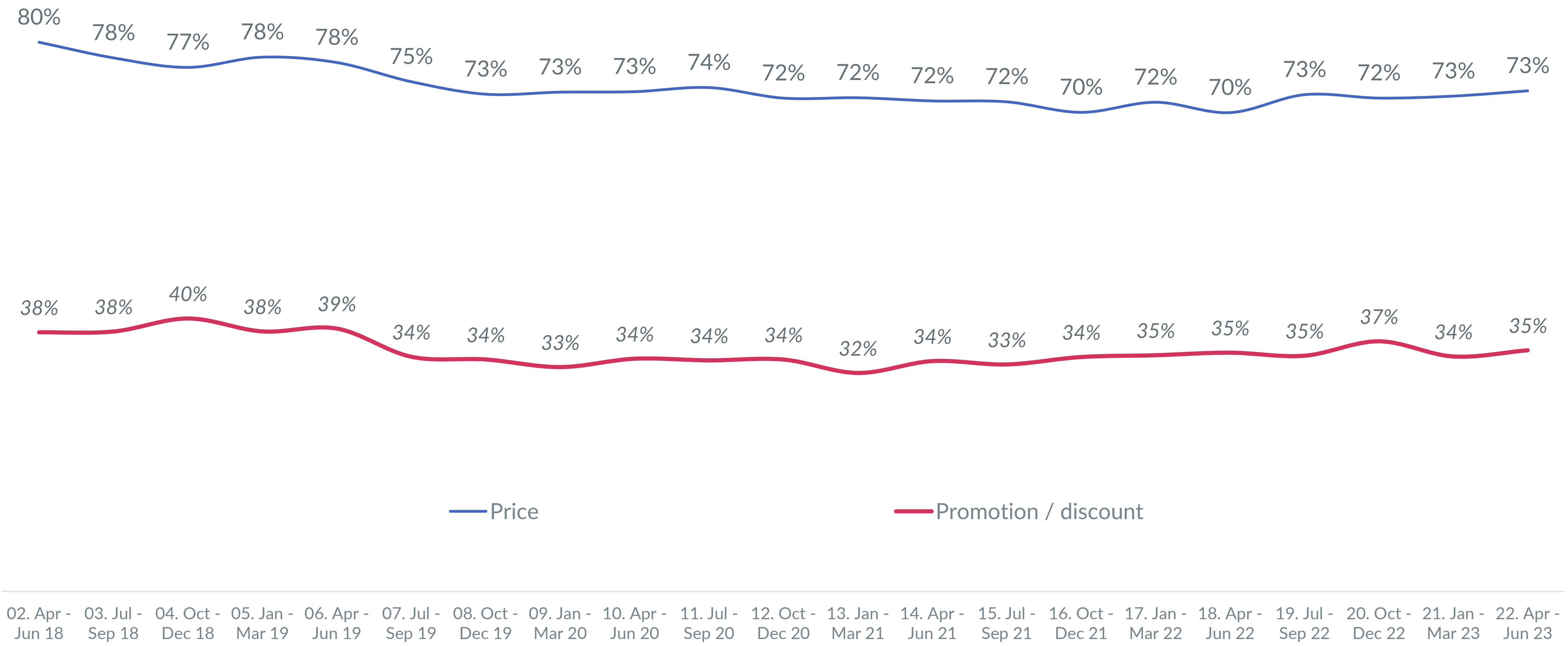
Source: gfknewron Consumer, Germany, Last four quarters. Country – all auditd Products: 84,729 Interviews with new product buyers

* including Operator Websites for Mobile Phones | ** including Coffee Pod Brand Websites for Hot Beverage Makers

Survey Question: Thinking about your online search for information, where did you go when you were researching which product to buy?

Interestingly Price and Promotion have not increased in importance in last few quarters.

383,053 Interviews

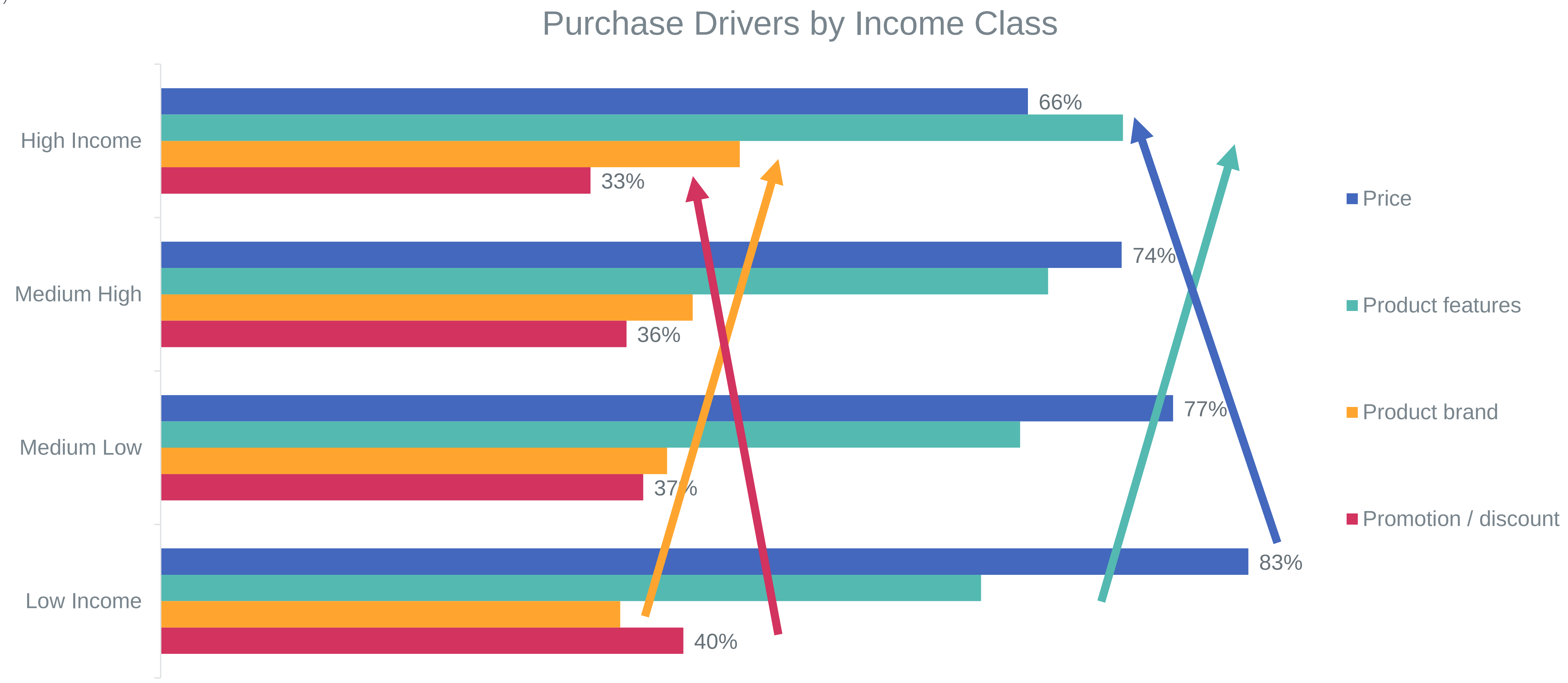


Source: gfknewron Consumer, Germany, all audited Products: 383,053 Interviews with new product buyers

Survey Question: Which three of the following were most important to your final choice of product?

Brand and feature gain importance with higher income, while price and promotion is higher for lower incomes

84,729 Interviews



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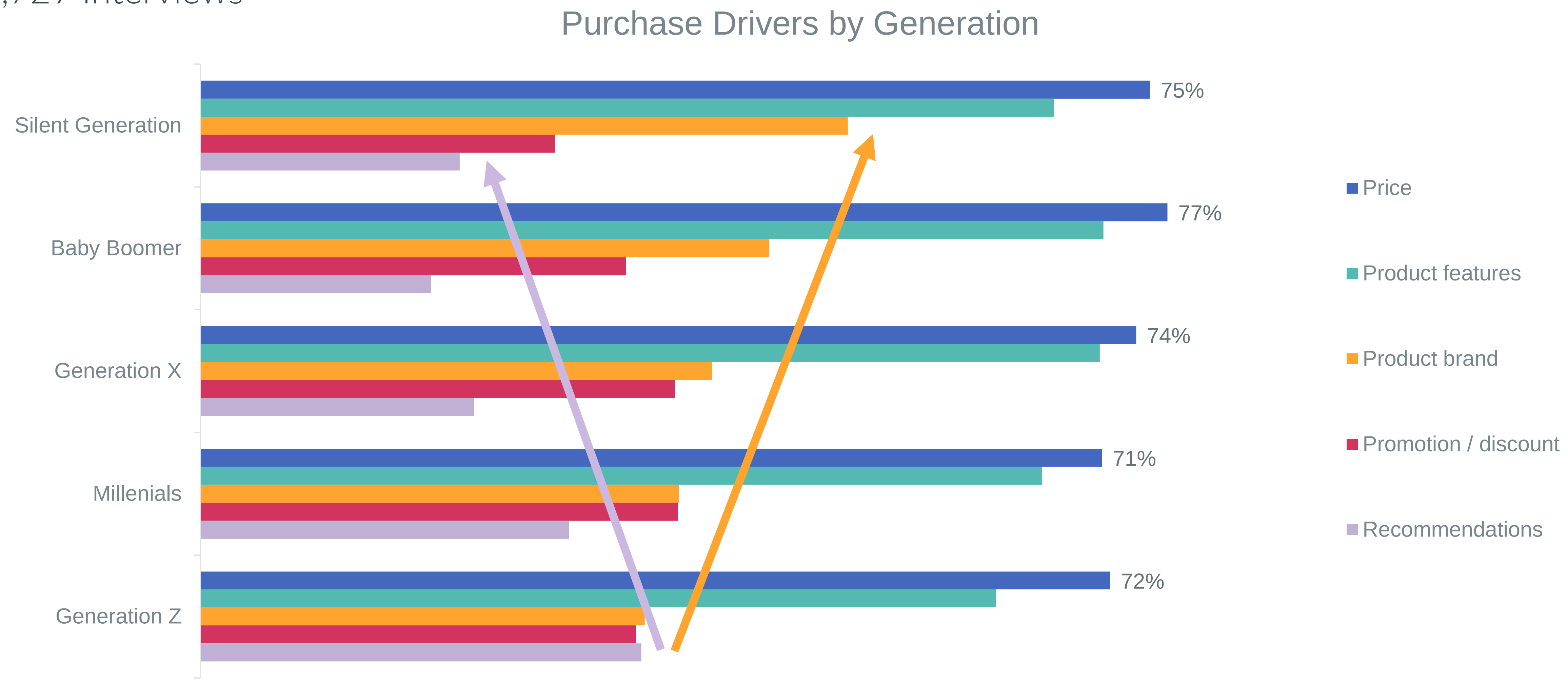
Survey Question: Which three of the following were most important to your final choice of product?

Importance of brand goes up over the generations while recommendations play a higher role for younger Generations

84,729 Interviews



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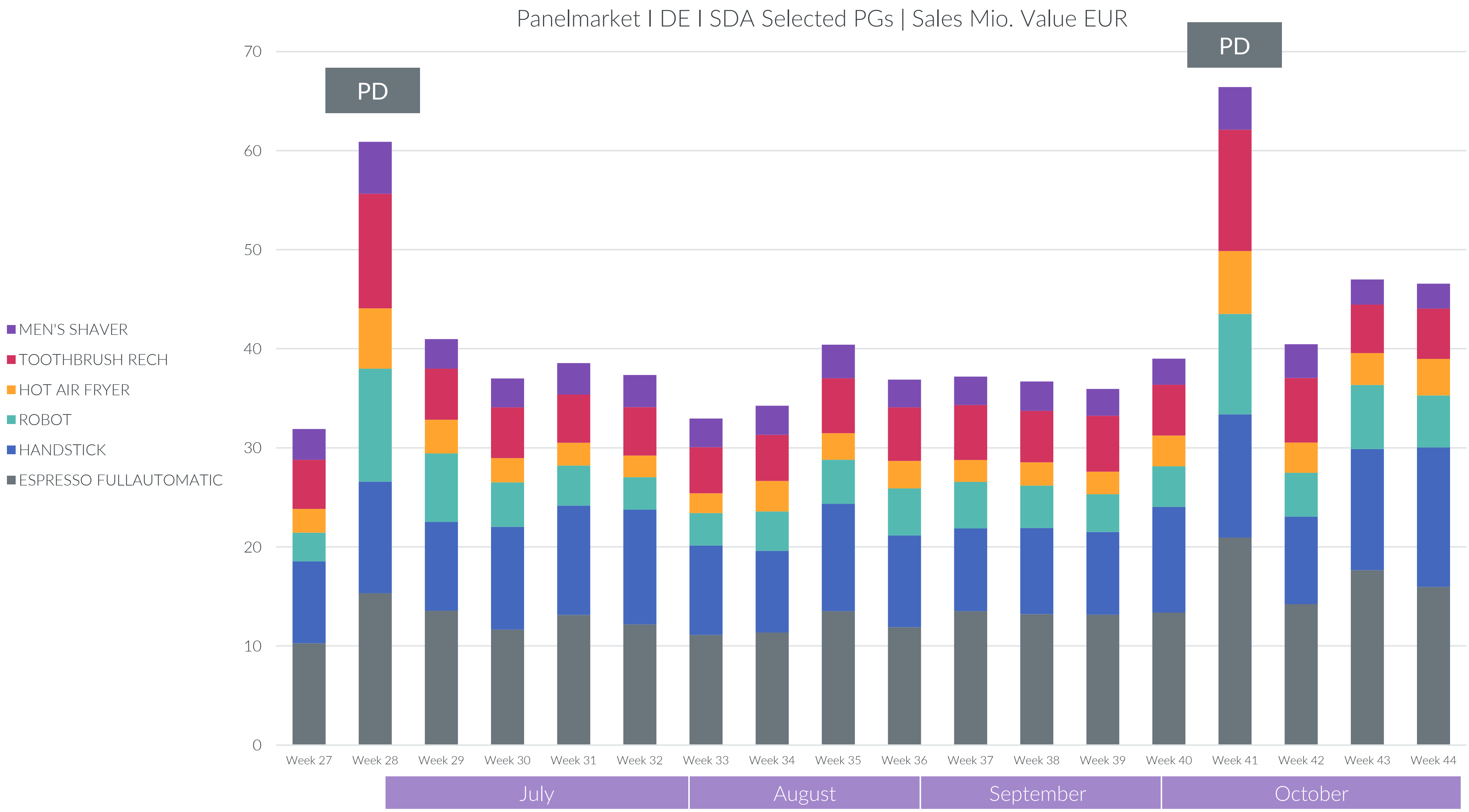
Market development selected SDA product groups on weekly base (Wekk 27-44/2023)



- Q4 will be the key for many sectors for the full year performance
- Doing the right Promotion is KEY
- Holistic Data views helps you to steer well and focus through the times of crisis

Have we sparked your interest?

Feel free to get in touch with us

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