Growth from Knowledge

Press Release

Challenging times for the global consumer electronics market

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Eva Böhm
Public Relations
T +49 911 395 4440
Public.relations@gfk.com

GfK forecasts a decline in total sales for 2022

Nuremberg, Germany, August 30, 2022 – After a strong 2020 driven by the pandemic stay-at-home, the global market for consumer electronics faced a slow-down in 2021 that continued in the first half of 2022. Sales between January and June this year saw an 8 percent drop compared to the same period last year, standing at a total of 39 billion US dollars. The industry is pinning its hopes on the fourth quarter, as experience has shown that major events such as the football World Cup boost TV sales. Looking at the full year, GfK expects overall sales to decline in 2022.

The start of 2022 has been difficult for the global consumer electronics market for numerous factors. The impact of the war in Ukraine and runaway inflation caused consumer sentiment to plummet across the board. In addition, in spring 2022 there were lockdowns in the largest sales market China, which further impacted sales.

Jan Lorbach, GfK expert on consumer electronics, comments: "The football World Cup in the fourth quarter could offer an opportunity to compensate for the weak first half of the year. Experience has shown that major events such as this increase demand, particularly for TVs. However, given the poor consumer sentiment, we expect this effect will not be big enough to keep sales in the consumer electronics market from declining during 2022 overall."

Promotional offers try to support the TV market

From January to June 2022, the TV market recorded a 6 percent decrease in total sales to 31 billion US dollars, compared to the same period of the previous year. Almost all display sizes experienced this decline. Only the very large display sizes continue to show an upward trend, with sales of

TVs with screen sizes over 75 inches increasing by 21 percent compared with the first half of 2021.

Certain niche products were also able to close the first half of 2022 on a positive note, such as devices with GPU synchronization for a better gaming experience (plus 18 percent growth), or with improved sound systems like DolbyAtmos/DTS:X (plus 54 percent). The new mini-LED screens launched last year remain a niche product with a growing, but still small, sales share of 4.8 percent.

This downturn in product demand has already led to falling prices in some cases – despite inflation and increased expenses within the supply chain. By way of illustration, the average cost of a TV was around 566 US dollars in June 2021 but dropped to 502 US dollars by June 2022. This is particularly visible in mid-range segments that have not seen any significant innovation upgrades or addition of premium features. In June 2022, for example, the price for a 55-inch LCD screen was 11 percent lower than in June 2021. One reason for this is that retailers are increasingly reacting to falling demand by reducing prices: in January to June this year, the proportion of TVs sold at a discount of 10 percent or more stood at 27 percent. In the same period of 2021, it was only 14 percent - although the European Football Championship was taking place at that time, which would have boosted demand.

In contrast, peripheral devices equipped with premium features such as soundbars with Dolby Atmos/DTS:X functionality continued to grow. Their sales worldwide increased by 43 percent to 461 million US dollars in the first half of 2022. However, this strong growth could not counteract the 7 percent decline in overall soundbar sales.

More stability in the Audio Sector

In the audio sector, sales have remained well above the pre-pandemic level of 2019, but did not reach the record figures seen in 2021. Looking at the period from January to June 2022, sales in the home audio sector, which includes stationary and portable radios as well as traditional loudspeakers, tuners, amplifiers and receivers, fell by 9 percent to 2.2 billion US dollars. The portable audio devices segment, which includes products such as headphones, mobile headsets or Bluetooth speakers, also suffered, with a sales decline of 9 percent, to 8.7 billion US dollars.

Thanks to the increase in home offices, True Wireless Headsets were last year's winners and are one of the few product groups which have maintained their sales volume level this year (minus 0.5 percent). Nevertheless, global sales value fell by 7 percent to 4.7 billion US dollars compared to the previous year. This overall decline was heavily driven by the Chinese market, which fell 20 percent due to lockdowns and overshadowed the positive growth in sales seen in Western Europe (plus 4 percent).

"Between falling demand and average prices, premium products continue to be the areas of interest for retailers and manufacturers," **summarizes Jan Lorbach.** "As budgets become tighter, there is a shift in consumer electronics demand toward consumers with above-average incomes. Accordingly, we expect that devices with premium functions will achieve long-term growth."

About our method

Through its retail panels, GfK regularly collects POS data in more than 70 countries worldwide for the consumer electronics, photography, telecommunications, information technology, office equipment, and small and large household appliances sectors. All figures are according to GfK panel market, with Global data excluding North America and presented in US dollars.

Press contact: Eva Böhm, T +49 911 395 4440, public.relations@gfk.com

State of Consumer Technology & Durables Report

The new report, which provides even deeper and more detailed insights into the global TCG market, will be available for free on GfK.com from the end of September.

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For over 85 years, we have earned the trust of our clients around the world by solving critical business questions in their decision-making process around consumers, markets, brands and media. Our reliable data and insights, together with advanced AI capabilities, have revolutionized access to real-time actionable recommendations that drive marketing, sales and organizational effectiveness of our clients and partners. That’s how we promise and deliver “**G**rowth **f**rom **K**nowledge”.