



Press release

Subdued growth for Technical Consumer Goods expected in 2022, after peak sales in 2021

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Demand already decelerated in the first six months of 2022

Nuremberg, Germany, August 30, 2022 – The value of the global Technical Consumer Goods (TCG) market declined by minus 5.5 percent to 413 billion US dollars in the first half of 2022, versus the same period last year. Looking ahead to the full year 2022, GfK forecasts a similar decline in year-on-year sales. This moderation in growth is due to indexing against the peak sales and high benchmarks achieved in 2021. Nevertheless, the market value is still above pre-pandemic levels of 2019.

Globally, the demand for TCG goods in the first six months of 2022 decelerated as markets continued to adapt to the macro environment of recurring COVID waves, high inflation, supply chain disruptions and the impact of the war in Ukraine. Consumer spending also changed: IT and home appliances, which were popular at the onset of the pandemic, started declining in growth this year, compared to the very strong baseline numbers of 2021. Global sales declined by minus 5 percent for IT and minus 6 percent for Small Domestic Appliances. Major Domestic Appliances, including air conditioners, performed the best among the TCG sectors, with a decline of only minus 3 percent. Consumer Electronics (minus 7 percent) and Telecom (minus 6 percent) also declined owing to a market slowdown and high 2021 baseline.

Nevin Francis, GfK expert for the TCG industry, explains: “The

demand for Technical Consumer Goods dropped in the first half of 2022 across almost all segments. While traditional retail sales regained market share, online sales lost share for the first time in the past five years. Only 34 percent of Technical Consumer Goods sales were made online during this time – which declined by minus 8 percent than the same period last year. However, this does not disrupt the long-standing trend toward online retail.”

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Another driver for falling demand is the rise in average prices. June 2022 recorded an increase of plus 26 percent in average sale prices across all TCG products, indexed against January 2020 before the pandemic hit in force. This is primarily due to the change in product mix and polarization towards premium and entry-level products, as well as a combination of several other influencing factors. As manufacturers' production costs rise, they are forced to either cut profit margins or to pass some of the higher costs on to the consumer – further fueling inflation.

According to GfK's Consumer Life 2022 study, 43 percent of consumers worldwide believe that now is a better time to wait than to buy TCG products. As a result, purchase dynamics vary across different regions. Western Europe and Developed Asia both declined by minus 11 percent respectively, while Emerging Asia without China and the Middle East region witnessed growth.

Mobile work, premiumization and inflation

Declining demand has seen categories like TV decrease by minus 6 percent in the first six months of 2022 compared to the same period in 2021. This has affected all display sizes, with the only exception being niche products like gaming-capable TVs or Mini LEDs.

In the IT market, sales of mobile PCs fell by minus 5 percent and monitors by minus 3 percent, partly due to the easing of pandemic-related restrictions and a growing return to office working. This trend is also seen in GfK's B2C distribution data for Europe, with drops in monitors (minus 1 percent) and mobile PCs (minus 15 percent) in the first half year. However, a positive turnaround can be recorded during the year, resulting in plus 11 percent growth for mobile PC sales, and plus 7 percent for monitors in the single month June 2022.

There is hope that consumers' increasing mobility might trigger demand for light and thin notebooks – as is being seen in keyboards. Keyboards with Bluetooth grew by plus 25 percent, while small-sized keyboards that are only 60 percent of full size (e.g. those without number pads), grew by 18 percent.

Premiumization was one of the key drivers of the TCG market in 2021, however, this is seeing a pause in the first half of 2022, as rising prices and inflation force more consumers to buy alternative products to stay within budget.

Despite this, certain consumer groups are still willing to pay higher prices for high quality devices, if the premium product offers improved convenience, performance benefits, or supports the consumer's personal values – such as environmental consciousness. Thanks to this, some innovative, simplifying or environmentally friendly TCG premium products continued to see sales growth in the first half of 2022. These included:

- Soundbars with premium features, e.g. Dolby Atmos/DTS:X functionality: plus 43 percent



- Cooktops with integrated extractor fans: plus 25 percent
- Washing machines with voice control: plus 34 percent
- Washing machines with energy label A: plus 43 percent (Q2 2022 vs Q2 2021) *
- Robot vacuum cleaners with docking stations: plus 78 percent

Nevin Francis further explains: “Overall, value growth of premium TCG products stagnated in the first half of 2022, but, in our AI-platform gfknewron, we still identify 15 percent of all global consumers as ‘high specification premium consumers’. These are people who are willing to pay more for a feature-rich device from a well-known brand. For retailers and manufacturers, this means that, under the current macroeconomic conditions, premiumization strategies must be tailored to target group and product.”

Household financial insecurity is becoming more evident each month around the world, with May and June were the weakest month in 2022 to date. However, the year-end business offers some hope, as major events like the football World Cup and promotional periods like Single’s Day and Black Friday could generate catch-up effects.

About the 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 and retail market, with Global data excluding North America and presented in US dollars.

Through its distribution panel, GfK regularly collects sales data in more than 40 countries worldwide for products in the consumer electronics, photo, telecommunications, information technology, office equipment segments from around 300 distributors / wholesalers. B2C refers to the business to consumer channels of distributors.

gfknewron is an “always-on” platform that combines market, consumer and brand data supercharged with AI-powered recommendations. It enables companies to gain actionable and connected insights and act at speed to ignite sustainable growth. The platform offers three specific modules: “gfknewron Market” for market and competitor insights, “gfknewron Consumer” for in-depth consumer understanding, and “gfknewron Predict” that delivers recommendations for companies based on market data and AI-powered intelligence.

* Second quarter, April to June 2022, compared to same period of previous year as new energy labels have just been implemented in Europe by the government in the first quarter of 2021



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.

GfK. Growth from Knowledge.

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 from **K**nowledge”.