



## Press release

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### **Is sustainability already a core driver for global Tech and Durables shoppers?**

**The world is facing multiple crises, but the environment remains a high priority for consumers in the long term**

Nuremberg, June 21, 2023 – Environmental pollution is one of only two consumer concerns that have remained consistently high over the past seven years. Neither pandemics, nor inflation fears, which have recently risen significantly, have been able to push climate change out of people's minds. In 2022, it still was among the top five concerns in 13 of the 22 countries surveyed in the global GfK Consumer Life study. GfK experts take a look at how sustainability and consumers' environmental demands are influencing the global Tech and Durables (T&D) market.

Despite short-term disruption, environmentalism continues to be a fast-growing, long-term personal value among consumers. There is a widespread belief that young people are the most concerned about climate change, but the biggest increase in concern since 2021 has actually been among those aged 60 and over. One in five of this group researched companies' environmental practices in 2022 – that's up 6 percentage points from the previous year – and nearly 50 percent of them “travel green”.

Environmental awareness is firmly entrenched across all age groups. In the fast-moving consumer goods (FMCG) industry, environmental aspects such as plastic-free packaging and natural ingredients are already well established, with consumers willing to pay more for them. But is sustainability also a driver for the T&D market?

### **Energy labels as driving indicators in Europe**

In March 2021 the EU launched its new energy labelling for appliances. Since then, the sales share of A-class models has more than doubled within one year and already exceeds a share of 60 percent in certain countries and product categories. As a result, price points have changed

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significantly. While the average price of an A+++ (previous label) dishwasher in Europe was 688 euros in 2020, consumers paid an average of 1,438 euros for a best-in-class A label in 2022. This means that the new EU label has achieved its main objective of differentiating appliances' energy consumption more effectively and making energy efficiency an aspirational feature again.

Over the next years, energy-efficient appliances are expected to continue to gain market share as the norm moves toward products being labeled between A and C. To establish themselves in the premium price segment, retailers and manufacturers must lead this development.

“It is very likely that a company's environmental credentials, such as its carbon footprint, alone do not easily justify a premium price to consumers. Durability and energy efficiency are key factors for Tech and Durables shoppers who are looking for overall saving in the lifetime cost of their devices, as well as being greener in their product choices.”, **says Norbert Herzog, GfK expert for Consumer Tech and Durables.**

### **Saturated smartphone market: Opportunities from refurbishment and eco claims**

The global smartphone market is saturated and experiencing declining growth rates. To continue to succeed, retailers and manufacturers must take action, and sustainability is a key element to secure growth.

One trend that continues to grow in the T&D market is refurbished products. According to GfK Consumer Life, 27 percent of consumers worldwide have already bought something second-hand instead of new.

“When it comes to technical devices, smartphones are dominating the refurbished market, but laptops and gaming consoles are catching up.”, **explains Norbert Herzog.** “Within the saturated global smartphone market, which saw a revenue decline in 2022, refurbished devices are a bright spot. In this area, we expect to see around double-digit revenue growth rates for the next years, well above the market average.”

This development is also evident from GfK data for France: In 2022, refurbished smartphones recorded a growth rate of around 24 percent in sales value compared to the previous year, while new devices only saw an increase of 3 percent. For retailers and manufacturers, new business initiatives in this sector can not only offset lost revenue and margins, but also promote a green corporate image.

For new device purchases, smartphone vendors are increasingly promoting eco claims. Already 71 percent of the value of smartphones sold in February 2023 in EU4 countries\* communicated three or more eco claims, according to gfknewron, which monitors seven types of claims. The most common are eco packaging (44 percent of units sold), recycled material (43 percent) and CO2 footprint (41



percent). The average price paid for models with an eco-packaging claim is more than double compared to all other devices. 25 percent of such smartphones even sell for more than 1,000 euros. So, the claim of eco-packaging is extremely attractive for retailers and manufacturers.

## Conclusion and outlook

“For consumers, the environment is a constant priority that is not going away, regardless of short-term distractions from competing concerns.”, **summarizes Norbert Herzog**. “Leading indicators are already telling us today that the markets are starting to be driven by eco-initiatives, even beyond the obvious energy labeling claim. So, the question for the T&D sector is not “if”, but “when” sustainability will become one of the main criteria for all of consumers’ purchasing decisions.”

GfK forecasts that the answer to this is “within 7 years”. By 2030, GfK predicts that 50 percent of the world's population will be eco-active, with a potential global spend of over 700 billion US dollars on Consumer Tech and Durables.

Retailers and manufacturers must therefore start to execute their purpose and sustainability strategies at pace and really understand their target group in depth. It will be key to first implement sustainability in their business processes and products, and only afterwards communicate the right messages to ensure credibility and avoid an image of greenwashing. This is a prerequisite for long-term success in the (sustainable) market.

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## 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 market, with global data excluding North America and presented in US dollars, except stated otherwise.

**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 an in-depth consumer understanding and “gfknewron Predict” that delivers recommendations for companies based on market data and AI-powered intelligence.



\*EU4: Germany, France, United Kingdom, Italy

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