



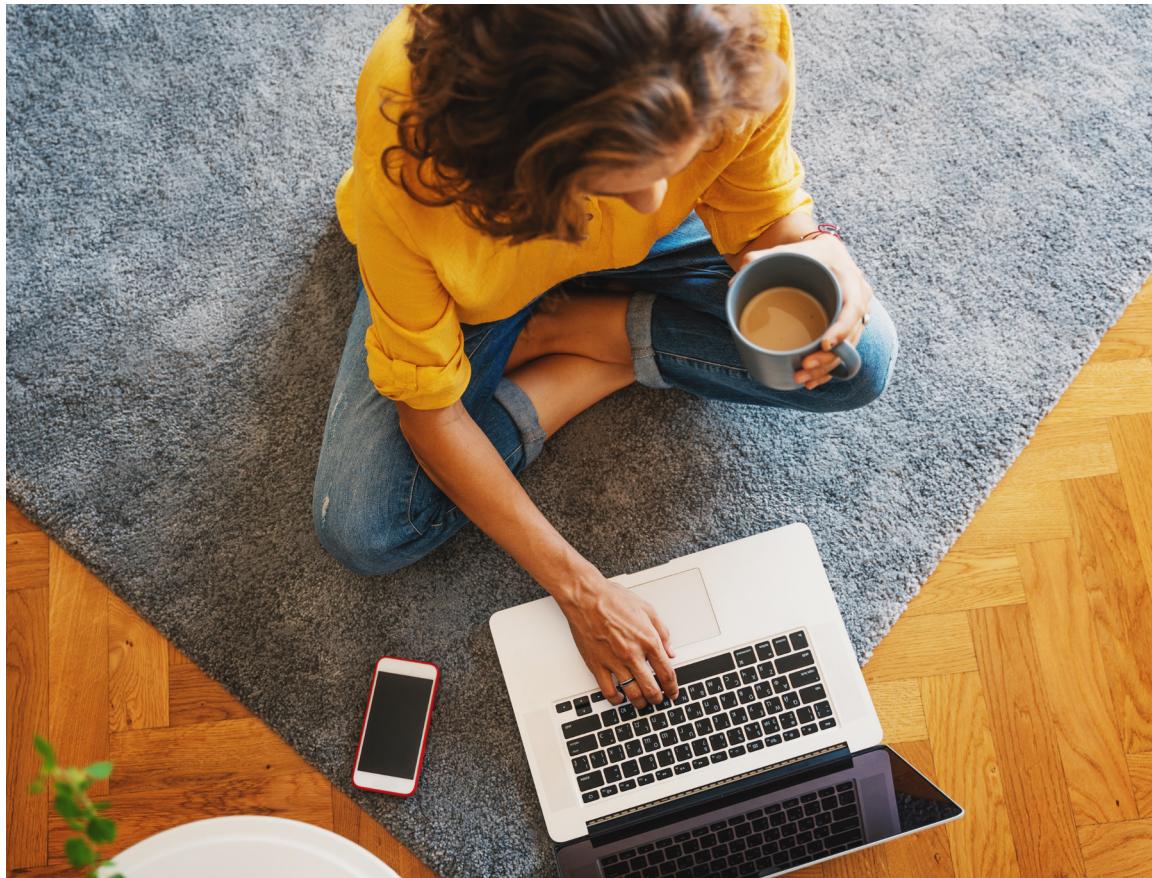
OUTLOOK 2024

Consumer Tech & Durables

2024 continues to see consumers battling with economic challenges, but there are opportunities for pockets of growth. By maintaining a laser-focus on the right target audiences, and creating offers that address those people's specific needs, aspirations and pain points, brands can attract an increased share of consumer spending, even in a tough global market.



01



Business landscape

This year could receive a boost from a number of big events taking place. On the social side, the Summer Olympics and Euro 2024 soccer tournament both have the power to boost spending, as fans' euphoria meets with the marketing and sales promotions surrounding these types of major sporting events. On the political side, eight of the 10 most populous

countries around the globe (including India, Brazil and United States) are set to hold elections this year. The run-up to these may well see optimistic market conditions as incumbent governments seek to win voters with economic stimuli.

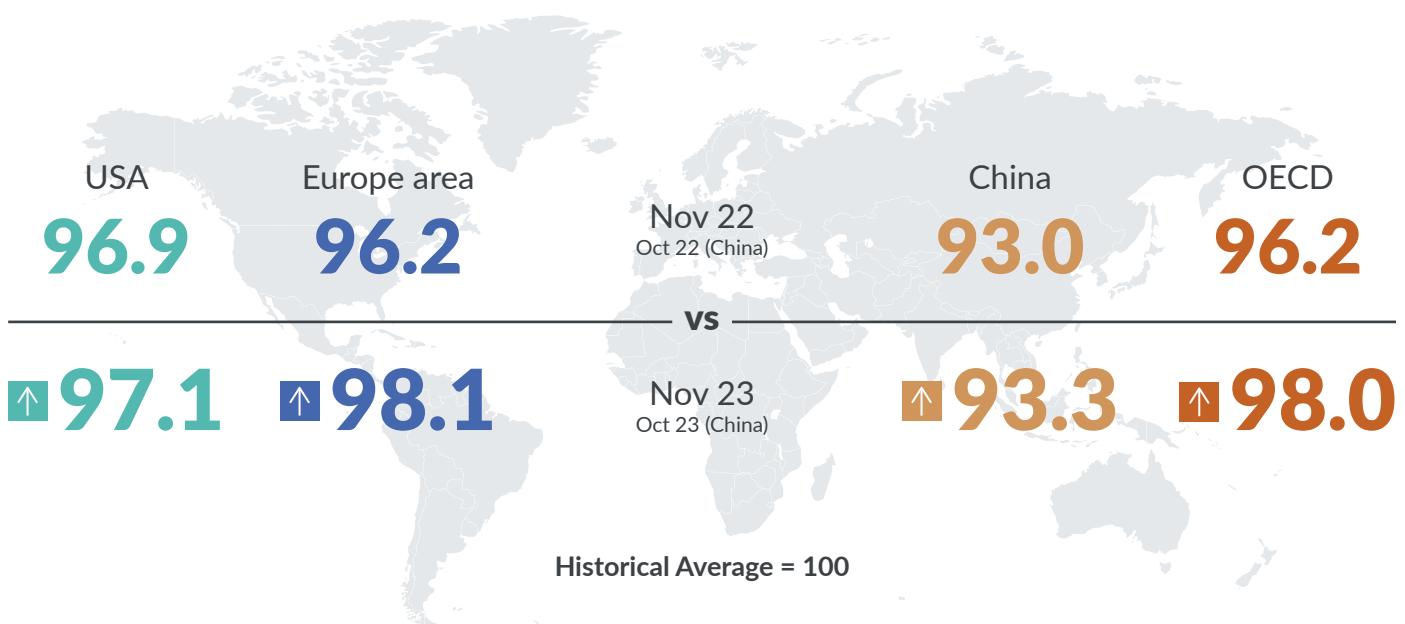
With economic indicators such as inflation and job markets continuing to stabilize in 2024,

shopper confidence is improving, although still at historically low levels. This improvement shows regional variation, with consumers in China and USA showing only small gains, compared to the average across all OECD countries.

According to the World Economic Forum's survey of chief economists, Europe is the region that most economists fear will see weak economic growth and high inflation this year, followed by North America. China shows an interesting dynamic, with universal

expectations of low inflation. South Asia, East Asia & Pacific and Central Asia are the regions most expected to show good economic growth.

Consumer confidence indexes have improved but remain historically low.

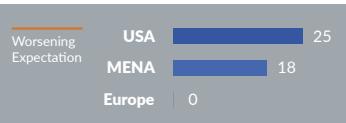


Source: OECD; Consumer Confidence: Amplitude adjusted, <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

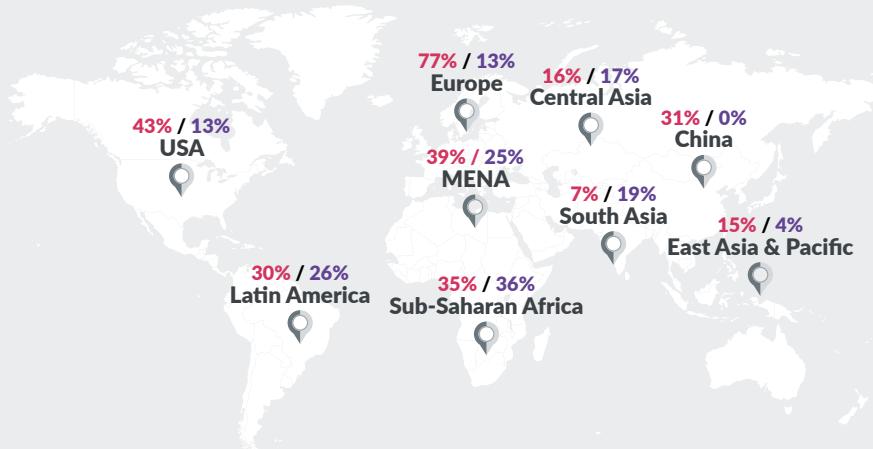
Chief Economists expect weakest growth in Europe

Expect weak economic growth

Percentage pt chg from Sept report



Chief Economist Survey | Expectation for growth/inflation in 2024 | January 2024



Expect weak economic growth

Expect high inflation

Source: World Economic Forum Chief Economist Survey, Chief Economists Outlook: World Economic Forum (weforum.org)

02



Consumer Tech & Durables – 2023 dynamics

2.1 Full year performance 2023

Consumer Tech & Durables saw sales revenue of \$813 billion last year, which is -2.9% down on 2022.

Middle East & Africa saw strong growth, but with different trends within this region. The Kingdom of Saudi Arabia (KSA) and United Arab Emirates (UAE) are delivering strong performance due to positive consumer mood. This contrasts

with Türkiye, where high inflation and weakened local currency are driving consumers to convert their cash into goods.

Latin America and Eastern Europe stayed relatively stable, but Developed Asia, Emerging Asia and China were hit by significant falls in 2023 sales revenue.

Decline across regions after saturation - only Middle East/Africa outperforms

Consumer Tech & Durable Sales Value USD (NSP)

Jan - Dec 2023 vs 2022

Global (excl. NA)

Turnover	\$ 813 bn
Growth rate	-2.9%

\$199 bn - 1.4%
Western Europe

\$65bn - 0.4%
Eastern Europe

\$259bn - 5.0%
China

\$95bn - 7.1%
Developed Asia

\$55bn + 0.8%
Latin America

\$57bn + 7.8%
Middle East & Africa

\$82bn - 5.5%
Emerging Asia wo CN

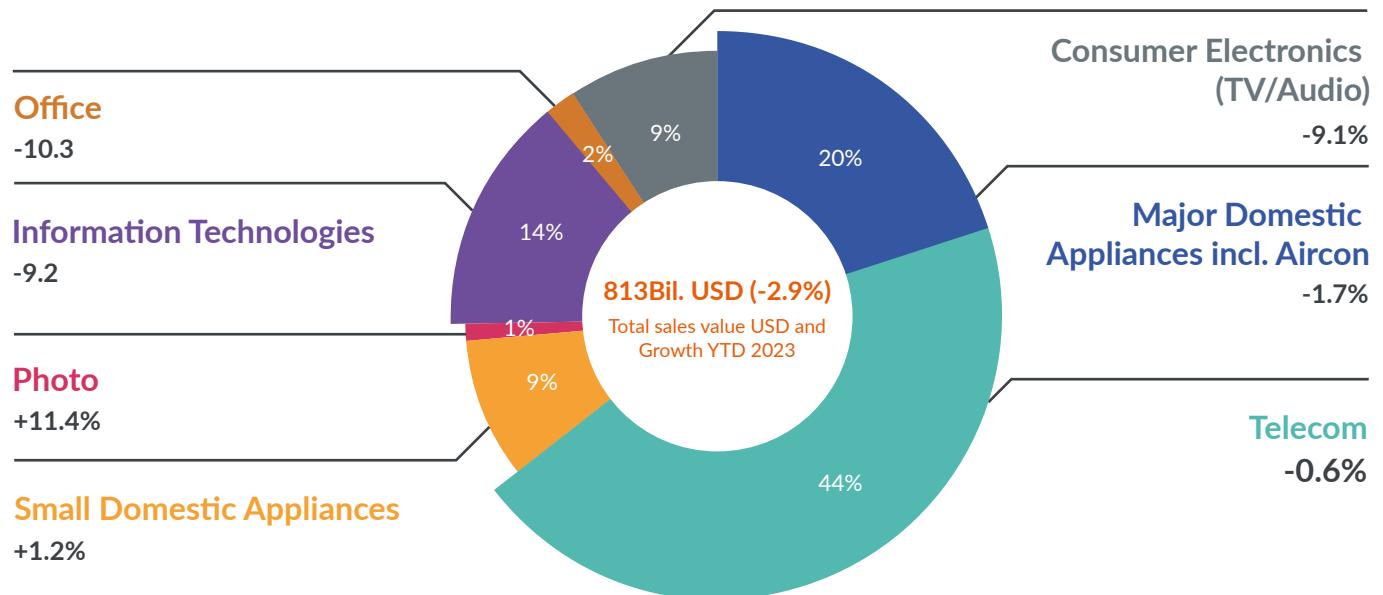
Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth 2023 vs 2022. CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics

There's a similar variation in performance across sectors.

- Globally, only Photo delivered strong revenue growth last year, driven by consumers' renewed focus on travel and out-of-home activities.
- Small Domestic Appliances (SDA) just tipped the scale at +1.2% growth – a faster return to positive figures compared to some sectors, due to comparatively higher product innovation and lower price point.
- Telecom was very nearly stable, helped by relatively short replacement cycles on products such as smartphones, as well as more 5G models being sold.
- In MDA, sales were focused on energy efficient models, driven by rising electricity bills and Europe's mandatory labelling for energy efficiency.
- Products within Office, Information Tech (IT) and Consumer Electronics (TV/audio) suffered the greatest drop in sales revenue compared to 2022. However, compared to the pre-pandemic benchmark, IT sector revenue is higher now, whereas consumer electronic sector revenue is not – indicating a shift in sector structure within the Tech & Durables market.

Signs of stabilization for Consumer Tech & Durables overall, but wide variation across sectors

Sales Value USD (NSP) in % / growth rate YoY in % B2C Retailer Market Year To Date: Jan – Dec 2023



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth 2023 vs 2022CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics

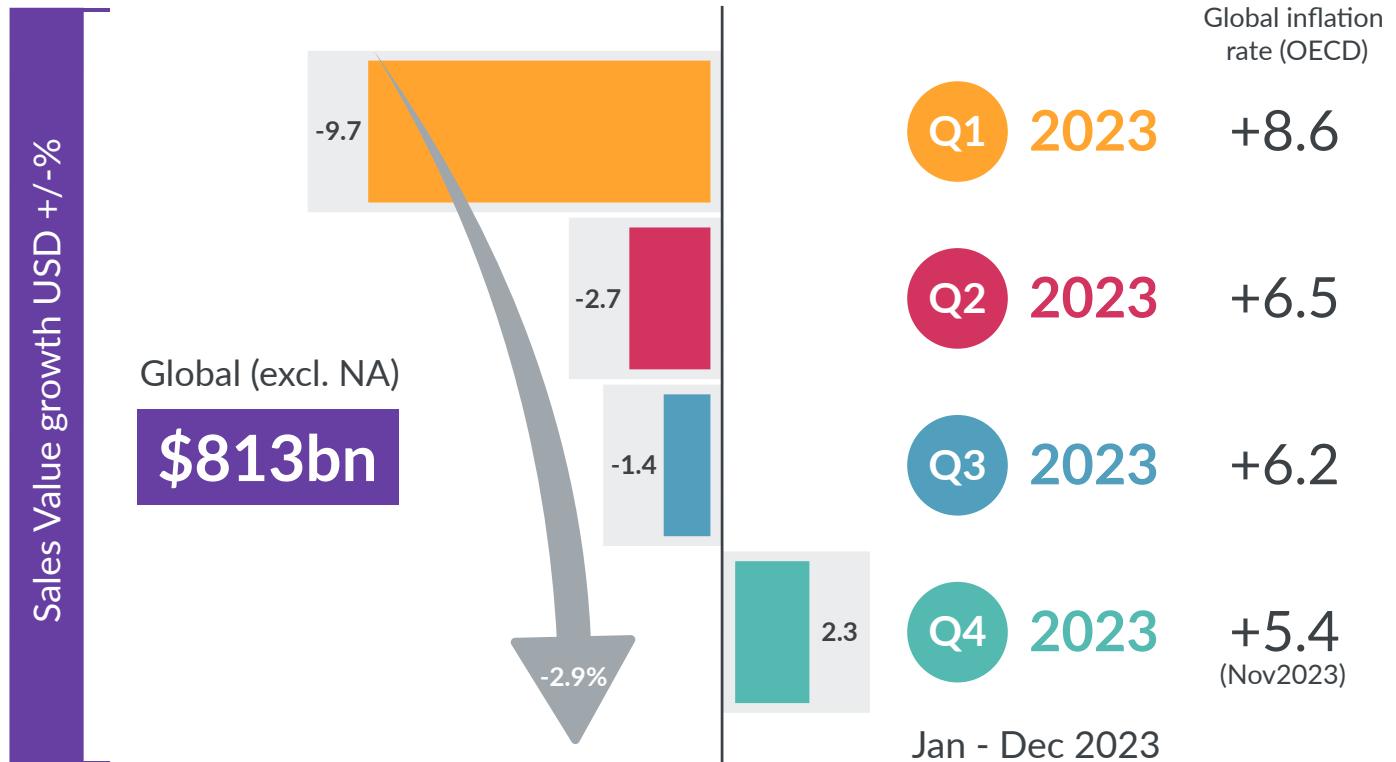
2.2. Stabilization in Q4 2023

After successive improvements quarter by quarter, the final three months of last year saw Consumer Tech & Durables finally flip into positive growth (+2.3% compared to Q4 2022). This was driven by demand within telecom

(+5.9% Q4 2023 vs Q4 2022), MDA (+4.9%) and SDA (+4.7%), which more than counterbalanced the tougher situation felt by IT, office, and consumer electronics.

Promising dynamic for Consumer Tech & Durables market in Q4 2023

TCG total | Period: January 2023 – Dec 2023 | Value growth USD +/-%



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America)

03



Consumer Tech & Durables – outlook 2024

Based on current market dynamics, we assess Consumer Tech & Durables revenue will grow around 1% for the full year 2024. This is a good improvement on the -2.9% seen last year, but still a highly challenging landscape in which brands will be competing hard for a share of growth.

GfK anticipates that demand will be highest in the telecom and small domestic appliance sectors. Products bought during lockdowns that have relatively

short replacement cycles, such as smartphones, will now be coming ready for replacing - boosting opportunities for brands. Additionally, small-ticket products that exert less pressure on consumers' budgets, such as IT accessories, are also likely to be popular.

In general, we expect shoppers to lean toward well-thought-out purchases, due to a continued focus on the heightened cost of living. Aspirational purchases are still on the cards, given that 39% of people say it is important to indulge or pamper themselves on a regular basis. However, these will be the result of consumers carefully weighing the value that they expect to receive against the level of spend.

For manufacturers and retailers, it is critical to understand the multiple factors that their target audiences see as being most important to them as an individual, based on their specific needs, ideals, lifestyle, and situation. Equally critical is accurately to assess the price point at which the offer tips from being worth the money in the eyes of each target group, to being out of reach.

This year sees consumer sentiment slowly improving, although still weighted towards caution:

“I am better off financially now than a year ago”

**28% Jan 2024,
from 26% in Jan 2023**

“I am worse off financially now than a year ago”

**34% Jan 2024,
from 39% in Jan 2023**

Source: NIQ Consumer Outlook January 2024

04



Where the opportunities lie

2024 is all about producing the best value for consumers at the right price, as manufacturers and retailers compete harder than ever to win the battle for mental and physical availability.

With money-conscious consumers continuing to shop around and weigh up every purchase, it can be tempting for brands to discount prices to drive volume of sales. We saw this last year, with the top seven annual promotional events* including brand events increasing in

duration to cover 15 weeks of the year – up from 11 weeks in 2019 (*Christmas, New Year, Black Friday, Cyber Monday, 618 and Double-11, Apple event, Prime Days).

However, competing on price eats into margins and risks getting sucked into price races.

An alternative is focusing on innovation to help stand out from your competitors. By adapting products or services to fit the needs of specific customer segments, companies can diversify their revenue streams and fuel growth.

Innovation does not have to be about radical or big changes. It is often the incremental progress that steadily adds features, convenience, and

performance in pace with consumers' changing lifestyles that is more important. Indeed, history shows that brands that continually invest in innovation perform better over the course of market downturns. As we head into a stabilizing landscape, we see incremental innovation that pinpoints specific audiences' needs as a key factor in uncovering new pockets of demand.

"With ongoing high levels of economic caution, consumers have a very clear idea of what they want from the brands they interact with. If they are not replacing or upgrading existing products, then consumers are on the lookout for products that help them lead happier and healthier lives. Brands need to maintain a laser-focus on precisely how their products can align with those aims."

Sheila Kurniadi, gfkconsult

Your roadmap to maximizing 2024 pockets of growth

4.1 Maximize the value; the highly relevant benefits delivered to the target buyer

With consumer spend on tech goods gradually improving, there is opportunity now for brands to refocus on higher-end products that offer consumers an improved user experience, and attain greater margin. Consumer confidence is

still fragile, but there are target groups that are buying higher-end items when these present greater relevance and value, in return for the extra money spent.



53%

For me the most important thing is that it offers good value for money

Source: GfK Consumer Life 2023

Last year, premium brands took 3 in every 10 dollars that consumers spent on tech and durables. They also maintained their year-on-year sales revenue, performing far better in this respect than entry-level brands and marginally better than standard brands.

A key element in this is the role played by brand strength. Strong brands typically enjoy higher levels of consumer trust and loyalty. This can play in their favor when consumers are weighing the benefit versus risk of buying a higher-priced item.



42%

I only buy products or services from a trusted brand

Source: GfK Consumer Life 2023

However, the importance that consumers place on brand changes depending on the product in question. To successfully persuade consumers towards products that offer greater value, but at a higher price, it is critical to tailor the marketing communication correctly between brand image and product value offering.

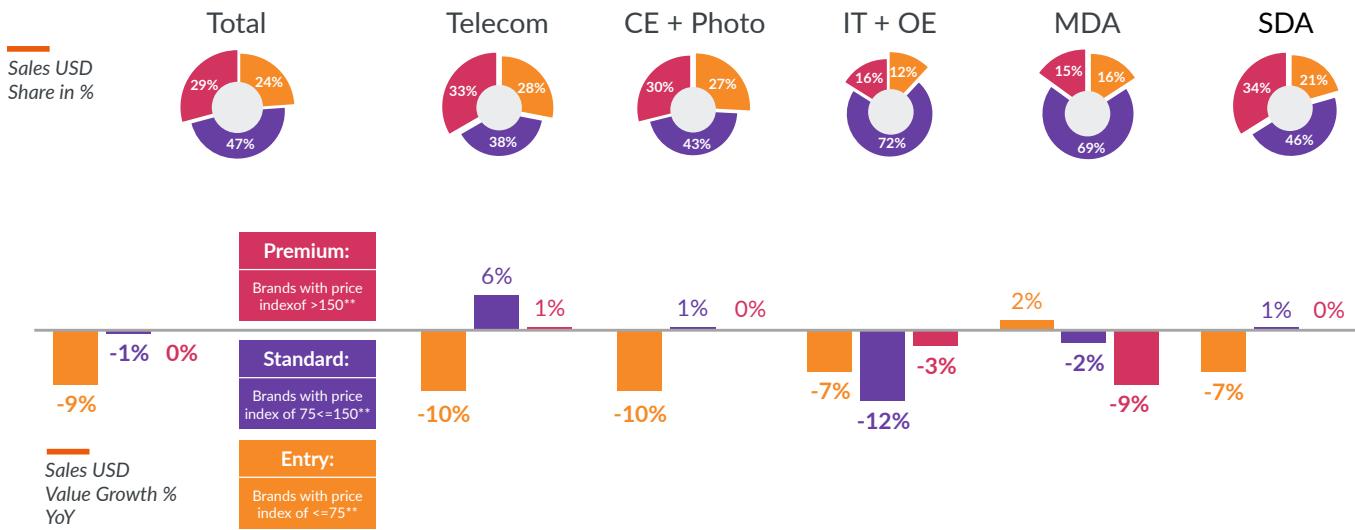
In telecoms, consumer electronics (including photo), and SDA, premium brands hold a significant share of sales and were more resilient in maintaining their sales revenue last year than entry level brands. In these sectors, consumers continue to prefer brands with flagship products that generate trust in quality and performance – and are willing to pay more for that.

By contrast, MDA stands out as the sector that saw premium brands perform

much worse than entry level or standard brands last year. Consumers are less emotionally attached to products such as washing machine or dishwasher, compared to a smartphone. When buying an appliance, their focus is more on functions such as energy efficiency and performance – and this makes it more likely that they will consider lower- or non-premium brands that offer similar feature sets. Other effects play a role as well. For example, lower income groups are starting to come back to the markets having postponed non-essential purchases during recent difficult years. These groups are likely to choose entry level or standard brands that offer sufficient feature sets at a lower price.

Diverse dynamics visible in price bands across sectors

Global, YTD December 2023 / Key Technical Consumer Goods product groups



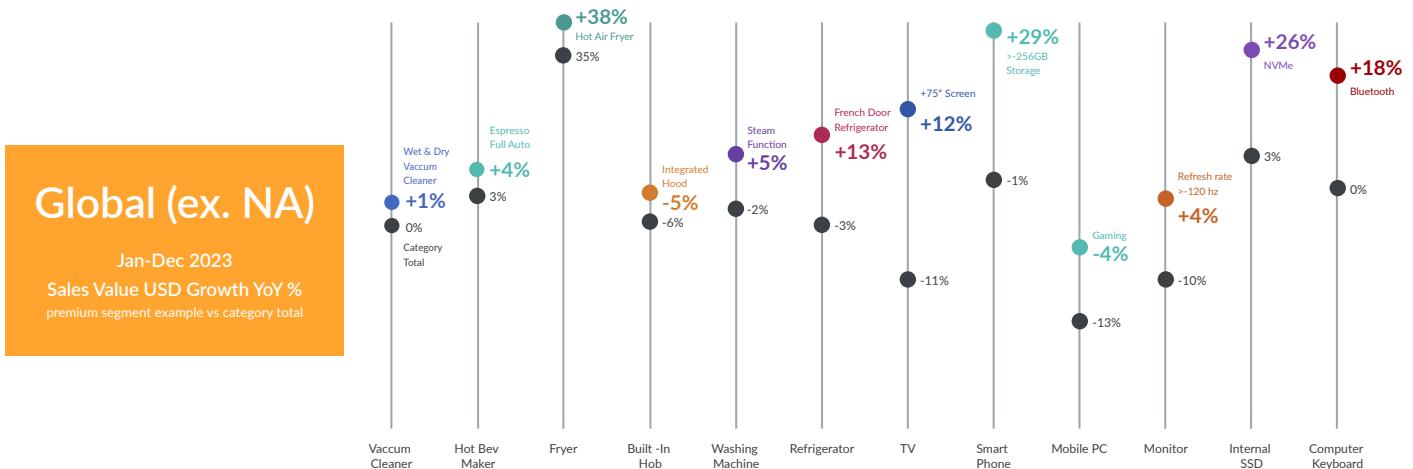
Source: GfK Market Intelligence: Sales Tracking Retailer Market, International Coverage (excl. North America), USD (NSP) Value & growth.

4.2 Focus your 'value' messaging on 4 enduring factors that consumers rate highly

2023 saw an ongoing trend of the best performing products being those that deliver targeted and relevant improvements around four enduring consumer demands:

- Convenience, time saving, making life simpler
- Hygiene, health and wellness
- Performance
- Sustainability

Select premium features sales increased/ declined slower than the category average



Source: GfK Market Intelligence Tracking Retailer Market Sales Value USD growth rate YoY Global excl North America and India, Greece
NVME =Non-volatile memory express

Convenience. Simplifying people's lives

People continue to want products that offer greater convenience or help them optimize their time, with 41% stating they are willing to pay more for products that make their lives easier.

The prime example of this is smart robot vacuum cleaners. These have cracked the mass market even though they cost

close to four times the price of standard versions (smart robot vacuums averaged \$397 selling price in Jan-Nov 2023, compared to \$149 for non-smart ones). The use case for smart robot vacuums has become so strong that 95% of the value assortment is now smart.

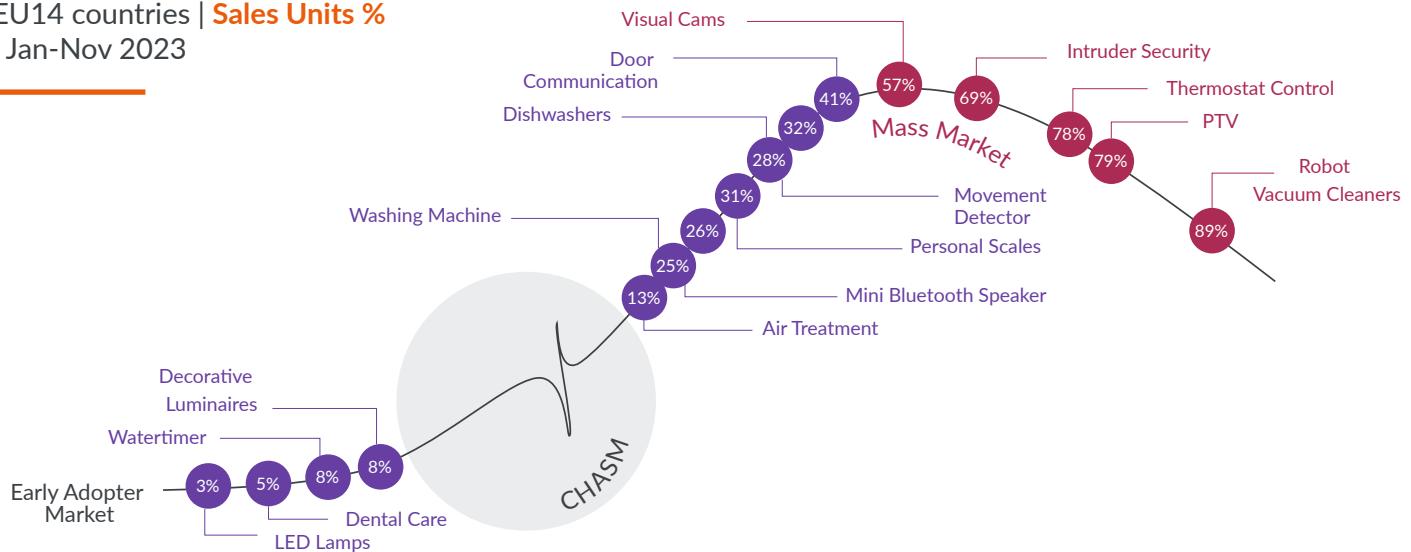


Smart TVs too offer similar convenience, with innovations (such as entering multiple streaming platforms and smart application) that are designed to maintain TVs as the hub of home entertainment and connectivity, thereby encouraging premium purchase. Likewise, thermostat controls, intruder security and security cameras have crossed the chasm of skepticism in EU14 countries where 2/3rd of volume sold are smart products which can be controlled using an app on the smartphone. Smart domestic appliances, such as smart dishwashers and washing machines, are also moving closer to mass market take-up.

Share of sales of smart products

Addressing the barriers is essential to cross the chasm into mass market

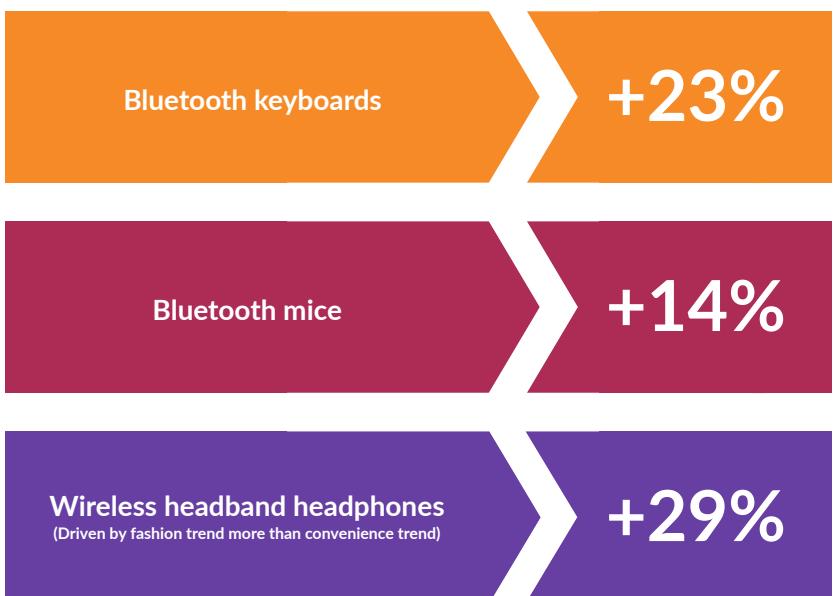
EU14 countries | **Sales Units %**
| Jan-Nov 2023



Source: GfK Market Intelligence: Sales Tracking, Period : Jan-Nov 2023 Smart Connect is based on App and Voice control and only includes diagnostics for MDA categories. Countries :EU14

Cordless products are another prime example of the popularity of convenience. Cordless models continue to outperform their category average across products including vacuum cleaners, power tools and lawn mowers, as well as keyboards, mice, headphones, and hair stylers.

**Revenue growth,
Jan - Dec 2023
(US\$):**



Source: GfK Market Intelligence, sales tracking, global

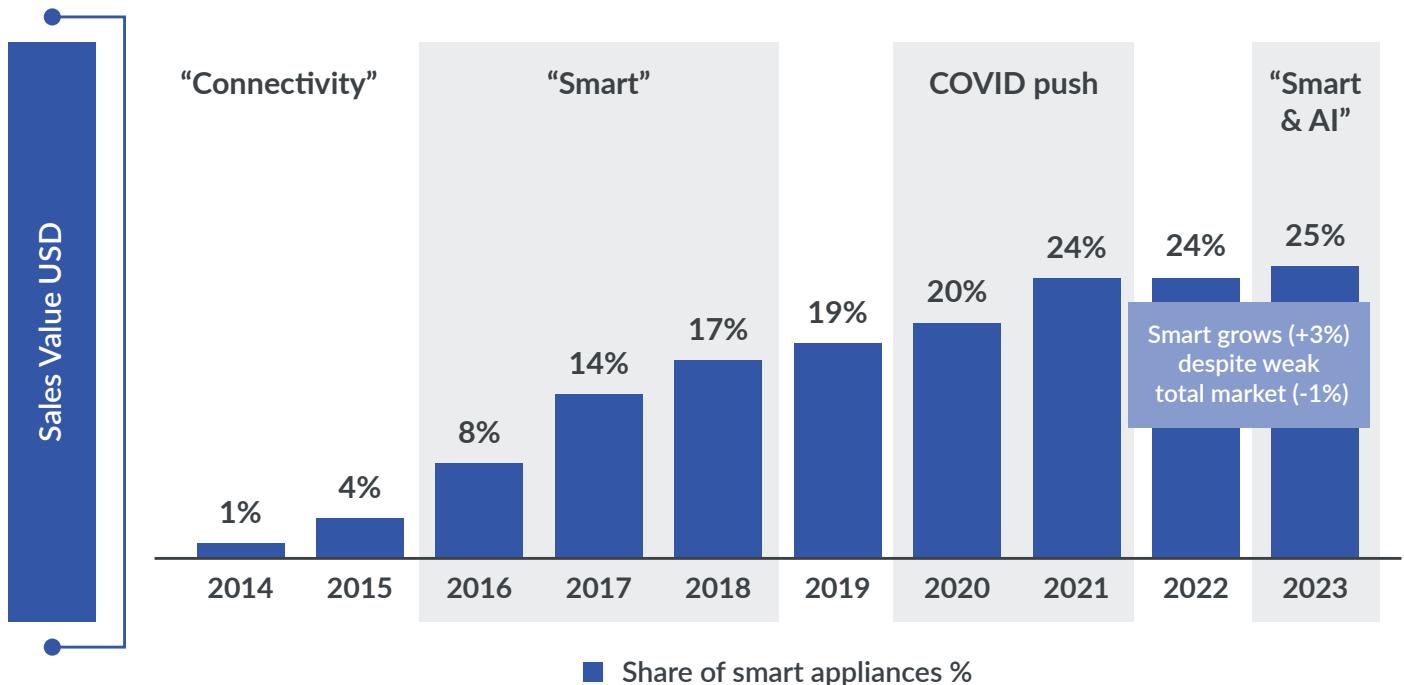
Performance & connectivity:

Consumer demand is also continuing around higher-end products that deliver enhanced performance in areas such as capacity, speed, connectivity.

In the home appliances sectors, 25% of sales revenue across MDA and SDA now comes from smart appliances – and sales revenue from these grew +3% last year compared to the total market -1%.

Home appliances market has seen multiple major pushes of smart appliances – resulting in every 4th dollar spent on connected appliances.

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



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America)

Further opportunities for home appliances lie in evolving their smart functionality to deliver ever more of that user-specific customization – especially around features such as automatically changing their own settings to save energy, and therefore money, based on the individual user's lifestyle patterns. This would mean, for example, refrigerators that recognize when you are out of the house and automatically reduce the compressor activity; or appliances that allow maintenance analytics to

be run remotely, reducing the need for expensive in-person home visits by repair staff.

This example also illustrates how two trends can interplay – with better performance also delivering greater convenience for the consumer.

Other areas seeing higher growth of performance products within the category are those aimed at specialist groups, such as gamers or those producing video and digital content. Gaming

monitors, for example, increased their year-on-year revenue by +4.3% last year, while monitors overall dropped -8.0% – and this is despite gaming monitors being, on average, around 65 US dollars more expensive. Similarly, gaming mobile PCs were more resilient in the face of market decline than mobile PCs in general, dropping just -3.4% compared to total category -13.1% – despite costing 1,105 US dollars on average, compared to the category average of 799 US dollars.

Health, hygiene & well-being

The importance of health & fitness for consumers has increased significantly. Globally, people now rank health & fitness as their 4th most important personal value out of a total of 57 listed values – up 8 places since 2019.

This trend was originally heightened during the pandemic but continues to be highly relevant today. People's approaches vary from being more

preventative to being treatment focused. Similarly, some consumers focus on physical well-being and nutrition, whereas certain others would be focusing on mental well-being.

Consumers continue to place importance on a more holistic approach to well-being, and this is now an integral part of their mindsets and aspirations around how they wish to live.

"I actively look for products/services for a healthy lifestyle"

Regions' ranking of this statement, from a given list of 47 attitudes to life:



Source: GfK Consumer Life 2023, based on % agreeing (top 2 boxes)

Products that enable consumers to live a healthier lifestyle are outperforming their category, with examples including hot air fryers (+38% revenue growth vs. fryers overall at +35%) and washing machines with steam function (+5% growth, vs. category overall -2%).

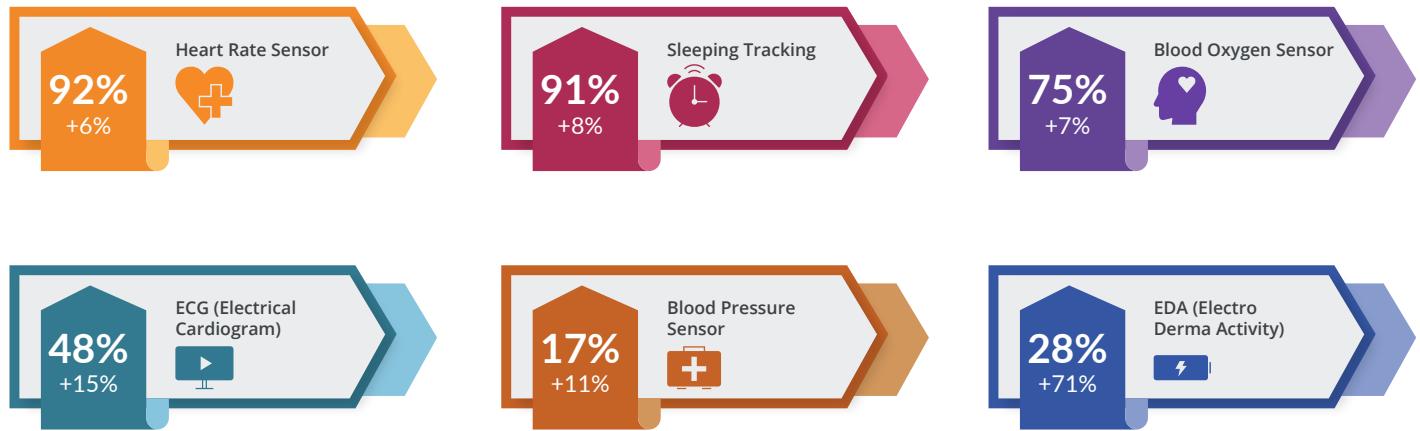
Greater consumer focus on health and wellbeing is also driving consumers toward smart- or AI-driven products that enable closer monitoring of health and enhance performance. This can be seen

most strongly in the wearables market, where products in the last few years have transitioned from fitness trackers to smart & health trackers.

These innovative products offer a new level of convenience and accuracy, allowing consumers to track aspects like sleep, blood pressure etc. right from their pockets or wrists.

The health metrics which can be tracked in wearables is increasing

Total Core Wearables Sales Value USD (Share of sales / Growth 2023 vs 2022)



Source: Market Intelligence Sales Tracking. Period: Jan-Dec 2023 vs PY Sales Value USD growth

Sustainability

Sustainability is a core, long-term opportunity that has evolved to unite two deep-rooted consumer aspirations: to protect our planet, and to save money.

For consumers, sustainability claims now encompasses not just basic credentials

such as recycled and recyclable materials and packaging, but also the wider concepts of energy and water efficiency, 'circular economy' business models, refurbished products, food miles and more.

"I feel guilty doing something that is not environmentally friendly"

Regions' ranking of this statement, from a given list of 47 attitudes to life:



Source: GfK Consumer Life 2023, based on % agreeing (top 2 boxes)

When it comes to reducing consumption and waste, energy efficiency is perhaps one of the best opportunities for technology brands. For MDA categories, for example, energy austerity is clearly pushing consumers towards buying best-in-class labeled appliances to save energy in the long run.

Refurbished goods too are an exciting avenue for brands, appealing simultaneously to those most concerned about climate change and those most concerned about the cost-of-living.

Globally, 27% of shoppers purchased something second hand instead of new

in last 12 months, with growing demand in areas such as telecom. There is also increasing opportunity in MDA.

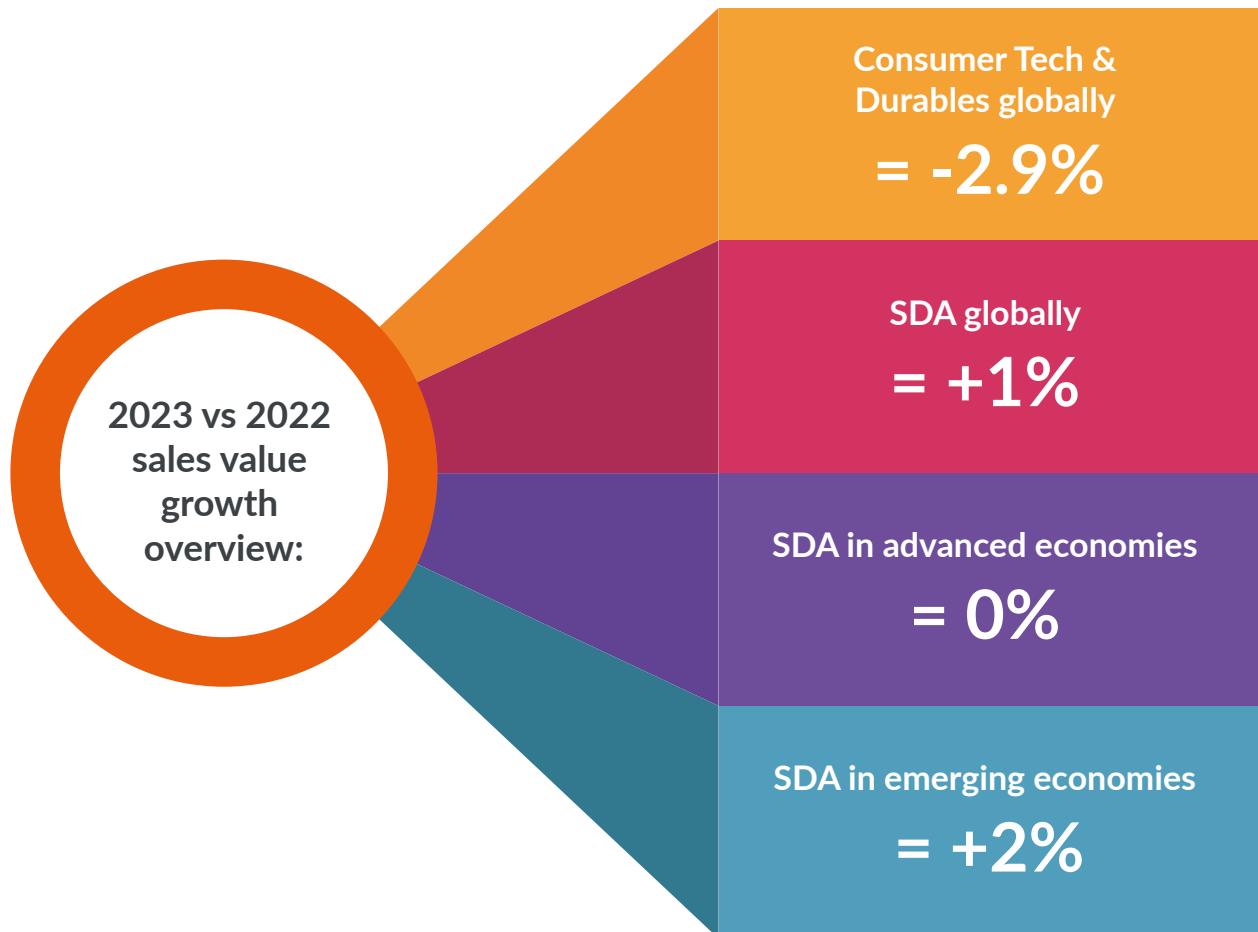
In the UK, for example, 25% of smartphone buyers chose a refurbished or second-hand model last year - up from 19% in 2021. Most of these cited finance as the primary motivation for their choice. Buyers under 35 years old, however, while still driven primarily by price, are more likely to mention impact on the environment (9%) as a reason to buy refurb or secondhand phone. Currently, this is a "nice to have," rather than a key incentive.

05



Sector Breakouts

Small Domestic Appliances



There are a few stable trends which are always influencing the small domestic appliances market.

One is convenience and consumers looking for products to help simplify their lives. This includes smart and connected appliances, where the benefit delivered to the user grows as the ecosystem

of products increase. It also includes multifunctional appliances which offer great value for money features by doing more for the price of one.

Sales value growth:
Robot vacuums with dry
extraction docking stations



Sales value growth: Robot vacuums
with wet and dry extraction
docking stations

The second key trend for SDA is health,
hygiene, and well-being, with several
products assisting consumers' aspiration

Sales value share of robot
vacuum cleaners sold today
are 'smart' versions

to lead healthier lives, eat right and
reduce the effort of cleaning.



+39%

sales value growth: Hot air fryers

Third is the aspect of aspirational and
need-based purchase drivers. On the
aspirational side, we have a growing
middle class around the globe, as well
as increasing purchase weight of the
older Gen Z (current age 12-27) and of
Millennials (current ages 28-43) – with

these groups having affinity for products
that generate aspiration, as well as
priced affordably. On the need-based
side, external aspects such as effects of
pollution and climate change which are
driving demand for products such as air
coolers, electric fans, and heaters.

2023**heat wave drove sales growth of
+41% for electric fans in LATAM**

On top of this is the aspect of performance and sustainability. High performance products which offer a new design or form factor drive interest.

7%

**Hair stylers
overall grew +7%,
but models with hot air
technology grew +16%**

16%

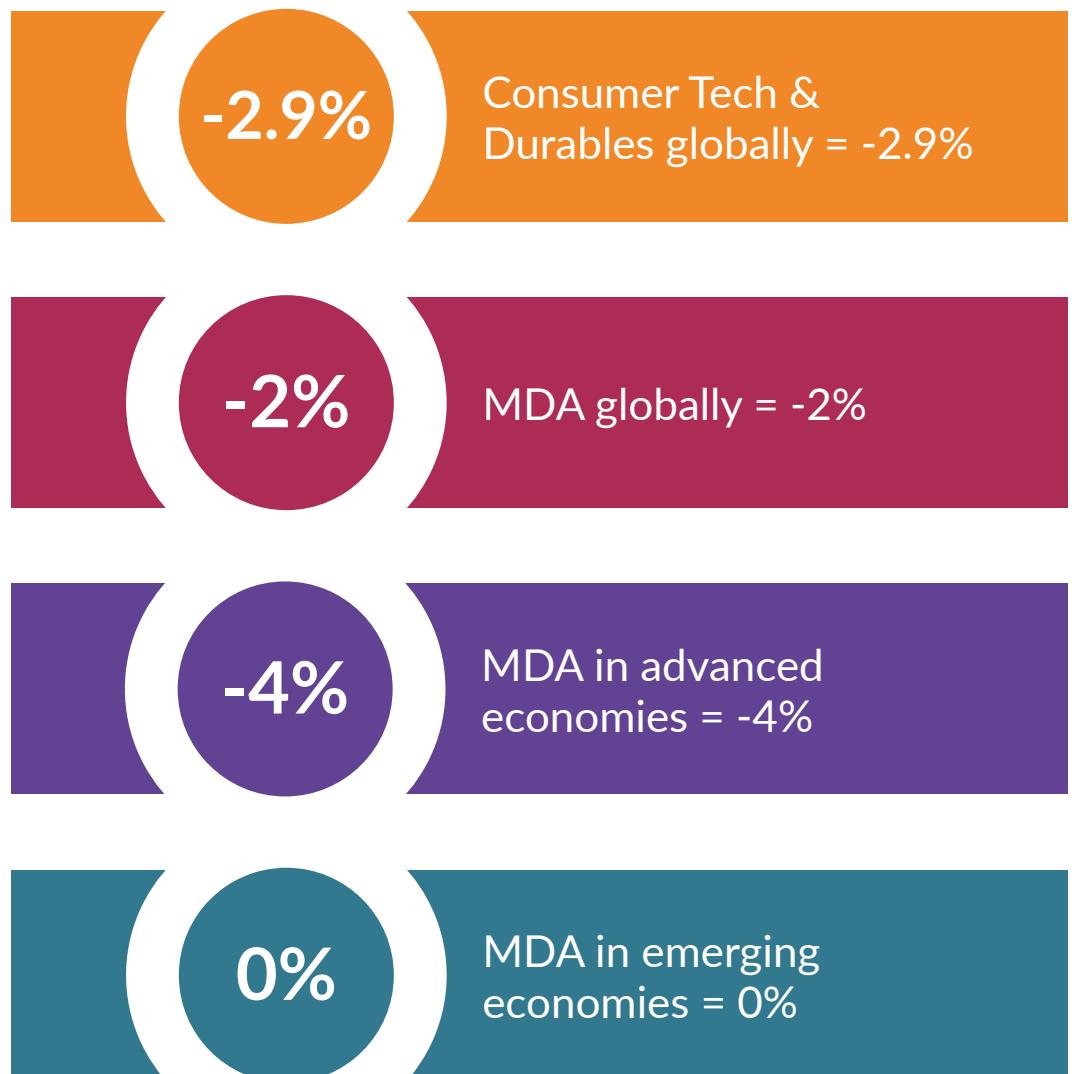
Consumers are also beginning to observe the sustainability aspects which differentiate one SDA product from another. For example, CoffeeB revolutionizing coffee pods/pads packaging by making coffee balls which can be crushed in a machine instead of using paper or recyclable plastic packaging.

However, the sustainability aspect within SDA does not yet carry the same degree of influence as it does in MDA products, where energy efficiency is a crucial

purchase criterion, due to the potential it offers to save money in the long term.

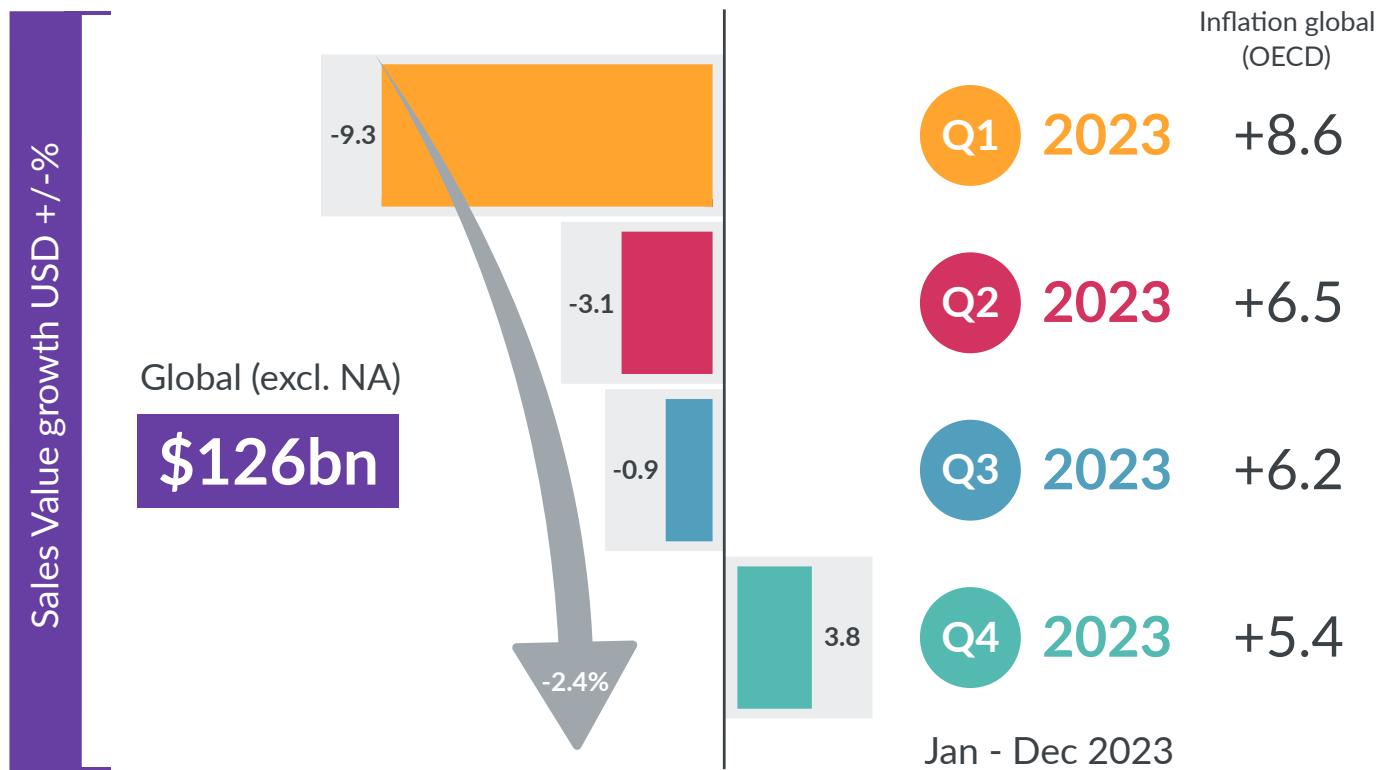
Critically in SDA, these trends don't exist in isolation for consumers. There is a considerable interplay among them, and consumers tend to purchase some products over others because they check more than one box.

Major Domestic Appliances



MDA market - promising dynamic seen in Q3 & Q4 2023

MDA9 | Period: January 2023 – Dec 2023 | Value growth USD +/-%



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America)

For MDA, the two key market drivers are energy efficiency and connected appliances.

In Europe, the success of best-in-class energy labeled products continues. A-labelled washing machines reached a record growth of +64% sales review (US \$) and even the small segment of A-labelled refrigerators managed to increase by +50%.

This year will be critical in monitoring major developments and sales impacts around the EU energy labeling initiative, with F and G labels (17% of Europe's MDA4 market as at Dec23) no longer allowed to be shipped to

retailers since March 1st, 2024. Given this energy label regulation, the trend towards better labels can only continue.

Smart MDA keep outpacing the market year after year as more and more smart categories leave their niches to enter mass market. For example, Europe and Middle East saw revenue from sales of dishwashers grew by 25%, driven by smart dishwashers – with this smart category going from niche to mass market in just 3 years.

Given the ecosystem benefits that consumers will experience as more and more smart appliances start working

together in their homes, this industry push behind smart appliances is very likely to continue in 2024.

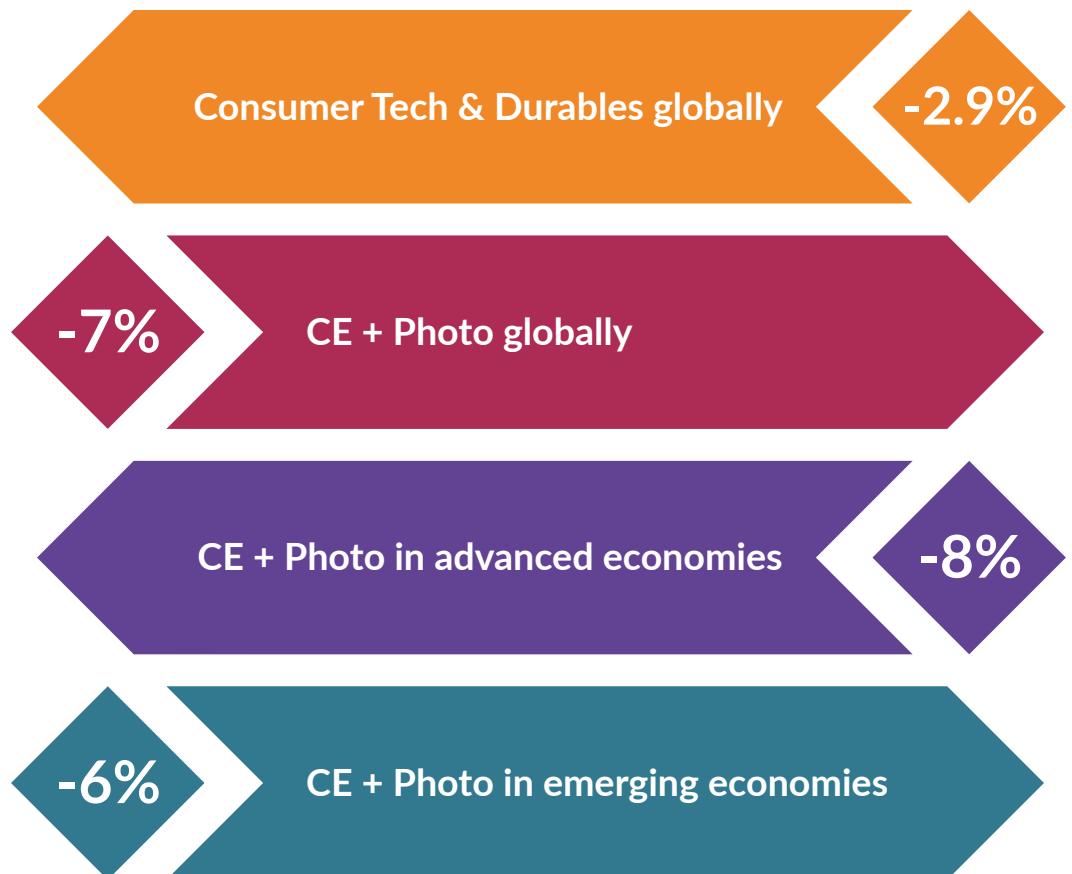
Looking at the brand landscape, Chinese brands will continue to grow in 2024 by offering feature-rich, good value-for-money products. This poses challenges for established consumer brands. A forward-looking innovation pipeline, strong supply chains, collaborative retailer relationships, and both tactical and strategic marketing strategies are more important than ever in the face of increased competition of challenger brands.

"For the first time in 2 years, the last months of 2023 saw significant growth in the MDA market. This feeds the expectation for a clearly better year this year. It could all be quite promising, but the weakness of construction markets will impact the built-In and kitchen appliances markets particularly – so, overall, I only expect a small growth between 0% to 1% for the full year 2024."

Norbert Herzog,
Head of Global Strategic
Insights - GfK

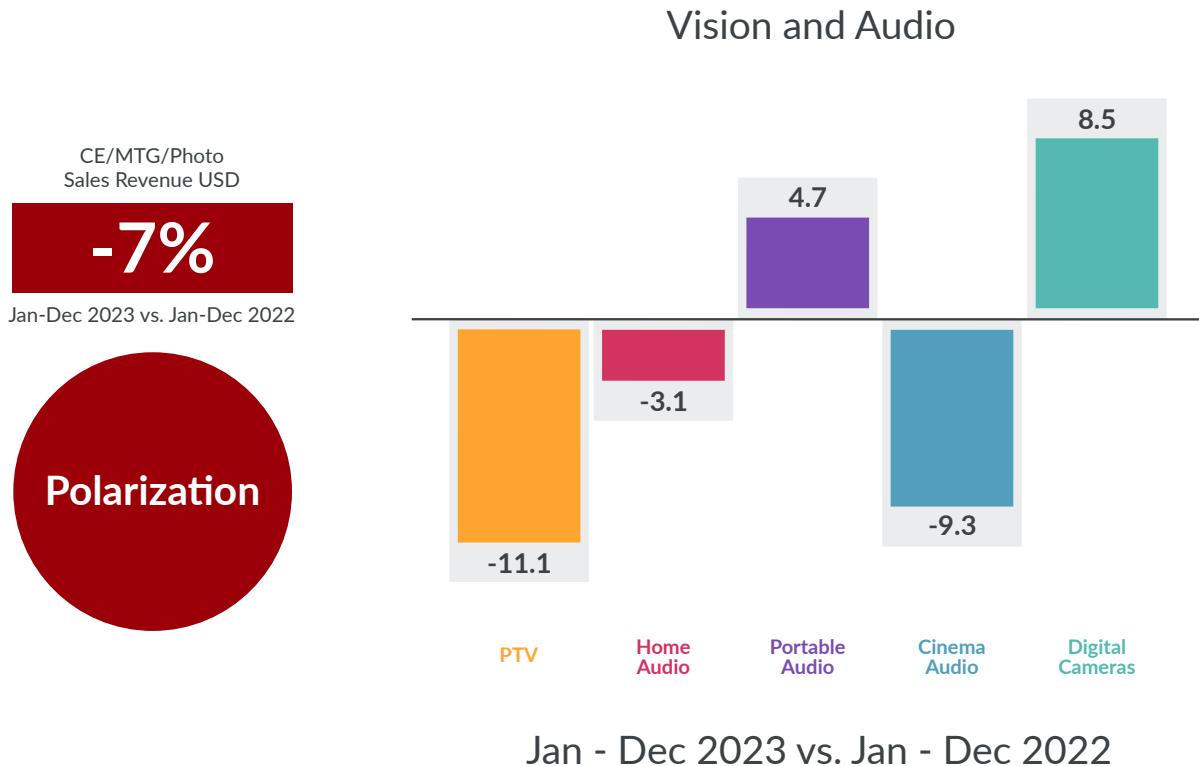
Consumer Electronics + Photo

2023 vs 2022 sales value growth overview:



Last year saw significant polarization in category performance across the consumer electronics & photo sector.

Consumer Electronics & Photo: global poly-crises create significant polarization within the sector



Jan - Dec 2023 vs. Jan - Dec 2022

Source: Market Intelligence Sales Tracking. Period: Jan-Dec 2023 vs 2022. Home Audio = AHS excl. HT, Trad Loudspeaker, Radio Devices. Portable Audio = Mini/Bluetooth Speaker, Headphones+ Mob. St. Headsets. Cinema Audio = Home Theater, Soundbase/bar

In Photo, there was a surge in purchases of high-end devices at around the \$2,500 US dollar mark. These premium purchases by a core buyer group more than counter-balanced the overall decline in demand of the mass consumers, putting Photo at the forefront of the premiumization trend.

The TV market faces a continuing challenge from saturation. Revenues hit all-time lows in May/June, with lingering demand not translating into sustained growth. The regions showing resilience include Emerging Asia, and particularly India.

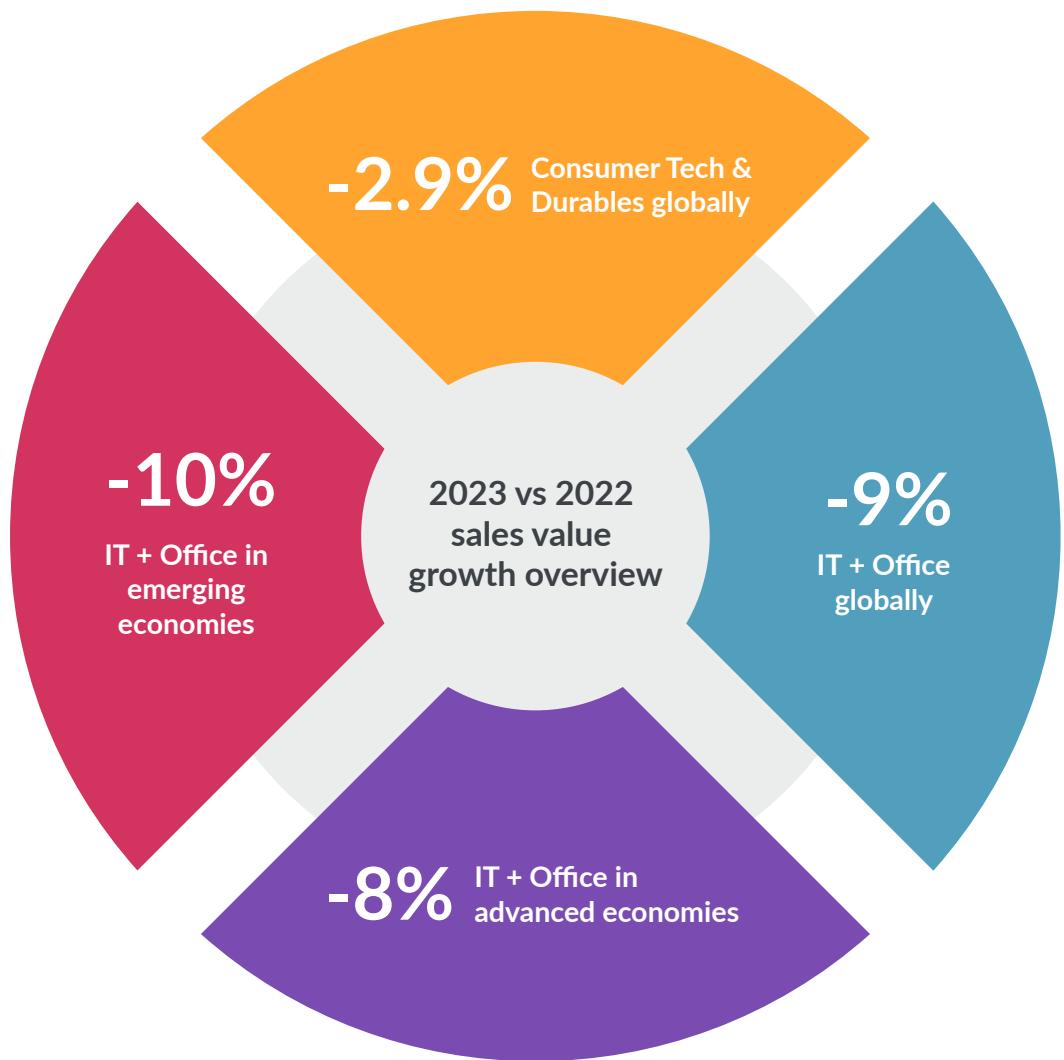
Unlike the saturated TV market, the audio category still offers room for growth. Innovation in audio headphones allows for tailored choices based on usage scenarios: daily use, sport, enjoyment, or office. Soundbars have yet to capture much of the market, especially as TVs become more premium, maintaining focus on sound quality. Home audio is evolving with the increasing prevalence of home assistants, potentially leading consumers back to audio brands, although this may not fully offset losses from platform providers."

Looking ahead to 2024, positive factors such as international sports events, baseline effects, and perceived inflation normalization may provide some relief. In addition, we are seeing premiumization trends continue to buck the trend of eroding prices, with displays that offer better quality gaining traction.

As the industry grapples with changing consumer behaviors, competition is intensifying, with emerging brands making significant gains. Promotions remain crucial, particularly in the face of economic challenges, emphasizing the importance of pricing strategies tailored to regional dynamics.

IT + Office

2023 vs 2022 sales value growth overview:



IT hardware

IT hardware devices, such as mobile PCs (-13%), media tablets (-3%) and monitors (-8%), recorded decline in sales revenue in 2023. This was partly due to ongoing adjustment after high sales throughout 2020 and 2021.

While media tablets and monitors saw single digit drops, sales of mobile PCs sales dropped more sharply. We should keep in mind, however, that mobile PC is the most expensive category in total tech and durable market. It has an average selling price at around \$800, which is around double that of other major categories on the T&D market. This means consumers need to perceive real value before making a purchase decision for mobile PCs.

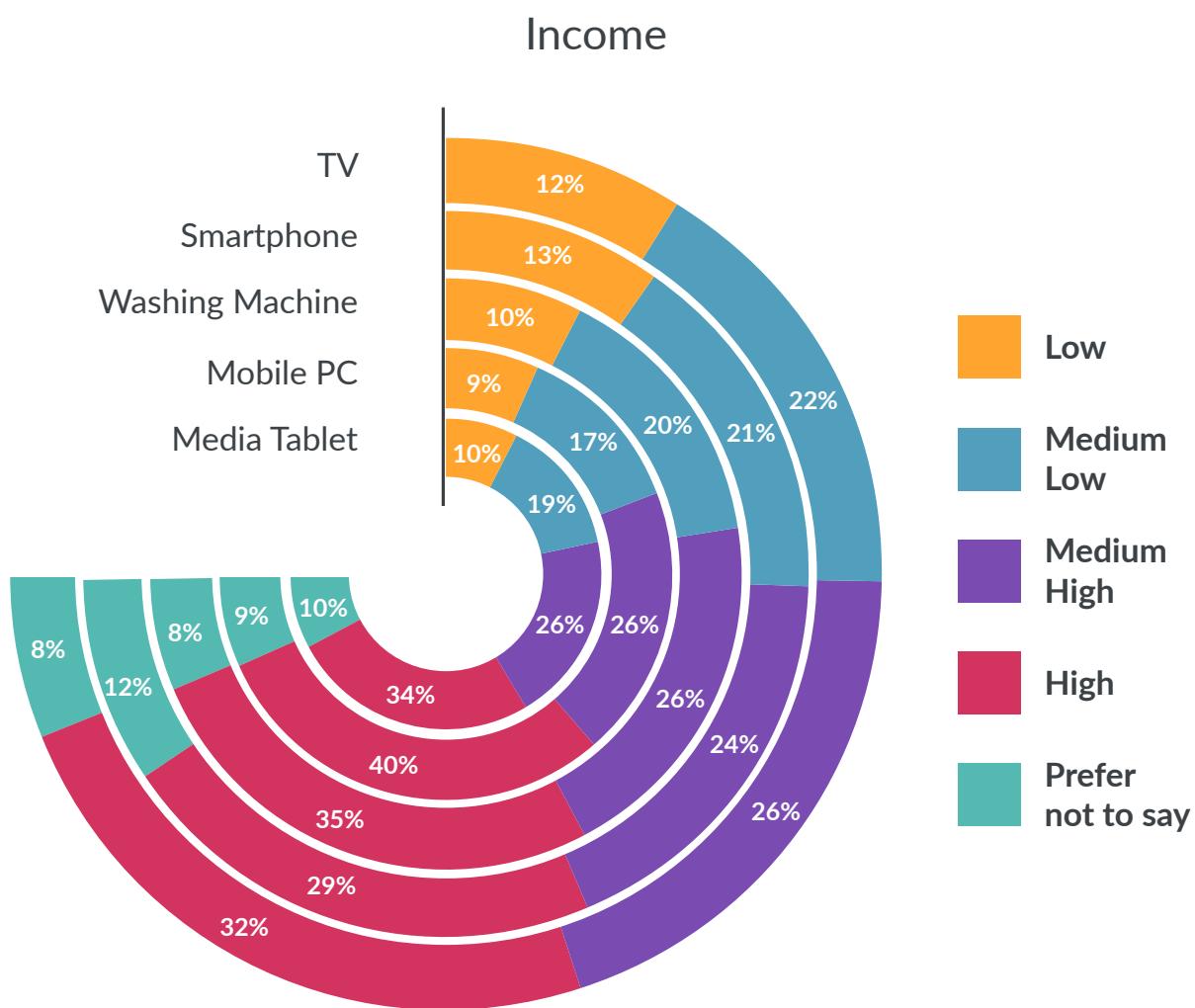
According to gfknewron Consumer, consumers' current replacement cycle for mobile PC's ranges between 5-6 years. This points to a new purchase wave triggering from around 2025 to replace ones bought in 2020-2021.

Until then, performance driven, higher-spec devices aimed at targeted groups, such as gamers or digital content producers, are expected to continue outperforming other segments. Added to that, large sized media tablets (display of 9" and larger) are still driving strong sales in emerging regions such as Eastern Europe/Middle East, Latin America, and Emerging Asia.

Consumers are still willing to equip their personal computing environment, as proven by the +4% increase in volume of monitors sold in 2023 – but the total amount they spent on those sales dropped. Brands must drill into the aspirations and needs of their target groups and link these with highly relevant enhancements and innovative technology such as AI. Marketing that centers on how these products solve the pain points and unlock the aspirations of specific audiences can nudge buyers into a higher price range – thereby drawing out greater growth opportunities from existing demand.

IT sector: higher income consumers have increased over the years, Mobile PC shows the highest portion of confident consumers

Shoppers by buyer income, Jan – Dec 2023 across 18 countries*
 Products included: PTV. Mobile Phone, Washing Machine, Mobile Computing, Media Tablet



Source: gfknewron Consumer. Countries: Austria, Belgium, Brazil, Chile, France, Germany, Great Britain, Greece, India, Italy, Japan, Netherlands, Poland, Portugal, Russian Federation, Spain, Switzerland, Turkey. Product Group: PTV. Mobile Phone, Washing Machine, Mobile Computing, Media Tablet

IT accessories & storage

Accessories in general are expected to do well this year, continuing the positive performance of 2023. Most are still seeing sales revenue above the pre-pandemic 2019 level, indicating a high installed base following the work-, study- and entertain- from home trend. And, with replacement cycles likely to kick in from this year, we expect IT accessories overall to feel a positive stimulus – especially

if hybrid work formats continue to be popular. Thanks to their lower selling prices, consumers continue to see buying a new keyboard, mouse, or headset as an affordable way to improve their home office set up, when a new main device might feel outside their budget. Additionally, the new WiFi standard entering the market is likely to boost sales of smart-

home infrastructure such as (PBX) routers and repeaters.

The outlook for SSDs also continues positive. Following high unit growth last year, but at strongly decreasing prices, manufacturers cut production to drive up prices from around Q4 2023. This will have a positive impact on revenue and overall expectations for SSDs stay positive.

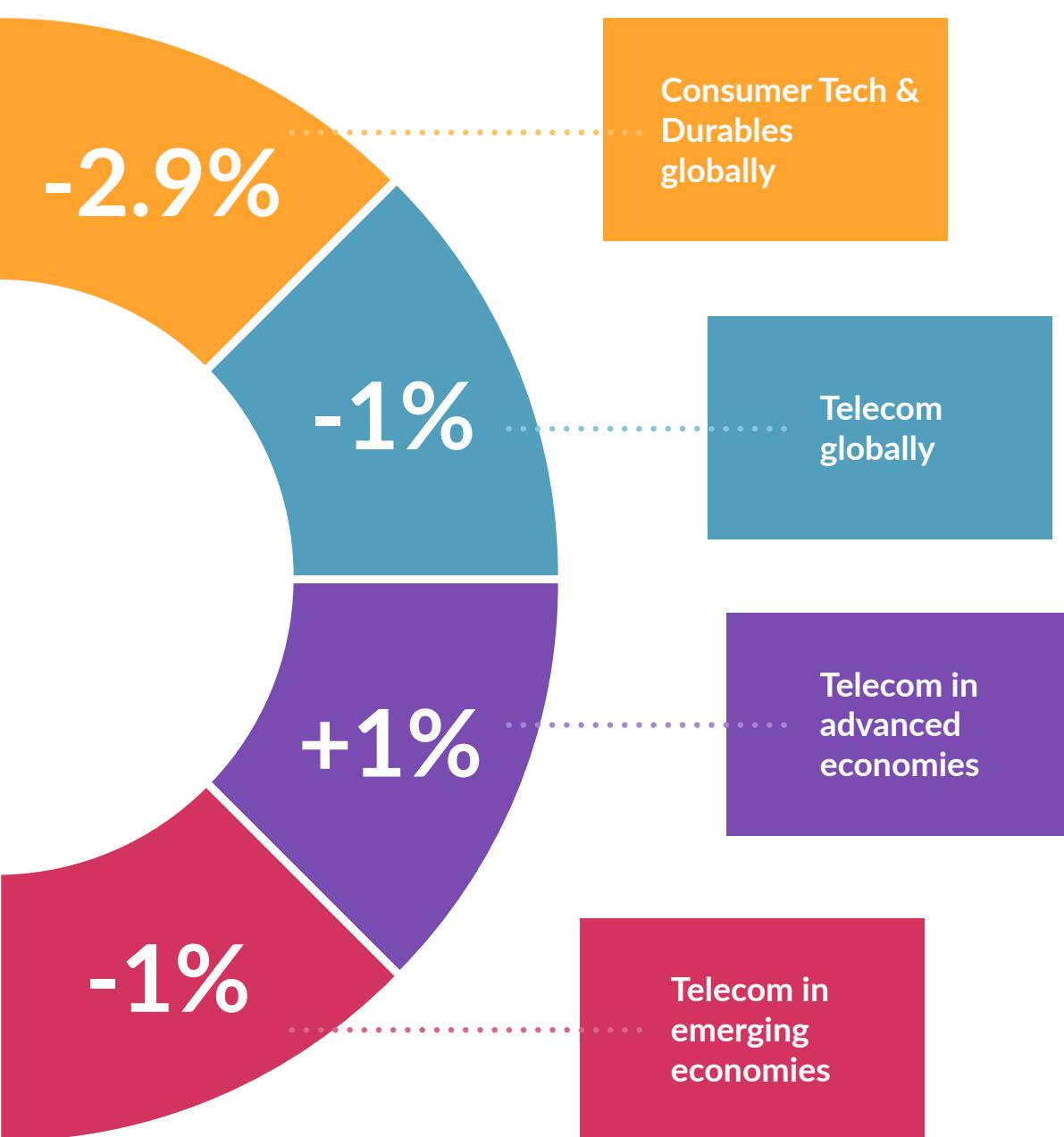
Office

For Office, the picture is mixed. Inkjet MFD devices were the winner of the pandemic but decreased in 2023 (also due to the success in previous years). Laser MFD on the other hand did suffer

from decline during the pandemic (also due to people working from home, so businesses did not invest) but they could return to growth in 2023.

Telecom

2023 vs 2022 sales value growth overview:



For the full year 2023, the global smartphone market was stable, with a slight increase in revenue of +0.1 percent overall compared to 2022. However, demand was notably better towards the end of the year, with revenue for the last six months up +4.2 percent year-on-year.

It's not just in the half-year comparisons that we see significant differences. On a regional level, too, there were highly divergent performances with European regions delivering strong revenue growth, while developing regions struggled.

Smartphone market revenue trend by region 2023 vs. 2022:

+3.9%

Central & Eastern Europe

-5.9%

Emerging Asia (w/o China)

+2.0%

Western Europe

-3.7%

Latin America

+1.1%

Middle East & Africa

+0.6%

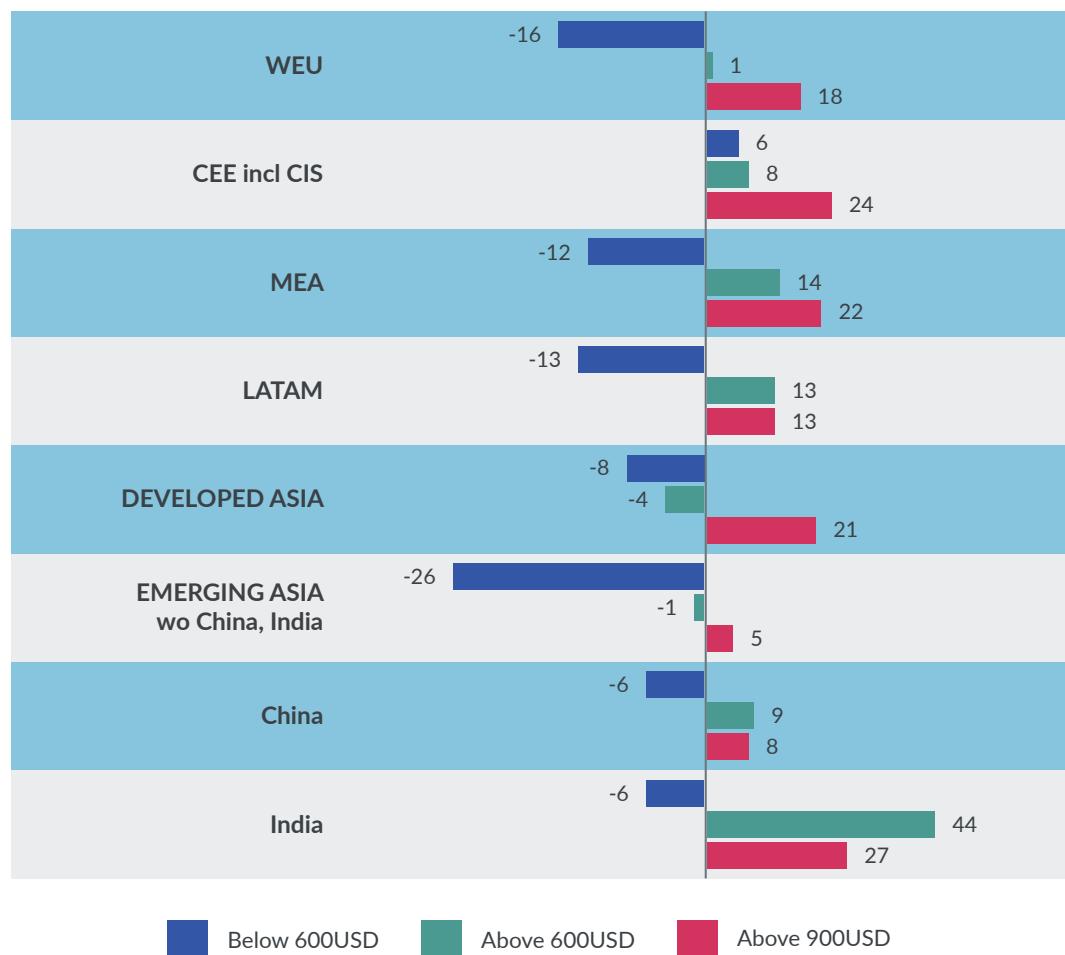
China

Globally, the average price paid for a new smartphone once again increased slightly in 2023 – up by 34 US dollars to 389 US dollars. This premiumization is driven by consumers wanting higher performance

phones, with the increased price of purchase rationalized by keeping their device longer before exchanging it.

**Smartphones: premiumisation seen across most regions.
The range above 900USD is contributing the most.**

Jan-Dec 2023, YoY, Sales Units total +/-%



Source: Market Intelligence Sales Tracking. Smartphones, International Coverage (excl. North America), Period: Jan-Dec 2023 vs 2022.

Overall, 5G models accounted for 81% of sales revenue last year (up from 75% in 2022), while share of smartphones with more than 512 GB of storage grew by 9 percentage points, and those with wireless fast charging grew by 5 percentage points.

This premium trend is expected to continue, possibly boosted by the integration of Generative AI, which could generate demand beyond regular replacement cycles.

06



Key Take-Aways + Recommendations

Although 2024 will continue to be challenging, current market dynamics point to full year growth in the region of +1% for Consumer Tech & Durables overall.

Brand perception

Brand strength continues to play a part in driving margins, especially during challenging times. In a year when value-consciousness is even higher on the agenda of consumers, they will wait for promotions or look for channels that offer optimal value for money before making key purchases. This, of course, does not offer the manufacturer or retailer the best margin.

This is where brand perception plays a key role. Strong brands generate positive perceptions among shoppers that go beyond merely meeting the core category

need. This allows them to charge a higher price, since consumers will balance a level of premium against their greater perceived trust in the brand and expectations of quality.

GfK sees brand perception as a function of 4 elements: mental availability, brand attachment, brand knowledge, and brand experience. The more knowledge that a brand gains on these elements, driven by the most robust and up to date data, the better poised it will be to influence and increase its brand perception.

	<p>Mental Availability If the brand easily comes to mind at the moment of purchase</p>
	<p>Brand Attachment How strong people's emotional connection is to the brand</p>
	<p>Brand Knowledge What people think about brand, its values and products</p>
	<p>Brand Experience Recency, quality & consistency of consumer experience</p>

Promotions

Promotions will continue to play an important role. Last year, 34% of all Consumer Tech and Durable revenue came from seven promotional events. Additionally, the spread of promotions is increasing, with those seven events covering an additional 4 weeks last year compared to 2019, and also more promotional events falling outside Q4.

Where we do expect to see change this year is in the intensity of discounting,

with brands wanting to drive sales, but needing to protect margins. We therefore anticipate more moderation in the size of discount offered, or perhaps different assortments being targeted for different promotion periods. China may be different, as drops in demand in that country could point towards some brands being more aggressive in their discounting than others.

Increased relevance of promotional events

TCG Sales: Event % of full year revenue in 2023



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America) - Weekly POS panel.

All weekly tracked categories across all weekly tracked countries; MAT=Moving annual total.

Period week 1 2022 – week 29 2023 with average considered for week 1-29; Christmas, New year (W50-2), BF, CyberMonday (W46-48), 618 ^ 11.11 (W 24,44,55), Apple event (W39,40), Prime Day (W28,41)

Channels

Physical availability continues to be all about omnichannel. Consumers expect brand experience to be seamless and consistent across their growing number of touchpoints, both digital and physical. Online and offline sales have now stabilized in terms of share, with internet

sales consistent at 36% of total market revenue for Consumer Tech & Durables over the last three years.

E-commerce vs traditional retail dynamics stable on post-COVID level

TCG: Online

Share: **36.1**
Growth: **-2.7%**

- █ YTD 2023
- █ YTD 2022
- █ YTD 2021
- █ YTD 2020

Western Europe



China



Developed Asia



LATAM



Middle East & Africa



Emerging Asia



Source: GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), USD (NSP) Value & growth 2023 vs 2022, CE incl. Multifunctional Technical Devices, SDA incl. Personal Diagnostics

Click and collect is increasing in terms of absolute value, while social commerce could grow in certain regions like China, with particular relevance for select categories like fashion and personal care.

For SDA, social e-commerce has increased its share of all online sales vs traditional online, and prices on this channel are close to traditional online.

Last year, social ecommerce accounted for 27% of all ecommerce sales of SDA in China, up from 16.8% in 2022. Added to that, in areas such as dental care, established global brands are being challenged on social commerce sites by Chinese brands that are bringing in 41% or more of their revenue from social ecommerce vs traditional ecommerce.

Consumers

Consumer confidence is cautiously improving, provided there are no further surprises or shocks. Sentiment could be largely positive pre-elections as current governments concentrate on delivering an optimistic outlook. That said, real wages are not increasing, and employment churn remains high because of technology changes and growth declines forecasted by companies. This will keep consumers relatively cautious in their spending behavior, throwing greater importance on the role that innovation will play in triggering consumers to make a purchase.

With all sectors continuing to face challenging conditions and a cautious consumer landscape, it is more important than ever to be able to unlock and

maximize the pockets of growth that do exist. That means knowing at a granular level where and what to innovate to maximise your share of consumer spending, tailored by region, audience, and product category. As we said at the start: by maintaining a laser-focus on the right target audiences, and creating offers that address those people's specific needs, aspirations and pain points, brands can drive revenue growth, even in a tough global market.

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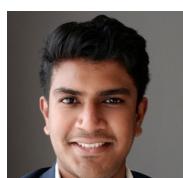
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