

ELECTRICAL GOODS RETAILING – GERMANY – 2020

The German electricals market is the largest in Europe, and one undergoing change as online becomes an ever bigger threat to stores.



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Report Content

EXECUTIVE SUMMARY

- Mintel's perspective

Market context

- Economy slows, but consumer spending holds up
- Ageing population presents opportunity and challenges
- Ageing population presents opportunity and challenges

Mintel predicts

- Spending on electrical goods continues to climb 14.7% by 2024
- Spending on electricals has been robust
- Spending on electricals has been robust
- Electrical specialist sales grow by 2% in 2019...
- ...but online-only players the big winners across the past five years
 - Graph 1: estimated share of total spending on electrical goods, by channel, 2015-19
- The challenge for stores is to combat online growth
- The challenge for stores is to combat online growth

What consumers want, and why

- Consumers want: a multi-channel experience
 - Graph 2: channels used to purchase electrical goods in the past year, November 2019
- Amazon the most popular retailer to purchase electrical goods
 - Graph 3: detailed retailers used to purchase electrical goods in the past year, November 2019
- Consumers want: competitive pricing
- Consumers want: competitive pricing
- Consumers want: more engaging product demonstrations
 - Graph 4: attitudes to product demonstrations, November 2019
- Consumers want: more engaging product demonstrations
- Consumers want: better service
- Satisfaction levels highest in range and pricing
 - Graph 5: satisfaction levels with the last electrical purchasing experience, November 2019
- Consumers want: new ways to buy
 - Graph 6: attitudes to augmented reality and in-store scanning, November 2019
- Consumers want: new ways to buy

Opportunities

- A friction-less shopping experience is crucial for multi-channel retailers
- Create a store environment customers want to visit
- Re-thinking the added service offering
- Tap into the changing idea of ownership

The competitive landscape

- MediaMarkt/Saturn account for just under a quarter of spending
- MediaMarkt/Saturn account for just under a quarter of spending
- Quick download resources

MARKET DRIVERS

- GDP growth slowest since 2013 in 2019
 - Graph 7: gross domestic product, current and price-adjusted, 2011-19
- GDP growth slowest since 2013 in 2019
- Disposable income growth is positive for the electricals market
 - Graph 8: real wage growth – inflation vs disposable income, 2015-19
- Disposable income growth is positive for the electricals market
- Cheaper alternatives driving down the cost of smartphones
 - Graph 9: consumer prices of electrical goods, annual % change, 2014-19
- Cheaper alternatives driving down the cost of smartphones
- An ageing population will shape the retail landscape
 - Graph 10: population structure and forecasts, 2014-24
- An ageing population will shape the retail landscape
- Half of German households rent
 - Graph 11: breakdown of population aged 18-64 by tenure status, 2014-18
- Half of German households rent

MARKET ACTIVITY

Market size and forecast

- Spending on electrical goods continues to climb, up 2.9% in 2019
- Audio-visual and computers make up half of spending
 - Graph 12: breakdown of estimated consumer spending on electrical goods, 2019.
- Detailed spending breakdown
- Spending on phones continues to climb
- Handset sales forecast to have picked up in 2019

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- Further adoption of 4K could boost spending in audio-visual
- Further adoption of 4K could boost spending in audio-visual
- Strong demand for voice controlled speakers

Specialist sector size and forecast

- Specialist sales slow as online grows
- Specialist sales slow as online grows
- Electrical specialist sales grow by 2% in 2019
 - Graph 13: total retail sales of electrical goods specialists, 2015-19
- Electrical specialists account for just under 5% of all retail sales

Channels of distribution

- Specialists still account for half the market
 - Graph 14: estimated distribution of total spending on electrical goods, 2019
- Online-only players the big winners across the past five years
 - Graph 15: estimated share of total spending on electrical goods, by channel, 2015-19

WHAT CONSUMERS WANT, AND WHY

Electrical products purchased

- Mobile phone most popular purchase
 - Graph 16: electrical goods purchased in the past 12 months, November 2019
- Younger consumers more likely to purchase technology...
 - Graph 17: technology purchases, by age, November 2019
- Younger consumers more likely to purchase technology...
- ...whilst appliance purchasing peaks among older shoppers
 - Graph 18: household electrical goods purchased in the past year, by age, November 2019
- ... whilst appliance purchasing peaks among older shoppers
- VR purchasing remains limited, but the hardware continues to innovate
- Low earners less likely to purchase appliances, opening up rental opportunities
 - Graph 19: electrical appliances purchased in the past year, by monthly income, November 2019
- Low earners less likely to purchase appliances, opening up rental opportunities
- Repertoire of types of products purchased
 - Graph 20: repertoire of types of electrical products purchased in the past year, by age, November 2019

How they shop

- More consumers have shopped online than in-store in the past year
- Just under one in five shopped via mobile
 - Graph 21: channels used to purchase electrical goods in the past 12 months, by detailed online use, November 2019

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- 25-34s most likely to shop via smartphone
- Channels used to shop by age
 - Graph 22: channels used to purchase electrical goods in the past year, by age, November 2019
- 16-24s more likely to head into store
- 16-24s more likely to head into store
- However to capitalise on this stores need to ensure they offer high quality service
- Younger shoppers more likely to seek online advice in-store
 - Graph 23: "I am more likely to look up reviews/advice in electrical stores on my smartphone than ask staff for help", agreement by age, 2019

Retailers shopped with

- Store-based and online-only players equally popular
 - Graph 24: types of retailers used to purchase electrical goods in the past 12 months, November 2019
- Amazon the most popular retailer to purchase electrical goods
 - Graph 25: detailed retailers used to purchase electrical goods in the past year, November 2019
- Apple Store attracting a much younger age of shopper
- Amazon has mass-market appeal
- Amazon Prime integral to Amazon's appeal
- Amazon Prime integral to Amazon's appeal
- Most electrical buyers shopped with just one retailer...
- Most electrical buyers shopped with just one retailer...
- ...and under half just shopped with Amazon in the past year

Satisfaction with the shopping experience

- Satisfaction levels highest in range and pricing
 - Graph 26: satisfaction levels with the last electrical purchasing experience, November 2019
- Despite online being the dominant channel, the in-store experience is still important
- Despite online being the dominant channel, the in-store experience is still important
- Even if they order online, in-store demonstrations are still important
 - Graph 27: attitudes towards in-store demonstrations, November 2019
- Even if they order online, in-store demonstrations are still important
- Key driver analysis: Amazon
- Range and pricing still key to Amazon's success
- Key driver analysis: MediaMarkt/Saturn
- MediaMarkt/Saturn strong on staff knowledge

Attitudes to buying electrical goods

- Electricals is a category which is promotion driven
 - Graph 28: attitudes to pricing and incentives to buy electricals, November 2019

- More leasing services can appeal to growing demand for 'temporary' ownership
 - Graph 29: attitudes towards price and incentives to buy electricals, by age, November 2019
- More leasing services can appeal to growing demand for 'temporary' ownership
- Younger shoppers more likely to influenced by added extras
- Younger shoppers more likely to influenced by added extras
- Over a third would like to see more offer AR features
 - Graph 30: attitudes to augmented reality and in-store scanning, November 2019
- Younger shoppers far more interested in AR
 - Graph 31: attitudes towards AR and in-store scanning, by age, November 2019
- Younger shoppers far more interested in AR

RETAILER ACTIVITY

Leading Retailers

- MediaMarkt/Saturn the market leading electrical specialists
- MediaMarkt/Saturn the market leading electrical specialists
- Notebooksbilliger looks to physical retail to further expand
- Leading retailers: revenues
- Leading retailers: store numbers
- Leading retailers: sales per outlet
- Amazon is estimated to be market leader
- Amazon and eBay GMV sales

Market share

- Market shares: Amazon growing strongly
- MediaMarkt/Saturn accounts for a quarter of spending
 - Graph 32: estimated share of total spending on electrical goods, by leading retailers, 2019
- Detailed market shares

Online

- 92% of online users have shopped online in the past year
 - Graph 33: online purchases made in the past year, June 2019
- 92% of online users have shopped online in the past year
- Online continues to grow its share of all retail sales
 - Graph 34: online retail sales and online sales as a percentage of all retailing, 2015-19
- Online continues to grow its share of all retail sales
- A quarter of spending on electricals now comes online
 - Graph 35: online electrical goods sales, 2015-19

Retail innovation

- Challenging the perception of ownership
- Investing in services
- Marketplace key to Amazon's success
- Amazon continues to add products to its consumer electronics output
- Closing the electricals loop

APPENDIX

Appendix – products covered, abbreviations and consumer research methodology

- Products covered in this Report
- Mintel retail definitions
- Abbreviations
- Consumer research methodology
- Key driver methodology
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Appendix – sector/market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Total consumer spending on electrical goods – value, central forecast
- Total consumer spending on electrical goods – value, best and worse outcomes

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