

ELECTRICAL GOODS RETAILING – GERMANY – 2022

Challenged by the rise of online-only retailers, electrical goods specialists should focus on omnichannel opportunities in experiential retail and health tech.



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Electrical Goods Retailing - Germany - 2022

This report looks at the following areas:

- Impact of COVID-19 on the electrical goods retail sector
- Impact of supply chain and inflationary pressures on the sector
- Significance of key consumer trends (eg health and wellbeing, convenience)
- Rise in popularity of online retailing and shopping via smartphone
- Importance of sustainability to the sector



Challenged by the rise of online-only retailers, electrical goods specialists should focus on omnichannel opportunities in experiential retail and health tech.

Overview

Of German shoppers that purchased electricals, **27% did so online through a smartphone** in the last 12 months, a **nine percentage point increase** since 2019. This indicates the potential for retailers to drive further sales growth via this channel – **ease of navigation will be key to a shopping app's success** here, particularly where less tech-savvy German shoppers are concerned.

Inflation and rising prices will affect the ability of German consumers to spend on electricals; as a largely discretionary category, consumers that are under pressure financially will likely reduce spending on non-essentials like entertainment electronics and smart home tech devices.

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The rise of online-only retailers such as Amazon has had a challenging impact on traditional specialist retailers with physical stores; this has necessitated business restructuring by some specialists eg Conrad Electronic.

With consumers becoming increasingly interested in retail products that benefit their health and wellbeing, there are valuable opportunities for retailers to respond by tapping into the **health techspace**. Of those shoppers that purchased electricals, **47% say that they are more interested in purchases that benefit their wellbeing now compared to before the COVID-19 outbreak**, and electricals retailers and brands are well positioned to offer health and wellbeing solutions.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for the electrical goods retail market

Market context

- Inflation rates are impacting the cost of living in Germany
- Germany's population is ageing steadily
- The online channel is booming

Mintel predicts

- Market size & forecast
- Sales at specialists declined marginally in 2021
 - Graph 1: retail value sales (€bn, excluding VAT) at electrical goods specialists, 2015-21
- Consumer spending on electrical goods is expected to increase

Opportunities

- Focus on experiential retail to encourage in-store shopping
- Explore more sustainable retailing options...
- ...and explore partnerships with refurbished goods marketplaces
- Utilise health technology to boost physical and mental wellbeing

The competitive landscape

- Specialists are struggling to compete with online-only retailers
- Leading specialists are estimated to account for 41% of consumer spending on electricals
 - Graph 2: leading specialists' retail sales as a % of estimated total consumer spending on electrical goods, 2021
- Quick download resources

MARKET DRIVERS

- German economy hit hard by COVID-19 disruptions
- Strong post-COVID-19 bounceback followed by a period of slower growth
 - Graph 3: key economic data, in real terms, 2019-23
- The impact of the economy on the market

eCommerce

- Online is the most popular sales channel for electrical goods...

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- ...and was boosted significantly by the COVID-19 pandemic
- Physical stores continue to face challenges

Population demographics

- Germany has an ageing population...
 - Graph 4: population structure by age, 2020-30
- ...and this will impact the electrical goods retail market

Housing

- Home ownership rates are rising across Germany
 - Graph 5: home ownership rate, 1998-2018
- Tenants usually purchase their own appliances and furniture

MARKET ACTIVITY

Sector size

- Specialists declined slightly in 2021
 - Graph 6: retail value sales (€bn, excluding VAT) at electrical goods specialists, 2015-21
- Specialists declined slightly in 2021
- The electrical goods market in Germany achieves growth in 2021

Market size and forecast

- Total consumer spending on electrical goods declined slightly in 2021
 - Graph 7: consumer spending on electrical goods*, 2015-21
- Detailed consumer spending breakdown
- Consumer spending on electricals is projected to grow in the medium term
- Consumers are exerting caution when spending...
 - Graph 8: changes to usual spending habits compared to before the COVID-19 outbreak, by category, 2022
- ...with some categories feeling the impact more than others

Channels of distribution

- The online channel is increasing its market share

WHAT CONSUMERS WANT, AND WHY

Electrical products purchased

- Consumers are purchasing fewer electricals than they did in 2019
 - Graph 9: electrical/electronic products purchased in the last 12 months, 2021
- Some categories have declined more than others
- Younger shoppers are more likely to purchase electrical products...

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- Graph 10: electrical/electronic products purchased in the last 12 months, by generation, 2021
- ...but the generational difference in some categories is more pronounced than in others
 - Graph 11: electrical/electronic products purchased in the last 12 months, by generation, 2021
- Leverage the benefits of electrical goods to respond to the wellness trend
 - Graph 12: electrical/electronic products purchased in the last 12 months, by reasons for purchasing these products, 2021
- Leverage the benefits of electrical goods to respond to the wellness trend

Purchasing methods

- Online trumps in-store shopping
 - Graph 13: methods by which electrical/electronic products were purchased in the last 12 months, NET, 2021
- Emphasise the benefits of shopping in physical stores
- Target men that buy more types of electrical products than women
- Laptop/desktop purchasing faces competition from other online methods
 - Graph 14: methods by which electrical/electronic products were purchased in the last 12 months, 2021
- Capitalise on the popularity of purchasing via smartphone
- Electricals shoppers show a preference for purchasing directly from the retailer
 - Graph 15: methods by which electrical/electronic goods were purchased via smartphone/tablet in the last 12 months, 2021
- Explore opportunities in social commerce to appeal to younger consumers

Retailers shopped at

- Amazon enjoys a significant lead on other major retailers
 - Graph 16: retailers from which electrical/electronic products have been purchased online/in-store in the last 12 months, 2021
- Retailer engagement dropped during the pandemic
- Amazon is enduringly popular amongst German consumers
- Online-only retailers are hot on the heels of specialists
 - Graph 17: retailers from which electrical/electronic products have been purchased online/in-store in the last 12 months, NET, 2021
- Usage of online-only retailers is higher across certain product categories
 - Graph 18: electrical/electronic products purchased in the last 12 months, by retailer from which electrical/electronic products have been purchased online/in-store in the last 12 months, NET, 2021
- Appeal to younger shoppers that use multiple retailers for their electronics needs
 - Graph 19: repertoire of electrical/electronic goods retailers shopped at (in-store and online)* in the last 12 months, 2021

Factors which encourage the selection of one retailer over another

- Be cognizant of the factors that sway shoppers
 - Graph 20: factors which encourage the selection of one electrical goods retailer over another, 2021
- Some factors are important to shoppers of all generations...

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- Graph 21: factors which encourage the selection of one electrical goods retailer over another, by generation, 2021
- ...whilst others are impacted by differing generational needs
- Graph 22: factors which encourage the selection of one electrical goods retailer over another, by generation, 2021
- Offer high-quality product demonstrations in physical stores
- Provide expert advice to older electricals shoppers
- Focus on making free delivery possible
- Remain competitive by offering price match guarantees as well as free delivery

Reasons for purchasing electrical goods

- The replacement of old products is the major purchase driver for electronic goods
- Graph 23: reasons for which electrical/electronic products have been purchased in the last 12 months, 2021
- Upsell to consumers that are looking to replace old products
- Equip shoppers with tools to make their lives easier
- Promote self-care through electronics...
- ...and cater to younger consumers that are motivated by wellbeing
- Consider the potential offered by wearable technology

Consumer behaviours in relation to purchasing electrical goods

- Consumers are becoming more interested in products which benefit their wellbeing and make life easier
- Graph 24: consumer behaviours in relation to purchasing electrical/electronic products, 2021
- Respond to consumer interest in smart home technologies...
- ...and tap into multiple trends at once
- Target men that are now confident in purchasing electricals via smartphone
- Target men that are now confident purchasing electricals via smartphone
- Optimise the online shopping experience to drive growth...
- ...and provide convenient and flexible shopping solutions to customers
- Demonstrate a tangible commitment to providing consumers with sustainable solutions

RETAILER ACTIVITY

Leading specialist retailers

- MediaMarkt/Saturn is the leading electrical goods specialist in Germany
- Leading electrical goods specialists

Market share

- Leading specialists are estimated to account for 41% of consumer spending on electrical goods
- Graph 25: leading specialists' retail sales as a % of estimated total consumer spending on electrical goods, 2021

Online

- The online channel in Germany has grown exponentially...

- ...and is now the preferred sales channel for electricals

Retail innovation

- Dyson dabbles in luxury retail
- MediaMarkt encourages consumers to give products 'a second life'
- Online-only retailer Coolblue experiments with a physical format
- Amazon launches a trade-in service for electricals

Advertising and marketing activity

- MediaMarkt steps into the kitchen
- Conrad Electronic is educating its customers
- Expert highlights the approachability of its staff

APPENDIX

Appendix – products covered, abbreviations and consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – TURF Analysis methodology

- TURF Analysis methodology

Appendix – CHAID Analysis methodology

- CHAID Analysis methodology

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value

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