

THE NEW TECH SAVVY

Global Consumer Electronics in the
Post-COVID-19 World



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Summary of a study conducted by gfu, organizer of the IFA Berlin, the world's largest
Consumer and Home Electronics trade fair, and Oliver Wyman

Consumers are more confident using electronic devices and sharing their data, after COVID-19 restrictions highlighted the benefits of technology, research by OW and gfu shows. People also now have different — and greater — expectations of corporations than before, giving consumer electronics makers new opportunities and responsibilities.

To measure these changes, Oliver Wyman and gfu jointly talked to experts, conducted secondary research, and surveyed more than 2,500 consumers in six countries: China, France, India, Germany, Russia, and the United States. They asked: Which long-term impacts did COVID-19 have on the consumers' mindsets? And what do the changes mean for brands and manufacturers of durable products?

The responses: COVID sparked lifestyle changes in many parts of the world, most notably a work-from-home culture. This led to widening uptake and understanding of technology solutions such as videoconferencing. People became both more confident with and more aware of the electronic objects in their homes.

Another contribution came from public health programs, such as vaccinations and the subsequent corona certificates, which were often administered through smartphones. This demonstrated the benefits of sharing personal data and made people more open to it when they see a tangible benefit. More broadly, consumers appreciated how manufacturers helped cope with the pandemic and now have greater expectations for corporations' contributions to society.

Consumers' feelings and attitudes could be divided into five dimensions:

- **Emotions:** Most people are spending far more time at home, including while they work, and they have built emotional relationships with the electronic objects they work with and that surround them.
- **Skills:** People have become more adept at using digital systems, in particular smartphones and video conferencing.
- **Trust:** While concerns over privacy and data protection persist, people have become more open to sharing personal data and to signing contracts online.
- **Desires:** The pandemic has made people more flexible — with regards to where they work and live, as well as in their openness to pay-per-use models of product use.
- **Expectations:** Manufacturers were active in the pandemic response, and consumers' expectations have risen for companies to contribute to society.

The following pages describe the impacts in more detail.

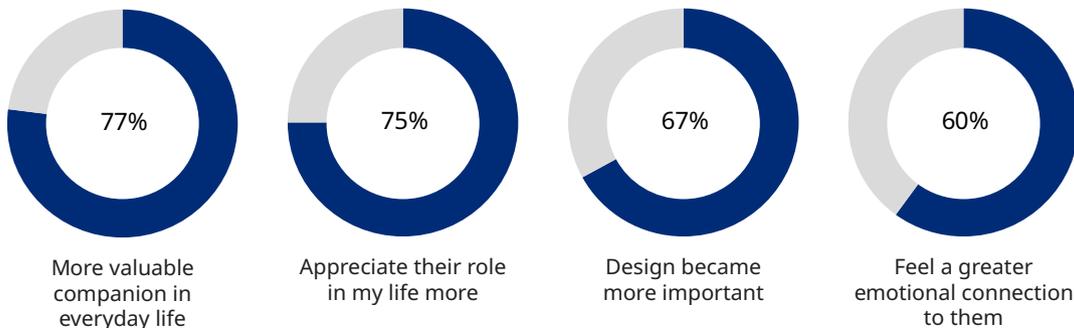
EMOTIONS: COCOONING WITH OUR ELECTRONIC COMPANIONS

Most people are spending far more time at home than before the pandemic, and they expect to continue to do so. Respondents indicated an increase of 10% in the central importance of home in their lives, with the biggest rise in the US. Consumers have also built stronger emotional relationships with the objects surrounding them at home: 75% appreciate the role of electronic devices more than they did before, and 60% feel more emotionally attached to them.

People are also placing more importance on how those objects look: Two-thirds said that design has become a more important factor in a purchase. German respondents are particularly aware of product design but less emotionally attached to the devices than people from all the other countries. For brands this is a chance to differentiate themselves by playing up the more emotional side of their products — starting from the design.

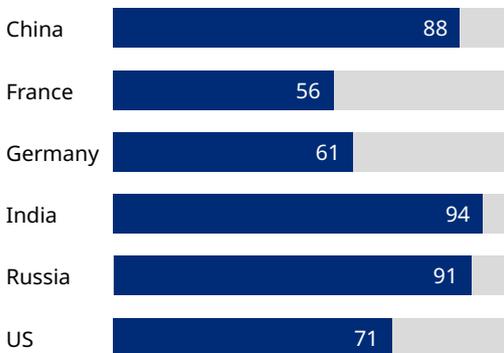
Exhibit 1: “New work” and the role of home

Percentage of change of attitude towards technology at home during the pandemic

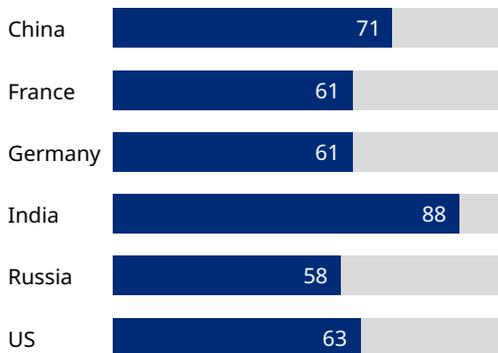


Percentage of respondents by country that agree to:

Appreciate technical devices more as companions in their everyday life today



Pay more attention to the design of technical devices today



Source: Consumer survey Oliver Wyman

SKILLS: DIGITAL BOOTCAMP FOR ALL GENERATIONS

Digital technology became a larger part of everyday life during the pandemic, due to the role of everything from corona apps to video conferencing. More than half the survey respondents indicated that their appreciation of technology grew, and especially older people are now more familiar with digital devices. The leap was particularly big in India, where 69% agreed with this, as well as China, where 79% agreed, indicating the appetite for new technology in emerging markets.

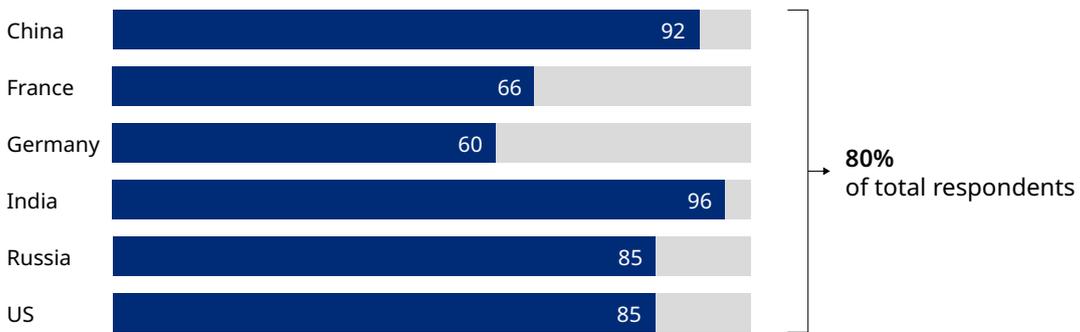
In particular, 80% of consumers have become more adept at using smartphones and 69% at video conferencing. The strongest increases for video conferencing came in India (89%) and China (79%). Curiosity over technology also rose: In Germany, searches for “QR code” were four times higher in the third quarter of 2021 than in 2019.

The rise in skills is an opportunity for manufacturers to rethink features and technologies that were previously rejected by consumers, such as augmented reality features in their devices, such as QR codes for pairing a physical device with an app. They could also consider digitally driven sales and aftersales through chatbots.

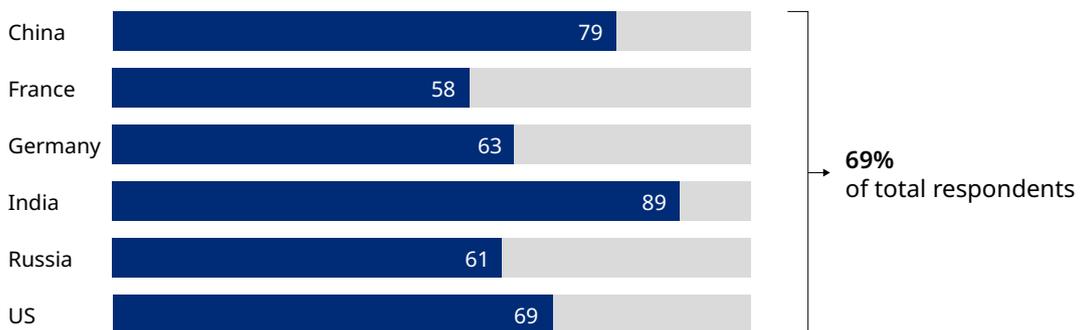
Exhibit 2: Regular use of technology in everyday life

Percentage of respondents more adept in use of:

Smartphones



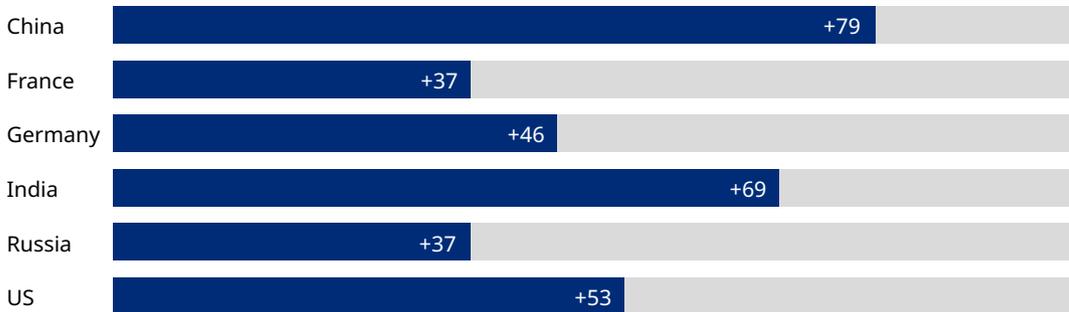
Video conferencing



Source: Consumer survey Oliver Wyman

Exhibit 3: Understanding of technology

Percentage of positive development regarding the use of technology in everyday life (2019–2021)



Source: Consumer survey Oliver Wyman

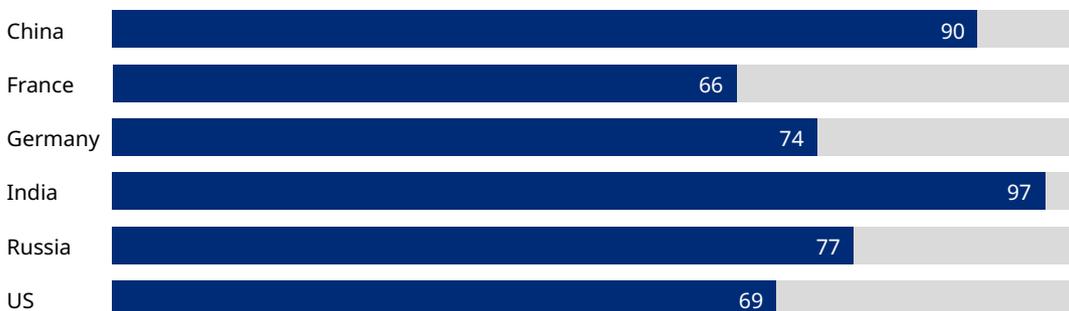
TRUST: GREATER APPRECIATION OF THE BENEFITS OF DATA SHARING

Europeans, especially, are still concerned about privacy and data protection. But they became more open to sharing personal data during pandemic restrictions, when they used smartphones to display their vaccination status and test results to access venues and cross borders. Of all respondents, 79% said they have become more willing to share personal information, if they gain some kind of benefit as a result. Even 74% of the traditionally wary Germans agreed. At the same time, 57% of respondents felt that data protection rules make digital services more complicated. The people that most agreed with this were the Germans and Indians.

The greater openness extends to online contracts: 68% of consumers said they are more comfortable than before concluding legally binding agreements digitally. These include purchases, as well as subscription and other services. That said, almost 60% of consumers think that data protection rules often make the use of products and services more complicated. Overall, the shifts could make it easier to have customers register themselves and their products — so long as they see a tangible benefit.

Exhibit 4: Data privacy — agreement to statement

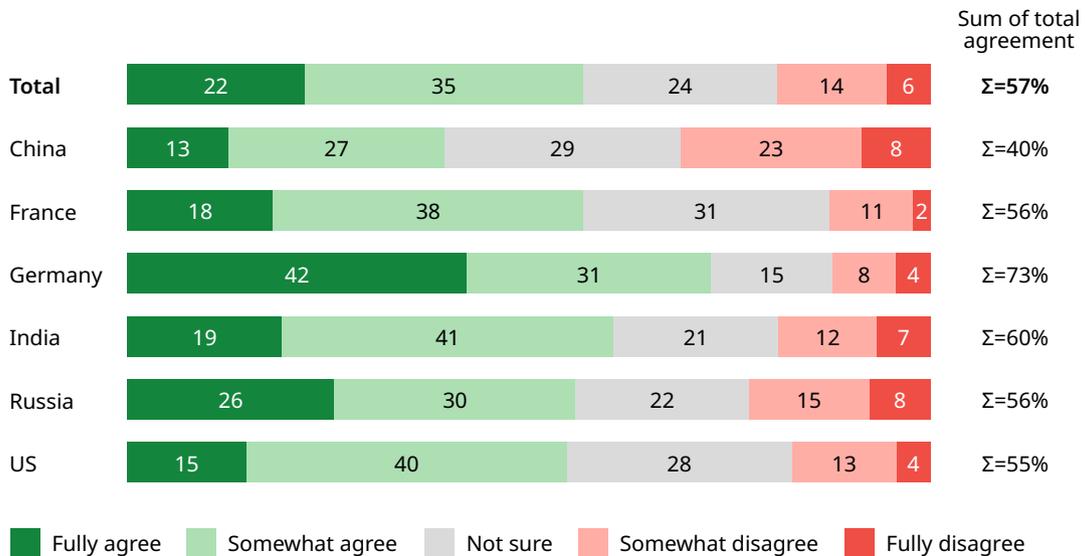
I am willing to have relevant documents stored electronically more often in the future



Source: Consumer survey Oliver Wyman

Exhibit 5: Data privacy — agreement to statement

I believe that data protection rules make services more complicated to use



Source: Consumer survey Oliver Wyman

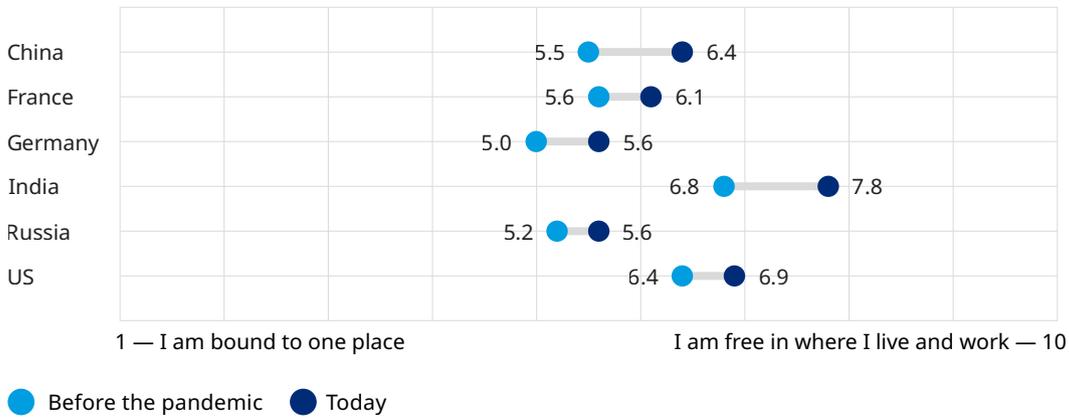
DESIRES: USING NOT OWNING

Pandemic restrictions led to some new freedoms and flexibility, in particular in work patterns. Asked to rate how free they feel in where they work and live, scores increased in all six countries — by 10% on average and 18% in China. Germans — whose typical long-term employment has made them relatively reluctant to move — have become more mobile too, with 12% saying they feel free in their location.

A more-flexible mindset may also be driving greater interest in pay-per-use models of product use. For mobility, 58% of consumers are interested, for appliances 35%, consumer electronics 36%, and tools and garden equipment 56%. However, there are strong regional gaps. In the two emerging markets, China and India, 80% or more of respondents were interested in these sharing models. Germany had a high level of interest in sharing gardening equipment, at 60%. If they are to benefit from consumers’ new openness to sharing appliances and other goods, makers still need to figure out attractive commercial and operational models.

Exhibit 6: What impact did the pandemic have on where you live and work?

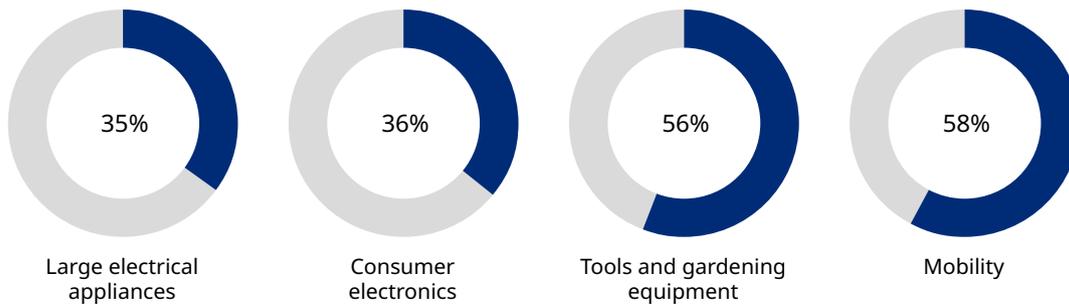
On a scale of 1 to 10



Source: Consumer survey Oliver Wyman

Exhibit 7: Sharing and ownership models

Which sharing concepts are interesting for you?



Source: Consumer survey Oliver Wyman

EXPECTATIONS: MANUFACTURERS SHOULD SOLVE — NOT CREATE — PROBLEMS

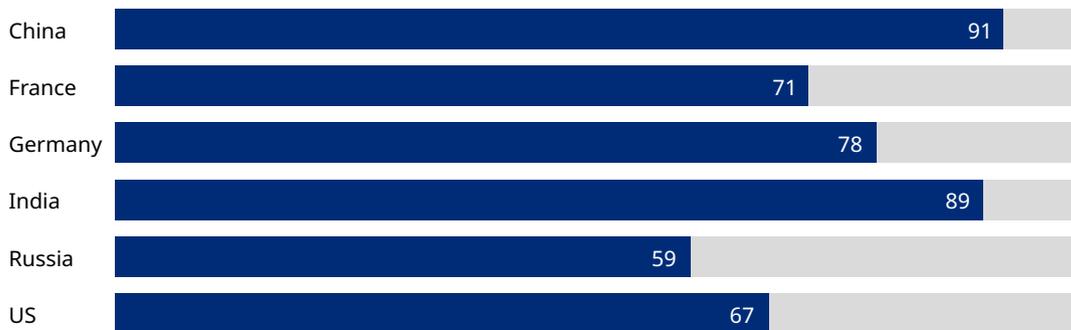
Soon after the pandemic broke out, manufacturers sprang into action. Fast-moving-goods companies used their production facilities to make masks and disinfectants, while makers of durable products started to build air cleaners. Perhaps as a result, the relevance to society that consumers assign to companies has increased by an average of 11% compared to before the pandemic. Now, 82% of consumers consider companies responsible for fighting climate change and 76% for improving social justice.

This attitude translates directly into consumer choices: 75% of those surveyed said they pay attention when making a purchase to whether the brand or manufacturer makes an active contribution to social justice and environmental protection. Consumers in China (91%), India (89%) and Germany (78%) are most aware of these issues.

Consumers have learned that there are problems that can only be solved as a society, and they regard manufacturers as central players in the solutions. Sustainability and social justice must therefore be more than just marketing phrases. They must become part of every company's DNA.

Exhibit 8: Role of companies and brands in society

Agreement to statement — I prefer to buy from manufacturers that actively contribute to social justice and environmental protection



Source: Consumer survey Oliver Wyman

WHAT DOES IT MEAN FOR BRANDS AND MANUFACTURERS?

In the post-pandemic world, there are now many visible, measurable behavioral changes, and it is important for companies to grasp the underlying shifts in consumer mindset. Just as the pandemic has hit global regions differently, it also had a variety of impacts on consumers' feelings and attitudes. Brands and manufacturers have to be aware of these changes and to adjust their products, services, and marketing accordingly.

About this study

For this study, Oliver Wyman, in cooperation with gfu, surveyed over 2,500 consumers in six countries (China, France, Germany, USA, India and Russia). All respondents were the decision-makers in their households when it comes to purchasing consumer electronics and appliances. The objective of the survey, which was conducted in August 2021, was to find out how consumers' understanding of technology and their preferences had changed as a result of the pandemic's impact on their lifestyles. It also aimed to understand the extent to which manufacturers in the home electronics industry are succeeding in meeting these needs.

About Oliver Wyman

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation.

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About gfu

Founded in 1973 as the Society for the Promotion of Consumer Electronics in Germany, gfu organizes the IFA and operates under the name of gfu Consumer & Home Electronics GmbH. Many leading brands in the consumer electronics and home appliance industries have partnered with gfu. Our goal is to organize trade fairs and provide information about the trends and developments in the industry. To this end, gfu regularly commissions and publishes studies, conducts market research, and publishes press releases.

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