

GfK: Europeans Turn to CE During Lockdown

Written by Marco Attard
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According to GfK, the current lockdowns have led to consumers buying of all manner of CE, from PCs and notebooks to TVs and gaming consoles, as Europeans look for means to both work and play during the coronavirus (aka Covid-19) pandemic.



However, one has to keep in mind many stores are closed, and online sales cannot fully offset the "significant" losses in the big 5 European markets-- Great Britain, Germany, France, Spain and Italy. That said, GfK points out consumers are looking for means to cope with life during this "new normal," and retailers and manufacturers need to understand what purchases are preponed and postponed in order to secure the relevant and essential assortment.

In terms of "extraordinary" sales spikes, working from home has driven up sales of monitor (120% Y-o-Y), printers (68% Y-o-Y), notebooks (62% Y-o-Y) and keyboards (61% Y-o-Y) in the 5 major European markets during the 4 weeks starting from 7 March to 5 April 2020 (weeks 11 to 14 of the pandemic). Webcams see the biggest sales growth at 297% Y-o-Y. Meanwhile the stockpiling of groceries has led to more purchases of freezers and refrigerators. In Great Britain, freezer sales are up by 317% Y-o-Y, and in Germany such sales are up by 185% Y-o-Y. France also sees freezer sales growth of 44% Y-o-Y.

As one can imagine, the need for entertainment at home has accelerated tech sales. Great Britain sees TV sales spike by 31% Y-o-Y during 9 March - 5 April, as consumers add cheaper extra TVs to cope with different viewing habits. Gaming console sales are up by 259% Y-o-Y in Great Britain, 139% Y-o-Y in Germany, 132% Y-o-Y in France, 108% Y-o-Y in Spain and 65% Y-o-Y in Italy, while gaming notebooks see "robust" double-digit growth ranging from 33% Y-o-Y in Italy to 92% in Spain. Gaming notebooks outperform the non-gaming kind in terms of unit

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growth rates in Germany, France and Spain.

Online sales are up by nearly 100% in the week commencing 30 March in the 5 biggest European markets. However, such a leap cannot compensate for the losses in physical retail stores, and as such the overall market is down by -14% Y-o-Y. GfK says online sales need to grow by 400% to offset complete store closures, and purchases are a long way from such a figure. For instance, online retail wins in Italy compensate for just 30% of the losses of traditional retailers.

What will happen next? The analyst says we are currently in the "Adapt" phase, where consumers stay at home and look to create better experiences, be it through eating, entertainment or well-being. What follows is store reopenings, and consumers should release the pent-up demand for items they held off buying such as large home appliances or smartphones. Finally the world reaches a "new normal" of difficult economic environments and tighter consumer budgets. Retailers and vendors need to adapt to such a situation, even as digital services like click & collect, online ordering and digital payment systems will experience sustainable growth, thanks to customers getting used to the benefits of such solutions.

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