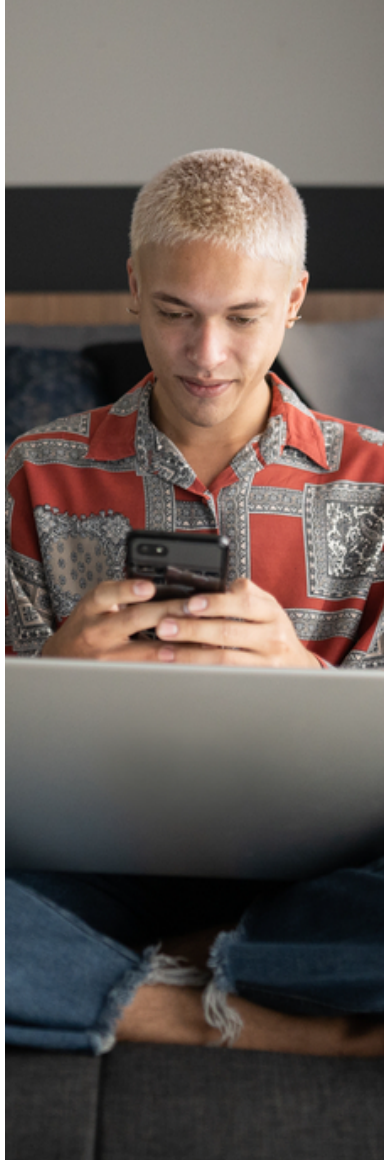


NielsenIQ



**Innovate to
elevate: Driving
Tech & Durables
spending
in 2025**



Welcome from Julian Baldwin

In the face of a mixed economic climate, now is the perfect time for T&D companies to ignite fresh innovation and carve out a market edge. History demonstrates that businesses investing in innovation during slower periods not only gain a short-term advantage but also surge ahead significantly when economies rebound.

This report delves into the key developments that T&D manufacturers and retailers should focus on in 2025 to drive both volume and value growth. It harnesses the very latest analysis and projections of our leading experts across our Tech & Durables, Innovation, Consumer Behavior, Omnichannel, and Market Measurement teams. What that means for you is a report that truly delivers [the Full View](#) on product, touchpoint, and business model innovations and how to meet consumers' needs in these areas.

At NIQ, we enable our clients not only to track and benchmark their ongoing performance, but also to understand and simulate future performance outcomes. T&D companies that leverage our data and analysis to make smart, relevant, forward-focused innovation decisions will position themselves powerfully for future performance.

I hope you'll find this report as insightful as I do.



Julian Baldwin
President, Tech & Durables



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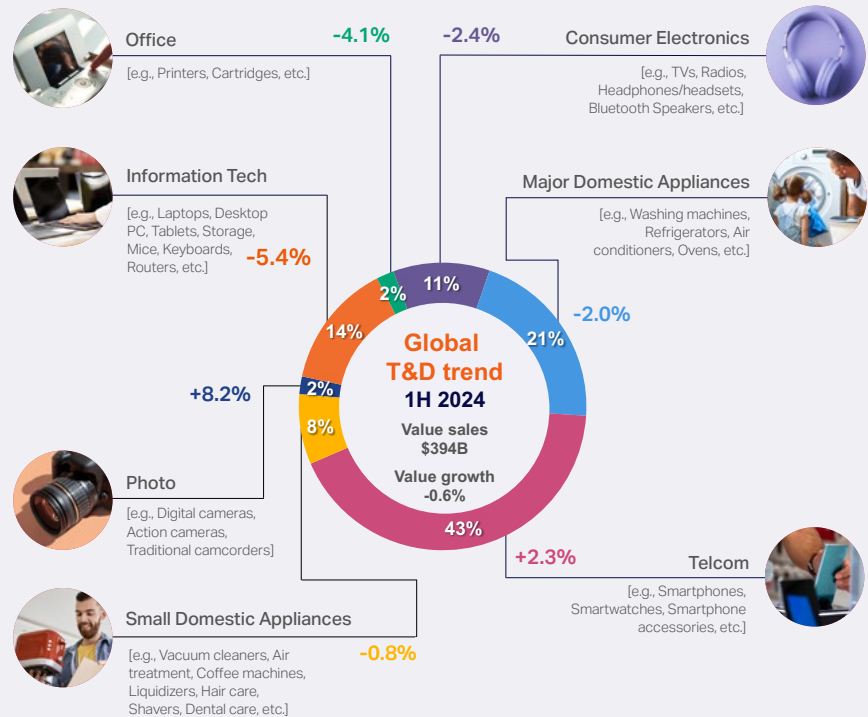
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The Tech & Durables market today

Consumer behavior is shifting as inflation falls and prices stabilize in many markets worldwide. Many people are now [moving from cautious to intentional spending](#). But even amid these positive macroeconomic trends, the first half of 2024 presented a mixed picture for the Tech & Durables (T&D) industry: As consumers opened their wallets—and closely watched prices—sales volumes increased **1%** year over year, while revenues slipped **1%**.

Uneven Tech & Durables growth in 2024

Global Tech & Durables sales share and growth rate by department: 1H 2024
(Excluding North America)



Source: NIQ GfK Market Intelligence Sales Tracking, Global coverage excluding North America, Sales share and % growth of NSP = non-subsidized price reflected in U.S. dollars, Jan. – Jun. 2024 vs. previous year. Note: Consumer Electronics includes Multifunctional Technical Devices; Small Domestic Appliances includes Personal Diagnostics; and Major Domestic Appliances includes Air Conditioners.



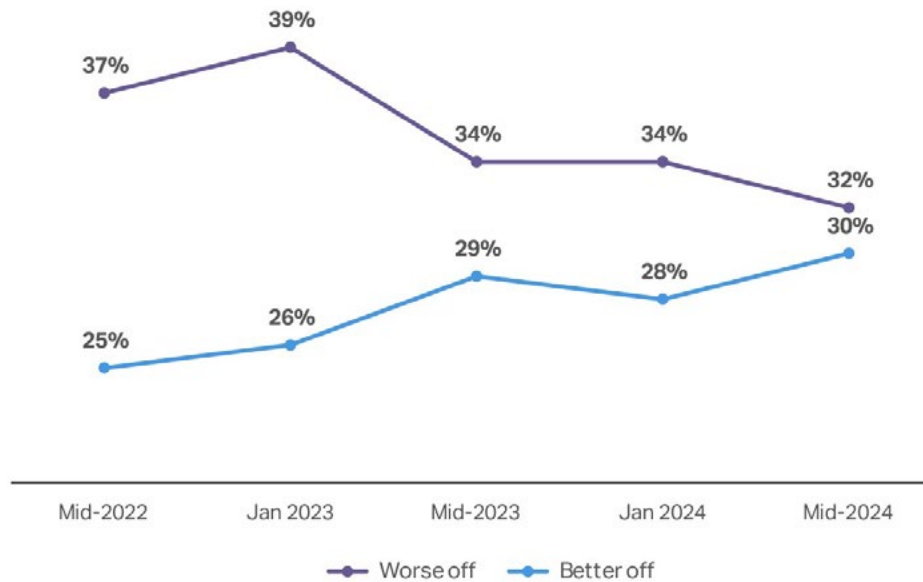
In this slow, complex market, product manufacturers and retailers are questioning how best to drive sales volumes and revenues. The answer lies with the *right* innovation—innovation that meets consumers’ demand triggers and value perceptions head-on.

Reaching consumers successfully will depend upon a carefully designed approach. “People have heightened expectations for efficacy in what they purchase, but they are simultaneously gravitating toward perceived discount options,” says [Norbert Herzog](#), head of global strategic insights for T&D at NIQ. “This isn’t to say that shoppers are averse to spending more, but rather that you’re going to have to prove to them what makes your product or service ‘premium’, on a level that speaks deeply to them and their unique needs.”

By mid-2024, many consumers’ financial pressures had eased a little from the heights of inflation, raising the prospect of discretionary spending. But their outlook remains nuanced. Globally, [three in 10 people felt better](#) about their financial position than a year earlier. The percentage feeling worse off than 12 months earlier continues to decrease, but nearly one-third (**32%**) of consumers still hold this view—a problem particularly entrenched in Europe, as can be witnessed in subdued sales.

Consumers are showing signs of financial resilience but can’t escape the cost-of-living crisis entirely

Consumer financial position sentiment year over year (% respondents)



Source: NIQ 2024 Mid-Year Consumer Outlook, Global, vs. previous studies. Q: Compared to a year ago, is your household better off or worse off financially? Note: In China, verbiage reflects change in “management of spending.”

While sales figures for the T&D industry have varied across sectors through 2024, overall performance has rebounded from the post-COVID slump, heightening the likelihood of an improved 2025.

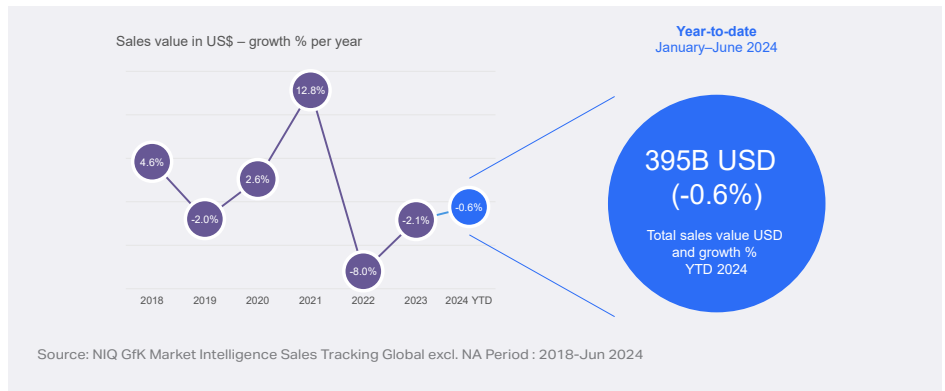


“People often question if they need to upgrade or replace devices quickly, especially if the innovation step is less visible.”



—*Jan Lorbach, Senior Director of Strategic Insights, NIQ*

TCG shows steady post-pandemic recovery



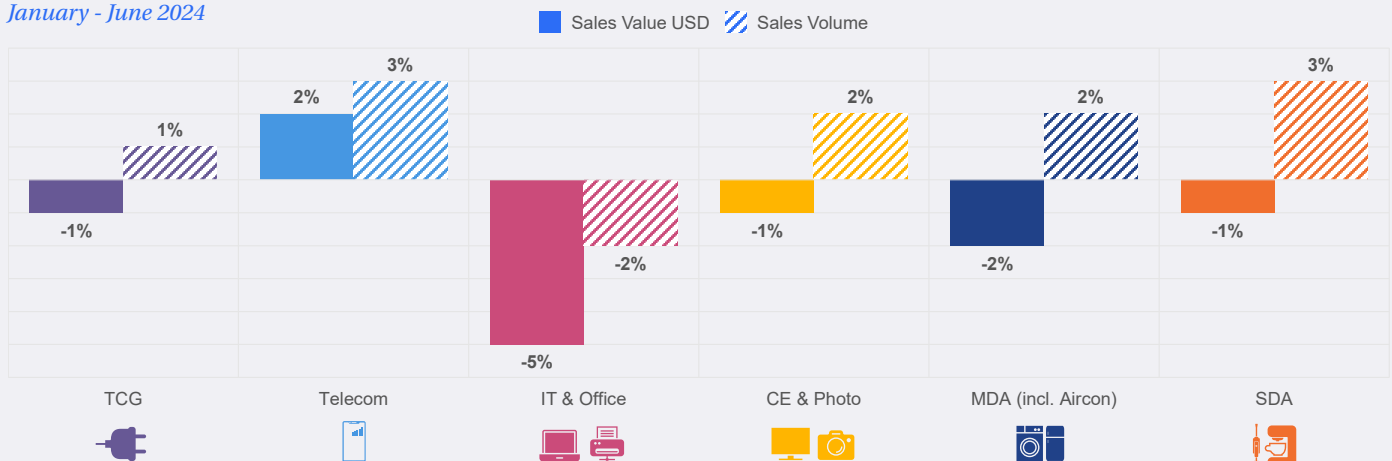
“There’s been quite a bumpy period for technical consumer goods over the last few years,” says [Michael McLaughlin](#), NIQ’s president of international retail. “We now expect a slow progression toward more steady growth. Replacement cycles and other intentional spending from 2025 should help bring future sales.”

Consumers now place affordability and value at the forefront of their buying— particularly with domestic appliances and consumer electronics. Here, sales volumes grew in the first half of 2024 compared with the same time a year earlier, but revenues fell. This points clearly to consumers buying more but at lower cost, partly as prices stabilized across T&D, but also as consumers rationalized their purchases and prioritized value for money. In contrast, the Photo (excluding consumer electronics) and Telecoms sectors grew in both sales volume and value in the first half of 2024.

Consumers are buying, but they’re prioritizing affordability and value

Overall volume up, but sales value down

Global (ex. NA) TCG
 January - June 2024

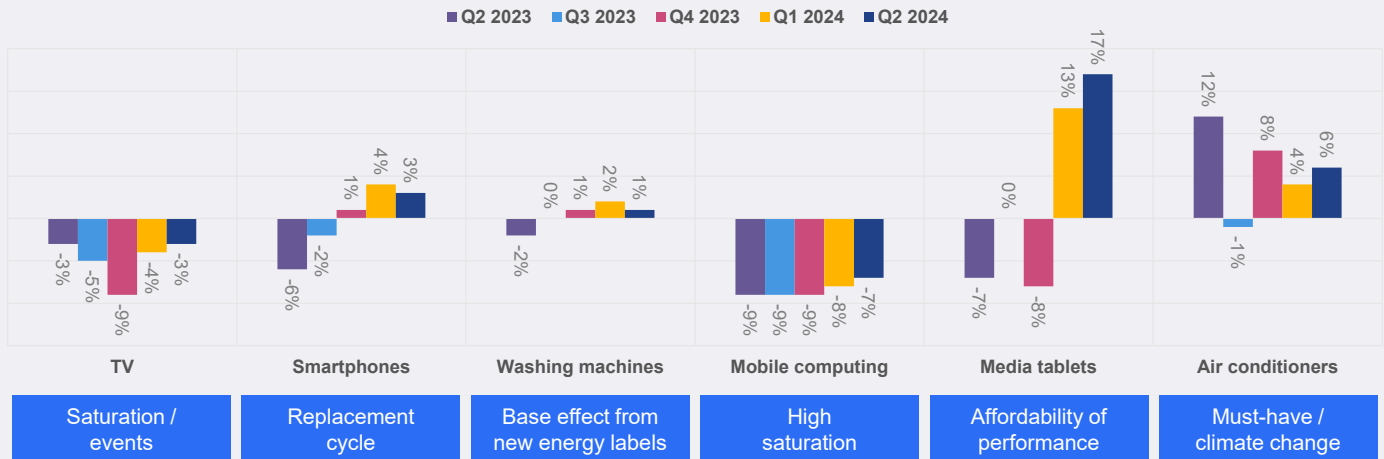


Source: NIQ GfK Market Intelligence: Sales Tracking, International Coverage (excl. North America), Sales revenue growth 2024 vs 2023 | CE includes Multifunctional Technical Devices and SDA includes Personal Diagnostics | Global TCG Trends Report Q2

It's essential that T&D companies understand the distinctive dynamics and demand triggers in each category if they are to drive revenues. Sales of televisions, for example, currently rely on major events (such as EURO and COPA football) to break through market saturation, while smartphones rely on replacement cycles, which continue to extend. Mobile computing has been another relatively saturated market after COVID lockdowns, with exceptions such as tablets, whose popularity is driven largely by use for schoolwork and their affordability. We expect growth opportunities to emerge for mobile computing, driven by the end of support for Microsoft's Windows 10 operating system, and by the new functional benefits of PCs enhanced by Artificial Intelligence (AI).

Demand triggers are different by sector

Global (ex. NA), Major Categories
Quarterly Sales Unit Growth YoY%



Source: NIQ GfK Market Intelligence: Sales Tracking, Global excluding North America, B2C consumer retailer market, Sales Unit, Price USD

T&D companies will need to look deeply if they are to innovate in line with their customers' many current and evolving motivations. **In the coming years, having access to the most relevant and revealing data and analytics will be key to making the right choices.** "We live in a volatile, uncertain, complex, and ambiguous world. It is much more difficult now for businesses to plan, analyze, and act, and they need data at their fingertips to make these decisions well," McLaughlin explains.

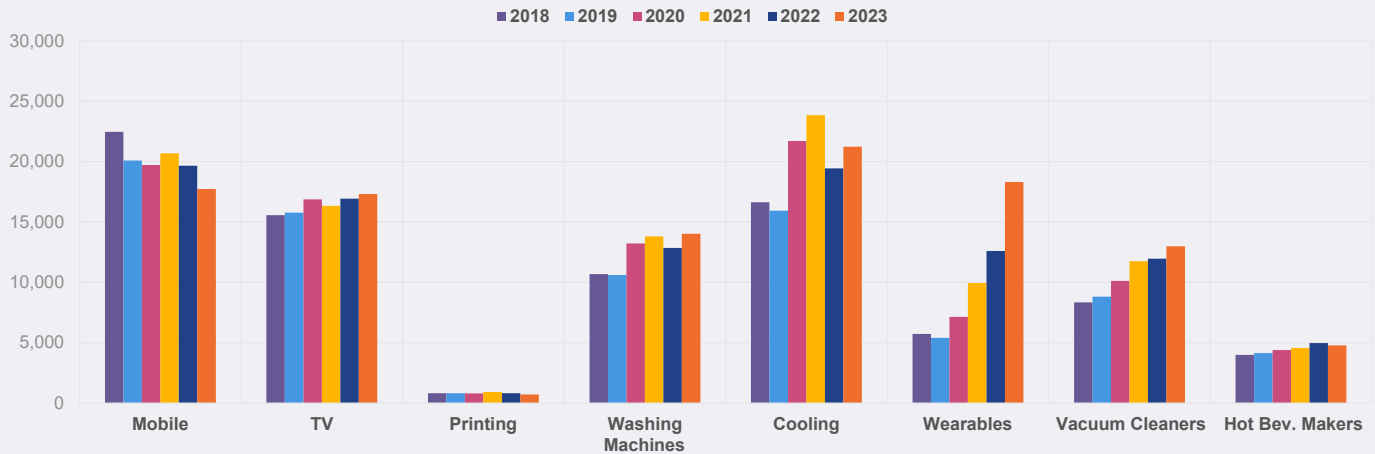
Many businesses will seek *disruptive* innovation to drive up sales, but this can only come every few years. Even *incremental* innovation has become more staggered across sectors, with the number of new launches across T&D overall slowing in the last two years.



New launch trends across various technical consumer goods categories

110K new products to market across eight categories in 2023

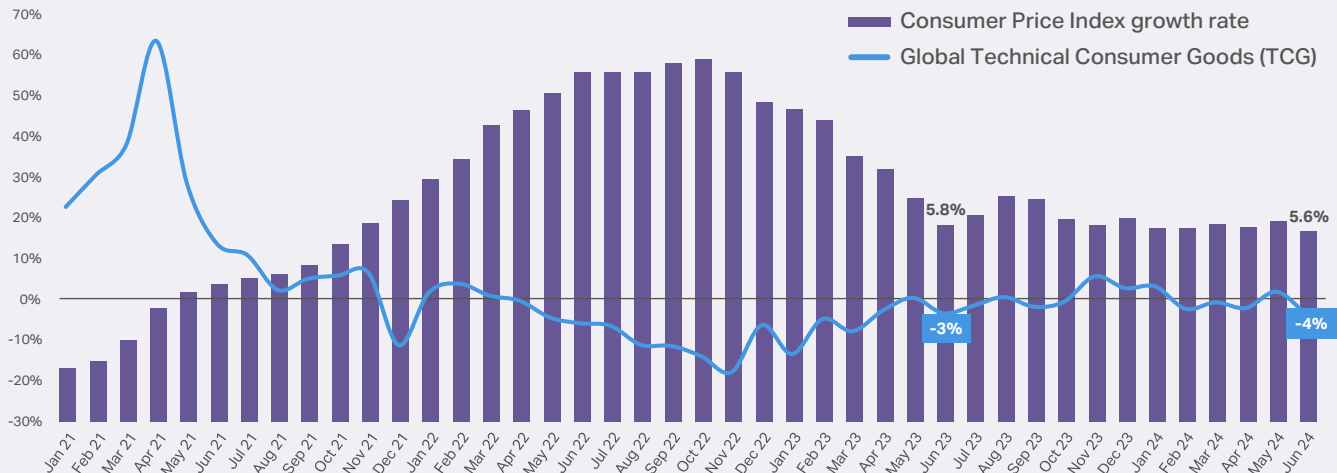
of new items in each year



Source: NIQ GfK Market Intelligence Sales Tracking Period 2018-2023 Global excl. NA, Sectors: TCG select categories

The most palpable new developments of late have occurred in two categories: Wearables and Robotic Vacuum Cleaners, catalyzing substantial sales upticks. By contrast, new product launches within major domestic appliances have been driven largely by new regulations and characterized by minor design adjustments not obvious to consumers. When those tweaks have delivered few visible consumer benefits but led to price increases, they have proved a dampener on sales.

Total Tech & Durables industry performance vs. inflation growth



Source: 1) NIQ GfK Market Intelligence, Sales Tracking, Global Market (excl. North America), Retailer sales growth for monthly periods between Jan. 2021 and Jun. 2024 of NSP = non-subsidized price reflected in US dollars, 2) OECD Monthly Consumer Price Index (CPI) Growth Rate, Year over year, Total OECD

Amid mixed economic conditions, T&D companies can expect only a weak consumer pull for many of the latest and most expensive items, except when there are visible and valuable innovations that directly meet consumers' daily needs.

In the first half of 2024, for example, **35%** of TVs sold were older models launched at least two years earlier—an increase of **6 percentage points** compared with the first half of 2019. “Really driving sales requires more dramatic product innovations, such as the leap from CRT to flatscreen TVs, or basic phones to smartphones—and these jumps only happen occasionally,” McLaughlin says. “Looking ahead, Artificial Intelligence and other developments around robotics could trigger a wave of change that’s more tangible. The question we must ask ourselves is, ‘What do we need to produce to keep consumers buying?’ We must understand what real innovation means to them.”

“Artificial Intelligence and developments around robotics could trigger a wave of change that’s more tangible to consumers. We must understand what real innovation means to them.”



—*Michael McLaughlin*,
President of International Retail, NIQ

This report examines the developments that T&D manufacturers and retailers can focus on in 2025 to drive volume and value growth. These include product, touchpoint, and business model innovations, allowing companies to meet consumers' needs—and sell to them in the right places, at the right times. We also consider where manufacturers and retailers may need to focus over the next five years and beyond, including with AI.

Despite the mixed economic climate, **now is the time for T&D companies to kickstart fresh innovation and establish an edge.** History shows businesses that invest in innovation during slower periods not only establish a short-term advantage but can drive ahead significantly when economies expand.

The T&D companies that harness excellent data to make the most relevant, smart innovation decisions will powerfully position themselves for the opportunities ahead.





2

Innovation that increases consumer spending

For T&D manufacturers and retailers, the right innovation can increase sales—both in terms of revenue and volume. However, success can only be achieved when innovation is laser-focused on consumers' current, daily needs, and is highly visible and comprehensible to consumers.

“Innovation is increasingly trend-based, such as offering smarter convenience, better functionality, health, or sustainability.”



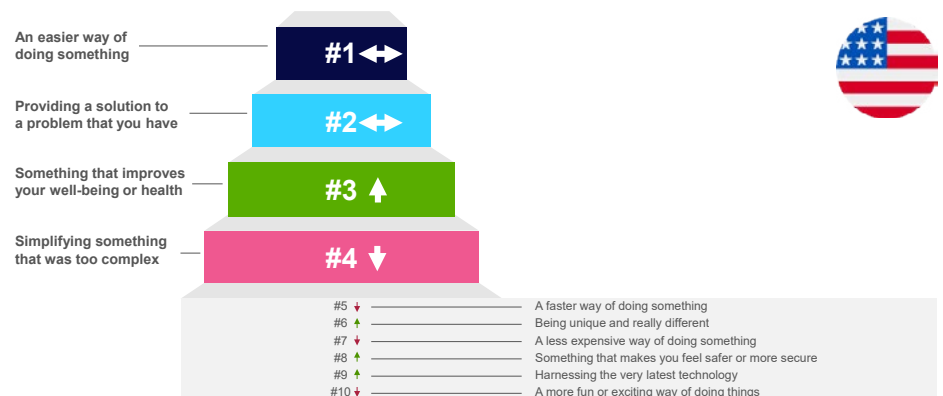
—*Nevin Francis*,
Senior Director, Global Strategic Insights, NIQ

The big question for these businesses is where to begin. It's important to understand what consumers are looking for, and the 2024 [NIQ Consumer Life survey](#) holds some insightful trends. Looking at U.S. consumers as an example, **most people say they want innovation to provide an easier way of doing things, or to solve a problem that they have.** “As with all the major domestic appliances invented between 1930 and 1960, the idea was to enable people to do something much more easily—and to eliminate manual tasks,” McLaughlin notes. “This remains of top importance.”

Improving quality of life is also becoming a priority for consumers. “People now want products, and entire ecosystems, that will support their well-being and their health,” McLaughlin explains. “We have to understand what innovation means to different consumers, what problems it solves—and deliver it.”

What people want

“What does innovation mean to you?”



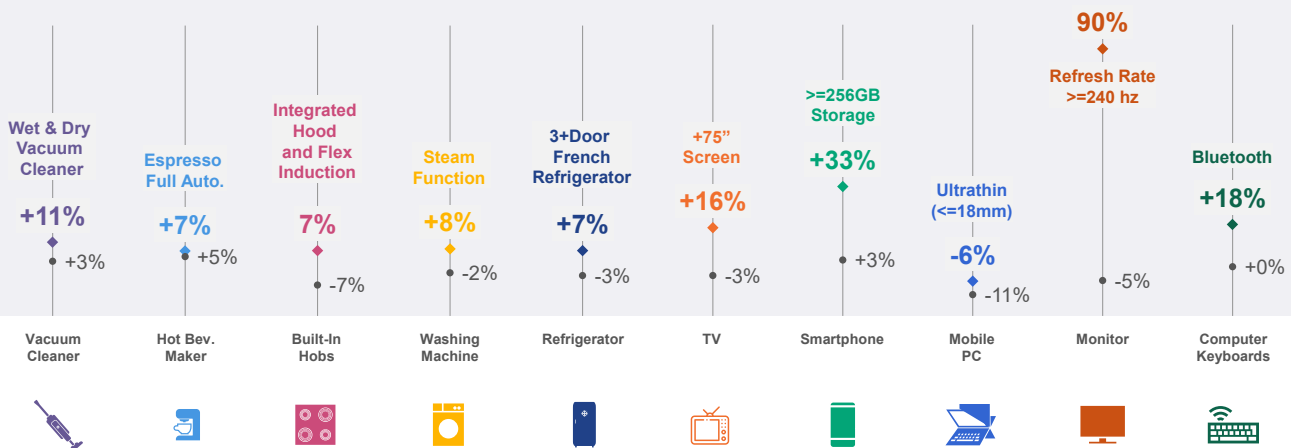
Source: NIQ GfK Consumer Life 2024

To inform ideation, T&D companies can take inspiration from the types of innovation that are already working. For example, when it comes to health and wellness, washing machines overall experienced a **2%** fall in revenues from January to June 2024, but washers with a steam clean function saw **8%** growth. Similarly, sales of wearables grew **3%**, even though sales of total technical consumer goods were down **3%**.

Meanwhile, user-centered design is highly important to consumers. In this regard, sales of good-looking, high-capacity three-door French refrigerators grew **7%** even as the total fridge category dropped **3%**. And in the bracket of convenience, robotic vacuums and robotic lawnmowers each now represent over a fifth of total vacuum and lawnmower revenues respectively.

Niche growth driven by innovative features

Premium segment example (color data) vs. category total (gray data point)
Jan - Jun 24 | Sales value USD growth YoY %



Source: NIQ GfK Market Intelligence Tracking Retailer Market Sales Value USD growth rate YoY Period Jan-Jun 2024 Global excl North America | Global TCG Trends Report Q2 2024 – Global Strategic Insights | *NVME =Non-volatile memory express

“Successful companies enhance their competitive edge not merely by developing better products, but by crafting exceptional experiences that are delivered through those products”



—Frank Landeck,
 Head of gfkconsult, NIQ

It’s important that innovation is not only relevant but comprehensible. “As an industry, we must look at innovation and consider how understandable it is for the consumer,” McLaughlin says. “T&D companies should ask: How obvious is it for people to pick up on the improvement being offered and say, ‘That’s something I’ll get value from in my home.’? In the coming year, we expect significant innovation—and, thus, the potential for escalating sales—in products, retail touchpoints, business models, promotions, and Artificial Intelligence.”

In the next chapters, we explore the most important product, touchpoint, and business model innovations—and how they will raise sales in 2025 and beyond.

3

Product innovation: Where to focus in 2025

For T&D manufacturers, driving up revenues and sales units requires a close analysis of consumers' current needs and demand triggers, and the ability to innovate based on this information. As part of this, they will need to meet complex expectations around affordability and value.

Affordability and value for money

As consumers transition from cautious to intentional spending, their decision-making around what is affordable is evolving to encompass more than price. Product costs remain a baseline motivator for consumers but, **as inflation subsides, people are taking a more hybrid view of affordability that includes tangible value for the money spent.**

“Brands are trying to communicate why a new or smarter appliance might enhance efficiency—an essential step when people’s incomes are pressured.”



—Norbert Herzog,
Head of Global Strategic Insights, T&D, NIQ

The data are clear. When a product is considered both affordable and new, **67%** of consumers are likely to try it, according to [NIQ's 2024 Mid-Year Consumer Outlook](#). Crucially, environmental and usage costs also factor highly: An even greater percentage—**70%**—would purchase an affordable product if it was also sustainable, including being more energy efficient and cheaper to run.

“Value” means more than just price

Affordable + New **67%**

are likely to change or try a new brand because of its lower price

64% Affordability/Price

would purchase a product that has innovated to make it as affordable as possible

Affordable + Sustainable **70%**

would purchase a product that is energy efficient or has a low cost to run

Source: NIQ 2024 Mid-Year Consumer Outlook, Global



Durability also matters to the value of a product, as consumers tire of regularly replacing items: According to [gfknewron Consumer](#), **61%** would now pay a premium for a smartphone that is likely to have a longer life span before it needs to be replaced. At the same time, intentional consumers are willing to pay extra for convenience and enjoyment: More than half (**55%**) say they would spend more on formats that are convenient to use, while **62%** would spend more on at-home experiences.

“There’s an interesting intersection currently in play,” Herzog says. “People are placing more focus on the products they purchase being high performing but they also demand greater affordability. Consumers are looking for multiple layers of justification to make their purchase decision an easy one and brands are having to work harder to prove to shoppers that their product meets their needs on more than just one level. Intentional consumers today will need multiple layers of justification for this.”

In this context, **T&D manufacturers can harness NIQ’s product innovation framework to respond effectively to consumers’ emerging requirements.** The framework takes the major factors that consumers say are most important to them to get “value” from a product or service and structures those into five categories: sustainability; convenience; performance and connectivity; user-centered design; and health, hygiene, and well-being.

Product Innovation Framework

Very important to consumers for getting “value” from a product or a service (ranking)



Source: NIQ GfK Consumer Life 2024 – global data

Sustainability

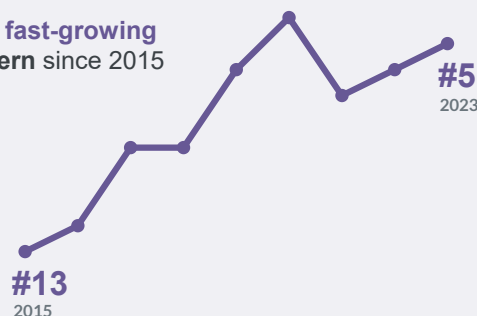
T&D brands must innovate around sustainability—particularly around energy efficiency, durability and reparability, and the use of recycled materials—as environmental issues remain critical to consumers.



The importance that people place on protecting the environment has generally been on the rise, and only subsided in 2022 and 2023 during the height of the cost-of-living crisis. Now, with [people's confidence in their financial outlook improving again](#), the conditions are set for sustainability to return as a major driver of purchase decisions. Within this umbrella concept, **climate change continues to be a growing concern—and it's the fastest growing of the 24 major concerns tracked by NIQ over the last nine years.**

Climate change seen as a key concern

It is a **fast-growing concern** since 2015



Source: NIQ GfK Consumer Life Global 2023 and previous years, C1 (global = 18 countries), ranks out of 24 concerns

However, brands must also recognize that [sustainability is not always a stand-alone factor for consumers](#) and is often closely tied to saving money. Products that consume less energy, that last longer, or that can be easily repaired save consumers money in the long term while also being more environmentally friendly. [NIQ's 2024 Mid-Year Consumer Outlook](#) survey found that **71%** of consumers are now only renewing their mobile phones after three years or more—a **19 percentage point** leap compared to 2019. When they do replace their device, well over half are ready to upgrade to more expensive options if they are known to be durable and less likely to need replacing quickly. Indeed, **in 2024, a product's lifespan became the single most important factor for consumers in getting value.**

Legislation is also driving more innovation around sustainability, particularly in developed markets such as Europe and North America. [EU energy efficiency rules](#) mean that certain domestic appliances at the low "F" and "G" efficiency categories can no longer be shipped to retailers, giving consumers a much more meaningful range of energy-efficient models. Similarly, the [new sustainability labels in the EU](#) make products' eco-credentials more transparent and third party-verified. And circularity—of heightening importance to consumers in their purchasing decisions—is being boosted by [EU "right to repair" rules](#) that will compel manufacturers to fix products at a reasonable cost even after a warranty has expired. **Brands can attract a range of consumers by building in circularity** and ensuring that repairability is a focus from the product design phase onwards, enabled by smaller, modular parts.

"While regulations are driving sustainability changes, the balance of price and energy efficiency can be a strong consumer marketing lever."



—[Sarah Bartz](#),
Director, Global Strategic
Insights, NIQ

Convenience and multifunction

In 2024, convenience became the third-most important factor associated with getting value from a product or service—with consumers increasingly wanting to save time, effort, and space. From an innovation perspective, the focus for brands must be on making their “real world” savings as evident as possible.

Product makers are already seeing the results of these developments. For example, sales of Bluetooth computer keyboards, which avoid the inconvenience of wires trailing over a desk, grew **18%** in value for the first half of 2024, while the overall category was flat. Likewise, sales of vacuum cleaners that offer both wet and dry cleaning grew **11%** in value, while vacuum cleaners overall grew only **3%**. Even more impressively, sales of robot vacuums with wet and dry capabilities leapt **55%**, showing **there is a strong potential for combining automated convenience and useful functions to save consumers time and solve their biggest daily challenges.**

“It’s critical that a product’s actual convenience—such as how a smart device saves time in practice—is communicated.”



—*Ines Haaga*,
Director, Global Strategic Insights, NIQ

Intentional consumers are willing to pay a premium for products such as these, which clearly save them time or effort, with robotics an increasingly central part of the picture. According to [NIQ's 2024 Mid-Year Consumer Outlook](#), **55%** of people—particularly Gen Z and Millennials—say they are likely to spend more on formats that are convenient to use. Within T&D categories, sales of fully automatic espresso machines have grown **7%**, compared with **5%** for all hot beverage makers. In the first five months of 2024, **over a quarter** of vacuum cleaners sold—and **21%** of lawn mowers sold—were robotic.

Performance and connectivity

A higher price point and increased sales can also be garnered from products with strong performance and connectivity at their core, and many brands will make important efforts here.

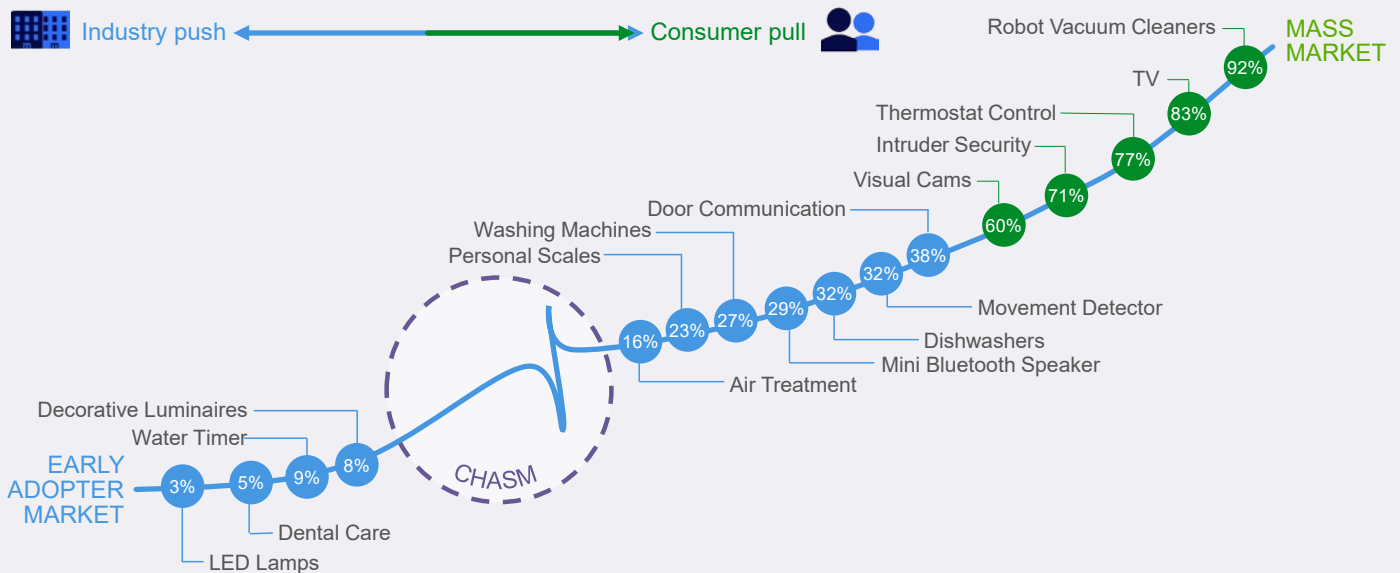
A good example of the demand for performance is smartphones with high storage capacity, which are significantly outperforming their peers for sales growth. Smartphones with an over 256GB drive saw revenue growth of **33%** over the first half of 2024, while smartphone sales overall only returned **3%** growth.



Looking at smart connected products, mass adoption is being achieved where the visible benefits have clear relevance to consumers' daily needs. Smart robot vacuum cleaners, with their clear benefits of time savings, convenience, and high performance, are the runaway winner—along with devices such as smart thermostatic controls (saving money) and smart intruder security or visual cameras (convenience and peace of mind). Products nearing the mass market milestone include smart door communication technologies, movement detectors, and smart washing machines and dishwashers. Elsewhere, smart LED lamps, dental care, and water timers are in an early adopter phase and potentially need a more compelling positioning of the benefits if they are to gain traction.

Innovation must have relevant use case to justify price

Example: smart functionality



Source: NIQ GfK Market Intelligence: Sales Tracking, EU13 countries | Share of Sales Volume of Smart Products Jan-Jun 2024

Performance and connectivity innovations, while sometimes leading to a new product, are often simply improvements to the specifications or characteristics of existing items. Such **incremental changes include a risk of being easy to copy or of appearing to be an insufficient improvement to entice buyers.** It's crucial to **create highly relevant improvements and communicate them clearly** so that these incremental innovations are perceived to genuinely improve value for customers. This can also open new markets by fulfilling needs not previously met.

User-centered design

User centricity around form factors, usage patterns, and even fashion and colors can equally drive sales and market differentiation. T&D brands must factor these into their designs.

Across categories, **data clearly show consumers being more inclined to spend on new products that appeal from ease-of-use or aesthetic design perspectives.**

For example, sales of three-door French refrigerators, which offer high capacity within a good-looking, premium design, grew **7%** last year, when the total fridge category declined **3%**. Sales of monitors, mice, and keyboards specific to gaming also remain on a higher growth trajectory than “regular” versions of these products, showing the strength of the large PC gaming niche and the different design requirements for these accessories compared to office usage. And **40%** of consumers effectively see smartphones as much as a fashion accessory as an important device, buying them because of their appearance.

A notable trend is being witnessed in the headphones market, with manufacturers able to sell several related products for different usage scenarios. NIQ data show that wireless open-ear headphones have seen a strong **56%** unit growth since 2019—and a **10%** revenue increase in the first half of 2024 alone. These products are ever more popular for running and other outdoor exercise, given their support for listening to podcasts or music while still being able to hear surrounding traffic.

Meanwhile, in-ear headphones are often used by the same consumers for their daily convenience during activities such as commuting. In the first half of 2024 alone, true wireless in-ear headphones saw a **61%** leap in sales value. And in the same period, over-ear headbands—popular for home use, where what matters most is the sound quality—saw a notable **19%** value increase. By selling multiple design variations (and even colors) of similar products, manufacturers can also appeal on a fashion basis.



Health, hygiene, and well-being

While health, hygiene, and well-being have long been considered important to consumers globally, manufacturers should not overlook how much this importance has increased since the COVID pandemic. Total health device sales hit **51.7 billion USD** in 2023— at a time when T&D sales were slipping—driven by wearables and small healthy domestic appliances. However, the pace of growth has since eased.

Convenience

(e.g., smart and connected appliances)



of robot vacuum cleaners sold today are “smart” versions

Multifunctional

(value for money with features)



sales growth of robot vacuums with wet and dry extraction features

Health aspirations

(for better living)



sales growth of hot air fryers (over 8L in capacity)

Source: NIQ 2024 Mid-Year Consumer Outlook

Innovations around hygiene are continually growing as an important sales driver. While all washing machine sales fell **2%** in the first half of 2024, compared with a year earlier, sales of steam function washing machines, which offer heightened cleaning performance, grew **8%**.

Personal diagnostics remain popular, too, despite the market becoming somewhat saturated during the pandemic. Sales of wearable devices (such as fitness trackers or blood pressure monitors) were up **3%** in the first six months of this year compared with the year prior. Healthy appliance sales are up, too—growing **3%** in 2023 compared with 2022, while air fryer sales value rocketed **39%**. Wake-up lights and SAD lamps—designed to improve sleep and mood, respectively—also experienced strong growth of **36%** last year, driven by increasing consumer recognition around the importance of good rest and access to enough light in winter.

We expect smart health tech to be an important growth area for manufacturers as it is ever more integrated into the everyday lives of many millions of consumers. A significant sales driver will come from multifunctional devices that offer convenient and comprehensive health monitoring and support—products designed increasingly for use alongside wearable fitness trackers and mobile apps.





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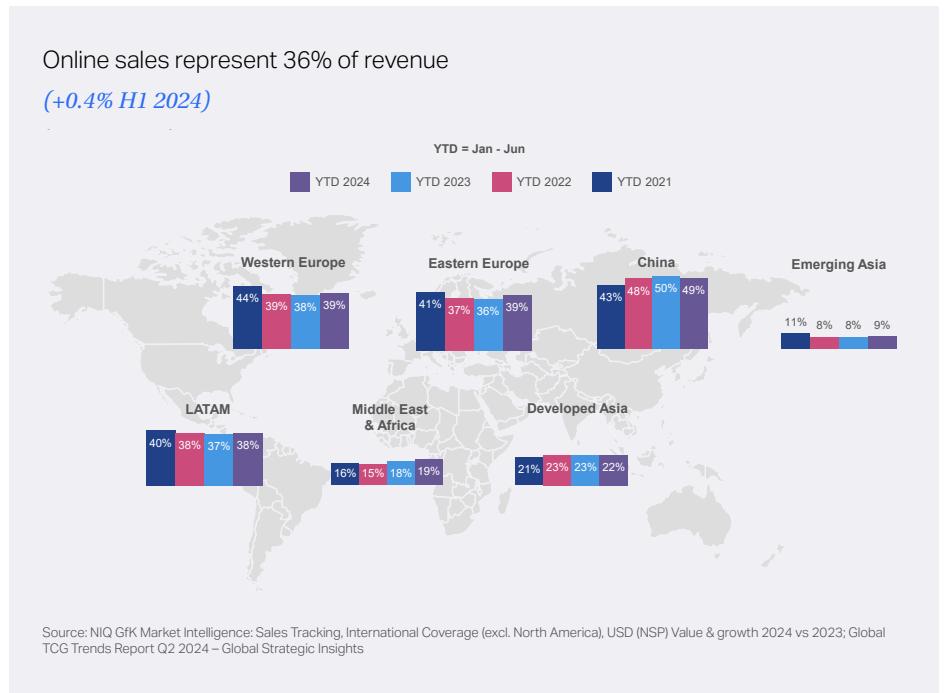
Touchpoint innovation: Where to focus in 2025

As consumer behavior and expectations change, it's equally important for retailers to innovate to meet their needs. **By taking a systematic approach to the evolving channels being used by consumers—such as social commerce and marketplace platforms—retailers can substantially and consistently drive up volumes and revenues.**

The changing face of omnichannel

The priority for all retailers must be to make the most of the rapidly changing omnichannel world.

Online sales now account for **36%** of all T&D revenue globally—up just **0.4%** year over year in the first half of 2024. In China, online sales of T&D products have grown steadily to account for a notable half of sales—the highest proportion of any region. Europe and LatAm, meanwhile, have seen slight drops in web sales since the peak of 2021, but even there, the online share has stabilized post-pandemic, at close to **40%** of total revenue.



For all retailers, it's worth noting that **many buying journeys start online—even if they end with an actual purchase or pickup in a brick-and-mortar store.** Even the most physically focused retailers need to consider their online visibility across different platforms if they are to drive sales.

“Omnichannel players are evolving substantially to offer experiences, product and service subscriptions, and repair or secondhand goods.”



—*Namrata Gotarne, Director, Global Strategic Insights, NIQ*

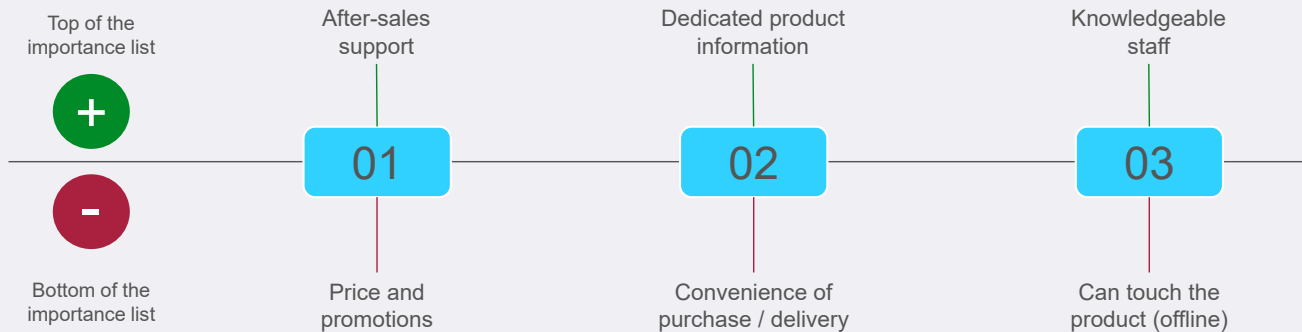
The high impact of online research and other activity on in-store sales also means retailers must offer a consistent experience between all their channels. This ensures that consumers understand and relate to the brand offering and can transact easily. Equally, the experience must be both easy and enticing for consumers to navigate.

Direct-to-consumer (DTC) is an evolving area—and represents a creative opportunity for growth, even though it represents only a small segment of the overall market. DTC, whether online or via brick-and-mortar stores, is perceived by consumers to offer a more tailored experience, with personalized support during and after purchase—and with sales assistants having deep knowledge on each product—enabling shoppers to make more informed purchase decisions.

Direct-to-consumer is perceived to offer a tailored experience

Personalized support pre- and post-purchase

What’s valued most when buying from Direct-to-Consumer vs. Retailer | Q2’23 – Q1’24



Source: gfknewron Consumer | all tracked PGs, BE, BR, DE, FR, GB, IN, IT, JP, NL, RU, ES; reasons to purchase from retailer; GSI: CSM Training on Channel Dynamics (August 2024)

According to [gfknewron Consumer data](#), **people are most likely to opt for DTC because they expect to receive quality after-sales support**—such as with product set-up, operation, returns, repairs, and exchanges—**and because they value the expertise of knowledgeable staff and the dedicated product information they receive.**

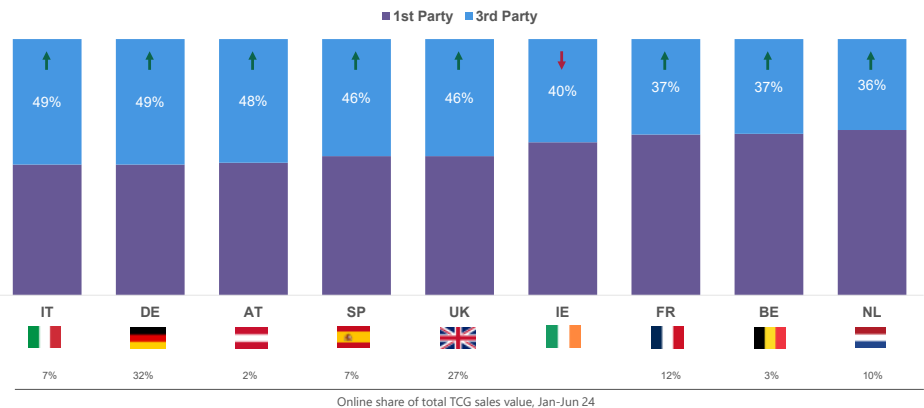
Reactions from retailers toward DTC are mixed. Some **40%** aren’t worried, believing their manufacturer relationships have evolved. Those businesses say they remain critical to manufacturers, offering additional services and better consumer reach; the effect of DTC growth has been to deepen efforts around nurturing those relationships. That said, a substantial **33%** are worried that direct sales might harm their business, and **20%** are unsure.

Marketplaces and social commerce also present significant places for innovative T&D companies to boost sales. It’s critical to understand the geographical and generational nuances involved to drive success here.

Marketplaces are a connection point between brands and retailers because both can operate in the same spaces, alongside many other businesses. While marketplaces can sometimes be saturated by a prevalence of pre-owned and gray-market products, they do still offer substantial growth. **For retailers, there's a clear opportunity to gain more traffic via marketplaces, including through attracting new consumer segments—especially young people—who would not normally visit them.**

The [latest research from Foxintelligence by NIQ](#) shows that, in Western Europe, the third-party marketplace model (where retailers and manufacturers sell their products on a marketplace via their own brand or store) is advancing, with the largest market share in Germany and the U.K. The four main Chinese marketplaces—AliExpress, Shein, Temu, and Miravia—are growing quickly, too, and they have strong European penetration, particularly in Spain where they now represent **39%** of all online sales.

West Europe: Third-party model accounts for 36% - 49% of marketplace sales in value (excl. FMCG and Fashion)



Source: Foxintelligence by NIQ e-commerce consumer panel; Data ending 4 August 2024

To succeed with marketplaces, T&D businesses must understand generational nuances. Most of the Chinese platforms have primarily younger consumers—except for Temu, which has crossed the age divide. In Germany alone, one-third of Temu's customers are Gen X (born from 1965 to 1980).

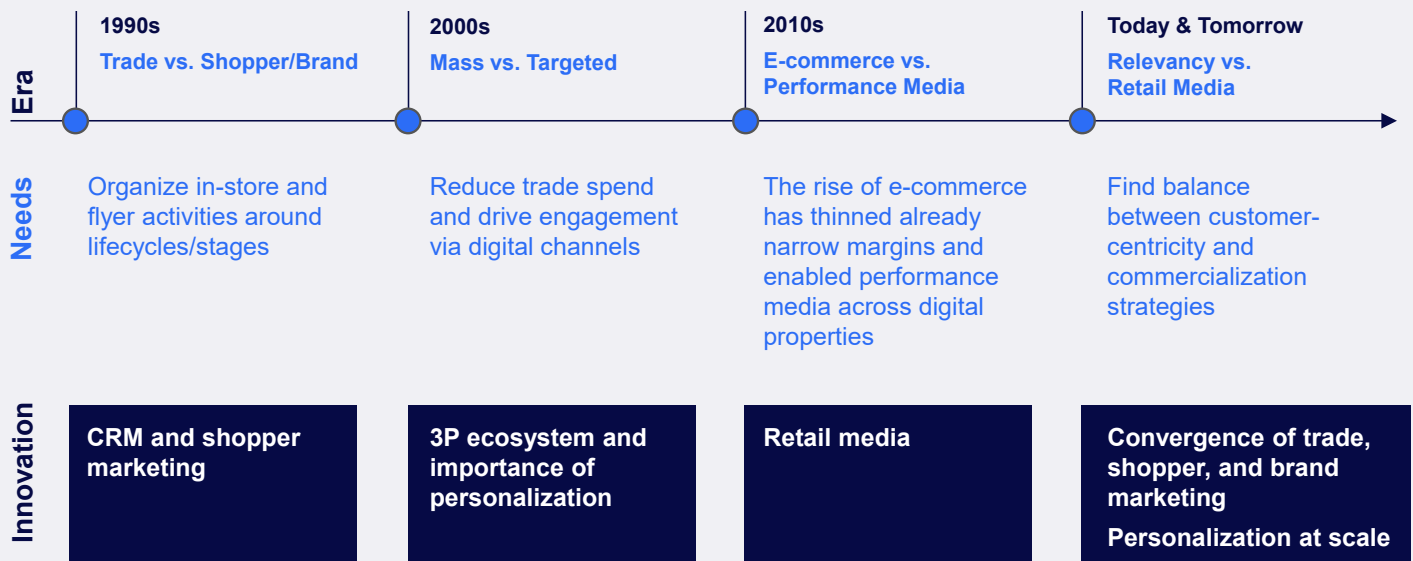
Generational differences also apply to social commerce, where there's significant potential for promoting and, ultimately, directly selling certain categories of technical goods. TikTok users in the U.K. alone, who are primarily young generations, dedicated **5%** of their online spending last year to purchases made via the platform. In India, Saudi Arabia, and Mexico, one-third of the population is under 20 years old, so social commerce spending potential looks particularly high. In five years, [Gen Z \(born from 1997 to 2012\) will overtake Boomers for overall annual spending](#), with totals growing to around **\$12 trillion**. Retailers will need to consider their different principal generations of customers—and carefully reach them on the appropriate channels.

“Retailers will need to be present where consumers are, to convert share of mind to share of wallet, providing trusted advice and consistent experience backed with strong brand partnerships.”

—Nevin Francis,
Senior Director, Global Strategic Insights, NIQ

Retail media networks (RMNs) are another type of channel that's evolving quickly, and they represent a strong sales driver for smart retailers. The rise and influence of RMNs—where retailers sell ad and brand space online or inside their physical stores—is shaping how retailers and brands hone customer engagement. For success, **retailers should focus not only on enabling product placement but on monetizing their search results.**

The evolution of retail media



The potential here is great. According to [eMarketer](#), RMNs increased their proportion of global online ad spending by 5 percentage points, to 20%, between 2019 and 2024—at a time when total online ad spending rocketed from \$51 billion to \$140 billion. In the U.S. alone in 2025, RMNs are expected to represent **23%** of digital ad spending. RMNs now bring together all the other marketing types that have gone before, including trade, shopper, and brand marketing. While they will become a key focus for retailers, those companies must also remember that the competition is increasing: They will need to justify why a brand should spend on placing ads with them rather than with a competitor.





46% agree

“Price is the most important factor in my purchasing decisions”

#12 life attitude on a list of 41 consistently tracked attitudes

Source: NIQ GfK Consumer Life 2024

Business model evolution

Consumers' changing touchpoint trends are enabling a seismic business model innovation in retail, which in turn creates a huge potential to drive up sales. **Much of that development is centered around payments, products, and ecosystem offers.**

The first opportunity is in the ways people *pay* for consumer products and services, with a strong example being upgrade fees. Increasingly, **retailers can enable people to buy a product and take the option to upgrade one or several features**, in the future, for a set cost.

Subscription models are also emerging in certain retail settings, allowing consumers to rent electronics they would not be able to purchase due to price. These models can be effective, given that **46%** of consumers still list price as the most important factor in their purchasing decisions, though sentiments about personal finances continue to improve as broader inflation subsides.

“Personalized offers that truly work well with another purchase are being introduced much more widely and meaningfully.”

—*Namrata Gotarne, Director, Global Strategic Insights, NIQ*

Product bundling is also advancing as a sales driver. Here, retailers need high-quality relationships with other parts of the T&D ecosystem. The simple bundling of products such as TVs and sound bars continues, but **consumers now expect significant innovation**. This is being witnessed with furniture stores successfully selling whole setups—including tech and durable goods—for one-bedroom flats, student accommodations, and beyond. Others are selling the entire packages needed for setting up a home office—including furniture, as well as all the IT hardware—or for fitting out a kitchen, comprising all the appliances required with options such as IoT-connected refrigerators, ovens, and washing machines.

“When retailers can provide a convenient ecosystem of products to fit out an entire kitchen, living room or office—and offer the package at a competitive price compared to buying items individually—it can be a real sales motivator, especially for time-strapped consumers.”

—*Norbert Herzog, Head of Global Strategic Insights, T&D, NIQ*



Personalized and relevant promotions

Promotions are also a critical tool for retailers, and we expect some rapid innovations to increase their effectiveness. Most notably, promotions can best meet current consumer needs when they are personalized. [According to McKinsey](#), 72% of people expect retailers to recognize them as individuals and know their interests, while 65% want targeted messaging and 53% want triggers based on their behavior.

For retailers, **making ever-improved personalized recommendations, delivered when a consumer is considering a specific type of purchase or activity, will be critical to success**. Many people now take such support for granted and are frustrated when they receive irrelevant communications.

Events are also becoming an increasingly successful aspect of promotions, and retailers will continue to expand their commitments accordingly. The top promotional events increased in duration from 11 weeks in 2019 to 15 weeks in 2023 and drove a significant **34%** of TCG sales—a **5 percentage point** increase in the period. These events include Christmas, New Year's, Black Friday, Cyber Monday, China's 618 and Singles Day (also called Double 11), Apple events, and Prime Days. Newer T&D promotional events are being geared around Mother's Day, Father's Day, and Chinese New Year. The careful use of these events can help drive sales and manage stock as needed.

"Retailers are innovating by spacing out promotional events to even sales and ease logistical pressures."

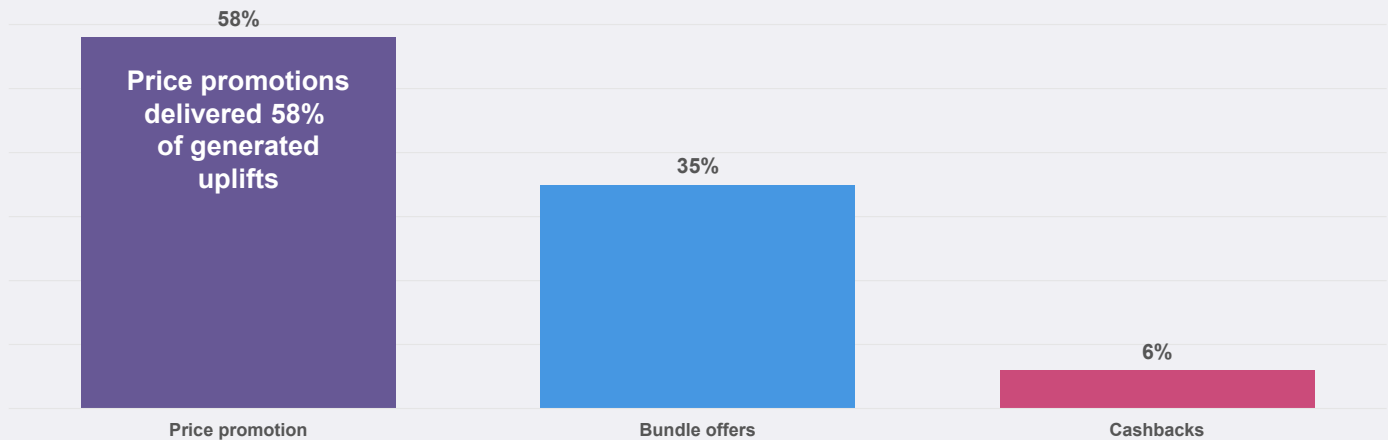
—Nevin Francis, Senior Director, Global Strategic Insights, NIQ

It is important for retailers to note that **event-based offers** are also changing in nature, with price at the center of that shift. By making the right types of offers, retailers can capitalize efficiently. During Black Friday in 2023, NIQ's advanced analytics revealed that, in the U.K. and France, price promotions delivered **58%** of sales uplifts (incremental revenue) in TVs, speakers, and cooling systems. Price promotions remain the obvious choice for attracting consumers, and they are easier for retailers to execute and measure. [NIQ's analysis also shows that 35%](#) of uplifts could be traced to bundling, while **6%** could be traced to cashback offers, which can be more difficult to analyze.

Promotional offer mechanics

Black Friday 2023 – U.K., France – TV, Loudspeakers, Cooling

Share of uplift in incremental revenue generated



Source: NIQ GfK advanced analytics incorporating gfknewron and Market Intelligence Sales Tracking

Importantly, **in-depth tracking also reveals high efficiency in price promotions:**

The **58%** uplift in incremental revenue was an outsized amount compared to the proportion of promotional activity geared around price. At the same time, the immediate effectiveness of such promotions needs to be balanced against the longer-term risk of price and brand erosion, so retailers need to consider carefully how large these discounts are.

AI innovation

[Artificial intelligence \(AI\)](#) also holds transformative sales potential for T&D retailers and manufacturers, though these businesses must overcome several complex challenges.

One major task lies in discerning which AI innovations genuinely enhance customer experiences, and which may alienate certain segments. **Brands must balance AI adoption with consumer readiness to ensure success and avoid a backlash.** The rapid pace of development has already left many consumers feeling apprehensive: In developed markets, **29%** are excited about AI, but a significant portion—**one-third**—express concerns or fears. Notably, **56%** of consumers are [hesitant to share personal information due to privacy concerns](#). This mistrust cuts across all age groups, with nearly half of people enduring long phone wait times just to interact with a human. The implication here is clear: Businesses must address these fears, particularly regarding data privacy, to avoid losing customer loyalty.





That said, [consumer trust in AI improves when it comes to personalization](#).

Approximately **40%** of shoppers, particularly Millennials and Gen Z, are willing to accept automated recommendations around products as they look for help navigating the overwhelming number of options available. AI, when used well to simplify decision-making, can increase consumer spending.

AI-centered products and services will also help attract younger, tech-savvy consumers. Around **35%** of these shoppers are interested in smart devices, such as refrigerators that reorder products automatically when stock runs low. Additionally, over **one-third** would buy products after interacting with them via augmented or virtual reality. While older generations will remain skeptical or need more communication to see the appeal, Millennials and Gen Z are relatively open to adopting AI-driven solutions. To capitalize on these different segments, T&D brands must offer diverse experiences that cater to the various age groups and AI trust levels.

Finally, [T&D companies also need to ensure their internal decision-supporting AI is using high quality data](#). For example, if a retailer lacks quality, consistent information on online and in-store consumer behavior, the “intelligent” systems will still ingest it and magnify the irrelevant analytics and actions derived—including driving unhelpful ideas and creating poorly personalized offers. It is critical that businesses choose a data partner who delivers the total package of deep experience in human and artificial intelligence, wedded to best-in-class data governance and stewardship.



5

Building the future: Where manufacturers and retailers should focus

All the trends explored in this report present significant sales growth opportunities for T&D businesses. **To maximize success, manufacturers and retailers need to take an innovative mindset—harnessing intelligent data to make the right decisions about where to evolve most effectively—before acting boldly.**

“Innovation doesn’t happen by chance; it’s a disciplined approach. It includes a crucial and often new capability, grounded in systematic methodologies. This process typically encompasses four pillars: prioritizing user experiences, considering systemic impacts, fostering an innovation-driven culture, and adapting existing processes.”

—Frank Landeck, Head of gfkconsult, NIQ

For product manufacturers, there will need to be a tight focus on identifying how their consumers are most motivated—in areas from affordability and value, to convenience, performance and health, to sustainability. They must then be able to develop products and offers that not only meet these daily needs but are well communicated and easy to understand.

For retailers, there will be immense change as the physical and digital merge.

AI must help provide offers to consumers, answer their queries, and ease the product selection and checkout processes. It must also bolster product fulfillment. “There will still be some humans in stores, but AI will do more of the work. There’ll be fewer stores, but they will be higher quality,” McLaughlin says. “The main purpose of stores in the future will be to provide sustainable and effective fulfillment as part of a wider network for retailers. But they must also provide a social experience for consumers. Humans are social creatures and like compelling firsthand experiences.”

*“Getting innovation right means reducing risks, using data to no longer assume but instead **understand** what consumers will want.”*

—Namrata Gotarne, Director, Global Strategic Insights, NIQ

At the same time, **AI will become ever more accurate at forecasting and at personalizing offers** for consumers at the correct moments. “There will be a complete blurring between physical and digital shopping, and T&D companies will have even deeper relationships with customers, enabled by loyalty schemes and personalization, and backed by smart, automated product fulfillment,” McLaughlin says.

Contemporary consumers also expect companies of all kinds to be wherever they are, which increasingly means being present and consistent across all spaces, including stores, marketplaces, and social platforms, while personalizing communications.

Manufacturers and retailers must build a consistent, uniform experience across settings if they are to drive up sales. As they seek to solve consumers’ daily needs, they will work ever more closely together. In practice, this means collaboration to create effective in-store demonstrations and try-outs, online product videos and reviews, and training so that sales teams are knowledgeable and effective at communicating the specific value a product delivers, relevant to the buyer. All of these efforts enable consumers to make informed, motivated purchase decisions.

Over the next 50 years, innovation will be paramount to securing strong consumer sales. “What is clear now is that consumers are well on the way to being in high control,” McLaughlin notes. “The abundance of information they will have at their fingertips, the personalization and tailoring of that information, will really put them in the driver’s seat.”

It’s more critical than ever for brands and retailers to put in place data-driven planning, to ensure innovation is effective. By using [NIQ’s Full View](#), companies can gain a complete and clear understanding of what consumers purchase, why and how they will buy, and how to capitalize on these factors. With up-to-date, slice-and-dice analytics from 100 countries, 1.5 million stores, and 82,000 online merchants—and cross-ideation with fast-moving consumer goods categories—T&D product makers and retailers can position themselves well to succeed. By accessing these unprecedented, actionable insights, companies can drive up sales values and volumes in every macroeconomic circumstance.





6

Key takeaways

For T&D companies looking to make the most of their innovation investments, it's essential to look at the current market environment and how it's influencing consumers' daily motivations. **Innovation doesn't have to reinvent the wheel, but it must improve experience.** Whether it's through tracking health metrics, helping cook a fast but nutritious dinner, or saving time and effort on household chores, people want new products that continually justify the purchase, every day.

As T&D manufacturers look to 2025, they should remember the following:

- **Consumers are *moving from cautious to intentional spending*, though inflation persists in some markets.** Three in 10 people feel better about their financial position now than a year earlier—the highest proportion since 2022, but 32% feel worse. In H1 2024, this mixed sentiment drove T&D sales volumes up **1%**, but revenues slipped **1%** as more people bought, but at lower prices.
- **Innovation must deliver clear value if it is to drive sales.** While affordability remains a top consideration, products and services must also address consumers' daily needs in convenience, health, performance, user-centricity, and sustainability. These dramatically influence perception of what is worth spending on, and messaging must resonate in these regards.
- **Success depends upon meeting consumers across relevant channels, understanding their motivations, and successfully communicating any daily benefits.** Brands and retailers will need to appear consistently in the channels their consumers use, with the right payment models, personalized offers, and experiences.

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The data sources behind this report :

[NIQ GfK Market Intelligence](#)

[NIQ GfK Consumer Life](#)

[gfknewron Consumer](#)

[NIQ BASES \(Innovation\)](#)

[Foxintelligence by NielsenIQ](#)



About NIQ

NielsenIQ (NIQ) is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together the two industry leaders with unparalleled global reach. Today NIQ has operations in more than 95 countries covering 97% of GDP. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

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