

New ways to consumer insights: How to grow in mature markets

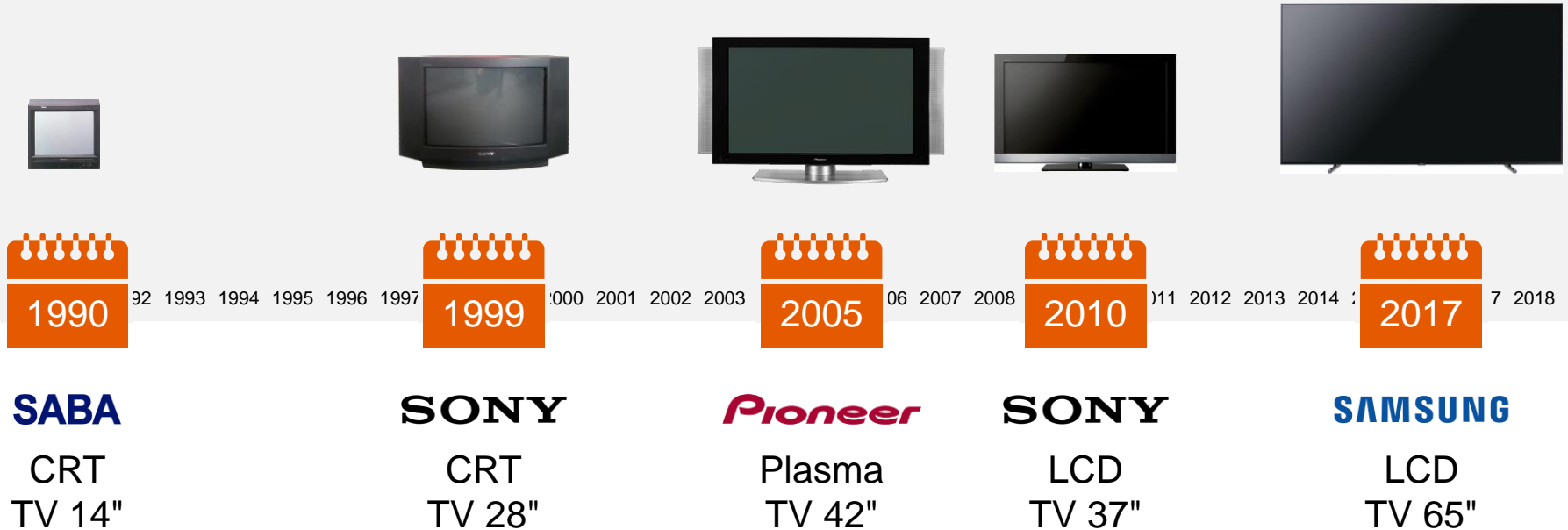


Robert Wucher | Head of Consumer Insights, Client Solutions Central Europe

How many TV sets have you purchased in your lifetime?



I'm 43 years old and have purchased 5 TV sets so far – that's a new TV every 8.6 years...

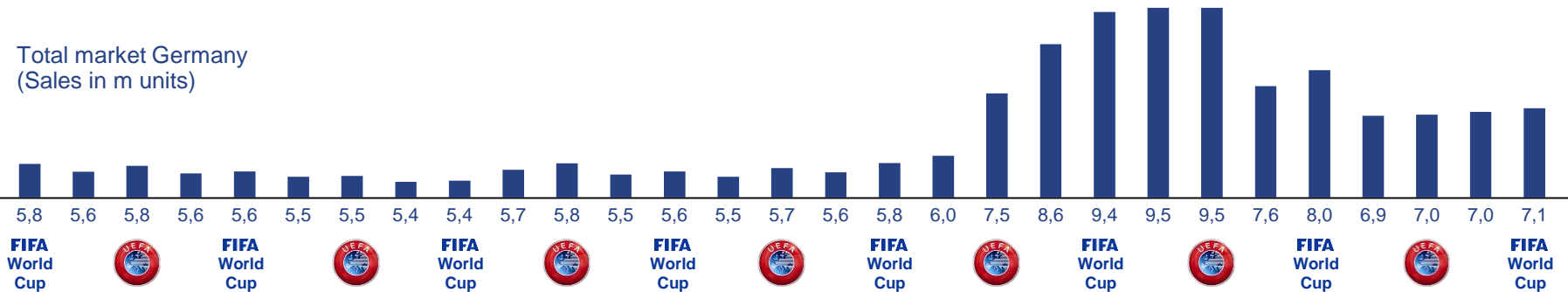


TV is a textbook example for a mature durable market:
Growth is driven by external factors like sports events...



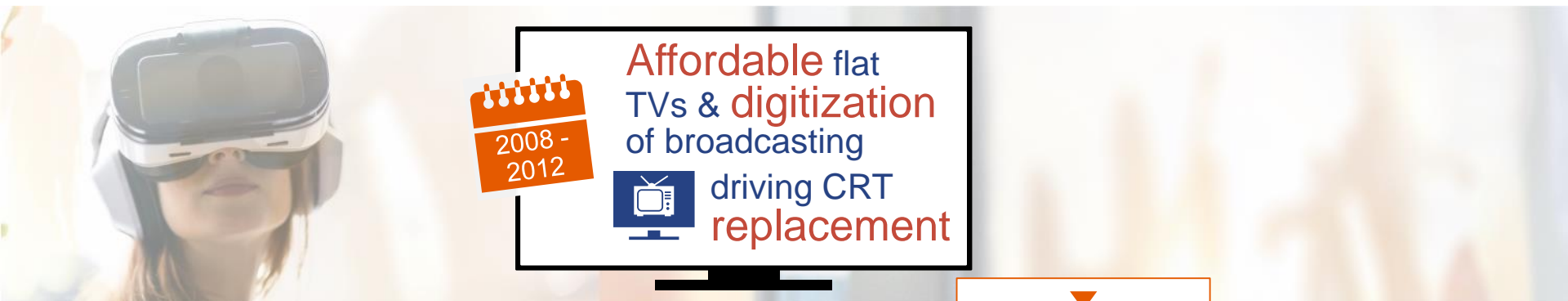
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Total market Germany
(Sales in m units)



Source: GfK POS Measurement

TV is a textbook example for a mature durable market: ...and/or new technologies



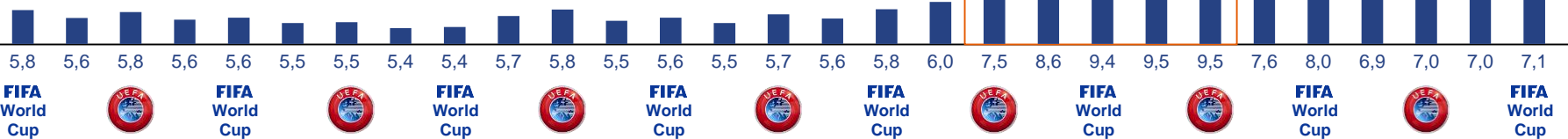
Affordable flat TVs & digitization of broadcasting driving CRT replacement

2008 - 2012



1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Total market Germany (Sales in m units)



Source: GfK POS Measurement

TV is a textbook example for a mature durable market:
 Price can stimulate demand as well, but this can become harmful



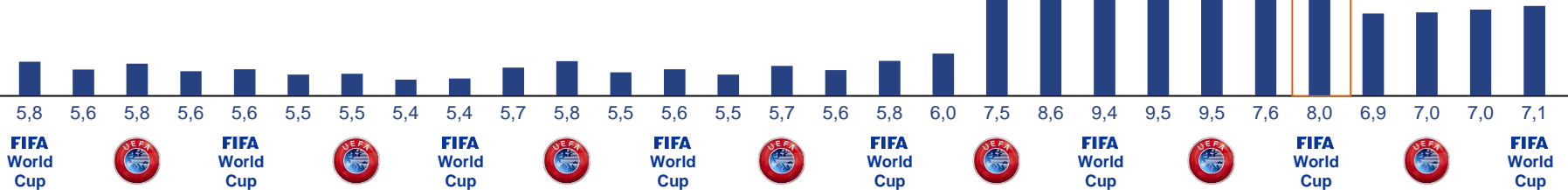
2014

Oversupply
 of flat TV panels
 resulting in historic
 price decline

551€

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Total market Germany
 (Sales in m units)



Source: GfK POS Measurement

But ultimately all of this has only shortened the replacement cycle – incremental demand was marginal



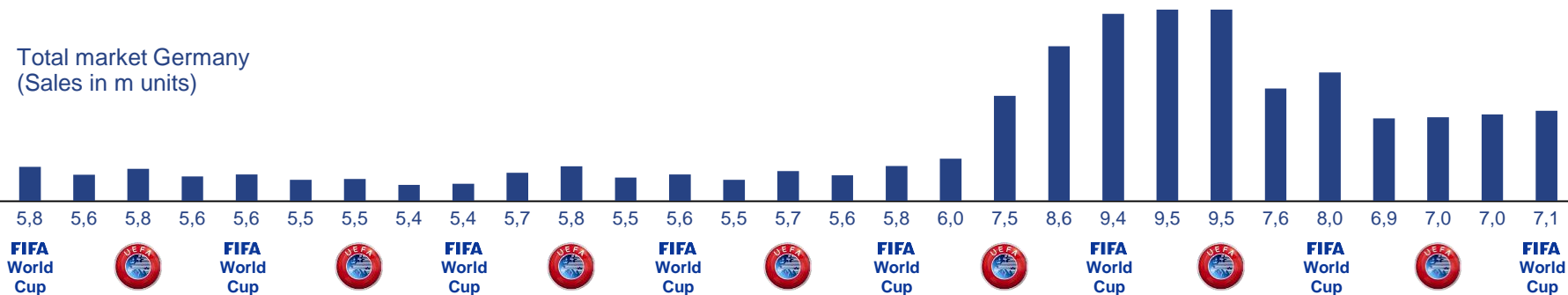
Replacement cycle of **~11 years** in the **CRT** era



Replacement cycle of **~7 years** in the **Flat TV** era

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Total market Germany (Sales in m units)



Source: GfK POS Measurement

Hence, TV is a tough business to be in –
same holds true for other mature categories, of course



The only chance to grow: Eating someone else's lunch



Meet Marcus, one of our clients.
His job is to eat someone else's lunch



Marcus is a German Category Marketing
Manager for a TV manufacturer



He oversees **sales planning, pricing** incl. promotions, both the online and offline product channel **distribution**, and **advertising spend** incl. media planning for TV product lines.

“ I have been tasked with **launching** our new **flagship device** in Germany in Q3, a premium 65" 4k LCD TV.

” I want to **optimize sales** and **profit** of our new premium product versus both, our own mid-range and entry-level models launched earlier last year as well our competitors product lines, of course.

In order to do so, Marcus needs to make the right business decisions during quarterly (or even monthly) planning cycles



Quarterly Plan	Premium	Mid-Range	Entry-Level	Cost
Current stock (000)	0 (new launch)	20	34	Holding €
Cost Price (€/Unit)	€	€	€	
Expected Sales (000)	?	?	?	
New Orders (000)	?	?	?	
Price to Retailer (€)	?	?	?	
Discount Price (€)	?	?	?	
Num. Distribution (%)				
North West	?	?	?	€
West	?	?	?	€
Midwest	?	?	?	€
South West	?	?	?	€
South	?	?	?	€
North East	?	?	?	€
Mideast	?	?	?	€



But this is an equation with many unknown variables!

Quarterly Plan	Premium	Mid-Range	Entry-Level	Cost
Advertising				
Magazines/newspapers	?	?	?	€
TV	?	?	?	€
Search engines	?	?	?	€
Social media	?	?	?	€
Other websites	?	?	?	€
In-store	?	?	?	€
Creative				
“Gaming”	?	?	?	€
“FIFA 2018”	?	?	?	€
Estimated P/L				€



What would you advise Marcus to do: Trust his experience (aka taking a wild guess) or make data-driven decisions?



No worries, Marcus: The **Consumer Insights Engine** is here to help by identifying and describing your target group



Premium TV Target



(Younger) Generation X

Age/generation



South West / North West

Region



2 adults per household

Adults per household



No kids

Kids per household



Full time employed

Work status



Medium high / high income

Income



High affinity for technology

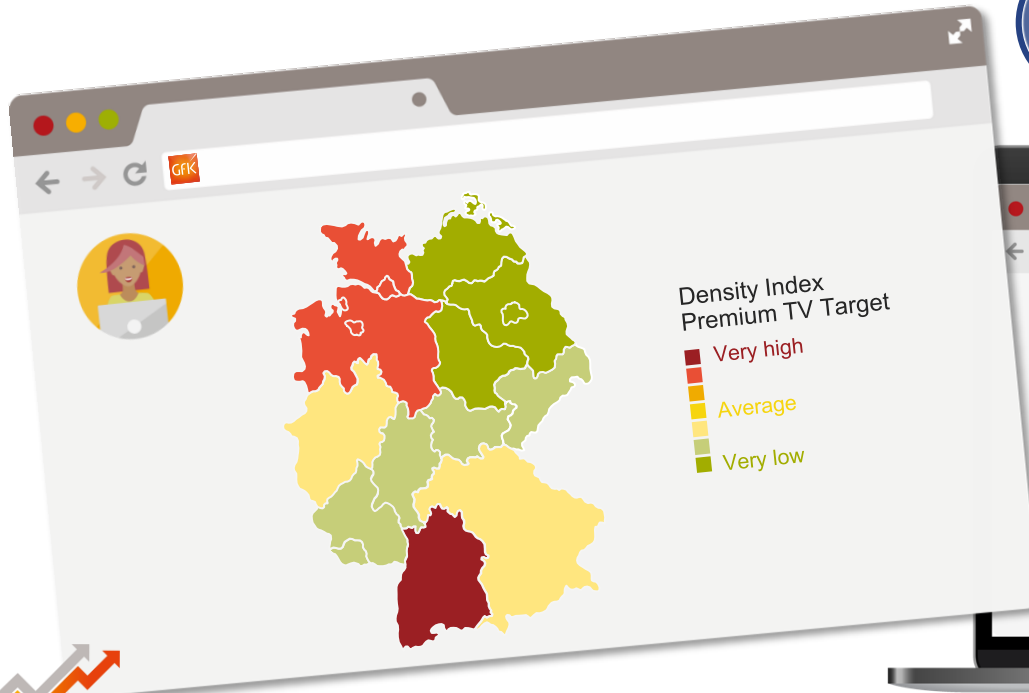
Affinity to technology

Where is the Premium TV target group located?

Consumer Insights Engine: Mobile-first survey



“How should I manage geographic distribution?”



The Premium TV target is located nationwide, but shows **highest density** in **South West** and **North West**.

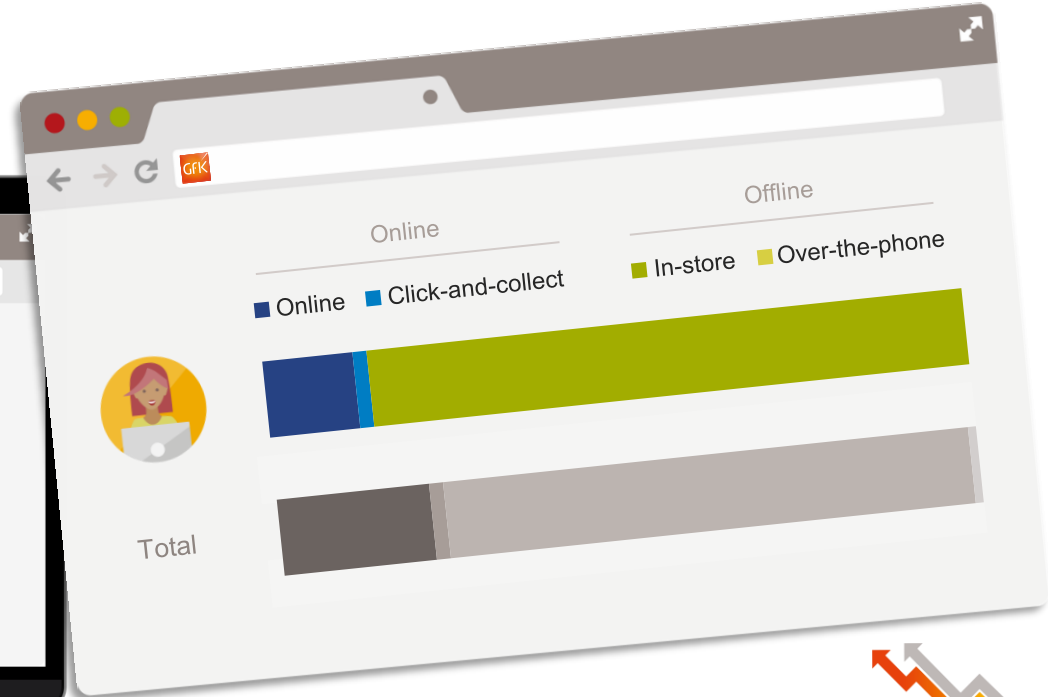
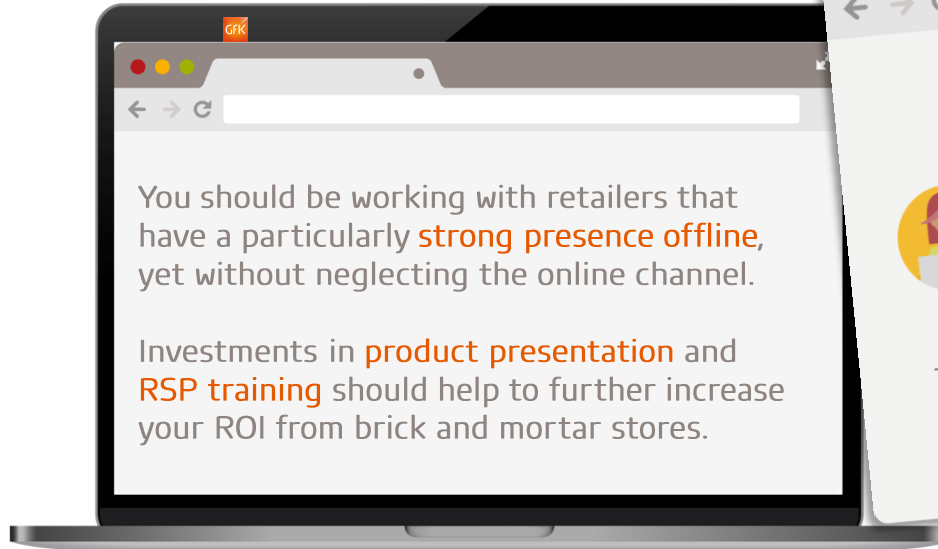
Optimization of **geographic distribution** should be prioritized in these regions.

Where are they buying?

Consumer Insights Engine: Calibration with POS data



“Which retail partners should I invest in?”



Where are they looking across off- and online touchpoints? Consumer Insights Engine: Mobile-first survey



“Where should I prioritize my advertising spend?”



Media spend should see a higher ROI on **digital channels** and **in-store advertising**, as these are mostly used by the Premium TV target during research.

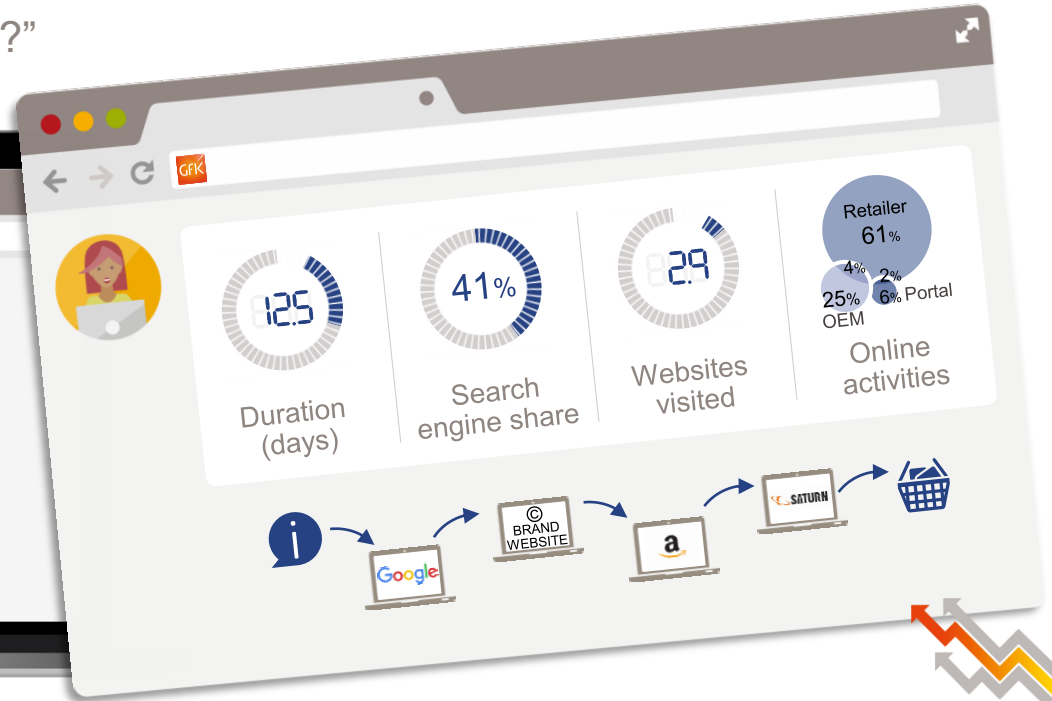
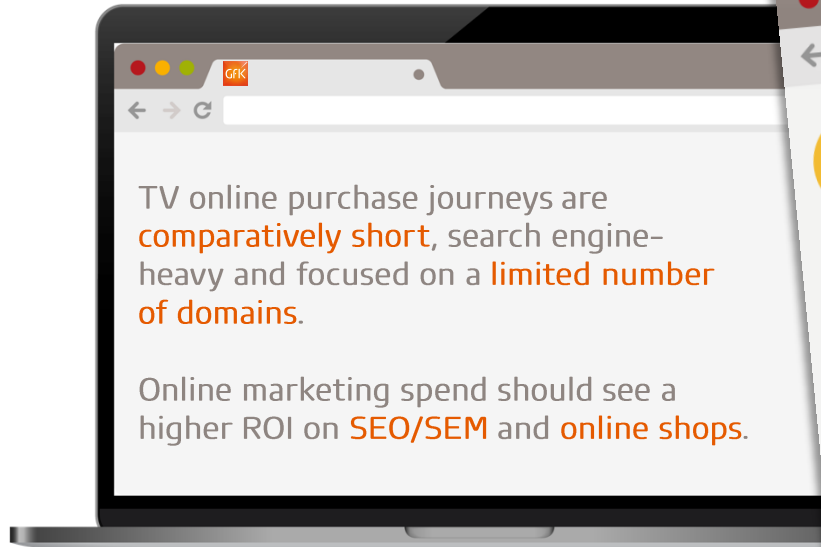
Yet, supporting **above-the-line** activities could help to build brand awareness for the new entrant in the premium market.

Where to find them on their online purchase journey?

Consumer Insights Engine: Passive online measurement



“How to optimize my online marketing spend?”

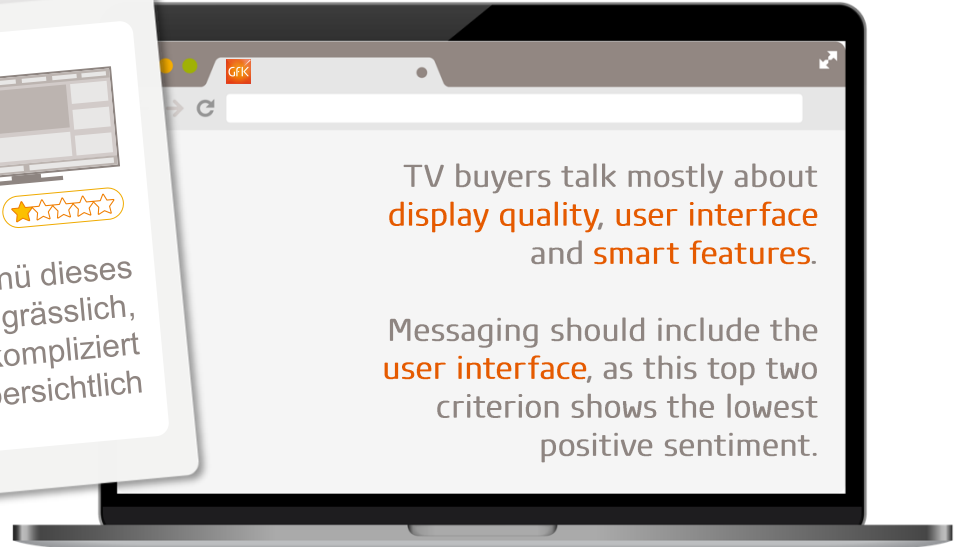
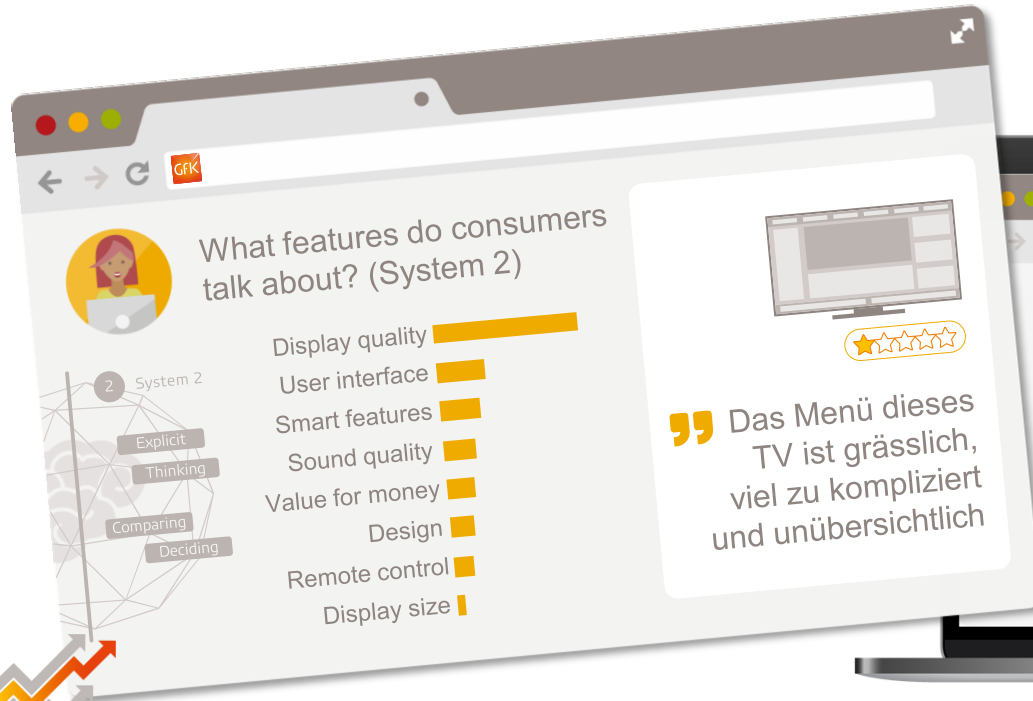


Why do they buy?

Consumer Insights Engine: AI-coded online product reviews



“What should be the focus of my messaging?”



We help Marcus to know the who buys what, where, and why!

Consumer Insights Engine



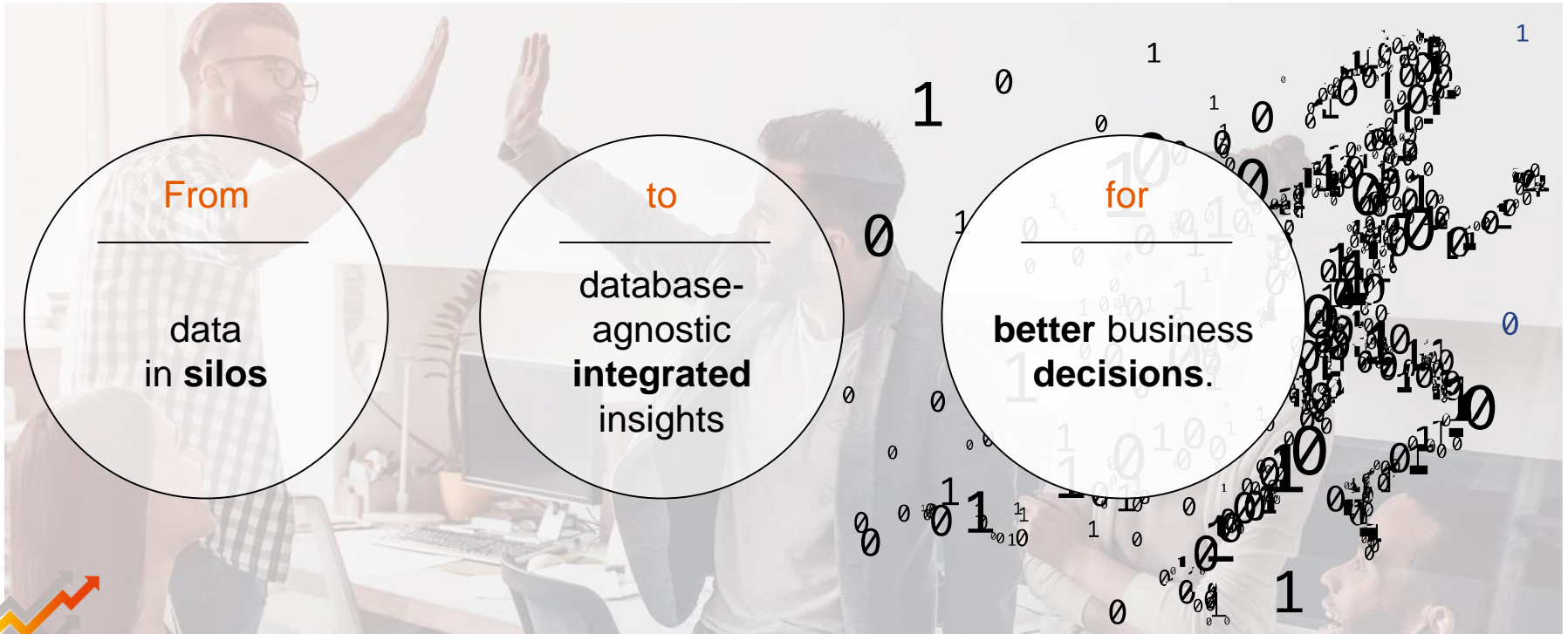
GfK has been providing this kind of Consumer Insights for ages – so what's new?



What you value the most about GfK remains untouched –
but we are transforming ourselves for the digital age and your benefit



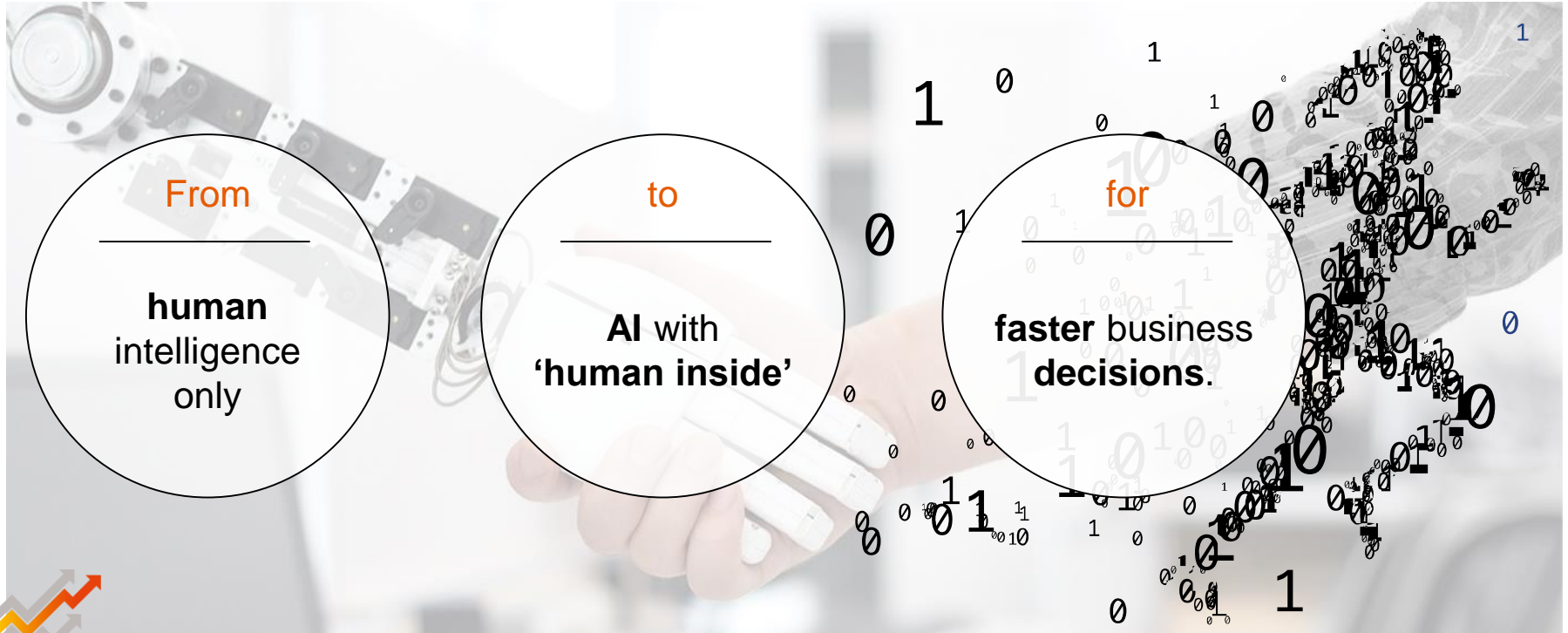
1 2 3



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1 2 3



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1 2 3

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Mid East	?	?	?	

From
one-off custom ad hoc

to
syndicated tracking (for selected categories)

for
tighter integration with business reality.

Consumer Insights Engine



Interested in experiencing the **Consumer Insights Engine**?

Please request a **live demonstration** meeting!



Your Consumer Insights contacts



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Thank you for your kind attention!

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