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The 2010 Accenture Consumer Electronics Products and Services Usage Report

Germany

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Just as with buying cars, German consumers tend to be as demanding and cautious about buying consumer technologies, preferring to wait until a product is tried and tested before purchasing it. Price, quality and value remain the potent combination to attract German buyers rather than innovation, according to the *2010 Accenture Consumer Electronics Products and Services Usage Report.*

The report—based on a survey of consumer technology buyers conducted in eight countries—finds that German respondents are among the most conservative of consumer technology buyers globally and appear to be slow adopters of innovative technologies while making their purchase decisions based mainly on price. Their interest in mobile phones and their usage of mobile applications appears lukewarm when compared to consumers in other developed markets.

One-third of the German survey population had not purchased any of the nineteen technology products in our survey in 2009, and an equal number had no intention to buy any in the next 12 months (see Figure 1). This is roughly 11 percentage points lower than the global average responses addressing those same questions. The conservative buying behavior extends across generations and products, although ownership of various products varied significantly among the respondents in the age group of 18 to 34 years and those above the age of 34 years. For example, more of the older respondents than those below the age of 34 years owned a video cassette recorder (VCR) while portable music players, game consoles and portable gaming devices were more popular among the younger people.

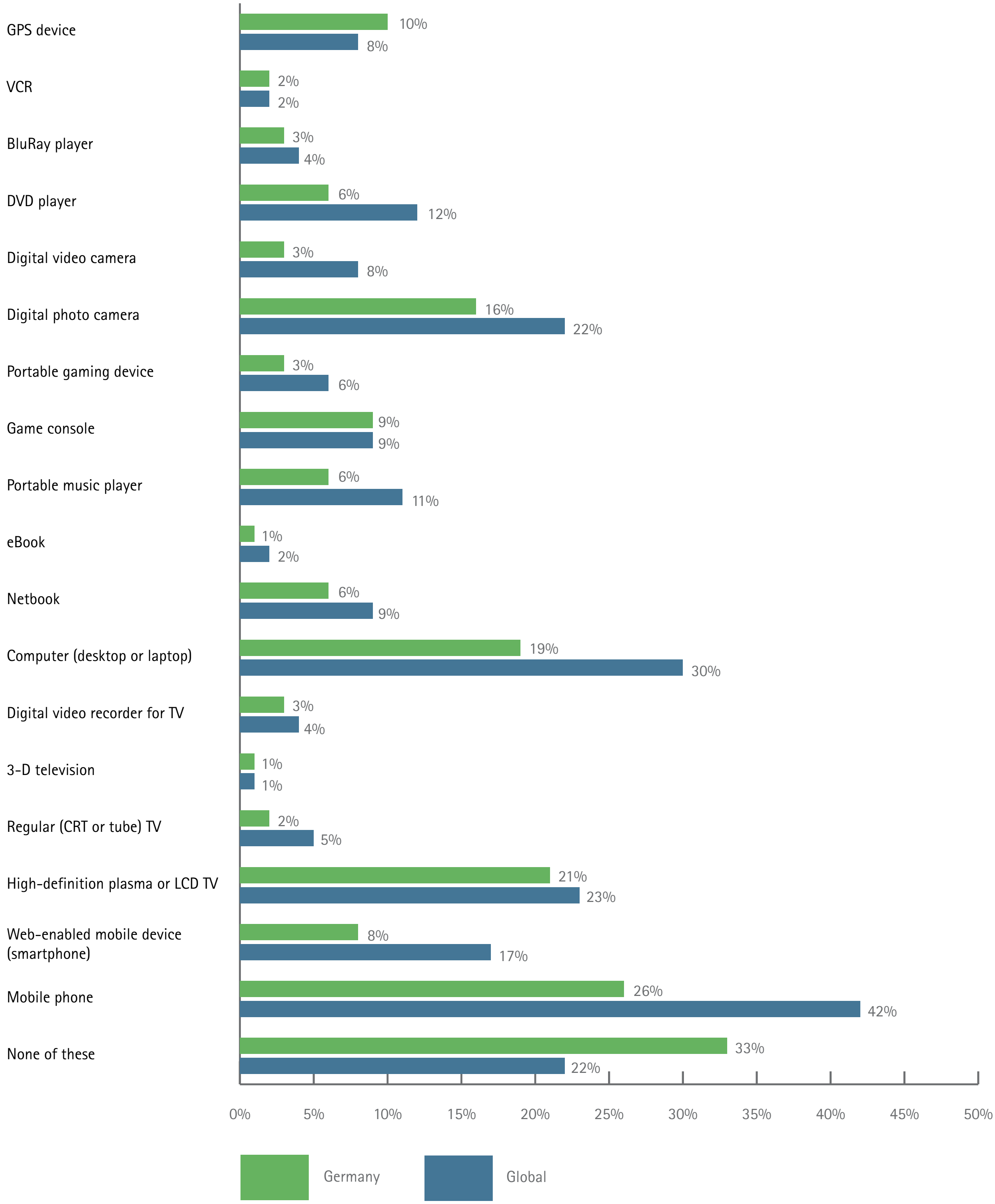
About the research

In late 2009, Accenture conducted primary research among 16,000 consumers to develop a greater awareness of consumer preferences for digital products and services. We hoped to better understand the purchase and use of digital products among key generations and gain deeper insights into differences in consumer preferences globally.

The research in Germany featured an online survey administered to a sample of 2,000 adults from different geographic regions, more than half of whom were in the age bracket of 35 years and above. Of these, 30 percent were over 55 years. Twenty-eight percent were below the age of 35.

Figure 1. Compared to global results, German respondents indicate less interest in purchasing consumer electronics.

Which of these consumer electronics have you purchased in the last 12 months?



Key Findings

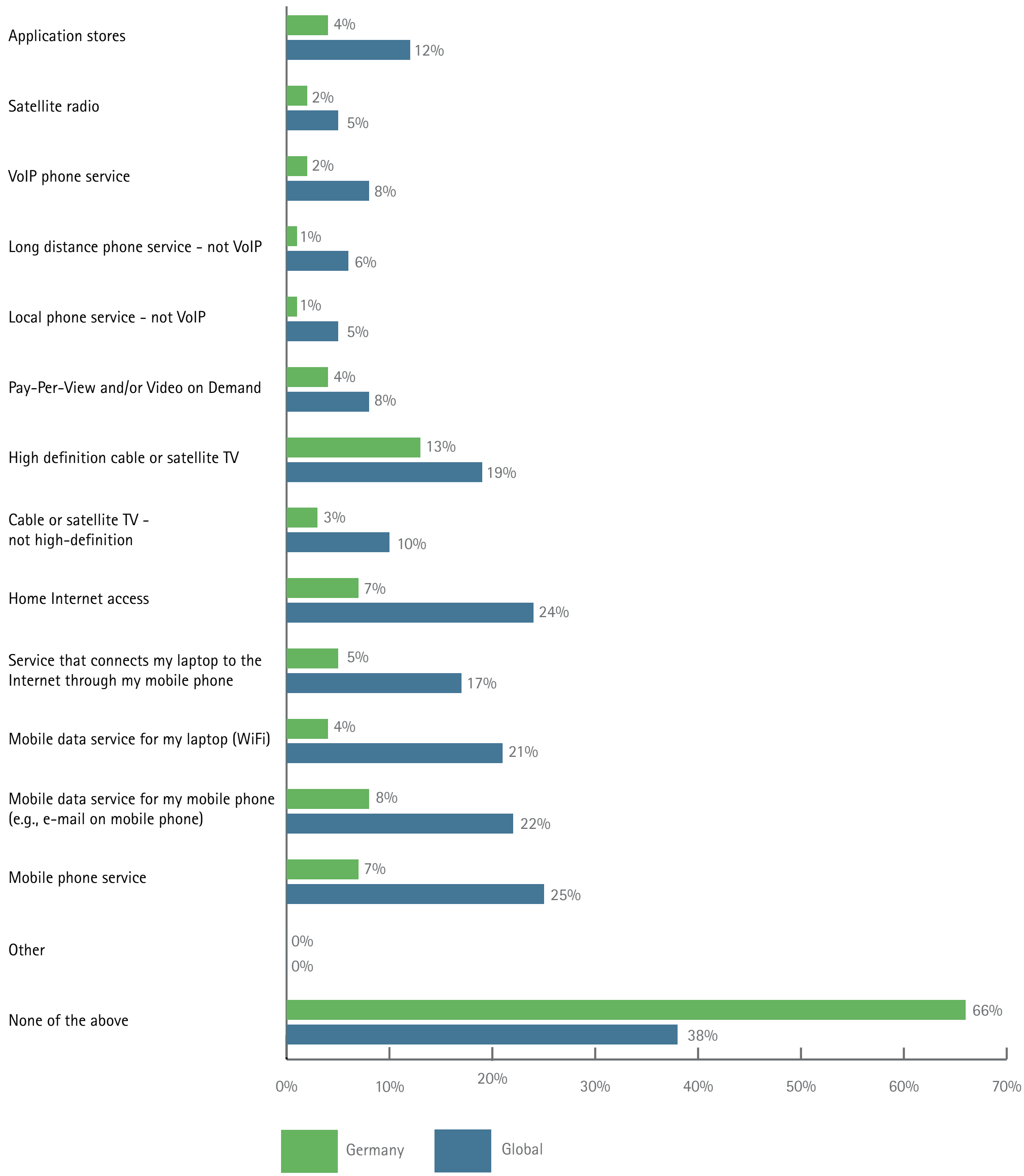
Low interest in mobile and Web-enabled products and services

Overall, German respondents appear to be far less interested in mobile technologies than respondents in other countries: only 8 percent plan to buy one and only 7 percent plan to subscribe to a mobile phone service next year (see Figure 2). However, mobile phones were the most frequently purchased product in 2009, although here too the numbers were below the global average. The survey indicates that computers are more important than mobile phones in Germany. Eighty-three percent of respondents ranked computers in their top three most important technologies while 67 percent placed mobile phones in the top three.

GPS devices seem to be the most popular high tech device with 32 percent owning one as against the global average of 20 percent. The popularity of GPS devices may possibly reflect the reputation Germans hold as outdoor enthusiasts.

Figure 2. Demand is likely to stay low in Germany during economic recovery.

As the economy recovers, do you plan to invest more in any of these services in the next 12 months?



Price scores over innovation in making purchase decisions

German respondents consider price and personal research as the most important criteria when buying a consumer technology product (see Figure 3), surpassing the global averages of 30 and 26 percent respectively. Germany ranked second globally in our research—just one percentage point behind Japan—indicating personal research was most important. But the German respondents were not as interested in price as those in Singapore, which leads this category at 41 percent.

Over 25 percent of the respondents say that it is not important at all to them that the products they buy are perceived as innovative (as compared to 12 percent globally). The emphasis on price and value among the respondents in Germany is also evident in their purchase behavior towards "green" products—only 43 percent of the respondents say they are willing to pay a premium for an environment-friendly product—far lower than the global average of 66 percent. While the general consensus is that Germans are environmentally aware and tend to participate in environmental activities such as recycling, the survey findings indicate they may be more cautious about green consumer technologies given a penchant for price and value.

Texting and taking photos on mobile phones highly popular

As in other countries, texting is the most popular mobile phone application other than making calls. Compared to the global average of 65 percent, 75 percent of the respondents in Germany say they use their phones for texting. The next most popular mobile phone application is taking photos—again an activity that is higher than the global average (60 percent versus 45 percent). Thereafter, the use of application slips sharply with only a small fraction listening to music or checking e-mail on the phone.

Social networking ranks lower in Germany than in most other countries

Online networking is an activity only a small percentage of respondents undertake compared to their counterparts in other countries. On the whole, just over half the respondents reported using any of the social networking sites we listed—with Facebook being the most popular, followed by Myspace, Windows Live Spaces and Xing; only 32 percent are involved in communities of interest (versus 47 percent globally), 27 percent write blogs (as against 39 percent globally) and 11 percent do microblogging (versus 24 percent globally). This again may be a reflection of the German love of the outdoors; so things considered less active, such as social networking and blogging, may not be as popular among consumers in Germany.

Home Internet service is the most important technology service

The home Internet service ranks the highest among technology services most used—85 percent of respondents say that this was among the top three services they use most regularly. Mobile phone service and cable/satellite TV were also among the top services but were used less regularly than home Internet services. Respondents in Germany were less likely than their counterparts to use mobile data services and cable/satellite. However, among the technology services they plan to buy, high-definition cable services ranks the highest—at least 13 percent of the respondents are planning to buy. Only 7 percent of the respondents say they plan to buy a home Internet service in the next 12 months.

Business Implications

The survey results have implications for businesses planning to either expand or invest in Germany.

Pricing strategy is the key to accelerate adoption of new technologies

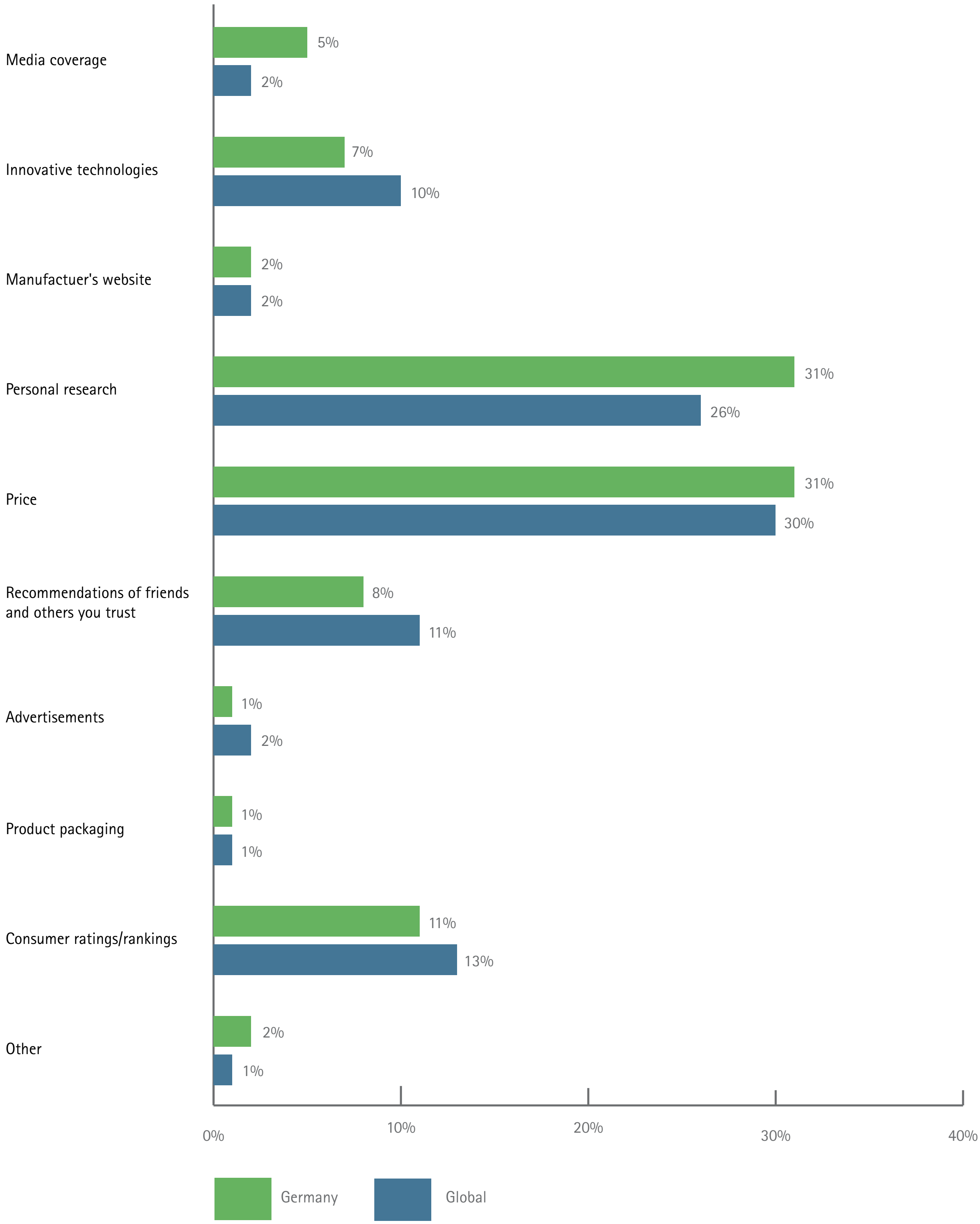
The results of the survey indicate that demand for consumer technologies may be slowing down in this market, possibly due to the global recession and saturated market conditions. Added to this environment is the general tendency of well-informed German consumers to be cautious adopters of technology, only buying a product after thorough research and only if the product has the appropriate price, value and quality proposition. Overall, German consumers are demanding and this behavior is the most apparent, for instance, in the automobile market. Automobile manufacturers like Honda use the German market to assess their products—when Honda introduced its first Chinese-built cars in Europe, it intentionally chose Germany as its first test market. As reported in "Accounting & Business", this was "part of a strategy to show picky German consumers that a car made in China is as good as one made in Japan."[1]

In such a market, entry level pricing strategies for new products will be important to unlock demand. And given the penchant for basing purchasing decisions on research and price, companies in this market would bode well to reach out to consumers with the information they need on new products and foster forums where information can be exchanged between end-users.

[1] http://www.accaglobal.com/members/publications/accounting_business/archive/2006/march/2619844

Figure 3. The German consumer is price and quality conscious compared to the global average.

When deciding to purchase consumer technology products and services, which one of the following factors play the biggest role in making your decisions?



For More Information

The information and analysis provided here is part of a larger global study conducted across eight countries, in the developed and emerging markets. For more information on the *2010 Accenture Consumer Electronics Products and Services Usage Report* please contact your local Accenture representative or visit www.accenture.com/2010GlobalConsumerTech

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 176,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com