

## **Turbulent times for household technology trade – Asian online stores cause wariness**

*The Finnish Commerce Federation research\* found that Finnish people shopping for household technology most often turn to Gigantti, Prisma and Power stores and the Verkkokauppa.com online store. At the tail end of last year, the sales of household technology began to plummet from the high numbers bolstered by the pandemic, and the decline could continue for a long time to come due to logistical problems, COVID-19 lockdowns in China and component shortage. Finns are reluctant to buy used electronics, but this trend may change in coming years.*

When shopping for household technology or electronics, Finns will most likely head to Gigantti, Prisma or Power brick-and-mortar stores or the Verkkokauppa.com online store. Gigantti, Power and Verkkokauppa.com are leading the sales of big household appliances, entertainment, information and communication electronics while Prisma and Tokmanni place ahead of specialty stores as the most popular places to shop for small household appliances.

“Supermarkets have taken a chunk out of the sales of household goods as well as household technology and electronics, and they bring more domestic competition to the sector”, Chief Economist for the Finnish Commerce Federation **Jaana Kurjenoja** states.

### **Household technology sales may continue to decline next year**

For a long time, the relative price of household technology has decreased as technology has developed. Households are buying more advanced electronics than before as homes, the everyday life and leisure have become electronic and digital.

At the end of last year, however, this rising trend bolstered by the pandemic was reversed. The household appliances and electronics trade experienced a downward shift in its turnover and number of sales during the last quarter of last year, and this development has persisted this year as well. The most evident causes for this development were logistical problems and product availability.

Russia’s war of aggression against Ukraine and the COVID-19 lockdowns in China will prolong this downward trend for household technology trade.

“At the end of last year, it was estimated that the problems revolving around the logistic chain and the shortage of containers and components would ease this autumn at the latest. However, currently, it seems that the normalisation of the situation will perhaps extend into late next year”, Kurjenoja estimates.

### **Finns have doubts about the reliability of Asian online stores**

The Finnish Commerce Federation estimates that in euros, 47% of household technology is purchased from brick-and-mortar stores, 35% from Finnish companies’ online stores and 18% from foreign online stores. In euros, household technology is the biggest product category for digital purchases: The Finnish Commerce Federation estimated in March that Finns spent 1,750 million on digital purchases of household technology last year.

In turn, purchases from online stores outside Europe and especially from Asian online stores declined considerably at the end of last year. This trend was mainly driven by product availability and prolonged delivery times as well as the import VAT reform which entered into force in 2021.

“It also seems that Finns are cautious of Asian online stores as 62% of people purchasing household technology have doubts about the product safety of electronic products sold in Asian online stores”, Kurjenoja comments on the results of the research.

There is a lot of variation in product categories of foreign online store purchases. For example, big household appliances are mainly bought from Finland, but foreign online stores account for a half of all the online purchases of phones and their spare parts and accessories.

### **Mobile phones are the most purchased product category**

People choose to shop from online stores especially due to their prices, but consumers also pay attention to the reliability and good selection of online stores. A good selection is an especially important selection criterion for online stores when shopping for entertainment electronics, while reliability is the most important criterion when buying small household appliances, beauty, hygiene and health products as well as electronics. Brick-and-mortar stores attract customers mainly with their prices and location.

In terms of household technology, the most popular products for Finns are mobile phones and their spare parts and accessories. The most frequently bought mobile phone brands in Finland are Samsung, Apple, Huawei and OnePlus. Out of these brands, people who bought Huawei are the most likely to switch brands. People who bought Apple and OnePlus use their phones most actively for the different stages of the customer journey.

“Although communication in its many forms and online banking are the most commonly used features on mobile, people also use mobile phones for the different stages of the customer journey”, according to Kurjenoja.

Last year, almost a quarter of Finns bought household technology with a mobile appliance.

### **The rise of supply could lead to a rising interest in buying used electronics**

Finns are used to recycling electronics. Although almost half of household technology consumers admit that they have old electronics lying around in their homes, most Finns think that recycling is easy.

However, people are reluctant to purchase used electronics although this attitude could change with the growing presence of stores selling used and serviced electronics.

“The market for used and serviced electronics could see an additional boost in popularity as the sustainability trend grows and the current problems in product availability persist”, according to Kurjenoja.

**Further information:** Jaana Kurjenoja, Chief Economist, Finnish Commerce Federation, tel. +358 (0)40 820 5378, jaana.kurjenoja(at)kauppa.fi

\* Chief Economist Jaana Kurjenoja conducted The Finnish Commerce Federation research on household technology and electronics consumers and consumer markets. The main sources of the research were the statistics from Gotech and Statistics Finland as well as the international consumer survey conducted by Statista and the consumer survey conducted by Kantar TNS and designed by Kurjenoja, who also analysed its results.