

## Home centricity, comfort and personalization are the key consumer trends in the Russian household appliances and consumer electronics market in 2021

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**M.Video-Eldorado Group**, Russia's leading e-commerce and consumer electronics retailer (MOEX: MVID) has analyzed customer preferences in 2021 and identified the key consumer trends in the Russian market. The segments with the most notable year-on-year growth include smartphones, household goods, products for entertainment and remote lifestyle – on the back of the pandemic – as well as innovative categories such as smart home, which grow above the market average. Most product categories are dominated by higher price segments, as Russian consumers prefer to spend their money on more expensive and efficient devices. About 55% of turnover on the CE market has been generated by conventional sales with the remaining 45% sold online. This percentage has been virtually unchanged from the previous year.

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Russia's Top 10 most popular brands are Apple, Samsung, LG, Redmi, HP, Bosch, Mi, Asus, Haier, and Lenovo.

### Mobile ecosystem

Smartphones are becoming increasingly important and even essential as a primary method of communication, shopping, entertainment, and a whole host of other daily activities. The increasing presence of smartphones in our lives is also affecting the decisions of the Russian consumer. When purchasing a smartphone, they are now more likely to choose a device with a longer service life. By the end of 2021, the sales in this category are expected to soar by more than 25% in value terms to RUB 720 bn. Smartphones priced RUB 50,000+ show the strongest dynamics: by year-end sales may grow by 70% and 75% year-on-year in volume and in value terms, respectively. For the first time in a decade, feature phones have been demonstrating growth in volume terms (with an expected rise of some 4% to 6.8 million items) driven by demand from migrant workers, senior citizens, kids, people who use them instead of landline telephones and those anxious about data security.

Smartphones stimulate the demand for wireless earphones with their share exceeding a half for the first time ever, while True Wireless models generated more than a third of the total sales (the demand skyrocketing by some 80% in volume terms). Wearable devices have become even more important amid the pandemic (with an expected growth of about 12% in volume and 38% in value terms), as they help engage in sports in a more conscious manner, track sleep, and monitor health. Functional smartwatches demonstrate the best performance. Mains and wireless chargers are expected to grow by about 50% due to a more frequent use of smartphones and manufacturers excluding chargers from the package.

### Home centricity

Amid the pandemic, consumers keep actively investing in home comfort. Major domestic appliances (refrigerators, washing machines, cooktops, kitchen hoods, ovens, etc., including built-in models) are expected to grow by about 15% year-on-year. By the year end, the following small household appliances are going to demonstrate a rise above the market average in volume terms: robot vacuum cleaners (2x), upright vacuums (1.5x), coffee machines (+20%), blenders (+17%), microwave ovens, irons, and kettles (adding some 15%). Personal care products have also gained popularity as shaving accessories and hair clippers added more than 30%, while hair dryers and hair styling tools grew by 25% and 20% respectively. Home office ecosystem stays on the front burner with powerful and high-performance gaming laptops (growing by more than a third), all-in-one PCs, and networking hardware expected to add some 10% in terms of volume. Certain peripherals and printers still remain in demand.

### Investing in technology and comfort

Smart and 4K TVs continued to penetrate the television segment and accounted for more than 70% and 40% of devices sold as customers sought to enjoy content in new ways. The contrast in CE sales kept growing, with products within the middle and higher price segments rising in popularity. In value terms, these items

generated over a half of total demand for laptops, tablets, MDA, etc. They are likely to last and stay relevant longer, while also making the user's life easier, more convenient and streamlined thanks to better performance and extra functionality.

## **Innovative products**

Some relatively new product categories remained on a firm growth trajectory. For example, sales of smart home devices at M.Video-Eldorado almost tripled as their offering expanded and affordability grew and Russians invested more in their households, buying items that would bring more comfort to their daily lives. Demand in this category was driven by products such as smart voice assistant speakers, which can be used to control smart home or other internet-enabled devices (kettles, vacuum cleaners, washing machines, fridges, etc.). M.Video-Eldorado increased their sales by 2.5x. Electric rideables, dishwashers and instant cameras also demonstrated strong sales growth.

Recent technology and functionality improvements drove demand for respective products, bringing them into wide use. Modular designer and side-by-side refrigerators, ovens with steam cooking and preset baking programs, washer-dryers and sous vide appliances all gained traction, while steam generator irons and steam ironing solutions pushed up the entire iron segment.

## **Personalized discounts**

Customers increasingly looked for deep personalization at every touchpoint. M.Video is committed to building long-term customer relations and has rolled out a number of data-driven products, including personalized prices and relevant product offerings. In 9M 2021, M.Video and Eldorado mobile app downloads exceeded 21 million, a 4.3x increase year-on-year. Our consultant app helps store assistants authorize the customer, access their profile, cart, shopping history, bonus points and personal offers, add items to the cart and send them the online payment link.

All customer communication channels – the website and the consultant and customer mobile apps – feature recommendation services that make it easier to find the best offer among popular and newly added goods and choose accessories and complementary items. Product recommendations account for 20% of the turnover generated by the mobile app and originate a fourth of all purchases. One in three app users interact with items suggested by our smart algorithms. The customer online platform and the consultant mobile app also come with personalized prices. A guaranteed discount based on the user's past purchases and bonus points is shown shortly after authorization on the website or within the app.

## **About the Group**

M.Video-Eldorado Group (PJSC M.video) is a leading Russian e-commerce and consumer electronics retailer that unites the M.Video and Eldorado brands. The Group's GMV exceeded RUB 500 billion including VAT at the end of 2020.

As at September 30, 2021, the Group had stores across more than 300 Russian cities, with 563 and 615 stores under the M.Video and Eldorado brands, respectively. Total floor space was 2,081 thousand square meters.

M.Video-Eldorado Group is Russia's only publicly listed consumer electronics retailer. The Company's shares are currently traded on Moscow Exchange (ticker: MVID), with around 24% free float. Said Gutseriev directly or indirectly controls 60% of the share capital of M.video PJSC, 15% is held by Media-Saturn-Holding GmbH and another 1% is held by MVM LLC, a 100% subsidiary of M.video PJSC.

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