

Press release

The Major Domestic Appliances market is growing – built-in appliances see record sales in Europe

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Nuremberg, August 31, 2016 – For the global major domestic appliances (MDA) market GfK expects to see total revenues of €166 billion in 2016 and a moderate growth of 1 percent. Built-in appliances in particular are enjoying record sales in Europe. These are GfK's findings on the global major domestic appliance market, published to coincide with the IFA 2016 trade fair in Berlin.

In **Western Europe** the MDA market increased by 5 percent both in volume (units sold) and value during the first six months of 2016. This was mainly driven by positive sales trends in the Netherlands (plus 8 percent), France and Sweden (each plus 6 percent). If this trend continues throughout the second half of the year, this market will achieve record sales of nearly €32 billion in 2016.

Eastern Europe continues its strong development of the last three years, with an expected growth in the MDA market of 7.5 percent. If this trend continues, total sales will reach €4.3 billion in 2016. The strongest increase is in Romania, which is up 28 percent, driven by economic stability, higher salaries and increasing gross domestic product. However, Russia's market development for 2016 is very uncertain as it still faces low oil prices, high inflation and the prolongation of sanctions. After last year's slump the sales figures have at least stabilized in the first half of the year, rising 2 percent. Overall revenues totaled €3.6 billion, in stark contrast to the €5.5 billion achieved in the record year of 2013.

In China the MDA market will remain flat this year, at approximately US\$32.5 billion. This market, which is the biggest in the world, is expected to pick up during 2017.

MDA markets in **Latin America** are in a deep recession. With about US\$12.5 billion the revenue volume will probably be lower than in the past eight years. This trend is even more evident in local currency. In Brazil, the largest country in the region, this negative trend is particularly marked.

Built-in appliances see record sales in Europe

For the first time, the built-in appliances market has reached 40 percent of the total MDA, corresponding to an annual revenue of nearly €13 billion. With growth of more than 7 percent in the past 12 months, this market is now out-performing freestanding appliances in Europe (plus 5 percent).

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Looking at **Western Europe**, GfK observes the following drivers of growth:

Cookers/Ovens with integrated steam function recorded a revenue growth of 34 percent during the first half of 2016 compared with the previous year's period. This new segment is therefore well established and now accounts for 12 percent of total sales of built-in ovens. For the overall year GfK expects to see revenues of about €350 million.

Flexible induction hobs are increasingly preferred by consumers and hence already make up 45 percent of induction hob sales, which corresponds to an annual revenue of around €600 million.

Innovations for hoods, such as hob extractors, have successfully entered the ADM market and show a growth rate of 28 percent. By value they represent 4 percent of all sales in Western Europe (about €70 million for the year as a whole).

Connected home appliances are hugely popular with consumers

Innovation plays a big role in the growth of Connected Appliances, with this sector achieving a market share of up to three percent in Europe (about US\$1 billion annually), and more than five percent in Asia (about US\$3 billion annually). The rising stars are smart washing machines and refrigerators, where "connectivity" is a value feature, adding an average 50 percent to the price tag compared with conventional household appliances.

Eco-friendliness also supports market growth: GfK findings show that political regulations to control energy consumption significantly impact the market for domestic appliances. The introduction of 'energy labels', like the SASO for Air Conditioners in Saudi Arabia, has increased sales of higher classified appliances, and direct or indirect subsidy programs, such as those in Croatia and Hungary in 2015, have triggered early replacement purchases.

Online shopping: A global phenomenon and especially popular in Europe

Almost a fifth of MDA market revenue in Europe is generated via online sales, totaling around €8 billion a year. In the first half of 2016 online sales made up almost 35 percent of sales in countries like Great Britain and Czech Republic. Online growth rates are almost three times higher than traditional offline sales, with online sales up 12 percent over the previous year. Online shopping is particularly important for freestanding appliances, accounting for just over 20 percent of market revenue in the Washing and Refrigeration sectors, and more than 35 percent in Side by Side refrigerator combinations.

About the method

Through its retail panel, GfK regularly collects data in over 80 countries worldwide on major domestic appliances such as washing machines, dryers, dishwashers, refrigerators, freezers, cookers and ovens, hobs, range hoods and microwaves. Except where noted otherwise all numbers in this text refer to the time period January to June 2016. Growth rate in percent refers to revenue compared to the corresponding previous year period. Major domestic appliances here means the market excluding air conditioners.

GfK activities at the IFA, September 2–7, 2016, Berlin:

- 1) The **GfK Info Point** at the IFA press center provides all the information published by GfK during IFA
- 2) Come and chat with our experts in the **GfK office** at the IFA (VIP Room 2, Großer Stern).
- 3) **GfK Technical Innovation Conference** "The Connected Consumer" on September 1, 1-3pm, IFA, Marshall Haus Messegelände Berlin. You can download the agenda here: <http://www.gfk.com/insights/event/ifa-2016-2/>

In occasion of IFA 2016 GfK publishes press releases relating to the sectors IT, TV, Smartphone & Wearables, Audio, Small Domestic Appliances and Major Domestic Appliances. All information are available on the website: <http://www.gfk.com/press-room/press-releases/>.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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