Growth from Knowledge

State of High-end Home Appliances in China 2021

A look into consumers and key market trends

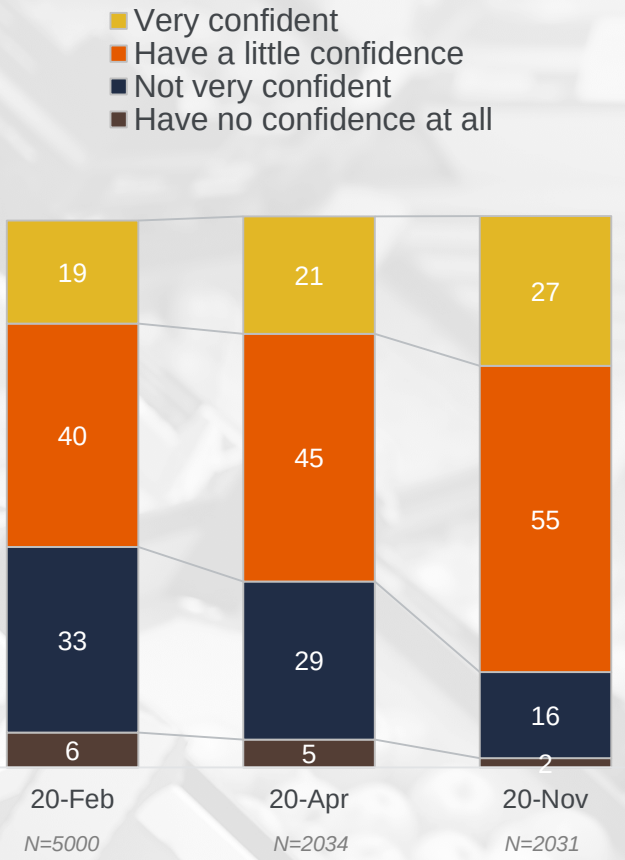
GfK Market Study Report Dec 2020

GfK China

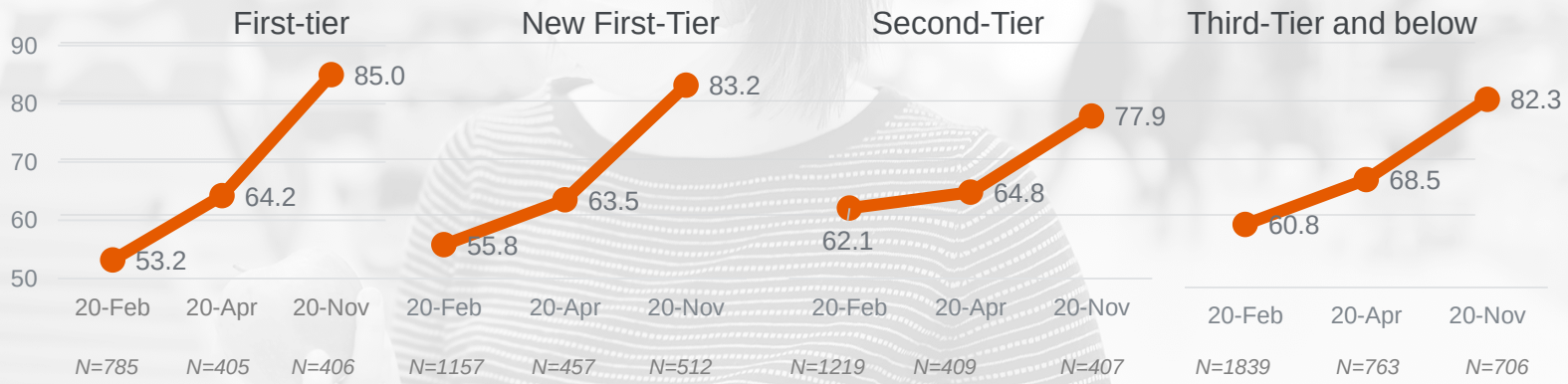


Compared with April, the overall consumer confidence has increased significantly, especially in first-tier cities and high-income groups.

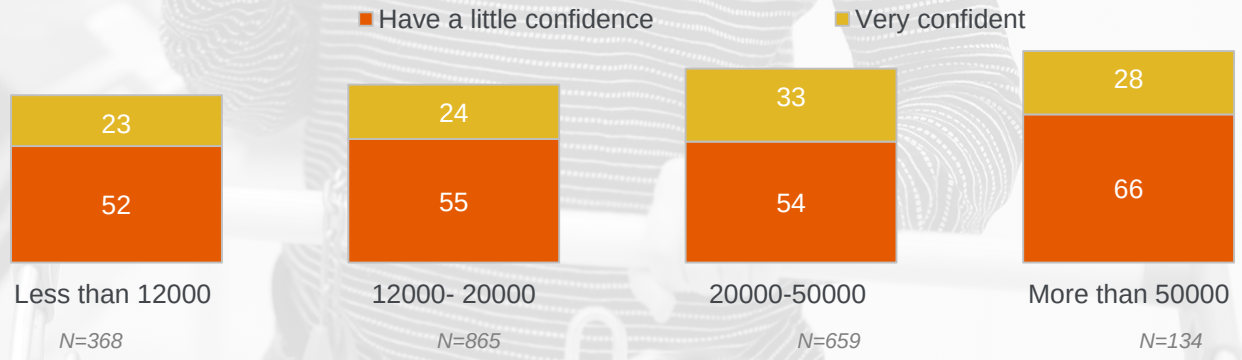
Consumer Confidence %



Consumer Confidence City-level %



Consumer Confidence Household Income%

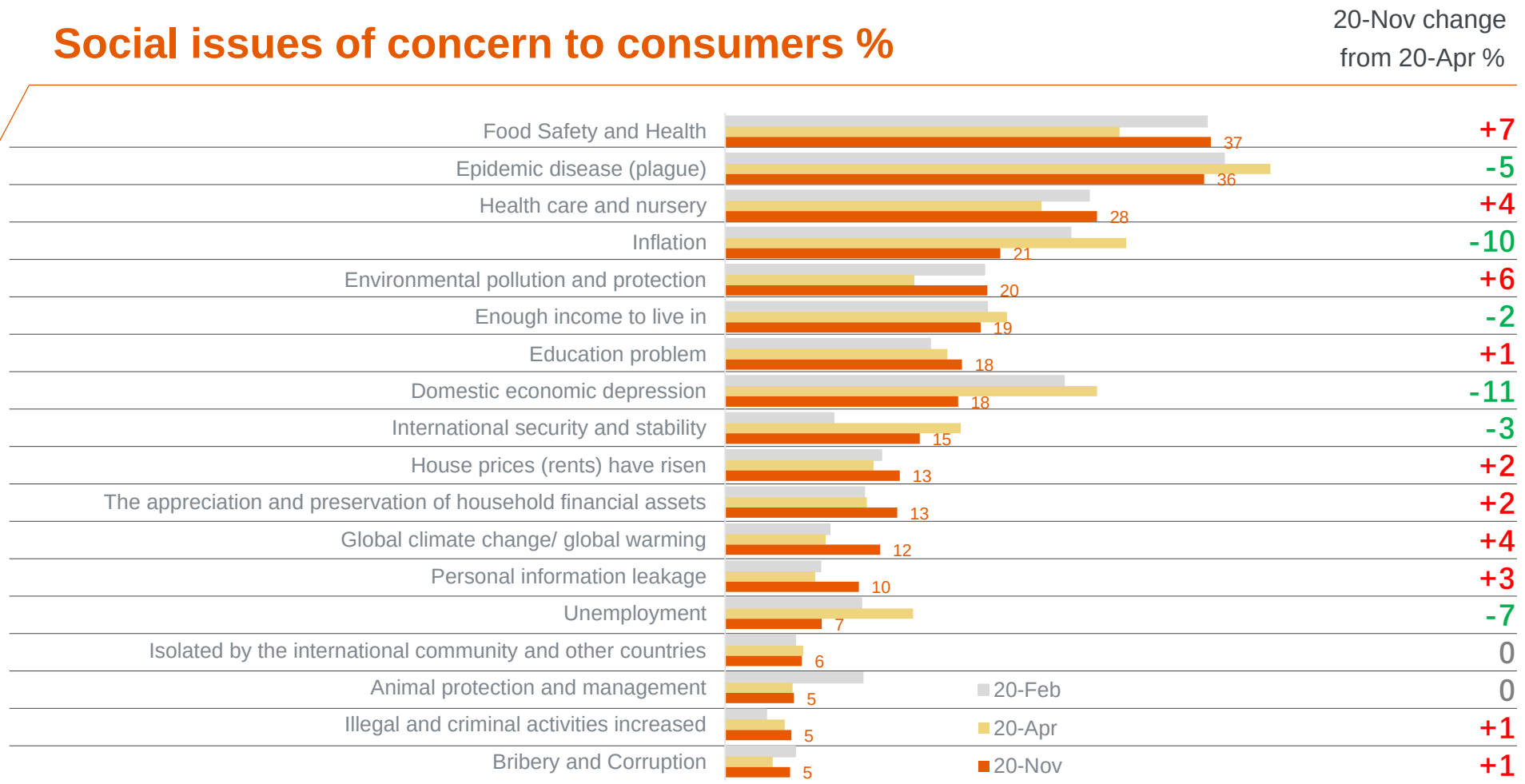


Data source: GfK consumer research

Changes in economic conditions, consumer confidence

As economic growth has picked up, consumers' worries about inflation, domestic economic depression and unemployment are significantly reduced.

Social issues of concern to consumers %



N=5000

N=2034

N=2031

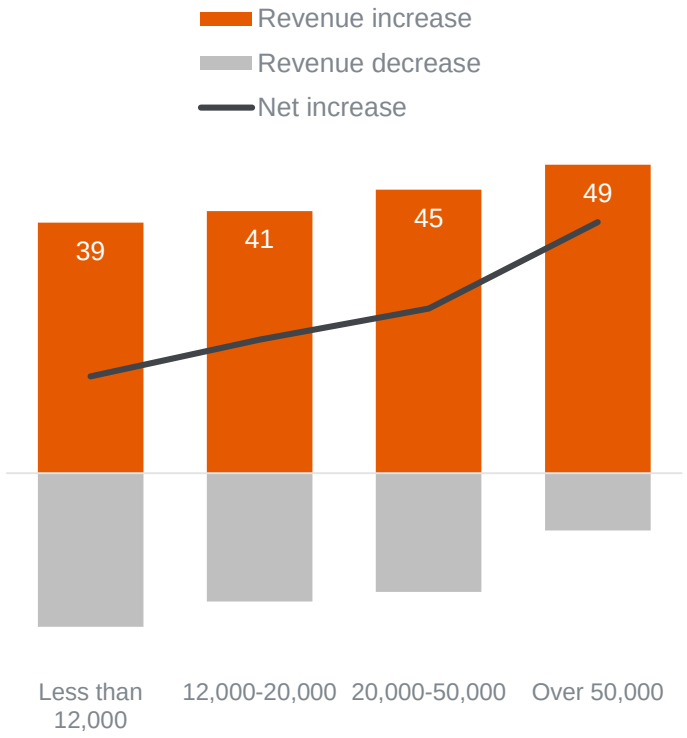
Data source: GfK consumer research

What are your major social issues of concern in the next six months? Please choose up to three answers

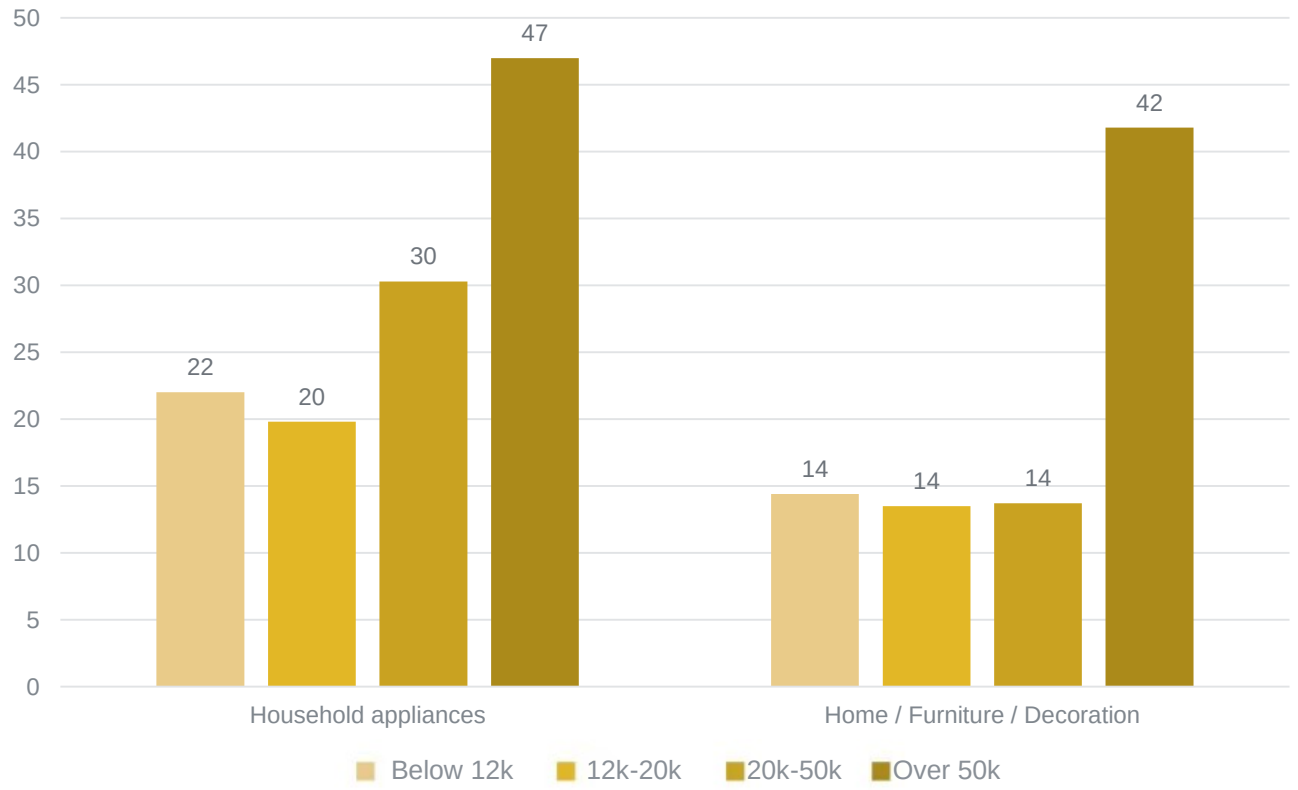
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The expected income of high-income households will increase significantly, which will further drive high-end consumption. They led the way in expected increases in spending on appliances and home furnishing/renovation.

Annual household income forecast in 2020 Monthly household income%



Areas of increasing household expenditure in the next six months



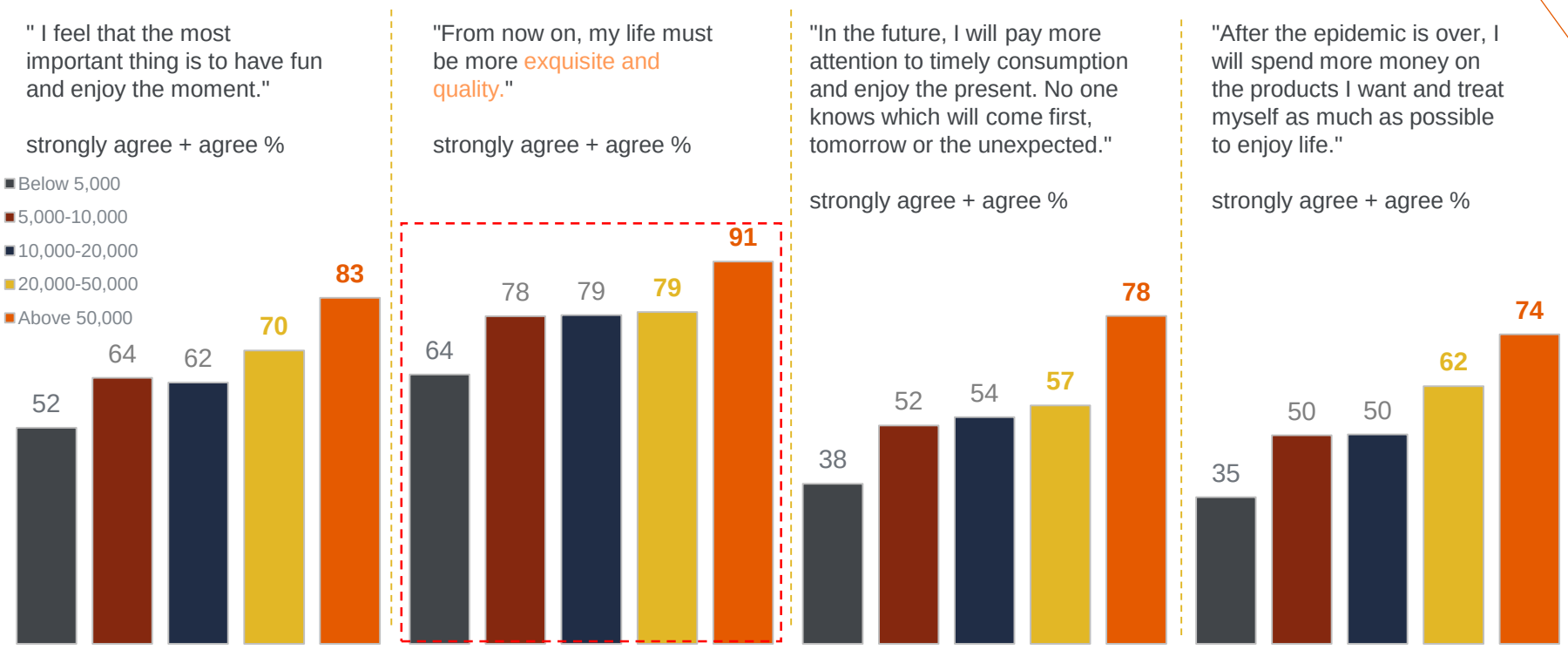
Data source: GfK consumer research

How do you expect household income to change in 2020 compared to a year ago? In the past three months, as a result of the epidemic, how has your consumption concept and brand attitude changed?

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The consumption attitude of quality and timely enjoyment is very common among high-income groups, and the attitude of pursuing quality life is relatively recognized by different income groups.

The epidemic affects consumption concept　　Personal Income%





Data source: GfK consumer research

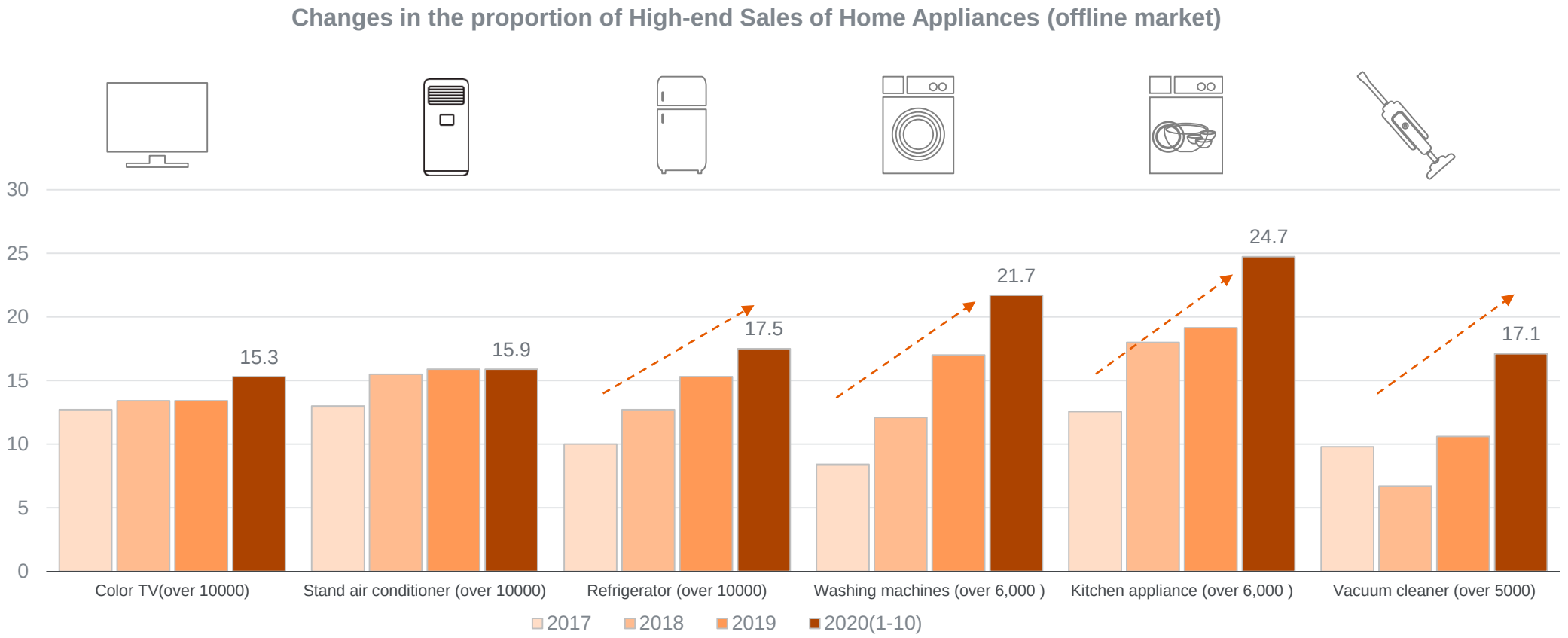
20-Feb N=5000；20-Apr N=2034　20-Nov N=2031 In the past three months, affected by the epidemic, how has your consumption concept and brand attitude changed? Has the epidemic caused you to think about life in a new way and change your life concept?

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The market share of the high-end home appliance market continued to increase. Major domestic appliances, kitchen appliances, health and small clean domestic appliances increased significantly after the epidemic.

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Offline Market, Jan to Oct 2020



Kitchen Appliance includes: Hoods, Hobs, Dishwasher, Cooking, Steam Oven

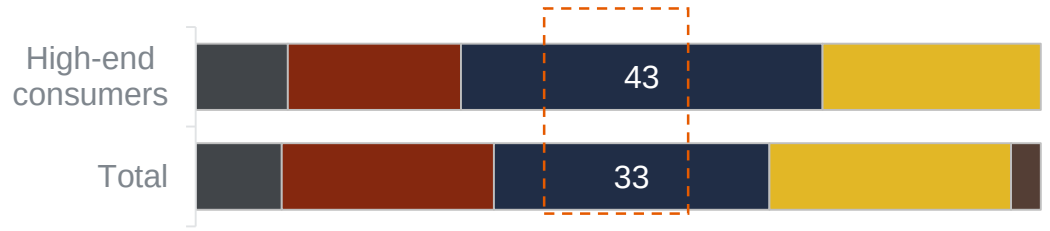
Data source: GfK Retail Monitoring Data

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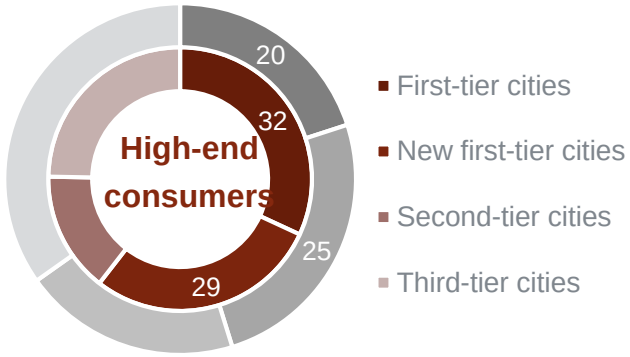
Who are the consumers of high-end appliances?

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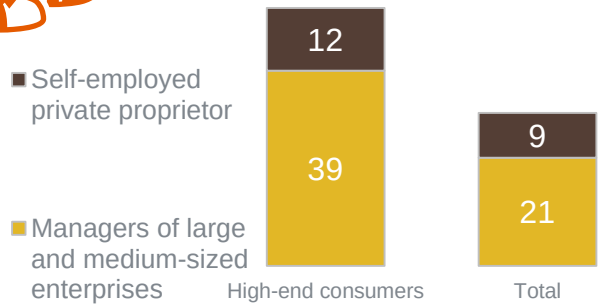
The post-80s generation accounts for a prominent proportion



First-tier and new first-tier cities 61%, +15% from total



The majority of managers are in high-end consumer enterprises



47% personal monthly income

over **15,000**

+30% from total

Mobile phone brand

40% +3% from total

HUAWEI

34% +13% from total

High-end home appliance users: the highest unit price of major domestic appliance that more than10,000 ; Or the users whose unit price of the highest category of small domestic appliances is more than 5000 yuan + whose monthly household income is more than 20,000 N=458
Data source: GfK consumer research

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They advocate family value, have the courage to pursue, and enjoy exquisite life.

High-end consumers believe that:

87% The family is the forever harbor
Spend more time with your family
(+5% from total)

85% From now on, my life must be more delicate and high-quality *(+7% from total)*

80% All that I can think of from now on, I must try my best to fight for and can not live up to time
(+8% from total)

69% Carpe diem, living in the moment is the most important thing *(+6% from total)*



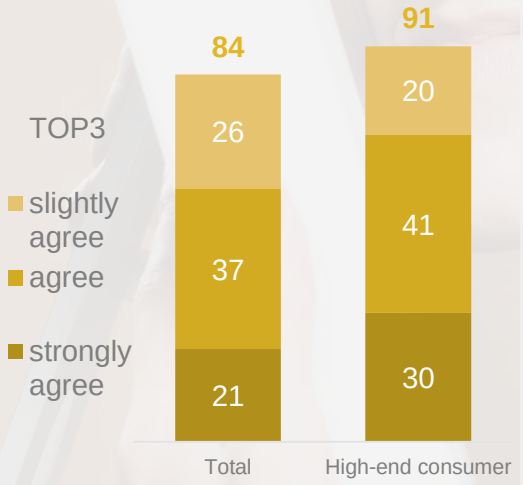
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Data source: GfK consumer research

E8 The following are some statements about the attitude towards purchasing home appliances. According to your own opinion, to what extent do you think these statements describe you

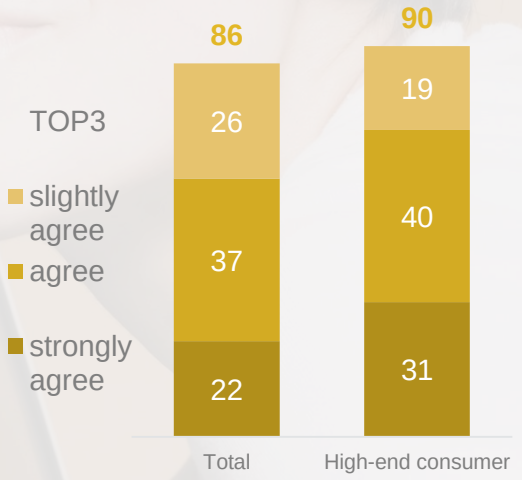
High-end consumers pursue diversification & smart functions of home appliances, value appearance design, and are willing to pay for innovative technologies.

High-end market consumers' attitudes towards purchasing home appliances

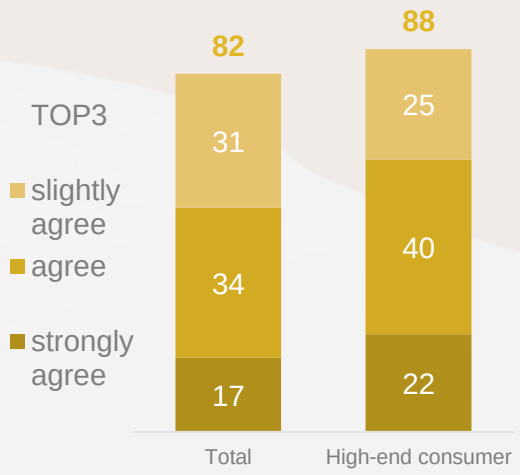
"I like **rich functional** home appliances that can meet my various needs in daily life."



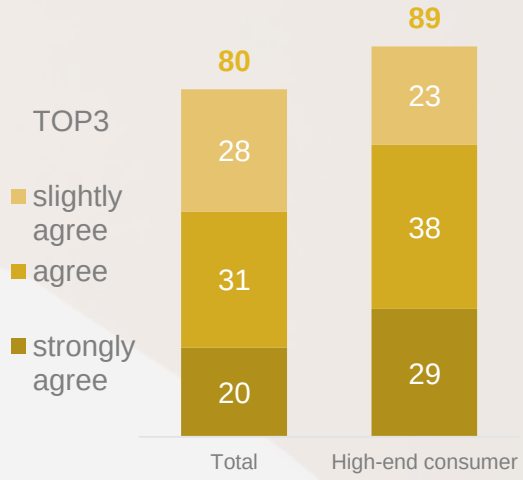
"I pay great attention to the **intelligence and humanization** of home appliances. Easy to operate is very important."



"I pay much attention to the **design and appearance** of home appliances, which can decorate myself and my living environment."



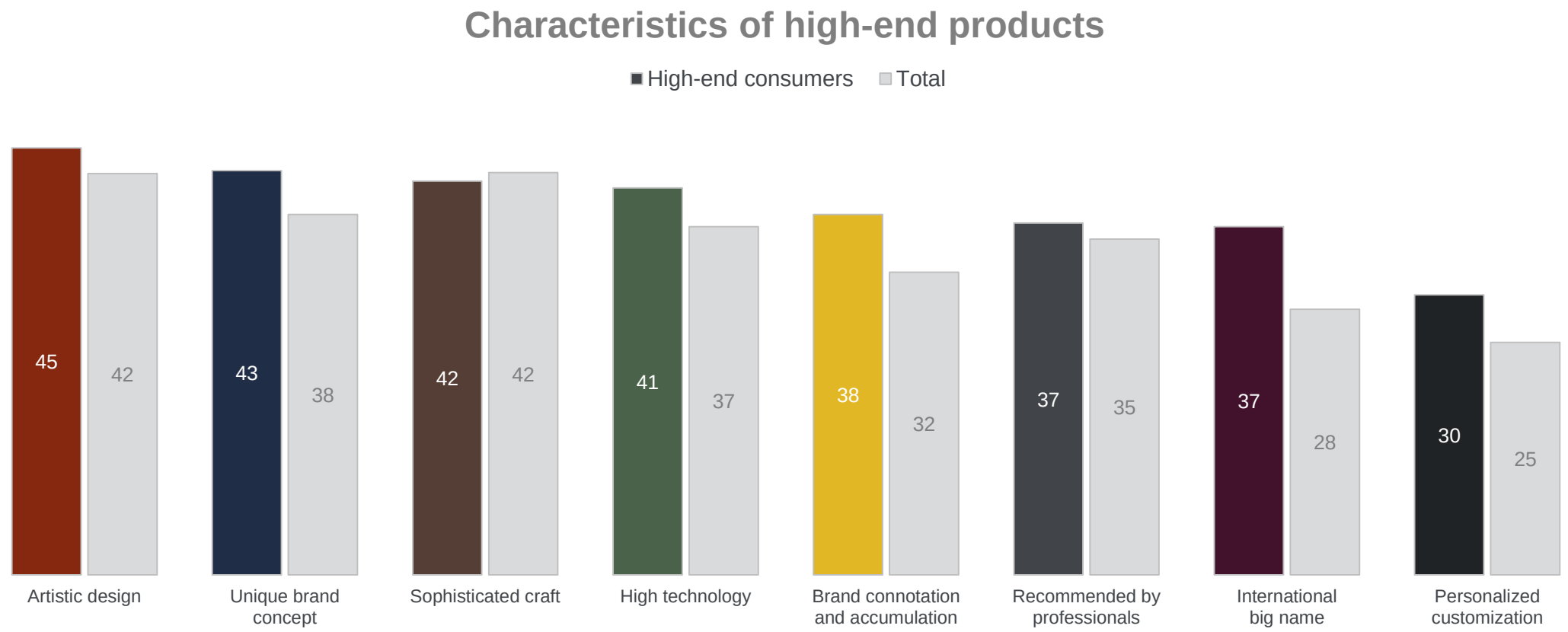
"I am curious about **new and innovative technologies**, and I am willing to pay higher prices for home appliances that contain new technologies or advanced functions."



High-end home appliance users: the highest unit price of major domestic appliance that more than10,000 ; Or the users whose unit price of the highest category of small domestic appliances is more than 5000 yuan + whose monthly household income is more than 20,000 N=458

Data source: GfK consumer research
Following the EB are some statements about customer's attitude when buying home appliances. Please according to your own opinion, to what extent do you think these descriptions describe yourself

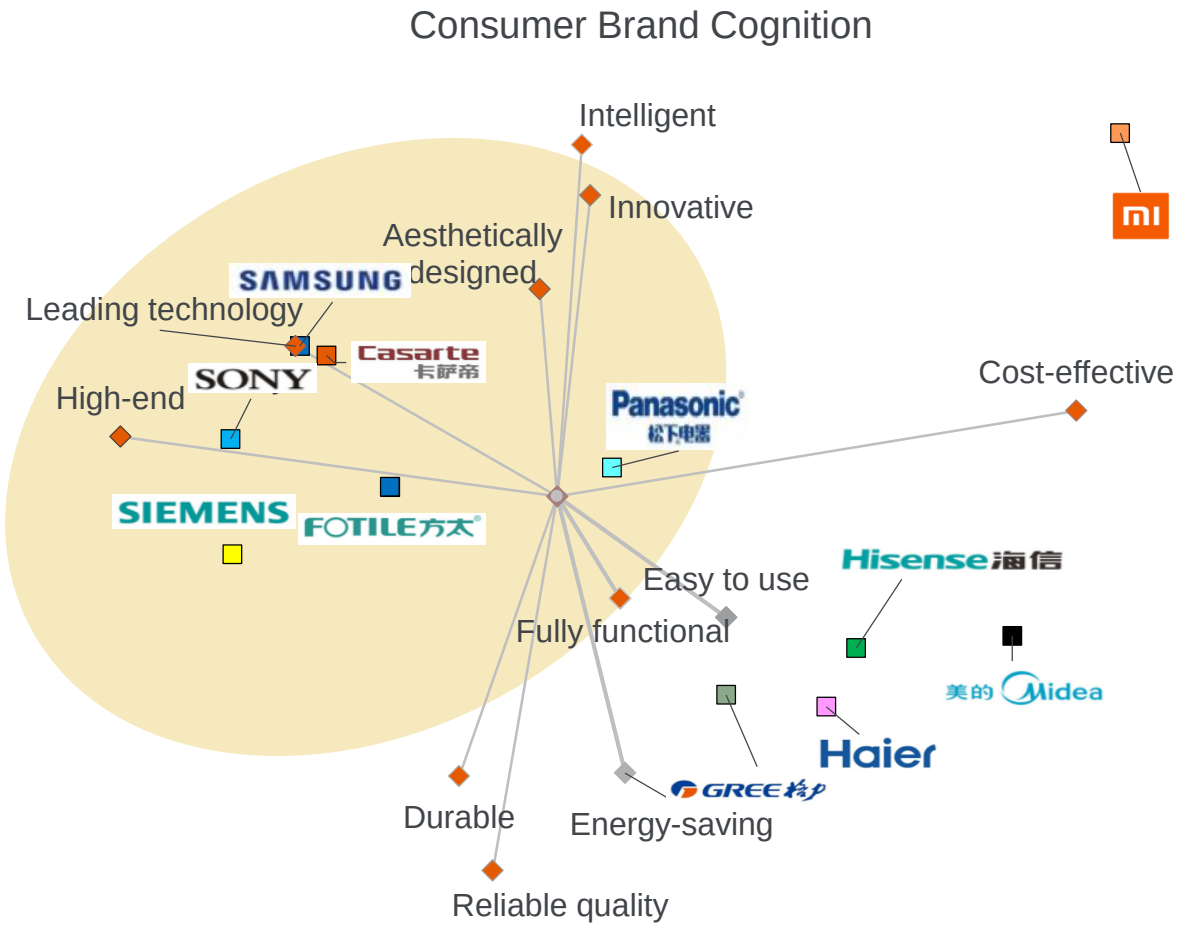
The characteristics of high-end brands in consumers' minds are derived from design, brand, process, technology, etc. Telling a good brand story is especially important for high-end consumers.



High-end home appliance users: the highest unit price of major domestic appliance that more than10,000 ; Or the users whose unit price of the highest category of small domestic appliances is more than 5000 yuan + whose monthly household income is more than 20,000 N=458
Data source: GfK consumer research

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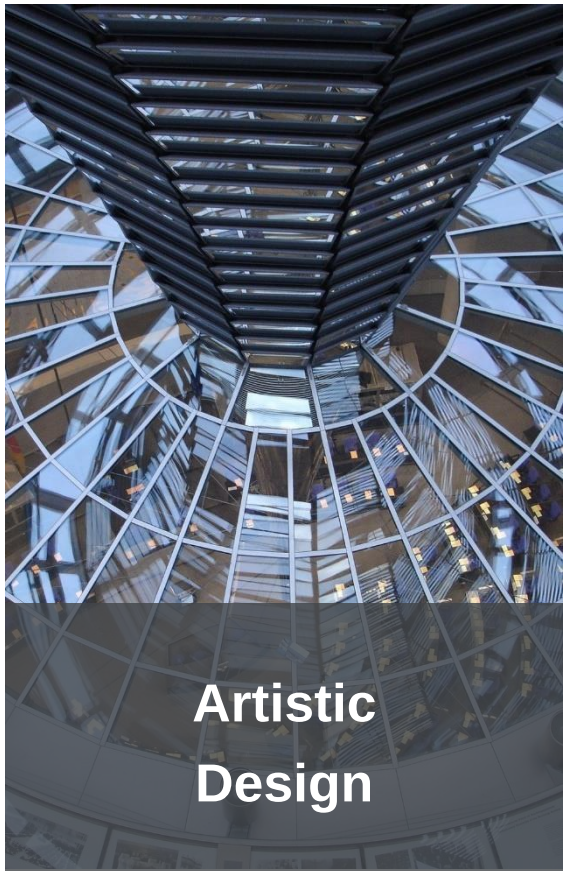
Consumers' perceptions of major international brands tend to be high-end, while some domestic brands have successfully established a high-end image in consumers' minds after years of hard work.

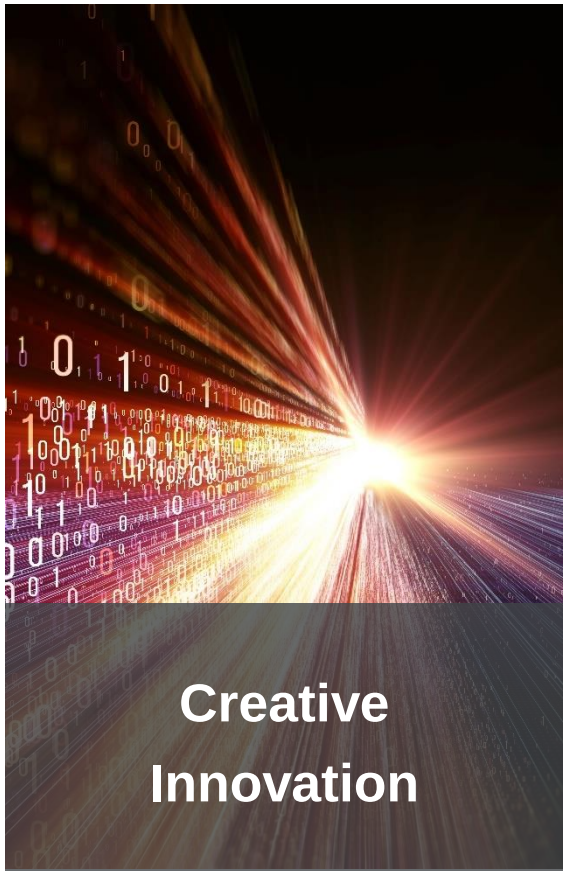


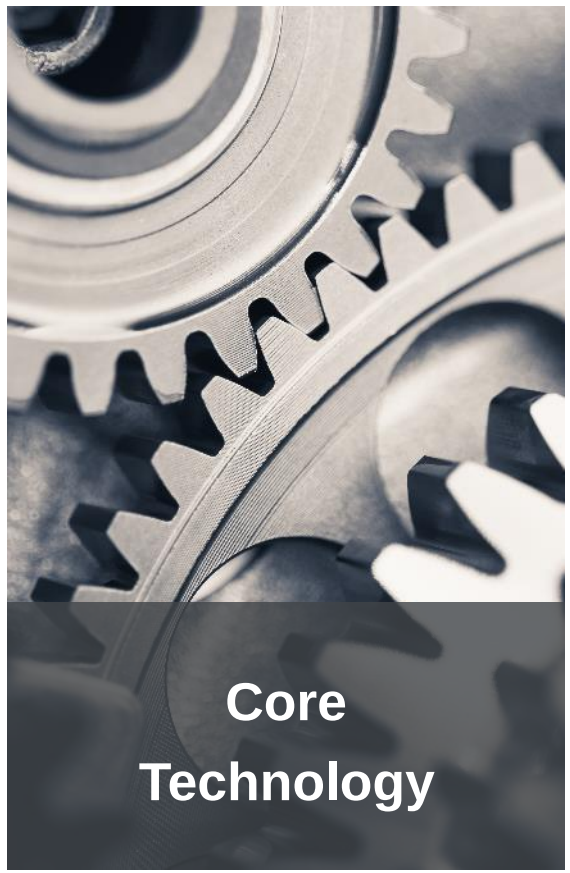
Data source: GfK consumer research

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Four trends of high-end home appliance products









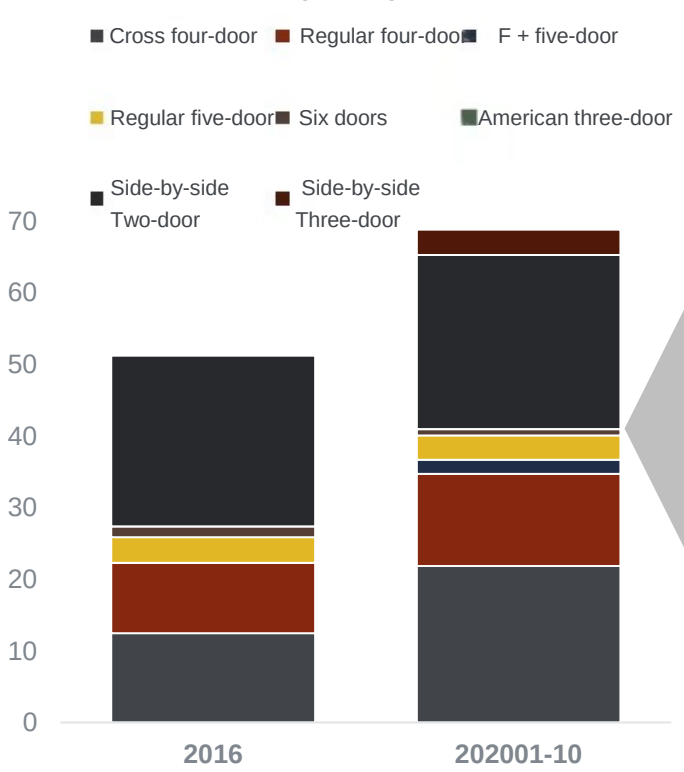
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Home appliance manufacturers cater to high-end consumer groups to pay attention to the "appearance", high-end home appliance products artistic flavor into the primary element.

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The design of refrigerator door type is getting richer.

Refrigerator multi-door & SBS doors (Unit %)



Data source: GfK Retail Monitoring Data



Innovation is the source power to promote the high-end of home appliances.

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Home micro-climate regulator
Fresh air conditioning (air conditioning + fresh air + purification + humidification+ dehumidification)



Wine & Beauty refrigerator
(Refrigerator + Wine cabinet + Beauty makeup preservation)



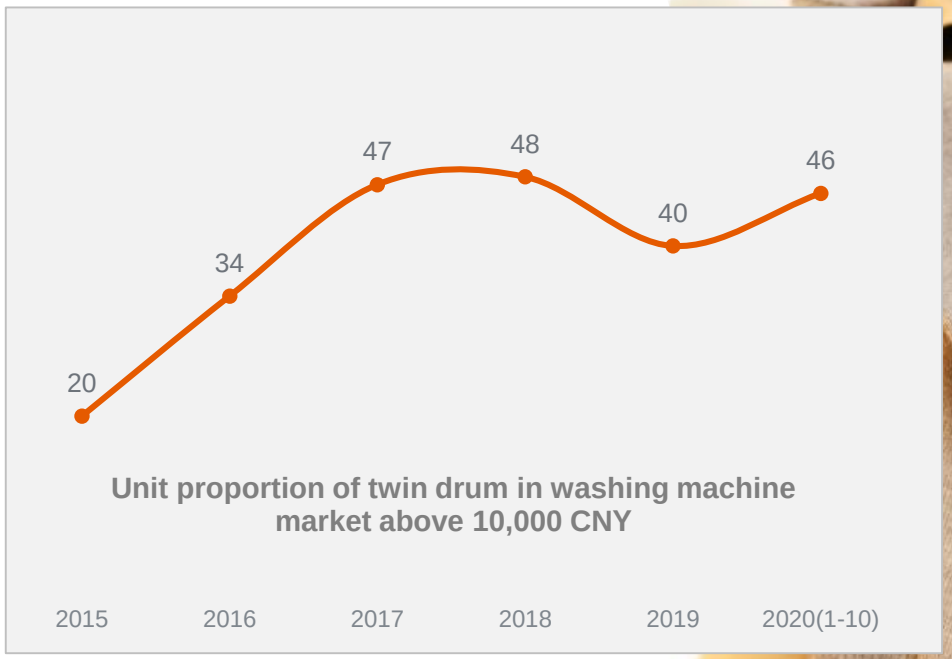
Innovative home appliances continue to emerge

Transparent TV



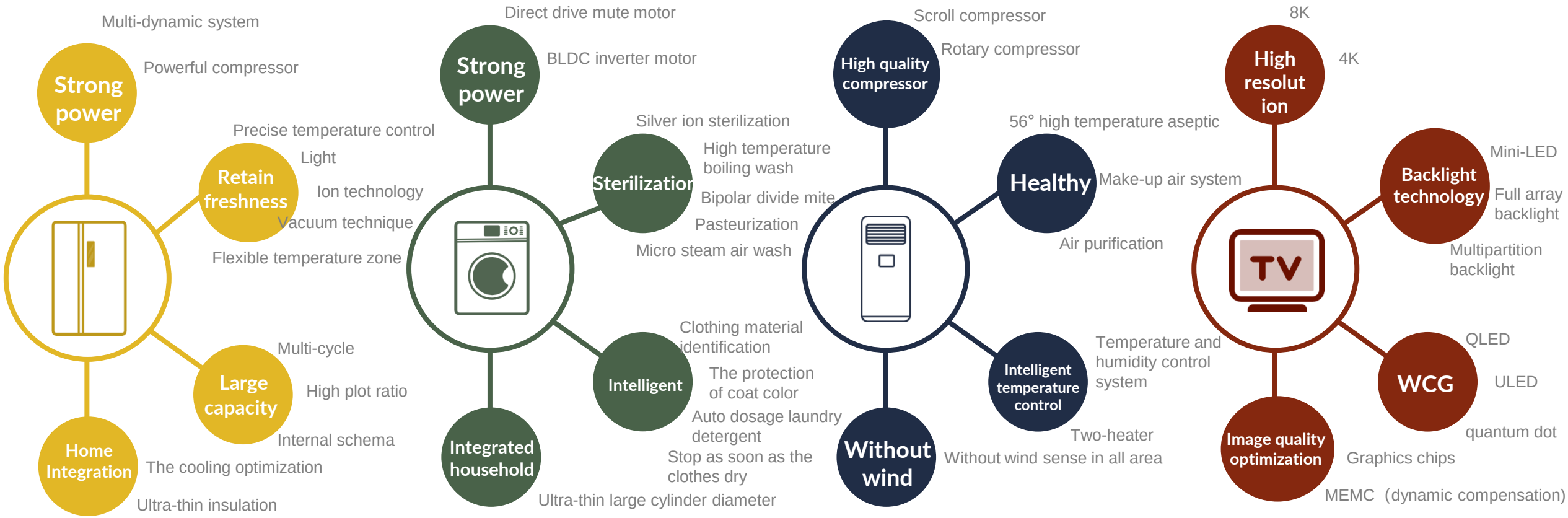
Home laundry care center
Washing machine, clothes Dryer integrated machine (Washing machine + tumble dryer)





Source: GfK Retail Monitoring Data

High-end products are the first to apply innovative technology, focusing on optimizing the product's essential functions, while providing the ultimate user experience.

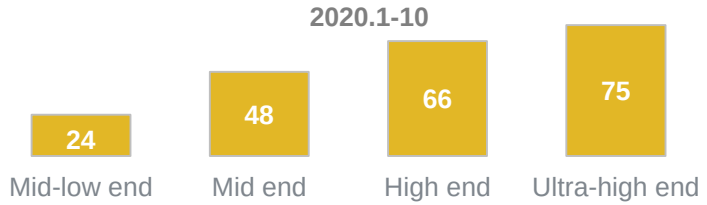


Data source: GfK research

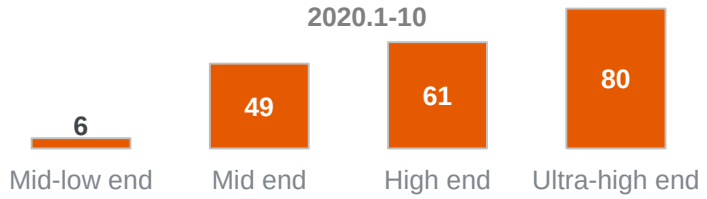
High-end products focus on smart control. Active intelligence, and human-computer interaction is the main development trend of intelligent home appliances in the future.

Growth from Knowledge

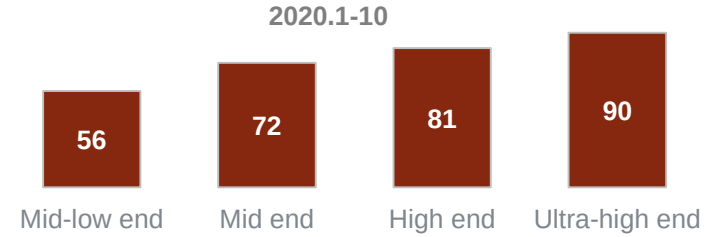
Smart control value portion of refrigerators, washing machines and air conditioners



Value share of auto dosage in washing machines by price segment



Value share of AI voice control in TV by price segment



Intelligent refrigerator

- Recognize membership, AI voice interaction
- Customize meal plans and manage health data
- Remote monitoring of ingredients

Intelligent air conditioning

- Intelligent temperature sensing
- Automatic adjustment
- AI voice control

Smart TV

- AI voice control

Smart washing machine

- Automatic judgment of clothing materials, customized washing mode
- Intelligent washing and drying linkage
- Intelligent automatic delivery
- Intelligent Human-Computer Interaction

Smart smoke oven

- Smoke oven linkage
- Man-machine interaction
- Intelligent screen

Intelligent Sweeping Robot

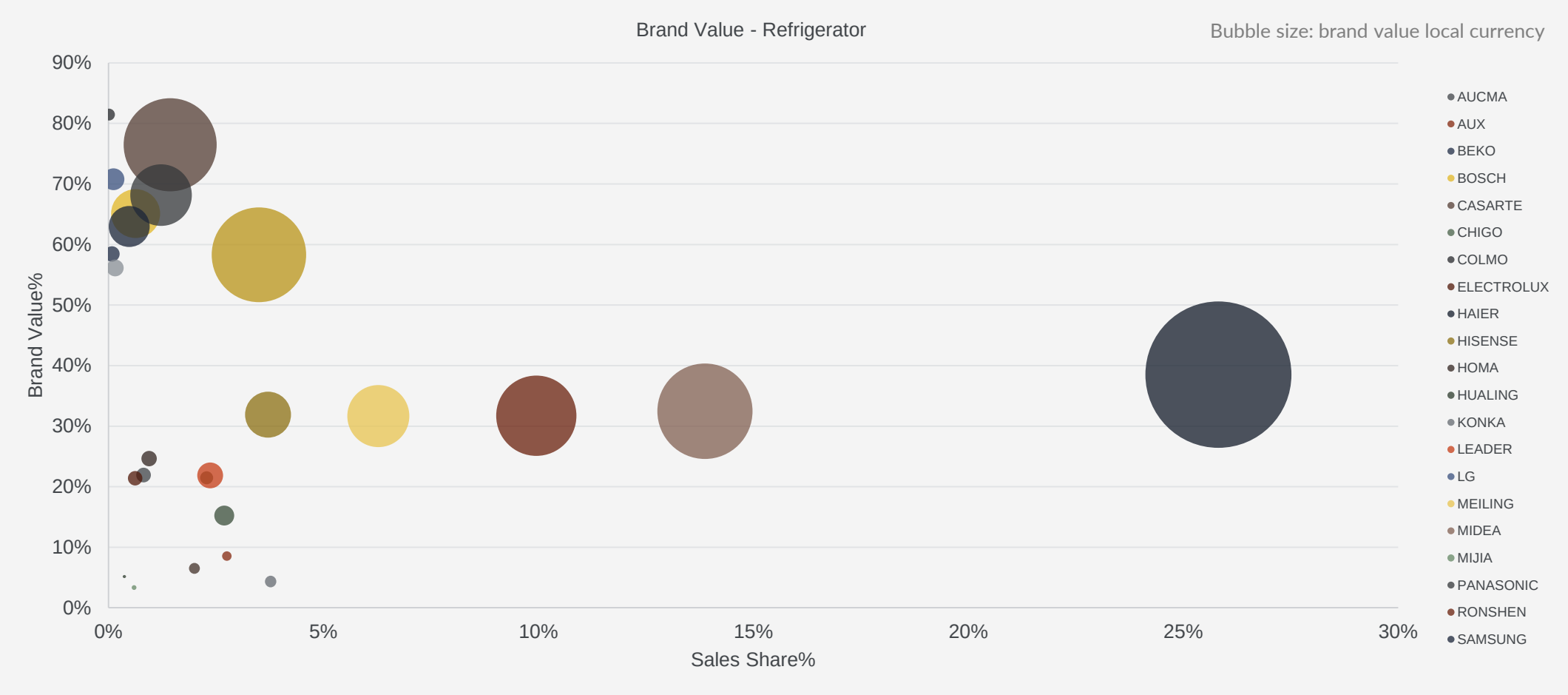
- Intelligent Route Planning
- Accurate identification of obstacles

The price segment is divided according to the product unit price, the middle and low end is the unit price of 6 thousand yuan, the middle is 6-10 thousand yuan, the high end is 10-20 thousand yuan, the super high end is more than 20 thousand yuan

Data source :GfK household appliance market retail research

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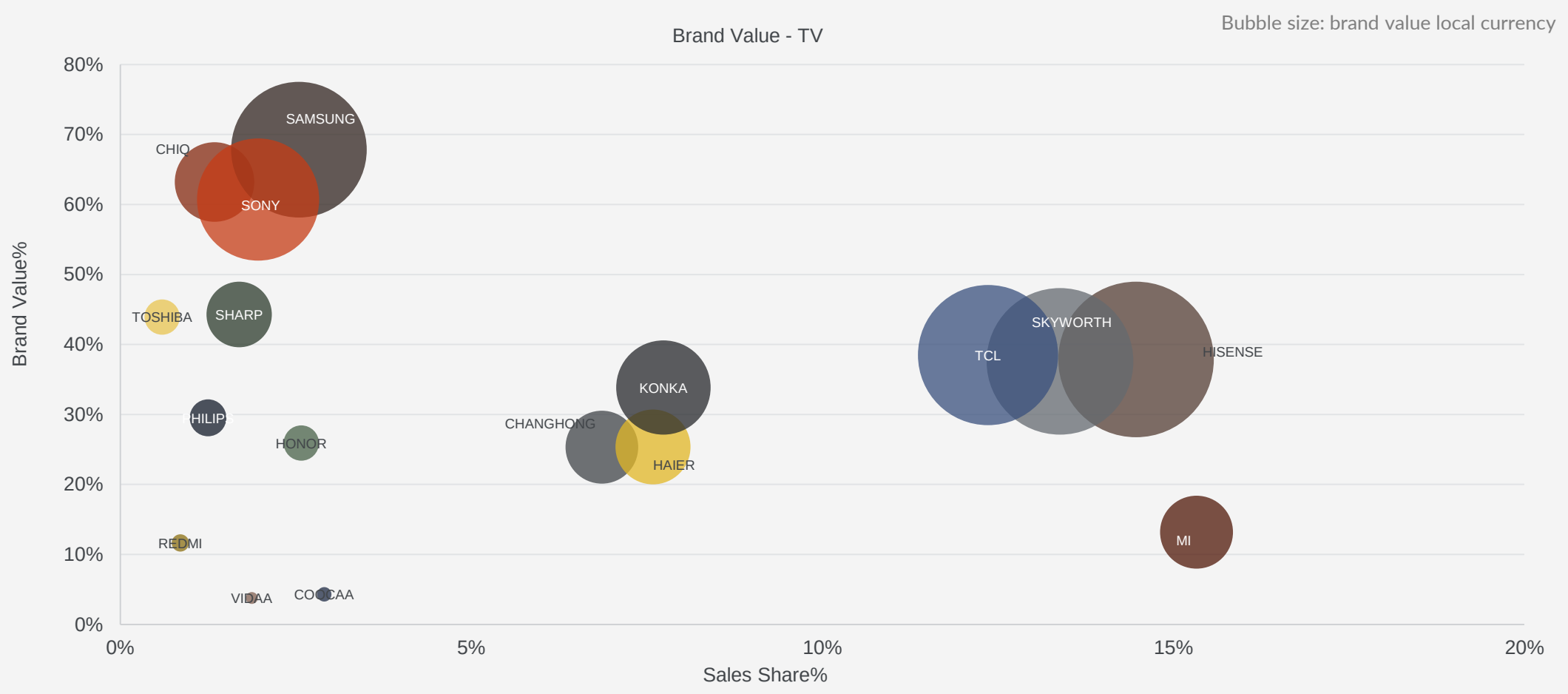
Brand Value - Refrigerator



Data source: GfK POS Brand Value Feb20-Aug20

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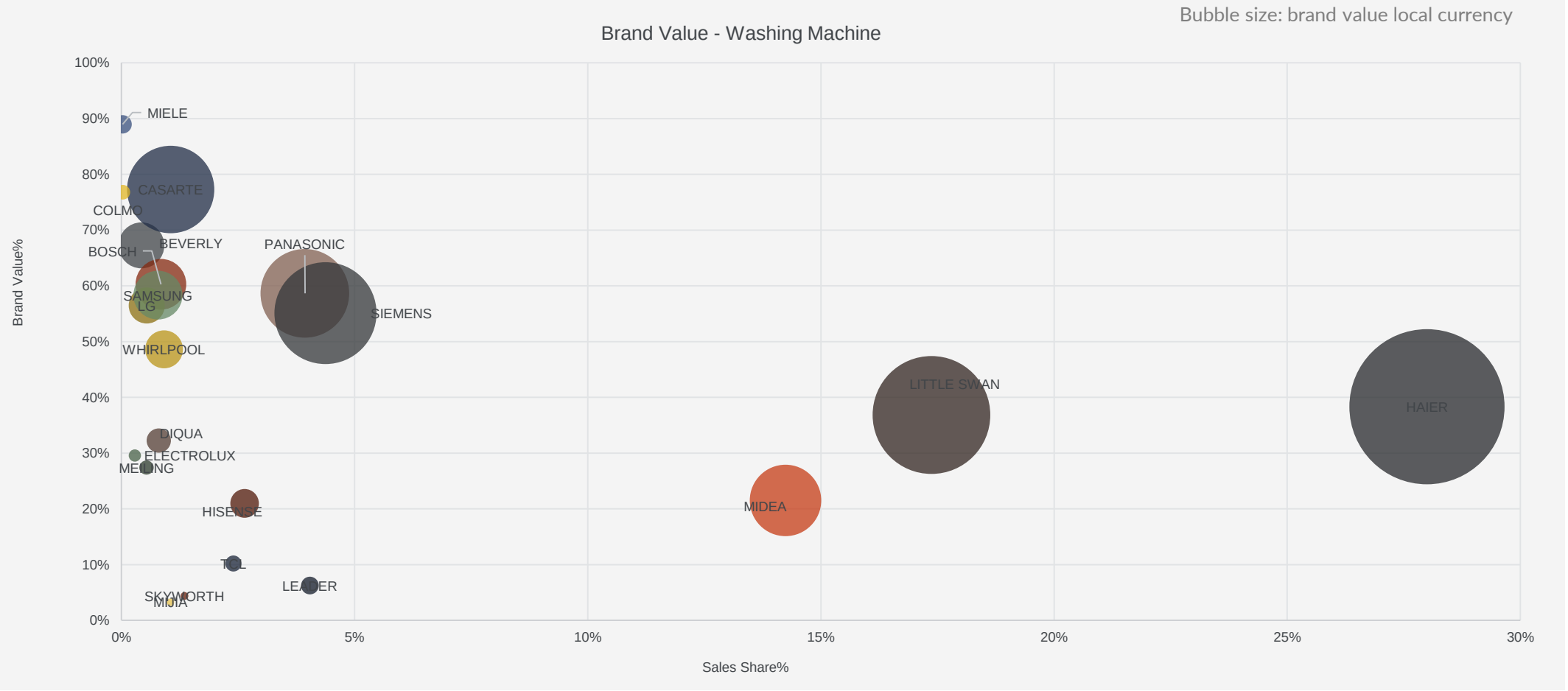
Brand Value - TV



Data source: GfK POS Brand Value Feb20-Aug20

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Brand Value - Washing Machine



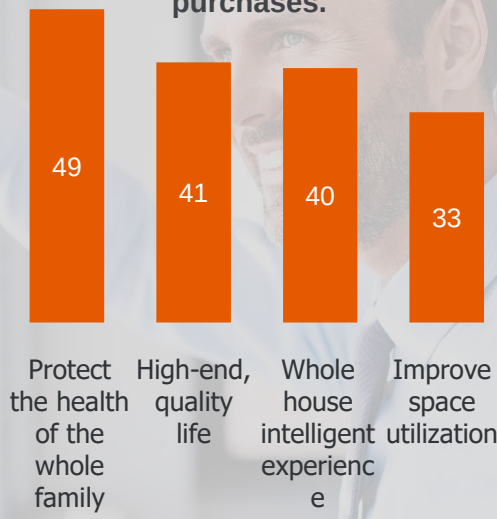
Data source: GfK POS Brand Value Feb20-Aug20

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The purchasing journey of high-end consumers.

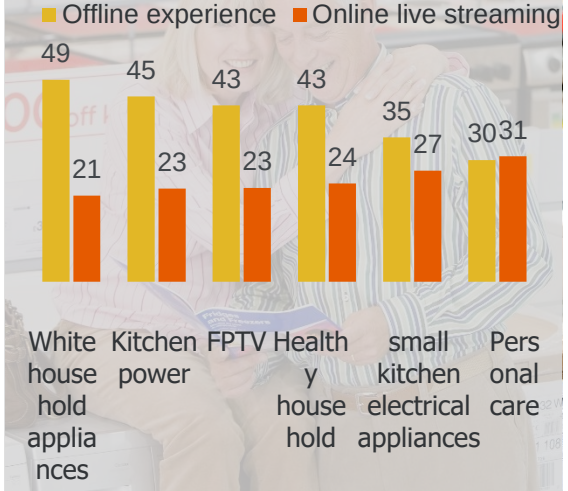
Purchasing motivation

The direction needs to be improved in future appliance purchases.



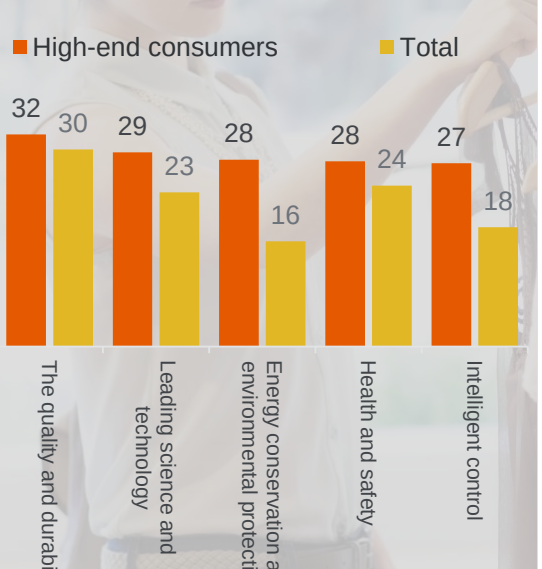
Information acquisition trend

What ways of purchasing appliance will become more popular?



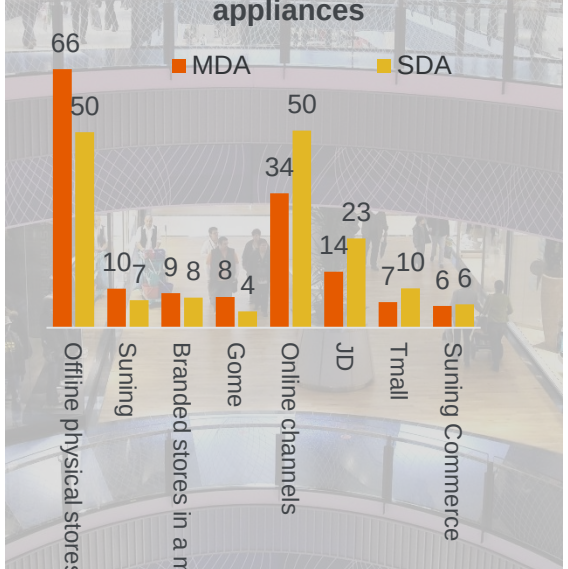
Key purchasing factors

The characteristics of appliances paid attention to



Purchase channels

Which channel to buy large home appliances

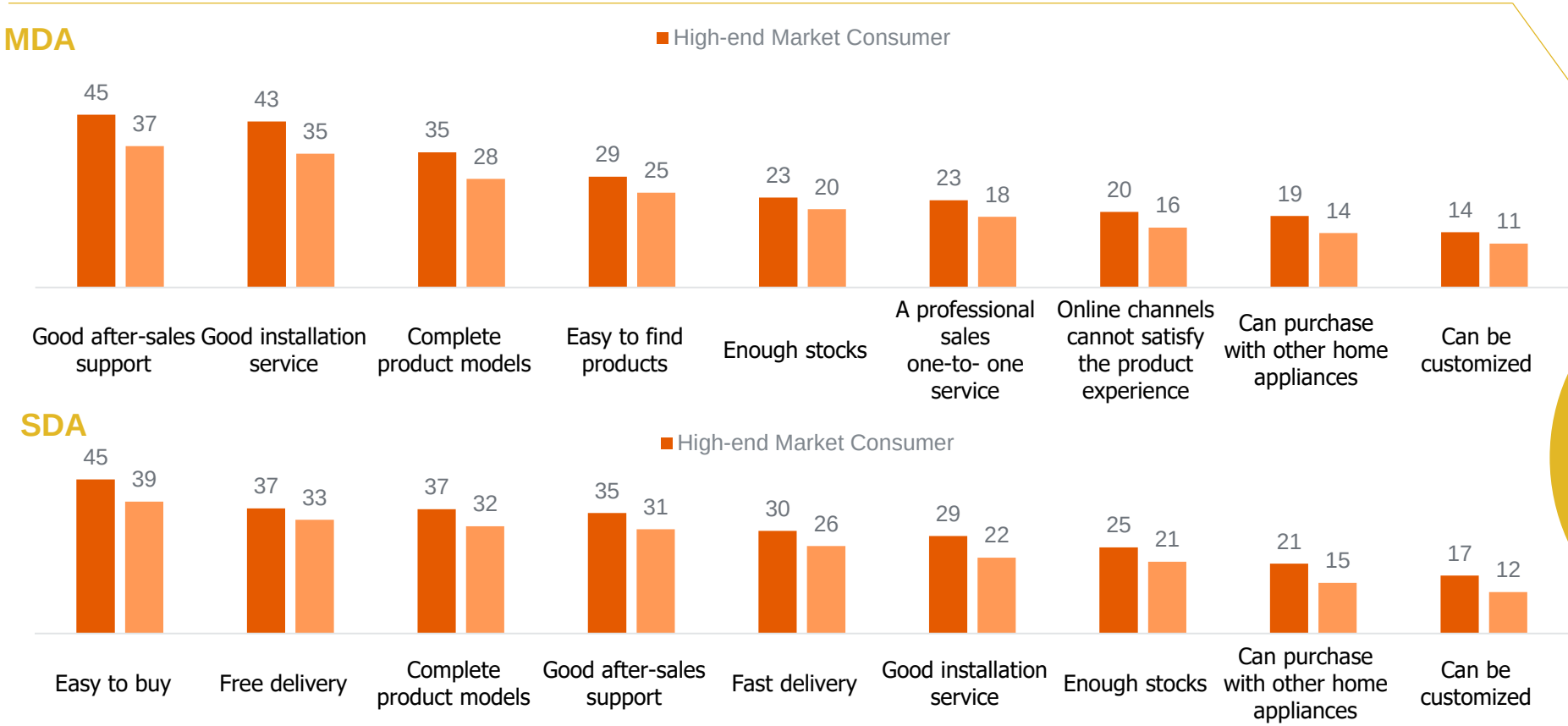


High-end home appliance users: the highest unit price of electricity category that more than10,000 ; Or the users whose unit price of the highest category of small home appliances is more than 5000 yuan + whose monthly household income is more than 20,000 N=458
Data source: GfK consumer research

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High-end market consumers of major domestic appliances pay more attention to the channel service experience. High-end market consumers of small domestic appliances pursue higher purchasing convenience.

Factors affecting channel selections %



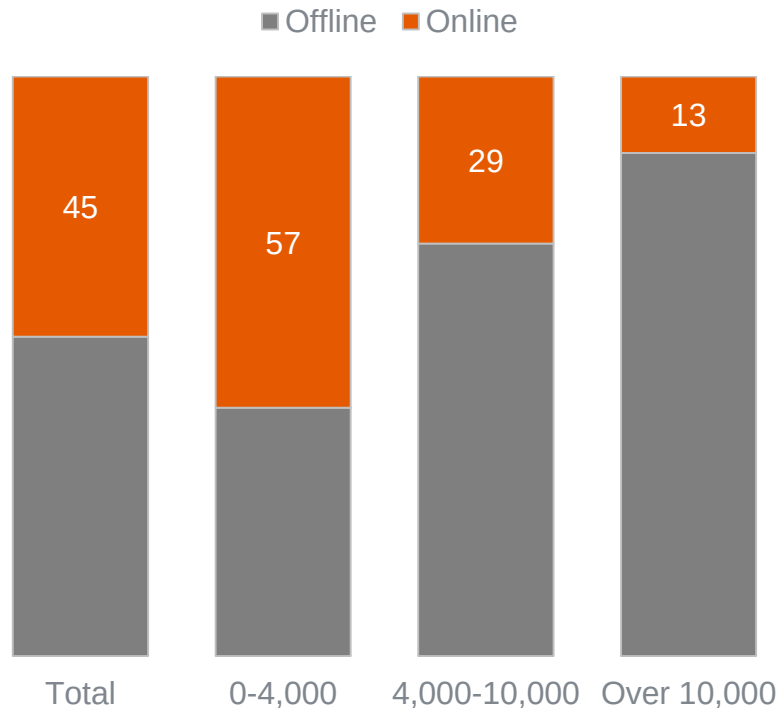
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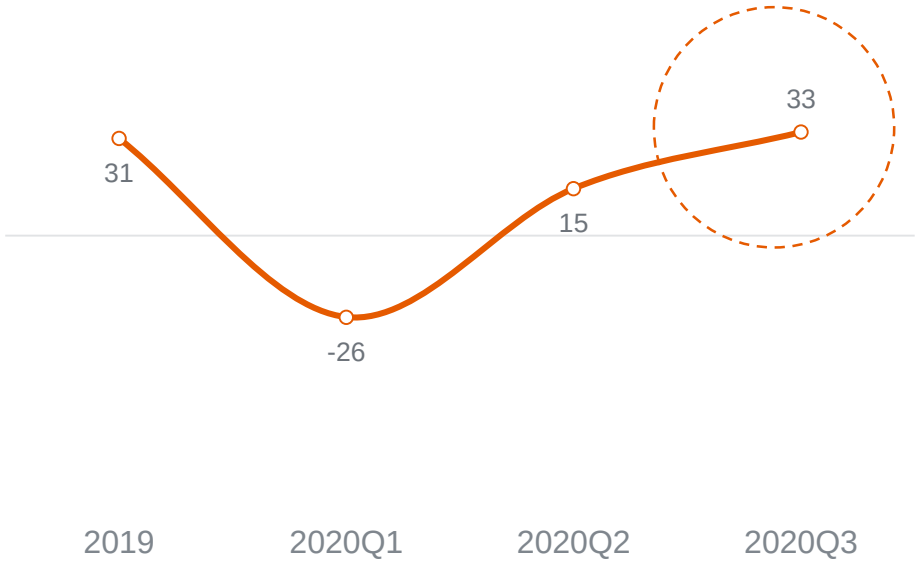
Offline is still the main channel of high-end home appliances sales, but the market share of online high-end products is also growing. Especially affected by the epidemic this year, the online purchase has become the first choice of more consumers.

Choice of channel%

Sales share of refrigerators, washing machines and air conditioners by price segment 2020.1-10



Sales growth rate of high-end products above 10,000 yuan through offline channels



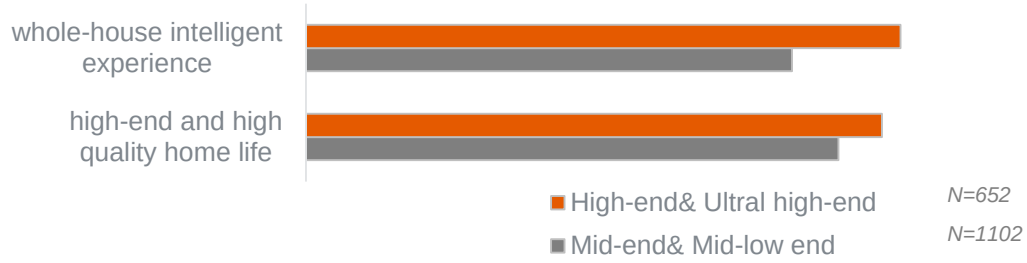


Source: GfK Retail Monitoring Data

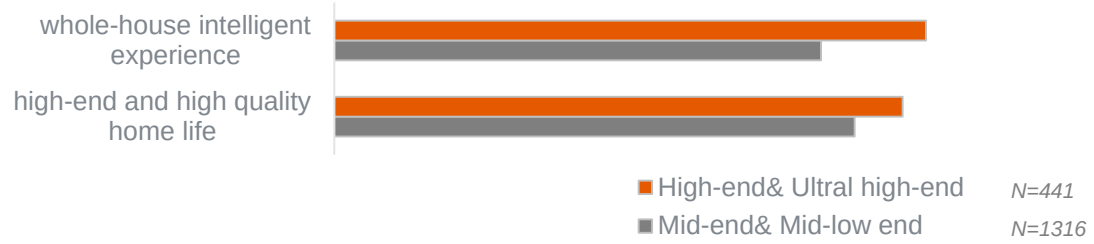
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High-end users focus more on whole-house intelligent experience, and the distribution trend of high-end products in the future will be driven by scenario-based marketing and intelligent Experience Hall.

Consider buying electricity in the future,
Which of the following aspects of your home life would you like to focus on?



Consider buying small appliances in the future,
Which of the following aspects of your home life would you like to focus on?



Online scenario-based marketing



Offline Smart Home Experience Hall



Source: GfK research

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