Growth from Knowledge

Press Release

Major and Small Domestic Appliances stay stable despite pandemic

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Nuremberg, September 4, 2020– Despite the global COVID-19 pandemic, the Small Domestic Appliances (SDA) market grew by a solid +8.6 percent and the Major Domestic Appliances (MDA) market (including Air Conditioners) experienced limited losses of -8.6 percent in value terms. These are GfK's findings for the global MDA and SDA market excluding North America and South Africa to be released at IFA 2020 in Berlin.

Although the pandemic had a significant negative impact on sales due to retail shutdowns, the increased focus on the at-home experiences drove a sales recovery in May and June. Sales of appliances addressing the new challenges generated by the enforced need to “eat at home”, “clean at home” and “groom at home” soared. This includes microwave ovens, vacuum cleaners, dishwashers, beard trimmers and multi-grooming kits. However, for some categories, entire seasons were

lost due to COVID-19 – for example, Air conditioners. Overall, MDA (excluding Air Conditioners) only lost -3.7 percent in value terms - even less than the total -5.8 percent for the tech & durables (TCG) market. Whatever the appliance, the overall trends driving choice for consumers of performance, simplification, health hygiene and borderless shopping have become more relevant than ever.

Looking at the regions, in the first half year of 2020 (H1 2020), the SDA market experienced a solid performance in the developed world. Europe (including CIS) grew by +9 percent. The MDA market was almost stable at -2 percent here. Developed Asian countries also saw a strong uptake of MDA products at an +2.7 percent uptick. While affluent countries were able to invest in appliances to makes their life easier in lockdown, this was less feasible in emerging economies due to the immediate impact of the pandemic on income and willingness to spend money. Consequently, the emerging Asian countries (including China) experienced a double-digit decline in value, weakening MDA market growth. However, the low price point of SDA products and the urgent need for cooking and cleaning

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products supported a rapid revival of SDA in emerging Asian countries (including China). Here SDA grew by +10.9 percent. Fortunately, in June total appliances growth recovered with double digit sales growth both in China and the rest of the world.

A clear demand shift from "want" to "need" was evident from the onset of the pandemic. As people stockpiled (frozen) food, the immediate need for more storage capacity boosted sales of freezers. For example, between March 2 and March 22, volume sales grew by 317 percent in Great Britain and by 185 percent in Germany. Once the stockpiling moderated, next came a strong drive for food preparation appliances. This characterizes the 'Adapt' phase, with volume sales in the weeks between March 23 and April 26 up by +28 percent in Germany. The trend to 'eat at home' continued strongly post-lockdown, in what GfK terms the 'Revenge Shopping' phase. Here the food preparation category grew by +24.8 percent in value terms. All cooking categories enjoyed positive tractions as a result of this trend.

Norbert Herzog, GfK's expert for the MDA industry, comments: "While COVID-19 sent shockwaves reverberating through the whole industry - from consumers to supply chain - the final outcome of a strong in-home focus led to the unexpected strong and fast recovery of markets post-lockdowns. This "Revenge Shopping" phenomenon was particularly strong for home appliances as consumers proved happy to invest in solutions that supported them and saved them time in a busy work and schooling from home environment. Size definitely matters for consumers in this context and so capacity in MDA is emerging as a long-term driver due to the pandemic."

Just as "eat at home" triggered sales for the cooking categories, other challenges like "groom at home" along with hygiene concerns and the non-availability of salons catalyzed sales of multi-grooming kits (+53 percent) and beard trimmers (+56 percent). Similarly, the "clean-at-home" trend triggered sales of vacuum cleaners (+10 percent) and dishwashers (+5.6 percent).

Nevin Francis, GfK's expert for the SDA industry explains: "While health and well-being have always been a key driver within SDA, COVID-19 has amplified consumer awareness of these products. Digital thermometers posted a +400 percent value growth in a single month of April across Germany, France, Italy, and Great Britain. In general, we're seeing that products offering an added value in terms of hygiene, health and well-being are driving growth segments. First and foremost, steam functions have seen massive sales uptake, sales of washing machines offering more hygiene via steam cleaning grew by 30 percent. Similarly steam cleaners grew by a strong +44 percent in value terms."

Simplify my life – more important due to COVID-19

According to GfK´s Consumer Life survey, more than half (53 percent) of consumers globally agree with the statement 'I am always looking for ways to simplify my life'. When the world has moved in-home, any appliance that simplified life and saved consumers time on chores was much appreciated, hence multi-functional and smart appliances are growing in popularity. With 21 percent turnover growth in 2020, washing machines with automatic dosage function are a prime example of this trend.

Smart MDA appliances usually go hand-in-hand with simplification. Most regions experienced strong growth in sales in smart appliances - the exceptions were Latin America and China. Still, globally turnover grew by 8 percent, with Europe as the outlier at +16 percent growth.

Smart SDA appliances witnessed a steady growth of +10 percent in the H1 2020 globally. However, unlike MDA, the affinity for smart products is highest in China. This region saw growth rates of +25 percent due to the demand for both smart air treatments and smart robot vacuum cleaners. Overall smart SDA registered growth in all regions.

Digitization of purchase journeys – and the online sales boom

During the global lockdowns, consumers were forced to shop more online. E-commerce shares witnessed a steady increase for both MDA and SDA. Many first-time buyers too overcame initial barriers to purchase online. The share of online was 29 percent for MDA and 45 percent for SDA, and in both sectors it's up by nearly 10 percentage points compared to 2019. Most notable is the fact that this online growth did not vanish once shops reopened. Strong growth rates continue as consumers continued to avoid crowds and realized the advantages of online shopping. Consequently, purchase channels become less relevant, and the omnichannel approach even more essential to retailing success. Connecting and promoting online to offline is the key to serving customers the best.

In Europe, traditional shops online sales boosted by +64 percent compared to last year, surpassing the growth of online pure players who 'grew by less than 20 percent for MDA excluding air conditioners.

Similar observations were noted for SDA. This demonstrates the enduring importance of creating borderless retail experiences.

Ends

Notes to editors

GfK regularly collects sales data in more than 70 countries worldwide for the consumer electronics, photo, telecommunications, information technology, office equipment, and major and small domestic appliance segments through its retail panels. All figures are assuming a fixed Euro exchange rate.

At this year's IFA 2020 Special Edition, GfK will be on stage at the IFA Global Press Conference on 3rd and 4th of September with inspiring openings each morning and closing remarks in the evening. GfK will also be part of the IFA Xtended Space. Find the compelling opening keynotes and end-ofday summary presentations on the dedicated GfK homepage. The presentations will also be streamed live and free of charge via the IFA Xtended Space.

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GfK – extracting the signals from the noise

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