Growth from Knowledge

Press Release

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Household appliances still showing growth opportunities in 2022, despite growing crisis mood

After a record-breaking 2021, GfK expects a slight decline in sales over 2022

Nuremberg, Germany, August 30, 2022 – The global market for small and large household appliances recorded a moderate first half of 2022. Small appliance sales dropped 6 percent from January to June 2022 and large appliances dropped 2 percent. This is compared to the same period last year, which experienced record highs. GfK is also forecasting a low single-digit decline in overall sales for the full year 2022, but still close to the highs of the past year. Although the war in Ukraine, inflation and the tense supply chains are leaving their mark on the home appliance market, 2022 continues to offer interesting growth segments for the industry.

Demand for small and large household appliances was slightly subdued during the first six months of 2022. However, it significantly exceeded sales from the same period pre-pandemic in 2019, with an increase of 18 percent for large appliances and 20 percent for small appliances.

The preliminary easing of measures relating to the pandemic at the end of the first half of 2022 has led to significant reversals. A stronger focus on being away from home has caused the demand for technical consumer goods to decline overall. Nevertheless, the share of sales for brick-and-mortar stores regained some ground. Online trading, on the other hand, lost market share for the first time, with 34 percent of household appliance sales being made online. This is 2 percentage points less than in the same period of last year. However, a long-term slump in the online trend is not to be expected, and market share is still well above 2019's 24.5 percent.

Norbert Herzog, GfK expert for household appliances, adds: “The strong increases in price over the last year, and the runaway inflation of

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2022, have slowed the markets. However, this increase in average prices is now on hold. In May of this year, home appliance average prices fell for the first time in a long while. This is not being caused by real price reductions, so the indication is that a proportion of consumers are now turning to cheaper devices. If this continues, the pressure on the sales side will increase further. We therefore expect a moderate, single-digit decline in sales for the global home appliance market for the full year 2022."

Massive differences in growth across countries and categories

The aftermath of Covid-19 lockdowns is still being felt, coupled with new effects that are emerging from the war in Ukraine and inflation.

For example, sales of large household appliances in Southeast Asia grew by 18 percent, whereas China recorded a decrease of 8 percent. This can be explained by the May 2021 lockdown in India, which led to the comparative growth rate for the same month this year being high. China, on the other hand, had to contend with lockdowns in some major cities from March to May this year.

In Western Europe, we are seeing consumer restraint. Income losses and rising costs due to inflation are driving consumer sentiment to new lows, and the market has responded with a 7 percent fall in sales.

The differences in various product categories are similarly dramatic. Reversal effects can be seen in small food preparation appliances, such as food processors or (hand)mixers. These lost 12 percent in sales up to June this year compared to the extremely high demand in 2021, caused by the pandemic. On the other hand, well-known growth segments, such as robot vacuum cleaners, remain very popular. Self-emptying models with docking stations are increasing by 78 percent this year, and already account for 32 percent of sales in this segment. In the large equipment market, growth opportunities are particularly strong for the built-in appliances market. Premium products such as hobs with integrated extractors continue their success story, recording sales growth of over 25 percent. This sector also shows high demand for innovation: large smart appliances that feature voice control recorded an above-average jump in sales of 36 percent.

Premiumization takes a break – polarization recognizable

While the willingness to buy premium products was instrumental in driving the small and large household appliance markets in 2021, 2022 is not seeing additional impetus for this trend. Although premium products continue to sell at comparatively high levels, the dynamics of overall price increases and inflation are forcing more consumers to purchase alternative products to stay within budget. In the case of large household appliances, this polarization is particularly evident in Asia and

Latin America, where more limited household budgets are triggering a trend toward cheaper alternatives. Here, brands with a price index of below 75 percent (100 percent corresponds to the global average market price) perform significantly better than the market average. In European and Middle Eastern regions, the trend for premium products remains but is slowing down. Premium brands are recording minus 1 percent growth, in comparison to a minus 2 percent growth overall for the whole region.

"The financial insecurity witnessed within households is becoming more evident each month in home appliance sales worldwide," **adds Norbert Herzog.** "For example, May and June 2022 were the weakest months to date, with a 9 percent drop in sales for small appliances in May and a 7 percent drop for large appliances in June. We do expect this to stabilize over the next few months, but at a level that is too low to offset the current decline in sales. The prospect of better business at the end of the year offers some hope, since 2021 was relatively weak during this period, and so catch-up effects could be generated."

About our method

Through its retail panels, GfK regularly collects POS data in more than 70 countries worldwide for the consumer electronics, photography, telecommunications, information technology, office equipment, and small and large household appliances sectors. All figures according to GfK panel market, with Global data excluding North America and presented in US dollars.

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State of Consumer Technology & Durables Report

The new report, which provides even deeper and more detailed insights into the global TCG market, will be available for free on GfK.com from the end of September.

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