



## Press Release

Date  
September 2, 2009

Friedemann Stöckle (MDA)  
GfK Retail and Technology  
Tel. +49 911 395 2297  
Fax +49 911 33 46 13  
friedemann.stoeckle@gfk.com

Herwig Rubin (SDA)  
GfK Retail and Technology  
Tel. +49 911 395 3188  
Fax +49 911 33 46 13  
herwig.rubin@gfk.com

### **Rise in Premium Products Offer Hope to Global Domestic Appliance Markets**

**Nuremberg, September 2, 2009 - In spite of the difficult economic environment, high value products have proved popular with consumers in the home and although widespread growth is scarce, the demand for many premium products has assisted in keeping sales buoyant.**

#### **MDA Europe**

Most Western European markets show negative trends after the first half of 2009. As an outcome of the overall economic crisis, the UK and Spain are most heavily affected, followed by Greece and Denmark. The only two markets to maintain a positive development are Germany and Austria.

Must-have products like washing machines, but also more up-market products such as Dishwashers exhibit only a moderate negative trend. Although the overall demand for tumble dryers experienced a double-digit decrease, more than 90,000 expensive A-class heat-pump dryers were sold compared to less than 30,000 a year ago. In addition, there has been a continuously strong trend towards A++ cold appliances with more than 300,000 pieces sold compared to 200,000 the previous year.

Despite the negative overall demand situation, GfK sees trading up tendencies in several countries. 'No-Frost' cold appliances and induction hobs are two main underlying reasons for this, alongside the omnipresent topic of energy efficiency.

The Eastern European MDA markets were severely hit by the economic crisis. The double-digit growth of previous years turned into negative double-digit decline at the beginning of 2009. Poland was the only country in the region to buck the negative trend. Nevertheless, it is worth noting that most markets are still bigger in absolute size compared to the same period in 2006, reflecting the strong market growth of recent times.

GfK SE  
Nordwestring 101  
D-90319 Nuremberg

Tel. +49 911 395-0  
Fax +49 911 395-2209  
public.relations@gfk.com  
www.gfk.com

Management Board:  
Professor Dr.  
Klaus L. Wübbenhorst  
(CEO)  
Christian Weller von Ahlefeld  
(CFO)  
Petra Heinlein  
Debra A. Pruent  
Dr. Gérard Hermet  
Wilhelm R. Wessels

Supervisory Board Chairman:  
Dr. Arno Mahlert

Commercial register  
Nuremberg HRB 25014

Most 'non-euro' countries, Russia and Ukraine, are paying a high price in light of a strengthening euro, facing double digit inflation rates in general and even higher rates with regards to the MDA market, where products are largely imported.

Despite the overall negative picture some high value segments such as induction hobs and 'No-Frost' Cooling continue to gain market share, as is also the case for built-in appliances in general.

The development of MDA sales through the internet is gathering pace. For example, in Poland, the share has doubled from 4% to 8%.

### **MDA Middle East**

The worldwide economic crisis and the diminishing price of oil have clearly had an adverse effect on the Middle Eastern markets. These factors have influenced the MDA market although the repercussions have been moderate. Comparing the four major markets, Egypt still shows double-digit growth, whereas Iran, the Kingdom of Saudi Arabia and the United Arab Emirates have experienced negative double digit growth rates.

Despite the declines in certain countries, this region's potential should not be underestimated. Electrical cookers for example achieved 35 % growth this year. The predominant segment in the 'cooking' product group remains gas cookers in the Arab countries (90-95 % of the total sales). In the 'cooling' segment, premium products have proved popular in Iran. Side by Side refrigerators account for one third of the total refrigerator sales in the country, reaching 70,000 units in the first quarter of 2009. With almost 90% of total sales, this makes Iran the region's top-selling country for this product.

Dishwashers, still regarded as a luxury product in the Middle East, have begun to spread throughout the region. These trends suggest that major players are still investing in these markets, despite the financial crisis and possible budget restraints.

### **MDA LATAM (Argentina, Brazil and Chile)**

The Latin American MDA market exhibited growth of more than 5% in the first half of 2009 compared to the same period of 2008. While Chile and Argentina showed negative growth rates of 5% and 12%, the overall increase was thanks to the very positive performance of the Brazilian market, which rose by 15%. The strong growth is largely related to the reduction of the IPI (tax related to industrialized products). The tax reduction and subsequent retailer campaigns resulted in double-digit growth rates for the MDA sector. It also left some retailers without stock and challenged the industry to deliver in time.

### **MDA Asia**

In the first half of 2009, most markets in Asia showed positive value growth (in local currency) for MDA, despite the current economic situation. The only exceptions were Singapore and the Philippines who endured negative value growth. The growth in overall sales value can be attributed to affluent consumers 'trading up'. Volume growth is mixed with Thailand, Malaysia, Indonesia and Australia reporting increases in the first half of 2009, whereas all other countries experienced a decline in sales volume.

Washing Machines is the best performing MDA category in the Asian region. Value growth is still positive in all countries, except Singapore.

In South East Asia, Indonesia recorded the strongest growth for MDA with 3.5% and 10.5% in terms of volume and value respectively for the first half of 2009 followed by Malaysia (+2.9% volume and +3.8% value). Singapore showed a negative growth of -1.9% in sales volume and -11.9% in terms of value.

In North Asia (Hong Kong, Taiwan, China and Korea), all markets for Refrigerator and Microwave Ovens recorded negative growth in terms of units sold. However, due to affluent consumers focusing on the higher end segments of the market, value growth remains positive in all these markets. For Washing Machines, Hong Kong and Taiwan markets remain positive for both volume and value.

Overall, it can be concluded that the economic situation severely impacted the last quarter of 2008 with most markets in the region declining year on year. As of Q2 09, the situation has regained some stability with pockets of growth demonstrated in several countries.

### **MDA Japan**

As Cooling products and Washing machine sales declined in unit terms in the first half of 2009, a trend toward higher-priced models can be seen especially in the Cooling sector.

Total unit sales for Cooling accounted for 2.23 million in the first six months of 2009, down 3% compared to the same period of 2008, while yen-based sales were up 4%. One reason for the increasing demand for higher-priced refrigerators is the start of the Eco Point program, launched on May 15, 2009. As more than half of the eligible refrigerators are large-capacity, more expensive models, the average unit price of refrigerators rose to 94,000 yen in May 2009 from 82,000 yen a year earlier. Additionally, the continuing trend towards large capacity, yet space-saving design supported the yen-based growth.

The washing machine market has been in decline since it peaked in 2006 when consumers purchased washers to replace the ones they had bought in anticipation of a consumption tax hike in 1997. Unit sales in the first six

months of 2009 were 2.35 million, a 7% decrease over the same period in 2008; yen-based sales were down 5% from the previous year.

### **Small Domestic Appliances (SDA)**

In the first half of 2009, Small Domestic Appliances there has been a stark contrast in fortune between Western and Eastern Europe. Several key countries in Western Europe have experienced positive growth in value terms including Austria (+7.5%), Switzerland (+6.3%) and Germany (+6.2%). In Eastern Europe the story is different with double-digit declines prevailing. Only Poland recorded positive growth, up 1.8% in value terms.

In Western Europe numerous product groups are responsible for the turnover increase covering the areas of Home Comfort, Lifestyle and Beauty. Vacuum Cleaners, Coffee Products and Hair Straighteners are all performing especially well.

Social and cultural differences and habits are playing a significant role. This growth in the Small Domestic Appliances markets is substantially endorsed by Premium brands with high value product features as consumers seek more professional equipment in the home.

For more information, contact Friedemann Stöckle (MDA),  
Tel. +49 911 2297, [friedemann.stoeckle@gfk.com](mailto:friedemann.stoeckle@gfk.com) or Herwig Rubin (SDA),  
Tel. +49 911 395 3188, [herwig.rubin@gfk.com](mailto:herwig.rubin@gfk.com), or visit our stand at the IFA in Berlin from September 5 to September 9, 2009 (VIP room 2, Grosser Stern).

### **The GfK Group**

The GfK Group offers the fundamental knowledge that industry, retailers, services companies and the media need to make market decisions. It delivers a comprehensive range of information and consultancy services in the three business sectors Custom Research, Retail and Technology and Media. The no. 4 market research organization worldwide operates in more than 100 countries and employs over 10,000 staff. In 2008, the GfK Group's sales amounted to EUR 1.2 billion. For further information, visit our website: [www.gfk.com](http://www.gfk.com).