



Press Release

Date
September 3, 2010

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Major Domestic Appliances Back in Worldwide Demand

Findings of GfK Retail and Technology for the first half of 2010

Nuremberg, September 3, 2010 – There are signs of a strong recovery for Major Domestic Appliances this year. The markets in Europe and North America showed positive trends for the first half of 2010, while the emerging markets in Asia and Latin America continued to record substantial growth. In the Middle East, demand is increasing significantly after very weak development in the previous year. Spending was up worldwide by almost 10% (basis: US dollar) in the first six months, with a rise in unit sales of around 7%. GfK Retail and Technology present key market figures as the IFA 2010 trade fair kicks off in Berlin.

Part of this development can be attributed to a stronger US dollar relative to the euro. However, there is also a global trend towards high-quality appliances, with the issue of energy efficiency playing an increasingly important role. While energy-saving products have already been the focus of industry and consumers in Europe and North America for some years, this trend has now become measurable in emerging markets. The purchase of energy-efficient household appliances is also increasingly being promoted by government incentive systems.

As a result of the economic and financial crisis, the first half of 2009 marked a historic low for the Major Domestic Appliances market. As the year progressed, however, the first signs of stabilization were already evident. Substantial declines in markets in Eastern Europe and the Middle East were lessened by double-digit growth in South East Asia and Latin America. Without the support of the emerging markets, the drop in sales would have been considerably greater.

Europe: a long way to go

Despite the current recovery, however, the European market is at the same level as in 2006. Countries in Central and Eastern Europe in particular are still battling the fallout from the recession. In Poland, Romania and Hungary for example, sales were once again significantly down on the previous year.

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In contrast, sales in Russia and the Ukraine are edging up slightly again after slumping dramatically in the previous year. In Russia, there has been a particularly strong rise in sales of free-standing refrigerators and washing machines, while the market for built-in appliances is comparatively weak.

Development in the Western European market, which is important for Domestic Appliances, was cautiously positive in the first half of 2010. After two years of steep decline, the UK and Spain are now showing positive growth rates again. In Italy, the market has been recovering since April thanks to government incentives, which led to a boost in demand for kitchens and built-in equipment – in particular in the built-in dishwasher and cooker segments.

Middle East/Africa: markets set for growth

Growth is especially vigorous in countries in the Middle East and in some African countries. After a considerable decline in the region in 2009, sales rose sharply in the first half of 2010, with an increase of over 20% in Iran and Egypt for example. In particular demand for refrigerators and washing machines was high. In addition to the impact of the macroeconomic environment, experience has shown that the development of sales in the Arab states is very heavily influenced by seasonal effects.

The market on the African continent is characterized by low penetration rates for domestic appliances. However, this means there is also great potential for the future, as the current fast growth rates in countries such as Nigeria show. Refrigerators are the most frequently sold product group in Africa by far. As the most important market on the continent, South Africa is making significant gains once more after its recent weak development.

Asia: tempo picking up again

Growth on the Asian continent is once again robust. Led by the major economies of China and India, Asia has recorded a rise in sales of almost 20%, with growth of as much as 70% in Indonesia.

In China, the domestic appliance sector has expanded by around 25%. Following the recent slowdown in the economic boom in the industrial centers, rural regions are playing an increasingly greater role. In 2009, the Chinese government began to promote sales of domestic appliances in previously underdeveloped regions through targeted measures. These programs were a great success and are continuing this year as a result. In particular sales of large capacity washing machines and refrigerators are increasing. In the major conurbations, high-quality and energy-efficient appliances are becoming more popular.

A similar trend can currently be seen in India. Growth here is being driven by the increasingly important middle classes, comprising comparatively



young and innovation-friendly consumers. Rising purchasing power, modern retail structures and an expanded range of financing options are fostering a good growth environment.

America: clear recovery

The US market is clearly recovering, with sales of large electrical appliances up by 8%. Development has been particularly dynamic for dishwashers, as well as large capacity refrigerators and washing machines. A trend towards energy-efficient top loader washing machines is also evident.

Growth in Latin America continues to be driven by Brazil, as the most important market in the region. Unit sales of refrigerators, ovens and washing machines increased sharply in 2009 after the government slashed tax rates on various goods, including domestic appliances. Demand for domestic appliances also remained high at the start of this year.

Outlook

There is a clear upward market trend for Major Domestic Appliances worldwide. In developed countries issues such as energy efficiency, functionality and design are the growth drivers of the future. In emerging countries there is still huge development potential due to the growing middle classes, distinguished by their increasing purchasing power and innovation-oriented consumption patterns. Demand for energy-efficient domestic appliances will consequently increase in these countries.



The method

Through its retail panel, GfK Retail and Technology regularly gathers data on washing machines, tumble dryers, dishwashers, refrigerators, freezers, cookers and ovens, hobs, extractor hoods and microwaves. The information for the North American market comes from the market research organization NPD Group.

Further information: Friedemann Stöckle, tel. +49 911 395-2566, friedemann.stoeckle@gfk.com, or visit our office at the IFA trade fair in Berlin from September 3-8, 2010 (VIP Room 2, "Großer Stern").

The GfK Group

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