

Appliances Market



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Global Outlook

The global large cooking appliance market is anticipated to ascend at a CAGR of 6.5% from 2019 to 2025, according to Grand View Research (“GVR”). Large cooking appliances include cooktops, ovens and specialised equipment such as fryers, steamers and grillers. The commercial division is expected to expand at a CAGR of 6.6% over the forecast period, making it the fastest as well as the largest growing segment of the large cooking appliance market.

Market drivers include increased standard of living and consumer preference for modular kitchens. With the rapid depletion of natural resources such as liquid petroleum gas (“LPG”), wood and other petroleum products, specialised and efficient cooking appliances are anticipated to witness a rise in demand.



Regional Growth

In terms of value, Asia Pacific is anticipated to witness a substantial CAGR of 7.3% from 2019 to 2025. Rising living standards have made consumers opt for improved kitchen appliances, driving the demand for household cooking appliances. Increasing financial stability within nuclear families has encouraged consumers to invest in cooking appliances with enhanced technology.

GVR’s report stated, “Developing countries such as India, China and Brazil will offer abundant prospects for growth. These countries have a low penetration rate for cooking appliances, thus creating opportunities for first time purchases. For instance, brands like Miele, Siemens and Whirlpool are directing their premium offerings for these markets through paid partnerships with builders and developers to leverage such construction channels to boost their product sales in India.”

North America accounts for 32.2% of the market share and is anticipated to register a CAGR of 6.2% over the forecast period due to the increasing penetration of equipment installation in commercial kitchens, especially hotels and restaurants.



Cooktops Segments

The cooktops segment occupies the major market share with 38.3%. Cooktops include gas and electric cooktops, hobs and cooking ranges. This segment is expected to register a CAGR of 6.4% over the forecast period of 2019 – 2025. However, this is a slight decline compared to previous years, owing to increased competition from advanced sustainable cooking appliances such as Energy Star electronic products including ovens and fryers that are certified to save energy without sacrificing features or main functionality.

The commercial segment is the largest segment by application with nearly two thirds of the market share; the remaining market share belongs to the household segment. The commercial segment is anticipated to register a CAGR of 6.6% over the forecast period.



UK Appliances Market

According to a report by Mordor Intelligence, the appliances market in the United Kingdom is mature with appliances like refrigerators, washing machines, and cookers accounting for more than 90% ownership rate in the country. Owing to this high penetration rate, almost 83% of new purchases are replacements sales, of which, approximately 53% are due to the breakdown of the currently used appliance. The replacement sales are largely

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driven by buyers moving to a new home/location, followed by their dynamic preferences/needs, innovations that the newly launched products hold, customer's willingness to upgrade the kitchen look or increasing concerns of water and energy efficiency.

The changing interests of customers are also reflecting on the way they buy their goods or products. Although over the past few years more than half of appliances sold were through store-based retailers, the share taken by online-only players has also grown rapidly. Non-retail channels such as builders and construction merchants occupy approximately 10% of the share, whereas the rest is divided among the online-only sales, store-based sales, and store retailers who have an online presence too. This intense competition among all the channels is increasing the pricing pressure among various vendors. Moreover, the Covid 19 pandemic has also boosted online sales of appliances, further increasing the pressure on other vendors.

Consumers are also looking forward for highly innovative products in both the major and minor appliances. In recent years, the sales of appliances like dish washers, washing machines have been driven by the innovation that maximizes the conservation of electricity and water with highly efficient cleaning properties. In the same way, the sales of chillers, refrigerators have been driven by the less emission of carbon dioxide and electricity consumption, and the sales of washing machines by the rapid drying capacity that the product holds. Enhancing quality standards, pleasing designs, adaptability and ease of access, convenient/affordable pricing are adding extra value to the products.



Recent Trend

The global smart kitchen appliance market is expected to post a CAGR of close to 23% during 2019-2023, according to a market research report by Technavio. The Americas led the market, followed by EMEA and APAC. During the forecast period, North America is expected to maintain its dominance in the global market. This is due to the high consumer awareness in the region about the benefits of smart kitchen appliances.

Consumers look for eco-friendly appliances that have a user-friendly interface and can perform tasks with minimal energy. These factors have compelled vendors to continually engage in R&D and innovation to compete in this market environment, which has led to significant product innovations in terms of technology, features, performance, and design in the global smart kitchen appliance market.

Multi-cooking functionalities in smart cooking appliances is one of the critical trends of the global market. Technavio's report explained, "multi-cooking features are a few of the purchase deciding factors for customers opting for smart cooking appliances. Consumers are seeking smart cooking appliances in which they can perform different cooking techniques, including sauté, sear, poach, simmer, sous-vide and stir-fry."

"Apart from the advent of multi-cooking functionalities in smart cooking appliances, the increasing adoption of smart connected home systems will significantly boost the market growth during the forecast period," says a senior analyst at Technavio.

-UK Economic Climate-

UK Retail Sales

Latest UK retail sales data from the ONS reveals retail sales volumes rose by 0.8% in October 2021, from a revised unchanged (0.0%) position between August

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Household goods stores sales volume reported a monthly decline of 0.3%. Sales volumes for household goods stores have fallen each month since their peak in May 2021, following the re-opening of non-essential retailing in April, and were 1.3% below their levels in February 2020.

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and September (previous estimate was a 0.2% fall); volumes were 5.8% higher than their pre-coronavirus (COVID-19) pandemic February 2020 levels.

Non-food stores was the only main retail sector that saw a rise in sales volumes, increasing by 4.2% in October 2021, because of growth in other non-food stores (7.2%), such as second-hand stores, toy stores and sports equipment stores, and clothing stores (6.2%).

Clothing stores sales volumes in October 2021 were only 0.5% below pre-pandemic levels in February 2020, with some retailers suggesting that early Christmas trading had boosted sales. Automotive fuel sales volumes fell by 6.4% in October 2021 as they returned to more typical recent levels following strong growth in September; volumes were 5.0% below their February 2020 levels.

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The proportion of retail sales online fell to 27.3% in October 2021, its lowest proportion since March 2020 (22.5%) but still substantially higher than the 19.7% in February 2020 before the coronavirus pandemic.



UK Consumer Spending

According to Barclays, October was another strong month for consumer spending, up 14.2% compared to the same period in 2019 as relaxing international travel rules spurred Brits into booking overseas breaks, a welcomed boost for travel agents and airlines.

Essential spend grew 13.2% in October, a slight drop on the 14.4% reported last month as more than a third (38.0%) of Brits say they have found it harder than normal to buy essential items due to shortages in the supermarket and other shops. Non-Essential spend posted a particularly strong month, up 14.6% versus the same period in 2019. This was boosted by the easing of travel restrictions as Brits spent more on booking overseas breaks in the lead up to half term.

“October was a particularly strong month for online businesses as online spend grew 26.6%, the highest level of online spend growth since COVID restrictions were eased earlier in the year. This comes as the arrival of the autumn weather drove Brits into shopping from the comfort of their own homes.”

-Economic Impact of Coronavirus-

Undoubtedly, coronavirus is a black swan event – something that happens once in a century. Its spread has left businesses around the world counting costs, with many investors fearing the spread of coronavirus will pose an insurmountable challenge to the economic growth of all major countries across the globe. Almost every industry has been affected, with governments scrambling to somehow arrest the economic decline. Central banks in more than 50 countries, including the US Federal Reserve and the Bank of England have cut interest rates to try to strengthen their economies. Furthermore, most countries have announced unprecedented stimulus packages in the hopes of reviving their economy.

Effect on Global Demand

Consumer spending, a major source of economic activity, collapsed as the first wave of the pandemic swept across countries in early 2020. Suddenly, consumers were forced to change behaviour, companies to transform business models, and governments to adjust regulations. And just as the coronavirus has affected regions and individuals in vastly different ways, the economic impact has also been very

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uneven. Employees able to work from home have maintained jobs and income, accumulated more savings while forced to cut back on spending from lock downs, travel restrictions, and health fears; others lost jobs and income or closed down businesses and have struggled to pay the bills.

According to a recent report by McKinsey, unlike previous recessions, this one involves no consumer debt overhang, bursting asset price bubbles, or long-term business cycle fluctuations. The sudden and deep drop in consumer spending across China, the United States, and Western Europe, ranging from 11 to 26 percent in the initial months of the pandemic, resulted mainly from cutbacks to in-person services, especially travel, entertainment, and dining.

These categories have been growing over the long term, and consumer surveys indicate a likely strong demand rebound after the pandemic. The massive ten- to twenty-percentage-point spike in the savings rate across the United States and Western Europe has left many households in a strong position to spend. That means an effective vaccine rollout to bring the pandemic to an end could restore consumer demand to pre-pandemic levels, fuelled by rising consumer confidence, pent-up demand, and accumulated savings.

Impact on Consumer Appliances

According to a report by Euromonitor, due to the COVID-19 pandemic, supply chains were fractured both at the source and at each stage through to interaction points with consumers; this is geographically shifting in line with lockdown implementation and relaxation. Moreover, consumer demand is also fluctuating from lockdowns and looming economic trauma, but two elements are positive. Some categories such as freezers, air treatment and tumble dryers spiked due to stockpiling and perceived hygiene benefits, while there is also the possibility of long-term consumer appliance demand increase in a world that embraces working from home.

UK Economic Forecast

The International Monetary Fund has sharply revised up its growth forecast for Britain's economy this year in its latest economic outlook update, after giving a more downbeat assessment in April when the country was only just beginning to relax COVID-19 restrictions.

British economic output slumped by almost 10% in 2020, its biggest drop in more than 300 years, as it suffered one of the world's highest official death tolls for COVID-19 and endured months of curbs on business and social activity.

But the IMF forecasts Britain's economy would grow by 7.0% this year, the same as the United States and the joint-fastest growth rate among major advanced economies. This was 1.7 percentage points higher than the IMF forecast in April, the biggest upgrade for a major economy. Britain's growth forecast for 2022 was revised down by 0.3 percentage points to 4.8%.

Global Economic Forecast

According to the IMF World Economic Outlook forecast, economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

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The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

The additional support is expected to lift 2021 US GDP growth by 0.3 percentage point and 2022 growth by 1.1 percentage points, with positive spill overs to trading partners. This shift is partially offset by the forecast downgrade in 2021 for Japan, reflecting tighter restrictions in the first half of the year as caseloads picked up. Japan is anticipated to see a stronger rebound in the second half of 2021, as vaccination proceeds and the economy fully reopens, improving its growth forecast for 2022. Similar strengthening momentum is expected in France, Germany, Italy, and Spain later this year, carrying over into 2022. Meanwhile, China's 2021 forecast is revised down 0.3 percentage point on a scaling back of public investment and overall fiscal support.

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