Market overview

The global market for household appliances is changing, and includes the rapid emergence of an affluent middle class in densely populated growth markets. Electrolux aims to increase the share of sales of growth markets, while continuing to strengthen its position in core markets.

For simplification purposes, the global market for household appliances can be split into two parts. In mature markets (Western Europe, North America, Japan and Australia/New Zealand), population growth is low and sales are dominated by replacement products. However, emerging markets (Africa, the Middle East, Eastern Europe, Latin America, Southeast Asia and China) are characterized by rapidly rising standards of living and a large number of new households being able to invest in appliances and other household products.

Macroeconomic drivers

The global market is driven and changed by a number of macroeconomic factors that influence volumes and the types of products that are in demand.

Emerging economies with strong economic growth lead to a rapidly expanding and affluent middle class.

Changing life patterns lead, for example, to a trend in which households decrease in size, in terms of both living space and the number of individuals, and many consumers have less time for household chores.

Urbanization is continuing and will lead to over 60% of the world's population living in cities by 2050[1]. While this opens opportunities for sustainable solutions, it also entails an increased burden on infrastructure and resources, primarily energy.

Climate change and limited natural resources, together with increased awareness of the role households play in this development, mean that a growing number of consumers are demanding energy and resource-efficient products. Households currently account for 30% of all energy use and 20% of all carbon dioxide emissions[2].

New technology and digitalization is being developed at a high pace and is rapidly being adopted globally. This allows the development of increasingly advanced products, such as connected products, and also leads to a significant rise in online sales as consumers are provided with easy ways to order goods and services via the internet.

Global growth

Between 2010 and 2015, these macroeconomic drivers contributed to global demand for appliances. In 2015, the demand in growth markets represented about 70% of the total market volume for appliances compared with 65% in 2010. Since year 2000, emerging markets have increased their global share of demand from 50% to 70%.

During 2015, demand improved in mature markets such as North America and Europe, while demand decreased in emerging markets such as Brazil and China.

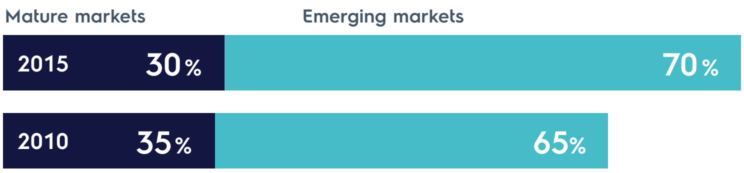
Growth markets accounted for about 30% of Electrolux sales for the year and the objective is to increase this share moving forward.

1) Population Division of the UN Department of Economic and Social Affairs, World Urbanization Prospects Report, 2014 Revision.
2) OECD

Macroeconomic drivers

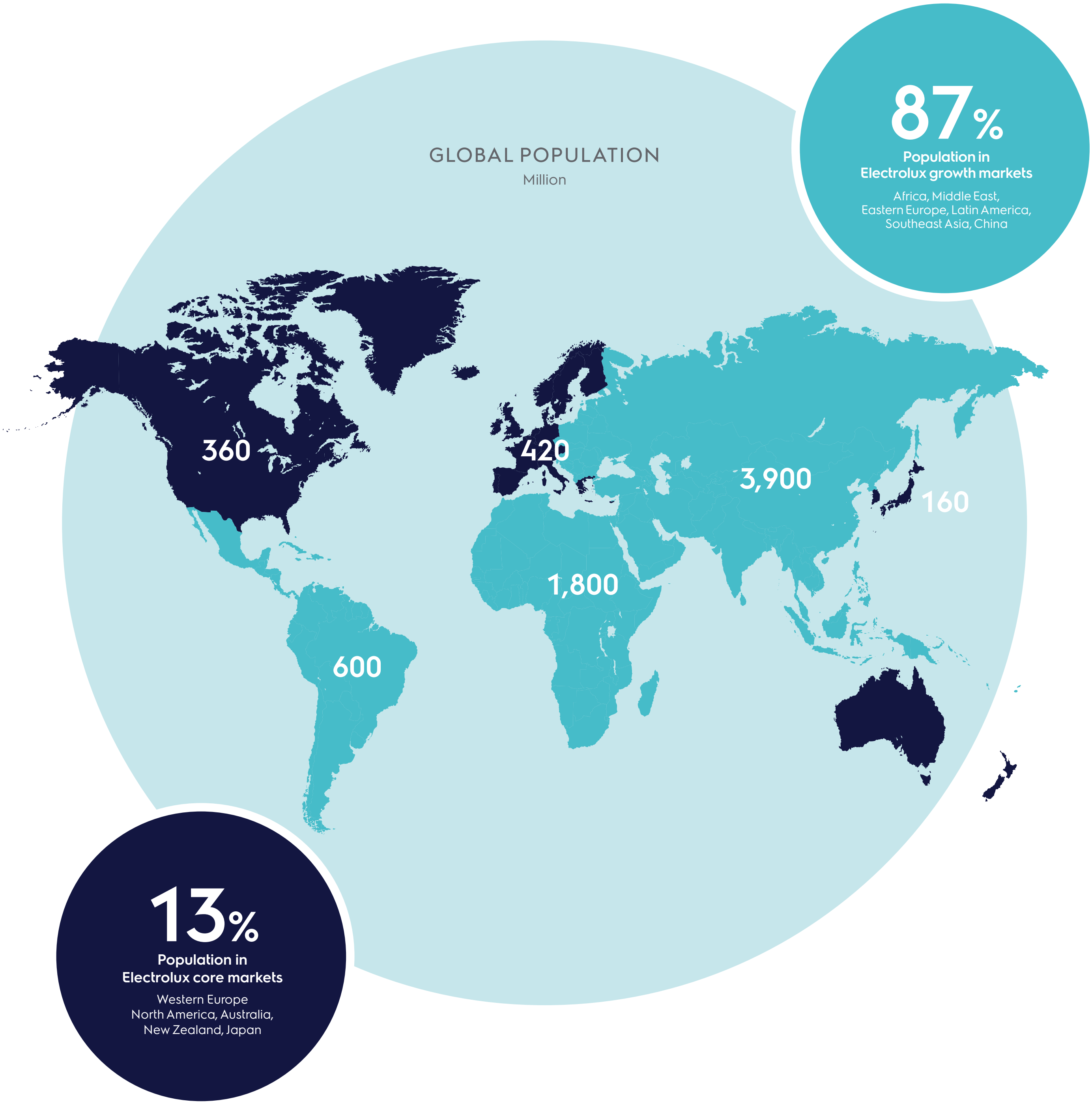
- Emerging economies
- Changing life patterns
- Urbanization
- Climate change and limited natural resources
- Digitalization

Increasing global demand for major appliances, million units

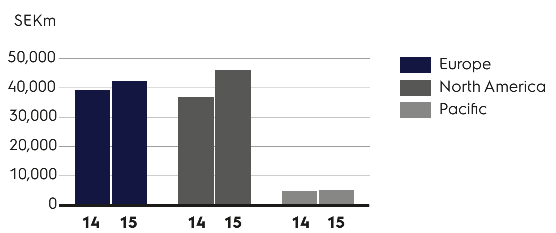


Between 2010 and 2015, the global market demand for major appliances increased significantly, mainly due to strong growth in emerging markets. The Electrolux Group's strategy is to capitalize on this increased demand in growth markets.

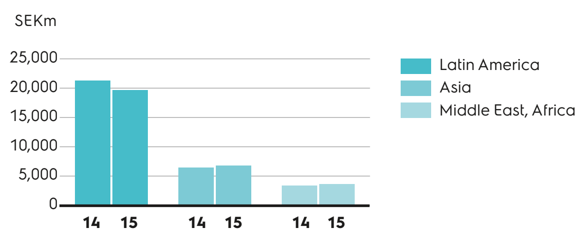
Source: Electrolux estimates.



Electrolux net sales in core markets



Electrolux net sales in growth markets



Market information

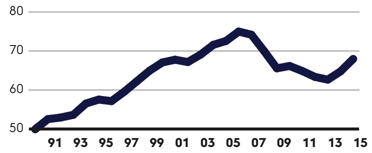
Core markets

Western Europe

The European market is fragmented and characterized by widely varying consumer patterns between countries and a large number of manufacturers, brands and retailers. Structural overcapacity and price pressure has led to ongoing industry consolidation with positive implications for the industry and consumers in the medium to long term. In 2015, market demand was good and enabled growth in areas such as compact, energy-efficient and built-in kitchen products.

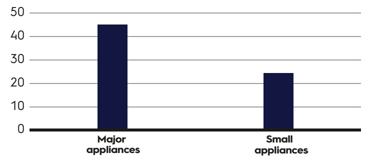
Market demand for major appliances

Million units



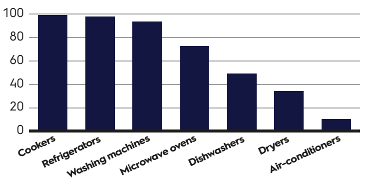
Market value

USD billion



Product penetration

% of households



Electrolux competitors
Miele • B/S/H • Whirlpool • Samsung • LG Electronics • Arcelik • Dyson • Ali Group • Rational • Primus

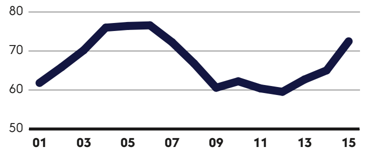
Western Europe	
Population:	418 million
Average number of persons per household:	2.3
Urban population:	78%
Estimated real GDP growth 2015:	1.5%

North America

A mature, homogenous market with high product penetration that is dominated by replacement products. Large homes allow space for many household appliances, including large appliances. The market is comprised of several domestic and global manufacturers. Four major retailers sell 70% of the appliances on the market. The recovery in the housing sector generates opportunities for growth in the coming years. In 2015, market demand remained healthy.

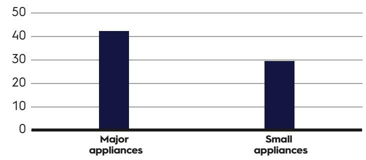
Market demand for major appliances

Million units



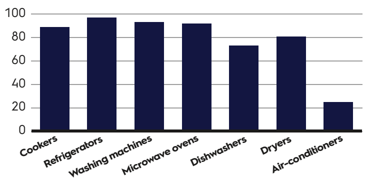
Market value

USD billion



Product penetration

% of households



Electrolux competitors
Whirlpool • General Electric • ITW • LG Electronics • Samsung • Dyson • TTI Group (Dirt Devil, Vax and Hoover) • Bissel

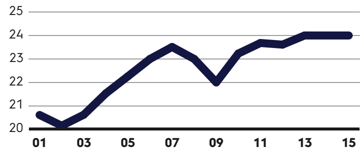
North America	
Population:	358 million
Average number of persons per household:	2.6
Urban population:	83%
Estimated real GDP growth 2015:	2.3%

Australia, New Zealand and Japan

Japan is the world's third-largest single market and is dominated by major domestic manufacturers and retailers. Small living spaces have led to consumers demanding compact products, such as hand-held vacuum cleaners. Penetration is high in Australia and New Zealand and demand is primarily driven by design and innovations as well as water and energy efficiency. Competition between manufacturers from Asia and Europe is intense.

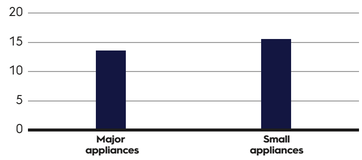
Market demand for major appliances

Million units



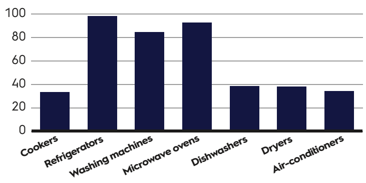
Market value

USD billion



Product penetration

% of households



Electrolux competitors
Fisher & Paykel • Samsung • LG Electronics • Panasonic • Dyson • ITW • Hoshizaki • Alliance

Australia, New Zealand and Japan	
Population:	155 million
Average number of persons per household:	2.5
Urban population:	93%
Estimated real GDP growth 2015:	0.9%

Growth markets

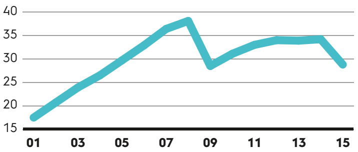
Africa, Middle East and Eastern Europe

The level of market development varies substantially between countries. The geographic spread plays its part in hindering manufacturers and retailers from capturing substantial market shares. Eastern Europe is dominated by Western manufacturers and a large market for replacement products is emerging. Penetration is low in Africa, but growth is high and in line with increasing household purchasing power. The Middle East offers a base for regional manufacturing but is impacted by the political uncertainty.

Market* demand for major appliances

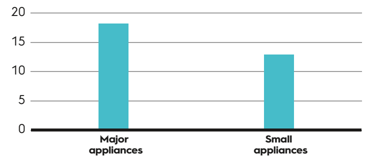
Million units

*Eastern Europe



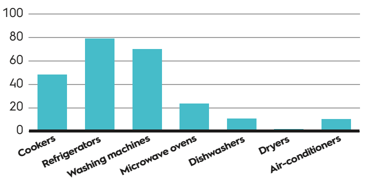
Market value

USD billion



Product penetration

% of households



Electrolux competitors
B/S/H • Whirlpool • Samsung • LG Electronics • Arcelik • Dyson • Ali Group • Rational

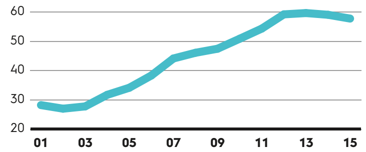
Africa and Middle East	
Population:	**1,396 million**
Average number of persons per household:	**4.8**
Urban population:	**46%**
Estimated real GDP growth 2015:	**2.2%**

Latin America

Brazil is the largest market in the region and the two largest manufacturers accounts for about 80% of the appliances market. Despite the economic slowdown in the region, there exists considerable growth potential for appliances in the longer term, especially in low-penetrated categories. The growing middle class is expected to drive demand for basic cookers, refrigerators and washing machines. Growing interest for energy and water efficiency may also drive demand.

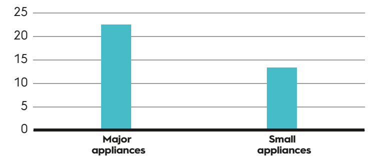
Market demand for major appliances

Million units



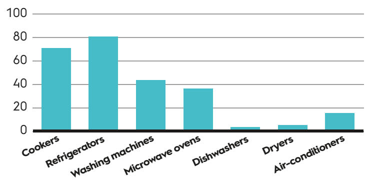
Market value

USD billion



Product penetration

% of households



Electrolux competitors
Whirlpool • LG Electronics • Samsung • Daewoo • SEB Group • Black & Decker • Philips • ITW

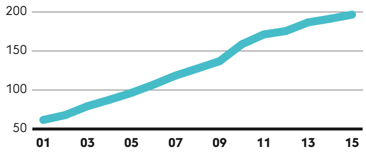
Latin America	
Population:	**630 million**
Average number of persons per household:	**2.8**
Urban population:	**79%**
Estimated real GDP growth 2015:	**0.4%**

Southeast Asia and China

The region is characterized by emerging economies, rapid urbanization, small living spaces and an expanding middle class. China is the world's largest market for household appliances, in terms of volume. The domestic manufacturers dominate in China. Similar to other emerging markets, consumers prioritize refrigerators, washing machines and air-conditioners as prosperity rises. Energy-efficient products and premium brands are growing in popularity.

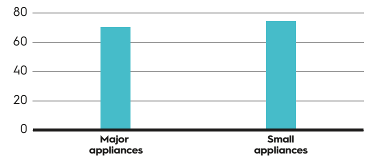
Market demand for major appliances

Million units



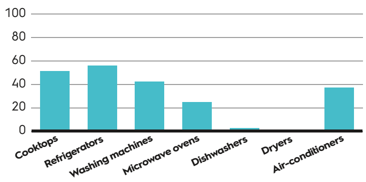
Market value

USD billion



Product penetration

% of households



Electrolux competitors
LG Electronics • Panasonic • Haier • B/S/H • Whirlpool • Midea • Samsung • Dyson • Gree • Manitowoc • ITW • Sailstar • Image •

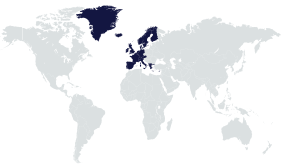
Southeast Asia and China	
Population:	**3,915 million**
Average number of persons per household:	**3.8**
Urban population:	**44%**
Estimated real GDP growth 2015:	**6.7%**

Sources: World Bank, OECD and Electrolux estimates.

Electrolux market data

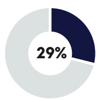
Core markets

Western Europe

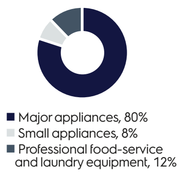


Electrolux priorities
Increased focus on the strongest and most profitable product categories and brands, Electrolux and AEG. Emphasis on innovation, often drawing inspiration from the Group's professional expertise but also increased focus on connected appliances. Examples of growing segments are built-in kitchen appliances and energy-efficient products. Priority is also given to strengthening the small domestic appliances offering.

Share of Group sales 2015



Share of sales in the region 2015

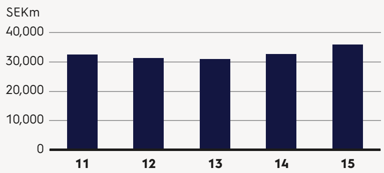


Consumer brands

Electrolux, AEG, Zanussi, Zanussi Professional

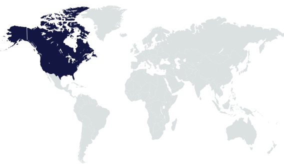
Electrolux market shares
16% core appliances
12% floor care
Professional: Leadership position with a stronger recognition in the institutional/ hotel segments for professional products.

Net sales



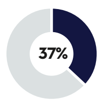
Market demand in Wester Europe has improved during the last two years, after several years of decline, and Electrolux sales have increased.

North America

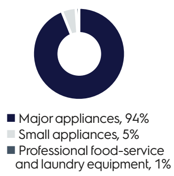


Electrolux priorities
Launch of new innovative products within core appliances. The adaption to new energy-efficiency requirements within cold products is now complete. Focus is also on growth in the builder-channel by developing new customers and distribution channels. Broadening the range of professional products and a strong focus on the offering for global food chains.

Share of Group sales 2015



Share of sales in the region 2015

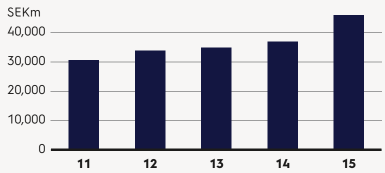


Consumer brands

Electrolux, Frigidaire, eureka

Electrolux market shares
19% core appliances
12% floor care
Professional: Historically strong presence in laundry equipment and a growing presence in the food service industry and in the chain business for professional products.

Net sales

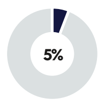


Net sales in North America have been impacted by growth in the market, launches of new products and new distribution channels.

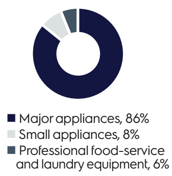
Australia, New Zealand and Japan

Electrolux priorities
Further strengthening of positions in Australia and New Zealand through the launch of new, innovative products such as the new Westinghouse cooking range but also products with features such as high energy and water efficiency. Prioritization of compact, user-friendly and quiet household appliances in Japan and South Korea continues.

Share of Group sales 2015



Share of sales in the region 2015

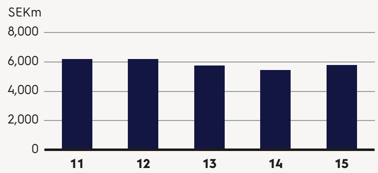


Consumer brands

Electrolux, Simpson, Westinghouse

Electrolux market shares in Australia
40% core appliances
12% floor care
Professional: Historically strong position in both laundry equipment and food-service equipment for professional use.

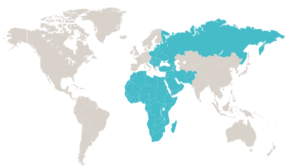
Net sales



Australia is the Group's main market in the region. In Japan, Electrolux is a relatively small player but has, in recent years, established a growing business in small, compact vacuum cleaners.

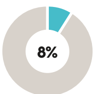
Growth markets

Africa, Middle East and Eastern Europe

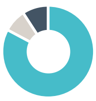


Electrolux priorities
Increased focus on the strongest brands and product categories in Eastern Europe. The aim is to grow profitably in all product categories in parallel with economic recovery but also growing prosperity, especially in Africa. Electrolux production setup in Egypt will enable growth in the Middle East and North African markets. Product launches in the air-conditioner segment and small appliances will also yield further growth opportunities in the region.

Share of Group sales 2015



Share of sales in the region 2015

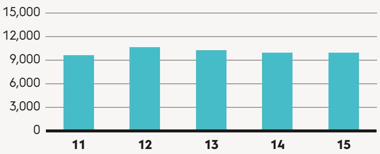


Consumer brands

Electrolux, AEG, Zanussi, Zanussi Professional

Electrolux market shares in Eastern Europe
13% core appliances
13% floor care
Professional: Leadership position with a stronger recognition in the institutional/hotel segments.

Net sales

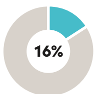


Electrolux has a potential for growth in parallell with growing markets in Eastern Europe, the Middle East and Africa.

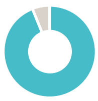
Latin America

Electrolux priorities
Although parts of the region has experienced tough market conditions recently, there are considerable growth opportunities in the longer term. By monitoring the market closely and focusing on cost control and efficiency, the Group can capitalize on opportunities when the purchasing power of households recovers again.

Share of Group sales 2015



Share of sales in the region 2015

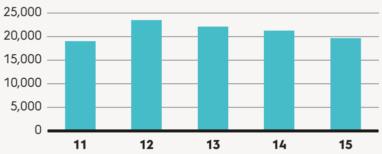


Consumer brands

Electrolux, Frigidaire

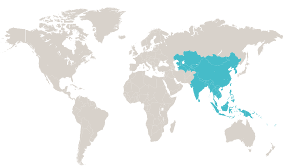
Electrolux market shares
Leading positions in major appliances in Brazil, Chile and Argentina.
45% floor care
Professional: Growing presence of Professional Products in the region.

Net sales



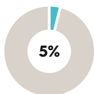
Net sales in Latin America have increased organically over the years due to a strong product offering, market growth and the acquisition of CTI in Chile in 2011. Weak market conditions primarily in Brazil impacted sales negatively in 2015.

Southeast Asia and China

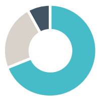


Electrolux priorities
By targeting new markets, channels and segments and marketing a broad range of premium appliances, the Group aims to increase its presence in these markets. A growing middle class means higher demand for premium products. Focus on products for professional users in the laundry and food-service segments is also prioritized as well as launches of compact vacuum cleaners and small domestic appliances.

Share of Group sales 2015



Share of sales in the region 2015

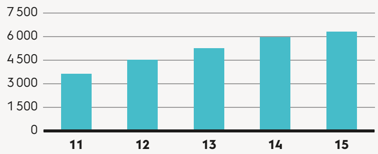


Consumer brands

Electrolux

Electrolux market shares in Southeast Asia
5% core appliances
23% floor care
Professional: Reference player with stronger recognition in the hotel segments.

Net sales



Electrolux sales in Southeast Asia is growing. The Group's strong position in front-load washing machines has been leveraged to expand the business to kitchen appliances.