

## **Double digit growth continues for domestic appliances in Southeast Asia**

GfK

18 February, 2013, SINGAPORE – The rising affluence of contrasting ends of consumers is stimulating sales of major domestic appliances in Southeast Asia. This mix in consumer development has grown the total market worth of the washers, air-conditioners, refrigerators and microwave ovens by a healthy 13 percent in 2012 over the previous year.

In 2012, 19.5 million units of major domestic appliances were sold across Malaysia, Singapore, Thailand, Indonesia, Philippines and Vietnam. Close to USD 6 billion worth of sales were generated, representing a 13 percent volume increase from 2011. Indonesia led in growth, and together with two other countries, made up three out of six in the region which registered vibrant double-digit growth in value.

“Even as some households in developing markets are installing their first double-tub washer, a proportion of the affluent population is concurrently upgrading theirs to the larger capacity models with enhanced technology,” observed Jasmine Lim, Account Director for Home & Lifestyle products. “A flourishing domestic economy and rising affluence are key reasons for the robust sales of appliances, especially air-conditioners, refrigerators and washers.”

Air-conditioners posted the highest volume growth at nearly 18 percent. Philippines and Vietnam are the two fastest growing markets for this appliance, registering more than 20 percent surge in demand from last year. GfK findings revealed that consumers here are increasingly purchasing better and higher end models, which correspondingly upped the average price for air-cons in the region by as much as 12 percent.

In the washing machine category, although single tub remains the dominant segment making up over half of all washing machines purchased, rapid adoption of front load washers was observed across the region with value growth expanding in the range of 9 and 68 percent in the respective countries. Washers in four out of six of the countries experienced a marginal fall in their local average price.

“Although front load washers cost more than twice the price of single tub models, consumers are still willing to spend more on such models due to two key reasons,” highlighted Lim. “The local government in tandem with manufacturers have been actively educating and promoting front load machines for their greater water efficiency with much success.”

Another contributing segment to the major domestic appliance sector is refrigerators which expanded by around 11 and 10 percent in value and volume respectively.

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“Single-tub washers and 1-door refrigerator segments will definitely continue to see growth as penetration deepens in the emerging markets where some households purchase their first washer and refrigerator,” said Lim. “At the same time, the rising affluent class will also keep on fueling the demand for more premium appliances, and together, these demand will drive the continued growth of the major domestic appliances sector in the region,” she concluded.

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