

The Impact of Coronavirus on Consumer Appliances

June 2020

Table of Contents

INTRODUCTION

Scope

The extent of impact from COVID-19 and who it is affecting

Needless to say... consumer confidence is not in a good place in May 2020

Downturns are forecast across many industries... but not all

Consumer appliances and COVID-19

Typical consumer appliance key purchasing factors

Experience boosters... boosted

Start making sense

COVID-19 impact: key findings

ECONOMIC OUTLOOK

Global economy will contract sharply in 2020

The COVID-19 pandemic impacts both supply and demand

In our baseline view, the pandemic peaks in June 2020

Three scenarios examine the impact of a more severe outbreak

Our view in short

Forecast real GDP growth in 2020 under different scenarios

Fiscal stimulus a challenge with restrictions on expenditure

How are governments trying to mitigate the downturn?

What could alleviate the economic effects of the pandemic?

What could exacerbate the economic impact of the pandemic?

INDUSTRY IMPACT

Two main questions: is lockdown demand just lost? How big a recession?

COVID-19 impact on major appliances at a glance

COVID-19 impact on small appliances at a glance

The anticipated routes to disruption

Macro environment: reduced spending power expected in H2 2020

Macro environment: Some companies are more exposed to US/Europe

Macro environment: New houses and house moves drive 5-15% of sales

Supply chain: production suspended (or slowed) with further pain ahead

Automation proves a boon

Supply chain: disruption of global supply chains impacts parts and costs

Haier Appliances India President Eric Braganza

Channel: stores closed, online is the bright spot, while overstocks build

Two critical questions still to be answered

Consumer consumption: trading down and delayed purchasing likely

Consumer consumption : smart appliance penetration will stall (US/EU)

Consumer consumption: Is lockdown demand gone, or just postponed?

Consumer consumption: Product use and the impact of staying at home

2020 volume demand index

What if appliance extra use continues into 2021 for the full year?

CORPORATE RESPONSE

Where new purchase priorities fit within the existing key buying factors

Key buying factors continued

Opportunities to support "Coping Consumers" - anti-viral washing

Language matters

Opportunities to support "Coping Consumers" - food decontamination

Opportunities to support "Coping Consumers" - air decontamination

CORPORATE RESPONSE

Safety at home efforts from Haier within its “Internet of...” programmes
Digital native cooking and e-commerce sites see strongly increased traffic
Impacts to existing strategic topics: 1) The upcoming EU energy label
Impacts to existing strategic topics: 2) Auto-dosing’s smart home future
Impacts to existing strategic topics: 3) The rise of new business models
Impacts to existing strategic topics: 4) IoT , smart features and AI
Impacts to existing strategic topics: 5) The rise of cold water washing
Impacts to existing strategic topics: 6) Product sizes and product capacity
Impacts to existing strategic topics: 7) A love of “Quick” for chasing time
Impacts to existing strategic topics: 8) Assisted Living and automation
Impacts to existing strategic topics: 9) Experience support technologies
Impacts to existing strategic topics: 10) Hygiene and wellbeing at home

CONCLUSION

The economic outlook and the relationship to consumer appliances
Q2 is going to be a crash, but in-home usage offers a point of optimism
Many aspects of consumer appliance key buying factors are affected
Corporate messaging is missing the emotionally intelligent softer stories
In the eternal power versus delicate care hygiene war, 2020 has a winner
Voice is the hygienic champion of no-touch solutions to device control
Multiple building blocks of modern thinking go back under a microscope
SWOT analysis for consumer appliances during the COVID-19 period

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