

## Kitchen Appliances

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With many small makers squeezed out of the line, those that remain have started competing on quality, not just price. And this trend will become more noticeable in coming months as more suppliers are expected to succumb to the economic crunch.

The industry shakeout is also giving midsize and large companies favorable timing to move upmarket and with it the opportunity to seize orders from major global buyers.

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### Executive Summary

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Surviving small suppliers, on the other hand, are expanding their market reach to emerging export destinations.

The following are some of the trends we see in China's kitchen appliances industry:

- More suppliers are targeting smaller but viable export destinations such as the Middle East, non-EU countries, Southeast Asia and Russia. The US, one of the largest markets in the line, is becoming less favored now due to the severe impact it received from the global economic slump.

- Energy efficiency and multifunctionality are the top R&D priorities of most suppliers since products with such features command higher prices and enjoy strong demand from overseas markets.

- As more suppliers move upmarket, a number of manufacturers are switching to imported components to boost product performance. For instance, the heating systems of some of the latest China-made cooktops adopt Japan, Spain and Italy technologies.

- Prices are likely to remain stable in the next six months as raw material costs declined and the yuan stabilized in late 2008.

This report covers the major kitchen appliance categories exported from China: food processors, blenders and juicers, electric kettles, toasters and toaster ovens, coffee makers, barbecue

grills, refrigerators and freezers, cooktops, ovens, rice and slow cookers, and water dispensers.

The Products & Prices section discusses the latest design trends and technology upgrades in each segment. It also highlights key factors that influence the price and quality of low-end, midrange and high-end releases.

Projections for the next 12 months for prices, overseas sales, capacity expansion plans and R&D focus are detailed in the Supplier Survey.

The Industry Overview section details the key issues surrounding China's kitchen appliances sector, and how companies are coping with these challenges. It also provides information on the manufacturing and R&D capability, and export sales performance of small, midsize and large suppliers. The strengths of the main production centers, Guangdong and Zhejiang provinces, are likewise discussed here.

Reflecting the industry structure, more than 60 percent of suppliers interviewed for this report are based in Guangdong, and close to 30 percent are from Zhejiang. The rest is located in Fujian province and Shanghai.

Further, the majority of suppliers are manufacturers with direct export rights. In fact, 83 percent of the companies featured in this report directly ship their output overseas. Almost 90 percent of the featured companies are mainland China-owned. The others are Taiwan or Hong Kong-invested, or publicly listed. Many suppliers are mature in the line, having been in the business for more than 10 years.

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