

# Kitchen Appliances



## Essential sourcing intelligence for buyers

### China manufacturer profiles

Detailed profiles of 29 verified suppliers and contact details of an additional 13 exporters

### Product & price trends

Prices and specifications of 110 top-selling export products

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Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

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# KITCHEN APPLIANCES

## Supplier capability in China

### EXECUTIVE SUMMARY

Kitchen appliance suppliers in China are optimistic that overseas sales will recover in 2009 despite the economic recession that has put extreme pressure on the industry. In fact, suppliers that survived the first wave of factory closures in the fourth quarter of 2008 are already seeing opportunities amid the crisis.

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.

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.

### In this report

- 29 in-depth company profiles
- 13 additional suppliers
- 110 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

### METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For each company profile, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in-person, by phone or email.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capabilities of each supplier.

All suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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## INDUSTRY OVERVIEW

As with most manufacturing industries in China, the kitchen appliances sector is going through difficult times as the economic crunch takes its toll on production and exports. But some makers are confident that by competing on quality and efficiency, while implementing cost-saving measures, they can recover from the crisis.

The industry saw many factories fold in 2008, most of which were small enterprises without sufficient financial backing. For these companies, sales dropped by more than 40 percent, forcing them to cease operation.

The supplier base has shrunk from 1,200 manufacturers and traders two years ago to about 1,000 exporters today. Many of them are mature in the line, having been in the business for one or two decades. If the downturn continues throughout the year, the industry expects to see more makers being squeezed out.

But for a number of suppliers and industry analysts, the current condition may lead to a constructive change and can actually be good for buyers in the long run. After a series of shutdowns due to the recession, surviving enterprises are now competing on quality not just price.

In fact, many large makers are moving up the value chain by enhancing their product development capability, which is focused mainly on energy efficiency. Those with a strong domestic presence such as Foshan TCL and Hisense Kelon are promoting their in-house brands to the EU and US markets as well.

Small and midsize suppliers, on the other hand, are exploring emerging markets with less-stringent product standards such as Russia, the Middle East, Asia and Africa. They are also boosting domestic sales, in hopes of compensating for decreasing exports.

At the same time, they are focusing their R&D plans on better aesthetic design and construction.

The crisis is likewise bringing opportunities for some relatively low-priced small kitchen appliance segments such as rice and slow cookers, food processors and coffee makers. Because of the financial slump, many consumers prefer to prepare their own meals rather than dine out, driving home appliance sales up.

Finally, the slowdown in export demand for most commodities led to cutbacks in metal and plastic material costs toward the end of 2008, resulting in reduced production outlay.

And even while the cost of steel is on a slight upturn again in the first few months of 2009, it is not expected to increase significantly. In fact, the average price of steel for the rest of the year is predicted to be at least 40 percent lower than in the first half of 2008.

The cost of ABS, the most commonly used material for plastic appliances, is fluctuating. After

### Supplier summary

Suppliers surveyed	29
Export sales	\$787.3mn
Export ratio	75%
OEM business	73%
Capacity utilized	61%
Annual R&D spending	\$12.3mn
Full-time employees	24,583

Data: All surveyed suppliers

decreasing in late 2008, it increased by 20 percent in February 2009. However, the cost is still about 25 percent lower than January to June 2008 rates.

### Boosting energy efficiency

Suppliers that are still in the line are taking various measures to stay afloat. Apart from cost-saving strategies such as downsizing labor force, reducing work hours and maximizing raw materials, many companies, particularly midsize and large ones, are developing energy-saving designs that sell well in Western markets.

### Major customers

Company	
Foshan TCL	Wal-Mart, Target (US)
Guangdong Fuxin	Emerson (US)
Guangdong Xinbao	Back to Basic, Sunbeam (US); De' Longhi (Italy)
Haiyan Xinhua	QVC (US); Auchan (France); AFK (Germany)
Hangzhou Meisda	Homi (US)
Homezest	Seb (France); Bosch (Spain); Adexi (Denmark)
Ningbo Jufeng	Sodimac S.A. (Chile)
S-2	Carrefour (Argentina); E-tech (France)
Shenzhen Angel	Lipton (UK, the Netherlands ); H2O (US)
Shenzhen J&D	Disney (US); Wal-Mart (France); Tsann Kuen (Taiwan); Toys R Us (Germany)
Shenzhen Sigma	Wal-Mart, Kmart (US); Coca-Cola (Mauritius)
Shenzhen Universal	Alidi (Germany)
Yea-Sincere	Alfa Hogar (Spain); Gastroback (Germany)
Yuyao Titan	Wal-Mart (Brazil, Mexico, Colombia, Argentina)
Zhongshan Mester	Tevo (South Africa); JML (UK)
Zhongshan Songjing	Auchan, Kingfisher (France); Aldi (Germany); Tesco (UK); Home Depot (Canada); Meijer (US); Wal-Mart (Guatemala, Costa Rica, Honduras)
Zhongshan Tinon	Cata (Spain); Amica (Poland)

### Dongguan Ico Electrical Co. Ltd

In 2008, Dongguan Ico generated \$17 million in sales from its kitchen appliances line, consisting mainly of refrigerators and freezers.

OEM orders make up 45 percent of export shipments, with the balance comprising ODM at 35 percent and OBM at 20 percent. The mainland China-owned supplier caters to clients in North America, the EU, Eastern Europe, the Asia-Pacific region and the Middle East.

The company can manufacture up to 20,000 kitchen appliances per month in its ISO-compliant factory.

Twenty of the 600 workers are assigned to product development, while 35 specialists are in charge of QC. Occupying 13,000sqm, its factory runs at 70 percent of capacity.

Dongguan Ico will be boosting exports to non-EU countries in the next 12 months. Overseas shipments of refrigerators and freezers amount to \$12 million annually.

The company plans to increase its annual capital expenditure by up to 50 percent. It also offers air curtains, display cases, rock-climbing equipment and office supplies.

#### Company facts

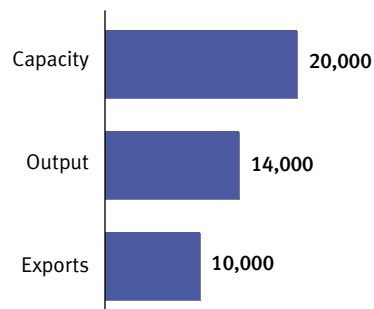
Year established	2003
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Dongguan (Guangdong)
Number of factories	1
Factory location(s)	Zhongshan (Guangdong)
Total factory area	13,000sqm
No. of full-time employees	600
No. of R&D/design staff	20
No. of QC staff	35
Annual sales (all products)	\$23.0mn
Annual R&D spending	\$200,000
ISO certification	Yes

#### Sales & output: Kitchen appliances

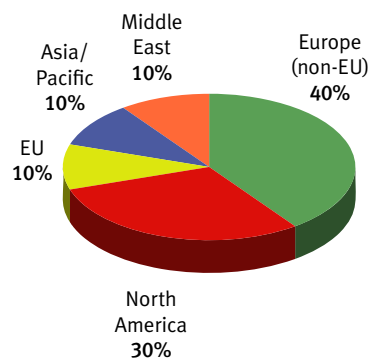
Annual sales	\$17.0mn
Share of total sales	74%
Annual export sales	\$12.0mn
Total monthly capacity	20,000 units
Average monthly output	14,000 units
Capacity utilized	70%
Average monthly exports	10,000 units
Export ratio	71%
OEM % of exports	45%
ODM % of exports	35%
OBM % of exports	20%
Other products made	Display cases, air curtains, business card cases, clipboards and files, chair bases, rock-climbing equipment

#### Profile

##### Production units/mth



##### Export markets



#### Contact details

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### Capability

#### Production checklist

Cutting machines	8
Bending & punching machines	5
Plastic-injection machines	5
Automated painting lines	6
Makes molds in-house	No
Makes motors in-house	No
In-house testing	Yes
Current-leakage testers	8
Voltage testers	8

#### Exports by product

Toasters & toaster ovens	—
Electric kettles	—
Rice & slow cookers	—
Food processors, blenders & juicers	—
Coffee makers	—
Water dispensers	—
Ovens	—
Cooktops & hoods	—
Barbecue grills	—
Refrigerators & freezers	100%

### Outlook

- **Export prices**  
Decrease
- **Export price decrease**  
Less than 5%
- **Export sales**  
Stay the same
- **Target market**  
Europe (non-EU)
- **Capital expenditure**  
Increase up to 50%
- **Major challenge**  
Labor cost
- **Export capability**  
Widen product range
- **R&D focus**  
Energy-efficient models

### Popular export models



#### Refrigerators

Model	BCD-138
Minimum order	124 units
Packaging type	Carton
Delivery time	35 days
Indicated price	\$139.00

**Description:** Painted steel housing; 220V/50Hz or 115V/60Hz; 110W; 95L refrigerator and 43L freezer capacity; mechanical temperature control; adjustable thermostat; reversible door with magnetic seal; optimized refrigeration system, low noise design



#### Refrigerators

Model	BCD-128
Minimum order	160 units
Packaging type	Carton
Delivery time	35 days
Indicated price	\$130.00

**Description:** Painted steel housing; 220V/50Hz, 115V/60Hz; 110W; 88L refrigerator and 40L freezer capacity; mechanical temperature control; adjustable thermostat; reversible door with magnetic seal; optimized refrigeration system; low noise design



#### Refrigerators

Model	SC-108
Minimum order	176 units
Packaging type	Carton
Delivery time	35 days
Indicated price	\$114.00

**Description:** Cyclopentane foam; ABS interior; painted steel housing; double glass doors; steel shelf; 220V-240V/60Hz, 110V-115V/60Hz; 80W; 108L capacity; three adjustable shelves; fluorescent light, adjustable mechanical thermostat; 470x490x860mm

PRODUCT GALLERY

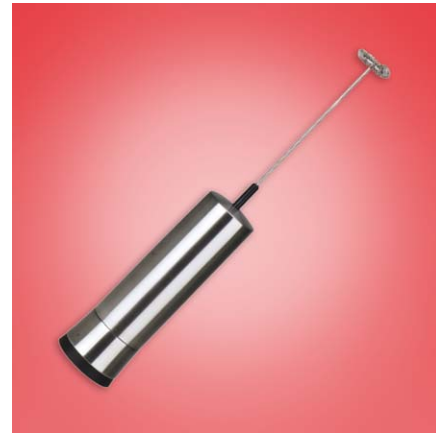
Food processors, blenders & juicers



**East Best**  
 (profile page 38)  
**Model:** EB816  
**Minimum order:** 3,000 units  
**Packaging type:** Colored box  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Electric spice grinder, 22.0X6.2cm



**East Best**  
 (profile page 38)  
**Model:** EB902  
**Minimum order:** 5,000 units  
**Packaging type:** Colored box  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Coffee frother; ABS handle; runs of four AA batteries; LFGB



**East Best**  
 (profile page 38)  
**Model:** EB913  
**Minimum order:** 3,000 units  
**Packaging type:** Colored box  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Stick blender; stainless steel; runs on 4 AAA batteries; LFGB



**East Best**  
 (profile page 38)  
**Model:** Milk Frother 006  
**Minimum order:** 5,000 units  
**Packaging type:** Colored box  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Milk frother; ABS handle; runs on four AA batteries; LFGB



**Foshan Gales**  
 (profile page 42)  
**Model:** GS-311  
**Minimum order:** 2,560 units  
**Packaging type:** Carton  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Juicer with blending, grinding and mincing functions; detachable parts for easy cleaning; 2L residue and juice collectors; stainless steel strainer; 2-speed control with pulse setting; double overheating protection; 300W motor; safety-lock system



**Foshan Gales**  
 (profile page 42)  
**Model:** GS-310L  
**Minimum order:** 3,360 units  
**Packaging type:** Carton  
**Delivery time:** 30 days  
**Indicated price:** •  
**Description:** Juicer; detachable parts for easy cleaning; transparent lid; nonslip rubber feet; 1L residue collector; stainless steel filter basket and blades; 2-speed control; overheat protection; 450W motor; safety-lock system

• Information not disclosed