

Appliances

Over time there has been a major conversion from metal to plastics in the manufacturing of small and large appliances. So this is an important market for injection molders. Unfortunately much of U.S. small appliance manufacturing has been lost to foreign (Asian and European) competition. On the plus side, due to the high cost of transoceanic shipping hollow products of any type, the production of large appliances has stayed with this region. Leading U.S. large appliance manufacturers have shifted a lot of assembly operations to Mexico to take advantage of low labor costs. In recent years they have experienced increased competition from both European (e.g., Bosch) and Chinese (e.g., Haier) large appliance manufacturers.

The collapse of the U.S. housing industry is evident in the trend of production of appliances. We observe in Table 11 below that there was growth until 2007 when a serious slide commenced. From 2006 through 2010 the output of this industry declined 23.1%.

Table 11

Trends in the Volume of Production of
Household Appliances, by Category, 2000-2010
(million units)

<u>Year</u>	<u>Cooking</u>	<u>Laundry</u>	<u>Kitchen</u>	<u>Food Pres.</u>	<u>Comfort</u>	<u>Total</u>
2000	20.8	14.1	11.4	11.2	7.5	65.0
2001	21.5	13.9	11.3	11.5	6.4	64.6
2002	21.9	14.6	12.1	12.3	7.0	67.9
2003	23.3	15.5	12.8	12.5	9.5	73.7
2004	25.4	16.8	13.9	13.4	9.8	79.2
2005	23.8	17.4	14.6	13.3	10.0	79.1
2006	23.5	17.5	14.3	13.2	11.5	80.0
2007	21.2	16.4	13.5	12.4	11.5	74.9
2008	19.3	15.3	11.6	11.4	10.6	68.2
2009	16.6	14.3	10.7	10.4	7.5	59.5
2010	16.6	14.6	11.1	11.3	8.0	61.5

Source: Association of Home Appliance Manufacturers

In Figure 10 below we portray the trend of U.S. production of household appliances (NAICS category 3352) in order to better visualize the recent evolution of this industry. We observe a dip in this data series from 2000 to 2003, reflecting the impact of the relatively mild 2001 recession on house construction as well as on the disposable income of existing home-owners. This market rebounded and then peaked in 2004. From that point until 2009 the production of appliances plummeted by 30.3%. 2010 brought a measure of recovery. Production in the first quarter of 2011 relative to the first quarter of 2010 increased a rather unimpressive 2.2%.

Figure 10

The Trend in the Production of
Household Appliances, 2000-2011
(index: 2007=100)

