Dishwasher Production: No Outlet For US Volumes And Tough Times Ahead In Europe

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Western Europe and North America are comfortably the biggest dishwasher producing regions in the world, with production plants located in the largest pockets of consumer demand.

But the prospects for manufacturers based on opposite sides of the Atlantic are different.

Whereas Western Europe is also the world's biggest exporting region, almost all North American production stays in the US, leaving producers there exposed to adversely affected demand.

No obvious outlet to support North American manufacturing

On the one hand US exports to Canada are small, where retail sales of dishwashers are just a seventh of those in the US. On the other, in neighbouring Latin America the dishwasher market is still in its infancy. It is true that retail volume sales are set to grow by over 50% by 2016, but US manufacturers such as Whirlpool and Electrolux already have established facilities in the region operating near capacity, making exports from the US an expensive option.

This exposure to the US market has left the four dishwasher manufacturers based in North America vulnerable to the performance of a market that is still 2.4million units down on pre-recession levels. Whirlpool, General Electrics, Electrolux and BSH, are all operating at levels down between 20% and 30% on 2007.

Fragility in Western Europe

Western Europe is the biggest consumer, producer and exporter of dishwashers, and almost 80% of units manufactured there remain within its borders. In contrast to the US, sales in Western Europe of dishwashers have proved resilient compared to other major appliances. Three years after the downturn and retail volume sales are still over 9 million units.

This relative resilience does however hide an inherent fragility. Sales of dishwashers were largely helped by government stimulus packages across Western Europe. But state incentives are now a distant memory and with big markets such as Italy and Spain struggling - with fears too that the UK could fall back into recession - cash stripped Western European consumers are now more likely to forgo discretionary dishwasher purchases than before.

The production landscape in Western Europe is also much more fragmented, with over 14 players still manufacturing in the region. BSH and Arcelik, the two biggest producers there, have both increased their capacity over the last five years, growing pre-recession output. In contrast Electrolux, Indesit and Whirlpool have curtailed their output, preferring to relocate capacity to their Eastern European factories instead.

Eastern Europe remains a safety net for European manufacturers

What is clear is that manufacturers with operations in Western Europe have potentially more flexibility than their American counterparts. On the one hand they are based in the world's biggest market, which although potentially fragile, in the long term is still in a much better shape than North America.

In terms of fundamental lifestyle drivers, shrinking average household size in Western Europe means less room for draining boards and large sinks, making dishwashers a preferred option in small kitchens.

On the other hand, neighbouring Eastern Europe is showing good potential for growth, being almost three times the absolute volume size of Latin America, which could offset any temporary decline in Western European sales.

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