Consumer trends driving growth in home care
Key consumer trends driving growth

As our lifestyles change and the technology in our homes becomes “smarter,” the products we buy to clean our homes continue to evolve with us. Globally, we have more disposable income and more demanding lifestyles, resulting in more stuff and less time to clean it. As the home care industry innovates to meet the increasingly complex demands of a broader spectrum of consumers across the globe, we have identified eight key trends that are driving growth.
### Key themes

#### Inclusive pricing
Companies are launching products across a wide spectrum of price points in order to serve all income groups.

- Premium products offer higher margins while the value segment offers higher volume.
- Consumers consider price or value the second most important attribute next to efficacy.\(^1\)
- Currently, Procter & Gamble dominates the US laundry market across all price tiers but other players such as Unilever, Henkel and Church & Dwight have further penetrated all price tiers.

#### Natural and “free from” segment growth
As consumers become fearful of harsh chemicals, they increasingly prefer more natural products.

- Consumers are more informed and concerned about personal and environmental health.
- More than 20% of consumers globally prefer products with packaging that is sustainable and/or made from recycled materials.\(^2\)
- Unilever’s acquisition of Seventh Generation and Procter & Gamble’s launch of Tide purclean\(^{TM}\) exemplify growth and innovation in this segment.

#### International evolution
Emerging markets are expected to represent a majority of the home care market by 2020.

- Millennials comprise a large population with increasing disposable income and high purchasing power.
- Rising hygiene awareness, lifestyle upgrades and increasing per capita income is driving a shift toward higher-value home care products.
- Dishwashing, home insecticides, surface care and toilet care are the fastest growing home care categories due to urbanization, increasing use of dishes and glassware, concern over infectious disease and the increasing prevalence of toilets.

#### Formatting for convenience
As consumers demand convenience, continuous innovation in format has proliferated.

- Powdered detergents, mops, bleach and brooms have evolved into detergent capsules, multi-purpose cleaning sprays, pre-diluted products and “Swiffers\(^{TM}\).”
- Consumers are ready to pay a premium for products they see as multi-purpose and easy to use.

#### Devices and automation
The global home cleaning robot market is expected to reach $2.6b by 2021 at a CAGR of 12% from 2016 to 2021.\(^3\)

- Manual devices such as the Swiffer and standard vacuum will continue evolving to automated, robotic devices with enhanced functionalities.
- Consumers will continue paying for a premium experience as cleaning products are customized to specific devices and technologies.

#### Co-branding
Partnerships give companies a clever opportunity to leverage combined brand equity to expedite profitable innovation.

- Brands enter into alliances to generate new revenue streams through licensing.
- Existing customers loyal to each brand are attracted to co-branded products, which allows both brands to increase customer touchpoints.
- S.C. Johnson’s Mr. Muscle\(^{®}\) and Glade\(^{®}\) and Procter & Gamble’s Tide\(^{®}\) and Downy\(^{®}\) exemplify successful relationships between powerhouse home care brands.

#### Specialized surface cleaners
As surface types evolve, there has been a shift toward home care products with specific cleaning abilities.

- Surfaces such as stainless, mirrored, glass, vitrified and wood create demand for a wider array of home care products.
- Infused wipes, novel dispensing systems and smart tube drop technologies are designed to clean and preserve specialized surfaces.

#### Fragrance
Fragrance is a preferred attribute across categories due to its association with cleanliness and freshness.

- Fragrance masks odors of chemical ingredients and can also personalize the customer experience.
- Fragrance allows for differentiation with technologies such as encapsulation and added functional benefits such as moisturizing hands and protecting delicate fabrics.
- Fragrance can add sophistication, excitement and indulgence to everyday cleaning tasks.

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1, 2 Source: Nielsen Global Home Care Survey, Q3 2015, based on more than 30,000 online respondents in 61 countries

3 Source: Global Market Insights report, Needham Growth presentation 2017 and secondary research

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