

Home & Personal Care Industry

The products in the Home & Personal Care industry touch the lives of billions of people across the world, right from the time one wakes up to brush his/her teeth to the time one goes back to bed with a night cream for rejuvenating the skin.

The [household product segment](#) offers cleaning, sanitation, pest elimination, and maintenance products. It also includes gardening solution providers, toy & furniture makers. The key players in this space are - JohnsonDiversey, Ecolab, Clorox, Henkel, Reckitt Benckiser, Mattel, Hasbro, ARC International, Tupperware Brands etc.

The [personal care segment](#) basically includes cosmetics and toiletries manufacturers. The personal products market consists of fragrances, make-up, skincare, hair care and personal hygiene products. Some of the important names in this arena are - Unilever, Colgate Palmolive, Kimberly-Clark, Revlon, Alberto-Culver, Avon etc.

Market Analysis

The global household and personal products industry is relatively mature in most of the more developed economies. However, leading players can continue to obtain growing revenues by strategies such as development of strong brands, enhancing products in order to charge premium prices, and 'micro selling' in markets where personal incomes are low.

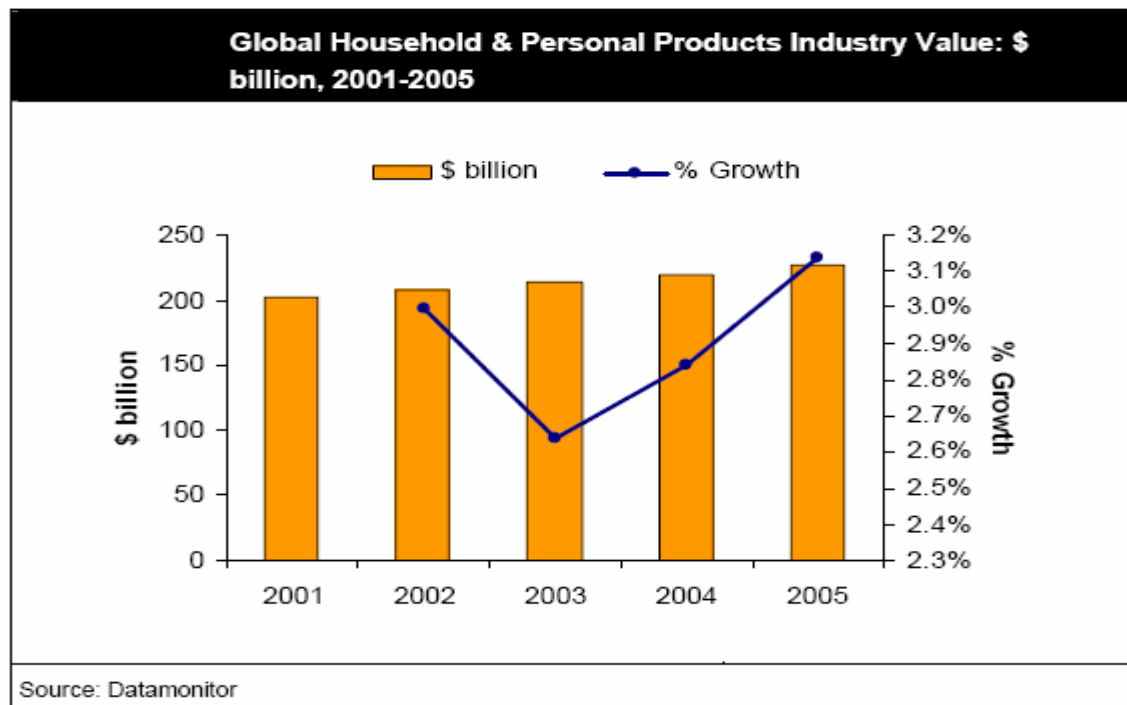
In 2005, the household and personal product industry grew by 3.1% to reach a value of \$227.2 billion, representing a compound annual growth rate (CAGR) of 2.9% for the 2001-2005 period. Year-on-year growth rates were very steady. Consumption volumes increased with a CAGR of 2.5% to reach 70.9 billion units in 2005. The relatively modest growth rates reflect the maturity of the industry in most developed economies.

Sales of personal products account for 74.3% of the industry revenues, equivalent to \$168.7 billion in 2005. The remainder of the industry value is generated by household product sales. The personal products market has also grown more strongly than the household product sector, so driving overall industry expansion. A possible reason is that manufacturers may be able to charge higher prices for personal products, for example through the use of marketing to build 'aspirational' or luxury brands, whereas household products tend to be viewed by consumers as utility goods.

Europe is a considerably larger market for household and personal products than the other major geographical regions, contributing 42.9% to global revenues, as compared to 22.2% for Asia-Pacific and 24% for the US. As most products in this market are sold at prices accessible to European and US consumers, population sizes are a likely reason for the difference between these two regions.

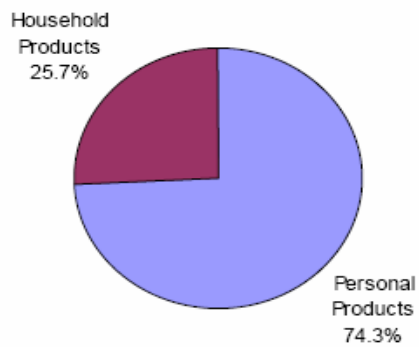
Going forward, the industry is expected to accelerate its performance slightly. A forecast CAGR of 3.1% for 2005-2010 is set to drive industry revenues to \$264.7 billion by the end of 2010. Industry volumes are set to increase with a CAGR of 2.5% to reach 80.3 billion units during the same period. Rising levels of affluence in Asia-Pacific will increase the pool of consumers for these products, and drive volume and revenue growth during the next five years.

Market Value



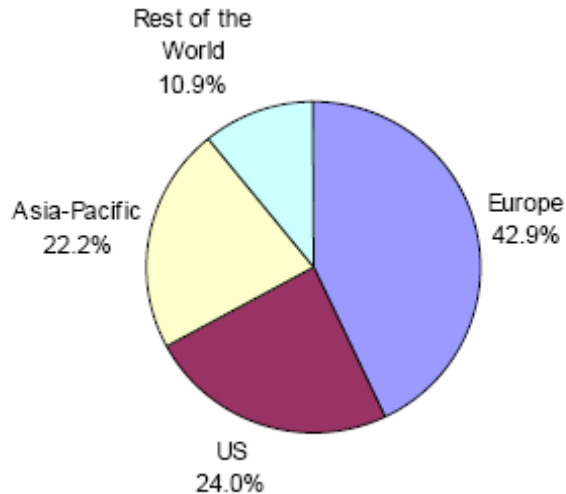
- The global household and personal products industry grew by 3.1% in 2005 to reach a value of \$227.2 billion.
- The compound annual growth rate of the industry in the period 2001-2005 was 2.9%.

Market Segmentation



Source: Datamonitor

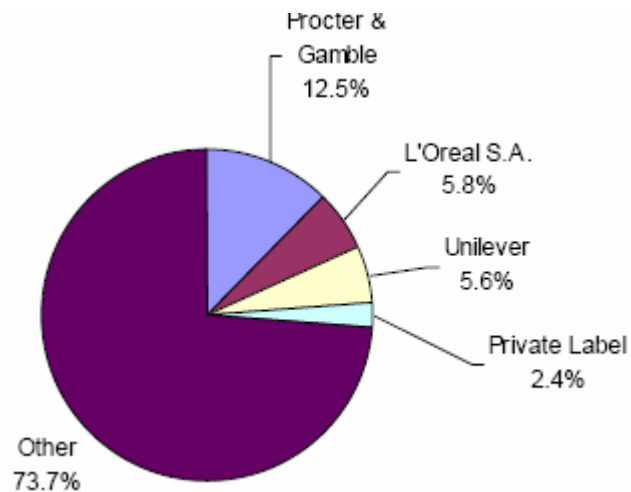
- Personal product sales account for 74.3% of the global household and personal products industry's value.
- Household product sales generate the remaining 25.7% of the global industry's revenues.



Source: Datamonitor

- Europe accounts for 42.9% of the global household and personal products industry's value.
- The US generates a further 24% of the global industry's revenues.

Market Share



Source: Datamonitor

- Market leader Procter & Gamble holds a 12.5% share of the industry's value.
- L'Oreal generates a further 5.8% share of the global industry's revenues.

Competitive Landscape

The mature US and European markets have very little scope for expanding sales volumes and household product manufacturers have attempted to increase revenues by convincing consumers to upscale their purchases. As part of this strategy, a number of new value-added products have been introduced to the sector in the last few years, such as stain removal agents in fabric cleaners or aloe-impregnated tissues. These value-added products have enabled players to justify price increases, attract new customers and maintain a competitive advantage.

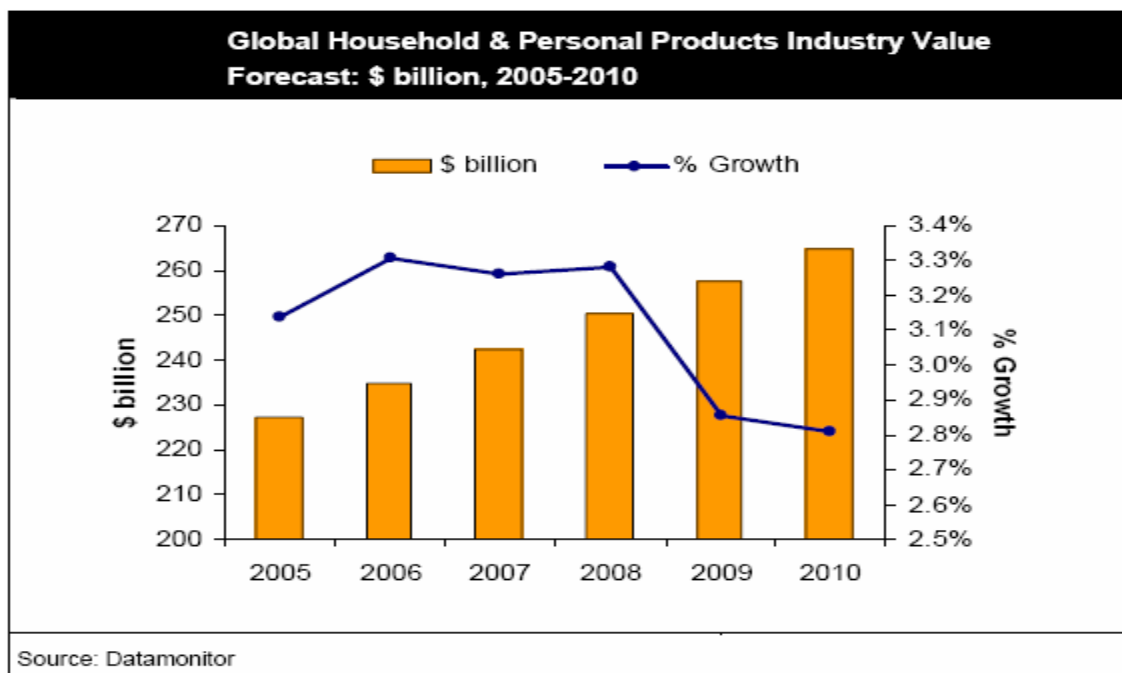
The leading player is Procter & Gamble. With annual revenues of \$28.3 billion from sales of household and personal products, the company has a 12.5% market share. L'Oreal, with a 5.8% share of global revenues, and Unilever, with 5.6%, are major competitors. All these companies have developed a wide range of well-known brands in this industry, thus confirming their market shares. The household products market is notably more concentrated than the personal products market.

The low consumption of household and personal products in emerging markets, such as China and India, represents an opportunity for companies to expand their revenues and escape from the stale performance of their home markets. One of the main hindrances in these areas has been low incomes, which have made their products, designed for consumers with incomes significantly higher in the US, Japan and Western Europe, too expensive for most consumers. In response, leading multinationals have developed a concept called micro selling to develop brand recognition in developing countries. Micro selling simply packages these products in much smaller, and therefore cheaper, sizes. Despite the low cost of these products, the sheer number of consumers and volume of sales allows companies to continue to make a healthy profit.

Personal and household product manufacturers, particularly within the world's developed economies, have also focused on increasing their sales of value-added products to boost revenues. A high turnover of products remains a vital aspect of improving performance for personal product companies, particularly in the face of increasingly fierce competition from private labels.

Cheaper private label goods, which have shed the 'no frills' image, are now regarded by many consumers as viable alternatives to brand name products at a fraction of the price. When combined with the leverage of major retailers such as Wal-Mart, this restricts the ability of major players to increase prices. In an effort to counter this trend, household and personal product manufacturers are investing heavily into R&D in order to create products worthy of higher prices and stay ahead of their private label competitors.

Market Value Forecast



- In 2010, the global household and personal products industry is forecast to have a value of \$264.7 billion, an increase of 16.5% since 2005.
- The compound annual growth rate of the industry in the period 2005-2010 is predicted to be 3.1%.