



Germany: Household Care Products

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Summary

In 2013, German consumers purchased household care products worth approximately EUR 4.3 billion, a minimal increase of 0.2% from 2012. The German market for household care products is highly concentrated, with sales largely shared among a few multinationals, such as Henkel, Procter & Gamble, Reckitt Benckiser, SC Johnson, and Unilever. The first three alone together hold a market share of 50%. In addition, there are a number of medium-sized companies that account for considerable shares in some sectors. Private label products make up approximately 30%.

U.S. companies interested in entering the German market should therefore offer innovative products at competitive pricing; a professional market entry concept, willingness to open a subsidiary in Germany, and substantial funding for marketing and creating brand awareness are essential.

Market Overview

Germany has a population of 80.5 million (December 2012), with 40.7 million private households. The number of small households has increased considerably over the last decades: in 1991 approximately 64% of all households were considered small, i.e. had up to two members. In 2012, the figure had increased to 75%, with a further increase expected for the future. The changing demography in Germany influences consumer behavior, including the household care products market. For example, an increasing number of single-person households and an aging population fortify the already existing trend towards convenience and easy-to-use products.

In 2013, sales for household care products amounted to EUR 4.3 billion in Germany, up 0.2% over 2012. Per-capita spending reached EUR 53 (2012). With sales exceeding EUR 1.1 billion, universal laundry detergents continued to be the leading product group within the household care market. Among the laundry care sub-sectors (tablets, powder, liquids, bars, hand wash), liquid concentrates and innovation were the main growth drivers in 2013.

With sales exceeding EUR 861 million in 2013, a modest growth of 0.9% over 2012, household cleaners ranked second within the overall household care products market. The positive performance was mainly attributed to growth in the consumer friendly convenience products segment.

Sales of dishwashing products (hand and machine wash) remained stable, at EUR 702 million. The growth of previous years, which largely stemmed from increased sales of private label hand washing detergents, did not continue in 2013.

Fabric softeners continued their good performance in 2013, recording a sales increase of 1.5%, to EUR 309 million. The positive development was mainly attributed to growth in the premium segment, while private label products lost market shares.

The classic home care segment, such as furniture, floor and carpet care products, registered prominent losses in 2013. With sales of EUR 71 million in 2013, sales in this segment declined 4.1% over 2012.

Table 1) Market development by product category, 2012 – 2013, in EUR Million

Sub Segments	2012	2013	Change +/- %
Laundry detergents: universal wash	1.174	1.181	0,6
Laundry detergents: special wash	201	201	0,0
Laundry aids (1)	314	309	-1,6
Fabric Softeners	304	309	1,5
Dish cleaning	702	702	0,0
Household/Surface cleaners (2)	853	861	0,9
Furniture care, floor polish & sealants; carpet cleaners	74	71	-4,1
Leather care	65	65	0,0
Automotive care products	247	250	1,2
Room Sprays/Scents	384	380	-1,0
Total market	4.318	4.329	0,2

- 1) Stain removers, water-proofing products, pre-wash additives, soaking agents, bleaches, starches, ironing aids, dye and dye removers.
- 2) Surface cleaners for general purpose, bath, glass/window, toilet and drain cleaners, special purpose or materials cleaners (for scale, metal, stove etc.)

(Source: German Cosmetic, Toiletry, Perfumery and Detergent Association, IKW)

Trends

Major trends in the German market for household care products are similar to some of those in the overall consumer market: a trend to 'homing' and in-home consumption; time saving and convenience products; innovation; and sustainability. An ongoing demographic change towards an increasing number of one-person and two-person households over the next 15 to 20 years will continue to influence buying behavior in this industry.

Convenience is still a key factor in the household care market. Consumers are willing to purchase value-added products for swift and effective cleaning. As part of a long-term shift in consumer lifestyles, including an increasing number of working women, products that offer convenience and ease of use have performed well in recent years.

Following Hoffmans' launch of Vanish Oxi Action, oxygen-based products project the image of a strong but non-toxic cleaning agent, and continue to be favored by German consumers. Initially, the high demand and popularity of these products led to relatively high average retail prices. As a result of the growing market share of private label products in this segment however, the average price of oxygen-based products has leveled over the last few years.

Eco-friendly products continue to be successful in Germany. Werner & Mertz GmbH, for example, a medium-sized market player, managed to capitalize on its green and eco-friendly image with their highly successful "Frosch" brand. After a re-launch of the brand in 2001, the products succeeded in moving away from a more conservative ecological image towards one of trendy convenience products, with the added value of being eco-friendly. Today, all major market players offer products with an ecological and environmental angle, such as the low-temperature detergents Ariel Excel Gel (Proctor&Gamble) and Persil ActicPower (Henkel), and the bio household cleaner Terra Activ (Henkel).

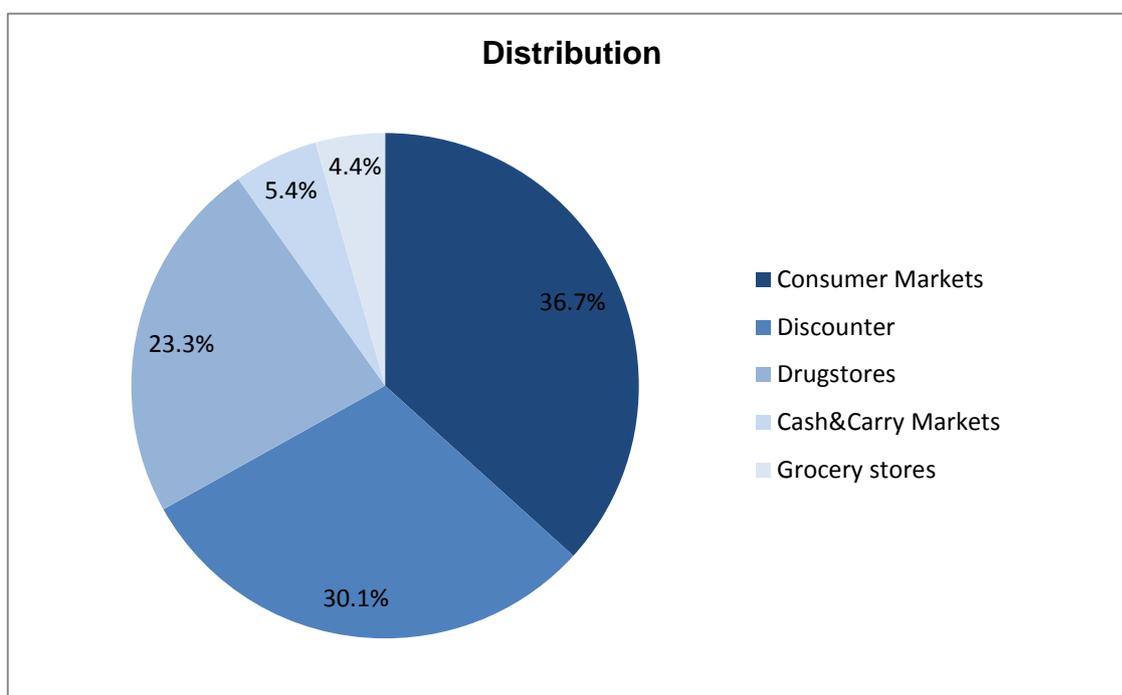
Distribution Channels

With a share of 36.7%, consumer markets were the leading sales channel for household care items in 2013, closely followed by discounts stores, with 30.1% of overall sales. Increased consumer cost consciousness and favorable product reports from consumer watchdog organizations, such as “Stiftung Warentest,” contributed to the success of the discount sales channel. Products sold in leading discount chains, such as Aldi and Lidl, increasingly rival the quality and innovation of branded articles at significantly lower prices.

Drugstores accounted for 23.3% of overall sales in 2013, benefitting from their reputation of being specialists in household care, and from their wide product ranges. Drugstores are increasingly offering online shopping, as a growing number of consumers in Germany are using the Internet.

Self-service hypermarkets/Cash&Carry stores ranked fourth in 2013, holding a market share of 5.4%. This sales channel benefits from shop size and the convenience of one-stop-shopping. Similarly, supermarkets and grocery store – with 4.4% fifth in terms of market share - profit from convenience, with household care products being bought alongside groceries in the weekly shop.

Table 2) Distribution Channels Household Care Products, 2013



(Source: German Cosmetic, Toiletry, Perfumery and Detergent Association, IKW)

Market Access

For detergents and maintenance products, the following legal regulations are important: Detergents Regulation (EC) No. 648/2004; Chemicals Regulation (EC) No. 1907/2006 (“REACH”); Regulation on Classification, Labelling and Packaging (EC) No. 1272/2008; Biocidal Products Regulation (EU) No. 528/2012; - German Food, Feed and Commodities Act

Detergents and cleaning agents contain substances posing a health risk. All washing and cleaning products sold on the German market therefore need to be in compliance with the German Detergent and Cleaning Agent Act (Wasch- und Reinigungsmittelgesetz, WRMG). In May 2007, the amended

WRMG Act came into force. The new law aligns the regulations in force in Germany with the guidelines of the EU Detergents Regulation (EC/648/2004) in effect since 8 October 2005.

According to the new WRMG, the manufacturers of detergents and cleaning agents must provide more information on their product labels than they did in the past: for instance ingredients like surfactants, phosphates or bleaching agents from a concentration of 0.2 weight percent must be stated on the package labels. The surfactant active ingredient in the cleansing agents - with a few exceptions - must be completely biodegradable. Irrespective of the concentration, preservatives must always be listed as well as allergenic fragrances with a concentration of 0.01 percent. In accordance with the new WRMG manufacturers must report the formulations of their detergents and cleaning agents to the Federal Institute for Risk Assessment (Bundesamt für Risikoforschung, BfR).

Information in English on compliance, registration procedures, product labeling requirements, as well as registration forms can be accessed through the home page of the German Federal Environmental Agency, UBA, and the Federal Institute for Risk Assessment, BfR (see under contact at the end of this report).

Forecast 2014

According to industry experts, the 2014 household care market is likely to profit – if only slightly – from a modest economic growth and a positive development in consumer spending. Despite the continuing Euro crisis and a number of struggling European economies, Germany registered a small positive GDP growth of 0.4% in 2013. While that modest GDP growth was lower still than in 2012 (0.7%), Germany is overall doing well economically compared to other European countries, and private consumption has increased by 0.9%. Conservative forecasts for 2014 and 2015 predict a positive GDP growth for Germany of 1.5 – 2%. The household care market will profit from that development, a modest growth of between 0.2 and 0.5% is anticipated for 2014.

At the same time, the already consolidated German market is expected to become even more competitive. U.S. suppliers interested in entering this market should therefore be prepared to establish a local subsidiary in Germany, as well as spend considerable funds on creating brand awareness to establish their new product. Advertisements on TV and in major publications are essential. Henkel and Procter & Gamble, for example, each spend approximately 100 million Euro per year on TV commercials alone.

Trade Promotion Opportunities

FUSE – Featuring U.S. Exporters: U.S. manufacturers looking for sales leads or potential sales representatives in Germany can list their products and services on the German-language version of the U.S. Commercial Service website, <http://www.buyusa.gov/germany>, which targets an audience of German importers and commercial buyers.

Commercial News USA is the official United States Department of Commerce showcase for American-made products and services. The catalog-style magazine is designed to help American companies promote products and services to buyers in more than 145 countries. Each issue reaches an estimated 400,000 readers worldwide. For more information, please visit: <http://www.thinkglobal.com>.

Advertising

Advertising in a well-established trade publication can be an important vehicle for product promotion. The following German-language trade publication might be suitable for advertising:

HZ Hausrat-Zeitung – Markt fuer Haushaltswaren, Elektrogeraete & GPKB (Housewares Journal – Market for Housewares, Electrical Appliances & Glass, Porcelain, Ceramics, Cutlery); Website: www.ez-hz.de

Trade Fairs

In Germany, trade fairs play a major role in product marketing. U.S. companies wishing to penetrate the German market often make their first approach at major trade fairs. For U.S. manufacturers and exporters wishing to sell in Germany (and in Europe) it is important to exhibit at one of Germany's major international fairs. While there is no show in Germany that specifically targets the household care products market, the following show offers a limited number of household care products within the Kitchen & Housewares display segment:

Ambiente - International Fair for Consumer Goods
Location: Frankfurt/Main; Dates: February; annual
Website: <http://www.ambiente.messefrankfurt.com/>

Key Contacts

Umweltbundesamt (UBA) / Federal Environmental Agency
Website: <http://www.umweltbundesamt.de/>

Bundesinstitut für Risikobewertung, BfR, / Federal Institute for Risk Assessment
Website: <http://www.bfr.bund.de>

Zoll-Infocenter / Tariff Infocenter
Website: <http://www.zoll.de/>

Industrieverband Körperpflege und Waschmittel e.V. (IKW) (German Cosmetic, Toiletry, Perfumery, Detergent Association)
Website: <http://www.ikw.org/>

For More Information

The U.S. Commercial Service in Düsseldorf/Germany can be contacted via e-mail at: Sabine.Winkels@trade.gov; Phone: +49-(0)211-737.767.40, Fax: +49-(0)211-737.767.60, or visit our website: [www.<http://www.buyusa.gov/germany/en>](http://www.buyusa.gov/germany/en)

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