

A MANIFESTO FOR ECONOMIC GROWTH & COMPETITIVENESS IN EUROPE

BY THE HOUSEHOLD CARE AND PROFESSIONAL CLEANING & HYGIENE INDUSTRY

A socio-economic perspective based on an analysis by the Huggard Consulting Group

International Association for Soaps, Detergents and Maintenance Products



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Industry's Vision

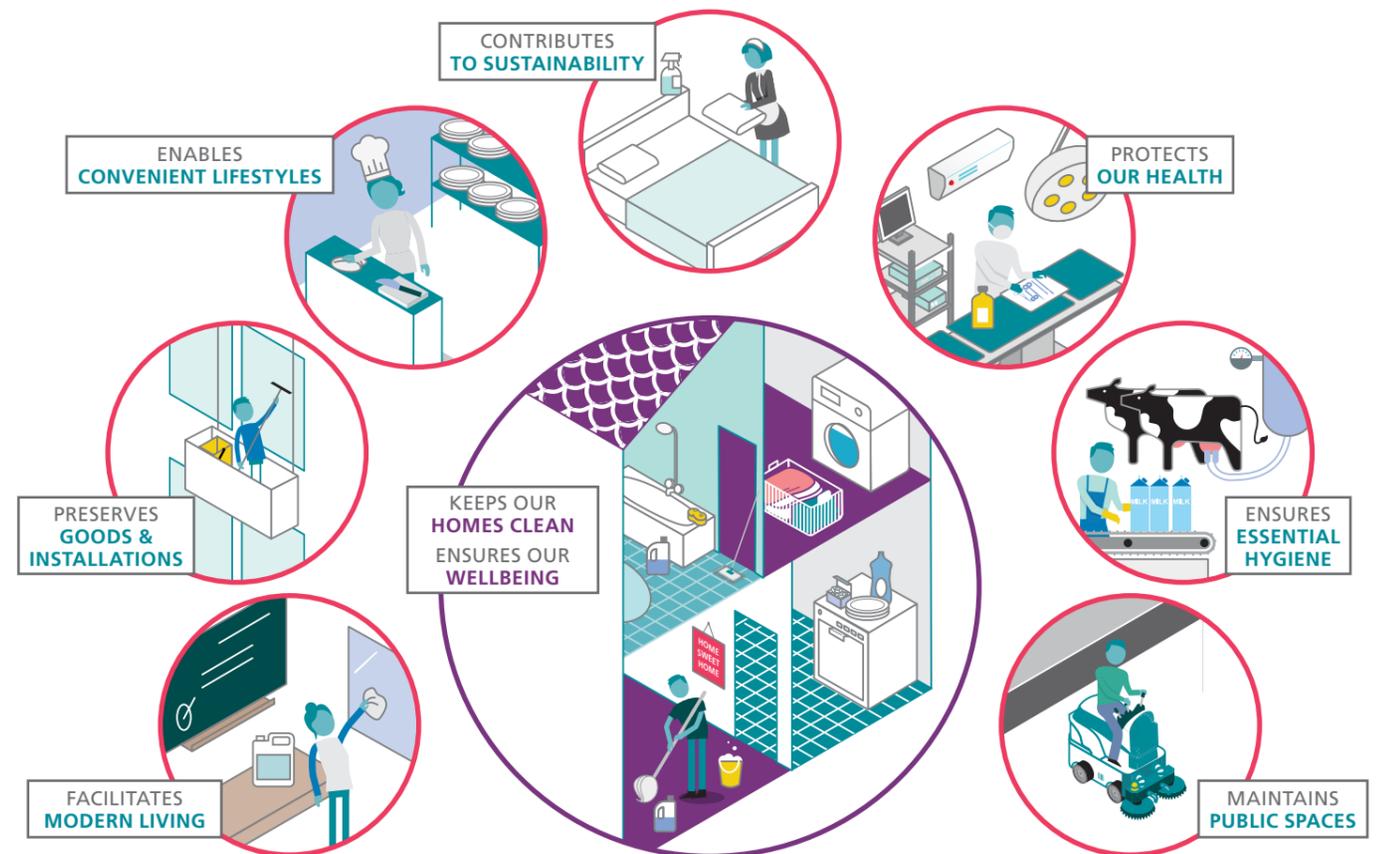
"A prospering cleaning and hygiene industry which is a role model for serving society in an innovative and sustainable way."

A.I.S.E.'s Mission

We enable our industry to succeed by promoting and shaping a favourable operating framework.

We do this by serving our members in:

- > developing and representing our industry perspective with one voice to European policy makers;
- > creating and driving industry initiatives;
- > engaging with value-chain partners and other key stakeholders;
- > leveraging the expertise and diversity of the network of national associations and companies.



INTRODUCTION

The **European household care and professional cleaning and hygiene industry** provides public benefits that go well beyond the economic gains of business activity.

Household care and professional cleaning and hygiene products are an essential part of the lives of every European. Directly and indirectly, these products protect citizens from infection, enhance pleasure and satisfaction, prolong the lives of valued assets, contribute to sustainability, facilitate modern lifestyles and strengthen our core values as Europeans. These products and services help businesses and to **build and sustain global brands and SMEs**. Crucially, they significantly enhance the **productivity of a large part of Europe's economy**.

These public benefits are, however, often overlooked. For over **150 years**, the industry has steadily invested in innovation, focusing on customers, delivering better performance and value while keeping costs low.

It is now appropriate to recognise the contribution that this important industry makes to Europe and its citizens. Its vibrancy is essential for our future. It is one of Europe's hidden **"motors of innovation"**.

These are the conclusions of a socio-economic analysis of the industry carried out by the **Huggard Consulting Group (HCG)** for A.I.S.E. in 2015¹. The study identified and quantified the direct and indirect contributions and public benefits provided by the industry across the EU 28.

The findings of the socio-economic analysis are summarised in the pages that follow. In addition, HCG's findings are complemented by examples that illustrate the industry's commitment to sustainability and safety. Market data is provided both by Euromonitor International and A.I.S.E. national associations. In conclusion, this report also presents a series of **recommendations by the industry to EU policy makers**. We consider these six recommendations as key enablers for our ability to continue **to grow and to contribute to the EU economy**.

Susanne Zänker
A.I.S.E. Director General

¹ "The Household Care and Professional Cleaning and Hygiene Products Industry". A Socio-economic Analysis. "Undertaken by the Huggard Consulting Group for A.I.S.E.". Published January 2016. Report available on www.aise.eu.

1 ECONOMIC CONTRIBUTION

A SUBSTANTIAL CONTRIBUTOR TO THE EUROPEAN ECONOMY Products and Services

In 2015, the total market value of the household care and professional cleaning and hygiene sector in Europe was estimated at **€35,7 billion**.

- Consumers in Europe spent an estimated **€28,6 billion** (2015) on household care products, compared to €28,3 billion in 2014.
- Business customers spent an estimated **€6,9 billion** (2015) on professional cleaning and hygiene products and services, compared to €6,7 billion in 2014.

Household Care

The industry is grouped around five main product areas, sold mostly through grocery retailers (**85%**), pharmacies and drug stores (**9%**). Products are affordable, easily accessible to consumers and have become "must-haves" in every household.

HOUSEHOLD CARE	LAUNDRY CARE	SURFACE CARE	DISHWASHING	MAINTENANCE PRODUCTS	BLEACHES	TOTAL
MARKET SHARE %	47.2	21.5	15.4	13.5	2.4	100
CONSUMER EXPENDITURE €Billion (2015) ²	13,6	6,2	4,4	3,9	0,7	28,8
GROWTH 2015 vs. 2014 %	+ 0.3	+ 1.5	+ 1.2	+ 0.7	+ 0.2	+ 0.8

² Total EU + CH+ NO.

Source: Euromonitor International. Due to fixed exchange rates, the values for 2014 differ from the values published in last year's Activity & Sustainability Report.

Professional Cleaning & Hygiene

In the professional sector, specialised cleaning and hygiene products are delivered for a wide range of sectors and applications (e.g. hospitals, nursing homes, restaurants, food factories, farms, industrial facilities, management cleaning, commercial laundries, military institutions, schools, universities, hotels).

These products are supported by technical advice, expert services and equipment.

PROFESSIONAL CLEANING AND HYGIENE	HEALTHCARE	FOOD, BEVERAGE & AGRICULTURE	KITCHEN & CATERING	TECHNICAL CLEANING	BUILDING CARE	LAUNDRY	TOTAL
MARKET SHARE %	23.7	20.2	19.6	16	11.5	9	100
BUSINESS EXPENDITURE €Billion (2015) ³	1,6	1,4	1,4	1,1	0,8	0,6	6,9
GROWTH 2015 vs. 2014 %	+ 6	+ 5	+ 6	- 3	- 2	+ 3.5	+ 3

³ Total EU + CH+ NO.

Source: A.I.S.E. national associations' data benchmarked with company experts.

Global Brands and SMEs

Our brands are global leaders in their markets with strong ties to the EU economy. In addition, the industry is represented by hundreds of small and medium-sized enterprises.

In the household care sector

65% of EU sales are generated by six companies:

Colgate Palmolive	RB
Henkel	S.C. Johnson
Procter & Gamble	Unilever

20% of EU sales are generated by hundreds of other companies, mostly SMEs active primarily at national level.

15% of EU sales are made up with own label brands, where the two largest suppliers are:

Dalli Group	McBride
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In the professional cleaning and hygiene sector

In the A.I.S.E. membership, three multi-national companies are active in the sector at a European level:

Ecolab	Procter & Gamble	Sealed Air (Diversey)
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More than **500 SMEs** are also active in niche markets at national level.

Sales in Europe and Exports

An estimated **10%** of industry sales (**€2,9 billion**) is exported outside the EU, thus further contributing to value creation and employment in Europe.



A Strong Employer in Europe

Manufacturing	Marketing
Compliance	Sales
Financial Control	Technical Support
Distribution & Logistics	Human Resources
Research & Development	Sustainability Managers

- A.I.S.E. member companies have approximately **700 manufacturing facilities** across the EU, Norway and Switzerland.
- 85%** are operated by **SMEs**.
- Geographically, **the largest sites** are concentrated in the Benelux countries, France, Germany, Italy, Poland, Spain, and the UK.
- Taking all functions into account, the industry supports some **95,000 direct jobs**.

- Europe's wealth and employment also benefit from the activities of the participants in the industry's value chain. Its products and services generate **Gross Value Added (GVA)** through the value chain of an estimated **€24,6 billion**.

- Throughout the value chain, it is estimated that employment expenditure of **€11,8 billion** is paid each year.

- Alongside this creation of wealth, the activities of the **industry value chain** support more than **360,000 jobs**.

- This includes labour taxes of **€5,3 billion**.



2 SOCIETAL BENEFITS

ENSURING CLEANLINESS & HYGIENE AT HOME AND IN SOCIETY

This is an industry that fundamentally sustains society, both at home and outside the home.

The Direct Contribution of the Industry

At home

At home: the **household care industry** provides consumers with a sense of wellbeing.

 Protects our health and keeps our homes hygienic and clean	 Facilitates convenient and modern lifestyles
 Makes our lives more pleasurable and satisfying	 Maintains the durability of household goods
 Adds to our sense of wellbeing	 Contributes to sustainability

The household care industry plays a fundamental role in providing more than **500 million** EU consumers with the necessary products to ensure their basic needs of hygiene, cleanliness and maintenance are fulfilled. In this regard, it constitutes a cornerstone of modern society.

Outside the home

Outside the home: the **professional cleaning and hygiene sector** ensures the maintenance and hygiene of modern society.

 Ensures hygiene and cleanliness in public spaces	 Increases productivity for companies
 Enables modern and healthier lifestyles (e.g. reduced hospital acquired infections due to multi-resistance germs; reduced use of antibiotics for animal breeding)	 Protects investments in brands, by supporting the reputation and investments of well-established EU businesses, leading to long-term operations and investment
 Preserves goods and installations	 Contributes to sustainability

The professional cleaning and hygiene sector not only contributes directly to the EU economy, but is **an enabler** to many other industries. It contributes to efficient operations, safety standards and cost reductions for businesses. It enables industries to grow their businesses and maintain and improve existing standards, thereby greatly contributing to EU competitiveness.

The Indirect Contribution of an Enabling Industry

Professional cleaning and hygiene technologies enhance the productivity of a substantial part of Europe's economy. They enable businesses to use a wide range of resources, including labour, capital, energy, and raw materials more efficiently.

In overall terms, the productivity of more than **€600 billion** of Europe's private sector GVA, supporting over **19 million direct jobs**, is significantly enhanced by the products, services and equipment supplied by the industry's technolo-

gies and innovation. This is equivalent to **6% of Europe's private sector GVA** and **11% of private sector employment**.

The most important sectors concerned are food and beverage processing, pharmaceuticals, hospitality and contract cleaning. Other sectors influenced include medical technology, specialist food retailing (butchers, bakers etc.) and textile services.

The Economic Contribution of the Professional Cleaning and Hygiene Sector



Source: The Huggard Consulting Group, based on Eurostat.

By ensuring that our products and services are safe, we are able to unlock their environmental and societal benefits, thus fulfilling our mission to serve society in a safe and efficient manner.

3 ONE OF EUROPE'S HIDDEN "MOTORS OF INNOVATION"

The Drive to Innovate

Innovation is one of the most important drivers of value-added in the industry. Throughout its long life, this industry has consistently sought to satisfy the hygiene, cleaning and maintenance needs of households and businesses. It achieves this objective through investments in innovation that deliver consistent improvements in performance, quality and value that are enjoyed by people in Europe on a daily basis.

The industry's commitment to innovation is founded in particular in our vision of a sustainable future for all. Changes in society and consumers' habits, as well as innovations in materials and surfaces lead to innovation in the services and products required by society. The drive for safe products and user safety also motivates the industry's on-going investment.

Investment in Innovation

Significant innovation occurs within Europe, with more than **15 major innovation** centers in Europe owned by companies in the industry. This is a reflection of the historic origins of many of the industry's leading companies, the scale and sophistication of the European market, as well as the excellence of Europe's science-based approach.

- The industry as a whole typically invests **2-3% of turnover in R&D**.
- Alternatively, this represents **8-10 % of resources consumed during the horizontal business process** of creating new or improved products and services.

This economic measure recognises that companies invest in science (2-3% of turnover), new product development (1-2%), and manufacturing, sales and marketing (4-5%) whenever new or improved products are placed on the market.

1. New and improved formats – compaction and concentrated forms



Since 2006, the A.I.S.E. product resource efficiency projects (PREPs) have promoted more compact and concentrated formulations for detergents.

Read more: www.aise.eu/preps



In the PC&H sector, compact (1.1kg/3kg) blocks of detergent replace larger packaging, with improved performance.

2. New and improved technology – enabling lower temperature washing

The industry has massively invested in product reformulation following the development of enzyme technology which enables washing at lower temperatures, leading to a reduced environmental impact.

The **"I Prefer 30°"** campaign sensitises households to the savings and environmental benefits associated with washing at lower temperatures.

Read more: www.iprefer30.eu



3. New and improved ways of cleaning – dosage control



To ensure the right quantity of chemicals is used for each and every wash, unit dose technology has been introduced. This means single dose, pre-measured, highly-compacted liquid detergents are used at home, combining high performance and convenience.

In the professional sector, state of the art dosing equipment systems guarantee improved levels of safety for users and considerable environmental savings.

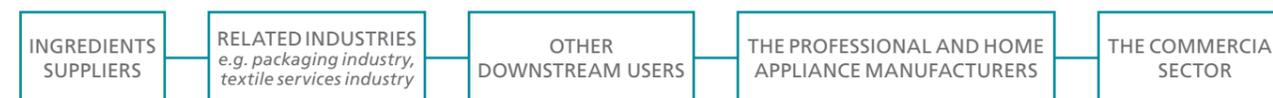


Automatic dosage in a professional kitchen ensures users do not handle the product.

Innovation in the Value-Chain

Innovation occurs not only at product-level but also more generally through improved collaboration in the value-chain and the development of new processes and practices.

The industry sits at the center of a vast network of players and stakeholders with whom it engages on an on-going basis, in order to serve customers and end-users in a cost-effective manner.



A Commitment to Safety

In addition to proactively addressing the sustainability of our products through innovative developments, the industry is also committed to ensuring that products placed on the market are all **safe to use**. We pay particular attention that our products comply with EU and national legislation. In addition, we actively develop programmes, communications campaigns and recommendations that go beyond legal compliance, by self-imposing additional requirements and innovative measures. These product stewardship programmes directly provide consumers and end-users with peace of mind when using our products and services.

Voluntary Industry Initiatives Beyond Legislation

The A.I.S.E. Product Stewardship Programmes (PSP) are voluntary initiatives which promote best practices that go beyond the legal requirements that regulate our industry.



The 2016 Air Fresheners PSP promotes responsible design, manufacturing and safe use of air fresheners.

Read more: www.aise.eu/air-fresheners



The Liquid Laundry Detergent Capsules PSP has led to the voluntary commitment of companies to secure safe use and storage of liquid laundry detergent capsules by consumers. In parallel, the industry has launched a pan-EU digital consumer education campaign.

Read more: www.keepcapsfromkids.eu

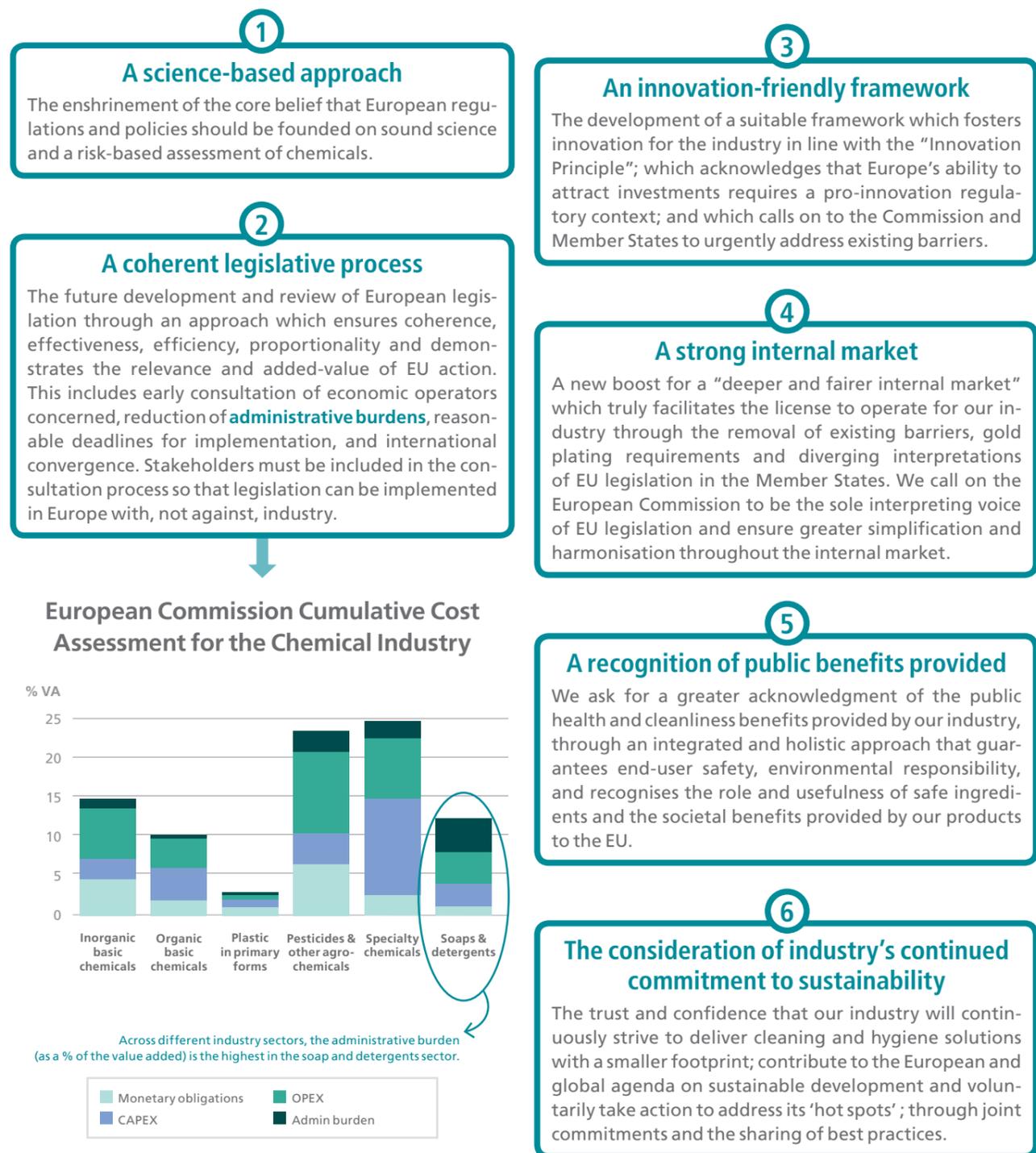
"We are convinced that innovation represents the best way to ensure competitiveness of the sector and growth in the EU. We will continue to partner with stakeholders and EU decision-makers to ensure this goal is achieved."

Susanne Zänker, A.I.S.E. Director General

4 INDUSTRY'S RECOMMENDATIONS TO EU POLICY-MAKERS

This industry supports balanced political objectives which aim to unlock untapped opportunities for economic growth and competitiveness of the sector, while ensuring the protection of end-users and the environment. We have a long and proven track-record of proactive engagement and voluntary initiatives to which we remain committed.

This commitment requires EU policy makers to ensure a regulatory framework which is based on the following essential principles to enable business to continue to create economic growth.



ANNEX: A.I.S.E. PORTFOLIO

Household Care Products

Laundry care

Laundry detergents (powders, tabs, liquids, others), fabric softeners, carpet cleaners and laundry aids.

Surface care (incl. toilet care)

Multi-purpose, bathroom, oven, kitchen, window/glass and floor cleaners, descalers, drain openers, scouring agents, household antiseptics and wipes, in-cistern devices, in the bowl systems (ITBS) and liquids/powders, mousses, tablets and toilet cleaning systems.

Dishwashing

Hand and machine dishwashing products and dishwashing additives.

Maintenance products (covering air care, polishes and home insecticides)

Spray/aerosol air fresheners, electric air fresheners, gel air fresheners, liquid air fresheners, scented candles, car air fresheners and other air care, shoe, floor, furniture and metal polish, spray/aerosol insecticides, electric insecticides, coils, baits and other insecticides.

Bleaches

Chlorine based products that are designed for general domestic cleaning purposes - only products that are clearly labelled as bleach are included. (Bleach-based cleaners, primarily marketed as surface or toilet cleaning products, are included in surface care and toilet care sectors). This sector also includes chlorine based laundry bleach (but colour-safe laundry bleach is included in laundry aids subsector).

Professional Cleaning and Hygiene Products (PC&H)

Healthcare

Hygiene and disinfection of healthcare facilities: hospitals, clinics, operating theatres, cleanrooms, elderly care homes, disinfection of surgical instruments and equipment, hand and skin disinfection.

Food & beverage

Cleaning in place (CIP) chemicals, bottle cleaning, chain lubricants, disinfectants for food industry, combined cleaning and disinfection, caustic/acid/neutral surface cleaners, transportation and storage cleaning and hygiene, food contact surface disinfection; employee hygiene; products for agriculture: teat dips, sheep dips, milking equipment hygiene, stable hygiene, etc.

Kitchen & catering

Dishwashing (hand/machine, liquid/powder) detergents, additives, e.g. water hardness regulators for dishwashers, glassware cleaners, rinse aids, surface cleaners for equipment, surface disinfectants, employee hand hygiene etc.

Building care

Cleaning and maintenance products: general purpose cleaners, facade cleaning (stone/wood/metal/glass/graffiti removers), floor care (general, hard surface, carpets/mats, sealants, strippers, polishes, crystallisers), sanitary cleaners, washroom services, abrasive cleaners, disinfecting cleaners, air conditioner hygiene, surface disinfectants (hospital, sanitary, general, wipes), housekeeping products, etc.

Laundry

On-premise and industrial laundry detergents, fully formulated detergents, powder/liquid detergents, pre-wash additives, boosters, pH-adjustment, water hardness regulators, bleach additives, disinfectant detergents/additives for hygienic laundry (hospital, food industry), fabric softeners, starch finishing, ironing aid, fragrance rinse, etc.

Technical cleaning

Products for transportation/car/aircraft/railroad care, workshop cleaning, spare parts, industrial storage areas, equipment cleaning, metal products cleaning, degreasing, chemical treatment (phosphatising, chromatising etc), delacquering, metal surface conversion, metal working aids and water conditioning/cooling treatment.



About A.I.S.E.

A.I.S.E. is the *International Association for Soaps, Detergents and Maintenance Products*. Based in Brussels, A.I.S.E. has been the voice of the industry to EU regulators for over **60 years**. Membership consists of **30 national associations across Europe** and nine European market-leading companies. Through this extensive network, A.I.S.E. represents over **900 companies** supplying household and professional cleaning products and services across Europe.

A.I.S.E. has a long history in leading voluntary industry initiatives that focus on **sustainable design, manufacturing and consumption, product safety and safe use of products** by consumers and professional customers.



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