2013

INDIAN CONSUMER LAUNDRY STUDY

INTRODUCTION

India's consumer markets pose a fascinating challenge. Urbanization, disposable income, economic growth and aspiration are all on the rise – but as educated, urban professionals lead the shift in consumer sophistication, the vast rural population is racing to catch-up. Indeed, the rate of evolution is relative to the type of 'India' it takes place in.

With market liberalization, increasing consumerism and more foreign players bringing their global portfolios into the Indian market, consumers are rapidly evolving and becoming more demanding.

DISPOSABLE INCOME ON THE RISE

In addition, social factors are shaping discretionary buying decisions and include: changes in lifestyles, an increase in 'nuclear families', a rising number of working women, better education, increasing incomes and growing awareness due to steadily increasing media penetration. The result is an environment in which buying decisions can drive significant growth through all home care categories – including laundry.

AN INCREASE IN THE NUMBER OF 'NUCLEAR FAMILIES'

India is forecast to become the world's fifth largest consumer market by 2025 (value $1.5 trillion). The simple shift at the more 'traditional' end of the laundry market, away from bar-soaps to more sophisticated hand-washing detergents, is a small but important indicator of India's consumer revolution.

INDIA IS FORECAST TO BECOME THE 5TH LARGEST CONSUMER MARKET BY 2025

CONSUMER OVERVIEW BY REGION

NORTH

The largest contributor to home care product sales with 30% of the total value.

Per capita consumption is on a par with the national average, but its sheer population size beats other regions in terms of volume sales.

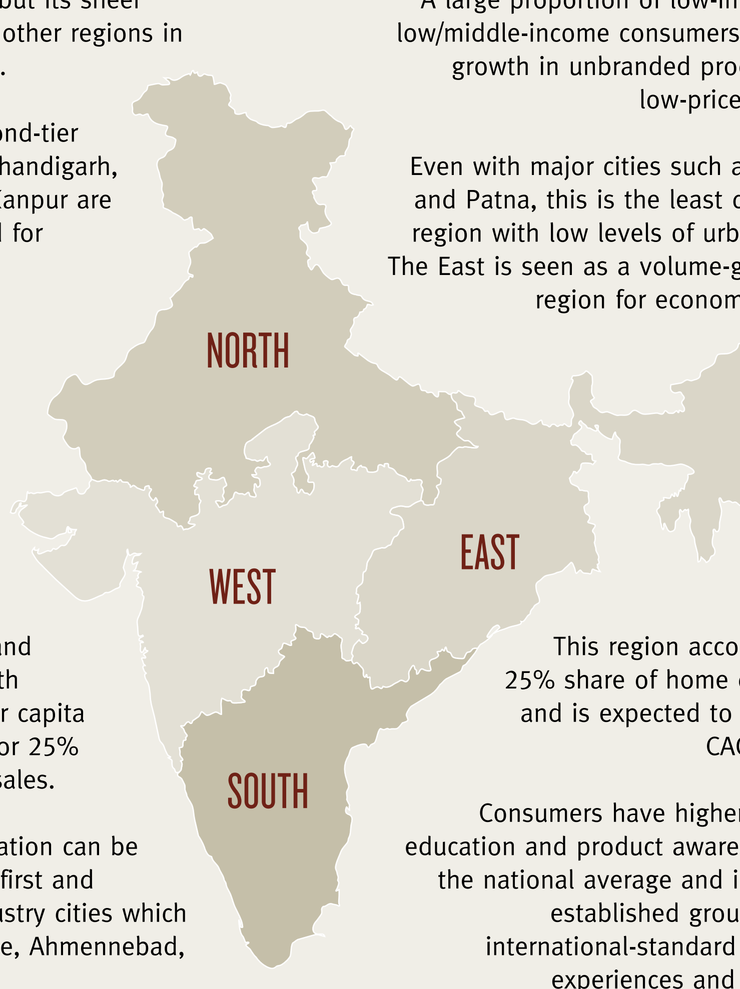
Growing first and second-tier cities such as Delhi, Chandigarh, Lucknow, Jaipur and Kanpur are key in driving demand for more sophisticated, branded products.

EAST

This region forms less than 25% of the population, but accounts for just 20% share of home care product sales.

A large proportion of low-income and low/middle-income consumers has seen growth in unbranded products and low-priced brands.

Even with major cities such as Kolkata and Patna, this is the least developed region with low levels of urbanization. The East is seen as a volume-generating region for economy brands.



WEST

The most developed and prosperous region, with comparatively high per capita incomes, accounting for 25% of overall home care sales.

High levels of urbanization can be seen in fast-evolving, first and second-tier, multi-industry cities which includes Mumbai, Pune, Ahmennebad, Nagpur and Bhopal.

Affluent urban consumers are open to trying new products - automatic detergents saw aggressive growth here as households were exposed to retailer promotions and product presentations in retail outlets.

SOUTH

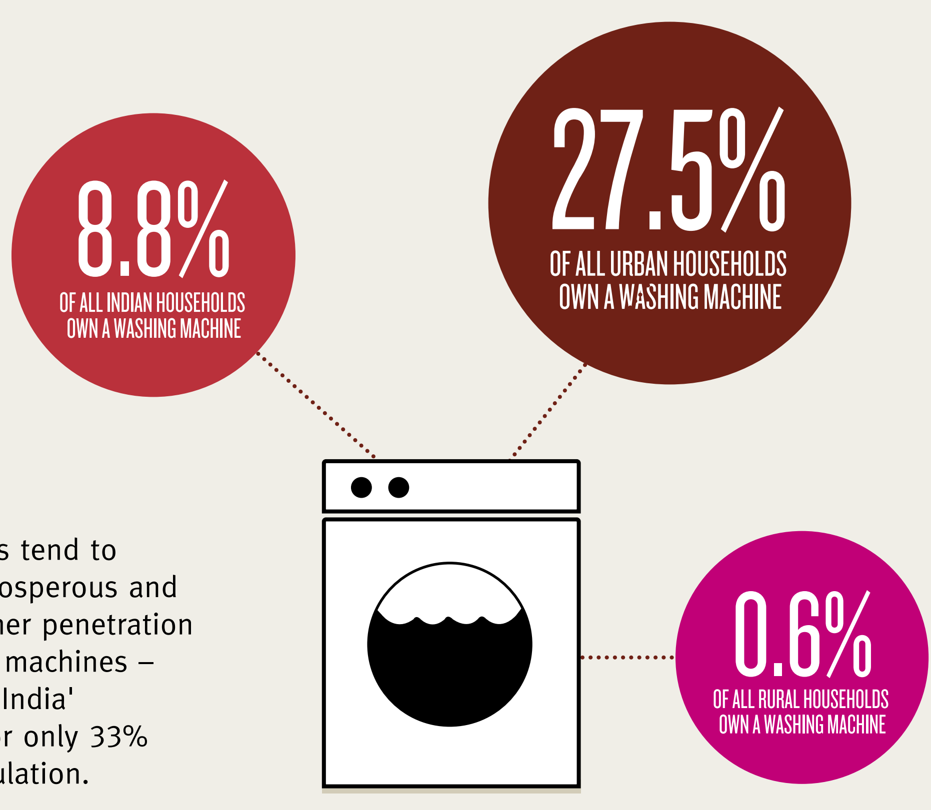
This region accounts for a 25% share of home care sales and is expected to grow at a CAGR of 3%.

Consumers have higher levels of education and product awareness than the national average and include an established group seeking international-standard shopping experiences and products.

First-tier cities including Chennai, Bangalore and Hyderabad are prime candidates for the launch and promotion of mid-priced and premium products.

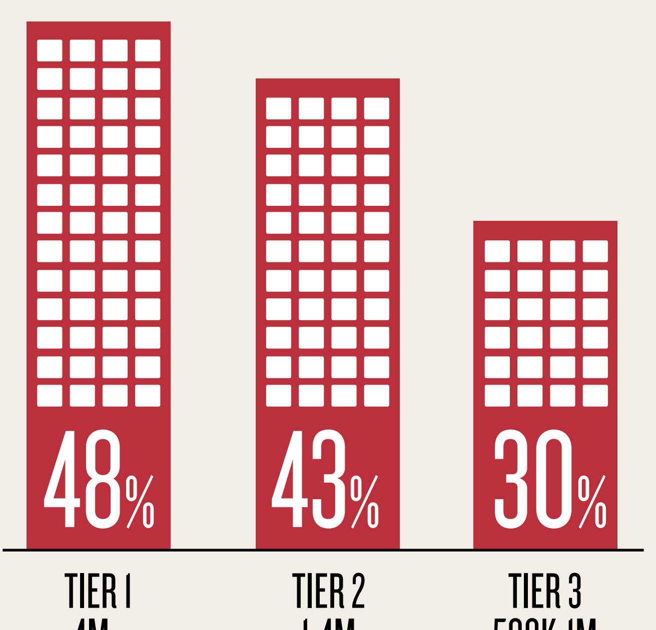
WASHING MACHINE OWNERSHIP

1 WASHING MACHINE OWNERSHIP BY HOUSEHOLD (URBAN VS RURAL)



Larger cities tend to be more prosperous and have a higher penetration of washing machines – but 'Urban India' accounts for only 33% of the population.

2 WASHING MACHINE OWNERSHIP BY CITY SIZE



As larger cities tend to be more prosperous, they have a higher penetration of washing machines. As urbanization increases, (better water and electricity supplies - and more homes with better plumbing/ washing machine connections) penetration is expected to grow.

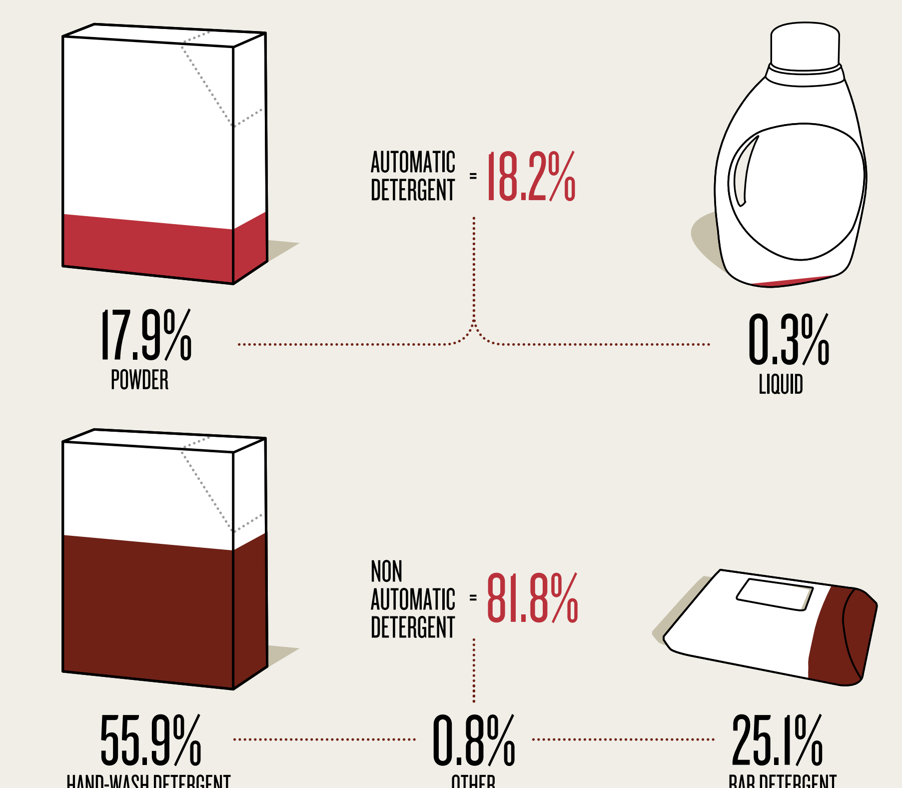
3 WASHING MACHINE OWNERSHIP BY AGE

Elders (aged 60+) have more wealth and are less physically able to do hand-washing. The young-generation (aged 21-34) have a desire to try new things and seek convenience, whilst the middle group (aged 35-59) are more traditional in their outlook and are physically more capable of hand-washing.

ON AVERAGE 43% OF RESPONDENTS AGED 21-60+ OWN A WASHING MACHINE

DETERGENT

4 SALES OF DETERGENT BY CATEGORY (BY VALUE)



THE VALUE OF THE OVERALL DETERGENT MARKET IS FORECAST TO GROW BY 12.1% BY 2016

Price competition is integral to the Indian Laundry care market, but rising disposable incomes have seen 'traditional laundry' consumers shift from bar detergents to hand-wash detergents. Higher penetration of washing machines in second and third-tier cities has driven the demand for automatic detergents, however it remains far lower than the demand for hand-wash detergents (the rural market accounts for 33% of all homecare product sales).

KNOWLEDGE GAPS

5 GAPS IN INDIAN LAUNDRY KNOWLEDGE

There is still little understanding of the functional differences between hand-wash and automatic detergents – as such hand-wash detergents are also used in washing machines.

VS

Consumers have a lack of knowledge around detergents.

Consumers are unaware of ideal washing temperatures.

60° 70° 80° 90° 30° 40° 50°

Most urban consumers, as well as rural consumers, remain unaware of ideal washing temperatures for their clothing so washing is usually done at room temperatures.

Indian washing machine users remain unconcerned about environmental factors surrounding shorter washing cycles. However, manufacturers have introduced washing machines with shorter washing cycles as a convenience/time-saving function to target single and employed adults.

Consumers only choose short washing cycles to save time and effort.

CONCLUSION

There's no doubt that India is undergoing a major evolution in its detergent consumption habits. The shift from bars to powder detergents will continue to take place in both rural and urban markets, as more consumers appreciate the convenience and improved cleaning performance.

And when you pair growing washing machine ownership with increasing disposable incomes amongst the middle-classes, we can expect more consumers to upgrade from economy to mid-priced brands and equally, from mid-priced to premium varieties.

In our next India review, we'll look at the underlying social attitudes driving these changes and which make 'cracking the continent' a fascinating challenge for home care product manufacturers.

TOGETHER, WE CAN INSPIRE CLEANER IDEAS.

The findings from this study will be used to inform our future solutions for the Indian laundry market and beyond, because the Fabric & Household Care team at DuPont Industrial Biosciences is committed to developing market-driven products that meet real world needs.

Sources: Euromonitor International: 'Laundry care in India' September 2012 / Deloitte: 'Consumer 2020: Reading the signs' 2011 / Economic Times of India: 'India: 5th largest consumer by 2025' / DuPont Research: 'Laundry Trends: India' July 2012. DuPont study was conducted by Iconoculture and commissioned by DuPont