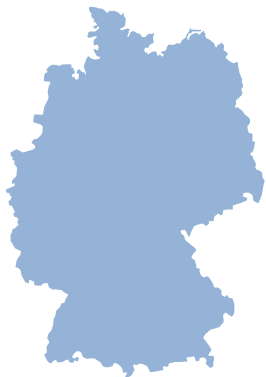


Cleaning Industry: Facts, Figures, and Information



Market Snapshot Germany



Introduction of ISSA as a Partner



ISSA

With more than 7,000 members, the ISSA is the world's leading professional association of manufacturers, dealers, building service providers, in-house cleaning personnel and all sector-relevant companies in the cleaning industry. The ISSA is also responsible for the co-organization of the leading ISSA/INTERCLEAN® international trade fairs that take place in the USA, Mexico, Amsterdam, Australia and Istanbul.

Members of the association profit from numerous exclusive services, such as industry-specific seminars and workshops, networking events, trade fairs, current industry news, statistics and market research, a global member directory and an excellent network.



„As an association, it is our goal to make the cleaning industry in Germany more transparent. With this snapshot of the German cleaning market, we hope to lay a foundation that encourages further interesting publications about this industry.“

Ricarda Schlegel – Advisor ISSA Memberships Europe, Africa, Middle East

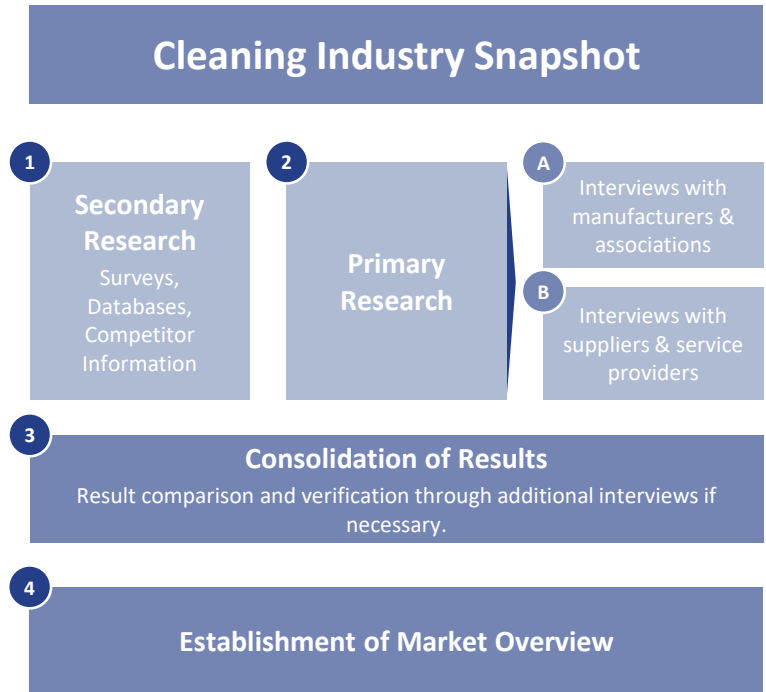
Cleaning Industry: Market Facts,
Figures, and Information
Germany



1. Methods and Industry Trends
2. Segment Perspectives
 - a. Cleaning Machines
 - b. Cleaning Equipment
 - c. Cleaning Chemicals
 - d. Cleaning Services

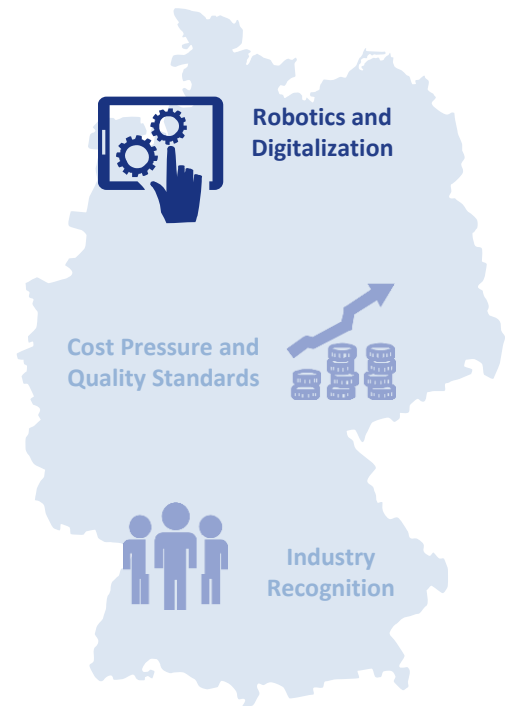
How was the data collected?

- Co-initiator and partner of this study is the ISSA, a globally operating association for the cleaning industry.
- The data for this market snapshot was collected through secondary data analysis and qualitative expert interviews.
- The survey period took place from August 18th through September 14th 2017.
- A total of 65 guided interviews were conducted.
- The target group for the survey is made up of manufacturers, associations, suppliers, consultants and service providers.
- The relevant segments of this market overview are cleaning machines, equipment, chemicals, and services.



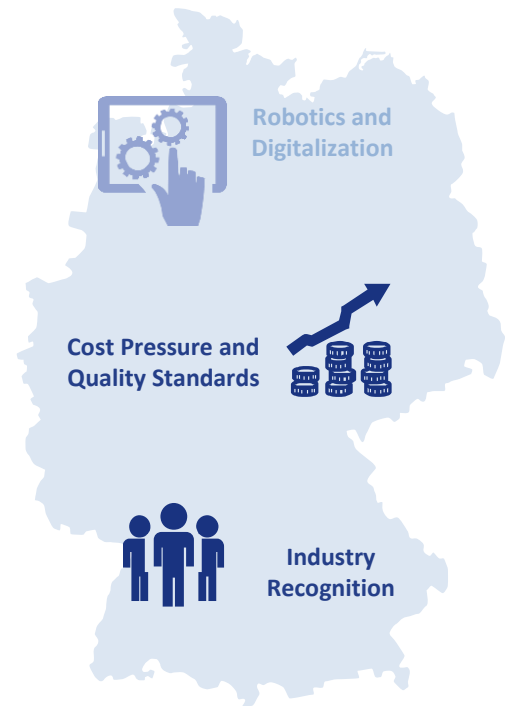
What is affecting the industry?

- An increasing trend of digitalization in the industry is leading to new business models and process adjustments.
- The use of robotics in the industry is currently being intensively discussed. The current technology is, however, still in a maturing phase and is seldom used.
- Innovations are only enforced in the market when they are accepted by the cleaning personnel and offer a clear and measurable added-value. Apart from that, the market is considered to be very conservative, meaning that classic proven solutions are preferably used.
- Sustainability is a topic of discussion in the sector, but is only be imposed when costs can be reduced or when processes can be simplified. Legislative and regulatory changes also necessitate a strong focus on sustainability.



What is affecting the industry?

- The service providers in the cleaning industry are under tremendous cost pressure, causing cost reduction through innovative products for the cleaning process to be vital.
- Due to the high degree of comparability of cleaning services, a portfolio distinction for service providers is extremely necessary. While larger service providers tend to move into new business segments, smaller service providers suffer from strong price competition.
- Cleaning is not directly apparent for many end-customers and the results from cleaning services are a product of a non-transparent process. Cleaning personnel work most of the time outside the normal working hours and the clients have infrequent contact with them.



Cleaning Industry: Market Facts,
Figures, and Information
Germany



1. Methods and Industry Trends
2. Segment Perspectives
 - a. Cleaning Machines
 - b. Cleaning Equipment
 - c. Cleaning Chemicals
 - d. Cleaning Services

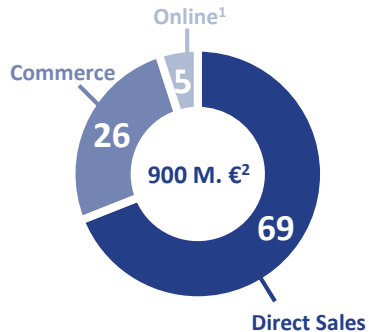


Cleaning Machines

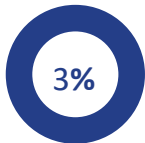
Overview – Facts, Figures and Information



Market Overview



Growth



Suppliers



Potential

There is a slight increase in growth potential for machines.

There is a great demand for service, financial packages, and digital solutions.

Current Trends and Development

- The use of digital solutions for managing fleets and operating machines is on the rise. Having said this, a counter-trend that focuses on easy usability is also noticeable.
- The development of battery systems is moving towards durability, reduced weight, as well as quick charging cycles.
- The used-machine market is rapidly developing and will continue to grow within the recycling economy.
- Current developments in environmental protection are being expedited by governmental regulations and clients, making it a decisive factor.

Customer Purchasing Decision Criteria

- On-site employees and services (e.g. Lifecycle Management) play a significant role concerning customer loyalty, whereas for new clients, brand image and price are also very relevant.
- Aside from flexible financing options, simple machine handling (e.g. through displays) and ergonomics are key purchasing factors.
- Major clients, in particular, value digital networking between machines. Compared to the rest of Europe, other countries are more advanced in this area.

¹ Especially expendable parts or less-configurable products

² Exports account for 73%, Market share of German manufacturers: 20%

Sources: Expert Interviews DTO Research; VDMA (2016)





Cleaning Equipment

Overview – Facts, Figures and Information



Market Overview

- The market is described as extremely heterogeneous and unclear.
- Without an exact overview of the existing products, a large assessment is not appropriate.
- Procurement takes place mainly through suppliers.
- This sector is considered to be smaller compared to the cleaning chemicals sector

Suppliers Equipment



The market is made up of only a few large providers

Suppliers Aftermarket



Shaped mostly by disposable products

Potential

Moderate sales growth for existing products. (High degree of market saturation.)

Customers do not expect substantial product innovations

Current Trends and Development

- This segment is impacted less by innovations due to the conservative attitudes of users.
- The failure or success of an innovative product is often determined by the cleaning personnel's acceptance of it.
- The market is strongly fragmented and is a mass market with high price pressure, especially in the field of surface cleaning.
- The combination of products with digital solutions could potentially lead to new innovations (Connected-Cleaning).
- Customer needs are often not taken into account enough during the innovation process. This leads the products to become only slightly optimized.

Customer Purchasing Decision Criteria

- The experience of employees with the product: Simple product handling which allows for minimized training effort and avoidance of mistakes in the cleaning process.
- Availability of products through suppliers (Direct procurement through manufacturers is rather rare).
- There is a stronger brand attachment when regarding specialized cleaning products (e.g. Glass) than in the mass market.
- When it comes to cleaning devices, the focus is put on quality. For consumables, the price plays a more decisive role.

Sources: Expert Interviews DTO Research



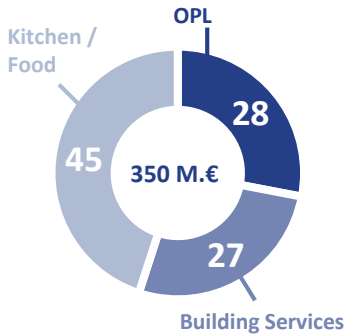


Cleaning Chemicals

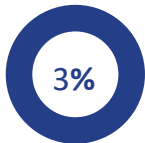
Overview – Facts, Figures and Information



Market Overview



Growth



Suppliers



Potential

Sustainable cleaning agents have an increased potential for growth.

Growth potential for conventional cleaning agents is rather stagnant.

Current Trends and Development

- Products are made more attractive through service and hygiene plans.
- Product innovations that are accepted by clients are rare and tend to have a short half-life.
- Eco-labels in connection with occupation safety are starting to be strongly focused on (>9%).
- Through digital solutions, effort can be minimized and the product changeover process can be eased, especially in the area of training.
- The kitchen and sanitation cleaning sectors are of ever-increasing importance.
- Service providers prefer the use of solid cleaning agents and/or portioned, water-soluble packets to reduce logistic efforts.

Customer Purchasing Decision Criteria

- An easy handling (e.g. dosing) is of great priority for buyers and end users. This is significantly sustained through appropriate packaging.
- Effectiveness (area output), quality and cost remain the decisive factors for purchasing classical cleaning agents.
- Services, hygiene plans and digital solutions also boost attractiveness for the buyer.
- Products that have provided previous positive experiences for the buyer/user are preferred (no additional training requirements).

Sources: Expert Interviews DTO Research



Cleaning Services

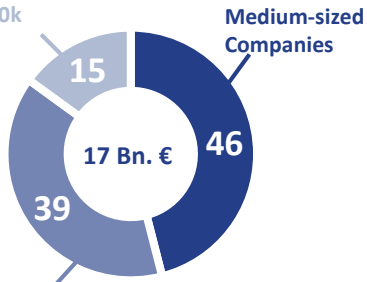
Overview – Facts, Figures and Information



Market Overview

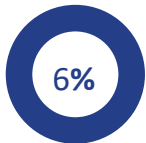
Small Companies

>500k



Large Companies

Growth



618.000
Employees

Suppliers



ca. 90%
Guild Members

Potential

Moderate potential in the industry's core activities is due to high market saturation.

Growth potential is achieved through differentiation.

Market Characteristics

- The market is strongly price-driven and is rather unclear from the customer's perspective.
- The services are often indistinguishable for clients and are therefore typically undervalued. As a result, extensive communication is required.
- Personnel expenses constitute the largest cost factors (ca. 95% and more), whereas products and machines account for rarely more than 5% of the total costs.
- 79% of maintenance cleaning and 92% of window and glass cleaning are done by subcontractors, which reduces transparency from the customer's perspective.
- In the market there is a high proportion of low-skilled lateral entrants and high fluctuation.
- The branch is driven by a strong consolidation from the service market.

Current Trends and Development

- There is an increasing demand for digital solutions that improve service quality and communication with customers.
- A large potential for development can be found in increasing safety and efficiency in operative processes, as well as in a stronger integration of cleaning personnel into the problem-solving process.
- While large service providers continue to expand their portfolio, smaller providers are affected by a strong price pressure. It is momentarily difficult for smaller service companies to provide competitive services outside of their core competencies.

Sources: Expert Interviews DTO Research, The Federal Commercial Cleaning Association





Advancing Clean.
Driving Innovation.

Contact ISSA

Ricarda Schlegel
ISSA EMEA
Anni-Eisler-Lehmann-Str. 3
55122 Mainz

+49 6131 / 636 782-1
ricarda@issa.com
www.issa.com/emea



Cleaning Markets
Research for cleaning, hygiene & medical

Contact Cleaning Markets

Michael Di Figlia
DTO Research – eine Marke der DTO Consulting GmbH
Benrather Schloßallee 33
40597 Düsseldorf

+49 211 / 179 660-0
info@dto-research.de
www.dto-research.de