Big Savings Opportunities in Small Market Appliances

The Air Purification Market

Cheri Wright
Marketing Director
Kaz USA, Inc.

October 24, 2012
Air Purifier History

Air purifiers were sold in the 1950s and 60s, but they became more mainstream in the 1970s and 80s.
It is now estimated that approximately 14.5 million households use air purifiers.
Strongest Air Purifier usage is during “Closed Window Season” and “Allergy” season – which vary by region.
Air Purifier Consumer Trends

Where are air purifiers purchased? (unit share)
Northeast = 16.7%
Midwest = 18.8%
South = 39.8%
West = 24.7%

Price Bucket ($ share)

<table>
<thead>
<tr>
<th>Price Bucket</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11-$100</td>
<td>30%</td>
</tr>
<tr>
<td>$101-$200</td>
<td>30%</td>
</tr>
<tr>
<td>$201+</td>
<td>40%</td>
</tr>
</tbody>
</table>

Channel share (unit share)

- Department: 43.2%
- Discount: 23.5%
- Elec/Appl: 11.7%
- Home Imp: 8.4%
- Direct/Int: 8.6%
- Drug/Grocery: 2.2%
- Other: 2.4%

Traqline last 4Q ending June 2012
Why was the air purifier purchased?

- Reduce Smoke: 22%
- Reduce Asthma: 25%
- Reduce Odors: 39%
- Reduce Pet Dander: 39%
- Reduce Dust: 59%
- Reduce Allergens: 61%

Traqline last 4Q ending June 2012
Air Purifier Consumer Trends

Who purchases air purifiers?
(unit share)

Age:
18 – 24 = 7.7%
25 – 29 = 7.4%
30 – 34 = 9.5%
35 – 44 = 19.3%
45 – 54 = 20.6%
55 – 64 = 19.5%
65 plus = 16%

Household:
• 2 or more adults, no child = 46%
• Single adult = 26%
• 2 or more adults w/children = 25%
• Single adult w/children = 3%

Traqline last 4Q ending June 2012
Air Purifier Purchases are Based on Need

**Medical**
- 60 million Americans are affected by nasal allergies
- Almost 26 million Americans have asthma

**Special Needs**
- 62% of U.S. households own a pet, which equates to 72.9 million homes
- About 1 in 5 American adults smoke cigarettes

**Cleaner Home**
- Dust and odors are generated in every home!
- People spend approximately 90% of their time indoors, with roughly 70% of that time spent indoors in the home.
75% of Allergists recommend air purifiers to their patients as part of an overall allergy/asthma treatment program.
Scientists are Recommending Air Purifiers

Literature from Scientific Studies reveals that:

• Air purifiers can be an effective way to control airborne exposure to allergens
  • Custovic et al. 1998, Green et al. 1999, Cheng et al. 1998

• Air purifiers can significantly increase asthma free days and reduce unscheduled visits to the doctor or Emergency Room for asthma symptoms
  • Butz et al. 2011, Lanphear et al. 2011

• The use of air purifiers in the home have been linked to indicators of good heart health (improved ability for blood vessel cells to control blood pressure)
  • Brauner et al. 2008, Allen et al. 2011

• Air purifier use has been associated with PM$_{2.5}$ reductions of 30-70%. PM$_{2.5}$ is removed up to 7X faster using air purifiers as opposed to running central air-conditioning alone
Helping the Consumer

• Provide fact based education and awareness
  – Work with key industry influencers
• Provide efficacious products at an affordable price
• Continue to develop more energy saving products

![Image of air purifiers]

**2002**
Cleans a 250 sq. ft. room
Used **138** watts

**2012**
Cleans a 250 sq. ft. room
Uses **38** watts

= **$300+ savings over 5 years!**

• Improve usage guidance to reduce product/electricity use
  – Product efficacy and AHAM Verifide™ Program participation are critical to ensure the consumer gets the appropriate air exchange
• Work with partners to improve affordability and remove consumer barriers to purchase
  – Connect with consumers at the point of influence, education and purchase
  – Improve merchandising/communication at retail (boxes, signage, etc.)
  – Offer rebates on ENERGY STAR qualified air purifiers to help offset costs

The Honeywell trademark is used by Kaz, Inc. under license from Honeywell International, Inc.

- humidifiers
- heaters
- fans
- air purifiers