

# Information Packet

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*U.S. Central-Vacuum Market*

Jay Winer & Associates

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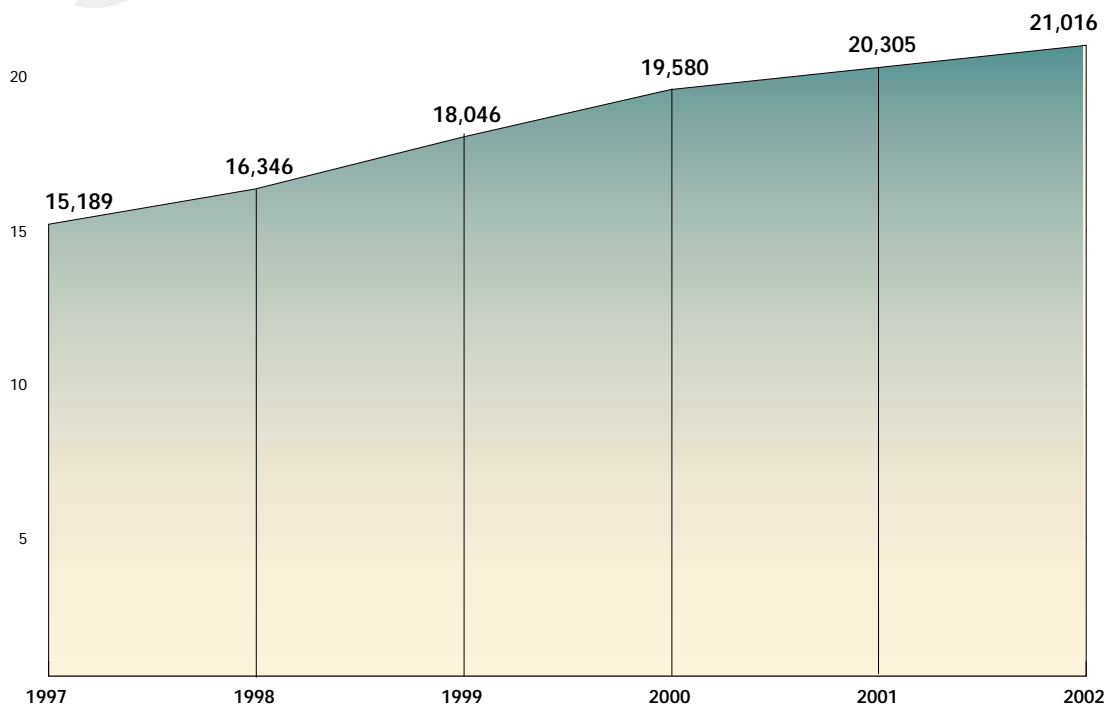
### U.S. Vacuum-Cleaner Market: Overview

Sales and marketing information about the U.S. Vacuum-Cleaner Market focuses mainly on portable devices (uprights, canisters, sticks, hand-helds, and extractors). The portables constitute a mature market: 80% household penetration (with an average of 3-4 units per household) and somewhat flat year-to-year unit-sales growth (Figure 1). Still, the market is substantial: 21 million units in 2002, with revenues of more than \$3.4 billion (Figure 2).

At the same time, industry sources estimate annual sales for central-vacuum systems at 200,000 units, or about 1% of the total for portables. (The small unit share probably accounts for the relative lack of attention paid to central systems. Also, unlike the mature vacuum industry as a whole, the central-vacuum segment exhibits what might be called a youthful informality, which can limit rigorous analysis.)

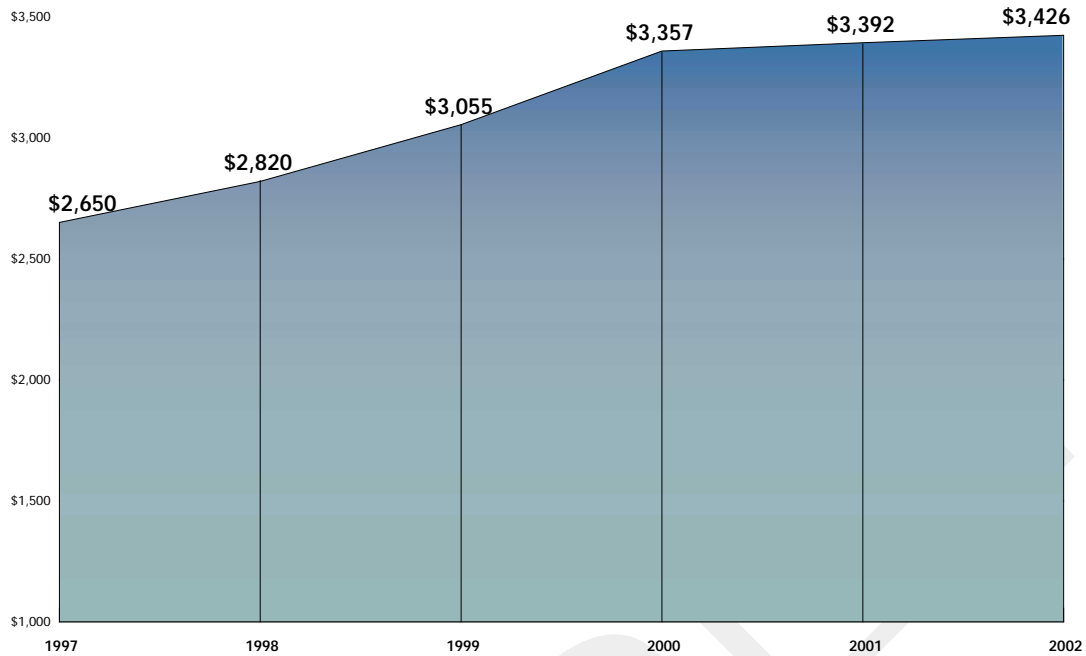
It's important to note that the average retail cost per unit for portable cleaners is only about \$160. If we assume a conservative retail cost for a central-vacuum system of \$1,000 per unit, that suggests annual U.S. revenues of at least \$200 million—or a far larger 6% of the revenues for portables and a considerable figure in itself.

■ **Figure 1: Total U.S. Unit Sales of Vacuum Cleaners—1997-2002 (000 Units)**



Source: Mintel Research

■ **Figure 2: Total U.S. Retail Sales of Vacuum Cleaners—1997-2002 (\$ Millions)**



Source: Mintel Research

SAMPLE

## The Household-Formation Effect

A key driver affecting the market potential for central-vacuum systems is the consistent increase in the number of U.S. households (Figure 1) and—fueled by low interest rates and the widespread availability of home-mortgage loans—the booming growth of home ownership in this country (Figures 2, 3 and 4), with more than 6.5 million home sales in 2002.

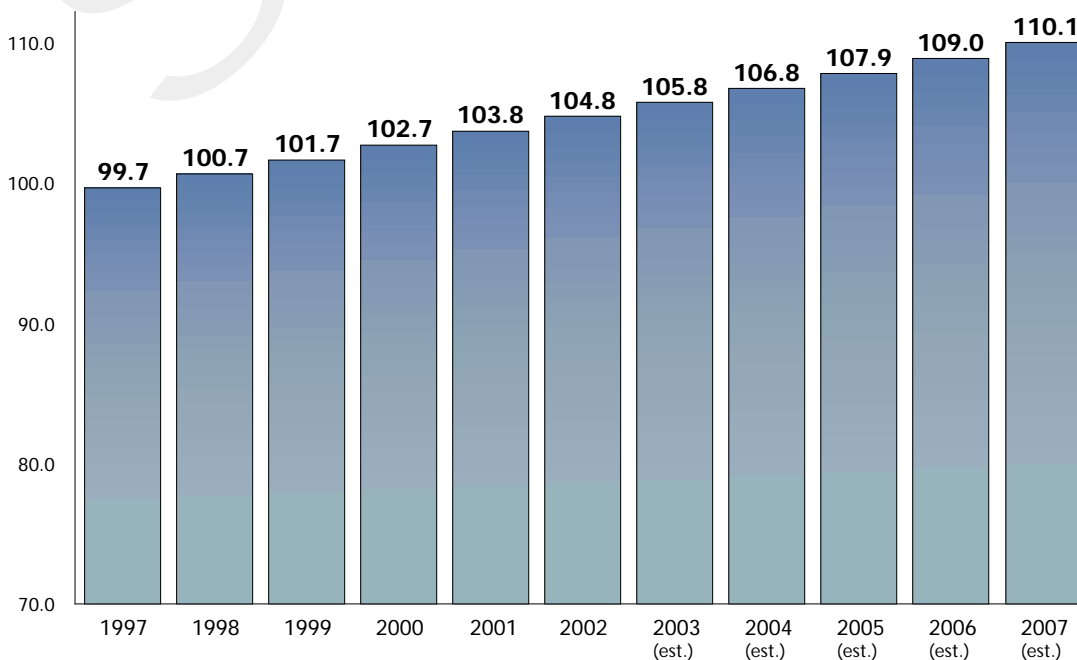
Housing starts in the U.S. climbed to 1.85 million in 2003, breaking a 25-year record ( see '03 Housing Starts Strongest Since '78, following).

The size and complexity of new-home construction suggests a particular advantage for central-vacuum installations. The average new, single-family home in 2001 measured 2,324 square feet (up from 2,095 in 1995), with 38% over 2,400 square feet (Figure 5). In addition, more than 50% of new homes had two or more stories.

Note, too, that approximately 75% of new-home contracts are signed before or during construction, which offers an excellent opportunity for both contractors and homeowners to initiate the installation of central-vacuum systems.

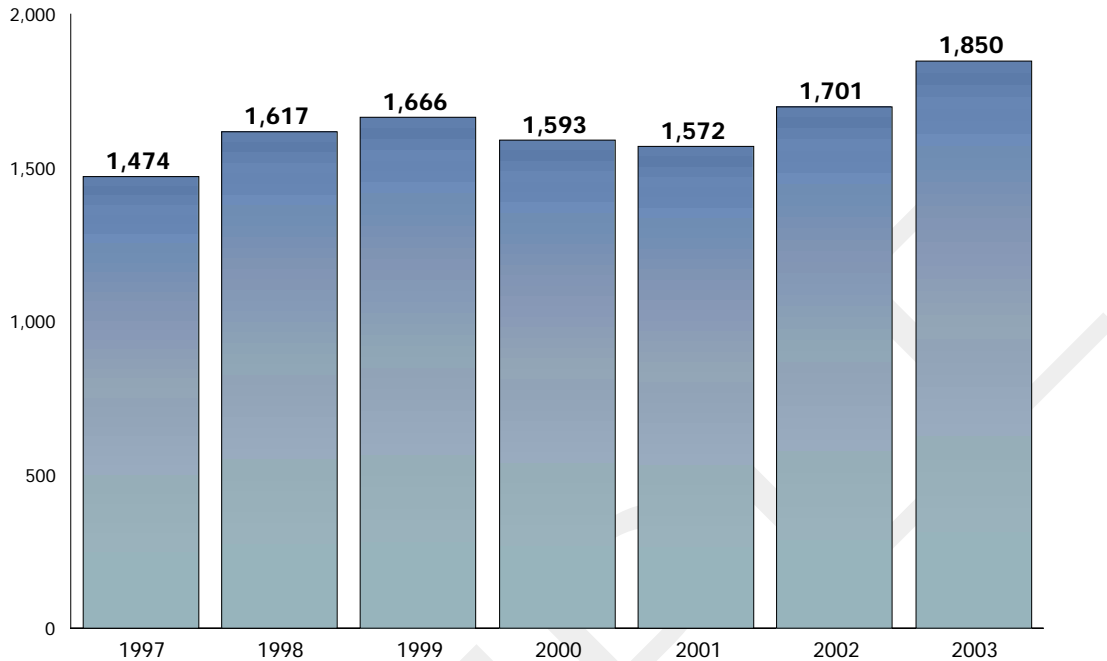
What's more, the average sale price of a single-family home continues on a steep incline, rising 7% in 2002 to \$228,600 (Figure 6). Both the absolute value and the investment potential of the American home offer strong incentives to the homeowner to introduce value-adding amenities like central-vacuum systems.

■ **Figure 1: Number of U.S. Households—1997-2007 (in Millions)**



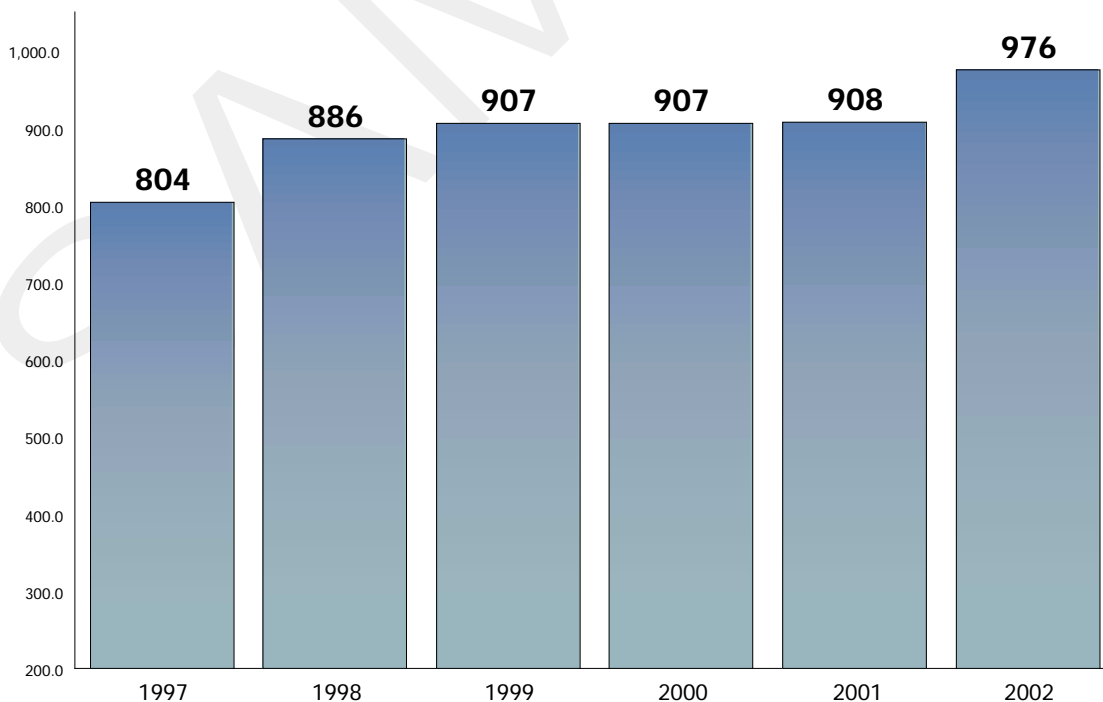
Source: U.S. Census Bureau

■ **Figure 2: U.S. Housing Starts—1997-2003 (in Thousands)**



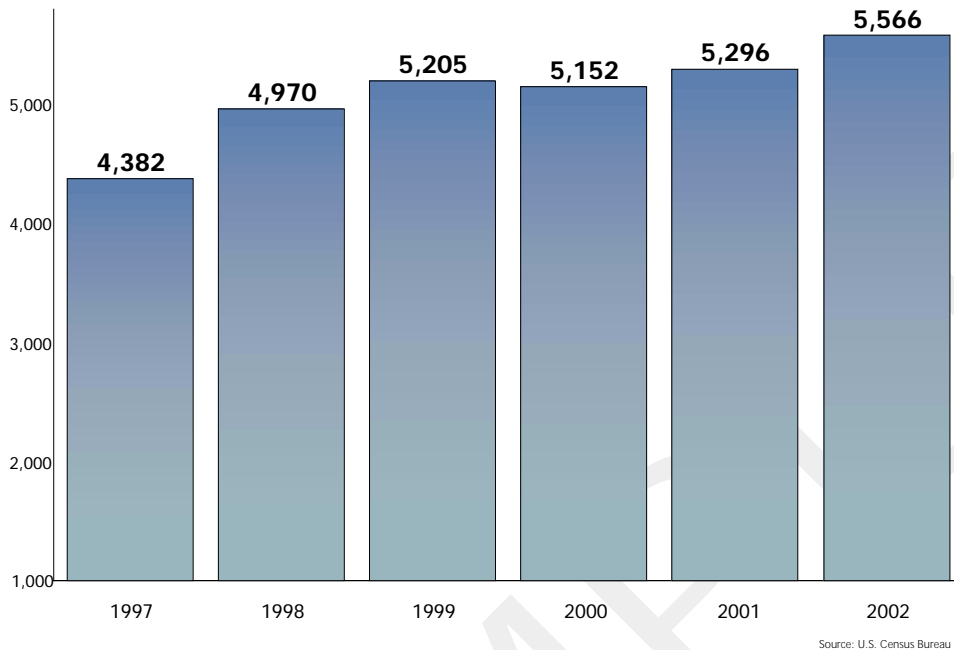
Source: U.S. Census Bureau

■ **Figure 3: U.S. New-Home Sales—1997-2002 (in Thousands)**

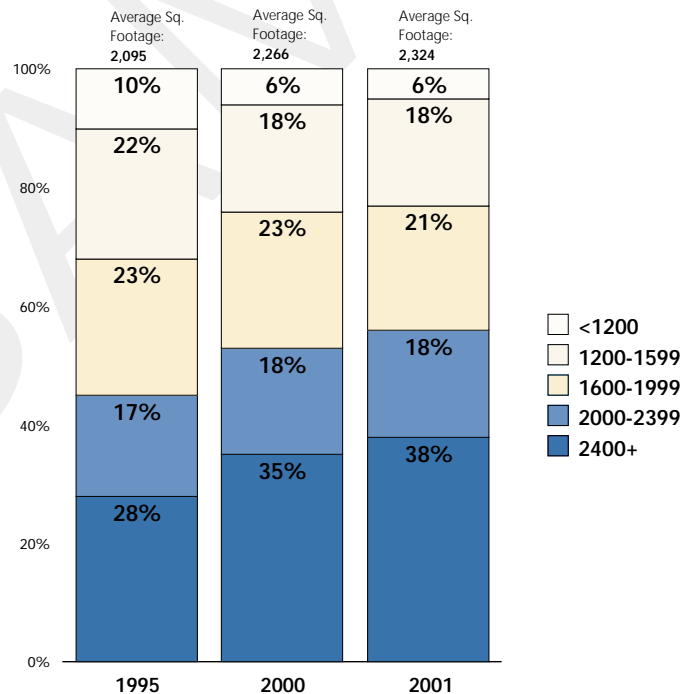


Source: U.S. Census Bureau

**Figure 4: U.S. Existing-Home Sales—1997-2002 (in Thousands)**

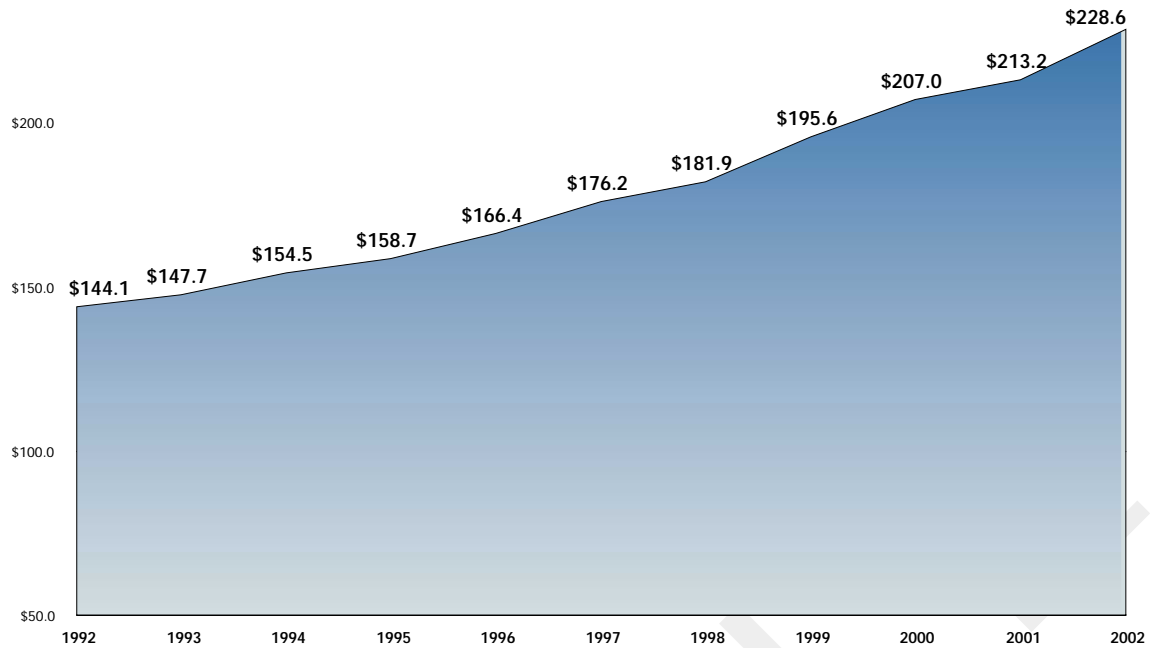


**Figure 5: Square Footage of New Privately-Owned Single-Family Houses (U.S.) 1995, 2000, 2001**



The average new, single-family home in 2001 measured 2,324 square feet (up from 2,095 in 1995), with 38% of these units over 2,400 square feet.

■ **Figure 6: Average Sale Price of Single-Family Houses (U.S.)—1992-2002**  
(in \$ Thousands)



Source: U.S. Census Bureau

SAMPLE

## Environmental Factors

Vacuums are no longer simply about removing dust and dirt. Americans are increasingly conscious of the direct effects of a wide range of environmental pollutants on their health, and the marketing of vacuums has responded by emphasizing the health benefits of new technologies (like the HEPA filter and “cyclonic action”) and their ability to remove all manner of indoor pollutants.

Beam Industries, perhaps the key player in the U.S. central-vacuum market, strongly emphasizes health and environmental factors in its marketing, as in this excerpt from its Website:

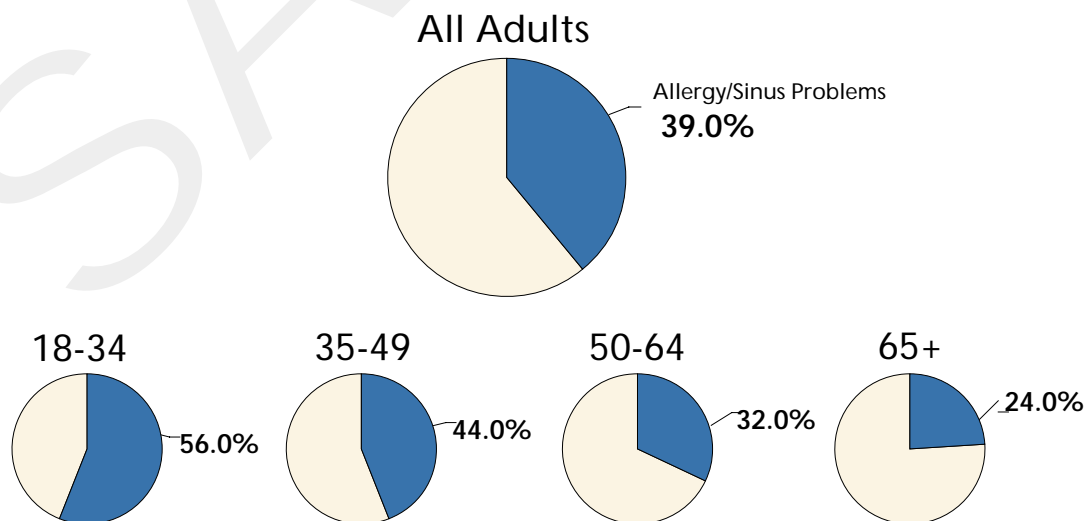
- *Air pollution contributes to lung disease, including respiratory tract infections, asthma and lung cancer. Lung disease claims close to 335,000 lives in America every year and is the third leading cause of death in the United States. Over the past decade, the death rate for lung disease has risen faster than for almost any other major disease. — American Lung Association*
- *Indoor air quality is two to five times — and occasionally 100 times worse than outdoor air! And it is estimated most people spend 90% of their time indoors! — U.S. Environmental Protection Agency*
- *87% of American homeowners are not aware that pollution may be worse inside their homes than outdoors. — American Lung Association*
- *Six out of 10 homes and buildings are "sick" and are hazardous to occupants. — U.S. Environmental Protection Agency*
- *Allergy and asthma are increasing at epidemic proportions — affecting one out of five Americans. — American Journal of Respiratory and Critical Care Medicine*
- *More than 15 million Americans are estimated to have asthma, including one in 13 school-age children. — U.S. Environmental Protection Agency*
- *About 500,000 hospital admissions and 5,000 deaths are attributed to asthma annually. — Online Allergy Center*
- *An estimated 100 million days are lost to asthma each year and asthma causes 10 million days of school absences annually. Direct and indirect expenses related to asthma are estimated at more than \$6 billion a year. — Online Allergy Center*
- *Dust, dander, mold, mites, pollen and other allergens make millions of allergy and asthma sufferers miserable in their own homes. Homes with pets require extra-thorough, deep cleaning.*

- Homes built after 1979 have tighter insulation wraps — trapping smoke, odors and other contaminants indoors.
- Central vacuum systems provide cleaner indoor air by efficiently removing particles without stirring up microscopic dust particles and re-emitting them into the interior of the home. The vacuum receptacle is vented outside of the living space keeping the air inside free of pollutants.  
— The Healthy House Institute

Mintel Research summarizes: Allergens such as dust, dirt, mold, mildew and dust mites are a growing concern, especially with the increased numbers of people suffering from allergies and asthma (Figure 1). Home age also impacts air quality, and some 70% of American homes are 20 years old or older (Figure 2). Pet ownership exacerbates home environment problems with the addition of pet hair, pet dander, and pet odors (Figure 3).

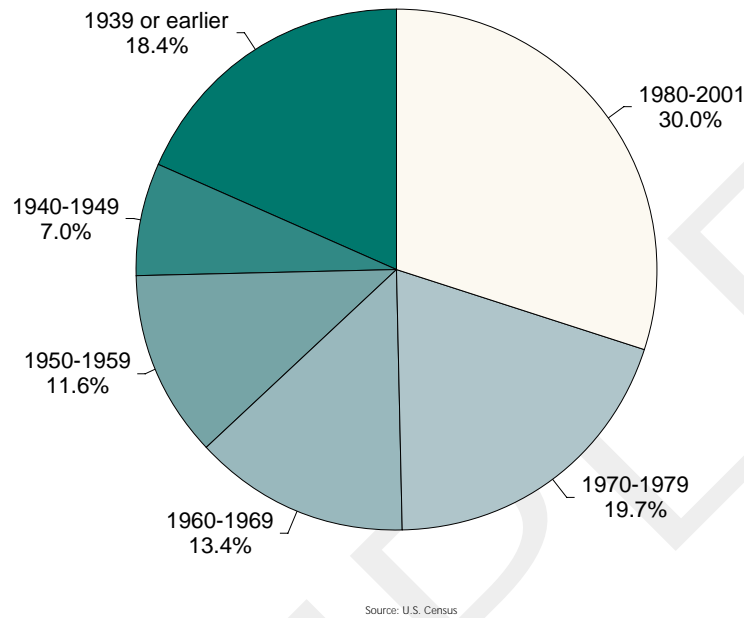
Central-vacuum systems' particular effectiveness at removing and expelling home pollutants—which are a source of growing public concern—suggests a strong inclination among consumers to consider central vacuums a necessity rather than an extravagance.

■ **Figure 1: Incidence of Allergy/Sinus Problems in the Last Six Months—By Age (January 2001)**



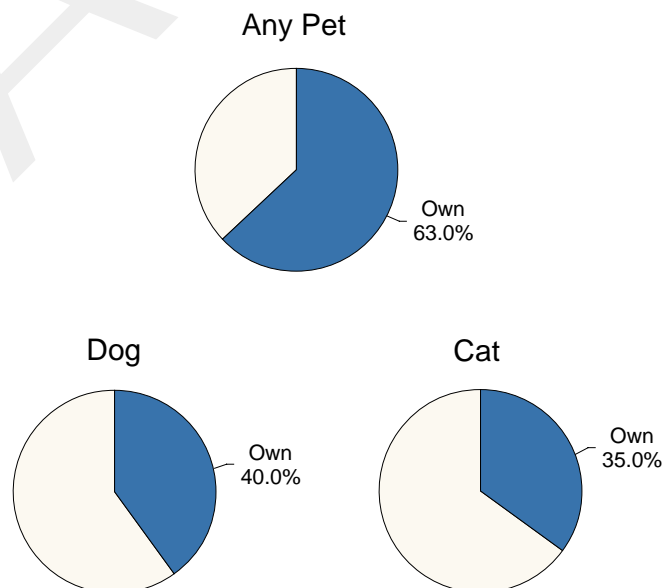
Source: Mintel/CHPA

■ **Figure 2: Year of Construction of Single-Family Homes in the U.S. (2001)**



Seventy percent of American homes are at least 20 years old. While the construction of new homes facilitates the installation of central-vacuum systems, older homes—as their building materials deteriorate normally over time—tend to introduce pollutants and allergens into the indoor environment, encouraging their owners to investigate the “house-healing” capabilities of central-vacuum systems.

■ **Figure 3: Percent of U.S. Households Owning Pets (2001)**



Source: Mintel/American Pet Products Manufacturers Assoc.

# Fact Sheet

## Equipment Configuration

As illustrated on this page and the next, most central-vacuum systems marketed in the U.S. are configured similarly, with major mechanical components encased in utilitarian metal and plastic drums. Manufacturers and distributors make only minor efforts to differentiate their products beyond functionality and basic branding, with little attempt to convey premium quality (or link to other product lines) through high-end design.



# Fact Sheet

U.S. Central-Vacuum Market



**LIFETIME WARRANTY!**

Nobody has air watts like **EASY-FLO**

**EASY-FLO**

*Designed to perform  
Engineered to last!*

An upright central vacuum unit and its motor are shown. The unit is white with a red stripe and has 'EASY-FLO' printed on it. The motor is also white with 'EASY-FLO' printed on it.