



Consumer Driven Innovation at Electrolux

The smartness of Smart Grid

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Consumer Innovation Program

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 **Electrolux**



Thinking of you

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Why a Consumer Innovation Program?

An industry in transition



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- Growth in the low-end price segment
- ...and in the high-end
- In general tougher competition and lower margins
- Increased standardization of white goods



Changing consumer needs



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- More and smaller households
- Less time for household work
- Increased demands for a flexible home
- Professional products and services moving into the home
- Etc

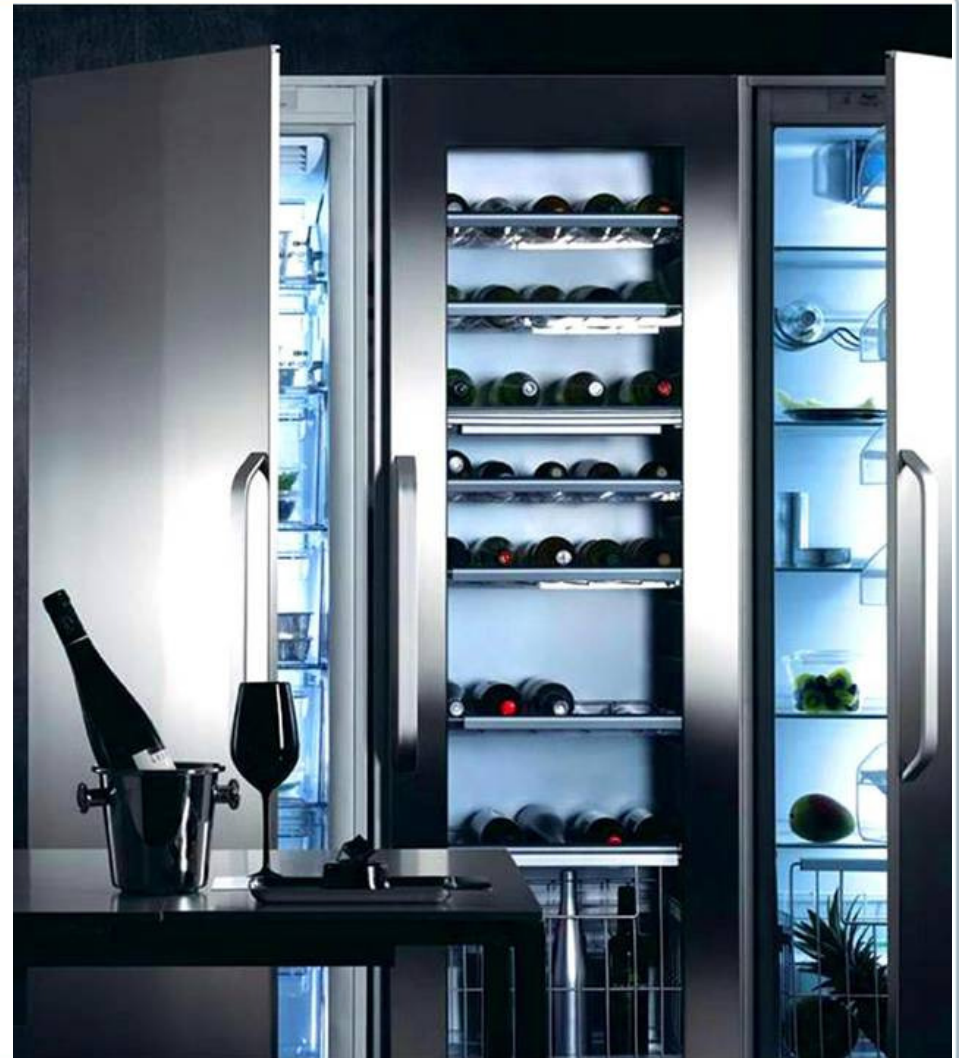


Combined with an increased purchasing power and increased interest in our categories

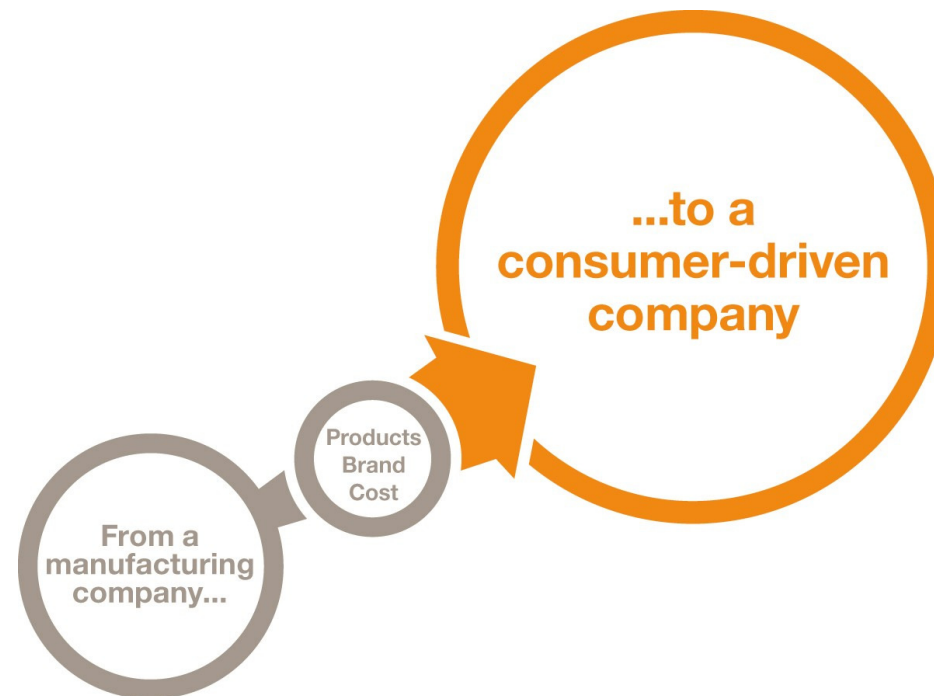


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- Increased disposable income
- Kitchen has become the "heart of the home"
- In general an increased interest in home decoration
- Etc.



Electrolux strategic journey over the last decade



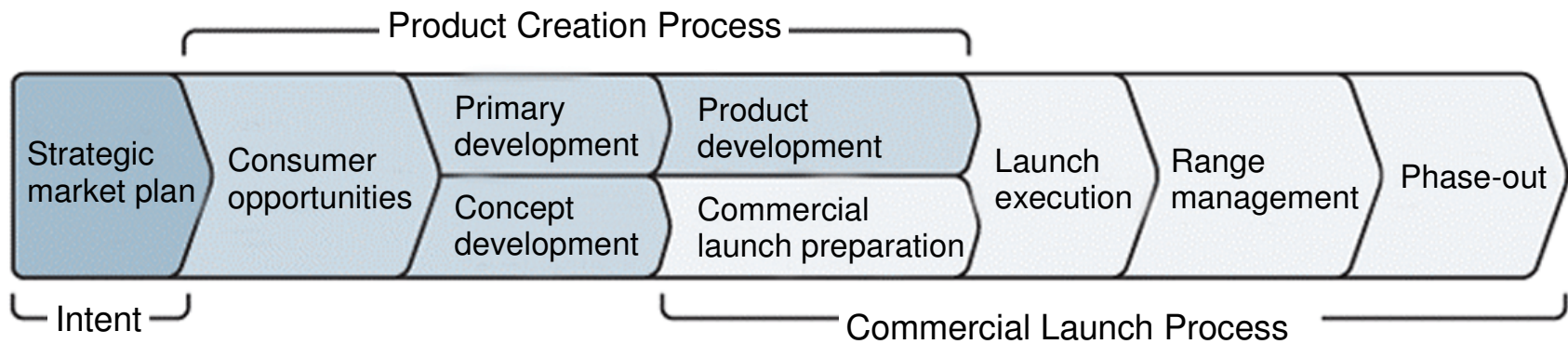
“We have returned to a consumer focus – meaning that rather than selling what we produce, we produce what sells”.

Hans Stråberg, CEO Electrolux

The Consumer Innovation Program was launched in 2004 with the task to drive the transformation process



Product Management Flow: A “cradle to grave”- process driving innovation based on consumer insight



Consumer insight is what fuels the PMF process

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What is an insight?

A focused understanding of unfulfilled needs, problems, wants or desires

Watch

Ask

Listen



X-functional work is a core principle of PMF: The insight should carry through all the way to launch and beyond

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Marketers to “dramatize features”. Turn technical solutions into emotional benefits



Designers to ensure that key features are visible and that you stand out overall



How do you segment consumers to make it actionable to the Electrolux brand?

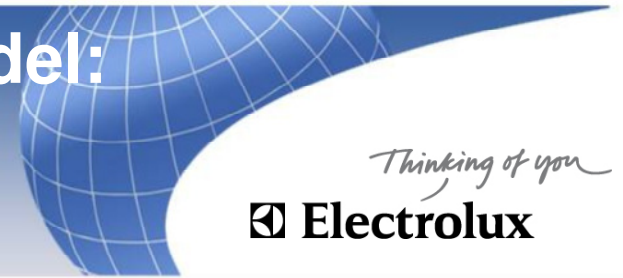


- One possible approach is demographic...

- Men
- Children > 7 year
- 40 – 65 yrs age
- Mid to high Income
- Larger household in urban areas
- Interests: music, fashion, cooking



Electrolux global segmentation model: 4 distinct need states in relation to home and household appliances



**Segment
1**



**Segment
2**



**Segment
3**



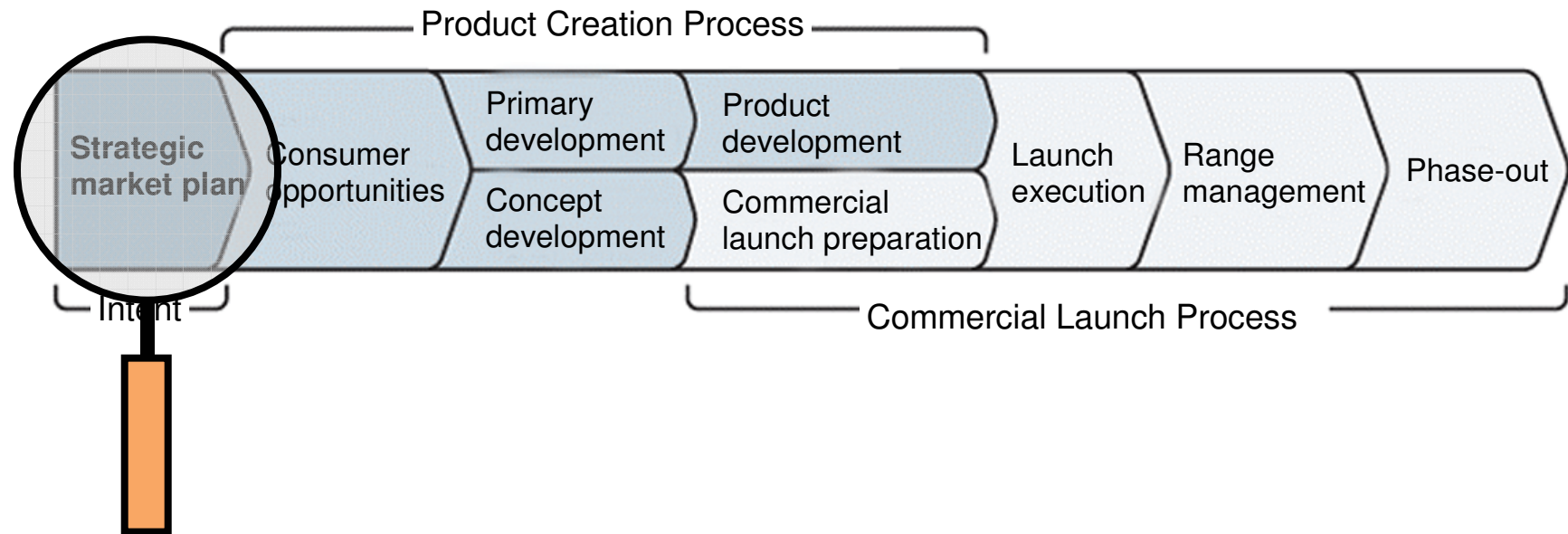
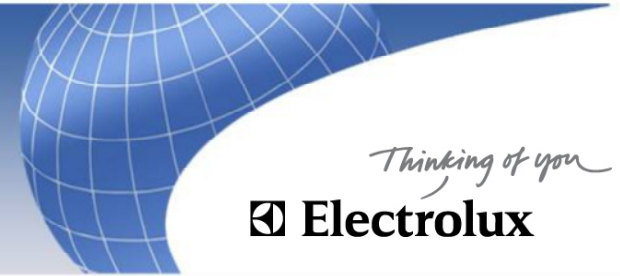
**Segment
4**



Innovation process & Smart Grid

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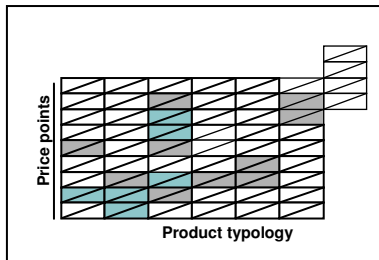
Setting the strategy...



Looking at the world through three lenses...

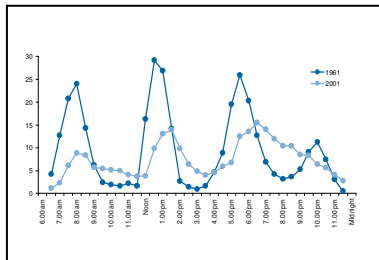


Industry analysis



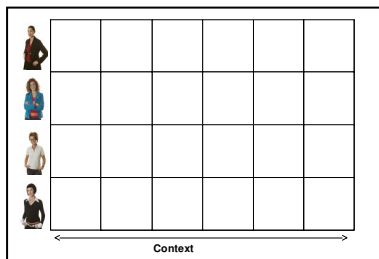
Industry analysis painted a picture of a high grow potential for smart appliances, competition is quite active in developing and advertising smart grid related focus

Macro trends



...and **macro trends** points out at how smart grid is a globe spanning network of thousands of company

Consumer lens



...and the **consumer lens** showed that consumers understand the environment and feel the impact of increasing energy costs

... stated that there is a clear opportunity

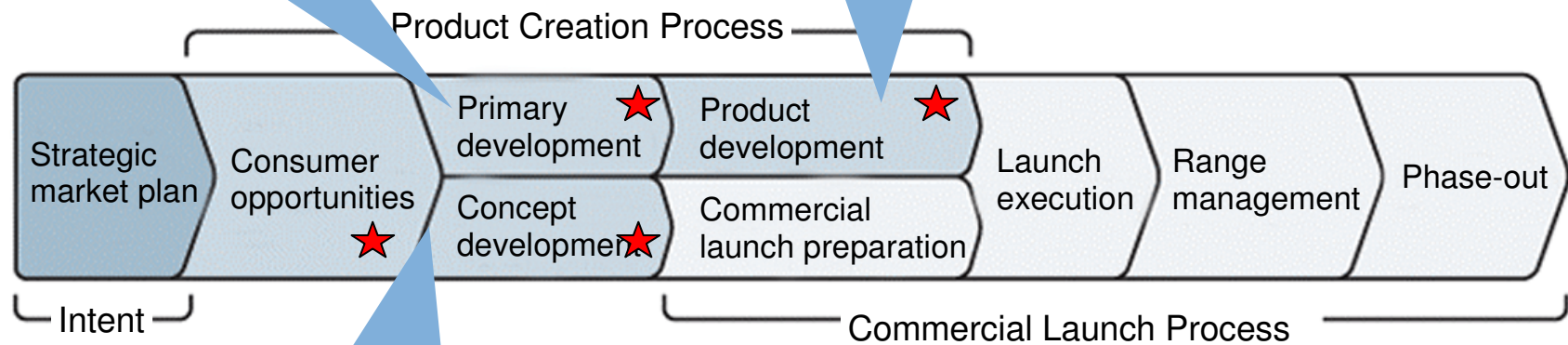
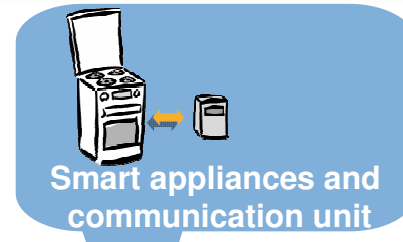
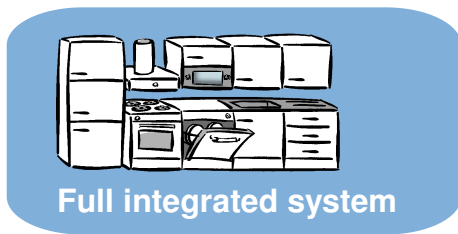


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Decision that “Smart Appliances & Smart Grid” are an interesting global opportunity area that needed further investigation

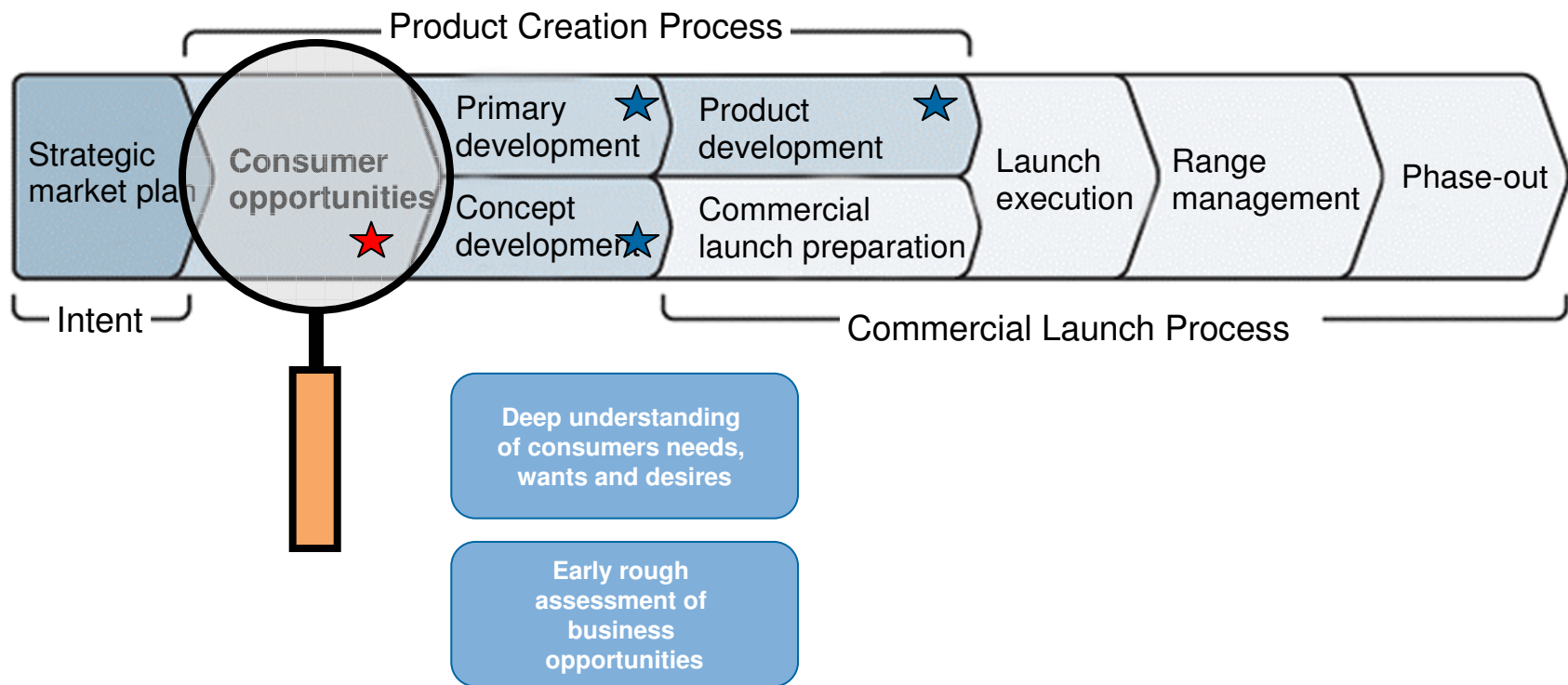
Several initiatives have been started in different phases of the product creation process...

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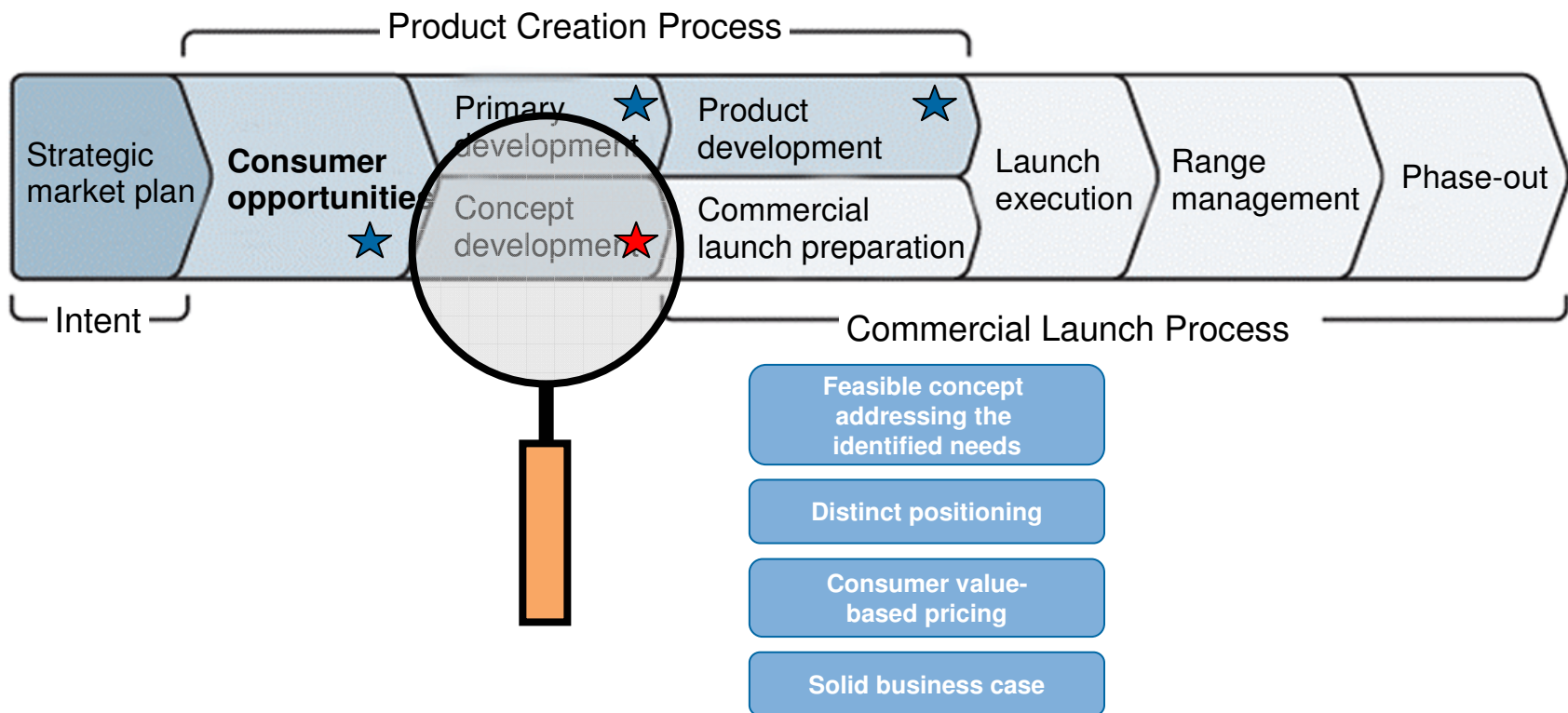


What is a Smart Appliance?
What are relevant functional and emotional benefits to our target consumers?

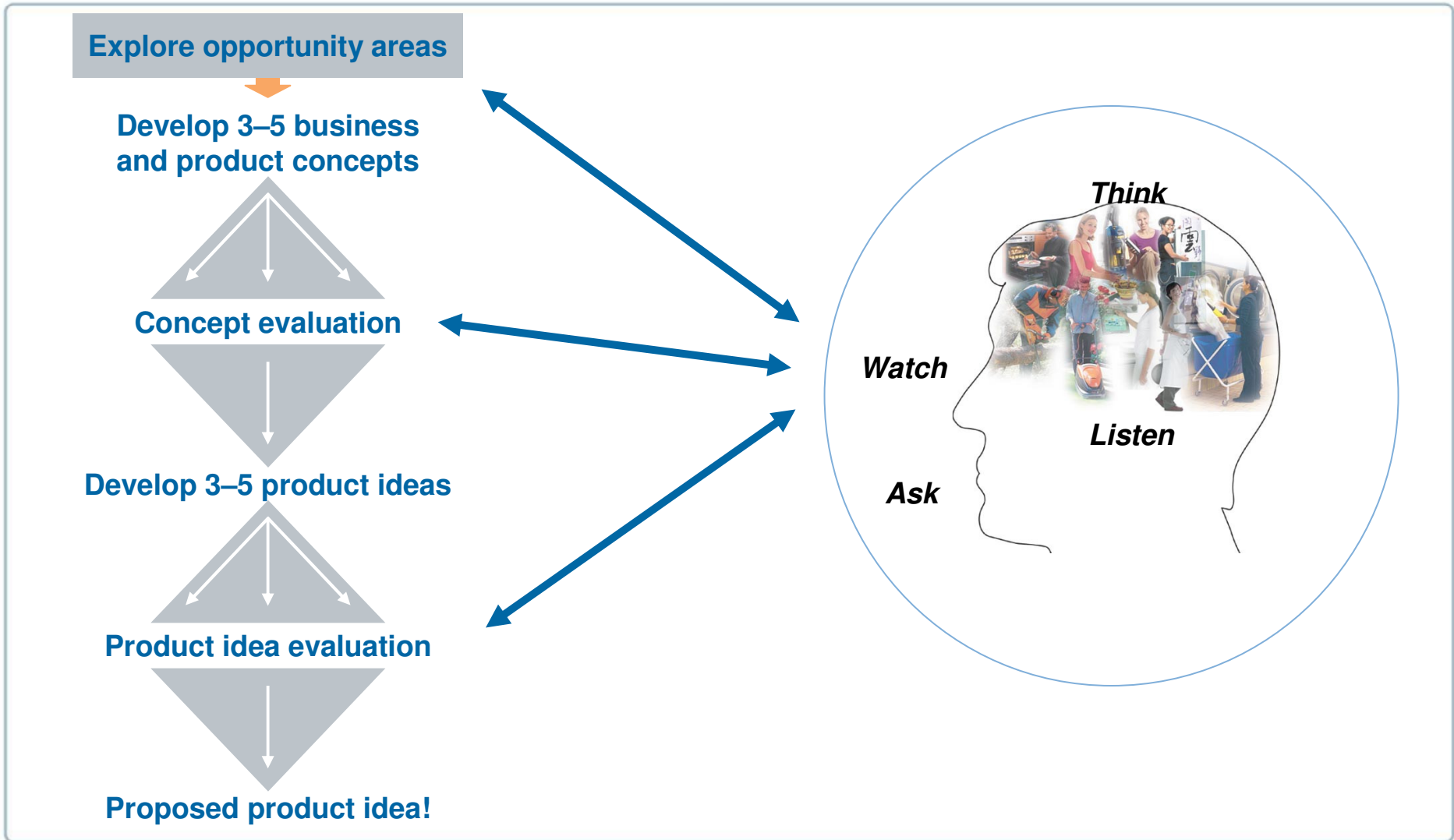
Opportunity identification and verification...



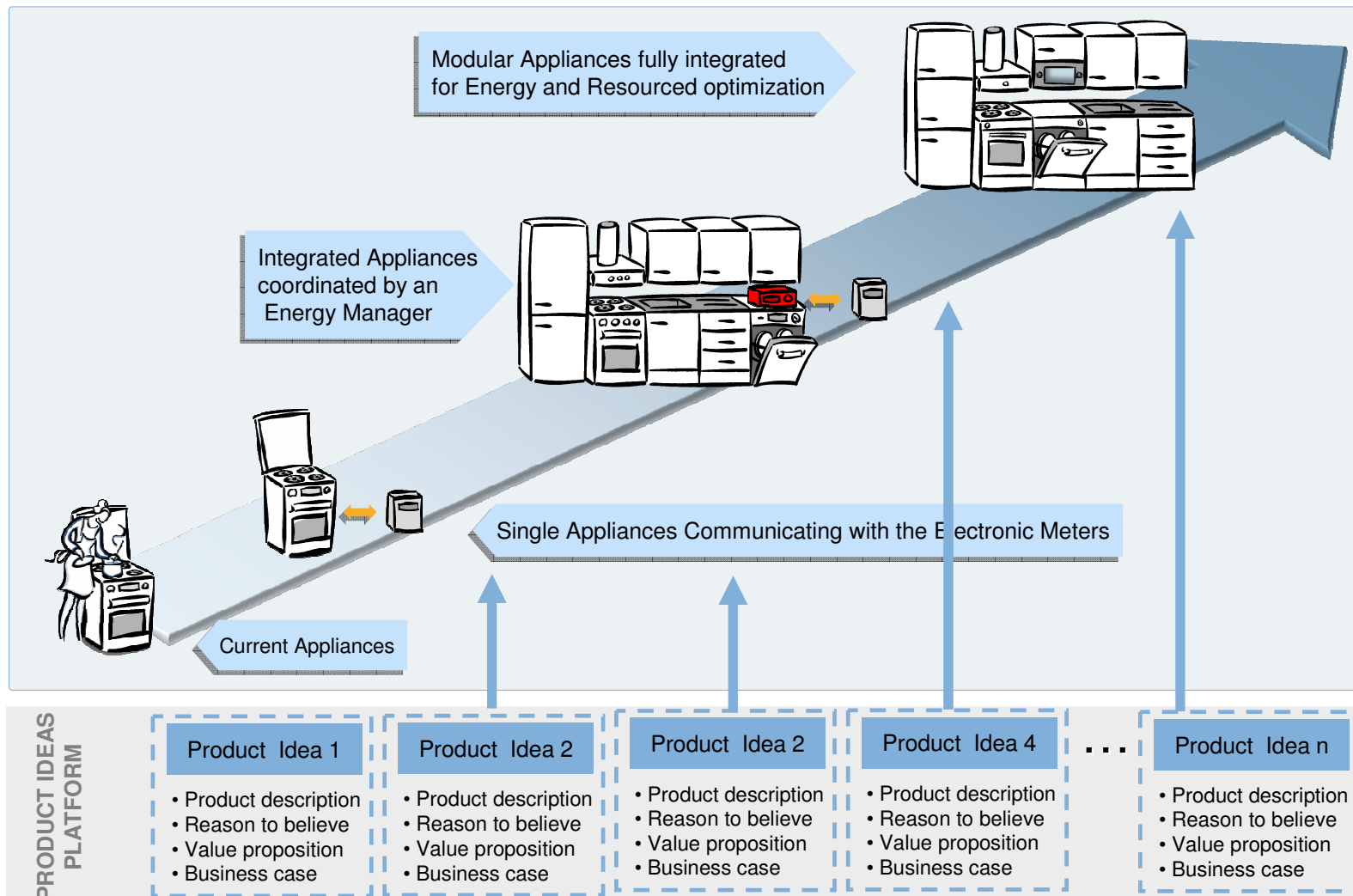
Concepts creation...



Opportunity areas identified from consumer prospective to be exploited and validated



Product idea platform based on consumer needs to bring consumer perspective into the technical roadmap





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Some examples?

Ergorapido case: our consumer insight as starting point

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My home needs constant cleaning...

There is

Gravel in the hallway
Cat hair all over the rug
And my children are eating snacks on the sofa

However

My vacuum cleaner is stacked away in a closet
I don't have the time for a thorough cleaning

But

**I still want the house to look tidy
everyday!**



Ergorapido case: execution and related facts



We were thinking that help should always be close at hand.



Ergorapido 2 in 1. Treat yourself to an additional vacuum cleaner. It's cordless, always within reach and perfect for those unplanned moments when you want to vacuum quickly.

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ergorapido™
Share more of our thinking at www.electrolux.com

- More than 2.8 million Ergorapido has been sold since the launch.
- Electrolux is the #1 player in Europe with approximately 60% value market share in the cordless handstick category
- At a price index of 200 vs. market average, Electrolux is driving increased prices and a premiumness of the entire category
- Ergorapido 2 in1 has become a global success story, and is now sold in 43 markets across the globe*

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For additional information
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