



**International
Market
Strategy**



**International strategic market research and
consultancy on building product and related markets**

BATHROOMS NORTH AMERICA 2007
AN ANALYSIS OF THE DOMESTIC BATHROOMS
MARKET IN 6 REGIONS

Market Environment
Supplier Performances
Distribution Analysis

- | | |
|--------------------------------|----------------|
| – on: | – in: |
| • Baths and Shower Systems | • 5 US regions |
| • Sanitary Ware | • Canada |
| • Faucets | |
| • Shower Wall and Hydrotherapy | |



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Fig 1: Bathrooms North America 2007: Summary of Pr Fig 1: Bathrooms North America 2007: Summary of Proposed Programme

Products					
Baths (conventional)	Shower Systems	Sanitary ware	Faucets	Shower Wall	Hydrotherapy
Cast iron Steel Gel-Coat Acrylic	Shower Modules Gel Coat Integrated Bath/Shower Acrylic Integrated Bath/Shower Shower Trays and Pans	Ceramic: WC Floor Standing Ceramic: WC Wall Hung Ceramic: Exposed WC Cisterns Ceramic: Washbasins Ceramic: Hand Washbasins Ceramic: Pedestals Ceramic: Half Pedestals Ceramic: Bidets Ceramic: Urinals Ceramic: Sinks Ceramic: Other Plastic: Exposed WC Cisterns Plastic: Consealed WC Cisterns	3 Hole 4 Inch Centre Set One Head Mixers Thermostatic Pressure Balance	Shower Enclosures Cubicle Kits Bath Screens	Hydromassage Baths Hydrotherapy Cubicles Shower Panels

Regional Breakdowns					
6 regions to be covered : 5 in the US and the whole of Canada					
North East USA - States include	South East USA - States include	Mid West USA - States include	South USA - States include	West USA - States include	Canada - Provinces include
Connecticut Maine Massachussets New Hampshire New Jersey New York Pennsylvania Rhode Island Vermont	Alabama Delaware District of Columbia Florida Georgia Kentucky Maryland North Carolina South Carolina Virginia West Virginia	Illinois Indiana Iowa Kansas Michigan Minnessota Missouri Ohio Nebraska North Dakota South Dakota Wisconsin	Arkansas Louisiana Mississippi Oklahoma Tennessee Texas	Washington Alaska Arizona California Colorado Hawaii Idaho Montana Nevada New Mexico Oregon Utah Wyoming	Alberta British Columbia Manitoba Newfoundland New Brunswick Nova Scotia Ontario Quebec Saskatchewan Yukon

1. INTRODUCTION

The bathroom products market in North America is diverse in terms of its demand, supply, distributive, and legislative structures. Variances can be substantial from East to West, North to South and state to state and even province to province. Construction and remodeling outputs, economic drivers and even cultural differences all vary according to region within the North American territory. Above all, supply and distributive commercial structures tend to be founded on a system of regional geographical responsibility. It is therefore logical that market intelligence should be reported in the same manner. As a result, BRG CONSULT is developing an annual service covering:

- **market trends, sizes and forecasts**
- **product sales by type of installation**
- **manufacturer sales by product**
- **distribution and value chain analysis.**

for bathroom products in:

- **North East USA**
- **South East USA**
- **South West USA**
- **West USA**
- **Mid West USA**
- **Canada.**

A summary of the proposed program can be found in Figure 1.

The following document is a formal proposal setting out the reasoning objectives, content of such a project and the methodology to be used.



2. OBJECTIVES

The overall objective of this annual project will be to supply the industry with a platform upon which each company can position itself both in terms of the market but also its competitors. More specifically each client will be in a position to:

- monitor and track the latest key indicators on the North American market
 - o demographic trends
 - o macro-economic trends and forecasts
 - o construction output and forecasts
 - o renovation and remodeling activity
- receive a fully up to date tracking service of policies, incentives and legislative changes governing domestic water use and saving at federal and state level
- analyze the current stock or universe of domestic bathroom equipment
- measure its share of the market both at national and regional level
 - o by type of product including subtype
 - o by distributor type
 - o by type of end use
- measure its competitor share of the market both at national and regional level
 - o by type of product including subtypes
 - o by distributor type
 - o by type of end use
- plot scenario and forecasting analysis at national and regional level by type of product
- plot volume sales through the different channels for each region
- screen for potential acquisitions, partners and customers through BRGC's extensive profiles database both at regional and national level
- track the development of new products and innovations and the development of both their suppliers and distributors.

BRGC also understands the need for instant access to data and "made to measure" reporting. This is why BRGC delivers all of its results in a database allowing clients to use the data interactively and export contents for their own use and modification. Functions also include the printing of tailored reports and company profiles.

Fig 2: BATHROOM PRODUCTS CORE NORTH AMERICAN PROGRAM COVERAGE 2007

Countries		Products				Report/Database Contents
USA	CANADA	Baths and Shower Systems	Sanitary Ware	Faucets	Shower Wall and Hydrotherapy	
<p>North East Connecticut Maine Massachusetts New Hampshire New Jersey New York Pennsylvania Rhode Island Vermont</p> <p>South East Alabama Delaware District of Columbia Florida Georgia Kentucky Maryland North Carolina South Carolina Virginia West Virginia</p> <p>Mid West Illinois Indiana Iowa Kansas Michigan Minnesota Missouri Nebraska North Dakota Ohio South Dakota Wisconsin</p> <p>South Arkansas Louisiana Mississippi Oklahoma Tennessee Texas</p> <p>West Alaska Arizona California Colorado Hawaii Idaho Montana Nevada New Mexico Oregon Utah Washington Wyoming</p>	<p>All areas Alberta British Columbia Manitoba Newfoundland New Brunswick Ontario Quebec Saskatchewan Yukon</p>	<p>Baths Cast iron Steel Gel-Coat Acrylic</p> <p>Shower Systems Shower Modules Gel Coat Integrated Bath/Shower Acrylic Integrated Bath/Shower Shower Trays and Pans</p>	<p>Ceramic Ceramic: WC Floor Standing Ceramic: WC Wall Hung Ceramic: Exposed WC Cisterns Ceramic: Washbasins Ceramic: Hand Washbasins Ceramic: Pedestals Ceramic: Half Pedestals Ceramic: Bidets Ceramic: Urinals Ceramic: Sinks Ceramic: Other</p> <p>Plastic Plastic: Exposed WC Cisterns Plastic: Consealed WC Cisterns</p>	<p>3 Hole Basin (Lav) Roman Tub Tub Shower Set Kitchen Sink Shower</p> <p>4 Inch Centre Set Basin (Lav) Roman Tub Tub Shower Set Kitchen Sink Shower</p> <p>One Head Mixer Basin (Lav) Roman Tub Tub Shower Set Kitchen Sink Shower</p> <p>Thermostatic Tub Shower Set Shower</p> <p>Pressure Balance Tub Shower Set Shower</p>	<p>Shower Wall Shower Enclosures Cubicle Kits Bath Screens</p> <p>Hydrotherapy Hydromassage Baths Hydrotherapy Cubicles Shower Panels</p>	<p>Background Demographic Macro-economic Construction Energy Legislation/regulations End User Structures Heating park Product Market Analyses Market Sizes, Trends and Forecasts Technical Segmentation Installation by Type of Application Installation by Type of End Use Prices and Market Values Supply Structures Market Shares Distribution Structures Flows Company Profiles Manufacturers/importers Distributors</p>

3. COVERAGE

The proposed coverage of the 2007 programme is summarized in Figures 1 and 2.

3.1 GEOGRAPHICAL COVERAGE

As mentioned previously, BRGC will break North America into 5 US regions and Canada. This is illustrated in Fig 1. The nature of the breakdown is designed to reflect the manner in which most companies divide the North American territory from a commercial point of view. As a result, any regional analysis from the BRGC database should fit in to client's existing reporting systems relatively easily.

3.2 PRODUCT COVERAGE

The core product families covered by the programme and the database are:

- baths
- shower systems
- sanitary ware
- faucets
- shower wall products
- hydrotherapy products.

The specific products within each of these product families are listed in Figure 2.

3.3 DATABASE AND REPORT CONTENTS

Both the database and the reports will allow for regional comparison and aggregation. Each region will have its own report containing:

- **Strategic Overview: Condensed Executive Summary**
 - Total Bathroom Products Market
 - Overall Industry and Supply Structure
 - **Product/Market Summaries and Forecasts** for each product family:
 - comments on recent market trends and developments
 - volume sales trends from 1995 to 2006 and forecasts 2007-2011
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- market values 2006
 - further segmentations of product sales 2000-2006-2011
 - sales by end use sector 2006
 - volume sales and market shares of the main competitors, by holding and subsidiary 2006 (2000-2006 in database)
 - **Introduction and Glossary**
 - **Section 1: Background**
 - Geography and Administration
 - Population and Demographic Trends
 - population trends and forecasts
 - births, deaths, net migration
 - age structures (trees)
 - largest cities and populations
 - Households and Housing Stock
 - households by size
 - households by income (in US \$)
 - dwelling stock by type (houses vs. apartments)
 - dwelling stock by tenure (owners occupiers vs. rented)
 - Macro-Economic Trends and Employment Patterns
 - key indices with historical trends and latest forecasts
 - Construction
 - trends by sector
 - housing starts and completions
 - renovation and remodelling output
 - Bathroom Product Park
 - households by level of bathroom amenities
-

-
- total park of bathrooms
 - estimates of total park of bathroom fixtures and fittings
 - Legislation, Regulations Controls and Incentives
 - This section is to be expanded to focus on environmental and water saving measures.
 - Structure of Demand
 - **Section 2: Structure of Building Products Distribution**
 - Structural Summary
 - Typical Distribution Practices
 - **Section 3: Baths and Shower Systems**
 - Baths: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
 - Forecasts to 2011
 - Baths: Market Analysis by Type of Bath
 - Cast Iron
 - Steel
 - Acrylic
 - Gel Coat
 - Baths: Prices and Market Values
 - Baths: manufacturer sales in volume by brand
 - Cast Iron
 - Steel
 - Acrylic
 - Gel Coat
 - Baths: Distribution
 - Shower Systems: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
-

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- Forecasts to 2011
 - Shower Systems: Market Analysis by Type of Shower Systems
 - Shower Modules
 - Gel Coat Integrated Bath/Shower
 - Acrylic Integrated Bath/Shower
 - Shower Trays/Pans
 - Shower Systems: Prices and Market Values
 - Shower Systems: manufacturer sales in volume by brand
 - Shower Modules
 - Gel Coat Integrated Bath/Shower
 - Acrylic Integrated Bath/Shower
 - Shower Trays/Pans
 - Shower Systems: Distribution.
 - **Section 4: Sanitary Ware**
 - Sanitary Ware: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
 - Ceramic
 - Plastic Cisterns
 - Forecasts to 2011
 - Ceramic
 - Plastic Cisterns
 - Sanitary Ware: Market Analysis by Type of Product
 - WC Floor Standing
 - WC Wall Hung
 - WC Cisterns Exposed (ceramic)
 - Washbasins and Countertops
-

-
- Hand Washbasins
 - Pedestals
 - Half Pedestals
 - Bidets
 - Urinals
 - Sinks
 - WC Cisterns Exposed (plastic)
 - WC Cisterns Exposed (concealed).
 - Sanitary Ware: Prices and Market Values
 - Sanitary Ware: manufacturer sales in volume by brand
 - Ceramic
 - Exposed Plastic Cisterns
 - Concealed Plastic Cisterns
 - Sanitary Ware: Distribution.
 - **Section 5: Faucets**
 - Faucets: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
 - Forecasts to 2011
 - Faucets: Market Analysis by Type of Product and Applications with Forecasts to 2011
 - 3 Hole
 - Basin (Lav)
 - Roman Tub
 - Tub Shower Set
 - Kitchen Sink
 - Shower.
 - 4 Inch Centre Set
-

-
- Basin (Lav)
 - One Head Mixer
 - Basin (Lav)
 - Roman Tub
 - Tub Shower Set
 - Kitchen Sink
 - Shower
 - Thermostatic
 - Tub Shower Set
 - Shower
 - Pressure Balance
 - Tub Shower Set
 - Shower.

Section 6: Shower Wall Products

- Shower Wall: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
 - Shower Enclosures
 - Conventional Cubicle Kits
 - Bath Screens
 - Forecasts to 2011
 - Shower Enclosures
 - Conventional Cubicle Kits
 - Bath Screens
 - Shower Wall: Market Analysis by Type of Product and Material
 - Glass
 - Synthetic
-

-
- Shower Enclosures: Market Analysis by Type of Product
 - Door
 - Side Wall
 - Corner Entry
 - Round
 - 5-Angle
 - Shower Enclosures: Market Analysis by Type of Door
 - Sliding
 - Hinged
 - Folding
 - Pivoting
 - Shower Wall: Market Values and Prices
 - Shower Wall: manufacturer sales in volume by brand
 - Shower Enclosures
 - Conventional Cubicle Kits
 - Bath Screens
 - Shower Wall: Distribution

Section 7: Hydrotherapy

- Hydrotherapy: Overall Market Size, Trends and Characteristics
 - Historical Development and 2006 Market
 - Hydromassage Baths
 - Hydrotherapy Cubicles
 - Shower Panels
 - Forecasts to 2011
 - Hydromassage Baths
 - Hydrotherapy Cubicles
-

- Shower Panels

- Hydrotherapy: Market Analysis by Type of Product
 - Hydromassage Baths
 - Hydrotherapy Cubicles
 - Shower Panels
- Hydrotherapy: Market Values and Prices
- Hydrotherapy: manufacturer sales in volume by brand
 - Hydromassage Baths
 - Hydrotherapy Cubicles
 - Shower Panels
- Hydrotherapy: Distribution.

- **Appendix A: Manufacturer Profiles**

One of the most important parts of any BRGC program are the company profiles. These are designed to provide clients with as much detail as possible. Each profile will cover manufacturer activity at national level as well as regional level. Profiles will typically look to include:

- Company ownership
 - Address and contact details
 - Manufacturing locations
 - Key financials where available
 - Number of employees
 - Regional set up
 - Volume sales
 - by product
 - by brand
 - by region
 - Export activity
 - History of acquisitions
 - Focus on bathroom product activity
-

-
- Distribution policies and key accounts
 - **Appendix B: Distributor Profiles**
 - Company ownership
 - Address and contact details
 - type of distributor
 - general wholesaler
 - specialist wholesaler
 - big box retailer
 - specialist retailer
 - Key financials where available
 - Number of employees
 - Number of stores by region
 - flagship stores
 - satellite stores
 - breakdown by level of activity
 - heating
 - cooling
 - plumbing/bathrooms
 - lightside
 - heavyside
 - key brands carried by product family.

All profiles will be incorporated in the database so that specific profile reports can be run.

3.5 REPORTING FORMATS

3.51 INDIVIDUAL REPORTS

The intention is to make reports available **in PDF format** capable of being supplied to clients:

- by e-mail as they become available
 - online via BRGC's client library service. From here, clients would be able to download PDFcopies of each country summary/report as and when they become available.
-

3.52 SYNTHESIS

The Synthesis has been a special feature of BRGC's multi-client programs. It provides clients with an option to purchase the quantitative summaries and company profiles without having to commit to the cost of the overall reports. The North American Synthesis is to include:

- 6 region Synthesis comprising:
 - 6 region aggregated data and overview
 - accumulated company profiles
 - accumulated "Product/Market Summaries" for the 6 regions
 - a regional database.

3.53 DATABASE SERVICES

Subscribing clients may access the database via BRGC's online client library.

The current database covers the heating and cooling products markets in the 6 regions specified above:

- **"Trends"** containing the historical series (1995-2006) and forecasts (2007-2011) for each product and sub product by country
- **"Shares"** containing volume sales and market shares (2006) by company (holding and subsidiary), product category and sub-category and region
- **"Values"** containing estimates of market values (2006) per product category and sub-category and country
- **Technical and Market "Breakdowns"** containing splits, for baths, shower systems, sanitary ware, faucets, shower wall products and hydrotherapy in volume sales, by detailed technical category (2006) and by end user segment (e.g. new build, first time installation, replacement for 2006)
- **"Company Profiles"** of manufacturers, containing statistical, financial and qualitative data on holding companies and subsidiaries, accessible both directly from the main menu and via the "Shares" part of the database
- **"Create Market Summaries"** facility enabling clients to produce product/market summaries, complete with graphics, directly from the main menu.

4. METHODOLOGY

BRG is taking a 2 step approach in terms of methodology in order to ensure the maximum amount of accuracy given of nature the US bathrooms industry. The first step is a preliminary population of the database at regional level (ie a regionalization) through secondary sources and distribution analysis.

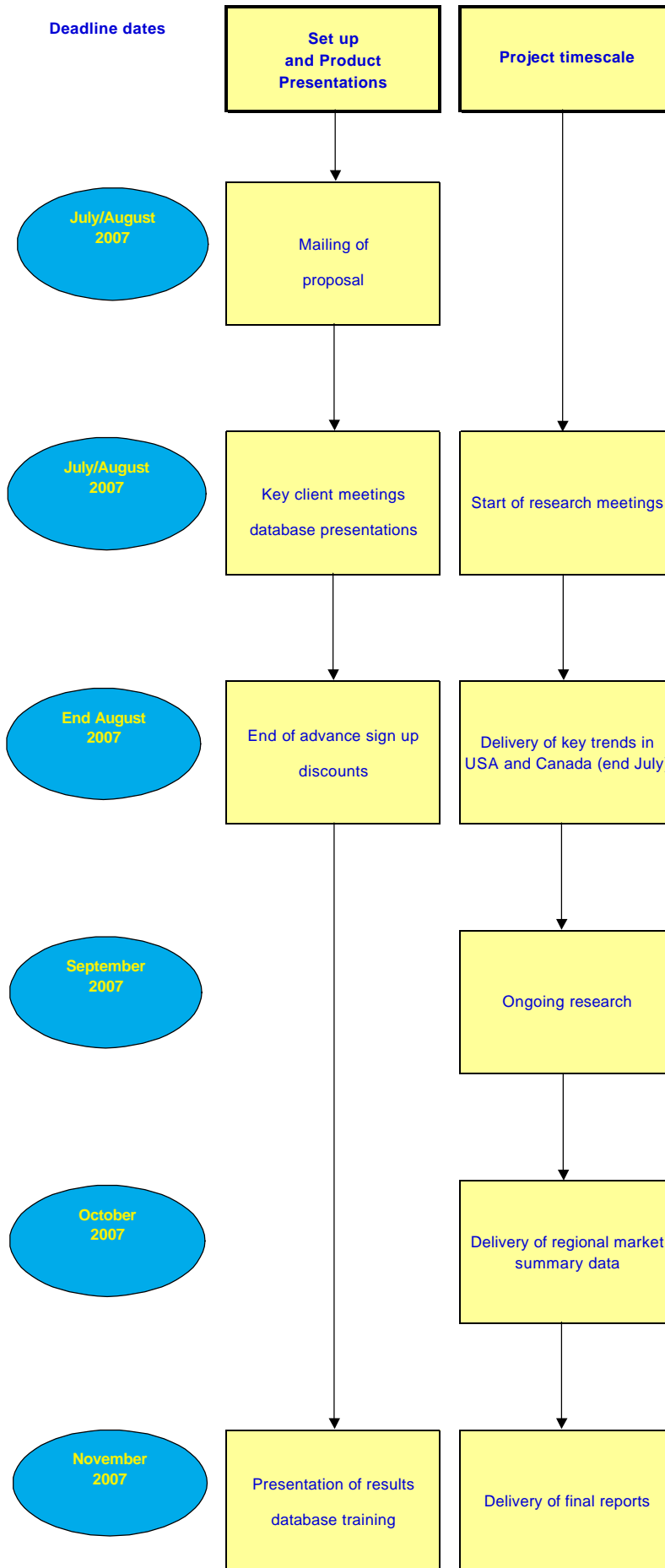
In order to calculate the regionalization, BRG CONSULT has taken as a starting point overall manufacturer volumes from its 2006 US update. It then reviewed all of the distributors and retailers of a given manufacturer state by state. Sales were then taken using a weighting system which measures construction and remodeling activity by state in order to calculate the throughput of each distributor. For commercial applications, BRG CONSULT referred to data on larger projects published by commonly accepted industry specialists. State data are then aggregated to each region to populate the database.

The second phase, also known as the primary research phase, uses BRG CONSULT empirical research methodology of personal unstructured interviews with:

- manufacturer holding groups
- manufacturer subsidiaries
- regional manufacturer representatives
- Importers and Agents
- wholesalers at national and regional level
- big box retailers
- specialist retailers
- contractors and developers
- house builders
- architects.

These interviews are used to validate and tune the data from the “regionalization” process and accumulate as much “feet on the street” analysis as possible.

Fig 3 BATHROOMS NORTH AMERICA 2007: SCHEDULE



5. TIMING AND COSTS

The timetable for the 2007 programme is illustrated in Figure 3.

The schedules of prices for the programme for the year 2007 are set out in Figure 4 showing:

- packages of reports + database, inclusive of individual country reports and International Syntheses
- packages comprising database Syntheses, without individual reports
- packages comprising single product options. Options are packaged as follows:
 - o baths and shower systems
 - o sanitary ware
 - o faucets
 - o shower wall and hydrotherapy.

Services Proposed		North America: Prices and Discounts																																								
6 Region North American Program – reports in PDF (e-mailed and online) <ul style="list-style-type: none"> • 6 region detailed report • 6 region executive summary (Yellow Pages) • 6 region manufacturer profiles • 6 region distributor profiles – database services on-line (exportable to EXCEL - no licences required by clients): <ul style="list-style-type: none"> • market trends • market values • distribution structures • company profiles • end use splits and other segmentations • company sales and market shares • country background data Countries Outside North America – 16 West European countries, 14 East European countries – China, Egypt, Japan, India, Middle East, South America, South Africa – other countries/regions available on demand		Option 1: Full package incl. executive summaries, full report, database and profiles: <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">USD</th> <th style="text-align: right;">Euro</th> </tr> </thead> <tbody> <tr> <td>Gross Price</td> <td style="text-align: right;">\$60 000</td> <td style="text-align: right;">€44 400</td> </tr> <tr> <td>• less advance commitment discount (applicable until end August)</td> <td style="text-align: right;">-\$5 000</td> <td style="text-align: right;">-€3 700</td> </tr> <tr> <td>• less research assistance discount</td> <td style="text-align: right;">-\$10 000</td> <td style="text-align: right;">-€7 400</td> </tr> <tr> <td>Total net</td> <td style="text-align: right;">\$45 000</td> <td style="text-align: right;">€33 300</td> </tr> </tbody> </table> Option 2: Synthesis package incl. Executive summaries, database and profiles <table border="0" style="width: 100%;"> <tbody> <tr> <td>Gross Price</td> <td style="text-align: right;">\$50 000</td> <td style="text-align: right;">€37 000</td> </tr> <tr> <td>• less advance commitment discount (applicable until end August)</td> <td style="text-align: right;">-\$5 000</td> <td style="text-align: right;">-€3 700</td> </tr> <tr> <td>• less research assistance discount</td> <td style="text-align: right;">-\$10 000</td> <td style="text-align: right;">-€7 400</td> </tr> <tr> <td>Total net</td> <td style="text-align: right;">\$35 000</td> <td style="text-align: right;">€25 900</td> </tr> </tbody> </table> Option 3: single product option (baths and shower systems, sanitary ware, faucets, shower wall and hydrotherapy) <table border="0" style="width: 100%;"> <tbody> <tr> <td>Gross Price</td> <td style="text-align: right;">\$24 000</td> <td style="text-align: right;">€17 760</td> </tr> <tr> <td>• less advance commitment discount (applicable until end August)</td> <td style="text-align: right;">-\$2 500</td> <td style="text-align: right;">-€1 850</td> </tr> <tr> <td>• less research assistance discount</td> <td style="text-align: right;">-\$5 000</td> <td style="text-align: right;">-€3 700</td> </tr> <tr> <td>Total net</td> <td style="text-align: right;">\$16 500</td> <td style="text-align: right;">€12 210</td> </tr> </tbody> </table>			USD	Euro	Gross Price	\$60 000	€44 400	• less advance commitment discount (applicable until end August)	-\$5 000	-€3 700	• less research assistance discount	-\$10 000	-€7 400	Total net	\$45 000	€33 300	Gross Price	\$50 000	€37 000	• less advance commitment discount (applicable until end August)	-\$5 000	-€3 700	• less research assistance discount	-\$10 000	-€7 400	Total net	\$35 000	€25 900	Gross Price	\$24 000	€17 760	• less advance commitment discount (applicable until end August)	-\$2 500	-€1 850	• less research assistance discount	-\$5 000	-€3 700	Total net	\$16 500	€12 210
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– Full Report and database	End November																																									
Timing: Countries Outside North America	Europe	Others	Regions Outside North America: Prices (excl.VAT)																																							
	End August	Dependent on demand	Europe (30 countries): \$60,000 (net of discounts)																																							
			China \$6,000 (net of discounts)																																							