

Innovation Products and services

Electrolux has increased its rate of product development and introduced a consumer-preference rating system for new products. Moreover, Electrolux will create the market's best service experience and increase sales of consumables and accessories.

Main goals 2015

Changes in Electrolux process for consumer-driven product development, combined with the expanded cooperation between the Group's marketing, R&D and design functions will enable products to be developed faster and will ensure that these will be preferred by more consumers. The main goals are:



All product development at Electrolux is based on in-depth insight into the consumers who will use the new products and utilize the services. By performing countless interviews and home visits, Electrolux gains knowledge of consumer behavior in the use of various household appliances and the needs that exist. Based on this information and by examining trends and new technologies, Electrolux can develop solutions that facilitate the everyday lives of consumers. Electrolux has also leveraged the Group's expertise across the culinary experience to improve food preparation, food preservation and cleaning innovations by combining the know-how from the Group's professional business with the consumer business.

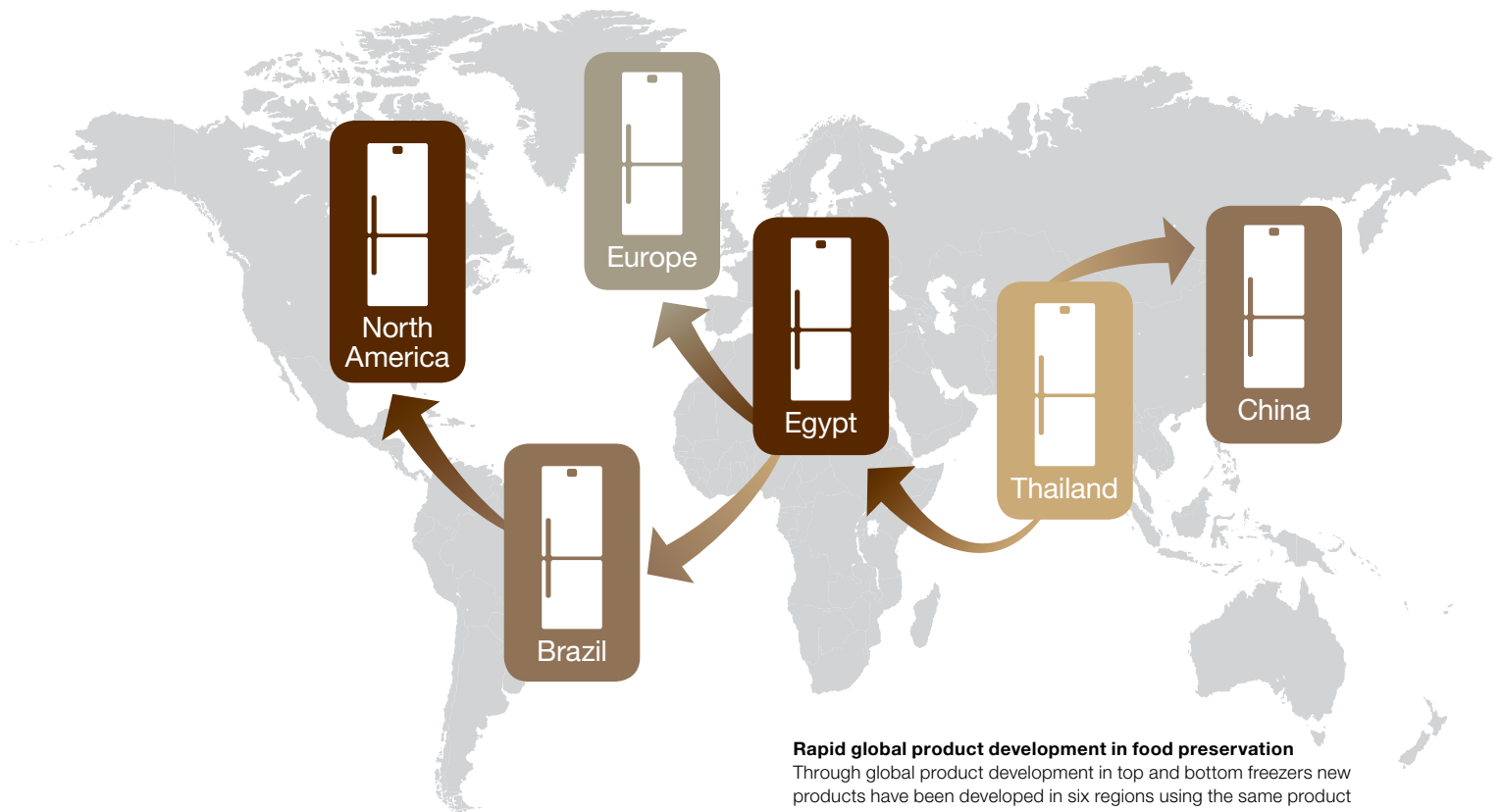
More rapid process for new products

The Group's process for consumer-driven product development is used in all new products. In recent years, improvements have been made to the process to accelerate innovation and to deliver more value to consumers. Consumer insight and market knowledge is enhanced by expanding cooperation between the Group's marketing, R&D and design functions, enabling products to reach the market quicker and ensuring that these products are preferred by more

consumers. Various teams within these functions currently exist in each sector in the Group. The process also facilitates sales via new channels, in new markets and in ventures into entirely new product categories. In order for a new product to be launched, at least 70% of the consumers in a test group must have expressed a preference for it over similar alternatives in the market. If this requirement is not met, the product is sent back to the product development team to be reworked. To measure consumer preference, Electrolux has built up a regional network connected to the Group's production units.

Strong global positions

Electrolux aims to develop winning products in different categories and regions by focusing on innovation and cost efficiency. The strongest global position currently held is for cookers, enabling, for example, Electrolux cooking solutions for the world's best chefs and restaurants to be leveraged when developing consumer appliances. Electrolux also commands a strong, global position in vacuum cleaners and is growing rapidly in the area of small appliances by utilizing global economies of scale. Other strong positions held by the Group include the market for front-load washing machines and



Rapid global product development in food preservation

Through global product development in top and bottom freezers new products have been developed in six regions using the same product architecture and manufacturing principles but with differentiated design, dimensions and offerings.

dishwashers, which are segments with low penetration in most markets. Among adjacent product categories, Electrolux identifies major global potential for air-conditioning equipment and water heaters.

Products for different segments

The global product development units in the respective product areas that have been established in recent years contribute to increasing the pace of innovation. The share of product development that encompasses global projects is expected to rise from 10% in 2010 to 35% in 2013. The objective is to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the mass-market segments. Brand differentiation, rapid product development and efficient production are required to reach consumers with products in the mass-market segments. The Group's global manufacturing platforms facilitate the spread of successful launches from one market to another, with adaptations to local preferences.

Electrolux also has a number of development centers for household appliances throughout the world, focusing on such rapidly

growing areas as induction and steam. Electrolux is increasing its investments in new technology to be able to offer consumers more innovative products at a faster pace. The focus is currently on the development of intuitive and user-friendly control panels and solutions for reducing the environmental impact.

Increased share of service and aftermarket

Electrolux also has an important role to play after a product has been sold, for example, by offering efficient service, rapid upgrades and a strong range of accessories and consumables. At Electrolux, a comprehensive project is under way to further raise awareness of the importance of the service element in contacts with consumers and retailers. The objective of the program is to strengthen the brand by raising consumer satisfaction at the same time as further developing a profitable aftermarket business. Electrolux has a long-term ambition that the share of a product's sales value comprising service and sales of accessories is to increase to a minimum of 10%.