

Hand-dryer giant feeling the heat

By David Sterrett
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At a time when the mania for all things green is boosting even the humble restroom hand dryer, the local company that's dominated the industry since its inception is seeing new business slip through its slightly damp fingers.

Berkeley-based World Dryer Corp. held the top position in the U.S. electric hand-drying market for 50 years. But the company now faces its stiffest competition ever as long-standing rivals and dryer-industry arriviste Sir James Dyson beat it to market with state-of-the-art machines that cut drying time by 50% or more.

"Five years ago, I would have told you I would never foresee catching World Dryer, but now I foresee passing them," says Mike Robert, a vice-president and owner of American Dryer Inc. of suburban Detroit. He says his company's sales are increasing 30% a year with more building owners looking for environmentally friendly appliances.

There are no official marketshare numbers for U.S. hand dryers, and the longtime players — World, American and Excel Dryer Inc. — are private companies that don't release sales figures. IBISWorld Inc., a Los Angeles market research firm, estimates the U.S. hand-dryer market will be about \$52 million this year.

"However, the opportunities for this industry are great," says Toon van Beeck, a senior analyst at IBISWorld. "Given the green transition, IBISWorld believes more restaurants, schools, businesses and malls will turn to hand dryers over paper towels."

The market shifted significantly when Massachusetts-based Excel introduced its XLerator high-speed dryer in 2002, which cut drying time from the standard 30 to 40 seconds down to 10 to 15 seconds.

"Before the launch of the XLerator, World Dryer was probably six times our size, and now we are quite close," says Dennis Gagnon, president of Excel.

He says electric hand dryers made up only 5% of the drying market for the past 50 years — the rest was paper towels — but the machines' share has jumped to 10% since the advent of high-speed dryers such as the XLerator.

In 2007, American Dryer followed Excel with its Extreme Air, with a drying time of 10 to 15 seconds. World Dryer rolled out its high-speed model, the AirForce (drying time: 12 seconds), in 2008.

"With the AirForce, they were two or three dryers behind," says David Lanear, manager of Ameraproducts Inc., a Texas-based bathroom products distributor. He estimates American, World and Excel are all close now in terms of sales. World Dryer, he says, "had relied just on its strong name, but they need another technological leap to make up all the lost ground."

World Dryer, founded in 1948, was owned by Beatrice Foods in the 1970s. United Technologies Corp. bought it in 2000, then sold it in 2007 to current owner NewCastle Partners LLC, a Greenwich, Conn.-based private-equity firm. Calls to NewCastle weren't returned.

A World Dryer spokeswoman acknowledges in a statement that the company was outpaced when it was owned by Carrier Corp., a unit of United Technologies, "where very little emphasis was placed on innovation or growth."

But she contends that World Dryer has regained marketshare since rolling out the AirForce, and asserts that the old-line models remain popular: "There is still tremendous demand for these standard hand dryers."

BERKELEY PRIDE

World Dryer sells its dryers in 80 countries, and labels stating its Berkeley headquarters are a source of pride for the west suburban village of about 5,000.

"We are in every bathroom in America, and it makes us famous," says Timothy Griffin, acting village administrator of Berkeley. "People have nothing to do when drying their hands, so they read the label and see Berkeley."

But new rivals are elbowing in. Saniflow Corp., a Spanish company with offices in Florida, has a line of high-speed dryers. Dyson, a British company with U.S. headquarters in Chicago, has introduced a new style of dryer.

Mr. Dyson, one of Britain's wealthiest men, built a fortune selling vacuums. His Airblade requires users to dip their hands into a chamber, prompting a blast of air "traveling at 400 mph," as the marketing pitch puts it, drying hands in 12 seconds. Japanese industrial giant Mitsubishi Corp. also has a model similar to the Dyson.

Standard high-speed dryers typically sell for \$300 to \$400; Dyson's Airblade sells for \$1,200.

Dyson claims its product is "the first hand dryer that actually works" — an assertion that irks industry veterans — and uses 80% less energy than traditional dryers.

Advocate Lutheran General Hospital, which previously had paper towels and older dryer models, has installed about 50 Dyson machines. Abt Electronics in Glenview, which put Airblades in its bathrooms two years ago, now sells them because customers fell in love with them, says Marc Cook, the store's general manager.

"They are much cleaner and more efficient than standard dryers," Mr. Cook says.

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