Vital Solutions.

How to develop and market cosmetic products in Southern Africa
A consumer survey with Southern African Women

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1. Southern Africa - Introduction
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- Southern Africa - one of the most culturally diverse regions in the world combining several ethnic groups including hybrid mixtures of different cultures
- Colonialism has left its mark on the development over the course of history
- Today poverty, corruption and HIV/AIDS are some of the biggest factors impeding economic growth.
- Besides the different cultures there are also social distinctions, with regard to income, connection to infrastructure and access to education and health care.
- Positive moves and policies adopted by many African governments have played a significant role in promoting Africa as a viable business partner in global markets

- increasing demand from the emerging middle class
- growing fast moving consumer goods sector
- growth in demand for cosmetic products in Southern Africa
- new opportunities for local & international brands
2. Southern African cosmetic market - size

- Research Wikis estimated the value of the South African cosmetic market in 2007 at over 2.47 billion € and they predicted a growth of 15-20%.

- Euromonitor confirmed a double-digit growth in South Africa for the beauty and personal care market in 2009.

- Mintel says South Africa continues to account for the majority (67%) of launches in the Middle East & Africa, followed by Egypt (17%) and Israel (9%).

- A press release from Shiseido in 2010 indicated that they calculate that South Africans spend 220 million € for top of the range cosmetic products.

These figures show that the total Southern African market definitely has a value of over 3 billion €.

Based on a predicted double digit growth, it could easily reach a market size comparable to one of the major markets in Europe, like Germany, France or the UK.
2. Southern African cosmetic market - brands

- International companies linked to former colony nations like, for example, the British-Dutch company Unilever or Johnson & Johnson, have offered locally produced personal care products for many years in southern Africa.

- Other low to middle priced products have penetrated the market, like brands by Beiersdorf, Henkel and L’Oreal.

- In addition there is an increasing trend for international top-of-the-range cosmetic companies starting to promote their products in southern Africa, like Shiseido did in 2010, for example \(^3, 4, 5\).
3. Consumer survey by Vital Solutions

3.1 Purpose of the survey

3.2 Selection criteria for survey participants

3.3 Methodology

3.4 Findings and analysis

3.5 Summary
The purpose of the study was to understand the relationship of Southern Africa women to cosmetic products, for example:

- What are their needs and expectations towards cosmetic products?
- Which ingredients do they know and use?
- Do they prefer traditional, local ingredients?
- Do they care about natural ingredients?
- Do they care about environmental impacts?
- Where do they buy their products?
- What budget do they have available?
- Which brands do they know?
- What points could trigger interest in new products, new brands?
3.2 Consumer survey – Selection criteria

- Southern African women
- Originally from or being currently resident in one of the following countries: Botswana, Malawi, Mozambique, Namibia, South Africa, Zimbabwe, Swaziland or Zambia.
- Own buying power, being employed or self-employed
- Have access to basic infrastructure - even if living in a remote area
- Used to traveling within their country or within the southern Africa region.

Vital Solutions made sure, that they have access to different kinds of shops and different ranges of products and are not limited only to knowledge about their local products.
3.3 Consumer survey – Methodology

- In-house develop questionnaire - to be completed in writing
- Multiple choice questions
- Open questions:
  - What cosmetic ingredients are used traditionally in your country, region?
- Personal interviews
- Secondary data
Consumer survey – Findings & Analysis

I) General data:
   - age
   - nationality
   - country of residence
   - income
Consumer survey – Ethnic groups

- Black: 12
- White: 10
- Colored: 2
- Others: 0
Consumer survey – Nationality

- American: 1
- British: 2
- Malawian: 1
- Namibian: 3
- Swedish: 1
- Zimbabwean: 5
- Dutch: 1
- Botswana: 2
- South African: 7

Number of respondents by nationality.
Country of Residence

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<thead>
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<th>Country</th>
<th>Black</th>
<th>White</th>
<th>Colored</th>
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<tr>
<td>Zimbabwe</td>
<td>6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Consumer survey – Age

Number

< 30 years  30-40 years  40-50 years  50-60 years  > 60 years

Age

- colored
- white
- black
Consumer survey – Annual income in Euro €

Number

< 3,500 €  |  3,500 - 7,300 €  |  7,300 - 15,000 €  |  15,000 - 21,000 €  |  21,000 - 36,000 €  |  > 36,000 €

- colored
- white
- black
II) Specific data related to cosmetic behavior
- monthly spending
- buying habits
- key drivers – selection criteria
- point of sales
- awareness of ingredients
- expectations
Monthly Spending on cosmetics

Number

< 3.5 €  3.5-7 €  7-14 €  14-21 €  21-35 €  > 35 €

- colored
- white
- black
Buying habits

- Sometimes I reward myself with a special cosmetic product
- I like to give cosmetics as gifts to family and friends
- My husband/boyfriend uses special cosmetics for men
- I buy special kids cosmetics
- I buy cosmetic products for the whole family
- I buy cosmetic product only for myself
Key driver in product purchase?

Three nominations were possible.
Which criteria are important for you?

![Bar chart showing preferences for different product criteria with numbers indicated on the y-axis. The criteria include natural ingredients, herbal ingredients, natural oils, allergen-free formulations, organic certified products, fair trade certified products, and traditional, local ingredients. The chart is color-coded with green, white, and black bars representing different preferences.]
Point of sales: skin care products

Supermarkets, e.g. Pick 'n Pay
Hair Salons
Pharmacies
Internet purchase
Fashion shops, e.g. Edgars
Drugstores, e.g. Clicks
Door to Door, e.g. Environ, Avon
Department store, e.g. Woolworths
Cosmetic Institute, SPA, beauty salon

Number

- black
- white
- colored
Point of sales: Hair & body products

Supermarkets, e.g. Pick 'n Pay
Hair salons
Pharmacies
Internet purchase
Fashion shops, e.g. Edgars
Drugstores, e.g. Clicks
Door to Door, e.g. Environ
Department store, e.g. Woolworths
Cosmetic institute, SPA, beauty salons
Brand shops, e.g. rain, body shop

Quantity
Aloe vera is the common name for Aloe based ingredients used in cosmetics. Most products are obtained from *Aloe barbadensis* which is not origin to Southern Africa, where *Aloe ferox* is found.
Does your cosmetic product contain ...?

Number

Aloe vera
Avocado extract
Calendula extract
Centella asiatica extract
Chamomile extract
Devil claw extract
Ginkgo extract
Grape seed extract
Green tea extract
Kojic acid extract
Licorice extract
Moringa extract
Rose hip extract
Sea weed extract
Saturefandia extract

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Awareness of oils?

Number

- Almond oil
- Avocado oil
- Baobab oil
- Jojoba oil
- Kalahari Melon seed oil
- Marula oil
- Mongongo oil
- Shea butter
- Ximenia oil

- colored
- white
- black
Does your cosmetic product contain this oil?

Number

- Almond oil
- Avocado oil
- Baobab oil
- Kalahari Melon seed oil
- Maruza oil
- Mongongo oil
- Shea butter
- Ximenia oil

Green: colored
White: white
Black: black
Awareness of actives?

Number

- Cashmere proteins
- Coenzyme Q 10
- Flavonoids
- Hyaluronic acid
- Keratin
- Milk proteins
- Silk proteins
- Soy proteins
- Vitamin A
- Vitamin C
- Vitamin E
- Wheat proteins

Legend:
- colored
- white
- black
Does your cosmetic product contain this active?

- Number
- Cashmere proteins
- Coenzyme Q 10
- Flavonoids
- Hyaluronic acid
- Keratin
- Milk proteins
- Silk protein
- Soy proteins
- Vitamin A
- Vitamin C
- Vitamin E
- Wheat proteins

- colored
- white
- black
Which ingredients are traditional in your country?
Expectations for Skin care products?

Blacks

- Sun protection: 10%
- Gentle flavor: 18%
- Moisturizing: 18%
- Anti-shine: 10%
- Anti-aging: 21%
- Calming: 21%
- Anti-Age Spots: 6%

Whites

- Sun protection: 15%
- Gentle flavor: 4%
- Moisturizing: 17%
- Anti-shine: 8%
- Calming: 13%
- Anti-Age Spots: 6%
Expectations for Hair care products?

Blacks
- Colour protect products: 5%
- Anti-dandruff: 24%
- Preventing hair breakage: 35%

Whites
- Colour protect products: 5%
- Anti-dandruff: 13%
- Preventing hair breakage: 32%
- Support shine/Styling: 13%
- Conditioning: 31%
Expectations for Body care products?

**Whites**
- Moisturizing: 33%
- Firming: 13%
- Interesting claims: 4%

**Blacks**
- Moisturizing: 33%
- Firming: 3%
- Fragrance: 24%
- Cleansing: 40%
3.5 Consumer survey – Summary

- With the growth of the middle class and increased spending power across many socioeconomic groups in Southern Africa, a demand for affordable but reliable quality skin care and hair care products exists, to fulfill the requirements of the different ethnic groups and to meet the demand for natural ingredients.

- Consumers will reward those brands focusing on quality and price with their loyalty.

- This is the opportunity for smaller, flexible brands to enter into the market with concepts that are tailor-made for specific ethnic groups, for distribution in supermarkets and drugstores.

- While they have to compete with the pricing structure of the international player like Unilever or L’Oreal, which continue to dominate the market, such brands have the chance to gain new market share from the consumer groups that are in the process of changing their buying habits from small local shops to supermarkets, which are more and more penetrating the rural and township areas.
4. Recommendations for successful products

- Natural ingredients
- Fragrance
- Price
- Skin care claims, like moisturizing, anti-aging, sun protection
- Body care claims, like moisturizing, cleansing
- Hair care claims, like prevent hair breakage, conditioning
- A market for special high performance skin care ingredients and claims is not developed yet. Nevertheless, niche products for specific ethnic groups demonstrate market potential.
- Those cosmetic products recognized as a “gift” to reward herself, should be positioned accordingly
- Basic needs are similar within all ethnic groups, which allows for the development of regional formulations. However, it is recommended that positioning and wording be adapted to the expectations of the targeted consumer group
5. Local developed local products

Handmade Bath & Body Products, Franchise Stores in SA, Europe, US

http://rainafrica.com/

http://www.justineskincare.co.za/

http://www.africanextracts.com/

http://www.gallia.co.za/
5. Local developed local products

http://www.swaziseconds.com/
5. Local developed local products

Savane is inspired from the ethno botany of Southern African plants.

http://www.savaneskin.co.za
References


[6] Mintel GNPD Category Insight, Facial Care, Q3 and Q4 2010
Thank you for your attention!

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