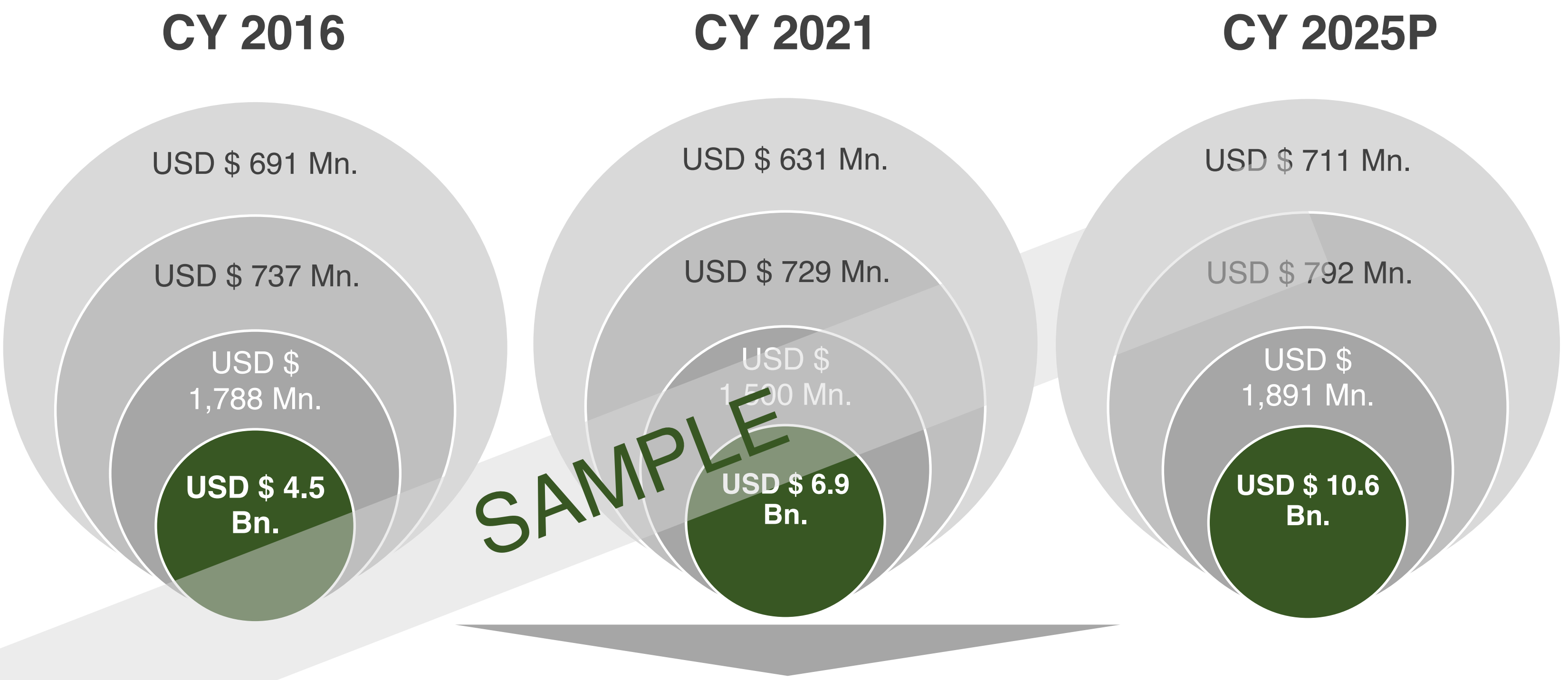
Market Entry Strategy for Beauty & Personal Care Brands (Snapshot)

Saudi Arabia

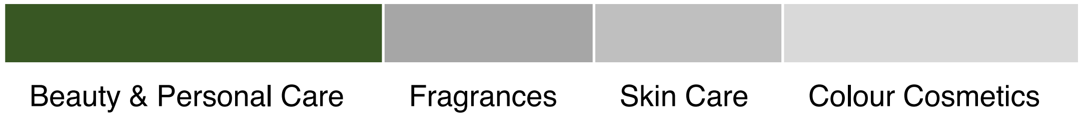
Table of Content

BEDFORD CONSULTS

Market Opportunity in Beauty & Personal Care Market



Sales Mix	CAGR 2016-21	CAGRR 2021-2025P
Beauty & Personal Care	8.9%	11.3%
Fragrances	-3.5%	6.0%
Skin Care	-0.2%	1.7%
Colour Cosmetics	-1.8%	3.0%



Key takeaways

- The overall **Beauty & Personal Care** market in Saudi Arabia is estimated at USD 6.9 Bn. in CY 2021, and the same is expected to grow at a CAGR of 11.3% to reach USD 10.6 Bn. by CY 2025
- The fragrances category contributes **~22%** of the total beauty & personal care market. It stands at USD $ 1,500 Mn. in CY 2021, followed by the Skin Care and Colour Cosmetics category, which contributes **~11%** & **~9%** of the total beauty & personal care market.
- The fragrances category will lead the industry growth in the next five years, followed by Colour Cosmetics and Skin Care.

Sources: Euromonitor International

Sales Mix vs Channel Mix of Key Categories

1

Sales Mix	2016	2021	2025P
Fragrances			
Mass	14%	12%	12%
Premium	86%	88%	88%
Skincare			
Facial Care	56%	56%	55%
Body Care	35%	35%	36%
Hand Care	6%	6%	6%
Skin Care Sets/Kits	3%	3%	3%

Sales Mix	2016	2021	2025P
Colour Cosmetics			
Eye Make-Up	36%	33%	33%
Facial Make-Up	29%	28%	29%
Lip Products	19%	25%	24%
Nail Products	14%	12%	12%
Colour Cosmetics Sets/Kits	3%	1%	1%

2

Channel Sales Mix	Fragrances		Skincare		Colour Cosmetics		Remarks
Format Type	2015	2020	2015	2020	2015	2020	
Grocery Retailers	8.4%	8.2%	43.6%	31.2%	9.8%	8.6%	Organized & Unorganized Retailers
Non- Grocery Retailers	81.0%	65.0%	44.0%	34.6%	70.6%	67.0%	Mix of beauty specialist, drug/chemist/pharmacies stores
Mixed Retailers	7.3%	6.7%	7.8%	5.2%	14.5%	15.4%	Mix of department stores & variety stores
Non-store Retailers	3.2%	20.1%	4.7%	28.9%	5.1%	9.0%	Online & Vending selling

Sources: Euromonitor International

Key takeaways

- In the Fragrance category, the premium category contributes a significant chunk (88%) of the total fragrances market. The same trend will be witnessed shortly.
- In the Skin Care category, Facial Care & Body Care products contribute a significant share (91%) of the total skin Care market.
- In the colour Cosmetics category, Eye Make-up, Facial Make-up and Lip Products contribute 86% of the total colour cosmetic market. The demand for Lip products has increased in the last five years.
- Demand from Exclusive Brand Outlets (EBOs) remains higher across the categories. However, e-commerce platforms have also emerged as other purchasing platforms in the last five years.

Competitive Landscapes of Key Categories

Colour Cosmetics

Brands Share	Company Type	Eye Make-up	Facial Make-up	Lip Products
LVMH	International	33.4%	38.6%	11.9%
L'ORÉAL	International	17.8%	13.2%	16.5%
ESTĒE LAUDER	International	7.2%	5.4%	6.4%
COTY	International	6.1%	9.8%	8.7%
COSNOVA BEAUTY	International	5.8%	1.5%	1.3%
عبدالصمد القرشي Abdul Samad Al Qurashi	Domestic	2.4%	2.2%	1.6%
Natura &Co	International	0.7%	1.5%	2.8%

Skin Care

Brands Share	Company Type	Facial Care	Body Care
P&G	International	12.9%	-
L'ORÉAL	International	12.4%	0.3%
Beiersdorf	International	8.8%	29.4%
Unilever	International	6.5%	22.7%
Johnson & Johnson	International	6.4%	4.0%
Kao	International	-	14.4%
Natura &Co	International	3.8%	4.0%

Fragrances

Brands Share	Company Type	Premium	Mass
العربية للعود Arabian Oud	Domestic	26.0%	-
عبدالصمد القرشي Abdul Samad Al Qurashi	Domestic	10.1%	-
LVMH	International	5.5%	-
COTY	International	3.4%	3.7%
L'ORÉAL	International	2.3%	-
MS محمود سعيد Mahmood Saeed	Domestic	1.2%	22.9%
Natura &Co	International	-	15.5%
Unilever	International	-	3.0%
ORIFLAME SWEDEN	International	-	1.5%

Categories like Colour Cosmetics, Skin Care, and International brands dominate the Saudi Arabia market and contribute a major share of the total category (55-80%). Whereas, in fragrance, domestic brands contribute (35-40%) of the total demand.

Sources: Bedford consults analysis

Higher ■ ■ ■ ■ ■ ***Lower***

Key Trends

Growing preference for **Natural & Organic** Personal Care products

The rise in preference for chemical-free products and products made from safer ingredients is particularly triggering interest in natural and organic beauty and personal care products.

Demand for **Premium Fragrances** are Higher among Saudi consumers.

Due to their love or preference for luxurious products, the demand for premium fragrances are high among Saudi consumers.

Dermo-Cosmetics products are popularised among Saudi consumers

Rise in awareness among consumers in terms of protection of skin from rays and emissions, leading the demand

Online selling through own **Websites or E-commerce platforms** is building the demand.

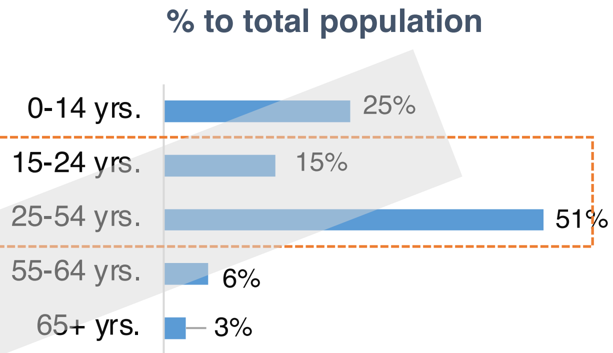
Factors like COVID-19 have popularized purchasing of beauty care products from online platforms.

Key Growth Drivers

1 Increase in Women workforce

Sector	CY 2016	CY 2021
Industry	2%	2%
Services	98%	98%
Total Female Employment (in Mn.)	**2.16**	**3.29**

2 Young Demographics



3 Increase in penetration of Internet & Social Media platforms

Sector	CY 2016	CY 2020
Internet Penetration (% to population)	74.9%	97.9%
Social Media Penetration (% to population)	34.5%	82.3%*

4 Increase in Organized Retail (Modern + Online Platforms)

Sector	CY 2016	CY 2021
Modern Retail (% to total sales)	66.7%	66.7%
E-Commerce (% to total sales)	17.8%	18.8%

- The increase in female participation in the workforce is fueling the demand for beauty and personal care products. The participation of females has grown with a CAGR of 8.8% in the last 5 yrs. (CY 2016-21). The service industry is the main area of participation.
- Favourable demographics comprise the age group of 15-54 yrs. (aspirational & social experimenting in nature) which comprises students and working professionals, are the primary group (66%) of the total population of Saudi Arabia.
- The increased penetration of the internet and social media among Saudi Arabia consumers is aiding the industry to create additional demands.

Sources: World Bank, Grand View Research, DataReportal
**indicates CY 2021*

Presence of Key Existing Retail Players in Saudi Arabia

Brand	Revenue CY 2019 (in USD Bn)	Country of Origin	Type of Player	Channel Break-up
ALHOKAIR Fashion Retail	7+	Saudi Arabia	Omni-channel	B&M stores + Ecommerce
OLAYAN	6+	Saudi Arabia	Pure play B&M	B&M stores only
صافولا SAVOLA	5+	Saudi Arabia	Pure play B&M	B&M stores only
نون noon	1+	Saudi Arabia	Pure play online	Ecommerce
SOUQ an amazon company	1+	UAE	Pure play online	Ecommerce. Largest ecommerce platform in Arab world. Parent company- Amazon
أسواق عبدالله العثيم Abdullah AlOthaim Markets	1+	Saudi Arabia	Pure play B&M	Only B&M stores
نمشي NAMSHI	0.1+	UAE	Pure play online	Ecommerce Parent company- Emaar Malls

Source: Statista, Company Annual Report, News Articles

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Thank You

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