Baby and Child-Specific Products

November 2011

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BABY CARE IN THE UNITED ARAB EMIRATES - CATEGORY ANALYSIS

HEADLINES

- Baby care registers current value growth of 5% to reach AED44 million in 2010
- The year-round sunny weather drives demand for baby sun care, which is up by 5% to AED3 million
- Unit price movements during the year are minimal as growth and inflation slow
- Johnson & Johnson (Middle East) leads baby care with a 28% value share
- Baby care is expected to post a constant value CAGR of 3% over the forecast period

TRENDS

- Current value sales of baby care grew by 5% in 2010 to AED44 million. Growth was lower than the 8% CAGR experienced during the review period of 2005-2010, reflecting the stagnation in population growth as expatriates left the country, taking families with them. Remaining families adopted cautious spending approaches and traded down to cheaper brands, negatively impacting upon volume and value growth.
- Baby sun care recorded growth of 5% on 2009, baby hair care 5%, baby skin care 5% and baby toiletries 4% – products all deemed essential amongst most consumers. Growth in baby sun care lost some ground on 2009 following a significant number of campaigns that year that were followed to the same extent in 2010. Baby hair care and nappy (diaper) rash treatments were the most dynamic categories in 2010.
- Baby skin care posted a slightly lower growth rate compared to that of 2009 on account of trading down to cheaper brands like Himalaya, which elicits strong customer loyalty amongst the Asian population. Baby skin care also managed to stave off competition from cheaper substitute products like talcum powder, which is not recommended by most paediatricians and pharmacists as a skin care product.
- Baby care products are generally purchased by middle- and high-income earners, albeit with some variations. Baby hair, skin and sun care products are common amongst both, whilst baby toiletries are mostly purchased by high-income households. Historically, baby sun care products were not popular in the United Arab Emirates, but given the growing awareness of the dangers of sunlight, parents are becoming remarkably cautious.
- Speciality baby care brands were traditionally available in chemists/pharmacies, and typically have small sales shares. However, as baby care products started making their way into supermarkets and hypermarkets, brand awareness of these products have gradually increased.
- Unit prices remained stable in 2010 as inflation rate remained low. There was also some pressure from the United Arab Emirates' Ministry of the Economy to prevent price hikes, working with supermarkets to monitor prices and prevent manipulators from maintaining the high prices experienced in 2008.
- Premium baby care brands struggled in 2010 in light of the low consumer spending during the year. Although the United Arab Emirates has been historically known for its high disposable

incomes and consumer purchasing power, both have been hit by economic hardship. Many middle-income earners have resorted to trading down to cheaper brands like Himalaya in a bid to weather the low consumer confidence. Mothercare, which sells a number of premium baby care products in the United Arab Emirates, reported lower volume growth during the year.

- The majority of products available fall under the shampoo, baby oil and baby lotion categories, which are deemed as the essentials amongst most households. Other products like sun protection, aftersun and conditioner are still niche products for many consumers.

COMPETITIVE LANDSCAPE

- Johnson & Johnson (Middle East) led baby care with a retail value share of 28% in 2010 as the brand continues to elicit strong customer loyalty in the United Arab Emirates. Historically, expatriates hailing from Europe, the US and Asia have been the ones behind transferring their entrenched loyalty to Johnson’s to the United Arab Emirates.

labl products are becoming popular at certain retailers like Carrefour, Géant, Spinneys and Union Cooperative Society.

PROSPECTS

CATEGORY DATA

Table 1 Sales of Baby Care by Category: Value 2005-2010

AED '000

	2005	2006	2007	2008	2009	2010
Baby Hair Care						
Baby Skin Care						
Baby Sun Care						
Baby Toiletries						
Medicated Baby Care						
Nappy (Diaper) Rash Treatments						
Baby Care						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 2 Sales of Baby Care by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 Total
Baby Hair Care			
Baby Skin Care			
Baby Sun Care			
Baby Toiletries			
Medicated Baby Care			
Nappy (Diaper) Rash Treatments			
Baby Care			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Baby Care Premium Vs Mass % Analysis 2005-2010

% retail value rsp

	2005	2006	2007	2008	2009	2010
Premium						
Mass						
Total						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Baby Care Company Shares 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Baby Care Brand Shares by GBN 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Baby Sun Care Brand Shares by GBN 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 Baby Care Premium Brand Shares by GBN 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 8 Forecast Sales of Baby Care by Category: Value 2010-2015

AED '000

	2010	2011	2012	2013	2014	2015
Baby Hair Care						
Baby Skin Care						
Baby Sun Care						
Baby Toiletries						
Medicated Baby Care						
Nappy (Diaper) Rash Treatments						
Baby Care						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 9 Forecast Sales of Baby Care by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Baby Hair Care		
Baby Skin Care		
Baby Sun Care		
Baby Toiletries		
Medicated Baby Care		
Nappy (Diaper) Rash Treatments		
Baby Care		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 10 Forecast Baby Care Premium Vs Mass % Analysis 2010-2015

% retail value rsp

	2010	2011	2012	2013	2014	2015
Premium						
Mass						
Total						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

BEAUTY AND PERSONAL CARE IN THE UNITED ARAB EMIRATES - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Economy Slow To Recover From Crisis

The economic slowdown that hit the UAE in mid 2008 continues to dampen demand as population growth remains constrained and consumer spending is lower due to the uncertain climate. Nonetheless, all categories are forecasted to grow at higher rate than of the review period in constant terms, reflecting the expected recovery of the economy over the next five years.

New Products and Promotions Stimulate Demand

Manufacturers responded to lower consumer demand by stimulating the market with new products and promotional activities. New products were rife in skin care with anti-aging and antiwrinkle creams leading new launches. Promotions in oral care and in soap helped keep sales buoyant and were led by the major manufacturers keen to keep hold of market share.

Domestic Manufacturers Fall Further Behind International Brands

Domestic manufacturers continued to struggle in most areas of beauty and personal care, with little presence in baby care, bath and shower products, deodorants and oral care. Cosmetics and fragrances fared better, with stronger representation and competitive products from Kamal Osman Jamjoon (cosmetics), Ajmal International and Rasasi Perfumes (both fragrances).

Supermarkets/hypermarkets Remain in Control of Distribution

In addition to being positioned as the domain of weekly shopping, supermarkets/hypermarkets are reinforcing their lead in the distribution of beauty and personal care products. The low consumer confidence has clearly come to benefit these channels, particularly due to their regular promotions and growing interest in their private label beauty and personal care lines.

A Delayed Recovery

Although the global economy had showed signs of recovering by the second half of 2009, the United Arab Emirates has remained mired in recession. The Dubai debt crisis, which erupted in November 2009, has continued to slow economic recovery, and has accordingly fed through into the beauty and personal care industry. Nonetheless, this is expected to be reversed as forecast growth rates are higher than the review period reflecting the expected economic recovery.

MARKET DATA

Table 1 Sales of Beauty and Personal Care by Category: Value 2005-2010

AED million

	2005	2006	2007	2008	2009	2010
Baby Care						
Bath and Shower						
Colour Cosmetics						
Deodorants						
Depilatories						
Fragrances						
Hair Care						
Men's Grooming						
Oral Care						
Oral Care excl Power Toothbrushes						
Skin Care						
Sun Care						
Sets/Kits						
Premium Cosmetics						
Mass Cosmetics						
Beauty and Personal Care						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources
Note 1: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.
Note 2: Sum of categories is greater than market size because the four men's toiletries categories are included in men's grooming as well as in bath and shower, deodorants, hair care and skin care.

Table 2 Sales of Beauty and Personal Care by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 Total
Baby Care			
Bath and Shower			
Colour Cosmetics			
Deodorants			
Depilatories			
Fragrances			
Hair Care			
Men's Grooming			
Oral Care			
Oral Care excl Power Toothbrushes			
Skin Care			
Sun Care			
Sets/Kits			
Premium Cosmetics			
Mass Cosmetics			
Beauty and Personal Care			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources
Note 1: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.
Note 2: Sum of categories is greater than market size because the four men's toiletries categories are included in men's grooming as well as in bath and shower, deodorants, hair care and skin care.

Table 3 Sales of Premium Cosmetics by Category: Value 2005-2010

AED million

	2005	2006	2007	2008	2009	2010
Premium Baby Care						
Premium Bath and Shower						
Premium Colour Cosmetics						
Premium Deodorants						
Premium Fragrances						
Premium Hair Care						
Premium Skin Care						
Premium Sun Care						
Premium Sets/Kits						
Premium Cosmetics						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.

Table 4 Sales of Premium Cosmetics by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 Total
Premium Baby Care			
Premium Bath and Shower			
Premium Colour Cosmetics			
Premium Deodorants			
Premium Fragrances			
Premium Hair Care			
Premium Skin Care			
Premium Sun Care			
Premium Sets/Kits			
Premium Cosmetics			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Note: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.

Table 5 Beauty and Personal Care Company Shares by NBO 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010

Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research,
store checks, trade interviews, trade sources

Beauty and Personal Care Company Shares by GBO 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010

Total		100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research,
store checks, trade interviews, trade sources

Beauty and Personal Care Brand Shares by GBN 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Total			100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research,
store checks, trade interviews, trade sources

Sales of Beauty and Personal Care by Distr bution Format: % Analysis 2005-2010

% retail value rsp

	2005	2006	2007	2008	2009	2010
Store-Based Retailing						
- Grocery Retailers						
- - Discounters						
- - Small Grocery Retailers						
- - - Convenience Stores						
- - - Forecourt Retailers						
- - - Independent Small Grocers						
- - Supermarkets/ Hypermarkets						
- - Other Grocery Retailers						
- Non-Grocery Retailers						
- - Health and Beauty Retailers						
- - - Beauty Specialist Retailers						
- - - Chemists/Pharmacies						

- - - Parapharmacies/ Drugstores						
- - - Other Health and Beauty Retailers						
- - Mixed Retailers						
- - - Department Stores						
- - - Mass Merchandisers						
- - - Variety Stores						
- - - Warehouse Clubs						
- - Outdoor Markets						
- - Other Non-Grocery Retailers						
Non-Store Retailing						
- Direct Selling						
- Homeshopping						
- Internet Retailing						
- Vending						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 9 Sales of Beauty and Personal Care by Category and by Distribution Format: % Analysis 2010

% retail value rsp

	BC	BS	CC	D	DP	F
Store-Based Retailing						
Grocery Retailers						
Discounters						
Small Grocery Retailers						
Convenience Stores						
Forecourt Retailers						
Independent Small Grocers						
Supermarkets/Hypermarkets						
Other Grocery Retailers						
Non-Grocery Retailers						
Health and Beauty Retailers						
Beauty Specialist Retailers						
Chemists/Pharmacies						
Parapharmacies/Drugstores						
Other Health and Beauty Retailers						
Mixed Retailers						
Department Stores						
Mass Merchandisers						
Variety Stores						
Warehouse Clubs						
Outdoor Markets						
Other Non-Grocery Retailers						
Non-Store Retailing						
Direct Selling						
Homeshopping						
Internet Retailing						
Vending						
Total	100.0	100.0	100.0	100.0	100.0	100.0

	HC	MG	OC	SC	SU	SK
Store-Based Retailing						
Grocery Retailers						
Discounters						
Small Grocery Retailers						
Convenience Stores						
Forecourt Retailers						
Independent Small Grocers						
Supermarkets/Hypermarkets						
Other Grocery Retailers						
Non-Grocery Retailers						
Health and Beauty Retailers						
Beauty Specialist Retailers						
Chemists/Pharmacies						
Parapharmacies/Drugstores						
Other Health and Beauty Retailers						
Mixed Retailers						
Department Stores						
Mass Merchandisers						
Variety Stores						
Warehouse Clubs						
Outdoor Markets						
Other Non-Grocery Retailers						
Non-Store Retailing						
Direct Selling						
Homeshopping						
Internet Retailing						
Vending						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Key: BC = baby care; BS = bath and shower; CC = colour cosmetics; D = deodorants; DP = depilatories; F = fragrances; HC = hair care; MG = men's grooming; OC = oral care; SC = skin care; SU = sun care; SK = sets/kits

Table 10 Forecast Sales of Beauty and Personal Care by Category: Value 2010-2015

AED million

	2010	2011	2012	2013	2014	2015
Baby Care						
Bath and Shower						
Colour Cosmetics						
Deodorants						
Depilatories						
Fragrances						
Hair Care						
Men's Grooming						
Oral Care						
Oral Care excl Power Toothbrushes						
Skin Care						

Sun Care	
Sets/Kits	
Premium Cosmetics	
Mass Cosmetics	
Beauty and Personal Care	

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Note 1: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.
Note 2: Sum of categories is greater than market size because the four men's toiletries categories are included in men's grooming as well as in deodorants, skin care, bath and shower and hair care.

Table 11 Forecast Sales of Beauty and Personal Care by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Baby Care		
Bath and Shower		
Colour Cosmetics		
Deodorants		
Depilatories		
Fragrances		
Hair Care		
Men's Grooming		
Oral Care		
Oral Care excl Power Toothbrushe		
Skin Care		
Sun Care		
Sets/Kits		
Premium Cosmetics		
Mass Cosmetics		
Beauty and Personal Care		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Note 1: Premium cosmetic sales are additionally included within baby care, bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.
Note 2: Sum of categories is greater than market size because the four men's toiletries categories are included in men's grooming as well as in deodorants, skin care, bath and shower and hair care.

Table 12 Forecast Sales of Premium Cosmetics by Category: Value 2010-2015

AED million

	2010	2011	2012	2013	2014	2015
Premium Baby Care						
Premium Bath and Shower						
Premium Colour Cosmetics						
Premium Deodorants						
Premium Fragrances						
Premium Hair Care						
Premium Skin Care						
Premium Sun Care						
Premium Sets/Kits						
Premium Cosmetics						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: Premium cosmetic sales are additionally included Within baby care. bath and shower. deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.

Table 13 Forecast Sales of Premium Cosmetics by Category: % Value Growth 2010-2015

% constant value growth

Premium 8aby Care
Premium 8ath and Shower
Premium Colour Cosmetics
Premium Deodorants
Premium Fragrances
Premium Hair Care
Premium Skin Care
Premium Sun Care
Premium Sets/Kits
Premium Cosmetics

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Premium cosmetic sales are additionally included Within baby care. bath and shower, deodorants, colour cosmetics, hair care, fragrances, skin care, sun care and sets/kits.

DEFINITIONS

This report analyses the market for 8eauty and Personal Care in the United Arab Emirates. For the purposes of the study, the market has been defined as follows:

~ 8aby care
~ 8ath and shower
~ Colour cosmetics
~ Deodorants
~ Depilatories
~ Fragrances
~ Hair care
~ Men's grooming
~ Oral hygiene
~ Skin care
~ Sun care
~ Sets/kits

Sources

Sources used during research include the following:

Summary 1 Research Sources

Official Sources	Abu Dhabi Chamber of Commerce & Industry
	Ajman Chamber of Commerce & Industry
	Dubai Chamber of Commerce & Industry
	Dubai Statistics Center

Trade Associations	Fujairah Chamber of Commerce & Industry Shaqah Chamber of Commerce & Industry Umm Al Quwain Chamber of Commerce & Industry Al Khaimah Chamber of Commerce, Industry & Agriculture
Trade Press	Arabian Business Gulf News Khaleej Times Noozz Red Hot
Company Sources	Ajmal Perfume Al Shaya Group Alberto-Culver Alphamed Group Avon Al Hathboor Avon Products Inc Beiersdorf Middle East Colgate-Palmolive Coty CPO Himalaya Drug Co, The Johnson & Johnson Middle East FZE Jordan AS Kamal Osman Jamjoom Est L'Oreal Middle East MAF Carrefour Hyperrnarl<ets MH Alshaya Co PZCussons Rasasi Perfumes Industry LLC Sara Trident Emirates LLC The Himalaya Drug Co Unilever Arabia FZE Unilever Group

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