

Analysis of the Brazilian body care market

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The Brazilian market

The Brazilian Cosmetics & Toiletries market is the 6th largest in the world, with sales estimated USD 9,193 million (net manufacturing sales) in 2006, up 13.6% from USD 8,093 million in 2005.

One of Brazil's most known features is its warm climate and sunny weather. The country is almost entirely located in the tropical region, where hot weather lasts for the whole year and seasons are hardly distinguishable. Even in the areas distant from the equator, summers are relatively hot and winters are mild, leaving little space for winter coats, warm trousers, boots and gloves. In fact, arms, hands, feet and legs are exposed most of the time. Along with that, the "Bikini Culture" associated with the ever crowded and fashionable beaches found in Brazil increase women's willingness to keep their bodies firm and smooth, specially as summertime approaches.

It is only natural then, that Brazilian women have enormous interest in maintaining the beauty and youthfulness of their skin. Therefore, the body care category is becoming increasingly relevant in the Brazilian C&T market, as consumers show higher interest in treating and protecting their skin from dryness, cellulite, flaccidity, sun exposure, among other problems. According to a survey carried out by the Kline Group in Brazil (Global Cosmetics & Toiletries 2006 - Brazil) manufacturers' sales of hand and body lotions are estimated at USD 390 million (net sales) in 2006, from about USD 328 million in 2005.

Brazilian women's habits towards body care

Brazilian women have been in the habit of using body care products for quite some time now. It is a very common and widespread practice, for example, to use moisturizing products daily, in order to protect and soften the body skin. These consumers have experienced the benefits of using these products and thus increased their expectations and knowledge on the subject.

As treatments promising to restore and maintain smoothness of the skin along with multifunctional products that offer additional benefits such as anti-aging, skin firming, and cellulite reduction are launched, Brazilian consumers have their options broadened, obliging marketers to be updated with trends and new technologies.

Concealing and staving off signs of aging have become a target for Brazilian women of all ages, as regards the leadership position held by Brazil in terms of plastic surgery and esthetic treatment. In daily routine this fact is detailed by massive use of cosmetic treatment products, which are already popular among all income classes. Moreover, young women are showing an increasing interest in preventing their skin from being affected by wrinkles, cellulite, spots etc.

The depilatories segment is characterized by a rather different consumption system, which also leads to a different industry structure. Consumers in Brazil actually see depilatory products quite differently from hand and body lotions. Depilatory services can be better described in Brazil as a ritual rather than a cosmetic treatment. Although depilatory products lead to results such as better appearance, softer skin and feminine qualities appreciation, its consumption is narrowly related to the necessity of eliminating body hair to meet beauty standards, and it ends up being more of a virtual obligation. The importance of depilatory services in Brazil is in a certain way responsible for mastering in techniques, such as the Brazilian Wax, known worldwide.

The usage of self application depilatory products such as hair removers/bleaches is not yet spread in the Brazilian market. Women have doubts about the effectiveness of these products since they are relatively new in the country and communication about the benefits of the product is still unsatisfactory.

Body Care marketers in Brazil

The Brazilian Market is attended by both multinational and domestic companies. Although the sector is relatively consolidated (the four leading companies account for 57% of the category overall sales) there are several small brands with regional actuation and premium brands which broaden the options available for body care from home made elementary formulations to utterly specialized products.

The hand and body Lotions segment is led by Natura, a local direct sales company, of which category manufacturing net sales totaled USD 111 million in 2006. Placed in second is Avon, which finds in Brazil its second largest market (smaller than USA only). Unilever ranks , third place in the category. Beiersdorf follows in fourth place, presenting a growth rate of 9.8% in comparison to 2005, mainly due to the performance of the company's main brand in this category, Nivea.

The analysis of the main marketers and their respective market share gives a picture of the most popular retail outlets for body care products in Brazil. The two leading companies adopt the direct sales channel, which in Brazil has proven to be very efficient in the Cosmetics & Toiletries sector. Experimentation and orientation along with personal relationships drive value to consumers as they feel safer when shopping.

Marketers in the depilatory segment are different from the ones found in hand and body lotions market. Although some companies holding a leadership position in the hand and body lotions segment entered in the depilatories category, such as Avon in 2002, the majority of companies with highlighted position in the Brazilian C&T market are out of this category.

Hair removers/bleaches lag behind in this category, demonstrating the preference for other depilatory methods by Brazilian consumers, while razors and blades account for the bulk of depilatories' category. Disposable razors and blades are the most popular products in Brazil and are manufactured by companies such as Gillette (P&G), BIC and Schick, being by far the most accessible option among depilatories in terms of price, as well as being the easiest to use. The presence of these players makes the competition environment fiercer.

Aside from the razor and blades, and removers/bleaches segment, the depilatories market in Brazil is very hardly measurable. Depilatory services offered by beauty salons are geographically spread, have very fragmented ownership and use a wide variety of products and waxes manufactured by small producers.

Opportunities assessment

The landscape for Brazilian Body Care market in the future indicates a constantly higher interest towards beauty treatments. According to the Kline Group's study in Brazil, manufacturers' sales of hand and body lotions are estimated to expand at an average annual rate of 14.7% to reach USD 545 million (net sales) in 2011, up from USD 390 million in 2006 as unit sales of hand and body lotions are expected to grow from 155 million in 2006 to 243 million in 2011, a 9.4% yearly increase, reflecting pricing power of the manufacturers.

There are still many untapped opportunities in the Brazilian C&T market that if explored properly will certainly drive growth to companies in this segment. The market still lacks products oriented for both the teenagers and the male categories. Although less complex body care products such as moisturizers and cleansers are very popular, there is still a gap that makes it difficult for the consumer to reach more easily complex products such as toning, anti-cellulite and anti-aging lotions. There are companies already aware of this gap and they are trying to fulfill it by launching new products in these lines and intensifying their distribution. In addition, companies face a unique ethnic diversity, typical from Brazil, which may give them inputs to successfully launch ethnical lines that can offer specific kinds of treatment for different sorts of skin, engaging in another kind of untapped opportunity.