

Analysis of the Brazilian hair styling products and sprays market

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Brazil is one of the fastest-growing Cosmetics & Toiletries markets globally and Hair Care plays an important role in this realm. Apart from being the largest segment in Brazil's overall C&T market, hair care products continuously post high growth rates and have no indication of slowing down in the upcoming years.

According to The Kline Group Latin America, which office is located in São Paulo, Brazil, between 2003 and 2008, hair care sales increased at a CAGR of 14.1%, above industry average of 13.5%, reaching BRL 8.1 billion (USD 4.4 billion) in 2008. Product categories positively impacting this result include hair coloring products and conditioners, which together represent approximately 70% of this market.

Hair styling products and sprays, on the other hand, represents merely 2% of hair care sales in Brazil, translated to BRL 136.3 million (USD 74.3 million) in 2008, and was the only product category with declining sales in this period. The underlying reasons for this negative result are many, but this does not mean that opportunities can not be seized in this market.

Indirect competitors influence hair styling sales

Brazilian consumers, especially women, have a special and almost religious relationship with their hair as consumers consider hair care as one of their fastest options to achieve a better and upgraded look. For Brazilians the hair shows personality and is tightly connected to the concept of beauty.

Brazilian women, as any other, have enormous interest in maintaining the beauty and youthfulness of their hair, and yet face severe and constant natural, mechanic and chemical harms.

Brazilians are very keen on beaches and swimming pools as a mean to overcome Brazil's warm climate and sunny weather. The country is almost entirely located in the tropical region, where hot weather lasts for the whole year. This means that the Brazilians' hair are continuously exposed to external threats such as wind, sea

water, sun light and chlorine. In addition, the proliferation of chemical process, such as hair coloring and straightening, coupled with the constant employment of blow dryers, splash and curly irons on almost daily basis contribute for further harming the hair.

This conjunction leads to an increasing concern about their hair appearance and health, resulting in a continuous search for products to help in this task. Traditional hair styling products are not fully developed to deliver the treatment Brazilians currently require, and therefore are losing space to other products, such as leave-in conditioners, which treats the hair and helps during brushing or combing.

Treatment products which promise to restore and maintain smoothness of the hair, and multifunctional products, which offer additional styling benefits such as curling or straightening, broad Brazilian consumers' options for hair styling and blur the boundaries between treatment and styling.

Brazilians in general prefer natural-looking hair, thus strong-holding products and others that take away the natural look are not in much demand, undermining hair styling products and sprays sales. Instead, consumers demand treatment products that enhance the natural hair potential, offering end-benefits such as shine, volume and curl definition. As a result, hair styling marketers have seen the expansion of indirect competitors in the conditioners category taking a relevant share of their sales.

Hair straightening products also reduce the demand for hair styling. These products are vastly demanded by Brazilians as straight hair is fashionable and the population has a great proportion of afro ancestry. The adoption of a straight hair through chemical processes drastically reduces the need for styling, as current procedures results last for several weeks, and therefore has a negative impact on hair styling sales.

Weak advertisement and marketing activities

Manufacturers and retailers also have their share in the poor results of the hair styling industry. Little promotion and weak new product activity, especially if compared to other C&T categories, result in less interest from consumers and contributes to downsize the presence of hair styling products in retailers' shelves. Hair sprays and mousses, which currently represent the bulk of hair styling products sales,

are seen as products of an older generation and are avoided by young people, mainly because there are no novelties in this area. Although upgrades are constantly made in this market, break through launches are very rare and poorly announced.

The consolidation of the Brazilian Market can be one of the reasons for such inertia: the five leading companies' aggregate sales account for 77% of the category and include global players as L'Oreal and Procter & Gamble as well as domestic companies such as Bertin, which owns one of the main hair spray brands in Brazil, and Hypermarchas, which became the leading company in 2008, with nearly 30% of the market, after the acquisition of Bozzano and NYLOOKS, two of the most important gel and mousse brands in Brazil.

The leading brands in Brazil are very traditional. For decades these products constructed their consumer base which support marketers' sales. But the struggle to conquer new users and to beat the other competitors is much less fierce than in other categories and being so is less focused by manufacturers and retailers.

Seizing opportunities is the only way to achieve growth

The Brazilian Hair Styling Products and Spray market landscape shows growing competition from other products categories, less space on traditional retailers, and more distant consumers. How to overcome these hurdles and achieve growth in such difficult conditions?

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. Hair styling products with treatment features should leverage sales when they are launched. Multifunction Hair Styling Products help to drive up sales, because in addition to styling, they offer other benefits such as added shine, protection from thermal styling appliances, and improved texture.

Natural ingredients represent a trend for all C&T product categories, specifically for the hair styling products, which still have large concentrations of synthetic ingredients, and low effectiveness of natural ingredients. However, as an alternative to the difficult task of including natural ingredients, the product can be a natural inspired, meaning that the product uses both synthetic and natural ingredients, enabling a natural positioning premium pricing.

There is also an opportunity to focus on the men's segment. Men are more worried about their appearance and that includes taking care of their hair. The

metrosexual trend, a neologism of the 90's applied to heterosexual men concerned about their appearance, is being popularized in Brazil and illustrates how flourishing this market can be. Men have fewer options to set a unique and fashionable hair style than women, and thus rely on gels, pomades and waxes.

The salon channel, although irrelevant if compared to the overall market, is rapidly expanding, thus illustrating Brazilians' increasing preference for more sophisticated products, which are sold exclusively through the professional channel. Shifting to more focused retailing options, such as specialized stores and salons is a good strategy to reach those consumers who are more inclined to buy hair styling products, as their consumption patterns are more "professional oriented". This channel also gives the opportunity to invest in salespeople and stylists education on the benefits of the new generation of hair styling products and how to educate their clients to buy more of these products.

Market sales will remain flat in the upcoming years

The Kline Group's forecast indicates that Hair styling products and sprays sales in Brazil are projected to grow at a CAGR of 0.2% (real rate) from BRL 136 million (USD 74.3 million) in 2008 to BRL 138 million (USD 75.2 million) in 2013. Many factors will disable the category to post high growth rates.

Hair straightening will remain the preferred styling service among women, driving sales to this category rather than hair styling. Treatment products with styling end-benefits such as leave-in conditioners will continue to grow and will represent a threatening competition for hair styling products. Young consumers, who will drive growth in the C&T industry in the next years, are not big fans of the hair styling products currently available in the market and, unless innovative launches occur, this situation is likely to remain.

The Hair Styling category, as well as the Cosmetics & Toiletries segment, does not depend on credit, but on income. Therefore, the global economic crisis which started in 2008 has not yet caused a big impact in this sector, as consumers products' purchase decisions are less affected than capital goods' such as refrigerators, microwaves and cars.

However, uncertainties surrounding employment and income will slow down the market, as consumers in general will be more precautionary and choose lower priced products rather than premium ones.

Being sensitive about what consumers want for their hair in terms of appearance and health and stressing how the benefits of the products meet consumers expectations will be crucial to survive in this market. To reestablish the spotlight position that hair styling products and sprays had in the elaborated hairdos era is a difficult task, as fashion trends do not point this way in Brazil. However, conquering new users by adding more benefits than simple fixation and increasing consumer awareness of the products are possible ways to grow, which marketers will be able to achieve if more effort is put into marketing and distribution activities.