



MANUFACTURE OF SOAPS, DETERGENTS AND FRAGRANCES



QDB

بنك قطر للتنمية
QATAR DEVELOPMENT BANK

MANUFACTURE OF SOAPS, DETERGENTS AND FRAGRANCES





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Between 2006 and 2017, the demand volume for detergents, toilet soaps and fragrances increased at a CAGR of 12%, 14.8% and 7.2%, respectively.

CEO's MESSAGE



According to the analysis of the data published by the Planning and Statistics Authority, the market size of detergents, toilet soaps and fragrances in 2018 was approximately 75,600, 36,600 and 9,000 metric tons, respectively.

As part of Qatar's initiative to promote private sectors' entrepreneurship, particularly the small and medium-sized enterprises (SMEs), which are vital tributaries to the country's aspired diversified and sustainable economy, Qatar Development Bank (QDB) plays a vital role in this domain wherein it puts a great deal of time and effort into promoting local entrepreneurship and facilitating the formation of new ventures on a sound and viable business basis.

QDB's role is not limited to financing enterprises as it provides SMEs and entrepreneurs with non-financial support services throughout all the phases of their businesses, in a bid to achieve its vision "to develop and empower Qatari entrepreneurs and innovators to contribute in the diversification of the Qatari economy."

In line with its objectives to establish reliable data and analysis as pre-requisite for new business ventures, and in order to extend meaningful support to Qatari entrepreneurs, QDB is publishing a series of reports on potential SME opportunities currently available across various sectors in the local market.

These reports aim at providing entrepreneurs potential opportunities to enter particular sectors with relevant information and perspectives pertaining to these sectors, including competitive landscape and data pertaining to existing companies operating in such sectors.

This report focuses on 'Manufacture of Soaps, Detergents and Fragrances', sector. This sector is further categorized into three broad segments, a) Detergents which include laundry detergents, dishwashing products and other household cleaning products b) Toilet soaps which include soap bars, bath gels, shampoos, shaving gels, hand wash, hand sanitizers, etc. and c) Fragrances which include perfumes, deodorants & antiperspirants and air fresheners.

Qatar used to rely on imports of products under this sector. However, there is increased participation from the local SMEs especially in the detergent and fragrance segments. This helped in import substitution particularly since the commencement of diplomatic situation in Qatar. Currently, there are five companies manufacturing detergents in Qatar and is expected to add more company/capacity in 2019. With the additional capacities, the detergent companies will be able to cater to the demand of detergents in Qatar. Two of the detergent companies also produce hand wash in limited amounts, which is the only product under toilet soap manufactured in Qatar. There are two companies manufacturing perfumes in Qatar, which will cater to a small portion of the fragrance segment.

I invite readers to go through the report and learn more about the sector prospects.

Abdulaziz bin Nasser al-Khalifa
Chief Executive Officer



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ACRONYMS AND ABBREVIATIONS

AED	Arab Emirates dirham
APEJ	Asia Pacific, excluding Japan
CAGR	Compounded annual growth rate
EUR	Euros
FDA	Food and Drug Administration
GCC	Gulf Cooperation Council
HS	Harmonized System
KOH	Potassium hydroxide
KSA	Saudi Arabia
MEA	Middle East and Africa
NaOH	Sodium hydroxide
NDC	National Detergents and Cosmetics Company
OTC	Over the counter
P&G	Procter & Gamble
QDB	Qatar Development Bank
QDC	Qatari Detergents Company
UAE	United Arab Emirates
UK	United Kingdom
US	United States of America
US\$	United States Dollar



EXECUTIVE SUMMARY

This sector comprises of three broad segments i.e. detergents, toilet soaps and fragrances. Increasing awareness of personal hygiene and the increase in population will drive the demand for products under this sector. Qatar has traditionally been reliant upon imports to meet its demands. However, post the embargo in Qatar, there has been an added impetus to increase capacities or start new companies to be able to cater to the local demand in Qatar.

Overview of Detergents Segment

The 'Detergents' segment includes laundry detergents, dishwashing products and other household cleaning products. Qatar, for a long time, had two detergent manufacturers, Qatar Detergents Company (QDC) and National Detergents and Cosmetics Company (NDC). However, new companies have been established in the last 2 to 3 years such as Advance Chemical Manufacturing Company, Global Detergent Factory and FITCO Detergents.

The demand for detergents in Qatar has grown at a CAGR of 12 percent from 21,200 tons in 2006 to 74,000 tons in 2017. Domestic production accounted for approximately 42% of the total market demand in 2017. Local companies focus on the B2B segment such as laundries, facility management companies, etc. and have a very low offtake in the retail segment due to the marketing effort required and the need to create a strong brand to reach out to end consumers. Overall, the market demand is projected to grow at a CAGR of 1.65 percent from approximately 75,600 tons in 2018 to 86,100 tons in 2026. Saudi Arabia was the single largest source of imports from 2011 to 2016, with an average share of 57 percent during this period. However, post the start of the diplomatic situation in mid-2017, Oman has emerged as the largest supplier to Qatar with a share of 31 percent, an increase from 5 percent in 2016.

The local players currently have enough capacity to cater to most of the demand in Qatar. This capacity will be further enhanced by upcoming facilities and will exceed the total demand for detergents in Qatar. Detergent, being a consumer product, the local manufacturers will have to invest substantially in creating brand awareness amongst the resident population in order to target the retail trade.



Overview of Toilet Soaps Segment

The 'Toilet soaps' segment includes soap bars, bath gels, shampoos, shaving gels, hand wash, hand sanitizers, etc. QDC and NDC are the two detergent manufacturing companies who also produce liquid hand wash in Qatar. There are no manufacturers for bar soaps, shampoos and hand sanitizers in Qatar and the majority of the demand is met through imports.

The demand for toilet soaps in Qatar grew at a CAGR of 14.8 percent from 7,900 tons in 2006 to 35,800 tons in 2017. Saudi Arabia was the single largest source of imports from 2011 to 2016, with an average share of 56 percent during this period, followed by UAE at 23 percent. However, post the start of the diplomatic situation in mid-2017, the import share of Saudi Arabia and UAE has declined from 51 percent and 24 percent in 2016 to 28 percent and 18 percent respectively in 2017. Imports from Oman has seen a substantial increase from 1 percent in 2016 to 12 percent in 2017. Demand for toilet soaps is projected to grow at a CAGR of 1.65 percent from 36,500 tons in 2018 to 41,600 tons in 2026.

Large international companies such as Reckitt Benckiser Group, Unilever, Procter & Gamble, Colgate-Palmolive, etc. have created strong brands over the years making it difficult for a new local player to compete in the market. These international players have their manufacturing facilities in Saudi Arabia or the UAE for the region, however, they also have multiple manufacturing units across the globe and source products from different units post the start of diplomatic situation in June 2017. Any new venture is also expected to face significant competition from both premium brands as well as supermarkets selling their own products (white labeling). Given the current diplomatic situation and limited local soap manufacturing, an entrepreneur can leverage the opportunity to introduce a 'Made in Qatar' product, which focuses on the niche segment such as handmade soaps.

Overview of Fragrances Segment

The 'Fragrances' segment includes perfumes, deodorants & antiperspirants and air fresheners. Qatar currently has only two manufacturing facilities for perfumes i.e. S.ishira founded in 2014 but became operational only in 2018 and The Perfume Factory, which also commenced operations in 2018. There are no manufacturers of deodorants and air fresheners in Qatar. Dove, Nivea, Rexona, Gillette and Axe are among the most popular brands of deodorants and antiperspirants present in the market. Reckitt Benckiser in the UAE manufactures air Wick and is the most popular air freshener currently being used in the market. Demand for perfumes and deodorants over the years has increased due to a growing awareness of personal grooming for both men and women and increasing exposure to luxury brands supported by a higher disposable income. Perfumes are no longer seen as frivolous but rather essential to an individual's pride and confidence. The consumption of perfumes by GCC nationals is much higher than the world average.

The demand for fragrances in Qatar grew at a CAGR of 7.2 percent from 3,200 tons in 2006 to 6,900 tons in 2017 after reaching a peak of 9,000 tons in the year 2016. Imports for fragrances grew at CAGR of 10.6 percent from 2,873 tons in 2006 to 7,890 tons in 2016. However, in 2017, imports witnessed a decrease of 24.3 percent with an import volume of 6,062 tons. The key sources of imports of fragrances in Qatar were France, UAE, US, UK and Italy. Based on the import value in 2017, Saudi Arabia recorded a decline of 49 percent in their imports to Qatar while UAE witnessed a decline of 48 percent. There was a significant increase in the imports of fragrances from Oman and Turkey in 2017.

Opportunity is very limited in deodorants, air fresheners as these are mass products, and branding plays a vital role to gain product acceptance. Local entrepreneurs also need to be mindful of the fact that there is a sizable investment required for research and development before a product is launched.

1. INTRODUCTION

1.1 Detergents

Detergents are soap-like compounds that are used for cleaning purposes. They are cleaning agents that help in removing dirt and grease from porous and non-porous surfaces. Chemically, they are sodium salts of long-chain alkyl benzene sulphononic sulphates.

Detergents are used in making a number of cleaning products used in day-to-day life such as laundry detergents and laundry aids, dishwashing products and household cleaning products.

The Harmonized System (HS) codes of products that come under the detergents segments are as follows:





Table 1. HS Codes for Detergents

Segment	HS code	Description
Detergents	34022021	Organic surface-active agents (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01.: preparations put up for retail sale: Washing preparations: Dry powdered (like tide etc.)
	34022029	Organic surface-active agents (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01.: preparations put up for retail sale: Washing preparations: Other
	34029000	Organic surface-active agents (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01.: preparations put up for retail sale: Other
	34022010	Organic surface-active agents (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01.: preparations put up for retail sale: organic surface active agents, like Clorox . . .etc.)
	34022022	Organic surface-active agents (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01.: preparations put up for retail sale: Washing preparations: Fluid
	34059010	Polishes and creams, for footwear, furniture, floors, coachwork, glass or metal, scouring pastes and powders and similar preparations (whether or not in the form of paper, wadding, felt, nonwovens, cellular plastics or cellular rubber, impregnated, coated: Other: Polishes preparations for glass and mirrors

1.2 Toilet Soap

Toilet soaps are essential toiletries that ensure personal hygiene. They are manufactured using an alkaline solution to induce fats or oils, to form salts of fatty acids. Soaps are mostly used for their cleansing properties and are effective as mild antiseptics. Toilet soaps could be in the form of a bar or liquid.

The HS codes of products that come under the toilet soap segments are as follows:





Table 2. HS Codes for Toilet Soap

Segment	HS code	Description
Toilet soap	33051000	Preparations for use on the hair: Shampoos
	33073000	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed: Perfumed bath salts and other bath preparations
	34011130	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: for toilet use (including medicated products): Shaving soap
	34011140	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: for toilet use (including medicated products): Medicated soap
	34011150	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: for toilet use (including medicated products): Disinfectant soap
	34011170	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: for toilet use (including medicated products): Paper, wadding, felt and nonwovens, impregnated or covered with soap or detergent, whether or not perfumed

Table 2. HS Codes for Toilet Soap

Segment	HS code	Description
Toilet soap	34011180	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: for toilet use (including medicated products): toilet soap
	34011190	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: Other
	34011920	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: Other: Rosin, tall oil or naphthenate soaps
	34011930	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: Other: Artificial soap prepared for special use
	34011940	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: Other: Coated or covered with soap or detergent, whether or not Perfumed
	34011990	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap and organic surface active products and preparations, in the form of bars cakes, molded pieces or shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent: Other: Other
	34012010	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap in other forms: Other: In the form of powder



Table 2. HS Codes for Toilet Soap

Segment	HS code	Description
Toilet soap	34012020	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap in other forms: Other: In the form of paste
	34012030	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap in other forms: Other: In the form of aqueous soap
	34012090	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Soap in other forms: Other: Other
	34013000	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or c: Organic surface active products and preparations for washing the skin, in the form of liquid or cream and put for retail sale, whether or not containing soap

1.3 Perfumes

Perfumes are concentrated scents that are worn on the body or clothing. They are manufactured using essential oils, fixatives and solvents (e.g. alcohol and water). They are available in a variety of fragrances and cater to diverse tastes and budgets. There are many different types of liquid perfumes available in the market which differ based on their oil concentration. Perfumes can also be found in solid state, in the form of stick, and are applied directly to the body.





The HS codes of products that come under the perfumes segment are as follows:

Table 3. HS Codes for Perfumes

Segment	HS code	Description
Perfumes	33030010	Perfumes and toilet waters: Perfumes, Liquid or solid
	33030020	Perfumes and toilet waters: Eaux de cologne
	33030090	Perfumes and toilet waters: Other
	33072000	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed: Personal deodorants and antiperspirants
	33074910	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having di: Preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites: Other: In spraying containers
	33074990	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having di: Preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites: Other: Other
	33079090	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having di: Other: Other: Other

2. DETERGENTS

2.1 Sub-Sector Overview

Detergents are cleaning agents, which are made using several ingredients such as surfactants (surface-acting agent or soap), builders (surfactant performance enhancers) and alkalis (soluble salts effective in removing stains without excessive rubbing). They also contain ingredients such as anti-redepositing agents that help prevent soil from settling back on washed clothes. Commercial agents also include enzymes and perfumes. Enzymes facilitate the process of stain removal by breaking them down, making them easier to remove. Fragrances are used to conceal the odor from dirt, as well as chemicals used in the detergents.

2.1.1 Product Description

A. Laundry Detergents



- a) **General purpose detergents:** These are suitable for all washable fabrics. Liquid detergents are most useful to remove oily soils and pretreating soils and stains. Powdered detergents are particularly useful for removing clay and ground-in dirt.
- b) **Light duty detergents:** These detergents are predominantly used for hand or machine-washing of lightly stained items and delicate fabrics.



B. Laundry Aids



- a) **Bleaches:** Bleach aids in removing stains and are used to brighten fabrics. They help convert the soils into colorless and soluble particles, which can then be removed by the detergents. Liquid chlorine bleaches are good disinfectants and deodorizer. Oxygen bleaches work on almost all washable fabrics and are more gentle and safe in nature.
- b) **Bluing:** These products are a blue dye, used to whiten and brighten textiles especially white fabrics. They absorb the yellow color of the light spectrum, counteracting the yellowing process of many fabrics.
- c) **Boosters:** These are often used during the washing process in addition to detergents. They predominantly enhance the stain removal, brightening and water-softening qualities of the detergents.
- d) **Enzyme presoaks:** These products are used to soak fabrics prior to washing in order to loosen difficult stains and soils. They can also be added to wash water to increase the cleaning power.
- e) **Fabric softeners:** Fabric softeners are usually added during the final rinsing phase of a wash cycle. They help to decrease static and wrinkling, making fabrics softer, decreasing drying time and they also act as deodorizers.
- f) **Prewash soil and stain removers:** These help to pretreat difficult stains and soils on synthetic fabrics.
- g) **Starches, fabric finishes and sizing:** These are used during the final rinse or after drying to make the fabrics more crisp and soil resistant.
- h) **Water softeners:** As detergents are more effective in soft water, water softeners are added during the wash to inactivate the hard water minerals.



C. Dishwashing Products



- a) **Hand dishwashing detergents:** These help to remove food soils and provide lasting suds that indicate how much cleaning power is left in the wash water.
- b) **Automatic dishwashing detergents:** These help to remove food soils emulsify grease and oil, suppress foam caused by protein soil and tie-up hardness of minerals. They produce very little or no suds in order to curb the interference with the washing action of the machine.
- c) **Rinse agents:** These assist in draining the water from the dishes and utensils by lowering the surface tension. This helps in minimizing spotting, filming and drying.
- d) **Film removers:** These help by removing the hard water film and reducing the cloudiness inside the dishwasher and from utensils.
- e) **Lime and rust removers:** These are used to remove lime deposits and rust from the interiors of the dishwasher.

D. Household Cleaners



- a) **All-purpose cleaners:** These are used to loosen the soil and stop it from redepositing on the clean surface.
- b) **Abrasive cleaners:** These are used to loosen the heavy accumulation of soil in smaller areas.
- c) **Glass cleaners:** These are used to loosen oily deposits on the glass surface, and aid in the drying of glass surfaces without streaks.
- d) **Glass and multi-surface cleaners:** These help remove stains from any smooth surface, leaving it shiny and free from streaks.
- e) **Tub, tile and sink cleaners:** These aid in removing stains, mildew and molds from bathroom surfaces. Some are also used as disinfectants.
- f) **Metal cleaners:** These assist with the removal of tarnish, soil deposits from the surface of the metal, and also help in providing a polished finish.
- g) **Oven cleaners:** These products are used to remove the burned-on grease and other food deposits from the walls of the oven. They are thick in consistency in order to cling to the vertical walls of the oven.
- h) **Rug shampoos and upholstery cleaners:** These products are used to remove oily and greasy soils from upholstery and aids in their suspension to avoid the dirt from redepositing.
- i) **Toilet bowl cleaners:** They are used to remove/prevent the hard water stains depositing in the toilet bowl. Some also act as deodorizers and disinfectants.
- j) **Drain openers:** These products are used to unclog kitchen and bathroom drainages. They produce heat that melts deposited fats, which can then be rinsed away by water. Some products contain bacteria that helps to prevent the drain from clogging.



2.2 Global Market Overview

The home care market is growing considerably, with increasing awareness of personal hygiene and healthy living. The home care products include categories of products such as toilet care, laundry care, dishwashing, surface care and air fresheners. In 2017, home care products registered a global revenue of approximately US\$146 billion, with US\$85 billion belonging to the laundry care category¹.

2.2.1 Market Trends

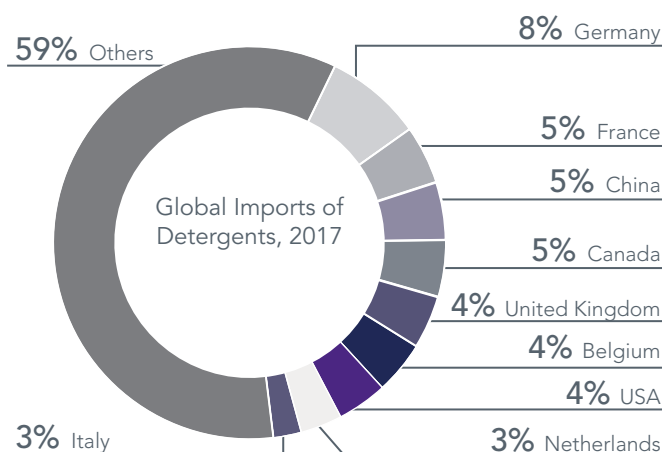
Continued focus on health and wellbeing has translated into hygiene-focused product development and targeted advertising and marketing. Consumers now have a wide variety of surface cleaning products, but are interested in products that go beyond cleaning. Words such as 'sanitizing' and 'disinfecting', which were previously restricted to the professional environment, are now being widely used. Fragrance has become a purchasing driver across a wide range of home care products and consumers are seeking experimental and sophisticated scents that enhance the indoor living areas.

With an increasing number of connected consumers around the globe, a large number of online grocery businesses are gaining traction. Although the home care internet retailing share remains low compared to other fast-moving consumer goods industries, online sales grew by an estimated 142 percent over the 2012-2016 period to reach US\$4 billion in 2016, about 3 percent of the total market². As consumers grow increasingly aware of the impact their choices have on the world around them, the need for products to be meaningful becomes imperative. Growing concerns related to environmental sustainability is compelling companies around the world to adopt environmentally friendly manufacturing techniques. Eco-friendly organic liquid detergents are gaining popularity among consumers, with Persil Bio Liquid Detergent, Omo Green and Gain Flings just some of the organic laundry detergents that are currently available on the market.

2.2.2 Trade Analysis

The global imports of detergents totaled US\$21 billion in 2017. Germany was the largest importer with an 8 percent share of the total imports, followed by France, China and Canada, each accounting for a 5 percent share

Chart 1. Global Imports of Detergents, 2017



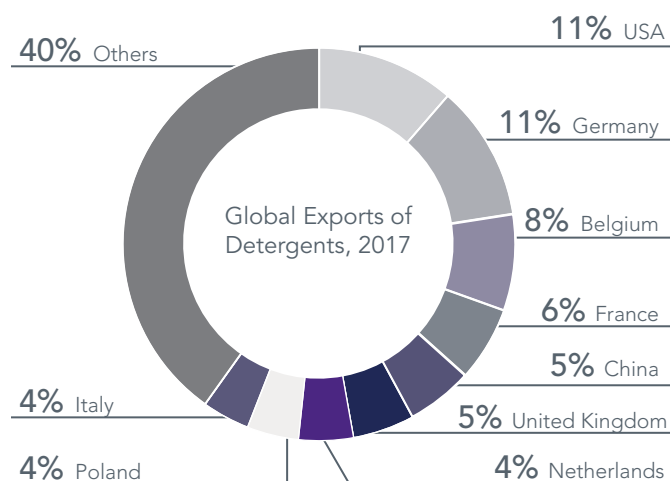
Source: Team Analysis based on data from TradeMap

¹ Lucintel - Market research, ²Euromonitor

Exports, globally, totaled US\$21 billion in 2017. USA and Germany were the largest exporters with an 11 percent share each of total exports, followed by Belgium, France and China.

The Asia Pacific (APAC) region is leading the industry growth due to increasing population, new demand for household care products and changing lifestyle. Future growth in this region is expected to come mainly from developing markets, such as India and China, due to increased consumer spend.

Chart 2. Global Exports of Detergents, 2017



Source: Team Analysis based on data from TradeMap



Household care products are dominated by top brands such as Procter & Gamble (P&G), Unilever and Henkel etc. P&G registered net sales of US\$ 20.89 billion in 2016 for fabric and home care products, with their biggest market being the US³. Tide and Ariel are their most famous products. P&G introduced Tide Pureclean as the first bio-based detergent to address the growing consumer needs for natural detergents. Unilever registered a turnover of EUR10 billion in 2016 for their home care segment, accounting for 19 percent of their total turnover⁴. Surf, as well as other household products such as Comfort, Sunlight, Domestos and Cif etc., are some of its most well-known products. Henkel's laundry and home care products, such as Persil, Purex, Pril etc., generated an estimated net sales of EUR5.7 billion, accounting for 31 percent of Henkel's total net sales in 2016.

³P&G Annual Report 2016, ⁴Unilever Annual Report 2016

2.3 GCC Market Overview

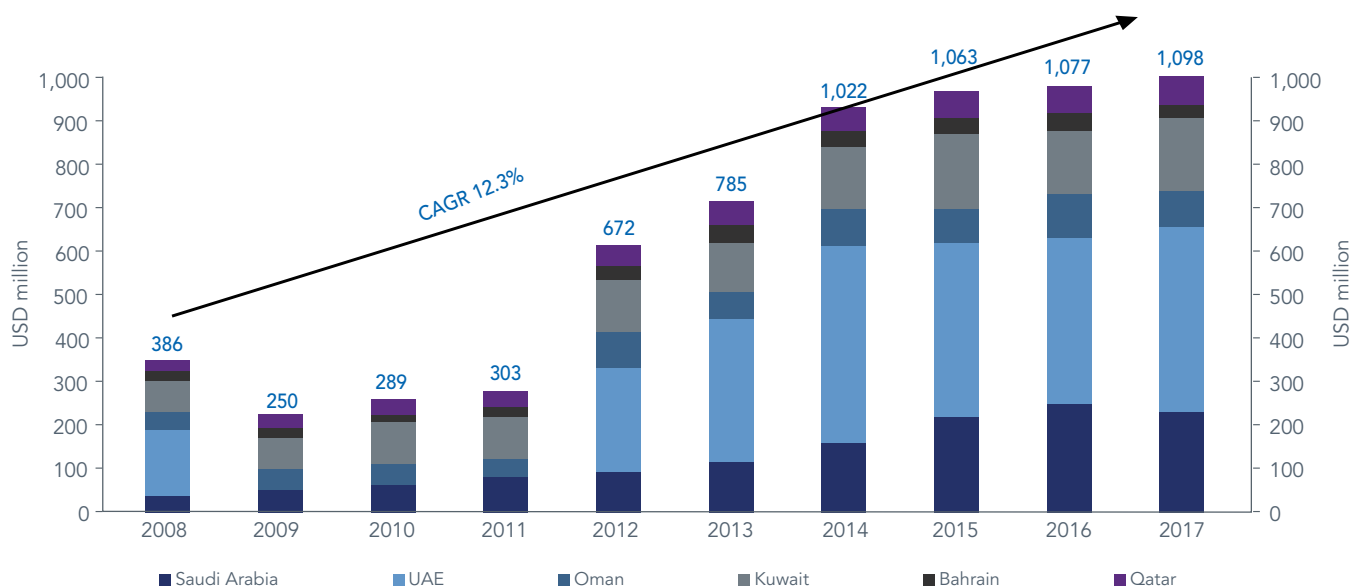
2.3.1 Market Trends

Consumers are placing higher importance on convenience in order to save time. Emerging markets such as the Gulf Cooperation Council (GCC) region are welcoming products such as detergent tablets and liquid detergents. This market has also seen an increase in the popularity of abaya wash products (catering specifically to women in the GCC region). Multinational brands, such as OMO, Tide and Clorox, have introduced abaya wash to their product range.

2.3.2 Trade Analysis

A) **Imports:** The analysis of historical import data reveals that imports of detergents increased from US\$386 million in 2008 to ~ US\$1.1 billion in 2017 at a compound annual growth rate (CAGR) of 12.3 percent.

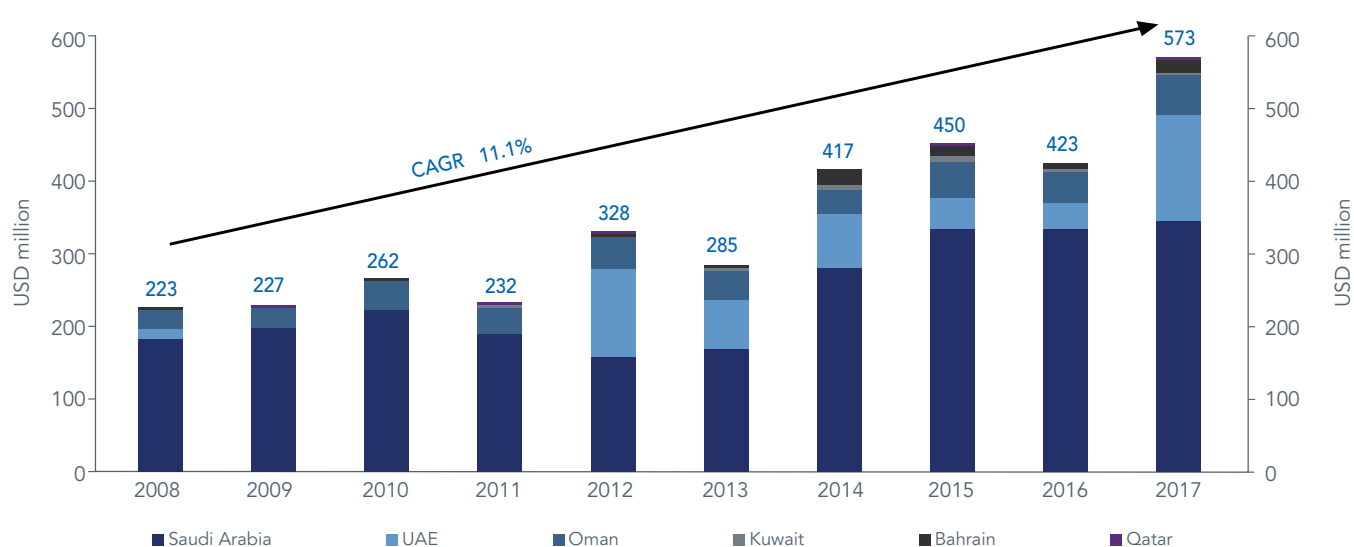
Chart 3. GCC Import of Detergents, 2008-2017



Source: Team Analysis based on data from TradeMap

B) **Exports:** The analysis of historical export data indicates that exports of detergents increased from US\$223 million in 2008 to US\$573 million in 2017 at a CAGR of 11.1 percent.

Chart 4. GCC Exports of Detergents, 2008-2017



Source: Team Analysis based on data from TradeMap

2.3.3 Key Market Players

The detergents market is extremely competitive in the GCC region given the presence of major multinational brands and a large number of regional players. Table 4 shows some of the major producers of detergents in the GCC region. Most of the companies are privately owned and have launched their own brands in the market. The few exceptions to the above are companies such as Modern Industries (P&G), Unilever and Reckitt Benckiser.



Table 4. Key Manufacturers of Detergents in the GCC Region

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
Sidco	Saudi Arabia	1982	NA	NA	<ul style="list-style-type: none"> • Laundry care • Home care products
Marfa Chemical Industries	Saudi Arabia	NA	NA	NA	<ul style="list-style-type: none"> • Home care products
Al Mina Detergent Factory Company	Saudi Arabia	1988	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Knook Al-Ardh Detergents Factory	Saudi Arabia	NA	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Fouh Detergent Factory	Saudi Arabia	2001	NA	NA	<ul style="list-style-type: none"> • Laundry care products
Modern Industries Company (P&G)	Saudi Arabia	1978	NA	NA	<ul style="list-style-type: none"> • Home care products and liquid soaps
Reckitt Benckiser	UAE	1996	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Wafir Company for Industrial Detergent	Saudi Arabia	2002	50,000	MT	<ul style="list-style-type: none"> • Laundry care and home care products
Modern Arabian Crystal Industries Company Ltd.	Saudi Arabia	2001	NA	NA	<ul style="list-style-type: none"> • Home care products
Fayfa Chemicals	UAE	1991	77,000	liters	<ul style="list-style-type: none"> • Laundry care and home care products
Scitra	UAE	1993	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Al Basma Detergents	UAE	NA	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Sun clean group of companies	UAE	1998	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Falcon Detergents Ltd.	UAE	NA	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Whiteline	UAE	NA	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Nazih Group	UAE	1975	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
Ditra	UAE	1977	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products
La Famille Industries	UAE	2007	NA	NA	<ul style="list-style-type: none"> • Laundry care and home care products

Table 4. Key Manufacturers of Detergents in the GCC Region

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
The National Detergents Co.	Oman	1981	NA	NA	• Laundry care and home care products
Sallan Industrial Investment LLC	Oman	2015	NA	NA	• Laundry care and home care products
Al Sanea Chemical Products	Kuwait	1977	NA	NA	• Laundry care and home care products
Al Sharan Industries	Kuwait	1968	NA	NA	• Laundry care and home care products
Al-Tadamon Intl	Kuwait	1992	NA	NA	• Laundry care and home care products
Middle East Chemical Manufacturing Co.	Kuwait	1983	NA	NA	• Home care products
Al-Bahar Industries WLL	Kuwait	1985	NA	NA	• Laundry care and home care products
Unilever ⁵	UAE	2016	100,000	MT	• Laundry care and home care products
FITCO Detergent Factory	Qatar	NA	13.5*	mn liters	• Laundry care products • Toilet care products • Surface care products
Global Detergent Factory	Qatar	NA	390,000*	cartons	• Laundry care and surface care products
Qatar Detergent Company	Qatar	1978	36,000	MT	• Laundry care powder • Laundry care liquid
Gulf Detergents Factory	Qatar	NA	12,000*	MT	• Dishwashing liquid • Surface cleaners • Disinfectants
Advance Chemical Manufacturing Co.	Qatar	2016	12,000	MT	• Kitchen care • Laundry care and home care • Disinfectants
National Detergents and Cosmetics WLL	Qatar	1999	6,000 +9,600*	MT	• Laundry care powder • Laundry care liquid

*upcoming capacities

Source: GOIC database

⁵Sustainable brands



2.4 Qatar Overview

2.4.1 Historical Demand and Current Market Size

Qatar, for a long time had two detergent manufacturers, Qatar Detergents Company (QDC) and National Detergents and Cosmetics Company (NDC). Their annual production data coupled with imports and exports, have been factored in to estimate the demand for detergents in Qatar.

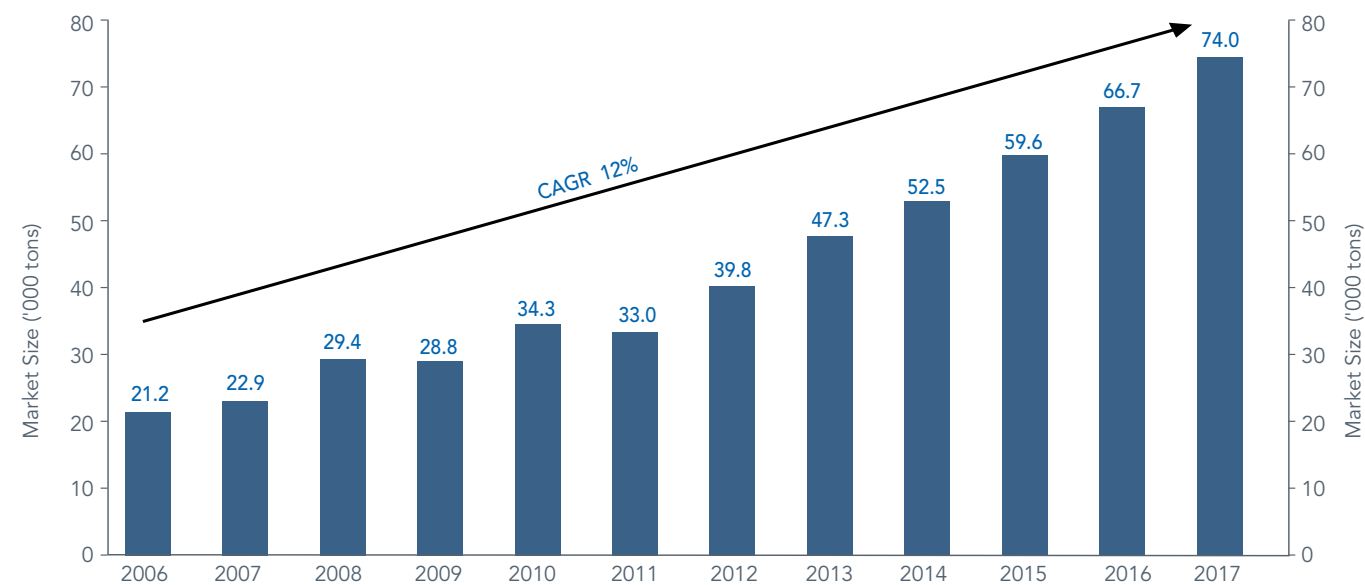
Demand for detergents is driven by the population growth and increasing awareness of personal hygiene and wellbeing. The historical demand is calculated based on the local production and net imports to Qatar.

This market has grown at a CAGR of 12 percent from 21,200 tons in 2006 to 74,000 tons in 2017. Domestic production,

accounted for approximately 42% of the total market demand in 2017. Local companies focus on the B2B segment such as laundries, facility management companies, etc. and have a very low offtake in the retail segment due to the marketing effort required and the need to create a strong brand to reach out to end consumers.

The market demand 2018 onwards is estimated based on the historical per capita consumption (based on local production and net imports) and population recorded for the year.

Chart 5. Historical and Current Demand for Detergents in Qatar, 2006-2017



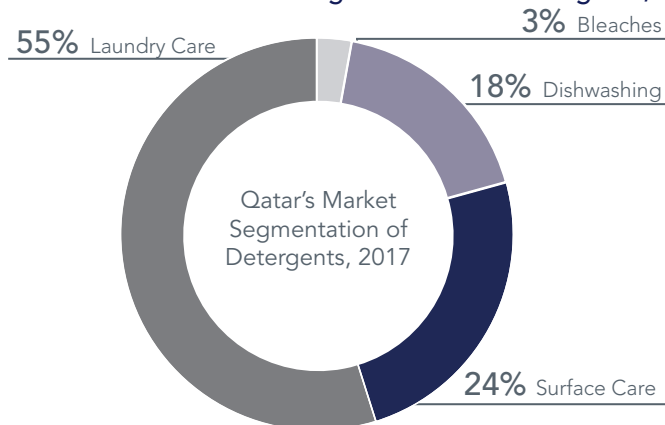
Source: Team Analysis based on data from Planning and Statistics Authority

This increase in demand was significantly driven by an increase of the population in Qatar, which grew at a CAGR of 9.1 percent. An increase in the number of hypermarkets/supermarkets in Qatar also supported the reach of international brands in the region. Demand for detergents reached 74,000 tons in 2017.

2.4.2 Overview of Market Segments

Laundry Care dominates the detergents market with a 55% share of the total market⁶. Laundry care includes products such as powder detergents, liquid detergent and fabric care. Surface care accounts for a 24 percent share of the market. Floor cleaning products, bathroom cleaning products, strain removers, antiseptics and disinfectants are some of the products included in this segment. Dishwashing commands an 18 percent market share and includes dishwashing liquid and tablets. Lastly, a 3 percent share belongs to bleaches, which are whitening agents that help in removing stains.

Chart 6. Qatar's Market Segmentation of Detergents, 2017

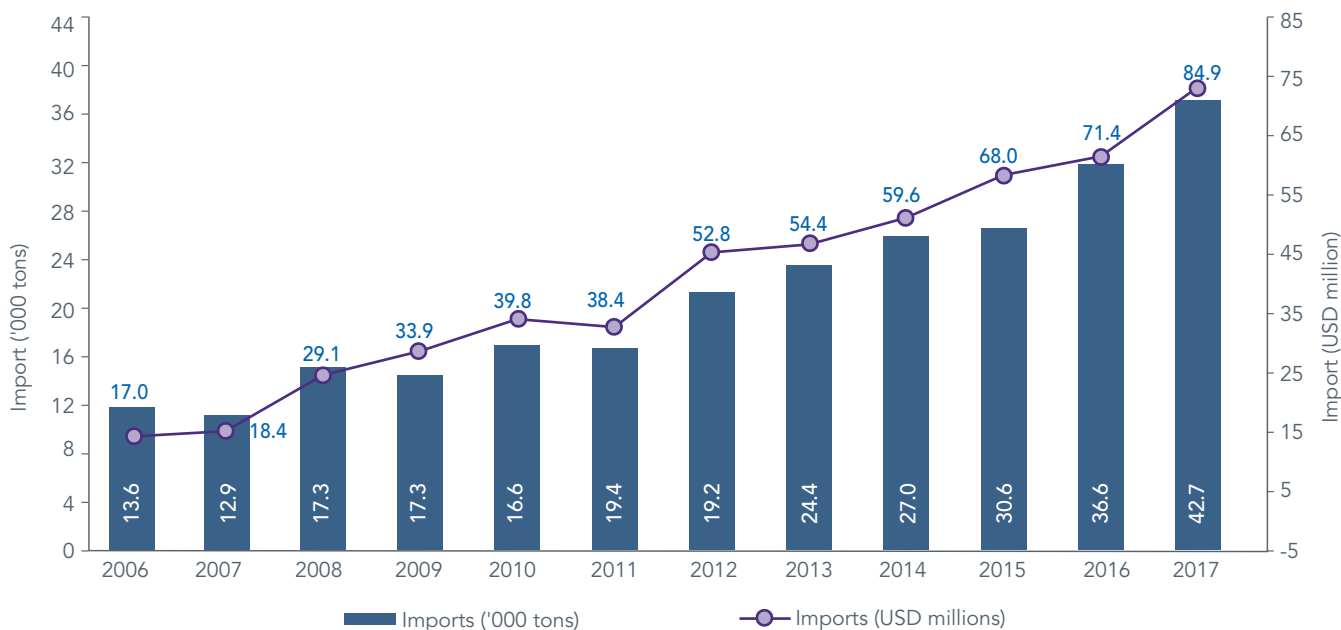


Source: Team Analysis based on data from AISE

2.4.3 Trade Analysis

A) Imports: Imports for detergents grew at a CAGR of 11 percent from 13,600 tons in 2006 to 42,737 tons in 2017. This increase in imports is in-line with an increase in the population of Qatar. An increase in the number of white-collar jobs led to many expats relocating to Qatar, which in turn increased the demand for international brands.

Chart 7. Qatar Import of Detergents, 2006 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

⁶AISE, Primary research



In value terms, the import has increased from US\$17million in 2006 to reach US\$84.9million in 2017, growing at a CAGR of 15.8 percent.

Saudi Arabia was the single largest source of imports from 2011 to 2016, with an average share of 57 percent during this period, followed by UAE (18 percent), Oman (5 percent), China (4 percent), and the US (2 percent each).

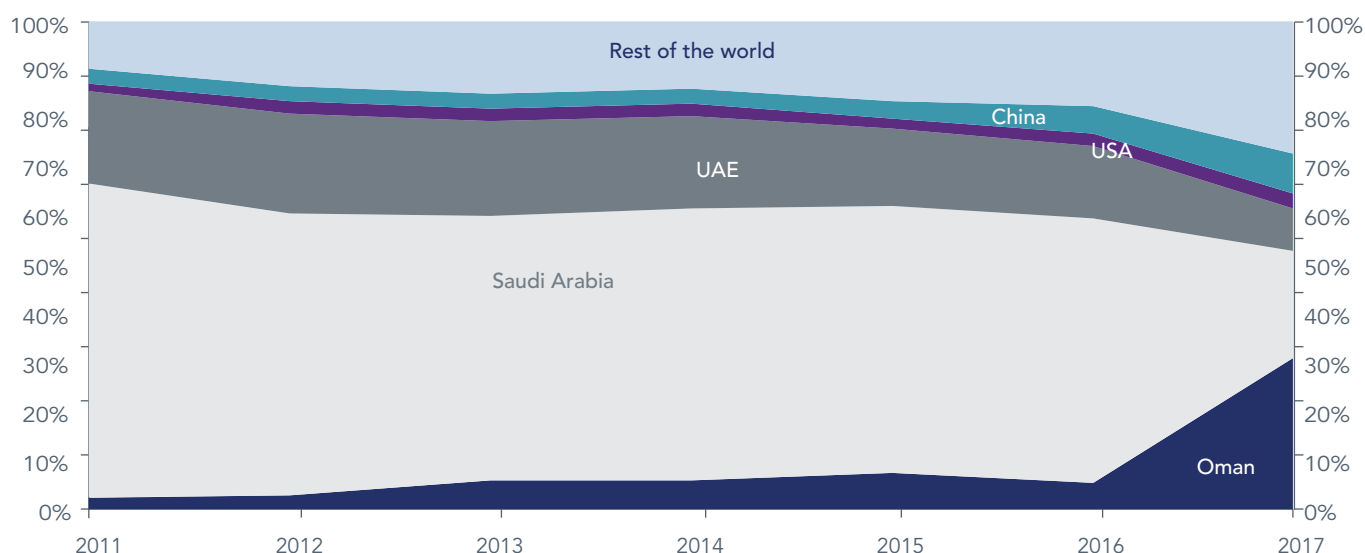
Qatar used to source most of their detergents from Saudi Arabia (KSA), as all the three major international brands, such

as Unilever, Procter & Gamble and Henkel, have their regional manufacturing plants there.

However, post the start of diplomatic situation in mid-2017, Oman has emerged as the largest supplier to Qatar with a share of 31 percent, an increase from 5 percent in 2016.

Import share of Saudi Arabia and UAE has decreased substantially from 55 percent and 14 percent in 2016 to 22 percent and 9 percent, respectively in 2017.

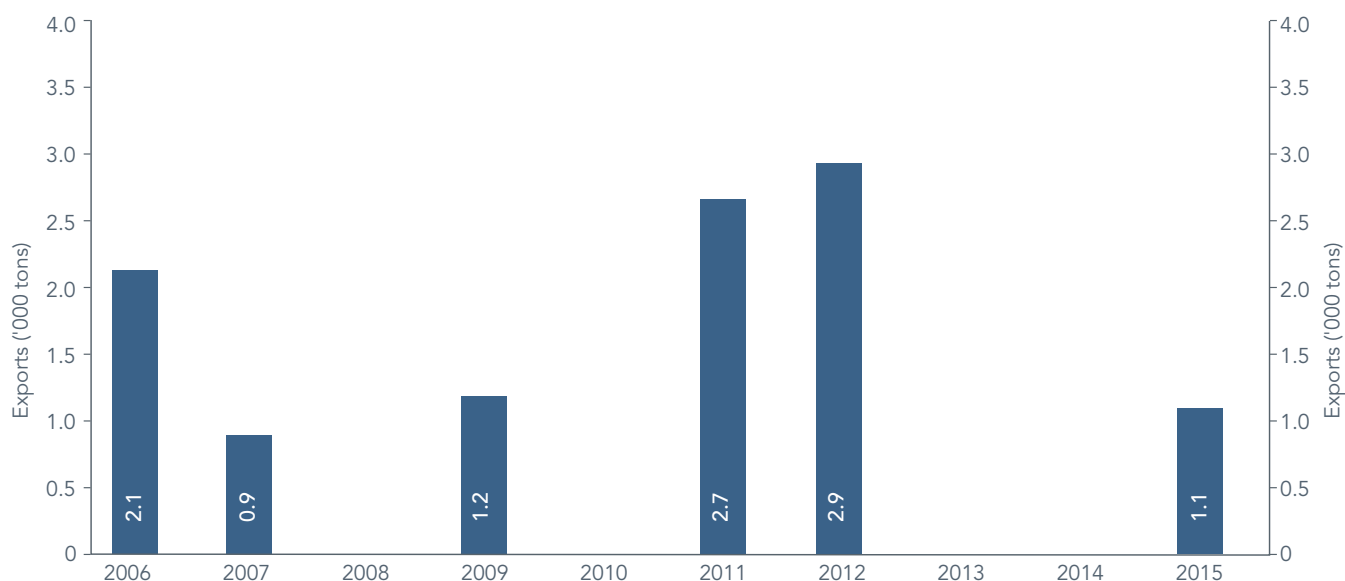
Chart 8. Qatar Key Sources for Imports by Volume, 2011 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

B Exports: QDC accounts for majority of the detergent exports in Qatar. National Detergent and Cosmetics Company have marginal revenues from exports. Based on primary research, QDC is trying to establish a network outside of Qatar in order to export 50 percent of their total production. As per the Chart 9, only 1,100 tons of detergents were exported from Qatar in 2015. However, due to the recent changes in the political situation, QDC is finding it difficult to export detergents due to longer transit time for the goods to reach their destination. Increase in sales in local market compensates for the reduction in exports. Local sales increased due to lower competition from other brands and the sentiment of encouraging procurement from a local company after the blockade.

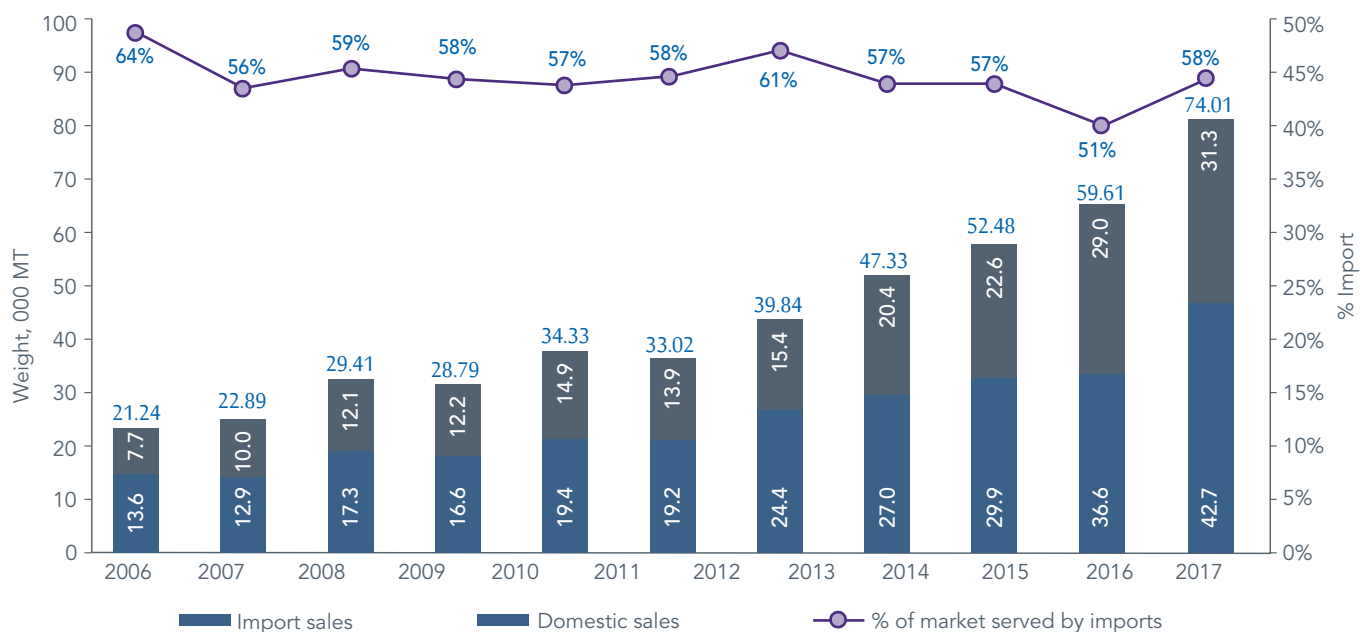
Chart 9. Qatar Export of Detergents, 2006 - 2015



Source: Team Analysis based on data from Planning and Statistics Authority

C) Share of Imports in Domestic Consumption: Imports account for approximately 58 percent of the total consumption in Qatar in 2017. Historically, the percentage share of imports during 2006 and 2017 has been fluctuating within the range of 51 percent to 64 percent, primarily owing to the presence of two domestic manufacturing facilities, namely Qatar Detergent Company and National Detergent and Cosmetics Company. The share of imports is expected to decrease in the near future especially in the B2B segment as existing companies plan to increase their capacity as well as new companies are being set up.

Chart 10. Qatar Share of Imports in Domestic Consumption of Detergents, 2006 - 2017



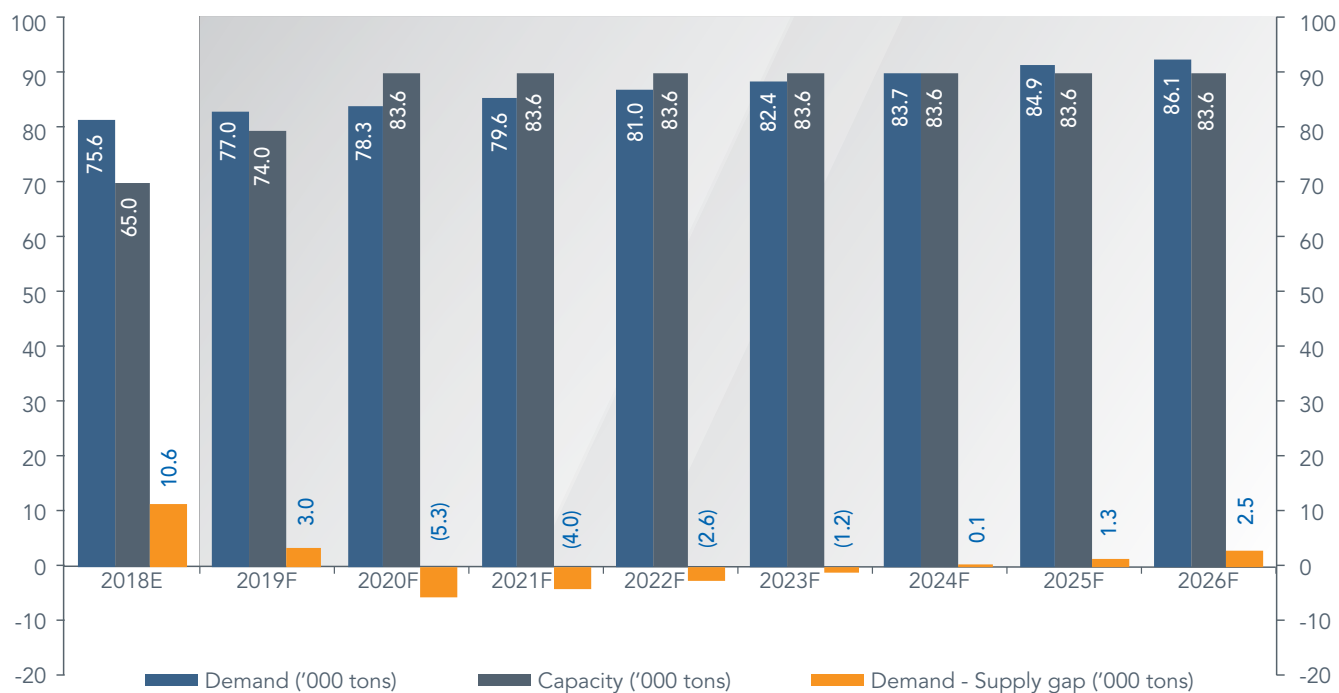
Source: Team Analysis based on data from Planning and Statistics Authority



2.4.4 Demand Forecast

Assessment of historical demand for detergents indicates a strong correlation with the population growth in Qatar. The per capita consumption of detergents and forecasted population growth have been taken as the basis to forecast the demand for the future. Overall, the market demand is projected to grow at a CAGR of 1.65 percent from approximately 75,600 tons in 2018 to 86,100 tons in 2026. New facilities have commenced production in the recent past and with additional capacity coming online, the local production capacity will exceed the demand for detergents in Qatar by 2020. Currently, the local facilities are not operating at full capacity.

Chart 11. Qatar Demand and Supply Analysis for Detergents, 2018 - 2026



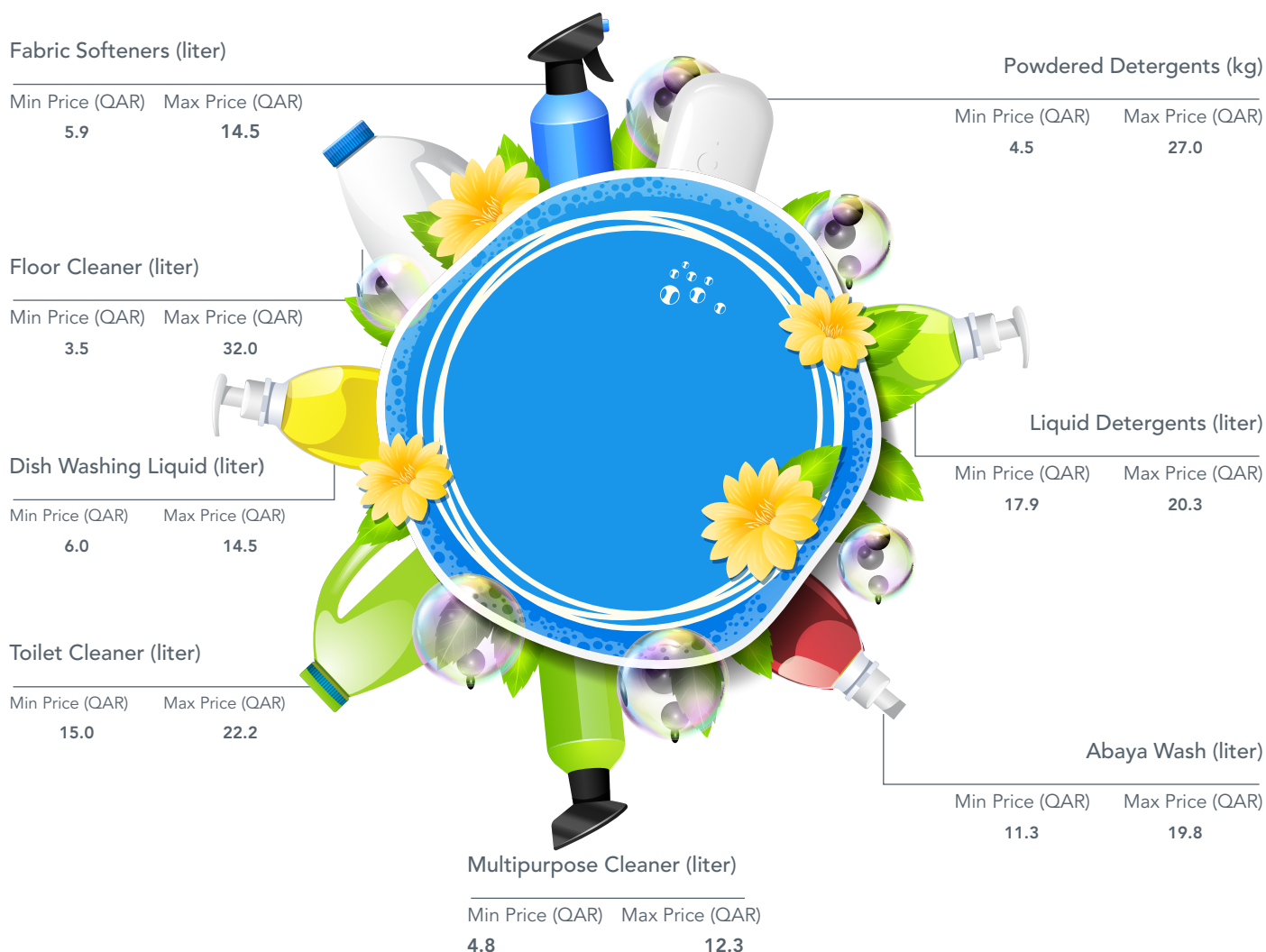
Source: Team Analysis based on data from Planning and Statistics Authority

2.4.5 Pricing Analysis

Powdered detergents are usually priced at retail stores in the range of QAR4.5 to QAR12.2 per kilogram. Ariel Platinum is an outlier as it is priced extremely high at QAR27 per kilogram. Pearl, a product of Qatari origin from QDC, is the cheapest at QAR4.5 per kilogram. They have two other labels for powdered detergents, Jawharah and Tiger. Tiger high foam detergent is priced at QAR4.75 per kilogram. Liquid detergents seem to be gaining traction in the market, possibly due to the less harmful chemicals being used as compared to powdered detergents and better results. However, liquid detergents are more expensive and are priced in the range of QAR17.9 to QAR20.3 per liter. Abaya Wash, in Qatar, is priced in the range

of QAR11.3 to QAR19.8 per liter. Multi-purpose cleaners from Pearl are the cheapest at QAR4.8 per liter. Lulu private label is the most expensive at QAR12.3 per liter. QDC has two labels under the dishwashing category, Pearl dishwashing liquid is priced at QAR8 per liter and Jawharah dishwashing liquid is priced at QAR7.75 per liter. Floor cleaners are generally priced in the range of QAR3.5 to QAR32.0 per liter, with Dettol being an outlier at QAR32 per liter. Pearl antiseptic liquid from QDC is priced at QAR15.5 per liter. Fabric softener from the Lulu private label are the cheapest at QAR5.9 per liter. Pearl fabric softener is priced at QAR6 per liter.

Figure 1. Pricing Analysis for Detergents, 2017



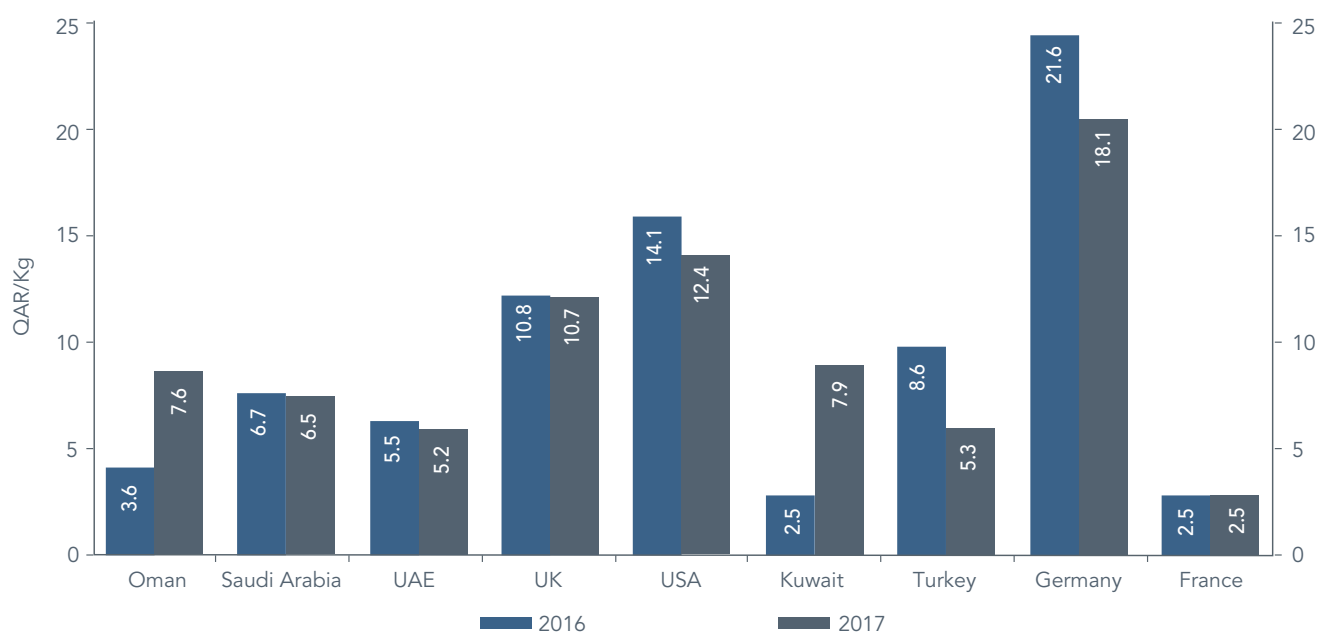
Source: Team Analysis based on data from Primary Research



Oman was the leading importer of detergents to Qatar in 2017 and prices increased from QAR3.6 per Kg in 2016 to QAR7.6 per Kg in 2017, an increase of 108.5 percent. Prices from Kuwait also increased threefold during 2016 and 2017, reaching QAR7.9 per Kg from QAR2.5 per Kg.

However, the imports from UK, USA, Turkey, Germany and France saw a decrease in the import prices in 2017 as compared to 2016. Turkey recorded the maximum decrease of 39 percent while Germany and USA witnessed a decline of 16 percent and 12 percent in the import prices. France and UK saw a marginal decline of 1.7percent and 0.5 percent in 2017.

Chart 12. Average Import Prices for Detergents (QAR per Kg), 2016 - 2017



Source: Team Analysis, Planning and Statistics Authority

2.4.6 Competitive Landscape

Qatar, for a long time had only two manufacturers for detergents, Qatar Detergents Company (QDC) and National Detergents and Cosmetics Co (NDC). QDC was established in 1978 and has three labels for detergents - Pearl, Jawharah and Reem. They have manufacturing capacity of ~30,000 tons for detergent powders and a liquid filling capacity of ~6,000 tons annually. The overall utilization is approximately in the range of 70% to 75%.

They manufacture a wide range of products for laundry care, surface cleaning, dishwashing and bleaching. QDC has setup a new facility in the new industrial area. They source some of their raw materials for manufacturing detergents from BASF Group.

The split of products manufactured at their facility is 70 percent detergents, 14 percent dishwashing liquid, 7 percent antiseptics, 6 percent disinfectants and 3 percent hand wash liquid. Of the total revenues generated in the Qatar market, ~65 percent is generated via modern trade, 17 percent through traditional

trade, 7 percent through large retail and industrial laundries and 6 percent through wholesale. Their sales is equally divided between domestic market (50 percent) and exports (50 percent). However, the recent blockade has affected their exports and they have found it difficult to export as the transit time to ship the products has increased. It has also led to increased freight charges, which makes exporting the products less profitable. The company is also exploring alternative markets to export their product, as well as planning to increase their presence in the domestic market.

NDC started operations in 1999. They market their products through multiple labels which include Lord Care, Falcon Care, Sun Care, Lady and Orient. They have a manufacturing capacity of 6,000 tons per year for liquid detergents and antiseptics. They currently do not manufacture powdered detergents, but import it from their affiliate in Oman and package them at their facility, selling them under their label. A new facility is expected to commence operations in early 2019 which will increase the total capacity for liquid filling to 12,000 tons and powdered detergents to 3,600 tons. They source their raw material from China, UAE and Russia. They source additives and chemicals from the UK, France and India.

NDC sells their products through the wholesale market. Their key customers are army, catering services and facility management companies, who buy their products in bulk. They also generate revenues by selling their products as white label. Their annual revenue was ~ QAR 23 million in 2016 and is estimated to increase to QAR 30 million by 2018. The recent blockade has impacted them positively, as they have increased sales in the domestic market due to the shortage of imported products.

However, both companies face issues with modern trade, as those retailers demand a higher shelf rate. They also provide smaller shelf space to domestic products as compared to international brands. NDC and QDC both source plastic bottles from a local company called Orient Plastics. Currently, there is a shortage of supply, which forces them to source from outside Qatar, which in turn increases their cost.

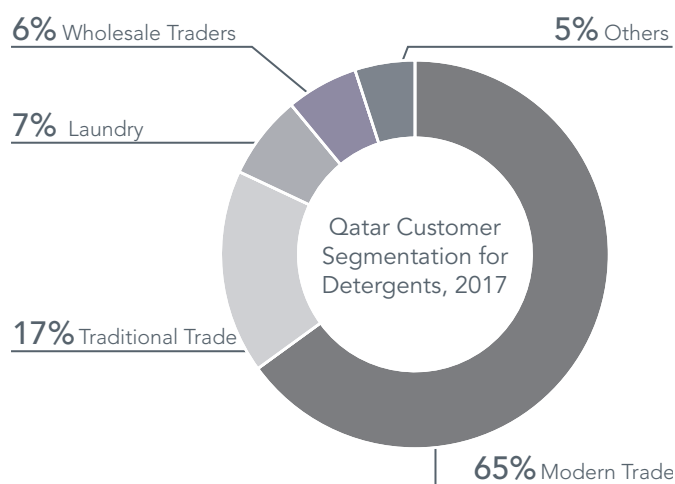
Advance Chemical Manufacturing Company was established in the year 2016. They manufacture products such as kitchen care, laundry care, home care and disinfectants with a total capacity of 12,000 metric tons per year. They used to source raw materials from UAE/Saudi Arabia but post blockade the raw materials are sourced from countries such as India, Malaysia, Turkey, China, and Oman. The order is placed with European companies but is

routed through the above-mentioned countries.

Two market players who have recently joined the Qatar market are Global detergent factory and Fitco detergents with an installed capacity of 390,000 cartons and 13.5 mn liters respectively. There are at least two more factories expected to commence operations by the end of first quarter of 2019.

According to primary research, local manufacturers sell 65 percent of detergents via modern trade. Modern trade includes hypermarkets and supermarkets, such as Al Meera, Lulu, Carrefour and Megamart, etc. Traditional trade, i.e. neighborhood grocery stores make up for 17 to 18 percent of revenue. The remaining 17 to 18 percent includes sales to laundries, wholesale traders and others, which includes direct corporate sales.

Chart 13. Qatar Customer Segmentation for Detergents, 2017



Source: Team analysis based on Primary Research

The key categories of detergents manufactured in Qatar include disinfectants, liquid detergents, powdered detergents, dishwashing and glass cleaners. Industry detergents or specific purpose detergents such as Abaya wash are not produced in Qatar and the sales is dependent on imports.



Figure 2. List of Leading Brands in Qatar and their Market Share, 2017

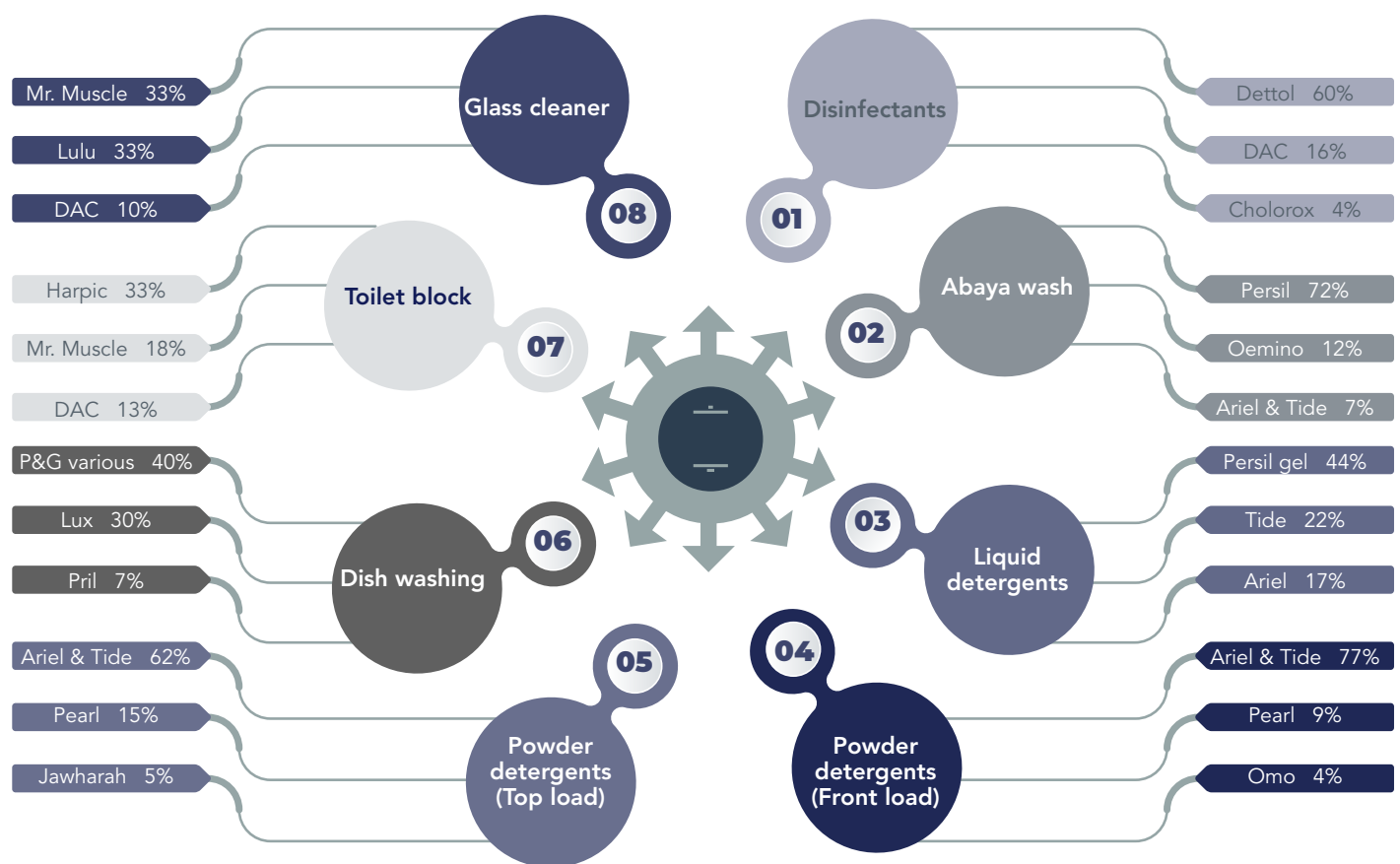


Figure 2 represents the market share of leading brands prior to the diplomatic situation. Our research indicated that the market share has made gradual shift towards local brands especially in the B2B segment.

Source: Team Analysis based on Primary Research

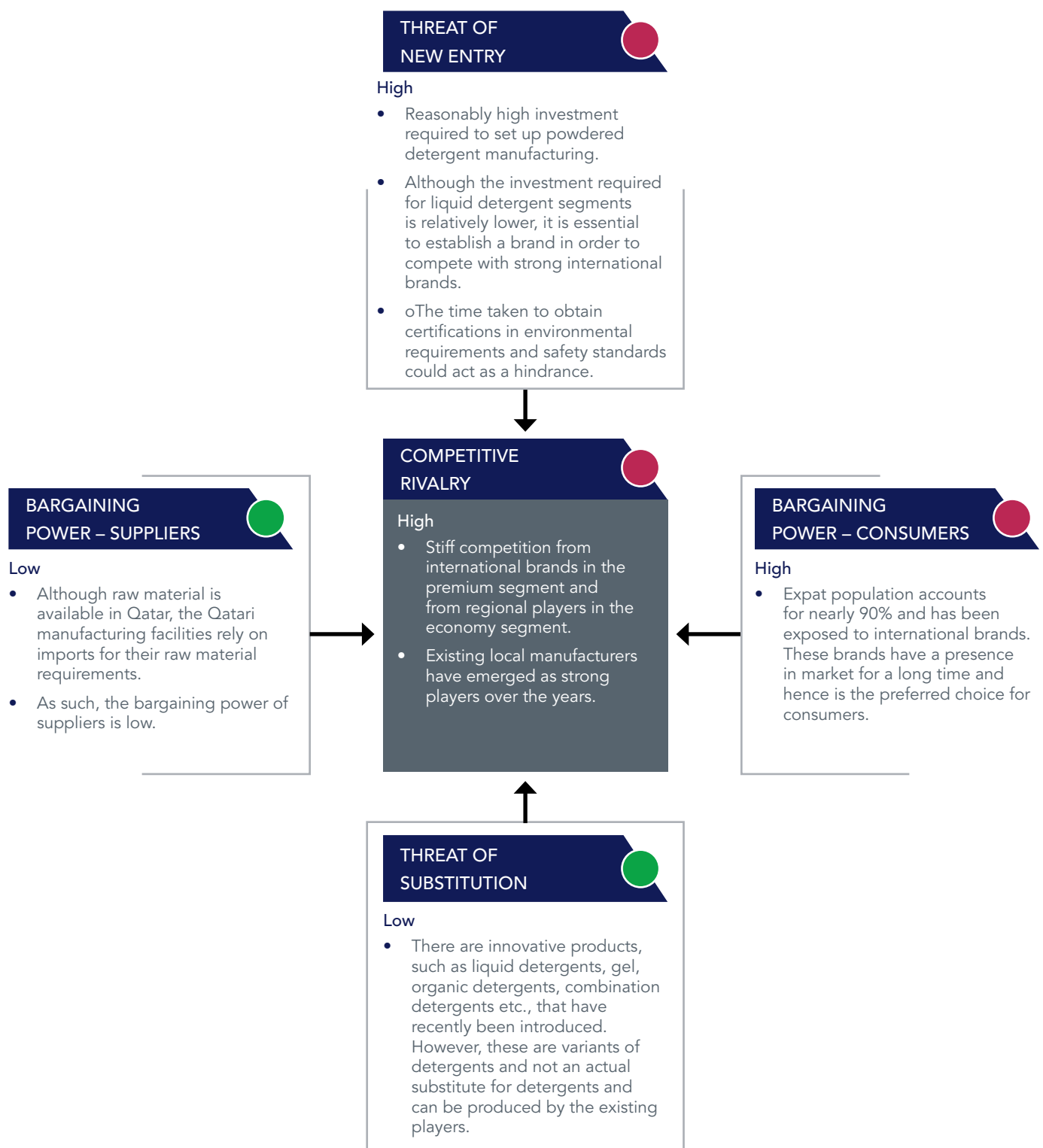
2.4.7 SWOT Analysis and Michael Porter's Five Force Analysis

Figure 3. SWOT Analysis – Detergents



Note: SWOT analysis relates to new companies planning to enter the detergents market in Qatar

Figure 4. Michael Porter's Five Forces Analysis - Detergents





2.4.8 Key Takeaways

- The detergents market is growing because of the increase in population and increase in awareness of personal hygiene. Overall, the market demand is projected to grow at a CAGR of 1.65 percent from approximately 75,600 tons in 2018 to 86,100 tons in 2026.
- Consumers are placing higher importance on convenience in order to save time. Emerging markets such as the Gulf Cooperation Council (GCC) region are welcoming products such as detergent tablets and liquid detergents.
- A new trend in home care products is to have more sophisticated smells for the place where they are used (for e.g. different scents for the bathroom, kitchen, bedroom or living area).
- Detergents that are made in an environmentally friendly way and with organic ingredients is expected to attract more customers in the niche segment.
- Local companies focus on the B2B segment such as laundries, facility management companies, etc. and have a very low offtake in the retail segment due to the marketing effort required and the need to create a strong brand to reach out to end consumers.
- A limited opportunity exists for local players for specific purpose detergents such as Abaya wash which are not produced in Qatar yet and whose sales are dependent only on imports.
- Local manufacturers have been able to increase their share, especially in the B2B segment post the blockade.
- The local players currently have enough capacity to cater to most of the demand in Qatar. This capacity will be further enhanced by upcoming facilities and will exceed the total demand for detergents in Qatar.
- Detergent, being a consumer product, the local manufacturers will have to invest substantially in creating brand awareness amongst the resident population in order to target the retail trade.

3. TOILET SOAPS

3.1 Sub-Sector Overview

Soaps are made by combining animal fat or plant oil with caustic soda. The combination of these products when dissolved in water helps break dirt away from surfaces. Two major raw materials used for manufacturing soaps are fat and alkali. Sodium hydroxide and potassium hydroxide are the most common alkalis used to manufacture soaps. Potassium-based soaps are far more soluble in water than sodium-based soaps and are commonly used to produce shaving products. Vegetable oil, olive oils, palm kernel oil and coconut oil are some examples of vegetable fats that are commonly used to manufacture soaps. Additives, perfumes and fragrances are added to the soap to improve their texture and scent. The texture of soaps are enhanced using abrasives, such as talc, silica and pumice stone (volcanic ash). Most soaps are either dull grey or brown in color; soap makers use dye to achieve their desired color in order to make them commercially appealing.





3.1.1 Product Description

Personal cleaning products: Personal cleaning products include bar soaps, gels, liquid soaps and hand cleaners. A combination of soaps and surfactants give these products their cleaning power. A product's lathering characteristics, rinsability and feel on the skin is determined by the choice of cleaning agent⁷.

Bar soaps or gels: These products are typically used for cleaning hands, face and body. Depending on the mix of ingredients, they may also moisturize the skin and restrict the growth of odor causing bacteria. Transparent/translucent soaps, medicated soaps and luxury soaps are some of the specialty bars.

Liquid soaps: These products are typically used for cleaning hands. Apart from acting as a cleaning agent they also act as a skin conditioner. Some liquid soaps contain antimicrobial agents that kill/restrict the growth of disease causing bacteria.

Heavy duty hand cleaners: They are specifically used to remove stubborn/greasy dirt, some may also contain an abrasive. They are available in the form of bars, liquids, pastes and powders.



⁷Healthy Cleaning 101



3.2 Global Market Overview

3.2.1 Market Trends

Convenience and cleanliness are two factors contributing to shifting trends in this market. In recent times, the usage of bar soaps has been substituted by an increase in consumption of liquid soap. This change in preference is attributed to the younger population perceiving liquid soap to be more hygienic and antibacterial. Furthermore, bar soaps have a tendency to leave residue in showers, they require a dish for storage and are not as long lasting as liquid soaps.

Consumers are also making more informed and conscious purchasing decisions pertaining to leading a healthy lifestyle. Ingredients derived from superfoods, probiotics and vitamins will be driving new product development with bath and shower products. Ingredients made with natural products are growing in popularity, with consumers becoming more conscious of using

milder and natural alternatives on their skin. As per a survey, up to 50 percent of the US and European consumers look for natural ingredients, such as organic or natural essential oils and fruit extracts and packaging with a natural claim⁸.

The global toilet soap industry is dominated by few multinational companies. These companies face fierce competition from the supermarket chains in the mature markets who are introducing in-house products while in the developing economies, competition arises from small and medium sized local companies and artisanal soap manufacturers.

The multinational companies invest more in branding, research and development to target the end consumer while the local players and SMEs focus on institutional segments or B2B network for the sale of their products.

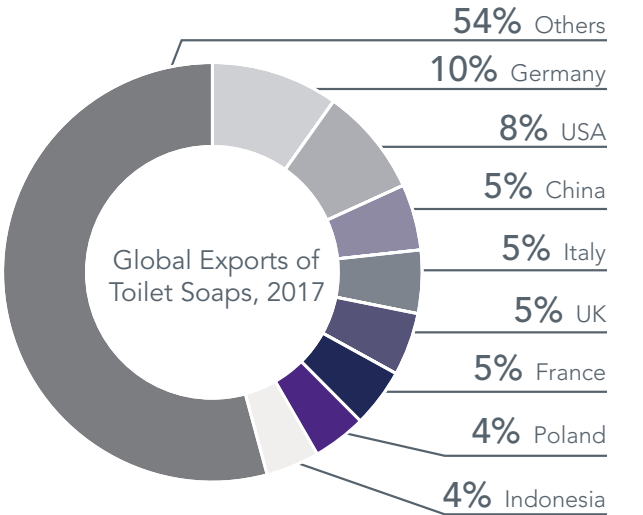
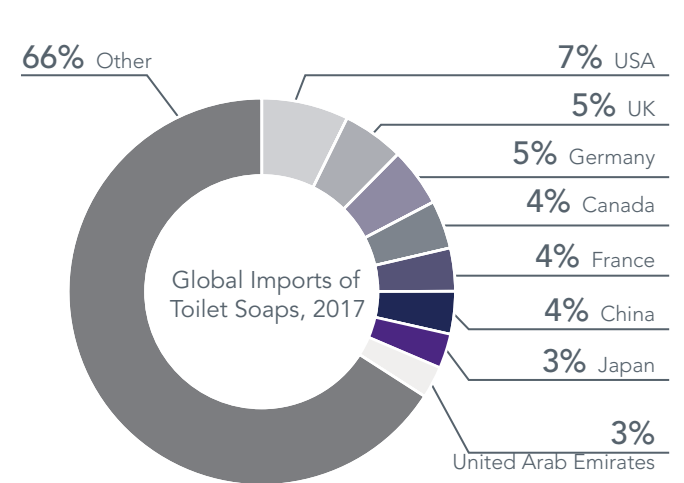
3.2.2 Trade Analysis

The global imports of toilet soap totaled US\$17 billion in 2017, with the US leading the imports with a 7 percent share of the total imports. The UK and Germany accounted for 5 percent each, followed by Canada, France and China with a 4 percent share each of total imports.

Global exports of toilet soap totaled US\$17 billion in 2017, with Germany being the largest exporter with a 10 percent share of total exports. US is the second largest exporter with an 8 percent share, followed by China, Italy, the UK and France with a 5 percent share each.

Chart 14. Global Imports of Toilet Soaps, 2017

Chart 15. Global Exports of Toilet Soaps, 2017



Source: Team Analysis based on data from TradeMap

Source: Team Analysis based on data from TradeMap

⁸Stephenson personal care



3.3 GCC Market Overview

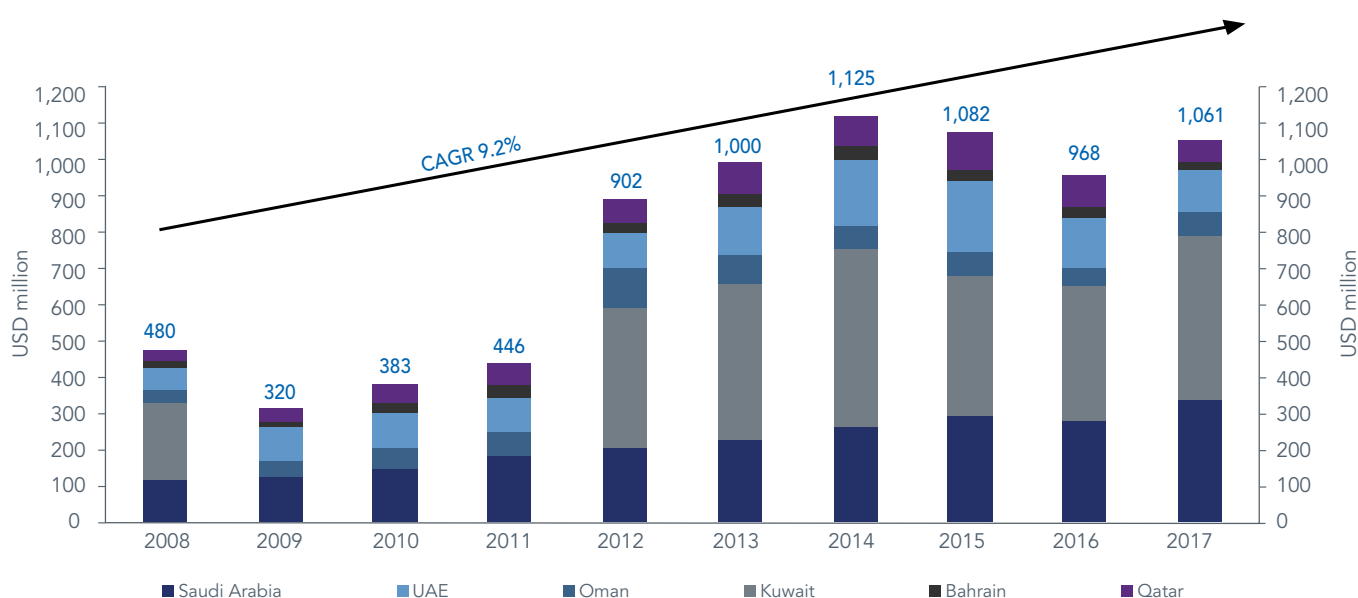
3.3.1 Market Trends

GCC market trends for toilet soaps are in line with global trends wherein, due to higher disposable income, people from the region prefer to spend on products of convenience such as liquid soaps over bar soaps. Most of the facility management companies in the Middle East prefer liquid soaps as they are deemed more hygienic compared to bar soaps. Face wash is becoming increasingly popular and is quickly replacing bar soaps as they tend to have a drying effect on the skin after use. A similar trend is being observed with body washes. People prefer liquid body wash due to their moisturizing, ease of use and long lasting qualities⁹.

3.3.2 Trade Analysis

A) Imports: The analysis of historical import data reveals that imports for toilet soap in the GCC increased from US\$ 480 million in 2008 to US\$1.06 billion in 2017 at a CAGR of 9.2 percent. There was a decline in imports from US\$1.12 billion in 2014 to US\$1.06 billion in 2017.

Chart 16. GCC Import of Toilet Soaps, 2008 - 2017



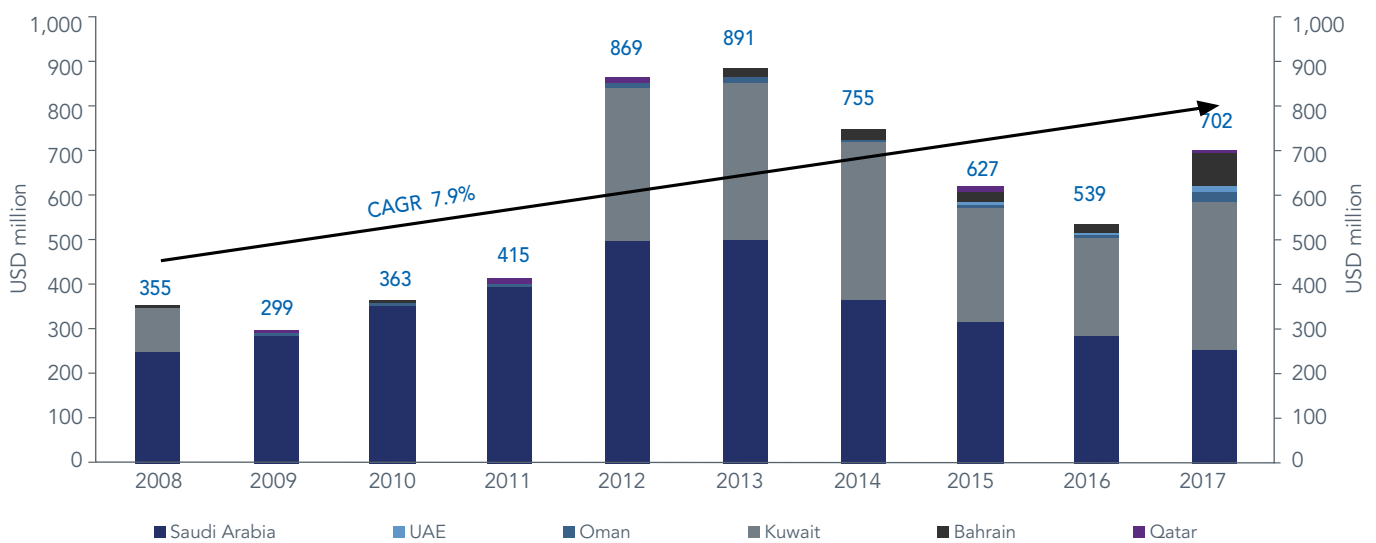
Source: Team Analysis based on data from TradeMap

Note: The data is irregular for a few countries

⁹Transparency Market Research

B) **Exports:** The analysis of historical export data indicates that exports of soaps increased from US\$355 million in 2008 to US\$702 million in 2017 at a CAGR of 10.2 percent. Exports in the GCC have declined in recent years from US\$891 million in 2013 to US\$702 million in 2017.

Chart 17. GCC Exports of Toilet Soaps, 2008 - 2017



Source: Team Analysis based on data from TradeMap



3.3.3 Key Market Players

The toilet soap market in the GCC is dominated by international brands such as Colgate-Palmolive, P&G and Unilever etc. These international brands have their manufacturing units in GCC such as P&G in Saudi Arabia, Unilever in UAE and Reckitt Benckiser in UAE. A few local toilet soap manufacturers are also present in this market. Most of the largest local companies, such as Sidco (KSA), Wafir (KSA), Scitra (UAE), NDCO (Oman), Al Sharan (Kuwait) and QDC (Qatar), are predominantly detergent manufacturers that also produce liquid/bar soaps.

Table 5. Key Manufacturers of Toilet Soaps in the GCC Region

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
Sidco	Saudi Arabia	1982	NA	NA	• Liquid soap
Al Mina Group	Saudi Arabia	1976	NA	NA	• Liquid soap
Koonz Al-Ardh Detergents Factory	Saudi Arabia	NA	NA	NA	• Liquid soap
Fouh Detergent Factory	Saudi Arabia	2009	NA	NA	• Liquid soap
Crystal Arabia	Saudi Arabia	2001	NA	NA	• Liquid soap
Wafir Company for Industrial Detergent	Saudi Arabia	2002	NA	NA	• Liquid soap
Fayfa Chemicals	UAE	1991	NA	NA	• Liquid soap
Scitra	UAE	1993	NA	NA	• Bar and liquid soap
Al Basma Detergents	UAE	NA	NA	NA	• Liquid soap and hand sanitizers
Sun clean group of companies	UAE	1998	NA	NA	• Liquid soap
Falcon Detergents Ltd.	UAE	NA	NA	NA	• Liquid soap
Nazih Group	UAE	1975	NA	NA	• Liquid soap
La Famille Industries	UAE	2007	NA	NA	• Liquid soap and hand sanitizers
The National Detergents Co.	Oman	1981	NA	NA	• Bar and liquid soap and shampoos
Sallan Industrial Investment LLC	Oman	2015	24,000	MT	• Bar and liquid soap and hand sanitizers

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
Al Sanea Chemical Products	Kuwait	1977	NA	NA	• Liquid soap and hand sanitizers
Unilever ¹⁰	UAE	2016	100,000	MT	• Laundry care and home care products
Al Sharan Industries	Kuwait	1968	NA	NA	• Bar and liquid soap and hand sanitizers
Al-Tadamon International	Kuwait	1992	NA	NA	• Liquid soap, hand sanitizer and shampoos
Middle East Chemical Manufacturing Co.	Kuwait	1983	NA	NA	• Liquid soap
Reckitt Benckiser	UAE	1996	NA	NA	• Home care products and liquid soaps
Al-Bahar Industries W.L.L	Kuwait	1985	NA	NA	• Liquid soap and hand sanitizers
FITCO Detergent Factory	Qatar	NA	NA	NA	• Hand wash
Qatar Detergent Company	Qatar	1978	NA	NA	• Liquid soap

Source: GOIC database

¹⁰Sustainable brands

3.4 Qatar Market Overview

3.4.1 Historical Demand and Current Market Size

QDC and NDC are the two companies in Qatar currently manufacturing liquid soap. There are no manufacturers for bar soaps, shampoos and hand sanitizers in Qatar. Their annual production data for the last 10 years, coupled with imports and exports, have been factored in to estimate the demand for toilet soaps in Qatar.

Chart 18. Qatar's Historical and Current Demand for Toilet Soaps, 2006 - 2017

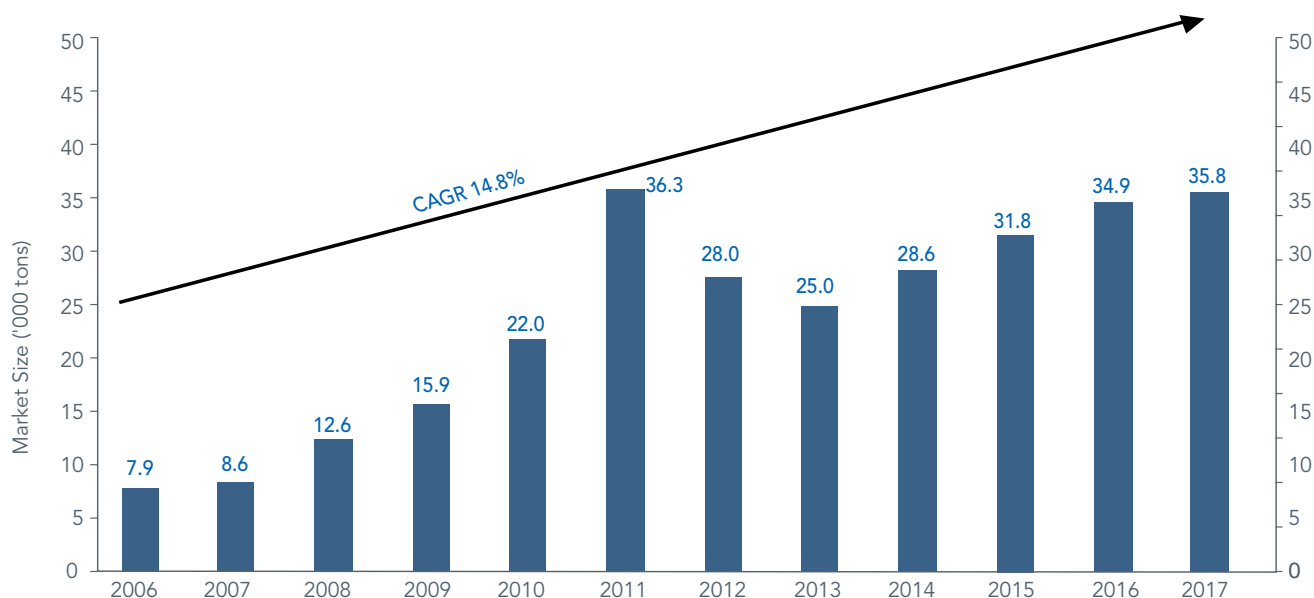


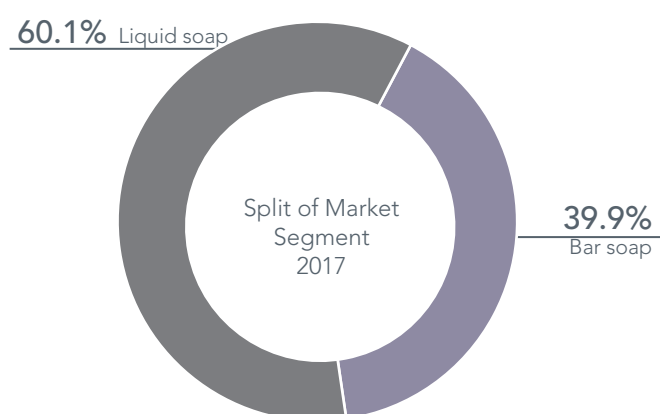
Chart 18: Qatar's Historical and Current Demand for Toilet Soaps, 2006-2017

Awareness for hand, body and hair hygiene has increased in the present world. Demand for toilet soaps is driven by the growth in population and an increasing awareness of the importance to ensure personal well-being. Population in Qatar grew at a CAGR of 9.1 percent from 2006 to 2017. In line with the increase in the population, demand for toilet soaps in Qatar grew at a CAGR of 14.8 percent from 7,900 tons in 2006 to 35,800 tons in 2017.

3.4.2 Overview of Market Segment

The current demand for toilet soaps in Qatar is dominated by liquid soaps with 60.1 percent of the total market share in 2017. Bar soaps formed 39.9 percent of the total market share.

Chart 19. Split of Market Segment, 2017



Source: Team Analysis based on data Planning and Statistics Authority

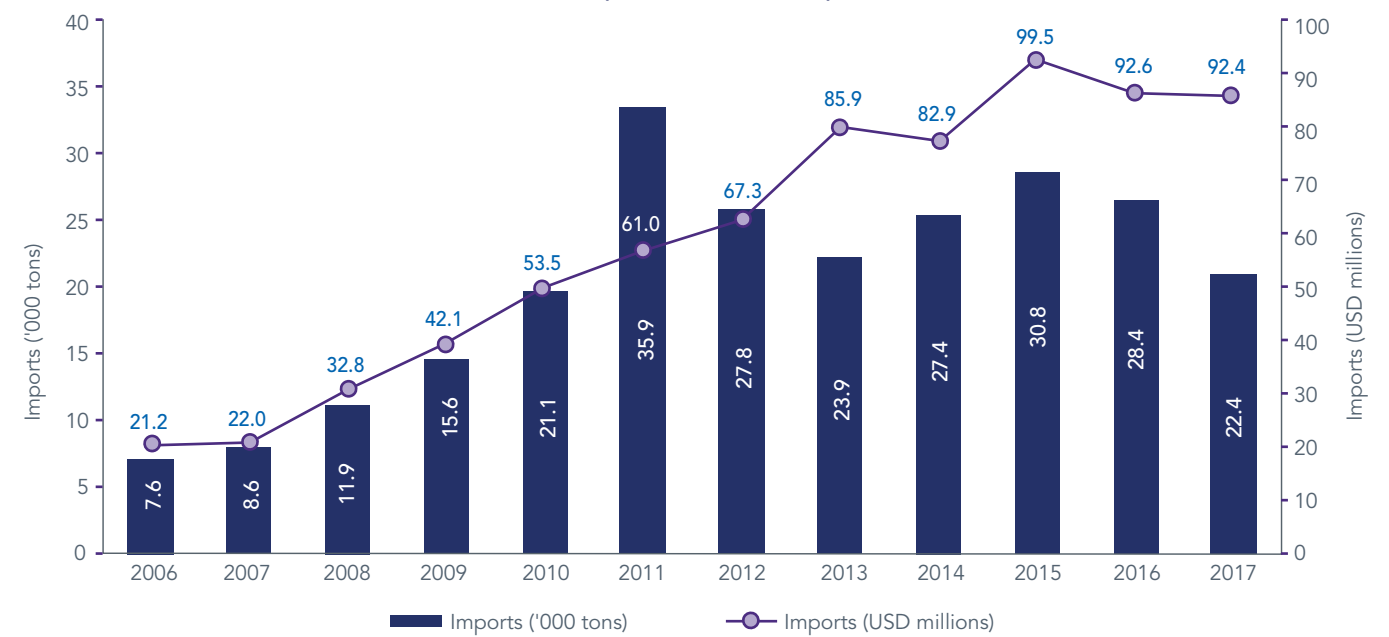




3.4.3 Trade Analysis

Imports for toilet soap grew at CAGR of 16.9 percent from 8,000 tons in 2006 to 30,800 tons in 2015. However, post 2015, imports have witnessed a decrease of 14.7 percent and registered volume of 22,400 tons in 2017. The drop in imports during the year 2017 could be due to the diplomatic situation leading the local distributors to rely on their inventory till identifying new or alternative sources of imports.

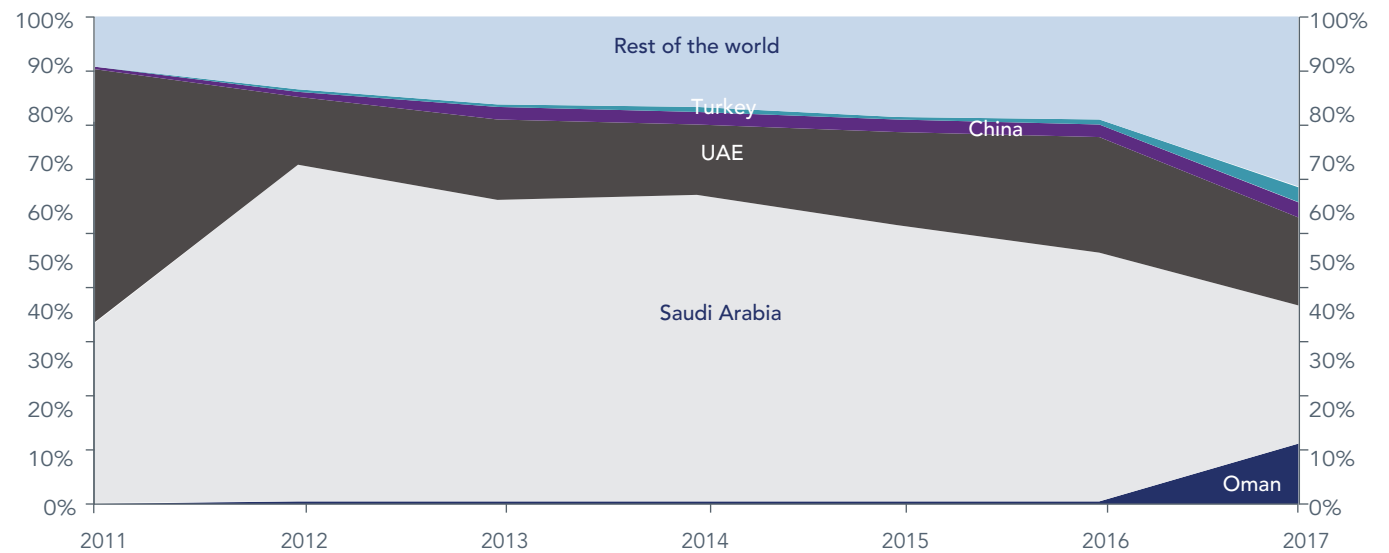
Chart 20. Qatar Imports of Toilet Soaps, 2006 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

In terms of value, imports increased from US\$21 million in 2006 to US\$ 99.5 million in 2015. In line with the decrease in trade volume, value has also registered a decrease and was US\$92.4 million in 2017.

Chart 21. Qatar Key Sources of Imports by Volume, 2011-2017



Source: Team Analysis based on data from Planning and Statistics Authority

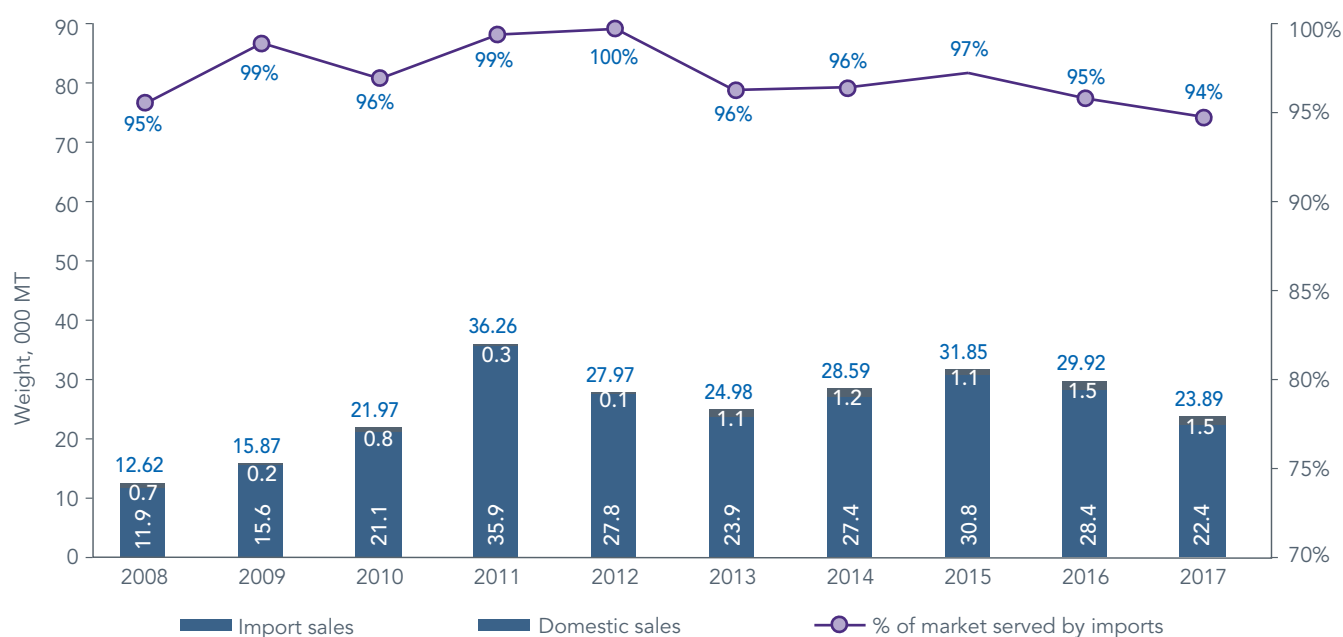
Saudi Arabia was the single largest source of imports from 2011 to 2016, with an average share of 56 percent during this period, followed by UAE (23 percent), China (2 percent), and Rest of the world (17 percent). The imports from Saudi Arabia can largely be attributed to the presence of manufacturing units for international brands from where it is exported to the countries in the MENA region.

However, post the start of diplomatic situation in mid-2017, import share of Saudi Arabia and UAE has declined from 51 percent and 24 percent in 2016 to 28 percent and 18 percent respectively in 2017. Imports from Oman has seen a substantial increase from 1 percent in 2016 to 12 percent in 2017 while the imports from Rest of the world has also seen an increase from 21 percent to 35 percent.

Share of imports in domestic consumption

During 2008 to 2017, the requirement of toilet soaps in Qatar was serviced primarily by imports. Imports accounted for approximately 94 percent of the total consumption in 2017. The low share of domestic sales is due to the small production capacity of the two domestic manufacturers. Primary interviews indicate that the domestic players (QDC and NDC) produce only liquid hand wash soaps and have no production of other products such as bar soaps, shampoos and hand sanitizers.

Chart 22. Share of Imports in Domestic Consumption for Toilet Soaps, 2008 - 2017



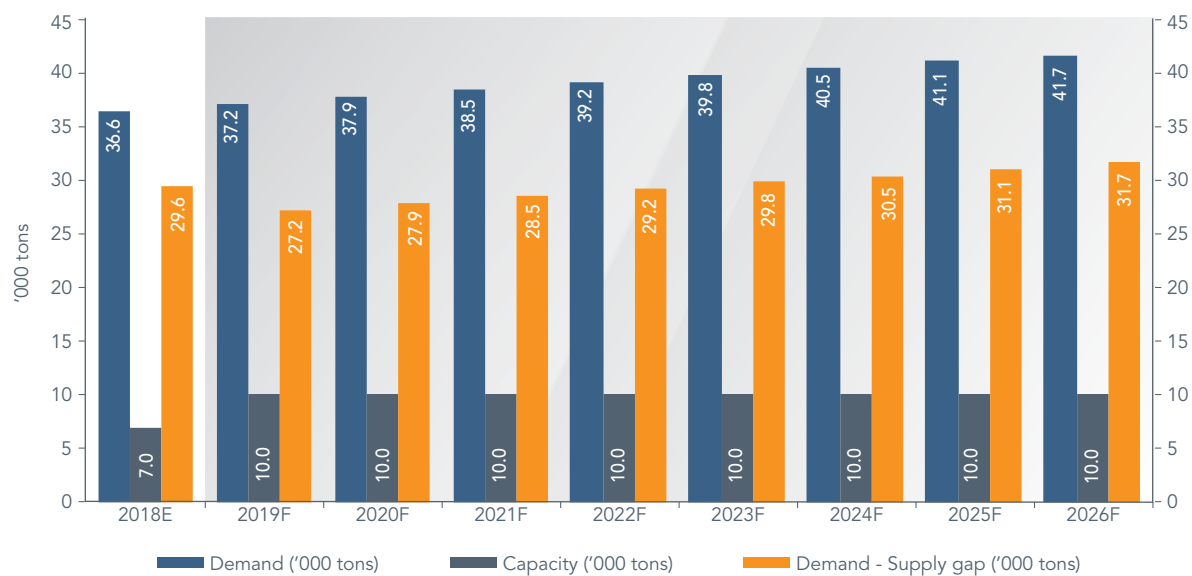
Source: Team Analysis based on data from Planning and Statistics Authority

3.4.4 Demand Forecast

Toilet soap is a fast moving consumer good and is closely tied to the size of the population. As such, per capita consumption of toilet soap has been taken as the basis to forecast the demand. Demand for toilet soap is projected to grow at a CAGR of 1.65 percent from 36,500 tons in 2018 to 41,600 tons in 2026.

Branding and awareness are critical success factors for sale of toilet soaps. This, coupled with the dominance of large international brands, make it difficult for local manufacturers to compete.

Chart 23. Qatar Demand and Supply Analysis for Toilet Soaps, 2018-2026



Source: Team Analysis based on data from Planning and Statistics Authority



3.4.5 Pricing Analysis

Prices for toilet soaps vary depending on the type of product, brand, properties, fragrance and quantity. For bar soaps the price ranges between QAR14 to QAR170 per kg and the variety available is vast. The price for liquid soaps ranges between QAR17 to QAR46 per liter. Dettol liquid soaps are usually priced higher due to their anitseptic and antibacterial properties. Pearl liquid hand wash is priced the lowest, at QAR 5 per liter.

Hand sanitizer is a product of convenience that helps kill harmful disease-causing germs. They are usually priced in the range of QAR25 to QAR170 per liter.

Figure 5. Pricing Analysis for Toilet Soaps, 2017



Source: Team analysis, Planning and Statistics Authority

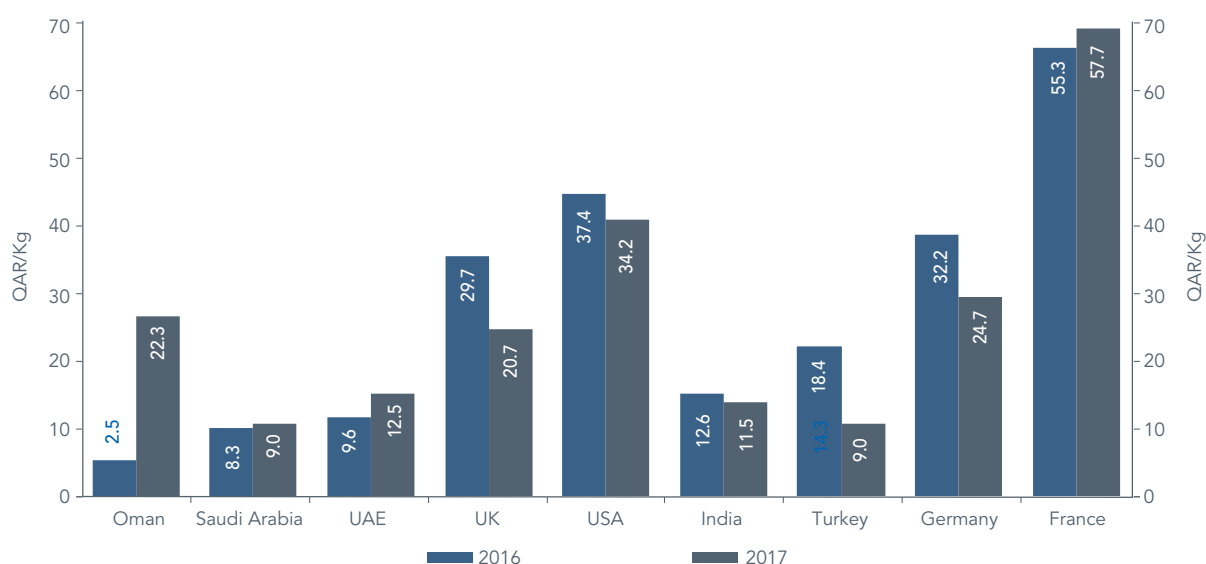
Dettol hand sanitizers are the most expensive at QAR170 per liter. A vast variety of shampoos are available in the market and usually priced in the range of QAR24 to QAR46 per liter. Premium brands for toilet soaps such as The Body Shop, Lush, L'Occitane, Yves Rocher etc. have their own range of products and are increasing their customer base due to their use of environment-friendly and natural ingredients. They are priced higher and have their own outlets as opposed to regular toilets soaps that are sold via supermarkets and neighborhood stores.



Saudi Arabia was the leading exporter of toilet soaps to Qatar in 2017. Most of the imports to Qatar from Saudi Arabia and UAE were done before the start of the diplomatic situation. Based on the data available, the import prices of toilet soaps from Saudi Arabia and UAE increased by 8 percent and 30 percent, respectively in 2017. Imports from Oman increased 13 times during 2017 (2,779 tons in 2017 from 208 tons in 2016). The data reflects an increase of price per Kg from QAR 4.5 to QAR 22.3, however, there is no valid justification for the same. Products being re-routed from UAE and Saudi Arabia via Oman could result in a marginal increase in price. However, it does not justify a five-fold increase in import prices.

The imports from Turkey, UK, Germany, India and USA saw a decrease in the import prices in 2017 as compared to 2016. Turkey recorded the maximum decrease of 50 percent while UK and Germany witnessed a decline of 30 percent and 23 percent in the import prices. India and USA saw a decline of 9 percent and 8.5 percent in 2017.

Chart 24. Average Import Prices for Toilet Soaps (QAR per Kg), 2016 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

3.4.6 Competitive Analysis

The market for toilet soap is very competitive. There are many choices available in the market with varied prices suited to different socio-economic groups. Large international companies such as Reckitt Benckiser group (UAE), Unilever (UAE), Procter & Gamble (KSA), Colgate-Palmolive (KSA) etc. have created strong brands over the years making it difficult for a new local player to compete in the market. These companies have multiple manufacturing units across the globe and are sourcing products from different units post the start of diplomatic situation in June 2017. Premium cosmetic and toiletry brands, such as The Body Shop, Lush, Yves Rocher, and Bath & Body Works etc., have a presence in the Qatar market making it more difficult for the local players to compete. Local companies, such as QDC and NDC, produce only liquid hand wash soap. Only Pearl liquid hand wash, a QDC brand, is available for retail sale in Qatar. NDC works on a B2B model and has low presence in the retail market.

3.4.7 SWOT Analysis and Michael Porter's Five Force Analysis

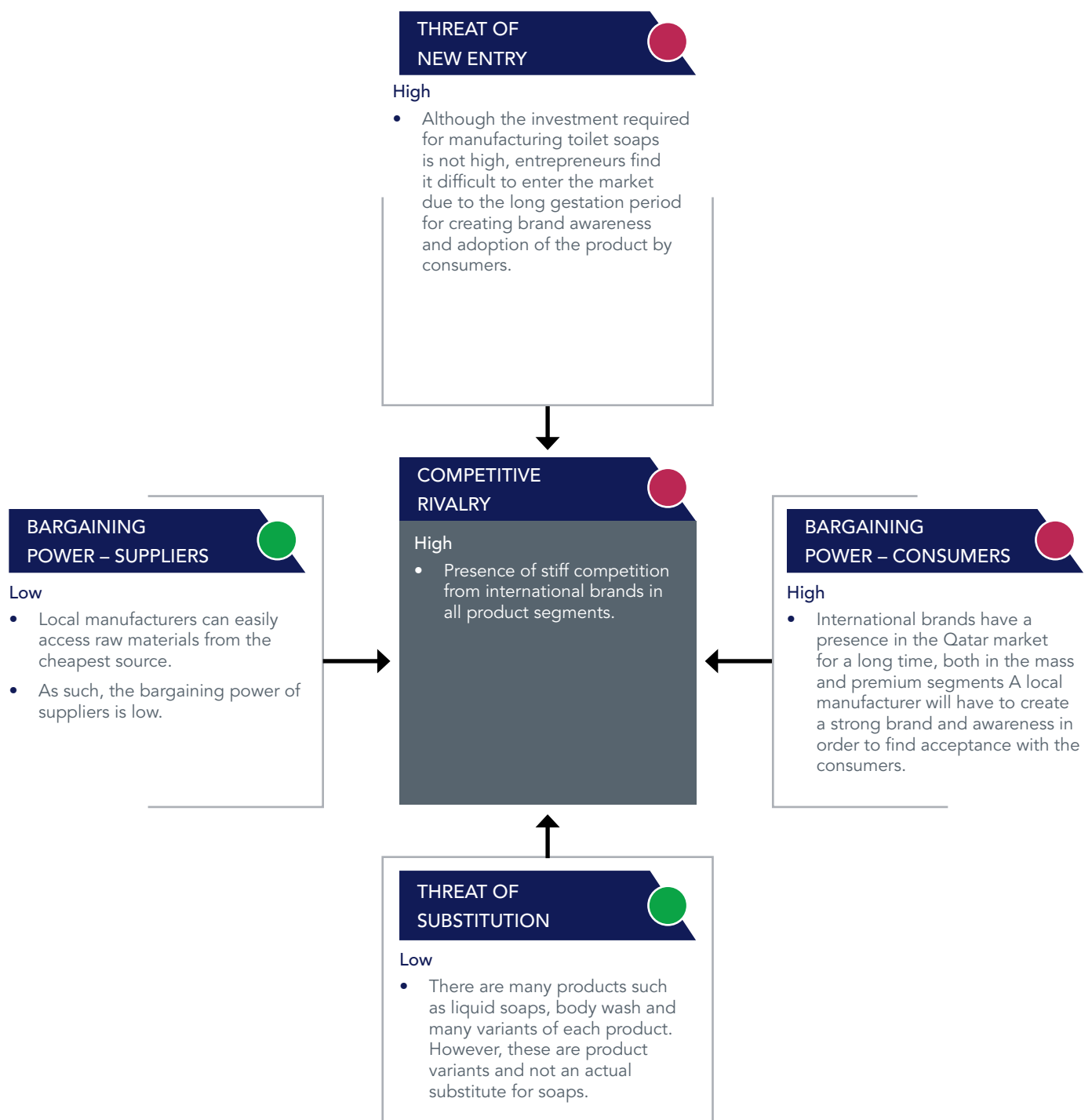
Figure 6. SWOT Analysis – Toilet Soaps



Note: SWOT analysis relates to new companies planning to enter the soaps market in Qatar



Figure 7. Michael Porter's Five Forces Model – Toilet Soapst



3.4.8 Key Takeaways

- The toilet soap industry in Qatar is dominated by the presence of international brands. Limited opportunities exist for local entrepreneurs in the niche product segment such as handmade soaps.
- A new entrepreneur needs to be mindful of the fact that more time needs to be spent on branding and educating the customer rather than manufacturing soap.
- A new venture will face significant competition from both premium brands as well as supermarkets selling their own products (white labeling). Supermarkets are a threat especially since they offer products at very low prices while premium brands serve those who want natural/organic products and are willing to spend.
- Customers are switching from bar to liquid soaps due to ease of use, moisturizing qualities and the perception that liquid soaps retain fewer bacteria than bar soaps and hence can be used easily by different individuals.
- Healthy/conscious lifestyle choices of customers drive new products, which uses natural/vegan ingredients as well as the inclusion of probiotics and vitamins.
- Limited local competition for soaps as there are only two other players in the market mainly producing hand wash.
- Given the current diplomatic situation and limited local soap manufacturing, an entrepreneur can leverage the opportunity to introduce a 'Made in Qatar' product, which focuses on the niche segment such as handmade soaps.

4. FRAGRANCES

4.1 Sub-sector Overview

Fragrances have been used for various purposes such as used on the skin and clothing, put in cleaners and cosmetics and have been used as air freshener. They are made using natural or synthetic materials and can be broadly classified under three categories – perfumes, deodorants and air fresheners. Fragrances in ancient times were prepared by extracting oils from plants through pressing or steaming, after which the oil was burnt to release fragrance in the air.

4.1.1 Product Description

Perfumes:



Perfumes are defined as an extract or essence that contain a percentage of oil distilled in alcohol and water. Perfumes can be categorized based on origin as Western or Arabic perfumes. Arabic perfumes are usually oil based and having a base of Jasmine, Amber, Musk Oudh, etc. Bukhoor is a blend of diverse fragrances usually in round shape that is burnt to release fragrance. Due to the importance of Oudh and other Arabic fragrances to the local customers, many western brands have also started Arabic fragrances such as oudh, rose, etc. Western perfumes can be categorized based on concentration of the essential oil. Eau Fraiche has only 1 to 3 percent of perfume oil and is the most diluted version of perfumes. Colognes contain up to 2 to 4 percent of perfume oil and are popular with younger customers. Eau de toilette consists of 5 to 15 percent of perfume oil dissolved in alcohol, and when applied, they last for around 3 hours. Eau de Parfum consists of around 15 to 30 percent of perfume essence dissolved in alcohol. Depending on the concentration of perfume essence, when applied, they can last for between 5 to 24 hours.

Antiperspirants/deodorants:



These can come in three different forms: 1) Solid: Antiperspirants are in a solid state and they melt easily when applied on the skin. 2) Roll-on: These deodorants are in the form of liquid with a ball tip on the top of the container. They are user-friendly as, compared to solid deodorants in colder regions, they do not harden at low temperatures. 3) Sprays: Deodorants that come in a spraying can are in the form of a mist. These particles are dispersed using a propellant attached to the spraying can.

Air fresheners:



Air fresheners also come in three forms: 1) Sprays: The most common type of air fresheners used today are in the form of sprays. They are simply used to cover up/neutralize odors and to sanitize the room. 2) Plug-ins: These were first introduced by Glade and then replicated by many other companies. They work by sending out a constant wave of fragrant scents when plugged into an electrical socket. 3) Gels: These are jelly-like substances and when a particle hits the gel, fragrance is released into the environment.



4.2 Global Market Overview

4.2.1 Market Trends

Perfumes are no longer seen as non-essentials and frivolous; they have emerged as essentials, due to the increasing trend of appearance and personal care contributing to an individual's pride, confidence and self-reliance. They have evolved as a mainstream business in the personal care and cosmetics industry. The global perfume industry was valued at around US\$36 billion in 2016¹¹. The industry has been forecasted to reach a value of approximately US\$51.3 billion by 2022¹². It is expected to benefit from growing trends of consumer urbanization, high spending propensity and increasing importance on personal appearance and grooming. Growing demand for exotic, floral and celebrity perfumes will set the pace for a rapid market expansion.

The perfume market is segmented on the basis of demographics into men, women and unisex fragrance. According to market trends, the industry has been dominated by women's fragrance, with a maximum number of product launches and innovations year-on-year. Unisex perfumes are growing in popularity with changing gender norms, where consumers are focusing on how fragrance represents an individual's personality. Consumers today, prefer to have a 'fragrance wardrobe' instead of only a few scents. As a result, companies are introducing smaller sizes, such as a 30 ml bottle, to appeal the value conscious consumers.

The global perfumes industry is segmented into seven major regions, i.e. North America, Latin America, Western Europe, Eastern Europe, Asia Pacific, excluding Japan (APEJ), Japan and Middle East & Africa (MEA). North America accounts for a 29 percent share of the perfume market; and Europe for another 21 percent^{13,14}. APEJ is expected to register a significant growth over the coming years due to the fast expansion in disposable income in the region. MEA, Eastern Europe and Latin America are emerging markets with a scope of significant market expansion in terms of value and volume.

Deodorants and antiperspirant are personal hygiene products applied to prevent body odor. The key difference lies in the purpose of their application. Deodorants are used for the prevention of body odor, while antiperspirant are used to

reduce moisture content in the body and thus prevent sweating. Deodorants and antiperspirant are used in different forms around the globe. For instance, in the United States, solid and gel are preferred. European countries generally prefer sprays and roll-ons. The global deodorants market is forecasted to reach US\$17.3 billion by 2020, driven by the steadily rising per capita spending on personal care products. Europe represents the largest market worldwide. Asia-Pacific ranks as the fastest growing market with a projected CAGR of 7.5% until 2020¹⁵. In 2018, the global antiperspirant and deodorant market is estimated to be about US\$72.7 billion¹⁶. Major players in the deodorant and antiperspirant market are Avon Products Inc., Beiersdorf AG, CavinKare Pvt. Ltd., Church & Dwight Co. Inc., Colgate-Palmolive Company, Elder Health Care Ltd., Henkel AG & Co., KGaA, HYPERMARCAS S.A, Lion Corporation, Mandom Corporation, Marico Limited, McNROE Consumer Products Pvt. Ltd., Oriflame Cosmetics S.A., Procter & Gamble Company, Garnier, Revlon Inc., Tom's of Maine Inc, Unilever N.V, Verdan Sarl. The market is expected to grow extensively with the growing population, increased disposable income, rising standards of living, and the increased awareness of personal hygiene and the adoption of an active lifestyle.

Air fresheners are used for the purpose of emitting fragrances to neutralize unpleasant odor in the surrounding. Global Air Freshener Market was valued at US\$10 billion in 2016, and is expected to reach US\$12 billion by 2023, registering a CAGR of 3.2% from 2017 to 2023¹⁷. Air fresheners contain different ingredients such as aerosol propellants, fragrances, and solvents such as 2-butoxyethanol, mineral oil, and glycol ethers, which neutralize the unpleasant odor. Key market drivers include concerns on air quality, increasing awareness for air care, rapid growth in car sales, increased number of pet owners and the rising standards of living. This presents a lucrative opportunity for market growth of air fresheners. Key players in the market are Procter & Gamble Co., Reckitt Benckiser Inc., Henkel KGaA, Church & Dwight Co. Inc., Car-Freshener Corporation, SC Johnson & Johnson Inc., Kobayashi Pharmaceutical Company Limited and Jarden Corporation.

¹¹Research and Markets: Perfume market, ¹²Global Industry Analysts, Inc.: Fragrances and Perfumes, ¹³Global Industry Analysts, Inc.: Fragrances and Perfumes, ¹⁴Global Perfume Industry, ¹⁵Strategyr, ¹⁶Statista, ¹⁷Allied Market Research

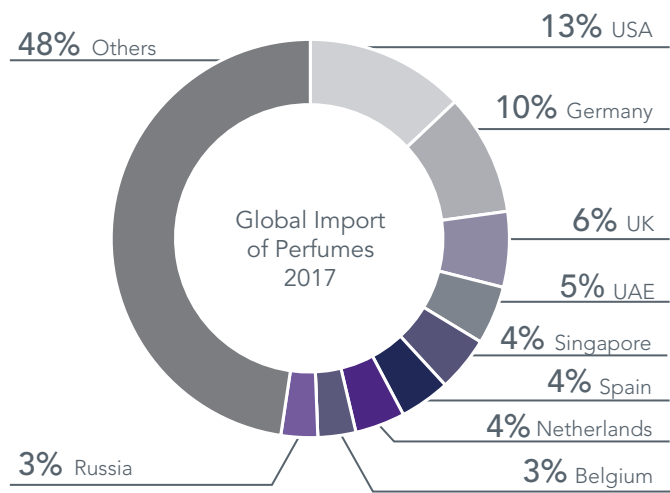




4.2.2 Trade Analysis

Import: The global import of perfumes was estimated to be US\$18 billion in 2017, with the US accounting for a 13 percent share of the total imports. Germany and the UK accounted for a 10 percent and 6 percent share of the total global imports, respectively.

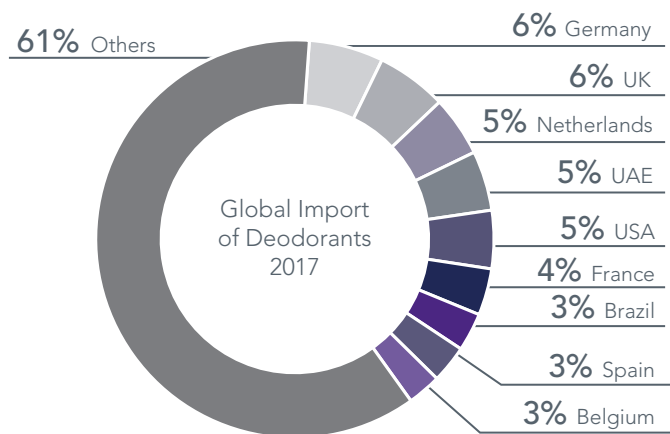
Chart 25. Global Import of Perfumes, 2017



Source: Team Analysis based on data from TradeMap

The global import of deodorants was estimated to be US\$5 billion in 2017, with Germany and UK accounting for 6% share each. Netherlands, UAE and the US accounted for 5 percent share each of the total global imports.

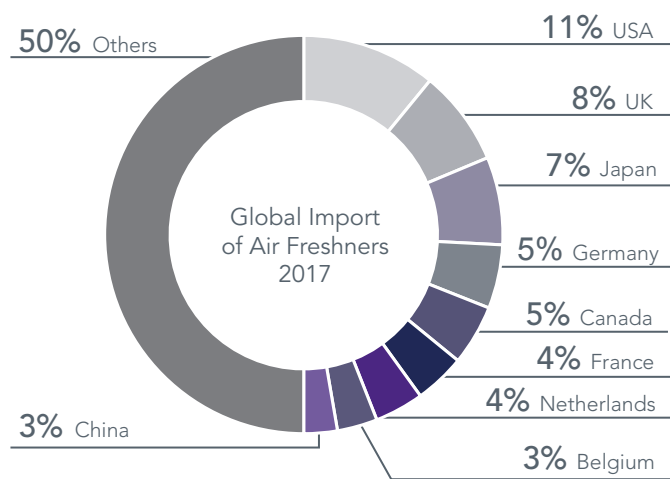
Chart 26. Global Import of Deodorants, 2017



Source: Team Analysis based on data from TradeMap

The global import of air fresheners was estimated to be US\$4 billion in 2017, with the US accounting for an 11 percent share of the total imports. UK and Japan accounted for 8 percent and 7 percent share of the total global imports, respectively.

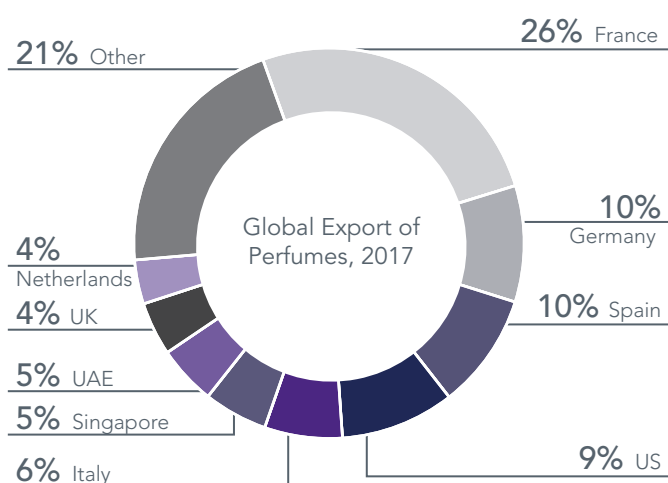
Chart 27. Global Import of Air fresheners, 2017



Source: Team Analysis based on data from TradeMap

Export: Export of perfumes globally totaled US\$18 billion in 2017. France accounted for a 26 percent share of the total exports. The image of French products associated with quality and expertise helps France remain the global leader in this sector. Germany is the second largest exporter of perfumes with 10 percent share, closely followed by Spain with also 10 percent share of the total exports.

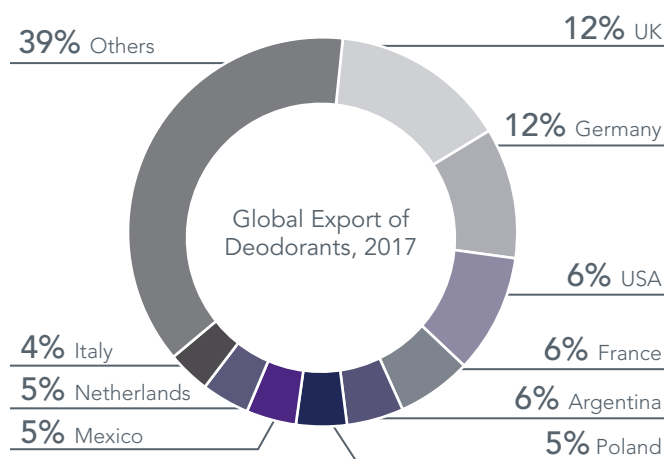
Chart 28. Global Export of Perfumes, 2017



Source: Team Analysis based on data from TradeMap

Export of deodorants globally totaled approximately US\$5 billion in 2017. Large personal hygiene brands originate from the US, the UK and Germany, which makes us for the top three exporters. UK and Germany accounted for 12 percent share each of the total exports. The US is the third largest exporter with 6% share.

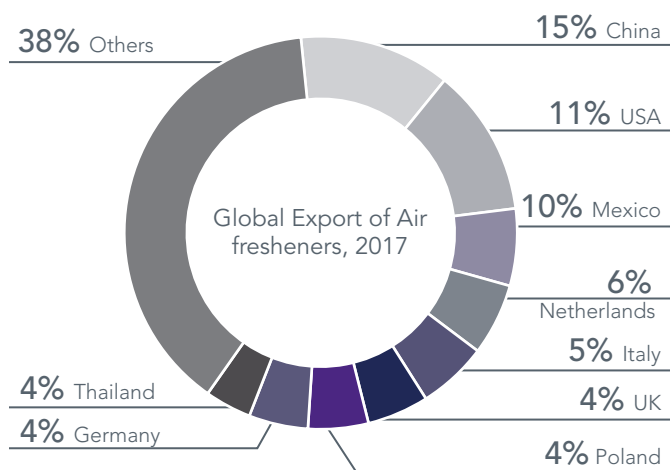
Chart 29. Global Export of Deodorants, 2017



Source: Team Analysis based on data from TradeMap

The global export of air fresheners totaled approximately US\$4 billion in 2017. China is the leading exporter of air fresheners with a 15% market share followed by the US and Mexico at 11 percent and 10 percent respectively.

Chart 30. Global Export of Air fresheners, 2017

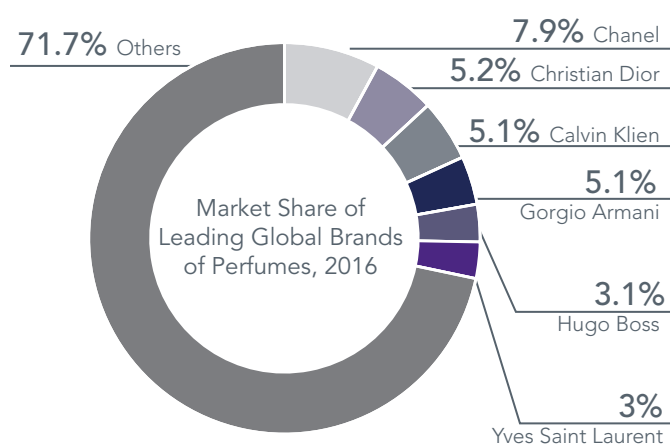


Source: Team Analysis based on data from TradeMap

They are also actively investing in digital platforms and e-commerce sites in order to keep pace with ever changing consumer behavior. The breakdown of market share for the leading perfume brands for 2016 is shown in Chart 31.

A key trend defining the perfume industry is that large players are concentrating on enhancing their geographical presence and expanding their customer base by entering into strategic brand acquisitions

Chart 31. Market Share of Leading Global Brands of Perfumes, 2016

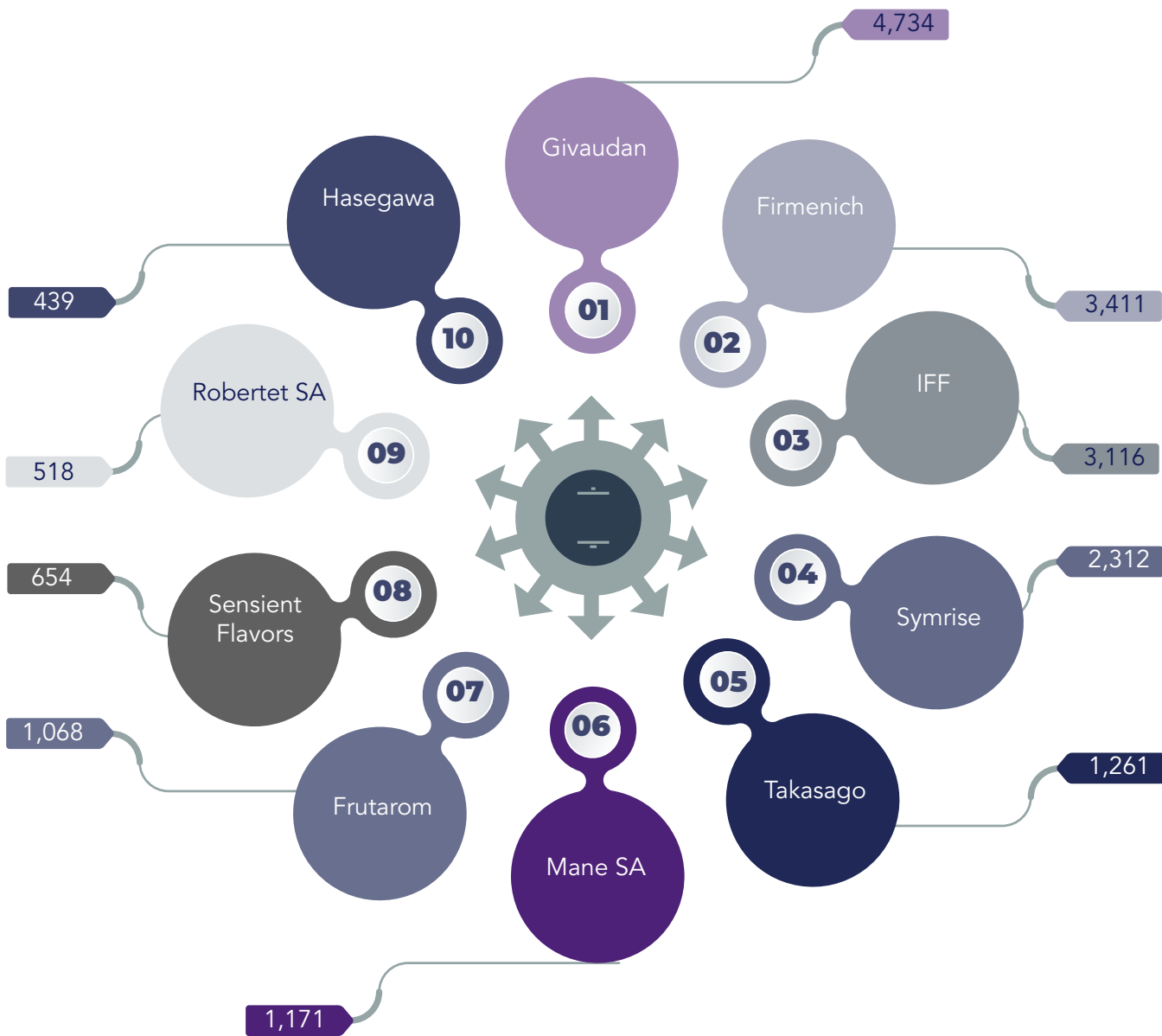


Source: Global Industry Analysts, Inc.

Major companies producing raw materials (notes) for the production of perfumes are mentioned in Figure 8.



Figure 8. Key Note Manufacturers in the World, Sales (US\$ millions)





4.3 GCC Market Overview

4.3.1 Market Trends

The fragrances market (especially the perfume sub-segment) in the GCC was impacted by an overall economic slowdown due to a fall in the oil prices and the downturn in tourism. The industry also faced increased competition from the flourishing make-up category, which is a high growth segment and attracts consumer spend. Despite this, the market continues to be attractive for both local and foreign players. In the KSA, perfume sales were estimated to have reached US\$ 1.7 billion in 2015 – the highest in the Middle East. UAE perfume market registered sales of US\$ 423 million in 2015¹⁸.

Perfumes remain an important part of the daily routine for both men and women in the GCC. Regional sales are pushed up by the strong position of local oriental fragrance brands, which sport high price tags. The market for oriental fragrances in the GCC was estimated to be around US\$1.5 billion¹⁹. Western brands have also launched scents to cater to local tastes, often based on oud. The men's grooming category is emerging, with perfumes becoming more popular among the region's youth. Men, in particular, are keen to sample both global designer and niche fragrances.

High temperatures in the GCC is one of the factors leading to the increased demand of deodorants. Additionally, rising workforce in GCC who are conscious about their personal appearance has led to increased demand. Awareness on health and hygiene amongst consumers has also increased and this

continue to boost the growth of deodorants in the GCC region. The deodorant market in Saudi Arabia registered a growth of 2% in 2016 compared to 2015, reaching US\$184.8 million²⁰. Sprays are most favored due to ease of use and quick drying²¹. The fierce competition between key players and key distribution channels has resulted in reduction of the average price of deodorants in 2017.

Air care within the GCC region is not as popular when compared to European countries or the US. Secondary research indicates that there has been a decline in the retail value of these products in 2017. The reason for this decline could be due to change in consumer behavior i.e. in a weak economic condition, air fresheners are viewed as a luxury item or a non-essential product. Air freshener manufacturers countered this decline through strong promotional strategies such as buy-one-get-one free and free refills²². However, the volume growth was minimal and unit prices declined across most air care categories. Amongst the air freshener manufacturers, Reckitt Benckiser continued to be the market leader in 2017. The company's longstanding presence within the region has led to its flagship Air Wick brand becoming a household name in most GCC countries. Currently, they are supplying their products to Qatar by channeling it through Oman under the distributorship of Oman Insecticide and Air Freshener Company LLC²³.

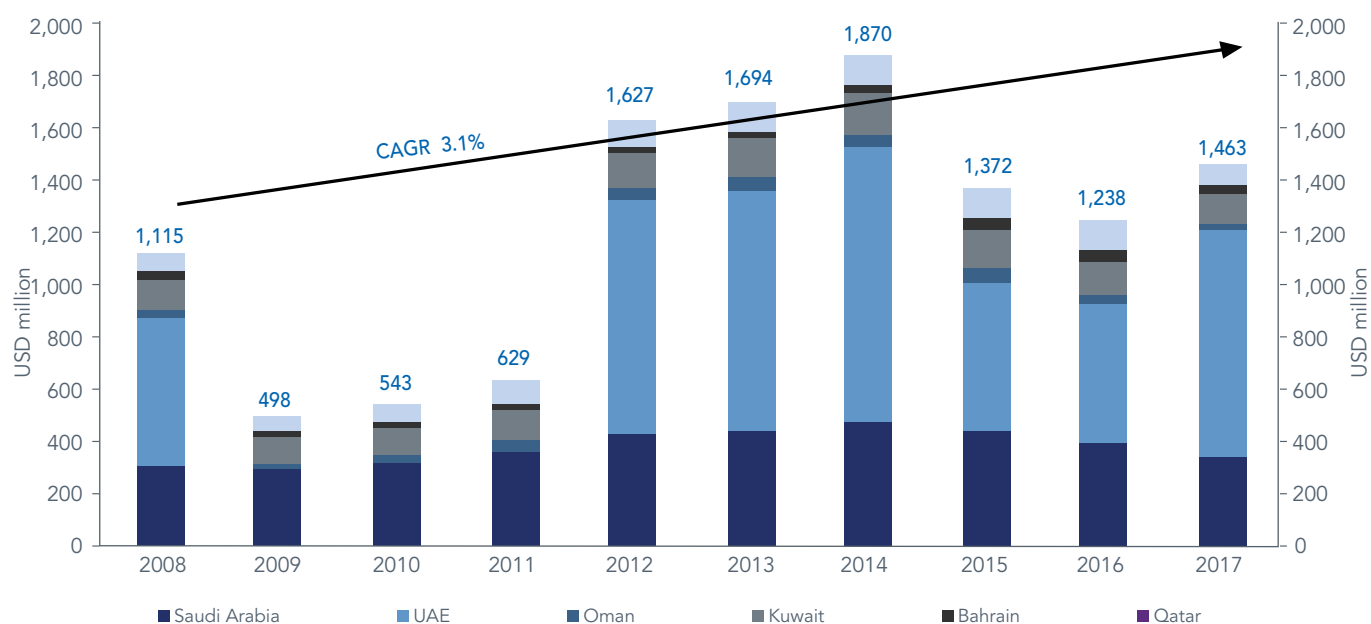
4.3.2 Trade Analysis

Perfume Imports: The analysis of historical import data reveals that imports of perfumes in the GCC increased from US\$1.1 billion in 2008 to US\$1.46 billion in 2017 at a CAGR of 3.1 percent. Imports decreased from US\$1.87 billion in 2014 to US\$1.46 billion in 2017.

¹⁸Beautyworld Middle East, ¹⁹Beautyworld Middle East, ²⁰Euromonitor International, ²¹Cosmetics Business

²²Euromonitor International, ²³Primary Research

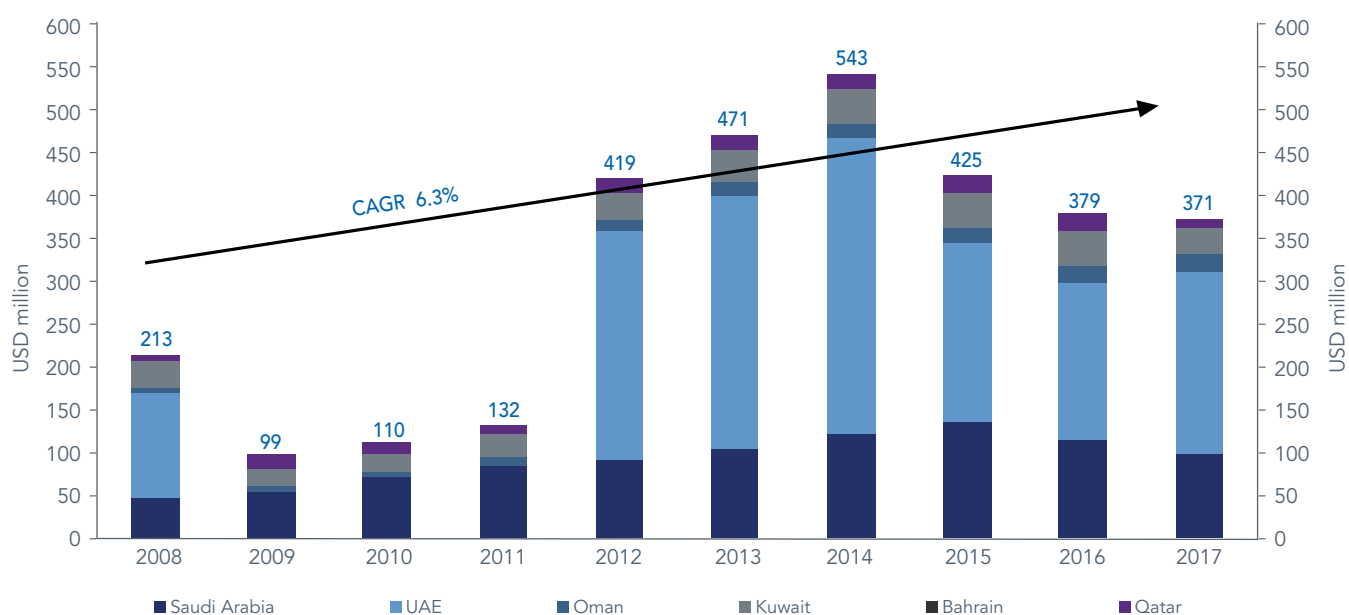
Chart 32. GCC Imports of Perfumes, 2008 - 2017



Source: Team Analysis based on data from TradeMap

Deodorant Imports: Historical import data reveals that imports of deodorants in the GCC increased from US\$ 213 million in 2008 to US\$ 371 million in 2017 at a CAGR of 6.3 percent. Imports decreased from US\$ 543 million in 2014 to US\$ 371 million in 2017.

Chart 33. GCC Imports of Deodorants, 2008 - 2017

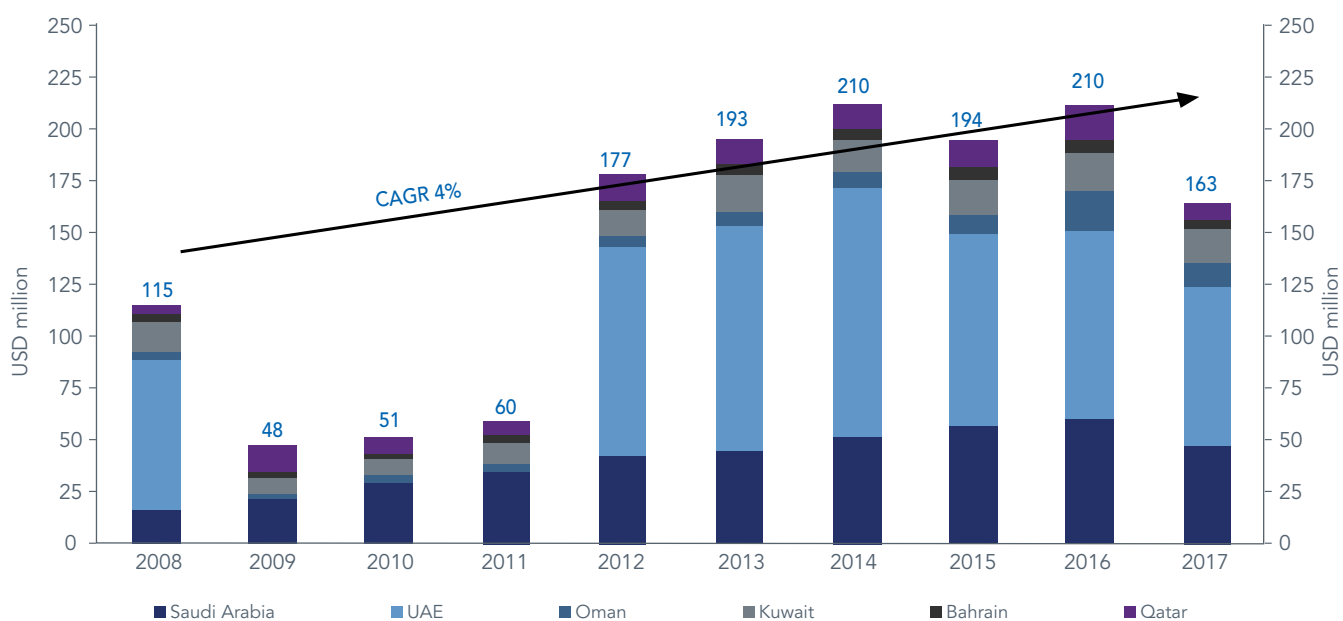


Source: Team Analysis based on data from TradeMap



Air freshener Imports: The historical import data reveals that imports of air fresheners in the GCC increased from US\$ 115 million in 2008 to US\$ 163 million in 2017 at a CAGR of 4 percent. Imports did not fall as drastically as perfumes or deodorants as it is more of a daily use product and major demand arises from businesses than end consumers.

Chart 34. GCC Imports of Air fresheners, 2008 - 2017

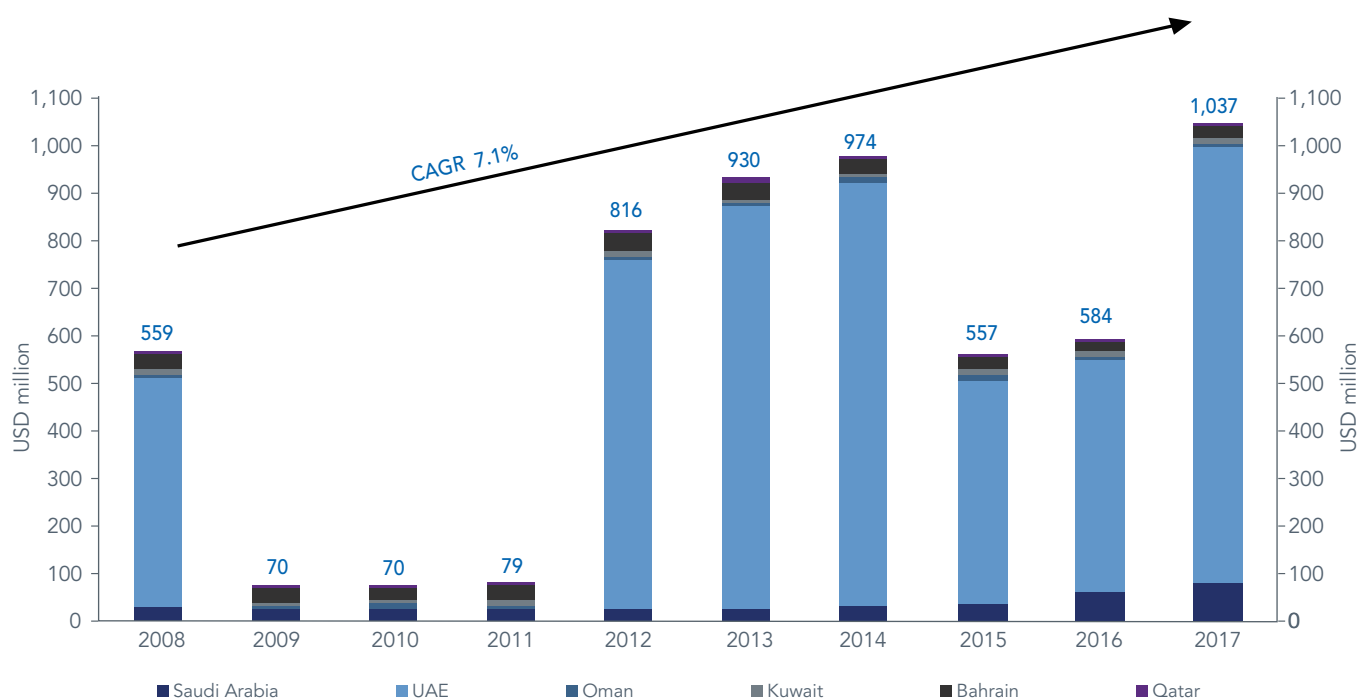


Source: Team Analysis based on data from TradeMap



Perfume Exports: The analysis of historical export data indicates that exports of perfume increased from US\$559 million in 2008 to US\$1 billion in 2017 at a CAGR of 7.1 percent.

Chart 35. GCC Perfume Exports, 2008 - 2017



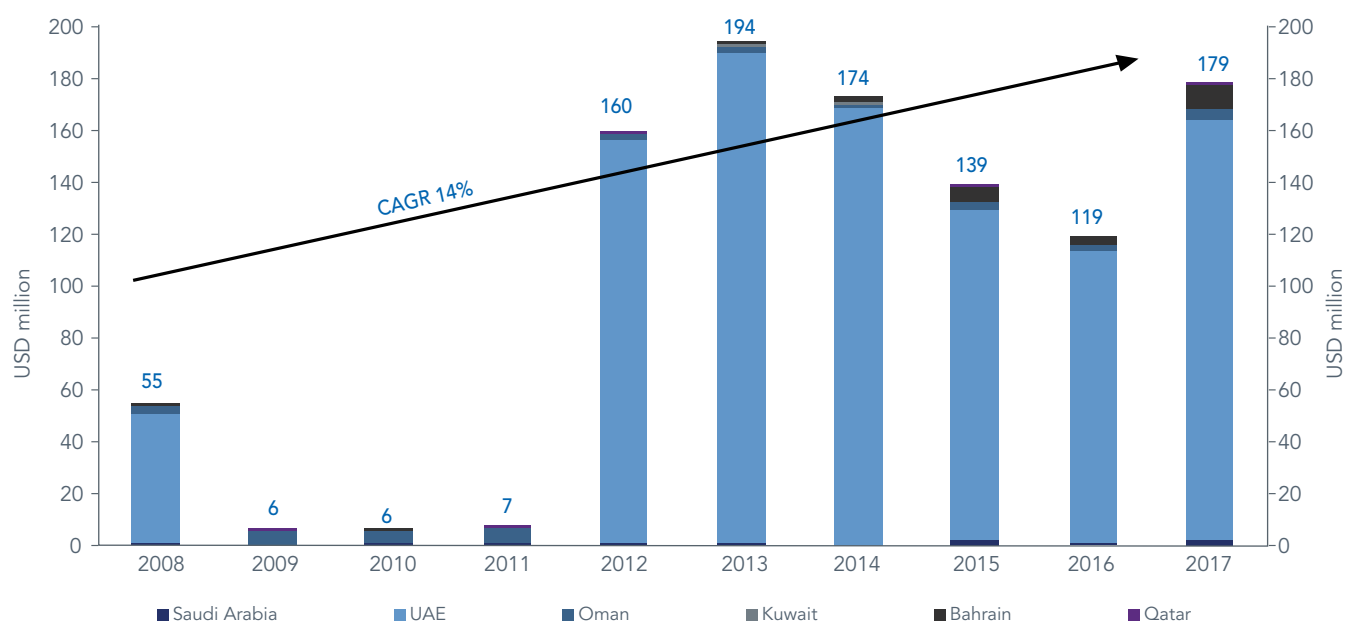
Source: Team Analysis based on data from TradeMap





Deodorant Exports: The analysis of historical export data indicates that exports of deodorants increased from US\$55 million in 2008 to US\$179 million in 2017 at a CAGR of 14 percent.

Chart 36. GCC Deodorant Exports, 2008 - 2017

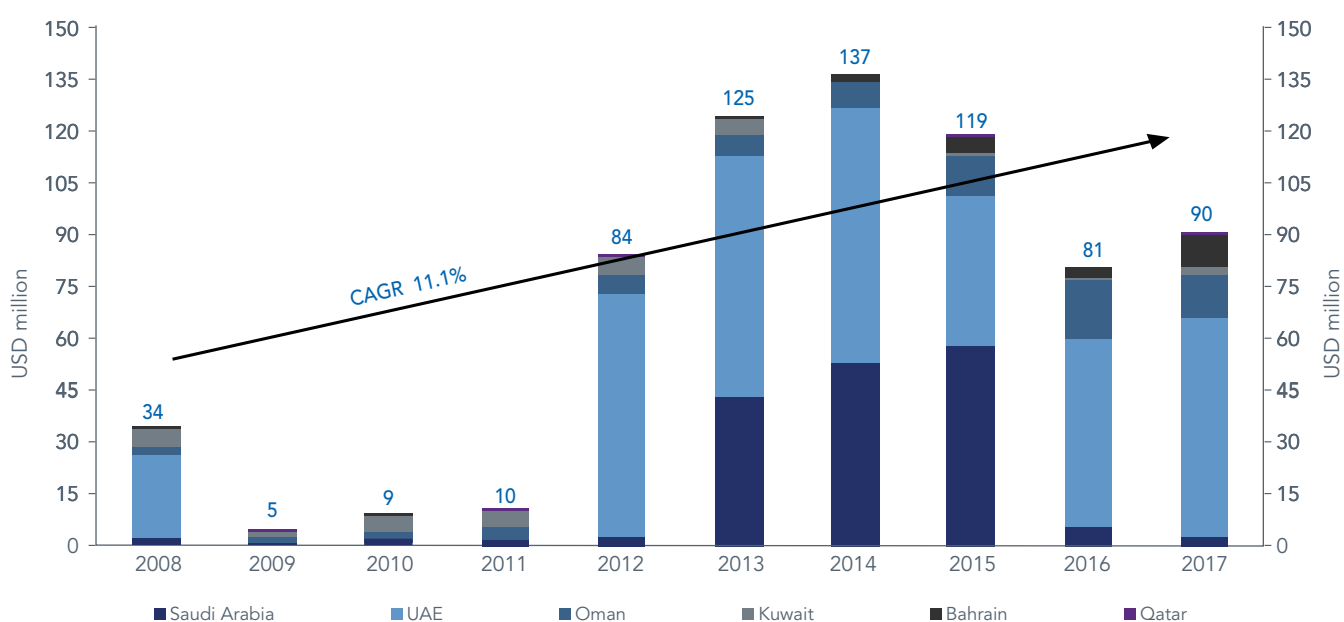


Source: Team Analysis based on data from TradeMap



Air freshener Exports: The analysis of historical export data indicates that exports of air fresheners increased from US\$34 million in 2008 to US\$90 million in 2017 at a CAGR of 11.5 percent.

Chart 37. GCC Air freshener Exports, 2008 - 2017



Source: Team Analysis based on data from TradeMap





4.3.3 Key Market Players

Competition in the GCC region is fierce with local manufacturers playing a major role in market supply. Arabian Oud and Abdul Samad Al Qurashi from the KSA are the market leaders within the kingdom. The market share of Arabian Oud in the KSA reached 35 percent in 2015²⁴. They are also looking to expand their reach into western markets, such as the UK and Europe. Ajmal, from the UAE, is another key player in the region, having invested around US\$10 million to setup a 150,000 square feet facility in Dubai's industrial area to manufacture perfumes²⁵. They have the capacity to produce 75,000 bottles of perfumes per day.

Many fragrance houses such as Mane, Robertet, Expressions Parfumes and Technico Flor have recently set up base in the UAE to better serve the large appetite of the Middle East for fragrances. Spanish company, Eurofragrance, set up a 10,000 square feet facility in Dubai, spending AED10 million, to cater to the increasing demand for perfumes in the Middle East ²⁶.

Table 6. Key Manufacturers of Perfumes in the GCC Region

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
Arabian Oud	Saudi Arabia	1982	200,000	bottles per month (bpm)	• Perfumes
Gazzaz	Saudi Arabia	NA	NA	NA	• Perfumes
Oud Elite	Saudi Arabia	2007	NA	NA	• Perfumes
Abdul Samad Al Qurashi	Saudi Arabia	1932	NA	NA	• Perfumes
Sidco	Saudi Arabia	2006	NA	NA	• Air Fresheners
Nabeel	UAE	1969	NA	NA	• Perfumes
Ajmal	UAE	1950	2.25	mn bpm	• Perfumes
Al Haramian	UAE	1970	NA	NA	• Perfumes
Emper	UAE	NA	NA	NA	• Perfumes
Hind Al Oud	UAE	2001	NA	NA	• Perfumes
Rasasi	UAE	1979	NA	NA	• Perfumes
Yas	UAE	1999	NA	NA	• Perfumes
Wajid Farah	UAE	NA	NA	NA	• Perfumes
Vurv	UAE	NA	NA	NA	• Perfumes
The Gate Perfumes	UAE	NA	NA	NA	• Perfumes

²⁴Beautyworld me, ²⁵Ajmal Perfumes, ²⁶Estetica magazine

Company	Country	Year of Establishment	Installed Capacity	Units	Types of Products
Scitra	UAE	NA	NA	NA	• Air fresheners and deodorants
Sun clean group of companies	UAE	NA	NA	NA	• Air fresheners
Ditra	UAE	NA	NA	NA	• Air fresheners
La Famille Industries	UAE	1984	NA	NA	• Perfumes and deodorants
Amouage	Oman	1983	NA	NA	• Perfumes
Raydan	Oman	2008	NA	NA	• Perfumes
Oman Cosmetics Factory	Oman	1990	NA	NA	• Perfumes
Mesco	Oman	1990	NA	NA	• Car air fresheners
Al-Shaya	Kuwait	1928	NA	NA	• Perfumes
Ne'emah	Kuwait	1997	NA	NA	• Perfumes
The Fragrance Kitchen	Kuwait	2005	NA	NA	• Perfumes
Al Sanea Chemical Products	Kuwait	1977	NA	NA	• Air fresheners
Al Sharan Industries	Kuwait	1968	NA	NA	• Air fresheners and deodorants
Al-Tadamon Intl	Kuwait	1992			• Air fresheners
Asghar Ali	Bahrain	NA	NA	NA	• Perfumes
Junaid perfumes	Bahrain	NA	NA	NA	• Perfumes
S.ishira	Qatar	2014	210,000+	bpm	• Perfumes
The Perfume Factory	Qatar	2017	45,000	bpm	• Perfumes

Source: GOIC Database

4.4 Qatar Market Overview

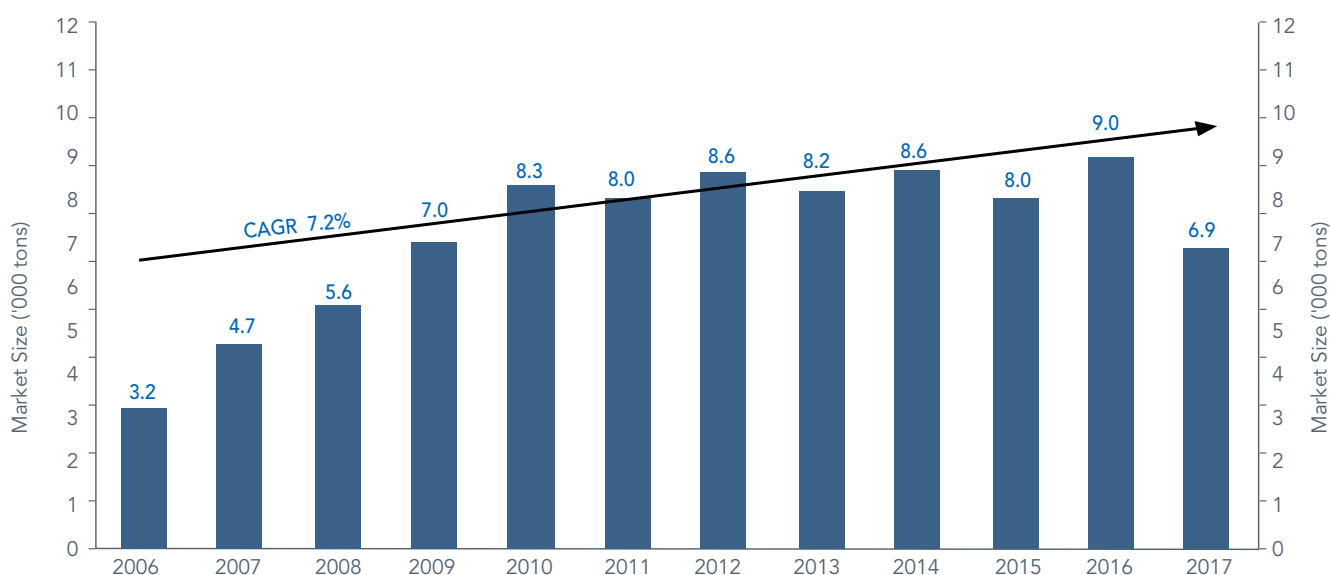
4.4.1 Historical Demand and Current Market Size

Qatar currently has only two manufacturing facilities for perfumes i.e. S.ishira founded in 2014 but became operational only in 2018 and The Perfume Factory, which also commenced operations in 2018. There are no manufacturers of deodorants and air fresheners in Qatar. Hence, the annual import data for perfumes is used to estimate historical demand for perfumes in Qatar.

Demand for perfumes and deodorants over the years has increased due to a growing awareness of personal grooming for both men and women and increasing exposure to luxury brands supported by a higher disposable income. The demand is further supported by various factors, such as healthy economic growth, rising standards of living, changing lifestyle trends, increased per capita spend on aspirational products and improved access to international brands.

Domestic demand for fragrances is estimated to be 6,900 tons in 2017, after having reached 9,000 tons in 2016.

Chart 38. Qatar Historical and Current Demand for Fragrances, 2006 - 2017



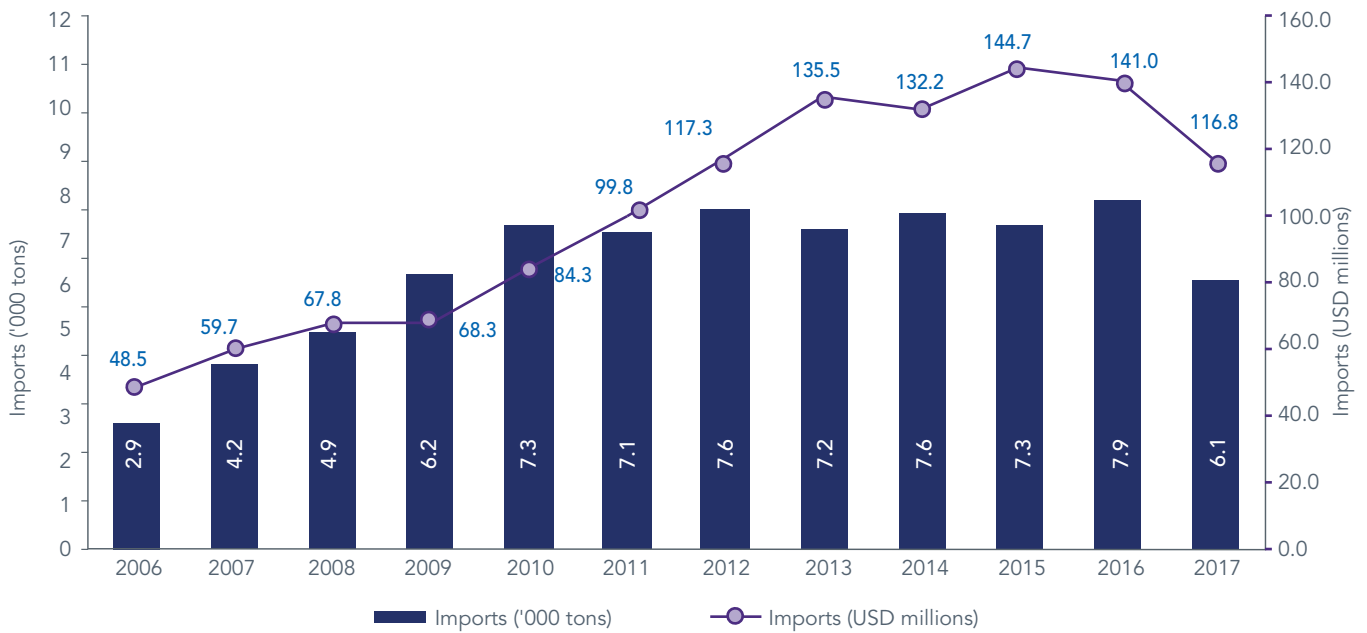
Source: Team Analysis based on data from TradeMap

4.4.2 Trade Analysis

Imports for fragrances grew at CAGR of 10.6 percent from 2,873 tons in 2006 to 7,890 tons in 2016. However, in 2017, imports have witnessed a decrease of 24.3 percent with an import volume of 6,062 tons. The drop in imports during the year 2017 could be due to the diplomatic situation leading the local distributors to rely on their inventory until identifying new or alternative sources of imports.

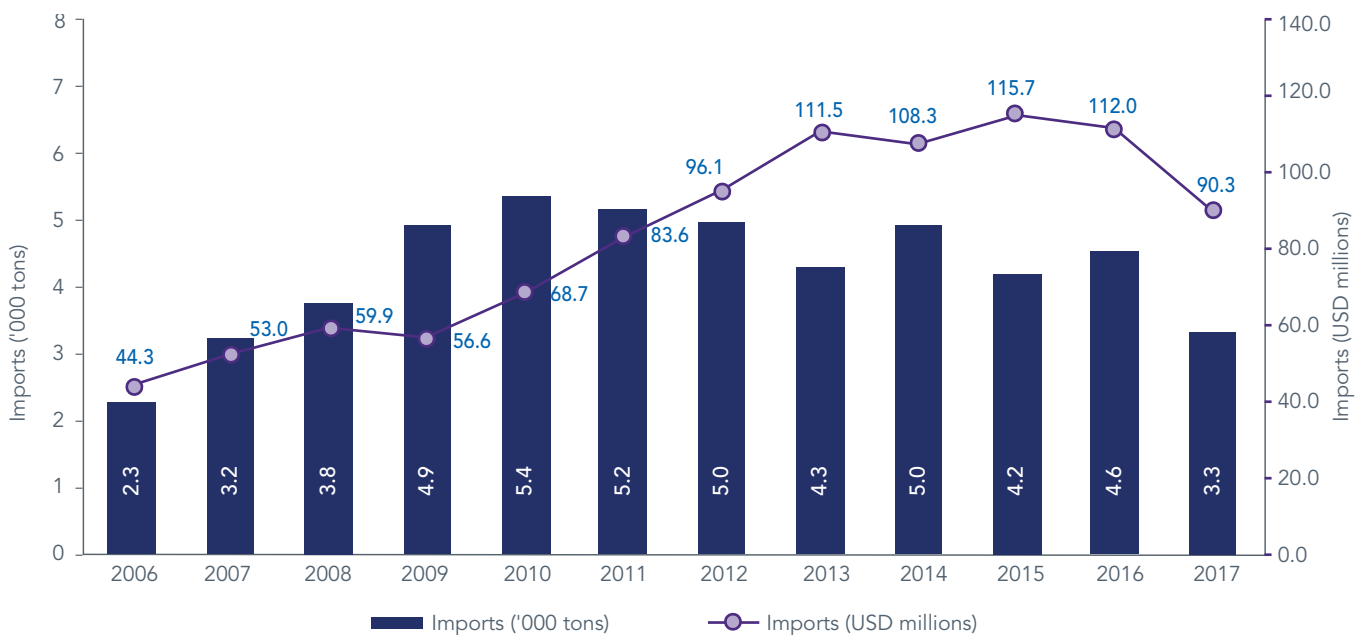
In terms of value, imports increased from US\$48.5 million in 2006 to US\$ 141 million in 2016. In line with the decrease in trade volume, the value of imports has also registered a decline and was US\$116.8 million in 2017.

Chart 39. Qatar Imports of Fragrances, 2006 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

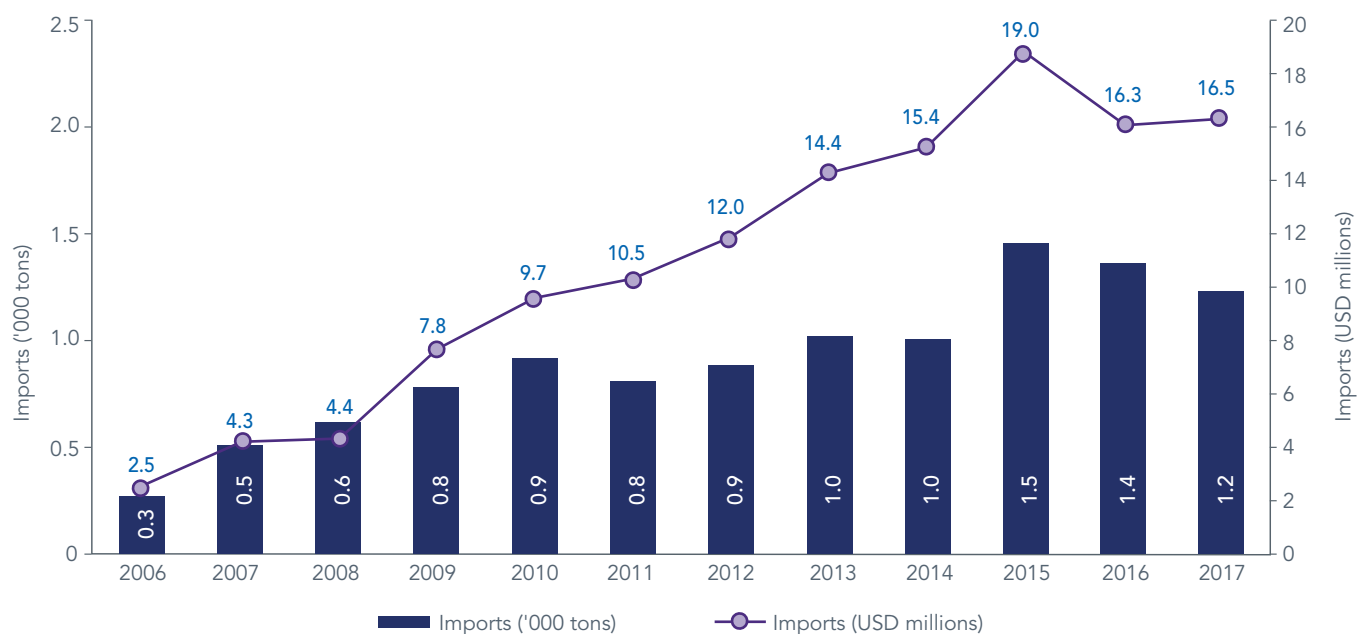
Chart 40. Qatar Imports of Perfumes, 2006 - 2017



Source: Team Analysis based on data from Planning and Statistics Authority

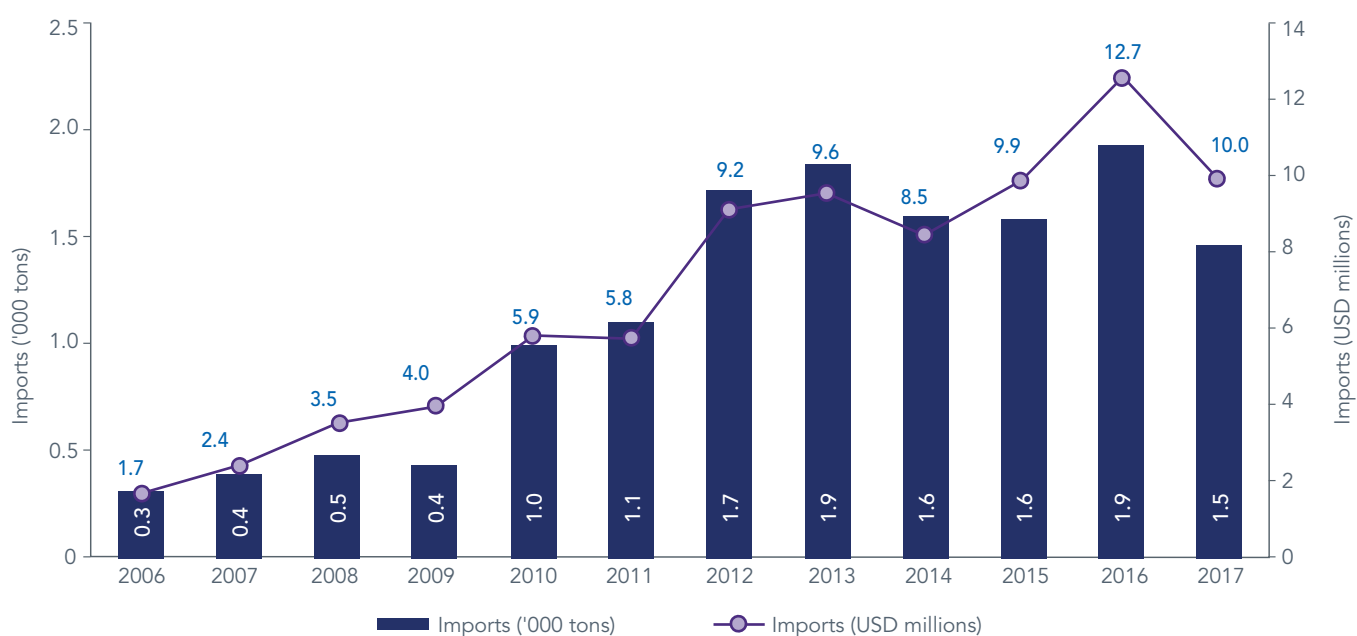


Chart 41. Qatar Imports of Deodorants, 2006-2017



Source: Team Analysis based on data from Planning and Statistics Authority

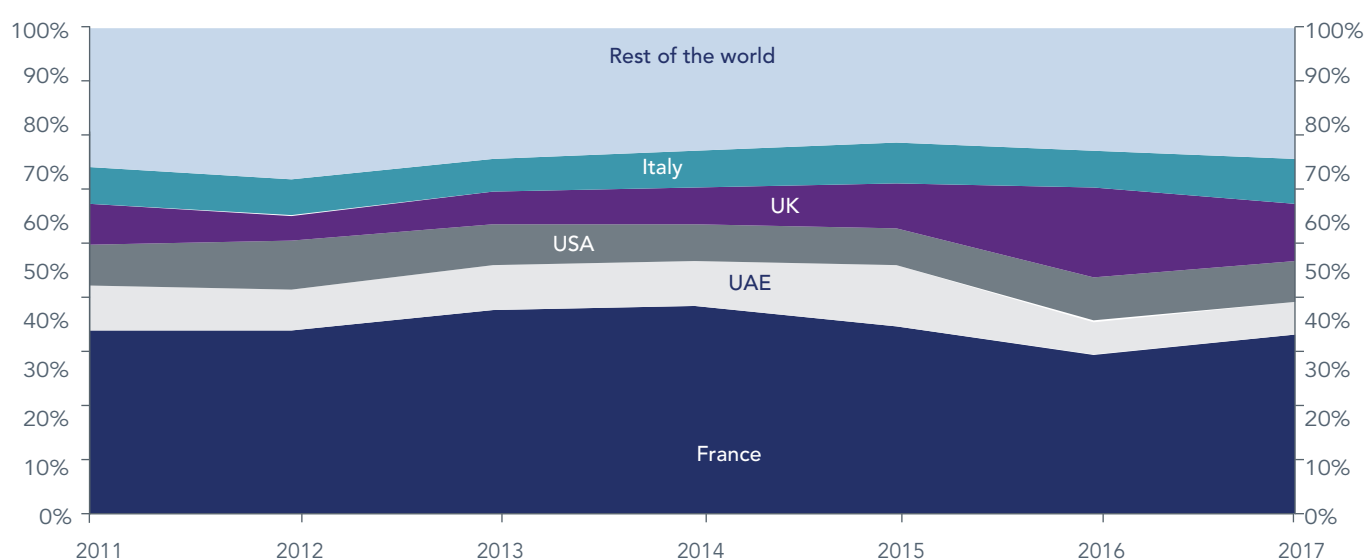
Chart 42. Qatar Imports of Air-Fresheners , 2006-2017



Source: Team Analysis based on data from Planning and Statistics Authority

In value terms, France has been the single largest source of imports of fragrances from 2011 to 2017, followed by the UAE. Total import analysis indicated that, from 2011 to 2017, France (38 percent), the UAE (9 percent), the UK (10 percent share, the US (8 percent) and Italy (8 percent) were the major sources of imports of perfumes, antiperspirants and deodorants, and air fresheners in Qatar.

Chart 43. Qatar Key Sources of Imports of Fragrances by Value, 2011-2017

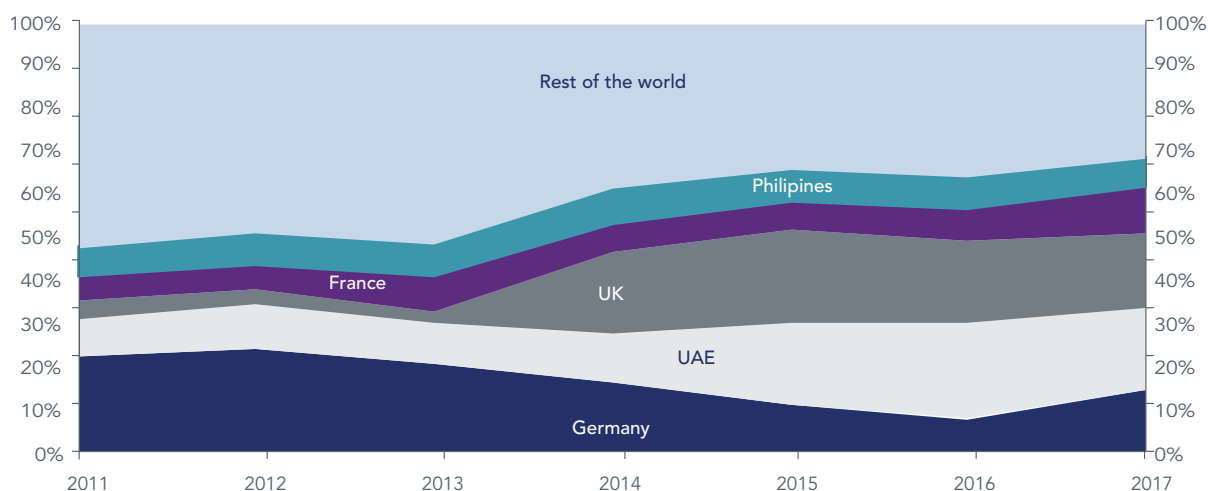


Source: Team Analysis based on data from TradeMap

Based on the import value in 2017, Saudi Arabia recorded a decline of 49 percent in their imports to Qatar while UAE witnessed a decline of 48 percent. Oman and Turkey emerged as the new sources of import to Qatar for perfumes, deodorants and air fresheners with the import value increasing by approximately 136 percent (US\$1.76 million in 2016 to US\$4.16 million in 2017) and 121 percent (US\$0.8 million in 2016 to US\$1.76 million in 2017), respectively.

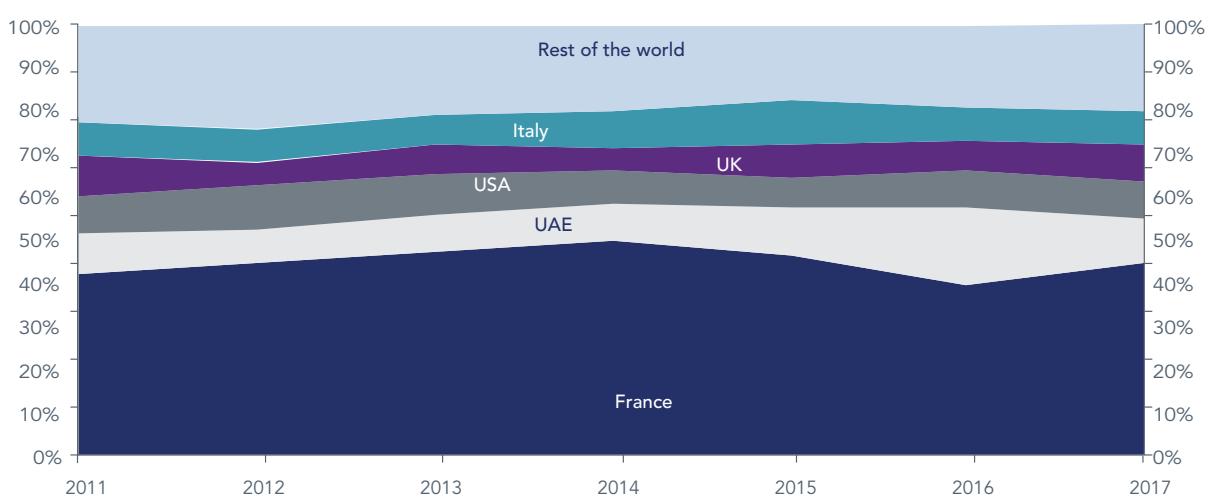


Chart 44. Qatar Key Sources of Imports of Deodorants by Value, 2011-2017



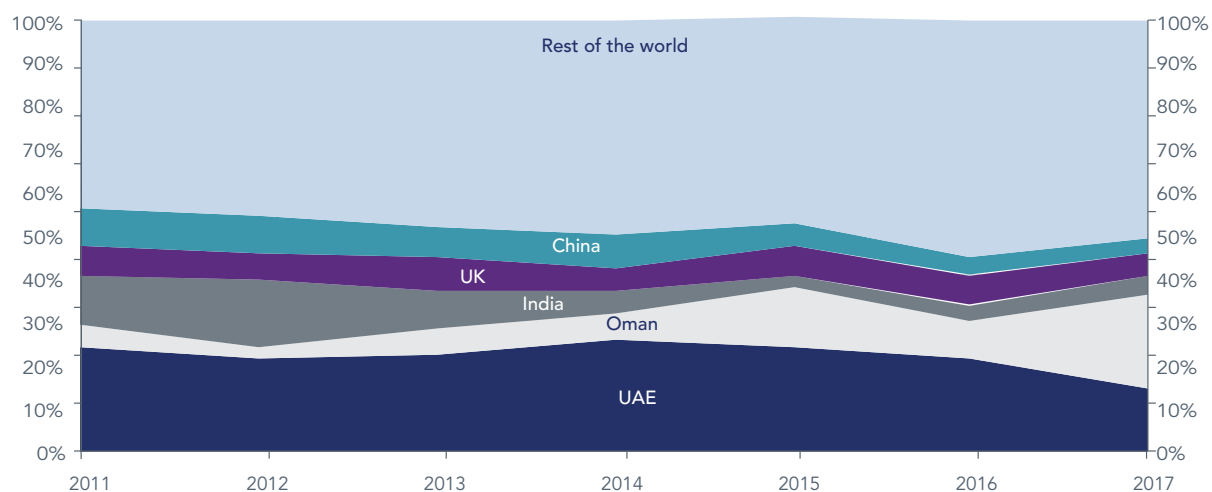
Source: Team Analysis based on data from TradeMap

Chart 45. Qatar Key Sources of Imports of Perfumes by Value, 2011-2017



Source: Team Analysis based on data from Planning and Statistics Authority

Chart 46. Qatar Key Sources of Imports of Air-Fresheners by Value, 2011-2017



Source: Team Analysis based on data from TradeMap



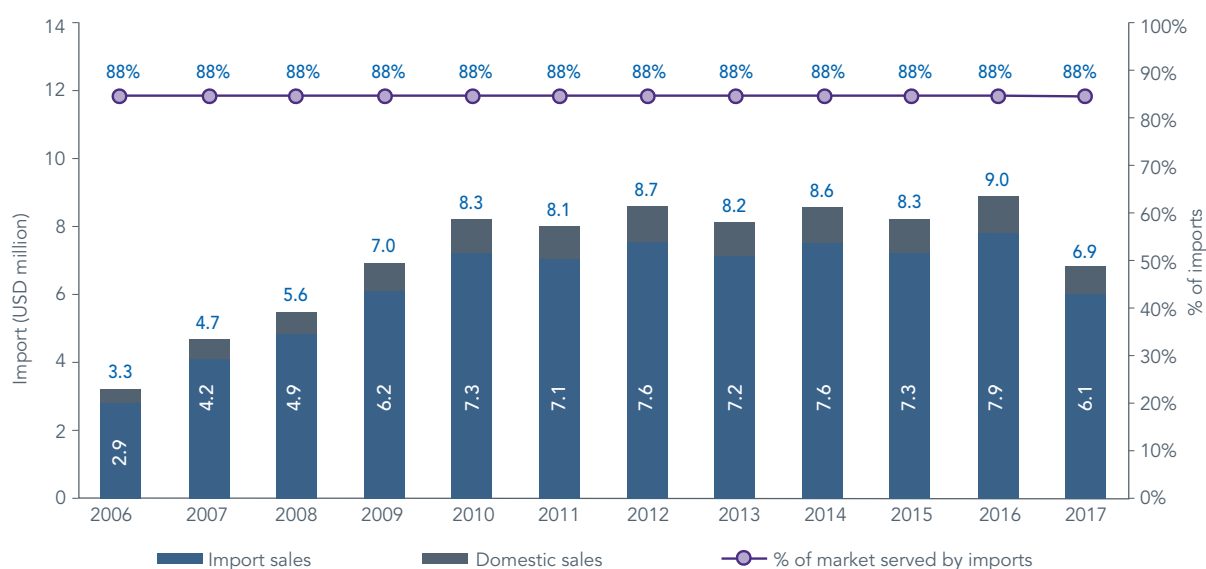


Share of imports in domestic consumption:

During 2006 to 2016, the requirement of perfumes, deodorants and air fresheners in Qatar was almost entirely serviced by imports except for a small portion of Arabic perfumes. Primary interviews indicate that there are no domestic manufacturers of these products except for Arabic perfumes, which are produced by artisanal perfumeries or at a small scale.

Going forward, the requirement of these products in Qatar is likely to be entirely met by imports except for perfumes, where local manufacturers such as S.Ishira and The Perfume factory is expected to capture a small share of the perfume market.

Chart 47. Share of Imports in Domestic Consumption for Perfumes, Antiperspirants and Air Fresheners, 2006 - 2017'



Source: Team Analysis based on data from Planning and Statistics Authority

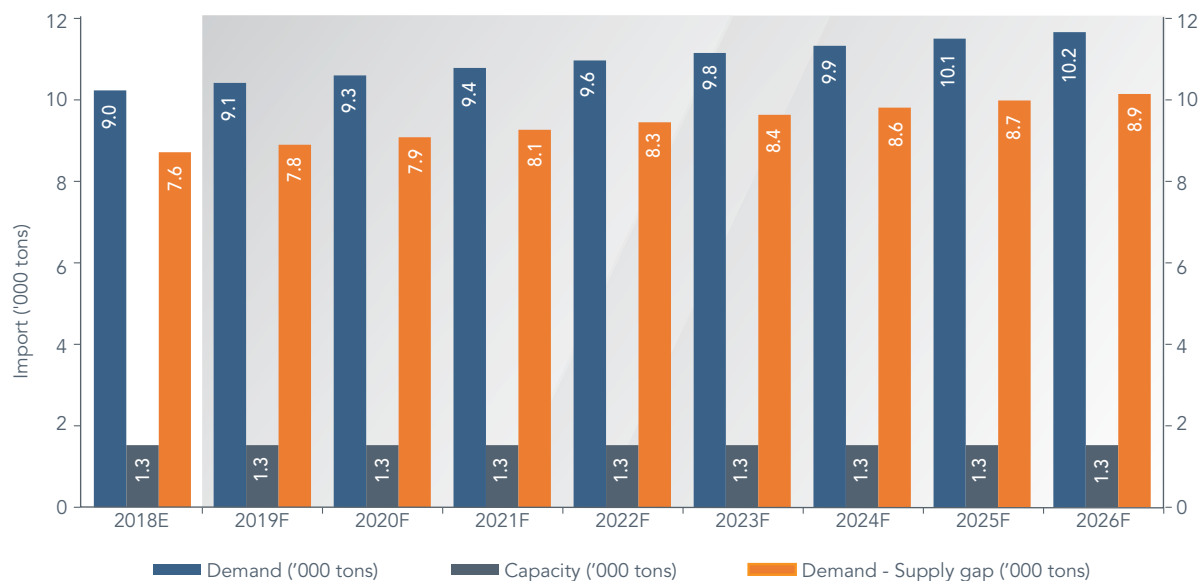
4.4.3 Demand Forecast

Historical demand for perfumes, antiperspirants and deodorants, and air fresheners indicates a strong relationship with the increase in population of Qatar. Hence, per capita consumption of these products has been taken as the basis to forecast the demand for the future. The historical per capita consumption during the years 2006 to 2017 is in the range of 2.7 kg to 3.5 kg per annum.

Going forward, the market demand is estimated to grow at a CAGR of 1.65 percent from 9,000 tons in 2018 to 10,200 tons in 2026. Only a small portion is expected to be supplied by local manufacturers i.e. S.Ishira, The Perfume Factory and artisanal perfumeries.



Chart 48. Qatar Demand and Supply Analysis for Perfumes, Antiperspirants and Air Fresheners, 2018 – 2026



Source: Team Analysis based on data from TradeMap

4.4.4 Pricing Analysis

Perfumes can be divided into three segments: 1) Low range perfumes: These products are widely available in supermarkets/ hypermarkets and are generally priced in the range of QAR 20 to QAR 50 for a 100 ml bottle. Perfumes from brands such as Adidas, Nike, Brut, Fogg, Amore Mio fall into this segment; 2) Mid-range perfumes: In recent times, large clothing line retailers, such as Zara, Bershka, Victoria's Secret etc., have come up with their own range of perfumes. A few cosmetic and toiletries retailers, such as Sephora, The Body Shop, Bath & Body Works etc., also have a presence in this segment. These perfumes are priced in the range of QAR100 to QAR300 for a 100 ml bottle based on the volume and the concentration of the essential oil; 3) High range/niche perfumes: Large and well-known brands, such as Channel, Guerlain. Christian Dior, Carolina Herrera etc., are popular for their line of perfumes. These perfumes range between QAR 400 to QAR 700 for a 100 ml bottle. They are

generally available in main prestige retail outlets such as Paris Gallery, Sephora, Debenhams, Harvey Nichols²⁷, VaVaVoom etc. They can also be found in their individual outlet stores. Ajmal Perfumes, Al Haramain, Arabian Oudh are some of the brands from the Middle East famous for their oriental fragrance perfumes and have a wide range of perfumes to choose from. Some oriental fragrances can range from QAR800 to QAR1,200 as their concentration levels are higher.

International brands of air fresheners, such as Glade, Febreze and Air Wick, are priced in the range of QAR9.25 to QAR15.50. Air Wick is manufactured by Reckitt Benckiser in the UAE and is the most popular air freshener currently being used in the market. Regional products such as Latop Oudh from UAE and Kwik air freshener from Kuwait, are moderately priced at QAR5.25 and QAR4.33 respectively.

²⁷Drapers Online



Figure 9. Market Price for Air Fresheners

Spray

	Glade 275 ml 15.5 QAR		Febreeze 300 ml 19.0 QAR		Latop Oudh 300 ml 5.3 QAR		Air Wick 300 ml 9.3 QAR		Kwik 300 ml 4.3 QAR
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Gels

	Glade refill 1 unit 9.3 QAR		Febreeze refill 1 unit 9.3 QAR
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Antiperspirant gels are commonly used by individuals on a day-to-day basis. The most popular brands under this segment are Dove (manufactured in UK), Nivea (manufactured in Thailand) and Rexona (manufactured in UK) etc., and are generally priced in the range of QAR7.5 to QAR10.5 for a 50 ml bottle. Gillette is the most commonly used antiperspirant for men and is priced at QAR15.38 for a 100 ml bottle.

Deodorants are also fast moving commodities used by individuals. Dove, Nivea, Rexona and Axe are among the most popular brands present in the market. All of these products are generally priced between the range of QAR6 to QAR17.

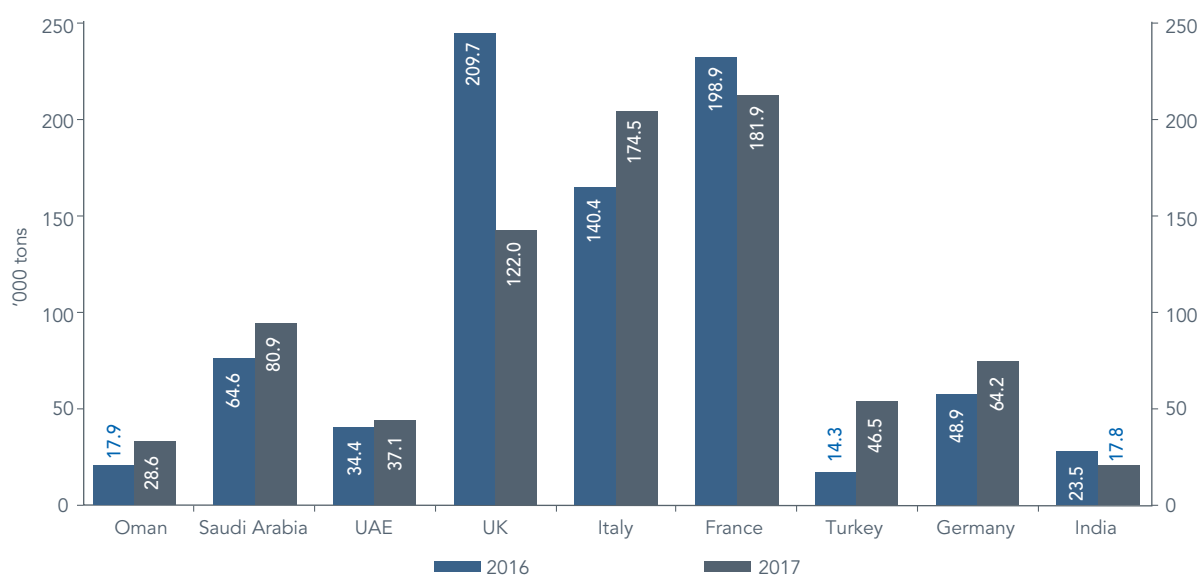
²⁸Field research with large retailers

Figure 10. Market Price for Antiperspirants and Deodorants



In terms of volume, UAE was the leading exporter of fragrances to Qatar in 2017. Most of the imports to Qatar from UAE were prior to the start of the diplomatic situation. Based on the data available, the import prices of perfumes from UAE increased by 8 percent in 2017.

Chart 49. Average Import Prices for Perfumes (QAR per Kg), 2016 and 2017



Source: Team Analysis based on data from Planning and Statistics Authority



Import prices from Turkey saw a three-fold increase in 2017, while Oman, Germany and Italy saw an increase of 60 percent, 31 percent and 24 percent, respectively. On the other side, prices of imported perfumes, deodorants and air fresheners from UK, India and France saw a decline of 42 percent, 25 percent and 9 percent respectively.

4.4.5 Competitive Landscape

Qatar currently has two manufacturers of perfumes called S.ishira and The Perfume Factory.

S.ishira: S.ishira was established in the year 2014 but commenced operations in early 2018. It sources the essence to create perfumes but also experiments with different notes to come up with own unique fragrances. Other big player in the Middle East such as Arabian Oudh, Amouage²⁹, Ajmal Perfumes etc. source their perfumes from large fragrance houses, such as Givaudan, Firmenich, IFF, Symrise, Takasago etc. They import the fragrance (essential oil) and mix it with alcohol and water to make the product at their own facility. S.ishira has had private and soft launches so far to test their products. They have recently commenced commercial production and has four main brands, i.e. S.ishira, Bovadi, Arabex and another label (to be launched soon). S.ishira, their signature brand, will be a niche product ranging between QAR900 to QAR1000 for 100 ml bottle, wherein the concentration of essential oil will be up to 22 percent. Bovadi will be a medium to high-range perfume segment with an oil concentration of up to 15 percent and will be displayed at various retail outlets, with a price range between QAR300 to QAR600 for 100 ml bottle. The target segment for Arabex is middle class and upper middle class and closely competes with Arabic perfumes. Arabex will consist of Western with a twist of Arabic fragrances and will be in the price range of QAR 50 to 200 for 100 ml bottle. The fourth label is developed with the main aim of exporting to Latin America, Africa and Russia. The perfumes under this segment will have an essential

oil concentration of 3 percent. S.ishira intends to produce close to 7,000 bottles per day by 2021. They currently have two offices, in Paris and Doha. They will have personal kiosks at major retail outlets in Qatar and will open private outlets to display their products. S.ishira is also planning to venture into producing bakhurs, lotions and bed sprays.

The Perfume Factory: The Perfume Factory was established in 2017 and commenced operations in 2018. They operate in 3 different segments i.e. a) Mass segment – 100 ml bottles in the range of QAR 40 to 80 and pocket perfumes in the range of QAR 10 to 15. b) Mid segment – 100 ml bottles to be sold in the range of QAR 150 to 250. Niche segment – 100 ml bottles to be sold in the range of QAR 400 to 750. They have multiple ways to generate revenue i.e. a) buy essence, oils, alcohol, etc. and make perfumes. b) Manufacture perfumes on a large scale for other customers based on the essence and other raw materials provided by the customer c) do only the packaging for customers where the perfume is provided by the customer d) create notes in their own lab facility (in future). They intend to use multiple distribution channels such as large retail chains, distributors, e-commerce websites, etc.

Due to the diplomatic situation, there is a shortage of bakhurs and oriental fragrance in Qatar (usually imported from the UAE and the KSA) giving local manufacturers an opportunity to increase their presence in the market.

As of now, there are no manufacturers for air fresheners and deodorants in the Qatari market.

²⁹Times of Oman

4.4.6 SWOT Analysis and Michael Porter's Five Force Analysis

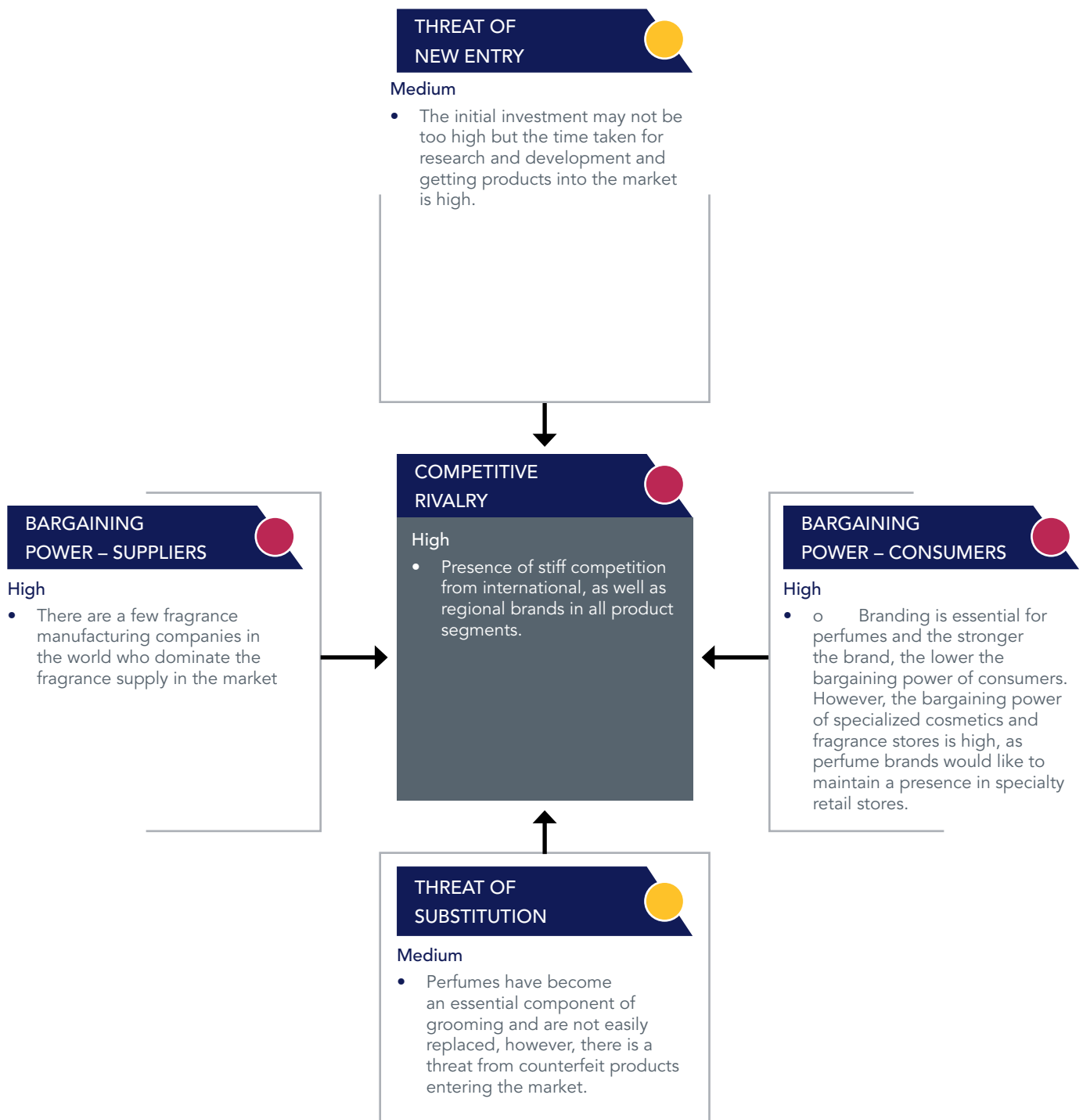
Figure 11. SWOT Analysis - Fragrances



Note: SWOT analysis relates to new companies planning to enter the perfumes market in Qatar



Figure 12. Michael Porter's Five Forces Model – Fragrances





4.4.7 Key Takeaways

- Perfumes are no longer seen as frivolous but rather essential to an individual's pride and confidence. The consumption of perfumes by GCC nationals is much higher than the world average.
- With a shortage of bakhurs and oriental fragrance in Qatar due to the political situation, this gives local manufacturers an opportunity to increase their presence in the market especially in the Arabic perfumes segment. There is also added impetus for 'Made in Qatar' products.
- International brands are aware of the need to have local scents and have increased their online presence of perfume brands and initiated geographical expansion through acquisition to try to address this issue. This could be either a threat or an opportunity for local players to be acquired/work with international brands.
- As of now, there are no manufacturers for air fresheners and deodorants in the Qatari market but air fresheners are declining in sales since they are seen as a non-essential product. In addition, air care products are not as popular in the region as in the US or Europe.
- Opportunity is very limited in deodorants and air fresheners as these are mass products and branding plays a vital role to gain product acceptance.
- Local entrepreneurs also need to be mindful of the fact that there is a sizable investment required for research and development before a product is launched.
- The time taken for the product to be developed, tested, launched and adopted by customers is significantly long which was also the case for the two existing perfume manufacturers in Qatar.

5. SETTING UP A SOAP, DETERGENT OR FRAGRANCE MANUFACTURING FACILITY IN QATAR

5.1 Critical Success Factors

Soaps and detergents are one of the oldest and major segments within the chemical industry. These products are designed and formulated utilizing simple chemistry, but have a high degree of differentiation. Research and development costs are increasing and continue to rise, and most of these products are becoming high-tech in nature. These include products such as soaps, detergents, laundry aids, bleaches, perfumes etc. Some of the critical success factors common to all three segments are packaging, regulations, access to the right distribution channels, etc. The critical success factors for each segment are further described below:

Detergents:

- **Product innovation** – market leaders have a wide range of products with different specifications to target specific requirements. Product innovation allows companies to participate in a sector where the needs of consumers are evolving, either at formulation level, at product level, or at packaging level. As markets increasingly mature, manufacturers are under high pressure to have faster new product development cycles.
- **Customer centricity** – ability to anticipate customer requirements and satisfying customer needs is crucial to gain the trust of customers. Customizing products based on local preferences is vital for success in this industry.
- **Sustainable consumption** – centers on changing the habits of people to minimize the impact on the environment due to domestic use. This principle was put into practice with the advent of concentrated products.
- **Branding** – having a clear market positioning is very important to influence the customer's perception of the brand. The objective is to occupy a clear, unique and advantageous position in the customer's mind.



Toilet Soaps:

- **Product longevity** – It is important for soap to retain its characteristics until it lasts such as shape, fragrance etc.
- **Non-price competitive selling point** – product quality and other factors are much more important than price in the niche segment. For companies competing only on price, the market is very saturated with presence of international players.
- **Scent range** – Different fragrances appeal to different customers. Scent families can also be created to sell product bundles.
- **Clear customer segmentation** – A brand that has a particular focus or mission stands out from the crowd and attracts a targeted audience that it can understand well. This helps deliver better products over time and allows for a loyal clientele.



Fragrances (Deodorants):

- **Research and development** – the most successful product launch was Nivea's invisible black and white deodorant because it addressed a critical customer need by creating a unique and innovative product.



Fragrances (Air fresheners):

- **Product portfolio** – Customers need room fresheners for different environments be it at home, in washrooms or at work. A wide range of scents can suit different environments and different audiences as well.



Fragrances (Perfume):

- **Product experience** – with a plethora of fragrances, the brands and products that stand out are the ones that can evoke a certain feeling or experience within the customer. This can be only achieved through a deep understanding of the target market including their needs and desires.
- **Timing** – Perfumes is also a seasonal market with different scents suitable to the different seasons, different climate, etc. This should be factored in while developing notes.

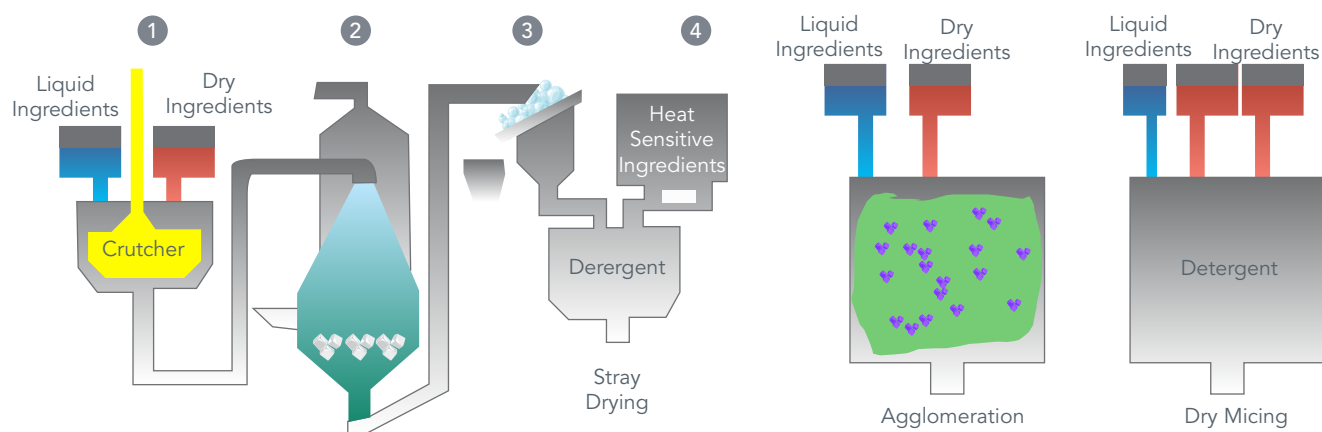


5.2 Manufacturing Process

5.2.1 Manufacturing Process for Detergents

Detergents are broadly classified under powdered detergents and liquid detergents³⁰. The production processes are explained in detail below:

Figure 13. Powdered Detergents – Manufacturing Process



There are three main methods to manufacture powdered detergents:

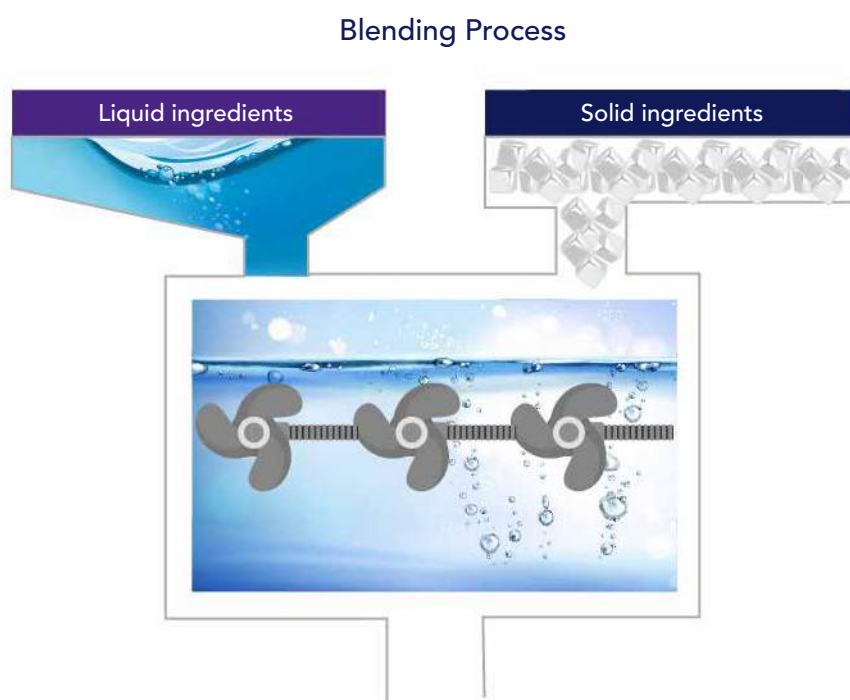
- 1) Spray drying process:** With this process, dry and liquid ingredients are combined to form slurry in a tank called a crutcher. The slurry is heated and pumped to the top of the adjacent tower, and is then sprayed through the nozzle using high pressure which produces small droplets. These droplets are passed through a current of hot air, which helps form hollow granules as they dry. The dried granules are then screened to confirm that they are uniformly shaped. Ingredients such as bleach, enzymes and fragrance that are heat sensitive are added to the granules after they have cooled down.
- 2) Agglomeration process:** This process leads to production of high density powders, these powders allow more compact packing. In this process, dry raw materials are blended with liquid ingredients with the help of a liquid binder. By rolling and mixing these ingredients together they collide and adhere to each other forming large particles.
- 3) Dry mixing:** This process is used to blend together dry ingredients. In some cases, small quantities of liquid ingredients may be used.

³⁰Cleaning Institute



Different processes, such as batch and continuous processes, are used to manufacture liquid and gel cleaning products. Stabilizers are used during the manufacturing process to ensure that the end products are stable and uniform. In a continuous process, in-line or static mixtures are used to blend dry and liquid ingredients to form a uniform mixture.

Figure 14. Liquid detergents – Manufacturing Process



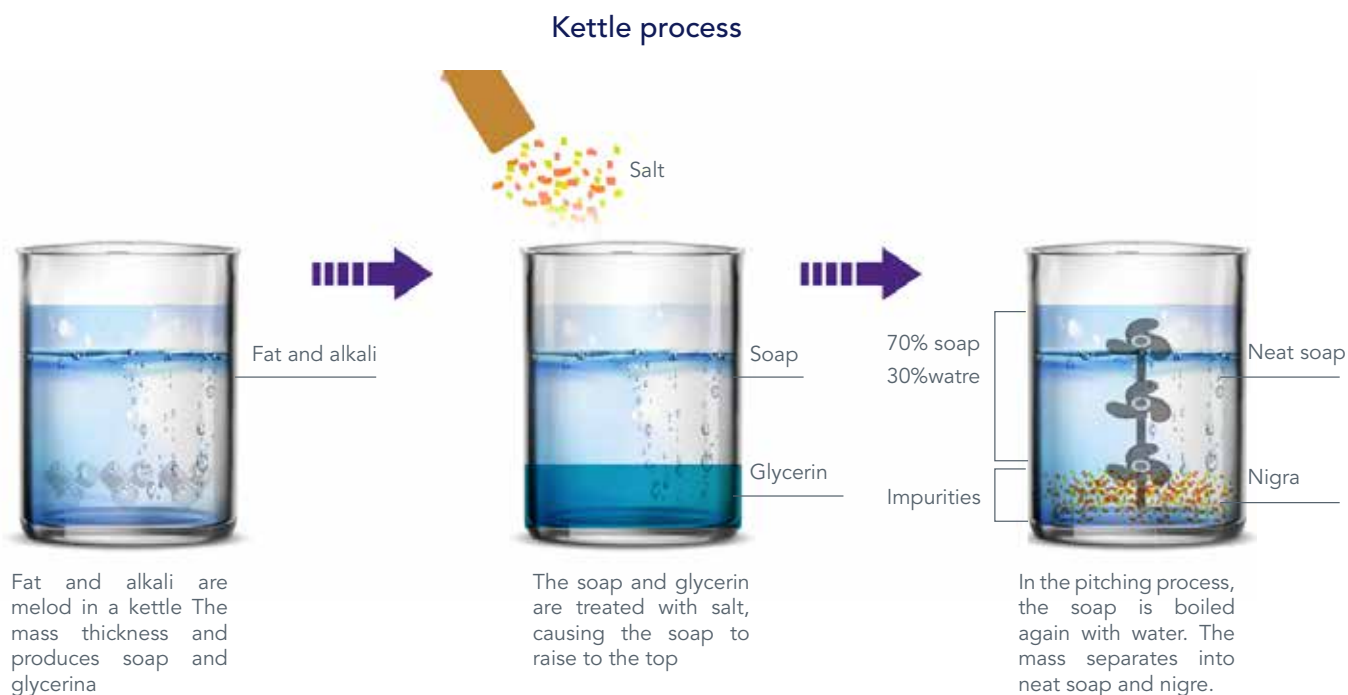
Liquid detergents have evolved in recent times and more concentrated liquid detergents are being introduced to the market. These products are generally produced by using high energy mixing processes in combination with stabilizing agents.

5.2.2 Manufacturing Process for Toilet Soaps

The process for manufacturing of liquid soap and bars is similar. The key difference lies in the ingredient used. For bar soaps, the ingredient is sodium hydroxide while for liquid soaps, it is potassium hydroxide. In bar soaps, the solution is poured into molds, allowed to harden and then cut into bars.

There are two main methods of manufacturing soaps: 1) the kettle process and 2) the continuous process. Small companies use the kettle process to manufacture soaps, a method that takes 4 to 11 days to complete and whose quality is more difficult to control. Continuous process is more often used by large manufacturing plants³¹. These processes are explained below:

Figure 15. Toilet Soaps – Manufacturing Process



- 1) **Kettle process:** In this process a steel tank, about three stories high, is used to heat the fat and alkali. The steam coils embedded in the kettle produce heat to bring the fat and alkali mixture to a boil. As the mixture boils, the fat reacts with alkali forming a thick paste. This thick paste contains soap and glycerin. In the next step, the mixture is treated with salt in order to separate soap and glycerin. With the addition of salt, soap rises to the top and glycerin settles to the bottom of the kettle. Glycerin is then extracted from the bottom of the kettle. The next step is called 'strong change' wherein a strong caustic soda solution is added to remove fats that have not saponified. The remaining solution in the kettle is heated again to convert the remaining fat to soap. In the next step called 'pitching', water is added to the soap solution in the kettle and boiled again. Due to this, two layers are formed where the top layer, called 'neat soap', is about 70 percent soap and 30 percent water and the lower layer, called 'nigra', contains impurities such as dirt, salt and most of the water. The top layer containing soap is removed from the kettle and cooled to obtain the end product.

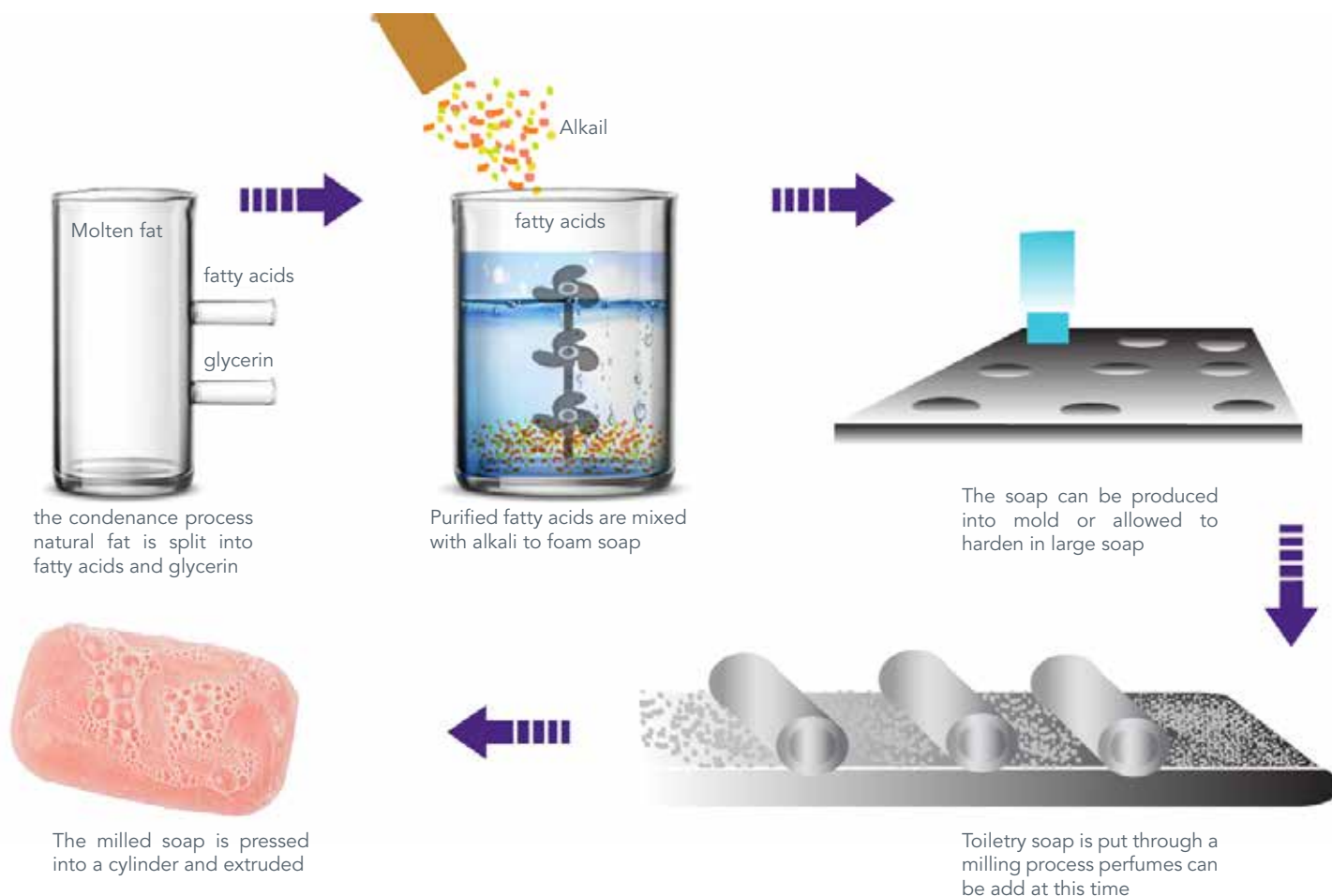
³¹Madehow



- 2) **Continuous process:** A vertical stainless steel tall column (80 feet) called hydrolyzer is used to split natural fat into fatty acids and glycerin. There are pumps and meters attached to the column that help control the process and take precise measurements. Molten fat is introduced into the column through one end while the other end is used to pump water at high pressure (2660F) which splits the fat in fatty acids and glycerin. These components are pumped out continuously as additional fat and water are introduced into the column. In the next step, alkali, along with additional ingredients such as abrasives and fragrance, are mixed with pure fatty acids to form soap. The hot liquid soap is then whipped to incorporate air. The soap is poured into molds and allowed to harden on a large slab. Alternatively, they can also be cooled using a special freezer. These slabs are then cut into bar size pieces following which they are stamped and wrapped. Soaps also undergo the milling process which helps the bar lather up better and has better consistency as compared to the non-milled soap. In this process, the soap is crushed and kneaded using heavy rollers. Perfumes are usually incorporated during this process as their oils do not evaporate in the cold mixture. After the milling process they are pressed into a smooth cylinder and extruded, these extruded pieces are further cut into bar size pieces before being stamped and wrapped.

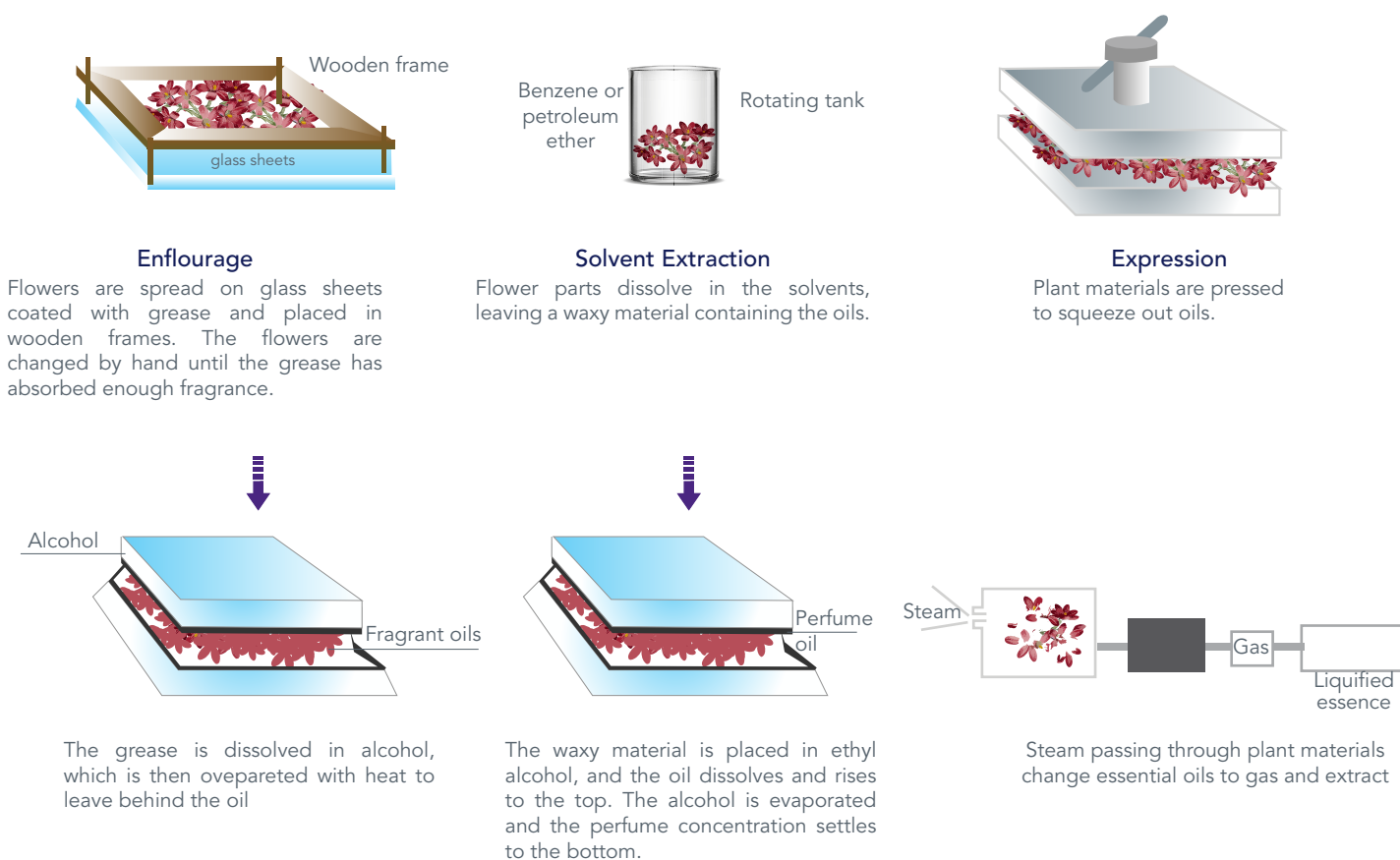
Figure 16. Toilet Soaps – Manufacturing Process

Continuous process



5.2.3 Manufacturing Process for Perfumes

Figure 17. Perfumes – Manufacturing Process





Extraction:

Extraction of oil takes place using several methods, such as steam distillation, enfleurage, solvent extraction, maceration and expression.

- **Steam distillation:** In this process, steam is injected through the still, holding plant materials, at slightly high pressure and temperature, which converts essential oils into gas. This gas is then passed through tubes which is cooled and liquefied. Through the water distillation process, oils are extracted by boiling plant materials, such as flower petals (rose or orange blossoms), in water rather than steaming them.
- **Enfleurage:** Flowers are placed on grease-coated sheets of glass between wooden frames in tiers. These flowers are removed manually and changed once the grease has absorbed their fragrance.
- **Solvent extraction:** In this process, essential oils are extracted by pouring benzene or petroleum ether over the flowers that are put in large rotating trunks or drums. The remains of the flowers dissolve in the solvents leaving a waxy solution containing oil, which is then placed in ethyl alcohol. This oil dissolves in the alcohol and rises. The alcohol is then burnt to leave a concentrated solution of perfume oil.
- **Maceration:** The maceration process is similar to enfleurage except that it uses warmed fats to extract the fragrance of a flower instead of grease. As a next step, grease and fats are dissolved in alcohol to extract the essential oils.
- **Expression:** This is one of the oldest and simplest methods used for extraction. Under this method, fruits and plants are manually or mechanically pressed in order to squeeze out the oil.

Blending:

once the process of extraction is over, the oils are blended together by a master, often known as a 'nose', using different formulas. Sometimes it can take several years and as many as 800 different scents to develop a formula for a fragrance. After the development of a formula, the scent is diluted with a quantity of alcohol that differs for each scent. Most perfumes consist of 10 to 20 percent perfume oils dissolved in alcohol, along with trace of water.

Aging:

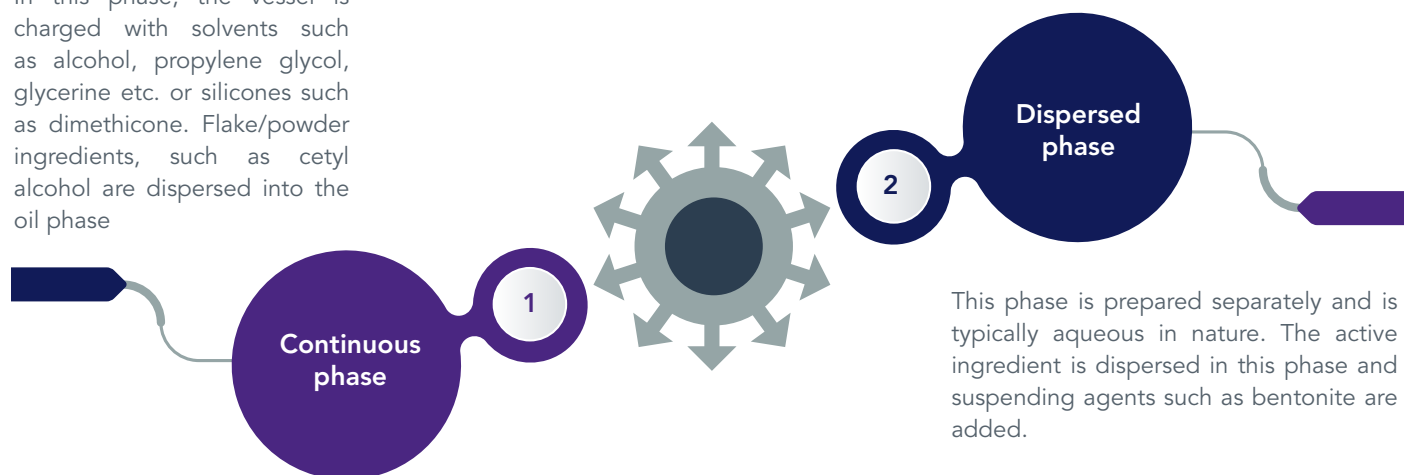
a good perfume is aged for several months or even years after it has been blended, following which a 'nose' will test the perfume to check the correctness of the scent.

5.2.4 Manufacturing Process for Antiperspirant/Deodorant Stick

The ingredients and method of manufacturing vary according to the form of deodorant to be supplied i.e. in aerosol, roll-on, gel or stick form, however to some extent the basic manufacturing process is the same. Key steps include³²:

Figure 18. Deodorant Spray – Manufacturing Process

In this phase, the vessel is charged with solvents such as alcohol, propylene glycol, glycerine etc. or silicones such as dimethicone. Flake/powder ingredients, such as cetyl alcohol are dispersed into the oil phase



This phase is prepared separately and is typically aqueous in nature. The active ingredient is dispersed in this phase and suspending agents such as bentonite are added.

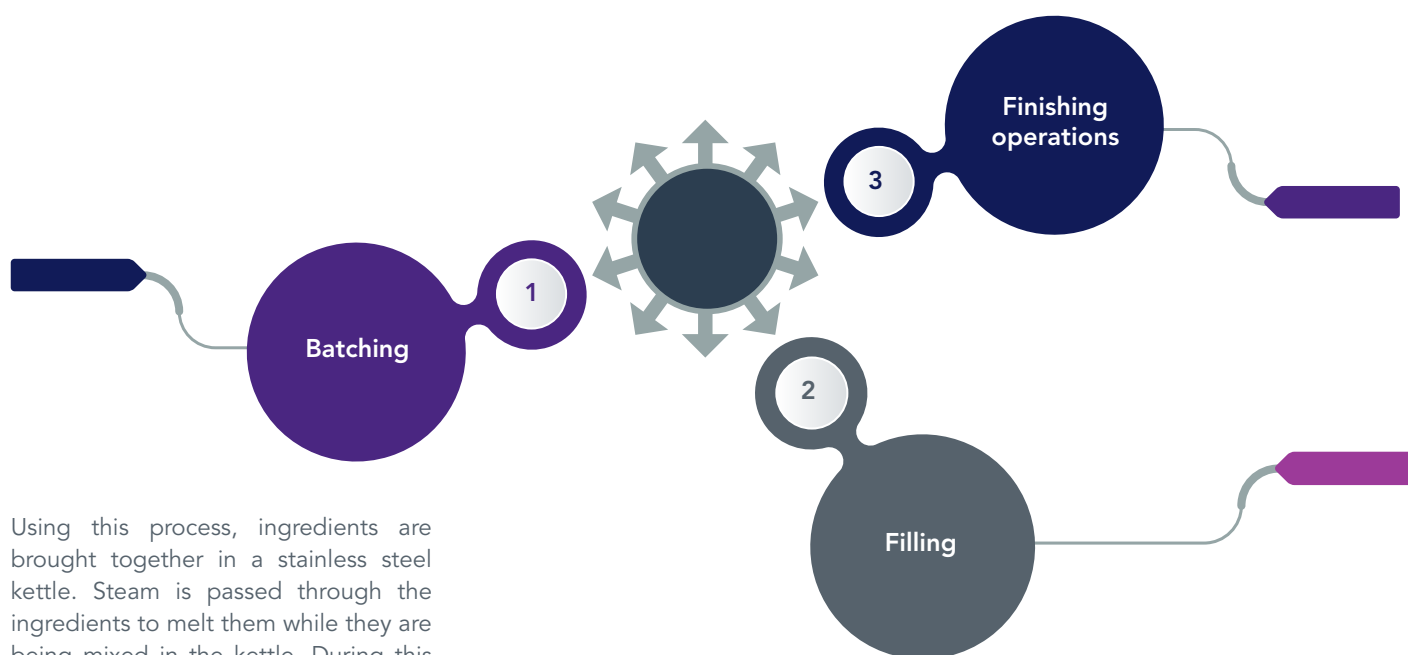
- The continuous and dispersed phases are then combined to form an emulsion. The active ingredient is sometimes added at this stage.
- Fragrance and coloring are added to the solution and then the product is pressure packed into containers.



³²Silverson

Figure 19. Deodorant Stick – Manufacturing Process

The sticks are passed through a series of finishing operations in order to achieve a smooth surface without air bubbles. The top of the stick is reheated by passing it through an infrared lamp. Then a probe is stuck at the center of the stick to allow the air to escape and the surface is reheated again to melt the product, allowing it to flow in the void. As the stick passes through the next station, it moves through a refrigerated tunnel which lowers its temperature quickly forcing it to solidify.

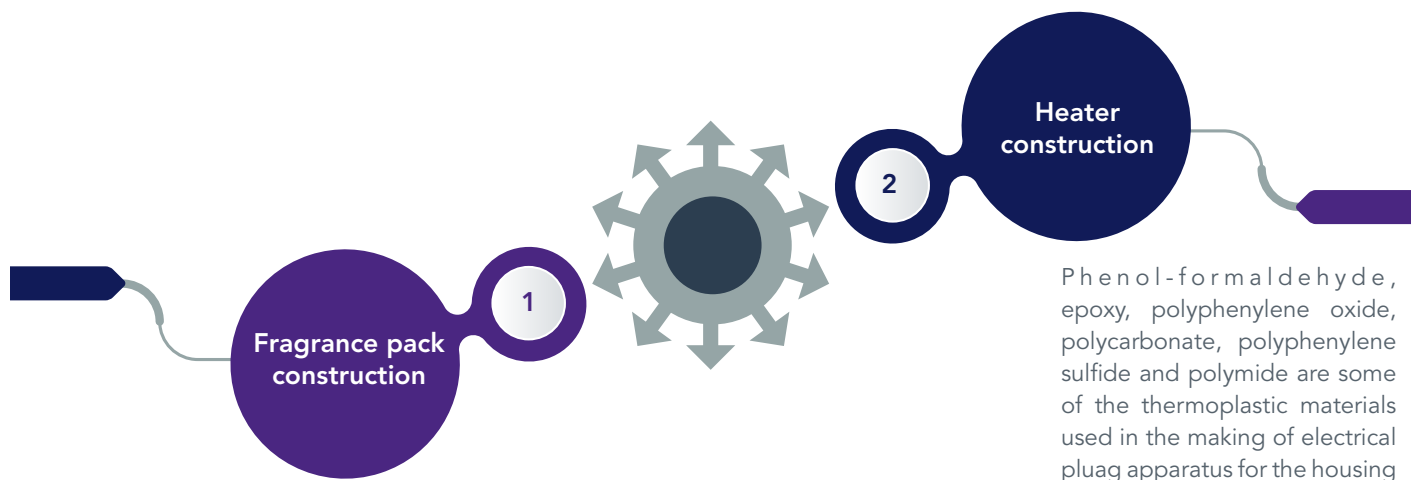


Using this process, ingredients are brought together in a stainless steel kettle. Steam is passed through the ingredients to melt them while they are being mixed in the kettle. During this process, the temperature is carefully controlled in order to avoid scorching the waxy ingredients and once all the ingredients have been added, they are blended until the mix becomes uniform.

Solid stick packages are usually hollow tubes containing an elevator platform that moves up and down in order to dispense the product. Empty containers are moved along a conveyer belt where, using a nozzle, molten wax is dispensed into them. The product is always filled slightly above its congealing temperatures because if it is filled too hot, the dispersed solid may settle at the bottom and, if it is too cold, the stick will have air bubbles.

5.2.5 Manufacturing Process for Air Freshener

Figure 20. Air Freshener – Manufacturing Process



The disposable cartridge used for plug-ins are constructed using a transparent, vapor-impermeable polyvinyl film and a variety of other thermoplastics, such as polystyrene, polypropylene, polyethylene, polyvinyl acetate and polyvinyl chloride. The manufacturing lines can run to either primary packages or refill packages.

Phenol-formaldehyde, epoxy, polyphenylene oxide, polycarbonate, polyphenylene sulfide and polyimide are some of the thermoplastic materials used in the making of electrical plug apparatus for the housing of air fresheners.



5.3 Raw Material Requirement

5.3.1 Raw Material for Detergents

Surfactants and builders are the main components used to produce detergents/cleaning products. Additional ingredients are added to enhance the cleaning performance for specific surfaces/soils. Addition of different ingredients change the properties of the end product which helps in providing a unique identity.

A) Surfactants

Surface active agents (surfactants) are organic chemicals that help to reduce the surface tension of the water, enabling the cleaning solution to wet the surface (e.g. clothes, utensils) faster. This results in the loosening of the soil/dirt to be removed from the surface. Surfactants also act as emulsifiers of oily soils that help to suspend the dirt so that they do not settle back on the surface. Most cleaning products contain two or more surfactants.

Surfactants are classified based on their ionic properties in water. Four main types of surfactants used to create detergents are as described below:

Anionic surfactants – these are used in laundry and dishwashing detergents, as well as household cleaners. They ionize in solutions, have excellent cleaning properties, carry a negative

charge and are high sudsing (i.e. produce a lot of foam). The most common anionic surfactants are linear alkylbenzene sulfonate, alcohol ethoxysulfates, alkyl sulfates and soap.

Nonionic surfactants – these are generally used in making rinsing aids, as well as laundry and automatic dishwashing detergents due to their low sudsing properties. They are resistant to water hardness and clean well on most soils because they have no electric charge, as they do not ionize in water. The most commonly used nonionic surfactant is alcohol ethoxylate.

Cationic surfactants – these are mainly used in fabric softeners and fabric softening laundry detergents. They are also widely used as disinfectant/sanitizing agents in household cleaning products. They ionize in water with a positive charge. The most commonly-used cationic surfactant is quaternary ammonium.

Amphoteric surfactants – due to their mildness, sudsing and stability, they are mostly used in household cleaning products. Depending on acidity or alkalinity of the water, they have the ability of being anionic, cationic and nonionic in the solution. The most commonly-used amphoteric surfactants (surfactants which can be used as either an acid or a base, depending on the medium) are betaines and imidazolines.



B) Builders

Builders are primarily used to reduce the water hardness which, in turn, enhances the cleaning efficiency of the surfactant. This is achieved either by holding hardness minerals in the solution (sequestration), forming an insoluble substance (precipitation) or by trading electrically-charged ions (ion exchange). Commonly-used sequestering builders are complex phosphates and sodium citrate. Sodium carbonate and sodium silicate are commonly-used precipitating builders. An ion exchange builder that is commonly used is sodium aluminosilicate.

Please see the table below enlisting key ingredients used to form laundry detergents, dishwashing detergents and household cleaners³³:

Table 7. Key Ingredients used to Manufacture Detergents

Ingredient	Primary Functions	Examples	Product category
Abrasives	Supply smoothing, scrubbing and/or polishing action.	Calcite, feldspar, quartz, sand	Dishwashing Household cleaners
Acids	Neutralize or adjust alkalinity of other ingredients.	Acetic acid, citric acid, hydrochloric acid, phosphoric acid, sulfuric acid	Household cleaners
Alkalis	Neutralize or adjust acidity of other ingredients. Make surfactants and builders more efficient. Increase alkalinity.	Ammonium hydroxide, ethanolamines, sodium carbonate, sodium hydroxide, sodium silicate	Laundry Dishwashing Household cleaners
Antimicrobial agents	Kill or inhibit growth of microorganisms that cause diseases and/or odor.	Pine oil, Quaternary ammonium compounds, Sodium hypochlorite, Triclocarban, Triclosan	Laundry Dishwashing Household cleaners
Anti-redeposition agents	Prevent soil from resettling after removal during washing.	Carboxymethyl cellulose, polycarborylates, polyethylene glycol, sodium silicate	Laundry Dishwashing
Chlorine bleach	Disinfectant. Helps whiten, brighten and remove stains.	Sodium hypochlorite	Household cleaners
Oxygen bleach	Helps whiten, brighten and remove stains. Some products may be combined with a bleach activator for better performance in lower water temperatures.	Sodium perborate, sodium percarbonate	Laundry

³³Healthycleaning101



Table 7. Key Ingredients used to Manufacture Detergents

Ingredient	Primary Functions	Examples	Product category
Colorants	Provide special identity to product. Provide bluing action.	Pigments or dyes	Laundry Dishwashing Household cleaners
Corrosion inhibitors	Protect metal machine parts and finishes, china patterns and metal utensils.	Sodium silicate	Laundry Dishwashing
Enzymes	Proteins classified by the type of soil they break down to simpler forms for removal by detergent. Cellulose reduces pilling and greying of fabrics containing cotton and helps remove particular soils.	Amylase (starch soils), lipase (fatty and oily soils), protease (protein soils), cellulose	Laundry Dishwashing Household cleaners
Fabric softening agents	Impart softness and control static electricity in fabrics.	Quaternary ammonium compounds	Laundry
Fluorescent whitening agents	Attach to fabrics to create a whitening or brightening effect when exposed to daylight.	Colorless fluorescing compounds	Laundry
Fragrances	Mask base odor of ingredients and package. Cover odors of soil. Provide special identity to product. Provide pleasant odor to clothes and rooms.	Fragrance blends	Laundry Dishwashing Household cleaners
Hydrotropes	Prevent liquid products from separating into layers. Ensure product homogeneity.	Cumene sulfonates, ethyl alcohol, toluene sulfonates, xylene sulfonates	Laundry Dishwashing Household cleaners
Opacifiers	Reduce transparency or make product opaque. Provide a special effect.	Polymers, titanium dioxide	Laundry Dishwashing Household cleaners
Preservatives	Protect against natural effects of product aging, e.g. decay, discoloration, oxidation and bacterial attack.	Butylated, hydroxyloluene, ethylene diamine, tetraacetic acid, glutaraldehyde	Laundry Dishwashing Household cleaners



Table 7. Key Ingredients used to Manufacture Detergents

Ingredient	Primary Functions	Examples	Product category
Processing aids	Provide important physical characteristics, e.g. proper pour or flow, viscosity, solubility, stability and uniform density. Assist in manufacturing.	Clays, polymers, sodium silicate, sodium sulfate, solvents	Laundry Dishwashing Household cleaners
Solvents	Prevent separation or deterioration of ingredients in liquid products. Dissolve organic soils. Clean without leaving residue.	Ethanol, isopropanol, propylene glycol	Laundry Dishwashing Household cleaners
Suds control agents	Ensure optimum sudsing (foaming) level needed for a cleaning job.		
Suds stabilizers	Maintain high sudsing where suds level is an important indicator of cleaning power.	Alkanolamides, alplamine oxides	Dishwashing Household cleaners
Suds suppressors	Control sudsing where suds would interfere with cleaning action.	Alpl phosphates, silicones soap	Laundry Dishwashing Household cleaners

Raw materials for detergent manufacturing were imported from Saudi Arabia and UAE prior to the diplomatic situation. Local manufacturers are looking for alternative sources for raw material such as India, China and Malaysia.



5.3.2 Raw Material for Toilet Soaps

Soaps are water-soluble fatty acids, made of either sodium or potassium salts and are manufactured by treating oil and fats (fatty acids) with a strong alkali.

A) Fats and oils

Fats and oils used in the manufacturing of soap are usually obtained from either animal or plant sources. Each fat or oil comprises of several different types of triglycerides. A triglyceride molecule is made of three fatty acids molecule linked to one molecule of glycerin. There are several types of triglycerides, each consisting of its own unique combination of fatty acids.

Fatty acids are composed of two parts, a carboxylic acid group consisting of one hydrogen (H) atom, one carbon (C) atom and two oxygen (O) atom, plus a hydrocarbon chain attached to the carboxylic acid group. It is usually made up of a long, straight chain of carbon (C) atoms, each carrying two hydrogen (H) atoms.

B) Alkali

Previously, alkalis utilized for soap-making were obtained from the ashes of plants; however, they are now produced commercially. Alkalis, today, are basically substances that are a chemical base and neutralize acid by reacting with it.

The common types of alkali used today in soap-making are caustic soda, chemically known as sodium hydroxide (NaOH), and caustic potash, also known as potassium hydroxide (KOH).

Please see table 8, which outlines the key ingredients used for manufacturing of toilet soaps³⁴:

Table 8. Key Ingredients used to Manufacture Toilet Soap

Ingredient	Primary Functions	Examples
Abrasives	Supply smoothing, scrubbing and/or polishing action.	Calcite, feldspar, quartz, sand
Alkalis	Neutralize or adjust acidity of other ingredients. Make surfactants and builders more efficient. Increase alkalinity.	Ammonium hydroxide, ethanolamines, sodium carbonate, sodium hydroxide, sodium silicate
Antimicrobial agents	Kill or inhibit growth of microorganisms that cause diseases and/or odor.	Pine oil, quaternary ammonium compounds, sodium hypochlorite, triclocarban, triclosan
Colorants	Provide special identity to product. Provide bluing action.	Pigments or dyes
Fragrances	Mask base odor of ingredients and package. Cover odors of soil. Provide special identity to product. Provide pleasant odor to clothes and rooms.	Fragrance blends
Opacifiers	Reduce transparency or make product opaque. Provide a special effect.	Polymers, titanium dioxide
Preservatives	Protect against natural effects of product aging, e.g. decay, discoloration, oxidation and bacterial attack.	Butylated, hydroxytoluene, ethylene diamine, tetraacetic acid, glutaraldehyde
Processing aids	Provide important physical characteristics, e.g. proper pour or flow, viscosity, solubility, stability and uniform density. Assist in manufacturing.	Clays, polymers, sodium silicate, sodium sulfate, solvents

³⁴Healthycleaning101

5.3.3 Raw Material for Perfumes

Flowers, grasses, fruit, roots, spices, balsams, wood, leaves, moss, tobacco and animal secretions are some of the natural ingredients used to manufacture perfumes. Other resources such as alcohol, coal, coal tars and petrochemicals, are also used for the production of perfumes. There are some plants, such as lily of the valley, that do not produce oil naturally and, as such, their fragrance is recreated using synthetic chemicals. Synthetic chemicals are also used to create unique scents not found in nature.

Some animal products are used to obtain certain perfume ingredients (e.g. musk comes from male deer, castor comes from beavers and ambergris is obtained from whale). Animal products are often used as fixatives to restrict the evaporation process of perfume and to allow them to emulate the scent longer. Mosses, synthetic chemicals, resins and coal tar are some of the other commonly-used fixatives³⁵.

5.3.4 Raw Material for Antiperspirant or Deodorant Stick

Antiperspirants are made of active drug ingredients that help control perspiration and gelling agents that aid in making the gel stick. Other ingredients, such as colorants and fragrance, are added to make the product aesthetically pleasing.

Active ingredients: Aluminum chlorohydrate, aluminum chloride, aluminum sulfate and aluminum zirconium complexes and aluminum zirconium tetrachlorohydrate glycine is the most commonly-used ingredient. Based on the weight of finished products, these ingredients are used in the proportion of 8 to 25 percent.

Gelling agents: Ingredients such as stearyl alcohol, cetyl alcohol, hydrogenated castor oil and glyceryl stearate are the waxy or fatty substances that are gelled to form a solid stick. Lubricating oils and silicon compounds like cyclomethicone (volatile silicone compound) are blended with waxy material, as they leave the skin feeling smooth and dry.

5.3.5 Raw Material for Air Freshener

A large variety of perfume oils are used in preparing fragrance concentrate for air fresheners, including aldehydes which are a synthetic fragrance group. Aldehydes, in a concentrated form, smell soapy; however, when mixed with the proper quantity of water, they emit a sweet, flowery smell. Fresh fragrances, similar to that of cut grass or plant stems, are also replicated using synthetic perfume oils. Lavender, cinnamon, sage, moss, sandalwood, cloves and cedar are used to provide herbal/spice fragrance notes. Lastly, oriental fragrance notes are obtained from natural animal materials such as musk.

Lemon, orange, mandarin, bitter orange, bergamot, cedar leaf, caraway, cloverleaf, geranium, cedarwood, lavender, patchouli and many others are examples of fragrances used to make plug-ins. These fragrances are further mixed with synthetic components, such as aldehydes, alcohol, esters, ketones etc., to obtain unique fragrances. These mixtures blended together are combined with a variety of gelling ingredients. These gels can be organic or inorganic in nature and are prepared hot. The fragrances are added as the gel cools in order to preserve the integrity of the fragrance³⁶.



5.4 Regulatory Requirements

- The soap and detergent industry is highly regulated with several requirements that aim at reducing the release of chemical substances into the environment during the process of manufacturing.
- The Gulf Technical Regulation, under the GCC Standardization Organization, establishes the rules and mandatory requirements applicable on detergents placed on the market within the GCC countries, in order to ensure a high degree of environmental protection and human safety.
- The ingredients and mixture for perfumes are subject to many regulations. These include the manufacturing, transporting, storing, packaging and disposing of both fragrance ingredients and the products they are used in. Furthermore, in order to prevent misuse and any potential health hazards, Qatar's Ministry of Environment has imposed strict regulations for the import and sale of alcohol-based perfumes. To sell perfumes in Qatar, a supplier needs to:
 - Provide a laboratory certificate outlining the composition of the product, in which the ethanol content does not exceed 90 percent and the methanol content stays below 0.05 percent.
 - Needs to ensure that one or more ingredients have been added to the product to make it unfit for drinking.
 - Affix a prominent warning advising users that the product is for 'external use only' in both English and Arabic.
- The perfumes and colognes should also only be sold in bottles that have spray nozzles on them.
- Chemicals should be stored in classified packages, leaving a space from the ceiling of no less than 1.5 meters. Two thirds of the total area of the warehouse should be occupied. This should be calculated according to the premises design, the level of protection needed and the quantity to be stored. Packages should be stored on a wooden base.
- Ensure adequate spaces between the chemicals and the walls, exits, windows, hazards and passageways to facilitate mobilization.

Some of the key standards regulating the industry include^{37, 38}:

- Gulf Standard GSO 2059:2010 "Synthetic liquid detergents for Clothing and fabrics".
- Gulf Standard GSO 2060:2010 "Synthetic liquid detergents for clothing and fabrics – Test methods".
- Gulf Standard GSO 151:2007 "Synthetic Detergents – Detergents Powder".
- Gulf Standard GSO 152:2007 "synthetic detergents-methods of testing synthetic powdered detergents for household use".
- Gulf Standard GSO ISO 2271:2008 "Surface active agent –synthetic detergents- determination anionic active matter by manual or mechanical (direct two-phase titration)".
- Gulf Standard GSO ISO 4325:2007 "Soaps and detergents – Determination of chelating agent content – Titrimetric method".
- Gulf Standard GSO ISO 607:1994 "Surface active agents and detergents -methods of sample division".
- Gulf Standard GSO ISO 4316:1994 "Surface active agents- Determination of PH of aqueous solutions- Potentiometric Method".
- International Standard ISO 2268:1972 "Surface active agents (non-ionic) - Determination of polyethylene glycols and non-ionic active matter (adducts) - Weibull method".
- Gulf Standard GSO 1810:2007 "Labeling for chemical products".
- International Standard ISO 8212:1986 "Soaps and detergents - Techniques of sampling during manufacture"

³⁷International Organization for Standardization, ³⁸GCC Standardization Organization





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