



Agnieszka Chęś

Uniwersytet Ekonomiczny w Poznaniu
Wydział Gospodarki Międzynarodowej
Katedra Zarządzania Międzynarodowego
agnieszka.ches@franklin.edu

THE MIDDLE EASTERN MARKET OF COSMETICS AND TOILETRIES: CHARACTERISTICS UNDERLYING DEMAND AND POTENTIAL FOR GROWTH

Summary: The article studies the retail market of beauty and personal care products in the six countries of the Gulf Cooperation Council (GCC). It identifies differentiating characteristics that influence the marketing mix of the 4 Ps. Those identified as critical for the marketing mix are: young population, high rate of expatriates, preference for premium products, influence of Dubai as a retail hub, role of tourism, and several others resulting from cultural conditioning. This study is the first attempt of identifying key factors that shape customer behaviors, underlie the demand, and influence potential of growth in the GCC market.

Keywords: cosmetics and toiletries, beauty and personal care, Gulf Cooperation Council, Arab customers, marketing mix.

Introduction

The Economies of the Middle East have been considered in recent few years among top global retail development destinations for different retail sectors¹, among them for cosmetics and toiletries² (Table 1). Despite the oil crisis

¹ In 2015 in the Global Retail Development Index elaborated by AT Kearney, which ranks the top 30 developing countries for retail investment, five out of six GCC countries were listed and two among the top ten: Qatar – 4, UAE – 7.

² Both terms “cosmetics and toiletries” and “beauty and personal care products” are used in the article as equivalents.

and political instability in the region, the trend has been persistent. Value of retail sales of beauty and personal care in the Middle East and Africa (MEA) region was estimated by Euromonitor International at USD 26 bln in 2014 and at USD 27 bln in 2015 [UAE shoppers..., 2016]. A recent Global Beauty report by Euromonitor International published in June 2015, confirms the importance of this part of the world for the beauty and personal care industry, highlighting that it overtakes Latin America as the world's fastest growing beauty and personal care market. The same source forecasts the value of the MEA region's beauty and personal care market will grow 4,25% annually, almost twice the global average of 2.6% [UAE shoppers..., 2016].

This article is an attempt to define and describe characteristics of the retail market of beauty and personal care products in the six countries of Gulf Cooperation Council (GCC). Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates have been for a few years the most dynamic part of the MEA region, and among the places with highest growth rates in the cosmetics and toiletries sector from the global perspective. The article aims at identifying important factors of socio-economical, demographic and cultural character, which underlie the demand, influence potential of growth and shape customer shopping behaviors in the GCC. It is shown how those factors relate to the marketing mix of the 4Ps.

First, the article refers to GCC as one market, analyzing common characteristics as well as the role and impact of the member states on the beauty and personal care retail. It is demonstrated that GCC region can be considered as one market due to very many features, shared by the constituting countries. Secondly, the article describes a unique mix of features of this market, which differentiate it in the world. It is demonstrated how unique cultural, social and demographic conditionings play an important role, when it comes to demand and customer behaviors in this region. The article argues that those conditionings have to be taken into consideration, while planning for the marketing mix.

The group of products under consideration: cosmetics and toiletries, comprises skin and sun care products, makeup cosmetics, fragrances, toiletries and various other grooming and general beauty care products, which divide into mass and premium. Since cosmetics are considered consumer staples, reflecting that the use of cosmetics is common in every income segment, therefore all the inhabitants of the GCC region are taken into consideration when analyzing this market.

This article is based on data from reports, research papers as well as articles from business magazines and the beauty sector specialized periodicals. Author's field experiences in Oman and Dubai in the UAE, as well as previous research on retail and e-commerce in the region, have added to observations of the market.

The paper is first of its kind seeking to analyze the market of cosmetics and toiletries in the GCC region, providing an analytical framework that treats the GCC countries as a single market that share many commonalities. It underlines the key unique characteristics between the GCC and other major markets as important for the marketing mix of the 4 Ps.

1. The GCC countries' market of cosmetics and toiletries

The strongest economies of the Middle East (Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, UAE), are reunited as The Cooperation Council for the Arab States of the Gulf (GCC). The countries of the GCC function as a common market since 2008 and are often considered jointly: in 2012 the GCC, taken as a single economic bloc was the third largest high growth market in the world [PricewaterhouseCoopers, 2013]. Having a very high *per capita* income, at just under USD 32,000, in line with North America and Europe [Markaz, 2012], the GCC is one of the wealthiest regions in the world.

Population of GCC of about 50 mln people in 2012 (Table 1) is characterized by a very young average age: in the entire GCC region, it is 27 years among GCC nationals, and 54% are under the age of 25 [Markaz, 2012]. On top of that, each of the six member states has a large number of expatriates with an average of almost 62% (Table 1). They constitute a large group of consumers, representing many different cultures, which may result in different consumer behaviors than among the Arab society [Lacka, 2014]. The Gulf economies being young, large and growing fast, constitute a retail market with a lot of potential for cosmetics and toiletries.

Table 1. Selected data on demographics and retail in the GCC countries

Lp.		Oman	United Arab Emirates	Saudi Arabia	Bahrain	Kuwait	Qatar	Total/average
1.	Population, 2012 (mln)	3.3	9.2	28.3	1.3	3.3	2.1	47.5
2.	Income <i>per capita</i> 2012 (USD)	19 450	38 620	24, 310	19 560	44 880	74 600	30 266
3.	Total retail sales, 2015 (USD, bln)	11.9	70.9	103	N/A	16.4	12.4	N/A
4.	Cosmetics & toiletries, sales in 2009 (USD, mln)	156	1 638	5 000*	125	370	102	7 391*
5.	Retail sales CAGR, 2010-2014	7.6%	5.3%	7.7%	N/A	6.1%	9.7%	N/A
6.	Expatriates, 2014	43%	88%	32%	51%	69%	86%	49%

* Author's estimation.

Source: 1.,2.,6. based on: The World Bank (2014); 3.,5. based on: Ben-Shabat et al. (2015); 4. based on: Euromonitor International (Cochrane 2011), except for Saudi Arabia.

In the following two paragraphs, there are briefly describe the role and impact of the GCC member states on the beauty and personal care retail.

The UAE and Saudi Arabia are the forefront of the GCC cosmetics and toiletries sales, having the largest population and considerable number of tourists. Additionally, Saudi Arabia has the lowest percentage of expatriates in the Gulf region (Table 1), which provides for a big number of GCC national consumers with high disposable income³. Combined both countries comprise a quarter of the entire MEA beauty and personal care market [*UAE shoppers..., 2016*] and more than 80% of the GCC market. Saudi Arabia holds the largest market share by value and growth, and it is expected to grow by 11% annually [Zecic Pivac, 2015]. The UAE owes the dynamics of its market not only to its big population and tourism, but also to its strategy of becoming a local hub for the beauty and skin care industry. Bahrain, Kuwait and Qatar have almost all the population living in capital cities and high percentages of expatriates (Table 1). Urbanization and development of shopping centers and malls played an important role in changes of shopping habits in these developing countries. Shopping behaviors and market trends in those countries are similar to the UAE, specifically to Dubai.

In the GCC region, Oman presents itself differently. It has the lowest GDP among the GCC member states. Most of the population lives in towns and villages, where old traditions are preserved. The main city for business and commerce is the capital Muscat, its population accounts for 36% of all the country. Oman population is the youngest in GCC with average age 24 [www 3]. Female labor participation at 29% is lower than the regional average⁴ [Al Masah, 2015, p. 7], which means that most of the women do not have their own source of income. In spite of a good socio-economic situation, development of retail has been slow in the Sultanate, especially when it comes to shopping malls. As of 2012 Oman had only two shopping malls. Traditional markets called *souqs* with small stands and shops have been for years, for many Omanis the most preferred place for shopping of all the products except for food. Omanis who are interested in premium products often choose to go to Dubai. All the above explains while Oman has the lowest in GCC *per capita* spending on cosmetics and toiletries (Table 2).

³ Some sources (among them [Temporal, 2011]), point out that there is a considerable number of Saudi citizens, who have low income, which tends to be forgotten as a result of the stereotype of the KSA being an oil rich country.

⁴ Only Saudi Arabia has a lower rate: 20%.

Table 2. Value of cosmetics and toiletries market in selected GCC countries

	Bahrain	Kuwait	Qatar	Oman	United Arab Emirates	Saudi Arabia
C&T – market value* (USD mln, 2009)	125.5	370.3	101.6	156.3	1.638	5 000
Population of nationals and non-nationals** (mln)	1.23 (2010)	3.0 (2011)	1.63 (2010)	2.77 (2009)	7.51 (2010)	27.45 (2010)
<i>Per capita</i> spending on cosmetics and toiletries (USD)	102	123	62***	56	218	182

Source: *Based on: [Cochrane, 2010]; ** based on: [www 4]; *** Qatar had the highest percentage of expatriates, above 80%, which explains a rather low *per capita* spending.

2. Analysis of common factors shaping the GCC market of beauty and personal care products

In the chapters below, the GCC countries are described in terms of the main common demographic and socio-economic characteristics, which have impact on market demand, its potential for growth and customer behaviors and as a result should be considered while planning the marketing mix. Factors such as: young average age, large expatriate population and high average income are analyzed.

2.1. Demographics: young population

It has been mentioned before that the average age for the GCC nationals is 27, and more than half of the local population of nationals is under 25 (Table 1). Consequences of these demographics for the beauty and personal care sector are versatile and include specific traits and behaviors: 1) openness and awareness of new trends, 2) propensity to trust advertisement, and 3) limited budgets.

Young consumers tend to experiment with cosmetics, hair color and styling and care a lot about looking attractive. They follow new trends and are easily persuaded by advertisements, as they seek information on cosmetics on the Internet, in magazines and through other channels [Khraim, 2010, p. 127]. V. Mahajan in his book *The Arab World Unbound: Tapping into the Power of 350 Million* [2012, p. 151] underscored that the young Arab generation craves the best brands and gave the following characteristic of this group: “The research that local and multinational companies shared with me, echoed a common sentiment: Arab youth are much more aware of global trends and styles than their parents are; they enjoy greater and more affordable access to hip Western

brands; and they are more individualistic when expressing themselves, looking to be more original in their appearance, attitude and behavior”.

Most of young customers are students or unemployed, have limited financial resources and tend to be very price-sensitive. In a research study carried out in Abu Dhabi in 2008 and 2009, 97% of female respondents age 16-24 agreed or strongly agreed with the statement “I prefer cosmetics that are affordable”, comparing to around 60% in other age groups [Khraim, 2010, p. 124].

L. Grubov described consequences in communication habits of young generation: “With the rise of the Internet, Arab women translate their strong sense of community to the digital space, with 71% of all women participating in social networking” [2010]. The Internet and social media sites have become important tools for learning about and purchasing beauty and personal care products.

The young consumers may not be the most important at present as their purchase power is limited. However, the average monthly spending on cosmetics and toiletries among GCC youth is as high as USD 400 [Zecic Pivac, 2015], signaling the importance of beauty and personal care for this group and in general in the Arab culture. The retail of cosmetics and toiletries will depend on the people of this segment as soon as they enter the job market and establish families.

2.2. Demographics: expatriates

Even though more than half of the GCC population consists of expatriates (Table 1 and Figure 1), the market of cosmetics and toiletries in the Middle East depends mostly on GCC nationals, especially upper and middle class women [Euromonitor International, 2016b]. Vast majority of non-nationals are low income blue collar workers, who come from Asian countries: India, Bangladesh and Pakistan⁵. Most of expatriates live alone or come from countries where families are small, resulting in a low female/male ratio: in the GCC countries there are on average 320 men per 100 women among non-nationals [www 2]. Most of expatriates come to the Gulf region due to economic reasons and are cautious about spending and investing money. They send a big part of their earnings to their families abroad or save for the time when they go back to their home countries.

The difference in expenditures between nationals and non-nationals on beauty and skin care products can be observed on an example from Qatar: in

⁵ This can be exemplified by data for the UAE for 2014; % of population by nationality: India 27%, Pakistan 13%, Bangladesh 7% [www 2].

2009 Qatari household average monthly expenditure on personal care was around USD 686, while non-Qatari household spent around USD 110 a month. But the average Qatari household surveyed was made up of 8.7 people, which is more than twice the average expat household of 4.3 people (Ministry of Development and Planning Statistics, after Cochrane 2010). It can be roughly estimated that GCC nationals spend approximately three times more *per capita* on beauty and personal care products than foreigners.

Internationally known brands and global companies benefit from a big number of expatriates in all Gulf countries. Since there is global awareness of major brands such as Lux, Dove, Nivea, Gillette, Hugo Boss and Pantene, they are often preferred in the mass segment, as consumers know and trust them, due to their presence in their respective home countries. Another consequence is presence of Asian brands, which will be discussed later in the section 3.5.

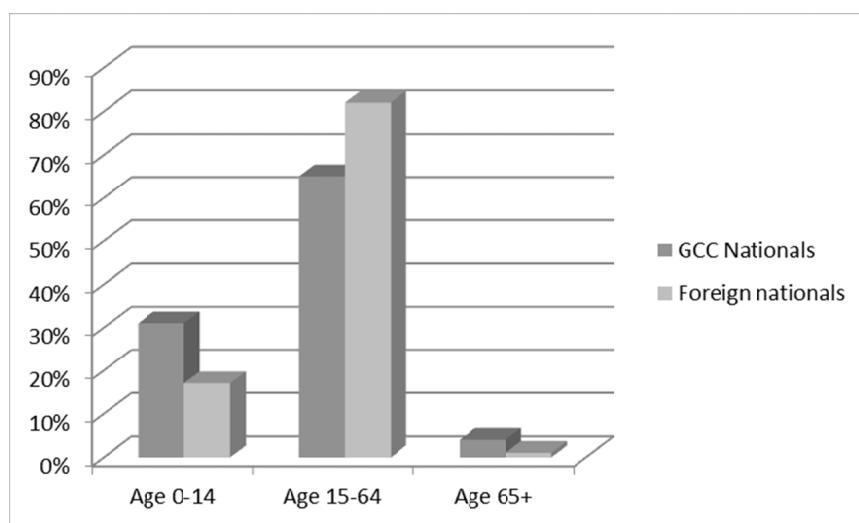


Figure 1. Age distribution among nationals and foreign populations in the GCC countries (total average)

Source: [www 2].

2.3. Premium products and spending habits

The regional consumers of GCC countries aspire to buy high quality goods and products of global brands, and have been known to be appreciative of luxury and willing to pay premium prices for the exclusive and outstanding [Mahajan, 2012, p. 12-13]. The Middle East continues to be a key market for premium

cosmetics. A considerable group of GCC nationals can afford premium brands having a high disposable income, and they also compare favorably with spending levels in the traditionally high-spending markets of France, UK and the US. One of the studies found that top 10% consumers in the UAE spend almost USD 17 000 *per capita* a year on cosmetics [Zecic Pivac, 2015]. According to analysis by Euromonitor International [2016, 2016b], *per capita* spend on premium cosmetics in the countries of the GCC, has been increasing at a remarkable rate. For instance, consumers in Saudi Arabia are expected to spend as much as USD 68 *per capita* on premium cosmetics in 2017 as compared to USD 49 in 2012. Similarly, the UAE consumer is estimated to spend USD 48 *per capita* on premium cosmetics in 2017 as compared to the USD 40 in 2012. Premium cosmetics command high shares of the cosmetics and toiletries markets in the Gulf countries, for example 38% in Saudi Arabia and 26% in the UAE [Thomson Reuters, 2014].

As the young generation will enter into the job market and dispose freely of their income, market of premium cosmetics will grow as they will have good awareness of products and their shopping will be value-driven. Experts say that the market is already witnessing premiumisation, as consumers are increasingly looking for products designed to tackle specific problems or offer clearly defined benefits. Those products usually feature a higher unit price than standard versions [Thomson Reuters, 2014].

2.4. Role of tourism

It should not be underestimated that money spent by foreign visitors in the GCC countries has an impact on cosmetics and toiletries market. Number of tourists visiting the GCC region annually exceeds half of the number of its entire population (Figure 2). Both external and internal tourists buy cosmetics to take back home for themselves, in addition to as gifts for friends and family. Fragrances are among favorite gifts and tourists consider oud based and French-style fragrances with flower and musk scents to be an authentic gift from the Middle East. Other beauty products, especially skin care by globally renowned brands are attractive to foreign tourist due to lower prices. GCC countries impose no VAT and have low import tariffs on cosmetics and fragrances so prices are considerably cheaper than, for example in Western Europe [Cochrane, 2010].

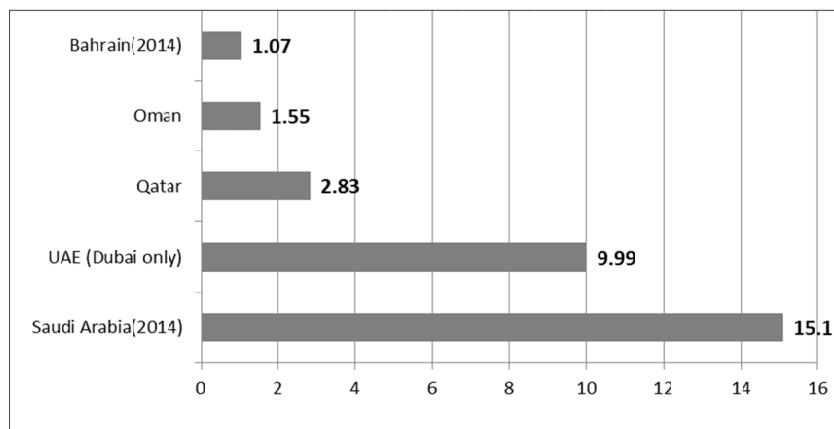


Figure 2. Tourism in selected GCC countries in millions (2013, 2014)

Source: Based on: [www 1].

Among the GCC state members, Saudi Arabia is receiving the biggest number of tourists – 15 mln in 2014 (Figure 2), mostly due to the *hajj* pilgrimages⁶. The owner of the fragrance brand Abdul Samad Al Qurashi, which is the strongest local brand in cosmetics and toiletries, confirms importance of traveling clientele for their company (Euromonitor International, 2016b). The UAE is the second largest tourist destination with 10 mln tourists arriving to Dubai only in 2013 (Figure 2). The country registers high sales in duty free shops at the airports [Cochrane, 2010]. Fragrances and cosmetics are the best-selling category in the duty free business. In Dubai Duty Free sales of perfumes reached USD 289 mln in 2013, around 13% of all the duty free sales. Dubai Duty Free accounts for 46% of airport sales in the region, and more than 5% of global airport duty free business. Doha's Hamad International Airport is the second-largest duty free operator in the GCC; Abu Dhabi and Manama airports follow the trend. Globally, the GCC leads in growth of passenger traffic and Gulf airports are aiming to be prestigious shopping destinations in their own right, converting travellers to shoppers [Zecic Pivac, 2014].

In spite of the optimistic forecasts for growth in tourism and duty free sales in the Gulf countries, due to the danger of terrorism and possible political instability in the region or financial crisis, this trend of boost from tourists may change and numbers may plummet unexpectedly. To illustrate how volatile the

⁶ *Hajj* – a pilgrimage to Mecca, is one of five pillars of Islam, a mandatory religious duty for Muslims that must be carried out at least once in their lifetime.

incomes from tourists can be, we can refer to reports of the Chalhoub group⁷: they used to have 20% of customers coming from Russia and Eastern Europe, but after 2009, the time of financial crisis, they represented only 3% [Cochrane, 2010].

2.5. Dubai as a retail hub for cosmetics and toiletries

The Emirate of Dubai in the UAE is a retail hub for many products, beauty and personal care among others. According to the National Human Resources Development and Employment Authority, the UAE has experienced a 30% increase in the retail space devoted to beauty and fragrance products between 2007 and 2008 [Grubov, 2010]. The UAE originated two strong brands of retail for beauty products Faces and Paris Gallery, both of them similar to internationally known Sephora or Douglas. Paris Gallery owns 50 stores located in prime retail addresses spanning across the UAE, Saudi Arabia, Oman, Qatar and Bahrain. Faces has over 75 stores across 10 countries in the region, in GCC apart from the UAE in Kuwait, Bahrain, Qatar, and Saudi Arabia⁸.

The UAE develops not only retail brands for beauty shopping but takes the concept further with projects like Eurofragrance creative center, dedicated to the design and production of fragrances⁹, Beauty and Fragrance Park and Beautyland¹⁰. Both offer not only retail space, but other beauty related amenities like spas, beauty business offices, a beauty museum, a beauty academy and salons. Additionally, BeautyWorld Middle East, the region's largest international trade event serving the beauty and wellness industry, is a hot spot for emerging beauty trends of niche and mass products alike. All those projects serve not only Emirati customers, but attract beauty tourism from Gulf countries and other regions.

2.6. Brands and manufacturers

Multinational manufacturers still lead beauty and personal care sector, benefiting from long established customer loyalty. The biggest four multinationals: Anglo-Dutch Unilever Gulf FZE, American Procter & Gamble Gulf FZE, French L'Oréal Middle East FZE and German Beiersdorf Middle East, collec-

⁷ Chalhoub group is one of the largest importers of beauty and personal care products in the Middle East.

⁸ Another example of a successful retail brand is Mikyajy, established in Saudi Arabia with almost 200 stores over the GCC region.

⁹ An investment by a Spanish company Eurofragance in 2015.

¹⁰ Projects were launched in 2008.

tively account for approximately half the market's value sales [Cochrane, 2010], at the expense of those with premium offerings, such as Lancôme Parfums Beauté et Cie, Givenchy SA, Christian Dior SA and Chanel SA. Nivea has been remaining the favorite brand in the mass market for several years now (Table 3). It leads skin care in the mass segment, especially within general purpose body care, with a commanding 18% and 11% value share in 2015 in Saudi Arabia and UAE respectively (Euromonitor International, 2016a, 2016b). Success of global brands is driven by high marketing budgets: Procter & Gamble and Unilever are among the top ten spenders on advertising in the region [Mahajan, 2012, p. 13].

Domestic manufacturers are notably present only in the fragrance sector, in light of sustainable demand for Arabian perfumes among the local population (Table 3). The major domestic manufacturers are Rasasi, and Ajmal from the UAE, Designer Shaik from Bahrain, Amouage from Oman and Arabian Oud and Abdul Samad Al Qurashi from Saudi Arabia. Even though the region has a long tradition of usage of different natural products for beauty and personal care treatments: plant oils, rose water and frankincense, local firms have not managed to develop so far any brand of skin care or hair cosmetics with significant position, neither in the mass nor in the premium market.

Table 3. Leading brands on major GCC markets of cosmetics and toiletries 2009
(by umbrella brand name)

Brand	Company and country of origin
Saudi Arabia	
Arabian Oud (fragrance only)	Arabian Oud Co, Saudi Arabia
Al Qurashi (fragrance only)	Abdul Samed Al Qurashi Co, Saudi Arabia
Nivea	Beiersdorf AG, Germany
Johnson's	Johnson & Johnson, US
L'Oréal Paris	L'Oréal Groupe, France
United Arab Emirates	
Nivea	Beiersdorf AG, Germany
Lux	Unilever Group, Anglo-Dutch
Colgate	Colgate-Palmolive Co, US
Dove	Unilever Group, Anglo-Dutch
Christian Dior	LVMH, France

Source: Based on: [Euromonitor International, 2016a, 2016b; Cochrane, 2010].

2.7. Distribution channels

Cosmetics and toiletries are mostly sold in the Gulf countries in shopping malls, especially the mass brands, which sell in supermarkets and hypermarkets located there. The prevalence of these distribution channels is driven by GCC

consumers' preference for buying in shopping malls, which given the hot weather, are the most favorite place not only for shopping, but also for spending free time (Figure 3). For example in the UAE more than 35% of cosmetics are sold in super- or hypermarkets, followed by salons which generate about 15% of sales (*Skincare products...*, 2014). Other distribution channels are: standalone stores in malls, convenience stores, bazaars and souks, in addition to over-the-counter sales in pharmacies, spas as well as beauty clinics. The cosmetic clinic sector has grown 10-fold in recent five years¹¹ (*Beautyworld...*, 2015) and is contributing to growth of sales of skin care products.

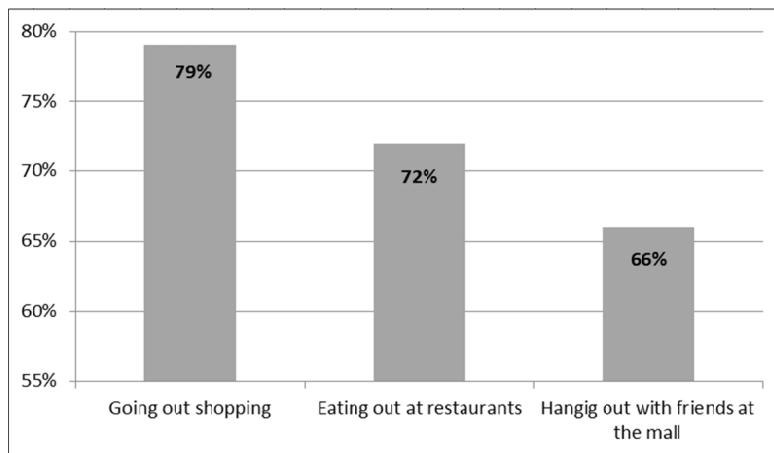


Figure 3. GCC Nationals' favorite activities

Source: Based on: [Gallon, 2013].

3. Culture driven characteristics of the GCC market of beauty and personal care products

Arab and Muslim culture influence strongly shopping preferences and behaviors of local citizens and some expatriates [Mahajan, 2012]. Moreover Asian cultures, especially of the Indian subcontinent, have their minor influences too. Cultural conditioning differentiates the GCC region from other main markets of beauty and personal care. The chapters below define and analyze the most important market characteristics resulting from cultural conditioning.

¹¹ According to Madi International, a leading distributor of internationally renowned professional beauty brands in the Middle East.

3.1. Best-selling products: fragrances and makeup

Among different cosmetic products in the GCC countries, fragrances are bestsellers, equally popular among male and female consumers. For many years fragrances were followed by makeup products. According to the study by Chahoub Group in conjunction with research firm Nielsen, in 2008 and 2009 across all GCC countries, fragrance was the most important item of the beauty budget for GCC nationals (a minimum of 40%) followed by makeup (35%) and skin care (20% to 25%, depending on the country). The prevalence of fragrance in the beauty budgets in GCC is reflected in the highest market share in the UAE and Saudi Arabia, as shown in the Figure 4 with data for 2009. In 2014 fragrances accounted for 31% and 28% of total beauty and personal care market of those countries, respectively (*A scent of growth...*, 2015). Domination of fragrances is related not only to tourism and climatic conditions, but also to cultural dynamics which encourage GCC nationals in this region to spend considerable amounts of their disposable income on those products. Fragrances are much more than fresheners in the Middle Eastern culture; their importance stems from long traditions, religious commandments and rules of politeness.

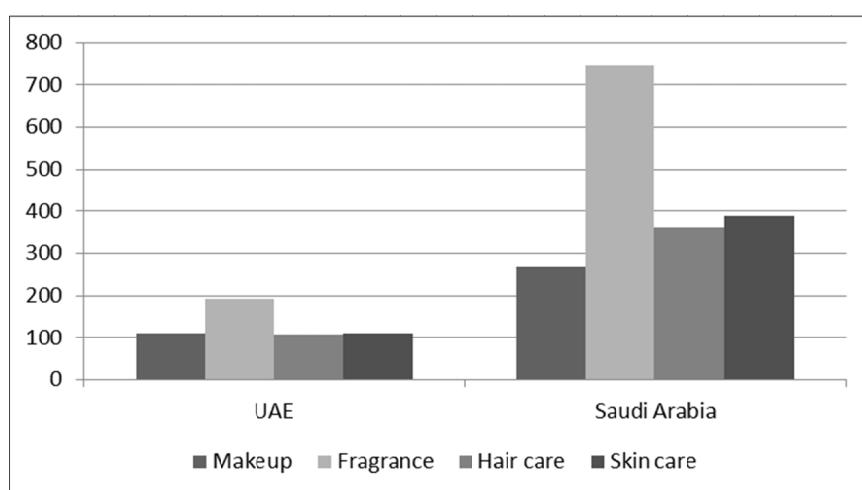


Figure 4. Market size for different kinds of cosmetics in selected GCC countries: the UAE and Saudi Arabia (USD million, 2009)

Source: Based on: [Cochrane, 2010].

Fragrances have been an important part of life for centuries in the Middle East region. In the pre-Islamic times, Middle East was known for frankincense which was traded by caravans. For centuries frankincense and scented woods

have been burnt in the region, as people are convinced of their healing and relaxing properties as well as for disinfecting purposes at home. As a result, incense burners are one of the symbols of local culture. When it comes to religion, Islam commands¹² to keep the body clean and wash before every prayer therefore perfumes are used before going to the mosque for prayers as sign of cleanness and purity. People who want to be perceived as religious and upper class Arabs are expected to use perfumes and be always well groomed as it indicates social standing [Nydel, 2012, p. 6]. Moreover in the social etiquette, wearing a fragrance is considered a polite gesture and a sign of respect towards others.

3.2. Arab women in the GCC region as customers

Sales of cosmetic and toiletries in the GCC are highest amongst women, especially when it comes to skin care, makeup and general beauty products [Euromonitor International, 2016a; Abbas, 2015] thus it is of utmost importance to understand their consumer behaviors.

A one-sided perception of the Muslim culture as oppressing women and limiting their freedom can be misleading, when it comes to understanding the importance that the Arab world gives to female beauty and personal care. Arab women have traditionally used more personal care and beauty products than in Western cultures, with fragrances, oils and plant-derived cosmetics playing a central role for centuries [Grubov, 2010]. Nowadays most of the Arab women in the GCC countries wear *abayas* and cover their heads, which gives them a modest look. Nevertheless, at home and especially during family gatherings they are supposed to display elaborate beauty. Especially ceremonial traditions such as weddings, funerals and engagement parties require significant and time consuming preparation. Arab upper class women are expected to show always perfect grooming; expensive clothes, golden jewelry are to be completed by expensive perfumes and a perfect makeup if they wish to maintain their good public image [Nydel, 2012, p. 61]. For the young generation, makeup is an important part of the outfit, as it is one of few ways for a young woman to highlight her beauty and character.

Many Arab women are beauty-conscious and tend to be discerning and demanding customers, especially those living in big cities. Study conducted in Abu Dhabi in 2008 and 2009 shows that approximately 80% of women in all age groups agree or strongly agree with statements: "Cosmetics sold at a specialty

¹² Exact commandments are defined in Surah Al Maida, Ayat 6.

store are better quality” and “I prefer using cosmetics made in specific country”, which proves their care for quality of the beauty products [Khraim, 2010, p. 124].

There are several constraints resulting from the Arab culture in the GCC region, when it comes to women’s shopping habits and consumer behaviors. Although varying in degree from country to country, gender separation in the Middle East is a common experience, and women tend to spend the majority of their time with other women. Many Arab women can go shopping only when assisted by a male family member, many still rely on their family when it comes to driving¹³. Additionally, some of them may not have their own income. Despite higher literacy rate among females compared with their male counterparts, female labor force in the GCC forms only 17% of the total labor force [Al Masah, 2015, p. 7]. Arab culture is very collective¹⁴, and unlike in individualistic cultures, the mindset for shopping is that it does not serve personal goals and self-gratification, but rather aims at fulfillment of family roles and other mutual obligations [Evanschitzky et al., 2014, p. 336]. As a result of the above, middle class Arab women tend to buy their cosmetics, especially skin care and general body care in supermarkets located in shopping malls, while shopping for groceries or in other beauty shops in a shopping mall, often accompanied by family or at least another female relative. Women often gather together at home for beauty regimens and freelance stylists and beauticians make house calls [Grubov, 2010], alternatively they go out together to beauticians. Middle Eastern women are often combining their religious views with consumerism as it is important to demonstrate religious beliefs by demonstrating obedience of religious rules therefore advertising campaigns use pictures with models wearing the *hijab* or head scarf. Digital media create a genuine opportunity for marketers to develop a conversation with Arab women. Most of marketing efforts have been for years targeted toward men, but in the era of digital-generation consumer, Arab women are becoming vocal, brand conscious and more demanding when it comes to marketing communications [Temporal, 2012, p. 191].

3.3. Halal cosmetics

Religion is one of important conditioning factors for the market of cosmetics and toiletries in the Gulf region. Halal cosmetics are in compliance with Sha-

¹³ In Saudi Arabia women are forbidden to drive a car, in other GCC countries they are formally allowed, but in small villages where old traditions prevail, it is still not socially accepted.

¹⁴ Terminology after Geert Hofstede’s theory of national cultures.

riah regulations, which mean they are made without alcohol or animal-derived ingredients like pork, blood, animal or human enzymes. Halal cosmetics are lawful and permitted for Muslims. Customers who are very religious may find this kind of products especially attractive as they contain no ingredients forbidden in Islam and are manufactured in a Shariah compliant way. Analysts already predict that Halal cosmetics will be the next big thing in the Islamic economy after Halal food and Islamic finance and experts claim there is an increasingly attractive market for Halal cosmetics [Grubov, 2010], yet no multinational beauty player offers halal friendly products and there are few Halal certified products available in the outlets. Constraints on the supply side result from the fact that for a long time there have been lack of clear regulations about Halal certificates for cosmetics in the GCC region [*Demand for halal...*, 2013]. The UAE is tapping into the market by providing standardization through the Emirates Authority for Standardization and Metrology, issuing Halal marks and certifications to foreign companies for their beauty products [Shehabi, 2016]. OnePure is an example of a Halal certified skin care brand established in the UAE¹⁵ and achieving significant success in the GCC region. Success of this brand may be a proof that Halal cosmetics are a niche yet to be explored with a very high potential. In June 2016, The Halal Cosmetics Company¹⁶ from the UK entered the Gulf market and reported that the first shipment of cosmetics was immediately reserved due to high demand. The largest market for Halal cosmetics within GCC is Saudi Arabia. Within the period of 2015 to 2020, the Halal cosmetics market is forecasted to grow there at a CAGR of 15% [Shehabi, 2016].

3.4. Special demands of the GCC customers

Customers of the GCC region have special demands when it comes to properties and ingredients of cosmetics as they expect solutions for issues commonly experienced in this part of the world. A part from predilection for certain scents and fragrances and possible reluctance to use cosmetics, which are not Halal certified, there are two beauty care problems, which customers seek to have treated with cosmetics. First of all, when it comes to skin care products, whitening, lightening or bleaching treatments are in big demand. This trend is widespread through Asia and originates from beauty canons and perception that fair

¹⁵ Established by a non-national.

¹⁶ Examples of established Halal cosmetics brands: Mazaya Divine Beauty (Malaysia), PT Gloria Origita Cosmetics (Indonesia), Amara Halal Cosmetics (US), INIKA (Australian organic make-up brand), Wardah Cosmetics (Indonesia), Iba Halal Care (India).

complexion is the most attractive. When it comes to hair care, it is excess oil and irritation problems on scalp resulting from veiled hair. Analysts forecast the hair care market in GCC to grow at a CAGR of 6% over the period 2014-2019 [*Skin-care products...*, 2014] as women search for solutions for their hair problems.

Additionally, use of natural active ingredients is important as consumers in the region have depended on natural ingredients since the early years of trade in the region, and perceive them to be gentle and effective. For this reason, brands highlight their content of products. Growing use of ingredients such as argan oil, shea butter, olive oil, almond oil, aloe vera and musk is seen in categories such as skin care, hair care and bath and shower [Euromonitor International, 2016b]. When it comes to most preferred scents, the most popular are those long rooted in the tradition in the Arab culture: oud, frankincense and rose water. Many expatriates from Asia search for sandal wood and turmeric fragrances.

3.5. Presence of Asian brands

The expatriate community in the GCC region consists mostly of Asians who often choose to buy products of companies from their home countries. Those cosmetics tend to be affordable and contain known and trusted ingredients; some of them follow indications of *ayurvedic* medicine [Euromonitor International, 2016b]. As a consequence India-based companies such as Marico, Dabur International, The Himalaya Drug Co, VLCC are increasing their presence in the mass market. These brands already enjoy the trust of this large consumer group. Main distribution channels are supermarkets and prices are often cheaper than mass products from multinational brands. Some cosmetics and toiletries companies from the Eastern Asia which target higher market segments are also present in the market; among them Korean The Face Shop and Doori Cosmetics. The main factors of the Korean products' success are traditional and natural ingredients used in Korea, such as snail cream, sea cucumber, essence of white and brown rice, sea weed and starfish [Sherouk, 2016].

Conclusion

This research effort describes the main characteristics and forces driving the dynamics of the GCC market of beauty and personal care products and how they relate to the marketing mix. It has been demonstrated that the GCC state members share lots of common characteristics and can be considered as one retail market.

The article shows that among products, fragrance and premium cosmetics command a big share of the market, with potential for growth. Market premiumisation may be fostered in the future by increasing awareness of special personal care problem solutions among young nationals. Tourism also can contribute to growth of demand for premium products. At present there are very few local brands, other than producing perfumes and the offer of halal cosmetic products is limited. Both kinds, local cosmetics using natural ingredients as well as halal products can soon gain more popularity and demand. Moreover it is often highlighted that quality of products is becoming a key criteria for GCC national consumers.

There are enormous discrepancies when it comes to prices of cosmetics and toiletries. About top 10% of GCC nationals can spend more than USD 10 000 annually. In general GCC nationals are considered to be “big spenders” and willing to pay high prices if they trust products. Nevertheless, the expatriate clients, especially of Asian origin, who are very price-sensitive shouldn’t be disregarded as they constitute about half of the GCC population. Mass brands, among them some Indian, should adapt their pricing strategies to this large group of consumers.

Shopping malls with hypermarkets and standalone shops are the most important distribution channels for both mass and premium products. Especially the young generation expects to buy there all they need, being shopping malls their favorite place for leisure. Duty free shops are important for premium brands. As Arab women are becoming more independent, spas and beauty clinics as well as on-line shopping will be gaining importance as distribution channels.

Promotion and marketing communications are strongly affected by local culture and communication habits of young generation. Digital channels allow for a more direct access, especially in advertising to national women who are the most important group of consumers of beauty and care products. When it comes to content of marketing communications, cultural factors need to be taken into consideration: local traditions and holidays, respect for Islamic religion and Arabic values still constitute a strong conditioning of the mindset of GCC nationals.

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BLISKOWSCHODNI RYNEK KOSMETYKÓW: CECHY KSZTAŁTUJĄCE POPYT I POTENCJAŁ WZROSTU

Streszczenie: Celem artykułu jest wskazanie cech, które wyróżniają rynek kosmetyków w sześciu krajach Zatoki Perskiej i opisanie ich wpływu na kompozycję marketingową: produkt, cenę, dystrybucję i promocję. Bahrajn, Kuwejt, Oman, Katar, Arabia Saudyjska i Zjednoczone Emiraty Arabskie od kilku lat są jednym z regionów świata o największej dynamice rozwoju sprzedaży kosmetyków. Region państw Zatoki Perskiej jest rozpatrywany, jako jeden rynek gdyż podzielają one szereg wspólnych cech. Wiele z tych wspólnych cech wyróżnia znaczco ten rynek od innych kluczowych rynków kosmetyków na świecie. Artykuł opisuje szereg czynników społeczno-ekonomicznych, demograficznych i kulturowych, które wpływają na podaż, potencjał wzrostu i zachowania konsumenckie. Jako kluczowe dla kompozycji marketingowej zidentyfikowane zostały: niska średnia wieku, wysoki odsetek emigrantów wśród ludności, duży popyt na kosmetyki luksusowe, znaczenie Dubaju jako ośrodka handlu detalicznego i turystyki oraz kilka innych uwarunkowanych kulturowo.

Slowa kluczowe: kosmetyki i przybory toaletowe, kosmetyki upiększające i pielęgnacyjne, Rada Zatoki Perskiej, konsumenci arabscy, kompozycja marketingowa.