GULF MARKETING REVIEW

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SECTOR ANALYSIS
SWEEPING CHANGES IN THE CLEANING PRODUCTS SECTOR

FEBRUARY 2008

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HOUSEHOLD CLEANING PRODUCTS

Sweeping changes across the sector

NEXT MONTH
FINANCIAL PRODUCTS

HOUSEHOLD PRODUCTS ARE CLEANING UP

In a grand sweep of the global market **Richard Whitehead** examines the latest ad initiatives.

Conglomeration, proliferation, and domination: these are the cause, staple and effect of the household cleaning sector both in the Middle East and in the rest of the world.

We are talking about companies the size of Jupiter with the clout and the kudos to match. When organisations such as P&G, Unilever, Kimberly-Clark and SC Johnson tell the market to jump, consumers ask how high before grabbing a feather duster and bottle of the latest spray. It may not be the sexiest of industries, but boy, it's a big one.

You can judge the might of an emperor by his clothing, just as you can guess at the size of an industry by its ad spend, and P&G and Unilever have the biggest purses in the world. That's bigger than car manufacturers, bigger than entertainment corporations and even bigger than global mega-brands like Nestlé.

P&G, with a portfolio that includes Tide and Ariel alongside personal hygiene favourites like Head & Shoulders, Crest and Always, spent a remarkable $8.5 billion on worldwide advertising in 2006, according to Advertising Age' in November last year.

This appears a huge sum, but when you consider P&G's proportion of the $98 billion overall spend by the world's top 100 marketers that year, and that Unilever comes in second with a spend of just over half of the P&G total, you can see how seriously this industry takes spreading the news.

However, Unilever's contribution to making ad agency offices even shinier increased at nearly twice the pace of P&G, so the way things are going the sky is the limit. Tellingly, the overall spend increase over 2005 by the top 100 was a paltry 1.1%, but P&G and Unilever's change was far above this at 4.1 and 8.1% respectively.

Before being blown away by the these numbers, it's important to utter the mantra: 'economies of scale'.

"Three billion times a day, P&G brands touch the lives of people around the world," P&G likes to tell its customers.

Another big player in the household game is Kimberly-Clark, the home of Kleenex, Andrex and Scott. Tom Falk, the company's chief executive, arrived at this consumer product giant five years ago and immmediately launched a five-year plan to strengthen his brands' position in developing markets while developing the company's brand marketing capabilities. The aim was to set KC's sights clearly on the Big Two.

In 2006, he took the unprecedented step of bringing in KC's first ever CMO, Tony Palmer, and a little later brought on board Robert Black as chief of strategy and now head of innovation.

These are big job titles for big thinkers in a big industry, but such is the importance of finding new ways to market products in ways other than the quintessential "Daz Doorstep Challenge" - so popular in the UK - with its "Whites whiter and colours brighter" slogan.

And, who knows? The admen may even succeed in making the daily grind of household chores even more fun than it actually is through advertising. Enter the Swiffer, P&G's sweeping device, and its online campaign. A Swiffer YouTube channel has been created inviting "fans of the brand" to create their own recorded packages.

The contest, catchily named "Break up with your old cleaning ways and show us your moves with a Swiffer", deals with the public divorcing their mops and dusters to the strains of heartbreaking tunes supplied by Warner Music.

A panel of cleaning advisers and music professionals will choose the top ten videos, which will be posted on YouTube for the public to cast the deciding votes.

The winners will be announced this month. There will be prizes of music downloads and Swiffer products for five runners-up.

P&G also gave away a new "break up" song-of-the-week to 1,000 users each week this month and last.

Marketing insider Mike Tunnicliffe says: "Very cute idea, but the old skeptic in me at first couldn't help but see this as a bit of a forced fit to make a cleaning product 'cool.' Then I actually went on YouTube and discovered dozens of homemade Swiffer commercials already up there before the competition had even started. According to P&G, there are over 600 of them."

This type of strategy is doubly important for household products and that is why the Swiffer campaign will likely be a success because it is able to draw the public voluntarily to the product while improbably enhancing the allure of the mop.

Meanwhile, Unilever's regional chairman here, Jan Zijderveld sees enormous potential in the Middle East.

"Unilever is a company that people don't know as much as they know its brands, says Zijderveld. "The trick here is following what people want. People have issues; they want to be clean, they want to have good food and their expectations grow all the time. So to stay ahead you have to satisfy their needs, and the first step in that process would be to identify these needs.

"We usually follow our global advertising campaigns then adjust them locally when needed. Take Dove, for example, we have an international idea but we adjust it by using local models. The same applies to Lux, where we have an international idea – beauty – but we adjust it locally by using Elissa as a local model. In short, it always depends on the situation and the consumers.'

P&G and Unilever have the biggest purses in the world. That's bigger than car manufacturers, bigger than entertainment corporations…

A private function: own labels are gathering momentum in the GCC

Private label

But it's important for the big names of household products to stay alert and find new ways to innovate because behind the scenes – particularly in this region – is a lurking threat to their ledger balances: the growth of private labels.

Essentially, these are in-house brands that are made under contract for sale by privateers, and according to market analysts The Neilsen Company, in the UAE, almost 84% of consumers are aware of at least one private label, while in Saudi Arabia, this rate is around 67%.

Research suggests that awareness levels of private labels are set to increase phenomenally as a result of the increasing consolidation of the retail market and the proactive strategies pursued by retailers to promote store brands.

Previous studies, also by The Nielsen Company, has revealed that private label sales in the Middle East are growing at nearly double the rate of branded counterparts.

Euromonitor International, the European research agency, forecasts that the global market for private labels has grown to reach 17% of total retail sales. It sees the future of private label as bright, as long as retailers continue to be innovative.

To be successful it is no longer enough to produce copycat products, says Euromonitor: retailers must retain customer loyalty, generate a strong store identity, improve margins and compete effectively both with branded products and other retailers' brands.

Justin Boutros, managing director of Channels Exhibitions, which puts on the annual Private Label Middle East trade show in Dubai, says private labels have come a long way from their original reputation as the poor relations of national brands.

"They now compete successfully on a level basis with national brands and many have become synonymous with quality and innovation," he says as he sends out a warning shot to big-name consumer brands. "They

Issues: Jan Zijderveld, Unilever

Obscene: Zed Ayesh, Fortune Business Development

Marketing executives in this part of the world … are in danger of being left behind…

are no longer copycat products."

Oktay Orday, deputy general manager of Turkey's Matsan Group, a leading producer of aerosol products and packaging, echoes his views.

"We produce about 200 million aerosol cans a year, half of them for private labels," he says. "France, Spain, and the UK are our main markets traditionally, but the Gulf states and the Middle East are becoming increasingly important."

Traditionally, the likes of Unilever, P&G, KC and Colgate have been aware of the presence of these interlopers, but until recently they comprised a niche market. With such a continuing charge well under way it is important for the manufacturers of consumer packaged goods to be wary of this competition eating into their market.

Although the volume of business this market sector commands is enormous, household products is a very delicate mechanism susceptible to the butterfly effect of new products tipping the balance. That is why the likes of P&G and Unilever spend in the region of $13 billion between them a year on advertising alone: the makers of Jif don't want anybody else cleaning up.

SOAP OPERAS

Is TV the only real option for a sector saturated in global brands ask media intelligence consultancy, Mediastow

The household products industry is stable, mature and saturated.

Multinationals control the majority of the market, while local producers fight for an insignificant piece of the market share.

As is evident from the media coverage, household products are heavily reliant on advertising and in particular TVCs.

PR activities are little to non-existent, with the exception of Crest, Comfort, Lux, Dove and JIF which had primarily one PR clipping each for the month. None of the other household products seemed to engage in any PR for the timeframe monitored – Dec 2007 – Jan. 15, 2008.

The majority of the media findings fall under 'Business' and 'Lifestyle & General Interest' magazines with little coming from newspapers. Despite Lux's miniscule coverage, it stood out, as there seemed to be some engagement in PR activities and thus the mere two articles covered in the month were resulted from that.

One of the media coverage findings, highlight the facts that Vanish, Febreze, Cheer, Tide and Dryel had no media coverage at all, while Camay only had a single print ad, Downy and Omo were only covered via a weekly price listing review. Lux was the only brand that had PR coverage in the month. Lux's coverage was generated from its hosting an Awards night.

All coverage was manifest, as the nature of the sector dictates. There were no negative reputation drivers and the majority of the coverage contained messages without any reputation drivers. The entire coverage came out of UAE publications, while Saudi dailies did not produce any coverage for any of the household brands. Approximately 45% did not recognise any of the household brands in print media in both the UAE and Saudi markets. Despite Comfort's lack of PR, it was the overall highest recognised brand.

Febreze and Cheer were barely registered at all in both the UAE and Saudi.

Nationality groups seemed to play a role in brand recognition and in particular for Westerners. Westerners in Saudi Arabia had high recognition of Vanish, while Westerners in the UAE barely recognised any of the brands.

In both the UAE and Saudi markets, gender played a role in terms of brand recognition. While males recognised Comfort, Omo and Tide, females recognised Comfort, Downy and Vanish in the Saudi market. Males recognised Tide, Comfort and Omo, while females recognized Comfort, Downy and Vanish in the UAE.

Age played a role in terms of brand recognition in both the UAE and Saudi markets. In the Saudi market, the higher the age, the higher the recognition is for Omo and Comfort, while in the UAE market, the higher the age, the higher the recognition is for Vanish, Omo and Comfort.

We asked Zed Ayesh, MD of Dubai-based Fortune Business Development Consultancy provides an insight into the sector and private labels.

He said, "Multinational companies enjoy better supply chain management and economies of scale. For many reasons, supply chains favour big retailers, as they offer the combination of convenience, quality, service and competitive prices over the smaller retailers, which may save the consumer a few pennies.

"Most of the new brands or local brands lack marketing capabilities because retailers demand obscene amounts of money from suppliers.

There are more than 12 different fees suppliers have to pay the retailer for shelf space and visibility".

He added that private labels do not engage in any marketing activities. "Detergents, for example are insignificant purchases. They cost very little, with less frequent purchases than other FMCGs.

Consumers do not typically go out of their way or spend much effort on such purchases," he said.

When asked why we are only seeing communication through TVCs, he explains that TV is the best tool for mass marketing. Women are the most likely targeted audience for this product and, as a result, it singles out TV as the most effective medium.

Perhaps, it would be wise for the household products to step up their PR in order to raise greater awareness of their products as advertisements alone do not do justice in distinguishing and differentiating one product from the next, what the brand stands for, and so forth. They should also increase their print ads to exploit an as yet untapped segment; the single males.

www.mediastow.com

Media analysis: minimal PR activity is evident

Which brands below have you seen mentioned in either newspapers or magazines?

Brands	Vanish	Omo	Comfort	Febreze	Cheer	Downy	Tide	Dryel	None of the above
UAE	22%	23%	39%	3%	1%	25%	38	1	42%
KSA	19%	26%	40%	3%	3%	27%	24%	3%	46%

Recognition of fabric care products through the media breakdown by age – KSA

Brands	Vanish	Omo	Comfort	Febreze	Cheer	Downy	Tide	Dryel	None of the above
Below 21	34	29	46	5	4	43	38	5	38
21 to 29	17	23	35	4	3	25	22	4	51
30 to 39	16	27	43	2	3	25	22	0	44
40 and above	23	38	49	1	4	23	23	7	33

Recognition of fabric care products through the media breakdown by gender – KSA

Brands	Vanish	Omo	Comfort	Febreze	Cheer	Downy	Tide	Dryel	None of the above
Male	18	27	38	3	4	25	22	4	47
Female	26	24	46	3	2	34	31	0	43

Recognition of fabric care products through the media breakdown by age – UAE

Brands	Vanish	Omo	Comfort	Febreze	Cheer	Downy	Tide	Dryel	None of the above
Below 21	17	13	35	13	4	22	30	4	52
21 to 29	19	20	41	3	1	23	37	2	42
30 to 39	21	27	41	2	1	31	41	2	40
40 and above	25	25	36	2	4	20	37	0	46

Recognition of fabric care products through the media breakdown by gender – UAE

Brands	Vanish	Omo	Comfort	Febreze	Cheer	Downy	Tide	Dryel	None of the above
Male	20	24	37	2	2	21	39	2	43
Female	22	21	45	5	1	33	36	1	42

FLAGRANTLY FRAGRANT

On the scent of a new trend

Where once consumers were happy with the scent of lemon and pine today they savour more exotic fragrances such as Exotic Orchid fabric softener, Rose & Passion Flower liquid soap, Winter Jasmine room spray and Lime & Lemongrass washing-up liquid. Manufacturers are quick to jump on the seasonal bandwagon too – in 2007, Henkel released two special Ramadan versions of their popular washing-up liquid, Pril, which were scented specifically for dawn and dusk.

The use of exotic fragrances in household items is rooted in the growing importance of 'home comfort'.

One such movement is towards fragrances that evoke 'luxury'. In a fast-paced world,

Back to nature: products perceived as green or more natural are rapidly gaining popularity

> …private label sales in the Middle East are growing at nearly double the rate of branded counterparts.

many people want their home to be a haven; luxurious, comforting fragrances help them mentally achieve this goal.

A second example is the rise of scents with a nature/natural aspect, Rain, Ocean or Summer Meadow are an evolution of the ubiquitous 'marine', popularised in the 1980s.

Furthermore, products which are perceived as being 'green' or 'eco-friendly' are also admired, with personal items such as shower gel or liquid hand soap benefiting from the inclusion of natural products such as honey, green tea or organic herbs.

This ecological theme is essential for 2008. Industry sources believe that this trend does not necessarily mean that consumers are demanding that all components be certified organic, more that companies need to lean more towards natural and sustainable ingredients. A category that is especially influenced by fragrance is that of laundry products.

Fabric care sees consumers drawn to a product with little or no scent for sensitive skin, or a bolder fragrance for more indulgent purposes.

A quick straw poll of friends will confirm a distinct obsession with fabric softener scents; many consumers even go so far as to say they washes bed linen in a differently fragranced softener to clothes, as they like to distinguish between the two.

P&G research in the US has demonstrated that people like to differentiate between everyday clothes, bed linens and sport or exercise clothing when using laundry products.

LUXURY LIVING

Even cleaning products have entered the style arena.

Household cleaning and care products have not historically been marketed as luxury items, but as the global obsession with home improvements and home furnishings gathers pace, a shift is starting to occur. In fact, Mintel refers to the introduction of more luxurious home care products as one of the big trends for 2008: good news for marketers as these items invariably command a higher price point.

So why is this trend on the rise? Simple: a global increase in the number of young, style-conscious, affluent adults has resulted in a deluge of people looking to spend money to enhance their homes and their lives in any manner they see fit.

Exclusive, expensive home care products are one such way. These can range from scented candles with designer labels, to furniture polish fragranced with aromatherapy oils, or an everyday item made desirable with a cutting-edge design or luxurious packaging. These types of products have been available for some time, but mainly in niche and specialty stores. Mintel believes that this is all about to change as mainstream manufacturers embrace the trend.

The field of 'air care' has championed the escalating trend towards luxury-focused products for some time – in fact, manufacturers of air fresheners have always aped the design and ambience of scented candles, relying on the convenience and safety aspect of air fresheners to cannibalise candle sales. Haze's Air Wick started the trend for more attractive room fragrance dispensers with Crystal'Air, a decorative disc of glass designed to stand proudly – and in full view – in your living room.

Another prime example of the development towards iconic design is embodied by Henkel's Blue Star 'Fresh Surfer'. Taking an extremely unsexy toilet rim block product, Henkel collaborated with renowned Italian design house Alessi, and developed the 'Fresh Surfer', an extremely funky in-the-bowl rim liquid which was designed to look like a windsurfer.

The success of this design spawned a variation on the theme with the equally well-received 'Wild Kayak'. Currently on sale only in Europe, the product retails at approximately $4, but has been touted on sites such as eBay for up to $20.

Proof indeed of the power of packaging.

A clean sweep: highlighting the latest initiatives in brand development and media planning

Clorox: Clorox, which has been in the region for more than 50 years, has enjoyed continued success with its flagship Liquid Bleach – overall bleach household penetration is at 92% in the GCC says the company. Clorox is the dominant bleach in the region with 84% market share and TOM awareness of 95%.

In the middle of last year, however, introduced an entire range of new distinfecting products including surface cleaners, disinfecting bathroom and toilet bowl cleaners, disinfecting wipes and antiseptic disinfecting liquid. What made the launch particularly notable was that it diluted the umbrella brand's laundry credentials and moved the entire positioning - globally - onto the more emotionally engaging, health and wellness platform: the entire range was designed to make everyday life better, everyday.

Following a region-wide 360 campaign, Clorox reports that its home care volumes almost doubled in the UAE and more than doubled in other markets including Qatar and Kuwait. In fact, Liquid Bleach's volumes scored record sales in the region.

Building on the wellness positioning Clorox plans to roll out its range of natural products in the region later this year.

Unilever Group chief executive Patrick Cescau paid his first visit to Saudi Arabia late last year to commemorate the 75-year partnership between his company and local distributor, Binzagr Company, to and meet with government officials.

One of the world's largest consumer products companies, Unilever has deep roots in the Kingdom. Currently, the Binazgr factory has 350 permanent employees and a 45% Saudi workforce, many of whom have been trained to lead in senior management positions. Global brands like Lux, Dove, Sunsilk, Comfort, Signal and Close Up are common household names in the region but not many people are aware that they are produced in Saudi Arabia by this factory.

The American manufacturer says a strong local market base combined with its ability to leverage Unilever technology and access to global R&D resources drives the factory's competitiveness.

SMG MENA: A study last year, conducted jointly by SMG MENA, Procter & Gamble, and in-store media supplier Hypermedia, showed that Arab shoppers are more influenced by in-store advertising media than their Asian or Western counterparts.

Philip Jabbour, SMG MENA group director for marketing and business development, said that the study was particularly important given the growing share of marketing budgets being spent on in-store advertising.

"We recognise the need to connect with shoppers, not just consumers. A simple call-to-action will no longer suffice for today's savvy shoppers. Rather, we need to communicate brand messages, and there's no more powerful way of doing this than reaching them on the ground where they make their purchases," Jabbour said.

Eyad Zarea, household goods giant P&G's regional media group manager, said, "We developed the idea for this research in discussions with SMG because we believe in-store advertising is pivotal but there had not been any independent data or findings to back up our investment in it. Arab consumers are rapidly changing, and this increased sophistication is affecting their shopping habits. We need to identify the key measurable contact points to ensure successful communication."

The three partners chose the UAE for the first study because of the significant investment in in-store marketing and rapid evolution of supermarkets and hypermarkets in the country. In Saudi Arabia, volumes still derive from self-service outlets and groceries, although the trend there also is toward large retailers.

Commenting on the rise in shopper marketing, Habib Wehbe, Hypermedia CEO, said: "The feedback we have had from consumers as well as clients has been overwhelming in the last three years.

On target: Targetism, specialists in the "design of tailor-made business simulations for efficient human resource development" announced the launch of a new business simulation for suppliers of consumer packaged goods in November last year.

The product, called Targetism CPG, is a modular board modular board simulation that illustrates the structures and processes of a typical CPG business. It covers the entire value chain from product innovation over 0.manufacturing, marketing and sales to logistics and deli.00.ve ry. The simulation includes business in emerging and developed markets and five distribution channels: convenience, supermarkets, mass merchandisers, discounters and 'Mom and Pop' stores.

The board simulation provides the framework for 3-day interactive courses. Teams of 4-6 participants lead competing simulated CPG companies throughout three business cycles representing business years. As a team, they cope with tough competition and deadline pressure while striving to optimize their business.

Participants experience the CPG business and its challenges, understand business and cost drivers and obtain 'big picture' knowledge on interdependencies between performance and profitability. The course includes simulation cycles, facilitator's inputs, decision-making rounds, team presentations of results and benchmarking.

According to Targetsim CEO Dr. Gudrun G. Vogt, who devised the training method, "The simulation methodology has proven to be much more effective than traditional classroom training or case studies."

HOUSEHOLD PENETRATION

Growth continues

In the largest Gulf markets of Saudi Arabia, the United Arab Emirates and Kuwait, 40 000 tonnes of household cleaner were sold in 2007, 16% more than in 2006, according to The Nielsen Company.

And the US$93 million spent on household cleaners in the region in 2007 was a very respectable, 21% more than that spent in 2006. About $48 million of the category value was from Saudi Arabia, $28 million from the UAE and $17 million from Kuwait.

About half of that came from the antiseptic disinfectant segment alone, a quarter from small surface cleaners – mainly multi-purpose abrasive liquids and gels – and the rest from large surface cleaners and toilet cleaners.

Growth across all markets has been enormous

This isn't a growth spurt, but rather a consistent pattern of growth that reflects the rapid change, and great marketing opportunities in the region.

Where is this growth coming from? The UAE is showing the strongest growth trends with 22% volume growth and exceptional 25% value growth in 2007. Saudi Arabia

Source: Nielsen's Retail Audit Data
MAT 07 period ending MA 07 – Moving Annual Total, March – April 07.

Growth across all markets

KSA		
Household cleaners market	**MAT 06**	**MAT 07**
Volume growth	21.4	14.3
Value growth	13.4	17.6
Household cleaners market	**Mar-Apr 06**	**Mar-Apr 06**
Price growth	–1.3	3.4
UAE		
Household cleaners market	**MAT 06**	**MAT 07**
Volume growth	33.2	22.1
Value growth	34.1	24.5
Household cleaners market	**Mar-Apr 06**	**Mar-Apr 06**
Price growth	–0.4	2.2
Kuwait		
Household cleaners market	**MAT 06**	**MAT 07**
Volume growth	17.2	18.3
Value growth	18.2	26.1
Household cleaners market	**Mar-Apr 06**	**Mar-Apr 06**
Price growth	–2.8	11.3

Growth across all channels

KSA		
	MS category (MAT 07)	**Growth**
Total Saudi Arabia	100.0	14.3
Supermarkets	63.7	9.5
Self service	12.8	25.4
Large groceries	12.1	19.8
Small groceries	11.4	26.1
UAE		
	MS category (MAT 07)	**Growth**
Total UAE	100.0	22.1
Total supermarkets	75.9	21.6
Total self service	12.0	37.7
Total large groceries	3.8	6.1
Total small groceries	8.3	15.2
Kuwait		
	MS category (MAT 07)	**Growth**
Total Kuwait	100.0	18.3
Supermarkets	17.4	25.2
Main coops	61.6	18.4
Branch coops	6.9	9.5
Groceries	14.1	14.3

Market segment and adjacent market growth

	Volume - MAT 07	Value - MAT 07	Volume growth - MAT 07 vs. MAT 06	Value growth - MAT 07 vs. MAT 06
Total market	39971 tonnes	92.9 (US$ mil)	16.4	21.1
Small surface cleaners	21.8%	23.3%	8.0	14.7
Multipurpose abrasive Crms/Gels	1.4%	1.9%	7.1	13.2
Multipurpose abrasive Liq/Gels	20.0	20.5	7.7	14.1
Specialist cleaners	0.4%	0.9%	34.6	33.7
Large surface cleaners	10.6%	6.8%	19.5	33.7
Toilet cleaners	15.8%	16.5%	17.6	21.2
SLC's	15.4%	11.9%	17.8	25.5
WC blocks	0.4%	4.5%	10.4	11.1
Antiseptic disinfectants	51.8%	53.5%	19.3	22.6

Key Trends in the Global Household Cleaning Market

Convenience – Disposable, compact, timesaving and efficient products are on the rise. As lifestyle trends become increasingly hectic and fast-paced, the convenience factor is a key driver. Purchasing decisions are heavily determined by the necessity of products that do the job quickly and efficiently. This has been particularly evident in the floor-wiping segment, where a number of product launches have made 'bucket-less' floor cleaning possible and more desirable.

Fragrance – A prominent trend in household care, with consumers looking not only for higher performance and convenience but also for pleasantly-scented products. Introducing novel fragrances has been integral to most sectors, bringing an additional appeal to products and making cleaning tasks seem a more agreeable experience to consumers.

Technology – A number of manufacturers have recently introduced products with "active oxygen" such as oxygen bleach, "Oxi" stain removal products claiming strong efficiency and more environmentally friendly features.

Innovation – To boost value and fight increasingly sophisticated private label products, continual innovation activity and diversification of products is taking place.

Task-specific devices – A key development is the introduction of devices aimed to make the performance of household chores significantly more convenient and less time consuming. Such products have been launched across the board, from dishwashing to toilet care.

Decor – An increased interest in improving the living environment is leading to greater awareness of appearance; products need to look good, as well as perform. This has been particularly evident in air care via the success of products such as Air Wick Crystal'Air.

The decorative factor is extending to categories such as toilet care with Henkel's Fresh Surfer, an in-the-bowl rim liquid developed in collaboration with the Italian design factory Alessi.

and Kuwait also show healthy double-digit growth figures for both volume and value, although in Kuwait value growth in 2007 was assisted by an 11% increase in price.

Segments

Antiseptic disinfectants form the largest segment (52%) of the household cleaners category in the three largest Gulf markets.

In KSA, disinfectants rise to 62%of the category, while in the UAE they make up 41% and in Kuwait only 26%. This segment is driven in value-terms by Dettol, with 63% value share.

Overall this is followed by small surface cleaners (22%), toilet cleaners (16%) and large surface cleaners (11%).

In Kuwait large surface cleaners dominate at 54%, while in the UAE small surface cleaners almost share top position with disinfectants at 39%.

Antiseptic disinfectants, toilet cleaners and large surface cleaners are all showing healthy growth in the 18% to 20% range, while small surface cleaners are growing at around 8% a year in volume and 15% in value.

Manufacturer-owners

The largest manufacturers in the region are Henkel and Reckitt-Benkiser in terms of volume share. Henkel, with its strong foothold in Saudi, has 24% of the market, followed by Reckitt-Benckiser with 19%.

However, measured on value, Reckitt-Benkiser has a 44% share of the regional market, while second-placed Henkel has 14%.

Channels

In Saudi Arabia high growth figures in 2007 came from the smaller channels, while supermarkets, the main channel, showed a respectable but unexciting growth of about 10%.

However, in both the UAE and Kuwait growth was driven by the "top-end" channels, the physically larger stores which account for 88% of household cleaner sales.

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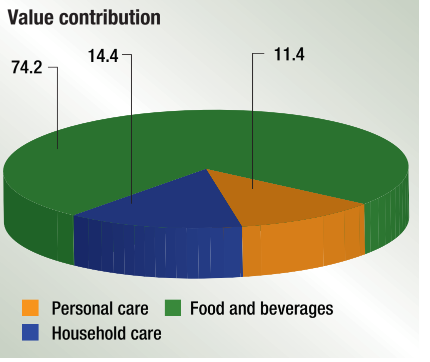
HOUSEHOLD CLEANER INSIGHTS IN SAUDI ARABIA

TNS examines the Kingdom's largest non-food category.

The bulk of household spend in Saudi Arabia among fmcgs are on F&B. The household care categories viz. Household Cleaners, Fabric Care, Dishwash and Insecticides contribute 14.4% of the total household spends in fmcg.

Cheese is the largest category in terms of spend followed by other F&B categories such as Juices, Rice and Edible Oils.



Household cleaners contribute to 5.3% of the household spends and is the largest non-food category followed by Fabric Wash.

Household Cleaners comprises of three main segments:

- Specialist cleaners such as toilet cleaners, floor cleaners, glass cleaners, carpet cleaners, bathroom cleaners, kitchen cleaners, etc.
- Disinfectants
- Bleach

Disinfectants and bleaches are general purpose cleaners. Bleaches are generally used for household cleaning as well as for fabric wash.

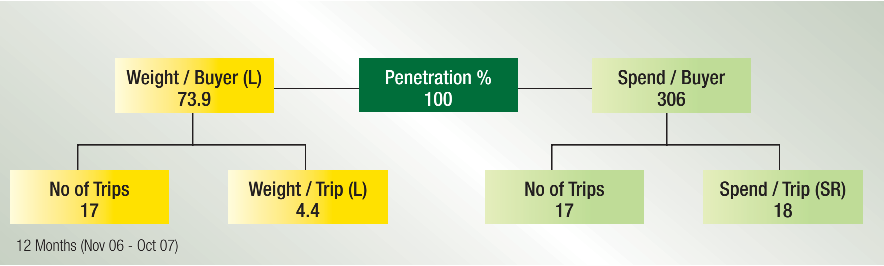
Bleach is the largest segment. It accounts for two third of the volumes. In value terms the Specialist Cleaners segment is also important since it is more expensive than disinfectants and bleaches. The following Measure Tree (right) gives the key household purchase indices for Household Cleaners category. An average household purchases 73.9 litres of Households Cleaners in a year which translates into $82. The purchase frequency is once in three weeks. In a single occasion, an average of 4.4 Liters of cleaners is purchased.

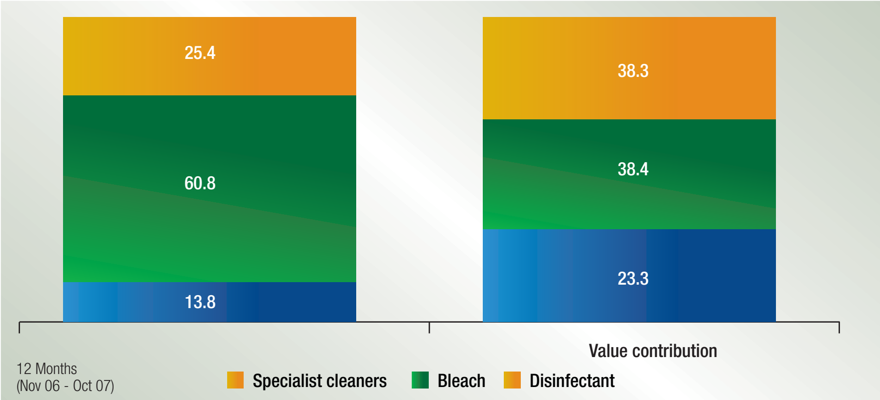
But a break up by the three segments indicates that a large quantity of cleaners is purchased in a single occasion only if it is Bleaches. When a Specialist Cleaner is purchased, the quantity is around one and a half liters.

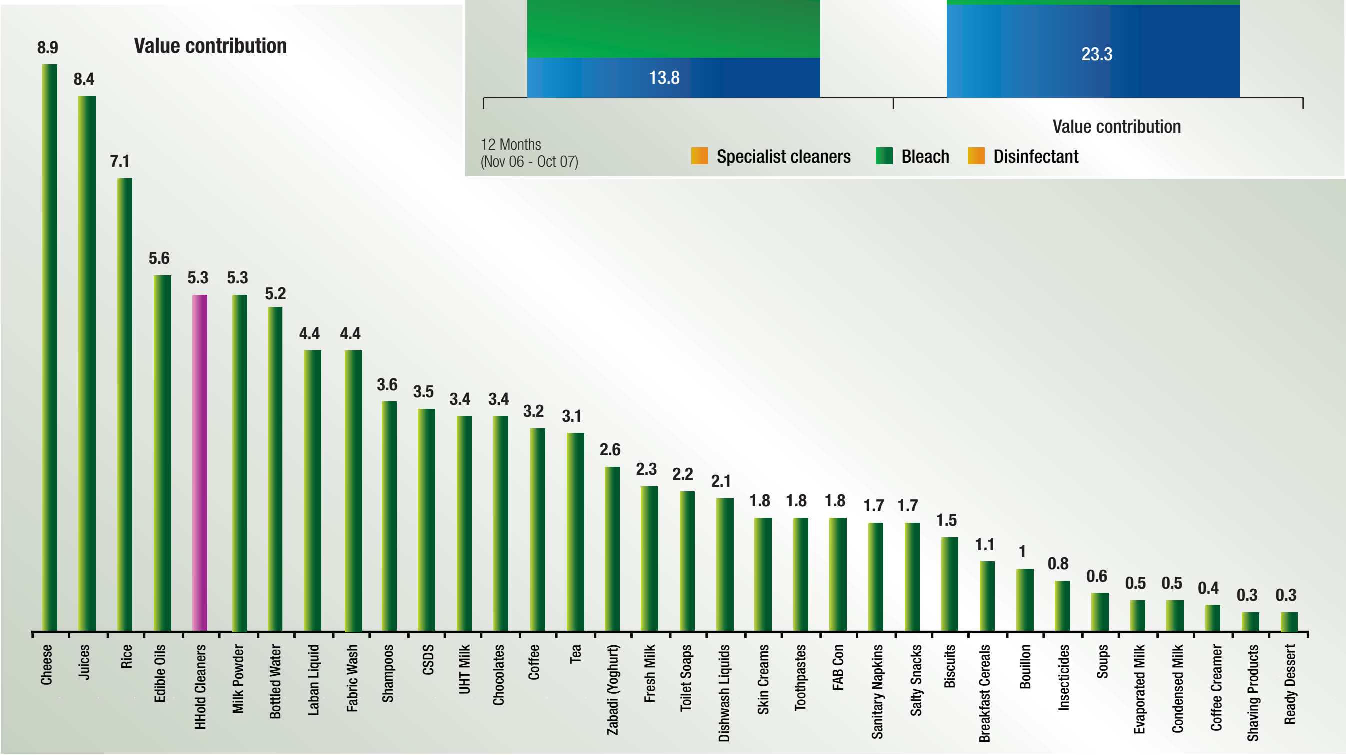
The purchase frequency of Bleach is once in five weeks while that for Specialist cleaners is once in two months.

All the three segments have penetration of more than 90%. However, there is potential to increase penetration for sub segments within specialty cleaners such as toilet cleaners, glass cleaners, kitchen cleaners, etc.

Source: TNS World Panel 2007

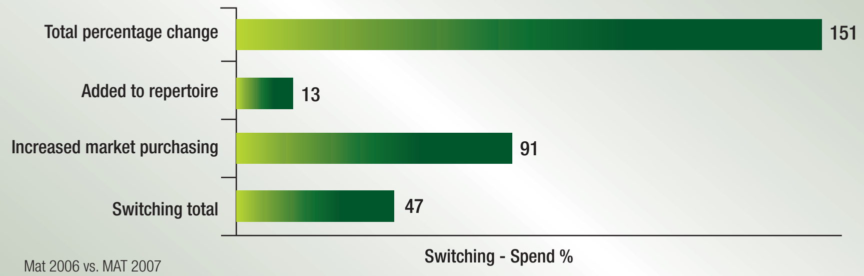




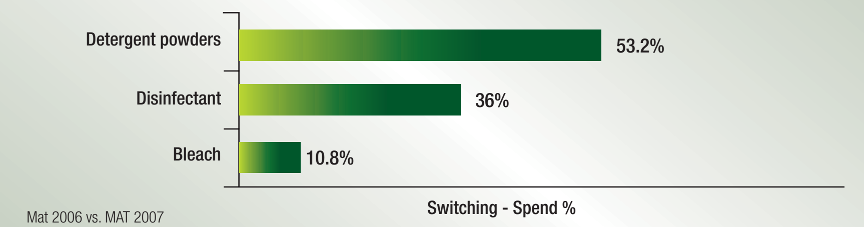


12 months	All cleaners	Specialist cleaners	Bleach	Disinfectant
Household Penetration	99	91.7	97.9	94.6
Average Annual Spend per buyer (SR)	306	77	119	123
Average Annual Volume per buyer (L)	73.9	11.0	45.5	19.6
Purchase Frequency	17	6.3	9.4	7.6
Average Spend per Purch Occas (SR)	18	12.2	12.6	16.1
Average Volume per Purch Occas (L)	4.4	1.7	4.8	2.6

Source of percentage change - specialist cleaners

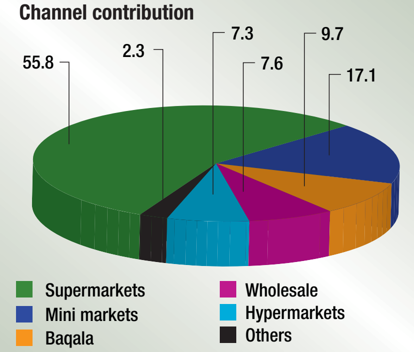


Percentage switching volume - specialist cleaners



Source: TNS World Panel 2007

Channel contribution



Growth of specialist cleaners

The Saudi market used to be more of general cleaners market with almost all households using Bleach and Disinfectants. Even detergents were used for household cleaning purposes. This phenomenon termed 'cocktailing' was one where a housewife mixes bleaches, disinfectants and detergent powders for household cleaning purposes. But more recently, there has been lot of activity in this category with marketers launching cleaners for a particular surface like floor, glass, carpet, toilet, etc.

The Specialist Cleaners grew at 151% in 2007 over 2006. This growth is mainly due to increased purchasing which indicate that the household have actually purchased more of Specialty cleaners without replacing any other format. But there is also a large amount of switching.

In switching, Specialty Cleaners have gained mainly from Detergent Powders followed by Disinfectants. This confirms that 'cocktailing' is on a decrease in Saudi households. This also indicates that the Household Cleaners market is evolving.

Channel contribution

More than half of the household cleaner volumes are purchased from upper trade (Hypermarkets and Supermarkets).

A quarter of the cleaners are purchased from Mini markets and hypermarkets. This indicates that the modern trade is very important for household cleaners' category and provides opportunity for marketers to do marketing activities which are store specific.

Some of the stores have started their own private label brands which would provide more choice for consumers. Panda store has launched the Panda brand primarily in the disinfectants segment. It year 2007, it had a penetration of 23% which is remarkable considering that Panda label is considerably recent.

The impressive growth of specialist cleaners is good news for marketers since this would result in increased spend on Household Cleaning category. Marketers are increasing the level of activity and it would be interesting to wait and watch how the household cleaning category grows over time.

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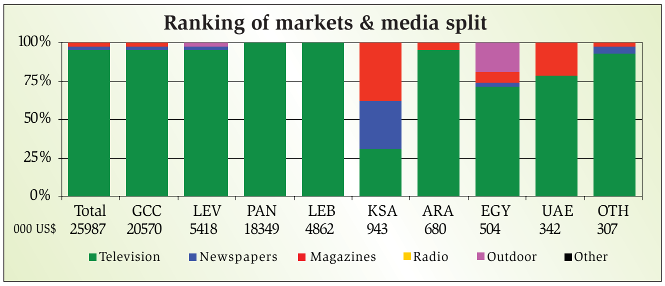
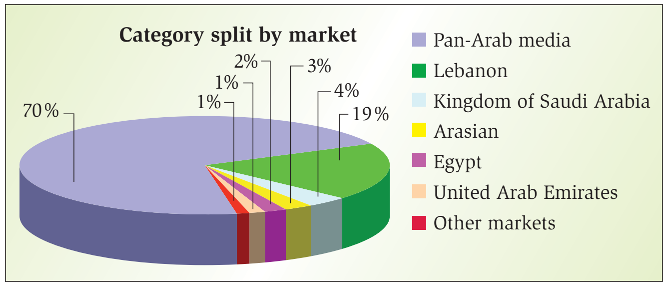
CATEGORY: HOUSEHOLD CLEANING PRODUCTS

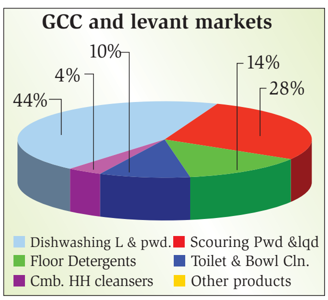
ARAB ADVERTISING MARKETS - Y2006 MARKETS RANKING AND MEDIA SPLIT (000 US$) — MILLIONS US$26 ▼ -14%

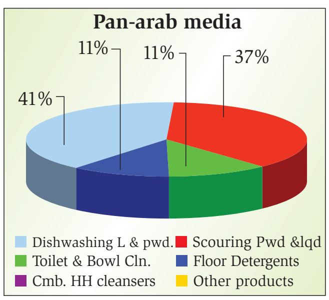
Rank	Market name and abbreviation		Y2004	Y2005	Y2006	%Var'n YTD	MEDIA SPLIT (MILLIONS US$) Television 2006	Television %Var'n YTD	Newspapers 2006	Newspapers %Var'n YTD	Magazines 2006	Magazines %Var'n YTD	Radio 2006	Radio %Var'n YTD	Outdoor 2006	Outdoor %Var'n YTD	Other 2006	Other %Var'n YTD
1	Pan Arab Media	PAN	24,801	22,875	18,349	-20	18,337	-19	0	-	11	-89	0	-100	0	-	0	-
2	Lebanon	LEB	6,972	4,720	4,862	3	4,820	4	0	-100	3	-63	39	-19	0	-100	0	-
3	Kingdom of Saudi Arabia	KSA	1,287	1,166	943	-19	266	-42	304	-5	373	-3	0	-	0	-100	0	-
4	Arasian	ARA	54	28	680	2329	652	-	0	-100	29	16	0	-	0	-	0	-
5	Egypt	EGY	618	608	504	-17	352	-26	14	-81	35	21	0	-100	104	-	0	-
6	United Arab Emirates	UAE	373	399	342	-14	264	-14	7	-85	71	54	0	-	0	-	0	-
7	Other Markets	OTH	206	462	307	-34	285	-34	15	-40	7	-13	0	-	0	-	0	-
8	Total AGCC & Pan Arab	GCC	26,583	24,815	20,570	-17	19,770	-17	311	-19	489	-12	0	-100	0	-100	0	-
9	Levant Markets	LEV	7,727	5,443	5,418	0	5,207	0	28	-69	39	-3	39	-48	104	593	0	-
10	**Total All Markets**	**M$**	**34,311**	**30,258**	**25,987**	**-14**	**24,976**	**-14**	**340**	**-28**	**529**	**-11**	**39**	**-49**	**104**	**447**	**0**	**-**

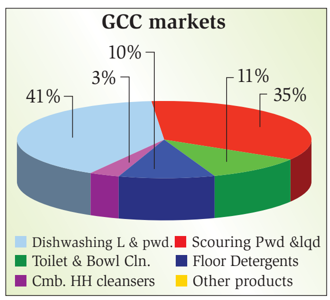


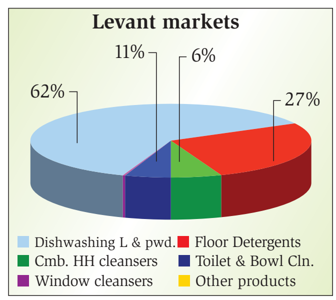


SPLIT BY PRODUCTS (000 US$) — Y2006









TOP BRANDS — ALL MEDIA (000 US$) — Y2006

GCC and LEVANT

Rank	Brand	Value
1	Fairy	7,880
2	Jif	3,675
3	Easy Off Bam	3,454
4	Harpic	2,400
5	Lux	2,117
6	Pledge	2,003
7	Der General	1,232
8	Pril	1,176
9	Dettol	373
10	Mobi	243
11	Grease Buster	237
12	Negma	183
13	Germex	172
14	Golden Dish.	135
15	Flash - Spartan	109
16	Exo	87
17	Dac	72
18	Neo Care	72
19	Bio Cleana	50
20	Mr Mc Kenic	36

PAN-ARAB MEDIA

Rank	Brand	Value
1	Fairy	5,202
2	Jif	3,513
3	Easy Off Bam	3,340
4	Harpic	2,095
5	Pledge	1,967
6	Lux	1,937
7	Pril	92
8	Dac	72
9	Negma	56
10	Cleaner	24
11	Lavycera	24
12	Clorox	8
13	General	6
14	Bio Cleana	6
15	Purevac	4
16	Cleaner Oxy	2

GCC

Rank	Brand	Value
1	Fairy	5,827
2	Jif	3,675
3	Easy Off Bam	3,454
4	Harpic	2,239
5	Lux	2,117
6	Pledge	1,967
7	Dettol	373
8	Mobi	243
9	Pril	167
10	Exo	87
11	Dac	72
12	Neo Care	72
13	Negma	56
14	Mr Mc Kenic	36
15	Cleaner	24
16	Lavycera	24
17	Vim	23
18	Jiftex	18
19	Safon	15
20	Mobi Care	8

LEVANT

Rank	Brand	Value
1	Fairy	2,052
2	Der General	1,232
3	Pril	1,009
4	Grease Buster	237
5	Germex	172
6	Harpic	160
7	Golden Dish.	135
8	Negma	127
9	Flash - Spartan	109
10	Bio Cleana	44
11	Pledge	36
12	Quick	23
13	Pop	12
14	Cleaner	10
15	Lavycera	10
16	Ultra Mudhish	9
17	Hypex	7
18	Hui	7
19	Windex	5
20	Task	5

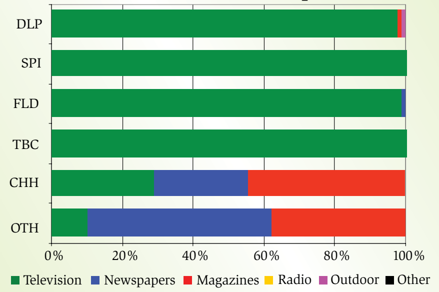
Source: PARC

CATEGORY: HOUSEHOLD CLEANING PRODUCTS

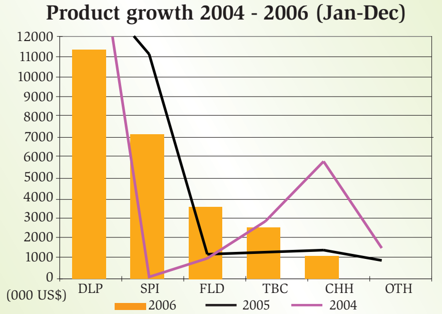
AGCC, LEVANT, PAN-ARAB AND ARASIAN MEDIA MARKETS - Y2006 ADVERTISING EXPENDITURE FOR TOP PRODUCTS (000 US$) 2004 - 2006 (JAN-DEC) MILLIONS US$26 ▼ -14%

Product and abbreviation		2004	2005	2006	%share	%Var'n YTD	Media split % TV	NP	MG	RD	OD	OT
Dishwash L & Pwd	DLP	23,045	14,309	11,616	45	-19	98	0	1	0	1	-
Scour Pwd & Iqd	SPI	47	11,323	7,215	28	-36	100	0	0	0	0	-
Floor Detergents	FLD	954	1,143	3,581	14	213	99	1	0	0	0	-
Toilet & Bowl Cln.	TBC	2,827	1,231	2,543	10	107	100	0	0	0	0	-
Cmb H.H. Clnsrs	CHH	5,936	1,387	1,014	4	-27	29	26	44	0	0	-
Other Products	OTH	1,499	865	18	0	-98	10	52	38	0	0	-
TOTAL CATEGORY		**34,311**	**30,259**	**25,987**	**100**	**-14**	**96**	**1**	**2**	**0**	**0**	**0**

2006 (Jan-Dec) media split %



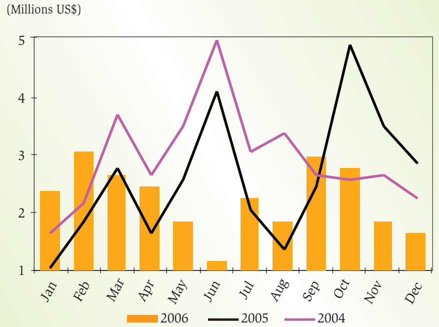
Product growth 2004 - 2006 (Jan-Dec)



OVERALL MEDIA SPLIT ANALYSIS (000 US$) (JAN - DEC)

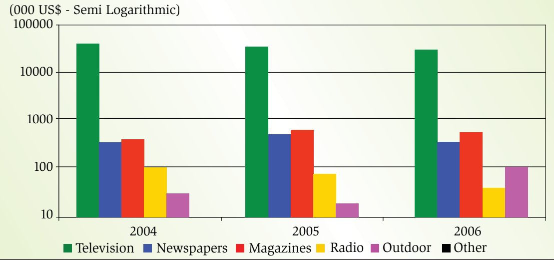
Media	2004 Value	2004 %share	2005 Value	2005 %share	2006 Value	2006 %share	Var'n% 2006/2005
Television	33,467	98	29,093	96	24,977	96	-14
Newspapers	333	1	475	2	339	1	-29
Magazines	379	1	597	2	528	2	-12
Radio	102	0	75	0	39	0	-48
Outdoor	30	0	19	0	104	0	447
Other	0	0	0	0	0	0	-
Total	**34,311**	**100**	**30,259**	**100**	**25,987**	**100**	**-14**

MONTHLY SPEND ANALYSIS (MILLIONS US$) 2004-2006

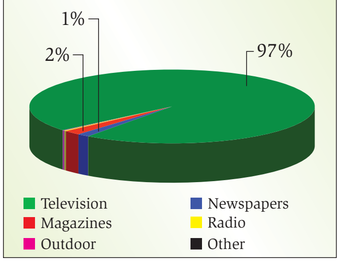


Period	2004	2005	2006	Var'n% Y06/Y05
Jan	2	1	2	130
Feb	2	2	3	67
Mar	4	3	3	-4
Apr	3	2	2	50
May	3	3	2	-28
Jun	5	4	1	-73
Jul	3	2	2	10
Aug	3	1	2	38
Sep	3	2	3	21
Oct	3	5	3	-44
Nov	3	3	2	-47
Dec	2	3	2	-43
Total	**34**	**30**	**26**	**-14**

Overall media split 2004 - 2006(Jan-Dec)



Total category - media split%



TOP BRANDS Y2005 (000 US$)

Television top spenders

Rank	Brand	2006
1	Fairy	7863
2	Jif	3675
3	Easy Off Bam	3454
4	Harpic	2400
5	Lux	2117
6	Pledge	1994
7	Der General	1229
8	Pril	1044
9	Grease Buster	237
10	Negma	183

Newspapers top spenders

Rank	Brand	2006
1	Mobi	242
2	Mr Mc Kenic	36
3	Jiftex	18
4	Mobi Care	8
5	Pril	7
6	Hypex	7
7	Azett	7
8	Bio Cleana	5
9	Clean Way	4
10	Bravo	3

Magazines top spenders

Rank	Brand	2006
1	Dettol	373
2	Neo Care	70
3	Bio Cleana	16
4	Safon	15
5	Pledge	9
6	Clorox	8
7	Hui	7
8	Aan	6
9	Windex	5
10	Avant Garde	4

Radio top spenders

Rank	Brand	2006
1	Pril	20
2	Fairy	17
3	Der General	3
4	Dettol	0
5	Mobi	0
6	Mr Mc Kenic	0
7	Aerospeed 612	0
8	Jif	0
9	Mobi Care	0
10	Jiftex	0

Outdoor top spenders

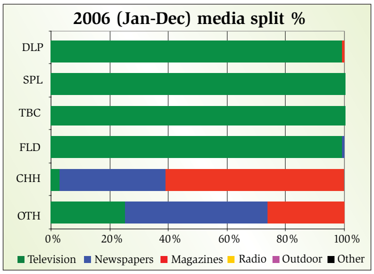
Rank	Brand	2006
1	Pril	104
2	Scotch Brite	0
3	Fairy	0
4	Dettol	0
5	Mobi	0
6	Mr Mc Kenic	0
7	Aerospeed 612	0
8	Jif	0
9	Mobi Care	0
10	Jiftex	0

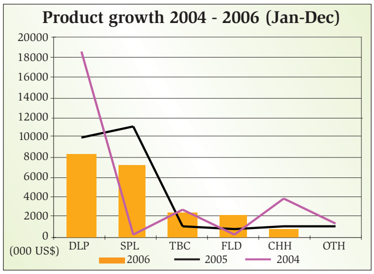
Source: PARC

CATEGORY: HOUSEHOLD CLEANING PRODUCTS

AGCC, PAN-ARAB AND ARASIAN MEDIA MARKETS - Y2006 ADVERTISING EXPENDITURE FOR TOP PRODUCTS (000 US$) 2004 - 2006 (JAN-DEC) **MILLIONS US$21 ▼ -17%**

					% Var'n		Media split %					
Product and abbreviation		2004	2005	2006	%share	YTD	TV	NP	MG	RD	OD	OT
Dishwashing L & Pwd	DLP	19,040	10,173	8,277	40	-19	99	0	1			
Scouring Pwd & Lqd	SPL	13	11,308	7,215	35	-36	100	0	0			
Toilet & Bowl Cln.	TBC	2,485	846	2,247	11	166	100	0	0			
Floor Detergents	FLD	15	691	2,120	10	207	99	1	0			
Cmb H.H. Clnsrs	CHH	3,799	976	704	3	-28	3	36	61			
Other Products	OTH	1,230	821	7	0	-99	25	49	26			
TOTAL CATEGORY		**26,583**	**24,816**	**20,570**	**100**	**-17**	**96**	**2**	**2**			

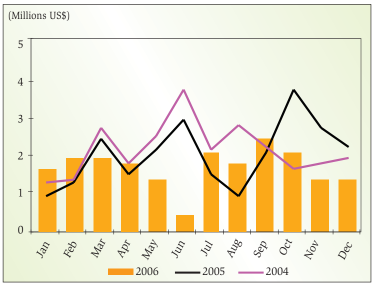




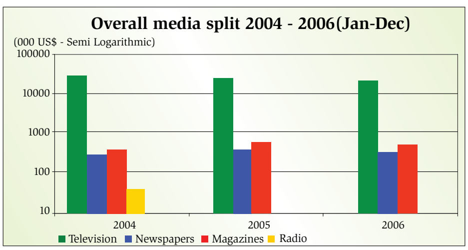
OVERALL MEDIA SPLIT ANALYSIS (000 US$) (JAN - DEC)

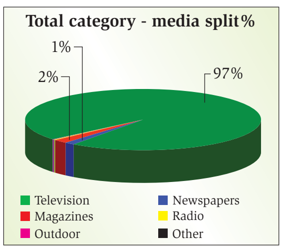
Media	2004		2005		2006		Var'n%
	Value	%share	Value	%share	Value	%share	2006/2005
Television	25,918	97	23,869	96	19,770	96	-17
Newspapers	275	1	385	2	311	2	-19
Magazines	352	1	557	2	489	2	-12
Radio	38	0	1	0	0	0	-100
Outdoor	0	0	4	0	0	0	-100
Other	0	0	0	0	0	0	-
Total	**26,583**	**100**	**24,816**	**100**	**20,570**	**100**	**-17**

MONTHLY SPEND ANALYSIS (MILLIONS US$) 2004-2006



Period	2004	2005	2006	Var'n% Y06/Y05
Jan	1	1	2	89
Feb	1	1	2	54
Mar	3	3	2	-2
Apr	2	2	2	20
May	3	2	1	-36
Jun	4	3	0	-87
Jul	2	2	2	40
Aug	3	1	2	100
Sep	2	2	3	19
Oct	2	4	2	-46
Nov	2	3	1	-50
Dec	2	2	1	-39
Total	27	25	21	-17





TOP BRANDS Y2005 (000 US$)

Television top spenders

Rank	Brand	2006
1	Fairy	5827
2	Jif	3675
3	Easy Off Bam	3454
4	Harpic	2239
5	Lux	2117
6	Pledge	1967
7	Pril	167
8	Exo	87
9	Dac	72
10	Negma	56

Newspapers top spenders

Rank	Brand	2006
1	Mobi	242
2	Mr Mc Kenic	36
3	Jiftex	18
4	Mobi Care	8
5	Azett	7
6	Aerospeed 612	1

Magazines top spenders

Rank	Brand	2006
1	Dettol	373
2	Neo Care	70
3	Safon	15
4	Clorox	8
5	Aan	6
6	Avant Garde	4
7	Purevac	4
8	Amway	3
9	Grease Bullet	3
10	Lulu H.h D_w_clns	2

Source: PARC