



Palestine Trade Centre



Market Study for the Kingdom of Saudi Arabia for Cosmetics

Commissioned by PalTrade

According to your TERM OF REFERENCE (RFQ-PTC-061-09-2018 – Saudi Arabia) to develop a market study to understand market trends and characteristics and to understand the preferences and requirements of potential buyers for the Palestinian organic beauty care products.

This study follows the structure as described in your terms of reference document.





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1 Introduction

The natural cosmetics sector has always been a leading sector in Palestine, especially from the Dead Sea. The formulations are based on modern scientific knowledge combined with traditional recipes. The products consists of 100% natural ingredients (olive oil, natural ingredients, Dead Sea minerals, herbs with healing and nourishing effect, essential oils, natural oils)

The industrial sector in Palestine includes some 15,000 registered companies in the West Bank and Gaza. The majority of these are small and medium family-owned businesses. This study aims at achieving more growth in the economy. It will also focus on possible ways to provide assistance in the UK to increase their market share and penetrate more international markets.

The cosmetics companies involved in this study are:

1. Dead Sea Pearls,
2. Nablus Soap Company and
3. Arab Industrial Co

1.1 Product description

- The formulations are based on scientific knowledge combined with traditional recipes from old decades
- Manufacturers are developing and deploying best practices in manufacturing and obtaining/upgrading to international standards
- The beauty products for natural beauty cosmetics are mud enriched with Dead Sea minerals, crystal salts and other natural extracts
- The products consist of 100% natural ingredients (olive oil, natural ingredients, Dead Sea minerals, herbs with healing and nourishing effect, essential oils, and natural oils)
- Most of the products are made in small batches ensuring quality and freshness. As the producers use natural ingredients there may be a slight variation in the colour and consistency
- SHE activities in the sector are monitored and controlled by Senior management
- Cruelty-Free – No animal testing
- The natural soap doesn't contain colouring additives, flavouring additives, synthetic ingredients or preservatives



1.2 Objectives and methodology

Our primary objective for the Market Study was to gather the information necessary to give Palestinian exporting companies, in particular those who participated in the supply survey, a good overview of the characteristic of the Saudi market, and a perspective on their chances to sell into this market.

In order to do so, we have used the following approach for each of the topics as highlighted in your Terms of Reference:

Describe the characteristics and structure of the UK market; including the identification of potential importers, distributors, end-users etc...;	Compiling existing research reports. We identified the best-selling products currently offered in each category in the market, complete with pictures of the goods and their packaging. Listing leading retailers and wholesaler.
Assess the potential for augmenting demand and/or changing to new sources of supply ;	Research on trends and volumes in the market. Calls with industry organizations and various parties in the value chain.
Identify impediments affecting imports;	Calls and meetings with importers/distributors
Determine areas in which specific enterprise-level assistance may be requested such as: licensing, customs duties, taxes, quality control, other rules and regulations affecting imports etc...	Calls and visits with importers in Saudi, and exporters on the Palestinian side
Provide information about trade procedures, trade logistics, needed documents and standards to enter Saudi .	Compiling information obtained from governments, custom authorities, and industry organizations.
Identify areas where measures are required to facilitate imports from diversified sources of supply.	Based on the information gathered for the previous points, we can easily identify these and provide recommendations.



2 Summary of conclusions and recommendations

2.1 Market overview

Saudi Arabia imported \$551.8 million worth of cosmetics and skincare products in 2017, where the total spend of the Saudi Arabia population on cosmetics, both make-up and beauty care, was 4.9 billion at 10.6%. CAGR in the period of 2012 – 2017. Characteristic for the Saudi market is the population composition with about 39.3% Indian, Bangladeshi, Pakistani, African and Asian, Syrians, Palestinians, Egyptians and Yemenis, where each ethnic group has different skin types too. The halal and organic cosmetic market share is growing.

Saudi imports well-known brands such L'Oréal, P&G, Beiersdorf AG. Most of the products are from USA, Jordan, and UK and from Palestine.

2.2 Distribution channels and import

There are different types of distributors in cosmetics and beauty care field, some are very specialized and sells only for their brands, which basically are franchisees and they can't work with others.

The other type has a different sources of supply of beauty care products. They sell a broader range of products, such as perfumes, make-up, make-up tools, creams, lotions etc. They either source from a local importer or they import themselves from abroad.

Pharmacies chains are good to partner with, e.g. Nahdi pharmacy chain they are everywhere in the country. Also specialty stores import these products themselves from different countries or they source some products from local importers/distributors.

To import your products to Saudi Arabia you have to be registered at the SFDA and comply with all regulations posted on their website. Once your product is permitted, you can proceed to distribute your product and search for the right partners.

2.3 Options to enter the market

There is a number of major trends in the market, which can be translated into concrete guidelines to enter the market:

- Customisation of cosmetics, e.g. to create a mix of ingredients based on the characteristics of the skin.
- Look good and feel good: paying sufficient attention on how the product is used and what feeling it should give.



- Ethnic marketing: in the KSA, there is increased demand for cosmetics, specifically designed for the rapidly growing number of ethnic consumers. It is estimated that 39.3% of the KSA population are Indian, Bangladeshi, Pakistani, African and Asian, Levant (Lebanese, Syrians, Palestinians, Iraqis and Jordanians), Egyptians and Yemenis.
- Natural and organic products: the health and wellness trend has increased the demand for more clean, natural and organic perfumes and scented personal care products, creating a strong emphasis on quality ingredients and formulations.

What all these trends have in common is that just a description of the product's functionality is not good enough. Storytelling, describing experiences and the option to try out the product first are important.

The other

2.4 Market entry recommendations

Based on the contacts that we had with potential buyers we see that some importers are open to new products. This openness is not a guarantee for closing a deal but can be a good start. However, this requires a good presentation of the companies and the products.

For those products that are new to the Saudi market, it is important to invest in market development with advertisements, background stories, blogs and sampling. However, this process requires a local consultant who will be involved, as well as local designers and product managers.

Recommendation 1: help Palestinian exporters to position, package and present their products better.

For the Palestinian companies, it would be the most efficient to have a joint pavilion on one of the bigger trade fairs in Riyadh, preferably the Saudi Health and Beauty in Dec, or the. This would also allow to invite the interested importers to see the products and learn more about the companies.

Recommendation 2: stimulate Palestinian exporters to attend one of these fairs together, with a joint pavilion.

When a presentation on a trade show does not have the desired effect, there is the option to do an individual importer search. This allows for more intense interaction with an importer. However, this process requires a local consultant who will be involved for a longer period.



Recommendation 3: do individual importer searches where necessary.

It would be useful to make these products countrywide available on online Platforms. Souq is open for cosmetics products and offers local warehousing and fulfilment. If a product sells online, it will also be easier to convince potential importers. In order to drive sales, marketing is needed, and for cosmetics in particular this requires good storytelling on the brand, e.g. in the form of blogs and vlogs.

Recommendation 4: facilitate online sales in the KSA, and combine this with media publications.

2.5 What Alliance experts can do for you

Recommendation 1: We can provide detailed market insights, packaging and positioning advice

We now know both the products and the market, and our local specialists can easily point out where the current packaging and positioning go wrong. We can advise your packaging designers, bringing in examples of what works well in the market, or consult with a designer in the target country. We can help reformulate your brand story, enhancing those aspects that are commercially important and can be the basis for a marketing campaign.

Recommendation 2: We can advise on how to present yourself at a trade fair and invite potential buyers to come to the Palestinian pavilion

Together with Paltrade and the participating companies in a trade fair we can advise how to best present Palestine and the products of the respective companies. With our current contacts with importers and distributors, we can also personally invite them to visit the Palestinian pavilion and let them meet with the most relevant companies. If necessary, we can also extend this invitation round to more companies. This is a limited extra investment that strongly will increase the yield of participating in the exhibition.

Recommendation 3: We do individual partner searches

Alliance experts is specialised in selecting the right agent or distributor in the over 30 countries where we are active. We live there, work there, know the culture and speak the language. And we think from the perspective of the local distributor. This helps us to make connections and arrange appointments.

Based on your strategy for your market entry, we draft a partnering profile, describing your company and the type of partner that you are looking for. In parallel, we list a broad range of potential distributors or agents. We discuss this long-list with you, to see what type of companies you want to focus on. We then approach the companies with your profile in hand. We call them in the local language, get through to the right decision maker, and send your profile and follow-up to see whether he or she is interested in an appointment. Once



we have a short-list of interested companies, we try to arrange meetings for you shortly after one another, so that you can come over and spend your time efficiently.

Recommendation 4: We facilitate online sales in the Saudi Arabia, and combine this with media publications.

With our initiative <https://experteers.online> we help companies to sell their products abroad on local e-commerce platforms. We set up a local company who is formally the seller, do the customer care and manage the fulfilment. The only thing you have to do is to ship your goods per box or pallet to a central warehouse from where the individual packages are shipped. Your goods remain your ownership up to the moment we have sold them to the customers. This way your products are easily available in the market. We will offer this service also in the KSA starting in 2019.

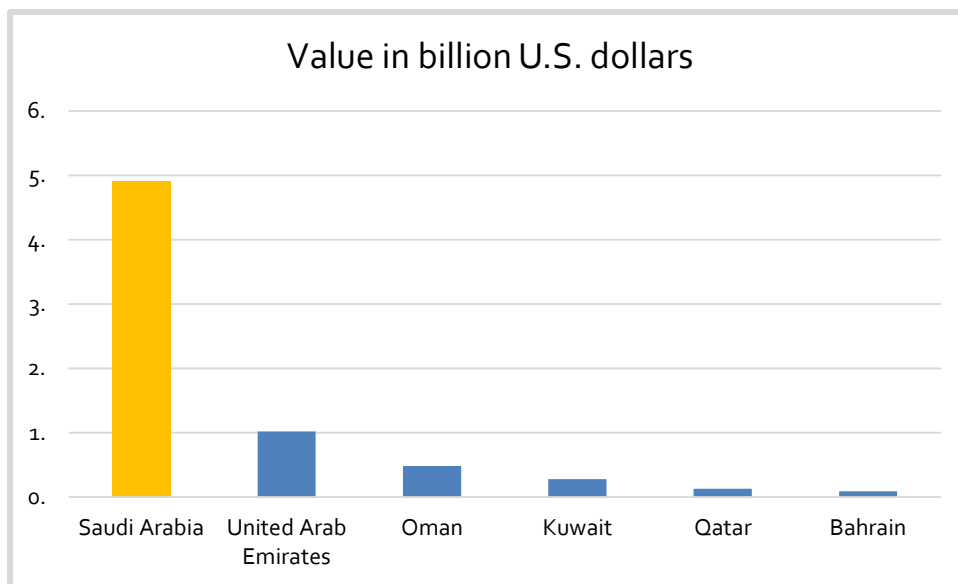
Having your products online does not guarantee sales. You also have to invest in marketing, and this is strongly dependent on the product. We help you get your product under the attention of blogger, we arrange Facebook postings and can manage your local online advertising. Once your product gets traction, it will also be easier to find a local distributor.



3 Import profile of the sector

3.1 Market size

The total spend of the Saudi Arabia population on cosmetics, both make-up and beauty care, was 4.9 billion at 10.6% CAGR in the period of 2012 – 2017. The KSA cosmetics market, was valued at USD 4.7 billion in 2015. Saudi Arabia imported \$551.8 million worth of cosmetics and skincare products in 2017, representing nearly 1.1% of the global cosmetics import.¹

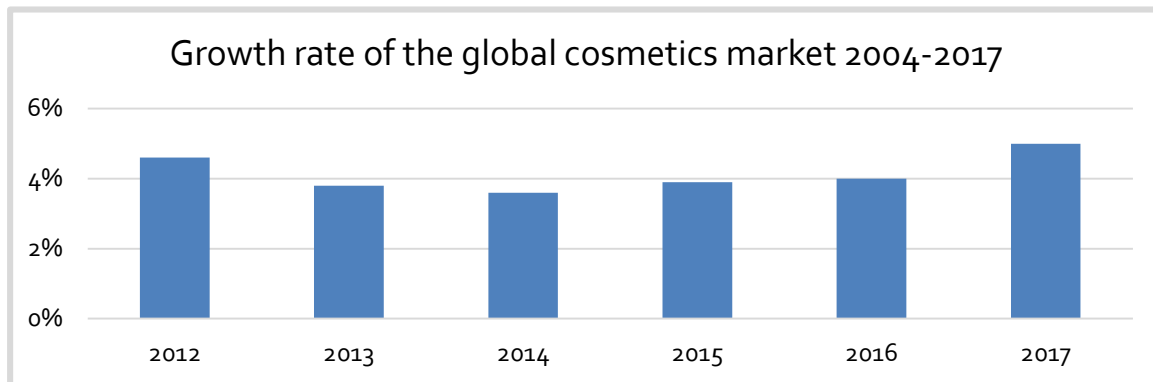


3.2 Growth rate

The general average yearly growth of the market is around 11%. But there are clear changes over time what the Saudi residents spend their money on. When Saudis go on vacation they would prefer to buy this from abroad. During special events, weddings or parties, the sales goes up, these changes results in different growth rates per category, and may even cause high growth and sharp decline for certain products. It is anticipated that the cosmetic market of Saudi Arabian will grow on the basis of increasing per capita income, Saudi Arabian women inclination towards cosmetic products and also a surge in the desire especially among women for trying new innovative products for maintaining their youthful look.²

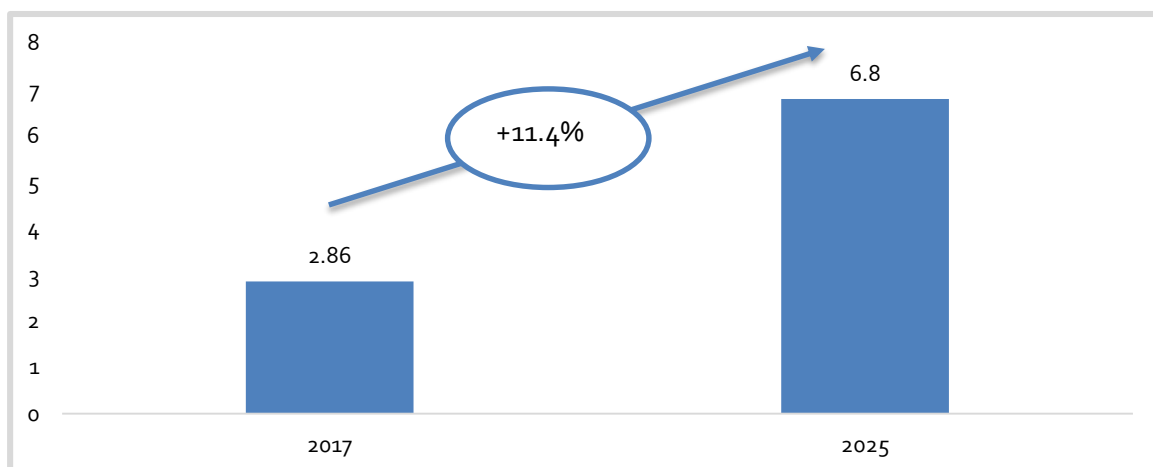
¹ <http://www.worldstopexports.com/beauty-cosmetics-and-skincare-imports-by-country/>

² <https://www.techsciresearch.com/news/2447-saudi-women-cosmetics-market-to-grow-at-11-till-2022.html>



Goldstein Research analysts forecasted that the Saudi Arabia cosmetics market is expected to expand at a CAGR of 11.4% during 2017-2025. The market is projected to reach USD 6.8 Billion by 2025 driven by growing market for natural products, personalized products and services.³

Saudi Cosmetics Market Growth



Key factors driving the growth in cosmetic sales:

1. **Saudi women spend big on makeup:** In Saudi Arabia, the employment rate has been increasing at high rate, especially among women. This in return have increased the affordability of beauty and personal care products, hence encouraging consumers to spend more.⁴ According to TechSci report, Saudi women cosmetics segment is estimated to grow at 11% during 2017-2022.
2. **Growth in Halal⁵ products:** According to the TechSci Research, halal cosmetic products are growing in demand in the MEA region, and captured a market share of

³ <https://www.goldsteinresearch.com/report/saudi-arabia-cosmetics-market-size>

⁴ <https://www.chicagotribune.com/lifestyles/style/ct-saudi-women-makeup-20180420-story.html>

⁵ Halal cosmetics are body and skin care products which are known to be free from the materials that are forbidden by the Islamic society.



7.91% whereas only 6.75% is for organic cosmetic products. The halal cosmetic products held a market share of 27.32% in Saudi Arabia in the year 2016. Large number of Muslim celebrities have been endorsed with halal cosmetics in Saudi Arabia.

3. **Role of the Beautyworld Middle East:** The Beautyworld Middle East trade fair will provide a boost in the cosmetic market segment. This event is expected to deliver valuable insights and offer a glimpse of the beauty and wellness industry's future.⁶
4. **Cultural Changes:** There has been some relaxation of religious laws in some countries, which includes women are allowed to wear make-up. The law for women working as beauty advisors in Saudi Arabia have been relaxed, while encouraging them to venture into the cosmetic segment.⁷

3.3 Market history

For decades, Saudis have been involved in the manufacture of materials for embellishment and adornment, from aromatic plants and herbs available, they have been able to deal with these materials in a variety of ways, or to crush them. They 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.

After many years and since 2012, the kingdom implemented the third phase of labour ban, which prohibits men from selling accessories to women, and allowed women to work in places, this means more women are visiting the stores freely without any embarrassment or being uncomfortable talking to a male worker.

The Kingdom has also expats from other countries, Saudis are 60.7% of the entire population which is approximately 19.3 million, and thus are by far the largest ethnic group in the country. The other 39.3% are Indian, Bangladeshi, Pakistani, African and Asian, Levant (Lebanese, Syrians, Palestinians, Iraqis and Jordanians), Egyptians and Yemenis.

This year, the 2018 Beautyworld Saudi Arabia event covered five product groups of fragrance; cosmetics & skincare; hair, nails & salon supplies; machinery, packaging, & raw materials; and personal care & hygiene, this offering Saudi distributors, retailers, and beauty professionals a stage to source products and solutions from international and local suppliers.

Nowadays, international and local companies are investing in long business relationship providing training to makeup and skin care specialist, which was limited in the past years. Ex. LVMH and Al Khayyat provide training courses to specialists from time to time, and at

⁶ <https://www.beautyworldme.com/blog/trends-and-developments-in-mea-s-women-s-cosmetics-market>

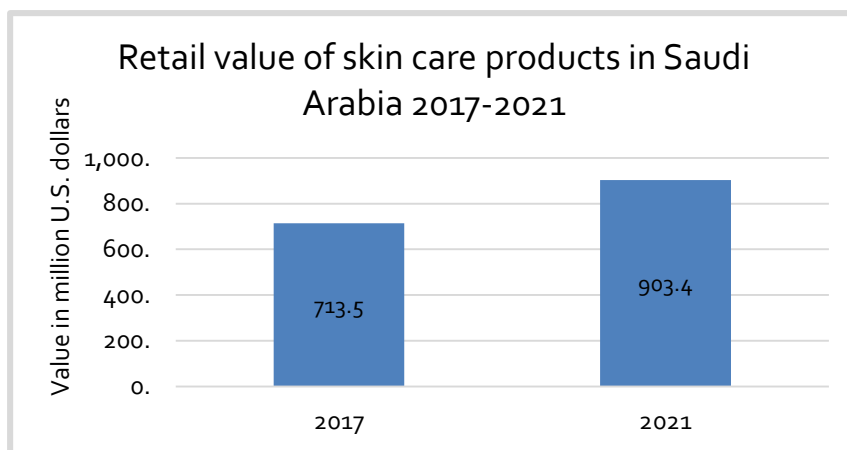
⁷ <https://beautybusinessjournal.com/trends-growth-gccs-beauty-cosmetics-industry/>



their branch at the commercial centre Jeddah in wide range of cosmetics and skin care products in the different sales points across the kingdom.

3.4 Market potential

The retail value of beauty care products in the Kingdom is \$713 million on beauty care in 2017, compared to \$539 million in 2014 and expected to touch \$ 900 million in 2021. And as more women gain the ability to get a job, the urbanization increases and also the continuous product innovations and aggressive marketing by companies as well as online retailers are expected to positively influence Saudi Arabia beauty care market.⁸



Total merchandise imports of Saudi Arabia amounted to USD 8,744 million in June 2017 as compared to USD 12,314 million in the corresponding period of the previous year, down by USD 3,569 million. In addition, imports in June 2017 were lower than those in the preceding month (May 2017) by USD 2900 million.

Exports from Palestine to Saudi Arabia 2012 – 2016: Including other industries not only cosmetics

Year	Value in million U.S. dollars
2012	11.7
2013	12.3
2014	13.6
2015	15.1
2016	19.9

Given the minimal percentage of the Kingdom beauty imports that comes from Palestine, there should be a potential. However, this is a sector with high competition, and this requires a good market entry plan.

⁸ <https://www.statista.com/statistics/863246/saudi-arabia-retail-value-of-skin-care-products/>



3.5 Competition in the market

The growth in demand for cosmetics products including the beauty and personal care industries of KSA has been astonishing in the recent years. Due to several supporting factors such as growing young population, increasing disposable incomes and expansion of domestic and foreign cosmetics brands. Moreover, increasing internet marketing and online shopping webs, media advertisements and establishment of Western brands shops in major cities continue to promote brand awareness that shape the behaviour of cosmetic consumers and new fashionable culture, thus increasing the demand for diverse personal care and beauty products in major cities in the Kingdom.

Branded products represent nearly 80% of the total sales in Saudi Arabia. However, Saudi authorities need to protect local manufacturing units against the giant foreign brands.

KSA's robust economy has been a key growth market and investment focus for brands and retailers. Over the past four years, large brands such as UK-based pharmacy-led health and beauty retailer Boots, and Bath & Body Works, have entered the market, increasing their store portfolio to six and 15 locations respectively.

In the inaugural edition of Beautyworld Saudi Arabia dated for October 2018 in Jeddah, there will be more than 120 exhibitors from around the world for the Kingdom's dedicated trade fair for cosmetics, skincare, hair care, salon supplies and fragrances. The Beautyworld Saudi Arabia 2018 will cater to the five product groups of Fragrance; Cosmetics & Skincare; Hair, Nails & Salon Supplies; Machinery, Packaging, & Raw Materials; and Personal Care & Hygiene.⁹

Competition in the market is existent on various levels:

1. On an income spending level, where now women in the kingdom spend no less than \$3,800 per year on perfumes, makeup and other beauty products.¹⁰
2. On a product level, with variety of international brands.
3. On a brand level, where one brand of bathing soap competes with the other
4. On a distribution level, where one chain of supermarkets competes with the other.

For this research we will first focus on competition on a product level, and then where possible on competition on a brand level.

⁹ [http://www.saudigazette.com.sa/article/542155/BUSINESS/KSAs-\\$57bn-beauty-market-a-major-draw-card-for-global-brands](http://www.saudigazette.com.sa/article/542155/BUSINESS/KSAs-$57bn-beauty-market-a-major-draw-card-for-global-brands)

¹⁰ <https://www.abouthere.com/node/646/beauty/beauty-news/how-much-do-saudi-women-really-spend-cosmetics>



- The biggest volumes of bathing beauty are all imported from the UK, USA, UAE, Philippines, Bahrain, Turkey, Jordan, Lebanon and Germany. ¹¹
- Most of the Bathing salt products are imported from the USA, Ireland, Germany, India and UK, Jordan and Palestine. ¹²
- Skin cream and lotion are imported from France, India, UAE, Palestine, Jordan, Germany, USA, Italy, Canada, Australia and Thailand. ¹³
- Most of the Bathing soap are imported from the UAE, UK, Palestine, Jordan and Germany. ¹⁴

Some of the leading brands operating in Saudi Arabia of women cosmetics market include Unilever, Procter & Gamble, L'Oréal Group, LVMH Moët Hennessy, and Beiersdorf AG. ¹⁵

Rank	Brand	Score
1	L' Oreal	24.4
2	Olay	21.0
3	Nivea	20.3
4	Lancôme	18.3
5	Neutrogena	17.7
6	Givenchy	17.4
7	Chanel	16.8
8	Garnier	16.0
9	Christian Dior	14.9
10	Clinique	12.9

Figure 1 Index Scores KSA: Skincare brands, women

¹¹ <https://www.trademap.org/netherlands/Index.aspx>

¹² <https://www.trademap.org/netherlands/Index.aspx>

¹³ <https://www.trademap.org/netherlands/Index.aspx>

¹⁴ <https://www.trademap.org/netherlands/Index.aspx>

¹⁵ <https://mena.yougov.com/en/news/2014/05/29/loreal-and-max-factor-top-makeup-brands-amongst-wo/>



3.5.1 L'Oréal

Operates in the Kingdom of Saudi Arabia since 1982. On November 14, 2012 - L'Oréal KSA, a new subsidiary based on a joint venture with Al Naghi Group became sole distributor for its consumer products, Active cosmetics and professional products divisions.

Average selling price:

L'Oréal Paris Pure Clay Red Mask	L'Oréal Paris Revitalift Anti-Wrinkle + Firming Face & Neck Cream	L'Oréal Paris Revitalift Anti-Wrinkle + Firming Night Cream
		
Average selling price: 38 SAR	Average selling price: 72 SAR	Average selling price: 55 SAR

L'Oreal S.A. (L'Oreal), a French company, is engaged in the production and marketing of a range of perfumes, make-up, colouring, hair and skin care products. The company's products are sold under well-known brands such as L'Oreal Paris, Garnier, Maybelline New York, Essie, Vichy, L'Oreal Professional, Kerastase, Redken, Matrix, Lancome, Biotherm, Helena Rubinstein, Kiehl's, Shu Uemura, Giorgio Armani, Diesel and SkinCeuticals, among others. L'Oreal operates in more than 140 countries worldwide.

3.5.2 Unilever

This year, Vaseline have got the world's No.1 hand and body care brand globally, and is gaining more share in the Kingdom of Saudi Arabia, the brand was driven by high marketing budgets.

Average selling price:

Vaseline Body Petroleum Jelly Herbal	Vaseline lip therapy	Body Lotion	Vaseline Pet Jelly Pure Original	Vaseline Spray Lotion	Raw Shea Butter Hand Cream
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Average selling price: 15 SAR	Average selling price: 15 SAR	Average selling price: 24 SAR	Average selling price: 13 SAR	Average selling price: 37 SAR	Average selling price: 62 SAR

Vaseline is available in the market in different types: Moisturizers, Lip Care, Body Lotion, Hand Creams & Lotions, and Creams. The company manufactures personal care brands including Vaseline, Sunsilk, and Tresemme. All these products are available in the Saudi market.

3.5.3 The Procter & Gamble Co

Procter & Gamble products which was first introduced to the people of Saudi Arabia in 1965 when the country started to import Tide, P&G partnered with Ismail Abu Dawood. In 2016, P&G export totalled over \$ 600 million from Saudi Arabia to over 20 countries across Africa, Asia and Europe. P&G offer variety of day and night cream, moisturisers, sun protection, eye skin care, face wash and skin and body care products.

Average selling price:

Olay Double Action	Olay Natural White All-In-One	Olay White Radiance & Brightening
		
Average selling price: 27 SAR	Average selling price: 20 SAR	Average selling price: 64 SAR

The company's organizational structure comprises global business units (GBUs), selling and market operations (SMOs), Global Business Services (GBS) and corporate functions (CF).

The GBUs are organized into 10 product categories: hair care, skin and personal care, grooming, oral care, personal health care, fabric care, home care, baby care, feminine care,



and family care. These 10 product categories are aggregated into five reportable segments: Fabric and Home Care; Baby, Feminine and Family Care; Beauty; Health Care; and Grooming.

3.5.4 Beiersdorf AG

(Beiersdorf) is an international consumer goods company, which is principally engaged in the manufacture and distribution of skin and body care products and consumer goods.

The major brands of the company include Nivea, Eucerin, La Prairie, Labello, Hansaplast, and Florena, 8x4, Hidrofugal, arix, SLEK and tesa. Beiersdorf operates across the world and has more than 150 affiliates.

Average selling price:

NIVEA Crème	Sensation Body Lotion	Beautifying Moisturizer	Body Lotion Aloe	Moisturising Cream	Beautifying Moisturizer
					
Average selling price: 20 SAR	Average selling price: 23 SAR	Average selling price: 43 SAR	Average selling price: 43 SAR	Average selling price: 22 SAR	Average selling price: 30 SAR

Nivea's consumer segment is engaged in the development, manufacturing and marketing of skin and body care products. The segment offers deodorants, hair care products, men's grooming products, skin care products, personal care products and professional wound care products, among others. These products are marketed across the world under various brand names such as 8X4 (deodorants), Nivea (skin care products), Nivea Men (men's personal care products), Eucerin (medical skin care), Labello (lip care products), Florena (natural skin care products), Hansaplast (plaster and wound care products), arix (hand care products), and La Prairie (anti-aging skin care products).

2015 Nivea has celebrated its 100th Anniversary and in recognition of its position as a favourite skincare brand. NIVEA and its sub brands enjoy increasing sales volumes and growing market share, around 55% of Saudis use NIVEA products, the brand was driven by high marketing budgets.

Few of the major players operating in Saudi Arabia beauty care market, few examples below:



Granule-Free Exfoliator	Beauty Sleep Perfector	Miel Lip Moisturizing Stick	Restorative Redefining	Foot Beauty Treatment	Bioxygene Face Cream
					
Average selling price: 122 SAR	Average selling price: 400 SAR	Average selling price: 57 SAR	Average selling price: 205 SAR	Average selling price: 115 SAR	Average selling price: 233 SAR

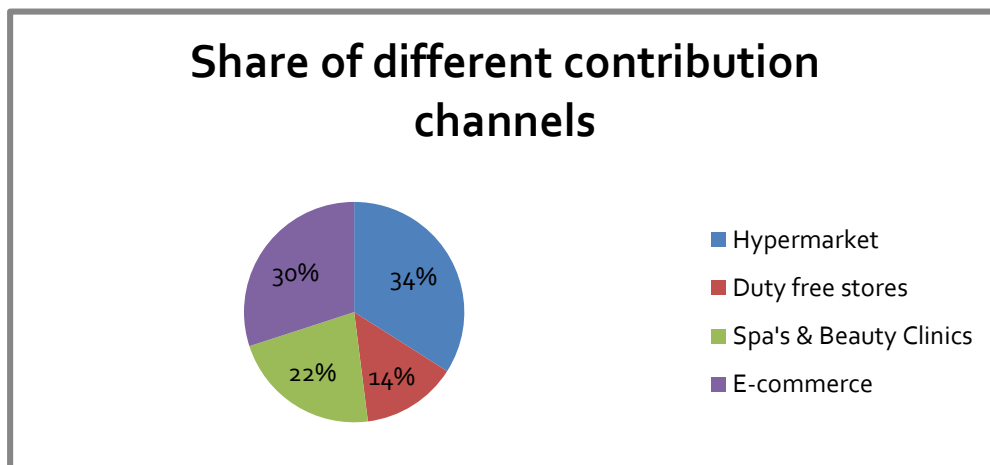


3.6 Distribution channels

There are three major regions in Saudi Arabia: the western region, city of Jeddah; the central region, where the capital city of Riyadh; and the Eastern province, where the oil and gas industry is heavily concentrated. Dammam is the capital city of the eastern province. Each city in KSA has a distinct business community and cultural flavour, and there are only a few companies that have significant presence in more than one region.

Palestinian exporters can appoint local Saudi agents as their representatives to sell their beauty care products in KSA and this kind of activity is governed by Commercial Agencies Law. The law prescribes that foreign companies other than Saudis are not allowed import and export and operate as commercial agents or distributors in KSA. Moreover, a foreign distributor outside KSA cannot appoint a sub-distributor or sub-agent in KSA. Hence, it is required that there should be a direct legal relationship between the agent or distributor of products and the originator company outside KSA.

Shopping malls with hypermarkets are the most important distribution channels for both mass and premium products. Especially the young generation expects to buy all they need, being shopping malls their favourite place for leisure. Duty free shops are important for premium brands. As Arab women are becoming more independent, spas and beauty clinics are gaining more importance in distribution than ever before. As well as the internet, where Saudi women are more likely to spend more time online, including for their purchases.



Many Saudi companies are active in numerous product lines. A Saudi agent will typically expect the Palestinian exporters to assume many of the market development costs, such as the hiring of a dedicated sales staff. Foreign suppliers often assign a sales person to the Saudi distributor to provide training, marketing, and technical support. Without such an arrangement, firms should travel to Saudi Arabia regularly to support their Saudi distributor.



There are many distributors companies in Saudi Arabia such as: Zohoor Alreef, Deraah, Alabdullatif Group, Nafa and Napco National.

Distribution network in the country is further supported by the variety of widely spread sale and distribution channels in the Kingdom, including standalone stores in malls, in addition to over-the-counter sales in salons, pharmacies, as well as bazaars. For supermarkets and pharmacies you may have to pay slotting fees, which is a compensation for the retail chain for the risk they take in granting you shelf space. If you work with local distributor, they mostly passes these costs on to you. To read more about the slotting fees, please visit: <https://www.allianceexperts.com/en/knowledge/exports/listing-slotting-fees/>

However, sales are conducted through a Saudi intermediary, imports are usually on a CIF or C&F basis with mark-ups applying on the landed cost for direct sales and sales via wholesale distributors. In most cases, there will be no more than two steps in the distribution chain, and sometimes one for industrial products and capital equipment. Mark-ups vary considerably, depending on the product and sales channel, with industrial products usually bearing a lower mark-up than consumer goods. End prices will, however be determined by prevailing market conditions that dictate mark-ups from the landed price. Listing fees are applied in the larger supermarket and hypermarket outlets.

All beauty care products eventually lands on somebody's plate. Mostly this goes through retail, in this report, retail market has been segmented into following categories:

3.6.1 Grocery stores

As is clear from the list, a large part of personal care products and cosmetics is being sold through general supermarkets or grocery stores.

In number of stores in the KSA:

- Hypermarkets: 333 stores
- Supermarkets: 1,050 stores
- Convenience Retailing: 40,000 stores

In 2018, the total number supermarkets and hypermarkets in Saudi Arabia was estimated at 1,255 stores. This is a relatively small number, and accounts for only 2.9% of the retail outlets. However, that 2.9% of outlets accounted for approximately 37% of total grocery sales in Saudi Arabia in 2016. Changing lifestyles in Saudi Arabia have created an excellent opportunity for hypermarkets to introduce ready-to-eat meals and take-away food dishes as a substitute for home cooking. This food service is very popular, especially with working women and single foreign expats.



3.6.2 Online shopping

Saudi Arabia is the second largest Internet user population that reaches 24.1 million, with a penetration rate well above the regional average of 72%. According to the Ecommerce Foundation, total e-commerce revenue across all product categories was USD 6.13 billion in 2017. The average Saudi consumer spends USD 618 online (yearly), which is expected to grow to USD 660 by 2020. Following is a list of the most popular online markets in Saudi Arabia:

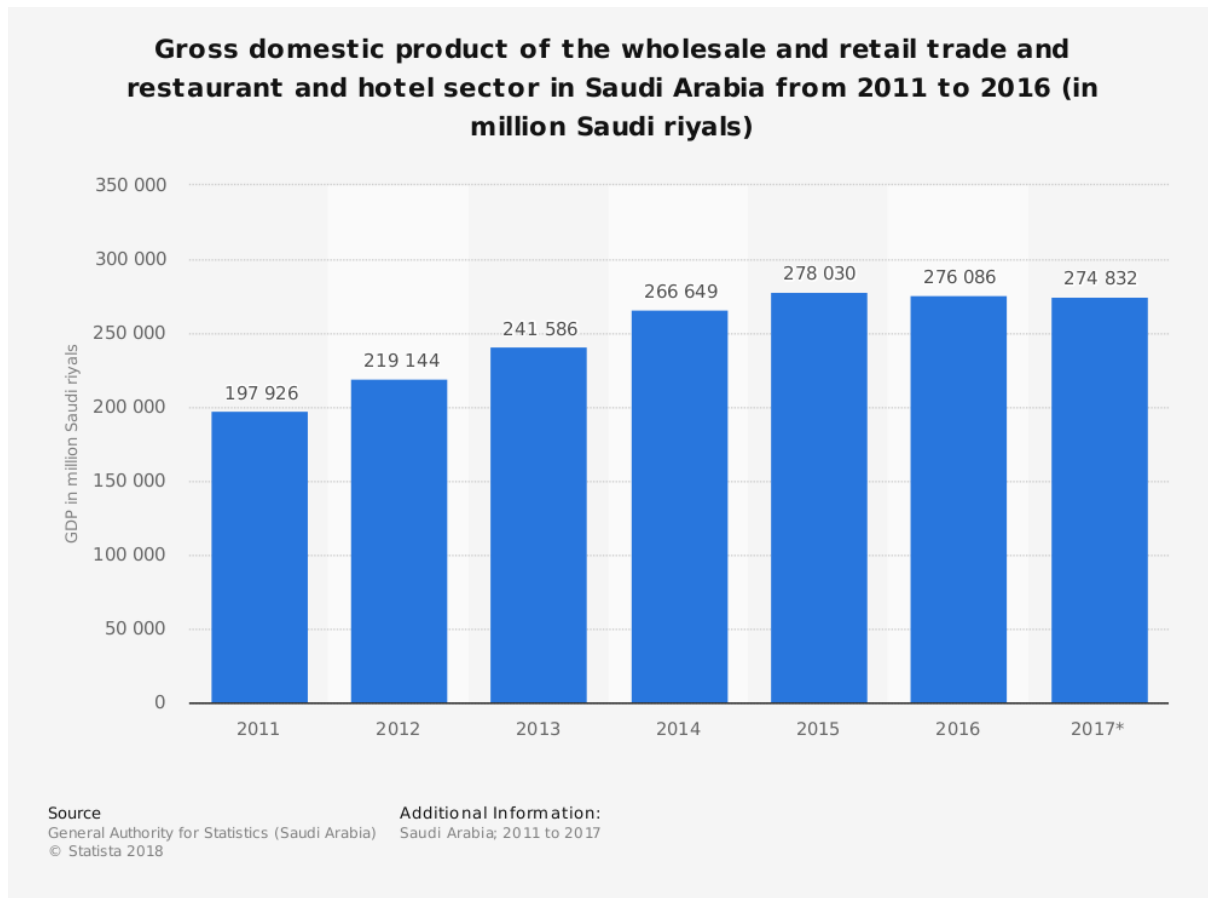
- www.sephora.com
- <https://www.caretobeauty.com/sa/>
- <https://www.wojoooh.com/sa-en>
- <https://mall.sayidaty.net/sa/en/category>
- https://www.basharacare.com/en_sa/makeup
- www.souq.com

A lot of traffic to these web stores comes from social media. Saudi Arabia has a total of nearly 20 million social media users (59% of total population and 79% of Internet users) and 16 million of them also access their social media accounts via mobile (Hootsuite Survey 2017).

Almost all social media users are reported to have a Facebook account (nearly 19 million), WhatsApp is used by a large amount of Internet users (88% of total - 21.2 million people). Twitter and Snapchat register their highest usage rates in Saudi Arabia across the MENA region, with 40% and 45% of social media consumers using these platforms. Twitter with 7.6 million users and Snapchat with 8.5 million.

3.6.3 Wholesale channels

Saudi Arabia's retail sector could boom as online retail and modern formats replace traditional baqala neighborhood "corner" stores. Overall, we estimate that retail and wholesale trade have the potential to employ as many as 800,000 additional Saudi nationals over the next 15 years and triple valued added.



This statistic shows the gross domestic product (GDP) in Saudi Arabia at current prices in Saudi riyals for the whole sale and retail trade sector as well as for restaurants and hotels from 2011 to 2017. In 2017, the GDP generated by these sectors was almost 275 billion Saudi riyals.

Retail has been expanding rapidly, at a 12% annual rate over the past decade, propelled by the rise in household income. While the workforce now largely consists of low-paid foreign workers, the number of Saudis working in the sector doubled between 2010 and 2014. This is an area where Saudi women in particular have found employment; according to the Ministry of Labor, their number jumped from 10,000 in 2010 to 120,000 in 2014.

This reflects a push by the government to encourage Saudization and feminization of retail categories catering to women, such as lingerie or cosmetics. Adapting modern retail formats, migrating rapidly online, and adopting best practices in merchandising, including supply-chain efficiencies such as more automation in warehousing, could significantly enhance productivity and growth.¹⁶

¹⁶https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Moving%20Saudi%20Arabias%20economy%20beyond%20oil/MGI%20Saudi%20Arabia_Executive%20summary_December%202015.ashx



3.6.4 Main retail channels

If you look at the main retail channels through which cosmetics products are being sold, you'll see a broad variety:

- Health and Beauty Chains:
 - Boots (48 stores): Jeddah, Mecca, Riyadh, Tabuk and almost every city
 - Pharmacies: With 3,540 pharmacies in the market there is approximately a pharmacy for every 8,000 resident. e.g. Nahdi pharmacy
- Specialist Retailers:
 - Paris Gallery (6 stores); Faces (5 stores); Gazzaz (16 stores).
- Department Stores:
 - Debenhams stores (5); House of Fraser (new partnership establish with Retail Arabia International); Selfridges (4) and Harvey Nichols.
- Hypermarkets:
 - Panda (52 stores), Al-Othaim (8 stores), Bin Dawood (5 stores), Carrefour (16 stores)
- Supermarkets:
 - Panda (102 supermarkets); Al-Othaim (92 supermarkets); Farm (56 supermarkets), Morrisons (370)
- Professional:
 - Beauty Salons: there are hundreds of beauty salons in Saudi Arabia, e.g. German Beauty Center, Mariyah and Vog in Riyadh and Jeddah.





3.6.5 Spa's

Depending on the product, a good way to introduce your product to the market and have customers gain experience with it, is to offer it to beauty salons and spa's to use it under favourable conditions. This is one of the ways to build a brand without directly having to invest excessively in marketing.

If you look at the most successful spas in the KSA, this list can serve as a guideline:

1. Al Faisaliah Spa by ESPA, Riyadh
2. Fairmont SPA, Mecca
3. Black Stone Spa, Riyadh
4. Menz Room Salon and Spa, AL Ahsa
5. Marjan Island, Dammam
6. InterFit Health Club and Spa, Al Ahsa
7. Astralis Spa, Al Khobar
8. Kingdom Centre Tower, Riyadh

Source: Tripadvisor

3.6.6 Hotels

The top hotel toiletries in the KSA are:

1. Lemongrass House
2. Le Labo
3. Diptyque
4. Atelier Cologne
5. Mālie Organics
6. Bottega Veneta
7. Asprey
8. Antica Farmacista

Hotel owners or brand and purchasing managers of hotel chains will look at the following:

- 1) To choose the toiletries that fit to the ethos of the hotel
- 2) To choose the right size, more expensive hotels tend to have larger flacons
- 3) To make sure that the toiletries chose have a long term impact

Sources:

<https://www.bighospitality.co.uk/Article/2016/02/02/How-to-choose-the-right-toiletries-for-your-hotel>

<https://blog.virtuoso.com/hotels/8-of-the-best-luxury-hotel-toiletries/>



3.7 Market characteristics

What are the main characteristics of the Kingdom beauty market, and where are the best chances for Palestine companies to promote and sell their products?

3.7.1 General trends in the Kingdom beauty industry

1. **More women are working now than ever before**, the average spent jumped to USD 4,000 yearly on cosmetics as of 2018 – was 3,900 in 2016
2. **More women are free to go out with no cover on the face**, increasing the spending on beauty care, eye whitening products, creams, etc.
3. **The Halal beauty market in Saudi Arabia is forecast to grow** at a CAGR of 15% by 2020 according to a report by TechSci Research. Key factors that are driving the demand for such products include: rising consumer awareness about the benefits of halal products; increasing willingness to spend more on Halal products
4. **Organic and natural beauty products became popular** as many cosmetics and beauty care specialists and doctors advices and encourage consumers to buy organic and healthy product
5. **Products are unique, diversified and customized**, although Saudis in general can afford more dear products. The way the Saudis show their wealth is extraordinary. One of them is buying customised and expensive products from original sellers.
6. **The increasing consumer awareness** regarding harmful effects of synthetic ingredients is a major reason of this market growth. And the expanding distribution of natural & organic products through pharmacies, beauty stores, and online retailers has also eased the search of consumers for chemically clean products. Hospitals now providing med spa, beauty treatments making the cosmetic clinic sector grow to 10% in 5 years.

There is a number of major trends in the Saudi market that can be translated into concrete guidelines for developing new product varieties or improving existing products for better sales.

3.7.2 Main trends in the market

- Provide a YouTube demonstration video on how to apply the product or visual results of what it will do for the consumer instantly– it not only guides them on best use but visually promises them results beyond marketing words alone.



- Give them a virtual reality: where a consumer can take a picture of their face and watch the virtual results of using your product – think of how online ageing simulators work, but in reverse.
- Products that can be mixed and matched from within a brand's range, with an accompanying online selection form that determines a total 'package' of products depending on their age, skin type and skin concerns.
- Innovative formulation and dual packaging dispensers that can provide partial or complete concentrates or blends of product.
- Products should feel great on application, giving the consumer instant sensory gratification.

3.7.3 Ethnic marketing

In the Kingdom, there is increased demand for cosmetics, specifically designed for the rapidly growing number of ethnic consumers, the largest group being Arab. It is estimated that 10% of the kingdom population is from an Afro-Asian ethnic group.

3.7.4 Natural and organic products

The health and wellness trend has increased the demand for more clean, natural and organic perfumes and scented personal care products, creating a strong emphasis on quality ingredients and formulations

Saudis consumers increasingly want more sophisticated products to offer multiple benefits such as miniaturization, UV protection, ageing treatment, long-lasting effects, ease of use, and convenience.

In recent years, there has been growing awareness of the potential harmful side-effects of the artificial ingredients used in beauty products. This has led many consumers to turn to so-called green cosmetics, in order to find products which pose a lesser risk to the skin, as well as to the environment.

As a result, the global market for natural cosmetics has seen consistent growth over the last ten years, reaching a value of approximately 14.8 billion U.S. dollars in 2017. The size of this market is expected to continue to increase in following years, rising to 21.8 billion U.S. dollars by 2024.

3.8 Import policy and procedures

All cosmetic products to be marketed in KSA must be notified to the SFDA through the agency's electronic notification system eCOSMA. In addition, a local affiliate (individual of



Saudi origin or locally registered company) who will act as license holder on behalf of the product for foreign manufacturers. The local affiliate will be responsible for the entire process and will have the login credentials to eCOSMA.

With HALAL restrictions imposed along with local language translation for labelling, accessing the market can be challenging for new market entrants.

- Formulation Review
- Cosmetics Claims Review
- Labelling Review
- Translation into Arabic
- eCOSMA Notification
- Distributor Services
- Identification of Distributor
- Legal Representative Services
- Importer Services

3.8.1 Import regulations

The main import regulations for cosmetics are:

- The imported product must be distinguishing and do not have registered alternative in the Kingdom.
- The manufacturer should be registered at SFDA unless the product could not be obtained from the registered manufacturer.
- The product must be marketed in the country of origin.
- The required quantity must be sufficient for six months maximum.
- Such product shall not be sold or loaned to any other party, without drug sector permission.

3.8.2 The required documents for import license

Also on the importer's side there are regulations:

- If the beneficiary did not take a prior approval from the SFDA to import the required product, an application form of the unregistered product must be filled; the Form is available at the SFDA website
- If the beneficiary had obtained an approval for importing the required product, submitting a letter to the drug sector, including on a request for approval to import the required products along with their data as per the following:
 - Name and nationality of the manufacturer.
 - Name and nationality of the marketing company.
 - Importer name.



- Justification of importing mentioning the therapeutic advantage that differs from other registered therapeutic alternatives.
- In case of requesting an import license for an unregistered product that has registered alternative, justifications of not obtaining the registered alternative shall be stated.
- In case of requesting an import license from an unregistered companies, the justifications of not importing from registered companies shall be stated.
- The following phrase shall be written in the letter:

Importing these products will be under our responsibility and will only be used for the hospital patients; and we pledge in case of quantity increasing or decreasing, or terminating the award with the supplier, we will notify the SFDA and will not give it to any other agency without SFDA approval, and in case of refusing the acceptance of the products for any technical reason or for not matching the specifications and terms of importing, we will detain the quantity and notify the Authority.

A certification that proves the registration and marketing of the product in the country of origin shall be submitted with the request.

3.8.3 Importing application process

Submitting the application directly by the beneficiary:

- Submit the original letter to the drug sector headquarters in Riyadh.
- The import request will be processed, and the importer will be informed to submit for import license through IBRCS system in case of approval, and in case of rejection, the beneficiary will be informed.

3.8.4 Clearance regulations

For the customs clearance the following applies:

- Import of such products should be done in accordance with what is mentioned in the import License.
- Full compliance with transport and storage conditions which are published at SFDA website.
- A Data logger should be placed to register the temperature of the shipment according to what is mentioned in the related guideline and approved Data logger specifications, Also, the serial number of the Data logger should be written in one of the shipment documents.
- When requesting a clearance of vaccines and blood products, a signed written pledge (obligation) must be provided stating that such products will not be used, and



samples will be submitted to SFDA Laboratories within the specified period. The pledge (obligation) form is available at the authority's website.

- When requesting a clearance of biological and blood products, a certificate of analysis signed by the quality manager at the manufactory, should be submitted stating that the products are free from HIV and hepatitis (A, B, C, & D) viruses.
- A valid import License issued by the SFDA must be available.
- Submit the clearance application by (IBRCS) clearance system.
- Submit all required documents to the Drug Sector Office at the port of arrival.

The following document should be submitted for clearance:

- A copy of the clearance application from clearance system or the application number.
- The original invoice of the manufacturer or the marketing company certified by the chamber of commerce at the country of origin or the issuing country.
- Invoice which shall include the following information:
 - a) The invoice number and date.
 - b) The trade names of the products.
 - c) Concentration and pharmaceutical form.
 - d) Batch number, production date and expiration date.
 - e) Quantity, unit and package size.
 - f) Name, nationality and address of the manufacturer.
 - g) Name of the beneficiary.
- The certificate of origin (original copy) certified by the chamber of commerce at the country of origin or the exporting country.
- The certificate should state the beneficiary name, batch number, quantity, manufacturer's name and its nationality or otherwise, the number and date of the invoice.
- A copy of the import license.
- A copy of the bill of lading.
- A copy of the warehouse and manager's license.
- A certificate of analysis for each batch issued and certified by the quality manager at the manufactory.
- A copy of the custom statement

3.9 Import channels

There are several parties who serve as the formal importer of goods:

- Large department stores and supermarket chains
- Cosmetics wholesalers
- Specialised importers, servicing the above groups



Each group may consist of a great variety of parties, from big to small, from broad to very special.

All have their own logistical channels, but in general they import through one of the major airports or sea ports in the country.

Seaports	Airports
<ol style="list-style-type: none"> 1. Jeddah Islamic port (https://www.revolv.com/page/Jeddah-Islamic-Port) - Jeddah Islamic Port is located in the middle of an international shipping route between east and west. It is the largest and busiest port in the Middle East and North Africa (MENA) region. 2. King Abdul Aziz Port (https://reconnectingasia.csis.org/database/projects/king-abdulaziz-port-terminal-2/648f3154-6ebo-44f7-980d-b7fb5ad771fd/) - King Abdulaziz Port (Dammam Port) is the primary port of Saudi Arabia. The construction of the second container terminal is part of the expansion works at the already existing port at Dammam. The terminal is designed to support 1.8 million TEUs each year. 3. Jubail Commercial Port (https://mawani.gov.sa/en-us/SAPorts/Jbeil/pages/default.aspx) 4. King Fahd Industrial Port in Jubail (https://mawani.gov.sa/en-us/SAPorts/Jbeil/pages/default.aspx) 5. Jizan Port (https://www.logisticsmiddleeast.com/article-3913-top-8-shipping-ports-in-saudi-arabia) - Jizan Port is situated on the southern Red Sea coast and is very close to the main east/west sea-trade routes to 	<p>International airports:</p> <ol style="list-style-type: none"> 1. King Fahd International Airport (https://www.airport-technology.com/projects/king-fahd/) - King Fahd International Airport (KFIA) is located in Dammam, the capital city of Eastern Province, Saudi Arabia. Occupying about 776km² of area, it is the largest airport in the world. The airport serves all the cities of the Eastern Province besides the main urban centres – Al Khobar, Dhahran, Dammam, Ras Tanura, Qatif, and Jubail Industrial City. 2. King Abdulaziz International Airport (https://www.makemytrip.com/international-flights/jeddah-jeddah-king-abdulaziz-international-airport.html) - Situated in Jeddah, King Abdulaziz International Airport (JED) is one of the largests airport of Saudi Arabia. Named after King Abdulazia Al Saud, Jeddah Airport was opened on May 31, 1981. King Abdulaziz International Airport has three runways and three terminals, namely North Terminal, South Terminal and Hajj Terminal. 3. King Khalid International Airport (https://www.riyadh-airport.com/terminals.php) - Riyadh Airport is one of the three



Europe, the Far East and Arabian Gulf. Jizan Port is a modern, well-equipped, deep-water port with a highly skilled work force ensuring a quick efficient turn around of vessels at every opportunity.

6. **King Fahad Industrial Port in Yanbu**

(http://www.worldportsource.com/ports/review/SAU_King_Fahad_Industrial_Port_in_Yanbu_649.php) -

King Fahd Industrial Port in Yanbu lies on the Red Sea Coast some 300km north of Jeddah Islamic Port and is considered the largest port for loading crude oil, refined products and petrochemicals in the Red Sea. Located in the middle of the line between Europe and America through Suez Canal and the Far East through Bab Elmandeb, the port was developed to serve the nearby industrial complex, especially with the export of construction material and equipment.

7. **Port of Rabigh**

(<https://www.findaport.com/port-of-rabigh>) -

A deep-water port protected by an offshore barrier reef running parallel to the coast primarily serves the Rabigh Refinery operated by Petro Rabigh, a joint venture of Aramco and Sumitomo Chemical. Port handles primarily dry and liquid bulk cargoes, although some general cargoes are handled.

8. **Port of Ras al Ghar**

(https://www.fleetmon.com/ports/ras-al-ghar_xxxxx_8496/?language=en) -

The Port of Ras Al Ghar is a very small port in Saudi Arabia.

9. **Port of Ras al Khafji**

(<https://www.fleetmon.com/ports/ras>

biggest airports of Saudi Arabia and serves the central part area and therefore, Riyadh. The airport comprises an area of 225 square kilometers and is the main hub of Saudi Arabia Airlines.

4. **Prince Mohammad Bin**

Abdulaziz International Airport

(<https://www.airport-technology.com/projects/prince-mohammed-bin-abdul-aziz-international-airport-new-terminal-madinah/>) -

Prince Mohammed Bin Abdul Aziz International Airport (PMIA), also called Al-Madinah International Airport or Madinah Airport, is located in the north-east of Madinah, the capital city of the Madinah Region, Saudi Arabia. The airport is one of the two major gateways to Saudi Arabia and the holy city of Madinah for Hajj and Umrah pilgrims, the other one being King Abdul Aziz International Airport.

5. **Al-Ahsa International Airport**

(<https://gaca.gov.sa/web/en-gb/airport/al-ahsa-airport>) -

Al-Ahsa International Airport is an airport serving Hofuf, a city in Eastern Province, Saudi Arabia.

6. **Prince Abdul Mohsin bin Abdulaziz International Airport**

(<https://gaca.gov.sa/web/en-gb/airport/prince-abdalmohsin-bin-abdulaziz-airport>) -

Prince Abdalmohsin Bin Abdulaziz Airport is an airport near Yanbu, Saudi Arabia. It offers both domestic and regional service.

The airport was upgraded in late 2009 to enable it to operate international flights with newly



<p>s-al-khafji_sarar_8508/?language=en) - The Port of Ras al Khafji is a small port in Saudi Arabia.</p> <p>10. Port of Ras al Mishab (https://www.port-directory.com/ports/ras_al_mishab/) - The Port of Ras al Mishab is situated in Saudi Arabia and is one of 5000 ports listed on Port Directory.</p> <p>11. Ju'aymah Crude and LPG Terminals (https://www.fleetmon.com/ports/ju-aymah-oil-terminal_sajut_8502/)</p> <p>12. Port of RasTanura (https://www.marinetraffic.com/en/ais/details/ports/1665/Saudi_Arabia_port:RAS%20TANURA)</p> <p>13. Dhiba Sea Port (https://mawani.gov.sa/en-us/SAPorts/Dhiba/Pages/default.aspx) - Dhiba Port (occasionally spelt Diba Port) is strategically located at the north end of Saudi Arabia's Red Sea coast. A natural harbour protected on all three sides by hills, it has vast hinterland on the inland frontier up to the Northeast coast of Saudi Arabia and extends up to the Mediterranean Sea on the maritime front. It is nearest Saudi's port to the Suez Canal and other Egyptian ports.</p> <p>14. Dhuba Bulk Plant Terminal (https://www.marinetraffic.com/en/ais/details/ports/21716/Saudi_Arabia_port:DUBA%20BULK%20PLANT)</p> <p>15. Port of Duba (https://www.findaport.com/port-of-duba) - Natural harbour protected on all three sides by hills. The port has vast hinterland on the inland frontier up to the northeast coast of</p>	<p>expanded arrival and departure lounges. The contract for the airport expansion project was signed with a national company in June 2006 at a cost of SR188 million. The airport features air bridges that link passengers directly with aircraft, a first for regional airports in the Kingdom.</p> <p>7. Prince Nayef Bin Abdulaziz Regional Airport (https://gaca.gov.sa/web/en-gb/airport/prince-naif-bin-abdulaziz-airport) - Prince Nayef bin Abdulaziz International Airport (IATA: ELQ, ICAO: OEGS), it is an airport in Buraidah, Saudi Arabia.</p> <p>Regional airports:</p> <p>8. Abha Regional Airport (https://www.flightradar24.com/data/airports/ahb)</p> <p>9. Jizan Regional Airport (https://www.flightradar24.com/data/airports/giz)</p> <p>10. Ha'il Regional Airport (https://www.revolvy.com/page/Ha%27il-Regional-Airport) - Ha'il Regional Airport is an airport serving Ha'il, the capital of the Ha'il Province in Saudi Arabia.</p> <p>11. Tabuk Regional Airport (https://www.flightradar24.com/data/airports/tuu)</p> <p>12. Ta'if Regional Airport (https://www.flightradar24.com/data/airports/tif)</p>
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<p>Saudi Arabia, and extends up to the Mediterranean Sea on the maritime front. It is the last Saudi Arabian port developed to serve the NW provinces of the Kingdom, and is the nearest Saudi Arabian port to the Suez Canal and other Egyptian ports. Handles Ro-Ro, breakbulk cargo and livestock.</p> <p>16. Port of Qadimah (https://www.port-directory.com/ports/qadimah/)</p> <p>17. Yanbu Commercial Port (https://mawani.gov.sa/en-us/SAPorts/Yanbut/Pages/default.aspx) - Yanbu Commercial Port is the nearest major Saudi seaport to Europe and North America and is the focal point of the most rapidly growing area on the Red Sea. Traditionally it has served as the nearest gateway for seaborne pilgrims bound for the holy city of Madinah. Port expansion in 1979 increased the capacity to nine berths with modern facilities and equipment. It can handle in excess of 3 million tonnes of cargo per year.</p> <p>18. Port of Zuluf (https://www.port-directory.com/ports/zuluf/)</p>	
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3.10 Packaging and labelling

The following information must be given on the packaging or labelling:

Name and address

The name and address of the responsible person established within a Member State must be on the container and the packaging. Where the product is manufactured, the country of origin must also be given.



Durability

Where a cosmetic product has a minimum durability of 30 months or less, it must be marked on the container and the packaging with a best-before date or the symbol shown below.

The indication must be in the form 'Best used before the end of', followed by the date (day / month / year, or month / year) or an indication of where the date appears on the packaging. If any particular conditions must be observed to guarantee the stated durability, these must also be described.

Where a product has a shelf life of more than 30 months, it must be marked with the symbol shown below together with an indication (in months, or years and months) of the period after opening for which the product can be used without harming the consumer.

Precautions

Precautions to be observed in use, as shown in the annexes of the Regulation, must be printed on the label. Special precautionary information on cosmetic products for professional use, such as in hairdressing, must appear on the container and packaging.

Batch code

The batch number of manufacture or the reference for identifying the goods.

Function

If not otherwise obvious from design and packaging.

Ingredients

The package in which the cosmetic product is supplied must bear a list of ingredients, headed 'Ingredients' (see note below), in descending order of weight, determined at the time the ingredient was added to the product.

All cosmetic products shall be labelled with a list of their ingredients, irrespective of the channel of distribution. This requirement also applies to imported products, professional products, free samples, tester samples, multi-component products, products sold by mail order or via the internet, and products provided in hotels and other public facilities.

Additional information

Additional information must be given where certain ingredients, such as preservatives and UV filters, are present. This information is specified in annexes III, IV, V, and VI of the Regulation.

Presentation

All required information must be visible, indelible and easily legible. The ingredients list must be given in a language that is easily understood by the consumer. All of the other information must be in English and Arabic and can be supplemented by other languages.



There is one set of rules about presentation for ingredients lists and another set for the other information.

Ingredients list

The ingredients list must appear on the packaging or, if it is impossible to do so or there is no packaging, on the container. If the product is sold loose, the ingredients list can be given on the container in which the product is exposed for supply or on a notice. If this is not possible, the list can be given on a leaflet, label, tag, tape or card enclosed with or attached to the product, along with an indication referring the consumer to it (either by way of abbreviated information or the 'hand and book' symbol below). For small products such as soap and bath balls, a notice can be used instead of a leaflet, label, etc.

Other information

The other information must normally appear on both the container and the packaging. However, if it is not possible for the batch code to appear on the container, it can appear on the packaging only. Similarly, where there are practical constraints, the conditions for use may appear on a leaflet, label, tag, tape or card enclosed with or attached to the product, again with an indication referring the consumer to it.

In the case of loose cosmetic products other than soap, all of the information must be given on the container in which the product is exposed for supply, or on a notice in immediate proximity to the container.

The information that shall be available on the beauty care product package/label:

Required Information	On product's package On outer package
Product name and trade mark (in Arabic or both Arabic and English)	√
Name and address of manufacturer	√
Name and address of the Importer (agent) in KSA	√
List of ingredients	√
Storage conditions	√
Batch Number	√
Expiry date (in Arabic or both Arabic and English)	√
Usage instructions	√
Function of the product unless it is indicated from the form of its presentation.	√
Use warnings (in Arabic or both Arabic and English)	√



3.11 Prices (in relation to potential buyers)

The cosmetics markets is a highly competitive market where high prices can only be justified by either exceptional product quality, or very extensive marketing. But also in the case of exceptional product quality, investments in marketing are necessary to sell at all.

As for pricing, those companies that position their products most high end set a ceiling of what is more or less acceptable in the market. The examples shown in paragraph 3.5, of the major brands, will be a good first indication, as well as the prices are shown for specific product categories in paragraph 3.15

Eventually, prices can be determined with market tests and by talking to retailers. With a fixed product margin, they also have an interest to optimise turnover, which is price time (X) quantities.

3.12 Commercial practices

Saudi Arabian market is highly competitive and business transactions take place on the basis of quality and cost. There must be no references to the State of Israel, alcohol or any other religion other than Islam in any literature intended for use in the Kingdom. The consequences are that it may get no further than customs. In case of trade fairs participation, event material, displays and exhibits need to arrive in the Kingdom at least four weeks before the exhibition. Promotional material must conform to the Kingdom's moral code and it is best advised to check with the organiser or preferred freight forwarder first. There are restrictions on what can be imported into the Kingdom, plus various legislative stipulations and procedures to be followed.

Visas can be obtained for business trip or an event for staff only and not for visitors (in case you are going to a trade fair you can't invit foreignier from around the world to visit you there), - it's important to ensure that male staff can be made available for the exhibition as visa applications for females are often more challenging to obtain.

Going there alone is possible but not advised. There is no substitute for a professional support team working behind the scenes and guiding you through the procedures. Selecting a suitable event and or visiting your potential buyers is important, and obtaining professional support from the organiser is even more so.

3.12.1 Getting into Saudi Arabia

Advance visas are required for all foreigners wishing to enter Saudi Arabia. The only significant exception is citizens of the Gulf Cooperation Council nations.

All business travellers require a business visa for entry into Saudi Arabia. Business visas are issued to the following individuals: business people, investors, representatives of



companies, managers, sales managers, sales representatives, accountants, production managers, administrative managers, and consultants.

Visitors to Saudi Arabia who arrive on business visas also require an invitation from a local sponsor that has been approved by the Saudi Chamber of Commerce. In this case, the local interested companies, who will issue you with an invite letter. You then need to take the letter along with your passport to the Saudi embassy in Jordan. This can be online through <https://www.vfstasheel.com/landing.html>, the Kingdom of Saudi Arabia – Visa Service Center. For further information. Once this invitation is secured and certified, the actual process of issuing the visa is relatively fast and painless, taking from one day to two weeks.

3.12.2 Getting exhibits into Saudi Arabia

The following information is a brief guide on how to make exhibiting in Saudi Arabia easy.

- Firstly, always use the recommended forwarders in your country, the chamber of commerce in Palestine can help you on this. They have been recommended to you as they all have extensive knowledge about sending exhibition freight into Saudi Arabia.
- Goods without a Certificate of Origin CANNOT be cleared in Saudi Arabia, speak with the Palestinian chamber of commerce for obtaining one.
- ALL goods MUST have a serial number and country of origin EMBOSSED on them or attached with a PERMANENT sticker that cannot be removed
- Catalogues, Brochures and Literature will be referred to the Ministry of Information for verification and screening. DO NOT SEND any material showing women, women at work, alcohol or pork produce.
- Completing customs clearances in Saudi Arabia is a very delicate and time consuming exercise, so to avoid disappointment please adhere to the arrival deadlines. Please note that customs in Saudi Arabia only work from 8am – 2pm Saturday to Wednesday.
- There is NO temporary importation into Saudi Arabia for Exhibitions, all cargo MUST be cleared on a permanent basis by paying customs duties outright, these range depending on product from 5% CIF – 22% CIF. Please take this into consideration when deciding on what is to be shipped, for Palestinian goods the customs duties is 0%.
- Event material, displays and exhibits need to arrive in the Kingdom at least four weeks before the exhibition.

3.12.3 Patents/trademarks/copyright

The Saudi Arabian General Investment Authority - www.sagja.gov.sa - has all the up to date details regarding patents, trademarks and copyright laws within the Kingdom. The Acts and Laws relating to each can be found under 'Investment Climate, Some things you need to know, Laws'. The Ministry of Commerce is responsible for providing protection for trademarks and also has information on their website about what can and cannot be protected - www.mci.gov.sa It is also worth noting that not all Middle Eastern countries offer this security, nor do they have any major copyright laws, so Saudi is fairly special in terms of providing this.



3.12.4 Local representation

Saudi law does not require foreign companies to appoint a commercial agent to do business in the Kingdom. Companies can make direct sales to the private sector from outside Saudi Arabia. But in practice, appointing an agent or distributor is the most common procedure for companies wishing to enter the Saudi market. Virtually all government purchasing is conducted by local tenders and in the majority of cases only Saudi Arabian companies may bid. Foreign companies need a Saudi agent to bid for Saudi government tenders. The relationship between a foreign contractor and his Saudi agent is regulated by the Ministry of Commerce. (www.commerce.gov.sa).

3.12.5 How and where to start?

Preperations	<ol style="list-style-type: none"> 1. Your business profile and website shall be in English and Arabic 2. You present your latest brouchers, catalogs and products 3. You have the contact details of the companies you want to approach 4. You email them first; including your business profile and catalogs 5. Then, and only after you followed the above steps; You can make the first call
Introducing your business to Saudis	<ol style="list-style-type: none"> 6. During the first call you shall check on your email and make sure the received it, if not make sure to correct that. 7. If you sent this email to the general administration then you ask them to forward that to the related department and/or ask them to provide the right email 8. Once you have reached the related department (procuerment, international business, owner etc ..), you try to make it short and direct to the point, no need to promote the Palestinian products, they are aware of all. This way they will let you know right away whether they are interested to go on or not.
If they are interested	<ol style="list-style-type: none"> 9. If the person in charge is interested he/she might ask you to send a sample and detailed sheets about your product. 10. He/she will ask for price list, so make sure you review your prices and counsult with your frightforwarder on shipping



	<p>costs, customs, taxes etc.. so you provide the right price.</p> <p>11. You shall contact DHL, Aramex to send the sample to the mail of the company (make sure to get it right, sometimes the mails on the websites are not correct, or the facility has moved somewhere else but that is not updated on their website yet).</p> <p>12. Make sure you have more than 1 PCS in your sample package, including catalogs. As they might send that to different parties. And make sure you packge them nicely and properly to keep them in good shape.</p>
After receving your samples	<p>13. Once your samples arrived, make sure to follow up on to get their feedback, ask the person on "when to call to check", don't be noisy and try to be patient.</p>
<p>14. In most of the cases, sending your samples is not enough. They might ask you to come over to meet you in person and discuss the business, sales, prices, marketing activities etc..</p>	

3.12.6 What are the other essentials to know?

Etiquette: The business and cultural environment of Saudi Arabia is highly conservative. Astute readiness, and a fundamental knowledge of the Saudi culture, can make the difference between a successful business deal and a failed negotiation. Conversely it is vital to remember that a wealth of Saudi executives and government officials are familiar with 10 international culture and customs. They are therefore comfortable with the West's approach to business, provided respect is shown both ways. Businesswomen in Saudi - conducting business in Saudi Arabia is rather more challenging for women. There is still gender segregation, despite its progression in other areas. Many public places like hotels and restaurants will have communal rooms where women are served with their husbands. It is fairly rare for Muslim men to shake hands with women or adopt the familiar body contact that is common when speaking in the West. This is not exclusive: Saudis familiar with the West may act contrarily.

Negotiations: Saudi people generally demonstrate great negotiation capacities. During a business meeting, people use body language and eye contact rather than direct words. During the conversation people make assumptions about what is not said. Particular emphasis is placed on tone of voice, the use of silence, and facial cues. It is vital to be aware of these non-verbal aspects of communication in order to avoid misunderstandings. For



instance, silence is often used for contemplation and one should not feel obliged to speak during these periods. It is not unusual for Saudis avoid giving bad news and to give effusive and non-committing acceptances. Meetings are often lengthy, and negotiations may be tough, since Saudis are experts at bargaining. Stay firm and courteous at all times, but be prepared to compromise a little in the long-term interests of the relationship.

Religion: No public religious expression is permitted other than that of Islam.

Food and Alcohol: The import or possession of alcoholic beverages and pork products is not allowed. This is religious law. Offenders are open to penalties.

Public Holidays: The Saudi weekend falls on Thursday and Friday. Public holidays are taken for the two yearly Eid Festivals. During this period, all government and corporate offices are closed.

Communications: The best way to communicate with businesses is by telephone or fax. The use of e-mail is expanding, but it is still not a very reliable method of business to business communication and they often go unanswered. Any postal material should be sent by courier.

Advertising: Marketing has garnered much popularity and momentum in recent years. Helped by the overturn of the ban on television spots, businesses now utilise all the advertising avenues available, including TV, newspapers, trade magazines and billboards.

Transport: The best way to get around for business visitor is to use a chauffeured car supplied by the hotel or to use taxis. Many local business contacts will be happy to send a car to pick up foreign visitors from their hotel.

Gift Giving: It is not obligatory to give gifts when visiting a Saudi - either at the office or at home - but gifts can be helpful in the relationship building process. When offering a gift, it is likely that the gift will not be opened in front of the giver.

Saudi Arabian Dress Code: Visitors to Saudi are expected to dress in a conservative, smart fashion. Men should wear suits and ties for business meetings, despite the heat and women should wear business suits (not trousers) which leave as little flesh showing as possible. Skirts should be well below the knee and preferably ankle-length. It is also advisable for women to carry a headscarf.

- What is the time difference? The time in Saudi Arabia is GMT + 3
- What is the currency? Saudi Arabia uses the Saudi Arabia Riyal

3.12.7 Top tips for successful business in Saudi Arabia

- Business is usually family-based with all senior positions filled by family members.
- This family-orientation leads naturally to the development of strong hierarchies with the oldest male relatives being at the head of the organisation
- Age is worthy of respect and honourable visitors will display respect to older people - therefore it is good to have some older heads amongst any delegation going to Saudi.



- Try to find out the relationship tree of any company you wish to do business with. Power may not reside with a functional head if that head is not a family member or has poor relationships at the top.
- Managers tend to lead through instruction and subordinates are not expected to show initiative. If is not requested, it may not get done.
- Meetings can involve sitting in rooms with unknown people who are simultaneously meeting your contact. In effect, several meetings may take place at the same time.
- Initial meetings can be very time-consuming and appear to deliver very little in terms of tangible returns, but patience will often pay off, leading to business transactions later.
- Time is very flexible and meetings may start very late and last for many hours, so it may be best not to schedule a series of meetings on the same day.
- Teams work well if birth or kinship associates everybody in the team. Teams of strangers rarely gel effectively.
- Loud and aggressive discourse denotes engagement and interest - not anger or hostility. Do not be frightened or worried if the noise levels in meetings start to grow.
- Levels of eye contact are very strong and strong eye contact denotes sincerity and trustworthiness.
- Avoid touching anybody with your left hand or pointing feet at people as both of these are seen as extremely rude behaviour.
- Do not comment on the political situation in the Middle East or make any adverse comments about the influence of Islam.

3.13 Sales promotion

3.13.1 Trade fairs

Looking at major cosmetics and beauty care trade fairs, there are the following options:

5 th – 7 th Nov 2018	Saudi Health	Saudi Healthcare Exhibition hosts a premier platform for medical professionals, government officials, and providers of healthcare products and services to network and engage in business. This benefit from the upsurge in the Healthcare industry and reap the rewards of unparalleled exposure to key decision makers, government authorities, and high net worth investors from the KSA. The exhibition plays	https://www.exhibitionstand.com/news/34/Saudi-Health-Exhibition-2018-Riyadh-Saudi-Arabia	Riyadh
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		host to more than 16,000 healthcare professionals and host 550 of the world's leading healthcare suppliers, manufacturers and service providers.		
23 rd -26 th Jan 2019	Jeddah Dermatology & Cosmetics Conference	This conference is held annually in Jeddah. It has become mandatory to attend the conference in the region for those working in the field of Dermatology and Cosmetics. Expertise of dermatologists and other interested healthcare workers exchange ideas and help to grow in the field of specialty. Around 15,000 visitors attend this conference.	http://jedda-derm.co/wp/	Jeddah
2 nd – 4 th Dec 2018	Saudi Health and Beauty	Saudi Health and Beauty is the only meeting point for KSA's professional Beauty and Wellness industry. This show or event is the only business event dedicated to the health, beauty and wellness sector in Saudi Arabia. This event was launched in the year 2014. More than 4269 visitors and 73 exhibitors attend this event.	http://www.saudihealthandbeauty.com/	Riyadh

Jeddah Dermatology & Cosmetics Conference would actually be good event to target, since it is the biggest and it would also offer a good orientation on the competition that Palestinian companies would be facing. A joint booth, occupied by a number of companies with each just a few products could be a good option.



3.13.2 Advertisements/blogging

Placing advertisements for your cosmetics product is mostly a costly affair, since the target group is very broad and there are various women's and general magazines that you can choose from. The more readers, the higher the price in general, but since the typical spend per customer is relatively low if you offer just one or a few products, advertising is more something for the big brands.

Blogging or digital story telling can be much more effective. This is also being done by hiring brands blogger, but if you have a good concept and story here, you may get noticed and the effort pays off. Brands tell stories that create a certain style of life, a feeling of comfort, liberation and empathy, or even a desire to be a better human being. The online marketing landscape is swamping with digital storytelling. Beauty and personal care brands have, with the help of technology, been successfully utilizing the power of storytelling. A personal care product is not a high commodity, but because of its high market saturation marketers need to tell consumers more than they can actually see.

Below are 5 successful digital storytelling agencies that illustrate how companies utilize different methods of employing narratives.

15. SolutionDots

SolutionDots privileged to offer your services of Digital Marketing in Saudi Arabia. You know you're happy a customer is always being a recipe for your success. When they like you they tell other peoples. Digital Marketing is really nothing more than people talking to other peoples. Every time they say something its can be heard by hundred or thousand whom might be interesting what you are doing.

16. Solutel

Salute is a premier Digital Marketing Company, headquartered in Riyadh, KSA. We are one of the leading Digital Marketing Agencies in the Kingdom with 350+ clients across the globe. We are the reason behind the success of many businesses across the globe and we take pride in the fact that all these businesses carry Solutel's Work impression.

17. Wsistream

WSI is a digital marketing company with a strong international presence. Our Digital Marketing Consultants use their knowledge and expertise to make a difference for businesses all around the world. Headquartered in Toronto, Canada, we also have offices in over 80 countries. We're a powerful network of marketers who strive to discover, analyse, build and implement digital solutions that win digital marketing awards and help businesses succeed online.

18. Ghaliah



Ghaliah is the leading online communications agency in Kuwait, Saudi Arabia, and now in Qatar. Since the establishment in 2011, Ghaliah provides tailored communications services and mandates to help organisations leverage the increasingly significant role played by Social Media, especially in the era of internet reliance and the widespread use of smart phones. Ghaliah offers a full suite of social media marketing services for your business. No matter what size of a company you manage, Ghaliah can support branding your business, engaging with customers online, and boosting sales while sustaining reputation.

19. Ebhar

Dedicated to leading technology and digital marketing commerce expertise in Saudi Arabia, Ebhar offers unparalleled ecommerce services to corporations and businesses of all sizes throughout the country. They offer the expertise to help you build business, promote your products and services, and increase name recognition and users throughout the country.

3.13.3 Magazines

One of the options to create awareness for a brand is through advertisements in magazines, big majority receive magazines at their homes, and Options here are:

Hia	https://www.hiamag.com/
Sayidaty	https://www.sayidaty.net/
Al Jamila	https://www.aljamila.com/
Aljaras	https://aljaras.com/
Jamalouki	https://jamalouki.net/

3.13.4 Direct marketing



Direct marketing is not a widely used technique in Saudi Arabia. Personal relations between vendors and customers are highly regarded in the Kingdom. Multiple avenues of direct marketing that are practised in other countries are not common in Saudi Arabia due to Islamic precepts concerning gender segregation and privacy in the home.

The limitations of the Saudi postal system are also a factor. Businesses and private citizens use post office boxes because home delivery and postal insurance are not available. Limited direct marketing is being conducted through commercials on satellite television providing consumers with a local telephone number to arrange purchase and delivery.

Promotion and marketing communications are strongly affected by local culture and communication habits of the 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 the content of marketing communications, cultural factors need to be taken into consideration: local traditions and holidays, respect for the Islamic religion and Arabic values still constitute a strong conditioning of the mind-set of GCC nationals.



Nilo Haq | Saudi Beauty Blog:
Nilo is Saudi's voice of everything beauty. She's a talented makeup artist and founder/editor of Saudi Beauty Blog, KSA's number one beauty website. She gives advice on how to deal with everything from breakouts to bad hair days.

3.13.5 Social media

The use of social networks is very high in Saudi Arabia across all ages – even among older people. People use social networks for a mix of social and informational purposes. Among informational activities, receiving news and information ranks highest, closely followed by exploring various links on social networks to get users to external web pages.

Saudis and Arab expats use social networks similarly. As for the social platforms, Whatsapp is commonly used across all nationalities, while Instagram, Twitter and Snapchat are popular among Saudis, and Facebook is popular among expats.

For launching, promoting or advertising a product or a service, Instagram and Snapchat are the best platforms to reach the Saudis population. This is because target audiences can easily be reached. Saudis social media influencers are frequently hired to market products,



services and social events. With a significant number of followers, some companies deem it to be the effective way to deliver content to a large audience.

3.14 Market prospects

Market prospects and the right way to approach the market may vary from product to product, and also depends on whether the manufacturer has already established a brand, or typically sells products that are unbranded.

Questions to answer in this respect are:

- Retail versus spa's: this really depends on what your product looks like, what packaging quantities you want to provide, and how you want to position your product.
- Big supermarket/hypermarket chains or smaller retailers: big supermarket chains can bring you huge volumes, but the question is whether you can handle that at once. Also typical for big supermarket chains is that the price pressure is very high, they charge you for every promotion and payment terms can be extremely long. Smaller supermarket chains may have more reasonable terms.
- Branded product or white label: You can either supply the retailer or supermarket with products labelled with your own brand name or, you can supply them with unbranded products. The latter are known as "white label" products, which a retailer will then sell under their own brand or label, Supplying white label goods is likely to generate higher volumes but lower profit margins.
- Pharmacies and speciality stores: despite the availability of international brands and shops specializing in curative creams, cosmetics and hair care products, many Saudis prefer to visit pharmacies or special stores in order to acquire these products to ensure access to guaranteed medical products. Both could buy branded or white label from you.

3.14.1 Attractiveness of the Saudi beauty products market

If we look at the main characteristics of the Saudi cosmetics products market, there are advantages and challenges for suppliers from abroad.

Advantages	Challenges
Domestic demand for cosmetics is increasing in the country. Specially, demand for women's cosmetics products are rising at a fast pace	Number of import barriers and strict packaging rules



Number of domestic suppliers are less while most of the international brands are now exporting to Saudi	The high rental costs at premium locations in shopping malls as well as recent economic downturn have corrected expansion plans of beauty and personal care stores in Saudi Arabia
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Emergence of Dermocosmetics: According to Euromonitor demand for dermocosmetics is rising in the Saudi market. These products are featured in almost all beauty and personal care categories, including baby and child-specific products, colour cosmetics, and even sun care products. Some of the leading dermocosmetics brands that are sold in the market include Bioderma, Mustela and Uriage providing consumers with enhanced degree of product quality and advanced ingredients, however at a higher price compared to mass options.

3.15 Guidelines for specific product categories

Given the broad scope of this report, we thought it useful to give specific guidelines on what to do while approaching the Kingdom market for the different product groups.

There is a variety of ways in which Palestinian cosmetic companies can enter the Saudi market. There will be a number of factors that will influence the choice of strategy, including, but not limited to retail marketing, e-commerce, trade shows, private label, and pop up stores.

Below are the import sources per country per product to Saudi market:

3.15.1 Bathing beauty

Bar and liquid are well-known and eligible for free shipping at certain amount of online purchasing, the products are available online and in many specialty stores. FOUF Dead Sea Products & Rivage from Jordan, and Indigo wild from the USA, Saponat from Lebanon are the main exporters of these items to the Saudi market.

Indigo Wild Zum Bar Bulk Bath Soaps, Sea Salt	Rivage Original Dead Sea Bath Crystals Relaxing	Rivage Dead Sea Pro-Silk Shea Body Butter
--	--	--



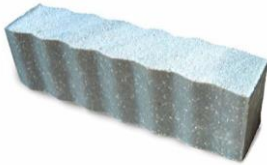








		
<p>Average selling price: 275 SAR</p>	<p>Average selling price: 82 SAR</p>	<p>Average selling price: 210 SAR</p>
<p>Rivage Original Dead Sea Bath Crystals Regenerating</p>	<p>Rivage Dead Sea Refreshing Body Spray</p>	<p>Fouf Dead Sea Body Mud</p>
		
<p>Average selling price: 82 SAR</p>	<p>Average selling price: 80 SAR</p>	<p>Average selling price: 70 SAR</p>
<p>Traditional Olive oil Soap Kit</p>	<p>Saponat Traditional Olive Oil Soap</p>	<p>Saponat traditional Olive oil soap</p>
		
<p>Average selling price: 24 SAR</p>	<p>Average selling price: 52 SAR</p>	<p>Average selling price: 10 SAR</p>




Figure 2 Bathing beauty: bar and liquid 330730/00

3.15.2 Bathing salt

The salt scrubs are well-known products and eligible for free shipping at certain amount of online purchasing, the products are available online and in many specialty stores. Vitalite from Palestine, West lab from the UK are the main exporters of these items in the Saudi market.

Vitalite Dead Sea Crystal Salts	Vitalite Aromatic Dead Sea Honey Peach Strawberry	Vitalite Dead Sea Salts scrub
		
Average selling price: 19 SAR	Average selling price: 43 SAR	Average selling price: 43 SAR
Vitalite Dead Sea Salt Scrub Coconut Vanilla	Vitalite Aromatic Dead Sea Lovelight Lavender	Vitalite Dead Sea Salt Scrub Strawberry
		



Average selling price: 49 SAR	Average selling price: 43 SAR	Average selling price: 49 SAR
WESTLAB DEAD SEA SALT		
		
Average selling price: 52 SAR		

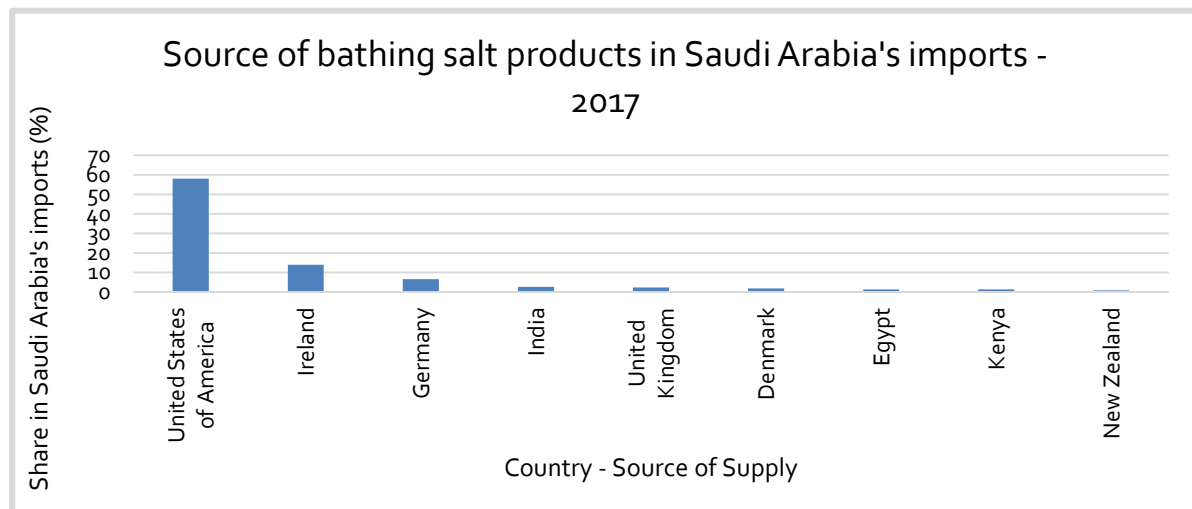











Figure 3 Bathing salt: 250100/90

3.15.3 Skin cream and lotion

The cream and lotions are known and eligible for free shipping at certain amount of online purchasing, the products are available online, supermarkets and in many specialty stores. Joon USA, Rivage and Juman from Jordan are the main exporters of these items to the Saudi market.

Dead Sea Anti-Psoriasis Cream	Dead Sea Anti-	Dead Sea Whitening Cream
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<p>Average selling price: 155 SAR</p>	<p>Average selling price: 135 SAR</p>	<p>Average selling price: 43 SAR</p>
<p>Dead Sea Anti Acne Cream</p>	<p>Dead Sea Eye Contour Cream</p>	<p>Dead Sea Mud Facial Mask</p>
		
<p>Average selling price: 130 SAR</p>	<p>Average selling price: 73 SAR</p>	<p>Average selling price: 179 SAR</p>
<p>Rivage Dead Sea Day Cream with Vitamin E</p>	<p>Rivage Dead Sea Emollient Hand Cream</p>	<p>Juman Dark spots day cream With Dead Sea Salt</p>
		
<p>Average selling price: 240 SAR</p>	<p>Average selling price: 120 SAR</p>	<p>Average selling price: 115 SAR</p>

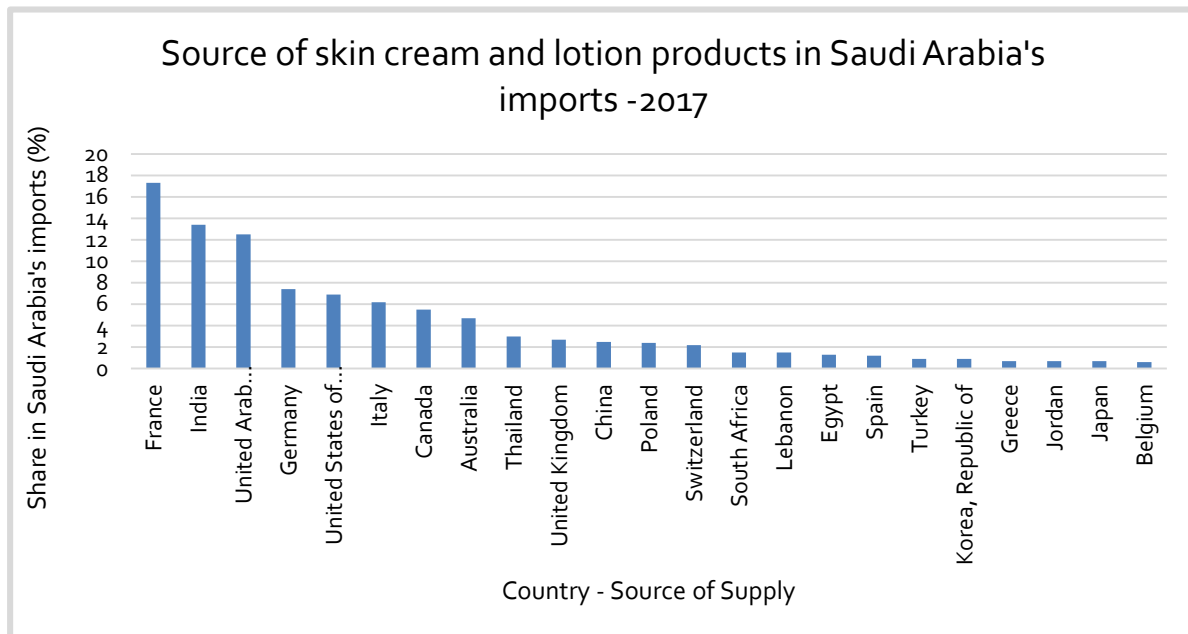


Figure 4 Skin cream and lotion: 330499/30

3.15.4 Bathing soap

The organic bathing soap are known and eligible for free shipping at certain amount of online purchasing, the products are available online, supermarkets and in many specialty stores. Joon USA, Vitalite from Palestine are the main exporters of these items to the Saudi Arabia market.

Vitalite Dead Sea black mud soap	OlivePlus Dead See Mud Soap	Dead Sea Mud Soap
		
Average selling price: 17 SAR	Average selling price: 28 SAR	Average selling price: 40 SAR
Asrar Dead Sea Mineral Soap	Vitalite Dead Sea black mud soap	Dead Sea & Collagen Whitening & Lightening



		
Average selling price: 55 SAR	Average selling price: 17 SAR	Average selling price: 25 SAR



Figure 5 Bathing soap: 340111/190

There is a variety of ways in which Palestinian cosmetic companies can enter the Saudi market. No one market entry strategy works for all international markets. There will be a number of factors that will influence the choice of strategy, including, but not limited to retail marketing, retail demonstration projects and try outs, trade shows, private label, pop up stores, shop-in-a-shop marketing and multi-channel advertising. While these factors may well increase your costs it is expected the increase in sales will offset these costs.

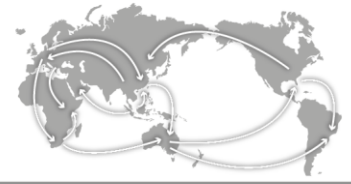
Some tips:

1. Powerful storytelling to grow

Storytelling can do wonders for a business: such as turn a brand into a legacy, create a robust marketing strategy, generate profit and win the loyalty and affection of audiences, A clearly story is the backbone of a strong marketing strategy.

2. Packaging

By placing product in attractive packaging covers, sellers can attract more customers. Sellers can highlighting the aspects of product punch line that make it different from other products; for example, list the different colours that the beauty care line consists of packaging or the sun protection aspects of the product. Sellers can also consider packaging some products together in a set to increase sales.



3. Make contact with the industry

Product appreciation by a beauty editor, established beauty company or professional in the industry makes the marketing of any beauty products easier. Sellers can send beauty editors gift baskets of its products. Host a media breakfast in which sellers can discuss their products with industry professionals. Also, sellers can discuss products with boutique owners, and inquire about placing a small supply at their stores to begin.

4. Use social media and the internet

While many companies can benefit from the use of social media to connect to potential customers, social media is ideal for the makeup industry because of the visual aspect of the products. Sellers could make a series of how-to make videos and post them to the web. Moreover, sellers can also write blogs about makeup and feature people wearing their products. Post pictures to your other social media accounts. Send a weekly or monthly newsletter to inform customers about new products or discounts.

5. Deals

In Saudi Arabia people are attracted towards deals and discounts. Seller can offer deals to customers to motivate them to buy, including buy one, get one free deals; buy one, get one half off deals; and a free gift with purchase option.

6. Workshops

Sellers can host workshops in which they can educate potential customers about skin care and makeup application. Representatives can explain how to dress up a day look to an evening look with a few quick changes. Seller can also discuss how a person's wardrobe and makeup correspond and demonstrate how makeup products work and proper application techniques by having a model on hand. As an alternative, seller can ask a member of the audience to volunteer for the task.

7. Giveaways

Sellers can send potential customers free samples of the products. Also, seller can host a monthly giveaway for a basket of free cosmetic products that are advertised on seller website or social media accounts. Additionally, sellers can give customers a certain number of entries based on the number of purchases they make.



4 Legal, political and economic factors

4.1 Political climate and stability

Political Factors

The role of the government in Saudi Arabia has grown significantly since the founding of the Kingdom. It is imperative that government evolves and improves continuously to keep pace with rising expectations, challenges and needs of its citizens. At the foundation of Vision 2030 are recent political initiatives implemented by King Salman in the first half of 2016. On May 7, 2016, the royal court released fifty decrees outlined by the King that sought to reorganize the government consistent with Saudi Vision 2030 to “focus and clarify responsibilities, and ease procedures to offer better services. Under the Strategic Directions program, the government approved the strategic directions determined by a variety of Saudi government agencies. Again, the King issued an order that abolished several departments in order to streamline bureaucracy in the government.

As the Saudi government moves toward comprehensive implementation of Vision 2030, it is also working to promote shared services across government agencies to increase productivity and raise the efficiency of government spending. The Fiscal Balance Program (FBP) is one of the Executive Programs laid out in Vision 2030 and is a key component of balancing the budget and boosting governmental performance by increasing efficiency. The initiatives in place for the Kingdom to achieve economic equilibrium by 2020 include roadmaps to enhance spending efficiency, reform energy prices, and promote non-oil revenue as part of the Fiscal Balance Program (FBP 2020) and Vision 2030 plan.

Women in Saudi Arabia have steadily gained political power. In recent years, a number of laws and decrees have empowered women, reaching from the highest consultative levels to the polls on the local level.

Economic Factors

Vision 2030 has led to a major surge in international investment in the Kingdom. Investors have long viewed the Kingdom as an attractive place to conduct business due to the emergence of key opportunities for partnership in a number of industries, including healthcare, manufacturing, and technology. Saudi Arabia also provides duty-free access to other GCC and MENA economies and enjoys reliable transport and infrastructure links.

Increasing foreign participation in Saudi Arabia’s stock exchange is among the key provisions of the National Transformation Program. In response to this investor interest, the Kingdom has gradually introduced significant changes over the course of 2016. These changes include relaxed requirements for foreign investors, plans for a secondary index and



changes to settlement cycles, and regulations for trading REITs (real estate investment trusts) for the first time.

The localization of industry under Vision 2030 offers promising opportunities for global public-private enterprises. In recognition of the logistical requirements of international partnership, Vision 2030 and preceding trade policy set out to streamline investor entrance into Saudi markets. In 2015, the Saudi Arabian General Investment Authority (SAGIA) announced that it would allow full foreign ownership of retail and wholesale businesses in the Kingdom, thereby removing the former 25% local ownership requirement. Even foreign investors are no longer required to adopt local partners in many sectors and may own real estate for company activities.

Minimum capital requirements to establish business entities range from zero to SR 30 million (\$8 million) depending on the sector and the type of investment. The principal challenge in the implementation of Vision 2030 concerns the diversification of the economy away from its dependence on oil and the efficient promotion of the private sector. The proposed initial public offering (IPO) of Saudi Aramco has generated massive interest among potential buyers and investors.

Saudi Arabia aims to achieve long-term financial returns from its domestic and international investments and is working effortlessly with the Kingdom's Vision 2030 strategy to diversify the Saudi economy. Since the release of Vision 2030, Saudi Arabia has been party to various agreements that piqued significant international interest. One of the largest investments came in the announcement of a \$3.5 billion injection into the Silicon Valley giant Uber in June 2016, highlighting the increasing internationalization of the Saudi financial profile through strategic partnerships. Saudi Arabia's Vision 2030 sets the target of increasing women's participation in the workforce from 22 to 30 percent.

Social Factors

Saudi Vision 2030 recognizes the rich cultural and social heritage that distinguishes the Kingdom as a nation rooted in its identity as the heart of the Arab and Islamic worlds. Education is widely regarded by Saudi social and political analysts as the single most important and most challenging area for change. Saudi Arabia is the world's eighth-highest education spender and recently initiated a complete review of the education system. The primary aim of the education initiatives is to enable young Saudis to fill jobs in industries currently dominated by expatriates. Vision 2030 seeks a more prominent role for families in the education of their children. Saudi Arabia will close the gap between the outputs of higher education and the requirements of the job market.

In April 2016, the Kingdom's leadership curtailed the ability of the CPVPV to arrest and interrogate individuals. As part of the regulation limiting the operations of the CPVPV, employees can no longer pursue or request identification from suspects. Employees of the CPVPV are also blocked from working outside of office hours. Efforts to increase



accountability to public will and welfare have been praised by Saudi citizens and members of the international community.

Vision 2030 recognizes that culture and entertainment are indispensable to maintaining a high quality of life. Nationwide, the government-funded “Daem-دعم” initiative will enhance the quality and range of cultural activities available to those residing in the Kingdom. Moreover, the establishment of the General Authority for Culture in May 2016 marked a historic moment in the Kingdom’s acknowledgement of the arts as one pillar of a well-rounded society. Vision 2030 has extended development within the social sector to female athletes and aspirants.

Technological Factors

Saudi Arabia represents the region's largest IT market, with strong growth in consumer and enterprise end markets. Massive public investments in infrastructure, health, and education have paved the way for advanced technology and security systems in the country with the government planning for the industry to raise its contribution to the GDP by 20% by 2020. The IT market in the country was valued at \$3.6 billion in 2011 and was expected to reach \$4.9 billion after 2014. Significant unmet demands for web-based and mobile services and increased enterprise and government commitments for web-based services provide large-scale opportunities for contractors and service providers, with massive public investments in connectivity for Economic Cities, extending unique opportunities for green field projects covering millions of users.

On March 9, 2017, Saudi Arabia’s Ministry of Communications and Information Technology signed a memorandum of understanding with IBM for the training and qualification of more than 38,000 individuals over the next four years through 30 new educational institutions in information and communication technology (ICT) programs. By 2020, about 19,000 trainees are expected to acquire certification in the field.¹⁷

Legal/Law Factors

Saudi Arabia’s first comprehensive bankruptcy law went into effect last month, one of many reforms to the legal system that economists say may be more important in the long run than high-profile privatizations. The legal reforms have attracted less media coverage because they are highly technical, but they are extensive, ranging from new laws to the creation of courts and training of judges, and they have accelerated over the past couple of years.

The importation of certain articles is either prohibited or requires special approval from the competent authorities. Importing the following products requires special approval by Saudi authorities: agricultural seeds, live animals, books, periodicals, movies, and tapes; religious

¹⁷ https://www.saudiembassy.net/sites/default/files/WhitePaper_Development_May2017.pdf



books and tapes; chemicals and harmful materials; pharmaceutical products; wireless equipment and radio-controlled model airplanes; horses; products containing alcohol (e.g., perfume); natural asphalt; and archaeological artefacts. Saudi law prohibits importation of the following products: weapons, alcohol, narcotics, pork and pork products pornographic materials, distillery equipment, retreated or used tires, used clothing and certain sculptures.¹⁸

New Changes on Import Goods

The Saudi Food and Drug Authority (SFDA) has just published the final version of the Guidance for Product Classification:¹⁹

The status of products and ingredients are now in line with the EU directive and GSO 1943, except:

- Additional restriction/prohibition for the following ingredients: Triclosan, Vitamin A, Sulphur, Urea, Zinc oxide, AHA. These items are often used in cosmetics
- Alcohol Hand Sanitizers: these products are now classified as Health Products (guidelines also available on SFDA website). Registrations for such products should now be transferred to SFDA for Listing.

Environmental Factors

Environmental sustainability cannot be divorced from economic prosperity. Leading Saudi institutions and enterprises have honoured their commitment to reducing their environmental footprint through resource conservation campaigns and preparations for greener company operations. As it transitions toward cutting-edge environmental and technological consciousness, Saudi Aramco has been developing an extensive carbon management strategy for the Kingdom that includes: supporting the Kingdom's efforts in energy efficiency that focus on all end-user sectors, expanding gas supplies, focusing on developing renewables, and boosting research and development of "win-win technologies" that could dispose of carbon while turning it into beneficial products.²⁰

4.2 International trade developments

Foreign trade plays an important role in Saudi Arabia's economy, with merchandise trade as a proportion of GDP reaching 68.6% in 2014, according to the World Bank's most recent data. This compares favourably to other economies of similar size, such as Turkey (50.1%), Indonesia (39.9%) and Argentina (25.5%). The nation's oil wealth has played a large part in

¹⁸ <https://www.export.gov/article?id=Saudi-Arabia-prohibited-restricted-imports>

¹⁹ <http://www.intertek.com/government/regulatoryupdates/saudi-cosmetics/>

²⁰ https://www.saudiembassy.net/sites/default/files/WhitePaper_Development_May2017.pdf



this role. The readily extractable nature of the Kingdom's oil has helped Saudi Aramco to establish a reputation for production stability.

One of the more interesting trade trends of recent years is the relative increase of non-oil exports from Saudi Arabia as a percentage of total trading activity. In 2011 nonoil exports accounted for 12.5% of total exports of goods and services, according to data from the General Authority for Statistics (GaStat). By 2014 the share of non-oil exports had increased to 16.9% of the total, and by 2015 its contribution had soared to 24.9% – although this precipitous rise was largely the result of declining oil prices throughout 2015. Saudi Arabia's favourable location on traditional trade routes between the East and West combines with the global demand for energy products to ensure that the Kingdom's products are directed to a wide array of markets.²¹

4.3 Trade agreements (i.e. trade advantages)

GAFTA was declared within the Social and Economic Council of the Arab League as an executive program to activate the Trade Facilitation and Development Agreement that has been in force since January 1st, 1998. The GAFTA includes in its membership 17 Arab countries:

Jordan, Morocco, Kuwait, United Arab Emirates, Syria, Tunis, Bahrain, Lebanon, Libya, Saudi Arabia, Iraq, Sudan, Oman, Egypt, Yemen, Qatar and Palestine.

GAFTA is one of the most important economic achievements in the area of Arab common work. It contributes to efforts towards establishing the Arab Common Market. As of January 1st, 2005, the agreement reached full trade liberalisation of goods through the full exemption of customs duties and charges having equivalent effect between all Arab countries members of the GAFTA, except Sudan and Yemen being less developed countries where customs duties and charges having equivalent effect will be reduced by 16% annually as of January 1st, 2005 to reach full exemption by the end of 2010 (pursuant to the resolution of the Arab League Council at its 14th meeting in Beirut regarding offering less developed Arab countries preferential treatment).

Saudi Arabia is a member of the Gulf Cooperation Council (GCC) which consists of Kuwait, Qatar, Bahrain, the UAE, Oman, and Saudi Arabia. Membership confers special trade and investment privileges within those countries. The GCC implemented a Customs Union on January 1, 2003 that stipulates free movement of local goods among member states. The member states also agreed that they would switch to a single currency by January 1, 2010 at the latest, which has not materialized as yet, and the common market proposal is still being

²¹<https://oxfordbusinessgroup.com/overview/centre-stage-kingdom-well-placed-take-advantage-its-strengths>



worked out. Saudi Arabia is also a member of the League of Arab States. The League has agreed to negotiate an Arab Free Trade Zone.

In 2003, the United States signed a Trade and Investment Framework Agreement (TIFA) with Saudi Arabia. A TIFA is typically an umbrella agreement for ongoing structured dialogue between the United States and foreign governments on economic reform and trade liberalization. The agreement promotes the establishment of legal protections for investors, improvements in intellectual property protection, more transparent and efficient customs procedures, and greater transparency in government and commercial regulations. TIFA negotiations on a wide variety of trade and trade policy issues occur every one to two years.²²

4.4 Trade barriers (both tariff and non-tariff)

As a member of the World Trade Organization (WTO), the Saudi Arabian government (SAG) has taken positive steps to become a more open, transparent, and predictable market; however, it has regressed in several key areas as well.

Saudi Arabia uses technical regulations developed both by the Saudi Arabian Standards Organization (SASO) and by the Gulf Standards Organization (GSO). Saudi Arabia continues to move toward adherence to a single standard, which is often based on International Organization for Standardization (ISO) or International Electro technical Commission (IEC) standards. Manufacturers of consumer products and automobile spare parts are particularly concerned about the widespread availability of counterfeit products.

Saudi Arabia uses the Harmonized Commodity Description and Coding System for tariff classification purposes. As a member of the Gulf Cooperation Council (GCC), it applies the GCC common external tariff of 5% to be levied on most goods imported from countries outside the GCC. Goods that compete with those produced domestically are dutiable at rates of 12% or 20 percent, depending on the industry. Certain textile imports are among the products on which the 12% rate applies. Dates are dutiable at 40 percent. Cigarettes and other tobacco products are dutiable at 100 percent. Certain goods are exempt from the common external tariff. For instance, goods manufactured within the GCC states are exempt from any duties as they are transported within the union.²³

Customs Duties or Import duty and tax will be pending and need to be cleared while importing goods into Saudi Arabia Either by a private individual or a commercial entity.

The valuation method is CIF.

²² <https://www.export.gov/article?id=Saudi-Arabia-Trade-Agreements>

²³ <https://www.export.gov/article?id=Saudi-Arabia-trade-barriers>



The import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of freight and the cost of insurance.

Below is the Duty and sales tax for cosmetics set and body soap for Saudi Arabia: ²⁴

Duty Rates	Average Duty Rate	Sales Tax(GST)	Threshold on goods
0% to 50%	4.58%	No Sales tax	No threshold

²⁴ <https://customsdutyfree.com/customs-or-import-duty-for-cosmetic-set-to-saudi-arabia/>



5 Acronym

- SFDA - Saudi Food and Drug Authority
- USD – United States Dollar
- GDP- Gross domestic product
- GBU - Global business units
- SMO - Selling and market operations
- GBS- Global Business Services
- CF - Corporate functions
- SAR – Saudi Arabian Riyal
- FBP - Fiscal Balance Program
- REIT - Real estate investment trusts
- SAGIA - Saudi Arabian General Investment Authority
- Ecosma - Electronic cosmetic notification system
- IBRCS system - Importing, Batch-Release & Clearance System
- GaStat - General Authority for Statistics
- TIFA- Trade and Investment Framework Agreement
- SAG - Saudi Arabian government
- SASO - Saudi Arabian Standards Organization
- GSO- Gulf Standards Organization
- IEC - International Electro technical Commission
- GAFTA - Greater Arab Free Trade Area