

# CEPI Brief N° 24

## Strategic positioning study of the “Soaps, Detergents and Cleaning Products” branch

### NATIONAL SITUATION

In 2004, the “Soaps, Detergents and Cleaning Products” branch comprised 170 industrial enterprises, of which 39 of 10 employees or more. The branch provides employment for 2 500 persons.

Besides, there are about a hundred micro-plants of the informal sector which operate in the packaging of bleach and a few other common cleaning products.

Household soap is produced by 11 factories, of which 7 are refineries/soap manufactures. Powder detergents are manufactured by six enterprises, of which two are multinational firms.

In Tunisia, the core industrial activity concerns mainly laundry powder detergents (90% of market share) and liquid detergents for dish-washing and other (10%).

The production value of the branch was at 176 MTND in 2003. It has increased over the period 1999 – 2003 at an average annual rate of 3%.

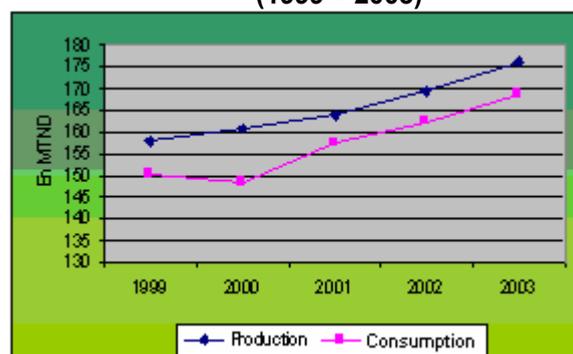
The production of detergents has increased, on its part, at an average annual rate of 5%. The production of soap, however, has decreased from 26 MTND in 1999 to 16 MTND in 2003.

Over the same period, the share of household soap in the value of production of the branch has dropped from 36% to 9%.

Value added has been in the range of 40 to 45 MTND. Its rate with respect to production has stabilised around 25% over the same period.

The investments for the branch, made between 1999 and 2003, are estimated as 39 MTND. They were realised, in part, under the national upgrading programme, with 9 approved enterprises.

**Production and consumption of the branch (1999 – 2003)**



Imports of detergents and cleaning products (exclusive of bleach) have reported an increase, between 1999 and 2003, at an average annual rate of 14%, thus passing from 9 MTND to 14 MTND.

Exports for the branch, consisting at 90% of powder detergents, have been of 20 MTND on average between 1999 and 2003.

The cover rate for the branch, calculated considering the imports of raw materials, has ranged, over the same period, between 48 and 65%.

### INTERNATIONAL SITUATION

The 10 major producers of detergents are the USA, China, India, Mexico, Brazil, Italy, Germany, Japan, France and Spain.

On world level, the consumption of conventional powders is on the increase.

In developing countries, soap remains the most commonly used detergent.

Powder concentrates are quite considerable in the USA, Japan and Germany.

Liquid detergents tend to be more commonly used in the USA.

In Europe, the consumption of detergents tends to be on the decrease due to awareness-raising among the consumers to use the right dose for various washing tasks.

Today, conventional powder and compact powder share the European market, at about 45% each. Liquid detergents hold a mere 10%.

Producers have been launching specific detergents for various uses and/or attractive forms of display of detergent products.

The consumption of bleach is stable in Europe in terms of volume and is slightly on the increase in terms of value: emergence of more sophisticated products.

### Raw materials

In industrialised countries, detergent raw materials have undergone drastic changes in the past decade.

The trend is to substitute alkyl benzene sodium sulphonates by biodegradable detergents of natural origin.

## **INTERNATIONAL COMPARISON**

The production of detergents and cleaning products is on the increase in Tunisia, while in the reference European countries (France, Germany, Spain, Italy) it is rather stable, if not on the decrease.

Like in Europe, household soaps in Tunisia are losing ground to detergents.

Foreign exchanges of detergents are as low for Tunisia as for the EU.

The prices of detergents in Tunisia are comparable to those prevailing in the reference European countries. By 2008, Tunisian prices will be even cheaper.

However, products in Tunisia and Europe are different in terms of formulation, as the raw materials used are not identical. In Tunisia, detergents are based on phosphates, which is suitable as far as detergency is concerned, but not so suitable from an environmental standpoint.

The sale price of household soap in Europe is higher than in Tunisia, due to a richer formulation.

In Tunisia, enterprises are smaller in size than those in the reference countries.

Except for the two multinational firms, the management of the production should be improved in the branch enterprises in Tunisia.

## **OBJECTIVES 2008**

The branch enterprises should act in order to preserve their niche and face foreign competition, and this by:

- o offering quality detergent products at a competitive price on the local market;
- o developing more sophisticated products in order to carve themselves a niche and prepare for competition.

## **RECOMMENDED STRATEGIES**

The strategies of the two multinational firms are set by their parent company; yet, they should consider developing their exports in order to boost their return on investment.

Concerning the small and medium-sized enterprises (SMEs), the recommended strategy should rest on grouping, partnership and specialisation in order to be able to offer sub-contracting services to larger enterprises.

As for the manufacturers of household soap, they should focus on toilet or semi-toilet soap.

## **NICHES AND FLOURISHING MARKETS**

The powder and liquid detergents market in Tunisia is in a growth phase. This growth obtains at the expense of household soap.

Liquid detergents for linen washing are not yet thick on the ground, unlike liquid detergents for hand dish-washing which are firmly established on the Tunisian market, and for which development prospects are significant.

The fabric softener market is emergent and is set for significant growth.

Bleach is expanding, since it is commonly used, but there are many "illicit" producers. With mandatory standardisation, and with 69 enterprises having already obtained the standard label NT, this phenomenon is being gradually brought under control.

The remaining cleaning products (liquid detergents for window glass, etc) are "niche" markets which are likely to develop in future in step with the rise in the consumer's purchasing power.

The toilet soaps market is slowly on the increase and the transition takes place with the emergence of semi-toilet soaps.

## **ACTIONS TO UNDERTAKE**

### **1. Actions within enterprises**

- development of new products: multi-purpose products at enticing prices, luxury products, dose tablets . . .;
- conducting technical and organisational audits with a view to rationalising the industrial tool;
- training.

### **2. Actions within the profession**

- setting up a Technical Detergence Department at the Technical Chemistry Centre;
- awareness-raising among enterprises as to the long-term development of the branch and to upgrading.

### **4. Project files**

The study comprises four project files to be promoted:

Project N° 1: Liquid concentrated detergent in supple packet;

Project N° 2: Concentrated bleach

Project N° 3: Detergent bleach

Project N° 4: Textile softener.