Passport

HOME CARE IN COLOMBIA

Euromonitor International

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HOME CARE IN COLOMBIA

EXECUTIVE SUMMARY

Home Care Continues With Positive Growth Rates

During 2013 sales of home care products continue displaying positive rates. As most of the categories have reached maturity and competition is intensifying, volume sales saw faster growth motivated by minimal price movements and strong promotional activity.

Value-added Products Are Emerging at A Faster Pace

A growing middle class and easy access to credit have provided Colombians with higher disposable income, which is benefiting sales of value-added products that simplify household chores. Manufacturers have responded and have been introducing products with enhanced formulations and value added properties in order to keep sales growing at healthy rates since most home care categories are mature and thus tend to record sluggish growth in value sales.

Multinational Companies Remain the Most Important Players

Foreign companies continue to dominate home care and have been able to adapt to the Colombian market by developing fragrances and a variety of packaging sizes suitable for different distribution channels. However, during 2013, local companies fare better compared to multinationals driven by innovation, price and distribution.

Grocery Retailers Dominate Home Care Sales

In spite of the fact that home care products are distributed through different channels, grocery retailers remains the most important channel, generating 95% of value sales. Within grocery retailers, small independent grocers has shown more dynamism, as manufacturers consider this an important channel that reaches a wide group of consumers and on the other hand is less affected by strong promotional activities that are carried out in modern retailers which affects margins of companies. Over the review period, formats like discounters and warehouse clubs have emerged and they will transform the distribution landscape in the coming years, posing challenges to manufacturers that will see increasing competition from private label products as well as imported products at low prices.

Optimistic Prospects for Home Care Products

The rising number of households expected during the forecast period and the prospects of declining prices in constant value terms in the more mature categories, will underpin volume sales growth. On the other hand, it is expected that disposable income will continue improving and companies, in order to drive value sales, will focus on the launch of value-added products and more convenient formats to suit the needs of smaller households that have little time for domestic chores and are more willing to pay for such products.

KEY TRENDS AND DEVELOPMENTS

Challenging Environment for Competition in Home Care Products

In recent years, Colombia has been witnessing intensified promotional activity in modern retailers that not only have promotions during certain months, but on certain days or times, offering hard discounts to consumers, designed to keep them interested and returning to the stores.

The promotional activity that large retailers carry out is forcing more often manufactures to offer “2-for-1 or 2-for-3” deals as well as extra content for the same price, in order to remain appealing to consumers and to face spot promotions that in some cases benefit one brand. As home care products are very sensitive to prices and brand loyalty is scarce, manufacturers have been forced to sacrifice margins in order to encourage purchases.

Besides the intense promotional activity, over the review period the new formats like hard discounters and warehouse clubs have been making inroads and banners like D1, Pricesmart and Ara from Jerónimo Martins are now common.

The new players have been carrying out aggressive price deals, and hard discounters like D1 and Ara are positioning in mid-sized cities as well as in popular neighbourhoods of larger cities like Medellín and Bogotá, for example, attracting consumers in low- to middle-income segments, which are constantly looking for the best deals in particular in home care products that are the most expensive items among basic household products.

Outlook

The aggressive promotional campaigns along with the new retail formats benefit consumers that have the opportunity to acquire a wide range of products at low prices, which are likely to continue witnessing low fluctuations over the forecast period.

The entrance of new retail formats reflects the changes in consumption patterns, in which Colombians are looking more often for the best deals in terms of price and this behaviour will shape competition in home care products.

Hard discounters are attracting a critical mass towards their premises with a promise of variety of products, quality and low prices and the importance of these players relays in the expansion of the Colombian middle class that over the past decade grew from 15% to 28% of the total population, and consumers in this segment are looking to include in their purchases, more products that offer convenience, but in general are not willing to pay high prices for them. Warehouse clubs for their part are likely to remain more oriented to consumers in middle-high to high-income segments and as they expand to other Colombian cities, supermarkets and hypermarkets may also suffer the impact of the newcomers.

Thus, hard discounters and warehouse clubs that were practically non-existent in the country, may become important channels over the forecast period, taking away share mainly from modern retailers rather than independent small grocers, which are expected to continue as the most important, supported by cultural factors that put them in a privileged position.

The changes in the distribution landscape over the forecast period are likely to favour consumers that will see more available brands, new products and a faster pace of innovation as manufacturers will be forced to introduce more often novelties aimed to tap niches and reach consumers in higher income segments that are willing to pay more for convenient products that help reduce the time they have to dedicate to chores.

Liquid Formats Are Gaining Momentum

Traditionally, laundry powder detergents and solid dishwashing products have been the most popular in Colombian households supported mainly for their lower price compared to liquid formats, and the limited availability of liquid presentations.

However, liquid formats have been gaining ground and over the review period, liquid laundry detergents and liquid hand dishwashing products have been outperforming compared to the traditional presentations. As disposable income conditions improve, consumers have been moving to more premium products that are also more convenient and gentle on clothes and dishes, and manufactures have been promoting more often the benefits of the liquid formats showing that they are not as expensive as people think, because with one dose of liquid they can do twice the load of laundry as well as double the dishes.

Companies are also promoting that with liquid products consumers can obtain enhanced results as stains and grease are removed more efficiently. As a result, it has been observed that brands like Fab, Ace, Ariel and Lavomatic, which are traditionally in powder formats in laundry care, have been launching liquid versions and that new players like Blancox entered directly with liquid detergent as it is a fast growing category compared to powders and bars. Something similar is happening in dishwashing products, as brands like Axion, although historically found in liquid format, are now more often found in bundled promotions of solid and liquid products and have developed economy packaging in self standing pouches, to attract a wider base of consumers. Other brands that compete in solid dishwashing, like Loza Crem, Fassi and Lozy, have also launched liquid versions.

Outlook

Although liquids will see strong growth over the forecast period, more education about the advantages and adequate dosage is needed, so consumers really can appreciate their benefits and thus are enticed to increase their purchases. One of the constraints for expansion among higher income segments is that the use of domestic help is still important and maids usually are more reluctant to change to liquid products as they believe that they need a greater quantity to equal the performance of powder and solid products. However, with the recent labour regulations that formalise domestic help, it is more expensive to hire a maid so women will be forced more often to take care of household chores by themselves and thus will move to more efficient products, benefitting sales of liquid formulations.

It is expected that as a result of the changing patterns in consumption, solid dishwashing and powder laundry detergents will enter into a path of vegetative growth and decreasing prices, but will not disappear as most of the low-income Colombian population will continue using them as they are cheaper compared to the alternatives.

Eco-friendly Home Care Products Still Underdeveloped

In Colombia, the development of environmentally-friendly products is scarce, in spite of the fact that there are rising concerns about the environment but actions are more focused on recycling and efficient use of resources, like water and energy.

In home care, the major concerns of Colombians are related to price, performance and fragrance, as they seek superior functions for the lowest possible price, and that has been constraining the massive introduction of eco-friendly products, which are also perceived as more expensive.

One of the most outstanding launches was made by local company Detergentes SA in 2011 with laundry detergent Top Terra, and although the product is still in the market, purchases are mainly by affluent consumers.

Outlook

It is likely that although concerns about environmental issues will continue rising as consumers are better educated, this will not necessarily be reflected in increasing demand for eco-friendly home care products.

As globally, there is a fast moving trend to be eco-friendly, but the concerns over poor function of eco-friendly home care products may be a threat to growth over the forecast period. On the other hand, it is important to highlight that in Colombia, most of the demand for home care products comes from consumers in low- to middle-low income segments that account for 70% of sales, along with the high levels of informality that according to DANE is around 50% of the total working population. This is a huge barrier to massive expansion of eco-friendly products, as most of those consumers buy in small quantities and are more concerned about price than the environment as they have tight budgets.

The development of green products may come from small manufacturers that will aim to target niche consumers that are willing to pay the extra price for such products. However, they might be marketed through direct selling or through internet retailing as securing a presence in modern retailers is costly.

MARKET INDICATORS

Table 1 Households 2008-2013

	2008	2009	2010	2011	2012	2013
Households ('000)	11,548.8	11,886.3	12,228.6	12,575.6	12,927.3	13,283.7
Average number of occupants per household (number)	3.9	3.9	3.8	3.7	3.7	3.6

Source: Euromonitor International from official statistics

MARKET DATA

Table 2 Sales of Home Care by Category: Value 2008-2013

Col$ billion

	2008	2009	2010	2011	2012	2013
Air Care	58.5	62.9	67.8	73.7	80.1	87.3
Bleach	171.9	187.4	217.1	246.0	266.8	285.6
Dishwashing	170.6	176.4	187.3	195.5	205.7	215.0
Home Insecticides	282.6	293.4	311.3	331.7	347.7	361.1
Laundry Care	1,008.0	1,078.3	1,122.8	1,168.5	1,226.5	1,283.2
Polishes	151.5	160.1	168.4	176.5	185.2	192.9
Surface Care	232.2	249.3	265.7	283.0	301.5	313.6
Toilet Care	9.7	10.0	10.9	11.7	12.4	13.1
Home Care	2,085.0	2,217.8	2,351.3	2,486.5	2,626.0	2,751.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Sales of Home Care by Category: % Value Growth 2008-2013

% current value growth

	2012/13	2008-13 CAGR	2008/13 Total
Air Care	9.0	8.3	49.2

Bleach	7.0	10.7	66.1
Dishwashing	4.5	4.7	26.0
Home Insecticides	3.9	5.0	27.8
Laundry Care	4.6	4.9	27.3
Polishes	4.1	4.9	27.3
Surface Care	4.0	6.2	35.1
Toilet Care	5.4	6.2	35.0
Home Care	4.8	5.7	32.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 NBO Company Shares of Home Care: % Value 2009-2013

% retail value rsp

Company	2009	2010	2011	2012	2013
Unilever Andina Colombia SA	4.2	3.9	11.6	10.9	10.9
Procter & Gamble de Colombia SA	9.6	10.0	10.2	10.4	10.6
SC Johnson & Son Colombiana SA	10.2	10.2	10.4	10.1	9.8
Detergentes SA	9.2	8.9	8.7	8.5	8.4
Colgate-Palmolive & Cia	16.1	16.1	8.2	8.0	7.9
Reckitt Benckiser de Colombia SA	6.3	6.2	6.3	6.2	6.2
Clorox de Colombia SA	3.9	4.4	4.7	4.8	4.9
Brinsa SA	2.9	3.4	3.9	3.9	4.2
PQP SA	1.8	2.3	2.7	2.7	2.8
Azul K SA	2.2	2.4	2.4	2.7	2.7
Lloreda SA	2.9	2.7	2.5	2.6	2.5
Beisbol de Colombia SCA	2.4	2.2	2.2	2.2	2.0
JGB SA, Laboratorios	1.0	1.1	1.2	1.2	1.3
Laboratorios Cofarma SA	0.8	0.9	0.9	1.0	1.0
Industrias Bisonte Ltda	0.9	0.9	0.9	0.9	0.9
John Restrepo A y Cia Ltda	0.9	0.9	0.8	0.8	0.8
Quala SA	-	-	-	0.4	0.8
Casa Luker SA	0.8	0.8	0.8	0.8	0.8
Amway Colombia SA	0.7	0.9	0.8	0.7	0.7
Supertiendas y Droguerías Olímpica SA	0.3	0.3	0.3	0.3	0.3
Productos El Sol Ltda	0.3	0.3	0.3	0.2	0.2
Industrias Frotex SA	0.2	0.2	0.2	0.2	0.2
Simoniz SA	0.1	0.1	0.2	0.2	0.2
Industrias Katori SA	0.2	0.2	0.2	0.2	0.2
Ensueño Ltda	0.1	0.1	0.1	0.1	0.1
GCH de Colombia Ltda	0.1	0.1	0.1	0.1	0.1
Schering-Plough SA	0.3	0.3	0.3	0.1	0.0
Refisal SA	-	-	-	-	-
Private Label	3.5	3.6	3.7	4.0	4.0
Others	18.3	16.6	15.3	15.6	15.7
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 LBN Brand Shares of Home Care: % Value 2010-2013

% retail value rsp

Brand	Company	2010	2011	2012	2013
Fab	Unilever Andina Colombia SA	-	6.3	6.3	6.4
Ariel	Procter & Gamble de Colombia SA	5.8	6.0	6.1	6.2
Raid	SC Johnson & Son Colombiana SA	4.9	4.9	4.7	4.5
As	Detergentes SA	3.3	3.4	3.6	3.7
Blancox	Brinsa SA	2.9	3.3	3.2	3.3
Axion	Colgate-Palmolive & Cia	3.1	3.1	3.1	3.1
Rey	Detergentes SA	3.7	3.4	3.2	3.0
Soflan	Colgate-Palmolive & Cia	3.2	3.2	3.0	2.9
Clorox	Clorox de Colombia SA	2.3	2.5	2.7	2.8
Detergente 123	PQP SA	2.3	2.7	2.7	2.8
Rindex	Procter & Gamble de Colombia SA	2.1	2.3	2.4	2.3
Baygon	SC Johnson & Son Colombiana SA	1.8	1.9	1.9	1.8
Coco	Lloreda SA	2.3	2.1	1.9	1.8
Limpido	Clorox de Colombia SA	1.6	1.8	1.8	1.8
Glade	SC Johnson & Son Colombiana SA	1.6	1.6	1.6	1.6
Sanpic	Reckitt Benckiser de Colombia SA	1.5	1.5	1.5	1.5
Azul K brands	Azul K SA	1.1	1.2	1.3	1.4
Ajax	Colgate-Palmolive & Cia	1.4	1.4	1.3	1.3
Yes	JGB SA, Laboratorios	1.1	1.2	1.2	1.3
Puro	Unilever Andina Colombia SA	1.3	1.2	1.2	1.1
Loza Crem	Brinsa SA	0.4	0.6	0.8	0.9
Azul-K	Azul K SA	1.2	1.1	1.0	0.9
Varela	Unilever Andina Colombia SA	1.4	1.4	0.8	0.9
Búfalo	Industrias Bisonte Ltda	0.9	0.9	0.9	0.9
Top	Detergentes SA	0.8	0.9	0.9	0.9
Beisbol	Beisbol de Colombia SCA	1.6	1.6	1.6	0.9
Cherry	Reckitt Benckiser de Colombia SA	0.9	0.9	0.9	0.9
Downy	Procter & Gamble de Colombia SA	1.0	1.0	0.9	0.8
Lava	John Restrepo A y Cia Ltda	0.9	0.8	0.8	0.8
Aromatel	Quala SA	-	-	0.4	0.8
Fab	Colgate-Palmolive & Cia	6.3	-	-	-
Vel	Colgate-Palmolive & Cia	1.0	-	-	-
Private label	Private Label	3.6	3.7	4.0	4.0
Others		32.4	32.1	32.4	32.7
Total		100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Penetration of Private Label in Home Care by Category: % Value 2008-2013

% retail value rsp

	2008	2009	2010	2011	2012	2013
Bleach	4.9	5.7	6.6	7.4	8.7	8.7

Dishwashing	14.5	14.5	13.2	12.1	12.1	12.2
Home Care	3.5	3.5	3.6	3.7	4.0	4.0
Laundry Care	3.3	3.2	3.4	3.6	3.7	3.8
Polishes	2.7	2.7	2.7	2.6	2.7	2.6
Surface Care	1.1	1.2	1.4	1.4	1.8	1.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 Distribution of Home Care by Format: % Value 2008-2013

% retail value rsp

	2008	2009	2010	2011	2012	2013
Store-Based Retailing	99.6	99.3	99.1	99.0	98.9	98.8
- Grocery Retailers	95.2	92.8	92.6	94.2	95.1	95.3
-- Modern Grocery Retailers	71.3	69.5	69.1	70.6	71.0	71.1
--- Convenience Stores	0.0	0.0	0.0	0.0	0.1	0.1
--- Discounters	-	-	-	-	-	-
--- Forecourt Retailers	-	-	-	-	-	-
--- Hypermarkets	32.1	32.3	32.6	33.6	34.0	34.1
--- Supermarkets	39.2	37.2	36.5	37.0	36.9	37.0
-- Traditional Grocery Retailers	23.9	23.3	23.6	23.6	24.1	24.2
--- Food/drink/tobacco specialists	-	-	-	-	-	-
--- Independent Small Grocers	23.9	23.3	23.6	23.6	24.1	24.2
--- Other Grocery Retailers	-	-	-	-	-	-
- Non-Grocery Retailers	4.4	6.5	6.5	4.8	3.8	3.5
-- Health and Beauty Specialist Retailers	0.9	0.9	0.9	0.5	0.7	0.3
-- Mixed Retailers	0.1	0.1	0.1	-	-	-
--- Department Stores	0.1	0.1	0.1	-	-	-
--- Mass Merchandisers	-	-	-	-	-	-
--- Variety Stores	-	-	-	-	-	-
--- Warehouse Clubs	-	-	-	-	-	-
-- Other Non-Grocery Retailers	3.4	5.5	5.5	4.2	3.1	3.2
Non-Store Retailing	0.4	0.7	0.9	1.0	1.1	1.2
- Vending	-	-	-	-	-	-
- Homeshopping	-	-	-	-	-	-
- Internet Retailing	-	-	-	-	-	-
- Direct Selling	0.4	0.7	0.9	1.0	1.1	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 8 Distribution of Home Care by Format and Category: % Value 2013

% retail value rsp

	AC	B	DW	HI	LC	PO
Store-Based Retailing	100.0	100.0	97.3	100.0	99.3	100.0
Grocery Retailers	98.6	99.8	96.2	94.5	94.3	97.1
Modern Grocery Retailers	92.6	84.4	66.2	48.2	68.2	85.1

Convenience Stores	0.0	0.0	0.7	0.0	0.0	0.0
Discounters	0.0	0.0	0.0	0.0	0.0	0.0
Forecourt Retailers	0.0	0.0	0.0	0.0	0.0	0.0
Hypermarkets	38.8	39.1	38.2	25.0	32.1	41.0
Supermarkets	53.8	45.3	27.4	23.3	36.1	44.1
Traditional Grocery Retailers	6.0	15.4	30.0	46.3	26.1	12.0
Food/drink/tobacco specialists	0.0	0.0	0.0	0.0	0.0	0.0
Independent Small Grocers	6.0	15.4	30.0	46.3	26.1	12.0
Other Grocery Retailers	0.0	0.0	0.0	0.0	0.0	0.0
Non-Grocery Retailers	1.4	0.2	1.1	5.5	5.0	2.9
Health and Beauty Specialist Retailers	1.4	0.0	0.0	0.0	0.4	0.0
Mixed Retailers	0.0	0.0	0.0	0.0	0.0	0.0
Department Stores	0.0	0.0	0.0	0.0	0.0	0.0
Mass Merchandisers	0.0	0.0	0.0	0.0	0.0	0.0
Variety Stores	0.0	0.0	0.0	0.0	0.0	0.0
Warehouse Clubs	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Grocery Retailers	0.0	0.2	1.1	5.5	4.6	2.9
Non-Store Retailing	0.0	0.0	2.7	0.0	0.8	0.0
Vending	0.0	0.0	0.0	0.0	0.0	0.0
Homeshopping	0.0	0.0	0.0	0.0	0.0	0.0
Internet Retailing	0.0	0.0	0.0	0.0	0.0	0.0
Direct Selling	0.0	0.0	2.7	0.0	0.8	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

	SC	TC
Store-Based Retailing	94.6	100.0
Grocery Retailers	93.6	99.5
Modern Grocery Retailers	85.1	88.5
Convenience Stores	0.0	0.0
Discounters	0.0	0.0
Forecourt Retailers	0.0	0.0
Hypermarkets	39.5	39.9
Supermarkets	45.6	48.6
Traditional Grocery Retailers	8.5	11.0
Food/drink/tobacco specialists	0.0	0.0
Independent Small Grocers	8.5	11.0
Other Grocery Retailers	0.0	0.0
Non-Grocery Retailers	1.0	0.5
Health and Beauty Specialist Retailers	0.4	0.3
Mixed Retailers	0.0	0.0
Department Stores	0.0	0.0
Mass Merchandisers	0.0	0.0
Variety Stores	0.0	0.0
Warehouse Clubs	0.0	0.0
Other Non-Grocery Retailers	0.6	0.2
Non-Store Retailing	5.4	0.0
Vending	0.0	0.0
Homeshopping	0.0	0.0
Internet Retailing	0.0	0.0
Direct Selling	5.4	0.0
Total	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources
Key: AC = air care; B = bleach; DW = dishwashing; HI = home insecticides; LC = laundry care; PO = polishes; SC = surface care; TC = toilet care

Table 9 Forecast Sales of Home Care by Category: Value 2013-2018

Col$ billion

	2013	2014	2015	2016	2017	2018
Air Care	87.3	92.4	98.2	104.4	110.9	117.9
Bleach	285.6	300.8	317.7	335.9	354.9	375.4
Dishwashing	215.0	221.2	227.7	234.1	240.9	247.9
Home Insecticides	361.1	368.5	376.6	384.6	393.3	402.4
Laundry Care	1,283.2	1,323.5	1,358.9	1,397.6	1,439.8	1,482.9
Polishes	192.9	196.9	201.2	205.7	210.3	215.1
Surface Care	313.6	322.9	332.7	342.6	352.9	363.5
Toilet Care	13.1	13.5	13.9	14.3	14.7	15.1
Home Care	2,751.8	2,839.6	2,926.8	3,019.2	3,117.7	3,220.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 10 Forecast Sales of Home Care by Category: % Value Growth 2013-2018

% constant value growth

	2013-18 CAGR	2013/18 TOTAL
Air Care	6.2	35.1
Bleach	5.6	31.4
Dishwashing	2.9	15.3
Home Insecticides	2.2	11.5
Laundry Care	2.9	15.6
Polishes	2.2	11.5
Surface Care	3.0	15.9
Toilet Care	3.0	15.7
Home Care	3.2	17.0

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

SOURCES

Sources used during research include the following:

Summary 1 Research Sources

Official Sources	Bancoldex
	Departamento Administrativo Nacional de Estadistica (DANE)
	Departamento Nacional de Planeación (DNP)
	IBOPE
	ILACAD
	Instituto Nacional de Vigilancia de Medicamentos & Alimentos

	Ministerio de Comercio Exterior
	Presidencia de la Republica
	Superintendencia de Industria y Comercio
	Superintendencia de Sociedades
Trade Associations	Asociación Nacional de Empresarios de Colombia (ANDI)
	Asociación Nacional de Tenderos
	Cámara de Comercio de Bogotá
	Confederación Colombiana del Algodón (Conalgodon)
	Federación Nacional de Comerciantes (Fenalco)
Trade Press	Caracol Noticias
	Colombia.com
	Confidencial Colombia
	Crónica del Quindío
	Diario ADN
	Diario El País
	Diario Portafolio
	Dinero
	El Espectador
	El Heraldo
	El Tiempo
	El Universal
	La Nota Digital
	La Opinión
	La República
	M2M
	Marcas y Mercados
	Periodico Mira
	Portafolio
	Radio Santafe
	Revista Dinero
	Revista Gerente
	Revista Pym
	Sevenoticias.com
	Supermercado
	Vanguardia Liberal

Source: Euromonitor International