

Brazil's Cosmetic King O Boticário Wants Bigger Piece of Foreign Pie

Contributed by Geovana Pagel
Thursday, 13 July 2006

The Brazilian factory of perfumes and cosmetics O Boticário, located in São José dos Pinhais, in the southern Brazilian state of Paraná, is inaugurating another exclusive store in Saudi Arabia this month.

The chain of franchises already has two stores in the Arab country, in Riyadh and Dammam, a showroom in Cairo, Egypt, as well as 105 points of sale in Saudi Arabia and 20 in the United Arab Emirates.

The expansion project for the brand in the Arab market foresees the installation of nine stores. According to the manager, yet this year, probably in October, the fourth store will be installed in Dubai, in the United Arab Emirates.

The other ones haven't yet a date and place established. "These exclusive stores are part of the continuity process for brand consolidation in the Arab market," stated Roberto Garcia Neves, manager for the International area at the company.

"First we entered the channels that are traditional in toiletry, the points of sale. Before opening a store we experimented the local market for approximately two years. As of the moment we had market feasibility, we established a partnership with a local investor," explains the manager. In Saudi Arabia, Nahara Trading is the company's partner.

"The Gulf is the market with greatest per capita consumption of fragrances. That's why it presents itself as a market with excellent growth potential for the cosmetics sector," he remarked.

Winning the region happened after a lot of market research. "We carried out researches on the smelling senses in all potential markets. It wasn't different with the Arab market," he assures.

The Arabs consume principally perfumes, men's and women's, and the make-up line from O Boticário. "As Brazilian make-up was developed from the various ethnic groups existing in Brazil, it is adequate for all markets. We have all chances of pleasing the Arab women who really care for their appearance," celebrates Neves.

According to the manager, the export volume is still small, representing 3% of the company's annual revenues, which in 2005 were 2 billion reais (US\$ 911 million), but it is part of a long-term strategy to introduce an unknown brand in such a competitive market, used to great international brands.

"O Boticário wants to internationalize more and more. We are already in Europe, the United States and the Middle East," he highlights. The company's internationalization plan consumed an investment of about US\$ 43 million in the last few years.

Profile

O Boticário started its story in 1977 as a small prescription pharmacy in downtown Curitiba, capital city of Paraná, in southern Brazil. Between direct and indirect jobs, O Boticário generates about 12,000 jobs. The factory alone, located in São José dos Pinhais, has about 1,100 employees.

In Brazil, the company counts on more than 2,400 stores. In the international market, the brand is present in 55 stores and 1002 points of sales spread around 24 countries.

The O Boticário line of products counts on approximately 600 items, amongst products for body care, facial care, sun blocks, make-up, perfumes, deodorant, soaps and shampoos.

In January 2006, O Boticário received, in New York, the award The International Retailer of the Year, from The National Retail Federation of the United States.

The prize is an acknowledgement to companies and businessmen in retail that contribute substantially with the sector through their leadership, creativity and innovation.

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