

# KINGDOM OF SAUDI ARABIA

## *Dental Market Study*



*March 2007*

Population: ~ 23-26 million (2006)

GDP: \$ 352 billion (2005)

GDP Per Capita: \$ 12,900 (2005)

Inflation: 0.7% (2005)

Total Imports : SR 221 billion (2004)

Total Exports : SR 486 billion (2004)

Currency: Riyal (1 US Dollar = 3.75140 Saudi Riyal) as of 19<sup>th</sup> Feb 2007



# Market Segmentation . . .

## The Saudi dental market segmentation

### Cosmetics, consumables segment

American firms hold an estimated 70% market share

Few changes are expected in this segment of the market

Colgate-Palmolive, SmithKline Beecham, Procter & Gamble, Binzagr Lever are the major players



### Equipment and tools segment

Primarily sourced from Europe, especially from Germany which accounts for half the import market, followed by the U.S. at 25%

The balance of equipment and tools suppliers is expected to change over the next few years

The search for low prices is likely to direct a much larger portion of the market toward Japan, Italy, Pakistan, Taiwan and Korea



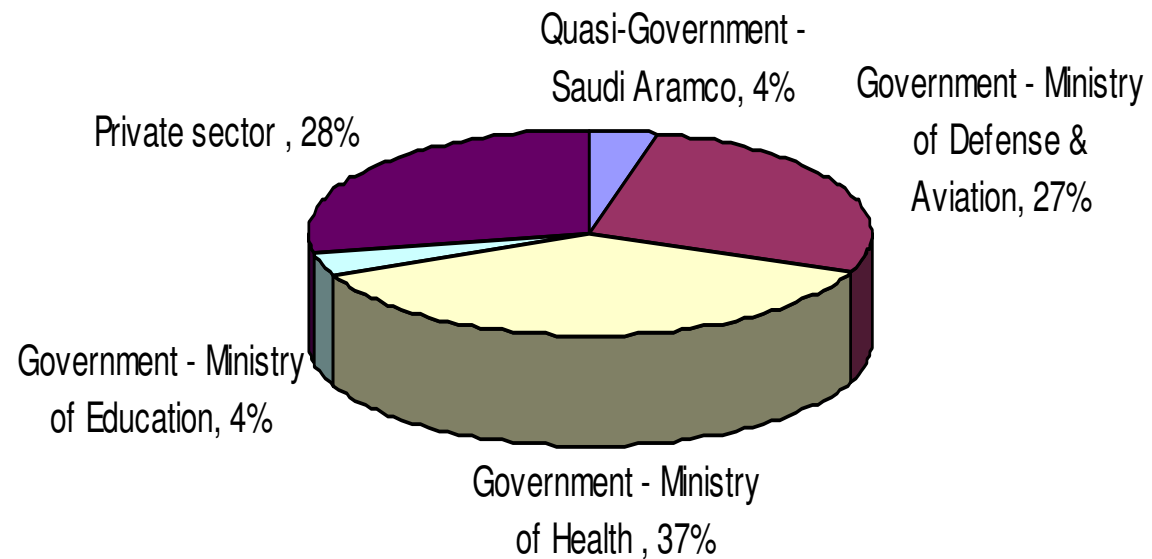
## *The Saudi Dental Market Key Points . . .*

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- ❖ Saudi Dental market relies entirely on imports. No dental products are manufactured locally. It is illegal for foreign firms to operate in Saudi Arabia without a local sponsor
- ❖ The Saudi Government provides free dental treatment to Saudi nationals. Dental clinics provided by the public sector are housed within hospitals. Private sector hospitals also have dental clinics. In addition there are also numerous independent private clinics
- ❖ Around 2/3<sup>rd</sup> of the sector is run by the (MoH) Ministry of Health, with the remaining third split between the private sector and other public providers. The military and security services are major providers in Saudi Arabia; they often operate the most advanced facilities
- ❖ In 1997, the Saudi Government stopped giving free dental treatment to non-Saudis, thus providing a stimulus to private dental clinics
- ❖ Import figures for 1998 were estimated to be \$18 million. American companies representing 37% of the market, German suppliers at 43%, and other European and Far Eastern suppliers at 20% (*Estimate: Year 1998*)
- ❖ In recent years, an increasing number of doctors and clinic owners are looking away from German and American suppliers towards other European and Far Eastern markets for cheaper products
- ❖ European and Far Eastern countries providing less expensive items are expected to increase their market share over the next few years.

## *The Saudi Dental Market Key Points . . . (continued...)*

- ❖ Government hospitals purchase through large government tenders, which are only open to local suppliers. The private sector makes its purchases on a more irregular basis from local suppliers and from overseas
- ❖ There are no trade barriers for the import of dental items to the Saudi market
- ❖ A tariff of 7% applies to medical products entering Saudi Arabia
- ❖ The Saudi Government is responsible for 73% of the demand for dental equipment and supplies
- ❖ Major consumer group market shares are:



# *SWOT Analysis of the Saudi Market . . .*

## **Strengths**

- Largest and wealthiest country in Middle East
- Rapid expansion and improvement of healthcare sector, especially in the public sector
- Continued expansion of health sector through Development Plans
- Military & security health facilities in particular are highly advanced
- Foreign health personnel introduce high-tech, Westernised techniques

## **Weaknesses**

- Tight pricing and reimbursement controls
- Unreliability of government to settle tenders
- Little domestic production resulting in reliance on imports
- Ambiguous patent protection; Saudi Arabia remains on USTR Watch List
- Heavily reliant on expatriate medical personnel

## **Opportunities**

- Potential to extend health insurance scheme to Saudi nationals therefore boosting investment
- Greater opportunity for joint ventures
- More streamlined drug registration process
- Increased IP protection after WTO accession

## **Threats**

- High population growth rate may lead to an overburdened healthcare system
- Fluctuating oil & natural gas prices
- Regional instability may deter foreign investors

# Characteristics of the Saudi Market . . .

- ❖ Saudis smoke a lot of cigarettes and also drink a lot of coffee and tea which leads to staining of teeth
  - ❖ Nearly 34.4% Saudis smoke while 16.4% are ex-smokers
  - ❖ Saudis spend 5bn riyals (\$1.3bn) a year on tobacco and smoking-related goods
  - ❖ The average consumption of tea is more than two times per day, while the average consumption of coffee is just less than 2 times per day
- ❖ Children in Saudi Arabia eat a lot of chocolates which leads to cavities.
  - ❖ Average Saudi consumes chocolate 4.8 times a week
  - ❖ 47% of Saudi Arabia's 22 million population are under 14years
- ❖ Saudis have unhygienic eating habits which lead to various dental problems
- ❖ Many Saudis still use Swak (wooden twig) for brushing instead of a brush, which causes periodontal diseases
- ❖ Saudis usually on an average brush for only 10-20 seconds, instead of the recommended 2-3 minutes which leads to dental problems
- ❖ In many rural Saudi villages babies are breast-fed till they are nearly 2 year old, and they are made to sleep immediately which results in dental diseases

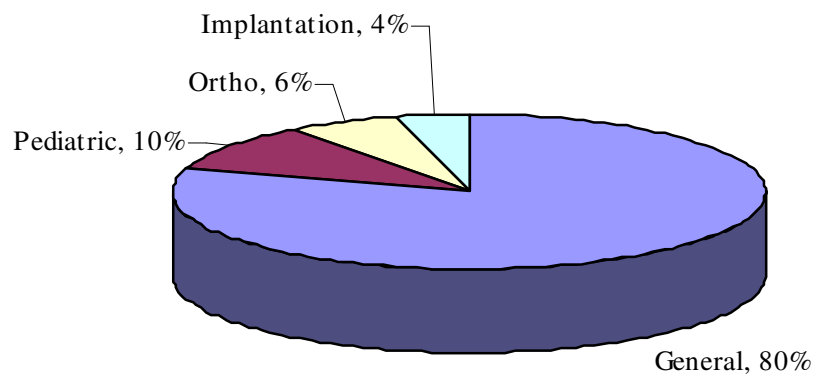


# The Saudi Dental Market Key Statistics . . .

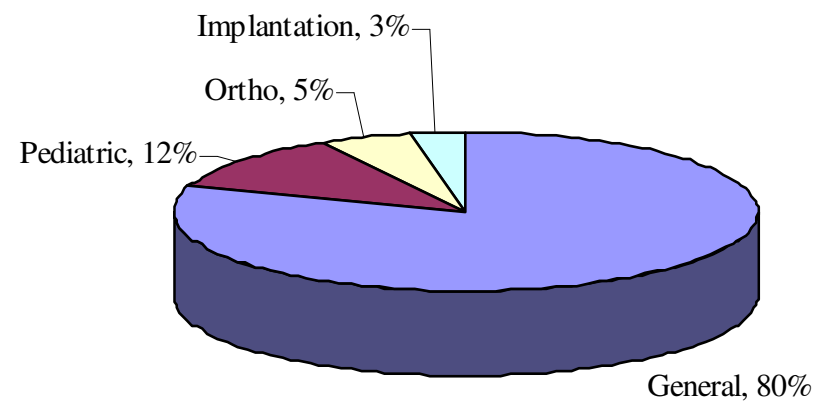
- ❖ The Ministry of Health operates a total of 21 dental centers
- ❖ The private sector operates around 81 dental prosthesis centers & 145 dentistry
- ❖ MoH healthcare personnel included 1,584 dentists
- ❖ There were 10,717 physicians & dentists in the private sector in 2002; (*a detailed breakdown is unavailable*)
- ❖ Dental & gum diseases related visits to health centers were 2,457,107
- ❖ Oral & dental diseases related visits to MoH (Ministry of Health) hospitals were 822,346
- ❖ Whiteners sell more in Kasim, as the water there contains minerals which stain the teeth. Cosmetics sell more in Riyadh while Mecca & Medina need fragrance free tooth paste.



## Dental problem categories . . .



## Dentists Specialization . . .



# Consumer Purchasing Factors . . .

- ❖ Dentist recommendation
- ❖ Pharmacist recommendation
- ❖ Television advertisements
- ❖ Other promotions
- ❖ Brand Heritage
- ❖ Visibility in-store
- ❖ Price
- ❖ Effectiveness
- ❖ Variety



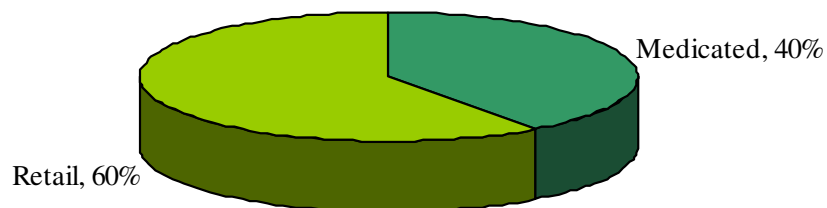
# *Dental Consumer Product Categories . . .*



*Toothpaste . . .*

# Segment Snapshot . . .

## Types of Tooth paste sold . . .



## Most Popular Brands . . .

General . . .	Orthopedic . . .	Pediatric . . .
Sensodyne	Sensodyne	Signal 2
Crest	OralB	Sensodyne
Signal 2		Durbans
Closeup		
Alodent		

## Prices of Tooth pastes (SAR) . . .

Brand	50 gms	75 gms	100 gms
Paradontics	14	-	25
Sensodyne	12	-	21
Emoform	16	-	24
Orsodent	-	-	18-
Durbans	-	14	-
Eljydium	16	-	18
OralB	-	-	18
Signal2	3	4	7
Crest	6	-	9
Laclvt	-	13	-
Closeup	-	-	6

## Key characteristics of competitor brands . . .

**Synsodyne:** Variety, good promotion through TV and recommended by dentists as they have good medical representation

**Durbans:** contains VitaminC and also has a lot of varieties. Good promotion through medical reps

**Orsodent:** Good promotion with medical reps

**Signal 2:** Low price, Good promotion on TV and hoardings

**Closeup:** It has a gel toothpaste and good TV promotion

## Opportunities . . .

Not too many options are available for Baby toothpaste. A new affordable but edible baby toothpaste can do very well.

## Packing . . .

Plastic tube is not recommended as it leads to aeration and reduced shelf life. Aluminum tube is recommended  
Packaging should mention the contents/ingredients of the paste

## Market Influence . . .

Sales is influenced a lot by Dentists, pharmacists and television commercials.

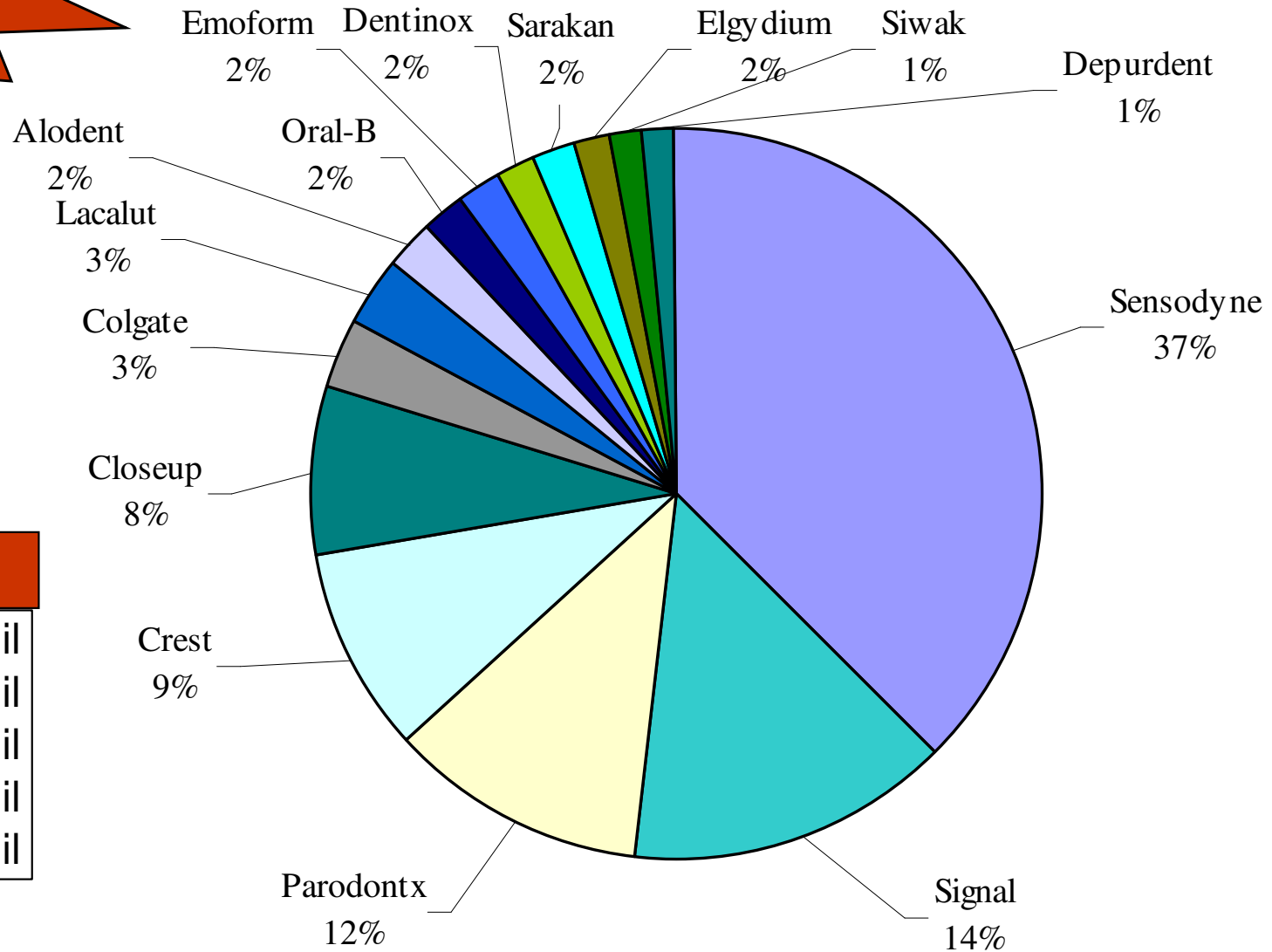
# Current Market Stats . . .

## Toothpaste

Based On Total Market Sales . . .

Top 15 selling Toothpastes

**Market size  
nearly 30 mil SAR**



### Top 5 Selling Brands

Sensodyne	10 mil
Signal	4 mil
Parodontx	3 mil
Crest	2.5 mil
Closeup	2 mil

Source: Phystone Research

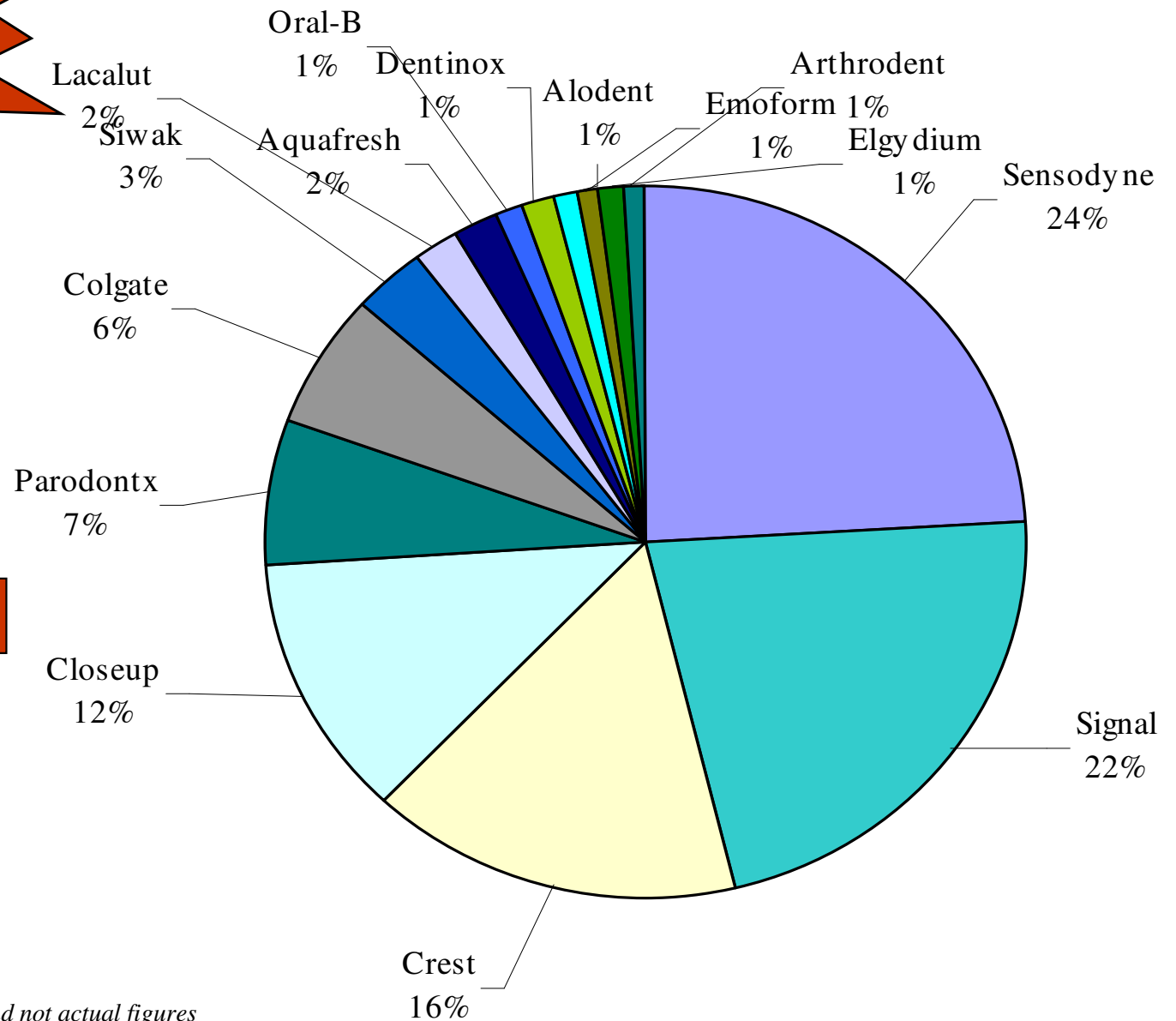
All figures are representative of the market and not actual figures

# Current Market Stats . . . Toothpaste

Based on Total Tubes Sold . . .

Top 15 selling Toothpastes

**Nearly 3 mil  
toothpaste tubes  
sold**



## Top 5 Selling Brands

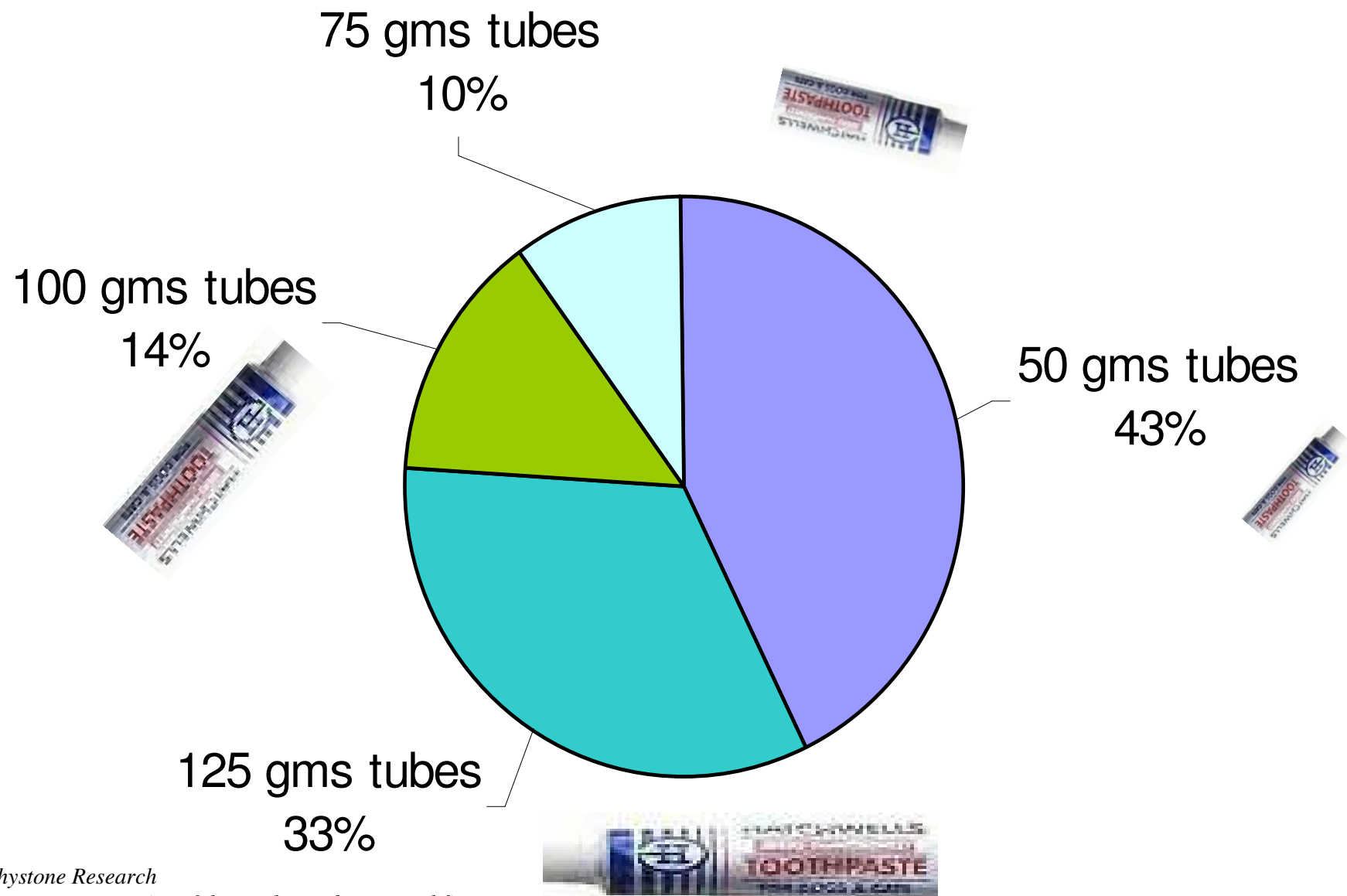
Sensodyne	628,740
Signal	569,260
Crest	410,560
Closeup	311,700
Parodontx	175,440

Source: Phystone Research  
All figures are representative of the market and not actual figures

# Current Market Stats . . . Toothpaste

Based on size of toothpaste tubes sold . . .

4 main sizes of tubes sold

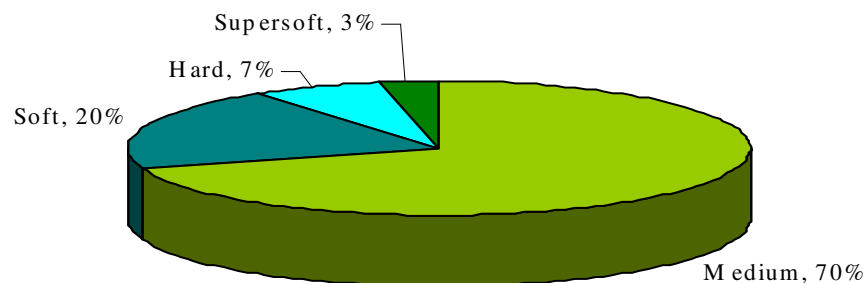


Source: Phystone Research  
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*Toothbrush . . .*

# Segment Snapshot . . .

## Types of Tooth Brush preferred . . .



## Most Popular Brands . . .

### General . . .

OralB  
Silvercare  
Trisa  
Crest  
Sensodyne

### Pediatric . . .

OralB  
Crest  
Silvercare

## Prices of Tooth Brush (SAR) . . .

Brand	Price
OralB	13 to 18
Silvercare	18 for 2 heads
Butler	15
Gum	14
Sensodyne	13 to 18
Crest	13

## Key characteristics of competitor brands . . .

**OralB:** Variety of models and colours, Good promotion through TV

**Silvercare:** Has silver ions on the brush, gives two heads and is cheaper

**Butler:** Brush design is very good

**Crest:** Good promotion through medical Reps, posters, banners, etc

**Sensodyne:** Good promotion through medical Reps

## Similar Products . . .

There are disposable brushes and electronic brushes in the market – but they are not very popular

## Opportunities . . .

Tadawi can offer KIN private label for distribution

## Market Influence . . .

Sales is influenced a lot by Dentists, pharmacists and television commercials.

Also schemes like 1 free on 1 are very influential

## Packing . . .

Packaging should be very attractive and colourful  
Children's brushes should have stands

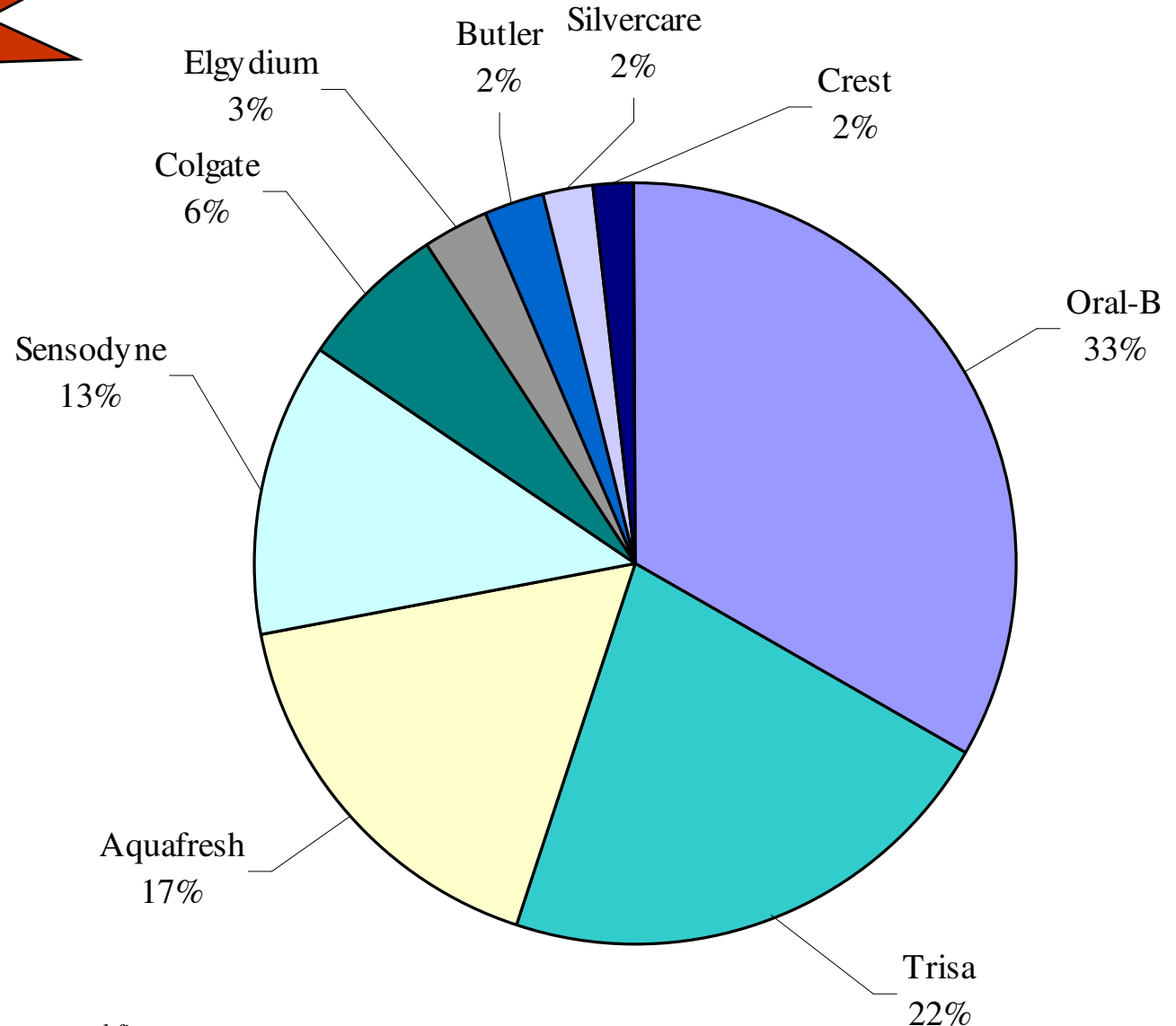
# Current Market Stats . . .

## Toothbrush

Based On Total Market Sales . . .

Top 10 selling Toothbrushes

Market size  
nearly 19 mil SAR



### Top 5 Selling Brands

Oral-B	6 mil
Trisa	4 mil
Aquafresh	3 mil
Sensodyne	2.5 mil
Colgate	1 mil

Source: Phystone Research

All figures are representative of the market and not actual figures

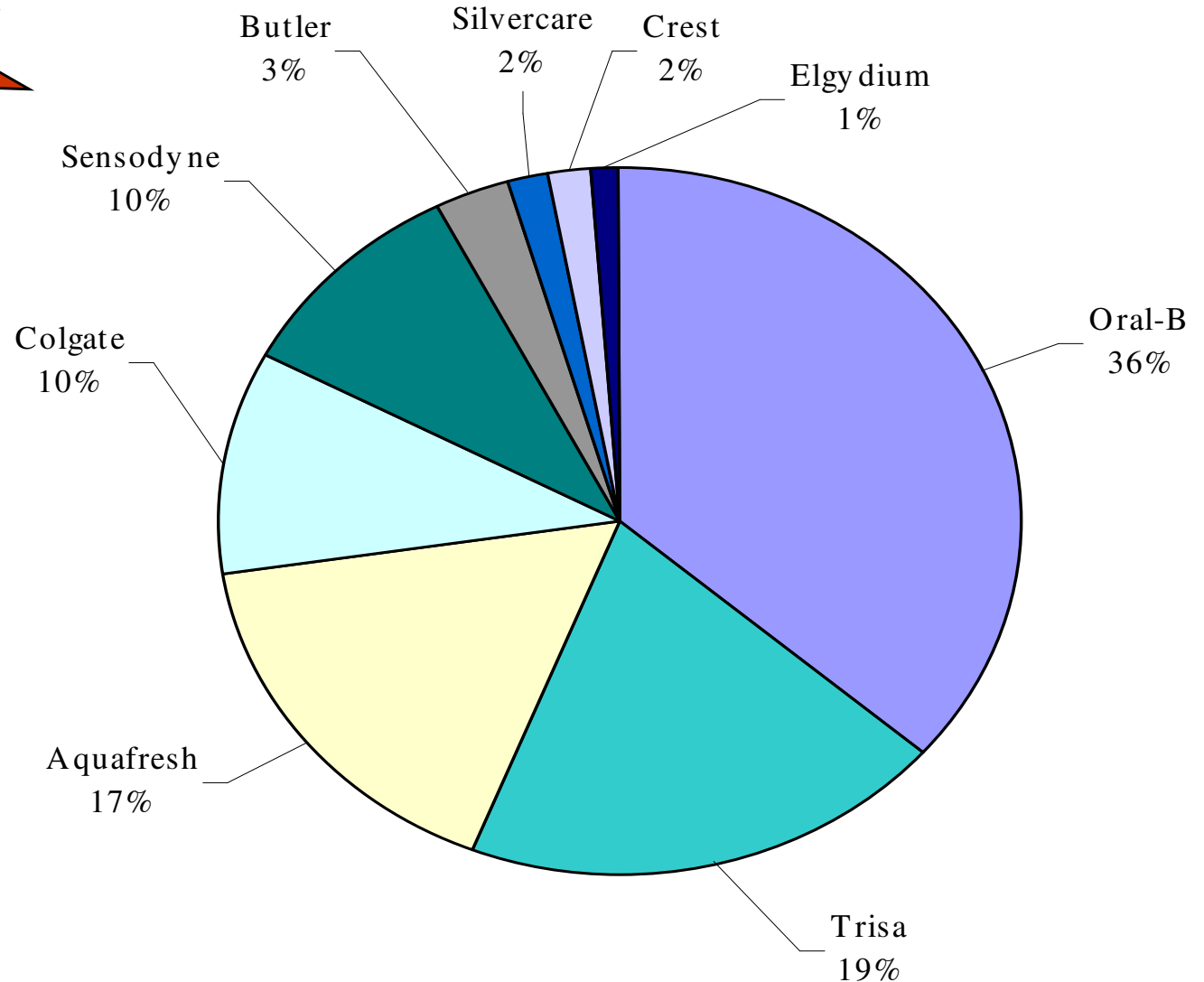
# Current Market Stats . . .

## Toothbrush

Based on Total brushes Sold . . .

Top 15 selling Toothbrushes

Nearly mil  
toothpaste tubes  
sold



### Top 5 Selling Brands

Oral-B	553,920
Trisa	293,820
Aquafresh	254,300
Colgate	153,820
Sensodyne	148,240

Source: Phystone Research

All figures are representative of the market and not actual figures

*Whitening . . .*

# Segment Snapshot . . . . .

## Prices of Whitening (SAR) . . .

Brand	75 gms	100 gms
Durban	15	-
Sensodyne	-	25
Herbal	-	20
Eljydium	-	22
Alodent	-	20
Lacalvt	-	15

## Most Popular Brands . . .

### Whitening. . .

Sensodyne  
Crest  
Durbans  
Alodent  
Emoform  
Herbal

## Key characteristics of competitor brands . . .

**Crest:** Good promotion through medical Representatives  
**Sensodyne:** Good promotion through medical Representatives and is preferred by dentists

## Ingredients . . .

It should not contain potassium oxalate as it is harsh on the teeth  
Calcium Oxalate is recommended as it is safer and can be used 3 times a day

## Opportunities . . .

Whiteners are becoming very popular and consumers expect their toothpastes to have whiteners  
Infact 60% consumers prefer toothpastes with whiteners  
Thus if a good whitener is combined with a toothpaste it can sell very well

## Market Influence . . .

Sales is influenced tremendously by Dentists and pharmacists

## Packing . . .

Packaging should mention the contents/ingredients of the whitening clearly

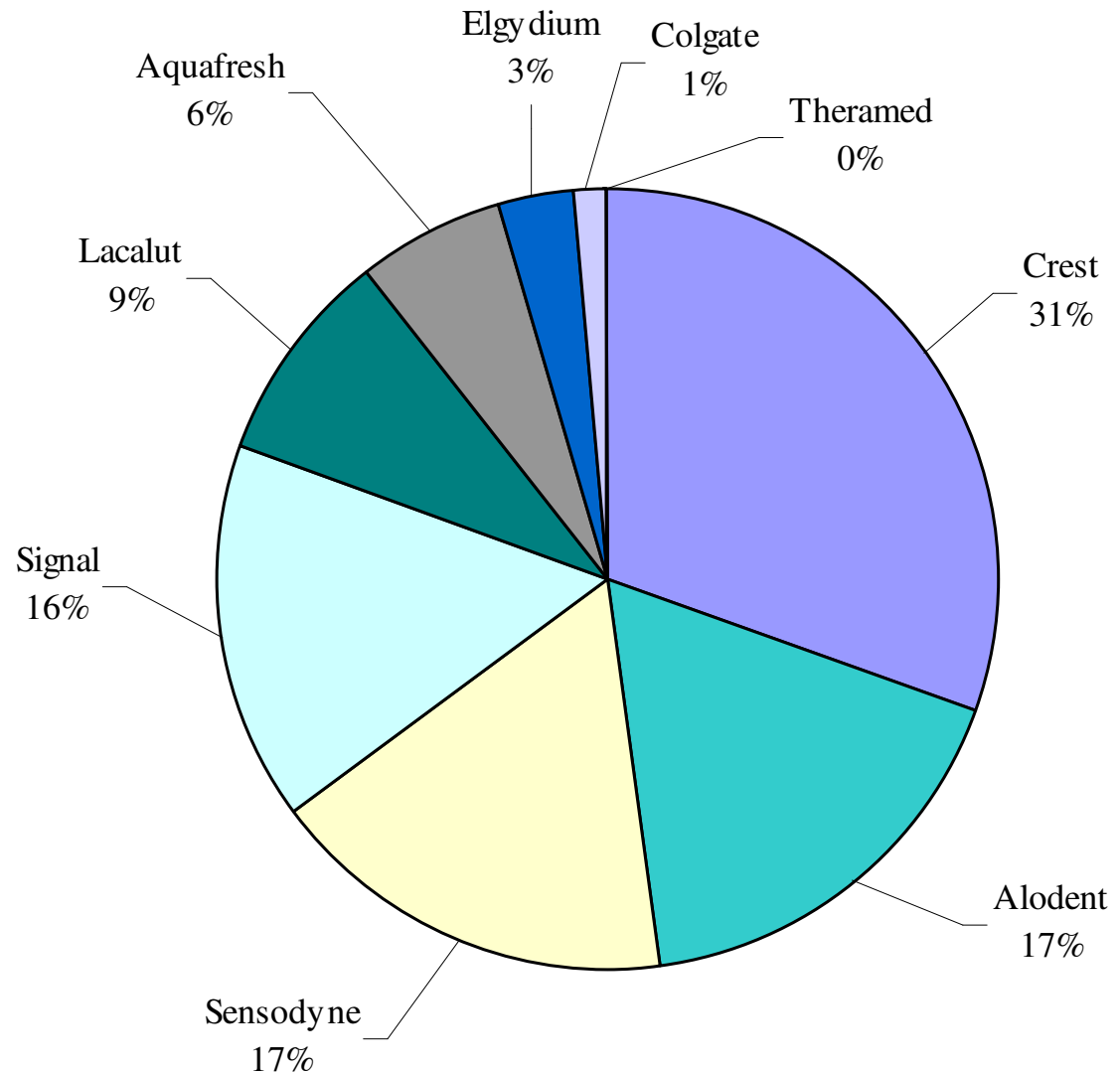
# Current Market Stats . . .

## Whitening

Based On Total Market Sales . . .

Top 10 selling Whitening

Market size  
nearly 3 mil SAR



### Top 5 Selling Brands

Crest	49,256
Alodent	27,701
Sensodyne	27,661
Signal	25,263
Lacalut	14,475

Source: Phystone Research

All figures are representative of the market and not actual figures

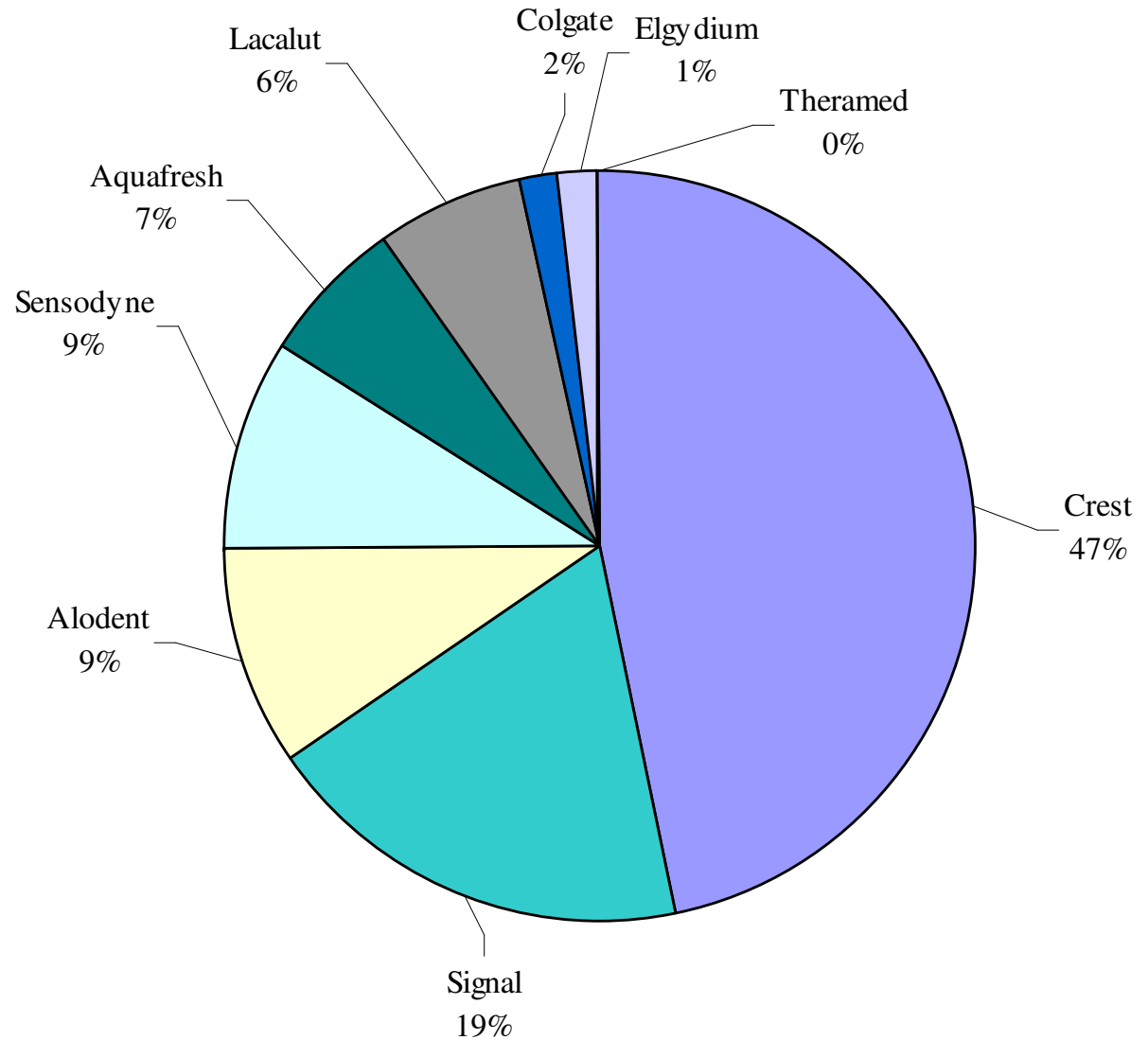
# Current Market Stats . . .

## Whitening

Based on Total Whitening Tubes Sold . . .

Top 10 selling Whitening

Nearly 0.3 mil  
whitening tubes  
sold



### Top 5 Selling Brands

Crest	141,120
Signal	56,140
Alodent	27,840
Sensodyne	27,800
Aquafresh	19,800

Source: Phystone Research

All figures are representative of the market and not actual figures

*Mouthwash . . .*

# Segment Snapshot . . .

## Prices of Mouthwash (SAR) . . .

Brand	75 ml	130/150 ml	250 ml
Odol	27	-	-
Gargalein	-	-	19
OralB	-	22	-
Emoform	-	21	-
Betadin	-	17	-
Povidin	18	15	-
Avalon	-	17	-
Lacalot	22	-	-

## Market Influence . . .

There are 2 types of mouth washes: retail and medicated. Medicated mouthwashes need registration from the MoH and are not freely available in the supermarkets

## Market Influence . . .

Sales is influenced tremendously by Dentists and pharmacists

## Ingredients . . .

It should not contain any ingredients which colour the teeth

## Most Popular Brands . . .

*As per market (Retail) . . .*      *As per dentists (Medical) . . .*

OralB	Betadin
Aquafresh	Povidin
Odol	Chlorahexedin
Emoform	Avalon

## Key characteristics of competitor brands . . .

**Betadin:** Old brand name, Good promotion through medical Representatives and is preferred by dentists

**Povidin:** 98% dentists are Syrian and recommend this brand as it sounds similar to a popular brand in Syria

## Packing . . .

Packaging should mention the contents/ingredients of the whitening clearly

## Opportunities . . .

There is very tough competition in the market but market is still open to novelty items

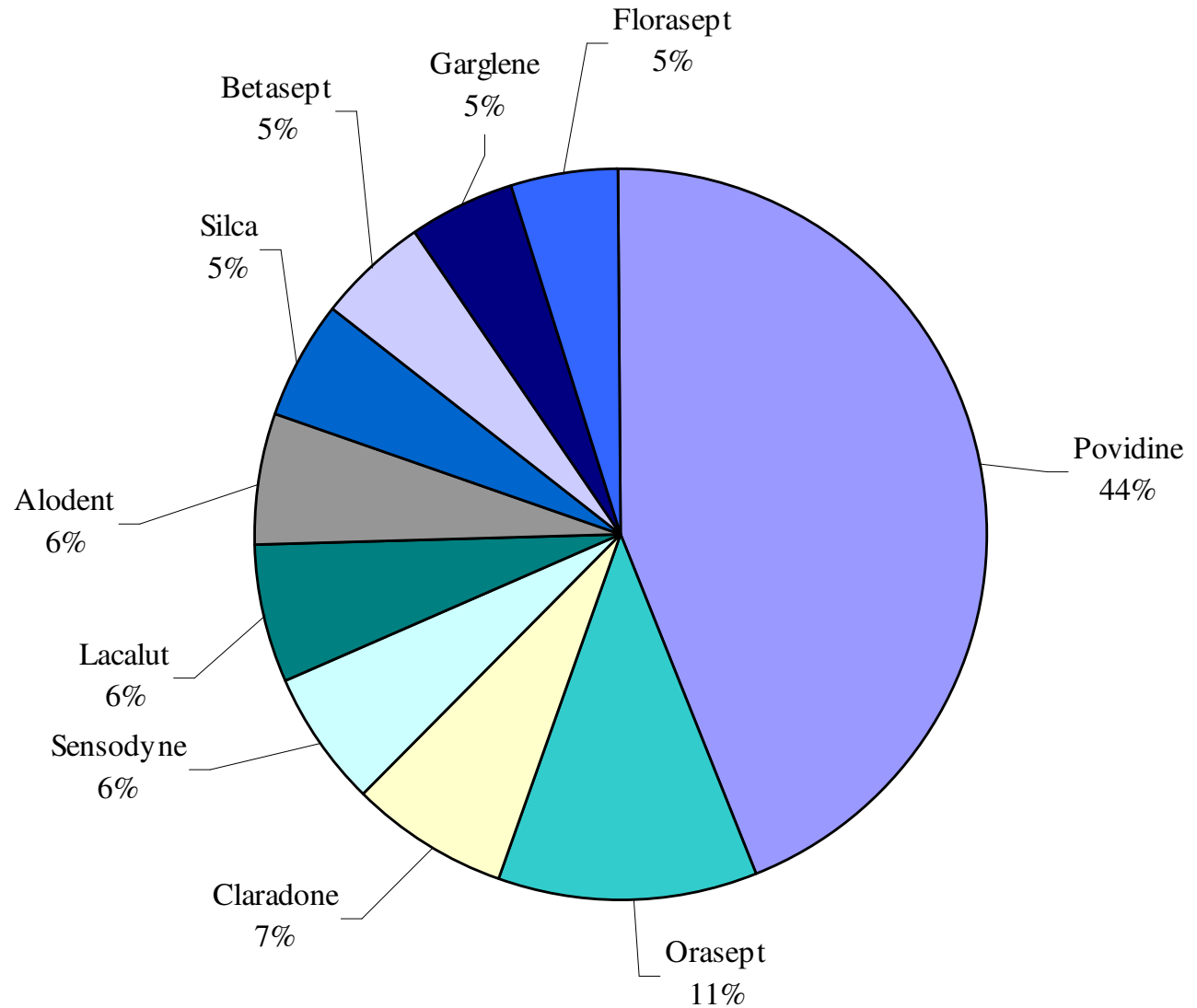
# Current Market Stats . . .

## Mouthwash

Based On Total Market Sales . . .

Top 10 selling mouthwash

Market size  
nearly 10 mil SAR



### Top 5 Selling Brands

Povidine	2.7 mil
Orasept	0.7 mil
Claradone	0.4 mil
Sensodyne	0.3 mil
Lacalut	0.3 mil

Source: Phystone Research

All figures are representative of the market and not actual figures

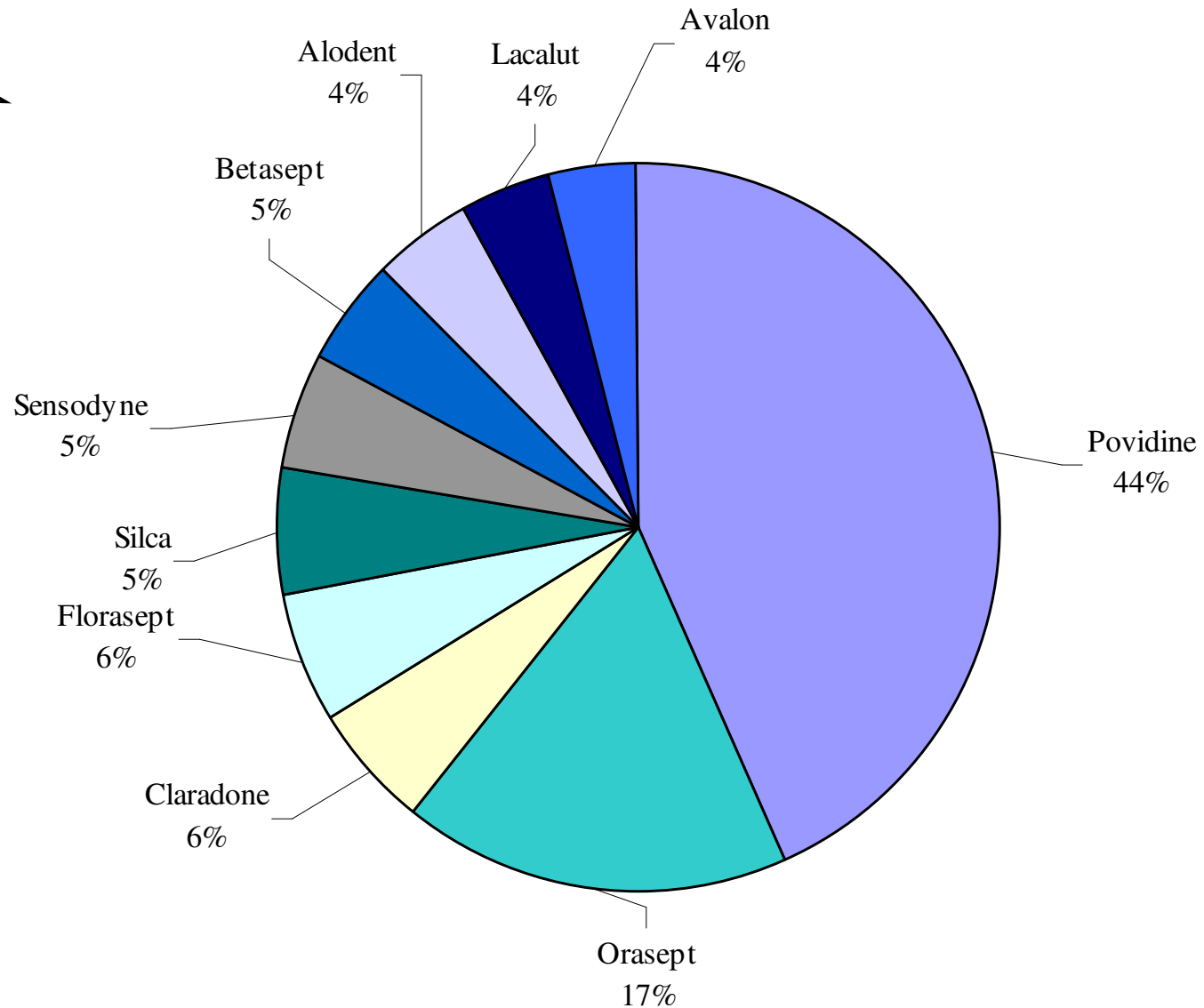
# Current Market Stats . . .

## Mouthwash

Based on Total Whitening Tubes Sold . . .

Top 10 selling Mouthwash

Nearly 0.7 mil  
whitening tubes  
sold



### Top 5 Selling Brands

Povidine	181,440
Orasept	71,760
Claradone	24,340
Florasept	24,140
Silca	22,500

Source: Phystone Research

All figures are representative of the market and not actual figures

# Marketing options . . .

## Medical Representatives

Marketing through medical representatives is the most recommended strategy as they get to interact directly with the dentists, who influence the consumers in a big way.

Medical Reps should carry decent sized samples as well as prescription chits which have a list of all the products, so that the dentist can just tick the product and give the chit to the patient

Marketing could start in Riyadh with 5 people: 3 medical Reps and 2 sales men

- Synsodyne and Durban use this medium very well



## Street Promotion

Product advertisements can be displayed upon Bill boards and banners across streets

Specific areas should be demarked for advertising specific products



## TV Promotion

Promotion through advertisements on television is a very successful way of advertising in KSA. TV is very popular as there is lack of entertainment like movie halls. People get highly influenced by TV commercials

- Closeup and signal2 are brands which use this medium to the fullest



## Promotional offers

Promotional offers such as 1 on 1 free, discount coupons, scratch cards, etc can be used to promote the products through supermarkets



## Pharmacies

Pharmacists influence the dental sales in a huge way. So special commissions should be given to pharmacists to promote the products

# Resources used...

## Secondary Research:

- **Espicom Healthcare Intelligence: Saudi Pharmaceutical Market Report Q2 2006**
- *Strategis Report: Dental market in Saudi Arabia*
- **AME Info ([www.ameinfo.com](http://www.ameinfo.com))**

## Primary Research:

- **Interviews with Medical representatives**
- **Interviews with dentists**
- **Interviews with Pharmacists**

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