



Passport

HENKEL PAKVASH PJSC IN HOME CARE (IRAN)

Euromonitor International

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HENKEL PAKVASH PJSC

STRATEGIC DIRECTION

- Henkel Pakvash is expected to face strengthening competition in laundry detergents in the forecast period, with this being its main product area in home care. However, the company will continue to benefit from a strong reputation for quality, cleaning and effectiveness. The company's performance in the forecast period is likely to be impacted by economic trends, however, with disposable income levels set to decline in real terms. This could result in many consumers opting for lower-priced alternatives in order to save money or could result in Henkel Pakvash increasing its use of price promotions and discounts in order to maintain share.

KEY FACTS

Summary 1 Henkel Pakvash PJSC: Key Facts

Full name of company:	Henkel Pakvash PJSC
Address:	Number 36, Tandis Avenue, Africa Street, Tehran, Iran
Tel:	+98 (21) 2205 6195
Activities:	Home care

Source: Euromonitor International from company reports, company research, trade press, trade sources

COMPANY BACKGROUND

- Henkel Pakvash is a subsidiary of Henkel AG & Co KGaA and was created when Henkel acquired Iranian laundry detergents player Pakvash Co in 2002. Pakvash Co was meanwhile founded in 1975. The company is listed on the Tehran Stock Exchange.
- The company's sole focus is home care, with its core business areas being laundry detergents and hand dishwashing.
- The company's distribution network targets the areas offering the greatest sales potential. The company thus focuses distribution on major cities, with large affluent population. A large share of the company's sales are thus derived from Tehran, while its products are also widely available in several other major cities, such as Mashhad, Isfahan and Shiraz. The company however began to expand distribution in smaller cities towards the end of the review period.

PRODUCTION

- Henkel Pakvash produces its products domestically in Saveh Markazi province, while using German equipment for production. Raw materials are meanwhile imported from countries including the United Arab Emirates, Spain, Turkey and India.
- Iran accounts for the bulk of the company's sales, accounting for around 80% of production at the end of the review period. However, the company also exports products, focusing mainly on exports of hand dishwashing to Iraq and Afghanistan.

- The company does not manufacture products for third parties, focusing solely on its own brands.

COMPETITIVE POSITIONING

- Henkel Pakvash ranked fourth in overall home care in 2014 with a value share of 9%. The company derives the bulk of its home care sales from laundry detergents, where it ranked fourth in the year with 12% value share. However, its strongest share is in hand dishwashing, where it accounted for over 16% share and ranked third.
- The company lost around a third of a percentage point in value share in overall home care in 2014 over the previous year. This was due to a poor performance in laundry detergents, where the company's share dropped by half a percentage point. This was chiefly due to stronger competition from domestic players such as Paxan and Behdad Hygienic Products, with the latter's Tige for example benefiting from new packaging and stronger advertising support in 2014.
- The company's Pril brand however gained share in hand dishwashing. This was thanks to the brand being relaunched with a more advanced formula, with this being promoted via advertising in Iran and also via Middle Eastern satellite TV channels. While satellite TV is banned in Iran, many households have access to these channels.
- The company thus continues to be an innovator in home care, offering the first enzyme-based hand dishwashing liquids in the country.

Summary 2 Henkel Pakvash PJSC: Competitive Position 2014

Product type	Value share	Rank
Dishwashing	13.8%	3
Laundry Care	11.2%	4

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