

# Exporting Southern African vegetable oils for cosmetics to Europe

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The continuing importance in Europe of innovation in ingredients and ingredient sources and the demand for natural ingredients lead to opportunities for indigenous Southern African vegetable oils. These are speciality oils used for their emollient and conditioning properties, as well as for their marketing value. These vegetable oils also benefit from the success of cosmetic producers from Southern Africa and some European front runners, which base their marketing stories on indigenous ingredients.

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## 1. Product description

This study focuses on vegetable oils indigenous to Southern Africa: Angola, Botswana, Comoros, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. See table 1 for an overview of the oils included in this study. All these oils have emollient, and skin/hair conditioning properties.

Most vegetable oils are produced by cold pressing seeds or kernels.

Table 1: Classification of indigenous Southern African vegetable oils

| Common name     | International Nomenclature of Cosmetic Ingredients (INCI) name | Chemical Abstract Services (CAS) number | Distribution                                      | Primary fatty acid profile |
|-----------------|--|---|---|----------------------------|
| Baobab seed oil | <i>Adansonia digitata</i> seed oil                             | 91745-12-9                              | Baobab grows in a wide area in Sub-Saharan Africa | Omega 9 (Oleic acid)       |

|                                      |   |                |   |                         |
|--------------------------------------|---|----------------|---|-------------------------|
| <b>Cape Chestnut</b> (yangu) butter  | <i>Calodendrum capense</i> nut oil          | Not Applicable | Occurs in the wild from northern Kenya to eastern South Africa  | Omega 9 (Oleic acid)    |
| <b>Kalahari melon</b> seed oil       | <i>Citrullus lanatus</i> seed oil           | 90244-99-8     | Originates from western Kalahari region of Namibia and Botswana, planted throughout much of sub-Saharan Africa                      | Omega 6 (Linoleic acid) |
| <b>Mafura butter</b> / Trichilia oil | <i>Trichilia emetica</i> seed butter        | Not Applicable | Widely distributed throughout tropical Africa, from Senegal and Eritrea to South Africa   | Palmitic acid           |
| <b>Marula</b> seed oil               | <i>Sclerocarya birrea</i> seed oil          | Not Applicable | Marula occurs throughout most of sub-Saharan Africa outside the humid forest zone   | Omega 9 (Oleic acid)    |
| <b>Mongongo</b> / manketti oil       | <i>Schinziophyton rautanenii</i> kernel oil | Not Applicable | Grows from southern Democratic Republic of Congo, southern Tanzania and Angola south to Namibia, Botswana and northern South Africa | Omega 6 (Linoleic acid) |

|             |                                   |            |  |                      |
|-------------|-----------------------------------|------------|--|----------------------|
| Ximenia oil | <i>Ximenia americana</i> seed oil | 95193-67-2 | Ximenia oil is naturalised in southern Africa, growing in semi-desert, open country at low altitudes | Omega 9 (Oleic acid) |
|-------------|-----------------------------------|------------|--|----------------------|

Sources: [Cosind](#) [Prota4u](#)

### Tip:

- See the [Prota4u website](#) for more information. In this database you can look for various species growing in sub-Saharan Africa, which includes information on distribution, uses, production and trade, description, properties, and other botanical information.

## 2. What makes Europe an interesting market for Southern African vegetable oils?

### Growing European imports of speciality oils

There are no specific trade data on Southern African vegetable oils. These are included in the product group of non-specified vegetable oils, excluding soy bean, groundnut, olive, palm, sunflower, coconut, rape linseed, maize, castor and sesame oil.

Trade data on these speciality vegetable oils (see HS codes under the section 'product description') show a strong increase in imports. From 2013 to 2017, European imports of these vegetable oils grew by 7% annually in volume and by 9% annually in value. In 2017, imports amounted to 342,000 tonnes at € 784 million, giving an average price per kilogram (kg) of €2.29.

Vegetable oils are used in a wide range of industries. Industry sources indicate that speciality vegetable oils are predominantly used in cosmetics. Moreover, they indicate that the share of vegetable oils used in cosmetics is growing, compared to food use. Cosmetic manufacturers increasingly use vegetable oils instead of mineral oils in their products. However, data to specify the share of imports used in cosmetic products is not available.

Currently, Southern African countries make up a small share of these supplies. Over the last five years, Southern African countries accounted for 1-2% of speciality vegetable oils supply outside of Europe. South Africa is the main supplier, followed by Tanzania and Madagascar.

Interesting European countries for the import of speciality vegetable oils include:

- France, especially for oils used in cosmetics. Although France imports only a small share directly from developing countries, a relatively large amount is used in cosmetic products. In recent years, France imported vegetable oils from Namibia, Malawi, Madagascar and Zambia.
- The Netherlands is the largest importer of speciality vegetable oils from developing countries. In 2017, 49% of the country's total imports of speciality oils originated from developing countries. The Netherlands houses several large oil refineries and traders, as well as refiners dedicated to small-batch refining. An example of this is ZOR ([part of Cargill](#)). These companies play a vital role in the value chain for most specialty oils as traded volumes are too small for other refiners. Its main suppliers outside of Europe include Ghana, China, Burkina Faso and Benin, with small imports from Tanzania.
- Denmark increased imports from developing countries by 20% annually over the last five years. The country

is home to **AAK**, a large vegetable oil producer and refinery. This is an important player in the market for shea from Western Africa.

- Germany, an important trade hub for high-value vegetable oils. However, in the last five years, the country's imports of speciality oil decreased by 5% annually.
- The United Kingdom and Switzerland are smaller importers of speciality vegetable oils, but these countries are importing a relatively large share directly from developing countries, around 30% in 2017. In particular the United Kingdom has several smaller speciality oil importers such as **EarthOil**. Swiss imports from developing countries experienced a strong growth in the last five years (+21% annually).

### Tips:

- Target countries with high or growing imports of speciality oils from developing countries, such as the Netherlands, Denmark, the United Kingdom and Switzerland. These countries also serve as trade hubs for other countries in Europe.
- Approach French importers to determine their interest in importing directly from developing countries. This option might be a valid strategy for specialty oils traded in larger volumes.
- Conduct additional market research for more insight into the differences between the countries mentioned above. Use free statistical databases such as **ITC Trademap** or the **Trade Helpdesk**. Look for trends on websites such as **Cosmetics Design Europe**.

### Strong market interest in regional concepts for cosmetics

European consumers are increasingly interested in the story behind the cosmetic products that they use. At the same time, cosmetic companies want their products to stand out from the competition. Cosmetic brands are finding inspiration from specific regions which consumers see as exotic or mystical, **responding to consumer interest**.

Cosmetic brands are increasingly telling the story of a particular region in their marketing. Often, they use key, indigenous ingredients from that region to base their marketing concept on. For example, the Dutch company **Rituals** develops product ranges based on a beauty ritual in a specific region and use key, indigenous ingredients from those regions to base their marketing concepts on.

In these product ranges, cosmetic brands do not only use vegetable oils from a specific region but also include other ingredients, such as essential oils and botanical extracts. Vegetable oils and other ingredients from Southern Africa can benefit from this trend, as **Cosmetics Design Europe** indicates that **interest in African ingredients** is growing globally. For example, a product range built around Southern Africa could include marula oil, *Kigelia africana* extract and buchu or rose geranium oil.

In addition to their origin, there is interest in ingredients that:

- are produced with traditional or specific local production processes;
- are associated with traditional use or local beauty rituals. For example, **mongongo oil is marketed** based on its traditional use for hair care;
- are ethically sourced. Ethical claims are increasingly important to consumers, who are also becoming more critical. Cosmetic brands need to get the story behind these ethical claims right. Wild-collected oils are especially interesting in this respect, such as **marula, ximenia and baobab**. Cosmetic brands emphasise the benefits to local communities of collectors in their marketing. You could use Fair Trade certification to support your ethical claim, which also supports traceability.

Several successful cosmetic producers in Southern Africa have built marketing stories about their provenance or key ingredients from Southern Africa, such as marula, mongongo, baobab and Kalahari melon seed oil. These companies help build awareness of vegetable oils from Southern Africa on international markets. Examples include:

- **RAIN** (South Africa)
- **Esse** (South Africa)
- **Africa Organics** (South Africa)

- [Terres D'Afrique](#) (Mauritius/South Africa)
- [Mbiri Skincare](#) (Namibia)
- [Essential](#) (Zambia)
- [Bio Óleos de Miombo](#) (Mozambique)

These and other cosmetic producers communicate their best ingredient stories in different ways:

- showing pictures of the ingredient or its origin on the end product or in marketing materials. For example, baobab oil with its iconic tree or Kalahari melon seed oil which originates in the Kalahari Desert;
- adding short stories on the end product;
- using stories to build their corporate image, reputation or brand.

### Tips:

- Work out a marketing story for your Southern African vegetable oil. What sets your oil or your company apart from competitors? For example, can you link it to a traditional use in cosmetics? Is it used in local beauty rituals? What benefits do you provide to local communities?
- Use the [properties of Southern African vegetable oils as registered in CosIng](#) or as listed on websites of European manufacturers of cosmetics products in your promotional materials. Do not use terminology that is not used on the market.
- Do you also offer other ingredients in addition to vegetable oils that cosmetic brands could use to develop a range of products based on the Southern Africa origin? When you exhibit at trade fairs, cooperate with other suppliers of Southern African ingredients to tell the story of the Southern Africa origin together.
- Provide your buyers with good-quality pictures or videos to support your marketing story; for example, pictures of the origin of your oil and traditional or local production processes.
- If you make an ethical claim for your vegetable oil, support this claim with evidence. Which benefits does your product offer to local communities, how many communities are you helping? Provide your buyers with specific information and figures about your impact.

## Natural cosmetics continues going strong

European sales of natural cosmetics grow more rapidly than the sales of conventional cosmetics. This development offers opportunities for vegetable oils. There continues to be a strong public perception in Europe that natural ingredients are safer and healthier than synthetic substitutes such as silicones. At the same time, European authorities operate strong cosmetovigilance, by responding quickly to consumer, national regulator or manufacturer concerns about safety of a cosmetic ingredient.

According to the Kline group, the global market for natural cosmetics amounted to \$ 33 billion in 2015 (€ 29 billion). This figure comprises 13% of the total cosmetics market (Brands with a Conscience, Ind & Horlings, 2016). The market is predicted to grow to \$ 50 billion (€ 44 billion) in 2019. [Certified natural cosmetics make up 45% of this market](#), while the remaining 55% consists of near-natural cosmetics.

Germany, France and the United Kingdom have the highest number of natural product launches and a strong focus on innovation. Switzerland and Italy are also important markets for natural cosmetics.

### Tips:

- Find additional information on natural and organic cosmetics in our study of [Trends for natural ingredients for cosmetics](#).
- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for more information on certifications for natural ingredients. Always discuss these options with your buyers. It only makes sense to certify your vegetable oils according to natural or organic standards if the final product is also certified.

## 3. Which requirements must Southern African vegetable oils comply with to be allowed on the European market?

You can only export your Southern African vegetable oils to the European cosmetics market if you comply with the [buyer requirements for natural ingredients for cosmetics](#).

## Requirements for cosmetic ingredients

Legal requirements for cosmetic ingredients include:

- Relevant [European cosmetics legislation](#) (Regulation (EC) 1223/2009) which includes criteria for the [substantiation of claims](#);
- well-structured product and company documentation to supply to your buyers;
- [Registration Evaluation and Authorisation of Chemicals](#) (REACH)
- [Classification, Labelling and Packaging of chemicals](#) (CLP). You can also discuss this requirement with the freight forwarder or transport company, who will usually be happy to advise you.

### Tips:

- Comply with market access requirements in terms of quality control, traceability and sustainability. You need to show where your extract comes from and where it is processed.
- See our [Tips for doing business](#) for additional information.
- Prepare detailed product documentation on the product, its technical, safety and efficacy data, as well as professional samples. Increase your capacity for safety testing and monitoring to do so. See our workbook on [Preparing a technical dossier for cosmetic ingredients](#) for more information and tips.

## Access and Benefit-Sharing (ABS) and Convention on International Trade in Endangered Species of wild fauna and flora (CITES)

You need to comply with requirements derived from international treaties on using and trading plant resources. The European Union has translated guidelines on ABS and CITES into European law. Most likely, these are also part of your national law.

The Nagoya Protocol provides guidelines for accessing and utilising genetic resources and traditional knowledge and the [fair and equitable sharing of the benefits](#), called Access and Benefit-Sharing (ABS). When sourcing activities fall within the scope of ABS legislation, European companies are legally required to ensure that the ABS legislation has been followed in the country of origin and downstream to their business.

You also need to comply with requirements on trading plant resources as agreed internationally under CITES. CITES aims to protect endangered plants and plant products by regulating their trade. It provides a list of plant species that you cannot export/import or where export/import is restricted and where you will need export and import permits trade.

### Tips:

- Find out the status of ABS legislation in your country and whether sourcing and processing of your ingredients falls within the scope of that legislation.
- Develop a procedure to check whether ABS applies to every new genetic resource or traditional knowledge that you want to develop.
- See our study on buyer requirements for natural ingredients for cosmetics for more information on ABS.
- When you start working with a new species, [check its conservation status](#) at the CITES Checklist.
- Read [more about CITES](#) on the Trade Helpdesk website.
- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for additional information.

## Additional buyer requirements

Many European buyers have additional requirements that can go beyond legislation and standards. These elements are established in buyer specifications and include the following requirements:

- Deliver a good and reliable level of quality by following basic practices such as [Hazard Analysis & Critical Control Points](#), or [Good Manufacturing Practices of the European Federation for Cosmetic Ingredients](#) if you want to do more;
- Make sure you are a sustainable supplier, to guarantee the future availability of your ingredients. Avoid overharvesting of wild plants, provide living wages to your collectors and ensure that you can deliver a stable quality and quantity of extracts. Certification of these sustainable practices is only a requirement for

niche markets;

- Show good Corporate Social Responsibility (CSR) practices, such as developing a code of conduct and improving your performance in key areas (for example, banning child labour and limiting damage to the environment). Subscribing to CSR platforms like Supplier Ethical Data Exchange (SEDEX) is a good way to prepare your company for CSR standards.

## Voluntary standards and certifications

Standards for cosmetic ingredients include:

- Natural cosmetics: the largest and most important niche market – **NaTrue** and **Cosmos**;
- Organic cosmetics: **Soil Association** (the United Kingdom) and **Ecocert** (France) also certify according to the Cosmos standard for natural and organic cosmetics. **BDIH** (Germany) also has its own standard;
- You can also use the International Organization for Standardization (ISO) 16128 standard **part I** and **part II** as an alternative minimum self-certifiable standard for natural and organic cosmetic ingredients and products. This is especially interesting for smaller producers, if certification according to a private standard is too expensive or not required;
- Fair production: a small niche market in terms of certified cosmetic ingredients – **Fairtrade** and **FairWild** (for wild-collected ingredients).

## Quality requirements

The quality of Southern African vegetable oil depends on the processing of the raw material for your oil. You need to dry the raw material to keep its moisture content low and decrease the chance of moulds and rancidity during storage, and to improve the oil extraction process. You also need to prevent contamination. European cosmetics manufacturers need oils with a minimum of impurities such as mineral matter, gums, and carbohydrate substances including vegetable fibres and protein.

The cosmetic industry and legislators are increasingly concerned over allergenic reactions for natural ingredients for cosmetics. For vegetable oils, protein content is a risk factor for such allergenic reaction in some consumers. You can reduce this risk with good filtration and refining of the oil.

The oil's freshness and age strongly impact its quality, as does the proper storage of the oil and raw materials. Proper packaging helps to prevent oxidation, which turns the oil rancid. See the tips for packaging below.

European buyers often test the peroxide level of the oil. If these levels are too high, it implies that the oil is old or has been left open.

## Tips:

- Process your raw material in a way that matches your buyer's preferences and specifications.
- Keep facilities and equipment clean to prevent contamination with foreign materials. Produce your Southern African vegetable oils with a minimum of impurities. Do not blend or add additives to the oils unless your buyer requests them. Buyers prefer pure oils. They need to know whether any preservatives have been added.
- Filter your oil to remove press cake particles. Use plate and frame filters for unrefined oils. Make use of other filter systems to achieve an impurity of 2 microns or less for refined oils.
- Keep stocks of seed as well as some oil, bearing in mind that once processed into oil, the oil can have a shorter shelf life than its raw materials.
- If you process more than one oil, make sure that there is no cross-contamination between the oilseeds or oils during processing.
- Create a standardised product with a well-defined specification. Develop and monitor standard operating processes for harvesting and processing. Use seeds or oils from different crops to standardise your product's quality; for example, by combining early and late crops, or by using crops from different slopes or areas.
- Collaborate with a local university department or laboratory to determine the composition of your Southern African vegetable oils, as well as the fatty acid profile, for a 100%. Test every batch for its fatty acid profile. You need to include this information in your product documentation.



- Determine the oxidation level of your oil. This figure depends on the oil's content of free radicals and the oil's level of antioxidant activities. If you produce a stable oil with a low oxidation level, cosmetic producers might be able to reduce their use of preservatives.
- See our study of [Preparing a technical dossier for cosmetic ingredients](#) for additional information.
- If you produce organic Southern African vegetable oils, dedicate your processing plant or a specific processing line to produce only organic oils. This process helps to avoid contamination from non-organic particles. If you cannot do so, clean your machinery and equipment thoroughly between conventional and organic production.

## Labelling and documentation requirements

You need to comply with the following requirements when labelling your Southern African vegetable oils:

- Set up a registration system to identify and trace individual batches of your Southern African vegetable oils, whether they are blends or not, and mark them accordingly to ensure traceability.
- Label your products in English, unless your buyer wants you to use a different language.

Your labels must include:

- product name/INCI name;
- batch code;
- place of origin;
- name and address of exporter;
- date of manufacture;
- best-before date;
- net weight;
- recommended storage conditions.

For organic Southern African vegetable oil, include the name/code of the inspection body and the certification number.

You also need to provide your buyer with the following [documentation](#):

- Technical Data Sheet (TDS) (check [this example of a TDS for marula oil](#));
- certificates of analysis (check [examples for different vegetable oils and fats](#));
- Safety Data Sheet (SDS);
- Genetically Modified Organism (GMO) certificate (if requested);
- certificate of origin;
- product information sheet;
- 100% composition of the oil;
- Fatty Acid Profile – the primary indicator of the properties of a vegetable oil;
- allergen declaration (protein content; see example of a declaration for [blackcurrant seed oils](#)). This process is especially important if you are selling directly to a cosmetics manufacturer.

### Tips:

- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).
- See our manual on [Preparing a Technical Data Sheet](#) for more information (it includes information on preparing a Safety Data Sheet).

## Packaging requirements for Southern African vegetable oils

Packaging requirements differ per buyer and per Southern African vegetable oil. However, there are some general requirements that you have to take into account to preserve the quality of the product. See the tips below.



## Tips:

- Always ask your buyer for their specific packaging requirements.
- Use containers of a material that do not react with components of the oil, such as lacquered or lined steel or aluminium. You can also use polythene lined boxes (25 kg) or 10-25kg plastic containers.
- Clean and dry the containers before loading the oil.
- Before closing the container or drum flush out the oxygen using nitrogen gas, to help extend the shelf life by reducing oxidation
- Store containers in a dry, cool place to prevent quality deterioration.
- If you produce organic certified Southern African vegetable oils, physically separate them from oils that are not certified.
- See our study of [Buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).

## 4. What competition do you face on the European market for Southern African vegetable oils?

### Market entry barriers

Market entry barriers for most Southern African vegetable oils are quite low in terms of the technology that you need and in terms of the European legislative requirements. For most seeds, cold pressing technology should be adequate.

To access the European market, you need to supply stable, regular quantities of oils at a consistent quality. A vegetable oil buyer indicated that it is difficult to secure stable supplies of speciality oils like cape chestnut or mongongo oil. This makes it difficult from them to push the oils to cosmetic manufacturers.

In recent years, supplies increased for other oils while demand shown sufficient growth to keep up according to industry buyers. This is for example the case with ximenia, baobab and Kalahari melon seed oil. If you produce such oils, it is key to build sufficient demand for your product.

Your buyer needs to be reassured of the stability of the supply. For small companies, 25 kg a year could be enough, whereas large buyers will need higher volumes. If you want to supply large buyers, you need to be sure that you can deliver the required volumes annually. In contrast, at the start high shipping costs of small volumes can be a barrier to market your products in Europe. You should discuss this aspect with your potential buyer.

You need to show good practices in terms of the supply chain:

- processing
- use
- availability
- traceability

It is very important to have documented processes to understand how you manage risks on all of the above points. Ideally, you will certify some or all of those processes.

Several oils from Southern Africa, such as mongongo oil, cape chestnut oils and mafura butter, are still quite new to the European market. It might take cosmetic producers a long time to do Research & Development on newer oils and develop new products based on these oils. Markets for new oils will be small initially as it takes time to develop these markets. You need to make sure that you can rely on exports of other products as well, to reduce risks.

## Tips:

- Conduct a feasibility study to determine whether your Southern African vegetable oil has sufficient potential

on the market and is worth the investment. Through analysing the composition of the oil, examine the oil's functionality or efficacy, safety and market opportunities. Market opportunities should also be based on the price and availability of the raw materials.

- Comply with market access requirements in terms of quality control, traceability and sustainability. You need to show where your oil comes from and where it is processed.
- Be clear with your buyers about the availability of your oil. Use studies that have mapped out tree distribution to support your claims about availability.
- Establish clear agreements on the amount and quality of seeds that you buy from your suppliers. Build trust and be consistent in your purchases of raw materials.
- Determine which extraction method is required for your vegetable oil and which investment you need to make. If you need a high investment, you can consider sharing the investment costs with other producers.
- Invest time and money into a marketing campaign. This process may be a costly part of your promotion activities, but it is important to demonstrate the benefits that your product can offer to new potential buyers.
- Perform some basic testing on skin or hair to find cosmetic benefits. Link these benefits to the composition of your oil. Always consider the costs and benefits of such tests first. This information can improve the durability of your ingredient on the market. In other cases, you might be able to use data from public sources.
- Attract the attention of your buyers by showing what claims they could make with your ingredients. Always substantiate these claims and ensure that they conform to cosmetic legislation. Very often, such claims are related to the fatty acid composition of your oil. Cosmetic brands decide which claims they make on final products.
- For more information and tips, see our [Tips for doing business](#).

## Product competition

You need to differentiate your Southern African vegetable oil from competing products on the European market. The main competitors are other vegetable oils, fats and waxes. These have similar properties to Southern African vegetable oils and also have a strong marketing story based on (for instance) their origin, production methods, community benefits and tradition of use.

Examples include oils from other iconic origins, such as oils from South America/the Amazon (sacha inchi oil, açai oil, babassu oil, brazil nut oil, cupuacu oil), Southeast Asia (illipe butter), North/West Africa (argan oil, Allanblackia oil or kombo butter); Some of these, such as shea, combine the strong marketing story with excellent availability, strong consumer awareness and relatively low prices.

You have several options to stand out from the competition with your Southern African vegetable oil, such as:

- developing an oil with popular properties (related to relevant market trends). For example, marula oil is considered a very stable oil for use in cosmetics;
- developing interesting marketing stories;
- certifying your oils, especially Organic. These certifications can help you to target high-end and organic cosmetic brands;
- excelling in Corporate Social Responsibility (CSR) – because buyers expect you to have some CSR, it is difficult to get a better price through this process. This aspect is becoming a basic market requirement;
- improving access to resources/sustainability of the resource;

If a manufacturer has already included a particular vegetable oil in a cosmetic product or product range and built up its market, they will not likely switch to a new ingredient. However, if a manufacturer is developing a new product or product range, they are more willing to buy new ingredients.

Table 2: Example of product substitution for Southern African vegetable oils

|  |                         |                        |
|--|-------------------------|------------------------|
|  | Kalahari Melon Seed Oil | Passion fruit seed oil |
|--|-------------------------|------------------------|

|                        |   |   |
|------------------------|---|---|
| Comparative profiles   | Both available from Southern Africa. Their composition of fatty acids is similar being both high in Omega 6 fatty acids. Both oils are used in a similar manner within cosmetic products.   |   |
| Competitive advantages | <ul style="list-style-type: none"> <li>• <i>Availability</i> of Kalahari Melon Seed Oil is currently lower, thereby increasing the risk of irregular supplies. However, it can be cultivated.</li> <li>• <i>Marketing potential</i> for Kalahari melon seed oil is higher due to the exotic origins. The oil is iconic to Southern Africa and use by the San people in earlier times. It is more unique. Good potential to involve communities in the supply chain</li> </ul> | <ul style="list-style-type: none"> <li>• <i>Availability</i> of passion fruit seed oil is better. The fruits are cultivated and the oil is traded in large volumes. Oil can be a by-product of the juice industry.</li> <li>• <i>Price</i> of passion fruit seed oil is lower.</li> <li>• <i>Marketing potential</i> for passion fruit seed oil is lower, as it cannot show such an attractive provenance.</li> </ul> |

### Tips:

- Determine the chances of substitution for your product. Find out which competing ingredients you should include in your market analysis. Have a look at Table 2, which gives some considerations for product substitution by comparing the competitive advantages of two vegetable oils: Kalahari melon seed oil and passion fruit seed oil.
- Investigate whether and show how your Southern African vegetable oil can substitute other oils and butters. Compare the properties of your oil and the fatty acid composition with those of the oil's alternatives. Communicate this information in a clear and attractive way.
- Use your promotional campaign to explain the benefits of your vegetable oil compared to competing vegetable oils. For instance, focus on its origin or its more attractive properties.

### Company competition

You will face strong competition for your vegetable oils on the European market, but this is mostly from other vegetable oils (see product competition above). To differentiate your vegetable oils from rivals on the market, you need to find your unique selling point.

Company competition for the particular oils included in this study is not too strong. Many of these vegetable oils are from wild-collection. It will take time and significant investments to set up a supply chain for these oils. Therefore, there will not be too many suppliers of these products.

Along with finding a unique selling point for your product, you should also build your company reputation to stand out. Industry stakeholders indicate that companies increasingly use their reputation to stand out from the competition, instead of focusing on the individual products which they produce.

Having a strong company reputation based on trust may make it easier to stand out from the competition and improve your negotiation position. Buyers are less likely to switch to another supplier if they trust your company. This process also means that if you damage the relationship which you have with your buyers, they will be more susceptible to new suppliers.

You should also expect strong competition from established suppliers in mainstream oils from Southern Africa, such as avocado or rosehip oil, although these oils are different. Rosehip oil has established itself as an oil used in small quantities sold in dropper bottles (in many instances) whereas avocado oil is a bulk oil also used in foods.

### **Tips:**

- Promptly answer questions and requests from your potential buyers. Be open and honest in your communications. Keep your promises and be transparent about non-compliance.
- Demonstrate that you are a reliable supplier in terms of quality consistency, delivery, packaging, service delivery and supply security.
- Organise your supply chain to differentiate your company on the market. Make sure that your supplies are traceable, sustainable and well documented.
- If you work with suppliers, give them clear standards on the collection and/or processing of seeds that you buy from them in your own specifications. If your suppliers lack technical or human resources capacities, include pictures in your specifications and train them on how to comply with these standards.
- See our [Tips for doing business](#).
- See our study of [shea butter](#) for information and tips on this product.

## **5. Through which channels can you get Southern African vegetable oils on the European market?**

### **Which market segments to target?**

In order to determine which market segment you should target with your Southern African vegetable oils, you need to answer the following questions.

#### 1. What does your oil do?

Southern African vegetable oils all basically have the same function. In [CosIng](#), they are registered with emollient (skin softening), skin/hair conditioning and moisturising properties.

#### 2. For which industry segment is your Southern African vegetable oil useful?

The European cosmetics industry uses Southern African vegetable oils in a variety of skin care products such as face creams and body lotions. In these products, Southern African vegetable oils are used to soften and condition the skin. The percentages of oils used in skin care and body care products is higher than the percentages used in hair care.

Southern African vegetable oils are most commonly used in skin care products. Products include body and face creams, body lotions and lip balms. Hair care is a smaller user of these oils.

If used as base oils, they make up a large part of the product. Percentages of Southern African vegetable oils in a final product can reach up to 100% (such as massage oils). Most skin and hair care products contain lower percentages.

#### 3. For which type of market player is your Southern African vegetable oil interesting?

As most of the vegetable oils discussed in this study are available in small volumes, natural cosmetic brands are probably the most interesting parties for your oils, such as the small producer [Dr Jackson's](#) (the United Kingdom).

Larger natural cosmetic brands also use vegetable oils from Southern Africa to build the marketing story for a product. For example, the Body Shop has developed an “[African Ximenia Scrub](#)”, in its Secrets of the World product range.

#### 4. What is your unique selling point?

You need to find out how your product stands out from your competition. What makes it different or special? Is it used in traditional beauty rituals, does it have an interesting composition? For example, an oil such as marula oil has low rancidity issues. By including this oil, formulators can use fewer preservatives in their final product.

#### **Tips:**

- See our study of [Doing business](#) in natural ingredients for cosmetics for additional information.

### **Through which market channels can you get Southern African vegetable oils on the European market?**

Southern African vegetable oils are mostly exported to Europe as cold pressed and filtered oil. European importers are your most important entry point into the market. They will supply the oil to refiners or processors, or directly to cosmetic manufacturers for certain products.

Cold pressed filtered vegetable oil goes to the refining industry in order to remove odour and colour, or change other properties of the oil. Most, although not all, cosmetic producers prefer to use refined oil. This process is commonly done in Europe, either under contract by the buyer, or by suppliers. You can also research whether there are options in your country.

However, refining can decrease the shelf life of an oil, as natural antioxidants are removed. The refining process also takes away attractive characteristics of an oil, such as active properties. Therefore, some cosmetic producers prefer to use cold pressed oil directly and will accept oils that have undergone a good filtration process.

It is unusual but not unknown for small exporters from developing countries to supply processors and manufacturers directly. Reasons for this situation include the following:

- Small exporters cannot provide sufficient volumes to supply larger buyers.
- Speciality oils can be traded in quantities as low as 20 kg leading to high logistics and administration costs if shipped from source
- A high number of suppliers is an unattractive prospect to these buyers.
- Their delivery times are too long.
- The quality is too low to be used in cosmetic products directly.

At the same time some small-scale refiners will buy directly from the oil producer if the quality and available volumes match their requirements. This keeps the supply chain short and creates more connection with the source.

#### **Tips:**

- If you cannot produce sufficient quantity and quality of Southern African vegetable oils yourself, link up with other producers.
- Do a feasibility study to find out whether you could set up installations to refine vegetable oils yourself. Find out which installations you would need in order to meet your buyer's requirements for refined oil and determine whether you can earn a return on your investment.
- Benefit from the experience and knowledge of European importers instead of approaching end-users directly.
- If you produce certified Southern African vegetable oils, check the websites of buyers to find out whether they work with certified ingredients. Buyers that do not do so are unlikely to pay a premium for your certification.

- Visit and participate in trade fairs to test market receptivity, to obtain market information and to find potential business partners. The most relevant trade fair in Europe for exporters of Southern African vegetable oils is [In-cosmetics](#). Other options include [Beyond Beauty](#) (Paris, France), [SANA](#) (Bologna, Italy) or [Vivanes](#) for organic producers (Nuremberg, Germany).
- Find potential buyers by identifying finished products on the market that already use Southern African vegetable oils. For example, check websites such as [Cosmetics Analysis](#).

## 6. What are the end-market prices for Southern African vegetable oils?

Similar to other vegetable oils, the price of Southern African vegetable oils generally depends on:

- exclusivity and novelty of the oil vs. availability – popular oils with a limited availability can sell for a higher price;
- price of the raw material vs. oil yield – if the price of your raw material is high, it would increase the price of your oil. However, if the oil yield is high, this fact could allow you to improve your margins or decrease your price if needed;
- certifications – certified vegetable oils could sell for a higher price, as long as you can find customers willing to pay for the certificate.

Industry sources indicate that most Southern African vegetable oils are priced between €25 and €50 per kg, depending on factors described above.

Quality also impacts the price, but it is a subjective factor. You need to comply with legal requirements as a minimum quality. Beyond that aspect, your buyer will decide how they define “high quality”; for example, in terms of the composition or properties for which they are looking. You need to find a buyer who values what you can offer and who is willing to pay more than other importers.

The market for Southern African vegetable oils is less sensitive to price when compared to commodity vegetable oils. In this sector, high quality and marketing potential are also important to European buyers and can merit a higher price. The higher the price, the less is it used in the final product.

### Tips:

- For your specific vegetable oil, monitor harvests in major production countries to anticipate price developments.
- Calculate your production costs by using a detailed cost breakdown from raw material to market. Do not forget additional costs such as certification, marketing and chemical analysis. After the cost breakdown, add a profit margin to create your selling price.
- Enhance your price competitiveness by improving production yields; for example, by improving the efficiency of extraction techniques, or increasing the scale of production and transporting larger volumes.

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