

# National Natural Ingredients in Cosmetics Workshop

## Sustainable Supply of Natural Ingredients



# seobi

## SA ESSENTIAL OIL BUSINESS INCUBATOR



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

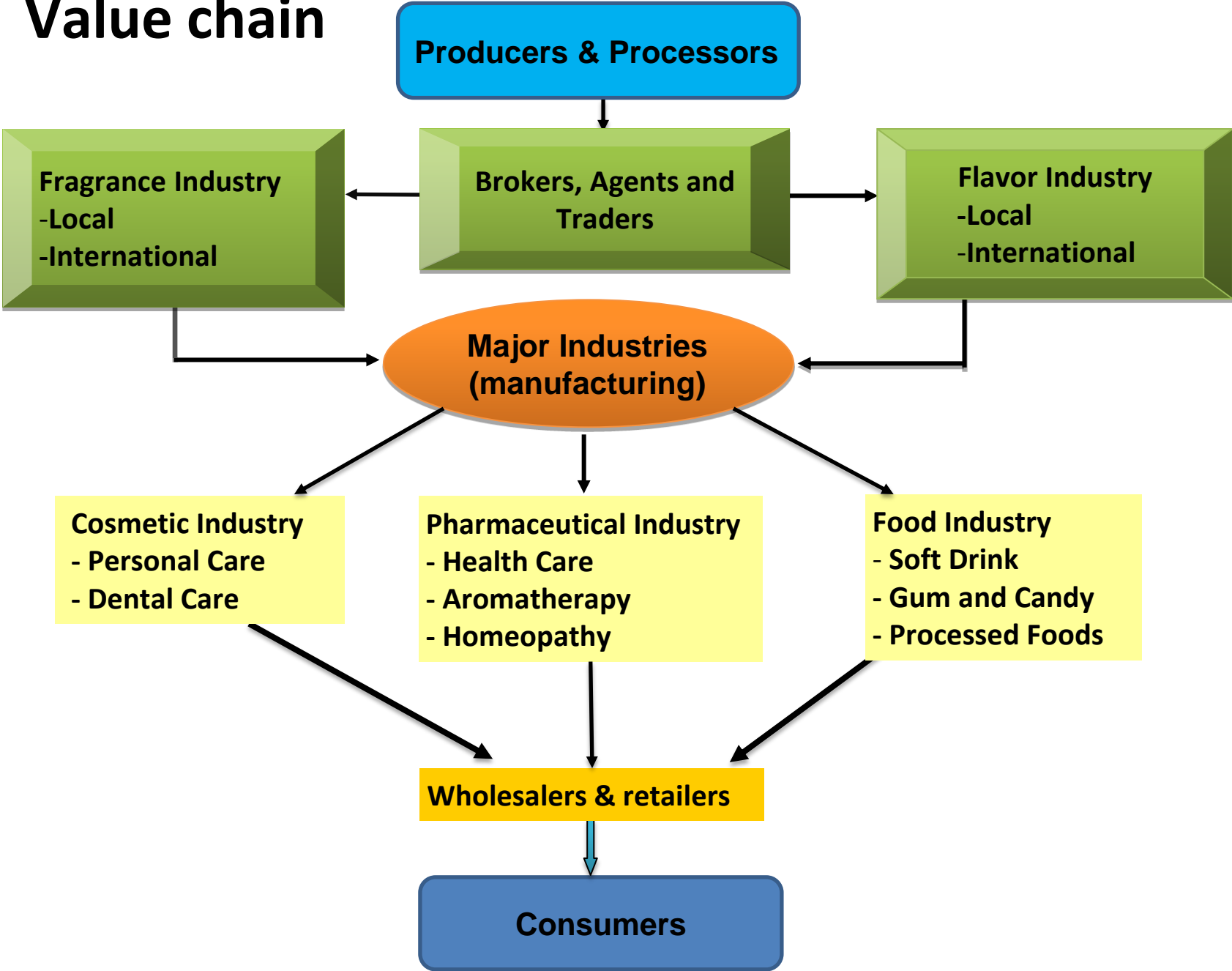
# Towards growth

of the natural ingredients and cosmetics products strategy

- Introduction to general aspects:
  - Value chain
  - Pricing strategies, profitability & viability
  - Skills
  - Quality & market access
- Challenges in sustainability
- Opportunities & possibilities
- Conclusions & way forward






# Value chain



# Pricing strategies, profitability, viability

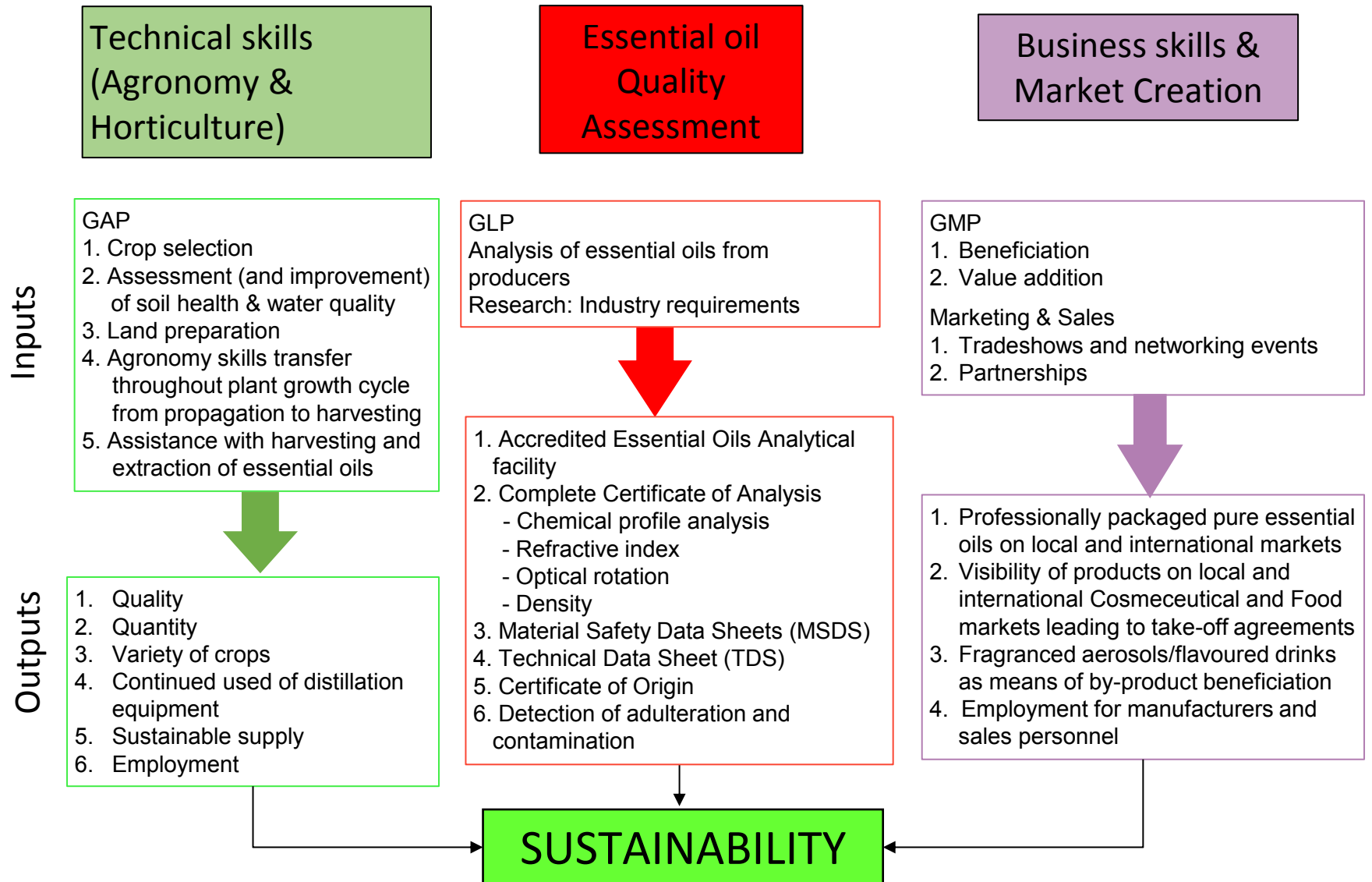
Can the essential oil value chain be a viable business?

Let us look at rose geranium as an example

Product	Quantity	US\$ / unit value	Mark-up (%)
	Bulk oil - 20-200kg/sale - Tons/annum off-take	- US\$ 150-260/kg - Negotiated/contract	
	Value added* 1 kg 100 mL 50 mL 10 mL	US\$ 179.99 US\$ 30.99 US\$ 21.99 US\$ 7.99	11% 42% 30% 45%
	Beneficiated* < 1 mL of essential oil/ 250mL product	250mL massage oil = US\$ 18.20	96%

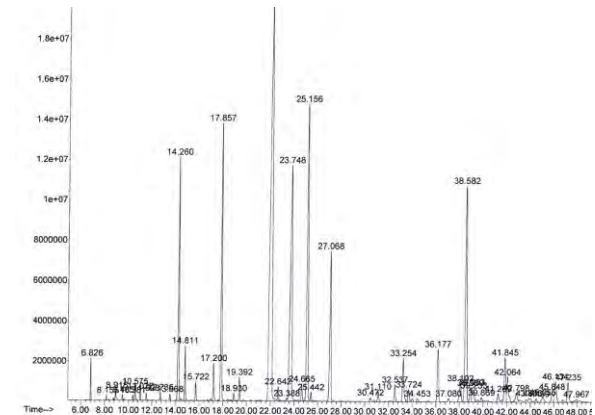
\* Amazon.com - 30/08/2018

# Skills required across the value chain



# Quality & market access

- Addressing market needs
- Quality
  - Quality dictates pricing & ensures market access
  - Pure, safe, natural, organic
  - Raw materials: Quality is improved through appropriate crop selection, GAP & proper agro-processing, appropriate storage
  - Chemical Analysis: Accreditation & Proficiency testing schemes ensures trustworthy results
- Consistent & sustainable supply
- Traceability
- A story
- Branding
- Packaging
- Visibility in the market
  - trade shows
  - Memberships



# Challenges in sustainability

## (Essential Oils Industry)

### Nationally:

1. No sustained essential oil production from government-funded projects
  - Top-down approach
  - Culture of dependence
2. Lacking quality
3. Struggle to access international market

### Institutionally:

1. Rapid incubation

Definition of incubation:

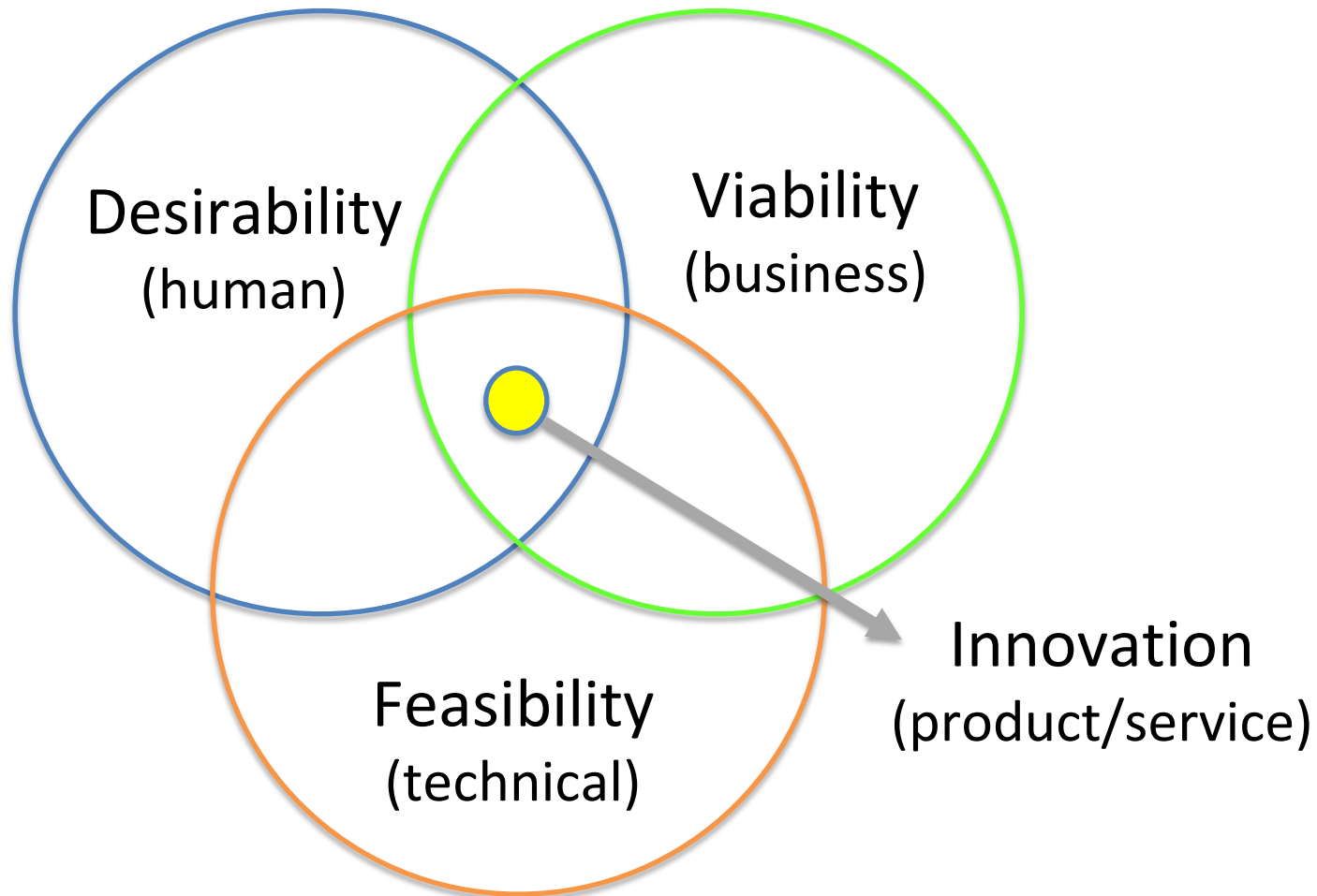
The process of keeping something under the right conditions so it can develop

2. Focus



# Opportunities & possibilities

Bottom-up approach: Design Thinking

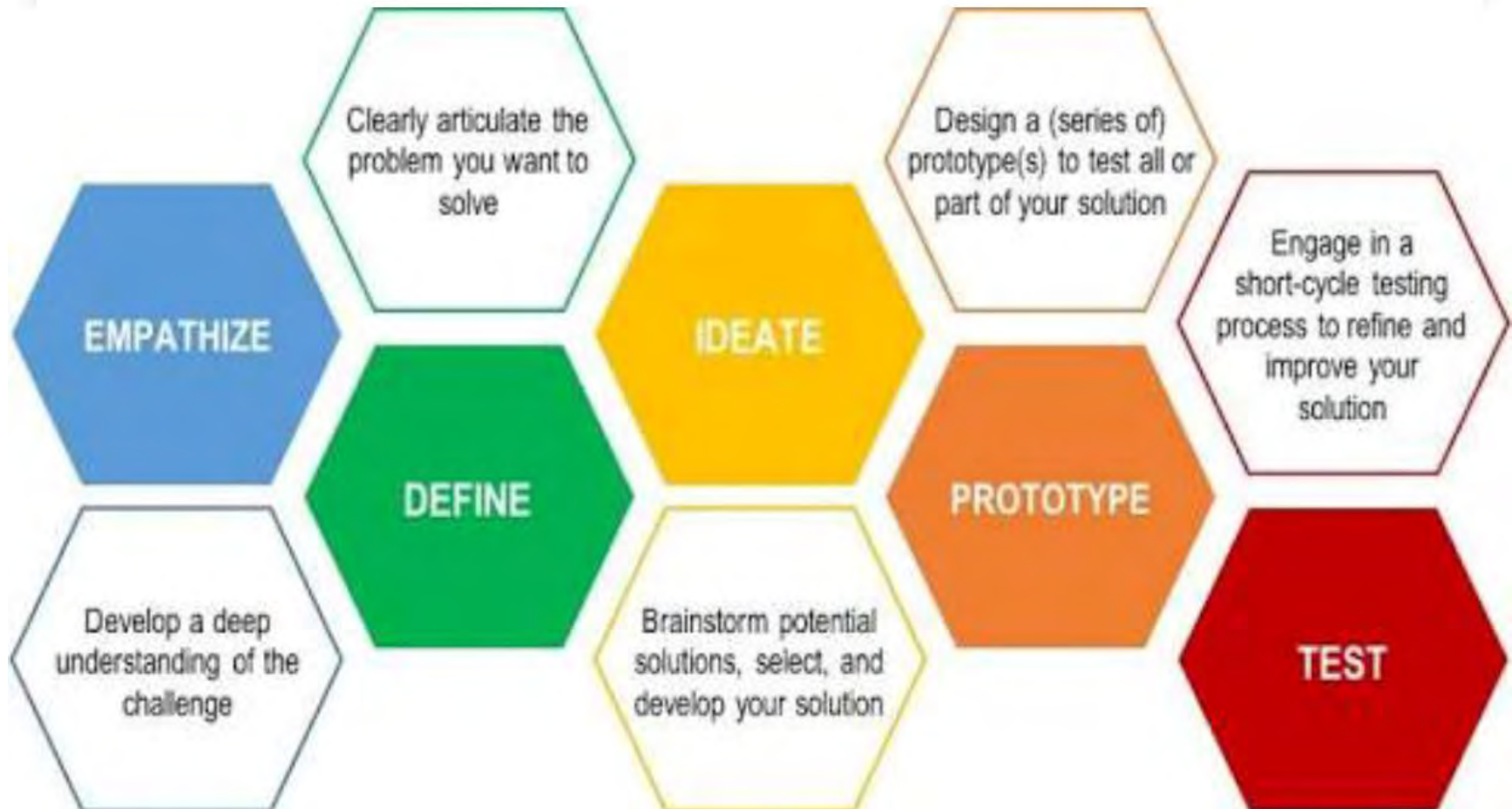




# Opportunities & possibilities

## Bottom-up approach: Design Thinking

- The **need of the end-user** is the central point of the design process
- **Business is not a favour**



# SEOBI

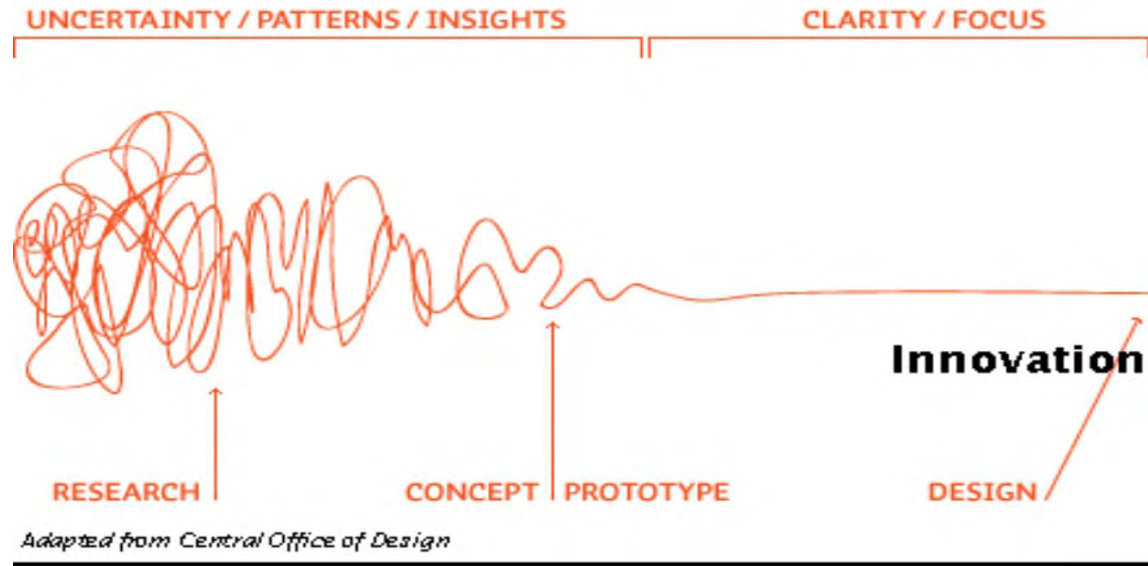
## Design Thinking



## Beauty & Personal Care Incubation Programme

### 12 Incubatees:

- Registered SMEs
- Showing monthly turn-over
- Concept products
  - Hair care
  - Skin care
  - Vape
  - Health drinks

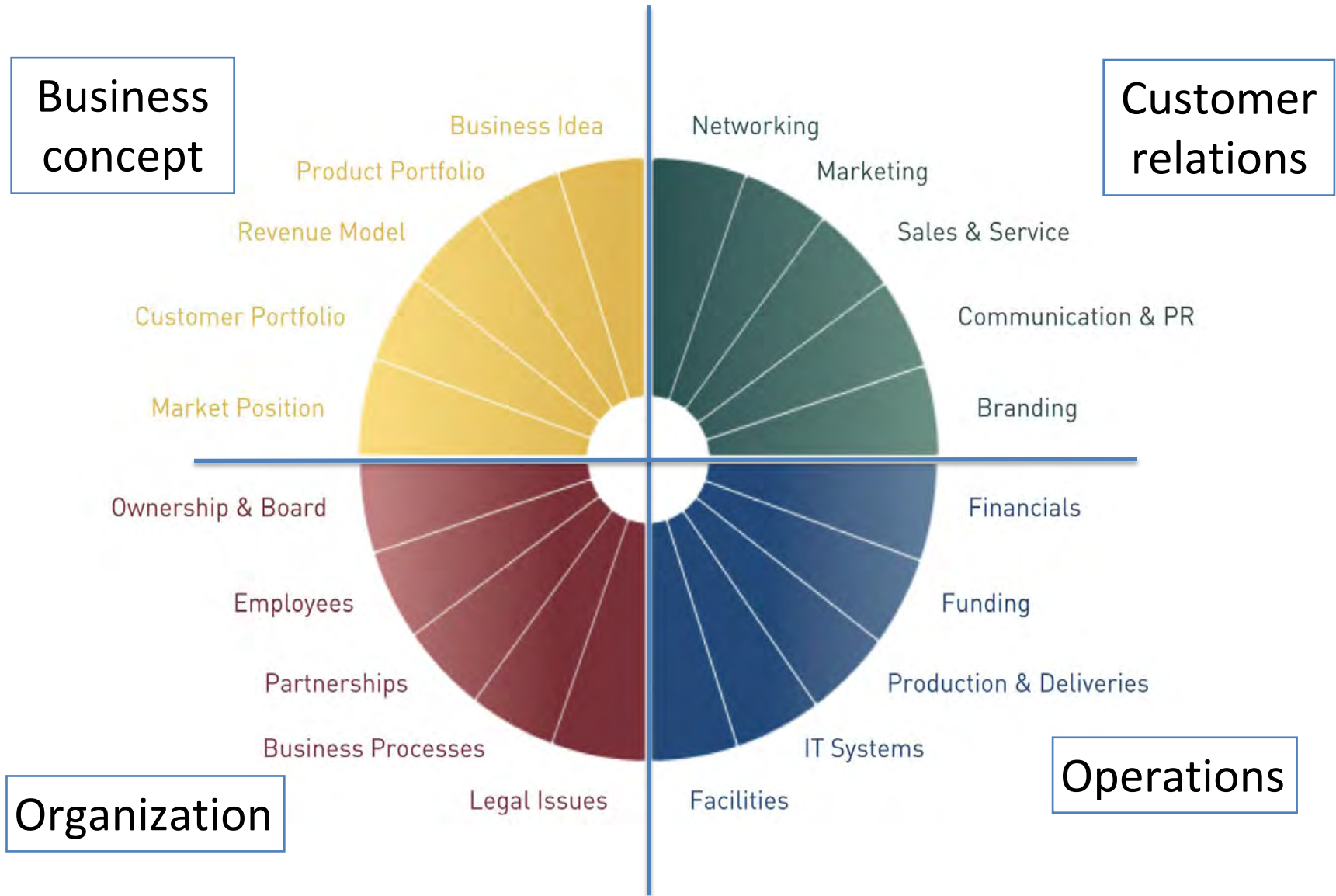


### Training Programme Content:

- Business skills
- Product & Brand Development (SABS)
- Financial & Administrative Management (Smith & Company Administrative Consultants)
- Formulation development (SASTEL)
- Quality & Traceability (SASTEL)
- Safety & regulations (SASTEL)
- Networking with / visibility in market

# Opportunities & possibilities

Monitor & Evaluate – Growth wheel tool from Seda



# Conclusions & Way forward



- 1. Design thinking implementable in every part of the value chain by all stakeholders**
- 2. Strategic network linkages to enhance specialization & sustainable business**
- 3. Successful & sustainable rural production of raw materials**
  - Bottom-up approach
  - Wise partnerships involving commercial producers
  - New approach to (funding) support
- 4. Creating local market**
  - Products based on market needs
  - Exhibition platforms to increase visibility
- 5. Continued improvement in quality: products & analytical facilities (UNIDO)**
- 6. Fill gaps in exiting value chains in order to increase access & competitive advantage in the international market (GIZ)**