



Silke BRAND-KIRSCH



Thorsten BOEHN

LOW-INCOME CONSUMERS AND THE DEMAND FOR TISSUE AND NONWOVENS PRODUCTS

The nonwovens and tissue industry is in constant transition and very dynamic. One of the many challenges the industry is faced with are strategies of consumer products manufacturers to extend their markets towards low-income consumers. Especially large, well known multinationals are targeting this large market.

Low-income consumers are usually defined as individuals with an income of less than USD 10,000 per year in purchasing power parity (adjusted for differences in living costs in different countries). According to this definition, more than five billion people in the world are within the low-income group.

Concepts to target this group are becoming increasingly popular in the Middle East and North Africa (MENA), where about 90 percent of the 400 million consumers have an income of less than USD 10,000. However, the majority of consumers in MENA are in fact “medium low-income consumers” with earnings between USD 2,500 and USD 10,000.

Despite the huge market potential, companies that have built their success on medium or high income buyers often struggle to be successful in the low-income segment, too. Let’s take the

Brazilian market for disposable diapers as an example. In the late 1990s, less than 5 percent of the Brazilian families used disposable diapers, mainly because they were not affordable for the majority of families. However, in recent years the Brazilian market saw a considerable increase in the amount of disposable diapers being sold. The penetration level significantly increased to somewhat over 30 percent.

The shift in the usage of disposable baby diapers was mainly triggered by a higher purchasing power among the middle class and medium low-income consumers. To lift the penetration rate significantly beyond 30 percent requires targeting lower income levels, too. Efforts of baby diaper producers to develop “no-frills” products are examples of such a new strategy. “No-frills” products aim at cutting costs by reducing

dispensable parts while maintaining the core function. An example in baby diapers is the concept of a durable belt in combination with a disposable absorptive part.

The challenge for diaper producers is to develop and market a product that is affordable but available at a satisfactory quality. Attempts to bring low quality products into the markets usually fail, because low income does not mean that the expectations are low too, especially for products sold by international brands.


The learnings from Brazil are very valuable for the targeting of low-income consumers from other regions in the world. However, it is vital to understand the specific tastes of this customer group and its very specific purchase triggers.

For the Middle East this implies that although the share of low-income consumers in most MENA countries is relatively high compared with European countries, the market situation for nonwovens and tissue in the Middle East is different to Brazil. For instance, in most MENA countries the diaper usage rates are above those in Brazil, and the share of premium segment diapers tends to be higher. In terms of diaper usage and diaper preferences, the MENA region is currently settled in between the emerging markets like Brazil or India and mature markets like Europe and North-America.

For other disposable products like tissue, the structure of consumption in MENA is even more diverse compared to the rest of the world. While the tissue

consumption per head in MENA is developing towards the direction of European standards, the structure is totally different. For instance, while toilet paper accounts for more than 50% of the tissue paper demand in Europe, towels and facial tissues are the most important tissue products in MENA. However, there are even large differences between the single countries in MENA.

To sum up, strategies to target low-income consumers play an important role in MENA, too. One can learn from concepts in other countries like Brazil, but because of totally different demand patterns, one cannot transfer the success stories without ado. In addition, manufacturers in MENA countries are also faced with a specific manufacturing situation, the access to raw materials or transportation costs.

For the manufacturers of tissue and nonwovens it is important to recognize that by targeting low-income consumers, the hygiene market increasingly seeks for solutions that provide high comfort at a low price. This requires the development of new concepts for packaging, closures, the interaction of various parts of hygiene products, innovative bonding technologies and soon. 

© Schlegel und Partner 2013

*Silke BRAND-KIRSCH is executive partner, specialist in nonwovens and tissue, at Schlegel and Partners
Phone: +49 6201 9915 55
silke.brandkirsch@schlegelundpartner.de*

*Thorsten BOEHN is senior consultant, Middle East Region, at Schlegel and Partners
Phone: +49 6201 9915 79
thorsten.boehn@schlegelundpartner.de*

[The challenge for diaper producers is to develop and market a product that is affordable but available at a satisfactory quality.]

> SCHLEGEL AND PARTNERS

Schlegel and Partners, an independent B2B technical market research company, provides consulting to manufacturers from the nonwovens and the wipes industry. We carry out in-depth market research, both globally and in specific regions.

Our business activities comprise

- collection of relevant market data
- its collation, consolidation, and evaluation
- development of customized concepts
- monitoring of their implementation and
- application.

Profound market and technological know-how, individual solutions, highest quality, internationality, promptness, and transparency of our work are the cornerstones of the partnership which we have with our clients.

You can find more information about Schlegel and Partners on www.schlegelundpartner.com