Entering the European market for soap

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The European market is an interesting market for soap exporters. Basic, mass-produced soap dominates the lower ends of the market. As a result, the mid-high segment is your best option. To compete, you need to add value to your products. To enter the European market, you must comply with mandatory (legal) requirements, as well as any additional or niche requirements your buyers may have.

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1. What requirements must soap comply with to be allowed on the European market?

The following requirements apply to soap on the European market. For a more detailed overview of the general requirements in the sector, see our study on buyer requirements for home decorations and home textiles (HDHT).

What are mandatory requirements?

When exporting to Europe, you must comply with various legal requirements.

Cosmetic Products Regulation

Soap has to comply with the Cosmetic Products Regulation (EC 1223/2009) of the European Union (EU). This regulation ensures the safety of cosmetic products on the European market by regulating the use of chemicals in these products. It bans the use of animal testing for cosmetic purposes. It is also forbidden to claim that your soap has characteristics or functions it does not have.

Cosmetic products need to have a safety report (Annex I) before they can enter the EU market. A ‘responsible person’ in the EU must ensure that each product has undergone a safety assessment and meets the requirements. This person must report the products using the cosmetic products notification portal (CPNP) and notify national authorities of any serious undesirable effects. The responsible person is often the importer, but they may prefer you to contract a third person – especially if the importer does not specialise in soap. For business-to-consumer (B2C) trade, you also need a third person.

The Cosmetic Products Regulation requires you to have good manufacturing practices. The ISO 22716:2007 standard provides guidelines on such practices for cosmetic products. It focuses on production, control, storage and shipment in relation to product quality and traceability. Your compliance with this standard can be audited and certified.

Soap must be correctly labelled, in indelible, easy-to-read, and visible lettering.

The label must include the:

- Responsible person;
- Country of origin;
- Weight or volume;
- Date of minimum durability;
- Warnings;
- Batch number or reference;
- Function;
- Ingredients (using the common ingredient names).

For unpackaged soap bars, this information can also be provided on an enclosed or attached leaflet, label, tape, tag or card.

Tips:

Read more about the Cosmetic Products Regulation and stay updated on its current evaluation.

Check which ingredients are prohibited (Annex II), restricted (Annex III) or allowed (Annex IV for colourants and Annex V for preservatives).

For more information on product claims, see the technical document on cosmetic claims.

If you sell to B2C customers or importers who do not specialise in soap, contract a responsible person from a company like SGS or MDSS Cosmetics.

Restricted chemicals: REACH

The REACH regulation (EC 1907/2006) lists restricted chemicals in products that are marketed in Europe. It complements the Cosmetic Products Regulation, restricting the use of ingredients such as plastic glitter and other synthetic polymer microparticles (microplastics) in cosmetics.

Tips:

Comply with the restrictions as laid down in REACH.

See the EU regulation on the restriction of microplastics for more information about the ban on synthetic polymer microparticles in cosmetics.

Explore information and tips from the European Chemical Agency (ECHA), like its list of all restricted

chemicals (REACH Annex XVII), information for non-EU companies and questions & answers.

General Product Safety Regulation

The new General Product Safety Regulation (GPSR, EU 2023/988) complements the Cosmetic Products Regulation. It requires that non-food products sold in the EU are safe to use, regardless of whether they are sold online or offline.

The GPSR bans items that look so much like food that consumers could mistake them for real edible products, such as soap bars that look like fruit. Because people (especially children) could be tempted to eat them, these products pose a choking hazard.

To prove that your products are safe, you must do a risk analysis and write the required technical documentation. Unsafe products are rejected at the European border or withdrawn from the market. The EU uses the Safety Gate system to list and share information about such products. Cosmetics are the most frequently reported products, mainly because they can contain BMHCA – a banned synthetic fragrance that can harm the reproductive system and cause skin irritation.

Tips:

- Read more about the GPSR, including the questions and answers (Q&A).
- Use common sense to ensure that normal use of your product does not cause any danger.
- Make sure that your soaps cannot be mistaken for food because of their shape, colour, scent and size.
- Search the Safety Gate alerts for soaps for examples of possible issues.

Intellectual property rights

When you develop products, you must not copy an existing design. Intellectual property (IP) is protected in Europe, and products that violate IP rights are banned from the market.

Tip:

- For more information, see the websites of the European Union Intellectual Property Office (EUIPO) and the World Intellectual Property Office (WIPO).

European Green Deal

The European Green Deal is a set of policies that support social and environmental sustainability. Its Circular Economy Action Plan includes initiatives that cover the entire product life cycle. As a result of the European Green Deal, legislation is being updated and new laws are being developed. Some of these laws will apply to you directly, and some indirectly via your buyers.

Corporate Sustainability Due Diligence Directive and Forced Labour Regulation

The Corporate Sustainability Due Diligence Directive (CSDDD – EU 2024/1760) requires larger companies to do everything they can to reduce any negative impacts of their activities on human rights and the environment. The CSDDD applies to both the company's own operations and their direct business partners. This means that the new rules may apply to you indirectly via your buyers. The European Commission plans to publish guidelines to help companies conduct due diligence.

In February 2025, the European Commission proposed an Omnibus package to simplify sustainability due diligence requirements. As part of this package, the European Parliament has agreed to postpone the CSDDD's introduction. The CSDDD will now come into force following a staggered approach: it will apply to the first group of companies from 26 July 2028 until full application on 26 July 2030.

In addition, the Forced Labour Regulation (FLR – EU 2024/3015) bans products made with forced labour. The FLR will apply from 14 December 2027.

Tips:

- Read more about the CSDDD.
- See the FLR Q&A and factsheet.

Ecodesign for Sustainable Products Regulation

The new Ecodesign for Sustainable Products Regulation (ESPR – EU 2024/1781) entered into force in 2024. It aims to improve the sustainability of products sold in the EU. The regulation also introduces Digital Product Passports with information about products' environmental sustainability, like their durability and use of recycled materials. The rollout of the ESPR involves the publication of working plans that set out the products and measures to be addressed. Although cosmetics were listed as a priority product group, they are not included in the first working plan.

Tips:

- Read more about the ESPR. Also see the FAQ, Q&A and factsheet.
- Stay updated on the implementation of the ESPR and whether cosmetics will be included in a future

working plan.

Packaging legislation

The Packaging and Packaging Waste Directive (PPWD – 94/62/EC) aims to prevent or reduce the impact of packaging and packaging waste on the environment. Buyers may therefore ask you to minimise the use of packaging and/or to use sustainable (recycled) materials.

By 2030, all packaging on the European market should be reusable or recyclable in an economically viable way. To help achieve this, the new Packaging and Packaging Waste Regulation (PPWR – 2025/40) entered into force in February 2025. This regulation will apply from 12 August 2026, replacing the PPWD.

The Plant Health Law (EU 2016/2031) also sets requirements for wood packaging materials used for transport, such as packing cases and pallets. The goal is to prevent organisms that are harmful to plants or plant products from entering and spreading within the EU.

Tip:

Read more about EU rules on packaging and packaging waste and the requirements for wood packaging materials.

Pending: Green Claims Directive

The European Commission has proposed a Green Claims Directive to:

- Make green claims reliable, comparable and verifiable;
- Protect consumers from greenwashing (pretending you are 'greener' than you are);
- Contribute to a circular and green economy;
- Help create a level playing field when it comes to the environmental performance of products.

The proposal is currently awaiting approval. If the Directive is approved, any green claim you make about your product will have to meet certain requirements. These requirements will apply to how you prove and verify your environmental claims, and to how you communicate about them. The same goes for any claim your buyer makes. Until then, 2 current directives already ban misleading and false environmental green claims: the Unfair Commercial Practices Directive (2005/29/EC) and the new Directive to empower consumers for the green transition (EU 2024/825), which enters into force on 27 September 2026.

Tips:

For details, see the Q&A and factsheet.

Stay updated on the proposed rollout of the Green Claims Directive.

For tips on how to communicate about your sustainable performance honestly and effectively, see the Netherlands' guidelines regarding sustainability claims and the British guidance for businesses on making environmental claims.

What additional requirements do buyers often have?

Buyers often have additional requirements related to sustainability, labelling and packaging, and payment and delivery terms.

Sustainability

Social and environmental sustainability are becoming more and more important in the European market. Environmental sustainability is about your company's impact on the environment, for example through the raw materials you use or your production processes. Social sustainability focuses on your company's impact on the wellbeing of your workers and the community. Key topics include fair wages and safe working conditions.

In addition to laws and regulations, a growing number of European buyers would like you to comply with:

- Business Social Compliance Initiative (BSCI): an initiative of European retailers to improve social conditions in sourcing countries. They expect their suppliers to follow the BSCI Code of Conduct;
- Ethical Trading Initiative (ETI): an alliance of companies, trade unions and voluntary organisations. ETI aims to improve the working conditions in global supply chains via their ETI Base Code of Labour Practice;
- Sedex: a membership organisation striving to improve working conditions in global sourcing chains. The platform lets you share your sustainable performance, based on a self-assessment. You can also be SMETA-audited.

You can learn more about sustainable options from standards such as ISO 14001 and SA 8000. There are certificates for these standards, but most buyers do not require them.

Tips:

Optimise your sustainability performance. Study the issues included in initiatives such as BSCI and ETI to learn what to focus on.

If you can show your sustainability performance, this may give you a competitive advantage. You can use self-assessments like ITC's sustainability checklists, or a Code of Conduct such as the ETI Base Code of Labour Practice.

For more information, see our study on sustainability in HDHT, our tips on going green and becoming socially responsible, and our webinars on sustainability in the European HDHT market and sustainable innovations for your HDHT business.

To learn more about BSCI, ETI, Sedex and SA8000, see the ITC Standards Map. You can also conduct a free online self-assessment.

Highlight your sustainable activities and policies in the 'stories' behind your products and company. Buyers like good storytelling that creates an emotional connection.

Labelling

The information on the product's outer packaging should correspond to the packing list sent to the importer.

External packaging labels should include:

- Name of producer;
- Name of consignee;
- Quantity;
- Size;
- Volume;
- Warning labels.

Your buyer will specify what they need on the product labels or on the item itself. This is in addition to mandatory cosmetic product labelling information, such as logos or 'made in' information. The buyer will include these requirements in the order specifications. In Europe, EAN or barcodes are commonly used on the product label.

Packaging specifications

Importer specifications

You should pack soap according to the importer's instructions. They have their own specific requirements for packaging materials, filling boxes, palletisation and stowing containers. Always ask for the importer's order specifications, which are part of the purchase order.

Preventing damage

Proper packaging minimises the risk of damage through shocks, temperature or humidity. Packaging should protect the items inside a cardboard box. It should also prevent damage to the boxes when they are stacked inside the container. Packaging usually consists of outer and inner cardboard boxes. The inner boxes are filled with protective materials, like bubble wrap or paper.

Dimensions and weight

Packaging must be easy to handle in terms of size and weight. Standards are often related to labour regulations at the point of destination and must be specified by the buyer.

Reducing costs

Boxes are usually palletised for transport, and you have to maximise the use of pallet space. Packaging has to provide maximum protection, but you must also avoid using excess materials or shipping 'air'. Waste removal is a cost to buyers.

Material

Importers are increasingly banning wooden crating and packaging. Economical and sustainable packaging materials are more popular. Using biodegradable packing materials can be a market opportunity. Some buyers

may even demand it.

Consumer packaging

Soaps that are sold as gifts or luxury products have small tags or decorative packaging to help them stand out from competing products. Their labels provide information about the ingredients, production process and additional premium features, such as brand identity. Soap bars have minimal (paper-based) packaging to showcase their natural qualities and prevent waste. Retailers that use refillable consumer packaging for liquid soaps will order your product in bulk or in temporary packaging.

You are not always responsible for attractive consumer packaging. The importer usually designs the packaging to reflect their brand identity. Gift packs, complete spa packs or point-of-sale units can be offered as a further selling point. You may be asked to supply the packaging for these products, depending on the importer's preferences and your options.

Tips:

- Always ask for the importer's order specifications, including their packaging and labelling requirements.
- See Packaging Europe for more information on the latest packaging developments.

Payment and delivery terms

Payment terms are confirmed in the order contract. They vary from buyer to buyer and are related to the volume and value of the order, the type of distribution partner, whether or not an agent is involved, and what delivery terms apply.

Delivery terms, known as Incoterms, depend on the type of distribution partner. HDHT importers generally prefer FOB (Free On Board) or FCA (Free Carrier) arrangements.

Tips:

- See our tips on how to organise your export for more information.
- Study the different Incoterms, including your and your buyer's rights and obligations.
- See our study on terms & conditions for a more elaborate overview, how to work with them, and the benefits of having your own.

What are the requirements for niche markets?

Sustainability certification and fair-trade practices are the most common niche market requirements.

Natural and organic cosmetics

COSMOS (founded by BDIH, Cosmebio, Ecocert, ICEA and the Soil Association) and NATRUE are 2 of the most common international standards for natural and organic cosmetics. They cover all aspects of the sourcing, manufacturing, marketing and control of these products. For 79% of international consumers, COSMOS signalled an all-in-one commitment to environmental sustainability, cruelty-free practices and ethical sourcing. 70% said that COSMOS certification was worth paying a higher price for.

Tips:

- If you use natural and/or organic ingredients, research whether certification would offer opportunities.
- For more information, see how to apply for COSMOS certification and the steps for certification/approval by NATRUE.
- The Soil Association provides guidance for your first or annual/renewal COSMOS manufacturer inspection.

Sustainable palm oil

Palm oil production can involve deforestation and poor working conditions, making it a focus of the new EU Deforestation Regulation (EUDR). The Roundtable on Sustainable Palm Oil (RSPO) is a global partnership that develops and implements global standards for producing and sourcing certified sustainable palm oil. If you use palm oil, your buyers may require it to be RSPO-certified.

Tips:

- See where to purchase certified sustainable palm oil from licensed distributors.
- Be prepared to substitute palm oil with a sustainable alternative if your buyer prefers this.

Fair trade

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Fair-trade certification can give you a competitive advantage, especially if the production of your items is labour-intensive.

Common fair-trade labels are the World Fair Trade Organization (WFTO) Guarantee System and Fair for Life certification. For most fair trade-oriented buyers in Europe however, simply complying with WFTO's 10 Principles of Fair Trade is enough.

Tips:

- Ask buyers what they are looking for. Especially in the fair-trade sector, you can use the story behind your product for marketing purposes.

If certification is not feasible, work according to WFTO's principles without being officially guaranteed or certified. Carefully document your company processes so you can support your story.

Read more about Fair for Life in the ITC Standards Map.

Sustainable paper

If you ship your soap in paper-based packaging, you can use a certified sustainable option. FSC (Forest Stewardship Council) certification is the most common label for sustainable forest-based products, including paper. You can also use recycled paper with the FSC Recycled label. PEFC (Programme for the Endorsement of Forest Certification) certification is another option.

Tip:

Use paper-based packaging that is FSC- or PEFC-certified.

2. Through which channels can you get soap on the European market?

Soap enters the market through importers/wholesalers that supply to retailers, as well as retailers that buy directly from suppliers. There are three market segments: low-end, mid-end and high-end (premium).

How is the end-market segmented?

Figure 1: Soap market segmentation in Europe

Source: Globally Cool, GO! Good Opportunity & Remco Kemper

Low-end market

The well-developed low-end market mainly consists of basic, mass-produced soap, with a focus on functionality. This segment is not easy to enter for you. These soaps often come in sets and at a low price. Typical retailers include hypermarkets such as Carrefour. The higher mid-end market offers more opportunities for you, as a small or medium-sized enterprise (SME) from a developing country.

Mid-end market

This segment follows trends. Soap with added value is especially popular.

You can add value to your soaps with:

- (Natural) ingredients and scents that are specific to your context;
- Sustainable values of the product or production process;
- Artisanry, creating interesting designs or shapes;
- Gift packaging.

Handmade soaps range from the higher mid-end to the high-end segment. The higher mid-end segment is the most promising market for you. Speciality stores like Lush are examples of players in the mid-end market.

Figure 2: Lush’s natural ingredients

Source: LUSH @ YouTube

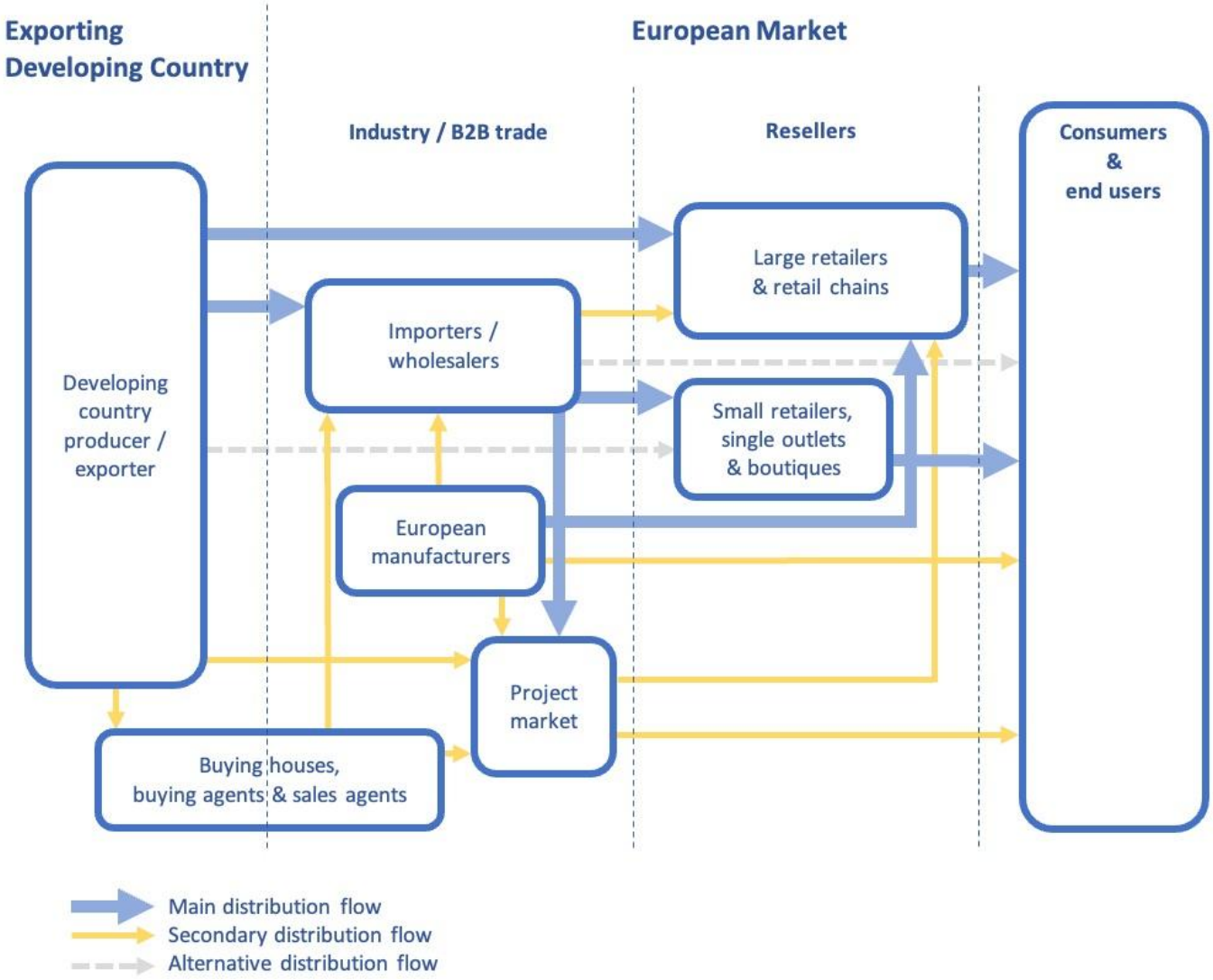
High-end/premium market

In the high-end market, branding also plays a role. At the top end are chunky bars of soap with special ingredients or slick, branded dispensers. Luxury department stores such as Harrods play an important role in this segment.

Through which channels does soap end up on the end market?

Market access channels for soap mainly follow traditional patterns. Importers/wholesalers supply to retailers. Larger retail chains often bypass these intermediaries and handle their own imports, but more and more smaller retailers have also started buying directly from suppliers. In some cases, buying agents play a role.

Figure 3: Trade channels for soap in Europe



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

Importers/wholesalers

Importers/wholesalers sell products to retailers in their own country or region, or re-export across Europe. Supplying to buyers in the project market (such as hotels and spas) is another distribution flow for them.

These importers/wholesalers handle import procedures. They take ownership of goods when they buy from you (unlike agents), taking on the risk of the onward sale of the products. Developing a long-term relationship can lead to a high level of cooperation on appropriate designs for the market, new trends, use of materials, types of finishing and quality requirements.

Importing retailers

Retailers come in many sizes: they can be large and part of a chain, or small and independent. Especially larger retail chains often import directly from their suppliers in developing countries. Many even have their own buying offices in developing countries. Others – mainly smaller independent stores – order in Europe from wholesalers.

There is a tendency towards consolidation in European retail. Large retail brands are becoming more

widespread and more ‘lifestyle-centred’, offering home decoration and textiles as well as cosmetics.

Buying agents, buying houses and sales agents

You can encounter several types of intermediaries in your dealings with European buyers:

- European buying agents: represent European buyers in sourcing countries, but do not import products themselves. Sometimes they have a more limited role, such as checking product quality. They can work individually or as part of a purchasing company.
- Buying houses: comparable to buying agents, but they are based in your country and usually offer more services. These can range from raw material sourcing to design and sampling services.
- European sales agents: can help you find European buyers. However, you should be careful about entering into agreements with commercial agents, because European legislation protects their position.

Agents and buying houses mostly work on commission. They may approach you, or your buyer may request an intermediary. However, you should always try to work directly with your buyer. This saves on commission and allows you to communicate with your buyer directly.

E-commerce

E-commerce has grown in recent years. The easiest way to benefit from this trend is by supplying to a European wholesaler or retailer with a strong online presence. This is usually not a separate channel. Retailers often combine online and offline channels, which have the same supply processes. Companies that only sell online also need to take stock before they can sell.

Direct business-to-consumer (B2C) sales

Selling directly to European consumers can be complicated and costly. You need an ‘economic operator’ in the EU, and you are responsible for factors like aftersales obligations. For most exporters from developing countries, this is not feasible.

Tips:

To find buyers, search exhibitor lists or visit European trade fairs like Ambiente, Maison&Objet, BIOFACH and Cosmoprof.

See our tips for finding buyers in the European HDHT market.

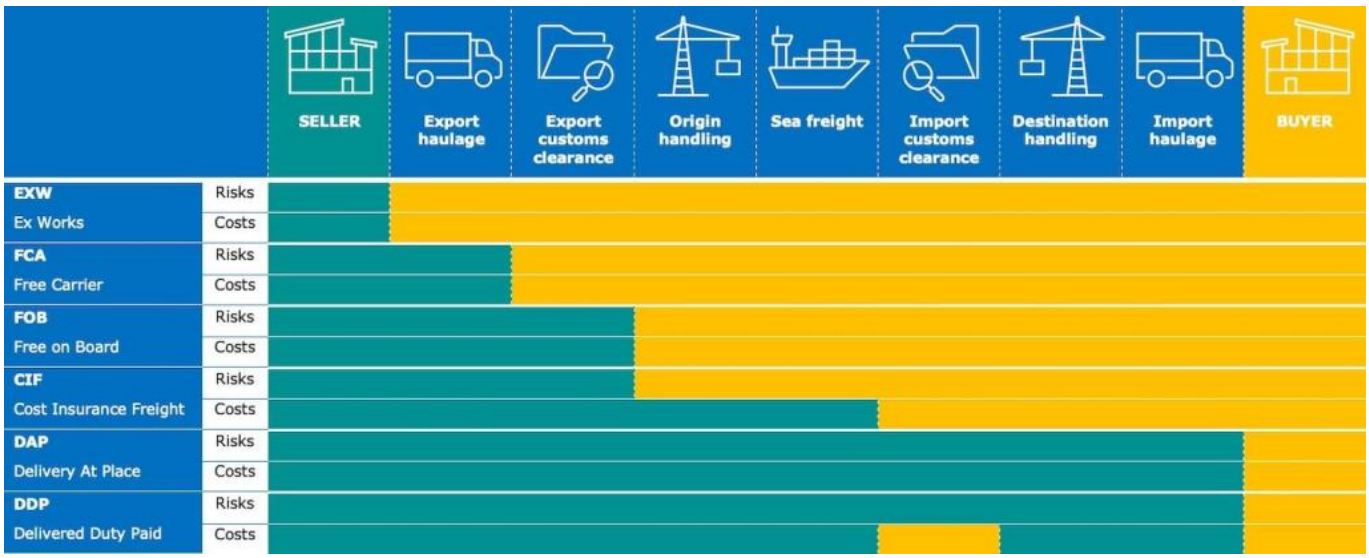
For more information about trading directly with smaller retailers and e-commerce, see our study about alternative distribution channels.

What is the most interesting channel for you?

Importers/wholesalers are the main channel between exporters in developing countries and European retailers. They are interesting if you want to develop a long-term relationship. These importers usually know the European

market well, so they can provide valuable information and guidance on market preferences. They generally prefer FOB or FCA Incoterms.

Figure 4: Incoterms



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

Large retailers are increasingly handling their own imports to cut out the margins of importers/wholesalers, reduce time to market, and have more control over product design and finish.

Smaller, independent retailers need to set themselves apart from retail chains on value-added service, specialised offers and authenticity. Buying directly from producers in developing countries is an interesting way for them to do this. They typically prefer small order quantities per item, small total order volumes, and delivery to their doorstep via Delivered Duty Paid (DDP) or Delivery At Place (DAP). Repeat orders are less likely. You need to calculate whether this is cost-effective for you.

The trend of direct sourcing is expected to continue. This may create more opportunities for you, as a growing pool of buyers could improve your bargaining position. Because importing retailers order for their own shops, they can place orders much quicker than importers/wholesalers, who may need to show samples to their retailers before ordering.

Tips:

- Consider targeting retailers directly to improve your bargaining position and potentially close deals faster.
- Relate your offer and terms to the targeted retailer (large/small). Ask your existing buyers how they operate if you are unsure.
- Build a relationship based on mutual benefits by offering services such as fast delivery and after-sales support.
- If you are interested in selling to small independent retailers, make sure to have a policy for them if

you participate in trade fairs. You must have appropriate terms of trading, such as low minimum order quantities.

3. What competition do you face on the European soap market?

Most European soap imports are intra-European trade. Germany, Poland and the Netherlands supply nearly half of Europe's soap imports. This includes re-exports of European brands that outsource production to developing countries. Your best opportunities are in the higher mid-end market.

In 2024, Germany was Europe's main soap supplier, accounting for 19% of imports, followed by Poland (15%) and the Netherlands (12%). Next on the list are Türkiye (6.2%), the United Kingdom (UK, 5.7%) and Spain (4.7%).

Re-exporters or producers

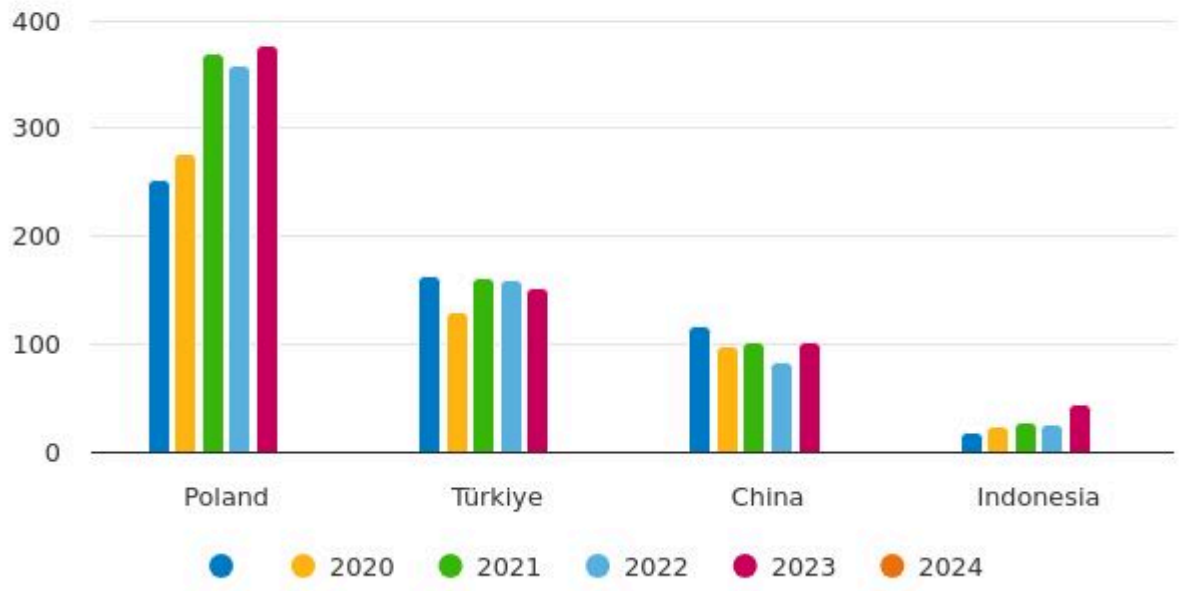
European countries have different roles in the HDHT market. Some are mainly importers and others are mainly manufacturers. Western European countries are mainly importers. Most Western European importers are re-exporters. They do not just sell products in their own country, but also distribute them across the continent.

European volume production for the lower- and middle-end market takes place across Europe, especially in areas where chemical industries can supply the basic ingredients, and where the technology to produce soap at an industrial scale is available. Alternatively, basic ingredients can be imported. 'Made in' is an important marketing value for soap, especially in French soap and in the mid-high and premium market segments. In such cases, brands will highlight that every part of their value chain is based in the country in question. This includes packaging and scents.

Which countries are you competing with?

Figure 5: Competing suppliers of soap to Europe

in million €



Source: UN Comtrade & Eurostat Comext (2025)

Poland strengthens its position as a lower-cost European supplier

Polish soap exports to other European countries grew from €252 million in 2020 to €377 million in 2024, at an average annual rate (CAGR) of 11%. More than half of these products were exported to Germany, where Poland is the leading supplier. Western European brands are increasingly outsourcing their production to Eastern European countries like Poland, especially in the lower-end market. For you, the mid-high handmade segment offers much more opportunities. You can focus on specific ingredients/scents, social/environmental values, design and packaging, and customised service.

As an Eastern European country, Poland benefits from its location, allowing for short delivery times. At the same time, labour is relatively affordable. Suppliers have a good understanding of the European consumer and have well-established, efficient production lines. Products that are 'made in Europe' are also increasingly popular.

Another important European soap supplier is France. French soaps dominate the wellness and branded upper-middle/luxury market, with famous soaps like Savon de Marseille and luxury brands like Diptyque and Sisley Paris.

Turkish supplies peaked sharply in 2020

Türkiye's soap exports to Europe increased sharply in 2020, reaching €163 million. They decreased to €152 million in 2024, at a -1.6% CAGR. However, these export values continue to be higher than before the COVID-19 pandemic. Türkiye's main European soap markets are the Netherlands (€23 million), the UK (€19 million) and Germany (€16 million).

Like Poland, Türkiye has the advantage of being located close to the European market. The country also offers a

low-cost workforce and relatively easy and affordable transport. This makes production locations in Türkiye attractive based on cost and lead times.

Türkiye has a dual role in the market. Turkish producers are direct competitors to Poland with an industrially made product for the (private label) lower ends of the market. Türkiye also has a handmade tradition in soap making. The country is famous for its Turkish hammam tradition, often using olive oil-based soap. By adding brand value to this, they can compete in the mid-high market. This is also your target market. You should differentiate with specific ingredients and scents, sustainable values, design, packaging, and customised service to importers.

China provides low-cost mass production

China is the world's leading soap exporter, but it plays a relatively small role in the European market. Its exports fell from €116 million in 2020 to €102 million in 2024, at a -3.3% CAGR. This translated to a 4.2% share of direct imports. About a third of these products were exported to the UK. Chinese producers mainly supply the lower ends of the market with low-priced products.

Unfair competition from non-compliant e-commerce platforms

Although cheap Chinese e-commerce platforms have become increasingly popular, they are subject to product quality issues and ethical concerns. In November 2024, the European Commission urged Temu to respect EU consumer protection laws following various infringing practices. The Commission has opened formal proceedings against Temu to assess whether it has breached the Digital Services Act in areas linked to, for example, the sale of illegal products. Similarly, the Commission has sent several requests for information to SHEIN. In May/June 2025, the European consumer authorities established that SHEIN violated consumer protection law and filed a complaint.

To achieve a safer, more sustainable and fairer market, the European Commission has published its E-commerce Communication. This toolbox for safe and sustainable e-commerce offers coordinated customs controls and product safety checks. It also proposes to remove the €150 duty exemption, and to introduce a simplified customs duty calculation for the most common low-value goods bought from outside the EU.

China's strengths are its low-cost workforce, availability of raw materials and efficient shipping to Europe. However, rising labour costs have affected the country's price competitiveness. In the coming years, China's trade war with the United States and other disruptions may affect exports. This could benefit companies from other developing countries who can make an industrialised product for the mass market.

Indonesian soap exports are booming

Indonesia is the world's second-largest soap exporter, exporting about €846 million worldwide in 2024. The country's supplies to Europe increased from €17 million in 2020 to €44 million in 2024, at a 27% CAGR. Its direct import market share grew from 0.7% to 1.8% over this period. Europe is a relatively small market for Indonesia.

Indonesia is a private-label manufacturer of soaps for importers in the lower/middle ends of the market. The country's flourishing crafts industry also offers handmade soap for the mid-high end, but at a relatively small

scale. You can compete with Indonesia's handmade soap via your ingredients and scents, sustainability, design and packaging, as well as personalised service to importers.

Which companies are you competing with?

The following companies are examples of the type of competition you face in the European market.

Maroma, India

WFTO-guaranteed producer Maroma offers a full range of home fragrances and body care products, including soaps. Their principles of being natural, toxin-free, earth-friendly, vegan and cruelty-free reflect their sustainable values. To support this, they list their fair-trade practices for each of WFTO's 10 principles on their website. Most of the company's employees are women, who are trained to improve and develop their skills so they can move up in the company.

Figure 6: Maroma – soap production process

Source: Maroma @ YouTube

Maroma mainly uses recyclable and preferably locally sourced (renewable) natural materials for their products and packaging. Their handmade soaps are cold-pressed and triple-milled, using a blend of vegetable oils (mainly organic coconut oil) and butters with added botanical extracts. The soap bars are simple in design and colour, with the Maroma logo pressed into them. They come in handmade paper packaging made from recycled waste cotton and printed with vegetable-based ink.

Botanika Marrakech by Ircos Maroc, Morocco

Botanika Marrakech is a natural cosmetics brand by Ircos Maroc, a Moroccan manufacturer of body care and

home fragrance products. They offer a collection of cosmetic, body and home care products. Their formulas include essential oils and organic plant extracts, with a focus on organic argan oil and leaf extract. Argan is a well-known Moroccan ingredient for cosmetics, famous for its hydrating, antimicrobial and anti-inflammatory properties. The company has a variety of certifications, including ISO 22716 and Ecocert.

Figure 7: Botanika Marrakech teaser

Source: Botanika Marrakech @ YouTube

For its natural soap bars, Botanika Marrakech combines argan oil with shea butter in various scents from Moroccan soil. The company also offers hard soaps made using red or green clay, coffee, turmeric or nigella oil. Their liquid hand soaps contain argan leaf and chamomile extracts, to “purify the hands and delicately perfume them while respecting the natural balance of your skin”. The company’s jars of creamy soap paste are linked to the well-known local tradition of hammams, popular among European consumers.

Kandaka Naturals, Rwanda

Kandaka Naturals is one of Rwanda’s first established natural body care brands. The company produces natural soaps, handmade from (locally sourced) raw materials like coconut, olive and avocado oil. The soaps can be customised according to clients’ preferred ingredients, size, shape and colour. Their zero-waste packaging is supplied by local producers. Besides soap, Kandaka Naturals offers shampoo and lotion bars and scrubs. They sell their products locally and via their German sister organisation.

The company employs and trains women so they can become financially independent, learn new skills and develop their careers. They also aim to end period poverty in Rwanda. Kandaka Naturals invests 30% of its profits in reusable sanitary pads for schoolgirls. They also organise workshops to promote female health and hygiene and address menstrual hygiene management.

Which products are you competing with?

Competition for soap mostly comes from within the category, from different ingredients and designs with different benefits. The COVID-19 pandemic has made consumers more aware of personal hygiene. Not only in their home, but also on the road. This has boosted interest in liquid soap without water and disinfection gels. However, these strictly functional products do not directly compete with soaps in the HDHT category that have high emotional and gift value.

Tips:

- Compare your products and company to the competition. You can use the ITC Trade Map to find exporters per country.
- Focus on special ingredients, design, your sustainable values and the story behind your products to stand out from your competitors.

4. What are the prices for soap on the European market?

Prices for soap vary across market segments. After adding logistics costs, wholesaler and retail margins, and value-added tax (VAT), European consumer prices amount to about 4-6.5 times your selling price.

Table 1 gives examples of prices across market segments.

Table 1: Indicative consumer prices of soap

	Low-end	Mid-end	High-end
Soap	Up to €1.50	€1.50 to €7.50	€7.50 and over

Consumer prices depend on the value perception of your product in a particular segment. This is influenced by your marketing mix.

Figure 8: Marketing mix – the 4 Ps

Source: Globally Cool, GO! Good Opportunity & Remco Kemper

The European consumer price of your soap is about 4-6.5 times your FOB price. Besides energy, labour and transport costs, FOB prices depend heavily on the availability and cost of raw materials. Occasional cost increases are not directly passed on to the consumer, so they put pressure on margins in the supply chain. However, recent disruptions have resulted in longer-term cost increases. This continuing pressure has made many European retailers raise consumer prices. If costs drop again, consumer prices may follow.

Consumer prices generally consist of:

- Your FOB price;
- Shipping, import, handling costs;
- Wholesaler margins;
- Retail margins;
- VAT – varies per country, about 20% on average.

Figure 9: Price breakdown indication for soap in the supply chain

Source: Globally Cool, GO! Good Opportunity & Remco Kemper

For example, in Table 2, the FOB price is set at €10. Depending on the market segment your product is designed for, the consumer price ranges from €41 in the low-end market to €65.50 in the high-end market.

Table 2: Example of price breakdown per market segment

	Low margin	Middle margin	High margin	
FOB price	€10.00	€10.00	€10.00	Your FOB price
Transport, handling charges, transport insurance, banking services (20/15/15%)	+2.00 €12.00	+1.50 €11.50	+1.50 €11.50	Landed price for the wholesale importer
Wholesalers' margins (50/75/90%)	+6.00 €18.00	+8.60 €20.10	+10.40 €21.90	Selling price from the wholesale importer to the retailer
Retailers' margins (90/110/150%)	+16.20 €34.20	+22.20 €42.30	+32.70 €54.60	Selling price excluding VAT from the retailer to the end consumer
Selling price incl. VAT (20%)	+6.80 €41.00	+8.50 €50.80	+10.90 €65.50	Selling price including VAT from the retailer to the end consumer

The FOB price of €10 includes your margins. These depend on your efficiency and price setting. Margins in the lower segment are generally smaller than those in the middle/higher segments.

Examples of consumer prices:

- Basic cream soap bar, Albert Heijn, €1.29;
- Handmade vegan rapeseed oil and coconut oil soap bar with coffee, Lush, €8.50;
- Luxury designer soap bar, Chanel, €37.

Tips:

Study consumer prices in your target segment to determine your price and adjust your cost accordingly. Your quality and price must match your chosen target segment.

Calculate your prices regularly and carefully, especially if the prices of raw materials fluctuate. When raw material prices pressure your margin for a longer period, consider increasing your price or finding an alternative.

Understand your segment and offer a correct marketing mix to meet consumer expectations.

Globally Cool carried out this study in partnership with GO! Good Opportunity and Remco Kemper on behalf of CBI.

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