

AHAVA

ACTIVE DEADSEA MINERALS

Two years ago, AHAVA set an ambitious business goal: to expand distribution around the world and position itself as a high-end cosmetics brand. In order to achieve this objective, a rebranding process was launched, including a new short-term distribution strategy resulting in differentiation and long-term growth

AHAVA Dead Sea Laboratories was founded 25 years ago, a joint venture started by three kibbutzim in the Dead Sea area. By extracting the therapeutic properties of the mud, water and minerals found in the area, unique face and body cosmetics were created.

In the beginning, AHAVA's target audience was primarily tourists vacationing at the Dead Sea. Gradually, the brand was also marketed to local audiences through sales in Pharm chains, duty free stores, and many other local points of sale. With step-by-step penetration of overseas markets, AHAVA products are now sold in 35 countries, the US providing the largest market. Over time, the brand has entered new categories, such as sun protection, makeup and men's skincare products. However, this expansion into various categories was carried out without maintaining a uniform brand language, resulting in each category having a different look on the shelves.

In addition, since the brand operated in the mass market category affecting both price and product quality,

and because body care products captured the major percentage of sales, the perception evolved that it was a brand specializing in body care, not face care products.

Competitive Environment

AHAVA is a leading brand in skincare products based on Dead Sea minerals. The name AHAVA has become generic in the category, indicating the power of the brand but also contributing to competitors' sales results, which benefit from the AHAVA aura.

Until two years ago, AHAVA products were widely distributed, resulting in the brand entering the arena of aggressive competition that exists within the mass market skincare sector in Israel. At the same time overseas, the brand largely competed against selective skincare products, but there it encountered problems attributed to low positioning, which prevented entry to high-end points of sale.

Marketing Challenges

In order to create international momentum, AHAVA decided to create a uniform, high-end positioning for its products around the world, both conceptually and in terms of product visibility on the shelves. To do this, a fresh communication language and new packaging design was needed to support this change in positioning 'via the shelf', enabling the product to become an equal among competitors in selective cosmetics departments. Because of its affiliation with the Dead Sea, which is perceived as a vacation and healing site for the adult population, AHAVA decided, as part of the rebranding process, to rejuvenate the brand and expand its target audience. The rebranding process to a high-end, top quality and youthful product comprised the basis

for AHAVA's most significant change: transition from the mass market category to the selective category, and entry into international marketing chains, such as Sephora, as well as high-end points of sale in Israel and all over the world.

Creative Solutions

To overcome marketing challenges, it was necessary to take an integrated approach throughout the marketing mix. Rebranding was integral to transitioning from the mass market to selective category, as was exiting points of sale incompatible with the new positioning.

AHAVA decided to 'sacrifice' short-term sales returns in order to achieve long-term goals. In Israel, for example, a decision was taken to stop marketing AHAVA products at approximately 900 points of sale found to be unsuitable to planned positioning strategy.

Traditionally, the selective category specializes more in face care than body care products. Therefore, AHAVA decided to focus on this category, launching a sophisticated face care product line, while simultaneously reducing and removing products inappropriate for selective distribution.

The sales results of this shift were unequivocal: the ratio between face and body care products switched. Face care products that had once comprised approximately 40% of brand sales, reached approximately 60%, and a 60% share in the brand's product portfolio.

At the same time, AHAVA's R&D Department developed a series of formulas and innovative technologies to enhance the brand's face care products, differentiating AHAVA from competitors and creating a broader USP. Leading face care products in the EXTREME series include natural ingredients from two extreme locations in the world: the depths of the Dead Sea (the lowest point on Earth) and the heights of the Himalayan Mountains





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(the highest point on earth).

Since one of AHAVA's brand values is 'closeness to nature', a strategic decision to remove controversial ingredients, such as SLS and parabens was made as part of the rebranding process, making the products skin-friendly. Similarly, all new packaging and marketing material is printed on recycled paper, designed to reduce unnecessary use of raw materials and by doing so, to protect the environment.

Packaging design has also undergone extensive change. With the decision to unify the brands look, AHAVA has succeeded in creating presence and distinction on the shelf. In addition, until the rebranding process, some of the packages had been colorful, and now it was necessary to refine and adapt them for sales on selective department shelves.

The color selected for the new packaging is a light desert red-brown, identified with the Dead Sea. The names of product series are embossed in their specific colors, and relate to the benefit, not the description, i.e., Time to Smooth, Time to Hydrate.

In order to create an additional USP for the brand, new packages hold AHAVA's exclusive trademark and unique ingredient – Osmoter™ – a technological innovation by AHAVA Dead Sea Laboratories, comprising mineral extracts from the Dead Sea to optimally hydrate the skin. To differentiate face care and body care, each series has different design and communication features. The face care series can be identified according to intensity and effect on the skin, the greater the level of intensity, the more stripes on the package.

In contrast, body care products can be identified by icons on the packaging, indicating the main ingredient found in the product: salt, mud, water or plants. The series of men's care products has also been differentiated by using a slighter darker packaging color. Today, all AHAVA products are unified and uniform, magnifying the prominence and prestige of the products on the shelf.

Communication Language Change

At the end of the rebranding process, AHAVA launched a campaign to introduce the renewed brand and reinforce its new, high end positioning.

The campaign was launched in Israel and overseas under the slogan "My Skin Reborn". Using the possessive in the first person singular – My – AHAVA broadcast a very personal message, using it to introduce the various products - My Face Care, My Body Care, My Gift, and more. Using visuals with a mystical quality and focusing on products from the EXTREME face care series, the brand's most advanced flagship line, the campaign communicated AHAVA's new high-end positioning and the immense change undergone by the brand.

Results of Shift

At the beginning of 2011, during the first stage of the rebranding process, downsizing the number of points of sale and reducing the product portfolio caused an expected decline in sales.

To date, the trend has completely reversed, and brand sales are showing impressive growth around the world.

Things You Didn't Know About AHAVA

■ The concept of developing the EXTREME series was made by VP R&D at AHAVA, Dr. Zeevi Maor, on a trip to the Himalayas at meetings he conducted with local doctors.

■ Celebrities around the world who use AHAVA products include Madonna, Demi Moore, Donna Karan, Natalie Portman, Meryl Streep and Hillary Clinton.

■ In the 2004 Athens Olympics, a unique product line imprinted with the official Olympic seal was especially manufactured by AHAVA and retailed at the games.

■ AHAVA Dead Sea Laboratories is the only cosmetics company participating in Israel's national nanotechnology research plan.

■ In the AGE CONTROL product series, one of the ingredients is Dunaliella algae, discovered in the Dead Sea in 1941 by Dr. Elazari Volcani, which until that time had been believed to be completely void of life.

With fewer points of sale AHAVA is selling far more products than before. Rebranding has enabled AHAVA to penetrate new markets around the world in addition to selective distribution points that were previously blocked. For example, AHAVA products can now be found at the Sephora cosmetics chain and in the past year and a half alone, AHAVA has entered many new markets such as Italy, Poland, Denmark and Cambodia.

Studies conducted by AHAVA have also revealed that the strategic decision to rejuvenate brand perception and products has brought exposure to new audiences.

Towards the Future

AHAVA plans to penetrate eight new international markets over the next 18 months, continuing to establish and market the brand overseas. At the same time, new products will be launched in existing categories, offering new benefits and advanced technology.

1988

Three kibbutzim in the Dead Sea region establish the brand.

1992

AHAVA products are marketed abroad for the first time.

1997

AHAVA products are sold for the first time in the Super Pharm chain.

2007

AHAVA chain stores are established overseas.

2011

Rebranding process is launched.

2012

Brand is active in 35 global markets and available at selective points of sale in Israel and around the world.