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French-headquartered Pierre Fabre has merged its dermo cosmetics and medical care arms under a single management team over the past four years; a strategy that has helped the firm to triple its profits in the Middle East. Naim Hanna outlines the company's operational model and strategy in the region, how it is adapting to key market trends, and his approach to talent attraction and retention.

Last time we met was back in 2020, and a lot has changed globally and in the region since then. What has been at the top of your agenda over the last three years?

Since 2019, Pierre Fabre has gone through a transformation plan that involved the merging of the activities of dermo cosmetics and medical care under one management on a global level and in the Middle East. The company has been growing worldwide in terms of profit, and this has been mirrored in our region with a tripling of profits since 2017 and a doubling of turnover. This has been done through a lot of expansion and development and now we are in the second phase of the transformation. This stage entails conquering the market through developing a new consumer base and launching new brands and products.

You control quite a large region. Which markets have been your star performers and which others do you believe will grow in the future?

During the last three to four years, we have seen the rise of our star markets, Saudi Arabia and the UAE. These markets have grown at a much higher rate for us than the others, and the countries in general have experienced a development of their healthcare system, retail space, consumer knowledge and digitalisation; they have really been moving in fast-forward!

Other countries, such as Kuwait, Jordan, and Egypt, have gone the other way and are slowing down. A pleasant story for us is the cosmetic sector in Lebanon. Many companies left the country due to the economic struggles being faced there, but we rode the wave and have seen good results.

If you look at the size of the dermo cosmetic area within the overall beauty market, it is still relatively small, especially compared to that of Europe, so we still have some work to do in terms of the development of the pharmacy channel. Additionally, within cosmetic pharmaceuticals there is still room to grow in terms of volume. Nevertheless, we see that in places like Saudi Arabia the pharmacy channel is still very strong in comparison to other places where these products can be purchased such as large supermarket chains.

How does your operational model differ between markets, especially with such a broad and varied list of nations under your control?

We have two main business categories. First, dermo cosmetic and personal care, or DCPC, which makes up around 55 percent of our sales, and medical care that accounts for the other 45 percent.

DCPC is made up of five brands that have been built up and distributed in the same ways, such as using digital platforms and pharmacy chains and our involvement differs from country to country. In more mature markets we are running the show, while in less developed markets we have a partner that is developing the business with us

Medical care comes from the pharmaceutical franchise arm and is made up of our traditional older molecules in the field of oncology, and we equally have new molecules in breast, colorectal and skin cancer. We operate with a business model like any classical pharmaceutical company, developing business and utilising partners to deal with areas such as logistics and tenders.

We are now developing a third area in oral care. This has already been launched worldwide and we are now adapting the business model for the region so we can be successful when we kick it all off.

Within the field of DCPC there is a lot of competition. What is the differentiating factor that sets you apart from the other large players in the market?

You are right to say that there is strong competition. However, Pierre Fabre has a completely different approach to its competitors as we are bringing forward pharmaceutical dermo cosmetics that have scientific studies backing them up. This is a huge strength, a differentiator, and where we are building our reputation. So far, it is paying off. Our products have been extremely well received by medical professionals who know we are providing top notch innovative therapies in fields like oncology. We are bringing this same rigorous and deep research to our DCPC products, and this is building trust with medical personnel, meaning that they recommend our products to patients.

Saudi Arabia and the UAE have been very keen to launch innovative therapies quickly. Have you been able to leverage this to launch your innovative therapies in the region?

We are launching a new molecule for breast cancer next year and it has been brought to market using the fast-track system in Saudi Arabia. It will also be brought to market in the UAE. This therapy will be a real breakthrough for breast cancer patients.

You have been working in the Middle East market for some years now and across different companies. What do you see as the most significant current market trends?

Saudi Arabia is a nation that is going to shine in the upcoming years as there is great potential for trade and the pharmacy channel is strong. Furthermore, consumers there are knowledgeable with good purchasing power, and they are exposed to brand communication. The nation has a strong healthcare system and is opening its doors for MNCs to bring operations there.

The UAE on the other hand has something which is very unique for the region and world, a great diversity of people. This makes it a very challenging market in the health beauty consumer area as you must have a large range of products that fit the needs of the consumer. For example, we are dealing with Europeans, Asians, and Arabs with each of them having a different skin tone and skin moisture level, so we must fill the need for each of them from our dermo cosmetic range.

We see potential in Qatar, but it will still take some time to develop the market using a similar model to the UAE.

How are you so successful within such a large range of markets?

Pierre Fabre is built around a rich portfolio. Avene is our most famous line and covers so many needs. For example, we have the number one sunscreen product on the market, Cleanance Gel is the leader for cleaning oily skin, the second brand Ducray is a standout brand that has established triple digit growth in Saudi Arabia built around a partnership with the leading pharmacy chain in the country. Furthermore, we will enrich our portfolio with other Brands with strong equity suitable for the Arabic consumers.

E-commerce is a growing trend globally. How important is it for your bottom line here?

It is definitely important for us here, but it is a concept we are still developing and want to grow. Each nation has a differing penetration of e-commerce solutions, for example France is around 6 percent while Germany around 25. We sit in about the middle range of percentages for the company globally, but if you compare us to the US and Turkey where around 40 percent of sales online, we are not there.

We definitely have a role to play to grow this footprint as when selling dermo cosmetics online you must have a trusted brand. For example, in Dubai you can have a mix of suppliers that are selling to consumers from across the region or locally. We want to build the trust to consumers that what they buy is coming directly from us, and with this trust we will lead the online sales category for our product types.

How do you approach localisation in geographies like Saudi Arabia and the UAE that want to attract larger operations of MNCs?

At Pierre Fabre we always operate under an ethical strategy within each market, so if Saudi Arabia in the future requires us to place an office there, then we will. This will definitely not do us any harm, as it is a market with great growth and size.

The UAE is the second market for us in the region, behind Saudi Arabia. It is a trendy market and like Paris or Milan is for fashion, UAE is for dermo cosmetics in the region. Once a product has been launched here and been successful, all the other countries in the region want to follow the same model. Here retail development is fast, doctors are updated on the latest trends, and the healthcare system values innovation and development. The UAE and DHA have set up the objective of making it the hospital of the Middle East and promoting innovation. Therefore, being here is good for Pierre Fabre as we can access the market with our new oncology therapies and ride the market trends in cosmetics.

Sustainability has been a strong pillar for Pierre Fabre globally. How do you bring this approach here?

In the Middle East we are moving towards the same pattern of sustainability as the global group and this year put in place a 'green wave' for the next three years. This will be in three cities - Beirut, Dubai, and a third which is yet to be chosen - and will involve the development of green projects with the help of agriculture students to make the cities greener. 80 percent of Pierre Fabre products are made from nature, even within our oncology range, so being green and sustainable is very much rooted in our beliefs and values.

Furthermore, we are also looking to bring more digitalisation within our operations through optimization of processes to decrease our carbon footprint.

What would you like to achieve in the next three years?

We will continue to be the number one company for dermo cosmetics in the Middle East, an achievement that Pierre Fabre does not have in every region, so we are very proud of that. We will be launching innovative therapies in oncology in Egypt, Saudi Arabia and the UAE, and, as we speak, we are undertaking negotiations to launch colorectal cancer treatments in a number of markets.

Dubai is a relatively new hub for pharmaceutical companies. How do you attract staff to come to Pierre Fabre?

The Pierre Fabre culture is very healthy and promotes development and growth, with employees being rewarded when they succeed. I adopt and push this approach across every market in the region. We are always looking for new talents and people are important for us, and we want them to grow their career here. We are in touch with universities to develop graduates through internships and then bring them into our greater operations.

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