

Creaming the competition

By [Zweli Mkgata](#)

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Brothers David and Justin Letschert have turned a R3-million a year local operation into a R661-million worldwide player in only seven years.

'We had to get in through the back door', say brothers David and Justin Letschert, who have turned a R3-million a year local operation into a R661-million worldwide player in only seven years — on the strength of just one skin-care product.

The entrepreneurs, Justin, 40, and David, 37, took over Union Swiss, a Cape Town skin-care company launched in 1954, and scrapped its entire product range with the exception of Bio-Oil, a product developed in 1987.

The product is sold in more than 17 countries.

Justin said, "This product has put us in a formidable position. There are huge barriers to entry into the skin-care industry.

"For a small company such as ours, it would have been impossible to use the same models as the bigger brands. We had to get into the market through the back door."

The company's lone product was able to enter some of the biggest markets, including the UK, US, Canada, Australia and New Zealand, to earn the highest turnover for a single product in each market last year.

"At the beginning, we had a tough time trying to convince retailers to carry the product, but now we are getting more shelf space for our one product than some manufacturers get for an entire product range."

After huge success in the UK, New Zealand and Australia, the company sold its four remaining brands in order to focus exclusively on Bio-Oil.

Last year the product made R23.3-million more than the next best-selling comparable product in the UK, selling in 1,000 shops.

In US, the product is on sale in 6,000 stores and it beat its closest rival by more than R3-million.

In Australia, it made six times as much income as the next best-selling product, and in New Zealand, it made 10 times as much as its rival.

Unlike other skin-care companies, Union Swiss, which employs about 50 people, contracts its manufacturing to local companies.

“We are No 1 in all markets in which we have a presence, and the reason for that is that the product is oil, not cream, and covers all skin-care needs.

“The competition would rather make creams, which are 90% water.

“They also need to make a range of products that target all the areas that just one bottle of Bio-Oil covers,” says Justin.

Union Swiss intends launching a new skin-care brand next year.

Source: *The Times*

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