The Broadening Meaning of Green Beauty

FCE COSMETIQUE 2018

Briefing by Euromonitor International

EUROMONITOR INTERNATIONAL

OVERVIEW

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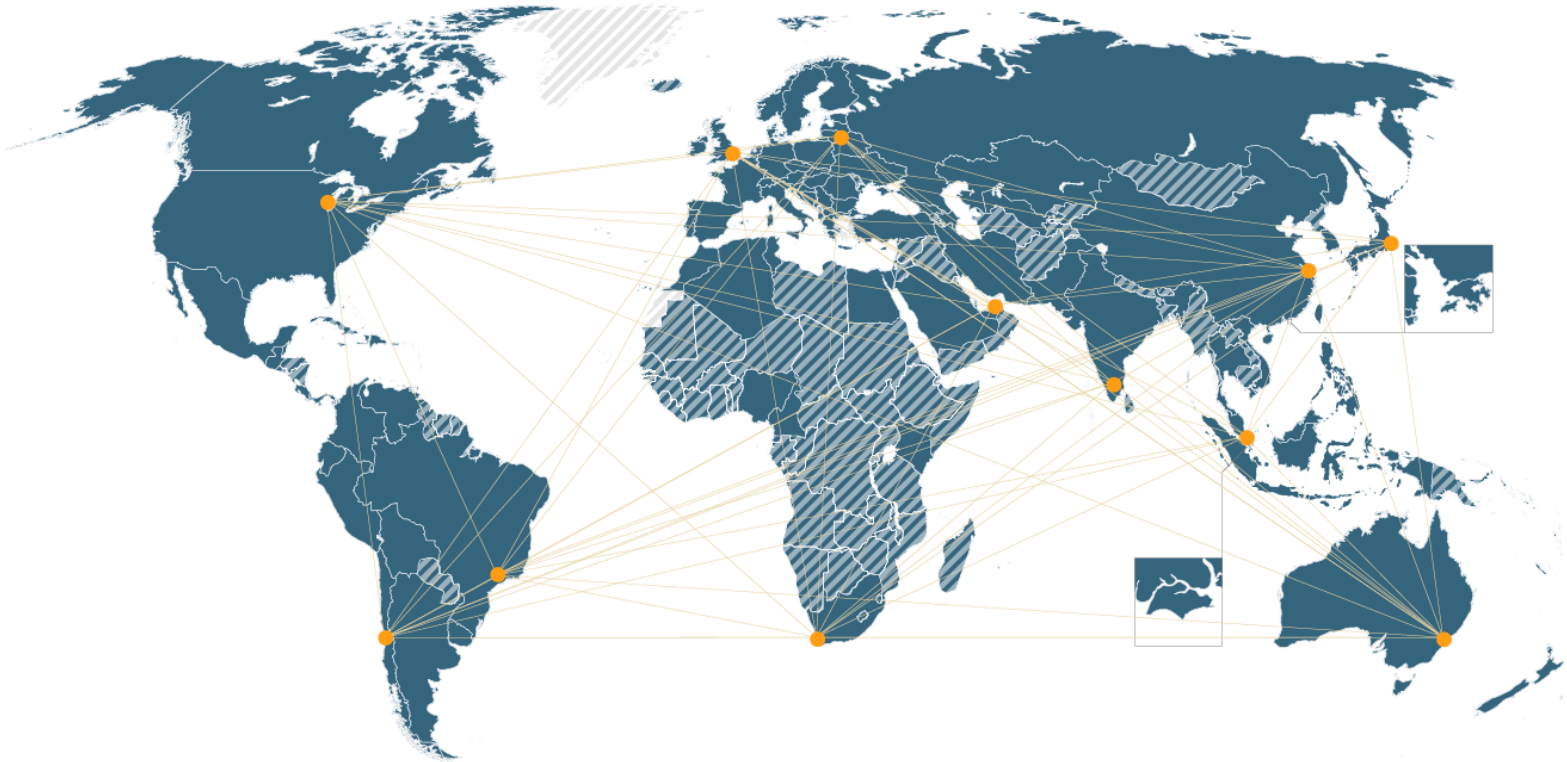

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100 COUNTRIES
in-depth analysis on consumer goods and service industries

+ 210 COUNTRIES
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- Home and Garden
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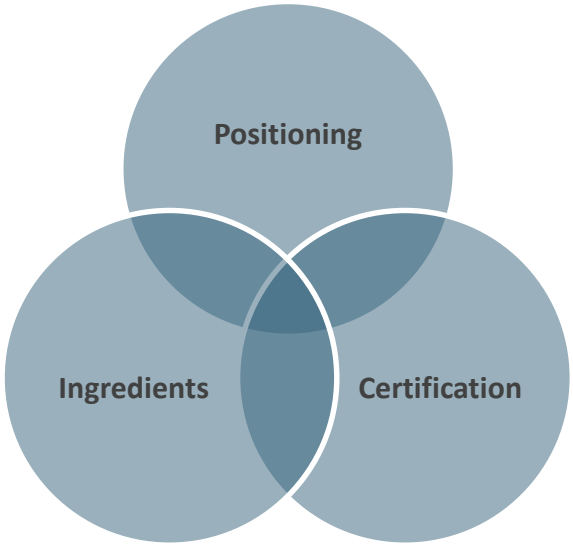
The New Meaning of Green Beauty

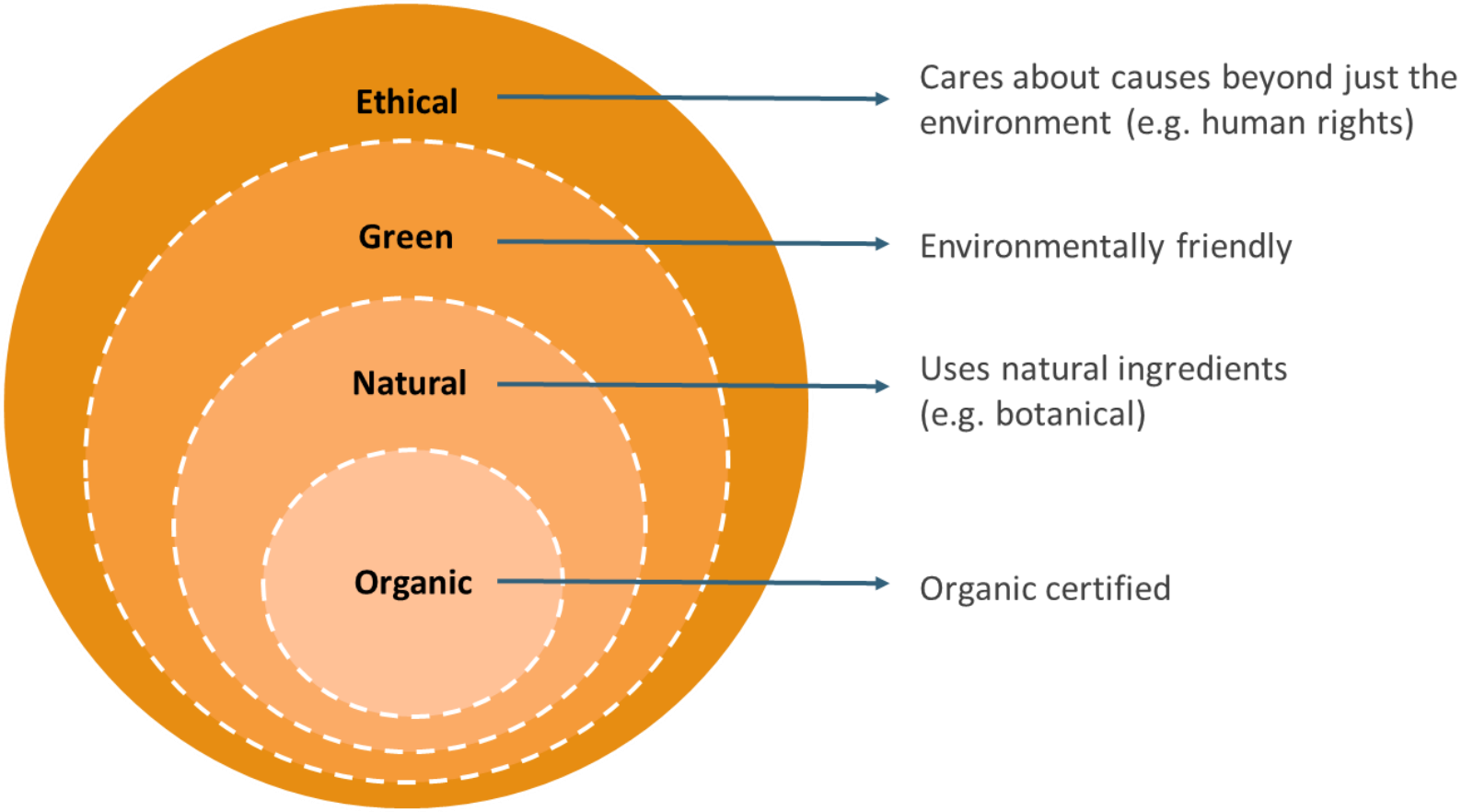
Defining the green beauty market space

One of the industry-defining trends in global beauty is consumers' growing interest in natural, organic and ethical products – a widening spectrum of green beauty. However, the lack of a standardised, globally accepted definition of such beauty category creates challenges both for consumers and manufacturers. There are three approaches to mapping out the green beauty market. Currently, both manufacturers and consumers use a combination of the three approaches to define the new meaning of green beauty.

- **Certification:** This is the most narrow view of the market, including only those products which are certified by a recognised and reputable industry body, eg EcoCert or the Soil Association. The main challenge in using this definition is the regional diversify of certifying institutions and their lack of familiarity among consumers.
- **Ingredients**: The use of naturally or botanically derived ingredients is the most common benchmark, and is understood best by consumers. However, it is an uneven competitive arena – it includes a huge range of products on the scale from high concentration to natural ingredients to products with low naturally derived content.
- **Ethical positioning**: Besides ingredients there is a vast range of environmental and ethical claims, such as sustainably sourced or cruelty free, in terms of how brands can position themselves and benefit from the rising trend of conscious consumption. Consumers are becoming more conscious of their own wellbeing and the health of the environment around them.

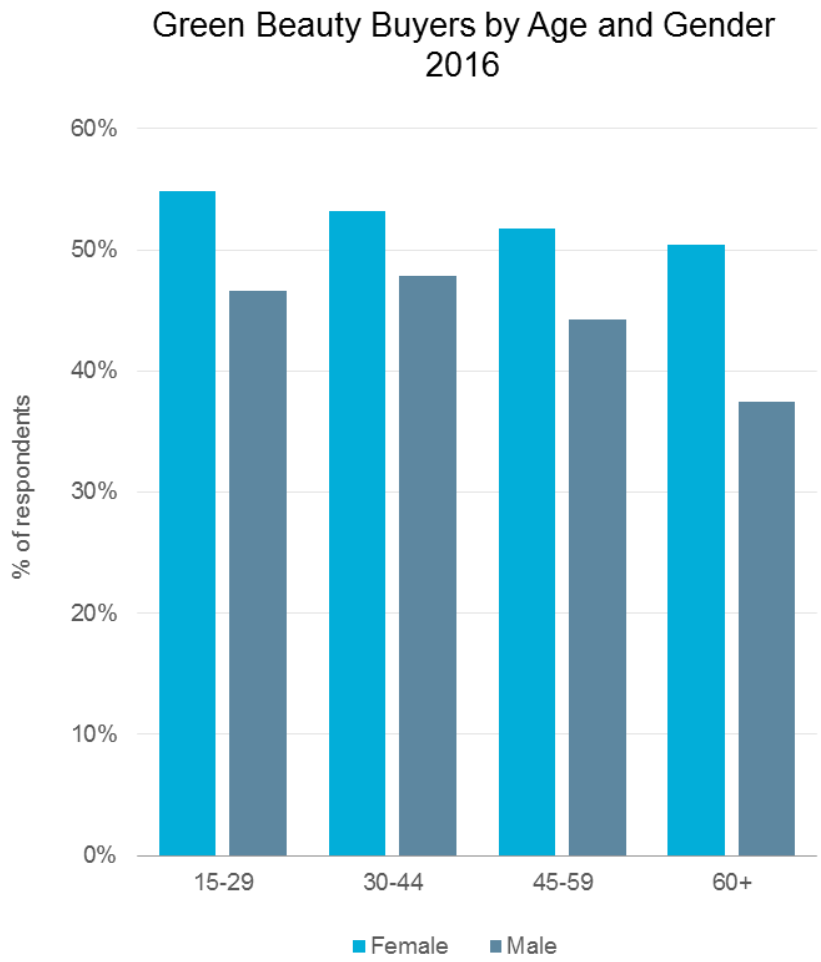


Green Beauty: undefined and vague concept



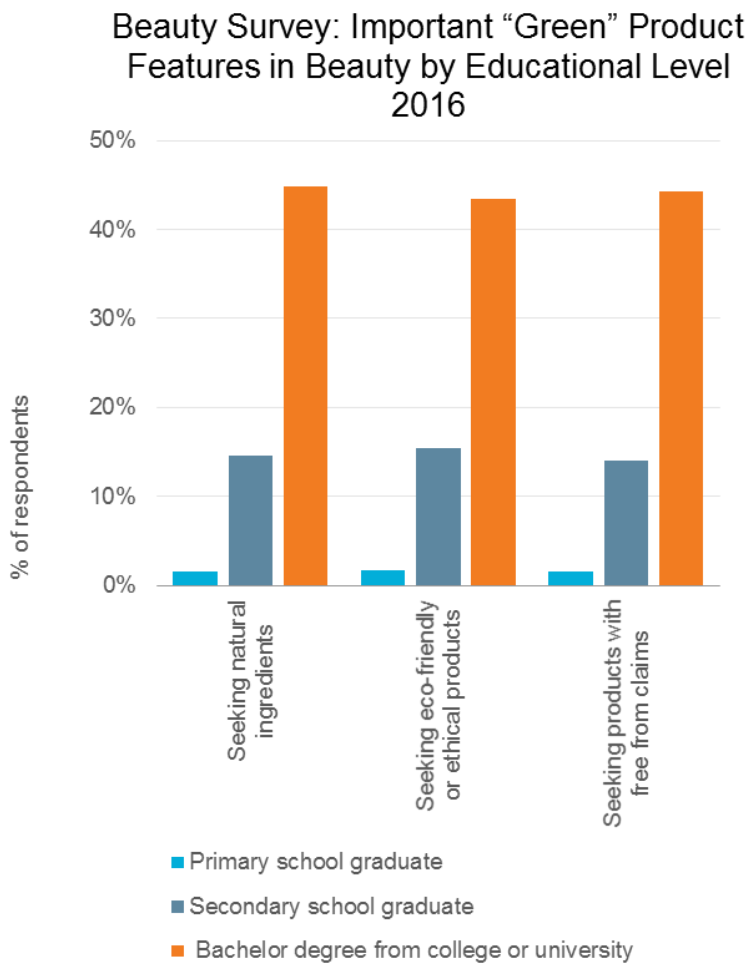
Identifying Green Consumers

Young, female, urban consumers most likely green beauty buyers



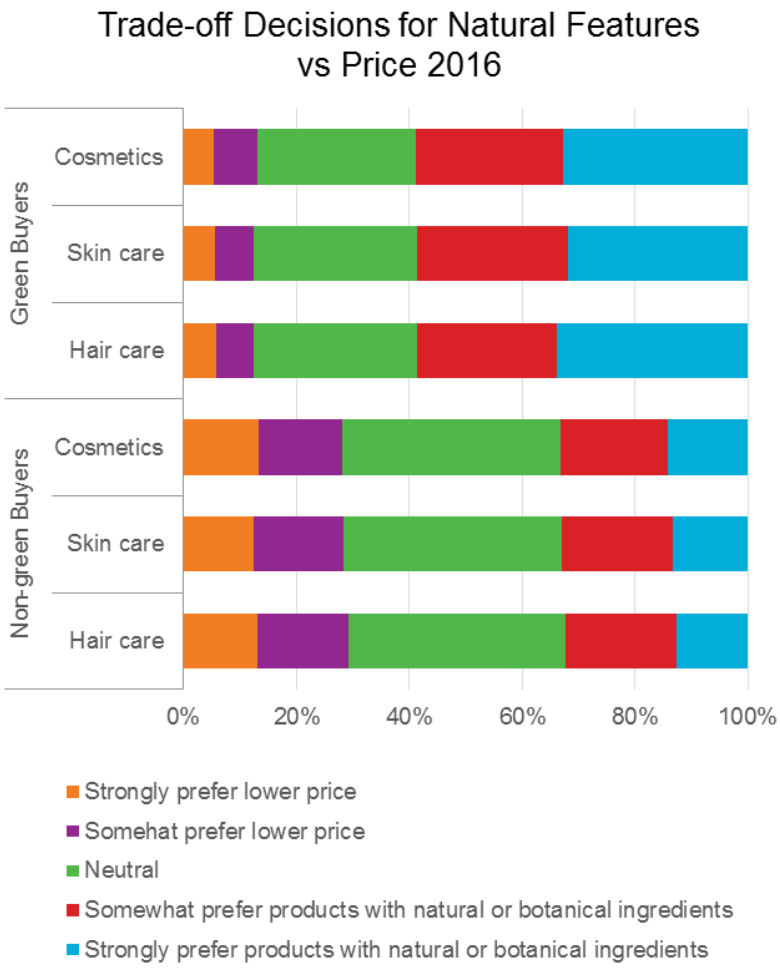
- Given the lack of a clear definition of green beauty, understanding consumers' point of view on the matter, who they are and what they want is a growing priority for successful strategies.
- Although significant proportions of all age groups show a preference for green beauty, younger consumers' change in lifestyles is reflected in a stronger desire to care for the environment, hence their growing demand for products that are more eco-friendly and adopt more sustainable production practices.
- Strongly digitally influenced Millennials are often the champions of social justice, fair trade and animal welfare, and their beliefs are reflected in their purchasing decisions.
- Targeting senior consumers is a core strategy for many beauty brands, given ageing has been accelerating for decades in developed markets, and is now being felt in emerging markets, as living standards rise. For this consumer group, there is a growing focus on healthy looks and lifestyles at all ages, and they are seeking green product features offering these benefits.

Educational level is key to awareness of "green" feature benefits



- The market for ethical and natural formulations is promising; however, awareness and preference varies considerably with educational level. College and university graduates displayed the highest consciousness regarding three important "green" product features in beauty in Euromonitor International's Beauty Survey, a pattern of concern which declined in line with educational level and also with age.
- This suggests that greater consumer education is required to help people appreciate scientific claims and the health benefits of certain ingredients, in order to engage with a wider consumer base.
- The challenge for the industry lies amongst heritage brands, with established products that count older generations as their core consumer group. These players lag behind when it comes to reformulating products from a "natural" angle, or developing products that target specific intolerances. The majority of brands propagating a broader meaning of green beauty are targeting a young, highly educated and digitally engaged audience.

Willingness to pay for green beauty high amongst target consumers



- Consumers' stated preferences for green features are a good indication of a trend, but proven purchases in the face of price trade-offs are the real measurements of market value.
- Survey results show that green buyers are consistent between preference and purchase: nearly six in 10 definitely prefer natural or botanical ingredients, even when it means forgoing lower prices. Only one in 10 green buyers chooses their financial bottom line over their desire for green credentials when making beauty product purchasing decisions.
- Green beauty is an uneven competitive space in terms of price positioning. Products with a diverse range of green features can be found on all price platforms, from retailers' private label ranges to high end luxury brands. Consumers can easily trade up and down within the green space, and they need to be influenced effectively to remain loyal to a brand's green concept, and to how it incorporates a range of added value, whether through ingredients or an eco-ethical standing.

Expanding the Scope of Green Beauty

Category opportunities with highest demand for green features

- The list of products most likely to be shopped for with natural, plant-based ingredients and free-from claims in mind fall into two groups: products associated with deeper skin/hair penetration, such as face masks, toners or hair relaxants, and products with long-term usage and/or effects, such as anti-agers, hair loss products and hair dye.
- Focusing green initiatives on these product groups firstly benefits from high consumer interest, and, secondly, claims can be better aligned and positioned with category specific demand. In skin care, a stronger focus on high potency plant-derived ingredients aligns with consumers' still high priority for efficacy. Clean label claims can be targeted at skin or scalp sensitivity concerns, while animal welfare issues are particularly high in colour cosmetics. The diversity of green demands within and across product categories opens up a range of niche growth opportunities under the green beauty umbrella. Establishing connections between hair/skin types, consumer types or lifestyles, and demand for specific green features maps out still untapped potential.

Top 5 Most Wanted "Natural or Organic" Skin Care Products

- Face mask
- Facial mist, spray or water
- Facial moisturiser
- Facial toner
- Anti-ageing product

Top 5 Most Wanted "Natural or Organic" Hair Care Products

- Hair loss treatment
- In-home relaxant kit
- In-home perm kit
- Hair colour or dye
- (Tie) Hair conditioner or treatment; dry hair shampoo

Top 5 Most Wanted "Natural or Organic" Make-up Products

- Pore minimiser
- Tinted lip balm
- Finishing facial powder
- Highlighter
- Lip gloss

Multicultural consumers prioritise "naturalness" in hair care

- Hair care routines show a huge regional diversity in terms of number of products and product types used, which stems from the wide variety of consumers' hair types, styles and concerns, the kind of care these each demand, and the local beauty culture's focus on hair.

- Demand for natural ingredients in hair care is especially high amongst consumers whose hair type requires more invasive or more frequent treatments for styling, such as relaxants, colouring, bleaching or hair loss treatments.
- The highest ratio of consumers perming their hair are of East Asian or Arab background, while chemical hair relaxation is most adopted by Black or African decent and the Hispanic consumer base.
- Solutions for textured hair offer scope in the green beauty space, but consumers' expectations need to be managed, and product claims and positioning considered. Although a growing number of hair relaxants, perms and dyes are being launched with all natural claims, products completely synthetic chemical-free will deliver less effective results. Making health and ethical credentials the centre of such products' identities benefits most from the defining green beauty trend. However, there are limitations as to how much efficacy consumers are willing to sacrifice for natural ingredients.

Colour cosmetics: a surging new arena for niche green opportunities

- The association of healthy looks and naturally derived ingredients is not limited to skin and hair care, but is strongly penetrating colour cosmetics as well. Consumers expect the same level of sensitivity and purity in their make-up as they do in their food and personal care products. Whilst the first revolution was natural and organic formulations, heightened awareness of intolerances and the conscious boycotting of entire food groups have intensified the competition in make-up claims.
- Fragrance-free, “free-from” and vegan claims overtook organic and botanically derived ingredients as the most desired product features in colour cosmetics in 2016.
- Many brands now market gluten-free cosmetics to coeliac sufferers, such as After Glow Cosmetics and LVMH-owned Bite Beauty, which formulates products with food grade ingredients. Vegan brands, such as Kat Von D Beauty, have also achieved phenomenal success in the marketplace. The Everlasting Liquid Lipstick is one of Sephora’s top sellers.

Prospects

Continued expansion of the multiple shades of green beauty

Fresh, novel ingredients keep entering beauty

- As a starting point, all brands continue to invest in research into unique ingredients. “To try something new” remains a strong motivation for purchasing in beauty.
- The huge array of natural resources, from kitchen cupboard staples to deep ocean minerals to exotic plants, allows industry players to keep innovation intense in the long term.

Sustainability, environmental protection, animal welfare

- The rise of the conscious consumer has prompted brands to make sustainability and environmental considerations the core of their strategies.
- Similarly to the multitude of natural ingredients, sustainability issues also offer a wide spectrum to tap into. The more comprehensive a brand can become when it comes to ethical credentials, the better placed it is.

Social commitments

- Standing for social and charitable cases is not an entirely new trend in beauty, but it has been intensifying, as it is interlocking with the wider green living agenda.
- This is an angle in the green market space that brands have not yet fully exploited, and offers good opportunities for standing out with well chosen “fair society” cases.

Future implications of key demand drivers

Trend	Implication	Impact 2016	Impact 2021
Consumers' green ethics	Consumers' growing attention to sustainable and ethical supply chains prompts beauty players to make these operational aspects of their business more public facing, and engage with an affluent target audience who are willing to pay more for credible green products. Consumer awareness and resources are, however, key to the speed and strength at which this trend will develop.		
Focus on health	Looking ahead, a focus on mental and physical wellbeing will shape green beauty innovations. Feeling well increasingly equals looking beautiful. Attaining healthy looks is becoming the most desired benefit consumers expect from beauty products. There is a strong need for beauty regimes to align with overall healthy lifestyles and the use of naturally derived and ethical beauty products.		
Striving for authenticity	In the green market space, where accusations of "green-washing" are rife, trust and transparency are key components to building brand loyalty. Authentic relationships with consumers are the long-term growth engines of green beauty.		
Channel shifts	The strong rise of niche and green beauty products is enabled by distribution landscape shifts, which enables consumers to maximise their exposure to new concepts through a blend of online and traditional channels. The rapid expansion of standalone store, specialising in curated offers and aligned with green trends is a key driver.		

Appendix

Definitions

Beauty and Personal Care

This is the aggregation of baby and child-specific products, bath & shower, deodorants, hair care, colour cosmetics, men's grooming, oral hygiene, fragrances, skin care, depilatories, sun care and sets/kits. Black market sales and travel retail are excluded.

Colour Cosmetics

This is the aggregation of facial make-up, eye make-up, lip products, nail products and colour cosmetics sets/kit

Hair Care

This is the aggregation of shampoos, styling agents, 2in1 products, perms and relaxants, colourants and salon hair care. Ethnic hair care products, such as conditioning relaxers for Afro-Caribbean hair, are included across all subsectors. Excluded are hair accessories such as hair extensions, hair clips, combs and brushes.

Skin Care

This is the aggregation of facial care, body care, hand care and skin care sets/kits.

Baby and Child-specific Products

Includes products for babies and toddlers aged 0-3 years and products for children under 11 years of age. Adult products with a secondary claim such as ‘suitable for children and sensitive skins’, are not included.

Overview of Beauty Survey Methodology

Focus and Design

Survey, design, execution and analysis were developed collaboratively across teams within Euromonitor International, in conjunction with external sample partners.

All surveys were completed online in local languages in the 20 markets studied: Australia, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Middle East, Nigeria (2015 only), Poland, Russia, South Africa, South Korea, Thailand, Turkey, the UK and the US.

Fielding

Online panellists were invited to participate in the Beauty Survey between May and June 2015 and in 2016.

Panellists were pre-screened to ensure that the age distribution of each country's respondents resembled the larger country's age distribution, ages 15-75.*

The gender breakdown of the respondents in each market is 60% female and 40% male for 2015, and 70% female and 30% male for 2016.

Overview of Beauty Survey Methodology

Data Cleaning and Analysis Set-Up

After data cleaning of duplicate IP addresses, inconsistent responses, and responses with fast completion times, a minimum of 1000 responses in each country* were used in analysis.

During analysis, a weight was applied to the data to even the responses for each gender for global/total results presented in this report. This ensures that the overall results are not overly biased towards female respondents.

* Note: Due to limitations in internet penetration in certain emerging markets, the target age range does not extend all the way to age 69 in four markets.

Thank you

This is a shorten version of the briefing “The Broadening Meaning of Green Beauty”

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