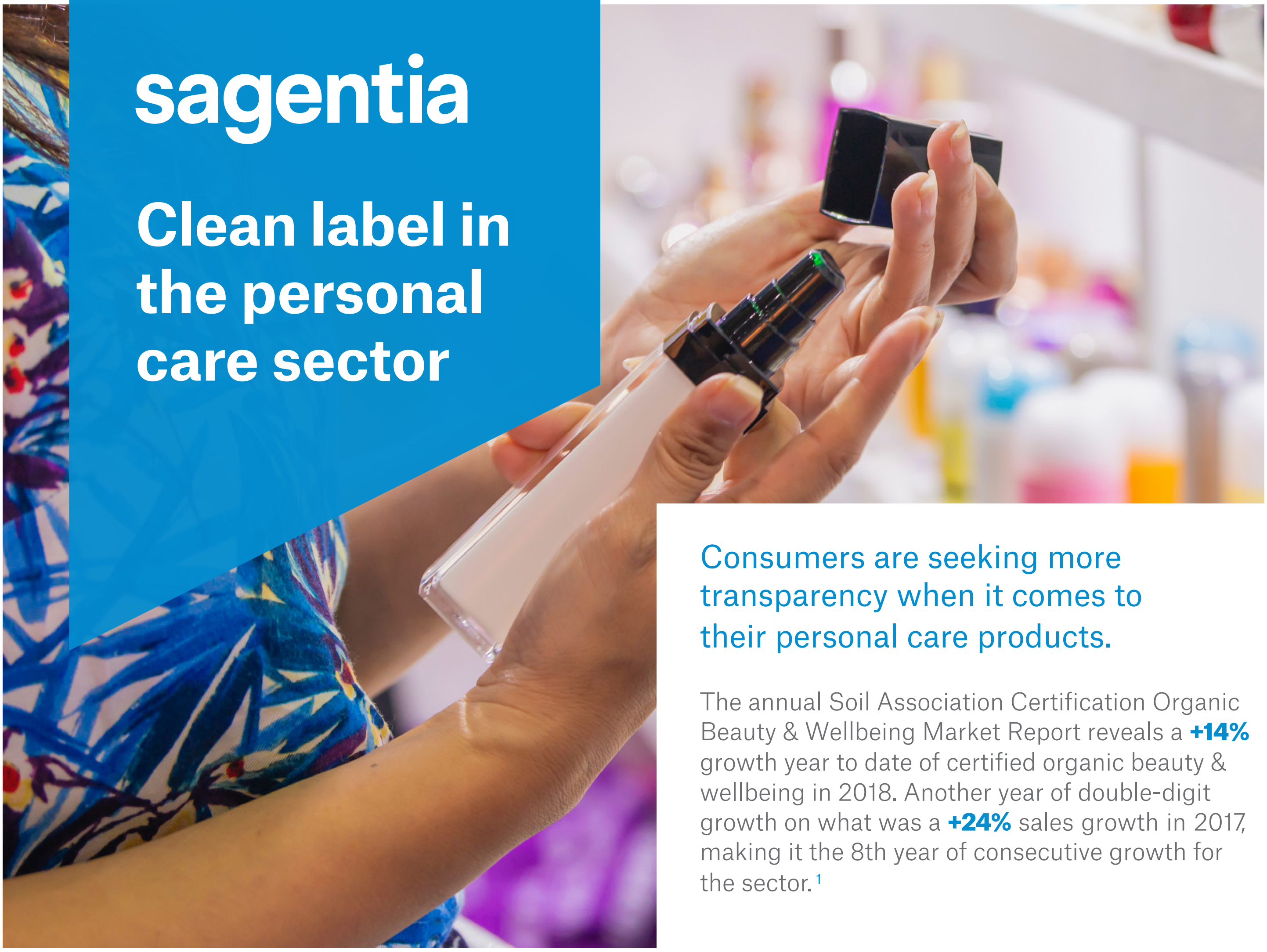
sagentia

Clean label in the personal care sector



Consumers are seeking more transparency when it comes to their personal care products.

The annual Soil Association Certification Organic Beauty & Wellbeing Market Report reveals a **+14%** growth year to date of certified organic beauty & wellbeing in 2018. Another year of double-digit growth on what was a **+24%** sales growth in 2017, making it the 8th year of consecutive growth for the sector.[1]

Market research shows consumers now rank natural ingredients and environmental impact as more important to them than brand recognition and product descriptions. They expect personalised products from a company whose values align with their own.[2]

Brands across the sector from skincare to haircare, make-up to feminine care products are therefore keen to promote their sustainability credentials and an overall "better-for-you" ethos. This is not only a driving force with the big brands but it's enabling smaller, niche and natural bands to enter the market and capture a new audience that's ready for products that better reflect their wellness, health and lifestyle goals.

This wellness trend, driving not only the fitness and beauty sector, is also fuelling the demand for 'clean' ingredients. Consumers are becoming more knowledgeable and reading labels more carefully, a habit picked up from the supermarket with their food choices.

However, some instances of "greenwashing" – with products claiming to be natural when they haven't been – is causing an increased demand by consumers for ingredient transparency by consumers and clarity on clean labelling.

Part of the challenge – for consumers and brands – is that the definitions often seen in product claims aren't consistent. Despite its widespread use, the term "natural" is unregulated and therefore has no consistent standard across personal care.

Organic products however are heavily regulated by the National Organic Program (NOP), a regulatory program within the USDA. Yet, even here, organic is not a catch-all label with products varying from 100% organic, organic, or "made with organic ingredients"; all with different regulatory criteria to be met.

And still, beyond some of these more common terms, there are more emerging with products stating they are clean, non-toxic, dermatologist-tested, allergy-free, and more.

For the personal care and beauty sector this offers opportunities for increased and specialised segmentation and personalisation, as well as a new set of challenges.

Taxonomies will become increasingly important in giving consumers the power to choose products based on their values; some companies are letting consumers filter products by the labels that matter to them such as: non-GMO, certified organic and sulfate-free.

CB Insights identifies that: "this is a tactic we can expect to see other brands and beauty retailers take advantage of as they develop their clean beauty product assortments."[3]

Ingredient transparency apps and websites are also increasing in popularity – for brands and consumers – as an education tool to support better understanding of cosmetics ingredient labels. Use cases show these are helping consumers choose products based on individual concerns, tracking cosmetic expiration dates and more.

So what else for the future for beauty brands as they strive to demonstrate their credentials and retain existing customers and win new ones?

Victoria Buchanan, senior futures analyst at The Future Laboratory states that "'natural' will no longer be enough of a credential for beauty brands in 2019."[4]

Online reviews of dedicated clean product beauty brands show that their products can deliver amazing results along with piece of mind. But, "the truth is, as this movement continues to grow, more proof will be needed to support the claims and convert more consumers to clean beauty."[5] Efficacy of the newer natural, clean and vegan products for example will need to be proven if they are to enter the mainstream.

Consumers are also making more demands on their favoured brands to respond to challenges of sustainability, not only with product ingredients but across the supply chain.

For example, the cosmetics industry has a challenge with packaging. In 2018, the annual campaign Zero Waste Week[6], reported that 120 billion units of packaging are produced every year by the global cosmetics industry, most of which are not recyclable. This could be one of the biggest challenges – not only for individual brands but the sector overall. Finding options that look luxurious, protect the product and are also sustainable is very hard, but can't be ignored.

Some brands are already responding to this. Earlier this year, Lush opened its first packaging-free store in the U.K. offering customers the chance to buy its hair care, bath bombs, shower gels and skin care in a shop completely stripped of plastic.

The Manchester "Naked" shop – a shop completely stripped of plastic – joins others in Berlin and Milan as the retailers experiments with how its consumers can buy products without harming the environment along the way.[7]

Whether other retailers follow suit, only time will tell. Emily Salter, associate analyst at GlobalData Retail, states that "the way that retailers will become plastic-free is through pressure. And that pressure will come from both consumers and competitors. Once one retailer reacts to consumer demand, it's a matter of letting the pressure build on its competitors until the balance tips…"[8]

This doesn't just apply to the packaging challenge of course. With a generation of more savvy shoppers who demand more of a brand, the personal care and beauty sector is in for some interesting challenges both in the short- and long-term.

At our sister companies, Leatherhead Food Research and Oakland work with many of the world's leading brands on the challenge and opportunity of clean label in the food and beverage industry and across every touchpoint of the supply chain. Insights and experience are supporting and informing our Sagentia clients in understanding the requirements for clean label in the personal care and beauty sector as consumer demands bring this trend to the forefront of produce development.

Read our latest thought leadership paper on the rise and challenges of clean label in the food and beverage sector **here**.

You can also explore how to create clean labels without compromise in the food and beverage industry.

You can also find out more about how we're helping cosmetics companies understand and meet the regulatory requirements across geographies **here**.

[1] https://www.soilassociation.org/certification/market-research-and-data/the-organic-beauty-wellbeing-market

[2] https://www.aocs.org/stay-informed/inform-magazine/featured-articles/the-complexity-of-clean-label-cosmetics-february-2019

[3] https://app.cbinsights.com/research/cpg-beauty-ingredients-transparecy-expert-intelligence

[4] https://www.vogue.fr/beauty-tips/article/clean-beauty-everything-you-need-to-know

[5] https://www.today.com/style/what-clean-beauty-understanding-what-s-your-beauty-products-t121228

[6] https://www.zerowasteweek.co.uk

[7] https://uk.lush.com/article/lush-naked-shop-inside-packaging-free-cosmetic-stores

[8] https://www.forbes.com/sites/annaschaverien/2019/03/12/lush-creates-packaging-free-shops-but-will-other-retailers-follow-suit/#7c9f5f4c246d