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INNOVATIONS THAT DRIVE BRANDS

Part I: Natural Market Expected to Move from Niche to Norm



The global natural skin care and personal care products market is moving from niche to the norm, with the market that is expected to reach 7.3% growth in coming years, according to Ecovia research.

**We expect to see this market become more mainstream and less niche in the coming years -
Ecovia**

"Over the last 15 years since we have been tracking this market, the [natural and organic personal care \(beauty\) products market](#) continues to show healthy growth," Amarjit Sahota, founder and president of Ecovia Intelligence (formerly Organic Monitor), told *Global Cosmetic Industry*. "We expect to see this market become more mainstream and less niche in the coming years."

"The market share is approaching 10% for natural and organic products (share of total personal care products) in Germany so this is a benchmark," Sahota added. "In the U.S., the market share is 6.5% and just 3.0% in the UK. In Asia, the market share is below 1% in almost all countries, so there is high growth potential if we compare with Germany."

Sahota said Ecovia's latest research projects the global natural and organic personal care products market to report growth of more than \$600 million annually. Although the largest markets are in Europe and North America, the highest growth is currently being observed in Asia. Countries like India and China are showing double-digit growth as consumers become more aware of natural and organic personal care products.

40%-50% of women actively seek natural or organic ingredients in their products - NPD

Further, data from the Women's Facial Skincare Consumer Report 2017, published by [The NPD Group](#), shows that natural and organic beauty and personal care products are the norm on many consumer shopping lists. Its data revealed that 40%-50% of women actively seek natural or organic ingredients in their products, and products free of ingredients including fragrances, parabens, phthalates, sulfates and gluten.

"Current trends across industries, from the food we eat to the clothing we wear, have been geared towards natural and safe ingredients; the same holds true when it comes to consumers' purchase criteria for skincare," said Larissa Jensen, executive director and beauty industry analyst, The NPD Group.

Consumer Concerns

According to Ecovia, research shows the major driver of market growth is consumer concerns about synthetic chemicals in cosmetics and toiletries. This is the main reason why consumers are turning to natural and organic products.

"For instance, a research study we did a few years ago involved interviewing 100 buyers of natural and organic personal care products in the UK," said Sahota. "The overwhelming majority of consumers said they purchase these products because they wish to avoid synthetic chemicals. Ninety percent of buyers stated that this was important or very important to them, with just 1% stating it was not important."

Other research findings have similar conclusions. For example, the Green Beauty Barometer 2017 study by [Kari Gran](#) showed that more than six in 10 women read beauty product ingredient labels prior to making a purchase in order to avoid specific ingredients.

Three in 10 women will not purchase a beauty product if it contains sulfates

Sulfates continue to be the most avoided ingredient, followed by parabens, according to the Kari Gran study. Three in 10 women will not purchase a beauty product if it contains sulfates.

Also, for the third year in a row, across all listed beauty categories when it comes to purchases, millennial women surveyed (18-34) were the most likely, at 75%, to feel green beauty products are important.

Meanwhile, 69% of women in the 35-44 age category said purchasing natural products is important to them, an increase of 10 percentage points over last year. Of all groups surveyed, 37% of women plan to purchase more green beauty products over the next two years, compared to what they currently do.

Further, Sahota's research team at Ecovia said they are seeing many new natural indie brands emerge in the U.S., in particular. These brands are focusing on specific consumer groups applications.

"Erbaorganics and California Baby are two brands that have been very successful in targeting the natural baby care market," Sahota said. "New entrants are targeting more precise segments; for instance, the Californian brand Youth to the People has anti-aging skin care products that contain superfood ingredients."

There are lots of opportunities for niche brands as skin care demand grows

Some have said that the skin care market is booming, yet fragmented, although Sahota said this means there are lots of opportunities for niche brands as skin care demand grows.

"A major trend in the beauty industry is increased segmentation, and this is also true for the natural and organic arena," added Sahota. "We are seeing brands develop and launch products for finer segments. Examples are Coola Suncare, Brooklyn Soap Company, and Amie Skin Care."

While the natural and organic skin care market is showing healthy growth, it is also becoming more competitive. An influx of new entrants and slowing growth rates are raising competitive stakes, according to Sahota.

"Ten years ago, the European and North American markets were growing between 10-20 per annum. However, we are seeing single digit growth rates in these regions now. Apart from start-ups, we are seeing large cosmetic and personal care companies come into the market."

Unilever and L'Oreal are two companies that have entered the market with natural/organic products. For example, Unilever has launched a new variant of Timotei Organic in several countries. L'Oreal introduced the Biolage RAW brand in spring of this year.

Aside from the larger players, a number of mid-to-small sized companies in the natural space are already benefiting from riding the wellness wave. Read more in *Global Cosmetic Industry's* second part of this article series on the natural market.