EXPLORING - CLEAN BEAUTY TRENDS IN BEAUTY LANDSCAPE

GlobalData.

August 2019
GlobalData at a Glance

4,000 of the world’s largest companies make better and more timely decisions thanks to our unique data, expert analysis and innovative solutions delivered through a single platform.

Our Solutions
GlobalData provides a range of ways that clients can access our data and insights to meet their individual business needs:
- Intelligence Center
- Consulting Services
- Reports

Our Industry Coverage
Our services cover five primary industries:
- Consumer
- Retail
- Technology
- Healthcare
- Financial Services

Our Value Proposition
We empower clients to decode the uncertain future they face by providing:
- Unique data
- Expert analysis
- Innovative solutions
- One platform

Our Expertise
• Market Intelligence
• Product Strategy Management
• Competitive Intelligence
• Strategic Planning
• Marketing
• Channel and Sales Management

Source: GlobalData 2018
Unique data, expert analysis and innovative solutions..

1. Market Performance
   - Analysts in 96 markets

2. Consumer Research
   - 540,000 survey responses a year

3. Innovation
   - 2.1 million products tracked

Source: GlobalData 2018
Aligning GlobalData’s TrendSights framework to understand Beauty Landscape

A network of eight mega-trends and 63 trends shaping the consumer-brand landscape

Source: GlobalData 2018
Cosmetics & Toiletries (C&T) will continue to blossom

The APAC C&T industry was the largest region in 2018 with a value of US$173bn

Source: GlobalData 2018
Top three fastest-growing C&T segments

Market value 2018 ($) and CAGR 2018–23 (%)

- **Skincare**: $133bn, +3.4%
- **Haircare**: $82bn, +3.3%
- **Personal Hygiene**: $60bn, +3.7%

Source: GlobalData 2018
Change has been the theme of the beauty industry
Which of the below countries do consumers associate with high quality beauty/grooming products?

GLOBAL OVERVIEW
Consumers consider US and European originated beauty products of better and higher quality

CLEAN BEAUTY..
Niche concepts such as clean beauty not only gaining consumer’s attention but also represents manufacturers interest..

Source: GlobalData 2018 Q4 Consumer Survey
What do consumers want?
Natural and Organic products gaining prominence among the consumers

Consumers are moving more towards eco-friendly products

Share of consumers who are actively looking for products with these claims while shopping for beauty and grooming products

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<tr>
<td>Microbiome-friendly</td>
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Consumers are looking for cleaner and food-inspired ingredients

Natural and food-based ingredients are on demand in beauty landscape

Share of consumers getting influenced by the following naturally occurring ingredients in their beauty & grooming products

- Turmeric: 68%
- Fruit/vegetable extracts: 64%
- Coconut oil: 58%
- Oils (natural/essential oils): 51%
- Tea: 47%
- Apple cider vinegar: 46%
- Ginseng: 35%
- Food waste (Coffee grounds, seeds and peels): 33%
- Caffeine: 29%
Consumers are looking for supplement infused beauty products.

**Supplement formulated cosmetics are on demand in beauty landscape**

Share of consumers getting influenced by the various supplements infused beauty & grooming products:

- Vitamin C: 69%
- Vitamin E: 68%
- Enzymes: 42%
- Probiotics: 42%
- Collagen: 31%
- Peptides/amino acids: 31%
- Retinol: 27%
- CBD / Cannabidiol: 26%
Healthy and eco-friendly consumers driving green packaging

Effective and efficient packaging holds the top priority for them

Share of consumers getting influenced by the following themes when buying beauty & grooming products

- Plastic free packaging: 78%
- Sustainable/made from renewable sources: 76%
- Refillable/reusable: 75%
- Compostable/biodegradable: 74%
- Lightweight/lower weight packaging: 71%
- Reduced carbon footprint: 69%
- Reduced water footprint: 65%
- Unique pack design: 54%
- Luxury appearance: 50%
- Brightly coloured pack: 45%
Sustainable Beauty and Wellbeing is the Spotlight
Clean Beauty align with the most influential mega-trend underpinning cosmetic purchases

“BEAUTY WITHOUT COMPROMISE”

The emergence of “clean beauty” has driven scrutiny around the use of ingredients and production methods of beauty products.

“PURSUIT OF SIMPLICITY”

Manufacturers emphasising on simplicity of products intended to simplify not only ingredients but also consumer’s skincare routine.

What? Defining the trend

Although no standard definition exists, terms such as natural skin-friendly ingredients, pure formulations, ethically sourced or heightened freshness that promote overall wellbeing generate positive perceptions among next generation of conscious consumers.

Who? Consumer targets

- Millennial & Gen Z are most likely to be interested in and actively buying beauty products with “clean’ claims.
- Parents are highly ingredient attentive, and are especially likely to seek out natural/less processed formulations when buying for their children.
- APAC region – Interest in pure, fresh, natural and clean claims is especially strong in Asia-Pacific.

How? Innovation implications

- Formulation - Keeping ingredients list short and safe
- Marketing - Adopt marketing claims which will resonate with consumers
- Packaging – Use packaging to create or support the claim
Exploring GlobalData’s Beauty Influencer Platform to understand various touch points in Clean Beauty

Overview
- GlobalData created an influencer platform, which identifies and tracks the trends that are keeping the top digital thought leaders in the beauty space talking, from bloggers and makeup artist to media experts

Dataset Description
- Coverage of around 300 of the world’s Top Beauty Bloggers, makeup artists and beauty experts
- Tracking the key discussions led by the top influencer in Beauty sector on Twitter
- Identifying Emerging trends, Pain areas, New fields of innovation, and other popular areas among various sectors of Beauty industry

Top Beauty Blogger’s coverage includes
- Dave Lackie, Media and Publishing
- Cindy Ingalls, Beauty Blogger
- Sarah Berryman, Beauty Blogger
- Chloe Brewer, Beauty Blogger
- Jeffree Star, Makeup Artist

Area’s of analysis
- Trend spotter – Trend view will track and analyze the latest trends and discussions among the top global beauty bloggers
- Network analysis – Will not only analyze trend for any specific beauty influencer, but also provide other leading beauty experts’ opinion thus providing strong view on conversation flow
- Pulse of market - It helps to track discussions related to trending topics in beauty industry on real time basis
- Regional analysis – Will assess information on if the trend is restricted to a region or global
- Influencer tracking - Helps to identify top Beauty experts and their discussions.
Trending Hashtags and Most Discussed Companies on Clean Beauty...

“MAKE IT CLEAN”

“SELF-CONSCIOUS CONSUMERS”

“ORGANIC IS THE NEW MANTRA”

“CREAMS THAT FIGHT ENVIRONMENT AGGRESSORS”

“FARM TO BATHROOM CONCEPT”
### Clean Beauty: Trends in Action

#### Green Consumerism
- Ethically Sourced
- Premiumization & Indulgence
- Speciality Product Claims
- Authenticity: Drive for certification

#### Packaging
- Better-for-the-environment
- Reusable beauty
- Reduced packaging
- Intelligent Packaging

#### Wellness Revolution
- Cross Collaboration between healthcare and wellness industry
- Blurring Category Lines
- Care Based Products, right from anti-pollution to beauty sleep
- Inside-Out Beauty

#### Hero Ingredients
- Ingredient Inspiration
- Safety Profile of Ingredients
- Infusions
- Localisation

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**Packaging**

- Better-for-the-environment
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**Wellness Revolution**

- Cross Collaboration between healthcare and wellness industry
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- Care Based Products, right from anti-pollution to beauty sleep
- Inside-Out Beauty

**Hero Ingredients**

- Ingredient Inspiration
- Safety Profile of Ingredients
- Infusions
- Localisation
Four themes to look upon…

- Green Consumerism
- Packaging
- Wellness Revolution
- Hero Ingredients
Clean Beauty is the new standard of natural beauty

“CONSUMERS GOING BEYOND GREEN”

Rising concern among consumers around green chemistry and their desire to adopt wholesome lifestyle.

“POINT OF DIFFERENTIATION”

Products claimed as vegan, organic, free-from, non-GMO, 100% natural and cruelty-free creating viable "natural" product image.

66% of consumers associate with the term organic and natural while talking about ‘high quality’ in personal care products.

77% of consumers in the Gen Y (Millennials) group often/sometimes try new or different varieties of skincare and make-up.

59% of consumers are willing to pay more for better quality skincare and make-up products.

Source: GlobalData 2018 Consumer Survey
"Consumer choice between efficacy and ethics have changed. Consumers seek high-performance and ethically sourced formulas delivering results without asking them to sacrifice their values."

"The rise of hybrid face make up formulas among luxury brands showcases the progressing premiumization of the all-in-one concept."

"The truth seeking attitude of the consumers have given rise to the mounting skepticism about claims about beauty products."

"With no legal standard in place to protect the term ‘organic’ or ‘natural’, companies are relying on certification credentials to create credibility and reliability among the consumers."
Whitespaces to target the "green" consumers

“BREAK THE CYCLE”
Manufacturers assert that traditional products make the skin vulnerable, creating the need for safer products with better formulation.

“NATURAL VERSUS CLINICAL”
Manufacturers are using synthetic and natural ingredients in combinations. Notably, synthetic ingredients are also used in cases where such ingredients are effective and non-toxic.

FRUU Lip Balm, UK
Products are 100% vegan and cruelty-free, while the brand also donates a portion of products to WWF to help preserve natural diversity.

Kat Von D, Go Big or Go Home Vegan Mascara, US
This mascara is formulated with a vegan blend of plant-based fats, including olive and sunflower oils to replace beeswax, which is a common ingredient in mascara products.

Kylie Jenner skincare, US
Kylie Jenner launched a new vegan and cruelty-free skincare range which features seven products including cleanser, serum, moisturizer, and eye cream.
2018 was the year when sustainable beauty and wellbeing moved into the mainstream

“PRESENT SCENARIO”
Brands figuring out a sweet spot between natural and effective products as consumers are becoming more conscious about the efficacy of natural products.

“FUTURE OUTLOOK”
Efficacy and sustainability perceptions will be heightened. Brands will be more transparent and honest about the formulations.

WHAT WAS HAPPENING IN 2018?
In lieu with this trend of holistic approach of linking health with beauty, manufacturers started launching certified cosmetics products as more consumers wanted to be sure that what they were buying delivered on trust, integrity, sustainability and benefited the wider environment.

MANUFACTURERS NEED TO LOOK AT

Minimalistic Beauty
A minimalistic approach to beauty, skincare, and haircare will emerge as a way

Bespoke beauty
Hyper-personalization, already marked its place on the beauty scene, will go mainstream
Four themes to look upon...

- Beyond Green
- Packaging
- Wellness Revolution
- Hero Ingredients
Demand for sustainability directly impacting packaging innovation

“BEYOND PLASTIC”

Beauty players under growing pressure to place sustainability at the heart of not only their brand, but the product too.

“INTELLIGENT PACKAGING”

Intelligent packaging formats to offer a more accurate indication of freshness and efficacy. In future, such pack formats will have potential to enhance consumer confidence in freshness.

25% of consumers would buy more unpackaged products, or buy them more often in future

81% of consumers of consumers believe their choice of skincare product is always/often/somewhat influenced by how ethical/environmentally-friendly/socially-responsible the product is.

79% of consumers would buy fewer/buy these skincare products less often/stop buying altogether if products wrapped in plastic comes with a tax.

35% of consumers would buy more of the skincare products, or buy them more often if the products are packed without any plastic.

Source: GlobalData 2018 Consumer Survey
“Rise of consumption patterns that commit both consumers and brands to a higher level of responsibility like: social causes, environmental sustainability, animal welfare and health awareness.”

“Consumers understand how single-use plastic is a big, and growing, problem for our planet. Consumers seek product packaging aligned with specialty claims.”

“Recent surge in mainstream beauty brands that are working to reduce their environmental impact, particularly by reducing packaging waste.”

“Brands are aiming to engage the consumers through high-quality packaging, offering them tools and apps with a barcode scanner to track toxic ingredients.”
Push for transparency giving oxygen to entrepreneurial and ethical brands

“ALIGNMENT TO BRAND’S MESSAGE”

Packaging to be aligned with the brand’s message of naturalness and elimination of fragrances and other ingredients.

“SIMPLE, CLEAR LABELLING”

Simple and fresh pack designs with clear labelling to form an more authentic product proposition.

**Kjaer Weis, US**

"Intelligent refill system“, Packaging designs feature metal which can be used again and the refill cartons can be recycled.

**Ethique beauty bars, New Zealand**

Plastic-free, solid "beauty bars", derived from natural sources and packaged in 100% biodegradable wrappers, or compostable boxes.

**Tata Harper Clarifying Cleanser**

Mostly the brand uses glass packaging for its products so that it can be reused and the plastic used by the brand is resin which is plant based ingredient.
Brands have an opportunity to differentiate and ride the consumer awareness of recycling issues.

“PRESENT SCENARIO”
Ethicality and sustainability becoming part of the natural product proposition. Zero-packaging/Recycled plastic packaging and individually packaged treatments gaining momentum.

“FUTURE OUTLOOK”
More brands will place sustainability at their core and explore smart tools to provide more personalized solutions with zero packaging.

WHAT WAS HAPPENING IN 2018?
Environment-friendly formulations and packaging are being leveraged to enhance sustainability and even quality credentials. Globally, around 79% of consumers have stated that if a tax on products wrapped in plastic was imposed, they would buy fewer of these products or stop buying these products altogether.

MANUFACTURERS NEED TO LOOK AT

Zero waste goes mainstream
Shift toward zero packaging designs. Explore potential of water soluble pods

Source: GlobalData 2018 Consumer Survey
Four themes to look upon...

Beyond Green

Packaging

Wellness Revolution

Hero Ingredients
Beauty and grooming purchases primarily driven by health & wellness and personalization

“HOLISTIC APPROACH”

Traditional notions of beauty changing with shift towards aspirational wellness concept. Consumers increasingly put-off by brands that project a tightly defined and stereotypical portrayal of beauty.

“CROSS-COLLABORATION”

Emergence of new segment ‘wellcare’, shaping future innovations.

68% of global consumers are influenced by ‘Health & Wellness’ proposition in cosmetics

Source: GlobalData 2018 Consumer Survey
WELLNESS REVOLUTION: TRENDS IN ACTION

CROSS-COLLABORATION BETWEEN HEALTHCARE AND WELLNESS INDUSTRY

“The desire for a more connected and holistic approach to health and wellness among eco-conscious consumers is driving this cross-collaboration, creating a new segment of ‘wellcare’

BLURRING CATEGORY LINES

“Manufacturers are assessing their product portfolio range and looking at how to customize and blur the lines between products.”

CARE BASED PRODUCTS, RIGHT FROM ANTI-POLLUTION TO BEAUTY SLEEP

“Due to the growing awareness about the major link between sleep and skin renewal, consumers are proactively looking for fueling related categories in wellbeing like sleep, anti-pollution and self-care.”

INSIDE-OUT BEAUTY

“Manufacturers are trying to create formulations incorporating organic herbal food supplements which aims to capture the full potency and vitality of herbs.”
Consumers are continually striving towards a more holistic state of wellbeing

“STREAMLINING SKINCARE”
Consumers are seeking a simpler, more mindful approach to beauty in terms of paring back routines and encouraging multi-use products.

“BETTER-FOR-YOU”
Consumers looking for convenient ways to obtain a health boost and willing to pay a premium if they believe instant benefits can be obtained.

Goop’s beauty and fragrance lines, US
Products are marketed as “clean” and made with non-toxic ingredients, promoting a route to holistic wellness.

Herbivore Botanicals, US
Produces a wide array of health and wellbeing-focused cosmetics products claimed as "safe, non-toxic" and "believe in the power of nature."

Alpyn Beauty, “Wild” skincare products, US
This sustainably sourced skin care brand is formulated with a “proprietary complex of wild-crafted and hand-cultivated alpine botanicals” which are grown in Wyoming, US giving a feeling of wellness from the core of the nature earth.
With most categories aligned with Health and Wellness, opportunities exist to provide more Clean Beauty products

“PRESENT SCENARIO”
Strong demand for products that protect against environmental aggressors, provide nutrition to the skin, and leverage natural active ingredients.

“FUTURE OUTLOOK”
Catering to the next generation of conscious consumers seeking overall wellbeing, brands have already started taking product testing to another level.

WHAT WAS HAPPENING IN 2018?
Health & Wellness cues becoming more established in personal care space, especially desire for natural and chemical-free products. The shift towards products that omit toxic chemicals, additives, and preservatives represents a key area of interest for consumers in their quest for healthier beauty solutions and their desire for more customized/personalized solutions that are perceived to better meet personal beauty goals, all shaping future innovations.

MANUFACTURERS NEED TO LOOK AT

Next-Gen tools
Digital enhancements providing safety insights of the product and tracking personal data through smartphone-connected device

Active beauty and nutrition
Better product functionality that can protect against external aggressors to exercise-compatible beauty products
Four themes to look upon…

Beyond Green

Packaging

Wellness Revolution

Hero Ingredients
Conveying “better for you” through nature and food inspired ingredients

“REAL/NICHE INGREDIENTS”

Consumers more interested than ever, prioritising absence of undesirable ingredients in products over inclusion of beneficial ones.

“FUSION OF MAKE-UP AND SKINCARE”

Healthy positioning with exotic ingredients to create blend of science-backed, high-performance and feel-good ethics.

68% of global consumers are influenced by ‘Unique/Enjoyable proposition in cosmetics

90% of consumers believe that their choice of product is always/often/somewhat influenced by how familiar/trust-worthy/risk-free the product is

Source: GlobalData 2018 Consumer Survey
HERO INGREDIENTS: TRENDS IN ACTION

**INGREDIENT INSPIRATION**

“The increased demand for organic health and beauty products help drive innovation and increase market demand for better, alternative, organic, food-based ingredients.”

**SAFETY PROFILE OF INGREDIENTS**

“Manufacturers are trying to give assurance that the ingredients sourced and manufactured are free from any controversial chemicals, parabens, synthetic dyes and artificial fragrances, and cruelty-free.”

**INFUSIONS**

“Beauty Infusion helps in delivering instant result through natural activities inspired by ancient, multicultural Ayurvedic technique of using plant-based ingredients for producing inter, outer, and lasting beauty.”

**LOCALISATION**

“With more natural and food-based ingredient formulation, consumers will be attracted to the local ingredients in their neighborhood, rather than going for international products.”
Every niche ingredient serves a purpose.

“COMMUNICATE RATIONALE FOR INGREDIENT DECISIONS”

Brands need to clearly communicate how it came to its understanding of skin and how it chooses its ingredients.

“APPEAL TO ALL SKIN TYPES AND NEEDS”

Brands must assert that "skin is skin" and thus target consumers of all skin types.

**Skinfood Premium Cucumber & Lettuce Watery Toner, Korea**
A cooling watery toner using lettuce and cucumber extracts to hydrate the skin, Conveying the use of beneficial food-grade ingredients.

**Fytt Hit Restart, US**
Simple formulation list featuring recognizable plant-based ingredients.

**Bovey Moisturizing Enzyme Mask**
Features the fermented essence and enzymes of broccoli, carrot, and cucumber.
Space for cleaner, safer, better beauty has grown and will continue to grow

“PRESENT SCENARIO”
Truth-seeking attitude has given rise to tools and apps with a barcode scanner to track toxic ingredients as well as third-party certifications.

“FUTURE OUTLOOK”
Increased awareness about the predominantly unregulated beauty market putting more pressure on manufacturers to look for new ways to better align with the trend.

WHAT WAS HAPPENING IN 2018?
Growing demand for organic health and beauty products driving innovation and increase market demand for better, alternative ingredients.

MANUFACTURERS NEED TO LOOK AT

**Cannabis Infusion**
Cannabis products are on the rise due to its medicinal benefits

**Technology**
Leveraging advanced technology, new formulations can be created

**Back to Basics**
Ancient skincare routines are again back in trend
Clean Beauty Moment Gathering Further Momentum

The future of clean beauty is brands that do not just do things to get ‘accredited’ natural or organic, but also offer guidance and dialog regarding a shift to sustainable, high performance cleaner products.

More launch of dedicated e-boutiques and brick-and-mortars

Greater focus on the power of the plants

More of breakthrough and sustainable beauty products with recyclable packaging

Expectations around reintroduction of regulations
Thank You

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