Outline

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• What do Natural and Organic Cosmetics (N&OCs) mean to the consumer?

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  ➞ Purchase drivers and associations

• Conclusions

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History of N&OCs and Regulation

• **ALL** cosmetics in EU regulated *(public standard)*

• **ALL** (N&OCs and Conventional) must be safe, functional and effective without exception

• N&OCs are officially undefined sector; a claim falling under Article 20 (Regulation (EC) No 1223/2009)

• To-date **private** standards (e.g. NATRUE) protect and promote N&OCs definition
How big is the market?

- European cosmetics market represents ca. 33 % of the global market. Europe is the world leader (innovation and authenticity [N&OC]).

- Totals of all cosmetics (EU)\(^1\):
  - Sales: EU28 plus Norway and Switzerland = €72B
  - Exports from Europe: €36.2B (2013)

- Total of N&OCs (EU)\(^2\):
  - In EU estimated turnover (2011) = €2.5B
  - In Germany alone turnover ca. €1B/year equalling 6% of the market share
  - Continued growth is estimated

1: http://bit.ly/1y7I9sY
2: http://bit.ly/1rD5cUJ
What do Natural and Organic Cosmetics (N&OCs) mean to the consumer?
How do consumers define N&OCs?

• Terms ‘Natural’ and ‘Organic’ are not the same

• All organic cosmetics are seen as natural (non-GMO) but natural cosmetics are not always organic

• The majority of N&O consumers wish to avoid negative outcomes i.e. personal risk avoidance

• Certain product types most favoured: particularly leave on products and baby products

• N&OCs are perceived to be a better choice in the long term (oneself and the planet)
The study itself: What were the aims?

**Background:**

- People’s lives are affected by the world around them; changing their values and lifestyles
- Changing values and lifestyles = changing needs
- Consumers look to companies, brands, products and services to serve these changing needs
The study itself: The objectives

Objectives:

The research objective was to explore what consumers expect from natural and organic cosmetics. The study focused on:

1. What attracts and detracts consumers from purchasing N&OCs?
2. What associations are made with N&OCs?
3. What are the differences in perception between natural and organic if any?
Who were the studied consumers?

- **Target group:**

  (i) EU women; 25-65 years old

  (ii) Purchase cosmetics and have interest in N&OCs

  (iii) Mix EU countries (geographical spread and size)
How were consumers studied?

• **First – Qualitative**
  (i) Two focus groups;
  (ii) 8 female participants;
  (iii) Interest in N&OCs;
  (iv) Subdivided Germanic/Romance-based (Northern/Southern EU) groups

• **Second – Quantitative**
  (i) Validation of findings from qualitative research;
  (ii) Online survey;
  (iii) 6 European countries;
  (iv) Females interested in NO&Cs (n = 900)
What do consumers expect from N&O?

Buyers are driven to buy N&OCs by:

(i) Expectation that:
- product contains uniquely natural ingredients - 80 %
- product contains only organic ingredients – 64%

(ii) Presence of natural and organic ingredients is especially important for stay-on versus rinse-off products e.g. facial (ca. 50-65%) and body care (ca. 50%) (stay-on) versus haircare (25 %) and showergels (30 %) (rinse-off)
Why are stay-on products N&OC favoured?

**Primarily for creams:**
- Daily use (stays on body/face all day)
- Delicate area of the body and visibility to others
- Product absorption – ingredients important

**BUT also for Baby products:**
- Why?
  - Children are the most important in parents’ life
  - Babies’ skin is very sensitive
  - Must be treated with the most gentle product possible

**So why rinse-off products OK?**
- Removed quickly; Reduced perceived risk from (artificial) ingredients

**Keyword = PROTECTION**
N&OCs: Motivation and Choice

Motivation = avoidance of negative outcomes

• For yourself - ingredients that might have a negative impact on health

• For others – social sustainability; work conditions/salaries (Fairtrade)

• For animals – ingredients with animal origin/animal testing

• For the environment – impact of production on the environment (sustainability/pollution)

Using natural and organic cosmetics = a conscious choice
N&OCs: Motivation and Choice

N&OCs:
• Safer, less harmful
  • Quality of ingredients: no artificial chemicals ingredients, no ingredients of animal origin ⇒ prefer ingredients straight out of nature
• More efficient in the long term
  • Expectancy of slower effect, but better long term results due to gentle ingredients
• Concerned producer
  • Importance of labels

Conventional:
• More efficient on the short term
  • Stronger & more aggressive ⇒ faster short term results but concern about the long-term effects of the artificial chemical ingredients

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N&OCs: All about risk avoidance?

NO!

Continued N&OC use based on positive experiences & associations

- Use of NOCs makes (women) feel that they are taking part in making this world a better place ⇒ pride
  ⇒ NOCs are regarded as the best long-term choice for oneself and the planet
Identifying 3 consumer subgroups

3 Types of N&OC users:

**RISK AVOIDANCE**
- Need: avoid harm for themselves (no chemical ingredients)
- Result: heavy ingredient screening

**External Focus**
- Need: avoid negative outcomes for others (animals, planet, other people)
- Result: screen for information on origin and production process

**“Part of Who I Am”**
- Need: cosmetics must fit their healthy and natural lifestyle
- Result: health, quality and naturalness are important, leading to focus on ingredients, origin & production process
Identifying 3 consumer subgroups

Group 1: Risk Avoidance (for one’s self) (35 %)
- Avoidance of specific types of ingredients, health-concerned ingredients screening
- 2 types: (i) with allergies or sensitive skin/skin problems; (ii) doubts about the impact of chemical ingredients on their skin (better results perceived with N&OCs in the long term)

Group 2: External Focus (concern for Nature/Planet) (45%) 
- Care for animals and the environment (reducing impact)
- Production process, opportunities for recycling are important:
- Sensitivity for background information about production process ⇒ thorough screening of origin of products and of ingredients

Group 3: “Part of a healthy and natural lifestyle” (20%)
N&OCs part of a life philosophy; quality plays an important role
Look for natural things and avoid artificiality in all aspects of life
Using N&OCs is seen as taking care of oneself
N&OC: Subgroup Analysis

Group 1: Risk Avoidance (for one’s self)
- Remains the focus of women in eastern EU; 2.5 times greater than western EU
- Unchanged across all ages 25-64 years old (intrinsic value)

Group 2: External Focus (concern for Nature/Planet)
- Primary focus of 1/2 to 2/3 women in Germanic-based/Northern EU countries
- Swedish women have highest external focus (64 %)
- Highest in women aged over 45 years old

Group 3: “Part of a healthy and natural lifestyle”
- Holistic focus remains constant across all 6 nations
- Highest representation (ca. 1/3) in younger women (25-34 yrs old)
Separating Natural and Organic: Associations and Differences

What the basic knowledge?
**ALL** organic cosmetics = natural
**BUT** not all natural cosmetics = organic
\[ \Rightarrow \text{Labels/certificate to ensure organic} \]

**Associations:**
- 75% of all women know a difference exist for N&O
- Swedish women are more familiar with the difference between organic and natural (50%)  
- Half of all women cannot define this difference **BUT** 1/3 of women claim to know the difference
- Groups 2 and 3 have highest awareness of the difference
- Production is what makes a product organic
- Compliance with strong regulation \[ \Rightarrow \text{agriculture and processing} \]

**Differences:**
- 1/8 to 1/5 of women see no difference
What does Natural and Organic really mean?

What about the ingredients?

- A cosmetic is natural when the ingredient it contains is natural (out of or found in Nature)
- Natural means “chemical” free – i.e. not artificial
- N&O are interrelated and N&Os should not contain GMOs (90 % agree) or artificial chemical ingredients (94 % agree)
- Over 90 % of women agree N&O are terms associated with social and environmentally sustainability in (organic) production, and not containing ingredients of animal origin
What can we conclude?
1. Public has **good knowledge** of terms Natural & Organic

2. Public understands that organic cosmetics are seen as natural **BUT** natural cosmetics are not always seen as organic

3. Public understand what ingredients should not be in their N&O products (**GMO, artificial chemical ingredients**)

4. N&OCs are perceived as the **best long-term choice** (oneself and the planet = highest motivator); perceived to be especially important for stay-on and baby products

5. Using N&OCs = **a conscious choice**

6. There are **3 different types of N&OC consumers**: those who (a) avoid harm for themselves; (b) avoid harm to others/planet; (c) part of holistic lifestyle
The future: International NOC definition?

Next: Potential regulation? An official definition?
- Article 20 and respective Guidelines for claims vs consumer expectations
- On-going international standard process (ISO); NATRUE is part of the process but information may not be disseminated

**HOWEVER**: The draft ISO standard will be weaker compared with existing private EU standards to whom thousands of consumers have signed-up based on trust and confidence

**What to do?**
- A key challenge in Europe today is to maintain (not lose) and develop that trust & confidence
- Consumers should therefore be respected through transparency and not be misled (misleading categorization of ingredients)
- A standard with derogations at Member State & International level is by definition not harmonized
- **Ultimately**: A weak (EU/international) standard could result in massive but (legitimatised) greenwashing in the EU N&OC market
Thank you for your attention!

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