

theBenchmarkingCompany

Beauty & Personal Care Consumer Research

The Benchmarking Company is a bi-coastal beauty and personal care consumer research firm with a proven track record in cosmetics, skincare, beauty devices, body care, hair care, nail care, men's grooming, fragrance and wellness/personal care.

Laser focused on providing:

- Quantitative research
- Qualitative research
- In-home beauty and personal care product testing

Benefits:

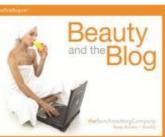
- Proof of efficacy
- Sell-in
- Sell-through
- Consumer insights
- Validation
- Risk mitigation

Understanding the beauty consumer is what we do.

Past PinkReports



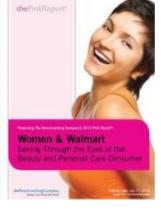


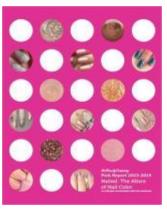
















Report Methodology

Purpose of the Report

 The 2018 PinkReport provides a detailed look at the US beauty and personal care consumer benchmarked against data collected in TBC's 2008 PinkReport, "The Age of Naturals." The online survey was completed by ~4,181+ female and male beauty and personal grooming consumers.

The comprehensive survey instrument included 88 in-depth questions, and was developed based on exploratory psychometric and demographic questions.

Research Execution

- US Women and Men, Vetted Beauty and Personal Grooming Buyers
- Ages: 18+
- Online Fielding, May 2018

Screeners

Demographics

Shopping Behaviors

Spending Behaviors

Natural/Organic IQ

Brands Preferences

Retail Channel Preferences

Nutraceutical Use

Influencers & Motivators

Attitude Drivers

Brands that have Moved the Natural Needle

Snapshot of the Natural & Organic Cosmetics Market

- The global organic and personal care market is expected to reach USD \$25+ billion by 2025*
- Natural & Organic skincare sales expected to increase 10% between 2016 and 2025*
- Driving growth in this market is fueled by consumer concern with impacts of chemicals on their skin and in their bodies.
- Natural and organic brands grew 7% in 2016 as compared to traditional cosmetic offerings at 2% growth for the same time period.**
- In 2017, natural beauty grew 16% over previous year.***



^{*}Grand View Research Report, Nov. 2016

^{**} Kline & Company, 2016

^{***}Nielsen Wellness Track, 2018



Driving Growth of Naturals & Organics

- Educated consumer/ actively seeks information
- Mainstreaming/availability
- From what we put inside our bodies to what we put on our bodies – health concerns
- Sub-category proliferation
- Innovation -Reinventing the products in her routine/regimen



Topline Findings

- Clear misperceptions regarding natural/organic classifications
- Growth fueled by health concerns
- Natural outpaces organic
- Efficacy still rules
- Natural/organic buyer cares about ingredient transparency
- Natural/organic buyer has ethical expectations of the brand



Understanding the Natural/Organic Buyer

Gen Z (ages 18-24)

Demographics

- 21.2 years of age
- 34% full-time students
- 58% live in a small, mid-sized or major urban area
- 65% single/never married and 84% do not yet have children

Where She Buys:

57% buy natural/organic BPC products at beauty specialty stores, such as Sephora or ULTA

Top 5 Ways She Describes Herself:

#1 Passionate

#2 Health-minded

#3 Family-oriented

#4 Trendy

#5 Busy



Generation that most often:

- Is price sensitive
- Looks for animal cruelty logo on BPC products
- Meditates and exercises
- Purchases natural and organic products in general, not specific to BPC
- Purchases organic hair care, color cosmetics, skincare and household cleaning products

What She Buys:

- 53% purchased natural/organic aromatherapy oils in the past six months
- 78% purchase some natural/organic BPC products (the highest percentage by generation, tied with Millennials)
- 42% have purchased beauty/personal care products made with cannabinoids or hemp

Millennials (ages 25-38)

Demographics

- 31.9 years of age
- 59% work either part or full-time
- 35% live in suburbia
- 84% have either attended college or hold a degree
- 55% have a tattoo

Where She Buys:

56% buy natural/organic BPC products at Amazon.com and 51% purchase at beauty specialty stores, such as Sephora or ULTA

Influencers and Word Associations:

- 75% chose "product reviews/consumer claims" as their #1 influencer when it comes to the consideration of a new natural/organic BPC brand
- Hypoallergenic, clean and plant-based are the three top words she associates with natural beauty/personal care



Generation that most often:

- Shops Amazon.com for natural/organic BPC products
- Uses ingestible beauty products
- Most influenced by online reviews and product claims
- Is influenced to purchase if it is a new product on the market

What She Buys:

- 78% buy natural/organic BPC products some of the time
- 66% have purchased a product containing hemp

Top 5 Ways She Describes Herself:

#1 Family-oriented

#2 Health-minded

#3 Busy

#4 Passionate

#5 Frugal

Gen X (ages 39-53)

Demographics

- 45.6 years of age
- 68% have a household income of >\$50K per year
- 51% have 1-2 children
- 45% live in the suburbs

What She Buys:

- 44% use homeopathic remedies regularly
- 65% use natural skincare products on a regular basis; 75% buy organic produce on a regular basis
- 89% buy more organic beauty/personal care products than they did 10 years ago

Influencers and Word Associations:

 66% of say accessibility/easy to find the product online or in the store is their #1 influencer when it comes to the consideration of a new natural/organic BPC brand, #2 is positive product reviews and claims



Generation that most often:

- Purchases organic food products
- Are more likely to purchase natural/organic BPC every time they shop
- Are more likely to be influenced to purchase by a salesperson knowledge of a brand and product benefits

Where She Buys:

50% buy natural/organic BPC products at Amazon.com and 43% shop specialty beauty stores such as Sephora/Ulta

Top 5 Ways She Describes Herself:

#1: Family-oriented

#2: Passionate

#3: Health-minded

#4: Busy

#5: Focused

Boomers (ages 54+)

Demographics

- 59.5 years of age
- 36% have a household income of >\$75K
- 64% are married and 50% have 1-2 children
- 48% live in the suburbs

What She Buys:

- 51% have purchased probiotics in the past 6 months
- 67% have tried nutraceutical/ingestible wellness products in the past, but quit because they couldn't tell if they were working
- 69% buy natural/organic BPC products some of the time

Influencers:

Brand recognition is the number one influencer for Boomers to try a new natural/organic BPC product with product reviews/consumer claims as a close second



Generation that most often:

- Looks for expected benefits and a list of ingredients on beauty packages
- Reads for pleasure
- Takes supplements
- Purchase a product from a brand because they are familiar with the brand

Where She Buys:

40% of boomers purchase their natural/organic BPC at Amazon and 36% purchase at superstores such as Target and Walmart

Top 5 Ways She Describes Herself:

#1: Family-oriented

#2: Health-minded

#3: Spiritual

#4: Passionate

#5: Environmentally-conscious

The Natural & Organics Beauty Buyer

62%

Have been using natural and/or organic beauty products for less than 6 years

70%

Purchase natural/organic products at least every other time they shop

84%

Are willing to spend more on a natural beauty product and 81% are willing to spend more on an organic beauty product

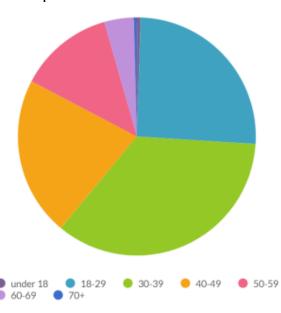


100%

of all socio-economic groups are represented among the natural & organic buying consumer

100%

of all age groups are represented among the natural & organic buying consumer. The 30-39 year old is the largest age group purchasing natural and organic beauty products.



Who Is the Natural and Organic Beauty Product Consumer?

She seeks the truth

 91% believe it is important that the brand lists all of its product ingredients clearly on its website

She is principled

 81% believe it is important that the brand does not test on animals

She is socially aware

- 72% believe it is important to the brand pays a living wage to all employees
- 71% believe it is important for the brand to be socially and environmentally responsible

She is concerned for the health of our environment

 76% believe it is important the brand is "green" and eco-friendly







What She Expects
from Natural &
Organic Beauty
Products

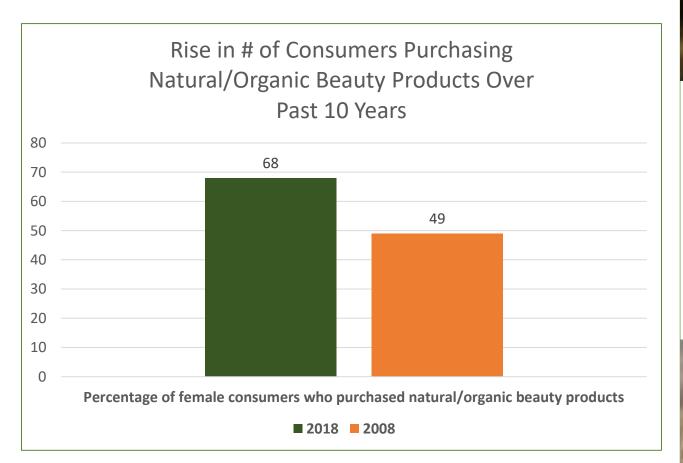
- Results
- Proof of efficacy
- Safer and healthier for her body and her family
- Manufactured in an environmentally responsible manner



Her Purchasing Behaviors



That Was Then, This is Now Naturals & Organics









Beauty & Personal Care Products Top Considerations in Her Purchase Decision



Practical Aspects

Price **79%**

Shelf Life **63%**



Ethical & Environmental Considerations



Does not test on animals **75%**

Uses Renewable Ingredients 49%



Health



Plant Derived **50%**

BPA Free **70**%

Paraben Free **57%**



Beauty & Personal Care Products What's Important to Her



Effective **95%**



Positive reviews & claims 86%



Accessibility **81%**

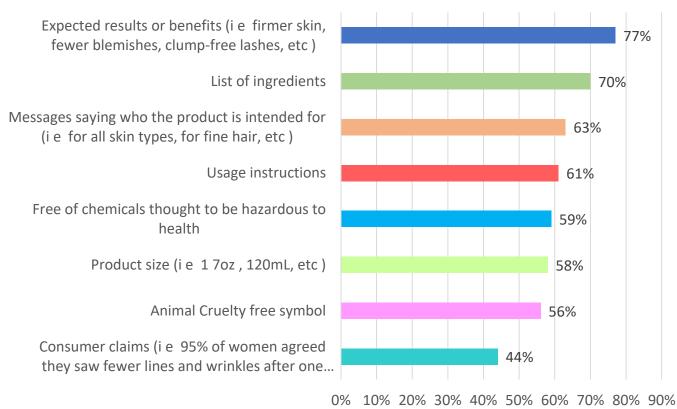


Affordable **80%**

Beauty & Personal Care Products You have 3 seconds of her attention

She's looking for key information on your products' labels.

% of women who look for the following when making a purchasing decision.

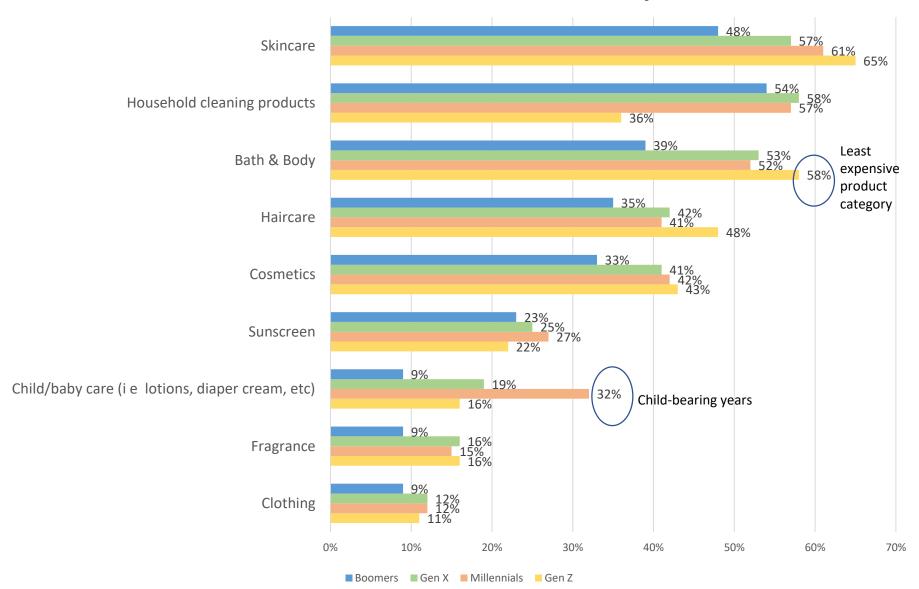




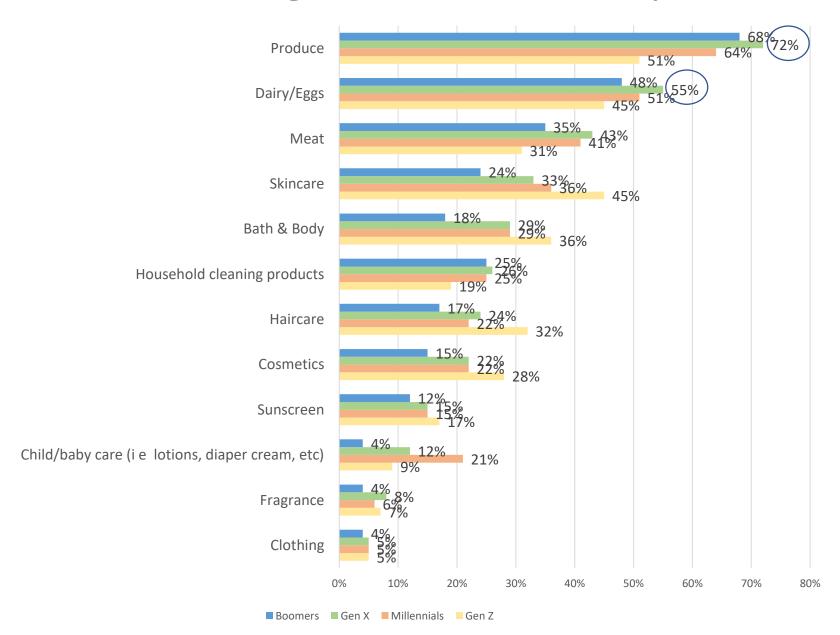


^{*}females who indicated they buy natural/organic beauty

Natural Products She Buys

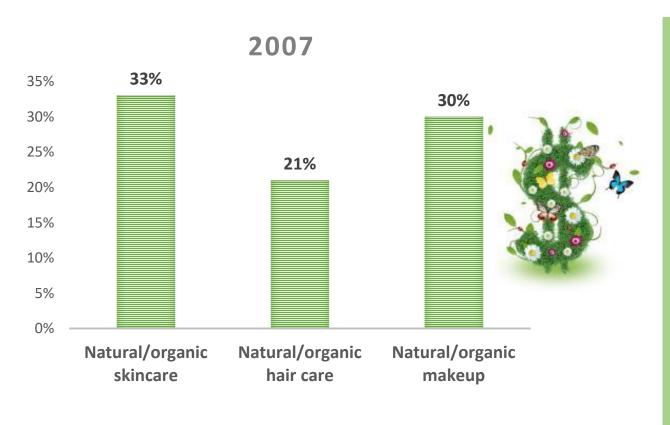


Organic Products She Buys



Natural & Organic Beauty Product Spend*

% who spend more than \$26 per month on natural or organic beauty products



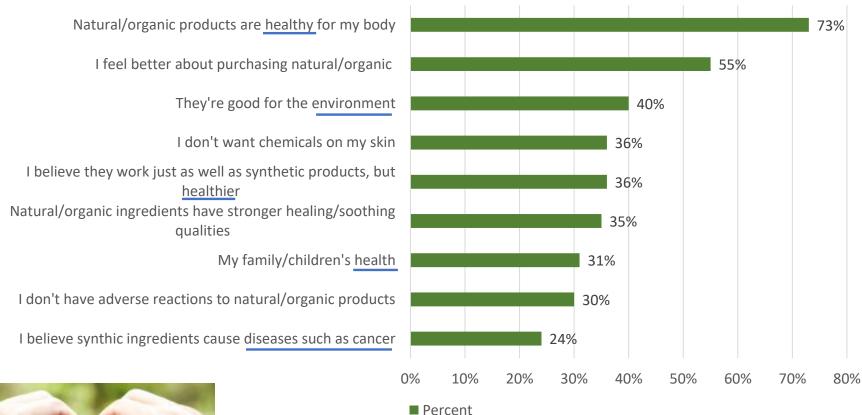
2018

- 53% natural skincare
- 47% organic skincare
- 43% natural makeup
- 40% natural haircare
- 36% natural personal care products
- 30% organic haircare
- 29% organic personal care products
- 28% organic makeup

*females who indicated they buy natural/organic beauty

Top Reasons She Purchases Natural/Organic Products

Reasons For Purchasing Natural/Organic





Fear Drives Demand for "Cleaner" Ingredients

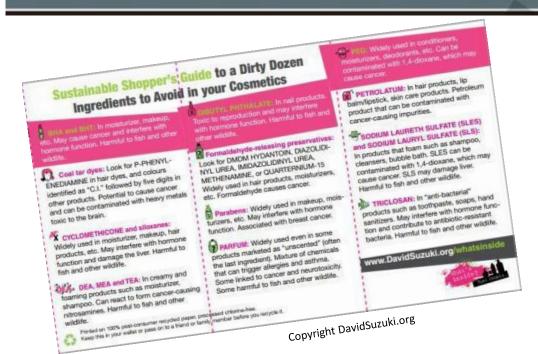




Copyright Food Babe

WE ABSORB UP TO 60% OF WHAT WE PUT ON OUR SKIN

Children's bodies absorb 40-50% more than adults. They are at higher risk for diseases later in life when exposed to toxins.





Copyright Glamorganic Goddess



LIST OF INGREDIENTS TO AVOID

12 toxic & carcinogenic compounds found in beauty & skin care products

Benzoyl Peroxide: Used in acne products, the MSDS states: Possible tumor promoter. May act as mutagen; produces DNA damage in human and other mammalian cells. Also, toxic by inhalation. Eye, skin and respiratory irritant.

DEA (Diethanolamine), MEA (Monoethanolamine), & TEA (Triethanolamine): This foam booster is a skin/eye irritant and causes contact dermatitis. Easily absorbed through skin to accumulate in body organs & the brain.

Dioxin: Won't appear in ingredients. Often in antibacterial ingredients like triclosan, emulsifiers, PEGs and ethoxylated cleansers like Sodium Laureth Sulfate, Dioxin causes cancer, reduced immunity, nervous system disorders, miscarriages and birth deformity.

DMDM Hydantoin & Urea (Imidazolidinyl): 2 preservatives that release formaldehyde which may cause joint pain, cancer, skin reactions, allergies, depression, headaches, chest pains, ear infections, chronic fatique, dizziness, & insomnia.

FD&C Color & Pigments: Synthetic colors from coal tar contain heavy metal salts that deposit toxins in skin, causing skin sensitivity/irritation. Absorption can cause depletion of oxygen and death. Animal studies show almost all are carcinogenic.

Parabens (Methyl, Butyl, Ethyl, Propyl): Used as preservatives. Not always labeled. Used in deodorants & other skin care products, have been found in breast cancer tumors. May contribute to sterility in males, hormone imbalance in females & early puberty.

Made by ethoxylating Propylene Glycol. Dangerous levels of dioxin have been found as a by-product of the ethoxylation process. PEGs are in everything including personal care, baby care and sunscreens.

PEG (Polyethylene glycol):

Phthalates: Found in many products, usually not listed on labels. Health effects include damage to liver/kidneys, birth defects, decreased sperm counts and early breast development in girls & boys.

Propylene Glycol (PG) & Butylene Glycol: Petroleum plastics. EPA considers PG so toxic it requires gloves, clothing, goggles & disposal by burying. EPA warns against skin

kidney abnormalities.

Used in car washes, garage floor cleaners, engine degreasers and 90% of personal-care products that contact to prevent brain, liver, and foam. Eye damage, depression, labored breathing, diarrhea, skin irritation, & death.

Sunscreen chemicals: Avobenzone, benzphenone, ethoxycinnamate, PABA are commonly used ingredients that are known free radical generators and are believed to damage DNA or lead to cancers.

Triclosan: Synthetic antibacterial ingredient. EPA registers it as a pesticide, posing risks to human health and environment. Classified as a chlorophenol, chemicals suspected of causing cancer in humans.

Sodium Lauryl Sulfate (SLS) &

Sodium Laureth Sulfate (SLES):





We Use Purposeful Ingredients

We carefully evaluated our beloved formulas and reduced the number of ingredients by 50%. Now, we have simpler, gentler products with no parabens, no phthalates, and no sulfates.

How We Calculate the 90%

There is no regulatory definition of "Naturals" so we sought out to exceed the top standards in the world.

Since there is no regulatory definition of "natural," we follow the only independent international standard for naturals in cosmetics—the International Organization for Standardization (ISO). According to the ISO, "natural origin" refers to ingredients that are more than 50% from natural sources, such as plants or minerals.

Based on that definition, over 90% of the ingredients in our washes, lotions and shampoos are of natural origin. (That's average cumulative volume, including water.)

We know natural ingredients aren't always safe for baby in their natural form. So before we add them to our products, we put them through a series of steps in order to:





A few reasons why we have the other 10% We use the following in our products for their specific benefits:



Ingredients Matter

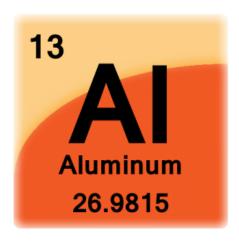
Consumers list specific ingredients that appeal to them when purchasing a natural or organic product

Aloe Vera	80%
Vitamin C	71%
Vitamin E	71%
Argan Oil	68%
Coconut Oil/Essence	67%
Lavender	67%
Tea Tree Oil	66%
Honey	65%
Avocado Oil	64%
Green Tea	63%

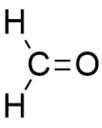


Ingredients She Wants...and Doesn't















Brands Buyers Know and Love





Her Favorite *Natural* Brands





















Her Favorite *Organic* Brands





BARE ESCENTUALS















Opportunity for Natural & Organic Brands

- Demonstrate efficacy through claims, reviews
- Help define industry standards for "natural"
- Educate your consumer
- Innovate natural/organic versions of what she/he already uses
- Be responsible ethically, socially & environmentally



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