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
The Age of Naturals

January 2008

The New Age of Naturals

What's Important to the US Female Natural & Organic Beauty & Personal Care Buyer

With Special Bonus Sections:
- Men and Natural/Organic Personal Care
- Wellness Products
- Cannabinoids and their Impact on Beauty
- Marketing and Branding in the Natural/Organic Space - Tips from the Pros
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
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.***

** 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
Because We Know Data

Informs Decisions

TBC's Stats

- More than a decade serving major brands and Indie darlings in the beauty and personal care industry
- Captured more than 2.5 million consumer opinions
- Vetted beauty and personal care panels of 120k+ (male and female)
- Tested more than 700 unique products
- Members of CEW, ICMAD, BIW, PCPC

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

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

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

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
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

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

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

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

**Where She Buys:**
40% of boomers purchase their natural/organic BPC at Amazon and 36% purchase at superstores such as Target and Walmart

**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

**Top 5 Ways She Describes Herself:**
#1: Family-oriented
#2: Health-minded
#3: Spiritual
#4: Passionate
#5: Environmentally-conscious

**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
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 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.

**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

*females who indicated they buy natural/organic beauty*
**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

*females who indicated they buy natural/organic beauty*
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*

Rise in # of Consumers Purchasing Natural/Organic Beauty Products Over Past 10 Years

Percentage of female consumers who purchased natural/organic beauty products

- **2018**: 68%
- **2008**: 49%
## Beauty & Personal Care Products

### Top Considerations in Her Purchase Decision

<table>
<thead>
<tr>
<th>Practical Aspects</th>
<th>Ethical &amp; Environmental Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price 79%</td>
<td>Does not test on animals 75%</td>
</tr>
<tr>
<td>Shelf Life 63%</td>
<td>Uses Renewable Ingredients 49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Derived 50%</td>
</tr>
<tr>
<td>BPA Free 70%</td>
</tr>
<tr>
<td>Paraben Free 57%</td>
</tr>
</tbody>
</table>

*females who indicated they buy natural/organic beauty
Beauty & Personal Care Products

*What’s Important to Her*

- Effective: 95%
- Positive reviews & claims: 86%
- Accessibility: 81%
- Affordable: 80%

*Females who indicated they buy natural/organic beauty*
**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.

<table>
<thead>
<tr>
<th>Information</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected results or benefits</td>
<td>77%</td>
</tr>
<tr>
<td>List of ingredients</td>
<td>70%</td>
</tr>
<tr>
<td>Messages saying who the product is intended for</td>
<td>63%</td>
</tr>
<tr>
<td>Product size (i.e. 1 oz, 120 mL, etc)</td>
<td>58%</td>
</tr>
<tr>
<td>Free of chemicals thought to be hazardous to health</td>
<td>59%</td>
</tr>
<tr>
<td>Animal Cruelty free symbol</td>
<td>56%</td>
</tr>
<tr>
<td>Consumer claims (i.e. 95% of women agreed they saw fewer lines and wrinkles after one...)</td>
<td>44%</td>
</tr>
</tbody>
</table>

* Females who indicated they buy natural/organic beauty
Natural Products She Buys

- Skincare: Boomers 48%, Gen X 57%, Millennials 61%, Gen Z 65%
- Household cleaning products: Boomers 36%, Gen X 54%, Millennials 58%, Gen Z 57%
- Bath & Body: Boomers 39%, Gen X 53%, Millennials 52%, Gen Z 58%
- Haircare: Boomers 35%, Gen X 42%, Millennials 41%, Gen Z 43%
- Cosmetics: Boomers 33%, Gen X 41%, Millennials 42%, Gen Z 43%
- Household cleaning products: Boomers 23%, Gen X 25%, Millennials 27%, Gen Z 27%
- Sunscreen: Boomers 23%, Gen X 25%, Millennials 27%, Gen Z 27%
- Child/baby care (i.e. lotions, diaper cream, etc): Boomers 9%, Gen X 16%, Millennials 19%, Gen Z 32%
- Fragrance: Boomers 9%, Gen X 16%, Millennials 16%, Gen Z 16%
- Clothing: Boomers 9%, Gen X 12%, Millennials 17%, Gen Z 11%

Least expensive product category: Child/baby care

Child-bearing years: 32%
**Organic Products She Buys**

- **Produce**: 68% (Boomers), 72% (Gen X), 64% (Millennials), 51% (Gen Z)
- **Dairy/Eggs**: 64% (Boomers), 51% (Gen X), 48% (Millennials), 41% (Gen Z)
- **Meat**: 45% (Boomers), 35% (Gen X), 24% (Millennials), 18% (Gen Z)
- **Skincare**: 36% (Boomers), 33% (Gen X), 22% (Millennials), 15% (Gen Z)
- **Bath & Body**: 36% (Boomers), 31% (Gen X), 24% (Millennials), 18% (Gen Z)
- **Household cleaning products**: 36% (Boomers), 29% (Gen X), 23% (Millennials), 19% (Gen Z)
- **Haircare**: 28% (Boomers), 24% (Gen X), 22% (Millennials), 17% (Gen Z)
- **Cosmetics**: 22% (Boomers), 21% (Gen X), 20% (Millennials), 15% (Gen Z)
- **Sunscreen**: 21% (Boomers), 17% (Gen X), 15% (Millennials), 12% (Gen Z)
- **Child/baby care (i.e., lotions, diaper cream, etc.)**: 21% (Boomers), 17% (Gen X), 15% (Millennials), 12% (Gen Z)
- **Fragrance**: 7% (Boomers), 6% (Gen X), 8% (Millennials), 9% (Gen Z)
- **Clothing**: 5% (Boomers), 4% (Gen X), 6% (Millennials), 7% (Gen Z)
Natural & Organic Beauty Product Spend*

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

- **2007**
  - Natural/organic skincare: 33%
  - Natural/organic hair care: 21%
  - Natural/organic makeup: 30%

- **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 products
Top *Reasons* She Purchases Natural/Organic Products

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural/organic products are <em>healthy</em> for my body</td>
<td>73%</td>
</tr>
<tr>
<td>I feel better about purchasing natural/organic</td>
<td>55%</td>
</tr>
<tr>
<td>They're good for the environment</td>
<td>40%</td>
</tr>
<tr>
<td>I don't want chemicals on my skin</td>
<td>36%</td>
</tr>
<tr>
<td>I believe they work just as well as synthetic products, but healthier</td>
<td>36%</td>
</tr>
<tr>
<td>Natural/organic ingredients have stronger healing/soothing qualities</td>
<td>35%</td>
</tr>
<tr>
<td>My family/children's <em>health</em></td>
<td>31%</td>
</tr>
<tr>
<td>I don't have adverse reactions to natural/organic products</td>
<td>30%</td>
</tr>
<tr>
<td>I believe synthic ingredients cause diseases such as cancer</td>
<td>24%</td>
</tr>
</tbody>
</table>

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*Percent*
Fear Drives Demand for “Cleaner” Ingredients

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.
# 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 fatigue, 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.

## PEG (Polyethylene glycol)
- 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.

## 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 contact to prevent brain, liver, and kidney abnormalities.

## Sodium Lauryl Sulfate (SLS) & Sodium Laureth Sulfate (SLES)
- Used in car washes, garage floor cleaners, engine degreasers and 90% of personal-care products that foam. Eye damage, depression, labored breathing, diarrhea, skin irritation, & death.

## Sunscreen chemicals
- Avobenzone, benzophenone, 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.
We improved everything.

We Use Purposeful Ingredients

We now use 50% fewer 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:

- Remove impurities
- Improve touch and feel
- Reduce malodor or discoloration
- Enhance performance and safety

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

- Preservatives are critical to prevent mold and bacteria from growing and harming your baby.
- Citric acid and sodium hydroxide balance the pH levels of our products with the pH of your baby’s skin—which is essential for functioning of skin enzymes, skin repair processes and protection against infection.
- Skin conditioning agents help to soothe skin while hair conditioning and antistatic agents help prevent moisture loss and keep hair looking and feeling healthy.
- Vitamins and antioxidants help keep your baby’s skin safe by preventing products from oxidizing and creating free radicals.
- Fragrances help sensorial development and make bath time fun.
Ingredients Matter

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

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aloe Vera</td>
<td>80%</td>
</tr>
<tr>
<td>Vitamin C</td>
<td>71%</td>
</tr>
<tr>
<td>Vitamin E</td>
<td>71%</td>
</tr>
<tr>
<td>Argan Oil</td>
<td>68%</td>
</tr>
<tr>
<td>Coconut Oil/Essence</td>
<td>67%</td>
</tr>
<tr>
<td>Lavender</td>
<td>67%</td>
</tr>
<tr>
<td>Tea Tree Oil</td>
<td>66%</td>
</tr>
<tr>
<td>Honey</td>
<td>65%</td>
</tr>
<tr>
<td>Avocado Oil</td>
<td>64%</td>
</tr>
<tr>
<td>Green Tea</td>
<td>63%</td>
</tr>
</tbody>
</table>

*females who indicated they buy natural/organic beauty*
Ingredients She Wants…and Doesn’t

13
Aluminum
26.9815

H\_\_C=O
H

Formaldehyde
Her Favorite **Natural** Brands

- eos™
- **evolution of smooth™**
- The Honest Co.
- Burt's Bees®
- seventh generation™
- SheaMoisture®
- Yes To®
- Tom's of Maine
- Aveeno®
- LUSH
Her Favorite **Organic** Brands
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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