

NATURAL & ORGANIC BEAUTY

TRENDS, TIPS & SO MUCH MORE

FELICITY FROMHOLZ

- **Director of Product Development @ Evolucity Commerce**
 - Beauty Box 5
 - Lilee
 - New in-house lines in the works.
- **Practicing professional makeup artist.**
- **Over 15 years in the cosmetics/skincare industry.**
 - Every position from sales to territory management and educational development.
- **Background in social statistics/market research.**
- **Independent Consultant with Beautycounter.**

OUR SUBSCRIPTION BOXES



- The “Everyday Woman’s” Beauty Box.
- Features full & deluxe size beauty items: color cosmetics, skincare, etc.
- 10,000 subscribers in the US & Canada.
- Ecommerce beauty retailer.
- Over 40,000 newsletter subscribers.



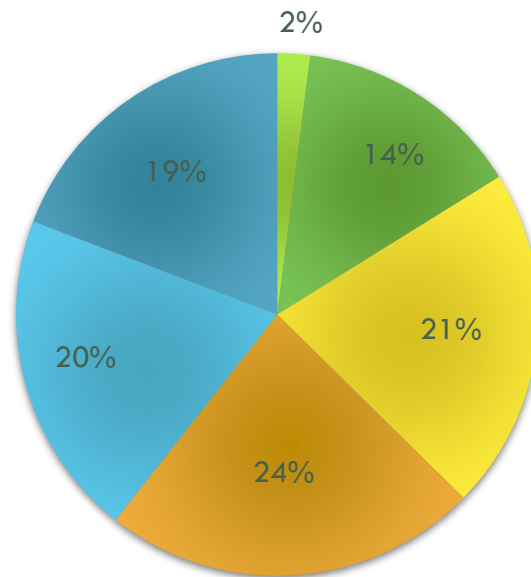
- First EVER monthly luxury lifestyle subscription box.
- Targeted at the Anthropologie shopper.
- Features coffee, tea, jewelry, candles, beauty and everything in between.
- Ecommerce “gifting” store to open in late 2016.
- Flagship store to open in 2017.

AGENDA

- **A Breakdown of the Natural Beauty Industry**
 - Certification Processes & Standards
 - Packaging
 - Pricing
- **Ingredients**
 - Plant-based Colors
 - Essential Oils
 - Current Trends
- **Consumer Needs & Wants**
- **Industry Trends**
- **Brands to Watch**

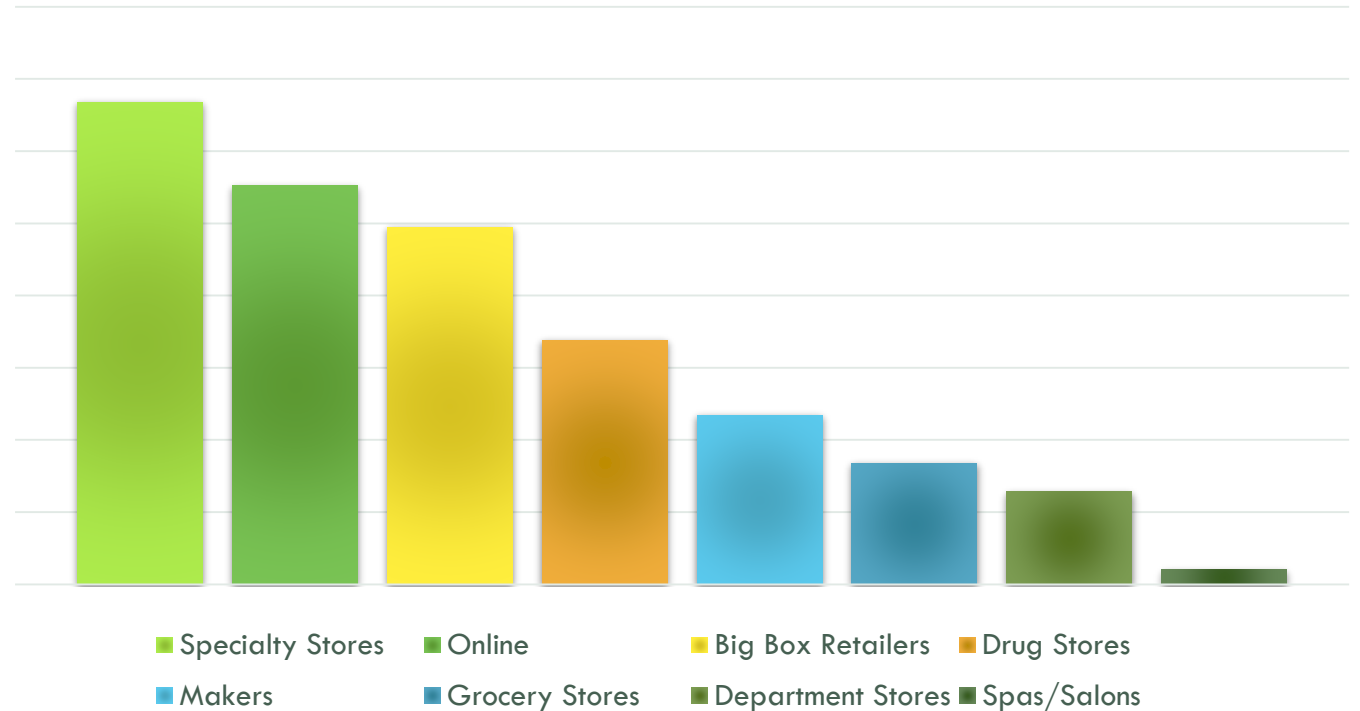
THE BB5 SURVEY

BB5 Shopper Age

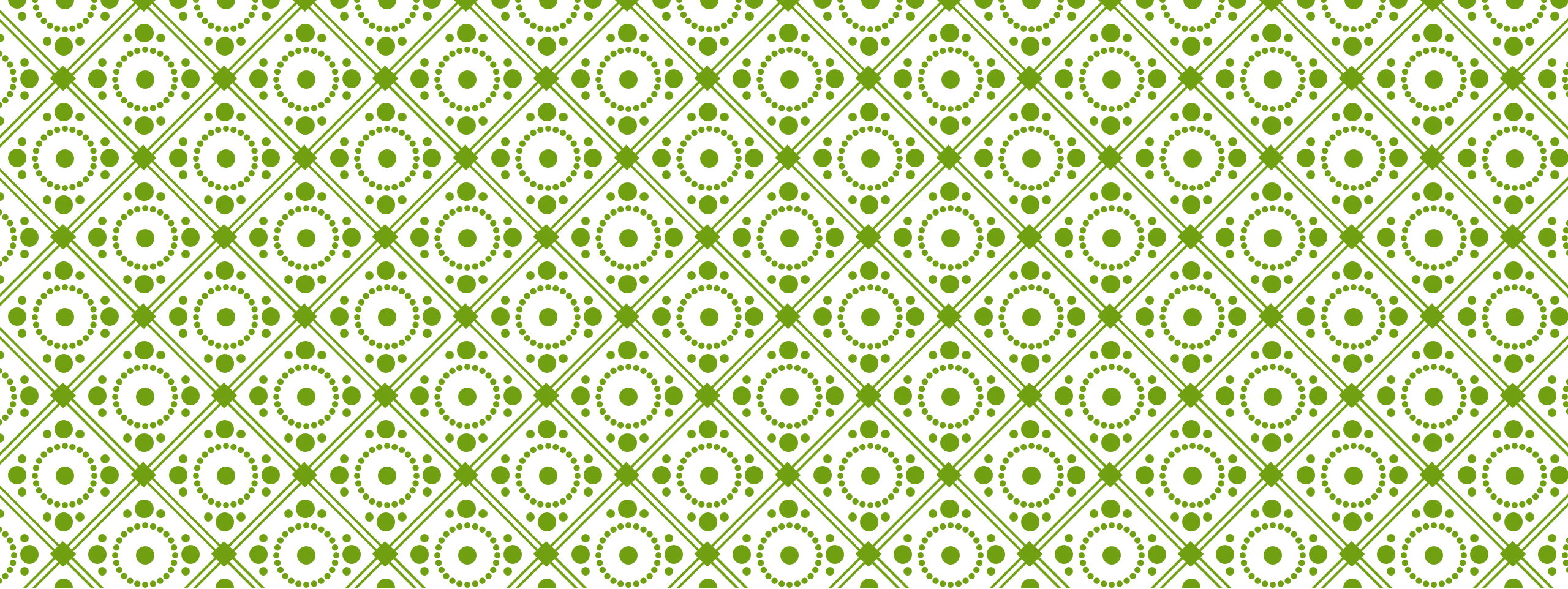


<18 19 to 25 26 to 32 33 to 39 40 to 47 48+

Where BB5 Shoppers Typically Purchase Natural/Organic Personal Care Products



All data from the BB5 2016 Spring Cosmetics Survey.



THE NATURAL BEAUTY INDUSTRY

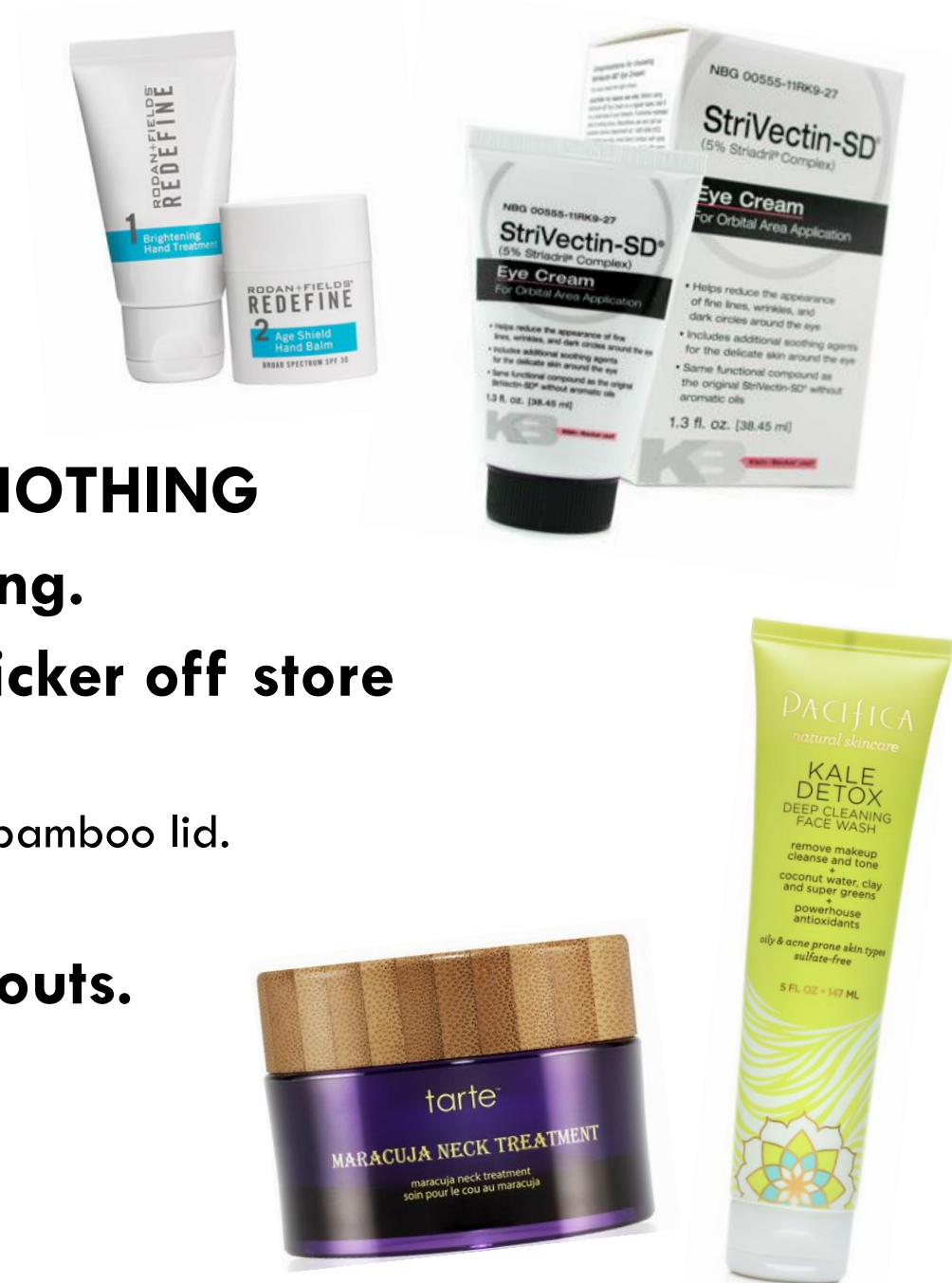
THE BREAKDOWN

CERTIFICATION PROCESSES & STANDARDS

- **There is no such thing as “natural” or “organic” skincare.**
- **“Cruelty Free” has no legal definition.**
 - Leaping Bunny & PETA Beauty Without Bunnies
- **“Eco Friendly” is simply a buzz word.**
- **Product safety is the responsibility of those doing the manufacturing.**

PACKAGING

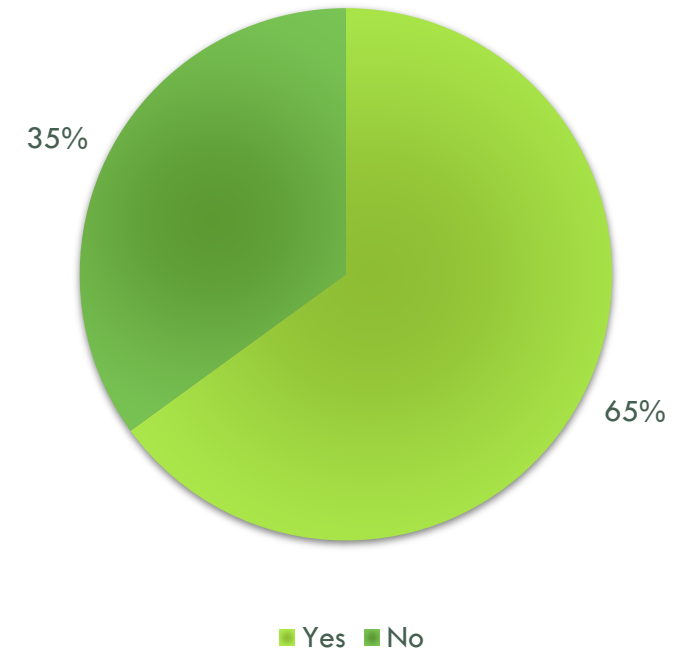
- The Fair Packaging & Labeling Act says **NOTHING** about transparency in cosmetics packaging.
- Products that look more natural move quicker off store shelves.
 - This can be something as simple as a leaf in the logo or a bamboo lid.
 - Glass bottles/packaging.
- **Make sure to use popular ingredient call-outs.**
- **Get certified.**



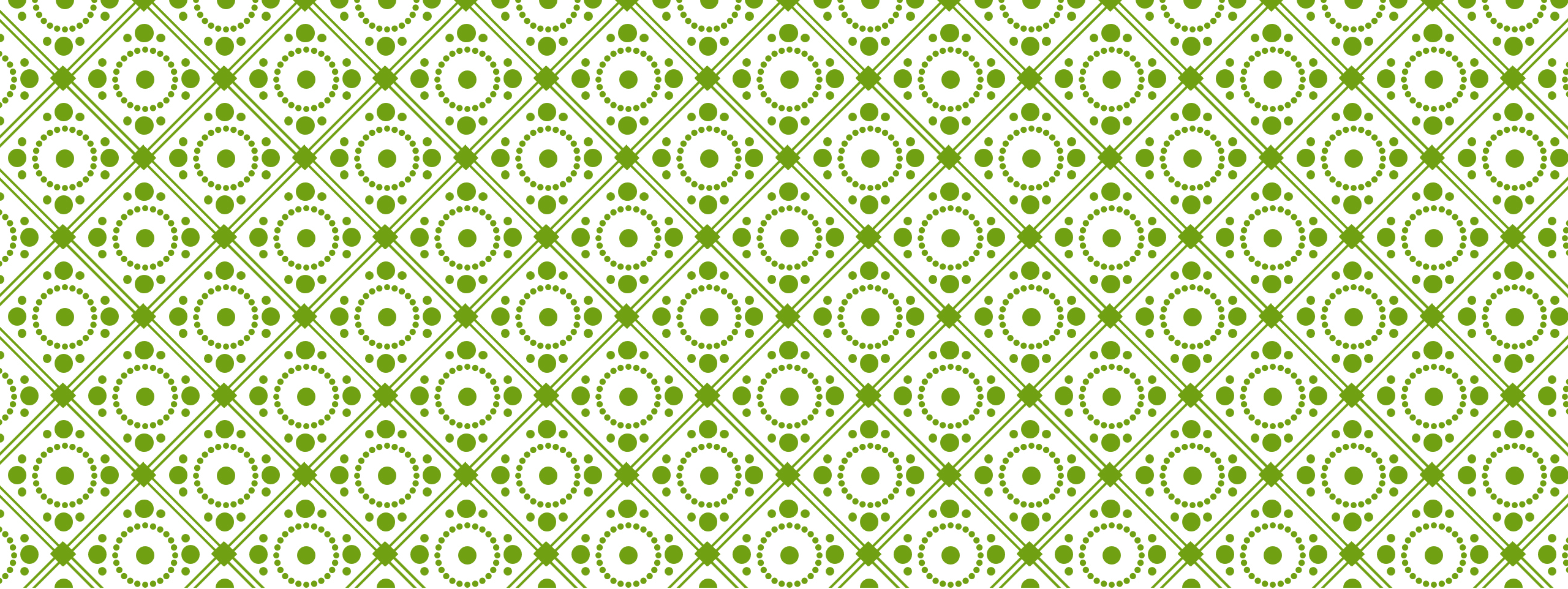
PRICING

- **Natural & Organic beauty will almost ALWAYS be more expensive than synthetic counterparts.**
 - Scarcity
 - Time
 - Packaging
- **Etsy breaks this rule.**
 - Makers don't tend to know their value.
- **Luckily, most shoppers are willing to pay!**

Are BB5 Shopper Willingness to Pay More for Natural/Organic Products?*



*Data from the BB5 2016 Spring Cosmetics Survey.



INGREDIENTS

BE IN THE KNOW & THE NOW

PLANT-BASED COLORS



- **Consumers are VERY SAVVY when it comes to artificial colors.**
 - Designated by “FD&C” or “D&C” followed by a color and number.
 - “FD&C Red No. 6”
- **Plant-based colors are typically more expensive.**
 - Tedious extraction processes.
 - Scarcity of ingredients.
- **Products using plant-based colors are at the mercy of Mother Nature.**
 - Pigments can vary based on region.
 - Shortages can occur based on weather patterns.



ESSENTIAL OILS - THE COMEBACK KID

Why are we seeing oils on the skincare shelves again?

- **Consumers have figured out that “oil free” skincare is a marketing ploy.**
- **The benefits of EO's are being touted more often in mainstream media.**
- **EO's absorb into the skin very easily.**
- **A little bit goes a long way.**
- **EO's have insane healing benefits!**
 - Peppermint oil is an anti-septic, analgesic and an anti-inflammatory.
 - Geranium oil balances sebum production.
 - Neroli stimulates the growth of healthy new skin cells.



INGREDIENT TRENDS

- **Activated Charcoal**
 - Clarify & detox.
- **Bamboo**
 - Anti-Aging, hydrating & exfoliating.
- **Coconut Oil**
 - Hydrate, repair, protect & soften.
- **Essential Oils**
 - Up 31% in 2015.*
- **Clay**
 - Saw a 34% jump in 2015.*



59%

of shoppers believe
their personal care
products are
unsafe.

22%

of shoppers REFUSE
to buy personal care
products that contain
artificial fragrances.

60%

of shoppers believe
that manufacturers try
and put safe ingredients
in their personal
care products.

92%

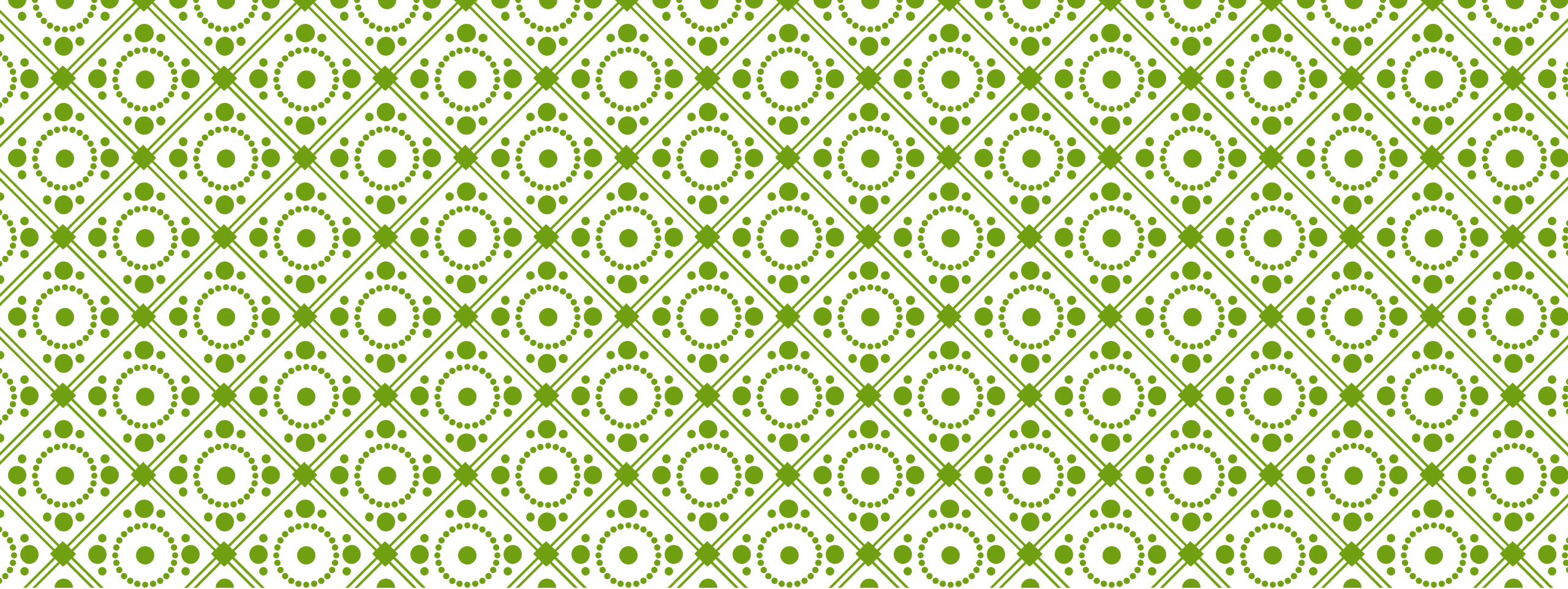
of shoppers believe
ingredient guidelines
need to be more
stringent.

56%

usually know what most
of the ingredients in
their personal care
products are.

72%

of shoppers
are "OK" with artificial
or synthetic ingredients
in their personal care
products.



CONSUMER NEEDS & WANTS

ISN'T THAT WHY WE'RE HERE?

MILLENNIALS ARE MAKING WAVES

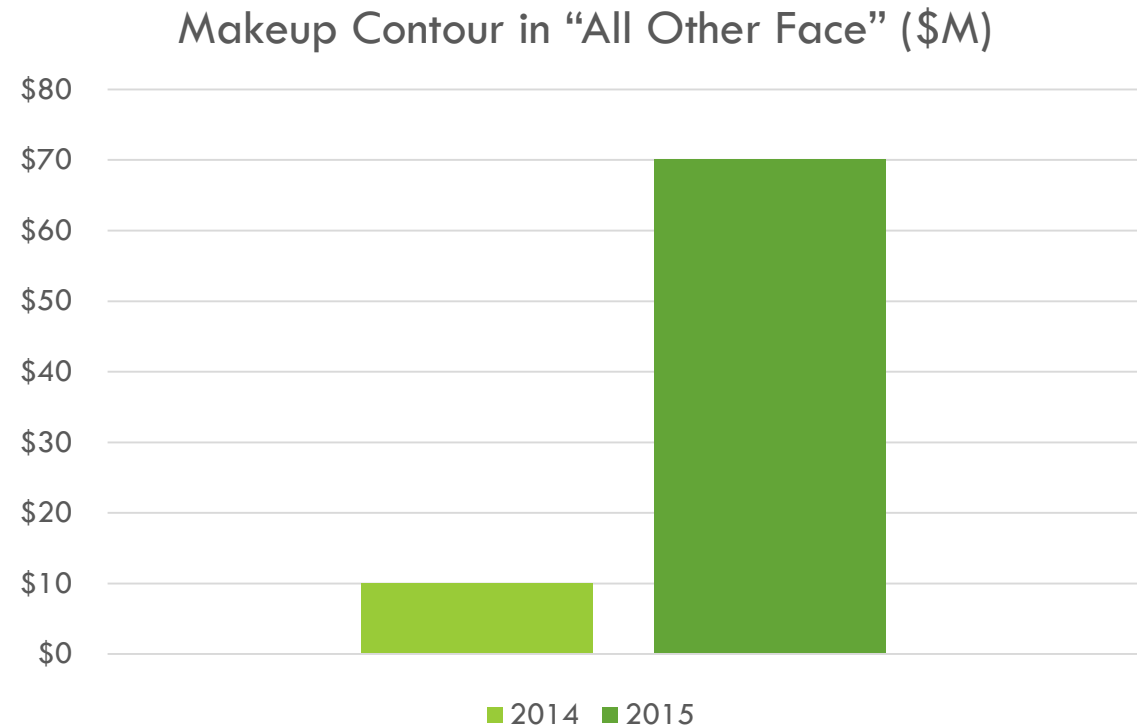
- **Growth in the skincare vertical in 2015 came from online sales.***
 - Brick-and-mortar sales declined.
- **Products that appeal younger have become the leaders of growth.****
 - The Estee Edit is perfect example.
 - The influx of indie brands to the Prestige skincare market.
- **Natural and/or clinically-oriented brands represented the largest combined share of prestige skincare sales and accounted for all category gains.**
 - Millennials are more likely to seek products with doctor endorsements and natural/organic ingredients.*

*The NPD Group, Inc./Women's Facial Skincare Consumer Report 2015

** Karen Grant, Global Beauty Industry Analyst – The NPD Group.

MAKEUP AS SKINCARE

- Contouring makeup is achieving “skincare” benefits.*
 - Evens skin tone.
 - Lightens spots/discoloration.
 - Complexion Brightening



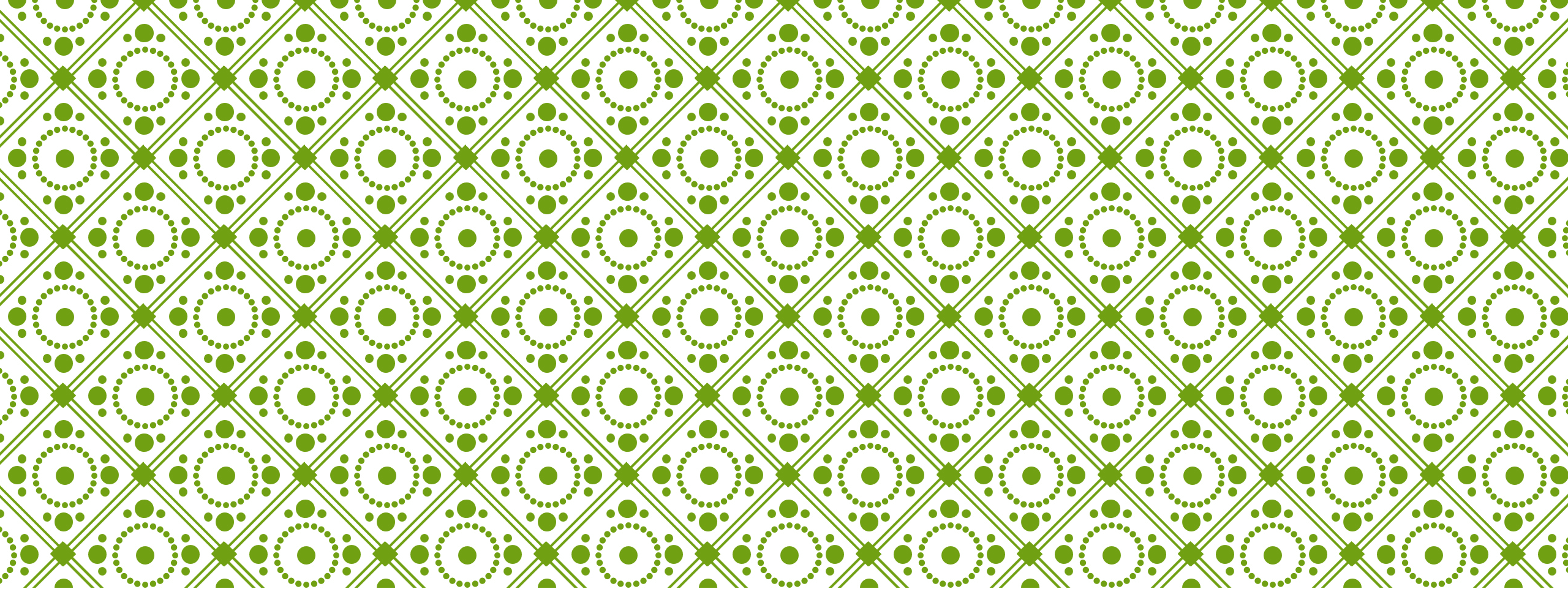
THE PREPARATION MOVEMENT

- **The movement from correction to prevention is now PREPARATION.***

- Primers
- Concealers
- Powders

\$491M
in combined sales





INDUSTRY TRENDS

THE FUN STUFF!

GENERAL SKINCARE INDUSTRY TRENDS

- **Curated Assortments***
- **Product Innovation***
- **Exclusive Brands***
 - Boots No. 7 (Target & Walgreens)
 - Nuance by Salma Hayek (CVS)
- **Value for \$ is based on:***
 - Skin Look & Feel
 - Hydrate/Moisturize
 - Makeup Removing
 - Loyalty
 - Skin Type



THE “ONLINE” BRAND

- **SOCIAL MEDIA IS MAKING BRANDS!!**

- **Glossier**

- Launched in 2014 by Emily Weiss of the beauty blog IntoTheGloss.com.
- Started with extremely simple skincare and moving into color.
- Sold exclusively online and only on their website.

- **ColourPop**

- Launched by Seed Beauty in early 2014 with 31 shadows.
- Pretty much started the matte liquid lipstick trend.
- Sold exclusively online and only on their website.
- SUPER affordable.



THE INDIE BEAUTY PHENOMENON

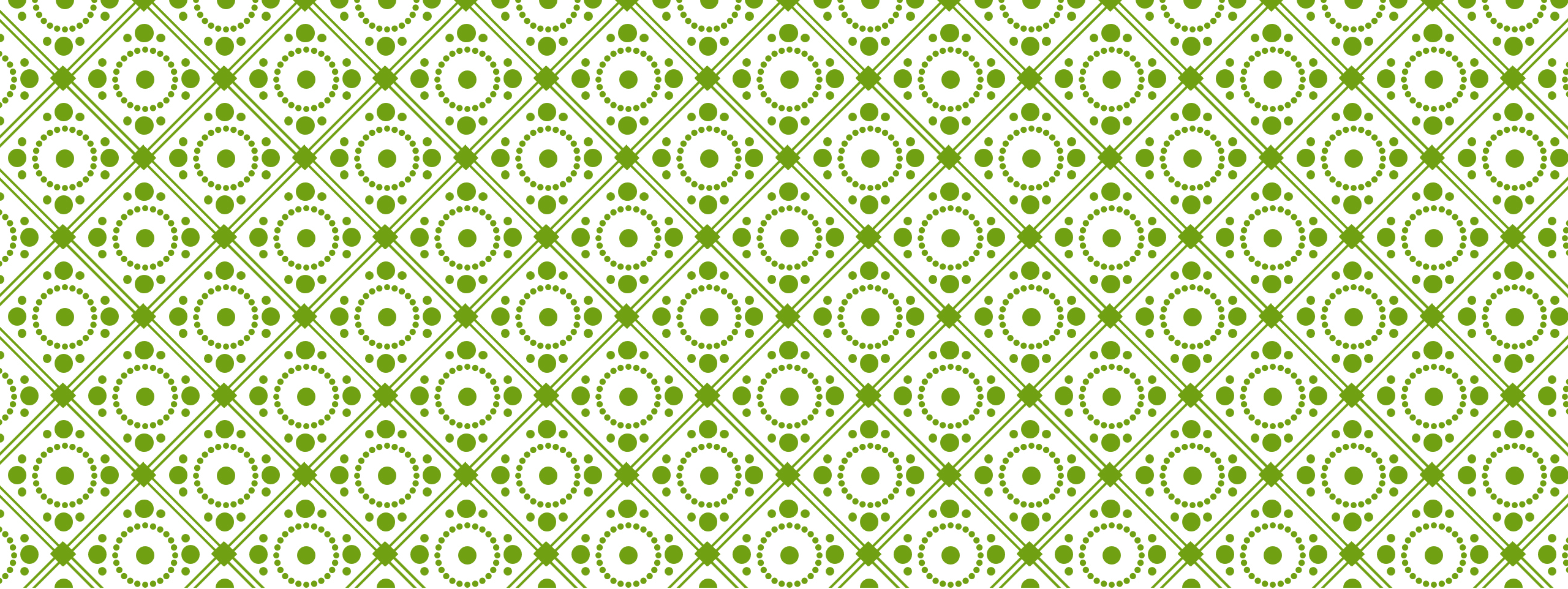
- **Indie beauty is becoming synonymous with the natural/organic skincare movement.**
- **Herbivore**
 - Created in a kitchen in Seattle in 2011 and launched via Etsy.
 - Launched in Sephora on September 22nd, 2015.
- **Drunk Elephant**
 - Created in 2012 in Houston, TX
 - Launched on Sephora.com on January 13th, 2015 and now in stores.



THE “UNIVERSAL” BALM

- **Packed with essential oils.**
- **Does EVERYTHING!**
 - Burns
 - Scrapes
 - Eczema
 - Psoriasis
 - Anti-fungal
 - Cleansing
 - Hydrating
 - Soothing
- **Even Lauder in on board!**



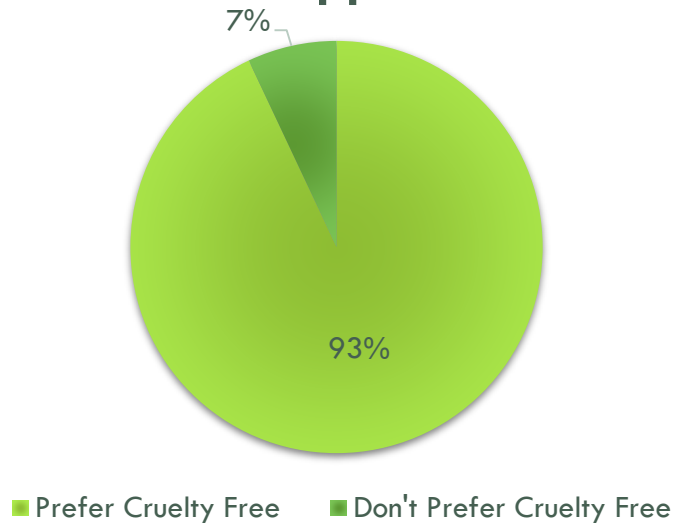


WHAT WE'VE SEEN

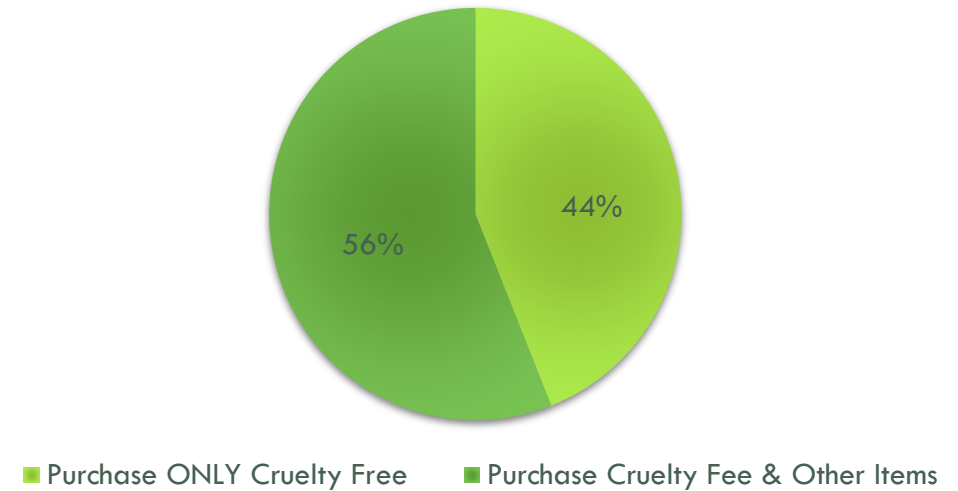
THE BB5 2016 SPRING
COSMETICS SURVEY

CRUELTY FREE & THE BB5 SHOPPER

Cruelty Free Preferences of BB5 Shoppers

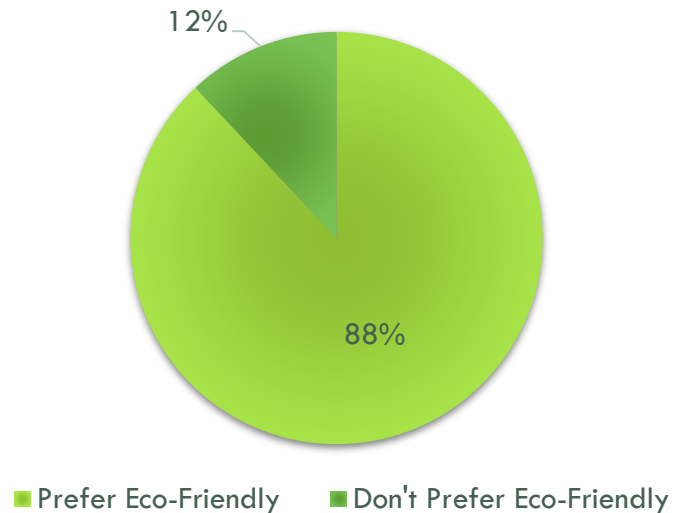


Cruelty Free Purchasing Habits of BB5 Shoppers

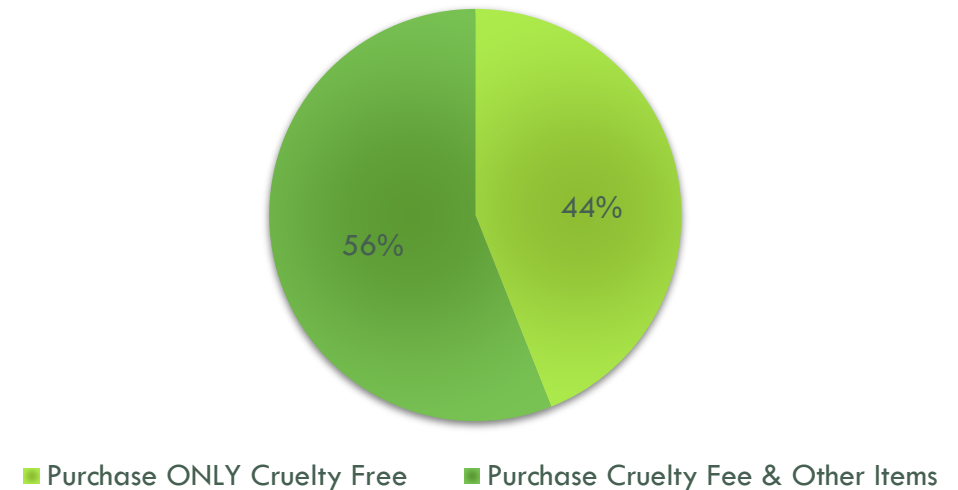


ECO-FRIENDLY & THE BB5 SHOPPER

Eco-Friendly Preferences of BB5 Shoppers

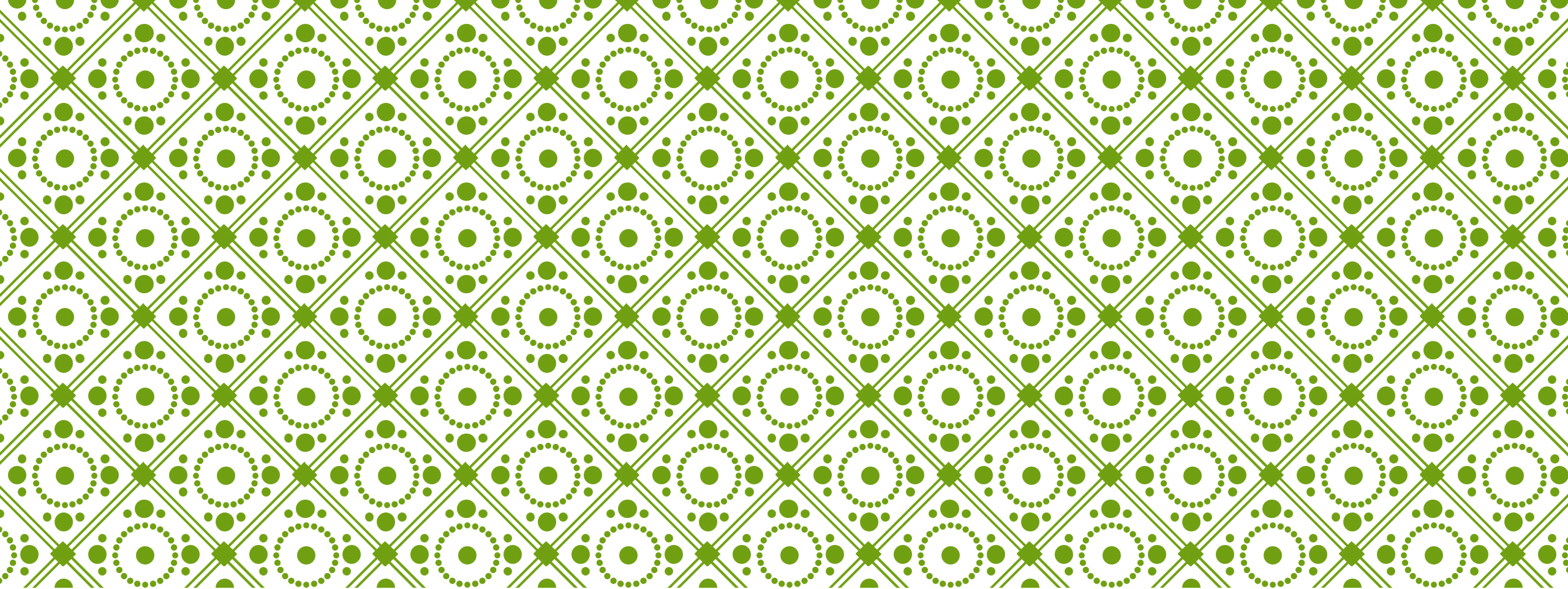


Cruelty Free Purchasing Habits of BB5 Shoppers



TOP 5 SKINCARE BRANDS FOR 2015*

1. CLINIQUE
2. ESTÉE LAUDER
3. LANCÔME
4. philosophy[®]
5. LA MER



BRANDS TO WATCH

BECAUSE THEY'RE AWESOME

MASS

- **Dr. Bronner's**

- Recently added haircare and men's grooming.
- Certified EVERYTHING
- Sold everywhere from Target to Walgreens and a variety of grocery stores.

- **Burt's Bees**

- Slowly making there way into all categories.
- Sold everywhere from Ulta to Whole Foods and Walgreens.

- **Acure Organics**

- Sold at Walgreens, Target and online.
- All under \$25.00



PRESTIGE

- **Sunday Riley**

- Advanced Actives & Purified Botanicals
- “Power Couple Duo” in Skincare Bestsellers @ Sepora

- **Drunk Elephant**

- Marula Oil-based & Additive-free
- “T.L.C. Framboos Glycolic Night Serum in Skincare Bestsellers @ Sephora.

- **Herbivore**

- Active Plant Ingredients
- Regularly featured in Natural Beauty Bestsellers @ Sephora.



SPECIALTY GROCERY

- **Weleda**

- Found in almost all mid-large natural grocers.
- Launched in Target in 2008.
- Available at CVS.

- **Suki**

- Previously one of Whole Foods leading skincare brands.
- Found in HEB's Central Market, Sprouts and other natural retailers.

- **Mineral Fusion**

- Traditionally found at HEB's Central Market, Sprouts, Whole Foods, etc.
- Launched in select Ulta doors in early 2013 & in Target stores shortly after.
 - Ulta & Target don't however show up on their online store locator.



INDIE

- **Beautycounter**

- Direct sales company.
- Working to remove harsh chemicals from our personal care products.
- Stricter ingredient guidelines than the EU.

- **Joanna Vargas**

- Beautiful new re-brand.
- Organic spa skincare line out of NYC.
- Celebrity “secret.”

- **The Good Hippie**

- Small batch, natural, artisan skincare + beauty line.
- 100% Vegan
- Created with skin-types in mind.

