BIO DIVERSITY

Organic beauty plays a distinct role in Europe and brands in this sector are making waves. Annemarie Kruse analyses the key markets, their emerging trends and the challenges they face

Bio is booming. Sales of organic beauty are growing steadily, not just in the European markets but also in the US and in Asian countries like Japan.

According to research company Organic Monitor, the global market for natural and organic cosmetics reached $9.7bn in 2012, while a study by Transparency Market Research has found that the worldwide natural personal care sector is expected to reach a total of $13.2bn by 2018.

These figures include certified organic and natural-inspired brands. And here we already have one of the major challenges facing the organic beauty industry – the question of definition. What does "organic" mean and what is the difference between organic and natural cosmetics?

Leaving aside the semantic difficulties – in English, French and German the terms "organic", "natural" and "bio" are used very differently – the rule of thumb is that any product which has been certified by an official association - in Europe BDIH, Ecocert and NaTrue are the biggest labels - is considered organic.

Any product that doesn't carry one of these seals is considered near-natural or natural-inspired. So when discussing established organic markets like Germany or France, the distinction between certified and non-certified brands is crucial.

Taking the lead

The biggest European organic beauty market is Germany. Organic cosmetics have a long tradition here: the two best-known brands, Weleda and Dr. Hauschka, were founded in 1922 and 1935 respectively. The Börlind group was established in 1959 and in the 1970s and 1980s another slew of organic companies appeared on the market, including Lavera, Logocos and Primavera.

The result is that organic beauty is well and truly rooted in the German C&T market. Certified brands are available in every retail channel and at every price level, from discounters and drugstores over conventional and organic supermarkets to pharmacies, Reformhäuser, perfumeries and department stores.

According to organic consultancy Naturkosmetik Konzepte's annual study, the German certified organic market grew 7% to €920m in 2013, accounting for more than 7% of the entire personal care market.

The most important mass market brands are colour cosmetic label Benecos, skin and body care range Nonique and Luvos, Speick and Sante. In the upper mass market there are Lavera and i+m Naturkosmetik, as well as Primavera and Logocos' Logona and Heliotrop ranges.

The premium category includes Santaverde, Farfalla, Annemarie Börlind and Tautropfen. As one of the few Demeter-certified brands Martina Gebhardt is an important player, as is Alva Naturkosmetik. Most of these brands also have a wide international distribution.

Then there are the proprietary beauty brands – and this makes the German organic market unique in Europe. No other country has such a wide range of certified own label ranges and the drugstores, especially DM and Rossmann, take a leading role here. Both retailers have very successful certified ranges, with products priced between €2 to €6.

DM's Alverde was founded in 1989. The brand has a high rate of NPD; in the face care category alone the line-up offers some 40 sku across eight ranges. Alverde also manufactures hair, bath and body care, make-up, baby care and sun care. Products are attractively packaged and there are frequent limited editions. Add to this the low price point and broad availability – all of DM's 1,480 German outlets carry the range – and it is not surprising that Alverde is one of the most popular certified brands in Germany.

Rossmann's Alterra brand was launched in the late 1990s and includes face care, colour cosmetics, bath and body care, hair care and sun care. The line-up is smaller than Alverde's but Alterra is also popular, for much the same reason as DM's brand: a wide range of affordable products that is available in all of Rossmann's 1,840 German stores.

The long-standing heritage and wide mass market distribution means that organic beauty in this country has reached the mainstream. For 2014, industry experts estimate that sales of certified organic cosmetics will break the €1bn turnover mark. With its plethora of strong brands and established manufacturers, Germany is one of the most innovative markets in the international organic beauty industry.

French flair

After Germany, France is the most important market in Europe. According to organic cosmetics association Cosmébio, the market for certified organic cosmetics grew to €380m in 2012 and accounts for a 3-4% share of

Alverde (below) and Lavera (right) are among the most popular certified organic brands in Germany the French personal care market.

However, market growth has slowed in recent years. Michel Knittel, a consultant for the organic and cosmetic industry and editor of organic magazine *Bio Linéaires*, says that the French organic beauty market is currently leveling off: "In 2013 turnover of organic cosmetics grew only 4%. Compared to the 20-30% growth which the organic beauty market registered in 2006/2007, this represents a significant slowdown. In 2010 industry experts had still predicted a 30% market share within the next five years. Instead, organic beauty sales have remained stable, around at best 4% of the market."

As in other European markets, the number of organic beauty brands in France has significantly increased over the last five to ten years. Department stores like Monoprix and supermarket chains like Auchan, Casino and Carrefour have all introduced certified beauty products in their own label ranges, although most brands offer a limited product choice.

Conventional brands have also launched certified ranges, which means that organic beauty is now represented in most retail channels. Pharmacy brand Nuxe, for example, introduced Nuxe Bio Beauté whilst mass market brand Mixa (LaScad/L'Oréal) brought out Mixa Bio and colour cosmetics brand Bourjois (Chanel) launched Une Beauty.

Leading organic brands include Melvita (L'Occitane), which was founded in 1983 and has become very successful internationally, with stores in London, Moscow and Tokyo. Two other well-known brands are Cattier and Sanoflore (L'Oréal) while Couleur Caramel is an important player in the colour cosmetics category. All of these brands are also present in other European markets.

Organic manufacturer Léa Nature's beauty brands, on the other hand, are mostly available in France. The company's portfolio includes baby care range Natessance, skin care ranges Lift Argan and So'BiO étic, the dermatologically positioned Eau Thermale Jonzac and body care brand Floressance par Nature.

The French organic market is also characterised by a wide range of niche brands, and Paris based organic perfumery chain Mademoiselle Bio offers an especially large selection of these labels. The retailer's webstore is the biggest organic online perfumery in France and sells some 100 niche brands. Labels include premium brand Nohèm, skin care range Pulpe de Vie, anti-ageing range Thémis Paris, teen brand Lady Green and luxury label Aïny.

Indeed, this is one of the differences between the French and German markets. Germany is dominated by big companies like Logocos and Börlind and strong labels in all retail channels. France, on the other hand, has a large number of smaller organic brands with limited distribution.

Knittel confirms: "Looking at the membership figures of Cosmébio, ten years ago there were perhaps 50 member companies, in addition to fewer than ten international brands. Today there are more than 500 certified brands in France. However, in 2011 some 78% of Cosmébio's members had an annual turnover of €500,000 or less. Many of these brands are very small, have trouble being visible and therefore have little impact. My estimate would be that only 30-40 organic brands really play a role in the market."

Even so, the comparatively wide choice of mass market brands, strong international players like

Melvita is France's largest certified organic beauty brand, offering over 300 products

Trend watch: Beautyjad.de

Julia Keith is a professional beauty blogger. Her German blog Beautyjagd.de has 50,000 readers per month and her special expertise is organic cosmetics, product trends and ingredients. She talks to **ECM** about trends in the international organic beauty market

What's happening in the European organic cosmetics marketplace?

Over the past few years I've noticed two product trends which offer an intriguing contrast. On the one hand, you have organic companies following the lead of the conventional beauty market and introducing sophisticated and segmented products like eyeshadow primers or BB creams. On the other hand, many recent launches seem to be going back to the roots and traditional products like bar soaps or face and body oils – presented in stylish packaging – are becoming popular again.

Which international brands are currently making a splash in the market?

As far as make-up is concerned, French and US brands like Couleur Caramel, RMS Beauty or Ilia Beauty are offering very innovative products. Northern European countries like Latvia, Finland and Denmark are also in the focus of attention at the moment. Organic brands like Mádara, Kivvi or Unique are drawing on their natural heritage and local ingredients whilst offering stylish and modern products.

How will the European organic beauty market develop over the next years?

The whole market is very much in motion at the moment. The continuing consumer demand for new products means that a lot of exciting brands and concepts are appearing on the scene. The development of innovative ingredients to help formulate new products will continue to be of prime importance. The role of certification in helping consumers decide between organic cosmetics and natural-inspired products will grow even further – especially since the conventional cosmetics market is also becoming greener.

"UK sales of certified organic health and beauty products grew by a staggering 17% in 2013"

Melvita and Couleur Caramel and a remarkable range of niche labels make France one of the most exciting organic markets in Europe.

Mediterranean flavours

Italy and Spain are two of the smaller European markets. In both countries, however, organic beauty is starting to play a distinct role.

According to Italian C&T association Cosmetica Italia, turnover of natural-inspired and organic cosmetics grew 3.5% in the first half of 2013 and the total figure for 2013 is estimated to reach €410m. Compared to Germany and France, the Italian organic beauty market is very small. Certified brands are difficult to find, although plant based cosmetics have a strong heritage in Italy – there is even a special retail channel, the herboristeries which sell herbs, plant based cosmetics and supplements. Four of the better known organic labels in Italy are Biofficina Toscana, Natura, Bjobj and Planter's Cosmetica Naturale.

The Spanish organic beauty market shares some of Italy's characteristics, especially the growing consumer interest in organic products. Although there are no organic mass market brands to speak of, in recent years a whole range of interesting niche labels have appeared on the market. Naobay, for example, offers face and body care packaged in wooden containers and is primarily sold online. Mona & Leo is another premium skin care brand which is available in small beauty salons and through e-commerce, while face and body care brand Naáy Botanicals is also mostly sold online.

Matarrania features face and body care based on olive oil. Packaged in stylish glass bottles, this is another brand that is primarily available online. Amapola Bio is based in Segovia and specialises in freshly made cosmetics. The portfolio comprises face and body products, baby care and men's care. A few years ago the company opened its own store in Barcelona, but products are also sold through a webshop.

Meanwhile, artisanal brand Naturavia comes from the region of Galicia. Its portfolio includes bath and body care as well as face and baby care. Naturavia is mostly sold online, although products are also available in selected organic stores across Spain.

The organic beauty markets in Spain and Italy still have a long way to go. The lack of certified mass market brands means that organic beauty remains a premium category, and as both countries are struggling with high unemployment and a lagging economy, not many consumers can afford to splash out on luxuries. However, the interest is definitely there, as the surge of new organic beauty brands shows.

Island organics

Over in the UK, the organic beauty market is going from strength to strength. According to the Soil Association, sales of certified organic health and beauty products grew by a staggering 17% in 2013 to £37.2m. The market leader is Neal's Yard Remedies, which was founded in 1981 in London's Covent Garden market and produces a range of beauty products, herbs and supplements. Today the company has more than 40 stores and 450 outlets across the UK and reported double digit growth for the past year. Another fast growing organic beauty company is Bamford, which runs a luxury spa in Gloucestershire and supplies bath and body products to five star hotels and leading UK retailers including Fortnum & Mason. Bamford more than trebled its organic turnover in 2013.

Other certified UK brands that are making an impact include premium ranges Pai Skincare, Inlight Organics and Aurelia Probiotic Skincare as well as the labels Balance Me, Cowshed and Evolve.

Organic cosmetics are traditionally sold in health food stores or in organic supermarkets like British chain Planet Organic or US chain Whole Foods Market, which entered the UK in 2007. Many of the biggest British supermarkets have also tried to bring organic into mainstream retail: Tesco with BNatural, Waitrose' Organic Body and Bath line and Sainsbury's Organic You toiletries – however, all of these have since been discontinued. The most premium supermarket of the mix, Waitrose, does however still stock Neal's Yard toiletries, Avalon Organics hair care and Green People sun care and deodorants.

Health and beauty retailers seem to have had more success with their ranges. Boots added a line of organic facial skin care to its popular own label range Botanics in 2007, which today consists of seven products with Soil Association-certified ingredients. Superdrug also launched its first certified range, Purity Organic Skin, in 2009. The range comprises seven products and is available in some 400 Superdrug stores.

Still, the choice of certified beauty products in the UK is not particularly wide. Most organic brands are located firmly in the premium price range and unlike Germany and France, the country is still lacking a broad distribution of affordable certified cosmetics.

Northern beauty

One of the big trends at the moment are beauty brands from Scandinavia and the Baltics. This region is really making waves and scores of new and interesting labels have appeared on the scene in recent years.

Hilla Naturkosmetik, founded by Finnish-born Sirkku Hahn in 2013, is a German online retailer specializing in niche Scandinavian and Baltic beauty brands. Many of Hilla's brands are artisanal companies with a strong focus on regional ingredients and a premium price point.

Hahn comments: "In the Scandinavian countries we don't have big manufacturers like Logocos in Germany, at least not yet. There are mostly small companies. In my opinion, however, this is an advantage. These small brands have an authentic character and originality since they were not designed for mass market distribution or the mainstream beauty market."

One of the best known Nordic brands is Mádara, which comes from Riga in Latvia. Mádara was launched in 2006 and has managed to build up an impressive international presence in just a few years. Also from Latvia is Dabba, a small company founded in 2011 which makes herbal

Finnish brand Frantsila (below) has been manufacturing organic products since 1981, and is a pioneer in organic herb growing

face sprays based on local ingredients. Kivvi Organics and Anna Liepa, two other Latvian labels that are making a name for themselves, also focus on regional ingredients.

Joik is an Estonian brand which started in 2005 with a range of soy candles and then branched out into cosmetics. Although distribution is selective, Joik has become so successful that the brand entered the Japanese market in 2013. Elsewhere, two recent and exciting additions from Iceland are skin care brands Alkemistinn and Sóley Organics.

Not all Scandinavian organic brands are new or niche, of course. Danish mass market brand Urtekram, for example, was founded in 1972 and has a wide distribution outside of its own country, especially in Germany, while Finnish brand Frantsila was established some 30 years ago and is considered a pioneer in the area of organic herbal agriculture in Finland, according to Hahn.

Even so, in the Scandinavian countries the organic beauty markets are just starting to develop. Certification, for example, does not as yet play a big role here. Hahn explains: "Many organic beauty manufacturers are small family-owned companies. For these companies, the expenditure and effort of getting products certified often doesn't seem worthwhile, especially since their local customers don't demand a certification."

In addition, distribution channels are different from other European markets. In Finland and Sweden, for example, there are no drugstore chains like in Germany or the UK. Hahn says: "Over here organic cosmetics are sold in the more premium department stores, health food stores and organic speciality stores. However, some of the bigger supermarkets recently started offering organic brands, which should definitely boost the general distribution of organic beauty."

She adds: "The awareness of natural cosmetics is growing. But although there are critical customers who research brands and ingredients, there is also a broad group that is easily taken in by brands pretending to be green. But green-washing seems to be an international problem."

Faking it

Green-washing is indeed a major problem for the organic industry. In every beauty market there are product ranges claiming "natural" ingredients and green positioning without any certification to back up these claims. Although the European certifiers are doing their best to guide consumers, the multitude of national labels – like Ecocert and Cosmébio in France, BDIH, Demeter and Neuform in Germany, Ecogruppo and ICEA in Italy or the UK's Soil Association – is only adding to the confusion.

There have been attempts to implement pan-European standards, like the foundation of NaTrue in 2007, and in 2010 BDIH, Cosmébio, Ecocert, ICEA and Soil Association announced the creation of Cosmos, a new international certificate for natural and organic cosmetics.

However, the process of harmonising so many national standards has been long-winded and thorny; it is very much a long-term project. Indeed, Cosmos recently announced that following yet another set of revisions, the new standard would not be implemented until 2016.

Playing fair

Another important issue is the question of fair trade. The modern eco-aware consumer is difficult to please. It is not enough for the finished product to be organic: the ethical background of a company and the sustainability of every single aspect of the production chain is equally important.

In the era of search engines and social media, any corporate misstep is quickly punished by the public. Authenticity and transparency have therefore become key considerations for organic beauty brands. Social responsibility is crucial, as could be seen in the recent debate about the engagement of German beauty manufacturers in China.

European cosmetics are popular with the affluent Chinese middle class and organic cosmetics, especially those made in Germany, are considered to be particularly high quality. Several German companies, including Logocos, Lavera, Kneipp and Weleda retail their products in China.

However, any foreign cosmetics brand that wants to enter the Chinese personal care market has to undergo a series of product tests, including testing on animals. It doesn't matter whether the brand in question is certified according to European standards: animal tests are mandatory.

For an organic manufacturer with a social conscience, this poses an obvious ethical problem. In 2012 a series of German media reports turned the spotlight on this animal testing issue. Organic and vegan publications took up the baton and started questioning beauty companies about their activities in China. In the end, criticism from consumers was so severe that in December 2013 Logocos decided to withdraw entirely from the Chinese market, while Lavera announced that it would suspend its activities until the Chinese authorities agreed on waiving animal testing for European certified organic products.

The big certifiers also took a stand. In December 2013, BDIH stated that even submitting an application to register products in preparation for a Chinese market entry was tantamount to ordering animal testing, and in January 2014 NaTrue announced that it would ban the marketing of NaTrue certified products in China and all non-EU countries requiring animal testing for foreign products.

A permanent fixture

"Organic" is more than just a fad. It's an international phenomenon and as part of the global 'neo-ecology' megatrend, the importance of organic, sustainably manufactured products is only going to increase in the future.

This also applies to personal care. Organic brands have started to play an important role in most European C&T markets. It is clear that, although the individual countries differ radically in terms of distribution and market dynamics and markets like Italy and Spain still have a lot of catching up to do – especially when compared to Germany and France – organic beauty is more than a trend. It is here to stay.

"It is not enough for the finished product to be organic. Ethics and sustainability are equally important"

Estonian cosmetics brand Joik has experienced double digit growth and started to export its range to Japan last year