



# Clean Beauty: 3.0

The latest developments in the natural and sustainable beauty and personal care movement.





## Welcome to NielsenIQ's Clean Beauty: 3.0 eBook

Welcome to NielsenIQ's Clean Beauty: 3.0 eBook. This guide is designed to help you navigate what's next for the clean and green beauty movement in 2022 and beyond.

In this eBook, you'll learn what's important to consumers right now, as well as what's likely to happen in the future, so you can prepare your business for what's coming next.

To capture these detailed insights, we used solutions from Label Insight, a NielsenIQ company, that codes all on-pack claims on beauty and personal care products, right down to the universal product code (UPC). Label Insight then aggregates that data to view the impact of an individual claim on overall beauty sales, to see how it's performing.

## What we cover in this eBook

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# The big picture: An overview

In the age of information, it was inevitable that consumers would want to know exactly what they were putting on their skin, hair and body, as well as the impact these products had on their beautiful planet. This sparked a need for more clean and green beauty and personal care products. A need that has forever changed the industry landscape.

A closer look reveals that the clean beauty trend was never actually a trend at all. It was actually a movement. One that's set to continue, strengthen and develop with time.

Here's a run-down of the 3 stages of the movement, to help you see where it's at and what's coming next:

- **Clean Beauty: 1.0** The first wave was all about being natural and organic. It focused on getting (perceived) "bad" ingredients out of products and adding in "natural" ingredients. As a result, over 60% of beauty and personal care products are now classed as "paraben free", while "free from" products continue to show strong growth. In-store products that meet the cleanest standards currently show 16.7% growth.
- **Clean Beauty: 2.0** The next development saw consumers embrace clean products that also consider and protect the environment with their sustainability efforts. Currently, we are seeing growth among products in recyclable and refillable packaging, along with those that aren't tested on animals. Consumer online searches for "plastic free" beauty products have grown by 14% in the past year.
- **Clean Beauty: 3.0** Early adopters are now taking the movement to the next level and demanding that brands, retailers and manufacturers be more ethically minded in their business practices and treatment of workers.



## Clean Beauty 1.0

- » Ingredient focused
- » Clean beauty
- » Paraben free, sulfate free, phthalate free



## Clean Beauty 2.0

- » Sustainability focused
- » Vegan, biodegradable, refillable packages
- » Plastic free beauty



## Clean Beauty 3.0

- » Ethics focused
- » Fair trade
- » Ethical treatment, fair wages

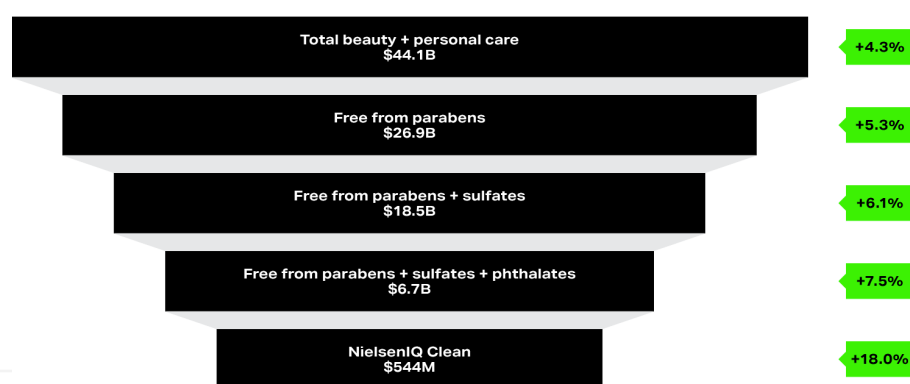


# The complexity of being clean

"Clean beauty" is a broad term that can be difficult to pin down or define. More than half of all beauty and personal care products are now paraben free and as more products remove sulfates, phthalates, etc. to become cleaner, the market gets smaller yet sales growth gets stronger.

Nielsen IQ's definition of clean is: "Free from parabens, sulfates, phthalates, artificial colors and fragrances, +600 other ingredients". Although this ultra-clean group of products makes up the smallest portion of the entire market, sales growth is strong.

## Growth among all levels of 'clean'



### NielsenIQ Clean is defined as:

Free from parabens, sulfates, phthalates, artificial colors and fragrances, +600 other ingredients

Source: NielsenIQ RMS, Product Insider, powered by Label Insight, Total US xAOC L52W ending 5/21/22; Beauty & Personal Care

# The clean and green revolution: Part 3

With early adopters focusing on ethics, we are currently seeing a 4.2% growth in fair trade products and expect more consumers to seek out this claim in the near future. But brands and retailers should bear in mind that the "Clean Beauty: 3.0" movement will also build on the demand for clean and green beauty products, rather than replace these needs.

	CLAIM	MARKET VALUE	% GROWTH
CLEAN BEAUTY 1.0	PARABEN FREE	\$27 Billion	+4.7%
	PHthalate FREE	\$11 Billion	+8.9%
	SULFATE FREE	\$20 Billion	+5.0%
	GLUTEN FREE	\$25 Billion	+5.5%
	NIQ CLEAN	\$530 Million	+16.7%
CLEAN BEAUTY 2.0	VEGAN	\$11 Billion	+6.5%
	SUSTAINABLE	\$14 Billion	+3.4%
	HUMANE	\$6 Billion	+8.0%
CLEAN BEAUTY 3.0	FAIR TRADE	\$408 Million	+4.2%

## What's trending now?

When we group together these individual attributes, we see clusters of *Sustained*, *Growth*, and *Emerging* trends.

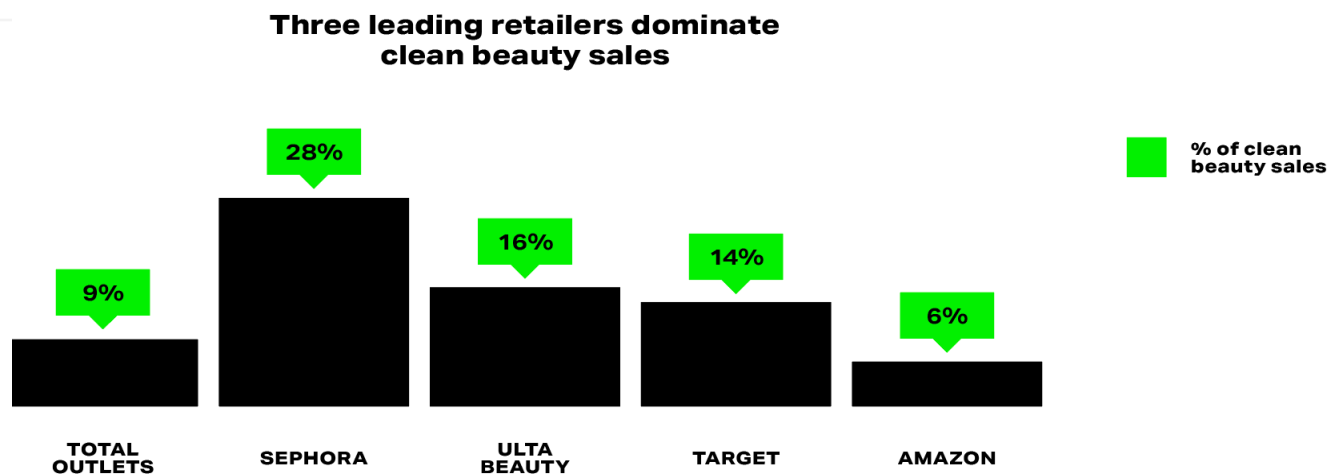
The ***Sustained*** trends are the clean attributes linked to ingredients, for example, paraben and sulfate free, which represent large chunks of the market, but are still outpacing total category growth

The ***Growth*** trends show stronger growth, but are a smaller portion of the market. These are things like humane and vegan, which are more tied to sustainability attributes than to ingredient trends.

Finally, the ***Emerging*** trends are still small but show outsized growth, which we expect to continue. These include attributes like reef safe and plastic free.

## Retailers are setting the benchmarks

As mentioned earlier, clean beauty is still a somewhat murky world that lacks a universal definition. As a result, consumers often look to retailers for guidance, to make sense of the category. Target, Sephora, and Ulta have all leaned into this challenge and adopted transparent labeling to help their customers navigate the aisles. As a results, sales of clean beauty products in these stores have dramatically outpaced the competition.



Specialty retailers have made a huge impact in the ecommerce space, with a focus on an 100%-clean selection. For example, Grove Collaborative saw \$158 MM in beauty sales last year. While Credo Beauty (which developed the Credo Clean Standard to guide the company and its 130+ brand partners) is a bellwether for the clean beauty movement.



# What e-tailers need to know

Nielsen IQ's most recent Omnishopping Fundamentals survey revealed that:

- **13%** of beauty and personal care shoppers are actively looking for environmentally friendly products
- **23%** of online beauty & personal care shoppers say that more detailed product information drives them to shop online
- **860,000+** personal care shoppers searched for a clean label product on Amazon in Q1 of 2021
- Wellness food products grew **+26.7%** in conventional grocery stores vs **8.6%** in natural / specialty retailers

## Key takeaways

- Clean Beauty: 3.0 is dawning and this will build on the movement for clean and green beauty, rather than replace it. Consumers will increasingly look for ethically minded brands and retailers that can demonstrate fair trade practices, who are also clean in their ingredients and sustainable with their packaging and carbon footprint.
- It doesn't need to be a race to be the greenest, just know your consumer and exactly what they are looking for to tailor your offering.
- Retailers should still focus on categorizing clean, as it's still a purchase driver. Strive to make life easier for those consumers who are looking for specific clean beauty attributes (for example: Environmentally friendly).
- Online retailers should take advantage of the opportunity to display more product information and detail specific clean attributes that are driving SEO searches – as this is one of the motivators behind 23% of online purchases.
- Make sure your products correctly call out your clean label credentials on Amazon, as clean label searches are widespread on this channel.
- Clean beauty is no longer limited to premier retail outlets. "Natural" product sales are now outpacing in conventional retailers, as consumers expect to find the clean products they seek everywhere they shop.

## Want to know more about what's next for clean and green beauty, or examine it by category?

**Sign up for our newsletter**



## Who is NielsenIQ?

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behavior, globally. Powered by a groundbreaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behavior in order to optimize performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

NielsenIQ, an Advent International portfolio company, has operations in nearly 100 markets, covering more than 90% of the world's population. For more information, visit [nielseniq.com](https://nielseniq.com).