

Nürnberg, Germany 14.–17.2.2018

VIVANESS2018

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PRESS RELEASE

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VIVANESS 2018: Natural cosmetics continue on the road to success

- Global trend: “Green & Clean”
- Growing demand around the globe

The development of the natural and organic cosmetics sector is gaining more and more momentum around the globe. Stable growth rates of 5 percent and more in the largely saturated European cosmetics markets point towards a clear trend: natural beauty products are in demand like never before. There has been a particularly rapid and dynamic development in the mature German market. Based on initial projections, the top market for natural and organic cosmetics is expected to grow at a slightly slower rate in 2017 than in the previous year in terms of sales figures (by around 5 percent), but considerably more packages will be sold. This is the result of extremely vigorous competition in the trade. Nonetheless, Germany will continue to top the European rankings. Along with Germany, the biggest European natural cosmetics nations include France, Great Britain and Italy. The sector will come together in all of its diversity at the next VIVANESS, International Trade Fair for Natural and Organic Cosmetics, from 14 to 17 February 2018 in Nuremberg.

The global trend in the beauty sector can be perfectly summed up with the term “Green & Clean”. According to market researchers, the driving forces behind this positive international development are the consumers. They are now looking for milder and more natural products, have access to more sources of information and are choosing more consciously. “Ethical and sustainability issues are now right at the top of the agenda”, says industry expert Elfriede Dambacher, owner of *naturkosmetik konzepte*, a company based in Dortmund (Germany) which also publishes the natural cosmetics sector report. Products have to have a fair and credible backstory for this group of buyers and must not only be produced sustainably, but also provide transparency along the entire value added chain. According to

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Dambacher, the issue of cosmetics packaging is also becoming increasingly important as a consequence of discussions relating to the pollution of the oceans through plastic waste. “Manufacturers and brands now have to meet the highest demands to satisfy customers”, explains Dambacher.

Growing demand around the globe

Natural cosmetics are defined in very broad terms around the world. International market observers expect the core markets for natural cosmetics to grow between 8 and 10 percent each year now and over the next few years. The biggest market for natural cosmetics, the USA, ranges from “organic” to “nature-inspired” cosmetics. The share of certified natural cosmetics is around the 20 percent mark. With a current annual turnover of 19 billion US dollars, the American company Persistence Market Research (PMR), New York (USA), is predicting an annual growth of more than 430 million US dollars over the next seven years.

Emerging international markets can currently be found in Asia and South America. South Korea, Singapore, Japan and India, amongst others, are making significant attempts to conquer the world of natural and organic cosmetics. We can also look at the development in Brazil with eager anticipation, where the natural cosmetics market is currently reinventing itself. The success story of natural and organic cosmetics is being written in overseas markets just as much as it is in Europe, where, for example, Scandinavian natural cosmetics markets are setting trends. After a development phase in which they focussed primarily on their domestic markets, they are now becoming increasingly internationalised.

The customer journey is also being redefined by digitalisation. With the increasing availability of products in all online and offline sales channels, a strong media presence, organic beauty blogs and innovative new brands, the sector is gaining more consumers. According to the *Gesellschaft für Konsumforschung* (GfK – Consumer Research Association), Nuremberg (Germany), there were around 500,000 more consumers in Germany in 2016 than in 2015. Diverse events which are geared directly towards consumers or other target groups, such as brand ambassadors and influencers, draw attention to the advantages of natural cosmetics across Europe. For example, the Organic Beauty & Wellbeing Week, an initiative launched by the British organic organisation and certification body, Soil Association Limited, Bristol (GB), member of the

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COSMOS Group, put the country into a real “organic beauty flurry” in May. The idea behind the initiative? To translate product experiences and information about certified natural and organic cosmetics into atmospheric visual imagery and attractive offerings. This made the campaign equally appealing for the involved manufacturers and retailers who could look forward to sparkling sales. The annual campaign week, which was supported, amongst other things, by social media activities and numerous events in specialist shops, gave the “organic beauty sector” in Great Britain a boost which should not be underestimated. The sales of the members of Soil Association Limited increased by 20 percent in 2015 and 13 percent in 2016.

France: natural cosmetics benefitting from organic boom

Organic products are booming in France – and the “organic beauty sector” is certainly benefitting from it. According to the French sector association Cosmebio, Valence (France), the member companies recorded an average growth in sales of 16 percent in 2016. In the previous year, the entire market for natural and organic cosmetics grew by just over 6 percent. The numerous brands are available both in the approx. 2,600 organic specialist shops in France – which contribute 25 percent of the sales of more than 450 million euros – and in many other sales channels. According to Cosmebio figures, mail-order business and online shops play a particularly important role, too, with a 12 percent market share. A bridge is being built between modern retail concepts and traditional stationary trading thanks to various “Click & Collect” concepts.

Italy: the future of cosmetics is green

The economy is recovering in Italy. Italy’s organic sector has seen above-average growth – something from which natural and organic cosmetics are benefitting. According to the association Cosmetica Italia, Milan (Italy), the entire cosmetics market was able to record a growth of 0.5 percent in 2016 with sales of 9.9 billion EUR. Retail concepts with natural cosmetics, such as so-called *erboristeria*, are recording particularly strong growth rates. Indeed, these specialist herbal shops grew by 1 percent. “Consumers are increasingly interested in natural and green products”, the association commented. In other sales channels, the growth of the “organic beauty sector” is even greater and is lasting for longer. From 2013 to 2015, the number of perfume stores and e-commerce businesses offering natural and

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organic cosmetics grew by more than 200 percent and more than 100 percent respectively. This was demonstrated by the report “Rapporto Bio Bank 2016” published by the company BioBank, Forlì (Italy), which specialises in the Italian organic sector.

Germany: natural cosmetics are the driving force behind the entire cosmetics sector

With a share of 8.5 percent in the entire German cosmetics market which is worth a total of 13.6 billion EUR, the German organic and natural cosmetics market is by far the biggest in Europe. It turns over several times the amount of other important natural cosmetics markets – with more than 1.15 billion EUR. Analysts have frequently referred to the sector as the driving force behind the whole market. But it is not easy – for well-known manufacturer brands or for newcomers – to meet the requirements of the mature and demanding German market, says the expert Elfriede Dambacher. The pricing policy of the dominating sales channel of drugstores with a share of around 40 percent as well as successful retail concepts of nature-inspired brands are having an ever-greater influence on what is going on in the market. This has ensured that even more consumers are being introduced to natural cosmetics. “Significantly more people are putting natural cosmetics in their baskets and a growth in sales of around 5 percent in 2017 can only be regarded as a good result – and a result which demonstrates how strong the demand for natural cosmetics really is”, according to Elfriede Dambacher. She also believes that, with the size of the market and the competitive situation, this provides a warning to all market participants that they must meet the current challenges with forward-looking concepts if they want to remain competitive.

However, the global boom also has its downsides. For example, Elfriede Dambacher has observed that the multinationals also want to secure themselves a large slice of the cake: “The dynamics in the global market mean that there is a clear risk of greenwashing being hidden behind the enormous growth.” New product lines are targeted at customers who can be easily influenced by the natural packaging and the use of several botanical ingredients, according to the expert. That is why she thinks that it is even more important to make the differences between these products and genuine natural cosmetics even clearer in the retail trade.

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Meeting place of the industry: VIVANESS

Danila Brunner, Team Leader for BIOFACH and VIVANESS: “With its clear criteria for exhibitor products, the next VIVANESS, International Trade Fair for Natural and Organic Cosmetics, from 14 to 17 February 2018 will provide optimal orientation and security for the entire trade and thus an ideal platform for profiling. The special show BREEZE for niche international brands, the shared booth for German newcomers as well as the innovation booth with the VIVANESS Best New Product Awards will be among the trade fair highlights.”

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