

MEDIA INFORMATION

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NATURAL AND ORGANIC COSMETICS – HAS THE SUCCESS STORY COME TO AN END?

In recent years, the natural and organic cosmetics market has developed in only one direction: steadily upward. The acquisition of new target groups led to sensational growth rates - every year, natural and organic cosmetics attracted millions of new buyers. However, in the past year, the industry, which has become so accustomed to success, recorded a decline of 3.5% for the first time. Is this solely due to the overall economic situation? Or has the "natural and organic cosmetics success story" come to an end? Mirja Eckert, market expert and owner of THE NEW, believes that a differentiated analysis of the market situation is essential to set the right course for the coming years.

UNABATED INTEREST IN COSMETICS

Globally, 2022 was a year of unprecedented challenges with far-reaching economic consequences. "The first thing to note is: Yes, there definitely is still interest in natural and organic cosmetics, but sales figures do not reflect this," explains Mirja Eckert, "The growth of recent years has been generated primarily by tapping into new target groups." In uncertain and unpredictable times, however, consumers are generally less likely to experiment. The natural and organic cosmetics market segment closed with a 3.5% decline in sales. According to the IKW-Market estimation the overall cosmetics market achieved a 5.4% increase in sales. However, this was mainly due to the revival of the decorative cosmetics and fragrances product group, which picked up again after the pandemic.

INNOVATIVE PRODUCTS FOR SPECIFIC TARGET GROUPS RECORD GROWTH

The development of the natural and organic cosmetics market is not due to a lack of purchasing power or waning interest. Natural and organic cosmetics brands often lack "glow" and desirability, plus there is often a shortage of new, trendy products and marketing concepts. However, there are initial indications that this innovation backlog is slowly dissipating. Up-and-coming brands pursued new approaches last year and developed creative products that were tailor-made to the needs of their target group. In addition, they chose skillful marketing mixes and bold approaches to reach their target groups, generating fresh impetus in the natural and organic cosmetics market. That shows that a coherent brand architecture is one of the most decisive success factors for getting into the relevant set of buyers. For established natural and organic cosmetics brands, a well-defined brand positioning and new marketing strategies are thus an opportunity to (re)gain the interest of their target groups, too.

E-COMMERCE CONTINUES TO BE AN IMPORTANT GROWTH AREA

You can buy natural and organic cosmetics everywhere today. Drugstores generated more than 40 % of total German sales of natural and organic cosmetics. The drugstore market therefore remains the most important sales channel for natural and organic cosmetics. Like the previous year, traditional organic and health food stores like the German "Reformhäuser" did not gain any new buyers. The associated structural problems further exacerbate the market situation.

E-commerce, on the other hand, continues to be a crucial growth area for natural and organic cosmetics. Here, the rapid sales development of recent years is continuing. The segment now has a disproportionately high presence in the e-commerce sector.

STRONG DEMAND FOR PREMIUM PRIVATE-LABEL BRANDS

In 2022, one could observe an astonishing trend in customer demand: Private labels saw a significant increase in sales volumes. However, this does not indicate that the low-priced entry-level ranges are winners here. Rather the share of premium private labels is rising continuously, putting industrial brands in the mid-price segment under massive pressure.

TARGET GROUP KNOW-HOW AND INVESTMENT MAKE THE DIFFERENCE

"The success story of natural cosmetics certainly continues," asserts Mirja Eckert. "What we observed last year was not a major change or upheaval, but proves that this market, like any other market, cannot be viewed in isolation from the current economic situation. However, to be part of the next chapter, we must not try to retain or win customers increasingly through price promotions. More than ever, it will be of the utmost importance to precisely position your brand, to know your target group thoroughly, and to anticipate their needs. After all, to keep the industry healthy, customers should not be only acquired but also retained for the long term," Mirja Eckert summarizes.

TRADE REPORT "NATURKOSMETIK BRANCHENMONITOR 2022"

The consulting company for market and trend research THE NEW bi-annually publishes market data and market research reports in collaboration with the Gesellschaft für Konsumforschung (GfK), Information Resources (IRi), IQVIA and BioVista. THE NEW brings together all panel data and is, therefore, able to uniquely depict the development in the entire cosmetics market. Due to the segmentation of the entire market into the partial segments organic cosmetics, near-natural cosmetics, and conventional cosmetics, the dynamics and shifts within the cosmetics market become obvious, offering relevant indicators for industry and retail. The German language Naturkosmetik Branchenmonitor 2022 (trade monitor) will be available from THE NEW at the end of March in a PDF format. In addition, THE NEW offers its clients exclusive access to a digital competence platform comprising international trade news and future-oriented topics from trend, market, and lifestyle research.



Please find further information here:

www.thenew.online

About THE NEW:

THE NEW supports internationally operating companies in their strategic future orientation. Following a successful career in industry and retail, managing director Mirja Eckert specializes in megatrends, new lifestyles and sustainability management. Based on the reliable classification concept for the cosmetics market established by “naturkosmetik konzepte”, and the collaboration with relevant market research companies, THE NEW offers sound findings about the development of the cosmetics market in the DACH region.

Aside from market analyses, the agency’s service portfolio includes future-oriented brandconcepts, customized workshops as well as scientifically sound presentations about lifestyles and future trends.

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