

German natural cosmetics market heading for a billion euros

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With new record growth of more than 10 % in the first half year, the market for controlled natural cosmetics is well on the way to exceeding the 950 million euros mark by the end of the year. Next year, growth of 5 % - 6 % would be enough to break through the sound barrier of €1bn. At the Natural Cosmetics Conference on 24 and 25 September 2013 in Berlin, industry experts, market researchers and advisers analysed this evidence of success and also addressed a wide spectrum of themes in the natural cosmetics sector, from issues of raw materials, manufacture and sustainability to marketing and sales. An important part of the event in Berlin was networking among the 150 attendees.



(Picture: Lively interest in the Natural Cosmetics Conference from across the whole cosmetics industry and the specialist media)



The good news about the **surge in sales of controlled natural cosmetics** came right at the beginning. Elfriede Dambacher, the initiator and organizer of the **Natural Cosmetics Conference**, announced growth of 10.2 % up to and including June 2013 and her expectation that turnover would reach €950m by the end of the year. In the first half of 2012, the market was hesitant but it recovered by the end of the year, with growth in turnover of around €45m (5.5 %) to €860m (**see our earlier report**). This year, it seems likely that this figure will almost double. (Picture: *Elfriede Dambacher is pleased with the positive figures*)

In the current period, natural cosmetics were triumphant in **supermarkets and large-scale conventional food outlets**, whereas the classic sales channels (the wholefood trade and health stores) continued to stagnate. The discounter **Aldi** played a special role: it again ran a time-limited campaign with its **BDIH**-certified, own brand natural cosmetics **Lacura**, and this initiative contributed over 15 % to the growth. In contrast, in pharmacies and perfumeries growth in the sales of natural cosmetics continues to be modest. After a long period of growth, in the first half of the year drugstores saw a fall in turnover for the first time. Selling via the **internet** is on the increase. (Picture: *The issue of sustainability was present on various occasions during the two days. Dr. Wilfried Petersen, Dr. Straetmans GmbH delivered a presentation on this topic too*). (



Dambacher gave an overview of the **developments and trends** to be seen in the German market. There are clear signs of more investment by classic manufacturers in communication and brands: involvement in the world of fashion and showbusiness and a presence at various gala events and in the media, and both **Lavera** and **Weleda** launched **advertising campaigns on TV** for the first time. The presence of manufacturers in the print and online media is either stable at a high level or is growing. Scrutiny of natural cosmetics is made simple by the recent launch of the **BUND-ToxFox-App** and two online petitions by private individuals in cooperation with BUND against the **Beiersdorf** flagship **Nivea** and the **Johnson&Johnson** brand **Penaten**. The issue is

the fact that the products contain hormonally active agents. Consumers are becoming increasingly critical and are taking the opportunity to vent their anger about consumer fraud. It took very little time for **75,000 supporters to sign the online petition** of Britta Steffenhagen and BUND opposing the use in Nivea products of parabens - chemicals that are suspected of having an endocrine disrupting effect.

Many consumers have shown the red card to **greenwashing products** too. This even resulted in **Beiersdorf** being instructed by a court order to redefine its pseudo-natural cosmetics line **Pure & Natural**. The sales of natural-based cosmetics increased by less than 1 % in the current year. On the other hand, the **BNN (German association of organic trade and retail) product range guidelines** have been in force since the beginning of the year in over 200 wholefood stores. Specialist stores want to enhance their profile with these products, since the guidelines are mandatory and specify a **100 % certified natural cosmetics range**. The consequence has been that in a number of cases products in some ranges have been delisted. In many instances (especially hair care), they have already been replaced with corresponding certified products that have been listed by BNN members.

(Picture from left: Ute Leube, **Primavera Life**, Klara Ahlers, **Lavera**, Julie Tyrrell, **Natru**. All three are working in the board of **Natru** association)



GfK expert Adlwarth dealt in depth with the factors that have given rise to the positive development in turnover. Alongside the generally stable overall conditions prevailing in Germany, the positive climate of consumption and the departure from the mean-is-good mentality, he produced data to demonstrate that **consumers are increasingly motivated by ethical criteria**. For example, purchasing decisions in favour of organic/eco rose between 2010 and 2012 from 22 % to 24 %. The core group of devotees to **Lifestyle of Health and Sustainability (LOHAS)** grew within five years from nearly 10 % to approximately 14 %. Together with people at the margins of **LOHAS**, 26 % belong to this target group that values a sustainable lifestyle and for whom the **environment, climate change, animal welfare, regionality and social fairness**

play a role in the way they live their lives and do their shopping.

The **special affinity** of LOHAS people for natural cosmetics is seen clearly in the figures: from 2010 – 2013 GfK identified growth in sales of certified natural cosmetics to the LOHAS core group from 11.6 % to 12.8 %. However, both the core and marginal groups also buy a lot of nature-based products. According to the data of GfK, turnover rose from July 2012 to June 2013 by 10.2 % - attributable to sales rising by **10.9 % and the number of purchasers by 16.4 %** which, as Adlwarth emphasised, was a very positive development. This caused customer reach to rise up to August by around 2 % to over 21 %.

(Picture: Networking during the coffee break)



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