



## Cosmeceutical (skincare) Sub-Sector Report

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## What is Cosmeceutical?

**A cosmetic product claimed to have medicinal or drug-like benefits.** Cosmeceutical products are marketed as cosmetics, but reputedly contain biologically active ingredients. According to a dermatologist Dr Katherine Armour, from the Derma Institute Victoria in the US. There is no official definition of cosmeceutical, which can lead to confusion for consumers. The most practical definition of cosmeceutical may be 'a cosmetic product that is purported to have therapeutic action capable of affecting the skin positively beyond the time of its application.' Cosmeceuticals contains active ingredients designed to improve the appearance of the skin.. The term 'Cosmeceutical' was coined in 1984 by Dr Albert Kligman of the University of Pennsylvania describing a hybrid category of products mid-way on the spectrum of "cosmetics and pharmaceutical." Much like regular cosmetic ranges, cosmeceuticals are available over the counter and are applied topically

### Examples of cosmeceutical products

Cosmeceuticals are the marriage of cosmetics and pharmaceuticals. Think: antioxidant plus lipstick or retinol plus face serum. "Cosmeceuticals will contain active ingredients that are known to be beneficial to humans in some way," says Marie Jhin, MD, a dermatologist in San Francisco. "For example, vitamin C is a known antioxidant and when this is added to a lotion or cream the product is considered a cosmeceutical." If you read a product's label and see things like botanical and marine extracts, vitamins, or peptides, it probably could be considered a cosmeceutical.

The FDA doesn't recognize cosmeceuticals as a separate class of beauty products. It only recognizes three categories: drugs, cosmetics, and soaps. "As far as the FDA is concerned, there is no provision for a cosmeceutical. A product is either regulated as a cosmetic or it's regulated as a drug, and where it falls all depends on the types of claims that are being made," In this report, the focus is on the markets, growth factors and trends in the global and African market.

## Africa's Cosmeceutical Economy

According to an article in the Happi magazine for African women in the Continent, "Women's Skin Care Evolves in Africa, more disposable income and urbanization lift demand" highlights the growth of the sector in Africa. Zeze Oriakhi-Sao Malée, Founder of the magazine, freelance journalist and brand consultant with focus on skincare innovation amongst others, shares her insights.

The African woman is not just engaging with skin care, it is fast becoming a daily necessity and less of an indulgence. A growing appetite for understanding her skin, the impact of the climate and the need for products that will give her desired results consistently is driving her behaviour. With increased disposable income and urbanization, she wants a high standard and quality of products and services, according to industry experts.

The average African woman who is interested in her skin care is looking for education, to help with her basic understanding of her skin, a routine and product knowledge to help her navigate her buying options," says Mathahle Stofile of the thematteproject.com. Stofile is a former beauty editor and the founder of The Matte Project, a community website dedicated to reviewing and educating African women, women and men of colour on skin care and skin care . Amidst a worldwide global shift in consumer behaviour, the African consumer is not being left behind. As one of the fastest growing regions of the cosmetics industry—due to the growing middle class, technological developments and an increase in health and wellness awareness—the African cosmetics market has expanded, on average 8-10% year on year versus 4% average global growth.

Skin care was the third largest category in the Middle East and African Market in 2018, according to Euromonitor International. In South Africa alone, the professional skin care market is expected to top \$839 million by 2023, according to Mordor intelligence. The largest skin care markets are in Sub-Saharan Africa. South Africa, the largest and more developed of the markets, is the leader, followed by Nigeria, Kenya, Ethiopia, Tanzania, Ghana and Cameroon. These countries are expected to have a combined spending power of \$1.3 trillion. The modern African consumer is demanding more and she has the disposable income to match. Although there are slight physiological skin differences for the African woman of darker skin tones and women of color, they do not affect how to take care of skin. Dry skin, scarring, ingrown hairs, loss of firmness, clogged pores, signs of aging, sun damage from unprotected sun exposure, uneven skin tone, oily skin, acne and sensitive skin are some common skin care concerns.

Unfortunately, the first entrants into the market sold skin lightening, also known as skin whitening and skin bleaching solutions, as a popular response to acne and its post inflammatory hyperpigmentation and the impact of sun exposure. According to the World Health Organization, in several African countries, between 25% to 80% of women regularly use skin whitening products.

Skin care for some African tribes and their people is an age-old tradition; notably, the popular image of the Himba woman covered in Otjize, a mixture of butterfat, fragrant resin and pigment. This hybrid of color, fragrance and a basic form of skin care and hair care is used to scent, protect and nourish skin and hair from the dry sunny climate of north-western Namibia. The African woman has had a long relationship with crafting her beauty ideal and her skin care formulas as well. Some of the most popular formulas include homemade oil concoctions, pigmented powders and soaps. In many instances, there is no distinction between face or body and formulas guided by traditional rites, are popular. Yet, experts agree that facial skin care is the largest skin care segment in South Africa.

### Quality and Efficacy

Increased regulation and active market participation by regulatory bodies has created an environment with an increasing awareness of the dangers associated with the use of harmful chemicals in women's skin care. As a result, you won't find mercury and other harmful ingredients in skin-lightening formulations.

The women's skin care category on the African continent has long been dominated by multinationals such as Unilever, Avon, Procter & Gamble, Colgate-Palmolive, L'Oréal and Beiersdorf. To further anchor their position in the market, dedicated research and development facilities are being opened in the region targeting specifically the African consumer and her needs. These R&D efforts also serve to increase differentiation between the market players. For example, BASF opened an application technology laboratory in Lagos and L'Oréal has a research and innovation center in South Africa along with an African beauty brands team. With the rise of social media, brands are utilizing creative marketing campaigns and strategies to find their ways into the bathroom cabinets of the African women and a place in her regular skin care arsenal.

"The Nigerian skin care market in the past two years shifted in consumer behaviour; the more discerning consumer with a higher disposable income is demanding a more natural approach to her skin care as she becomes more conscious about living a healthier lifestyle," says Bidemi Zakariyau founder of The Luxe Digest and LSF PR, a full service public relations agency with core competencies in corporate communications, consumer and lifestyle brands. There has always been a "borrowing" of natural active ingredients in the marketing and formulation of skin care products with indigenous African botanical ingredients by the mainstream industry players.

## Niche Brand Leaders

The advent of new media and technology has meant that a record-breaking number of Africans are choosing to become their own bosses, and this has led to more opportunities for smaller brands to join the African women's skin care market and are slowly gaining wider market recognition. These domestic brands are mostly female led and owned, taking advantage of natural home grown ingredients in their formulations and predominantly making use of ingredients familiar to their local consumers.

Brands include Nokware Skincare from Ghana, Skoon Skin in South Africa and Arami Essentials from Nigeria, to name a few. These young, niche, traditionally-rooted and sustainability-focused domestic brands have limited distribution, are priced competitively and are catering to the demand for indigenous, local, safer and healthier alternatives with community empowerment and sustainable practices. Amidst health scares and the possible dangers of synthetic chemicals used in the past, these brands are catering to a learned captive audience. They are more agile and responsive to trends than multinationals, offering more domestic consumer focused solutions with a deeper understanding of what local consumers really want. No surprise, then, that Africa has one the highest share of "others" in value terms; i.e., any company other than the Big 5 (Unilever, Procter & Gamble, Colgate-Palmolive, L'Oréal and Beiersdorf).

Infrastructure remains one of the biggest challenges to growth in the region; supermarkets are the primary outlets based on their national foot print and frequent visitation. Supermarkets are the primary retail outlet for almost everything in Africa for consumers with disposable income. They are usually national with multiple store locations in each city and are a regular destination for everyone. Pharmacies/chemists (health and beauty stores) are next, especially in areas where stand-alone brand retail stores are paling in comparison to capturing the consumer in a familiar environment where the domestic consumer values the advice of in-store personnel. Pharmacies are even more popular in areas where there are no supermarkets or standalone brand stores in which to compete. Customers value the advice of the sales assistants at pharmacies/chemists so it is a familiar environment for them, thus making them a popular destination.

Major retailers wield considerable purchasing power and often offer a range of private-label brands. Multi-location spas and aesthetic centers, such as Laserderm Aesthetic Centres in South Africa and Oríki spas in Nigeria, are now part of the high streets in more affluent areas. Specialist beauty retailers like Yutopia Beauty in Nigeria, Metro Cosmetics in South Africa are the newest entrants, targeting the beauty enthusiast looking for a diverse range of luxury skin care products, both local heroes and international luxury brands, in a single location.

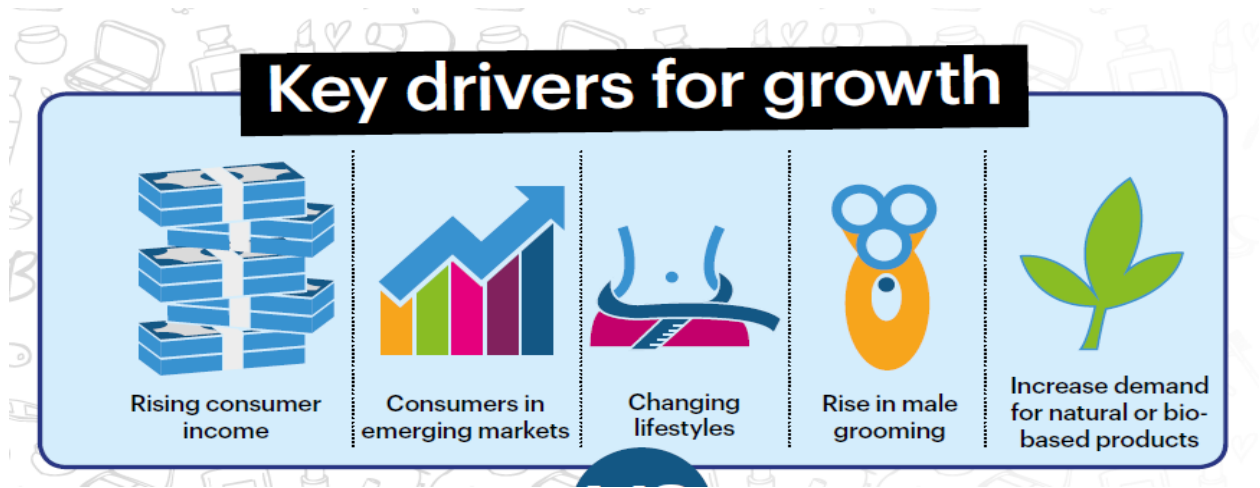
Although entry is a challenge for newcomers, due to economic instability, lack of infrastructure and increased import taxes, the potential for women's skin care in Africa is ripe with opportunity.

# The Cosmetics Market

## Global Cosmetic Market Outlook

According to the latest market research from Lucintel, the global beauty market is expected to reach \$265 billion in 2017 due to an increase in GDP.

### Cosmeceuticals Market Segments

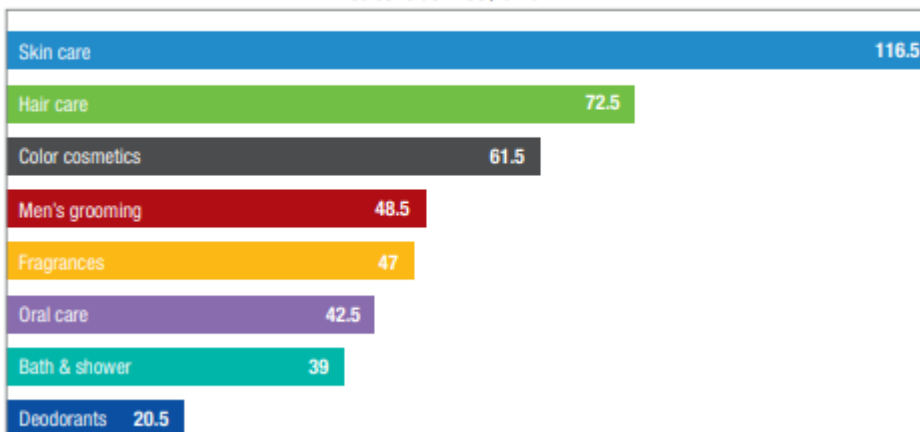


## Emerging Markets Insights



## Global beauty market value by category 2016

Sales value in US\$ billion



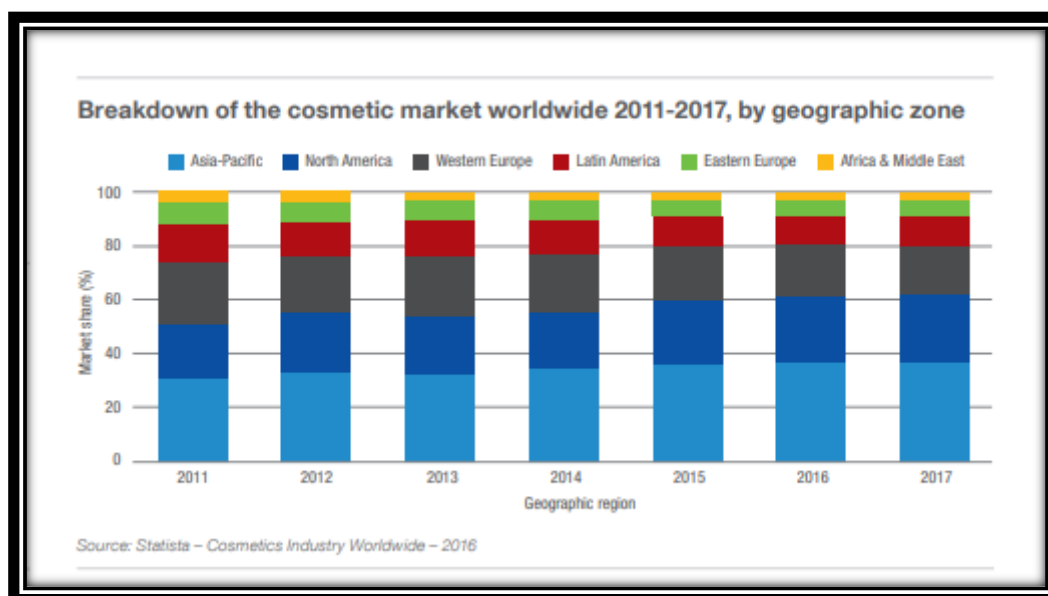
Source: Statista – Cosmetics Industry Worldwide – 2016

## The Global Skincare Market

The global skincare market size is expected to gain momentum by reaching USD 145.82 billion by 2028 from USD 100.13 billion in 2021 while exhibiting a CAGR of 5.52% between 2021 to 2028. In its report titled, "Skincare Market, Forecast 2021-2028," Fortune Business Insights™ mentions that the market stood at USD 98.83 billion in 2020.

In recent times, skincare has become one of the important rituals in everyone's life. This is because these products improve the quality and health of the skin and provide nourishment. Men & women both use it daily for purposes such as cleansing, moisturizing, and hydrating. Additionally, awareness toward natural and herbal skin care is also generating traction.

For instance, ingredients such as aloe Vera, various root and leaf extracts have replaced chemicals in these personal care products since people are now aware of the adverse effects of synthetic chemicals on the skin. Therefore, major skincare companies are labelling their products to be natural. For example, key companies such as Avon and Garnier have launched their natural and herbal range as 'Avon Naturals' and 'Garnier Organic' to attract customers.



## Increasing Awareness Regarding Personal Grooming to Drive Market Growth

The rising trend of skin nourishment products by the young population to treat their skin problems such as acne, black spots, scars, dullness, and tanning is expected to drive skincare market growth. Products such as toners, scrubs, and sunscreen are highly in demand from the younger population, whereas products that treat wrinkles, cracked heels are demanded from the aged population. Moreover, incessantly changing lifestyle, increasing disposable income, and spending patterns of consumers on beauty care products is expected to boost the market in upcoming years.

Furthermore, the increasing demand for men's grooming products, strong advertising initiatives by manufacturers, and the digitalization trend that have enhanced consumer awareness about personal care products are also promoting market growth. For instance, as per 'Prima & Prep's Men Grooming survey 2019', around 89.5% of the men are concerned about skin issues, of which 35.8% of men use skincare and anti-aging products on a daily basis.



## Why the Breakneck Speed in Growth

According to Brandessence Market Research, the skincare market size reached USD 132.64 Billion in 2020 and Global Skin Care Market Size is expected to reach USD 198.13 Billion by 2027. The skincare market size is poised to grow at significant pace, as covid-19 pandemic continues to shift demand from make-up demand to skincare, along with increased consumer awareness.

The skincare market is likely to grow at 5.9% CAGR during the 2021-2027 period. According to published academic studies summarizing Google trends, or social media comments, words like, "Absorb, good, effect, moisture, nourishing," remain highly associated with skincare today. The growing concern about factors like air pollution, erratic weather, and increased demand for social media appearances are likely to drive major growth for skincare products like skin-moisturizers in the near future. The demand for oils, lotions aimed at skin-moisturizing remains at an all-time high.

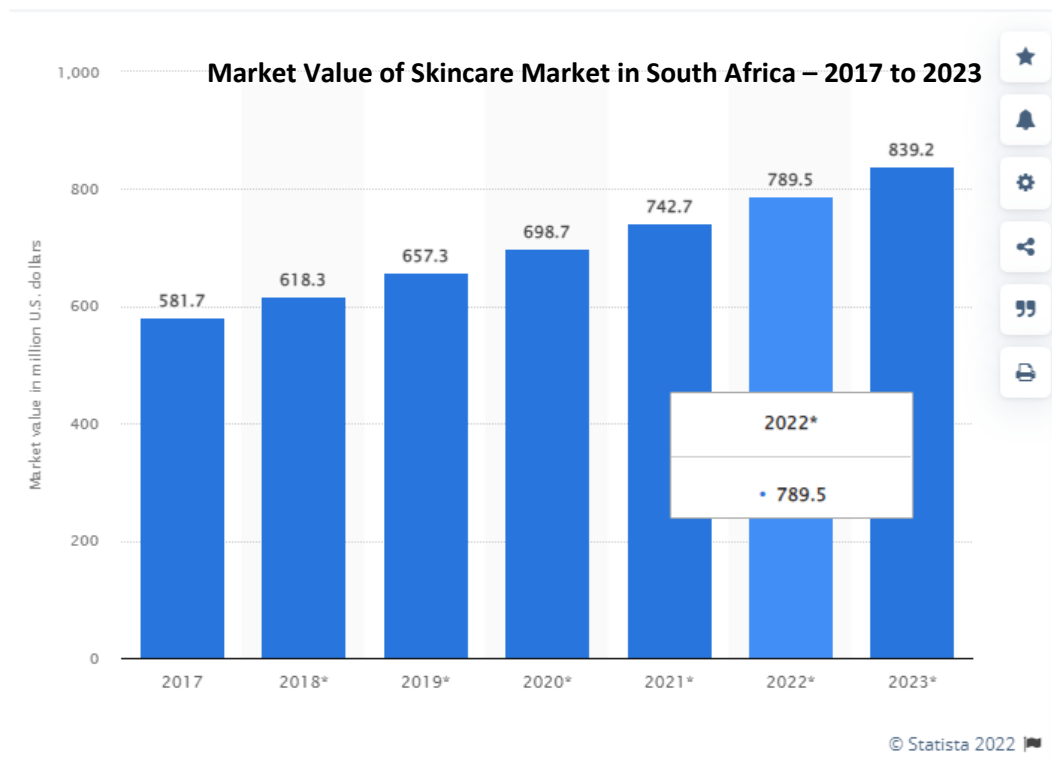
According to a study published in the MPDI open access journal in June 2020, women who applied skincare products for a period of 28 days showed significant improvement in self-esteem, improved feelings of empowerment, and happiness. Furthermore, the study reported that the feelings continued for two-weeks after the skincare treatment. These improvements also included growth in energy, vitality, personal pleasure, routine activity, and physical state. Such studies across cultures have been compared and delivered promising results. The growing aging population, association of beauty with mental wellbeing, and increased availability of natural skincare remain key drivers of growth in the global skincare market.

## The Skincare Market in South Africa

According to a recent market study published by Growth Market Reports titled, "South Africa Skincare Market by Types (Face Care [Cleansers, Masks, Exfoliators/Scrubs, Oils/Serums, Moisturizers, and Others] and Body Care [Body Lotions, Body Wash, and Others], Distribution Channels (Hypermarket/Supermarkets, Convenience Stores, Online Retail Stores, and Others), and Country: Size, Share, Trends and Opportunity Analysis, 2018-2028", the market is anticipated to expand at a CAGR of 7.5% during the forecast period, 2021 – 2028. The growth of the market is attributed to increasing awareness about the benefits of skincare products. Moreover, rising trend of 'self-care' marketing techniques is spurring the growth of the market.

Skin care is the practice of enhancing skin appearance and relieving skin conditions. It includes providing nutrition to the skin and using emollients to slow down aging. The skin care includes use of cosmetics, botulinum, exfoliation, fillers, and laser resurfacing, microdermabrasion, retinol therapy and ultrasonic skin treatment. Skin care is a daily practice for preventing dermatitis and skin injuries. Consumers often prefer skin products with organic and natural ingredients. Clinical and laboratory studies have concluded that natural products provide better benefits than synthetic products.

The market in South Africa is experiencing a decent contribution of women in the workforce population, which is one of the key factors boosting the demand for skin care products in the country. Increasing inclination of women in the country toward herbal and natural ingredients derived from vegetable extracts, such as lavender and aloe vera is boosting the market growth.



## The Cosmetics Industry

Over the last two years the cosmetics industry has experienced an estimated compound annual growth rate of 4.6%. The value of the sector, which includes the manufacture of cosmetics, perfumes and other

personal care preparations, is estimated to have grown to R27.35bn at retail level and R19.69bn at manufacturing level. In the formal cosmetics sector, there are approximately 250 companies that employ more than 60,000 people.

Consumer spending patterns are reflecting the economic downturn caused by the impact of the pandemic, with spending focused on essential items. The lockdown has had a significant effect on the industry as frequent handwashing and use of hand sanitisers has resulted in increased use of hand creams and lotions to moisturise the skin. Numerous cosmetics companies have started manufacturing hand sanitisers. Retailers reported increased sales of haircare products when salons were closed, while sales of nail polish and shaving products also grew.

The South African skincare market was valued at USD 663.51 million in 2020, and it is projected to register a CAGR of 4.25% during the forecast period, 2021-2026.

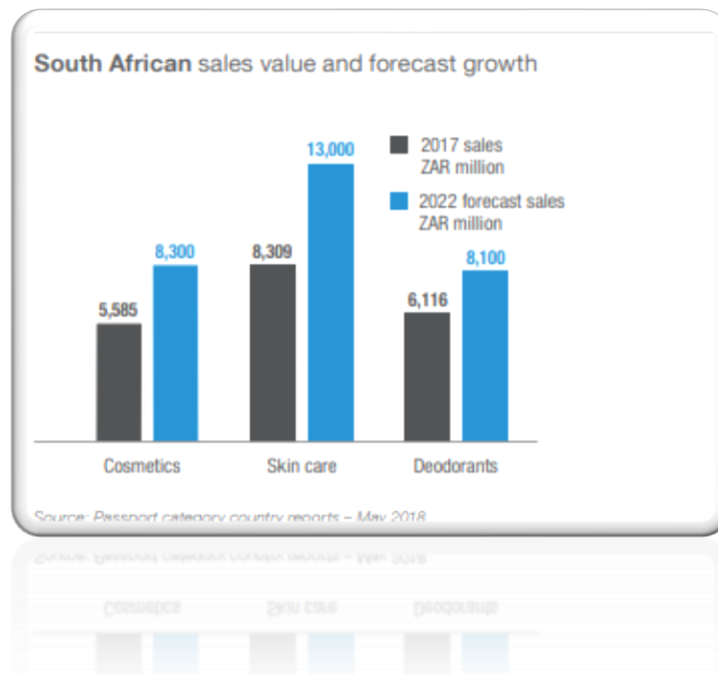
The COVID-19 pandemic is still transforming the growth of numerous industries. However, the pandemic's immediate impact is varied. While some sectors may experience a decline in demand, many others continue to stay unaffected and exhibit strong development prospects. The skincare market has been witnessing significant growth due to the increasing health and hygiene consciousness among consumers, owing to the impact of the COVID-19 pandemic. The pandemic led to a shift in consumer priorities in 2020, with a focus on overall health and wellbeing. Consumers also prioritized naturally healthy and glowing skin as opposed to hiding their imperfections with make-up.

Over the long term, the market is experiencing accelerating demand for anti-aging products, like anti-wrinkle cream, face cream, serum, eye cream, and others, due to other factors, such as pollution and hard water conditions that are bombarding such products' needs. An increasing number of consumers in the market are becoming aware of pollution's impact on the skin. Increasing awareness about skin rituals and the urge to have a beautiful and younger appearance is driving product sales, allowing deeper penetration and expansion to new markets.

Consumers in the region are showing great interest in products formulated with natural and organic ingredients. Dermalogica, a European cosmetic brand, emphasizes the use of goat milk in its product formulations. Moreover, with the growth of the middle class and increased spending power across many socio-economic groups in South Africa, demand for affordable but reliable quality skincare products exists to fulfil the requirements of different ethnic groups and meet the demand for natural ingredients.

#### **Market Trends, Drivers, Restraints, and Opportunities:**

- Rising awareness about skin care benefits is expected to drive the market growth.
- Consumers shift toward natural and organic ingredients is anticipated to positively impact the growth of the market.
- Rapid growth in the e-commerce activities is anticipated to fuel the market growth in the projected timeline.
- The COVID-19 pandemic had negatively impacted the growth of the market owing to supply disruption across the globe. However, the relaxation in the travel restrictions is anticipated to proliferate the market growth.
- High cost of natural products can hinder the market growth in the projected timeline.



### A well-Represented Sector

The local industry is supported by the Cosmetic, Toiletry and Fragrance Association of South Africa (CTFA) and the Chemical and Allied Industries Association (CAIA) and was self-regulated until 2016 when the Department of Health published draft amended Regulations relating to the Labelling, Advertising and Composition of Cosmetics. A number of local companies export and are members of the Cosmetic Export Council of South Africa (CECOSA) while the South African Direct Selling Association represents the interests of more than 1.13 million independent direct sellers.

### A Growing Export Market

South Africa exported cosmetics to the value of R7.84bn in 2016, representing an increase of nearly 35% compared to 2013. The largest cosmetics category focusing on make-up, skin care and nails, increased exports by 45% from a value of R2.3bn in 2013 to R3.37bn in 2016. South African Development Community (SADC) countries remain South Africa’s major trading partners.

### Trends

Consumer concerns about sustainability and the use of harmful ingredients has led to a growing market for cosmetics formulated with natural ingredients. The number of cosmetics startups has increased, often as a result of black consumer complaints about the lack of products for their skin and hair requirements, leading to the development of new brands. Men are becoming more fashion-conscious, and male-focused grooming products and beauty parlours are increasing. Online sales of products, including cosmetics, have grown significantly since the start of the lockdown.

### Ethnic Skincare

An important issue in the personal care sector is the adaptation of Western products to the specific needs of African consumers. Some international companies have recognised this and have either adapted their global products to suit Africans’ needs or launched new product ranges. (For example, Unilever developed its Motions range of shampoos and conditioners aimed specifically at ethnic hair;

make up manufacturers have introduced darker shades; and anti-ageing products have been developed for ethnic skin.) It has also opened up opportunities for local entrepreneurs, with examples including SuzieBeauty Cosmetics (Kenya) and House of Tara (Nigeria).

#### Online Sales to Foster the South African Skincare Market

The rapid development of technology in the country is expected to be the major contributor to the growth of e-commerce in the country. The evolution of easy payments methods in the country is also one of the prominent drivers for the e-commerce market. The launch of Rabaki, an online retail store, is offering opportunities for locally present brands to improve their sales and stabilize in the prevailing uncertain economic situations. Brands are experimenting by being more creative with their narrative across platforms and consumer touchpoints throughout the purchase journey, from inspirational and positive social campaigns to content designed to save the consumer's time while searching for a certain skincare product in the store. This is further driving the domestic brands and international brands that have a presence in the country to offer more products via e-commerce.

#### Competitive Landscape

South Africa's skincare market is highly fragmented due to the prominence of several small players in the market. Some of the prominent manufacturers present in the country are Unilever, Beiersdorf AG, Natura & Co., and Estée Lauder Inc., among others. Companies are adopting acquisitions, mergers, and launching innovative products to cater to the growing demand for naturally sourced products. The active companies have adopted product innovation as their key strategy to increase their geographic presence and customer base. With the growing demand for natural and effective skincare products, the market studied has witnessed an emergence of new kinds of products to cater to the growing demand of consumers of all age groups having different skin types.

#### Global Trends

Digitalisation, wellness, personalisation and sustainability are some of the important beauty and grooming trends, largely popularised by independent beauty brands and followed by established companies. These trends have also resulted in mergers and acquisitions as major companies wanted to benefit from the success of independent brands. Throughout the lockdowns people have generally stuck to their normal skin care routine, but sales of make-up have declined due to fewer trips outside the home, and the wearing of masks.

The COVID-19 pandemic is still transforming the growth of numerous industries. However, the pandemic's immediate impact is varied. While some sectors may experience a decline in demand, many others continue to stay unaffected and exhibit strong development prospects. The skincare market has been witnessing significant growth due to the increasing health and hygiene consciousness among consumers, owing to the impact of the COVID-19 pandemic. The pandemic led to a shift in consumer priorities in 2020, with a focus on overall health and wellbeing. Consumers also prioritized naturally healthy and glowing skin as opposed to hiding their imperfections with make-up.

Over the long term, the market is experiencing accelerating demand for anti-aging products, like anti-wrinkle cream, face cream, serum, eye cream, and others, due to other factors, such as pollution and hard water conditions that are bombarding such products' needs. An increasing number of consumers in the market are becoming aware of pollution's impact on the skin. Increasing awareness about skin

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Consumers in the region are showing great interest in products formulated with natural and organic ingredients. Dermalogica, a European cosmetic brand, emphasizes the use of goat milk in its product formulations. Moreover, with the growth of the middle class and increased spending power across many socio-economic groups in South Africa, demand for affordable but reliable quality skincare products exists to fulfill the requirements of different ethnic groups and meet the demand for natural ingredients.

#### Rising Demand Among the Increasing Women Workforce

The country is experiencing a decent contribution of women in the workforce in recent years, which remains one of the key factors boosting the demand for skincare products in the country. Now, the African woman is not just engaged with skincare, and rather it is fast becoming a daily necessity and less of an indulgence. This behavior is being driven by a growing desire to understand skin, the impact of the climate, and the need for products that consistently deliver the desired results. According to industry experts, with increased disposable income and urbanization, women expect high standards and quality of products and services. Moreover, South African women, in particular, are most inclined to herbal and natural ingredients preferring natural active ingredients derived from vegetable extracts, like lavender, aloe vera, and other essential oils. Eyeing on the trend, many manufacturers are introducing innovative products incorporated with active ingredients.

## Trends

### Growing Demand for Personalized Skincare

Gone are the days when skincare experts would recommend a simple routine to everyone. Everyone's skin is different and so they require a regimen that is more fitting to their needs, rather than what used to be a general approach from over-the-counter products. Skincare experts are now recommending a personalized set of products to consumers and companies are now targeting consumers more personally.

Neutrogena's Skin360 Face Scanner app identifies over two thousand facial attributes to recommend different products to their customers. Brands such as Vitruvi and The Buff use quizzes to assess a customer's current conditions and goals for skincare based on a guided self-assessment. Skincare brand Atolla uses a pH skin test to measure moisture level, oil percentages, UV exposure, and humidity levels to assess a client's need for their products. Skintelli's approach for personalized skincare offers epigenetic test to analyse the DNA methylation gene.

Skincare brands are seeking a competitive advantage in order to meet this trend effectively for consumers. As many continue to flock online, it will be critical for businesses to optimize the customer's experience in purchasing their personalized skincare products virtually, ensuring the process is as personal as the product.

### "Skinfluencers" Take Centre Stage

With the increasing use of social media apps such as Facebook, Instagram, TikTok, and YouTube, there has also been a natural progression of skincare advertising on these channels, owed largely to their highly-visual nature.

As influencer marketing has grown in recent years, the skincare segment is particularly well-positioned in this trend. This is perhaps most clearly demonstrated by the explosive, TikTok-generated growth skincare brand CeraVe experienced this year with products selling out on shelves across the country after TikTok skincare influencers touted the brand's efficacy. Customers follow and trust skincare and beauty influencers because they're customers too.

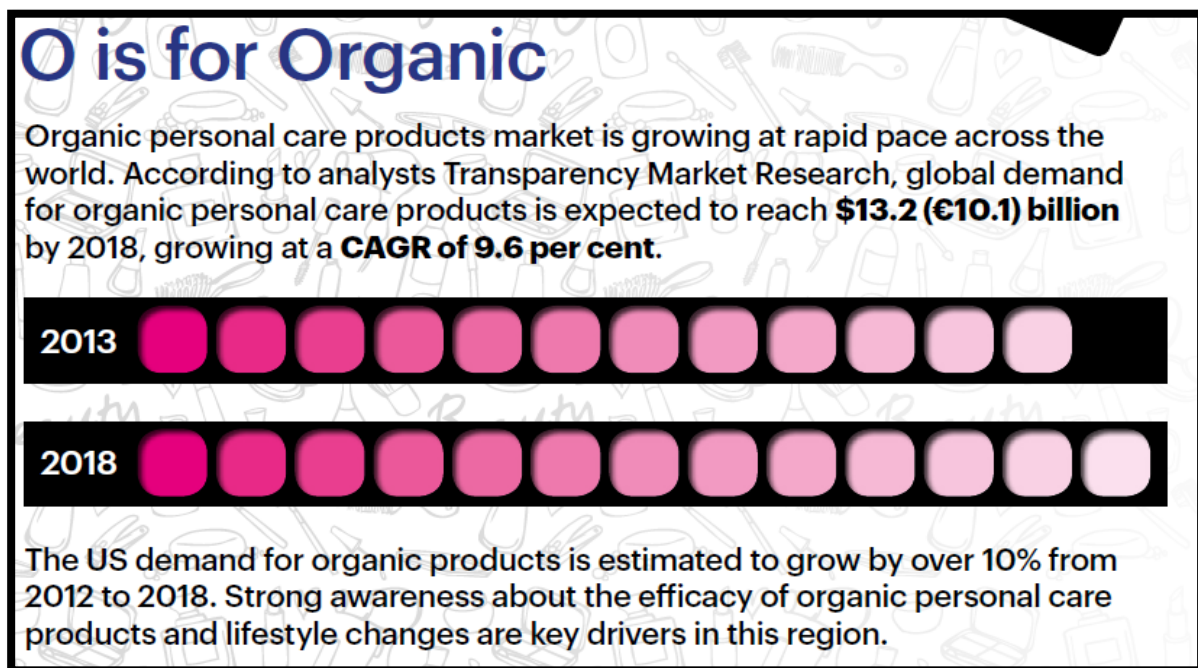
In adapting 'skinfluencers' to your marketing approach, it's critical that skincare brands closely pair the right influencers and collaborators to their core brand values and target customers. A large amount of followers may seem appealing but brands are better served partnering with collaborators that have a highly-engaged, dedicated following. Ensure that the content creator's digital presence is one that complements your brand holistically, not just because they're in the skincare space.

### Creating Products That Are Both Skin- and Planet-Healthy

As with many industries, the environment impact of products, including ingredients, packaging, and transportation, has become a significant area of focus for skincare consumers. It was reported that in 2018, more than 120 billion units of packaging were produced – a number not lost on the growing environmental conscience of the modern consumer. Skincare consumers are also more closely analysing ingredient labels with searches for "cruelty-free" and "natural ingredients" ranking highest in skincare searches.

Companies of every size and shape are seeking ways to demonstrably address consumers' environmental concerns. Skincare giants like L'Oreal and Unilever have made pledges to creating environmentally-friendly products. In 2019, Aveda shifted to all vegan products, recycled packaging, and manufacturing using wind-powered energy. And environmentally founded Burt's Bees has a well-known no-waste manufacturing policy. Companies are also beginning to explore minimizing packaging or providing refillable packaging.

In order to effectively meet the more environmental demands of the new consumer, transparency will be key. This should go well beyond simple labelling processes and includes how your business sources ingredients and packaging, ships products, and addresses waste in the production process.



### Skincare Below the Surface

The modern consumer is savvy and able to access more information than ever before. Now understanding the intrinsic link between what they ingest and how it impacts their skin, the skincare industry is experiencing a natural trend to skincare products that consumers ingest and even inhale.

This new wave of products comes in dozens of forms from pills and capsules to gummies, drinks, and inhalable supplements. Some have become well-known staples for skincare enthusiasts, such as collagen peptides, which have experienced year over year growth, with further growth expected in the future. That said, the market will now see skincare consume looking for products that bring additional value beyond that of collagen.

The beauty-from-within segment of skincare is poised for growth as we look toward the future. Consumers are increasingly seeking a more holistic approach to their overall wellness, including skincare. While ingestible beauty and skincare have existed for years, New Waves of products and brands entering the market suggest an increased focus in the area. Some brands have ridden the CBD craze by fusing the touted miracle ingredient with their own products.



## DIY Skincare

The COVID-19 quarantine left many Americans taking up DIY projects around the house – but also on their skin. With much of the country stuck in their home, Americans took matters into their own hands, purchasing rollers, facial massagers, light therapy devices, and more in order to mimic their trips to spas and facialists.

Over the past few years, tools and technologies that used to be found only in the dermatologist's office have found their way into consumers hands. The merger of technology and skincare has been well-documented over the years but this year, exacerbated by COVID-19, consumers are increasingly seeking out new ways to care for their skin with the latest innovations. This segment of the industry isn't without its setbacks, however, as demonstrated by the shutdown of one of the first well-known skincare device brands Clarisonic. The closure was announced in September 2020 as L'Oreal, having acquired Clarisonic in 2011, sought to focus on core business offerings. The consumer shift from products like Clarisonic's signature exfoliating device demonstrates a clear takeaway for brands looking to address this trend – understanding your consumers is paramount.

Businesses seeking to meet this trend must have the appropriate analytics capabilities embedded within the decision-making processes across all dimensions of their organization. Deriving insights directly from the data driven by consumer behaviour will ultimately yield long-term, sustainable success.

## Ethnicity and Skincare

Since years, cosmetic industries have developed suitable solutions to deliver skin benefits to a large range of skin tones in mass market products. More recently, products have been developed to focus on specific skin tones according to the skin phototype. To target more precisely the needs of consumers, two marketing concepts have emerged based on ethnic habits or geographic location, respectively named Ethno-cosmetic and Geo-cosmetic. To answer to consumer needs regarding skin benefits, the study and the classification of skin according to their phototype has been an initial step.

Several scientists classified skins according to their phototype such as Fitzpatrick in 1975 (classification from I to VI, from clear skins to dark skins), Lancer added a parameter related to racial background and Goldman added to this scale a geographic parameter. Then, technology has made possible to measure a skin score with the determination of  $L^*a^*b$  ( $L^*$  indicates lightness,  $a^*$  is the red/green coordinate, and  $b^*$  is the yellow/blue coordinate). All these scales are still considered as references to classify skin types.

However, nowadays, it's challenging to classify skin according to ethnic background only, indeed, geographical location and lifestyle are also parameters which must be considered. Across all skin types, the aging process involves photodamage, fat redistribution, and the loss of connective tissue; however, it has been reported that individuals with darker skin have firmer and smoother skin than individuals with lighter skin thanks to a higher concentration of collagens and lower activity of collagenases in the dermis [8–10]. It has been reported that individuals with darker skin have firmer and smoother skin than individuals with lighter skin due to a higher concentration of collagen and less collagenase activity in the dermis.

On the opposite, some skin diseases (e.g., acne and dry skin) are more pronounced—based on both clinical and prevalence observation—in individuals with certain phototypes. Acne is more prevalent in African Americans than in Hispanic, Asian, Caucasian, or Indian people (37%, 32%, 30%, 24%, and 23%, respectively) and, with age, differences between ethnicities become more and more pronounced. The

development of acne (a chronic inflammatory disease involving *Cutibacterium acnes*) is mainly driven by an increased production of sebum, increased proliferation and reduced desquamation of keratinocytes in the pilosebaceous unit.

Hyperpigmentation is one of the consequences of inflammation-induced diseases such as acne and environmental factors such as pollution. Several scientific publications investigating differences between skin types found that dark skins (phototypes IV to VI) have high sensitivity to hyperpigmentation. Indeed, dark skins are characterized by a high inflammatory basal level which affects skin hyperpigmentation, blemishes, and scars [16]. The severity of post inflammatory hyperpigmentation (PIH) is determined by the inherent skin colour and the degree and depth of inflammation.

Up until the late 1990s, most of the literature published on cosmetic procedures focused on Caucasian patients. In addition, cosmetic industries developed most of their products for the Caucasian consumer. In recent years, more ethnic patients are requesting cosmetic procedures and there is an increasing demand for anti-aging products and services. According to the American Society of Plastic Surgery, there has been a 457% increase in nonsurgical cosmetic procedures between the years 1997 and 2007; ethnic minorities comprised 22% of all cosmetic procedures, which is an increase from 17% in 2001.

Ethnic patients have natural features that are unique and thus have different cosmetic concerns. The cosmetic concerns of ethnic patients differ as the result of differences in skin pathophysiology, mechanisms of aging, and unique facial structure. For example, photoaging in the African-American population is not as pronounced as that seen in Caucasian patients, yet dyschromia is a significant problem in this subset of patients. The cosmetic industry is beginning to understand these distinctive features and is developing a large market of products for the ethnic patient.

The perception of beauty is determined by genetics, cultural, environmental, and historical influences. Skin of colour comprises a phenotypically heterogeneous group of patients. Understanding unique differences in skin physiology, aging mechanisms, and treatment options are an important part of the care of ethnic patients. Ethnocentric beauty is one that should be celebrated. More ethnic patients are requesting esthetic procedures than ever before, however they do not all necessarily desire “westernized” appearances. They often wish to enhance their culture-specific beauty. The understanding of these culture and ethnic-specific features is the first step in taking care of ethnic patients and using specialized esthetic approaches to their care.