Naturally GOOD

10:45am - Natural, Organic & Clean - Indie Beauty Trends Impacting Australian Retail

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BEAUTIFOOD

NATURAL, ORGANIC and CLEAN INDIE BEAUTY TRENDS IMPACTING AUSTRALIA

CINDY LÜKEN
FOUNDER CEO & DIRECTOR

NATURALLY GOOD EXPO JUNE 2019

LIP NOURISH

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1. Experience and Insights
2. Redefining the Beauty Category
3. Trends & Market Update

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CINDY LUKEN | Experience & Insights

- Science foundation: B.App Sci. Food Science + Honorary B. Science
- Serial Entrepreneur
- Product Development Expert: food + beauty
- Watched industry since 2006
    - Digital influence
    - Health + wellness driving demand
    - Marketscape – channel/territories + new brands
    - M&A fueling growth
- lük beautifood est. 2012

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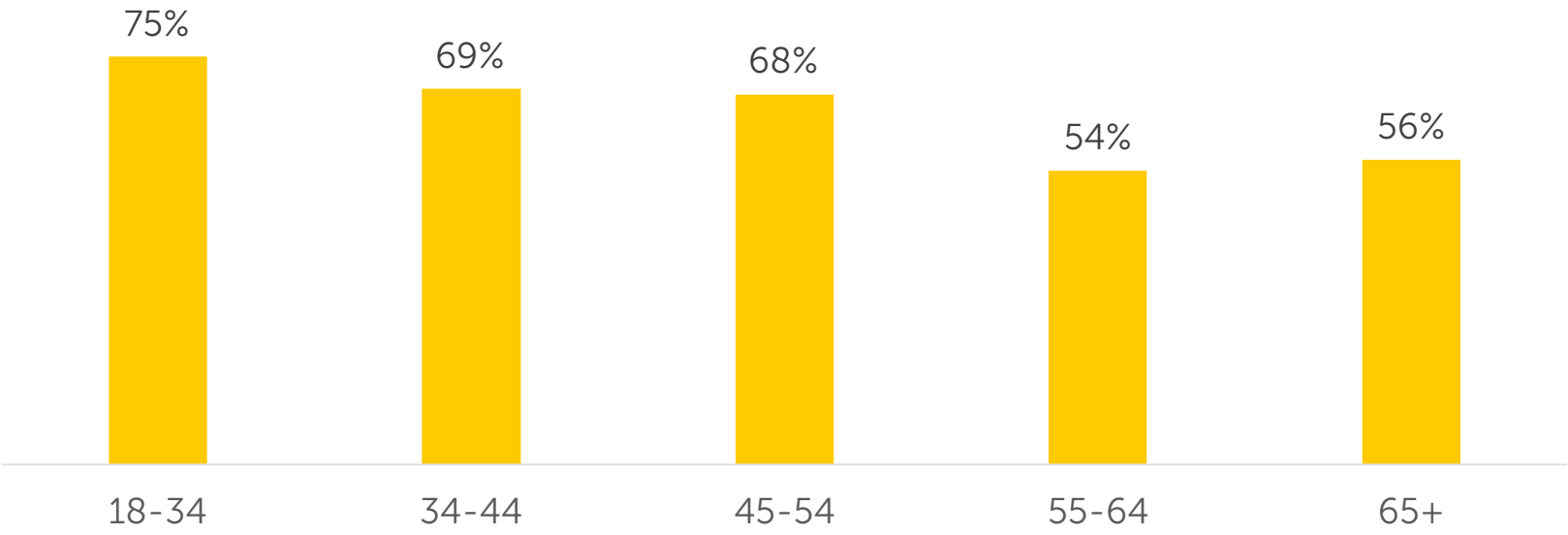
THE 'NATURAL' FACTS

PERCEPTION:

The % of women who feel buying All Natural is important



INTENT:

37%

Of all women intend to purchase "all natural" beauty products in the next 2 years

INTENT:

65%

Intent almost doubles for women aged between 18-34

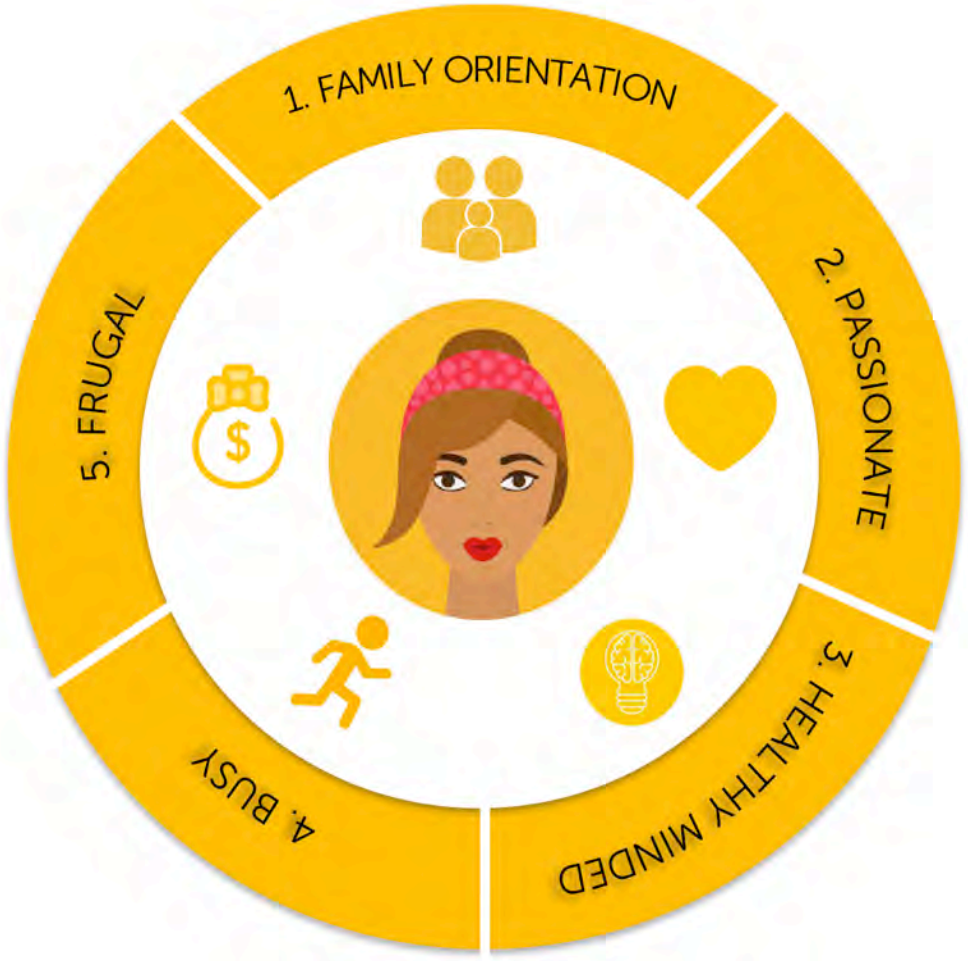
PRACTICE:

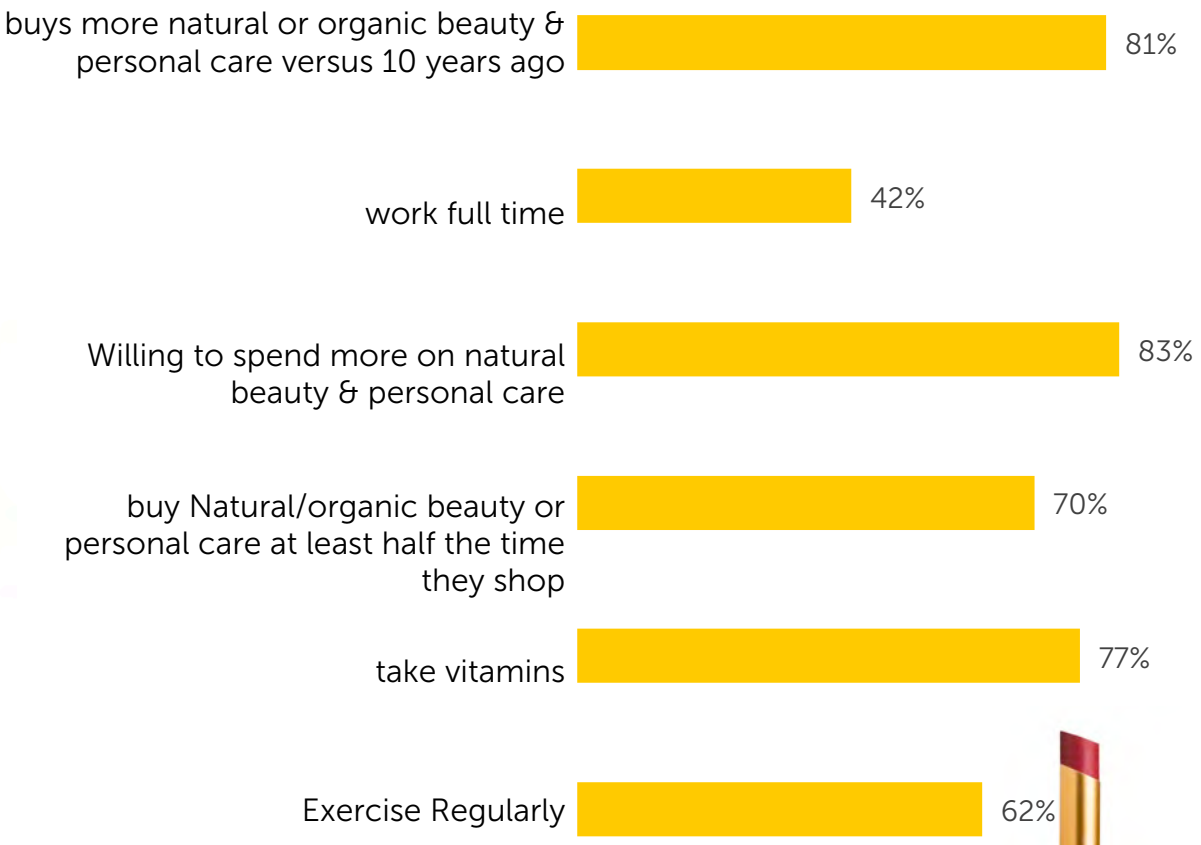
61%

Of women & 68% of millennial women check ingredients on beauty products before purchase

Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

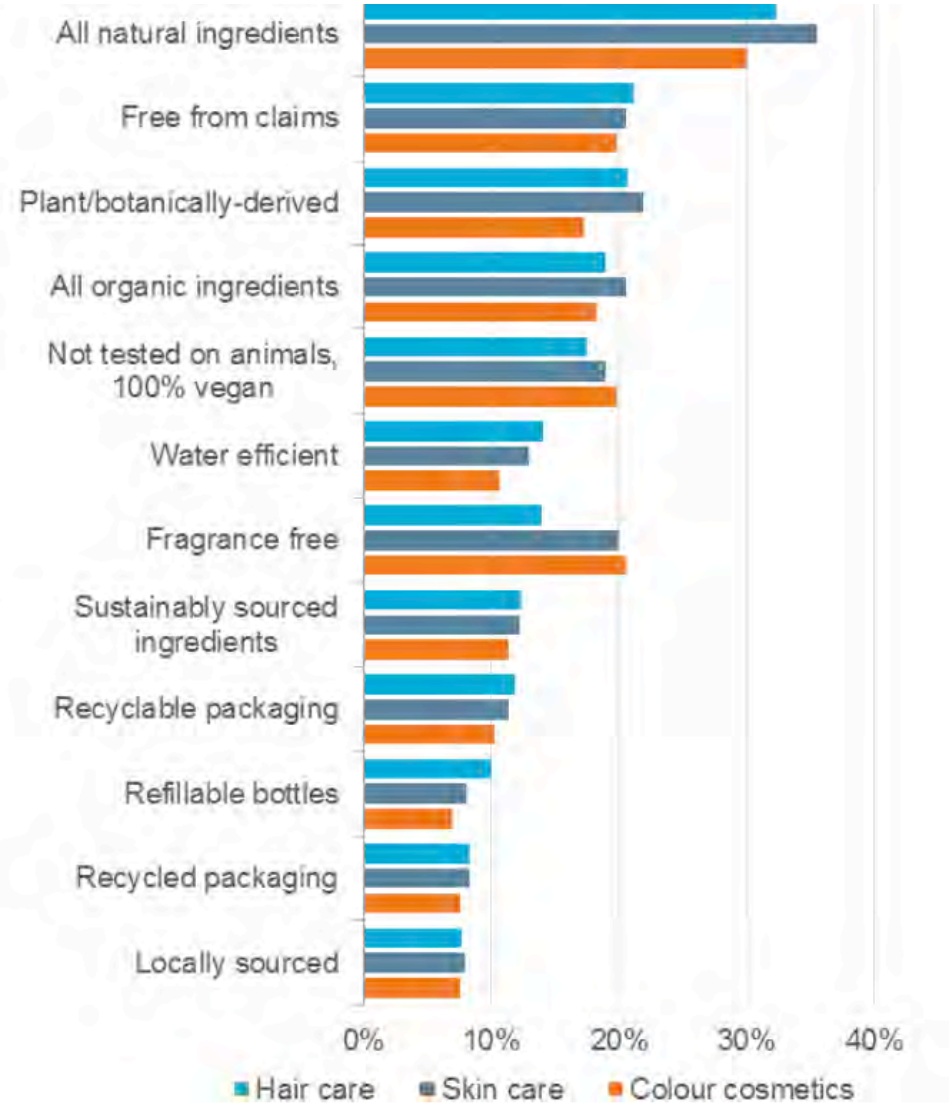
HOW THE NATURAL/ORGANIC BEAUTY SHOPPER SEES HERSELF





The Natural Organic beauty Consumer, GCI Magazine, July 2017

WHAT'S IMPORTANT TO HER WHEN PURCHASING BEAUTY PRODUCTS



The younger shopper is on a journey of exploration – generational shift – rejecting heritage brands of her parents

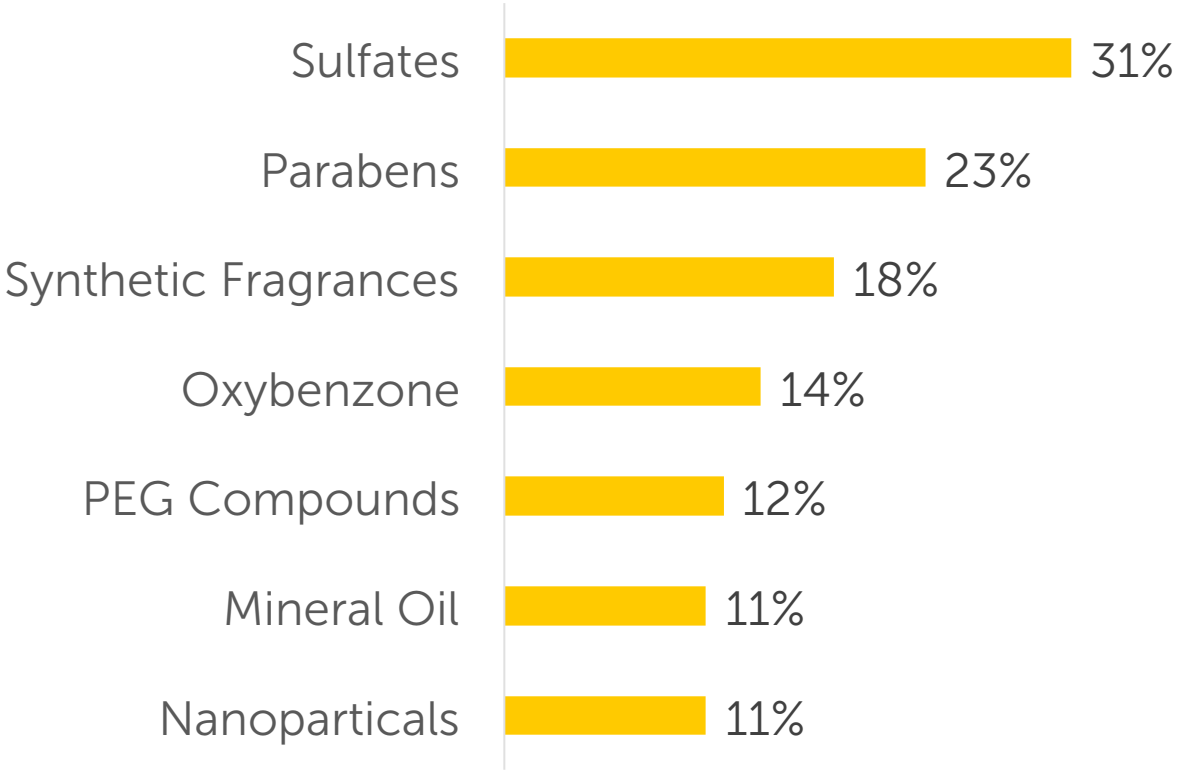
"Free From" claims are an important "green" product feature.

1/5 consumers
look for accreditations when making decisions to purchase

Euro Monitor International, The Search for Authenticity & Value in Beauty 2017

WHAT INGREDIENTS WOMEN DON'T WANT

OFF LIMIT Ingredients.....
But the list is building as consumer awareness grows

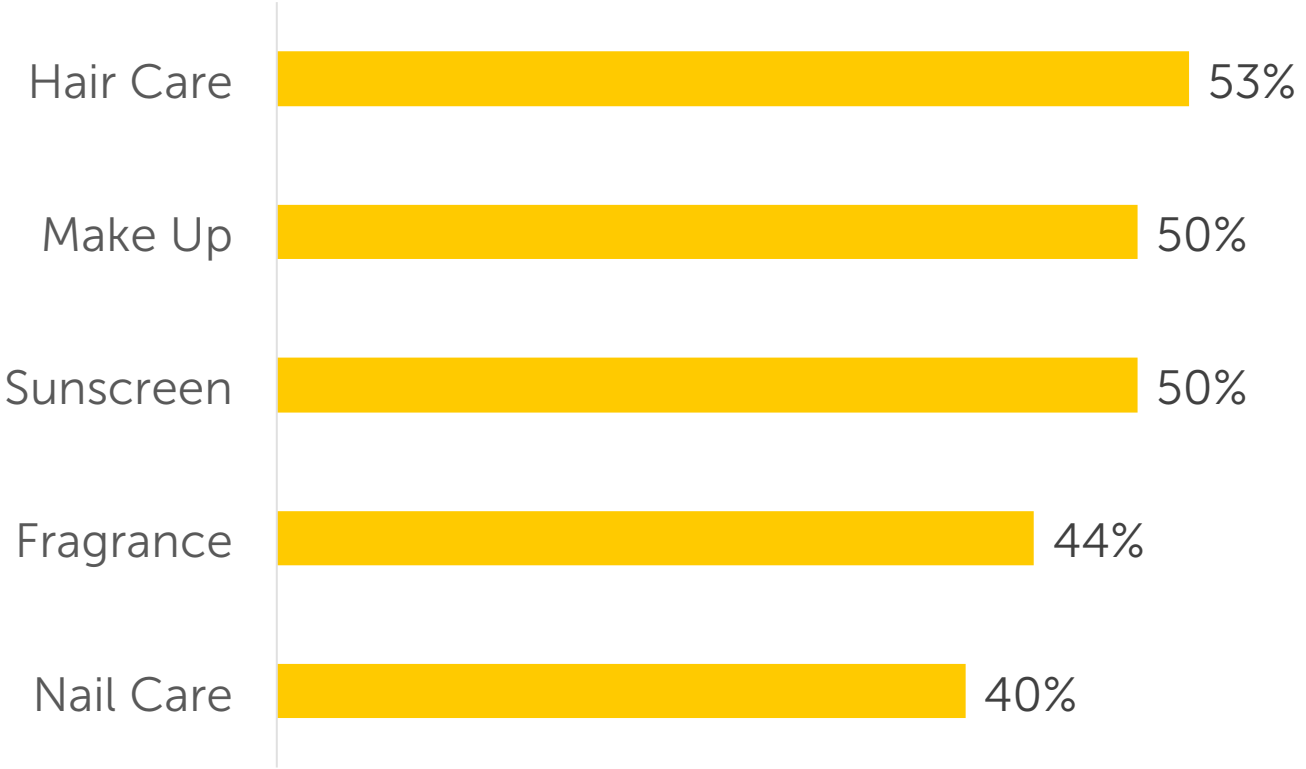


....EDUCATION IS KEY

Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

WHAT PRODUCTS WOMEN WANT

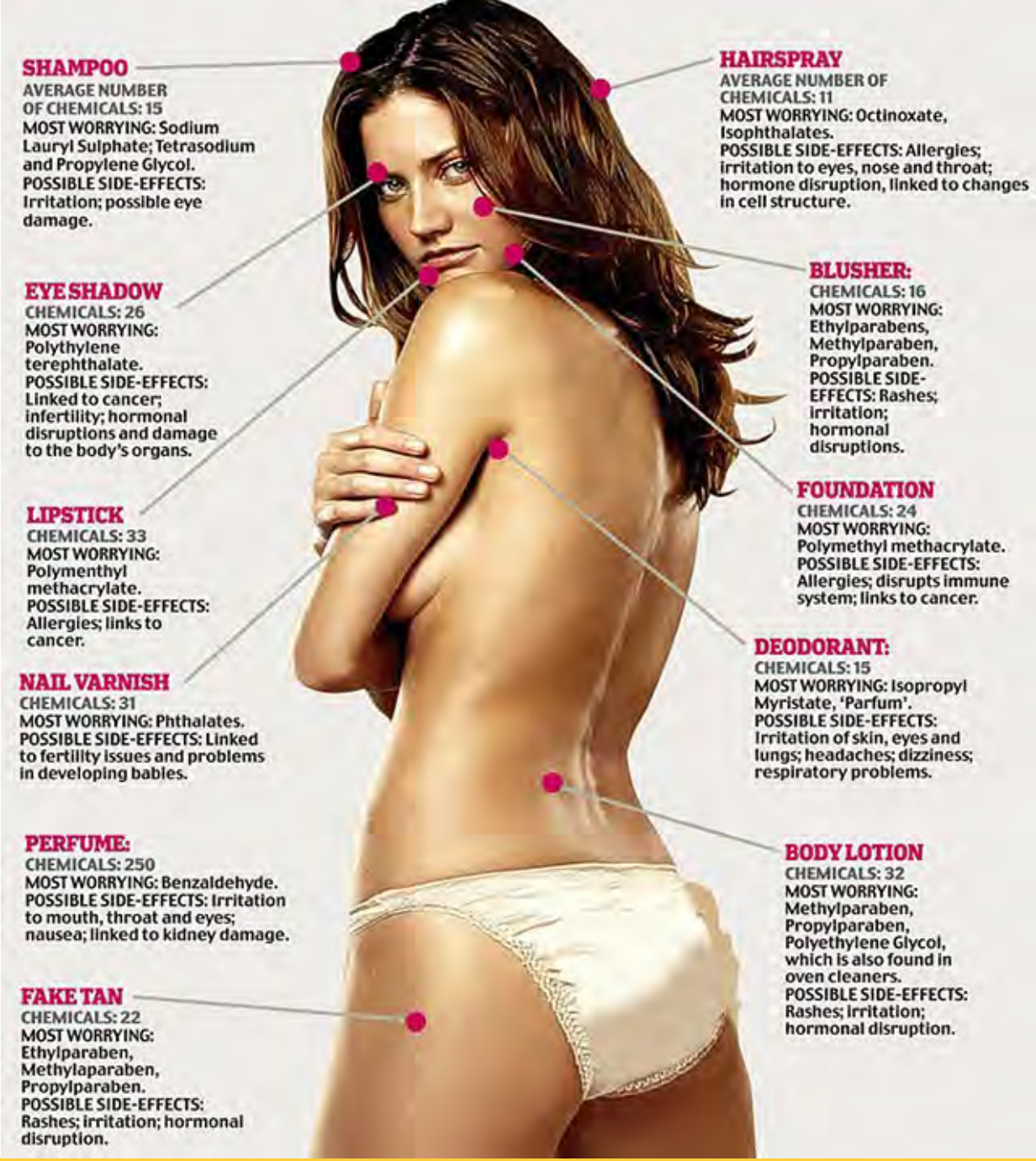
% of women who feel its important to purchase all natural products among beauty categories



Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

POSSIBLE EFFECT OF CHEMICAL INGREDIENTS IN BEAUTY PRODUCTS

1. **Allergens & Irritants:** foreign substances that cause an allergic response or state of inflammation in your body such as eczema, redness and rashes, dryness or eye irritations. Caused by: eg Sulphates, Synthetic preservatives ie phenoxyethanol & synthetic fragrance.
2. **Endocrine (& auto-immune) Disruptors:** interfere with the normal production and functioning of your hormones. eg Plastics (eg BPA) Phthalates, Parabens, Pesticides
3. **Xenoestrogens:** mimic estrogen in your body and act as a hormone disruptor and can cause early puberty and reproductive disorders such as infertility, birth defects, and learning disabilities. eg Phthalates
4. **Carcinogens:** substance linked to altering production of tissue. Eg Formaldehyde or formaldehyde releasing substances (eg urea's), coal tar and lightly treated mineral oils.



Featured image courtesy of The Daily Mail 2015

CREATION OF A NEW CATEGORY

DEFINING CLEAN BEAUTY

1. Products mindfully created and produced without any proven or suspected toxic ingredients.

2. It's about "free from...." What ingredients are used in a product are just as important as what is left out.

3. Clean Beauty Products give consumers confidence that they are not been green washed.....unlike organic and naturals.

4. They include ingredients ethically sourced and are made with the health of our bodies and the environment in mind.

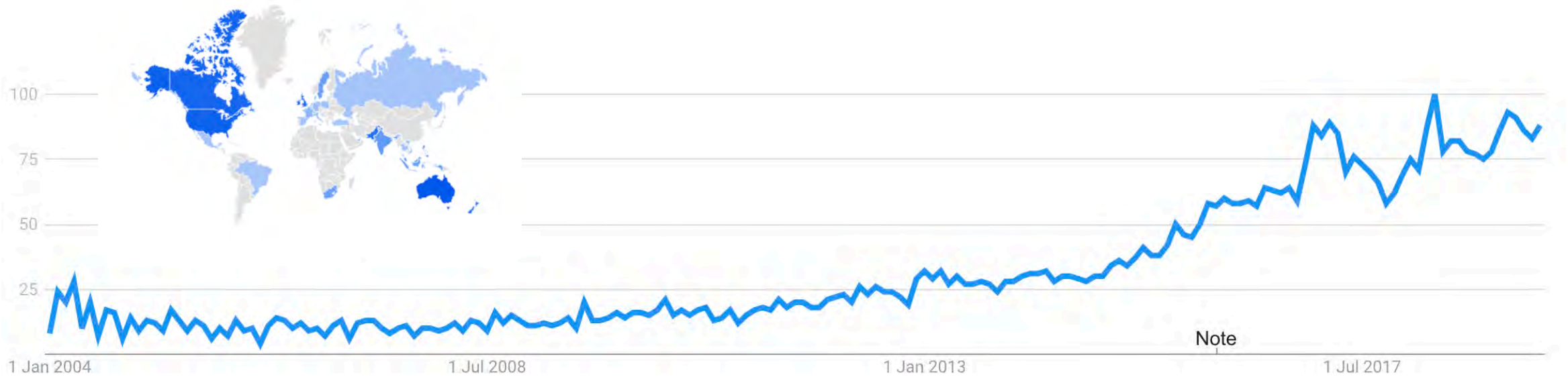
5. Clean Beauty products now are an official category in the world of global beauty.... Sephora launched last year + GOOP pioneered 2+ years ago.

6. All beauty progressive retailers are now have a Beauty + Wellness offer

7. This is the beginning of a new era in Beauty.

The rise of ”CLEAN BEAUTY”

Google Trends: Interest over time ‘Clean Beauty’



HEALTHY GLOW

PRESERVATIVE FREE

LEAD FREE COLOUR

NO SYNTHETICS

REAL INGREDIENTS

EDIBLE LIPSTICK

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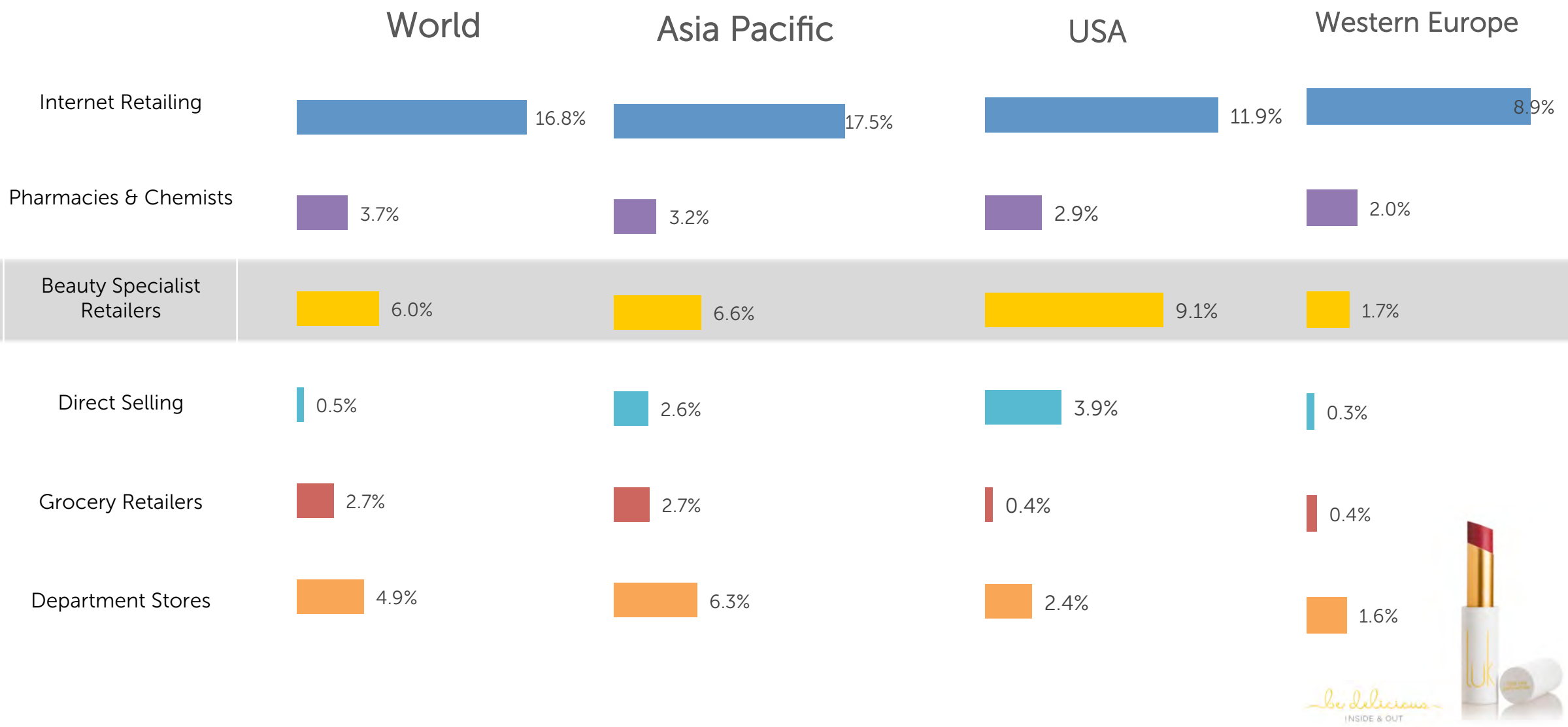
WHERE ARE CONSUMERS SHOPPING?

In the US the Big Sellers of Beauty Products have Ceded Share 2010-17 to beauty specialist retailers

BEAUTY SPECIALIST RETAILERS - 2nd fasted growing retail channel

2013 - 2016 CAGC (%)



Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

SHOPPERS ARE LOOKING FOR QUALITY OVER QUANTITY

Overall Mass & Premium Beauty per capita Spend Growth

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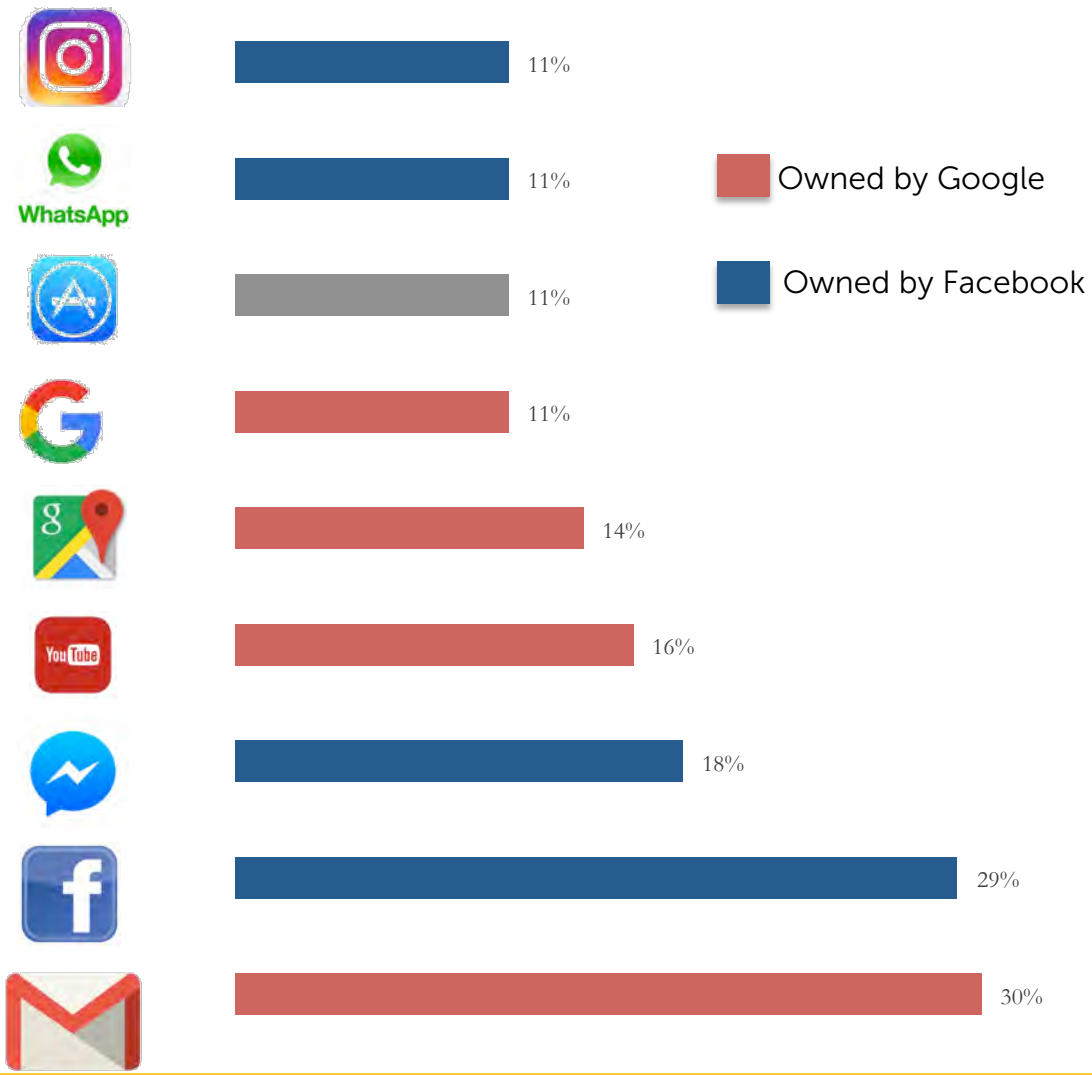
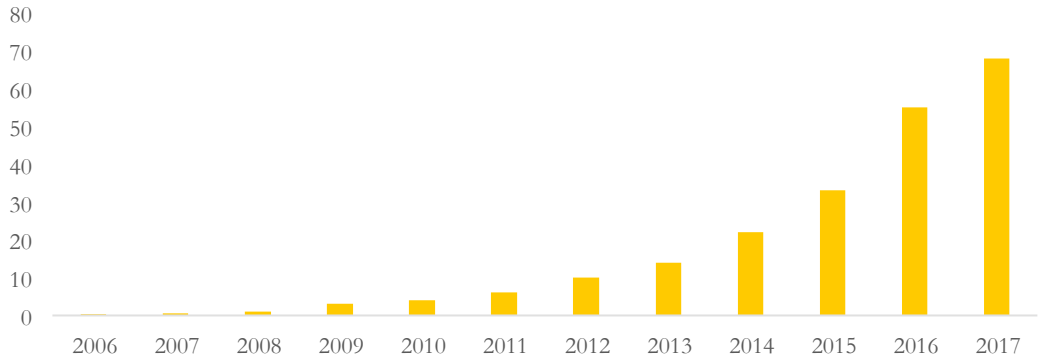
Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

SOCIAL MEDIA - Accelerating Growth in Beauty

Most essential Apps 18-34 year-olds "can't go without"



Annual Beauty Related View on YouTube (in billions)



Beauty is the most viewed category on YouTube 100+ hours of beauty-content updated daily

Credit Suisse Group AG & Affiliates 2017, courtesy of IBE Group 2018

WHERE IS THE GROWTH? …..category snapshot

- Global Beauty market is valued at $750b in 2017, expected growth 7% til 2023*[1]
- Colour Cosmetics category valued $70b. Fastest growing beauty category at 6.2%
- Challenger brands (indie) are driving colour growth, account for 10%, growing 4x that of legacy brands.[14]
- Within the colour category – lips is the fastest growing product segment @ +10%[5]
- Natural & Organic beauty market valued at USD $11b in 2016 and est. to double by 2024. 9.5% Growth
- Beauty + Wellness is converging – from a focus on outer beauty to beauty within.
- The Wellness industry is valued at USD $3.72
- The rise of the millennial coupled with technology trends (social media, online sales platforms) has facilitated these changes.

THANK YOU

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CLEAN BEAUTY RESOURCES

1. luk beautifood Clean Beauty Guide
   http://lukbeautifood.com/natural-beauty-guide

2. TRUTH IN BEAUTY - Mukti

3. EWG Group Skin Deep Cosmetics Database
   www.ewg.org/skindeep/

4. Download the Skin Deep App. iPhone or Android

5. Campaign for Safe Cosmetics http://www.safecosmetics.org/

6. Buy the book “No More Dirty Looks”
   www.nomoredirtylooks.com