Global Trends in Skin Care and How the Facial Wipe Market is Evolving

Vito Cataldo, North America Marketing Manager
Lonza Consumer Care
Agenda

- Global Market Analysis
  - Personal Care
    - Skin Care
    - Facial Care
    - Wipes
  
- Trends in Skin Care

- Concepts for Future Facial Wipe Innovation
Global Market Analysis
Global Market Analysis

Total Market Value = $345 billion

- Personal Hygiene – $45.2 billion
- Haircare – $53.9 billion
- Baby – $39.0 billion
- Make-up – $40.9 billion
- Oral Hygiene – $33.2 billion
- Skincare – $90.2 billion
- Male Toiletries – $23.0 billion
- Feminine Care – $19.3 billion

Source: Canadean Consumer Market Data Analytics 2015
The global skin care market has been growing steadily for many years and is still the fastest growing segment in personal care (CAGR 2000-2019 = 5.2%)

Facial care is, by far, the largest segment within skin care

Source: Canadean Consumer Market Data Analytics 2015
Global Market Analysis

- At their most basic, moisturizing products can improve the appearance of the skin, making it look plumper and younger.

- These claims form the basis of many skincare products:
  - from the less expensive brands, such as Nivea Crème…
  - …right through to the most costly brands like Crème de la Mer.

Source: Canadean Consumer Market Data Analytics 2015
Canadean Redefining Anti-Aging Marketing Strategies for the Beauty Industry (January 2016)

The product information on this page relates solely to the referenced product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.
Two sub-segments within the Facial Care market clearly stand out as poised for growth and profitability.

Source: Canadean Consumer Market Data Analytics 2015
Two sub-segments within the Facial Care market clearly stand out as poised for growth and profitability.

Source: Canadean Consumer Market Data Analytics 2015
Global Market Analysis

Top 20 Market Claims in Face/Neck Care – 2010 vs. 2015

The information on this page reflects current market trends and does not necessarily reflect any opinions or statements of Lonza.
Botanical/Herbal (more generally, Natural) claims have overtaken moisturization as the most popular claim in skin care. Some facial wipes are already on trend. Other trends for the wipes industry (time/speed, cleansing) are booming!

Source: Data reproduced with permission from owner, ©Mintel GNPD

The information on this page reflects current market trends and does not necessarily reflect any opinions or statements of Lonza.
Anti-Aging (and related) claims are seeing strong growth across all facial care categories. This presents a great opportunity in other product forms.

Source: Data reproduced with permission from owner, ©Mintel GNPD

The information on this page reflects current market trends and does not necessarily reflect any opinions or statements of Lonza.
Opportunity Gap in Baby Wipes!

The value of the baby wipe market is rapidly increasing, while the volume of the market grows at a much slower rate.

Source: Data reproduced with permission from owner, ©Mintel GNPD
What’s trending in skin care around the globe?
Pressure to “Look Your Best”

- Today’s consumers are more appearance-conscious than ever!
- Rise of social media has resulted in limitless social interactions and an image-based culture.
- Expanding beyond the individual...

**Approximately three quarters (70%) of consumers globally believe their general looks and appearance to be important.**

**Women** are most image-conscious with 75% placing importance on their looks and appearance compared with 66% of men.

**Millennials** are the most appearance-conscious with 80% of female consumers aged 18–35 and 72% of males in the same age group placing importance on their looks and appearance.

55% of pet owners say the looks and appearance of their pet(s) is important.

82% of parents say the looks and appearance of their children is important.
Pressure to “Look Your Best”

- Barry M Get Up & Glow bronzer, blusher, and highlighter palette
  - This cosmetic palette claims to be “perfect to amplify skin’s natural radiance” and features a bronzer, blusher, and highlighter in order to enhance the natural appearance of the face.
  - Utilizing natural and nude hues ensures that the product facilitates a more natural and minimalist approach to cosmetic application.

- Omorovicza Budapest Mineral Touch concealer
  - This concealer is designed to provide a "picture-perfect finish." Alongside cosmetic benefits, the product also actively helps to improve the skin by containing vitamins C and E while also boosting collagen production.
  - This solution highlights how brands can utilize the selfie trend in order to project a flawless finish in photographs.

*The product information on this page relates solely to the referenced product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.*
Age Management

Anti-aging has become a multidimensional concept with multiple facets:

- Appearance of wrinkles
- Addressing hyperpigmentation
- Firming / Sculpting
- Brightening and even skin tone

Consumers are now embracing their age, and they want to look good for the actual age that they are.

There is a larger focus on a preventative approach, and engaging in the aging conversation at a much younger age.

Source: Canadean Top Trends in Beauty and Grooming Feb 2016

CosmeticsDesign.com - Anti-Ageing may not reflect consumer sentiment – age management is better

The information on this page reflects current market trends and does not necessarily reflect any opinions or statements of Lonza.
Age Management

- Older consumers do not believe in anti-aging claims
  - An older woman knows it is unrealistic to turn back the clock 20 years, so will use beauty products to make herself look like a *better version of herself*. 
  - “The real interest is in aging well and appearing healthy, happy and 'well aged'.” (Brandon Trueaxe, founder of Deciem)

- Niche brands take a more relevant approach to terminology:

  **Darphin Exquisage Beauty Revealing Cream**
  "the secret to an exquisite and expressive look – enjoy your age, stay curious, laugh and keep moving."

*The product information on this page relates solely to the referenced product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.*

Source: Canadean Redefining Anti-Aging Marketing Strategies for the Beauty Industry (January 2016)
One Size Does NOT Fit All

- Millennials, who make up the US’s largest consumer segment by population\(^1\), are highly individualistic and want to “have things their way…”

- Embrace consumer creativity by allowing them to design or personalize aspects of their product:
  - Packaging
  - Fragrance
  - Color
  - Functionality
  - Benefits
  - Etc.

Source: Canadean Top Trends in Beauty and Grooming Feb 2016
(1) http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/
One Size Does NOT Fit All

- **The Body Shop shade-adjusting drops**
  - This product is designed for consumers finding it difficult to perfectly match their foundation to their skin tone and claims to "transform an almost right foundation shade into the perfect one."
  - Available in lightening and darkening varieties, one drop is said to make the foundation formulation half a shade lighter or darker. This highlights how brands can facilitate customization across an existing routine and even tap into consumers who are brand loyal.

- **Skin Inc My Daily Dose**
  - From Singapore, Skin Inc asks the user a range of questions to ascertain their "skin identity" including lifestyle factors and skin "observations." Consumers are also able to share this information on social media.
  - This is matched with three mini-serums, based on findings (e.g. a ceramide serum for roughness, licorice serum for irritation), which can be mixed in a larger bottle in different ratios to match skin needs day-to-day.

The product information on this page relates solely to the referenced product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.
Environmental Protection

- UV protection is well established, and seen as an essential function across all categories.
  - Traditionally seen in sun care products
  - Has made its way into skin care, makeup, and hair care

- Global urbanization and industrialization brings awareness to the negative impacts of these environments on health

- Anti-pollution formulations are gaining traction
  - Smoke, gas, particulates, heavy metals, ozone, reactive oxygen species (ROS), light

Source: Canadean Top Trends in Beauty and Grooming Feb 2016
Environmental Protection

- **Kiehl's daily reviving concentrate**
  - This face oil is designed to strengthen skin against daily aggressors to keep skin radiant and youthful-looking.
  - The concentrate is formulated with a blend of botanical oils including ginger root essential oil, which provides antioxidant protection and defends skin from damage caused by free radicals and environmental aggressors.

- **Dior One Essential City Defense**
  - This "beauty shield" is designed to protect against toxins using a triple anti-pollution action (anti-adhesion, anti-penetration, and anti-oxidization) and is positioned for urban consumers using the "city defense" positioning.
  - The key active ingredient is "natural" red hibiscus, claimed to provide a deep detoxifying action on the skin.
Familiar (and Natural) is Effective

- Use of scientific-sounding ingredients in anti-aging products do little to convince consumers as to their efficacy.

- Instead, many brands exploit the links of ingredients with nutritional benefits, especially for "natural" ingredients such as green tea and "superfruits."

- Terms such as "eco-friendly," "sustainable," and "traceable" have become part of people's vocabulary, causing a move towards products making "natural" claims.

Source: Canadean Redefining Anti-Aging Marketing Strategies for the Beauty Industry (January 2016) 
Canadean's Q2 global survey, 2015

The information on this page reflects current market trends and does not necessarily reflect any opinions or statements of Lonza.
New Multifunctional Beauty

- Simplicity of using a single product remains the greatest benefit consumers associate with multifunctional products.

<table>
<thead>
<tr>
<th>Intra-category innovation</th>
<th>Inter-category innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combining product functions from the same category</td>
<td>Combining functions from different categories into a single product</td>
</tr>
<tr>
<td>Hybrid innovation through adapting functions from other categories</td>
<td></td>
</tr>
</tbody>
</table>

- “Two-in-one” shampoo and conditioner products within haircare.
- Tinted moisturizers, which include foundations from cosmetics alongside moisturizers from skincare.
- Sun protection benefits (previously found only in skincare) for the hair within haircare innovation.

Source: Canadean Evolution and Future of Multifunctional Beauty Innovation April 2015
New Multifunctional Beauty

- Alphabet creams have pioneered the new multifunctional innovation era.
  - BB – “Blemish Balm”
  - CC – “Color Corrector”
  - DD – “Daily Defense”
  - EE – “Even Effect”

Estée Lauder Enlighten EE Skintone Corrector

…designed to target unevenness and skin blemishes. The product is designed to give a "hint of healthy color" and minimize the appearance of dark spots, sun spots, blemishes, redness, and pores while also featuring SPF30, antioxidants, and hydrating the skin.

The product information on this page relates solely to the above product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.
How might the facial wipe market evolve?
Next Generation Facial Wipes

Pressure to “Look Your Best”

- The “selfie” craze has consumers using cosmetics frequently throughout their day to provide touch-ups to their appearance

- Opportunity to offer wipes that offer this purpose

Opportunity:

- “Photo-ready” wipe that offers cleansing and brightening of the skin and can help minimize pores just prior to taking pictures.
Next Generation Facial Wipes

Age Management

- Consumers are more comfortable in the age they are in, but recognize that their skin has unique needs

Opportunity:

- Offer ranges of facial wipes for each age segment:

<table>
<thead>
<tr>
<th>Age</th>
<th>Product Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35</td>
<td>Moisturization, environmental protection, oil control, pore minimization</td>
</tr>
<tr>
<td>35-55</td>
<td>Anti-oxidants, exfoliation, addresses fine lines</td>
</tr>
<tr>
<td>55+</td>
<td>Skin barrier repair, age spot correction, firming/collagen boosting</td>
</tr>
</tbody>
</table>
Next Generation Facial Wipes

One Size Does NOT Fit All

- Consumers are looking for products that are tailored to their individual needs.

- Two basic ways to achieve this:
  - Offer segmented products in a range
  - Allow customizability at home

- Opportunity:
  - Develop a range of Wipe Liquids with different actives that the consumer can mix and match at home.
  - Find inspiration from “Micellar Waters”
Next Generation Facial Wipes

One Size Does NOT Fit All

- Consumers are looking for products that are tailored to their individual needs.

- Two basic ways to achieve this:
  - Offer segmented products in a range
  - Allow customizability at home

Micellar Water
Non-rinse, soap-free cleanser; Typically used with a cotton pad

- Removes Makeup Effectively
- Hydrates and Nourishes Skin
- Benefits all Skin Types
- Helps Keep Skin Clear
- Travels Well

The product information on this page relates solely to the referenced product label. All third party copyrighted/copyrightable images and trademarks belong to their respective owners and should not be distributed.

Next Generation Facial Wipes

Environmental Protection

- It is well known that environmental aggressors can cause collagen/elastin breakdown in the skin, hyperpigmentation, inflammation, and dehydration.

- Environmental protection is making its way into more products – skin, hair, cosmetics, etc.

Opportunity:

- Generate “on-the-go” facial wipes that contain UV protection, anti-oxidants, and film formers that can provide a protective barrier for the skin when the consumer is about to spend time outside.

Source: The Effects of Pollution on Skin (https://aestheticsjournal.com/feature/the-effects-of-pollution-on-skin)
Next Generation Facial Wipes

Familiar (and Natural) is Effective

- Simplicity is key for the consumer.
- Make a product that the user can relate to in their daily lives.

Opportunity:

- Find inspiration from the nutrition market!
  - Plant proteins for repair
  - Coconut craze – milk, water, oil
- Let your skin go on a “juice cleanse”
  - Develop a range of different wipe juices that, when used in succession, cleanse and strengthen the skin.
Next Generation Facial Wipes

New Multifunctional Beauty

- Take the alphabet cream craze into the wipes space

Opportunity:

- “CC” – cleanse and correct
  - A cleansing facial wipe that offers skin correction benefits like barrier protection, etc.
- “EE” – energize and enhance
  - A wake-me-up wipe that energizes the skin and enhances the natural skin tone
- “PP” – protect and prevent
  - A wipe that delivers environmental protection (UV, pollution, etc.) and prevents premature aging of the skin
Conclusion

- While the skincare market continues to grow at levels around 5-6%, the facial cleansing wipe market is booming (~10%)

- Current facial wipe offerings are beginning to promote skincare claims:
  - Moisturization
  - Exfoliation
  - Brightening
  - Etc.

- But the new global trends in skincare are beyond just ingredients – consumers are looking for products that match their lifestyle choices

- Time to think outside the box when it comes to facial wipes – **Partner with your skin care experts today** to help build your evolving next generation facial wipes
Thank you!

- Vito Cataldo
  - North America Marketing Manager
  - Lonza Consumer Care
  - Tel: +1 201 316 9312
  - vito.cataldo@lonza.com
Review and follow all product safety instructions. All information in this presentation corresponds to Lonza’s knowledge on the subject at the date of publication, but Lonza makes no warranty as to its accuracy or completeness and Lonza assumes no obligation to update it. All information in this presentation is intended for use by recipients experienced and knowledgeable in the field, who are capable of and responsible for independently determining the suitability and to ensure their compliance with applicable law. Proper use of this information is the sole responsibility of the recipient. Republication of this information or related statements is prohibited. Information provided in this presentation by Lonza is not intended and should not be construed as a license to operate under or a recommendation to infringe any patent or other intellectual property right. All trademarks belong to Lonza or its affiliates or to their respective third parties and are used here only for informational purposes. Copyrighted material has been produced with permissions or under license, all other materials © 2016 Lonza.