

# Make it safe and ‘green’

Consumer interest in natural and organic items within the non-foods arena is growing, creating an own-brand expansion opportunity for retailers.

By Kathie Canning

**N**ot too long ago, natural and organic health and beauty care (HBC) items, as well as household products such as laundry detergent, were viewed as niche products — and cost much more than “regular” alternatives. But that reality is changing, paving the way for retailers to step up own-brand development here.

Natural and organic skincare products, for example, are now a \$9.6 billion segment in the United States, according to a June 2015 report from MarketResearch.com, Rockville, Md. Organic items account for more than a third of those sales. And natural skincare products are growing at a rate that is faster than the overall market.

Sales of “green” household cleaners and laundry detergents in the United States, meanwhile, reached \$600 million in 2014, reports the Packaged Facts division of MarketResearch.com in an April 2015 report.

The strong performance in both the HBC and household product areas can be attributed to consumers’ growing concerns tied to traditional HBC and household cleaning products. One such concern is a potential adverse reaction to artificial fragrance, says Warren Becker, chief operating officer of Cosmetic Solutions Inc., Boca Raton, Fla.

“It can be an irritant on the skin, as well as deter a large amount of potential consumers that have sensitive skin,” he says.

Essential oils make a great substitute for troubling artificial fragrances, he adds.

Also of concern are parabens and formaldehyde-producing preservatives, notes Steve Berry, or “The Green Guy,” who founded Auburn Hills, Mich.-based Greenblendz.

“Both have certified testing that shows continued exposure causes health problems, and there are alternatives that can be used,” he says.

But perhaps most troubling overall is the lack of regulations when it comes to HBC/household product labeling, suggests Charles Kaye, CEO of Greenblendz. For example, a product’s label might list “surfactant” as an ingredient — instead of disclosing specifically what that surfactant is. A number of ingredients can act as a surfactant, and some of them are carcinogenic.

## Look to what’s trending

And when it comes to natural and organic purchases, today’s consumer “is no longer a blind purchaser,” Becker stresses. On the HBC side, consumers are gaining an understanding about both the active ingredients and “filler” ingredients in a product.

“We are seeing consumers gravitating towards natural products being supported by science and technology,” he says. “Less is more when it comes to formulating a product that is not only going to work, but that is also going to sell.”

Among the ingredients trending in the natural and organic HBC sector are vitamin C, stem cells, hyaluronic acid and lipids, Becker notes.

“All of these are extremely versatile, as well as effective,” he says.

As far category hot spots, Becker singles out skincare, especially on the natural side.

“We are beginning to see a shift in consumer thinking towards a joint approach to beauty,” he says. “The same consumer who was willing to invest in quality cosmetics is now willing to invest even more in quality skincare.”

Another trending growth area is men’s grooming, Berry says. More millennial male shoppers want products “that are formulated consciously.”

Also trending is full disclosure in product labeling





in terms of ingredients, Berry says, including allergens or contaminants. Third-party certification programs in the works from the Environmental Working Group and other organizations will focus on product safety by ensuring the absence of harmful ingredients, he notes.

On the organic side, certification also is picking up steam.

"Receiving certification from a third-party organic certifier can support the efficacy and natural nature of your product, as well as encourage confidence and trust in your brand," Becker says.

### Don't overdo the package

Packaging for any store brand natural and organic product — or "non-toxic" product, as Greenblendz likes to call its products — should mesh with the safe and "green" theme.

"Less packaging and post-consumer resin content are necessary to further convey the message by helping the planet as well," Berry states.

Becker points to a trend toward "sleek, minimal designs" within the natural and organic HBC arena. Such designs "emphasize efficacy and are inspired by science and/or nature." He says that bottles and jars evoking a clinical feel are resonating with consumers.

"Understated luxury is an emerging trend we are seeing across the board in packaging," he adds. "When selecting your product presentation, remember that it is an opportunity to communicate with your buyer. The packaging



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one-third (31 percent) of Canadians agreeing that certain ingredients will cause disease later in life.

Although 80 percent of surveyed Canadians purchase free-from products, just 22 percent agree that free-from claims are an important purchasing factor, Mintel said. In fact, aside from price, ingredients (75 percent) and freshness (73 percent) are the most important factors for consumers.

"Mintel research suggests that while Canadians are adding free-from foods and beverages to their diets, consumers overwhelmingly choose ingredients and freshness as their top consideration when purchasing for the home," said Joel Gregoire, senior food and drink analyst with Mintel.

Gregoire noted that consumers are willing to buy free-from products even though they might perceive the claims to be a marketing ploy. So product marketers should invest in communicating these products' benefits "beyond placing labels on packaging, particularly around claims that offer tangible health benefits." By doing so, they will be able to "bridge the trust gap."

Compared to U.S. millennials (aged 18-34), who are the most likely generation to purchase free-from products (83 percent), Canadian millennials are the least likely generation to do so (79 percent), with baby boomers (aged 55+) leading purchases at 83 percent, Mintel said.

"While Canadian millennials are currently the least likely



GLUTEN FREE



GMO FREE



DAIRY FREE



EGG FREE



SUGAR FREE



NUTS FREE

of all generations to adopt free-from products into their diets, as they age, and move into their 'family years,' they will likely show increased interest. Additionally, their perceptions of these foods and beverages will likely start to more closely align with those of Gen Xers in many cases," Gregoire said. **SB**

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should be an extension of the product within.”

The packaging’s label also has to resonate with natural, organic and non-toxic product consumers, many of whom fall into the millennial demographic, says Lyne Appel Downing, vice president of marketing and sales for Greenblendz.

“The label has to say something to that consumer,” she stresses. “[Younger consumers] are all going to be very concerned about transparency and full ingredient disclosure.”

### **Take a thoughtful approach to marketing**

When it comes to marketing own-brand HBC and household products, Becker advises retailers not to underestimate their shoppers in terms of knowledge level.

“Assume your customer knows just as much as you do about the industry,” he says. “Today’s consumer has a wealth of information, as well as reviews, at their fingertips via the Internet.”

Becker recommends social media as a marketing avenue, noting that consumers of all ages are engaged here when it comes to researching the “latest and greatest HBC products.” But they also should be sure to set themselves apart from competitors long before the marketing stage.

“Innovative packaging, interesting ingredients and scientific support are a great way to get noticed,” he stresses.

The right vendor(s) also can help here.

“Finding the right vendor-partner to develop a program that encompasses many SKUs and builds a true brand that can be marketed and promoted is the key to success,” Berry says.

And retailers also will want to look beyond social media to market their natural and organic HBC and household products, Appel Downing suggests.

“It’s kind of like a 360-degree circle,” she says. “Circulars, point-of-purchase signage, social media — you have to engage all available platforms.”

Retailers also need to understand what’s important to consumers so they can tailor the messaging here, Kaye notes.

“What’s resonating with the consumer is what’s healthy for *them*,” he says, “not necessarily for the environment. And [the message of] ‘Use my products and you won’t get sick’ is not true. [The message should be] ‘Use my products and the chances of you getting sick are diminished significantly over what the branded products have out in the marketplace.’” **SB**