

SUSTAINABILITY IN BPC – GERMANY – 2023

Consumers look to beauty/grooming companies to act sustainably. Sustainability should be aligned with cost savings, with refills continuing to play an important part.



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Sustainability In BPC - Germany - 2023

This report looks at the following areas:

- The definition of sustainable practices by beauty/grooming brands, with consumers being concerned about the whole lifecycle of a product
- Sustainable routines, with most consumers undertaking one to two sustainable behaviours
- Research on how sustainable a beauty/grooming brand is, with a strong focus on recommendations
- Interest in refills, with most interest displayed in hand soap, bath or shower products and haircare
- Attitudes towards sustainability, with a focus on the cost-of-living crisis and confusion around the topic
- The four consumer typologies: responsibility shifters, disillusioned/paralysed, informed but impeded and deniers



Consumers look to beauty/grooming companies to act sustainably. Sustainability should be aligned with cost savings, with refills continuing to play an important part.

Overview

German consumers can be divided into four consumer typologies, with the largest group of disillusioned/paralysed consumers (39%) feeling helpless in the face of sustainability. What's more, **44% of Germans** have not researched how sustainable a brand is in the last 12 months.

This underlines the attitude that **53% of Germans** have: **it's more important for big companies to act sustainably than for individuals to**. Brands should find a way to motivate these passive consumers to engage with sustainability, be it through financial incentives, raising hope or casting their view to the future.

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Initiatives like the EU Green Claims Directive will help alleviate confusion around greenwashing further, which concerns **62% of consumers**.

There is hope: Germans still display a **solid foundation of sustainable behaviours**, as **42% of consumers** undertake one to two sustainable actions, with **reducing water use coming out on top**. This is related to the ongoing cost-of-living crisis, as **64% of consumers** agree the cost-of-living crisis will lead to a prioritisation of cost over sustainability.

Refills, both for at-home use and at in-store locations, continue to possess **great opportunities** in the sustainable space and are seeing growth in all categories. However, usage barriers like high entry prices, availability and lack of convenience still need to be tackled.

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Report Content

EXECUTIVE SUMMARY

- The five year outlook for sustainability in BPC

Market context

- Stagnation follows a technical recession
 - Graph 1: key economic data, in real terms, 2019-24
- Prove the value of sustainable products to consumers

Mintel predicts

- Legislation keeps driving sustainability efforts
- Brands need to do the work but ensure they are not accused of greenwashing

Opportunities

- Use learnings from SBS refills in other categories
- Fragrances show opportunities for refills at home and in store
 - Graph 2: launches in fragrances with refill claims, 2018-23
- Resolve the recyclability issues of refill pouches
- Use longer-lasting, multiuse and strong formulations to appeal to repertoire-reducing consumers
- The sustainability conversation has to start much earlier and should be pursued from conception to disposal after usage
 - Graph 3: definition of sustainable practices by beauty/grooming brands, 2023
- Encourage consumers through hopefulness

MARKET DRIVERS

The German economy

- Stagnation follows a technical recession
 - Graph 4: key economic data, in real terms, 2019-24
- Inflation slows down – but remains at a higher level
- Inflation is still the key factor affecting consumers' finances...
- ...confidence and consumer expenditure
 - Graph 5: financial confidence index, 2022-23
- The impact of the economy on sustainability in BPC
- Prove value for money to appeal to cost-conscious consumers
- Tackle overconsumption and waste
- Get ahead of the Green Claims Directive
- Fight sustainability fatigue/passivity by going against greenwashing

- Ban on microplastic in cosmetics will have a big impact on the industry

WHAT CONSUMERS WANT AND WHY

Definition of sustainable practices by beauty/grooming brands

- The whole product cycle is important to Germans
 - Graph 6: definition of sustainable practices by beauty/grooming brands, 2023
- Consumers prioritise sustainable packaging
- Sustainably sourced ingredients have appeal
- Use social media to educate consumers on sustainability
- Educate consumers on the meaning of certifications
- Focus on the reduction of emissions rather than offsetting
- Taking sustainability digital

Sustainable routines

- Sustainable routines happen at home
 - Graph 7: sustainable routines, 2023
- One to two sustainable behaviours are the norm
- Reducing water usage is front of mind for consumers
- Private label innovates in sustainable products
- Be aware of 'wishcycling' and educate consumers
- Position multiuse products as repertoire reduction
- Make refills in store as convenient as refills at home

Research on how sustainable a beauty/grooming brand is

- Research on sustainability happens in various ways
 - Graph 8: research conducted by consumers on how sustainable a beauty/grooming brand is, 2023
- Engage those consumers not researching with personal recommendations on sustainable brands
- Get men to use barcode apps
- Research on social media is mainly conducted by younger generations

Interest in refills

- Interest is highest in SBS refills
 - Graph 9: interest in refills, 2023
- Significant growth of refill launches in all categories
 - Graph 10: launches with refillable claims, 2018-23
- Good reception of SBS refills can be applied to other categories
- Differences in refill price positioning
 - Graph 11: avg € per 100ml/g in non-refillable products vs refillable products, by category, 2020-23

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- Combat the high entry price of refill products
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- Take inspiration from RECUP for refilling in store
- Tackle hygiene concerns about skincare refills
- Engage consumers with fun and durable packaging for makeup refills
- Fragrances offer refill opportunities in store and at home

Attitudes towards sustainability

- Confusion around sustainability is front of mind for consumers
 - Graph 13: attitudes in relation to understanding of sustainability – NET, 2023
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 - Graph 14: cost-related attitudes towards sustainability in BPC, NET, 2023
- Multiuse and longer-lasting claims can appeal to cost-conscious consumers
- Look to the future with consumers
 - Graph 15: attitudes towards sustainability in BPC, NET, 2023
- Support parents in their concerns about the future
- Saving cost and saving waste can be combined
- Secondhand beauty might appear on the radar again due to cost-of-living crisis

Consumer typologies

- Germans can be split into four groups when it comes to sustainability
- Responsibility shifters – offer guidance on sustainable choices
- Disillusioned/paralysed – make sustainability convenient
- Motivate the disillusioned/paralysed through a view to the future
- Reframe sustainability discussions around hopefulness
- Informed but impeded – remove their barriers
- Deniers – motivate through financial incentives

LAUNCH ACTIVITY AND INNOVATION

- Launches with ethical/environmental claims are still on the rise
- Ethical/environmental claims are used by a wide range of companies
 - Graph 16: launches with ethical/environmental claims, by ultimate company, 2021-23
- Prioritise sustainability over short-term gains
- dm launches no planet b, jumping on the trend of upcycled ingredients
- Shift focus to upcycled ingredients
- Estée Lauder shows commitment to green chemistry
- Educate and expand on niche green chemistry claims

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- Lab-grown ingredients show potential
- Eco/ethical claims have a strong presence in all categories
 - Graph 17: total vs environmental/ethical launches in BPC, by category, 2022
- Sustainable packaging continues to grow
 - Graph 18: NPD in BPC with ethical/environmental claims, by claim, 2020-23
- Explore different packaging options for refill pouches
- Different sustainable packaging materials can spark inspiration
- Wild launches compostable shower gel refill bottle
- Focus on waterless or no-waste products
- Take inspiration from true fruits' juice packaging

Advertising and marketing activity

- Head & Shoulders lists minimal ingredients on pack
- dm celebrates the launch of no planet b
- Luxury fragrances present their refill offers
- Wella Professionals convince with sustainable hair products

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

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