Active Ingredients in Personal Care Formulations

Does the Consumer Drive Actives Development?

Seeking Effective Ingredients - Active ingredients in personal care formulations also activate sales. Consumers desire to see visible results and have raised expectations for genuine efficacy of personal care products, making functionality an increasingly imperative factor. This holds particularly true for the resiliently growing anti-aging skin care segment.

Savvy personal care formulators understand this and are marketing their products by emphasizing their active ingredients to informed consumers.

Adapting to prevalent economic conditions, consumers have gained confidence in their spending patterns and are investing in themselves; consequently, the personal care market has rebounded with an uptick in sales. According to Kline’s preliminary data, 2011 saw the U.S. cosmetics and toiletries market grow by a rigorous 3.5%, a solid improvement over the previous year's 2.4% and maintaining the recovery from 2009’s aberrant decline.

Consumers are still seeking value, but they are prepared to pay more for products that offer specific benefits and visible results. This has allowed formulators to diversify and offer products with validated activity claims at a more premium cost, consequently active suppliers are focusing on specific consumer issues, such as anti-aging, anti-acne, slimming or sun protection.

Consumer Trending

The last decade has seen the emergence of the more aware consumer. "Label reading" is no longer the exception, and, with easy access to information, consumers are making more educated choices. Clever marketing can certainly draw consumers' attention, but ultimately a product has to deliver.

As is the case with people consciously avoiding certain food additives - occasionally, as the consequence of a media theme du jour - some personal care ingredients become undesirable. Examples include otherwise commonly used additives such as silicones or parabens. Conversely, consumers are receptive to positively endorsed
ingredients, and marketers avail themselves of this fact by emphasizing these ingredients. Vitamins, collagen and co-enzyme Q10 have long been the most obvious examples, while currently the inclusion of hyaluronic acid is deemed an asset most in demand within cosmetic products.

The commonality of these positively perceived constituents is that they are almost always active ingredients.

"Luxury" Actives

With a growing number of personal care products stressing the inclusion of active ingredients in their formulations, consumers are learning to differentiate between various actives and in turn seek higher-end solutions. Until recently, higher-end actives were predominantly exclusive to luxury channel products. However, otherwise costly specialty actives are now appearing in more affordable product formulations. Certainly, the concentration and type of specialty actives used tends to differ in luxury and sub-premium products, but usage even in lower concentrations in an increased number of finished products bodes well for specialty active manufacturers.

The growing inclusion of higher-end active ingredients in lower-end products where cost is particularly sensitive has encouraged specialty active suppliers to think beyond the claimed performance of their active ingredients and focus on the price/efficacy ratio of their products. The premium pricing that they may lose is compensated by greater demand and greater volumes.

The better informed and discerning consumer has afforded specialty actives marketers excellent opportunities to diversify. No longer are specialty actives the preserve of women's skin-care applications. Rather, as the consequence of consumers having greater awareness of the efficacy of certain actives, the market has responded by using actives and their proven market cachet in products as diverse as hair-care, male-grooming products, slimming and sun-protection. Fresh and original applications, such as active make-up systems bolstered by more flexible delivery systems, also show great promise.

Hair Care

While anti-aging actives represent by far the most important functionality, hair care actives - predominantly proteins and their hydrolysates - follow with sales accounting for 15.7% of the total U.S. and 9.1% of the European market. With hair care products being the second-most requested product class by consumers
according to Kline's Consumer Insights of Personal Care Innovation report, enhancing this product class with specialty actives has been a shrewd and well received undertaking. Hair care is also unique in that it benefits from several important purchase drivers: necessity, aesthetics and hygiene are three powerful drivers, whereas most product classes tend to draw on one only.

**Active Male Grooming**

Within finished products a new, largely underdeveloped segment - male-grooming products - has become the focus for several personal care marketers. Seeking new possibilities in maturing markets, such as Europe and the United States, personal care marketers have recognized the male-grooming segment as an untapped and potent opportunity. This confidence is reflected in this segment growing faster than the industry average in these regions.

While cleansers and moisturizers are the biggest movers, consumption of functional anti-aging products is also growing. This trend has prompted specialty actives suppliers to develop dedicated product ranges; for example, Sederma has developed specific products for men based on birch sap.

**Naturals: Green for Growth**

The green trend, the growing consumer awareness of health, environmental and sustainability concerns, has been driving the active ingredients market for more than a decade. The strength of this driver didn't come from marketing efforts but rather as an expression of consumer zeitgeist. The market for natural personal care products has posted double-digit growth since 2006. Specialty actives suppliers have accommodated this growth by developing natural-sourced actives, and eco-certifying some of their products for the needs of fully natural brands. This has also resulted in the rapid growth of the botanical actives segment with an estimated CAGR of 4% expected in the United States by 2015, and 5% in Europe during the same period.

Plant-based ingredients within a formulation used to be persuasive enough to entice personal care consumers, but a product's function and efficacy are essentially regarded as at least as important as the active ingredient source. Consequently, formulators are increasingly seeking to use botanicals as substantiated functional ingredients. Natural-sourced biotechnology products are also benefitting from the naturals growth, while biotechs are crucially considered as natural by consumers and they often offer equally desirable high efficacy. This is borne out by biotech active ingredients enjoying a similarly healthy growth rate to substantiated
botanical actives.

In maturing markets such as Western Europe and the United States, impelled by the ever more engaged and informed consumer, personal care product marketers have two potent engines to drive innovation and reinvigorate growth: specialty actives and naturals - and ultimately a potent combination of both. Moreover, specialty actives are discovering and creating new markets by clever and practical diversification of applications. The consumer is active. The consumer has set standards: Products are to be as natural and effective as possible. Canny marketers and formulators are listening, responding and innovating, and Kline's research finds that their efforts are being rewarded.

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