

Exporting anti-ageing extracts to Europe

As the share of elderly people in populations across Europe continues to grow, so does the demand for anti-ageing cosmetics. This offers opportunities to producers of natural extracts with anti-aging properties, considering that younger-age consumers also use anti-aging products. Exporters to the European cosmetics market, however, need to prove that their extracts have anti-ageing properties. Cosmetic manufacturers are particularly interested in extracts that combine efficacy with traditional use.

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1. Product description

Botanical extracts are produced with solvent extraction from a wide range of plant parts, including leaves, stems, bark, fruits and roots. This study focuses on those extracts that are used in cosmetics for their anti-ageing properties.

Anti-aging is a broad category which often overlaps with other cosmetic claims. It can be subdivided in specific anti-aging properties. Formulators use these to develop formulations which target specific signs of ageing or suitable for specific skin types related to age, area of application or skin colour.

There are various sources of new ingredients for anti-ageing extracts. For example, exotic ingredients such as *Kigelia africana* extract, which is traditionally used in cosmetics to firm and enhance skin tissue. Extracts with high antioxidant activities also continue to be very popular as anti-ageing extracts. Examples of such include fruit-based extracts such as açai and camu-camu from the Amazon rainforest, which benefit from a 'superfruit' status as ingredients in both cosmetics and food products. For a more extensive list of plant extracts known for their anti-ageing claims, check [Rahn Cosmetics](#) or [Lipoid Kosmetik](#).

Anti-ageing properties include:

- skin brightening or lightening, reducing age spots
- skin cell renewal and skin stimulation
- skin plumping and filling expression lines
- filmforming, causing the illusion of a smoother skin while also trapping moisture
- The chemical composition of extracts determines if they can be used as anti-ageing extracts and what effects they will have. Most extracts commonly used as anti-ageing extracts have a high level of antioxidant activities.

Table 1: Classification for examples of anti-ageing extracts

Source	Classification
<p>CosIng: European Commission database with information on the International Nomenclature of Cosmetic Ingredients (INCI), cosmetic substances and ingredients.</p>	<p>CosIng lists active ingredients with antioxidant, skin conditioning and skin protecting properties. Examples include:</p> <ul style="list-style-type: none"> • <i>Camellia sinensis</i> leaf extract (tea) • <i>Vitis vinifera</i> seed extract (grape seed) • <i>Morus alba</i> root extra (mulberry) • <i>Glycyrrhiza glabra</i> extract (liquorice)
<p>Chemical Abstract Service (CAS) Registry Numbers</p>	<ul style="list-style-type: none"> • 94167-05-2 (mulberry) • 84775-66-6 (liquorice) • 84961-57-9 (pomegranate)
<p>Harmonised System (HS) codes (trade)</p>	<ul style="list-style-type: none"> • 1302.19 – Vegetable saps and extracts (excl. liquorice, hops and opium) • 1302.12 – Extracts of liquorice (excl. that with a sucrose content by weight of >10% or in the form of confectionery)

Source: [European Chemicals Agency, CosIng](#)

2. What makes Europe an interesting market for anti-ageing extracts?

Anti-ageing cosmetics remains fast growing segment

Anti-ageing remains one of the [fastest-growing product categories within cosmetics](#). There are more than 2,500 anti-ageing agents listed on [the ingredients database of in-cosmetics](#), the main global trade fair for cosmetic ingredients. Other categories of ingredients listed on the in-cosmetics database, which can be used to achieve particular anti-ageing effects as well include:

- anti-inflammatories (2,418 ingredients)
- anti-wrinkle agents (1,008 ingredients)
- conditioning agents (3,285 ingredients)
- moisturizing agents (3,930 ingredients)
- regenerating and revitalizing agents (1,057 ingredients)

The growth of the anti-ageing segment is likely to continue as European consumers give more attention to products that market effects such as feeling good and 'looking radiant'. For example, Cosmetics Design Europe reported that a survey in the United States showed that [women over 40 are concerned about their ageing look of their hands](#). These female consumers look out for products that may improve the appearance of their hands.

To fit this consumer demand, cosmetic brands are [changing the way they market anti-ageing products](#) into more positive language. For example, manufacturers market products which claim to 'capture youth', 'preserve youth', or which may help consumers to 'age well'. Marketing materials use terms such as 'beautiful ageing', 'radiant skin', 'rejuvenating' and 'returning skin to a balanced, healthy state'.

The [ageing European population](#) drives the demand for anti-ageing cosmetics, especially when combined with the perceived consumer demand for products that may help them feel and look healthy and young. Cosmetic brands are also including younger consumers in the marketing of their products, for example developing [product lines for 20 or 30-year-olds](#). These are commonly marketed as preventing signs of ageing.

Tips:

Use the right terms in your marketing materials and communication to show you understand changing perceptions of health and ageing. How do your ingredients make consumers feel and look? Do they have properties or components that consumers look for, such as vitamins and antioxidants?

Adapt the terminology used in your country for the European market. For example, skin whitening is not a term used in Europe. Instead, these products tend to be marketed as skin brightening.

Connect the marketing terms you use to the correct technical terminology. For example, an ingredient's soothing or smoothing properties, which are more technical expressions, could be incorporated in the marketing of a final product as rejuvenating the skin.

Stay up-to-date with developments in the anti-ageing segment by reading trade publications such as [Cosmetics Design Europe](#), beauty blogs or by checking the websites of trade fairs such as [in-cosmetics](#).

Be aware of the growing trend against the term anti-ageing. Some manufacturers are now avoiding the term anti-ageing, instead using alternatives such as "age well" (Neal's Yard), "pro skin" (Drunk Elephant) and "anti-wrinkle" (Neutrogena). Other terms include "youthful-looking appearance", "radiant complexion", "defy your age" and "rejuvenate your skin".

Innovation in anti-ageing products

Innovation is a key factor in cosmetics, especially in a competitive segment such as anti-ageing. At the same time, consumers and cosmetic producers look for ingredients that have been scientifically proven to be safe and effective. As anti-ageing products offer benefits that are highly important to users, both consumers and, therefore, buyers require strong proof of safety and efficacy.

Industry sources indicate that their performance extracts are either based on clinical studies or technical literature that provides solid grounds for making safety and efficacy claims. Documentation and stories around traditional use provide a good indication of efficacy but need to be backed up with efficacy testing.

Efficacy testing can be done at different levels, ranging from basic sample testing to clinical trials and in vitro testing. See the [session on Market entry barriers](#) for more information.

Anti-ageing extracts with a traditional use include extracts that were used to reduce blemishes, to firm skin or increase elasticity and to provide a smooth feeling of the skin. Traditional use can be the first step to determining if a specific extract is effective and interesting for further scientific testing. If it is well documented, you can also add it in your product documentation or as a basis for your marketing story.

Tips:

Include traditional use of your extract or its raw plant material in your promotional materials. Inform your prospective buyers about the potential anti-ageing benefits based on this traditional use, in particular if you can relate it to specific beauty rituals in its country of origin.

Consider different fruits when searching for antioxidant extracts with potential as anti-ageing ingredients, including fruits that are indigenous to your area, based on by-products of fruit juice or from food industries.

Growing developing country supplies of extracts to Europe

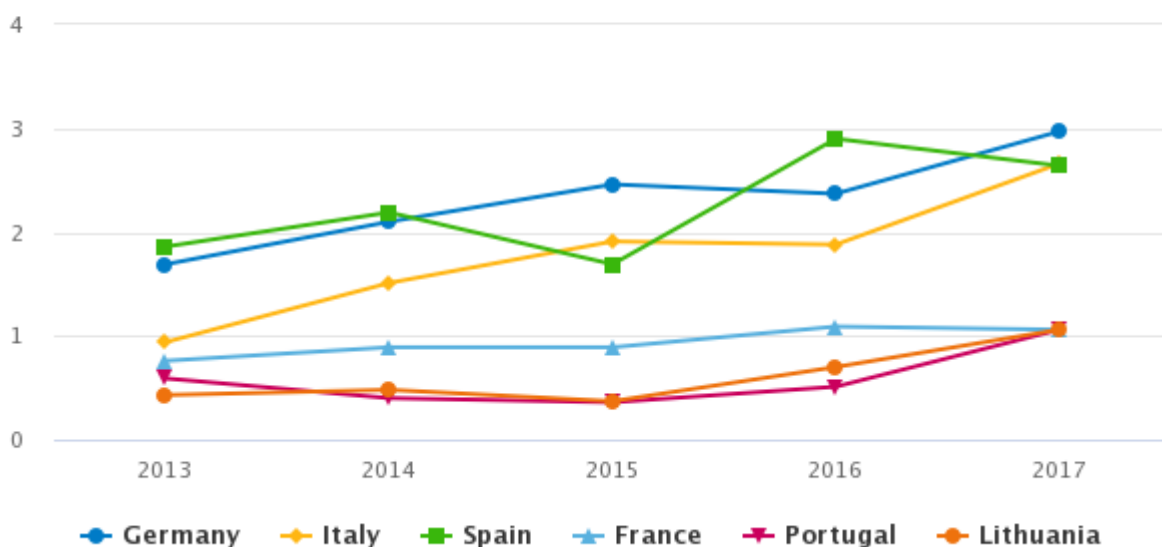
Anti-ageing extracts are included in the trade data on botanical extracts. Only liquorice extract, used for its skin brightening and whitening properties has its own code in trade data (see HS codes under the section 'product description').

Volume of European imports of botanical extracts, excluding liquorice, opium and hops, grew by 11% from 2013 to 2017 (both in volume and value). In 2017, European imports amounted to 58,000 tonnes valued at € 803 million. Developing countries accounted for 27% of these imports in 2017.

The value of imports from developing countries showed the strongest growth over the last five years, at +18% annually, while volume grew by 7% annually. This means that, on average, the import price of extracts from developing countries is growing faster than that of extracts from European suppliers.

Figure 1: Leading European importers of botanical extracts from developing countries

in thousands of tonnes



Source: Eurostat, 2018

Figure 1 lists the leading European importers of botanical extracts from developing countries. These countries' imports of botanical extracts from developing countries increased more than the European average in the 2013–2017 period. Demand from Italy and Lithuania grew strongest, by +30% and +26% annually from 2013 to 2017. However, imports from Lithuania could represent an anomaly in the data, as different data sources do not share this trend.

Germany, Italy and Spain are the main importers of botanical extracts, as these countries have strong processing industries. France by comparison imports a relatively small share of botanical extracts directly from developing countries (6% of its 2017 total), in spite of also having a strong processing industry. It is assumed, however, that a large portion of French imports of botanical extracts is destined for cosmetics.

Other European countries with current smaller import volumes of botanical extracts offer growing opportunities for developing country exporters as well. The countries with the strongest growth in the volume of botanical extract imports from developing countries include:

- Poland (+26% annually from 2013-2017)
- Belgium (+30%)
- Denmark (+56%)

Tips:

Focus on growing markets, such as Germany, Spain, Italy, Portugal and Lithuania. These countries offer growing opportunities for suppliers from developing countries.

Identify companies that specialise in imports of natural ingredients for cosmetics. See our [tips for finding buyers](#) for more information.

Identify other, smaller potential markets for your exports by doing a feasibility study. These markets could still offer substantial export opportunities for small and medium-sized enterprises, as competition will likely be lower than in the main markets in Europe.

See our [study on liquorice extract for cosmetics](#) for specific trade data on liquorice extract.

Natural cosmetics market continues to grow

According to the Kline group, the natural cosmetics market amounted to \$ 33 billion globally in 2015 (€ 29 billion). That figure is 13% of the total cosmetics market (Brands with a Conscience, Ind & Horlings, 2016). This market is predicted to grow to \$ 50 billion (€ 44 billion) in 2019. Mordor Intelligence expects that [natural products will experience the highest growth rate](#) in anti-ageing skin care.

Industry sources indicate that there is a growing demand for all natural products that use natural processes and processing. For example, some extract producers are moving from solvent extraction to CO2 extraction. In this process, there is no trace left of the solvent used, which fits the natural trend even better. However, this depends on the type of solvent used. Water and other solvents are commonly known and their safety in use is well known. CO2 extraction is expensive and as such not common.

International cosmetic producers are taking up the trend for natural cosmetics. L'Oréal recently acquired a German natural cosmetics brand in its drive to [increase market share in the natural cosmetics market](#).

Tips:

See our study on [buyer requirements for natural ingredients for cosmetics](#) for more information on natural certification standards.

See our study on [trends for natural ingredients for cosmetics](#) for additional tips and trends.

3. Which requirements must anti-ageing extracts comply with to be allowed on the European market?

Requirements for cosmetic ingredients

You can only export your anti-ageing extracts to the European cosmetics market if you comply with the legal [requirements for natural ingredients for cosmetics](#). These requirements include:

- relevant [European cosmetics legislation](#) (Regulation (EC) 1223/2009), which includes criteria for the [substantiation of claims](#);
- well-structured product and company documentation to supply to your buyers;
- [Registration, Evaluation and Authorisation of Chemicals](#) (REACH). This does not directly affect exporters, as European companies need to ensure their ingredients comply with REACH. However, for new and unusual ingredients, importers will need safety data. They will also use this to determine if REACH applies or not. Exporters can also create a European entity to register ingredients under REACH on their behalf;
- [Classification, Labelling and Packaging of chemicals](#) (CLP). You can also discuss this requirement with the freight forwarder or transport company, who will usually be happy to advise you.

Tips:

Comply with market access requirements in terms of quality control, traceability and sustainability. You need to show where your extract comes from and where it is processed.

See our [tips for doing business](#) for additional information.

See our workbook on [preparing a technical dossier for cosmetic ingredients](#) for more information and tips on documentation requirements.

Access and Benefit-Sharing (ABS) and Convention on International Trade in Endangered Species of wild fauna and flora (CITES)

You also need to comply with requirements derived from international treaties on using and trading plant resources.

The Nagoya Protocol provides guidelines for accessing and utilising genetic resources and traditional knowledge and the [fair and equitable sharing of the benefits](#), called Access and Benefit-Sharing (ABS). European companies are legally required to ensure that the ABS legislation, where the activities fall within scope of the legislation, has been followed in the country of origin and downstream to their business.

You also need to comply with requirements on trading plant resources as agreed internationally under CITES. CITES aims to protect endangered plants and plant products by regulating their trade. It provides a list of plant species that you cannot export or import, where export and import are restricted and where you'll need export and import trade permits.

The European Union has translated guidelines on ABS and CITES into European law. Most likely, these are also part of your national law.

Tips:

Find out the status of Access and Benefit Sharing legislation in your country and whether sourcing and processing of your ingredients falls within the scope of that legislation.

Develop a procedure to check whether ABS applies to every new genetic resource or traditional knowledge that you want to develop.

See our study on [buyer requirements for natural ingredients for cosmetics](#) for more information on

ABS.

When you start working with a new species, [check its conservation status](#) at the CITES Checklist.

Read [more about CITES](#) on the Trade Helpdesk website.

Additional buyer requirements

Many European buyers have additional requirements that can go beyond legislation and standards. These elements are established in buyer specifications and include the following requirements:

- Deliver a good and reliable level of quality by following basic practices such as [Hazard Analysis and Critical Control Points](#), or [Good Manufacturing Practices of the European Federation for Cosmetic Ingredients](#) if you want to do more;
- Make sure you are a sustainable supplier, in order to guarantee the future availability of your ingredients. Avoid overharvesting of wild plants, provide living wages to your collectors and ensure that you can deliver stable quality and quantities of extracts. Certification of these sustainable practices is only a requirement for niche markets;
- Show good Corporate Social Responsibility (CSR) practices such as developing a code of conduct and improving your performance in key areas (for example, banning child labour and limiting damage to the environment).

Voluntary standards and certifications

Standards for cosmetic ingredients include:

- Natural cosmetics: the largest and most important niche market — [NaTrue](#) and [Cosmos](#);
- Organic cosmetics: [Soil Association](#) (the United Kingdom) and [Ecocert](#) (France) also certify according to the Cosmos standard for natural and organic cosmetics. [BDiH](#) (Germany) also has its own standard;
- You can also use the ISO 16128 standard [part I](#) and [part II](#) as an alternative minimum self-certifiable standard for natural and organic cosmetic ingredients and products. This is especially interesting for smaller producers, if certification according to a private standard is too expensive or not required;
- Fair production: a small niche market in terms of certified cosmetic ingredients — [Fairtrade](#) and [FairWild](#) (for wild-collected ingredients).

Quality requirements

In Europe, anti-ageing extracts must be pure and without additives in order to be of optimum quality. Moreover, standardisation is increasingly important. This procedure refers to the situation when the content of the active components with anti-ageing properties is standardised.

In most cases, cosmetics buyers prefer odourless and colourless extracts in liquid or spray-dried form. Anti-ageing extracts must effectively combat the signs of ageing. Scent results are better achieved by applying specific fragrance ingredients.

Tips:

Minimise the time between harvesting and extraction to prevent quality deterioration.

If you work with suppliers, give them clear standards on the collection, handling and processing of raw materials that you buy from them in your own specifications. If your suppliers lack technical or human resources capacities, include pictures in your specifications and train them on how to comply with these standards.

Determine which extraction method you need in order to optimise the anti-ageing properties of your

extract. Use an extraction method that is consistent with your buyers' preferences and specifications.

Keep facilities and equipment clean to prevent contamination with foreign materials. Produce your anti-ageing extracts with a minimum of impurities.

Do not add additives to your extracts unless your buyer requests them. Any use of additives must be specified in the Technical Data Sheet (TDS).

Create a standardised product with a well-defined specification. Develop and monitor standard operating processes for harvesting and processing. Use raw materials from different crops to standardise your product's quality, for example, by combining early and late crops or by using crops from different slopes or areas.

Provide details of the chemical profile of your extract, which is a basic requirement. Include this information in your Product Factsheet and the product's specifications. Work together with local universities or laboratories to determine your extract's composition. Some extracts are well known and sufficient data is already published on their safety profile and anti-ageing properties.

See our study on [preparing a technical dossier for cosmetic ingredients](#) for additional information.

Labelling and documentation requirements

You need to comply with the following European requirements when labelling your anti-ageing extracts:

- Set up a registration system to identify and trace individual batches of your anti-ageing extracts, whether they are blends or not, and mark them accordingly to ensure traceability.
- Label your products in English, unless your buyer wants you to use a different language.

Your labels must include:

- product name and International Nomenclature Cosmetic Ingredient (INCI) name
- batch code
- place of origin
- name and address of exporter
- date of manufacture
- best-before date
- net weight
- recommended storage conditions

For organic extracts, include the name and code of the inspection body and the certification number.

You also need to provide your buyer with the following [documentation](#):

- Technical Data Sheet (TDS) — check [this example of green tea extract](#))
- certificates of analysis, to support the claims in your product specifications — check [this example of pomegranate extract powder](#)
- Safety Data Sheet (SDS)
- Genetically Modified Organism (GMO) certificate, if requested
- certificate of origin
- product information sheet
- 100% composition of the extract

Some anti-ageing extracts can be classified as hazardous, such as liquorice extract. For these extracts, you need to include relevant hazard symbols (see Figure 2) in order to indicate that the extract is hazardous to the environment, flammable or harmful. You also need to include relevant risk and safety phrases, depending on

the precise classification of your extract.

Figure 2: Hazard labels for extracts



Tips:

Visit the website of the [European Chemicals Agency](#) to check the hazard classification of your extract.

See our study on [buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).

See our manual on [preparing a technical dossier](#) for more information (it includes information on preparing a Safety Data Sheet).

Packaging requirements for anti-ageing extracts

Packaging requirements differ per buyer and per extract. However, there are some general requirements that you have to take into account in order to preserve the quality of the product. See the tips below.

Tips:

Always ask your buyers for their specific packaging requirements.

Use containers of a material that does not react with the components of the extract, such as lacquered or lined steel and aluminium.

Clean and dry the containers before loading the extract.

Fill the headspace in the container with a gas that does not react with constituents of the extract, such as nitrogen or carbon dioxide.

Store containers in a dry, cool place to prevent quality deterioration.

If you produce organic certified anti-ageing extracts, physically separate them from extracts that are not certified.

See our study on [buyer requirements for natural ingredients for cosmetics](#) for information on classification, labelling and packaging (CLP).

4. What competition do I face on the European market for anti-ageing extracts?

Market entry barriers

Barriers to enter the market come from volume requirements, processing and supply chain management, accessing importers and providing efficacy data.

It may be difficult to enter established and competitive markets. For example, if you want to sell squalene, liquorice and green tea extract you need to make sure your products are competitively priced.

Markets for new extracts will be small initially, as it takes time to develop these markets. You need to make sure that you have a variety of good selling products in your company portfolio to reduce risks and avoid dependency on one or two products. Otherwise it is unlikely that your company can be viable.

Processing and supply chain management

Processing can also be a market entry barrier, especially for extracts. You may need to make significant investments in extraction installations, depending on the raw material you use and the wishes of your buyers. You will also need specific technical expertise to ensure good, standardised product quality and product safety. For example, different solvents and extraction times can lead to variations in extract compositions.

You need to determine which extraction methods result in a product with good and stable quality, while you also need to find out what your buyer expects from you. This information will help to determine which investments and expertise you need.

You need to show good practices in terms of the supply chain:

- processing and safety
- handling of raw materials and extracts
- availability
- traceability

You need to document these processes in order to show your buyers how you manage risks on all of the above points. Ideally, you would certify some of these processes.

According to industry sources, balancing supply and demand can be a barrier for performance extracts, such as anti-ageing extracts. For these products, development and formulation processes take a long time, while you need to plan thoroughly as supplies are often seasonal. Therefore, be aware that when you start to develop a new anti-ageing extract, it can be difficult to avoid under or over supply.

Efficacy data

Anti-ageing extracts require thorough testing to proof an anti-ageing effect. Formulators will require you to provide evidence of an ingredient's efficacy, although they do not always require you to supply full efficacy data, which can be difficult and expensive to provide. You need to show the results of efficacy tests in your marketing campaign. Testing covers two main steps:

1. Testing the efficacy in terms of the suggested effect before and after treatment. For example, often in the case of anti-wrinkle effects, the length and depth of wrinkles are observed.
2. Assessing the overall cosmetic quality and efficacy of the product by participants in the study.

High marketing costs

If you produce new extracts, you will encounter high marketing costs.

You will need to build trust and partnerships with your potential buyers, which can be a long process.

Tips:

Discuss the range of anti-ageing tests available with your service provider. Choose tests that fit your objectives, claims and your budget.

Determine which investments you need to make to produce extracts. If you need a significant investment, consider sharing the costs with other extract producers.

Ensure you have access to sufficient raw materials. Research whether or not you can meet market prices and secure sufficient quantities to achieve economies of scale. You may be able to improve your competitiveness by improving production and extraction yields or reducing energy inputs. The latter can also be an important sales argument to buyers that focus on sustainability.

Prepare detailed product documentation on the product, its technical, safety and efficacy data, as well as professional samples. Increase your capacity for safety testing and monitoring to do so.

Determine to what extent you can enter markets for established anti-ageing extracts. Can you supply sufficient volumes at a stable quantity and an attractive price?

Build up a library of documents that refer to the properties, benefits and claims associated with your anti-ageing extract. You can for example refer to publications, press releases, and scientific articles, such as those available on [Google Scholar](#).

Perform feasibility studies of new extracts to determine whether or not your extract has sufficient potential on the market. Examine your extract's functionality, efficacy, safety and market opportunities. Base these opportunities also on the price and availability of the raw materials.

Set aside sufficient funds for promotion activities. This process can be costly, but it is important to demonstrate the benefits that your product can offer to new potential buyers.

For more information and tips, see our [tips for doing business](#).

Product competition

Cosmetics manufacturers are not keen to change ingredients in existing formulations. They would have high costs of reformulating and testing the product and creating new Product Information Files. As anti-ageing extracts are often key ingredients in a product's formulation and story, manufacturers frequently invest large sums in product development and marketing. When it comes to new products, manufacturers will change the ingredients more readily if they have not already heavily marketed the original ingredient in a product line.

Anti-ageing extracts face competition from a wide range of ingredients. These ingredients include:

- Synthetic alternatives — These are the main sources of product competition. Several well-established ingredients with proven low effectiveness are on the market. They have been standardised for easy application in different types of formulations. Some of these alternatives are cheap because there is strong competition, for example, from China. Examples include silicones, peptides, collagen, coenzyme Q10, synthetic alpha-hydroxy acids, kinetin and synthetic vitamin E.
- High-tech biotechnology ingredients based on microorganisms and plant stem cells.
- Plant-based squalene — Olives provide the largest source, but squalene from wheat germs, rice bran and amaranth seeds is also on the market.
- Natural extracts such as tea and grape seed extracts — These two are important competitors due to the scale of production. Tea is cultivated on a large scale in Asia and East Africa and grape seeds are waste products of the substantial grape juice and wine production in countries such as France, Italy, Spain and South Africa.

You have several options to stand out from the competition with your anti-ageing extract, such as:

- developing an extract with popular properties related to relevant market trends;
- developing extracts with a strong, documented efficacy based on a standardised extract;
- developing interesting marketing stories based on the extract's origin and marketing appeal;
- certifying your extracts, especially organic;
- excelling in Corporate Social Responsibility (CSR) — buyers expect you to have basic CSR strategies in place and will not pay more if you excel and need to justify a higher price;
- improving access to resources and resource use sustainability;
- producing an extract at competitive prices.

You can also stand out from the competition by developing proprietary extracts: extracts that are protected by intellectual property rights. Provided that your extract proves to be safe at the recommended levels of use in a end-product, it becomes more attractive to cosmetics manufacturers as you progress further along the efficacy chain, which covers the following steps:

1. analysis of theory
2. standardisation of the extract to ensure consistent results
3. chemical analysis of the extract and its components
4. testing for safety and efficacy of the extract
5. testing extract in cosmetic formulations

Significant financial investment in extensive research is however necessary to develop proprietary extracts for specific anti-ageing properties.

Table 2: Example of product substitution for anti-ageing ingredients

	Centella asiatica	Kigelia africana
Comparative profiles	Both <i>Centella asiatica</i> and <i>Kigelia africana</i> are used for their anti-ageing, skin-firming and anti-inflammatory properties. <i>Centella asiatica</i> is a more established product with proven effectiveness, whereas <i>Kigelia Africana</i> is newer to the market.	

Centella asiatica

Kigelia africana

Competitive advantages

- *Marketing potential of Centella asiatica* is based on its use in traditional medicine within Asia. The leaves are used as food in Sri Lanka.
- *Efficacy*: the active components have anti-oxidant properties, which makes them interesting in cosmetics.
- *Centella asiatica* is used to produce an anti-ageing and skin-firming extract. Its active ingredients have shown to have modulating properties on the development and metabolism of connective tissue. The extract promotes collagen synthesis (Provital).
- *Price* depends on many factors: type of extract, concentration of actives, etc. This product has a well-established, competitive value chain.
- *Availability of Centella asiatica* is higher, as the extract is now available from large multinational suppliers of cosmetic ingredients. *Social responsibility*: *Centella* is a commercial product without a strong social responsibility story.

- *Marketing potential of Kigelia africana* is higher than *Centella asiatica*. *Kigelia africana* is new, exotic for Europeans and native to Africa. It is based on the traditional use of *Kigelia* fruits in Africa, both in medicine — as a treatment for skin complaints from eczema to skin cancer — and in cosmetics as a preparation to firm and enhance skin tissue.
- *Efficacy*: this product produces tightening and a general increase in skin firmness. It can be used in products designed for eye contour care, breast shaping and firming, skin tightening and products designed to give mature skin a more youthful appearance (Laboratoires Prod'Hyg).
- *Price* depends on many factors: type of extract, concentration of actives, etc. *Kigelia* has a new, emerging value chain.
- *Availability* is low, as this ingredient is generally supplied by small and medium-sized enterprises and sourced directly from companies in Africa. *Social responsibility*: *Kigelia* has strong social benefits in its production.

Source: Andrew Jones, CBI sector expert Natural Ingredients for Cosmetics, Fair Venture

Tips:

Determine the chances of substitution for your product. Find out which competing ingredients you should include in your market analysis. Have a look at Table 2, which gives some considerations for product substitution by comparing the competitive advantages of two anti-ageing extracts. Compare the composition and properties of your extract with those of the competing products. Communicate this information in a clear and attractive way.

Develop a marketing story for your extract. What sets your extract or your company apart from competitors? Determine which story is the most attractive for your targeted market segment.

Perform skin trials to demonstrate the effectiveness of your anti-ageing extract. Conduct specific research into the effects on different parts of the skin that have different anti-ageing needs, such as hands, face or eye region. This information may give you an advantage over competitors. Work with a recognised product or ingredient testing service, ideally in Europe. Be aware of the costs involved.

Based on these trials, provide efficacy data on the use of your extract in specific application areas to

differentiate yourself on this market. Ensure that you have thorough efficacy data to back up your specific claim. This information will help buyers to make claims about the final product.

Provide your buyers with high-quality pictures or videos to support your marketing story. For example, supply pictures of the exotic origin of your extract, skin trials results, as well as traditional or local production processes.

See our studies of vegetable oils and extracts for more product-specific information and tips: [vegetable oils for conditioning](#), [natural exfoliants](#) and [conditioning extracts](#).

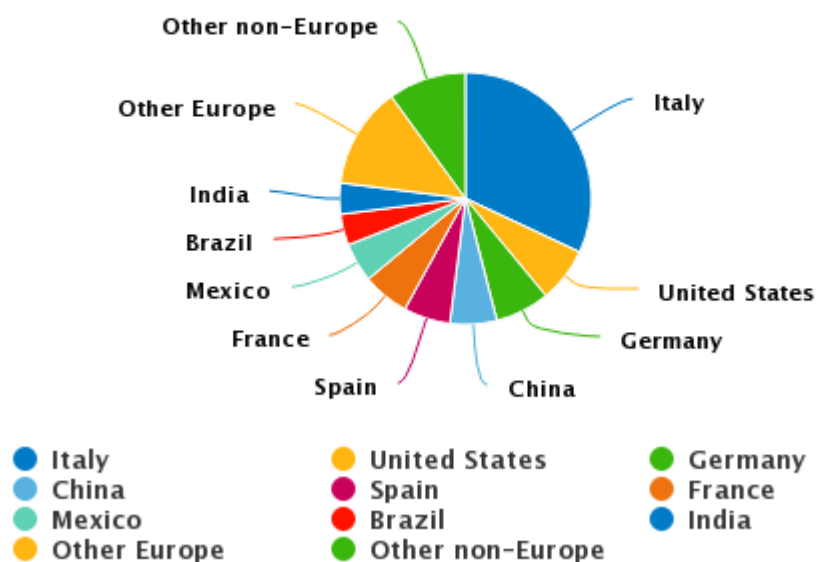
Use sources such as the [in-cosmetics ingredient database](#) to identify competing ingredients being brought to market.

Company competition

Unless you develop a new ingredient, other suppliers can deliver the same product as you. To differentiate your anti-ageing extracts from rivals on the market, you need to find your unique selling point. You can find more information on the section [Product competition](#) above.

You also need to build your company reputation to stand out from your rivals. Industry stakeholders indicate that companies increasingly use their reputation to stand out from the competition, instead of focusing on the individual products they produce. Having a strong company reputation based on trust may make it easier to stand out from the competition and will improve your negotiation position.

Figure 3: Leading extract suppliers 2017
in share of total supply volume



Source: Eurostat, 2018

European companies are strong competitors for your natural extracts. In 2017, European countries accounted for 63% of the total natural extract supplies to the European market. European competitors use their technical expertise and close contacts with cosmetics buyers to produce high-quality, innovative and often proprietary natural extracts that closely match customer expectations. In general, while the number of serious competitors in the area of natural extracts is limited, their quality and professionalism is high.

Developing countries supplied almost 16,000 tonnes of extracts to the European market in 2017. The main suppliers from developing countries are China, Mexico, Brazil and India. Together, they accounted for 74% of the supply volume from developing countries to the European natural extracts market in 2017.

China, the leading supplier of natural extracts to European countries at 14% of the total import value, can be a tough competitor in this market. France, the United States and Germany trail China, which produces a wide range of botanical extracts, including from species that have been introduced to China and are also grown in other developing countries. The leader China also imports raw materials from countries in Asia and Africa to process into extracts and can compete with extractors from those countries.

Because extracts are produced in a wide range of growing conditions, supplies of extracts from developing countries are very fragmented. Some cultivated species grow exceptionally well in certain climates, while others only occur in the wild within specific regions. Various extracts benefit from the availability of skilled or cheap labour in specific areas, such as the extraction industry in India. This industry processes a wide range of plant materials from neighbouring countries.

Commonly used anti-ageing extracts include green tea from Asia and East Africa and grape seed extracts, for example from Southern Europe and South Africa, which are cultivated on a large scale. Additionally, extracts that have high levels of antioxidants, such as pomegranate and rosemary, are commonly used in anti-ageing cosmetics.

Tips:

Analyse export data from countries that produce similar or competing extracts to find competitors and export markets for your products. In many cases, you can find more detailed and specific export statistics at local statistics offices. For example, check the websites of the departments of commerce in these countries.

Promptly answer questions and requests from your potential buyers. Be open and honest in your communications. Keep your promises and be transparent about non-compliance.

Demonstrate that you are a reliable supplier in terms of quality consistency, delivery, packaging, service delivery and supply security.

Organise your supply chain to differentiate your company on the market. Make sure that your supplies are traceable, sustainable and well documented.

Be prepared to support statements that you make with documentation. You also need to prove your policies on Corporate Social Responsibility.

See our [tips for doing business](#) and our study on [competition for natural ingredients for cosmetics](#) for additional information.

5. Through which channels can you get anti-ageing extracts on the European market?

Which market segments to target?

In order to determine which market segment you should target with your anti-ageing extracts, you need to answer the following questions.

1. What does your extract do?

You need to determine what are the anti-ageing properties of your extract. You can use the chemical composition of your extract as a basis for these properties, but you will often need more proof. For many extracts, you can find existing information on databases such as [CosIng](#), describing their various properties and uses, including:

- antioxidant
- film forming
- smoothing
- skin protecting

In addition, extracts with conditioning properties are also used as anti-ageing extracts. These properties include skin conditioning, soothing, humectant and moisturising.

Cosmetic manufacturers use various ways to market anti-ageing ingredients of products, including describing their properties as being able to:

- Restore the appearance of the skin or radiance
- Line correcting
- Help skin tone and firmness
- Calm the skin
- Restore and soften the skin
- Smooth wrinkles
- Form a protective barrier to prevent further skin damage

Make sure that you support your product with relevant efficacy and safety data to prove these properties, either from your own research or by referring to publicly available data.

2. For which industry segment is your extract useful?

Anti-ageing extracts are mostly used in leave-on cosmetics products, especially in skin care products. Skin care products that contain anti-ageing extracts include face cream, body lotions and aftershave cream.

In these products, anti-ageing ingredients are most effective. Moreover, consumers tend to be more willing to pay a higher price for skin care products. This means that the relatively high prices of truly effective anti-ageing extracts are less of an issue.

In determining the relevant industry segment for your extract, you need to segment this category further. Determine if your extract is useful in products such as serums, eye creams, night cream, face mask, hand cream, or specific anti-wrinkle creams.

Cosmetic brands also segment anti-ageing products based on age. For example, L'Oréal markets specific products for 20+ (anti-imperfections), 30+ (anti-fine lines) and 40+ (anti-ageing).

Other ways to segment anti-ageing products are based on skin type, such as dry or oily skin.

Anti-ageing extracts only find limited use in hair care and toiletries. They are not used in fragrance and decorative cosmetics.

3. What kind of market player would be interested in your extract?

The strongest demand for natural anti-ageing ingredients comes from the natural cosmetics sector. Conventional cosmetics producers will rarely consider natural extracts to introduce this property in their products, as there are cheaper, highly effective synthetic options available on the market. Even natural cosmetics manufacturers might choose synthetic options.

If you can ensure stable quantities and quality, large cosmetic brands offer good opportunities. High-end

cosmetics manufacturers may use highly technical extracts that may have a natural origin, but this origin is not used in the product's marketing.

4. What is your product's unique selling point?

The unique selling point of your anti-ageing extract can be based on its marketing appeal or its performance. You need to find out how your product stands out from the competition. What makes it different or special? For example:

- Does your extract include compounds that have been proven to have smoothing or skin brightening properties? Does it have high levels of antioxidant activities?
- Can you offer a highly effective extract based on efficacy data?
- Do you offer an extract with an interesting marketing story? Is it traditionally used in beauty rituals to age well?

Tips:

Use the [properties of anti-ageing extracts as registered in CosIng](#) or as listed on websites of European manufacturers of cosmetics products in your promotional materials. Do not use terminology that is not used on the market.

Collaborate with a local university department or laboratory to determine the composition of your extract for a 100%. You need to include this information in your product documentation.

In your promotional material, include the benefits of anti-ageing extracts across market segments and the marketing of products in ranges.

See our study of [doing business](#) in natural ingredients for cosmetics for additional information.

See our study of [market channels and segments for natural ingredients for cosmetics](#) for an overview of market channels, segments and developments.

Through which market channels can you get anti-ageing extracts on the European market?

Anti-ageing extracts are produced both in developing countries and in Europe. The optimum production location depends on the origin of the plant materials, their shelf life and vulnerability, the complexity of the extraction process and the costs of processing and transporting the product to the market.

Plant extracts are often processed further before they are effective in cosmetic products for skin brightening, stimulation, smoothing, renewal or any other anti-ageing benefit. These processes include isolation of active principles or chemical processing. For example, the compound glabridin is isolated from liquorice extract for its skin brightening effects.

European distributors are your most important entry point into the market. They will supply the extract to processors or directly to cosmetic manufacturers for certain products. Cosmetic manufacturers commonly use relatively low volumes of extracts and prefer to purchase from reputable distributors that can reduce risks. Moreover, distributors or agents can help you create demand for new extracts.

It is very rare for small exporters from developing countries to supply European processors and manufacturers directly. It can be difficult for small exporters to provide sufficient volumes and quality at short delivery times. Moreover, processors and manufacturers commonly do not want to buy ingredients from a high number of suppliers.

Whether you can process raw materials yourself or should work with an extraction company nearby or in Europe depends on:

- the origin of the raw plant materials;
- the shelf life and vulnerability of the raw materials;
- the complexity of the extraction process;
- the processing costs and the identification of the quality requirements for your chosen customer, depending on their position in the value chain;
- the transport costs to export the product to Europe.

If you want to develop proprietary extracts, you need to work on joint product development with distributors or processors of ingredients in Europe. These companies know the market, the buyer requirements and the decision makers within their client companies.

Tips:

Do a feasibility study to find out whether you could set up installations to process anti-ageing extracts yourself. Find out which installations you would need in order to meet your buyers' requirements and determine whether you can earn a return on your investment. Even though these ingredients could fetch a much higher price, the costs and human resource requirements are also far higher.

Benefit from the experience and knowledge of European importers instead of approaching end-users directly. If you export specialised products such as proprietary anti-ageing extracts, target European importers who focus on distributing extracts to different cosmetic producers. These importers can be larger, such as [IMCD](#) (Netherlands), or smaller.

If you produce certified anti-ageing extracts, check the websites of buyers to find out whether they work with certified ingredients. Buyers that do not do so are unlikely to pay a premium for your certification.

Visit and participate in trade fairs to test market receptivity, to obtain market information and to find potential business partners. The most relevant trade fair in Europe for exporters of anti-ageing extracts is [in-cosmetics](#). Other options include [Beyond Beauty](#) (Paris, France), [SANA](#) (Bologna, Italy) or [Vivaness](#) for organic producers (Nuremberg, Germany).

Find potential buyers by identifying finished products on the market that already use anti-ageing extracts. For example, check websites such as [Cosmetics Analysis](#).

See our studies on [finding buyers](#) and on [market channels and segments](#) for additional information.

Supply a combination of extracts. This can make you more attractive to potential buyers. Consider both 'wet' and 'dry' alternatives for extracts, especially if the water content can be lowered without affecting the quality of the extract in order to reduce transportation costs.

6. What are the end-market prices?

Prices for anti-ageing extracts depend on:

- properties, efficacy and proof thereof — an extract with popular or special properties and proven efficacy could sell for a higher price;
- intellectual property – the further you progress in the so-called efficacy chain, the more valuable your product becomes (see the [section Product competition](#) for more specific information);
- raw material prices and processing costs — these costs can increase prices, for example, considering energy inputs, yields, equipment and process management costs;

- exclusivity and novelty versus availability — popular extracts with a limited availability can sell for a higher price;
- certification — certified extracts could sell for a higher price, as long as you are able to find customers willing to pay for the certificate.

Industry sources identified a price range of € 15 per kg for widely available, mass-produced extracts.

The active ingredient squalene, for example, produced from rice bran, wheat germ or olives, is priced at € 55–€ 70, depending on the volume offered. At the top of the price range, prices can rise to hundreds of euros for specialised extracts and even higher prices for isolated active ingredients. Of course, such extracts are used in low levels in finished products.

In general, natural extracts are more expensive to produce and are offered at higher prices than synthetic anti-ageing ingredients. For example, when used for their anti-ageing properties, natural vitamin E antioxidants cost € 80 (\$ 90) per kg, whereas their synthetic counterparts are priced at around € 27 (\$ 30) per kg.

Quality also affects price, but it is a subjective factor. You need to comply with legal requirements as a minimum quality standard. Beyond that aspect, your buyers will decide how they define high quality, for example, in terms of the composition or properties they are looking for. You need to find a buyer who values what you can offer and who is willing to pay more than other importers.

Tips:


Monitor harvests of your specific extract in major production countries to anticipate pricing developments. You could request such information from buyers.


Calculate your production costs by using a detailed cost breakdown from raw material to market. Do not forget additional costs such as certification, marketing and chemical analysis. After the cost breakdown, add a profit margin to create your selling price.


If you compare the price of your extract with competing products, also include the recommended dosage in cosmetics formulations in your calculations. Different ingredients must or may be used in different quantities to be effective. The price per kilogram needs to be adjusted for this ratio.

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