Which trends offer opportunities on the European market for natural ingredients for cosmetics?

Sustainability is key for European buyers of ingredients and consumers of cosmetics. European cosmetics producers are constantly looking for new vegetable oils, essential oils and botanicals. There are opportunities for new and established ingredients that work and that have an interesting provenance. Brexit will likely affect the European market for natural ingredients for cosmetics. However, its implications are not clear, as the exit conditions have not yet been agreed upon between the European Union and the United Kingdom.

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1. Sustainability is the key trend in the European cosmetics industry

European buyers identify sustainability as the key industry trend. In the long term, buyers may no longer want to work with suppliers that do not improve the sustainability of their company and ingredients.

Most buyers will only do business with sustainable suppliers. Buyers want to ensure that:

- the ingredients which they buy are traceable and comply with legal requirements;
- they can trust their suppliers;
- suppliers comply with good standards of social and environmental responsibility (Corporate Social Responsibility, CSR).

To do so, buyers require their suppliers to fill in supplier questionnaires. With the growing
importance of sustainability, industry sources expect a further need of information from the supplier side on the management practices of their supply chain; for example, growing demands for information on the provenance of your products.

For many buyers, sustainability does not require certification as long as you can demonstrate what you do in terms of sustainability. Support what you do with data about what is happening on the ground. What local impacts do you achieve? For example, what are the advantages for local communities, how many households benefit from your company, what is the impact on biodiversity and what data on local developments do you have? Cosmetics manufacturers can use this information to build a marketing story around the origin and sustainability of your product.

European buyers are also getting more involved in the sustainable management of natural resources that are of strategic importance to their products. This trend is a response to supply shortages of some ingredients, often caused by changes in weather patterns. Buyers are likely to be in more frequent communication with you in order to make sure that their orders will still be delivered on time and in full. They may also send their staff to spend time with you and your suppliers so as to minimise risks.

In order to make your company more interesting for new buyers, make sure that your supply chain is traceable. You need to know where all your raw materials and other inputs come from. Also demonstrate that you take responsibility for the sustainability of raw materials production throughout your supply chain.

On the consumer side, there is increasing concern about where cosmetic ingredients come from and whether they are produced sustainably. Consumer surveys from the Union for Ethical BioTrade found that consumers consider biodiversity conservation important. Consumers expect that companies respect biodiversity but do not trust that they do. Transparency is essential for consumers, who are increasingly asking detailed questions about the sustainability and origin of cosmetic products.

Certified ingredients and cosmetics still niche but growing
Demand for certified cosmetic ingredients is growing, mainly Organic and Fairtrade. The popularity of Organic (mostly with the COSMOS standard) and Fairtrade (such as Fairtrade International) certifications in cosmetics is also driven by the use of these certifications in food products. Because consumers generally know food labels better than cosmetic labels, they are interested in similar labels on cosmetic products.

Persistence Market Research predicts that the global market for organic cosmetics will grow by 8–10% annually from 2016 to 2022. The same company estimates that this market reached $ 11 billion in 2016 and expects the market to reach almost $ 22 billion in 2022. To compare, the total 2016 cosmetics market in the United States, Europe, China and Japan reached € 200 billion. Europe accounts for around 30–35% of the global organic market.

Strong growth on the markets for natural and organic cosmetics in Europe includes Sweden (by 22.2% in 2017) and the United Kingdom (24% in 2017). The main European markets for organic cosmetics are Germany and France, followed by Switzerland, Italy and the United Kingdom. Germany, France and the United Kingdom also have the highest number of natural product launches and a strong focus on innovation.

The European market for Fairtrade cosmetic ingredients is growing as well according to industry experts, especially in the United Kingdom. Cosmetic brands often combine Fairtrade ingredients with natural or organic labels.

Do you want to certify your ingredient? First determine whether there is sufficient interest in a certified version of your ingredient to recover your investment. Organic certification is the most common for essential and vegetable oils. For example, many buyers are interested in COSMOS certification.
Tips:

- Communicate to potential or new buyers what you are doing in terms of sustainability. What is the impact of your company on local communities? How are you reducing the footprint of your company? Do you use environmentally friendly production processes? Use company brochures, your website, social media and/or your newsletter.

- Promote the sustainable and ethical aspects of your production process. Communicate the community benefits to your buyers and also tell them what you are measuring in terms of ethical indicators. Provide proof of your sustainability practices. Buyers might ask you to support your claims with certification or documentation on your Corporate Social Responsibility practices.

- Register your company on the Supplier Ethical Data EXchange (SEDEX). This online platform provides a template of the typical information required. It also facilitates sharing this information with potential customers. European buyers identified this platform as an opportunity for suppliers.

- Read more about sustainability initiatives in the cosmetics industry to find out what buyers may expect from you in terms of sustainable sourcing and CSR. For example, see the websites of global manufacturers L’Oréal, Unilever and Procter & Gamble.

- See our study of Buyer requirements for natural ingredients for cosmetics for information on sustainability requirements, CSR, codes of conduct, implementation of a resource management system and certification standards.

2. Demand for natural cosmetics continues to grow, new applications for natural ingredients

As consumers demand cosmetic products with more natural ingredients, there has been a strong growth in natural ingredients and natural cosmetic products. In a reader’s survey from Cosmetics Design, 70% of respondents said that their company was making more natural, bio-based or green products than in past years.

European consumers are more aware of the importance of healthy lifestyles. They take more responsibility for their personal health, integrating mental and physical well-being. This healthy living trend also reinforces the popular view that natural products are safer than synthetic products. Among European consumers, this notion has sparked interest in natural cosmetic products and ingredients.

Cosmetic brands take different routes to promote the naturalness of their products and ingredients:

- Some focus on the performance of natural ingredients in the marketing of cosmetic products, especially in the case of botanical extracts. Instead of using the natural origin of an ingredient, they highlight the performance of extracts (as “active naturals”) or their hightech properties.
- Others build the value proposition of their company on the natural origin of the ingredients that they use without any specific active claim.

Companies that position themselves as “natural” also depend on high-tech natural actives. At the same time, companies oriented towards efficacy claims might use a large share of natural ingredients.

Strong growth of natural cosmetics market

Although the natural cosmetics market is smaller than the total cosmetics market, it is growing at a
much faster rate. See the table below.

Table 1: Comparison between global natural cosmetics market and total European cosmetics market

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<tr>
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<th>Global natural cosmetics market</th>
<th>European cosmetics market</th>
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<tr>
<td>Market size</td>
<td>$33 billion (€29 billion) in 2015 Of which 45% certified Natural</td>
<td>€77 billion in 2016</td>
</tr>
<tr>
<td>Market growth</td>
<td>10–11% annually in 2015–2019</td>
<td>0.8% in 2016</td>
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Sources: Brands with a Conscience, Ind & Horlings (2016); Cosmetics Europe (2017)

Germany, France and the United Kingdom have the highest number of natural product launches and a strong focus on innovation. Switzerland, Scandinavia and Italy are also important markets for natural cosmetics.

New and growing areas for natural ingredients

Natural perfumes and fragrances are gaining market share, with more and more retailers selling natural fragrances. Although volumes of synthetic fragrance ingredients are still much higher, there is a notable rise in the number of natural fragrance brands. Companies are reformulating products by blending synthetic ingredients with ingredients of natural origin, as producing 100% natural fragrances is difficult.

The growing market share for natural fragrances translates to a steadily growing demand for essential oils. Various market research organisations expect a strong growth in the global market for essential oils. In the coming years, the demand is expected to grow between 8.4% and 11.3% annually until 2024–2025, reaching between $14.0 and $15.8 billion. This trend provides increasing opportunities for essential oils producers in developing countries who are aiming for fragrance markets.

In addition, European buyers are increasingly interested in ingredients that are produced with natural processing techniques. For example, the demand for botanical extracts that are produced with CO2 extraction is growing as an alternative to products that use ethanol as a solvent. Buyers also indicate that there is a growing demand for vegetable oils to substitute for mineral oils in cosmetic products.

Tips:

- Determine how cosmetic brands promote their natural ingredients. Check their websites, visit companies at trade fairs or check online retailers. What elements can you use to sell the story of your natural ingredient?

- Do your own market research on trends in natural ingredients and cosmetics. Check online magazines such as Cosmetics Design Europe, online beauty blogs or trade fairs, including the ingredient database of incosmetics.

- See our studies of Essential oils in fragrances and aromatherapy and Antiageing extracts for more information.
3. Continuous innovation in cosmetic ingredients, buyers on the lookout for new ingredients

To stand out on the competitive cosmetics market, cosmetic manufacturers and brands rely on product innovation. New ingredients are an important part of that process. They can be completely new ingredients or common ingredients with a new marketing story or origin. Buyers indicate that smaller brands are especially active in innovations.

There are two main routes for innovation.

- Starting at the cosmetics manufacturer (topdown innovation): If a company wants to develop a product with an anti-ageing claim, it can ask its suppliers to deliver ingredients that could be used for such a claim. The manufacturer then develops a product based on one or more of these ingredients and owns all intellectual property of the product.

- Starting at the supply side (bottomup innovation): If you as a supplier can start innovation on your side and develop intellectual property yourself, you could profit more. You can also approach the brand to which you supply for feedback on your product innovation. However, risks are more substantial and developing new ingredients is very expensive.

Bottom-up innovation starts with documenting traditional use (if there is any) and can extend to testing as well as product development. See the tips on efficacy below. Target importers or distributors for such innovations. They know the European market, its requirements and opportunities, as well as which cosmetic manufacturers would be good business partners for your innovative product. Opportunities for innovation depend on the type of ingredients that you supply.

- Vegetable oils: These ingredients are relatively easy to introduce in Europe. Safety requirements are less demanding than for essential oils or botanical extracts. You need to ensure sufficient volumes. In addition, you need to answer buyer concerns on the presence of toxic fatty acids as well as the protein content (due to lowquality filtration and refining) and the related risk of provoking allergies. It is difficult for new vegetable oils to stand out on the market, because the functionality of vegetable oils is generally the same. They only differ from each other in their exact fatty acid composition, especially after refining.

- Essential oils: Introducing new essential oils in Europe is very expensive and demands compliance with strict as well as extensive legislative requirements. If the introduction of new oils is beyond your reach, reintroduce lesserknown or little-used essential oils that are permitted instead. Should you want to introduce new oils, identify the ones with a new fragrance profile from existing ingredients and partner up with a European company to support safety testing. The most important aspect is an oil’s fragrance profile. If this profile is new and interesting, companies in the fragrance sector can be keen to develop this fragrance. During development, they also look at the composition of the essential oil and the presence of prohibited or restricted components (see the International Fragrance Association standards).

- Botanical extracts: These ingredients are mostly used in skin care products. The demand is the strongest for extracts with active properties. These properties include Combating the signs of ageing (for example, toning or antiwrinkle), Reducing or reversing “environmental damage” (for example, skin lightening/whitening, moisturising or conditioning) and Antioxidants (for soothing and cooling).

If you want to develop new ingredients for the European market, beware of the following:

1. Is there enough market interest? Before you invest in developing new ingredients, talk to potential buyers or visit trade fairs in order to determine potential market interest.

2. Carry out initial product development tests yourself. It is easier to get potential buyers interested in your ingredient if you can show some basic test results, including how it performs in a finished product. Contract local universities to help with such tests. Find out whether your country provides subsidies to build up dossiers for product development. You can also do a trial of your ingredient in finished products to show its application, use and efficacy. Note that some testing might need to be done in Europe.
3. Study the type of agreement that you are negotiating with European or other partners before you start your cooperation. Is it non-exclusive? How proactive are they in promoting your products?

4. Maintain strict confidentiality at all times. Protect your knowledge and intellectual property at every step of product development, from the first identification of the ingredient to a market interest assessment and the investment in documentation so as to prove efficacy and safety.

Tips:

- Research the biodiversity in your country for new products. Explore your possibilities to offer innovative ingredients based on the traditional use of plants in your region. Always follow Access and Benefit Sharing (ABS) legislation on using these local ingredients. See our study of Buyer requirements for more information.

- In your product portfolio, balance innovative ingredients with established ones to reduce risks. If you only market new ingredients, it can take a long time to get a return on your investment.

- Use NonDisclosure Agreements to protect your intellectual property. See the templates of such NonDisclosure Agreements from the European Intellectual Property Rights Helpdesk.

- See our studies of promising markets and export products for additional information; for example, on skin conditioning, antiageing, essential oils for fragrances and vegetable oils for conditioning.

4. Continuous demand for ingredients with proven efficacy

To make your new ingredient interesting to buyers, you need to show that it works. It is no longer enough just to market your ingredient as natural. Buyers are either looking for ingredients with strong efficacy data and evidence from clinical research, or for products with technical documents and literature references on their traditional use. This aspect is especially important for new ingredients.

In addition, you need to be careful how you communicate your product claims. You need to communicate clearly what the properties of your ingredient are if you market an ingredient with active or functional properties. Prove claims about active or functional properties with evidence; for example, by doing a small clinical trial.

Also make sure that you use the correct terminology when you make claims. For example, you can use the term humectant (draws in moisture) but not moisturising (restores moisture). Use functions from the European Commission database for information on cosmetic substances and ingredients (CosIng) as a basis. Find out which tests will demonstrate or prove certain claims. Discuss this fact with the testing laboratory.

You can develop your product further in order to add more value to it. Transform it from theory to chemical analysis, cellular testing, synthetic skin testing and formulation tests. Create a clear, detailed product plan with a budget. Know exactly why you are selecting a particular test and how you can use it to build claims. Progressive product development testing adds value to your company, because you create intellectual property. However, buyers will only pay for this intellectual property if they also use your ingredient claim in their final product.

Well-known cosmetic ingredients that have been on the market for some time already have their own story on their properties and applications in final products. Still, buyers are interested in new and interesting stories about the provenance of existing ingredients. Provenance is the origin or
background of an ingredient, but it can also include how an ingredient is used or produced traditionally. Look for existing scientific literature to substantiate your claims if you produce well-known ingredients. You can use websites such as Google Scholar in order to find scientific research related to cosmetic ingredients.

**Tips:**

- Test your new ingredient yourself to attract buyers. It is easier to get potential buyers interested in your ingredient if you can show some basic test results, including how it performs in a finished product. Contract local universities to help with such tests or work with laboratory service providers. Note that some testing might need to be done in Europe.

- Are you considering the development of an ingredient with intellectual property? Be aware that buyers will probably only pay for your intellectual property if they use the claim of your ingredient in their final cosmetic product.

- Study the claims that European companies, ingredient processors and final manufacturers use, as well as how they communicate these claims. You can check their websites or visit companies at trade fairs. If you cannot visit a trade fair, check the fair’s online lists of exhibitors and products. For example, see the exhibitor directory and ingredients database on the incosmetics trade fair website.

- Always use research to support the ingredient claims that you make and their safety. See our study of Buyer requirements for natural ingredients for cosmetics for more information and tips.

5. Increased opportunities for adding value locally and direct sourcing

There are more and more high-tech extraction facilities in developing countries. With these facilities, you can produce and export natural ingredients that meet European market requirements. Whether buyers are interested in your ingredients depends on what their expectations are and how well you can meet these expectations. Trust is vital! To interest new buyers, they need to trust that you can meet their quality requirements. Some buyers will only buy raw materials from new suppliers.

Benefits of local processing for your buyer include:

- lowering costs of some ingredients due to lower labour and production costs;
- increasing a product’s shelf life and stability;
- standardising the product;
- making better use of the raw material;
- providing a better marketing story for ethical production.

Options for local processing

European companies are not always actively looking for further processed ingredients, unless there is a shortage of an ingredient. They would be interested if you can offer them an innovative ingredient.

Your options for local processing also depend on the product itself. What are the costs of transporting raw materials vs extracts to Europe? It is common to process perishable plants locally, including many fragrance materials.

Do you produce vegetable oils? It will be difficult to find refining services for vegetable oil outside
Europe. However, you could increase the value of your exports by refining your vegetable oil yourself. You need to determine whether you have the technical and logistical capacities to do so as well as whether you can recover your investment. If so, you will face challenges such as ensuring satisfactory quality, composition, quantity and price.

Especially for botanical extracts, there are various issues in quality and reputation if you want to process these components yourself:

- Your extracts need to be consistent in quality, as safety and efficacy requirements are increasing. Buyers are very cautious in choosing suppliers when it comes to risks in product safety.
- Buyers need to be convinced that they get what they pay for. They can run into very high risks in terms of quality, safety and efficacy if they import processed botanical extracts.
- You can add value to your extract if you can quantify the concentration of active components in your product. It will also add value if you can specify at which levels these components give a conclusive cosmetic benefit. Buyers are increasingly looking for extracts with a specified concentration of active components to comply with legislation on product claims.

## Increased direct sourcing by European processors and cosmetic producers

European processors and cosmetic producers increasingly source ingredients directly from producers to avoid intermediaries that do not add value, especially if they see benefits in costs or in the supply security of key strategic resources. Some processors and cosmetics manufacturers may still want to work through importers. They may prefer to work with as few suppliers as possible or use importers to lower their risks.

Direct sourcing can improve:

- price;
- traceability;
- marketing opportunities;
- efficiency;
- control of quality, price and quantity.

The direct sourcing potential is the highest for essential oils, as they require limited processing in Europe.

At the same time, direct sourcing also increases the risks for buyers, especially if they only buy from one producer and there is an issue with that supplier.

Instead of trading through importers, you could supply to European ingredient processors directly, especially if:

- it would result in a better price for your buyers;
- your unique selling points include social and environmental aspects that European companies can use in their marketing.

Determine whether you can supply to European processors directly. Only process ingredients locally if you can meet European buyer requirements and recover your investments. Involve your buyer before you look at value addition and investments. Look at what profit you could achieve. If your investment is not worthwhile, find out whether you can work with a processor locally or in Europe.

Your costs and risks will increase in relation to the higher responsibilities that you have as a direct supplier to a processor. All those activities carried out by an intermediary now transfer to you.

- Product documentation and paperwork: This aspect needs to be impeccable and relevant for a company further downstream. See our study of Preparing a technical dossier for natural ingredients for cosmetics for additional information. Your professionalism as a supplier depends on how well you manage this paperwork and your products. Make sure that you keep everything up to date and show your buyers that you are a highly professional company which can handle
the documentation requirements.

- **Product quality**: You need to guarantee consistent product quality. Train collectors and/or farmers in good harvesting practices and quality parameters to ensure the quality of your raw materials. Monitor the quality of raw materials as they enter your processing facilities. Document that you check their quality. Build the technical expertise that you need in processing and quality control so as to standardise the concentration of components. Create fitting product specifications for your ingredients.

- **Logistics and contracting**: These costs are high for many ingredients, because companies demand prompt delivery of smaller quantities at a short notice. Improve your stockkeeping and distribution capacities in Europe.

- **High volumes**: Work together with other suppliers to reach the high quantities demanded by buyers of some ingredients. In your cooperation, you need good quality management, trust and control.

- **Export budget**: You need to increase your export budget, because European companies expect experience and professionalism. For example, you will need sales and trade administrative staff dedicated to exports. You may even need to include services that support product development.

- **Export packaging**: You can develop capacities inhouse or outsource them.

- **Competition from European importers**: You will face strong competition from European importers. Can your company and ingredient compete with European importers on price, volume, quality, communication, support services and timely delivery?

### Tips:

- Test the effect of changes in harvesting conditions on the composition of key components for your wildcollected plant materials. Concentrations of plant components vary because of seasonal and geographical variation in plants. Variations can be even higher in these extracts.

- Standardise the production of cultivated raw plant materials to reduce variation in the composition of your processed ingredients. This process will also help you to safeguard quality when you increase the scale of production.

- Work together with European importers in order to bring a new processed ingredient to the market. Importers can help you to get specific technical expertise, market knowledge and credibility, distribution infrastructure and contacts with cosmetics manufacturers, as well as – in some cases – cofinancing of product development.

- Always back up your product with scientific evidence. For example, provide data on safety, efficacy and standardisation. Adapt your marketing materials according to this evidence, including your website and product information.

- Consider setting up a warehouse in Europe. This activity could go hand in hand with becoming a direct supplier to processors and would render you better able to compete with other suppliers of processors.

- For additional information and tips, see our study of [Buyer requirements for natural ingredients for cosmetics](#).

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6. **Legislative developments built around consumer safety, environmental protection and equity for supplying countries**

European buyers indicate that documentation requirements increased substantially in recent years. For them, the main concerns cover demands on the Registration, Evaluation, Authorisation and
Restriction of Chemicals (REACH), the Nagoya Protocol and the upcoming allergen legislation for fragrances.

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Ensuring compliance with REACH legislation is demanding for many European buyers. European buyers indicate that this legislation puts severe limitations on innovation and growth. As registration under REACH is costly, buyers need to determine what they register. This fact may mean that they cannot commit to importing some of your products or can only import less than one tonne annually of these products.

Nagoya Protocol – Access and Benefit-Sharing (ABS)

European companies need to comply with legislation on Access and Benefit-Sharing (ABS). Even though this legislation is not new, many cosmetic manufacturers are not fully aware of the implications of this legislation.

ABS aims to ensure that companies share benefits on the use of genetic resources and traditional knowledge of the use of these resources. The importance of ABS has grown in Europe since the European Union adopted the guidelines into European law.

Upcoming allergen legislation

European buyers are concerned over expected new, stricter legislation on the testing and communication of fragrance allergens. This legislation could include adding more allergens to the existing lists and the requirement to list these allergens on packaging when those allergens are included in the formulation above certain maximum levels.

In particular, buyers expect that these new rules will have a negative effect on the demand for essential oils for cosmetics. Cosmetic producers may use fewer essential oils in their products to avoid long lists of allergens on their final product.

Ban of microplastics

In general, the use of plastics in cosmetic products and their packaging has come under increased scrutiny as consumers are more aware of their negative environmental effects. More specifically, several countries in Europe banned the use of microplastics in cosmetics over recent years. These microplastics are used in scrubs and as exfoliants. The United Kingdom announced a production ban from 1 January 2018 and a sales ban from 30 June 2018. France banned microbeads as from 1 January 2018. Finland, Norway, Denmark, Iceland, Sweden, and Luxemburg joined in a ban on microbeads which will come into effect in 2020.

Already, Cosmetics Europe announced that over 97% of plastic microbeads are phased out from rinse-off cosmetic products. In the coming years, there will be an increase in demand for alternative exfoliating agents in this widespread reformulation process. This situation could offer opportunities for you to develop new natural exfoliating agents. Moreover, natural exfoliants offer an opportunity of adding value to waste or by-products such as barks or husks.

Tips:

- Check how you need to implement REACH for your product in the “Identify Your Obligations” section of the website of the European Chemicals Agency. This site gives a practical step-by-step guide.

- Develop a procedure in order to check whether ABS applies to every new genetic resource or piece of traditional knowledge that you want to develop. A key factor is the type of research and development carried out on the genetic resource, which includes knowing the local context and officials. Study the information published by the ministry or agency in your country responsible for Access and Benefit-Sharing. Initial information can be
obtained from the ABS Clearing House website. Visit the CBD website for more information, including country profiles.

- Show that you are well connected to local focal points for ABS. This position helps to build trust with buyers and makes you a more attractive business partner.

- Keep up to date with European allergen legislation, especially if you produce essential oils. Stay informed through your own national sector association, or check the European Commission website for cosmetics or the International Fragrance Association website. This association is involved in discussions on new legislation and looks into how to prove the safety of cosmetic products.

- See our study of Buyer requirements for natural ingredients for cosmetics for tips on how to help your buyers with their legislation requirements. This study includes additional information on REACH, ABS and potential changes in allergen legislation.

7 . Growing global demand for cosmetics leads to globalisation of industry and standards

The global demand for cosmetics is growing, particularly in Asian countries. Ecovia Intelligence estimates that the sales of natural and organic cosmetics in Asia increased by 21% in 2017, although the market share is under 1% of the total cosmetics market in Asia. China and India are the leading markets in Asia.

This growth in demand has four main effects that you need to consider:

- European manufacturers are exporting increasing amounts of cosmetic products and ingredients all over the world thanks to their image of high quality and purity. If European cosmetic producers are keen on exporting to growing markets in Asia and the United States, they need to comply with different legal systems in these countries. They expect you as their supplier to comply with these requirements and standards as well. For example, to enter the Chinese cosmetics market, all ingredients in a final product need to be registered on the Chinese list of ingredients that are allowed in cosmetics.

- Growth in demand can lead to increasing pressure on the global supply of natural ingredients and possible scarcity. In several key producing countries of essential oils, particularly India and China, essential oils production is under pressure. This fact is due to issues such as pressure on land, switching production to meet food needs, climate change and access to water, and rising wages. Even industrial accidents can have a major impact on the availability of certain ingredients. For example, a fire in a German plant of the BASF seriously affected the availability and production of various ingredients such as vitamin A and E. Several of the large traders and fragrance producers are strongly dependent on production from these countries and now need to look for alternatives, which can bring opportunities for new suppliers to enter the market.

- A larger international market gives you more options to sell your products if you can comply with global standards.

- As the markets for cosmetics are becoming increasingly global, so is the legislation of cosmetics. This situation makes it easier for multinational companies to sell cosmetic products on different international markets.

Tips:

- Comply with international standards such as Good Agricultural and Collection Practices (GACP) or Hazard Analysis Critical Control Points (HACCP) for exports to international markets and consider implementing ISO 9001 management systems, initially even without
Find out whether your ingredient is on the Chinese list of ingredients that are allowed in cosmetics. If you or your customer is keen on exporting to China, your ingredient needs to be on this list. If it is not, you can also contact consulting firms. Obtaining registration is a slow and expensive process. Although some major brands will only use ingredients that are on the Chinese list, not all companies want to sell finished products in China.

If you want to target the Asian cosmetics market, you need to show that you understand how consumers see cosmetics on those markets. Most opportunities here exist in Japan, Korea, Taiwan and Hong Kong. This situation is different from the European market. For example, Asian consumers see skin as an organ and demand safe as well as mild natural ingredients.

If you can, keep your options open in terms of the international markets to which you supply. You can consult national associations and consultancy firms, or ask your buyers with which requirements they need you to comply in order to advertise their products on other markets.

8. Growing market diversity and consolidation mean that buyers have increased negotiating power

Companies active in cosmetic ingredients are growing, both in number and in size. Because of their negotiating power, they can demand that suppliers provide reliable, large quantities and qualities at lower prices as well as with additional services. If you can comply with their requirements, they offer interesting opportunities to you. These companies could provide stable, long-term trade relationships. You need to study their demand opportunities to determine what they could buy from you and how much.

This trend is partly the result of growing costs due to increased legislative requirements and the increased interest in direct sourcing. Paperwork cannot be ignored!

In addition to sourcing directly, European processors of ingredients are also widening their product range. They are supplying both organic and conventional ingredients to different end-product manufacturers, such as the cosmetics, food and health products industries.

European cosmetic producers are also becoming larger because of mergers and acquisitions. Recent examples include Givaudan acquiring ingredient processor Naturex and the acquisition of rival Frutarom by International Flavors and Fragrances (IFF).

At the same time, many smaller processors still exist on the market. These processors offer opportunities to you as a supplier, especially if you produce speciality products.

Specialised importers are the main traders for many botanicals and speciality oils. You need to invest time in order to find these players. They can manage low volumes from small companies that are available on a seasonal basis. Some processors even create derivatives based on speciality vegetable oils. Processors with an ethical focus also work directly with suppliers in developing countries.

Tips:

- Find out whether you are targeting the right buyer. Can you meet the demands of quantity, quality and price?
- Do market research in order to find the right company division to target. Identify the
decisionmakers within these companies so you contact the right people. Use the correct terminology when you talk to marketing, research & development or sourcing staff.

- Build your network in your own country and in Europe. This process can help you to stay up to date with what is happening on the market and where you can sell your products. Go to events such as international trade fairs, use social media and ask questions to find the right contact person.

- Do research on each potential client to find out what they sell, where they buy it from and what opportunities they might see for your ingredients.

- See our study of Finding buyers for natural ingredients for cosmetics for more information.

9. Uncertainty on European market due to Brexit

Although its consequences are still unclear, Brexit may affect the European cosmetics and cosmetic ingredients markets, especially for the United Kingdom and its trade partners. According to Cosmetics Europe, the United Kingdom is the second-largest market in the EU for cosmetics, after Germany.

The Cosmetic, Toiletry & Perfumery Association (CTPA) in the United Kingdom advocates continued compliance with European Union rules and legislation. The association calls for a tariff-free market for the export and import of products and ingredients.

Industry sources indicate that Brexit could have a large effect on their company. However, outcomes will depend on political decision-making. CTPA lists consequences in different scenarios leading to increased raw material prices from the European Union, redevelopment of products, duplication of PIFs and RPs, resubmission of market notifications, relabelling and increased costs of market vigilance.

Tips:

- Stay up to date with the developments of Brexit. If you supply to companies in the United Kingdom, discuss the situation and its consequences with them.

- For more information, see the CTPA website.

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