EXECUTIVE SUMMARY

PERSONAL CARE CONSUMER
US, APRIL 2017
The issues

Adults want short personal care routines

More than half of consumers report moderate engagement in the personal care category, as seen through the minimal amount of time they spend on routines and high price sensitivity. Moderate engagement in personal care likely reflects how many view it as a daily necessity with little net benefit beyond basic hygiene.

Consumers experiment, which could limit loyalty

The majority of consumers report experimenting with new personal care products either occasionally or frequently. While experimentation can be a good thing for new launches, limited loyalty represents a challenge for brands to keep long-term buyers.

Majority of shoppers are sensitive to price

Seven in 10 personal care users agree price is somewhat or very important when choosing personal care products. Price sensitivity suggests challenges for prestige and natural/organic brands and can prohibit brand loyalty.

FIGURE 1: TIME SPENT ON PERSONAL CARE ROUTINES, JANUARY 2017

“On average, not including time applying make-up, how many minutes per day do you spend on your personal care routine (eg showering, shaving, styling your hair)?”

FIGURE 2: EXPERIMENTATION HABITS WITH PERSONAL CARE PRODUCTS, JANUARY 2017

“How often do you experiment with new personal care products? Please select one.”

FIGURE 3: PRICE SENSITIVITY TO PERSONAL CARE PRODUCTS, JANUARY 2017

“How important is price when choosing everyday personal care products? Please select one.”
The opportunities

Cater to desire for safety, quality through ingredients

While more than half of consumers are ambivalent or unaware of many ingredients found in personal care products, there are some ingredient-savvy shoppers. Vitamins, antioxidants, essential oils, and argan oil are some of the top ingredients consumers are aware of and seek out, indicating an opportunity for brands to incorporate and highlight familiar, health-sounding ingredients. In addition, some consumers avoid certain ingredients such as sulfates, bolstering the growth of natural products that reference these in “free-from” statements.

Lower financial barriers in order to gain trial

With price being an important factor for most consumers in their personal care purchases, it can be challenging to convince them to trade up to a product that is more expensive. The tactics that will convince the most consumers to trade up are financial incentives, such as a free sample, coupon sticker for immediate use, and a money-back guarantee. Select product attributes, such as natural or organic formulations and unique scent, can also motivate core consumer groups to trade up.

FIGURE 4: AWARENESS OF SELECT INGREDIENTS, JANUARY 2017

“The following ingredients are commonly found in personal care items. Please tell us if you have heard of the following ingredients and if so, how they influence your purchases.”

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Have heard of and look for this when I buy products</th>
<th>Have heard of and try to avoid this</th>
<th>Have heard of this, but neither look for nor avoid it</th>
<th>I have not heard of this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitamins</td>
<td>44</td>
<td>6</td>
<td>44</td>
<td>6</td>
</tr>
<tr>
<td>Antioxidants</td>
<td>35</td>
<td>7</td>
<td>48</td>
<td>10</td>
</tr>
<tr>
<td>Essential oils</td>
<td>31</td>
<td>7</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>Argan oil</td>
<td>23</td>
<td>7</td>
<td>32</td>
<td>37</td>
</tr>
<tr>
<td>Sulfates</td>
<td>6</td>
<td>31</td>
<td>42</td>
<td>21</td>
</tr>
</tbody>
</table>

Base: 1,978 internet users aged 18+ who purchase personal care products
Source: Lightspeed/Mintel

FIGURE 5: SELECT TRADE UP OPPORTUNITIES, JANUARY 2017

“What would convince you to try a personal care product that is more expensive than what you typically purchase? Please select all that apply.”

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free sample with purchase</td>
<td>41</td>
</tr>
<tr>
<td>A coupon sticker for immediate use</td>
<td>35</td>
</tr>
<tr>
<td>Money back guarantee if I do not like it</td>
<td>34</td>
</tr>
<tr>
<td>Natural or organic formulation</td>
<td>26</td>
</tr>
<tr>
<td>Unique scent</td>
<td>23</td>
</tr>
</tbody>
</table>

Base: 1,978 internet users aged 18+ who purchase personal care products
Source: Lightspeed/Mintel
**Embrace sustainable, environmentally friendly practices**

More than one in five personal care consumers agree these products should be produced in a sustainable way, in addition to the more than one in four who agree personal care packaging should be environmentally friendly. While environmental beliefs are often secondary considerations, they still offer brands the opportunity to differentiate themselves in a highly competitive landscape.

**What it means**

Despite high market penetration, nearly universal price sensitivity, and moderate engagement among many consumers, stakeholders can tap into the higher loyalty and increased experimentation among select consumer groups to achieve growth. Catering to consumer interest in natural ingredients, lowering financial barriers to trial through promotions, and implementing sustainability measures may also drive category growth.