A natural niche

The nutricosmetics revolution promoting beauty through food

Cindy Palusamy is an adviser and strategist for some of the leading global hospitality, beauty and wellness businesses. Clients include Frédéric Fekkai, Assouline, L'Oréal, Hilton Hotels, Starwood Hotels and Kiehl's. For this piece Cindy has collaborated with Federico Casotto, the creative manager of FoodLab, a division of Design Group Italia that offers services to the food industry, and Victoria Maddocks of creative agency Victoria Maddocks Agency, who has extensive experience of driving innovation in advertising, packaging, merchandising and store design.

cindy@cp-strategy.com

federico.casotto@designgroupitalia.it
www.designgroupitalia.it

victoria@victoriamaddocksagency.com
www.victoriamaddocksagency.com

Women looking for beauty products that complement a natural lifestyle are expected to drive demand for the emerging nutricosmetics sector. But market expansion depends on the industry persuading consumers that their products are effective and an essential part of a healthy life. Cindy Palusamy, Federico Casotto and Victoria Maddocks, explain where the sector stands today – and why future development is closely linked to retailers and how they choose to promote these niche products in-store.

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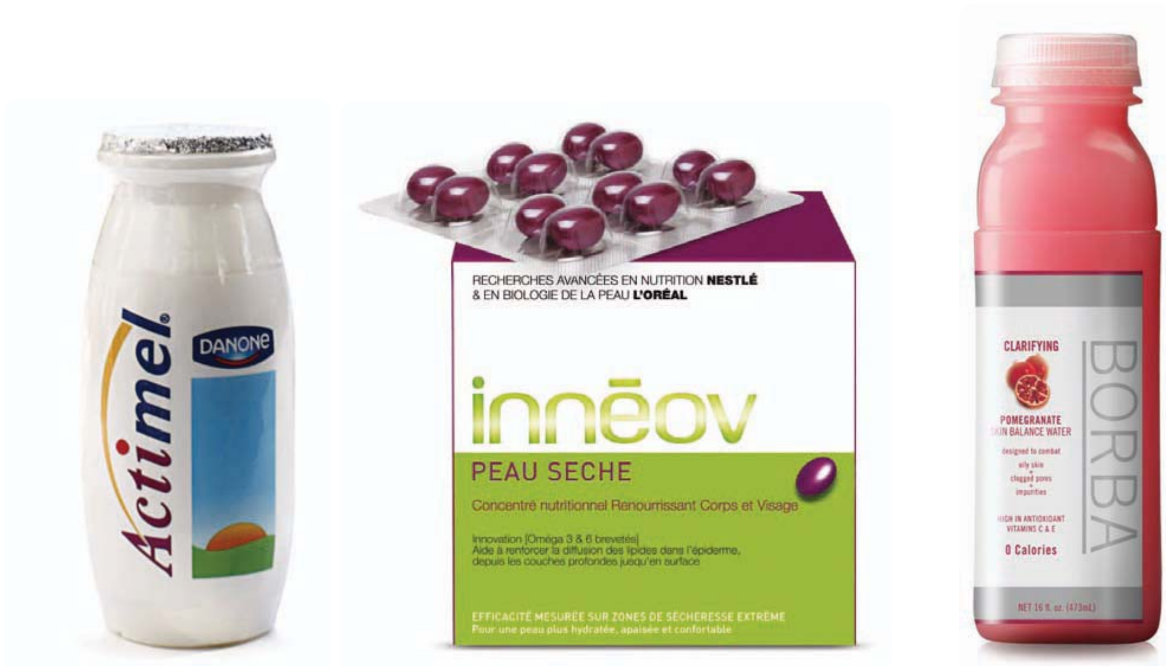
For years, doctors and beauticians have claimed that true beauty comes from within. Drink eight glasses of water a day and eat more fruit and vegetables and you'll have glowing skin. Today, a number of beauty companies, food manufacturers and consumer goods companies are taking it one step further by creating products that promote beauty – healthier skin and nails, increased collagen production, and the many other claims normally made by skin creams and lotions. This merging of skincare and food is the result of a trend in multi-use products that offer more than one benefit in a single convenient package. There is probably a huge latent demand from consumers who are looking for an all-encompassing beauty routine which includes a healthy diet and lifestyle. This is certainly the view of Victoria Maddocks – founder and creative director of New York-based Victoria Maddocks Agency and previously creative director with US cosmetics brand Kiehl's – who describes the merging of food and beauty as "a natural extension and evolution of both the beauty and food markets".

This is the world of nutricosmetics – beauty and personal care products that are eaten or drunk, or even swallowed, to promote an attractive appearance and well-being. At the same time, consumers have been showing an interest in functional food, taking a stand against decades of unhealthy eating. Federico Casotto, head of FoodLab at Design Group Italia, argues that the wide availability of food at low prices and the marketing strategies of the food companies have led consumers to eat far beyond their needs – leading eventually to some consumers wanting to repair the damage of bad habits. The use of additives – and their demonisation – has also led consumers to question the ingredients of processed foods. "In recent years a functional approach to food has emerged, focusing on the actions of nutrients in our body," he says.

We are seeing the market evolve in two directions. In one direction is the Slow Food Movement, which champions the recovery of traditional knowledge and a more balanced relationship with food: little quantity, excellent quality. Those who follow the Slow Food way of life believe that eating organic or local produce is the best way to receive the benefits of nutrients – as nature intended. In the other direction we have the functional approach, where the 'functional consumer', instead of seeing meat, pasta and carrots, sees proteins, carbohydrates and vitamin A, and may have strong opinions on the action of these constituents in the body – though these functional consumers often lack any real expertise in nutrition.

Success in the field of functional foods and nutricosmetics is not simple. A number of products have been given a high-profile launch only to exit the market soon after as a result of poor sales. Yet growth in the sector continues, especially in Asia and – to a lesser extent – Europe. The American market – perhaps surprisingly – seems unconvinced and accounts for a paltry 3% of the total market. A brand offering a nutricosmetic product needs to position itself as an authority and convince the consumer that the product is not just a passing fad. Clear communication of the product's benefits and the ability to deliver on its promise are the priorities here. So how are brands actually doing?



Nutricosmetic products include yoghurts, pills and health drinks

Brands: successes and failures

There have been many launches in the nutricosmetics sector over the last few years. Results in the marketplace, however, have been mixed.

A few years ago, foods and personal care companies Nestlé and L'Oréal partnered to launch a line of nutricosmetic pills under the brand name Innēov. The line has done relatively well, with a broad distribution platform (mostly chemists and drugstores) that supports a clinical positioning. But the Danone Essensis yoghurt, which offered a similar proposition – nourishing the skin from within – was released three or four years ago in Italy and then withdrawn.

Both Essensis and Innēov promise to have cosmetic effects from the inside, but one failed and the other succeeded. Why is this? There are several possible answers. In cosmetics, brand credentials are all-important. Danone has no reputation in that field, while L'Oréal has a strong heritage in cosmetics. Innēov is sold in drugstores and cosmetics stores, in a format that emphasises the functional value of the product – giving it credibility among consumers. Essensis, by contrast, was sold at supermarkets, along with the other yoghurt products, through a sales channel that could not in any way enhance its cosmetic properties.

But Danone's Actimel yoghurt – sold for its health benefits, ie probiotics – has achieved extraordinary success, largely because it combines beneficial properties with a pleasant sensory experience.

Across Europe and North America

From the cosmetics perspective, probiotics have become more popular as an ingredient for clearer skin. The UK-based skincare line NUDE recently launched Advanced Probiotic Skincare, claiming that "probiotics hydrate the skin, control breakouts and restore skin health".

One of the more successful launches has been the US-based Borba line, taking the form of a healthy drink in attractive, modern packaging. Motivated by his own sensitive skin condition, for which he could not find a solution on the market, Scott Borba spent years researching the area. He believed that an ingested product would be the most effective answer, especially when combined with a product to be applied externally.

As Borba and other success stories show, beverages are an excellent vehicle for a nutricosmetic product. Indeed, the wider beverage market is teeming with innovations coming to market. The sector has, for example, witnessed the rise of the energy drink. But we are now seeing a product that positions itself as its polar opposite: the relaxation drink. One offering in the US comes from the Relaxing Company: Mary Jane's Relaxing Soda, which aims – in its own words – to "deliver a euphoric relaxation" and provide "focus to a stress-filled life". The product claims are tied to its natural ingredients, which include cane sugar, extract of passion flower and, importantly, extract of Kava. Kava has been used for centuries in the islands of the South Pacific and there is some anecdotal evidence to show that it has a calming effect on the body without compromising mental clarity.

Another newcomer in this emerging field is Slow Cow – from a Canadian producer – which pitches itself as a "relaxation beverage that helps in the improvement of concentration, memory and learning capacity without causing sleepiness". Calorie-free and caffeine-free, the drink boasts natural ingredients including L-Theanine and camomile.

One entrepreneur who appears to have his finger on the pulse of what consumers want – and commercialise it successfully – is US-based Horst Rechelbacher, founder of the personal care company Aveda. Rechelbacher has always been at the forefront of new trends in health and beauty. He developed Aveda over two decades and then sold it to Estée Lauder, going on to start another company, Intelligent Nutrients.

The product range at Intelligent Nutrients covers mainly skincare and haircare. There is a small range of scents, known as multifunctional aromatics, plus several functional foods – for instance, an orange spice tea and a chocolate bar with seeds – and some nutraceutical supplements. The products are made from natural ingredients, organically grown, with an emphasis on antioxidants. Rechelbacher's marketing and distribution strategy has been diverse, ranging from leading fashion retailers such as Barneys to grocery stores such as Whole Foods, and not neglecting salons and spas. This strategy suggests that he is able to reach out to like-minded customers, wherever they are.

Companies with unproven claims may struggle to succeed, however fun the packaging and tasty the treat. A small UK company, Eat Yourself Beautiful, has taken marshmallows as the vehicle for delivering collagen (featured in GIR 34). The marshmallows, which taste of pink grapefruit, come in resealable packs, with a semi-abstract design in pink, suggesting rosy health, femininity and sweet confectionery.

The brand's website states that taking collagen orally may help a variety of conditions, from smoothing unwanted wrinkles and lines to promoting stronger nails and healthier joints. The company does not say the marshmallows produce such results, but the website allows customers to assume that the collagen in their product will have those effects.

Companies that do not have clinical research to back up the aspirations of their products often cite general evidence tied to specific ingredients, hoping that customers will make the connection themselves. It is moot, however, whether products with uncertain benefits will 'cut the mustard' with consumers.

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The Asian experience

In Asia, and especially Japan, nutricosmetics have taken a strong hold on the consumer psyche. The Japanese market is known for a demographic that actively searches out and experiments with new product categories, tastes and delivery vehicles. Global cosmetics company Shiseido is among Japan's key players and one of its more recent brands, which looks set to establish itself as a leader, is IN & ON. The range targets women in their mid-40s and is a six-week programme of beauty drinks and supplements containing a skin-relaxing complex, formulated to moisturise the skin and increase elasticity, leaving it looking smoother and less wrinkled. The product range is, however, only available in Japan.

Another important player is Kracie Foods, also based in Japan, with a product line that includes Fruit Snacks. This consists of dried mangoes, pineapples, papaya and cranberries coated with collagen and vitamin C, and targets women in their 20s to 40s conscious of their skin health.

Kyupurun, a collagen-enriched juice drink which contains flavagenol, a prominent anti-ageing antioxidant, is produced by cosmetics and household cleaning products manufacturer Lion Corporation, Japan. Collagen is so popular that it now appears in a wide variety of Japanese products, including confectionery.

In Thailand, Sapanan General Food Company has launched a range of beauty drinks containing aloe vera under the Sappe brand. And in China, high-profile beauty expert Niu Er has established his first online store marketing his own natural cosmetic brand.

A challenging market…

Brands offering nutricosmetics face two problems. The first is that of consumer belief – getting consumers to buy into the benefits – and the second is that of disposable income in tough economic times. On the first issue, are consumers confident that products like these actually work? A UK survey sheds some light on this: a Mintel Beauty Innovation report of February 2010 highlighted the fact that among women who use nutricosmetics, only 19% believe it works, and 40% of women do not believe there is a need for nutricosmetics if they already have a healthy diet. And consumers want to see proof that a product works. In this culture of immediate results, 37% of women who use nutricosmetics said they couldn't see benefits right away.

On the second issue, we have seen how the challenging economic environment is starting to affect sales. Global market research company Euromonitor International reports that sales of health food and drinks have been impacted in the last few years because of financial crises and also because consumers lack faith in the efficacy of these products.

… and challenging distribution

The explosion of the multi-channel, multi-platform world has been both an advantage and a disadvantage in terms of distribution for brands. While brands can reach consumers in many more locations, it has also become much more difficult to communicate with them in a cohesive manner. And with products that bridge two categories – food and beauty – which channel should a brand choose? Most retailers are hesitant to provide expensive double exposure for brands, so should a brand opt for the food aisle or the beauty aisle?

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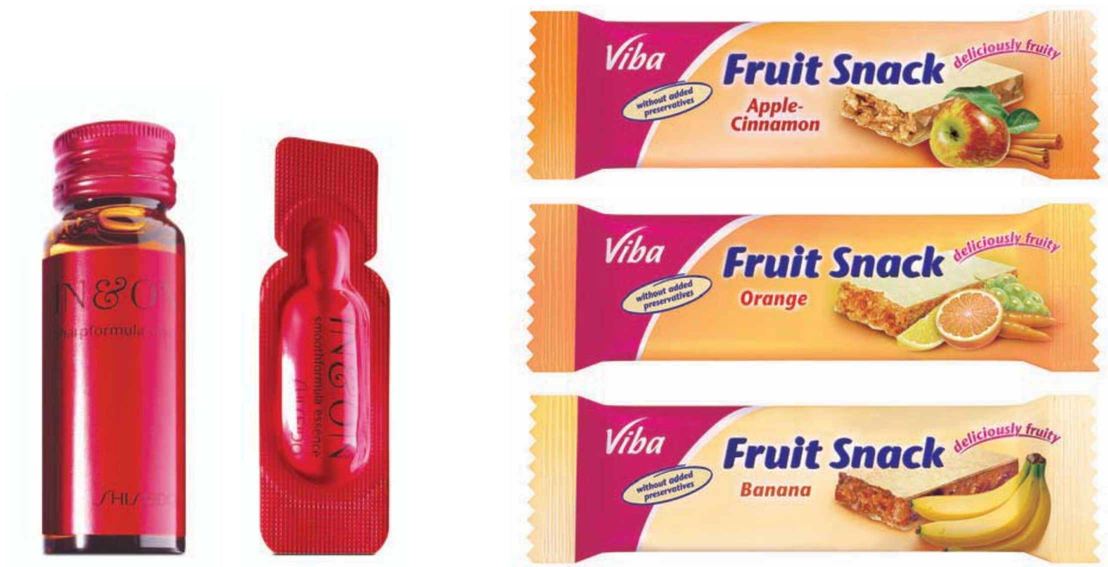

A burgeoning Japanese nutricosmetic market includes Shiseido's IN & ON and Kracie Foods' Fruit Snacks

For these cross-category products to build market share, a clear channel strategy must be set, with the brand and retailer reaching agreement on exposure. And retailers must be comfortable with price. Customers need to integrate these products into their regular diet and high-priced food items will never go mainstream.

Critical success factors

Launching a product in tight economic times and getting the distribution right are the two major battles that the brand must fight. At the same time, brands need to ask themselves four critical questions.

- *Does the product come from a reputable company?* Consumers appear to believe that beauty companies can create food-based products with health and skincare benefits, but do not always believe that food companies can do the same.

- *If the product does come from a reputable company, are the claims 'real'?* 'Real' could mean claims substantiated by scientific studies or an indication of immediate results (such as before and after pictures or other type of visible proof).

- *If the claims are 'real,' does the product taste good?* In this sophisticated world with an abundance of choice, consumers will not compromise on taste. If the product does not taste good, it won't last long, especially if the alternative is an external topical product that imparts the same benefits without a disagreeable taste.

- *If the product tastes good, is it convenient?* Convenience is critical to overall success. Can I drink it on the way to work? Does it save me five minutes in the morning? Complicated products that require mixing, or have special handling instructions, muddle the equation.

Looking ahead

Nutricosmetics will continue to grow and expand. Despite some failures in the sector, enthusiasm for the category has not been dampened. But brands that want to make an impact in the sector need to be aware of the challenges. The American market is proving a tougher nut to crack than the European or Asian markets, but the rewards are commensurately great.

Brands must be courageous and convincing. Their nutricosmetic products need to provide convenience and real benefits, *and* taste good. Support from distribution channels is also key. But for brands that get it right, along with participating retailers, nutricosmetics is a promising category that is likely to go from strength to strength with the return of economic growth.