



HOW HEMP FITS INTO THE \$300+ BILLION PERSONAL CARE & COSMETICS INDUSTRY

If you walk into any of the major chain pharmacies, found on virtually every corner in America, you will likely find hemp products. Perhaps some people reading this are already immune to the idea of CBD and hemp legally being sold on shelves across the country or added as ingredients to everyday household products, but this is something that was unimaginable just a few short years ago. So how did we get here and what does this mean for cosmetic and personal care product manufacturers?

HEMP, PERSONAL CARE & BEAUTY: HOW DID WE GET HERE?

The world changes quickly and the popularity of hemp and CBD has too! Not only can you find CBD capsules and topicals in pharmacies, you can also find hemp and its ingredients in the beauty and personal care aisles too.

So how did we get here? Undoubtedly, the rise in state legalization of cannabis is a major contributing factor. Over the last decade, America's positive perception of cannabis has risen dramatically. Cannabis' movement towards the mainstream continues to open so many doors for its non-intoxicating partners: hemp and CBD. It is on these coattails that hemp (and the CBD that comes from it) was officially legalized in the 2018 Farm Bill, signed by Senator Mitch McConnell of Kentucky with a pen made from hemp.

The 'Naturals' Consumer & What They Mean For Cosmetic & Personal Care Brands

There are larger societal trends that also bolster hemp and CBD's rise in popularity. Whether spurred by the opioid crisis or the Whole Foods effect, more and more, consumers are looking for natural, holistic alternatives. From maintaining their health to cleaning their kitchen, consumers are looking for more sustainable, natural and non-toxic products.

According to a report by global consulting and research firm Kline & Company in 2018, the "natural" trend is the most important trend in the personal care industry.

This impactful consumer movement allows for smaller natural personal care and beauty brands to erode the market share of longtime establishment CPG companies. This leaves industry behemoths rushing to keep up, either acquiring independent naturals brands or building out their own naturals division to compete. Here are some examples:



Unilever

In 2016, Unilever spent an estimated \$700 million acquiring natural household products maker Seventh Generation. In 2017, they launched Dove Men+Care Elements, a personal care product line for men that incorporates natural ingredients like charcoal and sandalwood.



Clorox Co.

Burt's Bees, a once independent natural cosmetics company, is now a cosmetics subsidiary of Clorox's Lifestyle Division. According to the company's Fiscal Year 2019 reports, the Burt's Bees line delivered double digit sales growth.



Colgate-Palmolive Co.

In January 2020, Colgate-Palmolive Co. reported to shareholders that their natural personal care line called Tom's of Maine (acquired in 2006) remains a very strong part of their business. The CEO also announced that Colgate will increase investment in their naturals portfolio.

WHAT DOES THE “NATURALS” COSMETIC & PERSONAL CARE CONSUMER WANT?

“We continue to develop new, superior product offerings that address the needs and wants of 'naturals' consumers who are increasingly concerned about the ingredients in their products, and 'sustainability' consumers who are increasingly concerned about the environmental impact of how their products are produced, packaged, used and disposed of.”

- David Taylor, CEO of Procter & Gamble Co.



#1: Efficacy Reigns

No matter what great qualities a company has with sustainability or natural ingredients, people still want their products to work first and foremost. Even if that means they need chemicals.

For manufacturers, adding natural ingredients, like those derived from hemp, to a formulation with efficacy-boosting synthetic ingredients could be the best way to bridge this gap.



#2: Natural is Optimal

The naturals consumer is becoming more and more concerned with not only the ingredients, but packaging, how the companies are run and how the products are sourced and tested.



#3: Interested in Something New

The naturals consumer is always looking for the next greatest thing, switching products out often or adding new ones to their routine. However, once a brand is trusted as the go-to for the consumer, they search within that brand family for the latest and greatest additions.

This information is based on primary market research conducted in-house.





What Does This Have to do With Hemp?

The natural consumer wants to see nature-made ingredients in their products. Hemp provides a number of useful ingredients for cosmetics and personal care products, all derived from nature's bounty. When hemp is sourced from responsible farmers, like the biomass we use at Groff North America, it is one of the most renewable natural ingredients on the planet.

The more medicinal and therapeutic sides of hemp, and the cannabinoids that are derived from it like CBD, are the most popular applications of the plant today. Many people are now familiar with the idea of CBD topicals for inflammation and pain, but hemp and hemp-derived ingredients can also do so much more. Here are just a few of the ways different hemp-derived ingredients can be used in cosmetic and personal care products.

Hemp Seed Oil

Hemp seed oil is one of the most popular hemp-derived ingredients used in cosmetics and personal care products. As its name suggests, it is extracted from the hemp seed itself.

At A Glance

Very light compared to other carrier oils

Has a comedogenic reading of 0, meaning it won't clog pores or cause breakouts

Deeply moisturizing, making it great for creams, lotions, foaming washes and more

Packed with Omega fatty acids, which help to replenish and revitalize skin and work as a protectant by increasing the strength of the skin's lipid barrier

CBD

CBD, cannabidiol, is trendier than ever. Unlike hemp seed oil, CBD is extracted from the stem, stalk, leaves and flowers of the hemp plant. It is most known as an alternative, plant-based medicine with anti-inflammatory properties. But inflammation is at the heart of many skin concerns, so CBD is being used more and more in personal care products.

At A Glance

Anti-inflammatory properties make it great for therapeutic topicals, lotions and cleansers for acne and other inflammation-based skin disorders

Packed with antioxidants, making it a useful ingredient for anti-aging, anti-wrinkle and other elasticity-boosting products

Terpenes

Terpenes are flavor and fragrance molecules found in all plants, including hemp. They are the smell of the forest and the modulators of the cannabis world; their effects can be therapeutic or organoleptic.

At A Glance

Food-safe flavoring and fragrance, terpenes make perfect ingredients for lip balms, lotions, foaming washes and more

Specific terpenes bring specific scents, flavors and effects. Linalool is used all the time for lavender-like scent and its calming effects

Other popular terpenes like Limonene and Pinene are sometimes used as fragrance agents, but can also have calming and soothing effect

Interested in learning more about hemp-derived ingredients and what they can do for your cosmetic and personal care products?

Groff North America is a leader in hemp-derived ingredients, made with USA-grown hemp. Get in touch with us!



sales@groffna.com