

Going Green:

The Growth of Natural Beauty

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17

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The Growth of Natural Beauty

G E O F F R E Y J O N E S

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Foreword

The Corona Visiting Scholars publishing program is the editorial byproduct of presentations by internationally recognized foreign scholars who visit the Management School of the Universidad de los Andes for a brief period thanks to funds donated by the Corona Organization in 1996 to finance the visiting scholar program that bears its name.

Through the years, the Corona Distinguished Visitors Program has fostered valuable exchange among researchers and teachers, renewing and stimulating the School's academic environment. It has also strengthened links with the international academic community in various areas of management and produced valuable feedback about the School's orientation, problems and future plans.

Work by invited academics takes place in the respective area of the School in such a way that it initiates a long-term relationship through joint research projects and extended arrangements.

The program also promotes travel by the School's academic staff to foreign academic institutions to strengthen

the School's strategic connections and create long-term relationships with academic peers in foreign institutions.

With more than 160 visitors coming from various North American, European, Asian, Australian and Latin American universities in the United States, France, England, Spain, China, India, Australia, Argentina, Brazil, Mexico and Venezuela, this series of publications is editorial testimony of the program's valuable contribution. The current issue, number 17 in a series, corresponds with one of the presentations made by professor Geoffrey Jones, Isidor Straus professor of Business History at Harvard Business School during his visit in March 2010.

*Publications Committee
June 2010*

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I. A market in search of a definition

The most recent estimate of the size of the global “purely natural and organic beauty products” market was estimated at \$6.9 billion. The largest national market, worth \$3.6 billion, was the United States, followed by Germany and France. This was a large sum, and although it represented a mere 2 per cent of the global beauty market as a whole, the market had high annual growth rates¹. The estimated size of the American retail market for such natural cosmetics in 1991 was \$600 million, and \$1.34 billion in 1995. By that year some 400 companies were selling such green cosmetics². Moreover, these amounts were part of a much larger and vaguer “natural” market, which is hard to define and measure.

There is still today no official standard regarding natural or organic ingredients used in the beauty industry. This definitional problem has always posed a challenge across the entire spectrum of “green” products. The International Association of Natural Product Producers (IANPP) was formed in 2004 to provide a voluntary industry standard for companies that wanted to differentiate themselves from those that market synthetic products. On the basis of their definitions, in the case of cosmetics and toiletries, a natural product would be composed primarily of pure plant ingredients or plant derived ingredients, which are created from a plant ingredient and have minimal synthetic ingredients.

In practice, the boundaries of true “greenness” are hard to draw. While organic foods are often

¹ “When Nature Meets Science”, *WWD Beauty Biz*, vol 197, 31 (February 13 2009), p. 38

² Packaged Facts, *Natural Personal Care Market* (4/1/1996).

highly regulated, beauty products are not. In the United States, only the state of California has labeling laws which requires products called organic to have a 70 per cent certified organic ingredients. Most products labeled "natural" still contain some synthetic fragrances, artificial dyes or petroleum by-products. A major problem is that usually only a small element of a plant that has, for example, skin benefits. Extracting this component from the plant requires a process that is synthetically derived. Plant-based preservatives also have poor antimicrobial and antifungal properties, and this is a major problem, as preservatives are essential to keep moulds and bacteria from growing in products containing water, which can in turn give rise to serious skin complications. "If a product were 100% natural it would last one week on the shelf", an industry expert noted in 1996³. As serious for firms, is that natural ingredients are typically more costly to purchase and process than synthetic ones⁴.

The very use of the term "natural" has acquired distinctly idiosyncratic qualities. Petroleum, animal products and alcohol are "natural" products, for example, but not in the sense used by the industry. In addition, it is not at all evident that being organic or natural is environmentally-friendly. The sheer quantity of plants needed to produce tiny amounts of certain ingredients means large areas need to be cultivated, involving a wasteful use of land which might be better used for cultivating food. The energy costs in extracting ingredients from natural sources can also be significant. "Natural" has also acquired connotations far beyond natural ingredients. In particular, it has become associated with not using animal testing and being friendly to the environment in issues such as recycling and biodegradability. The co-incidence of vague definitions and great consumer interest in "natural products" has resulted in an industry, in the words of one recent consultancy report, "awash with green washing"⁵.

This paper looks at how "green cosmetics" emerged, and how a decidedly niche interest became mainstream.

³ Ibid.

⁴ Euromonitor International, *The Growth of Natural Ingredients* (July 2005).

⁵ "Cosmetics awash with Greenwashing, says report", *Cosmeticsdesign.com*, April 16 2009.

II. Entrepreneurial pioneers

The use of beauty products of one sort or another extends back for thousands of years and can be found in almost every known society. Although only the elite in most pre-industrial societies had either the money and leisure to buy most beauty products and services, recent research has shown that consumption was surprisingly widespread in eighteenth century societies⁶. The beauty products of the pre-industrial age were all green, and that was the problem. The organic and natural ingredients employed, such as the white lead widely used in cosmetics and hair dyes, were frequently hazardous.

The creation of the modern industry from the nineteenth century, then, was based on the replacement of hazardous natural materials by the use of the apparently safer ingredients produced by the science of chemistry. The case of hair dyes can serve as an example. During the nineteenth century dying hair was regarded both as medically dangerous because of the ingredients used and as morally disreputable, and not something a respectable woman would do⁷. It was within this context that invention of the first safe synthetic hair-color formula in 1907 by Eugène Schueller, who had a degree in chemistry from the Sorbonne, was so important in creating a market for hair colorants. His subsequent success in persuading skeptical French hairdressers to use the product

⁶ Morag Sarah Martin, *Consuming Beauty: The Commerce of Cosmetics in France 1750-1800*, (unpublished doctoral dissertation, University of California, Irvine, 1999).

⁷ Kate Mulvey and Melissa Richards, *Decades of Beauty. The Changing Image of Women 1890s-1990s* (New York: Octopus, 1998), pp.18.

provided the basis for the success of L'Oréal, now the world's largest beauty company⁸.

It was not only for safety reasons, however, that the beauty industry began employing chemical ingredients. They also greatly expanded the repertoire of what could be offered to consumers. The fragrance industry was virtually transformed during the late nineteenth century by the development of synthetic scents. This rested on research by organic chemists on the chemical patterns underlying natural scents, which enabled a deeper understanding of the chemistry of scent, which in turn allowed the invention of organic substances with no natural equivalents. A major step of scientific innovation in its own right, it soon meant also that organic chemists were able to provide perfumers with scents which did not exist in nature. The new methods of synthesis also allowed them to produce natural scents that could not be captured from the natural sources. Synthetic vanilla and rose scents were two of the first to be created. The availability of new chemicals, and improved methods of extracting familiar fragrances, resulted in an explosion in the range of scents that a perfumer could utilize from the late 1890s⁹.

During the first half of the twentieth century the global beauty market expanded at a fast pace. Modern science and technology enabled products to be produced in ever greater quantities. Modern advertising and marketing, based on the aspirational nature of brands, garnered increasingly number of consumers. The industry emerged as one of the heaviest spenders on advertising, while the gap between its claims to restore youthful beauty to women and the functional realities of products became legendary. In the phase associated with Charles Revson, the founder of Revlon, it was an industry based on "selling hope in a jar". The formula worked well. A rough estimate is that the global market

⁸ L'Oréal Archives, Paris (hereafter L'Oréal), Jean Laudereau, *Memoire de L'Oréal 1907 - 1992*, unpublished manuscript, pp. 16-18.

⁹ Eugénie Briot, *La Chimie des Élégances: La Parfumerie Parisienne au XIX^e siècle, Naissance d'une Industrie du Luxe* (unpublished doctoral dissertation, Conservatoire national des arts et métiers, Centre d'histoire des techniques et de l'environnement, 2008), pp. 114-271, 464-66.

expanded from \$1.6 billion to \$9 billion, in 2008 US dollars, between 1914 and 1950¹⁰. Insofar as there was much criticism of the use of chemical ingredients, it was associated with some right-wing ideologues. It can be seen in some Nazi discourses which raged, for example, against the artificiality of Hollywood make-up, although these discourses were as incoherent as in most other matters¹¹.

After World War 2, some of the first stirrings of a reaction against the use of chemical ingredients, and a return to using more "natural" ingredients, appeared where, interestingly, it was not consumers nor their advocates who took the lead, but a new generation of entrepreneurs. In the United States, in 1948 Emil Bronner, a scion of a soap making factory going back five generations to mid-nineteenth century Germany, founded what became Dr. Bronner's Magic Soaps in Los Angeles, selling liquid Peppermint soap and health food seasonings¹². However it was in Europe where there was more activity, often by entrepreneurs with some formal education in biology rather than chemistry. There was, and remains, more consumer interest in skin care in Europe, than in the United States, where the use of color cosmetics was much more prevalent, and the use of natural ingredients was much more obvious in that category than, say, lipstick or mascara. One of the first firms was Biotherm, started in 1950 by a French biologist who made a skin care product using a mineral water from the thermal springs at Moliyg-les-Bains in the Pyrenees mountains. A dermatologist, Jus Julin, had identified the naturally occurring "Thermal Plankton", unique to these springs, as a skin rejuvenator, and these were incorporated it into the Biotherm skin care range¹³.

¹⁰ Based on Geoffrey Jones, *Beauty Imagined* (Oxford: Oxford University Press, 2010).

¹¹ See Yvonne Barbara Houy, *Of Course the German Woman should be Modern: The Modernization of Women's Appearance during National Socialism* (unpublished Cornell University PhD, 2002).

¹² http://www.drbronner.com/history_overview.html accessed on April 8 2009.

¹³ L'Oréal 1970 Annual Report; Frost & Sullivan, *Cosmetics & Toiletries Markets in Europe* (New York: Frost & Sullivan Inc., January 1985), p. 357.

Four years later, in 1954, Edmund Georg Locher founded Juvena out of a pharmaceutical laboratory in Zurich. The new company began by using natural ingredients to create light skin creams instead of heavy fatty creams¹⁴. In the same year Jacques Courtin-Clarins founded Clarins as a skincare company in France. As a young medical student, he had noted that when patients were treated for circulatory problems with massage, their skin looked better. He started a business with botanical body oils. Opening the first Clarins Institute de Beaute in Paris, he developed treatments and products for his salon using plant-based formulas first for the body, and then for the face, persuading celebrity actresses and ballerina's to endorse his skin treatments. By the 1970s, however, when the firm began to grow much more quickly, the focus had shifted to scientific research than botanicals per se¹⁵.

A more sustained interest in botanicals came from another French company, Yves Rocher. The founder was born in La Gacilly in Brittany, a rural province of France. The village was losing its population as people moved to the towns. Driven by the idea of creating jobs to revitalize the region, Yves Rocher decided to start a company in 1959 which focused on nature and feminine beauty. It began as a manufacturer of plant-based cosmetics distributed through mail order. A reliance on natural ingredients became a hallmark of the firm's products, which were distributed exclusively through mail order and its own shops.

Over the next decade green cosmetics remained a marginal affair, but during the 1960s environmental issues gained more public attention. Cosmetics were not central to debates, however, which centered on the damage caused by hard surfactants and enzymes used in detergents and the emulsifying agents used in foods – in one unfortunate incident during that decade, Unilever's Planta margarine had appeared

¹⁴ "Color Surge in Italy Drives Nail Care Sales", *Drug and Cosmetic Industry* (May 1998).

¹⁵ Jacques Courtin, *Une Réussite en beauté* (Paris: JC Lattès, 2006); Adam Bernstein "Jacques Courtin-Clarins: founded skin care firm", *Boston Globe* April 2 2007; "Clarins gets personal with new brand", *WWD*, 3 August 2007; Pete Born, "Clarins' Vision Quest", *WWD Beauty Biz*, vol. 195, 130 (June 20 2008).

to have given much of the Dutch population an unpleasant skin rash¹⁶. Environmental concerns were expressed most vocally in the Netherlands, Germany and Scandinavia. In Sweden, in particular, a new cohort of green entrepreneurs emerged. Pierre Roberts, then one of the leading Swedish beauty companies, launched Naturelle, a pioneering "natural" hair care brand based on the use of herbs¹⁷. During the late 1960s the founders of Oriflame, another Swedish company which grew to become one of the world's largest direct sellers, also launched their business on being based on the use of Swedish natural herbs in the formulation of products, alongside a low perfume concept, no allergic reaction, and no animal testing¹⁸.

Green remained, however, a concern for interesting, but marginal, entrepreneurs typically based far beyond cosmopolitan cities, rather than for the mainstream business. For example, Tom and Kate Chappell created Tom's of Maine in 1970 by making a phosphate-free laundry detergent. In 1975 they launched their first natural toothpaste on the market. Shortly afterwards their daughter was born, and they developed the first natural baby shampoo. Natural deodorants, mouthwash, and shaving cream soon followed, all sold through health food stores before 1990. Chappell had a master's degree from Harvard Divinity School, and the philosophy behind the business was decidedly evangelical. Chappell's book, *The Soul of a Business*, promoted "common good capitalism" which he defined as "managing your business with multiple aims: the pursuit of profit and the intentional pursuit of goodness"¹⁹.

Spiritual or religious influences were evident in other American start-ups also. In the case of Aveda, it was Indian spirituality. This company was the creation of Horst Rechelbacher, whose father had been a shoemaker and his mother an herbalist in Austria in the Nazi period. Poverty

¹⁶ Geoffrey Jones, *Renewing Unilever* (Oxford: Oxford University Press, 2005), pp. 339-343.

¹⁷ Arne Hoegberg, *Skoenhetens Entreprenoer: Knut Wulff beraettar om sitt liv* (Malmoe: Corona Foerlag, 2004), p.109.

¹⁸ Interview by author with Robert af Jochnick, April 20 2007; "Oriflame is to obtain a listing on the London Stock Exchange soon", *Financial Times*, 28 April 1982.

¹⁹ Tom Chappell, *The Soul of a Business* (New York: Read, 1994).

led to an early end to his schooling and apprenticeship as a hair dresser. Aged 17 in 1958, he moved to Rome and London to work in salons, and five years later to New York. He opened his own salon in Minneapolis in 1965, after being hit by a drunk driver whilst attending a hair show, which left him hospitalized for six months and owing huge medical bills. Rechelbacher built a successful salon business, but the task left him exhausted.

Rechelbacher became interested in Eastern meditation. After hearing the Swami Rama, then a prominent Indian guru, speak at the University of Minnesota, Rechelbacher followed him to India in 1970 and stayed for six months, where he studied the use of herbs and plants to promote health and longevity. When he returned to the United States he began developing products for his salons using the essential oils derived from plants, introducing American consumers to ayurvedic philosophy and aromatherapy. In 1977 he established a cosmetology school. Aveda Corporation – a name inspired by Rechelbacher's India experience – was founded in 1978 in Minneapolis. The first product, a clove shampoo, was formulated in his kitchen sink. The first products were all hair care products initially manufactured to be sued exclusively at Rechelbacher's chain of hair salons in Minnesota. Later, they were sold at the company's chain of "esthetiques" stores, which were renamed "lifestyle" stores in 1995.

Over the following years Rechelbacher popularized the concept of aromatherapy which linked the sense of smell to health and well-being., and developed a technology to produce "natural" permanent waves and botanically-augmented clay masks for the skin. The product range was steadily expanded from hair care to a full range of beauty products²⁰. Aveda also made financial pledges to environmental programs. In 1994, for example, its launch of Uruku Lip colors was accompanied by the announcement that it had established a partnership with the Yawanawas, a 400-person tribe in the Brazilian rain forest, who in addition to harvesting

²⁰ <http://www.fundinguniverse.com/company-histories/Aveda-Corporation-Company-History.html>, accessed June 21, 2008; <http://www.rakemag.com/reporting/features/horst-rakish-interview>, accessed June 21, 2008.

the Uruku trees used for the colors, were to replant them in deforested areas²¹.

Mormons also became involved in green cosmetics. The desire to make skin care products that contained "All of the Good, None of the Bad" was the motivation of Nedra Roney who, with her brother Blake and Sandie Tillotson, founded Nu Skin in 1984 in Provo, Utah. The founders, like all the future senior management, were Mormons, who emphasized the need for consumers to trust the products their consumers bought. They eventually found a manufacturer willing to use the unusual ingredients they wanted. They began by demonstrating in their living rooms that their product, initially a facial lift system, worked, and then built a direct selling business. The company entered the Asian market, beginning in Hong Kong in 1991, and by 1996, when it listed on the New York Stock Exchange, it had sales approaching \$360 million²².

Religion was far less evident in Europe, but the association between greenness and strong business ethics was very much present. These sentiments were evident in l'Occitane, founded by a 23 year old literature student Olivier Baussan in 1976. This was based in the southern French region of Provence making shampoos, colognes and bath essences and founded on the principle of pure products and principled business ethics. Using second-hand soap machinery acquired in 1980, the small company also began manufacturing soap, beginning a transformation in the image of Marseilles soap. In 1980 the first l'Occitane shop or boutique was opened in Volx. However this was destined to remain a very small business for many years²³.

An evangelist of a different kind, but one with greater commercial acumen, was Anita Roddick, who in 1976 established a store selling skin and hair care products in Brighton, on the south coast of England. Roddick, the

²¹ Packaged Facts, *Natural*.

²² Nancy Laichas, "Company Spotlight: Nu Skin Enterprises", *Direct Selling News*, July 22 2008, http://www.directsellingnews.com/article_app.php?articleid=214, accessed July 22, 2008.

²³ Pierre Magnan, *The Essence of Provence. The Story of L'Occitane* (New York: Arcade Publishing, 2003), pp. 60-87.

daughter of Italian immigrants, had been involved previously in women's rights issues in developing countries while working for an international agency in Geneva, and had later traveled throughout Africa and the South Pacific. The decision to open a beauty shop when she was aged 34 was made after she and her husband Gordon sold their small hotel business to finance his wish to spend two years riding on horseback from Buenos Aires to New York City²⁴.

Roddick's vision was straightforward. She wanted to sell cosmetics in different sizes, rather than big bottles, and she wanted to use cheap containers, feeling that many women felt, as she did, "conned" that much of the cost of cosmetics was due to "fancy packaging". She was also determined to use natural ingredients, an idea inspired by seeing the traditional beauty practices of women in Tahiti and elsewhere during her travels. "It was a revelation to realize", she later wrote, "that there were women all over the world caring for their bodies perfectly well without ever buying a single cosmetic". After approaching cosmetics manufacturers, including the leading British pharmacy retailers Boots, to make products for her, and being told that the ingredients she proposed were "ridiculous", she employed ingredients made from a radical young local herbalist and frustrated make-up artist, Mark Constantine. Roddick prepared product batches in her own kitchen, and packaged them in the cheapest containers she could find – urine-sample bottles²⁵.

The first store – named The Body Shop – worked well, and when her husband returned in 1977 after his horse died crossing the Andes, the couple pursued a new strategy of franchising their business. Roddick's conviction that business practices needed to be guided by "feminine principles" of love and intuition, and the emphasis on cheap packaging, natural and environmentally friendly ingredients, proved a powerful marketing success, as did her explicit denunciation of the industry for exploiting women by making false

²⁴ Anita Roddick, *Body and Soul: Profits with Principles-The Amazing Success Story of Anita Roddick & the Body Shop* (New York: Crown Publishers, 1991), p. 67.

²⁵ Roddick, *Body*, p. 69-73.

claims. The first international franchise, a kiosk in Brussels opened in 1978, shops were opened in Stockholm and Athens in the following year, and by 1982 two new stores were being opened every month. All the early franchisees were women. By 1984, the year before it went public, The Body Shop, had sales of almost \$7 million, with 45 outlets in Britain and 83 in other countries²⁶. The year afterwards The Body Shop began sponsoring posters for Greenpeace, which was then lobbying against the dumping of hazardous waste in the North Sea. This led on to a sustained involvement with Greenpeace and later Friends of the Earth. A decade later The Body Shop had 1,352 shops in 45 countries and sales of \$700 million. The company undertook no advertising until 1995.

The Body Shop's success lay in turning green sentiments into a major business using a unique retailing concept, selling naturally-based skin care, hair care and color cosmetics, and seeking to combine its duties to the welfare of the staff, consumers and the environment with its returns to shareholders. Roddick strove to achieve a wholly holistic approach to greenness. The company used soy inks to print catalogs on recycled paper, and promised it would plant two trees for every tree used to make the paper for its catalogues. Every employee was required to take part in a community service project for at least one hour a week, on company time²⁷.

It was evident too that Roddick's critique of the entire beauty industry resonated with some consumers and became a major marketing asset, even as she grew her business into a large-scale beauty business. "It makes me angry", Roddick wrote in 2000, six years before she sold her firm to L'Oréal. "At its most extreme, the beauty industry seems to have decided it needs to make women unhappy with what they look like. It plays with insecurities and self-doubt about image and ageing by projecting impossible ideals about youth

²⁶ Christopher A. Bartlett, Kenton W. Elderkin and Krista McQuade, *The Body Shop International*, Harvard Business School Case no. 9-392-032, (July 13, 1995).

²⁷ "Environmentally Friendly: The Bandwagon Gathers Speed!", DCI, December 1991, pp. 31-33.

and beauty... And it has rarely celebrated women outside Caucasian culture"²⁸.

It was noteworthy that green entrepreneurship in the beauty industry was no longer confined to the affluent West. The importance of environmental sustainability also emerged as a central concern of the local companies which began to emerge in Brazil. Among these was Natura, which was established in 1969 by Antonio Luiz da Cunha Seabra as a small laboratory and cosmetics store in the city of São Paulo in Brazil. After a period of experimentation, the company opted to follow the direct selling model employed by Avon, which had developed a large business in Brazil. In 1979, Guilherme Leal, an administrator by training who had acted as a consultant to Natura and had opened a distribution company in the south of the country to sell its products, joined the company. In 1983, Pedro Passos, Leal's colleague, who had worked with him at a state-owned railway company, was also invited to participate in Natura. Seabra, Leal and Passos formed an unusual three man leadership, which the company asserted represented its soul, mind and body, reflecting their respective talents²⁹.

Although the importance of protecting the environment was part of Seabra's vision from the beginning, during the 1980s the three founders of Natura became increasingly concerned with the use of sustainable methods and ingredients. The company grew rapidly during that decade as foreign companies left the country which was experiencing major economic and political crises, whilst the collapse of most department stores provided direct sellers with a major opportunity. Over the following decades it grew as the largest beauty company in Brazil. By 2005, when the firm made an IPO, it had revenues of \$1.5 billion and employed 480,000 sales consultants. The passion and values of the founders in turn inspired enormous loyalty from the firms' sales consultants, whose turnover was only one half of that of Avon's, and helped to make

²⁸ Anita Roddick, *Business as Unusual* (Chichester: Anita Roddick Books, 2005), p. 103.

²⁹ Geoffrey Jones and Ricardo Reisen de Pinho, "Natura: Global Beauty Made in Brazil", *Harvard Business School Case*, No. 9 807 029.

even its toiletry products such as soap for Brazilian consumers “aspirational”³⁰.

Seabra offered, like Roddick, an explicit critique of the beauty industry. The industry, he argued in 2005, long after the natural movement had become widespread, had “overpromised things to the customers, especially exaggerating aging and death fears.” Manipulative cosmetics advertizing was, he argued, a “cultural crime”. Instead, Seabra saw cosmetics as a means to heal a broken world. “We believe that through the formulas, the touch, and the intimacy that cosmetics allow you to have with your own body, one can develop a better perspective about oneself, communities, and nature as a whole. It can be a way for people to express their emotions, their feelings, and a growing concern about the Earth’s preservation and their quest for a harmonious development of human potential”³¹.

A cluster of other Brazilian beauty companies were both successful and shared strong green values. These included O Boticário, which employed a franchising rather than direct sales business model. Founded in 1977, it shared Natura’s strong commitment to high ethical standards and the environment, establishing in 1990 a non-profit organization to preserve the natural environment. The striking feature of all these companies was that Brazil as a whole was more associated with environmental damage to the Amazon than green values, whilst societal emphasis on physical perfection led to one of the highest rates of per capita spending on beauty products, cosmetic surgery, Botox and Viagra in the world³².

³⁰ Interview by author with Juliana Rozenbaum (Deutsche Bank Sao Paulo), March 13 2006.

³¹ Jones and Reisen, “Natura”.

³² Jones and Reisen, “Natura”.

III. Health scares

The Roney's, Rechelbacher and Rod-dick were talented and passionate entrepreneurs, but their ability to expand their businesses rested not only on the attractiveness of their products, but also on a growing consumer suspicion of the safety of chemicals, which less than century previously had been seen as the key to giving the beauty industry greater legitimacy.

Concerns about the safety of cosmetics had appeared in the interwar years. Cosmetics had been excluded from the initial consumer safety legislation in the United States before 1914. The 1938 Federal Food, Drug, and Cosmetic Act placed the regulation of cosmetics under the jurisdiction of the Food and Drugs Administration (FDA). However, while it required extensive documentation of product safety for drugs for use on both humans and animals, the Act did not grant any authority to the government to require manufacturers of beauty products to submit information on cosmetic product ingredients with the exception of the statement of a warning that certain hair dye ingredients could cause injury³³. This situation continued to prevail as the industry boomed after World War II, although there were occasional expressions of concern about the potential health risks of products. In 1948 the American Medical Association, for example, established a committee on cosmetics to look specifically at health issues³⁴.

³³ http://www.fda.gov/centennial/centennial_files/textonly/slide17.html accessed on April 8, 2009; Norman F. Estrin (ed.) *The Cosmetic Industry: Scientific and Regulatory Foundations* (New York: Marcel Dekker, 1984), pp. 164-169.

³⁴ Florence E. Wall, "Historical Development of Cosmetics Industry", in M.S. Balsam and Edward Sagarin (eds.) *Cosmetics. Science and Technology* (New York: John Wiley, 1974), p. 133.

During the 1960s the emergence of the consumer movement on both sides of the Atlantic began to articulate rising concerns about safety in many industries, as a perception emerged that many manufactured products were harmful. A series of catastrophic incidents highlighted the risks to personal health of certain products, and re-inforced the growing skepticism concerning the safety of the science which lay behind industrial products. In Europe, the drug Thalidomide, marketed between 1957 and 1961 as a remedy for morning sickness during pregnancy, turned out to produce horrific birth defects. In France, a talcum powder marketed in 1972 as talc Morhange killed 36 children and injured a further 240³⁵. This talcum powder contained hexachlorophene, which the FDA in the United States had issued a major warning against two years previously³⁶. This particular chemical compound was also widely used in other cosmetic products which needed to be reformulated when the use of the chemical was banned. It also featured in the new category of "vaginal deodorants", whose sales had boomed after Alberto-Culver launched them in the American market in late 1960s. The FDA warning caused a temporary collapse in Alberto-Culver's sales, though the product was later reformulated³⁷.

By the 1970s consumer skepticism about the safety of consumer products employing chemical ingredients had reached such a level that governments responded with new regulations requiring rigorous testing and the provision of greater consumer information. Until the early 1970s, American manufacturers of beauty products did not voluntarily label ingredients, despite the passage of the 1966 Fair Packaging & Labeling Act (FPLA) by which cosmetic product ingredient labeling was, in theory, mandated³⁸. In 1971, in reaction to widespread calls for regulation on disclosure, the American trade association agreed on a system of voluntary regulation under which both members and non-members

³⁵ Gunnar Trumbull, *Consumer Capitalism. Politics, Product Markets, and Firm Strategy in France and Germany* (Ithaca: Cornell University Press, 2006), pp. 72-90.

³⁶ Frost & Sullivan, *Hygiene* p. 68 VIII 4.

³⁷ Leonard Lavin, *Winners Make it Happen* (Chicago: Bonus Books, 2003), pp.141-151.

³⁸ Estrin, *Cosmetic*, pp. 164-169.

voluntarily supplied information on various issues, including data on the composition of finished products and details of customer complaints³⁹. Mandatory labeling of cosmetic products was instituted in 1973, although important exceptions to the law remained, including products for professional salon use only and product samples as well as the option firms had to apply for exceptions, citing protection of trade secrets. Fragrance ingredients were exempted altogether from this labeling legislation.

In Europe, consumer concern led to a greater reliance on government legislation. In both Germany and France there was an explosion of consumer-related laws during the 1970s. In Germany, the Law on Food and Cosmetics in 1975 imposed standards on safety and labeling, and regulated additives and advertising, though the beauty industry was left to self-regulate its conformity to these standards. In France, there was a greater reliance on direct government enforcement as it focused on consumer products considered especially dangerous. The talc Morhange incident resulted in passing of the Law on Cosmetic and Hygiene Products in 1975 which required new products to be approved by the Ministry of Health, and information about new products distributed to anti-poison centers throughout the country⁴⁰.

As legislation to re-assure consumers grew, the discovery of further health risks continued to undermine consumer confidence that chemistry, and the brands sold by big companies, were safe. By the mid-1970s there was mounting scientific evidence concerning the potentially carcinogenic ingredients used in hair dyes⁴¹. American research on mice found

³⁹ *The Cosmetics and Toiletries Industry Market*, Frost & Sullivan, Inc. (New York: August, 1972), p. 47; Peter Barton Hutt, "A History of Government Regulation of Adulteration and Misbranding of Cosmetics," in Norman F. Estrin and James M. Akerson, *Cosmetic regulation in a competitive environment* (New York: Informa Health Care, 2000), p. 22; http://www.personalcarecouncil.org/Content/NavigationMenu/About_Us/History/History.htm accessed on March 25 2009.

⁴⁰ In Germany 313 new consumer laws were passed between 1970 and 1978, compared to 25 in the previous 25 years. In France, the number of consumer laws rose from 37 in 1970 to 94 in 1978. See Trumbull, *Consumer*, pp.8-9, 89-96.

⁴¹ Estrin, *Cosmetic*, pp. 168-171.

that the para-phenylenediamines (PPD), or aniline dyes, used in permanent hair dyes were carcinogens when ingested in large quantities. The main chemical under scrutiny was 4-methoxy-m-phenylenediamine, the most frequently used of the four para-phenylenediamines, which ensured the proper color results desired by consumers who sought black, brown, red or blond hair tones⁴². There was parallel, widely reported, research about the dangers of hair dyes in other countries, including Britain⁴³.

This research caused a temporary crisis for the major hair dye brands, which led to product reformulations. Clairol, the market leader in the United States, declared on its packaging that the product had been changed. The color of Clairol's modified dyes was lighter, and the slogan "new clear formula same great color" was printed on the bottle label⁴⁴. In 1980 the FDA publically expressed its view that the frequent use of an almost identical chemical as a replacement did not resolve the health issues⁴⁵. In fact, PPD's remained in use. Two decades later hair dyes based on them accounted for four-fifths of the products sold in the United States and Europe⁴⁶. They were regulated in the latter but not in the former⁴⁷. Not surprisingly, there was renewed consumer interest in natural hair colorings, most of them using henna as their active ingredient.

⁴² "Cleansing the Cosmetic Laws," *New York Times*, December 5 1977, p. 36; "As Hair Dyes Change, Confusion and Complaints Abound," *New York Times*, April 23 1979, p. A19.

⁴³ Margaret Allen, *Selling Dreams* (New York: Simon and Schuster, 1981).

⁴⁴ "As Hair Dyes Change, Confusion and Complaints Abound," *New York Times*, April 23, 1979; *50 Colorful Years. The Clairol Story* (the company, 1982), p. 45.

⁴⁵ "Science Watch: Hair Dyes and Cancer," *New York Times*, April 8, 1980, p. C3.

⁴⁶ Harald Schlatter, Timothy Long, and John Gray, "An Overview of Hair Dye Safety," *Journal of Cosmetic Dermatology*, No. 6, pp. 32-36.

⁴⁷ Heidi Søsted, "Allergic Contact Dermatitis to Hair dye Ingredients," Working Paper published by the National Allergy Research Centre, Faculty of Health Sciences, University of Copenhagen, accessed on April 1, 2009 at <http://polopoly3.it.ki.se:8080/content/1/c6/02/18/92/Allergic%20contact%20dermatitis%20to%20hair%20dye%20ingredients.pdf>. The European Union (EU) Cosmetic Directive, allows PPD in a concentration of up to six percent, and Toluene-2,5-diamine (TDA) is allowed concentration levels of up to ten percent.

IV. | Big business

By the 1970s “natural”, although not exclusive the use of all-natural products, had attracted the attention of the leading companies in the beauty industry, especially those based in Europe. Unilever began selling its Sunsilk shampoo, a mass shampoo brand launched in 1954, in affluent European markets as providing “natural beauty”, although in developing countries it was social aspirations rather than nature which was stressed⁴⁸. The company took this natural positioning once stage further when it took a deodorant from its Finnish business called Timotei, and launched it as shampoo in Sweden in 1976. The product’s formulation was based on a wide grass called Timothy grass (hence the name), and the shampoo was packed in a white bottle with green text and cap and a small oval green/white flower and grass design. It became a highly successful shampoo brand marketed in multiple countries as “naturally mild”, and advertised by a succession of often blonde female models standing in fields⁴⁹.

The major beauty companies had, in fact, never ceased using “natural” ingredients in their products, because it was known that plant extracts contained actives that affected skin, hair and performed other cosmetic functions⁵⁰. As companies responded to the natural wave of sentiment, they typically added plant extracts to the same base formulas used in their existing products, not least because the use of pure natural products greatly raised the cost and complexity of cosmetics, because of the problems of preservation. This encouraged a general feeling in the mainstream beauty industry that the “natural” movement was a naïve niche fad. This belief was

⁴⁸ Jones, *Renewing*, pp. 165-6.

⁴⁹ Jones, *Renewing*, p. 122.

⁵⁰ Tala Aburjal and Fedaa M. Natsheh, “Plants used in Cosmetics”, *Phytotherapy Research*, 17 (2003), pp. 987-1000.

re-inforced by consumer confusion about what natural beauty care really meant, and the lack of regulation which specified the percentage of natural ingredients in a formula necessary to make the claim of being natural⁵¹.

This sentiment was strong at L'Oréal, for example. By the late 1970s the firm, whose independence had been secured by a large investment from Nestlé in 1973, was amongst the five biggest beauty companies in the world. Even since the days of its founder, it had prided itself on the safety of its products. François Dalle, the chief executive, was not impressed by the scientific evidence on the dangers of hair colorants and other products. In a 1977 internal memorandum to the employees, he responded fiercely to a recent attack by a French journalist on L'Oréal's shampoos, in which a common ingredient was declared to be unsafe. He dismissed the scientific arguments against this "unjust attack", which he concluded was "a scandal of radio and television". He proceeded to discuss what he termed "another scandal, that of the so-called natural products". He maintained that in practice all beauty products are a mixture of natural and synthetic ingredients, where in many cases there was no difference between them as natural substances were often synthesized, and usually all such production was subject to better quality control than in the case of the natural products⁵².

The findings about hair colorants were also strongly contested at the French company. L'Oréal's top research scientist, explained to the employees and to the public at large in statements issued to the press, that the animals used in the test had been fed massive doses of hair colorants, constituting the equivalent of a person "eating or drinking 30 to 40 bottles or tubes of hair dye every day for their entire lives!"⁵³.

L'Oréal's initial response to the "natural" trend was to emphasize instead innovation and development of its pharmacy brands, such as Vichy. However, as the demand for natural products showed no signs of abating, it

⁵¹ Frost & Sullivan, *The Hygiene and Grooming Aids Market* (January 1974), p. 45 V 8.

⁵² L'Oréal, *En Direct*, No. 24, Decembre 1977, pp. 2-5.

⁵³ L'Oréal, *En Direct*, No. 25, Janvier 1978, p. 13.

slowly adopted a more positive stance. Already, in its annual report in 1978, the firm announced that it had responded to consumers who desired plant-based products, but only with “extremely serious products which we are not content merely to promote by making an allusion to Nature.” The brand that became the first designated plant-brand was Kerastase, its upscale hair brand, with two new plant-extract based products launched in 1978. These new products were marketed for their extremely high level of plant ingredients - a full 70 percent of plant-extracts that were added to the synthetic ingredients, making it an “extremely serious formula”⁵⁴.

Dalle’s skepticism about “naturals” was not something that would be overcome easily, but the company was also aware that domestic competitors such as Yves Rocher were doing well on that platform⁵⁵. In 1980, Biotherm, which had been acquired in 1969, launched a product line explicitly identified by its biological components. Called Bio Effet, the brand was described as a “biological solution”, and was firmly positioned in the domain of natural products⁵⁶. In the following year, L’Oréal’s luxury brand Lancôme launched the Nutribel brand, as its first brand with a natural ingredient – jojoba oil – as the main active ingredient. The brand was explained internally with a description of how jojoba grew in the desert regions of central America and the southeastern United States, and how native Americans were already familiar with its beneficial properties in the 16th century. It was explained that jojoba oil penetrated more deeply and quickly into the skin than other oils such as olive and almond oil, and that it protected against external toxins. However it was far from a “purely natural” concept - Vitamin F had been added to reinforce jojoba’s benefits⁵⁷.

Indeed, it was striking that references to the word “natural” seem to vanish from L’Oréal’s annual reports during the 1980s. There was great emphasis on scientific research, such as the use of synthetic liposomes for skin care applications. Dalle himself made major investments in the

⁵⁴ L’Oréal 1978 Annual Report, p. 11.

⁵⁵ L’Oréal *En Direct*, No, 36, February 1979, “La concurrence”, p. 19.

⁵⁶ L’Oréal *En Direct*, No. 53, Novembre 1980, p. 7.

⁵⁷ L’Oréal, *En Direct*, No. 55, Janvier 1981, p. 7.

French pharmaceutical industry at this time. Yet there continued to be interest in making some innovative products with natural ingredients, but it was hardly a dominant theme. An example of a plant extract based launch in the mid-1980s was the launch of the Vichy line Les Florales, "a range of three products containing flower extracts"⁵⁸. By the late 1980s, L'Oréal began to acknowledge the naturals trend more explicitly. The Garnier brand became "greener" starting in the late 1980s, with the addition of marine extracts to its shampoo line Aquavital aux Extraits Marins (1989) and the addition of plant or biological extracts to every product in the Garnier skin care line Synergie⁵⁹. For much of the 1980s and 1990s, the company's strategy can be described as trying to maintain a balancing of brand image around both natural and scientific concepts without privileging either dimension.

Big business was also aware of the trend for being "natural" in the United States. As in Europe, there was a growing concern for the environment, and for things regarded as "natural", such as all-natural fibers and denim blue jeans in fashion. This was one factor, among other such as the emergence of the surfing subculture of the "California Girl". After the hexachlorophene in Cover Girl was banned, Clairol launched a Clean Makeup campaign which emphasized outdoor scenes and natural look⁶⁰.

By the 1970s mainstream American beauty companies were engaged in search for organic and natural ingredients which avoided allergic reactions. There was the appearance of milk and honey in moisturizers, and the growing use of herbs. Retail sales of hypo-allergenic beauty products were estimated to have reached \$50 million in 1971⁶¹. Shampoos made from balsams, herbs, and lemons, and skin creams made from avocados all made their appearances⁶². In

⁵⁸ L'Oréal, L'Oréal 1984 Annual Report.

⁵⁹ L'Oréal 1989 Annual Report.

⁶⁰ Linda Scott, *Fresh Lipstick* (New York: Palgrave Macmillan, 2005), pp. 274-5.

⁶¹ Frost & Sullivan, *The Hygiene and Grooming Aids Market* (January 1974), pp. 38 V 1-45 V 8.

⁶² Frost and Sullivan, *The Cosmetics and Toiletries Industry Market* (August 1972), pp. 70.

1973 Elizabeth Arden opened a new hair salon on the tenth floor of its building on the Fifth Avenue, New York, which was designed as botanical environment with hanging plants, flowering crab apple trees and seasonal plants at the entrance⁶³. During the late 1970s Clairol captured a large share of the American shampoo market with Herbal Essences, a green shampoo with a high fragrance content based on the essences of sixteen herbs and wildflowers⁶⁴. Much later, in 1994, Clairol launched Natural Instincts, an 18-shade natural hair coloring system.

In general, neither American consumers nor mainstream companies were particularly interested in European-style "natural" cosmetics such as l'Occitane. The use of botanicals was primarily a European phenomenon throughout the 1970s and most of the 1980s, reaching fashionable New York stores from imports from Clarins and other European companies⁶⁵. This may have reflected in part the lack of equivalent of a pharmacy channel which was important in European countries. There were also differences in consumer preferences. American consumers remained especially interested in the transformational effect of make-up, and welcomed ingredients that appeared to work, whilst Europeans had stronger preferences for skin care. There was also a more strongly commercial culture. Anita Roddick, explaining the poor performance of The Body Shop in the four years after it opened in the United States in 1990, observed:

"America is the ultimate consumer and it kept asking for new products which we simply didn't have the means to supply....our whole ethos made us virtually unmarketable. Concern for the environment, a refusal to test ingredient on animals and as a result a determination to pursue community trade proved to be enormous handicaps in the USA"⁶⁶.

⁶³ "A New Angle on Naturalness", *Cosmetic World*, October 29 1973.

⁶⁴ *50 Colorful Years. The Clairol Story* (the company, 1982), p.4.1. Dyer, et al *Rising Tide*, p. 111.

⁶⁵ Jane Ogle, "Beauty: Beneficent Botanicals", *New York Times*, February 22 1981.

⁶⁶ Roddick, *Business*, p.149.

V. | From Niche to Bandwagon

The rapid growth of green cosmetics took place within the context of striking changes in the global beauty industry after 1990 as the industry's re-occupation with, in Roddick's terms, young women of Caucasian ethnicity gave way to a much more diverse picture. The historical branding differentiation by price, age and gender increasing shifted towards psychographic positioning based on lifestyle. The association of Whiteness with beauty gave way to the recognition of ethnic diversity, and especially that "ethnic markets" were large and growing. The transition of the American market from being highly segregated by race in the 1960s into a multi-ethnic market in which Hispanic, Asian and other ethnicities were regarded as some of the most profitable segments was important here. Even more important were the entry of China and India into the global economy, and the very rapid growth of China in particular as a market for beauty products. While for most of the twentieth century Paris and New York, France and the United States, had been recognized as the two centers of the beauty industry, whose brands had the most widespread appeal, there was now much more openness to quite different beauty cultures. These changes had major changes on the market for green cosmetics, helping to open up international markets for brands and products which, even a decade earlier, would have been wholly marginal⁶⁷.

Alongside these changes was a steady stream of environmental disasters which eroded public confidence in science and technology, whilst raising people's concerns about the environment, The Chernobyl nuclear power

⁶⁷ These changes are explored in Jones, *Beauty Imagined*, chapter 10.

meltdown in 1986 was followed three years later by the Valdez oil spill in Alaska. In 1989 Time magazine designated "Endangered Earth" as "Planet of the Year, in place of its usual man or woman of the year"⁶⁸. In 1992 the Earth Summit organized by the United Nations in Rio de Janeiro focused unprecedented attention on the environment risks. In 2006 the former U.S. Vice President Al Gore released *An Inconvenient Truth*, a documentary that described global warming. The next year, he was awarded the Nobel Peace Prize jointly with the Intergovernmental Panel for Climate Change. In 2006 British government published the lengthy Stern Review on the Economics of Climate Change which documented in unprecedented scale the effect of climate change and global warming on the world economy. Within this context, consumer brands in just about any industry which promised to be safe and not to damage the environment were to some extent pushing against an open door.

Established green cosmetics businesses now enjoyed rapid growth opportunities. The French company l'Occitane passed through a striking renewal. In 1992 Oliver Baussan, who had diluted his shareholding in order to raise capital, lost control of his company which, after two unsuccessful years, was acquired by a former Austrian ski champion, Reinold Geiger. He considered the small, 8 million Euro company as an investment after previously undertaking several successful entrepreneurial ventures. Between 1996 and 2007 Geiger, who took over the management himself but retained Baussan as creative influence, expanded its stores from two (both in France) to almost 900 around the world. Its sales rose to 330 million Euro over the same period spread across Europe, the Americas and Asia, and including 28 airport duty free stores which reportedly contributed a large percentage of sales revenue⁶⁹.

⁶⁸ Marc Lampe and Gregory M. Gazdam "Green Marketing in Europe and the United States: an Evolving Business and Society Interface", *International Business Review*, 4, 3 (1995), p. 302.

⁶⁹ Magnan, *Essence*. pp 115, 131; Interview with Reinold Geiger MBA 76, *INSEAD Alumni Newsletter*, March 2007, [http://www.insead.edu/alumni/newsletter/March 2007/Reinold Geigerinterview.htm](http://www.insead.edu/alumni/newsletter/March%2007/Reinold%20Geigerinterview.htm), access July 17, 2008; "L'Occitane aims east with Hong Kong Flotation", *Cosmetics design-europe.com*, <http://www.cosmeticsdesign-europe.com>, accessed July 17 2008.

As remarkable was the growth of Burt's Bees in the United States. This began in Maine in 1984, when Roxanne Quimby and Burt Shavitz began selling candles made from the beeswax created as a by-product of Burt's honey business at craft fairs. By 1991, when the company incorporated, it had begun to sell soap, perfume and lip balm cooked on a stove. In 1998 their sales reached \$ 8 million. Strikingly, the firm was now able to sell in upmarket department stores such as Marshall Field's and Nordstrom's, as well as the growing number of "natural" supermarket chains such as Wholefoods. By 2006 sales reached \$250 million in 2006, and were in 30,000 retail outlets in the United States, Great Britain, Ireland, Canada, Hong Kong, and Taiwan. Profits were used in part to support environmentally friendly causes, such as the purchase of tracts of forest land in northern Maine to preserve them from development⁷⁰.

The discovery of long lost craft knowledge about herbs, plants and flowers now became the basis for highly successful brands launched by new entrepreneurial firms. Among the striking growth stories was Korres Natural Products, which grew out of a pharmacy business in Athens, Greece. Pharmacies traditionally held a special place in Greece. An estimated 10,000 pharmacies, all single units, in a country of ten million meant that there was virtually one pharmacy on every road, which sold over the counter drugs, cosmetics, and other products such as convenience food. In 1989 George Korres began working in a homeopathic pharmacy, which he took over when the owner retired in 1992. The reputation for the herbal products Korres made for his customers spread by word of mouth. In 1996 he and his wife Lena Philippou, a chemical engineer, launched their company.

There followed rapid sales growth which was striking for a country which was not associated with branded consumer goods. The firm's cosmetic products were based on herbs and flora, and drew on traditional knowledge of their efficacy. By 2008 they were using some 350 different herbs, many unique to Greece. A yoghurt after-sun cream, for

⁷⁰ www.burtsbees.com, accessed May 2 2009.

example, employed popular wisdom in Greece that yoghurt relieved sun burn. Honey, rose, sage, hibiscus, fig, watermelon, and mint tea were among the many other ingredients used. Within a decade Korres had edged past the incumbents L'Oréal, Pierre Fabre and Johnson & Johnson to take a leading share in Greek pharmacies. In 2000 exports also began when a friend told them he thought it would prove attractive. They started selling in high-end department stores in New York, and in the following year were approached by a leading department store in London for their products. In 2003 the firm opened their first store in Britain. By 2008 the firm owned 18 stores, of which 16 were outside Greece and two were in Beijing, and had sales of \$50 million⁷¹.

Korres self-identified as an herb company. This did not mean that the company did not pay attention to consumer marketing. The attractive packaging for its products was produced in-house by a talented graphic designer who worked with Korres since 1992, and was given equity in the company. The company worked hard to make their brand interesting for beauty editors. Yet honesty, the avoidance of exaggerated claims, and belief in herbs were fundamental values of the company. "I didn't start the company as a beauty company", George Korres observed in 2008, "but as a company with herbs that offers beauty solutions in the right way"⁷².

By the new century interest in Indian ayurveda medicine and beauty practices, which had been pioneered by Aveda, had also resulted in a growing number of entrepreneurial start-ups. In 1992 Vinita Jain, who had a biochemistry degree from Switzerland as well as a Stanford MBA, created Biotique as an Indian herbal cosmetics company which had sales of 60 crore by 2000, 80 per cent of which were outside India⁷³. Forest Essentials, another ayurvedic cosmetics company which made its products by hand in a village the Himalaya Mountains, was founded in 2000 by Mira Kulkarni, which was sold in free-standing stores.

⁷¹ "Korres Pursues IPO to Fund Store Expansion", *WWD* March 30 2007.

⁷² Interview with George and Lena Korres, Athens, March 27 2008; Korres Corporate Presentation, January 2008.

⁷³ "Going Herbal to go Global", *HT City*, March 9 2000.

If there was a moment when green became main stream, it was when Estée Lauder established Origins Natural Resources Inc., in 1990. This very large, American cosmetics company, focused on the prestige department stores market, had twenty years previously created the Clinique brand with its famous white-coated sales people emphasizing the medicinal and scientific features of the brand, now entered the green world with a brand which used recycled paper and makeup shades which emphasized natural skin tones, while avoiding animal products and petroleum-based active ingredients. Origins was offered via freestanding boutiques in Cambridge, Mass, and SoHo, New York City, which became the basis for a growing retail business. Greenness was again associated with public philanthropy, with the company donating a proportion of sales to local good causes. By 1996 there were 19 Origins stores. In the following year Estée Lauder paid \$300 million to buy Aveda.

By the 2000s all leading companies offered green or organic brands, and some brought prominent green brands and firms. In 2006 Colgate-Palmolive bought Tom's of Maine for \$100million. In the same year L'Oréal brought The Body Shop for \$1.1 billion. In 2007 L'Oréal also purchased the small French company Sanoflore, which had been established in 1972 as a producer of organic herbs, and which had subsequently become a leading producer of organic oils and natural cosmetics. In 2007 the large US bleach manufacturer Clorox paid \$925 million for Burt's Bees. During these years the large supermarket chains also introduced their own private label green cosmetics, beginning with Tesco in Britain in 2007, followed shortly afterwards by Walmart in the United States. One of the largest acquisitions yet came in 2010 when Shiseido paid \$1.7 billion to acquire Californian-based Bare Escentuals, a pioneer in the mineral make-up market, which had grown to revenues of around \$600 million.

It was striking that many emerging and transition countries, such as Latin America and Eastern Europe, were major growth markets for such green cosmetics⁷⁴.

⁷⁴ Euromonitor, *Global Cosmetics and Toiletries: Facing Tougher Rimes Ahead* (November 2008).

Although there was a widespread perception that China, for example, had a greater interest in fast growth than care for the environment, the preference for the use of natural ingredients was widespread throughout all categories of the Chinese beauty market. Unilever's Lux range in China had a natural ingredients line, and P & G offered Olay Herbal Intensive Body products. This probably reflected a traditional preference for natural ingredients stemming back to Chinese medicine, as well as a fear of toxic chemicals in many consumer products.

By the new century interest in Indian and Chinese ancient herbal knowledge had attracted the global companies for whom the China market had become very important, and who looked at envious glances at the potential of India. In 2008 Estée Lauder acquired a 20 per cent stake in Forest Essentials, which rejected a competing offer from L'Oréal⁷⁵. In 2002 Shiseido established a research center in Beijing to study Eastern herbal medicine. In 2004 L'Oréal established a similar facility in Pudong with the specific intent of exploring the active ingredients behind traditional herbal and plant Chinese beauty products. The investments by leading firms in understanding traditional beauty products was indicative of the perceived potential of this knowledge. The traditional knowledge contained in such products was highly local. However an international company was positioned to put together such fragmented and little understood knowledge from around the world, figure out how these products worked, and to formally test both their efficacy and safety. The potential learning from studying traditional beauty and health knowledge in China, India and elsewhere was not restricted to products. These products were typically located within wider beauty practices in which, for example, services such as massage or acupuncture formed important components of the overall holistic vision. As a result, companies could potentially learn new philosophies of beauty⁷⁶.

Today, then, the world's largest beauty companies have investments in research and marketing brands which, thirty years previously, were the preserve of people

⁷⁵ "Estée Lauder Buys Stake in India Firm", *Women's Wear Daily*, July 18 2008.

⁷⁶ Jones, *Beauty Imagined*, chapter 10.

they would have considered wholly marginal and irrelevant. Green had certainly not conquered all the industry, but it was now recognized as one valid alternative alongside others such as highly technical products, demand for which also grew quickly. The whole concept of science had to some extent been transformed. "It's not only about the chemistry, that's the past," Jean-Paul Agon, L'Oréal's chief executive after 2006 observed. "The science of beauty today is about chemistry, but it also is about biology, it's about natural ingredients, it's about dermatology"⁷⁷.

Meanwhile the involvement of big business raised, for some, issues of authenticity, while the radical green companies moved on to pursue "extreme ethical" strategies on social change. Examples included Lush, a maker of hand-made cosmetics and toiletries founded in 1994 by Mark Constantine, the herbalist who had become one of The Body Shop's largest suppliers⁷⁸. Lush, which had \$100 million sales by 2008, funded multiple environmental and social charities, and customers could purchase a "charity box" of cosmetics which donated 100 per cent of profits to such charities. Constantine himself gives financial support to radical activists such as Plane Stupid, an anti-air travel group that in December 2008 staged a protest on the runway at London Stansted airport halting traffic for a considerable period. Dr Bronner's Magic Soaps, meanwhile, currently sources 90 per cent of its olive oil from Palestinian products in the occupied West Bank, and sources its coconut oil from a certified fair trade supplier in Sri Lanka⁷⁹.

⁷⁷ Pete Born, "Agon in Command", *Women's World Daily*, THE CEO Edition, May 2007, p. 34.

⁷⁸ "I'll have what Mark Constantine is having", <http://www.realbusiness.co.uk/ARTICLE/FEATURE-Ill-have-what-Mark-Constantine-is-having/1337>, accessed August 13, 2007.; "Me and My Partner: Mark Constantine and Andrew Gerrie", *The Independent*, October 13 1999; "Lush Couple with a shed load of ideas", *The Guardian*, April 13 2007.

⁷⁹ "Extreme ethical emerges as new cosmetics trend", *Cosmetics-design-europe.com*, May 28 2009, accessed May 29, 2009.

VI. Concluding remarks

The growth of green cosmetics business represents an interesting case of how a niche idea can become a mainstream industry trend. It could be variously be described as the rise of biology and the discrediting of chemistry, or a revival of interest in the techniques and practices of the pre-industrial era after nearly two centuries when the beauty industry was both industrialized and commercialized. It was definitely a story of entrepreneurs pursuing a concept both well ahead of any great consumer demand and of any regulatory influence. This made developing a market challenging until the late 1960s, when wider environmental concerns began to translate into a potential market for green cosmetics. In the broader context of understanding the role of entrepreneurs in general, the growth of green cosmetics offers a concrete case study of how imagination and creativity can generate commercially viable products.

A striking feature of the green cosmetics movement which gathered momentum from the 1970s was that it was led by firms engaged in the more intimate contact with consumers than most beauty firms. The Body Shop was a retailer, as was l'Occitane and Korres. Aveda was initially sold in hair salons and later in specialty stores. Nu Skin and Natura were direct sellers whose representatives sold to small groups of people on an intimate one to one basis. Almost certainly, this enabled these firms to understand more clearly consumer alarm about the safety of products, and in some vague sense of the world, than the established beauty companies, who had invested large sums in making their products both safe and more appealing through the use of scientific research, and in advertising these products. For firms such as L'Oréal which prided

themselves on their scientific research and from their origins had sought to make products safe, going green was much more difficult, as they understood that natural ingredients were not necessarily safer, and could be thoroughly dangerous.

As striking was that the use of natural ingredients per se was often not the sole, or sometimes not even the central, concern of many of the leading entrepreneurial figures who grew the category from the 1970s. Roddick was motivated as much by hostility to the wasteful packaging of the cosmetics industry and its exaggerated claims as by the desire to use natural ingredients, and as her business grew, she supported a wide variety of environmental causes. Tom's of Maine and Nu Skin had a strong religious belief in "good" capitalism. Rechelbacher was an enthusiast for ayurvedic philosophy. Seabra, although certainly concerned to protect the biodiversity of the Amazon, had a wider vision of the need to restore harmonious relationships to the world. These variety of wider goals contributed to the somewhat diffuse meaning of the word "natural", as did the subsequent entry of companies who simply wanted to sell into an obviously growing segment and for whom the term "natural" was no more than a marketing pitch.


The confusion over the term "green" and "natural" has long been recognized as a marketing weakness for all products. In the very recent past there have been some moves to address it through agreeing industry standards. In 2008 Natrue, a European certifier of natural cosmetics, was formed. The American equivalent is the Natural Products Association. It's hard, though, to imagine the uncertainties being resolved any time soon, and it's also hard to imagine that this market segment will not continue to grow at a very fast speed. For all the ambiguities and contradictions present in the concept of green cosmetics, faith that all chemicals are safe has long gone, and belief that the earth faces an environmental disaster grows stronger every day.

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