

A Work Project Final Report presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

Branding Lab

HOW PORTUGUESE CONSUMERS PERCEIVE
THE SUSTAINABLE DIMENSION OF THE
BRAND GARNIER?

*Report B: How should the bio concept be communicated in the mass
market beauty and personal care categories?*

Mafalda Anjo Gonçalves

Student Number: 39683

e-mail: 39683@novasbe.pt

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the supervision of: Catherine da Silveira

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1. Introduction

Companies are ever more engaging in sustainable initiatives. Indeed, according to Ecovia Intelligence, a research and consulting company that focuses on the natural and sustainable product industries, “global retail sales of natural and organic cosmetics have grown from almost nothing to \$10.2 billion between 2002 and 2017” (Gallon, 2018). As consumers’ concern for environmental responsibility appears to increase, marketers attempt to integrate it into their marketing strategies. Chen (2010) underlines 5 main reasons why investing in green marketing strategies can prove beneficial for brand equity: (1) they represent a responsible response to environmental pressures; (2) they can result in a competitive advantage; (3) they improve the brand’s image and the corporation’s reputation; (4) they allow for entering new niche markets; and, finally, (5) they add value to the products.

Today, Garnier is at the forefront of sustainable initiatives in the mass market in Portugal. In line with its sustainability targets, Garnier introduced Garnier Bio in Portugal in 2019, a new range of certified organic skincare and, although it has reached a fairly high brand awareness according to our research, namely 68.7% out of 721 recorded answers, sales have not corresponded proportionately. We can conclude that “there is a gap between the values associated with the environment, and the action taken for its protection” (Maheshwari, 2014 as cited in Singhal & Malik, 2018). This Work Project aims to respond how this gap can be mitigated by brand’s managers by effectively positioning and communicating their bio products in the Portuguese beauty and personal care mass market.

2. Contextual background

In the following sections, definitions of “bio” and “green marketing” will be clarified and the market where bio cosmetics are inserted in Portugal, namely in the mass channels, will be introduced.

2.1 Defining bio

Firstly, bio production is a synonym of organic production. Depending on the country, organic standards may be regulated by the government, such in the case in the United States, the European Union, Canada and Japan. The terms "organic" or “bio” may only be used by certification bodies that must comply or exceed the national standards in the cases where they rule. Such measures are important to protect consumers from misuse of the terms.

Certification bodies assure that certified organic products have been “produced, stored, processed, handled and marketed in accordance with technical specifications or standards” (Food and Agriculture Organization of the United Nations, 2015 as cited in Naidoo & Ramatsetse, 2016). The certification body affords the product a label that ensures that the essential elements constituting an "organic" product have been met from the farm to the market (Food and Agriculture Organization of the United Nations, n.d.). Requisites that are usually common among all organic certifications are the exclusion of animal experiments and the absence of Genetically Modified Organisms (GMOs) or micro-plastics. Moreover, principles of Green Chemistry from the CITES Convention must be ensured for some natural and organic cosmetics labels and palm oil is only to be used if it has a RSPO (Roundtable on Sustainable Palm Oil) certification.

As for examples of existing standards in the beauty and personal care market and their certification bodies, we start by presenting the COSMOS-standard, managed by a non-profit, international and independent association, that gathers 10 authorised certification bodies, which includes, among others, Cosmebio and Ecocert, in France,

ICEA in Italy and the Soil Association in the UK (COSMOS, n.d.). It offers two signatures for cosmetic products: COSMOS organic and COSMOS natural. COSMOS-Organic certifies products that contain at least 95% of the ingredients of agricultural origin from controlled organic farming. Chemically processed ingredients are not accepted and water and minerals are considered non-bio-certifiable. In addition to this, at least 20% of the ingredients throughout the product must come from controlled organic farming and, for “rinse-off” products, such as shampoos, a minimum of 10% applies (COSMOS, n.d.).

Furthermore, there is the NATRUE standard for certified natural and organic cosmetics, founded by European natural cosmetics companies in the countries of Germany, Austria and Switzerland. It differentiates between three levels: “natural cosmetics”, “natural cosmetics with organic ingredients” and “organic cosmetics”. NATRUE’s certified “organic cosmetics” as well as its certified “natural cosmetics with organic content” imply that the proportion of natural substances, i.e., physically processed ingredients of agricultural origin, must be between 1% and 90%. Moreover, 95% for the former label, and 70% for the latter label, of natural and near-natural ingredients must be produced by controlled organic farming or must come from controlled wild harvesting. What is more, in order to bear the NATRUE label, it is necessary that “at least 75% of all the individual products in a delimited series, identified either by the brand or the sub-brand, are compliant with NATRUE’s Standard” (NATRUE, n.d.). This is to avoid misleading the consumers as they could think that the whole line of products is certified, thus providing a high benchmark for producers to remain transparent and prevent greenwashing (NATRUE, n.d.).

Demeter International, the oldest ecological certification seal in the world, certifies natural and organic cosmetics that contain at least 90% ingredients of agricultural

origin from Demeter cultivation; between 66% and 90% of the ingredients have Demeter quality and negative effects of processing are kept to a minimum, focusing on reducing waste, energy consumption and wastewater (demeter, n.d.). The organic or Demeter origin of each ingredient must be identified on the product and packaging materials must comply with the Demeter Directive (demeter, n.d.).

From the United States, the label USDA defines three levels of organic products. Products made entirely with certified organic ingredients, - with the exception of water and salts - methods, and processing aids can be labelled "100% organic", while products with at least 95% organic ingredients, excluding water and salts, may be labelled "organic" (USDA, 2012). Both categories may display the "USDA Organic" seal, but the third category may not. This third category must contain at least 70% of organic ingredients and, although it can not be advertised as "organic," it can be labelled "made with organic ingredients" as long as it lists individual ingredients that are organic in the product's ingredient statement (USDA, 2012). For all three categories, any non-agricultural ingredients used must be contemplated on the National List of Allowed and Prohibited Substances (USDA, 2012).

In sum, certified organic labels protect brands and consumers against greenwashing, while making a commitment to respect the environment, promote social values and employ transparent communication.

2.2 Garnier's bio beauty

After understanding how bio or organic products are defined and identified in the market, specifically in the beauty and personal care markets, it is important to compare them to Garnier's case. Garnier Bio is certified by the Ecocert group that follows the COSMOS standard for organic products as above described. Garnier also ensures that most of its ingredients, as is the case of lavandin, argan oil and aloe vera, are ethically

traded with respect for biodiversity and while ensuring producers a fair wage (Garnier, 2019).

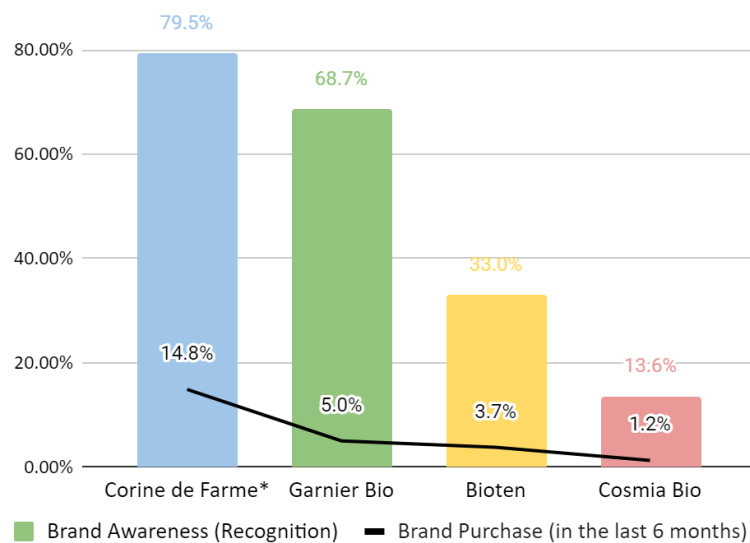
2.3 Bio beauty and personal care mass market in Portugal

Currently, brands commercialized as “bio” in Portugal that can be found on the cosmetics and toiletries aisles of retailer stores are: Bioten from Sarantis group, Cosmia Bio, a private label from Auchan, Corine de Farme Bio from Sarbec Cosmetics group and, Garnier Bio, from Garnier, which belongs to the L’Oréal group. Although containing the term “bio” in its brand name, Bioten is the only brand out of the four that is not organically certified. The average percentage of the ingredients of natural origin in its formulas is 80%, as it includes non-natural substances such as preservatives, fragrances or sunscreens necessary to protect the formula and safety for the skin health. Nonetheless, it promises formulas that are paraben free, cruelty free and dermatologically tested to ensure skin compatibility and the efficacy of the declared effects for each skin type (Bioten cosmetics, n.d.). Moreover, all their cardboard packaging is certified by Forest Stewardship Council (FSC); their glass flasks are made of 30% recycled glass and all Bioten packaging is 100% recyclable (Bioten cosmetics, n.d.). As for Cosmia bio, it is the most recently launched brand out of the four, having been introduced in Portugal in December of 2019 (Hipersuper, 2019), not long after Garnier Bio, launched in March of the same year. Cosmia bio and Corine de Farme bio are both certified with the same certification label: “Ecocert COSMOS Organic” from Ecocert group.

According to the quantitative research conducted by the group, with 721 valid responses, it is possible to conclude, looking at the graph on figure 1, that bio brands have not gained full recognition in the market by the Portuguese public yet. For bigger, better established brands such as Garnier and Corine de Farme, brand awareness is consequently

higher, 68,7% and 79,5%, respectively; however, for smaller and more recent brands in the mass market, brand awareness goes as low as 13,6%. Despite the high values on the former two brands, brand purchase, in the last 6 months, does not correspond. This gap between brand awareness and brand purchase translates the gap between consumers' environmental attitude and behaviour previously mentioned, since consumers know bio brands and are aware of brands' sustainable initiatives and value them positively, but, do not consider them in their buying decisions. Moreover, 88,2% out of 389 respondents answered that they have sustainability concerns (*appendix 1*), which is not coherent with their purchasing patterns and level of knowledge on the subject.

Figure 1: Brand awareness (recognition) and brand purchase (in the last 6 months) of bio brands (n=721)



*Does not refer solely to the brand's bio range but, rather, to the entire brand.

2.4 Green marketing

Green marketing comprises all marketing efforts that aim to reduce environmental impact by promoting the consumption of green products and use of green services. The concept of green or sustainable products covers organic or bio products, natural products

and ecological products, to name a few. Today, companies have to meet the increasing expectations of people and have to comply with strict laws. More advanced technology is ever being implemented, governments impose regulations about the way companies must behave and the consumer has even grown sceptical of green marketing.

Nowadays, more and more companies communicate about the sustainability of their products and manufacturing practices so that they can answer the growing demand of consumers. In fact, “green advertising has greatly increased in the past two decades and tripled since 2006” (Delmas & Burbano, 2011). New products were designed to fit this need and existing products were repositioned to create a greener image. Eco-labels, such as the certification labels described on the topic 2.1 of this report, are used to promote the identification of environmental attributes of green products and provide an informative base for a consumer to make choices. Besides “bio” or “organic”, common ecolabels carry messages such as “environment-friendly”, “ozone-friendly”, “degradable”, “recycled”, “recyclable”, “renewable”, “reusable”, “refillable” or “biodegradable” (D’Souza et al., 2006). While it is beneficial that consumers are informed about the sustainable characteristics of a product, they also need to understand them and their impact.

3. Barriers to bio products purchase

The qualitative research conducted showed that consumers are hesitant to buy bio products mainly due to a lack of education on the subject and a perceived higher price level of this class of products. Indeed, it is difficult for consumers to identify and comprehend the meaning of eco-brands and eco-labels (Singh and Soniya, 2017 as cited in Singhal & Malik, 2018). Secondly, price constitutes a major barrier since consumers are not willing to pay more for green products (Singhal & Malik, 2018), especially in the cosmetics sector. Consumers’ lack of information on bio standards and their meaning can

be understood in the following quotes taken from the interviews conducted: “Never saw the product [Garnier Bio] before in the supermarket. But I would say that it seems to have higher quality since they use natural ingredients, and probably they are more expensive. However, I wouldn't associate it with sustainability. I associate a bio product more with my health not with the environment, also because the packaging seems normal, it is made of plastic.” (Innovator segment, Masters or superior degree, n°5); “Many brands are advertising nowadays the fact that they are Bio, or natural, but that does not mean that it is sustainable if the ingredients come from the other side of the world or if the packaging is all about plastic. For me a brand like this loses a lot in terms of sustainability.” (Loyal segment, High school level or lower, n°8); and “(...) the word “Bio” is very strange to me. It has no meaning. I would like there to be more explanation on what this means. Does this imply that the product is more sustainable? I’m not sure.” (Innovator segment, Masters or superior degree, n°11). Our quantitative research revealed that natural ingredients are not correlated with sustainability, in fact, only 32,7% out of 327 responses agreed with “If the product contains natural ingredients, it is sustainable”. Furthermore, packaging, namely whether it is recyclable and/or recycled (for example, 93,6% out of 439 respondents answered that recyclable packaging is important to them); paying fair wages to workers (92.7% of 368 answers) and the ethical sourcing of raw materials (85% out of 367 responses) are the three factors most associated with the concept of sustainability by our respondents (*see results in detail on appendix 1*).

As for price, respondents’ misconception of bio products as an exclusively premium product and, thus, a more expensive one becomes clear in the following interview citations: “I think it would be slightly more expensive because they are bio due to the packaging and bio characteristics, although I have never tried them, they seem to be good products with a good quality.” (Loyal segment, High school or lower level, n°13);

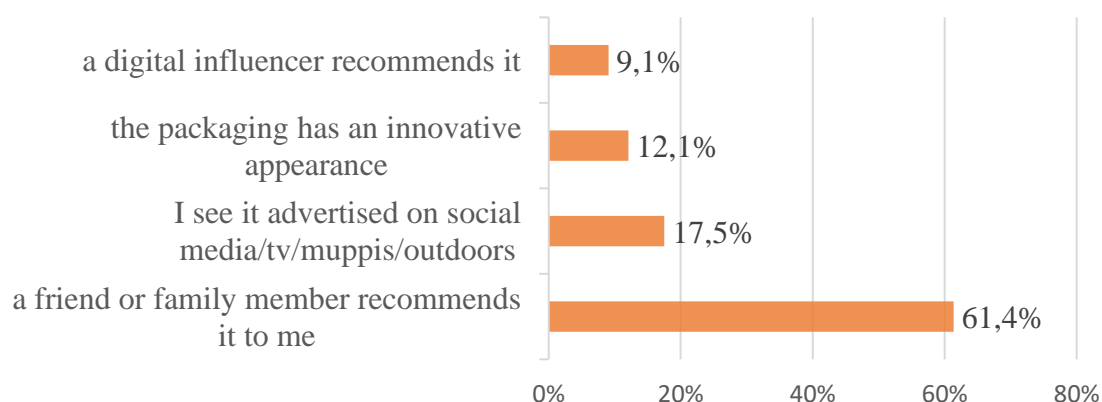
“I have already seen it at the supermarket, but I never tried it mainly because I think the products are more expensive and I never saw them on sale. I would like to see them on sale so I could try, because I am looking to change my consumption habits, looking for more eco-friendly products, but I am not willing to spend more. I would like them to be on my budget.” (Promo segment, High school level or lower, n°14); and “I’ve seen it at the supermarket but because it is bio I always associate that it will be more expensive, so I basically don’t look at it” (Loyal segment, Bachelor degree, n°21). Our quantitative research further confirmed this insight: 83,5% out of 837 respondents believe bio products are always more expensive and 61,6% out of 177 recorded answers agreed that Garnier Bio is an expensive brand (*see appendix 1*).

4. Recommended strategy

Our study demonstrated the discrepancy between the relationship between environmental concern and the consumption of green cosmetic products in Portugal. This disconnected link between environmental concern and buying attitude was called, by some studies, of green purchasing inconsistency or green attitude-behaviour gap. To mitigate this gap, marketers must find out which factors influence the consumers’ green product purchase decision and from there, define a strategy to influence it.

When evaluating consumers’ main drivers to buy or try new products, as could be the case with bio products if they were never used before, the power of word of mouth (WOM) between friends and family revealed to be the main motivation, with 61,4% of the total of 497 responses, followed by company controlled strategies (figure 2), which never surpassed 17,5% out of 497 recorded responses. Thus, our research results lead us to believe that brand’s marketing efforts would be best employed in strategies that aim at gaining consumer’s trust and loyalty in order to promote positive WOM.

Figure 2: Quantitative questionnaire results for the question “I am more willing to try for the first time or buy a new beauty or personal care product if...” (n= 497)



4.1 Recommendations

Bio is still a niche market and, thus, not yet recognized or understood by all Portuguese consumers, that is why marketers' role should be to educate consumers on the personal and global, i.e. environmental, benefits of such products, thus increasing the notoriety of bio products in the market. Empowering customers by providing accurate and updated information is key to achieve success as it assures customers recognize the coming benefits from being or becoming green. That is why it is important to focus on transparency and so, avoid all the scepticism towards green marketing. “Townsend, (2017) found a positive attitude of consumers towards social media post including green marketing” (as cited in Singhal & Malik, 2018), which resulted also in a higher purchase intent, when compared to the social media, which do not involve green marketing elements. Hence, my first recommendation would be to use Instagram, Garnier's most active social media, to feature informative posts about the characteristics and standards of bio or organic beauty and personal care products with engaging content, for example, by breaking down myths and sharing facts and curiosities.

Moreover, managers and marketers, when advertising bio products, must consider both consumer's motivations and obstacles to buy them. According to Sahu (2012),

environmentalists, green products primary customers, can be divided into three categories, according to their main green motivations: “planet passionate, health fanatics and animal lovers”; and the author found that the majority of consumers are concerned about their own health, that is, they are health fanatics. For this reason, investing in paid social media posts with the help of influencers that are perceived as environmental conscious in Portugal, working as Garnier bio brand ambassadors, would help convey the message that product’s ingredients and organic production methods bring health and environmental benefits to consumers. @anavarelaoficial (97.8 thousands of followers), @inesrpais (51.5 thousands of followers) and @thejuicyedition (34.9 thousands of followers) are good examples of Instagram influencers that speak directly to an environmental conscious public. Furthermore, social media ads should be targeted to better informed and interested segments, based on a psychological segmentation, thus directing the marketing strategies to more altruistic people that have the potential of becoming opinion leaders in their circle of contacts, since WOM has proven to be the most effective method for such recent and trendy products.

Overall, providing consumers with clear information about the positive impact that their purchasing decisions might have in the overall state of the environment, will help leverage product’s green value and extinguish any misconceptions on sustainability and bio perceptions. After all, to sell bio products, organizations must first and foremost know whether customers are aware of their health and environmental benefits. A “bio” label is a competitive advantage even if Portuguese consumers are not prepared yet to see its added value and health benefits. It is the companies’ role to educate them and, for the better-informed consumers, help spread the word, by prioritizing them as a target segment.

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Appendices

Appendix 1: Quantitative questionnaire results

QUESTION	Disagree	Neutral	Agree
Q9_4: In my opinion, packaging made of recycled plastic is important.	12.4%	16.6%	87.6%
Q9_5: In my opinion, sustainability is paying fair wages to workers.	7.3%	21.8%	92.7%
Q9_6: In my opinion, recyclable packaging is important.	6.4%	11.8%	93.6%
Q9_10: In my opinion, sustainability is the ethical sourcing of materials.	15.0%	20.4%	85.0%
Q9_11: If the product contains natural ingredients, it is sustainable.	67.3%	30.2%	32.7%
Q9_12: Brands sold in supermarkets are too cheap to be sustainable.	79.0%	23.2%	21.0%
Q9_14: I have sustainability concerns.	11.8%	20.0%	88.2%
Q9_18: In my opinion, bio products are always more expensive.	16.5%	18.6%	83.5%