

Bachelor's thesis (Turku University of Applied Sciences)

Degree programme in International Business

International Business Management

2012

Anna-Riikka Heino

NATURAL COSMETICS AS AN INNOVATION

– Nivea's Pure&Natural products as an example



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Degree programme in International Business | International Business
Management

2012| 48

Instructor: Laura Heinonen

Anna-Riikka Heino

NATURAL COSMETICS AS AN INNOVATION

Environmental innovations are today's trend and have affected various different industries. As cosmetic industry is highly competitive and consumers always desire new innovations it is inevitable that cosmetic industry creates an answer to this demand as well. Natural cosmetic products are developed from natural ingredients, developed with environmentally friendly methods and the ready product and container must be recyclable. Environmental innovations are not just a demand from the market but are most likely going to be important in the future due to the fact that the environment cannot take this load for that long anymore. As innovations are significant in the cosmetic industry it is important to think what the process should be like and how to bring these new innovations to the market in a most appealing way.

The purpose of this study is to examine natural cosmetics by using Nivea's Pure and Natural product line as an example. This study also tries to find out the overall importance of innovations in cosmetic industry and the ways to bring new products to the market in a way that is most appealing to the consumers.

The theoretical part for this study was created using secondary data sources, in this case books, articles and web sites. Empirical part then again consist qualitative interviews where three people from cosmetic company Beiersdorf were interviewed about their opinions and experiences on the chosen subject.

Based on this study can be said that environmental innovations are very important now and are most likely going to be as well in the future. Natural cosmetics, here Nivea's Pure and Natural product line, were seen as an important part of the company's product portfolio. Natural products are a demand from the consumers but are also developed because of company specific factors and regulations. Innovations were seen very important in cosmetic industry and most likely are developed also in the future. However, companies should not forget the already existing products since those are often the ones creating the revenue. When it comes to bringing new products to the market marketing through all existing channels was seen as the way to make a new product successful.

KEYWORDS:

Natural cosmetics, environmental innovation, innovation process

LUONNONKOSMETIIKKA INNOVAATIONA

Luonnonmukaiset innovaatiot ovat tämän päivän trendi ja niillä on vaikutus moneen eri teollisuudenalaan. Kosmetiikka-alalla on kova kilpailu ja kuluttajat vaativat aina uusia innovaatioita, joten on väistämätöntä, että kosmetiikka-ala on luonut tuotteen myös tälle tarpeelle. Luonnonkosmetiikkatuotteet ovat luotu luonnonmukaisista raaka-aineista, valmistettu ympäristöystävällisin keinoin ja valmiin tuotteen ja rasian tulee olla kierrätettäviä. Luonnonmukaiset innovaatiot eivät ole vain tarve markkinoilta, vaan ovat luultavasti tulevaisuudessa hyvin tärkeitä, sillä ympäristö ei kauaa kestä tällaista kulutusta. Koska innovaatiot ovat hyvin tärkeitä kosmetiikka-alalla, on hyvä miettiä millaisia prosessien tulisi olla ja miten tuote tulisi tuoda markkinoille mahdollisimman houkuttelevana.

Tämän tutkimuksen tarkoituksena on tutkia luonnonkosmetiikkaa käyttäen esimerkkinä Nivean Pure and Natural- tuotesarjaa. Tämä tutkimus selvittää myös innovaatioiden kokonaisvaltaista tärkeyttä kosmetiikka-alalla ja tapoja, joilla tuotteita voitaisiin tuoda markkinoille, niin että ne olisivat mahdollisimman houkuttelevia kuluttajan näkökulmasta.

Tämän tutkimuksen teoriaosuus on tehty käyttäen hyväksi toissijaisia lähteitä; kirjoja, artikkeleja ja Internet-sivuja. Empiirinen osuus koostuu kvalitatiivisista haastatteluista, joissa kolmea kosmetiikkayritystä Beiersdorfin työntekijää on haastateltu heidän ajatuksistaan ja kokemuksistaan kyseessä olevasta aiheesta.

Tämän tutkimuksen mukaan luonnonmukaiset innovaatiot ovat hyvin tärkeitä nyt ja luultavasti myös tulevaisuudessa. Luonnonkosmetiikka, tässä tapauksessa Nivea Pure and Natural tuotesarja, nähtiin hyvin tärkeänä osana yrityksen tuoteportfoliota. Luonnonkosmetiikka on tarve ja pyyntö kuluttajalta, mutta niitä valmistetaan myös yhtiökohtaisten tekijöiden ja säännösten vuoksi. Innovaatiot nähtiin erittäin tärkeänä kosmetiikka-alalla ja niiden luomista jatketaan varmasti tulevaisuudessakin. Yritysten ei kuitenkaan pitäisi unohtaa jo olemassa olevia tuotteitaan, sillä ne yleensä kerryttävät liikevaihdon. Mitä tuotteen markkinoille tuomiseen tulee, kokonaisvaltainen markkinointi nähtiin tärkeänä, jotta tuotteesta saadaan menestyvä.

ASIASANAT:

Luonnonkosmetiikka, luonnonmukainen innovaatio, innovaatioprosessi

Content

1. Introduction.....	6
1.1. Background information.....	6
1.2. Research questions.....	7
1.3. Structure of the study.....	7
2. Innovation	9
2.1. Innovation – definition and categories.....	9
2.2. Innovation – demand pull or technology push.....	10
2.3. Environmental innovation	12
2.4. Innovation process	14
2.4.1. Idea generating.....	15
2.4.2. New product development	16
2.4.3. Market launch	17
2.5. Cosmetic innovation and legislation.....	19
3. Natural cosmetics.....	22
3.1. Characteristics of natural cosmetics	22
3.2. Certificates	23
4. Methodology	28
4.1. Methodology for research	28
4.2. Interview questions.....	30
5. Interview results	31
5.1. Introduction of Beiersdorf.....	31
5.2. Natural cosmetics as an environmental innovation	32
5.3. Innovations in cosmetic industry	34
5.4. Bringing products to the market as successful innovations	36
6. Conclusion	40
6.1. Natural cosmetics as an environmental innovation	40
6.2. Innovations in cosmetic industry	41
6.3. Bringing products to the market as successful innovations	42
References:	44

Appendices

Appendix 1. Interview questions in English

Appendix 2. Interview questions in Finnish

Figures

Figure 1. Technology push, Tohidi & Jabbari, 2012	10
Figure 2. Market pull, Tohidi & Jabbari, 2012	10
Figure 3. Determinants of eco-innovation, Horbach et al. 2012, 113	12
Figure 4. Innovation process, Tiwari, 2008	13
Figure 5. AIAB, Association Working in Favor of Organic Farming, CosmeticOBS, 2009	22
Figure 6. BDIH, Certified Natural Cosmetics, BDIH, 2012	23
Figure 7. Cosmebio, Professional Association for Ecological and Organic Cosmetics (COSMEBIO, 2012)	24
Figure 8. Ecocert certificate for natural cosmetics, ECOCERT, 2012	24
Figure 9. Soil Association certificate for natural cosmetics, Soil Association, 2012	25
Figure 10. Natrue certificate for natural cosmetics, NATRUE, 2012	25

1. Introduction

1.1. Background information

Everything natural and environmentally friendly is the thing of today. It goes from food and clothes to cosmetics and make-up. In order to keep up with the current trends cosmetics companies like Beiersdorf, Procter & Gamble, L'Oreal and Unilever are designing their own natural products to meet the demand. The sales of natural cosmetics have increased quite rapidly and are expected to grow even more in the coming years. (Handelsblatt Wirtschafts & Finanzzeitung, 2005)

Consumers are getting more and more conscious in selecting the products they use. The concern does not only have to do with the safety of the products but also the environmental effects the manufacturing and producing process has. (HAPPI, 2009) Because of this, natural and environmentally friendly products as already mentioned are strengthening their place in the markets. This trend is also an opportunity for the companies since new regulations are forcing them to think more of the environment and produce their products in a way that less harms the environment.

When it comes to innovations in the cosmetic industry the first thing to take into account is the EU Cosmetic Directive which has been set to protect the consumer's health and to set rules how the producers in the EU should work. As for natural cosmetics it also has rules of its own. Different certificates, forbidden ingredients and environmentally friendly producing process are the importance of natural cosmetics. As a challenge for the companies is how to bring these new natural products to the market in a most customer appealing way.

1.2. Research questions

The purpose of this study is to examine natural cosmetics as an environmental innovation and the overall importance of innovations in cosmetics industry. These are the first two issues to cover in this study. The third problem to tackle is how to bring new products, in this case natural cosmetics, to the market in a most customer appealing way.

- How to define natural cosmetics?
- Importance of innovations in the cosmetics industry?
- How to make a new product appealing to the market?

1.3. Structure of the study

This study begins with an introduction and background information on the chosen subject, natural cosmetics. Research questions and the purpose of the study are explained after that. In chapter 2, innovation is defined and different categories and types are explained. Innovation process is explained through three different stages of bringing a new product to the market; idea generating, new product development and market launch. Chapter 2 also has introductions on environmental innovation and cosmetics legislation. Chapter 3 introduces natural cosmetics and its characteristics. Also the different certificates for natural cosmetics are explained there.

Chapter 4 introduces the methodology overall and the chosen type for this study. The method is qualitative research and the reason why this was chosen is explained in this chapter. Interview was chosen to be the data collection method for the empirical part and the chosen interviewees are presented.

Chapter 5 is the empirical part where chapter Beiersdorf will introduce the chosen example company and the answers to the interview questions. The final chapter is the conclusion which will conclude the findings and give the answers for the set research questions.

2. Innovation

2.1. Innovation – definition and categories

Innovation can be defined in various different ways. According to Kotler, Wong, Saunders & Armstrong (2005) it is something new, improvement of something already invented or an extension to already existing product range. New product, service or an idea is an innovation in case it is considered to be new offering on the marketplace. Kotler et al. (2005, 582) emphasize that innovation should not be mixed up with invention which is defined as a new product or technology that is possibly commercialized or then not and it may not bring any benefit for the end customer. What this means is that an invention can possibly become an innovation in case it is successfully commercialized and is beneficial for the customer. Innovation should be that kind that someone can recreate it with economical cost.

Innovations do not always have to be major new things but those can also be smaller modifications and changes. (Trott, 2005, 16-17) Innovations can be divided into two different categories, evolutionary and revolutionary innovations. (Business Dictionary 2012) Evolutionary innovation can then be divided into continuous evolutionary innovations and dynamic continuous evolutionary innovations. Continuous evolutionary innovations are modifications of already existing products and do not need special learning from the user. Dynamic continuous evolutionary innovations are also modifications of already existing products but unlike continuous evolutionary innovations they do need some learning from the user. Examples of these according to BusinessDictionary (2012) are toothpaste for continuous evolutionary innovation and fax machines for dynamic continuous evolutionary innovations. Revolutionary innovations then again require a great deal of learning from the user and may even affect their daily routines with creating new behavior patterns. One example of this is the internet.

2.2. Innovation – demand pull or technology push

There are two main types of innovations; demand pull and technology push innovations. (Tohidi & Jabbari 2012, 577) As innovation is a process all the different stages are important in the making of a new product or a service. However, based on Trott (2005, 21-22) there are two different opinions which one of these types is the correct way and whether the linear model is too simple way to demonstrate an innovation process.

Technology push model innovation happens when technology and science are the forces creating and developing the product or a service. (Di Stefano, Gambardella and Verona 2012, 1283) In technology push innovation the first stage is when a technological or a scientific discovery is made or a certain idea of future innovation is created. After this stage begins the engineering, designing and testing phase where people creating the product or a service are trying to figure out how to make the product such that it will sell and form a successful invention that could possibly become an innovation. When the planning is done begins the manufacturing stage. As the product or a service is finished begins the stage where it is being marketed and distributed to the end customers. When it comes to technology push model not always the customer needs are known but the market for the product or a service must be created. (Tohidi & Jabbari 2012, 576)



Figure 2. Technology push (Tohidi & Jabbari, 2012)

Market pull innovations then again are all about customer needs and demands from the market. (Horbach, Rammer & Rennings 2012, 116) When designing market pull innovation it comes from close cooperation with the customers and understanding the market needs and future demands. When in technology push innovations there is first the idea, in market pull innovations it all begins from the already existing need and market. For this need the company or such will try to find a solution by doing research. When the research is completed is the time for the stage where possible testing and designing are done. After manufacturing stage the product or service is introduced to the market and so the need or a demand is fulfilled. (Tohidi & Jabbari, 2012, 576)



Figure 2. Market pull (Tohidi & Jabbari, 2012)

According to Tohidi & Jabbari (2012) there is also a third innovation model called the doubling model. What this means is that in many cases it is rather difficult to say whether the innovation process has been pulled or pushed and quite often these models are mixed. Understanding of the market and research and development can create new innovations in a better and more customer friendly way. Also Di Stefano et al. (2012) have stated that the difference between these two is really quite difficult to see since in market pull innovations technological knowhow is needed as the same goes with technology pushed innovations where understanding the customer should not be forgotten. However, according to them, technology pushed innovation are often about technological improvements and market pull innovation then again are more for the end customer.

2.3. Environmental innovation

Environmental innovation is according to van der Bergh, Truffer and Kallis (2011, 3) “*innovations with a clear environmental angle or aim.*” Environmental innovation should throughout its lifecycle produce as little pollution and environmental risk as possible. The whole process from the beginning of planning the new innovation to a finished and recycled innovation should be made in an environmental friendly way. As stated by van der Bergh et al. (2011, 4) this is easier to say then actually make sure the innovation is made this way. However, in this current situation it is highly important to produce innovations in environmental way since the nonrenewable natural resources will not last forever and some places will even become uninhabitable because of pollution.

The same as normal innovations environmental innovations can also be created from different starting points. According to Horbach et al. (2012, 113) there are four different drivers; technology, market, regulations and firm specific factors. Technology push and market pull environmental innovations can be described in the same way as mentioned before in the chapter Innovation- technology push or market pull. There might for example be a new technological possibility how to develop an environmental innovation or there can be a need in the market for a new way to develop products in an environmental way. Regulations develop new environmental innovations for example with pollution restrictions which can be national regulations or then regulations from abroad. Nowadays many companies are quite conscious on their appearance when it comes to their sustainability and environmental friendliness. Firm specific factors with the help of environmental innovations can save companies money and take them closer to cleaner technologies. (Horbach et al. 2012, 114)

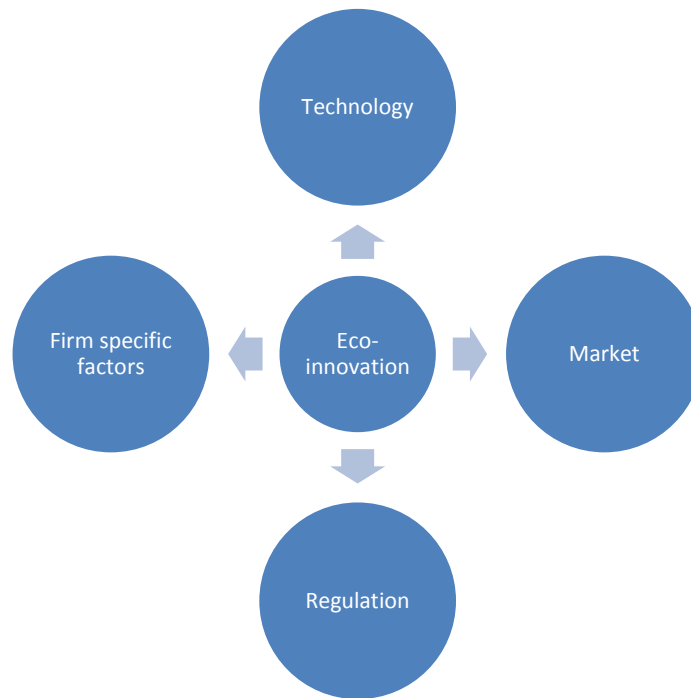


Figure 3. Determinants of eco-innovation (Horbach et al. 2012, 113)

It is however argued whether environmental innovations can be market demand innovations. According to Horbach et al. (2012, 113) there is no notable demand from the market towards ecological innovations since these kind of products are still too expensive. What he then says is that environmental innovations can be market needs in case they deliver added value to the end user. Then again HAPPI (2009) emphasize how consumers are nowadays very conscious on what kind of products they use and what is the effect of them to their health and the environment when this particular product is developed. This at least is the case when it comes to household and personal care products. As for natural beauty products the sales have grown drastically and more and more consumers are expecting firms to produce their products in an environmentally way.

2.4. Innovation process

Innovation can be anything from a new service to an updated process. This chapter however focuses on new product development and how to take the ready product to the market. It is a time and money consuming process which by all means does not end at the market launch but that is merely the point where the product is introduced and after time can be said whether the product was in fact successful and can be called as an innovation. (Trott 2005, 370)

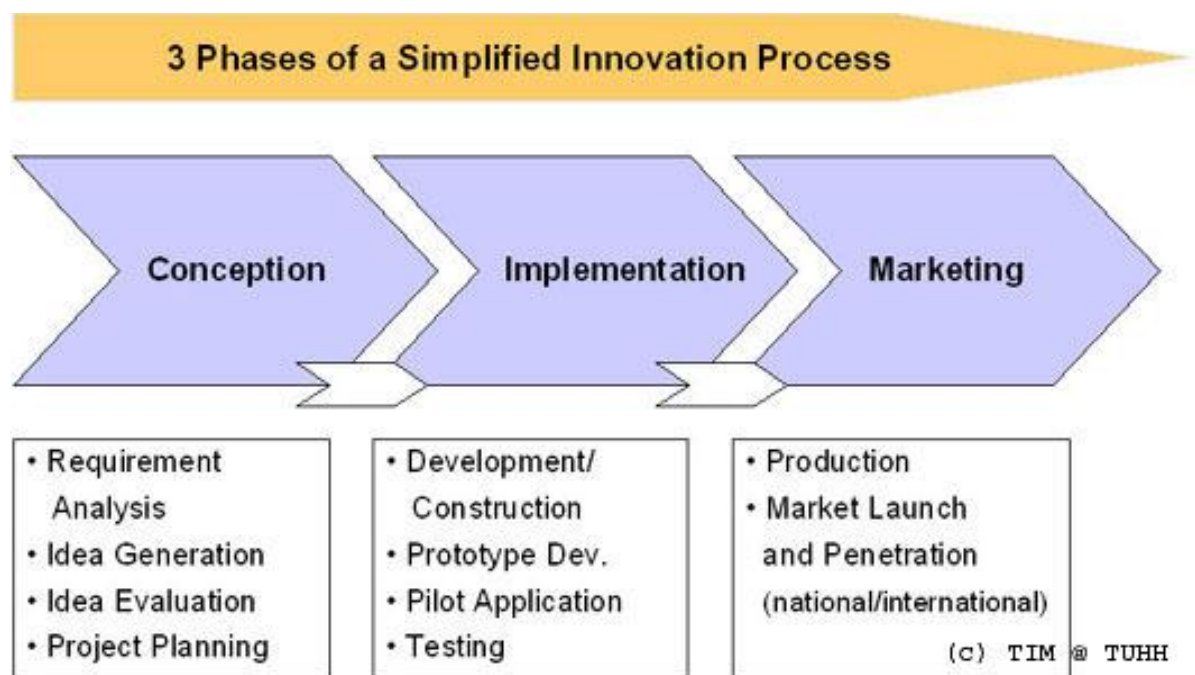


Figure 4. Innovation process (Tiwari, 2008)

2.4.1. Idea generating

Whether the innovation is a demand pull or technology push innovation the process begins with idea generating stage. According to Kotler et al. (2005, 589) the stage should be *“proactive and systematic rather than haphazard.”* This way the company will not only find great ideas but the kind that are suitable for their business. The company seeks future customer needs, technological possibilities and competitors products and by this finding out with the help of research and development what would be the possible product or improvement they should invest in. Taking advantage of the already existing product portfolio the company can for example add a product to an already existing product line or create a new line by modifications to an old one or creating something totally new. In the product development process marketing, customers, research and development and competitors must be taken into account. (Trott, 2005, 350-351) When all this has been taken into consideration there is a possibility that the product might some day be introduced to the market.

As mentioned, competitor strategy is highly important when it comes to planning a new product or an improvement. In order to stay competitive and keep the consumers interested companies must produce something new all the time. As Trott (2005, 354) states new product are not needed just because they are new but more since that is the way to keep the customers and new products also are important for the organization itself. By understanding competitors products and knowing what customers think of them can be a great advantage in the process. (Kotler et al. 2005, 590) Part of the competitor strategy is to know whether to do short-term or long-term changes. Short-term change according to Trott (2005, 354) could be a new variant to a product line to up the markets. Long-term change then again could be a new product or a product line. Another part of product strategy is to know at what point to introduce a new product or a modification. Leaders have the advantage to be the first to introduce a product

but if they fail in it the followers will know to do it differently. Then again for the followers it is easier to enter the markets when the marketing is done by the competitors but again problem can be if the customers will not be interested yet another same kind of product.

Product differentiation and positioning is also important in idea generating stage. When thinking of a product, there are few ways to differentiate it from competitor's products. It can be sold for a different cost when compared to competitors and market it as a better value for a certain cost. Other ways are for example the products quality, ingredients and materials used, different packaging or a new feature. What is important in product differentiation is to think how to make the product differ from competitors products so that the customers will choose the new product instead. Product positioning aims for the same target; how to position the product on the market and how the customers see it when compared to competitor's products. (Trott, 2005, 358-359)

2.4.2. New product development

When the planning process and idea generating stage is finalised it is time to start to develop the product. At this point the product can only be a model or an idea and the purpose of new product development stage is to find out whether the product can be materialised and is it cost effective to produce. It is a huge investment for a company to develop a new product and in case the production process would be more expensive than the expected profit there is no point going as far as developing the actual product. If the company is willing to invest into a new product the research and development team will produce few product prototypes keeping customers and product functionality in mind. When the product is developed it will undergo strict tests in laboratories and in actual

use so that the producer can be sure that it is safe and consumer friendly to use. (Kotler et al. 2005, 596-597)

When the product has been tested for its safety and consumer friendliness it is time for test marketing. (Kotler et al. 2005, 597-599) Depending on the nature and costs of the product the test marketing can in some cases be a small tryout or in other cases can have great amount of testers and it can take some time to go through. With the help of test marketing the company can see how the product will most likely be taken by the markets and by this they can forecast the sales and profits better.

Part of product development is to plan and decide how the products packaging is going to look like and what the best option is when keeping in mind the products functionality. Trott (2005, 418) has listed three basic principles of packaging and the first one is products protection. This is important since for example food products need to be kept safe from contaminating with undesirable substances that can be harmful for the consumer or may cause the product to spoil. The second principle is containment. Containments importance gets visible when the consumer uses it. The package should be such that the product does not leak, the package should not break easily or be difficult for the consumer to use. (Trott 2005, 420) The third principle is identification which is important because the label is the way to stand out from other products. The label should among other things include brand name, product information, ingredients, guidance for use and possible warnings. (Trott 2005, 420-421)

2.4.3. Market launch

When idea generating and new product development stages are done it is time for the company to decide whether to go as far as market launch. Launching a

new product is very expensive for the company and because of this they must carefully examine the results of test marketing and how the product was seen. If the test marketing was a success and the costs of taking the product on to the market will be covered by profit the company still has important decisions to make. As said by Kotler et al. (2005, 601) there are four questions to answer; when to launch the product, where to launch it, to whom and how to do it. These are highly important questions since timing and positioning can at the end make the innovation successful or then again make to product fail completely. (Trott 2005, 368)

The first and possibly most important question is when the entry should be done so that it will get as much attention as possible but not so that it will cause some already existing product to fail. (Kotler et al. 2005, 601) However, if the new product is supposed to replace some old product, this is not of course a problem, but for example launching similar products for the same target group in a short period of time is not wise since the other or both of them can then fail. As mentioned in the idea generating part it is often good to be a pioneer when it comes to launching a new product since then they can set the standards for the particular product and competitors will have to meet those standards if they are willing to compete. But then again being too early in launching the product can be harmful as well. If the research has not been done carefully enough and the product is launched too easily with unsuccessful marketing stronger competitors can easily go by. According to Trott (2005, 369) those who come early but after the pioneers can actually be the true winners.

Next up is to decide where to launch the new product and how to do this. Depending on the size and how much money the company has to invest in market launch the new product can first be introduced to a smaller audience or then again going big in international markets. Kotler et al. (2005, 602) however emphasize that only few companies have the possibilities to go straight to

international markets. Small local companies then again can make significant profit by first entering few places and over time spread depending on their abilities.

The last of the four questions is to whom market the product and in other words market positioning. The company should have a clear vision who the product is for and that this chosen customer group is going to be the one making the most profit. This is something the company should have already decided in the planning process but at this point thoughts are going to be put to reality. (Kotler et al 2005, 602) Depending on the nature of the product it can be marketed to various different consumer groups. People with young children for example are of course interested in different things than career oriented middle aged people or young women are as well interested in different things than older women. With the help of market positioning the product can be targeted to right buying group and by this it is possible that the product will become successful and profitable.

2.5. Cosmetic innovation and legislation

Cosmetic industry is highly competitive and fast changing business. New innovations are developed all the time and companies must keep up with the process in order to stay competitive and also to satisfy customer needs. One very important thing in cosmetic innovations is that all cosmetic products must be healthy for the customer to use. Cosmetics produced in EU must follow the EU Cosmetics Directive- legislation which has been set for the very purpose of protecting the consumers. (Cosmetics Europe, 2012)

The EU Cosmetics Directive was set already year 1976 and has been amended year by year for what it is today. It could be said that the basic principle of the EU Cosmetic Directive, Article 2 (Eur-Lex, 2012, 6), is that a cosmetic product

produced in EU must be such that it should not cause damage to the user's health when used on normal skin. It is manufacturer's responsibility to make sure the product and ingredients are tested carefully enough and that the product fulfills the Directives requirements.

What is also important, as stated in the article 4a (Eur-Lex, 2012, 7-9), is that the product or its ingredients should not have been tested with animals. The ban against testing ready cosmetic was set year 2004 and then again testing the ingredients and ingredient combinations was banned year 2008. This according to Pauwels and Rogiers (2010, 269) is going to be a challenge in the future when it comes to cosmetic innovations and cosmetic safety. New testing methods must be invented and it needs to be made sure that also in the future the cosmetic products are going to be safe for the consumer to use.

Article 6 then again lists the required information that should be stated in the product package, container or label. The needed information are the content of the package, expiration date if it is shorter than three years, instructions and restrictions of use and a batch number. (Eur-Lex, 2012, 10-11) These are important to include so that consumers do not accidentally misuse the product and they should know the ingredients in case they might have some allergies. Batch number is important in case something is wrong with the product because with the help of it the manufacturer can trace the whole batch and possibly pull it out from the market.

When planning new cosmetic products and starting the innovation process in the EU the legislation is one of the things to take into account. In addition to this the market trends, already existing and upcoming, are just as important. The current trends that could be mentioned are at the moment natural cosmetics (will be explained in the next chapter), anti-aging products and ethnicity. Anti-aging products promise to reduce wrinkles and bring youthful appearance to the user. As looking young is another trend of today, it has kept anti-aging products highly demanded and the producers finding new ingredients and ways to

produce these products. Ethnicity then again is developing new products to some particular ethnic groups. These sorts of product are for example whitening face creams for the Asian markets and sensitive products for people living in Northern Europe to ease the stress of changing climates. The innovation process in cosmetic industry can sometimes happen really fast but sometimes then again take many years. For this reason the cosmetic producers really have to look ahead and predict what the next big trend could be. (Kumar, 2005, 1269-1270)

3. Natural cosmetics

3.1. Characteristics of natural cosmetics

Defining natural cosmetics is really not that easy since there is no official definition for it. However, there are certain rules and regulations what to apply in order to be able to call some product as natural cosmetics. Natural cosmetics should have a granted certificate, or at least it is desirable, which proves that the product is made of natural ingredients and is made in a way that does not harm the environment. (Skinorganics, 2012) However, the EU law on organic food does not apply on cosmetics which mean that even though a product does not have a certificate or even have the requirements to have one it can still claim to be natural product. The certificates differ from one another and many countries in Europe have their own certificates. Different certificates are explained later. There are also some products that are nature oriented, which means that those are made with respect to the nature but in all ways do not meet the qualifying standards.

In natural cosmetics not only the ingredients matter but also the whole product development and planning process should be as environmentally friendly as possible. (Pro luonnonkosmetiikka ry, 2012) As stated in the Pro Natural cosmetics website this includes everything from the raw materials and packaging to marketing and sales not to forget the recycling of the product containers. What is also highly important when it comes to natural cosmetics is that none of its ingredient, development processes or products are tested with animals.

In natural cosmetics the acceptable ingredients are for example vegetable oils and herbs. Ingredients that should not be used include artificial raw materials and synthetic colors, preservatives and fragrances. As a down side of not using

preservatives in natural cosmetics they tend to have shorter shelf life than regular cosmetics but claim to be healthier for the consumer than normal cosmetics. (Skinorganics, 2012) However, in some cases natural cosmetics ingredients can actually be more harmful for the user than normal cosmetics. This can happen for example when using botanical ingredients that are not collected in a place where they should have been collected, the amounts of ingredient used are wrong, the quality of the ingredient is not good enough or the effects of the ingredients are not known. (Antignac, Nohynek, Re, Clouzeau & Toutain, 2011, 334) According to Antignac et al. (2011, 334-335) it is a false believe that everything that comes from the nature is safe and can be used in cosmetics. How these harmful effects can be avoided is by carefully selecting the used ingredients and with proper and careful testing.

3.2. Certificates

Certificates as already mentioned are the way to distinguish which cosmetic product can be named as real natural cosmetics and which not. There is still no unified certificate in Europe but there are several other certificates in various countries and all of them are somewhat different from one another. Producers of natural cosmetics can apply for the certificate they feel will most likely be suitable for them and then the certifying body will decide whether the product will meet their standards. Below are presented few of them.



Figure 5. AIAB, Association Working in Favor of Organic Farming (CosmeticOBS, 2009)

AIAB, Association Working in Favor of Organic Farming, is an Italian natural cosmetic certificate. The purpose of this certificate is to support organic raw materials and prohibit the use of materials that contain allergenic, are irritating or dangerous to the health. Environmental point of view and avoiding pollution is very important in this certificate and this can be attained by not over packing the products and lessen the manufacturing process to bear minimal. In AIAB certificate there are great deal of prohibited ingredients such as parabens and silicones. (CosmeticOBS, 2009)



Figure 6. BDIH, Certified Natural Cosmetics (BDIH, 2012)

BDIH, Certified Natural Cosmetics, is a German certificate for natural cosmetics. It is very strict and has quite a many rules by which the natural cosmetics certified by them should be made. According to BDIH the raw materials used in their products should have been collected in a way that will harm the environment as little as possible and the use of any genetic modified ingredients is not allowed. Also in the making of the cosmetic product there should be as few ingredients used as possible. Some guidelines BDIH have are;

- raw materials should come as far as possible from organic farms or from the nature
- products tested with animals and such raw materials are prohibited as are also raw material from dead vertebrate
- countless artificial and synthetic ingredients are prohibited (BDIH 2012)



Figure 7. Cosmebio, Professional Association for Ecological and Organic Cosmetics (COSMEBIO, 2012)

Cosmebio, Professional Association for Ecological and Organic Cosmetics, is a French certificate for natural cosmetics. (COSMEBIO, 2012) Cosmebios objective is to bring out the true natural cosmetic products and promote environmental values, support organic farming and make sure that the cosmetic products with their certificate are safe to use and are consumer friendly. As other certificates the purpose of Cosmebio is to promote values including ingredients that are mainly produced by organic farming, not to use raw materials that are controversially produced, strict quality of products and informing consumers clearly and correctly about their products.



Figure 8. Ecocert certificate for natural cosmetics (ECOCERT, 2012)

Ecocert is another French certificate for natural cosmetics. It is highly respected around Europe because of its dedication towards environmental matters and it is also used in countries outside Europe. Ecocert was developed to support environmentally friendly farming and the purpose is to give recognition to those

who are committed to farm and produce ingredients this way. Ecocert is not only a certificate for cosmetics but also for example for food, textiles and perfumes. (ECOCERT 2012)



Figure 9. Soil Association certificate for natural cosmetics (Soil Association, 2012)

Soil Association is the largest certificating body in United Kingdom and its purpose is to bring environmental matters and products into consumer's awareness. (Soil Association, 2012) To meet the Soil Association certificate standards the product ingredients should have been grown so that it has created pollution and waste as little as possible, renewable resources and recycling has been used throughout the process and also so that the soil has long time fertility and biological activities. Soil Association as Ecocert and Cosmebio do not specifically mention what ingredients not to use, but what they do say is that ingredients should be natural and organically produced as far as they can be. (Soil Association 2012)



Figure 10. Natrue certificate for natural cosmetics (NATRUE, 2012)

Natrue is an international organization which is aiming towards a creation of unified standards for natural cosmetics. (NATRUE 2010) In order for a cosmetic product to meet the standards of Natrue certificate it should be made solely of

natural ingredients, natural fragrances that follow ISO standard 9235 can be used, preservatives should be nature-identical and in the production and filling process it has to be sure that non undesired substance can be mixed with the product. (NATRUE 2012, 4-5)

4. Methodology

4.1. Methodology for research

Research is all about understanding different phenomena and things happening in our everyday life. Before making important decisions it requires at least some research to be done. After getting all the information needed it is time to critically evaluate the findings and form an opinion on the matter. (Ghauri & Gronhaug, 2005, 9) When this is done it is easier to justify the decision made and it may possibly also lead into further research.

When doing research there are two different data sources available: secondary data and primary data. Secondary data is information found from books, articles, online data et cetera. In other words it is research done by others. From these the researcher must find the information most suitable for their own purposes. Primary data then again is the information found by the researcher themselves. Primary data consist of interviews, observations and surveys. (Ghauri & Gronhaug, 2005, 91-106) With the help of primary data the information gathered is often easier to exploit than in secondary data since in that way the information is directly focused on the research problem. In this study the theory part is done by using secondary data and the empirical part then again with primary data.

Data collection with the help of primary data consists of qualitative or quantitative methods. The focus in qualitative method is to understand peoples' experiences, their behavior and different phenomena in our lives. Qualitative research is often done with a small amount of people and the research happens with interviews and conversations. Quantitative research then again is more to do with statistics, numbers and facts. It is often done by a survey and the sampling of answerers is often larger than in qualitative methods. (Ghauri &

Gronhaug, 2005, 109-111) For this study qualitative method was chosen since it is the most appropriate way to examine this topic.

Interview was chosen to be the most suitable data collection method for this study because in this way the interviewees could bring out their opinions and experiences about the subject. When it comes to interviews there are few different types as well. Structured interview uses a standard format where the questions and answers will follow a strict plan which has been decided before the interview. Unstructured interview then again is more like a conversation on a certain topic and the interviewee can freely discuss on their opinions and experiences. Third type, semi-structured interview, was seen most suitable for this study. In semi-structured interview the topic, people to be interviewed and questions have been determined before the interview but it is still more flexible than structured interview. (Ghauri & Gronhaug, 2005, 132) The research done in this study will contain few theme based questions and the interviewees may be guided with some questions in order to specify the answers.

The first person to be interview was Erik Frisk. He is the General Manager of Finland and Denmark. He has worked in Beiersdorf for over twenty years and has worked in sales and different leader positions. He was interviewed in English. The reason he was chosen as an interviewee is his long experience of the industry.

The second person to be interview was Jonna Ovaskainen. She has worked in Beiersdorf for almost four years, first at Customer Service, then at Nivea's Customer Marketing and now she works as a Marketing Coordinator for pharmacy products. She was interviewed in Finnish. She was chosen as an interviewee because of her experience of Nivea's products and knowledge of Pure and Natural product line.

The last person to be interviewed was Maaret Lämsä. She has worked in Beiersdorf for over seven years, first as a Marketing Assistant and now as a Marketing Coordinator for Nivea's products. She was also interviewed in Finnish. She was chosen as an interviewee for the same reasons as Jonna Ovaskainen, for her experience of Nivea's products and marketing background.

In the empirical part the interviewees are referred as Interviewee A, Interviewee B and Interviewee C in a random order. The reason for this is that the purpose is not to compare the individuals but more of their opinion.

4.2. Interview questions

As the purpose of this study was to discover the nature of natural cosmetics as an innovation, to see the overall importance of innovations in cosmetic industry and to find out ways how to bring new products to the market as successful innovations, the interview themes are following:

- Natural cosmetics as an environmental innovation
- Innovations in cosmetics industry
- Bringing products to the market as a successful innovation

These questions were specified with some extra questions in order to find out the needed information.

5. Interview results

5.1. Introduction of Beiersdorf

Beiersdorf is a German cosmetic company founded already year 1882. Beiersdorf started as a small pharmacy and laboratory and from that has grown to be an international company with leading cosmetic brands and having affiliates all over the world. The biggest brands in Finland that could be mentioned are Nivea, Nivea for Men, pharmacy brand Eucerin, Labello and Hansaplast.

Nivea's Pure and Natural product line was launched few years back and it consists of different products like face creams, face cleansing products, deodorants and body cream. Pure and natural is said to contain 95 percent of natural ingredients and these ingredients include aloe vera, argon oil, bio florine, burdock, chamomile, green tea, jojoba oil, milk, honey, omega 6, pomegranate and shea butter. The products do not contain parabens, chemical UV filters, artificial colorants, silicones, mineral oils, aluminum salts or PEG emulsifiers. Naturalness can also be seen in the packaging since the packaging materials are recyclable and do not contain PVC plastic. (Nivea, Pure & Natural, 2012)

In addition to natural cosmetics products, Beiersdorf has made commitments to sustainable development. When it comes to products Beiersdorf, from the demand of consumers and also regulations, is making sure that the ingredients they use are as environmentally friendly as possible. The packaging materials, as in Pure and Natural products, are recyclable and double packaging is avoided when that is possible. In addition the state of our planet is important and because of this Beiersdorf has decreased its usage of energy and water and makes sure that the waste can be kept in minimum. Last part of sustainable

development is to care about the company's employees but people overall. One example of this is Beiersdorf Finland's attempt to help people in developing countries with the help of charity organization PLAN. (Beiersdorf, Sustainability, 2012)

5.2. Natural cosmetics as an environmental innovation

Natural cosmetics products are a form of environmental innovation and all the interviewees found it very important that all industries, not only cosmetic industry, would develop their processes to a more environmental way. The development cannot continue this way since we also need to think about the generations after us. However, as said by Interviewee C, the industry still has to make sure that even though the processes must be changes the safety of the products must still not be forgotten. There should be a balance between environmentally friendliness and safety.

Defining natural cosmetics is not easy and as already discovered in the theory part there is no official definition for it. Interviewee A says that since there is no definition for it according to law the manufactures can basically decide themselves what kind of products to develop and to call natural cosmetics. Interviewee C says that the most important thing in producing natural cosmetics is to make sure that the ingredients used are safe for the consumer but also as natural as possible. What needs to keep in mind is that natural ingredients are not the same thing as safe so the ingredients must undergo great amount of tests before it can be used in a product. Interviewee B then again says that the whole process should be made so that it will less harm the environment. This goes from the production process to the ready product and recyclable packing materials. Interviewee A emphasizes the importance of natural ingredients and avoidance of artificial ingredients.

When finding out whether natural cosmetics in a demand from the market or need created by technology all the interviewees agreed that it must be both ways. Interviewee C feels that the idea for natural cosmetics has come from the food industry where the naturalness first came popular. From there the trend has spread to cosmetic industry where the manufacturers must always create something new and understand the needs of the consumers. But of course when the manufactures have spotted a need they of course have used it for creating a deeper demand for these kinds of products. Interviewees A and B are sharing that opinion but both of them also feel like this is really not a new thing since people have always taken care of their skin even before there have been artificial ingredients even invented. So it could be said that the current trend has always been there and in the minds of some consumers.

Different certificates, as stated in chapter 3.2., are one way to characterize natural cosmetics. When asked about different certificates, the interviewees had somewhat negative opinion about them. One opinion was that those are just organizations making money, secondly they can be rather confusing for the consumer since there are so many different ones and it may be difficult for them to know which is for what purpose. The third opinion was that when a consumer knows one certificate and the product has another certificate, the consumer can question why this was chosen and can it be as good as the one they already know. As for when it comes to Nivea's Pure and Natural product, it does not have a certificate and all the interviews agreed that in their opinion this is not a problem. There has been some talk about one certificate for whole Europe and the interviewees feel that if this happens then they would agree to have this for Pure and Natural.

Pure and Natural is targeted, according to the interviewees, to people who are interested in natural products but do not mind the reality that those still contain

some amounts of chemicals. It is for women of all ages do to the fact that the line has normal products but also anti-age products. This is one aspect that differentiates Pure and Natural from other natural cosmetic products. Nivea's Pure and Natural was also the first natural cosmetic line that was ever brought to grocery shops and because of this the price can also be lower due to mass production. This is another differentiator since because it is mass produced the research and development and tests behind it can be somewhat different than some small producer can have. So could be said that Nivea's Pure and Natural products can also be safer for the consumer. All the interviewees agreed that Pure and Natural is an important segment of Nivea's product portfolio and why this was found important is that part of Nivea's image is to have products for everyone and due to the current trend these products are demanded.

5.3. Innovations in cosmetic industry

When it comes to innovations in cosmetic industry, as mentioned before, the safety of the product is one key factor. When asked how easy it is for a new product to end up in the market interviewee B emphasizes that the new product has to be nearly perfect to even go as far as product development. In big companies like Beiersdorf the testing process is really demanding and the product must complete major steps and by passing them the actual market launch gets closer. However, interviewee A feels that since Beiersdorf is such a big company bringing products to the market can actually be easier, at least when compared to small companies. The benefit of a big company is that the brand is already known, the cooperation partners are already there and the marketing budget is high enough to introduce the product and create a demand for it. Interviewee C then says that the challenge does not only lay in bringing the product to the market but also keeping it there and get it as a part of product category.

Cosmetic industry is regulated by the EU cosmetic legislation, as mentioned in chapter 2.5., and one question was how it affects cosmetic innovations and does it make the process more difficult. All of the interviewees agreed that the legislation is a very good thing since otherwise the products would be totally uncontrolled and the safety of the consumers could not be guaranteed. Interviewee C also adds that the manufacturer is ultimately responsible about the products and their safety meaning that even without the regulations the responsibility is still the producers. Again here the situation is easier for the big companies. Interviewee A highlights that the bigger companies can take the legislation into account in their product innovation process and because of this, the legislation does really not make the process more difficult but may still make it slower. All in all the legislation is seen as a good thing because then the consumers can trust in the products they are using.

Innovation process in cosmetic industry works as it does in any other industry but the key aspects are the importance of testing, creating needs and consumer demands. In interviewee C's opinion in cosmetic industry the innovation process begins when there is a great ingredient found and from that base new product development begins. The other option is that there is a certain need for some particular skin problem and for that the industry will try to find a solution. The innovation process in cosmetic industry is often really long and interviewee C highlights the importance of research and development and product testing. These are of course important in any other innovation process but it escalates in cosmetic industry since the products are used for the consumers' skin and the manufacturer must be absolutely certain that it is safe to use. In addition to safety interviewee B says that an important part of the planning and producing the product is to find the perfect formula of effective ingredients, pleasant fragrance, nice texture and right packaging material that keeps the product safe and fresh. When all this has been taken into account several tests for the ready product are also made, both in laboratories and with consumers.

Part of the innovations process is to make the product appealing to the consumer but also for the retail stores and cooperation partners. Interviewee B says that when there is a ready product the idea of it must be sold for the stores so that they will understand the need for it and see the products potential. What is important in launching the product will be explained later but as a part of innovation process here could be mentioned that even though a company could have a great and effective product, it is worth nothing if nobody wants to buy it. At this point marketing is crucial so that the product gets as far as to the stores.

The future of cosmetic innovations was seen quite interesting. Interviewee A says that cosmetic industry is all about new innovations and people are always looking for new products and are eager to get new experiences. The trends are constantly changing; it has gone from anti-age products to natural cosmetics and products for pigmentation problems. It is all about understanding the consumers' needs and answering to them with new and powerful products. Interviewee B says that as new innovations are coming all the time and it is expected, the manufacturers must create always something that is more special than the last one. It feels almost slightly scary that manufacturers are using ingredients like stem cells in their products so how can we really know how those will affect us in the long run. Interviewee C feels that even tough cosmetic industry needs new innovations and products we should not forget the old ones since those are the ones generating the turnover.

5.4. Bringing products to the market as successful innovations

When launching a new product there a few points that needs to be taken into account. According to interviewee C in cosmetic industry those things are positioning and targeting the product to a certain consumer group. With the help of this the product marketing can be more easily targeted to the right buyer

group. Interviewee C highlight that it is not enough just to have a great product since if it is targeted to a wrong audience or not targeted at all, it may pass even the potential buyers. Interviewee A brings out the importance of marketing and creating demand for the product. When the consumer's interest is created the product needs to be available through different distribution channels. The product price has to be competitive when compared to the competitors and also the competitors' products needs to be known and taken into account so that the positioning can be done correctly.

Timing is always important in new product launch but could be said that in cosmetic innovations it is one of the most important things. Interviewees A and B say that there are always certain seasons when a particular product type should be brought to the market. For example sun creams are brought to the market in the spring when the sun starts to shine and the need for protective cream is introduced to the consumers and then again body creams for dry skin in the fall or winter due to the fact that at those times skin tends to dry more easily. Interviewee A also brings out a fact that January is not a good month to launch a product since that time is been seen as the month of sales and discounts. Interviewee B concludes the importance of product launch by saying that the launch is done well when the consumer buys the product and then comes back and buys it again.

The demand for a product is created through marketing. According to the interviewees when a new cosmetic product is introduced to the market big companies like Beiersdorf market it with several different channels. Interviewee C calls it 360 degree marketing and what this means is that the product is marketed through television, radio, magazines, pr, internet and advertising material in the stores. Interviewee A highlights the importance of marketing the product basically everywhere. First the consumer will see the product in television, then hear about it in the radio and after this reads about it in some

magazine. When the actual product finally gets to the stores and the consumer sees the marketing material of that product the first thing entering the store, the consumer realizes that they have seen this everywhere and the interest raises. They will possibly go to the cosmetic department and see more adds about the product. When the product stands out from the competitors in the shelves and everything else is done correctly it is really possible that the person will buy the product.

Interviewee C says that consumers themselves are also great marketers as well. Once a consumer has tried a good and working product it is very possible that they will tell their friends about it and they will try the product as well. Interviewee B agrees and says that ways to do this is for example hand out test samples in between of magazines and ask the consumers opinion and then use these opinions in marketing material. It is always nice to hear other people's opinions and experiences about a product and it may help to make the purchasing decision.

When asked the interviewees what in their opinion makes a product successful, the answers were somewhat different. Interviewee C saw that the successfulness could be seen through different stages of the product life cycle. The trade system was seen as a major part but also creating the need for a particular product and then answering to this need. Interviewee B then again saw the product successful when it is pleasant in the minds of the consumer, it is effective and it provides the cure it has promised. Interviewee A then again had the idea that the success of the product is the demand but this could really be seen over time. If the product sells really well after the product launch the success is still not guaranteed. What is the real success is that consumers will keep on buying the product and the demand for it will continue.

The opinion on success is quite personal and it is understandable that those differ from one another. Some see the success as a monetary value, some then again how the product is perceived. Natural cosmetic products are still rather new in the market so the real value of them will most likely be seen over time.

6. Conclusion

The purpose of this study was to examine natural cosmetics as an environmental innovation with Nivea's Pure and Natural product as an example. What this study also discovers is the overall importance of innovations in cosmetic industry and the ways new products are brought to the market by global cosmetic companies. The questions this study tries to answer are how to define natural cosmetics, importance of innovations in cosmetic industry and bringing products to the market as successful innovations.

6.1. Natural cosmetics as an environmental innovation

Environmental innovations as natural cosmetics as well are still rather unstudied subjects. However, in the future the importance of environmental innovations will escalate due to the fact that the environment cannot take this kind of load and companies must change their processes. Since environmental innovations must harm the environment as little as possible it may slower the innovation processes but since the demand comes from the regulations, market, technology and company specific reasons the changes are essential. When it comes to environmental innovations the safety of the products must be guaranteed not only for the environment but also for the consumers. Environmental innovations are part of sustainable development and companies like Beiersdorf are making commitments towards the environment. These include for example degreasing the usage of water and energy and make sure that the products and containers are recyclable.

Natural cosmetics, as a form of environmental innovation, is an important part of today's market and will most likely be even more valuable in the future. As the definition of natural cosmetics is not regulated by any law basically any

manufacturer can claim their product to be of natural origin. (Skinorganics 2012) However, the different certificates can make the real natural cosmetic products easier for the consumer to find. The certificates at the moment are not totally controversial and a unified certificated is needed and requested in the EU. This would make it even clearer for the consumer to find the right products for their needs. It was argued whether natural cosmetics can be a market demand (Horbach et al. 2012, 113) but it has been seen that this can actually be the case. The consumers are getting more and more aware of the products they use on their skin, the affects the ingredients may have on their health and the environmental effect the producing process has.

Nivea's Pure and Natural is Beiersdorfs natural cosmetic product and it is seen as an important part of the product portfolio. Beiersdorfs goal is to offer products to every consumer and the need for a natural product line is therefore coming from the market. Pure and natural is targeted for a consumer who wants to use natural products but does not mind that those contain some fragrances and preservatives. Pure and natural is the first natural cosmetic line sold in the grocery shops and therefore it is differentiated by this from the competitors and mass producing it is also the reason why the price can be lower.

6.2. Innovations in cosmetic industry

Innovations and new product developments are important and demanded in the cosmetic industry. It is a highly competitive environment and in order to stay competitive new products are important. The innovation process in cosmetic industry often starts from a certain need from the market and the solution for this need is developed or then again from a great ingredient and the product and need is created for it. The EU cosmetic directive controls the safety of cosmetics produced in the EU. (Cosmetics Europe, 2012) However, the ultimate

responsibility of following the rules of the directive is the manufacturers and developers. The EU cosmetic directive is something that needs to be kept in mind when developing new products. This is seen easier for the big companies since their research and development teams are such a big volume that the legislation does not really make the innovation process more difficult but it may just slow the process in some cases. As innovations are seen important in the cosmetic industry the already existing products should not be forgotten since those are often the ones creating the revenue.

6.3. Bringing products to the market as successful innovations

When it comes to launching a new product positioning and targeting the product to a right buyer group is very important. (Kotler et al 2005, 602) This is very important in cosmetic industry as well. In case the targeting is not done correctly or not done at all it is possible that the product will fail really soon. When the right target group is found the need for the product is created through marketing or if the need has already been there is easy to say that the product is a cure for that specific problem. When the product is targeted correctly the timing of the launch is next. The timing is really important since if the product is brought to the market in a wrong time it can also fail because of that. Different seasons are good for bringing different products to the market. Sun creams should be brought to the market in the spring, creams for very dry skin in the fall or winter. The timing should be decided when keeping in mind for what need the product is for.

When the actual product is finally brought to the market the so called 360 degree marketing is highly important. The product should be visible in all marketing channels; television, internet, pr, magazines and marketing material in the stores. When the consumer sees and reads about the product in all

possible channels the interest rises. Then finally when the product is in the stores and the consumer sees the marketing material there the possibility for the consumer to actually buy the product is quite high. The product is successfully launched when the consumer buys the product ones and then buys it again and again. Could be said that if the demand for the product is there after the market launch the product was in fact successful.

References:

- Antignac, E.; Nohynek. G.J.; Re, T.; Clouzeau, J. & Toutain, H. 2011. Safety of botanical ingredients in personal care products/cosmetics. *Food and Chemical Toxicology* 49 (2011) 324–341
- BDIH 2012. Certified natural cosmetics. Referred to 29.6.2012
http://www.kontrollierte-naturkosmetik.de/e/guideline_natural_cosmetics.htm.
- Beiersdorf. 2012. Sustainability. Referred to 1.12.2012.
www.beiersdorf.com/Sustainability.html
- BusinessDictionary [www.businessdictionary.com] visited 26.6.2012.
- COSMEBIO 2012. Professional Association for Ecological and Organic Cosmetics. Referred to 2.7.2012 www.cosmebio.org/en/.
- CosmeticOBS 2009. AIAB-ICEA. Referred to 29.6.2012
<http://www.cosmeticobs.com/news/cosmetic-glossary/aiab-icea-193.html>.
- Cosmetics Europe. 2012. The personal care association. Referred to 26.9.2012.
www.cosmeticseurope.eu
- Di Stefano, G.; Gambardella, A. & Verona, G. 2012. Technology push and demand pull perspectives in innovation studies: Current findings and future research directions. *Research Policy* 41 (2012) 1283–1295.
- ECOCERT 2012. Certification body for sustainable development. Referred to 2.7.2012. www.ecocert.com.
- Eur-Lex. 2012. Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products. Consolidated version 2012-08-23. Referred to 10.11.2012. eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31976L0768:EN:NOT
- Ghauri, P. & Gronhaug, K. 2005. *Research methods in business studies – A practical guide*. Third edition. Pearson Education Limited
- Handelsblatt Wirtschafts & Finanzzeitung. 2005. Natural cosmetics cast off eco-image. *Focus on Surfactants*. 35 (167), 15
- HAPPI. 2009. Green is the new black: innovations abound in natural ingredients for household and personal care products in 2009. *Household & Personal Products Industry*, 82 (7), 38-40

Horbach, J.; Rammer, C. & Rennings, K. 2012. Determinants of eco-innovations by type of environmental impact — The role of regulatory push/pull, technology push and market pull. *Ecological Economics* 78 (2012) 112–122.

Kotler, P.; Wong, W. Saunders, J. & Armstrong, G. 2005. *Principles of Marketing*. Fourth European Edition, Pearson Education Limited.

Kumar, S. 2005. Exploratory analysis of global cosmetic industry: major players, technology and market trends. *Technovation* 25, 1263–1272.

NATRUE 2010. True Friends of Natural and Organic Cosmetics. Referred to 2.7.2012 www.natrue.org.

NATRUE 2012. NATRUE Label: requirements to be met by natural and organic cosmetics. Referred to 2.7.2012.

http://www.natrue.org/fileadmin/natrue/downloads/Criteria_2.5/NATRUE-Label_Requirements_V2-5_12062012_EN.pdf.

Nivea. 2012. Nivea Pure & Natural. Referred to 1.12.2012. www.nivea.fi

Pauwels, M. & Rogiers, M. 2010. Human health safety of cosmetics in the EU: A legally imposed challenge to science. *Toxicology and Applied Pharmacology* 260–274

Pro luonnonkosmetiikka ry 2012. Mitä on sertifioitu luonnonkosmetiikka?. Referred to 29.6.2012

<http://www.luonnonkosmetiikka.fi/luonnonkosmetiikka/luonnonkosmetiikan-maaritelma/>.

Rennings, K. 2000. Redefining innovation — eco-innovation research and the contribution from ecological economics. *Ecological Economics* 32 (2000) 319–332

Skinorganics 2012. Luonnonkosmetiikka. Referred to 29.6.2012

<http://www.skinorganics.fi/luonnonkosmetiikka/>.

Soil Association 2012. Soil Association organic standards health and beauty products. Referred to 2.7.2012

<http://www.soilassociation.org/LinkClick.aspx?fileticket=Os9v5O1YZUs%3d&tabid=353>.

Tiwari, J. 2008. Innovation process. Referred to 17.11.2012. www.global-innovation.net/innovation/index.html

Tohidi, H. & Jabbari, M.M. 2012. *Different Stages of Innovation Process*. *Procedia Technology* 1 (2012) 574 – 578.

Trott, P. 2005. Innovation Management and New Product Development. 3rd edition, Pearson Education Limited, England

van der Bergh, J.C.J.M.; Truffer, B. & Kallis, G. 2011. Environmental innovation and societal transitions: Introduction and overview. 1 (2011) 1–23

Appendix 1. Interview questions in English

- Name
 - Education
 - Position in the organization
 - How long have you worked in Beiersdorf?
-
1. Natural cosmetics as an environmental innovation
 - a. How would you define natural cosmetics?
 - b. Is it demand pull or technology push?
 - c. For whom is Pure and Natural targeted for?
 - d. Importance of environmental innovations?
 - e. Opinion on certificates and why doesn't Pure and Natural have a certificate?
 - f. Pure and Natural's importance in the product portfolio?
 - g. What would you say is the thing differentiating Pure and Natural from the other natural products?

 2. Innovations in cosmetic industry
 - a. How easy it is for a new product to end up in the markets?
 - b. Impact of legislation to innovation process?
 - c. Does it make innovation more difficult?
 - d. Innovation process in cosmetic industry?
 - e. Future cosmetic innovations?

 3. Bringing products to the market as a successful innovation
 - a. What makes a product successful?
 - b. What is important in launching a new product?
 - c. Ways to attract customers?

Appendix 2. Interview questions in Finnish

- Nimi
 - Koulutus
 - Asema organisaatiossa
 - Kuinka kauan olet ollut Beiersdorfilla töissä?
-
1. Luonnonkosmetiikka ympäristöön liittyvänä innovaationa
 - a. Miten määrittäisit luonnonkosmetiikan?
 - b. Onko se markkinoilta tuleva tarve vai teknologian luoma tuote?
 - c. Kenelle Pure and Natural tuotteet ovat tarkoitettu?
 - d. Ympäristöön liittyvien innovaatioiden tärkeys?
 - e. Mielipide sertifikaateista ja miksi Pure and Natural tuotteilla ei ole sellaista?
 - f. Pure and Natural tuotteiden tärkeys tuoteportfoliossa?
 - g. Millä tavoin Pure and Natural tuotteet eroavat muista luonnonkosmetiikkatuotteista?
 2. Innovaatiot kosmetiikka-alalla
 - a. Miten helppoa tuotteiden on pasta markkinoille?
 - b. Lainsäädännön merkitys tuotekehityksessä?
 - c. Tekeekö se siitä vaikeamman?
 - d. Innovaatioprosessi kosmetiikka-alalla?
 - e. Kosmetiikka-innovaatioiden tulevaisuus?
 3. Tuotteiden tuominen markkinoille menestyvänä innovaatioina
 - a. Mikä tekee tuotteesta menestyneen?
 - b. Mikä on tärkeää tuotteen markkinoille tuomisessa?
 - c. Millä tavoin kuluttajaa houkutellaan ostamaan tuote?