

Eva Schromm

**THE BUSINESS POTENTIAL OF ARCTIC BERRY WAX AS AN INGREDIENT IN
NATURAL COSMETICS**

Case study of wax purchasing exhibitors at the Trade Fair Biofach Vivanes 2018

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ABSTRACT

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This research aims at determining the commercial potential of Arctic Berry Wax within the Natural Cosmetics industry from the viewpoint of wax purchasing professionals. For researching within a real-life context, the case study method has been chosen. This thesis is commissioned by the multidisciplinary wax project, which is an Interreg funded joint project of Northern Universities to examine the properties as well as the commercial potential of Arctic Berry Wax within different industries. Arctic Berry Wax is currently a sidestream of the Northern food industry that is not commercially used.

The focus of this study are professional buyers in the Natural Cosmetics industry, the objective is to establish if Arctic Berry Wax could be considered as an alternative ingredient evaluated by purchasing professionals. A case study allows the use of multiple sources and is situated in a real-life context. This case study uses desk research and empirical data. The largest business to business Trade Fair in the Natural and Organic Food and Cosmetic industry, the Biofach-Vivaness 2018, has been visited for data gathering. Qualitative data was gathered by conducting theme interviews among professional buyers at the Biofach-Vivaness Trade Fair 2018. The newest trends and controversies in the industry were presented at the adjacent Vivaness Congress. Moreover, desk research was conducted to find background information on waxes.

It has been established that there is a general interest among buyers for alternative ingredients. The findings indicate that from a buyer's viewpoint, it is necessary to approve the Arctic Berry Wax for usage in cosmetics, develop the raw material into a product by providing data, technical details as well as possible proof of origin or certification to the buyer along with the wax. This includes the creation of a marketing story. Furthermore, the name Arctic Berry Wax should be reviewed, if it creates a realistic image among buyers and consumers. Greenwashing is a very sensitive topic in the Natural Cosmetics Industry and special attention should be drawn on the reliability of information concerning Arctic Berry Wax.

This is a case study about a narrow product niche. All information about Arctic Berry Wax is not available yet, with research still being conducted. The information gathered at Biofach-Vivaness is from industry experts and is very topical.

Keywords: Case study, organizational buyer behavior, commercialization, Arctic Berry Wax, Natural Cosmetics

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1 INTRODUCTION

The aim of this case study is to inspect the commercial potential of Arctic Berry Wax as an alternative raw material for products of the Natural Cosmetics Industry. The Natural Cosmetics Industry is growing market share in the cosmetics industry steadily, due to increasing consumer awareness and a trend towards a healthy and sustainable life style. In this research, cosmetics made from natural ingredients and containing a low or minimal amount of synthetic chemicals are called Natural Cosmetics.

The topic is approached from a potential wax buyer's point of view. Professional buying decisions are based by several criteria. Raw materials are not just physical items, for buyers the service attached, which can be the provision of information and documentation, vendor trustworthiness or the level of sustainability on the vendor's side, are significant factors in the purchasing decision. Therefore, the properties of Arctic Berry Wax as a comprehensive product offered in the business to business environment are investigated for their suitability as an alternative ingredient from the viewpoint of a buyer of ingredients for Natural Cosmetics. The factors influencing business to business (b2b) purchasing decisions are investigated and conclusions are drawn on how the product Arctic Berry Wax can be modified to satisfy those demands.

To examine the buyer's viewpoint, natural wax purchasing professionals were interviewed at the Biofach-Vivaness 2018 in Nuremberg, Germany. Purchasing professionals are members of decision-making units within a business, who are concerned with ensuring the supply of ingredients and raw materials for their businesses. The b2b Biofach-Vivaness Trade Fair and Congress is the largest meeting point of professionals in the Natural and Organic Food and Cosmetics Industry of its kind. Moreover, desk research on natural waxes already on the market as well as the Natural Cosmetics market was conducted.

Arctic Berry Wax is currently not being utilized commercially and not yet available on the market. Of the many potential applications of natural waxes, this study focuses on Natural and Organic Cosmetics. Waxes are widely utilized in formulations of cosmetic products. Consequently, waxes are supplies that are typically purchased by different kinds of businesses within the industry. These businesses are producers and manufacturers of cosmetics, ingredient processors and distributors, companies serving manufacturers by focusing on the refinement, analyzation, optimization for

market demands and certification of ingredients, as well as exporters and importers of ingredients. Thus, the target group of this study are buying professionals in the Natural Cosmetics industry. Producers are businesses who provide Natural Cosmetic goods by manufacturing themselves or subcontracting. Distributors are businesses that supply Natural Cosmetic products and product lines to retailers and consumers. An exhibitor is a business showcasing its products at a Trade Fair with the aim of sales generation.

1.1 The Wax Project and Arctic Berry Wax

This research is commissioned by the Interreg Nord funded WAX project, a joint multidisciplinary project of Northern Universities to examine the feasibility of Arctic Berry Wax and possibilities of its utilization. Arctic Berry Wax has originally been extracted from a side stream of the Northern food industry that is currently going to waste. The main aims of the WAX project are finding suitable extraction methods for Arctic Berry Wax, the analysis of chemical and mechanical properties of the wax, the evaluation of business opportunities and technological applications as well as research the potential for commercialization, strengthen the collaboration between Nordic partners as well as increasing the public awareness of Arctic berries and Natural waxes and assisting in the sustainable usage of resources. Project partners include the Department of Engineering Sciences and Mathematics of the Lulea University of Technology in Sweden focusing on Polymeric Composite Materials, the Norwegian Institute of Bioeconomy Research (NIBO) and the Climate Laboratory at Holt Tromsø in Norway, the Center of Microscopy and Nanotechnology and Genetics and Physiology Unit of the University of Oulu as well as the Business School of the Oulu University of Applied Sciences. (WAX project 2018.) The focus of the Oulu University of Applied Sciences within the project is to identify the business potential of arctic berry wax with PhD Taina Vuorela as Project Manager and Head Researchers being Helena Ahola, Päivi Aro and Taina Vuorela as well as students of the School of Business of the Oulu University of Applied Sciences participating in the research processes. (Oulu University of Applied Sciences 2018).

Previous studies concerning the Arctic Berry Wax, include Paso's (2016) examination of the marketing potential of Arctic Berry Wax within the Finnish Natural Cosmetics industry. Paso's findings suggest that there is an interest within the Finnish natural cosmetics industry as well as among consumers. Moreover, Paso states that there is a commercial potential especially for lingonberry wax if the extraction expenses stay at a reasonable level. Alternative raw materials that

are new to the market enable companies to develop different formulations and product lines with a competitive advantage. (Paso 2016.) In 2017, Cao has inspected the business potential of Arctic Berry Wax for Cosmetics in the United Kingdom. Cao detected a customer shift towards natural cosmetics offering business opportunities for a supplementary ingredient within the continuous growth of the organic cosmetics industry. (Cao 2017.) These studies have given a valuable marketing insight in their respective geographical area of research. Both studies confirm an increasing consumer demand for Natural and Organic products in the cosmetics market.

1.2 Focus of this study

This study is focusing on Arctic Berry Wax from a business to business point of view. Potential buyers of the Wax are producers, distributors and providers of raw material within the industry, which are the target group of this study. The idea is to detect their interest in offering and potentially using the new alternative raw material as ingredients in their products or as suppliers for their clients. This study is interested in who potential buyers might be, their attitudes towards adopting an alternative raw material and their role in the supply chain of Natural and Organic Cosmetics. Moreover, determining the purchasing prerequisites for ingredients and sourcing practices as well as requirements for determining the purchasing motivations for different kind of waxes. For a product on the market, it is important to find out how it can meet expectations within the supply chain. The angles of observation are from a buyer's point of view and then examining what needs to be done so that Arctic Berry Wax is viewed an attractive alternative raw material.

1.3 Research questions

The main research question is: What is the business potential of Arctic Berry Wax as a raw material in the Natural Cosmetics Industry? This question is being answered with the help of the following auxiliary questions:

1. What are current trends affecting natural wax usage in the Natural Cosmetics Industry?
2. What kind of interest is there among producers and distributors of the industry to adopt Arctic Berry Wax as an alternative raw material?
3. What are the buyer's purchasing criteria and requirements for raw materials to be considered as ingredients for Natural Cosmetic Products?

4. How should ABW be marketed to commercial buyers of natural waxes? What steps need to be taken?

In the following chapters, these questions are being examined. First, the theoretical framework is established. Commercialization, commercial opportunities, organizational buyer behavior as well as factors influencing organizational buyer behavior are examined. Thereafter, the methodology of this study is described, explaining case study and its research methods. Subsequently, the context is established by explaining natural waxes on a general basis, as well as the most important waxes used in the industry are explained. Next, Arctic Berry Wax is introduced to the reader, who has already gained a general understanding of waxes in the Natural Cosmetics industry. With the background elucidated, data collection is concerning the Trade Fair, the Congress, the interviews and further desk research is documented and results are presented. Conclusions follow, with an ensuing discussion section.

2 THEORETICAL FRAMEWORK

Commercialization is the process of transforming a useful idea into an actual product that is sold on the market (Eizenberg 2018). In the commercialization of new materials, it is noteworthy that end users are usually not the customer (National Materials Advisory Board 1993, 17-18). The assessment of commercial opportunities for new products requires a product definition that is very specific and very precise. Similarities and differences to existing products need to be assessed. When entering an existing market, a new product offering unique benefits not prevalent in competitive products already in the market, will have better chances of diverting revenues from competitors to the new product. Also, for existing markets, revenues and potential users can be estimated with reasonable accuracy. The opposite is true for products with a not yet existing target market. (Trilogy Associates 2001).

Business to business marketing that focuses on relationships and focuses on establishing partnerships through the entire value chain can not only improve business return, but also generates competitive superiority. By expanding the approach from a simple vendor-buyer perspective to identifying customer needs and designing the whole value chain with this goal in mind, it is possible to gain significant competitive advantage. (Cortez & Johnston, 2017, 99.)

Morrison distinguishes between product-led marketing, meaning that marketing aims at the promotion of existing products, and a marketing-oriented approach, meaning that the company tries to satisfy the wants of the customer. The philosophy that a company should try to provide products that satisfy a customer's need through planned activities is called marketing concept (Morrison 2002, 20). In business to business markets purchasing objectives are in line with organizational objectives and buyers are skilled and customers often geographically concentrated (Jobber & Lancaster 2009, 20). For business-product market testing Kotler, Keller, Bradly, Goodman & Hansen list the testing at trade shows. A common test method for new business products is introducing them at professional trade shows. Trade shows are a forum where companies can evaluate buyers' interest and purchasing intentions (Kotler et al. 2012).

In contrast to consumer exhibitions or public shows, b2b Trade Fairs are used for generating to be followed-up sales leads. The typical exhibitor of a b2b trade show is a manufacturer or distributor and the typical buyer is an industrial end-user or distributor within the industry. These events have

restricted attendance, it can be invitation only. Exhibitions and Trade Fairs are places where supply and demand meet. Thus, they have a significant economic function. In addition to that, the trade function, which is the transaction of goods, services and information, the transparency function, meaning it gives a market overview as well as the development function, which means supporting the development of regions, industries, etc, are noteworthy. The promoting of new products and services is an essential part of Trade Fairs. (The Global Association of the Exhibition Industry, 2018.) Sarmiento, Farhangmehr and Simoes (2015, 591) state that business trade fairs provide the opportunity of face-to-face interaction in a neutral atmosphere. Exceeding the mere transactional mode of trade fairs, the relationship aspect, including a strong receptiveness to exchange information are enhancing mutual understanding and relationship building supported by the informal nature of the environment. Moreover, trade fair participation surpasses mere seller-buyer interactions enhancing networking within the industry. Visitors of business trade fairs equally benefit from the relationship dimension. For them, the outlining of objectives and assessing trade fair participation make the visit more effective. Also, visitors benefit from the possibility of evaluating alternative relationships. (Sarmiento et al, 2015, 591)

2.1 Organizational Buyer Behavior

Organizational buyer behavior entails three components: the 'Who' factor describing the structure; the 'How' factor describing the process and the 'What' factor describing the content. The first, the 'Who' factor in organizational buying typically consists of several people, the decision-making unit (DMU), also called buying center. The people in the DMU may change and they have different roles in the process: Initiators begin the process, Users actually use the product, Deciders have power to select the supplier, Influencers provide information, Buyers execute the purchase and Gatekeepers control the information flow. Vendors need to identify and target key members of the DMU. The second element is the 'How' factor, or the process. It can be described in seven steps, but not all steps occur in every purchasing process. (1.) The recognition of a need is followed (2.) a determination of characteristics. (3.) A search for potential sources includes an estimate of their qualification as supplier. (4.) Proposals are acquired, analyzed, (5.) evaluated and selected. Next, (6.) an order routine will be drawn up. This is followed by (7.) performance feedback and overall evaluation. Vendors can affect the purchasing decision by influencing the need recognition, the design of the product specification. Also, a specific communication of the products superiority over competition is necessary. Early involvement from the vendor side can lead to 'creeping

commitment', meaning that the purchasing organization is more committed to the supplier involved in the process and assistance it provides. The third element, the 'What' factor, describes the choice criteria the DMU relies on for evaluation of options. These criteria are usually similar to what employees are evaluated on themselves. An employee mainly evaluated on cost-saving in purchasing will use cost-saving as an important criterion. Furthermore, organizational buying involves a rational, functional side as well as an emotional, psychological element. Emerging Total Quality Management (TQM) in organizations affects the suppliers, who are evaluated on the quality of their services and products. Often buying organizations do not want to trade quality for price and seek suppliers who are consistent in their product and service quality. Other criteria evaluated by the buying organization can be price and life-cycle cost, the continuity of supply, the perceived risk, office politics and personal preferences. (Jobber & Lancaster 2009, 92-97.)

2.2 Factors affecting organizational buyer behavior

Factors that influence the decision-making process, the people involved and the criteria of evaluation consist of three main factors: the buy-class, the product type and the importance of the purchase to the buying organization. The buy-class can be straight re-buy, modified re-buy or a new purchase. The product type can be materials, components, equipment or products and services. The importance of the purchase to the buying organization depends on the relative sum the purchase involves, on the reversibility or the cost of a potentially wrong decision and the amount of uncertainty concerning alternative offers. (Jobber & Lancaster 2009, 98-101.)

Similar findings state that strategic significance of the sourcing decision depends on the replaceability of the product and the amount of the budget the offer would consume. Supplies that are easily replaceable are strategically not important within the supply chain. Likewise, purchasing decisions amounting for less than 5% of the client's budget can be classified as strategically not significant. Also mentioned is the fact that b2b purchasing responsables need to justify their decisions within the company, which makes their own demands more complex. Purchasing decisions affect the entire company and surrounding workforce. (Harrison & Knod 2018, cited 12.4.2018.)

3 METHODOLOGY

For this research, the case study approach was chosen. A case study research, comprises quantitative evidence, relies on multiple sources of evidence and benefits from earlier developed theoretical propositions (Press Academia 2018, cited 13.4.2018). The use various sources for verification of findings, called Triangulation, increases validity (Yin 1994, 4). Another strong point of case studies is the possibility of studying a phenomenon in its actual setting, in real-life context (Rowley 2002, 18).

The WAX project aims at identifying business opportunities of Arctic Berry Wax by studying current businesses and proceeding to innovate new product ideas using design thinking. Design thinking aims at innovation in a user-centric manner (Hasso Plattner Institut 2018, cited 17.4.2018). Creating a product of Arctic Berry Wax via a design thinking approach, means that buyers and end-consumers demands and needs are investigated and the product is optimized accordingly, via marketing tools, by providing a comprehensive service, such as product information or certification in a way it serves the customer.

In this study, the research questions are answered through desk research and empirical research. Desk research is conducted to review existing studies, to investigate patterns of professional buying behavior, to draw a picture of the current market situation regarding natural waxes in the cosmetics industry. Qualitative research targets the behavioral motivations of people and intends to answer questions of how and why (Mäntyneva, Heinonen & Wrange 2008, 69). Qualitative research permits the gaining of an insight on human behavior. Semi-structured interviews have previously prepared themes and related open-end questions; however, they provide flexibility and allow also unexpected topics to emerge. Silverman (2004, 157) creates the concept of an active interview, stating that all participants in the interview are involved in constructing meaning.

Empirical research identifies the buyers' viewpoint on employing an alternative natural wax, Arctic Berry Wax. Empirical data on the current trends within the Natural and Organic Cosmetics industry affecting the demand of natural waxes is gained at the Vivaness Congress, where speeches and panel discussions among professionals are visited. For the visiting of the Vivaness Congress a preliminary schedule is drawn for the participation in events with the help of information on the events available beforehand online. Discussion points and facts considered relevant for Arctic Berry

Wax were documented. The topics of the events are chosen according to their relevance to the WAX project. The visit plan for congress participation, including selected topics beneficial for the project can be revised in appendix 2, preliminary schedule.

Qualitative methods in the form of theme interviews are employed for gaining an insight on purchasing decisions regarding natural waxes. Members of decision-making units of selected companies are interviewed. The venue for the gathering of empirical information is the B2B Trade Fair of Biofach-Vivaness 2018 in Nuremberg, Germany. Empirical data also includes observations at the Trade Fair.

Furthermore, the list of exhibitors of the Biofach-Vivaness is investigated beforehand on the Biofach website. Most suitable companies are selected subsequently: Those are companies employing waxes in their products, distributors of raw materials, including waxes as well as companies specializing in the analyzation and distribution of raw materials. For this research, only European companies or companies operating in Europe are chosen. The Natural and Organic Cosmetics market varies geographically, and more significantly on different continents. On the other hand, especially in Europe many companies are operating cross-border, so that choosing only companies operating within one nation would have limited the amount of companies too much. In the b2b section and the selling of raw materials business is conducted on a cross-border level, whereas consumer goods are more likely to be sold on national markets. After the preliminary research, several companies matching the requirements and interesting for the project are shortlisted. The online contact option of the Biofach-website is employed in order to schedule meetings with matching business partners, the companies are contacted and requests for short interviews are sent. Unfortunately, these contact efforts went unanswered, which leads to a change of strategy. It is agreed with the supervisors to aim at visiting the stands of the respective companies and try to conduct the interviews without previously scheduled appointments. In addition, it is agreed to visit also other potentially interesting exhibitors, because the immense amount of exhibitors made it impossible to scan all potential partners beforehand. The interviews are beforehand prepared with themes and related interview questions (appendix 1). Nevertheless, the interviews have a conversational mode in the form of an open dialogue. This is to gain an insight of the interviewees' viewpoints, motivations on buying waxes and selection criteria. The interviews are carried out at the exhibition stands of the companies at the Biofach-Vivaness Trade Fairs. In the course of the dialogue, Arctic Berry Wax is presented showing a sample of the wax and handing out a brochure

containing background information on Arctic Berry Wax. The interviewees are asked permission for recording.

4 NATURAL COSMETICS AND NATURAL WAXES

4.1 Natural waxes as ingredients of Natural Cosmetics

Waxes add structure and consistence to cosmetic products. In emulsions waxes inhibit the separation of oils and liquids, ensuring the creamy texture of products. Waxes are part of the formulation of a variety of products, such as personal care products, nail and skin care products, lipstick, makeup, fragrances, hair products, bath and shaving products as well as sunscreen and suntan products. (Cosmetics Info Org 2018, cited 27.4.2018).

Waxes can be sourced from a *natural* or *synthetic* base. Natural waxes are commonly divided into renewable -of *plant* and *animal* origin- and non-renewable waxes of *fossil* origin. Inorganic mineral waxes widely used in conventional cosmetic industry are paraffin and hydrocarbon waxes (Cosmetics Analysis 2018, cited 20.3.2018). The Natural and Organic Cosmetics industry on the other hand is employing waxes of *animal* origin, beeswax, and vegan waxes of *plant* origin. Plant waxes can be *cultivated* or *wild-harvested*. Purity - meaning the wax contains a minimum of impurities such as pesticides or herbicides – and composition, which varies according to the type of wax, origin and geographical factors, are the main quality determinants for waxes and the quality and characteristics determine the application. (CBI Market Intelligence 2015.)

4.2 Most common waxes in Natural Cosmetics

Beeswax is purified wax from the honeycomb of the bee (*apis mellifera*). Its main functions are binding, emulsion stabilizing, masking and skin conditioning. The main application of beeswax are lotions, creams makeup, emulsions and pen-products.

Candelilla wax is derived from the Mexican *Euphorbia Cerifera*, countries of origin are Mexico and the southern United States. Candelilla wax is film-forming and viscosity controlling, features needed in products like lipsticks.

Carnauba wax, also called Brazilian wax or palm wax, is obtained from the leaves of the palm tree *Copernicia cerifera*, *Palmaceae*. The country of origin is Brazil. Its qualities are hypoallergenic, absorbent, binding, film-forming and viscosity controlling. It is widely used in lipsticks. Eye makeup and sun care products.

KAHLWAX 6607 L, or sunflowerwax, is extracted from the native oil of the sunflower seed. Main countries of production are Russia, the Ukraine, Argentina, Europe and North America. It has similar features as beeswax -with a slightly higher melting point -, but is available at a cheaper price. It is used as alternative to beeswax, predominantly in lipsticks, creams, body butters, hair care products.

KAHLWAX 6290, also known as berry wax, is extracted from the *Rhus verniciflua* and comes from China. It is a low melting soft textured wax and has a good suitability for stick and pencil products, eye makeup and lip care.

Rhus Succedanea Fruit Wax, or Japan berry wax, is extracted from the berry kernels of the Sumac tree. It is hard, brittle and has a low melting point. It used in creams, stick pencils, lotions and hair care.

(European Commission 2018, cited 30.3.2018.)

4.3 Arctic Berry Wax

Arctic Berry Wax can be described as a natural, plant-derived wax. Wild-picked berries from clean and fairly unpolluted forests are widely used in the food industry in Finland, Sweden and Norway. These wild berries include blueberry, lingonberry and cloudberry among the most prevalent. The wax has initially been extracted from the waste-line of food production. Currently, the wax is not being utilized commercially. The original aim of the WAX project was to research the wax on a multidisciplinary and international level and subsequently find ways to use the wax in a meaningful way and find ways of commercialization, with the wax being part of the circular economy. Chemical analysis indicates that waxes extracted straight from the plant may be of higher quality. Research investigating the chemical composition and technical properties of Arctic Berry Wax is still ongoing, and detailed results are not publicly available yet. Preliminary research results however indicate that Arctic berry wax has similar qualities other widely used plant and more precisely berry waxes in the Natural and Organic Cosmetics Industry. (Remes 2018, e-mail message 6.2.2018.)

Arctic Berry Wax is also called Wild Berry Wax and Northern Berry Wax. In this case study, the name Arctic Berry Wax is used on a consistent basis, because it appears to be the most common version also within the WAX project.

As of classification, Arctic Berry Wax is natural and plant-derived, thus vegan. In some countries, such as Finland, it would also fall under the classification 'organic', but this claim cannot be made in countries, where 'organic' means 'cultivated under strictly organic requirements'. This is the case, for instance in Germany and Austria, countries which constitute for a large part of the European Natural and Organic Cosmetics market. These countries have a leading role in the organic food industry, as well as the Natural and Organic Cosmetics industry (Staubli 2018, speech 15.2.2018.) Arctic Berry Wax is extracted from wild-harvested plants. Therefore, it can also be classified as wild-harvested ingredient. The advantage of wild-harvesting lies in the fact that it is not necessary to transform large parts of the natural environment into cultivation fields.

4.4 Value chain and the sustainability of Natural Waxes

The value chain of wax raw material has an environmental, an economical and a societal aspect of sustainability, all on a regional, national and global level. Sustainable waxes are from a renewable source and harvested without damaging the natural environment, or the establishing of new cultivations. The sustainability of natural waxes depends on the growing and harvesting conditions as well as the extraction methods.

The sustainability of beeswax is mainly determined by the methods of beekeeping, natural beekeeping approaches are sustainable, whereas efficient and volume-focused bee-keeping methods can be considered less sustainable. The fact that beeswax is a by-product of the honey-industry accounts for high sustainability. Due to decreasing bees amounts, the availability of pure beeswax is decreasing while the demand for it is growing. As for plant-derived waxes, wildy growing and cultivated waxes can be distinguished. Carnauba Wax is sourced of the leaves of around 40-years old wildy growing Brazilian palms. Cultivation is not needed and if harvested correctly, the leaves are regrowing. If water is used as an extraction agent, the wax has a high level of sustainability. Carnauba Wax is biodegradable. On the other hand, rice bran and sunflower wax are derived from plantations and also have a higher level of industrial processing. An entirely sustainable wax is the South American Myrica Fruit wax, which is harvested from wild growing berries of the Myrica tree. The harvesting is conducted by locals and monitored by the Union for Ethical Bio Trade (UEBT). UEBT is promoting the sustainable use of biodiversity. Furthermore, the extraction process of Myrica fruit wax can be considered a natural process. (Writer 2016.)

5 DATA COLLECTION AND RESULTS

5.1 The Trade Fair Biofach-Vivaness 2018

The main selection criteria for a Trade Fair was its relevance within the industry. The Biofach-Vivaness is the largest fair of its kind and it was chosen due to the high likeliness of meeting professionals of the industry. The Trade Fair Biofach-Vivaness is firmly targeting professionals of the natural food and cosmetics industry. It has a strict admission restriction, ensuring the audience is highly professional. The exhibition is an excellent venue to observe current attitudes and trends among professionals involved in buying decisions as well as their willingness in adopting an alternative ingredient from the North.

Biofach is the World's Leading Trade Fair for Organic Food. Biofach 2018 had 3.218 exhibitors from 93 countries. The Biofach-Vivaness 2018 Trade Fair had over 50.000 visitors from 134 countries. Due to increasing global interest in organically produced products and the popularity of the Biofach among professionals, the Biofach nowadays takes place on four continents. The topic of 2018 was 'Next Generation'. Biofach also includes Vivaness, the International Trade Fair for Natural and Organic Personal Care. Vivaness 2018 had 275 exhibitors, with 66 % of Vivaness' exhibitors from outside Germany. Adjacent to the Trade Fair, Biofach Congress as well as Vivaness Congress took place. Both are organized on a yearly basis and account for major information exchange forums for experts and professionals on trends within the industries. Vivaness 2017 had both COSMOS and NATRUE as honorary sponsors, both of which companies also provided expert speakers to the Vivaness Congress. (Biofach Vivaness 2018, cited 9.2.2018.)

The author visited the Biofach-Vivaness Trade Fair from 14.2-16.2.2018, jointly with Vili Kippola conducting research concerning the possible application of Arctic Berry Wax in the food industry. Also, a delegation of the business-side of the WAX project consisted of Project manager Taina Vuorela, Helena Ahola and Päivi Aro, lecturers of the Oulu University of Applied Sciences, Helena Ahola, who is also the supervisor of this thesis. Each of the members had their own research focus, including a detailed visiting plan for the Trade Fair and the adjacent Congress as well as semi-structured theme-interviews with relation to the different topics of research and visiting strategy previously developed.

The fair premises were the exhibition center in Nuremberg, Germany. With the fair accounting for the largest of its kind globally, the premises were equally large and spread over a number of huge exhibition halls. Exhibitors from literally all parts of the world were present, especially in the Biofach, which is the fair focused on organic food. However, in the Biofach section were also suppliers and providers or distributors of raw materials serving the food and the cosmetics industry or the pharmaceutical industry, certification companies and a variety of sustainable packaging as well as machinery providers. Companies dealing with natural waxes were on both fairs, the Biofach and the Vivaness. The sheer size of the exhibition proofed the previously prepared visiting plan valuable. Important aspects were not missed, but there was still room for picking up new, unexpected information. On a practical scale, the exchange with the author's fellow researchers was valuable, and many observations the author had concerning waxes and the Natural Cosmetics industry were similar to those others found in the Natural and Organic Food industry.

5.2 The Vivaness Congress

At the Congress the latest trends and market information available was shared. Challenges the industry is facing as well as new developments are important for the WAX project to be aware of, so that it can make marketing recommendations to seller of Arctic Berry Wax. Moreover, a series of speakers at the Vivaness Congress gave a picture of the current trends and topical issues the industry is facing now. Panel discussions and audience involved discussions were highly encouraged and contributed to giving a versatile picture of the Natural Cosmetics Industry. In preparation for the visit, the author drew a visiting schedule for the Vivaness Congress, based on topics most relevant for this research (appendix 2). The findings are presented in this chapter.

About the market situation, the demand for cosmetics is increasing globally. Consumers are more and more purchasing cosmetics made of natural ingredients. The European Natural Cosmetics market grows 5-6% annually. Especially the DACH market is strong in growth. It has been seen that the latest natural and organic cosmetics market development follows larger societal trends. The motivation for consumers to buy Natural Cosmetics stem from two starting points: personal health and environmental protection. Key value propositions are to be started from a customer's point of view, and consistency throughout the entire value chain is required. In marketing directly

to consumers, philosophy and stories are ultimately more important than certificates. (Hänig, speech 14.2.2018.)

An omnipresent topic posing a challenge for the industry is greenwashing. This can be which can be misleading marketing, logo proliferation leading to consumer confusion, certifying to low standards and others. One example is the consumer confusion about terms, such as natural and organic. Ultimately, greenwashing is marketing communications that mislead consumers into believing a product is more environmentally friendly, natural or healthy than it actually is. This is leading to mistrust among consumers. All statements about a product should not only be accurate, they should also be provoking a mental image close to what the product is really like and the associations consumers might have about a name, image or branding efforts. Proper and clear communication of these factors to the consumers is necessary to avoid misunderstandings or provoke false beliefs. Many producers are approaching this challenge by using certificates. (Smith, speech 15.2.2018.) Consumers are increasingly concerned about chemicals in cosmetics and there is a growing trend towards consuming ethically and sustainably. The overall sustainability of the product is of increasing importance to consumers. (Sahota, speech 14.2.2018.)

On a global scale, especially European consumers are very critical about the topic of greenwashing. Notably young consumers of Natural and Organic Cosmetics are very educated about different options and trust in labels and certification. Furthermore, the adoption and acceptance of standards and the level of certification is very high in Europe, in contrast to the US where standards are less significant. In contrast to their European counterparts, US customers tend to buy products that have a 'free from' labelling on the packaging, such as 'free from parabens' or 'free from GM'. (Mumcu, speech 14.2.2018.)

The abundance of certificates is posing a challenge for consumers and is leading to confusion. For consumers and companies, standards and certificates serve different purposes. For consumers, they pose a proof of environmental and/or social sustainability. For companies, following standards is a marketing opportunity and a cost factor. The tighter and more demanding the standards are, the more expensive and challenging it is for the company to comply with the demands. It can be easier for companies to follow standards that are less demanding, but the benefit of labelling the product accordingly is still there. On the other hand, there is an increasing awareness of consumers, this is especially true in Europe, which leads to consumers questioning the production

conditions, the sustainability of ingredients used as well as the level of standards. (Hochberg, speech 1.2.2018.)

Challenges of the industry include consumer confusion about natural and organic terms, misleading and perplexing labelling. The harmony among nations and the level of standardization is far lower than for example in the food industry. In the food industry scandals have led to more consumer awareness pushing the industry to develop tools for supervising production. A harmonization could lead to a reduction of standards and certificates, leading to recognizability and clarification from a consumer's point of view. (Sahota, speech 14.2.2018). The Natural and Organic cosmetics industry tends to follow trends of the organic food industry. In terms of harmonization of standardization and certification, it currently lacks about 5-10 years behind of the food industry. (Charlier de Chily 2018, speech 14.2.2018.)

Marketing that happens marketing department driven is far less effective and durable than defining a philosophy on which the existence of the company is based. This has happened for small and medium sized companies that have grown through executing their convictions and not merely following trends. Very often this is started by an entrepreneur who is communicating and living his beliefs throughout the entire organization. Long-term and every-day decision making that are based on those core company values will ultimately also be communicated to the customers and the public throughout all levels of organizations in a long-term manner, also making decisions that are unconventional. (Feige 2018, speech 15.2.2018). A top to bottom continuous and consequent communication of values through decision making is visible in businesses successful and growing on the long-term. It is the task of management to inspire and create enthusiasm within the organization (Essler-Greineider 2018, speech 14.2.2018).

5.3 The interviews

The interviews were planned beforehand. The selection of companies was done employing the Biofach-Vivaness website for investigation of exhibitors employing or trading natural waxes. Two of the companies are producing Do-it-yourself kits (DIY kits), also because the author has noticed an increasing trend for preparing homemade cosmetics for personal use and gift purposes among young people. The interview plan includes themes and questions organized systematically. The

starting point concerned the companies in question (appendix 1). The first part asked about the raw materials and waxes currently used by the companies, buying criteria as well as the interest of adopting an alternative raw material. Subsequently, Arctic Berry Wax was introduced by showing a physical sample as well as handing out a brochure about Arctic Berry Wax (appendix 3). More detailed interest into adopting Arctic Berry Wax was then discussed. The cosmetic businesses that participated in the interviews had already fully developed products and product lines on the market, or they were full service distributors, also offering analyzation and certification as well as marketing services to raw material suppliers. It was previously planned to record all interviews. Some of the recordings turned out useful, others were of lesser quality due to the noise around the busy exhibition venues.

Baims Organic Cosmetics GmbH

Baims is a German company that has started out by selling their products in Brazil, where it has been highly successful. The offering of products in Germany and Europe starts in February 2018. The wooden design of the packaging is outstanding and sends a strong message of naturality. Cosmetic containers are made of bamboo wood. The wood-look is very present and visually appealing. They use all-natural ingredients: eg. carnauba wax. All ingredients are vegan, organic and not tested on animals. All three claims are backed up with certification.

“BAIMS Natural Makeup uses natural raw materials which are not tested on animals and are free of any toxic components. We successfully developed an excellent decorative cosmetic line which combines a rich and natural beauty care concept with emollient and firming effects while at the same time protecting animals and plants. 100% Certified: All ingredients we use are *organic-certified by Ecocert* and therefore are in accordance to the guidelines for organic and Natural Cosmetics. Our extraction process is certified as 100% natural and ecologic. We are only using natural, biodegradable solvents like glycerine. The plants and substrates are not deriving of GMO (Genetically Modified Organisms) and are not taken from endangered species. The production and extraction of our ingredients does not cause any damage of the eco-systems. All minerals we use in our products go through a complex process with the necessary dispersion of their pigments to ensure that any risk of contamination is avoided. The result of this process is an ingredient of highest quality, pure and safe to be used, free of any chemicals or potentially dangerous levels of heavy metals. The BAIMS Natural Makeup collection is *100% vegan, certified by “The Vegan Society”, UK*. Thereby we offer a “safe shopping” to all our vegan customers. In addition, BAIMS Natural Makeup is *certified as “Cruelty Free” by PETA.*” (Baims Natural Cosmetics, 2018)

The interview was conducted at the exhibition stand of Baims with a company representative, who explained that Baims is a German company that started selling in Brazil, because one of the cofounders is from Brazil. The formulation is developed together with a laboratory. The original aim was to also include some they Brazilian ingredients for the selling point in Brazil. Nowadays Baims does not focus on formulation so much, but on the design and launching on the German market. The company also started out in Brazil online, nowadays it has its products in many shops, and has opened also its own Signature Shops, the latest in Sao Paolo. About new ingredients, we were told that this is not what the company is aiming for at the moment. There is no interest in picking up Arctic Berry Wax, because product formulation is already optimized, with all ingredients certified, a proven texture, and at an affordable price. The main focuses are in expanding to Germany and developing their stores in Brazil. The employment of excellent sales people has been one of the most important recent activities.

Coscoon

Coscoon is a small Berlin-based business. Its main products are 'Do it yourself' (DIY) kits for the preparations of Natural Cosmetics at home. The kits include everything needed, from recipes to ingredients and utensils. On its website and online shop Coscoon stresses that the products are free from mineral oils, parabens, silicones, GMO-free and not tested on animals, and that the ingredients are organic. The price range of the kits are from 29 -50 Euros for DIY kits, custom-mixed products prepared by the company are also offered. A newer launch of the company are event and larger party-products, where cosmetics can be made for instance at a Girl's night. The theme box 'Best Friends Forever' includes not only all the preparation material for cosmetics, but also a piccolo bottle of sparkling wine. Those special occasion boxes are priced form 65-80 Euros. The company also creates events at their shop in Berlin. On a regular basis, the company offers also workshops, where Natural cosmetics are prepared with the guidance of a company representative. This is an opportunity for the customers to explore different ingredients and their attributes. (Coscoon 2018, cited 5.2.2018.)

Also, this interview was conducted at the exhibition premises of the company. It was explained that the company has been in business for two years and they started selling online. Today, Coscoon is also in markets and small biosupermarket chains prevalent in Germany. Shea butter and beeswax are main ingredients Coscoon employs. Feedback has shown that beeswax is conceived very positively among consumers. At the moment, the company is not looking for new ingredients or developing new formulations. Lately the biggest efforts have been optimizing packaging with

professional help. This has proven to be very successful in terms of customer satisfaction and sales figures. The new packages are of sustainable material, mainly smartly folded and nicely designed cardboard that can be reused as a gift wrap for the excess products: Handmade gifts for friends as an extra bonus because Coscoon DIY kits contents are abundant.

EcoControl

EcoControl is a German company operating worldwide. EcoControl certifies organic cosmetics and ecological products in the non-food sector. EcoControl has no standards of its own to ensure neutrality concerning certification. EcoControl has built strong networks and cooperates closely with auditors of other certification bodies. (EcoControl 2018.)

The interview was conducted with a company representative responsible for evaluation, documentation, raw material approval and audits within the company. The world-wide operations of EcoControl were stressed. The core business of EcoControl is certification, also for raw materials. Berghoff explained that by German standards, wild picked berries are not organic. This falls under the category 'Aus Wildsammlung' – 'From wild collection', such as essential oils or herbs of the Provence. EcoControl certifies the products of large companies such as Naturland, certifying that their products comply with Naturland standards. There was an emphasis on the facets of certification: Certified raw materials do not eliminate the need for certification of the derived product.

Kitekit

Kitekit is a small family-owned and-run company from Belgium. Kitekit is also offering DIY-kits for preparing cosmetics at home. The kits include all ingredients, recipes and tools needed for preparation. The ingredients are all a workshop in a box for at home: They contain everything needed to prepare one's own Natural Cosmetics at home for everyday use. According to their website, Kitekit wants to promote a more autonomous, responsible and authentic lifestyle thanks to small everyday gestures. (Kitekit 2018, cited 10.2.2018). The kits are all packed in beautiful wooden boxes.

Their main products are DIY kits for end-customers to prepare their own cosmetics such as shampoos, cremes and lip balms. The typical kit contains a wooden box, filled with all the ingredients needed, the necessary utensils, containers and recipes.

The interview was conducted with the Entrepreneurs of Kitekit. They explained that their main customers come from the area. Distribution channels are their online shop and contract stores, such as biosupermarkets and concept stores. The products are also available in 11 Carrefours, a large hypermarket chain. The pricing of the products ranges from 50e, 88e and 130e per package.

Additionally, they offer also small trial packages which are priced from 9 -14e. The company is currently using beeswax. They don't feel the need to change for a vegan alternative, however are interested in different kinds of raw materials. For any raw material being bought, the company requires a proof of origin and contents. Mostly certificates are used for this purpose. It is not required to have a specific kind of certificate.

5.4 Key Interview findings

Distinct classification of raw materials, backed up by documentation is important for the purchasing business. Ecocontrol described several options for certification. Proof of origin or certification and documentation were demanded by Baims and Kitekit swiftly after Arctic Berry Wax was presented. Furthermore, it seems somewhat important to have the actual product to show, to let people smell and feel it, shortly, experience for themselves, for them to take the product into consideration. Of much greater importance, however, at least concerning producers, is the documentation and related verification. All three interviewed small and medium sized (SME) companies Kitekit, Coscoon and Baims. Baims, a company with finalized formulations that are fully certified, the focus is not on new or alternative ingredients. Moreover, all three companies are focusing their business energy on sales rather than the expansion of their product line. SME companies cannot afford to pursue many goals at the same time, and as for Baims, the main new goal is expanding sales geographically, entering a new market on a different continent. Coscoon on the other seems to be continually developing products and services around their products, with the latest efforts optimizing packaging and designing consumer events. The representatives of Kitekit showed some concrete interest toward adopting a new ingredient. It is noteworthy, that the companies have a functioning product line with carefully considered materials. A change of raw material could be too much of an effort. The aspect that an ingredient is vegan is relevant to companies emphasizing and marketing the vegan aspect of their product. Baims uses vegan certification by the Vegan Society. Kitekit and Coscoon, on the other hand, use beeswax, which they found has a good reputation and is well perceived among consumers of Natural Cosmetics.

5.5 Overview of regulatory requirements for raw materials in Natural Cosmetics in Europe

Due to the fact that standards, proofs of origin and certificates have been repeatedly mentioned among buyers and congress speakers, the author has conducted further desk research to explain the legal requirement as well as voluntary options such as standards employed by companies. It is to be evaluated if it is necessary to get a certification for Arctic Berry Wax. Additionally, the WAX team has received expert feedback stating that a product needs to be “*approved for use in cosmetics*” in order to be considered within the industry (Hällstig, e-mail message 21.5.2018). This is a brief overview on the legal and regulatory framework.

Since 1997 the International Nomenclature of Cosmetic Ingredients (INCI) is mandatory for naming ingredients and labelling cosmetics within the European Union (Codecheck, 2018). CosIng is the database for information on substances and ingredients used in cosmetics created by the European Commission and regulated by the European Parliament and Council (European Commission, 2018). Currently, INCI lists over 16.000 ingredients. This includes conventional chemical as well as natural and organic ingredients. For a new ingredient, an application for an INCI name can be submitted online. The process takes 3-6 months and 200 USD are charged per trade name. The listing of an ingredient however does not mean it is assessed. (CRS Chemical Inspection & Regulation Service 2018, cited 16.4.2018.)

There is no singular regulation for Natural and Organic Cosmetics in Europe. Regulations that apply are (CBI 2018, cited 16.4.2018):

- the European cosmetics regulation EC 1223/2009 establishes rules for cosmetics products and marketing to ensure consumer safety and efficacy of cosmetics products
- the Claims regulation EU 655/2013 defining common criteria for cosmetics claims;
- the REACH regulation EC 1907/2006 for the registration, evaluation, authorization and restriction of chemicals.

Only very few countries have specific regulations on organic and Natural Cosmetics, among which are Austria, Australia and South Korea. Most countries have consumer protection laws to prevent unfair practices. Some countries have given an interpretation about what can be called organic and/or natural cosmetics as well as requiring third party certification to a published standard, such as France, Denmark and the UK. (Hochberg, 2018)

A number of organizations and business certify products according to various standards. Many of those cooperate somewhat for harmonization of criteria. The challenge with harmonization of the criteria is not to agree on the lowest level possible every party can agree on, but to keep the requirements high. The most significant differences between standards are typically the amount of organic ingredients a product must consist of, - from 100%, to 75% or less, depending on the standard – and the amount of synthetic raw material allowed.

The voluntary ISO 16128 'Guidelines on technical definitions and criteria for natural and organic cosmetic ingredients and products' aims at encouraging a wider choice of natural and organic ingredients in the formulation of a diverse variety of cosmetics products to encourage innovation. It can be used to calculate natural, natural origin, organic and organic origin. ISO 162128-1 concerns definitions and ISO 16128- 2 concerns criteria. (ISO 2018, cited 1.4.2018.) However, it lacks transparency, since the guideline must be purchased. At the same time the guidelines are not compliant with consumer expectations, because it allows GMO's and petrochemicals. It is significant to note that the guidelines are not requirements. It only offers definitions and content calculations. The ISO standard underlies no independent verification of control. (Natrue 2018, cited 16.4.2018.) The level of the ISO guidelines is not very demanding.

The COSMOS-standard (short for COSMetic Organic and Natural Standard) was invented after Biofach 2002 by five main organisations to develop a harmonized standard. It started being implemented in 2010 and is continually developed since. It is a globally recognized standard for Natural and Organic Cosmetics. COSMOS has an organic and a natural certification. (COSMOS 2018, cited 25.4.2018.)

6 CONCLUSIONS

The business potential of Arctic Berry Wax as an ingredient in the Natural Cosmetics industry was investigated in a b2b context. Several aspects influence the potential relevance of Arctic Berry Wax within the industry from a wax buyer's point of view. These aspects are described in the following paragraphs providing answers to the research questions.

Several trends affect natural wax usage in the Natural Cosmetics industry (research question 1). First, the growth of the Natural Cosmetics industry leads to a rising demand for natural raw materials. A noteworthy aspect is also the decreasing availability of beeswax on a global scale, which, too, is a driver for natural wax demand. Second, consumer awareness may lead to a demand for an European alternative. Currently used natural waxes originate mostly from outside Europe. For the same reason an ingredient from the North, the Arctic area, Lapland or Fennoscandia can be of interest due to the unique prestige and reputation of the area. Third, consumer motivation for purchasing Natural Cosmetics is two-fold: There are health aspects on the one hand, and sustainability aspects such as environmental and social considerations on the other hand. Arctic Berry Wax has the potential of satisfying both demands. Points to be specified are the extraction process and its examination for sustainability as well as the working conditions for berry harvesters, which have been under controversy in the past. Fourth, greenwashing is an omnipresent and sensitive topic in the natural cosmetics industry. Consumer alertness and confusion require products to be clear in their marketing, with specified, understandable and not-misleading terms in order to be trustworthy. Fifth, research shows that marketing stories are emerging. This is a driving factor for waxes with unique stories. Stories are determining factors for the attractiveness of a product and contribute significantly to the buying decision. In a b2b context the transferability potential of a story to its consumer marketing efforts is a significant criterion from a wax purchasing professional's viewpoint. This is supported by the theory that relationship marketing targeting the entire value chain is most effective. Arctic Berry Wax does have a unique story that yet needs to be written and told.

Research question 2 asked what kind of interest there is among producers and distributors of the industry to adopt Arctic Berry Wax as an alternative raw material. The interviews have shown that among buyers, there was a general interest in alternative raw materials and or new ingredients. Thus, there is commercial potential for Arctic Berry Wax as an alternative ingredient in Natural

Cosmetics from purchasing professionals' standpoint. Wax purchasing professionals base their buying decision on several criteria, which all influence the buying decision. For Arctic Berry Wax, early involvement in the decision-making process is likely to be a more successful strategy. Businesses with fully developed product lines are reluctant to use resources in examining alternative or supplementary materials. This is true especially for smaller businesses. Small businesses typically have limited financial resources and cannot focus on too many things at a time. Companies that already have undergone the product development as well as certification phases as well as designed obviously successful marketing stories, may have a lesser interest in adopting a new ingredient with their efforts focusing on revenue generating. Yet, product development and improvement typically is a continuing process, with adaptations to be made along the way, also for small companies, but efforts shift at least temporarily heavily towards selling after a functional product has been developed. The potential for Arctic Berry Wax could lay in the possible future expanding of the product line instead of substituting a wax within an existing product line. Another possibility is an entirely new developed product line based on a novel formulation. This could happen within an existing company, employing private label enterprises or by establishing a new business. Concerning the potential distribution channels of Arctic Berry Wax, it could be employed by producers directly, or, alternatively, possible business partners for Arctic Berry Wax sellers could be companies handling certification and promotion of new raw materials. Those companies have established networks and can promote the new ingredient accordingly. The cost-benefit factor of these options require profound consideration.

Research question 3 asked what are the buyer's purchasing criteria and requirements for raw materials to be considered as ingredients for Natural Cosmetic products. The readier the product including services around, the easier it is for companies to adopt a new material. However, it is too early to offer ABW, because it lacks approval for usage in cosmetic products, an evaluation of certification and precise information about its qualities. For Arctic Berry Wax to be considered, that means that it needs to be a supply ready to employ, approved for usage, and that doesn't take up much of the buying companies resources in terms of verifying origin, creating a story, or researching contents and features. Cosmetic products typically consist of a large amount of different ingredients, companies refrain from spending excessive resources on only one component. Theory suggests that the significance of the purchase to the buying company affects decision-making. It can be concluded that this requires the vendor to position his product optimally. The costs of certifying, initial expenses and yearly reviews as well as the type of certification of certifications need to be weighed compared for their benefits. For Natural Cosmetic products, the certification of

a raw material might enhance its usage, however, also the end-product will need certification. The outcome will depend on the type of company employing the wax. Is the company developing its own formulation or is it aiming at marketing Arctic Berry Wax as a main ingredient? The marketing story as well as the segmentation of the product or product line within the market can determine what kind of certification or documentation would be most valuable for Arctic Berry Wax.

Research question 4 asked how Arctic Berry Wax should be marketed to commercial buyers of natural waxes and what steps need to be taken. It has been established that marketing efforts are most effective when taking the entire value chain, and its ultimate goals, into account. Generally, marketing efforts must contain information that is precise, verifiable and comprehensive. This should of course be the case in any industry, but even more so in the marketing of Natural Cosmetics, where greenwashing is a sensitive topic and the industry struggling with trust issues. Naming the wax in a way which is accurate and as little misleading as possible is vital for building a trusted brand. This may mean that the naming of the wax might be re-evaluated and then there could be an agreement on a commonly used name. Arctic may be somewhat problematic, because it could be argued that all the berries do not really grow in the Arctic. Alternatives, such as Wild Berry Wax, Lingonberry Wax, Forrest Berry Wax, Naturally Extracted Northern Berry Wax, Northern Berry Wax or other combinations could be taken into consideration and evaluated respective to the associations consumers have with the different names. Accordingly, the word Arctic needs to be defined. The vegan aspect can be an interesting aspect to be marketed for certain target groups. For other target groups, different aspects of Arctic Berry Wax will be more interesting, concluding that the main marketing message can stress the vegan aspect or other aspects. This means that any specifications need to be optimized with regard to the end-product. Likewise, the marketing story created for Arctic Berry Wax has the potential of being very interesting due to the waxes uniqueness. Again, the story should be designed according to the buyers needs as well as having the end-product in mind. The current demand for marketing stories is an opportunity to bring the uniqueness of Arctic Berry Wax to the buyer's attention. For Arctic Berry Wax as a new specialty wax, differentiation through its origins of the European Forests of the North is one of the marketing opportunities for businesses employing Arctic Berry Wax. Yet again, greenwashing causes suspicion and consumer confusion, therefore it is necessary not to mislead buyers. For example, if the marketing of Arctic Berry Wax is to stress the sustainability of the supply chain, also the working conditions of berry pickers need to be taken into account. The issue needs to be addressed if claiming the wax being socially sustainable. For Arctic Berry Wax to be easily evaluated by buyers, the physical product of wax needs accompanying documentation. A compilation of technical data

– to be completed as more and more data is provided by the researching organizations – accompanied by a short and also a more extensive description of the product, preferably along with the unique story of the wax should be composed. In the industry, the papers are called sell sheets. Now, information on Arctic Berry Wax is scattered and somewhat difficult to obtain. With a compiled document available, early involvement and cooperation with Decision Making Units from potential wax purchasing companies is easier, enhancing creeping commitment and allowing for a distinct communication of the products superiority over competition.

To encapsulate, research indicates that, Arctic Berry Wax would benefit from being developed into a comprehensive product for the Natural Cosmetics industry, exceeding the mere provision of the product wax. Theory supports the view that an accurate product definition is required. A compilation of a product description file will be helpful for future efforts. This includes approval for usage in the industry as a prerequisite (INCI listing). Such a portfolio may include all information on the material available, including

- short general description of the ingredient, as well as
- thorough documentation, with accurate technical data including references on conducted research, picking and extraction methods
- a listing of features and attributes
- proof of origin
- possible certificates
- a marketing story adapted to the respective target group
- pictures of berries, processes and the wax
- a consistent carefully chosen name, and
- listing on INCI.

7 DISCUSSION

This research contributes to the further development of Arctic Berry Wax as a product. The potential within the Natural Cosmetics industry from the viewpoint of a wax buyer has been established, including specifications of steps that need to be taken in order for the wax to be considered as a raw material within the industry. The outcomes are supportive of the arguments of previous studies claiming the business potential of Arctic Berry Wax in different markets by Cao and Paso. Moreover, recommendations for the marketing of the wax could be made, based on the findings of the research. In this study, for the establishment of an argument triangulation, meaning multiple sources have been employed, thus strengthening the reliability of the study.

All the information about the quality of Arctic Berry Wax is not yet available. The multidisciplinary WAX project is still in the process of researching the composition of the wax and its qualities simultaneously within various scientific disciplines. With studies still ongoing and others yet to start, there is a limited availability of even some basic information of the waxes consistence, which would be useful to have from a business and marketing point of view. The wax may have special and unique qualities, which then can be communicated to buyers and used for marketing targeted to consumers. Likewise, the extraction expenses and the quantity of wax available are necessary for the determination of a selling price and profitability calculations. In addition to the quality of the ingredient, purchasing prices can be a determining factor for the selection of an ingredient as a raw material. For larger volume companies, also the available quantity as well as the steady supply play important roles in the supply chain management. Further research is necessary.

Similarly, the topic is very specialized and market data information is not easily available, many reports and figures are to be purchased. Detailed information on the business around natural waxes, such as industrial pricing and availability has not been openly available, which makes a positioning of Arctic Berry Wax challenging.

The business that would sell Arctic Berry Wax is not known yet. A report tailored to the needs of the actual business can tackle the challenges and questions at a more accurate level. The author has familiarized herself with the Natural Cosmetics market and waxes used in the process of the research. Limited background understanding of the technical formulations of cosmetics as well as the properties of waxes have posed a challenge throughout the work.

The information received at the Trade Fair is very topical and of expertise quality. It is related to a very specific and narrow topic. The data is contextual. In-depth interviews have given a picture on what buying decisions are based on, however, there might more criteria and influencing factors that have not been discussed on this research. Companies are reluctant to expose information on prices and strategic decisions, which might be subject to confidentiality. Moreover, receiving information from business poses a challenge, because their main focus is developing their business model with as little distraction as possible.

The limited amount of experience of the author concerning the Natural Cosmetics industry could have had an effect on the data taken into consideration. A more experienced expert may have taken also additional factors into account. For the author, the research process has also been a learning process about the functioning of the Natural Cosmetics industry.

Possibly, the development of a new product line with ingredients from the North might be more interesting than selling the wax to companies with existing product lines. Research on other raw materials from the North for developing a unique Northern product could be useful. It needs to be investigated what other Northern raw materials are available on how they can be combined with Arctic Berry Wax for creating a supreme product or product line. The marketing story and what is perceived best by consumers can be researched further. It needs to be explained how the story can be told to be most effective and what the main contents should be. Developing a simple but remarkable story around Arctic Berry Wax may be a key success factor for exploiting the future sales potential of Arctic Berry Wax. This finding can also be generalized to other materials or the usage of Arctic Berry Wax in a different industry than the Natural Cosmetics industry. Likewise, the need for compact supporting information on the material at hand, a descriptive portfolio, as well as the developing of the raw material into a marketable product in a b2b environment is applicable also for other materials than Arctic Berry Wax.

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Interview themes and related questions

About your company

- Who? Company, title, Check who you are interviewing: title, business card, brochures
- What are your main products? For whom? Key customers?
- What are the key value propositions that interest your customers? (Also, observations: what are the main messages in marketing communication?)
- How do you reach your customers?

About ingredients and waxes

- What ingredients are used in your products?
- Waxes of what kind are you using currently?
- What features and qualities of waxes are relevant for your product(s)?
- What amounts of waxes do you need/process?
- Your key partners – in your supply chain? Where do you acquire the waxes?
- Have you considered using berry waxes?
- What amount of waxes do you need/process?
- What is the importance of the availability /cost factor

Share info on Arctic WAX as raw material (cf. Flyer) and discuss would you be interested in (arctic) Nordic berry waxes

About the potential for Nordic berry waxes?

- ABW – circular economy aspect? Would that be an interesting factor from your point of view? From side product of the food industry to valuable raw material
- Arctic appeal? What do you associate with ‘Arctic’? (purity of the North, exotic aspect, ...?)
- Nordic appeal? - Wild appeal?
- What certifications/regulatory requirements necessary? E-code, etc

- Steps to be taken for an establishment of ABW in the business (like certificates, e-codes or the such)
- Appeal of 'Wild Berry Wax'
- Potential partners

Projected Schedule of lectures visited

WEDNESDAY, 14.2.2018

11:00 - 11:45 am, Where VIVANESS Kongress, Halle 7A Stand 7A-733

[Naturkosmetik im SPA Bereich: Treatments und Produkte ganz anders?](#) deutsch

Moderator Franka Hänig - Herausgeberin und Chefredakteurin / Verlag redspa media GmbH

Sprecher Margot Esser-Greineder - Geschäftsführerin / PHARMOS NATUR Green Luxury GmbH

Dr. Victor Franz - Management / Vitalis Dr. Joseph GmbH/srl

Marianne Schnaitmann - Geschäftsf. Gesellschafterin / Schnaitmann Beauty GmbH

12:00 Uhr - 12:45 pm, VIVANESS Kongress, Halle 7A Stand 7A-733

[Succeed in the US Natural "Cosmetics" Market in times of Changing Retail Dynamics.](#)

englisch

Sprecher Selcuk Mumcu - General Manager / SynergyNapex LLC

3:00 - 4:30 pm Location: VIVANESS Congress, hall 7A stand 7A-733

[Protection of consumers of Organic and Natural Cosmetics – a global picture](#)

Katrin Hochberg - *COSMOS-standard AISBL* // Amarjit Sahota - *Ecovia Intelligence*

// Lauren Bartley - *Soil Association* // Pierre Charlier de Chily - *Cosmebio* //

Rongmei Hui-Drobnik - *DeHui UG - health, cosmetics & consulting*

THURSDAY, 15.2.2018

11:00 - 11:45 am, VIVANESS Kongress, Halle 7A Stand 7A-733

[Greenwashing? Nein danke! Wie vermittelt man die Vorteile zertifizierter Bio- und Naturkosmetik im Jahr 2018?](#) englisch & deutsch

Moderator Mark Smith - Director / NATRUE aisbl

13:00 - 13:45, VIVANESS Kongress, Halle 7A Stand 7A-733

Viel Wirkung, kleines Geld: Kommunikation im Zeitalter der Digitalisierung deutsch & englisch

Moderator Gabriele Fuchs - CEO & Founder / webportalis PR Network GmbH & Co. KG

Sprecher Nath Fedorova - Digital Strategist & Bloggerin / Beautycalypse

Franziska Schmid - Bloggerin / Veggie Love

Jessica Kunstmann - Content Creator & Blogger / Alabaster Blogzine

15:00 - 15:45, Ort VIVANESS Kongress, Halle 7A Stand 7A-733

Marken sichtbar machen in Zeiten von Überangebot und Nachahmern deutsch & englisch

Moderator Wolf Lüdge / naturkosmetik verlag lüdge GmbH & Co. KG

Sprecher Achim Feige - Partner / Brand Trust GmbH

16:00 - 18:00, Saal München 2, NCC Mitte, Ausstellerpräsentationen

Why wild matters: Achieving Development and Sustainability impacts with the FairWild Standard englisch

Sprecher Franziska Staubli - Chair of the Board of Trustees / FairWild Foundation

17:00 - 17:45, VIVANESS Kongress, Halle 7A Stand 7A-733

Mikroplastik und Umwelt: Beitrag der Kosmetik und tatsächliche Hauptverursacher deutsch & englisch

Sprecher Dr. Manuel Neumeier - wissenschaftlicher Referent & Referatsleiter Naturkosmetik / ICADA e.V.

FRIDAY, 16.2.2018

10:00 - 10:45, Ort VIVANESS Kongress, Halle 7A Stand 7A-733

Der globale Markt für Bio- und Naturkosmetik. Aktuelle Entwicklungen und Ausblick englisch & deutsch

Moderator Amarjit Sahota - President / Ecovia Intelligence

Sprecher Jeanne Christensen - International Development Director / Lea Nature France

Daniel Kolev - Managing Partner / Alteya Organics

Andrea Dahm - Senior Product Manager / PRIMAVERA LIFE GMBH

11:00 - 11:45, Ort VIVANESS Kongress, Halle 7A Stand 7A-733

Zukunftsperspektive für (zertifizierte) Naturkosmetik im internationalen Kosmetikmarkt
- Quo vadis Naturkosmetik? deutsch & englisch

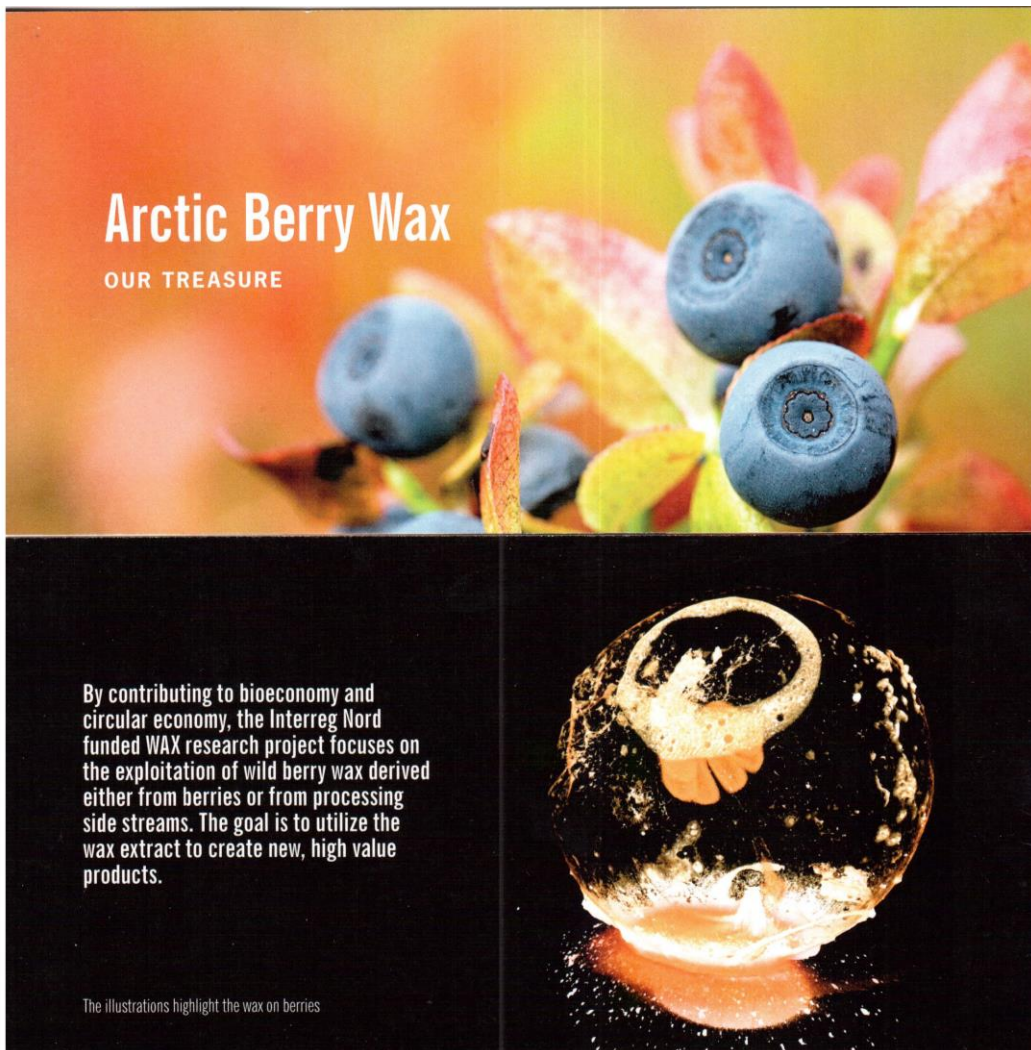
Moderator Wolf Lüdge / naturkosmetik verlag lüdge GmbH & Co. KG



Sprecher Aline Werr / Saint Clouds (I WANT YOU NAKED)

Phillip Haase / lavera Naturkosmetik

Henrike Neuhoff - Chief Scientific Officer (CSO) / lavera Naturkosmetik

Scan of the Wax brochure distributed at the Biofach Vivanness 2018 to potential partners



<p>Arctic Berries and Berry Residues as Raw Material</p> <p>The key objective: To analyse the chemical and material properties of berry waxes and to understand wax biosynthesis and composition.</p>		<p>Effective and Environmentally Friendly Wax Extraction Process</p> <p>The key objective: To study wax extraction methods, to select the most suitable method(s) for wax extraction and to develop the extraction method for natural berry wax.</p>	<p>Project Partners</p> <p>University of Oulu Plant Biology and Biotechnology Prof Hely Haggman, +358 40 844 6842, hely.haggman@oulu.fi</p> <p>Center of Microscopy and Nanotechnology Juha Vaananen, Project Manager, +358 40 749 0806, juha.vaananen@oulu.fi</p> <p>Oulu University of Applied Sciences Dr Taina Vuorela, +358 50 917 9974, taina.vuorela@oamk.fi</p> <p>Norwegian Institute of Bioeconomy Research Dr Ervind Uleberg, +47 4062 6686, ervind.uleberg@nibio.no</p> <p>Luleå University of Technology Prof Roberts Joffe, +46 920 491 940, roberts.joffe@ltu.se</p>
<p>Potential Applications of Use of Wax Demonstrated</p> <p>The key objective: To review wax applications and identify products by local companies benefiting from the use of natural wax.</p>	<p>Business Potential of Arctic Berry Wax</p> <p>The key objective: To identify business opportunities of arctic berry wax by studying the current business and proceeding to innovate new product ideas using design thinking.</p>		

oamk.fi/wax

