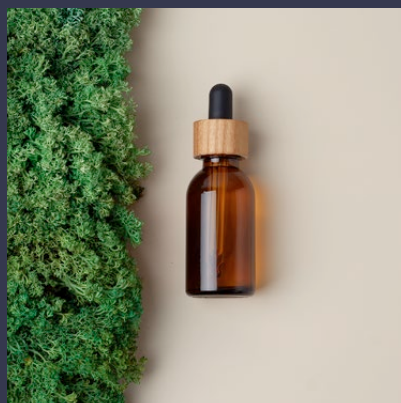
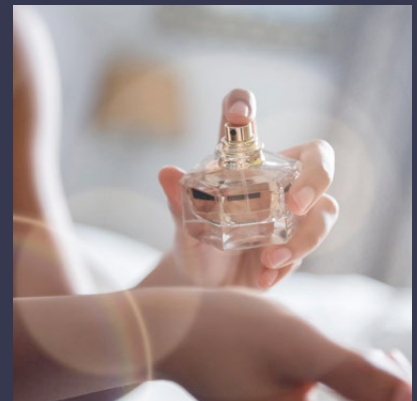


# The Value of Beauty

*The socio-economic impact of the beauty and personal care industry in the EU27*



The  
**VALUE** of  
**BEAUTY**

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## March 2025

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# About The Value of Beauty Alliance

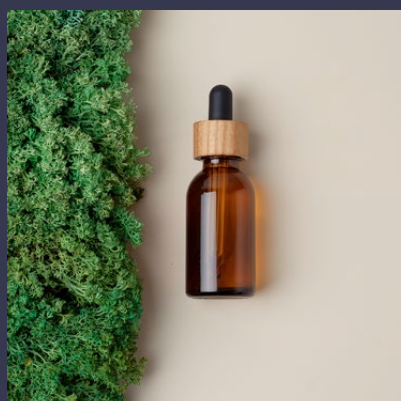
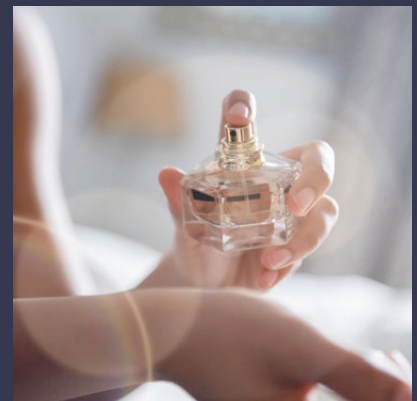


The Value of Beauty Alliance is a CEO-led initiative that represents the EU value chain of the beauty and personal care industry which includes farmers, glassmakers, perfumers, manufacturers, professional services and retailers. Its mission is to raise awareness for the beauty and personal care industry's vital role in the EU.

The Alliance is made up of 16 members



The  
**VALUE** of  
**BEAUTY**



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# Foreword

The European beauty and personal care sector plays a vital role in the EU's industrial landscape and is an important contributor to the EU27 GDP. Built on a rich European legacy of creativity, science, and innovation, our industry has earned its place as a true global powerhouse, continually setting new standards for quality, research & development, sustainability, and consumer trust.

A significant job creator, our industry supports a diverse range of roles across the value chain, including product development, manufacturing, logistics and professional services, and provides employment to over 3.2 million people across the EU. From cutting-edge scientists developing breakthrough new formulas, to skilled artisans crafting iconic products, our workforce exemplifies the diversity and excellence that define Europe's economic strength.

Our dynamic, science-driven industry is deeply committed to innovation and sustainability. From sourcing ingredients, to designing and distributing products, we adhere to rigorous standards to ensure safety, effectiveness, and environmental stewardship. This commitment to research & development not only ensures compliance with EU regulations, but also helps us anticipate evolving consumer preferences and address global challenges like climate change and resource conservation.

Aligned with the European Union's key policy priorities, we are a proactive partner in advancing the goals of the Clean Industrial Deal, competitiveness, and skills development. We are deeply committed to promoting a circular economy, reducing our carbon footprint, and leveraging digital tools to enhance efficiency and consumer trust. These initiatives reinforce our alignment with EU objectives and position our sector as a model for sustainable and inclusive growth.

This report is brought to you by the Value of Beauty Alliance, an organization comprising companies from across the European beauty and personal care industry value chain. It outlines the economic and societal contributions of our industry and explores how we positively impact the lives of millions of people across the EU every day.

I'd like to invite policymakers, stakeholders, and all those interested in the future of European industry to explore these findings and join us in building a more beautiful and sustainable future.



**Cynthia Sanfilippo**  
**President**  
**The Value of Beauty Alliance**





# Executive summary

The beauty and personal care sector is deeply embedded in European citizens' lives, providing valuable products and services that consumers use every day. In common with many predominantly consumer-facing industries, the beauty and personal care sector has been rocked by a series of economic shocks since 2019 that have shaped challenging market conditions.

First, restrictions on mobility associated with the outbreak of the Covid-19 pandemic transformed consumer spending patterns. In parallel, a combination of megatrends has shaped various strategic objectives outlined by the European Commission in policy programmes such as Europe's Digital Decade, the European Green Deal, and the new Clean Industrial Deal (CID)—the next phase of the EU's sustainability plan. These programmes place a premium on research and innovation. Moreover, the overarching strategic aim of the CID—striking the balance between decarbonisation and industrialising the EU economy — is supported by both industry-wide collaboration and individual company efforts to advance progress in line with climate objectives.

In this challenging backdrop, beauty and personal care companies make a substantial economic and social contribution and the sector's sophisticated value chain supports a wide range of further benefits that align with EU policy priorities. This report seeks to provide a more complete understanding of the value of beauty and personal care in the EU and, where possible, provide comparisons to other industries which can help policymakers and industry navigate this complex landscape.

*Beauty and personal care companies make a substantial economic and social contribution and the sector's sophisticated value chain supports a wide range of further benefits that align with EU policy priorities.*



## DEFINING THE BEAUTY AND PERSONAL CARE SECTOR

The beauty and personal care sector provides valuable goods and services that consumers rely on every day including personal hygiene products, skincare, haircare (including hair colour), make-up, and fragrance. It also includes professional services such as hairdressing, beauty and socio-aesthetics care.

To deliver high quality services and products to consumers, the sector supports economic activity across a sophisticated value chain represented by a diverse workforce. This includes people employed directly by beauty and personal care companies like hairdressers, shop assistants, account managers, distributors, chemical engineers, and operatives at manufacturing plants. It also includes employees in the sector's supply chains such as farmers, dermatologists or those working for packaging, chemicals, sourcing, or logistics companies.

This report takes a more complete perspective compared to existing studies that assessed the market size of the European beauty and personal care industry. Previous reports by Cosmetics Europe covered beauty and personal care goods markets while this report extends the scope by integrating beauty and personal care services as well as goods categories, such as personal care electrical appliances that were not previously considered. Besides the scope extension, this report applies Oxford Economics' tested approach to modelling the beauty and personal care sector's direct economic impact through consumer expenditure.<sup>1</sup> The analysis also leverages Oxford's proprietary Global Sustainability Model to estimate the sector's indirect and induced economic impact, capturing supply chain and employees' spending.

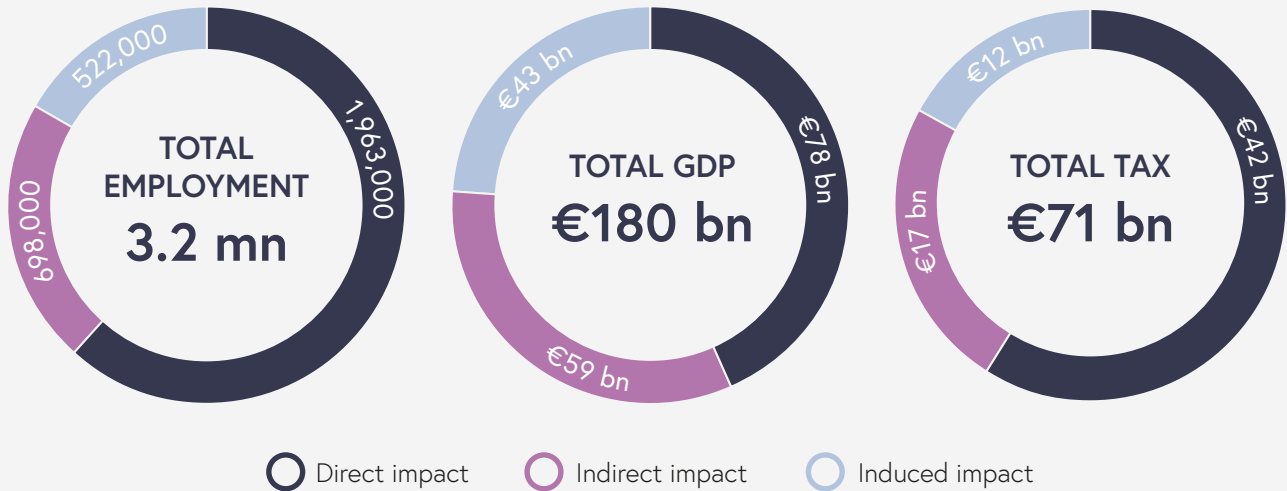
**FIG 1: SCOPE COMPARISON BETWEEN PREVIOUS STUDIES AND THIS STUDY**



<sup>1</sup> This approach was most recently implemented in Oxford Economics' Value of Beauty report for the British Beauty Council: Oxford Economics, "The economic impact of the UK personal care industry in 2022", accessed January 2025.

## THE BEAUTY AND PERSONAL CARE SECTOR IS A MAJOR ECONOMIC FORCE IN EUROPE

**FIG. 2: TOTAL EMPLOYMENT, GDP, AND TAX CONTRIBUTIONS OF THE BEAUTY AND PERSONAL CARE SECTOR IN THE EU27, 2023**



Source: Oxford Economics

The beauty and personal care market is a big deal for Europe, with consumer spending across the EU27 exceeding €180 billion in 2023. This translates to total daily spending by consumers of nearly €500 million and monthly spending per person of €33.70 on beauty and personal care products (52% of the total) and services (48% of the total).<sup>2</sup>

To deliver quality to consumers, beauty and personal care companies rely on a sophisticated value chain which supports substantial economic activity for the region. This activity sustains a major contribution to the EU27 economy which is comprised of the sector's direct, indirect, and induced impact.

**Direct** impact reflects beauty and personal care companies' contributions while the **indirect** channel reflects the contributions made by their spending with their supply chain. Beauty and personal care sector employees and employees of its supply chain spend their wages in consumer facing sectors and support further economic activity, captured by the **induced** channel.

# €180 billion

contribution to EU27 GDP  
through all impact channels.

Consumer expenditure on beauty and personal care supported **a €180 billion contribution to EU27 GDP through all impact channels** and €71 billion in tax receipts in 2023. Its total GDP contribution is equivalent to the combined GDP of Croatia, Slovenia, and Estonia. Our research underscores that the sector's footprint rivals some of the EU's most prized industries.

<sup>2</sup> Based on our estimates for spending on beauty products and services of €94 billion and €87 billion respectively, and a 2023 EU27 population estimate of 448 million.

For example, **beauty and personal care's direct contribution to GDP at €78 billion was larger than several manufacturing sectors including beverages, textiles, and air transport.**<sup>3</sup> Its direct contribution is larger than the GDP of Slovenia (€64 billion) or of Lithuania (€74 billion), and larger than the GDP of Latvia and Estonia combined (€77 billion).

**The beauty and personal care sector also makes a substantial contribution to employment** in the EU by directly providing nearly 2 million jobs, which is comparable to total employment in the real estate sector across the EU27. For context, direct employment within the beauty and personal care sector alone is higher than total employment across all sectors in Croatia (1.0 million), Slovenia (1.6 million) or Estonia (700,000).



**€76 billion**

spent in EU27 supply chains with over €8bn on chemicals and pharmaceuticals industry.

In addition, through beauty and personal care companies' supply chain spending and the spending of direct employees in the industry and workers in its supply chain, the beauty and personal care sector supported a further 1.2 million jobs. In other words, every 100 beauty and personal care-sector jobs supported a further 62 jobs in the wider EU27 economy.



**3.2 million**

Total jobs supported by the sector.

Total employment supported by the beauty and personal care sector alone, at nearly 3.2 million jobs, is higher than total employment across all sectors in several EU Member States including Denmark (3.0 million), Bulgaria (2.9 million), or Finland (2.6 million).

*Cosmetics Europe estimated that EU27 cosmetics companies, a subset of the beauty and personal care sector, exported €26 billion worth of goods to customers outside of the EU27.<sup>4</sup> This makes the EU27 the largest cosmetics exporter worldwide.<sup>5</sup>*

<sup>3</sup> This comparison is illustrative as the beauty and personal care sector is comprised of manufacturing, retail, wholesale, and services components while the benchmarks used for comparison are pure manufacturing sectors.

<sup>4</sup> Cosmetics Europe, "Market Performance 2023 – European Cosmetic, Toiletry and Perfumery Data", accessed November 2024.

<sup>5</sup> The comparison of the EU cosmetics sector's exports to other countries was made using the UN Comtrade Data and a bespoke mapping of its available commodity categories to the cosmetics sector.

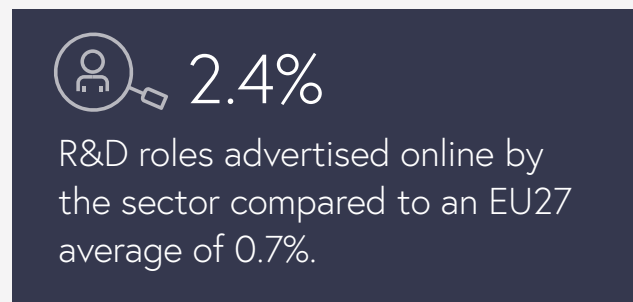
## RESEARCH AND INNOVATION PLAY A KEY ROLE IN ALIGNING THE SECTOR'S GROWTH WITH EUROPEAN POLICY PRIORITIES

The beauty and personal care sector has demonstrated its commitment to research and innovation through its substantial investments and its active recruitment efforts to support these investments.



The sector's commitment to innovation can be measured by its R&D expenditure, which was slightly over €2 billion in 2021, largely driven by expenditure from manufacturing companies. We found that spending on beauty and personal care R&D grew by 30% in real terms between 2013 and 2021, which is, for example, comparable to growth in R&D spending by the automobile sector (31%) and considerably higher than the growth in R&D spending by the textiles and wearing apparel sector (4%). Notably, despite a reduction in beauty and personal care R&D expenditure at the height of the Covid-19 pandemic in 2020, spending had surpassed pre-Covid levels by 2021.

We also analysed online job postings for R&D roles and found that the beauty and personal care sector hires more frequently for R&D roles than the average company in Europe. We identified 1,900 online R&D job postings for beauty and personal care roles, representing 2.4% of all beauty and personal care roles advertised online. In comparison, only 0.7% of all online job postings across the EU27 were for R&D roles. In other words, beauty and personal care job postings were more than three times as likely to be R&D-centric than the average online job posting.



*Beauty and personal care R&D roles require a balanced skillset combining technical, research, and soft skills. Technical skills in the field of chemistry are required in 35% of all beauty and personal care R&D job postings in the EU, highlighting the important links between the sector and the chemical industry. Among the soft skills required, innovation is prioritised as one of the key skills required in 31% of online job postings by the beauty and personal care sector in the EU.*

Beauty and personal care's R&D track record suggests that the sector has been in long-standing alignment with the EU's strategic orientations for research and innovation, which, as early as 2019, envisaged 'an economy that works for people,' facilitated by research and innovation to boost economic growth, and a European Green Deal that included solutions to support climate policies and preserve the environment which are underpinned by science, knowledge, and innovation.<sup>6</sup> Statements made by the new European Commission for 2024-2029 reaffirmed that placing 'research and innovation at the heart of our economy' is an essential priority for European prosperity and sustainable competitiveness.<sup>7</sup> This innovation focus chimes with a key theme of the Draghi report on European competitiveness, that states that "Europe must profoundly refocus its collective efforts on closing the innovation gap",<sup>8</sup> and is also reflected in the 2025 Clean Industrial Deal which represents a pivotal step in Europe's transition to climate neutrality and industrial competitiveness.

Moreover, the types of roles that European beauty and personal care companies looked for in the labour market further demonstrates their alignment with European policy priorities. Beauty and personal care companies support STEM roles as suggested by their recruitment targeting scientific and laboratory-based roles. Chemical roles, lab analysts, and lab technicians accounted for over 48% of all R&D job postings in the EU27.



<sup>6</sup> European Commission (DG Research and Innovation), "Strategic Plan 2020-2024", accessed November 2024.

<sup>7</sup> Ursula von der Leyen, "Europe's choice – Political guidelines for the next European Commission 2024-2029", accessed December 2024.

<sup>8</sup> Mario Draghi, "The future of European competitiveness – Part A: A competitiveness strategy for Europe", September 2024, accessed November 2024.



## BEAUTY AND PERSONAL CARE COMPANIES HAVE MADE SUBSTANTIAL PROGRESS IN THEIR ENVIRONMENTAL SUSTAINABILITY JOURNEY

The European beauty and personal care industry is proactively addressing a range of environmental challenges brought about by the diversity and complexity of its value chain, as reflected in companies' commitments to reduce CO<sub>2</sub> emissions across their operations and supply chains. Consumers' increasing ecological awareness, coupled with regulatory and political pressure, are also shaping the sector's efforts to establish sustainable practices.

The sector is facing a series of challenges as it seeks to reduce the intensity of the environmental footprint of its operations, supply chain, product formulation, and packaging. To date, the industry has embraced these challenges and has embarked on a sustainability journey which is taking shape through numerous initiatives that can be broadly categorised as follows:

- Standardisation initiatives aimed at increasing transparency and improving companies' ability to assess their impact.
- Operational changes to reduce the environmental impact of production.
- Supply chain interventions to encourage more responsible sourcing.

Sustainability is clearly embedded in the industry's hiring practices, with more than half of all research and development (R&D) jobs advertised by EU27 beauty and personal care companies making reference to sustainability.<sup>9</sup>



<sup>9</sup> Data from Lightcast for 2023.

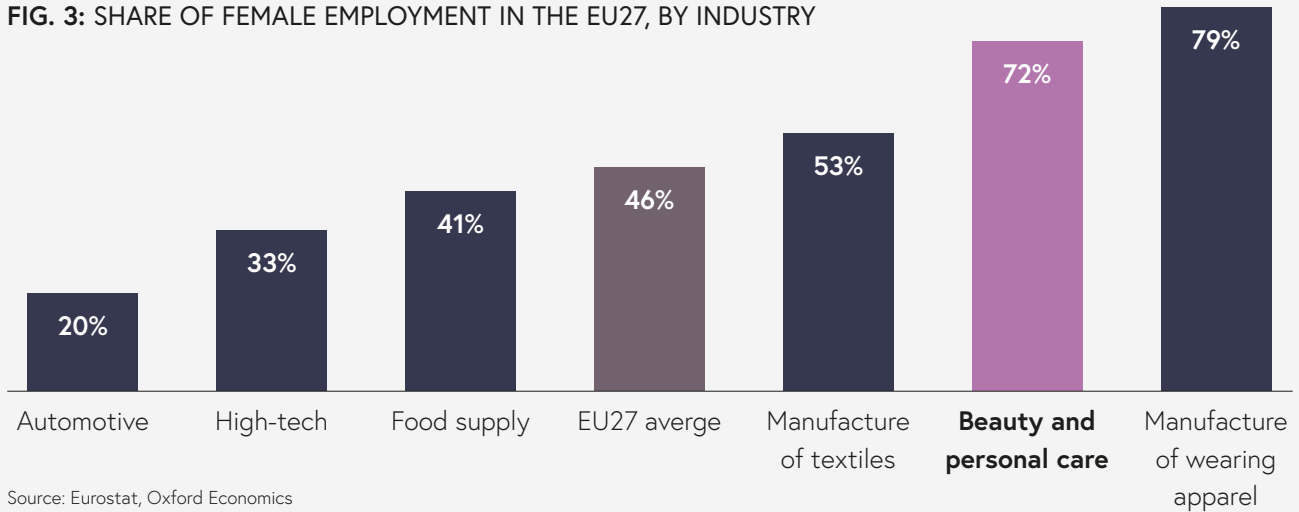
## THE SOCIAL IMPACT OF BEAUTY AND PERSONAL CARE

The beauty and personal care industry creates social impact through its direct operations, as an employer of a diverse workforce, and through external actions that recognise its corporate social responsibility, as demonstrated by a range of initiatives that the industry has introduced.

Almost three quarters (72%) of the beauty and personal care sector's workforce are women, which is considerably higher than several other industries and the EU27 average of 46%. This is largely driven by high female participation in beauty and personal care services at almost eight in 10 workers (78%).



**FIG. 3: SHARE OF FEMALE EMPLOYMENT IN THE EU27, BY INDUSTRY**



Source: Eurostat, Oxford Economics

The beauty and personal care sector also provides job opportunities disproportionately to young Europeans. Over 12% of the sector's workforce are aged under 25, compared with a European average of only 8%.

Moreover, through its various social impact initiatives, the sector makes a wider contribution to society as an inclusive employer and buyer that sources ingredients ethically and supports vulnerable communities across the value chain, as a supporter of socially beneficial causes, and by developing product ranges to target issues of social importance.



# 1 Introduction





The beauty and personal care sector is deeply embedded in European citizens' lives. It provides valuable goods and services that consumers rely on every day including make-up, fragrance, skincare, personal hygiene products and haircare, including hair colour. It also includes professional services such as hairdressing beauty and socio-aesthetics care.

To deliver high quality services and products to consumers the sector supports economic activity across a sophisticated value chain represented by a diverse workforce. This includes people employed directly by beauty and personal care companies like hairdressers, shop assistants, account managers, distributors, chemical engineers, and operatives at manufacturing plants. It also includes employees in the sector's supply chains such as farmers, dermatologists or those working for packaging, chemicals, sourcing, or logistics companies.

In common with many predominantly consumer-facing industries, the beauty and personal care sector has been rocked by a series of economic shocks since 2019 that have shaped challenging market conditions. First, restrictions on mobility associated with the outbreak of the Covid-19 pandemic transformed consumer spending patterns. Notably, the provision of personal care services was effectively prohibited for prolonged periods in 2020 and 2021 as governments sought to minimise personal contact. At the same time, movement restrictions and the resulting reduction in social contacts impacted the frequency with which consumers used beauty and personal care products such as skincare and make-up. Just as a return to normal had been achieved, a combination of factors contributed to a rapid increase in inflation during 2022, which constrained households' purchasing power.

Overall, this has led to an anaemic period for consumer spending, which grew just 1% in between 2019 and 2022 after adjusting for inflation.<sup>10</sup> Despite this, the beauty and personal care market in Europe remains a big deal, with consumer spending across the EU27 well exceeding €100 billion in 2023.

In parallel, a combination of megatrends has contributed to a fast-evolving policy environment in Europe. At the European Union level, these have manifested in a wide range of strategic objectives in the European Commission's 2019-2024 policy mandate to achieve the green and digital transitions and translated in Europe's Digital Decade and the European Green Deal.<sup>11</sup> These initiatives placed a premium on research and innovation and the new Clean Industrial Deal announced as part of the 2024–2029 five-year mandate builds on these objectives.<sup>12</sup> Its overarching strategic aim -striking the balance between decarbonisation and industrialising the EU economy- relies on collaboration with companies to allow them to make progress in keeping with climate objectives.<sup>11</sup>

This new policy framework seeks to build on the regulations of the former European Green Deal, whilst driving forward progress in Clean Tech both to tackle rising energy prices and to aid the transition away from fossil fuels.<sup>13</sup>

While European beauty and personal care companies play an important role globally there is limited evidence demonstrating the sector's economic and social contribution in the EU27 and highlighting the range of benefits supported by its sophisticated value chain. A more complete understanding of the value of beauty and personal care in Europe can help policymakers navigate this complex landscape and better equip them to assess the impact of policies on the sector's value chain.

This report aims to narrow the evidence gap by producing novel findings in the following areas:

- The economic contribution supported by the beauty and personal care sector and its value chain covering both goods and services.
- The sector's engagement with research and innovation.
- The wider contribution of the sector to sustainability and social objectives like diversity.

<sup>10</sup> Chain linked volumes. Eurostat, "[Final consumption expenditure of households by consumption purpose](#)", accessed November 2024.

<sup>11</sup> Ursula von der Leyen, [A Union that strives for more - My agenda for Europe](#), 2019

<sup>12</sup> Ursula von der Leyen, "[Europe's choice – Political guidelines for the next European Commission 2024-2029](#)", accessed December 2024.

<sup>13</sup> European Energy Research Alliance, [Top story of the week: European Commission sets the stage for Clean Industrial Deal in line with Draghi report](#), 2024

## 1.1 THE ECONOMIC STRUCTURE OF THE BEAUTY AND PERSONAL CARE SECTOR

To assess the economic contribution of the beauty and personal care sector, we started by identifying the sector's structure. The beauty and personal care market is divided into five segments: skincare, haircare, make-up, fragrance, and toiletries.

Official national statistics do not directly cover these segments of the beauty and personal care sector, necessitating an alternative approach. Per our definition, the beauty and personal care sector is comprised of four elements of the economy, captured by national statistics, and encompassing the five segments above:

- Beauty and personal care services
- Retailers of beauty and personal care products
- Wholesalers of beauty and personal care products
- Manufacturers of beauty and personal care products

In addition, beauty and personal care manufacturers procure goods and services from their supply chains which include important parts of the value chain such as packaging, sourcing, and logistics companies. Their supply chains also include companies that are not part of beauty and personal care's core value chain, such as legal and accommodation services providers.

This report takes a more complete perspective compared to existing studies that assessed the market size of the European beauty and personal care industry. Previous reports by Cosmetics Europe covered beauty and personal care goods markets while this report extends the scope by integrating beauty and personal care services as well as goods categories, like personal care electrical appliances that were not previously considered. Besides the scope extension, this report applies Oxford Economics' tested approach to modelling the beauty and personal care sector's direct economic impact through consumer expenditure.<sup>14</sup>

The analysis also leverages Oxford's proprietary Global Sustainability Model to estimate the sector's indirect and induced economic impact, capturing supply chain and employees' spending.

The figure below compares the scope of existing studies to the elements of the beauty and personal care sector covered in this study.

**FIG. 4: SCOPE COMPARISON BETWEEN PREVIOUS STUDIES AND THIS STUDY**



<sup>14</sup> This approach was most recently implemented in Oxford Economics' Value of Beauty report for the British Beauty Council: Oxford Economics, "[The economic impact of the UK personal care industry in 2022](#)", accessed January 2025.



## 1.2 STRUCTURE OF THIS REPORT

This report covers the following aspects of the beauty and personal care sector:

- Chapter 2 presents the sector's economic contribution.
- Chapter 3 discusses innovation by the sector in the EU27.
- Chapter 4 discusses how the sector is addressing the issue of environmental sustainability.
- Chapter 5 covers the sector's wider social impact through its contribution to workforce diversity, and its commitment to acting in a socially responsible way.



# 2 The economic contribution of beauty and personal care in the EU27



**€180 billion total GDP** contribution to EU27 economies. Total GDP contribution is equivalent to the combined national GDP of Croatia, Estonia and Slovenia. **€78 billion** direct contribution to GDP larger than air transport, beverages or textiles manufacturing.



**2 million jobs** directly provided, comparable to employment in the real estate sector. **3.2 million jobs** supported in total.



**€42 billion** direct tax revenue contribution could fund the EU's entire annual expenditure on health R&D, and protection of biodiversity and landscape.

The beauty and personal care sector's value chain supports several million jobs in the EU27, contributes tens of billions of euros to the region's GDP and government treasuries, and exports billions of euros of goods outside of the EU27. To put these figures into perspective, the sector employs one in every 100 of the region's entire workforce and directly supports 0.5% of the region's GDP. Whilst manufacturing sits at the heart of the beauty and personal care ecosystem, each component of the beauty and personal care sector's value chain plays its part in supporting the EU27 economy.

The reach that the beauty and personal care sector has within the EU27 economy is not limited to the contribution of beauty and personal care businesses themselves. These businesses spend tens of billions of euros with their suppliers to procure the goods and services they require to carry out their operations. For instance, manufacturers of cosmetics products support jobs within the chemical, packaging, agricultural, and distribution sectors through their

supply chain purchases. Furthermore, by directly or indirectly supporting jobs, the beauty and personal care sector also supports economic activity in the consumer economy as these workers spend their wages to buy goods and access services, such as cars, clothing, entertainment, and healthcare. In this chapter we present our estimates of the economic impact of beauty and personal care on EU27 countries, supported through these multiple impact channels.

A 2023 study by Cosmetics Europe estimated the value of the European cosmetic, toiletry, and perfumery sectors in the EU27, among other geographies, with a specific focus on product manufacturing.<sup>15</sup> Whilst recognising that manufacturing sits at the heart of the beauty and personal care ecosystem, our study expands the scope of this prior research by accounting for the entire beauty and personal care value chain, which crucially also involves beauty services such as haircare and skincare services.<sup>16</sup>



<sup>15</sup> Cosmetics Europe, "[Market Performance 2023 – European Cosmetic, Toiletry and Perfumery Data](#)", accessed November 2024.

<sup>16</sup> The differences in scope are explained in more detail in the executive summary and introduction chapters of this report.

## 2.1 MEASURING THE ECONOMIC IMPACT OF BEAUTY AND PERSONAL CARE

This chapter presents Oxford Economics' estimates of the economic impact of the beauty and personal care sector for the EU27. We express economic impacts using three metrics: gross value added (GVA) contributions to GDP, jobs, and tax receipts paid into countries' treasuries.<sup>17</sup>

We consider three separate channels through which the beauty and personal care value chain supports economic activity in EU27 countries: the direct, indirect, and induced impacts. The beauty and personal care sector directly supports economic activity through its own operations. The sum of wages paid, and profits made by businesses in the sector constitute its **direct** GVA contribution; its direct jobs contribution is made up of the sector's total workforce; while the taxes paid by beauty and personal care businesses make up its direct tax contribution.<sup>18</sup>

Beauty and personal care supports further economic activity by purchasing inputs from non-beauty suppliers. Beauty and personal care therefore **indirectly** supports economic activity in these businesses through its supply chain purchases. Furthermore, to satisfy orders from beauty and personal care businesses, the sector's direct suppliers in turn procure from other suppliers, stimulating further economic activity along the supply chain. GVA, jobs, and tax receipts supported along the supply chain in connection with purchases made by beauty and personal care businesses represent the indirect impacts.

### Estimating the economic impact of the beauty and personal care sector

The starting point of our economic impact analysis is estimating how much households spend on beauty and personal care goods and services in EU27 countries using data from Eurostat and country statistical offices.

Next, we estimate how this spending accrues to each component of the beauty and personal care sector: the consumer-facing beauty and personal care goods retailers and beauty and personal care services sector; wholesalers of beauty and personal care products; and manufacturers of beauty and personal care products. We also add in purchases from outside of the EU27 of goods produced by beauty and personal care manufacturers in the EU27.

To estimate beauty and personal care's direct impacts, we use data by country and by detailed sector on economic impact aggregates, namely output, GDP, jobs, and taxes. We then use Oxford Economics' Global Sustainability Model to estimate beauty and personal care's indirect and induced impacts.

More information on each of these methodological steps, including data sources used, is provided in the methodology report.

<sup>17</sup> Jobs are measured in headcount terms.

<sup>18</sup> Profits is used colloquially to refer to earnings before interest, depreciation and amortisation (EBITDA).

Finally, further economic activity through the **indirect** channel is stimulated when the workers employed by beauty and personal care businesses, and workers indirectly supported by its supply chain, spend their wages in consumer-facing sectors of the economy. GVA, jobs, and tax receipts supported by consumer-facing businesses in connection with this spending represent the **induced** impacts of beauty and personal care. Together, the sector's direct, indirect, and induced impacts represent the sector's total impact.

The figure below provides examples of jobs supported by beauty and personal care for each impact channel.

**FIG. 5: CHANNELS OF ECONOMIC IMPACT OF THE BEAUTY AND PERSONAL CARE SECTOR, AND EXAMPLES OF JOBS SUPPORTED BY EACH IMPACT CHANNEL**





## 2.2 HOUSEHOLD SPENDING ON BEAUTY AND PERSONAL CARE

We estimate that in 2023 households spent €181 billion on beauty and personal care goods and services in the EU27. This translates to a monthly spending per person of €33.70 on beauty and personal care products (52% of the total) and services (48% of the total).<sup>19</sup> Spending on beauty and personal care increased by an estimated 26% from 2020 to 2023 in nominal terms—or by 6% in real terms once accounting for inflation.<sup>20</sup>

This spending by households directly supported €240 billion in economic output for beauty and personal care businesses in the EU27.<sup>21</sup> Beyond catering to EU27 consumers, however, the beauty and personal care sector exported goods for consumers outside the region.

Cosmetics Europe estimated that EU27 cosmetics companies, a subset of the beauty and personal care sector, exported €26 billion worth of goods to customers outside of the EU27.<sup>22</sup> This makes the EU27 the largest cosmetics exporter worldwide.<sup>23</sup>



€181 billion

spent by EU27 households on beauty and personal care goods and services.



<sup>19</sup> All monetary figures in this report are expressed in current prices unless otherwise specified.

<sup>20</sup> A 2023 study by Cosmetics Europe, focusing on the European cosmetic, toiletry, and perfumery sectors, estimated the value of the EU27 market at €81 billion. However, we understand this figure does not include the value of beauty services. In fact, approximately 48% of household spending on beauty in the EU27 consisted of beauty services, with the remainder (52%) representing spending on beauty products, suggesting broad consistency between the two pieces of research.


<sup>21</sup> This is higher than household spending as it reflects exports, as well as spending throughout the value chain (e.g., purchases by wholesalers from manufacturers).

<sup>22</sup> Cosmetics Europe, "Market Performance 2023 – European Cosmetic, Toiletry and Perfumery Data", accessed November 2024.

<sup>23</sup> The comparison of the EU cosmetics sector's exports to other countries was made using the UN Comtrade Data and a bespoke mapping of its available commodity categories to the cosmetics sector.

## 2.3 THE DIRECT ECONOMIC IMPACT OF BEAUTY AND PERSONAL CARE

Our modelling shows that beauty and personal care directly contributed €78 billion to GDP in the EU27. This figure represents 0.5% of GDP in the region (€17 trillion).<sup>24</sup> Comparing this estimate with estimates of GDP supported in other sectors of the EU27 economy, with comparable levels of economic activity, shows that the beauty and personal care sector directly contributes more to EU27 GDP than manufacturing of textiles, leather, and clothing, and the manufacturing of beverages.<sup>25</sup>



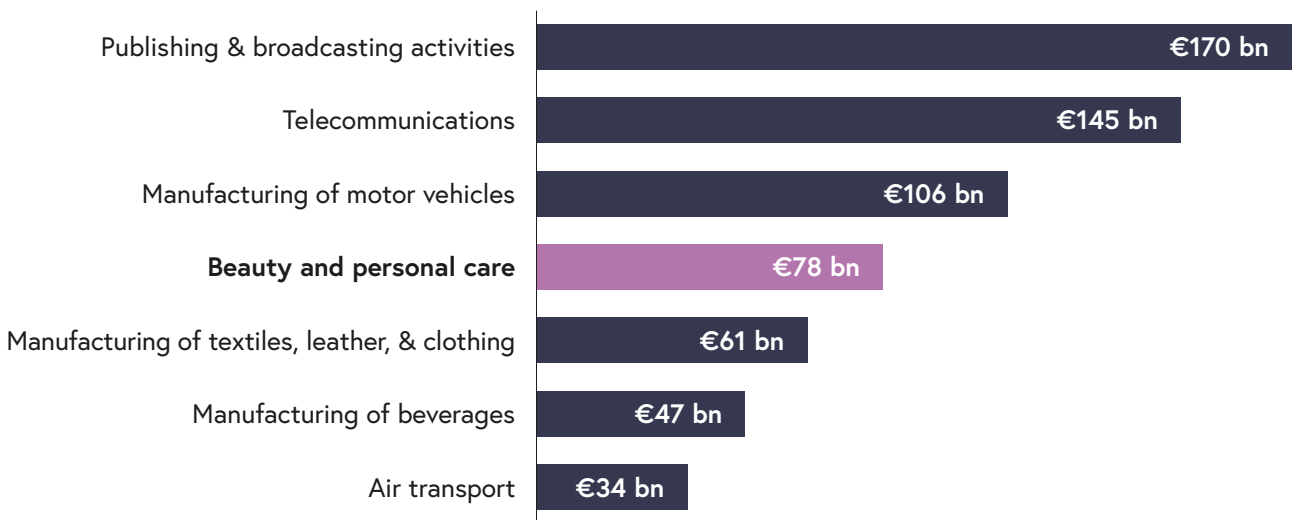
**3.2 million**  
Total jobs supported by the sector.



**€78 billion**  
direct GDP contribution representing 0.5% of EU27 GDP.

The beauty and personal care sector in the EU27 directly employed 1,960,000 workers in 2023—1.0% of all jobs in the region. The direct jobs contribution of beauty and personal care is comparable to employment in the real estate sector, which employed 2,270,000 workers in the same year.<sup>26</sup> For context, direct employment within the beauty and personal care sector is higher than total employment across all sectors in several EU Member States, including Croatia (1.0 million), Slovenia (1.6 million) and Estonia (700,000).

**FIG. 6: DIRECT GDP CONTRIBUTION OF BEAUTY AND PERSONAL CARE AND COMPARATOR INDUSTRIES IN THE EU27, 2023**



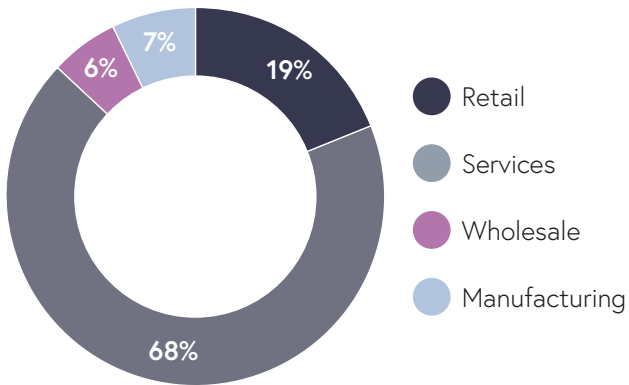
Source: Oxford Economics

<sup>24</sup> This can be thought of as the sum of the GVA contributions by all businesses in the beauty industry, where GVA is roughly equivalent to the value of goods and services produced net of the value of inputs used to produce them.

<sup>25</sup> Comparison estimates are taken from Oxford Economics' in-house Global Industry databank. The comparison is illustrative and is made against sectors of similar size with publicly available data. The beauty and personal care sector is comprised of manufacturing, retail, wholesale, and service providing segments while the benchmarks are pure manufacturing sectors.

<sup>26</sup> Eurostat, "Annual national accounts. Basic breakdowns of main GDP aggregates and employment (by industry and by assets)", accessed October 2024.

**FIG 7: SHARE OF DIRECT BEAUTY JOBS IN THE EU27 BY BEAUTY AND PERSONAL CARE SUBSECTOR**



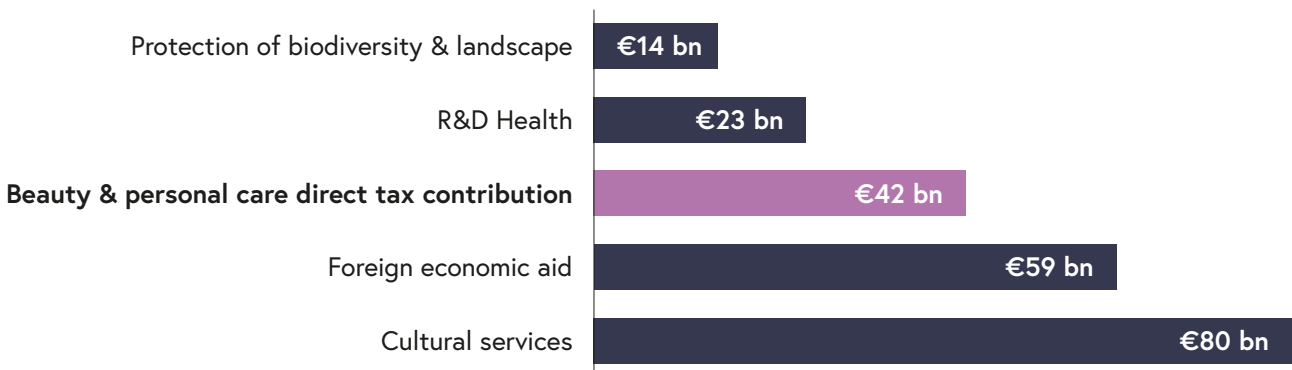
Source: Eurostat, Oxford Economics

Breaking this down across the four elements of the beauty and personal care sector, we see that the majority of the sector's direct jobs (68%) are in the services sector, which supports more than 1.3 million jobs. Retail is the second largest component, supporting around one in five (19%) beauty and personal care jobs (or around 370,000).

This is followed by manufacturing and wholesale which support 7% and 6% of direct beauty and personal care jobs respectively, or around 125,000 jobs each. This demonstrates that although manufacturing represents a relatively small share of direct jobs (7%), it is a key enabler of many more jobs in retail, wholesale, and services, which account for 93% of direct employment, as the ultimate producer of goods used by service providers, and sold by retailers and wholesalers.

Beauty and personal care businesses in the EU27 also directly contributed €42 billion in tax receipts in 2023. **This would fund over half (53%) of total general government expenditure by the EU on cultural services, or the majority of spending on foreign economic aid (72%), or all of the EU's combined annual expenditure on health research and development, and protection of biodiversity and landscape.**<sup>27</sup>

**FIG. 8: DIRECT TAX CONTRIBUTION OF BEAUTY AND PERSONAL CARE SECTOR COMPARED TO CATEGORIES OF GOVERNMENT EXPENDITURE**



Source: Oxford Economics, Eurostat

<sup>27</sup> For benchmarking, we used Eurostat data on [General government expenditure by function \(COFOG\)](#) available for 2022 and inflated to 2023 using Eurostat [GDP deflator](#) data.

## 2.4 THE TOTAL ECONOMIC IMPACT OF BEAUTY AND PERSONAL CARE

The supply chain of the beauty and personal care sector contributed €59 billion to GDP in EU27 economies, 698,000 jobs, and €17 billion in government revenue.

These indirect impacts are stimulated by an estimated €76 billion in supply chain purchases by beauty and personal care businesses with their suppliers, across a range of industries as shown in Fig. 9.<sup>28</sup>

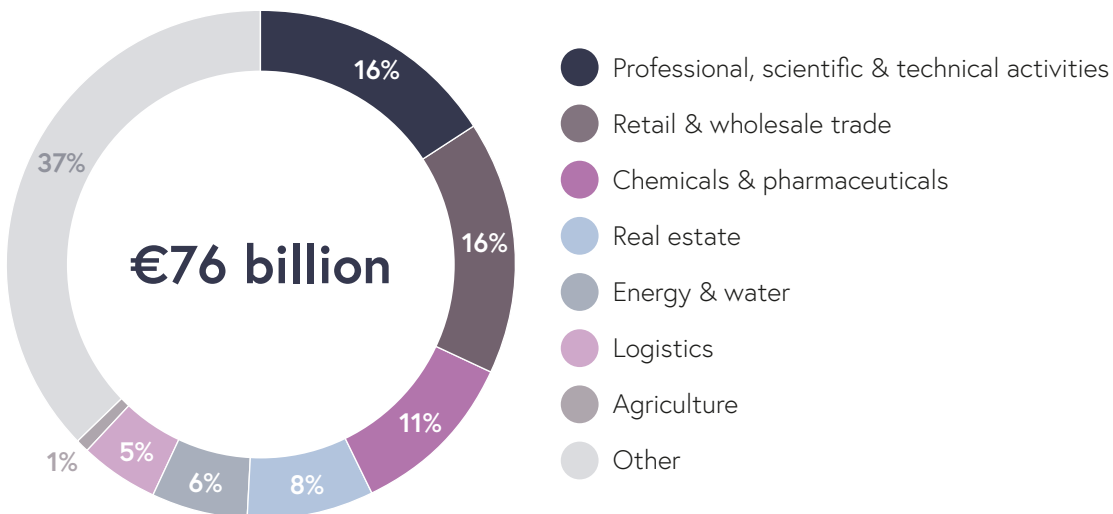
Employee wage spending contributed a further €43 billion to EU27 GDP, 522,000 more jobs, and €12 billion to treasuries in the EU27. These induced impacts are supported in consumer-facing sectors such as food and hospitality and are stimulated by the wage spending not only of all of the workers employed by beauty and personal care businesses, estimated at €46 billion, but also by the wage spending of workers indirectly supported by beauty and personal care's supply chain purchases.

€180 billion  
contribution to EU27 GDP  
through all impact channels.

Across all impact channels, beauty and personal care contributed €180 billion to GDP in the EU27 in 2023. This means that for every €1 of GVA contributed directly by beauty and personal care, the industry supported a further €1.3 of GVA through the indirect and induced channels. Its total GDP contribution in the EU27 is equivalent to the combined GDP of Croatia, Slovenia, and Estonia.

€1.3 further GDP  
contribution for every  
€1 in direct GDP.

FIG 9: SUPPLY CHAIN PURCHASES MADE BY BEAUTY AND PERSONAL CARE BUSINESSES BY INDUSTRY



Source: Eurostat, Oxford Economics

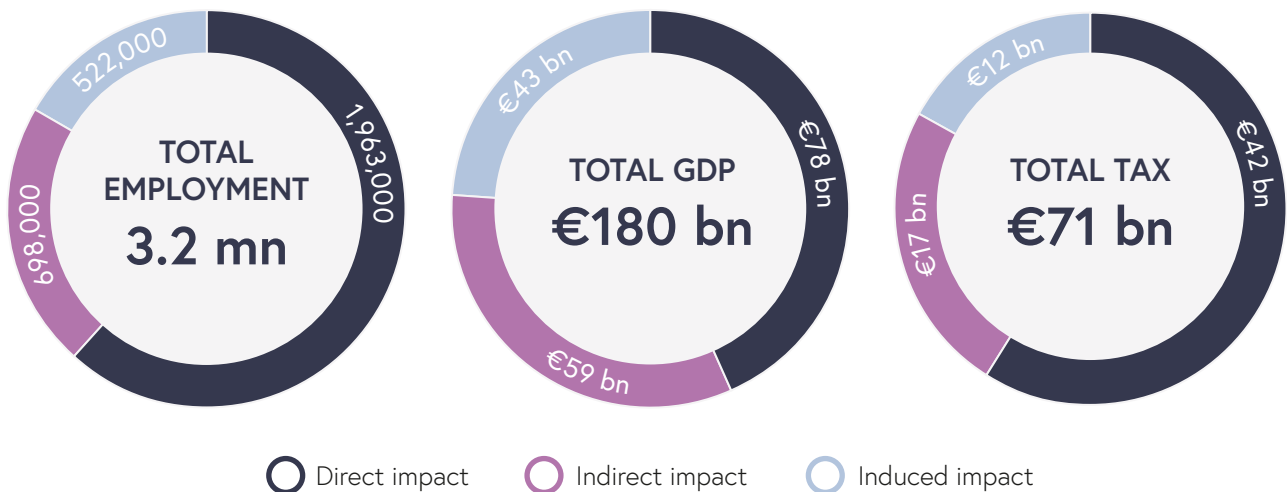
28 Impacts include both spending with direct suppliers to beauty and personal care companies and economic activity along entire supply chain.

Beauty and personal care's total employment contribution amounts to just under 3.2 million jobs, implying that for every 100 workers employed directly by beauty and personal care businesses, the industry supported around 60 jobs elsewhere in the economy. This is higher than total employment levels across all sectors in 13 different EU Member States including Denmark (3.0 million), Bulgaria (2.9 million), and Finland (2.6 million).

Beauty and personal care's total tax contribution in 2023 in the EU27 amounted to €71 billion, which would be sufficient to cover total general government expenditure on housing (€54 billion) or foreign economic aid (€55 billion).

**The beauty and personal care sector also benefits local economies by supporting employment that is hard to relocate and, in doing so, sustains labour market and supply chain resilience. This includes positions in service providers, like hairdressers, beauticians, etc., retailers and wholesalers, which are part of the direct impact, but also relates to indirect employment in the agricultural sector sourcing ingredients and in laboratories testing and developing products locally, which are part of the indirect impact.**

**FIG. 10: TOTAL EMPLOYMENT, GDP, AND TAX CONTRIBUTIONS OF THE BEAUTY AND PERSONAL CARE SECTOR IN THE EU27, 2023**



Source: Oxford Economics



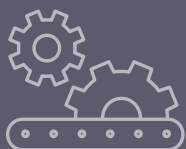




# 3 Innovation in the European beauty and personal care industry



**€2 billion** R&D expenditure in 2021. **30%** growth in real R&D expenditure between 2013 and 2021



**92%** manufacturing share of total R&D spending



**1,900** R&D positions advertised online in the EU27. **2.4%** of online job postings for R&D roles compared to 0.7% for the whole economy.

The European beauty and personal care sector has established a track record of deploying innovative solutions. Innovation is central for beauty and personal care companies as they cater to evolving consumer preferences while pursuing a demanding sustainability agenda.

Innovation in the beauty and personal care sector drives economic and social change in a number of ways. Through investments in product-based research and development, consumers benefit from greater choice and higher quality products. Innovation in manufacturing processes and technologies by the sector delivers improvements in efficiency and productivity, helping workers to secure higher paid, skilled employment, whilst contributing to sustainability objectives. Digital innovation in particular has been a focus for the sector in recent years, which has included the development of digital platforms to better connect with consumers, and the use of artificial intelligence to improve customer experiences.

Beauty and personal care's R&D track record suggests that the sector has been in long-standing alignment with the EU's strategic orientations for research and innovation to support the European Green Deal objectives, which included solutions to support climate policies and preserve the environment.<sup>29</sup> The 2025 Clean Industrial Deal (CID), announced in the European Commission's 2024–2029 political guidelines, introduces an innovation-centred approach to build on this framework, with a particular focus on investment in clean energy as a tool for industrialisation and achieving climate goals.<sup>30</sup> This innovation focus chimes with a key theme of the Draghi report on European competitiveness, that states that "Europe must profoundly refocus its collective efforts on closing the innovation gap".<sup>31</sup>

Measuring innovation is difficult. One important driver of innovation that can be measured is investment in research and development (R&D). We look at innovation in the sector through this lens as well as an occupational analysis of R&D-focused roles in the beauty and personal care labour market. In this way we can quantify the beauty and personal care sector's commitment to innovation through its investments in R&D and its hiring of individuals in R&D roles.

To address gaps in data on R&D by the beauty and personal care sector, we deployed two novel approaches in our analysis. Firstly, using findings from the economic contribution analysis (chapter 2) we produced new estimates of R&D expenditure by the sector. Secondly, we partnered with Lightcast, a market analytics firm, to obtain insights on R&D jobs created by the beauty and personal care sector.

Based on an analysis of innovative activities undertaken by the sector, we identify several innovation themes for the beauty and personal care sector to demonstrate how the sector is innovating in practice.

<sup>29</sup> European Commission (DG Research and Innovation), "Strategic Plan 2020-2024", accessed November 2024.

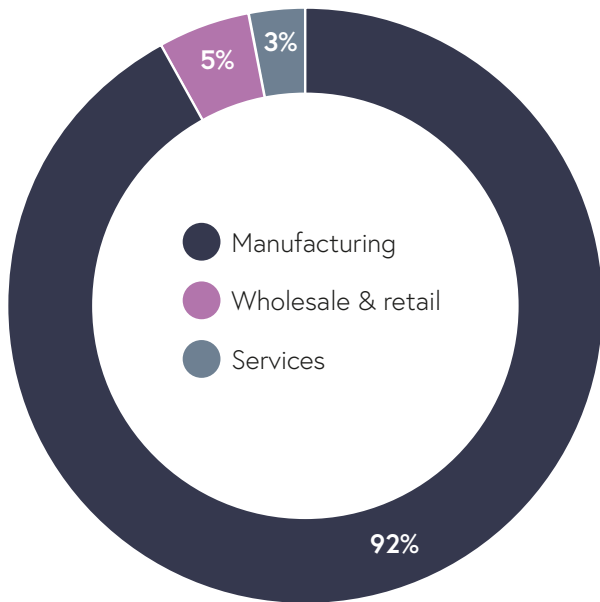
<sup>30</sup> Ursula von der Leyen, "Europe's choice – Political guidelines for the next European Commission 2024-2029", accessed December 2024.

<sup>31</sup> Mario Draghi, "The future of European competitiveness – Part A: A competitiveness strategy for Europe", September 2024, accessed November 2024.

### 3.1 R&D EXPENDITURE BY THE BEAUTY AND PERSONAL CARE SECTOR

In 2021, the most recent year for which data are available, we estimate that the beauty and personal care sector spent around €2 billion on R&D, with manufacturing accounting for the largest share of that spending (92%), followed by wholesale and retail (5%) and services (3%).<sup>32</sup>

**FIG. 11: R&D SPENDING IN THE BEAUTY AND PERSONAL CARE SECTOR, BY INDUSTRY**



Source: Eurostat, Statistics Sweden, Statistics Netherlands, Oxford Economics

#### 3.1.1 EVOLUTION OF R&D EXPENDITURE BY THE BEAUTY AND PERSONAL CARE SECTOR AND COMPARATORS

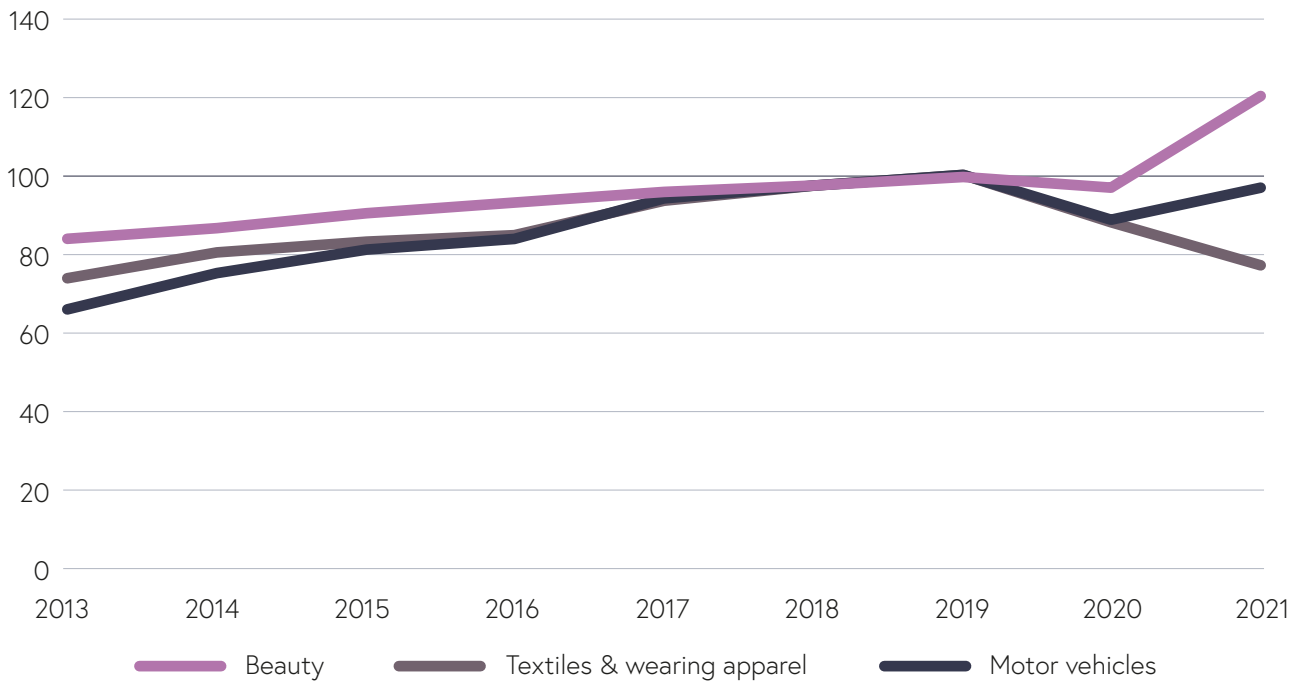
We looked at how R&D expenditure by the beauty and personal care sector has evolved over time, and compared this to two comparator sectors. We found that spending on beauty and personal care R&D grew by 30% in real terms between 2013 and 2021. This was similar to growth in R&D spending in the automobile sector (31%) and higher than growth in spending in the textiles and wearing apparel sector (4%).

**30%** growth in real R&D expenditure between 2013 to 2021.

Whilst spending on beauty and personal care R&D grew at a slight slower rate to these comparator sectors prior to the pandemic, beauty and personal care R&D spend has continued to grow post-pandemic following a slowdown in 2020, whereas neither comparator sectors had reached their respective pre-pandemic peaks as of 2021.

<sup>32</sup> Expenditure estimates in 2021 prices.

**FIG. 12: GROWTH IN BEAUTY AND PERSONAL CARE R&D VERSUS COMPARATOR SECTORS (2019 = 100)**



Source: Eurostat, Statistics Sweden, Statistics Netherlands, Oxford Economics

## Estimating R&D expenditures by the beauty and personal care sector

We estimate investments made by the beauty and personal care sector in R&D using time series data from Eurostat, which contains country-level data on R&D expenditures for all EU27 countries, except two.<sup>33,34</sup>

As the Eurostat data are not published at the required level of granularity, it is necessary to make informed assumptions to estimate data at a more granular level. To do this,

we assumed that each sector of beauty and personal care services, wholesale, and retail undertakes R&D at an average level of intensity within the wider sector in which it is located in national statistics frameworks.<sup>35</sup> For beauty and personal care manufacturing, we used data from a comparator country to infer the share of R&D that beauty and personal care manufacturing accounts for within its wider sector.<sup>36</sup>

33 Eurostat, "Business enterprise expenditure on R&D (BERD)", accessed October 2024.

34 The two countries with missing Eurostat data for the sectors of interest were Sweden and the Netherlands. We took R&D expenditure data for Sweden from Statistics Sweden, and for the Netherlands from Statistics Netherlands' StatLine database.

35 For example beauty services sits within the sector other service activities, which also includes activities such as pet care services and the repair of consumer goods.

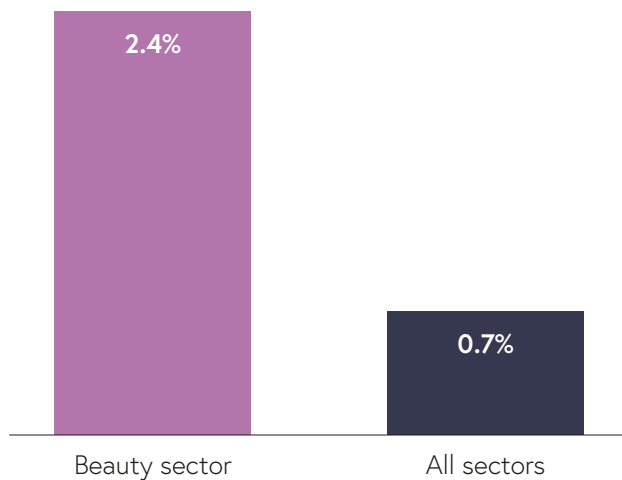
36 Specifically, we used the US as a proxy country, and used data from the Business Enterprise Research and Development (BERD) survey for 2022, which, for some sectors, are more granular than Eurostat data.



### 3.2 THE OCCUPATIONAL PROFILE OF BEAUTY AND PERSONAL CARE R&D ROLES

In 2023, the EU27 beauty and personal care sector advertised for over 1,900 unique positions in R&D. Recruitment within the sector was more focused on R&D positions than in the EU27 economy as a whole, with R&D job postings accounting for 2.4% of all online job postings advertised by the beauty and personal care sector compared to 0.7% for the overall EU27 economy.<sup>37</sup>

**FIG. 13: ONLINE R&D JOB POSTINGS AS A SHARE OF ALL JOB POSTINGS**



Source: Lightcast, Oxford Economics

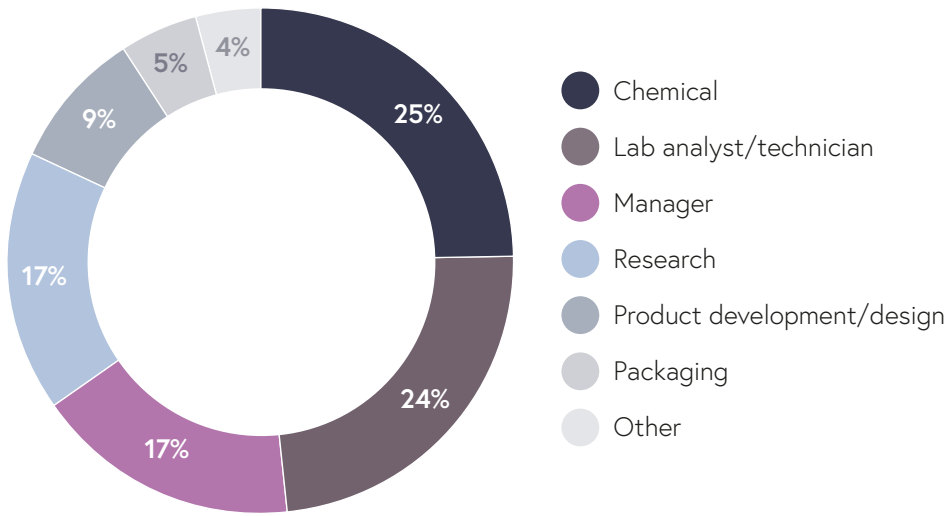
We looked at how beauty and personal care R&D job postings break down by occupation across the following occupations:

- Chemical roles, including general chemists and R&D chemists.
- Laboratory analysts and technicians.
- Managers, including laboratory managers and natural science research managers.
- Packaging roles, including packaging industrial engineers and packaging designers.
- Research roles, including R&D engineers, and research scientists.
- Product development and design roles, including product development engineers.
- Other roles, including toxicologists and quality control lab technicians.



<sup>37</sup> We worked with Lightcast, a labour market analytics company that specialises in the collection and analysis of online job postings. Lightcast collates a library of job postings, which are scraped from jobs boards, newspapers, and employers' websites. We developed a list of beauty companies that Lightcast used to query its library of job postings and thereby quantify the number of postings.

**FIG. 14: SHARE OF BEAUTY AND PERSONAL CARE R&D ONLINE JOB POSTINGS BY OCCUPATION, EU27<sup>38</sup>**

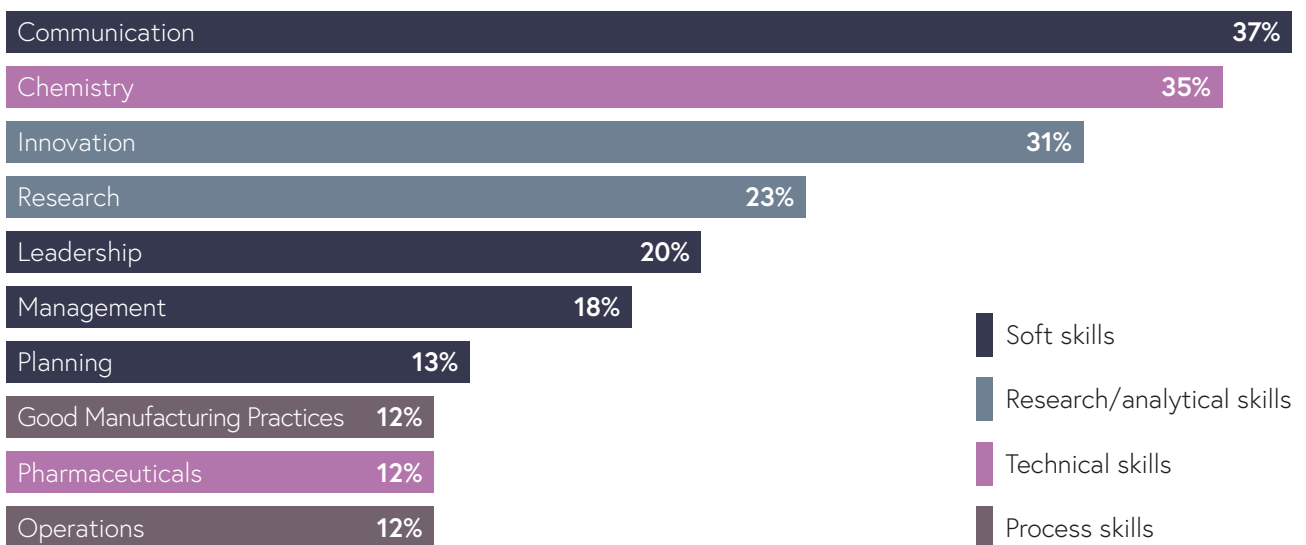


Source: Lightcast, Oxford Economics

The beauty and personal care sector's recruitment for R&D roles demonstrates the sector's alignment with European policy priorities. Chemical roles, lab analysts and lab technicians, and research roles accounted for two-thirds (66%) of all beauty and personal care R&D job postings in the EU27, suggesting that the beauty and personal care sector's R&D recruitment is targeted at STEM roles with a strong technical focus.

An analysis of skills included in beauty and personal care R&D job postings demonstrates that roles require a balanced skillset combining technical, research, and soft skills. As far as technical skills are concerned, chemistry skills stand out as they are mentioned in 35% of online job postings, reinforcing the sector's links to the chemical industry which is also reflected in chemical occupations being the most demanded (see previous figure). Among the soft skills required, innovation is one of the key skills mentioned in 31% of all beauty and personal care R&D job postings in the EU27.

**FIG. 15: MOST FREQUENTLY INCLUDED SKILLS IN BEAUTY AND PERSONAL CARE R&D ONLINE JOB POSTINGS**



Source: Lightcast, Oxford Economics

<sup>38</sup> Figures do not sum to 100 due to rounding.

## 3.3 BEAUTY AND PERSONAL CARE INNOVATION IN PRACTICE

Through its R&D spending and its strong focus on R&D in its hiring practices, the beauty and personal care sector clearly demonstrates its commitment to innovation. From an analysis of emerging forms of innovation undertaken by European beauty and personal care companies, we identified several areas of focus for the sector, which are presented in this section.<sup>39</sup>

We first discuss how the sector leveraged collaborations to amplify the reach of individual companies' research and expertise before covering the development of digital platforms aimed at better connecting with consumers. We then address the development of new technologies that have the capacity to enhance existing product offerings and production efficiency. The remainder of the section covers the following themes and presents a selection of examples providing a balanced demonstration of initiatives by members of the Value of Beauty alliance:<sup>40</sup>

- Cross-industry collaboration and partnerships.
- Development of digital platforms to better connect with consumers.
- Development of new technologies to enhance product offering and production efficiency.

### 3.3.1 CROSS-INDUSTRY COLLABORATION AND PARTNERSHIPS

The importance of cross-industry collaboration and partnerships as a means to drive innovation through the sharing of knowledge and ideas and to better connect with customers has been recognised by the industry in a number of ways.

Conferences, events, and collaborative spaces have been used as a tool to leverage the ideas of experts, suppliers, and customers across the beauty and personal care sector. These have provided an opportunity for companies to come together to tackle the most prevalent issues facing the industry and drive progress in new areas of innovation. Recently, this has led to progress in many key areas, including sustainability. For example, cross-company projects have facilitated the deployment of clean technologies and supported efforts to explore new ingredients which enhance the sustainability of products. These events have also served as a platform for smaller companies and designers to participate in challenges to deliver innovative outcomes that benefit the sector, its consumers, and the environment.

### Cosmetic Valley's hub of innovation<sup>41</sup>

Cosmetic Valley's Beauty Hub, which ran between 2020 and 2024, was focused on encouraging the transfer of skills, knowledge, and ideas across the beauty and personal care sector. The initiative involved 70 events and enabled the development of 24 technologies. It also linked around 50 start-ups with experienced business mentors, who helped to equip young firms with the tools necessary to succeed in the early stages whilst also ensuring that mentors in more established companies became aware of emerging innovative technologies. From 2024 onwards, the programme is being transformed into the Impact Hub, which will place greater emphasis on the interconnection between technology, innovation, and sustainability principles.

<sup>39</sup> Our analysis combined desk research with a data collection exercise encompassing all Value of Beauty alliance members. As part of the latter, alliance members provided a list of initiatives undertaken by their respective companies, and we organised structured discussions with key contact points for the most important initiatives. These sections provide a general summary of the key themes arising from our analysis alongside some focussed examples of members' initiatives.

<sup>40</sup> A more detailed description of the initiatives considered for this analysis can be found in our methodology report.

<sup>41</sup> The information presented here has been obtained directly from Cosmetic Valley.

### 3.3.2 DIGITAL PLATFORMS FOR CONSUMER CONNECTION

Companies' capabilities in anticipating the tastes of consumers in near real time and aligning their ranges with the demands of the market is integral in determining the future progress of beauty and personal care.

Many of the beauty and personal care industry's larger businesses have drawn on the growing creator economy as a means to better understand and connect with consumers. Industry-leading companies have worked with influencers, using their platforms as a tool to foster communication between consumers and brands. For one large beauty manufacturer, this has also involved direct collaboration with a technology firm to explore new ways of marketing products via creators with specific expertise and experience in newer technologies including AR and AI.

As well as utilising existing platforms to better connect with consumers, many beauty and personal care companies have created sector-specific platforms to keep customers informed.

Over the past three years more than 70 cosmetics industry stakeholders, including Alliance members Beiersdorf and L'Oréal, have contributed to the EcoBeautyScore (EBS) an innovative initiative aiming to enable consumers make more informed and sustainable choices.<sup>42</sup>

EBS has created a comparative scoring system for cosmetics and personal care products based on a science-driven method that assesses their environmental impact throughout the product lifecycle, from sourcing to disposal.<sup>43</sup> A user-friendly tool enables brands to make informed, data-driven decisions to understand and reduce their environmental footprint and communicate an impact score to consumers. The EcoBeautyScore tool harnesses a methodology grounded in the European Commission's Product Environmental Footprint (PEF) approach which has undergone quality review by independent life-cycle assessment experts.

Rolling out across beauty categories, the score offers a transparent comparison of products based on environmental impact. EBS demonstrates the sector's commitment to drive change through educating consumers about sustainability. It is a further example of how technology can be applied to provide consumers with information that helps them find products which better fit their needs.



<sup>42</sup> EBS, "Our Work", accessed October 2024

<sup>43</sup> EBS, "Guiding principles and methodological basis", accessed February 2025.

## Puig's Scent Directory<sup>44</sup>

WikiParfum is an open platform that helps consumers visualise the intangible scent of a perfume.

WikiParfum is the largest scent visual platform with over 28,000 perfumes, 1,500 ingredients and 1,300 brands in its database, enabling the exploration of perfumes with olfactory similarities, thus making accurate recommendations based on personal preferences. The proprietary recommendation algorithms are used by major retailers worldwide to enhance customer experience online and offline.

That open ecosystem generates real-time data that is used to continuously update the underlying algorithms and refine recommendations.

These technologies lead to enhanced consumer engagement, above average sales conversion rates and a significant return on investment, highlighting WikiParfum's transformative potential for the perfume market.

Alongside the digital experience, AirParfum is a patented in-store technology that allows consumers unlimited scent trials without experiencing olfactory fatigue. By transforming purified air into scented air, it delivers high olfactive quality which can mirror even the most complex real scents, offering consumers a highly customised experience.



<sup>44</sup> The information presented here has been obtained directly from PUIG.



### 3.3.3 USE OF DIGITAL TECHNOLOGIES



#### Artificial Intelligence

Artificial intelligence has been leveraged by the sector to improve productivity, particularly in the areas of marketing and product development. While such innovations have the potential to enhance efficiency across the sector, there are some important ethical considerations when it comes to promoting diversity and inclusion within beauty and personal care<sup>45</sup>. Such considerations should be reflected in the algorithms of generative AI technologies, particularly with regards to AI-generated images, for instance as part of marketing campaigns. While that debate is under way globally, a number of prominent applications of AI in the beauty and personal care industry have emerged.

CREAITECH, L'Oréal's innovative beauty content lab programme, leverages the power of generative AI to transform content creation. It leads the transformation integrating new tools and expertise to create marketing content across the company's 37 beauty brands, with the objective of maintaining quality, brand compliance and unleash creativity. Across campaigns where the creation of brand content has been augmented with AI, L'Oréal has achieved average time savings of up to 70% compared to traditional methods. This efficiency has been realised without compromising engagement, which in some cases has increased by up to 30%.<sup>46</sup>

Our analysis has also highlighted several examples of European beauty and personal care manufacturers leveraging technology to enhance product development. For some European fragrance manufacturers this has involved using AI tools to reduce the barriers between ideation and production and extracting insights from consumer sentiment data.



#### Skin Technology

Innovation and scientific advancements in skin technology aim to improve understanding of skin health and enhance skin appearance. Research and Development (R&D) play a crucial role in this field by driving the discovery of new ingredients, formulations, and delivery systems that can address various skin concerns. This is achieved through rigorous and long-term screening, testing and analysis that are required to deliver skin technology advancements in a safe and efficient manner.

The beauty and personal care industry's commitment to innovation is evident in the amount of new or improved products marketed each year. A quarter of the products marketed in the EU by the sector annually are new or improved versions of existing products. Large companies reformulate up to 30% of their products and introduce approximately 80 new ingredients annually, while small and medium-sized enterprises introduce 22 new ingredients every year.<sup>47</sup>

### Automation in Production at Ancorotti Cosmetics<sup>48</sup>

Ancorotti Cosmetics have introduced innovation in their production lines which optimise the operation of filling machines that handle filling, assembly and packing of mascara containers. These filling machines can operate 100% automatically, leveraging automations like robots placing the containers in cardboard boxes and a robotic palletiser that stacks packages for shipment. The resulting process has wide-encompassing benefits including improved energy efficiency, faster time-to-market, reduced margin for error, and enhanced, more inclusive working conditions with a reduced ergonomic strain of up to 90%.

<sup>45</sup> Forbes, "Navigating AI In Beauty: Transparency, Customer Focus And Diversity", accessed October 2024.

<sup>46</sup> Unless otherwise indicated, the information presented in this paragraph has been obtained directly from L'Oréal.

<sup>47</sup> Cosmetics Europe, "Innovation and Future Trends in the Cosmetics Industry", unpublished, accessed February 2025.

<sup>48</sup> Unless otherwise indicated, the information presented here has been obtained directly from Ancorotti Cosmetics.



## Skin technology at Beiersdorf<sup>49</sup>

Two recent skin technology innovations illustrate Beiersdorf's long-term commitment to innovation as they took 10 and 15 years, respectively, to bring to market.

The first innovation targets hyperpigmentation through Thiamidol<sup>®</sup>, an active ingredient that reduces melanin production in the skin. This ingredient was identified after testing 50,000 substances over a decade as clinical trials showed noticeable results in participants with hyperpigmentation after two weeks, and continued improvement over 12 weeks.

The second innovation centers around epigenetics, and the patented skin-specific age clock technology. It can be used to determine the biological age of the skin and to identify active ingredients, such as Epicelline<sup>®</sup>, which can reactivate muted youth genes, effectively slowing down and even reversing the aging process.<sup>50</sup>

Together, these innovations highlight the transformative potential of long-term investments in scientific research in promoting healthy aging and improving overall skin health.

<sup>49</sup> Unless otherwise indicated, the information presented here has been obtained directly from Beiersdorf.

<sup>50</sup> <https://www.beiersdorf.com/newsroom/press-information/all-press-releases/2024/09/02-a-pioneer-in-epigenetic-skin-science>

## Proactive skincare analysis technology developed by L'Oréal Groupe<sup>51</sup>

L'Oréal Groupe unveiled Cell BioPrint at CES 2025, which is a novel diagnostic tool developed in collaboration with NanoEnTek, a South-Korean startup. This technology is underpinned by more than 10 patents and leverages a protein analysis system integrated on a microchip to measure predictive biomarkers in approximately five minutes at the point-of-sale.

The device analyses skin biomarkers linked to longevity, providing insights into an individual's biological skin age. This enables a shift towards proactive skincare by predicting potential cosmetic issues and evaluating an individual's responsiveness to specific ingredients like Retinol.



<sup>51</sup> Unless otherwise indicated, the information presented here has been obtained directly from L'Oréal Groupe.

# 4 Environmental sustainability in the beauty and personal care sector



Sustainability is a central focus for the beauty and personal care industry. Standardisation initiatives aimed at increasing transparency are helping to govern the shift towards more sustainable practices.



Operational changes introduced by the sector have been coupled with supply chain initiatives to make the production process more sustainable.



Over half of all research and development (R&D) jobs advertised by EU27 beauty and personal care companies referenced sustainability in 2023.

Beauty and personal care companies are undertaking a wide range of measures to reduce their environmental footprint and to instil sustainability principles in their operations and across their value chain.<sup>52</sup>

Our review of initiatives undertaken by Value of Beauty alliance members suggests that the sector is proactively investing resources in innovative approaches to drive progress towards achieving ambitious sustainability targets.<sup>53</sup>

This commitment to sustainability is reflected in the beauty and personal care sector's hiring behaviour, as over half of all research and development (R&D) jobs advertised by EU27 beauty and personal care companies referenced sustainability in 2023.<sup>54</sup> Innovation and R&D are an important means through which sustainability objectives can be realised, so this demonstrates a concrete action that the sector is taking in this direction.

These efforts are shaped by a combination of commercial and policy developments affecting European companies. Consumers' increasing ecological awareness coupled with regulatory and political pressure are fuelling the sector's efforts to establish sustainable practices.

There is a growing body of evidence suggesting that sustainability—and accurate and transparent information around sustainability performance—have become an important priority for consumers. For example, a recent survey showed that more than eight in 10 consumers in the EU (83%) place an importance on products' environmental impact when shopping while only around half of them (49%) trust sustainability claims about products.<sup>55</sup>

At the same time, pressure has increased and is still mounting from European policymakers and regulators, with a growing body of regulation which is shaping beauty and personal care companies' operations, including on the use of chemical ingredients in cosmetics and plastics in beauty and personal care product packaging.<sup>56</sup>

Against this demanding backdrop, the beauty and personal care sector is facing a series of operational sustainability challenges. This includes the need to reformulate products, innovate packaging to increase recyclability and identify the key energy intensive aspects of operations to minimise their environmental impact at all stages of the product lifecycle.

This section gives an overview of the industry's current progress within its environmental sustainability journey and current initiatives implemented across the sector to achieve its aims, which can be broadly categorised as follows:

- Standardisation initiatives aimed at increasing transparency and improving companies' ability to assess their impact.
- Operational changes to reduce the environmental impact of production.
- Supply chain interventions to encourage more responsible sourcing.

52 Our analysis combined desk research with a data collection exercise encompassing all Value of Beauty alliance members. As part of the latter, alliance members provided a list of initiatives undertaken by their respective companies, and we organised structured discussions with key contact points for the most important initiatives. These sections provide a general summary of the key themes arising from our analysis alongside some focussed examples of members' initiatives.

53 A more detailed description of the initiatives considered for this analysis can be found in our methodology report.

54 Analysis by Oxford Economics using data from Lightcast.

55 Eurobarometer, "[Europeans' attitudes towards the issue of sustainable consumption and production](#)", accessed September 2024.

56 European Commission – Energy, Climate Change, Environment, "[Single-use plastics](#)", accessed September 2024.



## 4.1 STANDARDISATION INITIATIVES

Beauty and personal care companies are increasingly involved in developing comprehensive environmental impact scoring and assessment methods or leveraging existing tools. This approach can help different parts of beauty and personal care's value chain to communicate consistently with each other and with the consumer. In this way, it provides the foundations needed for widespread adoption of sustainable practices.

### 4.1.1 USE OF EXISTING STANDARDISED TOOLS BY THE BEAUTY AND PERSONAL CARE SECTOR

Several examples of existing tools originated outside the beauty and personal care industry but have been adopted by beauty and personal care companies. The Union for Ethical BioTrade (UEBT) is focused on responsible sourcing and more ethical supply chain practices, specialising in botanical products, which are widely used in the beauty industry.<sup>57,58</sup> It includes a recognition of the need to consider<sup>59</sup>:

- biodiversity conservation and restoration;
- cultivation and wildlife collection practices for a sustainable use of biodiversity;
- human and workers' rights; and
- community wellbeing and local development.

A further example is that of the **Carbon Disclosure Project (CDP)**, a charity which promotes greater transparency in companies' carbon emissions reporting, as well as other environmental concerns such as water security.<sup>60,61</sup> It scores companies' environmental performance across three categories: climate, forests, and water. Several beauty and personal care companies, including members of the Value of Beauty alliance, have obtained a top score, A, in at least one of these categories.

**Sustainalytics** provides an ESG risk scoring system which ranks companies in a range of ESG metrics. Their rankings assess the management of environmental and social impact, and governance risks, covering areas like land use, biodiversity, emissions, and resource use.<sup>62</sup> Their scores give an indication of overall progress towards sustainable business models and currently cover over 20,000 companies.<sup>63</sup> Beauty and personal care companies, including Value of Beauty alliance members, are increasingly using Sustainalytics to assess and demonstrate their sustainable business models and have achieved favourable ratings.

57 UEBT, "Who we are", accessed September 2024.

58 UEBT, "Sector transitions to nature positive: deep dive on beauty and biodiversity", 2023, accessed September 2024.

59 UEBT, "Setting the standard", accessed September 2024.

60 CDP, "Who we are", accessed September 2024.

61 CDP, "Cities, States and Regions Open Data Portal", accessed September 2024.

62 Sustainalytics, "Overview of Sustainalytics' ESG Risk Ratings", 2020, accessed September 2024.

63 Sustainalytics, "Fast Facts", accessed September 2024.

#### 4.1.2 DEVELOPMENT OF NEW STANDARDISED TOOLS BY THE BEAUTY AND PERSONAL CARE SECTOR

Beyond leveraging existing initiatives, the beauty and personal care sector is leading ambitious initiatives to promote collaboration and transparency across companies' sustainability efforts.

The EBS initiative (discussed in more detail in section 3.3.2) was established by cosmetics industry stakeholders to provide labelling that scores products' environmental performance. This initiative aims to increase transparency for consumers and help them make informed decisions around the sustainability of the products that they purchase. In turn, the EBS initiative's vision is that increasing consumer demand for high-scoring environmentally sustainable products will incentivise companies all along the value chain towards more sustainable operating models.

Other standardisation initiatives spearheaded by the sector seek to drive transparency improvements in other aspects of the sector's operations, for instance through collective supply chain mapping to allow for better management of environmental and social risks across the whole industry.

### Givaudan's targeted heat loss reduction<sup>64</sup>

Givaudan has introduced thermal imaging as a tool to reduce overall energy consumption in its operations, allowing production teams to isolate specific causes of heat loss and create targeted insulation improvements to address them. This resulted in a 10,000 m<sup>3</sup> reduction in natural gas usage, 20 mTCO<sub>2</sub>eq lower GHG emissions, and reduced overall energy use by 100 MWh.



<sup>64</sup> The information presented here has been obtained directly from Givaudan.

## 4.2 OPERATIONAL CHANGES

*Beauty and personal care companies are increasingly implementing environmentally minded operational models that are having a tangible impact on a range of sustainability metrics.*

### 4.2.1 TACKLING ENERGY AND RESOURCE USE

Several Value of Beauty Alliance members are working towards using more renewable energy sources in their operations. This ranges from companies that almost entirely use renewable energy, to those that procure electrical energy from green sources, and to those that rely on renewable energy for parts of their operations.

To further these efforts, many beauty and personal care companies are also pursuing innovations to reduce their environmental impact by tackling energy intensive activities, identifying specific inefficiencies and taking active steps to address them.

For some manufacturers this has involved identifying key high emission activities and taking steps to measure and reduce their impact. This ranges from digital decarbonisation, which targets the emissions associated with online media presence, to efforts aimed at reducing the environmental impact of transport operations, through exploring sustainable alternatives such as biofuels.

The approach taken by other companies has focused more on restoration and regeneration. One manufacturer, for example, has taken advantage of an existing industrial site to expand production without excessive resource use. It has also begun reusing materials across production cycles to reduce waste and cut down on the costs associated with new raw materials.

### 4.2.2 PRODUCT FORMULAS

Many alliance members are also engaging in efforts to tackle their environmental burden, beyond addressing energy usage and emissions, for instance by tackling the ingredients used in product formulas. The specific changes made vary between companies. For many, this has involved a switch to sustainably certified palm oil, as defined by the Roundtable for Sustainable Palm Oil (RSPO) and one company also recently committed to making all product formulas for its two largest brands completely microplastic free (as defined by UNEP).<sup>65</sup>

### 4.3.3 PACKAGING INNOVATIONS

Sustainable packaging is another high priority for beauty and personal care companies, and many are trying to reduce the amount of packaging required while also introducing more sustainable packaging materials. These efforts are underpinned by a push towards refillable packaging, alongside innovations that reduce the amount of packaging required or the environmental footprint of the material used.

To maximise impact, the beauty and personal care industry collaborates within the wider value chain leading to numerous innovative developments.

<sup>65</sup> UNEP, "Microplastics", accessed January 2025

Many companies have approached this by increasing the proportion of recycled plastic used for product packaging as a means to progressively reduce resource consumption. In doing so, they have had to overcome key issues associated with the use of post-consumer recycled materials, including the challenge of ensuring they are compatible with water-based products and the limits to how many times materials can be reused.

To facilitate this transition and overcome these barriers, companies have taken advantage of industrial partnerships and collaboration with firms in other sectors. One of the larger manufacturers in the sector has worked with a biochemistry company to develop packaging made with bio-recycled plastic. This first-of-its-kind innovation utilises technology which enables infinite recycling, representing a vast improvement from the current limit of two to three times.

These new packaging designs are constantly evolving and companies in the beauty and personal care sector have been working to ensure further reductions are made where possible in order to make further progress towards a sustainable model.

## Beiersdorf's award-winning packaging innovations<sup>66</sup>

Beiersdorf's CARE BEYOND SKIN Sustainability Agenda focuses on the impact of its activities across the entire value chain, addressing climate impact, resource circularity, and the health and safety of employees and consumers, while championing an inclusive society.

As part of this agenda and Beiersdorf's commitment to achieving net-zero emissions, the company is seeking to reduce its reliance on new plastic from fossil fuels by minimizing packaging weight and volume whenever feasible and prioritizing recycled and renewable materials. However, incorporating recycled materials into cosmetic packaging poses challenges, particularly for leave-on products such as NIVEA Sun.

To address this, Beiersdorf has partnered with Morssinkhof Plastics to develop high quality materials from post-consumer recycled (PCR) plastic. This collaboration led to the launch of NIVEA's new Sun Lotion bottle, made entirely from post-consumer recycled plastic. This achievement was recognized at the Plastics Recycling Show Europe, where it received the "Plastic Packaging Product of the Year Award," highlighting the important role of beauty and personal care companies in promoting sustainable solutions.

<sup>66</sup> This information has been obtained directly from Beiersdorf.

## 4.3 SUPPLY CHAIN INITIATIVES

Beauty and personal care is underpinned by a sophisticated value chain that has its own environmental footprint, extending well beyond that of beauty and personal care companies alone. Scope 3 emissions—associated with the activities of upstream firms in the supply chain and the use of products by consumers downstream—are the largest part of emissions in the beauty and personal care sector.<sup>67/68</sup>

Recognising the significant role of their supply chains, beauty and personal care companies are educating and incentivising their suppliers with regards to responsible sourcing that can help minimise the total environmental footprint of beauty and personal care products. At the same time, they are ramping up efforts to better understand how their suppliers' operational models

align with their own sustainability agendas. These efforts have materialised in different forms, ranging from cross-industry initiatives to programmes led by individual beauty and personal care companies, such as those highlighted in the case study.

Companies have demonstrated this commitment to the wider impact of their products, upstream and downstream, both through product reformulation and by supporting conservation efforts. One beauty manufacturer has made a particular effort to acknowledge the responsibility it has for the products' entire lifecycle by looking into the specific natural resources affected by the products and ingredients used for its ranges and actively engaging in efforts to preserve these ecosystems.

### A holistic approach to sustainability, The L'Oréal Groupe journey<sup>69</sup>

The L'Oréal for the Future programme sets targets for 2030 and beyond in areas including climate, nature, and social impact. These targets are integrated and aim to expand on the company's existing planning in these areas. As part of this global programme, L'Oréal has implemented a sustainable sourcing policy based on four pillars: human rights; environmental protection; business integrity; and diversity, equity, and inclusion. The company is collaborating with its industry peers through coalitions, such as the Consumer Goods Forum, Action for Sustainable Derivatives or TRASCE, to converge on common practices and standards that can increase its impact.

On climate, for example, L'Oréal has committed to a net-zero trajectory and is engaging with its suppliers to help them introduce processes to monitor and improve their environmental performance in a similar direction. More than 95% of the company's strategic suppliers disclose their emissions (scopes 1 & 2) through CDP, and more than 76% have committed to decarbonisation goals.<sup>70</sup>

67 Scope 3 emissions are defined by the Greenhouse Gas Protocol as any indirect emissions occurring in the value chain of a company.

68 Scope 3 emissions as a percentage of total emissions (2023): Beiersdorf 93%, IFF 79%, Puig 99%, L'Oréal 99%, dsm-firmenich 95%, Albéa 92%, Givaudan 89%.

69 This information has been provided directly by L'Oréal.

70 Strategic suppliers are defined by L'Oréal as "those whose added value is significant for the Group and who, through their weight, their innovations, their strategic alignment and their geographical deployment, provide long-term support for L'Oréal's strategy".



## Initiatives to certify sustainability of the beauty and personal care sector value chain

The beauty and personal care sector is involved in a number of cross-cutting initiatives to improve sustainability outcomes in its value chain through better certification.

Together for Sustainability (TfS) is a private sector-led initiative looking to establish more sustainable chemical supply chains. TfS implements EcoVadis environmental risk assessments of its members' supply chains, helping them grasp a holistic view of their supply chains' sustainability performance, including particular strengths and areas for improvement. One beauty and personal care manufacturer has been actively involved in projects as part of this initiative, which involve partnerships between firms in the chemicals sector to manage and model emissions more effectively. In the same year the company launched its own initiative, dedicated to knowledge-sharing with suppliers to promote transparency and risk reduction and has achieved full traceability back to source for many of its products as a result.

Multiple other alliance members also use EcoVadis's performance assessments and have asked key suppliers to certify their scores using this methodology. A large proportion of the strategic suppliers for these companies have achieved high scores indicating active engagement in monitoring supply chain risks.

An additional supply chain initiative rooted in cross-industry collaboration is Action for Sustainable Derivatives (ASD), an initiative between companies in the cosmetics and personal care, home and oleochemicals sectors, including a group of Value of Beauty Alliance members. It seeks to address issues in supply chains, with a particular focus on palm oil.

The implementation of SMETA responsible sourcing audits by companies in the beauty and personal care sector, both for their own production centres and for high-risk suppliers, indicates a further commitment within the industry to actively target areas of its operations where improvements can be made and taking necessary measures to reach sustainability goals.

The Cosmetic Organic and Natural Standard (COSMOS) certification by Ecocert is another indicator of a commitment to sustainability, used by members of the Value of Beauty alliance. This certification guarantees that environmentally friendly production processes were implemented, and that biodiversity and natural resources were responsibly approached.







# 5

## The social impact of beauty and personal care



**72%** of the sector's workforce are female compared to 46% for EU27 average. **79%** of beauty and personal care services' workforce are female.



**12%** of the workforce are younger than 25 compared to 8% for EU27 average.



Beauty and personal care companies extend their commitment to social impact beyond their workforce through support for important causes and other forms of social engagement.



Businesses are increasingly aware of the need to operate in a socially responsible way, as seen in the rise of the ESG investing agenda, and the emergence of alternative operating models focused on social impact such as B Corp, social compliance schemes such as the Business Social Compliance Initiative, and product certification schemes like Fairtrade. This chapter looks at where the beauty and personal care industry finds itself on this journey from the perspective of its contribution to social objectives.

The beauty and personal care industry has the potential to create social impact in a number of ways. Considering their internal operation practices, beauty and personal care companies provide employment opportunities across the EU and invest heavily in

R&D to develop high quality, sustainable products that consumers value. Beyond their direct operational footprint, beauty and personal care sector businesses have also sought to help address social issues by developing their own initiatives and supporting existing ones.

In this chapter, we consider the social impact of the sector through its role as a promoter of workforce diversity, and through its commitment to social impact which is evidenced by the range of initiatives the industry has undertaken.





## 5.1 ENCOURAGING DIVERSITY IN GENDER AND AGE

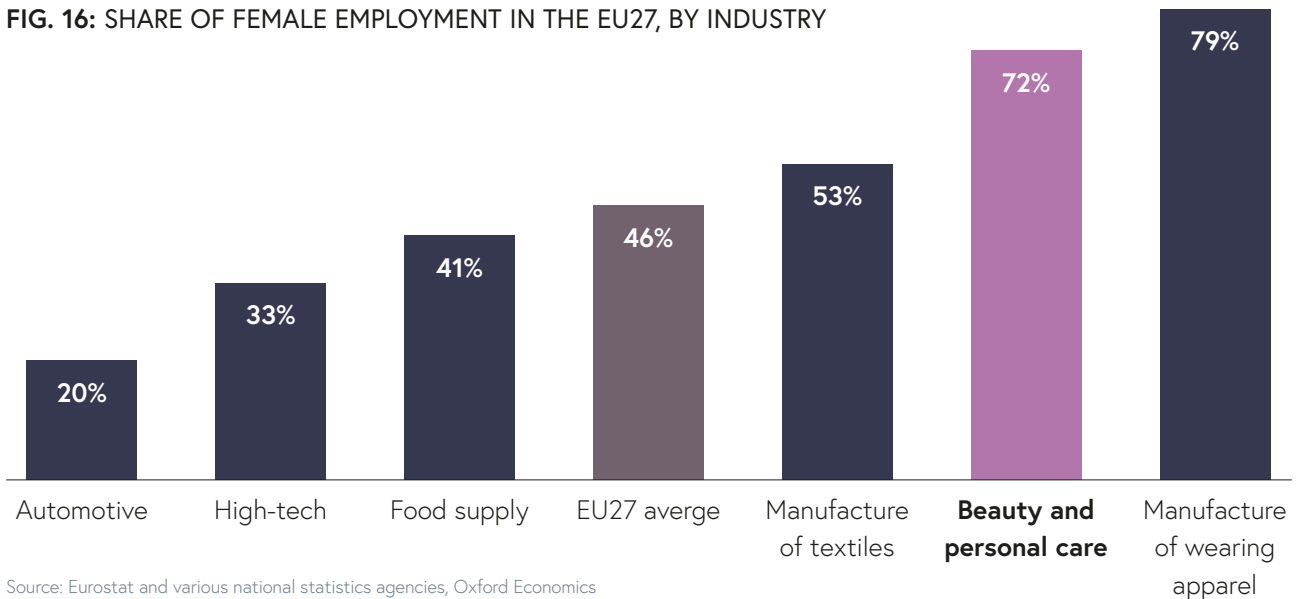
We explored the composition of the European beauty and personal care workforce to assess the sector's contribution to workforce diversity. To do this, we looked at the gender and age composition of the beauty and personal care workforce and compared this to averages for other sectors and for the EU27 economy as a whole.<sup>71</sup>

### 5.1.1 GENDER BREAKDOWN OF THE EU27 BEAUTY AND PERSONAL CARE WORKFORCE

The beauty and personal care sector in the EU27 supports a large share of women in the workforce. We estimate that 72% of the beauty and personal care sector workforce in the EU27 are female. The share of women in the beauty and personal care workforce is higher than sectors such as textile manufacturing (53%) and the food supply industry as well as the average across all sectors in the EU27 (46%).<sup>72</sup>

Across the four elements of the beauty and personal care sector, the proportion of women in the workforce is highest in beauty and personal care services, though beauty and personal care manufacturing, wholesale, and retail all employ a greater share of women than the EU27 average (46%). In beauty and personal care services, 79% of the workforce are women, which compares to an average of 60% across manufacturing, retail and wholesale, with wholesale having the lowest representation at just over a half (53%). Notably, the representation of women in the workforce of beauty and personal care manufacturing (60%) is substantially higher than other flagship manufacturing sectors in Europe, like automotive (20%).

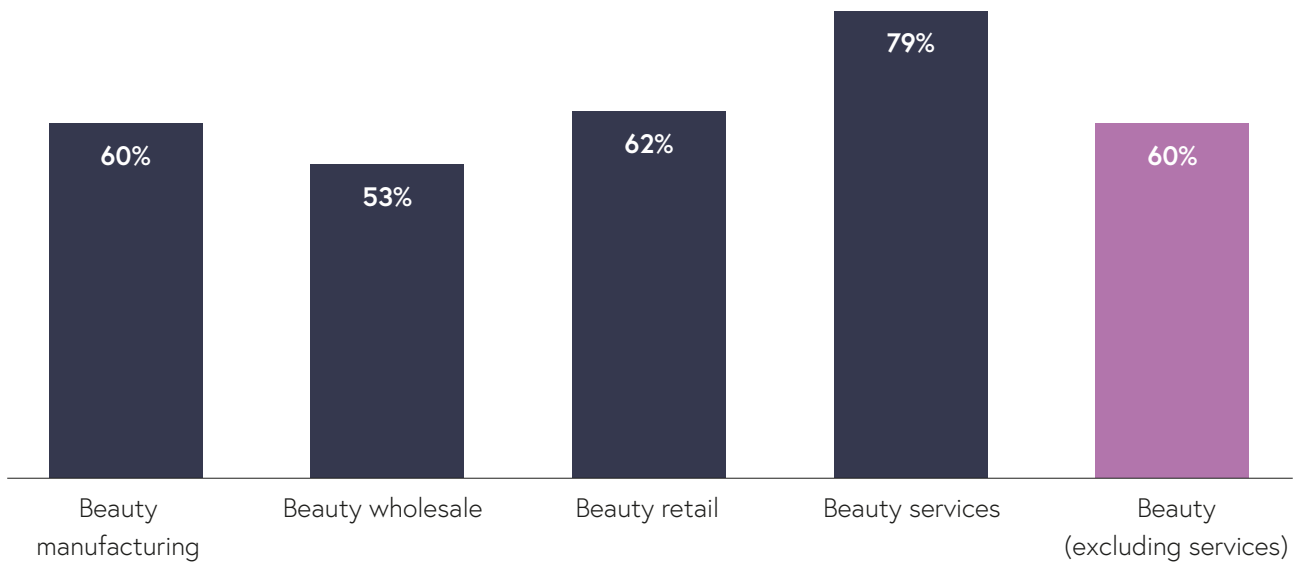
**FIG. 16: SHARE OF FEMALE EMPLOYMENT IN THE EU27, BY INDUSTRY**



<sup>71</sup> As we were only able to locate official data with sufficiently detailed industry breakdowns for a small number of countries, we developed a modelling approach to estimate the demographic splits of the beauty workforce within each country at the necessary level of industry granularity. More detail on the approach can be found in the appendix.

<sup>72</sup> Food supply refers to the complete value chain of the food industry including agriculture, manufacturing, wholesale, and retail.

FIG. 17: SHARE OF FEMALE EMPLOYMENT IN BEAUTY AND PERSONAL CARE SUB-SECTORS IN THE EU27



Source: Eurostat and various national statistics agencies, Oxford Economics

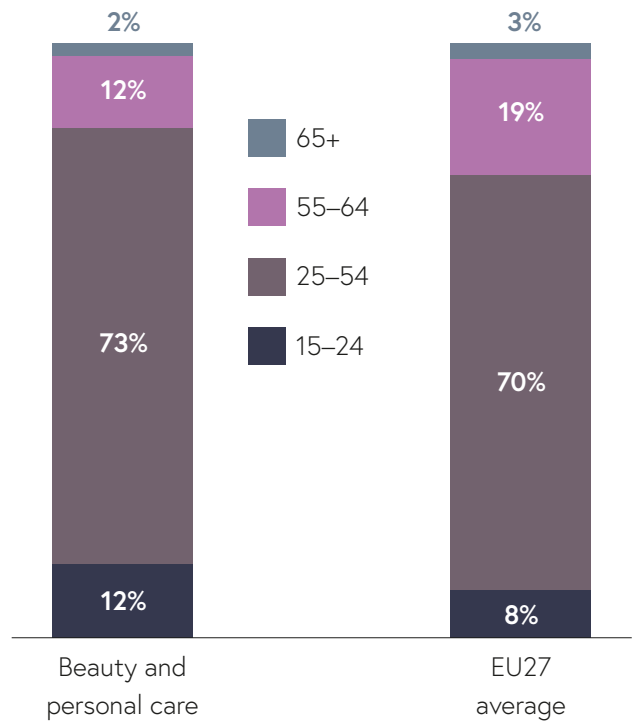


**5.1.2 AGE BREAKDOWN OF THE EU27 BEAUTY AND PERSONAL CARE WORKFORCE**

The beauty and personal care sector workforce is younger than the workforce of the EU27 economy as a whole. Over 12% of the beauty and personal care sector's workforce is aged between 15 and 24, compared to 8% across all sectors in the EU27. This implies the beauty and personal care sector employs around 240,000 people under the age of 25 across the EU27. By comparison, workers aged 55 and over account for 14% of the beauty and personal care workforce compared to 22% for the European economy as a whole.

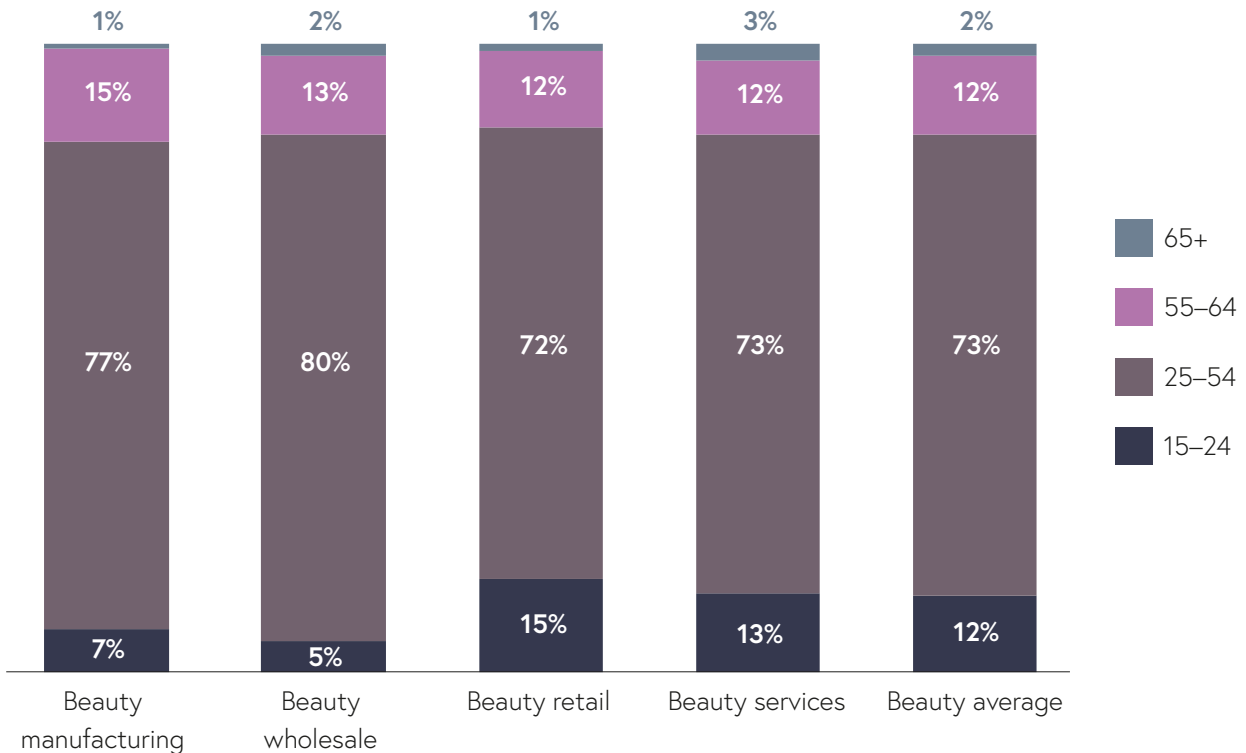
Beauty and personal care retail and beauty and personal care services employ the greatest share of young workers aged between 15 and 24 at 15% and 13%, respectively. When looking at workers over the age of 55, there is a greater degree of uniformity across subsectors, with retail having the lowest share at 13%, and manufacturing the highest share at 16%.

**FIG. 18: SHARE OF EMPLOYMENT BY AGE GROUP**



Source: Eurostat and various national statistics agencies, Oxford Economics

**FIG. 19: SHARE OF EMPLOYMENT BY AGE GROUP AND BEAUTY AND PERSONAL CARE SUB-SECTOR**



Source: Eurostat and various national statistics agencies, Oxford Economics

## 5.2 SOCIAL IMPACT INITIATIVES IN THE BEAUTY AND PERSONAL CARE SECTOR

The commitment of the beauty and personal care industry to creating a positive social impact takes shape through three broad themes:<sup>73,74</sup>

- Seeking to operate as an inclusive employer and buyer that sources ingredients ethically and supports vulnerable communities across the value chain.
- Seeking to support social causes, helping address important global issues of relevance to the sector by raising awareness, introducing initiatives and providing financial support to other organisations.
- Focusing part of its R&D on developing product ranges specifically designed to target issues of social importance.

As previously mentioned, one company restored an old industrial site in order to reduce the environmental impact of expanding its operations by avoiding excessive resource consumption (Section 4.2). This project also had wider reaching implications for the local communities in the area where the renovation took place. In addition to allowing for progress towards a more sustainable business model, the renovated plant revitalised local employment, providing hundreds of jobs as well as specialised training opportunities in the area and supporting economic activity for the companies' local suppliers. Today, cosmetics manufacturing is the area's most important industry, boosting the local economy and allowing for a transition away from over-reliance on older industries.

### 5.2.1 BEAUTY AND PERSONAL CARE AS AN INCLUSIVE EMPLOYER AND BUYER

Through their day-to-day operations, there is evidence that beauty and personal care companies are making a positive contribution to social objectives through two main channels. Firstly, companies have introduced initiatives to provide and support inclusive employment. Secondly, beauty and personal care companies are collaborating with their suppliers to introduce socially responsible employment and hiring practices.

<sup>73</sup> A more detailed description of the initiatives considered for this analysis can be found in our methodology report.

<sup>74</sup> Our analysis combined desk research with a data collection exercise encompassing all Value of Beauty alliance members. As part of the latter, alliance members provided a list of initiatives undertaken by their respective companies, and we organised structured discussions with key contact points for the most important initiatives. These sections provide a general summary of the key themes arising from our analysis alongside some focussed examples of members' initiatives.

## L'Oréal Groupe: inclusive sourcing for sustainable growth

L'Oréal's Inclusive Sourcing programme forms part of the company's social impact work and demonstrates a commitment to inclusive employment. The programme directs a proportion of L'Oréal's supply chain spending to businesses employing people from vulnerable communities.<sup>75</sup> The groups supported through the initiatives include vulnerable women, young people not in employment or training, and communities in deprived areas. In 2023, the programme supported more than 400 projects globally, employing over 93,000 individuals across 67 countries.

L'Oréal subcontracts co-packing and product returns to its supplier WORKA, a sheltered workshop, enabling the professional integration of approximately 100 disabled individuals in Germany in 2024, particularly those with mental or psychological disabilities.

Albéa, a beauty packaging manufacturer, has implemented L'Oréal's inclusive sourcing programme, by committing to employ individuals in deprived areas in France.<sup>76</sup>

### 5.2.2 SUPPORTING SOCIAL CAUSES

The support provided by beauty and personal care companies to social causes extends beyond their own supply chains. Beauty and personal care companies have deployed financial resources and expertise to support social causes and raise awareness for important issues.

Many companies in the sector have created programs aimed at providing financial support and leveraging their brand to communicate and raise awareness for different social issues, aiming to achieve social impact. For members of the Value of Beauty Alliance this has involved support for NGOs that work to support and empower vulnerable communities. This has ranged from funding support and psychological assistance for women and children from unsafe home environments to empowering children around the world through first aid training. The sector's support has also extended to helping to improve quality of life not only through their products but also by supporting communities in the areas where natural ingredients are sourced such as, by building schools and health centres.

Beauty and personal care manufacturers also support initiatives which aid progress towards more inclusive workplaces. Some companies financially support organisations dedicated to helping people with disabilities in the workforce, others provide mental health training for both their direct employees and extended workforce, including beauty professionals.

Other efforts have been more directly related to the beauty and personal care industry and its customers. For example, one company's programme focused on tackling the social exclusion associated with skin conditions. Through this initiative this company has been able to expand the impact of its own skincare ranges by raising awareness about the wider reaching effects of skin-related stigma.

Alliance members extend their commitment to social and environmental causes by implementing employee-led initiatives too. Companies across the beauty and personal care sector have achieved this by introducing voluntary programmes which encourage employees to engage with all aspects of the companies' wider impact. In recent years this has involved event weeks focused on raising awareness of environmental and social issues, and volunteer days to actively involve workers across all teams.

<sup>75</sup> L'Oréal Group, "About", accessed October 2024.

<sup>76</sup> Information received from Albéa.



## Eucerin social mission

Eucerin is a dermo cosmetic skincare brand built on dermatological research committed to improving skin health and confidence.

People suffering from visible skin conditions can feel socially excluded and stigmatized. The Eucerin Social Mission aims at promoting the quality of life of people with visible skin conditions by striving to reduce social exclusion and stigmatization and enhancing community participation. This global initiative has supported thousands of people by providing them with the required knowledge, and by strengthening their resilience through peer learning programs and coaching opportunities to manage their skin conditions more effectively.

In Germany, the programme has focused on psoriasis, one of the most common chronic skin conditions.<sup>77</sup> BEGINN – a collaboration between *University Medical Center Hamburg-Eppendorf (UKE)* & *Deutscher Psoriasis Bund e.V.* aims to educate people working in body care services about psoriasis. Eucerin has supported this project by facilitating awareness raising events, activities and workshops to tackle stereotypes and reduce skin-related stigma.

## Employee engagement in environmental impact at IFF

IFF has engaged employees to promote environmentally-conscious practices through implementing Green Teams<sup>78</sup> as a global initiative. These are teams of IFF employees globally who engage in climate action by implementing resource efficient practices within their plants and offices (e.g., water and energy saving innovations) as well as organising volunteer days and charity events.

One of these innovations was implemented in Finland, where the introduction of a condensate heat recovery system was projected to save around 400 MWh in its first full year of operation.

<sup>77</sup> Gisondi et al, "EADV burden of skin diseases project team. Prevalence of most common skin diseases in Europe: a population-based study", accessed February 2025

<sup>78</sup> IFF, "[Do More Good Report - Our Green Teams](#)", 2023

## dsm-firmenich Product ranges with a focus on social impact

The innovative potential of the industry can be harnessed to drive social progress. Research and development teams within dsm-firmenich have explored science-based solutions to address societal issues. Researchers at the company explored how taboos surrounding menopause can impact women's health and gender equity. Through online consumer surveys, it was able to identify the key skin and hair care concerns associated with menopause. dsm-firmenich utilised these insights to create a line of products specifically designed to address issues related to menopause, empowering women to feel more confident in managing change during menopause.

In addition, dsm-firmenich has explored the use of perfumes as mosquito repellents, highlighting the potential for beauty and personal care to have a wider social impact on health.<sup>79</sup> The firm channelled its fragrance expertise into disease prevention, by researching innovative ways to use fragrances to limit the spread of mosquito-transmitted diseases. The proposed solution was to integrate mosquito repellent scents into everyday beauty and personal care products like soap, laundry detergent, and body creams. In doing so, repellent products were made more accessible to consumers, facilitating access for those in need.

<sup>79</sup> Gates Notes, "[Could perfume be our secret weapon in the war on mosquitoes?](#)", 2023, accessed October 2024.







# Members information



Albéa is a global leader in beauty, personal care and pharma packaging. We invent and make responsible packaging – tubes, lipsticks, mascaras, fragrance caps, skincare jars and many more. Yet we believe there can be no responsible packaging without a responsible company. That is why we uphold the reputation of our dynamic and prestigious customers; we act for the environment; we support our communities; we invest in technical expertise and world-class equipment for our 34 modern facilities worldwide; and we care for our 12,500 talented people.



Ancorotti Cosmetics is a leading cosmetics contract manufacturing company. Established in 2009 by Renato Ancorotti and his daughter Enrica, the firm quickly gained recognition among Italy's top-performing scaleups. Today, we proudly stand as a major player in the global beauty industry, collaborating with over 300 brands across 47 countries. With an unwavering commitment to product safety and the sustainable development of people and planet, we blend an innovation-driven vision with solid industrial know-how and R&D expertise to deliver high-quality, Italian-made makeup and skincare.

## Beiersdorf

As the inventors of modern skin care, Beiersdorf has been making people feel good in their skin since 1882. We stand for innovative, high-quality skin care products as well as pioneering skin research for more than 140 years. Our iconic and leading international brands such as NIVEA, the world's no. 1 skin care brand\*, Eucerin (dermocosmetics), La Prairie (selective cosmetics), and Hansaplast, sometimes known as Elastoplast and CURITAS (plasters and wound care), are cherished by millions of people around the world every day. Renowned brands such as Aquaphor, Coppertone and Chantecaille complement our extensive portfolio in the Consumer Business Segment. Through our wholly owned subsidiary tesa SE, we are also a globally leading manufacturer of technical adhesive tapes and provide self-adhesive solutions to industry, craft businesses, and consumers. The company headquartered in Hamburg, Germany, employs more than 22,000 people worldwide. In the fiscal year 2024 Beiersdorf generated sales of €9.9 billion and an operating result (EBIT excluding special factors) of €1.4 billion. By making people feel good in their skin, we give them the confidence it takes to reach out to each other and build meaningful connections. Guided by our purpose "Care Beyond Skin", we want to contribute to our consumers' lives and our planet for strong and more inclusive communities and a sustainable future.

\*Source: Euromonitor International Limited; NIVEA by umbrella brand name in the categories Body Care, Face Care, and Hand Care; in retail value terms, 2022.



Founded in 1880 in Calabria by a visionary couple, the Capua 1880 company has become a global leader in the production of citrus essential oils. Through five generations, it has evolved by expanding its offerings to include citrus juices as well as operating in the food market. The company's mission is to provide high-quality products for perfumery, flavours, and the food industry, with a strong commitment to technological innovation and agricultural sustainability. Capua 1880 is recognised for the excellence of its raw materials and for the continuous search for production innovations, maintaining a balance between tradition and modernity. The company promotes sustainable environmental practices and supports the local community, integrating sustainability as a central part of its business model. With a production capacity of over 3,500 tons per year and two plants in Reggio Calabria, it employs more than 140 people. Present in over 50 countries, the company has strengthened its internationalisation with distribution hubs in the United States and Asia. In 2024, Capua 1880 became a Benefit Corporation, committing to creating shared value for all its stakeholders and contributing to a more sustainable and responsible future.

## COSMETIC VALLEY

COSMETIC VALLEY is the leading global perfumery-cosmetics network and coordinator of the French sector. The association brings together all the know-how of the profession, from plant cultivation to finished products. Its mission: to serve the economic development of the sector through promoting the French brand, by strengthening the visibility and attractiveness of research laboratories, companies and regions and sharing the challenges and opportunities of the sector. COSMETIC VALLEY makes innovation the growth engine of the sector in an increasingly demanding competitive context. Its member companies and research bodies are committed to progress and transition towards an ever more sustainable and efficient industry. COSMETIC VALLEY unites and supports this jewel in the French economy, by defending the voice of a fabric of more than 6,300 companies of all sizes (85% VSE/SME/SMB and all the world leaders), accounting for nearly 226,000 jobs for €71 billion estimated turnover and more than a thousand patents lodged per year. It is the world's largest exporter of perfumes and cosmetics, with €21 billions of exports in 2023.





As innovators in nutrition, health, and beauty, dsm-firmenich reinvents, manufactures, and combines vital nutrients, flavors, and fragrances for the world's growing population to thrive. With our comprehensive range of solutions, with natural and renewable ingredients and renowned science and technology capabilities, we work to create what is essential for life, desirable for consumers, and more sustainable for the planet. dsm-firmenich is a Swiss-Dutch company, listed on the Euronext Amsterdam, with operations in almost 60 countries and revenues of more than €12 billion. With a diverse, worldwide team of nearly 30,000 employees, we bring progress to life every day, everywhere, for billions of people.



FIABILA creates, formulates and manufactures, from the raw materials to the finished product. Recognised for its excellence and expertise, our group places customer satisfaction at the centre of its priorities. With more than 500 employees, and 10 factories in 6 countries, FIABILA is the only nail polish manufacturer with worldwide-based state of the art installations allowing our customers to access clean, green, safe and regulatory compliant products, made under the most exigent environmental, social and ethical standards. Our strong capacity for innovation and our reliability in customer relations are recognised by all cosmetics brands, making FIABILA an essential partner of the Beauty Industry.



Givaudan is a global leader in Fragrance & Beauty and Taste & Wellbeing. We celebrate the beauty of human experience by creating for happier, healthier lives with love for nature. Together with our customers we deliver food experiences, craft inspired fragrances and develop beauty and wellbeing solutions that make people look and feel good. In 2024, Givaudan employed over 16,900 people worldwide and achieved CHF 7.4 billion in sales with a free cash flow of 15.6% of sales. With a heritage that stretches back over 250 years, we are committed to driving long-term, purpose-led growth by improving people's health and happiness and increasing our positive impact on nature. This is Givaudan. Human by nature.



At IFF (NYSE: IFF), we make joy through science, creativity and heart. As the global leader in flavors, fragrances, food ingredients, health and biosciences, we deliver groundbreaking, sustainable innovations that elevate everyday products - advancing wellness, delighting the senses and enhancing the human experience. In 2024, 21,500 IFF employees shared a common passion to create products that make joy, in 65 countries, serving 27,000 customers worldwide, generating 11.5B\$ sales, while the company reinvested 636M\$ in R&D for sustainable innovation.



The International Fragrance Association, founded in 1973, represents the interests of the fragrance industry worldwide. IFRA comprises 7 multinational Regular Members, 22 National Associations and 12 Supporting Members in four global regions representing hundreds of small and medium-sized fragrance ingredient manufacturers, as well as supporting members. Its mission is to promote the safe and sustainable use of fragrance. Fragrances are a key ingredient used by consumer goods companies – for fine fragrances, personal care and cosmetics products, household care and more. IFRA's flagship safe use program, the IFRA Standards, applies safety management measures based on scientific assessment and the evaluations of an independent Expert Panel. The program is at the heart of the IFRA Code of Practice, which applies to all IFRA members globally, including members of IFRA's National Associations. The Code also requires members to abide by local, national and international regulations, and to apply good manufacturing practices.



KIKO MILANO was founded in 1997 in Milan and since then has revolutionised how cosmetics are sold globally. KIKO identifies the major beauty trends of the moment and makes them accessible to all. Combining the quality and creativity rooted in its Italian DNA, KIKO has conquered the most demanding and diverse beauty addicts with an endless range of shades, tones and textures to satisfy every professional and personalised make-up and skin care requirement. The brand has over 1,000 stores and is available in over 70 markets.



For 115 years, L'Oréal Groupe, the world's leading beauty player, has devoted itself to one thing only: fulfilling the beauty aspirations of consumers around the world. Our purpose, to create the beauty that moves the world, defines our approach to beauty as essential, inclusive, ethical, generous and committed to social and environmental sustainability. With our broad portfolio of 37 international brands and ambitious sustainability commitments in our L'Oréal for the Future programme, we offer each and every person around the world the best in terms of quality, efficacy, safety, sincerity and responsibility, while celebrating beauty in its infinite plurality.

With more than 90,000 committed employees, a balanced geographical footprint and sales across all distribution networks (ecommerce, mass market, department stores, pharmacies, perfumeries, hair salons, branded and travel retail), in 2024 the Group generated sales amounting to 43.48 billion euros. With 21 research centers across 13 countries around the world and a dedicated Research and Innovation team of over 4,000 scientists and 8,000 Digital talents, L'Oréal is focused on inventing the future of beauty and becoming a Beauty Tech powerhouse.

## PATYKA PARIS

PATYKA is a disruptive biotech skincare brand whose mission lies in 4 simple words: "Clean beauty that delivers". Thanks to our deep biotech expertise, we aim to reconcile the best of three worlds: high performance expert anti-aging skincare with 100% clinically proven results, super clean formulas with 100% certified-organic products and French luxury touch, with premium textures, fragrances and galenics. Launched 10 years ago in French pharmacies, PATYKA's topline reaches €30m, with +40% annual growth since 2014. PATYKA has 6 subsidiaries and is now expanding fast in new channels (selective retail, e-comm) and new markets (Italy, Spain, Switzerland, GCC, etc.). As a Mission-driven Company, a member of UEBT (Union for Ethical Biotrader) and a certified B-Corp, PATYKA is a truly committed brand for the people, the planet and biodiversity. From formulations to packaging and manufacturing processes, our high-performance skincare is clean to the skin but also respectful of the environment and humans' health.

## PUIG

Puig is a home of Love Brands, within a family company, that furthers wellness, confidence and self-expression while leaving a better world. Since 1914, our company's entrepreneurial spirit, creativity and passion for innovation have made Puig a challenger in the beauty and fashion world. Present in the Fragrance and Fashion, Makeup and Skincare segments, our house of Love Brands generates engagement through great storytelling that connects with people's emotions and is reinforced by a powerful ecosystem of founders. Puig portfolio includes our brands Rabanne, Carolina Herrera, Charlotte Tilbury, Jean Paul Gaultier, Nina Ricci, Dries Van Noten, Byredo, Penhaligon's, L'Artisan Parfumeur, Uriage, Apivita, Dr. Barbara Sturm, Kama Ayurveda and Loto del Sur as well as the beauty licenses of Christian Louboutin, Banderas and Adolfo Dominguez, among others. At Puig we honor the values and principles put in place by three generations of family leadership. Today we continue to build on that legacy, through conscious commitments in our ESG Agenda (environmental, social and governance) aligned with the UN Sustainable Development Goals. In 2024, Puig recorded net revenues of €4,790 million. Puig sells its products in more than 150 countries and has offices in 32 of them.

## VERESCENCE

As the world leader in glass bottle manufacturing for the Perfumery and Cosmetics Industry, Verescence has been supplying the most prestigious brands with glass for over 120 years due to its extensive know-how and expertise. At the cutting edge of technology, we offer worldwide industry coverage thanks to our numerous plants in France, Spain, the USA, and South Korea. With our 2,500 committed employees all over the world, we are continually pushing the limits of our know-how to provide high-quality, innovative and eco-friendly product solutions for a host of international brands.



Ziaja Ltd is a Polish producer of pharmaceuticals and high-quality cosmetics based on effective ingredients for face, body and hair care. The company was established in Gdansk in 1989 by two pharmacists, Aleksandra and Zenon Ziaja. The aim was to create medicinal preparations and skin care cosmetics with simple but effective formulas based on pharmaceutical experience and inspired by the coastal climate of Baltic Sea. Owing to the high quality, affordable prices, original fragrances, simple and elegant packages, clear and honest message, and above all, the effectiveness of the preparations, Ziaja products enjoy enormous popularity among our customers in Poland and abroad. Over the past 35 years we have become one of the leading cosmetic companies in Poland. Today Ziaja is a brand encompassing a wide variety of modern products, which provide comprehensive personal care for the whole family – we offer specialised lines for women, men, teenagers as well as babies and kids. All the Ziaja brand products are manufactured in our own two modern production plants, situated in a protected drinking water catchment area and equipped with wide research and development base.

The  
**VALUE** of  
**BEAUTY**