The Organic Beauty Industry: A Gendered Economic Review

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THE ORGANIC BEAUTY INDUSTRY: A GENDERED ECONOMIC REVIEW

A Thesis

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Abstract

Organic beauty has grown to a $6 billion dollar industry supplying consumers with products that align with unique social consumption preferences. This thesis explores the historical economic perspective of the traditional beauty industry and the development of the organic beauty industry. Capitalism influenced the traditional beauty industry during the pursuit for profits that lead to jeopardizing customer and environmental safety. Consumers responded to this behavior by founding an organic beauty industry that not only considered social issues, but negated gendered beauty standards in the process. Organic product efficacy has emerged as an issue that must be dealt with by regulation and legislation on governmental levels. The organic beauty industry, with its limited resources, may not align with traditional capitalism views of endless growth, but the industry could be pivotal in changing the idea of success to incorporate positive social and environmental initiative.
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Introduction

Over the course of human history, cosmetics have played an important role in defining and morphing traits of beauty for many cultures and societies. In the evolution of the beauty industry, cut throat competition, false advertising, and compromised ingredient integrity have been widely embraced by companies to become successful. Currently, the global beauty industry is worth US$425 billion a year (Euromonitor). In 2009 the beauty industry was advancing more quickly than most consumer goods industries, and ranked #22 in the world just behind consumer food products (US Census Bureau). The demand for beauty products such as makeup, hair care, and skin care has become dominant in the world economy, as consumers demand these products to fulfill societal beauty standards.

Beauty standards, which have been institutionalized by society, beauty companies’ advertising, and consumers’ desires, have a strong resonance in a malleable society and actually define social values and gender roles. Women are the majority consumer for beauty products not only for themselves, but also their households and their influence in the industry as consumers lends itself to gender biases in beauty standards (FemmeDen). Remarkably, women are responsible for or influencing their families, consuming 80% of all products purchased (FemmeDen). Although women have traditionally been the main consumer for beauty products, men have begun to enter this market as consumers, since
2000, as social beauty standards morph to include changes in masculine identities and regimens (Blanchin). These consumer characteristics of both men and women are also apparent in the niche market of organic beauty products.

Within the last few decades, there has been an insurgence of consumers who demand their beauty products reflect environmental and sustainable criteria, due to health, environmental, and moral concerns (Aveda, “Consumer Awareness”). As the global environmental crisis is becoming increasingly dire, consumers are demanding new standards of organic ingredients, sustainable supply chains, and ethical business practice. As Jones (2010) states, “Critics were holding up the mirror to the beauty industry, and the reflection was not pretty” (Jones 276). This movement known as ‘green,’ ‘natural,’ or ‘organic,’ has affected many industries by turning away from synthetic potentially harmful ingredients and become also an added value to appeal to consumer demands for companies (Jones). It is acknowledged by industry standards that ‘natural’ is not defined specifically to address any clear guidelines (Dowd). ‘Organic,’ however, is more clearly defined. The USDA (2007) states,

“Organic indicates that the food or other agricultural product has been produced through approved methods that integrate cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity” (Gold 1)

This difference in definitions has allowed for many beauty companies to enter the organic beauty market despite the fact that their products are not in fact organic or natural. Although organic is more strictly defined, companies can advertise certain ingredients, even if they make up miniscule totals in the product, as organic and mislead consumers
into believing the entire product is certified organic. This loophole in the legal
description of organic beauty products has also created tension within the industry as
principals of ethics and sustainability have been stressed as being a cornerstone of the
industry itself. As companies find ways to enter the organic beauty market without the
ethics of ingredient harvesting or integrity, the industry itself faces issues of validity and
consumer safety.

Since the early 1980s, the environmentally sustainable organic beauty market has
seen exponential growth and as of 2009 was worth an estimated US$6.6 billion dollars
(Jones). Given past trends, market research has indicated that the industry is expected to
keep growing rapidly in the coming years (Dowd). With this new organic avenue
appealing to consumers, both small and large beauty companies are clamoring to develop
products and lines that will profit from this growing industry. As the industry grows,
however, the barriers to entry become more difficult to surpass, organic supply chains are
压urced, and the viability of product integrity remains questionable. The organic
beauty industry raises questions of whether supply can effectively meet growing market
demand. Supply chains, where the increased supply of a good as its price continues to
rise, could mean failure for this industry. Saturation of the market and increased demand
could lead to supply chain problems as organic suppliers simply cannot meet a global
demand due to organic growth and harvesting requirements. This projected demand of
organic raw materials could also lead to issues of depletion and organic integrity issues as
suppliers attempt to produce them. Supply chains are essential in maintaining and
supporting organic product integrity as well as ethical harvesting, transportation, and
sales (Arbitman). Globalization has made supply chains very complex and organic ingredients for a beauty product are gathered from all over the world. Organic supply chains require the involvement of developing countries for their raw materials and cheap labor and face a reduction in the number of suppliers that can be used due to organic ingredient requirements (Arbitman). Organic supply chains must also be certified organic across their entirety, ensuring that each step of planting, growing, and harvesting are in fact organic (Tondel). There are also major implications that question the viability of those organic supply chains, as soil degradation and hidden pesticides could jeopardize an entire product, product line, or company’s success (Tondel). This clearly has major implications for the environment and the safety of organic beauty product consumers. These statements will play a large role in determining whether the organic beauty industry is in fact economically sustainable, especially with industry growth projected in its future. This kind of capitalistic growth based on the pursuit of endless profit could lend itself again to issues of market saturation, organic raw material depletion, and environmental degradation. Just as the organic beauty industry appeared, consumer showed skepticism of traditional beauty companies and society looked more critically at gender issues. This convergence of radical thought about how the beauty industry should treat the environment and its consumers allowed for the organic beauty industry to gain much momentum.

The traditional beauty industry deeply affects and exploits gender roles and social values. As Cole and Crossley (2009) state,

“…feminism is diametrically opposed to consumer practices which support the dominance of global capitalism: a system which thrives on the exploitation of labor,
theft of resources, and facilitates vast accumulation of wealth among a tiny percentage of global elite, while simultaneously impoverishing the majority of the world’s population” (Cole and Crossley 1).

This raises a very important implication for the organic beauty industry as it explains how consumerism, a predominant trait of capitalism, could negatively affect gender roles and the environment through exploitation and stressed societal consumption standards. These negative implications on the environment, like over consumption and excessive waste, would negate any pro-environmental action the organic beauty industry wishes to enact.

Some critics say that capitalism lends itself to exploitation of consumers, the environment, and ingredient integrity (Speth). The degree of exploitation varies, but the essential point is that capitalism and the concept of endless growth allows individuals to be negatively affected by unethical business practices, pollution, or negligence. This challenges many of the ethical and socially responsible objectives that organic beauty companies abide by and suggests that long-term sustainable market success will be difficult. Globalization furthermore increases the amount of consumers, suppliers, and volume of individuals that participate in the organic beauty industry. With this increase, exploitation becomes a concern for not only consumers who may be fooled by false organic products, but it is also a concern for suppliers and raw ingredient harvesters who may work under ill conditions or be forced to use chemicals that jeopardize organic efficacy.

Globalization has however benefited the beauty industry as the search for raw ingredients (organic or non-organic) has resulted in many cultures participating in the global beauty industry and be exposed to a standard definition of beauty (Jones). The
beauty industry has earned substantial profits worldwide and many critics have argued that this kind of mass industry production process has stripped indigenous people of their unique cultures. Critics also claim that global participation has damaged local economies and environments due to large scale resource harvesting resulting in developing countries being worse off (Williamson). Speth (2008) elaborates this concern in the following terms; “...economic globalization is intrinsically harmful to the environment because it is based on ever-increasing consumption, exploitation of resources, and waste disposal problems” (Speth 172). Globalization has ensured profits in the short-term, but the economic health of this industry in the long run is questionable. This long-term economic health pertains to the financial success, i.e. profits for investors, of the industry as a whole, but it does not take into account the effects on the environment.

Researchers concerned about the current state of economic globalization emphasize that even though profits for companies are increasing, the well-being of people and nature is deteriorating. This suggests that, based on the values of cultures and the environment, the world itself is actually growing poorer (Mander et. al). For instance, over 780 million people globally do not have access to clean water; yet even an organic beauty company wastes 1.78 million liters of water a year (Aveda, “Consumer Awareness”).

The organic beauty industry faces a market characterized by important challenges and barriers. The current states of the environmental crisis and morphing gender roles in society have given the organic beauty industry an opportunity for growth. Reversal of environmental degradation and gender equality based upon beauty could occur given that organic beauty companies emphasize socially responsible actions to support such issues.
This thesis aims to explore the economic and environmental challenges of the organic beauty industry is currently facing. Focusing on current data and literature to understand the differences of the organic beauty industry from traditional beauty, this thesis will surmise if those differences can change current economic behavior to focus on environmental well-being and gender equality.

Chapter one will provide a historical overview of the beauty industry from ancient cultures to today in order to illustrate the relationship between the development of economic systems and the evolution of the beauty industry. In this context, the relationship of capitalism with the beauty industry is critical in explaining why the organic beauty revolution began in response to exploitation of consumers and harmful product ingredients.

Chapter one will also provide a descriptive analysis of the beauty industry aiming to explain its expansion and development over time. Supply chains will also be discussed, as their role is pivotal in the foundations of sustainable product creation. The analysis will focus on the organic beauty market, showing that this sector is on the rise making the goals of the organic movement (i.e. ingredient integrity, non-exploitive, sustainable) popular in consumer’s demands for consumption.

Chapter two will describe the problems the beauty industry faces, including the current environmental crisis and the exploitation of raw materials and people in the pursuit of profit. As current studies explain, ecosystems and entire species are being decimated as raw materials overconsumption critically contributes to the current global crisis (WWF). The current environmental crisis also explains why the organic and
sustainable beauty industry has arisen due to overly used raw materials, waste-heavy supply chains, unethical business practices, corporate exploitation, and devaluation of human life and raw materials (Jones). Two case studies will also be presented describing the motivation, operation, and economic goals of two companies that are involved in the organic beauty industry. One company, L’Oreal, has subsidiaries that have expanded their current product offerings to include organic cosmetics for market share and profit. The second company, Aveda, was founded with environmental responsibility, sustainability, and product integrity as precursors to any product development or sales. This examination of both companies will describe the motivators for ‘green,’ ‘sustainable,’ and ‘organic’ cosmetics along with the economic strategies that companies employ to gain market shares. The analysis will also show how different corporate strategies react to a capitalistic system in which environmental and social responsibilities are becoming variables to success. These case studies show that the organic beauty industry as a whole is divided between two alternative corporate sustainable strategies, but only one cohesively supports the environment and positive social change.

Chapter three will provide a gender analysis of the organic beauty industry. This chapter will focus on women and men as consumers and how their involvement in the beauty industry actually reflects upon gender roles and societal beauty standards. It will explain how feminine roles have changed over time, as organic beauty has become more popular with consumers. Further, this chapter will try to assess whether the organic beauty industry approaches men and women as consumers in the same way as the traditional beauty industry or if it conceives gender roles in an alternative way. Finally,
this chapter will discuss the economic stability and importance of beauty and cosmetics in our world.

Chapter four will conclude and will discuss possible future scenarios in the organic beauty industry. This chapter will also support some policy recommendations for the sustainable beauty industry regarding its effects on gender roles in society and the need to address the global environmental crisis.
Chapter 1: Traditional Beauty and Emergence of the Organic Beauty Market

1.1. Historical Foundations of the Beauty Industry

The origin of beauty cosmetics lies in localized cultural knowledge about scents, pigments, and healing properties of plants, flowers, and herbs (Jones). In ancient times, plants, flowers, and herbs were used to adorn the face and hair (Frangie). Regions had specific and separate beauty standards, painted white faces with all black teeth in Japan, grandiose wigs in England, and tattooed faces and bodies in regions of Asia and Africa (Frangie). Cosmetics were used to bring beauty to both the external and internal aspects of the body and soul; in fact, drinking perfumes was a common practice until the nineteenth century (Woodhead). Even those who applied cosmetics varied based on region, from alleged witches, chemists, apothecaries, doctors, artisans, to the individuals who made their own products at home (Jones).

Historically, beauty was a large characteristic of religious ceremony and beliefs. The Mesopotamians, Egyptians, and Ancient Greeks all used adornments and cleansing rituals to appeal to their gods and signify respect for nature itself (Smith). Beauty was more than a physical attribute; it was an extension of spiritual significance. Royalty and elite classes were among those social classes that practiced beauty rituals and maintained their physical and spiritual appearance regularly. These elite classes established a distinguished identity apart from lower classes through the use of certain cosmetics and
bathing techniques (Smith). Women in medieval times chose to color their hair specific hues that classified them in a certain social class (Frangie). These kinds of physical cues of social class allowed a certain individual to overtly display their status in society and could then attract an equal mate, engage in certain social activities, and participate in specific religious practices. Social status was deeply rooted in physical appearance and this kind of differentiation has continued to present day.

Before modern development in transportation and communication, beauty standards across countries remained separate and so too did the cosmetics used in each region. Most cosmetics were made from local plants and herbs and were highly perishable, making them costly to produce and obtain. Until the late eighteenth century, production of beauty products was on a very small scale and in most cases, varied individually based on family recipes (Frangie). Only consumers with money or a special ability to obtain exotic or special ingredients could access this exclusive and intimate beauty market (DeJean). In distinct localized communities, beauty often signaled social status for both men and women.

There were no homogenous beauty practices across regions in terms of beauty standards. Regions had similar beauty standards, but there were no mechanisms to spread social standards or cosmetics such as advertising. Local feudal societies were largely based on barter and trade consumption, which made consumption of goods limited to those necessary for the satisfaction of basic needs. Lords and higher classes within these feudal societies did have access to luxury goods through merchants though. Hygiene was a major concern, and bacteria and viruses were responsible for hundreds of
millions of deaths and sicknesses. Beauty in its foundations was also present in the
pursuit for cleanliness. Soaps, herbs, and plants were used to soothe or clean skin, remove
debris and smells creating a standard of hygiene (Smith). Class differences made
homogenous beauty traits and regimens distinctly separate, but the ideals of beauty were
still coveted no matter their form.

1.2. Birth of the Beauty Industry

The beauty industry first expanded in France’s lucrative perfume industry. This
commercialization of the perfume industry occurred after the French Revolution of 1789,
and stemmed from a large increase in consumer society due to the collapse of the guild
system under feudalism (Jones). For the first time in economic history, consumers of all
classes were able to purchase items they desired. Essentially, the drivers for consumption
were now preferences instead of necessities for survival.

Colonization and increased mobility also played a large role in the western world
 clamoring for exotic and new ingredients. New inventions, improvements in
transportation (the advent of railroads and the steamship) and communication, and a time
of free trade between England and France allowed for consumption of beauty products to
greatly expand (Jones). The steam engine was extremely beneficial to the perfume
industry, as it allowed for lower costs of production (Briot). In addition, scientific
discovery had enabled scientists to create artificial versions of scents that were popular in
France. These synthetic alternatives further decreased production costs because supply
chains preferred these cheaper additives rather than harvesting raw ingredients (Briot).
Although new artificial ingredients were introduced, there was still a large demand for
raw agriculture ingredients to formulate fragrances. The steam engine aided in speeding up the process of procurement of these ingredients, as well as transporting the finished product to new locations and new consumer markets (Briot). Cultures began to meld through the introduction of traditions and social standards from this increased mobility, while foreign influences permeated globally as international trade increased. Availability of ingredients and resources was at the highest it had ever been in the beauty industry’s history, and this resulted in a magnitude of new products available for consumers.

With access to new ingredients due to vast colonial imports, several entrepreneurs took perfume’s ability to convey hygiene and transformed it as a good positioned to a new consumer society driven by innovation (Jones). In this process, perfume shops engaged with acts of cut-throat competition, finding new scents, designing attractive packaging, charging prices well above value, and building reputations that would linger to this day (DeJean). Perfumeries increased product prices well above value in order to create a dimension of exclusivity and luxury. Based on this kind of pricing system the French founded the luxury goods market in the beauty industry (DeJean). This practice of increasing prices to consumers lead to major profits for perfume companies, especially since their production costs had been reduced so significantly due to modern scientific innovation (Briot).

As the nineteenth century progressed, the economic transformation occurring transformed localized beauty into a more standard set of ideals. The industrial revolution allowed for production on large scales, decreasing costs for firms and consumers, and increasing product availability globally. Capitalism and an increase in global trading
allowed beauty product consumption to reach a much bigger scale and include people from all genders, classes, and many cultures.

Traditional gender roles in the perfume industry changed at this time as well due to increased ingredient availability. Prior to access to an array of scents, perfumeries produced largely ‘uni-sex’ scents that suited both male and female customers. These perfumes were also essential in the upper class and bourgeois to mask unpleasant body odors, as bathing was not yet a daily task, but appearing cleanly was important (Smith). Due to an increase in medically promoted hygiene habits in the late nineteenth century and the availability of clean warm water, people began to bathe regularly and were able to wear different styles and strengths of perfume. Some men began using musks and colognes if they chose to wear a scent at all, while women began to prefer more floral and exotic scents (Jones). This shift in gendered scents created defined feminine and masculine aromas, which are still standardized and similar in today’s perfume industry (Dejean). France’s perfume industry also led the way in commercialization, exotic ingredient imports, product exports, production increases, marketing methods, economic strategies, and sheer magnitude in the beauty industry (Briot).

1.3. Creating Homogenous Beauty Standards through Advertisements

Some of today’s biggest beauty brands were created in the early twentieth century by individuals who saw opportunities in the large market for their personal hand-produced cosmetics, such as Estee Lauder, Proctor & Gamble, Lever, and Gillette to name a very select few (Jones). Entrepreneurs from almost all ethnicities took their homemade products to the masses as consumers of all races opted to be part of the beauty
revolution. African Americans in the United States began to see products specifically marketed to their ethnic cultures allowing them to change the textures of their hair and skin (Juliet E. K. Walker). This entrepreneurial behavior was essential in establishing and morphing consumers’ preferences for not only products, but also beauty standards. When photography became popular in the late nineteenth century, so did a new form of admiration. The idea of celebrity was born at this time and millions were privy to and mimicked the hair adornments, hair colors, and the beauty regimes of royalty (Peiss). Unbeknownst to beauty companies, they had created the first spokespeople for their products. As companies realized that these celebrities were promoting their products and increasing sales, they adopted the strategy of a spokesperson as a mechanism that actually shapes their corporate identity.

Both skin creams and hair care products had a similar rise in popularity (Jones). Companies like Pond’s and Vaseline were created during the late nineteenth century and were the first of their kind to use a new method of sales – advertising (Sutton). With the growth of mass-circulation print media, consumers were convinced and pressured to purchase specific beauty products or else they would find themselves elderly, unattractive, and without a spouse (Sutton). Most beauty companies continued with advertisements that played upon the insecurities of its users – most often women, but men were also targeted (Peiss, Hope in a Jar). This method of pointing out physical flaws and then recommending cosmetics as a solution to those flaws resulted in beauty brands establishing the necessity of their products as part of a daily regimen (Peiss, Hope in a Jar).
With advertising, companies convinced brand new markets of consumers that their creams, shampoos, oils, perfumes, and other products were medically safe and could in some cases prevent or cure common ailments (Smith). Often these claims were false as advertising had yet to be regulated to prevent fraud from hurting customers (Sutton). The soap industry was also known for launching campaigns that combined education about skin and skin issues with explicit undertones of soap’s ability to enhance sexual appeal (Jones). Advertising was a pivotal tool for beauty companies and by gaining consumers’ trust; some beauty brands were able to change social ideals of beauty and sexuality single handedly (Peiss, Hope in a Jar). As competition between beauty brands increased and large companies grew to incorporated many different products, so did extreme measures to maintain customer loyalty. Business tactics began to include increased images of sexuality in advertisements, social degradation of women in advertisements, blatant campaigns that played upon consumers’ insecurities, the promising of unattainable beauty results, and including potentially harmful ingredients in products (Roddick). Unfortunately, many critics of the beauty industry would claim that all of these tactics are still in use today and are essential in obtaining significant profits and market share (Sutton). Beauty companies had the power to influence not only consumer preferences, but they were able to create new benchmarks and traits of beauty for men and women to aspire to. Advertising was essential in communicating to consumers the gender beauty roles they had to conform to and the products that would help them conform.
1.4. Skepticism in Traditional Beauty: The Foundations of the Organic Beauty Industry

The origin of the organic beauty market dates back to the Second World War, when product rationing and shortages were commonplace and homemade beauty remedies were an easy and cheaper choice than trying to purchase products from a store (Jones). World War Two saw the inclusion of 6 million women entering the work force as a large portion of the male work force was actively involved in the military (Peiss, Hope in a Jar). These women saw not only their roles change from homemaker to factory worker, but also saw their gender roles change. Women were now involved and running production industries that were traditionally male dominated. For the first time in factory production history, women were more than seamstresses and cheap labor; they were an important part of the United States’ military and homeland success (Peiss, Hope in a Jar).

Beauty companies realized the social change occurring in most women’s daily lives, and chose new marketing strategies to suit this independent working market. Lipstick was marketed as the physical beauty trait of strength and patriotism and by the end of the war lipstick’s market size had grown to include between 80 or 90 percent of adult women using the product (Peiss, Hope in a Jar). After the Second World War, women found themselves subject to beauty trends and increased pressure from both cosmetic companies and societal beauty standards to purchase and use more beauty products than ever before (Peiss, Hope in a Jar). A socialist journal, The Militant, in the 1950s attacked the beauty industry for placing these intense standards of women forcing them to buy what the journal said was unnecessary products. One reader of the journal,
Helen Baker, expressed her perspective, “I’m no sucker for beauty-aids ads, but economic pressure – I have to earn my living – forces me to buy and use the darned stuff” (Peiss, Hope in a Jar 256). Social pressures were high for women and even teens to appeal and conform to both advertisements and gender indicators (red lips, curled and set hair, eye shadows) in the 1950s and 1960s (Peiss, Hope in a Jar).

Men also were expected to conform to their gender’s own expectation of professionalism and sales of hair pomades, razors, shave cream, and after-shave flourished in the beauty industry (Mansome). During the 1950s and 1960s, the beauty industry saw an exuberant amount of production and consumption as social norms were transformed and cosmetics became necessities instead of questionable additions to daily regimens (Peiss, Hope in a Jar). Even thirty years prior, the use of eye makeup, lipstick and rouge were considered morally unfit by most women and men. It is astounding that social and cultural change had occurred so quickly. Cosmetics became such an important part of a person’s daily regimen that not participating in the beauty consumption market was deemed a negative social act (Jones).

During the post-World War Two period, communication and sharing of cultures, increase economic exchanges, and beauty trends appeared. American women for example were influenced by British beauty trends such as thick black eyeliner and short-haired bobs (Peiss, Hope in a Jar). It was also at this time that door to door shopping companies like Avon saw much success. Avon had a unique business strategy that included hiring only women to sell cosmetics door to door and to their friend groups (Avon). Avon positioned these jobs to women and claimed they provided social and
business advantages to their sales representatives (Avon). Women were seen as not only consumers of cosmetics, but also its marketers and sales force. As women became more independent and involved in more traditionally male occupations and roles in business, as a whole they began challenging the historically misogynistic standards that enveloped many parts of their lives.

With gender tensions increasing the skepticism towards the traditional beauty industry, many consumers chose to turn away from those traditional cosmetics and opted to make their own homemade, organic, and environmental products (Roddick).

Homemade beauty products were present in the organic beauty industry, but comparatively constituted a miniscule amount of the overall industry and only a small number of these homemade products made it to mass production. Homemade products also must take part in finding or harvesting organic ingredients, making it much more difficult to attain rare or scare plants, flowers or herbs. (Roddick). Consumers also began to express a different set of preferences in their beauty choices. In the 1960s, feminists indicated the beauty industry as a cornerstone of women’s oppression in society, education, and the workplace (Peiss, Hope in a Jar). By blaming the beauty industry explicitly for women’s social oppression, many feminists and their supporters reacted by abstaining from purchasing or using cosmetics to attain marketed feminine beauty traits (Peiss, Hope in a Jar). Furthermore, many consumers felt betrayed by large beauty companies because they knew that production costs to make beauty products were substantially lower than the price that consumers had to pay, and that expensive packaging costs significantly contributed to the final price (Roddick). In fact, the organic
beauty company, The Body Shop was founded with inexpensive packaging as one of its main business strategies for lowering costs to customers (Jones). There too were several scandals in the 1970s regarding potentially cancer-causing ingredients in hair colorants left many consumers angered that companies would knowingly endanger their safety and health (Jones). Even animal testing became a highly publicized issue, as consumers and organizations discovered the hellacious and horrid testing practices of cosmetic companies (PETA). There were many motivations for consumers to leave the traditional beauty industry, as it seemed it had been built upon and embraced only harmful business practices. In response to the beauty industry’s behavior, books that were reminiscent of traditional beauty aids such as homemade crèmes and lotions became very popular at this time aiming to disengage from typical beauty product consumption (Peiss, Hope in a Jar).

Further, feminist activism was at its peak in the 1970s and explicitly blamed the beauty industry for objectifying and degrading women (Peiss, Hope in a Jar). During this time, women were encouraged to not participate in the beauty industry, to actively protest beauty pageants, and question standard beauty norms that society portrayed (Roddick).

There was feverish skepticism of the actions and products that beauty brands provided to consumers in terms of ethics and harmful ingredients (Jones). A few organic beauty companies found themselves as catalysts for social and business ethics changes. Although this movement was small initially, by the 1980s several successful businesses were operating on a global scale, selling organic and environmentally friendly beauty products to millions of consumers (Aveda, “Consumer Awareness”). These organic beauty companies attracted many new consumers because their ingredient integrity was
justifiable as was their social justice and pro-environmental agendas (Roddick). Along with these small organic companies, the major beauty corporations addressed traditional beauty industry skepticism, by responding with new packaging, redefined advertising, and embraced the organic cosmetic movement and its ‘liberated’ women customers (Peiss, Hope in a Jar). Feminists and environmentalists successfully exposed the traditional beauty industry for its negative effects on society and the planet. However, the majority of beauty consumers were not influenced by these exposures and continued to purchase traditional cosmetics (Jones).

At the close of the 1980s, globalization had affected foreign markets and as a result, western beauty standards became prevalent (Sutton). Further, capitalism had made it possible for companies to expand their breadth and scope of products globally through mergers and company acquisitions. This business strategy resulted in several companies having control over many seemingly different beauty brands (Jones). Unilever, as one example, was formed from the Lever brand in 1930 and not only made soaps, but also by the 1980s owned Calvin Klein Cosmetics, Pond’s, Aqua-Net, Cutex Nail Polish, and

**Figure 1.A:** Top Companies Sales by Region and Growth Rate 2010

Source: Passport Beauty and Personal Care 2011: Corporate Strategies in and Beyond the BRICs. EUROMONITOR, 2011.
Vaseline not to mention many non-beauty related companies. As shown in Figure 1.A, the ten top companies in 2010 not only included many brands under one name, but also permeated international markets and distributed to an ever growing global community. This statistic also resonates with the homogenization of beauty standards globally as each company is able to appeal and respond to consumer demands globally, not just in the company’s country of origin. The CEO of L’Oreal at that same time Lindsay Owen-Jones, wanted to be able “to write L’Oreal in the sky of every country in the world” (Wiggins 1).

Globalization contributed not only to increasing ingredient supplies to beauty companies, but it also welcomed entirely new consumer markets and influenced the creation of new products to suit those growing markets (Jones). Fragmentation of the production process due to technological innovation and the adoption of neoliberal policies also occurred, establishing complicated supply chain systems distanced all over the world. These neoliberal policies included capital liberalization and free trade fostering economic policy that allowed this fragmentation to occur. Capital liberalization occurred in places where economic freedom and consumption was not practiced. Once economic freedom and the option to consume global products occurred, consumers’ demands for organic, led firms to new markets and also gave firms new supply chain options and in some cases, less expensive production processes. This allowed for firms to relocate harvesting and production methods to new markets and nations. Fragmentation allowed firms more options in harvesting practices, supply chain processes, and production methods leading to increased consumer markets, more
consumer products, and global availability of homogenized goods. However, the consequences of this fragmentation have led to exploitation of workers, overconsumption of resources, loss of individual cultures, and decline in product integrity. As beauty companies grew to become global brands, it seemed that distinctive regional and localized beauty faded; being replaced with a more standard definition of what beauty was across many cultures (Peiss, Hope in a Jar). Ultimately, it was the Western world’s views of beauty that permeated new exotic markets. Products that whiten skin, which are dangerous and highly toxic, continue to this day to see phenomenal sales and profits in India describing an extreme example of how strong social beauty pressures truly are (Vaidyanathan). In this context, beauty companies have found a very profitable system of sales. They not only point out and emphasize consumer insecurities with advertising, but position themselves to appear trustworthy in providing cosmetics that will calm those anxieties and create beauty.

With this kind of globalized view of beauty, many consumers began to look more closely into the beauty brands that influenced their beauty standards and ingredient choices in products (Jones). What consumers found was sometimes appalling, even products labeled as ‘natural’ were filled with synthetic ingredients and contained in some cases cancer causing carcinogens (Estrin).

The organic beauty industry was embraced on a large scale, after the social unrest in the 1960s and 1970s, due in part to the backlash of the traditional beauty industry’s consumer base, who felt they had been misled and used in pursuit of corporate revenues. Consumers, especially women, saw that their only recourse against unethical corporate
behavior was to disengage from the beauty industry entirely. Although it was on a small scale, the organic beauty industry was embraced by entrepreneurs and created a new market for consumption by making homemade products and dealing exclusively with local organic resources. The criticism and skepticism of the beauty industry from consumers was the catalyst for changing the way beauty products were made and consumed by the organic ethically sensitive consumer. Without this recourse in consumption and production methods by the consumer it is very likely that the organic beauty industry would not have seen such popularity and growth to ensure its predominance in the beauty industry today.

1.5. Buying Beauty and the Theory of Conspicuous Consumption

Self-image and the consumption that it drives have been rooted in economic behavior and was explored when Thorstein Veblen coined the term ‘conspicuous consumption’ (Veblen, The Theory of the Leisure Class). This economic idea pertained to the evolution of hierarchical structures in societies that produce more than is required for subsistence (Trigg). Traditionally regarding the wealthy leisure class, conspicuous consumption is the catalyst by which members of the leisure class convey their position of wealth and status to other members of society (Veblen, The Theory of the Leisure Class). As Veblen explained, “in order to gain and hold the esteem of man it is not sufficient merely to possess wealth or power. The wealth or power must be put in evidence, for esteem is awarded only on evidence” (Veblen, The Theory of the Leisure Class 23). The main idea Veblen argued was that the leisure class showed their social status in their physical appearance (Veblen, The Theory of the Leisure Class).
Well-kept and perfectly coiffed hairstyles, flawless ‘youthful’ looking skin, and an indescribable glow of radiance are all physical beauty benchmarks that celebrities and the wealthy not to mention advertisers portray as being standard beauty traits (Jones). Veblen stated that the leisure class came to exist when ownership was established within economies (Veblen, The Theory of the Leisure Class). The members of the leisure class through ownership compete with one another to exert dominance and increased social status over each other. Veblen describes that at the root of ownership is emulation – the need for consumers to mimic one another’s purchases to express social status and create an atmosphere of social acceptance. Emulation is a critical aspect of the beauty industry, as it creates social beauty standards as well as fosters cosmetic consumption to successfully duplicate a trend or beauty trait. The reason for consumption of goods can be described beyond a level of necessity for the consumer because of emulation (Veblen, The Theory of the Leisure Class). The traditional beauty industry is successful in providing tools and cosmetics to allow emulation to occur, and thus contribute to the social status of beauty consumption.

The skepticism and criticism of the traditional beauty industry allowed for the organic beauty industry to flourish, but this industry was not exempt from the type of conspicuous consumption that Veblen described. This awareness of environmental support has even shifted to include a new concept of conspicuous conservation that includes the ‘green’, ‘organic’, and ‘sustainable’ trend (Sexton). This idea is an extension of conspicuous consumption and instead of wealth solely being showcased by a consumer, now green or organic purchases are highlighted. Emulation exists here, and
members of the leisure class prove their sustainable initiatives through their purchases and lifestyle choices. This awareness of sustainable consumption has arisen from scientific studies, environmental media coverage, and mass production of organic products. These avenues promote and condone consumption of organic products due to the assumed positive influence they have on health and the environment (Sexton). Conspicuous conservation lends itself to organic consumption as it supports the purchasing decisions and preferences of organic consumers.

Engaging in pro-social behaviors, such as pro-environmental acts can result in people acquiring a pro-social reputation (Semmann). People that attain this sort of pro-social reputation socially are seen as being cooperative and helpful group members and are more desirable as friends, allies, leaders and even romantic partners (Cottrell). The consumption of beauty products inherently relates to the feelings and emotions of appearing beautiful and thus, looking attractive. The organic beauty industry appeals to both of these motivators as it allows for someone to be seen as environmentally responsible and beautiful at the same time.

Griskevicius, a pro-environmental consumption analyst, states, “Knowing that a desire for status can spur self-sacrifice also presents a powerful tool for motivating pro-social and pro-environmental action… it may also be a vital method of preserving the status of our species” (Griskevicius 402). This act of ‘self-sacrifice’ may have selfish personal motivators in trying to impress peers and Griskevicius describes the strong preferences for consumers to be perceived as socially ethical. As these preferences for environmental protection have become stronger, the actual market for green products that
jointly provide private benefits and public goods has expanded (Kotchen). This kind of behavior could greatly support the expansion of the organic industry as more consumers choose to purchase from organic companies. As a result, non-sustainable and non-organic companies would be forced to compete either in the organic market or fail to gain market share entirely. If consumers are able to distinguish companies and their products based on sustainable preferences, entire supply chains could also be forced to comply with a sustainable standard, and from that point entire industries could be forced by consumers to transition to pro-environmental activity. These preferences to purchase organic products, creates positive hope for not only the organic industry, but also for reversal of harm to the environment.

1.6. The Global Environmental Crisis & the Development of the Organic Beauty Industry

The social preferences for consumers to purchase environmentally friendly products have coincided with a time where the environment itself is in a dire state. The new inventions in production associated with the use of fossil fuels, processes, non-biodegradable product packaging, inefficient supply chains, and extreme production waste have devastated entire ecosystems (Speth). Although since the Industrial Revolution certain groups have protested against pollution, deforestation, and the destruction of ecosystems, the ‘environmentalist movement’ did not gain wide support until the last half of the twentieth century (Farrah). There have been many groundbreaking inventions developed since the first days of mass-market production, but certain critics believe this occurred at too high a cost to the environment (Speth). Due in
part to capitalism and its main traits consumerism and the pursuit of endless growth, production and consumption have reached levels never before seen by this planet. Both harvesting of resources and disposal of production wastes are having negative long-term effects on entire ecosystems, depleting animal populations, plants, and water systems.

Neoclassical theory has treated these negative long-term effects as environmental externalities that are traditionally assumed to be marginal in a market system. In a market system, the seller and the buyer of a good do not take into consideration the consequences of external effects from their market transaction. By imposing external costs on a third party (i.e. not the seller), the marginal social cost of producing something is greater than its marginal private cost (Hanhel). In the purchase process, if a third party is affected and not the buyer, the marginal social benefit will be different than the marginal private benefit to the buyer alone. These differences in social costs and benefits as well as private costs and benefits, will lead the sellers to over or under produce a product as well as the buyer to under or over consume specific products. The impacts for a third party can be negative (pollution) or positive (access to organic ingredients), distinguishing the costs or benefits for the third party however is not explicitly considered in the purchase process. In neoclassical theory, government intervention is necessary to internalize these externalities and reduce under/over consumption scenarios. Critics of the neoclassical view of environmental externalities suggest that competition for profit will drive buyers and sellers to seek out ways to externalize costs onto these third parties, which can be represented, by large numbers of disempowered peoples (Hanhel). As costs are externalized to these third parties, significant allocated inefficiencies will occur across
markets. The interests of these third parties will also be ignored in market transactions from buyers and sellers, causing problems regarding local pollution levels, global CO2 levels, and the safety of peoples around the world. Therefore, the traditional attitude towards externalizing costs is leading to third parties mostly comprised of disempowered peoples as well as the environment being degraded and unaccounted for in an economic calculation (Hanhel). The competition for profits that occurs in market transactions is purposely void of any external cost borne by the seller or buyer and instead creates economic and social costs for entities that are unable to defend themselves from degradation and harm such as the environment.

The economic act of treating the environment as a common good is perfectly displayed in the manner in which Earth’s resources are used at rates much quicker than are considered sustainable and regenerative. Since the 1980s, according to the World Wildlife Fund, the ecological footprint of the international economy has systematically surpassed biocapacity. Consumption, production, and the external cost of pollution have surpassed the Earth’s ability to regenerate and continue to provide for its inhabitants. The World Wildlife Fund states that by 2030, we will need the quantity of two Earth’s resources if we continue to consume and dispose waste at our current rate (WWF). The 2012 Living Planet Report provides vast amounts of scientific evidence regarding overconsumption and the problem of endless growth that is embedded in capitalistic business models. It has also forecasted further environmental abuse by showcasing evidence of decreasing species protection and population as well as a gross increase in carbon emissions, all detrimental to our planet’s wellbeing. By disregarding the
limitations in resources that are available the earth has been radically changed. It is calculated that between one third and one half of all land surface has been transformed by humans, the concentration of carbon dioxide in the atmosphere has increased by 30 percent since the industrial revolution, more than half of freshwater sources are governed by humans, and one-quarter of the world’s bird species are extinct due to humans and species extinction rates are now 100-1000 times greater than they were prior to humans becoming dominant of the Earth (Vitousek). The global climate is already close to a ‘tipping point’ as dangerous levels in greenhouse gases have already been reached (Foster). If these tipping points were surpassed, this would trigger an unstoppable global warming effect that changes specific temperatures for ecosystems all over the globe, threatening the survival of animal species, plant and vegetation species, and mankind. If pollutants and resource degradation continue, the future of our planet itself is in jeopardy (Coates).

Voluntary transformation of a company by considering its costs on third parties to adopt environmental practices is a positive decision, but without any legislation, companies will only be able to make changes so far as their competitive action for profits allow them (Speth). If the increase in altruistic pro-environmental preferences from consumers forces companies to change by answering to demand, a shift of the status quo in traditional responsibility for environmental externalities could occur. This kind of consumption change will require a significant movement by consumers, and will only be successful in the long-term by enacting regulations for environmental protection.
Despite no legislative protection or regulation, voluntary environmental protection is present within the organic beauty industry. The organic beauty industry was founded on missions of environmental sustainability and protection, that decreased waste and pollution initiatives are prevalent among organic companies. The traditional beauty industry does not have environmental preservation in the scope of its business objectives, and therefore not only resources have been degraded, but externalities of production and consumption have been neglected. There have been economic business decisions that are not solely based on dividends and profits by organic beauty companies and also traditional beauty companies (L’Oreal). This kind of economic and environmental responsibility is demonstrated through beauty company initiatives in sustainable growth, harvesting, and product development. Certain companies like the Aveda Corporation have implemented business agendas focused on using ingredients that are not overharvested by their demand, that waste is kept to absolute minimum levels, that CO2 offsets are met to negate wastes, and that developing countries are ethically engaged in organic business contracts (Aveda, “Consumer Awareness”). The environment has found a voice in economic action through the promotion of preservation that the organic beauty industry and its consumption provide.

1.7. Traditional and Organic Beauty Industry: Global Coverage and Size

1.7.1. Organic Beauty Industry Size

Consumers choose to purchase organic beauty products for reasons that include emulation, helping to reverse the current environmental crisis or intentionally abstaining from the traditional beauty industry. It is general industry rule that all organic products
are natural, but not all natural products are organic (Dowd). The USDA in 2006 released the first standard labeling for organic products which stipulated that a product may be labeled “Made With Organic Ingredient” if organics accounted for 70% or more of a product’s formulation, by weight (Plotto). Since ingredient control is crucial in defining organic beauty products, this industry standard has helped maintain product integrity and consumer safety.

As shown in Figure 1.2, the beauty industry itself, as previously noted is valued at around $425 Billion US dollars (Euromonitor). The top ten beauty companies are responsible for over 1/2 of those global sales. Global corporations that control multiple brands are able to acquire or introduce organic and natural beauty products to satisfy consumer demand and also attain market share. The process of entering into the organic beauty industry for a large corporation can be considered easier than an independent company, as both research and marketing are heavily financed allowing for new products

![Figure 1.2: Global Beauty Industry Growth in Billions (2006-2011)](image)

and markets (L’Oreal). L’Oreal, for example, has multiple product lines that appeal to organic consumers even though products like its Garnier Fructrise hair and skin care products are comprised mostly of synthetic chemicals and few natural ingredients (L’Oreal). Advertising still manipulates consumer perception and alters the image of a synthetic product by equating it to natural plants and herbs. However, globally the beauty industry will increase in its top ten most profitable markets. Figure 1.3 shows that even with financial crisis in Europe and North America, globally the beauty industry will see increased profit ability.

![Figure 1.3: Global Forecast for Beauty Industry (Billions)](chart.png)

Source: Beauty and Personal Care: Euromonitor from Trade Sources/National Statistics. EUROMONITOR, 2012.

In the last few decades the beauty industry has grown very rapidly but increased competition and acquisitions left every beauty company looking for a new competitive edge to find promise in new consumption preferences of organic products (L’Oreal SA). This strategy led to an increase in the number of organic beauty companies.
2004 and 2008, retail sales of the natural/organic personal care products rose by 57%, which corresponds, to over $2.4 billion (Dowd). Figure 1.4 shows that as of 2008 the organic beauty market was valued above a $6.6 value (Jones). Even during the 2008 recession, natural/organic beauty cosmetics growth slowed, but there was little to no loss recorded in growth (Mintel). Projections on the growth of the industry from 2008 to 2014 will reach nearly $11.7 billion, over a $5.1 billion increase (Dowd). Across the

![Figure 1.4: Organic Beauty Industry Growth (Billions $)](image)


organic beauty industry, the United States is the world leader in product innovation and consumption (Dowd).

Figure 1.5 shows that global exports of beauty products have increased from $2 billion levels in 1980 to over $72 billion in 2011. The same growth has occurred in the import sector from $2 billion in 1980 to $65 billion by 2011 (United Nations). Although there have been changes in the top importing and exporting companies, the United Kingdom, France, Germany, and the USA have been relatively constant in their beauty
production and consumer preferences. Consistently with the deterioration of the trade balance in the last thirty years, the United States was not listed among the top beauty industry product importers in 1980, but as of 2011 it was the largest importer of cosmetics in the world (United Nations). France has maintained its lead as top exporter of cosmetic goods in 2011, but it has lost its large market share of the exports market since 1980 (United Nations). Further, in 2011 for the first time the top 5 exporting countries had majority market share in the cosmetic exporting market (United Nations, 2012). Although historic French dominance of beauty exportation has

**Figure 1.5:** Beauty Industry Market Share Imports and Exports; 1980 v. 2011

![Figure showing beauty industry market share imports and exports from 1980 to 2011](image)


maintained for well over a century, other countries are making progress in cosmetic production and export. Globalization and international trade have made the import and export of beauty cosmetics more accessible and popular for consumers.
1.7.2. Consumer Demographics

Historically, an important characteristic of the beauty industry involves the identification of women as primary consumers. Similarly, in the organic beauty industry women are the standout consumers in purchasing green products (FemmeDen). Women are targeted as the main consumers of cosmetics for themselves and for their families, as they control over 80% of the household purchasing power (FemmeDen). Women have been given the role of being in charge of their household’s duties for centuries, and their spending power in the beauty industry was recognized almost immediately due to their caregiver roles (Veblen). Producers realized the potential profit from women, and began to aggressively market to women not only exclusively female products, but products that would increase the health of a woman’s family (Sutton).

By targeting women, beauty companies could standardize beauty requirements and identities for entire families. This contributed to the importance of social image and status of a family that was already heavily influenced by physical appearance. As women are traditionally the caregivers for their families, beauty companies depicted a woman’s caregiver success in providing cosmetic and hygienic solutions for her family (Peiss). Organic companies have marketed their products as being safe and healthier for its user and have equated their products with the safety of the family (Tondel). Organic beauty companies have promoted the safety and exclusivity of their products to consumers, making it an ethical and health conscious choice as well as a beauty preference choice.

Some advertising campaigns were designed for women by women, but the message in any beauty advertisement was simple, beauty products were the key to beauty (Sutton).
In the mid-twentieth century, a transition occurred in male beauty, as companies saw an opportunity to create and market masculine products to men. This transition was due in large part from advertisements and celebrity trends in hair and facial hair that men tried to emulate. This new market of consumers has seen significant product development and intensive marketing campaigns, changing the ideals of not only male beauty, but of the definition of masculinity (Blachin).

Market research has also revealed how consumers feel about the organic beauty market, which has become popularized and readily available in many demographic regions and retail locations such as supermarkets (Dowd). This availability has allowed consumers that would otherwise not be aware of product ingredients or ethical business tactics to educate themselves about organic companies and possibly contribute to a positive social cause. The market research firm Packaged Facts conducted a survey in February of 2009 that showed that of those surveyed, 47% had used a natural/organic personal care product in the previous year. Of those who had not used an organic product, only 12% were unaware of organic products or the personal use of them. Data that may be considered unsettling for the organic cosmetic industry was that only 10% of those surveyed who had used natural/organic products were actually satisfied with the product in comparison to a non-green version (Dowd). This unsatisfactory statistic can be explained by chemical ingredients’ abilities to perform better than organic ingredients in terms of scientific data, product results, and consumer expectations.

The standards of how traditional beauty companies have advertised their products to ensure immediate results has contributed to unrealistic expectations of both traditional
and organic beauty products by consumers. Critics of the traditional beauty industry have declared that products are not a true representation of their promised results. An example of this is convincing consumers wrinkle removal or collagen rebuilding is possible when it is scientifically and physiologically not (Roddick). Despite the assumption that organic products are not as effective, over 50% of men and women thought that these natural/organic cosmetics were in fact safer than non-green versions (Mintel). Essentially the consumer cares more about their personal and the environment’s safeties and health, than if the product performs to their expectations. It has also been found that more than 3/4ths of those surveyed admitted they would not cut down their consumption of natural/organic beauty products even if they cut other areas of their spending (Dowd). It is interesting that consumers are willing to continue spending their incomes on organic beauty products even in times where they must curtail or limit their spending in other markets. Although there are beliefs that organic beauty products do not work as effectively as their non-organic counter parts, the organic beauty industry is not accepting this judgment and many organic companies continue to formulate and find ingredient combinations that deliver the results consumers expect (Aveda, “Consumer Awareness”).

Traditional beauty companies have also acknowledged that consumers do value organic beauty product safety and have begun product description and placement campaigns that make their products comparable, yet cheaper than organic ones. Recently, Suave which is owned by Unilever, has introduced an advertising campaign that compares its non-organic and cheaper products to the organic and more expensive products that Aveda offers (Suave). Suave is not claiming that its products are organic or
equally environmentally friendly as Aveda’s, but the company has proclaimed that their products are as luxurious and produce the same results (Suave). This situation is interesting, as it involves a more ‘bargain’ beauty brand (Suave) trying to compare itself to a more expensive and exclusive brand like Aveda. This kind of business strategy has been successful in acquiring consumers that cannot afford or justify paying more for Aveda products. Suave has, however, neglected to compare its ingredient or product safety to Aveda’s, but it has launched several campaigns that promote reduction of water use and recycling programs (Suave). Obviously, traditional beauty brands have seen the success in the organic beauty market and by enacting new sustainable missions they also have seen a share of the growing profitability.

1.7.3. Supply Chain Management and Sustainable Design

The foundation of the organic beauty industry consists of the raw materials that are necessary to produce organic cosmetics. Organic beauty products rely on specific and organic raw materials that span entire organic supply chains, and each step of the supply chain (planting, growth, harvesting) must be certified organic (Soil Association).

In the past, especially in competitive business markets, companies saw supply chain processes as systems where raw materials should be purchased, shipped, assembled, and sold for the cheapest and economical cost possible with little or no concern for raw material integrity, harvesting/resourcing ethics, or organic policies (Tondel). As Speth (2008) states, “The capitalist economy can usefully be viewed as a machine whose primary product is economic growth… The message to managers is clear: expand markets, contain costs, and increase profitability. Grow” (Speth 60-61). Companies have
found ways to cut costs in accruing their raw materials, even in times exploiting local cultures and people to maintain their costs remained low (Schlosser). There have been more than a few instances in production history where worker safety, product safety, and ethical behavior have been forfeited in order to produce more quickly and cheaply (Buchanan). Although certain regulations and laws have been set up in first world production countries, consumer and worker exploitation still occur in modern consumption. The beauty industry is not exempt from this kind of behavior and has been criticized on many different levels by consumers and activist groups. Animal testing, ingredient toxicity, and exploitation of production workers safety all still occur in the beauty industry by some of the largest global corporations (Peiss). Whether it is economic exploitation of certain groups, or the blatant jeopardizing of consumer and worker safety, the traditional beauty industry sees this behavior as essential for successfully engaging in the market and earning profits.

However, the importance of consumption preferences of individual consumers and the seeking positive corporate image applies to corporations and thus ethical behavior has become more central to business success (Speth). Ethics seem to be such a pivotal part of a company’s image that sustainability and corporate responsibility have actually become important aspects of a company’s supply chain process. Speth also acknowledges this by saying, “There are more green consumers today, and green is good for corporate image and brand-name products.” (Speth 174). Further, companies are facing pressure from bankers and others that are “asking tough-minded questions about environmental risk and liability” (Speth 174). In today’s typical corporation and their supply chains, there are
many stakeholders involved. These stakeholders all have their own requirements for a company and their own organic agendas – these companies no longer have to only legally comply with limit regulations, they must too comply with the social standards of all those stakeholders (Speth).

The economic crisis of 2008-2009 allowed many companies to see the advantage of building sustainability into supply chains as suppliers of certain raw materials were found to not be reliable due to their own financial health (Karolefski). In this situation, entire supply chain systems were shut down until specific raw materials could be attained from suppliers - obviously causing issues for the sellers, consumers, and reputation in reliability of the company itself (Karolefski). Sustainability is key to a supply chain as it creates product chains that are efficient (i.e. limited wastes), secure, well-capitalized, and built to withstand long term company strategy (Çetinkaya). Supply chain managers have even come to learn that there is a purpose and value of green initiatives in the supply chain system. In fact, it can positively support the entire cycle of product development and sales in providing cost reductions, risk reduction, brand enhancement, and competitive advantage (Çetinkaya). Finding new and socially responsible ways to harvest raw materials cuts costs and creates new methods of shipping, packaging, and marketing products that can lead to major cost benefits for a company (Aveda, “Consumer Awareness”). Michael Funk, president and CEO of United Natural Foods has vowed to promote value to retailers through a “highly-evolved logistics network, on-time deliveries and promotional and marketing programs to industry-leading service levels and broad product availability” (Karolefski 12). By entering an environmentally sustainable
supply chain, companies are in the short term spending more in hopes to attract new consumer markets and in the long run profit from such a system due to limits on ingredient waste. Although it is admirable for companies to voluntarily elect to participate in a sustainable supply chain, there are currently no regulations or laws requiring certain processes are made more environmentally sustainable.

Suppliers that support ethical policy (i.e. fair wages) maintain specific standards for their products and ensure high product integrity that makes sustainable initiatives easier for companies to invest in (Tondel). These natural/organic suppliers must compete with cheaper, albeit less socially responsible alternatives and want to work specifically with the companies that need their raw materials making customer service better (Karolefski). Perhaps what is most unique about this supply chain shift within companies is that it is optional. As Eric Olson, from Ernst & Young’s Americas Climate Change and Sustainability Services practice observes, “it is a growth opportunity as opposed to a compliance driven, regulatory one. Once people see the bottom line impact, you get their interest.” (Bedell 1). Overall, voluntarily electing to engage in sustainable supply chain processes seems to be the positive choice for many companies in both the short term and long term.

Although many companies are adopting some sort of sustainable practice in their supply chain models, pioneering companies in organic beauty have opened up natural/organic avenues and make raw materials available (Aveda, “Consumer Awareness”). Patty Spence helped to develop the Nature’s Gate Rainwater Organics Line in California to include a sustainable agenda for manufacturing processes that
actually bring a wider availability of organic ingredients to the market. Spence saw that
the company’s goals “were threefold” and included creating a line of personal care
products that delivered purity and efficacy, leveraging sophistication to serve as a model
for manufacture and to use that leverage to drive changes through the supply chain,
which resulted in greater availability of certified organic raw materials for all industry
participants (Biocycle Magazine). These organic ingredients are a critical part in
maintaining product integrity and imperative to the industry’s success. Companies are
then more apt to use these organic ingredient alternatives if they are readily available at
comparable costs in the market. This increased availability essentially allows companies
access to ingredients for much more economical costs than if they had to source materials
exclusively themselves (Aveda, “Consumer Awareness”). Organic ingredient availability
is allowing more companies to convert to sustainable supply chains and thus contribute
more product choice to the organic beauty industry.

Economically, supply chains are critical to the success and health of all suppliers,
producers, and consumers involved. Small organic businesses were able to open up the
organic raw material market on a larger scale and make available these ‘new’ alternatives
to a variety of companies and people (Roddick). Greater raw material availability has
helped the organic industry grow very rapidly, and allowed many new companies to enter
the market providing new and sustainable products for their ever-growing consumer base.
1.8. Conclusion

The beauty industry has a unique economic history. From the ancient peoples of Mesopotamia and Greece to the modern organic consumer, beauty is a vital aspect of daily life. Although beauty manifested itself in social status indicators, the inclusion of more consumers and larger demographic markets have allowed cosmetics to become instruments of self-expression. Founders of the beauty industry saw opportunity in providing their cosmetics to mass markets given a desire to reach social beauty standards. These entrepreneurs were able to appeal to millions and create the first beauty corporations that have transformed and shaped the modern beauty industry. With the shift of business ideals and economic objectives to include environment protection, profits were pursued and new markets and growing consumption preferences emerged for organic products. Although the organic beauty industry is relatively new, its presence continues to grow and challenge traditional beauty standards.
Chapter 2: Challenges of and Strategies for Organic Sustainable Success

2.1. The Current Challenges of the Organic Beauty Industry

This chapter discusses the challenges that the organic beauty industry currently faces. The first is about the risk of market saturation based upon increased production firms and whether this increased participation will affect the efficacy of organic products. The second issue is about the lack of government and safety regulations, which could affect the safety of organic beauty products. Third, the issue of sustainability has arisen, as the organic market grows and more production firms are involved do congruent behaviors practiced by companies provide environmentally and socially ethic practices. Finally, given that this organic trend is growing so quickly, this chapter will examine the methods and business practices of two specific companies describing the sustainable and business decisions of both.

2.2. Organic Beauty Demand and the Impact on Organic Supply Chains

In light of how popular organic beauty products have become and with potential profits, many firms are entering the market either via brand new companies or increased product lines from existing beauty companies. Existing major beauty companies like L’Oreal and Unilever have begun organic and natural product campaigns on a global level. Furthermore, large companies continue to acquire by purchase organic beauty brands across the beauty industry. Positive implications of firms entering this market are
increased organic raw material availability, increased awareness of organic/sustainable initiatives, and safer beauty products being available for consumers to purchase (Aveda, “Consumer Awareness”). Companies that promote organic or sustainable initiatives promote messages to consumers, making them aware of specific social causes and pro-environmental activities.

As the industry grows, challenges are emerging. There is concern from some industry experts that as more companies become involved in raw organic material consumption, those raw materials and their ecosystems will be jeopardized (Tondel). As discussed in Chapter 1, organic raw materials are the foundation for organic beauty products, and over-consumption and degradation of integrity in those materials would lead to major ethical and sustainable problems surrounding beauty products (Tondel). As the demand for these limited quantities of organic raw materials increases, suppliers and the materials will be stressed (Fischer). Organic companies do experience a kind of organic ingredient shortage and are sometimes forced to either discontinue product lines or find new formulations to provide a similar product for consumers (Aveda, “Consumer Awareness”). Prices will fluctuate given the increased consumption of organic raw materials, and these fluctuations will reflect the price of organic products. The problem with fluctuating supply levels creates inconsistent costs to firms and a price volatility as supply volumes vary given season, harvesting times, and availability. For example, as organic raw materials become scarce, prices will increase and result in not only profit losses due to high costs for companies, but certain consumers will be forced out of organic consumption due to these high prices (Dowd). Although organic consumers are
willing to pay higher prices for these beauty products based on preferences, most consumers will choose less expensive options and therefore enter markets that may not be sustainable or organic at all (Dowd). Companies like Suave have developed and marketed their non-organic ingredient products to compete and attract consumers who feel paying premium prices for organic beauty hair care products, like Aveda, cannot be justified (Suave).

Ingredient integrity is of utmost importance in organic beauty and straining organic raw material supply chains could lead to corruption and unethical business practices. Certain suppliers will be forced to compromise their organic standards (i.e. compromised polluted soil) to increase supply for companies entering the organic beauty market (Myers). In terms of organic supplies, there is simply not enough to successfully provide for an overly saturated organic beauty market (Fischer). The limited supply of raw organic materials, due to slower growing methods, has caused concern for eager production firms. As demand for organic beauty products increases, the supply cannot appropriately responded to meet that demand (Aveda, “Consumer Awareness”). The organic market will have to regulate itself through company competition and that barriers of entry maintain the integrity of products and ensure that over-consumption of raw materials does not deplete or degrade ecosystems. It will also be necessary for companies to look towards new ingredients, investing in new product formulations in order to ensure that specific organic raw materials do not become depleted (Aveda, “Consumer Awareness”). Aveda Corporation, an organic beauty company based in Minnesota, strategically designs product formulations based on ingredient attainability
and supply, adjusting ingredient amounts to respond to raw material shortages. Aveda even discontinues incredibly popular product lines when raw organic ingredient supply is jeopardized or issues of over-harvesting are forecasted. Aveda also utilizes several suppliers for certain organic ingredients, such as lavender, and is able to transition and purchase materials based on availability and organic integrity from different locations around the world (Aveda, “Consumer Awareness”). As the organic beauty industry grows, organic companies will need to be accountable about demand of limited organic resources and maintain a commitment to sustainable and ethical product development and production.

2.3. The Reality of the Exploitation of Cultures and People

A critical aspect of organic beauty production is ensuring that the cultures and people where organic raw materials are sourced are protected from exploitation. The organic beauty industry has found many of its ingredients from small, remote, and indigenous locations around the world (Roddick). Exotic ingredient sourcing creates company competition and product distinction, but regulation and protection of remote areas is non-existent (Roddick). If a company is not committed to bringing a positive presence to the cultures that it receives its raw materials from, there will be no accountability for ensuring that people are compensated and supported locally (Aveda, “Consumer Awareness”). Supporters of this resource extraction believe the organic beauty company has the responsibility to economically, environmentally, and socially compensate the indigenous cultures and people that it relies on by enacting business measures that benefit the raw materials and suppliers (Roddick). In the past, entire
ecosystems have been decimated and entire tribes and cultures eradicated from their environments due to businesses and governments wanting to farm or capitalize on local resources due to globalization (Schlosser). McDonalds, the fast food giant, has been blamed for speeding up deforestation and issues with methane emissions by requiring acres of land to sustain cattle and soybean harvesting (Greenpeace). There are organic beauty companies currently working against such acts of displacement and exploitation by setting up programs that monetarily and ethically give back to local communities where organic raw materials are harvested, but this practice is not supported throughout the entire organic industry (Aveda, “Consumer Awareness”). For example, Aveda has contributed over $20 million to clean water access initiatives in local communities and developing nations worldwide since it was founded (Aveda, “Consumer Awareness”). Ultimately, what is necessary is some form of legislation and industry regulation to prevent eradication, displacement, and the exploitation of local peoples and their raw materials.

2.4. The Importance of Regulation and Legislation in the Organic Beauty Industry

Regulation and legislation are critical to maintaining that organic raw materials, the people who harvest them and the consumers of organic beauty products are protected from over-use, exploitation, and harmful ingredients. In fact, the only form of regulation that exists currently is put in place by the beauty companies themselves (Leonard). That means that the industry is only monitored by the companies that produce the products, not by outside entities like the FDA in the United States, or other government or industry committees (Food and Drug Administration). The FDA states that “Cosmetic products
and ingredients are not subject to FDA premarket approval authority, with the exception of color additives. However, FDA may pursue enforcement action against violative products, or against firms or individuals who violate the law” (Food and Drug Administration 1). When companies like Proctor & Gamble or Unilever are allowed to monitor their own product formulations with minimal input from regulatory agencies, it means they are allowed to determine their own appropriate levels of toxicity in products and even market them as ‘safe’ or ‘natural.’ Since its involvement in the cosmetic industry in the 1930s, the FDA has only banned 8 products out of more than 12,000 that have been created (Leonard). Further, as previously stated, there is no real accountable industry standard required to market a beauty product as ‘organic’, ‘natural’, or ‘green’ (Rodick). This allows any company to claim to be organic or use non-toxic chemicals as ingredients even if they do not. Companies have been required to list ingredients on their products since the late 1960s, but this policy does not control the usage of such sustainable terminology and again permits companies to falsely advertise their product to consumers (Jones).

Companies are only required to admit to their falsified ads and product descriptions after consumers have demanded legal action (Campaign for Safe Cosmetics). For example, the popular hair care system, Brazilian Blowout, which helps to straighten hair, was sued for falsely advertising that it was ‘formaldehyde-free’ when in reality, formaldehyde is the main chemical ingredient responsible for keeping the hair smooth and straight (United States Department of Labor). The FDA had been informed of consumer safety complaints due to harmful side effects, but only reacted when 10
members of Congress drafted a letter begging for Brazilian Blowout to stop falsely advertising their product as ‘formaldehyde-free’ (Roosevelt).

Corporations are powerful entities that play a major role in the political process via lobbying and campaign contributions (Speth). In fact, Procter and Gamble was recorded giving more than $4.3 million dollars to assorted lobbyist causes in 2011 alone (OpenSecrets). Funding like this from P&G allows companies to control and mandate their own legislative and regulatory practices. This kind of lobbyist funding contributes to the degradation of peoples’ safety and the environment as it blocks the effective legislation that is necessary for companies to become both ethical and sustainable in organic business practices.

The beauty industry is dominated by a small number of companies and they are influential in maintaining control and creating a corporate community that dictates policy over key issues and general welfare of its beauty consumers (Speth). Issues also arise when discussing how these corporations invest in their production processes. Economists, conventionally use cost-benefit analysis to decide the profitability of an investment. In this analysis, the future monetary value of an investment is calculated and assigned a discount rate that describes the net present monetary value. This net present monetary value then allows an investor to decide if the investment is justifiable regarding return of investment that will be received in the future. This process to assess whether an investment is optimal negates judgment values (i.e. the value of human life or clean air) and also trivializes the future. Specifically, if the discount rate is higher than the value associated with an investment’s future is lower – meaning that issues of long-term or
delayed degradation or pollution are seldom considered. Essentially, this kind of valuation of the discount rate maintains that profits and revenues in the present are far more valuable than consequences that take place in the future. That specifically means that corporations using cost-benefit analysis are placing more value on today contributing to the degradation of resources and increasing the risk of social harm for the future (Hahnel). With cost-benefit analysis decisions supporting corporate behavior, environmental and social futures are negated.

However, it is interesting that with so many critics, there have been few changes to governance and regulation in the beauty industry over the last century. Large businesses have relied upon their relationship with government entities specifically through lobbying to ensure that standards and requirements are kept to a minimum (Speth). This occurs largely as having to adhere to regulations and legislation delivers a cost to firms that ultimately eat away at revenues and investments. It has been through business-government relationship that significant change has not occurred in requiring environmental protections, specifically in the United States (Foster). This biased relationship between government and corporations must change and become less funded by lobbying, however the practice is long engrained in political agendas. A true transformation will need to occur that requires corporations contribute in a meaningful way to society and our planet without buying standards through political finance and campaigns.
2.5. Attaining Sustainability in the Organic Beauty Industry

The organic beauty industry values the importance of environmentally and ethically responsible business practices as the market expands, however, the validity of sustainable initiatives is being jeopardized. Corporate sustainability refers to “a company’s activities - voluntary by definition - demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (van Marrewijk 107-119). Currently, many beauty corporations are operating just within legal safety limits, not going farther to decrease their carbon footprint. In addition, at this point in time, traditional beauty companies are not responsible for the negative externalities that they create in their production process. Therefore, harm to the environment and its limited resources are behind revenues in terms of company priorities (Speth). There are three categories of implementation for a corporation to become environmentally sustainable: voluntary, government and non-government organization intervention, and changing the nature and practices of corporations (Speth).

There are organic beauty companies that have adopted sustainable initiatives such as lowering carbon footprints, offsetting CO2 emissions, and adopting new supply chain methods that require less packaging and shipping wastes (Aveda, “Consumer Awareness”). Even larger non-organic beauty companies have created new departments dedicated to sustainability and environmental concerns (L’Oreal). It should be noted that currently, there are no regulations forcing companies to adopt alternative energy plans, waste reduction systems, or decrease shipping waste itself – this kind of change has thus far been voluntary by companies (Speth). This voluntary change for most companies is
one that is most likely decided based on the possibility for increased profits from the organic market (Engardio). However, there are limitations to voluntary sustainability for a company. The most prominent limitation is that companies will choose profit maximization over facing the costs associated with being sustainable such as recycling fees and organic ingredient purchases. This means that companies will stop being sustainable if it means a loss of profits or if it is no longer yielding returns that investors expect (Speth). Another limitation is that the companies choosing to become sustainable may not extend itself in limiting their pollutants, waste, or other environmentally harmful actions to noticeable levels. Though voluntary sustainability may be able to decrease negative effects on the environment, it may not be enough to respond to the current environmental crisis. Voluntary sustainability is a major step in the right direction for our global environment, but the constraint of company profits and no regulated degree of environmental change ensure that it cannot seriously confront the environmental crisis that is underway.

The second and more far-reaching method to transform beauty corporations into environmentally sustainable agents is by imposing pollution limits, taxes and increasing industry standards either by governments or non-government organizations. Governments are the legislators, administrators, and arbitrators in an administrative bureaucracy who control a state at a given time. Through the government, mandatory laws and taxes can be imposed on corporations that could potentially decrease the amount of environmental harm that is occurring locally or nationally. A group associated with self-administered regulations are non-government organizations (NGOs) and are operated by natural or
legal persons independently working as type of consult to assess a company’s processes (NGO Global Network).

In comparison, government enforcement outweighs non-government organization enforcement simply because governments can enforce laws that could lead to environmental sustainability. Currently, actions that governments could potentially enforce include pollution taxes, cap-and-trade, and cap-and-dividend systems (Hanhel). ‘Polluter-pay’ fees currently do not affect corporations. This means that companies are not required to pay either taxes or fees on the pollution that they generate. In political discussions, cap-and-trade as well as cap-and-dividend objectives, which mandate the limits of specific pollution volumes that companies can reach, have been voted down due to their increased costs to revenue (Raloff; The Associated Press).

Government involvement in environmental sustainability can be very beneficial as there are agencies such as the United States’ Environmental Protection Agency (EPA) that ensures the levels of pollution of corporations respect established health and safety standards. Further, the Office of Enforcement and Compliance Assurance (OECA) ‘aggressively goes after pollution problems that make a difference in communities through vigorous civil and criminal enforcement that targets the most serious water, air and chemical hazards” (EPA 1). Globally, governments have united to sign agreements that are designed to limit environmental degradation. One such example is the Kyoto Protocol that was negotiated in 1997 to fight climate change. Since then, 191 countries/states have signed the protocol - every nation except the United States (Framework Convention on Climate Change). The Kyoto Protocol makes participating
countries accountable for reducing their greenhouse gas emissions by set limits in order to globally reduce climate change effects by December of 2012 *Framework Convention on Climate Change*. Although there have been major disputes about the flaws of the Kyoto Protocol, it did succeed in calling attention to action against environmental harm and climate change globally (Raloff). Government supervision of environmental sustainability is positive, but there are limitations that must be acknowledged especially regarding an organic and sustainable industry.

The beauty industry as a whole must acknowledge that its business practices directly and indirectly affect the environment and the peoples they engage. Organic beauty companies must also be aware of supply chain issues that surround the organic production process and respond to ingredient supply volumes in a protective manner ensuring over-harvesting does not occur. Without regulation mandating that organic beauty companies answer to legal limitations, companies who voluntarily become sustainable will define their own standards of sustainability. In the organic beauty industry currently, individual companies are responsible for the appropriate supply of organic ingredients as well as the sustainable initiatives to protect those ingredients and the environment. As more companies continue to enter the organic beauty market, their actions will be examined by consumers and governments to understand what fosters pro-environmental business practices ensuring the sustainability of the organic beauty industry.
2.6. Aveda Corporation & L’Oreal: A Comparative Case Study

How a beauty company becomes organic and sustainable has been described as a process that currently is only voluntary. There are two methods of becoming a beauty company that offers organic products. One is to be founded as such and the other option is to expand an already existing product base to include organic products. This section will examine both methods. The Aveda Corporation was founded as an organic beauty company whereas L’Oreal entered into the organic beauty industry through acquisitions and product expansions. This section will seek to explain the business history of each company and how sustainable and ethical ingredient harvesting and production practices are executed.

2.6.1. The Aveda Corporation

Horst Rechelbacher founded Aveda in 1978 after he travelled to India earlier in the decade and was introduced to the Ayurvedic tradition of Hindu longevity medicine (Jones). He stayed for over six months learning how to use herbs and plants to promote health. He returned from India to Minneapolis, Minnesota and in 1977, he opened an Ayurveda-inspired cosmetology school. He then made a Clove Shampoo that he formulated and created in his own kitchen sink (Aveda, "Acting Responsibly"). At first, Horst sold his organic and aroma inspired hair and oil products through his network of salons in Minnesota, but soon, demand required that he open a chain of “esthetiques” stores across the nation (Jones, 2010). It was with the help of Drs. Vinod and Kusum Upadhyay that Aveda was able to introduce new products for hair and skin as well as incorporate over 5,000 years of Ayurvedic knowledge into its business mission (Aveda,
“Acting Responsibly”). In the 1980s, Aveda launched hair styling products, skin care, and makeup lines. The company also appeared in Canada in 1987, Singapore and Australia in 1993, UK, Germany, Italy, and New Zealand in 1994, continuing to expand across Europe and Asia throughout the 1990s as well (Conseil). In 1997, Aveda was purchased by the still family operated Estee Lauder Companies for $300 million and joined several other organic brands under Lauder’s ownership (Estee Lauder, 2012). Despite Aveda’s rise to become a global beauty brand, the company itself has not compromised its initial mission of ethical and sustainable action to create beauty products (Conseil).

Although Aveda saw consumer demand increase through the 1980s, they were highly successful in establishing themselves as pioneers in sustainable and environmental business practices. In 1989, Aveda became the first company to join CERES (Coalition for Environmentally Responsible Economies), a non-government organization that works directly and individually with companies to plan, execute, and maintain environmentally beneficial goals (CERES). Aveda has worked closely with this consulting NGO since 1989 to establish successful short-term and long-term environmental goals, such as reducing factory waste by 50%, producing a net-zero carbon footprint for aerosol hairspray products, and by 2006 fueling its production plant in Blaine, MN with 100% wind power (Conseil). One initiative that Aveda has researched and created includes a recyclable caps program as hard plastic caps used on shampoo bottles or pharmaceutical lids cannot be recycled traditionally with their plastic containers. Aveda recycles the old caps into new caps for their current product lines (Conseil).
Aveda has also maintained ethical treatment of organic raw materials as well as the people who harvest their resources (Aveda, “Acting Responsibly”). One key example of Aveda’s commitment to social responsibility is its ongoing relationship with the Yawanawa tribe in the Brazilian Amazon. Horst first met the leader of the Yawanawa tribe in 1992 forging a business and personal relationship with the community (Conseil). Aveda sources Uruku, a multi-purpose ingredient with a rich red pigment from the Yawanawa’s 99.5% sustained environment. Aveda also gives back by helping the tribe build a central sustainable business infrastructure, creating solar power grids, making healthcare available, and building schools to educate the tribe and its children (Aveda, “Acting Responsibly”). Further, Aveda has given this small tribe of 600 the skill sets and income to preserve its culture by publishing a book in their native language and producing a world famous documentary with celebrity host Joaquin Phoenix, about their tribe and its rich maintained culture (4REAL). From 1999 to 2010, Aveda has contributed more than $17.9 million during its “Earth Month” campaigns that benefit a variety of environmental or social causes including the access of clean water globally (Conseil). Even more impressive, Aveda has also reached Cradle 2 Cradle certification (C2C). C2C is a holistic economic, industrial and social framework that seeks to create systems that are not only efficient, but are also waste free (Hunter). This certification means that Aveda off-sets any production or shipping waste by engaging in pro-environmental and pro-social activity.

Profitability wise, Aveda saw between $150-200 million dollars in global profits from its 2011 fiscal year from sales revenues from services and products including its
affiliated 6,000+ global salons network (Lexis Nexis). Currently, Aveda operates in over 35 countries globally and offers educational and environmental opportunities locally within each country (Aveda, “Acting Responsibly”). Aveda has also seen dramatic cost reductions while increasing sustainable initiative. Specific examples include; establishing a review process that requires documentation of its ingredients’ origin to ensure organic integrity, forming relationships with suppliers and guaranteeing contracts to indigenous farms for switching to organic production, cutting natural gas and electricity use at the Blaine, MN headquarter plant by half, phasing out suppliers that were not willing to use more recycled materials, and using recycled materials in 100% of its packaging process (plastics and cardboards) (Aveda, “Acting Responsibly”). Overall, Aveda has committed itself to recognizing sustainable and ethical practices over its entire supply chain and sales mechanisms. Their foundations of Ayurvedic principles and total mind and body health have allowed the company to grow and expand to reach more cultures and people, providing a distinct and sustainable experience globally.

2.6.2 L’Oreal

L’Oreal’s roots date back to 1907 when Eugene Schueller created a hair color formula that he named Aureale (Jones). Schueller formulated and produced his own products that exclusively sold to Parisian hairdressers (“L’Oreal’s Model of Innovation: Strong Research – L’Oreal Group”). In 1919 he registered his company in France as “Safe Hair Dye Company of France.” His mission at the time, which is still maintained by L’Oreal, was to research and provide innovation for the field of beauty (“L’Oreal’s Model of Innovation: Strong Research – L’Oreal Group”). By the 1950s, Schueller had
hired over 100 chemists and this increase in research and formulation allowed for
L’Oreal to expand from hair dyes to other cleansing and beauty products (Jones).
Schueller himself was able to draw upon other’s talents in the production side of L’Oreal,
and the creative side. Upon his death in 1957, his successor Francois Dalle was prepared
and eager to make the company the top in the beauty industry (Dalle).

Dalle was an incredibly innovative businessman and saw opportunity for growth
by creating products that consumers could use at home (hair dye). He also purchased
small family-owned beauty companies to increase company size and product breadth
(Dalle). When Dalle retired as CEO in 1984, L’Oreal was one of the top five beauty
companies in the world dealing in cosmetics, hair care, and perfume (Jones). Today,
L’Oreal owns the brands Diesel, Giorgio Armani Parfums, Lancome, Ralph Lauren
Fragrances, Stella Mccartney, YSL Beauty, Maybelline New York, Essie, Softsheen-
Carson, Garnier, Keratase, Matrix, Mizani, Redken, Pureology, Shu Venmura Art of Hair,
Vichy, Dermablend, and The Body Shop (“L’Oreal’s Model of Innovation: Strong
Research – L’Oreal Group”). In total, L’Oreal owns 27 global brands in 130 countries
employing over 68,000 people directly. In 2011, consolidated sales totaled more than
$26 Billion (E20.3 Billion), making it a major contributor of overall industry sales
(“L’Oreal’s Model of Innovation: Strong Research – L’Oreal Group”).

L’Oreal has been active in sustainable and environmental initiatives since 2003
(L’Oreal). They reported, “Our ethical values are the basis of coherent policies in terms
of responsible innovation, the environment, social and societal responsibility and
philanthropy” (Organizational Strategy for Sustainable Measures ½). Further, L’Oreal
has promoted itself as an example to nearly one billion people worldwide and stresses ethical business practices as a key characteristic of its company (L’Oreal). In 2005, L’Oreal promised a 50% reduction in CO2 emissions, water consumption, and waste production by 2015. As of 2011, they had achieved 29.8% of this reduction (L’Oreal). In terms of product sustainability, L’Oreal is most proud of its organic beauty brand The Body Shop. The Body Shop was created in 1976 by Dame Anita Roddick, and not only participates in organic and ethical ingredient harvesting, but also in a fair trade program that includes more than 65% of its products (L’Oreal). Although L’Oreal is currently involved in several growing sustainable, environmental, and ethical regimes, the company collectively has moved into the organic and natural beauty industry as a means to collect market shares from the growing organic industry (Jones).

L’Oreal’s involvement in sustainable business practices is admirable, but unfortunately the company’s past has not been so congruent. Founded with research and innovation as top concerns, under Dalle’s leadership, the first perceptions of a natural or organic ingredient consumer base were met with much skepticism from the company (Jones). In fact, Dalle argued that most natural ingredients in products were synthetic alternatives and using these synthetics were far safer and had better quality control than natural products (Dalle). Furthermore, animal testing had been a major way of ensuring human customer safety for the company for decades (Dalle). L’Oreal’s head research scientist in fact ensured that only animals that had been fed massive doses of hair colorants developed severe health issues. He tried to calm consumers by revealing that cancer findings in lab mice were equivalent to a human consuming 30 to 40 bottles of
hair dye a day for a long period of time (Dalle). This reassurance was a response to the discovery of a potentially carcinogenic ingredient that is used in hair colorants – paraphenylenediamine (Estrin). Dalle dismissed these findings from an American research firm and instead felt it with a personal attack on L’Oreal (L’Oreal).

Paraphenylenediamines are still used in many hair colorant brands including L’Oreal and Garnier, hair dyes (“L’Oreal’s Model of Innovation: Strong Research – L’Oreal Group”). In fact, the Garnier website claims that their products are all-natural and 100% safe not acknowledging the use of this chemical (Garnier). The most common issues with paraphenylenediamines are that they cause minor to acute skin and respiratory allergies for some consumers, but it also has been known to cause blood, neurological, gastrointestinal, and liver toxicity (GoodGuide). Unfortunately, because not all consumers have side effects the FDA has not been able to ban its use and the ingredient is still legal for use in product formulations (Leonard).

L’Oreal is now a member of the organic beauty industry and its sustainable global initiatives, yet still must prove itself as truly serving a sustainable program in the future. It is admirable that L’Oreal is attempting to reduce a substantial amount of pollution, CO2 emissions and production waste, but the rest of its supply chain is not completely in line with those goals. By choosing to use harmful chemicals and ingredients, L’Oreal is entering an organic market under false pretenses.

2.7. An Assessment of Different Organic Beauty Corporate Strategies

The two case studies that have been discussed show that there are two methods of entering the organic and sustainable beauty industry. However, only one method retains
the mission of ethical behavior and human life value. Aveda does not earn profits that near the amount that L’Oreal does, yet it still finds ways to cut costs, give back to communities that it affects, and ensures the importance of organic ingredients. L’Oreal’s history and non-congruent behavior only supports the case that profits continue to win over sustainable and ethical ingredient standards in a voluntary transition to the organic beauty industry.

One distinction of these corporations is their corporate missions. Aveda has a corporate mission that encompasses the promotion of sustainable initiative for the environment and to enhance beauty all over the world, directly and indirectly through its products. Aveda uses sustainable and organic harvesting methods to give back to communities like the Yanawana tribe in long-term, ethical, and environmental ways. L’Oreal’s mission statement has remained unchanged since its beginnings and looks towards scientific innovation and consumer safety. Ideals and consumer demands have changed since the early twentieth century, but L’Oreal has negated to update or redesign their corporate mission to align with changing social and cultural standards. Although L’Oreal has entered certain sustainable campaigns, ultimately they have less accountability as their mission does not support sustainability explicitly. L’Oreal does promote consumer safety, but seeks to provide safe options for their consumer base by controlling ingredient variation in using synthetic and chemical versions of plants and herbs. However, L’Oreal uses questionable chemicals in certain product lines that have been associated with severe toxicity issues and allergies in consumers. This alone contradicts their mission statement and again defines the lack of congruency within the
corporation. The mission of both corporations sets the tone and methods that each company enacts. Ultimately, Aveda’s mission requires accountable action that translates to congruent behavior. In contrast, L’Oreal’s historic mission has interpretation and allows the company to directly stray from product safety. Congruency along the entire supply chain is important in fostering accountable environmental behavior. Companies that have established accountability within missions and practices while promising shareholders and consumers to maintain and increase sustainable methods will not likely be in pursuit of increased profits.

Aveda’s mission dedicated to environmental protection has required the company to enact and maintain aggressive sustainable initiatives. These initiatives have included successfully reducing manufacturing waste, offsetting CO2 emissions, and requiring organic ingredients and supply chains for their products. These business methods are central to Aveda’s mission give value to its brand image. Although Aveda chooses to use such far-reaching sustainable practices, they are ultimately voluntary. L’Oreal has recently begun campaigns that have sustainable and pro-environmental aspects. This is a large and positive change for the company, as it is a major contributor of industry market share and has access to 1 billion consumers globally. L’Oreal’s goals have been successful in reducing water and manufacturing waste on a large scale. Further, L’Oreal’s influence and access to so many consumers allows the company to spread messages of sustainable environmental protection to a very large audience. Educating consumers should be another major focus of L’Oreal, as their sustainable initiatives should be promoted through its everyday business functions. L’Oreal does not have the
kind of accountability that Aveda does in its mission statement and its sustainable initiatives are at the mercy of profits and growing market share. Voluntary corporate sustainable action is important to change corporate behavior and promote environmental protection. This will however vary for each company and only strong accountability will ensure that voluntary sustainable action is aggressively maintained.

The multi-system change on corporate, governmental and voluntary levels that Speth advocates is essential for environmental and societal benefit. If traditional beauty companies like L’Oreal were required to limit emissions or invest a certain portion of profits in sustainable initiatives, there would be reason for a company to abandon sustainable habits. Furthermore, if consumers were offered more sustainable product choices, they would participate in the pro-environmental and organic beauty process. Currently, the consumer is in charge of their sustainable consumption and can choose to support or ignore sustainable companies. Consumer education is embraced by Aveda, it promotes its pro-environmental campaigns as well as distinguishes its brand and behavior from other beauty companies. As more companies begin to engage in sustainable business practices environmental protection should be promoted. L’Oreal should seek to become more accountable in their environmental initiative by educating consumers about them.

Aveda and L’Oreal are two successful beauty brands involved in the organic beauty industry. Their initial mission statements and corporate strategy differ greatly, allowing for varying levels of sustainable initiative. This case study has shown that if an organic company has high levels of accountability and organic brand identity,
environmental support will remain a main focus in corporate strategy. In contrast, if a company can redefine their mission statement and transform to suit market trends, environmental support can considered, but not promoted in the long-run. Beauty companies could move in a direction of fostering sustainable and congruent behaviors, by responding to an increase demand from consumer preferences. Also the nature of the corporation will need to include other measures of success aside from solely profit. Voluntary action is key in changing corporate culture in the organic beauty industry. If it becomes expected to practice sustainable and pro-environmental behaviors, consumers and shareholders will come to value and demand this behavior from companies in the long term. Ultimately the degree of accountability a company has established will decide if they are successful in maintaining and continuing to enact voluntary sustainable business methods.

2.8. Conclusion

The challenges that the organic beauty industry faces require more accountability from firms to address stressed organic supply chains, exploitation of suppliers and workers, and the actual sustainability of an organic beauty company. Individual firms have responded through proactive corporate missions, but the key to increased sustainability in the organic beauty industry will require government intervention. With appropriate regulations and legislations, there will be environmental standards, across the industry, that foster sustainability. In addition, if companies accept more accountability to provide safe and organic products for consumers it will ensure that consumer safety is a priority.
Traditional corporate investment strategies must also be redefined to ensure sustainability. In addition, a transformation must occur in traditional business and economics to include a definition of success that is defined by more than profit, but seeks to include the efficacy of organic materials, the safety of consumers, and the preservation of resources for the future. The organic beauty industry has the means and the ability to be the catalyst for a change in the traditional beaut industry to provide safe and authentic organic products.
Chapter 3: The Changing Role of Gender in the Organic Beauty Market

3.1. Gender, Beauty, and Economics

Cosmetics were the tools used for dividing and separating social classes throughout history. Aside from defining social roles, historically, cosmetics have played a predominant role in assigning and separating physical gender traits for men and women. The role of men and women was distinct in cosmetic use and helped to classify, enhance, and distinguish those differences through the use of soaps, makeups, scents, and hairstyles. This separation of sexes through the utilization of cosmetics has occurred since the times of ancient peoples and it is most assuredly occurring in the beauty industry today.

The traditional beauty industry was founded with social standards and advertising to offer solutions for physical flaws. Advertisements conveyed messages that meant to instill feelings of social failure and rejection if a consumer opted out of using cosmetics. Unreal expectations of both cosmetic product performance and physical beauty traits were promoted with selling methods that stressed the importance of cosmetic use. These advertisements became increasingly sexual and exploitative to both genders – demanding social expectations and beauty traits be achieved. Women were expected to be
comparable to top models with new cosmetics, hair color, and beauty regimes and men were expected to conform to an image of athleticism and strength conveyed by beauty culture norms.

Although the traditional beauty industry supports the distinction of gender among its consumers, the organic beauty industry seeks to foster an environment that is not dependent on sexuality. The organic beauty industry also does not rely upon the insecurities and flaws that the traditional companies have thrived upon. Furthermore, in the organic beauty industry, the organic ingredients and general wellbeing that products offer is the main selling point for organic companies. Company success is dependent on product competiveness where the focus is organic ingredient efficacy. In organic beauty, there is a success equation that encompasses both profits and social responsibility. This equation differs from the traditional beauty industry, where profits are largely the only focus for companies. This chapter will seek to explain how the organic beauty industry differs from the traditional beauty industry regarding gender. Traditionally, the beauty industry relies on separating gender and supporting expectations in cultural and social norms to sell products and win market shares. However, the organic beauty industry has sought to make organic objectives key in their economic models distancing itself from the gendered ideas that dominate traditional beauty culture.

3.2. The Traditional Beauty Industry: Beauty and Gender

The traditional beauty industry was founded and governed largely by males that looked for ways to appeal and persuade female consumers to purchase cosmetic products. As cosmetics emerged from their role of simply relieving beauty ailments, new products
became the avenue for a company’s success. Ingeniously, beauty companies exploited what seemed to be an ancient trait associated only with women – vanity. In Ancient Greece, women were described as being weaker and superficial, relying on unmoral cosmetic aids to enhance the beauty nature did not provide for them. The differences between that ancient time and now are that beauty aids and cosmetics are socially acceptable and vanity affects both sexes.

The beauty industry discovered through advertising, they could in fact simultaneously create and provide cures for common beauty issues and in the process make large profits. These beauty ailments most generally related to uneven skin tones, hair colors, and not measuring up to current beauty standards set by society (Roddick). The beauty industry then discovered its greatest tool to sell its products to consumers – exploiting sexuality.

Since the creation of the beauty industry and the establishment of women as top consumers, advertisements were centered largely upon finding a significant other (Jones). It was a common advertising trend to suggest to consumers that by not using a certain product, a life of loneliness awaited (Smith). In the late nineteenth century and early twentieth century, the thought of not finding a husband for a woman meant economic burden on her family and social shame (Peiss, Hope in a Jar). Fear of a life without a husband drove many women to use unsafe and in some cases deadly beauty products. For instance, one woman fell ill with paralysis in 1910 as a result of her skin whitening lead-based cream, but repeatedly lied to doctors struggling to find the cause. She eventually died due to severe lead poisoning from the product and upon her death; the
physician noted in a popular medical journal that it was the vanity of women that would lead to their deaths (Peiss, Hope in a Jar). It seemed for economic and social reasons, women were willing to endanger their own health to maintain beauty standards.

In 1938, Mademoiselle Magazine revealed that Volupté, a cosmetic company, had created two new lipsticks for their female customer base. The names of the lipsticks were “Lady” and “Hussy,” one for the girl in pearls and the other for the girl who likes to be “a leetle bit shocking.” At the time, makeup was still on the cusp of becoming socially acceptable in the daily life. Cosmetic companies found ways to appeal to women and created the idea of changing one’s personality and image – suddenly the shy girl could become a mysterious vixen (Peiss, Making Up, Making Over 311). Beauty companies had no problem creating new advertisement campaigns to align themselves with women’s insecurities and create fantasies to emulate other lifestyles and women.

When social and economic gender roles changed, the beauty industry had to adapt to reach a new market of emerging preferences. Women entered the labor force in unprecedented numbers and for the first time during the Second World War. They collectively found a strong voice at home and the in professional setting (Jones). It was no longer relevant to advertise to women about fearing a life without a husband. Women now had many other social and professional tasks to give them a fulfilled life. By entering the workforce, women also had their own economic incomes to support their consumption. The cosmetic industry was resilient and “hastened to absorb and profit from the challenges mounted against it, even as it produces the normative ideals of beauty for which it is criticized” (Peiss, Hope in a Jar 269). The beauty industry
maintained its relevance in consumers’ minds by using sexually driven and often exploitative advertisements. The industry looked at the increasing incomes of its consumer base and realized that supporting feminine dominance and strength was the key to seeing even more profits. Themes of cosmetic advertising morphed from ideals of finding a mate, to dominating the opposite sex. Leading cosmetic advertisements during late 1970s and stretching through the 1990s portrayed female dominance with images of women physically controlling male counterparts (Jones). The beauty giant Revlon saw best-selling numbers for its female fragrance named “Charlie,” both a play on the traditional gender of names and for the racy advertisement (Figure 3.1) the company circulated showing a business woman patting her male co-workers derriere (Jones).

**Figure 3.1**: Revlon's Charlie Advertisement


Although it seems this would be a direction in promoting gender equity economically and socially, many saw it as further reinforcing gender inequality through exploitation. Women were still given unattainable standards to meet based on what celebrities and advertisements showcased.
In addition, the typical woman had to reach these beauty standards, be successful in the workplace, and be the economic head of her household (Peiss, Hope in a Jar).

With this pressure in predominant aspects of life, feminists, female gender advocates, and statistics suggest that new waves of body dimorphic disorders, eating disorders, and increases in plastic surgery have erupted in recent years (Miss Representation). In 2010, it was recorded in the United States alone 65% of women had an eating disorder, an epidemic that negatively affects the economy in areas of healthcare and productivity (Miss Representation). Not only are pressures on women, but men too have been subjected to certain masculine gendered standards through campaigns promoting physical perfection, professional success, and athletic skills. Both genders are experiencing heightened stresses from society and cosmetic companies to exceed beauty benchmarks that even models cannot attain (Miss Representation). Computer software has falsely portrayed these societal standards of beauty in advertisements and even cosmetics are not able to keep up without it aid from graphic design (Miss Representation). Further feminists have begun to question if the messages from beauty companies and media are creating an unhealthy and tragic world for the consumers they target (Miss Representation). The self-objectification that is occurring, especially among young women, creates feelings of disempowerment that not only affects mood, emotional health, intelligence, but cognitive thinking and aspirations to succeed (Miss Representation). The role of beauty today is powerful and it could harm the economic functionality of generations to come through an unhealthy distracting obsession with cosmetics.
Women are not alone in their struggle to find perfection in the mirror, men and the male market for cosmetics has become increasingly successful in recent years. Historically, men have always required the use of fewer cosmetics than women, but social expectations have begun to require that men look like masculine models (Blanchin). Despite the male cosmetic industry being dwarfed by the female cosmetic market, companies including organic beauty companies are designing and marketing masculine focused lines to appeal to new consumers (Blanchin). Male cosmetics still promote hygiene instead of beautification, but the marketing tactics beauty companies rely upon ensure that consumption by men is becoming socially required.

The economics of gender plays a profound role in the beauty industry’s production and sales. Understanding differences between the genders in psyche and economic influence within households has allowed cosmetic firms to market to women successfully. With a new demographic of male cosmetic consumers growing, beauty companies have begun to design and promote male-focused products. As cosmetic companies have expanded product lines to appeal to both genders, social issues have arisen in response to consumer attempts to conform to unattainable beauty standards leaving them feeling disempowered.

3.3. History of Economic Gender Roles in Regards to Consumption and Beauty

Cleanliness and religion of ancient peoples first supported the use and importance of cosmetics. Routines focused on cosmetics were thought to aid and ease to the mind, soul, and body (Smith). These routines were also based largely upon the control and exploitation of sexuality. In ancient Mesopotamians royal courts there was little more
important than seduction and procreating. Beauty is a reason for attraction, lust, and above all the importance of a strong, embodied, beautiful offspring. Women became objects and vessels that merely produced future heirs and their beauty was more important than any other feature they possessed. Women were bought, traded, and sold with value based solely on their beauty (Hamermesh).

In Ancient Greece beauty became synonymous with being female. Greek philosophers chose the word ‘cosmetic’ to describe superficial which was, in Greek terminology, another word for feminine (Smith). During this time, philosophers compared women to the beautiful, seductive, and deceiving goddess Pandora. This comparison led to cosmetics being seen as a false guise that women could utilize to enhance their affinity for deceit. Alongside this, a new kind of misogyny emerged as Greeks defined beauty as a natural trait that permeated every form of life including athleticism and the dismissed cosmetics for enhancing natural forms (Smith). Women were not only untrustworthy because of their natural beauty traits; they were also excluded in this new form of beauty that required physical strength and athletic competition. Gender standards became clearly separated in terms of schooling, government participation, and access to certain lifestyle habits. For example, cosmetic care through barbering became a male dominated craft that was supported by apprenticeships and oral tradition. Women were not given access to male barbering shops, nor were they allowed to participate in formal education. However, some women were able to collect and create their own books of cosmetic care to share with friends and family (Smith).
It is interesting that although women were seen as more concerned or vain with their appearances, males were predominantly in the roles of providing cosmetic care and hygiene services for other males. The ancient Greeks were successful in founding a belief that cosmetics were superficial, immoral and vain until the beginnings of the twentieth century. They also like many ancient cultures based their economies around male-dominated activities. Women were often in the background of economic transactions if not totally removed from direct economic activity such as owning a business. Gender roles have been defined by different standards through history based on cultured beliefs. Beauty was primarily a trait that contributed to future generations in terms of strength, desirability, and physical value. There were distinct economic roles for each gender and most often were male dominated with women having indirect or limited roles. However, in our current economic society women are responsible for a majority of household purchases and consumption. The eventual inclusion of women in economic activities was essential for the beauty industry’s growth and success. One historical economic perspective of this female inclusion is described by Thoriesten Veblen, who explored the attitudes and cultural relevancies in ancient tribe life and significances of gendered consumption.

Thorstein Veblen approached the role of status, beauty, and subsequently gender by focusing on economic activity that surrounds a marriage. Barbarian communities believed foremost that fighting was important for survival and tribe longevity. This belief assumed that anyone incapable of fighting was therefore weak and of a lower social status (Veblen, “The Barbarian Status of Women”). Obviously, women were not
involved in direct combat. It became common belief that engaging with a women or coming into contact with a woman could lead to an infection of weakness that would result in a male losing his combat skills. Veblen established that in barbarian communities, which were war-dominate, fighting was how tribes obtained land, protected tribe members, and engaged in raiding other tribes for their women as ‘battle trophies.’ Fighting for women in other tribes allowed male tribe members to forgo mating with their own tribe’s females and risking becoming infected with weakness. As fighting between tribes subsided due in part to one tribes dominance or times of long-term peace, so too did the action of besieging women from other tribes (Veblen, “The Barbarian Status of Women”).

In response, obtaining certain women from within the tribe that had higher social status and beauty became practiced. Marriage that entailed owning a wife as property emerged and gave men within a community more power in obtaining the most prized woman within their tribe. This marriage supported that a man is head of the household and the owner of his wife suggesting the man is the discretionary consumer of the household’s goods (Veblen, “The Barbarian Status of Women”). Veblen stated that a change occurred between the sexes in consumption during the industrial era of production. As their economies switched from war-supporting to goods-manufacturing, so did the structure of marriage. This shift coincided with the increase in global production and consumption that followed the industrial revolution. The matriarchal household is described as being a one where the man is subsequently under the surveillance of the woman. Social standards were still instilled between genders (i.e. men
in politics, women as caregivers to children), but economically women were becoming the controllers of consumption (Veblen, “The Barbarian Status of Women”). Veblen shows a connection between marriage, value standards, and the morphing of economic gender roles through the introduction of mass consumption.

As Veblen describes, the industrial revolution was imperative in igniting an economic and social change between gender roles. This increase in production and consumption not only allowed for an expansion of commodities, but it also morphed the importance of women in economic transactions. The beauty industry recognized the importance of women as household consumers and began to reflect perceived feminine ideals of value in beauty consumption.

3.4. The Real Economics of Beauty

As labor economist Daniel Hamermesh (2011) has stated eloquently, ‘beauty is scarce’ (Hamermesh 6). It can be said that beauty is a scarce and tradable possession that allows for consumers to consume more of it (via cosmetics) if they have not been endowed substantially by nature. This increased consumption of beauty can be satisfied with cosmetics. According to mainstream economics, scarcity always holds and the value for the scarce good increases dependent upon demand from consumers (Robbins). Beauty as aforementioned creates emulation amongst individuals. This requirement to measure up to social beauty standards also drives the market for consumption for more beauty. The amount of beauty one possesses and how it measures with cultural expectations has an effect on consumer’s work, their wages, quality of life, social status, and mood (Hamermesh).
The average consumption of beauty products by gender statistically supports that women are dominant in the cosmetic industry. Time use surveys have revealed that the average American husband spends 33 minutes daily washing, dressing, and grooming while the average American wife spends 44 minutes (Hamermesh). Further, the average spending of a woman on beauty products and services in 2010 was between $12,000 and $15,000 (*Miss Representation*). Global consumption figures in the billions are staggering, but gendered averages better describe how important cosmetics and beauty are to each sex and how it affects the daily economic lives for each user.

In both our social lives and professional lives we are heavily affected by our physical appearance. Looking well kempt and confident can be intrinsically exchangeable with having intelligence and power. If beauty affects behavior in our labor markets and creates differences in the jobs that workers are offered and the income they earn. It may also indicate the choices we make outside of the workplace in our other activities and homes (Hamermesh). For example, women who possess physical attributes that society deems attractive could be offered a position as a spokesperson or model. Based on the lifestyle of an entertainer, spokesperson, or model, this job could determine where a woman lives, who she socializes with, where she shops, how much she spends, and how much income she earns. Beauty resonates far beyond our faces and into many other facets of our lives. It has been socially ingrained that the better-looking one is, the better life he/she will have. However, in economic reality, this is not really the case. Studies done in the beauty industry in China showed that for every equivalent $1 spent on beauty and seeking to improve one’s beauty it only yielded in a return of 4 cents.
Financially, the pursuit of beauty and the spending on cosmetics to enhance beauty is not really a good investment, based on cost-benefit analysis (Hamermesh). What is instead being suggested and researched is the positive effect cosmetics have on levels of confidence and professionalism, which leads to better jobs, higher wages, and thus better qualities of life. There are still advantages of possessing what is known as standard beauty traits in the workplace though. Having superior than average looks can lead to increased opportunities of interviews and being hired after a face-to-face or ‘picture-provided’ interview (Hamermesh).

Cosmetics for women and men have signaled a level of trustworthiness and also a degree of pleasing beauty and friendliness. The social desire to live up to these beauty standards has become so important, that the economics of consuming cosmetics has become in consumers’ minds a requirement in order to be successful.

When beauty is treated as a scarce good, the consumption of more beauty seems only logical as social standards have taught us that a level beauty will translate to an equal level quality of life. Intelligence, skill-sets, and a hard working attitude should be the main factors in our personal income equations, but gender and beauty affect both the level of education, types of work, and wages that are sought by individuals (Miss Representation). Women were largely absent from sectors of higher education and were completely missing from executive teams and government until fifty years ago (Peiss, Hope in a Jar). On the whole, over the last half-century great strides have been made in equalizing gender in the workforce. However, gender is still the decider for certain jobs including positions in the beauty industry. Currently, women hold only 4.5% of CEO
positions in the top 1000 Fortune companies globally and of that percentage, only one beauty company is represented by a woman (Catalyst). Even within a female consumer focused industry, the leaders of cosmetic companies are primarily male. Critics of male leadership in the beauty industry, like Anita Roddick founder and president of the organic Body Shop, attribute the objectification of female beauty as well as the difficulty for female-lead beauty brands to emerge onto the market to heavy stigmas against female representation (Roddick). This is a strong stance against male leadership in beauty and perhaps a more important issue could be the message that companies and their advertisers send to its consumers on a whole. That message should involve that individual beauty traits of each gender be supported instead of scrutinized and homogenized through cosmetic consumption.

3.5. The Organic Beauty Industry: A Different Approach to Gender Beauty Standards

The organic beauty industry differs from the traditional motivation of profit-driven business practices within the cosmetic industry. This distinction between organic companies and traditional companies focuses on the importance of the product, organic ingredients, health, and overall consumer

Figure 3.2: Aveda Product Advertisement

wellbeing (Roddick). Although images of women and men, mostly models, are used to promote organic beauty cosmetics, the ultimate focus is on the quality and effectiveness of the organic ingredients. For example, most of the Aveda Corporation’s advertisements feature no humans and gender at all (Figure 3.2), only the natural plant and flower ingredients that were used in the product (Aveda, “Aveda - Official Site”). Preferences of purchasing organic beauty products aside from personal beauty can include pro-environmental initiative, pro-humanity actions, and even a sense of personal pride and wellbeing by contributing to social issues (Aveda, “Acting Responsibly”). Economic reasons in traditional beauty consumption consist of benefits in self-confidence and in improving one’s social status, but in organic beauty consumption, those same benefits occur plus extend to add economic benefit for the environment and social causes.

The lack of gender themes in the organic beauty industry is a characteristic that has allowed the industry and its consumers to shift away from traditional beauty industry stresses (homogenous beauty indicators). When focus of traditional beauty requirements is overshadowed by organic ingredients and the production processes (i.e. fair trade, sustainable supply chains), the idealization of gender is diminished. The organic beauty industry still supports beauty, but it a more natural and health-based approach to physical appearances. The wellbeing of consumers and the pro-health attitude of the organic beauty industry allows companies to reach out to those consumers in a way that embraces physical characteristics instead of heavily critiquing beauty flaws (Roddick). The organic beauty industry is successful in seeing consumers as individuals that have concerns that go across a broad spectrum of ideas – like the health of their skin/hair/nails, the health of
their environment, the safety and support of third world countries, and the validity and socially responsible practices companies engage in (Aveda, “Consumer Awareness”). Organic beauty companies are able to provide multiple reasons for consumers to purchase their products, from the ingredients they use, to the beauty they give back to the world through social cause initiatives (Aveda, “Consumer Awareness”).

In terms of gender, organic beauty companies sometimes still maintain the femininity or masculinity of a specific product or product line, but the focus is on natural beauty and health not fulfilling traditional beauty requirements (Roddick). Gender in the organic beauty industry is not a factor that on the whole distinguishes consumer consumption of products. The general attitude of organic beauty is not aimed at exploiting or creating insecurities in consumers for product sales. The goal for organic beauty companies is to support the consumer and the consumer’s socially responsible consumption preferences. What the organic beauty industry has succeeded in doing is providing multiple personal and socially positive reasons to consume an organic beauty product. This has allowed for organic consumption to recognize not only personal preferences, but to acknowledge and support other cultures, and the environment, free of traditional gender standards.

However, the differences that do define gender are not completely removed from the organic beauty industry, but their role in traditionally critiquing the consumer and defining social stigmas are not supported. The organic beauty industry focuses on enhancing the beauty that an individual possesses limiting the pressures and stresses to conform to a standardized definition of beauty that the traditional beauty industry often
creates. The organic beauty industry focuses on the natural beauty in each consumer, freeing consumption preferences from traditional and gender based standards.

3.6. The Economic Benefits from Organic Cosmetics

The organic beauty industry’s success has been a major contribution to consumer health, pro-environmental action, and a shift from traditional beauty standards. The results of organic cosmetic consumption seem to stem much farther than the consumers’ faces or bodies. In fact, the social benefits have provided for people, plants, animals, and our world in both physically and socially regenerative ways.

There are critics of the economic sustainability of the organic beauty industry based on initial costs to production processes. City planners and budgeters for recycling programs, for instance, have suggested that the costs of recycling containers are simply too much for cities to justify. In 2006, Tasman residents of the town Nelson were provided a recycling waste bin that cost the city $55 for each property, this totaled to $1 million in losses for the city leaving the mayor and city stressed for additional funding for other necessary legislation (Earth Talk). There are costs to recycling, but the benefits of increased labor in the recycling process and a reduction in total long-term waste because of reusable materials could out-weight them. There are entire economic industries that are based upon the recycling, cleaning, and improvement of traditional waste-filled products, production processes, and chemicals contributing to globally $2 trillion annually (Cunningham). Shifting from new creation to recycled reuse is what leaders in these industries are assessing as the future of our infrastructures and gives hope to our environment (Cunningham). Controversy over environmental action and recycling
continues, however the actions of those already engaged in recycling and organic
initiatives are helping to slow wastes and pollution of ecosystems.

The organic beauty industry is growing larger with new participant companies,
allowing for benefits to affect more than simply revenues. The organic cosmetic
industry’s focus on health, organic sourcing, and producing represents a significant
difference from the traditional industry. With benefits to the quality of our planet and our
health, perhaps the organic beauty industry would be able to transform unattainable social
beauty standards that have become enforced under traditional beauty also.

3.7. Conclusion

The beauty industry has seen a history of gender based and unethical behavior. In
a world where social standards define beauty, positive social change has occurred as the
organic beauty industry transforms traditional thought and practice. Ultimately, what
must be factored into the economic equation of sustainable beauty is the health of
consumers, protection of resources, non-exploitation of people through advertising, non-
exploitation of people in the production process, and the removal of gender standards.
The organic beauty industry has the means and the consumer support to begin to
influence the traditional cosmetic industry.

In transforming a beauty industry that scrutinizes gender, the organic beauty
culture has created a climate of natural and progressive beauty standards not designed to
critique and exploit consumers. The shifted focus from gender to a multitude of
consumption preferences not only fulfills consumer demands, but also contributes to
social, gender, and environmental issues. In creating an environment of non-exploitat
practices, the organic beauty industry has lent itself to a change in traditional beauty consumption patterns. Consumers now look beyond personal fulfillment and seek out companies that produce socially conscious products. However, since the organic beauty industry still requires consumers of both genders to engage in a beauty culture, there could be less profound effects on gender equality. This limited shift in social behavior could occur because the consequences of not participating in beauty culture are still larger and greater for women, affecting their livelihoods, social status, and wages. Ultimately, the success of creating gender equality in the organic beauty industry will need to address the requirements that both genders face as well the consequences of refusing to participate in beauty culture through cosmetic products.

In a world where beauty is traditionally defined by heavily distinguished gender characteristics, the organic beauty industry embraces unique identities and natural beauty and promotes the confidence and attitudes of individual consumers.
Chapter 4: Capitalism and Organic Beauty – Success with Transformation

4.1. Conclusion and Recommendations

The history of the beauty industry is one that affects both individuals and the environment. For thousands of years, beauty has symbolized status, wealth, and power to mean the success and social prowess for mankind. This belief that beauty creates a better life both socially and economically has not dissipated and continues to be supported by society today. However, the means and methods of how consumers attain beauty have changed and the standards that society demands have grown to encompass a global homogeneous beauty culture. Traditional beauty companies have been key in the development and maintenance of a strong message that beauty is critical for economic and social success. Consumers have begun to disengage from the traditional beauty culture and prefer products that include more than superficial beauty fixes. Consumers express preferences not only driven by the search for individual beauty, but increasingly they express preferences that include responsibility for the environment, the wellbeing of all those involved in the production process, and the health and safety of the consumer. In the context of this shift in preferences, the organic beauty industry was founded and flourishes.

This thesis examined the historical and economical history of the traditional and organic beauty industries especially discussing the effect on environmental responsibility.
and the impact on gender. Recommendations for and critiques of the issues examined in this thesis will now be discussed.

4.2. Capitalism and the Organic Beauty Industry a New Model for Success

The traditional beauty industry has aligned itself with capitalistic goals of endless growth. The pursuit for expanding markets has allowed the beauty industry to continuously provide products and services for consumers including organic options. Corporations have emerged as entities capable of shifting beauty standards and providing solutions and products to attain those ever-changing aesthetic benchmarks. Traditionally, beauty companies have used untruthful advertisements and campaigns to support their products and create a type of loyalty fueled by a stigma that success can only be achieved by conforming to homogenous beauty standards. In contrast, the organic beauty industry has focused on products’ ingredients and shied away from traditional traits that define beauty. The organic beauty industry has relied upon its organic ingredients and corporate initiatives that support social responsibility to foster customer loyalty.

The importance of corporate missions has been discussed within the case study of this thesis. Both beauty companies Aveda Corporation and L’Oreal have seen unprecedented sales and consumer consumption in the organic beauty market. Aveda’s mission of corporate and social responsibility has maintained a strict code of organic and sustainable ethics that contribute to a successful model that includes more than simply return on invest. L’Oreal has a firm mission statement that is over a century old and supports scientific research for consumer safety. However, their entrance into the organic
market has been met with criticism, as certain corporate decisions have not been completely aligned with social or corporate responsible agendas.

While companies try to gain market share in the organic beauty industry, questions of ingredient integrity have arisen. As consumers’ preferences change to encompass more organic beauty product consumption, corporations have answered by supplying an increasingly growing number of products to meet demand. In one regard, this has been positive as it allows for organic and sustainable agenda to reach a larger market and successfully educate consumers on products and effects on the world. However, this increased demand has also allowed for new companies to enter organic production that may not have the ingredient validity and could compromise the industry’s integrity as a whole by providing non-organic products. This viewpoint is critical in the success of the future of the organic beauty industry, as it creates a large obstacle to the validity of organic ingredients. In addition, if companies are providing false organic products to consumers there could be large devastations to the environment, consumers’ health, and stresses to supply chains for scarce organic ingredients.

Further it should be recognized that the organic beauty industry still supports and utilizes capitalistic behavior and consumerism as main tools to gain profits. This means there is a contradiction in the foundations of what the organic beauty industry represents and appears to support to the actual behavior of organic beauty firms. Even Aveda, which was seen to contribute largely to environmental and social causes still relies upon consumerism and capitalism to earn ever-increasing revenues. As organic beauty companies enter the market to provide products for consumers, ultimately the most
important goal is retaining and growing revenue. Unfortunately, this kind of behavior aligns itself with capitalism and consumerism and could result in the organic industry not largely different from the traditional beauty industry. Although third parties could benefit by organic beauty production, ultimately this organic beauty industry may not change the way consumers and the environment are treated collectively.

Currently, monitoring and regulation of the organic beauty industry does not exist. The loose definitions and legality terms that do exist are simply not strong enough to ensure that companies do not deceive consumers and essentially destroy the future success of the organic beauty industry.

4.3. Organic Beauty and Corporate Behavior

Long-term success for the organic beauty industry relies upon corporate ethics and actions. Recommendations for positive corporate behavior in the organic industry revolve primarily around establishing a strong commitment to providing ingredient efficacy in a corporate responsibly way. This can be achieved initially by creating a degree of accountability by companies to their shareholders, stakeholders, and the environment. Accountability can be achieved by publishing goals, objectives, and commitments in annual reports, rebranded or new corporate missions, and an acknowledgement of those commitments through daily actions and events. L’Oreal proved successful in their publications of set environmental goals to be achieved by firm dates, companies can also shift their agendas and ensure that corporate and environmental responsibility is a reality.
Corporate sustainable activity can be achieved by creating incentives for the company to engage in positive social behavior. Tax breaks or refunds, increased profits that stem from positive corporate image, and cross industry promotion of sustainable initiative can be motivators for companies to redefine their organic product ingredient efficacy. Corporate image is increasingly important in a business’s success model and by contributing to social causes, organic initiatives, and environmental promotion a company can attract entire new markets of consumers as well as increase their loyalty established with existing consumers.

Just as the luxury goods market has identified a consumer’s preferences and aligned them with the economics of conspicuous consumption, organic beauty companies must identify the many preferences of their consumers and meet their basic consumption needs as well as their moral preferences. Providing a complete experience to the consumer through a product not only fulfills their basic desires, it also contributes to their social and cultural beliefs. This can have a profound effect on the world in terms of environmental protection/awareness initiatives and increase social justice.

The incentives for a company to firmly commit to an organic and sustainable corporate agenda are growing to include success and increased profits. Ultimately in this corporate climate, it is up to the individual company to establish or adjust their behaviors to contribute to a sustainable agenda. Companies are responding to consumer preferences for organic and socially responsible business practices, but based on their own timelines and with lower risk on their investment. A far more reaching and stronger method of achieving corporate commitment and congruency within sustainable actions
calls for regulations and legislation provided by industry standards or government entities.

4.4. Regulation and Legislation – Demanding Congruency and Commitment

Individual corporate action is important and a catalyst for an organic and sustainable beauty industry. Currently however, individual action does not ensure ingredient validity and long-term success in the organic beauty market. To create the foundation for a successful organic beauty industry in the long-term, there must be regulations and legislations to encompass corporate behavior and consumer safety ensuring negative externalities are accounted for and assessed.

First, a transparent and global reaching definition of organic must be established. Currently, there is no global standard for what is officially or legally organic. Considering that many organic beauty products are sourced from global supply chains, this congruent definition is critical in establishing a basic level of commitment and acknowledgement by companies. There must be accountability from companies to provide a product that meets certain standards. This call for the need of an entity or regulatory agency is essential and seeks to test and ensure that corporate claims or organic action and ingredients are valid and positioned correctly to consumers. Currently, beauty companies monitor their own ingredient safety and product results. They are reprimanded or forced to change advertising lingo only if major complaints arise within loosely supervising entities like the FDA in the United States.

The corporate stakeholder evaluation must consider the environment and pro-social behavior. This consideration requires that a corporation pursues more than mere
profits, but includes externalities on the environment, and the promotion of corporate responsibility. Policy makers could do more to promote responsible corporate action to benefit the environment such as larger tax considerations. If corporations can easily see the benefits to their own agendas and revenues, socially responsible actions will become important to companies. Embracing environmentally responsible initiatives could be achieved within capitalism by stressing the benefits for return on investment and acquiring larger market shares by engaging in organic supply chains.

Capitalism is based on the notion of endless growth. In the context of the organic beauty industry, however, endless growth may not be easily attained. The organic beauty industry is reliant upon scarce organic resources to create products on a mass scale. The organic supply chain process is slower, more time consuming, and initially requires more costs. Supply chains with organic standards also cannot meet the demand the traditional beauty industry has for chemical and synthetic ingredients. This limitation has been acknowledged by supply chain analysts, but supply itself has not been exhausted by current organic beauty product demand. Certain companies have acknowledged limited resources as a business obstacle, and have chosen to redesign and formulate product recipes. Yet, this is not a mandated or required practice. As the demand for organic resources grows within the beauty industry, it will require restraint and flexibility among companies to ensure that organic supply chains are not overwhelmed. This could result in non-organic ingredients being used and disguised as organic, and it could also mean the extinction of certain scarce plants or herbs from our ecosystems. Regulation must occur in an industry so reliant upon for organic product efficacy, integrity, and safety.
The Kyoto Protocol was successful in raising awareness for companies and their impacts on the environment and the people of our world. Although the Protocol is now outdated and has lapsed, there must be more universal initiatives and standards required by companies. The only way for companies to accept responsibility and to promote sustainable initiative especially within an organic industry is to require accountability on a legislative scale. Although individual corporate action is important, there must be more firm and stronger laws and guidelines for companies and industries to abide by in the long-term. This seems like a complex recommendation to promote, but it may be the only way to ensure that profits become only a part of a company’s success allowing for sustainability and social responsibility to become important also.

4.5. Redefining our Culture and our Economic Structures

Legislation and regulation are the means to ensure that long term sustainable and valid organic resources are maintained, but a shift in cultural standards could add several other goals to the capitalist economy aside from endless growth. As demonstrated during the 1960s and 1970s, a time of extreme criticism and skepticism allowed for entire social and culture standards to change in the traditional beauty industry. What was founded was a organic beauty industry. If consumer preferences become more critical of the current beauty industry, their preference may begin leaning farther toward organic and sustainable beauty options. This in turn could result in considerable promotion and support of organic beauty and grow to encompass more firms, more suppliers, and more demand consumption. The pros and cons of the increase in organic ingredient demand have been addressed in the previous section, but if supply is able to sustainably meet with
demand entire consumption preferences could be changed. As consumers begin to redefine their preferences to include social responsible initiatives, companies will have to supply consumers with products that achieve those demands. This changes the way traditional beauty product development occurs and seeks to incorporate the preferences from consumers that have interest in the environment not just their skin tone.

The transformation of what defines success for a firm must include more than profit and reach farther to mean success for stakeholders and those third parties affected in the production and consumption cycle. Once consumers demand that their consumption expands beyond their own fulfillment, firms will be forced to consider entities other than revenue. This kind of consideration could inherently change the traditional system of cost benefit analysis that is used to determine investments. If firms and consumers are looking toward their long-term impact on society and the environment – more value could be given to the future and to the sustainable initiatives that will ensure resources in that future.

Capitalism can still direct our economic markets and systems, including the organic beauty industry, but perhaps changing the meaning of success for firms will result in a system that prioritizes ecological sustainability over quantitative accumulation. If consumption is a form of emulation, by changing the preferences consumers wish to emulate to include social issues, environmental and social progress could become a motivating factor in consumption. This has been occurring as more and more organic and sustainable beauty products become available for educated consumers that wish to consume organics based on a new set of preferences. Obviously, this will require some
level of regulation to ensure validity and authentic organic ingredient usage is occurring to truly provide these social and environmental benefits.

4.6. Transformation of Tradition – Gender and Organic Beauty

As more consumers become aware of the pro-environmental sustainable beauty products that exist, social change is slowly helping to change the gender expectations in our society. Organic beauty companies are focused on product efficacy and ingredient sourcing as their points of differentiation. In this business model, the excess of sexual advertising and gender identifiers that exist in traditional beauty advertising has dulled. (Gender norms are still embraced such as certain hairstyles or the usage of makeup.) The overabundance of consumers feeling the need to conform to unattainable and unrealistic standard, however, is muted in organic beauty consumption. The organic beauty industry revolves around the concept and belief that natural beauty is to be harnessed and accentuated by organic herbs, plants, and flowers. The organic beauty company does not engage in radical physical trait modifications such as skin whitening, surgical procedures, and caustic chemical treatments. Therefore, the need to conform to homogenous beauty standards is not present and the unique natural beauty of each consumer is not scrutinized.

The organic beauty industry relaxes the sometimes crippling extremes that beauty consumers experience in a journey to meet social standards through traditional means. This could play a large role in reversing the damage done to society and the economy in terms of social unrest that body image disorders and behaviors create. Further, by supporting a more localized and individual beauty appreciation, global beauty consumers
can embrace their own cultures and physical characteristics stepping away from the homogenous western beauty benchmark they have felt pressured to engage with. The organic beauty industry’s focus on natural has allowed it to successfully encourage social responsible agendas and embrace individuality and beauty.

If the consumer and their consumption is more about personal preferences rather than the pressure conforming to a societal benchmark, perhaps consumers will begin to understand the power they possess in creating beauty standards. There is still a large disconnect between genders and the expectations of an individual to engage in beauty and cosmetic culture. Women still have more consequences for opting out of the beauty culture than men do. This can include for women on a larger scale not receiving jobs, opportunities, or wages based on their non-beauty participation, further widening the disparity between both sexes. Social behaviors and expectations could limit the success the organic beauty industry has in redefining gender roles as women and men are still forced to participate in beauty culture – albeit organic beauty culture. Women are the most influential consumers in our economy, yet the beauty industry makes their purchasing power seem victimized forcing them to consume in accordance with homogenous beauty. Men too have been taught to expect that both sexes require certain physical and social characteristics in order to be considered successful, beautiful, and in essence ‘normal.’ If consumers were able to understand their power in consumption, the traditional beauty industry could be forced to change its objectifying and gendered agendas. Embracing and consuming to support realistic beauty standards and individual characteristics would destroy niche industries like the skin-whitening product base that
chemically alters the body. Further, as consumption behavior changes so do social behaviors. Gender is important in this scenario, as the pressures to conform to homogenous gender-based indicators could be changed to focus on personalities. In terms of emulation, perhaps consumer preferences would begin to reflect characteristics and practices that increase intelligence, education, and creativity instead of mirror similar physical attributes.

4.7. Organic Beauty the Catalyst for Long-Term Economic Sustainability

The organic beauty could shift away from how modern capitalism works. It is from the viewpoint of this thesis and current economic research that regulation and legislation are instrumental in ensuring the organic beauty industry’s integrity and long-term success. Corporations must critically examine their missions and accountability to reflect their supply chain and production processes to ensure social responsibility. Consumers must acknowledge that their power in consumption will ultimately shape the social and economic landscape that lies in the future. By responding to social or environmental concerns in a meaningful way, consumption can be the driver to conserve environments and redefine beauty standards globally. The organic beauty industry has developed a successful equation that involves more than return on investment to include shareholders, consumers, and the environment – a practice that could be incorporated into any business model to promote social responsibility.

By examining externalities of traditional beauty consumption, the organic beauty industry has created a model for success in our world they extends beyond our faces. The organic beauty industry has shown there are social and environmental indicators that
could exist with the traditional success of profits in economy and perhaps change the traditional system of capitalism.

However, the answer is not as simple as relying on the organic beauty industry to change the way society and the planet are affected by beauty culture. In fact, there may be no answer right now as to if the organic beauty industry is capable of such a radical change – or if the organic beauty industry actually differs from the traditional beauty industry in the long term. Consumerism is too involved in the organic beauty industry to eradicate the capitalistic ideals that are driving organic firms to desire ever-increasing profits. For true social and environmental perspectives to change, consumerism must be evaluated and scrutinized to somehow consider and place importance on more than simply profits.
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