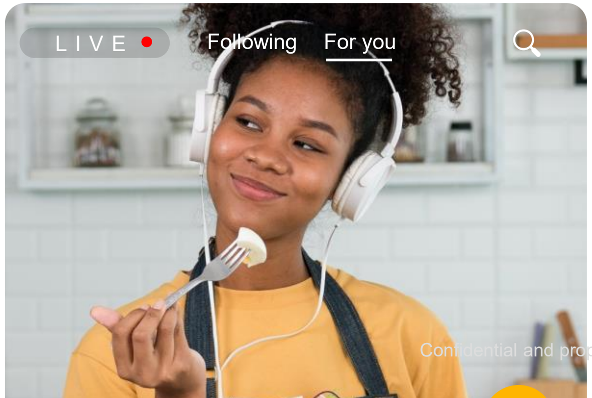
NielsenIQ

Clean is the New Chic

How conscious consumers are driving beauty's boom

Visit Booth #1509

September 2025



© 2025 Nielsen Consumer LLC. All Rights Reserved.

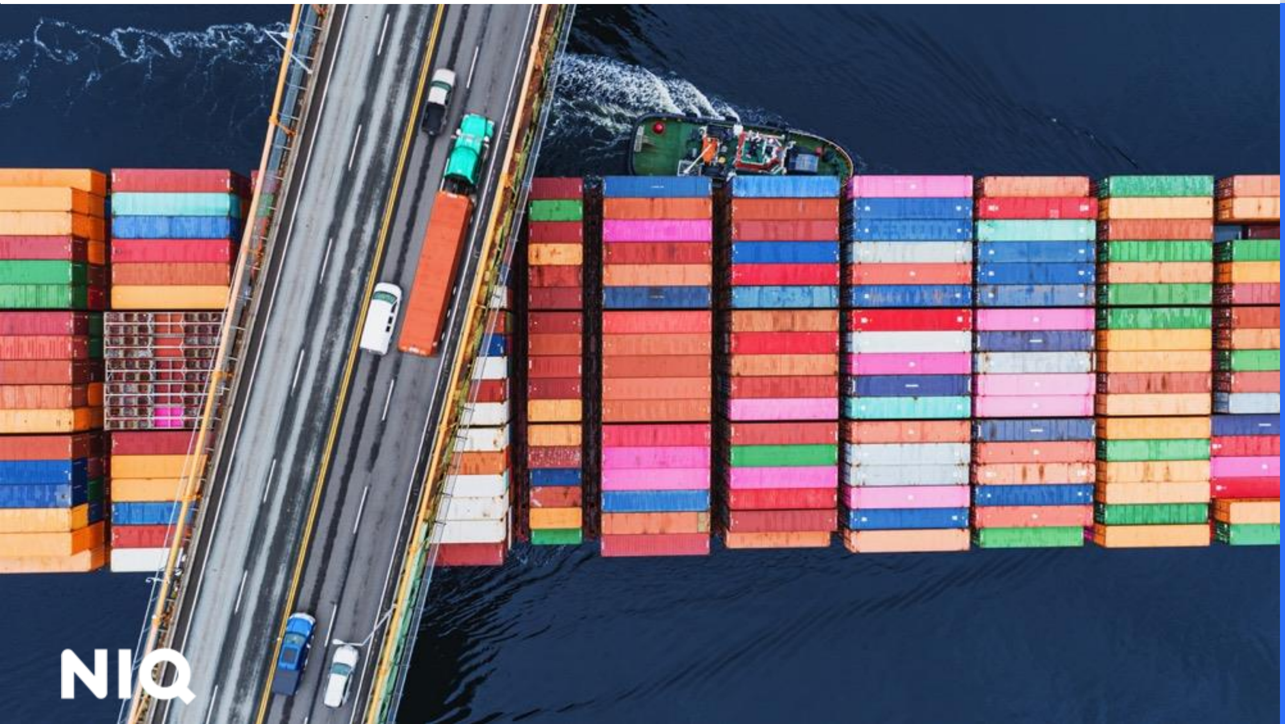
SPEAKERS

Carman Allison
Vice President
Business Development
NielsenIQ

Pierre-Marc Denault
Director & Canada Lead
NIQ Product Insights
NielsenIQ

Alexie Morin
Sales Director
The Unscented Company

NIQ



We deliver the Full View™

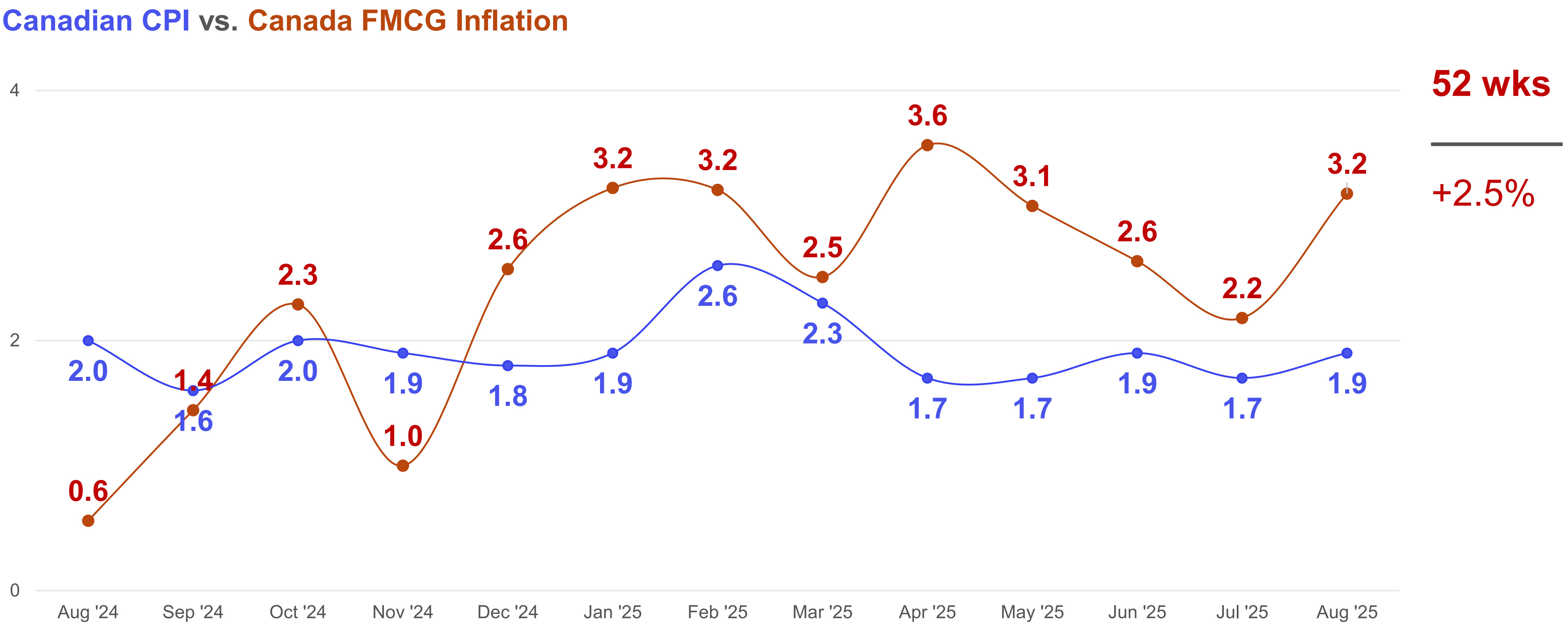
The world's most complete and clear understanding of consumer buying behaviour that reveals new pathways to growth.

The Canadian consumer has been shaken, not stirred

Consumer Confidence*	Financial Health^	Job Loss**	Debt to Income Ratio**
-3.2		7.1%	174.9%
59.9	42%		+1.1
August 2025	Worse Off	-66k in August	Q2 2025

* Conference Board of Canada ^ NIQ 2025 Consumer Outlook ** Statistics Canada

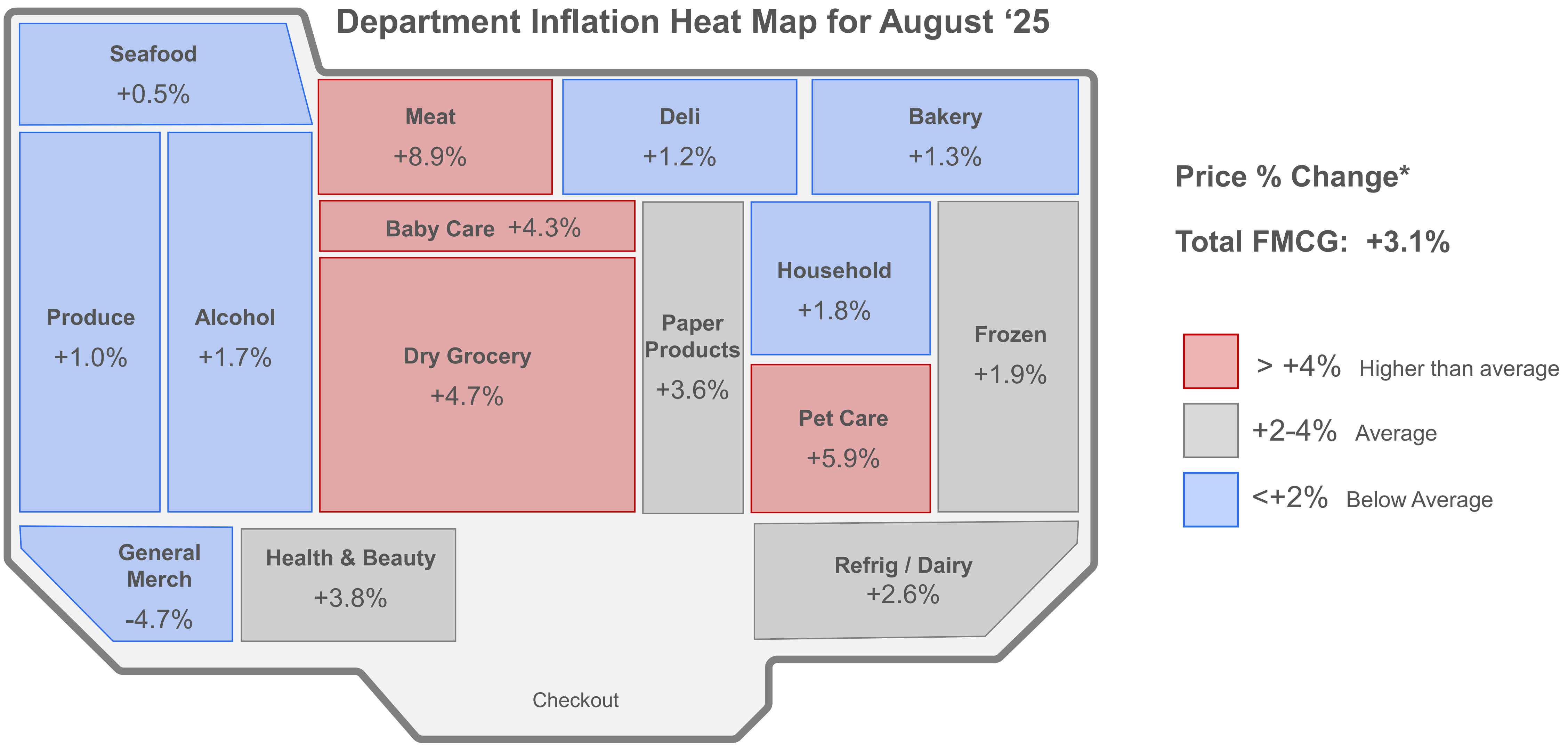
Checkout pressure point: FMCG trending higher than overall inflation



Source: NielsenIQ MarketTrack Canada All Channels Combined, Monthly Periods *Inflation: $ % Chg. less EQ Vol % Chg.

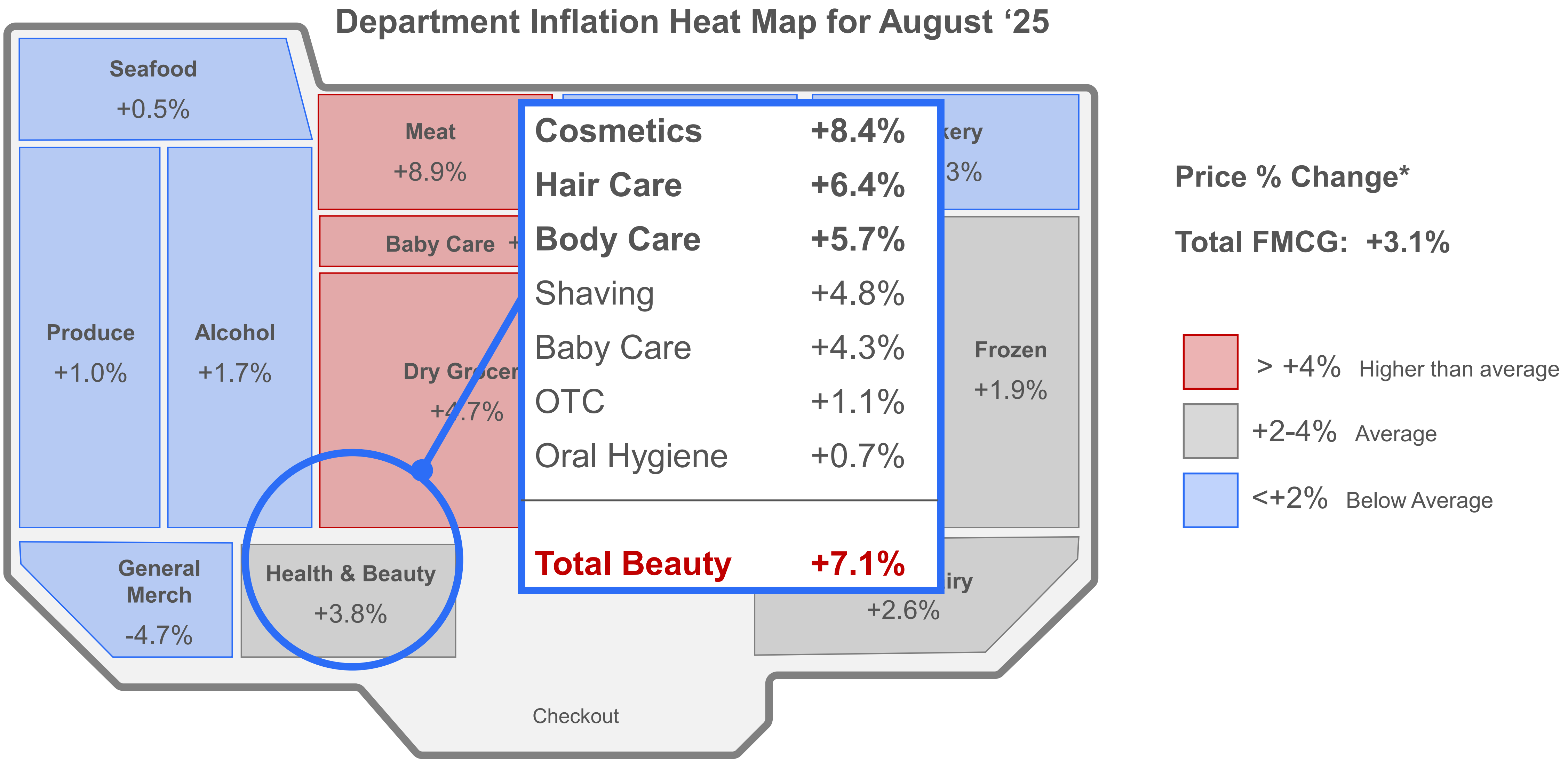
CPI: Statistics Canada

There are several polarizing price increases across the store

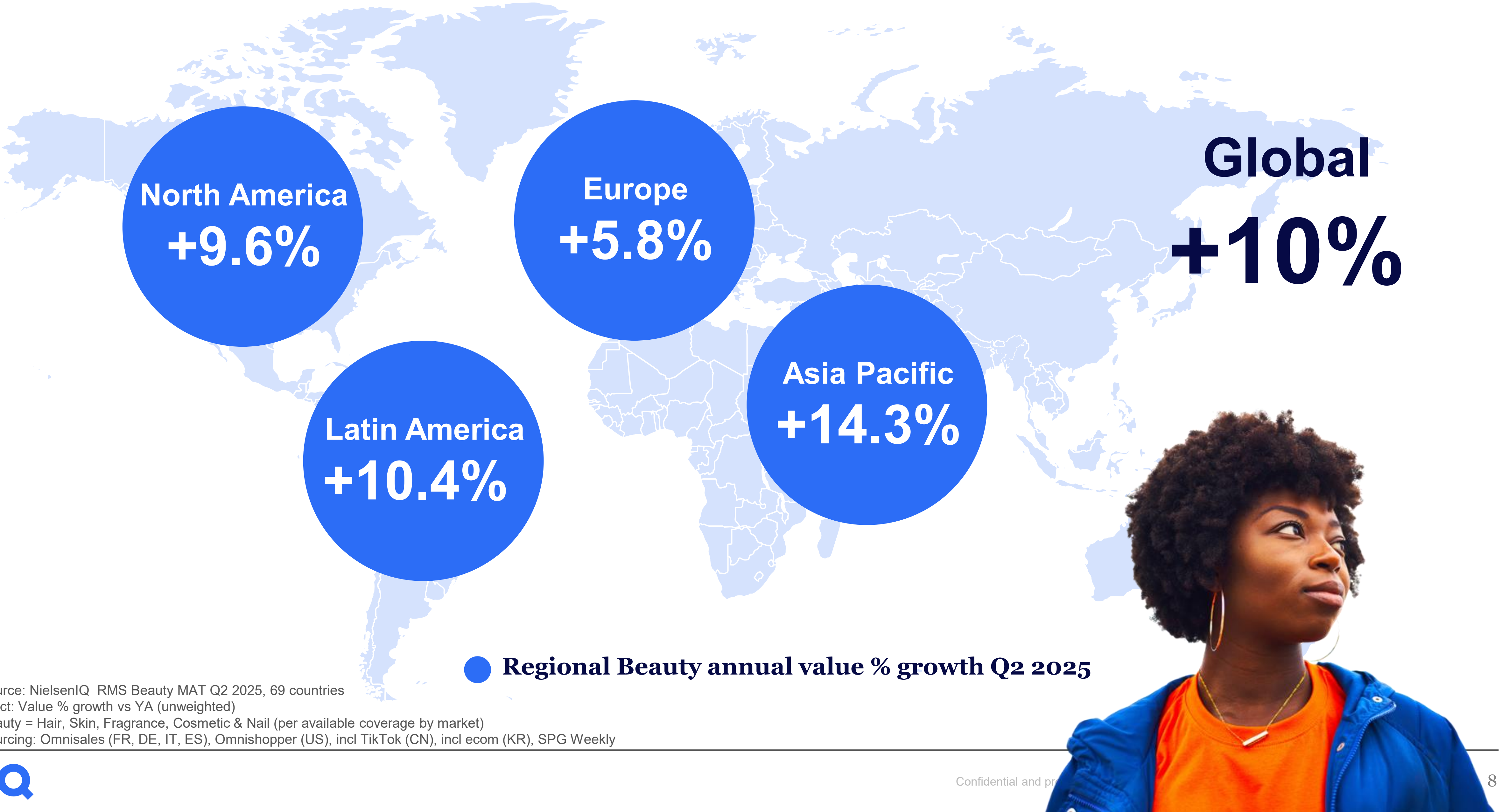


Source: NielsenIQ MarketTrack National All Channels Combined, 4 eeks ending August 23, 2025 *Inflation: $ % Chg. less EQ Vol % Chg.

There are several polarizing price increases across the store



Beauty sales continues to thrive globally



- Source: NielsenIQ RMS Beauty MAT Q2 2025, 69 countries
- *Fact: Value % growth vs YA (unweighted)
- Beauty = Hair, Skin, Fragrance, Cosmetic & Nail (per available coverage by market)
- Sourcing: Omnisales (FR, DE, IT, ES), Omnishopper (US), incl TikTok (CN), incl ecom (KR), SPG Weekly

The Power of Beauty for Canadian Retail

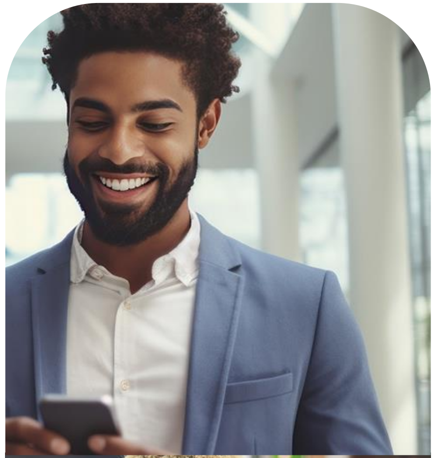
Annual Sales	$10.1 Billion
Dollar Growth	+8.3%
Unit Growth	+5.1%
Spend / Buyer	$618 / year

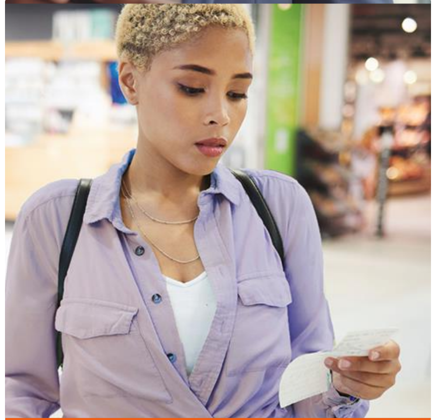
Source: NielsenIQ, Omnishiopper, Total Beauty Tracked Sales, Latest 52 weeks ending August 9, 2025,

Body Wash, Lotions and Fragrances and Deodorants leading dollar growth

Top 10 Categories	$ Millions	$ % Chg	Vol % Chg
Face Care	$1,365.7	+3	+1
Shampoo & Conditioners	$824.6	+5	-2
Deodorants	$513.9	+7	+1
Body Wash	$479.2	+11	+4
Hand & Body Moisturizers	$433.0	+8	+8
Women's Fragrances	$394.5	+10	0
Cosmetics – Face	$391.6	+3	+1
Cosmetics – Eye	$391.3	0	-3
Sun Care Products	$328.4	+3	-8
Men’s Scents & Lotions	$288.7	+8	+1

Source: NielsenIQ, MarketTrack Canada All Channels Combined, 52 weeks ending September, 2025.

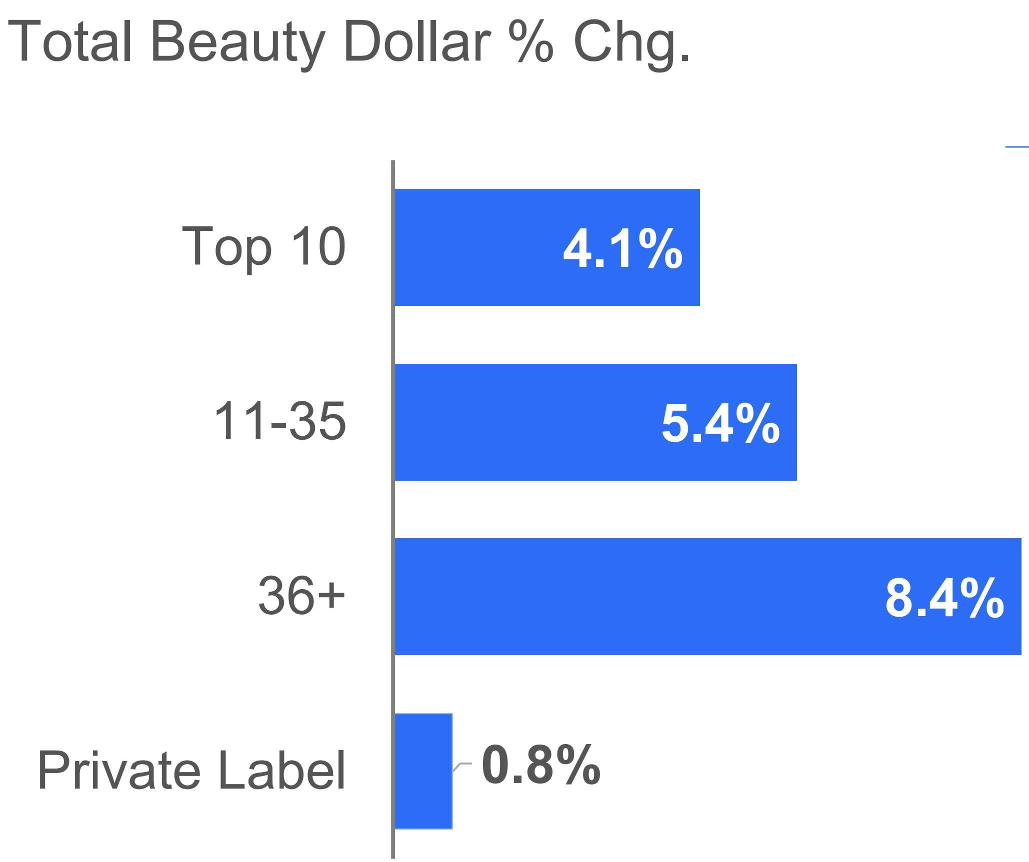




Growth trends with traction impacting growth

1 Smaller brand are fueling growth

Small beauty manufacturers are leading growth



	% of Dollars	$ Growth Contribution
Top 10	58.0%	49.4%
11-35	18.9%	20.6%
36+	18.0%	29.3%
Private Label	5.1%	0.8%

Source: Nielsen MarketTrack, National All Channels – Beauty Manufacturers Ranked on Dollar Sales - 52 weeks Ending September 6, 2025

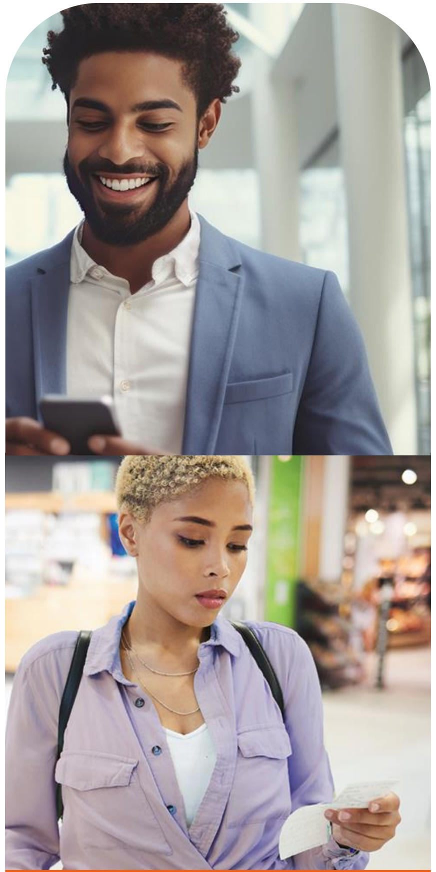
Leverage innovation to growth overall beauty and your brand

9.7% Of total beauty dollar sales are new items

+195% New beauty items dollar contribution of growth
(-5% for existing / lost)

19% Rely on instore beauty recommendations from consultants

Source: Nielsen MarketTrack, National All Channels – National Brands only 52 weeks Ending August 30, 2025



Growth trends with traction impacting growth

1. Smaller brand are fueling growth
2. Need for value a consumer motivator

The consumers search for value is putting retailer and brand loyalty at risk

Overall Saving Strategies

49% willing to switch to lower priced option

40% will buy whatever brand is on sale

35% will shop more at discount stores

32% will switch to private label

Impact on Beauty Sales

52% of beauty unit sales are sold on promotion

9.3% of beauty volume sales are private brands (5.1% dollars)

6.6 average # of banners shopped to buy beauty*

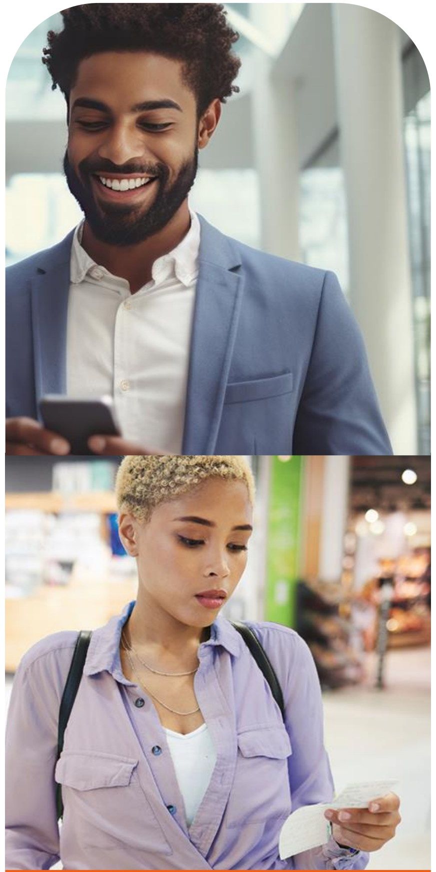
Source: NIQ 2024 Mid-Year Consumer Outlook, Canada / MarketTrack, National All Channels – National Brands only 52 weeks Ending September 9, 2025 / *NIQ Omnishopper

As expected, the consumer wallet is growing in value-based retail formats

Total FMCG retail channel share of trade		% Chg.	Total Beauty	
Conventional Grocery	27.9	0	4.8	+7
Discount Grocery	22.5	+6	6.4	+8
Warehouse Club	16.2	+7	19.8	+9
Mass Merch Stores	15.9	+3	19.8	+5
Drug Stores	6.6	+1	49.4	+4
Dollar Stores	1.5	+5	2.1	-1
Remaining	9.4	-6	6.8	-1

NIQ

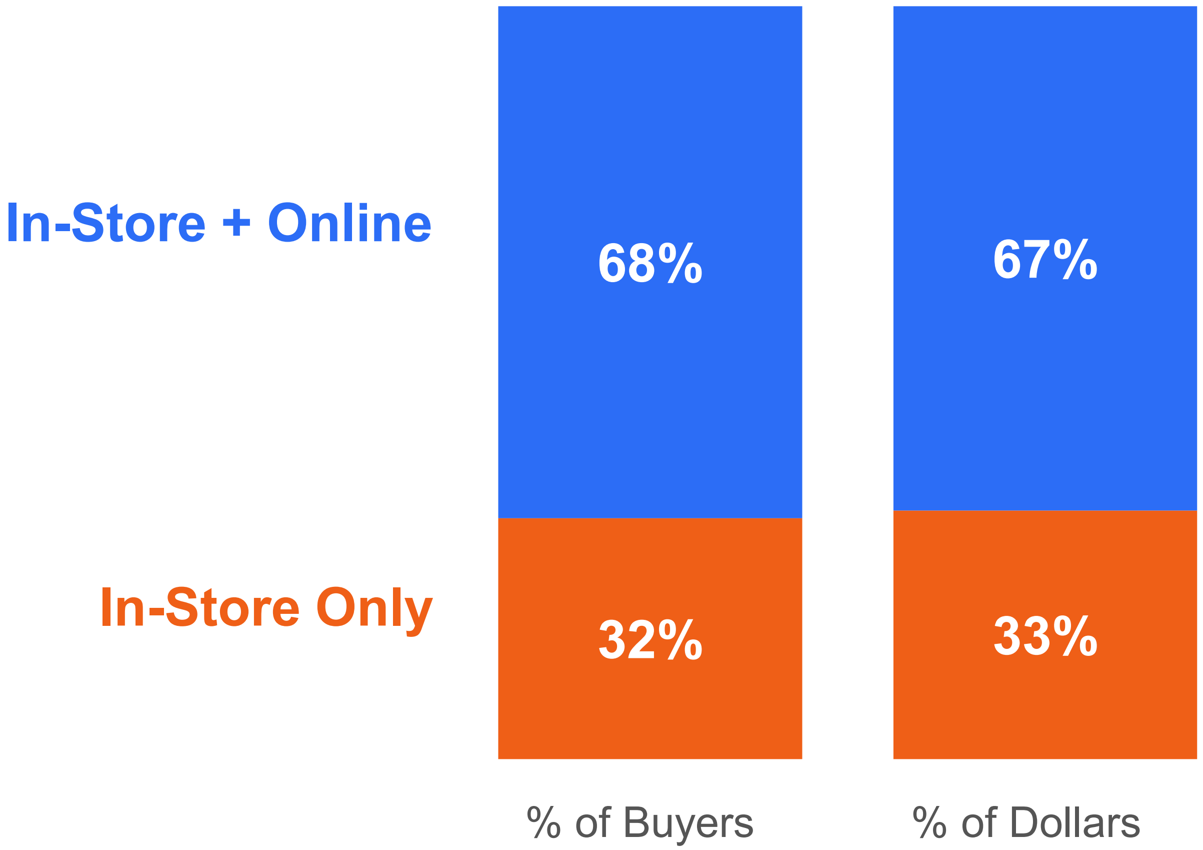
Source: NielsenIQ, Homescan, Total Canada Tracked Sales, 52 weeks ending August 9, 2025



Growth trends with traction impacting growth

1. Smaller brand are fueling growth
2. Need for value a consumer motivator
3. The consumer wallet continues to roam

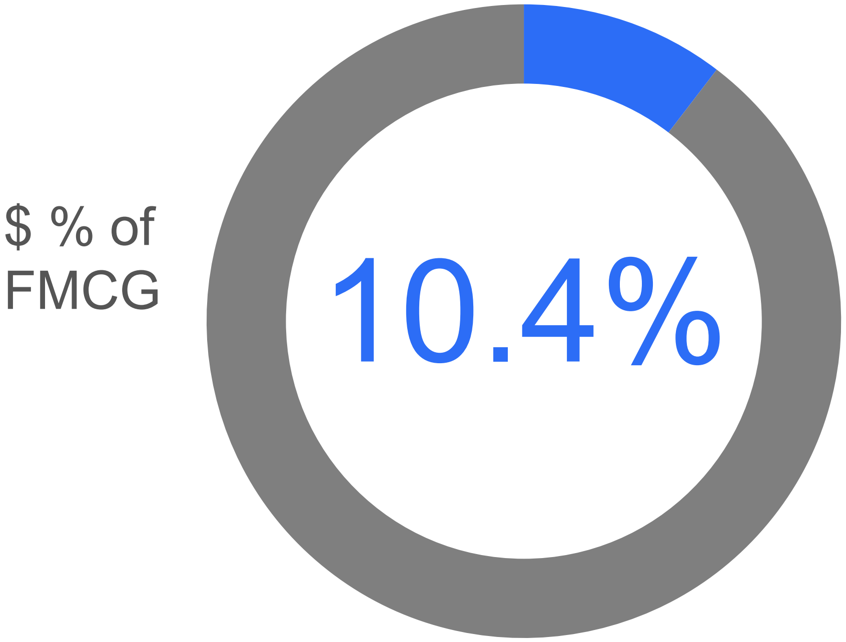
Omni shoppers are important accounting for 2/3rds of FMCG sales



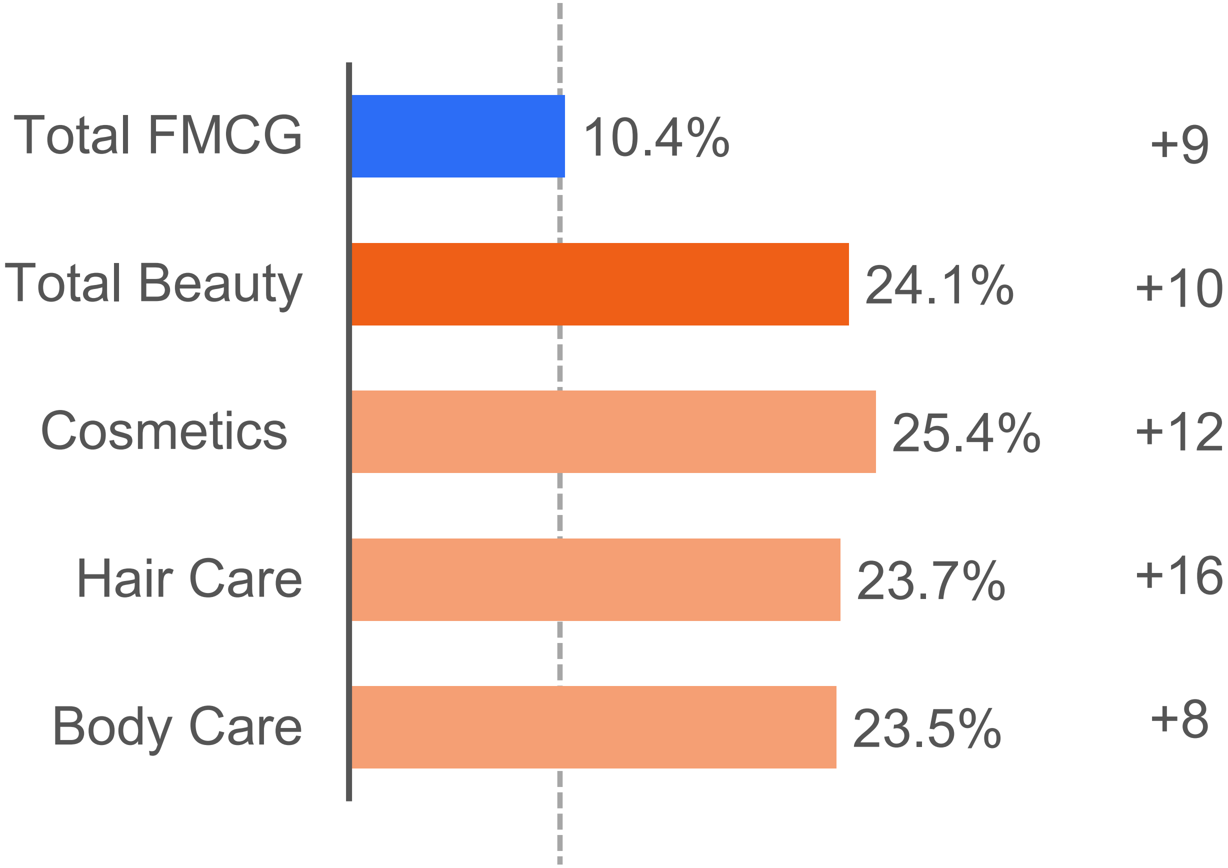
Source: NielsenIQ, Omnishiopper, Total Canada Tracked Sales, Latest 52 weeks ending August 23, 2025,

Beauty are big spenders online, accounting for a larger portion of sales

Online share of wallet



Online share stronger among non-food departments



Source: NielsenIQ, Omnishiopper, Total Canada Tracked Sales, Latest 52 weeks ending August 9, 2025, In today's environment, you need to **stand out in the crowd** and appeal to consumer needs, wants and desires.

Needs and desires of Gen Z & Millenials revolve around clean & sustainable

Gen Z

Animal welfare-related
- Cruelty Free, Humane

Social responsibility
- Ethical, B-Corp, fair trade

Clean label
- Free from aluminum, parabens, phthalates & sulfates, artificial fragrance
- Natural ingredients

Health needs
- Brain & eye health, hair/skin/nails, mood & stress
- Immune system health, microbiome

Gen Y / Millenials

All of Gen Z but to lesser degree

Highest indexing group for
- "Provides energy"
- Pregnancy and lactation support
- Reusable packaging

Highest indexing group for
- Consuming ***Better For™*** foods and organic overall

Gen X

Boomers

Sustainable packaging
- Less packaging
- Sustainable packaging

Health & need states
- Cellular function
- Cardiovascular health
- Joint health
- Heart health

Greatest

Environmental sustainability
- Low emissions
- Reduced carbon impact

Health & need states

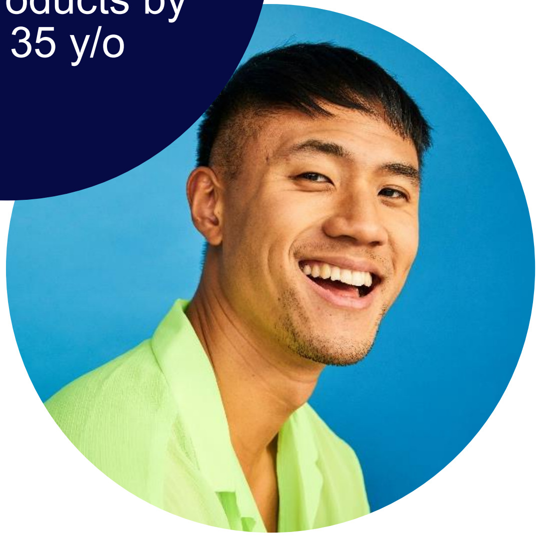
(Even greater degree than Boomers)
- Cellular function
- Cardiovascular health
- Joint health
- Heart health
- Mood supplements

Source: NIQ Homescan Panel; Total US; Generational cohort demographics; NIQ Product Insight powered by Label Insight; $ share index; 52 weeks ending January 27, 2024

Gen Z and Millennials spend disproportionately more on beauty products compared to other age group

Growth in the beauty industry is being fueled by young Canadians

$1.7B
amount spend on beauty products by under 35 y/o



Under 35 y/o in Canada

18% of all buyers

14% of total CPG sales

22% Of beauty sales

Source: NielsenIQ | Panel On Demand Omnishopper | Total Canada | Total Outlets | TL Beauty Closed Group | Ages Under 35 vs ROP | L52wks PE April 19, 2025 vs YA
Index >115: les jeunes adultes sont surreprésentés par rapport au reste de la population| **Index < 85**: les jeunes adultes sont sous-représentés par rapport au reste de la population

Beauty Product Category Behaviours Among Young Canadians

Canada

Green = Over-Index vs Gen Pop.

	Catégories Beauté	Penetration	$ per Buyer	$ per Occasion	Occasions per Buyer
	**Total Beauty**	95.9% *98*	576.18$ *130*	25.88$ *124*	22.3 *105*
	**Hair Care**	83.0% *91*	118.60$ *110*	16.84$ *120*	7.0 *92*
	**Cosmetics & Nails**	79.3% *93*	195.75$ *142*	22.97$ *124*	8.5 *114*
	**Fragrances**	41.6% *97*	164.65$ *156*	50.03$ *120*	3.3 *130*
	**Skin Care**	90.0% *98*	235.21$ *137*	21.06$ *117*	11.2 *117*
	**Sun Care**	38.6% *95*	48.62$ *126*	22.44$ *109*	2.2 *115*

Manufacturers must capitalize on the premium value of young adults

Their basket value is significantly higher than that of the rest of the population across all beauty product categories

Source: NielsenIQ | Panel On Demand Omnishopper | Total Canada | Total Outlets | TL Beauty Closed Group | Ages Under 35 vs ROP | L52wks PE April 19, 2025 vs YA
Index >115: les jeunes adultes sont surreprésentés par rapport au reste de la population| **Index < 85**: les jeunes adultes sont sous-représentés par rapport au reste de la population

NIQ

Young consumers are driving growth in the online beauty sector

Online Beauty Purchasing Behaviour by Category –
Adults Under 35 vs. Rest of Population (Canada)

Beauty Categories	*Online Penetration*	*Online $ spend ('M)*	*Avg # Occ*	*$ Spend per Buyer*
Hair Care	28.8%	$97.0 (+12.5%)	3.6	$113
Cosmetics & Nail	31.9%	$167.7 (+1.5%)	5.1	$176
Fragrances	9.6%	$55.2 (+7.1%)	2.7	$192
Skin Care	40.4%	$201.3 (-0.8%)	5.3	$167
Sun Care	9.7%	$15.2 (-7.3%)	1.9	$53

Source: NielsenIQ | Panel On Demand Omnishopper | Total Canada | Total Outlets – Online | TL Beauty Closed Group | Ages Under 35 vs ROP | L52wks PE April 19, 2025 vs YA

When shopping online, the brand does not seem to be as important to the shopper

90%

of CPG product searches on Amazon are conducted without specifying a brand

It's about understanding both what's inside the box and what's on it — ingredients, attributes, benefits, and sourcing

I struggle to find brands I can truly relate to

I struggle to find brands I can truly relate to — ones that reflect my age, body type, appearance, and lifestyle

18%	17%	14%	6%
Gen Z	Gen Y	Gen X	Boomers

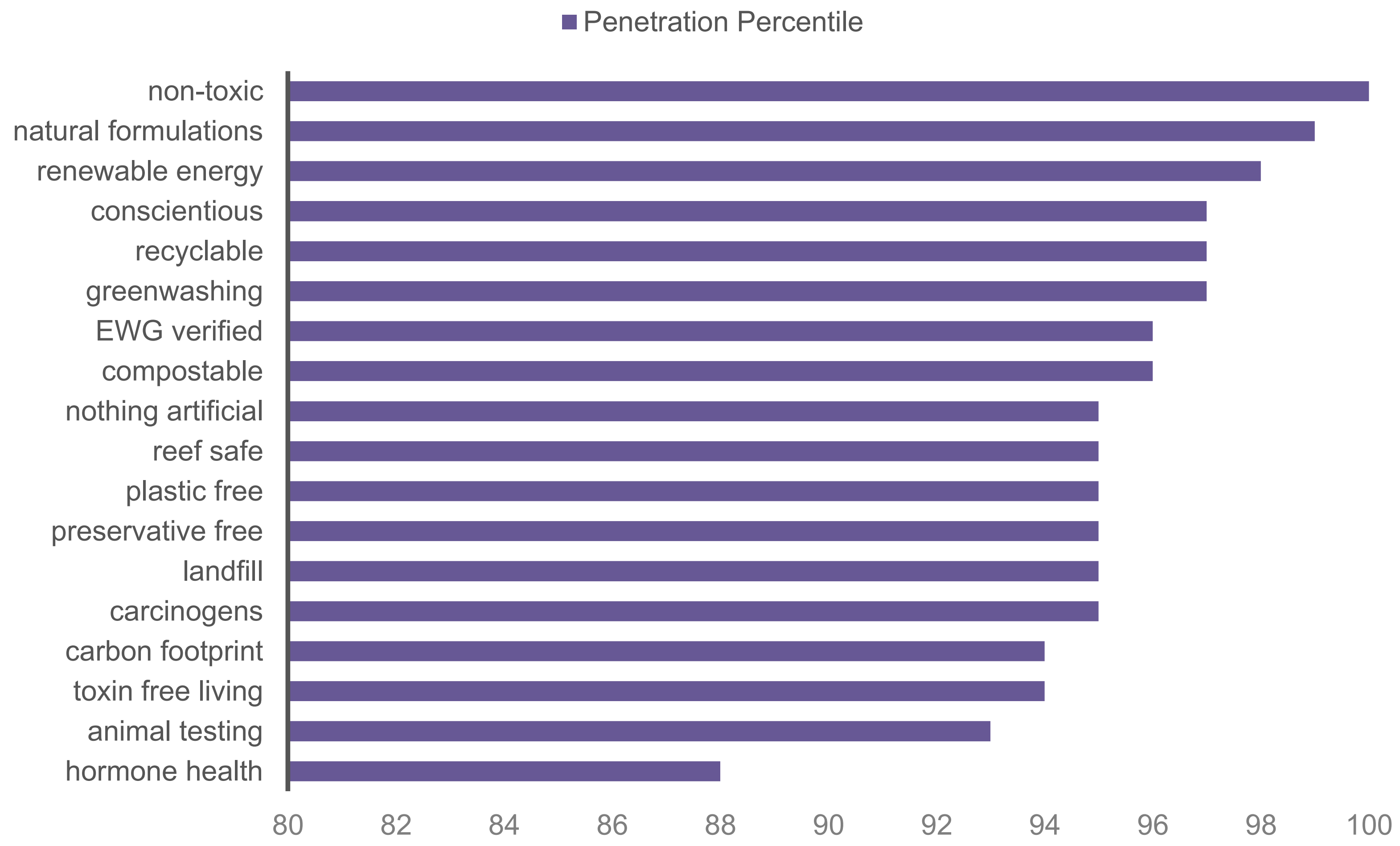
70%

Canadians say product quality matters more than brand name

Source: NIQ 2025 Private Label & Branded Products report 2025 survey, NIQ 2024 Enhancement Demographic Stuyd, Dec. 2024

Clean beauty enthusiasts interested in sustainable claims

Topics mentioned by those who posted about clean ingredients on Instagram



NPI reveals everything about every product with the industry's most granular attribution data

Stated Attribution

Captures standardized attributes on the label across a set of products by analyzing claims, warnings & certifications

- Cruelty Free
- Sulfate Free
- Natural
- Paraben & Phthalates Free
- Vegan
- Recycled

92% of our formula is **naturally derived**, meaning it's unchanged from nature or keeps over 50% of it's original structure after some processing. This includes **water** and ingredients from **plants**, **mineral** and **fermentation sources**.

Naturally derived
Plant-based
Mineral
Fermented

Qualified Attribution

Uncovers attributes not physically stated on the label by analyzing nutrients & ingredients via regulations & requirements

- Ethically Sourced Extract
- Dye-Free
- Safe for Sensitive Skin
- With Coconut Oil
- Sustainably Sourced Extract
- No Guilt

INGREDIENTS: WATER (AQUA), COCAMIDOPROPYL BETAINE*, SODIUM METHYL LAUROYL TAURATE*, GLYCERIN*, SODIUM CHLORIDE, FRAGRANCE (PARFUM), COCAMIDE MEA*, SODIUM BENZOATE, CITRIC ACID, LAURIC ACID*, SODIUM METHYLTAURATE, STEARIC ACID*, COCOS NUCIFERA (COCONUT) OIL*, CITRULLUS LANATUS (WATERMELON) FRUIT EXTRACT*, HYDROLYZED HYALURONIC ACID, CETRIMONIUM CHLORIDE, ALPHA-ISOMETHYL IONONE, GERANIOL, LINALOOL.
*PLANT-BASED INGREDIENTS

Contains Fragrance
Contains Hyaluronic Acid
Contains Preservatives
Contains Botanical Ingredients

Traditional data addresses just 5% → NPI data addresses **more than 99%**

Clean and cruelty free top among younger and older generations

	Gen Z	Millennials	Gen X	Boomers/ Traditionalists
Clean	**43.6**	39.5	30.6	32.3
Cruelty free	35.6	37.2	37.7	27.4
Natural fragrances	**33.7**	24.1	**17.7**	26.6
Paraben free	29.4	30.0	21.9	**18.0**
Sulfate free	**28.2**	26.1	20.8	18.6
Phthalate free	**19.0**	**20.6**	12.8	**9.6**
Biodegradable packaging	**15.3**	13.4	10.6	**6.9**
Fair Trade	**13.5**	**13.4**	**7.9**	9.1
Vegan	**11.0**	**11.5**	7.2	**3.5**
None of the above	**25.8**	30.4	41.1	40.3

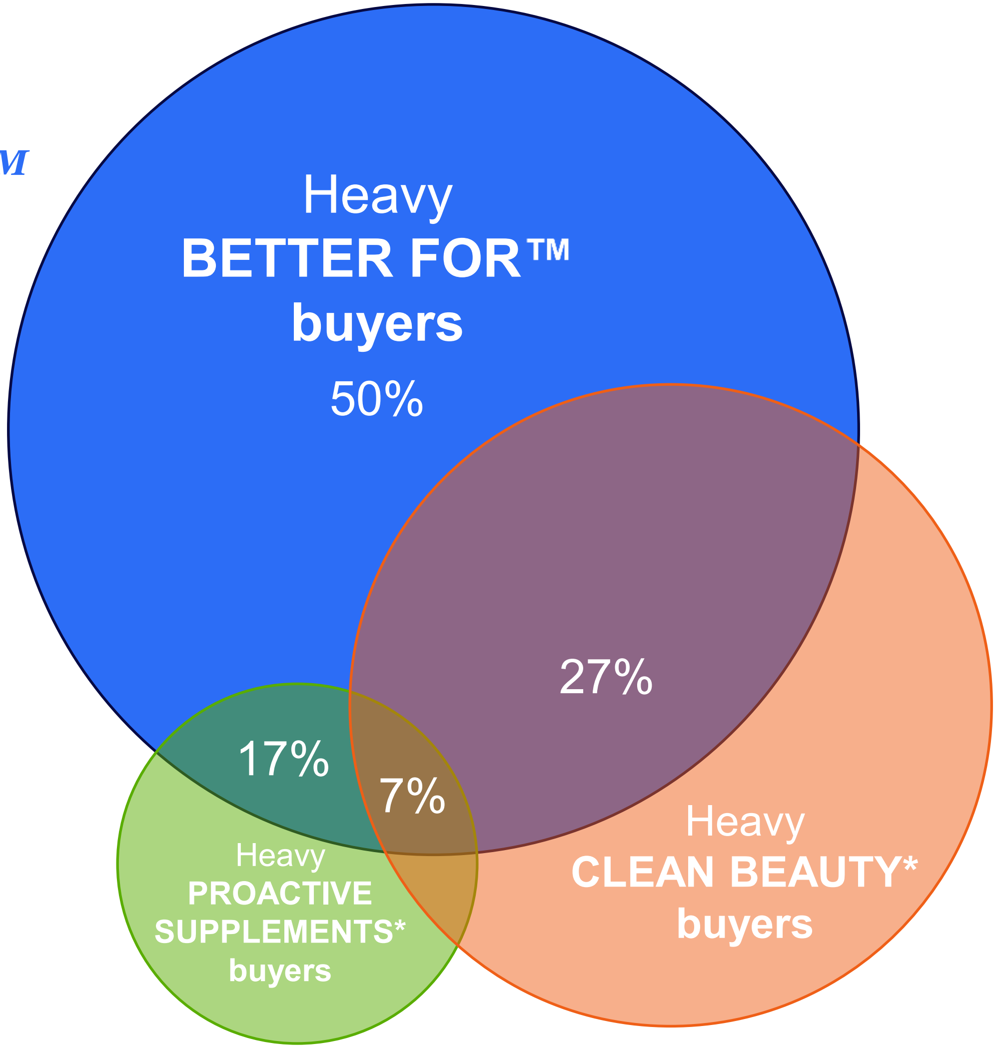
Source: NIQ Gen Z Survey,
Q: Which of the following characteristics do you look for when purchasing beauty products?; Boxes indicate top 2/bottom 2; Green/Red #'s index over and under index vs avg respondents

NIQ

While consumers are ***blurring lines*** of mind and body wellness, large upside still exists

People who are ***Heavy Proactive Supplement users*** (smallest base) are the most likely to be ***heavy Better For™*** and ***Clean Beauty***

Buyer overlap of *Heavy Better For™* shoppers

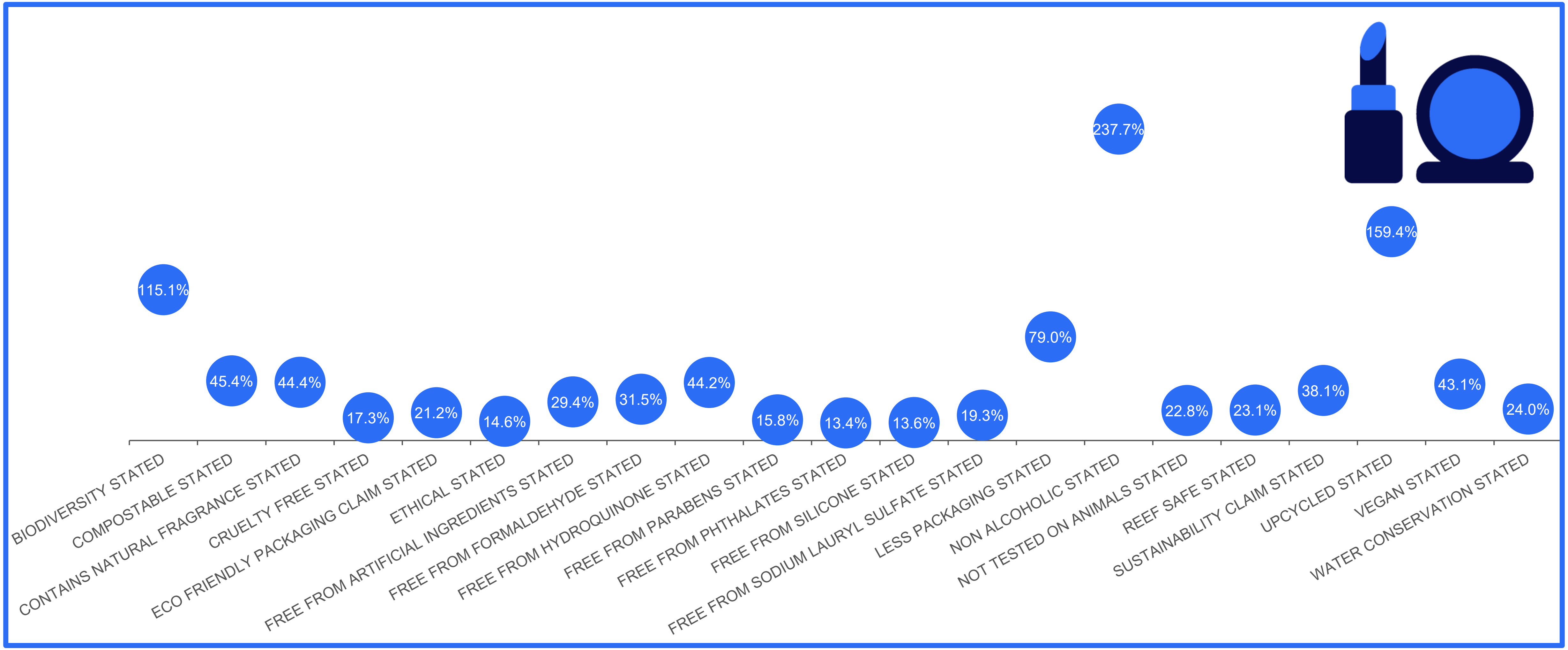


* *Heavy CLEAN BEAUTY = free from parabens, phthalates, sulfates, formaldehyde, triclosan, triclocarban, hydroquinone, BHA, BHT, and nonylphenol ethoxylate*
* *Proactive Supplements: Hydration, electrolyte, performance, mood, mental performance, immunity, general health, beauty*

Source: NIQ Homescan Panel; Total US, Total Outlets; Food & Beverage; NIQ Better For Segment™ heavy buyers, Latest 52 weeks ending July 27, 2024

Looking at beauty attribution and claims, sustainable and clean attributes are growing faster than the total beauty sector

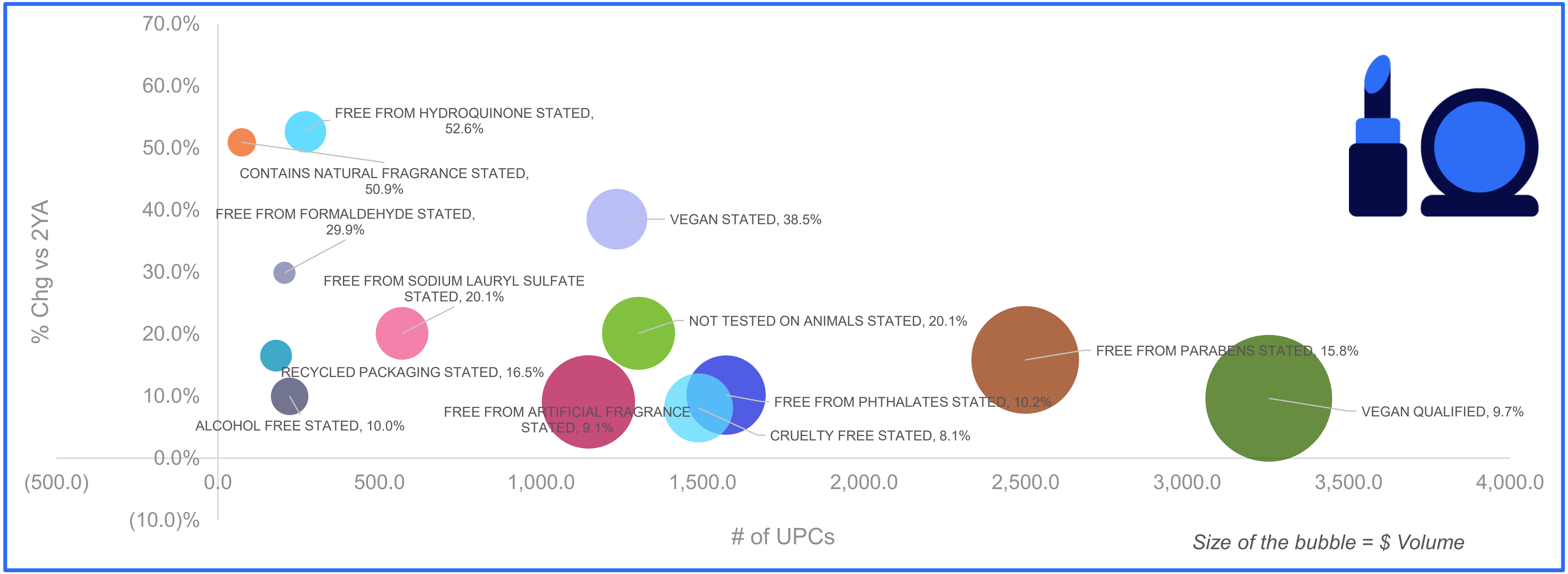
Top Beauty Attributes (Selection)
% Vol Chg vs 2YA, Latest 52 Weeks



Source: NIQ NPI (NIQ MarketTrack), National GB+DR+MM, 52 weeks PE September 6th 2025

When looking closer at Face & Body care, it's obvious consumers are looking for cleaner products that exclude certain ingredients

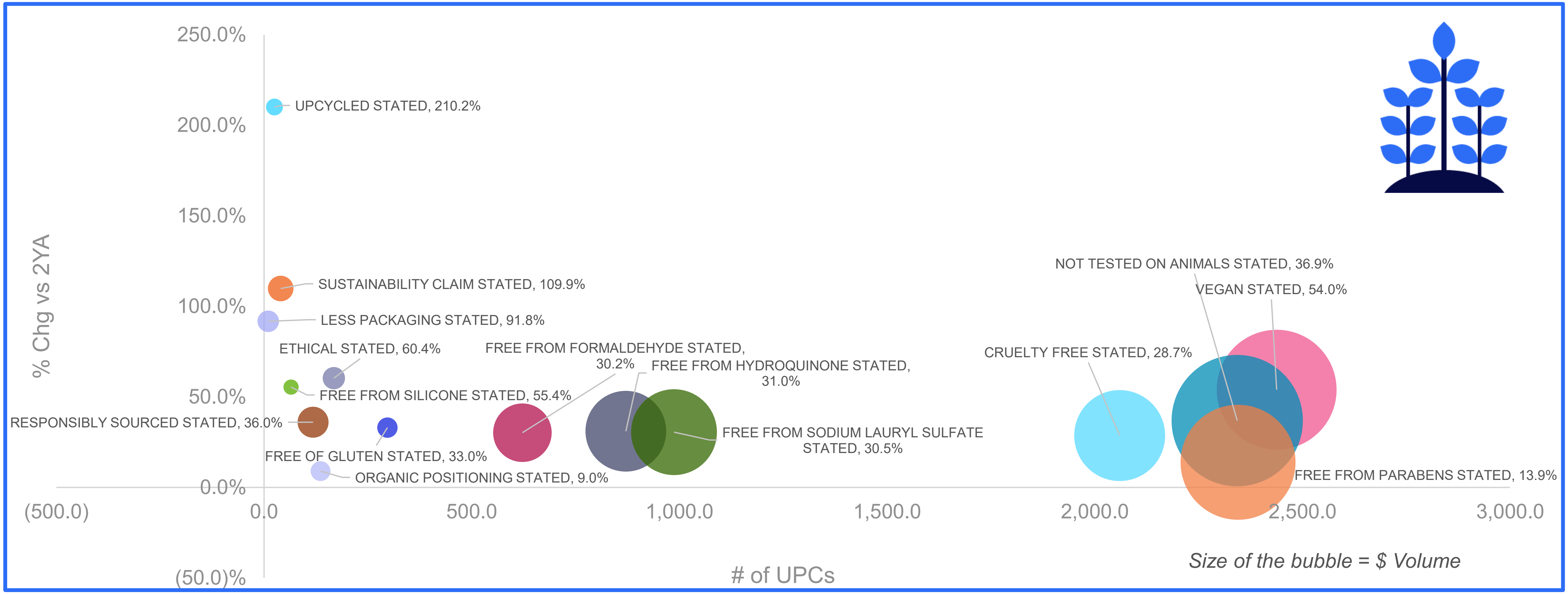
Top Body & Face Care Attributes (Selection)
% Vol Chg vs 2YA, Latest 52 Weeks



Source: NIQ NPI (NIQ MarketTrack), National GB+DR+MM, 52 weeks PE September 6th 2025

Cosmetics consumers are also looking for cleaner ingredients without forgetting sustainability

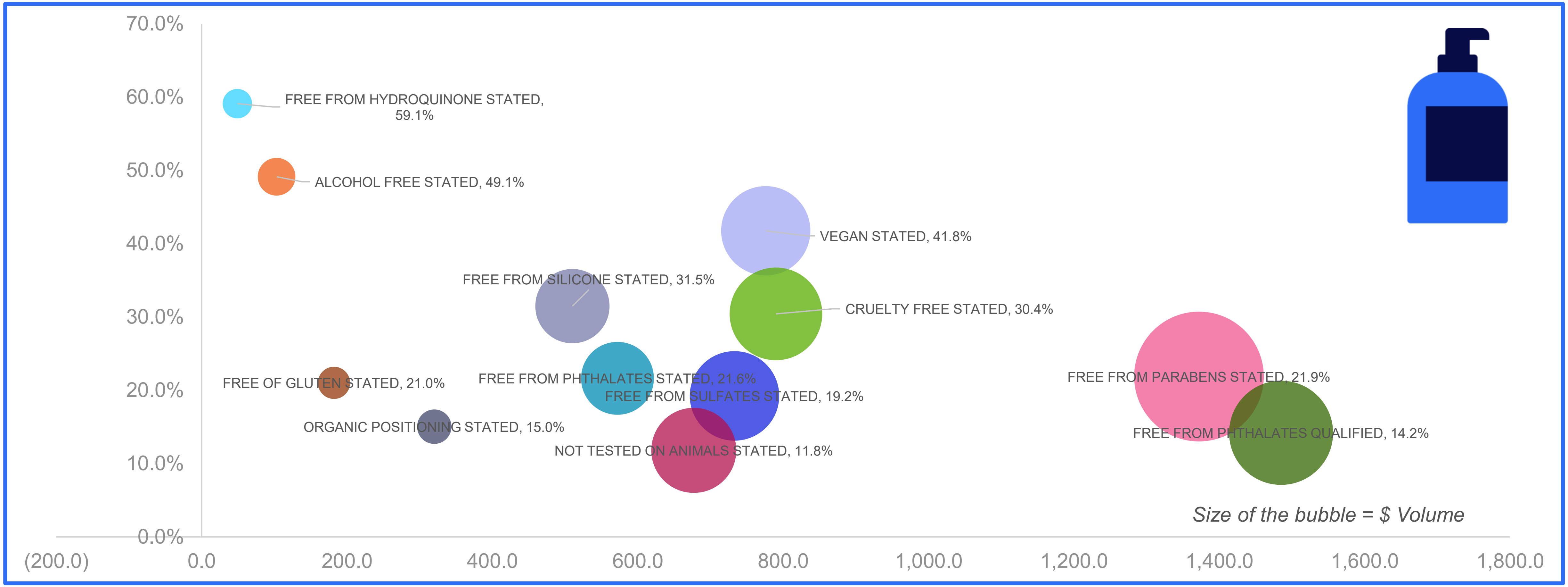
Top Cosmetics Attributes (Selection)
% Vol Chg vs 2YA, Latest 52 Weeks



Source: NIQ NPI (NIQ MarketTrack), National GB+DR+MM, 52 weeks PE September 6th 2025

Sustainability doesn't seem to be as important for hair care consumers but cleaner products from an ingredient standpoint is gaining traction with consumers

Top Hair Care Attributes (Selection)
% Vol Chg vs 2YA, Latest 52 Weeks



Source: NIQ NPI (NIQ MarketTrack), National GB+DR+MM, 52 weeks PE September 6th 2025

Put your best face forward to maximize growth

Canadian Consumer Landscape

- ***2/3 of FMCG sales*** *come from omnishoppers (in-store + online).*
- *Beauty has a **24.1% online share**, with Gen Z & Millennials over-indexing in spend and engagement.*
- *Under 35s represent **22% of beauty sales** but only **14% of total CPG**, spending **$1.7B** annually.*

Beauty Category Momentum

- *Beauty sales in Canada reached **$10.1B**, growing **+8.3% YoY**.*
- *Top growth categories: **Body Wash (+11%)**, **Fragrances (+10%)**, **Moisturizers (+8%)**.*
- ***Small beauty manufacturers*** *are driving growth, contributing **58%** of dollar growth.*

Clean & Conscious Beauty

- *Clean beauty is booming: **+7.1%** growth in total beauty, with **Cosmetics (+8.4%)** and **Hair Care (+6.4%)** leading.*
- *Attributes like **cruelty-free**, **natural**, and **sustainable packaging** are increasingly important across generations.*
- *NIQ's attribution tools now decode **stated & qualified claims** to track clean beauty trends.*

Omnichannel & Gen Z Influence

- *Consumer confidence and financial health are under pressure: debt-to-income ratio at **174.9%**, job losses, and inflation outpacing CPI.*
- *Value-seeking behavior is rising: **49%** willing to switch to lower-priced options, **52%** of beauty unit sales sold on promotion.*

Strategic Imperatives

- *Brands must **innovate**, **embrace transparency**, and **align with consumer values**.*
- *The shift toward **"Better For™"** and **clean living** is reshaping wellness and beauty as a lifestyle.*

Scan to receive a copy of this presentation and make sure to visit NIQ @ Booth #1509

THANK YOU!

For more information about NIQ’s research solutions, please connect with us.

PM.Denault@NielsenIQ.com
Carman.Allison@NielsenIQ.com

NIQ

About NIQ

NIQ, the world’s leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. NIQ delivers the Full View.

NIQ was founded in 1923 and is an Advent International portfolio company.
For more information, visit NIQ.com