

Adapting to New Regulatory Challenges in the Premium Beauty Industry

By ClearForMe



The premium beauty industry is constantly evolving, but the recent implementation of the Modernization of Cosmetics Regulation Act (MoCRA) has introduced a new set of challenges for luxury brands. As consumers become more knowledgeable and demand greater transparency from the products they purchase, brands must navigate these ever-changing regulatory requirements to maintain consumer trust and meet new legal requirements.

IDEA IN BRIEF

PROBLEM

The Modernization of Cosmetics Regulation Act (MoCRA) has tightened federal regulations, making it challenging for premium beauty brands to meet complex requirements for ingredient transparency and labeling.

REASON

MoCRA addresses the growing consumer demand for transparency in product ingredients, putting more pressure on brands to comply with these new regulations while staying competitive.

SOLUTION

Retailers can help premium beauty brands stay compliant by offering them tools that promote transparency, enabling them to meet regulatory requirements and build consumer trust.



Even with this increased consumer awareness, many still find the labels on beauty products confusing. Around 72% of people say they have difficulty understanding some of the scientific terms and technologies used in beauty products, and 69% have bought beauty products without fully understanding what's on the label (Vitabiotics Perfectil).

These statistics highlight the important role brands play in consumer knowledge and understanding. Successfully responding to these developments, particularly among new regulations, is essential for brands to uphold consumer confidence and stay competitive in a rapidly shifting market.

Obstacle: Evolving Regulations in the Premium Beauty Industry

With the enactment of MoCRA (Modernization of Cosmetics Regulation Act) in December 2022, federal regulations have become stricter. This new legislation aims to keep consumers safe by requiring brands to be more transparent about the ingredients in their products.

Luxury brands now face the challenge of ensuring their labels clearly disclose all ingredients, which can be burdensome as they adapt to these new rules. However, this shift also presents an opportunity for retailers to support these brands in meeting these new standards, easing the transition and helping them stay compliant.

Insight: The Impact of Ever-Changing Regulations

As the United States tightens its regulations, it is beginning to catch up with regions like the EU, which has long had strict labeling guidelines in place. In the past, many premium brands have kept their formulas a secret, but today's consumers are more educated and thus value transparency. MoCRA is pushing brands toward full disclosure, a reflection of the growing demand for openness. A significant percentage of consumers now research the ingredients in their beauty products before making a purchase, highlighting how important transparency has become.

While many premium brands already list product ingredients on their websites, the new regulations will require them to disclose any allergens directly on product labels and provide contact information for reporting adverse reactions. Although specific regulations have yet to take effect, MoCRA has outlined a few key areas that brands, manufacturers, and distributors will need to follow. These include:

- Registering manufacturing facilities
- Updating labeling requirements
- Substantiating the safety of each product through extensive research

MoCRA also requires the FDA to propose rules for fragrance allergen labeling by late June of 2024, though they haven't done so yet. Once these rules are in place, brands will need to list each fragrance allergen on their product labels. Professional product labels must also specify that they are intended for use only by licensed professionals.

In response to these changes, many premium brands are moving away from using generic "fragrance" labels and are instead choosing to disclose the specific components that create the scent. They are also increasingly using INCI (International Nomenclature of Cosmetic Ingredients) names to provide clearer, more consistent information to consumers. It's rare to see ingredients listed in any other form now.

Strategy: Leading in Regulatory Compliance and Transparency

While the specifics of labeling requirements continue to develop, premium beauty retailers should take proactive steps to help their brands get ahead of these new regulations. By leading with transparency and supporting compliance efforts, retailers can strengthen their relationships with both consumers and brand partners. The following strategies can guide this approach:

- **Lead with Transparency:** Retailers can create a dedicated space for brands to list the ingredients in their products in INCI form, making it easier for consumers to understand what's in the products they're purchasing. This should be a requirement for all beauty products sold.
 - *One Step Further:* Provide your brand partners with a tool to easily convert their current ingredient lists to INCI names, ensuring consistency and clarity.



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- **Make Allergen Information Easily Accessible:** Providing a specific area for allergen information can help build rapport and trust with consumers.
 - *One Step Further:* Incorporate a scanning technology that automatically identifies and highlights allergens found in ingredient lists to further enhance transparency.
 - **Streamline the Reporting Process:** Including a mandatory field with the brand or retailer's contact information makes it easier for customers to report any negative side effects. This not only holds brands accountable for adverse effects but also ensures compliance with MoCRA regulations.

By taking these steps ahead of the competition, retailers can place themselves at the forefront of the race to promote transparency and trust in the premium beauty industry.



Embrace Change to Build Trust in the Premium Beauty Industry

The premium beauty industry is entering a new era with the introduction of MoCRA. Retailers have a unique opportunity to support luxury brands through these changes by encouraging transparency and providing the tools they need to comply with new regulations. By actively working with brands to meet these standards, retailers can help strengthen consumer trust and ensure that both they and the brands they work with remain competitive in today's shifting market. Prioritizing transparency and customer safety will position everyone to succeed in the ever-changing area of premium beauty.

Sources

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