U.S. COMMERCIAL SERVICE
United States of America
Department of Commerce

Summary

Men have used cosmetics as far back as the ancient civilization. However, it was not until the metrosexuality phenomenon of the year 2000 (emergence of men with a strong concern for their appearance) that a rise in demand for these products became noticeable.

Worldwide, the significant growth in men's concern for their cosmetic appearance is observed in developed regions such as North America and Western Europe. Major product categories associated with the emerging men's cosmetics market consists of: grooming (pre-shave, shaving and post-shave) and toiletries (bath and shower, deodorants, hair care and skin care). Sales of skin care products recorded the largest growth in the past three years. This is primarily due to a growing concern about the skin damaging effects of the sun, as well as, male consumers' increasing use of anti-ageing skin care products.

In Canada, the key consumers of men's cosmetics are men between the ages of 18 and 65. Male baby boomers, currently aged between 50 and 65, constitute a fast rising consumer demographic with a high level of disposable income. These men in particular are interested in anti-ageing and sun protection products.

As a country of origin, the United States of America accounts for more than 70 percent of Canada's imports of men's cosmetic products. France is the second most important country of origin followed by Italy. Big players dominate this market, such as Procter and Gamble. Interestingly, the skin care sub-sector is dominated by prestige brands such as Biotherm, Homme and Zirh. Drugstores, supermarkets, and department stores represent the most popular channels of distribution for men's cosmetics.

Although, the North American Free Trade Agreement has facilitated trade between the United States and Canada, Canada's health and consumer protection agencies maintain their own unique regulations to govern the sales of cosmetic products. Health Canada, for example, supervises and monitors the quality control, the ingredients and clear labeling of cosmetic goods in Canada's two official languages, English and French.

Market Demand

Historically, men's grooming was quite prevalent in the ancient civilizations. The first form of male grooming was the use of fragrant oils. Men in ancient civilizations used oils, rouge, and kohl in their routine lives. However, in the Middle Ages, the Catholic Church encouraged the decline of cosmetic application amongst men. Men's grooming resurfaced in the Elizabethan era but again it faded in the late 1800s. In the more recent history, men's cosmetics usage spread to a much wider population led by the metrosexuality phenomenon in the early 2000s.

The metrosexual man of the early 2000s is defined as being sensitive and possessing a very strong awareness of self-grooming and fashion. Now, a more recent trend deviates from metrosexuality in which men recognize grooming procedures and adapt them to their lifestyle. It is a clear turn towards masculinity without sacrificing appropriate grooming needs.

Demand-wise, skin care is the fastest developing subsector of the men's cosmetics market; mainly attributed to a rising concern over ageing and sun damage. In Canada, protection is needed not only from sun damage but also from the harsh winter climate.

Baby boomers represent the wealthiest demographic segment of Canada's male population. They have more disposable income than any other group. Male baby boomers have realized that they will continue working later in life and maintaining a professional appearance will be an advantage. Many are living very active lifestyles and want their appearance to mirror their attitude and feelings of youth.

Another important group of consumers for the men's cosmetics market are men aged between 18 and 44 year old. The younger male consumers in this group, 20-year-old up to 30 are trendy and image conscious. Men in this age segment spend an average of USD$50-60 at grooming salons and USD$113 per month on cosmetic products. This is a very important target group for the future. If loyalty can be established at a young age, the consumer will become a long-term buyer.

Males comprise 49.5 percent of Canada's total population and 70.4 percent of the male population are those between the ages of 15 to 64. From 2000 to 2005, men's cosmetic product sales have grown by 21.3% percent in Canada. This growth is also reflective of the shift from labor-intensive industries and manufacturing to service-based industries where appearance is important to remain competitive in the workforce independently from gender.

Market Data

In this report, the men's cosmetics industry is defined as:

- HS 340111: Toilet soap and organic preparations (including medicated products)
- HS 340130: Organic surface-active liquid/cream preparations for skin washing—retail
- HS 330499: Beauty or makeup preparations NES (including sunscreen or suntan preparations)
- HS 330510: Hair shampoo
- HS 330530: Hair lacquers (hair sprays)
- HS 330590: Hair preparation NES
- HS 330710: Pre-shave, shaving, or after-shaving preparations
- HS 330720: Personal deodorants and antiperspirants
- HS 821210: Razors (including safety razors and open blade types)
- HS 821290: Parts of non-electric razors

Canadian men are spending more on skincare products than ever before. The urban regions of Vancouver, Toronto, and Montreal are home to considerable activity with regards to this market. Interestingly, men in Montreal spend more of their disposable income on skin care than men in any other metropolitan area in Canada.

Currently, men between the ages of 35 and 49 are spending more on cosmetic products than any other age groups. Most men are reactive shoppers; cosmetic purchases are made in response to problems. Fifty-nine percent of men personally choose and purchase their products and 53 percent of men believe that they take adequate care of their skin.

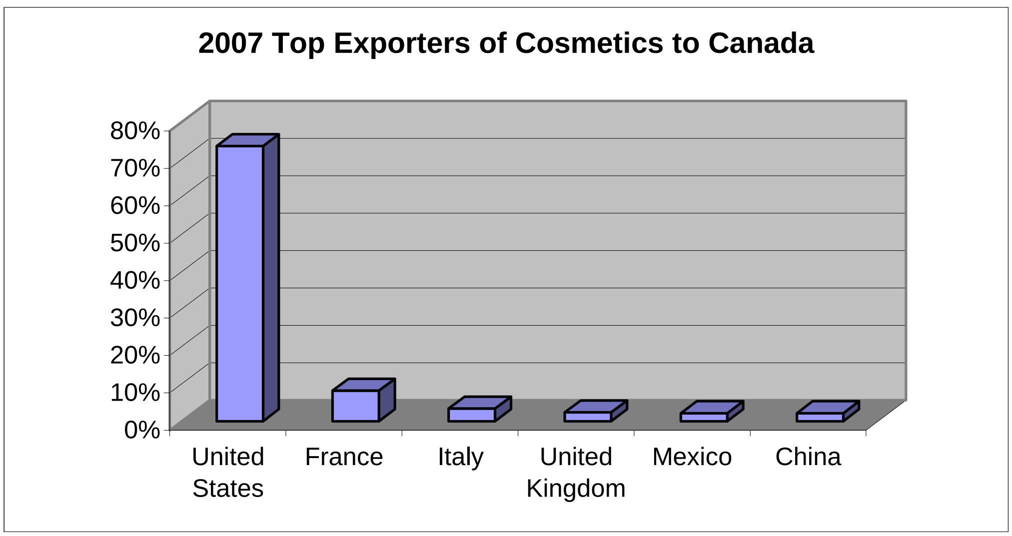
The men's cosmetics market had a value growth of 21.3 percent between 2000 and 2005 and a 21.9 percent growth is forecasted between 2005 and 2010. Among product categories, skin care has the most substantial growth forecast: 122 percent from 2005 to 2010.

MEN'S GROOMING PRODUCT SALES IN CANADA

	US$ millions		Forecast	Forecast Period Growth	
	2000	**2005**	**2010**	**2005-10 (%)**	**2005-10 (%) CAGR**
Canada					
Men's grooming products	**400.0**	**485.3**	**591.6**	**48.5**	**8.8**
Men's shaving	265.5	306.0	352.5	15.2	2.9
Men's pre-shave	58.2	67.3	77.8	15.5	3
Blades	187.3	216.3	247.4	14.4	2.7
Men's post-shave	20	22.4	27.3	21.9	4
Men's toiletries	134.4	179.3	239.1	33.3	5.9
Men's bath & shower	4.0	4.9	6.4	30.6	5.5
Men's deodorants	102.8	137.1	181.1	32.1	5.72
Men's hair care	23.1	26.9	28.5	6	1.2
Men's skin care	4.5	10.4	23.1	122	17.3

Source: Euromonitor International

The grocery, supermarkets and drugstores distribution channel generates the most sales in Canada. Department stores represent the second most important channel.



Source: Industry Canada

In 2006, the United States was Canada's primary source of imports of cosmetics with more than 70 percent of the import market, a value of over USD $1 billion, up 21 percent from 2005. France is the second largest source of cosmetics imported into Canada, with 8 percent of total imports. Italy, the United Kingdom, Mexico and China are the following top four countries of origin with less significant shares of Canada's total imports.

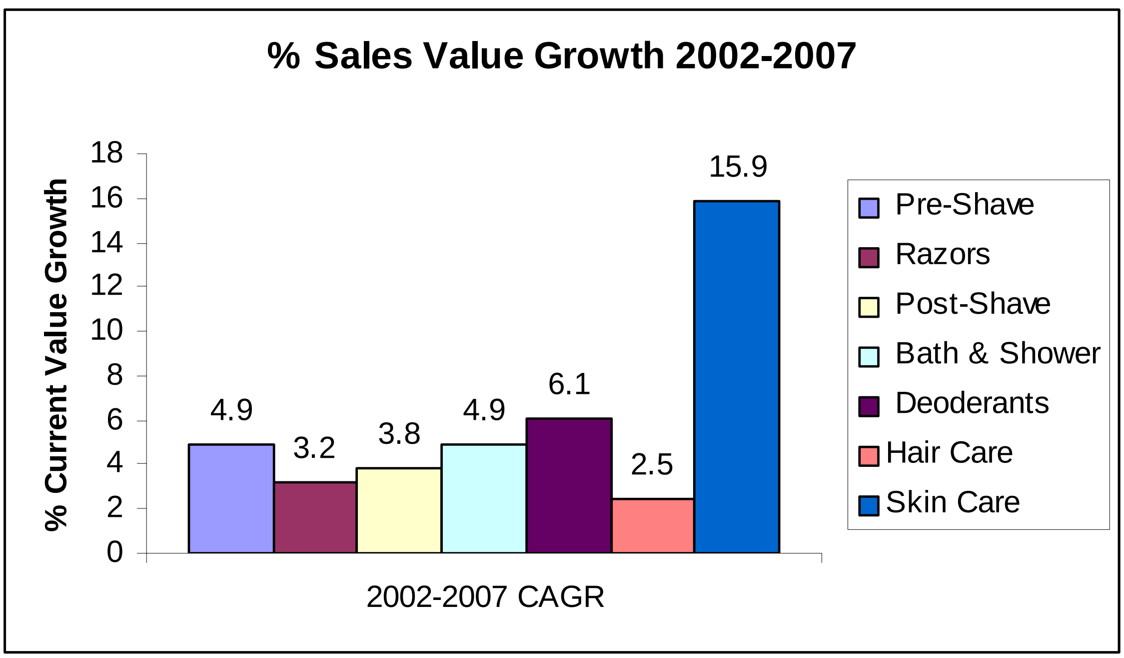
MEN'S COSMETICS MARKET – CANADA USD$ MILLIONS			
	2005	**2006**	**2007**
Import Market	1,105	1,268	1,375
Local Production	2,452	2,769	2,997
Exports	819	872	950
Total Market	2,738	3,165	3,422
U.S. Imports	837	949	1,011
Exchange Rate*	0.847	0.847	0.847
Inflation	2%	2%	2%

***June 30, 2008 Exchange Rate: 1 USD = 1.0186 CAD (Bank of Canada)

Best Prospects

The current growth of men's cosmetics market is indicative of its future. Several product categories in this market have already been defined as opportunities. The deodorants category shows promise as sprays become more popular with men. The bath and shower category has little saturation and yielded considerable growth in recent years, indicating another area of opportunity within the men's cosmetics market. Last, but not least, the skin care category has generated the most phenomenal growth so far. Skin care products have the advantage of solving skin problems and can develop reliance when it is implemented into a routine skin care system. Product segmentation or better matching of products to consumers' needs has really been the driver for the growth seen in the men's cosmetic market.

SALES OF MEN'S GROOMING PRODUCTS by SUBSECTOR: % VALUE GROWTH 2002-2007



Growth in demand for men's cosmetics is also attributed to the evolving social and professional culture in Canada. It is becoming more acceptable for men to include personal care in their daily activities. As the workforce becomes more competitive, men have begun using their disposable income to invest in a professional appearance that will enhance their credibility. Traditionally, men between 20 and 40 years of age were targeted by the industry but since the early 2000. Now, baby boomers have started to purchase men's personal care products. Male baby boomers are staying in the workforce longer and want to look their best. They are increasingly aware of protecting their skin from weather exposure and the effects of ageing.

Canadian men are also staying single longer and have fewer dependents thus allowing them to generate more disposable income. They are therefore interested and able to invest in their personal care. However, there is still a stigma attached to purchasing cosmetic products. Men of all ages continue to be hesitant in associating with cosmetic products that are still considered primarily feminine. Most men will purchase grooming products that convey masculinity, are simple to use and multifunctional. Since the men's cosmetics market is still fairly young, men have limited consumer knowledge of personal care products. Men will purchase products only after they understand the utility of the product and its value. Therefore, education is important to be successful in the men's cosmetic market. Men tend to be more loyal to brands than women and thus, given proper education, will become long-term customers.

Key Suppliers

Although the men's cosmetics market is not saturated or matured yet, it already counts several active and competitive suppliers. Procter & Gamble dominates the men's cosmetics market. Procter & Gamble is a Fortune 500 company that manufactures a wide range of consumer goods including the beauty and grooming segment. For example, Procter & Gamble's TAG spray enjoys large market share in the body spray subsector. In the men's shaving sector, Gillette was the dominant player. Procter & Gamble recently acquired Gillette and due to this acquisition, Procter & Gamble now owns a more than 50 percent share of market.

Procter & Gamble's main competitors are Unilever and Colgate-Palmolive. Unilever is a multinational consumer goods company manufacturing foods, beverages, cleaning and personal care products. Unilever's, Axe, is another leading brand in the body spray subsector and provides the greatest competition to Procter & Gamble's TAGline. Also competing in the same ring is Colgate-Palmolive, an American multinational consumer goods company specializing in house and personal care products. Colgate-Palmolive competes with Procter & Gamble in the stick deodorant market.

MEN'S GROOMING PRODUCTS
TOP 10 COMPANY % SHARES OFBY RETAIL VALUE

Company	2005	2006	2007
Procter & Gamble, Inc. (USA)	55.7	49	47.7
Energizer Holdings, Inc. (USA)	6.3	6.1	6.7
The Dial Corp (USA)	--	6.6	6.4
Colgate-Palmolive Canada, Inc. (CAN)	5.1	4.7	4.5
Unilever Canada, Inc (CAN)	3.8	3.6	3.7
SC Johnson & Son, Ltd (USA)	3.5	2.8	2.7
Combe Inc. (USA)	1.0	1.0	1.6
L'Oreal Canada, Inc (CAN)	0.8	0.8	0.8
Beiersdorf Canada Inc (CAN)	0.6	0.6	0.8
Universal Razor Industries (USA)	0.9	0.8	0.7

Source: Euromonitor International

Despite being a dominant player, Procter & Gamble does not have a strong hold in the skin care sector. This sector encompasses varieties of body moisturizers and facial moisturizes. This sector is dominated by prestige brands. Procter & Gamble is entering the skin care market by collaborating with Hugo Boss to produce the new men's skin care line, Boss Skin.

TOP MEN’S PRESTIGE SKIN CARE BRANDS in CANADA

	BRAND	MANUFACTURER
1	Clinique’s Skin Supplies for Men	ESTEE LAUDER, INC. (USA)
2	Lab Series Skincare for Men,	ESTEE LAUDER, INC. (USA)
3	Zirh	ZIRH INTERNATIONAL, INC. (USA)
4	Anthony Logistics for Men	ANTHONY FOR MEN (USA)
5	Jack Black	JACK BLACK (USA)
6	Clarins Men	CLARINS, INC. (FRA)
7	Biotherm Homme	L’OREAL, INC. (FRA)
8	Shiseido Men	SHISEIDO COMPANY, LTD (JAP)
9	Origins	ESTEE LAUDER, INC. (USA)
10	Polo Sport	POLO RALPH LAUREN, INC. (USA)

Source: NPD Group

Prospective Buyers

Canadian male consumers of cosmetic products are typically well educated and often well traveled. These men are between the ages of 18 and 65. They have above average disposable incomes and are willing to purchase luxury items. As mentioned earlier, there has been a noticeable shift of the workforce from labor-intensive industries toward service-oriented industries. Due to the interactive nature of service-based industries, greater importance is placed on appearance. Also there are an increasing number of women, with the same qualifications and capabilities as men, joining the work force. Because women are inclined towards maintaining their image, this indirectly influences men to do the same.

Metrosexuality propelled the men’s personal care sector forward but that has since been replaced by ubersexuality. While metrosexuality encouraged men to care about their image and connect to their feminine side, ubersexuality embraces traditional values of masculinity. The ubersexual male is concerned with his image but also wants to maintain masculine ideals. They are, as Marian Salzman[1] states in The Future of Man, “confident, masculine, stylish, and committed to uncompromising quality in all areas of life.”

Celebrity culture is influencing purchase decisions. Metrosexuality was made famous by soccer star, David Beckham. But today, the popularity of ubersexuality is due to celebrities like music group U2’s Bono and actor Clive Owen. Access to media has increased and is available to everyone. Ubersexual celebrities are generally in their 40s and 40 year old men are indeed the primary buyers of grooming products. In fact, some of the most popular fragrances for men are those that are sponsored by celebrities.

While there is a growing interest in the men’s personal care market most men find make-up products less acceptable to use and thus are less receptive. The introduction of make-up products has provoked a small number of men who have become defensive of their masculinity and are unlikely to use more grooming products. However, such attitudes may change in the not too distant the future.

Men are more loyal customers compared to women. Loyalty must be won through understanding and convenience. Men will not buy a product whose benefits they do not understand and have a difficult time perceiving. Sales staff must explain how the product is used and define clearly the expected results. Unlike women, men do not have a thorough personal care routine and

[1] Marian Salzman is a renowned professional trendspotter at Porter Novelli Worldwide and has authored several books, including, The Future of Man

therefore desire products that are quick and convenient. This can be achieved through quick results and convenient packaging.

Market Entry

The nature of Canada's grooming and personal care industry is quite competitive and there is a trend towards consolidation. Big competitors often acquire small personal care companies to add to their product portfolios and increase market share.

A mode of entry fast gaining popularity for men's personal care is associating with the spa industry. Formerly the privilege of women, spas have begun to appeal to the male consumer. For example, KENMEN[2] is a popular competitor in this market offering premium men's skin and personal care products. One-third of all spa-goers are now men and men's spas are experiencing the fastest revenue growth within the spa industry.

Male consumers are willing to purchase luxury goods and the personal care and grooming market has seen an increasing interest in cosmeceutical products. Cosmeceutical companies selling products that have therapeutic elements will generate more consumer interest in regards to product categories such as anti-ageing and sun protection. It is important to note, however, that products containing therapeutic elements will not be categorized as a regular cosmetic by Health Canada and therefore will be subject to different regulations.

The up-and-coming nanotechnology field can also provide a great niche market. Nanotechnology personal care products can charge premium prices that offer the same benefits of some cosmetic surgeries. Consumers will be more eager to purchase the nanotechnology-produced facial cream than undergo a surgical procedure with variable healing times. Nanotechnology is the art and science of manipulating matter at the nanoscale (down to 1/100,000 the width of a human hair) to create new and unique materials and products.

Taxes Duties & Regulations

Taxes and Duties

In 1994, the North American Free Trade Act was signed and it removed tariffs on commercial goods entering Canada from the United States. However, goods entering Canada on this agreement must be of US origin. US origin is defined as a good of which 50 percent of the good's value is created in the US. Should this not be the case, a tariff may be applied. In the case of uncertainty, the Canada Border Services Agency should be contacted for more information. Shipments made by US firms directly to consumers are exempt from NAFTA requirements and are thus subject to duties. A Goods and Services Tax (GST), currently 5 percent, is charged on the value of goods in all cases.

Definition of a Cosmetic

Health Canada is a Canadian governmental agency responsible for the health protection of Canadians. Health Canada supervises the Cosmetics Program, which is mandated to reduce any risks associated with the use of cosmetics. Under the Cosmetics Program, cosmetics are defined as "any substance or mixture of substances, manufactured, sold or represented for use in cleansing, improving, or altering the complexion, skin, hair or teeth and includes deodorants and perfumes."

Products that appear to be cosmetic in nature may actually be regulated by another body of Health Canada:

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[2] KENMEN is a Montreal-based company specializing in organic men's skincare products within the spa industry.

- Products with a therapeutic claim or ingredients that have therapeutic purposes will be classified as a drug and therefore may be categorized under the governance of the Therapeutic Products Directorate or the Natural Health Products Directorate
- Any product applied internally, excepting mouth care products, are not considered cosmetic and will be subject to different regulations

Ingredient Restrictions

Health Canada maintains a list of cosmetics ingredients that are prohibited or restricted. They are either banned or have a limited permissible concentration of ingredient. It is very important to determine the legality of the cosmetic in Canada before considering further internationalization. The list is dynamic and continues to be updated.

A Cosmetic Notification Form must be submitted to Health Canada for review of the cosmetic. The form must be submitted 10 days within the first day of sale in Canada and the notification process is not a formal evaluation. It is the firm's responsibility to insure that the cosmetic is in no way harmful, unsanitary, or consisting of any decomposed matter. Should this requirement be violated, products may be seized or subject to punitive measures.

Ingredients must also abide by standards set by the Canadian Environmental Protection Act (CEPA). Under this act, the New Substances Program must be notified of any new substances entering Canada. New substances are those substances that do not appear on the Domestic Substances List.

Labeling and Advertising

Health Canada's Food and Drugs Act (FDA), Cosmetics Regulations, Consumer Packaging and Labeling Act and the French Language Office regulate the labeling or cosmetics and toiletries. All labels on products must include the name, net quantity, directions, and warnings of the product in both English and French. All cosmetic ingredients must be listed on the product label in accordance with the International Nomenclature of Cosmetic Ingredients (INCI). Any common names of ingredients must be listed in both languages as well. The label must also include the company's name and address. No exceptions are made, regardless of the size of the container.

Aerosol and pressurized containers must display hazard symbols in specified sizes. Other regulations exist for other cosmetic products, such as hair coloring dyes.

Canada's Competition Act prohibits cosmetics manufacturers to make false or misleading claims on labels. False and misleading statements are also banned in advertisements and television and radio commercials are subject to review by Advertising Standards Canada before airing. Print advertisements are not subject to review prior to printing, but if found to be in violation of regulations they are subject to revision or withdrawal.

Resources & Key Contacts

- Urban Male Magazine
  - 613-723-6216 (Advertising: Extension 201)

- Sir John Magazine
  - 416-876-6449

- Driven Magazine
  - 514-631-6550

- Canadian Cosmetics, Toiletry and Fragrance Association (CCTFA)
  - http://www.cctfa.ca

- Canada Border Services Agency
  - 1-800-461-9999
  - Detailed tariff schedule: http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html
- Health Canada links:
  - Cosmetics Hotlist http://www.hc-sc.gc.ca/cps-spc/person/cosmet/info-ind-prof/_hot-list-critique/prohibited-eng.php

  - Cosmetic Notification Form http://www.hc-sc.gc.ca/cps-spc/person/cosmet/info-ind-prof/_notification/guide-eng.php

  - Labeling guidelines http://www.hc-sc.gc.ca/cps-spc/pubs/indust/cosmetics-cosmetiques/index_e.html

- Environment Canada New Substances Program and Domestic Substances List:
  - http://www.ec.gc.ca/substances/nsb/eng/home_e.shtml

For all complaints or inquiries regarding regulations contact the Regional Consumer Product Safety Offices

- 1-866-662-0666
- http://www.hc-sc.gc.ca/home-accueil/contact/hecs-dgsesc/pso-bsp_e.html

For More Information

The U.S. Commercial Service in Montreal can be contacted via e-mail at: sue.bissi@mail.doc.gov; Phone: 514-908-3673; Fax: 514-398-0711 or visit our website: www.buyusa.gov/canada.

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