



Economic & Social Contributions Report



2016



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Letter from Lezlee Westine

For more than 120 years, the Personal Care Products Council and its 600 member companies—manufacturers, distributors and suppliers—have produced high-quality, safe products that families around the world trust and enjoy every day. These products play a critical role in the health and well-being of the millions of Americans who rely on them.

Aside from the many tangible benefits our companies offer to consumers, the cosmetics and personal care products industry is directly responsible for American jobs. We help keep the wheels of the U.S. economy churning, even during periods of recession.

To better quantify the real impact the personal care products industry has on the U.S. economy, the Personal Care Products Council commissioned PricewaterhouseCoopers (PwC) to undertake an independent study. Using the most recent data available, this report demonstrates the vital role our companies play in virtually every community and in every state in the nation:



- We are a major source of high-paying manufacturing jobs.
- Our industry is committed to a diverse workforce. Companies employ more women and minorities in management positions than the national average. According to reports filed with the Equal Employment Opportunity Commission (EEOC), women and minorities account for 73.5 percent of all employment in the personal care products industry and 61.2 percent of management positions.
- With R&D spending growing faster than the average for all manufacturing industries, we innovate products that spur economic growth and job creation. Our companies invest nearly \$3 billion each year on research and development that continues to provide consumers with an array of innovative, high quality products.
- Our industry plays an important role on the global stage. In 2014, personal care products manufacturers exported \$16.9 billion worth of products and produced a \$5.8 billion trade surplus—more than 50 percent higher than imports.
- We generate taxes that support police officers, teachers, firefighters and a wide range of local, state and federal government services.
- We support a wide range of corporate social responsibility programs, issues and causes that make our communities better places to live. Per \$1 million of sales, our charitable contributions were more than double the average contributions for all major industry sectors.
- We employ approximately 6,000 scientific and technical professionals, who are dedicated to ensuring product and ingredient safety.

We are proud to support the economy, contribute to social and environmental programs and meet the needs of American families. Thank you for taking the time to learn more about us.

Sincerely,

Lezlee Westine
President and CEO

Executive Summary

The cosmetic and personal care products industry is one of the most dynamic and innovative industries driving the U.S. economy. Families around the world trust and rely on our member companies' products to improve their health and well-being and to enhance their daily lives. Communities across the country rely on the industry's economic and social contributions to support jobs and spur economic growth. To better understand the value of these contributions, the Personal Care Products Council engaged PwC to measure the economic and social impact of the personal care products industry, using the most recent government data available.

Key findings of the study include:

- **The personal care products industry strengthens the U.S. economy.** In 2013, the personal care products industry added \$236.9 billion to U.S. GDP, and supported 3.6 million domestic jobs that earned \$144.3 billion in wages and incomes through its direct, indirect, and induced contributions.¹
- **Industry contributes to a strong export economy.** The personal care products industry exported \$16.9 billion in 2014, contributing \$5.8 billion to our nation's surplus while the overall U.S. manufacturing sector experienced trade deficits.²
- **Industry helps small business owners thrive.** Over two-thirds of the total employment in the industry is in small businesses with less than 50 employees,³ driving economic growth in our communities.
- **Women, including women with diverse backgrounds, are the heart of our industry.** The share of management positions held by women in the personal care products industry is higher than the U.S. average.⁴
- **Significant research and development investment drives innovation.** In 2011, personal care products manufacturers invested \$2.8 billion in R&D. Over the 2002–2011 period, we have increased our investment in R&D by an average 9.7% per year compared to an average 6.9% per year in all manufacturing industries.⁵



For more information and additional findings, please see the full *Economic & Social Contributions Study* here: <http://www.personalcarecouncil.org/about-us/economic-impact-study>. Citations are based on the full report.

¹ Table 3: Total Economic Contributions, page 11

² International Trade, page 19

³ Opportunities for Small Businesses, pages 25–26

⁴ Table 7b: Composition of Management Positions, page 24

⁵ Research and Development, pages 27–28

A Dynamic Industry at Work

Personal Care Products Industry Drives the Economy

The U.S. personal care products industry plays a significant role in our economy. In 2013, our industry achieved \$169.3 billion in total sales⁶ with 90 percent in domestic sales and 10 percent from exports to international markets.

The personal care products industry represents a diverse and robust sector, which includes:

- manufacturers who make the products families use everyday,
- distributors – wholesalers and retailers – who sell these products to consumers and businesses, including department stores and general retailers that sell personal care products, and
- beauty professionals at establishments such as barber shops, beauty salons, spas and nail salons who use our products to perform their services.

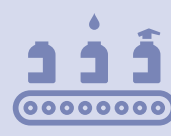
Each of these sectors contributes significantly to the industry. Of the \$169.3 billion in sales, \$54.5 billion was generated by manufacturers, \$47.2 billion by distributors, and \$67.6 billion by services providers.⁷

International trade is a critical component to the success of our industry, and significantly contributes to our ability to expand U.S. manufacturing and employment. In 2014, our industry produced a \$5.8 billion trade surplus, exporting \$16.9 billion worth of products while imports were \$11.1 billion. The global reach of the personal care products industry continues to expand at a faster rate than the manufacturing sector overall, averaging a 9.5 percent increase in exports annually from 1990 to 2014.⁸

Direct Sales by Sector (\$ Billions)



\$47.2
Distributors



\$54.5
Manufacturers



\$67.6
Services

Total Sales: \$169.3

Source: PwC, Sept. 2015, page 9.



⁶ Table 1: Gross Output, page 6

⁷ Table 1: Gross Output, page 6

⁸ International Trade, page 19

A Dynamic Industry at Work

When supply chain costs, such as raw materials and energy, were subtracted from \$169.3 billion in sales, the industry's direct, net contribution to the economy was \$96.8 billion. This net contribution is referred to as "value added." With this economic activity, the personal care products industry paid \$23.3 billion directly in taxes to federal, state and local governments.⁹

In addition to direct economic impacts, the personal care products industry stimulates growth throughout the supply chain. These indirect impacts are felt across industries and in every community. For example, a personal care products manufacturer sources raw materials from suppliers to create its products. These suppliers increase output, employ workers and pay wages to meet the demand of the personal care products manufacturer. These companies also pay taxes to state and local governments. The workers in personal care products manufacturing companies and those along the supply chain earn wages that they then use to pay rent, dine in restaurants, and shop for goods and services. The economic activity that results from production along the supply chain (indirect effects) and the earnings spent by workers (induced effects) are included in the estimates of the industry's overall economic impact.

In 2013, the economic activities of the personal care products industry indirectly contributed \$140.1 billion to the economy, resulting in a total value added impact of \$236.9 billion.¹⁰ This indirect economic activity resulted in an additional \$32.6 billion in taxes, making the total contribution of the personal care products industry to federal, state and local governments \$55.9 billion.

Direct & Indirect VA and Taxes (\$ Billions)

Value Added		
\$96.8 Direct	\$140.1 Indirect	\$236.9 Total
Taxes		
\$23.3 Direct	\$32.6 Indirect	\$55.9 Total

Source: PwC, Sept. 2015, page 9.



⁹ Table 2: Total Economic Contributions, page 9

¹⁰ Table 2: Total Economic Contributions, page 9

A Dynamic Industry at Work

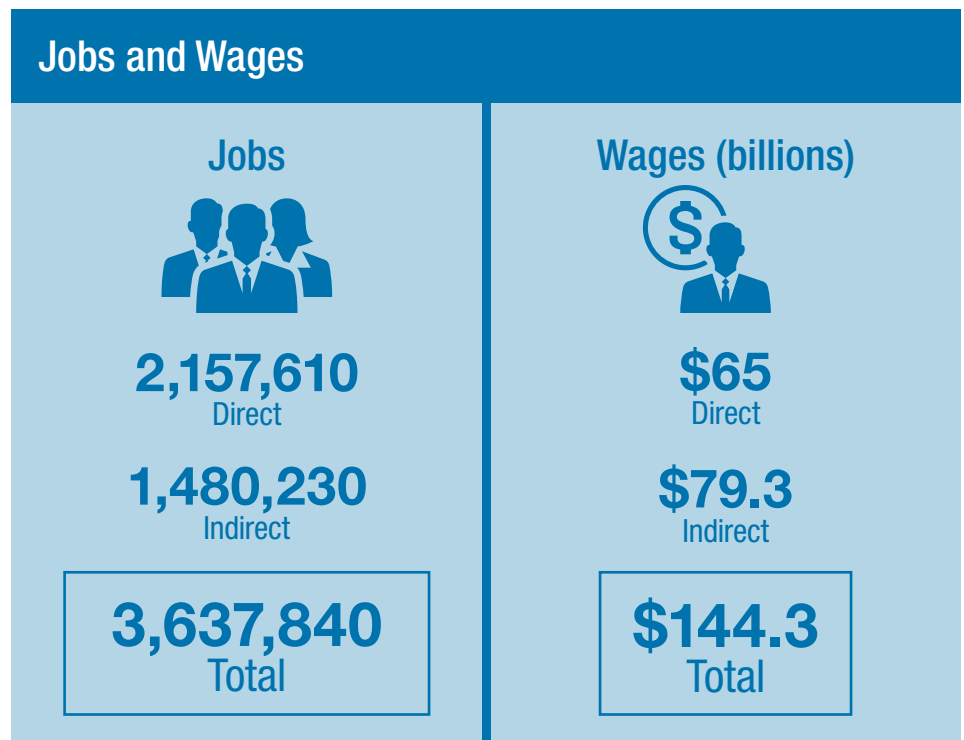
Personal Care Products Industry Creates Jobs

The industry supports a vibrant workforce that is vital to the U.S. economy and our country's global competitiveness. Personal care products manufacturers invest in product development and science and technology for quality assurance.

In 2013, the personal care products industry supported 3.6 million jobs in the U.S., 2.1 million direct and 1.5 million indirect and induced jobs, accounting for 2 percent of total U.S. employment.¹¹ With these jobs, our industry supported a total of \$144.3 billion in wages and benefits, with \$65 billion direct and \$79.3 billion in indirect wages.

Our industry also includes direct sellers who work independently and sell our products to their personal networks. Many of these networks are very small; approximately 1.7 million direct seller jobs may not be captured in government data.¹² However, these workers are important contributors to the industry and their work is critical to their own livelihoods.

The personal care products industry has grown significantly over the last 25 years. Between 1990 and 2014, employment in our industry increased 43 percent, compared to 27 percent for U.S. nonfarm employment overall. The services segment within our industry experienced the most substantial growth, with a 62 percent increase in employment during that period.¹³



Source: PwC, Sept. 2015, page 9.

¹¹ Table 2: Total Economic Contributions, page 9

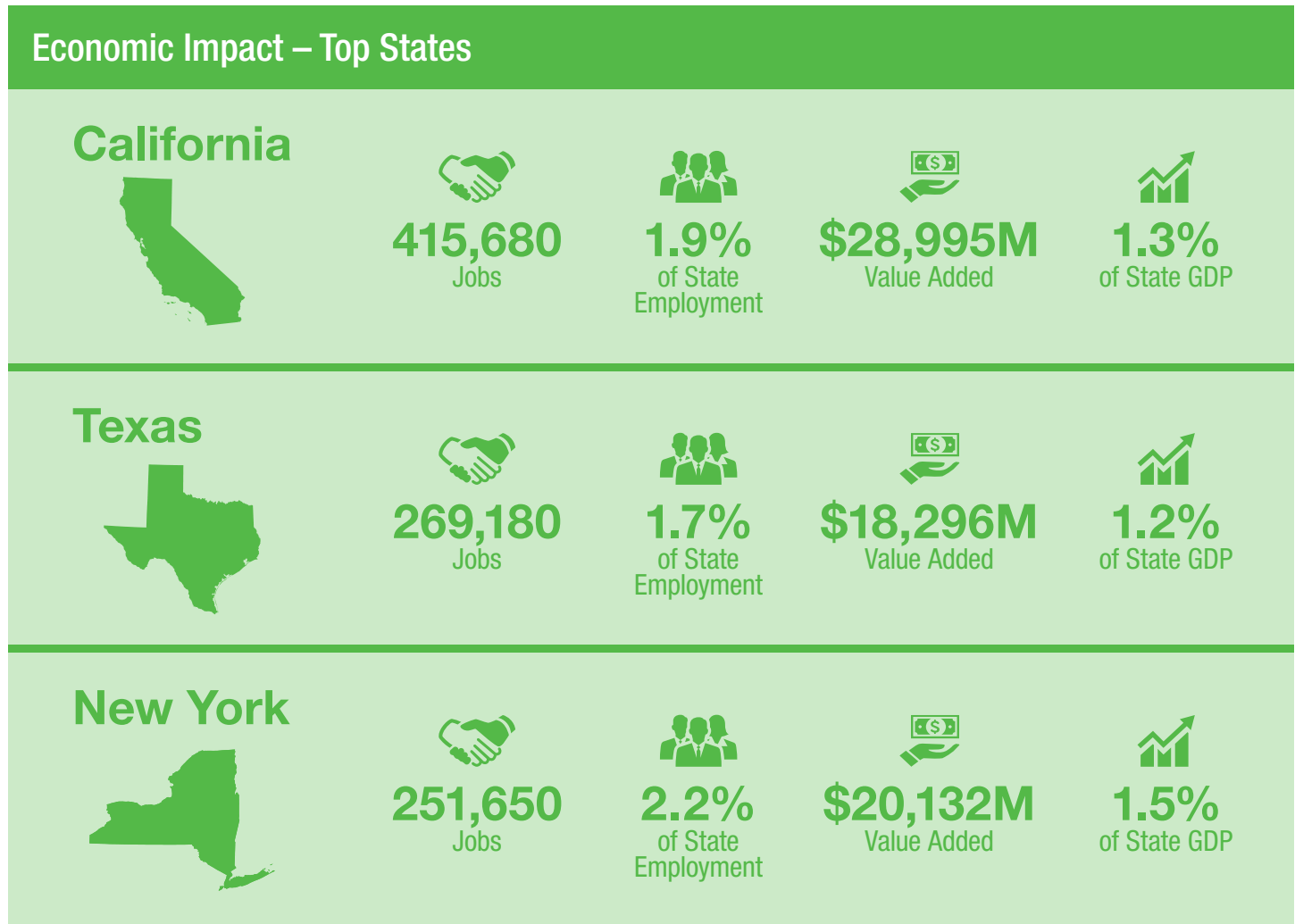
¹² Direct sellers, page 9

¹³ Economic Contributions, page 8

A Dynamic Industry at Work

Personal Care Products Companies Boost State and Local Economies

The total economic contributions of our industry – employment, labor income and contribution to GDP – are realized across the U.S. and are a vital component of state and local economies. The economic contributions are most significant in California, New York and Texas, where the industry accounted for nearly 1 million jobs and \$40 million in labor income as well as contributing more than \$67 million to the nation's GDP across these three states.¹⁴ View the full list of states on [Page 13](#).



Source: PwC, Sept. 2015, page 15.

See the full *Economic & Social Contributions Study* for information on congressional districts nationwide: <http://www.personalcarecouncil.org/about-us/economic-impact-study>

¹⁴ Table 5: Total Economic Contributions by State, page15

Creating Opportunity in Our Communities

Small Businesses Drive Economic Growth

The personal care products industry is exceptional in the opportunities it creates for small businesses. These businesses are the backbone of the U.S. economy, creating jobs and paying wages for residents in local communities.

Small, local businesses comprise the majority of the personal care products industry. In 2013, 67.1 percent of our manufacturers, retailers, and beauty professionals had fewer than 50 employees, more than double the national average of 27.3 percent across all industries. More than 34 percent of our industry is made up of businesses with fewer than 10 employees, more than triple the national average.¹⁵

From 2011–2012, small businesses in our industry with less than 100 employees created 20,130 new jobs; nearly 87 percent of which were in companies with fewer than 10 employees.¹⁶ As a result, communities across the country have experienced notable economic growth.



Source: PwC, Sept. 2015, page 25.

¹⁵ Opportunities for Small Businesses, pages 25–26

¹⁶ Ibid

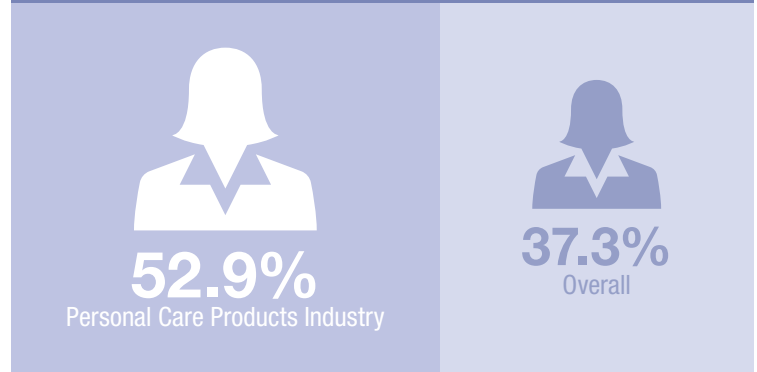
Creating Opportunity in Our Communities

Women Lead the Industry

Our workforce is primarily comprised of, and run by women, exceeding national averages. In fact, women make up 62.0 percent of our total workforce and hold 52.9 percent of management positions compared to the national average across all industries of 47.8 percent and 37.3 percent, respectively.¹⁷

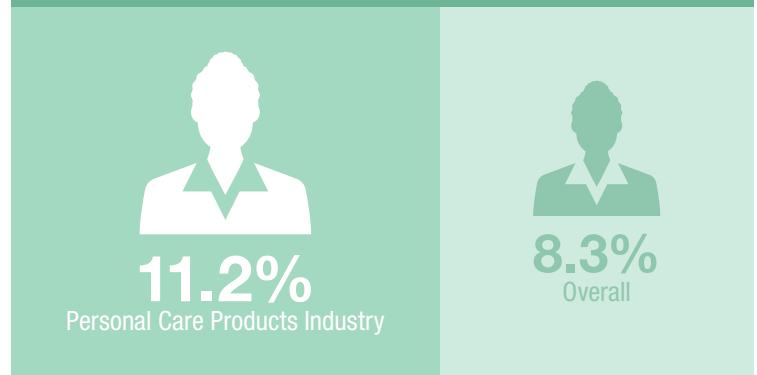
Our diverse workforce includes African Americans, Hispanics and Asians, who make up 16.3 percent of our workforce. These women are leaders in the industry, accounting for 11.2 percent of all management positions, compared to the national average of 8.3 percent.¹⁸

Opportunities for Women in Management Positions



Source: PwC, Sept. 2015, page 23.

Opportunities for Minority Women in Management Positions



Source: PwC, Sept. 2015, page 23.

¹⁷ Diversity, page 23

¹⁸ Ibid

Investing in the Future

Investment Inspires Innovation

As science advances and consumers' preferences change, the industry continually innovates to ensure millions of families around the world have access to the safest, highest quality products that help enhance their lives. Personal care products manufacturers make significant investments to product development and science and technology for quality assurance. In fact, 1 in 11 workers in our manufacturing sector are employed in a science, technology, engineering or mathematics (STEM) occupation, accounting for a total of 5,840 jobs.¹⁹ These workers drive innovation and ensure the production of safe, quality products.

Focused on innovation, the personal care products industry creates new and improved sunscreens, anti-cavity toothpastes, anti-dandruff shampoo, acne products, and other products that contribute to better, healthier lives. In 2011, our manufacturers invested \$2.8 billion in R&D. From 2002 to 2011, our industry increased R&D spending at an average rate of 9.7 percent annually, compared to 6.9 percent for manufacturing industries overall.²⁰ This investment reflects our industry's commitment to develop new and improved products and efficient processes that positively impact our well-being and reduce our impact on the environment.



¹⁹ Table 7: Employment in STEM Occupations, page 26

²⁰ Research and Development, pages 27–28

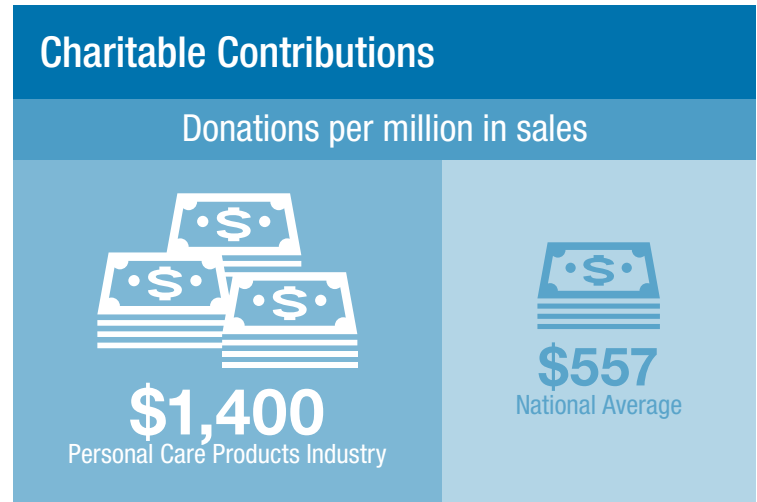
Leading the Charge in Corporate Social Responsibility

Personal Care Products Companies Give Back

As part of their commitment to providing products that enhance our quality of life, our companies make a significant and positive social impact that goes far beyond the benefits of our products. Our manufacturers give more than the national average in charitable contributions annually. Many of our member companies have their own charitable foundations partnering with community organizations and national charities to improve the lives of families throughout the world. In addition to financial and product support, personal care products companies encourage their employees to volunteer in their communities, donating thousands of hours each year.

In 2012, our industry made charitable contributions of \$134 million, more than \$1,400 for every million dollars in sales, more than double the national average.²¹ These funds support a variety of programs that help those most in need, including education advancement, cancer research and awareness, and environmental protection.

Look Good Feel Better is a free public service program that helps individuals with cancer improve their self-esteem, appearance and confidence by helping them deal with the appearance-related side effects of cancer treatment. The program offers free workshops, and online and virtual support that include lessons on skin and nail care, cosmetics, wigs and turbans, accessories and styling... helping people with cancer to find some normalcy in a life that is by no means normal. Look Good Feel Better is offered through a collaborative effort of the Personal Care Products Council Foundation, the charitable arm of the trade group representing the beauty industry; the American Cancer Society, the nation's largest voluntary health organization dedicated to saving lives from cancer; and the Professional Beauty Association, the largest organization of salon professionals with members representing salons/spas, distributors, manufacturers and beauty professionals. Each year the personal care products industry donates more than one million pieces of cosmetics and skin care products valued at \$10 million. Since its inception, the program has helped more than 700,000 women in the U.S. alone.²²



Source: PwC, Sept. 2015, page 27.



look good **feel better**[®]
HELPING WOMEN WITH CANCER



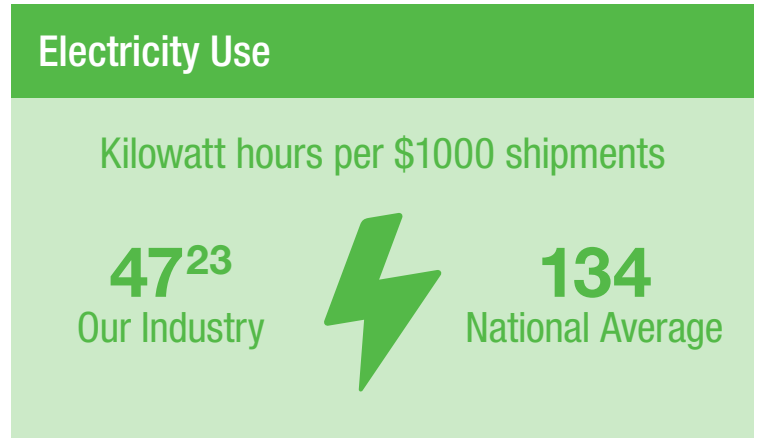
²¹ Charitable Contributions, page 27

²² PCPC website

Leading the Charge in Corporate Social Responsibility

Our Industry is Committed to Environmental Stewardship

Personal care products companies continually innovate so that consumers can do more with less and the footprint of their products will have a smaller impact on the environment. Our industry is committed to promoting environmentally responsible practices from production, to use, to the disposal of personal care products. Through research, establishing best practices and working with non-governmental organizations dedicated to sustainability, our manufacturers have reduced their carbon footprint significantly and continue to develop products and processes that protect the environment while improving quality of life. Our manufacturers use 65 percent less electricity than the national average and decreased emissions by 2.8 percent from 2012 to 2013,²⁴ while continuing to increase sales in global markets.



Source: PwC, Sept. 2015, page 28–29.

²³ Weighted average based on volume of sales (13.4% of manufactures operating at 31 kWh (NAICS 325611), 86.6% operating at 50 kWh (NAICS 325620))

²⁴ Environmental Impact, pages 28–29

Background

The Personal Care Products Council (the Council) is the leading national trade association representing the global cosmetic and personal care products industry. Founded in 1894, the Council represents approximately 600 member companies who manufacture, distribute, and supply the vast majority of finished personal care products marketed in the U.S.

The purpose of this report is to demonstrate the economic and social contributions of the personal care products industry. The Council commissioned PwC U.S. to estimate the social and economic impacts of our industry on the U.S. economy, NDP Analytics to author this report and Beekeeper Group for design and creative content.



Source for table on opposite page: PwCalculations using IMPLAN modeling system (2013 database). Numbers may not add to total due to rounding.

¹ Employment is defined as the number of pay roll and self-employed jobs, including part-time jobs.

² Labor income is defined as wages and salaries and benefits as well as proprietors' income.

Total Economic Contributions of U.S. Personal Care Products Industry, by State, 2013*

State	Employment ¹		Labor Income ²		GDP		Taxes Paid (\$ millions)
	Amount	Percent of State Total	(\$ millions)	Percent of State Total	(\$ millions)	Percent of State Total	
Alabama	47,770	1.9%	1,407	1.2%	2,150	1.1%	440
Alaska	4,350	0.9%	198	0.6%	393	0.6%	102
Arizona	58,540	1.7%	2,261	1.3%	3,597	1.3%	827
Arkansas	37,160	2.4%	1,280	1.8%	2,354	1.9%	564
California	415,680	1.9%	17,860	1.3%	28,995	1.3%	7,267
Colorado	51,190	1.5%	2,154	1.2%	3,261	1.1%	739
Connecticut	38,530	1.7%	1,881	1.2%	2,976	1.2%	755
Delaware	9,110	1.7%	360	1.1%	681	1.1%	137
District of Columbia	7,180	0.9%	407	0.5%	659	0.6%	154
Florida	220,470	2.1%	7,378	1.5%	11,750	1.5%	2,793
Georgia	126,210	2.3%	4,043	1.4%	6,523	1.4%	1,364
Hawaii	10,290	1.1%	412	0.8%	602	0.7%	138
Idaho	20,270	2.2%	710	1.8%	1,115	1.8%	259
Illinois	185,610	2.5%	7,590	1.7%	12,011	1.7%	2,953
Indiana	74,640	2.0%	2,567	1.4%	4,579	1.4%	980
Iowa	47,800	2.4%	2,001	2.0%	3,282	2.0%	734
Kansas	23,900	1.3%	891	1.0%	1,319	0.9%	239
Kentucky	39,750	1.6%	1,374	1.2%	2,277	1.2%	496
Louisiana	48,890	1.9%	1,635	1.2%	2,913	1.1%	566
Maine	11,360	1.4%	398	1.1%	580	1.0%	139
Maryland	78,080	2.3%	3,173	1.5%	5,588	1.7%	1,328
Massachusetts	67,280	1.5%	3,147	1.1%	4,668	1.0%	1,083
Michigan	108,470	2.0%	3,415	1.3%	5,252	1.2%	1,245
Minnesota	70,310	2.0%	2,985	1.5%	4,582	1.5%	1,124
Mississippi	29,700	2.0%	844	1.3%	1,376	1.3%	324
Missouri	71,690	2.0%	2,645	1.5%	4,225	1.5%	901
Montana	7,910	1.2%	260	1.0%	365	0.8%	75
Nebraska	18,420	1.5%	722	1.1%	1,159	1.1%	195
Nevada	24,390	1.6%	896	1.2%	1,381	1.0%	303
New Hampshire	12,830	1.5%	534	1.2%	727	1.1%	155
New Jersey	182,260	3.5%	8,823	2.6%	15,184	2.9%	4,079
New Mexico	12,190	1.1%	430	0.8%	673	0.7%	150
New York	251,650	2.2%	11,451	1.4%	20,132	1.5%	5,609
North Carolina	161,030	2.9%	6,075	2.2%	11,586	2.5%	2,465
North Dakota	6,680	1.2%	272	0.8%	438	0.8%	99
Ohio	170,590	2.5%	6,696	1.9%	11,657	2.0%	2,678
Oklahoma	28,470	1.3%	991	0.9%	1,512	0.8%	312
Oregon	31,700	1.4%	1,203	1.1%	1,805	0.9%	365
Pennsylvania	157,910	2.1%	6,506	1.6%	10,331	1.6%	2,501
Rhode Island	8,640	1.4%	333	1.0%	487	0.9%	118
South Carolina	37,970	1.5%	1,222	1.1%	1,807	1.0%	371
South Dakota	6,680	1.2%	260	1.0%	351	0.8%	68
Tennessee	95,100	2.6%	3,584	1.9%	5,718	2.0%	1,301
Texas	269,180	1.7%	11,125	1.2%	18,296	1.2%	3,873
Utah	30,780	1.8%	1,045	1.3%	1,772	1.3%	382
Vermont	7,690	1.8%	289	1.5%	429	1.4%	115
Virginia	87,780	1.8%	3,617	1.3%	5,926	1.3%	1,343
Washington	59,860	1.5%	2,652	1.1%	4,078	1.0%	934
West Virginia	10,110	1.1%	354	0.8%	536	0.7%	114
Wisconsin	48,560	1.4%	1,766	1.0%	2,494	0.9%	538
Wyoming	5,240	1.3%	192	0.9%	390	0.9%	98
U.S. Total	3,637,840	2.0%	144,314	1.4%	236,944	1.4%	55,895

* Latest available data

www.personalcarecouncil.org

www.cosmeticsinfo.org

