

DRIVING THE ECONOMY, SHAPING THE FUTURE

ECONOMIC & SOCIAL
CONTRIBUTIONS REPORT 2020





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LETTER FROM THE CEO



The Personal Care Products Council (PCPC) periodically engages PricewaterhouseCoopers (PwC) to measure the economic and social impact of our industry's manufacturers, distributors and suppliers in the nation.

The latest analysis is based on data from 2018, the most recently available. As this report goes to print in mid-2020, the world is a very different place. COVID-19 has transformed our nation's economic and social health and well-being. Meanwhile, the high-profile deaths of several Black men and women while in police custody have put a necessary and urgent national focus on efforts to address racism and inequality at every level, including the beauty industry.

Like other industries, the beauty and personal care sector has felt the tremendous impact of the pandemic, from supply chain and manufacturing disruptions to declining sales. Throughout, our primary focus has been on the health and safety of our employees, our customers and our communities. Many member companies quickly shifted their manufacturing lines to produce alcohol-based hand sanitizers for distribution to medical professionals; donated soap, personal hygiene and household cleaning products to organizations operating on the front lines; and provided millions of dollars in cash support to a range of relief and charitable organizations. They are also committing to support racial justice programs and addressing diversity, equity and inclusion in their own organizations.

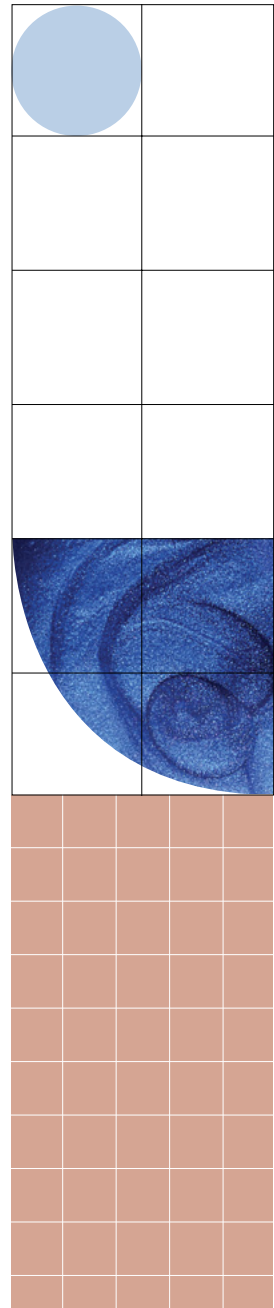
With this report, we have the opportunity to look back on our success — before COVID and the movement to address racial inequality — as an indicator of our resilience moving forward. Cosmetics and personal care products companies have always been deeply committed to improving the well-being of people and the planet. As we always have in past moments of social and economic uncertainty, I believe we will once again come out of this stronger, because we are focused on what matters: meeting basic health and safety needs while supporting our employees, consumers and communities.

"Our history is one of growing, thriving and giving back. I believe that in 2020 and beyond, our commitment will only get deeper."

In 2018, we played an essential role creating jobs, generating income and making our communities stronger. Our companies demonstrate it is possible to be both an economic engine of growth and a force for good. Our industry continues to invest in innovation to enhance the lives of the millions of Americans who depend on our products every day.

Our history is one of growing, thriving and giving back. I believe that in 2020 and beyond, our commitment will only get deeper. I hope you find this report informative and thank you for your interest in our long-standing commitment to the nation's economic and social well-being.

LEZLEE WESTINE
PRESIDENT & CEO
PERSONAL CARE PRODUCTS COUNCIL



ABOUT THIS REPORT & THE PERSONAL CARE PRODUCTS COUNCIL

The Personal Care Products Council (PCPC) is the leading national trade association representing cosmetics and personal care products companies and serving as the voice on scientific, legal, regulatory, legislative and international issues for the \$488 billion global industry.

In 2018, PCPC's 600 member companies represent more than 90% of the U.S. beauty market and are some of the most beloved and trusted brands in beauty and personal care today. They manufacture, distribute and supply the vast majority of personal care products marketed in the U.S. and are global leaders committed to product safety, quality and innovation.

PCPC commissioned PricewaterhouseCoopers (PwC) to conduct an independent study using the most recent government data available to quantify the impact of the industry on the U.S. economy. This report represents a summary of their findings; unless otherwise noted, all data is from 2018. The report also contains additional information from the industry's **2019 Sustainability Report: Creating a More Beautiful World.**



ABOUT PWC

PwC's purpose is to build trust in society and solve important problems. PwC is a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more at www.pwc.com/US.

As a center of excellence, PwC's National Economics & Statistics (NES) practice provides insightful economic, statistical, and policy analysis for clients. The NES group combines real-world experience with extensive knowledge of the government sector to deliver comprehensive and authoritative analysis and advice to our clients.

EXECUTIVE SUMMARY

Looking back on data from 2018 it is clear: the beauty and personal care products industry continues its long trajectory of economic growth and social contributions. The industry was directly and indirectly responsible for 3.9 million jobs, \$170.5 billion in labor income, \$267.3 billion in Gross Domestic Product (GDP) and \$64.8 billion in federal, state and local tax payments. Each of those indicators grew compared to our 2016 report. Here is what drives that growth:

STRONG EXPORTS

Personal care products exports were more than 35% higher than imports, representing the second largest trade surplus in the manufacturing sector.

OPPORTUNITIES FOR SMALL BUSINESSES

Companies with fewer than 10 employees account for 34% of the industry's employment, and those with fewer than 50 employees account for nearly 70%.

ROBUST RESEARCH & DEVELOPMENT

Personal care products manufacturers' R&D spending grew faster than the manufacturing sector as a whole between 2007 and 2016, and represents 1.1% of all manufacturing R&D in the U.S.

STEM PROFESSIONALS DRIVE INNOVATION

Science, technology, engineering and mathematics (STEM) jobs account for 10% of all jobs at personal care products manufacturers — more than 7,200.

EMPOWERING WOMEN AND PEOPLE OF COLOR

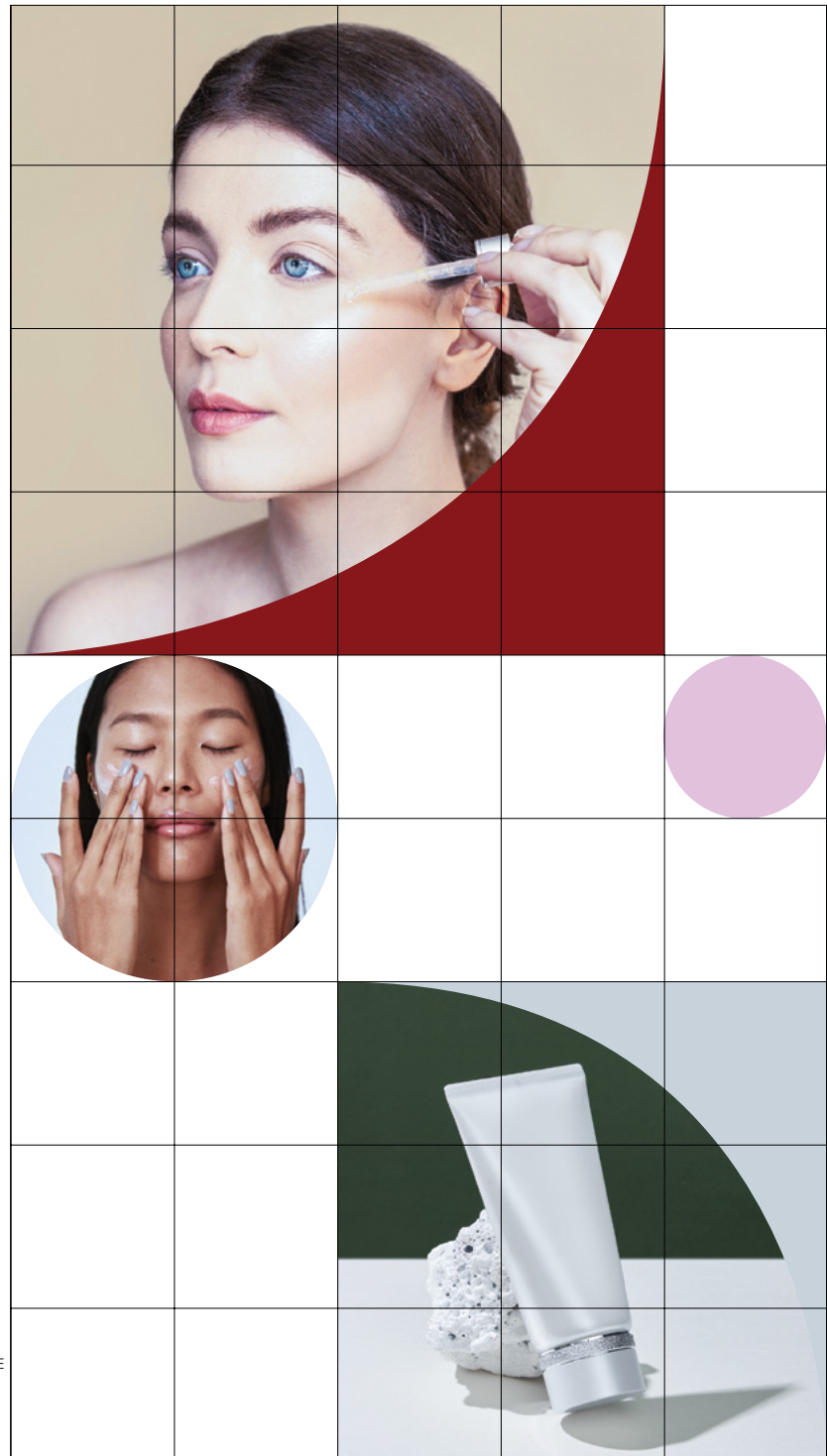
Women make up nearly 77% of the industry's workforce, and people of color make up 33%.

SUSTAINABILITY

The industry improved the efficiency of its energy use in transportation and operations, while contributing more to charities as a share of revenues than the average in other manufacturing sectors.

The cosmetics and personal care products industry is proud of its essential role creating jobs, generating income and making our communities stronger. We know we have more work to do and we are committed to expanding our contributions in the years to come.

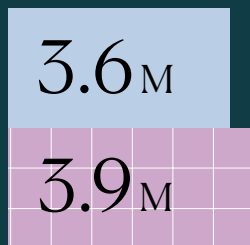
For more information and additional findings, please see the full [Economic & Social Contributions Report](#). Citations are based on the full report.



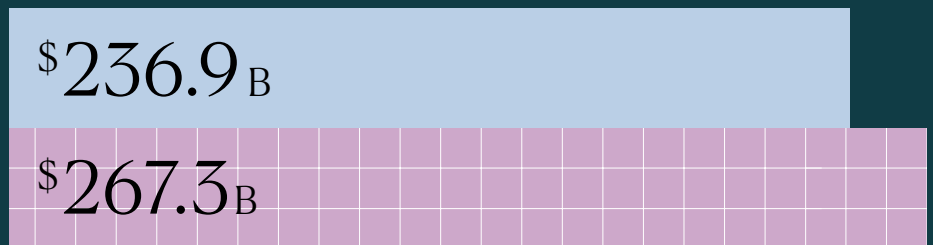
DRIVING THE ECONOMY

This dynamic and thriving industry grew in every category since our [2016 report](#). In 2018, the personal care products industry was responsible for 3.9 million direct and indirect jobs representing 1.9% of total U.S. employment; \$170.5 billion in labor income; \$267.3 billion in GDP; and \$64.8 billion in tax payments at the federal, state and local levels.

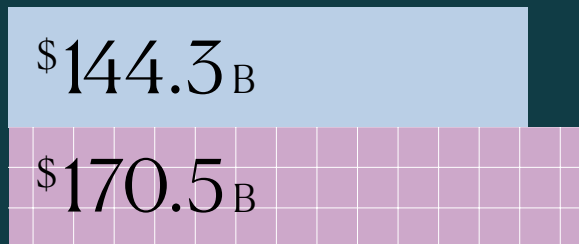
JOBS



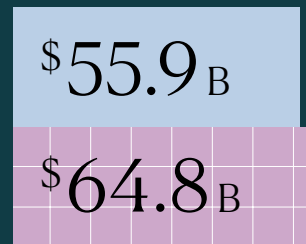
GDP



LABOR INCOME



TAXES

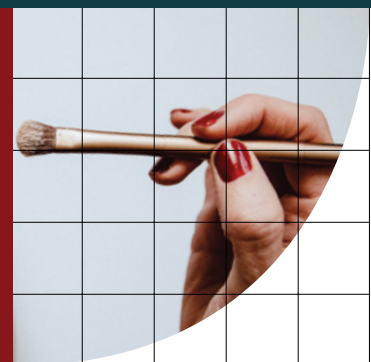


■ 2016 REPORT
■ 2018 REPORT

GENERATING STRONG EXPORTS & TRADE SURPLUS

The personal care industry's trade growth consistently outpaced the overall manufacturing sector. Between 1990-2018, the personal care products industry generated a trade surplus every year, reaching \$4.8 billion in 2018, while the manufacturing sector as a whole recorded a trade deficit in each year of this period. In 2018 alone, exports of personal care products were more than 35% higher than imports.

2018 TRADE SURPLUS
35%
OR
\$4.8_B



CREATING JOBS

The personal care products industry reliably serves as a source of vital employment nationwide. The industry directly employed 2.4 million workers in 2018. Adding indirect and induced impacts (i.e., the supply chain), the total employment contribution to the U.S. economy was 3.9 million jobs, or 1.9% of all U.S. employment in 2018. In addition, the Direct Sellers Association (DSA) estimates that 2.6 million direct sellers were involved in the sale of personal care products.

1.9%
OF ALL U.S.
EMPLOYMENT

3.9M
JOBS



CREATING OPPORTUNITIES FOR SMALL BUSINESSES

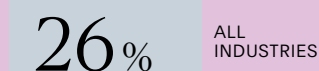
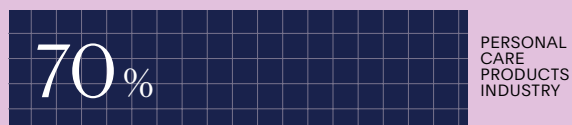
The entrepreneurial spirit is a major force in the personal care products industry. Companies with fewer than 10 employees accounted for more than 34% of total employment in the personal care products industry, compared to 10% in all industries. Companies with fewer than 50 employees made up 70% of industry employment, compared to 26% for all industries.

Those small businesses show strong growth—businesses with less than 100 employees had a net increase of 29,060 jobs, of which nearly 22,700 were for companies with less than 10 employees.

COMPANIES WITH FEWER THAN 10 EMPLOYEES



COMPANIES WITH FEWER THAN 50 EMPLOYEES



BOOSTING STATE & LOCAL ECONOMIES

The personal care products industry makes widespread economic contributions in all 50 states and the District of Columbia. The top states — California, Texas, Florida, New York and Ohio — accounted for 39% of the total direct, indirect and induced employment supported by the personal care products industry.



CALIFORNIA

JOBS

469,180

LABOR INCOME

\$22,810M

CONTRIBUTION TO GDP

\$36,355M

TEXAS

JOBS

364,900

LABOR INCOME

\$15,900M

CONTRIBUTION TO GDP

\$25,485M

NEW YORK

JOBS

244,710

LABOR INCOME

\$12,151M

CONTRIBUTION TO GDP

\$19,591M

FLORIDA

JOBS

254,650

LABOR INCOME

\$9,383M

CONTRIBUTION TO GDP

\$14,189M

OHIO

JOBS

199,910

LABOR INCOME

\$8,687M

CONTRIBUTION TO GDP

\$16,668M

SHAPING THE FUTURE

SUPPORTING DIVERSITY, EQUITY & INCLUSION

The personal care products industry has long celebrated, supported and created opportunities for women and people of color. Recognizing we still have a long way to go, the industry continues its efforts to provide women and people of color with opportunities to build businesses, lead companies and live the lives they deserve.

We represent the workforce of today, and tomorrow. Women are the heart and soul of the industry, making up 77% of the total workforce, compared to an average of 47% for all industries. The industry leads the way with a diverse workforce; 33% identified as non-white, compared to 22% across all industries.

PERSONAL CARE PRODUCTS INDUSTRY

77%

WOMEN

33%

NON-WHITE

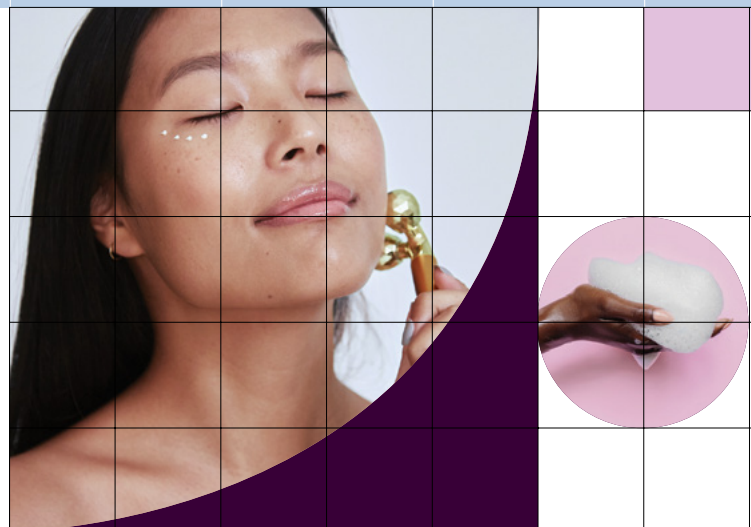
NATIONAL INDUSTRY AVERAGE

47%

WOMEN

22%

NON-WHITE





INVESTING IN RESEARCH & DEVELOPMENT AND STEM PROFESSIONS

Safety is a top priority for the personal care products industry; our high standards are why investment in R&D is so important. This investment allows companies to continually innovate, ensuring consumers have the safest, highest quality products backed by the most rigorous science available.

Growth of the personal care product manufacturers' investment in R&D outpaced R&D growth for the manufacturing sector as a whole. Based on National Science Foundation data, the industry increased its R&D spending at an average annual rate of 5.2% from 2007 to 2016, compared to 3.3% for all manufacturers over the same 10-year period. Today, personal care products companies are responsible for 1.1% of all manufacturing R&D in the U.S.

The industry's investment in the future includes more than 7,200 jobs in STEM professions — 10% of all jobs at personal care products manufacturers, compared to 6.4% of all jobs in nondurable goods manufacturing.

LEADING STEM PROFESSIONS IN THE INDUSTRY

SCIENTISTS & CHEMISTS	ENGINEERING	COMPUTER & IT
3,720	2,020	1,140
PROFESSIONALS	PROFESSIONALS	PROFESSIONALS

R&D SPENDING INCREASED AT AN AVERAGE ANNUAL RATE FROM 2007 TO 2016

5.2%

ALL MANUFACTURERS OVER THE SAME TEN-YEAR PERIOD

3.3%

BUILDING A MORE SUSTAINABLE FUTURE

GIVING BACK TO OUR COMMUNITIES

Today, more than ever, businesses cannot exist without greater purpose. Striving for financial success is not good enough—giving back in a meaningful way must be a priority, too. The industry’s culture of commitment extends to communities around the world. Personal care products companies recognize business success goes hand in hand with the success of the individuals, families and communities they serve.

In 2015, the latest year for which data were available, corporate manufacturers of beauty and personal care products contributed \$144 million to charitable causes. For every \$1 million in revenue, personal care product manufacturers made charitable contributions

of approximately \$1,300—higher than the average for the manufacturing sector as a whole and second highest among all major industry sectors. Beauty and personal care products companies are also generous with their human resources, donating thousands of employee volunteer hours each year.

The [Look Good Feel Better \(LGFB\)](#) program is an industry-supported public service program that helps individuals with cancer improve their self-esteem and confidence by helping them deal with the appearance-related side effects of treatment. Each year, the industry donates more than one million pieces of cosmetics and skin care products, valued at \$10 million.¹



\$1,300

IN CHARITABLE CONTRIBUTIONS
FOR EVERY

\$1M

REVENUE — 2ND HIGHEST
AMONG ALL INDUSTRY SECTORS

1 — SOURCE: 2019 Sustainability Report: Creating a More Beautiful World
2 — SOURCE: 2019 Sustainability Report: Creating a More Beautiful World

DRIVING POSITIVE SOCIAL CHANGE

Industry branded corporate social responsibility programs also support a variety of societal needs. Key areas of engagement include:

WOMEN’S EMPOWERMENT,
OPPORTUNITY & LEADERSHIP,
INCLUDING PAY EQUALITY

STEM EDUCATION & CAREERS

DOMESTIC VIOLENCE
AWARENESS & PREVENTION

SUPPORT OF INDIVIDUALS WITH
BREAST CANCER & HIV/AIDS

ADDRESSING RACIAL BIAS

WATER SECURITY

DISASTER RELIEF AROUND
THE WORLD

PROPER HANDWASHING
& HYGIENE, INCLUDING
ORAL CARE

LITERACY²



DOING OUR PART TO PROTECT THE PLANET

Protecting the planet is a responsibility we all share, and the personal care products industry is working to reduce its environmental impact on the world.

Companies in the personal care products industry have embraced a commitment to clean, renewable energy, which also achieves significant cost savings. Major industry participants reduced their global greenhouse gas emissions 3.9% from 2017 to 2018, while increasing sales by 5%.

Many personal care products companies support the Science Based Targets Initiative (SBTi) and have committed to reducing greenhouse gas (GHG) emissions — in line with the goals of the Paris Agreement — to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.³

3 — SOURCE: 2019 Sustainability Report: Creating a More Beautiful World

INNOVATION & COMMITMENT

In addition to the industry's efforts to conserve water in operations, many companies develop "water smart" products, including fast-rinse technology in conditioners, dry shampoo formulations and foaming face washes, including some that reduce water required for rinsing by 35%.

Many personal care products companies have undertaken ambitious approaches toward zero waste by recycling waste into new materials or recovering waste to generate energy, creating significant new revenue streams.

Recognizing single use plastic packaging contributes to a global waste challenge, companies are taking action to reduce the use of plastic packaging, use more recycled plastic and increase the recyclability of the plastic packaging they use.⁴

4 — SOURCE: 2019 Sustainability Report: Creating a More Beautiful World

TOTAL ECONOMIC CONTRIBUTIONS OF U.S. PERSONAL CARE PRODUCTS INDUSTRY, BY STATE



TOTAL ECONOMIC CONTRIBUTIONS OF U.S. PERSONAL CARE PRODUCTS INDUSTRY, BY STATE, 2018

STATE	EMPLOYMENT ¹		LABOR INCOME ²		GDP	
	AMOUNT	PERCENT OF STATE TOTAL	(\$ MILLION)	PERCENT OF STATE TOTAL	(\$ MILLION)	PERCENT OF STATE TOTAL
ALABAMA	44,150	1.6%	1,553	1.0%	2,026	0.9%
ALASKA	4,080	0.9%	210	0.7%	318	0.6%
ARIZONA	61,660	1.6%	2,502	1.2%	3,542	1.0%
ARKANSAS	37,030	2.2%	1,433	1.8%	2,378	1.9%
CALIFORNIA	469,180	1.9%	22,810	1.3%	36,355	1.2%
COLORADO	59,170	1.5%	2,719	1.1%	3,821	1.0%
CONNECTICUT	49,900	2.1%	2,694	1.5%	4,091	1.5%
DELAWARE	8,770	1.5%	362	1.0%	570	0.8%
DISTRICT OF COLUMBIA	6,820	0.7%	448	0.4%	538	0.4%
FLORIDA	254,650	2.0%	9,583	1.5%	14,189	1.4%
GEORGIA	133,290	2.1%	4,298	1.2%	6,698	1.1%
HAWAII	10,770	1.2%	463	0.8%	660	0.7%
IDAHO	22,850	2.2%	841	1.7%	1,232	1.6%
ILLINOIS	181,390	2.3%	8,103	1.5%	12,967	1.5%
INDIANA	76,060	1.9%	3,060	1.4%	4,887	1.3%
IOWA	45,170	2.2%	2,196	2.0%	3,232	1.7%
KANSAS	23,180	1.2%	938	0.9%	1,397	0.8%
KENTUCKY	39,250	1.5%	1,545	1.2%	2,287	1.1%
LOUISIANA	49,880	1.8%	1,569	1.1%	2,896	1.1%
MAINE	10,300	1.2%	406	1.0%	552	0.9%
MARYLAND	70,500	1.9%	3,046	1.2%	4,571	1.1%
MASSACHUSETTS	64,620	1.5%	3,239	0.9%	4,125	0.7%
MICHIGAN	103,010	1.8%	3,810	1.2%	5,988	1.1%
MINNESOTA	72,030	1.9%	3,585	1.5%	5,229	1.4%
MISSISSIPPI	30,630	1.9%	839	1.2%	1,379	1.2%
MISSOURI	75,410	2.0%	3,091	1.5%	4,975	1.6%
MONTANA	8,250	1.2%	306	1.0%	412	0.8%
NEBRASKA	18,750	1.4%	784	1.0%	1,136	0.9%
NEVADA	27,280	1.5%	1,007	1.0%	1,484	0.9%
NEW HAMPSHIRE	14,370	1.6%	673	1.2%	879	1.0%
NEW JERSEY	191,020	3.4%	10,091	2.5%	15,988	2.6%
NEW MEXICO	13,260	1.2%	470	0.9%	735	0.7%
NEW YORK	244,710	1.9%	12,151	1.2%	19,591	1.2%
NORTH CAROLINA	167,700	2.8%	6,825	2.0%	11,627	2.1%
NORTH DAKOTA	6,500	1.1%	289	0.9%	421	0.8%
OHIO	199,910	2.8%	8,687	2.1%	16,668	2.5%
OKLAHOMA	27,750	1.2%	982	0.8%	1,464	0.7%
OREGON	36,390	1.4%	1,639	1.1%	2,298	1.0%
PENNSYLVANIA	177,580	2.3%	8,424	1.7%	12,756	1.6%
RHODE ISLAND	9,650	1.5%	420	1.1%	576	1.0%
SOUTH CAROLINA	43,090	1.5%	1,474	1.0%	2,145	0.9%
SOUTH DAKOTA	8,260	1.4%	411	1.5%	565	1.1%
TENNESSEE	100,250	2.4%	4,277	1.8%	6,549	1.8%
TEXAS	364,900	2.1%	15,900	1.5%	25,485	1.4%
UTAH	30,300	1.5%	1,059	1.0%	1,706	1.0%
VERMONT	8,730	2.0%	377	1.7%	538	1.6%
VIRGINIA	82,880	1.6%	3,421	1.0%	4,882	0.9%
WASHINGTON	64,020	1.4%	3,234	1.0%	4,497	0.8%
WEST VIRGINIA	11,330	1.5%	441	1.0%	839	1.1%
WISCONSIN	49,260	1.3%	2,038	1.0%	2,805	0.8%
WYOMING	4,020	1.0%	152	0.7%	300	0.8%
U.S. TOTAL	3,915,900	1.9%	170,477	1.4%	267,263	1.3%

Source: PwC calculations using IMPLAN modeling system (2017 database). Numbers may not add to total due to rounding.

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

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



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Personal Care  Products Council
Committed to Safety,
Quality & Innovation