

## Cosmetics, Toiletries, and Detergents

# A Surprisingly Good Year

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**Finland's good economic situation in 2005 was reflected in solid sales of cosmetics, toiletries, and detergents. Domestic net sales were 4.2% higher than in 2004, which was a relatively slow year like 2003, and reached €541 million. Sales by members of the Finnish Cosmetic, Toiletry and Detergent Association accounted for more than 90% of this total.**

Cosmetic and hygiene products sold particularly well in 2005, and were 6.0% up on 2004. Sales of consumer washing, cleaning, and maintenance products, were slightly down, as were those of technochemical products.

Products manufactured in Finland accounted for 18% of total sales, ranging from 12% in washing and cleaning products and 14% in cosmetics and toiletries to 47% in institutional and industrial products. The distribution of sales by main product categories can be seen in the figure, and sales generally in Table 1.

Sales of institutional and industrial (I&I) products are continuing to grow steadily, and

were up 4.1% in 2005, while volumes rose by 1.1%. A breakdown by key subgroups is shown in Table 2.

Sales of household washing, cleaning, and maintenance products fell by 1.3%, although sales volume remained virtually unchanged. One reason for this downturn could be the fierce price competition that characterises the field.

Some product subgroups in this sector had a good year and achieved a significant rate of growth, such as unit-dosed laundry detergents and all-purpose cleaners for hard surfaces.

Products are mainly sold through wholesale outlets and used in areas such as laundering clothes, in the kitchen, in the bathroom, and for general household cleaning needs. A breakdown of key household washing, cleaning, and maintenance products is shown in Table 3.

### Upward trend in the cosmetics sector

The cosmetic and toiletries segment is by far the largest in the industry, representing 66% of sales of cosmetics, toiletries, and detergents in Finland. Sales rose 6.0% in 2005, and totalled €359 million.



### Catching Up With The Rest of Europe

Finns are spending more and more on their well-being, and this is clearly being reflected in growing sales of cosmetic and toiletry products. Average per capita expenditure on these products currently stands at €137, according to the latest figures for 2005.

Although per capita consumption is still below the average European consumption of €146, Finns are catching up rapidly, and the Finnish market grew the most in proportional terms in Europe in 2005.

Per capita consumption is highest in Switzerland, at €214, Norway (€193), and Denmark (€173). Per capita consumption compared to Finland was lower only in Greece, Portugal, Ireland, and—for the first time—Germany.

**Male skin care was a growth segment in 2005, and is becoming an increasingly attractive market. Nivea celebrates its 95th anniversary this year.**

**Table 1. Domestic sales of cosmetics, toiletries and detergents in Finland in 2005. Net sales value, in million euros.**

Product group	Domestic products	Imported products	Total sales € million	Change % 2005/2004
Cosmetic and toiletry products	49	310	359	6.0
Household washing, cleaning and maintenance	11	77	87	-1.3
Institutional and industrial washing, cleaning etc. products	31	36	67	4.1
Other technochemical products	7	21	28	-0.5
<b>Total</b>	<b>98</b>	<b>443</b>	<b>541</b>	<b>4.2</b>

Hair care, toiletries, and skin care products are the largest product categories, of which hair care is the biggest, with domestic net sales in the professional and mass market area of €123 million in 2005, an increase of 3.3% on 2004.

Sales of skin care products grew by 6.8% and those of toiletries by 5.6%. Sun protection products did particularly well, thanks to a warm summer. Considerable growth was also seen in men's products.

Decorative cosmetics, such as powders and mascara, continued to grow very positively, and expanded by 10.0% in 2005. Demand for fragrances and perfumes also grew significantly, by 13.1%. These positive trends indicate that consumers are using increasing numbers of different products and are willing to pay more for them as well. More detailed information is presented in Table 4.

### Good potential in male grooming products

Male grooming products represent one of the fastest-growing sectors in the Finnish cosmetics and toiletries market, and have contributed to the overall growth in demand for toiletries and skin care products, although non-shaving products continue to remain small in terms of market value.

The sales of all types of cosmetic and toiletry products for men are expected to continue expanding as men become more aware of the growing range of products available, and as they continue to pay increasing attention to their appearance and well-being, and are willing to pay more for their looks.

### Exports are beginning to recover

The depressed level of exports typical of recent years now seems to be a thing of the past, although exports still fall some way short of the high level recorded in 2002, when they totalled some €70 million. Exports in 2005 were valued at €60 million, up 8.5% on 2004.

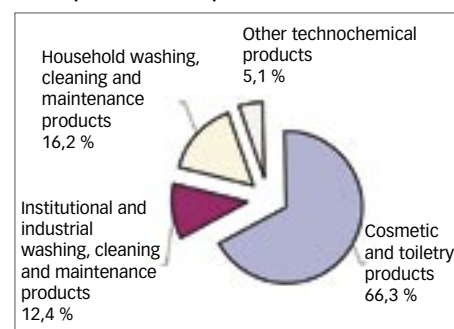
This positive development has been mainly driven by higher levels of cosmetic and hygiene product exports, up 8.2%, which

account for approximately 85% of the total value of technochemical product exports.

Imports totalled €443 million, up 5.7% on 2004, and accounted for 82% of the total domestic sales of cosmetics, toiletries, and detergents.

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**Domestic sales of technochemical products in Finland. Total net sales in 2005 (tax excluded): €541 million.**



**Table 2. Domestic net sales of institutional and industrial products in 2005.**

Product group	€ million	Change % 2005/2004
Fabric care products	10.6	-2.9
Cleaning products	16.9	1.5
Machine ware washing	15.5	4.6
Industrial detergents and chemicals	16.8	6.0
Personal care products	7.2	17.5
<b>Total</b>	<b>67.0</b>	<b>4.1</b>



**KiiltoClean completed a €3.6 million expansion of its production plant at Hankasalmi in May 2005. New production, warehouse, and dispatch facilities have been built, production technology modernised, and production capacity increased—without compromising the plant's high level of environmental protection.**

**Table 3. Domestic net sales of household washing, cleaning and maintenance products in 2005.**

Product group	€ million	Change % 2005/2004
Fabric cleaners	38.4	-3.0
Fabric conditioners	7.4	-4.3
Stain removers and aids	2.0	3.2
Hand dishwash liquids	10.4	1.6
Machine dishwash detergents	9.6	-1.4
All purpose cleaners	8.4	9.2
Special purpose cleaners	11.1	-3.7
<b>Total</b>	<b>87.3</b>	<b>-1.3</b>

**Table 4. Domestic net sales of cosmetic and toiletry main products in 2005, professional hair care products included.**

Product group	€ million	Change % 2005/2004
Perfumes and fragrances (women and men)	15.9	13.1
Decorative cosmetics	55.0	10.0
Skin care	84.8	6.8
Hair care	123.3	3.3
Personal cleansing	22.5	4.2
Oral care	29.1	3.0
Intime care	1.8	18.8
Deodorants	21.5	9.5
Shaving (no after shave, balsam, EdT, EdC)	2.3	1.4
Others	2.5	13.3
<b>Total</b>	<b>358.6</b>	<b>6.0</b>