CHAPTER - 2

LITERATURE REVIEW
2 LITERATURE REVIEW

2.1 Evolution and Growth of Cosmeceuticals

2.1.1 Genesis

The word “cosmetic” is derived from the Greek word “Kosmos” meaning “to arrange”. In the late 10,000 BC, cosmetics were very important in Egyptian health and Hygiene (Journal Week.com 2011:26 September 2011:11:00 pm). Tracing the origin of cosmetics, the first recorded use of cosmetic is attributed to Egyptians, circa 4000 BC (Narada, 2010). The ancient Sumerians and Hebrews also applied cosmetics. In other cases, such as European cosmetic known as Cerus was used from the second century to the 19th century (Kaushik, 2005). Cosmetics are products that are used to clean and beautify the skin (Millikan, 2001). The first recorded use of cosmetics is attributed to Egyptians in 4000 B.C (Rona et al, 2004).

Cosmetic history includes facts about how Egyptian society used makeup products. For the Egyptian, cosmetics were used particularly for their spiritual values, as they were religious group. The dark colour around the eyes was intended imparts toward the evil eye and please the god. Cosmetic history tells us that chemicals used for early cosmetics were often dangerous, such as those used for making Mesdemet and kohl.

2.1.2 Growth

As time went on, cultures merged and the Greeks began to move into cosmetic history and adopt the use of Egyptian cosmetics. Centuries later the Roman move in, and use of cosmetic formulation began to evolve into other purposes, such a creating aphrodisiacs. They used sheep fat mixed with blood for nail polish and instead of just using for the traditional body oils created by the Egyptians. Starting around the 1400’s those who were tanned were the lower working class, who work outside in the fields. The more refined classes of the people had pale skin and a desire to make it even whiter (James, 2011).

During the Edwardian society days, around 1900, middle aged women did a lot of entertaining and as hostesses, they had to look their best, which to them, meant
looking as younger as possible (Martell, 2011). These society women needed all the help they could get to offset the effect of their high life styles. Edwardian women relived on cosmetics, especially face creams and anti-aging products (Martell, 2011). As the popularity of the beauty salons increased, in the beginning of the 20th century, there was no turning back for the cosmetic industry. Sale of cosmetic started with Selfridge (a Saloon) in 1909. Anti-aging and skin nourishing products totalled nearly $17.7 billion in worldwide retail sales in 2008, according to Euromonitor. The firm projects that this segment will go to $22.1 billion in worldwide retail sale in 2013. US based cosmetic firm Avon products leads the anti aging/skin nourishing segment with approximately $1.16 billion in 2008 worldwide retail sales, followed by UD peer Proctor & Gamble, with $1.1 billion for its Olay product line.

2.1.3 Transition (Phase-I) cover to uncover.

Vigneron and Johnson (1999) report that people's need for appearance and materialism was increasing and hence human being wanted to satisfy the need to look and feel good. This created a boom in the cosmetic industry across the world. Customer behaviour is an ongoing process when individual or group select, purchase, use or dispose of products, services, idea and experiences to satisfy needs and desire (Askegaard, 1999). Askegaard (1999) noted that people do not buy the products to play in our lives go well beyond the task it performs.

Men purchase the ideas and images that are associated with the products, to produce a desired identity and self-image (Fiona & Elke, 1998). Kellner (1992) proposes that the various meaning associated with the products are used to mitate the “fragmented self-image of individuals who want to display and experience situational images felt to be appropriate at a particular time”. Based on the above arguments, the first hypothesis proposed in the study is related to men's concern toward self-image influences consumption of male grooming products.
2.1.4 Transition (Phase-II) female grooming to male grooming.

The cosmetic industry is not restricted to only women. The time is changing and so the thoughts. The male population is becoming conscious about their looks and hence heralded to a new era in the cosmetic industry which is the male grooming industry.

In the recent years, men have become more conscious about their image than ever before, resulting in sales on male grooming products to increase by 18 percent globally between 2006 and 2011 (Mermelstein & Felding, 2007). This change in male grooming is becoming a new trend and is expected to blossom in regions where consumers are increasingly adapting to western styles. The market of men’s skin care products is relatively a new market. The market trend of this new market seems to be potentially grown; therefore it is attractive market as a niche market.

The gap of distance between men and beauty products or skin products has shorten now a days, their demand for skin care products are revealed to fulfil their pleasure and wellness start from, cream their skin, feed the skin nutrition, ant aging treatment, body and hair cares, spa centres or even beauty institutions (Cole, 2008). Male customers have to seek out the products in specific place as cosmetic counter, perfumery and drug store (Lamb, 2008). Chunhapak (2008) noted that people who have different income have different selection of products. Moreover people who have high income are ready to buy expensive products but people who have low income are not.

According to Blanchin (2007) the relation between men and beauty care can be seen as simple relation to his appearance. Men want to feel good about them, to be in harmony and to reach a mental physical equilibrium. Men want to be proud of their bodies. This is why men use products to embellish themselves. Consumption of a product is not only simply about the tangible benefits that the product offer but the main motivation behind the consumption of male grooming products is to create, develop and maintain a person’s identity (Featherstone, 1991). Men seek to change their self-image through products due to the need to adapt to the different roles in their lives (Aaker, 1999). Men use products to enhance their self-image through the
transfer of the symbolic meanings from the use of the product, to the image that the consumers’ wanted to present (Grubb & Grathwohl, 1967). Sirgy (1982) argue that consumers will be motivated by positively valued products that promote a positive self-image.

2.1.5 Present Scenario.

2.1.5.1 Country Implications

In 2009 the top five countries of origin for import of cosmetics and skin care products into Hong Kong were France (25 percent), Japan (17 percent), China (15 percent, United States of America (15 percent) and the United Kingdom (35 percent). The total import of cosmetic and skin care products dropped slightly in 2009 after a decade of steady increase. The expected market growth for 2007 to 2012 is established to be 6 percent. Western Europe and Australia which spend a combine $ 7.7 billion on wrinkle reducing facial creams in 2007, according to Euromonitor Internationals new 2008 cosmetic and toiletries database. Ant aging facial creams are also enjoying booming demand in Latin America, where consumers put a high priority on looks, and the market saw a growth of 15 percent in 2007 to $ 5.5 billion. In Brazil, more than one in every three US dollars spends on skin care goes towards a facial anti ager. Despite challenging economic conditions, the company reportedly generate double digit growth in revenues on a local currency basis in Japan, their largest market. For the fourth quarter, the company’s revenue increased approximately 8 percent to $ 258.7 million from $ 240.2 million in the fourth quarter of 1997. Revenue for 1998 was reported as 913.5 million compared to $ 953.4 million in 1997. Cosmeceutical is the fastest growing segment of the natural personal care industry with worldwide annual sales over $ 14 billion. The category is projected to grow 8 percent to 12 percent annually, according to High Bean Research.

Euromonitor forecasts the US market value for nourishing and anti-aging products for skin care to reach $ 2.6 billion in 2011, a 24 percent growth from last year estimate of 2.1 billion. Last year’s total value of US facial care products, which includes moisturizers, anti agers/ nourishes, cleaners, toners, face masks and lip moisturizers was estimated at $ 5.87 billion and is forecasts to reach $ 6.1 billion in.

### 2.1.5.2 Economic Implications

It is estimated that the European cosmeceutical market will be worth more than $4 billion in 2009, up 5 percent from 2008. In Europe, France and Germany follow behind the US in their demand for drug based beauty products. With sales turnover of nourishes/anti-aging products in 2007 at $1.2 billion and $1.1 billion respectively (*Kline Group, 2009*). In the US, the cosmeceutical market was worth $16 billion in 2007 and forecast for 2012 put the market at $21 billion (*Packaged Facts, 2009*). Meanwhile Brazil, with its culture emphasis on looks, has also experienced strong demand for anti-aging products, with annual sales of $927 million in 2007, up from $302 million in 2002 (*Euromonitor International, 2009*). The market is broken down into segments for disease appearance and fitness. The disease treatment segment currently maintains the largest share of the market worth $66 billion in 2008. This should increase at a CAGR of 12.5 percent to reach $119 billion in 2013. It consist of preventive and relative health care for all diseases of aging such as joint and bone health, metabolic disorders, cardiovascular diseases etc. (*BCC Research, 2009*).

### 2.1.6 Nomenclature.

Pharmaceuticals are essentially drug products and are defined as products that prevent, mitigate, treat or cure disease and/or affect the structure or function of the body (*Vermeer and Gilchrest, 1996*). Cosmeceuticals is a deliberate portmanteau of these two terms and is intended to cosmetic drug like benefits from an otherwise cosmetic product. Kilgman may be described as the father of cosmeceuticals, a term he popularized (*Kilgman, 2005*), but they first appeared in the world market in 1996 (*Draelas, 1997*). The purported drug like effect is largely unproven and the term in recognized neither by the United States food and drug administration nor by any other regulatory body. Cosmeceuticals are generally presented as lotions or creams and are mostly targeted at dermatological issues (*Choi and Berson, 2006*). Recently, orally delivered products of similar claims as cosmeceuticals have been labelled as either...
oral cosmeceuticals or as nutricosmetics or nutriceuticals. Commonly, all these are simply called cosmeceuticals.

2.2 Worldwide Growth of Cosmetics

In 2005 Hong Kong remains the largest cosmetic market in the Asia Pacific, leading Singapore, Malaysia, Thailand, Indonesia, India, Australia and Japan. Hong Kong residents spend an average US $166 per month on cosmetics, up from US $102 in 2004. The regional monthly average is US $83.

The global cosmetic and toiletries industry saw another year of strong growth in 2007 to reach a value of 290.9 billion. According to Euromonitor International Research the market grew by 6 percent which represents only a slight slowdown of the 2006 figures (274.7 billion). The global ranking of major cosmetic and toiletries manufacturers have not changes since 2006. Proctor & Gamble, L’Oreal and Unilever occupy the top three places globally, accounting for 30 percent of the market. Unilever demonstrated the strongest growth, 7.7 percent in 2007, while Procter & Gamble and L’Oreal increased their sales by roughly 5.5 percent each.

According to a recent AC Nelson study, the fast moving consumer goods market has shown a steady growth of nearly 20 percent during the last two quarters of 2008. Interestingly, the skin care product growth rate has jumped from just 5 percent to 30 percent in the same time period, this is due, in part, to activities in rural market where there is an increased awareness and an underlining demand for beauty products. In a recent report by AC Nelson, the skin whitening market currently is the fastest growing market segment, at an annual growth rate of 85 percent. With an expected growth of 11 percent in 2009, the personal care segment broke an 18 year old record in the top of mind survey conducted by Datafolha Institute (Brazil). Despite market slow down, India remains one of the fastest growing markets globally, growing at 13 percent per annum and valued at $6.3 billion. As the middle class consumer base and its disposable income grows, the market is moving nearly four times faster than the $52 billion valued of mature beauty market, according to a recent report by market research firm Kline & Co. The colour cosmetic market currently accounts for $60 million of the total market, while skin care accounts approximately $180 million. US
demand for cosmeceuticals is projected to rise by 7.4 percent per year to $8.2 billion in 2012, according to the Feedonia Group.

Rounding out the top five in 2008 by global retail sales were France based cosmetic firm L'Oreal's L'Oreal Dermo-Expertise and Lancome brand lines with $935 million and $557 million respectively, and Germany based Beiersdorf's Nivea Visage/Vital brand line with approximately $739 million in 2008 retail sales, according to Euromonitor. "Anti-aging accounts for 23 percent of the total global skin care market in 2008 and grew faster than any other product type within skin care", says the consultancy. The combined average growth of the anti-aging market in BRIC countries was 22 percent in 2008, compared with the global average of 13 percent. “They now account for a fifth of the total $17.5 billion global 2008 value sales of anti aging products”, says Euromonitor. The skin care segment will account for 63 percent of all cosmeceutical product demand through 2012, according to Freedomia. The value of chemicals used in cosmeceutical products is expected to rise by 7.7 percent per year to $1.4 billion in 2012. China alone will account for 13 percent of global anti-aging value sales by 2013, according to Euromonitor.

According to IBIS world, while the $60.37 billion cosmetic industry in on track to decline 1.2 percent in 2009, the niche market of cosmeceuticals have become a prospective growth area for business operating in the mature cosmetic industry, the firm noted. By 2011, IBIS world predicted the industry will surpass $4 billion and will continue to grow to nearly double digit rates for quite some time. Fuelling the growth will be the perceived health advantages of cosmeceuticals, as well as the traditional cosmetic benefits. Euromonitor projects the US skin care market value to reach $8 billion in 2011 from an estimated $7.7 billion last year. Global skin care sales are projected to grow by 25 percent to reach $69.6 billion in 2010 from 2005. Webster (2000) revealed that a female spouse has decision making power over her husband. Not only women but also men perceived the influence of self-image when using product categories in cosmetics. Skincare cosmetics have symbolic or communicative value (Coulter, Feick & Price 2002).
Even though men buy more beauty products, it is perceived that these products are still brought approximately 80 percent by their wife or companions (Data Panel, 2002). Normative influences were found to be the significant components so as to determine consumers purchasing intentions [Choo, Churg and Pysakchik (2004) and McNally (2002)]. Packaging is the combination of science, technology, art and fashion to protect and keep the products to customers that involve with the considerations of products attribute, distribution, storage, use, sale, production, cost, public image, customers etc. (Soroka, 2002). You (2003) find that friends or family possibly convinced consumers into purchasing particular products. Monterio (2003) also predicts that there is a huge potential of cosmetics in India. Voss and Parasuraman (2003) suggest that the purchase preference is primarily determine by price than quality during pre-purchase evaluation. Sinka (2003) reports that Indian shoppers seek emotional value more than the functional values of shopping. Malhotra (2003) describes the main reason for boom in cosmetic industry as increasing fashion and beauty consciousness coupled with rising incomes and focus on health and fitness.
Worldwide Growth of Cosmetics
2007-2012 performance

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Table: 2.1
Source: Euromonitor International

Hu and Jasper (2006) revealed that an individual adopts a behaviour, which complies with other, resulting from the belief that the adoption will enhance the individual’s self-concept or self-image. Rising hygiene and beauty consciousness due to changing and demographic lifestyle, deeper consumer pockets, rising media exposure, greater product choice, growth in retail segment and wider availability are the reasons reported by (Euromonitor International, 2006). According to Draelos and Thaman (2006), skin care products should provide the maintenance and treatment against the hygienic of the skin under optimal conditions of sanitation and comfort and attending to someone so something.

Antoinette (2006) noted that women (wife or partner) have an influence on men behaviour such as men will buy skin care products easier or take care more on themselves if they are encouraged and accepted by people who surround them. To
have a superior product image strategy worked for the men customers who are less sensitive towards price (Brown, 2006). Men’s skin care market is just trend or fashion, but it can be a strongly attractive market with a high potential to develop and grow up more and more (Euromonitor, 2007). In terms of skin care products, Blanchin (2007) said customers should have enough time and sufficient income to purchase and use the product. Location of the living area can make the difference in purchasing behaviour. According to Prakash & Vinith (2007), they said that different patterns of spending are found among different occupational groups.

**Skin care leads in terms of absolute growth**

![Graph showing skin care leads in terms of absolute growth](image)

- Premiumisation makes cosmetics and toiletries one of the most dynamic FMCG Markets
- Skin care, propelled by innovation, contributed to almost a third of total market absolute growth
- Underdeveloped sectors drive percentage increases

*Figure: 2.1*

*Source: Euromonitor International*

The availability of products in counters or department stores relies on the product brand and image, store image and reputation of departmental store (Christopher, 2007). According to Blanchin (2007), two major communication strategies are classified into the media communication and the non-media communication. The
first one covers many types such as press, public relations, radio, billboards, cinema, television and internet. Another type was non media communication includes sponsoring, sales promotion, personnel selling, direct response marketing etc.

Relating to the development and purchasing power in consumers and market, it affects to the rapid growth in beauty care industry, especially in this decade (Souiden & Diagne, 2009). Jeff Falk mention in GCI magazine (2009) that, women are more emotional in terms of their product purchasing habits, whereas men are drawn to technical functional things. MarketResearch.com (2009), the forecast for year 2014 supposed to reach to $84.9 billion in this segment. Sales of men specific grooming products valued at $19 billion worldwide in 2009 and is estimated to rise to $28.0 billion by 2014 (MarketResearch.com, 2009).
The Global Cosmetics And Toiletries Market Is Forecasted To Keep Growing Fast

- By 2012 the global market of cosmetics and toiletries will add another US$47 billion
- The market will be growing at more than 3% CAGR in real terms in 2007-2012
- Skin care will remain the major contributor into the total growth of the global market

Figure: 2.2
Source: Euromonitor International
2.3 Cosmetics Vs Cosmeceuticals

**Cosmetics**
- *FD&C Act* defines a cosmetic by its intended use meaning, cleansing, beautifying, promote attractiveness or altering appearance.
- Cosmetic products only deliver their ingredient at a very superficial level into the skin (*Anthony, 2009*).
- Cosmetics do not delay your skin's aging process because they work at the uppermost layer of the epidermis which is topmost layer of the skin (*Anthony, 2009*).

**Cosmeceuticals**
- Cosmeceutical products have pharmaceutical benefits to the skin (*Invigor8.com*).
- Cosmeceutical products contain active ingredients that act on the skin cellular structure through topical application (*O’Lenick, 2009*).
- Cosmeceuticals are more concentrated, pure and more effective (*O’Lenick, 2009*).

2.4 Consumption Pattern of Cosmeceutical Products

The whole process in cosmetic consumption always involved in knowing the degree or level of the consumer awareness towards the effects. Some consumers did not care whether the cosmetic will give the negative or positive effect. For this circumstance, it seems that many consumers did not know well about the sensitivity of their skin towards the cosmetic products. In another aspect some consumers did not read the ingredients of the cosmetic products before the decision to use them. Some scientific terms use in prescribing the ingredient lead to the difficult understanding by consumer. Another important consideration is the role of branding which is very much associated with the advertising, environment and beliefs.

There were studies that have been conducted about relationship between branding of cosmetic and the effect on cosmetic usage. Branding can be in the form of a general name of a product. Through branding it reflect the user perception to the image of the product. Prescott (2006) suggests that brand managers need to keep a close eye on brand-related search terms and adjust paid search and affiliate marketing efforts to keep brand-related searches going to brand sites. Moreover brand also influences the
decision to buying or not as the name brands play a major role in purchasing decisions. Advertising and packaging build awareness, which shoppers use them to guide through category clutter and says that past experience plays an important role in product selection and brand loyalty.

Marketing mix play an important role in order to introduce the brand of the product and increase the loyalty brand. Develop brand loyalty by consistent advertising which when you're out there all the time, in TV, radio and print, you develop brand loyalty at a higher level. Closely been associated with branding is the price factor that used to influence the cosmetic usage. A good price on a name brand can tip the scales on initial use for consumers, who then stayed with the product based on its performance (Ball, 1989). Unlike the earliest use of scents as primary concerned, the need for better image creation through branding greatly mould the development of cosmetic industry (Hulme, 2001).

A consumer's buying behaviour is also influenced by his unique personal characteristics. For instance, youngsters' consumption attitudes differ from those of elder people; re-tired people purchase differently from young married couples. These personal characteristics include a consumer's age and life-cycle stage, occupation, economic situation, lifestyle, personality and self-concept. (Kolter, et al., 2005) consumption patterns change over time. It indicates that marketers should continually track and monitor the social landscape in order to predict where the changes will lead. (Solomon, 2009).

The self-concept strongly affects consumption behaviour. Many studies demonstrated that self-concept and consumer behaviours are interrelated closely, since consumption could precisely communicate respects of self to others. (Arnould, et al., 2004) In marketers' views, consumers tend to formulate about particular products or services, and their consumption behaviours will be influenced by those product and brand images made up by beliefs. (Kolter, et al., 2005)

To study the consumption pattern of cosmeceutical products we divided the study into two major segments so as to better understand the consumption pattern. These two segments are as follows:
Europe has a relatively underdeveloped anti-aging market, but as economic fortunes in the region rise, so does interest in age delaying beauty care, and sale of facial anti-agers nearly tripled in 2002-2007 to $3.9 billion, according to a new Euromonitor International figures. With so much innovation going on within the market, keeping the spotlight on facial anti-agers and maintaining consumer interest, it is little wonder that new Euromonitor International forecasts point to growth of almost 8 percent per year 2007 to 2012, more than twice the predicted gains in the cosmetic and toiletries market overall.

The weak economic climate is also having an impact on the German consumers beyond the cosmetic purchase decision. Germany’s birth rate, for example, is at an all-time low and is currently one of the lowest in Europe. While Germany’s population is aging, young Germans are concerned about the uncertain political and economic situation. Consequently, the trend is to delay having a family or simply opt not to have a family at all. This, in turn, is affecting the demand for related products, with a strong decline in baby care products, for example, while the aging population is increasing the call for nourishing/anti-agers and anti-cellulite body care. In Germany, the discounter channel is the most popular, for cosmetics and toiletries. The consumers in these markets have become experts at hunting out bargains, effectively shrinking cosmetics and toiletries sales (Emerging Markets: A New Spin, 2007).

Meanwhile from a European country like France the women there are active and dynamic too. They have more natural look than US women, but they can be very sophisticated too. The French women are playing a growing role in community life. 40 percent of them belong to a community association of some kind or other. Of these, 20 percent hold executive positions in their associations, for the first time exceeding the percentage of men doing so (18 percent). More men (45 percent) still belong to an association, but the difference is mainly explained by their greater involvement in sports associations. Moreover, this gap is likely to narrow in that a growing number of women regularly take part in sporting activities (48 percent in 2000 as against 9 percent in 1968 and 32.5 percent in 1997). As the role of the French
women is also growing in community life, they consider the appearance is very important even though they have more natural look than US women.

According to Anna Lempereur, director of marketing for Parfums Caron, the French woman loves her favourite fragrance although she enjoys experiencing new scents. Taking care of her skin is crucial for her and takes part of daily beauty ritual. She usually learned from her mother in her childhood and continues to use the same skin products. Day cream, night cream, eye cream, and cleansing milk, etc., cover the shelves of her bathroom (cited in Weber 2002). She uses make-up but has fewer products than the US woman. She washes her hair frequently, but less often than her US counterpart (Weber, 2002). Consumers aged 21 to 50 years are in their working period, earning their own income and therefore they have sufficient purchasing power to buy skin care products (Cosmetics Design, 2005). Men have become more comfortable about buying products and services to improve or enhance their personal appearance and men move beyond the basics of washing and shaving to embrace more sophisticated products and grooming concepts (Imogen, 2005). Men’s skin is oilier, tougher and bigger prone and older look than the real age, L’Oreal Paris Research Report (Imogen, 2005).

2.4.2 Consumption Pattern in the Eastern World.

In Japan and much of the Asia-Pacific market, cosmeceuticals are making inroads largely in the form of skin whitening and de-pigmentation products and powerful sunscreens. Japan’s lead in innovation and product development may suggest the evolving future of cosmeceuticals. For example, Japanese consumers have already embraced the concept of the "skinceutical," where beauty-enhancing products are added to food, such as Shiseido’s Pure White skin whitening drink. Also gaining ground, the Indian cosmeceuticals market is one of the fastest growing due to the increasing wealth among the middleclass. As a result, the Indian cosmetics and toiletries market has witnessed major changes both in terms of user perception and product availability during the past five years. According to figures provided by the Confederation of Indian Industries (CII), the total Indian beauty and cosmetic market was valued at $950 million in 2008, exhibiting 15-20% growth per year. The overall
beauty and wellness market, which includes beauty services, stands at about $2.7 billion, according to CII estimates.

In India the high growth of economy means that purchasing power and willingness to spend are on the rise. According to a recent Merrill Lynch and Capgemini’s Asia-Pacific Wealth Report (cited in Bhattacharya, 2007), there are more millionaires coming from the emerging markets than from the developed nations. The country’s population of high-net-worth individuals (HNI) is increasing, and the report shows an increase of nearly 20 percent in 2005 over the previous year. India reportedly has the youngest HNI population in the Asia-Pacific region. Talking about the market, Didier Villanueva, Managing Director of L’Oreal India, says, “The Indian middle class is growing rapidly and so is its demand for the best quality products. Today they want to use the international brands whether they are mass market or premium.” As the economic and spending power of the Indian grows, both skin care and color cosmetics have seen the steady growth throughout the past five years. Color cosmetics have been growing at a steady rate of more than 30 percent annually during this time.

According to the latest Euromonitor report on the Indian cosmetics and toiletries market, the color cosmetics market stands at $113.4 million and skin care at $346.9 million (Emerging Markets: A New Spin, 2007). The Japanese cosmetics market is still the largest Asian buyer, but the growth rate is reaching a stable condition. China, the second largest in Asia Pacific, is witnessing increased demand due to improving lifestyles and rising disposable income of the population. The South Korean market is growing at a faster rate than developed regions. There is a clear trend of the market heading toward premium cosmetic products. The younger populace is looking for general skin care and hair care products while the older generation has more specific needs for their cosmetics products according to Lovejeet Alexander.

Antoinette (2004) and L’Oreal report (2010) said that younger generation tend to open to skin care products more than older generation. The word brand is primarily considered as main element as competitive advantage to differentiate it from others if the company the reputed brand as a commercial application (Clifton, 2004). Amanda (2004) revealed that men who are in the 18 to 24 age group were driving appeal
spending and are increasingly spend more on appearance products as well. Briney (2004) describes an interesting trend among Indian cosmetic consumers, while other global countries are taking to the traditional Indian herbal and ayurvedic applications for beauty solutions. Indian consumers are increasingly looking to international personal care brands as lifestyle enhancement products, in the belief that the association with and use of an international brand confer one with a sophisticated and upper class image.

2.5 Indian Scenario of Cosmeceutical Market

The Indian cosmetics industry has witnessed rapid growth over the last couple of decades. With every passing year, the range of cosmetic and beauty products in India has widened tremendously. Beauty product manufacturers in India have mostly been catering to the great demand for cosmetics and toiletries that fall into the low- or medium-priced categories as the greatest demand in India always revolve around economically priced products. Recent cosmetics business market analysis reveals that many international companies are now outsourcing cosmetics to India and that the cosmetics market in India is growing at 15-20% annually, twice as fast as that of the U. S. and European markets. The growth rate in the cosmetics market reflects increasing demand for beauty care products in India (Alexander, 2010).

**Projected market for cosmetics in India**

![Projected market for cosmetics in India](image-url)

*Source: Italiaindia.com*

**Figure: 2.3**

*Source: Italiaindia.com*
Global cosmetic giants are attracted to India’s favourable demographics. The modern, urban Indian women are becoming increasingly conscious about their style and looks, with great emphasis on lightening of skin tone. Skin care and color cosmetics have witnessed solid growth for the last few years, with more than half of the skin care market comprising skin lightening creams. Lip products form a majority of the color cosmetics market. In India, small pack sizes are very popular as they offer a lower cost and the chance to try new products, according to Alexander. “The FMCG sector will witness more than fifty percent growth in rural and semi-urban India by 2010,” according to a study titled “Prospects in the FMCG sector,” recently made public by ASSOCHAM. The Indian FMCG sector has grown to become the fourth largest sector in the economy with a market size in excess of $14.7 billion.

“Skin care and cosmetics account for more than Rs.18.5-billion market size while the hair care market is worth more than Rs.80 billion. Companies like Pond’s and Fair & Lovely rule the roost in this segment” says Alexander. Half a decade ago, when celebrated Indian film actor Shah Rukh Khan took a dip in a bathtub to endorse Lux, he did much more than just promotes a soap brand. He set a precedent. Back then, the male grooming market was almost non-existent and the Indian market had few dedicated products to offer men. Soon after Khan’s commercial, Emami Group entered the men’s fairness cream market. Market talk was that a noticeable proportion of sales of Fair & Lovely, a women’s cream, were from men. Emami decided to push the opportunity. In 2005, Emami created history by launching Fair and Handsome, a fairness cream for men, which still dominates the space with close to 70% market share. The company calls this brand the world’s No. 1 fairness cream. The company achieved sales of $13 million in 2008-09.

In 2007, Hindustan Unilever launched Fair & Lovely Menz Active but it could not gather much share. Over the past year, multinationals such as Beiersdorf (Nivea for Men) and L’Oréal (Garnier PowerLight) launched a series of products for men’s skin care. The market was soon offering male fairness creams, hair care products beyond dyes, scrubs and face washes. Today, the male grooming segment in personal care is ready for its next round of product expansions and additions. Now, as the segment evolves, there is a queue of Bollywood actors including Shahid Kapoor and John
Abraham who are endorsing male grooming products. The men’s personal care segment is estimated at over $200 million, with Gillette having the largest market share.

In the personal care category, skin care products are the most popular, offering significant room for growth. In India, fairness creams dominate the space with more than a 45% share, followed by moisturizers at 22%. Now, the market seems to be looking beyond fairness creams. Emami is poised to expand its Fair and Handsome brand to include products such as shaving cream and foam. In five years, Fair and Handsome has become a Rs.100 crore brand, growing at 45% per annum and contributing 15% to Emami’s revenues. “The trend is shifting toward the mainstream and there are other brands entering the segment with extensive product launches in the fairness category, along with a number of product extensions,” says Harsh Vardhan Agarwal, director, Emami. Hindustan Unilever is currently advertising Fair & Lovely MAX Fairness for Men. It has also extended its Vaseline brand to the men’s grooming segment with the introduction of the Vaseline for Men skin care range, including fairness creams, face wash, body lotions and body washes. The popularity of fairness products saw Gamier launch its men’s grooming range, PowerLight, in May 2009.

According to a recent study by Hindustan Unilever, men in India’s southern states are most enthusiastic users of skin whitening creams and consume the most of the fairness products, although the love for fair skin is spread evenly all across the country. “Inspired by the changing grooming behaviour of Indian men, in May 2009 we entered the men’s grooming market with Garnier Men. Within three months, Garnier Men became the number two player in the men’s skin care market, which is currently less than five percent of the total skin care market but growing fast. Within that, fairness comprises 85 percent, cleansing 10 percent, and body, sun care and hydration 1 percent each. The potential lies in converting male users of women’s skin care products to products developed specifically for them,” says Dinesh Dayal, chief operating officer, L’Oréal India. The Indian cosmetics market, which was traditionally a stronghold of a few major players like Lakme and Pond’s, has seen a lot of foreign entrants to the market within the last two decades.
2.6 Segmentation in Cosmeceutical Market

The market is broken down into segments for disease appearance and fitness. The disease treatment segment currently maintains the largest share of the market worth $66 billion in 2008. This should increase at a CAGR of 12.5 percent to reach $119 billion in 2013. It consist of preventive and relative health care for all diseases of aging such as joint and bone health, metabolic disorders, cardiovascular diseases etc (BCC Research, 2009). The appearance segment poses the second largest share of the market, worth more than $64 billion in 2008; it is expected to generate more than $105 billion by 2013, representing a CAGR of 10 percent. Facial rejuvenation, skin rejuvenation, hair care and body shaping products are the main component of this market (Datamonitor, 2009). The fitness segment has the third largest share and worth almost $32 billion in 2008. The fitness market consists of bioregenerative, gym, spa and massage services and is expected to reach nearly $50 billion in 2013, for a CAGR of almost 10 percent (Datamonitor, 2009).

The service sector makes up a major proportion of the global anti-aging market, accounting for more than 54 percent in 2008; its share will increase to 56 percent in 2013, for a CAGR of almost 12 percent. The products market will increase from $73 billion in 2008 to almost $200 billion in 2013, for a CAGR of more than 10 percent (Datamonitor, 2009). The service sector stands at about US $2,680 million, according to CII. It is estimated that the European cosmeceutical market will be worth more than $4 billion in 2009, up 5 percent from 2008. In Europe, France and Germany follow behind the US in their demand for drug based beauty products, with sales turnover of nourishes/anti-aging product in 2007 at $1.2 billion and $1.1 billion respectively (Kline Group, 2009).

Another major segment in the cosmeceutical market is the Anti-aging segment and wrinkle reducing segment (Molander, 2010). The cosmeceutical market is also segmented on the basis of demographic characteristics. Freedonia says that “due to America's obsession with a youthful appearance, the cosmeceutical market continues to expand beyond the traditional 45 years and older demographic to include much younger individuals”. According to a CII report, US $0.68 per capita is spent for
cosmetics, which might be lower than some other countries, but this indicates a growing awareness among consumers. “There are two major factors that are swaying the buying decision among women. First obviously the television and media exposure they have today and the other is the corporate dressing culture, which slowly is evolving in the Indian market. Females working in MNC’s today have money to spend on separate set of products specially cosmeceuticals” said Abdul Rahim, managing director GR fragrances Pvt Ltd. According to a source of L’Oreal India, women in the age group of 30 and above are getting very selective about the type of the products they choose. “Anti-aging accounts for 23 percent of the total global skin care market in 2008 and drew faster than any other product type with in skincare” says the consultancy. The skin care segment will account for 63 percent of all cosmeceutical product demand through 2012, according to Freedonia.

The anti-aging segment has also begun to feature more men’s skin care lines. Some products includes L’Oreal MenExpert wrinkle Decrease and Nivea for men DN age. In addition there is wider availability of anti agers for different skin types and area of the body such clean under eye, neck and chest, according to Euromonitor. According to Malhotra (2003), there is a tremendous increase in the female cosmetic consumers. This is due to increasing number of women becoming the earning members of the family due to their increased level of literacy and growing influence of the media. Cosmetics have witnessed a growing demand for the low and lower – middle income households. The premium labels are being used in urban area, where as regional and national brands in the rural areas are, were close to 70 percent of the Indian population resides and price determine purchasing decisions. Both male and female consumers form a major segment of buyers of beauty products in India (Menterio, 2003). A new European industry lobby group, called NaTrue, was formed late 2007 to represent the interests of the natural cosmetics industry. Companies involved in its creation include pioneers such as Weleda, Dr Hauschka, Santeverde, Primavera and Logona etc. NaTrue is a “not for profit” interest grouping of natural & organic cosmetics manufacturers who aim to safeguard authentic natural products (Beerling, 2009). The 21st century witnessed the formation of large cosmetic companies and the value of the industry growing into the billions of dollars. Many cosmetics of today originated in Asian countries, especially the herbal kind, with India being a major
source. "The beauty business has been overwhelmingly taken over by the herbal cosmetics industry here, as organic and ayurvedic cosmetics gain precedence over chemical concoctions," said Shahnaz Husain, an Indian beauty expert (Janakiraman, 2011).

**SEGMENTATION**

<table>
<thead>
<tr>
<th>Products</th>
<th>Gender</th>
<th>Age</th>
<th>Rural/Urbam</th>
<th>Income</th>
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<td>Moisturizers</td>
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*Figure: 2.4*

Segmentation of the cosmeceutical market can be done in five major segments as shown in figure 2.4. In product segmentation the cosmeceutical products can be classified depending upon the functional nature of the cosmeceutical products which consists of Skin care cosmeceutical products, anti aging cosmeceutical products and moisturizers. The segmentation can also be done on the basis of gender. Within this type of cosmeceutical segmentation the products are classified as male cosmeceutical products and female cosmeceutical products. The third way of segmentation is on the basis of age group. The cosmeceutical products can be segmented according to the age of the consumers like for young generation, older generation etc. and these generations can be specified by the age groups. Fourth way of segmentation is by rural and urban. As the life style of the consumers living in rural area and urban area is different so their needs are also different. Keeping this in mind the cosmeceuticals can be segmented in rural and urban way. The fifth way of segmenting the cosmeceuticals is by the income group. Under this segmentation the cosmeceutical products are meant for low income group consumers, middle income group consumers and high income group consumers.
2.7 Targeting in Cosmeceutical Market

In Hong Kong, people aged 30-39 are the main imported cosmetics consumers. This age group comprises 36% of the total population (of 2.5 million) and has the highest disposable income. Other significant consumers are those aged 15-19 (17.5% of total population) and 20-29 (37%). Men are also becoming an important target market. They are much focused on their appearance and frequently purchase cosmetics.

Expatriates in Hong Kong are also a major consumer group. Hong Kong tourists continue to provide another major cosmetics market. Hong Kong receives an average 22 million visitors each year. In China, big city dwellers in Beijing, Shanghai, Shenzhen and Guangzhou are the main consumers of branded cosmetics. With growing disposable incomes, this demographic is predicted to remain a major market. China's rural population is also an emerging potential market as income levels grow and distribution channels become more efficient. The middle class, with annual incomes between AUD$9,900-$82,800, has enormous growth potential. Only 5% of China's current population is middle class but this is predicted to grow to 45% by 2020. Once again, the major cities will experience the most growth.

Women are still the main consumers of cosmetics in China. In Beijing, Shanghai and Guangzhou, 61-68% of women use skin care products. Most are aged 35-45, are well educated and hold white-collar jobs. Children and babies are an emerging market. With only one child to pamper, Chinese parents tend to buy quality baby and child care products. Men are also a smaller, emerging sector although, unlike Hong Kong, the focus is on the young, affluent, fashion-conscious city dwellers. Targeting the growing young consumer market, a number of second-line brands have made in-roads into the market in recent years, making the overall market more diversify and competitive. In particular, children's skin care products will become increasingly popular as developments in this area have been minimal and even joint venture enterprises, such as Johnson & Johnson and Zwitsal, cannot fully meet consumer needs. The age remains an important factor in the way of consumption, especially in the beauty market. The younger generation is more open to cosmetics than the former one. This target (18-35 years) constitutes an interesting market for the cosmetics
companies, especially when you know that 42% of the 15-30 years want to be attractive.

Seniors represent a market that needs to be sensitized, because they have an important purchasing power and for the majority they seek a better quality of physical and mental life. The young generation is more sensitive and less ashamed than the seniors. Young adults like new experiences and are more open minded toward the cosmetic industry. The demographic trends have an impact on the consumer: the population tends to get older but she does not want to lose the illusion of her youth. People want to take care of their skin and to make it more attractive. After the women, the men become conscious of keeping fit their “health capital”. Besides the ageing of the population in developed countries, people work harder and longer and are more easily exposed to unemployment, situation changes, stress, vexations. Whether it is in private life or in professional life, people have to be ready to bounce back and to respond.

2.8 Positioning in Cosmeceutical Market

Pricing of the product and the nature of the product usage are the two criteria that define brand positioning. For instance products falling under the price range of Rs. 45 to Rs. 200 are in the mass market category. The middle market price can range from Rs. 200 up to Rs. 800. In the high end market, pricing can range from Rs. 800 to about Rs. 5000. Finally there is a premium range of products where the pricing can touch up to Rs. 35,000. Lakme and Color Bar are positioned as mass-market products and focus on the younger consumer and women with low purchase power. For the mid-tier price range, brands include Revlon, Chambor, Diana of London, Bourjois and Pupa. The high-end market features Clarins, Shiseido, MAC, Christian Dior, Nina Ricci, YSL, and Lancôme. La Prairie represents the premium niche. “Today it is important for big brands to define different brand positioning to retain the right market share. L’Oreal pushes Mabelline and synergic ranger to the younger generation and also in the lower income group mass market. While L’Oreal range of cosmetics and skin care products are for the middle and higher middle class women and Vichy is for high end users”, explain the source at L’Oreal India. Brands such as
Lakme and Color bar are being pushed as mass market products and focus on younger women and women with lower buying power. Then there is Revlon, Chambor, Diana of London that makes the middle range while Clarins, Shiseido, Lancome etc make the higher end. La Prairie touches the premium end of the market.

According to global cosmetic industry report, 2004, the advance education provided by brands about the products ingredients and benefits have made today consumer more aware of what they are putting on their bodies and making them more willing to pay. Television and men's magazine seems to be the most used communication media for skin care products to reach customers (Feng, 2008). Female revive information from family and friends before they buy products more than men. Foreign players have focused more on product innovation, re-launches and brand extensions spread across multiple price points and streamlined their ad spent to effect savings that has allowed them revamp their pricing strategy as well as offer gifts to retain consumers. Men's skin is oilier, tougher and bigger prone and older look than the real age, L'Oreal Paris research reported (Imogen, 2005). According to Datamonitor, “male grooming trends profiting in 2009 and beyond” report released in March, price was considered as primary factor on men in order to their personal care product.

The increasing competition within men’s grooming market generate more alternative outlets and retail to combine the skin care with other services as gym, salons and direct marketing in order to promote it to be new chance assessing to men market (Meunier, 2004). It is stated that men with healthy and young looking skin have better opportunities in occupational achievements in their competitive era (Manager, 2004). Many leading skin care providers have paid more attention on giving the comfortable in shop environments allowing male customers to feel more content to felicitate their purchase (Meunier, 2004).

The selling price-fixing is defined after the study of various data about the market, the demand and the offer. More precisely, the price which the firm chooses to impose depends on the cost of the product, on the positioning choice, on the evaluation of the competition or of the vision of quality and the value perceived by the price. The price gives an element of differentiation to the customer; moreover it influences its choice
and the image which he guesses of the product. Indeed "the price-setting must be set in relation with the value offered to the customer and perceived by him". Besides the relationship exiting between the price and the customer, the price takes part in the decision of the volume of the sales, of the rate of the profit and its global volume. Uniliver and Gillette ad campaigns are noticeable alike are straight forward motive man to use the products in order to be irresistible in women aspect (Antoinette, 2005). A key difference when it comes to male product and packaging is that men are more interested in what the product for them says space NK funder Nicky Kinnaird (Woods, 2005). With women, you can still touch upon beauty and appealing to the opposite sex. That won’t work for men, Zunkertman said, president of G-abriella Z ltd. Male customers pay attention on ingredients whether it will suit their skin or not (Imogen, 2005). Herbal cosmetics are the current rage not only in Asian countries like India, but also countries like US, UK and Australia (Neem.com). The herbal premium cosmetic sector is growing at 15% P.A. Neem will be in huge demand for manufacturing a range of cosmetics in the coming time. “The beauty business has been overwhelmingly taken over by the herbal cosmetics industry here, as organic and ayurvedic cosmetics gain precedence over chemical concoctions,” said Shahnaz Husain, an Indian beauty expert.

2.8.1 Brand

Brand loyalty is a "marketers' Holy Grail" (Kapferer, 2005) and it ideally measured the health of the company (Bennett & Rundle-Thiele, 2005). Studies have reported that a 5% increase in consumer retention can generate a profit of 25-95% over 14 industries, for example in auto service chains, software, brand deposits and credit card industries (Reichheld & Detrick, 2003; Reichheld & Sasser, 1990). Additionally, those loyal customers are more likely to advocate for the brand and recommend it to relatives, friends and other potential consumers (Schultz, 2005).

Apparently nowadays companies are concerned that today's consumers tend to be less loyal (Dekimpe, Steenkamp, Mellens, & Abeele, 1997; Bennett & Rundle-Thiele, 2005; Kapferer, 2005). The glory of brand loyalty appears to be slightly declining in particular to some of the major national brands. In fact, there is more growing acceptance of the private labels brand in today's market (Howell, 2004; Dekimpe et
Furthermore, the present environment of increased competition and rapid market entry of new product and services into the marketplace, leads consumers to experience product knowledge in terms of a wider choice of better alternatives and opportunities (Ballantyne et al., 2006). Therefore, it is crucial for companies and manufacturers to focus on differentiating their product from that of the competitors (Bennett & Rundle-Thiele, 2005).

Several scholars have suggested that those brands that express image may generate more loyalty consumers (Bennett & Rundle-Thiele, 2005; Nandan, 2005). Empirical supports have confirmed that image does influence satisfaction, which in turn led to loyalty in the context of retailing, e.g. Bloemer and Ruyter (1998). However, the impact of image on satisfaction required a more complete validation, since some contradictory results can be observed in image literature (Palacio, Meneses, & Perez, 2002). Similarly, Bloemer, De Ruyter, and Peeters (1998) pointed out that "the exact relationship between image and loyalty had remained a matter of debate".

2.8.2 Brand Image

According to Hsieh, Pan, and Setiono (2004), "a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand". A company or its product/services which constantly holds a favorable image by the public, would definitely gain a better position in the market, sustainable competitive advantage, and increase market share or performance (Park, Jaworski, & MacInnis, 1986). In addition, several empirical findings have confirmed that a favorable image (i.e. brand, store/retail) will lead to loyalty (e.g. Koo, 2003; Kandampully & Suhartanto, 2000; Nguyen & LeBlanc, 1998), brand equity (Faircloth, Capella, & Alford, 2001; Biel, 1992; Aaker, 1991; Keller, 1993), purchase behavior (Hsieh et al., 2004) and brand performance (Roth, 1995).

Reynolds (1965) noted that "an image is the mental construct developed by the consumer on the basis of a few selected impressions among the flood of the total impressions; it comes into being through a creative process in which these selected impressions are elaborated, embellished, and ordered". Kotler (2001) defined image
as "the set of beliefs, ideas, and impression that a person holds regarding an object". On the other hand, Keller (1993) considered brand image as "a set of perceptions about a brand as reflected by brand in consumer's memory". A similar definition to Keller's was proposed by Aaker (1991), whereby brand image is referred to as "a set of associations, usually organized in some meaningful way". Biel (1992) however defined brand image as "a cluster of attributes and associations that consumers connect to the brand name".

Brand image has been conceptualized and operationalized in several ways (Reynolds & Gutman, 1984; Faircloth et al., 2001). It has been measured based on attributes (i.e. Koo, 2003; Kandampully & Suhartanto, 2000); brand benefits/values (i.e. Hsieh et al., 2004; Roth, 1995; Bhat & Reddy, 1998); or using Malhotra's (1981) brand image scale (i.e. Faircloth et al., 2001). Measuring image based on the above definition would help marketers to identify the strengths and weaknesses of their brand as well as consumers' perceptions toward their product or services. Zooming into Keller's (1993) conceptualization of brand image, it is considered a perception about a brand as reflected by the brand associations held in consumers' memory. He suggested that "brand associations" comprise of brand attributes, brand benefits, and overall brand attitudes.

Overall, image can generate value in terms of helping customer to process information, differentiating the brand, generating reasons to buy, give positive feelings, and providing a basis for extensions (Aaker, 1991). Creating and maintaining image of the brand is an important part of a firm's marketing program (Roth, 1995) and branding strategy (Keller, 1993; Aaker, 1991).

2.8.3 Attributes

To Keller (1993), attributes are "descriptive features that characterized a product or service – what a consumer thought the product or service is or has and what is involved with its purchase or consumption". Attributes can be classified into two broad categories that is product related attributes and non-product related attributes. Product related attributes are those which are related to the ingredients and perform the task for which the product is meant for and for which it has the image in the minds
of the consumers however non product related attributes are those which are external and are related to the purchase and consumption of the product.

2.8.3.1 Price

To choose a particular price of a product is an important aspect. The price chosen by the company depends on several factors such as product, type of positioning selected for the product, various evaluation parameters of competitors and the value of the product that is perceived by the price. The price of the product gives a distinction to the product and also helps in influencing the choice and image for which one thought the product is for. The price setting of the product should be done in such a way that it shows a relationship with the value offered by the product and the perceived benefits.

2.8.3.2 Place

Within the cosmetic market the distribution channels can be divided into three major categories. These three categories are as follows.

2.8.3.3 Super store:

When men are buying a cosmetic product in the super market they look for a product which is discrete and is of lower price. Though it can be considered that the line is not very wide and the products are also not very specific but it is sufficient for a certain kind of product. Big brands for example L'Oreal are introducing product which are more and more specific such as anti-wrinkles products etc to reach all type of target audience via super stores. These super stores are becoming medium for cosmetic companies to launch their product and to target most of the audience.

2.8.3.4 Perfumery and drugstore:

This type of distribution channels are more specific and are pointed towards a specific target audience since coming to a drugstore means that you are seeking for skin cares, which you would not found on a super store. In Indian context it is still difficult for men to go to such specialized stores because they mean that they feel no shame about their consumption.
2.8.3.5 Others

In today’s world there are exclusive distribution channels for example the beauty institutes made for men. The founder of the brand Nickel has opened the first such beauty institute in France in 1955. Another major type of distribution channel through which the cosmetics are distributed is the Internet. Internet is a new type of distribution channel and one can understand the reason behind it as the traditional channel is dominated by the female codes, the codes which men want to avoid. The internet is an alternative distribution channel and it seems to be the right answer for men. On internet the cosmetic sites are full of headings on the specificities of the men skin, self-diagnosis and many more.

2.8.4 Influencers

2.8.4.1 The family or the group

No one in this world is living alone. It should be remembered that the person is permanently surrounded by the group or by his family members. A human being cannot be regarded as one person; he is in relation to others. In other words, we can say that in day to day life there is an influence of the group (and especially the reference group) and the family. The cosmetic buying capacity of the person increases when his/her associates gives value to them and perceive those product as interesting. On the other hand if the group does not accept the product, the use of cosmetic product can become a threat to the group belonging.

2.8.4.2 Demographic factors

Within the beauty market and in the consumption of the cosmetic products the age remains an important factor. The younger generation are more opened to the use of cosmetic product as considered to the older generation. For the cosmetic companies the target market and the potential lies between the age group of 15 years to 40 years, especially when you know that most of the people within this age group want to be more attractive and are more conscious for their looks. As can be seen on the following graph, the young generation is more sensitive and less ashamed than the seniors. Young adults like new experiences and are more open minded toward the cosmetic industry. In another way we can say that the millennial generation is more
likely to use the cosmetic product. The demographic factors have an impact on the consumer mind. As the population is getting older but they don’t want to lose the illusion of the youth. These days more and more people are taking care of their skin and make it more attractive. After the women, the men become conscious of keeping fit their “health capital”.

2.8.5 Normative Influences

2.8.5.1 Self Concept

Self-concept is the thinking aspect of self and generally refers to “the totality of a complex, organized, and dynamic system of learned beliefs, attitudes and opinions that each person holds to be true about his or her personal existence” (Purkey, 1988).

The self-concept can be defined as “the totality of the individual thoughts and feelings having reference to himself as an object”. There are several things that can come under self-concept such as psychological attributes, social attributes and the physical attributes and these attributes can be influenced by individual’s habits, ideas, attitudes and beliefs.

According to Purkey, three things can be said about the self-concept:

- The self-concept is learned: we are not born with a self-concept, it is not instinctive. It mean that it is shape and reshape through the life experiences; experiences with ourselves and with other people. A common sentence when talking about this idea is to say that self-concept is a “social product”.

- The self-concept is organized: “self-concept has a generally stable quality that is characterized by orderliness and harmony”. According to this idea, if a person changes his self-concept easily all the time, it can lead to an inconsistent and dependable personality.

- The self-concept is dynamic: we already said that the self-concept enables a person to views her or himself, the others, the world but it also helps a person to direct her or his actions and being consistent in life. The fact it is dynamic also involves that it is a continuous active system which is permanently shapes through the experiences.
2.8.5.2 The self-esteem

To define self-esteem is not an easy task. Since self-esteem is a human phenomenon so we can say that everyone knows what it is. However, to define self-esteem using exact words is very difficult. Because of this reason there are several definitions of self-esteem. There are many psychologists those who have studied the concept of self-esteem. Wells and Marwell (1976) for example attempted to organize definitions of self-esteem on the basis of 2 psychological processes: evaluation (which emphasizes the role of cognition) and affect (which prioritizes the role of feelings) as they pertain to self-esteem. “Self-evaluation generally involves more mechanistic, causal descriptions, while self-affection tends to elicit more “humanistic” conceptualizations of behaviour” Wells and Marwell (1976).

2.8.5.3 The self-image

The self-image can be considered as the mental picture that one person has in his/her mind for himself. This type of image is resistant to change and it is based on the past experiences or it can be based upon the internalization of others’ judgements. The self-image include thus the own vision of a person weight, intelligence, masculinity, femininity, attractiveness etc. Self-image can be said as the answer of various questions such as: Am I a good person? Am I liked by others? Am I attractive? etc. One can also define self-image as the answer of this question: What do you believe people think about you?

The technical term that can be used for self-image is self-schema. This self-schema can be said as a mental structure which can represent the world to some aspect. Self-schemas provide information and influence the manner of how we think and remember. For instance, research demonstrates that information which refers to the self is preferentially encoded and recalled in memory tests. This phenomenon is known as "Self-Referential Encoding" (Rogers et al. 1977).

An important thing is that there is some information about a person which is not available to others directly and this type of information is very suitable for the formation of perfect and healthy functioning self-image. Cosmeceuticals support and encourage a strong, positive self-image. One can say that a small change on the outer
side can make an extraordinary change on the inner side which can also lead to flourishing of an individual’s self-image. Cosmetics not only alter the self physically but also have a significant role on the mental state of a user. It is very well known that, taking care of your body will also help in improving yourself image.

The aim of all the cosmetics such as creams, cleaning products etc. is to improve the appearance. In several studies it was found that people who use cosmetic products are more pleased by themselves when they use cosmetic products than when they are not using it or are in neutral state. It was also observed that people have a higher feeling of self-image and self-confidence when they are using the cosmetic products. Other research states that people who use cosmetic products tend to think that, if they are more physically attractive, they will be seen and treated more positively. (Sawyer, Magee, Clark).

The skin is said to be the envelope of the body by which all the emotions of a person can be expressed such as: happiness, sadness, stress, fear. The skin is the last barrier of the “self”, the “me-skin” is a physical element, an instrument to get a form of power on the others, to retain their interest, to modify their impressions, their judgements, to seduce them. Nevertheless, the first requirement, the one which gives sense to the rest, is the relationship to ourselves, lived through the skin. This relationship is crucial for the relationship with the others.

Skin cares allow the person to adapt, to protect himself and to defend, to express and to communicate, to get pleasure and to act. All these functions can have some influences about the others’ regards, but also and firstly about ourselves. In this relation, cosmetics are a privileged mediator. They touch the person in deep. A cosmetic does not limit its action to the physic: it colours the interior life. Indeed, cosmetics help to go through an inferiority complex or a depressive tendency.

A “positive stress”, result of a better acceptation of ourselves, can dope a person. As well as a sun kissed day can influence the psyche and stimulates the entire organism, cosmetics contribute to this, improving the self-image and the image that the others return like a mirror. Body cares are a factor of reconciliation with ourselves and with
the others. It contributes to the personal balance and to self-confidence, what is the most important to success in social integration.

By doing the above literature review researcher found some of the gaps in the cosmeceuticals and these gaps are further covered by the researcher in his study.

**GAPS**

Skin Care, Hair Care and others (cosmetics other than used for skin, and hair) has been given by Kanal (2007). Amongst this skin care has witnessed the maximum growth during 2012 (Italiaindia.com). The growth of the segment warranted an in depth analysis of the marketing strategy variables viz. Segmentation, targeting and positioning. As the top players/companies catering this segment are European, American as well as Indian and Chinese brands, the broad division was on the basis of geography. The broad market of Europe and Asia was compared for the rules and regulations. This is an important part of the environmental scanning and precedes marketing strategy formulation. Extensive secondary data was analysed to identify and differentiate consumption patterns in both the continents. [See ref European Commission, Joint Research Centre, (2009), European Commission Directorate General Enterprise and Industry, (2007)]. Both these continents led to the identification of two markets- the male and female. The differentiating parameters for both these segments were the ingredients used—synthetic or herbal (See ref Gediya, S K at. el, 2011).

Thus an in depth study of dermaceuticals with identified domains of male consumption, female consumption, ingredient usage was identified. To further assess the consumption pattern the informative influence, the normative influence, marketing mix variables were studied in detail and information gathered through questionnaire, interviews and observations. A blend of the above led to the construct of a model.
2.9 POLICIES AND REGULATIONS IN COSMECEUTICALS

Coming on to the policies and regulations followed by different countries of the world regarding cosmetics the researcher studies different rules and laws.

The cosmetic industry is complex. More than ever, manufacturers and distributors are facing new legislation. As innovative cosmetics, as well as the technology behind them, emerges and advances through new studies and research, so does the demand for governance. The manufacture and sale of cosmetic products are regulated by different governmental entities around the world. There may be different specific regulatory systems; they have a common goal of ensuring that cosmetic products are safe and properly labelled. In the industrialized countries these regulations have evolved to the point where they are rather extensive and, largely because the United States and European Union are the two largest markets in the world for cosmetic products. The cosmetics market in India is growing at 15-20% annually, twice as fast as that of the United States and European market. Indian cosmetic industry is matured enough and responsible to ensure the quality and safety of its products. The cosmetic regulations in India are complex and time consuming for pre marketing approval. It is therefore important for a cosmetic manufacture to understand the difference in regulatory system in India when compare to USA and EU.

2.9.1 Directive vs. Regulation

A directive, by definition, is a legislative act that serves to direct, indicate or guide. A directive in the EU represents a guide that every member country has to transpose into its national legislation. However, because some countries are stricter than others about adoption of laws, sometimes rules are not equally applied everywhere as intended, resulting in the need to draft multiple versions of the directive specific to each country.

A regulation is a legislative act that imposes clear and detailed rules. A regulation is not required to be incorporated into the national laws, but is immediately enforceable in all member states. Keep in mind, a regulation only needs to be translated into the national language of the 27 EU member states.
The EU Cosmetic Directive (76/768/EEC) was originally issued on July 27, 1976, as an initial means of ensuring the safe sale and distribution of cosmetic products within the EU Community market. With a primary goal of protecting overall consumer health, the Directive included rules on the composition, labelling and packaging of cosmetic products. But as the cosmetic industry advanced, utilizing new, ground-breaking technologies and innovations, the legislation supporting it needed to change/evolve, too.

The Cosmetic Regulation 1223/2009 was adopted on the Nov. 30, 2009, to essentially replace the EU Cosmetic Directive. The regulation was created to implement a more robust approach at enforcing product safety and is immediately enforceable because there is no transposition into the laws of individual countries, and only translation into the languages of the EU member countries is required. To further break it down, several differences exist regarding notification procedures, the level of standards addressed, as well as labelling protocols for implementation of the 76/768/EEC Cosmetic Directive. Cosmetic products are subject to legislative regulatory requirements in almost every industrialized country, included Asian countries. A cosmetic can generally be defined as any substance or preparation for human use for the purpose of cleansing, beautifying or altering the appearance commonly to include personal toiletry products (such as shampoos and lotion), beauty products and fragrances, certain cosmetics products (e.g. anti-dandruff shampoo) classified as cosmetics in some countries (e.g. as in the EU, China), in other countries may be regulated as Over-The-Counter drugs (as for instance in the USA) or Quasi-drugs (as in Japan).

The major non-EU markets are the USA, Japan and Canada but other markets, such as Russia, China, South Africa and Latin America, are also growing in importance. The cosmetics sector is characterised by global brands, with most multinational companies selling a high proportion of their products across all key markets. However, the majority of the approximately 4,000 EU cosmetics companies are SMEs. Cosmetic products are subject to regulatory controls in all markets, in order to ensure the safety of products and avoid adverse impacts on the health of users. In the EU, the regulatory framework is provided by the Cosmetics Directive (76/768/EEC) and its
subsequent amendments. Regulatory frameworks differ significantly between the different markets and are far from being harmonised. This has the potential for impacts on the competitiveness and economic viability of the industry. The inability to sell similar products across all markets, or the requirement to change test methods, formulations, packaging and advertising, can increase costs for the sector. Delays and high costs associated with the introduction of new ingredients and products can also reduce the potential for market growth. A study by RPA (2004) for the European Commission indicated that the EU regulatory framework had enabled innovation and enhanced the competitiveness of the industry, compared to frameworks in other markets. Nevertheless, regulations have the potential to impact on the competitiveness of industry by imposing implementation costs, constraining technological change and innovation or imposing ineffective safety requirements.

As part of its review programme of the impacts of regulation on EU industry sectors, the Commission launched a public consultation on the proposed simplification of the Cosmetics Directive. Before proposing any changes, the Commission will carry out an Extended Impact Assessment for which information will be required on the economic impacts of the current Directive on the business operations of cosmetics companies and the competitiveness of the European cosmetics industry. The European Commission (DG Enterprise and Industry) has, therefore, commissioned Risk & Policy Analysts (RPA) to collect and analyse data on the economic impact of the Cosmetics Directive on the competitiveness of the European cosmetics industry.

The U.S. Food and Drug Administration (FDA) and the U.S. Attorney General can take action against any company that markets an unsafe cosmetic product. The law provides severe penalties, including seizures, recalls, fines and bans, for personal care products manufacturers that do not meet these strict safety standards. In the past, the FDA has exercised this power to limit or prohibit ingredients that it considers to be unsafe. Cosmetic manufacturers are responsible for ensuring that products comply with the law before they are marketed. This process includes analyzing a cosmetic ingredient's testing and safety data. If the manufacturer is unable to substantiate the safety of a product, the law requires the product to carry a conspicuous warning. The law requires that every cosmetic and personal care product and its ingredients be substantiated for safety before going to market, and that they contain no prohibited
ingredients. Besides upholding the FDA regulations, however, most cosmetic manufacturers go beyond the requirements of the law and adopt additional non-governmental safety programs and technical standards established by cosmetic industry.
2.10 COSMETIC REGULATIONS IN DIFFERENT COUNTRIES

2.10.1 Cosmetic Regulations in the European Union

2.10.1.1 Introduction

The category 'cosmetic product', as defined in the EU Cosmetics Directive (76/768/EEC) has borders with a range of product categories, including medicinal products, biocides and medical devices. For example, skin creams designed to moisturise the skin and protect it from UV radiation are defined as cosmetics, whilst anti-acne creams are defined as medicinal products. Unlike the situation in the USA, case law of the European Court of Justice clearly states that a product cannot fall within the definition of two product categories at the same time. Case law also specifies that, in classifying a product within one category or another, account must be taken not only of the definitions within the relevant legislation but also of the characteristics of the products themselves. The competent authorities and legal systems within Member States have some discretion in considering the classification of products on a case-by-case basis. This has resulted in some differences in the treatment of products between Member States, but in general the classifications appear similar for most products. The Council of Europe (CoE, 2001) has also prepared an inventory of the situation in various Member States with regard to the classification of individual products. Guidance is provided at national level, for example, the UK Medicine and Healthcare Products Agency's regularly updated guidelines set out criteria to help competent authorities and legal authorities to determine the appropriate category for a product. EU cosmetic legislations are based on Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (Cosmetics Directive). As in the U.S., manufacturers are responsible for ensuring that cosmetic products comply with the law before they are marketed. The manufacturer or importer of cosmetics is responsible for demonstrating that the product is safe for its intended use. Regulations are enforced at the national level, and each country in the EU has an authoritative body that is responsible for upholding compliance.

The EU Cosmetics Directive (76/768/EEC) was adopted on 27 July 1976. The Directive aims to guarantee the safety of cosmetic products for human use while
encouraging commercial exchange and eliminating barriers to trade (EC, 1999). The EU Cosmetics Directive has to date undergone seven amendments and 31 adaptations to technical progress.

2.10.1.2 Definition of Cosmetic Products

The EU Cosmetics Directive defines a cosmetic product as:

'Any substance or preparation intended to be placed in contact with the various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and or/correcting body odours and/or protecting them or keeping them in good condition'.

2.10.1.3 Pre-market Requirements

There is currently no requirement under the EU Cosmetics Directive for registration of cosmetic manufacturers or importers, or for pre-market approval for cosmetic products imported into or manufactured within the EU. Article 7 of the Directive requires a simple notification to the relevant Member State authority of the place of manufacture or of initial importation into the EU of cosmetic products. Some Member States (for example Belgium and Spain) also request notification of products prior to marketing.

2.10.1.4 Labelling and Warnings

General labelling requirements are listed in Article 6 of the Directive. Information that must appear on the cosmetic product includes:

- The name and address of the manufacturer or person placing the product on the market;
- The batch number;
- Nominal net content;
- The function of the product;
- The date of minimum durability (if up to 30 months) or period after opening within which the product can be used safely;
A list of ingredients in descending order (including any of a list of 26 fragrance allergens);
• Usage precautions; and
• Warnings for regulated ingredients.

The requirements of cosmetic labelling under 76/768/EEC directive are:

It should carry the name or trade name and address or registered office of the manufacturer or of the person responsible for marketing the cosmetic product within the Community and weight or volume of product and any precautions and a distinctive identification of the batch number or product reference number. And the expression of expiry date is divided to two types:

1) For products with a minimum durability of less than 30 months: the date of minimum durability indicated by “Best used before the end of...”;
2) For products with a minimum durability of more than 30 months: the period of time after opening for which the product can be used without any harm to the consumer (this information is indicated by a special symbol representing an open cream jar);

2.10.1.5 Testing and Safety

The safety of cosmetic products placed on the EU market is the responsibility of the person who places the product on the market, assured through in-market surveillance. In market surveillance is the responsibility of competent authorities designated by each Member State. Producers or importers of cosmetics must ensure that cosmetic products do not cause damage to human health when applied under normal or reasonably foreseeable conditions of use. The 7th Amendment to the Cosmetics Directive introduced a ban on animal testing of cosmetic products from 11 September 2004 and a ban on animal testing of ingredients not later than 11 March 2009 within the EU. It also introduced a ban on the marketing of cosmetic products tested on animals and products containing ingredients tested on animals, within the EU or elsewhere, not later than 11 March 2009. The Directive does not require information on the safety of cosmetic products to be submitted to Member State competent authorities before a product is placed on the market. However,
manufacturers/importers must retain information, accessible on request to Member State competent authorities at all times, on:

- The qualitative and quantitative composition of the product;
- Physico-chemical or microbial specifications of ingredients and finished product;
- Manufacturing method;
- Safety assessment by qualified person;
- Existing data on any undesirable effects; and
- Proof for certain claims made.

The shelf life of cosmetics is predicted on the basis of following information i.e.

- The variety and complexity of cosmetic formulas and packaging.
- The proprietary nature of many products and stability test methods.
- The variety of types of changes that need to be examined, including physical, chemical, microbial, functional or aesthetic changes.

The European Cosmetic Toiletry and perfumery Association published the guidelines about the “Stability testing of cosmetic products” in March 2004.

The key differences between pharmaceuticals and cosmetics regulation are:

- Pharmaceuticals are subject to a requirement for pre-market authorisation; they cannot be placed upon the market until authorisation has been granted;
- New pharmaceutical products will only be authorised if they meet the criteria of efficacy, quality and safety;
- Applications for authorisation must contain a full technical dossier covering both safety and efficacy, including data on clinical trials;
- Medicinal products must be manufactured in accordance with pharmaceutical GMP rules; and
- Medicinal products are subject to limitations on advertising and distribution channels.

Sales of medicinal products in the EU are subject to rules (which differ between Member States) limiting their sales to pharmacies. In some countries, though, for example the UK and Germany, certain medicinal products may be freely sold.


The Scientific Committee on Consumer Safety (SCCS) concluded in its opinion of 15 April 2008 that Ethyl Lauroyl Arginate HCl is safe for the consumers, when used up to a maximum authorized concentration of 0.8 % in soap, anti-dandruff shampoos, and non-spray deodorants. It should therefore be included in Annex III to Directive 76/768/EEC. It was also concluded that it is safe for the consumers, when used up to a maximum authorized concentration of 0.4 % as a preservative in cosmetic products. However, the Committee considered that it should not be used in lip products, oral products and spray due to mucosal and respiratory tract irritation potential. It should therefore be included along with these restrictions in Annex VI to Directive 76/768/EEC.


This publication is about the non-oxidative hair dye substances which are provisionally allowed for use in cosmetic products until 31 December 2010 under the restrictions and conditions laid down in Part 2 of Annex III to Directive 76/768/EEC. For these two non-oxidative hair dye substances, HC-Orange No 2 and 2-hydroxyethyiamino-5-nitroanisole, listed under reference numbers 26 and 29 in Part 2 of Annex III, the SCCS gave its final opinions on their safety. The SCCS recommended maximum authorized concentrations in the finished cosmetic product of 1.0 % for HC Orange No 2 and of 0.2 % for 2-hydroxyethyiamino-5-nitroanisole. Therefore, HC Orange No 2 and 2-hydroxyethyiamino-5-nitroanisole can be definitively regulated in Part 1 of Annex III.
2.10.3 Cosmetic Regulations in the United States of America

2.10.3.1 Introduction

The Food, Drugs and Cosmetics Act (FD&C Act) defines two main categories of products:

• Cosmetics; and
• Drugs, including the specific sub-category of over-the-counter (OTC) drugs, which can be sold without prescription.

The definition of products as cosmetics or drugs depends on their intended use, which is established on the basis of claims made about the product, consumer perception (which may be established through a product’s reputation, or the presence of ingredients with a well-known therapeutic use. According to the FD&C Act, a product may be regarded solely as a drug, solely as a cosmetic or (in contrast to the position in the EU) as both a drug and a cosmetic. The latter are products that meet the definitions of both cosmetics and drugs. This may happen when a product has two intended uses. For example:

• An anti-dandruff shampoo is a cosmetic because its claims indicate that the product’s intended use is to clean the hair; but
• It is also considered to be a drug because it contains recognised anti-dandruff ingredients and its claims indicate that it is intended to be used to treat dandruff.

2.10.3.2 Definition of Cosmetics

The FD&C Act defines cosmetics as:

'Articles (other than soaps consisting of an alkali salt of a fatty acid and making no claims other than cleansing) intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance'.

The FD&C Act, which regulates cosmetics in the USA, was introduced in 1938 as a revision of the then Food and Drugs Act 1906. Since then, it has remained largely unchanged except for the Colour Additive Amendments of 1960. The labelling, packaging and advertisement of cosmetic products are regulated under the Fair...
Packaging and Labelling Act (FPLA) of 1967. The Food and Drug Administration (FDA) has overall responsibility for enforcement of the regulations concerning cosmetics and pharmaceuticals. Within the FDA, the Office of Colours and Cosmetics within the Centre for Food Safety and Applied Nutrition (CFSAN) regulates cosmetic products. It is the role of the FDA to oversee the compliance with these regulations. However, as opposed to drugs, cosmetic products do not require verifiable, mandatory compliance (such as FDA approval) before they can be marketed. The Voluntary Cosmetic Registration Program (VCRP) is an FDA post-market reporting system for use by manufacturers, packers, and distributors of cosmetic products that are in commercial distribution in the United States.

2.10.3.3 Pre-market Requirements

In the USA, cosmetic products are not subject to pre-market approval and companies are not required to submit information on their products or to register cosmetic manufacturing establishments. Manufacturers or distributors of cosmetics may, however, submit information on their products voluntarily through the Food and Drug Administration's (FDA) Voluntary Cosmetic Registration Program (VCRP). If a cosmetic manufacturer files a product formulation with the VCRP, the FDA can advise the company if it is inadvertently using prohibited or restricted ingredients. Manufacturers can thus correct their formulations before attempting to market them in the USA, thereby avoiding the risk of having their products detained and/or denied entry into the USA because of a prohibited ingredient. Manufacturers may also report any adverse reactions.

2.10.3.4 Labelling and Warnings

Cosmetic labelling is regulated under the FD&C Act as well as the FPLA. According to the regulations, cosmetics produced or distributed for retail sale are required to carry an ingredient declaration on their outer package, while those not distributed for retail sale (e.g. preparations used by professionals on customers at their place of work) are exempt from these requirements. Country of origin labelling for imported cosmetic products is required by the US Department of Commerce. Cosmetic ingredients must be listed by their established name (INCI names) as laid out in the Cosmetics, Toiletries and Fragrances Association (CTFA) International Cosmetic
Ingredient Dictionary. The regulations for labelling of cosmetics in United States are controlled by FDA under the authority of the Federal Food, Drug, and Cosmetic Act (FD&C Act) and the Fair Packaging and Labelling Act (FP&L Act). The label statements required under the authority of the FD&C Act must appear on the inside as well as any outside container or wrapper.

Ingredient labelling and statement of the net quantity of contents on the principal display panel, only apply to the label of the outer container. The labelling requirements of principal display panel (the part of the label most likely displayed or examined under customary conditions of display for sale) must state the name of the product, identify by descriptive name or illustration the nature or use of the product, and bear an accurate statement of the net quantity of contents of the cosmetic in the package in terms of weight, measure, numerical count, or a combination of numerical count and weight or measure. The declaration must be distinct, placed in the bottom area of the panel in line generally parallel to the base on which the package rests, and in a type size commensurate with the size of the container as prescribed by regulation. The net quantity of contents statement of a solid, semisolid or viscous cosmetic must be in terms of the avoirdupois pound and ounce, and a statement of liquid measure must be in terms of the U.S. gallon of 231 cubic inches and the quart, pint, and fluid ounce subdivisions thereof. If the net quantity of contents is one pound or one pint or more, it must be expressed in ounces, followed in parenthesis by a declaration of the largest whole units (i.e., pounds and ounces or quarts and pints and ounces). The net quantity of contents may additionally be stated in terms of the metric system of weights or measures. The name and place of business of the firm marketing the product must be stated on an information panel of the label. And the information must be in the English language.

2.10.3.5 Testing and Safety

The safety of cosmetic products in the US is the responsibility of the manufacturer, supported by an in-market surveillance system. The FD&C Act prohibits the distribution of adulterated and misbranded cosmetics and requires that cosmetics must be safe for their intended use before being placed on the market. The Act authorises the FDA to conduct inspections of cosmetic firms (on the basis of complaints or
suspicion of violation of law) without prior notice in order to assure compliance with the regulations. Although there is no statutory process for reviewing the safety of cosmetics ingredients, a voluntary process, the Cosmetics Ingredients Review (CIR), was established in 1976. The CIR is funded by the CTFA, with support from the FDA and the Consumer Federation of America. It reviews and assesses the safety of ingredients used in cosmetics and publishes the results in the scientific literature. Ingredients are selected for review on the basis of their potential biological activity, frequency of use in cosmetics and extent of skin penetration, amongst other factors. The outputs of the CIR have no legal authority, however, and the FDA is not obliged to act on its findings. There are no mandatory GMP requirements for cosmetics; companies follow GMP guidelines issued by the FDA as well as quality assurance guidelines published by the CTFA. The FD&C Act does not require that cosmetic manufacturers or marketers test their products for safety, the FDA strongly urges cosmetic manufacturers to conduct whatever toxicological or other tests are appropriate to substantiate the safety of their cosmetics. If the safety of a cosmetic is not adequately substantiated, the product may be considered misbranded and may be subject to regulatory action unless the label bears the following statement: Warning—The safety of this product has not been determined.

2.10.3.6 Current Amendments

On 2010 July 7 Human Resources (HR) 5786 seeks to amend Chapter VI of the Food, Drug and Cosmetic Act, which concerns adulterated and misbranded cosmetics, by adding a subchapter on the regulation of cosmetics. It introduced the Safe Cosmetics Act of 2010 for amends the Federal Food, Drug, and Cosmetic Act to expand the regulation of cosmetics, including requiring:

(1) Annual registration of any establishment engaged in manufacturing, packaging, or distributing cosmetics for use in the United States;
(2) New fees to provide for oversight and enforcement of cosmetics regulations;
(3) Ingredient labelling and disclosure of information on ingredients; and
(4) Adverse event reporting.
through its Ministry of Health, Labour and Welfare (hereinafter MHLW) according to the Pharmaceutical Affairs Law (PAL).

2.10.4.2 Definition of Cosmetics

Under PAL, the term cosmetic applies to:

'Products (other than quasi-drugs) designated to be applied to the body by rubbing, spraying or other similar applications with the aim of cleansing, beautifying or making it more attractive or modifying its appearance and of maintaining the skin and hair in good condition, to the extent that the action of the product on the human body remains moderate'.

The PAL was first adopted in 1943, with subsequent amendments in 1948, 1960 and 1979. In March 2000, the Japanese government published a three-year deregulation strategy, which led to the revision of the PAL as well as other legislation relevant to cosmetics. The deregulation process, implemented in 2001, involved the abolition of pre-market approval, the establishment of a prohibited and restricted ingredient list, the abolition of the designated ingredient list, and a new requirement for complete ingredient listing. The Ministry of Health, Labour and Welfare (MHLW) has overall responsibility for enforcement of the regulations concerning cosmetics (as well as quasi-drugs and drugs).

2.10.4.3 Pre-market Requirements

Prior to the deregulation in 2001, pre-market approval was required for each cosmetic product to be marketed in Japan. This requirement has now been abolished and cosmetic products are no longer subject to pre-market approval. Under the new regulations, companies are required only to provide notification of the product’s brand name prior to manufacturing or importing. Manufacturers or importers of cosmetics are also expected to have a licence granted by the authorities upon inspection of the manufacturing site. This licence must be renewed every five years.

2.10.4.4 Labelling and Warnings

Cosmetics must be labelled with the product name, name and address of manufacturer or importer, content volume, product number or code and a list of ingredients.
2.10.4.5 Safety and Testing

Responsibility for cosmetic safety rests primarily with the manufacturer. Manufacturers or importers are required to check the safety of their products thoroughly before they are placed on the market and to maintain records of this. The health authorities may require a manufacturer to substantiate product safety. There are no official or mandatory good manufacturing practices (GMP) in Japan, although the Japanese Cosmetic Industry Association (JCIA) has published voluntary technical guidelines for manufacturing and quality control. Furthermore must been taken into consideration the Standards for Fair Advertising Practices of Drugs, Quasi-drugs, Cosmetics and Medical Devices. Notification from the Director General of the Pharmaceutical Affairs Bureau, Ministry of Health and Welfare, October 9, 1980 set a bunch of rules that aims at rationalizing the advertisements of drugs, quasi-drugs, cosmetics and medical devices, while preventing them from becoming falsified or exaggerated. A person who puts advertisements of drugs, quasi-drugs, cosmetics and medical devices, shall make efforts to relay accurate information so that users can use the product concerned properly, and there are specific advertisement rules related to names, to the manufacturing method, to the effect or efficacy, performance and safety, with the aim of protecting the customer and the fair competition practice.
Legislation in Canada identifies two main categories of products:

- Cosmetics; and
- Drugs (a specific sub-category of which is non-prescription (or OTC) drugs).

There is also a third category; natural health products. Unlike in the USA, a product can only be included within a single category. The classification of a product as a drug rather than a cosmetic depends upon the claims made, as well as whether it uses ingredients or combinations of ingredients listed in Category IV monographs (which recognise ingredients as being safe and effective for non-prescription drugs).

2.10.5.2 Definition of Cosmetics

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'.

This definition includes toothpaste (non-fluoride), skin lotions, cleansers, shampoos, conditioners, hair dyes, personal care products and soaps.

2.10.5.3 Definition of Drugs

Cosmetics in Canada are regulated under the Food and Drugs Act (FDA) which was adopted in the 1950s. The FDA is supplemented by the Cosmetic Regulations, which govern the composition, safety, labelling and advertising of cosmetics. The Cosmetics Division of the Consumer Health Safety Bureau, part of Health Canada, has overall responsibility for enforcement of the regulations concerning cosmetics and pharmaceuticals.

2.10.5.4 Pre-market Requirements

There is no requirement for pre-market approval or registration for cosmetics. The Cosmetic Regulations, however, require every manufacturer to submit a completed
Cosmetic Notification form to the competent authorities within 10 days from the day on which the product is placed on the market. The notification must include:

- The name and address of the person or entity identified on the product label;
- The name of the Canadian distributor;
- The product name;
- The purpose of the product; and
- A list of ingredients with the exact concentration or range.

The list of ingredients is compared to the Cosmetic Ingredients Hotlist, to ensure that the product does not contain prohibited or restricted ingredients (except in line with the prescribed restrictions) or ingredients that would classify the product as a drug. If there are problems with ingredients, the company can be required to reformulate the product, re-label it or register it as a drug.

2.10.5.5 Labelling and Warnings

The inner and outer label of a cosmetic product is required to show:

- The product identity in English and French;
- The name and address of the manufacturer or distributor; and
- A statement of net quantity and any necessary warnings or directions in English and French.

2.10.5.6 Safety and Testing

Responsibility for cosmetic safety rests primarily with the manufacturer. There are no requirements for specific testing to be carried out for cosmetics. Manufacturers may be required to submit safety data on any ingredient in response to concern arising from its structural relationship to other substances posing potential health risks, complaints or other sources. The Consumer Products Safety Bureau has the power to inspect any sites where cosmetics are manufactured, packaged or stored. There are no specific GMP requirements for cosmetics manufacture; however, the Canadian Cosmetics, Toiletries, and Fragrances Association (CCTFA) have published voluntary industry GMP guidelines.
2.10.6 Cosmetic Regulation in India

In India the Drugs and Cosmetic Act (1940) operates the regulations of cosmetics. For the manufacture of cosmetics for sale or distribution the manufacturer should build the factory premises according to the Schedule M-II and application for license in the form 31 and along with license fee of Rs. 2500/- and an inspection fee of Rs.1000/- for every inspection to the licensing authority of the state government where in the manufacturing unit is located. And the information is reviewed by (local state) licensing authority and shall be granted in the form 32.

2.10.6.1 Labelling Aspects

According to D&C act in India the labelling requirements for cosmetics are:

Name of cosmetics and name and manufacturing address should carry on the both inner and outer labels. For small size containers on the label instead of mfg address the principle place of mfg and pin code are sufficient. The outer label should contain the amount of net contents of ingredients used in the manufacturing. The inner label addresses the direction of safe use and any warning indication or names and quantities of the ingredients those are hazardous or poisonous in nature. The label should carry a distinctive batch number and it indicated by the letter “B” and for soaps the month and year of the manufacturing shall be given instead of “B” and this is not apply to cosmetics which are having 10grams or less for solids or semisolids and 25ml or less for liquid state products. On the label the letter “M” is indicate the manufacturing license number.

2.10.6.2 Current Amendments

Some amendments have been notified in the labelling clause of D&C act, which are

I. The ingredients should be declared in the descending order of their concentrations down to 1% and in any order below 1%.

II. Use before date instead of best use before date which was earlier declared as xx months/year from the date of packaging.

Recently cdsco published the Gazette Notification regarding Import & Registration of Cosmetics. It is further to amend the D&C act about the rules for import of cosmetics.
Previously there was no legislation for the registration of cosmetics in India. Now this rule says “no cosmetic shall be imported into India unless the product is registered under these rules by the licensing authority appointed by Central government”. The amendment comes into force with the effect from 1st day of April 2011.
Table 2.2: A comparison of cosmetic regulations between USA, EU and India

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>USA</th>
<th>EU</th>
<th>INDIA</th>
</tr>
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<td>FDA</td>
<td>EMEA</td>
<td>CDSCO</td>
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<td>FOOD, DRUG AND COSMETIC Act</td>
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<td>Required under state government licensing</td>
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<td>Date of minimum durability if durability is &lt;30 months. Period after opening if durability is &gt;30 months</td>
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From the above table the researcher can conclude that there are different regulatory bodies which govern the cosmetic products in their countries. In USA the governing body is FDA, in EU the governing body is EMEA whereas the governing body of cosmetics in India is CDSCO. The acts and rules are also different in USA it is Food, Drug and cosmetic act, in Europe it is council directive 76/68/EEC and in India it is drug and cosmetic act. The pre market approval in not required in USA and EU however the pre market approval is required in India. As far as labelling is concerned in USA it should comply with the FD&C and FP&L in EU it should be based on Council Directive 76/768/EEC and in India should comply with part XV of D&C rules1945.
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<thead>
<tr>
<th>Table: 2.3 Comparison of Cosmetic Regulations in the Major Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Features</strong></td>
</tr>
<tr>
<td><strong>GENERAL</strong></td>
</tr>
<tr>
<td>Manufacturer has full responsibility for safety of products</td>
</tr>
<tr>
<td>In-market control by authorities</td>
</tr>
<tr>
<td>Freedom to use any distribution channel</td>
</tr>
<tr>
<td><strong>PRE-MARKET REQUIREMENTS</strong></td>
</tr>
<tr>
<td>Notification of Products</td>
</tr>
<tr>
<td>Initial notification of procedure premises</td>
</tr>
<tr>
<td>Negative lists</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Positive and negative lists</td>
</tr>
<tr>
<td>Positive list-colouring agents</td>
</tr>
<tr>
<td>Positive list-UV filters</td>
</tr>
</tbody>
</table>

<p>| Scientific Advisory committees | SCCNFP (Committee of experts appointed by European Commission) advises Commission/Members States on safety of ingredients | Cosmetic ingredients Review (voluntary committee of experts organized by industry) advises on safety on ingredients | Government officials and experts. The Cosmetic Advisory Committee is in charge of positive lists | Government officials | Government officials |</p>
<table>
<thead>
<tr>
<th>Notification of ingredients to poison centers</th>
<th>Most countries required frame formulations to be sent to poison centers, but as yet not harmonized at EU level</th>
<th>No</th>
<th>No</th>
<th>No</th>
<th>No</th>
</tr>
</thead>
</table>

**LABELLING REQUIREMENTS**

<table>
<thead>
<tr>
<th>INCI labelling of ingredients</th>
<th>Yes</th>
<th>Yes, but with some variations</th>
<th>Japanese translation of INCI terms required</th>
<th>Ingredient listing not yet required. Once proposal for mandatory listing becomes law, INCI terms will be adopted with some variations</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity requirements</td>
<td>Mandatory metric labelling. Non metric labelling allowed as a supplementary until 2009</td>
<td>Both metric and non-metric labelling mandatory</td>
<td>Mandatory (metric only)</td>
<td>Metric labelling mandatory. Non metric labelling allowed as a supplementary</td>
<td>Both metric and non-metric labelling mandatory</td>
</tr>
<tr>
<td>Identity of procedure/import on the labels</td>
<td>Yes-name and address of person placing the product on the EU market</td>
<td>Yes. Non-US address is accepted</td>
<td>Under present regulations, producer or importer in Japan must be identified.</td>
<td>Name and address of manufacturer or dealer. Non-Canadian address is accepted</td>
<td>Yes-name and address of manufacturer or person placing the</td>
</tr>
<tr>
<td>Expiry date</td>
<td>Date minimum durability if durability is ≤ 30 months. Period after opening if durability is &gt; 30 months</td>
<td>No date required</td>
<td>Expiration date is shelf-life &lt; 3 years</td>
<td>No date required</td>
<td>Expiration date is shelf-life &lt; 3 years</td>
</tr>
</tbody>
</table>

**TESTING AND SAFETY**

| Data on product and efficacy | Manufacturer must maintain a product information file (PIF) including a safety assessment by a qualified person, data on any undesirable effects and proof | Non equivalent to PIF-control is undertaken by FDA/FTC and other authorities. If the manufacturer does not have the data to prove the safety of his product, the | No equivalent to PIF. Manufacturer must be able to prove safety/efficacy. | No equivalent to PIF but product safety must be proven upon request from the authorities. | If the manufacturer does not have the data to prove the safety of his product, the compulsory warning “The safety of this
<table>
<thead>
<tr>
<th>Testing requirements</th>
<th>SCCNFP (committee of experts appointed by European Commission) publishes guidelines.</th>
<th>No specific test required. Industry guidelines on safety based on manufacturer responsibility</th>
<th>No specific test required. Industry has developed guidelines</th>
<th>No specific test required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal testing ban</td>
<td>Animal testing and marketing ban introduced by 7th Amendments</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>GMP</td>
<td>References in Cosmetic Directives</td>
<td>Industry guidelines (voluntary)</td>
<td>Industry guidelines (voluntary)</td>
<td>Industry guidelines</td>
</tr>
</tbody>
</table>

For certain claims made, PIF must be accessible to competent authorities on request at all times. Compulsory warning "The safety of this product has not been determined" must appear on the packaging. Product has not been determined must appear on the packaging.