

Board Member Spotlight

Regulations in Canada

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Many people ask me, "what's it like to live and work in Canada?" Oftentimes, this comes with several assumptions:

1. It must be very cold,
2. You live in small rural towns,
3. It must be

very similar to the United States because we share a huge border. There is a little bit of fact and fiction in each of these questions.

First, let's get the temperature out of the way! Yes, it can be cold in the winter months, but at least where most of us live, it's no colder than the northern United States. In fact, in southern Ontario where I live, if you trace a line of latitude west, you cut through the northern part of the state of California. If you live in Vancouver, you can play tennis in January. Canada has a booming wine industry, and is the top producer of ice wine in the world.

In terms of where we live, 80% of Canadians live in large urban centers. In fact, most Canadians live in about five large metropolitan areas. This makes the country a great place for cosmetics and fashion, with our large, multicultural, multi-linguistic cities. Of course, it also makes a great country for outdoor adventures with vast tracts of uninhabited wilderness.

In terms of similarities to the United States, there are many, but there are also many differences. Canada's history is very different, starting with a merger of the British and French cultures leading to the two official languages that we see on all cosmetic packages today.

Canada's immigration policies have created an incredibly multi-cultural, multi-ethnic society. When my first daughter started school, parent-teacher night required translators speaking 67 different languages to be available. It would be safe to say that Canadian politics have traditionally been quite liberal and sometimes it's been said we are left of the U.S. Democratic Party. With a population of approximately 35 million people, Canada is roughly the size of California in numbers of people.

In terms of business environment, Canada is home to many entrepreneurs, and many operating in the cosmetics and beauty space. According to my colleague Jacques Reiss, former President of YSL Beauté in Canada and Australia, and now President of Reiss+Associates, a Consulting and Coaching Company specializing in working with early stage Beauty companies, there are numerous exciting beauty start-ups in Canada. Most are 20 to 40-year-old entrepreneurs, the majority of whom have little to no industry experience. According to Jacques, the cost of entry for new entrepreneurs can be very high starting around a \$500K investment needed over the first 2 years. For these companies, financing can be challenging for sales volumes under \$1Million. Furthermore, distribution is very segmented and expensive, with retailers reluctant to invest in developing new brands which must perform within the first year. Similarly to the United States, we have the classic channels of distribution such as department stores, drug stores and Sephora. We also have the newer channels such as TV shopping and e-tailers.

Similar to global trends, natural/organic brands, with a story and point of difference, are flourishing. There is the op-

portunity for visionary existing or new retailers to capitalize on this growing niche and showcase new natural/organic Canadian Brands in a section of the cosmetics floor.

In terms of regulations on cosmetic products, Canada's are quite unique. Because Canada does so much trade with both Europe and the United States, regulators try to find a compromise between the two jurisdictions. The cosmetic regulations have been significantly influenced by the EU. The Over the Counter Drug (OTC) regulations have been influenced by the U.S. FDA. For companies exporting their products to Canada, the greatest challenges tend to involve OTCs, including sunscreens, acne products, and antidandruff products. Canada has two different classifications for OTCs, really adding to the confusion. Products considered drugs are very difficult and expensive to import into Canada. Products considered Natural Health Products are much more straightforward. There has been an active program within Health Canada to simplify the regulations for these products, but it's time frame and results are not yet clear.

Finally, with the election in the United States and the recent events in Britain, there has been increased interest in coming to Canada. Whether or not this actually happens remains to be seen! But for visitors or new immigrants, Canada offers a diverse entrepreneurial environment with an excellent quality of life and many unique rewards and challenges.



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