Canadian Market Opportunities— Import Profile

Government of Canada / Gouvernement du Canada
Regional Industrial Expansion / Expansion industrielle régionale

Canada

COOKING UTENSILS,
STAINLESS STEEL, HOUSEHOLD

Pub. No: 55-86 April 1986

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OR

The nearest DRIE Regional Office.
These offices are listed on the last
page of this publication.

REFERENCE SOURCES

Department of Regional Industrial Expansion
Statistics Canada
Revenue Canada

EXPLANATORY NOTES

Valuation

Imports are generally recorded at the values established for customs duty purposes according to the provisions of the Customs Act. Customs values are identical to selling prices for most transactions between non-affiliated companies, but customs values exceed selling prices for many transactions between affiliated companies. All values are reported in Canadian dollars and do not include duty.

Average Growth Rate

Growth rates are calculated on the basis of annual compounding.

Rounding

Figures may not add due to rounding.

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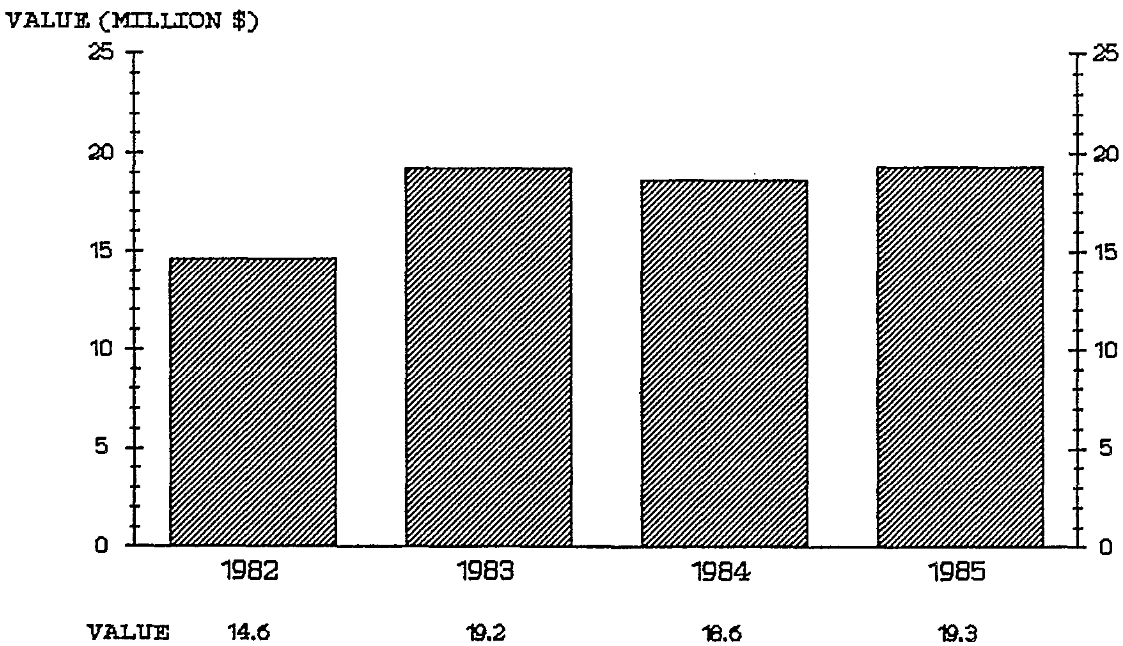
INTRODUCTION AND SCOPE

This report is one of a continuing series designed to increase business awareness of the potential existing for domestic production and to stimulate Canadian business to further explore potential opportunities in both the Canadian and export markets. It is important to emphasize that this report does not attempt any assessment as to the feasibility of manufacturing or competing in a particular market: it should be treated as an indicator or starting point for the manufacturer or entrepreneur.

This report covers imports of Household Cooking Utensils, Stainless Steel (Canadian International Trade Classification class 850-11-20). This import commodity class includes stainless steel cooking utensils with copper bottoms, pie plates, tea kettles (except electric), etc.

IMPORT TRENDS: OVERVIEW



In 1982 imports of stainless steel household cooking utensils were $14.6 million; subsequently they have been close to $19 million each year.

VALUE OF IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT

Foreign Country of Export	1982	1983	1984	1985	Average Annual Growth Rate 1982-1985 %	Per cent Change 1984-1985 %
SOUTH KOREA Value ($000)	3 898	4 549	5 340	5 433	12	2
ITALY Value ($000)	1 968	3 421	2 778	4 317	30	55
UNITED STATES Value ($000)	3 896	4 398	4 244	4 134	2	-3
TAIWAN Value ($000)	554	1 469	1 310	992	21	-24
FRANCE Value ($000)	341	532	568	834	35	47
OTHER Value ($000)	3 941	4 797	4 351	3 623	-3	-17
TOTAL Value ($000)	14 598	19 166	18 591	19 333	10	4

Imports of stainless steel household cooking utensils totalled $19.3 million in 1985, an increase of four per cent over 1984.

South Korea has consistently been the major exporter to Canada, accounting for 28 per cent of the total value of imports in 1985. Until 1984, the second major country of export to Canada was the United States (representing 23 per cent of the total import value for that year). In 1985, however, Italy moved to second place with 22 per cent, with the U.S. accounting for 21 per cent. The fact that at least 48 per cent of imports are from the U.S. and Western European countries indicates that a relatively large market exists for higher value utensils.

IMPORT MARKET CONCENTRATION
(BY % OF TOTAL 1984 VALUE)

Top 5 Importers	Top 10 Importers	Top 20 Importers	Top 40 Importers
25	38	57	76

The 10 top importers accounted for 38 per cent of the total imports for 1984. Six were retailers, and four, wholesalers. Seven of the 10 top importers were situated in Ontario and three in Québec.

NOTE: "Top importers" are the known importers with the largest imports by value in 1984.

TYPE AND LOCATION OF THE 78 TOP KNOWN IMPORTERS - 1984
(88% OF TOTAL IMPORT VALUE)

	MANUFACTURERS		WHOLESALERS		RETAILERS		OTHER		TOTAL	
	No. of Importers	Value ($000)	No. of Importers	Value ($000)	No. of Importers	Value ($000)	No. of Importers	Value ($000)	No. of Importers	Value ($000)
Ontario	8*	1 152*	22	4 417	11	3 839	3	132	51*	10 152*
Western Provinces			4	227	3	385	-	-		
Québec	-	-	21	4 571	5	1 555	1	69	27	6 195
Atlantic Provinces	-	-	-	-	-	-	-	-	-	-
TOTAL	8	1 152	47	9 215	19	5 779	4	201	78	16 347
Per cent of 1984 total value		6%		50%		31%		1%		88%

* Ontario and Western Provinces aggregated to preserve confidentiality.

There were at least 326 known importers of stainless steel household cooking utensils during 1984. The top 78 importers accounted for $16.3 million, or 88 per cent of the total import value. Of these 78 importers, 47 were wholesalers representing $9.2 million or 50 per cent of the import total. Nine of these were wholesalers of non-durable goods with imports of $2.8 million. Nineteen of the top importers were retailers whose imports represented 31 per cent of the import total. Of these, five were retailers of miscellaneous home furnishings whose imports totalled $2.1 million, and nine were department stores with imports totalling $2.1 million.

CANADIAN PRODUCTION

There are at least 8 Canadian manufacturers of stainless steel cooking utensils. Statistics Canada does not provide specific production data on these utensils.

EXPORTS

Statistics Canada does not provide specific data on exports of stainless steel household cooking utensils. These are included in the group "Kitchen Utensils and Parts, not elsewhere specified", which had exports valued at $9.6 million in 1985.

MARKET SUMMARY

The market for domestic cookware in Canada has traditionally been divided between aluminum and stainless steel utensils. Historically, aluminum cookware has predominated in terms of both domestic production and imported product.

However, in the last fifteen years, with technological improvements in the production of stainless steel cookware on an international scale, stainless steel has gradually increased its share of the Canadian market. Stainless steel cookware combines the best heat conductive properties of aluminum with the stain resistant polished finish of stainless steel, thus accounting to some degree for this changing consumer preference in cookware products.

Cookware competes in a housewares market which is one of the fastest changing consumer product sectors, with short product life cycles constantly creating the need for new and improved products. Moreover, cookware competes for the consumer's interest with fairly standard lines that have changed little in recent years, against a dynamic availability of other housewares product options.

While the metal cookware industry is not subject to highly seasonal market fluctuations, industry sources report a double production "hump" between January to February and September to October, with approximately 40 per cent of shipments made in the first half of the year, and 60 per cent in the second half. The major retail promotions for housewares occur in the March-April and October-November periods.

The cookware industry markets its products through retail/wholesale channels and through direct selling, that is, through the "party plan" method or through mail order catalogue sales. The lower merchandising costs involved in direct selling are more significant at the high-end or specialty gourmet market where unit costs are already high and a more specialized and direct marketing approach will attract the appropriate target market. However, the vast proportion of cookware is still marketed via company representatives across the country to hardware and department stores, wholesalers, mass merchandisers and supermarkets.

Imports from Western Europe (mainly from France, Italy and Spain) have traditionally been high quality products, appealing to the affluent "gourmet" housewares consumer who was looking for top performance and modern design features. Such names as "Lagostina" (Italy), "Magefesa" (Spain), "Le Creuset" and "Cuisinox" (France) have become easily identified in the marketplace for this distinction.

At the other end of the market spectrum, imports of cookware from South East Asia have represented the low-end in terms of both quality and price, and would be distributed by bargain mass merchandisers and supermarket outlets. In recent years, however, there has been a significant upgrading of production standards in the manufacture of medium to high end cookware products, particularly in Hong Kong and Korea. These new competitively-priced imports are now entering the North American market which is increasingly price and quality conscious, so are competing against the traditional Canadian production strengths in medium-to-high-end cookware.

Imports have represented between 45 to 55 per cent of the domestic cookware market in Canada. The last three years have shown a gradual increase in the import share of the market, while at the same time exports of Canadian manufactured cookware have also increased to approximately 25 per cent of domestic production.

Market demand for cookware products should increase in the top-of-the-line segment of the market, thereby providing Canadian manufacturers with opportunities to expand and develop new design features in their products. Moreover, Canadian producers should be able to take advantage of growth potential in other specific markets. While the Canadian industry does not enjoy the economies of scale resulting from the long production runs of their U.S. competitors, most Canadian producers have been able to make their smaller size a strength rather than a weakness insofar as shorter production runs afford them greater manufacturing flexibility. This type of flexibility has, in the past, facilitated market access for Canadian producers to such export markets as Japan, Australia and Singapore, as well as the United States.

Competition is fierce in the multi-product housewares sector and Canadian cookware manufacturers must establish a high profile to compete for consumer interest against the internationally known name-brands from the U.S. and Western Europe. A stronger consumer identification base would benefit the Canadian industry in both the domestic market and on the international scene.

The U.S. tariff on these products falls between 3.6 and 6 per cent.

This report was prepared by:

the Market Development Branch
in collaboration with the
Leisure Products Division,
Food and Consumer Products Industries Branch.

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

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APPENDIX "A"

CANADIAN TARIFFS, 1985

Tariff Item	Description	% of Total Import Value (1984)	TARIFF TREATMENT: British Preferential Tariff %	U.K. and Ireland %	Most Favoured Nation Tariff %	General Tariff %	General Preferential Tariff %
44603-01	Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.	94	10.1	10.2	12.1	35	8
	Future Scheduled Rates:						
	January 1, 1986		10	10.2	11.1	35	7
	January 1, 1987		10	10.2	10.2	35	6.5

N.o.p. - Not otherwise provided for

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: ITALY, UNITED STATES, TAIWAN, FRANCE
MOST FAVOURED NATION OR GENERAL PREFERENTIAL*: SOUTH KOREA

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:

TARIFF PROGRAMS
REVENUE CANADA
CUSTOMS AND EXCISE
OTTAWA, ONTARIO
K1A OL5
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*NOTE: In order to qualify for General Preferential Tariff treatment, a special certificate of origin is required.

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