

Japan Cosmetics

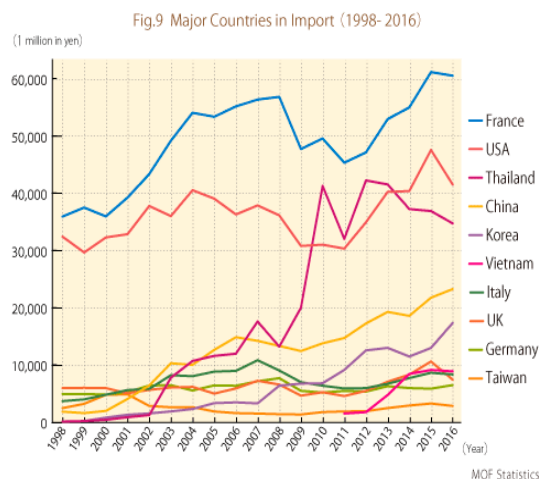
OVERVIEW OF THE JAPANESE MARKET

According to Yano Research Institute¹, the Japanese cosmetic market in FY2015 was 2'401.0 billion yen², up 3 % over the previous fiscal year, based on the shipment value at brand manufacturers. The average of annual expenditures for cosmetics per two or more person households was 34'726 yen in 2015³.

Sales of cosmetics in Japan are projected to remain stable despite the decreasing population due to the high unit price of added-value products, in addition to the growing demand for anti-aging skin care products to serve an increasingly large elderly population. Furthermore, demand for skin care products as well as makeup for male consumers has increased in recent years, and while the women's cosmetic market is highly saturated, it is estimated that only 20% of the male consumer base is being served.⁴ The growth in the number of foreign tourists has also been a remarkable driving force in the market for luxury goods, especially Japanese cosmetics, boosted by "explosive purchasing" by Chinese visitors who come to Japan with the express purpose of shopping.

Sales of skin care products in 2016 were more than twice that of makeup products, which is evidence of the overwhelming focus of Japanese women on using added-value products as a tool not to simply cover up skin deficiencies but rather to improve the skin. The skincare cosmetics take almost half of the whole cosmetics market, while make-up cosmetics account for 20.6 % and perfumes only for 0.2%. Lotions, cleansing creams and sunscreens are the categories whose shipment values are increasing.⁵ The Ministry of Economy, Trade and Industry publishes [the recent production and sales statistics of cosmetic products per item](#) (P.133ff.).

The import of cosmetics has decreased in recent years, with France, the United States, and Thailand (haircare) still on top, but with decreasing tendencies. The import from China and South Korea are, on the other hand, growing.⁶ The fact that the imports from Germany remains rather stable can be seen



¹ <https://www.yanoresearch.com/>

² 1 CHF = 115 JPY as of Dec.4, 2017

³ Japan Cosmetic Industry Association (JCIA), <https://www.jcia.org/n/en/st/>

⁴ Japanese Cosmetics Market, EU-Japan Centre for Industrial Cooperation, http://www.eu-japan.eu/sites/eu-japan.eu/files/JapaneseCosmetics_final.pdf

⁵ JCIA, <https://www.jcia.org/n/en/st/01-2/>

⁶ JCIA., <https://www.jcia.org/n/en/st/04-2/>

as a positive sign for Swiss natural skincare products as the German organic cosmetics are becoming popular in Japan (ref. *Annemarie Börlind, Dr. Hauschka, Tautropfen, Lavera*). The Japanese consumers who value natural ingredients for cosmetics will find such Swiss products also attractive.

CONSUMER TRENDS AND DEMOGRAPHICS

Consideration of the import of cosmetics into Japan should include an understanding of the target demographic and up-to-date customer needs.

➤ Trends

Trends include a move toward stronger fragrances among generations younger than baby boomers; increased emphasis on preventing body odor through products such as deodorant; a preference for eco-friendly, natural/organic cosmetics; and products with multiple functions (e.g., a foundation with anti-aging and whitening properties, all-in-one gels, etc.). Japanese beauty standards favor light skin, and longer, hotter summers are driving demand for sunscreen products, including those at higher degrees of SPF/PA than previously available on the market.

A notable trend is the increasing popularity of facial oils. The brand *Melvita*, part of the French *L'OCCITANE Group*, is now represented by Melvita Japon which is opening more and more shop-in-shops in major shopping centers. Also the Japanese brand *MUJI* launched oils of jojoba, argan, rosehip, etc. for face and body. The series of *Kneip Biooils* rank also high on the popular cosmetic word-of-mouth-ranking and e-commerce site *@cosme*.⁷

➤ Demographics

Elder women: Japan's population is aging. This represents an opportunity for the growing number of elder female consumers who are willing and able to spend more for quality products. This segment is represented by a group of women in their 40s and 50s who spent their early 20s when Japan's strong economic growth ended abruptly with burst of the economic bubble. They were the first generation who enjoyed the power of the European and US American luxury brands. These certain middle-aged female consumers position themselves as pioneer career women or wives of wealthy men and (are eager to) look young for their age. They work not only with the natural changes occurring in aging skin, aiming to maintain the skin's health but also ready to try more drastic solutions to reverse the effects of aging. They would go for any such innovative skincare products.

Young women: Younger women are more interested in cheaper products to meet their lower incomes, but the phenomenon of young people who live with their parents means that young women have more disposable income compared to their counterparts in other countries. Eye makeup in particular enjoys significant popularity, with great attention given to shadows, eyeliners, mascaras, and false eyelashes designed to provide the illusion of larger, wider eyes. Recent fashion trends have drawn attention to the use of blush, leading manufacturers to produce a variety of cream, liquid, and powder blushes.

Men: According to the Japanese Cosmetic Market published by the EU-Japan Centre for Industrial Cooperation, Japan is one of the most dynamic and earliest markets in the world for men's cosmetics⁸. The Japanese skincare product makers first started with a problem-solving approach and have been selling odor-caring products for elder men well since years. They are now creating needs developing anti-aging skincare products for men of 50 years old and over who have a strong purchasing power.

⁷ http://www.cosme.net/item/item_id/1067/ranking

⁸ https://www.eu-japan.eu/sites/eu-japan.eu/files/JapaneseCosmetics_final.pdf

Tourists: The number of tourists to Japan has seen a rapid increase since 2011, and the Japanese government aims to increase the yearly number of tourists to 40 million by 2020⁹. So-called explosive shopping by Asian tourists, particularly from China, has been a great boon to the Japanese economy, with Chinese tourists buying up foreign cosmetic products in large quantities due to safety concerns about Chinese products. High-end cosmetics are one category of note for tourist purchases, and both Kao Corp. and Shiseido Co. projected sales boosts of ¥15 billion in 2015 due to tourist shopping.¹⁰

IMPORT PROCESS AND REQUIREMENTS



⁹ "The future of Japan's tourism: Path for sustainable growth towards 2020", McKinsey Japan and Travel, Transport and Logistics Practice October 2016

¹⁰ The Japan Times. <http://www.japantimes.co.jp/news/2015/08/20/business/tourists-fuel-sales-boon-high-end-cosmetics/>

LEGAL DEFINITIONS OF COSMETICS AND QUASI-DRUGS

Cosmetics are regulated by the Ministry of Health, Labour and Welfare (<http://www.mhlw.go.jp/english>) under the Pharmaceutical Affairs Law. Cosmetics in Japan have a different legal definition than other countries, and there is a distinction between cosmetics and “quasi-drugs.” Due to the extra tests, inspections, etc. required for importation, quasi-drugs are generally more expensive to import than cosmetics.

Cosmetics: "Articles with mild action on the human body, which are intended to be applied to the human body through rubbing, sprinkling or other methods, aiming to clean, beautify and increase the attractiveness, alter the appearance or to keep the skin or hair in good condition." Cosmetics are further defined under the following six categories: perfume and eau de cologne, makeup cosmetics, skin care cosmetics, hair care products, special-purpose cosmetics, and cosmetic soaps.

Quasi-drugs: Quasi-drugs are a unique product classification in Japan, and are considered borderline medicinal products. Quasi-drugs are defined as products that have minimal to moderate pharmacologic activity and the distinction is made based on the amount of certain ingredients, the application method, and dosage. Products in this category include skin whitening products, acne products, and anti-aging products.

Approval and Licensing System for Drugs, Quasi-drugs, and Cosmetics:

http://www.mhlw.go.jp/english/wp/wp-hw2/part2/p3_0034.pdf

Standards for Cosmetics including the lists of prohibited and restricted ingredients:

<http://www.mhlw.go.jp/file/06-Seisakujouhou-11120000-Iyakushokuhinkyoku/0000032704.pdf>

LEADING COSMETICS COMPANIES

Japanese Companies

The Japanese cosmetic industry is led by the *Shiseido* Group, which held 38.5% of the national market as of 2014. In addition to its own skin care and makeup brand of the same name, the group also contains a variety of prestige and drugstore cosmetics brands, including *bareMinerals*, *NARS*, and skin-whitening giant *HAKU*. The group is followed in national sales by the *Kao Corporation*, owner of *Bioré*, *Kanebo*, *Jergens*, and *Curél*, and *POLA ORBIS HOLDINGS Inc.*, which encompasses a range of national and international cosmetic brands.¹¹

Non-Japanese Companies

Foreign cosmetic brands are most popular in the mid- to luxury price range, although international drugstore brands such as *MAYBELLINE NEW YORK* and *Revlon* are widely available. *Chanel* retains top regard amongst the prestige department store brands, alongside the *L'Oréal Group* (*Lancôme*, *Yves Saint Laurent*, *Helena Rubinstein*), *Estée Lauder Companies* (*Clinique*, *Bobbi Brown*, *M.A.C.*), *LVMH Group* (*Givenchy*, *Guerlain*), and *Clarins*.¹²

Swiss Products in Japan

Cellcosmet Switzerland

goloy33

JUST

La Colline

La Prairie

Lydia Dainow

Mavala

¹¹ Beauty and Healthcare News. <http://bhn.jp/news/19832>

¹² QUICK Co.,Ltd. <http://cosme.ten-navi.com/百貨店化粧品/01/>

Margy's Monte Carlo
Nahrin
Paul Scerri
Swiss Bellefontaine
Swiss Perfection
Valmont
Vitacrème
Weleda

POTENTIAL FOR SWISS COSMETICS

Japanese women are generally fashion- and beauty-conscious and actively seek information on cosmetic products in stores, on the internet, and in fashion magazines. They are very open to foreign products. Although the average Japanese customer does not relate Switzerland with cosmetics, Switzerland has generally a good reputation for quality and safety, associated with its nature. In addition to the high standards set by other European brands that have entered the Japanese market, there is potential for the sale of Swiss cosmetics in the Japanese market if the Swiss product has a clear concept, unique value proposition and marketing communications resources.

STRATEGIES FOR GROWTH

Due to the declining population, strategies include increasing unit price and sales per customer instead of focusing on volume sales. The proportion of elderly women will increase, so anti-aging components and a focus on quality are key. Sales formats particularly well-suited for serving elderly consumers, such as e-commerce and television shopping, are also expanding, and should be taken advantage of.¹³ In addition, brands that stress safety and organic ingredients are particularly likely to succeed under current trends. Japanese consumers tend to research products well before purchasing, meaning that the more information that can be provided about a product's benefits, ingredients, and consumer reception, the better. To this end, a strong internet and SNS presence is vital.¹⁴

CASE STUDY OF A SUCCESSFUL SWISS COMPANY

Swiss skin care brand Weleda has carved out a strong position for itself in the Japanese market, riding the recent surge in the popularity of natural and organic beauty products. Focusing on sustainably harvested and non-synthetic ingredients, the brand's oils and moisturizers have gained a place of prominence at up-and-coming natural cosmetics chain CosmeKitchen and general beauty and home goods giants Loft and Tokyu Hands. Weleda also has several of its own Japanese storefronts, in addition to operating retail spaces in department stores across Japan. Asia now accounts for more than 35% of the international market for natural and organic cosmetics,¹⁵ and Weleda's eco-friendly image appeals to young Japanese shoppers concerned with the quality and safety of their cosmetics. ELLE Japan named Weleda's White Birch Body Oil the top body care product of 2015, while health and beauty magazine VOCE ranked the brand's Evening Primrose Oil in second place. Weleda also offers a men's product line featuring shaving lotion and moisturizer.¹⁶

REGULATORS, BUSINESS SUPPORT CONTACTS, AND TRADE SHOWS

Regulators

Pharmaceutical and Food Safety Bureau, Ministry of Health, Labour and Welfare	TEL: +81-3-5253-1111	http://www.mhlw.go.jp
Representation Division, Consumer Affairs Agency	TEL: +81-3-3507-8800	http://www.caa.go.jp

¹³ Erwan Rannou., EU-Japan Centre for Industrial Cooperation, http://www.eu-japan.eu/sites/eu-japan.eu/files/JapaneseCosmetics_final.pdf

¹⁴ Japan Inc Communications, Inc. <http://www.japaninc.com/article.php?articleID=1390>

¹⁵ CosmeticsDesign-Asia. <http://www.cosmeticsdesign-asia.com/Market-Trends/What-s-next-from-Japan>

¹⁶ WELEDA JAPAN Co.,Ltd. <http://www.weleda.jp/index.php>

Consumer Economic Policy Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry	TEL: +81-3-3501-1511	http://www.meti.go.jp
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Japanese Business Support Contacts

Cosmetic Importers Association of Japan	TEL: +81-3-3560-3041	http://www.ciaj.gr.jp/
Japan Cosmetic Industry Association	TEL: +81-3-5472-2530	http://www.jcia.org/
Japan Cosmetic Suppliers Association	TEL: +81-3-3662-2562	http://jcsa.ne.jp/
National Federation of Cosmetic Retail Cooperative	TEL: +81-3-3861-7733	http://www.cosme.or.jp/index.html
Japan Cosmetic Wholesalers Association	TEL: +81-3-3866-6753	http://park8.wakwak.com/~zenorosiren/
West-Japan Cosmetic Industry Association	TEL: +81-6-6941-2093	http://www.wj-cosme.jp/
Japan Organic Cosmetics Organization	TEL: +81-50-5534-2582	http://www.j-organiccosme.org/
Japan Organic Cosmetics Association	TEL: +81-80-3311-9107	http://joca.jp/

Cosmetics Trade Shows¹⁷

Cosme Tokyo	Annually January	Exhibition of international cosmetic products as source for importers, retailers, salons etc.
Cosmetec (International cosmetics development exhibition)	Annually January	Exhibition concerning the development and planning of cosmetics Concurrently held with Cosme Tokyo
Health & Beauty EXPO	Annually	Concurrently held with Cosme Tokyo and Cosmetec within the "Health and Beauty Week Tokyo"
CITE Japan Cosmetic Ingredients & Technology Exhibition Japan	Biennially May	Exhibition by engineers of cosmetics and raw materials manufacturers
Interphex Japan	Annually June - July	Exhibition of equipment, systems, and technologies for manufacturing and R&D of drugs and cosmetics
Beauty World Japan	Three times a year February in Fukuoka, May in Tokyo and October in Osaka	Exhibition of all products, services, information and technologies
Organic EXPO	Annually August	Exhibition of natural and organic products

¹⁷ Japan External Trade Organization.

https://www.jetro.go.jp/ext_images/en/reports/market/pdf/guidebook_cosmetics.pdf

<u>Diet & Beauty Fair</u>	Annually September	Exhibition of beauty business Concurrently held with Anti Aging Japan, Spa and Wellness Japan
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NEXT STEPS

Switzerland Global Enterprise and Swiss Business Hub Japan offer customized solutions to Swiss exporters doing business in Japan. As this infosheet provides only very basic information as of the data of compilation and to the best of our knowledge using primary, secondary and tertiary sources, Swiss exporters should consult with the S-GE Consultant for Japan for further and up-to-date information and services tailored to their needs. We will support you through every step of the exporting process, please contact:

Jacqueline Tschumi

Consultant Japan + South Korea

JTschumi@s-ge.com

Direct +41 44 365 54 83

Switzerland Global Enterprise

Stampfenbachstrasse 85 – CH-8006 Zürich

T +41 44 365 51 51 – www.s-ge.com

Date: Tokyo, 01.12.2017
 Author: Swiss Business Hub Japan
 Author's address: Embassy of Switzerland in Japan
 5-9-12, Minami Azabu, Minato-ku, Tokyo 106-8589
tok.sbhjapan@eda.admin.ch
www.swissbiz.jp

Disclaimer

While this infosheet is intended to provide an overview of this specific market and its opportunities at the time of its edition, each individual company or organization may have to conduct its own analysis to get a better understanding of the opportunities and possibilities available to them. You are encouraged to explore and develop your chances and assess your risks based on in-depth research and analysis.

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