

November 2013

Industry Report

Japanese Cosmetic Market



Source: Moga-Brook

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Industry Overview

Japan is **the world's second largest cosmetics market after the US**. In general, the Japanese cosmetics market places high value on quality and functionality, and is also a trend-setting market for the rest of Asia. Demand for functional products that provide specific benefits have increased in recent years, especially as Japanese consumers increasingly demand value for money. The demand for anti-ageing products such as items for skin tone and firmness, wrinkle care, and brightening is expected to continue to increase.

Opportunities:

Japanese cosmetics companies are actively sourcing innovative products from overseas. South African cosmetics and beauty products are slowly establishing a reputation such as Bioil, Environ and Botany.

Following factors are observed as key for success:

- Organic certified products.
- *Cosmeceutical* (cosmetic + pharmaceutical) products with proven scientific evidence of their effectiveness.

Since the Japanese market is already saturated with products from all around the world, South African cosmetics manufacturers must have something extra. A unique factor and/or a story to tell potential partners and consumers – simply being 'African' and 'natural' is not enough. Needless to say, market entry also depends on competitive pricing and excellent packaging.

Competitive environment:

The cosmetics market in Japan is known to be one of the most sophisticated and competitive markets worldwide. In other words, the Japanese are the most difficult

consumers to satisfy in the world. That is why it is said in the world business that 'If you can make it to Japan, you can make it anywhere in the world.'

Over 1 000 cosmetic manufacturers operate in Japan, including foreign companies. However, there is an overwhelming presence of domestic manufacturers that command the lion's share of the market. Domestic competitors such as Kanebo, Shiseido and Kao each occupy 10-15 per cent of the Japanese cosmetics market. Although Japan's strong domestic brands comprise a large majority of the market, imported brands, mainly from France, the USA, and other Asian countries, also have a place as well.

Trade (Import and Export)

Japan's Import from the rest of the world (2012)

HS 3304-10 Lip Make-up preparations

1	FRANCE	336,502,900
2	CHINA	121,076,600
3	USA	75,111,400
4	R KOREA	34,845,700
5	BELGIUM	32,841,800
6	THAILND	26,290,800
7	TAIWAN	19,839,600
8	CANADA	18,050,600
9	ITALY	16,633,300
10	GERMANY	13,440,100

- South Africa was ranked at the 20th with the value of ZAR 5 630.-

HS 3304-20 Eye Make-up preparations

1	FRANCE	270,709,900
2	CHINA	234,204,100
3	USA	95,770,300
4	R KOREA	90,490,700
5	GERMANY	87,558,800
6	ITALY	54,168,300
7	TAIWAN	26,347,500
8	CANADA	19,747,200
9	THAILND	3,855,900
10	BELGIUM	3,766,100

- South Africa did not export the item at all.

HS 3304-30 Manicure or pedicure preparations

1	USA	126,853,300
2	TAIWAN	87,259,000
3	FRANCE	83,374,300
4	S AFRCA	52,639,300
5	CHINA	37,904,800
6	R KOREA	31,542,700
7	CANADA	10,707,400
8	SWITZLD	10,357,700
9	VIETNAM	3,712,700
10	SPAIN	1,648,900

- South Africa was ranked at 4th with the value of ZAR5.3 million.

HS3304-91-010 Powders – Toilet Powders

1	FRANCE	113,023,400
2	USA	45,944,800
3	R KOREA	31,327,100
4	CHINA	11,084,500
5	ITALY	8,881,600
6	THAILND	6,828,200
7	TAIWAN	2,071,300
8	GERMANY	1,318,000
9	BELGIUM	569,600
10	CANADA	320,500

- South Africa did not export the item at all.

HS3304-91-010 Powders – Other

1	FRANCE	118,209,200
2	USA	116,124,000
3	R KOREA	86,269,900
4	CHINA	60,052,900
5	ITALY	29,144,900
6	TAIWAN	10,525,400
7	CANADA	6,553,700
8	GERMANY	6,439,000
9	THAILND	4,186,600
10	U KING	1,510,100

- South Africa did not export the item at all.

HS3304-99-11 Foundation Creams

1	FRANCE	263,942,000
2	R KOREA	70,919,700
3	USA	63,881,600
4	CHINA	46,984,400
5	ITALY	16,174,000
6	BELGIUM	10,536,700
7	GERMANY	9,070,400
8	CANADA	7,532,300
9	THAILND	3,913,700
10	U KING	2,819,600

- South Africa did not export the item at all.

HS3304-99-12 Creams in liquid form

1	R KOREA	53,851,000
2	CHINA	9,826,400
3	TAIWAN	733,000
4	HG KONG	1,238,100
5	VIETNAM	2,693,400
6	THAILND	43,089,400
7	SNGAPOR	473,800
8	MALYSIA	8,075,700
9	INDNSIA	55,400
10	INDIA	22,400

- South Africa did not export the item at all.

Source: Ministry of Finance of Japan

Key Players in the Japanese market

All the below are Japanese companies.

- **Shiseido Co., Ltd.**

Head Office: 5-5, Ginza 7-chome, Chuo-ku, Tokyo 104-0061, Japan

Website: <http://group.shiseido.com/company/info/>

- **Kao Corporation**

Head Office: 14-10, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo

103-8210 Japan

Website: <http://www.kao.com/group/en/group/overview.html>

- **Kanebo Cosmetics Inc. (Kao Group)**

Head Office: 1-14-10, Nihonbashi Kayabacho Chuo-ku, Tokyo 103-8210, Japan

Website: <http://www.kanebo.com/aboutus/glance/>

- **Kose Corporation**

Head Office: 3-6-2 Nihonbashi, Chuo-ku, Tokyo 103-8251, Japan

Website: <http://www.kose.co.jp/global/en/company/info/outline/index.html>

Major Tradeshows

- **Cosme Tokyo 2014** (20 - 22 October 2014)

<http://www.cosmetokyo.jp/en/Home/>

- **Interphex Japan 2014** (2 - 4 July 2014)

<http://www.interphex.jp/en/Home/>

Tokyo office believes that South African products, in particular, niche products, have business opportunities in the Japanese market. This was proven to be right understanding of the market in the Japanese IBM to Professional Beauty 2013 Johannesburg. The Mission Report is work-in-progress. We are positively considering another IBM to Professional Beauty Johannesburg next year of 2014.

Reference:

- Austrade
- Japanese Ministry of Finance

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