



Cosmetics to Japan.

Trends and opportunities

The market

Japan is the world's largest cosmetics market (together with the USA), with skincare and make-up products dominating sales.

Demand for functional products that provide a specific benefit has increased in recent years, especially as consumers are becoming increasingly demanding about value for money.

The cosmetics market in recent years has divided into two separate markets, a high end market and low budget level market. **The higher end market, comprised of top domestic and foreign brands, can usually be found in department stores** and sold over the counter with personal advisors and make-up artists.

The lower budget level market, which has expanded in recent years, tends to exist in supermarkets, convenience stores, and drugstores. These products can also be foreign brands that are in the initial stages of getting recognition in the market, or domestic products that are second brands of top manufacturers. For these reasons, middle range products are finding it difficult to fit in.

Consumers consider skincare to be the most important element of personal grooming. General trends include:

- ✦ Product lines targeting men and babies are becoming more vigorous.
- ✦ Products, especially make-up, become outdated quickly and companies are obliged to improve existing products and launch new ones every season.
- ✦ Lipsticks, with their short fashion cycles are the second most popular make-up items.
- ✦ Shampoo is the leading import by value for hair care. Young consumers drove a significant increase in the use of hair dyes and tonics by both men and women.
- ✦ Sales of deodorants and sunscreens are no longer highly seasonal because of increased awareness of the harm caused by ultraviolet rays, and because many outdoor leisure activities are now available all year round.
- ✦ Foreign products dominate the fragrance sector, but demand has always been low compared to the USA and Europe. Young consumers are leading an increasing interest in perfumes.

Opportunities

Japanese cosmetics companies are actively sourcing innovative products from overseas. Australian cosmetics and beauty products are becoming known for containing pure essential oils and unique natural materials.

Australian cosmetics, especially those made of natural materials, may find opportunities in the following areas:

- ✦ Professional aesthetic and salon products
- ✦ Nail care and enamel
- ✦ Make-up items that highlight the face or body, such as eye make-up
- ✦ Bath salts, milks and other relaxation goods
- ✦ Aromatherapy, body care, skincare products containing essential oils
- ✦ Personal care items for men

Competitive environment

Over 1000 cosmetic manufacturers operate in Japan, including foreign companies, however, it is an overwhelming presence of domestic manufacturers that command the lion's share of the market. Domestic competitors Kanebo, Shiseido and Kao each occupy 10-15 per cent of the Japanese cosmetics market.

Although Japan has a significant market of strong domestic brands, imported brands also play a big part, of which about 63.3 per cent of total imports are comprised of products from France and the USA. Australia is yet to be seen as a major supplier of cosmetics or beauty products, which can be confirmed by the presence of only about 12 Australian brands in the Japanese market.

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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