

THE COSMETIC INDUSTRY IN JAPAN 1963









HISTORY

The history of cosmetics in Japan is very old. We find recorded in the oldest written history of Japan (the Nihon Shoki), where they made a kind of rouge and eye-brow paint in the year 610 A.D.. In the year 690 A.D., Kanzei, a notable Buddhist priest, presented a face powder, made by a method introduced from China, to the Empress Jito. These are said to be the origin of making Cosmetics in Japan.

From ancient times, Japanese have been deeply fond of scent and have enjoyed it by means of smelling odors yielded by burning incense wood. These trees are located in South East Asia and contain a certain resin that by burning, yields a good smell. In 595 A.D. it was discovered that a very good odor was produced from burning a wood floated ashore at Awaji Island and the wood, by historical records, was presented to Prince Shotoku.

This is said to be the origin of "Koh" in Japan. Upon collecting incense wood and giving a name to each wood by its odor, a play has prevailed among people to guess the name of the wood by its scent. This play is called the Koh-Awase (incense game) and the knowledge of incense was regarded as one of the most respectable cultures of that time. Through these records we can easily imagine that cosmetics then, were used only among peers and high society.

In 1603 A.D. Japan was governed by the Tokugawa Dynasty and the center of government was moved to Edo, presently called Tokyo, from Kyoto. From that time on, cosmetics were taken into the homes of all classes of Japanese people. Hair oil, skin tonic, brilliantine and others were dispersed throughout Japan, but the cosmetics then were made by very primitive methods and on a small scale. Only since 1900 has the cosmetic field, as a modern industry, been greatly developed.

Emperor Meiji, well known as the founder of the contemporary Japan, ascended to his throne in 1868, and since then Japan has entered into diplomatic relations with such advanced nations as America, England and other European countries. Japan has eagerly made many efforts to study western civilization and its sciences. As a result, many industries have been encouraged and the medical and chemical sciences have made progress very rapidly and following this surge of progress is the Cosmetic Industry of Japan.

After the First World War, all industry in Japan enlarged and developed

quickly and the Cosmetic industry also continued a prosperous development until 1935. However, then another war broke out, and materials and workers in the cosmetic field were taken away preferentially to munition factories. This brought a temporary decline to the industry and in addition, a high commodity tax was imposed on the industry which almost suspended operations entirely. Furthermore, at that time most of the Cosmetic factories were concentrated in large cities such as Tokyo and Osaka and so many of the factories were demolished by the frequent bomb raids.

After the termination of the Second World War, the Cosmetic Industry was reopened and manufacturers doubled their efforts to bring their products into each and every consumers home. About 1951 the economical condition in Japan was reconstructed and remarkable progress has followed. The national living standard has been gradually improved. The demand for cosmetics has been increasing year by year and new production equipment has been set up. Many research groups were organized for the development of new products and to improve the quality of existing products. Thus the Cosmetic Industry in Japan has once again been restored to activity and has been developing very favorably.

DEVELOPMENT

Make-up relates very much to the way of life, habit, and costume. The Japanese female has naturally used 'make-up' to match the Kimono, (Japanese dress). As to one's clothes, it is common sense that the Kimono is taken from the viewpoint of color rather than its pattern. Naturally, make-up, as a general rule, is used to express a placid beautifulness by simple, continuity of color.

Until about 1930, the Japanese female generally stayed home and did not enter into any occupation. But since about 1950, they have acquired a leisure and freedom and have found their way into many occupations. It is only common sense that women also should have activities and interests outside the home, as well as the male. Doors to University have been opened to them and the co-educational system is wide-spread. Thus, the culture of Japanese women and their social status has been gradually elevated. As a result, most Japanese women now prefer western style clothes to that of Kimonos in their daily, active lives because they are much less cumbersome and less expensive to buy and maintain.

Make-up has come to express individual beauty and has advanced in order to make a rythematical beauty, harmonized from top to toe. From face-powders, rouges and eye make-up to hair dyes the cosmetic manufacturers are constantly making efforts in research for new colors and new ways to use them. However, the skin color of Japanese women is mainly a shade of tan, so the main point in trying to produce cosmetics is to submit unique colors to harmonize with the proper skin color. Also, many Japanese women have dry and delicate complexions, so manufacturers must pay detailed attention to their raw materials, colors, chemicals and perfumes and use only carefully selected materials.

Cosmetology, as well as Dermatology, has shown much progress in the study of Japanese complexions. Cosmetics at present, are subdivided because there are so many categories such as, the consumers age, sex, and condition of skin. Today many toiletries for men can be seen on the market also.

SALES

From 1951 to 1962, the sales of perfumes and cosmetics in Japan, was as follows: The quantity of sales is the manufacturers price, including commodity Tax. (In units of thousand Yen or U. S. \$ 2.78)

Year	Amount	Rate Increased
1951	12,193,639	
1952	14,881,770	22.0%
1953	17,708,892	19.0 "
1954	20,470,295	15.6 "
1955	23,630,064	15.4 "
1956	26,699,824	13.0 "
1957	31,595,909	18.3 "
1958	36,501,811	15.5 "
1959	40,385,649	10.6 "
1960	45,769,668	13.3 "
1961	51,450,667	12.4 "
1962	63,383,495	23.2 "

As the above list shows, the sales of perfumes and cosmetics is continuing a steady increase year by year, especially in 1962, it was striking.

Some of the reasons for the increased demand for toilet articles are

as listed below :

1. Elevation of the national living standard.
2. Increased income of women and new social status.
3. Newly aroused interest in cosmetics through the appearance of distinctive products.
4. Modern containers and packing materials.
5. Manufacturers expediting sales by enthusiastic advertising.
6. A reduction in the commodity tax.

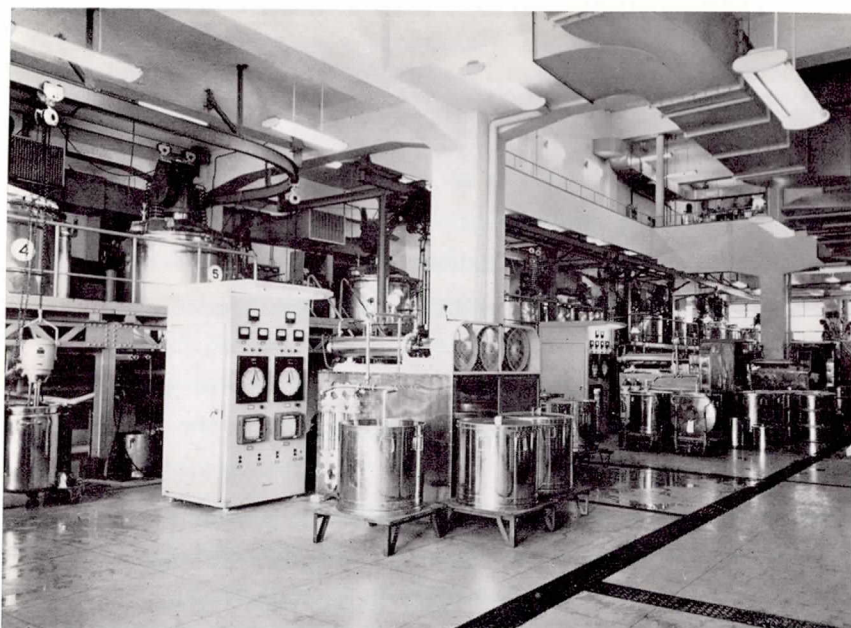
The sales of cosmetics in the urban areas is prosperous, but on the contrary, in rural districts such as farming and fishing villages, the consumption is limited and in the future we shall attempt to increase further sales in this sphere of the market.

In 1962, the total population of Japan was estimated at 95,760,000 and the amount of cosmetics consumed per person was approximately ¥662 or US \$1.84 for that year (at manufacturers price). Although the demand for cosmetics in Japan is increasing rapidly, compared to that of other advanced countries, it is still very low.

1962 SALES

Name of Product	Net Quantity (Kg)	Amount (thousand Yen)
Vanishing Cream	1,999,717	6,480,643
Cold Cream	1,557,986	6,456,000
Cleansing Cream	1,157,568	2,763,306
Liquid Cream	2,673,914	4,803,068
Make-up Base	591,690	3,603,982
Skin Lotion	4,621,395	7,054,061
Eau de Cologn	397,897	918,792
Hair Pomade	2,012,790	2,805,831
Hair Cream	1,415,799	1,589,052
Hair Oil	619,134	875,252
Stick Brilliantine	542,593	1,025,265
Hair Tonic	1,994,488	2,211,175
Hair Spray	2,855,221	2,431,159
Setting Lotion	533,966	256,440
Face Powder	303,548	1,582,091

Manufacturing equipment of cosmetics



A part view of a



A part of laboratory in cosmetic manufacturers.



a cosmetic factory



Name of Product	Net Quantity (Kg)	Amount (thousand Yen)
Compact Face Powder	409,712	3,592,495
Other Face Powder	78,805	183,298
Lipstick	58,519	2,689,795
Rouge	11,894	372,609
Eyebrow Pencil, Mascara	13,622	450,660
Eye Make-Up	22,855	637,561
Manicure Preparation	105,099	484,434
Perfume	53,812	1,306,471
Others	2,187,163	3,318,621
Men's Toiletries	849,522	1,667,110
Medicated Cosmetics	1,687,984	3,824,320
Total :	28,756,693	63,383,495
		or U.S. \$176,065,264.

As the above list indicates, the demand for face cream is very high, while perfumes are very low. Regarding hair preparations, Pomade which is a unique hair dressing to Japan and is made with Castor Oil and Wax, has enjoyed overwhelming popularity and just lately demands for Hair Creams and Hair Sprays have also been increasing. The use of make-up preparations is also increasing gradually and compact face powders have many regular users. Dentrifrice was not included in the above list, but sales in 1962 were as follow : (In units of thousand Yen)

Product	Sales (thousand Yen)
Toothpaste	8,456,365
Toothpowder (pressed)	3,315,195
Toothpowder	135,398
Total :	11,906,958
	or US \$ 33,074,883.

MANUFACTURERS

In Japan, a license from the Pharmaceutical & Supply Bureau of the Health & Welfare Ministry, is required to produce cosmetics and at present,

there are 965 registered manufacturers.

Of these 965 companies, about 300 are members of the Japan Cosmetic Industry Association.

DISTRIBUTION SYSTEM

The distribution of cosmetics is divided into three categories, i. e.- General Distribution, Franchise system (selected store basis) and House to house sales.

General Distribution includes the wholesalers. There are about 1200 of these firms that deal mainly with soap, dentifrice articles and cosmetics.

The Franchise System is a means whereby the Manufacturer establishes his own sales company and sells directly to selected retail stores.

The third way is the system of selling directly to consumers through the Manufacturers own salesmen via house to house appeal.

At the present time, all of the above mentioned systems are used in promoting sales.

OUTLETS

Some of the outlets for retail cosmetics are at shops specializing in ladies accessories & cosmetics, department stores, drugstores, discount houses and others, with the exception of house to house sales. The number of cosmetic retail shops in Japan is estimated at about 70,000.

Results of recent investigations in Tokyo to determine where the majority of cosmetics were sold, are as follows :

Stores specializing in ladies accessories & cosmetics	57.2%
Drugstores.....	12.0%
House to House	10.7%
Department Stores	8.8%
Discount Stores or Super Market	3.3%
Consumers Co-operative Unions	3.2%
Others	4.8%
	100.0%

Profits are distributed whereby the Wholesaler receives from 10% to 15% of the cost price and the Retailers gain from 25% to 30% of the total retail price.

To help increase sales within a limited period of time, in the case of the general distribution system, occasionally when a person buys a dozen of the same commodity, a complimentary gift is offered of the same commodity.

The accounts with Wholesalers are usually paid by bill of deferred payment with terms of either 60 days to four months and cash payment is almost nil, but payment from the retail shops, at the end of each month is almost entirely cash with an occasional draft.

FAIR TRADE LAW

In 1953, the law regarding prohibition of private monopoly and security of Fair Trade was revised, and the cosmetic industry, which is subject to severe competition among manufacturers, has been permitted to formulate an agreement between Manufacturer-Wholesalers and Wholesalers-Retailers to maintain the resale price. However, the law has not provided to restrain non-signers, so it causes a lot of trouble to exchange the agreement with retailers all over the country. Furthermore, as Consumers Co-operative Unions and Labor Unions are excluded from the agreement, it does not have much effect in districts where such Unions exist. At the present time, only 30 Manufacturers have this agreement with the Wholesalers and Retailers.

As for the franchise system, the number of retailers is limited and the route of distribution is clearly defined so that the price is maintained firmly, but in the case of the General Distribution system, the route of circulation is not yet systematized so sales at extremely low prices continue between retail shops.

Lately many superlets and discount houses of the selfservice type, have appeared and they sell cosmetics at such low prices that many conflicts have broken out with retail shops.

GOVERNMENT REGULATIONS

The cosmetic manufacturer is guided by the Pharmaceutical Affairs Law. The law is modeled after the F.D.C. Act of the United States, but the details differ. According to Japanese law, cosmetics are defined as follows :

"The term 'Cosmetic' means articles intended to be rubbed, poured, sprayed, or by similar means applied to the human body for cleansing, beautifying, promoting attractiveness, altering the appearance, or keeping one's skin and/or hair healthy, but which does not possess medicinal qualities per se."

The above underlined part was inserted at the manufacturers request when the law was revised two years ago.

Ninety kinds of Coal-Tar colors are approved for use in cosmetics. Of these ninety, some of them are included in the F.D.C. Act of the United States and some are not.

For Drugs and Cosmetics	29
For Drugs of external use & Cosmetics	45
For Drugs of external use & Cosmetics except for use on sensitive skin areas	16

Mis-representation in advertisement of Cosmetics is regulated very strictly. Cosmetic manufacturers must express the name of the article, name & address of the manufacturer, and the net weight or quantity, directly on the container. Because of this provision to express the Manufacturers name and address, the private label companies cannot make much development in Japan.

In the case of producing and selling a new cosmetic product, it is necessary that the manufacturer make the application to get approval for the manufacturing of the new article together with its formulation. Without this approval it is prohibited to put the article on sale.

RAW MATERIALS

The use of methyl alcohol for cosmetics is prohibited and such combination medicines as hormones, vitamins, anticeptics, germicides and others have also detailed regulations for the kind and quantity.

A few years ago efforts were begun to standardize the use of Raw materials in Cosmetics by the Japan Cosmetic Industry Association and its examination for the most part is almost finished and it is expected to be made public in 1963.

Alcohol belongs to one of the government monopoly articles. Alcohol for cosmetics as industrial material is exemptd from the alcohol tax, but

it is required to mix the following ratio of chemicals with alcohol per 180 liters.

a. Geraniol	400 grams
b. Sucrose Octa-acetate	500 "
c. Phenyl ethyl Alcohol	700 "
d. Phenyl ethyl Alcohol & Isopropyl Alcohol	500 " 5 kilograms
e. Linalool & Isopropyl Alcohol	400 grams 5 kilograms
f. Diethylphthalat	12 "
g. Linalyl Acetate	400 grams
h. Benzyl Acetate	400 "

Recently a particularly excellent alcohol has been produced. In using this special class alcohol, it is permissible to mix 200 grams of geraniol or 350 grams of phenyl ethyl alcohol but this is specifically for qualified manufacturers only.

COMMODITY TAX

The Commodity tax (excise tax) reached its highest peak of 120% during the war, but since then it has gradually been decreasing and at the present time the following tax is imposed on the sales price of manufacturers at the time of shipment from their factories.

Perfume, Nail Enamel	10%
Other Cosmetics	5%
Shampoo, Baby powder,	
Dentifrice, Hand Cream	No Tax

The manufacturers are presently endeavoring to abolish this tax by the reason that cosmetics are indispensable to daily living.

EXPORTS

The amount of cosmetics exported, including dentifrices, from Japan in 1962 was as follows: (In units of thousand Yen)

Destination	Amount	Destination	Amount
Ryukyu	516,621	Fed. of Malaya	29,473

Hong kong	129,526	South Vietnam	27,419
Singapore	90,266	Saudi Arabia	14,394
Korea	58,270	Nigeria	13,519
Thailand	40,498	Philippines	12,380
Lebanon	37,308	Ceylon	12,305
Kuwait	33,784	Cambodia	10,113
U.S.A.	30,392	Italy	6,852
Pakistan	6,332	Libya	4,876
Syria	6,210	Ethiopia	4,309
Aden	6,138	Cameroon	4,107
Mariana,	}	South Africa,	3,487
Marshall,		Others	77,767
Caroline Islands			
	5,129	Total:	1,181,475
		or U.S.	\$ 3,281,875.

IMPORTS

The amount of cosmetics and dentifrice imported into Japan for the same period was as follows: (In units of thousand Yen)

From	Cosmetics	Dentifrice	Shampoo	Total
U.S.A.	104,240	120,475	4,736	229,451
United Kingdom	9,121	26,330	372	35,823
France	43,063	408	384	43,819
West Germany	8,619	65		8,684
Switzerland	217			217
Panama	795			795
	167,005	147,278	5,456	318,789
			or U.S.	\$ 885,525

The import of dentifrice and soap is now free, but all other cosmetics are under government regulation. However, cosmetics are anticipated to be freed this fall or at least by next spring.

Japan Cosmetic Industry Association

Japan Cosmetic Industry Association is the organization formed by

about 3 hundred companies of cosmetics manufacturers as its members. The association intends to attain such objects as follows :

- (1) To make intimate friendship among the members.
- (2) To promote progress of common interests for the member's business.
- (3) To make clarify opinions of members and make request to the authorities concerned with the industry.
- (4) To make contributions for stability of national life by the development of cosmetic industry.
- (5) To make elevation of quality of cosmetics.

For attainment of above mentioned purpose the association is always making incessantly best efforts through many activities. Hereafter, the association hopes for making close connection with cosmetic manufacturers organizations of overseas and promotes intimate friendship with them.

Name of the Association

Japan Cosmetic Industry Association

(Nihon Kesnohin Kogyo Kai)

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