

Business memo with documented

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Business Memo with Documented Research Estée Lauder Cosmetic

Incorporation Internal Memo June 18, Insert CEO's Name

From: Insert Name

Subject: Country Report

In response to your quest, I have researched on the prevailing economic, political, business and cultural conditions in Japan. Expansion of Estée Lauder Cosmetic Incorporation to Japan is a stratagem to embrace since the country provides a favorable environment, politically and economically, for the flourishing of the company.

Economic Environment

In reference to CIA World Fact Book (2012), Japan's economy is the second most developed economy and the third largest economy in the world. Over the last one year, its Gross Domestic Product has grown by 2.70 percent. The economy has a high Gross Domestic Product per capita. According to the International Monetary Fund (2012), Japan's Gross Domestic Per capita for 2011 was 34,600 US dollars. This provides a high market for Estée Lauder Cosmetic Incorporation's products in Japan.

Japan has a low unemployment rate of 4 percent and a low average inflation rate of 2.1 percent. Japan's economy is exceedingly proficient and competitive in fields associated with international trade. Over the three past decades, Japan experienced a rapid economic growth (Karan, 2010). There is a high rate of investments by other foreign companies in the country thus providing a wider market for Estée Lauder Cosmetic Incorporation products. Japan is home to 68 of the 500 most developed companies in the world. Tokyo, the capital city, is the leading metropolitan economy in the world.

With its aging and high income population, Estée Lauder Cosmetic Incorporation is assured of market for its products.

Political Environment

According to the CIA World Fact Book (2012), Japan is under a constitutional monarchy headed by a Prime minister. Customarily, the cabinet ministers rely on bureaucrats for policy schemes and legislature drafting. The cabinet ministers control the issuance of trade licenses, and authorize and controls business activity in the country. The function of government institutions in Japan's economy has been reforming over the past years. The government freely permits all foreign exchange transactions to and from Japan. These foreign transactions also include the interests, transfers of profits and dividends, royalties and fees, repayment of principal and repatriation of capital. Formal sanctions on the allotment of foreign exchange and the majority of limitations on foreign investment have been eliminated (Karan, 2010). This presents Estée Lauder Cosmetic Incorporation with an opportunity to trade freely and effectively in the country.

Business Environment

As indicated by the International Monetary Fund (2012), Japan is highly developed. Japan's Cosmetic market is the second largest market in the world. This market augmented by 170 percent since 2000. This market is highly potential and highly competitive. According to Yano Research Institute (2010), Japanese consumers prefer high quality foreign products, well-sounding brands, less scented products, light and bright colored products and skin caring products. Decision makers from Japanese esthetic, chain salons and nail, distributors, manufacturers, retailers and import trading

companies are in search of inventive products, most recent techniques and newly-introduced services to be introduced to Japan. Estée Lauder Cosmetic Incorporation has highly skilled and innovative staff to satisfy end this search for innovative products. Deregulation of cosmetics imports in 2010 is a crucial factor behind the increasing value of cosmetic imports. Moreover, retailers dealing in other products outside cosmetic products are involved in the importation of cosmetic products. This provides Estée Lauder Cosmetic Incorporation with an opportunity to incorporate the retailers in its distribution channel. Japan has a high average of 242 US dollars per person spent on cosmetic products. According to Yano Research Institute (2010), certain cosmetics are considered vital by consumers, and they are willing to spend much on them. Japan women consider cosmetics as a daily necessity. This presents Estée Lauder Cosmetic Incorporation with a market opportunity.

There are several trends and opportunities in Japan cosmetic business environment that can benefit Estée Lauder Cosmetic Incorporation. Japan's population is characterized as aging with more than 30 percent of the population being above 60 years (Karan, 2010). This provides a market for such products as the hair dyes and premium skin care products. In addition, the Japanese populace is willing to pay anything for products that can reduce signs of aging.

References

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