

Marketing assignment

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Market Profile for Cosmetics/Skincare/Toiletries in the Taiwan Market 1

MARKET STRUCTURE 1. 1 Size 1 The size of Taiwan's cosmetics, skincare and toiletries market is estimated at around NZ\$4 billion a year. Major consumers are females aged between 20 and 39 and the average amount of money spent by a woman with purchasing power is around NZ\$700 a year. Skincare products constitute the biggest share (48 percent) of the overall cosmetics, skincare and toiletries market. In terms of product function, skin whitening, anti-aging and moisturiser are the three most popular products.

Anti-aging products are around 30 percent of the skincare product market. In the past few years, the growth of antiaging products has been around 60 percent per annum. 1. 2 Market Trends 1. 2. 1 Products In recent years, market trends suggest the following products have the strongest potential. ??? Anti-aging products. ??? Cosmeceutical products (cosmetic products that are claimed, primarily by those within the cosmetic industry, to have drug-like benefits). ??? Men's grooming and skincare products. There has been significant increase in consumption by males in Taiwan in recent years.

The market size is around NZ\$40 million a year. Major consumers are males aged between 25 and 35. It is expected this market will continue to grow strongly. While every effort is made to ensure the accuracy of the information contained herein, New Zealand Trade and Enterprise, its officers, employees and agents accept no liability for any errors or omissions or any opinion expressed, and no responsibility is accepted with respect to the standing of any firms, companies or individuals mentioned. New Zealand

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New Zealand Trade and Enterprise 1 1 1. 2. 2 Prices High-priced products are likely to be affected by the recent economic downturn. Instead, products with good to excellent quality but at a reasonable lower price, offering value for money, are likely to generate better sales. 1. 2. 3 Retail distribution Traditional distribution channels, for example department stores, are likely to be impacted negatively as a result of the economic downturn. However, beauty and drug stores such as Watsons and COSMED, are likely to benefit from the downturn.

Also, as a result of the economic crisis, people are expected to stay home more than to go out shopping. Online and home shopping that provides convenience and products at cheaper prices are likely to attract more consumers. 1. 2. 4 Penetrating China markets through online shopping The establishment of direct air, shipping and postal links between Taiwan and China is expected to benefit Taiwan's online and home shopping businesses. Cosmetics, skincare and toiletries products are one of the top three best sellers among all Taiwan online and home shopping channels.

Products made in Taiwan are perceived by mainland Chinese as having better quality. Knowledge of beauty and skincare is also more advanced in Taiwan than in China. 1. 3 Known Factors Influencing Growth Rate Relative to other Asian economies Taiwan enjoys a strong average per capita income of around US\$17, 500 a year. In Taiwan rising living standards and wider consumer choice, as well as changes in consumption patterns, have been

accompanied by growth and added sophistication in retailing and strong competition between over 50 department stores, 40 hypermarkets and 9000 convenience stores island-wide.

Advertising to create and raise brand awareness has been a major influence in the growth of the cosmetics market. Due to the economic crisis in 2008-09, it is expected that the overall cosmetics, skincare and toiletries market in 2009 could have zero or even negative growth. 2 COMPETITIVE

ENVIRONMENT 2. 1 Major Players in the Market Foreign brands enjoy a strong market position and hold 94 percent of the cosmetics, skincare and toiletries market in Taiwan. Japan is the biggest supplier followed by the United States, France, the United Kingdom, Germany and Switzerland. New Zealand is a minor player, ranked 24th.

International brands such as Shiseido (the market leader which has 11 percent of the Taiwan market), Clinique, Estee Lauder, Lancome, Elizabeth Arden, Max Factor, New Zealand Trade and Enterprise 2 Christian Dior, Bobby Brown and Shu Uemura are the leaders at the high-end of the cosmetics market. There are some domestic brands in the medium-priced levels, but foreign brands are still dominant overall. An increasing number of local brands, for example FORTE, have entered the market and are performing very well with strong promotional campaigns. 2. 2 Marketing Strategies

It is important to appoint a good agent or distributor as your partner to develop the Taiwan market together with appropriate backup support through product launches, education seminars and ongoing promotional and

after-sales support. 2. 3 Distribution Channels Distribution channels in Taiwan include traditional physical and emerging virtual channels.

Traditional physical distribution channels include health and beauty stores, beauty salons, department stores, supermarkets, hypermarkets and convenience stores. Emerging virtual channels include multi-level marketing, catalogue ordering, internet shopping and television-home shopping.

Like many other countries, physical distribution channels are very expensive in Taiwan. Virtual channels are relatively inexpensive in comparison.

Therefore, there is an increasing trend in Taiwan to first launch a product through virtual channels then once it generates high profile, awareness and/or positive consumer feedback, it is gradually rolled out to physical channels. There is no "best" channel, either physical or virtual, for any New Zealand product. When selecting the channels, exporters need to consider how they wish to position their products in the market as well as the local shopping patterns. REGULATORY OVERVIEW 3. 1 Duties/Taxes Import duties range from zero to 15 percent on a cost, insurance and freight (CIF) basis. Where the HS code/tariff number is known, tariff rates can be obtained by searching the websites of the Taiwan Directorate General of Customs, Ministry of Finance: <http://web.customs.gov.tw/rate/rate/esearch.asp> or <http://eweb.customs.gov.tw/lp.asp?ctNode=6488&ctPage=735&ctArea=7> Where the classification is not known or clear, Taiwanese importers can help and if necessary write to the relevant authorities to get a formal determination or opinion.

New Zealand Trade and Enterprise 3 3. 2 WTO Accession Taiwan's accession to the WTO in January 2002 has been beneficial for consumers and importers <https://assignbuster.com/marketing-assignment-essay-samples-4/>

of cosmetics. Import duties on many types of cosmetics are being progressively reduced, some down to zero. 3. 3 Regulatory and Licensing Restrictions or Difficulties There are two categories of cosmetics for regulatory purposes: common/general and medicated. The Taiwan Department of Health (DOH) has different requirements for registration under each category.

The product claims and the ingredients are the key factors that determine which category a particular cosmetic will be classified under. Only a very small number of laws and regulations relating to cosmetics are available in English. Exporters who are interested in further studying the laws and regulations can visit the website of the Taiwan Department of Health: http://www.doh.gov.tw/cht2006/index_populace.aspx or http://www.doh.gov.tw/EN2006/DM/DM_CLASS.aspx?class_num=29&class_no=391&now_fod_list_no=9102&vel_no=1 For further questions, please check with New Zealand Trade and Enterprise. . 4 Import Restrictions All cosmetics, skincare and toiletries and ingredients that make use of the tissue of ruminants from countries affected by mad cow disease or foot and mouth disease are banned. This applies to both finished products and bulk ingredients from such countries. Currently those affected in this way are Britain, Canada, Ireland, France, Switzerland, Portugal, the Netherlands, Belgium, Luxembourg, Liechtenstein, Denmark, Spain, Germany and Italy. If a product does not contain tissue of ruminants from such countries it will not be banned. 4 RECOMMENDED STRATEGIES 4. Possible Points of Differentiation for New Zealand Companies Lanolin-based skincare products from New Zealand are well known, but New Zealand's market share for <https://assignbuster.com/marketing-assignment-essay-samples-4/>

lanolin skincare products is declining with growing competition from Australia. Some consumers have the impression that lanolin-based products are good for the winter season only and this impacts on growth. The market is forecast to show an increasing awareness of “ natural products”. The key competitive advantage for New Zealand is its image as a source of “ clean and green” raw materials and the existence of stringent processing regulations.

This means New Zealand has good market positioning potential in Taiwan in terms of supplying “ natural” products. Statistics show that there is an increasing number of New Zealand-made skincare products and aromatherapy products sold in Taiwan. New Zealand Trade and Enterprise 4. 2 Tactical Recommendations on Market Entry International players in the cosmetics industry have built high market entry barriers in Taiwan by spending billions of dollars in brand building through promotional activities such as massive advertising campaigns, free samples and seminars. This makes it harder for new products to get established.

Although the market is dominated by a number of international brands, there are still opportunities for products with special characteristics, for example products that have a “ natural” or “ clean” image. New Zealand niche brands could build on this image and position themselves as alternatives to major brands. If an exporter is first seeking an agent or distributor, the New Zealand Trade Development Centre (NZTDC) can arrange meetings with potentially interested partners. Distributors with appropriate support are critical to sustaining the necessary product promotions to retailers and consumers. 4. Recommendations on Long-Term Strategic Issues for <https://assignbuster.com/marketing-assignment-essay-samples-4/>

Exporters to Consider Regardless of any short-term market downturn as a result of the recent economic crisis, in the long term, the cosmetics, skincare and toiletries market should continue to grow as an important part of discretionary spending which will continue to attract massive brand building campaigns from international suppliers. Where New Zealand can offer a new or different product with demonstrable advantages, niches could be developed. Prepared by: New Zealand Trade Development Centre, Taipei
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