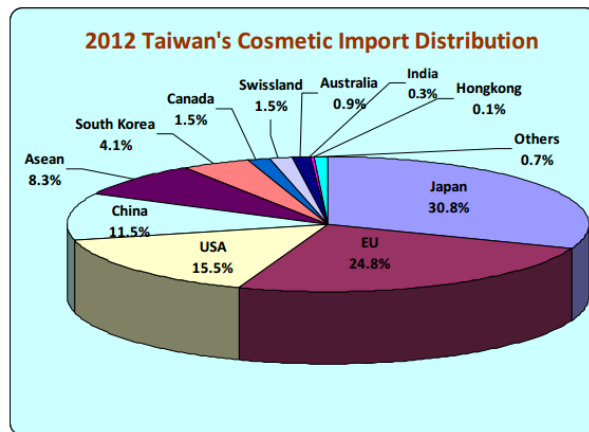
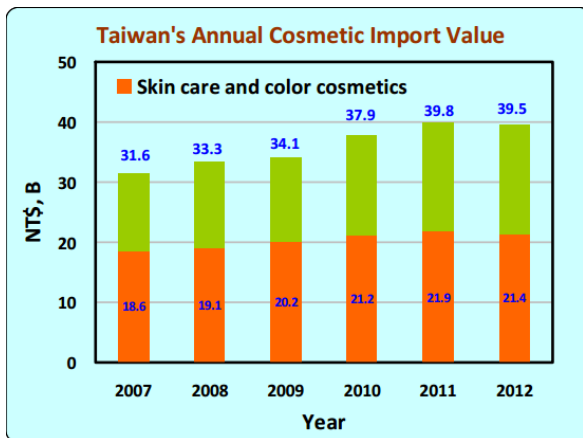


# Cosmetic Market in Taiwan

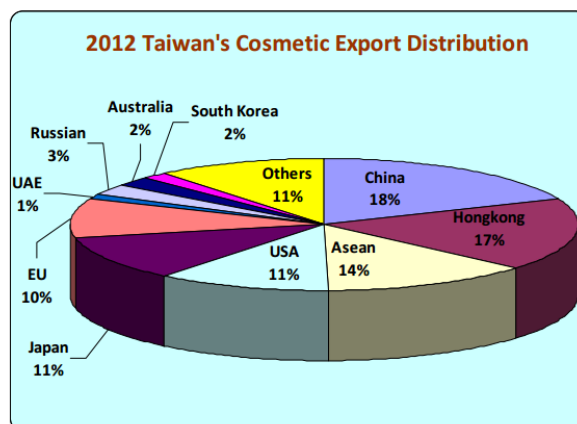
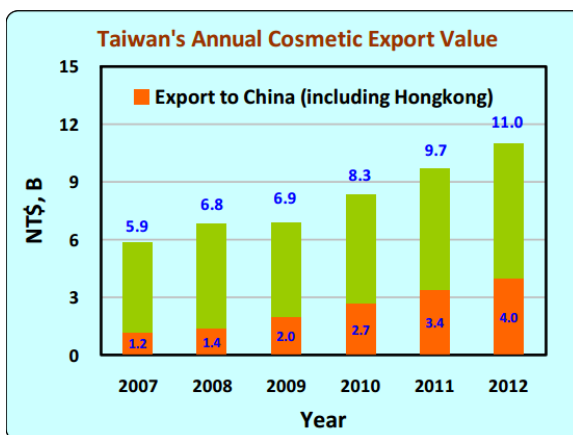
## Taiwan's cosmetic imports

- Taiwan's domestic cosmetic market size was about NT\$100 billion in 2012<sup>1</sup>, of which NT\$ 39.5 billion was from imports. The largest import was from Japan, followed by EU.
- Skin care and color cosmetics were the major imported items (>50%).



## Taiwan's cosmetic exports

- Taiwan's cosmetic export was NT\$ 11 billion in 2012
- Taiwan's export is growing strong: 87% growth from 2007 to 2012: +13% CAGR
- China (including Hong Kong) is Taiwan's largest export country: 241% growth from 2007 to 2012 (+28% CAGR)



<sup>1</sup> 1 TDW = 0.0319 USD, December 2014. [Source](#)

## Beauty and Personal Care Market trends for 2015 in Taiwan

- **More new brands are launched by leading companies**  
Leading international brands have gradually concentrated on multi-brand strategies, with mass offerings. With the economic slowdown, Taiwanese consumers prefer low priced and high performance products. These promotional strategies aim to attract younger and more price-sensitive consumers.
- **Gradual expansion of the target audience**  
Consumers are starting to use skin care products at an earlier stage of their lives. Convenience and ease of use enable consumers to shop online. Male consumers not only purchase skin care but are also keen on products that are functional and seasonal. Influenced by trends in South Korea, Taiwanese consumers are increasingly buying color cosmetics, such as mascara, eye liner/pencil, and lip care.
- **International brands monopolize sales**  
Taiwanese consumers tend to purchase well-known brands, because they have a strong brand image, and their longstanding presence in the country has gained consumers' confidence.
- **Beauty specialist retailers dominate sales of beauty and personal care**  
Beauty specialist retailers accounted for the largest sales of beauty and personal care. This channel benefits from offering the lowest prices, annual discounting activities, complete product ranges and professional service to help consumers.
- **Natural concept influences product innovation and development**  
Safe and environmentally-friendly ingredients attracted the attention of consumers with sensitive skin and more consumers are willing to spend on better quality and safer products. Manufacturers are expected to increase the price of their natural and organic products, and increase their sales in value terms<sup>2</sup>.

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<sup>2</sup> [Source](#)

## Watsons Taiwan setting trends

Back in 2011, Watsons, the biggest cosmetics and pharmacy retailer in Taiwan, started its online business on Yahoo Shopping Mall platform. In 2014 they are ready to build their own online store and mobile app to better understand their online clients as well as creating an edge for itself.

- **Customer Loyalty**

Members of Watsons loyalty program purchase 25% more than non-members. This gap shows the high brand loyalty of members, and for this reason Watsons promotes their membership card. By enlarging and building their membership databases, Watsons will understand more about shoppers' behaviors and anticipate their interest.

- **Mobile Commerce**

Customers can now store their membership card in the mobile app and check their credit on their smartphone. This solves the inconvenience of having too many cards in their wallet. In addition users get sales promotion and new product information via the app, and are able to share it with their friends or add it to their shopping list. Watsons customer can also scan products through their cell phone camera, to find information and buy things from anywhere.

- **Bricks and clicks**

At most retailers, the in-store shopping experience remains remarkably outdated. Most shoppers and retailers alike are frustrated with the amount of time and manual work required to get to the final step. Watsons, however, has addressed this by integrating and offering its shopping experience both online and offline. In the future, Watsons plans to introduce tablets as part of their inventory management chains. This can simplify employee working procedures, giving them up to 85% more time to serve their customers.<sup>3</sup>

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<sup>3</sup> [Source](#)

## Cosmetic Classification in Taiwan

- Medicated cosmetics containing medicine or potent medicinal ingredients on the positive list require a pre-market approval (including for sunscreens, hair dyes, perms, and antiperspirant deodorant and teeth-whitening products).
- General cosmetics NOT containing medicine or potent medicinal ingredients on the positive list do NOT require a pre-market approval<sup>4</sup>.

### Comparative cosmetic classification<sup>5</sup>

<b>EU</b>	Drugs	cosmetics	
<b>ASEAN</b>	Drugs	cosmetics	
<b>USA</b>	Drugs	cosmetics that are also OTC drugs	cosmetics
<b>Japan</b>	Drugs	Quasi drugs	medicated cosmetics
<b>Korea</b>	Drugs	Quasi drugs	functional cosmetics
<b>Taiwan</b>	Drugs	Medicated cosmetics	General cosmetics
<b>China</b>	Drugs	Special usage cosmetics	General cosmetics

<sup>4</sup> But must comply with all hygiene standards and other regulations including: Label requirement (Cosmetic Hygiene Control Act, Article 6), advertisement approval and claim restriction (Cosmetic Hygiene Control Act, Article 24)

<sup>5</sup> [Source](#)