

BEAUTY > BEAUTY FEATURES

## Kosé Sets Its Sights on Global Expansion

The Japanese beauty company is looking to quadruple its U.S. business by 2026.

By **Jenny B. Fine**

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Kazutoshi Kobayashi

Kosé, **Japan's** third largest **beauty** company, is no stranger transforming adversity into advantage.

The company was founded in 1946, just after World War II, by Kozaburo Kobayashi, who wanted to bring hope to the war-torn country. Today, it is helmed by his grandson, Kazutoshi Kobayashi, who took over as president and chief executive officer in 2007 — shortly before the economic recession of 2008 and who helmed the business through **Japan's** devastating earthquake of 2011.

So little wonder that not only is Kobayashi not daunted by the impact of COVID-19 on Kosé's business, he sees it as an opportunity to expand.

“History has told me that whenever there were difficult times, after overcoming them, there will be a chance for growth,” said the CEO, during a wide-ranging interview in August in the company’s Tokyo headquarters. “Even with the pandemic, I see a positive impact for us to once again do so.”

While Japan has been particularly hard hit by the pandemic, with the country largely closed to tourism for almost three years, Kobayashi sees changing consumer mores as a reason to be optimistic about the future of **beauty**.

“Women are rethinking what cosmetics are for. In the past, makeup was to be seen and from a mannerism point of view, to make yourself look good,” Kobayashi said. “With the pandemic women, have started to view cosmetics as something they wear for themselves. As a result, makeup is making a comeback and skin care has also seen a positive impact.”

Kosé’s results thus far this year bear Kobayashi out. For the first half of the year, sales were 130.6 billion yen, up 4.4 percent, while operating profit increased more than 80 percent to 7.2 billion yen.

Geographically, sales in China suffered due to the continued lock-downs there, but Kosé’s luxury brand, Decorté did well in Japan, and the travel retail business in South Korea improved. In North America, the company reported strong sales, but lower-than-planned operating profit. In total, Kosé’s portfolio encompasses 38 brands sold in 34 countries.

Kobayashi said he is anticipating a fuller recovery in 2023, as lockdowns across Asia hopefully ease, and the company has put together an ambitious plan called Vision of 2026 that lays out a strategy for growth.

While Kobayashi said the plan’s sales target of 500 billion yen could be a stretch and is contingent on the return of Chinese travelers, he enumerated other targets for growth and globalization that are predicated on successes notched during the pandemic.

“We know we can push further in the U.S. and European markets,” he said, “and also raise our percentage of sales from ecommerce, as well as launch new channels.”

The U.S. is a key focus, and is being led by Sharon del Valle, general manager of Kosé America. The division has a series of ambitious launches planned for the next year, starting with the introduction of Clear Wellness from Sekkisei. The line features a Gentle Wash, Balancing Liquid, Softening Milk and Water Shield Cream, with prices ranging from \$24 to \$38.

**Sekkisei’s new Clear Wellness range.**

“It leverages everything consumers are looking for — clean formulations, sustainable bioplastic packaging and Japanese expertise,” del Valle said. “Consumers are overwhelmed and want a more simple approach to skin care, but also one that is going to be effective.”

Del Valle anticipates the range will appeal especially to Gen Z and younger Millennials, and noted that it will contribute disproportionately to Kosé’s goal of quadrupling the U.S. business by 2026.

As ambitious as that number is, Kosé believes statistics bear out its optimism. The company notes that search interest in the U.S. for Japanese beauty is at its highest peak in five years, with the terms Japanese Beauty, J-beauty and Japanese Skincare showing year-over-year search increases of 17, 24 and 32 percent respectively, according to data from Google.

Another key driver, both in Japan and in the U.S., is Decorté, Kosé’s luxury-priced line that was first introduced in 1970. It’s most recent launch, Liposome Advanced Repair Serum, introduced last year, quickly became the bestselling serum in Japanese department stores, outpacing Shiseido’s Ultimune, Lancôme’s Générique and Estée Lauder’s Advanced Night Repair, according to statistics provided by the company. “This is a hero product that is going to help us penetrate other markets,” said Kobayashi, noting the product received more than 90 beauty awards in Japan alone.

In the U.S., the brand is sold at Saks and just launched on bloomingdales.com as well as its own website. Actress Brie Larson is its brand ambassador, with a new campaign set to debut in the fourth quarter of this year.

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Del Valle is also looking at unconventional ways to drive Decorté’s business. The brand is doing a pop-up with Tootsie’s, a high-end women’s clothing store in Houston, for example. “We want to give people the opportunity to explore and have a high-touch experience at different moments,” she said. “It’s all about who is the consumer and finding like-minded partners.”

Next year, the company has plans to introduce Addiction Tokyo, a trendy makeup line under the creative direction of Kanako Takase. This will mark the brand’s first expansion outside of Japan.

Kosé is also placing a greater emphasis on global beauty trends when launching products. For example, Decorté’s upcoming foundation launch, called Zen Wear is being introduced with 40 shades. “Our product development process is much more outward focused. We are not just Japan first anymore,” said Kobayashi, noting the company has integrated lessons learned from Tarte, the indie makeup brand it acquired in 2014, into the broader enterprise.

That spirit imbues all aspects of the company, as the 76-year-old company looks to solidify its standing in the global beauty scene. “Cosmetics are part of fashion. Fashion is moving fast and we feel that cosmetics will follow suit,”

Kobayashi said. “We started as a family-owned company, and the upside of that is being able to look mid- to long-term in terms of planning,” he continued. “At the same time, though, where the decision-making process is concerned, it’s important to take action immediately. We don’t want to miss any opportunities.”

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