K-BEAUTY
Dominance in ASEAN;
SUCCESS & LIMITATIONS

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Korean Cosmetic Industry
1. World & Korean Cosmetic Industry

01 World Market Size

- 2014: $405 Billion
- 2018 (est.): $467 Billion
- Growth: 15.4%

(Ref. World Beauty & Personal Care Euromonitor, 2017)

02 Global Market Size Rankings

1. USA: 18.8%
2. China: 12.3%
3. Japan: 7.4%
4. Brazil: 6.9%
5. UK: 4.2%
6. Germany: 3.8%
7. France: 3.3%
8. India: 2.9%
9. Korea: 2.7%
10. Italy: 2.3%

(Ref. Euromonitor, 2017)
1. World & Korean Cosmetic Industry

### 06 Korean Cosmetic Export

Ref. Korea Customs Service, KCII, 2018

- Export(1st Half) numbers are based on Korea Customs Service HS code 33, so it could affect an actual number.

Growing Constantly despite political issues

(Unit: Billion $)

<table>
<thead>
<tr>
<th>Year</th>
<th>Export(A)</th>
<th>Export(B)</th>
<th>Export(1st Half)</th>
<th>Export Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.3</td>
<td>1.2</td>
<td>2.9</td>
<td>0.8</td>
</tr>
<tr>
<td>2014</td>
<td>2.9</td>
<td>597</td>
<td>8.7</td>
<td>8.7</td>
</tr>
<tr>
<td>2015</td>
<td>1.4</td>
<td>793</td>
<td>0.8</td>
<td>-5.5</td>
</tr>
<tr>
<td>2016</td>
<td>1.4</td>
<td>1.9</td>
<td>18.4</td>
<td>14.8</td>
</tr>
<tr>
<td>2017</td>
<td>1.4</td>
<td>1.9</td>
<td>2.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Import Growth: 4.9 %

Export Growth: 43.7 %
## 1. World & Korean Cosmetic Industry

### Global Cosmetic Export by Countries (2016)

(单位：千美元)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Export Amount</th>
<th>CAGR (5yr/%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FRA</td>
<td>13,292,693</td>
<td>13,993,745</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>7,514,180</td>
<td>8,011,428</td>
</tr>
<tr>
<td>3</td>
<td>GER</td>
<td>7,789,528</td>
<td>8,114,768</td>
</tr>
<tr>
<td>4</td>
<td>ITA</td>
<td>3,358,047</td>
<td>3,775,800</td>
</tr>
<tr>
<td>5</td>
<td>KOR</td>
<td>970,932</td>
<td>1,219,342</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>3,978,016</td>
<td>4,461,204</td>
</tr>
<tr>
<td>7</td>
<td>ESP</td>
<td>2,728,436</td>
<td>3,182,836</td>
</tr>
<tr>
<td>8</td>
<td>CHN</td>
<td>2,110,102</td>
<td>2,194,787</td>
</tr>
<tr>
<td>9</td>
<td>JPN</td>
<td>1,562,701</td>
<td>1,392,281</td>
</tr>
<tr>
<td>10</td>
<td>POL</td>
<td>2,182,686</td>
<td>2,380,744</td>
</tr>
<tr>
<td>11</td>
<td>NLD</td>
<td>1,651,629</td>
<td>1,939,897</td>
</tr>
<tr>
<td>12</td>
<td>CAN</td>
<td>1,474,638</td>
<td>1,527,986</td>
</tr>
</tbody>
</table>

*Ref. UN Data (2016)*
# 1. World & Korean Cosmetic Industry

## Export Nations(Area) of K-Cosmetics

### China's Export ratio decreases from 67.3%(2016) to 63.8%(2017)

**Export Portion:**
1. **China (+HK) 63.8%**
2. **ASEAN 10.9%**
3. **USA 9.1%**

### Table: Export Nations(Area) of K-Cosmetics

<table>
<thead>
<tr>
<th>순위</th>
<th>국가명</th>
<th>금액</th>
<th>점유율</th>
<th>금액</th>
<th>점유율</th>
<th>금액</th>
<th>점유율</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>중국 (+HK)</td>
<td>1,172</td>
<td>40.3%</td>
<td>중국</td>
<td>1,570</td>
<td>37.5%</td>
<td>중국 (+HK)</td>
</tr>
<tr>
<td>2</td>
<td>중국</td>
<td>667</td>
<td>23.6%</td>
<td>중국 (+HK)</td>
<td>1,240</td>
<td>29.8%</td>
<td>중국 (+HK)</td>
</tr>
<tr>
<td>3</td>
<td>미국</td>
<td>238</td>
<td>8.3%</td>
<td>미국 (+HK)</td>
<td>247</td>
<td>6.3%</td>
<td>미국 (+HK)</td>
</tr>
<tr>
<td>4</td>
<td>대만</td>
<td>225</td>
<td>4.5%</td>
<td>대만 (+HK)</td>
<td>223</td>
<td>4.5%</td>
<td>대만 (+HK)</td>
</tr>
<tr>
<td>5</td>
<td>일본</td>
<td>154</td>
<td>3.1%</td>
<td>대만 (+HK)</td>
<td>166</td>
<td>3.7%</td>
<td>대만 (+HK)</td>
</tr>
<tr>
<td>6</td>
<td>태국</td>
<td>151</td>
<td>3.0%</td>
<td>태국 (+HK)</td>
<td>160</td>
<td>3.7%</td>
<td>태국 (+HK)</td>
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<tr>
<td>7</td>
<td>싱가포르</td>
<td>141</td>
<td>2.8%</td>
<td>베트남 (+HK)</td>
<td>140</td>
<td>2.7%</td>
<td>베트남 (+HK)</td>
</tr>
<tr>
<td>8</td>
<td>베트남 (+HK)</td>
<td>104</td>
<td>2.1%</td>
<td>싱가포르</td>
<td>102</td>
<td>2.2%</td>
<td>싱가포르</td>
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<tr>
<td>9</td>
<td>러시아 (+HK)</td>
<td>96</td>
<td>1.9%</td>
<td>러시아 (+HK)</td>
<td>96</td>
<td>1.9%</td>
<td>러시아 (+HK)</td>
</tr>
<tr>
<td>10</td>
<td>러시아 (+HK)</td>
<td>38</td>
<td>0.8%</td>
<td>러시아 (+HK)</td>
<td>48</td>
<td>1.1%</td>
<td>러시아 (+HK)</td>
</tr>
</tbody>
</table>

**Note:**
- **CHINA (+HK)**: 63.8%
- **ASEAN**: 10.9%
- **USA**: 9.1%

Ref. Customs Service, KCII(2017)  
*출처: 한국소비자정부화장품산업연구원(2017, 우리나라 화장품 분류 기준 적용)*
2. ASEAN Cosmetic Industry

01 ASEAN Market Size

ASEAN Market Valued US$17 Billion In 2014

ASEAN Beauty Category Market Sizes

(Ref. Euromonitor, 2015)
02 Market Growth Potential

ASEAN Countries Show Consistently High Potential

Historic vs Forecast Growth in Core Asian Beauty & Personal Care Markets 2009-2019

Indonesia & Vietnam
ASEAN’s fastest growing market

(Ref. Euromonitor, 2015)
### 1. World & Korean Cosmetic Industry

#### 03 Importance of ASEAN countries

<table>
<thead>
<tr>
<th>RANK</th>
<th>Country</th>
<th>Amount</th>
<th>Ratio(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Thailand</td>
<td>151</td>
<td>3.1</td>
</tr>
<tr>
<td>7</td>
<td>Vietnam</td>
<td>141</td>
<td>2.8</td>
</tr>
<tr>
<td>8</td>
<td>Singapore</td>
<td>104</td>
<td>2.1</td>
</tr>
<tr>
<td>10</td>
<td>Malaysia</td>
<td>67</td>
<td>1.4</td>
</tr>
<tr>
<td>12</td>
<td>Philippines</td>
<td>31</td>
<td>0.6</td>
</tr>
<tr>
<td>15</td>
<td>Indonesia</td>
<td>24</td>
<td>0.5</td>
</tr>
<tr>
<td>24</td>
<td>Myanmar</td>
<td>12</td>
<td>0.2</td>
</tr>
<tr>
<td>25</td>
<td>Cambodia</td>
<td>11</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>541</td>
<td>10.9</td>
</tr>
</tbody>
</table>


#### [K-Cosmetic Export to ASEAN countries]

(Unit: million $)

- **China(+HK):** 63.8%
- **ASEAN:** 9.6%
- **USA:** 9.1%
- **Japan:** 4.6%
- **Taiwan:** 3.1%
Background Environment;
Macro Factors
1. New market approach within Reach

- Domestic Market Growth weaken: Global Economic Crisis, Drop in price of crude oil, North Korea issue, Political & Trade issues with China → Potential threats
- Internal Conditions: Expansion of female economic activity, heightened unemployment rate, Crisis in major industries (cf. HANJIN Shipping Corp., Samsung product defect recall), Former President Park’s regime change → Slowdown of Economic growth
- Features in 2017: THAAD issue but still Firm feedback from Chinese market, Sign of recovery for Chinese tourists, Spread of K-beauty wave in 3rd countries, Broaden supports from the government
- Korean market growth has been decreasing but maintaining 3-4% growth rate
- Overall Forecast in 2018
  - Global Economic Crisis in 2009 & Low price of crude oil between 2014~2015 & THAAD & Regime change & N. Korean threats have given limited impact for the industry
  → Companies will aggressively going for Europe, USA and other countries hoping to find POST-CHINA markets lowering the risk

[graph 1-1. Korean market size by year]

[graph 1-2. Cosmetic manufacturing amount by year]
2. Consumer Profile Analysis

- Men’s beauty care products and consumer goods likely to grow firm
- Major consumer led by younger generations from 10-30
- Categorization in age indicates the beginning year of cosmetics is becoming younger
- Younger generations consuming culture: YOLO!! (You Only Live Once)
- Overall Changes in 2018
  - Expansion of Older & Younger consumer age group → Specific age-targeted products launch (especially for younger generations with cute and neat designs)
  - More male consumers will involve in beauty activities but fall in female market → Male grooming market should demonstrate and convince why it should be male products

[graph 2-1. Consumer composition Of ASEAN countries by age group]
3. Environmental Changes

- Global Warming → ASEAN climate is hot and humid (tropical) all year round → Light texture and long-lasting products gain popularity
- Strong UV exposure outdoors and frequent facial cleansing → Skin dehydration and dryness
- Other Air pollution factors
  - Bangkok (Thailand), Yangon (Myanmar), Ho Chi Minh & Hanoi (Vietnam): Industrial & Traffic pollution
  - Singapore, Jakarta (Indonesia), Kuala Lumpur (Malaysia): Haze
- Overall changes
  - Acceleration of climate change, Industrialization, etc → Needs for protection, cleansing, restoration products has been shown

[Graph 3-1. Concerns for External Environment (Thailand, 2014)]

(Unit: %)

(Ref. Global Cosmetic Consumer Report by KCII, 2014)

[Graph 3-2. Numbers of Vehicle registration for 10 yrs in Thailand]

(Unit: cars)

(Ref. Trading Economics, 2016)
4. Growth by product category

- Remarks on certain categories; Skincare, Make-up, haircare
  - Skincare category is the biggest but color-cosmetic shows fastest growth
  - Why color cosmetics? : Chinese color cosmetic market shows rapid growth → Actual manufacturing amount increase but some portion of domestic consumers are on a ‘Cosmetic Diet’, Wide spread of BB, CC & ‘cushion’ trends in southeast Asia
  - Skincare is a steady seller of Korea ← K-Beauty gained its reputation from Skincare products, the growth stands firm

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skincare</td>
<td>3,911,631</td>
<td>4,301,178</td>
<td>4,517,967</td>
<td>5,092,904</td>
</tr>
<tr>
<td>Make-up</td>
<td>746,558</td>
<td>888,251</td>
<td>1,120,155</td>
<td>1,426,407</td>
</tr>
<tr>
<td>Haircare</td>
<td>977,185</td>
<td>1,055,465</td>
<td>1,222,683</td>
<td>1,304,703</td>
</tr>
<tr>
<td>ETC</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>6,385,617</td>
<td>7,122,666</td>
<td>7,972,072</td>
<td>8,970,370</td>
</tr>
</tbody>
</table>

ref, KFDA annual cosmetic manufacture report 2014–2016

[Table 4-1. Korea Cosmetic ratio of cosmetic manufacture category by year]

[Picture 4-2. Cushion products]

[Picture 4-3. Skin care market growth in ASEAN]
5. K-Beauty & K-Wave

Beginning of K-Wave: Early new millennium → K-dramas (Winter Love Story, Daejangkeum) → My Love from another Star → Descendants of the Sun

- Ups & Downs in Southeast Asia
  - K-wave is now lying under the public entertainment industry
  - Korean actors, K-pop, K-drama, K-movie, etc has become popular
  - K-stars are gaining its portion in the local market (IRU in Indonesia, Idol groups first debut in Southeast Asia trained as prior market)
  - K-stars expanding its territory by starring in local dramas and movies beside China (Jung ilwoo first filming his Thai drama)
  - K-shopping center has been built in Thailand, Malaysia and etc (Local Investment)

- Spreading K-Beauty in Europe (Russia, Eastern Europe countries), USA, etc

- Careful Doubt in the future
  - Will still K-wave dominant as if it had been?
  - Systematic and multi-industrial approach should be executed

[picture 5-1. Various K-dramas and K-stars]

[Table 5-2. SHOW DC Shopping mall in BKK]

(ref. google(2016))
6. Early Market Entry


- Early approach with aggressive investment
  - LG H&H: Now performing 2 factories near Ho Chi Minh city
  - Amore Pacific: Direct Sales System management to cover dozens of stores in BKK
7. Perspective Changes in Beauty

- Ideal perception of Beauty diversifies
  - Basically ‘White skin’ but not in a artificial or unnatural way
    Formerly pale-white, flawless skin → Glowy, healthy looking, even-toned to their own skin tone(varied), natural
  - Light and thin ‘Natural Look’ → Minimum amount of application to the skin → primer, make-up fixer, loose power steps are often skipped → multi-function products dominates
  - Strong demand of variety colors of foundations → Finding a ‘real-me’ color base → Facilitation of exports to the regions with multi races(USA, Southeast Asia)
  - Express of one’s own character or color becomes a cultural wave → Domination of ‘Self-Broadcast’, new professionals called BJs, TV program, ‘I live by myself’ in Korea & Creation of Self BJ broad-casting in ASEAN countries

[picture 6-1. Various Color foundation products] [Picture 6-2. Self-Broadcasting program ‘I live by myself’ clip]

10. Skin of colour

“Beauty is not just for Caucasian skin tones. And this needs to be signalled in packaging.”
8. Distribution Trend

- One-Stop Multi-Brand Shopping dominates
  - Korean Home-shopping channel launches early in local market: Hyundae, GS, CJ and to lead the market
  - Global distribution channels like SEPHORA, SASA spreads; the reference of popularity in Korea and China helps
  - Local distribution dominates; Eve & Boy(Thailand)
    - The shop provides consumers to test multi brand products at one place
    - The shop plays a role as a display shop for newly launched product in Korea
  
- Online & Mobile
  - Both online and mobile market size increases (penetration of internet access increases continuously)
  - Along with price comparison, product info share, and marketing combines
  - Offline shops plays as a test bed for products and eventually leading consumers to buy through online channel at lower price

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile penetration</th>
<th>No. of mobile users</th>
<th>% of users using mobile data</th>
<th>No. of users using internet</th>
<th>Implicit internet penetration</th>
<th>Implicit 3G penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>121%</td>
<td>296,179</td>
<td>21%</td>
<td>75,880</td>
<td>31%</td>
<td>55%</td>
</tr>
<tr>
<td>Thailand</td>
<td>122%</td>
<td>82,853</td>
<td>49%</td>
<td>31,240</td>
<td>46%</td>
<td>60%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>32%</td>
<td>39,934</td>
<td>62%</td>
<td>18,478</td>
<td>63%</td>
<td>65%</td>
</tr>
<tr>
<td>Philippines</td>
<td>112%</td>
<td>109,023</td>
<td>34%</td>
<td>33,600</td>
<td>34%</td>
<td>50%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>148%</td>
<td>131,600</td>
<td>35%</td>
<td>31,035</td>
<td>35%</td>
<td>45%</td>
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<tr>
<td>Cambodia</td>
<td>137%</td>
<td>20,200</td>
<td>28%</td>
<td>3,800</td>
<td>26%</td>
<td>50%</td>
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<tr>
<td>Singapore</td>
<td>156%</td>
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<td>74%</td>
<td>3,931</td>
<td>74%</td>
<td>75%</td>
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<tr>
<td>Laos PDR</td>
<td>101%</td>
<td>6,600</td>
<td>20%</td>
<td>1,003</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td>ASIAN</td>
<td>112%</td>
<td>693,623</td>
<td>32%</td>
<td>196,967</td>
<td>48%</td>
<td>293,715</td>
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</tbody>
</table>
Keywords within Cosmetic Market; Micro Factors
1. Trend change in Skin-care market

- Moisturizing Stands a key role in market growth
  - Hydration is the first priority whatever the condition is; day or night, outside or inside, summer or winter
  - Even in hot, humid summer season, consumers consider moisturizing effect
  - Texture that leaves oily residue is excluded

- Consumer prefer Essence/Serum type to Lotion/Cream type
  - Essence/Serum types leaves less oils and applied faster than other product types
  - People tend to believe that those types are more easily absorbed and penetrates better

- No more Layering, but cosmetic diet
  - “Will product layering be beneficial?”
  - Hardly any proof on layering benefits + leaving oily residues + less penetration
  - Thick texture toner, serum, ampoule texture will dominate
  - Increased in use of multi-functional products followed by natural oils for dry skin customers (in winter)
2. Multi-Function products, all-in-one products

- ‘Multi Functional Products’ lead a major trend in Korea
  - Expansion of economic activity of women → Less Time
  - High unemployment rate, Socio-economic anxiety in the future → Less income → Less expenditure
  - Convenient Usage → More easy and efficient
- Usually function is determined by what ingredients is formulated with
- Light moisturizing function is essential with brightening or anti-aging function as an option

<table>
<thead>
<tr>
<th>Table 2-2, Multi-function product manufacturing growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;기능생활용품 생산일적&gt;</td>
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<table>
<thead>
<tr>
<th></th>
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<th>11년</th>
<th>12년</th>
<th>13년</th>
<th>14년</th>
<th>15년</th>
<th>16년</th>
<th>17년</th>
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<td>구분</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>속 계</td>
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<td>16,418</td>
<td>21,483</td>
<td>25,638</td>
<td>29,744</td>
<td>38,559</td>
<td>35,935</td>
<td>35,935</td>
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<td>용도</td>
<td>4,180</td>
<td>5,935</td>
<td>7,804</td>
<td>12,259</td>
<td>16,438</td>
<td>20,860</td>
<td>19,555</td>
<td>19,555</td>
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<tr>
<td>주름개선</td>
<td>3,423</td>
<td>3,231</td>
<td>6,665</td>
<td>6,903</td>
<td>7,518</td>
<td>10,087</td>
<td>9,409</td>
<td>9,409</td>
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<td>자외선차단</td>
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<td>4,138</td>
<td>4,027</td>
<td>3,009</td>
<td>3,406</td>
<td>3,994</td>
<td>3,67%</td>
<td>3,67%</td>
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<tr>
<td>미백</td>
<td>2,865</td>
<td>3,113</td>
<td>2,907</td>
<td>2,667</td>
<td>2,379</td>
<td>2,550</td>
<td>3,32%</td>
<td>3,32%</td>
</tr>
</tbody>
</table>

[Hadarabo UV Perfect Gel]  
Face gel+UV cut 시외선 차단 기능을 추가한 제품

[O’s lee Rose hip Beauty Solution]  
8-in-1 Product

[Olay Total Effect Pore Minimizing CC Cream with Sunscreen]  

[Multi-Function Korean products]
3. Create a category that has never been introduced

- **Mask-pack**
  - Introduced in 1990’s ➔ Popular in Korea in 2000’s ➔ Popular in China since 2010 ➔ ASEAN ➔ EU ➔ USA?
  - New concept of intensive skin-care, Home-spa, Home-esthetic treatment
  - New materials developed; Sheet mask ➔ Hyrogel, Cellulose

- **Sleeping pack**
  - Developed for people who wants night cream without oily residue
  - Leave-in type products
  - Simple change in product concept with major popularity ➔ New Category

- **Anti-pollution products**
  - Climate changes, pollution issues ➔ consumer concerns ➔ scientific support research ➔ fast product launch

[Photo 3-1. Various mask-pack products in Korea]

[Photo 3-3. Various sleeping pack products]

[graph 3-2. ‘sleeping-pack’ product search frequency in the internet in Thailand]
Micro Factors 4. Customization Leader; Finding an individualism

- Well-educated, Well-informed, only child generation
  - Age groups of 30s: Indication of early stage of individualism
  - Due to excessive competition, less social opportunity, and etc appear social trends; ‘Hon-bob(eating alone)’, ‘Hon-sool(drinking alone)’, ‘Hon-Haeing(travelling alone)’

- Various aspects of Customization Program Shown (Leading the Trend)
  - Custom design: Inexpensive way to have your own design products (cf. cushion products of Innisfree)
  - Custom mixture: In the heart of Seoul, AP(Amore Pacific) and LG H&B(Health and Beauty) opened a cosmetic customization store; provides limited forms of custom products (mixing multiple conventional products)
  - Policy support: KFDA opens cosmetic range for atopic treatment, acne treatment, Hair dye, Hair fall and cosmetic customization

[Photo 4-1, Cosmetic Customization Stores]

[Photo 4-2, Reference in ‘Honja(alone)’ social trend in Korea]
Natural Ingredient Trend Continues
- Eventually cosmetic manufacturers and distributors are leading natural ingredients market
  ex) Amore Pacific(Panax Ginseng), Clarans(Acerola, Guarana), Jun Jacobs(Papaya, Mandarin, Cranberry), Body Shop’s slogan(100% vegetarian)

Ingredient marketing trend
- Is it rare(hard to get)? Is it something special? Is it worth using it(efficacy)? Is it better than the conventional ingredient?
- Does it have a story? Is it very Korean?

Jeju Story
- Story, Ingredient, Marketing Image about Jeju; Korean, Pure, Extraordinary, Unique, Beauty and etc
Micro Factors 6. Design Match: Simple & Modern, what else?

- Especially for those of the newly launched products must have an noticeable design
- Korean consumer preference: ‘simple & modern’
  - Following global ‘modernism’ and ‘minimalism’ flow
  - Not to look so cheap but practical at the same time
- Character collaboration was a big hit to young consumers
  - As this have been a quite new attempt in cosmetic design
  - Reasonably priced to test purchase and for those who are looking for economic products
- 2-way product design (modern vs. character)
  1) white, black, gray based color with a point
  2) Character design
    ① General character package
      - Target group: usually teens or below
      - Reasonably priced
      - Mobile products like color cosmetics of perfume (eye catching)
    ② Limited Edition Character design
      - Design varied according to the product category
      - glossy or non-glossy (matte)
- Individually packed
  "With the trends for freshness and on-the-go, everything is increasingly single packed. There is a move away from repeatedly dipping your hands in a product, while trending products like masks lend themselves to single use sachets. So why not make your products single use so they’re interesting and on the go?"

[Photo 6-1. Modern Design Package]
(Ref. (above) product homepage)

2. Less is more
“Less is more in terms of ingredients... and you can reflect this in your packaging too. Simplicity is a strong statement.”

(above) Packaging Trend for 2017 by SPC

[Photo 6-2. Mac’s 2014 Limited version] ►
(Ref. (above) The Face Shop Homepage)
(below) Mac Homepage
Micro Factors 7. Online-marketing ; SNS, reviewers going MAD!

- Cosmetic Purchase
  - Offline materials → Internet & Mobile Info are core
  - Internet Blogs, Store visits (for tests)
  - SNS rises: Facebook (sell & buy platform) → Instagram (photography based dynamic communication marketing)

- Core issue of online info channel
  1) Providing definite info regarding ingredients or products
  2) Running a membership only community site (How to prove non-commercial)

[graph 7-1. Number of monthly active Instagram users worldwide]

[Photo 7-2. Instagram product review page]
Micro Factors 8. Fast & Fun & Reasonable price

- Fast Fashion
  - Usual renewal of change of the products are 2 yrs ➔ K-Beauty cycle is 3-6 months
- Fun
  - Could indicate fun in design, formula, story, how to use, etc
- Reasonable price
  - Easily being compared with global products from western countries or Japan but within approch
  - Masstige; Premium quality with mass product price
- Sulhwasoo, WHOO, Laneige, OHUI
  1) Also building premium image of K-Beauty
  2) With its distinctive features, target consumers, marketing strategies

[Photo 8-1, popular product of Sulhwasoo in Thailand]

[photo 8-2, Sulhwasoo promotion event in Thailand]
Micro Factors 9. Government Aids

- **Direct Supports**
  - Buyers Matching program; In and out of Korea
  - Overseas Exhibition Booth charge (up to 50%)
  - Global cosmetic registration fee
  - Product development (R&D); ingredients, etc

- **Indirect Supports**
  1. Providing Overseas Market reports (including export info/RA) / Skin Characteristics
  2. Giving out Seminars
  3. DB Building of ingredients (for safety issues), intellectual property rights, etc

[Photo 9-1, KCII homepage that delivers various information]
### CONCLUSION; K-Beauty SWOT Analysis in ASEAN market

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Factors</strong></td>
<td></td>
</tr>
<tr>
<td>- Consumers’ Perception of K-Beauty</td>
<td>- No Strategical Approach Case</td>
</tr>
<tr>
<td>- Product Quality</td>
<td>- No Investment</td>
</tr>
<tr>
<td>- Cost-Effectiveness</td>
<td>- No long-term branding</td>
</tr>
<tr>
<td></td>
<td>- Low competitiveness in color cosmetics</td>
</tr>
<tr>
<td></td>
<td>- No Plans by Channels</td>
</tr>
<tr>
<td><strong>Opportunity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>External Factors</strong></td>
<td></td>
</tr>
<tr>
<td>- Market Growth</td>
<td>- Local Brand Power</td>
</tr>
<tr>
<td>- Positive Reputation</td>
<td>- J-Beauty Wave</td>
</tr>
<tr>
<td>- High demand in K-Beauty</td>
<td>- Taiwan coming-up</td>
</tr>
<tr>
<td>- Men’s / Baby product</td>
<td>- Picky Consumers</td>
</tr>
<tr>
<td>- 0% customs rate</td>
<td>- K-Wave Fading(?)</td>
</tr>
<tr>
<td></td>
<td>- Pricing</td>
</tr>
</tbody>
</table>

[Conclusion] Dominance of K-Beauty in ASEAN was not just a luck; But a collaboration between the industries. The contents of K-pop, K-drama, K-movie, K-food and all of those contents have created the image of Han-Ryu(the K-wave), to everyone to envy Korean stars and people. In order to look like them, and to use the same items as Koreans do. This was the beginning of K-Beauty. **Seek for the ways to willing to pay for the image, not the product!** Investment in SNS promotion and localized long-term marketing, brand story-telling, consumer education(new ingredient introduction / how to use / localized perception) should be considered for successful market entry!