Korean Beauty

in-cosmetics Asia 2015
Agenda

Market

Consumer trends

Product trends & innovations
  • Skincare
  • Colour Cosmetics
  • Haircare

Influencing East and West
Market
Why is South Korea such an exciting prospect for beauty suppliers?

For a relatively small country with a population of 50 million, South Korea punches well above its weight.

Its beauty and personal care market was worth $11.6 billion in 2013, and is projected for CAGR of 10% between 2010-14.

The market is forecast for further CAGR of 6% between 2015-18.

Source: Mintel
Facial skincare and colour cosmetics lead from the front

Retail market value in USD million, 2012-18

Source: Mintel
Slowing growth but still strong potential for skin and haircare

Soap, bath and shower products form the only category forecast for stronger growth in the next few years, with predicted CAGR of 8%.

The larger skin and hair categories will continue to benefit from Koreans’ fascination with new formats, claims and merchandising, with bodycare and shampoos and conditioners receiving extra attention from brands who seek to diversify from facial skincare.

Source: Mintel
The Korean market offers challenges as well as opportunities

CHALLENGES
- Slowing economy
- Declining population
- Recent trend for convergence – i.e. stripping back skincare regimens

OPPORTUNITIES
- Highly engaged male and female population used to buying beauty and personal care products and demanding fast product churn
- The ageing population gives chance to upsell to consumers as they look for more progressive skincare
- Some manufacturers can break away from the tyranny of fast-fashion launches and develop more sophisticated, higher priced make-up with a chance of staying on the shelves for longer
- More convergence vs divergence will keep the skincare market dynamic as consumers look for new solutions
- Diversifying retail scene creates opportunities for innovative, small brands to introduce unusual, trend-setting products
- High internet usage and smartphone ownership across all ages, the world’s highest average internet connection speed and the highest amount of available Wi-Fi locations makes Korea’s social media scene particularly vibrant
- Specialist companies offering to import cosmetics at reduced price will help to open the Korean market up to new international brands
Consumer trends
Consumer Behavior – Purchase influencers

1. **K-BEAUTY & Celebrity Power**: The K-Beauty trend and celebrity looks have a great influence on consumer trends for fashion, beauty and lifestyle.

2. **Recommendations from others**: Korean consumers depend heavily on online and offline product reviews to guide their purchasing. Online searching is an essential step for consumers who look for reviews from online beauty communities, online shopping malls and ‘power blogger’s’ pages. Organic buzz and authenticity of information is highly appreciated.

3. **What’s New and Hot**: Korean consumers always monitor what is hot and new. Best-sellers and buzz-items act as a recommendation.

4. **Blind Test Results**: Korean consumers want real stories and proven efficacy for beauty products. Cable TV beauty shows are a guiding hand for beauty shoppers; blind-test results and celebrity endorsement during the shows are key influencers.

### South Korea, most credible sources of product information, 2013

<table>
<thead>
<tr>
<th>Source</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product reviews or recommendations from other people</td>
<td>52</td>
</tr>
<tr>
<td>2. Explanation from store staff</td>
<td>20</td>
</tr>
<tr>
<td>3. Ingredient list and certification marks on packaging</td>
<td>19</td>
</tr>
<tr>
<td>4. How-to information for application or mix-and-match tips</td>
<td>11</td>
</tr>
<tr>
<td>5. Blind test winners in cable TV beauty programs</td>
<td>21</td>
</tr>
<tr>
<td>6. Recommendations from friends or colleagues</td>
<td>21</td>
</tr>
<tr>
<td>7. Product reviews at online beauty communities or bloggers</td>
<td>20</td>
</tr>
<tr>
<td>8. Product comparison and review pages in beauty magazines</td>
<td>14</td>
</tr>
<tr>
<td>9. Product reviews at online shopping mall sites</td>
<td>6</td>
</tr>
<tr>
<td>10. TV and print ads</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Base: 61,205 respondents to online, mobile, offline interview, postcard survey (Nov.-Dec., 2013)
Celebrity and Digital Power

In Korea, the homogeneous make-up trend is influenced by celebrity looks featured in TV soap operas and magazine pictures. Celebrity looks are spread quickly via online and TV beauty shows and soon become a big consumer trend.

Digital has a big effect in creating and spreading make-up trends and product information, as well as having a big impact on brand sales.

YSL’s lip color used by the heroine’s in the famous TV drama “My love from another star” was sold-out for months after the drama aired with stock provided from all over the world.

K-drama’s influence in other Asian countries gave a massive boost to lipstick exports to China, with a 320% increase in the 1st quarter of 2014 compared to the same period a year earlier.

Q: I'd like to try the lip color that the actress in "My Love from Another Star" wore in the drama, 2014

85%

15%

Blog reviews for make-up products and information about the colors featured in TV dramas.
K-Beauty Power

Korean beauty brands are strengthening their marketing efforts and leveraging K-beauty's popularity; tapping into celebrity influence, launching locally tailored line-ups or products in each market, and opening more stores for better accessibility.

Retailers are stepping up efforts to break into new markets. Health & beauty drugstores and duty-free stores are expanding their presence in global markets; Galleria department store has established a global partnership with NY’s Bergdorf Goodman.
Male Cosmetics

The male cosmetics market is growing fast in South Korea with double digit growth every year.

The industry estimates that South Korea accounts for 20% of the global male cosmetics market.

With skincare for men growing fast, color cosmetics for men are also on the rise thanks to the growing popularity of BB and CC creams for men. Eye brow products, eyeliner, and lip tints are also seeing an uptick.

Source: SEOUL Newspaper article, May, 2014

South Korea, retail value sales of male cosmetics (KRW bn), 2007-13

CAGR +27%
(year 2007-2013)

Amore Pacific Iope Air Cushion for Men

Source: SEOUL Newspaper article, May, 2014
Skin First

Korean consumers place more focus on having fair and healthy skin than on using make-up to cover or correct blemishes. They invest more in skincare while using color cosmetics for a natural look.

Korean consumers practice double cleansing, first with make-up remover and secondly with foam cleanser, believing that thorough cleansing is essential for good and healthy skin. They also use sunscreen everyday to protect their skin. Their skincare regimen is complicated and advanced with 3-7 steps every day.

Asia, average number of products in skincare routines, 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Number of Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>3.7</td>
</tr>
<tr>
<td>China</td>
<td>2.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1.4</td>
</tr>
<tr>
<td>India</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Base: 400 consumers aged 20-59 in each country; Source: KCII (Foundation of Korea Cosmetics Industry Institute), January 2013
Category trends & innovation

• Skincare
• Colour Cosmetics
• Haircare
Curation of skincare

The new category of water-type essences and multifunctional items like multi-action creams are helping to shorten Korean women’s skincare regimens.

Although Korean women typically have up to 10 steps in their skincare routines, consumers are tailoring their skincare rituals to include ultra-segmented products, such as starters and finishers, or using multi-functional items which replace several steps.

### 1. Basic : 5 – 6 Steps

|----------------|-------------|------------|--------------|----------|-------------|

### 2. Advanced: 8 – 10 Steps

|----------|------------|-------------|----------------------|----------------------|--------------|-------------------|---------------------|-------------|--------------|

### 3. Recent trend : 3 – 4 Steps

<table>
<thead>
<tr>
<th>1. Booster or First Serum</th>
<th>2. Essence</th>
<th>3. Multi-action cream or Oil</th>
<th>4. BB or CC</th>
</tr>
</thead>
</table>

**Whitening, Anti-aging, Moisturizing, Brightening**

**“Multi-functional!”**

**UV protection, Primer, Foundation, Skincare**

Source: Mintel Korea Skincare Trend October 2014
Growth of Water Essence

- Water-type essence has become part of Korean women’s skincare regimens.
- Essences are pure and lightweight, and are quickly absorbed into the skin. Most are multi-functional and are used as a first skincare step to boost the actions of the next skincare steps, allowing them to be absorbed well.
- This trend began with ‘fermentation essence’ launched by SK-II (pitera essence). In addition to similar fermentation followers, water-type essences with new concepts such as cell technology, liposomes etc., also entered the category.
- This has formed a new segment called ‘first essence, booster, or starter’ that can replace toner or lotion and offers Korean women to opportunity to curate their own skincare regimens.

![Image of essences]

- **76%** of Korean women have used water essence
- **59%** of users apply it with a cotton pad

*Base: 534 respondents to online survey, 10-14 February 2014
Source: Singles magazine March 2014*
Slowing things down: new skincare steps

Asian beauty brands are introducing “First” skincare products designed to be applied prior to subsequent skincare steps. Product names include pre-serum, first serum, booster, first essence, booster serum, treatment essence. They are designed to boost hydration, prime the skin for better absorption of subsequent products, brighten the complexion, enhance radiance or refine texture and tone.

- **Dior Intense Skin Detoxifying Booster Serum**
  - Relaunched with a new generation formula designed to offer a triple action: continuous detoxification, skin renewal and a boosting effect to increase the efficacy of the regular skincare routine.

- **Nature Republic Solie First Essence**
  - Described as a first step formulated with snow lotus and 80% of nourishing oriental herb water to soothe, tone and texture for a smooth complexion. Claimed to reduce signs of wrinkles and increase skin elasticity.

- **Tony Moly Bio EX Active-Cell First Essence**
  - Contains criste marine stem cells for quick absorption and energised skin. Bio-water enriched with milk lipid, theanine and glutathione deliver moisturised, firm, smooth and soft skin.
Even more segmentation: new finishing skincare steps

The popularity of skin finishers increased in 2014. They constitute a new product category used as a final step in skincare regimes. These products have similar functions to a primer, brightening skin tone, smoothing skin texture, providing slight coverage, and a radiant and moist looking skin finish.

**Misa Geum Sui Giyun Finishing Essence**

Designed to rejuvenate skin and improve its condition, brightening with 24K gold, restoring strength with a oriental medicinal blend and hydrating with ginseng water.

**NoTS Once Finishing Cream SPF 30 PA++**

Described as a skincare finisher and a make-up starter, which blends easily and adheres perfectly the skin for long lasting moisture and an even, radiant, flawless complexion.

**Coreana Zain Shine Finisher**

Final skincare booster step delivering smooth and natural shine finish with anti-ageing benefits.
New multifunctionals

Multifunctional products claim to bundle together a number of different product formats and functions, and are positioned as a way to either provide a short-cut to good skin or, as in the case of the Ibuki gel, to be used as a treatment for a number of issues on an occasional basis as well as a multifunctional.

**Ibuki Multi Solution Gel**
- Designed to correct imperfections, roughness and visible pores with salicylic acid, moisturising Phyto Target Complex and glycyrrhizin.

**Olive Young XTM Style Home Multi-Player All in One**
- Toner, lotion and essence effects for one-stop skincare. It features a cool, refreshing texture to moisturise the skin, a skin barrier system and a powerful energy complex.

**Iope All In One Radiance Cream SPF 35/PA++**
- Multifunctional day cream that combines skincare, make-up base and sunscreen in one product to restore the skin’s natural healthy complexion and deliver a healthy glow.
Male Beauty

Men’s grooming is one of South Korea’s fastest growing beauty sectors

While the ‘all-in-one’ claim is particularly successful in men’s products, male consumers’ skincare rituals are becoming more segmented and their needs are becoming complex and diversified.

Water essence, skin finishers, mists, BB and CC creams are just some of the product sectors where male-specific variants are being introduced as men use serums and creams for moisturizing/hydrating, whitening/brightening and anti-aging, following trends in the female market.

Korean men use 13.3 beauty items per month compared to 27 items used by women.

35.5% of Korean men in their 20’s use a BB cream

Base : 18,000 adults aged 15-59
Source : Ministry of Food and Drugs, Cosmetic U&A report
Moisture obsession

Verite Ultra Moist Skin Watery Cream

Its refreshing and non-sticky gel texture is claimed to maintain lasting moisture.

The Face Shop 60 Sec Moisture Magnet Pact SPF 50+ PA+++

Described as a transforming compact foundation formula for easy, speedy make-up designed to add a lit-from-within glow to the skin with a 'unique' formula of powder that reacts with skin moisture and transforms into a moisture-rich liquid foundation to cover up imperfections while giving a mattifying finish.

Holika Holika Water Drop CC Pact SPF 50+ PA+++

Cooling moisturising and contains a full drop of Jeju oxygen water and fruit water, naturally rich in vitamins, for vitalised skin.
Playing with textures

Hybrid and transforming textures are a recent addition to the Korean skincare market and are increasingly to be found in colour cosmetics. These appeal to the thirst for novelty and the Korean delight in playful products, translating visual packaging into sensorial textures.

**Hybrid oil**

Missha Super Aqua Ultra Water-Full Serum-in-Oil is a refreshing gel oil enriched with condensed essence ingredients.

**Aqua Sleeping Pack**

Described as a custard cream-like overnight mask enriched with fermented moisturising.

**Water ball/bank**

Enprani Dreams Come True Water Ball Cream contains glass bead-like transparent capsules to deliver a bright, smooth complexion and reduce the appearance of pores.

**Transforming texture**

Cosme Decorte Cellgenie Lipid Oil Mask has a two-layer oil; the lower layer instantly absorbs into skin while the upper layer transforms into a gel for a sealing effect.

**Dual texture**

Hera White Program Powder Ampoule releases a whitening powder into an anti-ageing serum.
Sheet mask developments

- Sheet masks are synonymous with the Korean facial skincare market and accounted for 8% of launches in 2014

- They are evolving from cheap packs to more sophisticated products that offer multiple benefits, new designs and intriguing textures

- Brands are also trying to differentiate their sheet packs with eye-catching ingredients such as snail extract, horse oil, placenta, donkey milk, jellyfish and starfish extracts and fish scales

- Some masks may contain a bottle of serum or come with an ampoule for stronger skincare benefits

Air-laynic Pore Mask is said to improve pores and dullness with a carbonic acid gel in a tube and paper sheet.

CNP Peeling Mask gently dissolves dead skin cells and helps create a dewy complexion. The contains an ampoule and sheet mask which can be used consecutively.

Royal Skin Hyaluronic Acid Micro Patch has micro needles to deliver the mask’s hyaluronic acid and lactose deep into the skin.

Somoon Black Hydrogel Smile Patch is a patented water soluble hydrogel with black food ingredients said to moisturise and cool skin.
Evolution of Sheet Masks

• Sheet masks provide a winning combination of convenience, instant hydration, and value for money pricing, and are evolving to offer ever stronger benefits.

• Following the growing popularity of sheet masks in South Korea, ‘masks stores’ specializing in selling sheet masks for the face and all parts of the body

• Sheet masks are still in high demand among local Korean consumers with new materials, enhanced functionalities and claims, and unique designs (e.g. animal faces) being launched. Claims range from moisturizing, whitening, brightening, anti-ageing, anti-oxidant, skin-firming, wrinkle care, peeling etc.,

• With the stream of new launches, the ‘1-day-1-mask sheet’ regimen started to emerge around two years ago and has become a big trend in 2015. For daily use, it is recommended that botanical and natural products are used rather than highly functional products.

South Korea, trend in online searching for ‘1 day 1 mask sheet (=1일 1팩)’ January 2014-August 2015

Result image with search of 1 day 1 mask (Source : Blogger reviews)
**Natural cosmetics: the power of animal ingredients**

**Snail**  
*It's Skin Prestige d'Escargot Nouveau Cushion SPF 50+*
- enriched with 21% snail secretion filtrate to improve skin texture and deliver long-lasting firm and clear skin.

**Horse Oil**  
*ElishaCoy Premium Gold Jeju Mayu Cream*
- enriched with 10% concentrated fermented horse oil from Jeju Island.

**Goat Milk**  
*Tony Moly Naturalth Goat Milk*
- enriched with goat milk from New Zealand processed with RMP system and pasteurised at low temperate for 30 minutes to retain its nutrients, helping to deliver healthy skin.
Holika Holika Skin & Good Cera Frozen Sleeping Pack is described as a super ceramide sleeping pack that instantly cools off and soothes the skin, providing an intensive moisturising effect.

Laneige Lip Sleeping Mask is described as an innovative lip care product that creates an all-day smooth effect, as well as firming lips by softly melting dead skin cells on the lips overnight to relieve troubles that cannot be solved with moisturising lip balms alone.
The rise of derma-Cosmetics

**Dr. Jart+ Ceramidin Cream**
A lightweight cream designed to hydrate the skin barrier from within, preventing chronic water loss. The "10 Non Added Formula" features: ceramide 3, to time-release moisture offering long-lasting moisturization; licorice root extract, for its soothing, anti-redness and anti-inflammatory properties; portulaca oleracea and aloe vera, to calm irritated skin and hydrate; whilst panthenol alleviates dryness and softens skin.

**CNP Laboratory Anti-Pore Black Head Clear Kit**
Designed to give: blackhead control; pore tightening; and sebum control for healthy-looking skin without squeezing. It is free from synthetic fragrances and colourants.

**Dr. G Brightening Up Sun**
Makes dull skin tones brighter and cleaner for gorgeous skin. Tannin complex controls excess sebum and leaves a fresh texture even to combination skin types without a sticky feel. Prevents oiliness by giving a light yet smooth finish and helps makeup last longer.
Colour Cosmetics
### South Korean women LOVE face make-up

<table>
<thead>
<tr>
<th>Product</th>
<th>% of consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>BB/CC creams</td>
<td>78</td>
</tr>
<tr>
<td>Face powder</td>
<td>42</td>
</tr>
<tr>
<td>Compact foundation</td>
<td>36</td>
</tr>
<tr>
<td>Make-up base</td>
<td>35</td>
</tr>
<tr>
<td>Liquid foundation</td>
<td>31</td>
</tr>
<tr>
<td>Cream foundation</td>
<td>24</td>
</tr>
</tbody>
</table>

Base: 892 females aged 15-59  
Source: Korea Ministry of Food and Drug Safety

According to Singles magazine, **63%** use different foundations according to the circumstances, **36%** use two foundations, **24%** use three and **9%** use five or more depending on circumstances.
BB/CC creams offer ease of use and comfort

<table>
<thead>
<tr>
<th>Reasons for BB/CC/Cushion preference over foundation</th>
<th>% of consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy to use</td>
<td>48</td>
</tr>
<tr>
<td>Natural and lightweight finish</td>
<td>31</td>
</tr>
<tr>
<td>Easy to carry and correct make-up outside</td>
<td>6</td>
</tr>
<tr>
<td>Cheap</td>
<td>5</td>
</tr>
<tr>
<td>High coverage</td>
<td>4</td>
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</tbody>
</table>

Base: 823 respondents online
Source: Singles magazine

According to Singles, **43%** of consumers use foundation for perfect coverage of skin flaws, **29%** to correct skin tone (yellow, red etc), **13%** to improve uneven skin texture and **12%** to create a dewy or luminous finish.
# Face colour claims echo facial skincare benefits

<table>
<thead>
<tr>
<th>Foundations/fluid illuminators</th>
<th>% of SK launches, June 2014 – May 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UV protection</td>
<td>84</td>
</tr>
<tr>
<td>Long lasting</td>
<td>73</td>
</tr>
<tr>
<td>Moisturising/hydrating</td>
<td>62</td>
</tr>
<tr>
<td>Botanical/herbal</td>
<td>49</td>
</tr>
<tr>
<td>Whitening</td>
<td>44</td>
</tr>
<tr>
<td>Anti-ageing</td>
<td>44</td>
</tr>
<tr>
<td>Brightening/illuminating</td>
<td>39</td>
</tr>
<tr>
<td>Reduces fine lines/wrinkles</td>
<td>38</td>
</tr>
<tr>
<td>Time/speed</td>
<td>36</td>
</tr>
<tr>
<td>Mattifying</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<td>Moisturising/hydrating</td>
<td>39</td>
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<tr>
<td>Mattifying</td>
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<tr>
<td>Dermatologically tested</td>
<td>32</td>
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<tr>
<td>Botanical/herbal</td>
<td>31</td>
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<tr>
<td>Time/speed</td>
<td>31</td>
</tr>
<tr>
<td>Non-comedogenic</td>
<td>28</td>
</tr>
<tr>
<td>Oil-free</td>
<td>26</td>
</tr>
</tbody>
</table>

Dimethicone features in **70%** of global launches vs. **61%** of Korean launches
Established vs. evolving trends

1. Established
   ‘Chok chok’, Sheer,

With natural make-up and “chok chok” skin being a mainstream trend for make-up, liquid, cream, watery textures have gained ground. These textures help to create the look of moisturised radiant skin with a sheer and translucent touch of color. The textures are also easy to use with the fingertips or with a puff.

2. Established but evolving
   Skincare benefit textures

To deliver enhanced skincare functions, make-up products have introduced new hybrid textures which combine with skincare textures, such as gel essence, balm, oil, ampoule, etc. Dual textures have also been introduced to accommodate both skincare and make-up functions in different textures.

Anti-ageing is becoming a growing claim in make-up

3. Established but evolving
   Texture

New textures which give a rich and sensual sensory feel have been introduced, for example cushiony or bouncy textures such as jelly.

New textures that emphasize improved skincare functions have also been launched in color cosmetics including watery or jelly textures for hydrating, and balm or oil textures for ultra-moisturising.

Transforming textures present novelty and add fun to the category.
The Chok Chok dewy skin look

“Chok chok” describes the look of the skin after a spa treatment or shower, i.e. clean, fresh, dewy, highly hydrated and slightly flushed.

For “chok chok” skin, hydration and radiance are very important and these are the two most used claims for face make-up products launched in South Korea.

Moonshot Oil Relief Concentrate Moist Balm

solidified oil balm enriched with common sea-buckthorn and 30 other fermented plant oils to bring oil and moisture into balance for a moisturised finish.

Innisfree Water Glow Cushion

formulated to retain and provide lasting moisturise skin and leave it with a natural coverage and a healthy and refreshed look with a dewy luminous radiant glow.

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Evolution of cushion compacts

**Mesh**

Dr. Jart BB Bounce Beauty Balm Moist SPF 30/PA++

Enriched with 50% moisturising ingredients for lasting moisture, radiance and coverage as well as whitening and enhanced elasticity

**Metal**

VDL Beauty Candy Bar Metal Cushion Foundation EX SPF 50+ PA+++  
Cream foundation that hydrates and adds volume for a radiant complexion thanks to skin cell pigments, anti-wrinkle ingredients and a light-reflecting radiance complex

**Hidden**

Chosungah22 Hidden Foundation  
Described as an innovative foundation that dispenses from the sponge
Cushion moving beyond face make-up

Ryo Hair Cushion
Naturally cover hair to deliver full hair and a sharp hair line while leaving hair radiant, enhancing scalp circulation and strengthening the roots.

Enprani Jellousy Cushion Cheek
A cushion-type cheek blusher that blends naturally with the skin to give the fresh appearance of a healthy-looking glow, while naturally covering blemishes and pores with a water-gel formula with a moist powdery finish.

Primera Baby Sun Cushion
Described as a cushion-type sun screen designed for babies’ delicate and sensitive skin to provide sun protection.
An obsession with skin moisture and the desire for good skin is inspiring launches of color cosmetics with skincare benefits. This trend is noticeable in base makeup products, which are seeing new launches by major cosmetics brands in Korea. Base makeup examples include Foundation with high moisture essence for moisturizing, fermentation essence for lighting, and collagen essence for firming and anti-ageing. Lipsticks are being launched with Vitamin E, Serum, and SPF.
Evolution of foundation

Serum foundation

Bobbi Brown Intensive Skin Serum Foundation SPF 40
Described as a super-silky weightless hybrid foundation which beautifies the skin from the inside out with cordyceps mushroom, bamboo grass and lychee extracts, leaving skin instantly flawless, natural and looking younger.

Single shot

Chosungah Core Black Amfit Foundation SPF 30/PA++
Single dose foundation capsules formulated with highly concentrated particle oils to increase elasticity and deliver a smooth, glowing complexion, while whitening the skin and reducing wrinkles.

Compact with essence

Missha M Prism Essence Foundation SPF 30 PA++
Designed to help express healthy skin with soft and moist texture, minimising wrinkles, whitening and UV blocking. The foundation is rich in R-V fermented essence derived from royal jelly and snow flower cordyceps, and has a creamy melting system.
Hybrid Textures: Jellies and semi-solid textures

**BRTC Jasmine 3D Jelly Foundation**
Jelly moisturising foundation said to give excellent coverage, whiten and reduce the appearance of wrinkles. Formulated with SPF 50+/PA+++ protection and patented blue phyto complex enriched with Ecocert-certified lavender water to relieve stress, dryness and itchiness, while the Jasmine Moist System soothes and moisturises.

**Enprani Jellousy Lipstick**
Enriched with linseed oil and is a dual-moulding lipstick with a transparent oil balm in a cream lipstick.

**Chosungah22 Bounce Up Pact Prime SPF 50+/PA++***
Features a lightweight and airy formula designed to absorb excessive sebum while keeping make-up in place for a long period.
Hybrid textures with the combined benefits of two separate textures are creating new segments, such as ‘Founder’, ‘Founbalm’, ‘Founcealer’, etc. Transforming textures also contain two different textures and functions within one product.

‘Founder’
.Foundation + Powder
LIRIKOS Marine Silk Layer Founder SPF 35/PA++

Described as a new concept product that combines the strengths of foundation and compact powder. Offers hydrating and mattifying properties.

‘Founbalm’
.Foundation + Balm
VIDIVICI Perfect Face Glow Foun Balm SPF 40 PA++

Described as an innovative product that combines foundation and moisturising balm in one. The combination of skincare and make-up ingredients is claimed to conceal imperfections and deliver moisture at the same time.
Haircare
Segmented and Gentrified

- South Korea’s hair care market is growing rapidly based on the growing consumer understanding that hair care is as important as facial skin care for maintaining a younger-looking appearance.
- The hair care market is becoming more segmented to satisfy diverse consumer demands and concerns. Hair care rituals are getting complex and the hair treatment market is growing.
- The consumer trend for little luxuries and indulgence among consumers facing economic hardship has led to growth of premium hair care.

Hair Care Ritual

1) Basic: Shampoo  Conditioner

2) Basic Advanced: Shampoo  Conditioner  Hair Treatment  Hair Essence / Oil

3) Additional layers meet consumer demand for segmentation and diversification

- Hair Ampoule
- Hair Pack
- Hair Mask
- Hair Tonic

Source: Mintel
Scalp is the skin

With consumer concerns over hair loss growing, the importance of scalp care has been highlighted. More consumers understand that scalp is part of the skin and requires special care just like facial skin does.

Kerasys Naturing Shampoo launched an advertising campaign educating consumers about scalp pores which are much bigger than pores on face.

Free-from claims and safe ingredients for a clean and healthy scalp have gained consumer attention.

Scalp care items such as hair tonics and exfoliation products are gaining a presence leading to market segmentation.

Made with 95% natural origin ingredients, 100% plant-derived surfactants. Free from parabens, isothiazolinone, silicone and colourants. Consumer communication focuses on its functions for clean and healthy scalp pores

Claims to reduce sebum production, exfoliate dead skin cells and sebum build-up, clean pores and deliver vitality to hair.

Source: Mintel
Anti-ageing cross-over

In light of the anti-ageing trend across all beauty and lifestyle categories, anti-aging hair care is coming to the fore with some brands using “anti-aging” in their product name and descriptions.

Healthy scalp-care is at the centre of the anti-aging hair care sector. In the past, consumers wanted ‘radiant and smooth’ hair with much focus on the hair itself in South Korea, but recently the trend has moved to ‘healthy and young’ hair based on clean and sound scalp and strong hair roots.

Q. What do you do or use for anti-ageing results?, 2013

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Supplements</td>
<td>61%</td>
</tr>
<tr>
<td>Healthy food</td>
<td>59%</td>
</tr>
<tr>
<td>Functional cosmetics</td>
<td>54%</td>
</tr>
<tr>
<td>Hair Care products</td>
<td>47%</td>
</tr>
<tr>
<td>Workout at fitness</td>
<td>43%</td>
</tr>
<tr>
<td>Beauty devices for skin and body</td>
<td>26%</td>
</tr>
<tr>
<td>Cosmetic surgeries or…</td>
<td>16%</td>
</tr>
<tr>
<td>Teeth whitening or correction</td>
<td>12%</td>
</tr>
</tbody>
</table>

Base: 500 Korean male and female consumers
Source: KCCI (The Korea Chamber of Commerce & Industry). Consumer attitude report about anti-ageing business, July 2013

Mise en Scène Full & Thick Anti-Aging Shampoo

Formulated with a Nutri-Collagen Complex (ceramide, collagen and superberry) to nourish, add volume, lift and strengthen the hair and hair root, and also offers an antioxidant effect.
Self-care booming

• During South Korea’s economic recession, self-care beauty has risen in importance.

• In hair care, home hair colorants lead the trend with market growth of CAGR 27% over 2009-2013. Hair colourants for styling purpose show noticeable growth compared to hair colourants for gray hair.

• Hair treatment products which promise hair salon results at home are also on the rise. The consumer demand for salon treatment results at home have contributed to market segmentation.

• At home styling products including appliances and hair styling products are on the rise.

Q. What home beauty care are you currently doing at home besides daily basic skincare?, 2013

<table>
<thead>
<tr>
<th>Beauty Care</th>
<th>2013 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face scrub, peeling, or...</td>
<td>75%</td>
</tr>
<tr>
<td>Sheet mask or wash-off facial...</td>
<td>61%</td>
</tr>
<tr>
<td>Hair treatment and mask</td>
<td>55%</td>
</tr>
<tr>
<td>Hand and foot care products</td>
<td>47%</td>
</tr>
<tr>
<td>Body care with scrub, sliming...</td>
<td>32%</td>
</tr>
</tbody>
</table>

South Korea, Hair Colorants Market Size & Annual Growth Rate, 2008-13

- **Value (unit: bn...)**
  - **2008**: 90
  - **2009**: 120
  - **2010**: 170 (42% growth)
  - **2011**: 200 (18% growth)
  - **2012**: 260 (30% growth)
  - **2013**: 317 (22% growth)

Base: 500 females aged 20-39, mobile survey
Source: SURE beauty magazine, November 2013
Source: Korea Health Industry Development Institute, Company Information, Mintel
Borrowing facial skincare concepts

With expansion of the hair care market, product concepts seen in facial skincare are being actively applied to the hair care sector.

Fermentation, cooling, BB/CC, sleeping packs, sheet masks, essence mist are some examples.

Consumers increasingly understand that the scalp is also the skin and this fuels the trend to adopt facial skincare concepts in hair care and has also led to market segmentation and more complex hair care rituals.

**Natural Fermentation**
Tony Moly Make/HD Silk Argan Oil

Contains 340mg of argan tree kernel oil and formulated with a Damage Care and Healthy complex with natural ferment oil to help recover and nourish damaged hair.

**Sleeping Pack**
Tony Moly Haeyo Zayo Hair Sleeping Pack

Leave-in hair treatment for damaged hair that makes hair soft and smooth; contains Coconut extract and lavender oil to give radiance to hair and aid sleep.

Source: Mintel GNPD
New texture hair colourants

**Pudding Hair Color**
Dongsung EZN Shaking
Pudding Hair Color

Described as ‘shaking’, easy, vivid, nutritive and long-lasting. It is an ammonia-free product with a wobbly ‘pudding’ texture that absorbs into the hair quickly and is easy to apply.

**Jelly Hair Color**
Dongsung SevenEight
Jelly & Color

Features special packaging for easy application; a tube with built-in comb-shaped top applicator. Its special water-jelly texture stays on hair without running for easy and efficient coloring.

**Pearl Waxing Color**
Kogen β-Cyanin Pearl Waxing Colour

An acid-type hair colourant with vivid colour and excellent coverage to allow the creation of diverse hair colour effects. The texture is sticky gel type and the pearl pigments give brightening effects.

Source: Mintel GNPD
Hair Makeup: Instant correction

Makeup products for hair have been introduced to the market borrowing concepts from the color cosmetics sector.

They include hair care benefits with functions more usually seen in color cosmetics.

Ryo Hair Cushion
Naturally cover hair to deliver full hair and a sharp hair line while leaving hair radiant, enhancing scalp circulation and strengthening the roots.

L'cret Hair Tint Brush
A handy and convenient hair tint to conceal white and grey hairs. Its quick-drying and non-sticky formula is claimed to cover white hair immediately, and deliver long-lasting and pigmented colour when used regularly.

Mamonde Pang Pang Hair Shadow
A hairline makeup product that adds soft color for a natural finish.

Source: Mintel GNPD
Influences East and West
Market Overview - Imports vs. Exports

- Despite a slow performing domestic market, Korean beauty brands’ exports have jumped to record high levels.
- Korean beauty companies are gaining ground in overseas markets, thanks to the K-pop boom which is influencing fashion and lifestyle trends in Asia.
- Beauty exports outpaced imports for the first time in South Korea in 2012 and continued to do so in 2013 and 2014.
- China, Hong Kong, the USA and Taiwan are the biggest export markets in terms of volume and growth rate.

Cosmetics imports vs. exports, 2009-13

Top 10 export markets for Korean cosmetics, 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>% Share</th>
<th>% Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td>2</td>
<td>Hong Kong</td>
<td>21</td>
<td>41</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>17</td>
<td>-13</td>
</tr>
<tr>
<td>4</td>
<td>USA</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>5</td>
<td>Taiwan</td>
<td>7</td>
<td>43</td>
</tr>
<tr>
<td>6</td>
<td>Thailand</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Singapore</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Vietnam</td>
<td>3</td>
<td>43</td>
</tr>
<tr>
<td>9</td>
<td>Malaysia</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>Russia</td>
<td>2</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: Ministry of Food and Drug Safety, press release, May 2014
Imports by category

Beauty products

Among imported beauty products, facial skincare takes the biggest share at 44%, while color cosmetics take just 15%, one third of facial skincare's share.

However, in annual growth terms, facial skincare imports fell -4% over 2012-2013, while color cosmetics recorded a relatively milder decline of -1%.

South Korea, imports of beauty products by category (%), 2013

Source: Foundation of Korea Cosmetic Industry Institute
Western brands take inspiration from SK innovation

Yves Saint Laurent Forever Youth Liberator Essence-in-Lotion formulated to give intense hydration, leave skin plumper and reduce the appearance of visible signs of ageing.

Lancôme Melt-in Sleeping Mask, during the night, its formula melts into skin to help reinforce its barrier and maintain ideal hydration levels.

Lancôme Miracle Cushion is a BB cream available in 6 tones and features hydrating, refreshing properties and SPF 23.
Air Cushion evolving East, moving West

A number of Western brands have introduced cushions in the West but disrupting application format may pause challenges to establish cushions in the West

- Lancôme Miracle Cushion
- Kiko CC cream Cushion System (limited Edition)
- Marks & Spencer Air Cover Cushion Foundation
- It Cosmetics CC+ Veil Beauty Fluid Foundation SPF 50
- Pur Minerals Air Perfection CC Cushion Compact Foundation
New jelly textures

**Lancôme French Paradise Blush Subtil Crème**

"cushion" formula is said to be non-oily and non-sticky for an ultra light-weight finish, and is enriched with light-diffusing ingredients to add luminosity and provide a watery sensation for instantly refreshed skin.

**Givenchy Blush Mémoire de Forme Pop-Up Jelly Blush**

Features a texture said to transform on application and adhere to the skin's surface for a smoothing and refreshing effect. Described as comfortable and light, it contains 70% water for an even colour.
Conclusion