Finding New Shoppers in ASIA

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Oct. 2018
Beauty & Personal care is growing fast and strong especially in APAC via sophistication.
Beauty is fast growing in SEA markets

- Thailand: +5% MARKET VALUE (MATQ2/18 vs. MATQ2/17)
- Indonesia: +18% MARKET VALUE (CAGR 2017 vs 2015)
- Vietnam: +22% MARKET VALUE (MATQ2/18 vs. MATQ2/17)
The 20th century mass production world was about dozens of markets of millions of people.

The 21st century is all about millions of markets of dozens of people.

— Joe Kraus, VC & Internet entrepreneur
What kind of shoppers should we reach out to?

- Natural Shoppers
- Experiential Shoppers
- Convenience Shoppers
- Digital Shoppers
- Ethnic Shoppers
WHO ARE Natural Shoppers?
EXPAND HORIZONS... EXPLORE OTHER REALITIES

THERE ARE DIFFERENT LOOKS ABOUT WHAT IS NATURAL BEAUTY...

Environmental Concern
In the USA, **43%** of individuals associate Natural Beauty to the use of products that **aren’t harmful** to the environment.

Organic Products
In Western Europe, **60%** of individuals associate Natural Beauty to the use of products that **aren’t harmful to the body**.

Look natural
In Brazil, **40%** of individuals associate Natural Beauty to the use of products that **make them feel good with their own body**.

Fonte: Global Kantar Worldpanel Usage

FINDING NEW SHOPPERS
Natural trend is seen via local herbs and organic products in TH

THAIS LOVE HERBAL PRODUCTS – WE SEE THE KEY MASS PLAYERS MORE IN THE SEGMENT

HERBAL BAR WORTH 1.7 billion THB

+19.3% or 287 million THB from last year

HAND & BOADY + FACE HERBAL AMONG LOCAL PLAYERS & MASSTIGE
Natural ingredients, local herbs and Detox are the rising Natural in Vietnam

<table>
<thead>
<tr>
<th>Mindful Consumerism</th>
<th>... leads to growing adoption of natural-oriented brands</th>
<th>... initiatives push from big global players “Natural” concept of fresh and detox</th>
</tr>
</thead>
</table>
| “I prefer to chose natural beauty products” | INNISFREE +219% value (+0.9pts pen.) | Tresemmé Detox  
| (% agree) | | Biore Pore Detox Botanical Beads facial foam |
| 80% | | Colgate Nature |
| “I prefer to buy brands which take care of the environment” | ST. IVEs +107% value (+0.4pts pen.) | … and emerging local handmade/ DIY brands “Natural” theme of organic & _authentic ingredients_
| (% agree) | | NAUNAU  
| 82% | | TUTAYLAMHET |
| | | LÁ HOUSE |

Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Personal Care excluding Gift | Full year 2017 vs YA & Lifestyle Survey 2017

Mindful Consumerism

“I prefer to chose natural beauty products”
(% agree)
80%

“I prefer to buy brands which take care of the environment”
(% agree)
82%

“Natural” theme of organic & authentic ingredients

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FINDING NEW SHOPPERS
Detox & Superfood concept on the rise

Happy Bath
Nutrition Sugar Oil Scrub
• Enjoy the nutrition and natural scent of fruit (Banana, Orange, Kiwi, Grapefruit, Peach)

Papa Recipe – Kalamansi Toner / Lotion / Cream

Frudia
My Orchard Scrub Body Wash

LabelYoung – Shocking Squeeze Bath
Natural detox vegetable made into a powder extract for a bath soak

Hello Everybody – Grapefruit/Peach Lotion

Happy Bath
Natural seed Origin – Body Wash
Further down the natural there is Certifications and some Botanical concept

Stress Zero Toner
Texture: Water
Regimen: Toner
Benefit: Natural & Pure Toner with no harmful ingredient
Received EWG 1 in all elements
90% sea water
PH 5.0
No Ethanol

Shiseido Recipist body lotion
Texture: Lotion
Regimen: Body Lotion
Benefit: Botanical ingredients keeping skin moisturized and silky.
Comes in 3 fragrances of Verbena Hybrida, Rose and Rosemary

Conducted SNS promotion via official Twitter account
Has Sampling monitoring site
WHO ARE Experiential Shoppers?
With the sophistication build in Vietnam, understanding & exposure to new format continues to rise

"Nowadays you have to take care more and more of your skin"

76%

More beauty items adopted over years...

2015 2016 2017

Facial Care
- Serum: +164% value (+1pt pen.)
- Lotion: +84% value (+0.7pts pen.)
- Gel: +38% value (+0.4pts pen.)

Cosmetic Remover
- Micellar water: +72% value (+0.9pts pen.)
- Oil: +245% value (+0.4pts pen.)

Facial Foam
- Milk: +28% shoppers
- Cream: +7% shoppers

Sun Protection
- Serum: +120% shoppers

Lancôme Visionnaire
Advanced Skin Corrector 30ml

Thorakao
Curcuma Cleansing Milk 100GR

L’Oreal Micellar Water 3-in-1 250ml

Nivea Protect & White SPF50
Oil Control Sun Protection Serum 30GR

Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Personal Care | Full year 2017 vs YA

FINDING NEW SHOPPERS
More Indonesians are looking for *look good, feel good* experience derived from beauty hence as the result, more buyers purchase beauty products.

**HOUSEHOLD PENETRATION – URBAN INDONESIA**

- **FACIAL CLEANSER**
  - FY 2015: 62.5%
  - FY 2016: 58.4%
  - FY 2017: 9.2%

- **FACIAL MOISTURISER**
  - FY 2015: 54.1%
  - FY 2016: 27.1%

**MACRO CONTEXT**
**WHAT SHAPES THE GROWTH**

- Female population is over 130 million and they are increasingly aware about beauty.
- A growing number of men are increasingly aware about grooming.
- Enabled by more exposure to international beauty and grooming trends via internet.
- Supported by increase of purchasing power.

FINDING NEW SHOPPERS
Texture knowledge is transferring to layering in Skin care of the same format in Korea

### Frequency CH% by Age across Benefits

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>15-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-55</th>
<th>56-65</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL COSMETICS</td>
<td>+0.9</td>
<td>+7.2</td>
<td>+4.5</td>
<td>+5.0</td>
<td>-2.4</td>
<td>-6.8</td>
</tr>
<tr>
<td>Moisturizing</td>
<td>+3.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Anti-aging</td>
<td>+5.3</td>
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<td></td>
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<td></td>
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<tr>
<td>Whitening</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-8.5</td>
<td></td>
</tr>
<tr>
<td>Pore/Acne</td>
<td>+1.9</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nutrition</td>
<td>+0.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Multi-Funtional</td>
<td>+2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AA+WH</td>
<td>+5.5</td>
<td></td>
<td></td>
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</tbody>
</table>

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All age group purchase more of AA, Moisture and AA+WH.
Extreme weather condition is also playing a role in texture variation.

### Monthly Weather Averages

- **SUNSHINE HOURS**
  - Jan: 3.3
  - Feb: 4.1
  - Mar: 5.1
  - Apr: 5.4
  - May: 5.2
  - Jun: 5.1
  - Jul: 4.4
  - Aug: 4.0
  - Sep: 3.9
  - Oct: 4.3

- **MAX. TEMPERATURE**
  - Jan: 32°C
  - Feb: 33°C
  - Mar: 34°C
  - Apr: 35°C
  - May: 34°C
  - Jun: 33°C
  - Jul: 33°C
  - Aug: 32°C
  - Sep: 31°C
  - Oct: 31°C

- **MIN. TEMPERATURE**
  - Jan: 21°C
  - Feb: 25°C
  - Mar: 25°C
  - Apr: 26°C
  - May: 26°C
  - Jun: 26°C
  - Jul: 26°C
  - Aug: 25°C
  - Sep: 25°C
  - Oct: 24°C
  - Nov: 21°C

### Sun Protection Penetration (%)

- 4 w/e rolling 2017
  - Dec'16: 3.3
  - Jan: 4.1
  - Feb: 5.1
  - Mar: 5.4
  - Apr: 5.2
  - May: 5.1
  - Jun: 4.4
  - Jul: 4.0
  - Aug: 3.9
  - Sep: 4.3

### Sun Protection

- Picks up on seasonality – as weather becomes warmer and brighter need for sun care will increase. SERUM format also growing fast.

### Absolute Spend (Mil. THB)

<table>
<thead>
<tr>
<th>Format</th>
<th>24 w/e 2015/06/14</th>
<th>24 w/e 2016/06/19</th>
<th>24 w/e 2017/06/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sun Protection</td>
<td>1,367</td>
<td>825</td>
<td>27</td>
</tr>
<tr>
<td>Cream</td>
<td>+1.9%</td>
<td>+1.3%</td>
<td></td>
</tr>
<tr>
<td>Gel</td>
<td></td>
<td></td>
<td>+848%</td>
</tr>
<tr>
<td>Gel-cream</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lotion</td>
<td>-14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Serum</td>
<td></td>
<td></td>
<td>+54%</td>
</tr>
</tbody>
</table>

### Non-Millenials – Older (35-54)

- Hybrid Format

2. Source: [https://medlineplus.gov/ency/anatomyvideos/000125.htm](https://medlineplus.gov/ency/anatomyvideos/000125.htm) by Kevin Berman, MD, PhD
Seasonal products are much in demand with strong experiential care.

**Hdnn=lab**

Texture: Light Gel to Water  
Regimen: Cooling Cream, Mask, Serum  
Benefit: Hydration & Refreshing  
With the concept of cooling system care, the full line provides refreshing and deep hydration with Cream, Serum and Mask.

**HOUSE OF ROSE Mintleap Cool body spray**

Texture: Spray  
Regimen: Mist  
Benefit: Cooling, Sebum Control, Smoothing  
The fine mist quickly cools down the body and the Powder absorbs sebum and sweat smoothing the skin.  
It’s a time limited product during summer only.

Operated a Web Advertisement and Beauty magazine  
Natural mint and lemon provides refreshing scents.
Consumers nowadays are more prone to full sensorial experience

Function, efficacy, claims and stories tend to resonate less than the product innovation in itself.

To truly get the efficacy travel, you need to SHOW them not tell them.
Multi-format is the new Experiential care

Goodal Double Serum Anti-Aging
Texture: Watery Serum
Regimen: Serum in Mist format
Benefit: Exfoliating & Antiaging, Moisturizing
The oily layer and water is to be shaken and mixed before application to bring exfoliation from the water and moisture and AA from the oil

HAKU Gel Toner
Texture: Gel → Water
Regimen: Cream Toner
Benefit: Whitening & Moisturizing
The key ingredients acting as a Whitening benefit which then in format transforms to give the moisture as a Toner
WHO ARE Convenience Shoppers?
# of routines drop especially in the morning ... to save time

- US: 42%
- Brazil: 31%
- Europe: 47%
- Japan: 32%
- China: 26%

All excluding JP: Usage Panel 15 vs. 16; JP: 12 vs 13

KANTAR WORLDPANEL

FINDING NEW SHOPPERS
Growing needs to quickly address their needs continues to survive with Vietnamese women

“‘I would like to see more new products to ease my life’ (% agree)

68%

Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Personal Care excluding Gift | Full year 2017 vs YA & Lifestyle Survey and Family Form 2017
Quick & Easy make up removal with micellar water is fast on the rise for Thailand women

Nivea was the first mover in the mass market but may lose its reach by the rate other brands are growing.
Greater occasion for Cleansing usage beyond Make up removal is being communicated...

Besides Makeup, use Makeup Removal while facing...

1. Pollution

2. Sunscreen & Tone-up cream

“Sunscreen also needs to be removed from skin as many of them are water-proof. Removal is necessary for sunscreen.”
Multi-format addressing makeup removal and cleanse in one is on the rise

- **Innisfree – My Makeup Cleanser – Micellar Oil Water**
- **The Saem – Phyto Seven Cleansing Oil Cream**
Disposables: Quick and easy – are the recent convenient products fast rising in Korea

Primera – Makeup Renew Tissue

Espoir – Pre-face Tissue Toner

So Natural – Pink Water Glow Pads
- Made with Lotus water
- Can be used for Multi purpose of Toner or Mask
WHO ARE Digital Shoppers?
eCommerce is fast growing in all APAC much stronger than overall channel in Beauty

Online Growth% & Contribution in Beauty

- **CN**: +63% (11%)  
- **KR**: +52% (14%)  
- **CN***: +52% (11%)  
- **TH**: +29% (9%)  
- **MY**: +6% (22%)  
- **VN**: +20% (14%)  
- **TW**: +14% (14%)
Korea is leading with online development yet, the spending power is at par with Taiwan.
Taiwan is at destination shopping stage mainly driven by promotion peak and major brands in the market.
Korea on the other hand has moved onto a Discovery stage where new platforms are fast rising with Indie brands.
eCommerce “Eywa” is now built and ready to be an eco system on its own.
BLP (by Lizzie Para) BEAUTY use Instagram as market place and touchpoint

BLP Beauty is cosmetics brand owned by Indonesia beauty blogger

The brand sells exclusively online through an Instagram account and Sociolla, a beauty online market place

Through a series of marketing campaigns #defineyourbeauty on Instagram

BLP was able to successfully sell more than 4,000 lipsticks in only two hours.
WHO ARE Ethnic Shoppers?
The importance of ethnic groups are fast rising

Targeting the needs of Non-White consumers is increasingly important, especially when targeting younger age groups.

2012

37% Non-White

Hispanic American
17% → 29% (+115%)

African American
13% → 14% (+42%)

2060

53% Non-White

% 2012 → % 2060 (% Population Change)

Brands are reacting by broadening product ranges and communicating inclusivity

**Fenty Beauty**
- Launched September 2017,
- $72 million in one month
- 40 shades of foundation at launch
- Inclusivity “Beauty for all”

**Maybelline**
- Expanding shades available, up to 40 per range

**CoverGirl**
- First male “CoverBoy”
- 17 year old James Charles
More beauty brands targeting hijabi in Indonesia

Hand & Body Lotion aim to provide instant coolness

Personal care brand aim to meet the needs of modern Muslim women & men

Shampoo aim to keep hijab's hair and head scalp clean, fresh, and stay healthy
CASE STUDY: WARDAH
WARDAH has strong desirability among hijabi but also among wider shopper

Warðah cosmetic

Warðah portray Indonesian women balancing modernity with religion

The brand use prominent aspirational hijaber in its imagery

KEY SUCCESS FACTOR:
- Smart use of digital esp. social media
- Leverage beauty influencer
- Aspiring tone and cue in communications
What kind of shoppers should we reach out to?

*There will be constant waves of trend and markets to address*

*One size doesn’t fit all....*
Thank you

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