LATEST K-BEAUTY TRENDS AND BEYOND

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CONTENTS

I. Current Status of Korean Cosmetic Industry

II. Introduction of K-Beauty and features

III. Latest K-Beauty market trends
1–1. Global Market

WORLD MARKET SIZE

$348 Billion

17.3%

$409 Billion

2015  2018(est.)

(Ref. Beauty & Personal Care Euromonitor, 2018)

GLOBAL Market Size

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
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<td>1</td>
<td>USA</td>
<td>18.9%</td>
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<tr>
<td>2</td>
<td>CHINA</td>
<td>12.4%</td>
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<tr>
<td>3</td>
<td>JAPAN</td>
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<td>4</td>
<td>BRAZIL</td>
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<tr>
<td>5</td>
<td>UK</td>
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<tr>
<td>6</td>
<td>GERMANY</td>
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<tr>
<td>7</td>
<td>FRANCE</td>
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<tr>
<td>8</td>
<td>KOREA</td>
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<tr>
<td>9</td>
<td>ITALIA</td>
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<tr>
<td>10</td>
<td>RUSSIA</td>
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</table>

(Ref. World Beauty & Personal Care Euromonitor, 2018)
# Korean Market

**MARKET GROWTH**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Market Size (Unit: Million $)</th>
<th>Y-Y(%)</th>
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<td>10,901.1</td>
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<td>2020</td>
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<td>2023</td>
<td><strong>15,242.9</strong></td>
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</table>

Ref. Euromonitor International, 2019
1-3. Korean Cosmetic Export(1)

Korean Cosmetic Export

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

(단위 : %)

- CHN(+HK): 17.6%
- USA: 2.7%
- JPN: 2.7%
- TH: 4.8%
- 8.6%
- ETC: 63.6%

## K-Beauty Export by Countries

(unit million $)

<table>
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<tr>
<th>Rank</th>
<th>Country</th>
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<th></th>
<th>Share</th>
<th>2017</th>
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<td>MAL</td>
<td>87</td>
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<td>4,183</td>
<td>100.0</td>
<td><strong>Total</strong></td>
<td>4,952</td>
<td>100.0</td>
<td><strong>Total</strong></td>
<td>6,283</td>
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*REF: Korea Customs Service(2019), KCCI(2019), Sorted by Korean Cosmetic Category Standard*
CONTENTS

Ⅰ. Current Status of Korean Cosmetic Industry
Ⅱ. Introduction of K-Beauty and features
Ⅲ. Latest K-Beauty market trends
2. Definition of K–Beauty

What is 케이뷰티?

- K–Beauty (Korean: 케이뷰티; RR: Keibyuti) is an umbrella term for skin-care products that derive from South Korea.[1][2][3][4] The fad gained popularity worldwide, especially in East Asia,[5][6] Southeast Asia,[7][8][9] South Asia,[10][11][12] and the US.[13][14][15][16][17][18] and focuses on health, hydration and a preferred lack of pigment.[19][20][21][22] K–Beauty is associated with the Korean Wave; for example, the South Korean cosmetics company Amorepacific sponsored My Love from the Star, a 2014 K–drama whose constant marketing of Amorepacific products resulted in an increase in skincare and lipstick products of 75 and 400 percent. The combination of increased international tourism in South Korea combined with K–Beauty products' presence in duty-free shops has also worked to increase sales of cosmetics in Korea.[23]

- Reference: WIKIPEDIA(2019)
Korean Wave (Hallyu)

2. Evolution of Hallyu

1997
- Drama 
  - "Boys Over Flowers" in Taiwan
  - "Youth" in Hong Kong, etc.

2000
- Drama 
  - "Love in the Moonlight" in China

2004
- Film
  - "Memories of Murder" in Japan
  - "The Host" in China

2005
- Drama
  - "My Sassy Girl" in Japan

2001
- Film
  - "Timeline" in Japan

4th Wave?
- Japan, etc.

1st Hallyu Wave
- Japan and China (late 1990s - early 2000s)
  - Drama and film

2nd Hallyu Wave
- South and South-East Asia (mid-2000s)
  - Drama, film and music

3rd Hallyu Wave
- Europe, Australia, Americas, Africa (2010s)
  - Everything - fashion, food, computer games
2-1. Hallyu; K-Pop

K-pop

- Influences in Fashion, Perception of Beauty
- ‘Gangnam Style’ as a phenomenon, BTS as a main stream
- BTS is the first artist with 3 Billboard No.1 singles in 2 years since the Beatles
2-2. Hallyu: K-Drama

K-Drama

- ‘Daejangguem’ first to go in GLOBAL
- IRAN: 86% viewing rate (record)
- HK, TAIWAN, CHINA, JAPAN hot debut
- SRI LANKA: 99% viewing rate (record)
- Uzbekistan: 5 times repeats
- More than 100 countries in the World

- K-Drama makes K-stars to have an impact on Local trends; what to wear, how to do make-ups, which food to eat, etc
- Audiences and Fans of Hallryu becomes curious about how Koreans skin look so healthy and beautiful
- Korean Skincare: Easy on your skin, Natural, Fun

Not only the skincare products and routine, K-Beauty make-ups are making big hits in Eye and Lip products
2. New perceptions for Ideal Skins

- Dewy/Watery
- Glowy/Luminous
- Natural – Less to least makeup
- Glass(Skin) – Flawless, White
2. Bringing New Textures & Functions

**TONERS**

“Toners help balance the pH of skin.”

**ESSENCES**

“This is called the heart of the K-Beauty skincare regimen, as essences lend a major boost in moisture of the skin.”

**SERUMS**

“After toner and essence as your prep steps, let us move on to the main treatment, serum.”

**AMPOULES**

“Ampoules as a booster shot.”
2. Introduction of New Product Categories

Sleeping pack

- Same does as Night cream
- Light and with less oil
- Popular with millenials and ASEAN region

Anti-pollution

- S.Korea gains World’s most 75 global patent regarding Anti-pollution cosmetics (2018)
- Creation of Anti-pollution category; especially in mega cities in ASEAN
2. More of K-skincare routines

K-Beauty

- Based on 10 skincare routine: 5-step, 7-step, and steps based on skin types, steps based on TOPs, and etc are being introduced

- Audiences and Fans of Hallryu becomes curious about how Koreans skin look so healthy and beautiful

- K-beauty is Well-know for Skincare Routine and products
2. Mother Nature of BB&CC Cream

BB Cream; coming in more colors
- Birth of BB cream – Japan
- Reached Development Phase in KOREA
- First introduced to calm and easy on sensitive skin after treatments
- Gaining more color variations

CC Cream; being widely known
- BB cream + Skincare + Make-up
- Born in KOREA
- BB cream (mostly cream) → CC cream (Serum, Cream, Cushion, etc)

The BEST Korean CC Creams
2. Cushion Frontier

**Cushion Pact - Original**

- First to introduce Cushion pact
- Global brands such as Christian Dior deals with AmorePacific
- Easy application + Light + Dewy/Glowy

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**Leading Technology in cushion**

Dior signs deal with AmorePacific

**19-Jun 2015**

**COLOUR COSMETICS | PACKAGING**

Brand shares its cushion compact

Christian Dior Parfums has signed an agreement with AmorePacific for the use of its 'cushion' packaging technology.

The 'cushion' packages include a sponge capable of containing and preserving a liquid formula such as foundation, sun protection or other skin care ingredients. The cushion is also anti-bacterial and anti-microbials. The compacts were developed in 2008 and have since been introduced to 13 different in-house brands.
CONTENTS

I. Current Status of Korean Cosmetic Industry
II. Introduction of K-Beauty and features
III. Latest K-Beauty market trends
3. Growing interest of global players

Impacts on Global markets

11 K-Beauty Sheet Masks for Every Skincare Issue You Can Think Of

K-Beauty and K-Food Industries Emerging Among Top Economic Drivers

Since its Western debut several years ago, Korean beauty industry. What started off as a trend has the business, spawning countless K-beauty companies to jump on the bandwagon and attempt their share of the global skincare market. K-beauty's popularity shows no sign of abating with experts estimating its current worth to be well over $100 billion USD.

12. GLOBAL M&A

Unilever (UL) Buys Carver Korea to Expand Beauty Business

The cosmetic industry is in high demand and growth. With the improvement in the U.S. economy, shoppers have started spending on beauty and personal care products as well as apparel, footwear and personal accessories apart from buying essential and non-durable goods. The rise of e-commerce and social media has provided a further impetus to the fast-growing beauty channels. In such a scenario, many companies are looking for opportunities to strengthen their footholds in the fast-growing beauty segment.

Unilever PLC, UL is no exception. This global consumer products giant recently clinched a deal to buy cosmetics company Carver Korea for 2.17 billion euros ($2.71 billion) from Goldman Sachs Bain Capital and Carver's founder B. R. Kim and Goldman jointly held 60.39% of Carver at the end of 2016, while its founder Lee Sung-wook held a 35% stake. Carver generated sales of 321 million euros ($381 million) with core profit of 137 million euros in 2016.

L’Oréal snaps up parent company of Korean brand StyleNanda

L’Oréal has fully acquired Nanda Co., parent company of StyleNanda and its makeup brand 3CE. StyleNanda currently has a presence in Singapore, Malaysia, Hong Kong and Thailand, on top of Korea and Japan. This comes shortly after Unilever forked out US$2.7 billion to buy South Korean cosmetics company Carver Korea from Goldman Sachs and Bain Capital Private Equity, in a bid to build a global beauty business.
3. Spreading outside ASIA

Distribution Trends

- EU Distribution Trends began to accept K-Beauty as a future potential
- (Below) Conservative French Department Stores are now selling several K-Beauty brands

- Major Department stores in the US such as Macy’s is selling K-Beauty products
- (Above) SEPHORA USA. EU is selling Brands and have K-Beauty category in both on/off-line stores
KIND-HEARTED Cosmetics?

- Korean Beauty Watchdog app: Hwahae
- Trends grew strong thru 2015–2017 period
- Currently being both consumers & corporates guidelines in product development
- The use of this standard being more controversial lately
3. Sustainable Growth

Sustainability and eco-friendly

- minimise environmental impacts
- product research to production, distribution, consumption and disposal
- product packaging with eco-friendly containers
3. K-Beauty ingredients widen/Localized

**Up & Coming**
- Truffle mushroom, Caviar: Anti-aging, Firming, Luxurious Image
- Centella extract: Anti-inflammation, Calming, Wound healing (Skin regeneration)
- Eggplant: Anti-inflammation, Fight Acne

**Local Origin**
- Mugwort, Tangerine, Green tea, Mud, and etc coming from various Korean origin ingredients
- Nagoya Protocol
3. Natural → Organic → Vegen?

New Vegan using the whole food

- Next Gen Trend followed by Natural ingredients; Vegen
- Biggest difference between the previous products are; Cruelty-free and using the whole raw materials, not just certain concentrations
- Mostly these products features VEGEN Certifications and raw ingredients in visual
- Korea has banned Animal testing and soon China to be as well
The Leading Microbiome Tech

Here is why the skin microbiome trend is here to stay

Skin microbiome continues to be one of the hottest trends in the industry right now, which is why Cosmetics Design has devoted its inaugural Summit entirely around this topic. But is it a flash in the pan trend?

- Individuals have own balance on skin microbial environment
- This balance changes as the person age and according to the environmental conditions
- Cosmax, the leading OEM/ODM company has been researching skin microbiome since 2011
- Ready to release ‘Real’ microbiome product in 2019; Strain CX(First to discover the present the skin of younger women which gradually disappears with age

Key points

- The skin is a physical barrier against invasion by pathogenic organisms and foreign substances. The skin is also an ecosystem, host to a microbial milieu that, for the most part, is harmless.
- A wide range of skin disorders are postulated to arise in part owing to a microbial component. These disorders include atopic dermatitis, acne, seborrheic dermatitis and chronic wounds. Additionally, commensal bacteria (for example, Staphylococcus epidermidis) can become pathogenic and cause invasive infection.

**Materials**
- Cotton / Rubber / Hydrogel / Cellulose
- Different feels and applications

**Designs and Concepts**
- Different colors, Shapes, Designs, Concepts
3. New Categories: Mist and More

- First introduced with thermal water sprays
- Developed with moisturizing ingredients; Mist
- Can be used immediately after cleansing, during skincare, make-ups, and whenever necessary

Mist Serum

Concentrated formula than the previous Mist products; containing premium ingredients that helps moisturizing + anti-aging whenever necessary
3. More of LESS; Skincare

10-step Skin care (Layering)

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>01</td>
<td>Makeup Remover / Oil Cleanser</td>
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<td>Water-based Cleanser</td>
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How to do the 7-Step Korean Skincare Routine

- Oil-based and water-based cleansers
- Exfoliator
- Toner
- Essence
- Eye cream
- Serum
- Moisturizer

Skipcare (Multi-tasking)
3. New Concept of Make-ups

**Seasonal Routines**

**Two-toned lips**

**Natural – Light, No make-up look**

**Tone-up Cream**
3. Combinations with Beauty Device

- **LED Mask**
- **Micro-current with LED**
- **Plasma**
- **IPL**
3. Customized Cosmetics; MAKE-UP → SKINCARE

Custom-made Foundation →

WE ONLY MAKE ONE SHADE - YOURS.

INTRODUCING
LE TEINT PARTICULIER
CUSTOM MADE FOUNDATION

The Experience
The Technology
The Formula

→ Custom-made Skincare

- 아모레, '라네즈' 맞춤형 립스틱 첫 출시
- 식약처 '맞춤형 화장품 시범사업' 일환
- 어울리는 색상 진단 후 제조까지 '40분'
Still a Long way to go

Growing Online Channel (LAZADA): Amorepacific’s Exclusive Brand Launch

- For Oily-skin products
- Affordable price
- Detailed marketing: High/Middle/Low consumer groups
- Hallyu/K-Beauty Exodus
- More colors: face, lips, eyes

affordable makeup brands you didn’t know about

WHAT has K-Beauty has to offer to ASEAN market: LOCALIZATION
Thank You

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