

## Beauty & Personal Care in South Korea

### Beauty and personal care continues to show moderate growth in 2014

Beauty and personal care recorded healthy value sales growth in 2014. The growth rate slowed down compared to previous years, but considering the highly mature environment and high per capita level, beauty and personal care still performed well. Despite the current declining trend of some international premium brands, mass brands' popularity with both domestic consumers and tourists helped to drive sales. Among beauty and personal care, other facial make-up recorded the fastest growth in 2014, with high demand for BB cream and CC cream.

### Department stores suffers while beauty specialist retailers absorbs share

Sales through beauty specialist retailers continued to grow whereas department stores slowed down. The latter channel is changing its former strategy of focusing on premium brands. Mass brands are starting to enter department stores with spacious outlet space.

Parapharmacies/drugstores also showed rapid growth as the channel is expanding in number of outlets and also diversifying brand line-up

### Domestic manufacturers show strong presence in beauty and personal care in 2014

Domestic manufacturers such as LG Household & Health Care Ltd and AmorePacific Corp led beauty and personal care in 2014. Among the top 10 leading manufacturers in 2014, five of them were domestic manufacturers and these five combined to hold over half the value share overall. Domestic brands dominate beauty and personal care in South Korea with keen insight of reading consumers' demands and distributing through powerful and speedy retailing channels.

### Products using unique, new ingredients are noticeable

New ingredients were used to capture consumers' attention under the severely competitive landscape. These ingredients emphasise the core function and most are naturally-attainable ingredients. Unique ingredients such as goat milk, camel milk, horse milk (horse fat), honey, butter, black tea, bananas, and many more were used in beauty and personal care in concentrated form. Consumers positively reacted to these products due to good quality and satisfying texture and scent.

### Beauty and personal care is expected to record healthy value sales growth over the forecast period

Domestic beauty and personal care had already reached its maturity point in South Korea by 2014; thus manufacturers are seeking overseas markets for future growth. However, the research and development effort for this goal leads to product quality improvement and new interesting products, thus gaining domestic consumers' positive response. For instance, horse fat concentrate cream was developed to attract Chinese consumers, but it also gained popularity among domestic consumers. Such development will positively affect both domestic and overseas markets.