KANTAR WORLDPANEL

17th Cosmetics Seminar 2018

Finding New Beauty Shoppers:

Agenda

	Subject	Name / Department
Lecture 1	Global: In the era of Fast Beauty	**Ashely Kang** KANTAR Worldpanel Asia
Lecture 2	Finding New Shoppers in USA	**Erica WILLIAMS** KANTAR Worldpanel US
Lecture 3	Finding New Shoppers in Indonesia	**Nadya ARDIANTI** KANTAR Worldpanel Indonesia
Lecture 4	Finding New Shoppers in Vietnam	**Antoine LOUAT DE BORT** KANTAR Worldpanel Vietnam
	Coffee Break	
Lecture 5	Finding New Shoppers in China	**Laura CHU** KANTAR Worldpanel China
Lecture 6	Finding New Shoppers in Korean Personal Care Market	**Jinwon Kim** KANTAR Worldpanel Korea
Lecture 7	**Finding New Shoppers in Korea**	**Koeun Shin** KANTAR Worldpanel Korea

CLIENT DAY 2018

FINDING NEW SHOPPERS

In the era of FAST BEAUTY

Ashley Kang

May 2018

KANTAR WORLDPANEL

What is Fast Beauty?

L'Oreal acquires 100% of fashion retailer Style Nanda

Beauty companies ramp up the pace to keep up with faster trends

Estee Lauder to buy makeup brand Too Faced for $1.45 billion

Is Fast Beauty the Next Fast Fashion?

- Unilever has bought cosmetics firm Carver Korea for 2.27 billion euros

Fast Beauty means diversified needs, various beauty occasions, and be available at times!

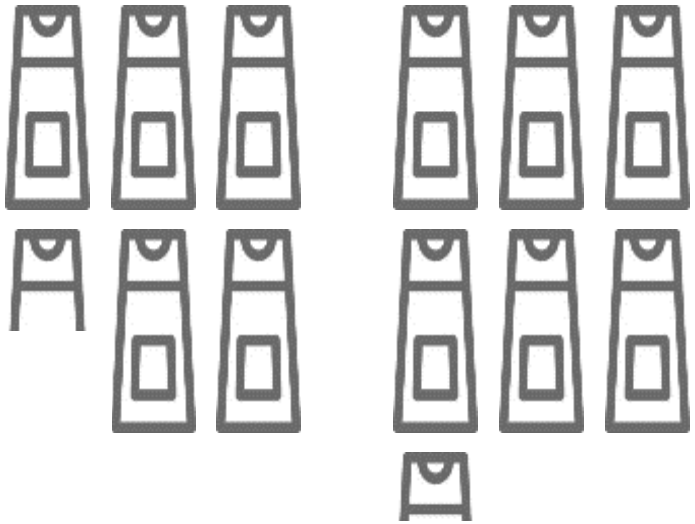
See the world through Shoppers Eye

"I have a need, do I see a brand?"

With more brands available & visible in the market,

# of Brands bought

Y2015 Y2017



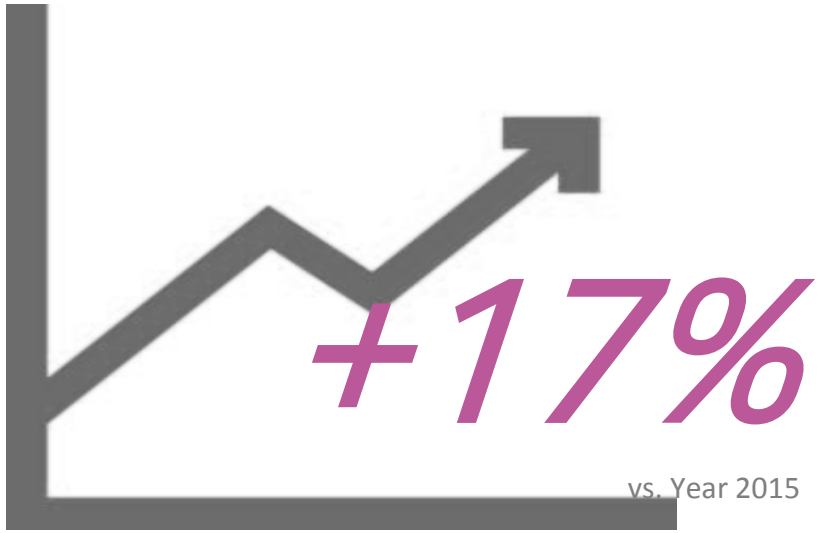
Kantar Worldpanel Beauty Korea

Likely to buy different brands

Kantar Worldpanel Usage Link Q June 2017 Sample 272 Females GB

# of New brands

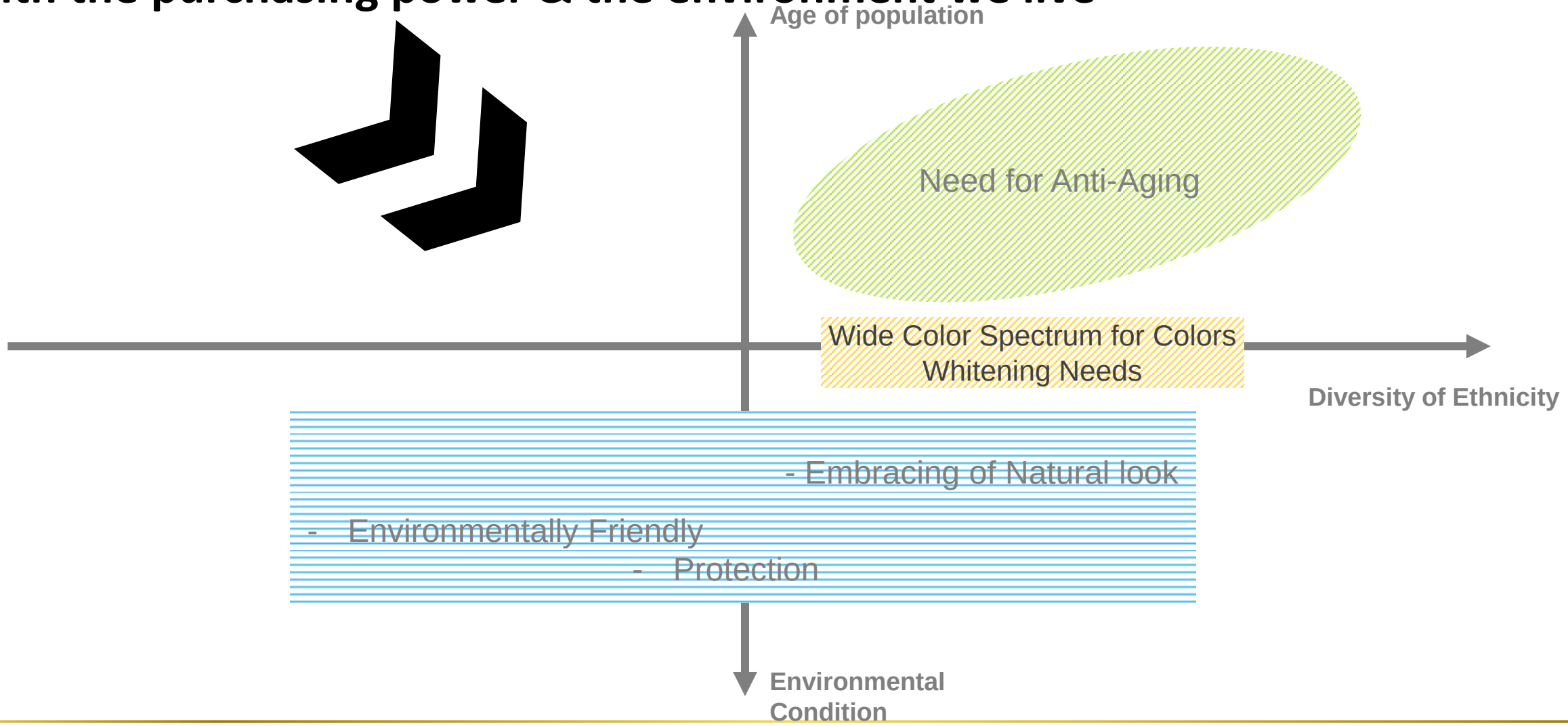
21,311 NPDs in Y2016



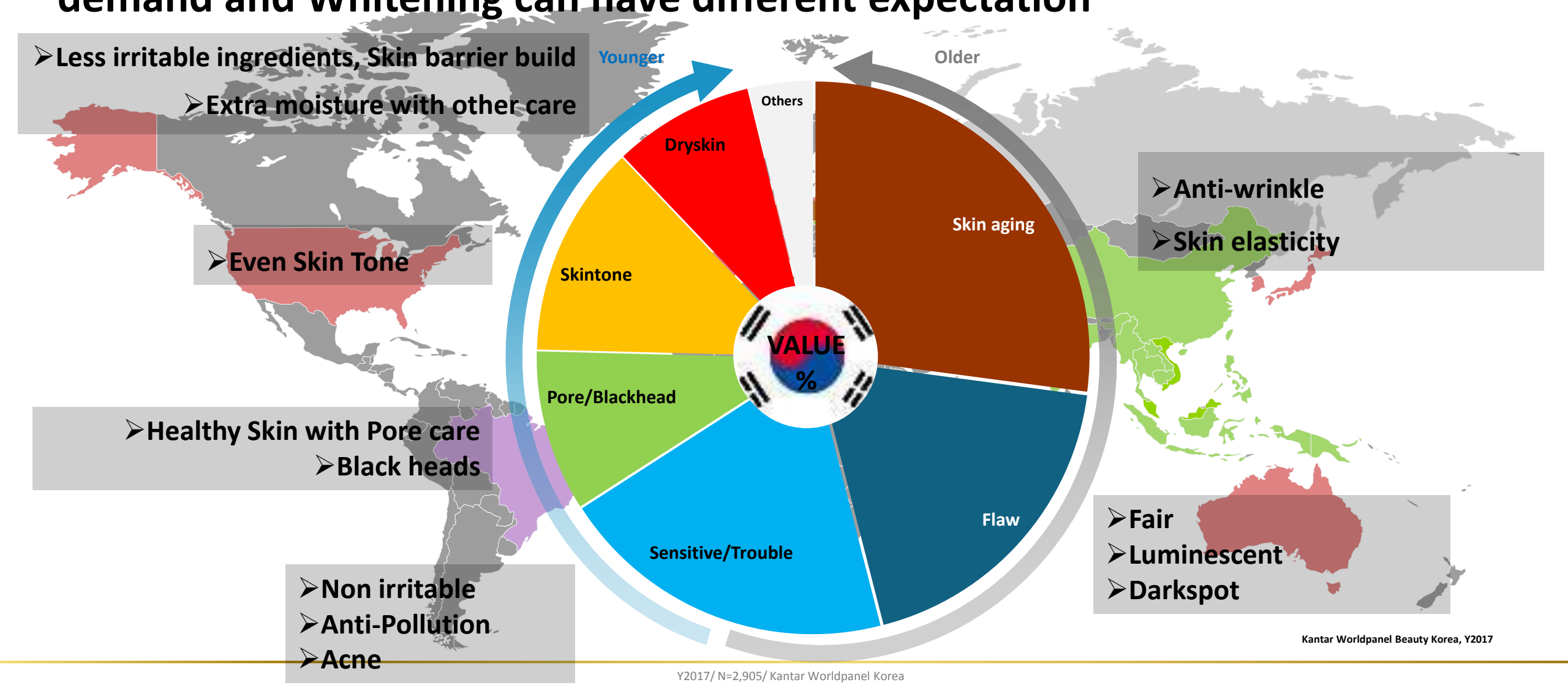
Kantar Worldpanel Beauty China

Which is why we see so many Multi-function products continuously rising…

Another reason for diversified need is from the change in the population with the purchasing power & the environment we live



What is norm to me won't be norm to them: Anti-Aging can have various demand and Whitening can have different expectation



Kantar Worldpanel Beauty Korea, Y2017

Y2017/ N=2,905/ Kantar Worldpanel Korea

CLEAN BEAUTY

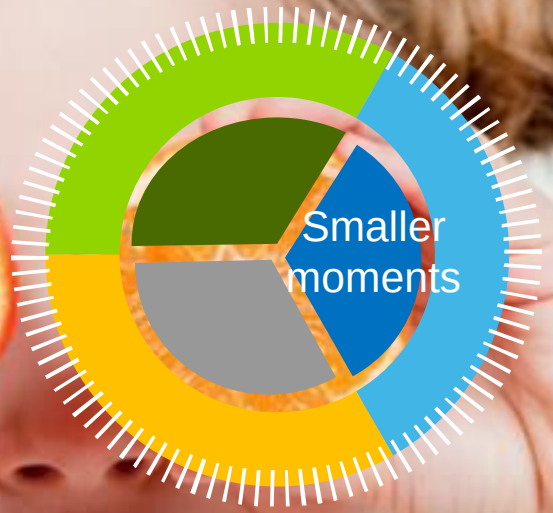
RMS beauty

Tagline: Organic meets luxury

Mission: a makeup that doesn't damage but rather heals and cares for your skin, giving your natural beauty the chance to be

See the world through Shoppers Eye

"I have a moment, do I see a brand?"



Change in lifestyle is influencing the way we live and how we see the moments

✓ Cannot be bothered by Cleansing and Night care

Weekday

- Ready for work/school
- Middle of the day routine
- Workout
- Close of the day

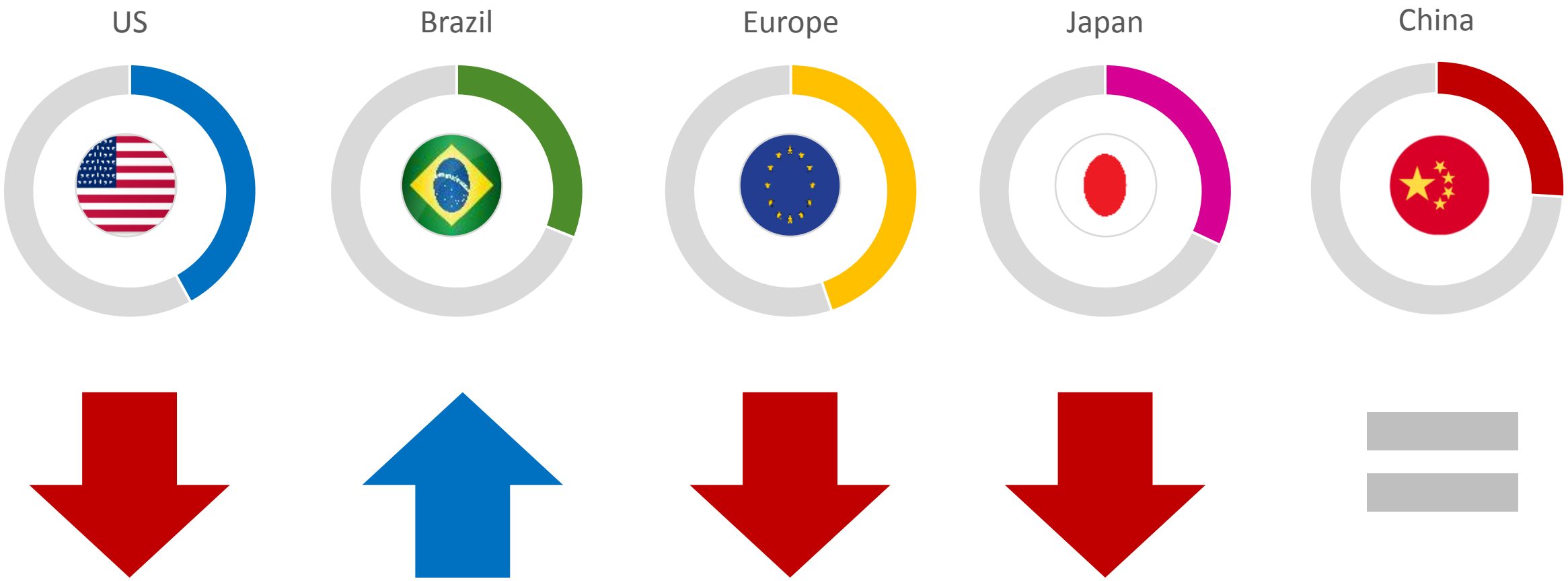
Weekday

- Ready for work
- Meditation
- Work from home
- Family night out
- Close of the day
- Online shopping

Weekend

- Camping/weekend away
- Ready for next week

We see the routines break particularly with more advanced markets, starting from the morning routine



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

And many lifestyle products addressing new beauty moments are coming which carries different purpose by occasion

Beauty Moments

Cushion to go

Water Cleansing

Convenience

Pre-wash

Finishing wash

Waterless wash

Speed Up hair drying Spray

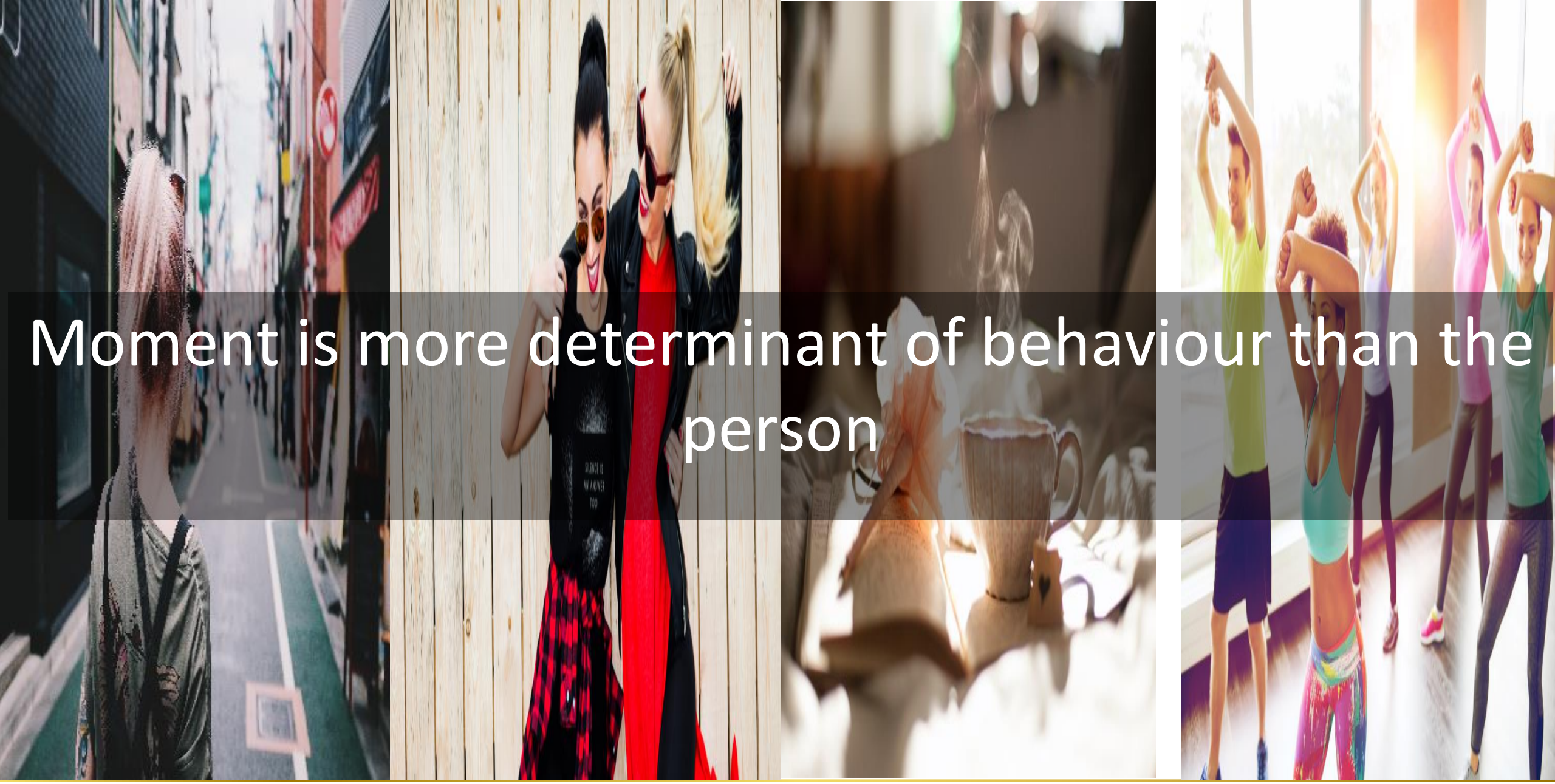
In Shower Moisturizer

Convenience

Extra Moisture

Hair Sheet Mask

Little Happiness Sheet Mask



Moment is more determinant of behaviour than the person

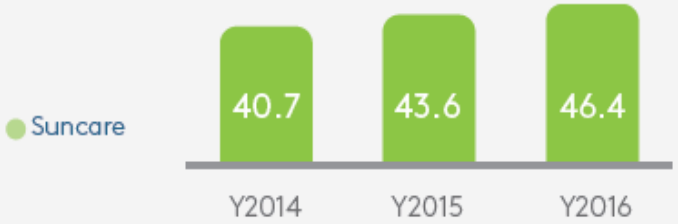
Moment ONE: On the move / Travel

Makeup Correction

I always bring complete makeup set for a thorough touch up whenever in need, which includes compact powder, stick eye shadow, mascara, eye brow pencil, blush on and several lipsticks.

Pre Makeup

Raising concern about UV and micro-dust triggered importance of sun care, resulting in big growth in the category.



*Penetration % | KWP Beauty Panel
Age 25-34 | Korea

Moment TWO: Special Events / Everyday Selfies

Eye Makeup

- The contact lenses market in Taiwan is about 330M pieces in 2016.
- Color lens is the segment with significant growth.

(Source: GFK)

Lips Makeup

Use more and more lip products in different types and shades to make perfect gradation.

MORE COLORS
NEW TYPE
(LIPTINT)

Moment THREE: Ritual – EOD / Weekend

End of Day Ritual

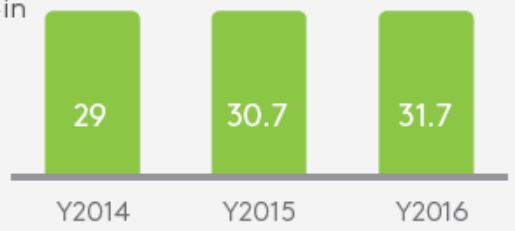
Sheet mask is the No.4 regime after basic 3 steps in China. Korean sheet mask is very popular in China and Mediheal (a Korean brand) is the No. 1 sheet mask brand.

End of Day Ritual

Multiple cleansing steps to wipe off makeup:
e ye makeup remover > milk cleanser > toner/ micellar water > facial foam

End of Day Ritual

- Use makeup remover and cleansing gel.
- Use sheet mask or soak-in mask with different functions.

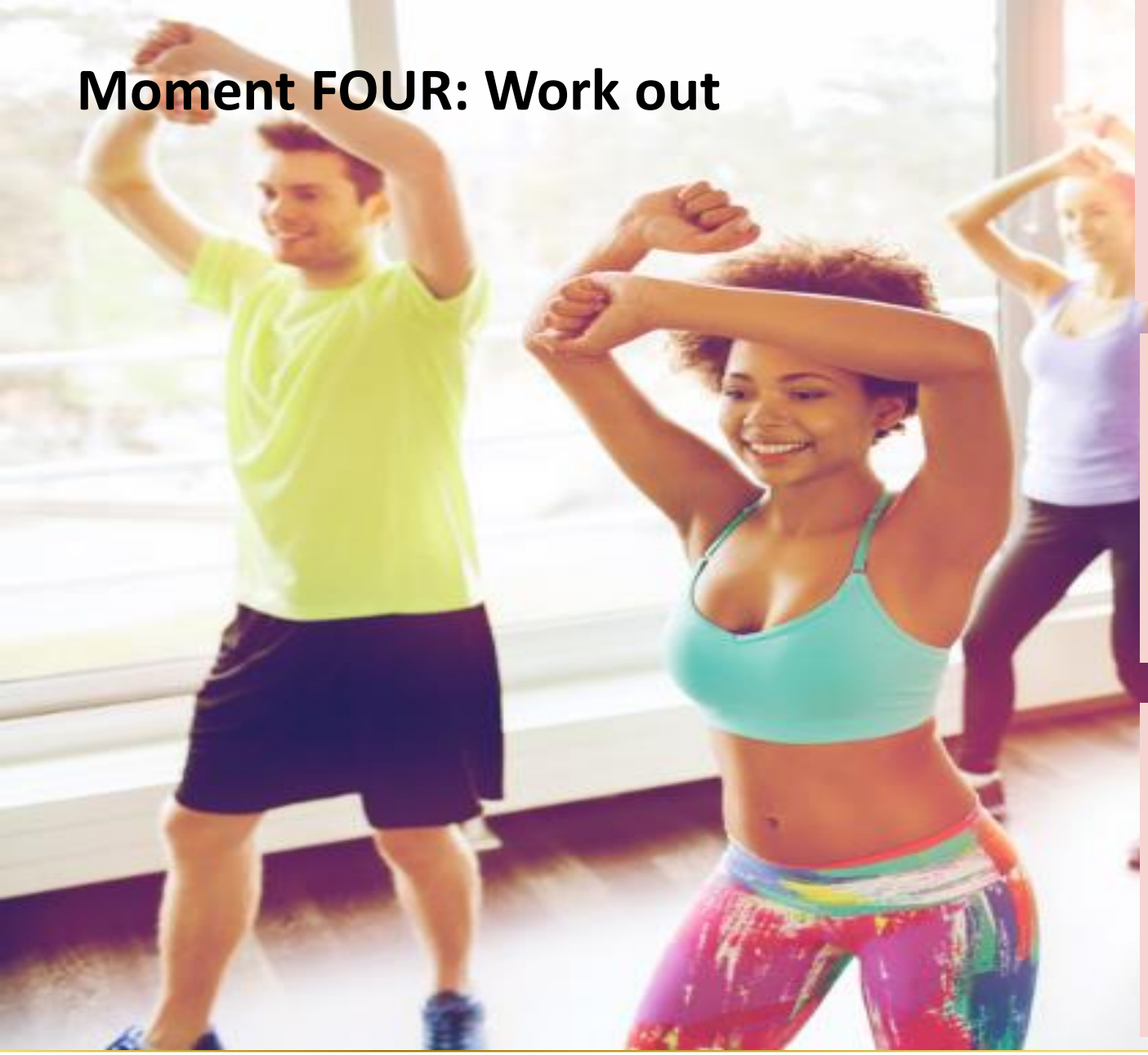


*Value% 2,500 households
Total Pen. Malaysia

End of Day Ritual

Cleansing: Multiple cleansers to throughly remove heavy makeup
Skin Care: Young buyers use facial sheet mask on daily basis.

Moment FOUR: Work out



Work Out

Roll-on deodorant is preferred.

Category	Y16 Pen%	Gap%p
Deodorant (Roll on)	68.9	+9.2

Work Out

Always bring my own body shower, shampoo and face wash in travel size to the gym.Wipe off makeup before starting work-out. Preference to use facial wipes for practical reasons.

Work Out

On-the-go products (e.g sun stick and cleansing bar) are purchased, stretching the convenience out of home.

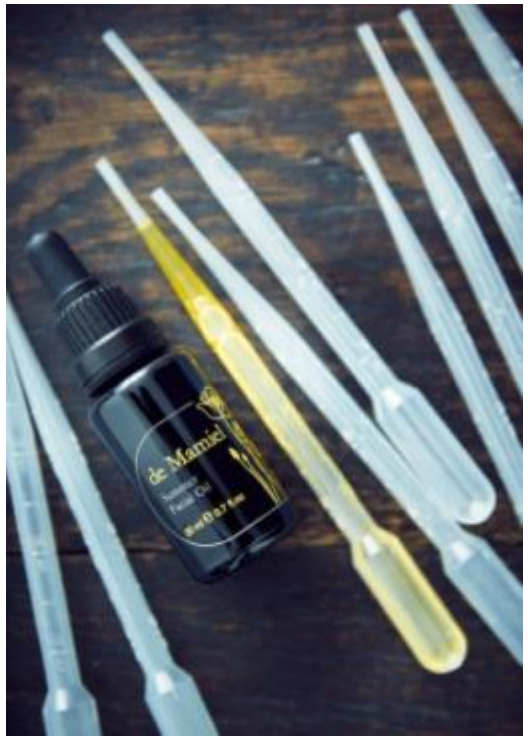
Category	Y16 Pen%	Gap%p
Sun Stick	3.9	+2.6
Concealer	11.6	+1.1
Cushion	35.9	+1.0

WINNING THE MOMENTS THAT MATTER

de Mamiel

Through beauty, find well-being

Mission: nourishing the skin, enriching the soul

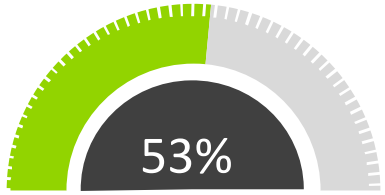


We have many products and may not use all of them regularly but, they have purpose for various beauty moments – seize the moment

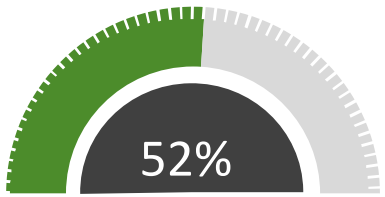
See the world through Shoppers Eye

"I see a brand, where can I get it?

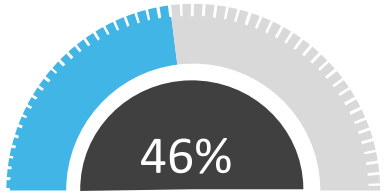
Why do we have so many products? We don't want to run out, we like to try different brands and we stock up when promotions are on!



Like to try different brands



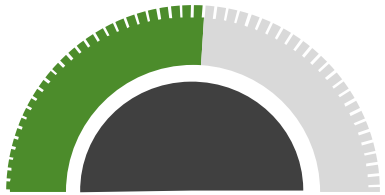
Never want to run out



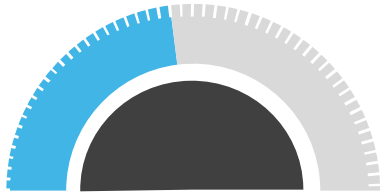
Promotions make it worthwhile stocking up

% Occasions (multiple response)

Purchase occasion of Small brands



Have different morning/night routine



Beauty purchased with promotion%

% Occasions

Kantar Worldpanel Usage Link Q June 2017 Sample 272 Females GB
Kantar Worldpanel Beauty LinkQ 2017 Sample 9,700 Females Korea

All this is also related to landscape changes – rising online purchase and offline specialties

Top 3	Fast Rising
1. Online	1. Online
2. Super/Hyper/CVS	2. PC Store
3. Cosmetics store	3. Cosmetics store

Top 3	Fast Rising
1. Provision store	1. PC Store
2. PC store	2. Online
3. Hyper & Super	3. Mini store

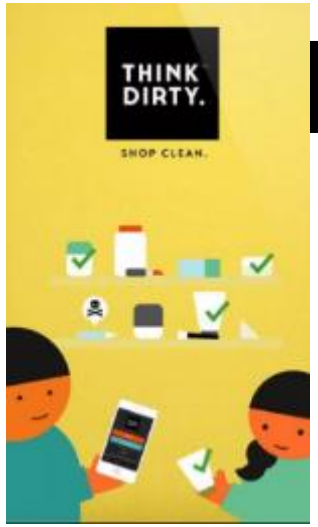
Top 3	Fast Rising
1. Chemist	1. Cosmetic store
2. Department store	2. Online
3. Hyper & Super	3. Drug store

Kantar worldpanel Beauty CN Y2017; Kantar Worldpanel HH VN 2017; Kantar Worldpanel HH GB 2016

And it’s a platform to learn, share, be influenced and to buy

Destination

Discovery



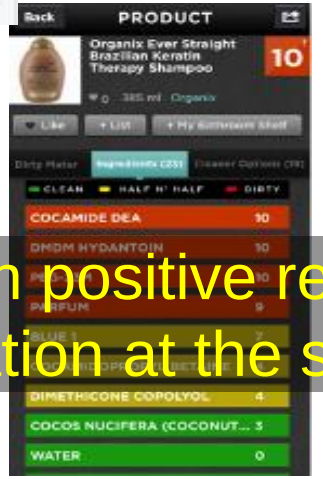
On the other hand Offline has become more focused on “Discovery” & a “Quick impulse buy”

Anthropologie – King of Prussia mall

AFFORDABLE TRIAL PACK – REACHES CONSUMERS BETTER

FIRST MASS BRAND WITH AA SACHET FORMAT

Therefore, allowing your full senses to be engaged is very important



Ensure you are visible online with positive remarks when searched for the information at the store

The most important is to help “Stay On” at the offline and ensure “You are On” for the right digital platform

70% Of teenage YouTube subscribers ***trust influencer opinions*** over traditional celebrities

86% Of women ***turn to social networks*** **before making a purchase**

32% 32% of influencers who currently work with brands cite *Facebook* as the best platform, followed by *Instagram* at 24%

24%

71% Of consumers are more **likely to make a purchase *based on a social media reference***

86% Of the *most-viewed beauty videos on YouTube were made by influencers*, compared to 14% by beauty brands, themselves.

57% Of beauty and fashion companies *use influencers as part of their marketing strategies*

1. Source: http://starngage.com/influencer-marketing-thailand/

2. Source: http://www.euromonitor.com/skin-care-in-thailand/report

There are many shoppers out there waiting for you to reach!

Need

Finding new Shoppers

Availability

Moments

CLIENT DAY 2018

FINDING NEW SHOPPERS

Targeting Changing Consumers and Behaviors in America

Erica Williams

May 10th, 2018

KANTAR WORLDPANEL

The power has shifted from manufacturer to consumers

New brands and channels are disrupting the market

Manufacturer-led

MARY KAY
OLAY
POND'S
AVON
COVERGIRL
MAYBELLINE NEW YORK

Department Stores

Drug Stores

Avon Lady (Direct-to-Consumers)

Consumer-led

CLEAN
The Ordinary.
FIRST AID BEAUTY
ORIGINS
Supergoop!
boscia.
FENTY BEAUTY BY RIHANNA
Bioré
tarte high-performance naturals
NYX
Doubled users in 1 year!
SheaMoisture Established 1912
fresh.

SEPHORA
ULTA BEAUTY
22% Cosmetic Users
Specialist Beauty

HARRY'S
SCENTBIRD NEW YORK
Subscription Beauty

Glossier.
SOKO GLAM!
KYLIE
23% Cosmetic Users
Online Independents

USA | Females Ages 13+ | 12me December 2017

Skincare grows as women add more specialized and Anti-Aging products to their regime

Facial Skincare

Over half of Women Use Weekly
2 Skincare occasions per Day
2-3 Categories Used per Week
2017

- Facial cleanser
- Wipes

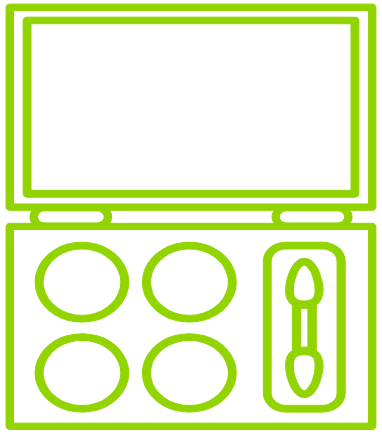
- Moisturizer (Non SPF)
- Night cream
- Eye cream

- Anti-aging cream
- Anti-aging serums

USA | Ages 13+ | 12me December 2017, September 2010-2015

The day-to-day use of Cosmetics is declining

Only half of women use Cosmetics in the week, and the largest categories are declining. There is a sub-set of women who are experimenting more with Cosmetics, growing new formats and colors



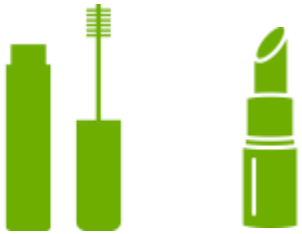
Cosmetics

A half of Women Use Weekly

14 Times per Week

3-4 Categories Used per Week

2017



All major categories including:

Foundation, Concealer, Eyeshadow, Mascara, Lipstick

New Formats & Color

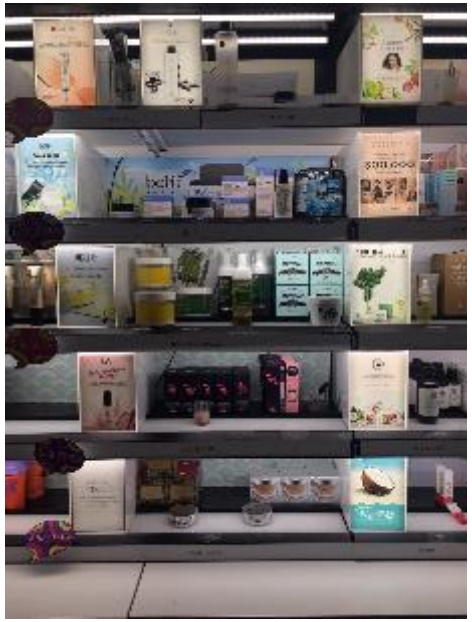
- Blush stick
- Liquid eyeliner
- Lip crayon
- Nail polish

Occasion Growth/Decline
2015 vs 2010

USA | Ages 13+ | 12me December 2017, September 2010-2015

K-Beauty continues to grow in America

"K-Beauty" is almost a brand in itself, when a beauty product is from Korea, it is automatically considered premium and effective



Sephora has a permanent K-Beauty fixture

Drugstores are stocking K-Beauty

Korean brands set up independently

(Innisfree opens NYC stores in 2017)

Changing Consumers

Multicultural

America is increasingly diverse, we need to target the beauty needs of different ethnicities

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%)***

2060

53%

Non-White

African American

13% → 14% ***(+42%)***

% 2012 → % 2060 ***(% Population Change)***

https://census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf

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

What does this mean for Skincare?

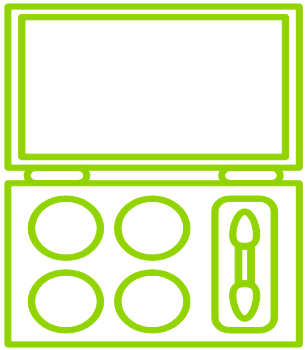
Women across ethnicities have different skincare needs and regimes to target

	Total Women	Caucasian (White)	African American	Hispanic
Facial Skin Conditions	Fine lines/wrinkles Blackheads	Fine lines/wrinkles, dull skin, under eye circles	Acne, uneven skin tone, sensitive skin, shiny skin	Acne, blackheads, open pores, shiny skin
Categories more likely to use		Daily Face Moisturizer	Face Wash	Wipes

USA | Ages 13+ | 12me December 2017

What does this mean for Cosmetics?

Engagement in cosmetics varies by ethnicity. Caucasian women are the most likely to use Cosmetics in their average routine, but it's African American and Hispanic women seeking more niche/specialist brands



	Total Women	Caucasian (White)	African American	Hispanic
% Using Cosmetics In Avg. Week	50	52	33	49
Winning Formats		Eyeshadow Mascara Concealer	Nail Polish Brow	Concealer Lipstick
Winning brands	CoverGirl Maybelline	CoverGirl, Avon	MAC, Mary Kay, NYX	Clinique, MAC, Tarte

USA | Ages 13+ | 12me December 2017

Changing Consumers

Centennials

The mind-set of Centennials is different, but physical needs and hormonal changes influence product usage currently

Physical Differences

Simple → Complex

No Facial Skin Conditions → **Acne Blackheads**

No Hair Concerns → **Hair difficult** to manage, **Tangles** easily

Target Needs

Products Used

More likely to use:
Face Wash & Cleansers, Deodorants

"Modern" formats

Target Behaviors

Attitudes

Image Driven
"My looks are important to me
"Like to use latest brands/products"

Varied Lives
"I regularly exercise/participate in sports"
"I look for pampering"

Naturals is important to Centennials
(but it's even more important to Millennials)

Connect

When this group graduates from their teens, **products positioned to meet their needs and mindsets will win**

USA | Ages 13+ | 12me December 2017

Cosmetics brands that are winning with Centennials

New brands with natural credentials and playful marketing

tarte
high-performance naturals™

bareMinerals®
By BARE ESCENTUALS

smashbox

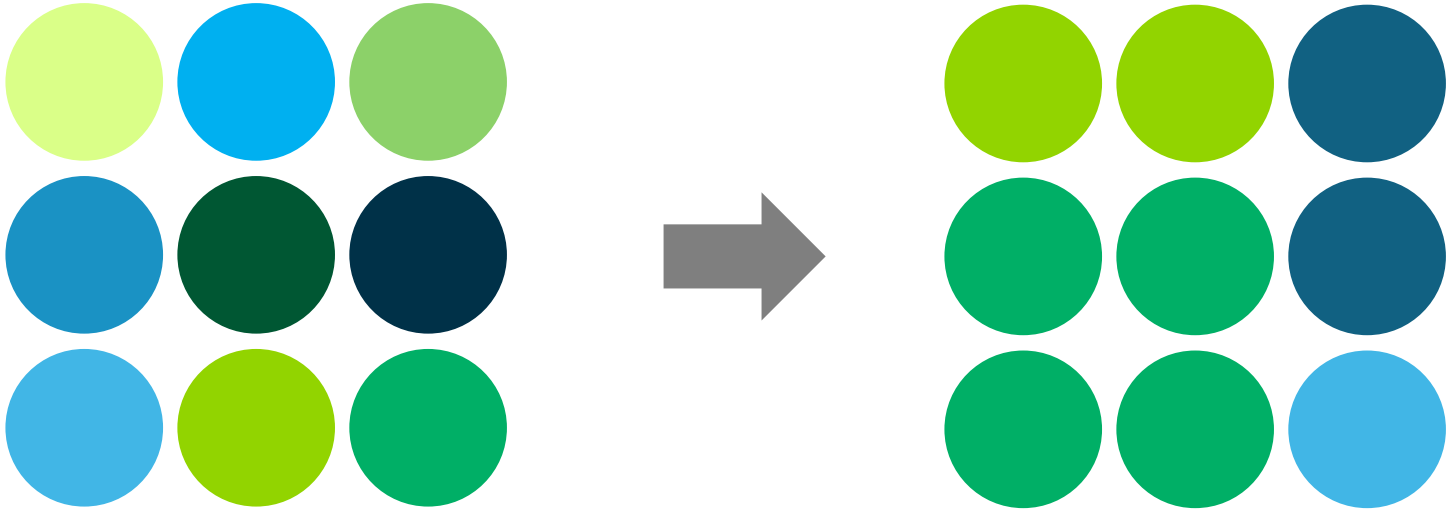
USA | Females Ages 13+ | 12me December 2017

Brands more likely to be used by 13-17s Vs Average Women. Over-Indexing in Occasions

Changing Behaviors

Lifestyle

Americans have 9 Personal Care occasions every day…

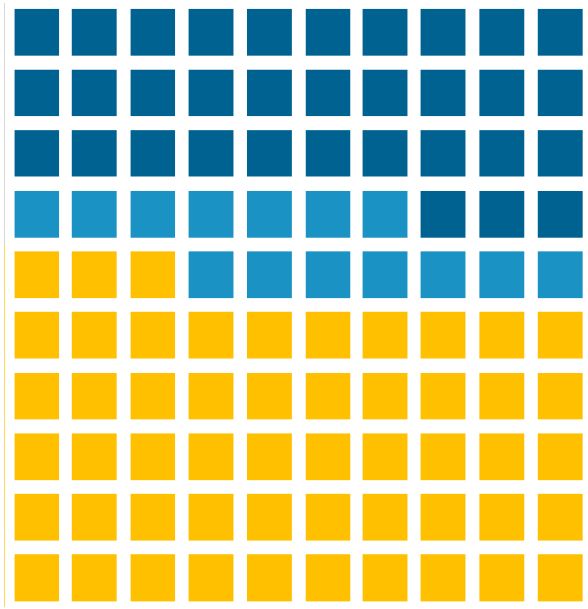


…but they are simplifying their regimes, using less categories

USA | Ages 13+ | 12me September 2010-2015

The time when consumers use products is changing, more products are now used at Night

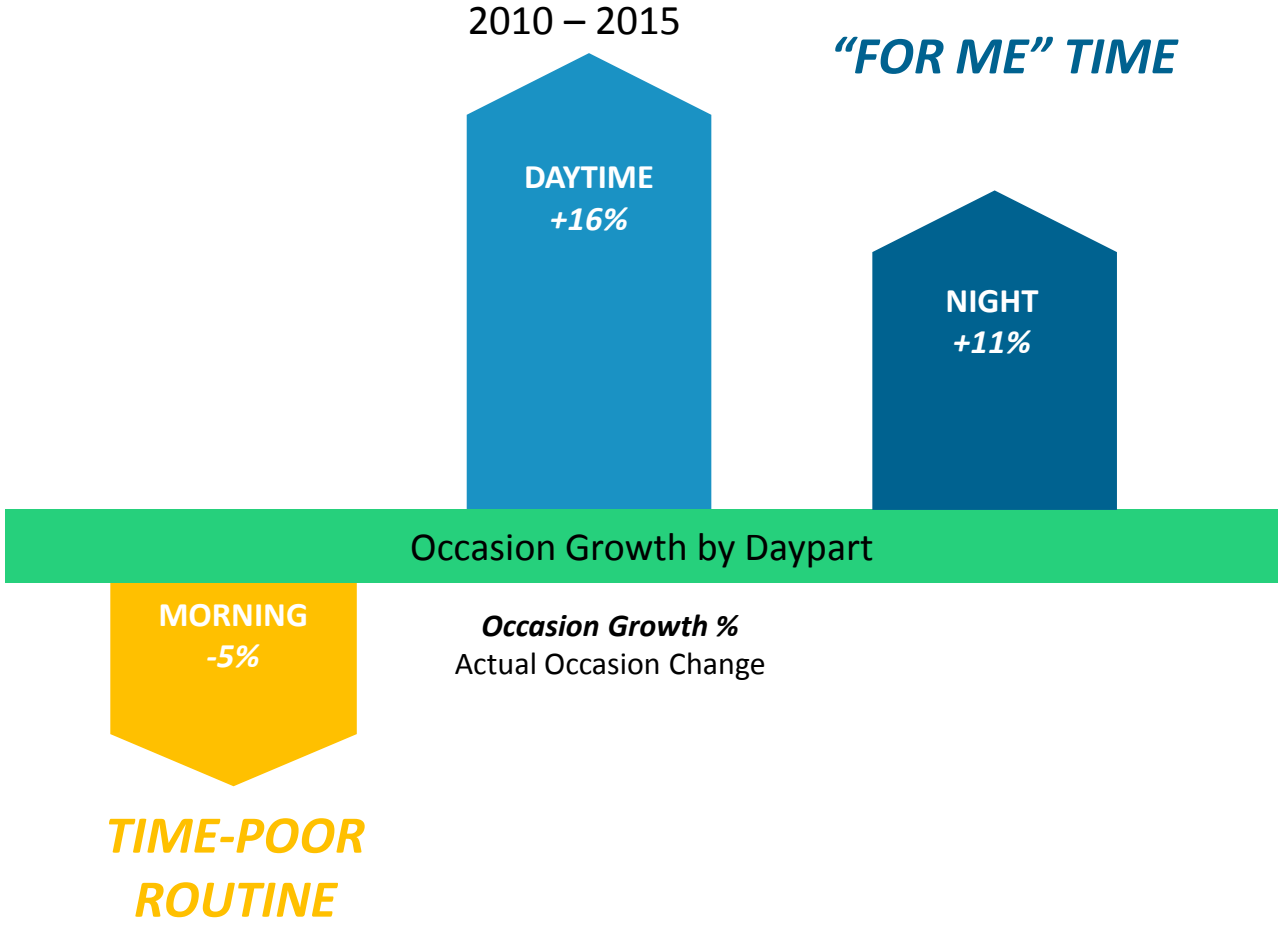
The majority of Personal Care occasions occur in the Morning, but it's during the Day & Night where use has *grown*.



Personal Care Occasions

By Daypart

% Occasions



USA | Ages 13+ | 12me September 2010-2015

Products must address the value proposition: Time Vs Benefit

Save me time, target my niche needs, give me an experience

Multi-Benefit & Convenient

Make it Easy: Wipes, BB/CC Cream

Cleansing: Used on Coming Home, Before Bed

Cosmetics: Cosmetics leveraging Skin benefits for double-win

Time-Saving Products

Target a Moment: Dry Shampoo

Used Before Socializing & Getting Ready

An incremental product in the hair regime

Pamper & Wellness

For Me Treats: Face Masks & Bath Bombs

Event and benefit-led messaging

Used on coming home, freshening up and before/after exercise

Changing Behaviors

Naturals

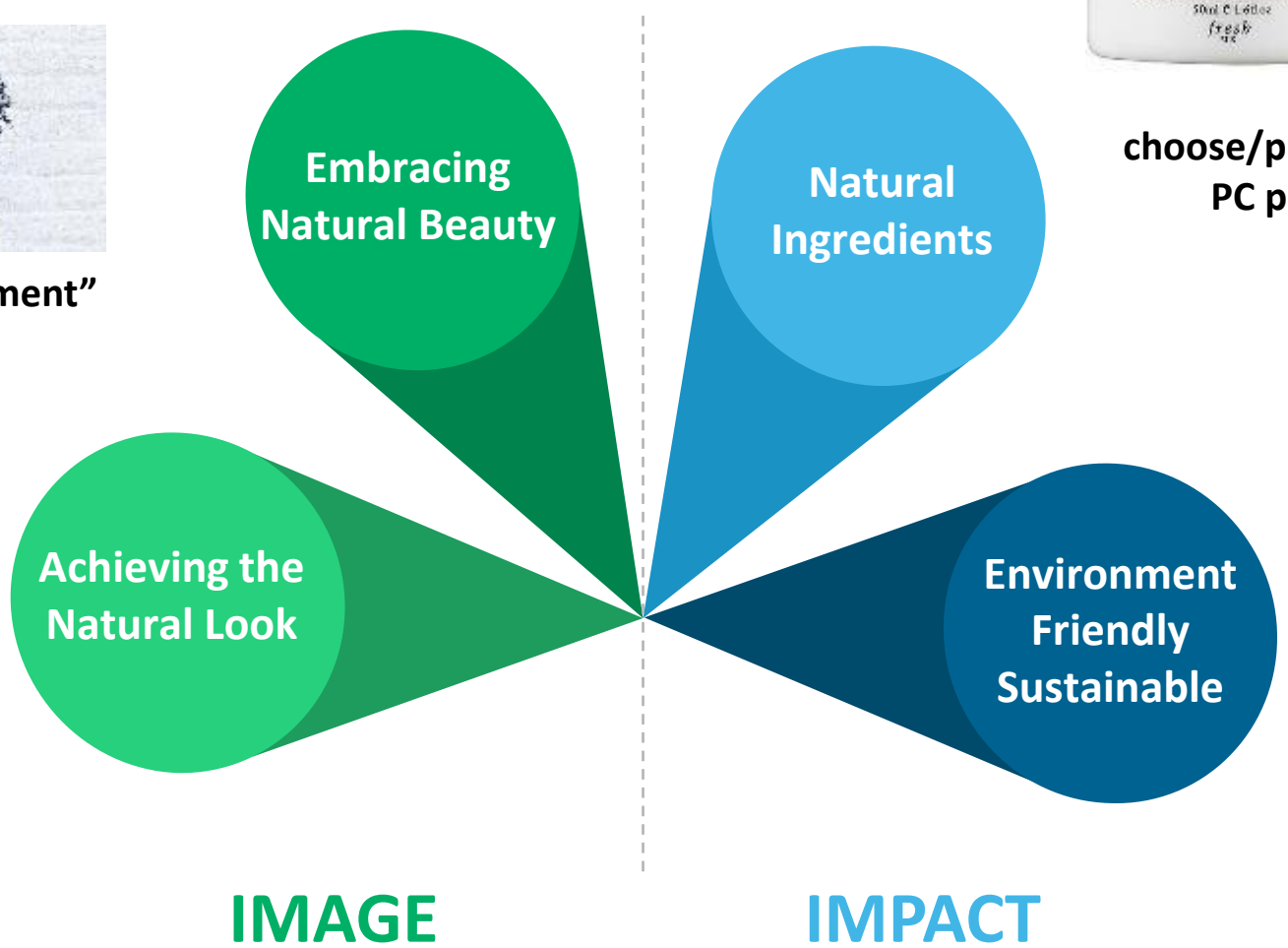
There has been a boom in Naturals across the US

But there are different elements of natural that we need to address

"Natural Hair Movement"

"I wear very little make-up and prefer a natural look"

Females



choose/prefer natural PC products

believe natural products are more effective

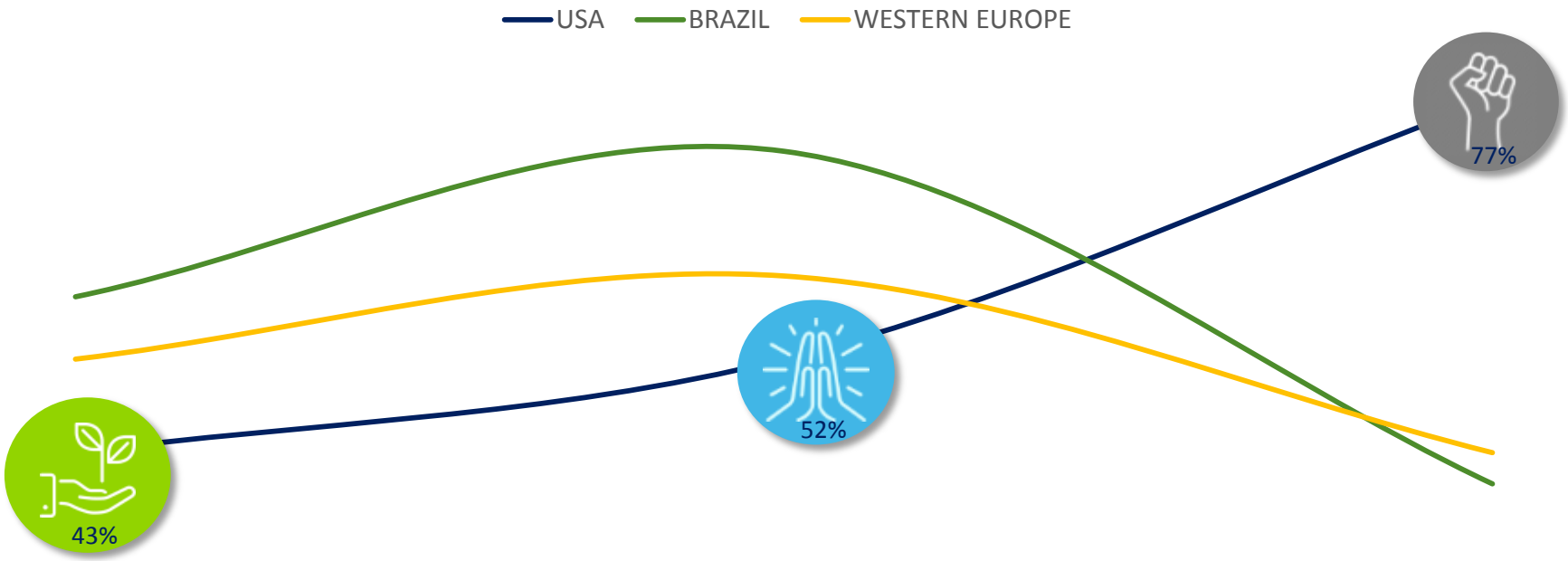
they avoid PC products that are harmful to the environment

Males & Females

USA | Ages 13+ | 12 m/e December 2017

In the US, the largest opportunity in Natural is to communicate benefits to the individual, with messaging around embracing their natural self

% Population within each attitudinal group



ENVIRONMENTALLY CONCERNED

"I want to use products that are safe for the environment"

INGREDIENT IMPACT ON ME

"I care about the products that I put on my skin"

BE MY NATURAL SELF

"I aim to feel happy in my skin and look natural"

Total Western Europe + Brazil + US | Global Usage Care information

“We are at a tipping point in the US Beauty market”

MULTICULTURAL:
TARGET DIFFERENT SKIN NEEDS AND BE INCLUSIVE

CENTENNIALS:
FOCUS MESSAGING AROUND MEANING & PURPOSE

LIFESTYLE:
TARGET A SPECIFIC BENEFIT OR TO SAVE TIME

NATURALS:
TALK ABOUT INDIVIDUALITY AND BEING THEIR BEST NATURAL-SELF

Asian Brands Winning in the US

Be realistic about the size American Skincare regime

Focus on
Benefit - Time – Experience

Consumers are experimenting.
Have a "flagship" product

Eg. Tony Moly: Face Masks. Cosrx: Pimple Patches. Belief: Aqua Bomb

Retailers are looking for new and exciting products, standout on shelf

Shout about being Korean!

Premium – Effective - Innovative

Have a clear brand identity & communicate heritage

SK-II

CLIENT DAY 2018

FINDING NEW SHOPPERS

In The Fast & Ever-changing Indonesia Landscape

Nadya Ardianti – Indonesia Comercial Director

May 10th, 2018

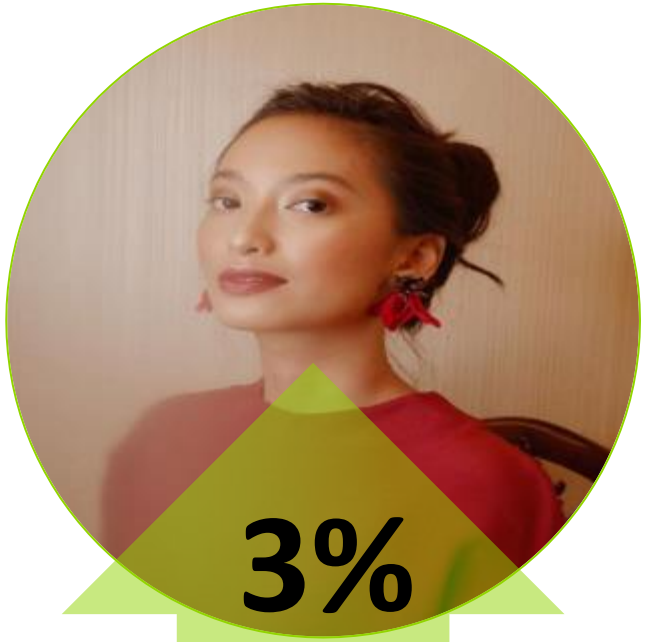
KANTAR WORLDPANEL

Beauty sees strong growth in Indonesia as Indonesians are becoming increasingly aware of their appearance and this means growth opportunity

18%

MARKET VALUE

CAGR 2017 vs 2015



3%

PENETRATION

CAGR 2017 vs 2015

4%

FREQUENCY

CAGR 2017 vs 2015

However, keys to growth in Indonesia are changing!

TO

The ability to anticipate changing shopper mind-set, need and lifestyles

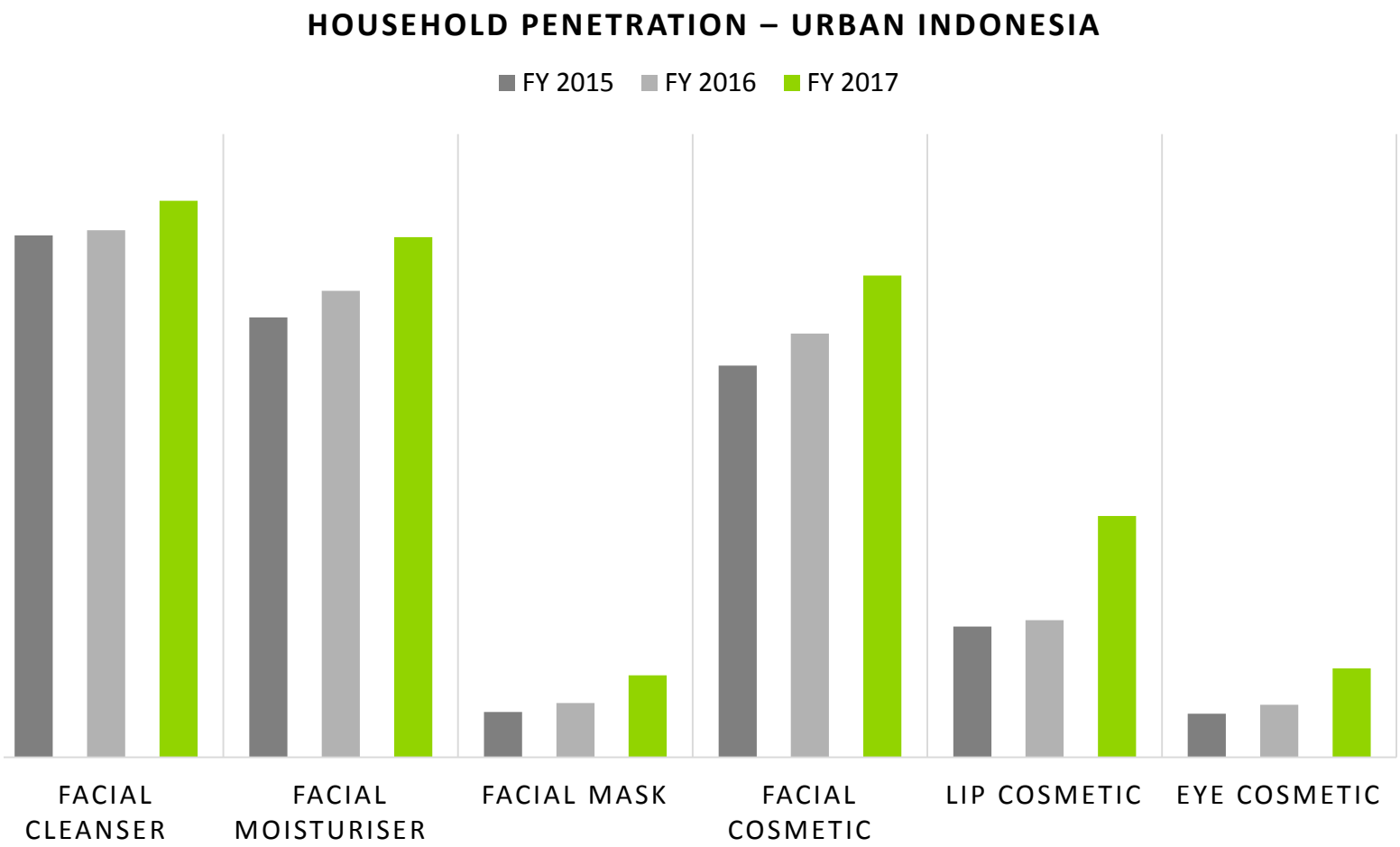
FROM

Economic opportunism and geographic expansion

SEEKING EXPERIENCE

More Indonesians are looking for experience derived from beauty

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



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

Beyond purchasing products, Indonesians also seeking product/service that enable them to have beauty experiences be it at home or at professional parlor

16%

Penetration growth of hair colorant for in home usage

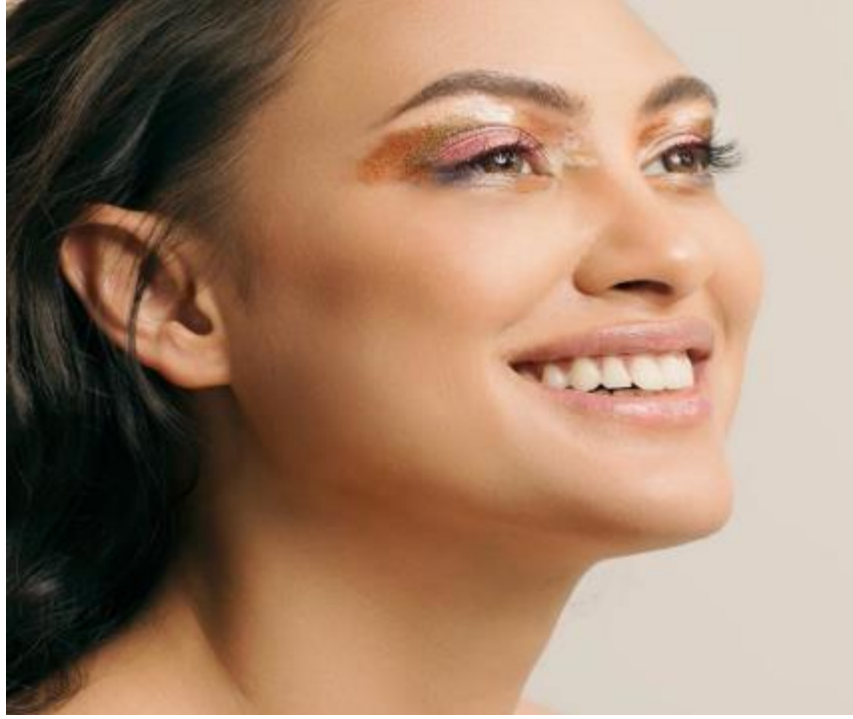
Indonesia market show **important growth** for hair salon industry*

(Kline Salon Hair Care Study)

Brow and lash service in the **spotlight**

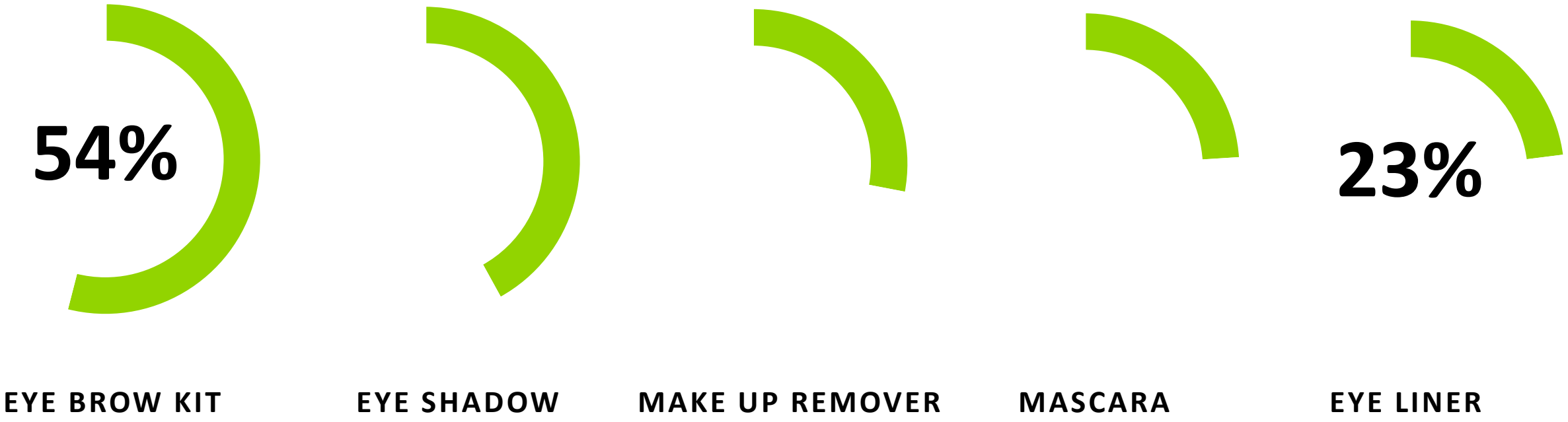
Expanding Experimentation

Indonesians beauty shoppers start to expanding their beauty experience



Indonesian shopper expanding their beauty experimentation by purchasing non basic product such as eye brow kit and micellar water

URBAN PENETRATION GROWTH
CAGR 2015 – 2017



Indonesian shopper also expanding their beauty experimentation by trying different color, format, texture and benefit

Making Smart Choice

Indonesians consumer continue seek value through personal relevance

As like any consumers in the world, Indonesians consumers are continue seeking value through personal relevance to balance their aspiration & budget

HAVING INCREASED ASPIRATION

BALANCING WITH WHAT THEY HAVE

MAKING SMART CHOICES

Personal relevance can mean different things for different folks and this translate on how they seek value in beauty product

RELEVANCE = HIJABER FRIENDLY

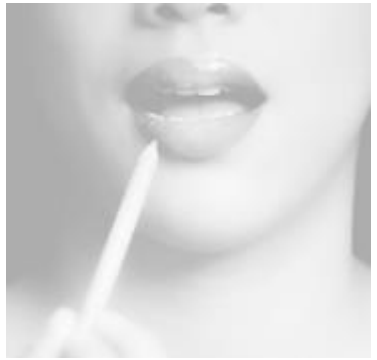
RELEVANCE = AFFORDABLE PREMIUM

RELEVANCE = ACCESIBILITY

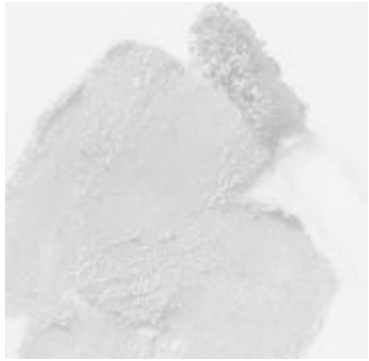
(SMALLER SKU, CUSTOM OFFER, TRIAL PACK)

IN THIS CONTEXT

HOW TO REACH BEAUTY SHOPPER IN INDONESIA?



FINDING NEW SHOPPERS



TO REACH INDONESIA BEAUTY SHOPPER

#1

CREATE DESIRABILITY AMONG HIJABI

Indonesia hijabi are key target for beauty players as they represent majority of Indonesian beauty shopper with specific need to fulfill

WHO IS HIJABI?

Muslim women who cover their head in public for religious reason

35 million Indonesia Households
68% of Indonesia Population
more than two times South Korea household population

Naturals, Care and Freshness
important benefit for hijabi

To fulfill the need & want of hijabi, there are particular opportunities to penetrate where beauty products can tie faith and beauty

Scalp and hair nourishing to prevent long term effect of covering hair

Benefit that is relevant f humid condition such as body refreshing and deodorization function

Permeable/water based formulation and claim such as “wudu” friendly.

Example is Inglot O2M and MAYA breathable nail polish

Natural and organics products that are vegan and free of alcohol

Example is LUSH and Korea-based beauty brand Puresh

More beauty brands targeting hijabi but not much succeed suggests that there are uncovering growth by targeting hijabi better by focusing on their need

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

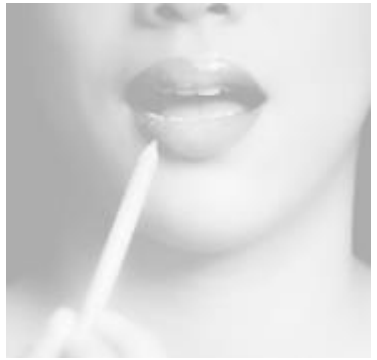
Wardah cosmetic

Wardah portray Indonesian women balancing modernity with religion

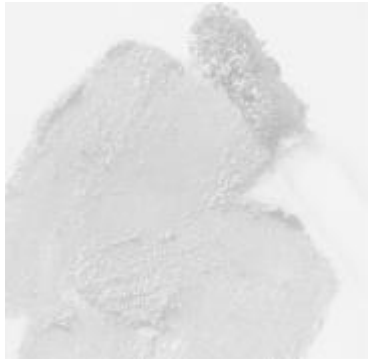
The brand use prominent aspirational hijaber in its imagery

KEY SUCCESS FACTOR:

- Smart use of digital esp. social media
- Leverage beauty influencer
- Aspiring tone and cue in communications



FINDING NEW SHOPPERS



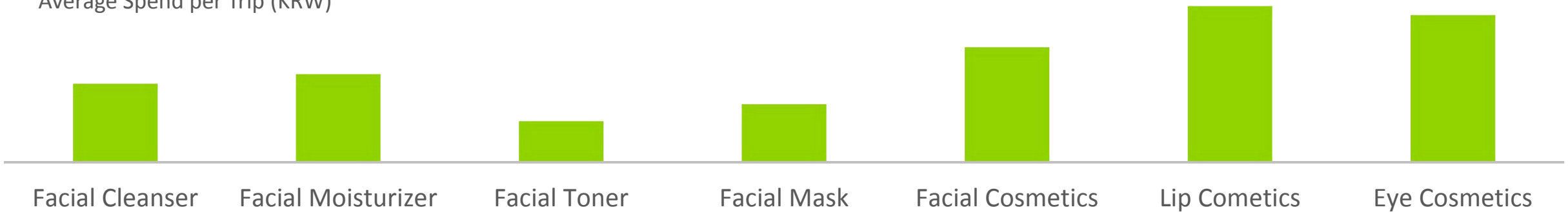
TO REACH INDONESIA BEAUTY SHOPPER

#2

PROVIDE ACCESIBILITY

Provide accessibility by manage affordability as more than 70% Indonesia consumers are middle low class consumers - relook price/performance equation.

Average Spend per Trip (KRW)



Facial Cleanser in 9 GR sachet format with price at 300 KRW

Ovale (local brand) facial mask with price at 400 KRW

Purbasari (local brand) matte liquid lip cream with price at 4 K KRW

Inez (local brand) Eyeshadow Palette with price at 18 K KRW

Provide accessibility also means ensure availability in minimarket to reach mass of Indonesia shopper beauty

WHY MINIMARKET

FOR SHOPPER

PROXIMITY
CONVENIENCE

FOR MANUFACTURER

DISTRIBUTION
WAREHOUSE

48%

Beauty shopper purchase beauty products in Minimarket

27K

Stores allow to help reach mass consumers throughout Indonesia

Beyond proximity channel, specialty store and online are increasingly relevant for Indonesia beauty shopper as Indonesia retail scene evolving

TRADE CHANNEL PENETRATION GROWTH
CAGR 2015 – 2017

25%

Specialty Store

Incl. Department Store, Personal Care Store, Cosmetic Store, Drug Store and Pharmacies

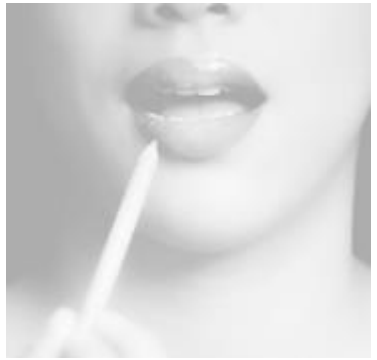
100%

Online

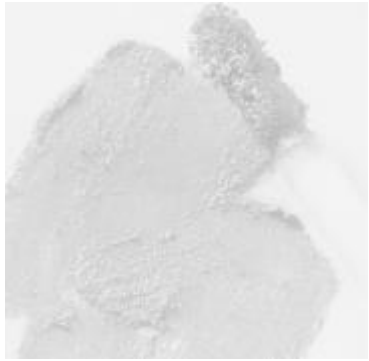
Nature Republic open first flagship store in Indonesia on Jan 21st, 2018

1.6%

Online penetration for beauty products



FINDING NEW SHOPPERS



TO REACH INDONESIA BEAUTY SHOPPER

#3

ELEVATE DIGITAL STRATEGY

Beyond place of purchase, internet also offer opportunity to reach and communicate with Indonesia beauty shopper through mobile

31%

Urban Internet Penetration Growth

73%

Urban Internet Daily Usage Growth

Fourth largest Facebook user in the world with Jakarta named as world's capital

Third largest Instagram user in the world and most active user of Instagram Story

Indonesia is affiliated society, we love to connected to each others

Beyond media to place ad, more beauty brands use social media as platform to better connect with consumers and leverage beauty online influencer

And they work and partner with online beauty influencer

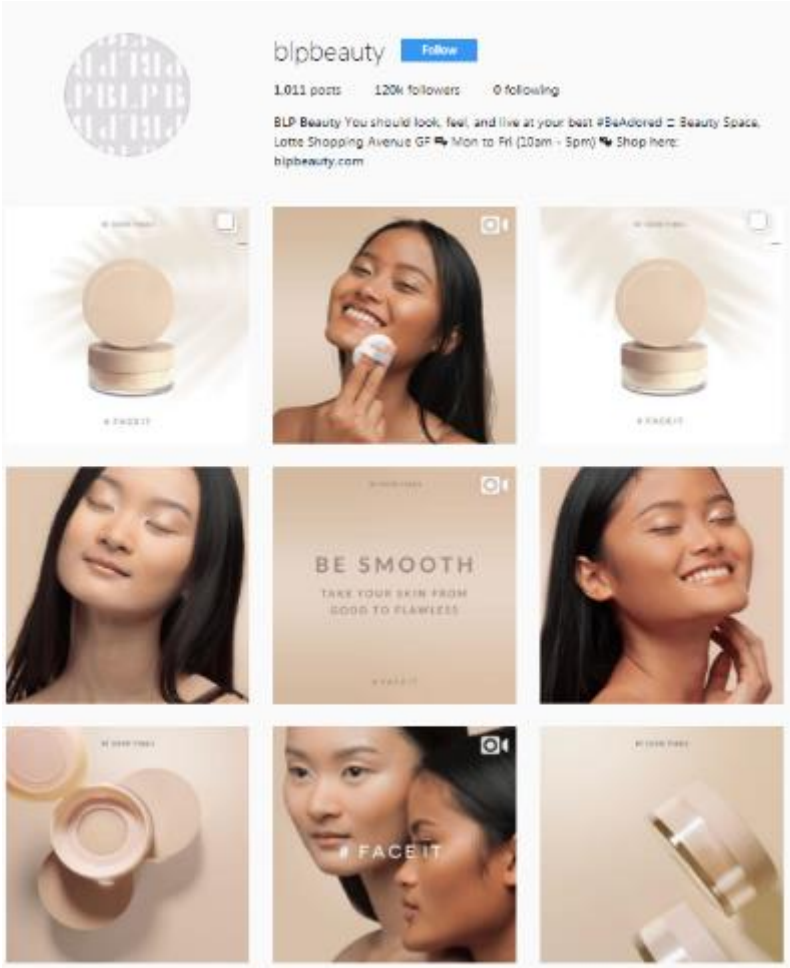
The rising power of beauty bloggers and vloggers (i.e. video bloggers) help brand to build awareness and influence path to purchase decision

CASE STUDY: BLP BEAUTY

BLP (by Lizzie Para) BEAUTY use Instagram as market place and touchpoint

BLP Beauty is cosmetics brand own 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.**

FINDING NEW SHOPPERS

3 GOLDEN RULES

TO REACH INDONESIA BEAUTY SHOPPER

KANTAR WORLDPANEL

FINDING NEW BEAUTY SHOPPERS IN INDONESIA

CREATE DESIRABILITY AMONG HIJABI

Hijabi is key target for beauty players Indonesia

Portray aspirational brand that can resonate with hijabi and penetrate particular opportunities where beauty products can tie faith and beauty to fulfill the need & want of hijabi

PROVIDE ACCESSIBILITY TO THE BRAND

Manage affordability by rethink beyond price & promotion – provide custom offer, small SKU, etc.

Ensure availability both in physical and online store - To reach mass consumers, expand presence in minimarket while continue drive traction in specialties store

ELEVATE DIGITAL STRATEGY

Brands have opportunities to reach consumers where they spend their time most

Use digital to reach consumers and work in conjunction with Indonesia online beauty influencer to build awareness and influence path to purchase

CLIENT DAY 2018

FINDING NEW SHOPPERS

Riding The Beauty Wave In Vietnam

Presenter: Antoine Louat de Bort
Contributor: Nguyen Thi Tram Oanh

May 10th, 2018

KANTAR WORLDPANEL

Despite challenging global environment, Vietnam is still among the fastest growing economy.

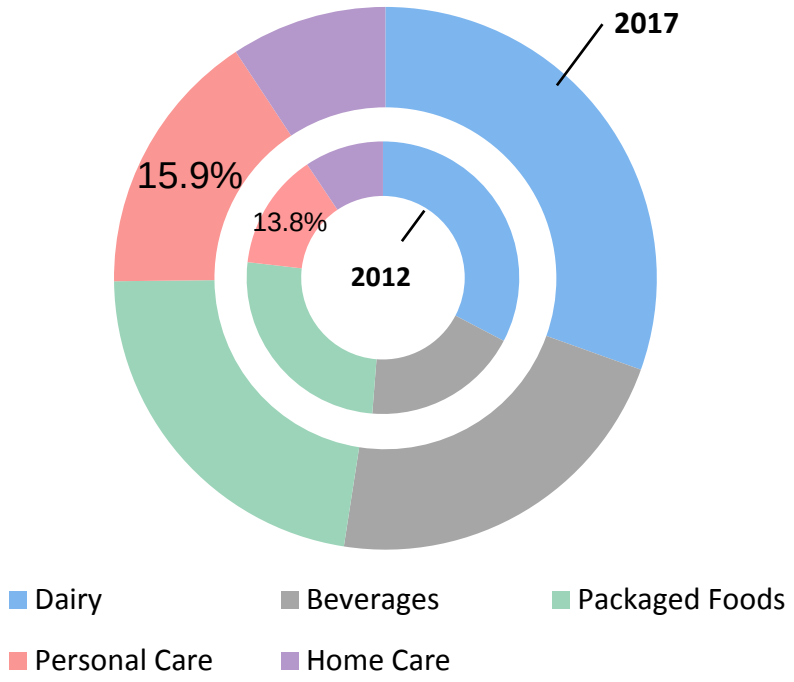
GDP GROWTH	REGISTERED FDI
+6.8% vs YA	+47.3% vs YA

URBANIZATION RATE	DOMESTIC CONSUMPTION
+3.4% per year	+12.0% vs YA

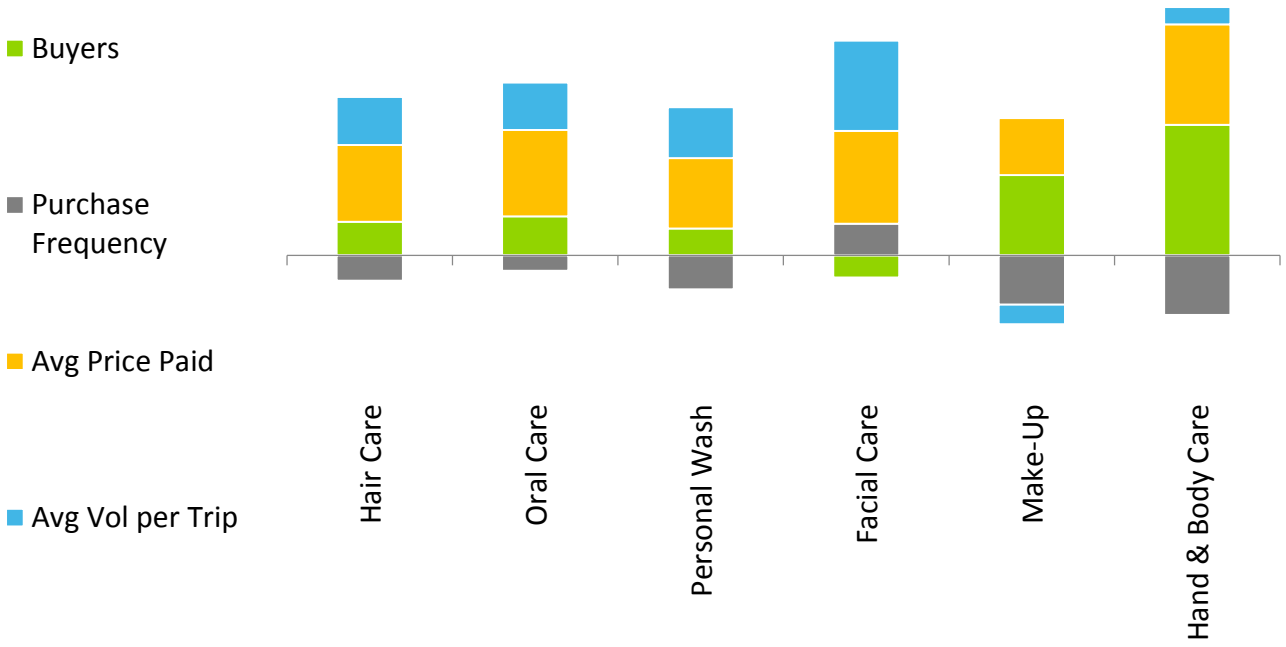
Source: GSO VIetnam

The FMCG market is expected to grow by 5-7% YoY over the next 5 years – buyers inflow and trade up on H&B will be amongst the key growth driver!

Household FMCG Share of Wallet
(in % of Value Spend)



Hygiene & Beauty categories growth drivers in ’17



Source: Household Purchase Panel | Urban 4 cities

Who are the Vietnamese beauty shoppers nowadays?

Vietnamese millennials account for the largest population group and are key future consumers to win. They are more self-aware than older generations.

About 36% of Vietnam population is called "millennials"
(32% global population)

>33
millions

8x (30-39yo)

16 millions

16% of VN population

9x (20-29yo)

17 millions

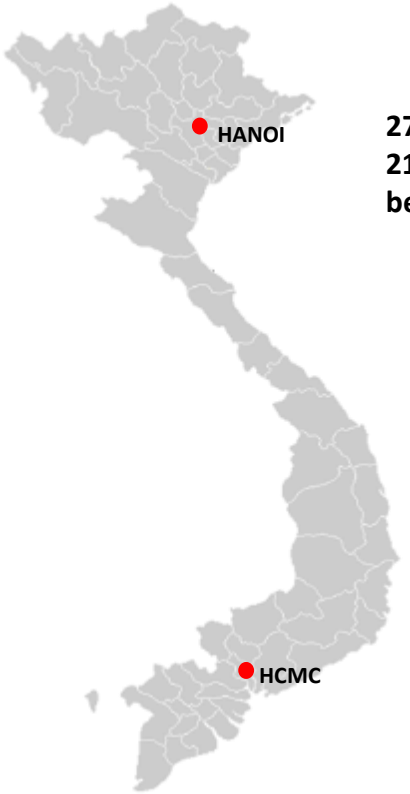
18% of VN population

	Millennials	Older Gen
"Nowadays you have to take care more and more of your skin" *(% agree)*	77%	71%
"I am very conscious about my appearance" *(% agree)*	56%	50%
"I often go for skin care services" *(% agree)*	25%	

Millennials: +2.6 pts vs YA

Source: United States Census Bureau | | Lifestyle survey 2017 | VN Urban 4 Cities

Mind the differences between northern and southern shoppers.



HANOI

27% population *
21% val. contribution in beauty market

Income per capita

Approx. 220K KRW

Bigger trip size

Hanoians beauty shopping trip is **14%** higher in value than Saigonese

White skin preferred

"Having a white skin is nicer"

Whitening Moisturizer ▲
(32% contribution)

Growing channels

Fastest growing channels

E-commerce ▲
(9% contribution)

Hand-carry ▲
(20% contribution)

HCMC

58% population *
61% val. contribution in beauty market

Income per capita

Approx. 200K KRW

More frequent trips

In one year, **Saigonese** shop beauty products **1.5 more often** than Hanoians

International oriented

"International brands are of higher quality"

Korean brands on the rise!

3CE +1.2pts penetration

Missha +1.0pts

Amore Pacific +0.7pts

Growing channels

Fastest growing channels

Drugstores ▲
(3% contribution)

E-commerce ▲
(7% contribution)

** population: Total households in Urban 4 key cities*

Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Beauty categories | Full year 2017 & Lifestyle Survey 2017

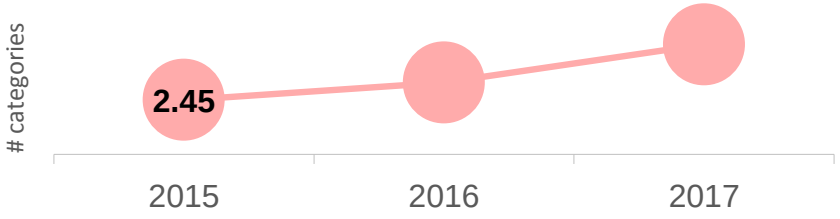
What’s hot in the basket of Vietnamese beauty shoppers?

6 key trends that are shaping the beauty market in Vietnam

1 | REGIME SOPHISTICATION

As a good appearance and well being becomes more important, there is an increasing number of people adopting more advanced beauty products.

Beauty consumers repertoire expanding over the years…



… through various formats

Facial Care

	Value GR.	Penetration Gap
Essence	▲▲▲	+1.0%p
Emulsion	▲▲	+0.7%p
Gel	▲▲	+0.4%p

Lancôme Visionnaire Advanced Skin Corrector 30ml

Cosmetic Remover

	Value GR.	Penetration Gap
Micellar water	▲▲	+0.9%p
Oil	▲▲▲	+0.4%p

L'Oreal Micellar Water 3-in-1 250ml

Facial Foam

Milk: +28% shoppers

Cream: +7% shoppers

Thorakao Curcuma Cleansing Milk 100GR

Sun Protection

Serum: +120% shoppers

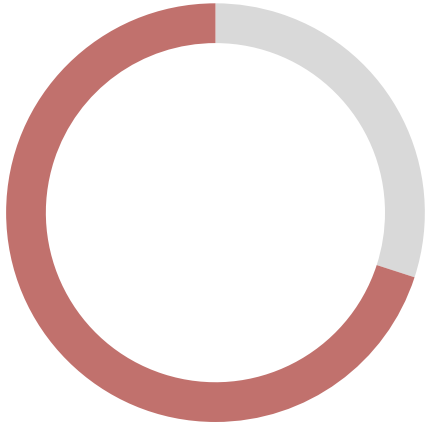
Nivea Protect & White SPF50 Oil Control Sun Protection Serum 30GR

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

2 | PREMIUMIZATION

With deeper pockets, consumers opt for more premium products.

% of up-traded Personal Care categories



FY 2017 vs. YA

Top Up-traded categories

1 Facial Moisturizer

2 Sun Protection

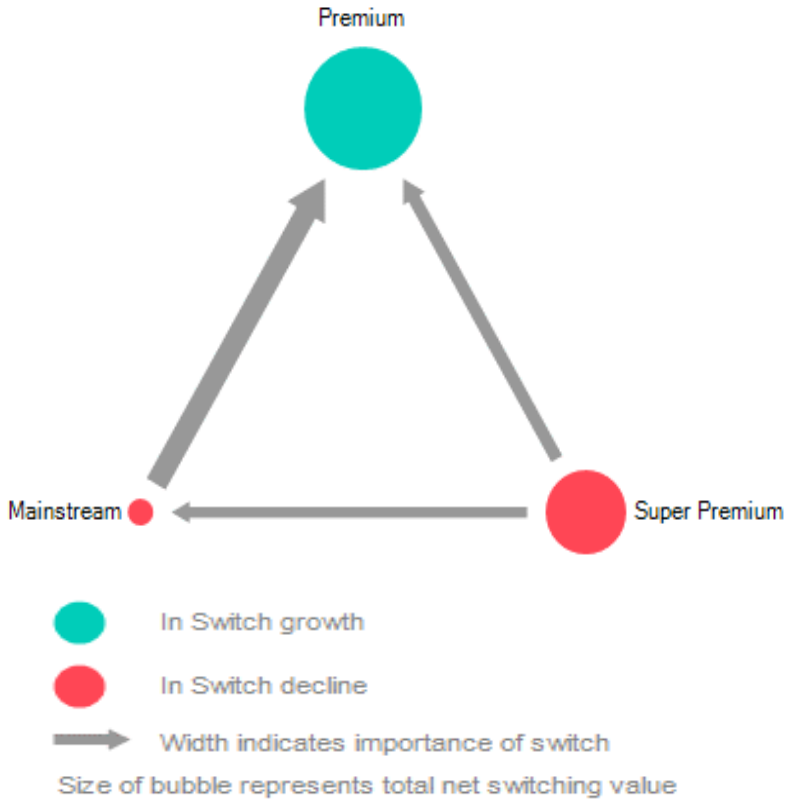
3 Feminine Wash

4 Toothpaste

5 Blade

6 Hair Colorant

Price tier interaction among Makeup products (Vol units – FY 2017 vs YA)

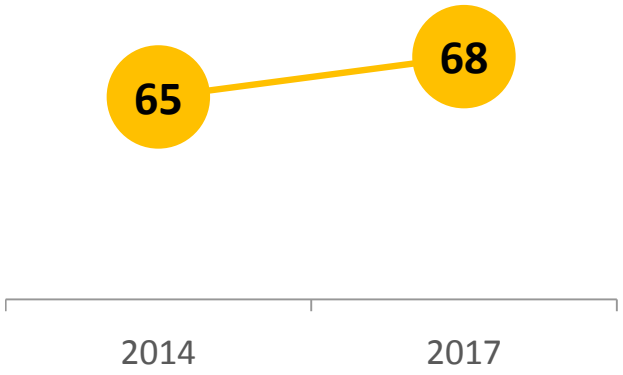


Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Personal Care | Full year 2017 vs YA

3 | CONVENIENCE

The busier is one's lifestyle, the more their need for beauty products that can help them take care of their appearance in shortest time with less effort will grow.

% households having working housewives



"I would like to see more new products to ease my life"

(% agree)

68%

The rise of easy-to-use products

BOURJOIS

Long-lasting lipstick

▲▲ *value GR*
+2.7pts penetration

INNISFREE

Sheet Mask

▲▲▲ *value GR*
+2.8pts penetration

NATURAL REPUBLIC ICE SUN SPF50

Sun Protection Spray

▲▲▲ *value GR*
+0.6pts penetration

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

4 | HEALTH CONSCIOUSNESS & NATURAL PRODUCTS

Under a context of fast rising healthier lifestyle steamed from recurrent scandals around counterfeit products or harmful ingredients, this trend is growing aggressively.

Mindful Consumerism

"I prefer to chose natural beauty products"

(% agree)

80%

"I prefer to buy brands which take care of the environment"

(% agree)

82%

… leads to growing adoption of natural-oriented brands

INNISFREE ▲ ▲ ▲ value GR%
(+0.9pts pen.)

ST. IVES ▲ ▲ ▲ value GR%
(+0.4pts pen.)

… innitiatives push from big global players
"Natural" concept of fresh and detox

Tresemme Detox

Biore Pore Detox Botanical Beads facial foam

Colgate Nature

… and emerging local handmade/ DIY brands
"Natural" theme of organic & authentic ingredients

NAUNAU

TUTAYLAMHET

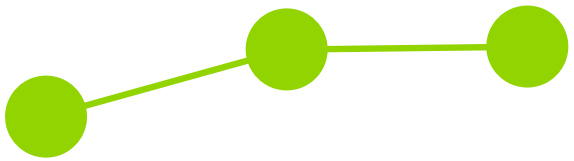
LÁ HOUSE

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

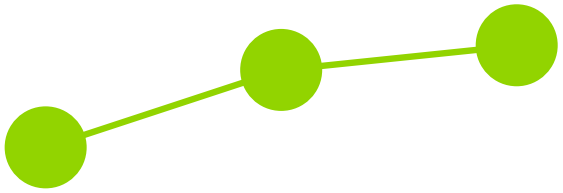
5 | INTERNATIONAL WAVE

Consumers have an increasingly positive attitude for international and imported products.

"International brands are of higher quality"



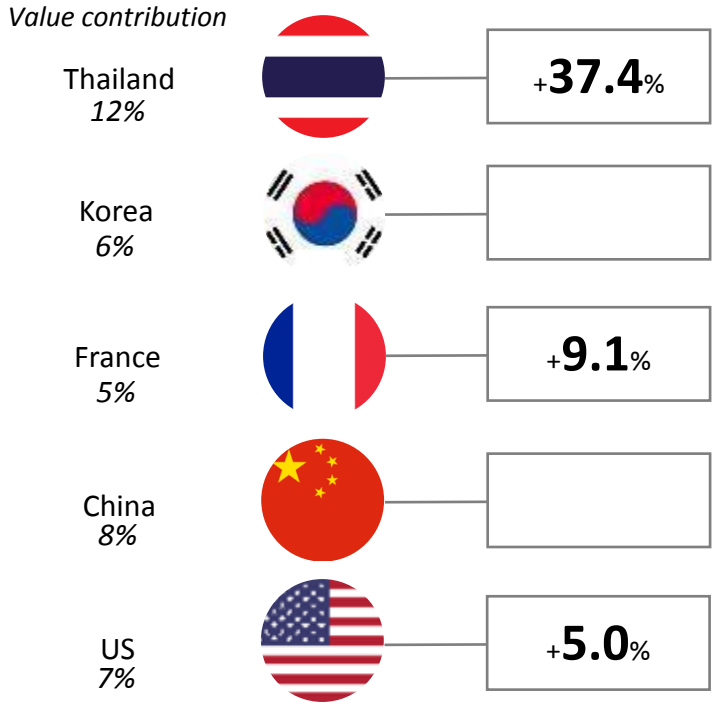
"I would buy more international brand if the price was the same as the local brands"



2014 2016 2017

Value growth of top imports to Vietnam (fragrance, cosmetics, toiletries)

Value contribution



Reach of top imported brands in Urban 4 cities
(2017 vs. YA)

Source: GSO Vietnam & Kantar Worldpanel | Household panel & Lifestyle Survey | Urban 4 cities & Rural Vietnam | Personal Care excluding Gift | Full year 2017 vs YA

Where do they shop for beauty items?

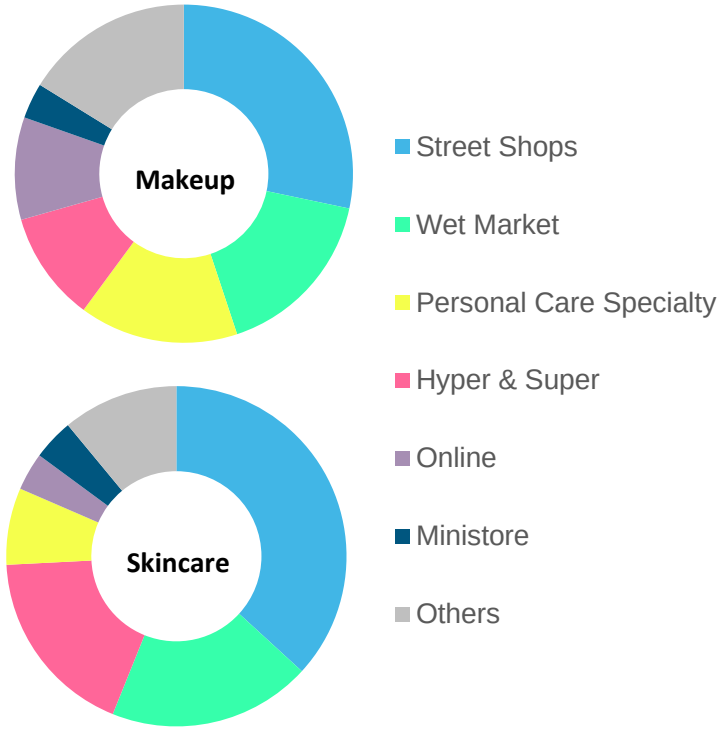
Traditional trade still dominates the market yet the growth is driven by the rise of modern channels. As more specialized and convenient format emerge, channels repertoire increase.

Top choice of channels are pretty similar between Makeup and Skincare – highest consumer reach in **Street shops**

but **Personal Care Specialty Stores & E-commerce** are more popular when shopping **Makeup**

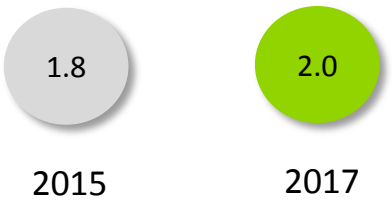
% shopping occasion

and more preference for **Hyper&Super** when shopping **Skincare** products

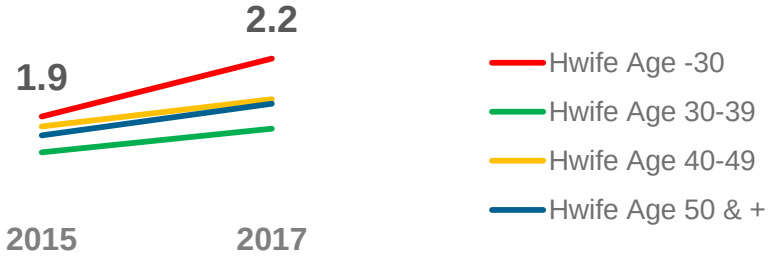


Time to offer **omni-channel** experience, esp. for the millennial generation

# of channels per Household – Beauty products



…by age groups



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

Fast growth of Drugstores well supported by the booming number of stores. Make sure to be visible in this channel to reach young women with middle income.

More consumer reach of Drugstores MT thanks to rapidly **increasing accessibility**

guardian

+21,539 HHs

Guardian

Number of Store

2017

62

MEDICARE
love your life

Medicare

Number of Store

2017

65

Drugstore MT shopper portrait

Mostly in HCMC

Women 26YO

Middle Income PC
(1.75-4.5ml)

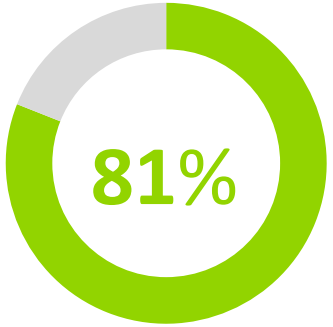
Young adults living with parents

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

Besides, digital explosion well reflecting to the global trend generates a huge impact on the beauty world via beauty bloggers/Youtubers/websites etc.

Changing the way people communicate and spend their time

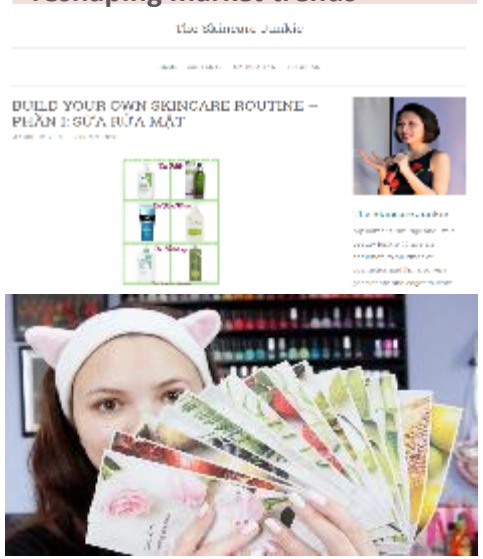
Online time



- Social media
- Others (video, news, etc.)

ChangeMakeup	Love at 1st shine	TheMakeaholics	Trinh Pham	The Skincare Junkie

Educating beauty routines & reshaping market trends



And pushing for market competitiveness

From brand supporters

To collaborators

LILY MAYLAC x 3CE

CHANGEMAKEUP x MIRACLE APO

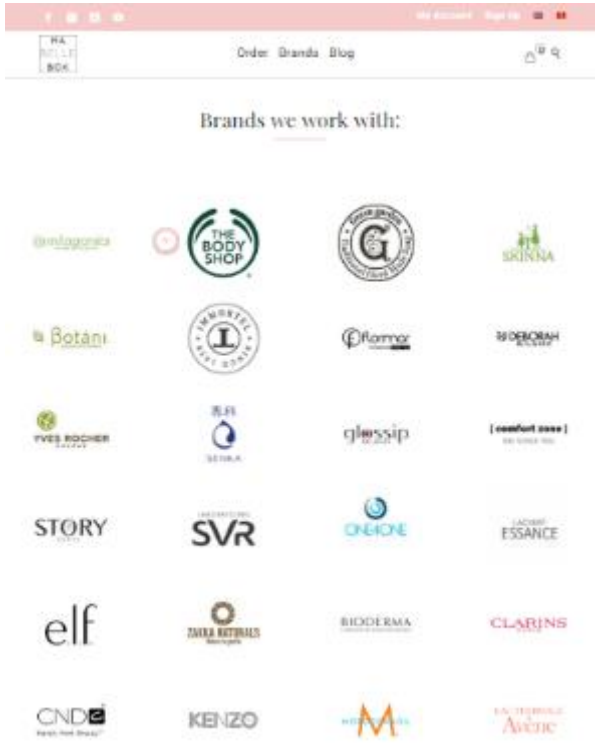
To personal brand owners

EM COSMETICS by Michelle Phan

OFELIA by CHANGEMAKEUP

Source: Kantar Worldpanel | Household panel & Family form | Urban 4 cities Vietnam | Full year 2017 & Internet

Subscription box (e.g. Ma Belle Box, Lixibox) is quite new but thanks to digital development this new format can help reach beauty shoppers more easily, esp. for small new players entering Vietnam market.



Source: Internet

RIDING THE BEAUTY WAVE IN VIETNAM

Omni-channel shopper strategy with a focus on specialized stores and ecommerce

Surf on **wining themes**: sophisticated but convenient & quick, trendy, natural, value for money

Target **millennials**: colorful products to build **recruitment** and excite, face to build **loyalty** and premiumization with advanced benefits, layout and shape items for **diversification**

Define your **hero SKU** (lipstick and cushion first) and leverage your country of origin and **Asian skin expertise**

Be active on **social media** and choose the right brand ambassador, KOL beauty blogger / vlogger

Example of a top performer within the mass segment

3 CONCEPT EYES – 3CE

3 CE
3 CONCEPT EYES

+1.1 pts penetration

+2.7pts value share

(2017 vs YA)

Trendy & Relevancy matter

*Targeting the **young** who need to nail the coveted **K-beauty** look*

*Appearing as a **"trend-setting"** brand offering the right shades **for me** and innovative makeup products with appealing packaging ******

*Endorsed by both Korean and Vietnamese **beauty bloggers and influencers***

Highly purchased by **Female <26YO** in Multi-branded Personal Care Specialty Stores and E-commerce

Hottest items – **Lipstick**

Gained +1.2 pts penetration & reached 7% value of Lipstick value (2017 vs YA)

Source: Kantar Worldpanel | Households Panel | Urban 4 Cities Vietnam | Total Makeup | Full year 2017 vs YA & (*) Kantar Millward Brown U&A Study Jun 2017

CLIENT DAY 2018

FINDING NEW SHOPPERS

In China Beauty Market’s Untapped Potentials

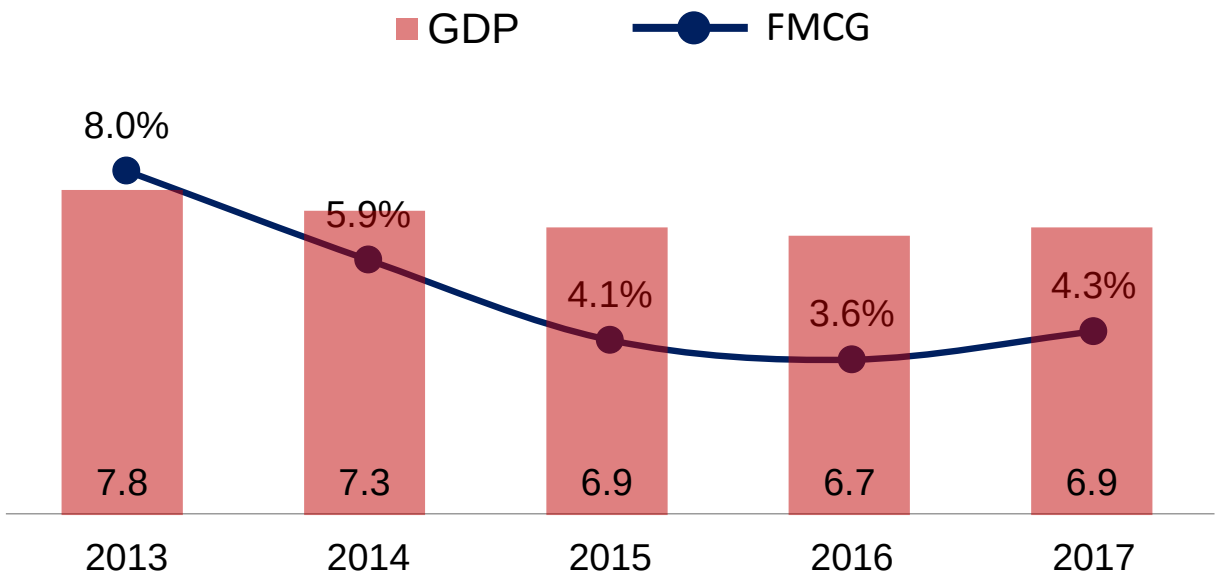
Laura CHU

May 10th, 2018

KANTAR WORLDPANEL

China FMCG fell harder than GDP in the past 5 years yet slightly warmed up and grew 4.3% in 2017, accelerated by a stronger premiumization trend.

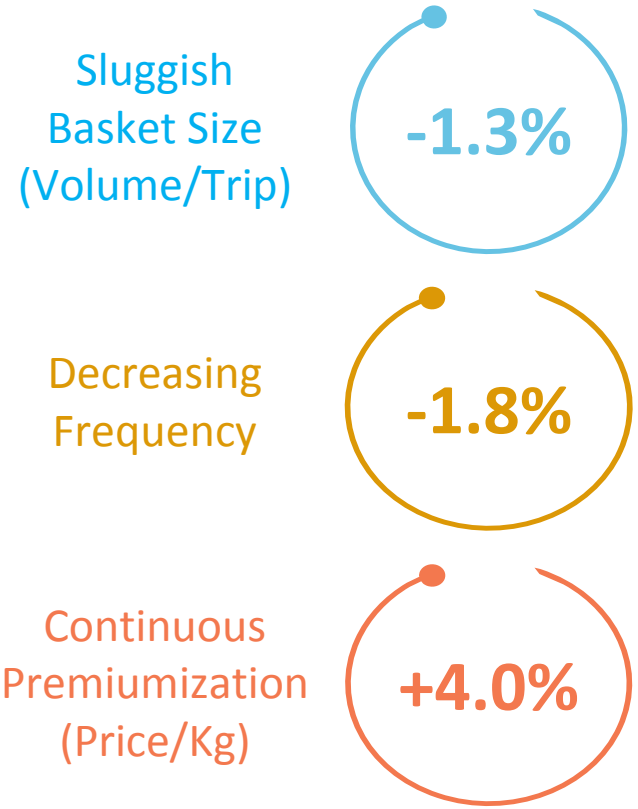
GDP & FMCG Value Evolution



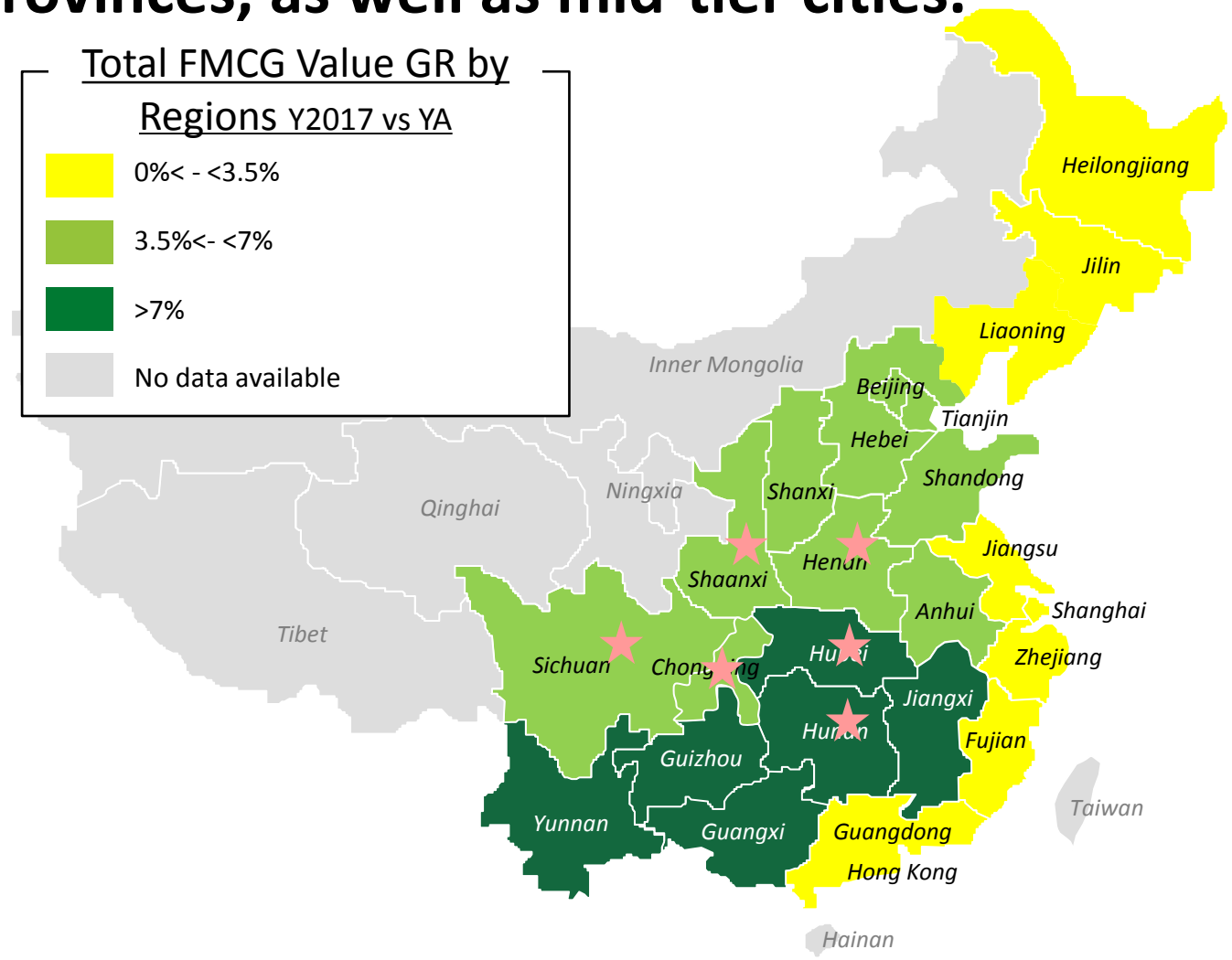
GDP & FMCG Value Evolution

Market Driver

FMCG, 2017 vs. YA
(2016 vs. YA)



Growth engine of China FMCG has shifted to Southwestern and Central provinces, as well as mid-tier cities.



TTL FMCG Value GR Y2017 vs YA

City Tier	Value GR
KEY CITIES	
A CITIES	+4.8%
B CITIES	+4.4%
C+D CITIES	

A number of A/B cities in Southwestern and Central provinces (marked ★) launched preferred housing and Hukou policies to attract young talents.

Skincare and Makeup are the biggest opportunities in personal care.

Personal Care Category Performance Y2017 vs YA

Bubble size = Absolute Value

Cosmetics competition environment became more fair.
Embracing international standards help build trust and competitiveness for Chinese brands.
Import tax cut and inland duty free stores lower the entry barriers for foreign brands.

MORE STANDARDIZED

- 2015 June
  Launched whitening and freckle treatment function official certificate

- 2016 June
  Raised SPF and PA limit from SPF30/PA+++ to SPF50+, PA++++

MORE OPEN

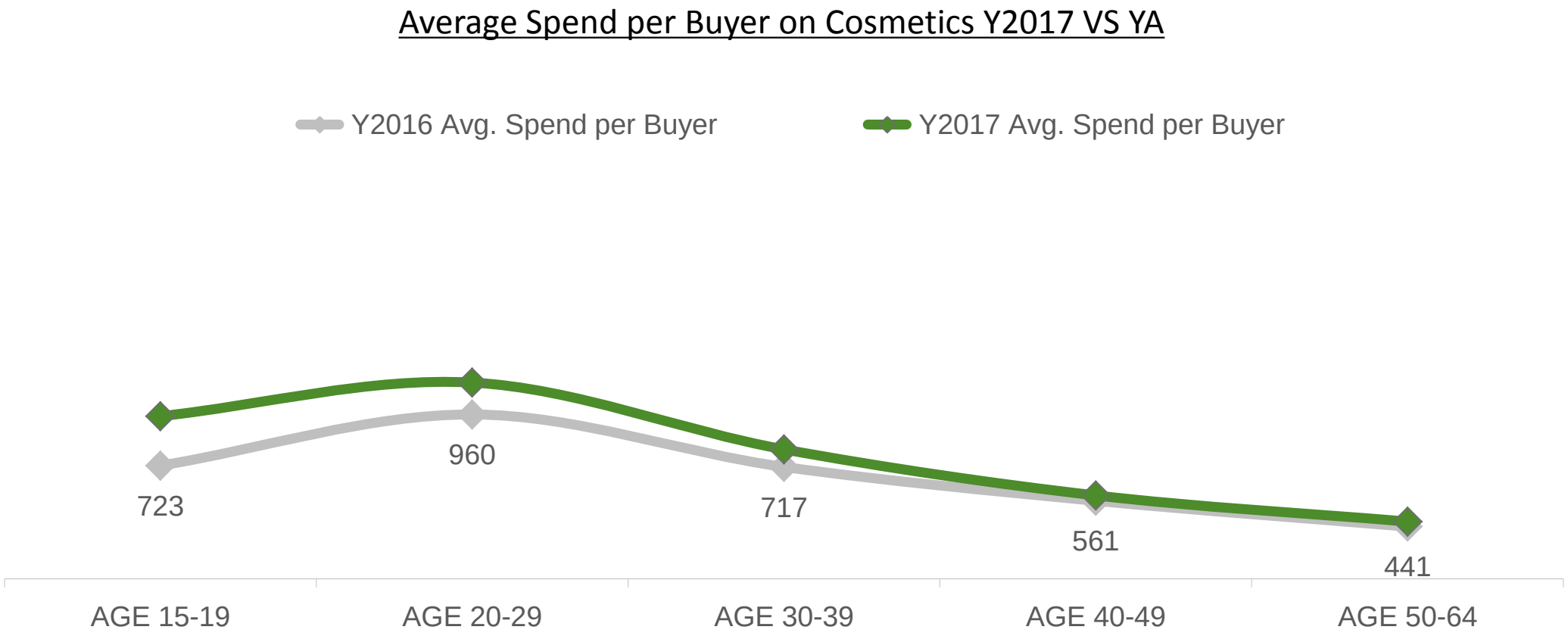
- 2017 December
  Reduced import tax for most personal care categories

Category	Before	Current
Skin care	6.5%	2%
Makeup	10%	5%
Fragrance	10%	5%
Shampoo	6.5%	2%
Conditioner	10%	5%
Deodorant	10%	5%

- 2018 April
  Tmall duty free shop opened in Hangzhou

WHO are new shoppers

Young females in their 20's are the market leader and growth driver.

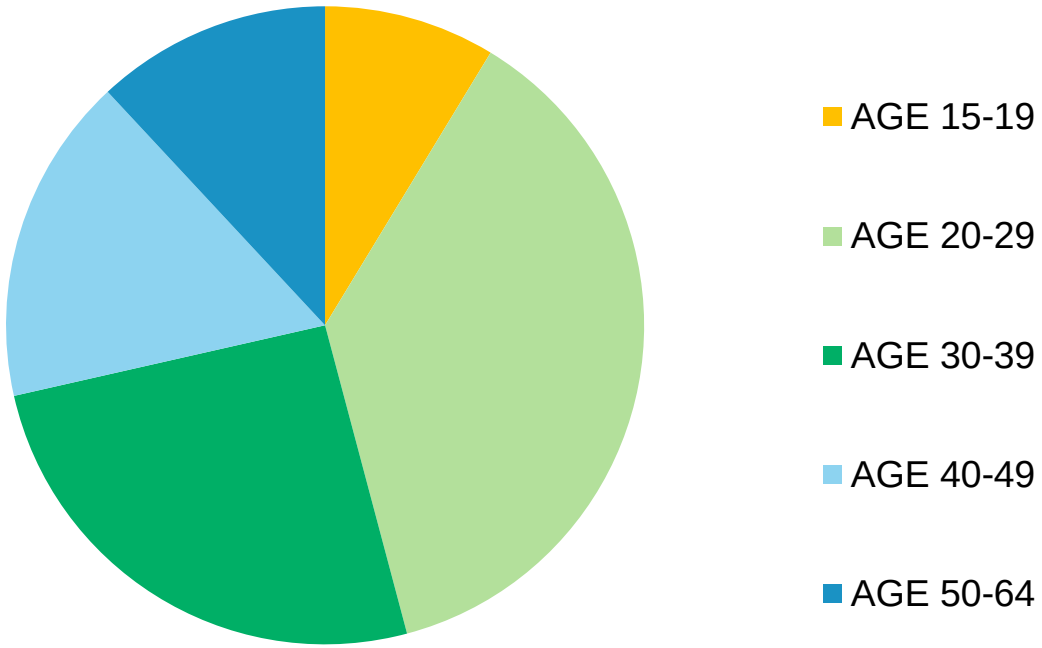


Currency used in this deck is CNY

In 10 years' time, the importance of 30+ females will increase for Cosmetics market. Pre-empting their needs in innovations help win the future.

Value Contribution to Total Cosmetics by Age

Y2017



AGE 15-19

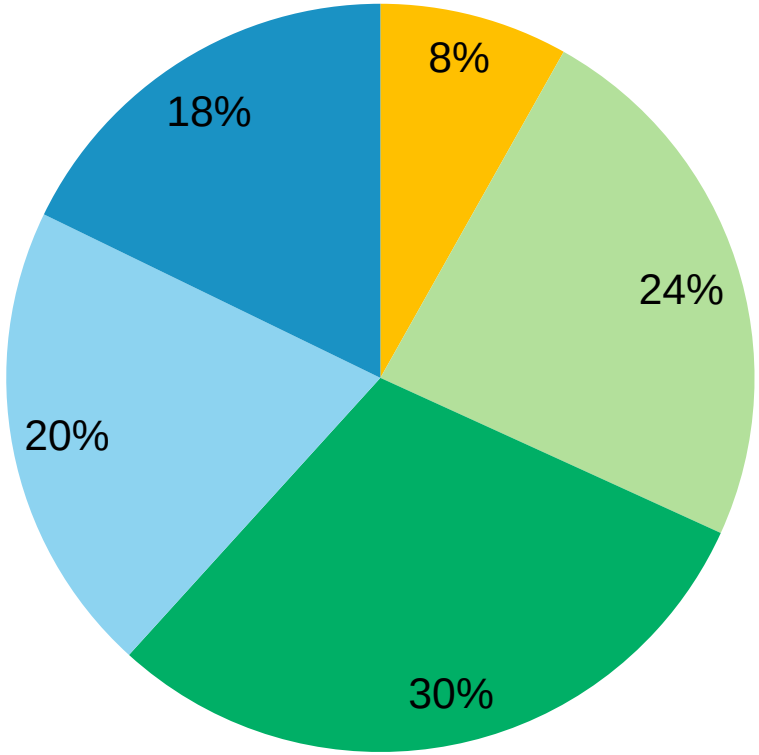
AGE 20-29

AGE 30-39

AGE 40-49

AGE 50-64

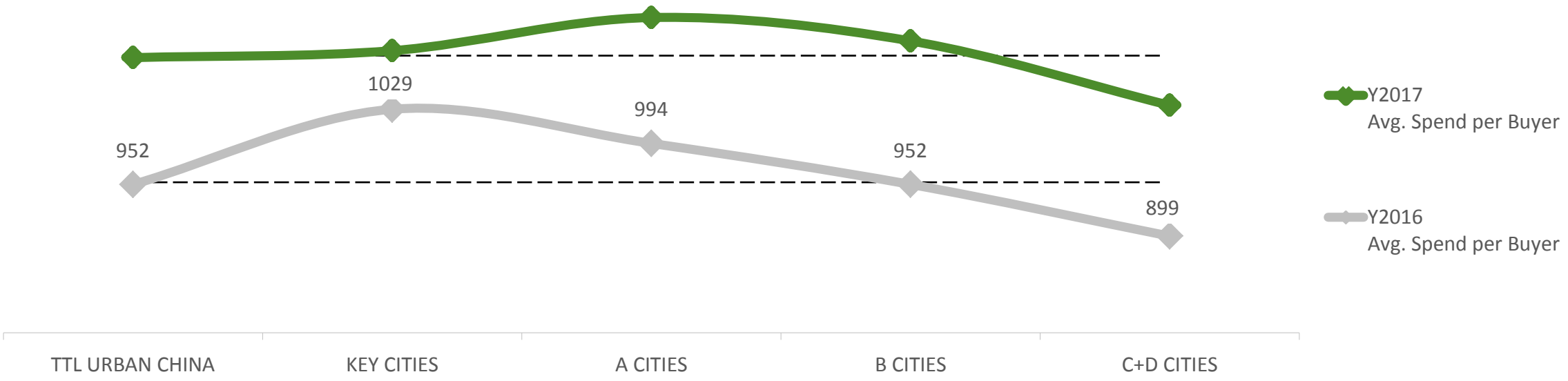
Y2028E*



WHERE to find them

Lower tier cities experienced a major boom of consumer spending in Y2017; mid-tier (A+B) cities have exceeded Key cities.

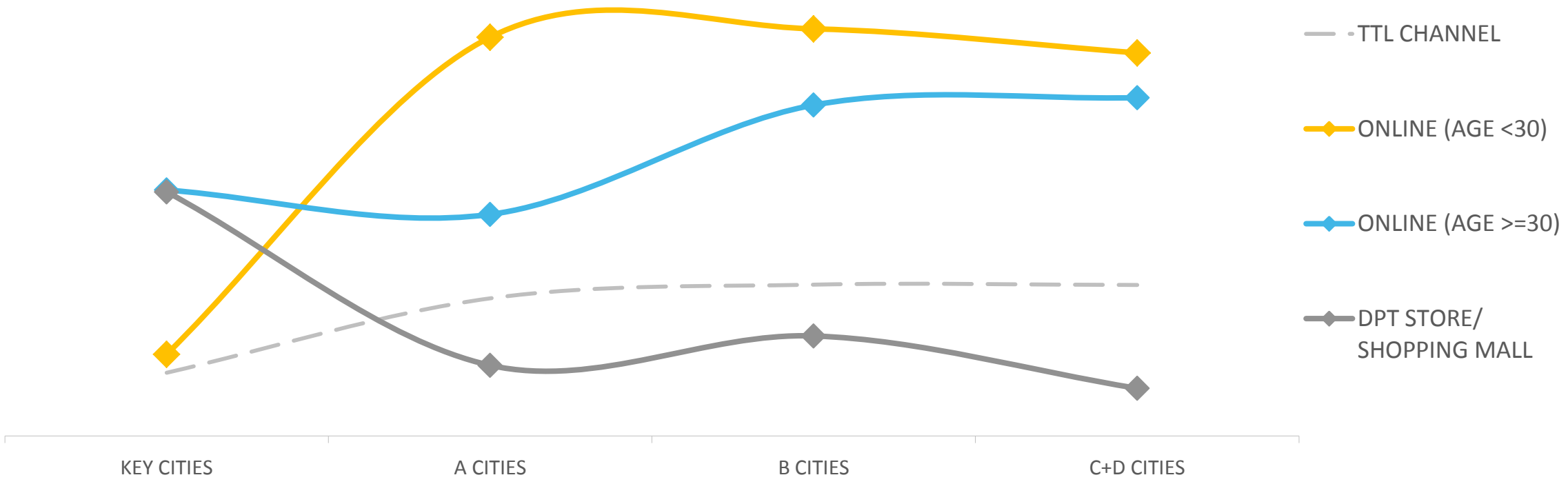
Avg. Spend per Buyer on Cosmetics Y2017 vs YA



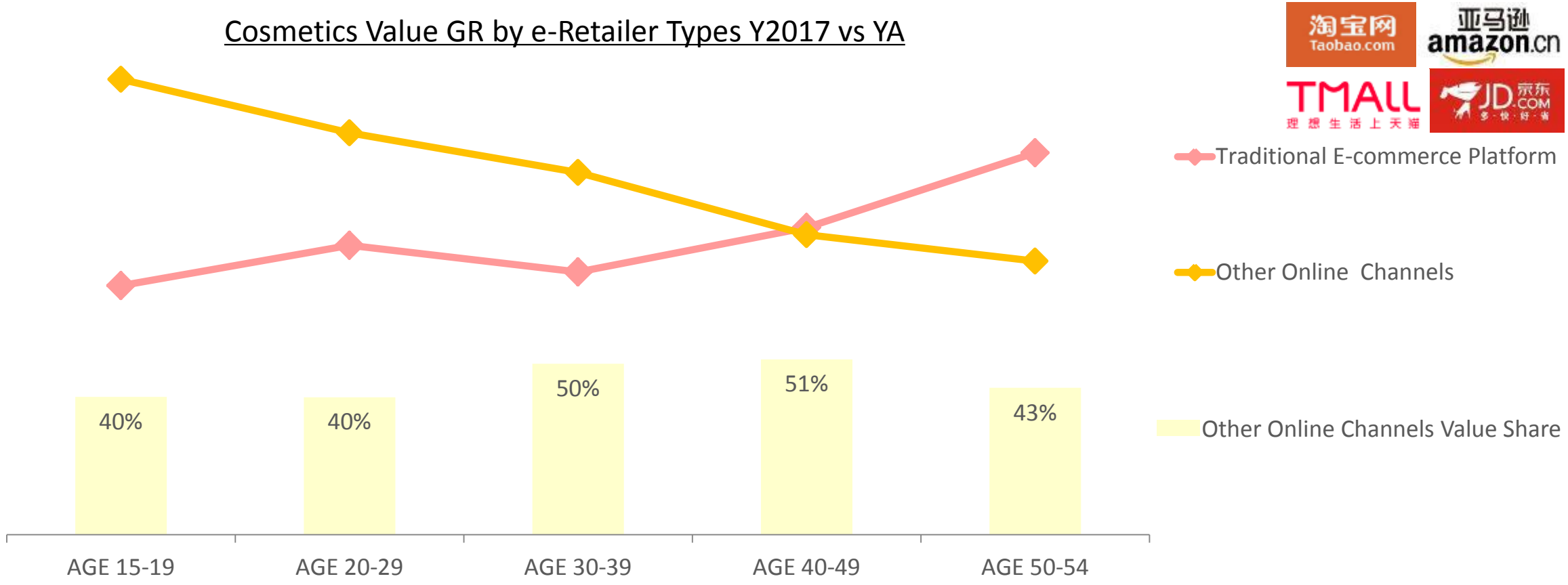
All analysis onward based on females

A cities and below tiers are still riding on E-commerce boom, driven by both young and mature females; while a strong surge happens in Dept. Store/ Shopping Mall in Key cities.

Cosmetics Value GR by Channel Y2017 vs YA



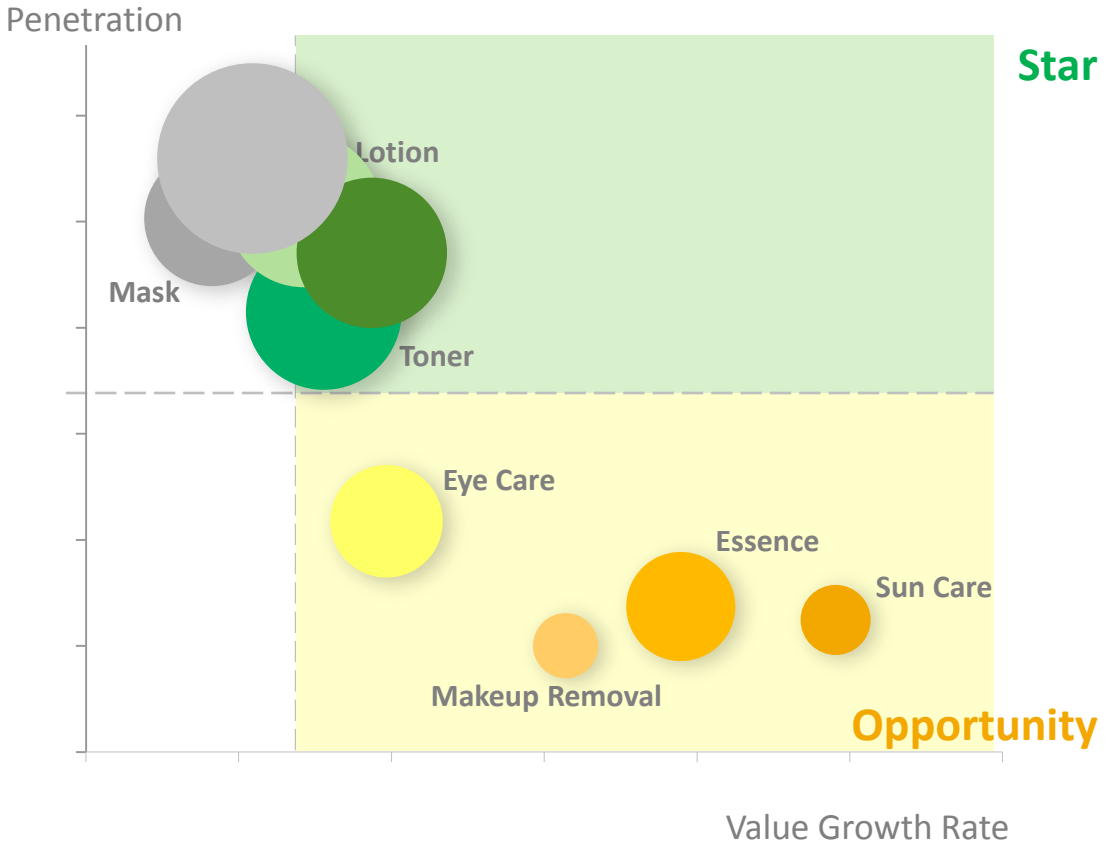
Behaviors of young and mature females are different in online channels. Mature consumers rely heavily on traditional EC platforms, while young consumers are diversifying.



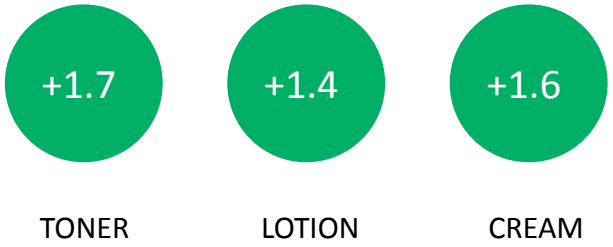
WHAT product to offer

Skin care: consumers are trading up in basic routines, while adding on functional and protection regimes

Skin care sub-segments performance Y2017 vs YA



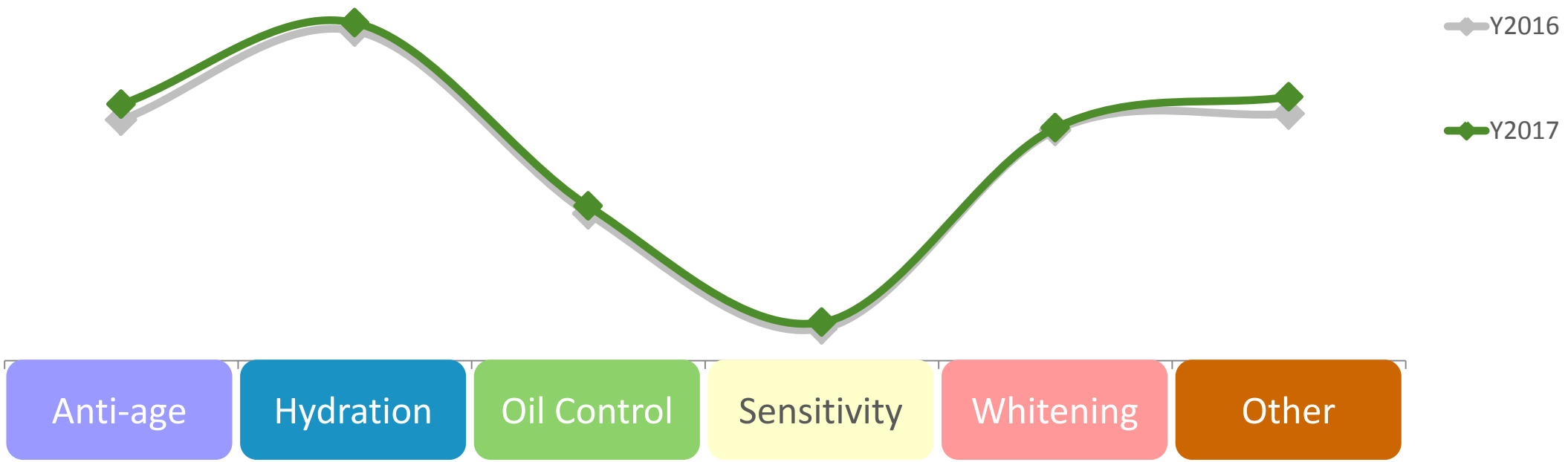
Luxury/Premium penetration point increase Y2017 vs YA



Penetration point increase Y2017 vs YA

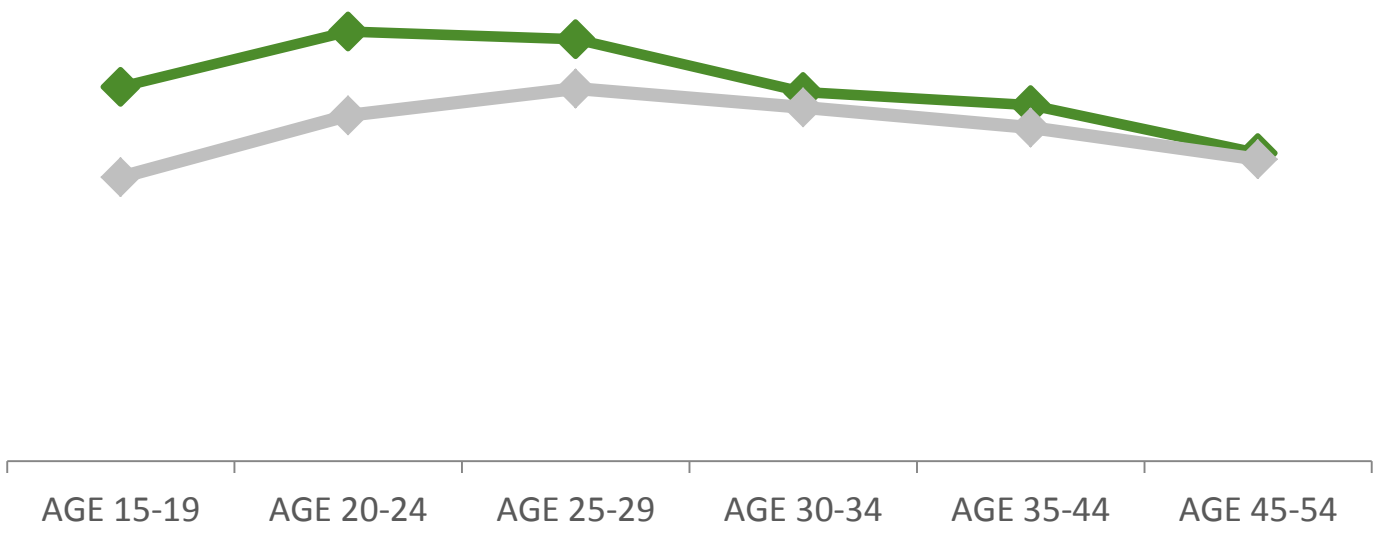
Anti-age and Hydration are still the biggest recruiters, followed by Oil control and Sensitivity. 'Others' is also expanding, indicating newly emerged unmet needs beyond traditional functions.

Penetration and pen point increase of skin care functions Y2017 vs YA



Prevention is better than cure, young females are core AA buyers; yet mature opportunity should definitely be developed. Repairing the skin barrier to restore to young skin condition is the new anti-age claim.

Anti-age



Penetration

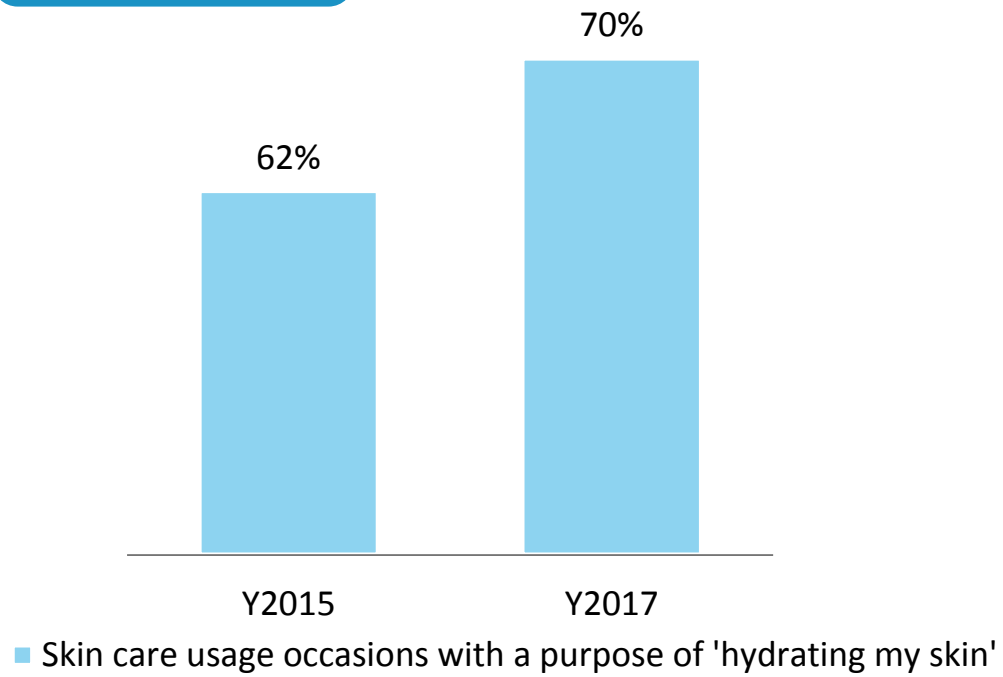
TTL Woman Y2017

TTL Woman Y2016

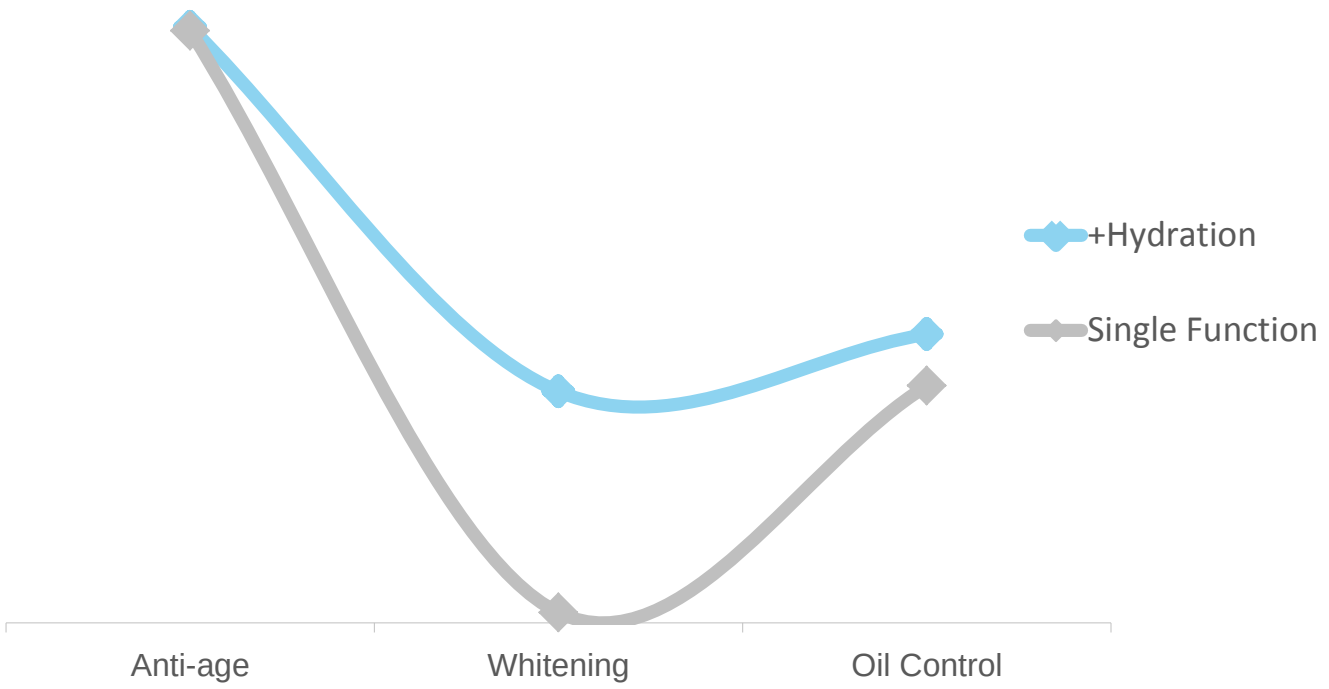
Unmet need: Repair

Hydration has become the fundamental need in all skin care routines; hydration+ performs better than single function in attracting new shoppers.

Hydration

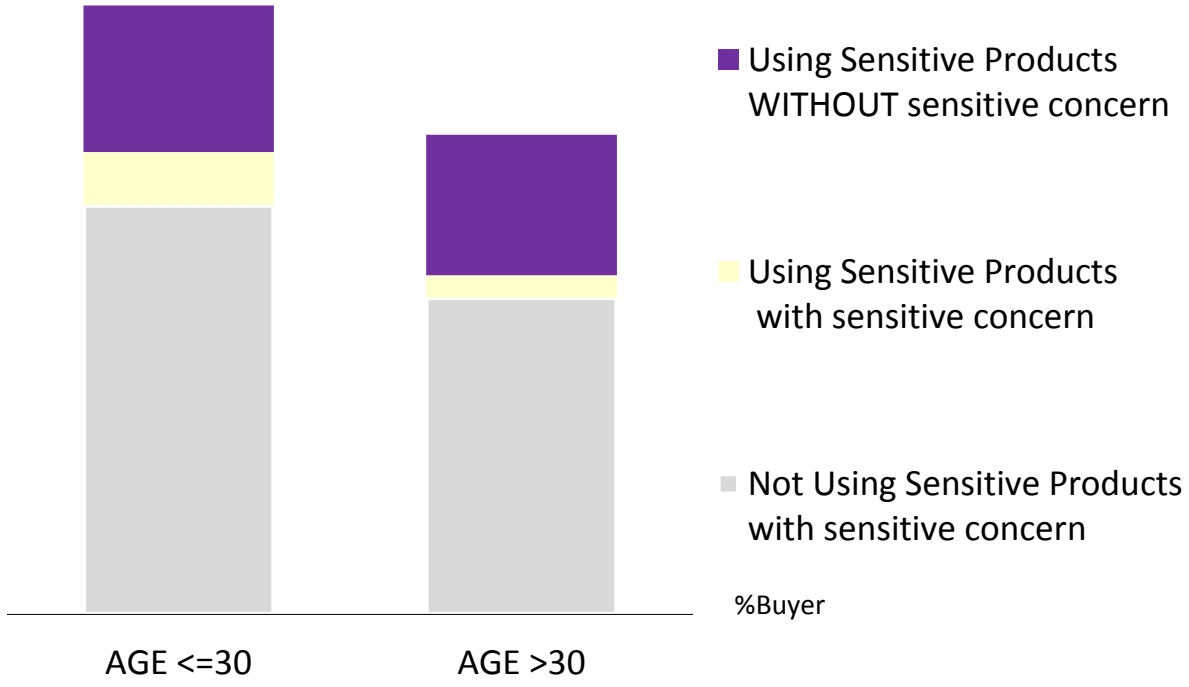


Penetration GR 2017 vs YA



Sensitivity is an opportunity function for both young and mature, new shopper opportunity is from those suffering sensitive skin conditions but have yet tried sensitive products. Some are using sensitive products without a concern for their mild and additive-free claim.

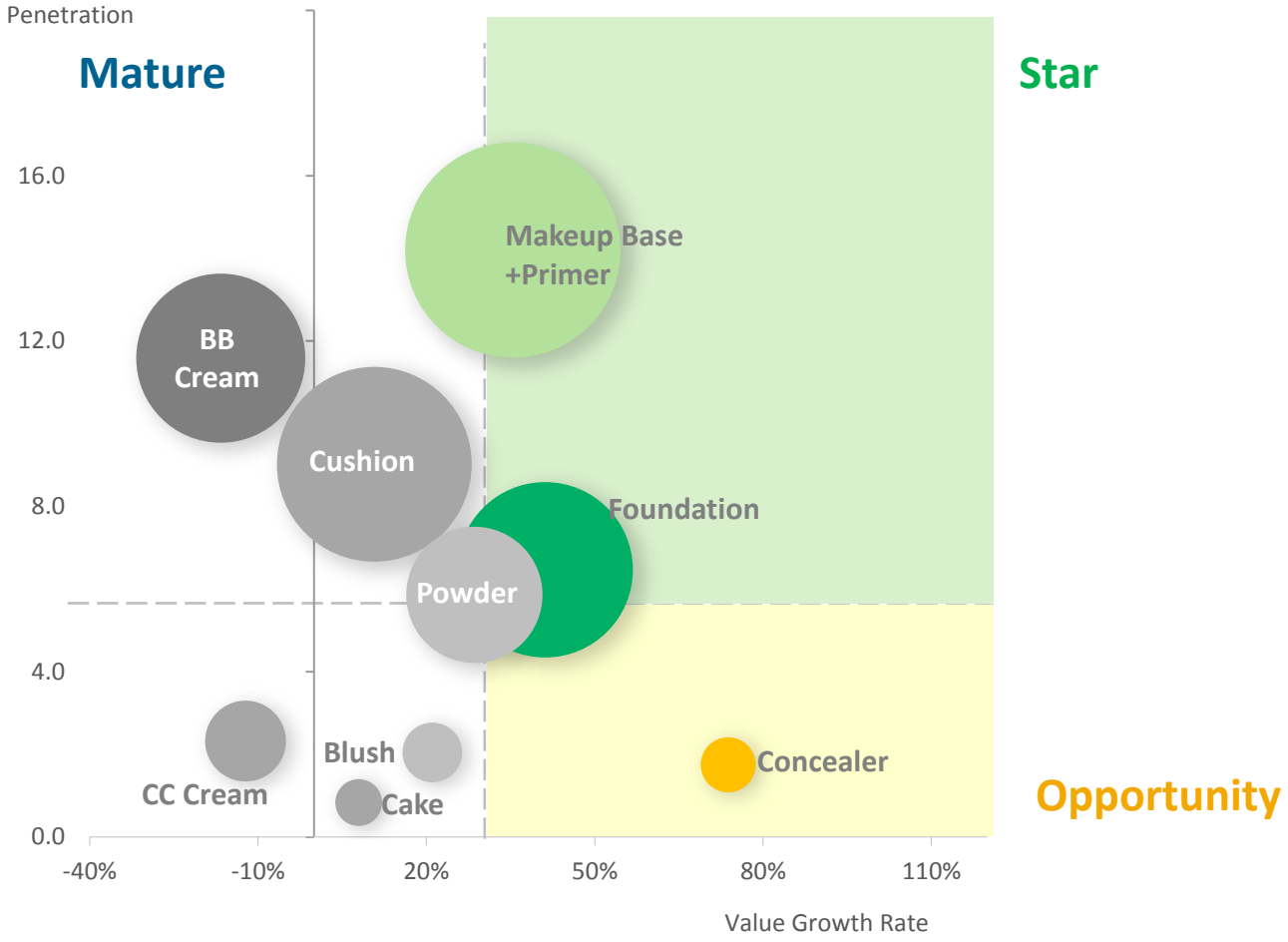
Sensitivity



Additive-free

amino acid

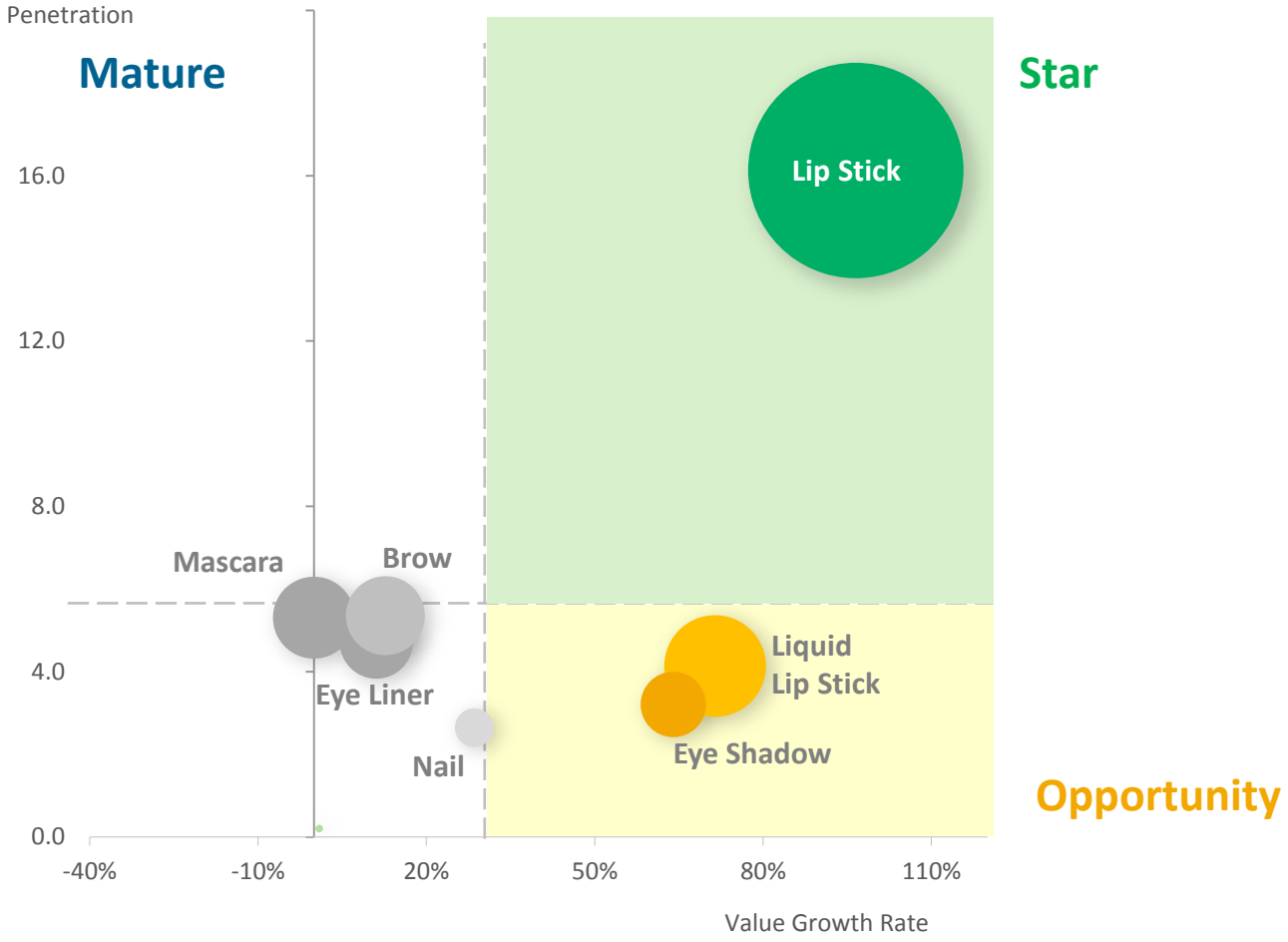
Makeup: face makeup routine is sophisticating, adding on pre and post procedure to create a flawless base is the trend.



Flawless coverage

Makeup Base + Foundation + Concealer

Adding to the flawless coverage, Colors on Lip/ Eye is gaining popularity.

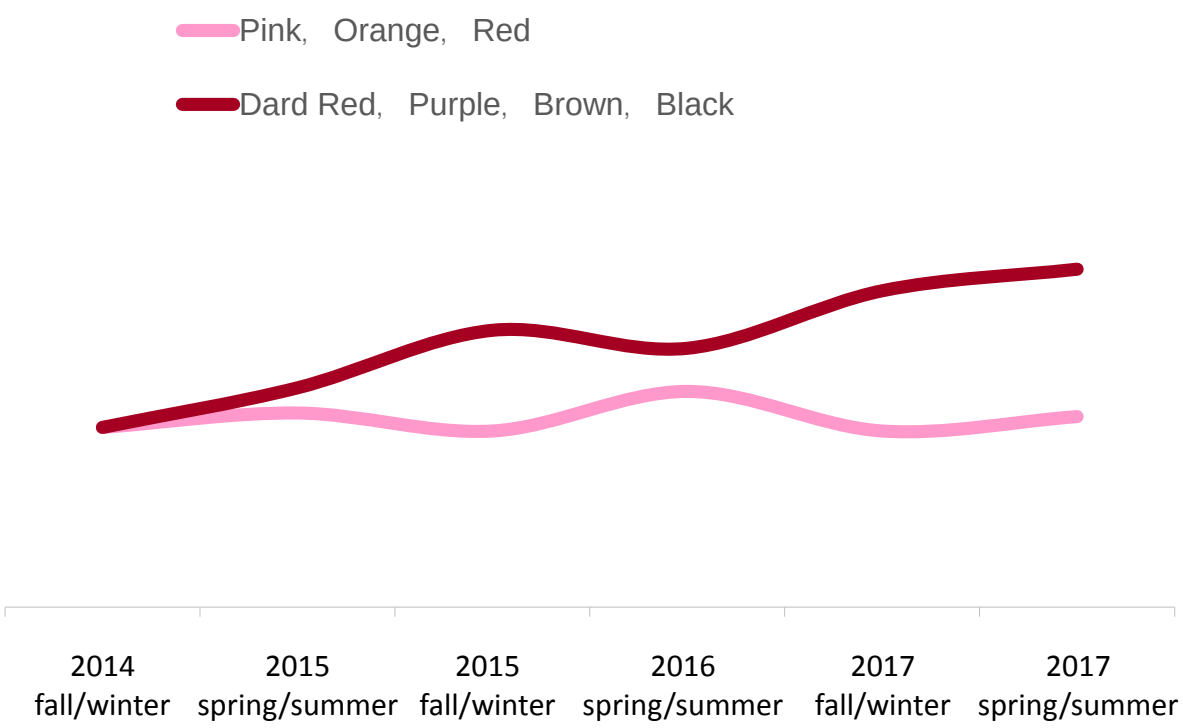


Colors on lip / eye

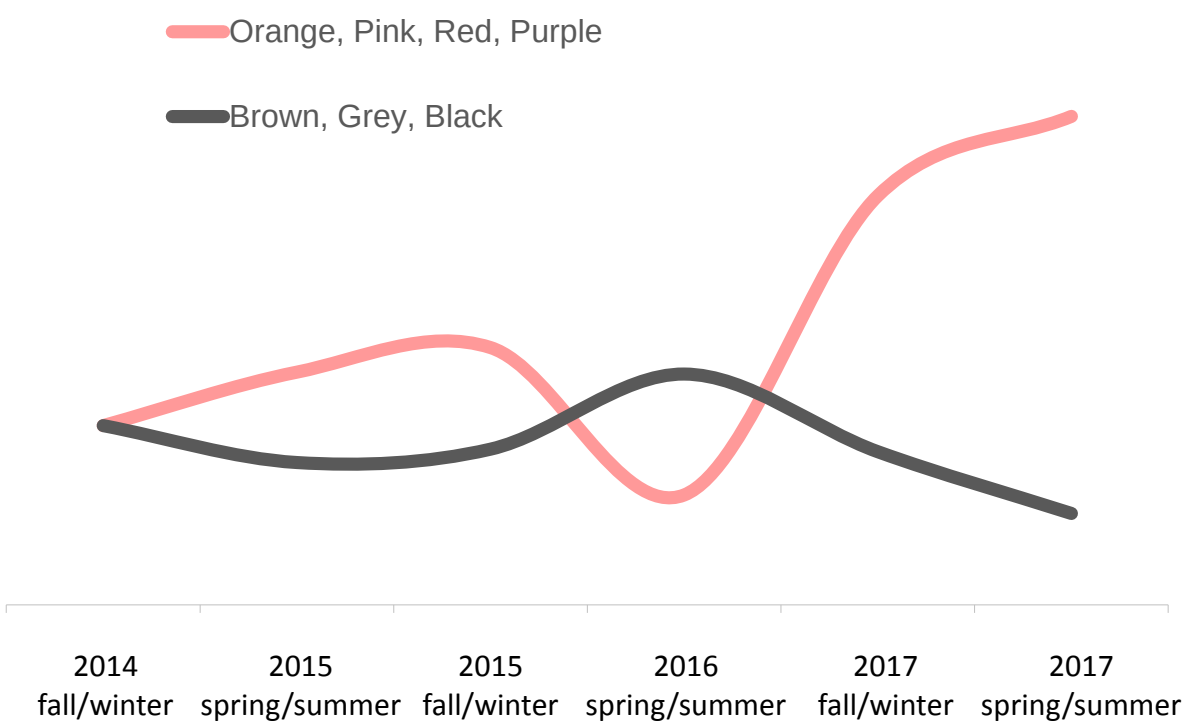
Liquid Lip Stick | Lip Stick | Eye Shadow

Consumers go for bolder lip colors and brighter / colorful eye shadow to express their personalities.

Lip Colors – Usage Occasion% Index*



Eye Shadow Colors – Usage Occasion% index*

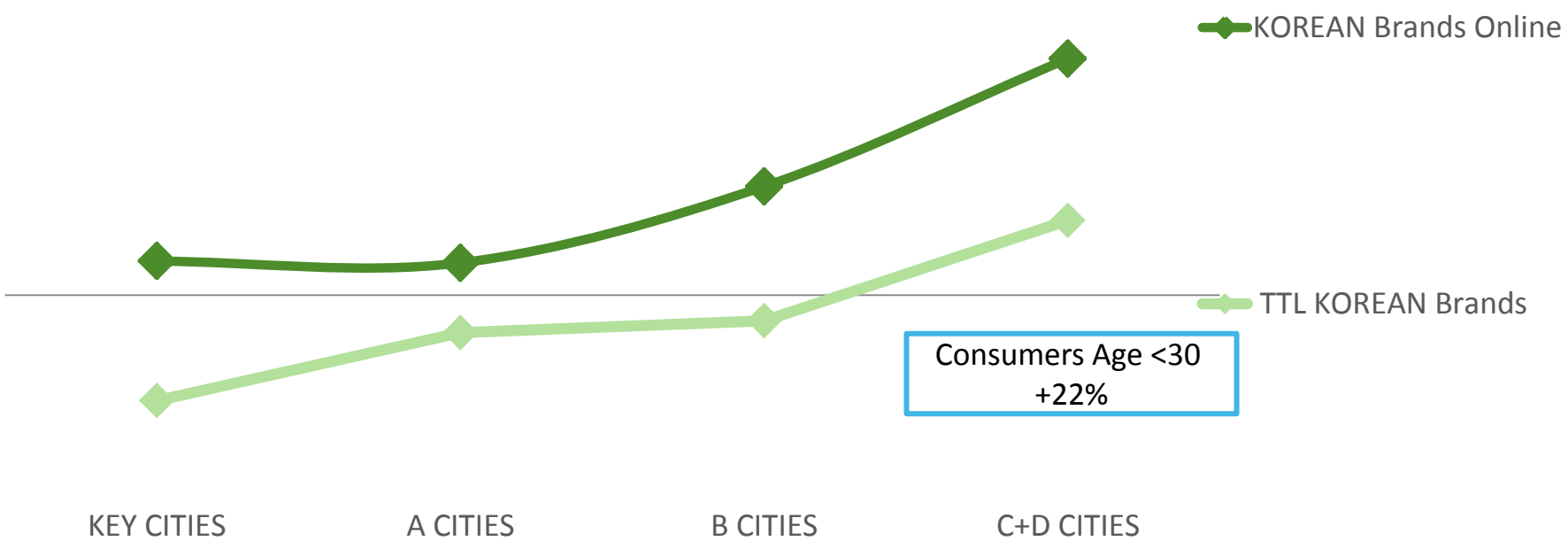


*Index = Occasion% / 14 fall/winter Occasion%

HOW to play

Young consumers in C+D cities still have faith in Korean products, especially through Online.

Value GR in cosmetics Y2017 vs YA

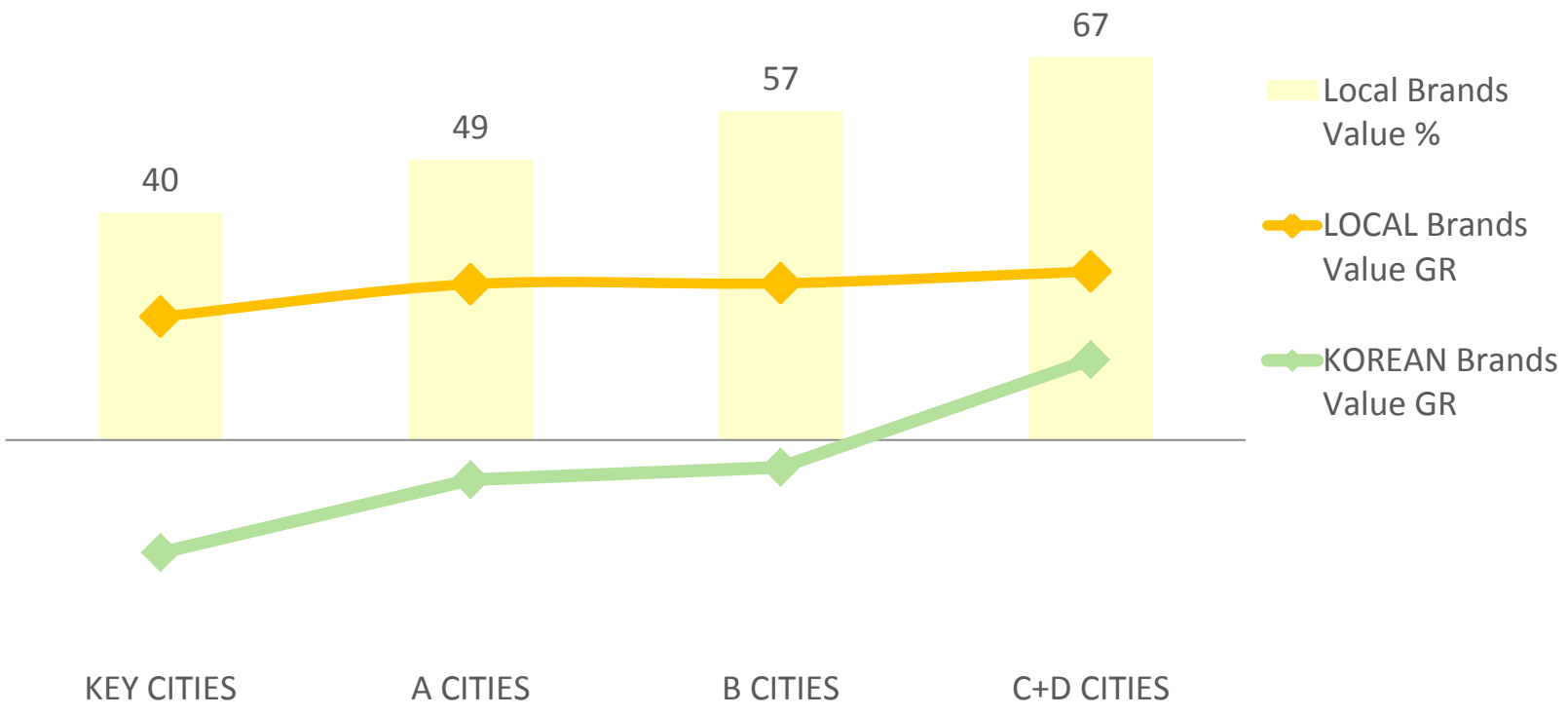


Made it to foundation Penetration No.1

Penetration Index (compares to TTL foundation)	
Buyer Age <30	111
Online Channel	164

The biggest competitor for Korean brands in lower tiers are local brands, who perform strongly in recruiting new shoppers.

Value GR in cosmetics Y2017 vs YA



+5.2M new buyers

Y2017 vs YA

	Penetration%	Pen% GR
百雀羚	16.9	+5%
CHANDO 自然堂	4.3	+23%
MARIE DALGAR	1.7	+23%

China local brand successful factors:
Local origin and ingredient (traditional Chinese medicine)

CHANDO 自然堂

Value +17%

Chando boosts ingredients from the Himalaya

佰草集 HERBORIST

Value +14%

Herborist boosts Chinese medicine recipe

相宜本草 INOHERB

Value +4% (recovered from decline)

Inoherb cooperates with Shanghai Chinese Medicine University

China local brand successful factors:
Ingredient + high tech / innovation to create star SKU

Value +34%

Cathy best seller Miracle Essence Water:
Niacinamide as well as herbal ingredients

Value +4%
(recovered from decline)

Inoherb best seller Rhodiola Rosea Essence:
Award winning technology to extract
essence from herbal ingredients

Value +54%

Marie Dalgar best seller Red Ginseng Foundation +
Fun and unique tool to apply

Cultural image+: limited editions from international brands and consumer DIY

G. Armani

Givenchy

Tom Ford

YSL

Dior

Finding New China Shoppers ABC

Anticipate:
future demands from an aging society. Grasp the trade up trend in basic routines and the further diversifying skin unmet needs; continue to invest and drive makeup penetration.

Broaden:
geographic horizon to lower tiers. E-commerce the weapon to reach the high spending power young females, with the right mix of (content) media touch points to capture their impulsive purchase occasions.

Connect:
Chinese/ Asian elements in product (ingredient, packaging) offering with strong bonding with technology or tool innovation. Culture linkage is not limited to Chinese local brands, can be leveraged by foreign brands as well.

CLIENT DAY 2018

FINDING NEW SHOPPERS

Personal Care Market in Korea

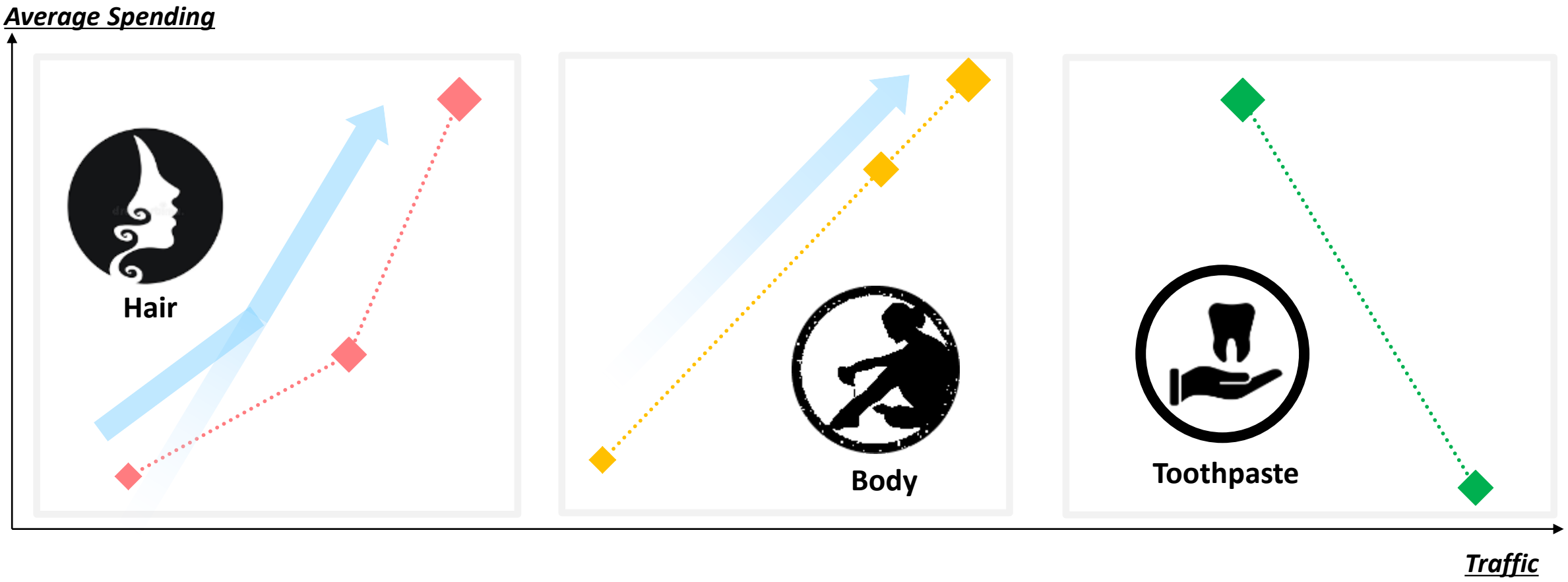
Jiwon Kim (Group Account Manager)

2018.05.10

KANTAR WORLDPANEL

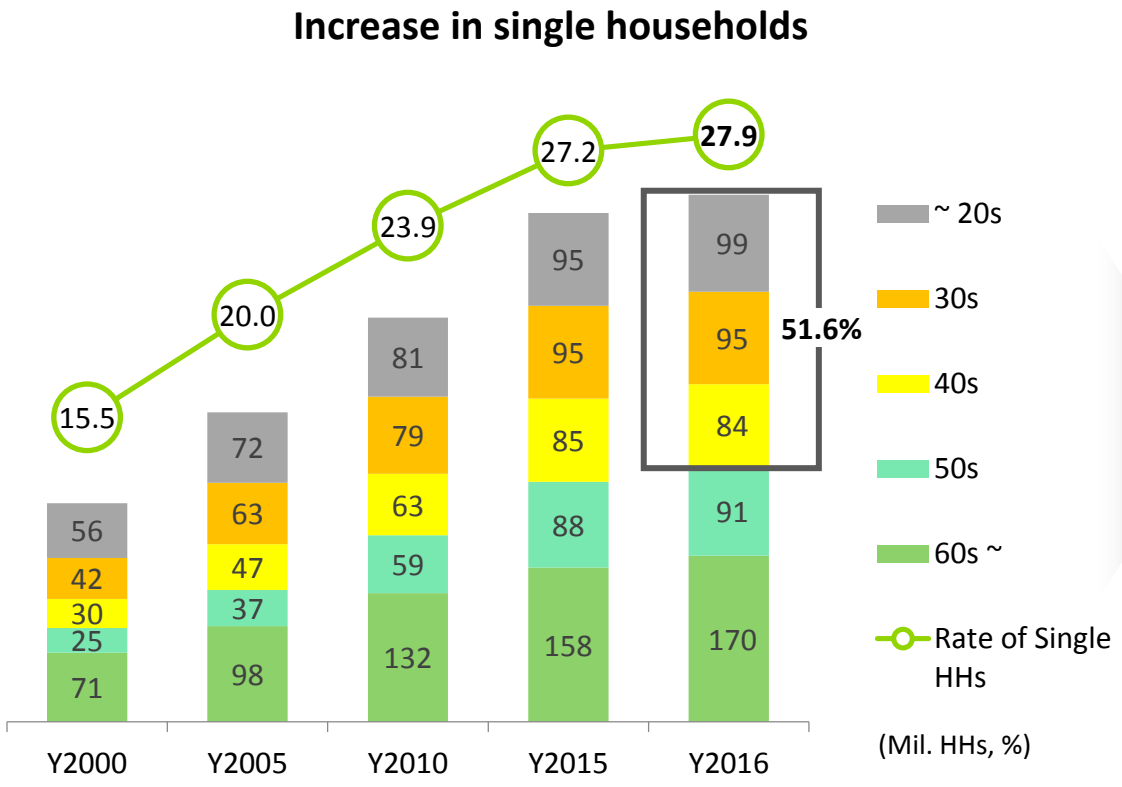
Continuous Growth of Personal Care Market

Hair & body show a sharp increase in spending as well as traffic, yet toothpaste is recently growing in spending



Social Background of Personal Care Market Growth

The increase in single households and value consumption affect the growth of personal care market



Statistics Korea, 2018

2018년 욜로와, 가심비, 솔로이코노믹 그리고 합리적 가격이 대세…

Yolo, Cost-satisfaction, Solo-economy, and Reasonable Prices Are Popular

2018 NEW 브랜드 - "최적화된 경쟁력 갖추고 가치소비 트렌드 이끈다"

2018 NEW Brand –"Has Optimized Competitiveness & Drives Value Consumption Trends"

1인 가구 증가와 맞물린 가성비 트렌드…'가치소비', '취향소비'를 아우르는 핵심 키워드

Single Households and Cost-effectiveness is the keyword for 'Value Consumption,' 'Favorite Consumption'

[Cover Story-경제지도 바꾸는 '솔로 이코노미'] '솔로 이코노미' 커지며 욜로·싱글슈머 등 신조어 속출

As 'Solo-economy' grows, new terms such as Yolo, Singlesumer appears

Changes and evolutions in consumers' needs develop Personal Care Market

Consumers' needs become more complexed and diversified → product usage varies by TPO

VALUE for ME

+

VALUE for MONEY

T IME

P LACE

O CCASION

Morning/ Night

Seasonality

Morning/ Night

Seasonality

Fine Dust

Emotional factors

DAILY HOME CARE +α

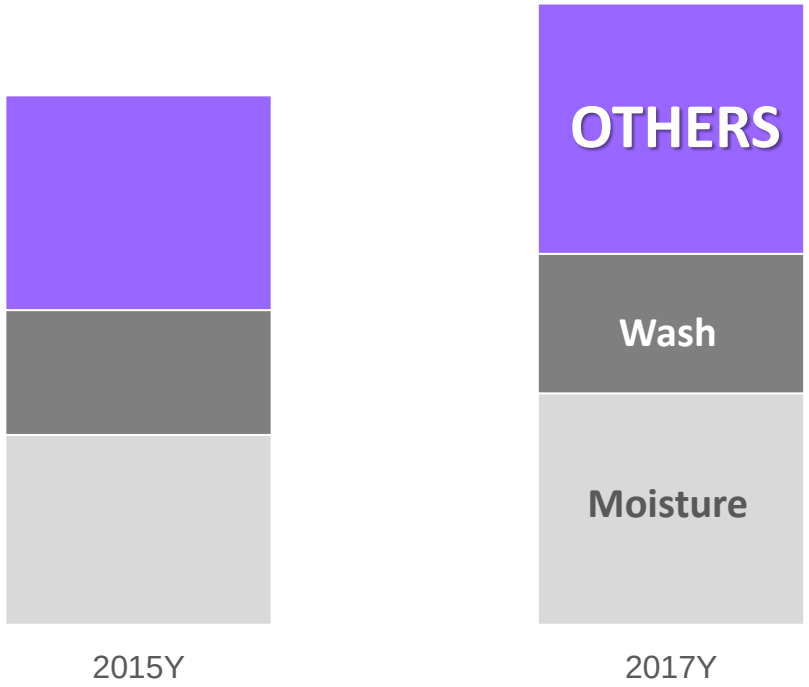
Product Perspective

Product Segmentation/Diversification - Body

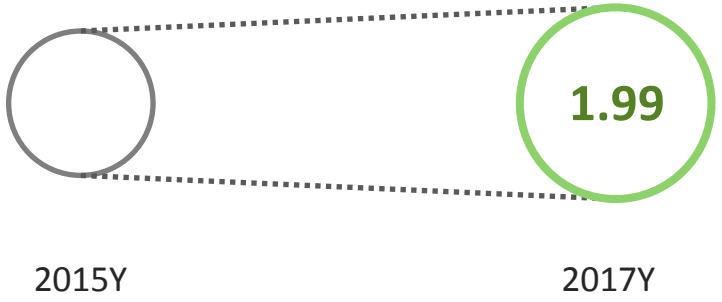
In case of Body Care Market, the expansion in product segmentation/diversification occurs not only in main category but also in sub-category, and it leads the increase in number of types and brands of each product (by TPO or usage)

Value

* Body Others: body sun care, body makeup, bath salt, etc.



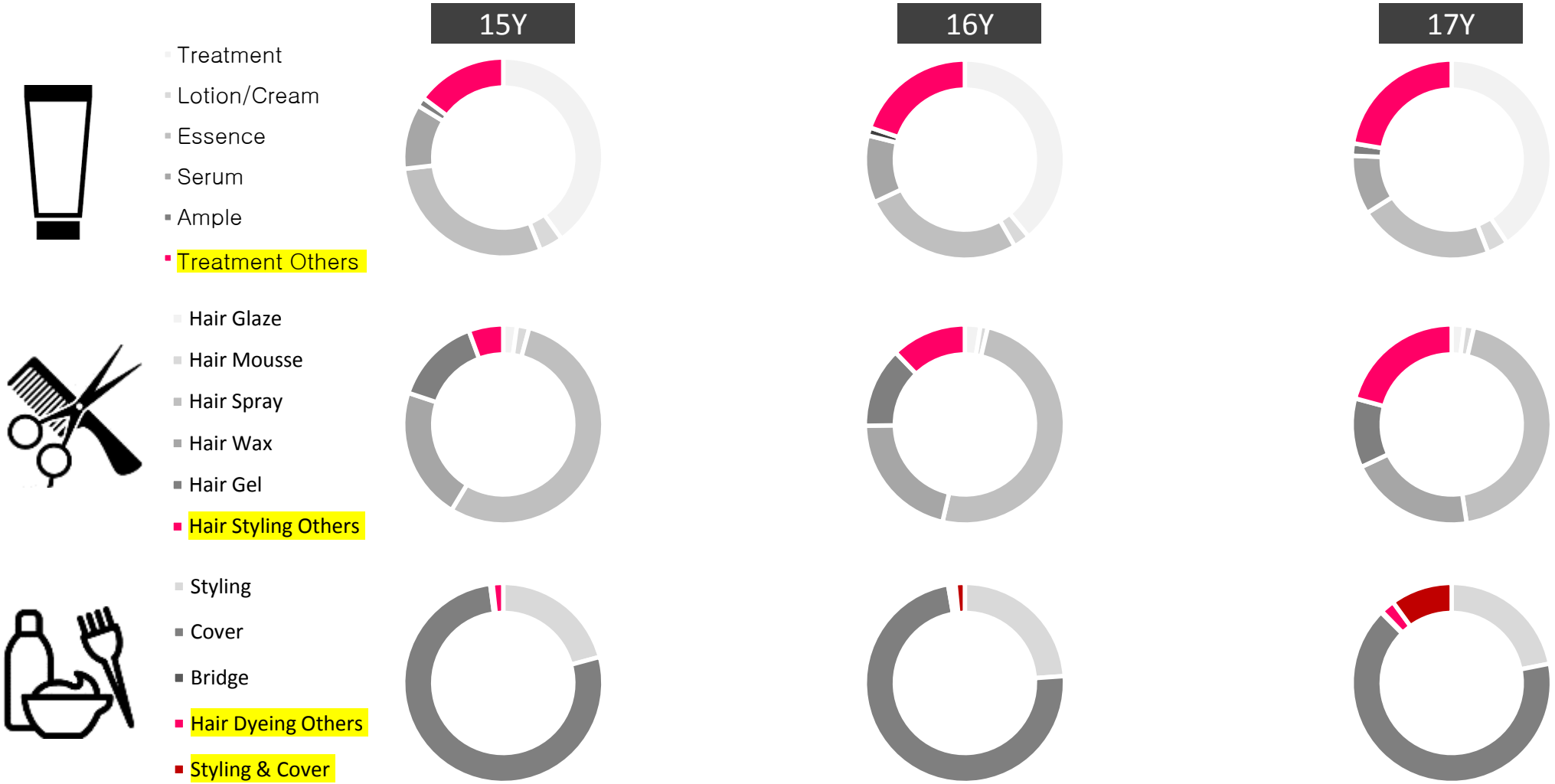
Number of Duplication Type



Number of Duplication Brand

Product Segmentation/Diversification - Hair

The share of uncategorized product(New type or cross-typed) in Hair Market is also increased



Product Segmentation/Diversification - Toothpaste

Toothpaste that provides ingredients for the right time (morning/afternoon/evening)

Toothpastes available without spatial constraints

Demands for new types of oral care

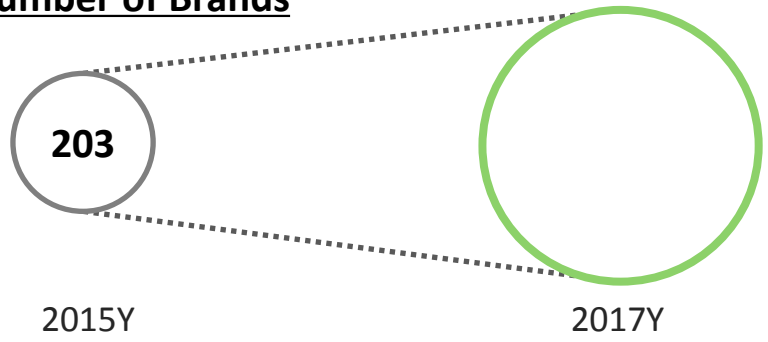
Product Premiumization - Body

As various brands including premium enter the market, the price and the number of purchased brands increased

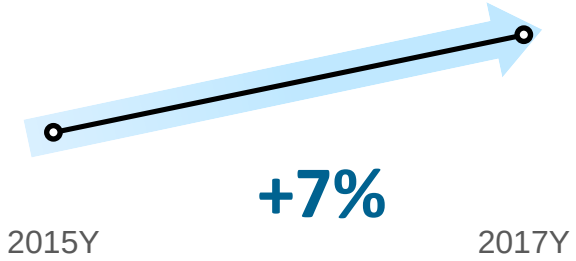
Moreover, these premium brands appear not only in main-type but also in sub-type categories, and that threaten to the exisiting mass brand

Body Moisture

Number of Brands

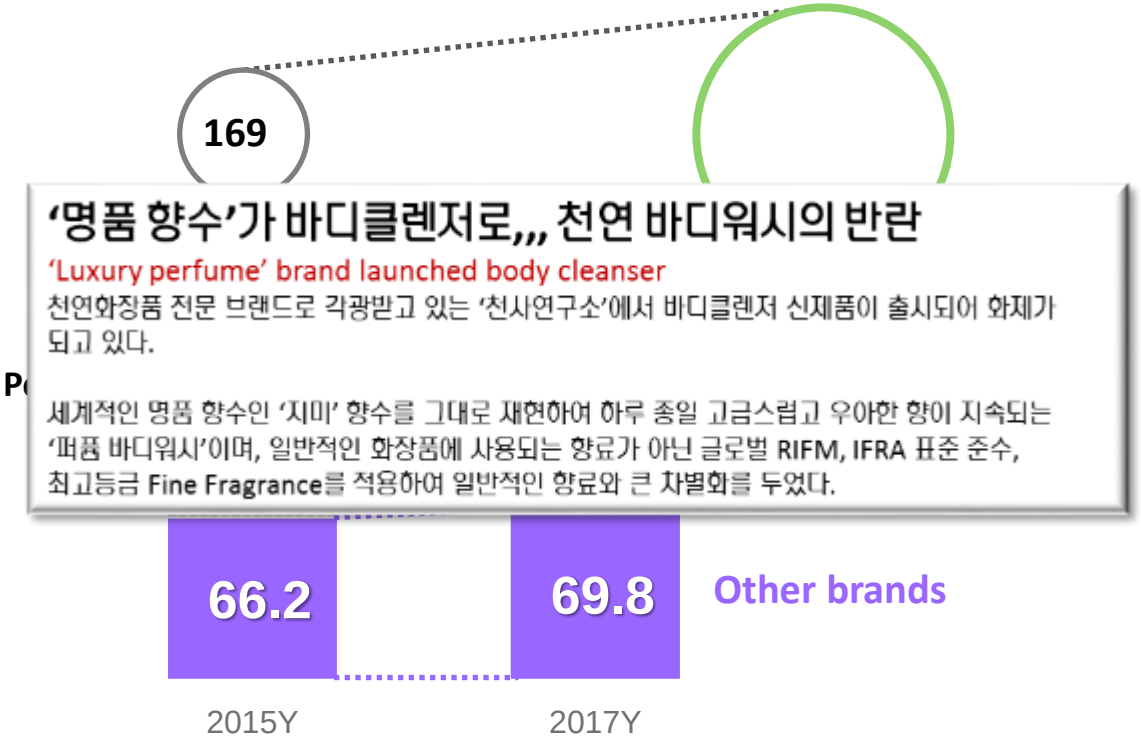


Average Price(KRW/Liter)



Body Wash

Number of Brands



Product Premiumization - Toothpaste

Toothpaste displayed on the store in the past appears in a drugstore/department store with a fancy package recently
Rapid growth of the premium segment has contributed to the increase in traffic as well as the price

Design+function, premium products enter the market

'치약도 프리미엄이 대세?'...
디자인+기능, 1만원대 치약 속속 출시

치약시장에도 프리미엄 바람이 거세다.
그동안 치약만큼은 몇 천 원으로 해결 가능했지만
언젠가부터 몇 만 원대 치약을 쓰는 사람이 늘고있다.

이처럼 우리나라에 고가 치약바람이 분 것은 해외여행을 다녀오는 사람이 급속히 늘고있는 현상과 맥을 같이한다. 처음에는 해외여행을 다녀오는 사람들의 선물용으로 쓰이기 시작한 외국산 프리미엄치약이 최근에는 국내 온라인은 물론 드럭스토어나 홈쇼핑까지 판매채널이 활발히 확대되며 인기를 끌고 있는 것이다.

1만원대의 국내 프리미엄 치약들은 천연 유래 성분 함유를 앞세워 안전지수를 높이는 등 세분화된 치약기능과 치약답지않은 독특한 디자인을 내세우고 있다.

프리미엄 치약의 인기요인을 최근 소비자들이 생활용품 구매에도 성분과 기능에 관심 증가에서 찾고있다.
치약은 구강과 가장 밀접하게 사용되는 것은 물론 하루에 서너번 이상 사용할 정도로 사용 빈도가 높기 때문이다. 또 최근에는 평균수명이 연장되면서 건강한 삶을 위한 기본조건으로 구강관리에 대한 관심이 부쩍 높아졌다.

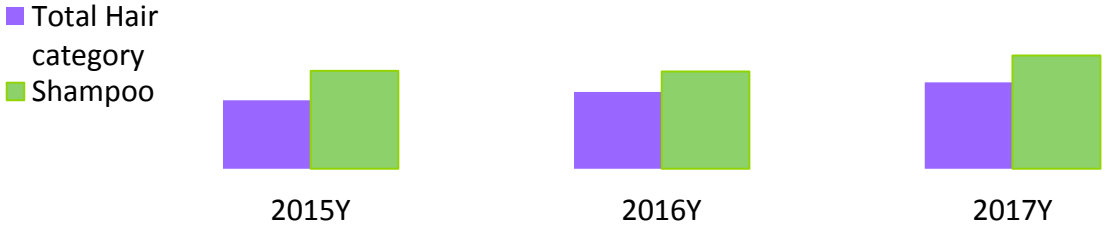
Premium Brand Value

Average Price(KRW) INDEX of Premium Segment (VS. 2015Y)

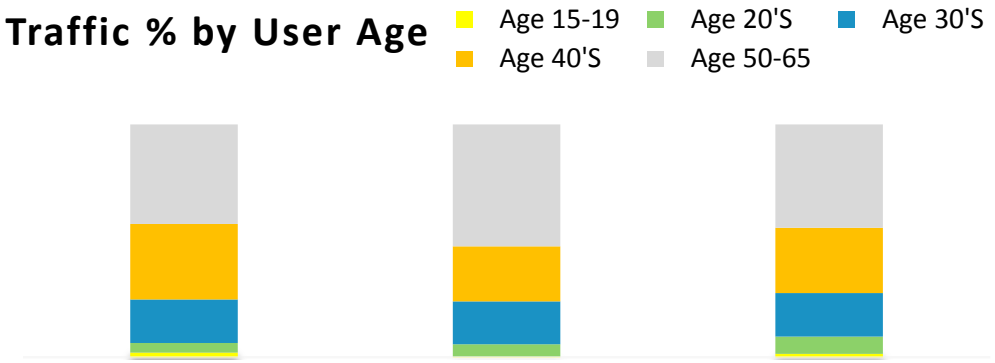
Product Premiumization - Hair

Premium trend in hair care market related to hair-loss protection shampoo causes the increase in price and user expansion; As consumer age & gender of hair-loss protection shampoo is expanded, concept/brand/price are diversified

Changing in Average Price



Traffic % by User Age



Change trend in Hair loss Shampoo

Value

1000만 탈모인 시대...7000억대 황금시장 들썩인다

Ten million of hair loss persons ... The market reaches 700 billion Korean dollars

대한탈모치료학회에 따르면 국내 탈모 인구는 잠재적 질환자를 포함해 약 1000만명에 달한다. 한국인 5명중 1명이 탈모에서 자유롭지 못하다. 최근 탈모증으로 병원에 방문한 환자는 매년 20만명을 넘으며 계속 증가 진료비 지출도 2012년 272억 대비 최근 355억원으로 증가

탈모 관리제품 등을 포함한 시장 규모 고속 성장 중, 2016년 이미 4조원 규모 대형 시장으로, 이는 2004년 대비 10배의 규모

Market size including hair loss products has increased ten-fold since Y2004

탈모환자 성별 나이 구분 점차 없어져...시장 확대 및 제품 판매 증가

Consumers who have hair loss problem is diverse, resulting in market expansion

젊은층, 여성 등으로 탈모 환자가 확대되면서 H&B매장의 탈모 관련 제품들의 판매 증가

20~29	41,601	41,756	41,936	41,809	43,419
30~39	51,583	52,139	53,217	51,445	51,961
40~49	44,736	46,180	47,222	47,725	47,885
50~59	30,011	31,380	32,061	32,730	33,316
60 이상	13,263	14,168	14,890	15,686	16,761

*자료: 건강보험심사평가원

Product + α - Hair (Home care+Home shopping)

Home shopping and SNS trigger ‘Product+α’ trend in hair care market and leads an influence to homecare-trend growth

홈 뷰티 기기시장, 매년 10% 이상 급성장

Home beauty device market grows rapidly by 10% each year

홈 뷰티 기기 시장은 올해 4500억원 규모로 추정되며
최근 10%연 성장률로 시장규모 확대 중
1인가구의 증가와 가성비 트렌드의 확산이 배경

미용 관리에 대한 시간적, 비용적 부담이 증가함에 따라 최근에 경제적인 소비를 추구하는 소비자들이 늘어나고 '셀프 케어 및 미용'에 대한 정보가 활발하게 공유

Time/cost burden of beauty care makes the sharing of self-care information more active

온라인 미용실전문 헤어브랜드샵 아론샵은 산성 샴푸 기반의 각종 기능성 샴푸 뿐만 아니라 헤어에센스, 헤어트리트먼트, 헤어오일, 헤어팩 등의 케어 제품, 스넬염색약, 헤나 염색약, 셀프염색약과 함께 최근에는 전문가용 티타늄 고데기 시리즈를 출시하여 드라이기, 헤어캡 등 단일 브랜드 최대 규모의 제품 구성을 이루고 있다.

- 살롱에서 비싼 돈 주고 하는 클리닉? 이제 간편 헤어트리트먼트 홈케어
- 두피클리닉/탈모치료점보다 자주 그리고 저렴하게 관리 할 수 있는 이점

Product + α - Body

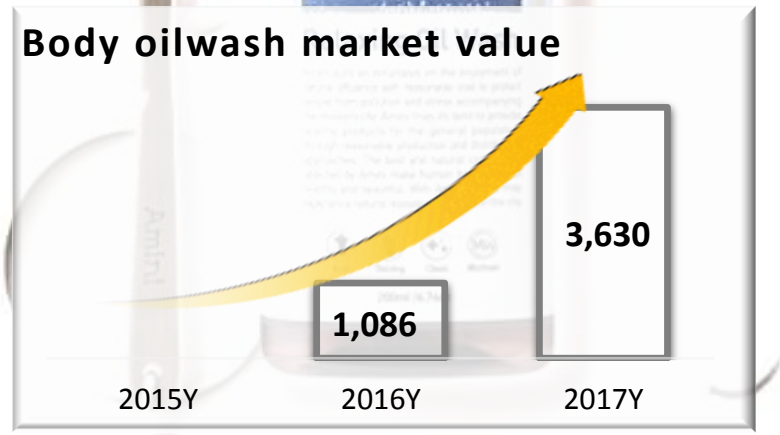
"Body oil **+ Bodybrush**" & "shower head for high water pressure, Shower filter"

손담비, 마이프라이빗tv 오일워시&바디브러쉬로 바디셀프케어 비법 공개

She disclosed the secret of body self-care using body oil & bodybrush

미세먼지와 황사로 찌뿌둥한 피부 깨끗이 씻어줄 바디브러쉬 제품 눈길

Body brush products that wash skin with dust



미세먼지와 황사, 샤워필터로 씻어내자

Wash away dust using shower filter

집에서 샤워하면서 힐링해볼까
'홈배쓰(Home Bath)족' 늘어난다

Increasing demand for home bath

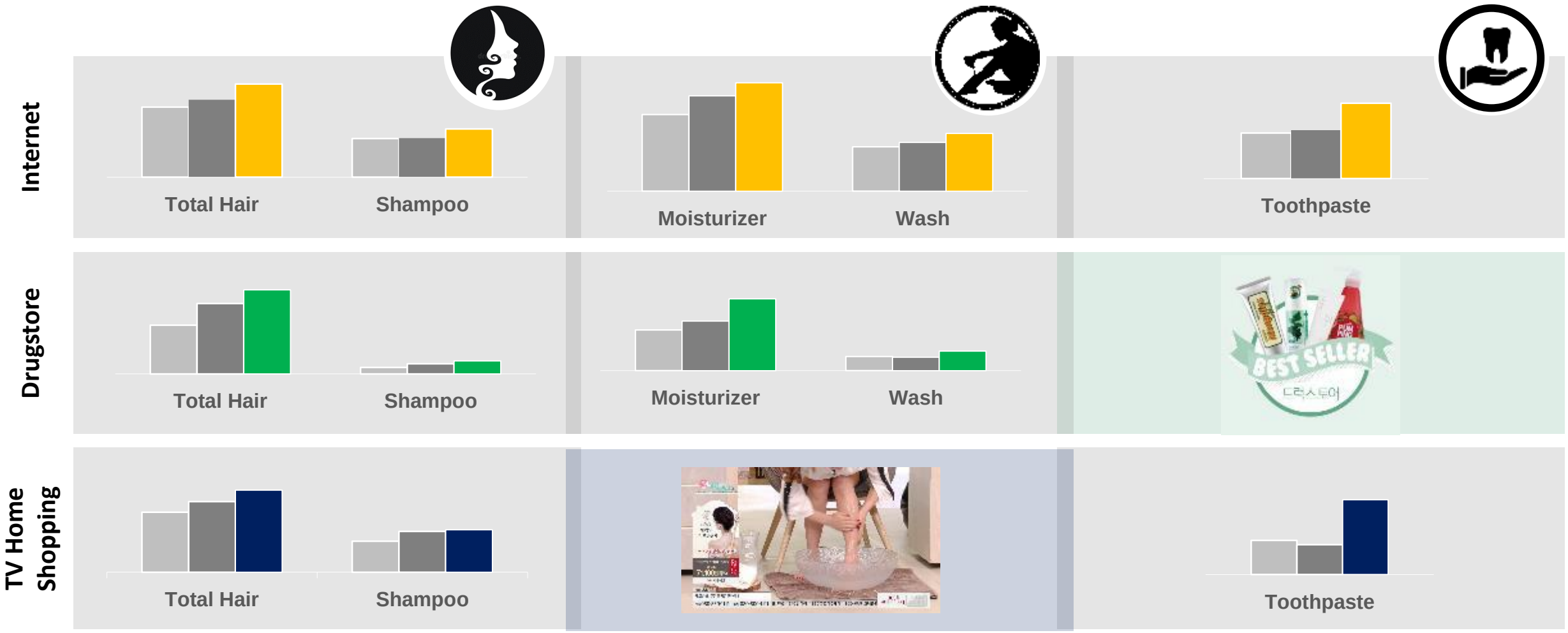
집에서 샤워하면서 힐링 추구하는 '홈배쓰족' 늘어
옥션, 비타민 샤워기 등 관련 품목 최대 5배 껑충

CJmall	GS SHOP	현대Hmall	LOTTE.com
롯데i몰	hnsmall	SSG.COM	NSmall
AUCTION.	Gmarket	11ST	

Channel Perspective

Change in Channel Usage of Personal Care Market

Traffic of Internet, drugstore, and TV home shopping gradually increased



Latest 3yrs, Traffic

Omnichannel Trend in Personal Care Market

With the growth of online, the traffic of premium offline channels continues to increase

→ In channel perspective, consumers tend to capitalize on various channels as many as possible at a particular TPO as well

Penetration

	2015Y	2016Y	2017Y
Omni shopper			42.0%
Offline Only			51.5%
Online Only			3.7%

	Omni shopper	Offline Only	Online Only
2017Y Spending	**Approx. 17K KRW**	**Approx. 90K KRW**	**Approx. 70K KRW**

Spread of millennium generation trend

All Household Trends

명품사는 남자들, 모바일에 빠진 시니어...유통가 소비공식 깨졌다

Men buying luxuries, Seniors loving mobile … Previous consumption formula in retailers is broken

액티브 시니어=은퇴 이후에도 소비생활과 여가생활을 즐기며 사회활동에도 적극적으로 참여하는 50, 60대를 지칭하는 말. 여유 있는 자산을 기반으로 프리미엄 제품에 대한 높은 구매력을 지니고 있다. 적극적으로 소비하고 문화활동을 즐긴다는 점에서 기존의 실버세대와 구분된다.

- Professional New Product Niche channels to experience
- Expansion of M-commerce due to pursuing convenience
- Enhanced social status of women
- Efficient spending due to economic recession
- Increase in eco-friendly spending

Millennials that knows to spend wisely for themselves & family

'액티브 시니어' 유통업계 '큰 손'으로 등장

'Active Senior' becomes 'Key consumer' for retailers

'50·60' 이커머스 큰손 부상… 위메프, 1인당 평균 구매액 2년 새 78% 급증

Spending of '50, 60s' increases by 78% for two years

Consumer Evolution and Background in Personal Care Market

Seize Consumer's Moment!!!

CLIENT DAY 2018

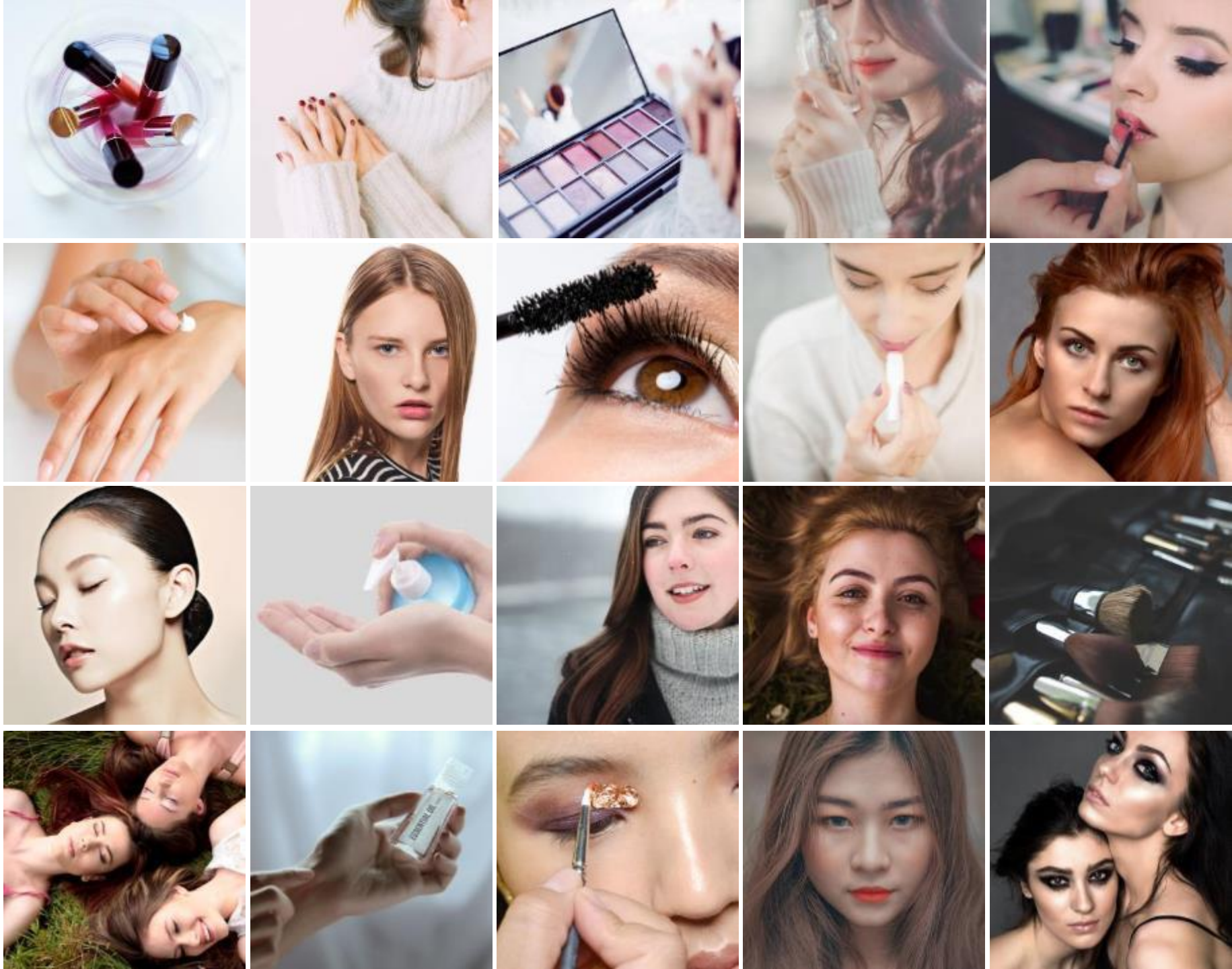
FINDING NEW *BEAUTY* SHOPPERS

Korea Cosmetics in Evolving Beauty Rituals

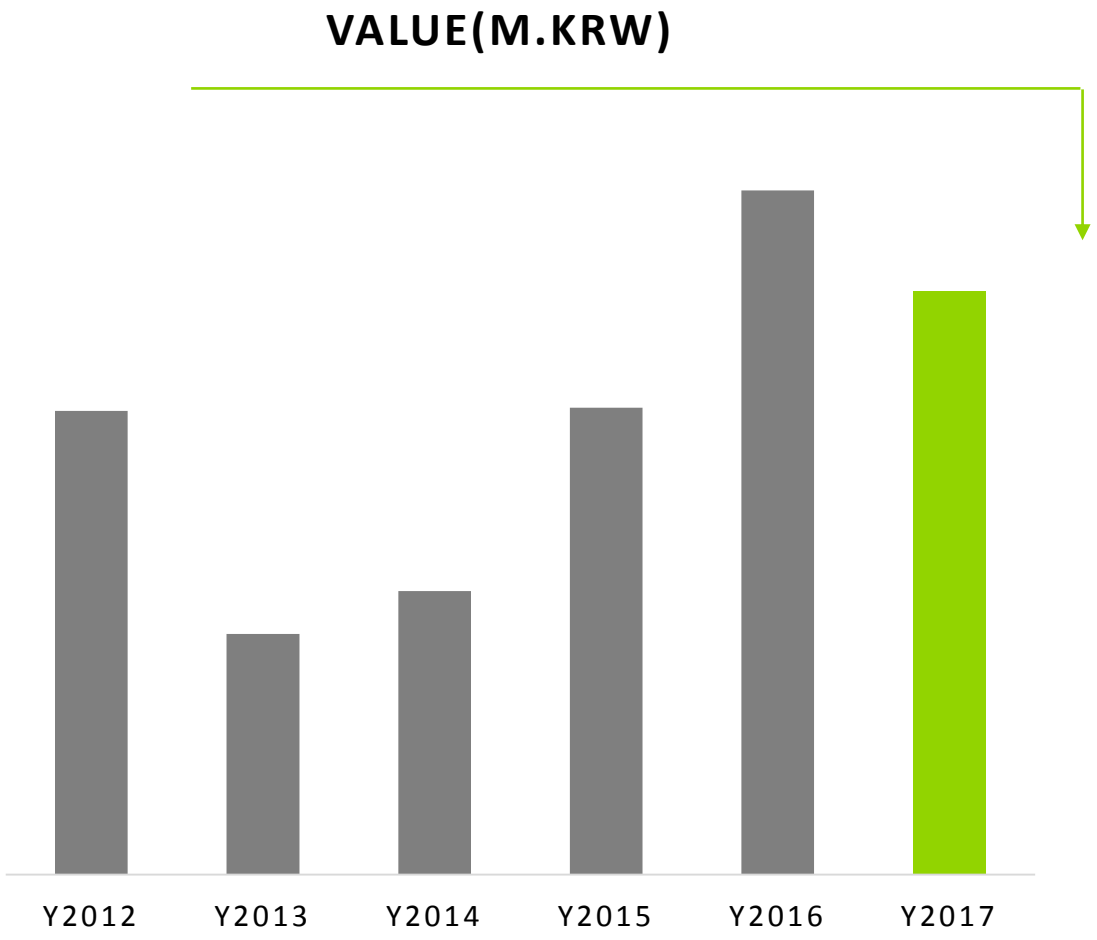
Koeun Shin

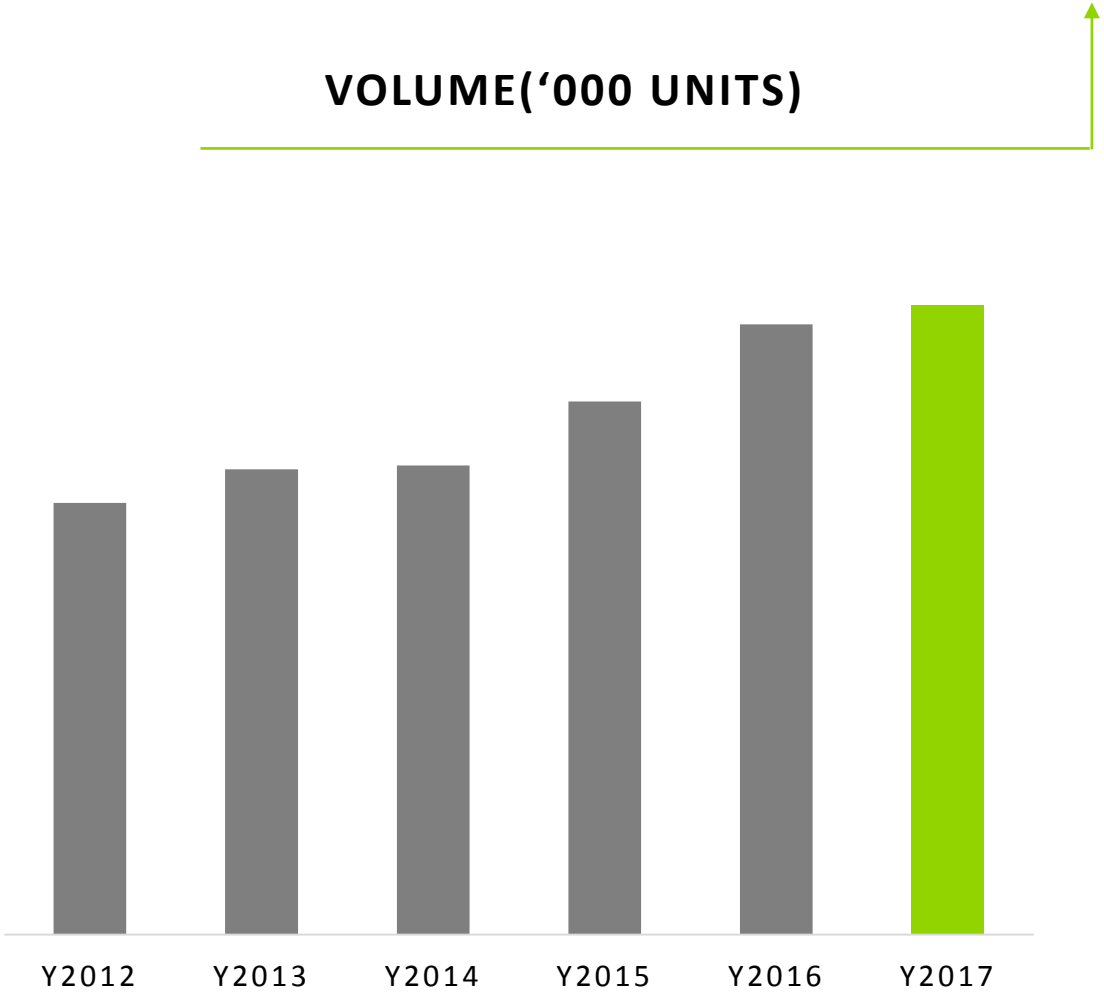
May 10th, 2018

KANTAR WORLDPANEL

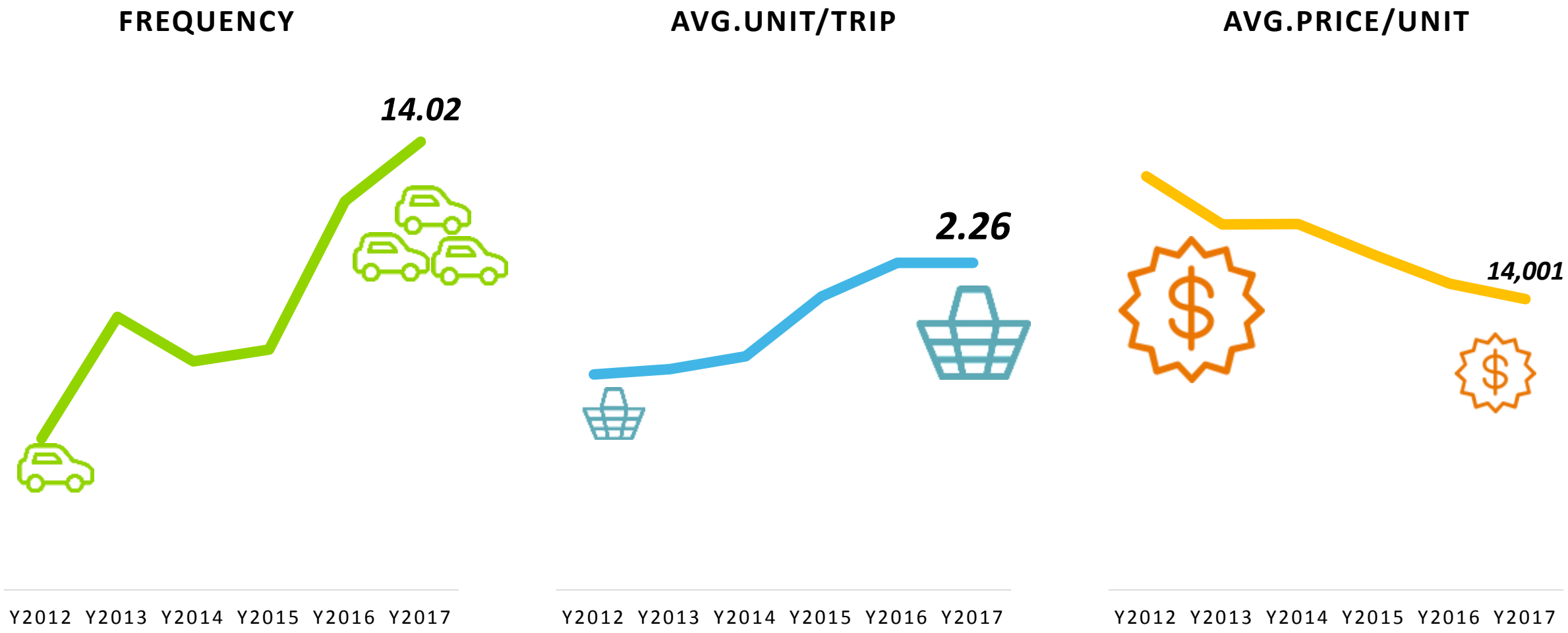


In Y2017, cosmetics market turned volume-oriented growth





This resulted from consumption increase albeit price drop



Market change resulted from…

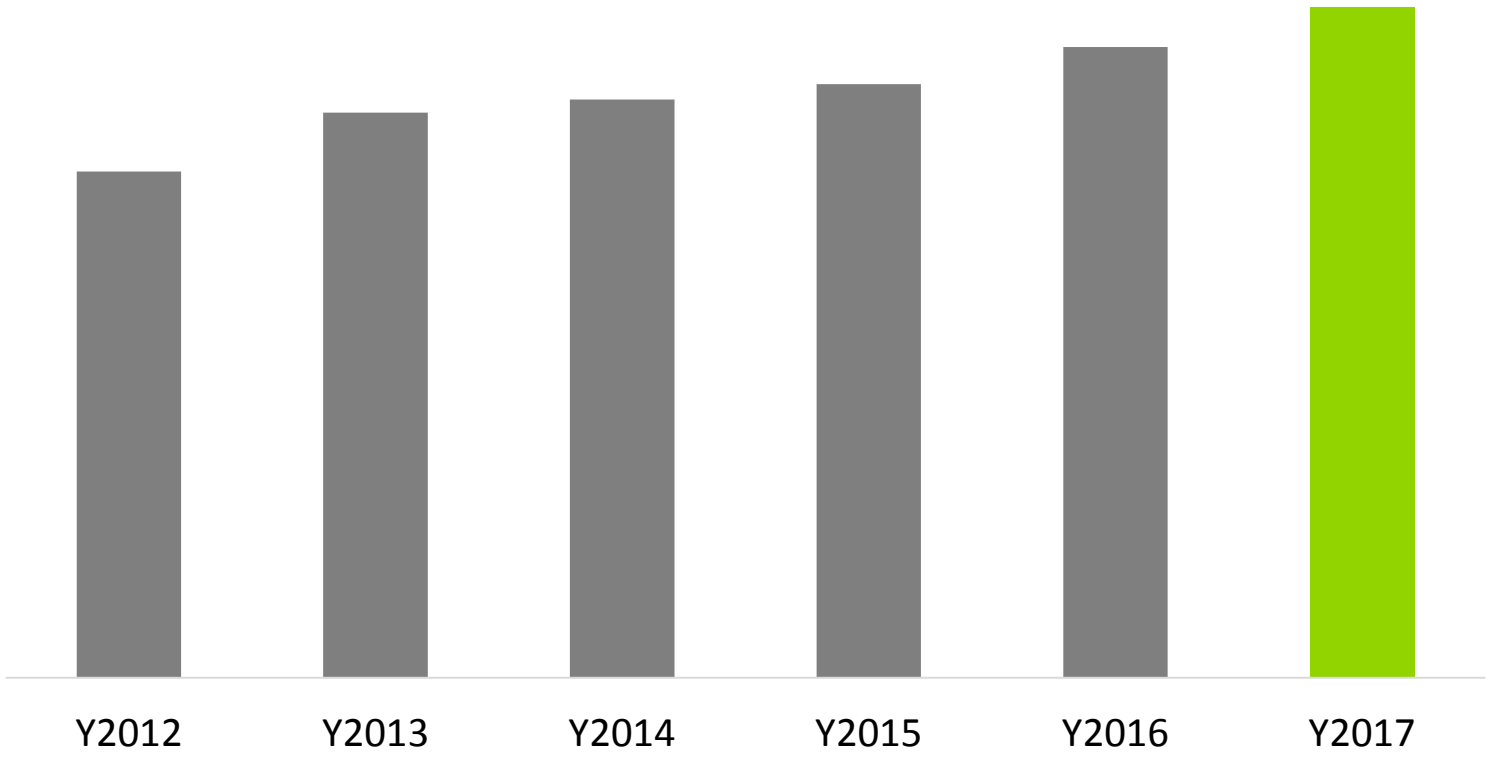
Color Cosmetics Growth

Skin Care Commoditization

Channel Dynamics

Color Cosmetics continues growing

Color Cosmetics Importance in Total Cosmetics (Value%)



Always-On consumers accelerate Color Cosmetics growth

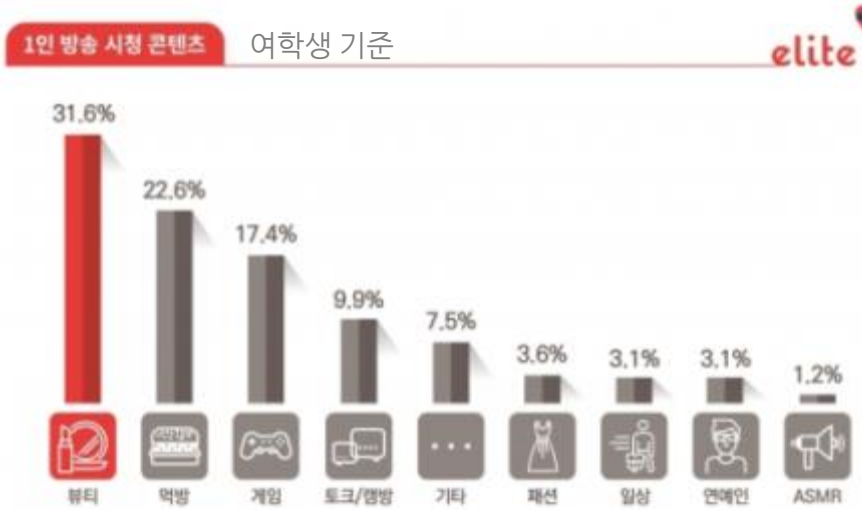
Importance of Color Cosmetics by Generation (Value%)

Millennial Age 15-34

Gen X Age 35-54

Baby Boomer Age 55-65

출처: 네이버 블로그 "XOXO조언니"

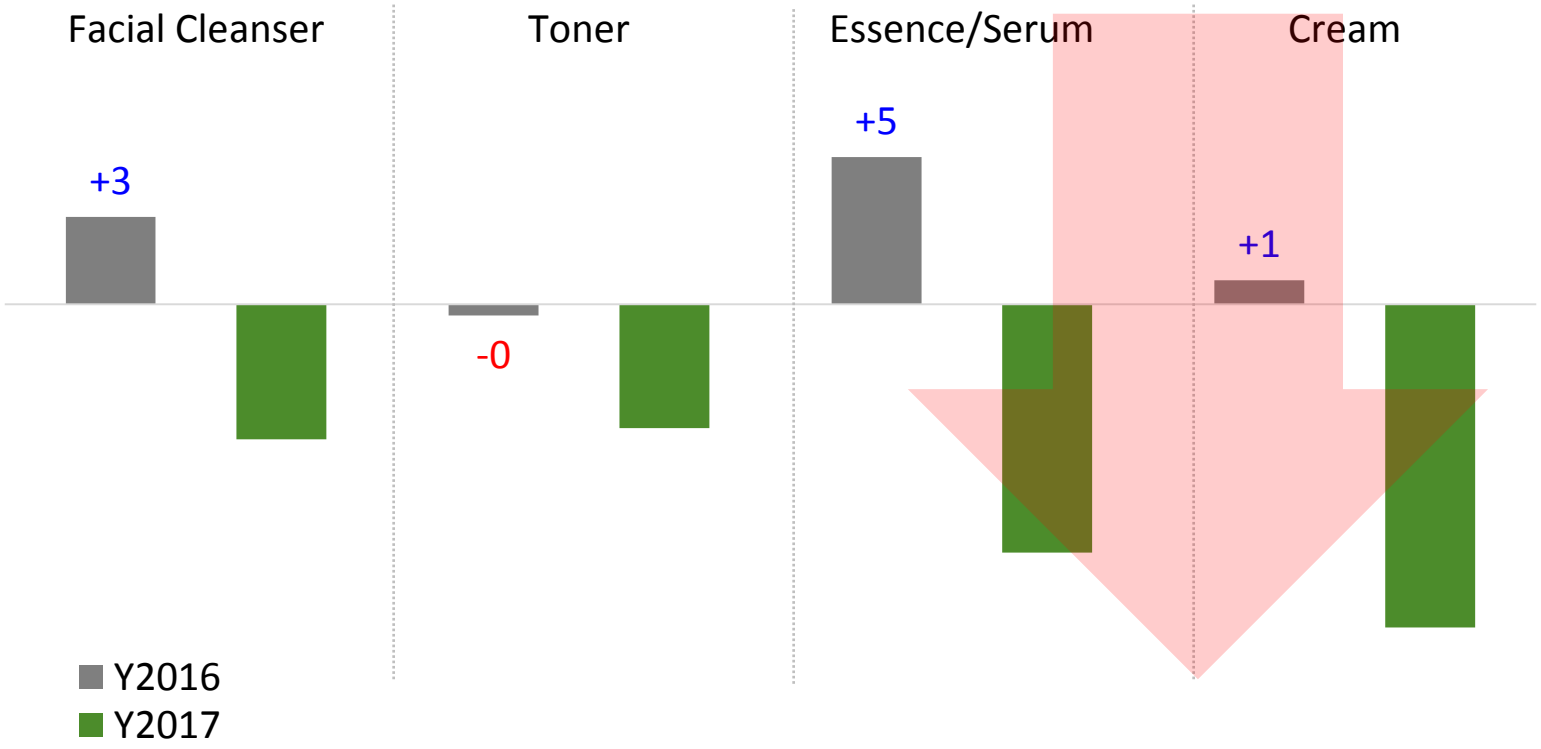


출처: 머니S MNB 2018년 5월 1일
- 10대, '먹방' 보다 '뷰티' 1인 방송 선호...
"유튜브 가장 많이 본다"

교복 브랜드 엘리트학생복
10대 학생 2258명 대상
4월 2일부터 4월 14일
엘리트 공식 SNS를 통한 설문조사 결과

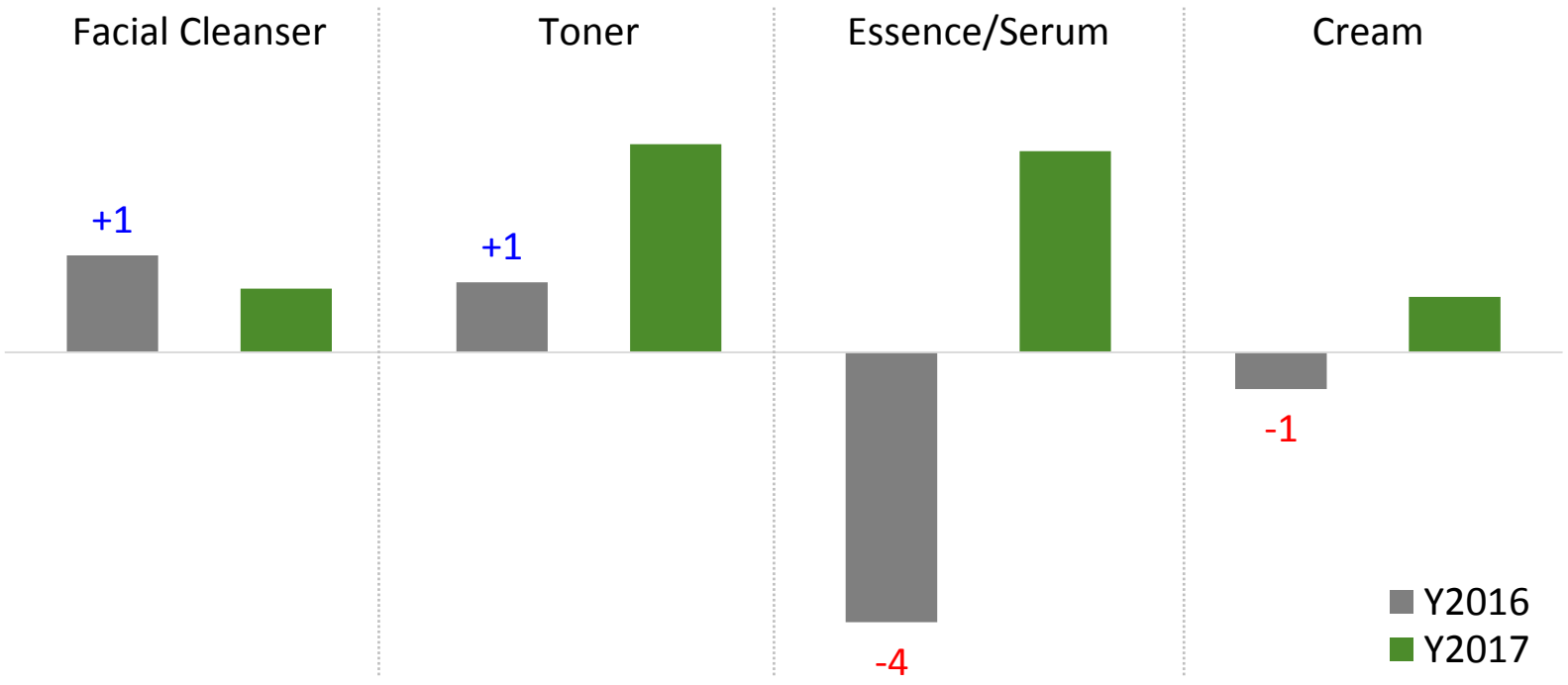
Skin Care price tumbled down further

GR% in Avg. Price/Unit



…which enabled unit consumption increase

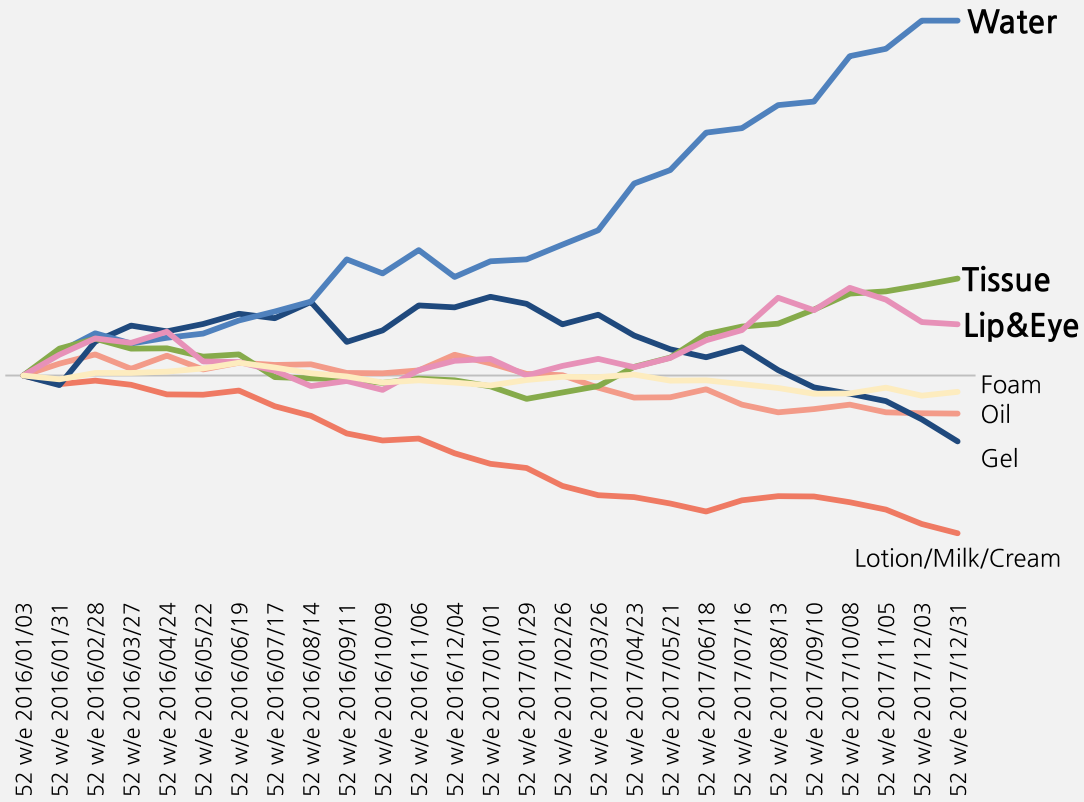
GR% in Avg. Price/unit



Sophisticated usage of Cleansing / Diverse Toner usage

Facial Cleanser

Sub-category Occassion INDEX vs. 2015

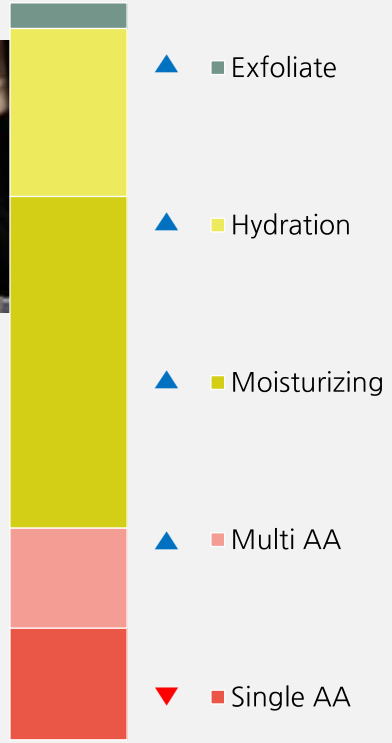


Toner

Value Importance & GR%(Y17)

Usage as Toner Pack

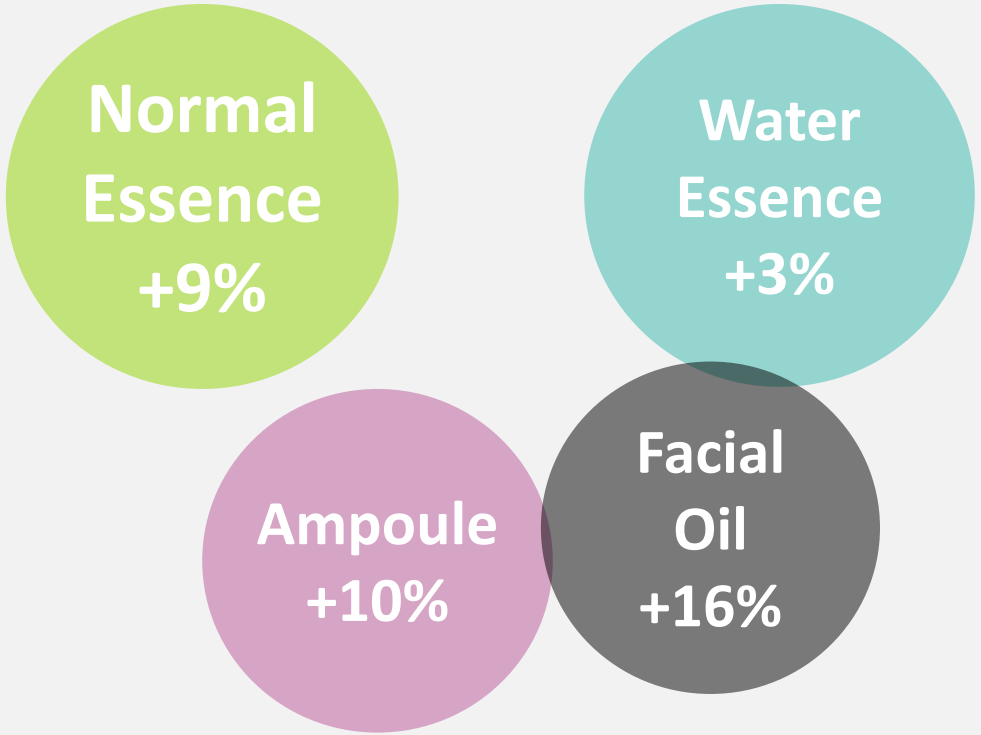
Usage as a facial mist



Essence texture & Cream benefit diversified

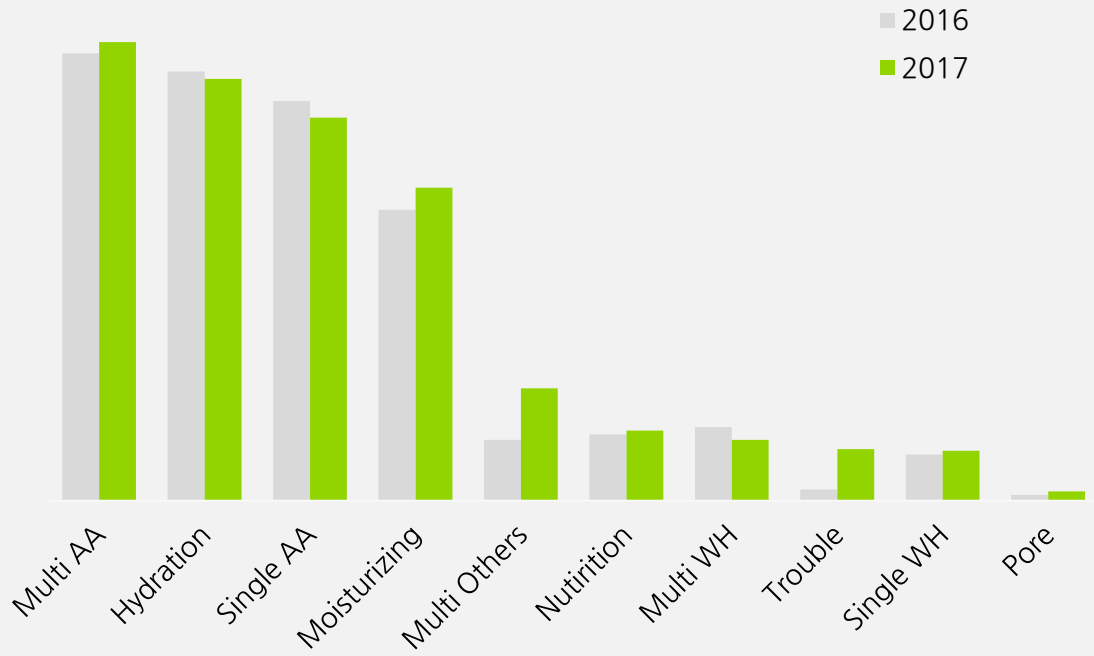
Essence

Unit GR% by Sub-category vs. 2016



Cream

Penetration% by Benefit



Roadshops providing curated consumer experience

One Brand Shop

Missha- sells low price like 3,300 KRW

Skin Food- Single 1 Brand Shop

Multi Brand Shop

Amore Pacific- ARITAUM

LG H&B- Nature Collection

Select Shop

CJ Olive Young
Viche + Uirage+ LRP VMD

CJ Olive Young
Corner dedicated to new&small brands

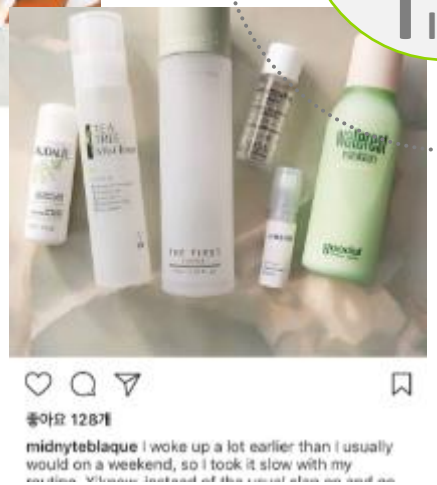
SSG Chicor
Makeup Show Facebook Live

SSG Chicor
Lingerie Corner

SSG Chicor
Corner dedicated to new&small brands

After all, Beauty moments become more fragmented

✓ Morning/Daytime/Evening
✓ Weekend/Weekday



TIME

BEAUTY MOMENT

PLACE

✓ Bedroom, Washroom
✓ Office, ON THE GO

OCCASION

✓ Internal Env.: Skin condition(Trouble/Dryness), mood
✓ External Env.: Season change, Micro dust
✓ Lifestyle: Travel, Work-out, NIGHT OUT, DATE, FUNTIME

Finding New *BEAUTY* Shoppers

Skin Condition

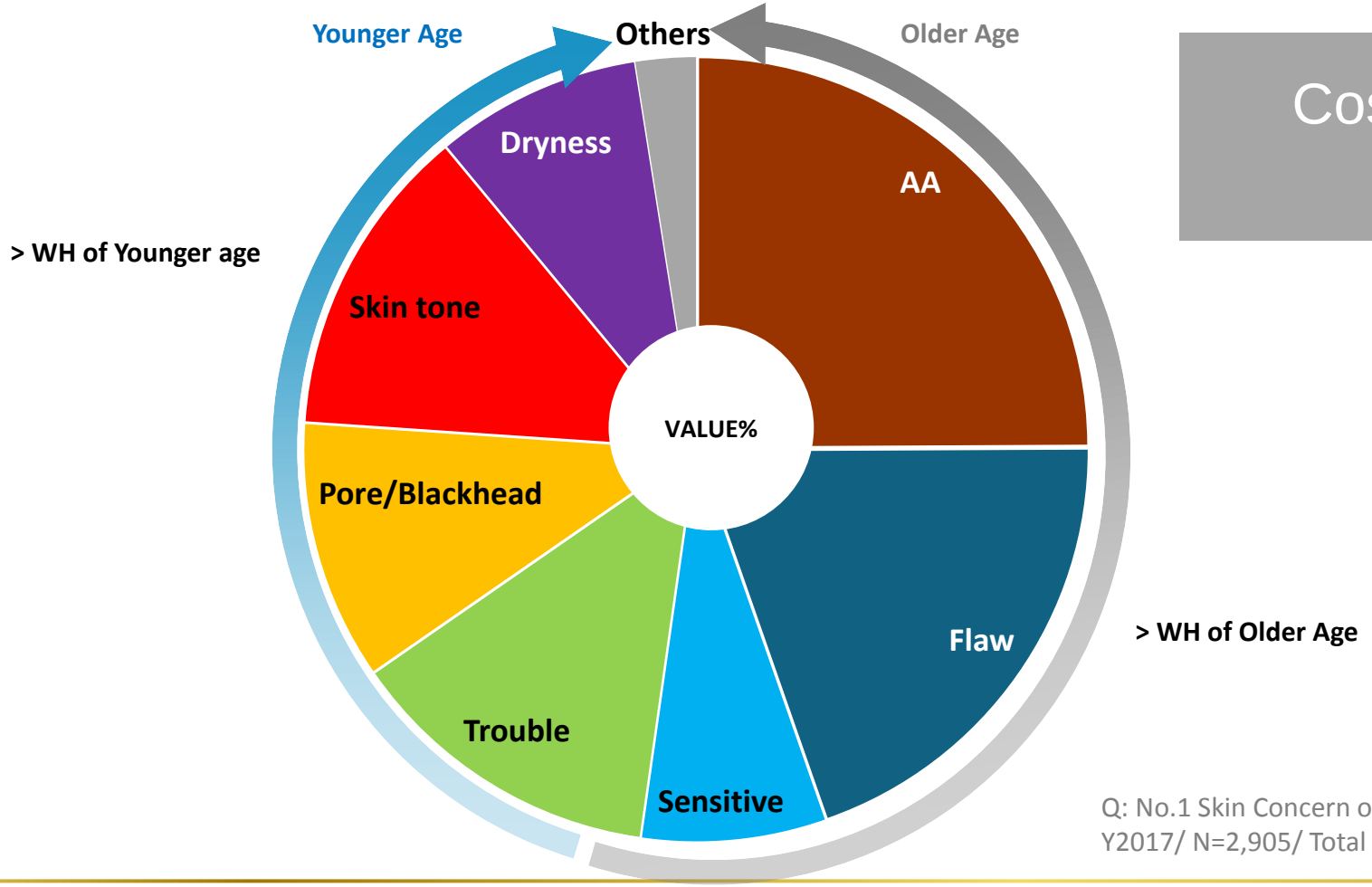
Diverse Beauty Moments

Diverse Beauty Occasions

01

Skin Condition

More complex Skin Concern - Sensitive stands out

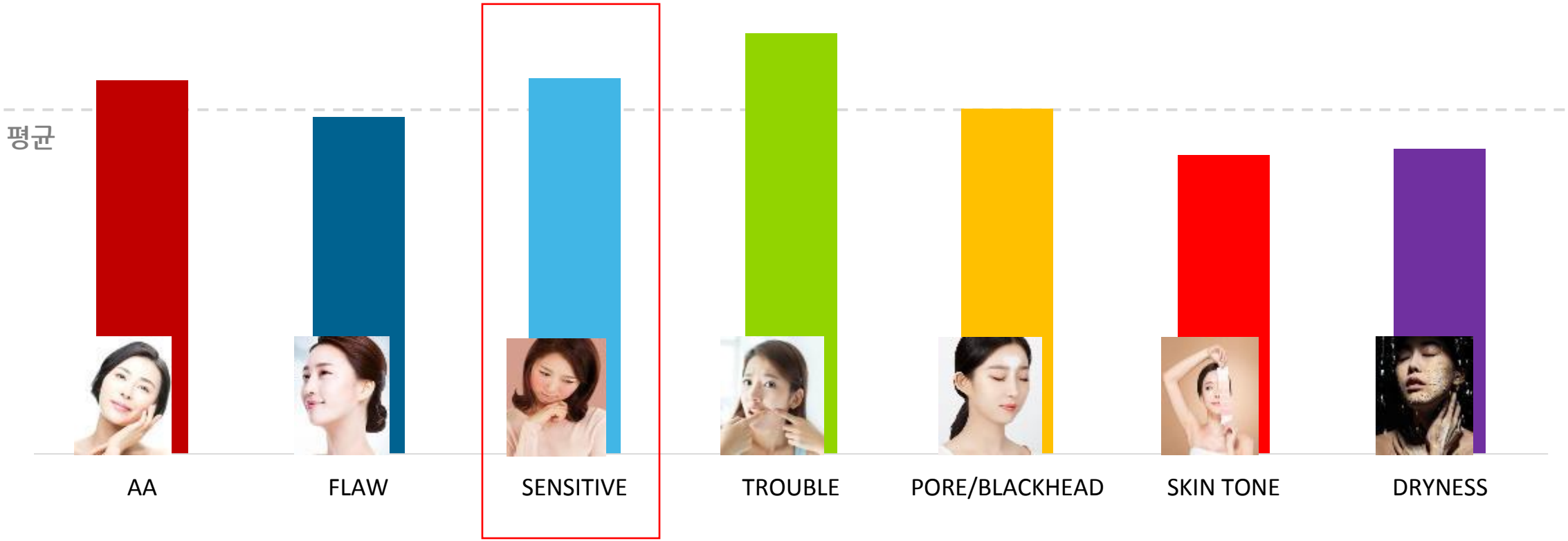


Cosmetics Value Composition% by Skin Concern

Q: No.1 Skin Concern of past 6 months
Y2017/ N=2,905/ Total Cosmetics/ Response% / excl.gift&giveaways

Highly conscious consumers embrace both Cosmetics & professional treatment

Has experienced professional skincare treatment(Respondents%)



02 Diverse Beauty Moments

Different skin care needs by application time

54% Responded to use different SC product at Morning/Evening

Morning

Weekday
- ✓No irritation cleansing
- ✓Minimal steps in busy morning
- ✓SC as a base for better color MU

Weekend
- ✓Minimal steps in relaxed morning

Weekday
- ✓More steps than morning
  - Special Care
- ✓2-3 step cleansing

Weekend
- ✓Intensive Cleansing
- ✓Intensive Special Care
- ✓Beauty Device

Evening

No-irritation cleansing, Simplified skin care, UV Sunscreen

Cleansing → **Moisturizing** → **Finish**

Top 1 Combination of Age 20s (n=551)

Toner>Lotion>UV 5.1

1st step for Age 15-19, above 40s

Total Age (n=3,198)	
1st step	Facial Soap
2nd step	Toner
3rd step	Lotion/Emulsion
4th step	Cream
5th step	UV

More steps – both in cleansing and moisturizing

Top1 Combination of Age 20s

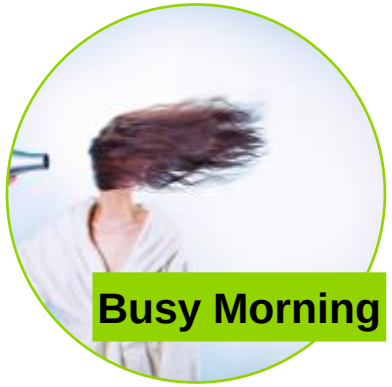
Cleansing Lip&Eye>Oil>Foam

Moisturizing Skin>**Essence**>Cream

Top 5 Combination of Age 50s

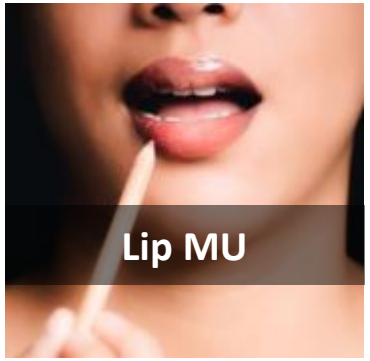
Rank	Cleansing	Moisturizing
#1	Oil>Foam	Toner>**Essence**>Eye Cream>Cream
#2	Water>Foam	Toner>**Essence**>Cream
#3	Oil>Foam	Toner>**Essence**>Cream
#4	Oil>Foam	Toner>**Essence**>Lotion>Eye Cream
#5	Oil>Foam	Toner>**Essence**>Lotion>Cream

Needs to understand different needs by Beauty moment



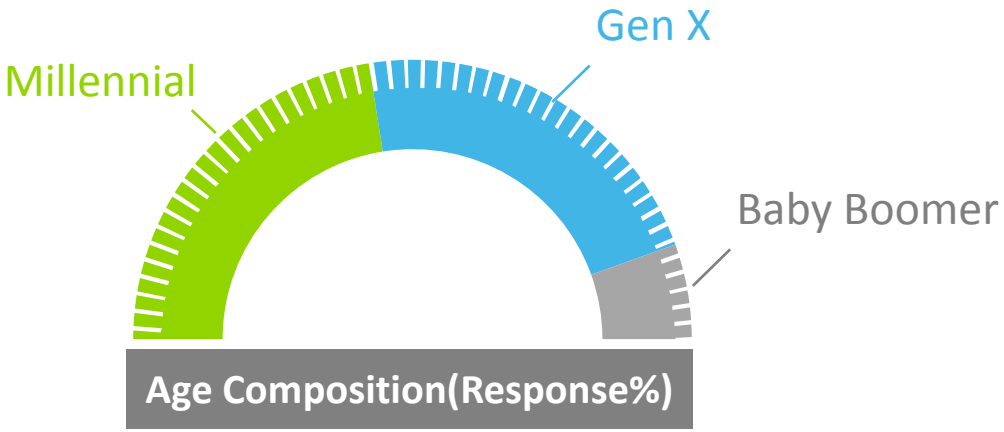
03 Diverse Beauty Occasions

Point Make Up diversifies to address specific beauty moments



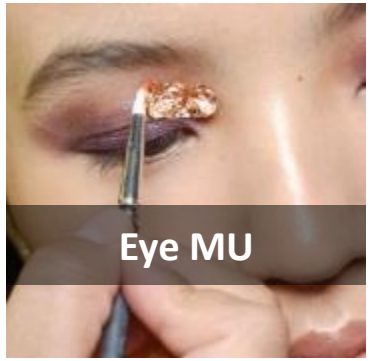
30%

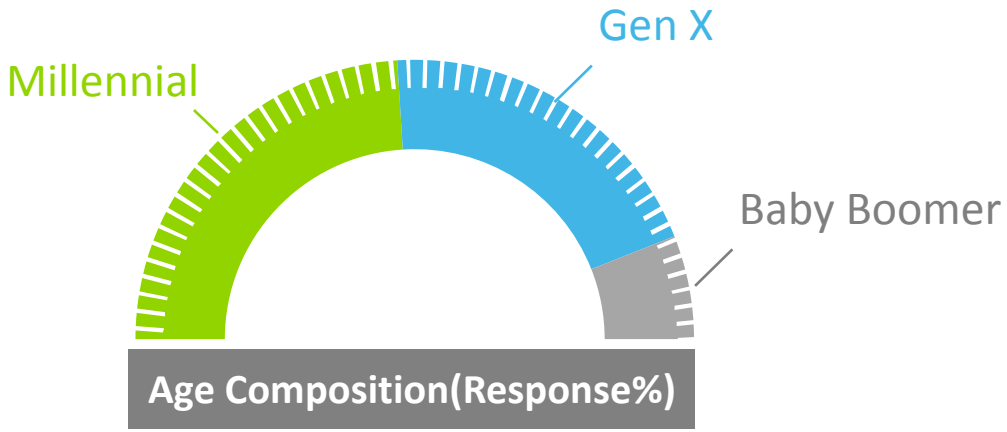
Use of
Lipstick, Lipblam, Gloss
by needs

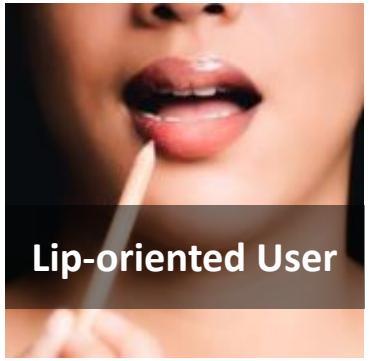


42%

Use of
Eye Shadow, Eyebrow, Mascara
by needs

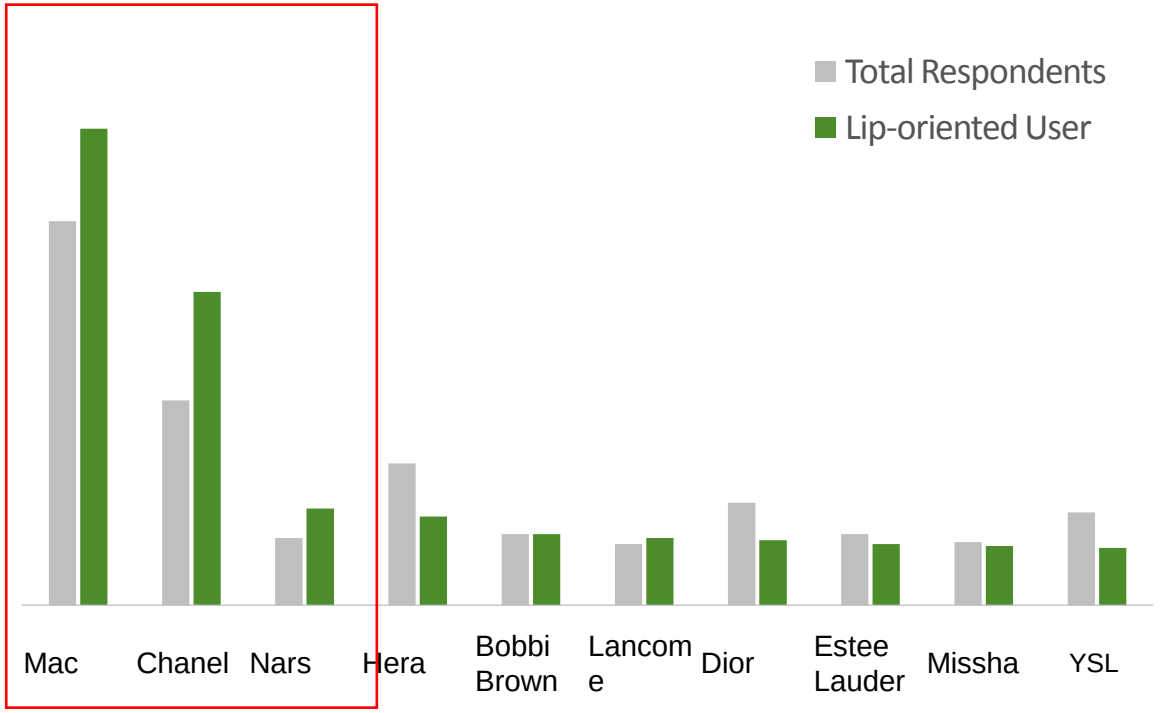




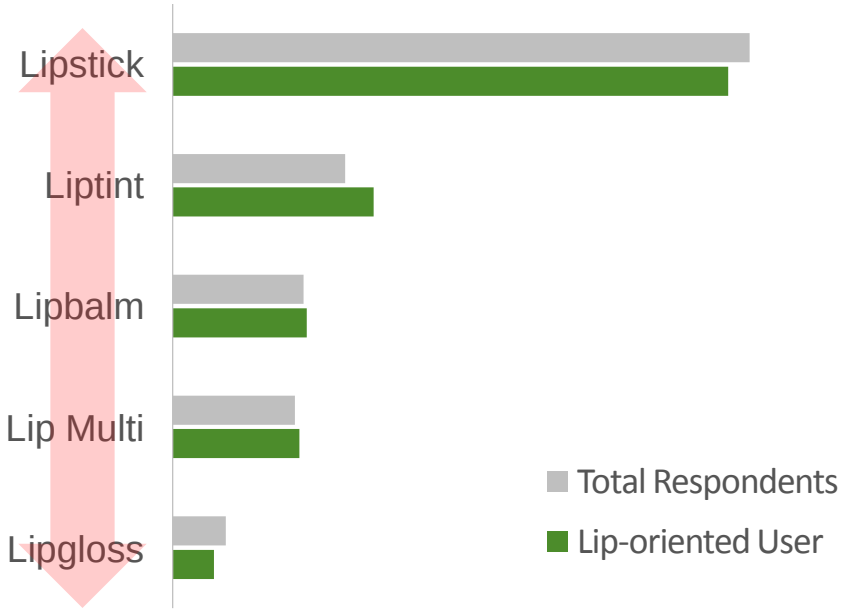


Important to provide specific color/texture by aspiration & Occasion

Key Brands (Value%)



Key Categories(Value%)



Shopping
Work-out
Party
Religious Ritual
Business Trip
Work
Hobby
Date

Understand diversifying beauty moments and Serve More Unique & Specific Value Proposition

Skin Condition

Diverse Beauty Moment

Diverse Beauty Occasion

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