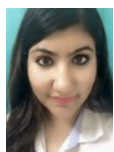




KOREA: BOOMING TEEN COSMETICS

Markets | Why are cosmetics gaining the heart of teenagers in Korea? And what do you need to know if you want to enter this thriving market?



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Today, teenagers are attracted more than ever to novel products which promise ground-breaking beauty experiences. They have become more conscious than ever of their appearance.

Because they have grown up in the world of internet and mobile phones and being exposed to global connectivity, their lives have become transparent to an audience over various social media channels.

Given South Korea's long-term experience with smartphone usage combined with continued internet access for a substantial percentage of the population, online marketing, especially targeting teenagers, has the potential to grow. After all, teenagers constitute a large community of digitally connected internet users and they're far more likely to stay attuned to current lifestyle, fashion, and trends. A recent external survey related to online shopping trends

projected that cosmetics is one of the leading product categories and the most sought-after product by online shoppers in South Korea. With South Korea being one of the top 10 cosmetics markets in the world, this comes as no surprise. Moreover, beauty being an essential part of South Korean's culture makes Koreans have a natural inclination for cosmetics. The most surprising fact is that cosmetics targeting teenagers are thriving with their sales value rising almost one-third, year-on-year.

A colour conscious generation

With K-beauty taking the world by storm, this recent Korean beauty phenomenon which emphasises a

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healthy approach towards beautification has significantly elevated the beauty goals to forward-thinking skin care.

This has led to a situation in which nine out of every ten teenage girls in South Korea use make-up.

From another recent report on the South Korean cosmetics market, the value for the teen market and those in their early 20s is noted to be worth hundreds of billions South Korean Won.

Another promising trend catching up among the teenagers is the plethora of multipurpose products which provide quick fixes, thus reducing the number of products needed.

Cross-border e-commerce: value beyond bargains

Today's teenagers are futuristic, savvy, and well-informed and a considerable amount of their interaction happens via blogging, tagging, and social networking, leading to the creation of new opportunities to be tapped by marketers. Cross-border e-commerce websites are gaining popularity among teen consumers in South Korea as they offer a variety of products at affordable prices. Many brands have already caught up with these teen consumer habits and have taken interactive steps to connect with them through internet advertising and online marketing. From a business perspective, cross-border cosmetics' selling is one of the safest and the most rapidly growing segments in the country. But what makes it so lucrative? Cosmetic products are comparatively low-risk, less expensive to ship, and their prices vary across different regions.

What appeals to the companies is that teenagers are the early adopters of new products, hence brand loyalty can be built at an early age.

They may shift to other brands due to personal recommendations and wow factors, but tend to always come back to the tried-and-trusted brands with which they have associated.

A spot to bother: are you compliant?

While cross-border e-commerce cosmetics' sales are rising exponentially, the responsibility for product safety lies solely with the cosmetics companies.

Some counterfeit products are being marketed and sold, taking advantage of the e-commerce boom, as there are no stringent regulatory evaluations conducted for these products.

The usual victims of this illicit activity are teenagers who fall prey to the falsified advertisements. To restrain such malpractices, every country has unique regulatory requirements. Moreover, the regulations are constantly being revised. Therefore, it is important for businesses to avoid non-compliance and penalties associated with it, which is a key factor to build a brand and gain customer loyalty.

When introducing a new product into a market, there are often unique requirements and regulatory processes, with which the manufacturers must comply. For example, South Korea requires testing of the cosmetic products in the MFDS (Ministry of Food and Drug Safety) accredited laboratories every time a shipment enters the country.

Key regulations to consider when selling in South Korea

In South Korea, as per the **Korean Cosmetic Products Act (KPCA)**, 2000, cosmetic products are regulated by the MFDS and are categorised into three major groups: ▶

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“EVERY COUNTRY HAS UNIQUE REGULATORY REQUIREMENTS TO RESTRAIN COUNTERFEITING”

Neha Sharma, Solution Lead of Cosmetics for South Korea and Japan, Freyr Solutions



Many brands connect with teenagers through internet advertising and online marketing

- general cosmetics such as moisturising skin products
- functional cosmetics, such as anti-wrinkle, sunscreens and whitening products
- quasi drugs such as oral rinse products

For cosmetics, the MFDS review process is limited to product shipment evaluations and other administrative processes, but products are still subject to post-market supervision. However, functional cosmetics and quasi drugs, both domestic and imported, must undergo evaluation for their quality, safety, and efficacy, and require an approval from the MFDS before being marketed.

MFDS has also specified a list of ingredients which are permitted to be used in cosmetics in South Korea. If an ingredient is not listed in any of the Korean references, it is required to undergo an approval process wherein the MFDS evaluates the safety and other specifications related to that ingredient. In addition, labelling in Korean language on primary cosmetic packages is required for all domestic and imported products under the KPCA. Simply placing a translated label over the original one is accepted. Information such

A list of ingredients specifies the ingredients permitted for cosmetic use in South Korea

A non-listed ingredient has to undergo **a stringent approval process**

Primary cosmetic packages have to be labelled in Korean

as the name of the product, manufacturer/importer, expiry date, lot number, net weight, usage, precautions, effects, storage, price, etc. is required to be presented on the artwork in Korean language. When a company imports products in South Korea, it is mandatory to appoint a local agent who is responsible for ensuring the safety of products once they are in the market. According to the KPCA, the products must be tested for quality by lot/batch, based on the product type such as general cosmetic, functional cosmetic or a quasi-drug.

Take note and nurture

Having identified teenagers as the most important target group, it is important to keep in mind that the moral and regulatory responsibility to ensure the well-being of these young consumers lies with the cosmetics companies. Even though cosmetics’ sales in the South Korean market are rising, to survive and stay relevant in the eyes of teenagers, the companies must avoid resorting to non-compliant measures. They should prioritise safety for easy market access and leverage abundant market opportunities. Be informed. Be compliant. □



Teenagers constitute a large community of digitally connected internet users