



HEALTH & BEAUTY
WEEK

April 28th (Thur.) ~ 30th (Sat.), 2016

COEX Hall A - B, Seoul, KOREA

Korea Cosmetic Market Report



Market Introduction

Korea, the new cosmetic giant!

South Korea is one of the world's most exciting and fastest-changing beauty markets, introducing industry leading innovations and setting trends globally. As the South Korean beauty and personal care retail market posted a 5.8% growth year on year to 2013 compared to just 2.1% for the UK and 3.9% for the US, the importance of tapping into its potential cannot be underestimated. Companies looking to unlock South Korea's unrivalled opportunities will gain huge advantages with Cosmobeauty Seoul 2016 as its market leading exhibition expands into Korea.



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Market Trand (2014)

Korean cosmetics exports hit record high on 'hallyu' boom !

The Korean wave, also known as Hallyu, which is led by K-pop and K-drama, is having a powerful influence on beauty and fashion sectors in the Asian region. If the Korean culture jumpstarted the interest in K-beauty products, what has kept it spurring on are the product innovation and great quality products.

Korea-China FTA: Cosmetics Suppliers to See Big Opportunity

China is by far the largest market for Korean beauty items. For the first eight months of this year, the Korean exports of cosmetics to China were US\$290.63 million, up almost 70 percent from the same period last year. The share of Chinese exports in total is as high as 28 percent. Including other markets within the Greater Chinese Region such as Taiwan and Hong Kong, the share rises to 55 percent.

The current tariff duties assessed in China on Korea-originated cosmetic items are about 6.5-10.0 percent. Once the tariff is gone, it will be of great help to the suppliers for their bottom line. It will also increase the total export volume to China.

SOUTH KOREA'S ECOMMERCE GROWTH POTENTIAL

Total eCommerce spend in South Korea is forecast to hit USD \$25.3 billion in 2017, a 33% rise from 2013, according to eMarketer in 2014. Online sales made up 13% of the total retail spend, with an additional 2% coming from mobile commerce. This led to the eCommerce marketplace growing by 9.3% to reach an estimated 25.4 million online shoppers and is expected to grow to 75% by 2015 (Euromonitor, 2013)

Market Trand (2014)

Cushion Boom

After BB creams, cushion products are the new Korean trend to draw worldwide attention in the beauty sector. The term “cushion” refers to a makeup compact built with a specially designed urethane foam that contains and preserves a makeup liquid (usually a foundation, blended with sunscreens and skincare actives) applied with a dedicated sponge. Main advantages: it is easy to use and easily transportable.

A pioneer in this product category, the [Amore Pacific](#) group started working on cushions in 2007. The group has 13 registered patents for cushions in Korea, China, Japan, the United States and Europe. In 2014, AmorePacific succeeded in automating the entire cushion production procedure.

In 2014, [AmorePacific](#) sold 26 million cushions through its several brands (Laneige, Etude House, Innisfree, Sulwhasoo, etc.). According to a recent TNS Korea survey, 75% of Korean women have used or are currently using cushion products. However, these products also appeal to consumers from other countries. In 2014, [AmorePacific](#)'s cushions increased by 140%. Once again, China is the main destination country: approximately 1.17 million units of Laneige BB Cushion were sold in China in 2014.

(Source : © 2015 – Premium Beauty News – www.premiumbeautynews.com)



Korean Cosmetic market (2014)

- **Actual Production** : 7.8 billion (USD)
- **No. of Products Type** : 101,362 EA
- **Manufacturer** : 1,815 companies (May, 2015)
- **Manufacture and Distributer** : 5,394 companies (May, 2015)
- **Export** : USD1.8 billion (133 countries))
- **Import** : USD1.43 billion (76 countries)
- **Market Scale** : USD 16 billion (Domestic:Import=61:39)

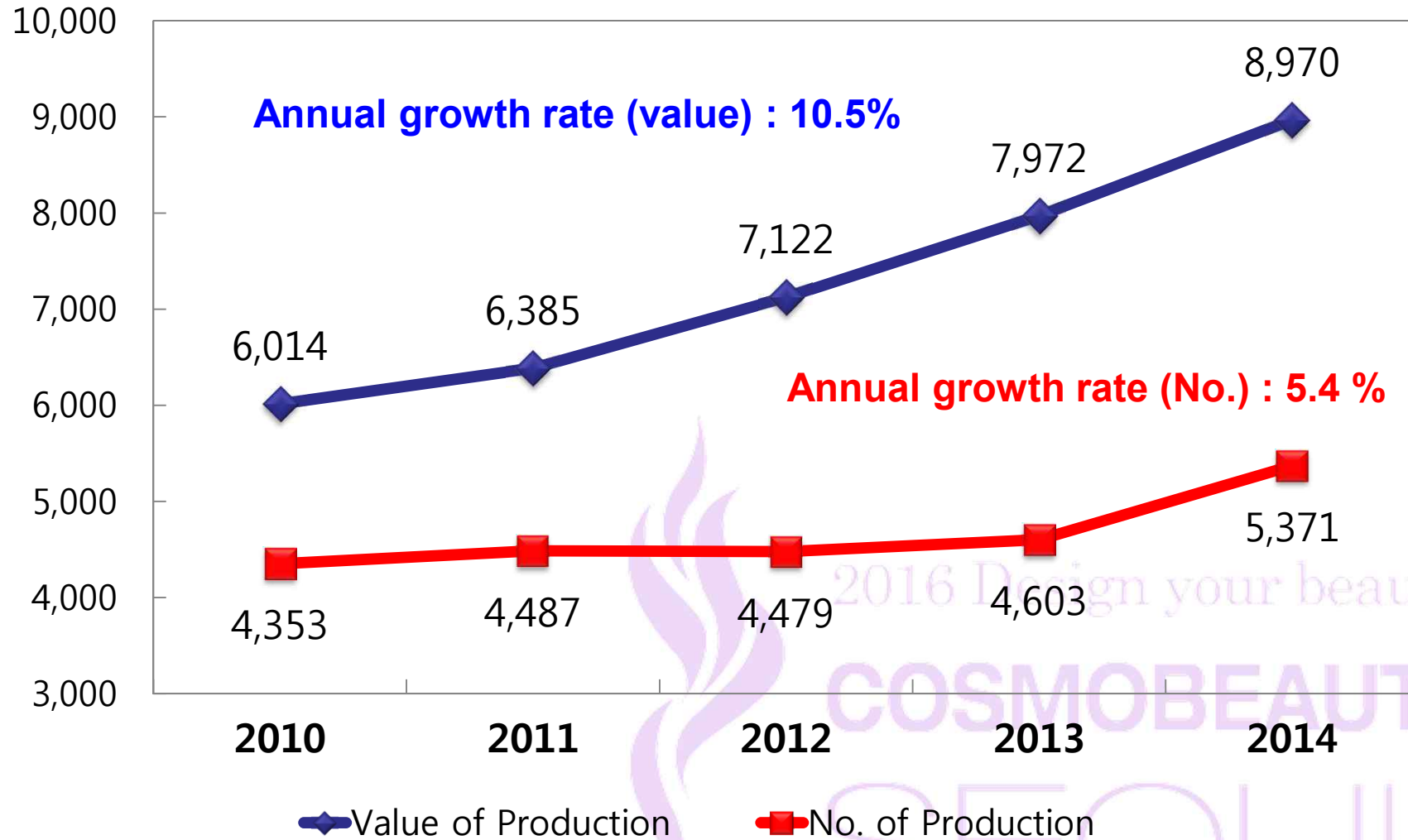
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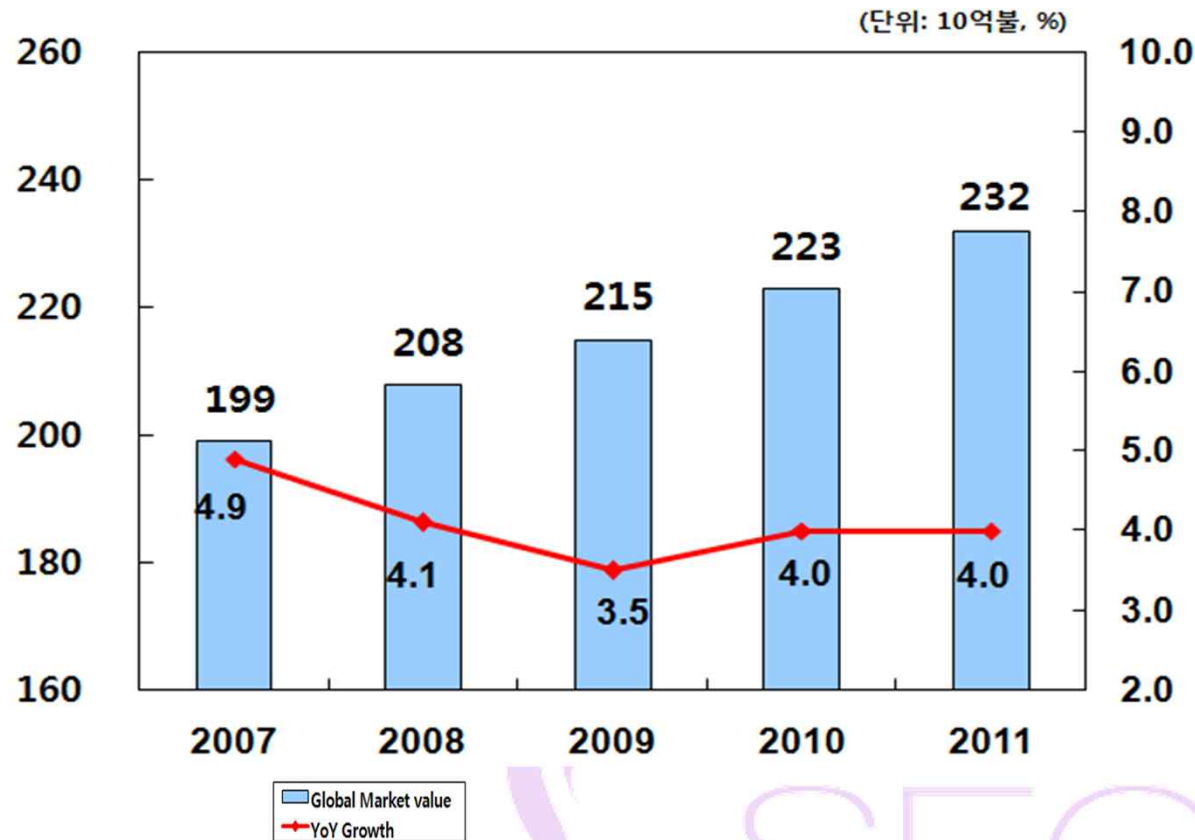
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Cosmetic Actual Production in Recent 5 Years(10~14)

(billion KRW, million EA)



Global market Scale



* Source : Data Monitor Market Data (2012),

Growth of Production in Types('10~'14)

(hundred million, %)

Class.	2010		2011		2012		2013		2014		Growth Rate
	production	%share	production	%share	production	%share	production	%share	production	%share	
Skin care	35,236	58.6	39,116	70.4	43,012	60.4	45,180	56.7	50,929	56.8	9.6
Make up product	7,716	12.8	7,466	7.0	8,883	12.5	11,202	14.1	14,264	15.9	16.6
Hair care	9,267	15.4	9,772	10.4	10,555	14.8	12,227	15.3	13,047	14.5	8.9
Body care	2,522	4.2	2,626	5.7	4,659	6.5	6,070	7.6	6,447	7.2	26.4
Eye-make up Cosmetic	1,578	2.6	1,642	2.1	1,445	2.0	1,639	2.1	2,088	2.3	7.3
Shaving products	2,032	3.4	1,304	0.7	1,006	1.4	1,796	2.3	1,237	1.4	-11.7
Nail & Foot care	330	0.5	366	1.4	508	0.7	641	0.8	583	0.6	15.3
Children's products	718	1.2	702	1.5	568	0.8	481	0.6	552	0.6	-6.4
Fragrance	330	0.5	427	0.2	223	0.3	239	0.3	273	0.3	-4.6
Hair-dyeing products	339	0.6	362	0.5	144	0.2	168	0.2	205	0.2	-11.8
Bath care	72	0.1	55	0.1	192	0.3	48	0.1	46	0.1	-10.6
Body odor care	5	0.01	17	0.03	32	0.05	30	0.0	32	0.0	59.1
SUM	60,146	100.0	63,856	100.0	71,227	100.0	79,720	100.0	89,704	100.0	10.5

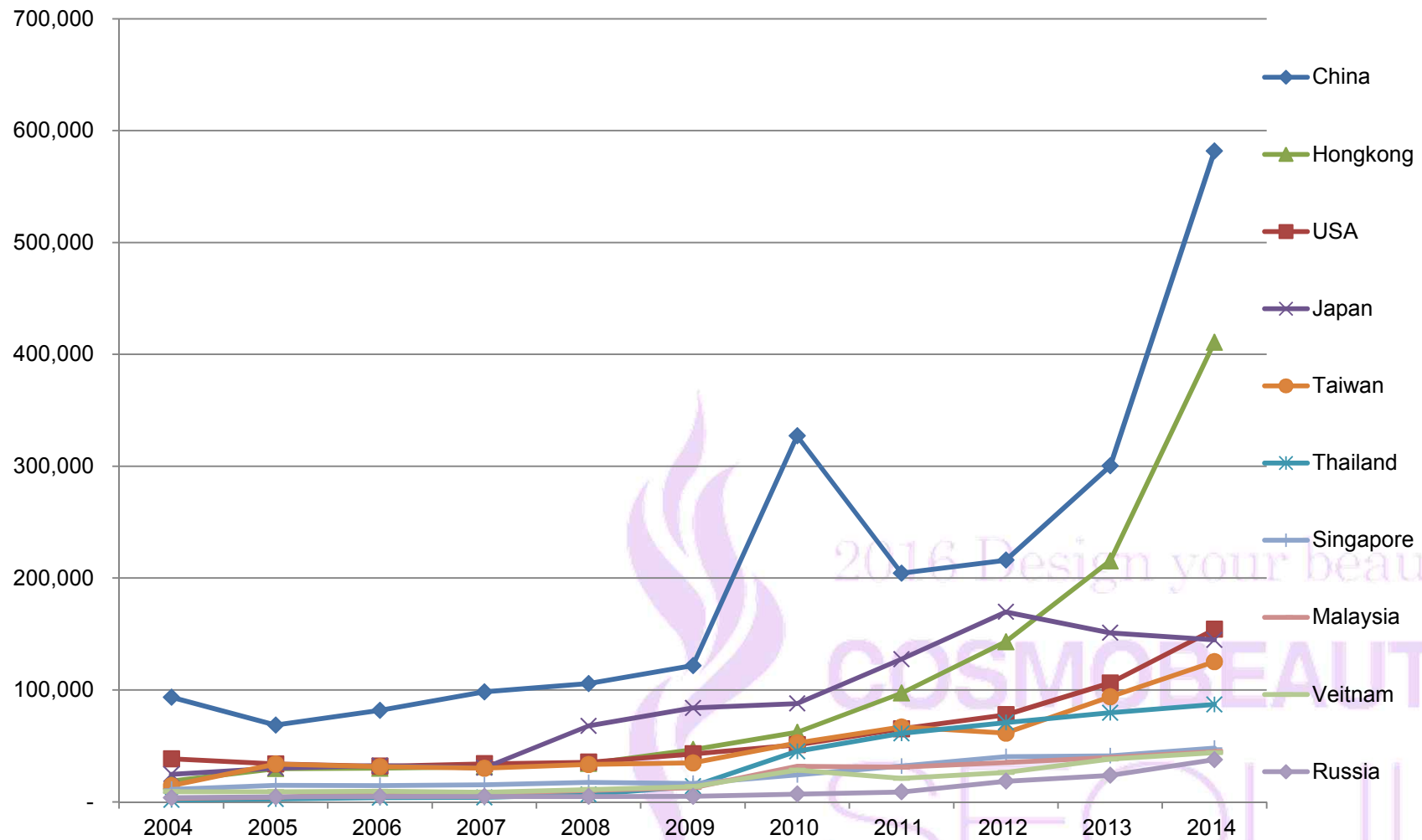
Growth of Import & Export

- Total Export : USD 1.8 billion ('14)
- Total Import : USD 1.3 billion ('14)



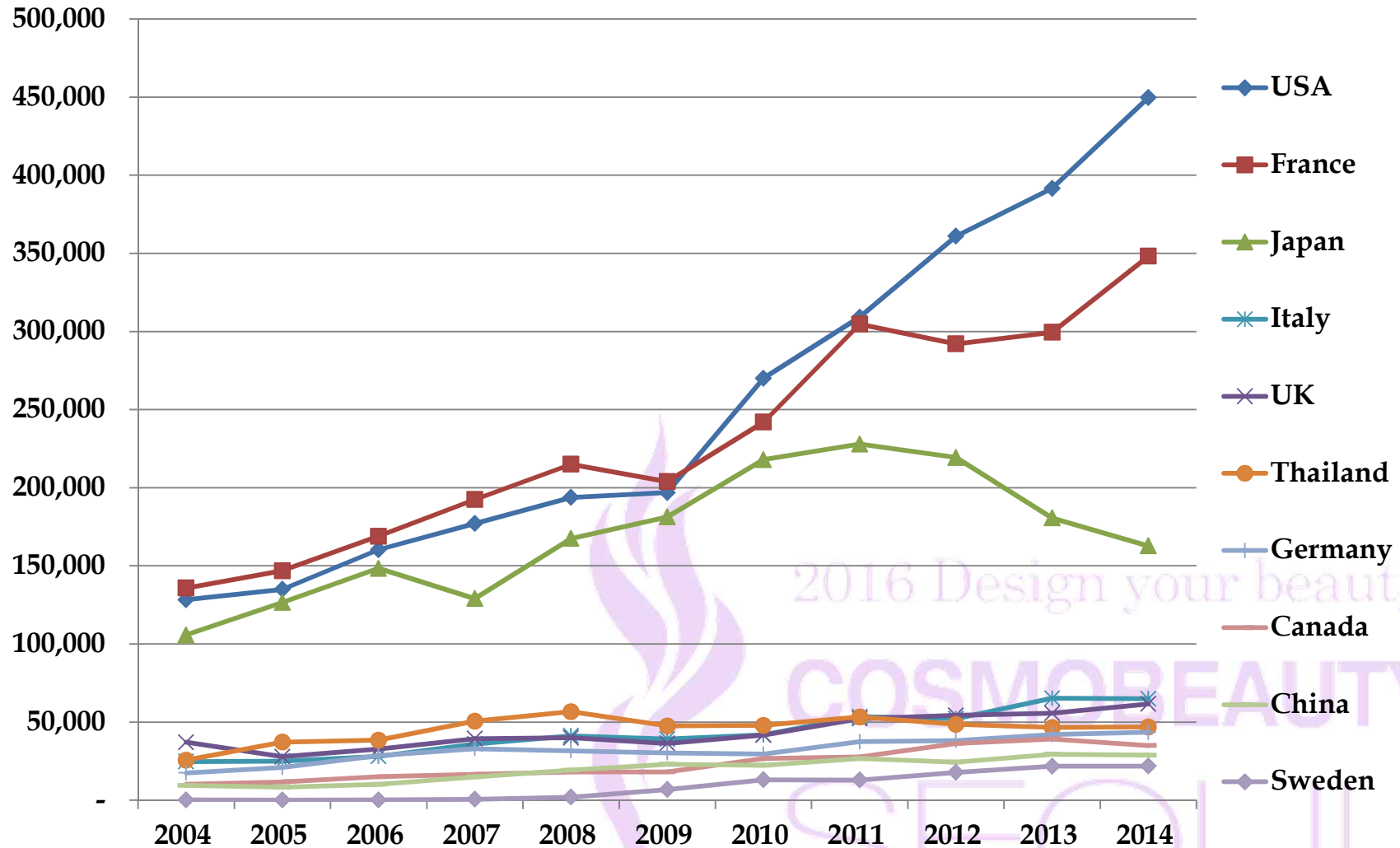
Growth of Export Rate (Countries)

(USD 1,000)



Growth of Import Rate (Countries)

(USD 1,000)



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