Industry

RECENT TRENDS AND PROSPECTS OF KOREA’S COSMETIC INDUSTRY

Korea’s cosmetics brands are diversifying their strategies to appeal to a wider audience, most notably in China.

Interview

REVOLUTIONIZING THE BEAUTY INDUSTRY

Intercos hopes to shake up the cosmetics industry in Asia by working closer with Korean companies.

Founded in 1972 and headquartered in Italy, Intercos is a leading global supplier in the color cosmetics and skincare industry, maintaining an important position in the market for beauty products throughout the world. Its clients include most of the internationally recognized brands and the company has completely revolutionized the industry.

Like fashion, the beauty sector continues to evolve every season and Intercos is at the forefront of innovation. Thanks to its growing success, Intercos opened up its second headquarters in Asia and recently collaborated with Korea’s Shinsegae International to form Shinsegae Intercos. Through this collaboration, the company hopes to further extend its reach in Asia and secure a foothold in the region. It also aims to build up its production capacity and strengthen its innovation activities for the Korean market.

Invest Korea Express recently sat down with Martin Breuer, CFO and Head of Asia Pacific of Intercos, to find out more about the company’s endeavor to successfully penetrate the Asian market.

Ombudsman’s Office

ONE-ON-ONE WITH THE FOREIGN INVESTMENT OMBUDSMAN

The Foreign Investment Ombudsman celebrates his first year on the job and strongly reaffirms his commitment to helping foreign-invested companies in Korea.

Zone

OSONG CITY, THE BEAUTY CAPITAL OF KOREA

Osong in Chuncheongbuk-do Province is at the forefront of Korea’s cosmetic industry.

Economic Analysis

EVERY REASON WHY THE BANK OF KOREA SHOULD NOT LOWER THE BASE RATE

Invest Korea News, Foreign Company News...
Revolutionizing the Beauty Industry (cont.)

What does Asia mean to Intercos?
Asia is becoming such an important market in the cosmetics industry so we decided to establish a second headquarters in the region. To focus more on different consumer demands and understand the market trends better, we needed a second home in Asia and that is why we built one in Hong Kong. We also want to develop a completely independent value chain in Asia so we established an R&D facility and innovation center to develop raw materials and formulations specifically geared toward the Asian consumer.

What made Intercos want to invest in Korea?
A lot of activities comes from the Korean market and this kind of creativity is demonstrated in the country’s products, especially when it comes to things like BB creams, CC creams, cushion foundations and face masks. Intercos is highly driven by R&D and innovation so we wanted to be a part of this creativity story. We also believed that we would be able to find plentiful resources in the R&D sector and make the best use of the innovative mindset of the Korean people to target the Asian market. That is why we established an innovation center in the country. This center aims to find new cosmetic formulas and raw materials. It also seeks to attract highly-qualified R&D talent and conduct research on completely new formulations, not work on something that has already been discovered.

How did collaboration with Shinsegae International come about?
Intercos seeks to produce and sell its products locally. Our major clients in Korea include the country’s local brands, newly emerging brands, retailers and distributors with private labels. We want our company to be very local. In order to support this development in Korea, we built a joint venture with Shinsegae International in order to have a very strong partnership and network in the country. By doing so, Intercos will build up its activities in sales, marketing, R&D and production, among others. This collaboration will help us cover an important part of our production output for Shinsegae’s own brands like Vidi Vici.

Were there any challenges the company faced while working in Korea?
We hired Korean people who were very familiar with the market from the very beginning so this helped to cut down on any major obstacles. But if I might add, the language barrier is still an obstacle. To find good people in Korea who also speak English very well is a bit of a challenge from my perspective.

How will Intercos compete in an increasingly competitive market especially when it comes to price competitiveness?
50 percent of products made by Intercos are for high-end prestige brands, while the other 50 percent is made for mass brands. Intercos can thus offer different kinds of products on the quality spectrum depending on the wants and needs of our customers.

Also, a very important cost driver is packaging. I think we have a very competitive advantage when it comes to this area because we source most of our packaging from China without compromising on quality, of course. On this note, Intercos currently has 50 people in China scouting the market to develop its packaging strategy, and working on executing with local partners our own design and format innovation. We have a long history and a global network that no one else has.

Do you have any advice for foreign companies trying to invest in Korea?
I think it’s very important for foreign companies to understand the Korean consumer’s demands and their characteristics. Don’t copy what works in other regions because you have to adjust your product and marketing style to each specific Asian audience.

When talking about the country’s cosmetics market, we know that the average Korean woman uses up to ten skin care products a day. You can see the sophistication of the Korean consumer when it comes to skin care, as well as color cosmetics, inspiring even Chinese consumers to wear more makeup products. You also need to be fast as the market moves very quickly here.

What are your forecasts for Korea’s cosmetics industry?
The Korean cosmetics market is expected to grow tremendously and future prospects are very bright. Korean companies are also well positioned in China and many Chinese tourists are coming to Korea to shop for its cosmetics. A lot of important innovations in the cosmetics industry have also come from Korea over the last ten years. We have a lot of customers in other regions who ask for ‘Made in Korea’ products and we expect the region’s market to further grow in the future.

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