

A Study of Korea-ASEAN Cosmetics Market

Hongkyun Bae* Shinwon Kang**

| Contents |

- | | |
|--|--|
| I. Introduction | III. Competitive Advantage of
Korea-ASEAN Cosmetics |
| II. Current State of Korea-ASEAN
Cosmetics Market | IV. Conclusion |

| Abstract |

Korea-ASEAN cosmetics market is shown the growing business with high potential of export expansion and a very promising area in terms of market diversification under the situation of high proportion of exports to China. Hence, this research will examine the current status of cosmetics market in Korea, ASEAN countries along with the its market growth and analyze Korea-ASEAN cosmetics by item and by nation. In other words, it will suggest competitive alternative reflecting the future reality of the cosmetics industry by analyzing main cosmetic products' trade intensity and the competitiveness of Korea-ASEAN cosmetics market. Korea recognizes ASEAN's merits in the cosmetics industry and is trying to improve into future-oriented Korea-ASEAN cosmetics industry through ASEAN cosmetics market measures. This paper understands the importance of Korea-ASEAN cosmetics and presents policy implications about relative trade intensity and continuous growth in the cosmetics market along with the tasks we need to do.

* First Author: Professor, Dept. of International Trade, Sangji University.

** Corresponding Author: Professor, Dept. of Consumer Science, Sunchon University.

▪ Key words: Cosmetics, Trade Intensity, Cosmetics Market, ASEAN, KOREA-ASEAN

I . Introduction

The global cosmetics is currently a future-promising sector in the industry as it's broadening their status by constantly creating its demand despite the world wide economic slump. Regarding the new consumer trend and its possibility of development in emerging markets, its growth is something to look forward to.

In other words, cosmetics is a key sector in the similar industry, as it has a distinct feature that fulfills consumer desires unlike the other consumer products. Regarding their features which require considerable development costs and study period to maintain quality and brand competitiveness, it is difficult for the cosmetics industry to enter a foreign market.

In this situation, this research focused on Korea towards ASEAN market as known as the new consumer market of the cosmetics industry. 2018 Korea's export of ASEAN cosmetics corresponds to 10.8% of the whole export of cosmetics by 685.75 million dollars. ASEAN is the largest export market of Korea followed by market of Greater China; 6 countries of ASEAN belong to the top 15 export countries of Korean cosmetics.

Particularly, export to Vietnam is the highest by 172.22 million dollars, followed by Thailand (166.48 million dollars), Singapore (132.59 million dollars), and Malaysia (90.51 million dollars). The significance of exports to latecomers in the Greater Mekong subregion like Cambodia (1.71 million dollars), Myanmar (1.05 million dollars), Laos (110,000 dollars) is currently minor compared to others.

Meanwhile, considering France and US exporters holding a lead in Southeast Asian cosmetics import market, the amount of Thailand, Indonesia, and Singapore in the top 10 country of import size are notable. It well implies dealings within the area are activated mainly on native brands of each country, OEM-ODM Inc, and multinational brand production corporation of the region. Korea showed the most remarkable growth between 10 countries; the success of its skin care products including pack and functional cream contributed to Korea to be located among the top 5 countries.

This paper recognizes the importance of Korea-ASEAN cosmetics and suggests the tasks we need to push ahead with along with the policy implications concerning relative export concentration and continuous cosmetics market growth. It will analyze the competitive items in cosmetics industry from trade intensity between ASEAN countries and Korea which is the world's 4th largest exporting country that is leading a global trend based on the expansion of Korean wave and innovative product development.

II. Current State of Korea-ASEAN Cosmetics Market

The cosmetics export of Korea to ASEAN is rapidly increasing by 21.3% annual average since 2010 and the sales offline through department stores, beauty shops, supermarkets are taking 80% of the whole ASEAN cosmetics distribution market. K-Beauty is leading the ASEAN beauty trend: Korean-style makeup such as straight eyebrows, fat under eyes make-up, lip gradation, moist skin is becoming popular due to Korean wave in ASEAN.

Therefore, this paper will examine the current status of Korean cosmetics market and cosmetics market in ASEAN countries along with the growth of the ASEAN market.

1. Korean Cosmetics Market

The Korean cosmetics industry is developing into a global business with growth in private spending and exports. In addition, the expansion of premium product lineup of functional oriental medicinal products is expected to gradually affect cosmetics consumption. The Korean cosmetics industry is attracting attention as an innovative growth industry, with an increase in export sales and a global growth rate of 3.4%, similar to that of 2019, so continuous growth is expected. The number of companies in the cosmetics market and industry is rapidly growing due to the expansion of distribution networks following the recent Korean wave cosmetics craze and the increase in exports to ASEAN and China (IIT 2019).

2. ASEAN Cosmetics Market

ASEAN market is expanding rapidly due to the increase in interest for beauty among growing ASEAN middle class population. The growth rate of ASEAN cosmetics market is expected to have an average growth rate of 10% every year (Bae 2017).

Especially, the stable growth of Southeast Asian market results from the effort of Thailand and Indonesia constantly trying to expand their cosmetics market size. The consumption scale of Southeast Asia therefore will constantly rise from the increasing demand of functional cosmetics combined with biotechnology and premium goods with the improved consumer sentiment from the economy growth throughout the

region.¹⁾ The cosmetics market of ASEAN countries is as follows.

(1) Vietnam

Vietnam favors Korean products the most among all imports when comparing all countries. Nail polish, lip makeup, eye makeup, powder, and skin care accounted for the market share in descending order. However, at present, the main cause of sales loss due to COVID-19 in Vietnam is similar to that of other countries. In Vietnam, too, to prevent the spread of the virus, people wear masks every day and have fewer opportunities to meet people.

In Vietnam in 2020, sales of personal care products increased and demand for organic and natural cosmetics increased. Vietnam's color cosmetics market growth in 2020 is estimated to be 2% compared to the previous year, along with 9.7% in the skin care market. Vietnam's color and skin care cosmetics market grew by 14.8% and 10.5%, respectively, over the past five years, but in 2020, the growth rate was lower than before due to the pandemic.²⁾

(2) Indonesia

Although women are the dominant consumer of cosmetics in Indonesia, sales in the men's cosmetics market are steadily increasing. Indonesia's face skin care product sales are projected to grow at a CAGR of 7.5% through 2021-2024. COVID-19 has impacted the growth of the face skin care market as more people wash their faces more often and use skin

1) Shin, Y. W. (2019), "Cosmetics industry analysis report", <http://www.khidi.or.kr/kps>. (accessed on April 4, 2020)

2) Vietnam Hochiminh Kotra Business Centers (2020), "Vietnam, Cosmetics market expected to grow in 2021", <https://dream.kotra.or.kr/kotranews/cms/news>. (accessed on June 5, 2020)

care products, including moisturizers and post-wash treatments. Despite the pandemic, the demand for cosmetics in Indonesia is increasing in various ways. In addition, expectations for the Korean cosmetics market in Indonesia are expected to continue to rise.³⁾

(3) Malaysia

As Malaysia's economy grows, imports of personal care and cosmetics are expected to increase. In the cosmetics and personal care sector, the makeup and skincare product categories are the most in demand. 70% of Malaysians are city dwellers, and they are also a high disposable income group where they consume imported goods. Malaysian urban men are also in increasing demand for skin care and grooming services. With K-pop and K-Drama appearing in Malaysia, the younger generation of women tends to purchase Korean brand products. This consumer group is usually women aged 12-25 with high school education or higher, and city dwellers living in middle-class households.⁴⁾

(4) Philippines

Filipino consumers now prefer Made in America products, but Thai cosmetics and personal care products dominate the import market here. In the midst of COVID-19, skin care products are the top demand in the personal care sector. The top prospects in this sector are skin care products (hand and body lotions, facial care, liquids and soaps), hair care

3) Indonesia Jakarta Kotra Business Centers (2021), "Status of Skin care Cosmetics in Indonesia", <https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do>. (accessed on June 5, 2020)

4) Malaysia Kuala Lumpur Kotra Business Centers (2021), "Halal Guide ①The Hub of the Global Halal market, Malaysia", https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID. (accessed on June 5, 2020)

products (shampoo, conditioner, hair treatment) and oral care (toothpaste, toothbrushes, mouthwashes). Cosmetics consumption is also expected to increase.⁵⁾

(5) Singapore

American products have a good reputation in Singapore. On the other hand, Singapore imports the most Korean products in absolute quantity among Southeast Asian countries, but the proportion is not high compared to global brands. Meanwhile, cosmetics such as toiletries and perfume sold in Singapore are mostly imported. The growth of the cosmetics and toiletries market in Singapore is expected to intensify competition among top premium brands and increase the number of companies serving more specialized niche markets such as the organic products sector.⁶⁾

(6) Thailand

Thailand is the largest cosmetics market in Southeast Asia and the 15th largest cosmetics market in the world in 2020. Thailand's cosmetics market is experiencing a change in perception, such as a decrease in sales and restrictions on entry of foreign tourists due to COVID-19. Thailand's beauty market continues to pay attention to small packaging products due to the decrease in the purchasing power of luxury brands and the decrease in sales. In addition, the men's cosmetics market in Thailand has been continuously growing since 2014. The popularity of

5) Philippines Manila Kotra Business Centers (2021), "Philippine color cosmetics market trend", https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID=180&CONTENTS_NO. (accessed on June 5, 2020)

6) Singapore Kotra Business Centers (2021), "Singapore Color Cosmetics Market trend", https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID=430&CONTENTS_NO. (accessed on June 5, 2020)

Korean cosmetics in Thailand has continued to increase, showing an increasing trend every year until 2018.

(7) Myanmar

Although Myanmar's cosmetics market is small compared to other Southeast Asian countries, it is showing steady growth of around 3% annually. Moreover, due to the Korean wave in Myanmar, many Myanmar women are interested in Korean cosmetics, makeup, and fashion styles. The number of Myanmar women who use cosmetics instead of natural tanaka has increased dramatically over the past three years due to the import of Korean products through Hallyu, and this trend is expected to continue in the future. Meanwhile, Myanmar still has low purchasing power, making it difficult for high-end brand products to succeed in Myanmar.⁷⁾

III. Competitive Advantages of Korea-ASEAN Cosmetics

1. Trade Intensity of Korea and ASEAN

This paper examined relative concentration Korea's export is taking in the ASEAN region according to the New Southern Policy, <Table 1> shows trends of the trade intensity⁸⁾ index changes past 5 years by nation. In

7) Thailand Bangkok Kotra Business Centers (2021), "A Look at the Thai beauty market trend", https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID. (accessed on June 5, 2020)

8) Trade intensity analysis, concentrates the structure of departures of actual trade flows from flows. The index of intensity of country i 's export trade with country j is defined by where X_i , X_j , and $X_{..}$, represents the total export of country i ,

addition, this research also examined trade intensity (Yamazawa 1970) between Thailand, Vietnam, and Myanmar; the expected and predicted major export market Korea is aiming for as part of export measures. First, as for trade intensity between Korea and ASEAN, Korea shows 3.3 with Philippines and more than 6 with Vietnam. As for the rest, Korea shows more than 1 with each of the rest of ASEAN countries. Looking at the figures on the contrary between Korea and each of the ASEAN countries, Thailand and Myanmar rates below 1 which shows the index is not that big. It shows that proportion towards Korea out of Thailand and Myanmar's total export is smaller than the proportion of Thailand and Myanmar's total import taking in the global total income. It also indicates exports of Thailand and Myanmar are not relatively concentrated on Korea (Park 1989).

total import of country j, and the total import volume of world trade respectively.
 $I_{ij} = X_{ij}/X_i / (X_j/X_w) \dots \dots \dots (1)$

X_{ij} is country i's export to country j, X_i is country i's total export volume, X_j is country j's total import volume, X_w is the total import volume of world trade.

In other words, trade intensity index is dividing the portion that country j has in the total export volume of country i with the portion of country j's total import volume in the total import volume of world trade.

Formula (1)'s value is 1, and if $I_{ij} > 1$, it signifies that the portion of the export to country j in the total export volume of country i, and the total import volume of country j's in the total import volume of world trade is bigger, and also the export of country i is relatively concentrated on country j.

On the contrary, $I_{ij} < 1$ means that the export of country i is not relatively concentrated on country j, and $I_{ij} = 1$ means that the export of country i to country j is in line with the portion of the total export volume of country i and the portion that the total import volume of country j in the total import volume of world trade, so the export of country i to country j is relatively balanced. This trade intensity index enables the analysis of each country at certain point of time, and comparison of time series at the same time, and helps with the analysis of the relative concentration change of the export of country i to country j.

<Table 1> Changes in Korea-ASEAN trade intensity by nation⁹⁾

Country \ Year	Year					Annual Average (2014~2018)
	2014	2015	2016	2017	2018	
KOR-MAS	1.175	1.347	1.420	1.243	1.038	1.244
MAS-KOR	1.291	1.197	1.122	1.103	0.957	1.134
KOR-INA	2.072	1.692	1.546	1.611	1.174	1.619
INA-KOR	2.125	1.887	1.877	1.749	1.500	1.827
KOR-PHI	4.799	3.636	2.688	3.127	2.625	3.375
PHI-KOR	1.445	1.585	1.440	2.274	1.068	1.562
KOR-SIN	2.111	1.551	1.354	1.069	0.798	1.376
SIN-KOR	1.437	1.546	1.662	1.618	1.078	1.468
KOR-THA	1.078	0.966	1.051	1.147	0.853	1.019
THA-KOR	0.701	0.708	0.727	0.677	0.549	0.672
KOR-VIE	5.471	4.724	6.245	8.209	5.721	6.074
VIE-KOR	1.785	1.766	2.129	2.329	1.952	1.992
KOR-MYA	1.596	1.197	1.538	0.895	0.693	1.183
MYA-KOR	1.160	0.888	1.110	0.781	0.758	0.939
THA-VIE	4.866	4.541	4.144	4.310	3.653	4.302
THA-MYA	21.286	18.614	19.449	17.404	14.347	18.220
VIE-THA	1.891	1.849	1.575	1.843	1.359	1.703
VIE-MYA	1.988	2.194	2.322	2.343	2.557	2.280
MYA-THA	26.601	22.024	15.423	17.142	11.166	18.471
MYA-VIE	1.195	0.572	0.613	0.924	0.902	0.841

In addition, looking at the changes in the degree of trade combination of other countries through ASEAN's three countries (Vietnam, Thailand, Myanmar) which are drawing attention nowadays, Thailand and Myanmar showed 18 of very strong mutual trade intensity. The U.S., EU, and the West imposed economic sanctions on imports, exports, financial transactions on Myanmar (excluding the humanitarian support) since 2003 because of anti-democracy and oppression of the human rights, The

9) UN (2021), "UN Comtrade Database", <http://comtrade.un.org>. (accessed on December 4, 2021)

reason why Myanmar was able to overcome economic sanctions was especially because Thailand adhered to the independent engagement policy with Myanmar apart from the West and also deepened economic cooperation by trade investments that resulted in a very strong concentration mutually. Considering realistic situation of trade between developed countries with similar industrial conditions are higher than the proportion of trade between countries with slightly different industrial conditions, Thailand is Myanmar's biggest trading partner which takes up to 22% of Myanmar's total income and about 50% of the total outcome. Both countries are strategic partners as Thailand relies about 20% of the total power on natural gas from Myanmar which seems complementary industrial conditions have affected the process of selecting the one you prefer to trade with.

2. Trade Intensity of Korea-ASEAN Cosmetics

Korea-ASEAN cosmetics market is emerging as a growth project that has high rate of export expansion and is being evaluated a very promising area in terms of current market diversification situation where exports to China are high. So this paper looked up trade intensity between nations related to Korea-ASEAN cosmetics market. First of all in choosing comparative country regarding the continued overall difficulty of cosmetics industry in COVID-19 crisis and diversification of Chinese markets, ASEAN was chosen a promising area that secures market share in the export market of high preference from K-beauty and the Korean¹⁰⁾ Wave. Meanwhile, all cosmetics that is, as defined in ASEAN cosmetic regulations and guidelines, shall mean any substance or preparation intended to be placed in contact with the various external parts of the

10) Kotra (2018), "Global Cosmetics Industry White Paper III. Main Market, Global Market Report 18-032", <http://www.kotra.or.kr/index.do>. (accessed on April 4, 2020)

human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them or keeping them in good condition. After classifying cosmetics into various items, skincare and makeup products that cover up or reduce the pores were first chosen considering high temperature and humidity of Southeast Asia. Hair care products that are constantly drawing attention in terms of hair and scalp health of Southeast consumers and shaving-related products, shower supplies, and skincare products that are increasing in demand were also chosen. Lastly, deodorants and perfume were chosen because people usually use these two things both when getting rid of the smell of sweat. Representative products of these four items¹¹⁾ were classified and analyzed.

(1) Skincare and makeup

Examining current situation of Southeast cosmetics market by product line of skincare and makeup cosmetics, skin care products the undisputed

11) The definition of Cosmetic based upon the harmonized system of commodity classification (HS 1996). As a result of the wider definitional changes, this study uses the commodity-based HS 1996 definition. The new definition of Cosmetic includes four major categories: skin care and make-up, Hair care, shaving, Personal deodorants and other bath preparations, Perfumes and toilet waters:
* skin care and make-up: 330410 (Lip make-up preparations), 330420 (Eye make-up preparations), 330430 (Manicure or pedicure preparations), 330491 (Powders, for skin care and make-up), 330499 (Beauty, makeup and suntan preparations nes)
* Hair care: 330510 (Hair shampoos), 330530 (Hair lacquers), 330590 (Hair preparations, nes)
* shaving, Personal deodorants and other bath preparations: 330710 (Pre-shave, shaving and after shaving preparations), 330720 (Personal deodorants and antiperspirants), 330730 (Perfumed bath salts and other bath preparations), 330749 (Room perfuming or deodorizing preparations, nes), 330790 (Perfumery, cosmetic or toilet preparations, nes)
* Perfumes and toilet waters: 330300 (Perfumes and toilet waters)

No.1 item past 5 years recorded 4.6 of the average annual growth rate. Mask, essence, and functional creams are in the progressing trend of diverse consumption with the increased purchasing power among Southeast Asian consumers. As a result of selecting items with high continuity of data and proportion of market transactions, 330410 (Lip make-up preparations), 330420 (Eye make-up preparations), 330430 (Manicure or pedicure preparations), 330491 (Powders, for skin care and make-up), 330499 (Beauty, makeup and suntan preparations nes) were selected. Detailed analysis of each item is as follows.

<Table 2> Trade intensity of Skin care and makeup items¹²⁾

330410 (Lip make-up preparations)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	5.168	5.189	4.418	3.018	2.624	4.0834
KOR-INA	1.548	0.870	1.062	3.308	1.416	1.6408
KOR-PHI	11.678	6.591	4.364	6.585	4.392	6.722
KOR-SIN	1.031	1.077	0.743	0.439	0.236	0.7052
KOR-THA	6.351	3.010	2.633	7.617	4.222	4.7666
KOR-VIE	44.660	31.307	21.692	32.496	31.092	32.2494
KOR-MYA	14.015	4.310	1.044	3.068	1.520	4.7914

330420 (Eye make-up preparations)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	3.733	2.415	2.206	3.703	2.350	2.8814
KOR-INA	0.464	0.345	0.510	0.690	0.607	0.5232
KOR-PHI	16.853	7.590	5.751	7.786	3.720	8.34
KOR-SIN	0.960	1.179	0.627	0.664	0.331	0.7522
KOR-THA	9.028	6.019	5.416	7.347	3.606	6.2832
KOR-VIE	21.558	14.829	11.274	14.549	15.799	15.6018
KOR-MYA	12.656	29.202	34.279	11.461	2.812	18.082

12) UN (2021), "UN Comtrade Database", <http://comtrade.un.org>. (accessed on December 4, 2021)

330430 (Manicure or pedicure preparations)							
Country	Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
	KOR-MAS		16.618	9.569	13.048	8.793	7.656
KOR-INA		18.012	0.666	1.507	0.490	0.692	4.2734
KOR-PHI		28.210	29.405	14.867	34.410	10.924	23.5632
KOR-SIN		6.237	5.052	3.468	5.104	4.008	4.7738
KOR-THA		10.302	11.250	15.569	13.911	5.134	11.2332
KOR-VIE		56.695	62.288	62.598	42.001	24.590	49.6344
KOR-MYA		148.995	12.988	9.444	3.885	1.262	35.3148

330491 (Powders, for skin care and make-up)							
Country	Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
	KOR-MAS		1.935	1.780	2.574	3.271	4.290
KOR-INA		0.857	0.824	1.194	4.208	2.400	1.8966
KOR-PHI		3.164	2.932	2.927	3.739	1.194	2.7912
KOR-SIN		1.111	0.883	0.838	0.960	0.447	0.8478
KOR-THA		8.861	5.731	6.082	6.150	5.252	6.4152
KOR-VIE		14.528	14.633	15.441	19.719	22.051	17.2744
KOR-MYA		2.219	1.112	2.863	9.243	1.639	3.4152

330499 (Beauty, makeup and suntan preparations nes)							
Country	Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
	KOR-MAS		2.631	1.693	1.623	1.356	0.996
KOR-INA		1.608	1.155	0.944	1.090	1.146	1.1886
KOR-PHI		2.268	1.384	1.822	2.246	2.014	1.9468
KOR-SIN		0.553	0.502	0.532	0.456	0.322	0.473
KOR-THA		2.876	1.524	1.338	1.614	0.927	1.6558
KOR-VIE		8.517	5.881	5.658	11.793	9.055	8.1808
KOR-MYA		4.228	5.130	2.483	1.696	0.968	2.901

330410 (Lip make-up preparations)'s trade intensity between Korea and ASEAN countries is like as follows, Korea shows relative concentration of more than 4 with Philippines and Thailand. Vietnam especially shows very strong intensity of more than 32 average annually visualizing how much Vietnam relies on imports from Korea. The proportion of exports toward Vietnam out of Korea's total exports is bigger than the proportion of total imports of Vietnam taking up in the world's total income showing Korea's export is relatively concentrated on Vietnam.

Trade intensity of 330420 (Eye make-up preparations) shows more than 20 annual average in Korea and Myanmar's strong export concentration during the analysis period excluding 2018. Indonesia and Singapore show they are not relatively concentrated on Korea. Vietnam shows strong concentration on both eye makeup and lip makeup.

Only Malaysia shows high annual average of 11 in skincare and makeup products in the relative concentration of exports of 330430 (Manicure or pedicure preparations). Under the situation which most Malaysians are Muslims and their interest and purchasing power for cosmetics are increasing, Halal-certified is becoming a must, not a choice and consumers are yet sensitive to prices. As skincare and makeup products are showing strong concentration in Malaysia, it seems more effort should be put in understanding the trends of cosmetics in order to expand the base of entry into Malaysia. Singapore also shows more than 4.7 of strong intensity only on this item. Korea shows strong intensity overall with these ASEAN countries in this item and K-beauty is seen to have greatly influenced on this under high market power of global cosmetics company.

Trade intensity of 330491 (Powders, for skin care and make-up) implies Korea is increasing concentration more and more on Indonesia. The product with the highest import proportion among Korean cosmetics in Indonesia is skin care products and this proportion is seen to slightly

change. Intensity between Vietnam is showing great concentration in all skincare products. Though the proportion Vietnam cosmetics market takes up in the global cosmetics market is not high by 0.3%, Vietnam cosmetics market is expected to grow due to Vietnam's economic growth, increased purchasing power and growing interest in beauty among women.

Korea is showing there is relative concentration of export in all countries except Singapore for 330499 (Beauty, makeup and suntan preparations nes). However, Singapore imports the most in terms of the absolute amount of income relative to the population among Southeast Asian nations although Singapore doesn't have a high share of Korean brands than global brands.

(2) Hair care

Looking at the current status of hair care cosmetics by item, Korean hair care cosmetics export is recording 250 million in total and Southeast Asian market is placed the most consumed cosmetics after skin care products in Southeast Asian market. Hair care products, especially shampoo is focusing on diversification of product functions and ingredients. Various items like shampoo, conditioner, colourant, perm product are being consumed. Considering high proportion of transactions and continuity that represent hair care, 330510 (Hair shampoos), 330530 (Hair lacquers), 330590 (Hair preparations, nes) were selected. Detailed analysis of each item is as follows.

<Table 3> Trade intensity of hair care items¹³⁾

330510 (Hair shampoos)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	1.628	0.901	0.750	5.269	1.280	1.9656
KOR-INA	0.092	0.077	0.222	2.199	0.851	0.6882
KOR-PHI	0.403	0.324	0.088	0.501	0.056	0.2744
KOR-SIN	1.805	1.112	0.829	3.745	0.882	1.6746
KOR-THA	1.459	2.605	1.825	7.720	1.399	3.0016
KOR-VIE	11.910	4.411	6.392	20.442	1.974	9.0258
KOR-MYA	1.767	0.419	0.231	0.907	0.175	0.6998

330530 (Hair lacquers)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	177.502	0.002	266.967	91.395	44.342	116.0416
KOR-INA	9.590	243.615	0.027	0.089	6.767	52.0176
KOR-PHI	7.154	0.002	6.648	4.149	1.635	3.9176
KOR-SIN	2.491	0.428	0.252	1.418	4.069	1.7316
KOR-THA	101.894	81.159	92.074	42.894	10.244	65.653
KOR-VIE	144.837	67.278	138.027	113.141	352.425	163.1416
KOR-MYA	0.001	0.001	0.001	3.066	0.326	0.679

330590 (Hair preparations, nes)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	5.906	3.778	3.135	4.462	3.909	4.238
KOR-INA	2.097	1.721	1.286	1.394	1.371	1.5738
KOR-PHI	3.056	2.362	1.609	1.219	0.865	1.8222
KOR-SIN	4.571	2.913	2.553	3.138	2.132	3.0614
KOR-THA	4.704	5.889	4.772	4.252	3.474	4.6182
KOR-VIE	24.006	23.297	16.332	16.742	11.527	18.3808
KOR-MYA	1.291	1.141	1.381	1.245	1.534	1.3184

13) UN (2021), "UN Comtrade Database", <http://comtrade.un.org>. (accessed on December 4, 2021)

<Table 3> shows 330510 (Hair shampoos)'s relative market concentration of export between Korea and ASEAN countries. In the condition of hair shampoo occupying most of the sales of hair care products, Vietnam shows 11 of absolute concentration in 2011 then repeats the low and high and shows 1.9 in 2018. Daily necessity shampoo in both urban and rural areas is seen to have had the roughs and smooths in Korea's market concentration unlike other premium cosmetics imported from Korea. Korea didn't have a strong tie with any of the other ASEAN countries except Vietnam and Thailand.

In 330530 (Hair lacquers)'s relative concentration of export towards each country, Korea is showing high relative concentration to ASEAN countries excluding Myanmar different from hair shampoo. Demands for hair lacquer products used to fix and trim the hair is increasing and importance of self management are getting more as hair care products are continuously growing and healthy-looking hair represents 'hipster' among the young and 'well-being' among the middle-aged class. Export of Korea particularly shows more than 100 of very high relative concentration with Malaysia. High consumption of hair-related products is because Malaysia is a Muslim country and most Malaysian women wear hijab. It also shows strong trade intensity in Thailand, Indonesia, Vietnam, and Malaysia, because it seems there are more and more wise consumers that search for popular hair locker products in Korea with the influence of k-beauty and growing power of SNS.

In the case of 330590 (Hair preparations, nes)'s relative concentration of export, Korea shows 3~4 of strong concentration with Malaysia, Singapore, and Thailand and more than 18 of strong tie with Vietnam. Korea's relative concentration of export on hair care products seems to have increased in ASEAN from increased interest and income level toward natural ingredients and organic hair care products according to the wellness trend in Southeast Asia. Sales increase in conditioner and treatment

products also seems to have been influenced by growing interest towards damaged hair care from frequent dyeing and environmental pollution.

(3) Shaving-shower supplies

Korea's shaving-deodorant-bath supplies (HS 3307) export corresponds to 15.2% of the total cosmetics export in a total of 970million dollars in 2018. Shaving-shower supplies and deodorants are steady-growing products in the Southeast Asian market, Deodorants especially are in a trend with increasing demands of men that take care of themselves. 330710 (Pre-shave, shaving and after shaving preparations), 330720 (Personal deodorants and antiperspirants), 330730 (Perfumed bath salts and other bath preparations), 330749 (Room perfuming or deodorizing preparations, nes), 330790 (Perfumery, cosmetic or toilet preparations, nes) were items with high transaction weight and continuity and items that represent shaving and shower supplies. Detailed analysis of trade intensity by item is as follows.

<Table 4> Trade intensity of deodorants and shower supplies¹⁴⁾

330710 (Pre-shave, shaving and after shaving preparations)						
Year Country	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	21.530	12.038	34.317	1.912	27.789	19.5172
KOR-INA	2.570	5.442	0.063	14.537	42.146	12.9516
KOR-PHI	57.289	0.983	1.157	0.021	1.931	12.2762
KOR-SIN	7.778	2.850	0.067	1.882	7.118	3.939
KOR-THA	194.997	154.702	313.490	200.085	37.991	180.253
KOR-VIE	3.096	35.211	0.458	4.615	6.496	9.9752
KOR-MYA	0.001	1.968	0.008	53.994	16.866	14.5674

14) UN (2021), "UN Comtrade Database", <http://comtrade.un.org>. (accessed on December 4, 2021)

330720 (Personal deodorants and antiperspirants)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	23.508	23.282	2.880	20.842	48.088	23.72
KOR-INA	14.744	3.434	0.076	0.503	11.777	6.1068
KOR-PHI	8.650	10.203	1.284	3.868	2.655	5.332
KOR-SIN	0.490	0.295	0.358	0.074	0.807	0.4048
KOR-THA	139.883	126.075	136.129	124.236	3.118	105.8882
KOR-VIE	0.048	0.688	0.544	5.993	37.351	8.9248
KOR-MYA	0.001	0.001	0.001	0.274	0.001	0.0556

330730 (Perfumed bath salts and other bath preparations)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	5.610	2.004	0.572	0.663	0.608	1.8914
KOR-INA	2.526	1.670	0.540	0.781	0.801	1.2636
KOR-PHI	2.897	1.489	1.223	1.944	1.137	1.738
KOR-SIN	1.610	0.988	0.873	0.896	0.611	0.9956
KOR-THA	1.231	1.022	0.295	0.371	0.843	0.7524
KOR-VIE	2.604	3.295	4.847	5.785	4.316	4.1694
KOR-MYA	123.743	9.778	9.402	3.706	3.667	30.0592

330749 (Room perfuming or deodorizing preparations, nes)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	1.928	5.232	3.519	2.958	0.438	2.815
KOR-INA	4.532	1.162	1.569	1.638	1.257	2.0316
KOR-PHI	0.001	1.807	1.674	0.339	0.269	0.818
KOR-SIN	0.664	1.027	1.790	0.799	2.043	1.2646
KOR-THA	3.696	2.149	1.315	1.384	0.445	1.7978
KOR-VIE	27.763	20.790	19.465	22.916	13.104	20.8076
KOR-MYA	10.689	7.988	10.140	2.253	0.581	6.3302

330790 (Perfumery, cosmetic or toilet preparations, nes)						
Country \ Year	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	3.900	1.918	1.033	0.877	0.672	1.68
KOR-INA	1.137	1.343	0.816	0.683	0.739	0.9436
KOR-PHI	2.777	1.449	2.122	1.132	0.601	1.6162
KOR-SIN	0.734	0.514	0.282	0.285	0.384	0.4398
KOR-THA	2.138	1.880	1.566	1.685	0.746	1.603
KOR-VIE	3.274	2.985	2.573	2.811	2.327	2.794
KOR-MYA	0.466	0.378	0.288	0.190	0.163	0.297

<Table 4> implies relative market concentration of 330710 (Pre-shave, shaving and after shaving preparations). Korea shows 19 annual average with Malaysia, 12 with Indonesia and Philippines, 14 with Myanmar, and 180 of very strong relative trade intensity with Thailand. Thailand's demands for shaving supplies seems to have been influenced by K-drama, K-beauty and K-star.

If you look into relative market concentration of 330720 (Personal deodorants and antiperspirants) and 330510 (Hair shampoos)'s export between Korea and each of the ASEAN countries, Korea shows high intensity with Malaysia in deodorant products as well as 5 in 2017 then 37 in 2018 with Vietnam. Export of deodorants (perspiration deodorant) recently is showing the highest growth rate among items in Vietnam. Deodorants and shaving supplies especially in Thailand shows very high trade concentration with Korea.

Trade intensity of 330730 (Perfumed bath salts and other bath preparations) shows Korea only keeps a good flow with Vietnam (annual average of 4) and Myanmar (123 in 2014 to 3 in 2018) unlike before when Korea showed high relative concentration in existing shaving supplies and deodorants. Myanmar especially shows very high concentration with Korea in perfumery and bathing supplies.

Korea shows high intensity annual average of more than 20 in Vietnam according to the relative concentration of the export of 330749 (Room perfuming or deodorizing preparations, nes). Other nations didn't have anything special in the relationship, though Myanmar showed relatively strong tie with Vietnam, because Korea's export of it focused on Myanmar.

It was analyzed Korea not to have a strong tie with other countries except to be more than 2 annual average with Vietnam according to 330790 (Perfumery, cosmetic or toilet preparations, nes)'s relative export concentration on every country.

Hence, ASEAN is a market totally different from China that has high demands of Korean cosmetics which means close review of the marketability should be preceded in this area and a thorough strategy to enter the market should be needed with expert advice.

(4) Perfume and Toner

<Table 5> shows 330300 (Perfumes and toilet waters)'s relative concentration of export toward each nation. Korea's perfume and toner export take up the smallest proportion in total cosmetics export by a total of 10 million dollars in 2018. Increased interest for personal hygiene because of COVID-19 made hair and bath related products increase by 14.9% and 167.3% as well as perfume and toner greatly increasing by 26.2% in 2020 August.

Korea shows 15 with Vietnam and 111 with Myanmar on this item which is a very high annual average in relative concentration. Myanmar especially shows very high concentration with Korea on this item in the total cosmetics trade intensity. Proportion of perfume and toner export amount out of Korea's total export amount is bigger than how much Myanmar's total import amount takes up in the world's total import

amount. Korea's perfume and toner exports are relatively concentrated on Myanmar.

<Table 5> Trade Intensity of Perfume and Toner¹⁵⁾

330300 (Perfumes and toilet waters)						
Year Country	2014	2015	2016	2017	2018	Annual Average (2014~2018)
KOR-MAS	2.045	3.752	2.012	4.160	6.960	3.7858
KOR-INA	0.005	0.180	0.334	0.451	0.256	0.2452
KOR-PHI	12.640	4.901	4.069	0.289	3.168	5.0134
KOR-SIN	10.022	9.031	7.025	7.819	2.900	7.3594
KOR-THA	16.485	2.964	9.603	4.627	2.711	7.278
KOR-VIE	18.627	13.006	12.432	13.260	18.521	15.1692
KOR-MYA	202.430	125.766	115.424	23.089	88.908	111.1234

3. Analysis of Competitive advantage of Korea-ASEAN Cosmetics

The analysis of trade intensity on Korea-ASEAN cosmetics market tells Korean cosmetics is expanding its market base in the ASEAN market. Original cosmetics major companies is seen to able to enlarge their market base they've worked on for decades in the ASEAN market by their own quality and price competitiveness of the product. Therefore, this paper is going to analyze specific methods on how to be competent in the ASEAN market through Korea-ASEAN cosmetics analysis by item and by nation.

15) UN (2021), "UN Comtrade Database", <http://comtrade.un.org>. (accessed on December 4, 2021)

(1) Analysis on Korea-ASEAN Cosmetics by Item

High prevalence of sensitive skin syndrome, leading to sensory effects, such as itching, burning, stinging, tightness, and dryness among the consumers in ASEAN countries, makes it the most lucrative market for skin care brands. The common cause of sensitive skin syndrome is underlying eczema/dermatitis. Companies are expanding facilities in these countries, coupled with the launch of organic and new products, contributing to the growth of sensitive skin care products in the region.

The change of the cosmetics market is clearly shown here. Now skin care shares are becoming bigger and bigger compared to the ‘color cosmetics’-centured past.

Furthermore, there is a growing demand for imported niche and sensitive skin care premium brand products with the rise of consumer expectations and purchasing power.

With sessions of major items all showing positive, basic·color products are recording a growth rate that exceed the other items. Shaving products, deodorants, and bathing accessories are also items constantly rising. Skin care products are the most demanded items as consumers started to pay attention to functional creams and facial masks for regenerating and whitening the skin.

Market share of deodorant and sun care has sharply risen compared to other items. Surely skin care items which has the biggest market share are going through a period of diversification of consumption in essential items like lotion, skin toner to face masks, essence, and functional cream due to increase of purchasing power among Southeast Asians. Meanwhile, as a result of increasing demand of semipermanent laser hair removal service in Southeast Asia where it is hot throughout the year, hair removal goods are showing depression in demand. Considering recent laser service being provided at a reasonable price and the hassle of needing to care about the

skin all year round without, consumers are moving to professional skincare shops. Meanwhile, lip color cosmetics show active developments and potential to grow within Southeast Asia. Indonesia (15%) and Malaysia (17%) account for the most of lip color product launches and especially in Indonesia, Halal lip color products are driving popularity and large demands because Muslims wearing hijabs use lip color cosmetics to enhance their facial features. Brow services like threading, tweezing and embroidery, are on the rise as consumers are becoming more beauty conscious and are seeking convenience in having beautifully drawn brows. Meanwhile, market demands for Halal cosmetics are as follows. Around 15% of the total Muslims live in ASEAN which lead to high demands of Halal cosmetics. Skin care (31%) is the largest halal sector within Southeast Asia but hair care (13%) and body care show opportunities for product innovation.

Particular opportunities lie in hair care products for women wearing hijabs, as well as in body care for anti-perspiration and deodorization in humid conditions. Things like hair and body freshening will appeal to both Muslims and non-Muslims. Water-based formulations will grow within the Halal nail polish category and extend to other nail treatment products for Muslims.

(2) Analysis on Korea-ASEAN Cosmetics by Nations

The growing demands for natural, organic, and halal skin care products in countries like Malaysia and Indonesia are expected to drive the growth of sensitive skin care products in the ASEAN region. Firms holding an advantage in the Southeast Asian market are mostly global companies possessing a various product spectrum from facial make-up to body products and other hygiene products. Demands for imported skin care products continue to rise along with demands for affordable premium cosmetic brands among middle-class consumers in Indonesia. Interest in

Korean cosmetics is pretty high in the Islamic world due to Korean Wave. Considering Muslim population growth rate and economic growth rate, Halal market is expected to have a bright future. Domestic cosmetics industries should search for the path to diversification like actively exporting Halal cosmetics. Targets should be clearly defined in Thailand the major cosmetics market in ASEAN. In the case of premium items targeting for high class, brand awareness in Korea is important. New ingredients and cute packages can be used for middle class living in Bangkok and around big cities that are main consumers of high quality consumer goods. In the meantime, Thailand can be seen Korea's rival country in Myanmar market. Myanmar imports most of the industrial products like household imports from Thailand and China and consumer goods with low quality due to weak manufacturing base. In the influence of Korean Wave, preference for Korean households and consumer goods is very high but Thai products has the upper hand in price competitiveness. Korean companies interested in entering Myanmar therefore should consider Thailand as well. Companies that already have a base in Thailand can use Thailand as a bridgehead for entering Myanmar. Using Thailand's infrastructure like transportation, electricity and water supply which is more advanced compared to Myanmar will reduce the investment risk at an early stage. When entering not only Myanmar but also the rest of ASEAN countries, companies should break away from the passive entry strategy of simple trade and preemptively plan the items that accord with the market trend and come up with bolder strategies related to marketing and price competitiveness. As for price competitiveness, improvement of the logistics competition in Korean enterprises is the issue.¹⁶⁾

16) The Manomet Current (2021), "Asean Organic Cosmetics Market: How CmiMarket Will Help You Get More Business - Coherent Market Insights", <http://manometcurrent.com/>. (accessed on April 1, 2019)

IV. Conclusion

Competition of the cosmetics market will be overheated globally and it is important to approach the ASEAN cosmetics market with clear identity and marketing goals. Therefore, enterprises starting cosmetics businesses should equip with peerless technical skills and differentiated concepts.

In Southeast Asia where Hallyu is expanding, Korean cosmetics should take advantage of Hallyu as an opportunity to establish themselves competitively. Localized strategic approach tailored to each of the Southeast Asian countries' culture and religion is needed due to recent Hallyu boom there. In addition, both governmental support and vitalization of private exchanges and exposition promotions of cosmetics is needed to encourage market entering of small to medium-sized cosmetics companies.

Korean companies should therefore read the flow of ASEAN beauty market and prepare appropriate response system and product development·marketing strategies. Current trends like the struggle of premium cosmetics brands, natural makeup getting popular over thick makeup, and growing interest for cosmetics of skin protection should be paid more attention to. Hygiene-related product has been recognized a must-have item so the growth potential of body products and hand sanitizers were highly estimated. Skin care and hair care products also have been analyzed to be on the decline since COVID-19, but to be recovered in a u-shape. It is estimated a long time for other makeup items to recover because of social distancing and people meeting less in person. ASEAN have high demands for Korean cosmetics which is totally different from China. A thorough strategy to enter the market is needed and a close review of marketability like whether the fragrances are suitable and functional ingredients need to be preceded.

There is a need to make the best use of our strengths than to follow multinational corporations with both powerful brand power and capitals and try to pioneer in niche markets and Southeast Asia. Efforts to enhance cosmetics industry competitiveness through continuous R&D and searching for ways to strengthen industrial competitiveness is needed. Lastly, strategic intensive investment in areas with comparative advantage, solving the difficulties of the company reasonably and actively·individually supporting its market entry is also needed.

| References |

1. Journals and Books

- Bae, H. K. (2017). "A Study on the Trade Intensity of Garments in Myanmar." *International Area Studies Review*. Vol. 21. No. 1, pp. 137-161.
- IIT (2019). "How to enter the ASEAN cosmetics market." *Trade Focus*. No. 43, pp. 4-8.
- Park, S. C. (1989). *A Comparative analysis of Patterns of Trade in Korea and ASEAN*. Seoul: Korea Institute for Economics & Technology Press.
- Yamazawa, I. (1970). "Intensity Analysis of World Trade Flow." *Hitotsubashi Journal of Economics*. Vol. 10. No. 2, pp. 15-30.

2. Others

- Indonesia Jakarta Kotra Business Centers (2021). "Status of Skin care Cosmetics in Indonesia." <https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do>. (accessed on June 5, 2020)
- Kotra (2018). "Global Cosmetics Industry White Paper III. Main Market, Global Market Report 18-032." <http://www.kotra.or.kr/index.do>. (accessed on April 4, 2020)
- Malaysia Kuala Lumpur Kotra Business Centers (2021). "Halal Guide ①The Hub of the Global Halal market, Malaysia." https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID. (accessed on June 5, 2020)
- Philippines Manila Kotra Business Centers (2021). "Philippine color cosmetics market trend." https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID=180&CONTENTS_NO. (accessed on June 5, 2020)
- Shin, Y. W. (2019). "Cosmetics industry analysis report." <http://www.khidi.or.kr/kps>. (accessed on April 4, 2020)
- Singapore Kotra Business Centers (2021). "Singapore Color Cosmetics Market trend." https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?MENU_ID=430&CONTENTS_NO. (accessed on June 5, 2020)
- Thailand Bangkok Kotra Business Centers (2021). "A Look at the Thai beauty market trend." <https://dream.kotra.or.kr/kotranews/cms/news/actionKotra>

BoardDetail.do?MENU_ID. (accessed on June 5, 2020)

The Manomet Current (2021). "Asean Organic Cosmetics Market: How CmiMarket Will Help You Get More Business - Coherent Market Insights." <http://manometcurrent.com/>. (accessed on April 1, 2019)

UN (2021). "UN Comtrade Database." <http://comtrade.un.org>. (accessed on December 4, 2021)

Vietnam Hochiminh Kotra Business Centers (2020). "Vietnam, Cosmetics market expected to grow in 2021." <https://dream.kotra.or.kr/kotranews/cms/news>. (accessed on June 5, 2020)

| 논문투고일 : 2022년 02월 08일 |

| 논문심사일 : 2022년 02월 15일 |

| 게재확정일 : 2022년 03월 04일 |

| 국문초록 |

한·ASEAN 화장품시장에 관한 연구

배홍균

(상지대학교 무역학과)

강신원

(순천대학교 소비자학과)

한·ASEAN 화장품시장은 수출확대가 높은 잠재력 높은 성장사업으로 부각되고 있으며, 중화권 수출비중이 높은 현 상황에서 시장다변화 측면에서 매우 유망한 지역으로 평가되고 있다. 이에, ASEAN시장의 성장과 함께 한국 화장품시장과 아세안 각국의 화장품시장의 현황을 살펴보고, 한·ASEAN 화장품의 품목별, 국가별 분석을 하고자 한다. 즉, 한·ASEAN 화장품시장에 있어 상호 경쟁력을 살펴보고, 주요 화장품 상품별 무역결합도를 분석해 향후 한·ASEAN 화장품산업의 현실을 직시한 경쟁력 있는 대안을 제시하고자 한다. 이에 한국은 ASEAN 화장품산업에 있어 ASEAN의 장점을 인식하고 한국이 ASEAN 화장품시장방안 대책을 통한 미래지향적인 한·ASEAN 화장품산업으로 발전하고자 한다. 또한, 이 논문은 한-아세안 화장품의 중요성을 인식하고 우리가 앞으로 나아가야 할 과제와 상대적 수출 집중도와 지속적인 화장품 시장 성장에 대한 정책적 시사점을 제시한다.

▪ 주제어: 화장품, 무역결합도, 화장품시장, 아세안, 한-아세안