

# **KOREAN MAKEUP PRODUCTS IN FINLAND**

Researching the demand for Korean makeup products in Finland



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The aim of this thesis is to research the demand for Korean makeup products in Finland. Korean skincare products have been trending for a long time in Finland, but the selection of Korean makeup is small and missing the popular and trendy products. With the Korean entertainment industry as well as Korean cuisine becoming very popular in the West, it is no wonder that other products such as makeup are becoming sought after as well.

The author used two different research methods: interviews, and surveys to determine if cosmetic users in Finland would be interested in purchasing Korean makeup products or is the popularity exclusive to skincare products. Interviews were conducted with beauty retail experts, and surveys were made online to the cosmetic users in Finland. This thesis also researched whether the popular makeup brands in South Korea; 3CE, Clio and Pony Effect would be the brands Finnish consumers are aware of and interested in. This thesis also focuses on the buying behavior process and decision making, while using the Blue Ocean Strategy.

By conducting the interviews and surveys, the author found out that there is a demand and interest for Korean makeup products, mostly among younger people. The majority of survey respondents that are regular cosmetics users, were interested in trying Korean makeup products, and that tells that the attitude towards the products is positive. Sales managers also think that there is a demand, but also that there are a lot of things to consider, including how to meet that demand, as importing the products is a challenge. It is difficult to predict what will happen in the future, whether the trend will die down and that is also something to consider.

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Tämä opinnäytetyö käsittelee korealaisen värikosmetiikan kysyntää Suomessa. Korealainen ihonhoitorutiini on ollut trendi maailmalla jo pitkään, ja löytänyt tiensä myös Suomeen jo muutama vuosi sitten. Erilaisia korealaisia ihonhoitotuotteita on Suomessa hyvin valikoimissa, mutta meikkituotteet puuttuvat melkein täysin, muutamia poikkeuksia lukuunottamatta. Tänä päivänä korealaiset sarjat, musiikki, elokuvat ja ruoka ovat nostaneet suosiotaan länsimaissa ja samalla myös muillekin korealaisille tuotteille on kysyntää. Opinnäytetyön tarkoitus on selvittää, onko korealaisille meikeille kysyntää Suomessa, vai onko viimeaikainen kauneustuotteiden suosio vain ihonhoitotuotteisiin sidottu.

Opinnäytetyössä on käytetty tutkimusmenetelminä haastatteluja ja verkkokyselyitä. Näillä on selvitetty sekä ammattilaisen näkökulmaa korealaisiin tuotteisiin, että normaalin kuluttajan asennetta korealaisia meikkituotteita kohtaan. Opinnäytetyön viitekehyksenä toimii kuluttajien ostokäyttäytyminen ja eri mallit, sillä nämä ovat tärkeitä osa-alueita kysynnän selvittämisessä.

Tutkimusten myötä selvisi, että Suomessa on kysyntää korealaisille meikkituotteille, erityisesti nuorena väestössä. Suurin osa kyselyihin vastaajista olisi myös valmiita kokeilemaan korealaisia meikkituotteita, joten asenne tuotteita kohtaan on positiivinen. Haasteena kuitenkin on maahantuonnin erilaiset ongelmat, tuotteiden saatavuus ja myös markkinointi suomalaisille kuluttajille.

Avainsanat kosmetiikka, Etelä-Korea, ostokäyttäytyminen

Sivut 36 sivua ja liitteet 3 sivua

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## 1 Introduction

The cosmetic industry is globally known as the “money-maker” industry. The global COVID-19 pandemic took a toll on the industry in 2020 as consumers need for beauty products decreased. That affected the global growth of the industry and in the end of the year it came to -8%. But being the dynamic and innovative industry that it is, it bounced back to +8% in 2021. (L’Oréal, 2022) The future of the market is also looking promising as the world is slowly getting back to normal.

The author herself has a degree in cosmetology and with a background in the cosmetic industry and by working in a beauty store, she has seen the beauty trends come and go. Korean cosmetics, however, have been one trend that people still are interested in, till this day. South Korea has been the source of innovation and new trends for a long time, and it became the fourth-largest export country for global cosmetics in 2020. (The Korea Economic Daily, 2021)

Amazed by this movement that the Korean cosmetics has created, the author also went to do her exchange studies for a year in Seoul, South Korea, to see what Korean cosmetics are about. The author tested the products herself and others and discussed with many Korean makeup consumers how they consume makeup and what brands would be considered good or bad. In Korea and especially in Seoul, cosmetic industry is enormous. Olive Young, which is the most popular cosmetic store franchise in Korea, exists literally in every corner of the city. In fact, there are 1265 stores all over South Korea. (Statista, 2022) A regular cosmetic user can find literally anything from face masks to body care to lipsticks in 5-minute walking distance. Finland does not have this kind of magnitude when it comes to the cosmetic stores, but there is potential for the Korean cosmetics to branch out to.

Countless times while working in the beauty store in Finland, the author has heard customers ask, “Do you have any Korean beauty products?” and the author has most likely had to respond with “unfortunately we do not have any” or point them to the small wall that has couple of brands from Korea, which are not the brands the potential customers have searched online or heard of.

As for the makeup style, Finnish and Korean makeup styles are not that different. While working at the cosmetic store and doing makeup on customers, the author has seen what Finnish makeup consumer usually looks for. It is usually lightweight, dewy formula for foundation. Natural, muted colours for eyeshadows and not too flashy colours for lipsticks, usually either the “my lips but better” type of colours that suit a lot of people, or reddish colours for party makeup. Some people like to put on a little bronzer or even contour their face, and occasionally there are trends that pop up from Instagram, such as different contouring techniques for example. As for the Korean makeup trends, they usually focus on enhancing the person’s natural features, such as making the skin glow and eyes stand out, contouring the cheeks and jawline and creating a natural flush on the cheeks with blusher. The style is very similar to Finnish makeup style, which could indicate that the Korean makeup products would be a good fit for the Finnish cosmetic market. Also, the knowledge of ingredients has increased among makeup users, both in Finland and Korea.

One aspect that is different with Finnish and Korean usage of makeup, is the different trends of application of the makeup. Koreans for example like to enhance the “aegyosal” which is the lid under the eye, with glitter or shimmery shadows, while Finnish people like to cover dark circles and rather smoke the undereye, than apply glitter to it. Also, eyebrows are done very differently, Koreans prefer a straight brow while Finnish makeup users like to have an arched brow. Contouring, which means making the face appear more sculpted and smaller, is also done differently, in the West people like to contour under the cheeks to give a structured look to the face, while in Korea it is more about making the face appear smaller and softer without any harsh lines. However, that would come to marketing how to relay the message of Korean makeup products so that the Finnish consumers would understand it and make the products their own.

Korean skincare brands are available in online stores, but Korean makeup products are basically non-existent in the Finnish beauty market. With this thesis, the author wants to conduct research and explore, if there is a demand for Korean makeup products in Finland, or is the craze that is still on, only about the skincare products. The research question goes as follows: “Is there a demand for Korean makeup products in Finland?” and that is what this thesis is going to find an answer to.

## **2 Theoretical framework**

The theoretical framework part can be divided into two parts: cosmetics in Finland and Korea and buying behaviour. The author also researched about the popularity of Korean culture and products in Finland, as well as potential competition for the Korean makeup in Finland. Consumer behaviour and buyer decision process were also introduced.

### **2.1 Finland and cosmetics**

Finland does not have the same history and fire for aesthetics that South Korea has, but the market for beauty products is significant. Finland and the history of cosmetics goes hand in hand with nature and natural ingredients, and Finnish people started to use cosmetics quite late compared to South Korea. In the beginning, people would go to nature and collect ingredients and make cosmetics like soap and lotions at home. The first Finnish cosmetic brand Pompadour came into the market in the beginning of 1930s. The most known Finnish cosmetic brand Lumene was established only in 1970. (Utrio, Nuotio, Heikkilä, 1995, 8-39)

Some correlation to Korean cosmetics in the domestic brands sector, we can see in the brand Lumene. Lumene is a lot like the Korean skincare brand Innisfree which is part of the conglomerate company Amore Pacific. Both Lumene and Innisfree have a vision to focus on clean products made with natural ingredients and less chemicals. Lumene however does not have their own stores around Finland like Innisfree does in South Korea. Lumene is only sold in selected beauty stores and markets in Finland.

### **2.2 Rise of Korean cosmetics**

South Korea and the history of beauty within the country goes way back. According to the curator of the The Coreana Cosmetics Museum, Korean makeup history began in the Three Kingdoms (57 B.C.-668) developing from there. Koreans in the past believed that a good appearance could have an effect on their inner self. Men and women both cared about how they looked, creating a unique culture in cosmetics. In the 1920s, Korean cosmetics hit a wall because the Japanese brands dominated the market. The cosmetics industry revived again after liberation from Japanese colonial rule and in 1961, when a law banning sales of foreign



products was implemented, the Korean cosmetics industry became truly modernized and it led to enormous growth in the industry. (The Korea Times, 2013)

Korean consumers are known to be demanding and this has created a hyperactive market where brands need to keep up with new trends and come up with new innovations. There is a rapid pace for product development and companies are creating new products with an affordable price. The Korean culture has hard standards to have a flawless skin, and that is what drives the industry to be better and better. (Yoon, 2015)

Skincare products were the ones that first hit the western market with a storm. International brands explored consumers fascination with South Korea's beauty products. L'Oréal launched Korean concepts (BB creams with Garnier and air-cushion foundation with Lancôme) while LVMH formed a partnership with AmorePacific to create new products using its air cushion technology for Christian Dior. Estée Lauder's investment in Have & Be Co. Ltd which is the owner of Korean brands DR Jart+ and Do The Right Thing, as well as La Prairie's and Chanel's launch of products such as essences and emulsions also told about the interest of conglomerates towards Korean cosmetics. (Euromonitor International, 2015)

As for Finland, Korean beauty products came to Finnish beauty market a couple of years ago when the Korean skincare was a big trend all over the world. According to cosmetic specialist Virve Fredman who wrote a book in Finnish about Korean skincare, it was the year 2017 when the Korean cosmetics trend made its way to Finland, and it became a trend to take care of one's skin rather than just try to cover the imperfections with makeup. (Yle, 2020)

### **2.3 Hallyu Wave**

Korean Hallyu (Korean wave) means the diffusion of items of popular culture, such as television programs, films, pop music, food and other items throughout Asia started from 2000's. Now, Korean culture is more popular than ever. From the Korean pop music called K-pop, to the films such as Parasite which won best picture in the Oscars in 2020, and tv-shows such as Squid Game which became the most watched Netflix show ever. The popularity of the Korean culture, "Hallyu wave" as the Koreans call it, is somewhat visible even in Finland. (Yle, 2021) Finnish radio channel YleX started their own 2-hour K-pop radio show in 2020,

which is on every Sunday with a popular Youtube personality Papananaama as the host, and it has been successful to this day. (Yle, 2020) Korean pop music group BTS's fans also made Finnish movie theatre chain Finnkino's website crash for the second time, when the group's online concert tickets went available to purchase on the site. (Finnkino, 2022)

K-pop as a phenomenon is part of the Hallyu Wave, and a crucial part of K-pop are different visual aspects such as fashion, makeup, and different hair colours. Women and men both wear makeup, their hair colours change very often, and fans of groups wait for the artist's comebacks to see what they look like this time and the looks are kept secret until the performance. K-pop artists are getting sponsorships from different Korean cosmetic brands and usually they make the products sell out fast. K-pop influences the consumption of makeup products too, because it is such a big factor in the industry and people that have an interest in K-pop will have an interest for the looks too, and the looks are usually created with Korean makeup products. (Nylon, 2018) According to research done by Young Seon Park, the Korean wave's contribution to the export of Korean cosmetics is evident in Asian countries. (Park, 2015)

## **2.4 Competition**

Finland and the revenue in the cosmetics segment amounts to US\$247.50m in 2022. (Statista, 2022) Finnish market for cosmetics is not that big compared to many other countries. As for makeup brands that are available in Finland, there is lot of variety. However, considering that K-beauty and especially the makeup products are usually very affordable, between 10-40 euros depending on the brand and product, the selection of similarly priced brands is smaller. Notable competitors would be Lumene for example. Lumene is a domestic brand which makes it a familiar choice for the consumer, which is probably the most dilemma to solve for the Korean makeup, since people are not that familiar with the products. Korean beauty products have overall a good reputation being very innovative and high quality, but the average makeup user that is not involved in the beauty industry, might find the products unfamiliar and foreign.

Other competitive brands would be natural and organic makeup brands such as Zuii or Madara since they are niche makeup brands too and similar in the sense that the brands

care what ingredients go to the products. Very commonly Korean beauty products and makeup products are also placed near the natural cosmetics section in beauty stores in Finland. As for similarly priced makeup products, there are L'Oréal owned brands such as Maybelline and L'Oréal cosmetics that could be seen as competitive brands.

## **2.5 K-beauty in Finland**

After the Korean skincare started becoming popular in the West, some products started to enter the Finnish market and online stores started popping up. Now, there is loads of skincare products to choose from, in stores and online stores. What is missing in the market, is makeup products. Online stores like Eleven.fi, Bearel.fi and Kokoskin.fi have some makeup products, but they are from the brands that are not popular in South Korea, which means Finnish market lacks the better alternatives that are better quality and popular.

Yeppo is the one K-beauty store that has stores in Helsinki and Turku, they have been very vocal on trying to get new makeup brands, but at least for now they are carrying the same ones that other online stores carry, which are for example BBIA cosmetics and a little selection of Etude House cosmetics. (Yeppo.fi) BBIA cosmetics the author has seen only in one store in Seoul while spending a year there and looking for the brand, and Etude House, while it might be popular among westerners because of the products' pretty packaging, is mainly only used by young adults in South Korea.

## **2.6 Korean makeup brands**

Most unique aspects of Korean makeup in general are the innovative products such as the cushion foundations and lip tints that many western brands have tried to copy. Cushion foundation refers to a foundation that is inside a cushion, they usually come with a refill and because of the cushion technology they tend to be feel way lighter on the skin, still providing good coverage. They come in every finish possible, from completely matte to dewy to satin and for every skin type. The cushion technology can also be seen in other products as well. Some brands have come with cushion blushes for example. They create a light flush on the cheeks without being powdery like a powder blush is.

Lip tints are also one invention from South Korea. Lip tints are lip products that tint the lips after application. This means that the lip colour will not smudge during the day, and it will stay put even if the person eats or drinks something. There are many different finishes available, but matte and glossy lip tints are the most common ones to be found in the market. South Korean brands usually have many lip tint formulas available inside one brand, but not that much the regular lipsticks or lip glosses the Western world is used to using.

Glitter eyelines and different pressed glitters used for eye makeup are also some products that can be found in many Korean brands selections. Compared to Western brands' alternatives, they are usually more softly pressed so that the glitter does not fall to your face after application, it stays put.

There are many makeup brands in the market in South Korea. This thesis focused on the ones that are most popular and easy to purchase in South Korea, meaning available everywhere in South Korea. These brands include Pony Effect, 3CE and CLIO.

### **2.6.1 Pony Effect**

Pony Effect is part of the MEMEbox brand in South Korea, which houses a lot of other makeup brands. What makes Pony Effect relevant to this thesis, is the fact that it was started by social media influencer Pony as a collaboration with MEMEbox in 2015. Park Hye Min, known as Pony, hit the scene in 2008, growing popularity with her makeup-related posts on Korean social media site "Cyworld" and gaining further following with her celebrity imitation makeup and daily looks on YouTube. Pony has currently almost 6 million subscribers on her Youtube channel Pony Syndrome. Her videos come with English subtitles, so she caters to the global audience too.

Pony also advertises other products on her channel, than her own, so the watcher gets information about other brands too. Pony Effect is a little more expensive than the other Korean makeup brands, but they offer high quality, and the brand is thoughtfully designed for artistic expression and individuality, providing transformations that are easy, even for everyday makeup. (Luxasia, 2022)

Pony Effect as a brand is a little bit different than other Korean makeup brands, instead of promoting the natural look, Pony Effect promotes artistry and edgy looks. Pony Effect can be found in all the Chicor stores in South Korea and also online. The Korean beauty store Yeppo in Finland also uses Pony and her Instagram presence in the store's advertisements, as she sometimes showcases products on her posts.

### **2.6.2 Stylenanda/3CE**

3CE is part of Stylenanda, K-beauty and fashion brand. It was established 2004 and the company started off as a 1<sup>st</sup> generation fashion store in South Korea and launched its own makeup brand 3CE in 2009. (L'Oréal, 2022) 3CE is known for its high-quality lip products, foundation, eye shadows, and the brand launches different makeup collections each season. Sometimes 3CE collaborates with different companies to make limited edition products, some of the companies include fashion house Maison Kitsune and The Walt Disney Company for example. Both collaborations did very well in South Korea and in the global market too. 3CE is now owned by the L'Oréal Group, as L'Oréal acquired the brand in 2018. (L'Oréal, 2022) It highlights the interest of the Western world for Korean makeup that such a conglomerate as L'Oréal bought Stylenanda. L'Oréal however has not made 3CE available in the West, they are focusing only to the Asian market the time this thesis is being written.

### **2.6.3 CLIO Cosmetics**

Clio corporation was founded in 1993 and is considered as one of the pioneers in the cosmetic industry in South Korea. The brand name Clio comes from the name of a Greek goddess, meaning "celebration" and it symbolises history and honour. Clio is home to brands like Clio Professional, Peripera and many more. They have stores called Club Clio all over South Korea where they sell all the Clio corporation's products. Clio Professional and Peripera both are popular brands in Korea. Clio in particular is known for their Kill Cover Cushion, and their eye makeup products, such as the Kill Black eyeliner which was the first "carbon black" eyeliner in Korea. Peripera is known for their many lip products and blushes. Both Clio and Peripera have major presence in the industry and lot of Korean celebrities are seen in their advertisements promoting the company (Clio Cosmetics, 2022)

## 2.7 Consumer behaviour

Consumer behaviour is important to understand, because it could predict how Finnish consumers would react to the Korean makeup products and how they could be marketed towards a potential customer. When researching if there is a demand for something, it is crucial to know how consumers make their purchasing decisions and what leads to them. There are many aspects that affect consumer behaviour and many different theories about them.

In South Korea, as previously mentioned, the beauty industry is heavily driven with celebrities and influencers driving the makeup consumption with advertisements and product deals. But when looking U.S consumers and cosmetic products, a study done by Ipsos found that consumers tend to take advice for product consumption from different sources. 50 % takes the advice either from friends, 49% from mothers, and 41% from other family members. In the U.S, people tend to be nowadays more influenced and trusting more in these aspects than the paid influencers and the traditional marketing. The concept of beauty is changing in the West, as growing demands for inclusive and realistic images is seen. These consumer's preference for brands that they've previously had experience with (55% would choose a trusted brand over a new brand) creates as a challenge for new market entrees, meaning that their products need to be either innovative or following the current trends. (Ipsos, 2019)

However, when looking at the younger consumer in the U.S, the study found that respondents ages 18 to 34, 47 % say they take their beauty cues from K-pop, like K-beauty products and J-beauty products. (Ipsos, 2019) This would be interpreted that the younger generation still looks up to the celebrities and influencers and is not that keen on the realistic imaging as the older generations are shifting towards to.

The COVID-19 pandemic also had an affect on consumer's buying behaviour. Prior to the pandemic, consumers purchased products through observing, touching, and smelling products offline. Following the pandemic, consumers purchasing behaviours have changed to referring to for example reviews and sample products. The pandemic made the online activities change into offline activities, because people had to stay home, which produced

the desires for various products in the consumers. To respond to the diverse needs by lowering the customer satisfaction with standardized products, companies have begun to introduce marketing methods which provide great customer care. With the increase in Internet shopping due to COVID-19, the degree of communication between companies and consumers has become more active. It can be seen that the markets are now changing and developing into a consumer-oriented environment. (Ma, Kwon, 2021)

Many factors affect buying behaviour, such as broad cultural and social influences, motivators, beliefs, and attitudes. Buyer decision process starts way before the purchase. (Kotler, Armstrong, 2018, p. 159) Cultural factors that influence buying behaviour are culture, subculture and social class. Social factors include groups and social networks, family and roles and status. Culture here is a big part of consumer behaviour, Korean beauty products come from a culture way different than the Finnish culture, and that could potentially have a negative image since they might be unfamiliar to the potential customer. On the other hand, for a consumer that is looking for something different and new, Korean makeup products could be just that.

Word-of-mouth influence is important to note; it is the impact of the words and recommendations of friends, family, and other consumers on buying behaviour. (Kotler, Armstrong, 2018, p. 159-163) With cosmetics, word-of-mouth, and online social networks such as blogs and social media sites play a big role in consumer behaviour. If the brand and its products is advertised in blogs and magazines, it is likely that consumers move towards that brand. As for Korean beauty products, there are blogs and Facebook groups that are for discussion and reviews for all the people that have an interest for the products. In addition, social media plays a significant part nowadays in makeup consumption. Especially for the younger generation, Instagram and Youtube, Tiktok even more for example are great ways to get information about the products since brands often share details about the products and new launches are always displayed in the social media sites. Influencers also do “swatching” videos, which means they will show the products on their skin to make the colour selection for the consumer much easier. These are especially helpful if the products are only available online and the consumer cannot test them on in the store.

A buyer's decisions also are influenced by personal characteristics such as the buyer's occupation, age and life stage, economic situation, lifestyle, and personality and self-concept. A person's buying choices are further influenced by four major psychological factors: motivation, perception, learning, and beliefs and attitudes. (Kotler, Armstrong, 2018, p. 164-173) For Korean makeup products, the style of the packaging of the products is usually very youthful and colourful, which could drive the older consumers away. Also, age plays a big factor in the consuming of Korean entertainment in Finland, most people that for example listen to K-pop tend to be younger. As for economic situation, many people would be able to buy the products since Korean makeup products are not considered to be high-end products so they will not have a high price tag and will be on the affordable side of makeup products.

Customers choose a product or service because it expresses their personality or social status, or to satisfy particular psychological needs. Personality traits connect with customer responses on sharing experiences and create an attitude about the organization. (Rajagopal, 2018, p.109) As for makeup, it has always been connected to our feelings and emotions about ourselves. Doing makeup has been seen as a mean to accomplish a degree of physical and social transformation, in order to assert greater control of one's life. (Rudd, 1997) Nowadays, it has become mainstream and for many it is a daily routine that people do in the morning.

According to Statista's consumer survey, the most important criteria for Finnish consumers when choosing cosmetics are a cheap price and the product's suitability for one's own skin type. (Statista, 2021) Korean makeup products are relatively affordable compared to high end brands. As for suitability for one's own skin type, this leans more to skincare, but makes sense with the makeup products too as for example foundations the person looking for a foundation needs to find their own shade. Korean makeup products have usually very limited shade ranges to their foundation, usually 3-4 different shades, hence to the fact that Koreans prefer their foundations to look a little lighter than darker, which can make the purchasing decision harder as western brands usually have 5-10 different shades. However, there are plenty of shades that are suitable for the fair skin tone that Finnish people tend to have.



## 2.8 Buyer decision process

The first step of buyer decision process is need recognition; the buyer realizes a need or a problem. The next step is information search; an interested consumer may or may not search for more information. (Kotler, Armstrong, 2018, p. 176) For cosmetics, the need is always external, since makeup products are not something that a human needs to survive. As for the information search, some customers might just buy for example a mascara when they need a new one without searching information about it, but others might first go online and compare the available options. Korean makeup products at the moment do not have many reviews in Finnish, since they are not in the market. Only reviews in Finnish a consumer might find could be from K-beauty related blogs, Instagram or Youtube channels, which could affect the consumer's buying decision.

Alternative evaluation comes next. It is the stage of the buyer decision process in which the consumer uses information to evaluate alternative brands. And finally, the purchase decision; the buyer's decision about which brand to purchase. (Kotler, Armstrong, 2018, p. 177) Post-purchase behaviour is the stage of the buyer decision process in which customers take further action after purchase, depending on their satisfaction or dissatisfaction. (Kotler, Armstrong, 2018, p. 177) This is the opportunity for Korean makeup, the quality of the products versus the price cannot be beaten and that is why the consumer would likely be satisfied. Even though the products might be unfamiliar to the Finnish consumer, there is no doubt that they will not win in quality against other similarly priced brands.

## 2.9 Entering a new market

As Korean cosmetics and especially makeup products, are somewhat represented, but not the brands this thesis is referring to, it is safe to say that they would be something new to the Finnish cosmetic market. As for entering the market and finding the potential consumer, the "blue ocean strategy" is something to consider here. Blue ocean strategy refers to a marketing theory created by professors W. Chan Kim and Renée Mauborgne. The book with the same name has sold over 4 million copies and is recognized as one of the most iconic and impactful strategy books ever written. According to the authors Kim and Mauborgne,

lasting success for a company comes not from fighting the competitors, but from making “blue oceans”—untapped new market spaces ripe for growth. Blue ocean strategy presents an approach to making competition irrelevant and shows the ways and tools any company or organization can use to find and create their own blue oceans. (Kim, Mauborgne, 2005, 3-10)

In the red oceans, the industries’ boundaries are defined and accepted, and the competitive rules of the game are known for everyone in the game. The companies try to do better than their rivals to get a greater share of existing demand. When the market space gets crowded, prospects for profits and growth are reduced. Blue ocean means the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is an opportunity for growth that is both profitable and fast. In blue oceans, competition is irrelevant because the rules of the game are not set yet. (Kim, Mauborgne, 2005, 3-10)

As for Korean makeup products in the Finnish market, they would be considered a blue ocean, since they are something new and different to the cosmetic market in Finland. They do not have much competition from other Korean makeup brands since there are only a couple available in Finland and those brands do not have for example the good cushion foundations. Also, the rules of the game are not set, meaning for example the prices of the products, since the Korean makeup products that the author is mentioning in this thesis are not available to purchase in Finland currently, only some foreign online stores might carry these products and the postal costs are enormous compared to be able to purchase the products directly from a store in Finland.

### **3 Methodology**

This part will showcase the different research methods used in this thesis. The author will use both qualitative and quantitative research methods. These include two semi-structured interviews and a survey strategy using a survey.

### **3.1 Research question**

The research question that this thesis is going to answer is “Is there a demand for Korean makeup products in Finland?” As mentioned before, there are not many Korean makeup brands available in Finland, even though for Korean skincare brands there are loads to choose from. This thesis will figure out if Finnish consumers would be interested to purchase Korean makeup products or not and will it be beneficial for the Korean makeup brands to enter the Finnish market.

With the Korean Hallyu taking over the western world with music, tv and films, people are getting more interested in Korean products in general and Korean beauty industry evolving, who knows when the next new trend will be the Korean makeup looks. Also, with the makeup style being similar in both countries, the products would not feel too foreign in that sense since the colours are very muted and neutral in the products in the brands mentioned. The focus is on the natural makeup style, but with quality products and room to play with different looks and to be creative. As for lasting power of the products on the skin too, they are perfect for the challenging Finnish weather since a lot of Korean makeup tends to be either longwearing or completely waterproof, since South Korea’s weather can get very humid especially in the summertime.

### **3.2 Qualitative research**

Qualitative data means non-numeric data or data that have not been quantified and can be a product of all research strategies. It can be everything from short list of responses to open-ended questions in an online questionnaire to more complex data such as transcripts of in-depth interviews. (Saunders, Lewis, Thornhill, 2009, 408) For qualitative research the author conducted two interviews. First one being the interview with Sokos beauty department/ Emotion Pirkanmaa sales manager. Sokos is a department store in Tampere that carries lot of beauty products, Emotion stores are beauty stores around Pirkanmaa. (Sokos, 2022) Second interview was with K-beauty store Yeppo & Soonsoo owner. Yeppo & Soonsoo is the name of the store and online shop of the company Baestyle Oy that is a domestic Korean

cosmetic import and retail company founded in 2018. (Yeppo, 2022) The interviewees will provide expertise on the matter and shed a light on the companies' point of view. Sokos sales manager will have a lot of insight on this matter, since both Sokos Tampere and Emotion stores in Pirkanmaa carry Korean skincare products among others and the sales manager is also responsible which brands are carried in the stores. As for Yeppo, they will have expertise on especially K-beauty products and importing the products to Finland. Questions are about Korean cosmetics and how do they perceive the demand and future of Korean makeup products in Finland. Also figuring out what Korean cosmetic brands are sold in the stores and are they planning on taking any new ones in the store is crucial information.

### **3.3 Quantitative research**

Qualitative research as the only research method would not be enough to figure out if there is a demand, because the interviewees will be experts in the beauty business when the research would also need a regular cosmetic user's insight on the matter. To get the regular cosmetic user's insight, performing quantitative research is useful because it is usually used to get the data from a larger group of people. Quantitative data means data that can be a product of all research strategies. It can range from simple counts such as the frequency of occurrences to more complex data such as test scores or prices. To get use of this data it needs to be analysed and interpreted. (Saunders, Lewis, Thornhill, 2009, 414) The quantitative research the author does is a survey for Facebook groups called K-beauty Suomi and Naistenhuone.

K-beauty Suomi group has currently 6,300 people that are interested in Korean skincare and makeup products, so it is to be expected that they have some knowledge on the topic the survey is about. Naistenhuone group is way bigger, with over 175,000 members. The group is for all Finnish women to join and talk about anything they like. These groups will provide an understanding of how much Finnish cosmetic users know about Korean makeup products and is there an interest for the products, and would they be willing to purchase them.

### 3.4 Interviews

The author did a semi-structured interview K-beauty store Yeppo & Soonsoo owner. Semi structured interview means an interview that provides informants with the freedom to respond in how they like. Flow of the interview however is more controlled than completely unstructured interview, to get certain information. (Walle, A. 2015,) Semi-structured interviews provide the interviewer with the opportunity to change the flow of the interview to get the answers to questions they want to be explained or build on more. This will add significance to the data that will be obtained. These interviews afford the interviewee an opportunity to hear themselves 'thinking aloud' about things they may not have previously thought about. This gives the interviewer the chance to collect a rich and detailed set of data. (Saunders, Lewis, Thornhill, 2009, 324) The author conducted the interview with Sokos & Emotion Store manager via email due to unforeseeable circumstances.

Semi-structured interviews are the most effective interview type for this research to get information, since they are structured enough with the right type of questions to stay in the topic, but also give the participants freedom to answer how they want, and the for the author to get additional information and data if it comes up during the conversation. Also, the author has the ability to change or add questions during the interview if it is needed. For conducting a semi-structured interview, one must have some specialized knowledge, which the author has from having the degree in cosmetology, working in the beauty industry and living in South Korea for a year and seeing and trying the makeup products on herself and also others.

The interviews were conducted via Teams platform and email. Interview via Teams app was about 30 minutes long and it was audio-recorded for gathering all the data for later use in the research process and for ultimately analysing the data given in these interviews. The author also took notes during the interview.

### **3.4.1 Questions for interview**

Questions for the interviews the author planned so that the questions would shed a light on the topic and would give crucial information considering the research question. The questions were formulated in a way that they would help find the blue ocean in the Finnish cosmetic market, since Korean makeup products are still quite new in Finland. Both interviewees have similar backgrounds, they have expertise on the beauty field, only the Yeppo & Soonsoo owner is expected to be a little bit more informed in the Korean cosmetics because the store is all about Korean skincare and makeup, and Sokos and Emotion stores carry everything else too and Korean cosmetics are just a little portion of the stores' selection. This will help understand the average Finnish cosmetics store's opinion about the market for Korean makeup, but also it is useful to interview someone that has information about the importing the Korean cosmetics as a whole business too. Only the second question the author did not ask the K-beauty store owner since it would not make sense because it is a store for Korean cosmetics only. The interview questions can be found in the appendix of this thesis.

After conducting the interviews, the author collected the data from audio recordings and notes and the emails. There are three types of processes to analyse qualitative data. These include summarizing, categorisation, and structuring. These processes can be used on their own, or in combination to support the interpretation of the data. (Saunders, Lewis, Thornhill, 2009, 490) The author used summarizing as the analyzation process of the data collected from the interviews.

### **3.5 Survey strategy**

The author conducted a survey strategy. Survey strategy allows to collect quantitative data which then can be analysed quantitatively. In addition, the data collected using a survey strategy can be used to suggest possible reasons for relationships between variables and to produce models of these relationships. (Saunders, Lewis, Thornhill, 2009, 362) Online survey is one way of using the survey strategy and that is what is going to be used in this thesis. Because each respondent is asked to respond to the same questions, it provides a sufficient

way of collecting responses from a large sample prior to quantitative analysis. These surveys are administered electronically using the Internet. The author used the two Facebook groups to administer the surveys to the respondents, which are the members in the Facebook groups. The surveys were conducted in Finnish language since the Facebook groups are using Finnish language and because the surveys are aimed for Finnish consumers.

When making a survey, one needs to consider the type and wording of individual questions rather than the order in which they will appear on the form. Clear wording of questions using terms that are likely to be familiar to, and understood by, respondents can improve the validity of the survey. As for questions in the surveys, most usually include a combination of open and closed questions.

Open questions, sometimes referred to as open-ended questions, allow the respondents to give answers in their own words. Closed questions, sometimes referred to as closed-ended questions or forced-choice question, provide a number of answers from which the respondent is to choose. Closed questions are usually quicker and easier to answer, as they do not require much writing. The responses are also easier to compare as they have been predetermined. (Saunders, Lewis, Thornhill, 2009, 374-375) The author used closed-ended questions in the surveys, to get a proper indication whether there would be a demand for the Korean cosmetics in Finland and to find out which Korean makeup brands would already be familiar to the average makeup consumer, if any. Close-ended questions were chosen to make it easier and more appealing to the respondents to answer as it does not take much time and effort, and it is going to be more efficient for the author to analyse the data later.

### **3.5.1 Survey**

In this part the survey questions are going to be introduced, and how they were made and how they will be useful to the research and how to gather the data from the respondents. The author used Google Forms as the platform to conduct the surveys as it is free and easy to use.

Questions for the surveys are yes/no and numeral answer questions, to make the survey simple to answer and analysing of the data easier. The surveys were put into two Facebook

groups, K-beauty Suomi, which is a group consisting of people that are interested in Korean skincare and cosmetics and it has roughly 6000 members. This group was chosen because the people that have joined the group know already about the Korean products. The other Facebook group is Naistenhuone, which is a group for Finnish women, consisting of over 175000 women. These two groups represent different kinds of consumers, ones that are interested and informed about the Korean skincare and makeup products, and ones that might not know anything about them. It is beneficial to compare the answers of the surveys of these both groups, to see if Korean makeup products would have a market outside the consumers that already have knowledge about them.

Quantitative data can be divided into two distinct groups: categorical and numerical. Categorical data refer to data in which the values cannot be measured numerically but can be either classified into different sets meaning categories according to the characteristics that describe the variable or placed in rank order. (Saunders, Lewis, Thornhill, 2009, 417) This thesis only has quantitative data, and the author uses Google Forms to analyse it.

## **4 Results**

In this chapter, the author introduces the research outcomes of both the interviews and the surveys. Both are also analysed here.

### **4.1 First interview**

The first interview was conducted with the owner of the store Yeppo & Soonsoo. Interview was conducted via Microsoft Teams call. Yeppo & Soonsoo owner has established the company Baestyle Oy and has been the owner for 3 years now. She has been travelling to Korea for both business and pleasure many times and is very familiar with the culture.

From the second question, it was very clear that a makeup brand was the most popular brand that consumers bought.



*“Most popular brand in our stores is definitely BBIA, which is a makeup brand we import, and their Never Die Mascara. Other popular brand is the skincare brand Round Lab that we got this summer to our selection.”*

The demand for Korean cosmetic products seemed to be changed in the few years in her opinion:

*“Korean skincare products became popular in 2016, and now because of the entertainment industry, Squid Game and lots of other tv-shows, and the app Tiktok, I feel like there’s new trends coming up all the time. Also customers know a lot what is trending in South Korea, and not just what is popular in Finland. It’s not all about the weird and new products anymore that become trends for a second, it is more about the classic Korean beauty products that are now and have been a long time highly popular in South Korea.”*

As for the three brands, 3CE, CLIO and Pony Effect that are the focus brands of this thesis, she knew well:

*“Yes, I know all of them. CLIO is one of the most popular makeup brands in South Korea and it is a big company, we have Peripera products from them available in our stores and online shops that are also under CLIO. At this moment, CLIO is not planning on taking their products into the European market, they have big sales demands that Europe cannot meet yet in their opinion. But yes, we get questions from customers for all the three brands; 3CE is the most asked one, CLIO might be close second..., Pony Effect has been asked a couple of times, probably because there is not a lot of different products available, and Pony as the face of the brand is the point, if you are a fan you might purchase because of that.”*

At this point the author wanted to know if the interviewee knew anything about L’Oréal owning 3CE nowadays, if there would be possibilities of L’Oréal expanding the market to Europe.

*“We have contacted L’Oréal many times, but I would say they still have troubles controlling the brand in European market. Also the fact that with makeup products, there is a lot of safety procedures to go through with the products to*

*get them approved, also the marketing has to be done from scratch. It is a big brand among K-beauty lovers of course, but when a new brand comes to Europe they have to start completely from scratch. That is why I think L'Oréal has not made a decision to expand for now."*

There were a lot of reasons why she thought consumers choose Korean products, but mainly the quality of the products is why people fall in love with both the skincare and makeup products.

*"With makeup products, there is always more paler shades that people look for, they look for lipsticks that suit their skin-color, peachy and coral shades, glitters, because Koreans make great glitters, they want cute makeup products. Also, the quality-price ratio is amazing, with skincare Tiktok app has been a huge promoter, also Youtube, especially with sunscreens. Also I would say exotic products, people do not go for the products that they can get of the supermarket shelf, they want something more special."*

When asked about the future of Korean beauty products in the Finnish cosmetic market, she was very optimistic:

*"When looking at Korean beauty products, they probably already sell as much as Finnish domestic beauty products, because we have many companies here that sell the products and great variety of different products and brands. I do not know whether it will become more popular, or what it would need to become more popular, but I think it would need more stores. But it is already very successful in the market, Korean products are written about, they are talked about a lot, beauty influencers are very interested and use they products a lot in their routines."*

At this point the author asked is it hard to market and sell the products to Finnish consumers, since potential customers might have prejudices about the products, as she has experienced being a beauty advisor in a beauty store.

*"Nowadays, some people might ask are these products safe, have they been tested in Europe, but we do not take it personally, it is an opportunity for us to educate on the K-beauty products. People that are at all interested in beauty,*

*have already found Korean cosmetics and for them it is very easy to tell the differences between these products and others and what makes these better.”*

## 4.2 Second interview

The second interview was conducted with the Sales Manager of Sokos & Emotion stores of Pirkanmaa. The interview was meant to be conducted in Zoom but ended up being conducted via email due to unforeseeable circumstances.

First the interviewee introduced themselves and told that her position in the company S-group is a sales manager at the Sokos Tampere beauty department and also Emotion stores in Pirkanmaa, and also is responsible also for marketing and developing customer service in those areas.

Second question gave light to whether the S-group is interested of taking on more Korean products and they are planning to.

*“We are researching the possibilities of finding new Korean makeup products for our selection. The market for the products is still small in Finland and it takes time to find the right importing companies and partners.”*

In her opinion,

*“The demand for Korean skincare and makeup products is still steady, but maybe a little bit going down now”,* and out of the three Korean makeup brands mentioned she knows only Pony Effect.

When asked why she thinks consumers choose Korean beauty products over other products, it was very clear that the skincare is still the driving force of the interest:

*“Perfect skin and taking good care of it, the high quality of the products. Newest innovations and development of products. Also, aesthetically pleasing packaging is something that attracts consumers.”*

She thinks that there is room for the Korean products in the Finnish market in the future:

*“There is definitely room for them, but time will tell how big the market for the products gets.”*

### 4.3 Analysis

From these both interviews it can be said that both participants think there is a demand for the Korean products in the Finnish market. The owner of the Korean beauty store had a more optimistic view of the Korean products, than the sales manager of Sokos Tampere, but it of course affects the opinion that the owner has only Korean products to offer, while Sokos has a bigger and wider selection of different brands and products. As for makeup, it came up that the most sold item in Yeppo & Soonsoo is actually a mascara, which is a makeup product and not a skincare product. This says a lot, Korean beauty products first came popular with the skincare, but nowadays people have found the makeup products as well.

As for the brand discussed in this thesis, it was to be expected that the Yeppo & Soonsoo owner would know all of the brands, as she travels to Korea a lot and is very informed about the trends there, but surprising was that even the Sokos sales manager knew Pony Effect out of the three. This could be interpreted that even though Yeppo & Soonsoo owner said it is the least asked about out of the three, that people might still know it better than the other brands. Sokos sales manager did not have a comment on whether consumers ask for the brands' products, but Yeppo & Soonsoo owner said they get a lot of inquiries about them. This can be interpreted that people that are generally interested about Korean makeup products, also know these popular brands too and know to ask for them. As for importing to Europe, from the interview with Yeppo & Soonsoo it became clear that at least at the moment, L'Oréal is not planning on taking the 3CE brand into Europe. It is a step for the company to go through all of the regulations and safety manners in Europe. Also Clio thinks Europe does not have enough selling power at the moment. This makes the possibility of importing of these brands to Finland smaller. As for Pony Effect, their attitude towards expanding to Europe did not come up in the interview.

Overall, from the interviews it can be seen that there is definitely an interest for both the companies and consumers to widen their selection of Korean makeup products, importing and getting the right partners seems to be the problem for both of the companies. Both feel like there is a demand for the beauty products, it has changed over the years, but it is unclear how it will change in the future. Of course, the COVID-19 virus also still affects the possibilities of companies expanding to European markets too and that is to be considered here.

#### 4.4 Survey responses

In this part the responses of the surveys are revealed and later analysed. The surveys gathered enough responses to make some conclusions about the interest for the Korean makeup products in the groups.

##### 4.4.1 Naistenuone Facebook group results

The survey gathered 97 responses from the group. Age of the respondents was divided as such:

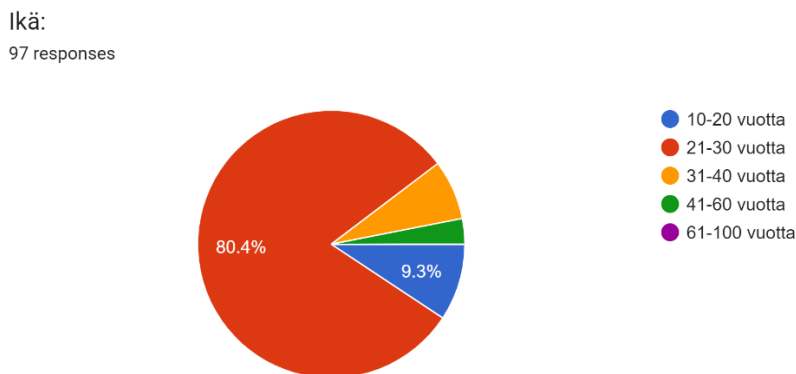


Figure 1. Ages of the respondents

80,4% of the respondents were 21-30 years old.

9,3% 10-20 years old.

7,2% 31-40 years old and the rest 3,1% 41-60.

Käytätkö korealaisia meikkituotteita?

97 responses

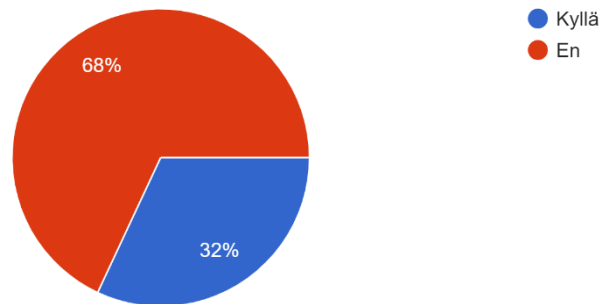


Figure 2. Usage of Korean makeup products

68% of the respondents did not use Korean makeup products, and 32% did.

Jos et, olisitko kiinnostunut kokeilemaan korealaisia meikkituotteita?

76 responses

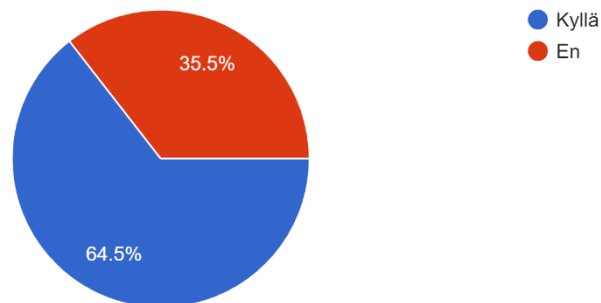


Figure 3. Interest in trying Korean makeup products

64,5% of the respondents would be interested to try Korean makeup products.

22 responses

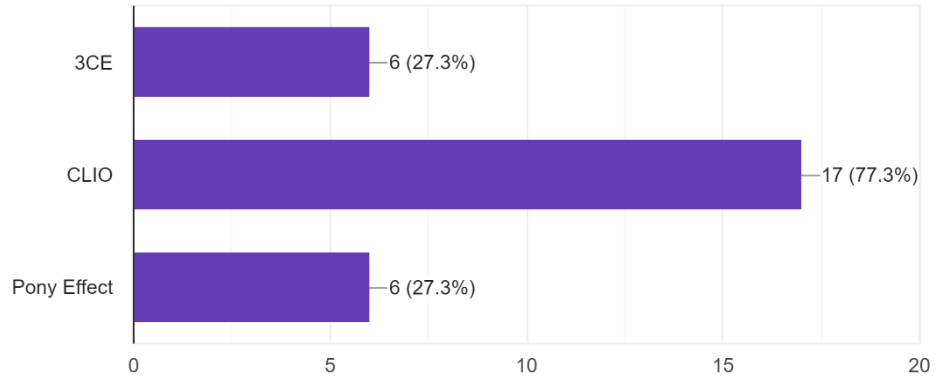


Figure 4. Korean makeup brand knowledge.

Only 22 respondents knew any of the Korean makeup brands mentioned.

Vaikuttaako mielestäsi korealaisen viihdekulttuurin suosio (K-pop, tv-sarjat ja elokuvat) kosmetiikan ostopäätöksiisi?

96 responses

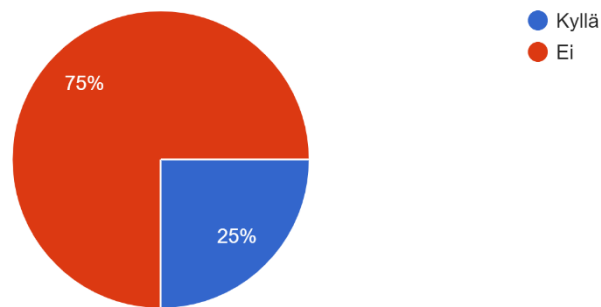


Figure 5. Purchasing behaviour

75% said the rise of Korean entertainment did not affect their purchasing behaviour of cosmetic products.

Ostatko kosmetiikkaa pääosin verkkokaupoista vai kivijalkamyymälöistä?

96 responses

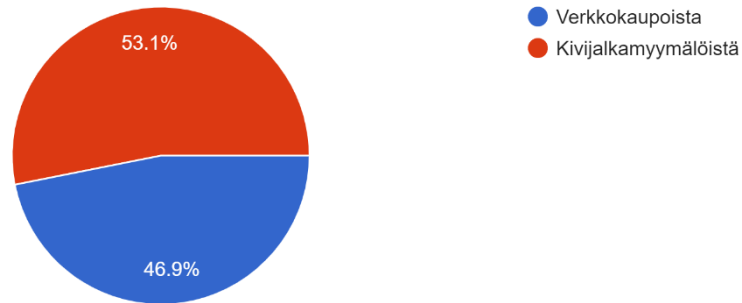


Figure 6. Online shopping or in stores

Last question was very 50/50, 53,1% said they buy their makeup products mainly from stores, and 46,9% said from online shops.

#### 4.4.2 K-beauty Suomi Facebook group results

The survey gathered 136 responses from the group. Age of the respondents was divided as such:

Ikä:

136 responses

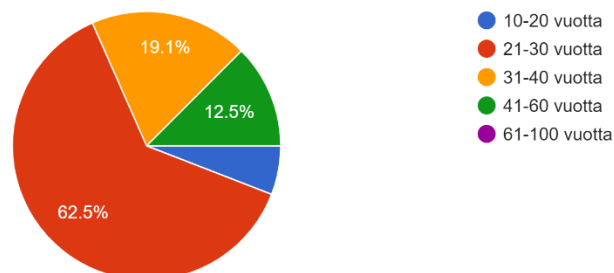


Figure 7. Ages of the respondents

62,5 % of the respondents were 21-30 years old.

19,1% were 31-40 years old.

12,5% were 41-60 years old and the rest 5,9% were 10-20 years old.



### Käytätkö korealaisia meikkituotteita?

136 responses

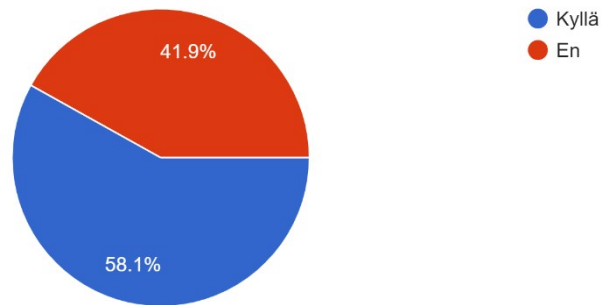


Figure 8. Usage of Korean makeup products

58,1% of the respondents said they use Korean makeup products.

### Jos et, olisitko kiinnostunut kokeilemaan korealaisia meikkituotteita?

76 responses

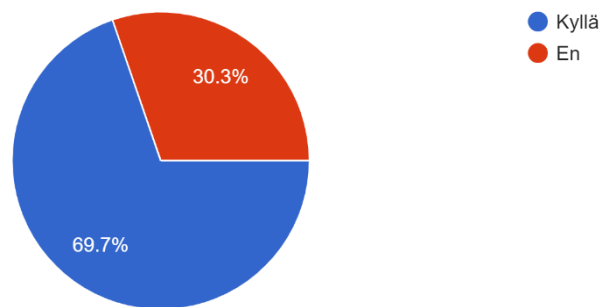


Figure 9. Interest of trying Korean makeup products

69,7% of the respondents said they would be interested to try Korean makeup products.

66 responses

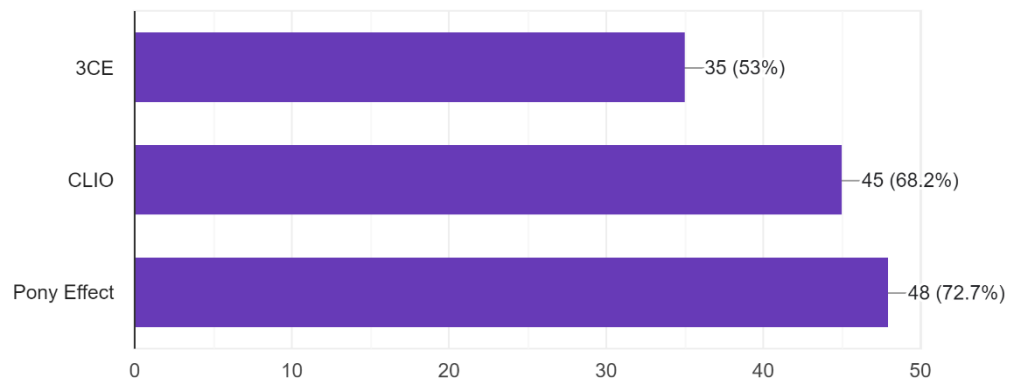


Figure 10. Korean makeup brand knowledge

66 respondents knew either one or more of the mentioned Korean makeup brands.

Vaikuttaako mielestäsi korealaisen viihdekulttuurin suosio (K-pop, tv-sarjat ja elokuvat) kosmetiikan ostopäätöksiisi?  
136 responses

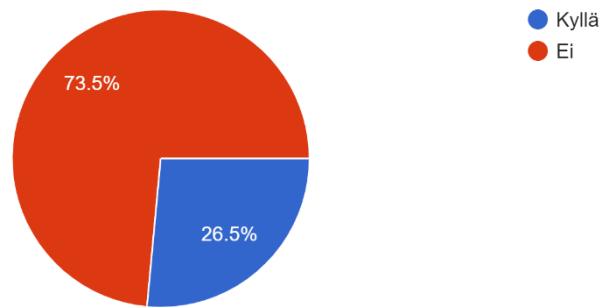


Figure 11. Purchasing behaviour

73,5% said the rise of Korean entertainment did not affect their purchasing behaviour of cosmetic products.

Ostatko kosmetiikkaa pääosin verkkokaupoista vai kivijalkamyymälöistä?  
134 responses

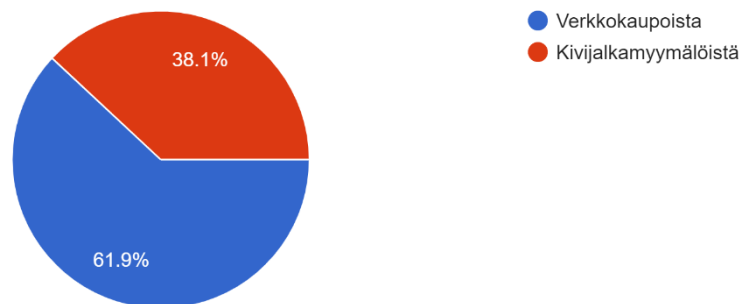


Figure 12. Online shopping or in stores

61,9% of the respondents said they mainly buy makeup products from online shops, and 38,1% said from stores.

## 4.5 Analysis

Both groups gathered suitable number of responses to be able to make conclusions of what is the interest like for Korean cosmetics products in the groups. K-beauty Suomi group gathered more responses, it was to be expected since the group is for the people that already have an interest for Korean cosmetic products, but the other group also gathered more responses than the author expected.

The usage of Korean makeup products among the respondents of the groups was very different. In the K-beauty group over half of the respondents used Korean makeup products, while in the Naistenhuone-group, the number was only 32%. This highlights that the people that are already interested about Korean beauty products, are more likely to use the makeup products as well, compared to the average cosmetic users that are in the Naistenhuone group.

In both groups, the interest of trying Korean makeup products was almost the same, differing only by 5%. Out of both groups' respondents a large number would be willing to try Korean makeup products, which is a good sign that also an average cosmetic user would be willing to try, it tells that the attitude towards the makeup products and Korean products in general is more positive than negative.

As to be expected, more people in the K-beauty group knew about the different makeup brands, as they are more informed about Korean products in general. But, out of the 97 respondents in the Naistenhuone group, 22 of them knew one or more brands, which means that among the average cosmetic users there is still knowledge and interest to some extent.

About whether the rise of Korean entertainment and trends affect the buying process, both groups' respondents answered similarly, and from this it can be seen that only about 1 in 4 people answered yes. But that is quite a large number in the Naistenhuone group, considering that in that group there are not people that are specifically interested in the Korean products. However, in both groups the respondents were younger, the answer might be different if the survey was made for older group of people, since the trends and Korean entertainment has become popular among young people.

As for the last question that highlights the popularity of online shops vs. walk-in stores, in K-beauty group online shopping was more popular, while Naistenhuone answered almost half and half. This is likely because many Korean beauty products are only available to purchase online, so therefore in the K-beauty group the respondents do more online shopping compared to the other group's respondents.

Limits of these surveys are that while 100 responses from both groups is a good amount, it cannot determine the whole population's opinions. Also, Naistenhuone group had only women respondents since the group only allows women to join, the results might be different when the group would have men as well.

## **5 Recommendations**

The purpose for this thesis is to research whether there is a demand for the Korean makeup products in Finland. In this part, the author introduces the recommendations based on the research and the results that were found while conducting the work, to someone that is considering doing business with the Korean makeup products in Finland.

Based on the research, there are many things to consider. With the interviews, it was found that there is indeed a demand for the products. According to the Yeppo & Soonsoo owner, their most popular brand is the makeup brand BBIA, and their most sold product is a mascara, which is a clear indication that the makeup products are popular, not just the skincare. That means there is room for competition and more alternative brands and products. Sokos manager also told that they are researching to widen their selection of Korean beauty products and being one of the most important players in the beauty retail in Finland, that indicates that they too have seen the demand for the products.

As for the surveys, the author wanted to compare whether the interest for the products would be only in the already K-beauty fan group, or with the regular cosmetic users as well. It is clear that the K-beauty group respondents were more informed about the products, but the Naistenhuone survey showed that the regular cosmetic users would be willing to try the

Korean makeup products, and some of the respondents even knew of the brands mentioned. The interest is not only within the people that already have knowledge, but a regular cosmetic user could also be interested too.

When looking at the macro environment for the cosmetic business, the future is looking great. The world has just managed out of the Covid-19 pandemic, and now people can start to live their lives normally again. During Covid, usage of makeup decreased and buying skincare increased, because people started to pamper themselves with skincare products instead of doing makeup, since it was a time people were stuck at home. But now, that the crisis is over, there is an enthusiasm to go out again and socialize, which means people start to care for their looks again more. After all, makeup is a factor in many peoples' social life. Even though the world is fighting the aftermath of Covid, there are opportunities for the cosmetic companies to meet the consumers' enthusiasm.

The author has also seen the shift in Finnish cosmetic users while working in the industry, people are more informed about the ingredients than before. This goes hand in hand with the Korean makeup products; the Korean consumers are very informed and particular about what they want on their skin, and the companies must meet these standards, so the products are usually made of very high-quality ingredients. This suits the mindset of an informed Finnish consumer as well.

These aspects show that there is an opportunity for the one that has an interest to widen the selection of Korean makeup products in Finland. However, there are some challenges to think about. One challenge of course is the language barrier. Yeppo & Soonsoo owner speaks Korean, and that must be one of the important reasons why the company is succeeding, and why they have products other companies do not. They get the information in Korean about the new trends and products first, before it comes anywhere to the Western market in English. One needs to start to make connections into Korea to get informed and work on how to solve the language barrier.

Finland is a small market compared to other countries in Europe. Companies might be hesitating to expand here because of that. Even the giant L'Oréal has not made the decision

to bring 3CE products to Europe yet. The products (even though 3CE is one of the most popular Korean brands) are foreign to a lot of people, so the marketing is a challenge.

Also, there are the barriers with the EU legislation for cosmetics, the products need to be tested to get them approved. One that is interested in importing cosmetics from outside Europe, needs to be aware of all the different safety procedures, and if the products do not pass the EU standards, then they cannot enter the market. Many companies could be hesitant to go through that process, without having knowledge of the potential profit, since Korean makeup is very new in the Finnish market. In conclusion, there is a demand for the products, but the challenges are something to consider before starting a business within the industry.

## **6 Conclusion**

This research aimed to find if there is a demand for the Korean makeup products in the Finnish cosmetic market. With the qualitative and quantitative research methods, interviews and surveys, the author was able to find that there is a demand for the products in Finland. People have an interest in trying the products, and in the Korean beauty store, a makeup brand rose to number one in popularity, rather than a skincare brand.

Finnish cosmetic market already had a good selection of Korean skincare products, but the makeup products were missing. The author wanted to conduct a research whether the hype that started from the trendy long skincare routines back in the day, would extend to the makeup products too. It was also crucial to find out, whether the popularity of Korean products was only within the people that already were K-beauty fans, or would a regular cosmetic user have an interest too. By conducting the research, the author found out that there is an interest within the regular users too. While the number of respondents is suitable for this thesis, it cannot determine the opinions of all the cosmetic users in Finland, but it gave enough indication that people are interest in the products, since some of the respondents were aware of the Korean makeup brands too.

Future research is needed to determine whether it would be possible for the makeup products to enter the Finnish market. There are many factors to consider, including doing

business with people from a different culture, language barriers, EU regulations for cosmetics, marketing, and whether to offer products in store or online. Future research should determine the customer segment too and do a possibilities and threats analysis for importing the products to Finland.

Consumer behaviour is affected by many aspects and one of them is trends. Trends are what drive the cosmetic market, and sometimes a new product or products come to the market, they go viral on the Internet, sell out from most places, and then after a few months, the hype is over, and nobody remembers the products anymore. The author has seen this happen many times, but Korean beauty has maintained itself from being a one hit wonder in the West and continues to grow. The blue ocean is the makeup products and by doing a bit more research, one can hopefully give the Finnish consumers the beauty of Korean makeup products.

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**Appendix 1: Interview questions for Sales Manager of Sokos & Emotion Pirkanmaa**

1. Can you describe who you are and what you do?
2. Does S-group have any plans to widen their selection of Korean makeup products?
3. How do you see the demand of Korean cosmetic nowadays?
4. Have you heard of the brands 3CE, Pony Effect or Clio?
5. What aspects do you think affect the choosing of Korean beauty products? Why Korean products?
6. How do you think Korean cosmetics are going to affect the cosmetic market in Finland and do you think Korean cosmetics will succeed in the market in the future?

**Appendix 2: Interview questions for the owner of Yeppo & Soonsoo/Baestyle Oy**

1. Can you describe who you are and what you do?
2. Which products and brands are the most popular in your company?
3. How do you see the demand of Korean cosmetics nowadays?
4. Do you know the brands 3CE, Clio or Pony Effect? Have you had any inquiries about these brands from customers?
5. What aspects do you think affect the choosing of Korean beauty products? Why Korean products?
6. How do you think Korean cosmetics are going to affect the cosmetic market in Finland and do you think Korean cosmetics will succeed in the market in the future?

**Appendix 3: Survey for K-Bauty Suomi and Naistenhuone groups on Facebook**

Age :

10-20 years

21-30 years

31-40 years

41-60 years

61-100 years

Do you use Korean makeup products?

Yes

No

If not, would you be interested of trying Korean makeup products?

Yes

No

Do you know any of the following brands: 3CE, CLIO or Pony Effect?

3CE

CLIO

Pony Effect

Does the rise of Korean entertainment (K-pop, tv-shows and movies) affect your buying behaviour of cosmetics?

Yes

No

Do you purchase your makeup products in stores or from online shops?

Stores

Online shops