

SE Entrepreneurs
 HD **The world's biggest men's skincare market might not be where you think**
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Did you know that South Korea is the world's biggest men's skincare market?

Or that the Asia-Pacific region accounts for 60 per cent of the men's skincare market, a rapidly growing part of the \$US33 **billion** male grooming industry?

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These are facts that have not escaped the attention of the Australian founders of Liquid Skin Care, Anthony McDonough and Chris Glebatsas.

"When we started to think about which markets we wanted to play in, we weren't in a hurry to get into the Australian market because it's a very crowded market and there are only really two potential retailers, David Jones and Myer, and having spent most of my life in retail I know that's not the way to make money," McDonough says.

"We looked at where the biggest men's skincare market is and a lot of people don't realise but Asia is actually 60 per cent of the men's skincare market and South Korea is actually the biggest men's skincare market in the world, so we decided to focus on Asia."

The co-founders spent two years developing the Lqd product range and then launched the product online in Australia in 2012 to test the market, with growth coming through word of mouth and social media. McDonough says the experience with online retail in Australia showed that people prefer to try a new product in store, and Lqd is competing with brands like Clinique, Clarins and Dermalogica that all have retail distribution.

Now the **company** is set to make a serious push into Asia, after securing a distribution deal with SG Cosmetics to chase a premium retail strategy.

Through that partnership, Singapore-based Luxola, the largest online skincare and cosmetics retailer in South East Asia, is already selling the complete product range. Harvey Nichols is set to stock it in four stores in **Hong Kong** from next month. Further deals are in the pipeline with Lane Crawford and Joyce in **Hong Kong** and Robinsons in Singapore.

Mainland **China** is out of bounds for the time being, because of the legal requirement in **China** for cosmetics brands to do animal testing. "We don't test our products on animals; we don't believe in it," McDonough says. "At the moment we don't intend to sell outside **Hong Kong** but the **Chinese** are reviewing that criteria at the moment and it looks like that might be changing."

McDonough says revenue had grown 50 per cent compared with last year and he expects Liquid Skin Care to be achieving \$1 **million** in sales by the end of this year, with the Luxola and Harvey Nichols distribution. He has just quit his job as marketing director of Fitness First to work in the business full time with Glebatsas.

The couple, who are life partners as well as business co-founders, have funded the start-up themselves, to avoid diluting their shareholdings. McDonough owns a majority **stake**, reflecting the fact it was his original concept and research.

McDonough did an organic chemistry degree and then spent most of his life in marketing and retail, while Glebatsas has a background in investment banking.

McDonough has sensitive skin and he was motivated to create the "perfect product" that he would use and recommend to his friends – which is why the product development took so long.

"Men's skin is actually a little bit different to women's: there's a different chemical layer on the outside of the skin, it's a little bit tougher, most men shave daily and most women use make-up, which traps the moisture in, so men's skin tends to be drier," he says.

"The reality is most men's skincare products are actually women's skincare products that are repackaged, recoloured and refragranced. There are very few skincare products on the market that do anything and there are a number that do more damage than good because of the ingredients they have in them."

For example, many face washes use sulphates, which can dry out skin. The Lqd range doesn't include any irritants and uses ingredients like aloe vera and almond **oil**, that are more expensive but better for skin. The products are manufactured in Victoria and McDonough says this will continue as "it's part of the brand".

McDonough believes the men's skincare market in Western countries will eventually catch up to Asia.

"I quite often refer people to the development life cycle of deodorant," he says. "It was used initially by women, then by gay men, then women bought it for their sons and it skipped a generation of men but then became the norm and everybody used it.

"Skincare is very much like that. When I was growing up, and I'm a 46-year-old male, nobody used skincare. Now a 14-year-old boy when he starts shaving, their mum will buy them moisturiser. What you'll see is within the next 10 years, the market will continue to develop and it is already the fastest growing sector in the beauty and grooming category."

McDonough concedes that men's skincare has not met the expectations of big brands like Nivea or L'Oréal. "I think that's because they misread the life cycle – they thought every 35-year-old man would suddenly rush out and buy moisturiser, but that's not how it works."

However, McDonough says US department store Bloomingdale's got in touch with the request to stock Lqd in several stores. He notes that it is "very unusual" for a retailer like Bloomingdale's to contact the supplier rather than the supplier spending a decade trying to get a foot in the door, so it is a good opportunity and Liquid Skin Care is currently looking for a distributor to manage North America.

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