

# PROMOTION IMPACT ANALYSIS

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# 01

Objective &  
Overview



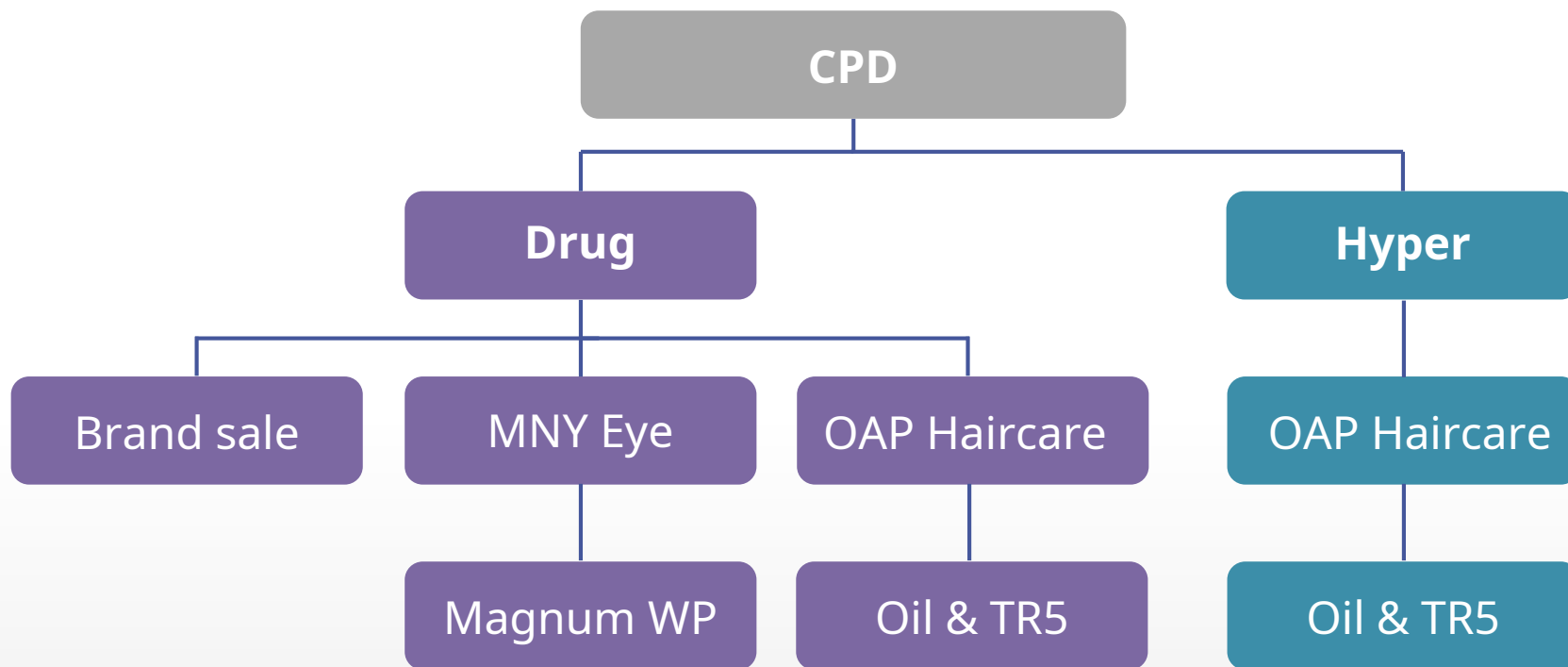


# Objective & Overview

Objective and flow overview

Objective: Analyze promotion impact and suggest brief strategic solutions to key problems if possible.

## Flow overview



The background of the slide features a close-up photograph of a shaving brush with light-colored bristles and a dark handle, resting on a bathroom counter. A safety razor is also visible in the foreground. The image is overlaid with a semi-transparent purple rectangle on the left side, which contains the text.

# 02

Brandsale  
[Drug]

# Brandsale – Key question & answer

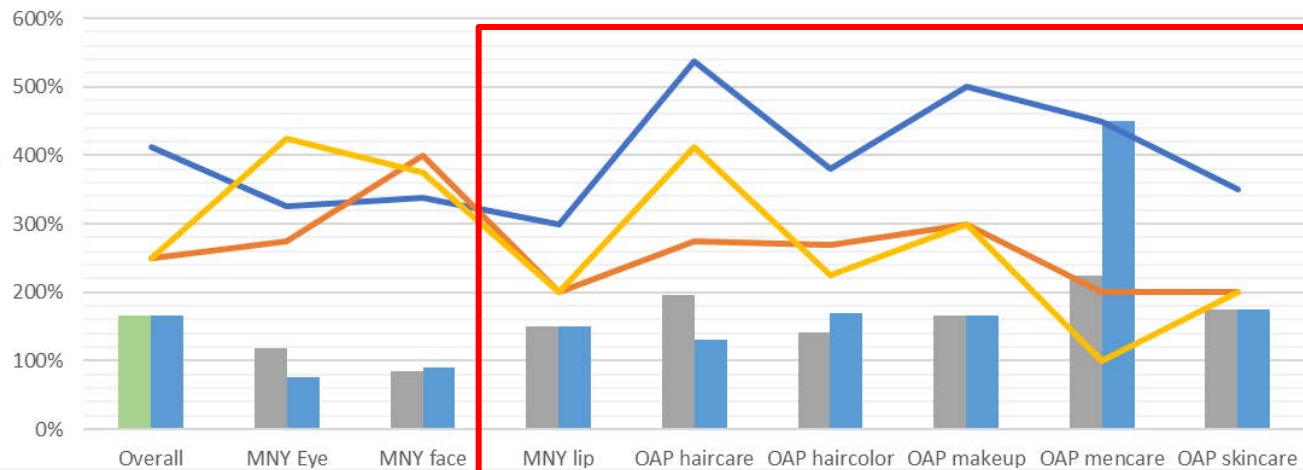
“Which categories’ brandsale impact are higher?”

Some categories show higher brandsale impact than 30% discount rate impact, which can be said that not 30-35% discount rate but ‘brand sale’ lifted sales.

## Brand sale impact by categories at olive young

- Brand sale impact compare to total discount impact
- Brand sale impact compare to 30% discount impact
- Brand sale impact
- 30% discount impact
- Total discount impact

Brand sale impact [olive young]



\*other stores' data is in appendix



**BS impact:** 6 categories much higher brand sale impact than 30% discount rate impact

# Brandsale – Why so & answer

“Why those categories’ sales were lifted by brandsale unlike others?”

During brand sale period, in-store traffic sharply increase. Therefore, categories leveraging traffic by inducing stocking up or impulsive purchase are more sensitive to brand sale.

Brand sale = “TRAFFIC”



Traffic : “stock up’ purchase”(사재기)



Buying more than 2 daily-use or unfashionable products

(OAP haircare, hair color, skincare, men care)

Traffic : “Impulsive purchase”



Experiencing and impulsively buy color cosmetic products or viral products

(MNY Lip, OAP Lip / MNY mascara, OAP face)

# 03

MNY Eye  
[Drug]





# MNY Eye – Key question & answer

“How do 4 factors affect promotion impact and which is the top subcategory of MNY Eye?”

As seeing in the tables describing how 4 factors influencing promotion impact, mascara is top subcategory in terms of promotion impact and sell-out productivity both.

	Discount	Discount rate	Place	GWP
Mascara				
Shadow				
Liner				
Brow				

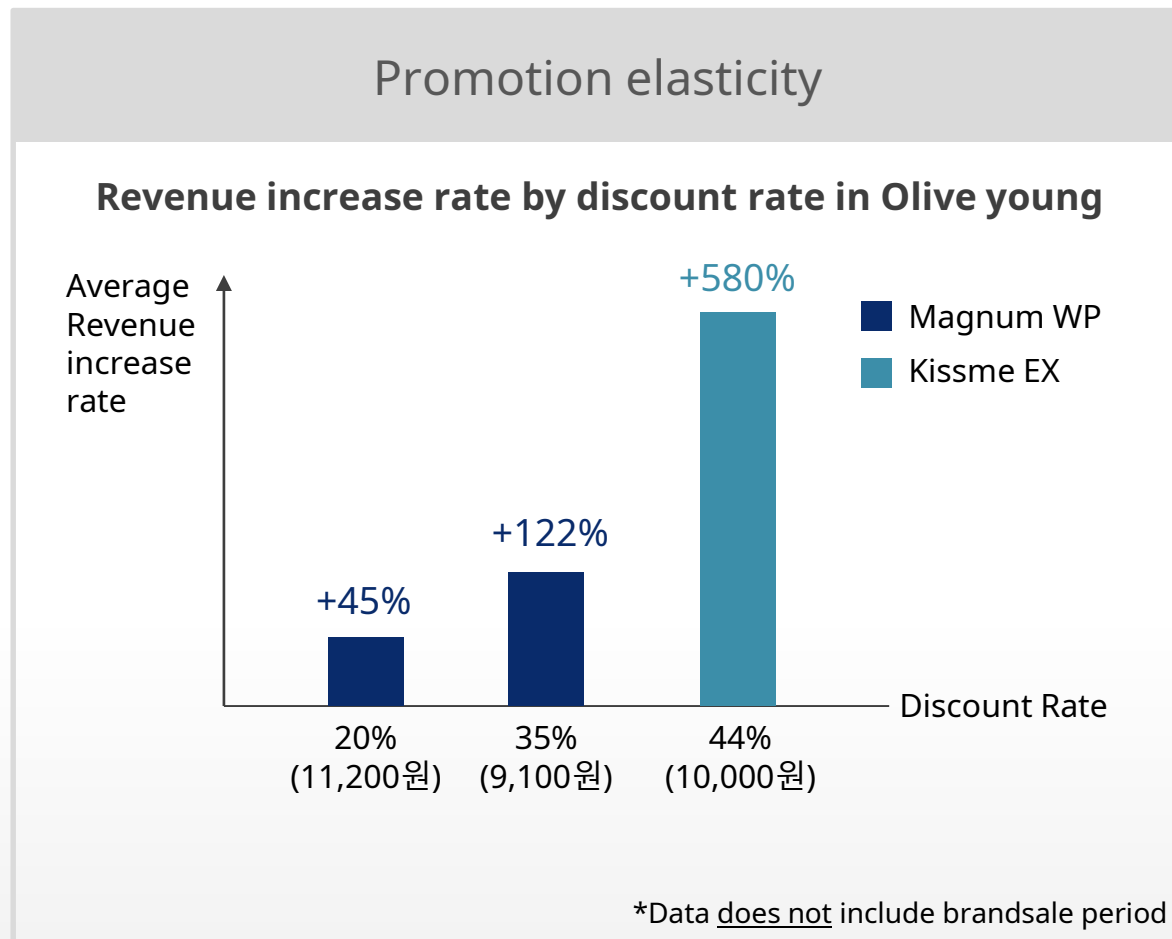
\* relative size of impact within 4 categories

- High
- Middle high
- Middle low
- Low

# MNY Magnum WP – Key question & answer

“Is magnum WP’s promotion elasticity lower than Kissme EX?”

Magnum WP’s promotion elasticity is lower than Kissme EX’s.



Promotion elasticity:

3 ~ 4 times LOWER

MAYBELLINE



MAYBELLINE



KISS ME  
by ISEHAN

# MNY Magnum WP – Why so & answer

“Why magnum WP’s promotion elasticity is lower than Kissme EX?”

One reason is a trick between discount rate and price. Despite its higher discounted price, higher discount rate makes the kissme EX’s promotion seem shocking deals to customers.

## Kissme EX’s END promotion



“만원 할인”



Higher discounted price

Kissme EX: 10,000

Magnum WP: 9,100



Higher Discount rate

Kissme EX : 44%

Magnum WP: 35%



What matters to customer

# MNY Magnum WP – Why so & answer

“Why mangnum WP’s promotion elasticity is lower than Kissme EX?”

The other reason is the failure to persuade ‘mascara nomad’, potential customer group. Therefore it automatically missed ‘mascara settler’, the other group as well.

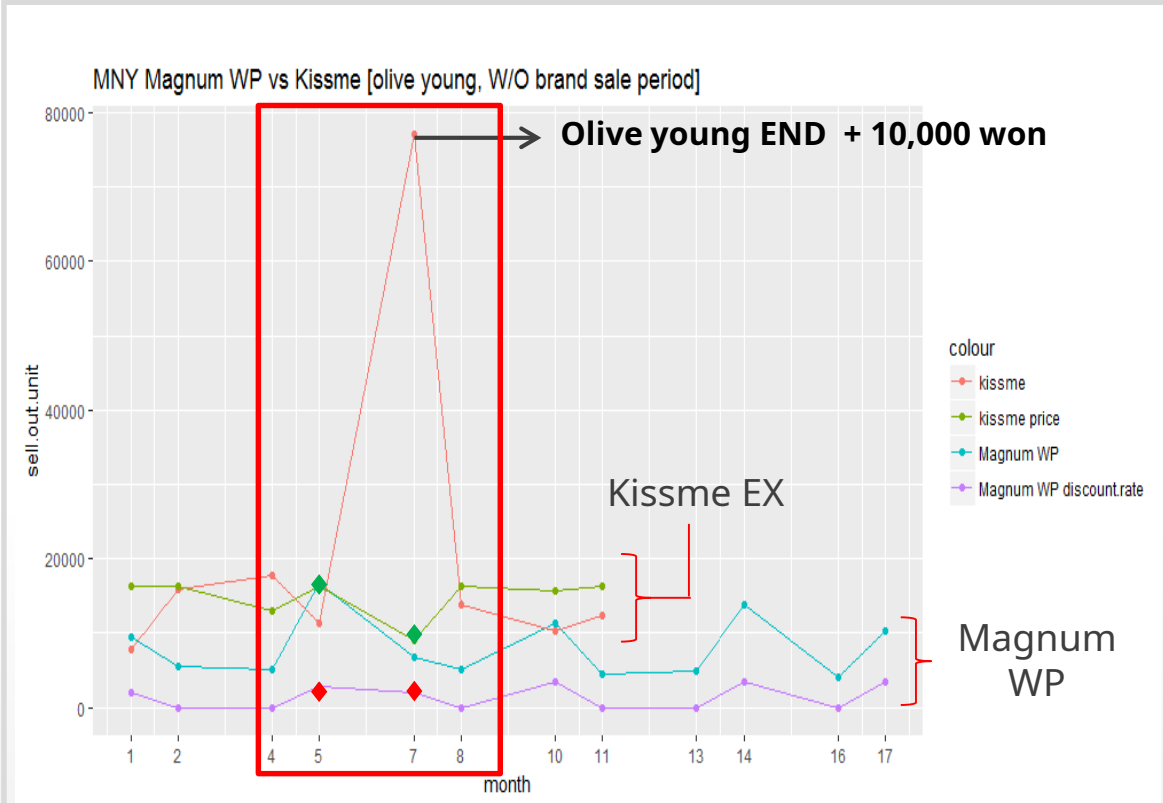


# MNY Magnum WP – Why so & answer

“Why magnum WP’s promotion elasticity is lower than Kissme EX?”

Because of that, Kissme promotion affect magnum WP sales negatively. Because Kissme EX and Magnum WP are substitutional goods for mascara nomad and they choose former.

## Promotion and Unit sales



Kissme Promotion affect  
Kissme unit sales

: +580%



Magnum WP unit sales move  
apposite direction from Kissme's

: -59%



Kissme Promotion affect  
Magnum WP unit sales

# MNY Magnum WP – Why so & answer

“Why Magnum WP has failed to persuade ‘mascara nomad’ customer group?”

‘Mascara nomad’ depends on 3 factors most before making purchase decision to find out which product have enough quality to reduce trial and error.



# MNY Magnum WP – Why so & answer

“Why Magnum WP has failed to persuade ‘mascara nomad’ customer group?”

Despite the MNY and Magnum WP’s middle-high brand/product awareness, lack of viral in social media and negative users’ reviews make mascara nomad hesitate to try it.

## Lack of viral in social media



## Negative review



Lots of outdated top negative reviews

Most of recent reviews are also negative

Review management in major reviewing community would be necessary

# 04

OAP Haircare  
[Drug]















# OAP Haircare- Key question & answer

"How do 4 factors affect promotion impact and which is the top subcategory of OAP haircare?"

As seeing in the tables describing how 4 factors influencing promotion impact, despite TR5 hairpack is top productivity product, oil's promotion impact is much higher.

	Discount	Discount rate	Place	GWP
Oil				
TR5 hairpack				
Others				

\* relative size of impact within 4 categories

-  High
-  Middle high
-  Middle low
-  Low

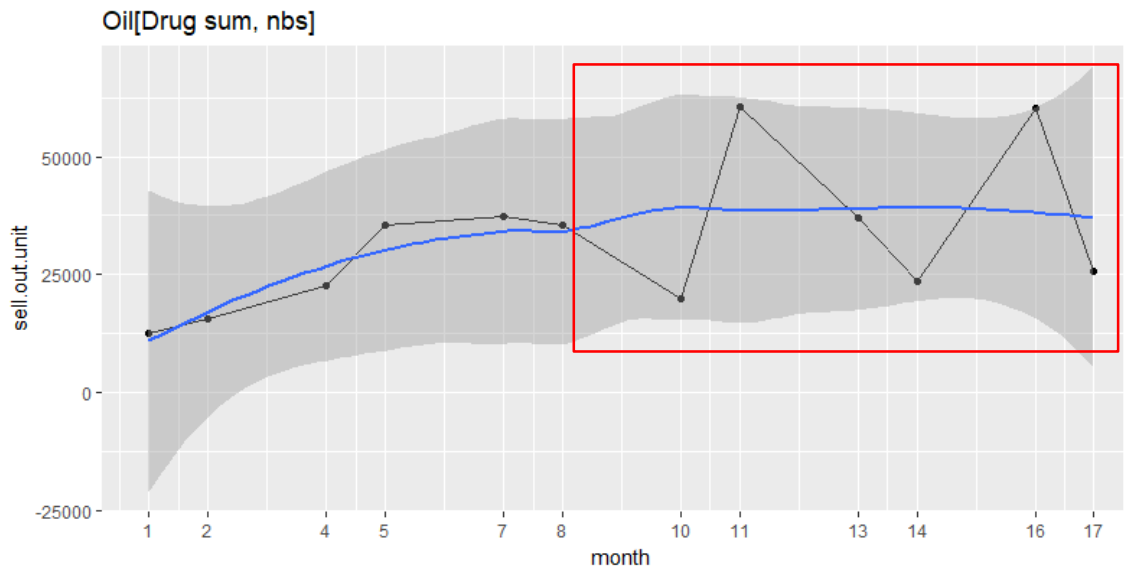
# OAP hair oil – Key question & answer

“Have oil’s unit sales been fell over since early ‘17?”

Oil’s unit sales haven’t fallen over. However its unit sales volatility was sharply increased.

Volatility increased since Oct 16

Oil’s total unit sales and sales volatility



\*Data does not include brandsale period



\***Volatility:** 328% increased

Jan 16 – Aug 16 : 27%  
Oct 16 – May 17 : 90%

\***Volatility index:** average change rate of sales during given period

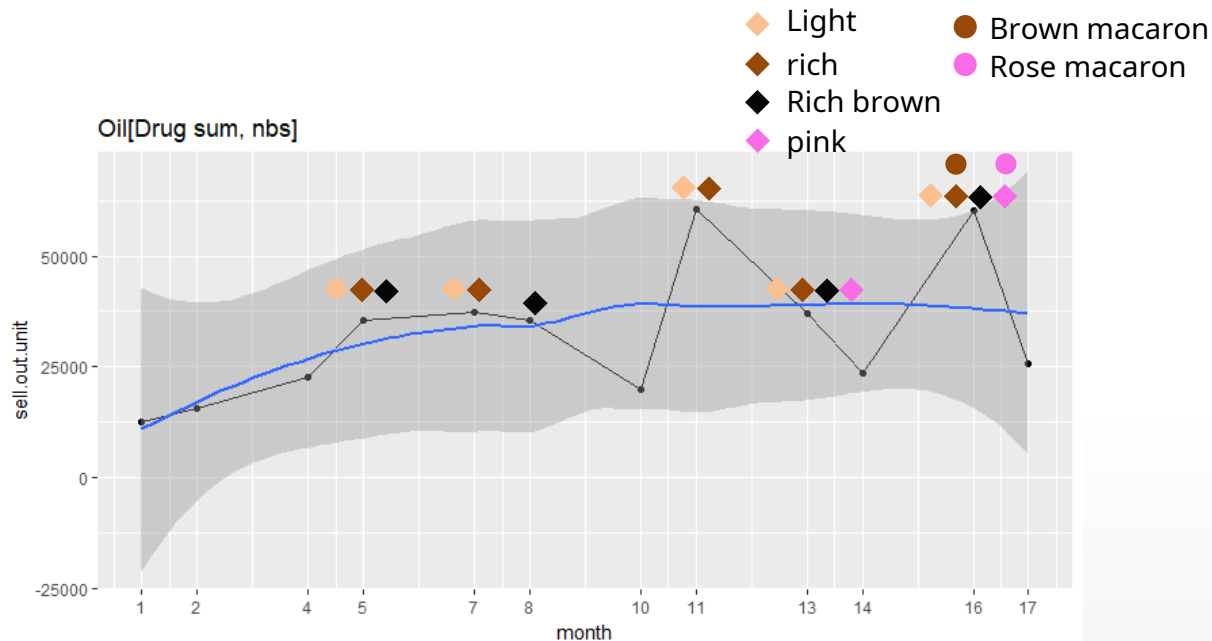
# OAP hair oil – Why so & answer

“Why oil’s unit sales volatility was increased?”

Oil is oliveyoung-promotion-driven-product line. Therefore, despite the increased number of discounted SKUs in each promotion, increased ‘discount cycle’ lead increased volatility.

## Oil’s unit sales and volatility

### Oil’s total unit sales and oliveyoung discount promotion



\*Data does not include brandsale period



Number of discounted SKUs

Number of discounted SKU in each promotion increased



Promotion cycle

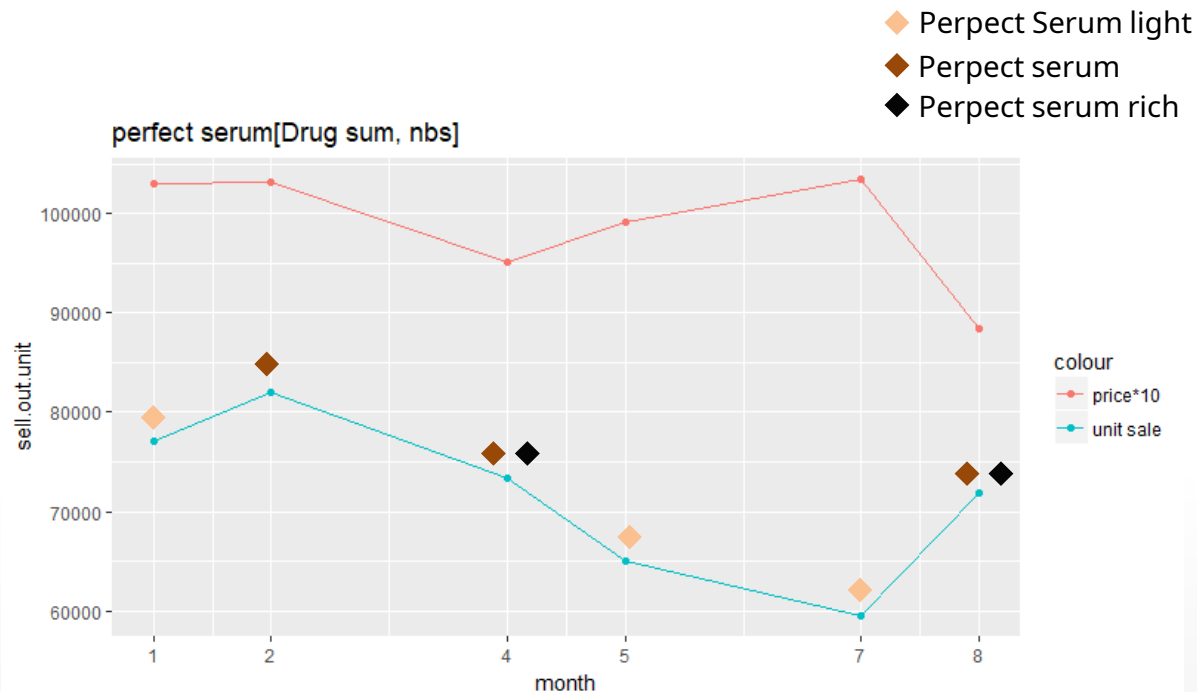
Only 3 month out of 6 in olive young

# OAP hair oil – Why so & answer

“Why perfect serum’s volatility is low?”

While competing product ‘perfect serum’ shows lower volatility. It’s because they focused on promotion cycle not number of discounted SKU, by rotating SKU discounted.

## Perfect serum’s unit sales and volatility



\*Data does not include brandsale period



Number of discounted SKU

1-2 SKU, in rotation



Promotion cycle

6 month out of 6



Volatility

11% (average), 13% (highest)

# OAP hair oil – Solution

“How can we reduce volatility?”

By Grouping oils into two group and offering discount for 1-2 SKU of each group(total 2-3 SKU) in rotation at olive young every month, oil sales volatility could be reduced.

## Grouping oil into two different groups by features



Example

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	B	C	A	B	C	A	B	C	A	B	C

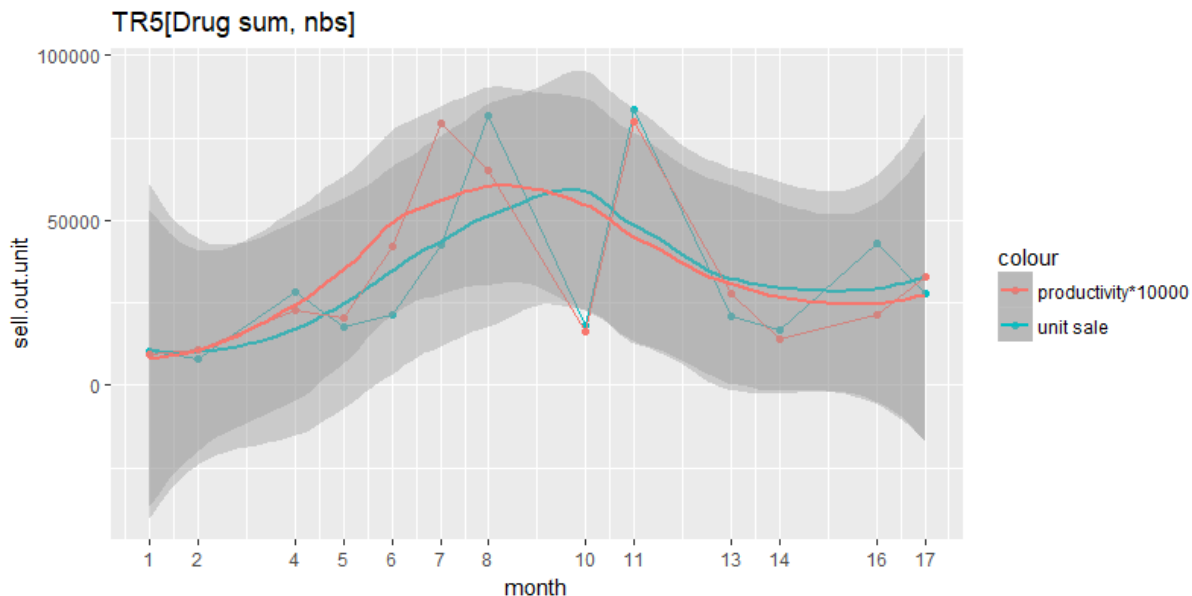
# OAP TR5 Hairpack – Key question & answer

“Is TR5 hairpack’s unit sale trend improving?”

TR5 hairpack’s overall trend is improving, however trend shows reverse U curve. Unit sales short-term trend down since October 16.

## Hairpack unit sale trend: reverse U curve

### TR5 unit sales and discount rate trend in each stores



\*Data does not include brandsale period



Average unit sales: **-21%**

Jan 16 – Nov 16 : 34,703

Jan 17– May 17 : 27,072

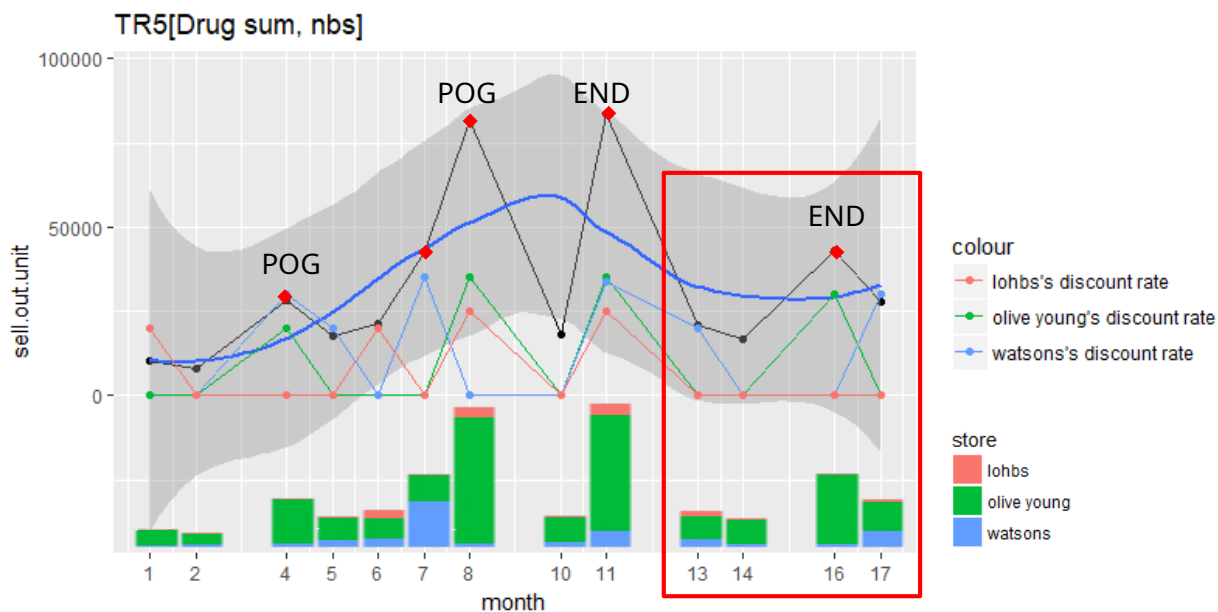
# OAP TR5 Hairpack – Why so & answer

“Why TR5 hairpack unit sale trend shows reverse U curve?”

One reason is degree of dependence on olive young. Performance in OY decide total performance. Early '16 and '17's olive young performance were far below 3, 4Q '16's, which led to reverse U curve.

## Olive young-promotion-driven-product

### TR5 hairpack unit sales and promotion at each stores



\*Data does not include brandsale period



High degree of dependence on Olive young

4 high-sales month out of 5 had olive young promotion and 8-90% of sales are from olive young.



Low performance at olive young in early '16 and '17

There was only POG promotion in early '16,

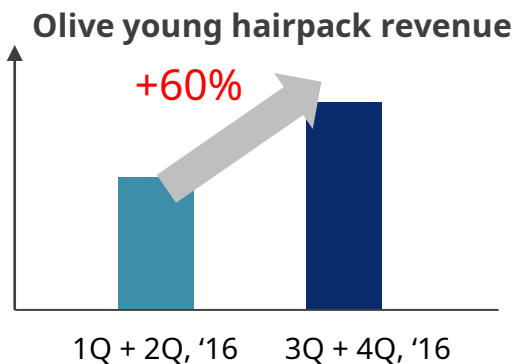
but why in early '17?

# OAP TR5 Hairpack – Why so & answer

“Why does TR5 hairpack unit sale trend down in early ‘17?”

The other reason is advent of competing products. Despite the growth trend of hairpack category, competing products with appealing digital marketings became a considerable threat to TR5 hairpack.

## Hairpack category is rising



In olive young, Hairpack revenue increased 60%

## Korea H&B channel revenue

	H&B					
	FY15	FY16	vs. YA	2H15	2H16	vs. YA
Total Treatment	10,075	10,619	5.4	4,929	5,296	7.4
ROT	3,416	4,083	19.5	1,758	2,091	19.0
OIL	4,122	4,017	-2.6	1,908	1,975	3.5
LOT Essence	1,692	1,646	-2.7	853	837	-1.8
LOT Mist	501	442	-11.7	255	236	-7.6
Others	343	431	25.5	156	158	0.7

In total H&B, ROT(hairpack + mask) increased 19.5%

\*Value : million won

## Advent of dominant competing product

### Jan - Jun 2017, revenue top 10, Olive young



미용	
상품명	구분
센카 퍼펙트립 기획세트	클렌징
미장센 퍼펙트세럼 기획세트	헤어케어
코스알엑스 원스텝 클리어 패드	클렌징
키스미 히로인 톤앤컬 마스크라	메이크업
메디힐 티트리 케어솔루션 에센셜 마스크	마스크팩
닥터자르트 시카페어 크림 회복세트	스킨케어
<b>착한팩토리 90% 밀크단백질 트리트먼트</b>	<b>헤어케어</b>
바이오더마 센시비오 H2O 기획세트	클렌징
23 years old 바데카실P	스킨케어
미팩토리 3단 돼지코팩	마스크팩

‘Protein treatment’ made by small company ‘chakkan factory’ is a dominant product in hairpack category with outperforming TR5 hairpack



# OAP TR5 Hairpack – How so & answer

“How did ‘protein treatment’ from a small company become a dominant product?”

Success factors of protein treatment are 1) appealing to 20s female customers’ needs and 2) leverage on-line viral to increase sales in off-line stores.

## Appeal to target customers’ needs

Customer needs

I want to see ‘naked facts’

I want ‘really work’ product

Put users’ review in front

Emphasize specific effectiveness with frank(sometimes shocking) photo or thumbnail, NOT fancy or pretty images



## Leverage online viral to increase offline sale

Online Viral



Offline sale

Implement discount promotion

Put Viral messages and photos in front



# OAP TR5 Hairpack – Solution

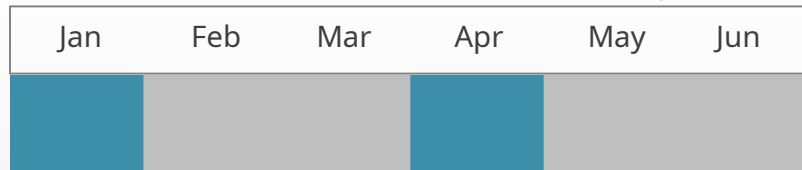
“How can TR5 hairpack improve short and long term trend both?”

In the short term, stabilizing olive young promotion cycle is need. But, in the long term, planning and developing target optimized contents would be necessary.

## Short term: promotion cycle management

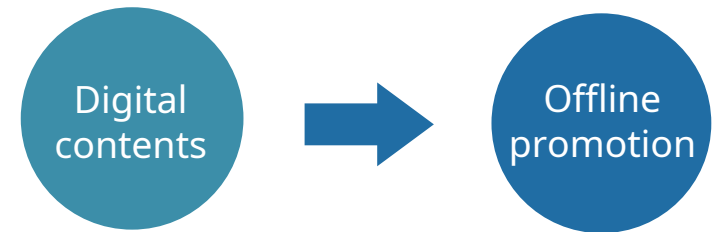


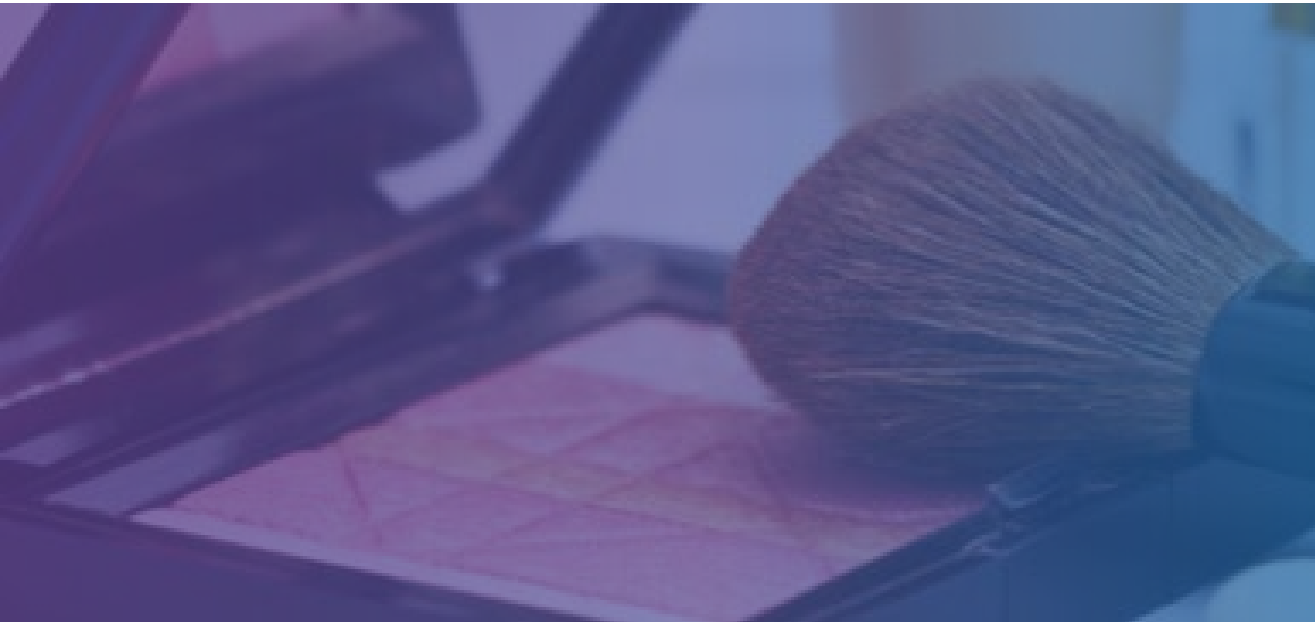
\*Olive young



\*Example

## Long term: target optimized contents





# 05

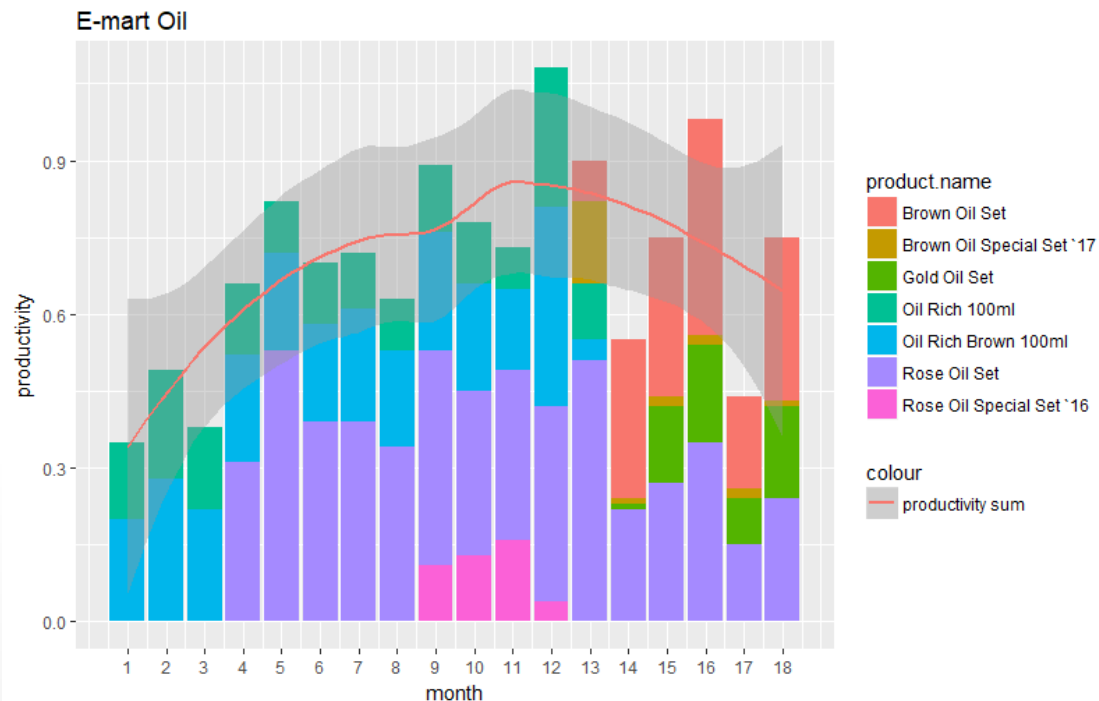
OAP Haircare  
[Hyper]

# OAP hair oil- Key question & answer

"How did hair oil's performance change since launching sets?"

Each oil line's productivity increased by an average of 34% after set launching.

## Oil products' absolute performance and productivity sum



\*other stores' data is in appendix



## E-mart Oil set impact

Rich oil -> Goil oil set : **-14%**

Rich brown oil -> brown oil set : **+29%**



## Total store average impact

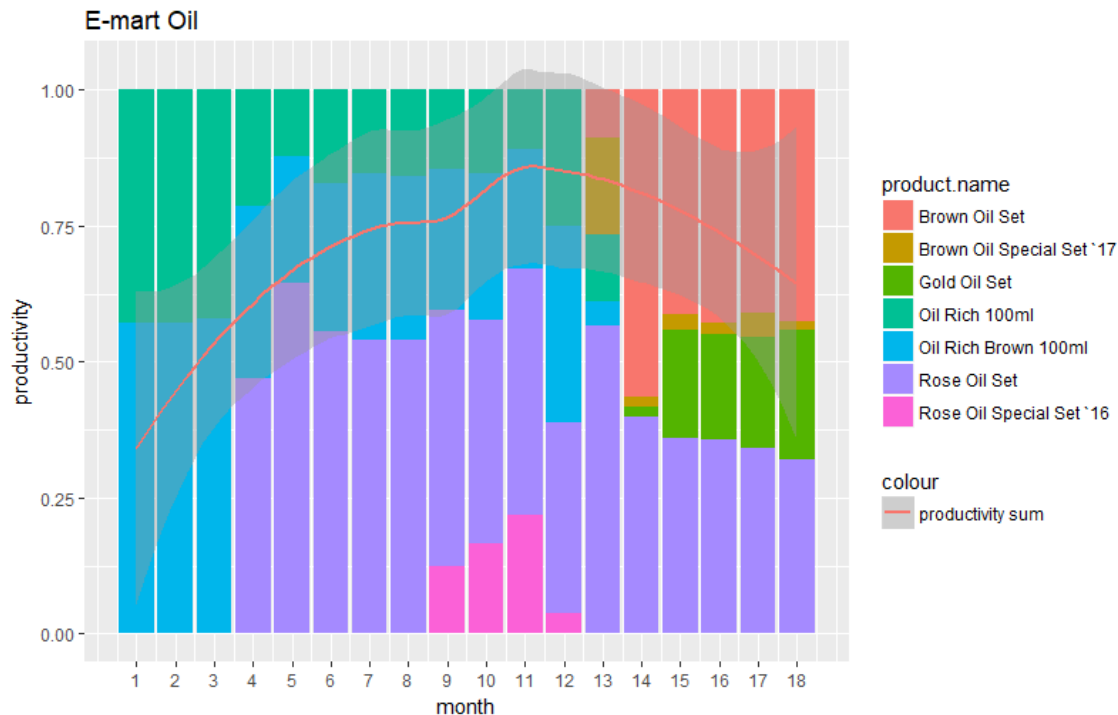
Oil single -> Oil set : **+34%**

# OAP hair oil- Key question & answer

"How did hair oil's performance change since launching sets?"

However in E-mart, rose oil set shows low performance since December, which led total productivity's falling unlike Tesco and Lotte.

## Oil products' relative performance and productivity sum



\*other stores' data is in appendix



Rose oil set's low performance: **-37%**

Average productivity during the period

Apr 16 – Jan 17 : 0.393

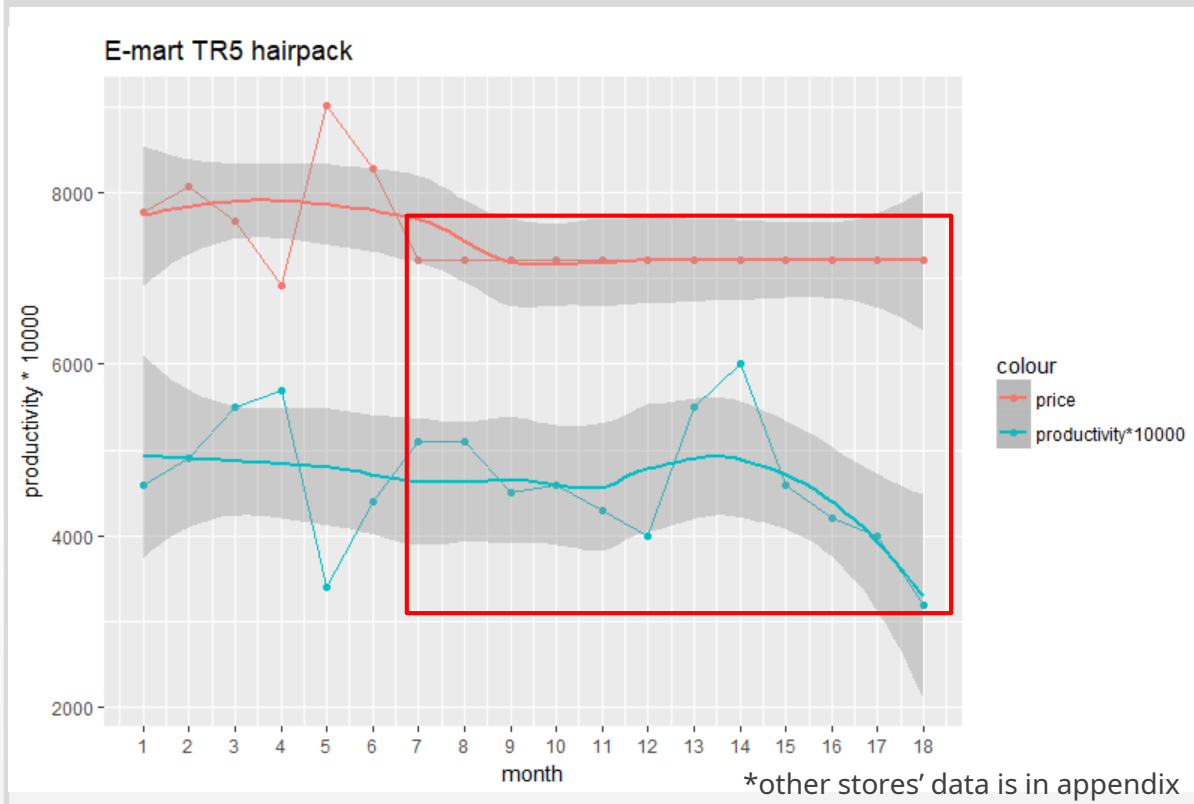
Feb 17 – Jun 17 : 0.246

# OAP TR5 hairpack- Key question & answer

“How did E-mart’s EDLP(Every Day Low Price) for TR5 hairpack affect it’s performance?”

E-mart’s EDLP is an unfavorable factor for TR5 hairpack. Because of EDLP, the customer sensitivity to TR5’s discount promotion has been getting low, which led to the down trend of its performance.

TR5 hairpack’s productivity by price change



## How decreased after EDLP

How Average productivity decreased by from MAR 16(had higher price than EDLP) during the given period

Jul 16 – Jun 17 : **-16.5%**  
(after EDLP)

Mar 17 – Jun 17 : **-27%**  
(after high mark)

# Summary

## Brand sale

Higher brand sale impact  
than 30% sale impact

사재기

impulsive

POG exposure strategy for  
color cosmetic

## [Drug] MNY Mascara - Magnum WP

Can't win against  
Kissme's promotion  
(weak competitiveness)

Avoid Kissme

Find out Kissme's promotion  
month in advance  
and avoid that month

Strengthen  
competitiveness

Review management  
Marketing communication

## [Drug] hair oil

Promotion cycle is important  
to reduce volatility

Number of SKU in promotion  
doesn't affect impact much

'rotating' promotion with 2-3  
SKU is a good option

## [Drug] TR5 hairpack

Losing competitiveness

Sales, promotion impact will  
decrease if we do nothing

Re-positioning  
Marketing communication  
Digital contents appealing to  
20s female target

## [Hyper] hair oil & TR5

Set impact  
is 34%

Maintain  
selling sets

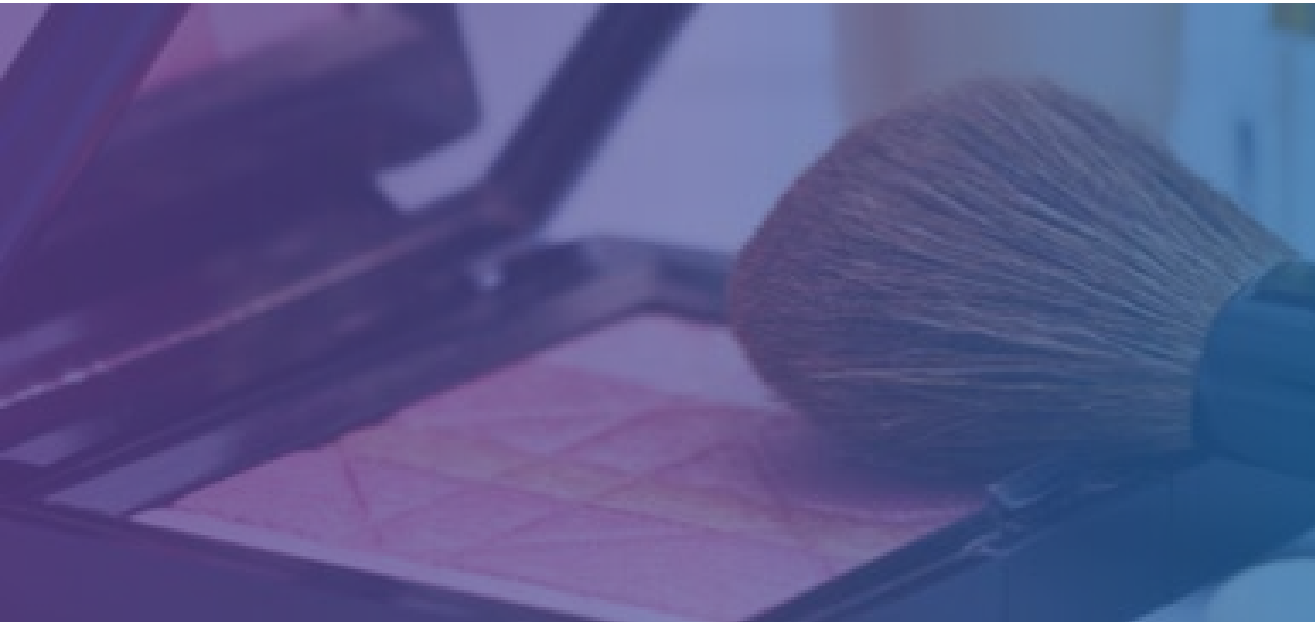
Losing  
promotion  
sensitivity

Restore price  
& promotion  
sensitivity  
with large  
capacity TR5



**THANK YOU**



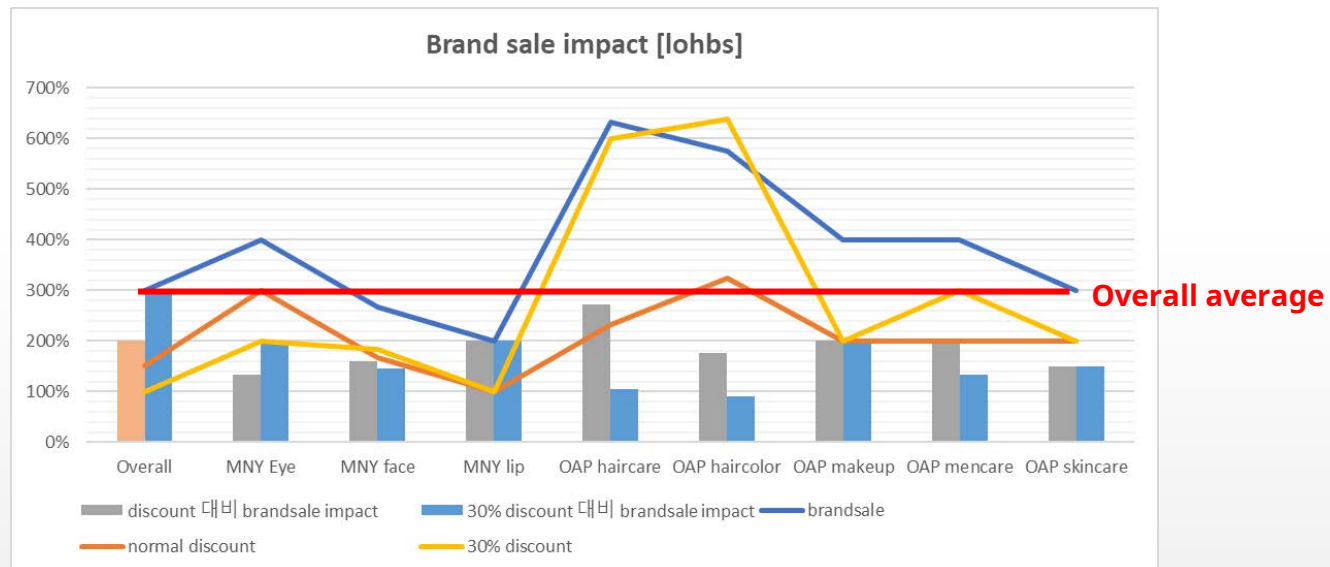
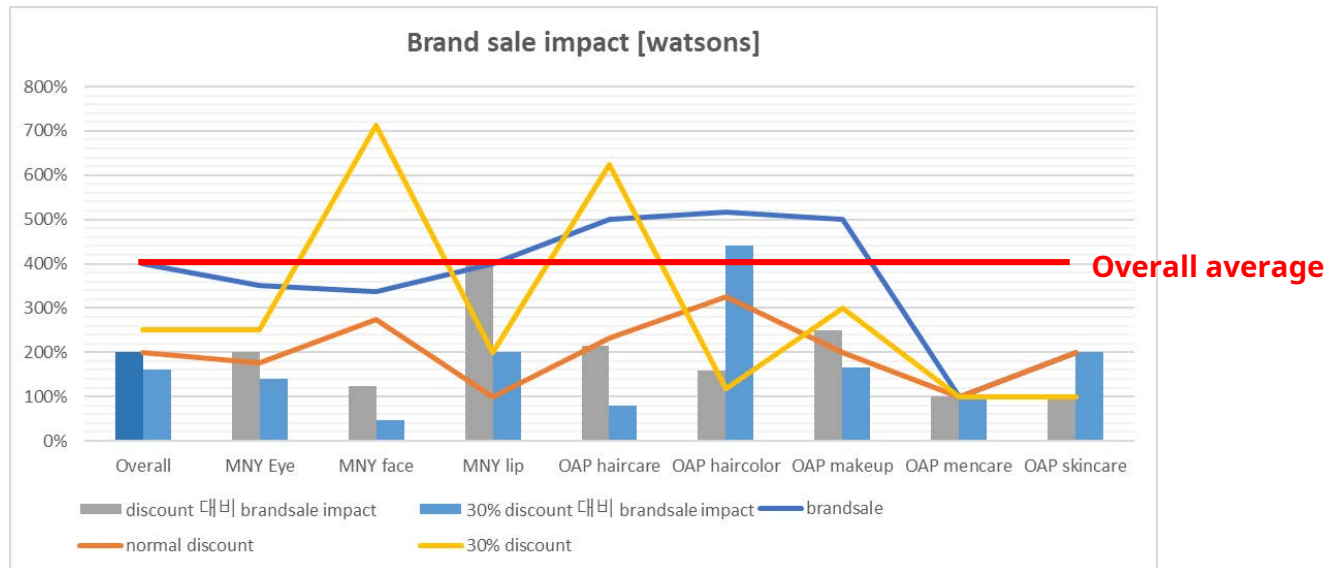


# 06

Appendix

# Appendix – Brandsale: data

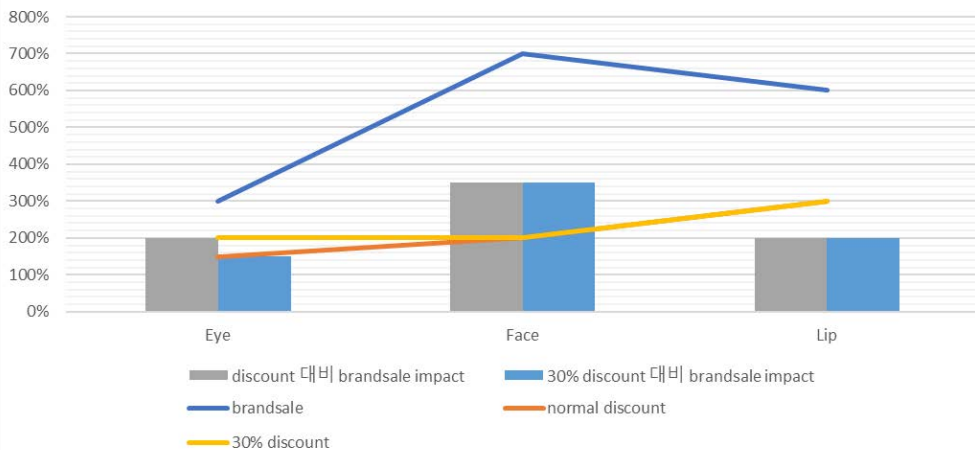
“Which categories’ brandsale impact are higher?”



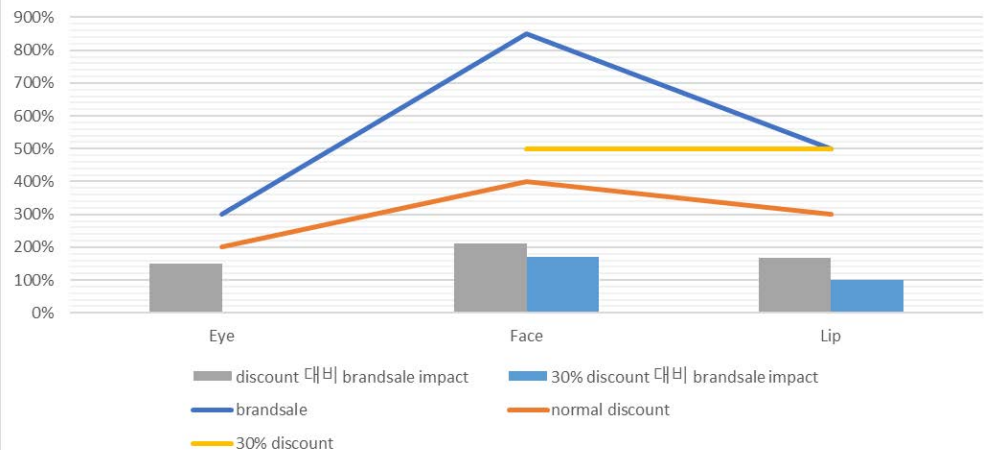
# Appendix – Brandsale: data

“Which categories’ brandsale impact are higher?”

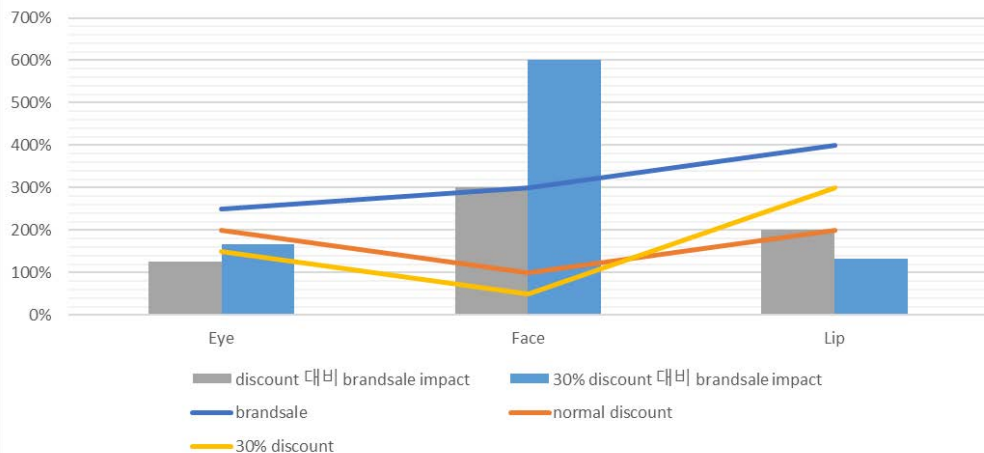
Brand sale impact [olive young] - OAP makeup subcategory



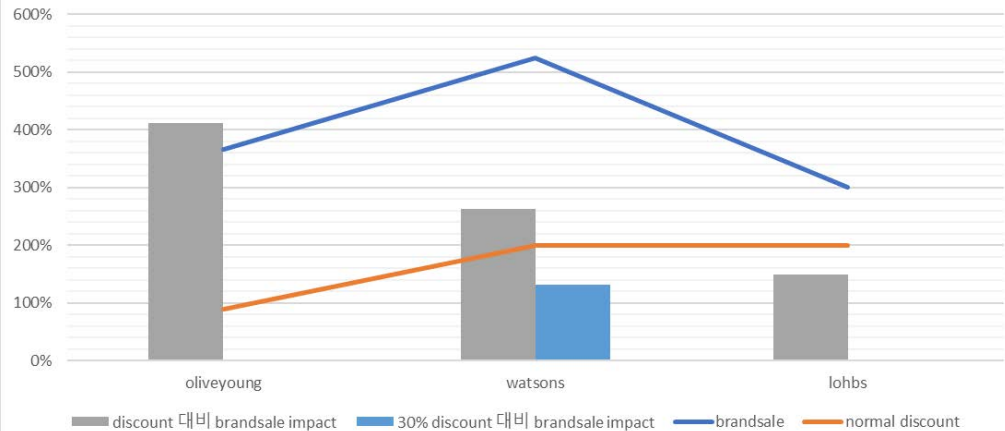
Brand sale impact [watsons] - OAP makeup subcategory



Brand sale impact [lohbs] - OAP makeup subcategory

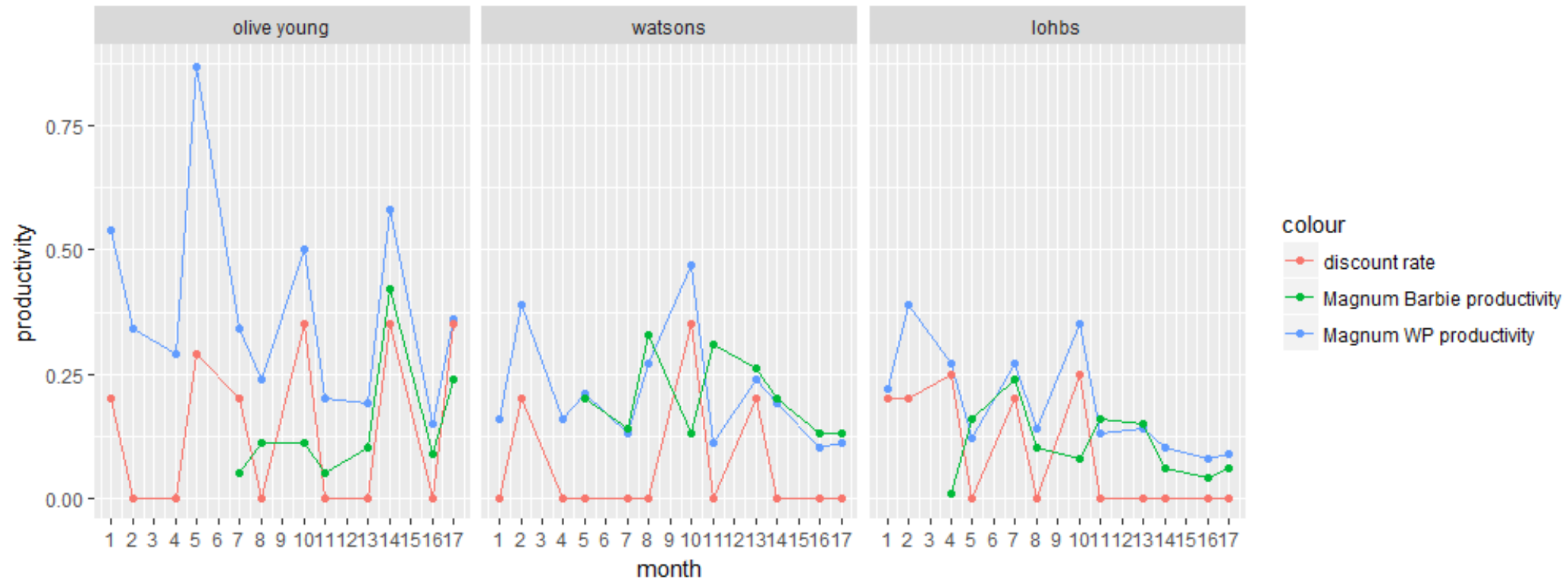


base magique - OAP make up face



# Appendix – Magnum WP: compare to Magnum barbie

MNY Magnum WP vs. Barbie[except brandsale period]



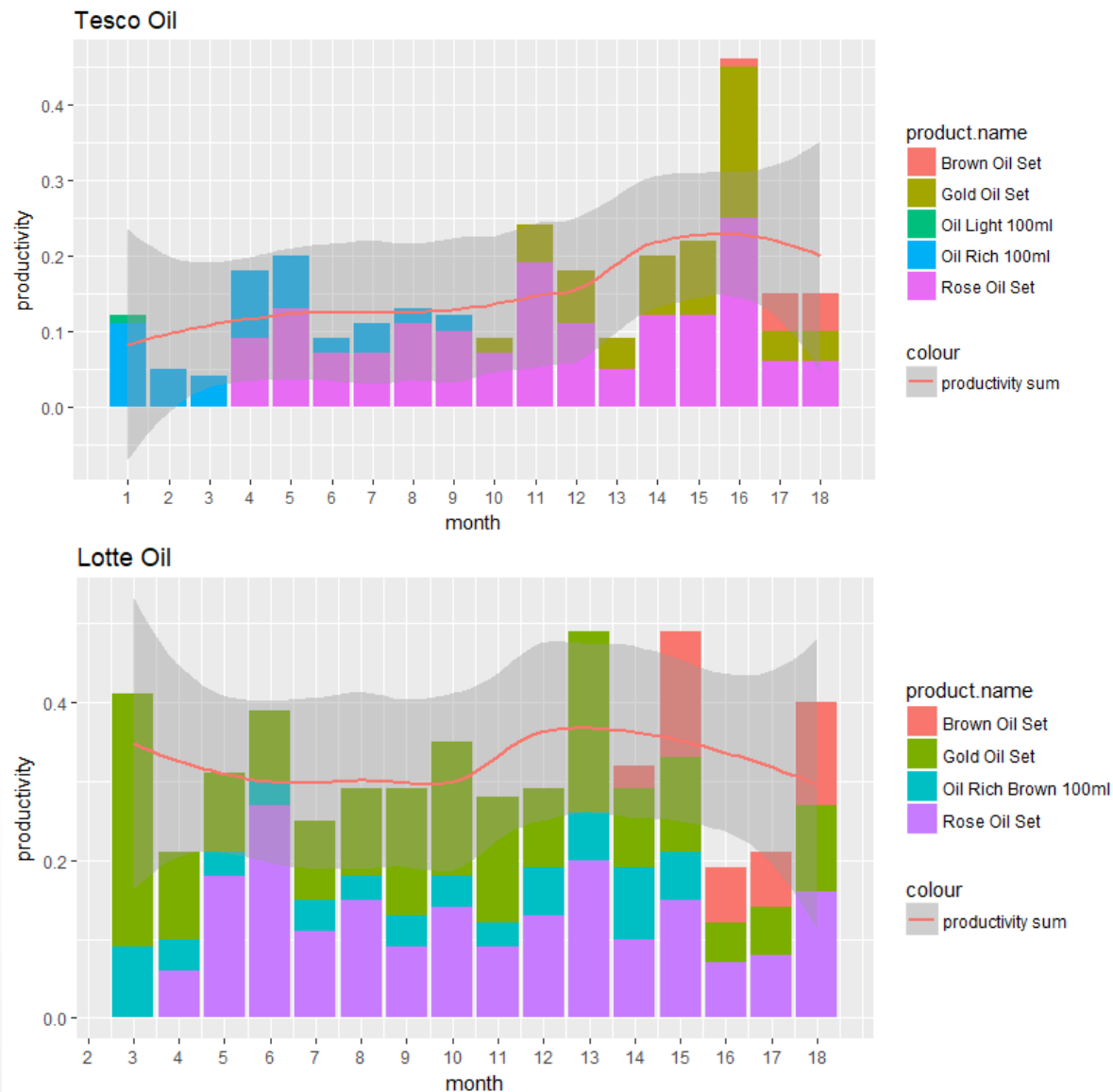
## Appendix – Drug TR5 : case study

“How can TR5 hairpack improve short and long term trend both?”



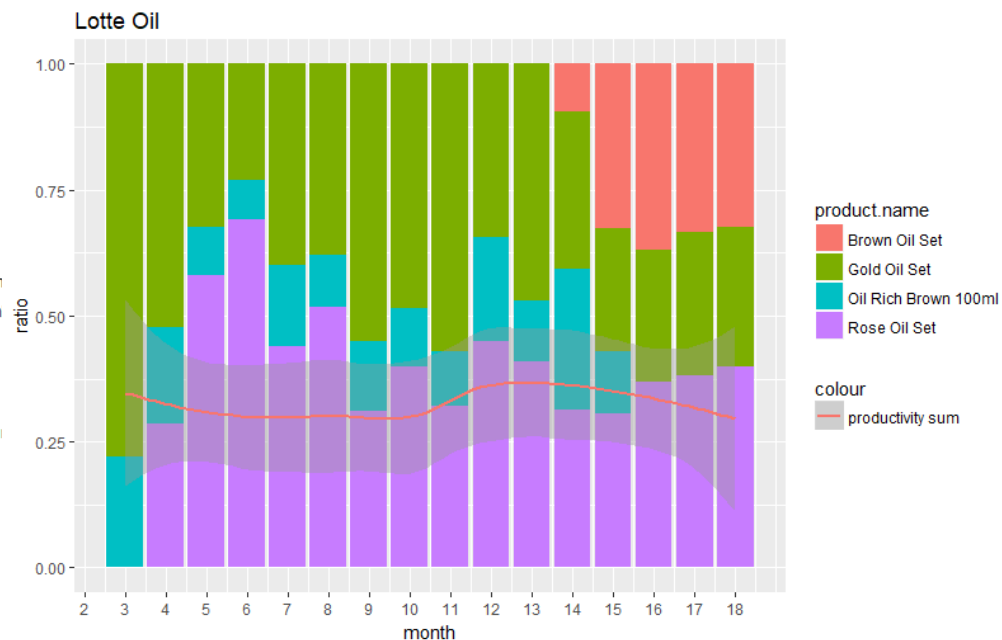
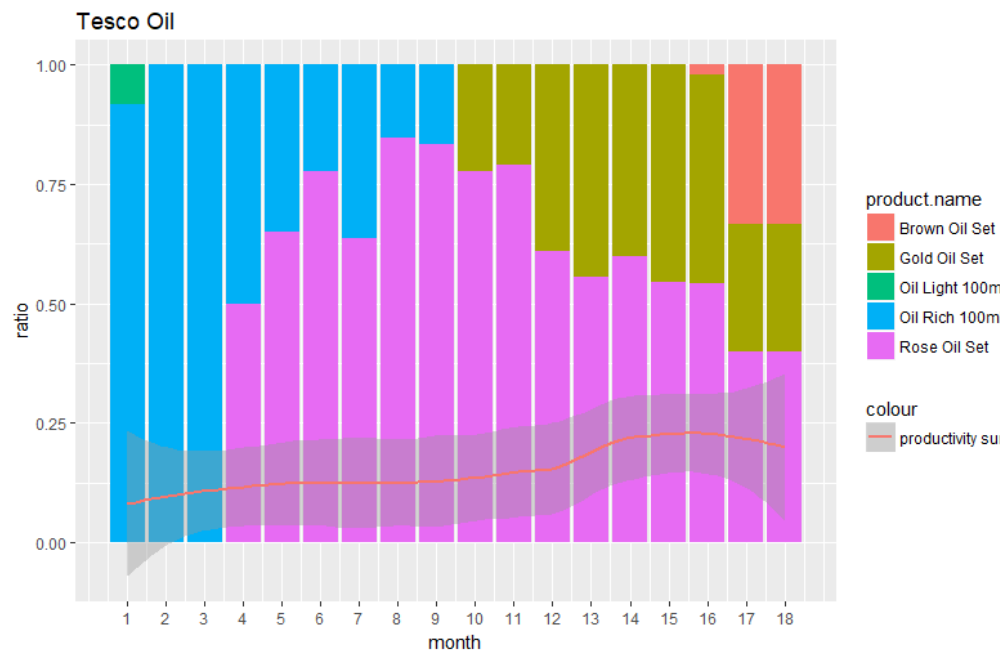
# Appendix – Hyper Hair oil: data

“How did hair oil’s performance change since launching sets?”



# Appendix – Hyper Hair oil: data

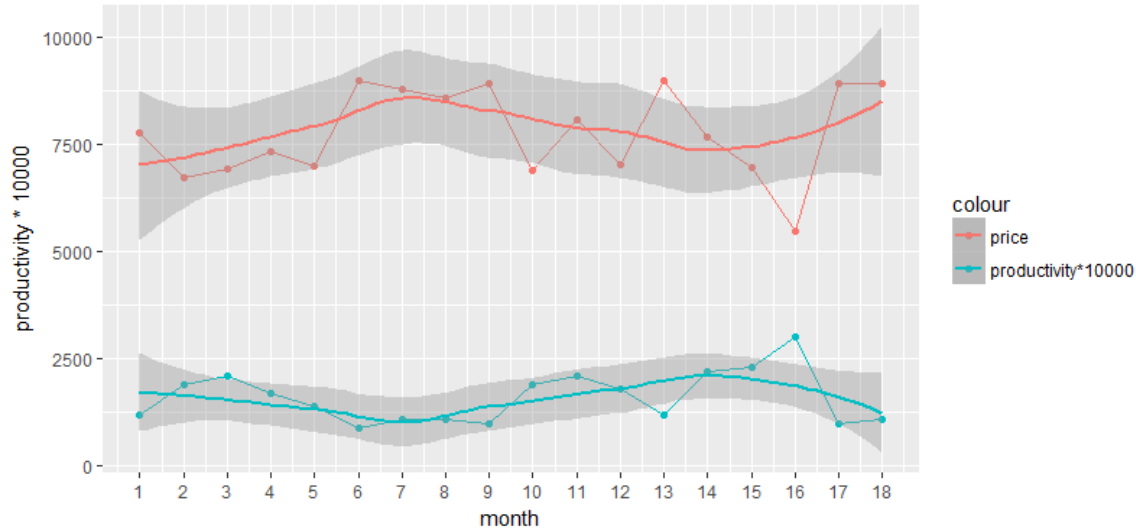
“How did hair oil’s performance change since launching sets?”



# Appendix – Hyper TR5 hairpack: data

“How did E-mart’s EDLP(Every Day Low Price) for TR5 hairpack affect it’s performance?”

Tesco TR5 hairpack



Lotte TR5 hairpack

