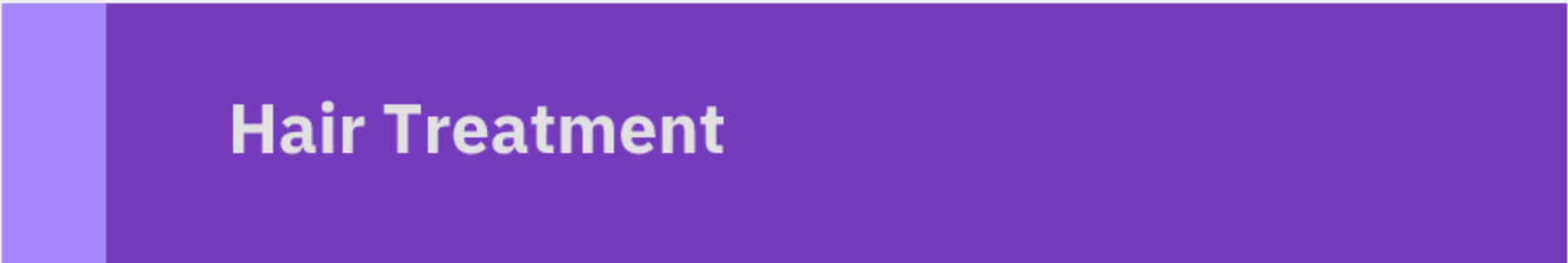

CATEGORY INSIGHT MAGAZINE

NOV, 2022

YKim137@ITS.JNJ.com

Index



South Korea Overview

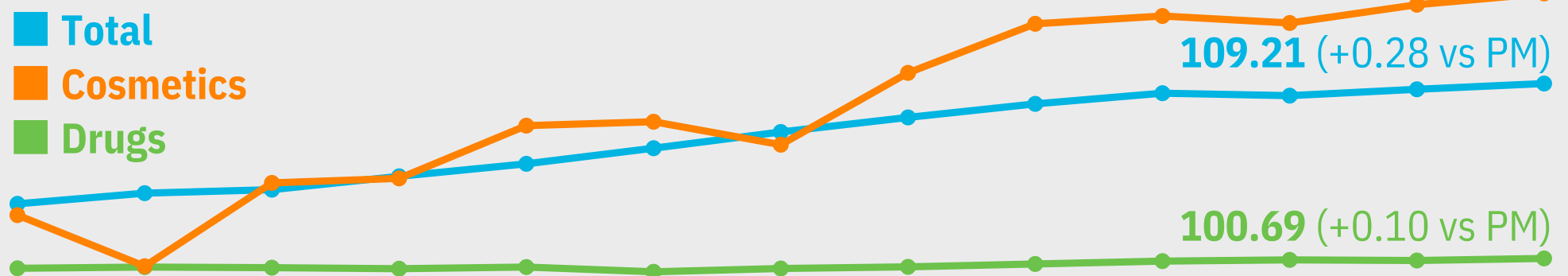
Rising Input & Production Costs affect Commodity Price Sustainability Strategy Amid Rapid Changes

source: KOSTAT 경제동향통계심의관 물가동향과. (2022). 소비자물가조사.

source: RetailMagazine. (2022). 스페셜리포트 > 미래세대 위한 지속가능한 리테일링 시동.

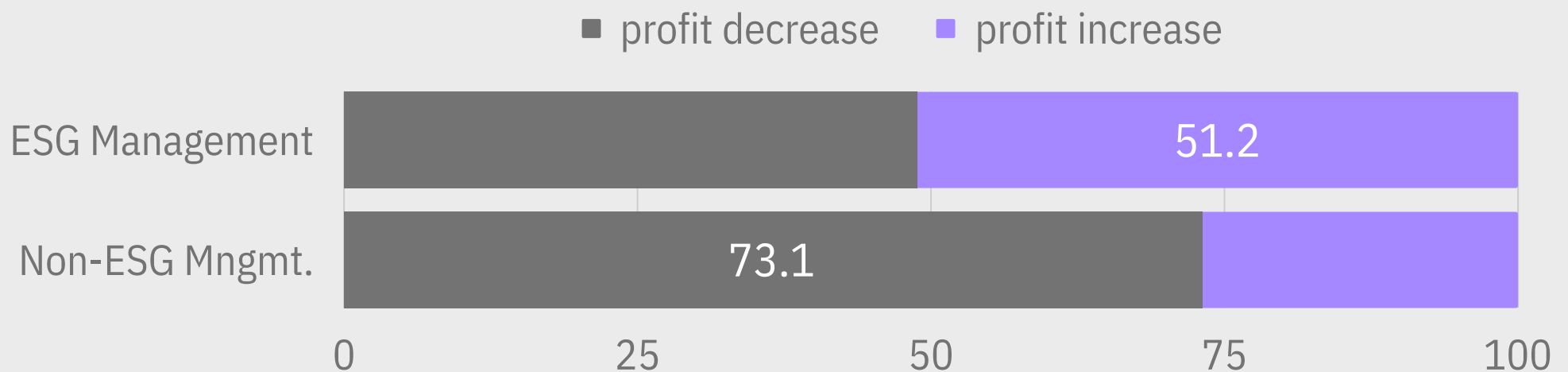
KR Consumer Price Index*

Oct 2021 - Oct 2022



ESG as a Differentiating Strategy**

affecting GenZ consumer choice in FMCG



* Base: 40개 도시의 약 26,000개 소매점포 및 서비스 업체와 약 11,000개 전월세 가구. Laspeyres' Formula.

** Base: Chain Store Age Japan. Results of a 2021 survey of Japanese retailers.

Consumer Spending Shift

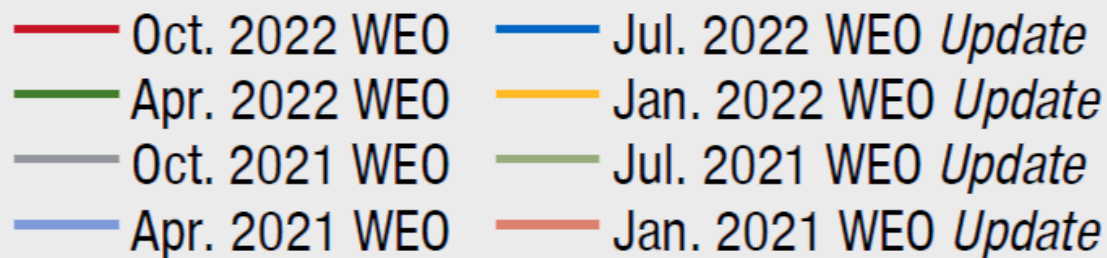
Global Inflation Expected to Reach 9% Q3 2022

Spending towards Essential Categories

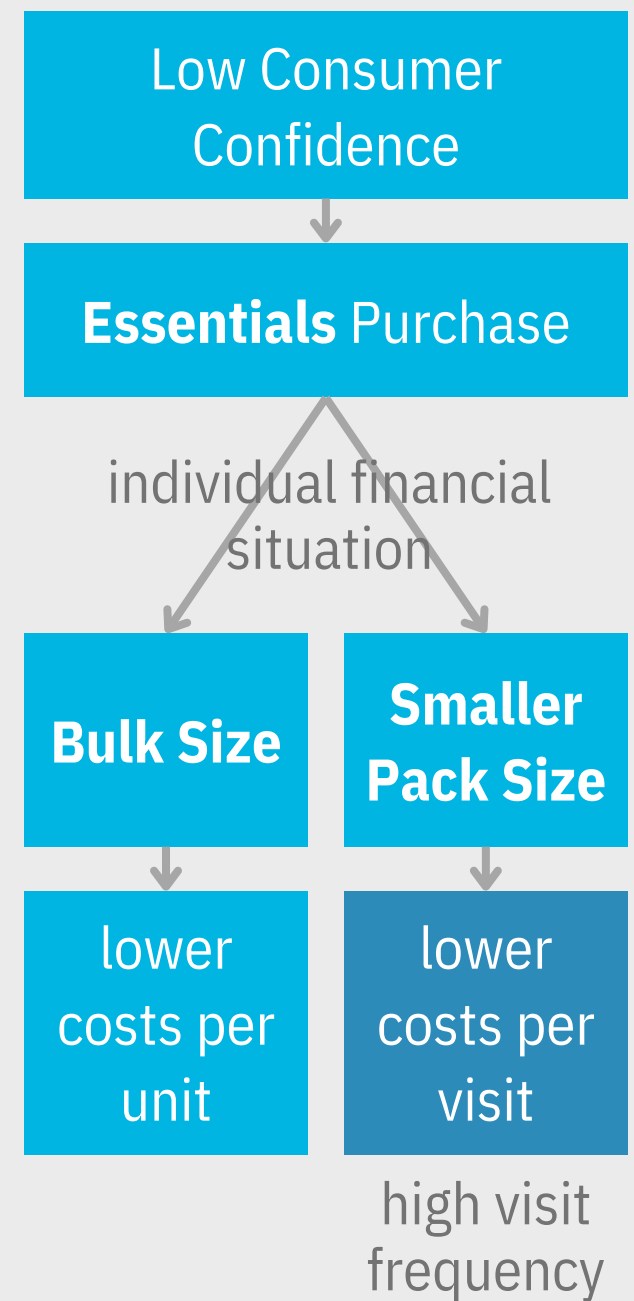
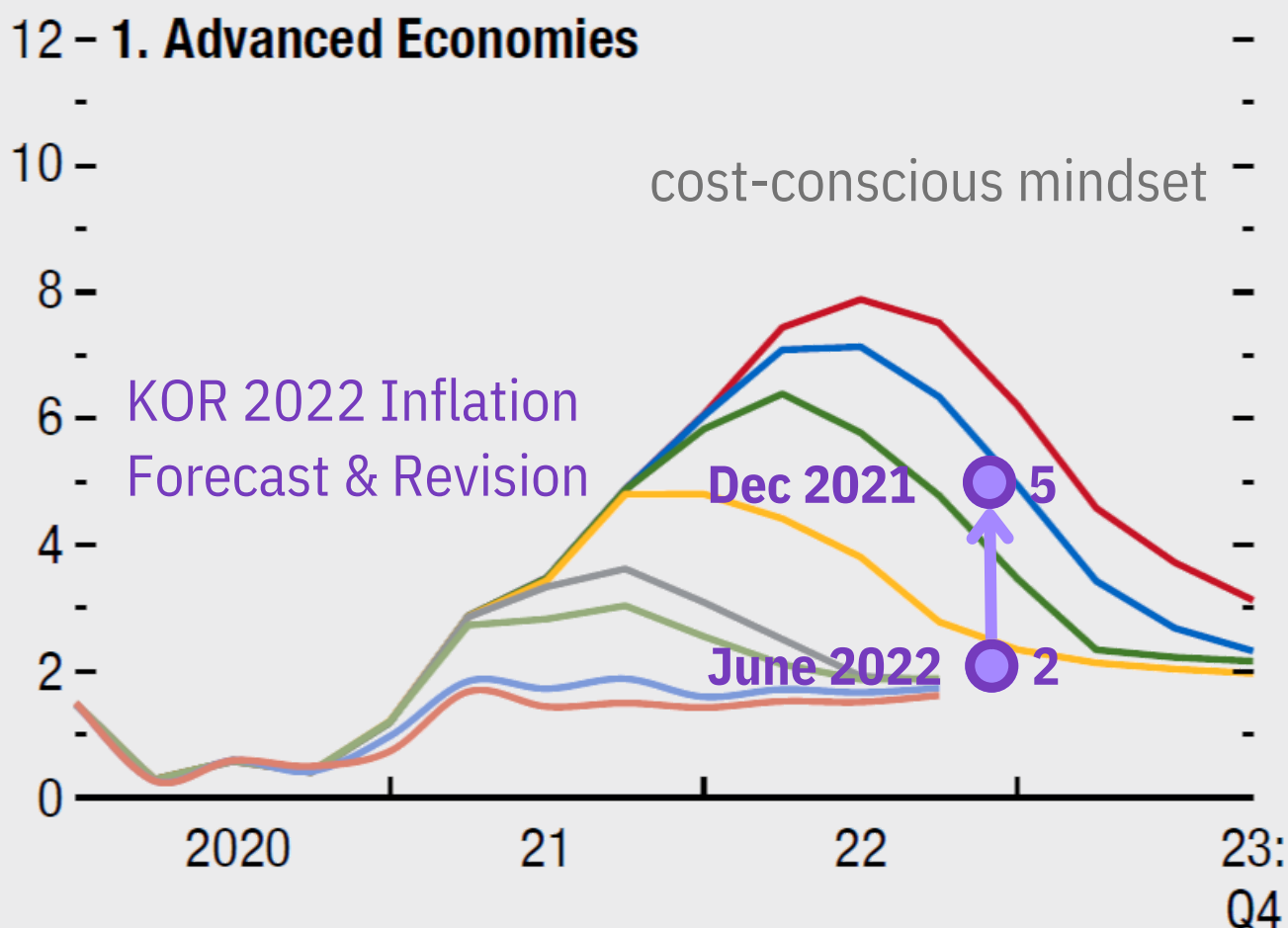
source: International Monetary Fund. (2022). *World Economic Outlook: Countering the Cost-of-Living Crisis*. Washington, DC. October.

source: Edge. (2022). *Future Retail Disruption, Midyear Update 2022*. p.11,14.

Inflation Forecasts & Revisions*



12 – 1. Advanced Economies



* Base: World Consumer Price Inflation (%). The lines plot the four-quarter purchasing-power-parity-GDP-weighted inflation forecasts from the January 2021 WEO Update to the October 2022 WEO.

Consumer Movement Return

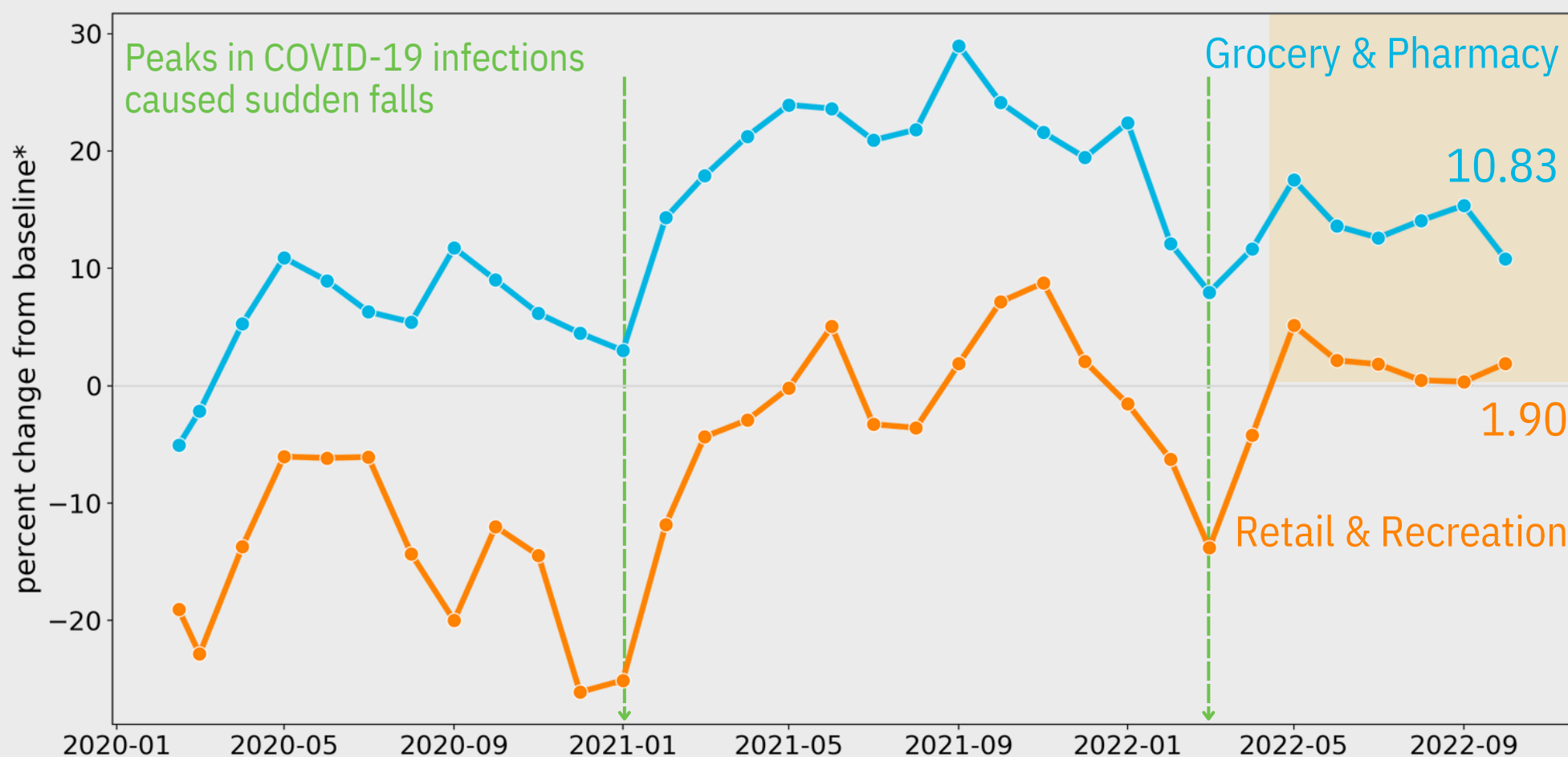
Research Online and Purchase Offline

Online Sales Growth Reverted Back to Pre-Covid Levels

source: Google LLC. (2022). *Google COVID-19 Community Mobility Reports*. <https://www.google.com/covid19/mobility/>
source: Bloomberg Businessweek Asia. (2022). *The Online Shopping Bust*. p.10-13.

KR Consumer Mobility Index

Feb 2020 - Sep 2022



Drive of E-Commerce during Covid-19
Convenience, not Cheap Price

Consumers **Return**
to Physical Shops

* Baseline = the median value for the corresponding day of the week, during 5-week period Jan 3 ~ Feb 6, 2020

Ecom Share set 24.6% by 2027

Short Term Disadvantages Expected

Omnichannel Increasingly Relevant to Ecom Growth

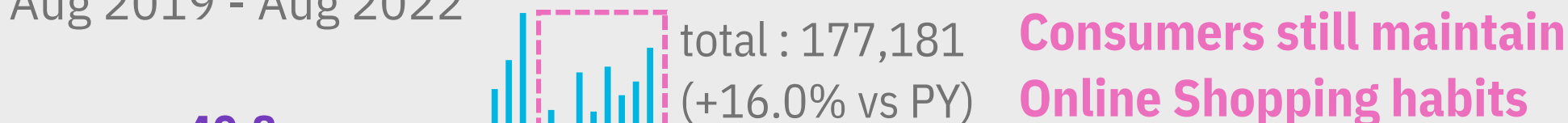
source: KOSTAT. (2022). Press Releases > Business Trends > Online Shopping.

source: Edge. (2022). Future Retail Disruption, Midyear Update 2022. p.19.

■ mobile ■ non-mobile

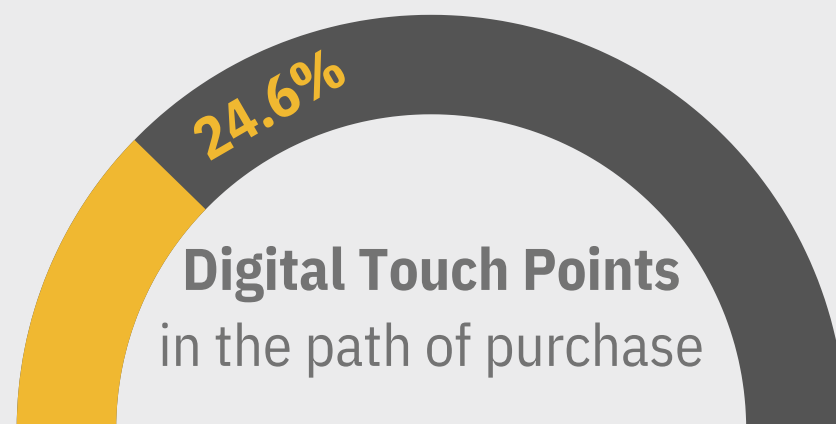
KR Online Shopping Transaction Value*

Aug 2019 - Aug 2022



2027 Ecomm Share of Sales

Health & Beauty, Personal Care



KR E-commerce Growth Rates

Health & Beauty (YoY, %)



* Base: 100 million won

Ecom Growth Forecast

Should Maintain focus on Ecom Execution as Underlying Momentum Remains

source: Edge. (2022). COVID-19 Update - Product Category Deep Dive.
source: Edge. (2022). Health, Beauty & Personal Care Sector Report, October 2022. p.18.

KR Long-Term Effect of COVID-19 on Health & Beauty Channel Sales Added Comparison*



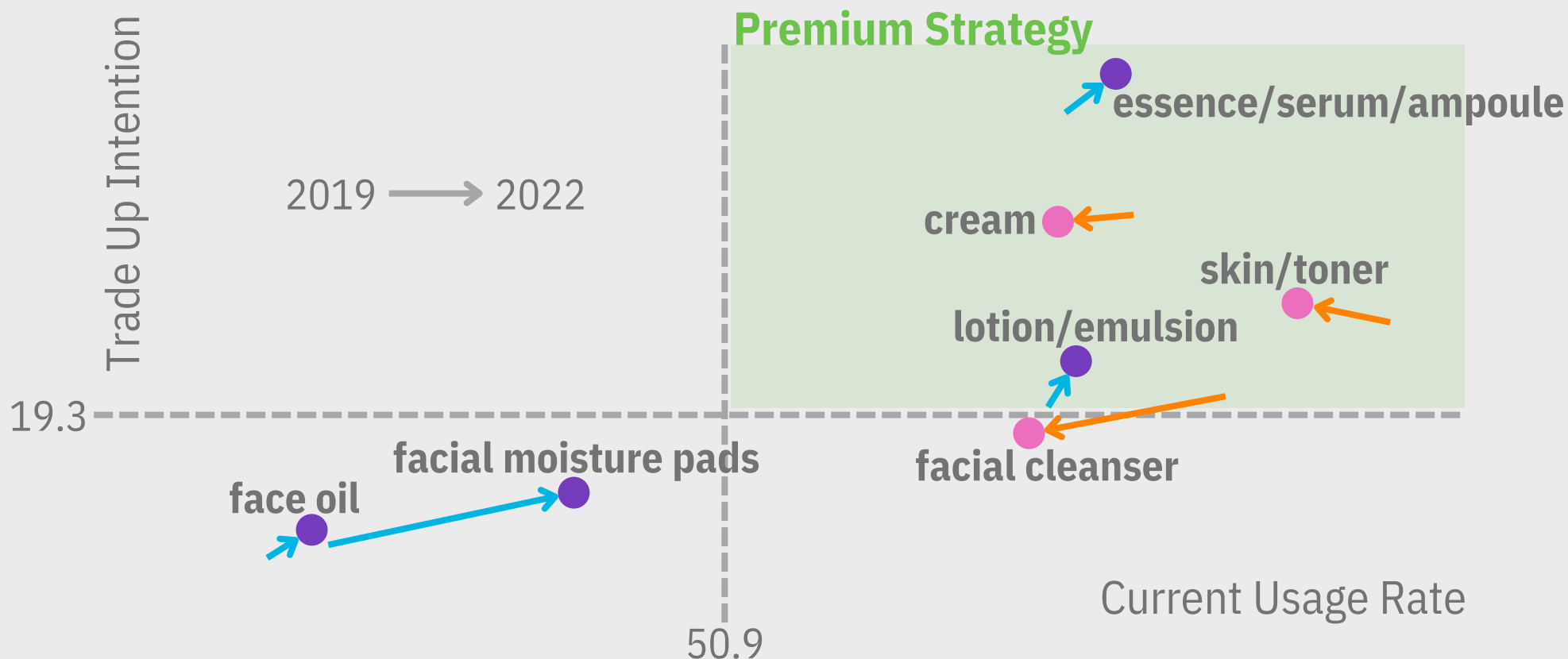
* Base: 1 billion won (KRW)

H&B Beauty Trend

Premium Strategy Opportunities on Skincare CLS Entry-Level Price Point Recommended

source: OpenSuvey. (2022). Article > 2022 Beauty Consumption Trend. <https://blog.opensurvey.co.kr/article/beauty-category-2022-2/>
source: Edge. (2022). Health, Beauty & Personal Care Sector Report, October 2022. p.18.

KR Consumer Premium Skincare Consideration*



RE Premium Beauty

in-store experience
guided by experts

Brand Innovation

justify higher price
points for higher quality

CVS Health (US) & Dermatologist-Tested Brands
: Personalized Skin Solution Format Store

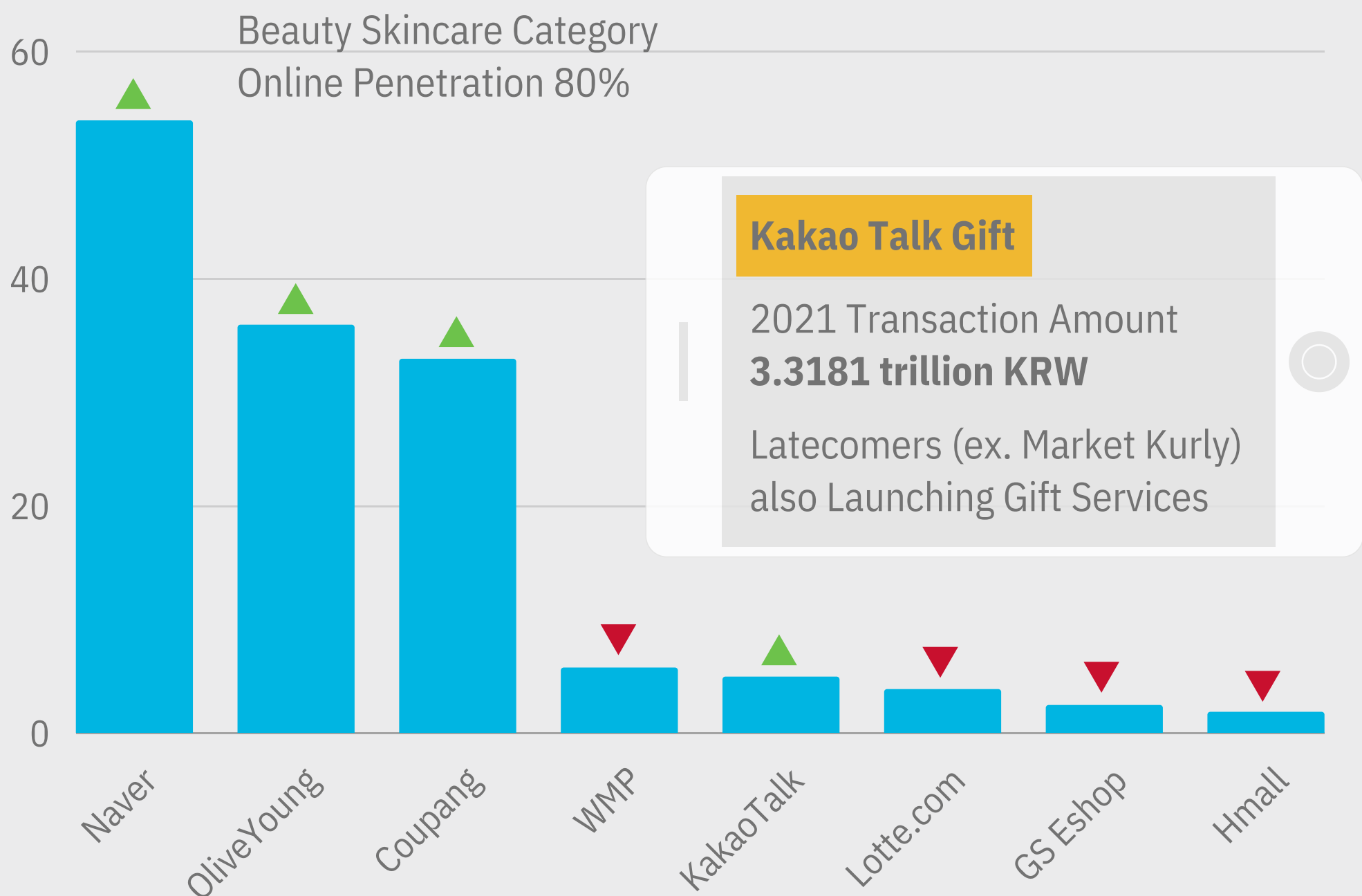
* Base: 전체 응답자 (n=3000), Unit (%), Multiple Response

CLS Ecom Channel Trend

Noticable Centralization of Major Online Channels
1st Gen Channels Continuous Utilization Decrease

source: OpenSuvey. (2022). Article > 2022 Skincare Purchase Channel Trend. <https://blog.opensurvey.co.kr/article/beauty-category-2022-3/>
source: ChosunBiz. (2022). 카카오 등 선물하기 거래액 年 3.3조... 수수료 30% '깜깜이' 수익창출.

2022 Channel Tracking for CLS Product Purchase*



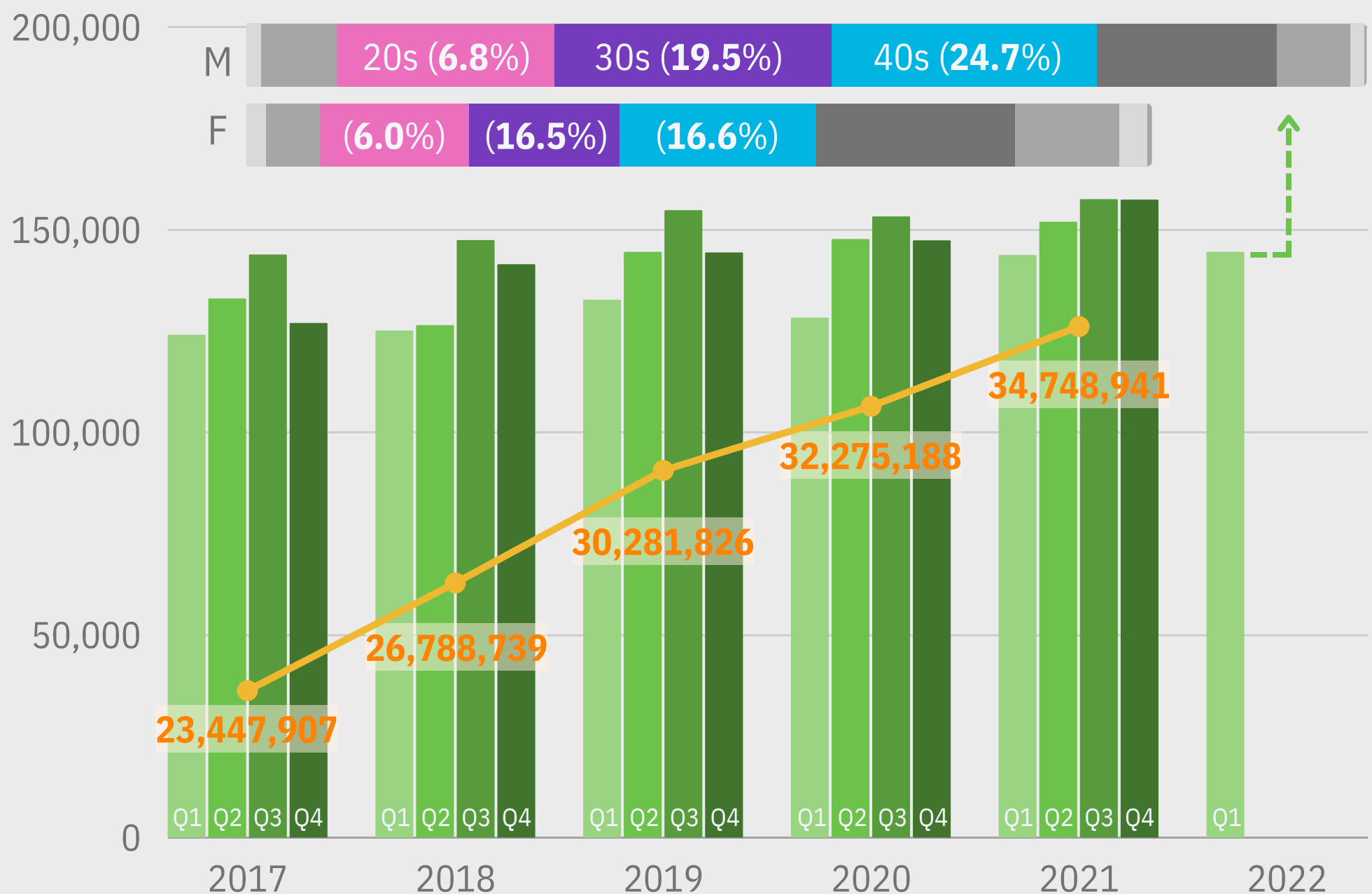
* Base: People who have bought cleansing products online for the past year (n=757). Unit %. Multiple Responses.

OTC Hair Treatment Trend

CJOY Scalp and Hair Loss Category Sales +27% (YoY)
Rapidly Increasing Influx of 2030s

source: Healthcare Bigdata Hub. (2022). 건강보험심사평가원 국민관심질병통계. <http://opendata.hira.or.kr/op/opc/olapMfrnIntrsIlnsInfo.do>
source: News1. (2022). <https://www.news1.kr/articles/4831593>

KR No. of Patients & Paid Medical Expenses on Alopecia*



* Base: 1000 won (KRW)

Reference

All of the Original Source Files & Other Related Reports
Could be Accessed through the **SharePoint** Link Below.

[SharePoint](#)

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