



OLIVE YOUNG KING OF K-BEAUTY

As well as a wide array of domestic brands, Olive Young stocks European dermatology labels which are hugely popular in Asia



Olive Young is the number one health and beauty retailer in South Korea, with 380 stores and a wide cross-section of mainstream and niche brands. Annemarie Kruse finds out more

Olive Young is the largest drugstore retailer in South Korea. The chain was founded in 1999 by retail conglomerate CJ Group. At the time Olive Young was the first drugstore chain in the country and for six years the retailer ruled in solitary splendour. Then, in 2005, the Chinese Watsons chain opened its first Korean store. In 2012 the Boons chain (part of Korean department store group Shinsegae) appeared on the market, followed in 2013 by the domestic retail group Lotte's LOHBS chain.

Among the four drugstore retail chains that are active in Korea today – Olive Young, Watsons, Boons and LOHBS – Olive Young is the market leader. Today, there are 380 Olive Young stores across Korea. In 2012, the retailer opened its flagship “Olive Young Experience Store” in Myeong-dong, followed by its first mainland China store in Shanghai just one year later.

Olive Young stores sell a wide range of Korean, Asian and Western beauty and personal care brands. The brand line-up includes mainstream and niche brands across different price points: mass market, masstige and luxury. In addition to cosmetics, the stores also retail grooming and personal care tools, beauty accessories, and confectionery and food items. Olive Young also

operates an increasingly lucrative online store at oliveyoungshop.com.

The Olive Young chain has successfully positioned itself as a trend-oriented beauty retailer: most larger stores feature special displays with the newest beauty launches or bestselling products. CJ Olive Young is also drawing on the marketing power of its celebrity brand ambassadors, which are usually young, male K-pop singers or actors.

In 2008, Olive Young started to sell Western pharmacy brands such as Avène (Pierre Fabre), La Roche-Posay and Vichy (both L'Oréal) – European dermo brands are immensely popular in Asia – which further cemented the retailer's positioning as a trend-setter. European brands such as Nivea

Fact file: Olive Young

Founded 1999

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(Beiersdorf) and L'Oréal Paris also account for a large chunk of the retailer's annual turnover.

Domestic dominance

However, Olive Young's main focus lies on domestic beauty brands, which is hardly surprising considering that the Korean C&T market is dominated by domestic manufacturers.

Of course K-beauty brands are not just popular with Korean customers but also internationally, and this is of key importance for Olive Young, as it is for all major Korean cosmetics retailers. South Korea, and especially its capital Seoul, is one of the most popular shopping destinations for Asian retail tourists.

Visitors from mainland China are one of the largest international demographics and cosmetics are one of the most popular souvenirs for this consumer group. In Seoul, the big beauty chain stores are known to employ Mandarin and Cantonese speaking staff to cater specifically to Chinese customers.

And retailers are making a special effort to draw in this customer group. This February Olive Young launched a special marketing campaign in honour of Chinese New Year – during Chinese holidays there is typically an influx of Chinese retail visitors – offering promotions which included discounts and gifts-with-purchases on some of the most popular beauty brands.

The Olive Young group is also building up a portfolio of own label beauty brands. The retailer has several ranges, including personal care brand By CJ Olive Young Itself, which was introduced in 200; colour cosmetics range Elle Girl, which came out in 2011; natural skin and body care brand Shingmulnara, which joined the roster in 2012; and men's care brand XTM Stylehomme, which was introduced in 2013.

The hallyu experience

As Korea's premier drugstore chain, Olive Young was also the first retailer to create a destination shopping experience. In 2012, the chain opened a Lifestyle Experience Store in Seoul's Myeong-Dong neighbourhood. With a retail area of 1,188 sq ft, the beauty concept store offers a full-on *hallyu* beauty shopping experience. The term *hallyu* (Korean for "wave") refers to the immense popularity of Korean popular culture – music, TV and films, food and, of course, cosmetics – across Asia and internationally.

The chain's flagship offers a very wide selection of cosmetics, personal care and perfumes across two floors, an outlet of popular café chain Twosome Coffee and a hair styling bar. There is a large men's cosmetics section with an attached barber shop, tables and sinks for customers to try out make-up and other beauty products, and a trend-oriented selection of Korean and Western foods, supplements and confectionery.

LOHBS and Boons have also opened similar shopping stores in the last couple of years but Olive Young's Myeong-Dong store was the first outlet of this type. The Olive Young



Seoul's Myeong-Dong neighbourhood is the location for Olive Young's Lifestyle Experience Store, which offers a *hallyu* beauty shopping experience

“ Visitors from mainland China are one of the largest international demographics for Olive Young ”

Lifestyle store is so successful that it is listed in the *hallyu* section of VisitSeoul, the city's official tourist website.

Although the Korean drugstore sector is still new it is one of the fastest growing retail channels. As the sector's market leader, Olive Young will be profiting from this development. The retail chain can also draw on the cross-channel marketing and logistical support of owner CJ Group's affiliate companies, which include CJ O Shopping, one of the best-known Korean home shopping channels, and influential media and entertainment network CJ E&M.

Olive Young is also driving forward its international expansion. In 2013, the chain opened its first mainland China store in Shanghai. At the time CJ Group announced that it would further expand into the Chinese market and was also researching the market potential of South East Asian countries Vietnam and Indonesia.



A handy in-store experience

As part of its destination shopping experience, Olive Young's Lifestyle Experience Center offers customers the chance to try out soaps and body washes: on the second floor of the store is a free-standing sink. Customers can wash their hands with different liquid hand soaps or try out other hand and body cleansers; there are tissues and paper towels to dry hands afterwards and mirrors to check make-up.