

Impact of the Korean Wave on Beauty Market Trends in Malaysia

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ABSTRACT

The Korean Wave (Hallyu) is spreading throughout Asia following K-drama and K-pop. And its cultural spillover is leading the fashion trends in Asia. The Korean Wave has helped to boost the exports of Korean products and goods related to the fashion business. Many existing studies have shown that the Korean Wave is influencing exports volumes and has had an economic impact, especially, on the beauty business. This paper analyzed changes in the Malaysian cosmetics market brought about by the Korean Wave. The reason of choosing a subject such as Malaysia is because Malaysia is a middle-income country in Asia and an important income country of cosmetic products. This study finds that the Korean Wave has brought about changes in the Malaysian cosmetics market. The Korean Wave has created added value to generate profits for the beauty business in Korean companies based on popularity of Korean brand cosmetic products. And we find that the Korean Wave has brought about changes in the styles and colors of cosmetic products. Thus, studying the trends in the Malaysia cosmetics market is academically significant with regard to understanding the economic effects of the Korean Wave.

KEYWORDS: Korean Wave, beauty trend, Malaysia

INTRODUCTION

The Korean Wave is spreading across Asia, especially, Southeast Asia, owing to cultural content such as K-drama and K-pop, which now influences other countries' cultures. For example, Korean culture is driving fashion trends in Southeast Asia where consumers consume Korean clothing, cosmetic goods and accessory, boosting the exports of Korean products and goods related to the fashion business.

This study aims to verify the correlation of economic effects and the Korean Wave, and analyze changes in the Malaysian cosmetics market brought about by the Korean Wave. We chose the cosmetic market in Malaysia as a research subject because the beauty market in Malaysia is growing fast. Furthermore, Malaysia is a middle-income country in Southeast Asia which means that Malaysians tend to consume the latest products more than do the people in other Southeast Asia countries. Therefore, this study assumes that the Korean Wave has created added value toward generating profits for the beauty business in Korea and has brought about changes in the Malaysian cosmetics market. First, this study examines the changes in the cosmetics trends brought about by the Korean Wave through a literature review and statistical analysis. Second, this paper verifies the economic impact of the Korean Wave on the beauty business in Korea.

THEORY

Many economists insist that it is difficult to put a price on cultural value. However, we believe that price is not a yardstick for economic value but the optimal measured value for cultural products. The UN World Commission on Culture and Development (1995) also described the concepts of culture and economic development as inextricably intertwined in any society.

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According to the KOTRA report (2015) the Korean Wave has an impact on economic effects in the fields of labor productivity, trade and tourism trade in both countries. Many scholars demonstrate the correlation between GDP and trade volume by cultural contents. Kang(2009) said that Korean exports cultural contents goods in Southeast Asian countries. The study proves that the variables of exports of Korean cultural contents goods and GDP are positive and statistically significant between Korea and Southeast Asian countries. This study aims to analyze trade between Korea and Malaysia with a focus on cosmetic goods influenced by the Korean Wave. The background of the theory for this paper is based on cultural political economy. Throsby (2001) attempted to describe cultural content as providing a range of cultural value characteristics including *aesthetic value*, *spiritual value*, *social value*, *historical value*, *symbolic value*, and *authenticity value*. The Korean Wave that has influenced cosmetic trends and business in Malaysia has *aesthetic value* and *symbolic value*. *Aesthetic value* includes properties of beauty, harmony, form, and other aesthetic characteristics of the work as an acknowledged component of the work’s cultural value such as style, fashion and tastes. *Symbolic value* includes artworks and other cultural objects that exist as repositories and conveyors of meaning. A work’s symbolic value embraces the nature of the meaning conveyed by the work and its value to the consumer (Throsby, 2001). This paper assumes that the cultural value of the Korean Wave influences on makeup styles in Malaysia and promotes sales of cosmetic goods imported from Korea.

EXPERIMENTAL

Malaysia traded about US \$2.24 billion of personal care and cosmetics products in 2015. Over 50% of this demand was met by US \$1.13 billion in imports. China, Thailand, France, the EU, the United States, South Korea, and Japan are Malaysia’s main exporters. Despite the concurrent appreciation of the US dollar and the devaluation of Malaysian ringgit in 2015 to 2016 as well as a slowdown in government spending, exports to Malaysia have continued to grow. As Malaysia’s economic growth picks up, cosmetics imports are expected to grow (USTR, <https://ustr.gov/>). Therefore, this study focuses on the cosmetic market in Malaysia. In 2015, South Korea has the second highest market share (12.68%) for the corresponding period with an import value of US \$36.8 million for beauty or makeup and skin-care preparation products (HS 3304). According to the USTR report, the advent of the K-pop and K-drama phenomenon has made all things South Korean, including cosmetics, very attractive (U.S. Department of Commerce, 2016). Furthermore, export volumes of cosmetic goods from Korea to Malaysia shows an increase over three years from 2012 to 2015, of US \$156 million (US \$564 million) y/y 58.7% rise (KOTRA, 2015).

Table 1. Cosmetic goods exports volume in Korea to Malaysia

Year	2012	2013	2014	2015	y/y(%)
Million dollars	156	222	355	564	58.7

And many popular Korean brand cosmetic shops were launched into many large shopping malls such as Mid-valley megamall, KLCC, Time square in Kuala Lumpur (figure 1).



Figure 1: Korean cosmetic stores in Malaysia Mid-valley megamall.

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These export values of Korean cosmetic goods and investments in the Malaysian cosmetic market demonstrate the economic effects of the Korean Wave. However, this study tries to confirm the influence of the Korean Wave from different points of view. For this paper, six fashion magazines (*Bazaar*, *Cleo*, *ELLE*, *Female*, *Her World*, *Marie Claire*) in Malaysia were analyzed. This research is comprised the study of advertisements and trends of cosmetic products focusing on best sellers in urban Malaysia.

RESULTS AND DISCUSSION

Prior to analyzing magazines in Malaysia, this study examined the popularity of Korean cosmetic brands through *Google Trends* (trends.google.com). This graph shows that interest in Korean cosmetic brands in Malaysia is increasing (Figure 2). Brands like *Leneige* and *Innisfree* have been witnessing sharp upward trend curves.

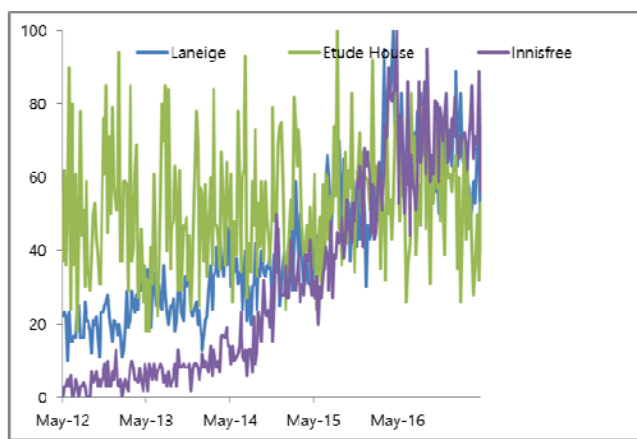


Figure 2: the popularity of Korean cosmetic brands (2012~2017) by google trend.

Min and Jung (2015) state that the image of beauty in Korea has been influenced by Confucian thought and the the “beautiful woman” has been regarded metaphorically in traditional Korean society. The ancient description of an oriental beauty, contrary to western ideals, is a women with red lips, white teeth(丹脣皓齒), white skin and a “floral face”(雪膚花容). Surprisingly, the popular products of Korean cosmetic brands are in accord with the traditional beauty trends. First, famous Korean cosmetic brands among Malaysian consumer emphasize oriental beauty in commercial advertisements in Figure 3. And many female celebrity models are well-known for fashionista fitting the traditional Korean standard of beauty with white skin and red lips.



Figure 3: Advertisement model of Korean cosmetic brands at the Malaysian fashion magazine (*Female*, Feb 2017)

Furthermore, many Korean cosmetic products advertise functional cosmetic products especially whitening products and lip tins (Figure 4). Ancient novels such as *The Cloud Dream of the Nine*(九雲夢), a biography of the maiden *Sukyong*(淑英娘子傳), shows Korean traditional beauties as having a white face and red lips (Min and

Jung, 2015). Malaysian consumers favor whitening functional cosmetic from Korean brands. It is assumed that Korean makeup style is in fashion among Malaysian consumers influenced by K-pop and K-drama.



Figure 4: Korean brand makeup cosmetics in Malaysian magazine advertisement

According to statistics of the U.S. Commercial Service, the Korean market share in the field of makeup and skin-care in Malaysia is overwhelmingly high compared to other countries (Table 2) indicating that Malaysian cosmetic users prefer Korean cosmetics beauty trends to Western ones. Based on the cultural economy theory, this is a result of the Korean.

Table 2. Makeup & Skin-care preparations products imports into Malaysia in 2015 by country(%) market share

HTS code	USA	China	Japan	France	Thailand	South Korea	EU 28
3304	41	5	28	13	14	57	41

Source: U. S. Commercial Service

CONCLUSION

Cultural content has the power to hold an important bearing on a country's economy. In particular, this study stressed the importance of the cultural trade called the *Korean Wave* for an export-dependent country like Korea. Trade of culture and human capital has become an irreversible trend now. Many existing studies prove correlation between cultural trade and economic growth. Thus, the fact remains that an increase in cosmetic products imports from Korea to Malaysia casts a long shadow. The upward trend of Korean cosmetic imports in Malaysia has changed beauty trends in Malaysian society. Malaysian consumers prefer whitening functional cosmetics and waterproof red lip tint, similar to Korean beauty trends from the past that resonate in the present-day resonance and are a kind of "spillover effect" in modern society. Therefore, we are assured that Korean fashion items would lead fashion trends in Malaysian society. A follow-up study focusing on color trends by the Korean Wave within Asia will be relevant for Korean companies looking to invest in South Asia countries.

ACKNOWLEDGEMENTS

We are very grateful to Prof. Kim, Yoosun at Shamyook University.

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