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Globalizing the MEDIHEAL Brand: L&P Cosmetic's Collaboration with BTS*

Ick Hyun Kwon**

L&P Cosmetic, the leading company selling mask packs on the global market, produces MEDIHEAL, the number-one best-selling mask pack brand in Korea and the best-selling imported mask pack brand in China (2017). The company pioneered the premium market for mask packs through its launch of premium mask packs in 2009, and has subsequently achieved outstanding success in Korea and China. Three key factors have contributed to the success of L&P Cosmetic: product leadership with R&D capability, strategic marketing programs tailored for each market segment, and operational excellence focusing on strategic outsourcing and partnership management. Nonetheless, globalization beyond the Chinese market remains a major challenge for the potential of L&P Cosmetic. The company has embarked upon a collaboration with BTS, the world's top K-pop stars, as an optimally effective way to achieve its goals and a highly efficient strategy to manage the risks of globalization.

The global branding collaboration project with BTS has succeeded in generating primary demand for mask packs on the global market, spreading brand awareness of MEDIHEAL, and establishing global channel networks. L&P Cosmetic will continue to grow worldwide on the basis of this outstanding performance.

Key words: Mask pack, L&P Cosmetic, MEDIHEAL, BTS, Collaboration, Global Branding

I. Introduction

"L&P stands for Love & Passion!"

L&P Cosmetic, the number-one global leader

in mask packs, is a cosmetic company that manufactures various cosmetic products, including mask packs, basic skincare products, and color cosmetics. MEDIHEAL, its main mask pack brand, is the best-selling mask pack brand in

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** Professor, School of Management, Dongguk University (kwonih@dongguk.edu)

Korea (29% of market share in 2017) and the best-selling mask pack brand in China (2017).

Moreover, MEDIHEAL is exported to 25 countries globally, and 1.3 billion mask sheets were sold in 2018.

L&P Cosmetic pioneered the introduction of premium mask packs, which were previously distributed as promotional items. Since L&P Cosmetic launched its line of premium mask packs in 2009, face mask packs have evolved into essential items for skin care, and the mask pack market has expanded rapidly—a process during which MEDIHEAL has also shown explosive growth. Industrial analysts have reported the following growth drivers of MEDIHEAL's recent success:

- **Excellent Product Quality and Moisturizing Effect:** MEDIHEAL shows excellent absorption and adheres well to the contours of the skin through an optimal combination of the sheet and essential ingredients.
- **Branding through Unique Design:** MEDIHEAL uses a unique design reminiscent of a Ringer's Solution bottle that communicates the product's functionality and safety.

Internally, however, L&P Cosmetic characterizes its competences as product leadership, strategic marketing capability, and operational excellence, based upon Treacy and Wiersema (1993).

- **Product Leadership:** L&P Cosmetic has

developed many new products and has gathered and analyzed data from numerous successful new products, all based on its unmatched R&D capabilities.

- **Strategic Marketing Capability:** L&P Cosmetic has successfully developed MEDIHEAL into a mega-brand by adopting strategic marketing programs.
- **Operational Excellence:** Strategic outsourcing and partnership management have resulted in L&P Cosmetic's strongest and most sustainable competence, operational excellence.

Even though L&P Cosmetic has achieved great success, L&P Cosmetic has not been content to maintain the status quo; instead, it has relentlessly sought out challenges in order to realize its full potential. In particular, L&P Cosmetic set the goal of building upon its initial success in the domestic and Chinese markets, aiming to expand the mask pack market globally and to develop MEDIHEAL into the top global brand. To achieve this goal, L&P Cosmetic formed a special task force to develop a global branding strategy, with the following objectives.

- 1) Generating primary demand for face mask packs in the global market
- 2) Generating and enhancing brand awareness of MEDIHEAL
- 3) Establishing channel networks globally

L&P Cosmetic decided to collaborate with

BTS, the world's top K-pop stars, as an optimally effective way to achieve its goals and a highly efficient strategy to manage the high risk involved in globalization. This case study describes the overall strategic framework, detailed content, and outcomes of that collaboration.

II. Company Background

L&P Cosmetic, the company that produces MEDIHEAL mask packs, was founded in 2009 by its current CEO, Oh-sub Kwon, who had an in-depth understanding of cosmetics and an extensive business network in the cosmetics industry, with 25 years of know-how and experience in the industry. Mr. Kwon was strongly influenced by his mother's experience of running her own cosmetics manufacturing company, which provided him with constant exposure to cosmetics products from a young age. In 2002, he entered business for himself by buying a small company that sold color cosmetic products, but he was forced to sell the business in 2008 due to financial difficulties, which he took as a personal failure. However, on the basis of this experience, Mr. Kwon discovered a new opportunity in the market. He shifted his business focus to face mask packs, which nobody else in the industry had paid much attention to. In a market where mask packs were only regarded as free promotional

items, or sold cheaply at around 1,000 KRW (almost \$1) for 2-3 units, he was able to achieve unexpected success by launching mask packs priced at 2,000 KRW (almost \$2). Although the financial crisis forced Mr. Kwon to sell his company in 2008, he decided to challenge himself again to find ways to improve the quality of mask packs, and founded L&P Cosmetic in March 2009 with the help of academic and industry experts (Jiyoung Jung and Sang Yong Kim, 2015).

■ Market performance and success factors in the early business years (KSF: key success factor)

The company achieved total sales of 1.5 billion KRW in its first year of business, far surpassing the expectations of industry experts, and it continued to surprise the industry with sales of 5.5 billion KRW in 2010 and 9.3 billion KRW in 2011. The company's key success factors (KSFs) and its strong market performance in the early stages of its business can be summarized as follows:

- Quality improvement and branding

In order to position his brand in the high-end market, Mr. Kwon consulted with field experts and leveraged his own experience to devise ways to improve product quality by incorporating new ingredients that had not been used in the industry. Mr. Kwon was also able to push the psychological threshold for purchase to 2,000-

〈Figure 1〉

3,000 KRW to establish a niche for his company in the high-end market. Recognizing that new branding and quality improvements would not be sufficient to persuade potential consumers, Mr. Kwon collaborated with a group of renowned dermatologists and conveyed the image of professional care by naming his product 'Leaders Clinic Clinie', echoing the name of their private clinics. However, Mr. Kwon went one step further to more effectively convey the high-end concept of his products to consumers by incorporating into the packaging a protruding portion that resembled a bottle of Ringer's Solution, as seen in Figure 2. This unique packaging, which was designed in collaboration with dermatologists, served to differentiate his products from others and conveyed a professional image to consumers.

〈Figure 2〉

- Establishing a distribution network via various sales pathways

Mr. Kwon understood that establishing a reliable distribution network is as important as the product itself for success in the cosmetics

industry. However, early in the business, the idea of high-quality face masks was not welcomed by many distributors.

In order to alleviate distributors' concerns, Mr. Kwon secured multiple sales pathways by persistently persuading distributors with whom he had pre-existing relationships, and pioneered new pathways through drugstores such as Olive Young and local pharmacies, as seen in Figure 3. Mr. Kwon's efforts to construct a secure distribution network, along with his commitment to the quality of the products, were the two pillars of L&P Cosmetic's success.

■ Proven tactics for crisis management

- Birth of MEDIHEAL as an independent brand

At the end of 2011, the company faced an unexpected crisis when its cooperative relationship with the group of dermatologists, which was an essential component of conveying the high-quality concept of the products to consumers, collapsed. The Leaders Clinic Clinie brand, which represented that partnership, had gained significant popularity among consumers; therefore, not being able to use that brand name any longer was a potentially fatal crisis for L&P Cosmetic. In response, Mr. Kwon implemented

〈Figure 3〉

Figure 3 L&P Cosmetic's distribution channels

a proven tactic by turning the crisis into an opportunity to be more autonomous instead of depending on others for help. Consequently, L&P Cosmetic introduced its own brand, MEDIHEAL, to the market in 2012 to transition away from the old strategy of leveraging the image of dermatologists in favor of a new marketing strategy.

- Targeting the Chinese market by securing a hygiene license

International shopping proxies are highly important for targeting the Chinese market, and L&P Cosmetic initially depended heavily on them. However, those distribution channels had a major problem, in that the export volume varied widely depending on the Chinese government's regulations. This market uncertainty is one of the greatest difficulties that all cosmetic companies must face when targeting the Chinese market. In order to enter the formidable Chinese market, Mr. Kwon again

chose to take the bull by the horns by obtaining a hygiene license from the China Food and Drug Administration (CFDA). Despite the considerable amount of time and money required to secure a CFDA hygiene license, Mr. Kwon regarded it as an essential step to formally introduce his products to the Chinese market.

III. L&P Cosmetic's Market Leadership

As shown in Figure 4, L&P Cosmetic's market leadership comes from three core competences: product leadership, strategic marketing capability, and operational excellence.

■ Product leadership

L&P Cosmetic has developed many new products and gathered and analyzed data from numerous successful new products, all based

〈Figure 4〉

〈Figure 5〉

on its unmatched R&D capabilities.

■ Strategic marketing capability

L&P Cosmetic has successfully developed MEDIHEAL into a mega-brand by adopting strategic marketing programs, optimized according to the target market. As shown in Figures 6 and 7, the L&P Cosmetic marketing program is diverse, creative, and tailored to its target markets.

More importantly, L&P Cosmetic marketing programs are derived solely from analytics and marketing research. Table 1 shows an example of managerial implications derived from such research.

■ Operational excellence

Operational excellence is the strongest and

most sustainable core competence of L&P Cosmetic, as it is grounded in strategic outsourcing and partnership management.

As shown in Figure 8, the “Philosophy of Together” forms the basis of L&P Cosmetic’s collaboration system, which has enabled rapid new product development, R&D, and marketing programs.

More strategically, at the macro level, L&P Cosmetic has established a highly efficient business model that enables the company to focus on its core capabilities. This business model can be termed a high-efficiency asset-light business model, and it is summarized in Figure 9.

〈Figure 6〉

〈Figure 7〉

〈Table 1〉 Consumers' perception of mask packs in Korea and China

	Korea	China
Consumer Perception of Sheet Mask	Supplementary basic skincare products (Perception as an essential product in skin care routine : 55%)	An essential beauty product that combines basic and intensive skincare (Perception as an essential product in skin care routine : 85%)
Product Positioning among Skincare Products	Sheet Mask = Essence	Has its own unique use distinguished from essence and cream products
Primary Use of Sheet Mask	Soothing > Moisturizing > Anti-aging > Nutrition	Anti-aging > Whitening > Moisturizing > Nutrition > Soothing
Sheet Mask Usage Rate	2.3 times on an average weekly basis	3.0 times on an average weekly basis

Note) Survey target and pool: Korea - 20- to 44-year-old women residing in Seoul, total 800 interviews / China - 20- to 44-year-old women residing in Shanghai and Beijing, total 800 interviews

Source) Company's internal market analysis entitled, 『Analysis of the Mask Pack Market and Research on L&P Cosmetic's Growth Strategies and MEDIHEAL Brand Strategies (2016)』

〈Figure 8〉

〈Figure 9〉 High-efficiency asset-light business model

IV. L&P Cosmetic's Next Mission: Globalization via Collaboration with BTS

■ Background of the collaboration

Figure 10 shows the rapid recent growth of

L&P Cosmetic. However, this growth was quantitative in the sense that most of the market expansion came from China. In order to grow qualitatively as well, L&P Cosmetic was faced with the task of expanding the face mask pack market globally beyond China.

Although most companies recognize the

〈Figure 10〉

advantages of globalization, many are also grappling with the challenges and complexities of competing in a global environment (Matanda & Ewing, 2012).

L&P Cosmetic formed a special task force to develop a global strategy, and made a contraction with BTS in 2016. The main goals of this

global strategy were:

Given the consensus among practitioners and academics that globalization efforts are resource-intensive in terms of time and finances (Hassan & Craft, 2012), the task force sought to optimize both the effectiveness and the efficiency of the global branding strategy.

〈Figure 11〉

The task force ultimately concluded that a collaboration with BTS, the world's top K-Pop stars, would be the most effective and efficient global strategy. This conclusion was based upon the fact that ARMY, the fandom of BTS, are globalized, loyal, and highly active on social network services (SNS). The overall logic of collaboration with BTS can be summarized and diagrammed as follows.

■ Content of the collaboration

As shown below, the MEDIHEAL and BTS collaboration proceeded through three distinct phases (pre-publicity, product planning, and product launch), each with its own purpose.

■ Pre-publicity collaboration

The first phase of the collaboration with

BTS involved celebrity product placement (PPL), in which the BTS members used the MEDIHEAL products themselves.

■ Collaboration product planning

In planning for the MEDIHEAL and BTS collaboration products, the task force paid special attention to the following guidelines:

First, the products must reflect the image and stories of BTS.

Second, the products should have value not only as possessions, but also for practical use.

Third, the components of the products must be appropriate for the fans who buy face masks.

Fourth, product planning must stimulate fans' desire to purchase the products.

Considering the factors above, the following

〈Figure 12〉

collaboration products were developed.

First, a photo shoot was carried out, with a continuous concept that flows with the themes of 'the best moment,' 'relaxation,' 'rebound

(practice),' and 'again to the top.'

- Pouch design to induce product use
- Target-specific product set for BTS fans

〈Figure 13〉

〈Figure 14〉

〈Figure 15〉

- To induce purchases and to boost buyer satisfaction afterwards, factors that increased the desire to purchase were placed at each step of the purchasing experience: before opening (box package), after opening (a photo card), and product confirmation (QR code video)

■ Collaboration product launch promotion
A teaser communication was run in order to pique the fans' curiosity.

■ Promotions after the product launch

■ Performance of the collaboration

〈Figure 16〉

Box Package

The image on the cover of the box allowed consumers to keep or use the photos as idol goods, even after using the product inside the box

Photo Card Set

Included a total of four photo card sets (postcard type)
[two Relaxation Ver. Photobooks and two Rebound Ver. Photobooks]

The photo cards were separated by concepts (group/unit vs. individuals).
The design of the photo card allowed easier, more convenient storage.
Considering other possible DIY uses of the photo cards, the cards had the design and layout of a postcard.

QR Code Secret Video

Only product purchasers received access to view a secret video clip by scanning a QR code on the photo card envelope.

Since the video had not been made available to the fans before and features all of the members, it was designed to pique their curiosity and provide meaning.

<Figure 17>

D-14 Teaser	D-8-1 Individual Contents	D-DAY

- An online viral campaign was run via D-minus news releases before the official launch.
- Each individual member's video clips, which reflected their characteristics, were uploaded in sequential order, and content was released that allowed consumers to see the details of the product on the day of launch.

<Figure 18>

Collaboration Product PPL	PHOTO ZONE Set-ups

Sales Channel Expansion Advertising	Induce a Second Viral Spread

The MEDIHEAL and BTS collaboration was productive in terms of sales and communication.

◆ Sales performance

Over 4 million collaboration products were sold. Notably, the sales increase in collaboration products translated to an increase in the sales of other products as well.

◆ Communication performance

The collaboration with BTS was mainly implemented as a stepping stone to achieve the mid/long-term goal to lay the foundation for expanding the global market for face masks,

rather than to achieve short-term gains in sales.

Therefore, successful communication was a very important element of this campaign for informing the public about face mask products and the MEDIHEAL brand. In this context, the following performance indicators clearly showed the tremendous success of the BTS collaboration project.

- Changes in MEDIHEAL-related media posting on SNS platforms

A comparative analysis of the daily average number of MEDIHEAL-related media posts after the collaboration release (from December

〈Figure 19〉 Accumulated sales data

〈Figure 20〉

2017 to April 2018) and before the release in November 2017 showed an 804% increase on Twitter and an approximately 92% increase on Instagram, illustrating that the collaboration made a major contribution to spreading MEDIHEAL's brand awareness.

- Online buzz and Google search volume

As shown in the chart below, a steady

increase in MEDIHEAL searches on Twitter, Instagram, YouTube, and Google was apparent when the dates of content publication and posting were analyzed.

The increase in Google search volume was especially notable, because searches for MEDIHEAL signified that BTS fans themselves had sought out information on MEDIHEAL.

<Figure 21>

Comparison of MEDIHEAL-related media postings on social media platforms				
	Twitter posts	In comparison to November	Instagram posts	In comparison to November
November 2017	28.5		55.5	
December	42.5	+1391%	10.4	+87%
January 2018	16.7	+486%	9.6	+73%
February	13.2	+363%	9.5	+79%
March	34.6	+1114%	11.9	+114%
April	21.8	+665%	11.3	+104%
Average increase		+803.9%		+91.53%

<Figure 22>

<Figure 23>

<Figure 24>

- Percentage of media coverage and amount of daily posts by language

From analyzing the buzz on Twitter and Instagram after content posts by language, English accounted for the highest percentage, and Japanese made up about 20%. Other

languages such as Indonesian, Vietnamese, Tagalog, Thai, and Russian, as well as German, Spanish, and other European languages were also found.

Unlike other languages, the buzz occurrence pattern in Japan showed a pattern in which

the amount of buzz accumulated, suggesting bright prospects for entering the Japanese market.

- Distribution performance

An equally important success of the BTS collaboration was that it served as a stepping stone for establishing a global distribution channel beyond the existing Korean and Chinese markets. As shown in Figure 25, the quantitative aspect of entering the global market was important, but the fact that qualitative improvements were made in each region's distribution channel also carried a crucial strategic meaning.

For example, in the Japanese market, MEDIHEAL was the first brand to enter the Takashimaya Department Store, known to mainly sell luxury goods and big brands, with a single product (face masks).

V. Conclusion

L&P Cosmetic, which has achieved explosive success in the domestic (Korean) and Chinese markets, has relentlessly sought opportunities to test its potential in the global market. As a first strategic step, it adopted a collaboration with BTS, the world's top K-pop stars. Of the multiple points of strategic logic for this project, the most important was strategic efficiency, since many practitioners and academics have warned about the high risks involved in globalization (*eg. Bengtsson et al, 2008*).

The collaboration between L&P Cosmetic's main brand (MEDIHEAL) and BTS yielded the following main achievements. First, MEDIHEAL was able to target not only current consumers in their 20s and 30s, but also potential teenage consumers. Second, the collaboration made

〈Figure 25〉

significant contributions to moving beyond the domestic (Korean) and Chinese markets to the global market by informing the public about face mask products, thereby increasing MEDIHEAL brand awareness. Third, the BTS collaboration product not only allowed the business to enter the Japanese market, which had high barriers to entry, but also paved the way for the establishment of a distribution network throughout

the U.S., Europe, and South America, in addition to Southeast Asia.

Based upon the outstanding performance of this collaboration, L&P Cosmetic extended its collaboration with BTS into the future. Figure 26 presents information about the new campaign with BTS that was launched in 2019.

To conclude, collaboration with BTS will lead MEDIHEAL to be the global number-one

〈Figure 26〉

brand in mask packs, enabling L&P Cosmetic to achieve its global vision in the future.

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