iUNIK

—

Expanding in the United States MarketPlace

The Problem:

South Korean skincare brand iUNIK is in need of advice to **expand the growth** of their skincare products in the United States and is looking for a competitive advantage in the United State marketplace.

Our Proposition:

Incorporate ESG principles in iUNIK growth plans in the United States. ESG principles will help increase the value proposition of the brand as it takes advantage of the current trend of "clean beauty" and enhances iUNIK brand standing upon minimalism and only utilizing naturally sourced ingredients. To do so, we highly recommend replacing plastic with **sustainable packaging**.

Secondary Data

The cosmetic industry produces an estimated 120 billion units of plastic packaging annually.

70% of the 120 billion units ends up in the landfill

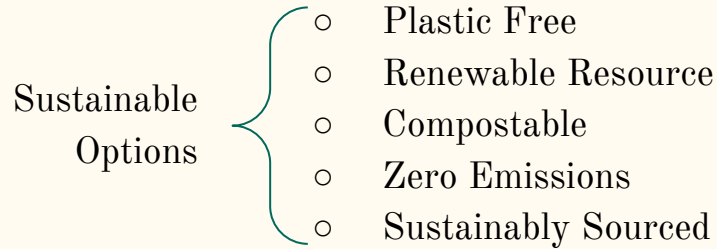Most landfill space is consumed by plastic because it is not biodegradable.

McKinsey Claims:

" A strong ESG proposition can safeguard a company's long-term success. The magnitude of investment flow suggests that ESG is much more than a fad or a feel-good exercise "
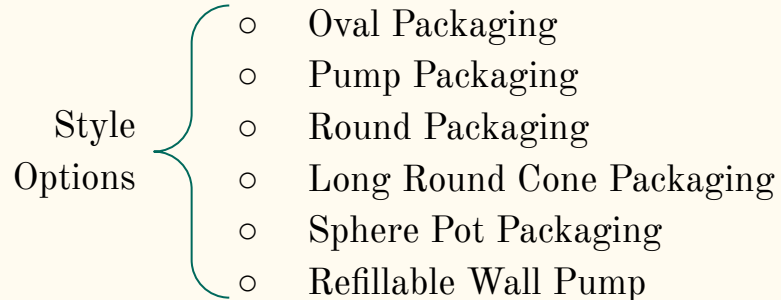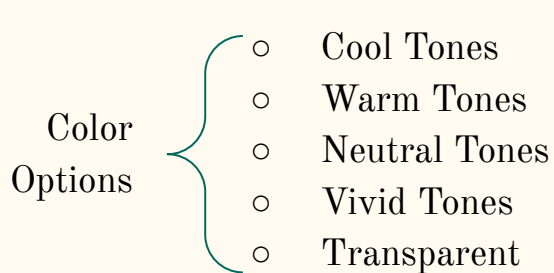
Objectives

- WTP for sustainable packaging categories from consumers in the US and SK

  Sustainable Options
  - Plastic Free
  - Renewable Resource
  - Compostable
  - Zero Emissions
  - Sustainably Sourced

- Consumer preference for packaging style from both color and design.

  Color Options
  - Cool Tones
  - Warm Tones
  - Neutral Tones
  - Vivid Tones
  - Transparent

  Style Options
  - Oval Packaging
  - Pump Packaging
  - Round Packaging
  - Long Round Cone Packaging
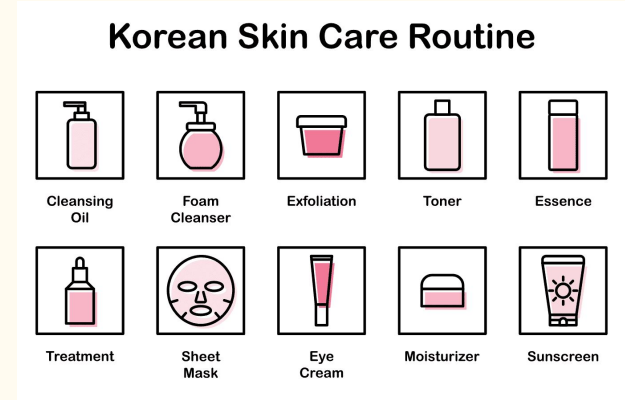 - Sphere Pot Packaging
  - Refillable Wall Pump

Focus Group: Domestic Insights

- All participants agreed when asked about recycling bins in their apartments (overall mistrust)
- All participants prefer skincare brands that use refillable bottles (specifically glass)
- Majority (7/9) agreed beauty stores have enticing marketing techniques that can be misleading
- All participants agreed that U.S. skincare products are too expensive
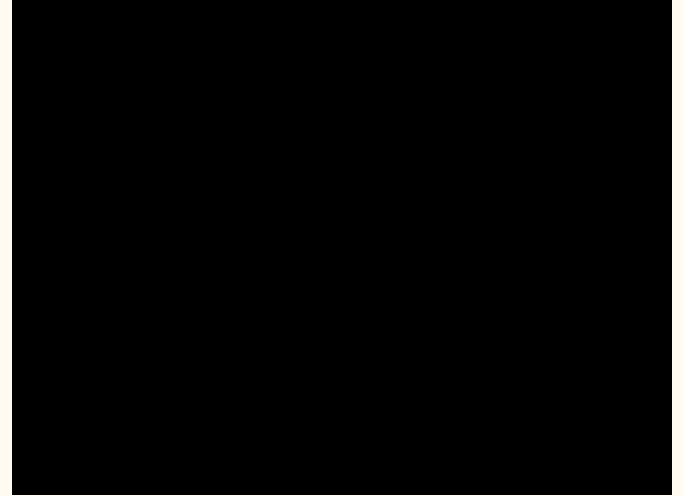
Focus Group: International Insights

- Functionality was the most important factor for skincare packaging
  - space conducive
- Have recycling where they live and they have proper recycling policies (live in small apartments or homes)
- South Korean skincare products have higher volumes of product vs the U.S
- Similar purchasing channels
  - research products on skincare apps, then go to store and see if the product was aligned with their skin type
- Minimalist routine with intensive ingredients based on skin type
- 4 out of the 5 mostly used South Korean skincare products despite sustainable characteristics

Korean Skin Care Routine

Cleansing Oil · Foam Cleanser · Exfoliation · Toner · Essence

Treatment · Sheet Mask · Eye Cream · Moisturizer · Sunscreen

iUNIK
CENTELLA CALMING GEL CREAM

Focus Groups: Similar Insights Between Both

- Chose skincare products based on brand loyalty
- Similar purchasing channels (mostly online initially then go in store to test the product)
- U.S. skincare products are too expensive vs. South Korean skincare products
- Have recycling where they live (U.S. group doesn't know if they trust where their recyclables lead)
- Various misleading options and marketing campaigns for skincare products on the market
  - Doing one's own research is key to finding the most effective and sustainable skincare product

Survey Design

Purpose of Survey:

- Analyze the importance of sustainable skin care products for the planet
- Provide advice and analysis for Korean Saturday skin care brands entering the US market (from a sustainable perspective)Survey Design：
- Qualtrics software

- 24 questions
  - Part I : 17 questions about individual purchases and preferences.
  - Part II: 6 questions, including demographic information;1 question about survey responses.

Additional Points:
- Prevent respondents from intentionally deviating from the "personal purchases and preferences" survey
- Two different currency versions based on the choice of question 1 (Korea or United States)
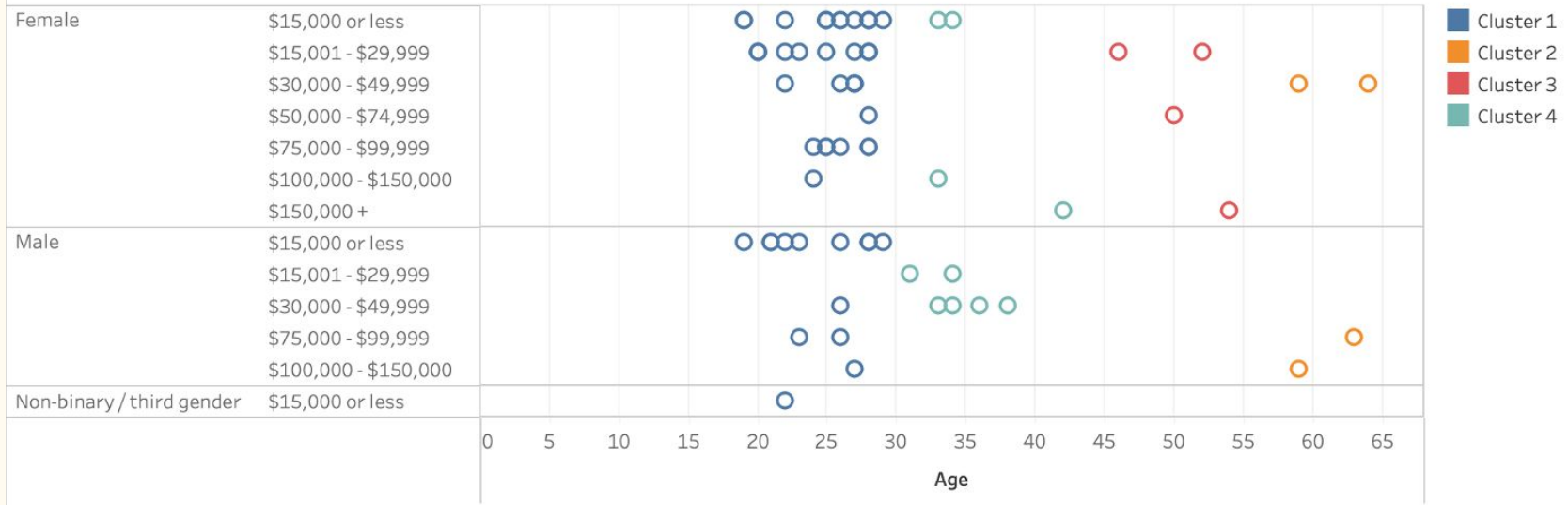
Demographics
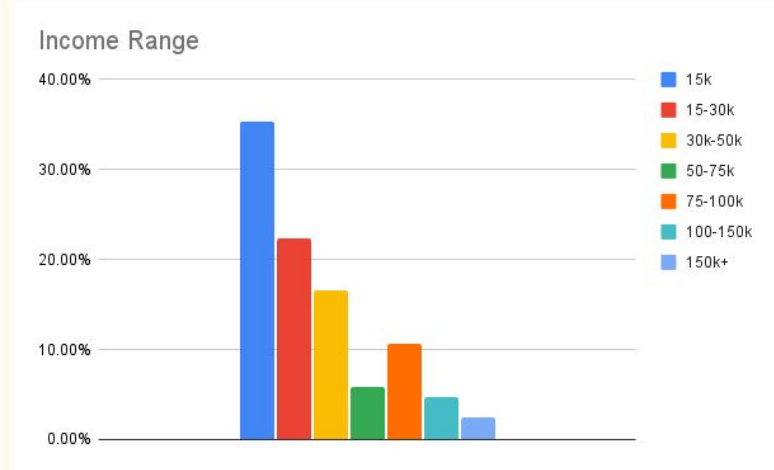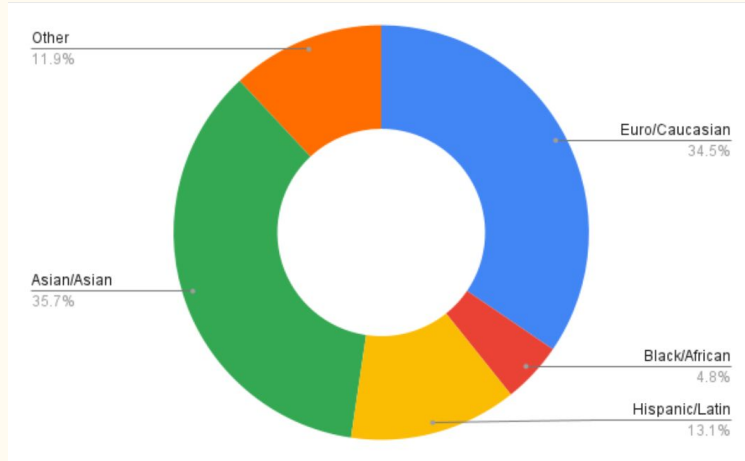
- South Korea Sample = 11
- United States Sample = 71
- Average Age: 30.2 years old
- Male Participants = 32.9%
- Female Participants = 64.7%

Demographics: Age | Gender | Income

Average Ages: Female (30.5) and Male (29.9)
- Female: 57.2% make between $0 - $30k
  - 10.7% make between $75k-$100k
- Male: 41.4% make between $0 - $15k
  - 10.3% make between $75k-$100k

| Packaging Colors

% of 1st place results	Cool Tones	Warm Tones	Neutral Tones	Vivid Tones	Transparent
U.S.	47.9%	2.8%	9.9%	8.5%	15.5%
S.K.	54.5%	18.2%	0%	0%	0%
Male	51.7%	3.4%	6.9%	6.9%	13.8%
Female	48.2%	5.4%	8.9%	5.4%	17.9%
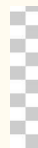
Packaging Design

% of 1st place results

	Oval	Pump	Round	Round Cone	Sphere Pot	Wall Pump
U.S.	8.5%	15.5%	5.6%	19.7%	16.9%	21.1%
S.K.	9.1%	27.3%	18.2%	9.1%	27.3%	18.2%
Male	10.3%	6.9%	6.9%	24.1%	24.1%	13.8%
Female	7.1%	25%	25%	5.4%	16.1%	14.3%

U.S.	S.K.	Premium WTP	Male	Female
22.4%	29.1%	PLASTIC-FREE	21.3%	21.6%
22.4%	30%	RENEWABLE RESOURCES	19.7%	25.5%
19.1%	25%	COMPOSTABLE	15.2%	22.8%
19.1%	**39.5%**	SUSTAINABLY SOURCED	**23.3%**	21%
26.3%	33%	ZERO EMISSION	18.9%	**32%**

Packaging Design Correlations

US Sample: n=71

Cool Tones + Round Cone   R=.370 P<.01

Warm Tones + Sphere Pot   R=.280 P<.05

Neutral Tones − Round Cone   R= -.278 P<.05

Correlations

		Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones	Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging	Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Warm Tones	Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Sphere Pot Packaging
Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones	Pearson Correlation	1	.370**	−.079	.093
	Sig. (2–tailed)		.006	.549	.506
	N	60	54	60	53
Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging	Pearson Correlation	.370**	1	.006	−.056
	Sig. (2–tailed)	.006		.963	.674
	N	54	63	54	58
Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Warm Tones	Pearson Correlation	−.079	.006	1	.280*
	Sig. (2–tailed)	.549	.963		.042
	N	60	54	60	53
Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Sphere Pot Packaging	Pearson Correlation	.093	−.056	.280*	1
	Sig. (2–tailed)	.506	.674	.042	
	N	53	58	53	62

**. Correlation is significant at the 0.01 level (2–tailed).
*. Correlation is significant at the 0.05 level (2–tailed).

WTP Correlations

US Sample: n=71

Importance of
Sustainable Packaging

WTP: Sustainably
Sourced

+

R=.241 P<.05

Correlations

		Sustainable Packaging is.. – Unimportant: Important	"How much additionally would you be willing to pay for a product that is (a)... (i.e. Product = $15, Write: Plastic Free = $3 additionally) – Sustainably Sourced – Product Price = $15
Sustainable Packaging is.. – Unimportant:Important	Pearson Correlation	1	.241*
	Sig. (2-tailed)		.044
	N	71	70
"How much additionally would you be willing to pay for a product that is (a)... (i.e. Product = $15, Write: Plastic Free = $3 additionally) – Sustainably Sourced – Product Price = $15	Pearson Correlation	.241*	1
	Sig. (2-tailed)	.044	
	N	70	70

*. Correlation is significant at the 0.05 level (2-tailed).

WTP Correlations

Cool Tones   Round Cone

+   R=.594 P<.01

Correlations

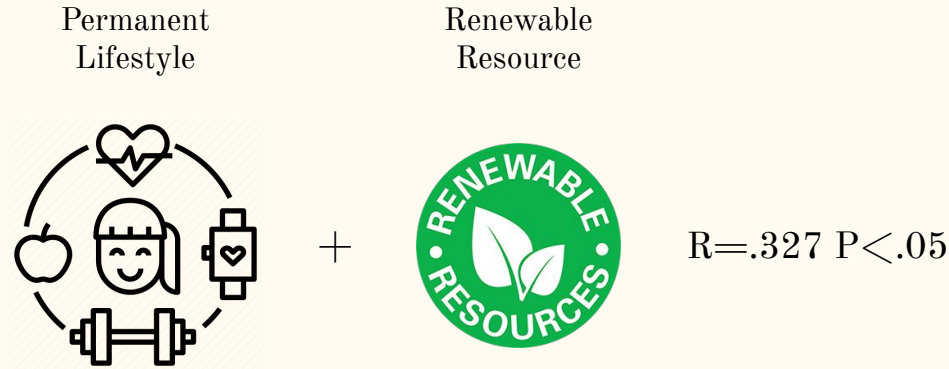|		Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones	Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging
Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones	Pearson Correlation	1	.594**
	Sig. (2-tailed)		.006
	N	24	20
Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging	Pearson Correlation	.594**	1
	Sig. (2-tailed)	.006	
	N	20	25

**. Correlation is significant at the 0.01 level (2-tailed).

WTP Correlations

Permanent
Lifestyle

Renewable
Resource

+

R=.327 P<.05

Correlations

		Sustainable Packaging is.. – A Fad/Trend – Temporary: Permanent/Lifestyle	"How much additionally would you be willing to pay for a product that is (a)… (i.e. Product = $15, Write: Plastic Free = $3 additionally) – Renewable Resource – Product Price = $15
Sustainable Packaging is.. – A Fad/Trend – Temporary: Permanent/Lifestyle	Pearson Correlation	1	.327*
	Sig. (2-tailed)		.015
	N	56	55
"How much additionally would you be willing to pay for a product that is (a)… (i.e. Product = $15, Write: Plastic Free = $3 additionally) – Renewable Resource – Product Price = $15	Pearson Correlation	.327*	1
	Sig. (2-tailed)	.015	
	N	55	55

*. Correlation is significant at the 0.05 level (2-tailed).

Surprising "Non" Correlations

Ranking of Importance [Most (1) - Least (5)]

WTP per independent sustainable category

Regression Analysis

We asked respondents if they believe sustainable packaging is necessary with a heavy strength correlation to the predictors of their opinions on whether sustainable packaging is 'Permanent', 'Trustworthy', 'Accessible' and 'Important' with a R-value of .792. <u>These four categories provide 60.5%</u> of the variance in the question, is sustainable packaging necessary. Significance for this regression <.001.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792[a]	.628	.605	1.39282

a. Predictors: (Constant), Sustainable Packaging is.. – A Fad/Trend – Temporary:Permanent/Lifestyle, Sustainable Packaging is.. – Untrustworthy:Trustworthy, Sustainable Packaging is.. – Inaccessible:Accessible, Sustainable Packaging is.. – Unimportant:Important

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	216.160	4	54.040	27.856	<.001[b]
	Residual	128.037	66	1.940		
	Total	344.197	70			

a. Dependent Variable: Do you think sustainable packaging is necessary?

b. Predictors: (Constant), Sustainable Packaging is.. – A Fad/Trend – Temporary: Permanent/Lifestyle, Sustainable Packaging is.. – Untrustworthy:Trustworthy, Sustainable Packaging is.. – Inaccessible:Accessible, Sustainable Packaging is.. – Unimportant:Important

Regression Analysis

the 'Round Cone' packaging has a medium strength of correlation with R-value at .37 with the preference of 'Cool Tone' colors. 12% of the 'Long Round Cone' packaging can be explained from preferences of Cool Tone colors. P<.01

Cool Tones

Round Cone

+

Medium Strength:
Adj. R=.37

12% of variance comes from:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.370[a]	.137	.120	1.60074

a. Predictors: (Constant), Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.072	1	21.072	8.224	.006[b]
	Residual	133.243	52	2.562		
	Total	154.315	53			

a. Dependent Variable: Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging

b. Predictors: (Constant), Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound	Collinearity Statistics Tolerance	VIF
1	(Constant)	2.203	.456		4.831	<.001	1.288	3.118		
	Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones	.660	.230	.370	2.868	.006	.198	1.122	1.000	1.000

a. Dependent Variable: Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging

Managerial Implication #1

Keep ingredients and effectiveness constant through the formula with opportunity to move into field testing various product packaging correlations. Begin testing the findings such as: Cool Tones mixed with Round Cone and target the US audience in multiple parts of the country.

● Results show that the male audience is more likely to prefer a product of the combination of Cool Tones and a Round Cone Shape and thus a field test can begin to communicate advertisements and product placement in stores that match the style and colors

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.370a	.137	.120	1.60074

a. Predictors: (Constant), Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones

ANOVAa

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a. Dependent Variable: Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging

b. Predictors: (Constant), Rank the most attractive packaging color to your purchasing decision of face cleanser from appealing to less appealing – Cool Tones

Coefficientsa

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a. Dependent Variable: Rank the most attractive packaging shape to your purchasing decision of face cleanser from appealing to less appealing – Long Round Cone Shape Packaging

Managerial Implication #2

Categorize customer profiles by measuring their purchasing habits of (non)sustainable products the company offers and communicate advertisements and product designs appropriately.

- iUNIK managers most likely have their customer data on gender, age, and customer purchasing frequency. If these profiles already exist, they can begin selecting various attributes of their customers purchasing/preferences and begin testing products from these findings with that of their profiles.\

- Consumers can fit into promotionary or preventative categories that share traits with hedonic and utilitarian product offerings. Linking these together could assist in boosting sales and customer satisfaction.
  - Could sustainable packaged products be placed into the preventative category and thus custom made websites to fit the utilitarian attributes? Experimentation can be conducted

Questions