

CASE D-9

Sulwhasoo: A Pioneer in Herbal Cosmetics

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Case Objectives

- To understand the concept of branding and its objectives.
- To understand the concept of brand identity.
- To understand the concepts of differentiation and positioning and their effects on the company.

Case Synopsis

- Sulwhasoo began in 1997. It was developed through a joint research project by Amore Pacific and the College of Oriental Medicine of Kyung Hee University.
- Its line of cosmetics is said to be natural as its ingredients are herbal and medicinal, and it promises to enhance aging skin.
- Its products are sold mainly through door-to-door sales networks, and never through retail outlets.
- Sulwhasoo has proven to be a successful brand, with a 200 billion won sales revenue in 2002, and it is now working to strengthen its market share in the international market.

Case Questions and Answers

Question 1

What is branding, and what are the objectives of branding? How did branding help Sulwhasoo in its performance?

- Branding is the usage of a name, phrase, design, symbols or a combination of these by an organization, to identify its products and to distinguish them from those of its competitors.

- The branding of Sulwhasoo helped differentiate it from its competitors. It became known as a brand of natural herbal medicinal cosmetics, and helped fuel the increasing well-being trend.
- Its main customers are those who are caught up in the developing natural “well-being” trend
- The branding of Sulwhasoo also helped identify it as a pioneer in the field of natural herbal medicinal cosmetics as it was a field in cosmetics that had yet to be explored.

Question 2

Describe the brand identity and concept of Sulwhasoo. Is the brand name a good one? Are the brand identity and concept clear and compelling?

- The brand Sulwhasoo conjures up an image of a tree branch during winter – dry yet beautiful because of the snow-white flowers in full bloom. This image carries a promise of delivering the splendor of those flowers to women’s aging skin.
- Since the target segment is the well-educated women of high social status above the age of 35 in the consumer market, the brand name and image suits the target market and is hence able to appeal to their target consumers and ultimately improve their sales performance over time.
- A good brand name should suggest the product benefits, be distinctive and positive, should fit the product image and should be simple and memorable. The brand name Sulwhasoo satisfies these criteria. It promises to enhance aging skin (by the image it conjures due to the link to the Korean word *Sulwhasoo*), hence suggesting positive product benefits. The brand name is also distinctive yet simple and memorable as it is relatively short and easy to remember. However, the brand name does not totally fit the product image because the brand represents a range of natural herbal medicinal cosmetics and the image of the tree branch is natural but in no sense herbal. But by reading the contents and the research process, Sulwhasoo is indeed a line of herbal medicinal cosmetics. In conclusion, the brand name is a relatively good one.
- The brand identity and concept is clear and compelling as Sulwhasoo is able to appeal to its target segment with its distinctive and authentic Korean nature.
- The image that the brand conjures in consumers’ minds is also able to appeal to the women in their target segment by promising to be able to enhance their aging skin.

Question 3

Explain the concepts of differentiation and positioning. How are these concepts applied in Sulwhasoo? How did branding help in these two areas in the context of Sulwhasoo?

- Positioning is how a firm occupies a distinctive place in the (target) consumers' minds relative to competitive products, and it is about determining where a firm resides in the consumers' perception of the firm's brand and/or its products amongst all competitors in the industry.
- Differentiation is about a firm's products having significant points of difference in its product offerings. It is how a firm is able to differentiate itself from its competitors even though they might be selling similar products.
- Sulwhasoo positioned itself as an authentic Korean brand whose range of cosmetics is made from natural herbal ingredients of medicinal value. Using the hanbok in its advertisements and packaging, hence emphasizing its Korean nature, does this. Lotus flowers, brush calligraphy, jade textures and the like used in their packaging also aided in positioning Sulwhasoo as a line of natural herbal medicinal cosmetics.
- The brand name and the image conjured from the Korean word *Sulwhasoo* contributes to the positioning of its line of cosmetics being natural, and the fact that there is a Korean word helps reinforce its Korean nature to the consumers and the general Korean public.
- Sulwhasoo differentiated itself from its competitors by targeting women of high social status who are above the age of 35. This is backed up by the brand name of Sulwhasoo and the image it conjures in consumers' minds, indirectly leading to promise of enhancing aging skin.