Feel free to ask, the question about the cushion. So, cushion [INAUDIBLE] the softening is to cushion integrity creator. So,it's leading the Kay beauty and also, the cushion market. And, IOP [SOUND] had burst on to the first cushion in Korea. And he was at 2008 in March. And, since then, 19 cushions from 13 [INAUDIBLE] America's biggest market for cushion. So, I'm going to show you how this cushion provides one on one for your face makeup. As you see, she is wearing for eye brow and just some mascara.

>> Mm-hm. >> And there's a, this puff. So, put three fingers into it at opening. And this is the cushion that absorbs the base maker with the foundation. The cushion comes up, and just tap it. Because, the kiwi grows among the Asian country, and this cushion has changed their make up routine up among this country. And, as you see, just, if you tap it, directness and the soft glow of skin has covered very easily.

In Asia in Asia especially, the Korean woman brings that, beauty runs through the posture and it's very important in skin based makeup. And this cushion must provide, what women want in three or four seconds. So every morning, we're so hurried to just commute or go to school. And just with a cushion, you can just tap it three or five times and just perfect to go. Also, the forehead. And this my personal tip to just go around the corner of the nose or the, under the, you know, eyes. Just fold it into the half. So, in part obviously perfectly cover the corner and all the smooth and part face. And it's done.

They are fast, and very easy. And also very fast and usually the K-Pop or the K-Drama that people use. On the camera, and they say, how do you just so like without any flaw and we've got HD camera, so, so fast on all those. Any question?

And and when was this product introduced? And how much R&D was involved in this? The first feature launched in 2008 in March. So, many people were involved in the developing of cushion. So, I can't, I can't give the answer of how the makeup tip of cushion, but maybe when PR relationship part can give you more specific figures than you want to. >> Thank you. It's not like a heavy R&D investing. Product, it's more like the kind of coming from the very idea generated coming from the brainstorming data. And how to combine with the several functions into one. So it's coming from the, you know, one research market to to look at the, the stamps. Where the stems has it's a repeat, but it's, it's to photo, so they have idea from distant, or I can use that concept to this foundations. So, it was more like coming from those kind of innovative or creative ideas.

But, you have a patent. >> Yes. >> So, the start, starting was from those ideas. Very crazy or innovative ideas. But, to make it a complete product to protect our patent. Then, we invested a lot for the manufacturing of our facilities and R&Ds. And so, but, still, given the. The size of the revenue, the R&D is not small.

>> Small. >> Yeah, is comparatively small. >> How about to just add some idea, I heard that the idea was to. >> Mm-hm. >> But the one, one researcher just went into a parking lot, and just parked their car and then this guy came through. Okay, you. You just came to our [INAUDIBLE] and just. And then idea comes out. Oh, maybe just women can their face, because like all this beauty, smooth and textures too hard for every woman.

>> True. Very interesting. >> You, you may want to try with your handlebar if you want. >> Well, I do have to shoot a video, so all I was asking was that should I, nothing to exaggerate it, this is not like doing TV where you put all the-.

 >> Okay. >> Orange makeup on. But if you would recommend something maybe it will improve the quality of the video, so-. >> You want to try it on your face-. >> All right. >>

If you would just. Okay. Can you, can you basically apply it where it goes? >> Okay, this gives me a better sense >> Yeah, yeah. >> Mm-hm. >> I definitely don't want this on my face. [LAUGH]. >>

It was four different pastels. So, you can choose more dewy or. More caking or in a matte-. >> Yeah. >> Or more glossy. >> And are there, would you do this in different colors, or? >> Yeah, we have also four different colors. >>

Or you can also just choose the coverage, more natural or more thick coverage. >> I see. >> Mm-hm. Okay, I think that's enough. >> Great. Yeah, I think like that, yeah. >> Okay. Okay, thanks, thanks. >>

Hi. Today I find myself at Amore Pacific, in Seoul, Korea. Amore Pacific is a leading beauty product's company that I've been studying for a while. I wrote a case about them, more than ten years ago. And, the reason I found them an interesting company at the time, and the reason I'm still tracking them. Is that, in an industry in which multinationals have largely taken over beauty markets around the world, Amore Pacific is one of the very few local companies that has managed to hang on to leadership in its home market. This is what motivated my original Harvard case on Amore Pacific ten years ago, and it's what I found during the course of writing that case was, as you might expect, given what we've been talking about in this course, distance was a key factor.

South Korea is a cosmetics market, that's quite unlike Western markets in several respects. One is the dominance, until recently of the door-to-door channel. And in particular, a distribution structure that's very different from what you generally encounter in Western countries. Which has been hard for multinationals to crack. But, the other thing that the multinationals have struggled with in the South Korean market, has to do with the fact that like other East Asian markets. South Korea is much more focused on skin, skin care and particularly. Elaborate skincare methods, than would be common in the West. So perfume, is not a big category in South Korea, skincare is. And that focus on skincare through products that Amore Pacific has developed over the last 20, 30 years. Has been instrumental in driving the company's success, so the first point, to recap something that we talked about earlier in the course that I would make, is that distance is the reason why Amore Pacific managers to still be the market leader in its home market. Despite the fact that multinationals dominate, a lot of the other markets in the world.

Second, distance has also had a big effect on Amore Pacific's international expansion. As you might guess, while they originally looked very broadly at possible markets that they might focus on. Korea, Korea has turned out to be closer to China, than to some of the other large markets that they were looking at. And so China is now the second largest market for Amore Pacific, and third largest is what I would bucket into Southeast Asia where some of the original western markets that Amore Pacific had focused on. And seem to have been much tougher nuts to crack. So, distance has also affected the pattern of expansion. But the third thing, and this is what we're going to focus about in this session, is that distance not only affects the viability of local producers, or where they should go if they're moving internationally. It also has a big impact on the type of strategies to be followed.

In Amore Pacific's case the big emphasis has been on adaptation to local conditions. Because, this is a market in which there's so many cultural variations, variations and distribution structure from country to country. That adaptation is key. On the other hand, just yesterday, I was at Hyundai Motors. They too, are from South Korea. They too, have been very successful internationally. But, given the very different characteristics of their industry, where economies of scale that cut across national borders are really critical. They placed much more emphasis on what I'd call aggregation, finding ways of overcoming distance that allow them to tap cross border economies of scale. These are obviously extreme idealizations. Amore Pacific also emphasizes aggregation with its global champion brands. And similarly Hyundai also pays attention to adaptation, with the global coordinators that serve as the coordinators, between local markets and headquarters back in Korea. But it's a bit of a reminder that distance, there are many different ways of dealing with distance. In this session, we're going to talk about three generic strategies for dealing with distance, adaptation to adjust to distance, like Amore Pacific, aggregation to partially overcome distance, like Hyundai, and arbitrage, which is an attempt to actively exploit differences. Rather than simply treat them as a constraint to be adjusted to or overcome.