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# Growth Strategies of K-Beauty in Digital Transformation: A Case Study of COSRX

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Abstract

This study analyzes how K-Beauty brands secure a global competitive edge in the rapidly advancing digital technology landscape, focusing on the case of COSRX. User-Generated Content (UGC), trust-building through social media, and the proliferation of global e-commerce platforms have fundamentally transformed consumer structures in the beauty industry, significantly impacting brand growth strategies. COSRX has maintained its brand identity based on an ingredient-focused philosophy and solutions for sensitive skin, while creating strategic synergies by combining research, development, manufacturing, distribution infrastructure, and digital expansion capabilities following its integration into the Amorepacific Group. By leveraging major global platforms such as Amazon, Shopee, and Sephora Online, COSRX has achieved rapid international expansion through market strategies optimized for regional digital ecosystems. This study provides strategic insights for K-Beauty brands to secure sustainable competitiveness in the era of digital globalization by analyzing the interaction between these structural changes and platform-based internationalization strategies.

Keyword : digitalization, K-beauty, COSRX, digital platform distribution, global market expansion

## 1. Introduction

The rapid advancement of digital technologies has fundamentally transformed the mechanisms of information search, brand perception, and consumer decision-making [1-3]. Within the global beauty sector, the emergence of User-Generated Content (UGC)-comprising product reviews, before-and-after demonstrations, and short-form viral videos-has become a critical determinant of brand equity and a primary driver of market growth [4][5]. This digital shift is further amplified by the global diffusion of K-culture, which has established a robust SNS-based dissemination structure that reshapes how international consumers engage with South Korean beauty products.

Amidst this transition, COSRX has evolved into a preeminent K-Beauty leader by harmonizing an

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ingredient-centered philosophy for sensitive skin with the behavioral patterns of digital-native consumers. This study analyzes the strategic drivers that enabled COSRX to thrive within the volatile environment of digital internationalization. Two pivotal factors define this analysis.

First, the full integration of COSRX into the Amorepacific Group in 2023 marked a structural turning point in its global trajectory. This acquisition created a unique strategic synergy: Amorepacific provided sophisticated R&D assets, high-capacity manufacturing infrastructure, and a matured global distribution network, while COSRX contributed its agile digital communication competencies and proven market-share leadership in North America and Southeast Asia. This integration addressed the scalability challenges of a digital-native brand while preserving its innovative autonomy.

Second, COSRX's international expansion is characterized by a "platform-centric" internationalization strategy. By 2025, the brand effectively utilized the "TikTok-to-Amazon" pipeline to turn organic social virality into high-conversion sales funnels in the United States. Simultaneously, it leveraged Shopee's logistical ecosystem in Southeast Asia and premium omnichannel strategies in Europe and the Middle East to consolidate its global presence. These platform-based maneuvers minimized traditional market entry barriers and allowed for rapid, data-driven scaling.

By examining the interaction between corporate structural evolution and platform-driven expansion, this study elucidates the mechanisms through which COSRX secured a sustainable global competitive edge. The findings provide strategic insights for K-Beauty brands navigating the era of digital transformation, emphasizing the necessity of adaptive, data-driven, and platform-integrated strategies for long-term global success.

## 2. Theoretical Background

### 2.1 Environmental Changes in the Global Cosmetics Industry

The global cosmetics industry in 2024 and 2025 is undergoing a major transition, characterized by the dissolution of the traditional market order and the emergence of new forces driven by technological prowess and agility. This section examines the recent trends of major global cosmetics corporations and the performance of K-Beauty companies.

First, an analysis of global cosmetics companies reveals a structural reorganization where L'Oréal's overwhelming dominance contrasts sharply with the surge of dermacosmetics and the stagnation of traditional luxury brands. L'Oréal maintained its undisputed top position with revenues of approximately $47 billion in 2024, a result largely driven by the explosive growth of its dermatological beauty brands,

such as La Roche-Posay and CeraVe, which emphasize scientific efficacy [6][7]. In contrast, Estée Lauder has struggled, with revenues declining to approximately $15.2 billion due to the direct impact of the "Guochao" (national tide) movement in China and a general cooling of demand in that market [8]. Amidst these shifts, major global firms are pivoting from being simple manufacturers to becoming "beauty tech" companies, integrating AI-driven skin analysis and hyper-personalized services. Furthermore, they are moving beyond "clean beauty" to establish sustainability as a core competitive advantage through the standardization of biodegradable packaging and waterless formulations. These conglomerates are also focusing on strategic M&A to secure new growth engines, as seen in Estée Lauder's acquisition of Deciem, aimed at incorporating emerging indie brands with strong social media fandoms into their portfolios [9][10].

Regarding the performance of K-Beauty companies, the industry is achieving record-breaking milestones in the global market by strategically pivoting away from its historical dependence on China toward the United States and other emerging regions. In 2024, South Korea's cosmetics exports surpassed the $10 billion threshold for the first time, positioning the nation as one of the world's top three beauty exporters alongside France and the United States [11][12].

By 2025, according to finalized export data, South Korea reached a historic peak with total exports of $11.43 billion. During this period, the U.S. market officially surpassed China to become the leading destination for K-Beauty exports, with its market share expanding to 20% [13]. This successful strategic pivot has been largely spearheaded by agile indie brands-such as Beauty of Joseon and Anua-which have effectively leveraged global e-commerce channels. By capitalizing on trends like 'slow aging' and 'vegan beauty,' these brands have successfully penetrated the Western Gen Z demographic through dominant digital platforms such as TikTok and Amazon [14][15].

Meanwhile, traditional domestic leaders such as LG Household & Health Care and Amorepacific continue to maintain strong production capabilities while expanding their ecosystems through acquisitions and collaborations with beauty-tech and distribution innovators [16]. Overall, the contemporary cosmetics industry is increasingly shaped by ingredient efficacy, technological innovation, and value-based consumption rather than brand prestige alone, signaling a transition toward a more fragmented and specialized global competitive landscape.

### 2.2 The Expansion of Digital Consumption Culture and the Transformation of Global Market Structures

The rapid proliferation of digital networks and social media platforms has fundamentally reshaped the

ways in which consumers search for information and make purchasing decisions. User-generated content (UGC)-including product reviews, testimonials, and before-and-after visual demonstrations-functions as a crucial mechanism for building trust among consumers [4][5]. In the beauty industry, such content operates as a powerful visual persuasion device by directly showcasing product efficacy. The case of COSRX illustrates this phenomenon well; consumer-generated reviews and usage-verification content disseminated through TikTok and Instagram have played a significant role in establishing credibility among global consumers and driving purchase conversions.

This widespread diffusion of digital consumption culture has enabled individual brands to break away from reliance on traditional advertising or offline-centered distribution strategies. Instead, it provides a foundation for leveraging consumer-driven dissemination pathways inherent in digital environments, facilitating more rapid and scalable access to global markets [17][18].

### 2.3 Platform-Based Internationalization Strategies and the Evolution of Global Distribution Ecosystems

Digital platforms have emerged as a central mode through which K-beauty brands enter and expand into international markets. Global e-commerce platforms such as Amazon, Shopee, and Sephora Online function not merely as distribution channels but as technologically sophisticated ecosystems equipped with review algorithms, recommendation systems, and consumer behavior analytics. These features allow brands to respond swiftly and adaptively to market demands [19].

Since entering Amazon in 2018, COSRX has continuously refined its products and communication strategies by analyzing consumer reviews and keyword data-an approach that contributed to a nearly fourfold increase in sales in North America. In Southeast Asia, COSRX experienced explosive growth through Shopee, where order volumes surged within a short period, significantly enhancing regional brand recognition. Platform-driven internationalization minimizes traditional barriers such as geographic distance, initial investment requirements, and limitations in local distribution infrastructure. Combined with the dynamics of digital consumption culture, these platforms have accelerated the global diffusion of K-beauty brands and reshaped the broader international beauty distribution landscape. The operational efficiency gained through these platforms, when combined with specific product attributes, defines the unique competitive mechanisms of the K-beauty industry.

### 2.4 Global Competitive Dynamics and Expansion Mechanisms of the K-Beauty Industry

K-beauty brands have secured competitive advantages in global markets through an ingredient-centered approach, affordable pricing, low-irritation formulations tailored to sensitive skin, and rapid product development cycles. In the contemporary global market-characterized by a growing emphasis on "clean beauty" and derma-cosmetic products-K-beauty brands are increasingly recognized for their combination of functionality and safety, contributing to strong consumer acceptance.

Notably, the global trend toward "dermacosmetic normalization" analyzed in Section 2.1 has created a powerful synergy with the "ingredient-focused" competitiveness of Korean brands discussed here. As highlighted in prior analyses, COSRX has established a robust trust foundation by minimizing unnecessary additives and concentrating on scientifically informed solutions for sensitive skin concerns. Furthermore, the international diffusion of K-culture-including K-pop and K-drama-has strengthened positive perceptions of Korean brands, creating a cultural value chain in which heightened cultural interest naturally extends into increased consumption of Korean beauty products. This interconnection between cultural diffusion and product adoption serves as a unique mechanism supporting the sustained global expansion of the K-beauty industry.

## 3. Case Study: COSRX

### 3.1 COSRX Analysis

Founded in 2013 by Sang-hun Jun, COSRX was established on a foundation of extensive consumer insight. Prior to launching the brand, Jun managed major online cosmetics communities in the early 2000s, where he accumulated vast amounts of data regarding consumer dissatisfaction and unmet needs in skincare. Leveraging this data-driven approach, COSRX prioritized "ingredients" and "efficacy" over extravagant packaging, adopting a pragmatic philosophy that resonates with sensitive-skin consumers worldwide.

The brand name "COSRX" is a portmanteau of "Cosmetic" (COS) and "RX," a medical term signifying prescription or treatment. This name encapsulates the brand's core identity: providing effective cosmetic "prescriptions" for various skin concerns. Its primary strengths include low-irritation formulations, data-driven development based on extensive global reviews, and strong SNS virality. Specifically, the brand's "Advanced Snail" line became a global sensation, with the hashtag #COSRX surpassing 2.1 billion views on TikTok by late 2024, driving unprecedented organic engagement. However, weaknesses remain in its limited premium image and a lack of physical retail presence compared to legacy competitors.

Global opportunities-such as the rising demand for clean beauty and robust growth in Southeast Asia and the Middle East-align with the brand's functional positioning. In 2025, COSRX strategically expanded its portfolio into high-growth "haircare" and "clinical derma" segments to diversify its revenue streams. Nevertheless, threats such as counterfeit products and intensifying competition in the derma category persist.

To evaluate COSRX's strategic position across different regions, this study employs the BCG (Boston Consulting Group) Matrix, a framework that categorizes business units based on their market growth rate and relative market share. Within this framework, "Stars" represent high-growth, high-share products that require heavy investment to maintain their lead, while "Question Marks" refer to business units in high-growth markets that have yet to secure a dominant market share, necessitating careful strategic evaluation.

Based on this analysis, COSRX is positioned as a "Star" in key markets like North America, where it has consistently ranked as a #1 Best Seller in Amazon's Beauty & Personal Care category. In contrast, segments like the Middle Eastern premium derma market remain "Question Marks," characterized by high market growth potential but requiring further brand consolidation.

Overall, COSRX is a digitally strong global derma brand but must enhance its premium positioning, expand offline experiential retail, and strengthen market-specific strategies to sustain its long-term competitiveness.

### 3.2 Strategic Analysis

A pivotal shift for COSRX occurred in 2023 when Amorepacific announced to fully incorporate the brand, reflecting the broader "second wave" of K-beauty expansion led by digital-native brands and supported by the growth of global e-commerce. Amid declining performance in China and duty-free channels, Amorepacific sought portfolio diversification, and COSRX-with over 90% of its revenue generated overseas and strong global brand equity-emerged as an optimal growth vehicle. Through phased investments totaling approximately 935 billion KRW (approx. $700 million USD), Amorepacific became the majority shareholder in one of K-beauty's largest M&A deals.

Following the acquisition, COSRX maintained its independent brand identity while gaining access to Amorepacific's production capabilities, R&D assets, quality-control systems, and regulatory support. In 2024, this integration allowed COSRX to record an annual revenue of over 600 billion KRW, significantly contributing to the 80%+ growth in Amorepacific's Western market sales. This integration addressed the scale and compliance challenges of COSRX's rapid global growth, while leveraging the

corporation's extensive distribution networks across major regions. At the same time, COSRX continued to strengthen its digital agility and global platform presence through Amazon, Shopee, and Sephora Online. In 2025, COSRX intensified its "TikTok-to-Amazon" pipeline, utilizing TikTok Shop's high conversion rates (over 3%) to drive traffic to Amazon's logistical ecosystem, effectively creating a multi-platform sales funnel.

Overall, the acquisition amplified COSRX's competitive trajectory by combining digital-native agility with the operational strength of a major incumbent. COSRX's global expansion reflects the interplay of four forces: digital consumption culture, platform-based internationalization, K-beauty's structural competitiveness, and resource integration through corporate acquisition.

### 3.3 Strategic Recommendations

Based on the analysis, COSRX holds a strong global position as a digital-native derma brand, yet further opportunities exist to enhance its premium image and differentiation. Key strategic directions include strengthening dual positioning by preserving its ingredient-focused identity while selectively elevating premium lines such as the "The RX" clinical series. In this process, leveraging advanced digital visualization to artistically represent core formulas can reinforce its technological authority, aligning with research that emphasizes how the aesthetic of cosmetic package design significantly impacts the purchase intention of key demographics [20]. Furthermore, COSRX should leverage advanced digital visualization to artistically represent its formulas, reinforcing its technological authority [21]. Other priorities include using the Middle Eastern market as a testbed for tailored solutions, expanding offline experiential retail through major US partnerships, and reinforcing brand protection against global counterfeit products.

Together, these strategies would enable COSRX to advance beyond digital-driven success and establish itself as a global standard within the K-beauty derma category.

## 4. Conclusion and Discussion

This study analyzes the strategic mechanisms behind K-beauty's global competitiveness in the digital era, focusing on COSRX's evolution from an ingredient-centric indie brand to a global dermatological leader. By leveraging a data-driven "TikTok-to-Amazon" pipeline, COSRX successfully transformed organic social media engagement into a high-conversion sales funnel, achieving record-breaking growth in the North American and Southeast Asian markets. The brand's strategic integration into the

Amorepacific Group served as a pivotal turning point, combining its digital-native agility with the parent company's robust R&D, manufacturing, and global distribution infrastructure. This synergy enabled COSRX to surpass $11 billion in collective export influence by 2025, effectively capitalizing on the global "dermacosmetic normalization" trend and the shifting preference for functional transparency. Ultimately, the success of COSRX demonstrates that sustainable global expansion for K-beauty now requires a sophisticated harmony between platform-optimized marketing, ingredient-focused brand integrity, and strategic resource integration.

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