Ahn Gun Young – CEO, Dr.G, South Korea



I want Dr.G to be a brand that lasts long in the market regardless of the popularity of Korean culture

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YH Shin, CEO of Dr.G, one of Korea's most successful dermo-cosmetic brands, shares the reasons why he decided to become a dermatologist and later start his own cosmetic company. He explains his international vision for the company and his ambition to build a long-lasting brand that does not let passing trends influence its core identity.

What capabilities did you develop during your career that enabled you to bring this brand in the position it is now?

The fact that I am a dermatologist is a huge advantage for me in developing cosmetic products and marketing them. As you might have already heard of the story, I had a scald when I was younger and wanted to cure the scar. The experience motivated me to become a dermatologist and I have become one. Through supporting my patients, I have realized that I could help them by providing cosmetics.

At first, the products were used only in Gowoonsesang Clinic and we had an unexpected opportunity to export our products to Hong Kong, through a cosmetic shop called Sasa in 2006. At that time, the Korean Wave was not a thing, yet it gained huge popularity there. This was the first step to export our products to the mass market. After having seen our products being exported, serving more patients with our products became my goal.

What are the products leading your current success?

The brand is focusing on developing products for sensitive skin because it started as a clinical cosmetic brand. We also care about the ingredients as well. The good reviews started to spread among the customers and gained popularity. We had a huge success last year and we have been growing gradually for the past 4 to 5 years. At one point, we exceed a threshold and made rapid growth.

The most important product would be sun cream. A lot of dermatologists stress the importance of protecting your skin from the sunlight as exposure to the sunlight could cause various types of skin problems from ageing to skin cancer. In terms of skin ageing, it is safe to say that it is caused by exposure to ultraviolet light and that is why we have been focusing on this field.

The second product category would be a moisturiser and it is called Red Blemish Cream we invented for people with sensitive skin. It is one of our best-selling products and it has a soothing and calming effect so that has been appreciated by our customers.

In addition to this, an appropriate skin cleansing method to maintain a healthy skin barrier is also crucial. The cornified layer which is the outermost layer of human skin can be damaged by bad cleansing habits. This layer is the most important one regarding skin protection. Therefore, we develop cleansing products that can support strengthening the layer such as acid balanced cleansers or exfoliators for sensitive skins.

These are the three products that we are focusing on and they have been gaining good reviews from our customers.

Your slogan is ‘Healthy Skin, Happy Skin’. Across the world, there are differences in what people perceive as beautiful skin and beauty. How do you adapt your offering to meet the needs of different clients?

A beautiful skin does not necessarily mean a happy skin. My definition of happy skin is healthy skin. As a dermatologist, my mission is keeping people’s skin healthy, so the company slogan is our vision.

Therefore, our approach to our customers is similar to how doctors deal with their patients. First, we diagnose their skin, as the second step, we prescribe and lastly we follow up. Through this way, we make sure to offer comprehensive care and I am very happy with this method.

When it comes to helping people improve their skin through cosmetics, it is very important to suggest apt skin care products for each person. That is why diagnosis, which is the first step of it becomes crucial. Through having the right information on a person's skin type, we can prescribe right skin care products for the person and we support them through coaching their lifestyle and diet, and we call it 'My Skin Mentor Service'. We make sure to follow them up. I think this is the right way to help people.

For an accurate diagnosis, there should be a standard. For example, coughing is a symptom of different illnesses. It could be a symptom of a cold, bronchitis, tuberculosis, or lung cancer. Therefore, it is illogical to prescribe the same solution just because patients are having the same symptoms. That is why an accurate diagnosis is highly important. To make it sure, I use the skin type classification method that dermatologists use. The diagnosis can be completed by answering an online questionnaire. This method is used globally and there are 16 types of skin and it allows doctors to make a correct diagnosis.

A major turning point for the company was the Swiss giant Migros acquiring a controlling stake in the company. What was the impact of this event and what opportunities will it bring to the business?

Through running this business, I have asked myself a lot and I have realised that my goal is helping more people (with skin problems). Considering this, if there is a chance to serve customers in other countries, it is right to do so. I had a very good impression on Migros and realised it is a company that can take us to global markets other than Asian countries such as the US and Europe.

What are the markets that you are considering targeting? What is Dr.G's international vision?

Our first target market is China. Of course, there are several reasons for it but it is geographically close to Korea and K-pop is popular there. On top of that, we have already succeeded in Hong Kong and obviously, it is the biggest market. Thus, it is a great opportunity for us to be successful and we will be focusing on this market. We are also developing our business strategy for the US and Europe market but for now, China is our priority.

What are the main distribution channels that you use for your products?

In Korea, we distribute our products to online, offline and duty-free shops and we can say that Olive Young is our main (offline) channel in Korea. In China, we also have both online and offline platforms and Tmall is our major online channel and for offline distribution, Mannings China and other cosmetic shops.

How has the Korean Wave affected the success of your business?

It is neutral so it has not affected the success of Dr.G. In February of this year, I had an interview in Shanghai as we were launching our sun cream there. In the interview, I mentioned that I want Dr.G to be a brand that lasts long in the market regardless of the popularity of Korean culture, so I think we are okay without its popularity.

A third of cosmetical sales are cosmeceuticals. What is the main drive behind this change in consumer preference for more healthcare-based cosmetics?

Ten medical schools in Korea conducted research on skin type and it turned out that about 70 percent of Korean women believe they have sensitive skin. So far, 100,000 people have answered our online skin type diagnosis questionnaire and we found out that almost 80 to 90 percent of the people have sensitive skin. Due to this figure, I think a lot of people choose to use dermo-cosmetics.

Regarding cosmetics, there have been academic research improvements in dermatology related to the skin barrier, skin typing and cosmetic ingredients. This established a good foundation for developing high-quality cosmetic products to promote healthy skin. Such a change helped the establishment of brands like Dr.G that is popular among the public.

Korean people tend to have chemophobia and they are very wary about chemicals. However, there can sometimes be misinformation on certain ingredients. How do you stress the efficacy or the benefits of the products to ensure that you have good quality?

When it comes to educating the general public on this matter, it is not cosmetic brands but cosmetic apps and influencers. However, from what I have seen, the information is not always

correct. Yet, it is true that they offered a chance to think about cosmetic ingredients to the public and I think this is a positive impact. Of course, it has some problems. For instance, one of the most common misunderstandings is that natural or eco-friendly ingredients are always better for the skin than chemical ingredients. When I see my patients who visit the clinic because of allergic contact dermatitis, the causes are usually from contacting the plant even though the most common case would be heavy metal. It is irrational to conclude that some skin care products are safe and good for skin just because they are made of natural ingredients.

Unfortunately, we cannot educate consumers, but we can make our products with safe ingredients and suggest the right product for each customer. What we really want the general public to realize is not the information on ingredients itself but rather the importance of choosing the right product, texture and ingredient for their skin. For example, argan oil is known to be very helpful and it is a very expensive ingredient. However, this oil is not suitable for oily skin, especially oily skin with a damaged skin barrier. Therefore, contrary to the common perception of this ingredient, it could cause problems. This is the reason why it is very important to use a product made of the right ingredients and texture for one’s skin.

What do you want our international readers to think when they hear Gowoonsesang or Dr.G?

We would like to be remembered as a company and a brand that provides solutions to skin problems, not as a company that merely produces trendy makeup products. We are a company with a mission to support people in a long-term and would like to be remembered as such.

What advice would you give to companies that are looking to achieve success similar to yours?

In my opinion, the most important thing is the mission. Last year I had a chance to give a lecture to dermatologists and the theme of my lecture was ‘Be dedicated to the mission’. I decided to talk about the importance of setting and achieving a mission because I personally think running a cosmetic business merely for the sake of money does not hold any meaning at the end. Especially cosmeceutical industry was originally developed with the purpose of suggesting solutions to various skin problems. For this reason, the fact we are in this business shows that we have a mission to help people. I think companies that are aiming for the success that we have made will also have the result if they do not forget this.

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