Shiseido 기업 분석 – 사업 리스크 & 장단점

1. What kind of business do they have?

Shiseido operates a diversified business primarily centered around cosmetics, beauty tools, health food products, and pharmaceuticals. Their operations span several regions, including Japan, China, Asia-Pacific, the Americas, and Europe. The company engages in both the manufacturing and sale of these products and conducts related research and service activities. Key subsidiaries and related companies support these business segments across various geographical locations.

Shiseido's Products and Representative Brands

1. Cosmetics

Shiseido's cosmetics segment includes a wide range of skincare, makeup, and fragrance products. The key brands in this sector are:

- **SHISEIDO**: The flagship brand known for premium skincare, makeup, and fragrance products.
- **NARS**: A high-end makeup brand known for its innovative and trend-setting products.
- **Clé de Peau Beauté**: A luxury brand offering advanced skincare and makeup products.
- **Laura Mercier**: Known for its high-quality makeup and skincare, focusing on the "flawless face."
- **Drunk Elephant**: A popular skincare brand known for its clean and effective formulations.
- **ELIXIR**: Focuses on skincare products targeting anti-aging and moisturizing.

2. Beauty Tools

Shiseido also offers a variety of beauty tools to complement their cosmetic products. Key brands include:

- **SHISEIDO**: Under the flagship brand, offering tools such as brushes, applicators, and beauty accessories.

3. Health Food Products

In the health food sector, Shiseido has ventured into products that promote inner beauty and wellness. The representative brand in this sector is:

- **SHISEIDO BEAUTY WELLNESS**: Focuses on supplements and health foods that enhance beauty from within. This brand incorporates traditional Japanese ingredients and modern scientific research to develop products that support overall wellness.

4. Pharmaceuticals

Shiseido's pharmaceutical segment includes medical and health-related products. The representative brands and entities include:

- **Shiseido Pharmaceutical Co., Ltd.**: This subsidiary handles the development and sale of pharmaceutical products focusing on dermatology and other health-related areas.

In-Depth Analysis of Shiseido's Business Risks

Based on the information extracted from Shiseido's annual reports for 2022 and 2023, here is a detailed analysis of their business risks from various perspectives:

1. Market Situation

Shiseido operates in the highly competitive global beauty and personal care market. The risks associated with the market situation include:

- **Changing Consumer Preferences**: Rapid changes in consumer preferences can impact sales. Shiseido must continuously innovate to meet these evolving demands.
- **Competitive Pressure**: Intense competition from other global beauty brands such as L'Oréal, Estée Lauder, and P&G requires Shiseido to maintain its competitive edge through innovation and brand strength.

2. World Economy

Economic fluctuations in key markets can significantly impact Shiseido's financial performance. For instance:

- **Economic Downturns**: During the COVID-19 pandemic, Shiseido experienced a drop in sales due to reduced consumer spending on luxury items.
- **Currency Fluctuations**: As a global company, Shiseido is exposed to risks from foreign exchange rate fluctuations, which can affect the profitability of its international operations.

3. Technological Lag

Shiseido faces the risk of falling behind in technological advancements if it does not invest sufficiently in R&D. The beauty industry is seeing rapid advancements in areas such as:

- **AI and Personalization**: AI-driven skincare solutions and personalized beauty products.
- **Digital Tools**: AR for virtual try-ons and online customer engagement tools. Shiseido mitigates this risk by investing in technology and innovation centers like the Global Innovation Center (GIC) in Yokohama.

4. Compliance

Operating in a highly regulated industry, Shiseido must comply with various global regulations on product safety, advertising, and environmental impact. Non-compliance can lead to:

- **Legal Penalties**: Violations in product formulations or advertising claims can result in lawsuits and fines.
- **Reputation Damage**: Compliance issues can damage Shiseido's brand reputation and consumer trust.

5. Investments

Strategic investments and M&A activities carry risks such as:

- **Integration Challenges**: Difficulties in integrating new acquisitions can result in financial losses.
- **Unmet Synergies**: If the anticipated synergies from investments are not realized, it can negatively impact profitability.

6. Real-Life Incidents and Mitigation Strategies

1. **Economic Downturn (COVID-19)**: Shiseido accelerated its digital transformation and

enhanced its online sales channels to adapt to reduced physical store sales during the pandemic. They implemented cost-cutting measures and focused on e-commerce to mitigate the impact.

2. **Technological Advancements**: Shiseido established the Global Innovation Center (GIC) to foster innovation and stay ahead of technological trends in the beauty industry. This center focuses on advanced skincare technologies and digital tools to enhance consumer experiences.

3. **Regulatory Compliance**: Shiseido has a robust compliance framework, regularly conducting internal audits and compliance training to ensure adherence to global regulations. For example, their sustainability initiatives align with regulatory trends and consumer expectations, helping to mitigate compliance risks.

4. **Investment Risks**: Shiseido conducts thorough due diligence for potential M&A opportunities and integrates acquired brands into its global operations to maximize synergies. Regular performance reviews and adjustments ensure that investments contribute positively to the company's growth objectives.

7. Environmental and Social Risks

Shiseido is committed to sustainability and faces risks related to environmental and social factors:

- **Climate Change**: Risks from physical impacts such as floods and chronic risks like water shortages.
- **Sustainability**: Consumer demand for environmentally friendly products requires Shiseido to develop sustainable products and practices.

8. Governance and Risk Management

Shiseido has established a comprehensive risk management framework, including the Global Risk Management & Compliance Committee and the Global Strategy Committee. These bodies oversee the identification, assessment, and mitigation of significant risks affecting the company's operations and strategy.

3. Who are the main competitors in the industry?

- L'Oréal
- Estée Lauder
- Procter & Gamble (P&G)
- Unilever
- Coty Inc.

4.Strengths Compared to Competitors

1. **Strong Brand Portfolio**
    - **Shiseido**: Boasts a diverse and well-established brand portfolio including luxury brands like Clé de Peau Beauté and popular brands like SHISEIDO and NARS.
    - **Competitors**: L'Oréal and Estée Lauder also have strong brand portfolios, but

Shiseido's distinct advantage lies in its deep-rooted heritage and premium Japanese beauty expertise, which resonates particularly well in Asian markets.

2. **Innovation and R&D**
    - **Shiseido**: Significant investment in R&D, with innovation centers like the Global Innovation Center (GIC) focusing on cutting-edge skincare technologies and digital tools.
    - **Competitors**: L'Oréal and Estée Lauder are also leaders in R&D, but Shiseido's focus on integrating traditional Japanese ingredients with modern science provides a unique edge in product differentiation.

3. **Global Reach**
    - **Shiseido**: Strong presence in key markets around the world, particularly in Asia, where it leverages its cultural and geographical proximity.
    - **Competitors**: While P&G and Unilever have extensive global operations, Shiseido's deep understanding of the Asian market and tailored strategies for this region provide a competitive advantage.

4. **Focus on Sustainability**
    - **Shiseido**: Committed to sustainability initiatives, including reducing plastic usage and ensuring ethical sourcing.
    - **Competitors**: Sustainability is also a focus for L'Oréal and Unilever, but Shiseido’s efforts are often highlighted through its unique integration of Japanese sustainable practices and innovation.

5, Weaknesses Compared to Competitors

1. **Market Volatility**
    - **Shiseido**: Exposure to economic fluctuations in key markets like China and the Americas can significantly impact sales and profitability.
    - **Competitors**: L'Oréal and Estée Lauder also face market volatility but often have more diversified portfolios across regions, which can help mitigate these risks better.

2. **Regulatory Challenges**
    - **Shiseido**: Navigating the complex regulatory environments across different countries can pose compliance risks and increase operational costs.
    - **Competitors**: Global giants like Unilever and P&G typically have more robust regulatory affairs departments and resources to manage compliance efficiently, potentially giving them an edge.

3. **Supply Chain Vulnerabilities**
    - **Shiseido**: Disruptions in the supply chain can affect production and distribution capabilities.
    - **Competitors**: Companies like P&G and Unilever often have more extensive and resilient supply chains due to their scale and operational efficiencies, making them less vulnerable to disruptions.

Key takeaways from the CEO's message

1. **Adaptability and Resilience**: The message emphasizes the need to recover qui ckly from the disruptions caused by COVID-19 and adapt to ongoing challenge s such as inflation and supply chain issues. New graduates should be able to handle change and uncertainty effectively.

2. **Innovative Thinking**: Shiseido aims to be a global beauty company that leads with innovation, particularly in expanding the skin beauty sector and integrati ng beauty with wellness. Graduates should possess a creative mindset and th e ability to drive innovation in products and processes.

3. **Customer-Centric Approach**: The focus on providing new value to customers t hrough the fusion of beauty and wellness indicates that understanding and pr ioritizing customer needs is crucial. Graduates should have strong customer se rvice skills and a deep understanding of consumer behavior.

4. **Global Perspective**: The company's vision for 2030 and its initiatives like Shise ido Future University highlight the importance of having a global outlook. Gra duates should be open-minded, culturally aware, and capable of working in a n international environment.

5. **Leadership and Initiative**: The emphasis on fostering future business leaders a nd the "PEOPLE FIRST" management philosophy suggests that leadership pote ntial is highly valued. Graduates should demonstrate leadership qualities, take initiative, and be capable of driving long-term business growth and transforma tion.

6. **Sustainability and Social Responsibility**: The company's mission, "BEAUTY INN OVATIONS FOR A BETTER WORLD," indicates a strong commitment to sustaina bility and social responsibility. Graduates should be passionate about these iss ues and able to contribute to Shiseido's sustainability goals.
7. **Collaboration and Communication**: The message highlights the importance of working together with global employees and stakeholders. Graduates should h ave strong collaboration and communication skills to effectively work in teams and engage with diverse stakeholders.

A related episode.

Adaptability and Resilience

Returning to Japan in the midst of COVID pandemic demonstrates my quality of ada ptability and resilience. At the time all my Korean colleagues choose to stay in Korea to take online lecture. However, I decided that I needed to change my surroundings to break through mannerism to develop Language skills and understanding of Japanese culture that I sought to learn; My most fundamental motivation to Study at Japan. I had no friends around me and I could not speak Japanese so well at the time. However, I pushed myself to get out of my comfort zone and participate actively in Circles activities, as well as mingle with Japanese friends. As a result, I could significantly improve my Japanese and understanding of culture.

For self-development, tt is my belief that you should put yourself in a situation where you have no choice but to adapt and be motivated even if you may feel unprepared. The golden moment where you have all the necessary skillsets for challenge does not exist. You learn from your struggles; Like the saying “what doesn’t kill you makes you stronger.”