

MARKET INTELLIGENCE UPDATE

South Korea, September 2023

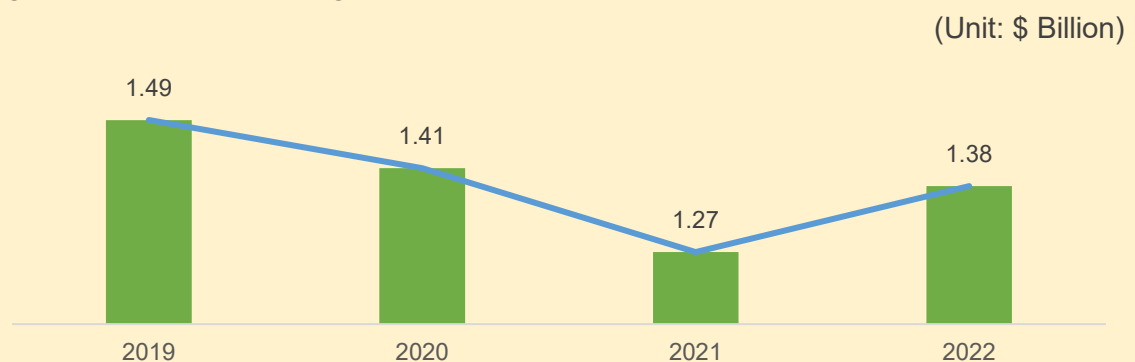
I. MARKET INTELLIGENCE UPDATE

- Expanding Yogurt Market in South Korea Fueled by Health Trends and Product Innovation:** According to a recent report from the Korea Agro-Fisheries & Food Trade Corporation (aT), South Korea's yogurt market has experienced significant growth in recent years. The report reveals that the yogurt market reached KRW 1.38 trillion (approximately US\$1.38 billion) in 2022, marking a 9.2% increase compared to the previous year. The market stood at KRW 1.49 billion in 2019, dipped to KRW 1.41 trillion in 2020, and further to KRW 1.27 trillion in 2021 but it bounced back to up in 2022.

This growth can be attributed to the increasing interest in the "Healthy Pleasure" trend, which emphasizes the fusion of health and enjoyment. Additionally, the introduction of various yogurt products has played a significant role in expanding the domestic market. The global popularity of "Better for You" (BFY) foods, characterized by their additive-free and low-calorie nature, has resonated with consumers in South Korea. Non-calorie, low-fat yogurt has gained traction in the Korean market, and a diverse range of products is continually being introduced.

Furthermore, yogurt products with health-enhancing functionalities are on the rise, incorporating various nutrients such as vitamin collagen and probiotics. The emergence of plant-based yogurt, tailored to consumers and vegans who cannot consume dairy products, has also made a notable impact on the growth of the yogurt market.

Figure 1. South Korea's Yogurt Market Growth



(Source: Korea Agro-Fisheries & Food Trade Corporation)

Note: An exchange rate of \$1 = ₩1,000 is used for data simplification.

- 2. South Korea's Rising Food Costs:** A recent report reveals that prices for various items, including fresh food, dining out, and clothing, in South Korea are significantly higher than those in neighboring Asian countries, including Japan. Despite Japan's larger economy, South Korea now faces some of the highest living expenses in Asia, driven by recent price hikes.

According to data from "Numbeo," which compares prices by country and city, food prices in Seoul are, on average, 34% higher than in Tokyo. Specific items like bread and rice are considerably more expensive in Seoul. For instance, a 500-gram loaf of bread costs KRW 4,128 (around \$4.1) in Seoul, while the same item is priced at KRW 1,994 (around \$1.9) in Tokyo. Dining out in South Korea is also more costly, with major restaurant chains and clothing stores in Seoul charging higher prices compared to their Tokyo counterparts.

South Korea has the highest prices for fresh foods globally, including apples, tomatoes, beef, onions, rice, and lettuce. Milk prices have also risen. Furthermore, starting this month, additional food products, particularly dairy items, are expected to become more expensive as companies look to raise prices in response to rising costs. These price increases mark a significant shift, as companies begin to implement previously restrained price hikes due to government requests.

(Source: [Moonhwa Daily](#))

Note: An exchange rate of \$1 = ₩1,000 is used for data simplification.

- 3. Vegan Food Market in Korea:** The vegan food market in Korea is experiencing a surge in popularity, driven by health-conscious and environmentally-aware consumers. This trend goes beyond the vegetarian community, with young Koreans in their 20s and 30s embracing veganism for its health benefits and delicious flavors. This shift reflects the growing awareness of health and environmental concerns in South Korea.

According to the Korea Vegetarian Federation, the number of vegetarians in Korea has grown significantly. In 2008, there were only 150,000 vegetarians, but this number reached 1.5 million last year due to explosive growth, and it has now surpassed 2 million this year.

Vegan cafes have gained prominence, especially on social media, and have become popular hangout spots. Recent data indicates a remarkable 73.59% year-on-year increase in online searches for "vegan cafes." Reviews are overwhelmingly positive, with common descriptors such as "famous," "delicious," "liked," "healthy," and "recommended." Even non-vegans are drawn to vegan desserts, which are often indistinguishable from their non-vegan counterparts. Social media, particularly hashtags like "#VeganCafe" and "VeganDesserts," has played a crucial role in spreading the vegan

food trend. The popularity of vegan food has led to long queues and high demand at specialty shops, with vegan cookies emerging as a top favorite.

(Source: [The Korea Economic Daily](#))

II. REGULATION & TRADE UPDATE

1. Revised Standards for Hygiene Evaluation of Imported Foods Enhance Safety and Flexibility: On September 26th, the Ministry of Food and Drug Safety made revisions to its "Local Hygiene Inspection Standards and Hygiene Evaluation Methods for Imported Foods with Original Marks." These revisions allow for more flexibility in applying hygiene evaluation cycles for overseas manufacturers of OEM imported foods. The main goals of these changes are to improve the effectiveness of hygiene evaluations for overseas manufacturers, enhance hygiene management for imported businesses, and ensure the safety of imported food. Key revisions include:

1. Providing a basis for flexible evaluation cycles for overseas manufacturers using seasonal agricultural products and extending evaluation cycles for excellent manufacturers from 2 to 3 years.
2. Allowing overseas manufacturers to adjust evaluation timing based on production fluctuations due to agricultural material availability.
3. Extending evaluation cycles to 3 years for manufacturers with high scores and permitting self-evaluation during this period.

The Ministry intends to continue incorporating feedback from relevant industries to improve the hygiene evaluation system for imported foods and to strengthen safety management in exporting countries to ensure the safe distribution of imported foods in Korea.

(Source: *Ministry of Food and Drug Safety*)