



# MONTHLY TRADE SERVICING REPORT

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- **MARKET: SOUTH KOREA**
- **MONTH & YEAR: November 2022**
- **PREPARED BY KOREA BUSINESS SERVICES, INC.**

## I. EXECUTIVE SUMMARY

In November, three major projects; 1) the 2022 Korea Consumer-Oriented Outbound Mission, 2) the 2022 Animal Feed Outbound Mission, and 3) the 2022 Korea Restaurant Promotion, were organized in Korea. Accordingly, 2 WUSATA delegations for the outbound missions visited Korea, and they successfully met with buyers and distributors from the Korean food and feed industries. Also, the consumer-targeted project, the restaurant promotion, was organized at the upper dining restaurants in Seoul, Goyang, and Busan. Trade leads were continuously developed in November, and communications and meetings with local food industries were made for WUSATA programs.

## II. MARKET INTELLIGENCE UPDATE

1. **2023 Korean Food Market Outlook:** On November 16<sup>th</sup>, “The Food & Foodservice Market Outlook Seminar” was organized by the Korea Agro-Fishery & Food Trade Corporation. According to the seminar, six key trends of 2023 Korea’s food market include:

- The Continual Growth of the Home Meal Replacement Market:** More households prefer home meal replacement (HMR) for convenience, from fried rice, porridge, soup, Korean soup, and stew, to noodles and salad. The market grew due to COVID-19, but in the POST COVID-19 era, consumers look for HMR products because there are less food waste and packages and convenience. Also, HMR products will be upgraded in terms of food quality as premium products.
- Drinking Trend Changes:** More consumers purchased wines during COVID-19, which is expected to continue in 2023. People consume less soju, the Korean hard liquor, at home, but they continue to purchase wines for drinking at home.
- The Continual Growth of the E-Commerce sector:** It expects that E-Commerce will show 17% of growth in 2022, and this growth will be continued in 2023 as well. Also, purchases for fresh products, especially through 1-day delivery services of major local E-Commerce companies, will be continually made, which grew notably after the outbreak of COVID-19 in 2020 to 2022.

- D. **Steady Demands for Pork at home:** As people started to go for dining outs, demands for beef have decreased for consumption at home, but demands for pork and delis, such as ham, salami, and Jamon, are steadily observed by local consumers for eating at home. On the other hand, it expects more people to eat beef at restaurants.
- E. **Beverage Market Trends:** More consumers are looking for healthy drinks for beverages. Beverages with “Zero Calories” are popular among Korean consumers and over 50% of new products in 2021 were beverages containing alternative sugars. Also, coffees and teas will keep growing in 2022 and 2023, according to the presentation.

2. **Food Products with Functionality Label:** It has been allowed to mark "functional" on general foods since December 29, 2020, authorized by the Ministry of Food and Drug Safety. Only 29 scientifically proven functional ingredients such as red ginseng, chlorella, and garlic and foods that use more than 30% of their daily intake of functional ingredients individually recognized by the Ministry of Food and Drug Safety can be marked with functional labeling. Since the first functional-labeled food was released in January 2021, 527 products have applied for functional labeling review as of the end of October 2022, and 239 food products from 97 companies have been released. Green juice containing aloe gel, which can help skin health, kimchi containing fructo oligosaccharide that helps increase beneficial intestinal bacteria, and gum containing red ginseng, which helps improve fatigue, are on sale. More food companies will introduce products with functional labels for marketing and promotion methods. Table 1 shows differences between foods with functionality labels and health functional foods:

Table 1. Foods with Functionality Label vs Health Functional Foods

	Foods with Functionality Label	Health Functional Foods
<b>Regulation</b>	Food Sanitation Law	Health Functional Food Law
<b>Description</b>	General food added with functional ingredients recognized by the Ministry of Food and Drug Safety without health problems even if consumed in large quantities	Products containing raw materials that contain nutrients that are likely to be deficient in daily meals or have functions useful for the human body.
<b>Requirement</b>	Need to contain over 30% of the daily intake for the raw materials of health functional foods.	Need to meet the requirement at the health functional food code
<b>Food Type</b>	Cannot be produced in capsules, granum, powder and liquid types	No limitations
<b>Mark</b>	Prohibited putting “Health Functional Food” mark	Health Functional Food Mark issued by MFDS

### III. REGULATION & TRADE UPDATE

*No Update for This Month*

### IV. UPDATES ON WUSATA PROJECTS

- 1. 2022 Korea Consumer-Oriented Outbound Mission:** The 2022 Korea Consumer-Oriented Outbound Mission was organized from November 8th to 10th in Korea. 22 delegates, including 15 WUSATA companies and 2 project managers, traveled to Korea to conduct the program. A total of 252 one-on-one business meetings were organized. Also, the business networking dinner reception was held for the WUSATA companies to network with key Korean importers and retailers. In addition, the FAS Seoul's market briefing, 3 retail visits and 1 Korean foodservice company visit were organized.
- 2. 2022 Korea Animal Feed Outbound Mission:** The 2022 Korea Animal Feed Outbound Mission was conducted from November 14th to 15th. 10 delegates, including 5 WUSATA companies, the project manager, and a guest speaker of the seminar, visited Korea for the program implementation. For this project, Korea Feed Ingredients Association cooperated as the co-organizer.  
The FAS Seoul's market briefing, buyer education luncheon seminar on the US feed market, and one-on-one business meetings with Korean companies were conducted on November 14th. Also, site visits to 2 major Korean feed manufacturers were made for the delegation on November 15th.
- 3. 2022 Korea Restaurant Promotion Featuring WUSATA Region Products:** The 2022 Korea Restaurant Promotion featuring WUSATA Region Products was conducted for the whole month of November. 20 developed menus using 5 WUSATA companies' products were served at three 'Michael by Havichi's, upper dining restaurants in Seoul, Goyang, and Busan. KBSI visited the restaurant to observe the promotion. Also, two WUSATA delegations for outbound missions had opportunities to enjoy group dinners, and project managers had a chance to taste menus and see the promotion.
- 4. Monthly Korea Work Group Meeting:** On November 21<sup>st</sup>, the monthly Korea work group meeting was organized. KBSI updated about the Korean food market, and WUSATA projects organized in November. Also, the meeting was a chance to discuss about 2023 and 2024 activities.
- 5. "5 Minute Briefs from Seoul" Newsletter:** On November 16<sup>th</sup> and 28<sup>th</sup>, "5 Minute Briefs from Seoul", the KBSI's written and audio newsletter, has been shared with the Korea

Work Group and WUSATA for updating the most recent issues including overall economy and industry information in November.

- 6. Activity Ideas for 2024 Programs:** For project managers, 11 ideas for 2024 WUSATA activities for the Korean market were shared with the Korea Group. There include inbound and outbound activities such as trade show participations, outbound missions, inbound missions and seminar programs.
  
- 7. 2022 Seoul Café Show Visit:** On November 23, KBSI visited the 2022 Seoul Café Show, organized from November 23 to 26, at COEX, Seoul. The show has been one of the biggest shows related to food businesses in Korea, and there are 627 participating companies for 3,533 brands from 35 countries for exhibitors for this year, according to the organizer. KBSI visited the show to observe the trend in the coffee, dessert, and bakery industries as the exhibition has grown. Also, it was a good chance to check if the show would be an opportunity for WUSATA's future activities. In addition, importers who have a partnership with Western US companies are observed, such as Sun Sweet, Taylor, Oregon Berry Fruit, Valley Figs, and others.