

# MARKET INTELLIGENCE UPDATE

## South Korea, April 2023

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### I. MARKET INTELLIGENCE UPDATE

- 1. Seven Keywords for Korean Food Market Trends in 2023:** According to the "Food Ingredient Seminar" organized by Innova Market Insights, the Korean food market needs to satisfy the needs of health and convenience while also catering to the preferences of the 20s~30s Millennials and Generation Z, who prioritize "revenge spending" and "digital consumption experience" as important factors in their choices. The seminar also discussed seven key trends in the Korean food market, including 1) Redefining value, 2) reflecting generational demands, 3) emergence of plant-based and new narratives, 4) revenge spending, 5) fast quality, 6) health solutions, and 7) the dominance of the digital market.

Regarding the redefining of value, consumers need to have a deep understanding of where to draw the line when it comes to compromises to counter instability. Despite inflation, consumers are willing to pay more for what they consider most important. According to the seminar organizer's survey, Korean consumers selected three product characteristics worth paying more for: fresh food, functional ingredients that enhance physical health, and environmentally friendly packaging.

In terms of reflecting generational demands, the presenter stated that positive participation and new experiences are well-received by young consumers who are accustomed to sharing their opinions widely and willingly on social media. Food companies should take consumers' opinions into account when developing products, flavors, and marketing strategies.



*(Source: The Food & Beverage News)*

**2. Korea's E-Commerce Market Updates:** The largest e-commerce company in South

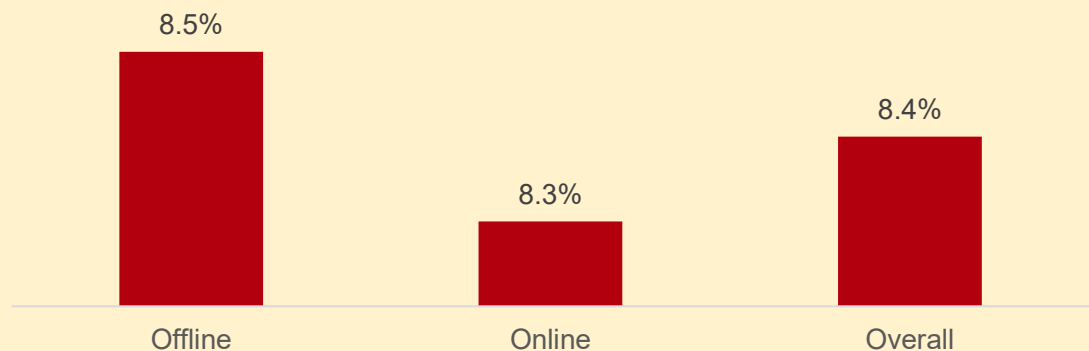


Korea, Coupang, and the leader of online food distribution, Market Kurly, achieved record sales in 2022. Coupang returned to an operating profit for the first time in ten years, with sales of \$23.9 billion and operating profit of \$90.7 million, representing a 26.2% increase in sales from 2021. The number of active customers increased, and sales per customer grew,

contributing to Coupang's performance. Similarly, Market Kurly's sales amounted to \$2.15 billion, a 30.5% increase from the previous year. The beauty category, which is contributing to Kurly's profitability, has a larger basket size and high logistics and delivery productivity.

Meanwhile, South Korea's retail businesses showed 8.4% growth in 2022, with the offline retail sector growing by 8.5% and online retail growing by 8.3% in the same year, according to the Ministry of Trade, Industry & Energy.

**Korea's Retail Business Growth Rate in 2022**



*(Source: Data News/ Ministry of Trade, Industry & Energy)*

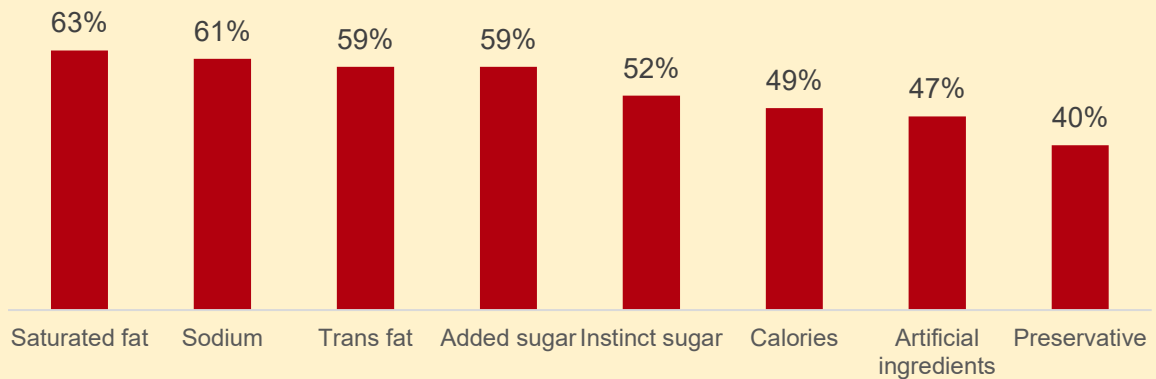
*\*Exchange Rate used: US\$1=KRW1,100*

**3. Korean Consumers seek to reduce unhealthy ingredients in food:** In South Korea, the trend of checking food ingredients before purchasing is increasing, leading to a growing interest in reducing or removing unhealthy ingredients such as sugars and sodium. A survey by Mintel revealed that more than half of 1,500 Korean consumers aged

16 and above are concerned about saturated fat, sodium, trans fat, sweeteners, and sugars in food. Lotte Well Food introduced its sugar-free dessert brand 'Zero' last year and is estimated to have earned about \$18 million by the end of 2022. Products that reduce sodium are also on the rise, with a widespread perception that sodium intake should be reduced worldwide due to concerns that COVID-19 is more fatal to people with underlying hypertension. The seasoning market is also growing with MSG products mainly using vegetable ingredients being released in Korea.



### Ingredients or Contents of Foods that Consumers are Worried About:



\*Consumer survey for 1,500 Korean consumers aged 16 and above conducted by Mintel

\*Multiple choice available

\*Exchange Rate used: US\$1=KRW1,100

(Source: Asia Economy)

## II. REGULATION & TRADE UPDATE

*No update for this month*