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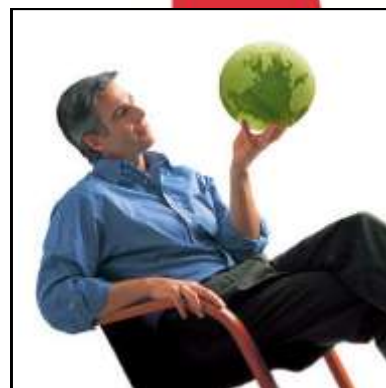
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Consumer Trends

Wine, Beer and Spirits in South Korea



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Consumer Trends

Wine, Beer and Spirits in South Korea



► EXECUTIVE SUMMARY

The Republic of Korea (ROK), also known as South Korea, is Asia's fourth-largest economy. The current population stands at 48.5 million, with 82% of whom live in urban areas. In 2011, there were 38.6 million (estimated) South Koreans aged 19 or over, which is the legal drinking age in South Korea.

According to South Korea's Economic Information Education Center's economic bulletin of May 2012, South Korea is enjoying steady employment increases, a slowing of inflation, and stable consumer prices. However, mining, manufacturing, retail sales, and exports have shown a slight decline over the first quarter in 2011. The Korean government has warned of a slowdown in the economy for the second half of 2012 (The Republic, June 5, 2012). Europe's debt crisis has been blamed for the expected reduction in the country's exports. The government has pledged to closely monitor both local and global economic situations, and reinforce policy actions to continue to support economic recovery in the country.

Overall, the South Korean alcoholic beverage market enjoyed good growth rates in all areas, with healthy volume and value increases in 2011. A change in South Korean culture has caused a shift in the drinking culture towards enjoying the qualities of products. This trend has led to increasing sales for the majority of alcoholic beverages in a number of key categories.

High-income South Korean consumers prefer super-premium brands of whiskies, which captured major market share in 2011. Traditional Korean spirits also saw growth, as South Korean consumers continued to show a strong preference for Soju, a rice-based alcoholic beverage. In 2011, white spirits sales showed strong growth, up 14% from 2010. The majority of sales in this category show vodka as the predominant choice, with 68.5% market share in 2011.

The total volume of sales in the South Korean alcoholic drink market is expected to continue to grow, with beer, takju and soju expected to be the main drivers of this growth.

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Source: Shutterstock

► DID YOU KNOW?

- In 2011, the most popular price range for red wine in South Korea was US\$17 to US\$34 (Cabernet Sauvignon variety).
- Cocktails and low-alcohol content drinks are popular with young adult consumers, especially women.



► THE ECONOMY

South Korea is the 14th-largest market economy in the world by nominal Gross Domestic Product (GDP), and Asia's fourth-largest. South Korea was one of a few developed countries that was able to avoid a recession during the global economic crisis in 2008. The ROK's Human Development Index (HDI) ranking was 0.897 in 2010. The HDI measures three basic dimensions of human development: health, education and income. ROK's score ranks the country 15th out of 187 countries with comparable data. This ranking places ROK above the Asian regional average and is an important indicator of success, both within South Korea and Asia as a whole.

The South Korean economy recorded growth of 3.6% in 2011, and is forecast to dip slightly to 3.3% in 2012, and then rise to 4% in 2013 (Organization for Economic Co-operation and Development, 2012). In general, the economic climate has been mixed. Employment rose, and consumer prices stayed within a 2% range (for March and April 2012). Inflation fell but is sensitive to international oil prices. Production fell 3.1% month-on-month in March in both the mining and manufacturing industries. March 2012 also saw retail sales drop 2.7% from the previous month. Exports declined by 4.7% in April, based on a year-on-year review, and bond prices were up in April, as the demand for safe assets rose.

► MARKET OVERVIEW

The CIA World Fact book lists South Korea as having a population of 48.9 million in 2012, making it the 25th-most populous country in the world. The World Bank has indicated that the Republic of Korea had a dense, urban population that represented 82% of its 49.7 million inhabitants in 2011, and has assigned the country with a high income ranking. Seoul is the country's largest city with a population of 9.7 million in 2011, ranking it among the top 15 most populous cities in the world. South Korea's two largest airports, Incheon International and Gimpo, are located in the Seoul metropolitan area. Large volumes of international freight also pass through the region's ports. Seoul is not only South Korea's capital and largest city, but is also South Korea's chief industrial center.

In 2011, the Food and Agriculture Organization (FAO) estimated that South Korea was the 10th-largest importer in the world. South Korea's economic climate has had a favourable effect on the alcoholic beverages market, with premium alcoholic beverages seeing an upward trend in consumption in 2011. The recent signing of free trade agreements with both the United States (March, 2012) and the European Union (July, 2011) has eliminated or reduced tariff duties, and has boosted wine and whiskey sales. These tariff cuts have lowered the prices of European and American wines by approximately 10%, enticing South Korean customers to taste a variety of new wines from different countries (The Korea Herald, 2012). These developments will continue to drive growth in the alcoholic beverage sector for the foreseeable future.

In South Korea, liquor tax is calculated as a percentage of the net price. Imported spirits are taxed at 72%, while beer has seen a reduction in tax from 150% to 72%. Wine is taxed at 30%, takju 5%, and soju, whisky, cognac and brandy are all taxed at 72%. The South Korean Government is proposing a policy of low taxes for low-alcohol content drinks and high taxes on high-alcohol content drinks to discourage consumption of the latter.

Domestic companies dominate in the South Korean alcoholic beverage market, as seen in the beer, takju and soju categories. However, increasing consumer sophistication is showing in the growing popularity of imported products such as lager, vodka, rum and gin.



▶ MARKET OVERVIEW (continued)

South Korea – Alcoholic Beverages Market Sizes – Historic Off-Trade¹ Value and Volume Sales in Millions

Measure	2007	2008	2009	2010	2011
Total Alcoholic Beverages*					
Off-trade volume - litres	1,697.0	1,757.1	1,705.2	1,807.1	1,884.5
Off-trade value - US\$	5,614.1	5,743.7	5,657.8	5,859.9	6,119.6
Beer					
Off-trade volume - litres	887.1	916.5	885.8	903.4	918.1
Off-trade value - US\$	2,849.6	2,873.5	2,890.3	2,997.2	3,131.3
Spirits					
Off-trade volume - litres	633.9	648.5	608.3	609.2	626.8
Off-trade value - US\$	1,674.9	1,794.4	1,729.8	1,734.9	1,795.9
Wine					
Off-trade volume - litres	173.9	189.5	208.5	292.2	337.4
Off-trade value - US\$	1,076.9	1,060.2	1,022.7	1,114.1	1,179.1

Source: Euromonitor International, 2012.

*The alcoholic beverages total also includes premixed beverages and cider.

South Korea – Alcoholic Beverages Market Sizes – **Forecast** Off-Trade Value and Volume Sales in Millions

Measure	2012	2013	2014	2015	2016
Total Alcoholic Beverages*					
Off-trade volume - litres	1,940.9	1,990.2	2,036.1	2,085.0	2,136.3
Off-trade value - US\$	6,405.1	6,691.0	6,986.2	7,291.1	7,608.5
Beer					
Off-trade volume - litres	931.9	944.7	956.8	967.1	975.5
Off-trade value - US\$	3,278.5	3,424.6	3,573.2	3,720.6	3,867.2
Spirits					
Off-trade volume - litres	628.4	633.2	642.4	658.0	680.5
Off-trade value - US\$	1,859.8	1,927.7	2,002.9	2,084.5	2,173.8
Wine					
Off-trade volume - litres	378.4	410.1	434.9	457.8	478.3
Off-trade value - US\$	1,253.3	1,325.2	1,396.4	1,472.2	1,553.4

Source: Euromonitor International, 2012.

*The alcoholic beverages total also includes premixed beverages and cider.

South Korea – Sales of Alcoholic Beverages by Category – % Total Volume Growth

Category	2010-2011 Total Growth (%)
Beer	1.6
Spirits	3.3
Wine	16.6

Source: Euromonitor International, 2012.

¹Off-trade refers to product purchased via shops, and stores, and not through pubs, restaurants, and bars, etc.



**South Korea – Typical Wholesaler and Retailer (Off-Trade) Mark-Ups (%)
– by Selected Categories – 2012**

Measure	Beer	Wine	Whiskey	Brandy/ Cognac	White Spirits	Rum	Tequila	Liqueurs	Other Spirits
Wholesaler	10	15	19	20	18	15	17	18	8
Retailer	24	23	17	23	20	16	19	20	17

Source: Euromonitor International, 2012.

**South Korea – Alcoholic Beverages Comparative Market Size
– Historic Off-Trade Value – Unit Price per Litre – \$US**

Category	2007	2008	2009	2010	2011
Beer	3.2	3.1	3.3	3.3	3.4
Spirits	2.6	2.8	2.8	2.8	2.9
Wine	6.2	5.6	4.9	3.8	3.5

Source: Euromonitor International, 2012.

**South Korea – Alcoholic Beverages Comparative Market Size
– Forecast Off-Trade Value – Unit Price per Litre – \$US**

Category	2012	2013	2014	2015	2016
Beer	3.5	3.6	3.7	3.8	4.0
Spirits	3.0	3.0	3.1	3.2	3.2
Wine	3.3	3.2	3.2	3.2	3.2

Source: Euromonitor International, 2012.

**Alcoholic Beverages Comparative Market Size – South Korea, Asia Pacific and the World
– Historic Off-Trade Volume Sales – Millions of Litres**

Category	Geography	2007	2008	2009	2010	2011
Beer	World	113,148.9	115,842.8	116,273.7	117,538.1	119,463.2
	Asia Pacific	30,853.0	32,013.5	33,254.4	34,620.0	36,134.3
	South Korea	887.1	916.5	885.8	903.4	918.1
Spirits	World	13.7	13.9	14.2	14.6	15.1
	Asia Pacific	6.7	6.9	7.3	7.7	8.1
	South Korea	0.6	0.6	0.6	0.6	0.6
Wine	World	18,554.9	18,822.3	19,064.9	19,651.8	20,140.7
	Asia Pacific	2,254.6	2,401.9	2,599.8	2,874.2	3,156.0
	South Korea	173.9	189.5	208.5	292.2	337.4

Source: Euromonitor International, 2012



► CONSUMER TRENDS

A study conducted by The Australasian Professional Society on Alcohol and other Drugs published in December 2011 reported that the average number of drinks consumed per occasion by South Koreans was 5.96 for women and 8.58 for men. Koreans tend to drink alcohol on both social and business occasions. In fact, among some Korean businessmen, drinking is considered a good way to get to know and assess potential business partners (SeoulKoreaAsia.com, 2012). The drinking culture in South Korea is changing, however, as South Koreans are developing an appreciation for the taste and quality of premium alcoholic drinks, which are gaining popularity.

Most often, Koreans drink alcohol in bars or in tents, called soju tents, and it is common practice for Koreans to consume snack foods when served alcohol. Popular Korean alcoholic drinks are: Korean beer, Soju, and Korean wines.

Cocktails and low-alcohol content drinks are popular with young adult consumers, especially women. Young adults aged 20 to 34 represent the largest consumer group in South Korea and made up 22% of the total population in 2011. The popularity of these drinks has led to an increased demand for vodka and gin products, which saw sales increase 18% in 2011. Young adults will continue to represent one of the largest consumer groups in South Korea, and Euromonitor states that the preference for cocktails and low-alcohol beverages is a trend that will continue. Innovation in new products and brand extensions, segmentation and niche products can lead to opportunities for alcoholic beverage manufacturers.

Domestic alcoholic beverage manufacturers in South Korea dominate the beer and traditional (non-grape) wine sector. Consumers are predicted to continue consuming standard domestic standard lager, takju and soju beverages. Multinational players are expected to remain niche in the short term, but will increase their presence as South Korean consumers become more aware of imported products and their tastes evolve.

In 2011, new product launches included the addition of new flavours, putting more unique and specialty alcoholic drinks on South Korean store shelves. South Koreans' alcoholic beverage consumption has changed, slowing during dinner, to allow for the enjoyment of an after-dinner drink, which has contributed to the increasing popularity of luxury brands and lower-alcohol drinks. This trend also supports the noted shift in alcoholic drink consumption, from heavy drinking to a more leisurely style.



► RETAIL TRENDS

Hypermarkets are the consumer's preferred channel for buying alcoholic beverages, as a means of taking advantage of lower per unit prices. Convenience stores are, however, increasing in popularity as an easily accessible source for impulse alcoholic products, such as beer. Both of these formats are affecting the sales of specialist retailers. Euromonitor is predicting that alcoholic beverage sales through hypermarkets will continue to grow.

In response, leading alcohol specialist stores are offering value-added services, such as wine education and information on cheese pairings, in addition to expanded product lines that include niche products. The leading specialist retailer in South Korea for 2011 was Kaja Juryu, with 100 outlets across the nation.



► RETAIL TRENDS (continued)

South Korea – Off-Trade Sales of Alcoholic Beverages by Distribution Format – % Value Analysis

Format	2006	2007	2008	2009	2010	2011
Discounters	-	-	-	-	-	-
Food/drink/tobacco specialists	2.5	2.4	2.3	2.2	2.2	2.1
Hypermarkets	31.7	33.0	35.2	36.0	37.0	38.6
Small grocery retailers	48.0	47.8	45.8	45.9	45.4	44.4
Convenience stores	14.4	14.5	14.7	15.1	15.3	15.5
Forecourt retailers	0.1	0.1	0.1	0.1	0.1	0.1
Independent small grocers	33.5	33.2	31.0	30.7	30.0	28.8
Supermarkets	17.8	16.8	16.7	15.9	15.4	14.9

Source: Euromonitor International, 2012

South Korea – Off-Trade Sales of Alcoholic Beverages by Category and Distribution Format – % Volume Analysis – 2011

Format	Beer	Flavoured Alcoholic Beverages	Spirits	Wine
Discounters	0.0	0.0	0.0	0.0
Food/drink/tobacco specialists	0.3	0.4	0.4	11.8
Hypermarkets	32.0	35.0	50.0	47.2
Small grocery retailers	55.9	52.1	31.3	23.8
Convenience stores	15.3	22.0	13.5	8.3
Forecourt retailers	0.1	0.1	0.1	0.1
Independent small grocers	40.5	30.0	17.8	15.4
Supermarkets	11.8	12.5	18.3	17.3

Source: Euromonitor International, 2012





► **IMPORT DATA**

South Korea – Top 10 Import Sources
– Beer Made from Malt,
– Value and Volume

Country	2007	2008	2009	2010	2011
Value in US\$					
Japan	4,085,660	7,324,353	7,861,246	11,487,343	18,251,911
Netherlands	6,106,919	9,192,436	9,075,387	8,889,721	9,508,660
United States	7,050,890	7,353,676	6,326,376	5,989,250	5,600,864
China	937,765	1,270,062	3,246,762	4,037,110	5,238,751
Ireland	1,922,919	2,005,542	1,983,519	3,053,033	5,056,715
Germany	1,611,114	2,201,949	2,387,525	2,973,509	4,504,894
Mexico	2,816,834	3,109,531	3,178,585	3,514,424	2,687,789
Belgium	2,580,897	3,246,674	887,150	873,171	1,810,813
Philippines	663,181	852,122	961,255	1,226,312	1,510,208
Canada	1,470,375	1,439,268	80,471	160,692	889,392
Volume in litres					
Japan	3,808,413	6,212,831	6,001,400	8,347,390	12,347,152
Netherlands	7,081,291	9,473,195	9,825,689	10,408,891	10,823,401
United States	10,080,189	10,369,828	9,395,951	9,578,572	8,606,360
China	1,918,528	2,381,818	4,029,459	4,659,498	7,355,021
Germany	2,073,712	2,312,607	2,898,436	3,425,631	5,090,009
Ireland	1,548,447	1,838,420	2,164,516	2,968,222	4,367,066
Mexico	2,766,734	3,115,298	3,214,362	3,413,892	2,771,533
Belgium	2,265,783	2,760,007	1,101,918	1,095,369	2,219,807
Philippines	879,632	1,050,732	1,115,649	1,397,932	1,670,318
Czech Republic	172,357	128,906	93,693	201,831	848,011

Source: *Global Trade Atlas, 2012*



► **IMPORT DATA (continued)**

**South Korea – Top 10 Import Sources
– Ethyl Alcohol and Other Spirits, Denatured, Of Any Strength
– Value and Volume**

Country	2007	2008	2009	2010	2011
Value in US\$					
Pakistan	4,647,658	16,822,598	12,664,400	10,489,749	29,487,296
Brazil	6,409,020	5,782,129	10,645,026	26,167,371	23,468,292
Vietnam	1,029,634	1,272,313	2,277,819	4,750,410	13,318,567
United Kingdom	1,840,284	0	77	1,788	4,179,185
South Africa	2,152,478	3,125,426	2,565,144	4,306,267	4,003,573
Japan	5,474	5,555	4878,642	3,945,247	3,321,041
United States	143,861	28,722	19,475	37,615	3,084,404
Thailand	0	2,140,334	0	0	3,042,374
Iran	21,110	1,840,349	0	0	947,778
India	0	0	0	0	457,943
Volume in litres					
Pakistan	10,004,333	30,100,124	22,402,377	14,171,633	36,594,531
Brazil	13,924,424	10,637,968	24,403,684	44,988,018	32,914,585
Vietnam	759,418	2,001,256	4,079,070	6,912,285	16,449,405
South Africa	3,577,373	5,444,128	5,357,638	5,923,553	4,708,864
United Kingdom	3,958,886	0	2	17	4,570,482
United States	159,136	6,226	4,446	5,225	4,065,813
Thailand	0	3,918,352	0	0	3,690,788
Japan	1,020	703	7,303,949	4,421,704	3,300,758
Iran	33,600	3,114,594	0	0	1,142,990
India	0	0	0	0	548,421

Source: *Global Trade Atlas, 2012*



► **IMPORT DATA (continued)**

**South Korea – Top 10 Import Sources
– Sparkling Wine of Fresh Grapes
– Value and Volume**

Country	2007	2008	2009	2010	2011
Value in US\$					
France	6,424,143	6,590,686	6,004,393	6,708,522	8,649,572
Italy	654,532	1,600,719	1,888,479	2,144,497	4,192,114
South Africa	61,193	117,123	416,303	452,711	685,891
Spain	246,238	294,742	315,173	324,779	562,119
United States	89,840	106,164	154,028	151,091	323,316
Australia	209,199	195,421	354,092	245,024	318,899
Germany	152,965	173,152	101,113	178,856	200,580
Chile	19,829	34,557	38,138	79,201	83,190
New Zealand	3,823	5,878	47,905	45,204	30,744
Argentina	4,881	9,556	28,001	14,100	23,563
Volume in litres					
Italy	98,639	239,079	339,359	497,452	860,370
France	283,395	270,967	256,533	274,745	351,593
South Africa	41,068	67,106	199,742	217,769	337,679
Spain	52,813	52,303	61,336	83,227	152,916
Germany	36,473	34,387	24,094	70,544	52,525
United States	11,711	15,610	34,148	24,479	49,741
Australia	30,033	28,642	75,376	43,350	48,971
Chile	6,768	11,300	12,730	21,380	10,077
New Zealand	234	308	16,561	15,517	9,925
Argentina	1,350	2,115	5,562	2,426	3,735

Source: *Global Trade Atlas, 2012*



► **IMPORT DATA (continued)**

South Korea – Top 10 Import Sources
– Wine of Fresh Grapes (Other Than Sparkling Wine) and
Grape Must With Fermentation Prevented, etc. by Adding Alcohol,
Containers of Not Over Two Litres
– Value and Volume

Country	2007	2008	2009	2010	2011
Value in US\$					
France	52,655,696	58,957,147	30,480,448	29,078,037	34,192,926
Chile	24,932,199	29,246,629	23,712,084	23,706,261	28,754,378
Italy	18,924,143	22,229,746	15,620,622	16,767,409	17,282,435
United States	15,683,459	14,663,582	10,470,656	10,488,182	11,484,506
Australia	9,930,700	10,708,562	7,135,478	6,707,557	7,402,197
Spain	5,463,022	6,037,444	4,490,891	5,019,645	6,092,986
Germany	3,897,615	3,444,541	2,427,152	2,682,968	2,308,031
Argentina	2,231,094	2,379,892	2,019,049	1,386,100	2,115,949
New Zealand	866,313	938,587	982,905	859,010	1,264,605
South Africa	932,850	1,219,576	890,433	1,297,878	712,792
Volume in litres					
Chile	5,739,042	6,139,992	4,824,952	5,206,003	6,079,524
France	6,975,582	5,211,812	3,419,568	3,139,028	3,612,598
Italy	3,174,425	3,345,984	2,656,334	3,287,602	3,026,122
Spain	2,534,076	2,243,510	2,011,961	2,686,838	2,675,341
United States	4,100,668	3,091,320	2,483,879	2,405,900	2,372,541
Australia	1,893,457	1,780,439	1,471,192	1,223,980	1,145,198
Germany	966,012	667,232	650,743	685,427	450,695
Argentina	562,364	564,248	503,302	289,325	426,878
South Africa	340,453	305,501	303,504	432,729	217,734
New Zealand	94,941	87,129	103,665	94,822	154,017

Source: *Global Trade Atlas, 2012*



Leading manufacturers are launching more premium products and targeting the marketing of these products to consumers seeking an upscale lifestyle.

South Korea – Alcoholic Beverages — Key New Product Developments in 2011

Producer	Alcoholic Drink	Details
Baekhaju (Kooksoondang Brewery Co Ltd.)	Yakju	Traditional: A restored form of Yakju from the Koryo Dynasty dating from 1554. This product is made from glutinous rice and Korean nuruk.
Baekhaju (Kooksoondang Brewery Co Ltd.)	Takju	Traditional: A restored form of Dong-dong-ju from the Joseon Dynasty. It is made from sweet rice and has small pieces of rice that float on the top. Dong dong means floating.
Cheongsong Apple A-Rak (Baesangmyun Brewery Place Co Ltd.)	Shochu-soju	Traditional/health and wellness: Cheongsong is well known for apple production. This product is made from apple, rice and water, all locally sourced
Imperial 19 YO Quantum (Pernod Ricard Korea Ltd.)	Other blended Scotch whisky	Premiumization/packaging: Positioned as a super-premium whisky targeting men in their 30s and 40s.
OB Golden Lager (Oriental Brewery Co Ltd.)	Domestic standard lager	Made from 100% German hop and golden malt, which is differentiated from other domestic beers, contains high amounts of additives. It appeals to the older generation who seek the deep, soft taste of traditional beer
Singleton 15 YO (Diageo Korea)	Whisky	Premiumization/flavour sophistication: Produced by one of the oldest distilleries of Diageo Plc, Glen Ord in Scotland. It presents a deep, shining, amber colour and leaves a warm, fruity aftertaste, followed by a long-lasting taste with nuts
Soonhui (bohae Brewery Co. Ltd.)	Takju	Traditional: A pasteurised makgeoli which has a relatively long shelf life of 12 months. This product is made from 100% domestic rice and natural bedrock water.

Source: Euromonitor International, 2012

There were 15 new alcoholic beverages launched in South Korea from June 2011 to June 2012, of which 10 were new products, three had new packaging, and two were a new variety or range extension (Mintel, 2012).

Two new flavours, grapefruit and a passion fruit/maracuja blend, were part of the new product launches.

Eight of the 15 new products were launched in 2012, and all of the new product launches were in the beer category.

Three of the 2012 new product launches were for a non-alcoholic beer; one was a low-calorie beer (4.2% alcohol); and two were premium varieties.



► WINES

In 2011, 93.4% of wine consumed in South Korea was of the non-grape wine variety. Most domestic Korean wines (non-grape wines) are made from fermented rice and are occasionally found to contain added herbs or fruit for flavour. There are many varieties and some have medicinal properties. The popular Bek Se Ju, is considered a traditional medicine wine, made with fermented rice, ginseng and eleven herbs, including cinnamon and liquorice. Another popular Korean wine, made with plums mixed with soju, is called maesilju. Makgeolli is a centuries-old Korean rice wine that is enjoying a revival in South Korea, and is well known for its purported health benefits. Improved recipes and its claimed nutritional value have elevated sales recently, and made it a fashionable drink in Seoul's upscale bars.

In 2011, the most popular price range for red wine in South Korea was US\$17 to US\$34 (Cabernet Sauvignon variety); for white wine it was US\$12 to US\$21 (Chardonnay variety); for rosé US\$16 to US\$42 (Zinfandel variety); and for sparkling wine it was US\$12 to US\$21. According to Euromonitor International, there is a strong demand for imported wines, in the expensive and premium lines.



There are more than 400 grape wine importers and distributors in South Korea. In addition, some large conglomerates in South Korea, who run distribution businesses, including chain stores, department stores and hypermarkets, have begun their own wine importing and distribution businesses to meet the growing demand in the country. For example, Lotte Mart and Lotte department stores saw good sales performance of their private label products in hypermarkets.

South Korea – Wine Market Sizes – Historic and **Forecast** Off-Trade Volume Sales in Millions of Litres

Category	2009	2010	2011	2012	2014	2016
Wine (total)	208.5	292.2	337.4	378.4	434.9	478.3
Non-grape wine	188.2	270.9	315.1	355.1	409.6	451.2
Sparkling wine	0.1	0.2	0.2	0.2	0.2	0.2
Still light grape wine	20.2	21.2	22.1	23.1	25.0	26.8

Source: Euromonitor International, 2012

South Korea – Wine Market Sizes – Historic and **Forecast** Off-Trade Value Sales in US\$ Millions (Current Prices, Fixed 2011 Exchange Rate)

Category	2009	2010	2011	2012	2014	2016
Wine (total)	1,022.7	1,114.1	1,179.1	1,253.3	1,396.4	1,553.4
Non-grape wine	537.8	609.1	649.5	699.2	785.1	870.9
Sparkling wine	6.7	7.7	8.6	9.8	12.1	14.0
Still light grape wine	478.2	497.3	521.0	544.3	599.1	668.5

Source: Euromonitor International, 2012



**South Korea – Wine Market Shares by Company and Brand
– % Breakdown Based on Total Volume Sales**

Brand	Company name	2006	2007	2008	2009	2010	2011
Saeng Makkeoli	Kooksoondang Brewery Co. Ltd.	-	-	4.5	4.6	11.3	14.0
Jangsu Makkeoli	Seoul Takju Association	14.7	15.0	13.8	12.6	9.3	12.3
Pusan Takju	Pusan Takju Association	4.8	4.7	4.3	4.2	3.6	4.3
Daegu Takju	Daegu Takju Association	6.3	6.4	5.8	5.1	3.8	4.1
Bekseju	Kooksoondang Brewery Co. Ltd.	18.0	12.8	10.6	8.3	5.1	4.1
Chungha	Lotte Chilsung Beverage Co. Ltd.	-	-	-	3.5	2.5	2.2
Baekwhasoobok	Lotte Chilsung Beverage Co. Ltd.	-	-	-	3.4	2.3	2.0
Bohae	Bohae Brewery Co. Ltd.	1.3	1.8	1.7	1.3	1.0	0.9
Sansachun	Baesangmyun Brewery Place Co. Ltd.	3.9	2.8	1.9	1.4	0.8	0.7
Jacob's Creek	Pernod Ricard Groupe	0.4	0.5	0.5	0.4	0.3	0.3
Donguibogam	Hite Brewery Co. Ltd.	-	-	-	0.4	0.3	0.3
Sanmaesu	Mt Sunun Special Wine	0.6	0.6	0.6	0.4	0.3	0.2
E & J Gallo	E & J Gallo Winery Inc.	0.6	0.7	0.5	0.3	0.2	0.2
Villa Moscatel	Gianni Gagliardo	0.2	0.2	0.2	0.2	0.2	0.2
Majuang	Lotte Chilsung Beverage Co. Ltd.	-	-	-	0.2	0.1	0.1
Kyungju Bupju	Kumbokju Co. Ltd.	0.1	0.1	0.1	0.1	0.1	0.1
San Pedro	Cía Cervecerías Unidas SA	0.1	0.2	0.2	0.1	0.1	0.1
Montes Alpha	Montes SA	0.1	0.2	0.1	0.1	0.1	0.1
Kukhyang	Lotte Chilsung Beverage Co. Ltd.	-	-	-	0.1	0.1	0.0
Hwarang	Kumbokju Co. Ltd.	0.1	0.1	0.1	0.1	0.1	0.0
Chungha	Doosan Group	5.1	5.0	4.2	-	-	-
Baekwhasoobok	Doosan Group	4.9	4.8	4.1	-	-	-
Majuang	Doosan Group	0.3	0.3	0.2	-	-	-
Kukhyang	Doosan Group	0.2	0.2	0.1	-	-	-
Seolwha	Doosan Group	0.1	0.1	0.1	-	-	-
Chunkook	Hite Brewery Co. Ltd.	1.1	0.4	-	-	-	-
Chunkook	Jinro Co. Ltd.	-	-	-	-	-	-
Others	Others	37.2	43.4	46.4	53.1	58.6	54.0

Source: Euromonitor International, 2012



Euromonitor estimates South Koreans of legal drinking age consumed 23.8 litres of beer, per capita, in 2011.

Domestically brewed, standard lager beer has historically represented the majority of beer sales in South Korea, and has no competition from similar imported lagers. Premium, domestic lager sales also outperformed imported premium lager brand sales, but only by a slight margin, and the gap is narrowing. The most popular lagers are Cass, OB, Hite and Cafri. The domestic manufacturers, Hite Brewery and Oriental Brewery, are the leading players in the beer market. The countries of origin for beer imported into South Korea numbered more than 30 in 2011.

Beer is becoming an intensely competitive market in South Korea. Producers are going after younger consumers and are lowering alcohol content, providing free samples and volume pack giveaways in an effort to build sales. Domestic production of beer increased slightly in 2010 based on the popularity of Takju.

Euromonitor is forecasting little change in South Korean demand for premium beers that emphasize quality. Standard lagers will remain the biggest contributor to the sector's overall sales. South Korea's beer consumption will see low, but positive, growth over the next five years.

International players have seen mixed success in their partnerships with domestic producers in South Korea. In 2006, Carlsberg decided to sell its stake in South Korea's Hite Brewery Company. Carlsberg initially bought into Hite in 1999 in the hope of attaining majority control of South Korea's leading brewery. The Park family, which holds a 27% stake in Hite and has run the brewer for 50 years, refused to cede control. In 2009, Anheuser-Busch sold its South Korean company, Oriental Brewery. However, Oriental Brewery was granted exclusive licenses to distribute certain brands, including Budweiser, Bud Ice and Hoegaarden.

South Korea – Wine Market Sizes
– Historic and **Forecast** Off-Trade Volume Sales in Millions of Litres

Category	2009	2010	2011	2012	2014	2016
Beer (total)	885.8	903.4	918.1	931.8	956.8	975.5
Dark beer	1.2	1.5	1.7	1.9	2.3	2.5
Lager by origin	876.8	892.8	906.3	919.1	942.4	960.0
Low/non– alcohol beer	-	-	-	-	-	-
Stout	7.8	9.1	10.0	10.8	12.0	12.9

Source: Euromonitor International, 2012

South Korea – Wine Market Sizes
– Historic and **Forecast** Off-Trade Value Sales in US\$ Millions
(Current Prices, Fixed 2011 Exchange Rate)

Category	2009	2010	2011	2012	2014	2016
Beer (total)	2,890.3	2,997.2	3,131.3	3,278.5	3,573.2	3,867.2
Dark beer	10.7	12.6	14.7	17.0	21.6	25.5
Lager by origin	2,848.1	2,947.5	3,074.8	3,215.0	3,497.2	3,780.4
Low/non– alcohol beer	-	-	-	-	-	-
Stout	31.5	37.1	41.9	46.5	54.4	61.2

Source: Euromonitor International, 2012



South Korea – Beer Market Shares by Company and Brand
– % Breakdown Based on Total Volume Sales

Brand	Company name	2006	2007	2008	2009	2010	2011
Hite	Hite Brewery Co Ltd.	45.9	44.4	42.0	40.1	38.2	37.3
Cass	Oriental Brewery Co Ltd.	-	-	-	35.1	35.8	36.2
Max	Hite Brewery Co Ltd.	4.5	4.7	5.1	5.2	7.1	8.6
Hite Saeng	Hite Brewery Co Ltd.	8.6	8.7	9.3	8.9	9.0	6.6
Cafri	Oriental Brewery Co Ltd.	-	-	-	1.8	1.9	1.9
Dry Finish d	Hite Brewery Co Ltd.	-	-	-	-	-	1.1
OB Golden Lager	Oriental Brewery Co Ltd.	-	-	-	-	-	1.0
Budweiser	Anheuser-Busch InBev NV	-	-	0.9	1.0	1.0	1.0
Heineken	Heineken NV	0.3	0.4	0.3	0.4	0.6	0.6
Asahi Super	Asahi Breweries Ltd.	0.1	0.1	0.3	0.3	0.4	0.6
Miller Genuine Draft	SABMiller Plc	0.3	0.4	0.5	0.4	0.4	0.5
Hoegaarden	Anheuser-Busch InBev NV	-	-	0.2	0.3	0.3	0.3
S beer	Hite Brewery Co Ltd.	-	0.3	0.3	0.3	0.4	0.3
Sapporo	Sapporo Holdings Ltd.	0.1	0.2	0.2	0.2	0.2	0.3
Corona Extra	Modelo SA de CV, Grupo	0.1	0.1	0.1	0.2	0.2	0.2
Beck's	Anheuser-Busch InBev NV	-	-	0.1	0.1	0.1	0.1
OB Blue	Oriental Brewery Co Ltd.	-	-	-	3.7	2.3	-
Cass	Anheuser-Busch InBev NV	-	-	31.7	-	-	-
OB	Anheuser-Busch InBev NV	-	-	3.9	-	-	-
Cafri	Anheuser-Busch InBev NV	-	-	1.7	-	-	-
Red Rock	Anheuser-Busch InBev NV	-	-	0.1	-	-	-
Exfeel	Hite Brewery Co Ltd.	0.1	0.1	0.0	-	-	-
Cass	InBev NV SA	25.5	29.0	-	-	-	-
OB	InBev NV SA	8.0	5.7	-	-	-	-
Cafri	InBev NV SA	1.8	1.7	-	-	-	-
Budweiser	Anheuser-Busch Cos Inc.	0.9	0.8	-	-	-	-
Red Rock	InBev NV SA	0.2	0.2	-	-	-	-
Beck's	InBev NV SA	0.1	0.1	-	-	-	-
Others	Others	3.6	3.1	3.3	2.0	2.1	3.2

Source: Euromonitor International, 2012



► SPIRITS

Euromonitor estimates that South Koreans consumed 12.8 litres of spirits, per capita, in 2011. This consumption was much greater than their counterparts in Asia-Pacific, who consumed, on average, 2.1 litres per capita over the same timeframe. Spirit sales in South Korea grew from 0.3% in 2010 to 3.5% in 2011. The growing popularity of premium and lower-priced alcoholic products has seen sales of rum (11.9%), and white spirits (32.1%) perform well in 2011.

Sales of brandy and Cognac have steadily declined as the spirits fall out of consumer favour, with one exception. Super-premium brandy products, such as Cognac XO, will continue to be popular with the middle-aged South Korean consumer.

Soju is the most popular Korean alcoholic beverage, especially among businessmen, and is one of the main drivers of spirit sales in the country. Similar to vodka, Soju is made from grain or sweet potatoes, and has an alcoholic content of 15.5%. The alcohol content of Soju products has declined in response to consumer demand.

In 2010, South Korea was the sixth-largest importing market by value and ninth by volume for Scotch whisky worldwide. The Scotch Whisky Association, a trade association for the Scotch whisky industry in the United Kingdom (U.K.), signed a Free Trade Agreement in 2011 with South Korea that will eliminate Korea's 20% import tariff on spirits. The recent signing of the U.S.—Korea Free Trade Agreement, (implemented in March 2012) eliminated all tariffs on American whisky imports to South Korea. The free trade agreement between South Korea and the European Union has caused average unit prices to decrease marginally.

South Korea – Spirits Market Sizes
– Historic and **Forecast** Off-Trade Volume Sales in Millions of Litres

Category	2009	2010	2011	2012	2014	2016
Spirits (total)	608,294.5	609,172.5	626,836.8	628,469.6	642,390.8	680,522.9
Brandy and cognac	112.4	82.8	70.1	64.9	59.0	54.8
Liqueurs	6.7	6.9	7.0	7.2	7.6	8.1
Rum	19.9	21.8	23.6	25.4	29.3	33.4
Tequila (and mezcal)	14.1	14.9	15.7	16.8	19.6	23.1
Whiskies	4,266.9	4,191.2	4,128.2	4,075.0	3,991.4	3,939.2
White spirits	195.2	252.8	314.7	376.4	474.4	508.1
Other spirits	603,679.2	604,602.1	622,277.4	623,903.8	637,809.6	675,956.1

Source: Euromonitor International, 2012





► **SPIRITS (continued)**

South Korea – Spirits Market Sizes
– Historic and Forecast Off-Trade Value Sales in US\$ Millions
(Current Prices, Fixed 2011 Exchange Rate)

Category	2009	2010	2011	2012	2014	2016
Spirits (total)	1,729.8	1,734.9	1,795.9	1,859.8	2,002.9	2,173.8
Brandy and cognac	9.3	7.5	6.6	6.3	6.1	6.0
Liqueurs	0.2	0.2	0.2	0.2	0.3	0.3
Rum	0.7	0.8	0.9	1.0	1.2	1.4
Tequila (and mezcal)	0.8	0.8	0.9	1.0	1.2	1.5
Whiskies	195.4	195.5	196.1	202.7	216.2	231.7
White spirits	6.8	9.1	12.0	15.0	20.3	23.5
Other spirits	1,516.6	1,521.0	1,579.1	1,633.7	1,757.6	1,909.3

Source: Euromonitor International, 2012

South Korea – Spirits Market Shares by Global Brand Name
– % Breakdown Based on Total Volume Sales

Brand	2009	2010	2011
Chamjinisulro	25.7	26.6	26.8
Chamisul Fresh	19.4	20.1	20.2
Choumchorum	14.6	15.5	16.1
Muhak White Soju	8.2	9.0	9.1
Charm Soju	8.6	8.2	8.1
Ipsaeju	6.0	6.2	6.3
C1 Soju	6.9	5.5	5.0
Windsor	0.5	0.5	0.5
San Soju	0.4	0.4	0.4
Imperial	0.4	0.4	0.4
Scotch Blue	0.3	0.3	0.3
Maehwasu	0.2	0.2	0.2
Maechuisoon	0.2	0.2	0.2
Jinro	0.1	0.1	0.1
Suljoongmae	0.1	0.1	0.1
Maesil Maul	0.1	0.1	0.1
Ballantine's	0.1	0.1	0.1
Dimple	0.0	0.0	0.0
Others	8.1	6.3	5.9

Source: Euromonitor International, 2012





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