

EMERGING  
MARKETS PROGRAM

# SOUTH KOREAN MARKET INTELLIGENCE RESOURCE

FOR SOUTH AUSTRALIAN  
WINE BUSINESSES





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# Executive Summary

This executive summary does not seek to be a comprehensive summary of the South Korean Market Intelligence Resource content but rather highlights some of the insights relevant to South Australian small and medium-scale premium wine producers. Some of the key insights offered by the report are:

- For the purpose of this resource, South Korea is classified as a developing wine market. South Korea remains a wine market in the early stages of development and a wine market that is seeing an evolution in consumption habits resulting in short and long-term growth.
- According to the Global Compass 2020 published by Wine Intelligence, South Korea is now the second most attractive wine market in the world, a significant up-shift from the tenth position it held in 2019. The South Korean wine market was valued at US\$895 million in 2019.
- While the market size is relatively small at a consumption rate of 4.77 million cases per annum, the only countries that recorded stronger growth rates over the last five years were Russia, India and the United Arab Emirates. Growth in volume has been seen across all major wine export countries to South Korea, and the value per bottle of still and sparkling wines has also seen an increase.
- In 2019, there were 139 Australian wine exporters to South Korea, and 82 of them were headquartered in South Australia.
- Being aware of some of South Korea's most recent history can assist in a better understanding of some of the country's cultural nuances and its place within the Northeast Asian region. When speaking to South Korean's in-market, it is best to avoid comparing South Korea to other Asian countries with which you have experience. By reading up on some fundamental historical facts, conversational blunders can be avoided.
- Education is seen as the path to status, money, and success, and according to OECD statistics, Koreans are among the world's most educated people.
- Koreans place great importance on high achievement and the setting of long-term goals – traits reflected at all levels of society, including business culture.
- Gifting is common in South Korea, both in the personal context when invited to someone's home and in the professional context at a first business meeting. Common gifts in the former context include confectionery, cakes, flower and fruit. Gift baskets with food are also commonly given around the significant celebrations of *Seolal* and *Chuseok*.
- It is worth noting the significance of colours in Korean culture. The traditional Korean colour spectrum identifies five colours, which reflect the main directions and elements.
- There are eight international airports in South Korea and several airports targeted for domestic transportation. The Incheon International Airport is the biggest in the country, operating both in the cargo and passenger areas. Busan is the largest and busiest port, followed by Kwangyang and then Gunsan.
- It is not unusual to meet someone in South Korea, and the first thing they suggest is having a drink and much like in Australia, sharing a drink is seen by South Koreans as the fastest way to break the ice and get to know someone on a personal level. Enjoying a drink together helps forge and cement both personal and business relationships.
- There are very few regulations around the sale and consumption of alcohol in South Korea, despite the country having a high rate of episodic or binge drinking and a high rate of alcohol dependency compared to other OECD nations. Alcohol can be sold anywhere, and at any time, with the only exceptions around sales to underage people and online sales. During the COVID-19 pandemic, the ban on online sales of alcohol has been lifted. However, while you can order and pay for alcohol online or via an app, you must collect it yourself from the retailer, as it cannot lawfully be delivered.
- With the full implementation of KAFTA, more than 99 per cent of Australia's goods exported to Korea are eligible to enter duty-free or with preferential access. For agriculture, KAFTA eliminated tariffs on entry for raw sugar, wheat, bottled wine, and some horticulture.
- It is predicted a growing affluent class in South Korea will support demand for Australian education and tourism.
- While grape wine is not the most popular alcoholic beverage in South Korea, it is growing in importance. This can be attributed to a few factors such as the westernisation of Korean eating habits, an expanding segment of affluent Koreans and an increasing focus on living a healthy lifestyle. Red wine is the preferred style for older South Korean wine drinkers due to its connection with reducing heart disease.

# Executive Summary (continued)

- As more Korean consumers are adopting the idea of food and wine pairing, white wine, rosé and sparkling wines have been growing in popularity.
- In South Korea, wine is mainly purchased at or for social and business events, and the sale of wine peaks between January and May. Wine is also becoming more popular as a gift to give on special occasions.
- It would seem exports to South Korea have not been overly impacted by the COVID-19 pandemic, with the value of Australian wine exports growing by 15 per cent in 2019–20. The average value also grew in 2019–20, up 4 per cent to AU\$58 per case FOB. Just under 40 per cent of the value of Australia's exports to South Korea were priced at AU\$90 or more per case, going some way to confirming the trend towards the premiumisation of the market.
- The majority of imported wine is sold via the retail market, which tends to be controlled by large domestic multi-layered organisations. The average South Korean prefers to consume their wine at home rather than at a bar or restaurant.
- Consumers looking to advance from supermarket wines to those that sit at a medium price-point are expected to drive significant growth in the next few years. As the wine knowledge of mainstream consumers increases, more opportunities will emerge for on-trade sales.
- Until recently, online sales of wine and alcohol more generally have been prohibited, but due to the COVID-19 demand for safe and convenient shopping, in-person pick-up of online orders is now allowed. This has enabled an increase in the wine offerings available in hypermarkets and convenience stores in particular, as they use wine as a way of attracting consumers to their brick-and-mortar stores.
- Young people aged 25 to 34 are often characterised as globally connected and have high exposure to western culture. As such, new-world wine particularly appeals to these consumers. South Korean men aged between 30 and 40 tend to prefer full-bodied and more complex red wines.
- A quarter of the South Korean population is middle-aged (aged between 45 and 60 years). Not only is this demographic interesting due to its size, but also due to its purchasing power. In South Korea, income tends to peak between the ages of 45 to 49. Around a quarter of this demographic prefers to spend money on experiences (such as drinking a nice bottle of wine) rather than material objects.
- Red wine is the preferred style of wine among South Koreans, and Cabernet Sauvignon is the clear favourite among South Korean wine drinkers across all age groups. Indeed, Shiraz and Cabernet Sauvignon are the two varieties with which Australian exporters have the most success.
- When it comes to white wine, Sauvignon Blanc and Chardonnay are favourites of South Korean wine drinkers across most age demographics, but drinkers between 19 to 24 years old are less likely to favour Chardonnay. Younger South Korean wine drinkers prefer sweeter wine styles, and wine drinkers between 25 to 44 years old noted Moscato as their favourite variety.
- Sparkling wine is a growing preference of the South Korean wine consumer, favoured for drinking at special occasions and due to it being a style that matches well with Korean cuisine.
- There has been an increase in the market for organic and biodynamic wines with young people, and young females in particular, keen consumers.
- Against the background of the increasing number of single-person households and the ageing population, food and beverage portions are being adapted to suit. The increase in popularity of half-bottles sizes is already being seen.
- As wine is becoming a more common and appreciated gift in Korea, there is a trend towards department stores offering wine in well designed and attractive gift boxes.
- There is a growing interest in international brands brought about by greater visibility via social media and increased international travel and the popularity of studying abroad.
- Work with your South Korean distributor to create a comprehensive marketing plan, including elements such as your brand identity, stakeholder management, public relations, media (traditional, digital and social), and your product/brand value proposition.
- An online presence is essential for marketing your products to South Korean consumers.
- Whether using traditional or digital media, having your marketing material (tasting notes, brand story) translated into Korean is essential.
- South Korean language, culture and symbolism need to be considered when marketing and advertising. Ensuring your brand name and any symbols or colours you use have no negative connotations in South Korean culture is critical to your brand success.

- Currently, South Korea has the third-highest rate of active social media users in the world, with 89 per cent of South Koreans use social media. By comparison, 79 per cent of Australians are active social media users. All of Australia's favourite social networks are present in the country, but South Korea has its own set of search engines and social media platforms that have proven equally popular over the last two decades.
- South Korean consumers' purchasing decisions are incredibly influenced by group dynamics, with 86 per cent of South Korean women browsing their social media feeds before making a purchase, and 71 per cent of consumers more likely to purchase based on an endorsement on social media. As a result, Youtube, Instagram and Band influencers have become vital intermediaries, helping to connect brands with South Korean consumers.
- Doing business in South Korea requires a fine-tuned, sophisticated approach to wine marketing in all aspects, and there is no more critical marketing element than the labelling and packaging of your wine products. South Korean's have a strong sense of aesthetics, style and elegance and like to purchase products that have refined packaging.
- Respect for age, education, authority and status is essential, as hierarchy affects all social interactions. Decision-making in South Korea will follow a formal procedure, and senior approval is essential.
- South Korean businesses spend time developing and fostering personal contacts. They want to know and trust someone before they work with them and often prefer to do business with people with whom they have a connection.
- In South Korea, names operate in reverse, and a person's family name is said first. Next comes a second family name shared by all of that generation, and finally the person's given name. It is considered impolite to address a Korean with his or her given name. They should be addressed using their professional titles (Professor, Chairman), or Mr/Mrs/ Ms followed by their family name, until permission is given to address them less formally.



**SOUTH KOREA  
IS NOW THE  
SECOND MOST  
ATTRACTIVE  
WINE MARKET  
IN THE WORLD.**









# 1. Introduction

Through the [Department of Trade and Investment](#) (DTI), the South Australian Government has provided some funding to the [South Australian Wine Industry Association](#) (SAWIA) to prepare this report. This report is one of a series that aims to educate South Australian wine businesses about developing wine markets, helping them make informed decisions before entering one or more of these markets. This resource focuses on the wine market of the Republic of Korea (ROK), which hereinafter will be referred to as South Korea.

This resource aims to provide market insights, tips, and tools to enable individual South Australian wineries to achieve export growth. It looks at the historical, cultural, political and economic aspects of the country, all of which inform and influence the way South Australian wineries will do business in South Korea. The resource describes the complexities of the South Korean wine market, including the demographics, preference and consumption habits of the South Korean wine consumer. Finally, the report provides information on the practicalities of doing business in and exporting wine to South Korea.

SAWIA spoke directly to the Government of South Australia Department of Trade and Investment Senior Business Development Manager for South Korea Myungjin Kim, to gain her expertise and insights on the market. SAWIA also spoke to three South Australian wine businesses that currently export wine to South Korea, as well as Accolade Wine's in-country manager for South Korea, Mikyung Oh. Soundbites of these interviews appear throughout this document. The full interviews are available to listen to via links in the **Resources** section of this report.

This report's target audience is small and medium-size South Australian wine businesses who face the most significant challenge in developing sustainable exports within acceptable risk and with financial returns.

When using this resource, it should be remembered that it is a snapshot in time – the South Korean wine market will, of course, continue to evolve. Wine businesses should closely monitor the marketplace and adjust their business approach accordingly.

# 1.1 South Korea as an emerging wine market

For the purpose of this resource, South Korea is classified as a developing wine market. South Korea remains a wine market in the early stages of development and a wine market that is seeing an evolution in consumption habits resulting in short and long-term growth. According to the Global Compass 2020 published by Wine Intelligence and reported by Wine Australia, South Korea is now the second most attractive wine market in the world, a significant up-shift from the tenth position it held in 2019<sup>i</sup>. This document aims to encourage South Australian wine businesses to closely examine the South Korean market, explore where the opportunities lie within the market and provide the necessary information wine businesses need to assess with confidence whether it is a market that is the right fit.

## WHY CHOOSE SOUTH KOREA AS AN EXPORT MARKET FOR YOUR WINE BUSINESS?

South Korea is the third-largest Asian wine market after China and Japan, with a market size that totalled 4.77 million 9-litre cases valued at AU\$895 million in 2019. Wine Intelligence ranks South Korea as the second most attractive wine market globally in their classification of fifty key wine markets<sup>j</sup>. This ranking has been based on the solid annual growth of wine consumption over the last decade in South Korea, but it also takes into consideration the comparatively low impact the COVID-19 pandemic has had on the country's economy.

South Korea and Australia have a strong trade relationship across several sectors. While South Korea is Australia's fifteenth largest destination for wine exports, South Korea is Australia's third-largest export market for all commodities and our fourth-largest two-way trading partner<sup>ii</sup>.

South Korea's wine market is still in the early stages of development. Adult wine consumption per capita sat

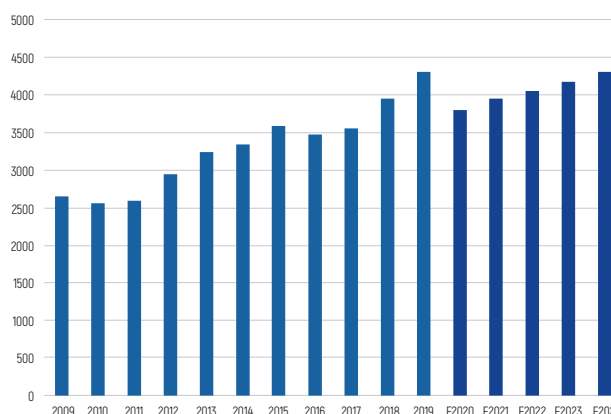
at around 1 litre per person – compared to Australian consumption of 28 litres per person – in 2019<sup>iii</sup>.

For many South Korean's, wine is seen as a premium beverage and consumed by a limited population segment.

## GROWTH DRIVERS OF WINE CONSUMPTION

South Korea ranks third in Asia, behind China and Japan when it comes to still wine consumption. According to the International Wine and Spirits Record (IWSR), from 2014 to 2019, still wine consumption in South Korea grew at a compound annual growth rate of 5.2 per cent. While the size of the market is relatively small at a consumption rate of 4.77 million<sup>iii</sup> cases per annum, the only countries that recorded stronger growth rates over this same period were Russia, India and the United Arab Emirates. Growth in volume has been seen across all major wine export countries to South Korea, and the value per bottle of still and sparkling wines has also seen an increase.

Still wine consumption volume in South Korea – historical and forecast ('000 9L cases)



Source: IWSR via Wine Australia<sup>i</sup>

"I think South Australian wineries should not only look for niche markets, we can play in the mainstream... South Australia has big conventional brands that have competitive prices for hypermarket and convenience store channels. Some of the boutique medium-priced wines are suitable for on-trade. Very high-end wines are selling at top hotels and restaurants. We still have to go into the mainstream to increase our market share." *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*





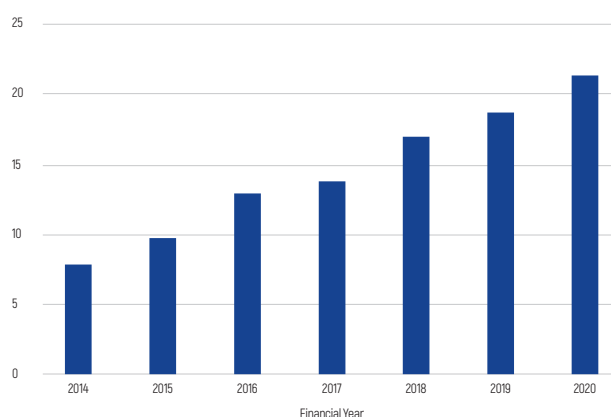
Attitudes towards wine in South Korea have clearly shifted in the past ten years. Consumers are increasingly looking for beverage products that are of high quality, contain lower alcohol, and benefit their health. Wine fits these criteria when compared to the locally made spirit and national beverage soju. With young consumers in particular increasingly exposed to foreign cultures through travel or education, there is more demand for speciality imported food and beverage products than ever before.

Several factors can explain the growth in wine consumption, but none more so than the number of economic partnership agreements put in place over the past sixteen years. Imports of Chilean wine have increased sharply since an economic partnership agreement between South Korea and Chile was established in 2004. The 15 per cent tariff on EU origin wine was eliminated when the Korea-EU Free Trade Agreement was implemented on July 1 2011, and the 2012 Korean-United States Free Trade Agreement followed.

The Korea–Australia Free Trade Agreement (KAFTA) came into force on 12 December 2014 and eliminated the 15 per cent tariff on all imported Australian wine. Since its implementation, Australian exports to South Korea have recorded consistent growth, as shown in

the graph below. Australia exported 3.97 million litres (the equivalent of 441,333 9L cases) of wine valued at AU\$27 million FOB for the year ending December 2020, an increase of 37 per cent in value and 31 per cent in volume from the previous year's figures<sup>iv</sup>. Additionally, since 2013-2014, the number of Australian wineries that export to South Korea has doubled in number to 136 wineries in 2020.

**The value of Australian wine exports to South Korea over time (A\$ million FOB)**



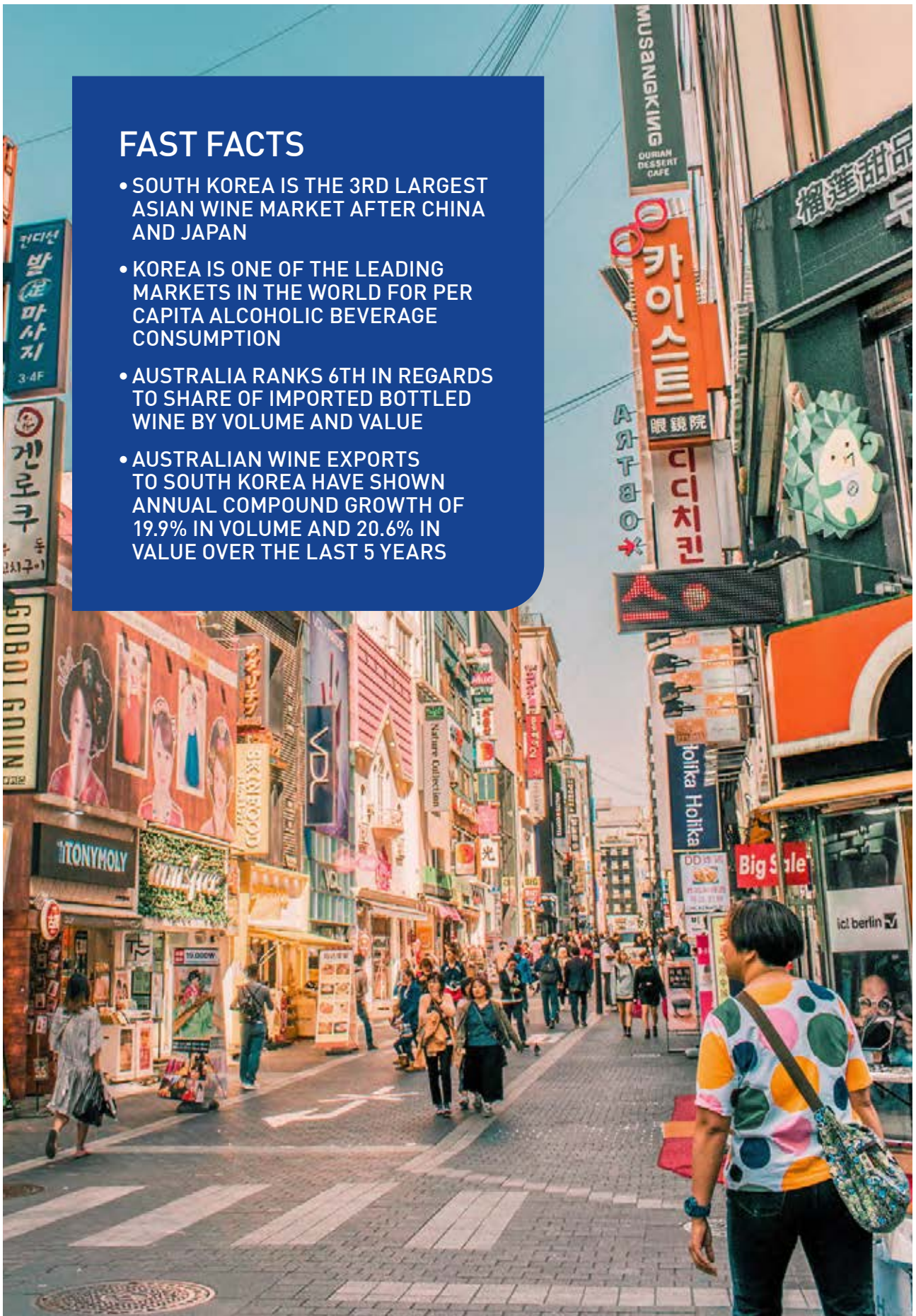
Source: Wine Australia (September 2020)<sup>i</sup>





## FAST FACTS

- SOUTH KOREA IS THE 3RD LARGEST ASIAN WINE MARKET AFTER CHINA AND JAPAN
- KOREA IS ONE OF THE LEADING MARKETS IN THE WORLD FOR PER CAPITA ALCOHOLIC BEVERAGE CONSUMPTION
- AUSTRALIA RANKS 6TH IN REGARDS TO SHARE OF IMPORTED BOTTLED WINE BY VOLUME AND VALUE
- AUSTRALIAN WINE EXPORTS TO SOUTH KOREA HAVE SHOWN ANNUAL COMPOUND GROWTH OF 19.9% IN VOLUME AND 20.6% IN VALUE OVER THE LAST 5 YEARS



## 1.2 South Korean Overview

**CAPITAL CITY:** Seoul  
**LONGITUDE AND LATITUDE:** 35.9078° N, 127.7669° E  
**CLIMATE:** Temperate with four distinct seasons  
**TOPOGRAPHY:** 70% mountainous  
**POPULATION:** 51,715,162 (July 2021 estimate) (CIA World Factbook)  
**LANGUAGE:** Korean  
**RELIGION:** Protestant 19.7%, Buddhist 15.5%, Catholic 7.9%  
**MAJOR URBAN AREAS:** Seoul (9.963 million), Busan (3.465 million), Incheon (2.801 million), Daegu (2.199 million), Daejeon (1.566 million), Gwangju (1.522 million)

### GEOGRAPHY

South Korea is situated in Eastern Asia and occupies 99,720 square kilometres of the Korean Peninsula. The Korean Peninsula is located between Japan and China and its southern half borders the Sea of Japan and the Yellow Sea. The only country that shares a border with South Korea is North Korea, and the two countries are separated by a 250 kilometre long and four-kilometre wide strip of land known as the Korean Demilitarized Zone. The demilitarised zone was established after the Korean War ceased as part of the Korean Armistice Agreement in 1953.

With approximately 70 per cent of South Korea considered mountainous terrain, most of the country's population lives in densely populated lowland areas. Around 18 per cent of the country's land is agricultural, and 64 per cent is forested<sup>vi</sup>.

Korea comprises nine provinces (Gyeonggi, Gangwon, Chungcheongnam, Chungcheongbuk, Jeollabuk, Jeollanam, Gyeongsangbuk, Gyeongsangnam and Jeju), six directly-administered metropolitan cities (Busan, Daegu, Daejeon, Gwangju, Incheon, Ulsan), one Special city (Seoul) and one Special self-governing city (Sejong).

The Korean climate is temperate and has four distinct seasons. Spring (March to May) and autumn (September to November) have mild temperatures averaging 15°C to 18°C and are considered the best time to visit the country. In contrast, summer (June to August) is short,

hot, wet and humid, and temperatures can reach up to 35°C to 38°C. Winter (December to February) is the driest season, and temperatures average from -7°C to 1°C with moderate snowfall. The average annual rainfall in Korea is higher than the world average and ranges from 1,000 to 1,800 millimetres. Almost half of this yearly rainfall occurs during the monsoon season, known locally as *Changma*, between July and August<sup>vi</sup>.

### HISTORY

Being aware of some of South Korea's most recent history can assist in a better understanding of some of the country's cultural nuances and its place within the Northeast Asian region. When speaking to South Korea's in-market, it is best to avoid comparing South Korea to other Asian countries with which you have experience. By reading up on some fundamental historical facts, conversational blunders can be avoided.

The Korean peninsula was unified in 668 CE after a period of conflict among the 'Three Kingdoms' – Koguryo in the north, Paekche in the southwest, and Silla in the southeast. During the succeeding Koryo Dynasty (918-1392) – the period from which the Western name 'Korea' was derived – and Joseon Dynasty (1392-1910), Korea's national boundaries were consolidated, and the country's distinctive cultural practices were cemented.

For many centuries, Korea was a member of the Chinese "tribute system", giving regular gifts to the Chinese court and acknowledging the Chinese emperor's superiority over the Korean king, albeit in name only. But while dependent on China for military protection and political legitimisation, internally Korea was independent.

Following invasions by the Japanese at the end of the sixteenth century and the Manchus of Northeast Asia in the early seventeenth century, Korea enforced a policy of limited contact with foreign nations. For 250 years, Korea was at peace and internally stable. Still, from the perspective of the Europeans and Americans who encountered Korea in the nineteenth century, Korea was a particularly isolated country.

During the latter half of the nineteenth century, Korea became the object of competing imperial interests as the Chinese empire began to decline and Western powers vied for ascendancy in East Asia. Britain, France, and the United States each attempted to open Korea to trade



## 1.2 (continued)

and diplomatic relations in the 1860s, but the Korean kingdom resisted. It took Japan, at that time itself, only recently opened to Western-style international relations, to impose a diplomatic treaty on Korea for the first time in 1876.

Japan, China, and Russia were the main rivals for influence and control over Korea in the last quarter of the nineteenth century. Japan became the predominant power in the Korean Peninsula after winning the first Sino-Japanese war and Russo-Japanese war between 1895 and 1905. In 1910 Japan annexed Korea outright, and for the next 35 years, Japan ruled Korea as a colony in a severe and often brutal manner. Toward the end of the colonial period, the Japanese establishment attempted to eliminate Korea's cultural identity, forcing Koreans to adopt Japanese names and trying to wipe out the Korean language. It was also during this period that Japan introduced Korea to the beginnings of modern industrial development. Industries such as steel, cement, and chemical plants were set up in Korea during the 1920s and 1930s, especially in the northern part of the peninsula, an area rich in natural resources. By the time Japanese colonial rule ended in August 1945, Korea was the second most industrialised country in Asia after Japan.



The surrender of Japan to the allies at the end of World War II resulted in a new development on the Korean peninsula – the division of Korea into two separate states. In the final days of the war, the United States and the Soviet Union jointly agreed to accept the Japanese surrender in Korea. The U.S.S.R. occupied Korea north of the 38th parallel (a reference to the latitude that roughly divides Korea), and the U.S. occupied south until an independent and unified Korean government could be established. By 1947, the Cold War between the United States and the Soviet Union, combined with political differences between Koreans of the two occupation zones, led to a breakdown in negotiations over a unified government.

On August 15, 1948, a pro-U.S. government was established in Seoul, and less than a month later, a pro-Soviet government was established in Pyongyang. Both claimed to legitimately represent the entire Korean population, creating extreme tension across the 38th parallel. On June 25, 1950, North Korea, backed by the U.S.S.R., invaded the South in an attempt to unify the peninsula by force. Under the United Nations' flag, a U.S.-led coalition of countries came to South Korea's assistance. The Soviet Union backed North Korea with weapons and air support, while the People's Republic of China provided North Korea with hundreds of thousands of combat troops. In July 1953, after enormous destruction and millions of deaths, the war ended approximately where it had begun, with North and South Korea divided into roughly equal territories by the cease-fire line. The Demilitarized Zone (DMZ) still forms the boundary between North and South Korea today.

After the end of the Korean War, the United States and Korea became allies with the signing of a Mutual Defence Treaty in 1953. This committed the United States to safeguard South Korea's national security and provide defence against outside aggression. American troops have been stationed there ever since currently numbering approximately 28,000.

Since 1953, North and South Korea have evolved from one country with common cultural practices and histories into two very different societies with radically dissimilar political and economic systems. North Korea has been heavily influenced by Soviet/Russian culture and politics as well as by China. It has developed a self-styled politics of *juche* or "self-reliance" based on economic and political independence, having a highly centralised political system with a "Great Leader" and a command economy.



South Korea, on the other hand, has been greatly influenced by the United States. The U.S.A. has maintained close political, military, and economic ties with South Korea since the Republic of Korea was founded in 1948. South Korea made impressive economic gains in the 1970s and 1980s and is now considered among the world's most developed industrial countries. South Korea recovered rapidly from the Asian financial crisis of 1997, was one of the few OECD countries besides Australia to record growth and not enter into recession after the global financial crisis of 2009, and is faring comparatively well economically during the current COVID-19 pandemic. South Korea is currently the third-largest economy in Eastern Asia, after Japan and China.

On several occasions in the early 70s, 80s and 90s, the two Koreas appeared to be reaching breakthroughs in inter-Korean relations, but each movement toward reconciliation and reunification resulted in little to no progress. In June 2000, North and South Korean leaders met in Pyongyang to discuss improving North-South relations. This was the first time such a summit meeting had ever taken place but again came to nothing. Hopes were once again raised in 2018 when North Korea participated in the Winter Olympics, and the two countries signed the Panmunjom Declaration for Peace, Prosperity and Unification of the Korean Peninsula, officially ending the Korean War. During the same meeting in 2018, both Korean leaders signed an Agreement on Reconciliation, Non-Aggression, Exchanges and Cooperation to ensure less military tension between the countries and greater arms control. Much of the progress was undone when in June 2020, North Korea began cutting off all lines of communication to South Korea.

## CULTURE

Whilst sharing some similarities with their neighbouring countries, Koreans have maintained their distinctive language, culture and customs. Koreans are proud of their cultural heritage and place high importance on foundational cultural values such as respect (particularly for elders), manners and politeness, honesty and trustworthiness and loyalty to family, authority and country.

These foundational values stem back to Korea's Confucian heritage, a belief system that places the family firmly at the centre of Korean life. Confucian philosophy was adopted in such a strict form by the Koreans that



historically the Chinese thought of Koreans as more Confucian than themselves. In Confucian societies, people view each other in terms of their relationships and social roles, and because the family is the primary model for all societal groups, age and gender determines hierarchical position.

The highly authoritarian, male-dominated system of Confucianism is reflected across all societal levels. Traditional gender roles have maintained a stronghold in Korean society, where men are bestowed higher status and are expected to be breadwinners, while women have a lower status and are still, in some instances, expected to stay at home when married and have children. However, some of the strain caused by maintaining traditional roles is beginning to show. In recent years, marriage rates in South Korea have fallen significantly. More South Korean women than ever before are university educated, and among women who attended university, there is a notable decline in the predictive probability of marriage by age 45<sup>vii</sup>. In 2019, the country's fertility rate – the average number of children a woman has during her lifetime – stood at 0.92, the lowest among OECD countries. Many South Korean women say they are reluctant to get married and start a family because they wish to keep their career and find it extremely difficult to work, raise a child and keep up with domestic labour<sup>viii</sup>. There are glimpses of positive change, particularly among young working parents, where the gap is closing regarding the division of household labour. There are also generational changes occurring when it comes to LGBTIQ+ acceptance within South Korean

## 1.2 (continued)

society. While in 2019, only 44 per cent of all South Koreans thought homosexuality should be accepted by society (compared to 81 per cent of Australians), 79 per cent of 18 to 29 year-olds agreed it should be, compared with only 23% of those 50 and older<sup>ix</sup>.

South Korea's emphasis on education also stems from the teachings of Confucius. Education is seen as the path to status, money, and success, and according to OECD statistics, Koreans are among the world's most educated people. Typically, a large percentage of family income is spent on providing the best possible education for children. Korean educational institutions also pursue a culture of ambition, with many actively seeking exchange programs with foreign universities to ensure knowledge transfer. Schools are steeped in the culture of competition, meaning the school you attend can be a determinant of success or failure. For many Korean parents, their children's education outweighs all other considerations, and tremendous sacrifices are made to get them the best education possible. Koreans' culturally ambitious mindset and single-minded focus on education have been critical in their outstanding economic success.

The concept of *han* is uniquely Korean and is a concept that Koreans have a hard time defining. It is considered impossible to translate into English but is often described as an internalised feeling of deep sorrow, injustice, resentment, regret and anger. *Han* is a response to Korea's long history of suffering — its repeated invasion and oppression by foreign powers, like the Japanese occupation and the Korean War. Some believe it runs in Korean blood, and so permeates all aspects of Korean society, including pop culture (films, books, music and TV shows). *Han* also may describe the urge to overcome obstacles and injustices, to reach out for victory and the pursuit of greatness. Koreans place great importance on high achievement and the setting of long term goals — traits reflected at all levels of society, including business culture. Koreans work more hours per capita than the citizens of any other OECD nation.

Approximately 56 per cent of South Korean's have no religious affiliation. Historically, Koreans have practised Shamanism, Buddhism, and Taoism, but with religious freedom guaranteed in their Constitution, Christian denominations have growing congregations over the last 30+ years. Rituals around reverence for ancestors remain commonplace in modern Korea, an influence of traditional Confucian beliefs. Ancestors are regarded as

family members for generations after their death, and Koreans reaffirm this relationship through *jerye* (ancestral memorial rites) on special days like *Seolal* (Lunar New Year's Day) and *Chuseok* (Mid-Autumn Festival), as well as on the anniversary of an ancestor's passing.

Gift-giving is common in South Korea, both in the personal context when invited to someone's home and in the professional context at a first business meeting. Common gifts in the former context include confectionery, cakes, flower and fruit. Gift baskets with food are also commonly given around the significant celebrations of *Seolal* and *Chuseok*. Professionals must be aware of the [Improper Solicitation and Graft Act](#), which affected the gift-giving habits by introducing a price ceiling of KR₩ 50 000 (~AU\$58) for gifts offered to public officials.

It is worth noting the significance of colours in Korean culture. The traditional Korean colour spectrum identifies five colours, which reflect the main directions and elements.

- **Red** represents fire and south. It is commonly associated with life and passion and is also associated with masculinity. However, a person's name written in red is considered taboo as the colour red was historically used to write deceased people's names in the family register.
- **Blue** represents wood and east. Blue is considered the counterpart to red and represents passivity and death. It is not necessarily a negative colour, but rather one that enriches the meaning of other colours. It also represents feminism.
- **Yellow** represents earth and centre. It is often associated with the starting point for expanding knowledge.
- **White** represents metal and west. It is commonly used and may even be considered the national colour. Historically, only the upper class and royalty were allowed to wear colours other than white. It is generally associated with purity, innocence and peace.
- **Black** represents water and north. It is often associated with wisdom, darkness and death.

Green and blue are sometimes interchangeable on the spectrum, although green tends to signify a fresh start, youth, or new energy. Subsequently, this colour has been used recently by some traditional institutions to update their image.



**EDUCATION IS SEEN AS THE  
PATH TO STATUS, MONEY, AND  
SUCCESS, AND ACCORDING TO  
OECD STATISTICS, KOREANS  
ARE AMONG THE WORLD'S  
MOST EDUCATED PEOPLE.**





## 1.2 (continued)

### GOVERNMENT

**GOVERNMENT TYPE:** Presidential Republic  
**CURRENT PRESIDENT:** President Moon Jae-in  
(since 10 May 2017)  
**CURRENT PRIME MINISTER:** Prime Minister  
Chung Sye-kyun (since 14 January 2020)  
**VOTING AGE:** 18 (lowered from 19 at the 2020  
national election)

The government of the Republic of Korea commenced on August 15, 1948. Three months earlier, the first 198 members of the National Assembly had been elected in the country's first general election held under UN supervision. The National Assembly elected Rhee Syngman as the first President of Korea on July 20, a President who served until 1960.

On July 17 1948, the first National Assembly promulgated the [Korean Constitution](#). It adopts liberal democracy as the basic principle of governance and guarantees the people's freedom and rights under law. It ensures equal opportunities across society, culture and politics, and recognises the necessity of establishing a welfare state. The Korean Constitution states that the country should endeavour to maintain international

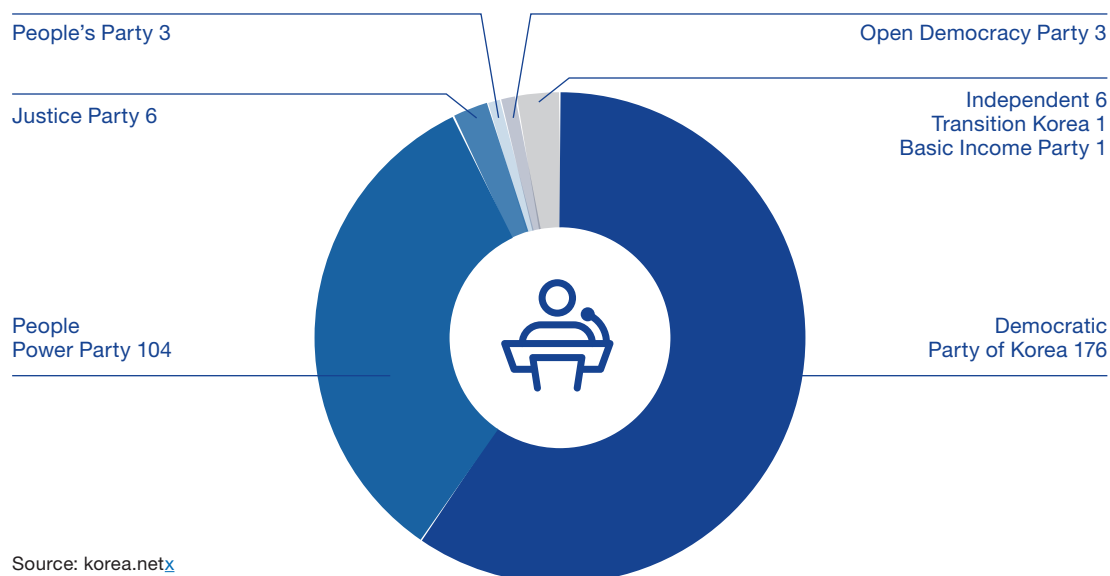
peace and stipulates that all people have an obligation to pay taxes, engage in national defence, educate their children, and work.

The National Assembly of the Republic of Korea is the unicameral national legislature of South Korea representing the people. South Korean citizens over the age of 18 are eligible to vote. The National Assembly Proceeding Hall is located in Yeouido near the Hangang River in Seoul and is where all the laws of the country are made. At present, the National Assembly comprises 253 members elected in local constituencies, and 47 members are elected through proportional representation. The members serve four-year terms. The 21st National Assembly was formed through the legislative elections on April 15 2020, and the current ruling party is the Democratic Party of Korea.

The President is the head of government and enforces the laws passed by the legislature and issues orders and decrees for that purpose. The President is the commander-in-chief of the armed forces and has exclusive authority over military policies, including the power to declare war. Additionally, the President must uphold the constitution and protect and preserve national independence and territorial integrity and attain a peaceful unification of Korea. Under the Constitution, the President is to be elected by a universal, equal, direct and secret ballot by the people. The Presidential

#### Seats of the 21st National Assembly Occupied by Political Parties

(As of September 2020)



term is five years, and they cannot be re-elected. President Moon Jae-in took office on May 10, 2017.

The President performs their executive functions through the State Council, or Cabinet made up of 15 to 30 members, who the President appoints upon the Prime Minister's recommendation. The Prime Minister is appointed by the President and approved by the National Assembly. The State Council members, or the Cabinet, lead and supervise their administrative ministries, participate in the deliberation of major state affairs, and act on behalf of the President.

Local governments are divided into high-level and low-level local governments. With the Sejong Special Self-Governing City's inclusion in July 2012, the number of high-level local governments increased to 17 (i.e. Seoul Special City, six metropolises, eight provinces, and Jeju Special Self-Governing Province). The number of low-level local governments stands at 226 (75 cities (*si*), 82 counties (*gun*), and 69 districts (*gu*)). Local government heads and local council members are elected by direct popular vote for a four-year term. The head of the local government can be re-elected for up to three terms. There is no limit on how many terms a local councillor may serve.

## POLITICS

South Korea's current President Moon Jae-In is a lawyer and civil rights activist who was the Democratic Party of Korea leader between 2015 and 2016 before being elected President in 2017.

Moon's parents were refugees who fled North Korea during the Korean War. Moon was born at a refugee relocation centre on the island of Geoje, after which he and his family moved to Busan. Moon attended Kyung Hee University in Seoul in 1972 where he became active in the student movement against the authoritarian regime of President Park Chung-Hee. He was expelled from university and briefly imprisoned for his activism. In 1982 Moon established a legal practice in Busan with his friend and future South Korean president Roh Moo-Hyun. They specialised in civil matters and human rights, and they worked to defend trade unionists and student activists who faced persecution under then-President Chun Doo-Hwan. Roh transitioned to politics in 1987 after Korea's sixth republic (sixth amendment to the constitution) was established while Moon continued



his legal career. When Roh ran for President, Moon managed his campaign, and when Roh was elected president in December 2002, he invited Moon to serve in his cabinet.

In 2012 Moon entered electoral politics for the first time, winning a seat in the National Assembly representing the Sasang district of Busan. In February 2015, he was named chairperson of what was then the New Politics Alliance for Democracy (NPAD), now known as the Democratic Party. In 2016 a scandal engulfed the Presidential administration and the leaders of some of South Korea's most powerful chaebols (family-controlled conglomerates). Then-President Park Geun-hye was accused of aiding a friend to extort tens of millions of dollars. Demonstrators called for Park's resignation and staged the largest street protests since 1987. In December 2016, Park was impeached by an overwhelming majority, and on March 10, 2017, the Constitutional Court upheld that decision. Park's impeachment triggered a snap election. Moon emerged as the front-runner, campaigning on the promise to rein in the chaebols' power, sever ties between government and business, and adopt a more nuanced North Korea policy. Moon won the May 9, 2017 election in a landslide, becoming South Korea's first liberal president in nearly a decade.

From the beginning of his presidency, President Moon prioritised inter-Korean relations – to a point where his critics have accused him of sidelining domestic politics. He achieved international attention for his meetings with Chairman Kim Jong-un at inter-Korean summits in

## 1.2 (continued)

April, May, and September 2018, making him the third South Korean president to meet with their North Korean counterpart. On June 30 2019, Moon met with both North Korean chairman Kim Jong-un and United States President Donald Trump at the Korean Demilitarized Zone.

Moon's handling of the COVID-19 pandemic, particularly his mobilisation of South Korea's public health systems, became the centrepiece of the Democratic Party's campaign ahead of South Korea's April 2020 legislative election. That election delivered a resounding mid-term victory to Moon, and saw the Democratic coalition win 180 of 300 legislative seats. Voter turnout was the highest rate of participation in a South Korean legislative election in nearly three decades, reaching 66 per cent. Consequently, the Democratic Party currently holds the largest legislative majority since South Korea's transition to democracy in 1987.

In his 2021 annual New Year's Address, President Moon laid out the major components of his administration's agenda before his term ends in May 2022. Moon has pledged to address the impact on daily life and the coronavirus pandemic's economic consequences, declaring the first step a free vaccination roll-out in February 2021. Moon also hopes to kick start an economic resurgence that will prepare the economy to

succeed after the pandemic. These resurgence efforts began to take shape in 2020 with the announcement of the Korean New Deal. The Korean New Deal is centred around the pillars of the Green New Deal, the Digital New Deal, and the Regionally Balanced New Deal. The Green New Deal is designed to reduce carbon emissions and create jobs in environmentally friendly industries (e.g. hydrogen) in an effort to become carbon neutral by 2050. Likewise, the Digital New Deal is designed to create jobs and provide South Korea with the foundations to compete internationally in the fields of 5G, AI, and big data. These deals are complemented by the Regionally Balanced New Deal, which is designed to ensure that future economic development is better distributed around the country. Additionally, Moon hopes to build off the popularity of K-pop music groups and the success of "Parasite" at the Academy Awards in 2020 to assist the creative arts in South Korea and enhance the country's soft power.

North Korea, however, remains the primary non-economic objective of the Moon administration. With the pandemic likely to remain North and South Korea's focus in 2021, Moon has called for inter-Korean cooperation on health care in two specific venues – the Northeast Asia Cooperation Initiative for Infectious Disease Control and Public Health and the initiative for comprehensive healthcare cooperation between South Korea-ASEAN.



**SOUTH KOREA  
RANKS 10TH AMONG  
THE WORLD'S  
ECONOMIC POWERS  
AND 4TH IN ASIA.**



## ECONOMY

**CURRENCY:** South Korean Won (KRW or ₩)  
**EXCHANGE RATES:** 1.00 AUD = 855.75451 KRW  
/ 1 KRW = 0.00116856 AUD (March 2021)  
**GDP:** US\$1.62 trillion (Nominal GDP, OECD 2020)  
**GDP PER CAPITA:** US\$ 31,846.22  
(World Bank 2019)  
**UNEMPLOYMENT RATE:** 4.00% (February 2021,  
after a high of 5.4% In January 2021)

Ranking tenth among the world's largest economic powers and fourth in Asia in 2021, South Korea is known for its enviable rise from one of the world's poorest countries to a developed, high-income country in only one generation. Advanced manufacturing and services dominate the economy, employing the majority of the population. South Korea manufactures a significant portion of the world's mobile phones, consumer electronics, household white goods, cars, ships and steel. Conversely, the country imports large quantities of natural resources such as coal, iron ore and oil and is a net importer of agricultural products.

Following the end of the Korean War in 1953, South Korea passed through 30 years of political turbulence. Despite this, the economy grew quickly, particularly between the early 1960s and late 1980s. This growth was primarily driven by rapid, export-led industrialisation encouraged by the government. In the 1970s and 1980s, the Government channelled capital into family-controlled *chaebols* (such as global household names the Hyundai and Samsung groups of companies). These firms enjoyed trade preferences and monopoly rights, among other advantages extended by the Government. GDP growth was generally above 10 per cent during the 1970s, although inflation was also high. The 1988 summer Seoul Olympics, held the year after establishing the sixth republic, put South Korea on the world stage. Around the same time, a push towards production for high technology industries (in the place of heavy industry) started leading to the present-day recognition of South Korea as a major exporter of technological products.

South Korea joined the OECD in 1996, and in 1997 it was hit hard by the Asian financial crisis. The South Korean Won lost over 50 per cent of its value at the peak of the crisis, the economy shrank by 5.5 per cent in 1998 and

various chaebols failed. After receiving an emergency loan from the International Monetary Fund (IMF), Korea was forced to implement a series of reforms, including reducing the role of Government in their economy and an overhaul of the financial sector. The country emerged from the crisis in 1999, and grew in the early 2000s spurred by this shift to a more market-orientated economy. Growth steadied around the 4-5 per cent level in the mid-2000s before the recession of the late 2000s impacted demand for exports. An increase in domestic consumption helped the country navigate the recession, and exports subsequently rebounded. During the global financial crisis of 2007-2008, South Korea maintained a stable economy and even experienced economic growth during the crisis' peak.

Currently, South Korea is one of the world's largest shipbuilders, fifth-largest carmaker and sixth largest steel maker. Korea's services sector has long lagged behind its dynamic manufacturing sector in efficiency and effectiveness. Small and medium-sized enterprises (SMEs) dominate South Korea's services sector and account for 80 per cent of the output and 90 per cent of the employment in the sector. By 2020, the productivity of the services sector was only 45 per cent of that in manufacturing, far below the OECD average of 86 per cent. South Korean SMEs are predominantly very small enterprises that face significant challenges – only 0.07 per cent of SMEs grow to become large companies. The high degree of trading between companies within the same chaebol limits the available market for many SMEs. Low productivity in the services sector also reflects its small and declining share in business R&D, putting it well below the OECD average of 38 per cent.



## 1.2 (continued)

Much like the rest of the world, the South Korean economy is on track for one of its worst three-year growth periods in more than half a century. Even before the pandemic, South Korea's economy was battered by China's economic slowdown and uncertainties over the trade war between Beijing and Washington. Stagnant foreign investment limited economic growth to 2 per cent in 2019 before declining to -1.0 per cent in 2020.

During the pandemic, the South Korean government has worked to boost the economy by expanding their fiscal spending. This has resulted in jobs growth, but public debt has also grown to an estimated 41.9 per cent of GDP in 2020 and is expected to rise further in coming years. Plans focusing on digital infrastructure to drive future economic development and green initiatives to reduce carbon emissions (Korean New Deal) have been put in place. According to the IMF's January 2021 update of the World Economic Outlook, GDP growth projections for South Korea are 3.1 per cent in 2021 and 2.9 per cent in 2022 (growth projections for Australia's economy are 3.5 per cent in 2021 and 2.9 per cent in 2022). In the medium and longer terms, South Korea's economy faces challenges such as tackling the low birth rate, elderly poverty, low employment among women and increasing competition in global markets, particularly from emerging exporters.

### INFRASTRUCTURE

South Korea has established a very advanced and modern transportation network, which has been developing since the 1960s. The 2019 World Economic Forum Global Competitiveness Report ranked Korea's overall infrastructure at sixth in the world<sup>xj</sup>. Both public and private sectors are involved in expanding the infrastructure capacity by investing in various construction and logistical projects and initiatives.

While located throughout the country, the South Korean network of seaports and harbours focuses on the southern part of the peninsula. In terms of cargo handled, in 2017, ports in South Korea reported an increase of 4.1 per cent, having handled over 1.57 billion tonnes of cargo<sup>xii</sup>. Busan is the largest and busiest port, followed by Kwangyang and then Gunsan.

There are eight international airports in South Korea and several airports targeted for domestic transportation. The Incheon International Airport is the biggest in the



country, operating both in the cargo and passenger areas. The Songdo International Business District is a 'smart city' that was built from scratch on reclaimed land along Incheon's waterfront. The 1,500-acre development sits an hour outside of Seoul. It is officially part of the city of Incheon (it is part of the Incheon Free Economic Zone), whose proximity to the international airport and the sea makes it both a transportation hub and the gateway to Korea.

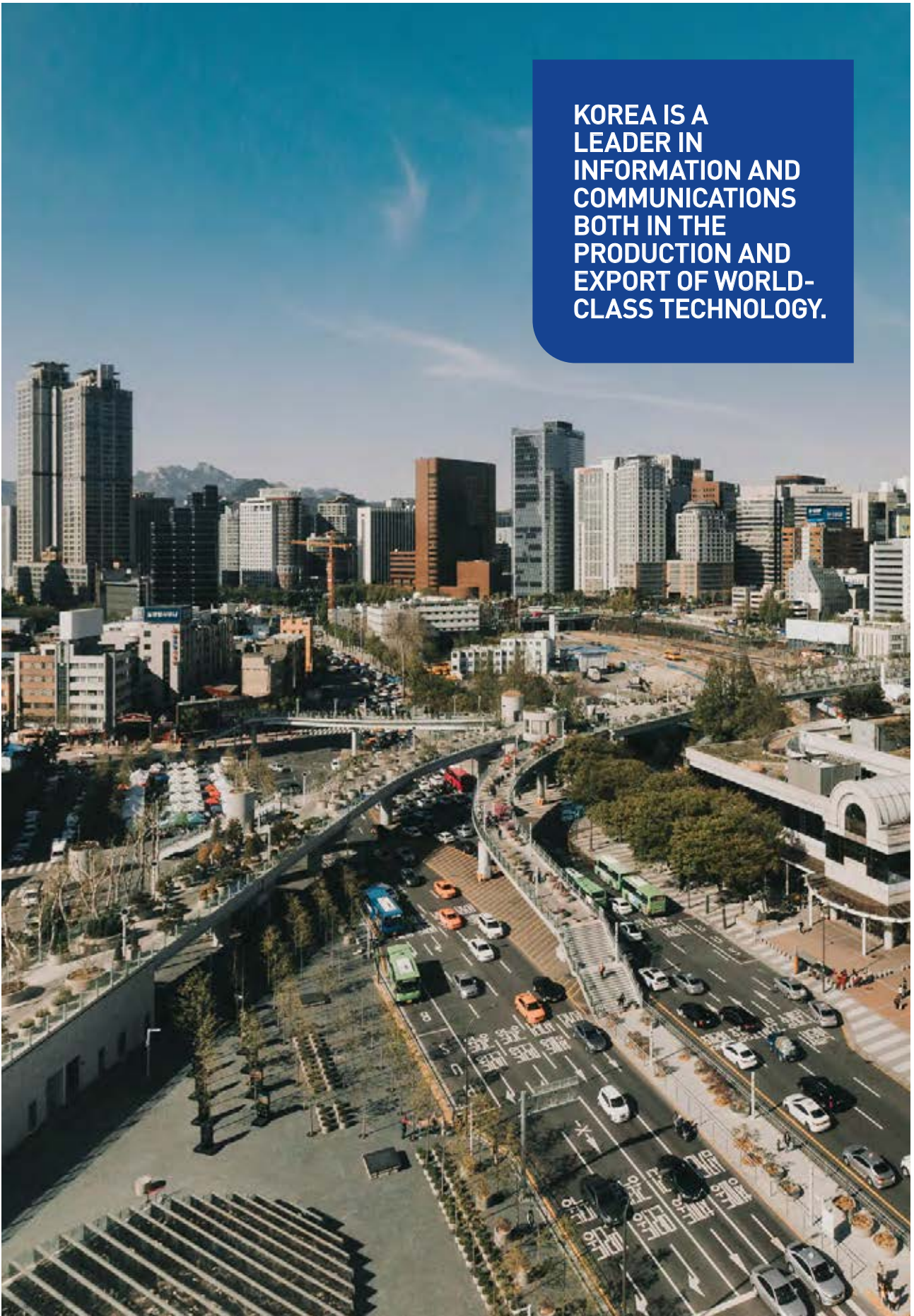
South Korea rail infrastructure extensively covers the country's most populated areas – the northwest, south and southeast – but has not been developed in the non-populous northeast or on Jeju island. South Korea established four main railway lines – Gyeongbu, Honam, Gyeongjeon and Jeolla – which guarantee the smooth transportation of passengers and goods from the main urban locations. Super high-speed rail connects all major cities, and Seoul has an efficient and effective subway system.

The roads in South Korea are considered well-kept and reach every part of the country. In terms of freight, the roadway system tends to serve as the primary way of transporting goods inside the country.

Korea is a leader in information and communications both in the production and export of world-class technology. Computer chips, mobile phones and other communication technology products account for over 25 per cent of Korea's total exports. As for communications services, nearly every Korean owns at least one mobile phone (94 per cent in 2019), and almost every household has a broadband connection (96 per cent in 2019)<sup>xii</sup>.



**KOREA IS A  
LEADER IN  
INFORMATION AND  
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BOTH IN THE  
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## 1.2 (continued)

### PROVINCES AND CITIES

South Korea is split into 17 top tier administrative divisions. These top tier divisions are classified under the following;

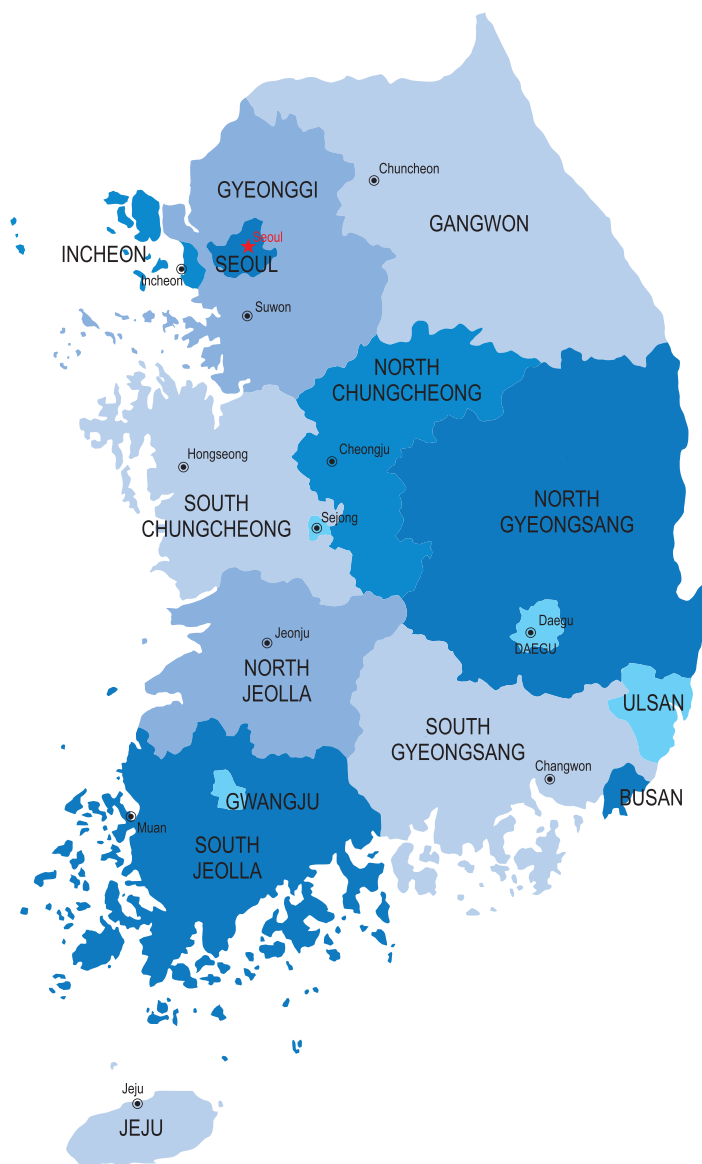
**9 PROVINCES (DO):** Chungbuk (North Chungcheong), Chungnam (South Chungcheong), Gangwon, Gyeongbuk (North Gyeongsang), Gyeonggi, Gyeongnam (South Gyeongsang), Jeju, Jeonbuk (North Jeolla), Jeonnam (South Jeolla)

**6 METROPOLITAN CITIES (GWANGYEOKSI):** Busan (Pusan), Daegu (Taegu), Daejeon (Taejon), Gwangju (Kwangju), Incheon (Inch'on), Ulsan

**1 SPECIAL CITY**

**(TEUKBYEOLSI):** Seoul

**1 SPECIAL SELF-GOVERNING CITY (TEUKBYEOL-JACHISI):** Sejong



Much of South Korea's population is concentrated in cities, primarily in the northwest and southeast of the country. The capital of South Korea, Seoul, and its metro area is where approximately 50 per cent of South Korea's population reside. Details on the cities of interest to wine exporters are outlined below.

### SEOUL

**Population:** 9.8 million in the city, ~25million in the metro area

Seoul is the capital of South Korea. Seoul's population increased ten-fold between the formation of South Korea in 1948 and the mid-1980s. While the city's population has remained fairly stable since then, the surrounding area's population has increased significantly, resulting in what is today the fourth largest metropolitan area in the world. The province of Gyeonggi surrounds the special city of Seoul, and in the northwest region, you will also find the city of Incheon. The city of Seoul itself has a very high population density (16,000 people per km<sup>2</sup>), and the population swells during the day as commuters from the surrounding area

come to the city for work. Seoul serves as the country's financial centre and traditionally has served as the administrative centre, though that is now changing with the establishment of the self-governing city of Sejong.

The metropolitan area's economic activity is diverse - business services and manufacturing each account for a quarter of activity, and construction and public services a further fifth each<sup>xii</sup>. On the other hand, labour productivity is below both the average for South Korea and that of other major developed cities. In order to combat the threat from cities in neighbouring countries that are becoming increasingly competitive, there is a current push to focus on more knowledge-based activities.

In terms of demographics, the Seoul metro area deviates slightly from the trends for the whole of the

country – the proportion of the working-age population is larger, and the population growth rate is slightly higher. In the future, the average age of Seoul's population is forecast to increase.

Compared to the rest of the country, residents of Seoul's metro area have a high level of disposable income. That said, it is lower than that of most other major cities in the developed world. The price of housing in Seoul has increased significantly in recent years – by 50 per cent since 2017, the fastest worldwide<sup>xiii</sup> – pricing many middle-class workers out of the housing market. While income inequality is high by South Korean standards, it is moderate compared to other major cities. The metro area is the third-largest urban consumer market in the Asia Pacific region. Annual household expenditure on food and drink was estimated at AU\$6,800 in 2016 (above the national average) and on alcohol and tobacco at AU\$1,100 (slightly below the national average)<sup>xii</sup>.

Gyeonggi has become a focal point for manufacturing and offers less crowded living conditions than Seoul city itself. Incheon is the key transportation hub of the metropolitan area, and since being established as a free economic zone in 2003, has become an important venue for international business and events.

## BUSAN

**Population:** 3.5 million

Situated in the southeast of the country, Busan is home to South Korea's biggest port, which is also one of the largest ports in the world. It is estimated to handle over three-quarters of South Korea's container freight and be an essential logistical and industrial hub. Busan has a strong finance industry and is known for its international conferences, exhibitions and film festivals. Given its location between the coast and mountains and that the city is generally considered one of the more cultural cities in South Korea, it is a popular tourist destination. The cuisine of Busan is well known – seafood in particular – and includes various dishes which are specific to the region. Busan also has a growing craft beer industry.

## DAEGU

**Population:** 2.5 million

Daegu is the fourth largest of South Korea's cities. Together with the province of North Gyeongsang, which surrounds it, it forms a market of approximately 5 million people. Daegu was important during the economic development of South Korea in the 1960s, 70s and 80s. Today, it is known for its textile, health and electronic industries, but the textile industry's decline has posed challenges in recent years. This decline has been reflected in the city's population, which has fallen year on year since 2015. Climatically, the city is one of the hottest in Korea. It is generally considered one of the most conservative cities in South Korea.

## SEJONG

**Population:** 0.3 million

Sejong is a very new city, having only come into being in 2012, and conceived nine years earlier. The idea behind Sejong was for it to be the new administrative centre of the country, decentralising Korea by reducing the reliance on and dominance of Seoul for the economy. While the original plan to move the capital from Seoul has been overruled, many government offices have been moved to the city, making it an administrative hub.

The population of Sejong, which now sits at over 300,000, has been formed over just five years from an initial base of 100,000. While it is forecast to reach 500,000 by 2030, 2020 saw its first-ever population decline. Encouraged by local policies, the fertility rate is the highest of all provinces and the average age of 32 is considerably lower than the national average. The city attracts a lot of couples with children as it is considered to be family-friendly. Wages are higher than the South Korean average and that of all other major cities, and the city is said to offer a better, more affordable quality of life. At the same time, its proximity to other large cities means that some residents leave the city at weekends. The terms 'goose mum' and 'goose dad' are often used for parents who work away during the week and return home to their families on the weekend.

**“The majority of people live in Seoul and it’s satellite city, so for exporters it is really easy to do business. They don’t have to travel to many different cities to deal with many different importers and distributors, they just need to focus on one importer in the Seoul area.”** *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment* [\(click to listen to audio\)](#)



## 1.3 South Korean Drinking Culture and alcohol consumption laws

It's not unusual to meet someone in South Korea, and the first thing they suggest is having a drink. Much like in Australia, sharing a drink is seen by South Koreans as the fastest way to break the ice and get to know someone on a personal level. Enjoying a drink together helps forge and cement both personal and business relationships.

Influenced by Confucianism, Korean society has a long valued hierarchy, courtesy and etiquette in every aspect of life, and drinking alcohol is no exception. There are some quite specific rules surrounding drinking culture in South Korea. For example, when offered, you should receive a cup with both hands and return it after emptying it. When offered a cup by an elder or superior, the younger person or subordinate should politely receive the cup, expressing words of thanks, and only empty the cup after the elder has finished their drink. As a form of respect, the younger person must also drink with their head turned away from their elder and with the cup covered by their hand. South Koreans view the exchange of liquor cups as synonymous with the

exchange of ideas. Koreans offer a cup of drink to each other and fill the cup to the brim with a convivial and open mind.

In South Korea, many companies hold work dinners called *hoesik*. These company dinners are taken seriously, and it is considered impolite to decline an invitation. Due to South Korea's long working hours, these dinners and drinking sessions are viewed as a way of de-stressing and getting to know each other outside the workplace. During a *hoesik*, be prepared to drink a lot, potentially play drinking games or sing karaoke, be relaxed and open, and share personal stories.

There are very few regulations around the sale and consumption of alcohol in South Korea, despite the country having a high rate of episodic or binge drinking and a high rate of alcohol dependency compared to other OECD nations<sup>xiv</sup>. Alcohol can be sold anywhere and at any time, with the only exceptions around sales to underage people and online sales. During the COVID-19 pandemic, the ban on online sales of alcohol has been



**MUCH LIKE IN AUSTRALIA, SHARING A DRINK IS SEEN BY SOUTH KOREANS AS THE FASTEST WAY TO BREAK THE ICE AND GET TO KNOW SOMEONE ON A PERSONAL LEVEL.**

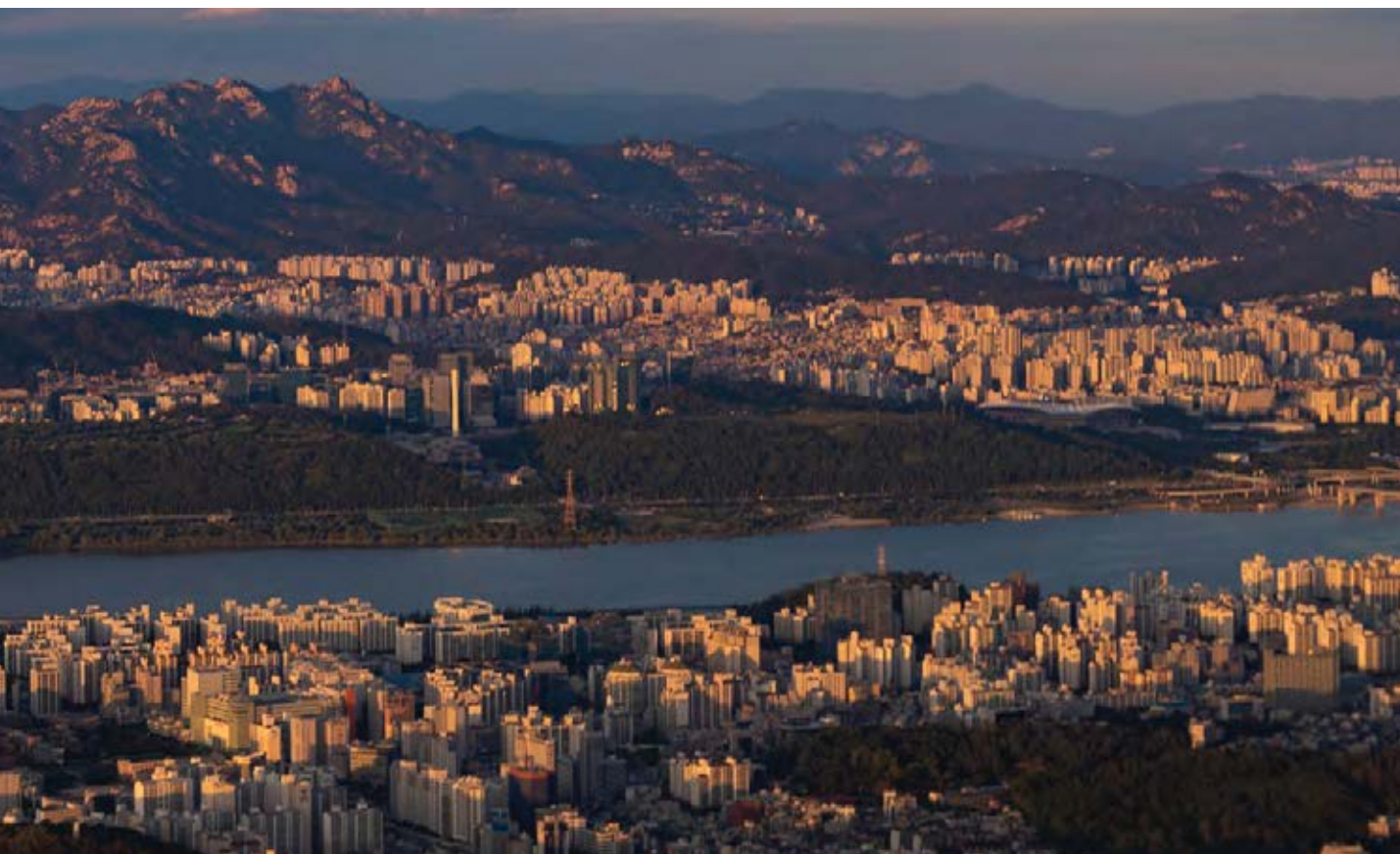


lifted. However, while you can order and pay for alcohol online or via an app, you must collect it yourself from the retailer, as it can not lawfully be delivered.

To sell alcohol in Korea, vendors need to apply for an alcohol license. However, contrary to some other OECD countries like Australia, this licensing system is not used to limit the density of alcohol vendors or their location. It is usual for South Koreans to buy alcohol at supermarkets during the daytime, but late at night and in the early morning, people are more likely to use liquor shops and small grocery stores/convenience stores.

Drink-driving is a major issue in Korea and in 2002, the government implemented more restrictive measures to prevent driving under the influence of alcohol. The national maximum legal blood alcohol concentration was lowered from 0.05 per cent (the level most frequently used in OECD countries) to 0.03 per cent. Penalties for driving under the influence of alcohol were also made tougher. Korean society and law enforcement are generally tolerant to public drunkenness, and if drunkenness is considered a mitigating circumstance for acts of violence, and it can be cause for leniency in sentencing<sup>xiv</sup>.

“(South Koreans) tend to drink a lot when they drink... We never order by the glass, we order by the bottle. If there are five people, I’m sure by the end of the meal there will be more than five empty bottles. [South Koreans] like showing off what they are drinking – they like telling stories and sharing on SNS (social networking services).” *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*



## 1.4 The Australia-Korean relationship and the Korean-Australia Free Trade Agreement (KAFTA)

The relationship between Australia and South Korea began developing after 1947 when Australia participated in the United Nations (UN) Commissions on Korea and then in the Korean War from 1950 to 1953. More than 18,000 Australian troops served under UN command in the Korean War, and 340 Australian service members were lost during the conflict.

Korea's Consulate-General was opened in Sydney in 1953 (the Korean Embassy was later relocated to Canberra), and in June 1962, Australia opened an embassy in Seoul. Australia's trade relationship with Korea also has its origins in the 1960s when Korea's post-war industrialisation drive started to fuel its demand for raw materials. As Korea began to establish itself as a global industrial powerhouse in the 70s and 80s – particularly in export-driven industries such as automobile manufacture, shipbuilding, industrial machinery, and consumer electronics – the Australia

Korea trade relationship began to take off. As Korea's demand for mineral resources and other commodities soared, Australia became one of their major suppliers. Australia also found a growing export market for non-resource products as South Koreans became more affluent. Exports of Australian agricultural produce like beef began to grow, as did tourism and education services. Today Korea and Australia share a mature, diverse and mutually enriching economic relationship.

With the growing trade relationship, negotiating a free trade agreement was a natural next step. The Korea Australia Free Trade Agreement (KAFTA) came into force on 12 December 2014. KAFTA was Australia's first free trade agreement to be concluded with a major trading partner in North Asia, and deals with Japan and China soon followed. Together, these three economies represent more than 50 per cent of Australia's exports.

With the full implementation of KAFTA, more than 99 per cent of Australia's goods exports to Korea are eligible to enter duty-free or with preferential access. The agreement secures Australia's competitive position in the Korean market, where some competitors had already been enjoying free-trade deals. Specifically, the agreement helps level the playing field for Australian exporters competing with those from the US, New Zealand, the EU, Chile, and the Association of South-East Asian Nations (ASEAN), who benefit from trade deals with Korea.

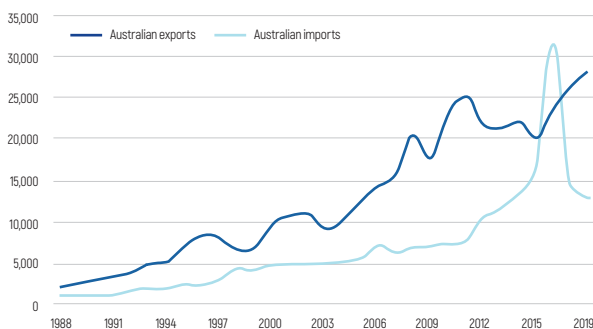
For agriculture, KAFTA eliminated tariffs on entry for raw sugar, wheat, bottled wine, and some horticulture. Eighty-eight per cent of Australia's manufacturing, resource and energy exports entered Korea duty-free from entry, with all remaining tariffs to be phased out by 1 January 2023. KAFTA has made it easier for Australian law firms, accountants and telecommunications providers to supply services to Koreans, and it guarantees access in a wide range of other sectors, including education and financial services.

The influences of KAFTA were immediate. In 2019, bilateral trade accounted for around \$41.3 billion of Australia's international trade (4.5 per cent of the total), making South Korea Australia's fourth-biggest global trading partner (behind only China, Japan and the United States) and third-largest export market (in front of the United States)<sup>xv</sup>. Goods and services exports to South Korea totalled \$28.2 billion in 2019, primarily



driven by coal, LNG, iron ore, and beef shipments. The sharp rise and fall of Australian imports in the past few years, seen in the graph below, was due to the one-off purchase of Korean-made ships in 2017 (around \$18 billion). Australia's services exports to South Korea amounted to \$2.2 billion in 2019<sup>xv</sup>.

#### Australian-South Korea bilateral trade A\$m, annual goods and services trade



Source: Export Finance Australia<sup>xv</sup>

With the implementation of the Korean New Deal, South Korea's long-term focus appears to be boosting green and digital investments, something which Australian exporters, particularly of iron ore, copper, food and beverage, can benefit from. It also opens opportunities for aerospace, automotive, shipbuilding, electronics and machinery exporters to supply South Korea's solid manufacturing base<sup>xv</sup>.

In 2020 South Korea was Australia's tenth-largest source of visitor arrivals and eighth-largest source of international student enrolments. From 2016 to 2019, tourist arrivals averaged around 290,000 per year, and Australia consistently received approximately 30,000 international student enrolments<sup>xv</sup>. Longer-term, it is predicted a growing affluent class in South Korea will support demand for Australian education and tourism.

Australia and Korea share key security interests in North Asia and the Asia-Pacific and the stability on the Korean Peninsula, which is considered vital to both countries' security and economies. Both Australia and Korea are close strategic and military allies of the United States and see its continued commitment to the Asia-Pacific as critical to stability and prosperity in the region.

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## 2. South Korean Market Profile

The [Organisation for Economic Co-operation and Development \(OECD\) Better Life Index](#) provides some insight into how the people of South Korea live beyond GDP and economic statistics. According to the Better Life Index, South Korea ranks above the OECD average in several areas that contribute to material living conditions and quality of life – civic engagement, education and skills, jobs and earnings, housing and personal security. It ranks below the average in areas such as income and wealth, subjective well-being, social connections, work-life balance and health status.

The life expectancy for a baby born today in South Korea is 82 years, the highest in the OECD at two years higher than the average. Life expectancy for South Korean women is 85 years, compared with 79 for men<sup>xvi</sup>.

The average household net adjusted disposable income per capita is AU\$28,656 a year, lower than the current OECD average of AU\$43,991 a year. Income disparity between the richest and the poorest citizens is considerable, and the top 20 per cent of the population earn more than five times more than the bottom 20 per cent<sup>xvi</sup>.

In South Korea, 67 per cent of people aged 15 to 64 have a paid job – 76 per cent of men are in paid work, compared with 57 per cent of women. The percentage of employees working long hours is higher than the OECD average. A good education is considered very important in South Korea, and it is the top-performing country in the OECD when it comes to the quality of its education system. While, on average, girls outperformed boys by 19 points the OECD's Programme for International Student Assessment (PISA) (much higher than the OECD average gap of 2 points), 90 per cent of men have completed upper secondary education compared to 85 per cent of women<sup>xvi</sup>.

The sense of community in South Korea is the lowest in the OECD, where only 78 per cent of people believe that 'they know someone they could rely on in a time of need' compared to the average of 89 per cent. Overall, South Koreans are less satisfied with their lives than the OECD average, and when asked to rate their general satisfaction with life on a scale from 0 to 10, they averaged 5.9, lower than the OECD average of 6.5<sup>xvi</sup>.

## 2. (continued)

Tourism is a significant driver of economic growth in Korea, and in 2019, South Korea saw a record number of visitors to its shores at approximately 17.5 million. The country's tourism industry has seen constant growth over the last fifteen years, with some help from *Hallyu*. *Hallyu* translates to 'Korean Wave' and describes South Korean cultural products' popularity outside its borders. In 2018, tourism accounted for 4.7 per cent of GDP and was estimated to support 1.4 million jobs, representing 5.3 per cent of total employment. Travel exports represented 15.5 per cent of total service exports in 2018<sup>xiii</sup>. The largest visitor numbers flow from neighbouring countries, with tourists from East Asia and the Pacific making up over 83 per cent of visitors in 2019 (China 34.4 per cent, Japan 18.7 per cent). In 2019 visitor numbers to South Korea from Australia were 173,218, accounting for 1 per cent of total numbers.

Per capita, South Korea is one of the leading markets in the world for alcoholic beverage consumption. According to the 2020 Alcohol Industry Information Survey report issued by South Korea's Ministry of Agriculture, Food and Rural Affairs, consumers were drinking on average nine days a month last year. The monthly average drinking frequency has been decreasing year by year since 2016 (8.9 days in 2016, 8.8 days each in 2017 and 2018, and 8.5 days in 2019) but 2020 seems to have bucked this trend. In contrast, the amount of alcohol consumption per drinking session fell to 6.7 glasses in 2020 from 6.9 in 2019<sup>xvii</sup>.

When asked about the occasion that surrounded the consumption of alcohol, most respondents in the 2020 Alcohol Industry Information Survey were "drinking solo" (74.9 per cent) and "drinking at home" (72.0 per cent). Among the 2,000 respondents, 41.4 per cent chose to drink beer, followed by soju at 32.7 per cent, traditional liquor at 15.1 per cent and imported wine at 4.5 per cent. Compared with the 2019 study, beer and imported wine increased by 4.5 per cent and 0.3 per cent respectively, while soju and traditional liquor decreased by 0.2 per cent and 5.0 per cent respectively. When choosing a favourite alcohol, beer continues to be the most



popular (46.3 per cent), followed by soju (29.3 per cent), traditional alcohol (10.4%) and imported wine (5.3 per cent) <sup>xvii</sup>.

The value of alcoholic beverages sold in South Korea in 2016 totalled at KR₩5.1 trillion or AU\$5.9 billion. Together, beer and soju accounted for 85 per cent of the volume of alcohol supplied to the market and 76 per cent of the value. Fruit wine (including imported wine made from grapes and locally produced wines made from various fruits) accounted for 1.5 per cent of the volume supplied to the market and 6 per cent of the value in 2016<sup>xiii</sup>.

South Korea ranks third in Asia, behind China and Japan when it comes to still wine consumption. The size of the market is relatively small at a consumption rate

"People now enjoy wine... with their home meals. People are cooking more at home, not just typical Korean food, but all kinds of western and Asian food. It is much easier for people to enjoy wine with these different kinds of food." *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*





of 4.8 million cases in 2019. This equates to 1 litre per adult (20-65-year-olds) for that year (Australian adults drink 28 litres per year). According to Wine Australia's Market Explorer, in 2019 South Korea ranked forty-second in the world in terms of still wine consumption by volume and thirty-third in the world in terms of value. The South Korean wine market was valued at US\$895 million in 2019<sup>iii</sup>.

Wine imports into South Korea for the year to September 2020 were 5.39 million cases, of which 4.93 million cases were packaged imports<sup>xviii</sup>. The total import value was UD\$289 million, of which packaged value was US\$282 million<sup>iii</sup>. Import growth was 17 per cent for bottled wine imports for 12 months to September 2020.

While grape wine is not the most popular alcoholic beverage in South Korea, it is growing in importance. This can be attributed to a few factors such as the westernisation of Korean eating habits, an expanding segment of affluent Koreans and an increasing focus on living a healthy lifestyle. Red wine is the preferred style for older South Korean wine drinkers due to its connection with reducing heart disease. As health concerns among the general public have increased, so has the demand for an alcoholic beverage with less or low alcohol content, such as wine, beer and low alcohol soju.

There is an emerging trend towards natural wine styles characterised by minimal human intervention, which younger wine drinkers consider a healthier alternative to soju or beer. As more Korean consumers are adopting the idea of food and wine pairing, white wine, rosé and sparkling wines have been growing in popularity, and in recent years, sparkling wine and rosé have been the fastest-growing categories.

In South Korea, wine is mainly purchased at or for social and business events and the sale of wine peaks between January and May. As previously discussed, drinking together is considered an excellent way to get to know colleagues and potential partners in a business context and wine is becoming a popular beverage in the bigger cities at nightclubs and upscale bars. More and more consumers are becoming open-minded about the origin of wine they purchase and wines from lesser-known countries and regions (Georgia, Greece, Romania, Slovenia, Israel) have entered the market in the last few years. Wine is also becoming more popular as a gift to give on special occasions (e.g. valentines day) and is enjoyed during national celebrations (e.g. Korean New Year).



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CONSUMPTION.**

## 2.1 Current performance and perception of Australian wine in South Korea

Australia is the sixth-ranked country of origin for still wine consumption in South Korea behind Chile, the USA, France, Italy and Spain. Australia's share of bottled wine imports is 6.9 per cent by volume and 6 per cent by value. For the 12 months to September 2020, Australian exporters sent 419,545 cases of wine valued at AU\$25 million FOB<sup>xviii</sup>.

Australian exports to South Korea have recorded consistent growth since the Korea–Australia Free Trade Agreement (KAFTA) came into force in 2014 and eliminated the 15 per cent tariff on all wine. This FTA has led South Korea to be Australia's thirteenth largest export market by value and for the last five years, the volume of Australian exports to the country grew by a compound annual rate of 20.6 per cent and 19.9 per cent by value. In 2019 there were 139 Australian wine exporters to South Korea and 82 of them were headquartered in South Australia.

The KAFTA played and continues to play a significant role in driving confidence in Australian wine products with consumers and igniting importers' interest in and engagement with the Australian wine industry. The growth in wine consumers in South Korea is primarily driven by quality-conscious younger people looking for good value and variation in wine varieties and styles, all of which Australian wine can provide.

It would seem exports to South Korea have not been overly impacted by the COVID-19 pandemic with the value of Australian wine exports growing by 15 per cent in 2019–20. The average value also grew in 2019–20, up 4 per cent to AU\$58 per case FOB. Just under 40 per cent of the value of Australia's exports to South Korea were priced at AU\$90 or more per case<sup>j</sup>.

Awareness around Australian wine has been increasing over the last five years, but converting that awareness into purchases has proven a challenge. The majority of South Korean consumers are unaware of Australia's winemaking regions, particularly when compared to the



winemaking regions of France, Italy, Spain and the U.S. Korean wine consumers generally associate Australian wine with high quality and know that Australia produces full-bodied red wines. There is increasing interest in Australia's cool climate wine growing regions and also increasing opportunity to educate Korean consumers about the diversity of varieties and styles our regions produce.

For data around the South Korean Market's receptiveness for higher-priced wines from Australia, which Australian varieties have been successful in the South Korean market and which South Australian regions have had success penetrating the South Korean packaged wine market, please see [6.5 Australian and South Australian Wine Export Data to South Korea](#).

"In general, (Korean wine consumers) trust Australia. Any Australian product has a clean and green image and that applies to wine as well. When talking to importers their feedback is that (Australian wine) is expensive... Excluding high-end wines, just average wine, they think it is 20 to 30 per cent overpriced compared to competitors." *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*



## 2.2 Competitive Environment

### IMPORTED WINE

Due to minimal domestic production, grape wine consumption in South Korea relies on imports. Wine imports into South Korea for the year to September 2020 were 5.39 million cases, of which 4.93 million cases were packaged imports. South Korean wine consumers are hungry to try products from a diverse range of wine-producing countries and, as a result, the market is becoming increasingly competitive.

Led by Spain, Italy and France, European countries account for most wine exports to South Korea in terms of volume (51 per cent in 2017)<sup>xii</sup>, but it is France that has remained the leading exporter when it comes to value. In 2019, wine imports from France totalled AU\$123.5 million, 32.1 per cent of the market share by value<sup>xix</sup>. South Korean consumers, wine influencers and decision-makers maintain the idea that French wines set the benchmark for quality and it is in the premium market segment where French wines are seeing growth. The popularity of sparkling wine in the South Korean market is also generating growth momentum for French wines.

Another wine-producing country likely to benefit from the increasing popularity of sparkling wine is Italy. Wine imports from Italy totalled AU\$57.3 million in 2019<sup>xix</sup> (14.9 per cent market share by value), up from AU\$44.5 million in 2018<sup>xii</sup>. The growth in popularity of Italian wines has been attributed to South Korean's love of Italian cuisine and their penchant for slightly sweeter wines such as Moscato d'Asti.

Wine imports from Spain totalled AU\$31.6 million in 2019 (8.2 per cent market share by value)<sup>xix</sup>, up 23.4 per cent from 2018 numbers. Spanish wine comes second only to Chile regarding the total volume of wine imported into South Korea. A significant portion of the wine imported from Spain is bulk, low-cost wine for local bottling and blending – bulk wine accounted for 35.7 per cent of the volume of Spanish wine shipped to South Korea in 2018.

When it comes to volume, Chile was the largest single exporter of wine into South Korea in 2017, accounting for 26 per cent of total imports<sup>xii</sup>. However, Chile comes second to France in terms of value, with wine imports totalling AU\$72.4 million in 2019<sup>xix</sup>. The 2004 Korea-Chile Free Trade Agreement, which was one of the first to eliminate the import duties on wine, established Chile's reputation in the South Korean market as being

good value for money. It is worth noting that Chilean imports are increasing more slowly than the market as a whole and the trend towards the premiumisation of the market may weaken the position of wine-producing countries that are more value-orientated.

Wine imports into South Korea from the United States totalled AU\$ 50.3 million in 2019, up from AU\$39.0 million in 2018<sup>xii</sup>. In 2019, the US had a market share of 13.1 per cent in terms of value and 14.4 per cent in terms of volume<sup>xix</sup>. While American wine targeting the market's premium segment is enjoying increasing success, larger-scale producers targeting the more value-oriented segment of the market (i.e. wine sold in hypermarkets and convenience stores) have been America's strongest performers.

South Korean consumers' want for products from diverse wine-producing countries is seeing an increase in the demand from traditionally smaller players in the market. The combined imports from minor suppliers – Argentina, South Africa, Germany and New Zealand - totalled AU\$ 25.9 million in value in 2018, up 16.9 per cent from 2017<sup>xii</sup>. In particular, Argentinean wines are beginning to compete with Chilean wines as they are seen as good value for money and wines from New Zealand are making inroads in the market's premium segment.

### KOREAN WINE INDUSTRY

Grape wine production in Korea is minimal and lacks competitiveness in price and quality compared to imported wines. The development of a large-scale wine industry in Korea is obstructed by the high cost of farmland and labour and unsuitable weather conditions. Overall, local Korean grape wine producers present little competition to imported products.

South Korea produces fruit wines from locally grown produce such as Korean pear, Japanese apricot, persimmon, wild meoru grapes, omija berries and bokbunja (a local berry, similar to a raspberry). Fruit wine is seen as easy to drink, is often sweet, and is sometimes made with added sugar and alcohol. The production of bokbunja wines has been increasing, encouraged by financial and regulatory help from the government.

Currently, within the country, 42 small-size wineries and one large, corporation-style winery produce wine. Some major liquor companies are co-bottling imported wines, or



## 2.2 (continued)

importing bulk wine for blending with local wine or simply for bottling in-market. A total of 4.1 million kilograms of wine in bulk containers were imported into Korea in 2018<sup>xii</sup>. [Lotte Chilsung](#), [Hite-Jinro](#) and [Kooksoondang L&B](#) are some of the major players in this space.

### BEER

In 2019, beer accounted for 39.7 per cent of the total alcoholic beverage sales value in South Korea<sup>xx</sup>.

Domestic brands currently dominate South Korea's beer market. Cass was the leading beer brand with around 36 per cent market share based on retail sales value. Cass is a brand by the domestic market leader Oriental Brewery, owned by Belgian company Anheuser-Busch InBev SA/NV. To fit the taste of Korean consumers, Korean breweries tend to focus on lager-style beers, beers that can be made and sold at a low price and with a mild flavour. Although domestic beers made by large breweries are selling well, the imported beer and craft beer market are growing due to changes in consumer preferences.

Following several changes to beer brewing and distribution regulations, the local craft beer market is developing. The market share of small and medium-sized breweries is low compared to larger domestic companies, but the sales revenue of domestic craft beer is predicted to grow rapidly over the next 3-5 years. A survey in 2019 found that 55 per cent of respondents thought craft beer tastes better than regular beer<sup>xxi</sup>, but also found that lager is the most preferred style of craft beer among South Korean consumers.

The change in beer consumers' taste and preference has not only led to a rise of craft beer, but also an increase in beer imports. In 2019, Japan was the leading country of origin for beer imports. Japanese brewers such as Asahi, Kirin and Sapporo have held the largest share of South Korean imports since 2010, with sales reaching more than US\$ 73 million in 2018<sup>xii</sup>. The boycott of Japanese products by consumers in 2019 has since significantly impacted the sales figures of Japanese beers. Other noteworthy beer importing countries are China and the USA and European countries such as Germany, Belgium, Netherlands, and Ireland. While beer companies in China



## 2.3 Sales channels



and the U.S. are often linked to other multi-national companies, many South Koreans believe that European beer is better tasting and higher quality.

### SOJU

In 2019, 33.9 per cent of total alcoholic beverage sales in South Korea were Soju<sup>xxii</sup>. Soju is a traditional Korean clear distilled spirit with an alcohol content between 16 to 53 per cent. It is traditionally made from rice, wheat, or barley but is also often produced from potatoes or sweet potatoes. Soju companies have also started to produce Soju with different flavours, such as peach, apple, or grape. South Korea produced 1.36 million tons of Soju in 2018<sup>xxii</sup>.

The soju market is dominated by cheaper brands that produce large quantities. Chamisul Fresh by HiteJinro is the brand most consumed by South Koreans, followed by Lotte's Chum Churum. Chamisul Fresh had a share of around 27.3 per cent in the overall spirits market in South Korea in 2017<sup>xxii</sup>.

Even though producers have recently increased retail prices, Soju is still relatively cheap compared to other alcoholic beverages. Many cheaper soju brands sell their spirit in green 350ml glass bottles and can be found for around AU\$2 in most stores and price is one of the main reasons for Soju's popularity. In a 2019 survey, around 23 per cent of respondents stated that they consumed Soju once or twice per week. In 2016, industry reports showed that South Koreans older than 20 consumed an average of around 1.6 bottles of Soju per week<sup>xxii</sup>.

Distribution channels in South Korea have gone through a period of transformation. The majority of imported wine is sold via the retail market which tends to be controlled by large domestic multi-layered organisations. The average South Korean prefers to consume their wine at home rather than at a bar or restaurant which is likely a choice made due to the high cost of wine at on-premise venues.

### OFF-PREMISE

Supermarkets and hypermarkets are two of the primary channels for South Korean wine consumers. These shops guarantee a wide selection of choice and due to their typical shopping mall locations, offer additional convenience. In 2017 supermarkets and hypermarkets accounted for 57 per cent of the average South Korean household's grocery spend<sup>xii</sup>.

In November 2020, E-Mart Inc., a supermarket chain and South Korea's largest retailer, saw its annual wine sales exceed KR₩100 billion (AU\$115.5 million) for the first time<sup>xxiii</sup>. This sales increase has been put down to an increasing number of people drinking wine at home. Before 2020, only milk, pork, beer and instant ramen noodles had reached over KR₩100 billion in annual sales. E-mart's wine sales rose 30.6 per cent, reaching a new high compared to the previous record of 16.4 per cent in 2018. Lotte Mart, South Korea's leading discount supermarket, also saw its wine sales rise an impressive 49 per cent between January and October 2020 compared to the same period in 2019<sup>xxiii</sup>.

Convenience stores were not immune from the trend. In 2020, leading convenience stores CU and GS25 saw their third-quarter wine sales jump by 59.7 per cent and 27.6 per cent respectively, compared to 2019. 7-Eleven also watched its wine sales climb by 49.7 per cent between January and November of 2020<sup>xxiii</sup>. During the pandemic, convenience stores rushed to increase their wine offerings after e-commerce laws were altered to mean customers could place an online or mobile app order for wine and pick it up at the store.

The role of Korean convenience stores has been changing in recent years due to their increase in service offerings, such as eating areas, collect points, banking and shipping, and the growth in the number of single-person households in Korea's cities. In effect, South Koreans, due to their busy lifestyle, appreciate the

## 2.3 (continued)

convenient services and extended opening hours. It is low-price wines that are the primary driver of this significant rise in wine sales at hypermarkets and convenience stores, making it difficult for mid-priced wines, and therefore the majority of South Australian wines, to compete in this channel.

As a country with a strong culture of malls, South Korea's department stores are also a key off-premise channel for wine business to consider. In general, department stores consist of numerous facilities such as restaurants, cinemas and cultural centres and have high consumer visitation. Specialty bottle shops offering boutique collections of beer, wine, whisky and traditional Korean alcohols are also becoming increasingly important. They cater primarily to affluent wine consumers and those who are wine educated and with a high level of interest. Consumers purchasing mid and low-priced wines from wine shops and department stores are more willing to try new brands and wines they've not purchased before. They are also more likely to purchase wines made from different varieties and from different countries.

### ON-PREMISE

The dining culture in South Korea is strong. Traditionally, South Koreans have dined together and meals are social gatherings centred around family, friends or colleagues. However, due to societal changes, so-called *honbap* or dining alone has become a trend.



Wine remains a luxury item in South Korea. While the high-priced bars and restaurants are not a problem for affluent consumers, the majority of Koreans prefer to buy wine from supermarkets and hypermarkets rather than frequent high-end wine bars. Sixty-eight per cent of wine sales, in terms of volume, are performed through off-trade channels. Nevertheless, in Seoul in particular, on-trade is growing in importance for medium-priced and premium wines. An increasing interest in food and wine matching could be to blame, as more restaurants offer western foods, fusion, or modernised Korean cuisine. Pre-pandemic, there was also a boom in the number of nightclub and wine bar openings. Very generally, it is the small and medium-sized importers who focus their efforts on hotels, restaurants and cafes.

Consumers looking to advance from supermarket wines to those that sit at a medium price-point are expected to drive significant growth in the next few years. As the wine knowledge of mainstream consumers increases, more opportunities will emerge for on-trade sales. For now, the on-trade lacks these affordable wine choices for the price-savvy, which drive consumers to an off-trade alternative.

### E-COMMERCE

"At the beginning of the pandemic, people didn't go to the hypermarkets because they could buy everything online. The one thing you cannot buy through e-commerce is alcohol, you have to go (into the hypermarket) to buy wine or beer. The hypermarkets used the wine to attract people to visit the store."

*Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*



Online retailing has grown significantly in South Korea in recent years. Most notably, the growth of mobile shopping has considerably accelerated, making it the most popular platform for online shopping. E-commerce has swiftly become one of the favourite retail channels in South Korea, fuelled by busy lifestyles and an emphasis on convenience, factors addressed by delivery apps and large online malls. In 2019, South Korea ranked



## 2.4 Market Influences



third worldwide for online retail sales and its B2C E-Commerce market contributed nearly a quarter of the country's overall retail sales. The COVID-19 pandemic has only further accelerated the e-commerce market and South Korea is now registering an annual e-commerce growth rate of 22.3 per cent annually.

Until recently, online sales of wine and alcohol more generally have been prohibited, but due to the COVID-19 demand for safe and convenient shopping, in-person pick-up of online orders is now allowed. This has enabled an increase in the wine offerings available in hypermarkets and convenience stores in particular, as they use wine as a way of attracting consumers to their bricks and mortar stores.

"It is easy for consumers to select online and pay, but it is also a tool for marketing. You can explain marketing points for each bottle and you can also display your brand story... Customers prefer to check and reserve your wine with a lot of information, rather than going (in) to an offline store, looking for five minutes and picking up. You have more choice online. I think this explains a lot about the wine boom in Korea over the last year." *Mikyung Oh, Accolade Wines Country Manager - Korea (click to listen to audio)*



Whether entering a new market or looking to grow an existing export market, it is important to be aware and informed of the market's influences. Do your research into the wine shows and trade fairs that connect you with the right people in-market and the wine media and influential decision-makers that will assist in brand establishment and growth.

The official business-to-business wine event for the South Korean wine industry is the [Seoul International Wine & Spirits Expo](#) (SIWSE). The 19th annual SIWSE was held between 2 July – 4 July 2021 and attended by hotel and restaurant buyers, wholesalers and importers. Over the years, SIWSE has grown its reputation as the premier B2B exchange venue for wine, beer and spirits in South Korea, but it is worth noting that wine exhibitors have been in decline since 2010.

Another influential trade fair is [Seoul Food](#), the International Food Industry Exhibition. It is South Korea's leading food and beverage fair hosted by the Korea Trade-Investment Promotion Agency (KOTRA) and has a growing wine category. The international wine expo that Korean importers are most interested in and likely to visit is [ProWein](#) in Dusseldorf, Shanghai and Hong Kong, followed by [Vinexpo Hong Kong](#). In recent years, it has become more common for South Korean importers to hold their own, small-scale, independent events or for several importers to form a coalition and hold mini-exhibitions.

The oldest offline magazine in South Korea is [Wine Review](#) which remains influential among those within the industry. When it comes to directly influencing wine consumers, online media (platforms such as [Wine21.com](#), [Mashija Magazine](#), and [Sommelier Times](#)), wine bloggers, and Instagrammers play an important role. Decanter and Wine Spectator are the most well-known international wine media, and the scores given by Robert Parker, Jancis Robinson and James Suckling are held in high regard. It is best to work with your importer and distributor to establish the right public relations strategy for your brand.







### 3. South Korean Wine Consumer Profile

The archetypal South Korean wine consumer is becoming broader and harder to define as wine consumption grows. Traditionally, the purchase and consumption of imported wine (particularly old-world wine) was the domain of the upper-income consumer where it was synonymous with high status. While this segment is still very much alive and well, other consumer segments are becoming increasingly important and are the segments where Australian importers are likely to find loyalty and long-term growth.

Driven by higher female employment rates and low marriage rates, women are purchasing alcoholic beverages, including wine, to enjoy with their friends more than ever before. Wines that show a softness, lightness, fruitiness and sweetness are common preferences among women, particularly with younger women.

Young people aged 25 to 34 are often characterised as globally connected and have high exposure to western culture. As such, new-world wine particularly appeals to these consumers. Traditional Korean spirits and non-grape wines are considered old-fashioned by the younger generation in both taste and packaging. Millennial South Koreans have developed a taste for low to medium cost sparkling wines, given their accessibility and food-friendliness. Natural wine, orange wine, organic, biodynamic and vegan wines have also gained popularity among this group and have become the on-trend styles for the up-to-date wine consumer. Young people are widening their drinking repertoire and gradually opting for white wine and dessert wines as well. Wine purchases among older generations are falling due to the declining trend in drinking across all alcoholic beverage categories, based on health concerns.



## 3. (continued)

South Korean men aged between 30 and 40 tend to prefer full-bodied and more complex red wines. They are more likely to drink alone and are most likely to purchase wine at convenience stores, especially low-priced red wine. In some cases, consumption is driven by health concerns - the notion that moderate red wine consumption lowers heart disease.

One feature of the South Korean wine consumer seems to be consistent: wine drinkers are concentrated in Korea's urban areas. The metropolis of Seoul nearly entirely dominates the country's market for imported wine.



"I think Korean wine consumers are more serious about the wine (in comparison to Australian wine consumers). They enjoy (wine), but at the same time like studying the wine. They go to class, take an exam, take a certificate course – (and this is) not only wine professionals but wine consumers... (Then) they like to exchange that information with their group." *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*



## 3.1 Demographics

The South Korean consumer shows brand loyalty, is trend-conscious and favours convenience. They often have a preference for efficient spending and so are discerning in their purchases. With income growth slowing, income inequality growing and the middle-class stabilising (some say decreasing), South Korean consumers have become more cautious and prioritise value for money.

Almost half of South Korea's consumers prefer to buy branded products during their main domestic shop. While brand loyalty does create some barriers for new products entering the market, it also rewards products that stay in the market over the long term. That being said, with consumers increasingly exposed to foreign cultures, there is a growing interest in finding new imported food and beverage products to try.

Single-person homes now account for a quarter of all South Korean households. Single people generally live in urban areas in small apartments. For this demographic, products that suit their lifestyle are prioritised. They are interested in smaller portions suitable for one and items that take up limited storage space. In terms of distribution channels, convenience stores and online shopping are particularly popular with this demographic for their day-to-day purchases.

A quarter of the South Korean population is middle-aged (aged between 45 and 60 years). Not only is this demographic interesting due to its size, but also due to its purchasing power. In South Korea, income tends to peak between the ages of 45 to 49<sup>xii</sup>. Saving for retirement is one of the main focuses of this segment. Around a quarter of this demographic also prefer to spend money on experiences (such as drinking a nice bottle of wine) rather than material possessions. The demand for healthy food and drinks is particularly relevant for this group, so their consumption of beverages with lower alcohol content than spirits is on the rise.

The 'super-rich' are a growing segment in South Korea. There are now over 200,000 millionaires, making South Korea the country with the 13th highest number of millionaires in the world. Roughly 70 per cent of these millionaires live in Seoul metro area (with the Gangnam area of Seoul south of the Hangang River particularly popular). While South Koreans of all demographics are more well-travelled than ever before and so more willing to adopt international food culture and products, this is particularly true of the affluent demographic segment.

## 3.2 Consumer preference

Red wine is the preferred style of wine among South Koreans and according to Wine Intelligence, Cabernet Sauvignon is the clear favourite among South Korean wine drinkers across all age groups<sup>xxiv</sup>. Indeed, Shiraz and Cabernet Sauvignon are the two varieties with which Australian exporters have the most success. South Korean drinkers find fruit-forward and berry flavour descriptors more appealing than descriptors related to ageing or oak (e.g. vanilla or spice) when drinking red wine.

When it comes to white wine, Sauvignon Blanc and Chardonnay are favourites of South Korean wine drinkers across most age segments, but drinkers between 19 to 24 years old are less likely to favour Chardonnay. Younger South Korean wine drinkers prefer sweeter wine styles and wine drinkers between 25 to 44 years

old noted Moscato as their favourite variety<sup>xxiv</sup>. Younger consumers, on the whole, are more likely to have an open mind and broader preference for wine from different countries or wines made from alternate varieties. Younger consumers who drink wine regularly are more likely to genuinely enjoy the taste of wine and to have completed some formal wine education.

Sparkling wine is a growing preference of the South Korean wine consumer, favoured for drinking at special occasions and due to it being a style that matches well with Korean cuisine. As in most wine-drinking countries, food and wine are intrinsically linked in South Korea and increasing consumer preference prioritises wines that match well with the cuisine they enjoy. Please see [6.4 Traditional Korean food and wine pairings](#) for more information.

“We sell five to six different wines in Korea and it is dominated by what would be (in Australia) a \$20 Shiraz. But we also have success with the equivalent of a \$50 retail Shiraz. In terms of style, I think people appreciate the Coriole style which is relatively restrained, has a degree of elegance and lots of savoury characters to balance fruit... That balance of savoury and fruitiness is seen very positively.” *Peter Lloyd, General Manager at Coriole* [\(click to listen to audio\)](#)





## 3.3 Emerging trends

A phrase coined by ex-chairman of the Samsung corporation Lee Kun-hee “Change everything except your wife and kids,” expresses the South Korean need for continuous transformation. This is a promising cultural viewpoint for South Australian exporters to the South Korean wine market. South Koreans are changing their conservative attitudes and views towards wine and becoming more experimental as their curiosity in the sector grows.

As South Korean consumers progressively become more globally connected and well-travelled, the interest in imported wine increases. A focus on improving millennial consumers’ knowledge about wine and enhancing their appreciation of different varieties will assist in growing this segment and increasing their per bottle spend.

Wine in South Korea is considered a luxury drink and has a higher price point than other alcoholic beverages such as beer and soju. South Korean consumers are becoming more willing to spend money on premium wines. According to major retailer E-Mart, bottles of wine costing less than KR₩10,000 (AU\$11.50) saw their sales increase by 27 per cent in 2020 compared to 2019<sup>xxiii</sup>. In contrast, mid-priced wines with around KR₩30,000 - 50,000 (AU\$34.50 – 57.50) and premium wines over KR₩1 million (AU\$1,150) boasted sales growth of 41 per cent and 127 per cent respectively. But at the same time, intensified competition is driving importers and retailers to offer better prices. For example, E-Mart claims to sell around 50 international wines with lower price tags than the retail prices in their own countries<sup>xxiii</sup>.

“(The South Korean Market) has shown an interest in less-standard wines... For example our sparkling Verdelho and sparkling red both do very well in the South Korean market.” *Matthew Walker-Brown, Rest of the World Sales Distribution and SA Trade at Mollydooker* (click to listen to audio)





Between 2017 and 2018, rosé and sparkling wines saw double-digit growth. With a 7.8 per cent compound annual growth rate, rosé is expected to continue to be the fastest-growing wine category in South Korea, followed by sparkling wine (6.7 per cent CAGR)<sup>xxv</sup>. Red wine is projected to continue to grow at a 3 per cent rate, but still white wine is set to lose market share, recording a -2.4 per cent growth in the coming years.

In line with a broader interest in organic produce in South Korea, there has been an increase in the market for organic wine and biodynamic wines, with young people, and young females in particular, keen consumers. At between KR₩40,000 - 60,000 (AU\$46.30 - 69.50), their price tends to be double the average of non-organic wines<sup>xii</sup>.

During the pandemic, the trend towards convenient products for domestic consumption has grown significantly. The long working hours that are typical in South Korea leave limited time for shopping and preparing food. Additionally, Koreans are spending increasing amounts of time at home due to COVID-19 related restrictions and government restrictions reducing maximum working hours. The outcome is a trend in products that facilitate healthy home cooking or home food consumption – i.e. meal kits, premade sauces and

ready meals. Against the background of the increasing number of single-person households and the aging population, food portions are being adapted to target these groups. Wine producers should be mindful that this convenience and portion size can translate into wine, and the increase in popularity of half-bottles sizes (275ml, 375ml and 500ml) is already being seen.

Lastly, as wine is becoming a more common and appreciated gift in Korea, there is a trend towards department stores offering wine in well designed and attractive gift boxes.

“(One of the) current trends is natural wine. A future trend is (wine) packaging.... 56 per cent of the Korean population live alone or in a two-person household. 750ml can be too much for them. If companies can develop smaller... and lighter packaging... I think that’s the future and something for (exporters) to consider.” *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*











## 4. Doing Business in South Korea

Doing business in South Korea is not without its challenges and, as with most things in business, it pays to do your research and be prepared.

## 4.1 Supply chain

There are several different roads into the South Korean market. Each one may suit wine businesses at varying stages of their export journey, depending on their market objectives.

A wine business may choose to engage an export merchant or broker to assist them in entering the South Korean market. Export merchants can be the right choice if you are a small business with minimal resources, or a company new to export who may not have the skills and experience required. Generally based in Australia, export merchants have strong ties with the countries they do business in, or in a particular market segment in that country. Engaging an export merchant minimises some risks, as the merchant typically purchases the product in Australia, ships, insures and deals with all payments. It does add another link in the chain so will, of course, reduce net profit.

Another option is to engage an agent to seek out potential clients for your product. Agents do not take ownership of goods and can be paid a salary, retainer or commission, or a mix of all three. Agents are

generally based in-market and often represent several complementary product lines. Advantages of engaging an agent are often about control – control over branding, marketing and pricing. But with control comes more work, time, effort and risk. For example, significant support is usually required for a successful agent/client relationship and the work of fulfilling orders directly to customers and obtaining payment falls to the wine business. Agents tend to have smaller product ranges than distributors, so they may have the time to focus their efforts on your products, but they also may have fewer resources. Working through agents also offers less protection from the risk of non-payment, currency fluctuations, product rejections and warranty claims. You run the risk that a poor agent may undermine your marketing efforts and reputation, or a good agent being poached by a competitor resulting in lost market share.

Engaging an in-market distributor is the most common way wine businesses get their products into the hands of South Korean consumers. There are between 100-150 active wine importers in the South Korean market. Distributors pay the wine business for goods and take

*“When I speak to importers, their relationship with their Australian partners is (mainly) through email. Only a few wineries make regular visits to meet with importers and consumers. Only a few wineries make the effort to maintain the relationship with their partner and their customers. I think that is a mistake.” Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment [\(click to listen to audio\)](#)*





ownership of them before heading to market to resell. Distributors are usually performance-driven, have strong market knowledge and often provide wine businesses with after-sales services (e.g. marketing). Distributor margins are generally higher than agent fees as they take on greater risk and have more considerable costs (e.g. storage). Researching your potential distributor's performance history and ensuring that they are not carrying too many competing product lines will improve the successful sale of your product. Do your research to determine the true value of your product in the South Korean market before you enter into any contract negotiations. Marketing strategies need to be discussed with a potential distributor to ensure their approach suits your brand image.

Some larger trading companies deal with local wholesalers who play an important role in making frequent small-lot deliveries to retail shops with limited storage space. It is also becoming more common for major retail chains to source wine directly from overseas or domestic wine suppliers to increase efficiency in distribution and cut costs.

When choosing an agent or distributor, it is essential to ascertain whether you can establish a close working relationship with them, as you must be able to build high levels of trust and communicate regularly. Before making a final choice, if at all possible, meet with your potential partner in-market. This allows you to observe their everyday interactions, get to know them personally, and better ascertain their knowledge base. Also, ask your potential business partner for trade references and

consider using a professional credit-checking agency to confirm their financial stability.

When assessing potential agents or distributors, some initial questions to ask are;

- What is their distribution structure? Do they sub-contract local wholesalers, and if so, what fees are involved?
- What is their experience and their track record?
- Do they have good networks and contacts?
- Do they have healthy relationships with the types of on and off-trade businesses in which you want your wine to be placed?
- What are their other product lines, and do those lines compete with your products?
- What is the state of their financial health?
- What after-sales services do they provide?

"There are only a limited number of importers here and active importers already have very good Australian brands in their portfolio. If (South Australian wineries) haven't exported to this market before, it is really hard to find an importer – there are not many options for them. They must think about how they differentiate their winery." *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment* ([click to listen to audio](#))



## 4.2 Duties, Laws and Regulations

The following is an overview of the duties, taxes, laws and regulations that wine importation is subject to in South Korea. For more in-depth information, please refer to information found on the Wine Australia website or contact [Wine Australia](#) directly.

The importation of alcoholic beverages into South Korea are subject to the following laws and regulations;

- Customs Act
- Liquor Tax Act
- Education Tax Act
- Value-Added Tax Act
- Food Sanitation Act
- Food Code 2009
- Food Labelling Standards
- Special Act on Imported Food Safety Management 2016

The Customs Act governs customs duties and procedures for imported goods into South Korea. An independent organisation established by the South Korean Government, the [Korea Customs Service](#) (KCS), administers all South Korean customs requirements.

The [Ministry of Food and Drug Safety](#) (MFDS) administers the *Food Sanitation Act*, the *Food Labelling Standards*, the *Special Act on Imported Food Safety Management 2016* and the *Food Code 2009*. The *Food Code 2009* outlines food product standards and specifications.

The Korean National Tax Service administers the *Liquor Tax Act* which relates to the classification, labelling, recordkeeping and authorised practices and additives of alcoholic beverages.

All taxes and duties are collected at the time of importation by Korean Customs<sup>xxvi</sup>.

### IMPORT DUTY

When the Korea-Australia Free Trade Agreement (KAFTA) entered into force in December 2014, there was the immediate elimination of tariffs for Australian wine exports including fortified wines and grape must. This placed Australia in line with Chile, USA and the EU in receiving preferential tariff treatment.

To obtain preferential tariff treatment, Australian exports are required to be accompanied by a self-certified Certification of Origin (see 4.4 Import Certificates and procedures below).

### TAXES

Liquor tax, Education Tax and Value-Add Tax (VAT) are applied to all imported alcoholic beverages into South Korea. The following tax rates apply (ad valorem) to wine, brandy, spirits and liqueurs exported from Australia into South Korea (as at February 2021);





Product	Liquor Tax	Education Tax	Value-Add Tax
Fruit Wine	30%	10%	10%
Brandy	72%	30%	10%
Distilled Spirits & Liqueurs	72%	30%	10%
Spirits	57,000 KR₩ per kl (600 KR₩ is added for each percent over 95% alcohol content)	30%	10%

Source: Wine Australia Export Market Guide – South Korea, November 2020<sup>xxvi</sup>

The VAT will ultimately be refunded to the importer as the tax is carried over to the final consumer.

Additionally, a customs inspection fee is charged, typically 8 per cent of CIF (commercial invoice value + insurance costs + freight). This covers miscellaneous expenses such as custom clearance fees, warehousing fees and transportation fees. The amount of these fees can vary depending on the kind of inspection to which the shipment is subject.

Below is an illustration of the duties and taxes placed on a bottle of wine with a CIF value of AU\$10, imported into South Korea (as at February 2021);

<b>A</b>	CIF invoice value	\$10.00
<b>B</b>	Import Tariff (Customs Duty): $A \times 0\%$	\$00.00
<b>C</b>	Liquor Tax: $(A + B) \times 30\%$	\$03.00
<b>D</b>	Education Tax: $C \times 10\%$	\$00.30
<b>E</b>	Subtotal: $(A+B+C+D)$	\$13.30
<b>F</b>	Value-Added Tax: $E \times 10\%$	\$01.33
<b>G</b>	Customs Inspections Fee (handling fee): $A \times 8\%$	\$00.80
<b>H</b>	TOTAL costs of wine upon custom clearance: $(E+F+G)$	\$15.43

Source: USDA GAIN Report – Wine Market Report 2019<sup>xxv</sup>

## WINE STANDARDS

Wine Standards are based upon the Food Code 2009 and Food Additive Code (updated 2016). For a listing of approved winemaking additives and Korean specification standards, refer to [Wine Australia's Market Export Guide for Korea](#).

Korea applies Codex limits Maximum Residual Limits (MRLs) to processed foods. Country specific MRLs can be found on the [AWRI website](#).

## LABELLING

Korean labelling standards are established and enforced by [The Ministry of Food and Drug Safety](#) (Food Safety Division). Mandated information must be written in Korean. Wine Australia has composed a labelling guide including information on language and labelling item positioning and colour, which can be found in the [Market Export Guide for Korea](#).

Labelling requirements do change frequently in Korea, so it is recommended to consult with your Korean importers or agents who can advise and assist on current requirements.

## 4.3 Import certificates

### KAFTA CERTIFICATE OF ORIGIN

To obtain preferential tariff treatment under the Korea-Australia Free Trade Agreement (KAFTA), a Certificate of Origin must be completed by the exporter or producer (self-certification), and be in the possession of the importer at the time the declaration is made. According to the Wine Australia's Export Market Guide for Korea, you may only obtain a Certificate of Origin for Korea from the [Chambers of Commerce and Industry](#). In South Australia's case this is via [Business SA Chamber of Commerce and Industry SA](#).

A model format for the certificate has been agreed upon by Australia and Korea which can be accessed via Wine Australia's Export Market Guide for Korea, via [Business SA](#) or [here](#) on the Department of Foreign Affairs and Trade website.

### ORGANIC PRODUCE CERTIFICATION

The Korean Ministry of Agriculture, Food and Rural Affairs (MAFRA) administers the Korean Organic Act 2013. The Korean Organic Standard requires all domestic and imported organic produce and processed products to be certified by a MAFRA-accredited certifying agent. MAFRA may enter into equivalency agreements with foreign trade partners however, Australia has not as yet obtained an agreement with Korea.

Presently, [Australian Certified Organic](#) (AOC) is the only Australian certification body to gain accreditation to the Korean organic standard. [NASS Certified Organic](#) (NOC) can provide organic certification to the Korean Organic Standard in association with [Ecocert Korea](#). Products must have a minimum 95 per cent organic ingredients to be labelled as 'organic' or 'organic processed food'. The Korean organic logo may be used on products compliant with the Korean organic standards. The logo can be obtained from ACO or NCO.

**TO OBTAIN PREFERENTIAL  
TARIFF TREATMENT,  
AUSTRALIAN EXPORTS ARE  
REQUIRED TO BE ACCOMPANIED  
BY A SELF-CERTIFIED  
CERTIFICATION OF ORIGIN.**

## 4.4 Import Procedures

### IMPORTED FOOD SAFETY MANAGEMENT SYSTEM

In February 2016, the Ministry of Food & Drug Safety (MFDS) implemented the Special Act on Safety Management of Imported Food. The Act requires foreign food manufacturers or food importers to register their overseas food facilities, including their name, address and food items with the MFDS at least seven days prior to their first import<sup>xxvi</sup>.

Without registration, food products from foreign facilities can be refused admission into Korea. The registration must be renewed every two years. Registration applications can be submitted by either the exporting food facility or by Korean importers who have been granted permission from the food facilities to submit applications on their behalf.

There is a step by step guide on how to register with MFDS via <https://impfood.mfds.go.kr/> in the [Wine Australia's Market Export Guide for Korea](#).

### MFDS IMPORT PROCEDURES

The purpose of the MFDS procedures is to verify that imported products meet the standards and specification of the Food Sanitation Act. Compliance is checked before import, during a customs inspection and after import. Below is an excerpt from [Wine Australia's Market Export Guide for Korea](#) that details these procedures.

#### Before Import

- **Business Registration** - Importers must register their business with MFDS prior to importing, selling or storing imported foods and prior to lodging an import declaration.
- **Overseas Manufacturing Facility Registration** - Both the importing business and the overseas manufacturer must be registered with MFDS at least seven days prior to the import declaration. The process for facility registration is outlined above.
- **On-site Inspection of Overseas Manufacturing Facility** - MFDS may conduct an on-site inspection of the overseas manufacturing facility to check the safety and sanitation management. Facilities targeted for inspection are based on a risk profile and compliant facilities can be placed on the 'Excellent Importer Registration System'.





## Customs Inspection

Types of inspections on imported food can be categorised into document review, field test, laboratory test, and random sampling test. Foods imported for the first time will be subject to a laboratory test using physical, chemical or microbiological methods. By regulation this is supposed to take a maximum of 10 working days, but can take much longer. Subsequent shipments of the same product are subject to visual and document inspections. This should take no more than two working days if the product is identical in label, product name, alcohol degree, vintage, and net weight to the first shipment. Importers are required to submit front labels in English and back labels in Korean to food inspection authorities<sup>xxvii</sup>.

MFDS classifies imported food according to risk factors which helps to determine the level of inspection. Ethyl carbamate, cyclamate, lead and Ochratoxin A are part of MFDS's comprehensive testing requirement for first time imports. It will also be part of the random sampling arrangements. Exporters do not have to provide their own analysis.

## After Import

If there is any hazardous information on the imported food products from the exporting country or overseas government media, the distributed imported products are collected and inspected, and defective products are promptly recalled or seized and disposed of.

## PROCESS THROUGH CUSTOMS

In addition to MFDS import procedures, imported products are subject to mandatory documentation and inspection requirements administered by various other agencies in Korea.

The MFDS and Korean Customs Service (KCS) both operate through the Electronic Data Interchange system called Unipass. Unipass provides a one-stop service for all Customs clearance procedures. It enables the sharing of information between government agencies, regulatory agencies, the customs service and other stakeholders (430 thousand entities, such as trading companies, Customs brokers, shipping companies, airlines, delivery companies, and warehouses). The system is also used to gather statistics and information for data analysis and decision-making purposes. KCS collect the Customs Duties on imported goods as well as any internal taxes applicable.

For wine imports, the KCS will also collect the Liquor Tax, Education Tax and Value-Added Tax.

## 4.4 (continued)

Below is a flow chart from the Korean Customs Service outlining the Import Clearance Process. Please refer to [Wine Australia's Market Export Guide for Korea](#) for more information on specific documentation required.



Source: Korean Customs Service [xxviii](#)

### SAMPLES AND TRADE SAMPLES

The following goods are exempt from Customs Duties:

- Commercial samples and advertising material;
- Goods to be used for exhibitions or other similar events such as trade shows;
- and Goods belonging to the head of a foreign country, or any dependents or their entourages visiting Korea.



## 4.4 Contracts

It is highly advised that all South Australian wine businesses spend time investigating the South Korean market and obtain professional advice where appropriate before establishing any business relationships. It is best to engage legal support from a company with experience in and an understanding of business law in the South Korean market and accounting and foreign exchange professionals who can help you streamline your businesses regulatory and taxation compliance.

According to Export Finance Australia, the country risk for South Korea is low<sup>xv</sup>. Since the 2016 impeachment of President Park Geun-hye on charges of corruption, anti-corruption legislation is increasingly enforced in South Korea. Still, there remains moderate risks for businesses operating or planning to invest in South Korea. [Transparency International](#) 2019 ranks South Korea thirty-third out of 180 countries for control of corruption with a score of 61/100 (Australia ranks 11th and scored 77/100 in 2020).

The World Bank provides annual reports on the [ease of doing business in Korea](#), which includes country ranking of the topics of enforcing contracts and trading across borders.


Should your business require referrals to legal or other professional services firms, [Austrade](#) is well placed to assist in your particular circumstances.

## 4.5 Intellectual Property

As Intellectual Property (IP) registration and protection can be a complicated process in an international context, it is recommended that you seek advice from an IP professional.

The best place to start your preliminary research around Intellectual Property in South Korea – designs, trademarks, copyright and patents – is via the IP Australia government website. Here you will find all the specifics on how to take your Intellectual Property global. The Korean-specific page is linked below.

<https://www.ipaustralia.gov.au/understanding-ip/taking-your-ip-global/ip-protection-south-korea>



**SOUTH AUSTRALIAN WINE BUSINESSES SHOULD SPEND TIME INVESTIGATING THE SOUTH KOREAN MARKET AND OBTAIN PROFESSIONAL ADVICE WHERE APPROPRIATE BEFORE ESTABLISHING ANY BUSINESS RELATIONSHIPS.**

## 4.6 Marketing and Advertising

“When I work with Australian wineries and businesses, they don’t really focus on this market, they see it as a substitute... It was always China, and they consider China, Japan and Korea to be all the same. They make one single strategy, label (and) taste targeting the Chinese market and want to push it (into) the Korean market... I hope that wineries who want to export to South Korea, I’d like to ask them to really study and really put effort in.” *Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment* [\(click to listen to audio\)](#)



South Korean consumers are very discerning and have a vast array of choice when purchasing products. As a result, competition for the attention of consumers is fierce. In general, Korean consumers are strongly influenced by their peers, fitting in with group dynamics and show a tendency towards following dominant trends. As a result, there are fewer niche markets in South Korea than in Australia and predicting trends can be tricky. South Korean’s purchasing habits tend to be nationalistic where they can, so they are likely to buy Korean-made cars, consume Korean entertainment and Korean-made spirits. That being said, there is a growing interest in international brands brought about by greater visibility via social media and increased international travel and the popularity of studying abroad.



The best way to deal with marketing and advertising complexities in South Korea is to collaborate with those with local knowledge. Work with your South Korean distributor to create a comprehensive marketing plan including elements such as your brand identity, stakeholder management, public relations, media (traditional, digital and social), and your product/brand value proposition. If engaging an in-market advertising agency, there are almost 700 major agencies (both foreign and domestic companies) to choose from who can assist in identifying the most appropriate marketing avenues for your products.

“Our distributor is brilliant at doing in-trade promotions, in shopping-centres and so-forth and they’ll create the marketing collateral. We try to always give them electronic copies of marketing material so they can adjust it to suit their needs.” *Matthew Walker-Brown, Rest of the World Sales Distribution and SA Trade at Mollydooker* [\(click to listen to audio\)](#)



An online presence is essential for marketing your products to South Korean consumers. While social media apps and online communities can have a strong influence over South Korea’s younger generations, Koreans in their 40s, 50s and 60s also make a high proportion of their purchasing decisions based on what they find online.

Whether using traditional or digital media, having your marketing material (tasting notes, brand story) translated into Korean is essential. Again, it is best to work with your distributor or a bilingual in-market wine professional to translate wine vocabulary accurately.

South Korean language, culture and symbolism need to be considered when marketing and advertising. Ensuring your brand name and any symbols or colours you use have no negative connotations in South Korean culture is critical to your brand success.

While there are some regulations around the content of alcohol marketing, as well as the time and place of such marketing, alcohol advertisements in South Korea



are omnipresent. The advertising of alcohol over 17 per cent ABV is prohibited, and broadcast advertising of alcohol products is only allowed after 10 pm and before 7 am. There is no regulation on the depiction of alcohol in television series and programming. Many Korean television shows contain frequent depictions of drinking, which are portrayed as social, fun and desirable. There are no national regulation of other forms of alcohol advertising such as billboards, advertising on public transport or at retailers.

"Because in South Korea the level of education about the world of wine is quite high, I think you need a lot of integrity in your story. We go into a lot of detail about our vineyards, the Mollydooker family history... They are veracious about digesting information about the product."  
*Matthew Walker-Brown, Rest of the World Sales Distribution and SA Trade at Mollydooker (click to listen to audio)*



## DIGITAL MARKETING

South Korea's internet penetration rate is the highest rate in the Asia Pacific, with over 96 per cent of the population having access to and using the web. As the home of electronics giants Samsung and LG, it isn't surprising that the country is the number one in the world for smartphone ownership. South Korea also has one of the highest 4G LTE coverage rates globally, so mobile internet access is available whether you're in the middle of the countryside or on board a high-speed train. Additionally, South Korea's top three service providers rolled out 5G access in April 2019, and currently, the country leads the world in overall internet connection speed.

Currently, South Korea has the third-highest rate of active social media users in the world with 89 per cent of South Koreans using social media. By comparison, 79 per cent of Australians are active social media users<sup>xxix</sup>. All of Australia's favourite social networks are present in the country, but South Korea has its own set of search engines and social media platforms that have proven equally popular over the last two decades.

**Naver** is one such example. A search engine, email provider, online advertising platform, payment service, online broadcaster, map service and more, Naver is South Korea's biggest internet company. It is often referred to as South Korea's Google, but in reality, it should be the other way around, with Naver launching its comprehensive search function in 2000, five years earlier than Google. Naver has several social media products, most notably Band (owned by Camp, an affiliate of Naver).

**Band** is a mobile communication app where users can create separate private or public spaces where they chat with members of different groups. Types of groups may be personal, such as sports teams, faith groups, work teams, friends and family, or interest-based groups for hobbyists, gamers, and fans. According to market research conducted by DMC media and Digieco, Band is the most popular social networking app in South Korea with the highest monthly active users, although it tends to sway towards an older demographic (those in their 40s and 50s).

**Daum** is South Korea's third most popular search portal service (after Naver and Google). In 2015, Daum merged with social media company Kakao Inc. to form Daum Kakao, later changed to simply Kakao Corp. One of Kakao's products is **Kakaotalk**, a WhatsApp-style person to person messaging service used by 52 million people worldwide with more than 45 million monthly active users<sup>xxx</sup>. Kakaotalk is the most used app in the country - used by 87 per cent of the Korean population - and is so entrenched in the culture that 'katak' is commonly used as a verb. Many brands use Kakaotalk for marketing through the messaging platform via a feature called 'KakaoTalk Channel' (previously known as 'Plus Friend'). This enables brands to have a dedicated page or channel on KakaoTalk to either add posts on their page or send a direct message to their followers. When users add the brand channels to their account, brands can interact with the users as a 'friend' in their contact list. Brands can leverage this to share messages - coupons, discounts and other promotional content - directly via a simple chat message. In 2019 Kakao Corp. launched KakaoTalk Biz Board (TalkBoard), a service that connects KakaoTalk users with companies to allow the users to make reservations, register memberships and purchase goods and services.

Another product of Kakao Corp. is **KakaoStory**, which began as a photo-sharing social network before expanding its services to offer the equivalent

## 4.6 (continued)

of Facebook – posts on a personal page. Launched in 2012 by Kakao Corp, by 2015, it was the most popular network among Koreans, but recently its popularity has waned. While Kakaotalk is used across all demographics, KakaoStory is favoured by an older demographic (those in their 40s and 50s).

Western social media platforms are also popular in South Korea. Youtube tops the list of the apps with the most users in South Korea and monopolises the mobile and video ad market with a 40 per cent share. There were over 16 million Instagram users in South Korea in February 2021, which is near 32 per cent of the country's entire population. The majority of Instagram users are women (57.5 per cent) and people aged 25 to 34 were the largest user group at approximately a third of users. Youtube and Instagram are the platforms most favoured by South Korean influencers.

South Korean consumer's purchasing decisions are incredibly influenced by group dynamics. 86 per cent of South Korean women browse their social media feeds before making a purchase, and 71 per cent of consumers are more likely to purchase based on an endorsement on social media. As a result, Youtube, Instagram and Band influencers have become vital intermediaries, helping to connect brands with South Korean consumers. As is the case across most capitalist countries, working with South Korean nano and micro-influencers who focus on more niche segments of the population (such as wine drinkers, for example) for sponsored content is the new trend in influencer marketing. The engagement rate for a micro-influencer is between 25% to 50%, whereas mega-influencers with more than one million followers may only have a 2% to 5% engagement rate.

Like Instagram, Facebook also has an estimated 16 million users in 2021 but the demographics that use it skew male. People aged 18 to 24 were the largest user group (5.1 million). As at March 2021, TikTok's android app had around 3.5 million active users in South Korea and 43.2 per cent of active users were in their teens.

### PACKAGING

Doing business in South Korea requires a fine-tuned, sophisticated approach to wine marketing in all aspects and there is no more critical marketing element than the labelling and packaging of your wine products. South Korean's have a strong sense of aesthetics, style and elegance and like to purchase products that have refined packaging.

As has been discussed in previous sections of this report, the South Korean wine market's driving force is young people aged between 20 to 30 years, of which a high percentage are female. Wine purchases amongst this sector grew by +130 per cent, and the focus of this growth is white wines and half bottles (+30 per cent). Half bottles are becoming more popular with Korean wine consumers as more South Koreans than ever before live alone (in 2019 6.15 million Koreans were from single-person households). If practicable, it is worth considering half bottles particularly if your product lines are sold in hypermarkets.

In 2016, Korea revised the warning phrases that are required to be printed on the label of alcoholic products. Producers can choose between three versions, all of which describe the risks of drinking during pregnancy as well as excessive drinking. Two also refer to the carcinogenic nature of alcohol. There are specific requirements for the design and placement of the warning sentence and while there is a penalty clause in the National Health Promotion Act for not including the warning sentence, there is not one for violating the design requirements. In 2014, a review by the Korea Public Health Association showed that the warning sentences on 81 out of 100 products did not follow the design guidelines<sup>xiv</sup>.

*"Some of the details are very important in the [South Korean] market. One bit of advice is to pay particular attention to how your product is packaged and presented." Peter Lloyd, General Manager at Coriole (click to listen to audio)*





**SOUTH KOREAN'S  
HAVE A STRONG  
SENSE OF  
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AND ELEGANCE AND  
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PRODUCTS THAT HAVE  
REFINED PACKAGING.**



## 4.7 Business culture and etiquette

Business etiquette and practices are important to observe when in South Korea or doing business remotely. In recent years, South Korean people have become more open to the ways of other cultures and business etiquette has become more relaxed. However, it is wise to be aware of the traditional Korean values and philosophies that underpin many business practices, even though some of the more formal business practices are slowly becoming outdated.

Korean culture is heavily influenced by Confucianism, and business culture is no different. Respect for age, education, authority and status is essential, as hierarchy affects all social interactions. Status is determined by an individual's education (which university they went to), their role within an organisation, which organisation they work for, and their marital status.

Respect for authority is paramount in South Korean business culture and practices and the organisational arrangement of South Korean companies is highly centralised with authority concentrated in senior levels.

High-ranking individuals tend to exercise more power over their subordinates than what we may be used to in Australia. Decision-making in South Korea will follow a formal procedure, and senior approval is essential.

Wine businesses should send the most senior person possible to South Korea to avoid insult and to maintain positive relationships. If the most senior person is not available or does not have the specific expertise required for the business being conducted, you might consider giving the employee with the most knowledge of the relevant issues a high-status title.



*Kibun* is a concept that permeates every facet of Korean life and is a concept to be very mindful of when doing business in Korea. The word *kibun* has no literal translation in English, but it is often described using terms such as pride, face, mood or state of mind. Korean interpersonal relationships operate on the principle of collective harmony, so in order to maintain a Korean's sense of *kibun* respect must be shown to avoid causing loss of face. Emotional intelligence and the ability to identify another's state of mind often referred to as *nunchi* (situational awareness), is an important skill when establishing business relationships and during negotiation. Being very aware of subtleties in communication (tone of voice), observing non-verbal and indirect cues (body-language) will give you a more accurate sense of what is being communicated. Failure to respect your counterpart's *kibun* might lead to misunderstandings.

South Korean businesses spend time developing and fostering personal contacts, they want to know and trust someone before they work with them, and often prefer to do business with people they have a connection with. Cold calling usually has minimal success, so a formal introduction through a mutual connection will help establish a strong relationship from the beginning. Time should be made during initial interactions to develop rapport and build trust. Once established, relationships are often developed through less formal social gatherings and generally involves eating and drinking. Dinners or lunches provide the opportunity to discuss business in a less formal setting.

**"There is genuineness around getting to know you, and understand you (and your business). There is loyalty there and (the fact that) we've continued to see growth in the market, I think that is because of those relationships with the sales people all the way up to top management"** *James Lindner, Family Proprietor / Sales & Marketing at Langmeil Barossa*  
(click to listen to audio)



Punctuality is essential, and it is usual to arrive at a meeting at least a few minutes before the agreed time. If you are running late to a meeting, it is a must to call ahead and advise your estimated arrival time.

South Korean businesspeople keep full and pressured schedules, so you may find senior business executives arrive a few minutes late to appointments and no offence should be taken. All appointments (even social ones) should be arranged prior to your arrival in South Korea, and you are likely to be provided with a prearranged and full (back-to-back) itinerary.

**"Timeframes are tightly held, forward planning is really helpful and the ability to talk back and forward is really good... Sometimes (in other markets) you really have to pin down the detail, whereas we find the communication to be exceptional in South Korea."** *Matthew Walker-Brown, Rest of the World Sales Distribution and SA Trade at Mollydooker*  
(click to listen to audio)



Greeting those in senior positions with a bow is customary and a show of respect. Bowing can sometimes be accompanied with a handshake for men, but some Korean women do not shake hands and may greet you with a head nod. As with most things in Korea, who initiates the bow, how deep the bow is, how the bow is returned and who to bow to first is determined by hierarchy and seniority. The most junior person is to initiate the bow, and the most senior person in the room is greeted first, followed by the oldest person (if meeting a group). If you are unaware of who the most senior person is, the person with the highest status is likely to have entered the room first. For Australian businesspeople, extending a simple handshake when greeting and saying goodbye is completely acceptable. It is worth noting that when shaking hands, supporting your forearm with your other hand (a two handed shake) is a sign of respect.

Business meetings always begin with the exchange of business cards, which are given and received in both hands and laid respectfully on the table. The exchange of business cards allows both parties to establish each other's position, title and rank – important factors to discover due to South Korea's hierarchical culture – so be sure to take a few seconds to review the names and titles on each card. If you are sitting down, place the card on the table in front of you for the duration of the meeting with the most senior counterpart's card at the top.

## 4.7 (continued)

Do not place documents on top of business cards when on the table, and do not put cards away in your pocket or write on them. Make sure your own cards are of high quality and in good condition as this will reflect on your professionalism. Consider having Korean translations on one side of your business cards if you are going to be making regular business trips to South Korea.

In South Korea, gift giving is part of the business culture and are usually exchanged during the first meeting. Take particular care when wrapping and packaging gifts as how a gift looks is just as important as what is inside. Brightly coloured, well wrapped gifts are a show of respect and encourages positive *kibun*. It is best to avoid dark coloured wrapping, gifts that have any reference to the number four (or come in a set of four) and red writing. Be sure to choose gifts that are generous, but not too expensive, as gifts are always reciprocated with a gift of a similar value. Gifts that have an association to Australia or South Australia are a safe option. Your gifts should be offered to the most senior person first, before being offered to others in order of seniority. When handing over or receiving a gift be sure to accept it with two hands, and do not open the gift you received in front of the gift giver.

In South Korea, names operate in reverse and a person's family name is said first. Next comes a second family name shared by all of that generation, and finally the persons given name. It is considered impolite to address a Korean with his or her given name and they should be addressed using their professional titles (Professor,

Chairman), or Mr/Mrs/Ms followed by their family name, until permission is given to address them less formally.

South Korean business people are known for their shrewd negotiation skills. When initiating business discussion, it is customary to allow the most senior Korean in the negotiation to instigate discussion. Be aware of others' *Kibun* and do not force an issue if you sense reluctance, in other words, it is best to avoid hard sell strategies and forceful negotiations. Phrase your questions in a manner that allows for discussion rather than yes or no answers, and avoid using an outright 'no' in response to questions. There may be times of silence during meetings, and it's best not to try and fill these with conversation as these are moments of contemplation and to show consideration for others.

Just like learning some Korean phrases, demonstrating what you know about the country's geography and history will impress your hosts and may open up greater communication. Doing some travel around South Korea will also serve you well, particularly during 'small talk'. Other topics of small talk may include your family, favourite sports and other personal interests.

Appearances are very important, and South Korean business people tend to dress more formally than Australians, particularly Australians who work in the wine industry. South Korean business attire is conservative in colour and style, and business people generally practice conformity rather than individual expression. Men should wear dark coloured business suits with ties and white shirts and women should wear skirt or pant suits. It is only in the last few years that some of the larger progressive Korean conglomerates have introduced a more casual dress code.



"It is a very small industry here, and everyone knows each other, so (exporters) need to be very cautious... There are no secrets.

It is important to be upfront, frank and sincere... Once you become friends with a few people here, you will become friends with the whole (South Korean) wine industry very quickly."

*Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*







**SOUTH KOREAN  
BUSINESS  
PEOPLE ARE  
KNOWN FOR  
THEIR SHREWD  
NEGOTIATION  
SKILLS.**

## LANGUAGE, INTERPRETING AND TRANSLATION

The official national language of South Korea is Korean. Korean is spoken reasonably consistently throughout the country, though there are some regional language variations. There are six Korean dialects and the Gyeonggi dialect spoken in Seoul is the dialect upon which Standardised Korean is based. Most Koreans engaged in international business speak English, and as English is taught as a required subject in schools, younger people generally speak some English as well.

Learning some basic Korean phrases is advisable as it is seen as a positive and will likely ingratiate you with those you are conducting business with. If you plan to establish a long-term business relationship in South Korea, it may be worth considering having a regular interpreter or even bilingual staff. The National Institute of Korean Language has a downloadable resource of [Practical Korean Expressions for Foreigners](#).

In most business situations, having an interpreter is not necessary. But it can be an advantage in complex negotiations and can also help translate any cultural nuances with which you are unfamiliar. An interpreter used for business should be professionally trained and experienced, as you need to trust and have confidence in them. They should have some wine knowledge to be equipped to translate wine terminology, or they should be fully briefed and provided with a list of vocabulary well in advance.

Be mindful that interpreting and translating are two different disciplines. Interpreters are for oral interpreting and translators are for written translation. Although many people have both skills, some of them specialise in one field. It is generally recommended to engage in-market translators for your marketing material to ensure the language used is modern and strikes the right tone (whether it be very formal or more conversational).









## 5. How has the COVID-19 pandemic affected the market?

South Korea has been praised around the world for their response to COVID-19. In January 2021, the think tank [Lowy Institute](#) ranked the 100 countries with publicly available and comparable data on how they have managed the pandemic in the 36 weeks following their hundredth confirmed case of COVID-19. South Korea was ranked 20th (#1 New Zealand, #2 Vietnam, #3 Taiwan, #8 Australia). South Korea has 29.98 deaths per million population, and by comparison, Australia sits at 35.84 deaths per million in February 2021. Up-to-date COVID-19 statistics for South Korea can be found via the Ministry of Health and Welfare here; <http://ncov.mohw.go.kr/en>.

A national strategy based on what was learned from their experiences with SARS-CoV and MERS-CoV has meant that South Korea has managed to control the virus without ever imposing a nationwide lockdown or internal or international travel restrictions. With the exception of schools and some public facilities, South Korea has largely remained open albeit with some restrictions. Many people have put this success down to the country's ability to track and trace at a rapid pace.

Within two months of Korea's first case of the coronavirus, the Korea Disease Control and Prevention Agency (KDCA) developed the Epidemiological Investigation Support System (EISS), a platform that enables public health authorities to collect and analyse data (such as mobile phone location data and credit card transactions) to track confirmed COVID-19 cases and their close contacts and identify COVID hotspots. Additionally, the South Korea government uses a two-way app to monitor compliance and communicate with those in isolation or quarantine. Throughout the pandemic, South Korea has not closed its borders to any international travellers entering the country but have mandated a 14-day self-quarantine and free COVID-19 testing. If an international traveller tests positive for the virus, they are moved into government-run accommodation for 14 days.

But South Korea's comparatively good response to the pandemic has not meant that it has escaped negative economic impacts. South Korean exports deteriorated quickly as the pandemic spread beyond China. In April 2020, exports fell by 24.3 per cent, marking the largest single-month drop in exports since the Global Financial Crisis 11 years earlier<sup>xxxi</sup>. For the entire second quarter,



## 5. (continued)

exports of goods would decline 11.5 per cent and services by 22.1 per cent. Declines in travel, tourism, and transportation have contributed to the deterioration in services trade. In 2019, 17.5 million tourists generated an estimated US\$ 21.5 billion in revenue for the South Korean tourism industry. By November of 2020 travellers to South Korea were down nearly 96 per cent and revenue from tourists for the month was down 68.5 per cent<sup>xxxii</sup>. With theaters largely deserted due to the pandemic, the South Korean film industry has been unable to build on the success of “Parasite” at last year’s Academy Awards. In 2019, South Korean films earned \$73.8 million overseas, but global box offices are expected to be off 67 per cent in 2020<sup>xxxii</sup>.

After a decline in GDP of -3.3 per cent in the second quarter, the South Korean economy finished the year only down -1 per cent, the smallest decline of any OECD member. Strong second half export performance in goods, and the corresponding investment it spurred, helped South Korea avoid a deeper recession in 2020<sup>xxxii</sup>.

In 2021, South Korea has been relaxing its social distancing rules, allowing nightclubs to reopen and extending the operating hours of other businesses in an effort to ease the struggle of mom-and-pop stores.

For much of 2021, Seoul and surrounding Gyeonggi province has been under level 2 social distancing rules and the rest of the country has been living with level 1.5 social distancing rules. Level 2 rules allow restaurants, coffee shops and gyms in Seoul and its metropolitan area to remain open until 10 pm and level 1.5 rules allow the same types of businesses to operate all day. Under level 2 restrictions, nightclubs, karaoke facilities and other late-night entertainment bars such as room salons are permitted to be open as long as they enforce mask-wearing and close at 10 pm.

“People have excessive income because they cannot travel, they cannot go to restaurants, (so) they have enough money to buy wine... (The pandemic) has changed people’s behaviour – drinking at home, eating well at home with your family. Even after the pandemic, I don’t think it will go back to (how it was) before.”

*Myungjin Kim, Senior Business Development Manager for South Korea, SA Department for Trade and Investment (click to listen to audio)*



South Korean consumers believe that the impact on their routines will last well into 2021. With growing uncertainty and decreasing household incomes, a portion of South Korean consumers expect to continue cutting back on spending across most discretionary categories and they plan to shop more online for many household essential categories. They are more price-conscious, and more and more are looking for ways to save. Others find that they have more disposable income due to being unable to travel and not wanting to go out to restaurants to eat and socialise. Most consumers are not yet entirely comfortable going back to regular out-of-home activities and are waiting for milestones beyond government lifting restrictions to return to pre-pandemic life and normal consumption patterns.

Anecdotally, the South Australian wine businesses we spoke to who export to South Korea had not seen a significant change in the quantity of export orders. It would seem exports to South Korea have not been overly impacted by the COVID-19 pandemic with the value of Australian wine exports growing by 15 per cent in 2019–20. The average value also grew in 2019–20, up 4 per cent to AU\$58 per case FOB. Just under 40 per cent of the value of Australia's exports to South Korea were priced at AU\$90 or more per case.

“Great credit to our distributor, we haven’t seen a downturn at all. They have had to adjust some of their processes, especially with restaurants being closed for a little while. Also, we’ve held a lot of virtual tastings. As for sales numbers, (there has) not been a huge variation.”

*Matthew Walker-Brown, Rest of the World Sales Distribution and SA Trade at Mollydooker*  
(click to listen to audio)









## 6. Resources

### 6.1 How to conduct a wine tasting in South Korea

When considering conducting a face-to-face wine tasting in South Korea, many of the fundamental principles are the same as running any in-market wine tasting event. There are no hard and fast rules as wine tasting events are hosted for various reasons and in varying scenarios. However, there are some elements to consider and implement that are specific to conducting a tasting in the South Korean market.

1. Before designing your wine list, choosing a presenter or putting together your presentation, **consider who your audience is.** Are you conducting a tasting for wine professionals such as in-market decision makers, distributors, sommeliers and wine buyers? Will the media be in attendance? Are you leading a tasting for wine consumers? South Korea wine professionals are often educated in their chosen field, and most interested South Korean wine consumers are reasonably wine literate. Make sure you consider your audience when deciding how to pitch your content.
2. **What is the aim of this wine tasting event?** For example, are you introducing your brand and products in-market for the first time? Or are you wishing to demonstrate how well your products pair with Korean cuisine? Are you showing your wines alongside other South Australian or Australian examples to promote a specific GI? Focussing on a limited number of aims and outcomes for your tasting will ensure it is concise and professional, aspects a South Korean audience will appreciate.
3. **Is it suitable to have a theme for your wine tasting event?** Themes can set the audience's expectations and help market your wine tasting event if you are relying on ticket sales. A theme can also help give the tasting some structure and create additional talking points.
4. **How many people will be attending the tasting?** Answering this question will help you decide on a venue and may dictate some of the content you present. For smaller groups, you can often talk in-depth about each wine and be led by the conversation created during the tasting. For larger



## 6.1 (continued)

groups, a more structured approach is appropriate. It will also determine the number of bottles of each wine you'll need. For example, for 15 people, one bottle of each wine you are showing will be required, meaning each person received approximately 50ml of each wine.

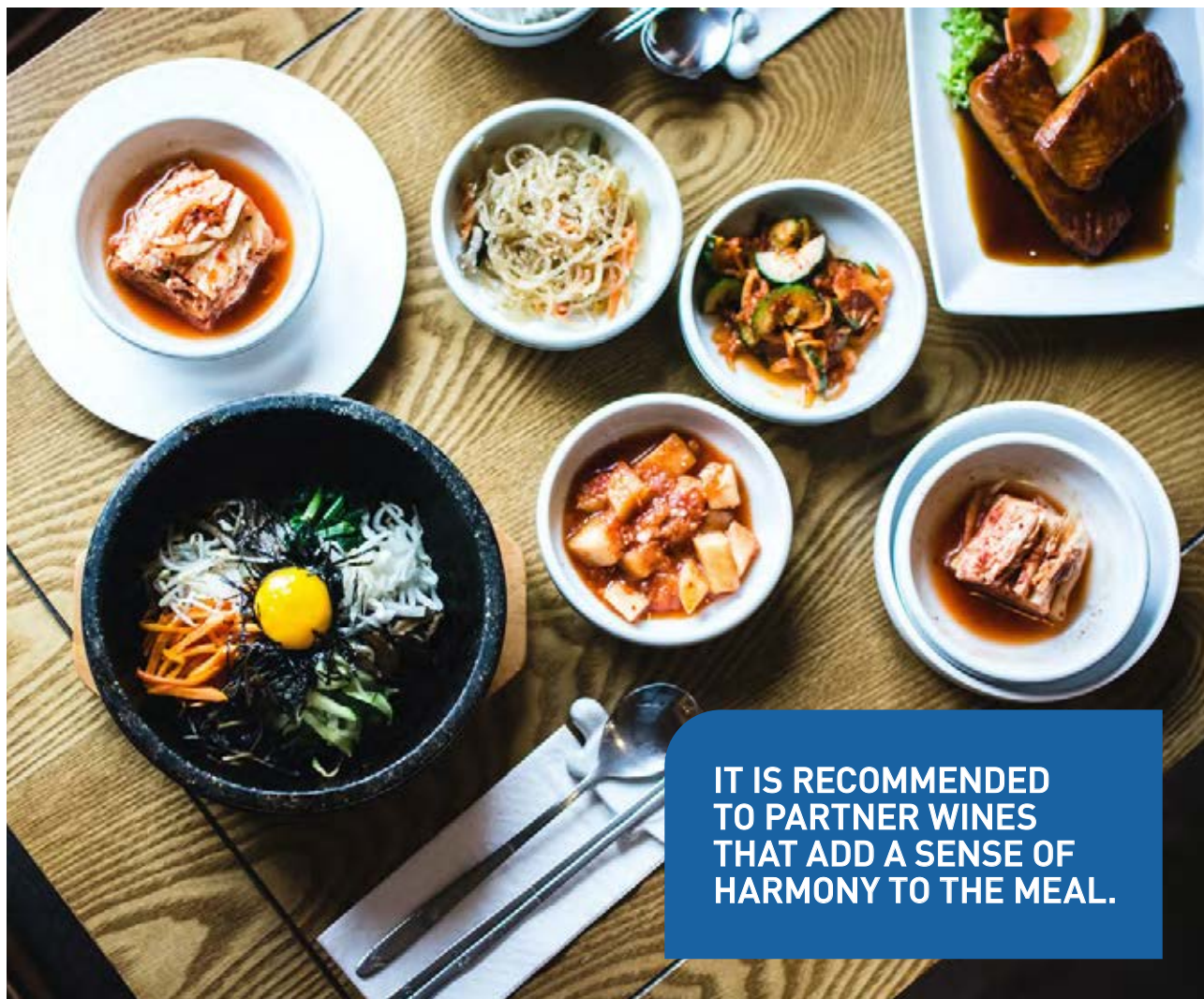
5. **Who is the best person to present your wine tasting event?** In South Korea, status and hierarchy are elements to consider when choosing a presenter. The presenter should have knowledge, experience and be a leader in the fields that are presented for discussion. For example, if you are introducing your brand in-market, it is best to have the business owner and/or winemaker present the tasting. Consider having a couple of different presenters for variety, interest and the presentation of different perspectives.
6. **Will you need an interpreter and translated materials?** This is a question best answered by knowing precisely who your audience is, as well as who will be presenting the tasting. If you have decided to use a local brand ambassador to present for example, there will be no need for an interpreter. If you choose to present the tasting bilingually, you will need to allow time for the interpreter to translate throughout the presentation and this may limit the content you can cover given your time allocation. It is best practice to have any take-home marketing material in the local language, professionally designed and translated.
7. **How long will the tasting event be?** The length of the event will determine the number of wines

you have on taste and how in-depth you wish to be when discussing each wine. Always allow time for questions, but allow more time for questions if your audience are wine professionals.

8. **What will you need for the tasting?** How much and what style of glassware do you require so the wine is presented appropriately? Does the venue have the quantity and quality of glassware? Is it appropriate to have tasting mats (suggested when tasting multiple wines, multiple vintages of the same wine or multiple wines made from the same variety)? What is the Audio-Visual setup you require (i.e. screen and laptop for a presentation, microphone)? Don't forget spittoons, as well as notepads and pens so your guests can take notes.
9. **Who will staff the tasting?** Who will be setting up, testing AV equipment, pouring wine and packing up once the tasting is complete? This will somewhat be determined by the venue where you hold your wine tasting event. The event will need to be set-up well in advance as Korean people like to be punctual and expect meetings and events to begin and finish on time.
10. **Make your tasting presentation aesthetically pleasing.** By saying this, we are not only referring to any PowerPoint presentation you may show at your wine tasting event but all aspects of the presentation. For example, the presenter must be well-groomed and professionally dressed. Any marketing material handed out in the tasting should be well designed and should not be dog-eared or scruffy.



## 6.2 Traditional Korean food and wine pairings



Korean dishes are notoriously tricky to match with wine. The pronounced aromas and intense flavours present in a typical meal, and the fact that a Korean meal is served family-style (all at the same time as opposed to in courses) with an array of *banchan* or side dishes, means that a different approach to pairing food and wine needs to be taken.

The complex flavours found in a typical Korean meal makes a 'perfect' pairing almost impossible. Instead, it is recommended to partner wines that add a sense of harmony to the meal - wines that match the predominant flavours of a meal rather than specific dish elements. Very generally, the mix of salty, sweet, sour, bitter, umami and chilli heat found in Korean food pair best with wines that are dry to off-dry with a light to medium weight and

not overly tannic. The wines that work well tend to be well balanced and show boldness, ripeness and body, without being too cloying or heavy.

### KOREAN DISHES WITH SPICE

A crisp Sauvignon Blanc, Vermentino, un-oaked Chardonnay, Pinot Grigio or dry, light Riesling are good options for Korean meals such as *jjambbong* (spicy seafood soup), spicy *galbi jjim* (spiced braised short-ribs) or *nakji-bokkeum* (spicy octopus).

These savory and spice-loaded dishes are best enjoyed with wines that are un-oaked, not too sweet, and with strong varietal characters. Avoiding tannin is key so to play it safe, don't pair spicy dishes with rosé or red wine.



## 6.2 (continued)

### KOREAN BARBECUE

*Galbi* (marinated pork, chicken or beef ribs) and *bulgogi* (marinated pork, chicken or beef – literal translation ‘fire meat’) are barbecue foods that are sweet, smoky and full of flavour, so work perfectly with fruit-forward red wine. Sangiovese, Dolcetto, Primitivo/Zinfandel, Shiraz, Cabernet Sauvignon or Malbec would all work well with Korean Barbecue as long as they’re made in a bright style. Avoid anything too heavy, earthy or overly complex.

*Samgyeopsal* or barbecue pork belly is served wrapped in lettuce leaves often with onion as well as chilli and garlic paste. It pairs well with red, rosé and white wines alike and you might like to match it with a Riesling, Grenache or Sangiovese rosé, GSM or even a Shiraz Cabernet blend.

A Korean Barbecue meal includes rice and *banchan* which only intensifies the mix of flavours. The *banchan* will include kimchi and other fermented vegetables so will add spicy, salty and sour flavours to the umami flavours from the meat. Dry rosés work well as will red wines with pronounced varietal flavours, medium body, low to medium tannins, medium acidity and low to medium alcohol, such as a young Pinot Noir, light Grenache, Gamay, Barbera or Tempranillo.

### KIMCHI

*Kimchi* is a popular Korean side dish that’s typically made from fermented cabbage, cucumber, radish and spring onion, although types of *kimchi* differ from region to region depending on harvest and weather conditions. Each Korean family has their own recipe handed down from generation to generation.

The flavour depends on ingredients, condiments, the amount of salt and level of spice used in each region. The southern provinces tend to use more salt and seafood so the taste is stronger and sweeter. To the north, *kimchi* tastes less salty and is milder. *Gochujang* (red chili pepper paste) or *gochugaru* (red chilli flakes) are used when making *kimchi* and are the primary source of heat and spice. It, along with the fermentation process, gives *kimchi* the spicy, pungent and tangy taste that it’s known for.

A herbaceous Sauvignon Blanc can pair well with *kimchi* due to its tangy acidity and pronounced flavours that will stand-up to the red pepper spice and tangy crunch.

Other white wines with sufficient astringency and light sweetness to neutralise its pungent taste will work too – think Riesling, Pinot Gris, Semillon Sauvignon Blanc blends, Gewürztraminer or Gruner Veltliner.

As for red wine, full-bodied reds with dark fruit characters won’t work. Instead of red wines, try low tannin rosé or orange wines with a light to medium body, fruit-forward, lively acid.

### PAJEON, HAEMUL PAJEON AND BUCHIMGAE

*Pajeon*, *Haemul Pajeon* and *Buchimgae* are popular *banchan* (side dishes) or *anju* (foods consumed with alcohol) in South Korea. *Jeon* loosely translates to fritter or pancake and is made using whole, diced or minced vegetables, meat, or fish fried in a pan before batter is poured over the ingredients to make a savoury pancake. *Pajeon* is one of the most common iterations, with *Pa* meaning spring onions (green onions/scallions). *Haemul Pajeon* is when seafood is added. *Buchimgae* are also Korean pancakes but are made by mixing the seafood and/or vegetables (common ingredients are octopus, prawns, kimchi or zucchini) into the batter with garlic chives, before pouring it into the hot pan.

White wines with texture and medium to high acidity work well with *pajeon*, *haemul pajeon* and *buchimgae*. Choose wines with herbaceous characters, rich stone fruit characters or even some sweet spice. Chardonnay, Viognier, Gewürztraminer or Chenin Blanc make for good matches.





## STEWES AND SOUPS

Korean stews (dishes with the suffix “-jjigae”) are generally cooked quickly, are packed with flavour and bring together an array of ingredients. Korean soups on the other hand (dishes with the suffix “-guk” or “-tang”) have fewer ingredients, simpler flavours, are brothy and cooked for hours or sometimes days. Stews and soups are both eaten with rice on the side.

A [2017 Californian Polytechnic study](#) exploring the development of Korean Food and wine pairing criteria, noted that a spiced kimchi stew was the hardest dish to match. The study stated that the ‘combination of spiciness, soupiness and hot temperature is the worst situation for wine pairing’. While a crisp sparkling wine may be one solution, it may be best to avoid pairing wine with Korean soups and stews and stick to beer or soju.

## BIBIMBAP

*Bibimbap* is a bowl of warm white rice topped with an assortment of vegetables (fresh, sautéed or fermented), egg and sometimes meat (usually beef) mixed with a *gochujang* based spicy red chili sauce.

If your *bibimbap* is vegetarian try matching it with an aromatic white wine with just a touch of residual sugar or fruit sweetness like a Riesling, Arneis, or Gruner Veltliner. If your *bibimbap* has meat, try a dry rosé or a medium-bodied red wine with low to moderate alcohol such as a Montepulciano, Grenache or Pinot Noir.

## JAPCHAE

In Korea, *Japchae* is often made for social occasions and parties. It’s a stir-fried noodle dish that’s made with white sweet potato glass noodles and julienned vegetables and sometimes thin slices of beef are also marinated and added.

Much like matching wine with *bibimbap*, if the *Japchae* is vegetarian, try matching it with an aromatic white wine with just a touch of residual sugar or fruit sweetness. If your *japchae* has meat, try a dry rosé or a medium-bodied red wine with low to moderate alcohol and low tannin.

## ANJU

*Anju* is a term used in Korea for food consumed with alcohol, or what we in Australia may term bar snacks or a pub/counter meal. In South Korea, alcohol is almost always served and enjoyed with *anju* and at many South Korean bars, clubs, and karaoke venues it is a requirement to order *anju* with drinks. *Anju* can be as simple as salty finger foods such as nuts, meat or fish jerky (*yukpo* or *jwipo*), pretzels or fries or it can be more complex cooked dishes.

When ordering *anju* it is the alcohol that takes centre stage so food is matched to your drink rather than the other way around. It is wise to be aware of some typical drink and food combinations. For example, Soju goes hand in hand with *samgyeopsal* (grilled pork belly). But it also goes very well with kimchi-based stews like *budaejjigae* (“army” stew- made with various cured meats, vegetables, and instant noodles), raw seafood or *sundae* (blood sausage).

Dried snacks are usually served when drinking western liquors like whisky or vodka. The most popular *anju* with beer are fries, barbecue and fried chicken, so much so that there are many places that specialise in *chimaek* or chicken + *maekju* (the Korean word for beer).

When it comes to *anju* to match with your wine, there are no typical pairings, so the world is your oyster. Why not have a dry rosé with your *samgyeopsal*, some Blanc de Blanc or Prosecco with your fried chicken, or some cabernet with your *sundae*.





## 6.3 Australian and South Australian Wine Export Data to South Korea

### HOW RECEPTIVE IS THE SOUTH KOREAN MARKET TO HIGHER-PRICED AUSTRALIAN WINE EXPORTS?

- South Korea is a valuable market for higher-priced Australian wine.
- 96,000 cases of Australian exports were priced at more than \$67.50 per case.
- Exports by price segment demonstrate strong performance in high price segments.

Price ranges A\$ FOB per case	9-litre cases	1-year growth %	5-year CAGR growth rate %
67.50 to 89.99	43,350	88.0	35.2
90.00 to 134.99	24,949	17.0	15.7
135.00 to 179.99	15,292	22.6	28.6
180.00 to 269.99	5,845	64.5	20.8
270.00 to 449.99	5,033	41.2	18.2
More than 450.00	1,672	21.7	13.8
Wine Australia, WEAR data, MAT September 2020			

### WHICH VARIETIES OF AUSTRALIAN WINE ARE MOST SUCCESSFUL IN THE SOUTH KOREAN MARKET?

The top 5 varieties of Australian wine exports to South Korea are:

- Shiraz
- Cabernet Sauvignon
- No label claim
- Chardonnay
- Shiraz blend

### WHAT ARE EXAMPLES OF SOME PREMIUM PRICE SEGMENT PROFILES FOR THE VARIETIES OF SHIRAZ, CABERNET SAUVIGNON, CHARDONNAY?

Price ranges A\$ FOB per case	Shiraz 9 litre cases	Cabernet Sauvignon 9 litre cases	Chardonnay 9 litre cases
67.50 to 89.99	20,829	9,894	5,176
90.00 to 134.99	10,632	1,915	1,603
135.00 to 179.99	10,983	1,560	431
180.00 to 269.99	2,152	679	388
Wine Australia, Market Explorer, MAT September 2020			

## WHICH SOUTH AUSTRALIAN REGIONS HAVE BEEN SUCCESSFUL IN PENETRATING THE SOUTH KOREA MARKET WITH PACKAGED WINE?

Region*	9 litre Cases, packaged wine	CAGR growth % (5 year)
Adelaide	164	40.5
Adelaide Hills	1,381	11.7
Barossa and Barossa Valley	20,124	19.5
Clare Valley	3,247	25.1
Coonawarra	4,483	32.3
Eden Valley	656	28.1
Langhorne Creek	6,373	29.6
Limestone Coast	93	25.4
McLaren Vale	19,144	21.4
Mt Gambier	130	n.a
Padthaway	2,299	11.4
Riverland	1,408	90.6
South Australia	43,929	32.0
Wrattonbully	327	100.0

\*Regions exporting more than 10 cases of packaged wine, excludes South Eastern Australia and No Label Claim origins since included South Australian content not measurable.  
Wine Australia, Market Explorer, MAT September 2020





## 6.3 (continued)

WHAT ARE SOME TYPICAL EXPORT VOLUMES FOR THESE REGIONS FOR SPECIFIC VARIETIES AT VARIOUS PREMIUM PRICE POINTS ABOVE \$67.50 PER CASE?

### Adelaide Hills

Variety	Price segment A\$ FOB per case	Cases
Chardonnay	90 to 135	169
	180 to 270	199
Shiraz	90 to 135	116

### Barossa and Barossa Valley

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	90 to 135	1,913
	180 to 270	210
Grenache blend	90 to 135	210
Shiraz	67.50 to 90	1,825
	90 to 135	6,124
	135 to 180	2,332
	180 to 270	116
	270 to 450	1,288

### Clare Valley

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	90 to 135	315
Shiraz	90 to 135	1,495
	180 to 270	108
	270 to 450	233

### Coonawarra

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	67.50 to 90	1,061
	90 to 135	217
	180 to 270	117
Chardonnay	67.50 to 90	192
Shiraz	67.50 to 90	570
	90 to 135	474
	270 to 450	140

**Eden Valley**

Variety	Price segment A\$ FOB per case	Cases
Riesling	90 to 135	154

**Langhorne Creek**

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	67.50 to 90	128
Shiraz	67,50 to 90	529
	90 to 135	214
	135 to 180	476
Shiraz blend	90 to 135	565

**McLaren Vale**

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	67.50 to 90	1,762
	90 to 135	530
	135 to 180	898
Cabernet Sauvignon blend	90 to 135	256
Shiraz	67.50 to 90	2,101
	90 to 135	714
	135 to 180	5,184
	180 to 270	713
	270 to 450	931
	450 to 900	242
Shiraz blend	67.50 to 90	1,880
	90 to 135	791
	270 to 450	366

**Padthaway**

Variety	Price segment A\$ FOB per case	Cases
Shiraz	67.50 to 90	1,920
	180 to 270	128



## 6.3 (continued)

### Riverland

Variety	Price segment A\$ FOB per case	Cases
Bianco d'Alessano	90 to 135	208
Fiano	67.50 to 90	144
Montepulciano	90 to 135	208
Negro Amaro blend	90 to 135	104
Nero d'Avola	90 to 135	208
Vermentino	90 to 135	208
Vermentino blend	90 to 135	208

### South Australia

Variety	Price segment A\$ FOB per case	Cases
Cabernet Sauvignon	67.50 to 90	672
	135 to 180	352
	180 to 270	200
	450 to 900	203
Cabernet Sauvignon blend	450 to 900	145
Chardonnay	67.50 to 90	604
	90 to 135	360
Merlot	67.50 to 90	202
Shiraz	67.50 to 90	3,106
	90 to 135	1,149
	135 to 180	2,533
	180 to 270	179
Shiraz blend	270 to 450	585
	90 to 135	896
	135 to 180	168
	180 to 270	800

### Wrattonbully

Variety	Price segment A\$ FOB per case	Cases
Voignier	270 to 450	300

## 6.4 Example of retail price points for Australian wine brands in South Korean off-premise venues

Examples of retail prices for some well known Australian wine brands can be a useful indicator of competitive pricing within the Australian category in the South Korea off-premise channel.

Seoul Wine - Australian wine is 11% of price list (as at September 2020)	KRW	AUD
Katnook Odyssey Cabernet Sauvignon	200,000	231.94
Peter Lehmann Stonewell Shiraz	120,000	139.16
Grant Burge Filsell Shiraz	85,000	98.57
Wolf Blass Grey Label Shiraz	59,000	68.42
Sevenhill St Ignatius Shiraz	52,000	60.30
Kilakanoon Killermans Run Shiraz	32,000	37.11
Longview Yacca Shiraz	39,000	45.23
Yellowtail Cabernet Sauvignon	12,000	13.92

Winebow – Australian wine is 7% of price list (as at September 2020)	KRW	AUD
Penfolds Bin 389 Cabernet Shiraz	175,000	202.95
Two Hands Samantha's Garden Shiraz	146,000	169.31
Petaluma Yellow Label Piccadilly Valley Chardonnay	100,000	115.97
Longview Reserve Nebbiolo	88,000	102.05
Penfolds Bin 28 Kalimna Shiraz	73,000	84.66
Petaluma White Label Adelaide Hills Shiraz	66,000	76.54
Kalleske Clarry's GSM	66,000	76.54
Petaluma White Label Adelaide Hills Chardonnay	52,000	60.30
Yalumba Barossa GSM	47,000	54.51
Sevenhill Inigo Grenache	45,000	52.19
Sevenhill Inigo Shiraz	45,000	52.19
Irvine Spring Hill Merlot	39,000	45.23
Devils Corner Pinot Noir, also Sauvignon Blanc	30,000	34.79
Wolf Blass Red Label Shiraz	26,000	30.15
19 Crimes Shiraz, also Chardonnay, Cabernet	26,000	30.15
Rawsons Retreat Shiraz Cabernet, also Chardonnay	19,000	22.03
D' Arenberg Stump Jump Sauvignon Blanc	16,000	18.55
Peter Lehmann Art and Soul Sauvignon Blanc	16,000	18.55





## 6.5 Case Studies

**Interview with Myungjin (MJ) Kim - Senior Business Development Manager, SA Department for Trade and Investment – South Korea**

Interview conducted 23 February 2021

**Interview with James Lindner – Langmeil Barossa, Family Proprietor / Sales & Marketing**

Interview conducted 18 November 2020

**Interview with Peter Lloyd – Coriole, General Manager**

Interview conducted 15 February 2021

**Interview with Matthew Walker-Brown – Mollydooker, Rest of the World Sales Distribution and SA Trade**

Interview conducted 5 March 2020

**Interview with Mikyung Oh - Accolade Wines Country Manager - Korea**

Interview conducted 13 May 2021

## 6.6 Online Resources

[dti.sa.gov.au](http://dti.sa.gov.au)

[invest.sa.gov.au/global\\_offices/tokyo-japan](http://invest.sa.gov.au/global_offices/tokyo-japan)

[www.dfat.gov.au](http://www.dfat.gov.au)

[www.austrade.gov.au](http://www.austrade.gov.au)

[www.business.gov.au/](http://www.business.gov.au/)

[www.export.business.gov.au](http://www.export.business.gov.au)

[www.wineaustralia.com](http://www.wineaustralia.com)

Wine Australia's resources:

- Market Explorer: [www.wineaustralia.com/market-insights/market-explorer](http://www.wineaustralia.com/market-insights/market-explorer)
- FOB to retail calculator: [www.wineaustralia.com/market-insights/fob-to-retail-calculator](http://www.wineaustralia.com/market-insights/fob-to-retail-calculator) Gross margin ready reckoner – to assess profit exporting to a number of markets: [www.wineaustralia.com/market-insights/gross-margin-ready-reckoner](http://www.wineaustralia.com/market-insights/gross-margin-ready-reckoner)
- Growing Wine Exports: <https://www.wineaustralia.com/whats-happening/export-and-regional-wine-support-package/capability-development>
- Wine Export Grants: <https://www.wineaustralia.com/whats-happening/export-and-regional-wine-support-package/grants>

[www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-market-performance.html](http://www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-market-performance.html)

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