



Australian Government

Australian Trade and Investment Commission

Korea market briefing for Korea-Japan Wine Market Update Webinar

Dane Richmond, Trade and Investment Commissioner Seoul

10 April 2024

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(report to Ellen)


Vacant
BDM

ECONOMIC PROFILE: REPUBLIC OF KOREA

 **Population:** 51.31 million

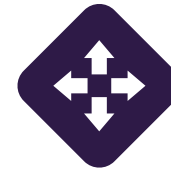
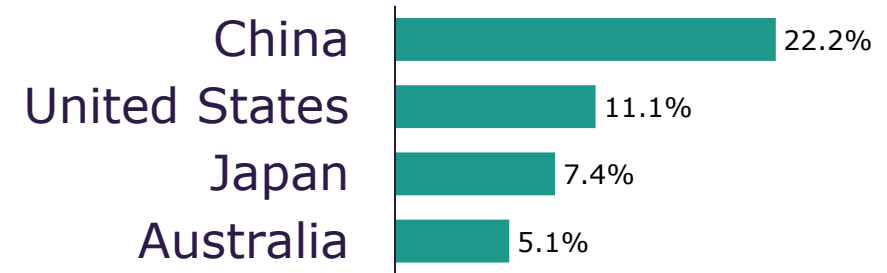
 **GDP:** US\$ 1.67 trillion

 **GDP per capita:** US\$ 32,422

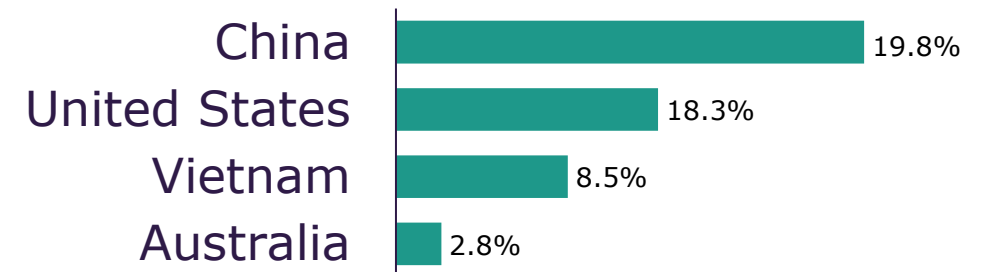
 **Sector strengths:**
Electronics, telecommunications,
automobile production, chemicals,
shipbuilding, steel



Import partners
(2023)



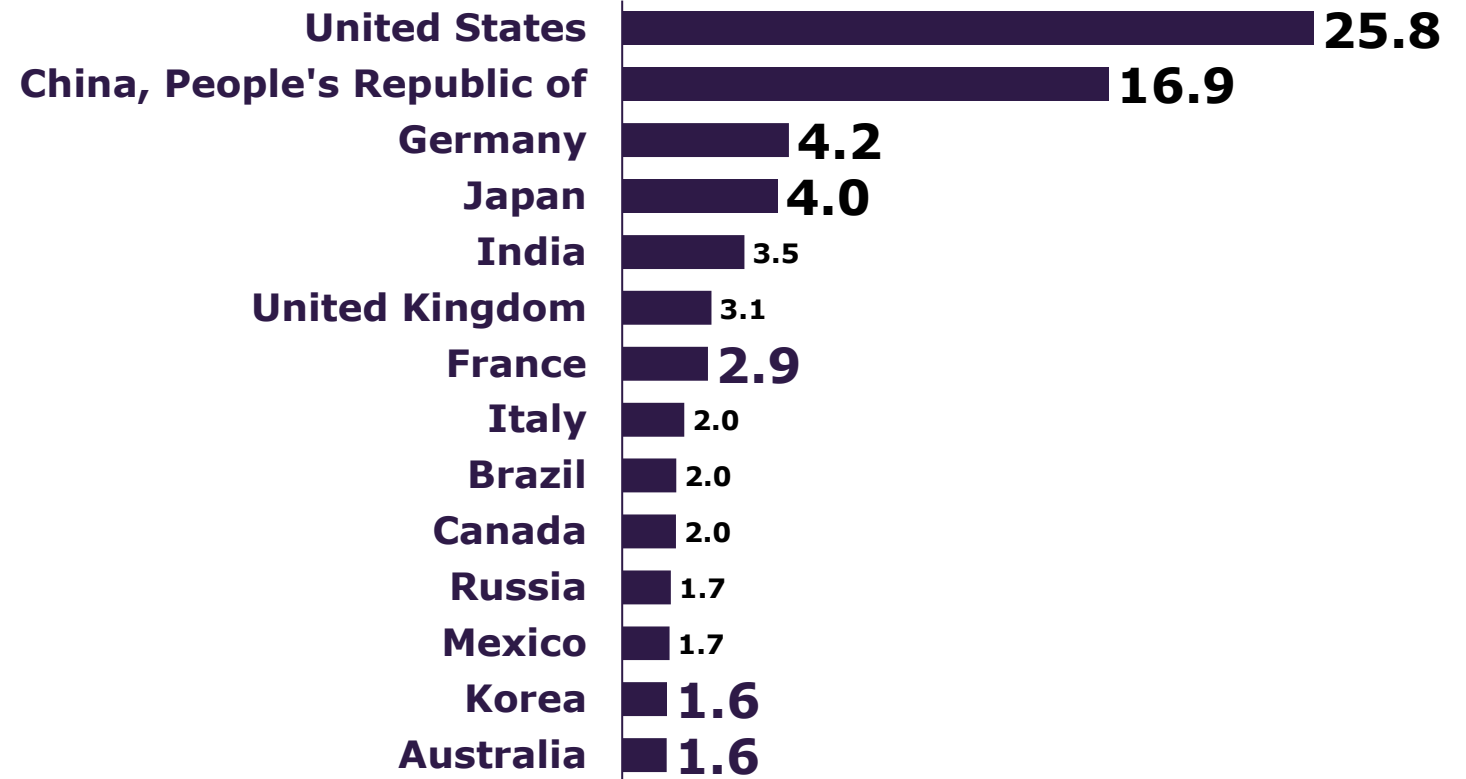
Export partners
(2021)



KOREA: THE WORLD'S 13TH LARGEST ECONOMY



GDP (U\$ trillion) of the top 14 economies (2023)



Source: World Economic Outlook - IMF (Accessed May 2022)



KOREA:

THIRD LARGEST
BILATERAL
TRADING PARTNER

3rd

Exports to
Republic of Korea

3rd

Imports from
Republic of Korea



- Australia's goods exports to Korea increased by 38% from 2021 to 2022 to a new record high.
- Australia's goods imports from Korea increased by 110% from 2021 to 2022 to a new record high.
- Total two-way goods trade increased by 61% from 2021 to 2022 to a new record high.

KOREA-AUSTRALIA FREE TRADE AGREEMENT



Signed on
8 April 2014



Implemented on
12 December 2014



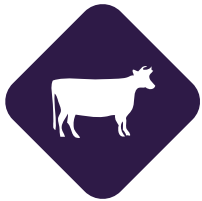
2024 is the 10th
year of KAFTA
implementation



KAFTA BENEFITS: AGRIBUSINESS, FOOD AND BEVERAGE

Australia's 4th largest agriculture export market, valued at 4.5billion in the 2022-23

Key export categories benefited include;



Fresh
beef



Milk and
cream



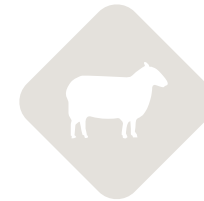
Seasonal
fruits



Cheese
and curd



Fresh
potatoes



Fresh
Sheep meat



Bottled
wine

KEY ECONOMIC AND SOCIAL CHALLENGES

OECD's lowest birth rate

Inflexible labour market

Heavy reliance on exports

– comprises about half of GDP

Import dependent on

energy and raw materials



◆ **OECD's fastest ageing population**

◆ **Social polarisation**

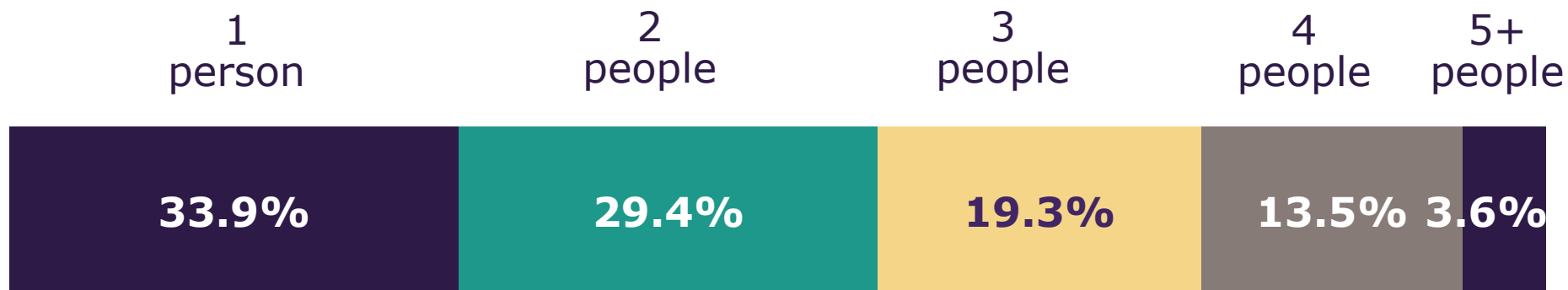
◆ **Environmental degradation –**
Air pollution, water management



DEMOGRAPHICS IN KOREA 2024



Number of
people per
household



Population
by age



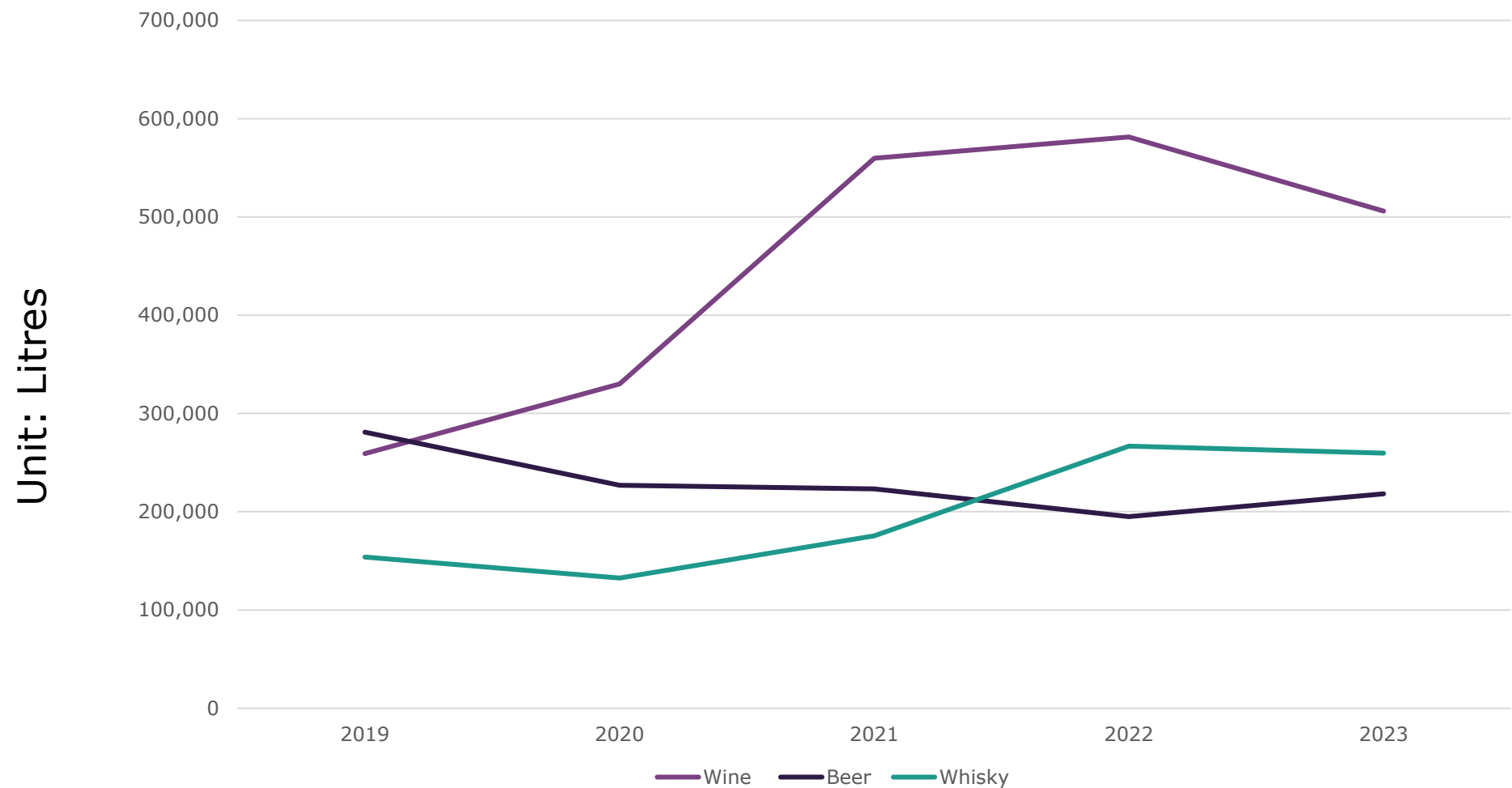
Consumer trends 2024

1. Emphasis on the value of time, down to minutes and seconds
2. Increased emphasis on human creativity in the face of AI
3. Renewed aspiration to be a Renaissance person
4. Pursuit of 'appropriate' price point rather than the lowest price point
5. Pursuit of dopamine-generating activities
6. Ditto Consumption
7. Prevalence of spin-off projects and elasticity
8. Growing emphasis on 'quality of life/work-life balance'
9. Emergence of 'care economy'
10. Growing purchasing power of men in their 40s



Wine Exports to Korea

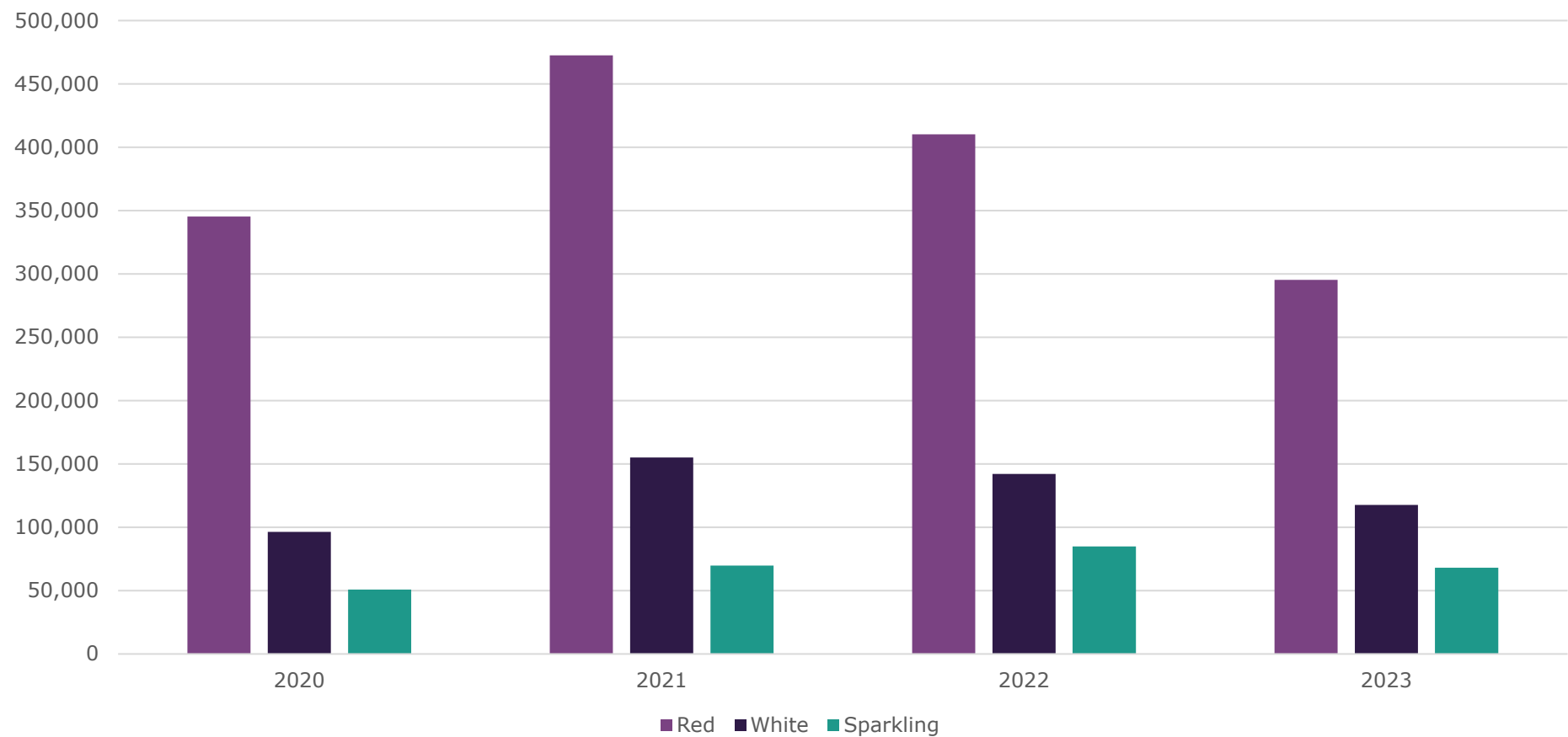
Korean Wine, Beer and Whisky Imports - 2023



Source: Korea Customs Service

Korean Wine Imports 2023 – Volume

Unit : tonnes, %



Source: Korea Customs Service

Korean Wine Imports by top 8 countries

Ranking	Volume		Value	
	Country	Ratio	Country	Ratio
1	Chile	20.88%	France	41.83%
2	France	20.60%	USA	15.89%
3	Italy	16.82%	Italy	13.88%
4	Spain	13.34%	Chile	9.82%
5	USA	10.25%	Spain	5.34%
6	Australia	6.25%	Australia	4.16%
7	New Zealand	4.09%	New Zealand	3.37%
8	Argentina	2.59%	Others	1.70%

SOURCE: KOREA CUSTOMS SERVICE

Australia brand positioning



Korea wine market update

1

Total trade volume decline but higher average value per bottle

2

Premium lines between \$30-50 RRP segment will have a better market prospect than entry level offerings

3

Solid demand and stable consumption of luxury premium wines, accounting for 31.6% of the total wine market

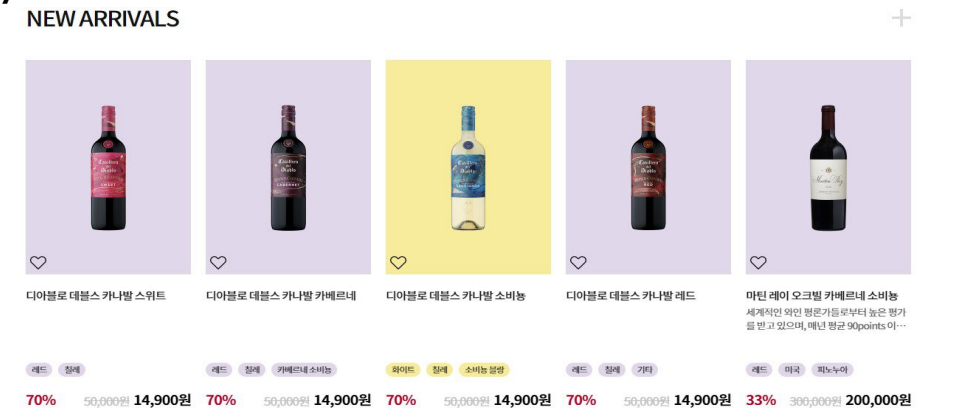
4

Online orders/in-person pick-up systems are becoming more popular method of purchase



Exporting wine to Korea

- Only licensed alcoholic beverage importers can import
- In 2023, approx. 560 businesses are registered as importers
- The top 10 leading importers reportedly accounted for over 80% of total alcoholic beverage imports.
- Importers may sell directly to wholesalers, retailers (department stores, hypermarkets, supermarkets, CVs, individual liquor stores) and food service channels. A number of importers have their own wine shops).
- Online sales of alcoholic beverage are not allowed yet.



Top 13 importers

- Shinsegae L&B
- Keumyang
- Nara Cellar
- Lotte Chilsung
- A-young (Allied Young) FBC
- Hite Jinro
- Enotica
- Vitis
- Shindong Wine
- Le Vins de Maeil
- Handok Wine
- MH&Champaign
- CSR



Distribution channels in Korea

Distribution channel		Company		
Hypermarkets		Emart, Homeplus Lotte Mart, Costco Wholesales		
Grocery Supermarkets		Lotte Super, GS Super Homeplus Express, Emart Everyday		
Department stores		Lotte Dept. Shinsegae Dept. Hyundai Dept.		
Convenience stores		7 Eleven, GS 25, CU, Emart24		
Food service		Hotels, Restaurants, Catering		
Ecommerce Online T-commerce	Naver	Coupang Market Kurly	SSG.com by Shinsegae Group(Emart) Lotte On by Lotte Group Homeplus partnering with Naver	TV shopping Lotte, GS, CJ, Shinsegae, K-shopping

(Source: Austrade analysis based on 2023 figures)

Distribution Cost Structure

Item	Price	%	Remark
Retail price	800		
V.A.T	77	10%	Final price x 1.1 = Retail price
Retailer's margin	260	25-35%	Of the retail price (without VAT)
Logistics cost to each store	25	5-6%	Of the supply price
Importer's & Distributor's margin	87	20%	Added on the COGS. Inc. sales promotion activities
COGS	350		Goods+Freight+Tariff +Local Handling Costs

- VAT in Korea is 10% for consumer products
- Retailer margin depends on the retailer type and company, but generally:
 - 25% for department stores
 - 25-35% for hypermarkets
 - 30-40% for CVs
 - 5-15% for online shopping platforms

Liquor Tax Act

	Fermented beverage	Distilled beverage
Tariff	0%	0%
Liquor tax	30%	72%
Education tax	10%	30%
VAT	10%	10%

Source: [국가법령정보센터 | 영문법령 > 본문 - 주세법 \(law.go.kr\)](#)

Regulatory considerations

- **Korea is a rules-based market – you must meet Korea's importing country requirements!**
 - Quarantine regulations (import protocols and certification)
 - Food safety regulations (food safety standards and registrations, MRLs, additives, labelling, and nutrition claims)
 - There are also requirements relating to organics and genetically modified organisms (GMO)
 - **Work closely with your importer to make sure all the import requirements are met!**
 - **The Australian Department of Agriculture and Water Resources can also assist.**
 - **Useful links:**
 - Manual of Importing country Requirements (MICOR) online system: <https://micor.agriculture.gov.au/Pages/default.aspx>
 - Australia's Department of Agriculture and Water Resources: www.agriculture.gov.au/export
 - Korea's Animal and Plant Quarantine Agency (APQA): <http://www.qia.go.kr> (Click 'English')
 - Korea's Ministry of Food and Drug Safety (MFDS): <http://www.mfds.go.kr> (Click 'English')
-

LEGAL FRAMEWORK



The Korean Legal System

A Constitutional system based on Civil Law

First promulgated in 1948



Anti Graft Law

Applies to civil servants and journalists

Limitations on receiving gifts and meals



Contracts

Act more as general guidelines than binding agreements



Due Diligence

Business Licenses

Financial and operational history

Accounting practices

Ownership structure

Corporate relationships with other companies



Pursue relationships with patience.

Decisions can take time.
Sometimes Koreans will make
quick decisions if required and
favourable to their business

Building relationships;
developed through
informal social gatherings

**Any response
is appreciated**

**Identify the right
contact;** decision
making is hierarchical

Find right partners,
undertake due diligence

**Revise your price and
offering** to be
competitive and suit the
market

**Leverage Austrade's
networks** and expertise

**KEY SUCCESS
FACTORS/TIPS ON
DOING BUSINESS**



Thank you



Australian Government

Australian Trade and Investment Commission

AUSTRALIA

Wine
Australia

South Korea Market Update

10 April 2024

Suzie Chung
Country manager, Korea



Contents



- **Market Overview**
- **Consumption Trends**
- **Wine Market Analysis**
- **Market Position**
- **Challenges and Opportunity**
- **Activities**
- **Recommendation**

Market Overview

Understanding the Current Landscape

Fertility rate collapsed by **0.7** people.
Population extinction is real.

In 2019, Korean population peaked.
Now gradually decreasing but
Adult 20+ and its proportion are **Increasing**.

Tax revenue data shows
a **steady increase** in the import of **alcoholic beverage**.

In 2022, a significant increase
in the share of imported alcohol.



Consumption Trends

Shifting Preferences and Declining Consumption

Per capita alcohol consumption decreased from 95.9 liters in the early 2010s to **84 liters** in 2022.

The overall imported alcohol market saw a boom in 2022 compared to 2021.

However, the market is currently experiencing a **decline** in both volume and value.

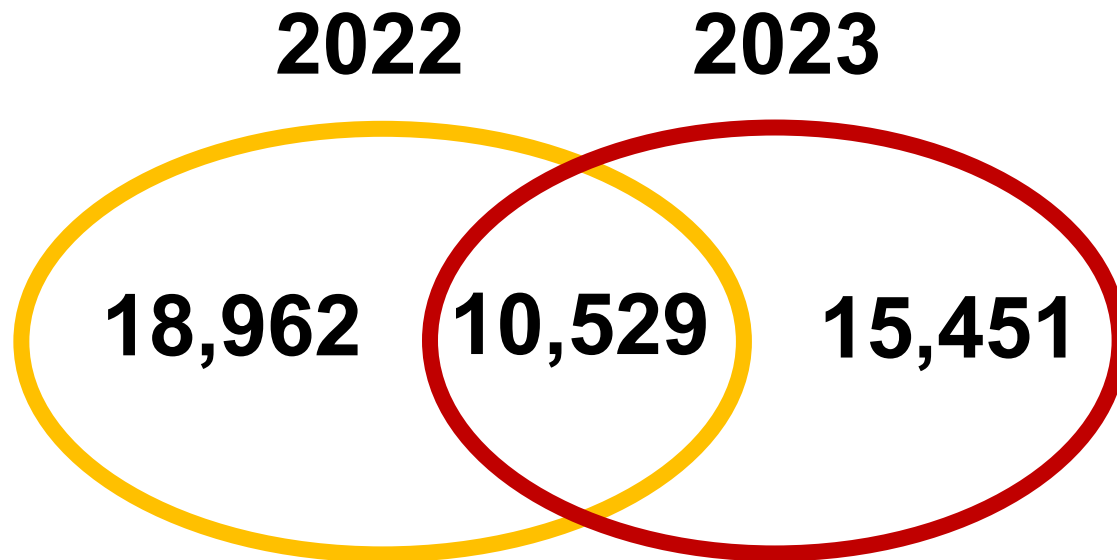
Beer led the decline during the pandemic, but **wine** is now the **leading cause**.

Whiskey imports are also slowing down.



Wine Market Analysis

Analyzing the decline in Wine Imports



The market share of wine in decreased from 9.6% in 2021 to 8.6%. However, wine remains a significant market, with 25,980 SKUs imported in 2023. The number of discontinued wines increased significantly.

In 2023, wine imports decreased by 25.2% in volume and 14.2% in value.

Red wine (-28.03%), white wine (-20.96%), sparkling wine (-19.67%) all saw decline.

Chilean wines under 20,000 KRW saw a 50% decrease, and mid-range wines saw a 40% decrease.

Market Position

Positioning and Competition in the Wine Market



France, the US, and Italy hold the top three positions in terms of value.

High-end wine, which includes champagne, accounts for 85% of French sparkling wine.

The high-end wine market has grown steadily, reaching 31.6% in 2023.

The Australian wine market has weakened due to several factors, including a shrinking Korean market and **limited premium brand differentiation.**

Market Position for Australian Wine

Australia ranks

6th in both volume(6.25%) and value(4.16%).

Red 6th in volume and 6th value

White 7th in volume and 9th value

Sparkling 6th in volume and 5th value

The Australian wine market has weakened due to several factors, including a shrinking Korean market, ambiguous price range, and limited premium brand differentiation.



Challenges and Opportunities

Navigating the Current Market Landscape

The Korean wine market is currently experiencing a decline, with a further 10% decrease expected in 2024.

The decline is attributed to reduced interest in wine, a decrease in disposable income, and a shift to other alcoholic beverages.

However, there are opportunities for growth, especially in targeting the **high-end wine market** and expanding the market for **white wine**.

There is also potential for growth in targeting **younger consumers** and focusing on **marketing and promotions**.



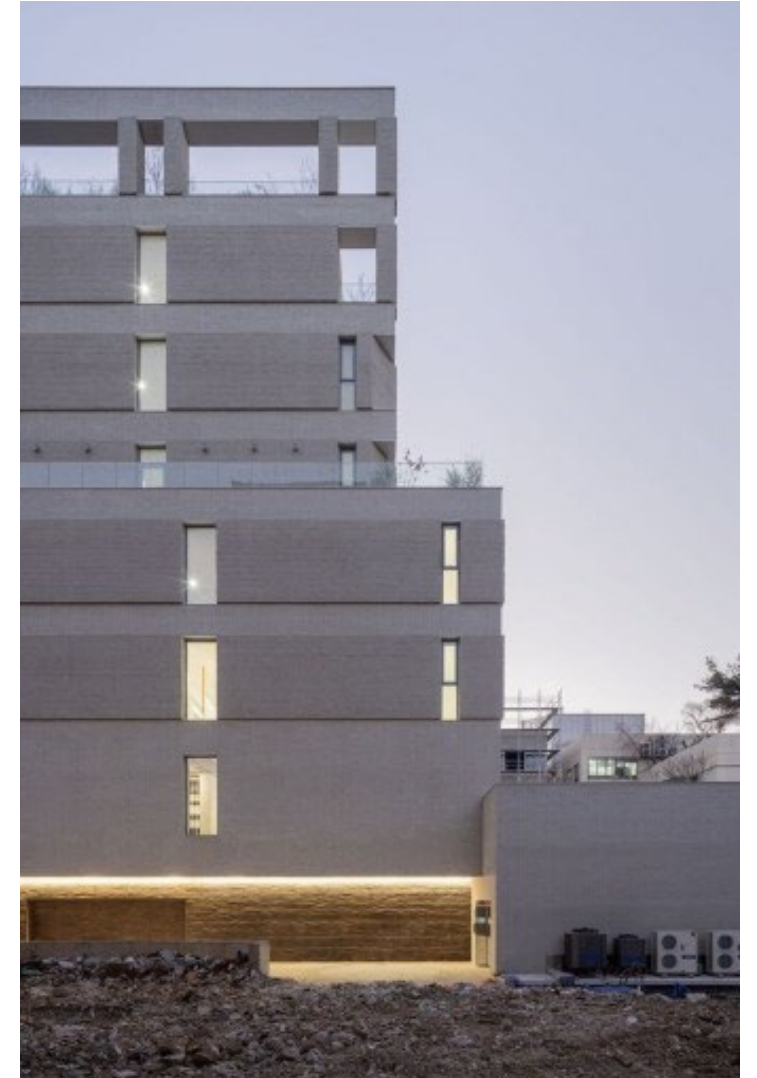
Challenges and Opportunities

Navigating the Current Market Landscape

Wine importers
Combined restaurant business



Complex
Education, Kitchen, Private cellar



Recommendations

Strategies for Future Growth for Exporters

- **Focus on the high-end wine market and target consumers who are willing to pay a premium for quality.**
- **Improve brand awareness and marketing efforts to attract new consumers.**
- **Offer a curated selection of wines to cater to different tastes and preferences.**
- **Collaborate with importers, producers, and trade representatives to promote Australian wines.**
- **Invest in training and education for sales staff to improve customer service and increase sales.**
- **Consider launching new products or promotions to attract younger consumers and expand the market.**

Recommendations for wineries

- **High Consumer Loyalty**
- **Continuous Engagement**
- **Success Case**
- **Challenges**

- **Recommendation**
: Advocate for Australian wineries to ensure their active participation in the Korean market by scheduling and hosting brand day events, thus, reinforcing their commitment and presence.

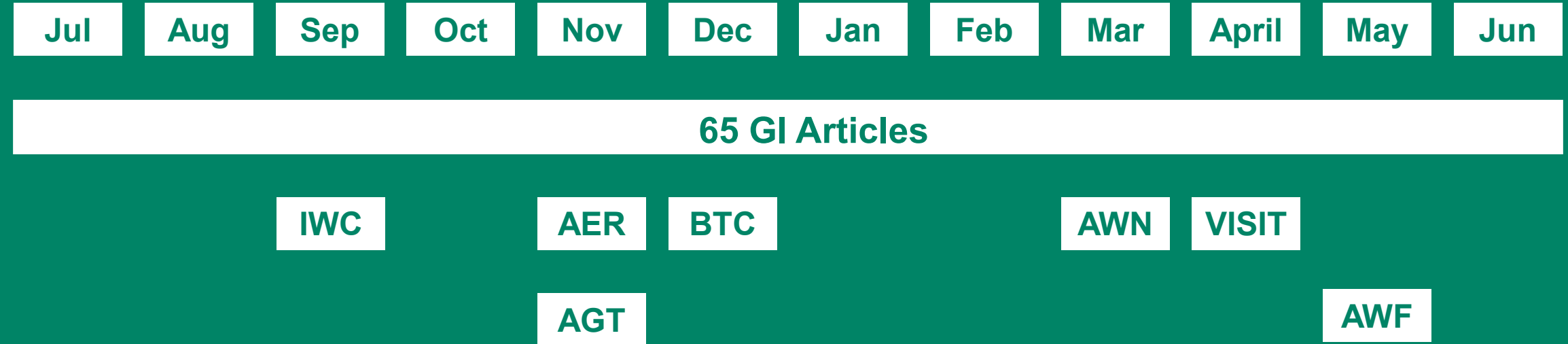
- **Recommendation**
: Accurate data, detailed information (soil, elevation, aspect), clones, vinification(reason and effect), Australian blending, vivid photos and videos, and maps (showing parcels) do not appear well in Google search results. However, this information is what Koreans like.



wsa.wine.academy



Wine Australia Activity 2023/24



- **IWC:** International Wine Conference
- **AER:** Australian Embassy VIP
- **AGT:** Australian Wine Grand Tasting 2023
- **BTC:** Australian Wine Blind Tasting Competition(2)

- **AWN:** Australian Wine NOW! 2024
- **VISIT:** Retail Winery Visit (Korean Air, Hyundai, Lotte)
- **AWF:** Australian Wine PEAKnic

Wine Australia Activity

Best Strategy is Education

Australian Wine NOW! 2024

Target: 225

Wine Industry People

(Sommelier, advisor, journalist, educator, salesperson, marketing manager) & Wine Influencers

Result: 236

30 SKUs showcased

Survey response: 225(NPS 97)

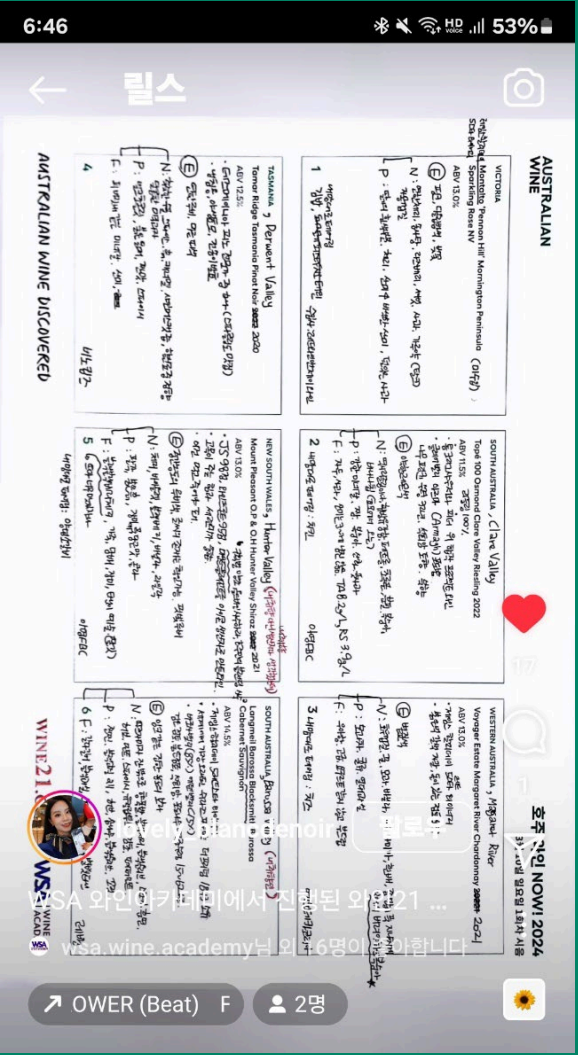
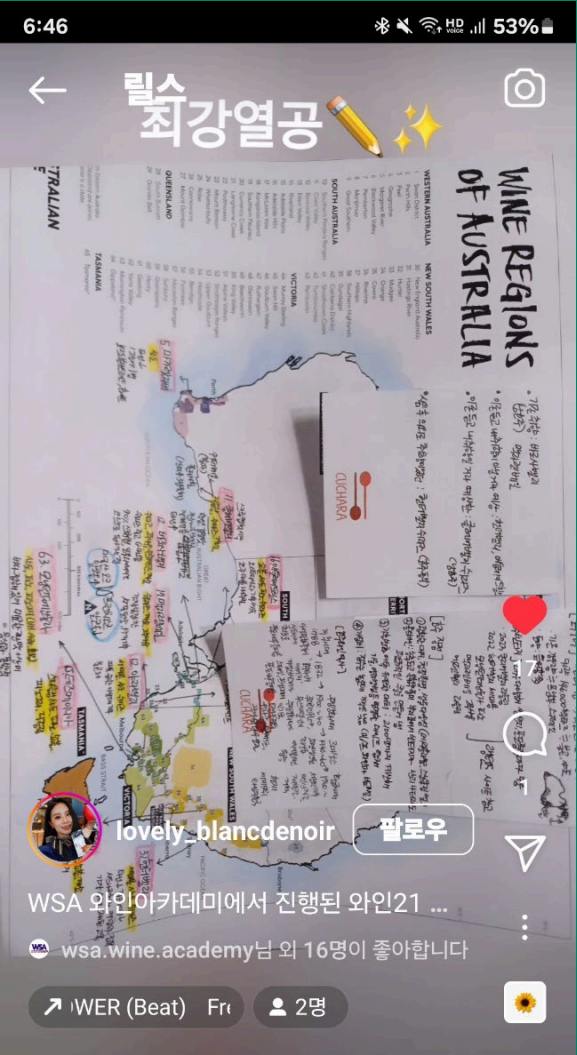


Australian Wine NOW! 2024

Korean Attendance behavior



Always love to learn



Australian Wine NOW! 2024 Review

Maeil Business Newspaper
- one of the top 3 economic newspapers to publish 700,000 copies

C2

CONSUMER journal

와인

2024년 9월 28일 목요일 매일경제

김기정 현수머천즈기자

와인 이야기

◎호주 와인

최근 '호주 와인 NOW! 2024' 세미나가 호주 와인협회 주최로 WSA와인 아카데미에서 열렸습니다. 이날 세미나에서 정수지 호주 와인협회 한국지사장은 "호주의 서남쪽 끝에 돼지고 모양으로 생긴 마거릿 리버는 남반구의 보르도로 불리는 곳으로 세계적인 와인들이 생산된다"고 말했습니다.

마거릿 리버

‘마거릿 리버’ 아는 당신
호주 와인 좀 아시네요

‘남반구의 보르도’ 마거릿 리버 프리미엄 와인 생산지로 유명

남호주 와이너리로 변화 바람 가뭄과 산뜻한 스타일에 도전

창의적이고 유연한 생산자들 독특하고 다양한 블렌딩 시도

호주 와인 59%이상 90점 받아 44% 프랑스·26% 미국보다 높아

정수지 호주와인협회 한국지사장

호주 와인 하면 ‘쉬라즈’ 품종으로 만든 무겁고, 강건하고, 진한 레드와인을 먼저 떠올립니다. 하지만 최근 들어서는 호주에서도 고품질의 카베르네 소비뇽, 샤르도네 등 탁월한 균형과 탄탄한 구조, 섬세함을 지닌 와인이 많이 생산되고 있는데, 특히 프리미엄 와인 생산지로 주목받는 곳이 서호주 마거릿 리버입니다. 보르도 블렌드의 레드와인과 샤르도네로 만든 화이트와인이 유명합니다. 마거릿 리버의 와인 생산량은 호주 와인의 2%, 프리미엄 와인에는 20%를 차지합니다. 특히 카베르네 소비뇽은 호주 전체 생산량의 1.5%에 불과하지만 프리미엄 와인의 50%를 차지하며, 호주 톱 웰리티 화이트 와인의 절반이 마거릿 리버에서 나온다고 합니다.

정 지사장은 “마거릿 리버의 레드와인에서는 언제나 균형 잡힌 산미, 무엇보다 잘 익은 타닌, 자를 마실 때 느낄 수 있는 섬세한 탄닌을 즐길 수 있다”고 말했습니다.

“마리꽃(Marri Blossom)은 마거릿 리버를 포함한 서호주의 상징입니다. 향이 너무 좋아 포도를 보호하는 역할을 합니다. 마거릿 리버 와인과산업을 가장 큰 재해는 ‘세’들의 공격적인 대응, (포도밭에 마리꽃이 있으면) 포도가 익어갈 때 새들이 마리꽃 향에 이끌려 포도밭에도 마리꽃이 많이 들어가고 있다고 합니다.

이날 세미나는 호주 와인에 대한 전반적인 트렌드와 변화와 함께 지역별 특징을 살펴볼 기회였습니다. 지난 연말에 있었던 호주 와인

마스터 클래스 내용과 함께 정리해 봅니다.

호주는 세계 5위 와인 수출국입니다. 65개 와인 산지에서 2156개 와이너리가 운영 중이며 중 남호주 지역이 전체 생산량의 55%, 뉴사우스웨일스가 27%, 빅토리아 13%, 서호주 3% 순입니다.

남호주의 주요 와인 산지로는 최고의 쉬라즈를 생산하는 ‘바로사’, 그르나수가 나오는 ‘매리언 밸리’ 등이 유명합니다.

5대 이상 남호주에서 와인을 생산한 와인가문들의 와인은 전 세계 와인 컬렉터가 탐내는 진귀하고 희귀한 와인이 되었습니다. 다른 한편에선 남호주 역시 최근 트렌드 변화에 맞춰 바로사 전통이라는 틀을 깨고 가볍고 섬세하고 새로운 스타일을 제안하고 있습니다. 이런 탐색적, 탐구적, 혁신적인 생산자들을 ‘바로사 뉴웨이브’ 생산자라고 부릅니다.

노련한 소믈리에들은 빅토리아 지역에 생산되는 개성이 강한 아라벨리의 샤르도네도 한국 소비자들에게 어필할 가능성이 크다고 합니다. 아라벨리는 특히 피노 누아와 샤르도네 생산이 잘돼 스파클링 와인도 잘 만들고 있는 지역입니다. 유명 샴페인 하우스인 모에 샴당이 이 지역에 진출해 있습니다.

아라벨리 남쪽에 위치한 모닝턴 페닌슐라에선 부티크와이너리가 많은데 한국에 수입되면 모두 ‘매진’되는 등 인기가 높습니다. 호주 최남단 태즈메이니아(Tasmania)는 특급 스파클링 와인 산지로 유명합니다.

정 지사장은 호주 와인의 장점으로 “다양성

호주 와인의 또 다른 장점은 “가격”입니다. 고품질 와인을 합리적인 가격에 마실 수 있다는 겁니다. 협회가 다룬 점수를 분석한 자료에 따르면 디켄터에 출품한 호주 와인은 59% 이상이 90점을 받아서 프랑스(44%), 미국(26%)에 비해 상대적으로 비율이 높습니다.

반면 1당 가격은 호주 와인이 6.19달러로 프랑스(15.37달러), 미국(14.08달러)에 비해 낮은 수준입니다. 그래서인지 한국에서 호주 와인은 출품이나 싱가포르 시장처럼 빠르게 프리미엄화가 진행 중입니다.

국내에서도 서울테이스트마케팅(STM·대표 정석영)이 주최한 레스토랑와이너워즈(RWA) 카베르네 소비뇽 부문에 호주 와이너 캐슬러(Kaessler)가 1위를 차지한 것을 비롯해 시라-쉬라즈 부문에서도 온상(다렌버그)과 리틀 베니스, 맥기건 렌드 메이드 마운트 크릭)과 동상(아벨리아 파크 리저브)을 수상했습니다.

호주 와인은 빅 브랜드 상위 10곳이 전체 수출량의 74%, 수출액의 68%를 차지하는 것도 특징입니다. 큰 회사들이 먼저 해외에 진출하고 작은 회사들이 따라 들어가는 형태입니다. 대표적인 빅 브랜드 호주 와인은 펜폴스, 엘로테일이고 윈슨잡이 와인 풀리 두루도 꽤 유명

했습니다. 호주에선 쉬라즈를 포함해 155개 포도 품종이 생산된다고 합니다. 최근 쉬라즈 생산량이 줄고 그르나수, 리슬링 등의 생산이 늘고 있으며 산지오베제, 피아노 등 이탈리아 지중해 품종도 늘고 있습니다.

“지속 가능성”에 대한 고민과 함께 호주는 세계에서 가장 넓은 유기농 인증 경작지를 보유하고 있습니다. 전체 와인 생산량의 40% 정도가 이미 지속가능 농업 인증을 받았고 나머지 대부분의 생산지도 인증 절차를 밟고 있다고 합니다. 또 기후변화를 2100년도까지 예측하여 산지별 적합한 기후변화 적응과 경감 노력을 아끼지 않고 있습니다. 이산화탄소 배출량을 줄이기 위한 와인 패키징 개발을 예로 들 수 있습니다. ‘백스 와인’으로 불리는 백인박스(Bag in Box, 1969년 개발), 파우치 와인, 이치 와인 바티 더 글라스, 와인 케그 등 다양한 형태의 패키징이 개발되고 있습니다.

Wine Australia

Australian Wine NOW! 2024 Review

Australian Wine Rediscovery Day



haruharu_illust

⋮



Next Event

11 May 2024: Australian Wine PEAKnice

- Venue: Sofitel Ambassador
- Target: 500 consumers
- 5 sections 50~60 SKUs
- Program
 - Wine Tasting
 - Aroma Training
 - BBQ, snack, and cheese
 - Quiz, Copywriter contest etc.

Sep 2024: Grand Tasting?

- EOI open: www.wineaustralia.com

