

Voluntary Report – Voluntary - Public Distribution

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Report Highlights:

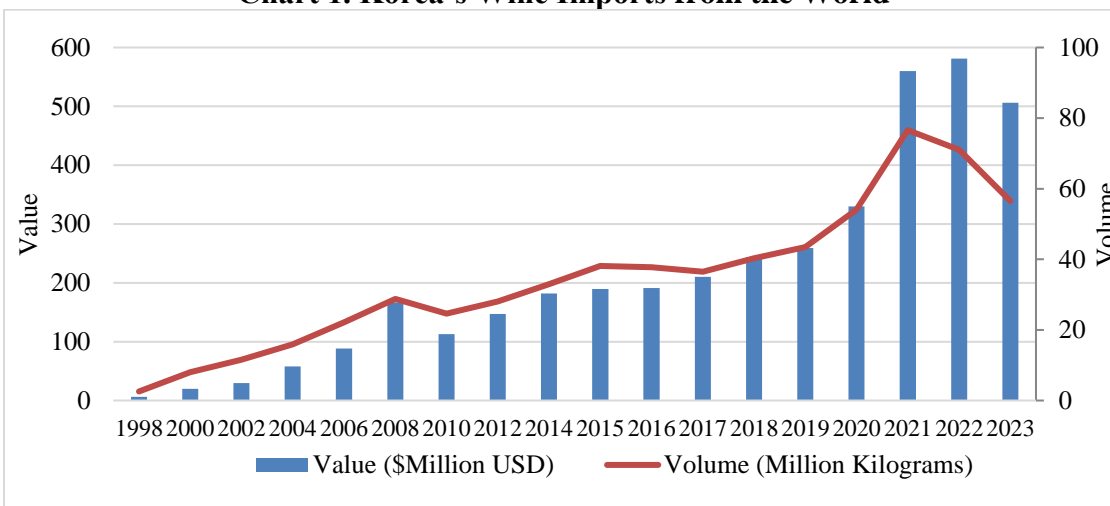
Korea's wine import sector has been undergoing a stabilizing phase since the explosive growth around 2021. In 2023, wine imports reached 506 million USD, down 12.9 percent from the previous year, totaling 56.5 million kg, a decrease of 20.4 percent compared to 2022. Despite the overall decline in imports, convenience stores have experienced double-digit growth in wine sales, largely attributed to the emergence of the consumer-friendly smart order system. As Korean customers' taste and interest in wine evolves, imports are anticipated to rebound. In 2023, the United States maintained its position as the second largest wine supplier to Korea by value for three consecutive years.

I. MARKET OVERVIEW

Korea's wine imports have experienced a downward trend in both volume and value over the past two years, following explosive growth¹ around 2021. In 2023, wine imports decreased by 12.9 percent from the previous year, totaling 506 million USD. On a volume basis, imports reached 56.5 million kg, down 20.4 percent from the previous year.

The wine import sector is currently facing a sluggish market, viewed as a stabilizing phase after the significant growth during the pandemic, which was largely driven by the home drinking trend. When looking at the import statistics, despite the recent decline, wine imports have expanded considerably over the past decade. Imports have grown by 194.5 percent by value and 73.7 percent by volume compared to 2013.

Chart 1. Korea's Wine Imports from the World



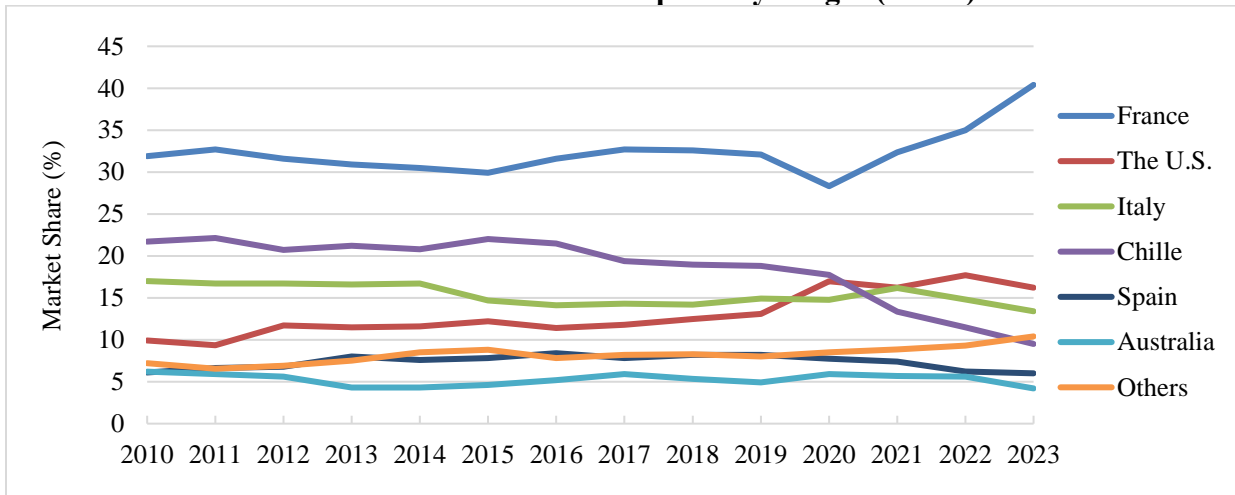
Source: Korean Government Import Data (www.kita.net, CIF Value²)

Korea's climate is not ideal for producing large quantities of grape-based wines, and therefore, nearly all wines consumed in Korea are imported. The top five countries exporting wine to Korea account for over 80 percent of the market (85.4 percent by value and 82.3 percent by volume in 2023). These include France, the United States, Italy, Chile, and Spain, all of which currently enjoy zero tariffs on wines, benefiting from the free trade agreements (FTAs) signed with Korea.

¹ In 2022, Korea's wine imports reached a record high at 581.3 million USD, a year-on-year growth of 3.8 percent following the ground-breaking growth of 69.6 percent in 2021. In volume, wine imports amounted to 71 million kg in 2022, a decrease of 7.3 percent from the previous year.

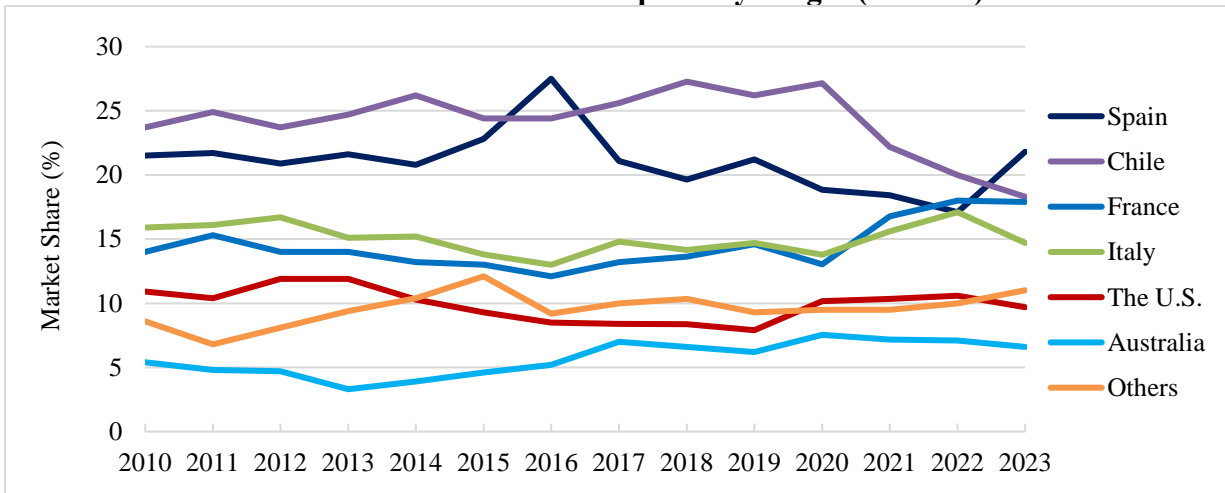
² CIF is the export price upon arrival in a port in Korea inclusive of insurance and freight cost.

Chart 2-1. Korea's Wine Imports by Origin (Value)



Source: Korean Government Import Data (www.kita.net)

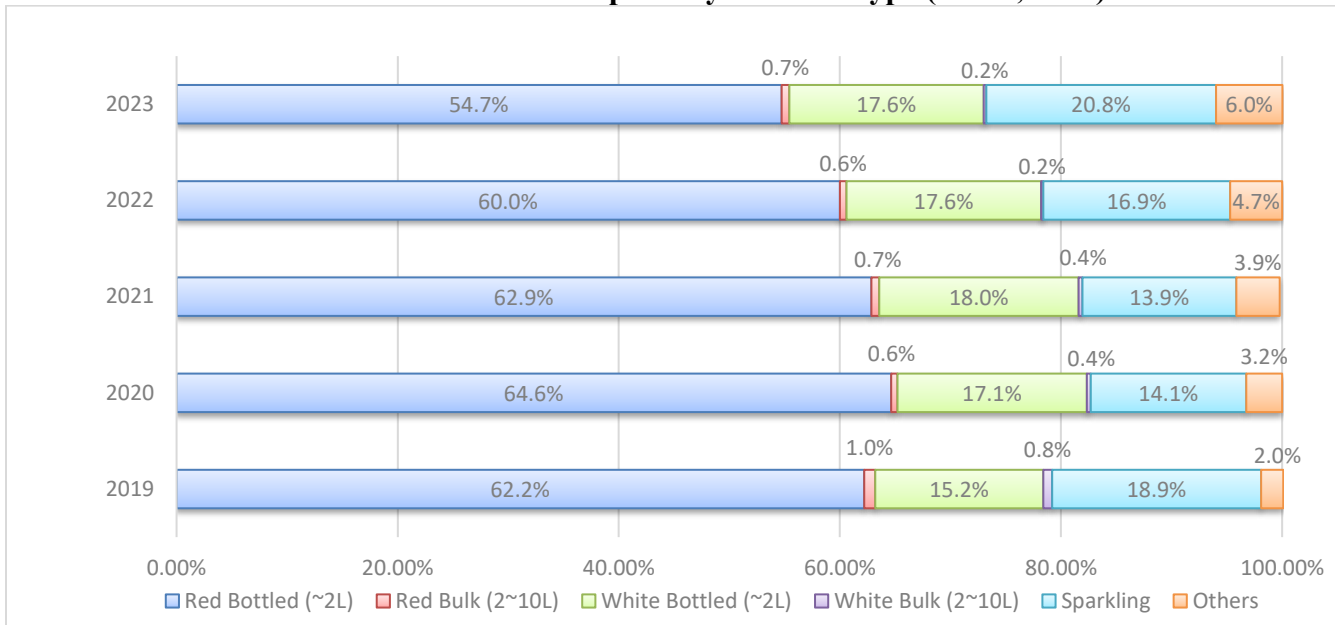
Chart 2-2. Korea's Wine Imports by Origin (Volume)



Source: Korean Government Import Data (www.kita.net)

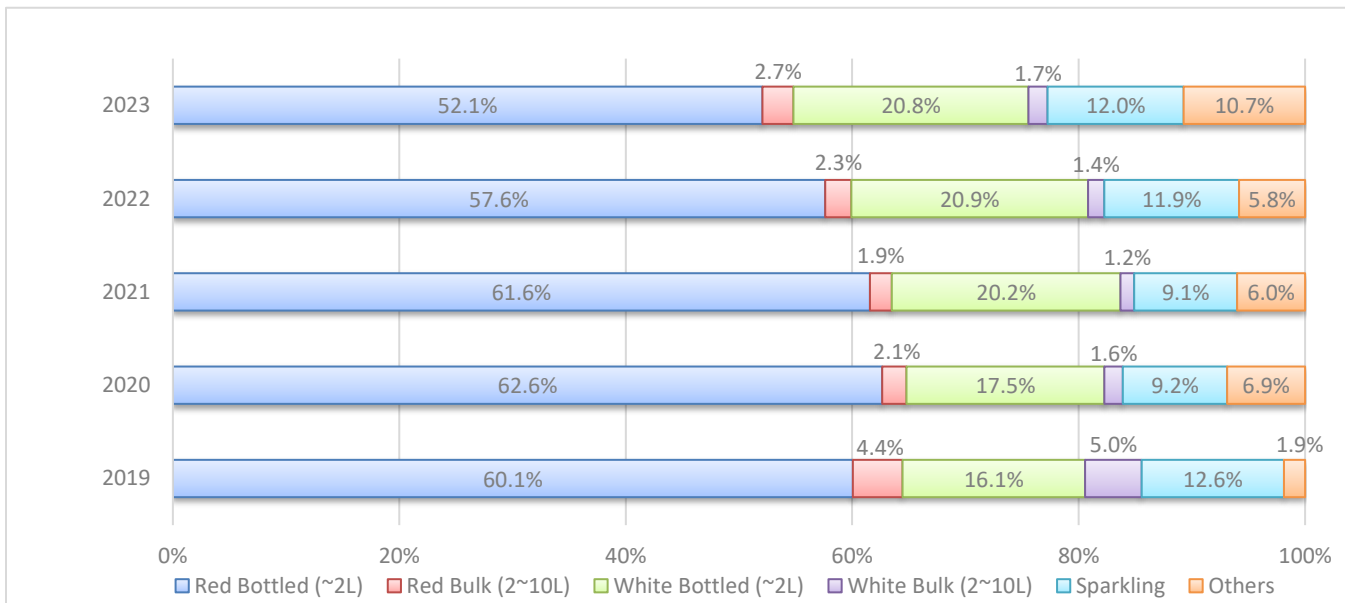
In 2023, on a value basis, France led the market with a market share of 40.4 percent, followed by the United States (16.2 percent), Italy (13.4 percent), Chile (9.5 percent), and Spain (6 percent). On a volume basis, Spain topped with a market share of 21.8 percent, followed by Chile (18.3 percent), France (17.9 percent), Italy (14.7 percent), and the United States. (9.7 percent).

Chart 3-1. Korea's Wine Imports by Product Type (Value, 2023)³



Source: Korean Government Import Data (www.kita.net)

Chart 3-2. Korea's Wine Imports by Product Type (Volume, 2023)



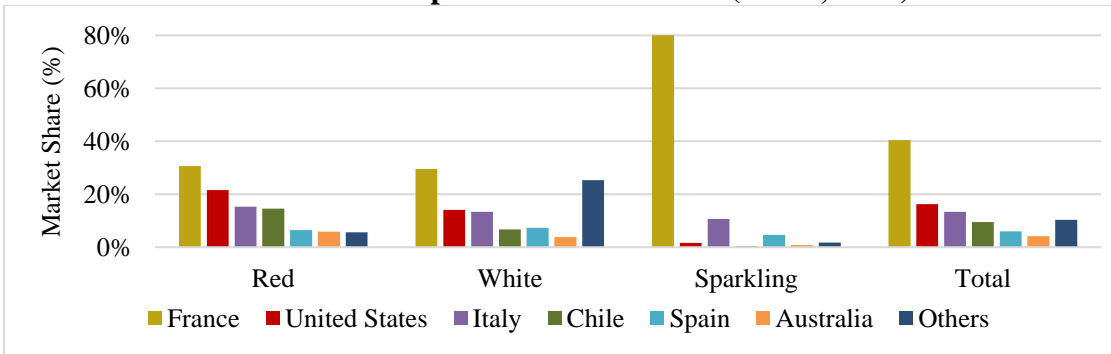
Source: Korean Government Import Data (www.kita.net)

As indicated in charts 3-1 and 3-2, red wines heavily dominate the sector. This strong preference for red wines is mainly due to two reasons: 1) red wines are what Korean customers naturally associate with wines, and 2) their well-publicized health benefits. When wines were first introduced in Korea, the

³ In charts 3-1 and 3-2, "Others" refer to the sum of 5 Korean HS codes (2204 29 1000, 2204 29 2000, 2204 21 9000, 2204 22 9000, and 2204 29 9000)

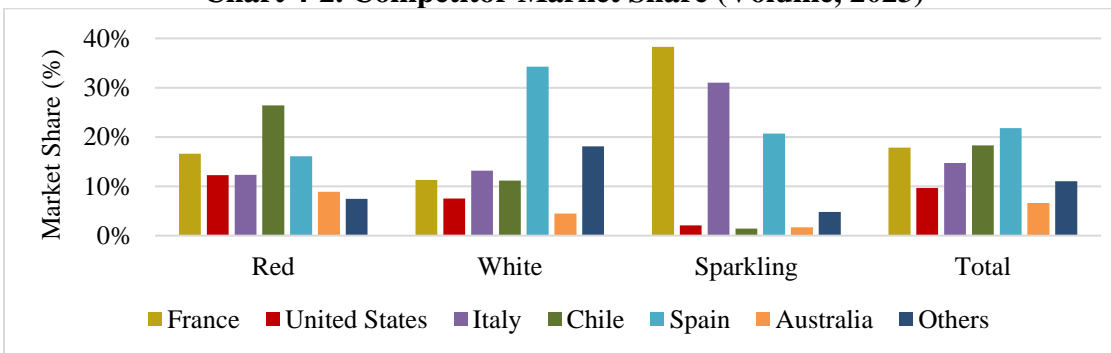
media repeatedly highlighted the health benefits of red wine contents, enhancing consumers’ perception that they may support the cardiovascular health and possibly extend lifespan. As a result, red wines have dominated the sector. Nevertheless, white and sparkling wines are gradually expanding their shares as consumers’ taste for wines have diversified and evolved over time. In 2023, red wines accounted for less than 60 percent in both value and volume for the first time since wine was introduced to the market in 1988.

Chart 4-1. Competitor Market Share (Value, 2023)



Source: Korean Government Import Data (www.kita.net)

Chart 4-2. Competitor Market Share (Volume, 2023)



Source: Korean Government Import Data (www.kita.net)

When looking at the market share by product type, some countries demonstrate noticeably high performance in specific wines. On a volume basis, Chile led in red wines with a 26.4 percent share, and Spain led in white wines with a 34.3 percent share. For sparkling wines, three countries are predominant by volume. France led the sparkling wine sector with a 38.3 percent market share, followed by Italy with a 31 percent and Spain with a 20.7 percent. However, when looking at the value data, French sparkling wines topped the category by far with a share of 80 percent. This is largely due to their premium offerings such as Champagne.

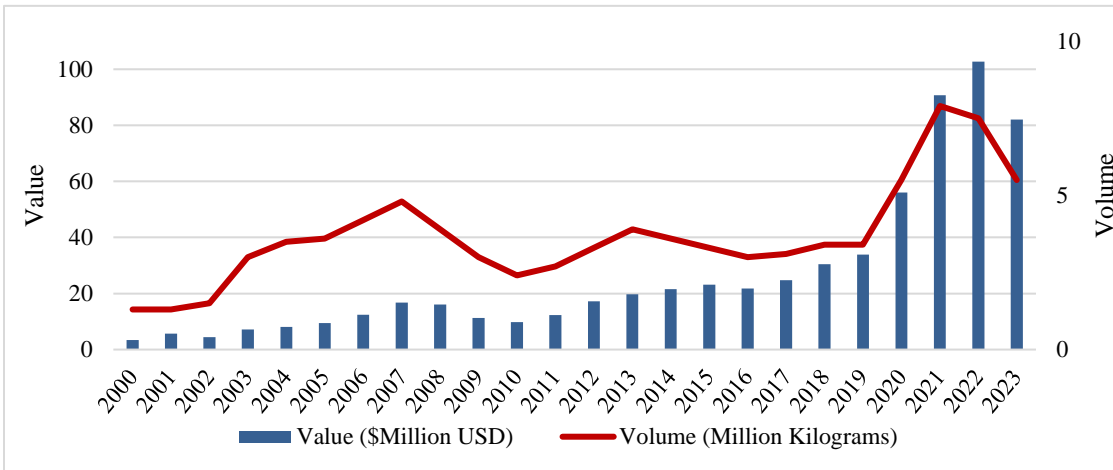
II. MARKET PLAYERS

The United States

The United States has shown great performance for over a decade. Since the implementation of the Korea-United States Free Trade Agreement (KORUS) in 2012, Korea’s wine imports from the United States have grown over 4.8 times in value, and 1.7 times in volume.

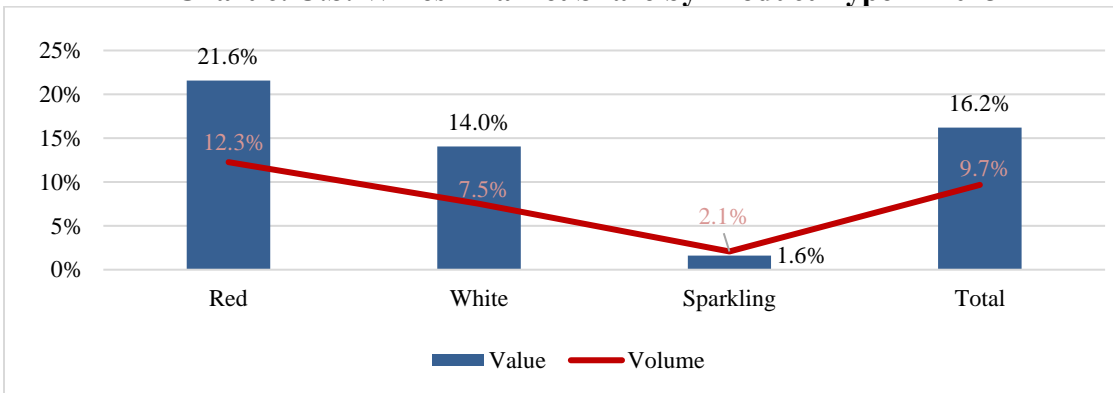
In 2023, imports of U.S. wines to Korea reached 82.1 million USD, down 20.1 percent from 2022, making the United States the second largest supplier for three consecutive years, with a market share of 16.2 percent. On a volume basis, the United States ranked as the fifth largest supplier, holding a market share of 9.7 percent. Korea imported 5.5 million kg of U.S. wines in 2023, down 27.3 percent from the previous year.

Chart 5. Korea’s Wine Imports from the United States



Source: Korean Government Import Data (www.kita.net)

Chart 6. U.S. Wines’ Market Share by Product Type in 2023

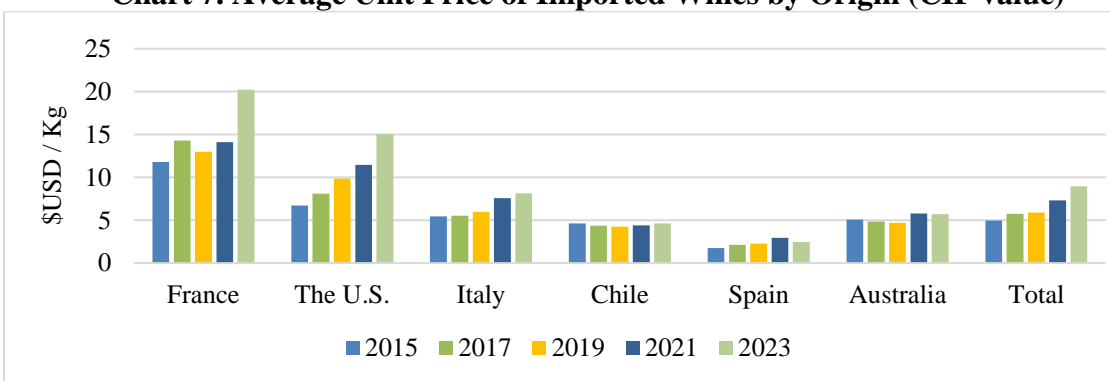


Source: Korean Government Import Data (www.kita.net)

Korea is an attractive marketplace for both Old World (mainly produced in Europe) and New World (produced mostly outside of Europe) wines as consumers’ interest in wine has grown significantly.

The United States, a leading producer of New World wine, began as a supplier of value-oriented wines in Korea at a very early stage, but has since positioned itself to be known for premium wines. As illustrated in chart 7, U.S. wines were priced at 15.03 USD per kilogram (CIF value) in 2023, which is over 123 percent higher than the price in 2015. This indicates that high quality and premium U.S. wines have been well received by a growing number of Korean consumers. Many U.S. wines available in Korea come from California, with a relatively small presence of wines from the Pacific Northwest region (Washington and Oregon) and New York.

Chart 7. Average Unit Price of Imported Wines by Origin (CIF value)



Source: Korean Government Import Data (www.kita.net, CIF Value)

France

France, one of the most renowned producers of Old World wine, has built a solid reputation in Korea for its quality wines. With the free trade agreement between the EU and Korea, which entered into force in 2011, France currently enjoys zero tariffs on wines. In 2023, France was Korea's largest wine supplier by value with a market share of 40.4 percent (204.3 million USD, up 0.5 percent from 2022). It was the only country among the top six suppliers that saw growth in imports on a value basis in 2023. On a volume basis, France was the third largest supplier with a market share of 17.9 percent (10.1 million kg, down 20.8 percent from 2022). The country led the market across all segments of wines including red, white, and sparkling wines, particularly showing overwhelming performance in the sparkling wine segment (an 80 percent of market share by value). This is primarily due to the popularity of Champagne, one of their premium sparkling wines.

Chile

Chile has greatly contributed to expanding the popularity and consumption of wine in Korea by introducing affordably priced products to the market. As the first country with which Korea implemented a free trade agreement, which was signed in 2004, Chile has enjoyed favorable import taxes on wines for the longest time amongst competitors, with tariffs on Chilean wines being completely phased out in 2009. The country has been a front-runner in familiarizing Korean consumers with New World wines and has strongly positioned itself as a value-oriented wine supplier in Korea. In 2023, Chile was the second largest wine supplier by volume, with imports of 10.3 million kg, down 27.6 percent from the previous year. By value, Korea's wine imports from Chile reached 47.8 million USD, down 28.3 percent from 2022, making the country the fourth largest supplier.

Spain

Other European suppliers, such as Spain and Italy, have benefited from the Korea-EU free trade agreement signed in 2011 as well. In terms of import volume in 2023, Spain topped the market with a market share of 21.8 percent, surpassing Chile, which had led the market in volume for many years. Spain was the only country among the top six suppliers that recorded growth in imports on a volume basis in 2023. Korea's wine imports from Spain reached 12.3 million kg, up 1.4 percent from 2022. Spain accounted for the largest portion in white wines at 34.3 percent by volume in 2023. In value, imports from Spain totaled 30.2 million USD, down 16.7 percent from the previous year, making the country the fifth largest wine supplier to Korea. One notable characteristic of Spain is that a relatively larger volume of Spanish bulk wines (2 to 10 liters) is brought to Korea for bottling and blending purposes and sold at affordable prices. This has helped build its visibility in the market.

Italy

Italy was the third largest wine supplier in terms of the value with a market share of 13.4 percent in 2023 (67.9 million USD, down 21.1 percent from 2022). The country is known for its balanced portfolio across different types of wines. Particularly, Italian sparkling wines such as Prosecco are gaining popularity, making Italy the second largest supplier of sparkling wines by volume behind France and followed by Spain. Italy held a 14.7 percent market share in 2023, making the country the fourth largest supplier by volume (8.3 million kg, down 31.6 percent from 2022).

Others

Australia, which signed the Korea-Australia Free Trade Agreement in 2014, has constantly supplied wines to Korea. In 2023, Australia held the sixth largest market share in terms of both import value and volume. In addition to those mentioned so far, other countries supplying wines to Korea include New Zealand, Argentine, Germany, Portugal, South Africa.

III. CONSUMPTION TREND

Korea's wine scene has changed significantly since 1988 when Korean first started importing wines. The total wine imports in 1988 were merely 3.8 million USD at 1.37 million kg, and since then, imports have grown over 132 times in value and 41 times in volume. Wines were previously considered a high-end drink for special occasions but have become more accessible with a wider price option over time.

The free trade agreements (FTAs) that multiple countries began signing with Korea from the mid-2000s, have facilitated distributing better-priced wines across the country. Simultaneously, consumers, being more exposed to foreign cultures and exotic food and drinks, have shown a growing interest in wine. Consequently, many consumers in Korea now enjoy wine as a casual drink alongside the country's mainstream alcoholic drinks such as soju and beer.

The Covid pandemic was another factor that further fueled the popularity of wines and other premium alcoholic drinks in late 2020 and into 2021. As people stayed home longer than before, they began exploring a variety of drinks including wines while they appreciate the quality and taste of alcoholic

drinks. In the past, excessive drinking was often observed at group gatherings, however, more consumers now seek quality in their drinks rather than quantity due in part to the growing interest in health and changing lifestyles.

Wines are available through various channels. According to the latest survey⁴ conducted by the Korea Consumer Agency in 2021, most consumers purchase wines at hypermarkets (72.8 percent of the respondents), followed by department stores (10.8 percent), wine specialty stores (9.1 percent) and convenience stores (5.2 percent). Industry experts, however, noted that convenience stores have growing footprints as they have played a crucial role in wine sales over the last couple of years.

Contrasting with the downward trend in wine imports, convenience stores have seen double-digit growth in wine sales. In 2023, Seven Eleven reportedly saw a 50 percent of year-on-year growth in wine sales, following an 80 percent growth in 2022 and a 200 percent growth in 2021. Another major convenience store chain, GS 25, has also experienced rising wine sales: a 24 percent year-on-year growth in 2023, a 73 percent in 2022 and a 158 percent in 2021. This is largely due to the relaxed regulations on online purchases of alcoholic beverages that took effect in April 2020, which allowed people to make orders online (e.g. Smart Order) and pick up the drinks in person. Previously, online ordering and delivery were allowed for only a few types of traditional drinks. While businesses still cannot deliver alcoholic drinks to customers, this change has significantly boosted sales, and convenience stores have become popular pick-up points due to their proximity and availability. GS 25 reportedly saw a 148 percent growth in alcoholic beverages orders via their Smart Order mobile app in 2022, following the remarkable year-on-year growth of 1,300 percent in 2021 after launching the Smart Order app in 2020.

IV. MARKET ENTRY STRATEGY

Understanding the local market situation and target consumer demand is essential. Visits to the target country provide hands-on knowledge, and participation in trade shows can be a valuable strategy for showcasing wine samples while interacting with Korean consumers and establishing contacts with potential business partners. [Seoul Food and Hotel Show](#), Korea's largest food-focused trade show endorsed by USDA, covers a broad range of food products but is not solely focused on alcoholic beverages. There are local trade shows that are wine oriented, though not USDA endorsed. Those include [Seoul International Wines & Spirits Expo \(SIWSE\)](#) and [Daejeon International Wine Expo](#).

Additionally, multiple U.S. regional trade promotion entities and industry associations operate export support programs and trade promotion activities that fit U.S. wine producers and exporters interested in going global. For more information, please reach out to them using the contact details provided below:

- [Seoul Food and Hotel Show](#)
U.S. pavilion organizer 'Oak Overseas, Ltd.' (rbrown@oakoverseas.com)
- [WUSATA - Western United States Agricultural Trade Association](#)
Phone: +1 360 693 3373, export@wusata.org
- [Food Export-Midwest and Food Export-Northeast](#)
Phone: +1 312 334 9200 (Midwest), +1 215 829 9111 (Northeast)
Email: info@foodexport.org

⁴ Research on prices and distribution of imported wines, 2021

- **[SUSTA - Southern United States Trade Association](#)**
Phone: +1 504 568-5986, susta@susta.org
- **[California Wine Institute](#)**
Phone: +1 916 441 6974, dberardi@wineinstitute.org
- **[New York Wine & Grape Foundation](#)**
Phone: +1 315 924 3700, Email: info@newyorkwines.org
- **[Oregon Wine Board](#)**
Phone: +1 503 967 8978, Email: info@oregonwine.org
- **[Washington State Wine Commission](#)**
Phone: +1 206 667 9463, Email: info@washingtonwine.org

V. KEY CONTACTS FOR FURTHER INFORMATION

- **[Agricultural Trade Office \(ATO\), FAS, U.S. Embassy Seoul](#)**
Phone: +82 2 6951 6848, Email: atoseoul@usda.gov
- **[Agricultural Affairs Office \(AAO\), FAS, U.S. Embassy Seoul](#)**
Phone: +82 2 397 4297, Email: agseoul@usda.gov
- **[Animal Plant and Health Inspection Service Seoul \(APHIS\), U.S. Embassy Seoul](#)**
Phone: +82 2 725 5495, Email: yunhee.kim@usda.gov

Attachments:

[Appendix Korea Wine Imports Statistics in 2023.pdf](#)