

Voluntary Report – Voluntary - Public Distribution

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Report Name: US Food Fairs Well in New Consumer Survey

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Post: Seoul ATO

Report Category: Agricultural Situation

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Report Highlights:

In 2021 the U.S. Agricultural Trade Office (ATO) in Seoul, Korea partnered with Gallup Korea to survey Korean consumers views on imported and domestic food. ATO last conducted a consumer survey in 2001. The survey included in-person surveys, online surveys, focus groups, and interviews with Korean food companies.

Korean Consumer Survey

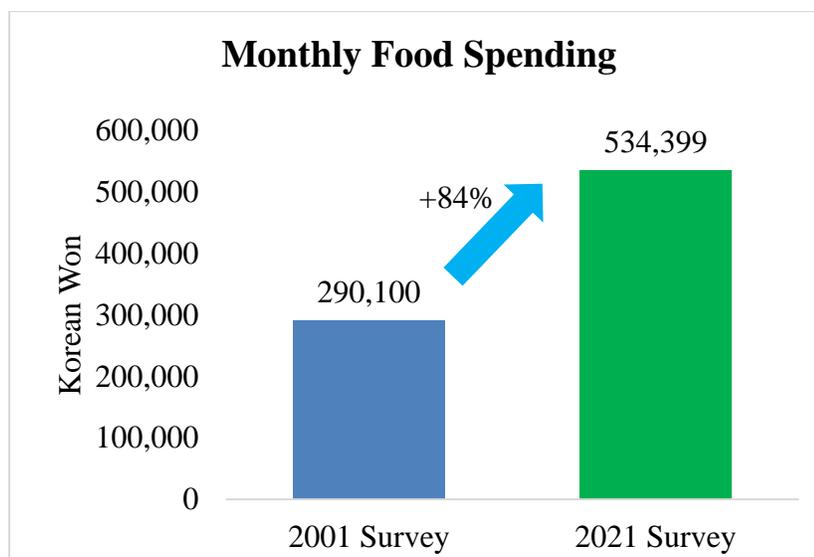
The Agricultural Trade Office (ATO) in Seoul, Korea commissioned Gallup to conduct a survey of Korean consumers in summer 2021. ATO Seoul last conducted a survey in 2001, 20 years ago. The following report contains a summary of some of the key findings of the 2021 survey with references to the 2001 survey where relevant. For additional information on the survey please email atoseoul@usda.gov.

Rising Food Prices Drives Search for Value:

Food continues to be a major expense for Korean consumers. In the survey Korean consumers reported they spend 534,399 won (\$454) per month on food, up 84 percent from 2001. This increase exceeded the general inflation rate. According to World Bank Development Indicators, Korea's Consumer Price Index went up 54 percent between 2000 and 2020, 30 percentage points less than the increase in reported food expenditures. Survey respondents in 2021 said food expenditures accounted for 50-70 percent of their total living expenses.

According to the survey 66 percent of consumers now say food is expensive, compared to 38 percent in 2001. In particular, consumers thought fruit (79 percent) and meat (77 percent) were expensive. The percentage of consumers who thought food prices were adequate fell from 55 percent in 2001 to only 32 percent in 2021. Less than 3 percent of respondents said food was cheap in the 2021 survey.

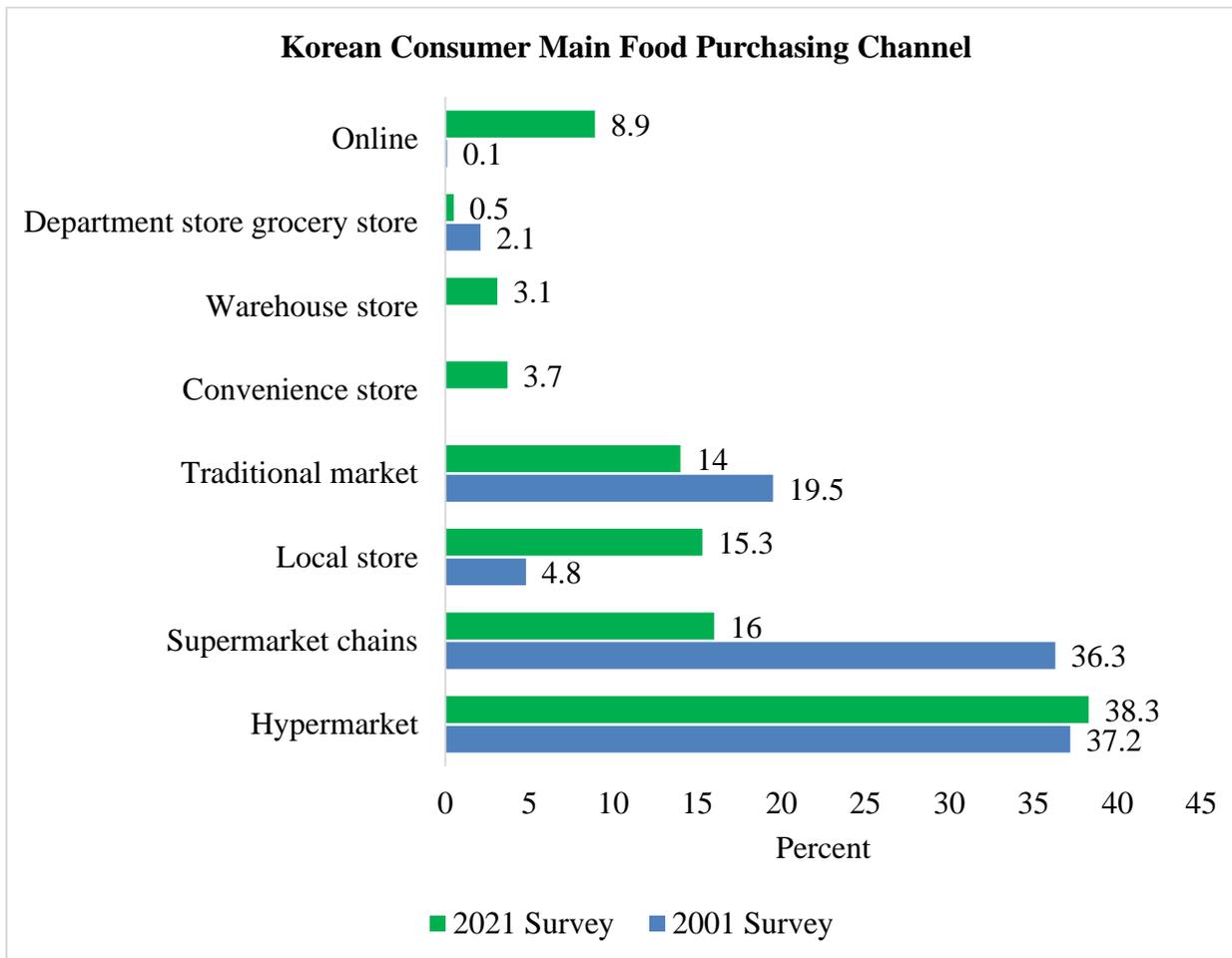
Consumers are responding to high prices by looking for food on sale and spending more time searching for affordable food products. This is changing where consumers buy their food. The search for value can also include buying more affordable imported products instead of local products. This creates an opportunity for value oriented imported products.



Online Sales Surge

The structure of the food market has changed significantly over the last 20 years. Forty percent of consumers now purchase food on-line. In the 2021 survey, 8.9 percent of respondents said online shopping is their main method of purchasing food. Online food sales surged during the COVID-19 pandemic. Online food sales went up 61 percent in 2020 compared to a 17 percent increase in overall online sales. Online sales are stronger for processed branded products, such as instant noodles, bottled water, coffee, tea, frozen food, and canned food.

The majority of consumers, however, continue to shop for food at hypermarkets. Consumers still mostly stick to conventional stores when buying fresh products, such as fruits, vegetables, dairy, meat, and fish. There was a 20-percentage point drop in the number of consumers who primarily shop at supermarket chains. In addition to shopping online, more consumers are shopping close to home at local stores and convenience stores.

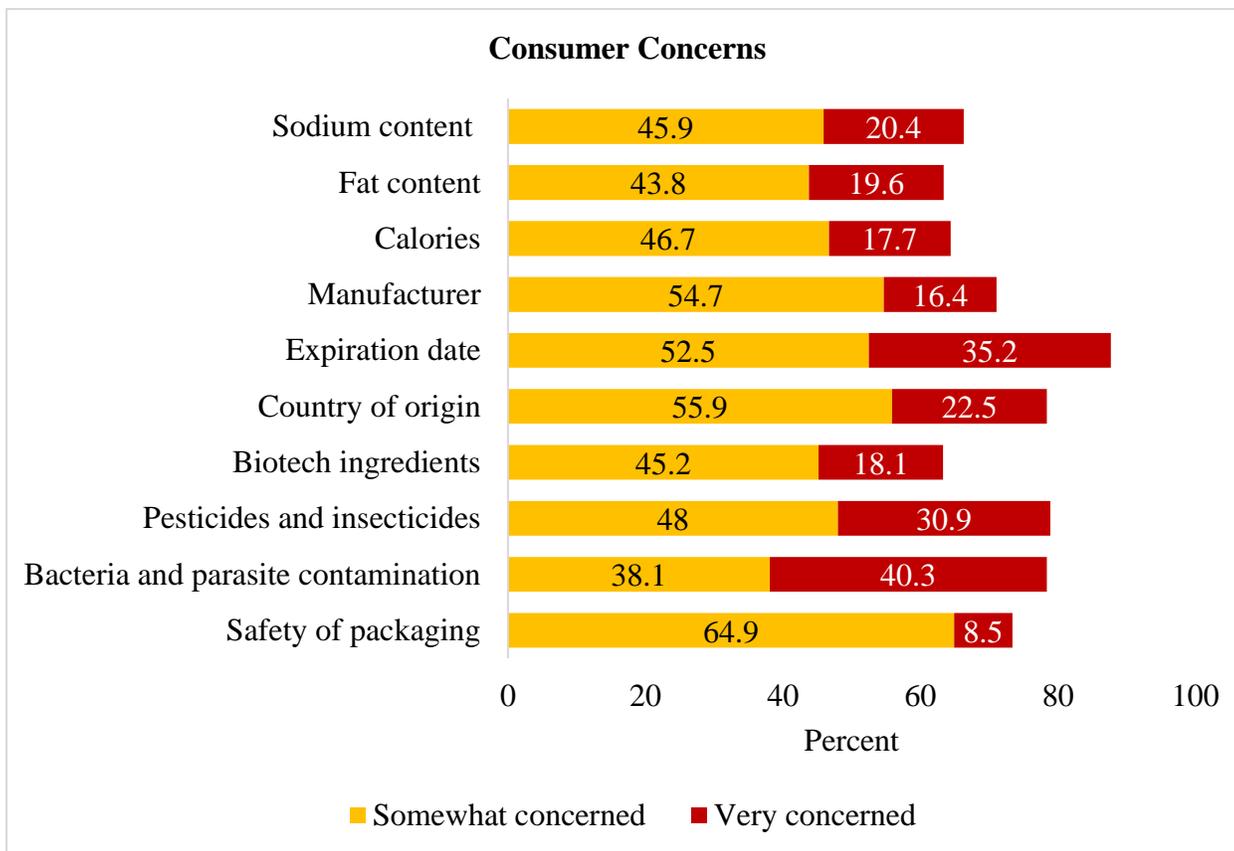


Note: Warehouse stores and convenience stores were not included in the original 2001 survey.

Food Safety Concerns

Korean consumers pay close attention to food safety and quality. Many consumers report high levels of concern over a wide range of topics. Koreans express the greatest concern over expiration dates. However, the level of concern over expiration dates (while still high) is down significantly from 2001. In the 2001 survey, 66 percent of respondents said they were very concerned about expiration dates, compared to 35 percent of respondents in 2021.

The largest increase in consumer worries over the last 20 years was in calories. In 2021, 64 percent of respondents said they were very or somewhat concerned about calories, compared to 48 percent in 2001. The second largest increase was in concerns about bacteria and parasite contamination. Consumers reported they were hesitant to purchase Chinese products due to food safety concerns. Consumers expressed greater confidence in the safety of processed foods than in fresh foods.



Most Koreans Still Get Food Safety News from Television

Most survey respondents said they obtained news on food safety from the television, followed by friends and family members. Newspapers, radio, government reports, and non-governmental organizations were cited by relatively few people as a source of food safety news. Respondents in their 50s and 60s were more likely to say they got their news from television or friends, while respondents in their 20s were more likely to get their news from online, YouTube, and social media. Ninety-four percent of respondents said they were very or somewhat influenced by food safety news.

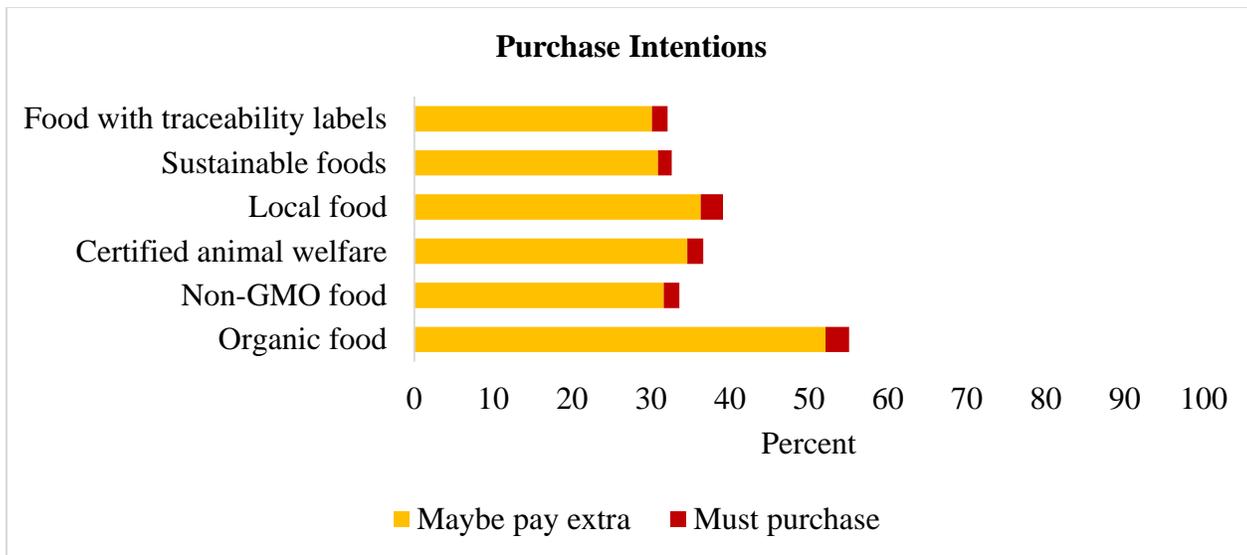
Top Three Source of Food Safety News (percent)

Age	20s	30s	40s	50s	60s
TV news	66.2%	77.3%	89.0%	92.9%	96.3%
Friends, family, and colleagues	38.4%	38.8%	60.6%	72.5%	80.5%
Online articles	65.5%	62.6%	49.6%	45.3%	33.1%
YouTube	44.1%	31.5%	34.0%	31.2%	28.3%
Social Media	36.3%	28%	22.7%	11.9%	4.8%

News reports (TV, online, and newspapers) are seen as extremely or somewhat reliable by 82 percent of respondents, followed closely by Korean Government publications at 80 percent. U.S. Government publications are also seen as reliable. Online, social media and YouTube content is seen as less reliable. Less than 50 percent of respondents said social media and YouTube content is extremely or somewhat reliable.

Most Koreans Reluctant to Pay Premium for Food Labeling Claims

While many consumers expressed concerns about food safety issues, only a minority are willing to pay more for most labeling claims. The exception is organic food, where 55 percent of respondents said they would maybe or definitely pay more for organic food. Less than 40 percent of people said they would pay for other labeling claims. Thirty-nine percent of respondents said they would pay more for local food.

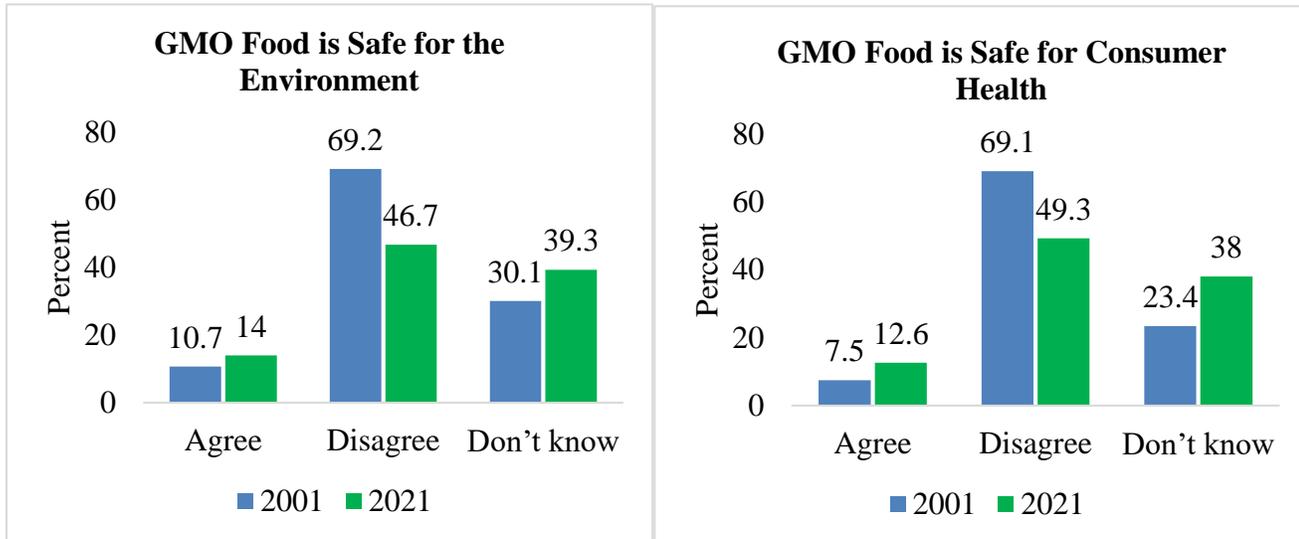


Concerns About Genetically Modified Organisms (GMOs) on the Decline

Many consumers still harbor concerns and misconceptions about biotech foods. Almost half of respondents disagreed with the statement that “GMO food is safe for consumer health.” However, there is growing acceptance of biotechnology in Korea. In 2001, 69 percent of those surveyed disagreed with the statement that GMO food is safe for consumer health, 20 percentage points higher than in 2021. Twenty-three percent of respondents in the 2021 survey said the way they think about GMO foods has

changed in the last ten years. Now a slim majority of respondents say either that GMO food is safe for consumer health and the environment or that they don't know the answer.

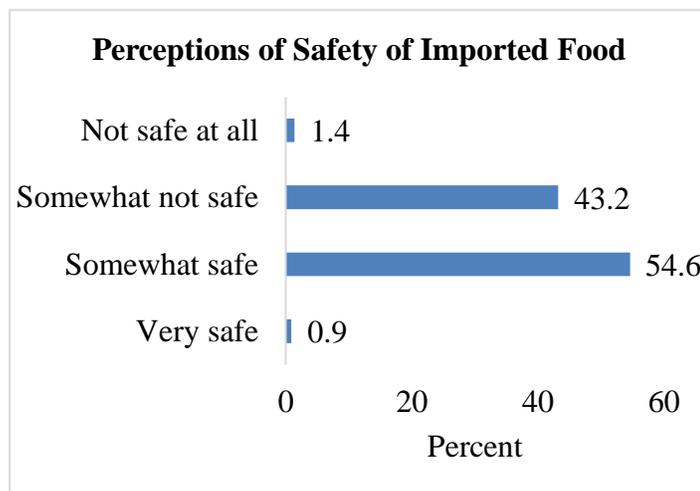
Women in Korea are significantly more skeptical of biotech food than men. While many Koreans express concerns about biotech food, only two percent said they would definitely pay more for non-GMO food. Another 32 percent said they would maybe pay extra for non-GMO food. This suggests that while biotech food still has a perception problem in Korea, it is not a major concern for most Korean consumers.



U.S. Imports Seen as Reliable and High Quality

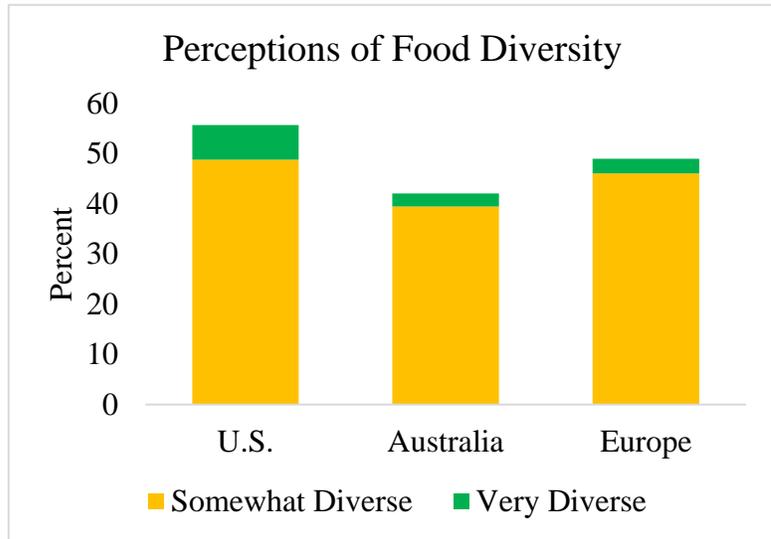
A slim majority of consumers (55 percent) said they believed imported food is somewhat or very safe. Forty-six percent of respondents said imported food is very or somewhat unsafe. Many Koreans still prefer to purchase local food over imports, although only 2.8 percent of respondents said they would definitely pay more for local food. Another 36 percent said they might pay more for local food.

Koreans' confidence in imported food varies greatly depending on where it comes from. Respondents had a relatively high level of confidence in the food safety management system in the United States, as well as those in Australia and Europe. They had little confidence in the food safety systems in China and Japan. Trust in China's food safety system has been damaged by a series of food safety incidents. The distrust of Japanese food is likely due to continued concerns over the Fukushima disaster and antipathy towards Japan due to historical reasons. Perceptions of food quality track



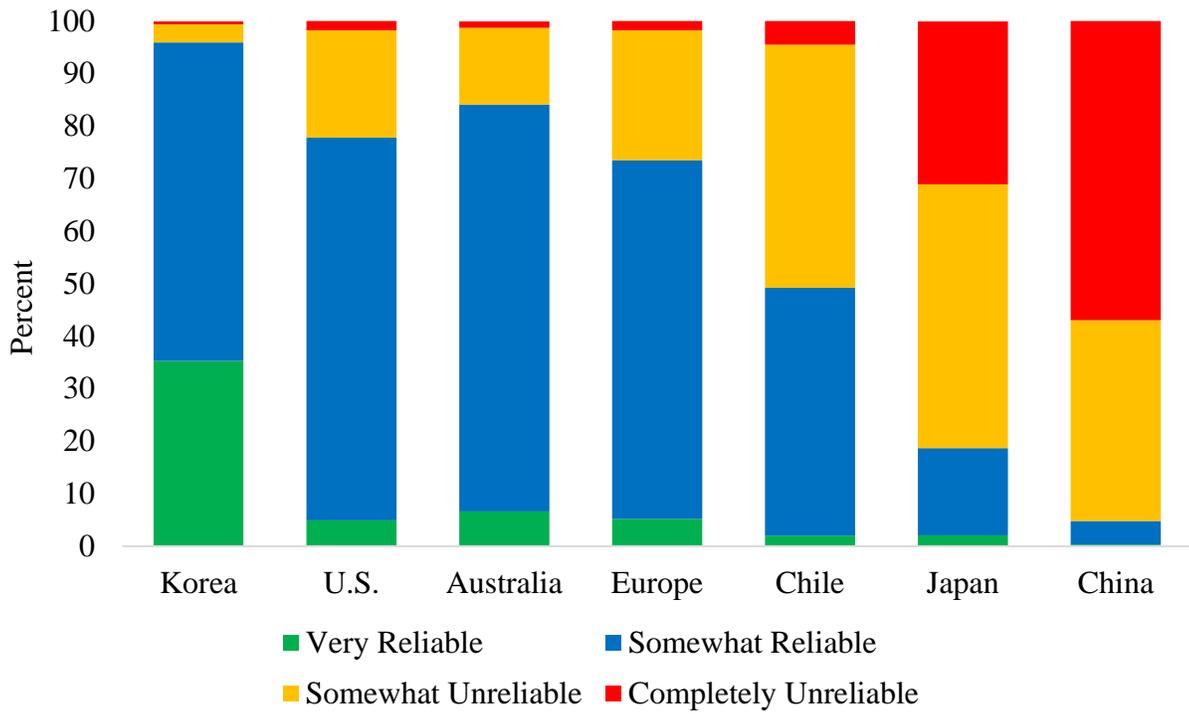
closely to perceptions of food safety management systems, suggesting that respondents' answers may be shaped by general views of the country in question.

Koreans in the survey believed that U.S. food was more diverse than other countries (other than Korea). Seven percent of respondents said U.S. food was "very diverse", compared to 2.6 and 2.9 percent for Australia and Europe. The United States is the largest food exporter to Korea, supplying over a third of Korea's total food imports. U.S. exports to Korea are highly diverse, including a wide array of consumer-oriented products. Despite negative perceptions of Chinese food, China is the second largest food exporter to Korea due to its competitive prices.

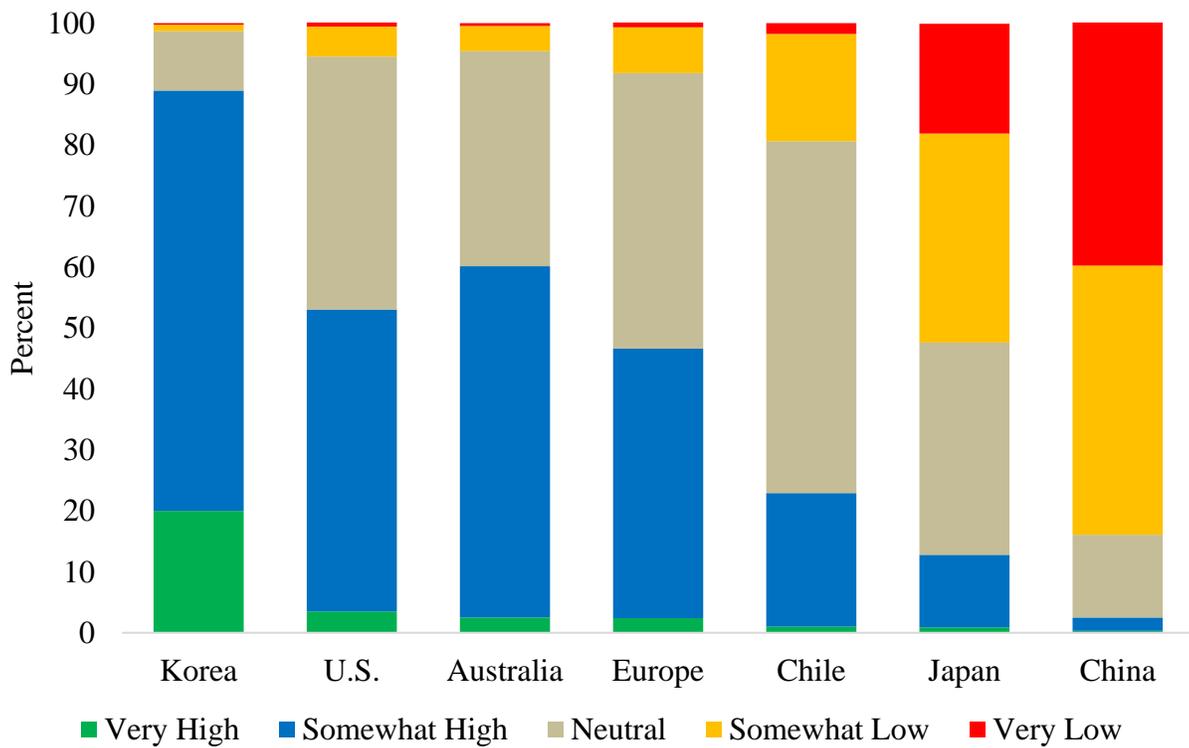


Seventy-six percent of consumers who purchases U.S. foods said they were aware of the country of origin at the time of purchase. The top reason consumers chose U.S. foods was good value. The top reason respondents listed for not choosing U.S. products was a lack of familiarity. When asked about the image of U.S. food, respondents used words like "trendy", "refined", and "professional". Positive perceptions of U.S. food were based around the United States' strong food safety system. Negative perceptions tended to revolve around the 2003 BSE cases in the United States.

Perceptions of Reliability of Food Safety Management Systems



Perceptions of Food Quality



Attachments:

No Attachments.