

# Korean Consumer Insights

## WEBINAR

26 OCTOBER 2022  
8PM BEIJING | 8AM NEW YORK | 2PM PARIS

### Agenda:

- 0:00 Korea consumer insights
- 0:15 Digital and retail trends
- 0:30 Korea's K-beauty market
- 0:45 Korea's F&B market
- 1:00 Korea's travel habits
- 1:10 Korean market strategy case studies
- 1:20 Q&A

### For more insights:



WeChat



[dx@daxueconsulting.com](mailto:dx@daxueconsulting.com)



Newsletter



LinkedIn:  
[daxue-consulting](https://www.linkedin.com/company/daxue-consulting)



Instagram:  
[daxue\\_consulting\\_china](https://www.instagram.com/daxue_consulting_china)



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



About us

# Our mission is to guide businesses to holistic growth in Asia

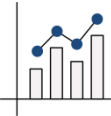
Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in China and beyond

# Our services

## Management Consulting



Market Entry Strategy



Scaling-up Plan



Market Sizing

## Market Research



Consumer Surveys



Focus Groups



Sensory Research

## Marketing Consulting



Persona Definition

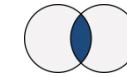


Social Listening



Brand Positioning

## Branding



Co-Branding Strategy



Brand Naming



Packaging

# Who are we



Sung **Min** Chun  
*Research Director*

Min has 12 years of professional experience in Korea, Hong Kong, and Shanghai, with 8 years in the market research field, and has led & managed research projects covering multiple sectors, such as Luxury, Cosmetics, Fashion, FMCG, Food & Beverage, IT, Healthcare, and Automotive. Min studied in the U.S. at the University of Illinois at Urbana-Champaign and at the International College of Hotel Management (ICHM) in Australia and is fluent in English, Korean, and Chinese.

He's an expert in market research and strategies in both B2B and B2C, especially in the Chinese and Korean markets. He has supported the market entry of global players in China and Korea and his expertise has been quoted in China Daily, Nikkei Asia, and more.

min@daxueconsulting.com

LinkedIn: <https://www.linkedin.com/in/minchun/>



Allison Malmsten  
*Marketing Director*

Allison has 5 years of professional experience in China and Hong Kong. As the marketing director, she has overseen and lead public research of daxue consulting since 2018, including research in the fields of F&B, beauty, sustainability, tech, and fitness for both China and South Korea. She graduated from the University of Minnesota and has completed a capstone program at Nanjing University to speak Mandarin at a professional level. With a focus on consumer research, Allison has been quoted in CNBC, SCMP, Fortune, Financial Times, Insider and more.

allison@daxueconsulting.com

LinkedIn: <https://www.linkedin.com/in/allisonmalmsten/>

# Agenda

South Korea Consumer Demographics & Societal trends

Digital trends & Retail trends

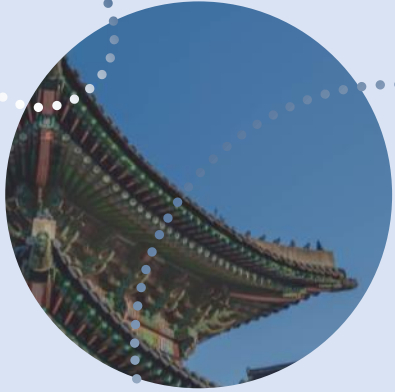
K-beauty trends

F&B trends

Travel Trends

Korea Market Research Case Studies

Q&A



# Demographics

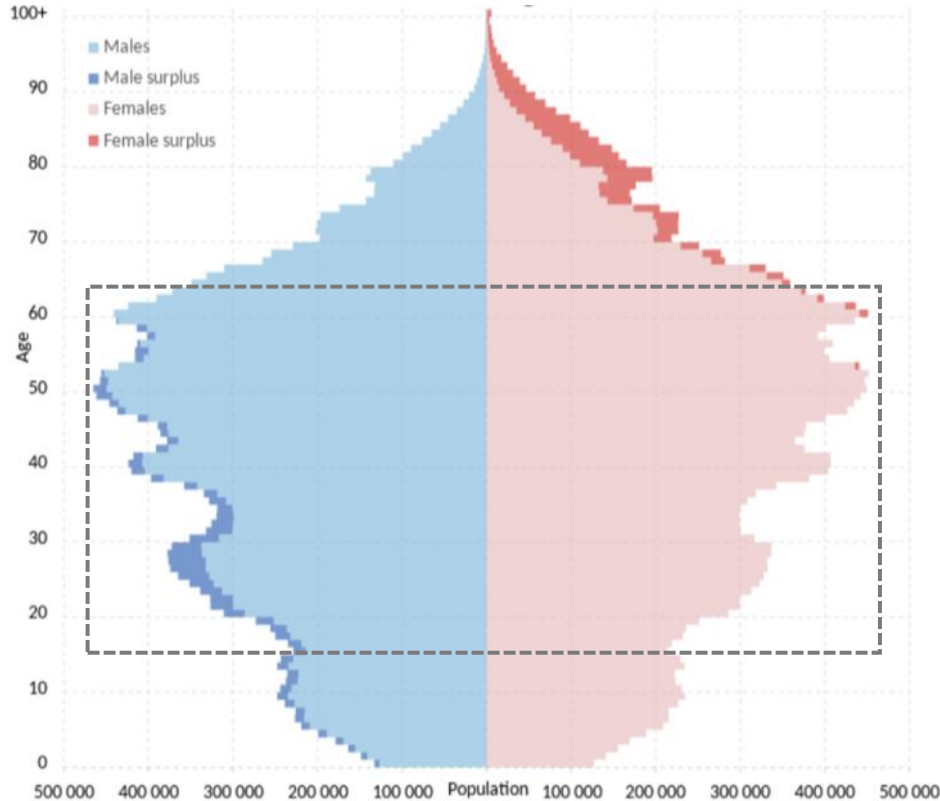
Meet your Korean  
consumers

# South Korea has the lowest fertility rate in the world

South Korea has the lowest fertility rate in the world, with a rate of 0.8 children per woman in 2020. It is far below the replacement level of 2.1 and the sharp drop from the 1970's level which was 4.5.

The **15-64 years** old represent majority of the population (about 72%)

Population pyramid of South Korea



Source: Statistics Korea (2020)

## Drivers of South Korea's low fertility rate:

- Extremely competitive and expensive **education system**.
- Difficulty **finding a job** for graduate students.
- Overheated **housing market**.
- **Education of women, later marriage** and the **difficulty to go back to work after giving birth** for women.

The government tries to take measures against the fertility drop by giving a monthly allowance of \$250 until the child reaches one year old and by facilitating parental leave.

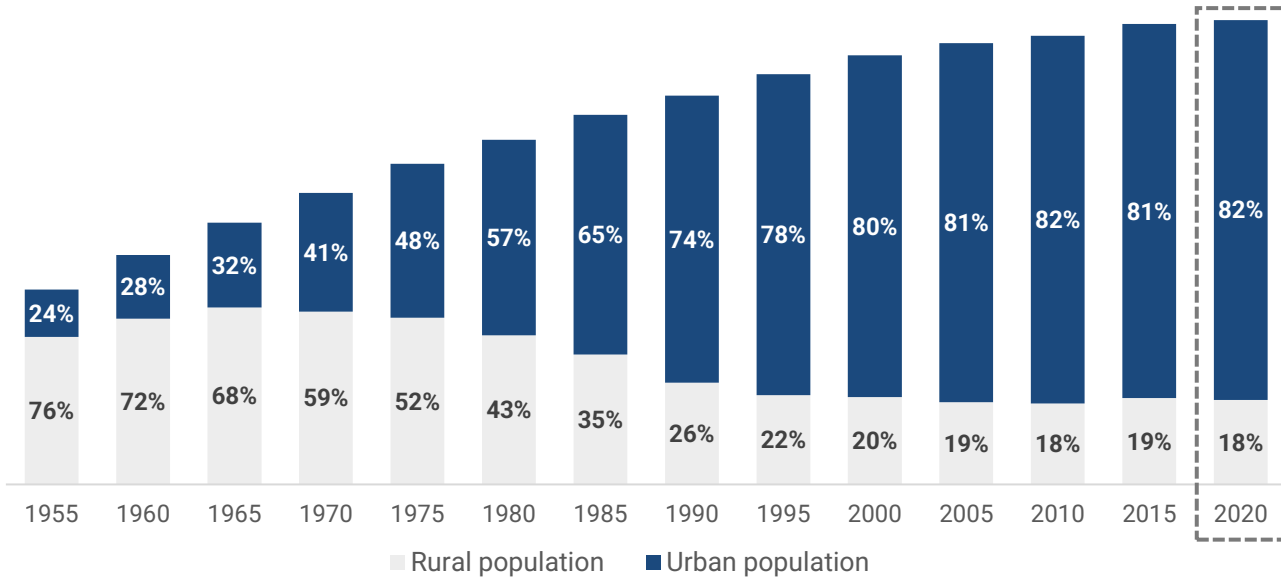
Source: The Asahi Shimbun (2022)



# The population is densely clustered in the big cities in the northwest and southeast

South Korea has a very dense population, with 531 inhabitants/km<sup>2</sup>. The population is largely concentrated in the big cities in the northwest and southeast of the country.

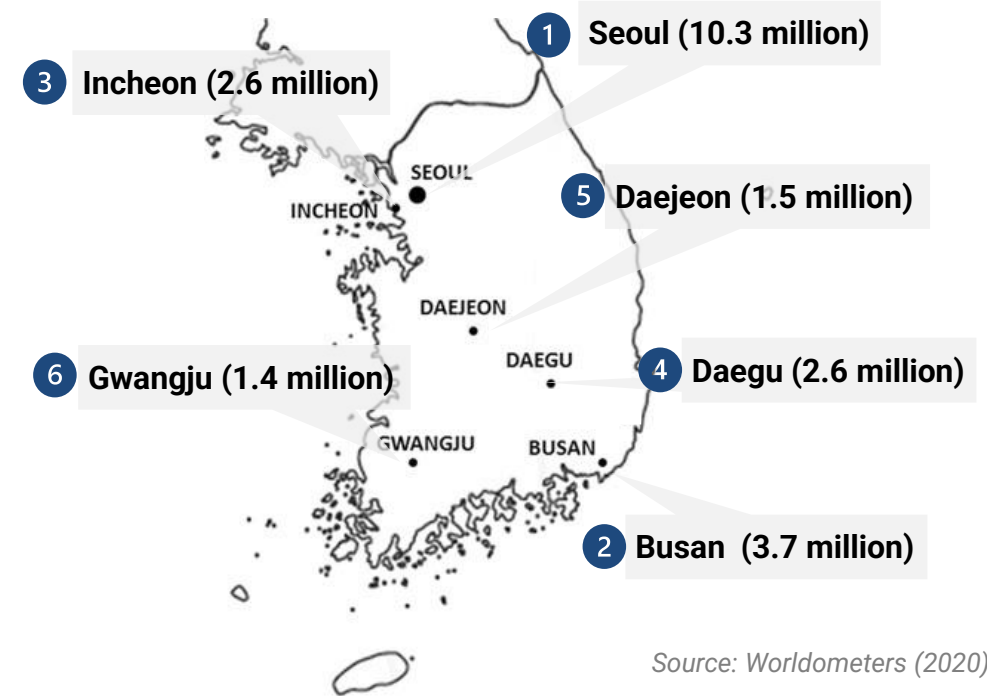
South Korea's rural to urban population



Source: Worldometers (2020)

The urbanization rate has been continuously increasing over the years. In 2020, 82% of the Korean population (41.9 million people) were urban, while only 18% (9.3 million people) of them were rural.

Largest cities in South Korea



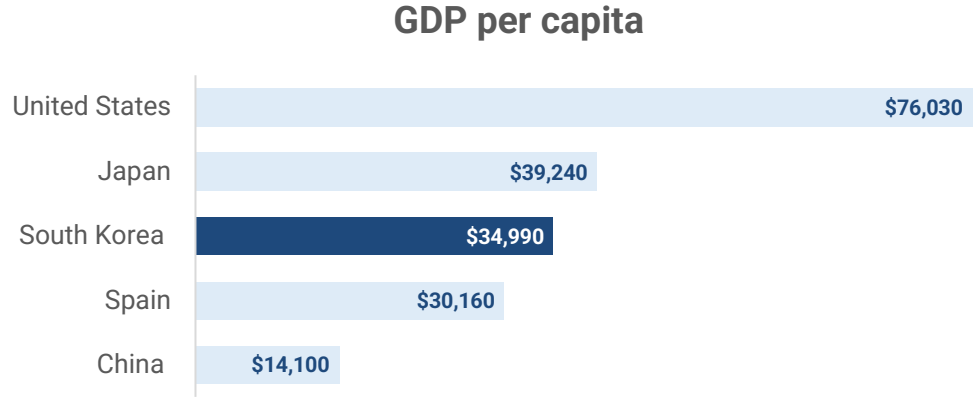
Source: Worldometers (2020)

The largest cities are condensed in low land areas in the northwestern and southeastern areas (except for the city of Gwangju) since 70% of the country is mountainous. Geonggi, which includes Seoul and Incheon, is the most populated province.

# Income inequality varies by gender and company size

The salary of South Koreans is in the average range of developed countries. The wage inequality are not too high but there is a clear difference in salary by genders and by company type.

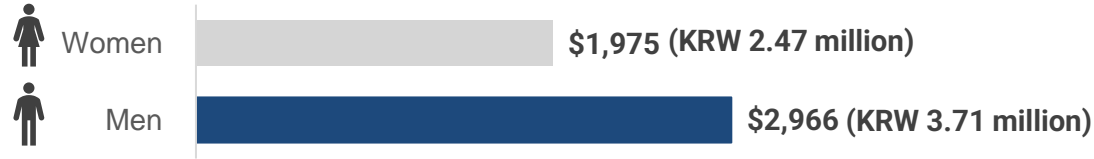
**South Korean's average salary in 2020:**  
US \$2,530/month  
(KRW 3.2 million/month)



In South Korea, the average salary is **\$2,530/month** and the medium salary **\$1,913/month**. Income inequality in South Korea is a bit **higher** than in most **advanced countries**, but still **lower** than that in **China and the US**.

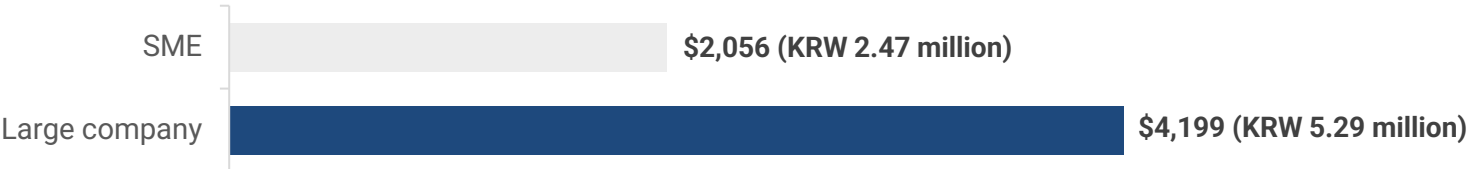
Source: Worldbank, International Monetary Fund

## Gender pay gap per month



South Korea has the **largest gender pay gap** among the Organization for Economic Co-operation and Development (OECD) countries. In 2020, average salaried men's earnings were **1.5 times** higher than that of salaried women.

## Pay gap by size of the company per month



Income inequality also depends on the **size of the company**. People that work in large companies earn on average about **twice** the salary of those in small and medium-sized enterprises (SMEs).

Source: Statistics Korea

# South Korea's economy is driven by tech and industry

South Korea still relies heavily on its industrial sector, especially automobile, telecommunications and heavy industries, even though it is moving towards a service economy like most developed countries.

Distribution of GDP by sector (2020)



Source: Worldbank

# Korean marketing lingo brands should know: The MZ Generation (MZ세대)

MZ Generation (MZ세대) collectively refers to Millennials and Generation Z in South Korea, unlike other countries where they are referred to separately. Many brands widely use it in South Korea to better understand their consumers.



Millennials are individuals born between 1981 to 1996 and Generation Z are those born between 1997 to 2012. Together they are referred to as the MZ Generation (MZ세대) in South Korea.

Source: Korean Legal Institute (LII)

## Characteristics of the MZ Generation



Digitally fluent



Expect brands to mirror their values and cater to their preferences



Concerned about social justice and climate change



Expect transparency and authenticity from brands



More educated than previous generations



Willing to spend money for themselves



Aspire to become the best version of themselves



Desire for premium, luxury products



# Korea's Societal Trends

# Korea has enormous soft power, carried to the world in the *Hallyu*

Hallyu (한류) translates to “Korean Wave” and refers to the rise in the international prestige of Korean exports during the 21st century.

## Elements of the Hallyu

### K-Dramas



The World of the Married is the top ranking Kdrama of all time.

*Photo: IMBD*

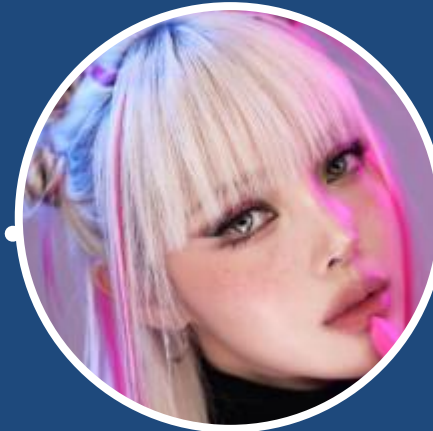
### K-Pop



BTS, the #1 Kpop group in 2022 with a net worth of \$100 million US

*Photo: BTS official instagram*

### K-Beauty



PONY Syndrome, the #1 Kbeauty influencer in 2022 with nearly 6m Youtube followers

*Photo: Pony's official instagram*

# The traditional Korean family and roles are increasingly difficult to define

Once strictly Confucian, low birth rates, high costs of living, and new cultural morals have complicated Korean family structures.



## Family structure

Korea's low birth rate has eroded the traditional multi-generational households. This, alongside having the world's third highest life expectancy, has led to anxieties about Korea's population, workforce, economy, and social inequity.



## Gender roles

- Although the percentage of women continuing to work after marriage or returning to the workplace after giving birth is growing, household chores are still frequently pushed onto women.
- In 2015, Statistics Korea found that only 16.4% of men shared housework equally, up from 8.7% in 2008.



In 2020, single and two-person households constituted **nearly 60% of the national population**. The experience of living alone has given rise to businesses like MAMACOOK, a supermarket chain that sells home-style banchan, particularly to Koreans in their 20s and 30s

# Healthy pleasure (헬시 플레저) is in fashion among the MZ Generation

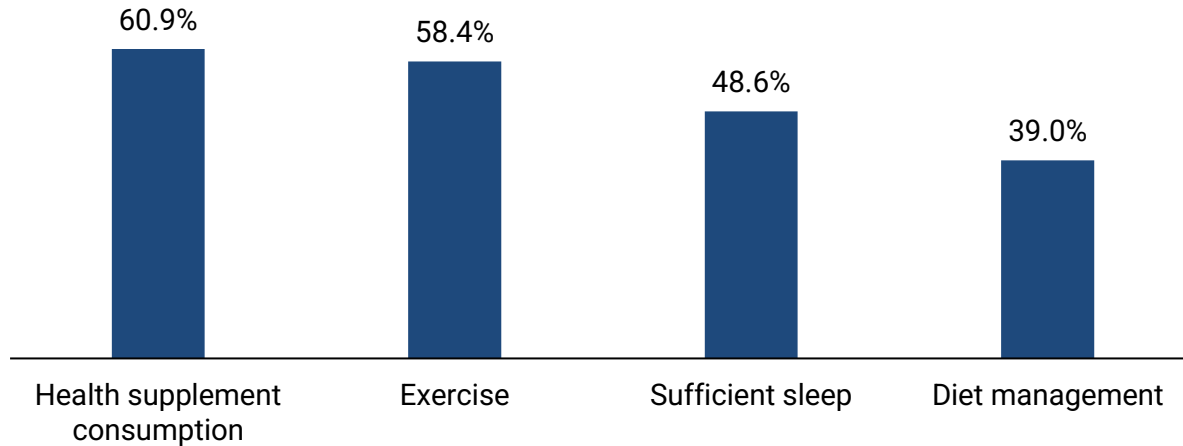
Since the pandemic, the view of healthy has changed from “painful” dieting to building a healthy mind, body, and lifestyle through fun and comfortable means.

## Health = Pain >> Health = Pleasure

Before the pandemic, individuals achieved health through strict physical and eating plans.

After the pandemic, people sought health through fun physical activities, good food, and healthy mindset.

### Post-pandemic physical and mental health activities performed by 20-50 year olds



Source: JOBABA (2019), Instagram



Shim Euddeum (심으뜸), with 1.26 million YouTube subscribers, is a top influencer known for her fun and effective fitness-related content, from at-home workouts to healthy lifestyle Vlogs.



Actress and amateur boxer Lee Si-Young (이시영) regularly posts photos of her healthy lifestyle, such as photos of her hiking.



# The traditional definition of being a “woman” remains but is slowly fading

Being a women in South Korea is traditionally associated with the conservative characteristics cleanliness, innocence, passiveness. Though still a minority, there are women who are showing the contrary, such as independence and resoluteness.



Singer and actress IU (아이유, left) is popular among men and women for her singing/acting skills and exceptional beauty. Singer Irene (아이린, right) is also praise for her beauty. They are both characterized with the fair skin, pureness, naturalness, positivity, fairies, flowers, among the “traditional” characteristics of women.

Actress Kim Hye-Soo (김혜수, left) is widely known for her independent, strong, and sophisticated roles in movies/dramas like *Juvenile Justice*. Similarly, actress Song Ji-Hyo (송지효, right) is known for her easygoing and candid personality and plain appearance in dramas and TV program *Running Man*.

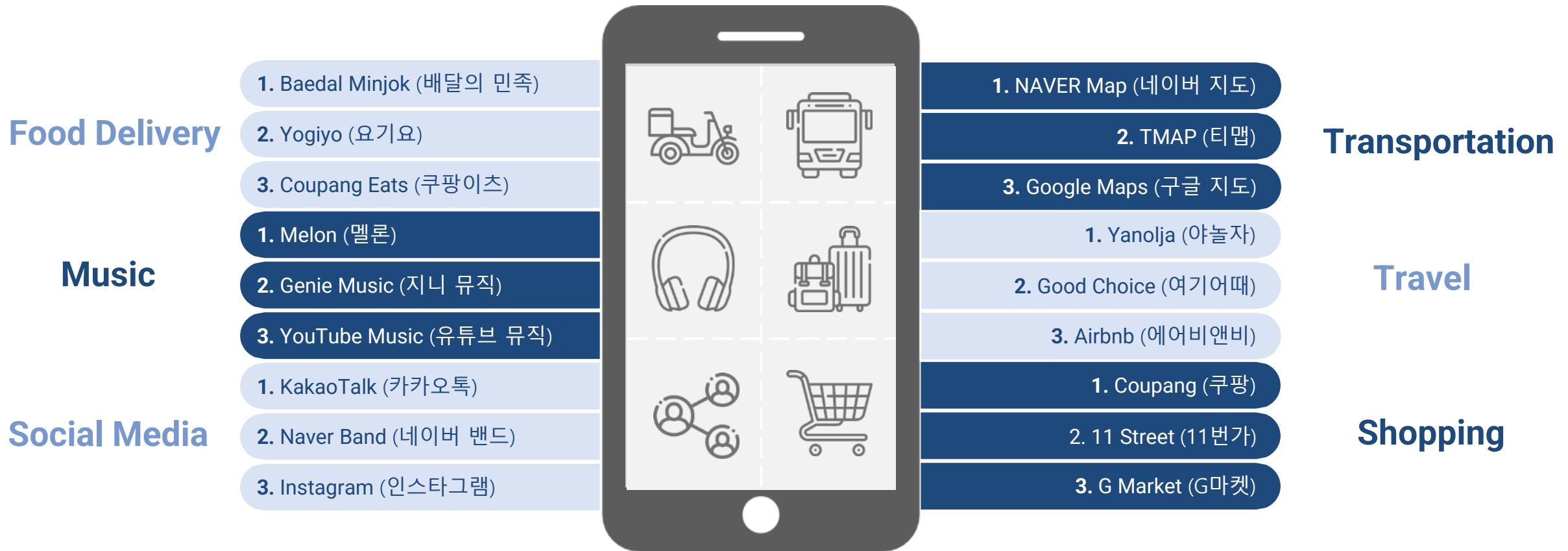
Source: Instagram

# Digital trends



# The Korean digital ecosystem of smartphone apps

The Korean digital ecosystem is a mix of domestic and global apps, with domestic apps dominating each segment.



# The top smartphone applications in each category

## Food Delivery



Baedal Minjok  
(배달의 민족)

- 20.7 million users (2022.3)
- Unicorn Startup
- Platform service fulfilling both consumers' & providers' needs
- B mart grocery delivery

## Shopping



Coupang  
(쿠팡)

- 26.6 million users (2022.3)
- High reliability to consumers via search engine to compare products, meeting delivery time
- One-day delivery
- Fresh food delivery
- Cross-border shopping

## Social Media



KakaoTalk  
(카카오톡)

- 47 million users (2021.12)
- National messenger application +
- Easy gifting
- Emoticon market
- Kakao pay
- Kakao plus channel - promotion

## Transportation



NAVER Map  
(네이버 지도)

- 19.3 million users (2021.6)
- Navigation service
- Public Transportation
- Online food ordering
- Reviews to compare restaurants
- Vaccine Service for COVID-19

# South Korean TV shows have been reproduced for the Chinese market

Korean reality shows on singing, games, cooking, education, and more have been reproduced for the Chinese market. This shows influential soft power of Korea's entertainment industry, making it a place to kindle global trends.

Name of show (Korean version)	Name of show (Chinese version)	Copyright Purchased (Yes/No)
Dad! Where Are We Going? (아빠! 어디가?)	Where Are We Going, Dad? (爸爸去哪儿)	Yes
King of Mask Singer (복면가왕)	Mask Singer (蒙面唱将)	Yes
Running Man (런닝맨)	Keep Running (奔跑吧兄弟)	Yes
Produce 101 (프로듀스 101)	Produce 101 (创造 101)	Yes
Show Me the Money (쇼미더머니)	Rap of China (中国有嘻哈)	No
Yoon's Kitchen (윤식당)	Chinese Restaurant (中餐厅)	No



Popular show Running Man (런닝맨) from South Korea (left) was reproduced as Keep Running in China (right), which received nationwide attention in China



Show Me the Money (쇼미더머니, left) was reproduced as Rap of China (right) without copyright purchase, which received criticism from netizens.

Source: Baidu

# Embedded marketing in K-drama faces negative comments by the audience

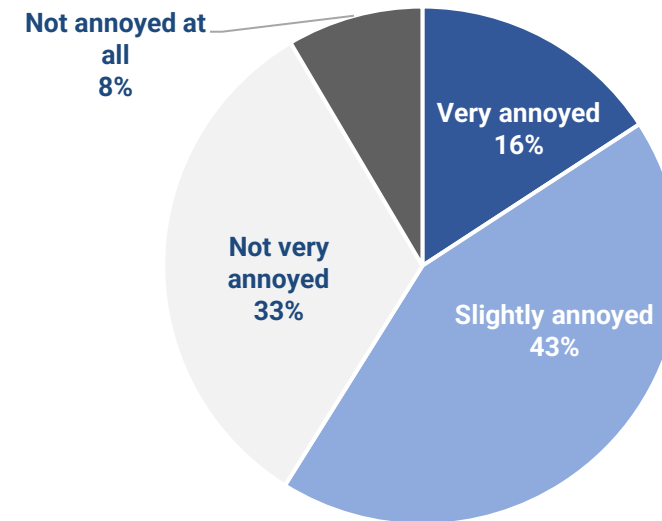
Embedded marketing, also known as product placement or PPL in Korea, is a form of commercial advertisement which references to specific brands or products are incorporated into media content. While Embedded marketing is proven to be effective, it is facing many negative comments due to its overuse.



*Embedded marketing of Toretta! in Goblin*

Traditional embedded marketing is limited to showing the product logo in the content.

Degree of annoyance from embedded marketing among Korean TV watchers



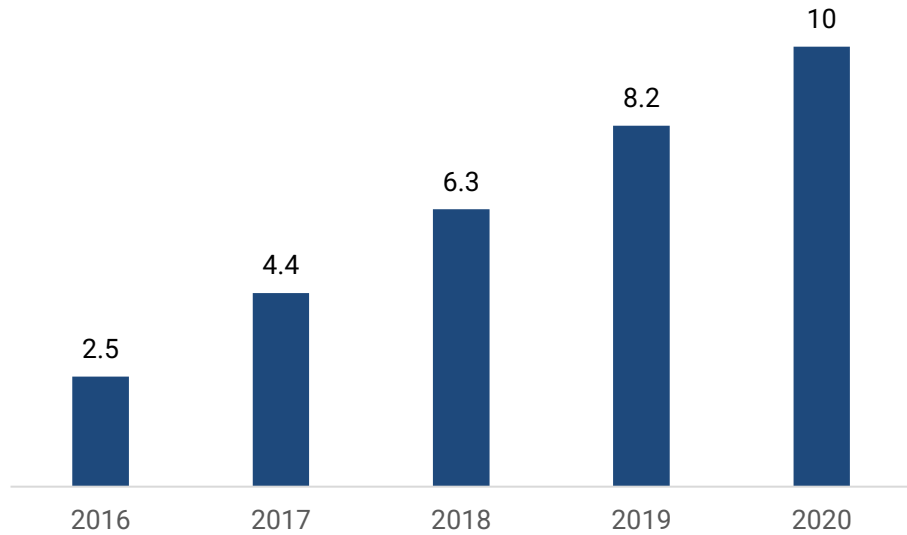
Source: Korea Press Foundation (2016)

Embedded marketing in K-dramas is proven to increase brand awareness and sales. However, despite the high advertising impact, the Korean audience is expressing negative views towards embedded marketing as is often feels out of context, spoiling the mood of the drama.

# Influencer marketing plays a big role in South Korea's risk-adverse society

Especially in South Korea with so many risk-adverse consumers and social media-loving younger generations, influencers have the power to directly impact the purchasing decision of the public.

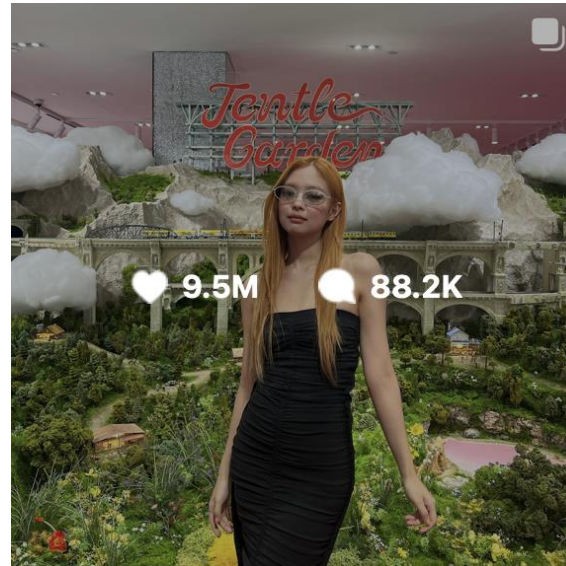
**Influencer market size in South Korea**  
(in billion USD)



Source: Mediakix (2021)

## Risk-adverse consumers

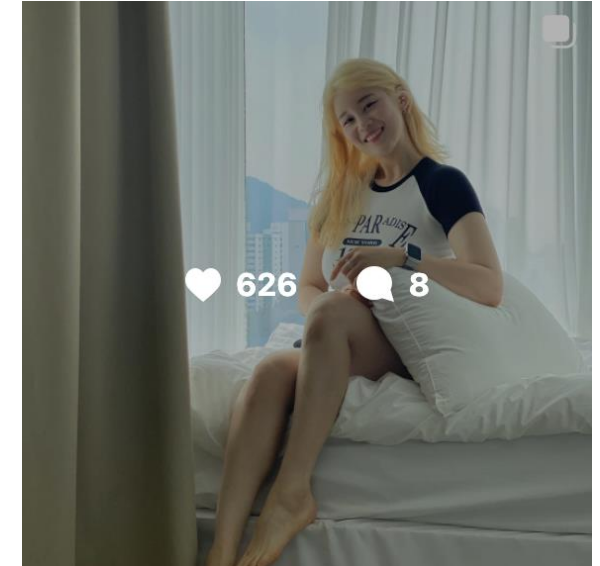
Influencer marketing provides a form of reassurance to risk-adverse consumers during their purchasing process. With 83% of active social network users, influencers are essential to marketing.



Instagram mega influencer @jennierubyjane with 68.7 million followers

## Micro influencers

Not only mega influencers with millions of followers, but also micro influencers who have tighter followings and viewership across various niches have undeniable influence on social media.



Instagram micro influencer @walking\_yang with 68.8 thousand followers

# Retail trends

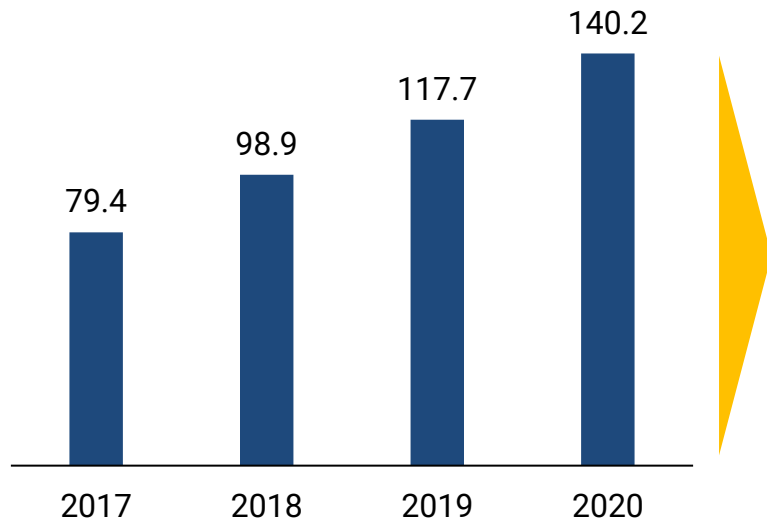




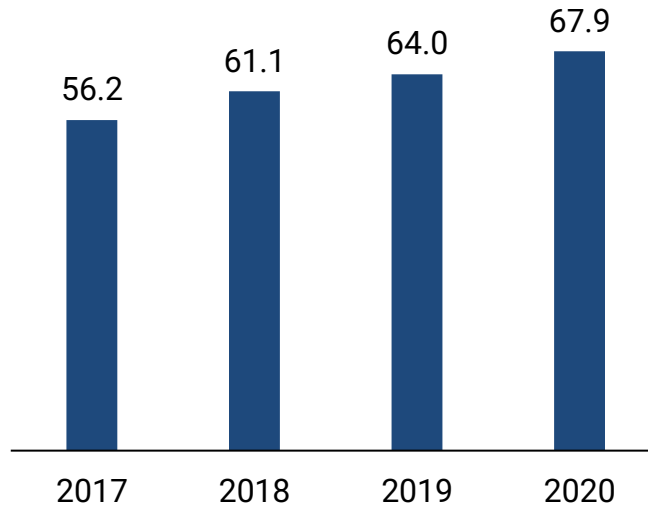
# KakaoTalk is a crucial platform for mobile commerce

The e-commerce market, especially mobile-commerce, is experiencing unhindered growth. M-commerce platforms like KakaoTalk (카카오톡) can strengthen interaction with consumers and raise sales.

### Online retail sales in South Korea (in billion USD)



### Mobile online share in total online retail sales



Source: Nowak & Partner

카카오톡  
선물하기  
KakaoTalk Gift



*KakaoTalk Gift allows users to send and receive online gifts on special occasions like birthdays.*

카카오톡  
쇼핑하기  
KakaoTalk Shopping



*Kakao Talk Shopping provides time-limited special deals for friends.*

KakaoTalk, the leading messaging service provider in South Korea provides m-commerce functions, which brands can grow to increase interaction with consumers and sales.

Source: Kakao Official Website

# Leading e-commerce platforms include Naver (네이버) and Coupang (쿠팡)

The e-commerce industry is growing with the support of major players including Coupang (쿠팡), Naver (네이버), and SSG (SSG닷컴) who are providing improved e-commerce services.

Leading e-commerce players by sales

	2021 Q1	2022 Q2
1		
2		
3	<small>신세계적 쇼핑포털</small> 	<small>신세계적 쇼핑포털</small> 
4		
5		

Services offered by top e-commerce players

 The Google of South Korea	 The Amazon of South Korea
 Well-developed search engine	 Rocket delivery service, its next-day delivery service
 Naver Pay, the mobile payment service under Naver	 Rocket fresh service, same-day delivery service of fresh food
 Naver Shopping Live, live e-commerce platform	 Discounts and promotions

Source: IterAd, Aju Business Daily

# Fashion brands release co-branded products, known as “collabo-marketing” (콜라보마케팅)

Fashion brands are increasingly cooperating with other brands in the same industries. They bring together the styles of both brands to create a product that multiplies the attention from consumers.

Gucci X Adidas



Gucci and Adidas collaborated to create a product mix, including t-shirts, bags, and skirts. Working with idols like (G)I-DLE ((여자)아이들, left) and athletes like Park Tae Hwan (박태환, right) to promote them.

Nike X Louis Vuitton



Nike and Louis Vuitton sold nine limited-edition types of sneakers that received enormous attention, especially from resellers.

MCM X Crocs



MCM and Crocs collaborated to create a limited-edition product that balances the styles of both brands. It is Crocs' iconic clog decorated with details representing MCM.

Source: Gucci, Naver

# Brands are launching non-conventional products to reach “Funsumers”

Brands across industries are releasing fun, out-of-the-ordinary products to attract funsumers (핀슈머) who mainly consist of Generation MZ. However, some brands have crossed the line and did not receive positive responses.



Gompoyo (곰표), a flour brand, released products in other lines such as those in the clothes and stationary categories. They ignited fun by launching these products which are paradoxically unrelated to the brand yet have familiar elements i.e., white, “clean image”, edible, flour-containing)



Haitai (해태), a large confectionary and food company, launched an ice-cream version of the sweet red bean jelly, which is a treat usually consumed by the older generation.



Monami (모나미), South Korea’s leading stationary brand, unveiled beverages inspired by their iconic permanent markers. However, it received a negative response due to the potential danger for children to mistake a marker for a drink.

Source: Naver

# Limited edition products unleash consumer's "Gotcha Power" (득템력)

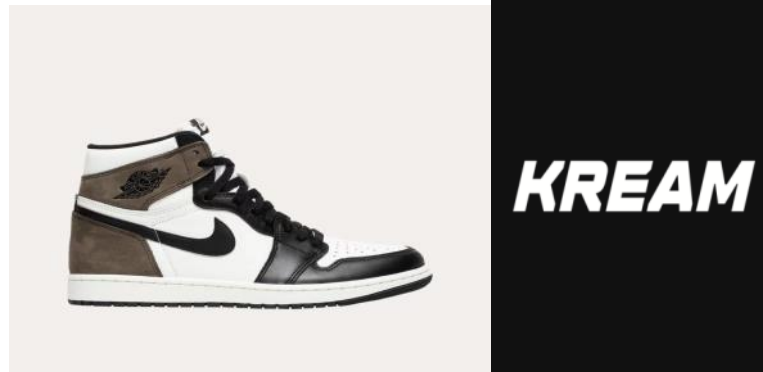
Popular brands are launching limited edition products to take part in the "Gotcha Power" (득템력) trend. Consumers feel a sense of satisfaction by investing time and effort into the pre-purchase, purchase, and post-purchase stages of scarce products

## "Gotcha Power" (득템력)

Refers to the consumers' ability to obtain products that are hard to acquire due to constraints like limited quantity, time, and raffle draws, and not necessarily due to financial constraints.



Large brewing and distiller company HiteJinro (하이트진로) and online fashion platform Musinsa (무신사) together launched a limited-edition bag pack, which all 400 were sold out in 4 days.



Nike's Jordan 1 Retro High Black Mocha was released in 2020 as a limited-edition product. Many young people invest significant time and effort into acquiring it. They even collect and resell them at higher prices in platforms like KREAM (크림).



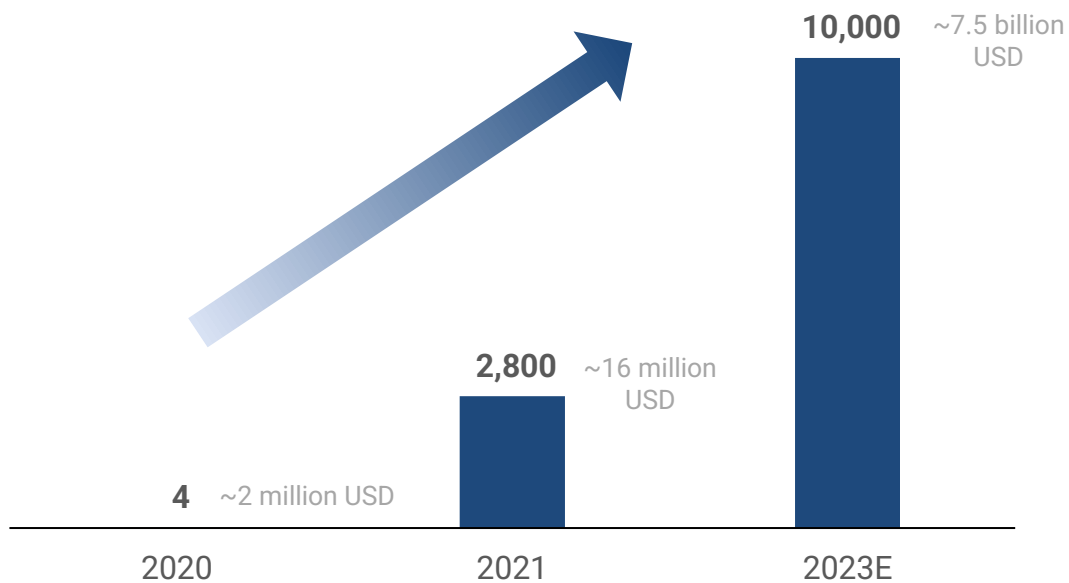
Starbucks and Dolce Gusto collaborated to launch a limited-edition bundle pack Genio S Star (지니오S스타) for consumers to set up their own Starbucks café at home.

Source: New Daily, KREAM, Naver

# Live commerce (라이브 커머스) is an opportunity for brands

Live commerce is expected to continue growing. Many consumers are buying products online as they get real-time interaction with the hosts and get special promotions.

Market size of live commerce in South Korea  
(in billions KRW)



Source: Maeil Economics, Naver Shopping Live



Naver Shopping Live (네이버 쇼핑 라이브) is the leading livestreaming shopping platform. Numerous large brands hold exclusive promotions, like discounts and gifts on first-come-first-served basis.






# Korean fashion companies are acquiring foreign licenses

Korean fashion companies are acquiring the licenses of the logos of foreign brands and launching apparel collections. Many are obtaining them from brands that have no connection to the fashion industry.



Online fashion platform Musinsa (무신사) launched a limited-edition clothing collection “CESCO TEAM” in collaboration with CESCO, a comprehensive environmental hygiene company.

Source: Korea JoongAng Daily, MONEYTODAY, Musinsa

License Acquired Brand Name	Fashion Company Name	Brand Characteristic
	F&F	Nature exploration channel in the USA
	F&F	Major league in the USA
	The Nature Holdings (더 네이처 홀딩스)	Nature exploration channel and magazine in the USA
	Hilight Brands (하이라이트 브랜드)	Manufacturer of films and cameras in the USA
	Hilight Brands (하이라이트 브랜드)	News channel in the USA
	The Nature Holdings (더 네이처 홀딩스)	American Football Association

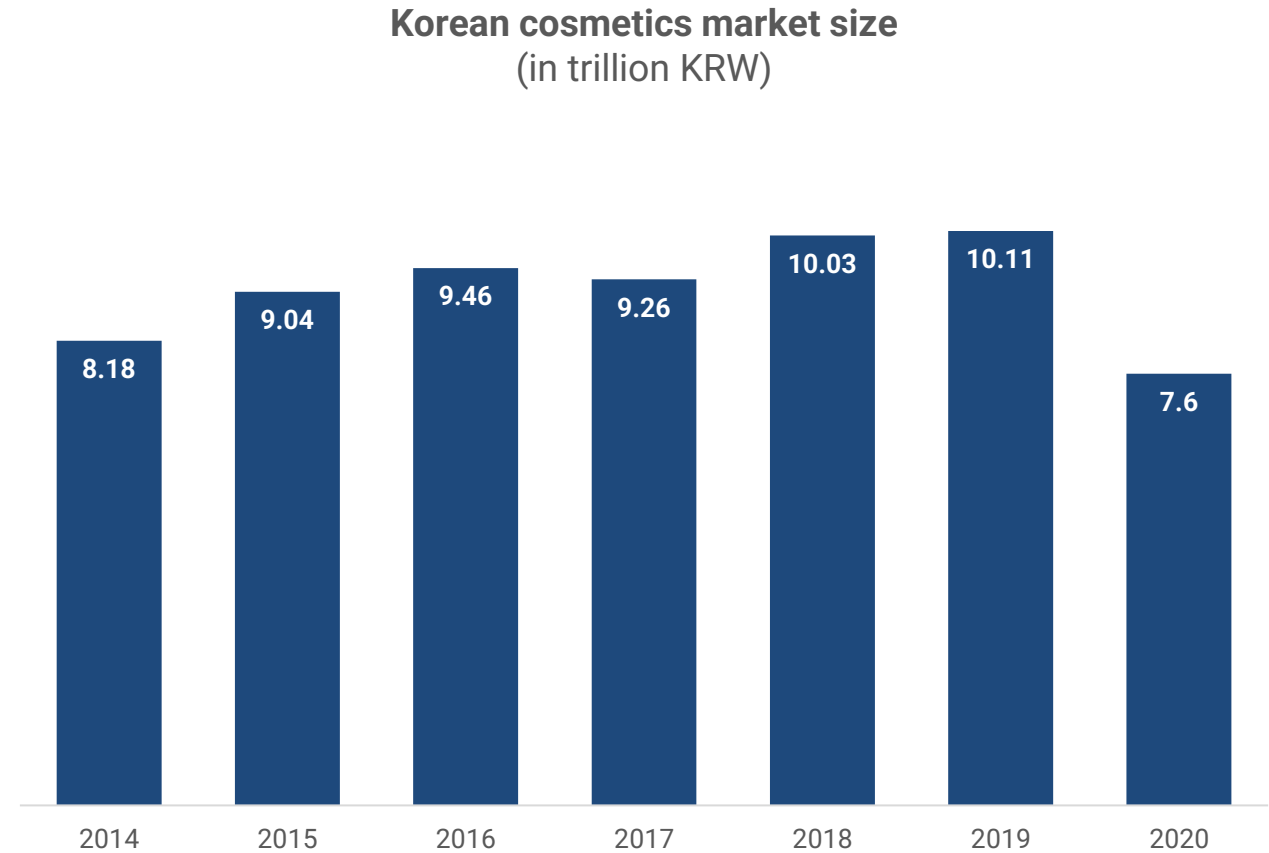
# K-beauty trends



# Korea has a very strong and mature domestic beauty market

Impacted by COVID-19, Korea's cosmetics market declined from 10 trillion KRW in 2019 to 7.6 trillion KRW in 2020 (~6 billion USD). Fortunately, we can expect a rebound in the coming years as the economy recovers from COVID-19.

- Early figures for 2021 sales released by the Ministry of Food and Drug Safety indicate forecasts for the year in the **10 trillion KRW** range.
- The pandemic has had a large impact on demand and accessibility, with offline shopping being obstructed.
- Domestic brands have been quickly adapting, with Olive Young, Missha, and Tony Moly all offering same-day/next-day delivery services similar to popular grocery and food platforms like Curly, Yogiyo, or Coupang.



Source: 2021 Food and Drug Statistical Yearbook of MFDS Korea

# Korea's beauty standards are natural, pale and thin

The robust domestic Korean cosmetics market serves as a unique launchpad for the manifestations of East Asian beauty standards.



## Korean beauty standards

- Emphasis on a **natural look** and **pale skin** as well as attributes considered more 'Western' (such as double eyelids, for which many Korean women receive surgery)
- Koreans frequently say that one's "**face is small**" when describing beauty— in some regards this is a misnomer as it also extends to having 'desirable' body and face proportions (such as long legs, a flat stomach, and a V-line chin)



## Reflected in makeup trends

- Though Koreans wear a lot of makeup, the main idea is to **conceal** its usage— apparent heavy cosmetics is considered outdated. The goal is to look like a bare faced as possible
- As a result of this, products touting benefits to **skin health** are especially popular as they are perceived to create long-term improvements.

# Korea's famous 10-step skincare routine

The 10-step was popularized by K-beauty influencer and aesthetician Charlotte Cho, founder of Soko Glam, who introduced a scientific component to beauty routines such as hyaluronic acid for moisturizing. The routine encourages experimenting with brand combos (such as Hera eye cream + Innisfree moisturizer).

- An exhaustive but personalized routine that allows flexibility between choosing different brands and emphasizes a natural, healthy approach to skincare
- Though length is in some ways part of its appeal, the 10-step was not initially pushed as a must— with 10 steps being options of a more personalized routine
- But the 10-step routine— once an industry staple— is somewhat out-dated, being replaced by minimalism
- It is difficult for brands to tout accessibility when a routine relies on so many products

## The 10-step routine



# K-beauty brands have reached all corners of the world

Hallyu has provided an easy way for domestic brands to appeal to broader audiences. Celebrities with millions of fans around the world show their personal beauty routines introducing the beauty products they use on a daily basis.

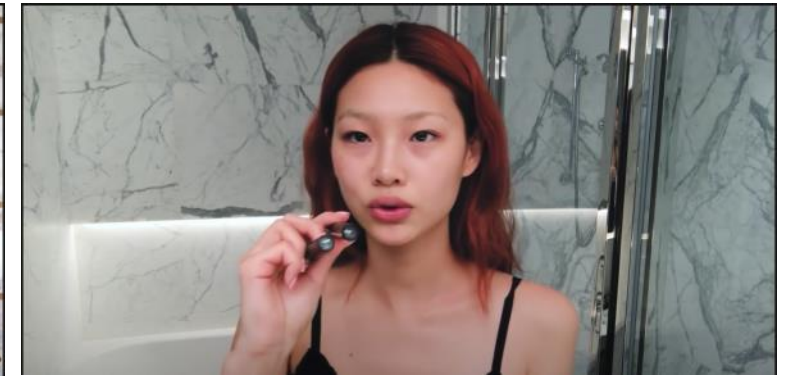
**BTS:**  
**5.7 million views**



**Tiffany Young:**  
**9.2 million views**



**Hoyeon Jung:**  
**17.6 million views**



Source: YouTube

- Korean celebrities, primarily from K-pop and K-dramas, play a large role in promoting cosmetics brands. The above shows members of BTS, Girls' Generation's Tiffany Young, and Hoyeon Jung (Squid Game) engaged in their **personal beauty routines**. Each video received a flurry of comments with inquiries as to where to buy the products.
- While many **domestic consumers** prefer beauty content creators, celebrity endorsements offer instant broad recognition.
- A survey by the Korean Foundation for International Cultural Exchange found that celebrities' use or advertisement was a main positive aspect (selling point) for approximately **18% of Korean consumers' perceptions of a product**.

# When it comes to clean beauty, Korean consumers go vegan

Korean consumers prefer gentle, minimalistic formulas for skin products. Natural and plant-based ingredients are selling points.

## South Korea's clean skincare trends of 2022

Finding natural ingredients to replace manufactured ones, such as using Bakuchiol instead of Retinol for a Vitamin A solution.

Photo: 23 Years Old's Bakuchiol products



Using more fermented ingredients such as Kombucha and fermented soybean for their probiotic benefits

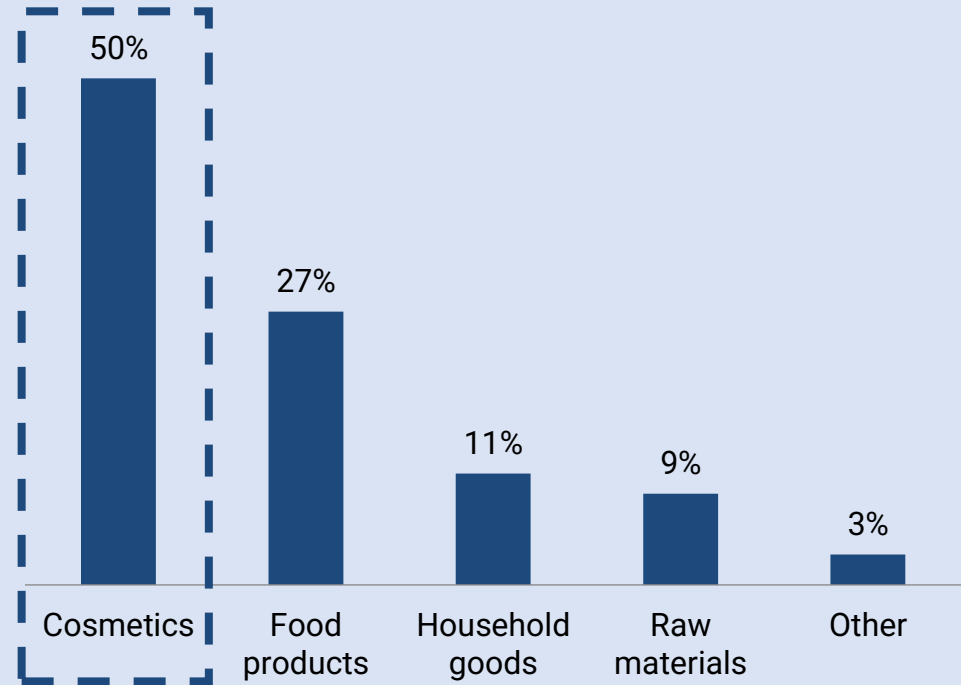
Photo: Innisfree fermented soybean firming essence

Minimalist products which are less triggering to sensitive skin (60% of Korean women report having sensitive skin).

Photo: IUNK, Korean brand focused on minimalism and natural ingredients



## Distribution of vegan certified products in South Korea (2021)



Source: Korea Agency of Vegan Certification Services

# Domestic beauty brands maintain a steady hand over buyers

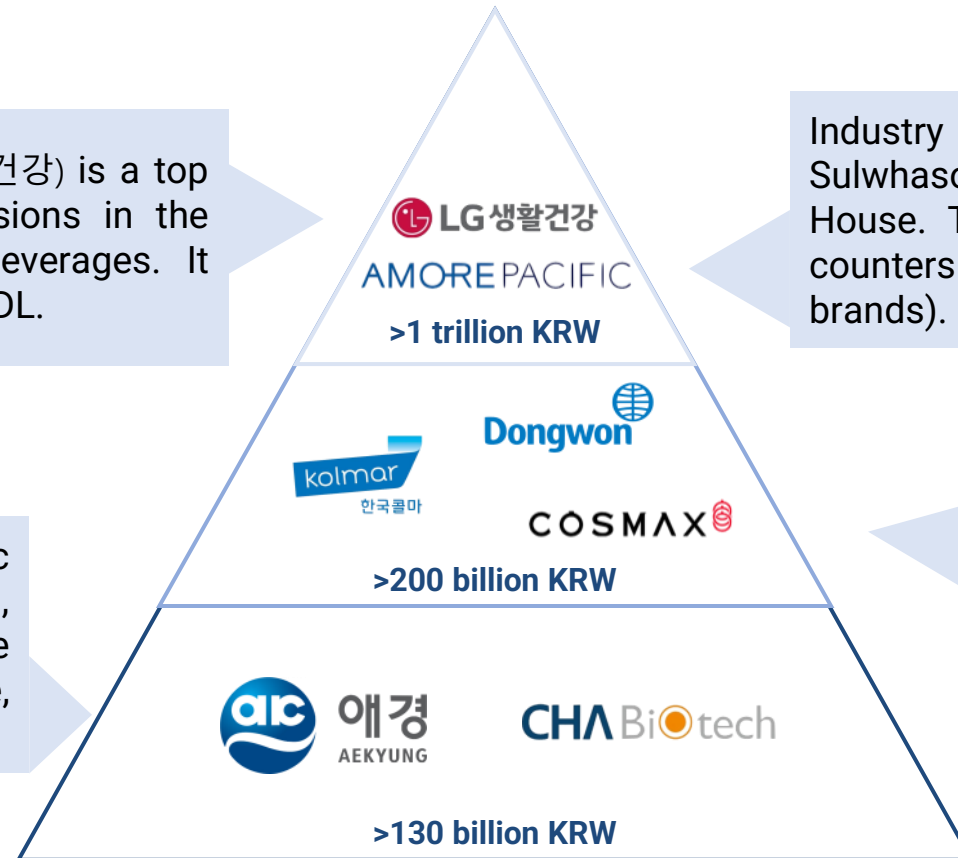
As with most industries in Korea, cosmetics are led by large conglomerates known as *chaebols* (재벌). Though foreign brands enjoy prestige and recognizability, domestic brands have broader appeal to Korean women.

**LG Household & Health Care** (LG생활건강) is a top consumer goods company with divisions in the cosmetics, household goods, and beverages. It owns History of Whoo, BEYOND, and VDL.

Industry leader **Amorepacific** (아모레퍼시픽) owns Sulwhasoo, Laneige, Mamonde, Innisfree, and Etude House. These five subsidiaries operate about 4,000 counters (including shared locations with Western brands).

**Aekyung** (애경) Group owns cosmetic brands like AGE 20's, LUNA, a solution, FFLOW, and POINT and personal care brands like Kerasys, 2080 Toothpaste, and LABCCIN.

**COSMAX** (코스맥스) is a leading research, development, and production group for cosmetic and health functional food products. They have partnerships with 600 beauty companies, including Clio, AHC, Olive Young, and Dr.Jart+.



Tiers based on 2020 Q1 revenue

Source: Official Websites of LG Household & Health Care, Amorepacific, COSMAX, and Aekyung

# European brands are seen as reliable and prestigious among Koreans

Western brands (particularly French and Italian) are widely regarded as being the most reliable, with country-based associations playing a heavy role in building credibility and appeal— as well as perceptions as a “status symbol”, making them appeal to Korea’s upper class.

- Popular Western brands in Korea include L’Oreal, Dior, Yves Saint Laurent, Jo Malone, Giorgio Armani, and Clarins
- Shopping for such brands often takes place in department store, hotel, or duty-free stores
- The pandemic has seen a rise for luxury Western perfumes during a comparative decline of conventional cosmetic sales



Jo Malone boutique in Hanam-dong, Seoul



Bioderma Sébium solution (left) and Abeille Royale Face Treatment Oil (right)

The popularity of “skinalism” has added a new dimension to Western beauty product demand in Korea. Products like the *Bioderma Sébium solution* (left) sold over one million bottles and *Abeille Royale Face Treatment Oil* (right) sold out within two months of release in Korea.

# Domestic beauty brands are the most recognized among Korean women

Korean brands currently existing as subsidiaries of larger chaebols— most prominently Amorepacific— dominated the charts of most recognized brands. The primary exceptions were SKII (a Japanese company recently acquired by a larger American conglomerate) and Chanel (France).

Recognizability rankings in Korea (2020, respondents ages 20-59, N=487)

92.8% Sulwhasoo

91.0% H E R A

89.7% SK-II

89.1% IOPE 

88.5% MISSHA

88.3% THEFACESHOP 

87.5% CHANEL

86.4% Mamonde

86.2% ARITAUM

86.0% *innisfree*

Source: Korea Broadcasting Corporation survey

The poll also found a strong brand loyalty: **96%** of those who purchased cosmetics from a certain brand in the last six months indicated they would purchase from the same brand again in the near future.



# Foreign beauty brands can tap into the K-beauty market via the Hallyu

Through mediums like Korean dramas, TV shows, webtoons, and music, foreign beauty brands can easily form presence in the Korean market.

- Product placement in **Korean dramas and music/dance competition** shows by food and drink manufacturers can serve as a model for cosmetic companies, especially as there is added credibility with celebrities.
- Use of more domestic-oriented content such as **webtoons** and streaming services
- Presence on **website forums** like Naver or MissyUSA (for the Korean mothers of students abroad) to boost word-of-mouth
- With abundance of delivery services like Curly, accessibility and speed (one-day delivery) to match standards are **essential**



In 2021, the trending Kahi Wrinkle Bounce Multi Balm was used by the main character of “Yumi’s Cells” (유미의 세포), a TV series adapted from a popular Naver webtoon with the same title.

Source: Allure

토레타!



Toretta, a fruit drink, initiated an aggressive marketing campaign through appearances on popular K-dramas such as “Goblin” (도깨비) and “Strong Girl Bong-soon” (힘센여자 도봉순).

# How beauty brands tap into South Korea's digital ecosystem

Beauty brands can boost accessibility and online reputation of products through digital platforms.

## Platform presence



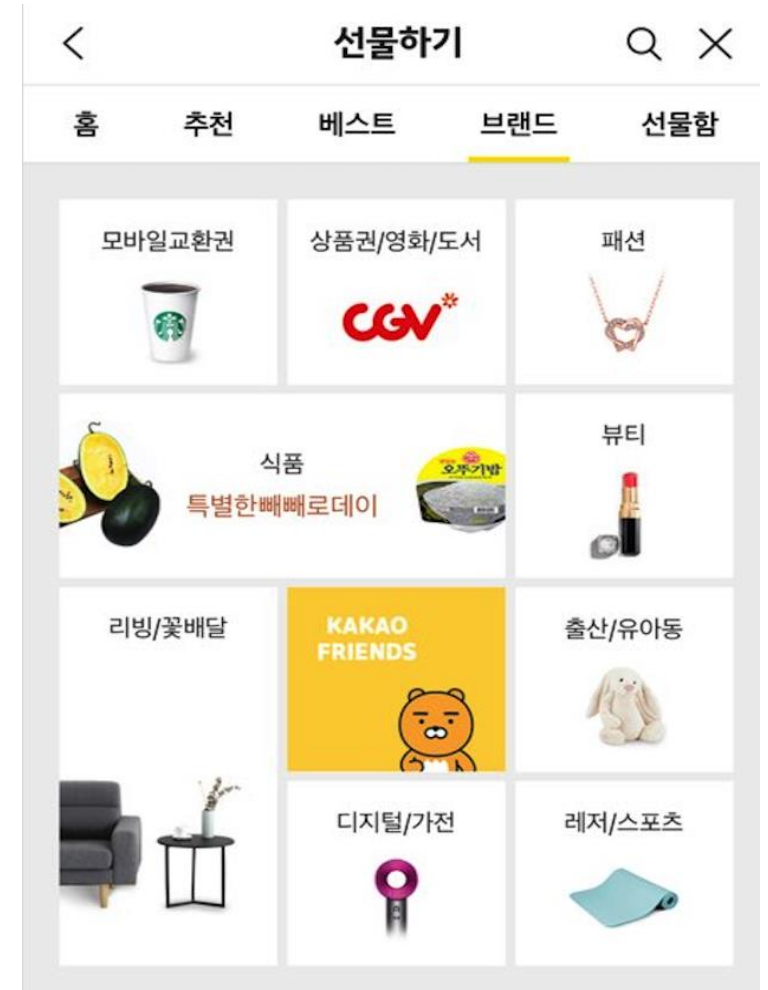
- Use of creative mediums to incentivize buying like Kakao Gift, which allows users to gift coupons or products
- Recognition on platforms like Facebook appeals to younger Koreans.

## Market players and endorsements



Beauty influencer PONY Syndrome on Youtube and @ponysmakeup on Instagram

- Notable influencers include Pony 포니 (@ponysmakeup on Instagram), 재유JEYU, Risabae, Korea\_Grandma, and amuque (on YouTube).
- Word-of-mouth sales are lucrative in Korea— a featured item from a Korean beauty YouTuber can cause a ripple effect. However, adding “No Ads” or NO광고 to a title or thumbnail is often used for credibility.



Kakao gifting options for a user, ranging from movie theater tickets (top row, center) to cosmetics and beauty (second row, right)

# Hwahae: The platform all beauty brands in Korea should know about

BirdView Inc.'s Hwahae (화해) is a user-driven database and forum for rating cosmetics. It has been the top Korean beauty app for eight years.

### Detailed features prioritizing health and awareness:

Hwahae helps users streamline their search for cosmetics through a skincare goal web-filter, offers a profile of individual products including safety risks, and ranks products within item categories based on user ratings. Moreover, it lists the components of products to educate users.

### Widespread customer user base:

Hwahae serves as one of the most up-to-date indicators of public opinion and attitudes towards brands, with over 10 million downloads.

### Corporate strategy:

Domestic brands such as Olive Young have used Hwahae's 'badge of approval' as a selling point.



A screenshot on Hwahae which lists product ingredients, naming three for which users should be "cautious" and indicating the severity of each substance's potential threat.



# F&B trends

# F&B products that Koreans consume most often are Kimchi, Rice, and Coffee

Children's top food are rice and milk, whereas adults like rice, kimchi and coffee.

## Top food eaten by Koreans

Ranking	Food
1	Cabbage Kimchi
2	Rice
3	Coffee
4	Multigrain Rice
5	Grilled Seaweed
6	Milk
7	Snack
8	Fried/Boiled Egg
9	Apple
10	Ssamjang
11	Soybean Paste Soup
12	Soda
13	Stir-fried Anchovies
14	Instant Noodles
15	Diced Radish Kimchi



#1 Kimchi



#5 Roasted seaweed

Roasted seaweed can be eaten many ways: with rice, in soup or for rolling Kimbap (rice rolls), or directly as a snack.

In 2019, Koreans consumed 1.89 million tons of Kimchi. It represents the top food for 65+ years olds.



#3 Coffee

Koreans love coffee. It is the top food consumed by 30 to 65 year olds.

#2 Rice & #4 Multigrain Rice



Rice consumption is split between white and multigrain rice.

Source: Korea Health Industry Development Institute (2019)

# Brands focused on customer experience win in the competitive coffee market

The large South Korean coffee market has been growing steadily since the 2000s. Nowadays, the market is very saturated, so brands that focus on customer experience and brand image stand out.

## Korean coffee consumption is on-par with Europe

- **Per capita consumption:** 12.3 cups of coffee per week are consumed by the average South Korean in 2019.
- **Coffee Market revenue:** ~\$10 billion USD (59% instant coffee, 41% roast coffee) in 2020.
- **Fierce competition:** ~84,000 coffee shops, 19,000 of which were in Seoul (1 coffee shop every 524 people) in 2020.
- **But still a growing market:** ~\$916 million of coffee imports in 2021 (+24%) which is a new record.



Market leader Starbucks positions itself as a “space seller” and communicates on being the third social spot separate from home and workplace.



Instant coffee leader Maxim collaborates with soft image celebrities such as the singer IU to embody the warm and relaxed atmosphere associated to drinking coffee.



Blue Bottle Coffee, famous for its chic and premium image (known as the “Apple of coffee”) drew a lot of customers at the opening of its first Korean outlet in 2019.

# Case study: How Starbucks creates a 'premium' brand image in Korea

Starbucks is by far the number one coffee shop brand in the country, and it represents Starbucks' 5<sup>th</sup> largest market (behind the US, China, Canada, Japan) with over 1,500 stores. Their main strategy consists in selling their culture alongside coffee: they offer well-design spaces with a relaxed atmosphere.



Starbucks' merchandises are very popular. Every time a new limited-edition product is released, it sells-out quickly. Cherry-blossom and Christmas exclusive seasonal goods are particularly sought-after.

One of Starbucks most popular limited edition product is their planner offered at the end of the year. Every year, the new design is highly anticipated.

In June 2020, limited edition small suitcases were launched, available to those who have purchased a certain number of drinks. People lined up at dawn to try to get one and there were even resales of the product.

# Case study: How Starbucks fit their localization strategy to the Korean market

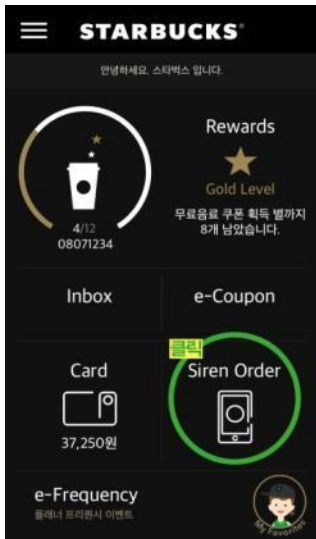
Starbucks localized in Korea thanks to its joint venture with Shinsegae Group (a department store franchise) and its collaboration with local companies for their marketing campaign, allowing it to adapt to Korean consumers' taste.



Starbucks developed many **original Korean products**, based on season and local specialties. For example, to the left are beverages featuring Jeju's local ingredients.



In Insadong, a traditional neighborhood, Starbucks' sign, which is usually written in English, is replaced by **Hangeul** (Korean alphabet) in order to better fit in.



Starbucks wanted to meet Korean's tech efficiency expectations, so in 2014 they launched the **"Siren Order"**. It allows customers **within a 2km radius** from a coffee shop to **order** a beverage and **pay in advance** through an app. It has been a huge success, especially among busy workers.



Siren Order and My DT Pass can be combined. Customers can order in advance with the "Siren Order", drive to Drive-through and pick up the drink without having to pay physically thanks to "My DT pass".

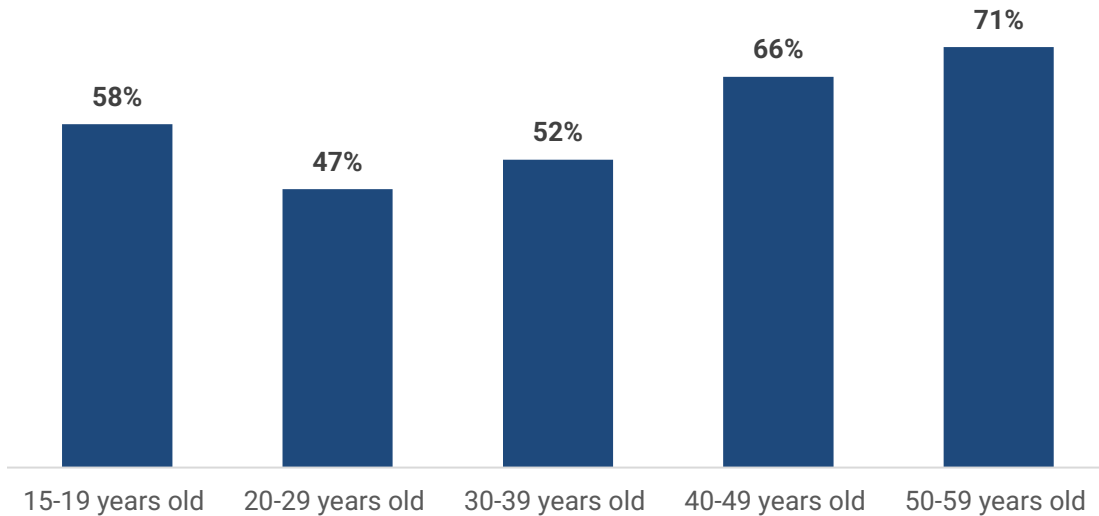
In order to improve the Drive-through efficiency, Starbucks launched **"My DT Pass"** in 2018. It consists of a **payment system** that can recognize and link customer's vehicle license plate to a Starbucks' account, automatically debited. This system saved on average 10% of waiting time. A voice recognition order system has also been integrated to allow ordering while driving.



# Home-made meals varies from one generation to another

Older adults tend to cook more at home than younger people, who are more likely to eat outside food such as delivery or food from restaurants.

Share of consumers cooking their meals at home



Source: Embrain (2018), N=1,000

According to a survey by Embrain in 2018, 66% and 71% of the respondents aged 40-49 years old and 50-59 years old respectively stated that they usually cook their meals at home.

- A common meal at home consists of **bab** (cooked-rice), **kuk** (soup/stew), and various **banchan** (side dishes). **Kimchi** is usually served at every meal.
- Korean diet usually involves high consumption of vegetables, moderate to high consumption of legumes and fish, and low consumption of red meat.
- Koreans have a history of fermenting, especially for banchan, as it enriches food flavors and preserves it for a long time.



# South Korea's food delivery market struggles to meet demand

High demand after the pandemic and efficiency requirements from customers resulted in a manpower shortage. Adding the increase in labor cost, this led to higher delivery fees and fierce competition between brands.



## Increase demand for food delivery:

About \$7.5 billion in online food service transactions in 2020 (+78%) were mainly driven by adults in their 20s-30s, the rise of single-income households and the pandemic.



## Shortage of delivery drivers:

Due to high demand and new delivery methods (possibility to have a single-order delivery option that is faster than a multiple order delivery). Intense competition between brands to retain them.



## Increase in labor cost:

In 2021, occupational health and safety insurance became mandatory for delivery workers since there were many road accidents.

As a result, fierce competition among food delivery platforms lead to tight profit margins and delivery fees increased by 30% in 2022.

## Most popular food delivered

2019	2020
1 Burger	1 Burger
2 Fried Chicken	2 Korean Cuisine ↑
3 Korean Cuisine	3 Fried Chicken
4 Snacks	4 Dessert ↑
5 Dessert	5 Snacks

With the pandemic, consumers craved Korean restaurant meals.

## Main food delivery apps



\*Baedal Minjok



Baedal Minjok, Coupang eats, and Yogiyo are delivery market leaders, but some restaurants and franchise brands also have their own delivery system (McDonald's, Burger King, Domino's Pizza etc.)

# The steady growth of home meal replacement and processed food

South Korea has a well-established processed food industry. Not only is convenience a large driver, but it is also the preferred option for the growing number of single-households when eating alone.

## The processed food market has benefited from the pandemic

- Consumers buy processed food **more regularly** than before and home meal replacement products reached \$1.7 billion (+145% between 2016-2020).
- Drivers include the increasing number of **convenient stores, improved quality** of products, higher penetration of **air fryers, lack of time, long working hours**, rise in the **labor participation rate for women** and **Covid-19**.
- The pandemic also drove purchases in **local supermarket** and **online** to increase, while purchases in large supermarkets/hypermarkets declined.



Dumplings, pizzas, ready-to-eat meals and ready-to-cook meat are among the most popular processed foods.



## Honbap (혼밥) – or eating alone

With the increase of single-person households, honbap – or eating alone – has been more and more common. The reasons are to save time, lack of time to eat with someone else, and no one to eat with. Since people don't like to eat in restaurants alone, many workers prefer to buy a ready-to-eat meal and eat at their desk.



Consumption of **processed health functional foods** are very popular in Korea, purchases increased since COVID-19. Consumers in their 20s are more interested in probiotics whereas for people in their 60s like ginseng related products.

# Mukbang (먹방, livestreaming eating) started in Korea and went viral in China

Emerging in South Korea in 2014, and now a global trend, Mukbangs are both an ASMR sensation and also satisfy a social aspect of eating. However, the Chinese government has raised concerns over the unhealthy impact of overeating.



South Korean livestream eaters Banzz (left) and Boki (right) in livestreaming platform Bilibili eating Korean food



Chinese livestream eaters Mi Zijun (left) and Xudasao (right) in livestreaming platform Bilibili preparing and eating Chinese food



中华人民共和国国家发展和改革委员会  
National Development and Reform Commission

In 2020, the government issued a work plan to limit the production and distribution of audio, videos, and photos of people overeating.



In 2020, CCTV criticized eating broadcasting shows, stating that they are serious sources of food waste. This received widespread attention, with up to 1.37 billion views.

Source: Bilibili, National Development and Reform Commission, Dianshangbao

# Korean seafood consumption is among the highest in the world

Surrounded by ocean on three sides, it is no wonder that Korean seafood consumption is among the highest in the world (on average 55 to 70 kg per capita and per year).

## Korea's seafood market trends

- **Most consumed seafood products:** Alaska pollack, squid, mackerel, shrimp, crab, monkfish, anchovy, flat fish, oyster, and octopus.
- Korean per capita fish and shellfish consumption is **steady** despite **declining consumption by young consumers**. On the other hand, seaweed consumption has nearly **doubled** over the last decade.
- The Korean seafood industry has also successfully promoted seafood as a **healthy alternative to red meat**.
- Korean consumers place a high value on **freshness, origin, taste, cost, and food safety**. They are also increasingly concerned about **environmental issues** related to the oceans.
- To note: **increasing interest in ready-made or home meal replacements seafoods**.

The Busan Mackerel Festival, is a festival dedicated to mackerel that gather hundreds of thousands of people each year. Busan, the second largest city and top holiday spot is one of the most famous city to eat seafood in Korea.



bibigo

bibigo Grilled fish,  
READY IN JUST 2 MINUTES.

See What's Inside

비비고  
고소한  
고등어구이

No Effort  
Simply microwave for 2 minutes

No Mess  
No clean-up needed

No Fishy Smell  
Juicy, savory grilled fish without the smell

In 2020, Cheil Jedang launched a new meal brand called “Bibigo Grilled Fish”. It consist of a pre-cooked and portioned fish in a microwavable package. The product is designed for direct consumption as a side dish with rice.

# Drinking is an important aspect of South Korean culture

South Korea has the highest alcohol consumption level in Asia after Laos (about 10L of pure alcohol consumed per person and per year) and it plays a significant part in social and business life.



The most popular alcohols are by far soju and beer, followed by traditional drinks such as makgeolli. Recently, wine and whisky sales increased, especially with the homesul (drinking at home) trend due to Covid-19.



Somaek (소맥) or “Soju-beer” is a popular drink, it consists in pouring a glass of soju into a glass of beer.



Handling the glass with both hands is common and a way to show respect towards the person pouring alcohol.

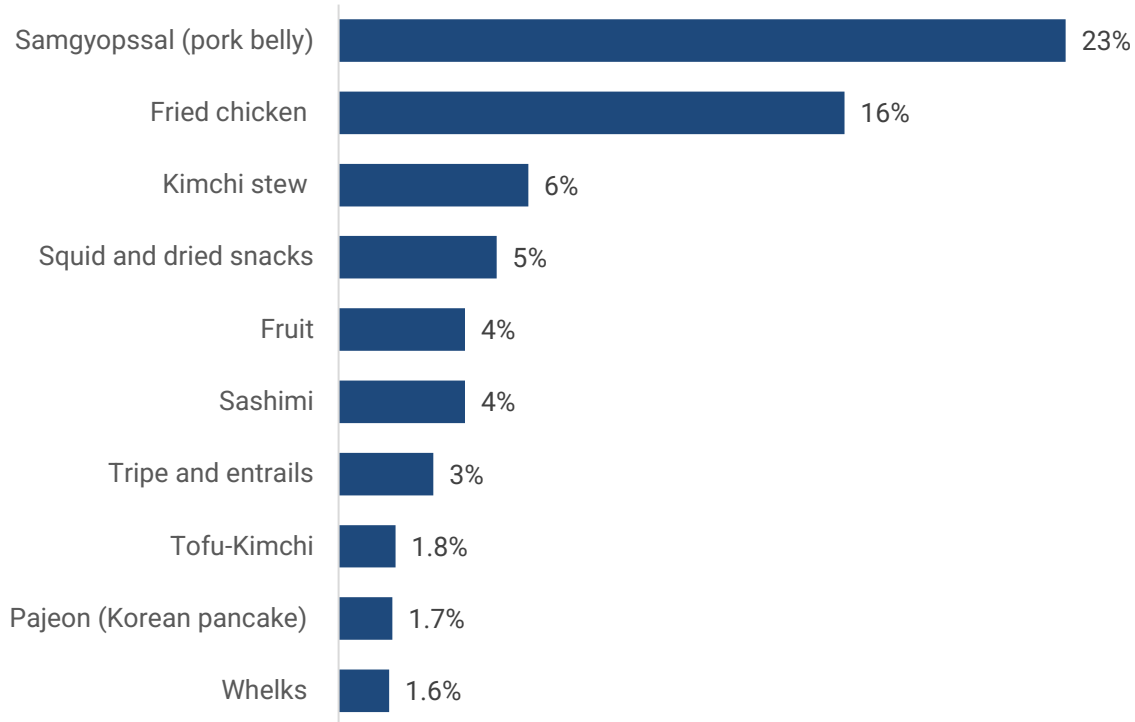
## Korean drinking culture

- **Hweshik** (회식) is a dining and drinking event with coworkers. It is still a common practice among Korean companies to build relationships between employees.
- Drinking events are often extended to a **2<sup>nd</sup> or 3<sup>rd</sup> round** to change activity (karaoke) or venue.
- **Drinking etiquette** is very important, especially when drinking with older people. It is customary to not pour alcohol for oneself.
- However, Korean heavy drinking has led to **alcohol related health problems** and **alcoholism** (South Korea has the 5th highest rate of alcoholism).

# Anju (안주) typically accompanies alcoholic beverages

Anju (안주) is a snack/side dishes enjoyed when drinking alcohol. It includes a wide variety of dishes like grilled meat, fried chicken, french fries, nuts, dried snacks, and fruit, which are chosen according to the type of drink.

Top 10 Koreans favorite anju



Source: Gallup Korea (2019), N=1,700



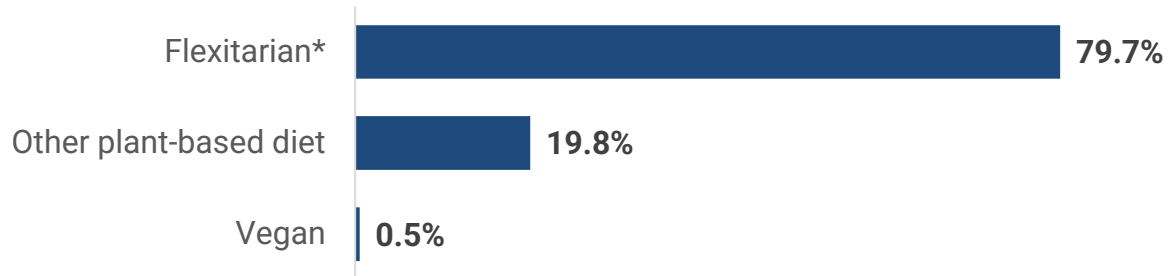
Some anju-alcohol pairings are popular such as beer + fried chicken called Chimaek (치맥), makgeolli + pajeon and dried snacks + beer. Alcohol and anju can be enjoyed in Pojangmacha (포장마차) which are small tents in the street.



# Like in the rest of the world, plant-based diet is on the rise in Korea

Koreans are known to be big meat consumers, but more and more of them get interested in a plant-based diet.

## Flexitarian represent the major part of the plant-based diet population



Source: Ministry of Agriculture, Food and Rural Affairs; Korea Agro-Fisheries & Food Trade Corporation (2021), N=417

- According to the Korean Vegetarian Union (KVU), there is about **500,000** vegans and **1.5 million** people that pursue a similar diet. Adding the flexitarian\*, the number can rise up to **10 million**.
- Main reasons mentioned to cut meat include **health, animals and environmental concerns** as well as **weight loss**.
- The Korean military will offer **vegetarian meal** at the army cafeteria to Muslim and vegetarian soldiers next year.

\*Flexitarian are defined as people that mostly eat a plant-based diet, but occasionally eat meat, poultry, fish, and dairy and that have a strong desire to reduce their meat consumption.



*Unlimeat, the plant-based meat market leader, is experiencing a major growth.*

Sales of fake meat is soaring and it is not only targeting vegetarians, but also people that prefer plant-based alternatives. For example, it can encourage children to eat more vegetables and can provide nutrition for elderly people who need protein but have difficulty digesting meat.

Many Korean celebrities talk about their plant-based diets. Blogs on Naver about vegetarianism nearly quadrupled from 2015 to 2019.



*Singer Lee Hyori is a notorious vegetarian who often promotes her meatless lifestyle on social media.*



# Korea's strict beauty standards lead to robust diet market

South Korea has the second lowest obesity rate after Japan, according to the Organization for Economic Co-operation and Development (OECD). Diet culture is strong in Korea, with celebrities sharing their meal plans.

## According to a survey of 1,295 people:

- 7 out of 10 respondents had tried a diet within the last year.
- Most likely to go on diet: Young women in their 20-30s and young men in their 20s.
- Main reason to start a diet for men is health and for women it is to fit into the clothes they want to wear.
- Information about diet is mainly gathered through internet.
- Diet is often combined with exercise.

## Most common weight loss methods in Korea



Korean celebrities' diet such as Suzy's (수지) have also been popular.

# Street food is widespread and convenient, often replacing real meals

Cheap and convenient, street food is frequently eaten as a substitute to meal for busy workers and high school students.

- **Most important factors** for Korean street food consumers: convenience/location of the street food stand, taste, and friendliness of the owner.
- **Main reason to avoid it:** sanitary reasons.
- **Average spending** on a onetime street food purchase: ₩1,000-3,000 (\$0.77-2.30).



*Tteokbokki and Eomuk are among the most common street food.*

Tteokbokki (rice cake) and Eomuk (fish cake), are the most common street foods. Other popular street foods are Bungeoppang (fish-shaped bread with red bean filling), Hotteok (filled pancake), Sundae (blood sausage), and Kimbap (rice rolls).



*Kimchi Bus, located at the Common Ground shopping complex in Seoul, offers kimchi-infused Mexican dishes.*

With food truck legalization in 2014, many have opened since. Food trucks are easier to move than a stand/tent and it require less start-up capital than a restaurant.

In order to stand-out, many feature unusual, quirky or theme-focused offerings.



*Cho Yonsoon, who have a knife-cut noodles stand at Gwangjang Market has become popular through the Netflix's show "Street food".*

Street food contributes to Korea's cultural spread around the world. Netflix "Street food" episode on Korea has been very popular overseas. Street food is also often featured in Korean dramas which contributes to the fame of Korean street food.

# The pandemic revitalized the dormant snack market

The Korean snack market had been stagnant due to the decline of children, which represents a large part of snacks consumers, and rising health concerns. But after the pandemic, the market bounced back and has been growing the last 2 years.

## Overview of the Korean Snack Market

- **Size of the Snack Market:** estimated at **₩3.7 trillion** (\$2.8 billion) in 2021 (+4.5%). It is expected to grow annually by 4.28% (CAGR 2022-2027).
- In 2021, Korean snack **exports** reached **₩611 billion** (\$466 million) (+13%) which is an all-time high. Top export countries are the US, Japan and China.

Source: Euromonitor; Korea Agro-Fisheries and Food Trade Corporation; Korea Customs Service

According to Euromonitor, the shares of mixed nuts, snack bar, fruit snack, and pretzel are expected to grow.

## Breakdown of the snack market in 2021



Source: Euromonitor; Korea Agro-Fisheries and Food Trade Corporation

■ Fruit Snacks 0.8% ■ Pretzels 0.4%

# Key trends: sweet potato, chewy/crispy, traditional, healthy and homesul snacks

Here are the popular snack-related keyword searched on Naver as 2021.

## 1<sup>st</sup> Key Trend: Sweet Potato



\*Farm that sell potatoes and sweet potato chips fried in a cast iron cauldron

## 2<sup>nd</sup> Key Trend: Chewy and Crispy

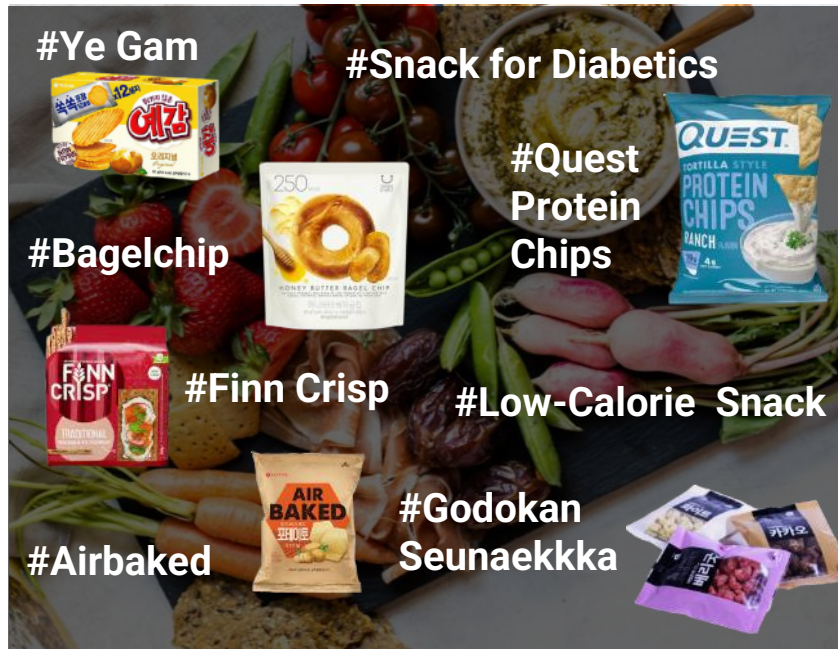


Source: Naver Data Lab

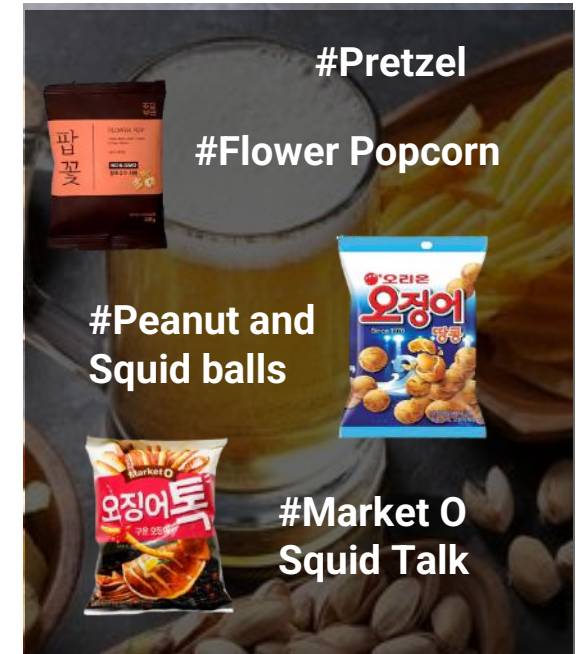
## 3<sup>rd</sup> Key Trend: Traditional Snack



## 4<sup>th</sup> Key Trend: Healthy Snack



## 5<sup>th</sup> Key Trend: Homesul Snack



# Older Korean's have a sweet tooth, while young snackers chase trends

What is most popular among teenagers is Japanese and viral snacks on social media, for those in their 20's it is diet snacks and chips, for the 30-40's it is sweet potato and for those over 50 is sweet and savory snacks.

## Teenagers

#Insa #Japanese Snacks

- "Insa" (인싸) refers to people that are "inside" of a group: they get along well with others and keep up with trends. In order to "fit in", teenagers show a lot of interest in products that are a hot topic on social media such as retro products.
- Japanese and small easy-to-carry packages are also popular



Imported or limited-edition products such as "Jumbo Chokobi" and "Garubi Jagariko" are very popular among teenagers.

## Snack Trends by Generation

### 20's

#Diet Snacks #Chips

99 Calorie Chips or Quest Protein Chip are popular diet snacks for those in their 20's who want to stay fit.



### 30-40's

#Sweet Potato



Considered naturally sweet and healthy, sweet potato is very popular. Snacks made with this vegetable such as Crispy Sweet Potato Chips is 30-40's favorite.

### Over 50

#Sweet and Salty



Honey Twist Snack is a good example of popular sweet and salty snack.

# Korean healthy snacks emphasize low calories, zero sugar and high protein

Healthy snacks in the Korean market are represented with three key phrases: low calorie, zero (or low) sugar, and high protein. These key phrases can be seen on the packaging of the products or advertisements

1

## LOW calorie

The calorie count is often emphasized more than the brand or product name on the packaging.



2

## ZERO sugar

Many companies launched zero sugar version of their long-selling, popular snacks. Artificial sweeteners replace sugar.



3

## HIGH protein

The protein content is explicitly written or written in terms of the number of eggs with same protein amount





# Travel trends

# Traveling is becoming accessible, and experiences are shared on social media

Traveling has become a common activity to do with children, with pets, and alone. The experiences are also shared on social media like Instagram.

Rise in monthly average mentions from Jan 2020 to Jan 2021

**65%** rise in traveling with pets

**104%** rise in traveling with children

**13%** rise in traveling alone



Actor Seol In Ah (설인아) with dog photo on Instagram

**Related key words:**  
Pet Café (애견카페)  
Photo Zone (포토존)



Actress Lee Mido with son in the park on Instagram (left) and them having #The Laughing Cow picnic (right)

**Related key words:**  
Leisure/Experiential Activity (레저/체험활동)  
Theme Park/Amusement Facilities (테마파크/놀이시설)



Instagram user @enerlym\_94 with 19.4 million followers shared her solo hiking and sea trip

**Related key words:**  
Natural Scenery Enjoyment (자연풍경감상)  
Going On a Drive (드라이브)

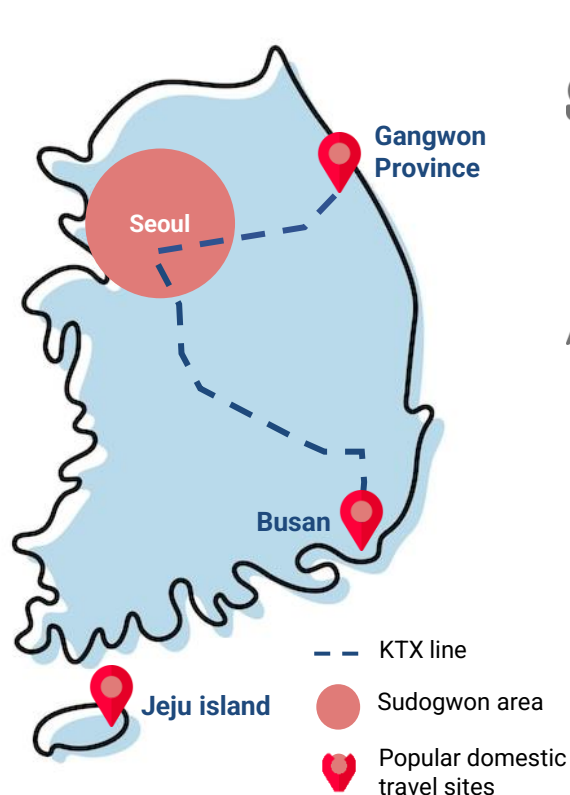
Source: Korea Tourism Organization



# Domestic travel has come alive in the aftermath of the pandemic

Foreign destinations are perceived as glamorous, but the convenience and cleanliness of local destinations have drawn many in.

## Domestic travel characteristics of South Korea



To avoid rainy season, workers usually take trips in late July or early August.



For most in the 수도권 (sudogwon, area around Seoul), **Busan, Jeju, and coastal cities in Gangwon Province** are destinations.



Travels are convenient in part due to the **KTX**, high-speed rail system which connects many Korean tourist sites. A ride from Seoul to Busan can take less than three hours



The pandemic fueled an early surge in domestic travel, with particular focus on small-scale, personalized trips involving the outdoors to avoid COVID-19 risk. 2021 searches for “camping sites” on main Korean navigation app T-map increased by 54% compared to the year before.



Cultural tourism has risen in popularity. Many seek **hanok** (traditional Korean house) villages in cities like **Gyeongju** for their social media appeal.

*Hanok Village in Gyeongju*



A marketing collaboration between Airbnb and Hadong district saw an eightfold increase in bookings of hanok residences.

*Airbnb lodging in Hadong district*

# Hocance (Hotel + Vacance, 호캬스) and tents are gaining attention











After the Covid-19 outbreak, individuals are more interested in lodging in the form of Hocance (Hotel (in English) + Vancace (in French), 호캬스), where individuals enjoy their vacations in hotels. They are also directing their attention to traveling with tents, where they experience limited interaction with other people.

## Top 10 lodging related key words

	During Covid 19 outbreak	Post Covid-19 Vaccination
1	Pension House (펜션)	Hotel (호텔)
2	Hotel (호텔)	Pension House (펜션)
3	Resort (리조트)	Resort (리조트)
4	Pool Villa (풀빌라)	Traditional Korean-Style House (한옥)
5	Guest House (게스트 하우스)	Hotel + Vacation (호캬스)
6	Camping Site (캠핑장)	Pool Villa (풀빌라)
7	Hotel + Vacation (호캬스)	Camping Site (캠핑장)
8	Traditional Korean-Style House (한옥)	Guest House (게스트하우스)
9	Car Camping (차박)	Tent (텐트)
10	Caravan (카라반)	Car Camping (차박)

Source: Korea Tourism Organization

## Changes in ranking

Same Ranking	Pension House	Hotel	Resort
			
Increased Ranking	Hotel+ Vacation	Tent	Traditional Korean Style House
			
Decreased Ranking	Guest House	Car Camping	Pool Villa
			
			Camping Site
			

# Hocance (호캉스) is popular due to its highly hygienic environment

Hocance (Hotel + Vacance, 호캉스) is mainly attracting individuals due to its hygiene. Individuals usually share it with their family. Among the various themes of Hocance, Mukcance (Eating + Vacance, 먹캉스) is most desired.

## Top 3 reasons for going on a hocance



**59.6%**

*Resting in a Hygienic Environment*



**45.3%**

*Enjoying First-Class Services*



**41.2%**

*Touring Nearby Areas*

## Preferred people to go with on a hocance



**70.3%**

*Family*



**55.6%**

*Loved One*

## Desired theme for hocance



**78.0%**

*Mukcance (Eating + Vacance, 먹캉스)*



**63.5%**

*Poolcance (Pool + Vacance, 풀캉스)*



**29.6%**

*Mallcance (Mall + Vacance, 몰캉스)*

# Foreigners flock to Seoul, drawn by Hallyu

Hallyu continues to draw in millions of tourists every year, with particular interest from Chinese, Japanese, and American tourists. Most foreign tourism in Korea comes from within Asia due to the country's close proximity and convenience.



Myeongdong street (left), Gwangjang Market (right)

Korea is a premier shopping destination. Drawn by Hallyu, Asian tourists looking to shop go to districts like Myeongdong. Those interested in Korean street food— popularized by YouTube channels— seek out areas like Gwangjang. A more modern, college-age scene with music can be found in Hongdae.



Apgujeong cosmetic surgery street, Seoul

## Medical Tourism

Due to Korea's medical infrastructure, some foreigners choose to undergo cancer treatment or organ transplants in the country. Elective surgeries, like cosmetic surgeries, are also popular, with **Apgujeong** serving as a nexus for such procedures.



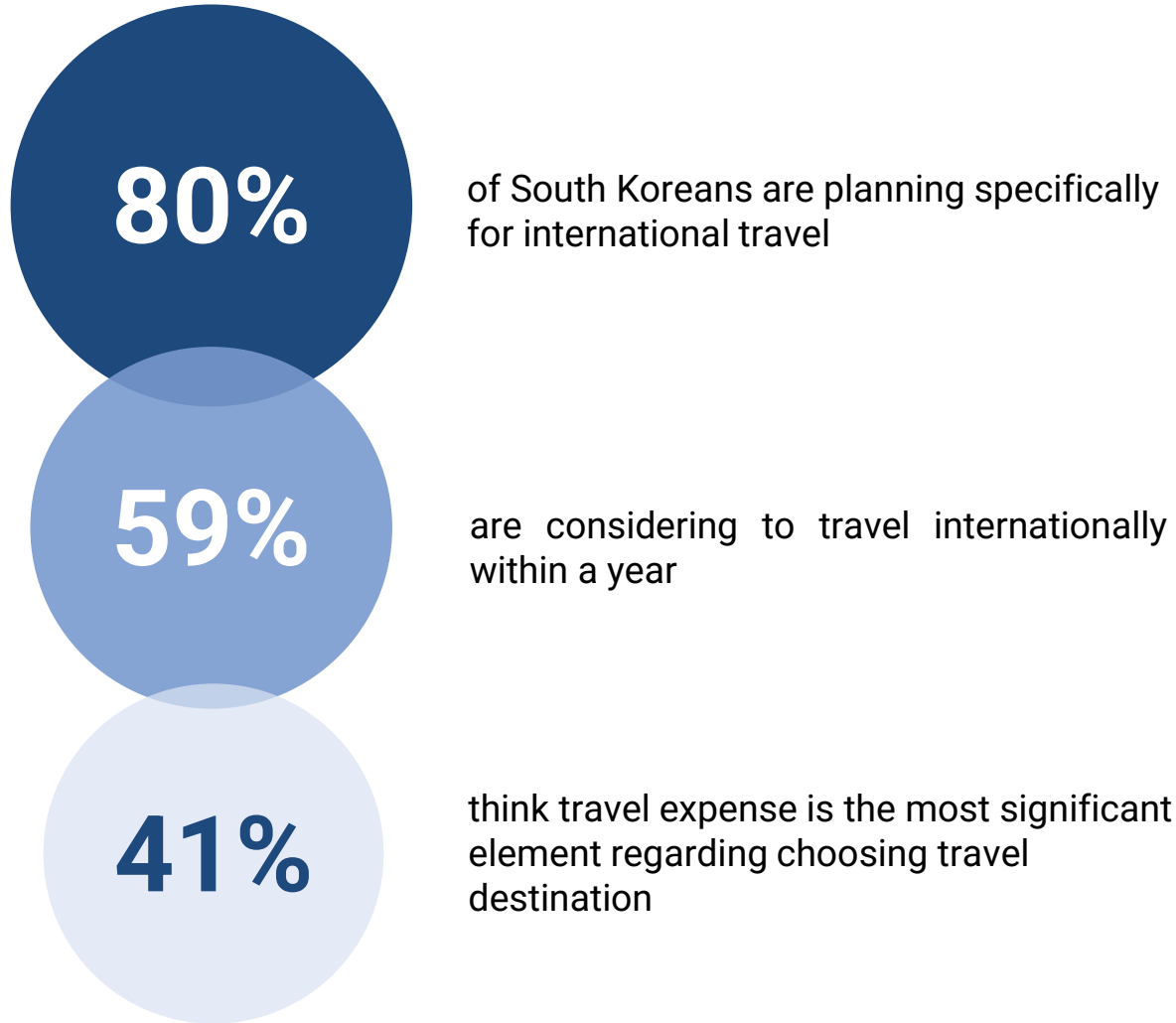
1MILLION DANCE STUDIO, Seoul

## K-pop & K-hip hop

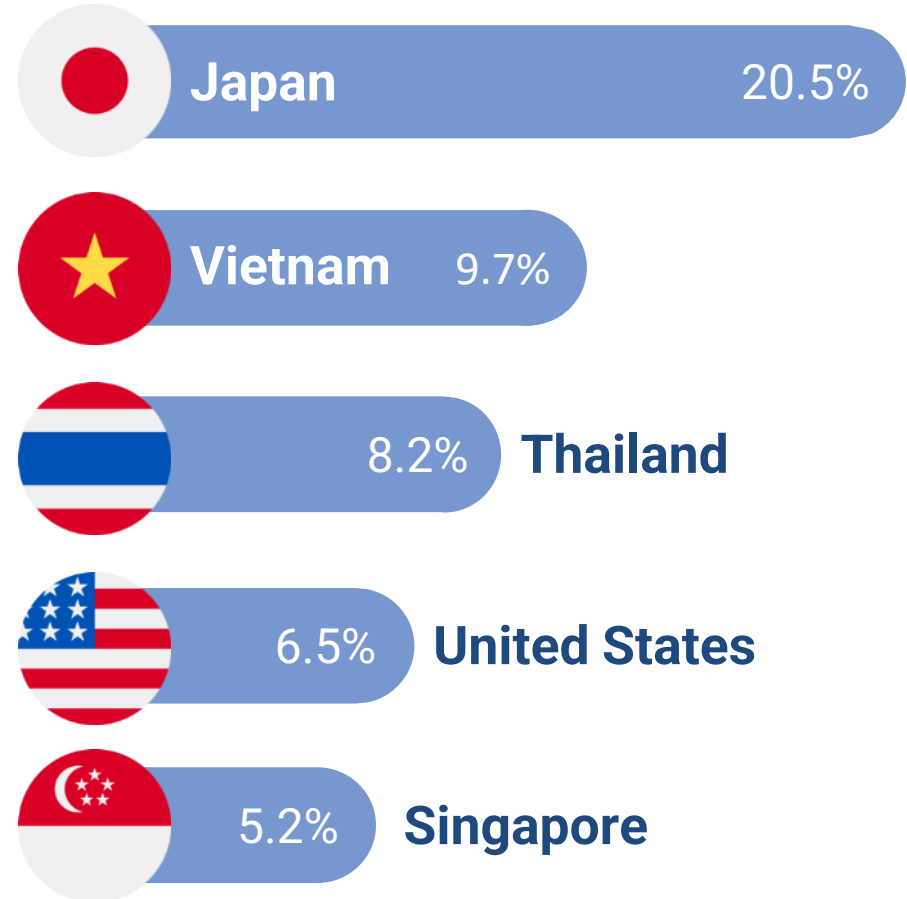
Those enamored by **K-pop and K-hip hop** visit the offices of viral dance groups like 1MILLION DANCE STUDIO or Justjerk to watch performers or join a lesson

# Rising interest towards international travels with existing price concerns

International travel is becoming more popular among South Koreans. However, closely located Asian countries are preferred as travel destinations due to price concerns.



## Top 5 preferred countries among South Koreans



Source: Visa Korea (2022)

# Different forms of traveling are emerging among the younger generation

Longer stays are an appealing option for South Korean younger generation, who pursue new experience and self-growth.

## Long-Stay Tourism 한 달 살기

Traveling in one region (usually rural small cities) for about a month

**Purpose:** getaway from stressful, competing society, relaxation, self-exploration, 'slow life' experience

### Popular Destinations



Jeju island & local rural cities



Southeastern cities (i.e., Chiang Mai in Thailand)

## Working Holiday 워킹 홀리데이 (워홀)

Living in one country for 6 months to a year with a working holiday visa that allows employment during the stay to supplement travel funds

**Purpose:** language training, making foreign friends, have an emerging experience living in a country for an extended period

### Popular Destinations



Australia



Japan

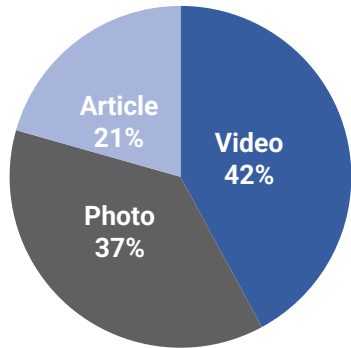


Germany

# Online traveling becomes not only an alternative option, but also a choice

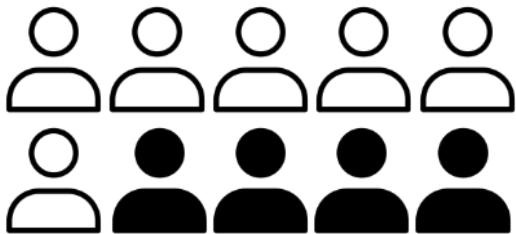
Online traveling, or LAN traveling (랜선여행), became the alternative option for many travelers. However, even after the restrictions for traveling have loosened out, some Koreans prefer online traveling due to its convenience and cost-efficiency.

## Preferred digital content format by Koreans



**Videos** are preferred method to fulfill the needs of various online travelers

Source: Seoul Tourism Organization (2021)



4 in 10 Koreans enjoy online traveling

Source: Good Choice (2021)

### 1. Travel vlog



Switzerland travel vlog by 유학일기 yooil on YouTube

### 2. Scenery and landscape



4K footages of Switzerland by 임성일의 이탈리아 on YouTube



National Museum of Korea: digital gallery (left), online exhibition (right)

Online exhibitions create more interactive and immersive experience for virtual travelers. *The National Museum of Korea installed VR (Virtual Reality) online exhibition on the official website in 2020.*

# Korea Market Research Case Studies





**CONFIDENTIAL**



**ORIGIN: FRANCE**

**INDUSTRY: SKINCARE**

**PROJECT TYPE: MARKET RESEARCH ON KOREA'S GIFTING PLATFORM**

**PROJECT DESCRIPTION:**

The client showed positive growth with the revenue source being generated from the Kakao Commerce and specifically Kakao Gift. While they pose an established position in Kakao Gift's mobile e-commerce segment, numerous local & global competitors have recently listed their products and gaining market share. With the ever-growing presence of competitors and their know-how of the Korean market, the client reached out to daxue consulting to conduct a market research of the Korea's mobile commerce market and specifically Kakao Gift platform and the existing competitors' strategy.

**METHODOLOGIES & DELIVERABLES:**

Daxue Consulting conducted the research in 3 steps to identify the best practices in the platform and how Korean consumers behave in the gifting commerce.

**1. Korea's mobile commerce market overview**

1. Korean consumers' gifting occasion & sentiments in Kakao Gift
2. Typical gifting journey and user flow in Kakao Gift

**2. Competitor assessment**

1. Identify competitive dynamics of competitors and peers
2. Identify best practices of Product, Pricing, Promotion strategy of the competitors

**Synthesized conclusion and recommendations:** Recommendations of the relevant product, pricing, promotion strategies most suitable consideration

# FARFETCH

**ORIGIN: UK**

**INDUSTRY: FASHION**

**PROJECT TYPE: UX RESEARCH IN KOREA AND CHINA**

## PROJECT DESCRIPTION:

Our client is conducting a qualitative research for one of the brands on its platform. The main objectives of the project are to understand customer website behaviors and buyers profile in Korea and China.

The group contacted Daxue to address following key questions:

- What is their typical online/offline shopping journey?
- What is their opinion about the brand's renewed homepage, product listing pages (PLP), product detail page (PDP) and check-out page?
- What is still missing and can be improved or localized for the respective market?



## METHODOLOGIES & DELIVERABLES:

- Daxue Consulting conducted a series of 16 in-depth video interviews with the client's Korean and Chinese customers (~90 min per interview) in order to collect substantial and qualitative feedback on the targeted questions.
- After conducting the interviews, Daxue provided a video and audio record including English word-by-word transcript/subtitles matching the respondent's speech during all the video. Finally, a topline summary report was provided to the client with actionable recommendations to help our client optimize its homepage for a smoother shopping experience with less drop-outs.



**ORIGIN: FRANCE**

**INDUSTRY: HIGH-END SKINCARE**

**PROJECT TYPE: TRAINING ON E-COMMERCE**

**PROJECT DESCRIPTION:**

As a well-established brand in China, our client wanted to give a thorough overview of what is happening on the local marketplaces to their APAC team. The objectives were to align the level of knowledge on e-commerce of the team and also set some priorities for 2022 leading to strategic decisions to be done internally.



**METHODOLOGIES & DELIVERABLES:**

To achieve these objectives, Daxue Consulting released a comprehensive report analyzing the most structural e-commerce trends in China, Korea and Japan mainly. This report resulted in an interactive training session and Q&As to Clarins APAC team, a total of around ~90 people.

**CONFIDENTIAL**

**ORIGIN: KOREA**

**INDUSTRY: ICT**

**PROJECT TYPE: KOREAN START-UP MARKET FEASIBILITY STUDY**

**PROJECT DESCRIPTION:**

The client was a major Korean government agency under the Ministry of Science and ICT(MSIT) contributing to the national startup ecosystem. They have a portfolio of Korean startups in the ICT sector and would like to assess the market potential and feasibility of each player in the China market.

In order to assess the market potential and feasibility of the Korean startup companies, the key stakeholders of the relevant industry's supply chain were invited to a virtual conference call to evaluate the startup's concept, business model and opportunity .



**METHODOLOGIES & DELIVERABLES:**

- Daxue Consulting moderated total of 15 virtual video conference (5 conference calls per each startup) with market experts representing the upstream & downstream value chain of the respective industries to assess the market feasibility & potential of the Korean startups.
- Final deliverables consisted of the following:
  - Minutes of the meeting in English
  - Top line summary report combining all meetings and recommendations on short-term fixes and long-term goals for the start-ups for successful market entry in China



**ORIGIN: FRANCE**

**INDUSTRY: GAMING**

**PROJECT TYPE: SOUTH KOREA GAMING MARKET RESEARCH**

**PROJECT DESCRIPTION:**

Ubisoft, major video game publisher in the world, has been selling its games through a self-managed digital distribution platform for many years: Uplay. As Korea being one of the biggest gaming nations in the world, Ubisoft decided to step up its Korea strategy. Daxue Consulting was approached to provide Ubisoft with a better understanding of the Korean PC game distribution environment and to design an adapted digital strategy for its future Korea platform.



**METHODOLOGIES & DELIVERABLES:**

- Daxue Consulting benchmarked Ubisoft’s key competitors in Korea (game publishing companies as well as third-party game distribution platforms) focusing on companies’ digital strategies as well as platforms’ Korea-adapted User Experience.
- Findings of this first step made it possible for Daxue to draft Uplay’s Korea ideal Value Definition (adaptation from the original platform, Korea “must-haves”, pain points to avoid, etc.). The platform concepts were then tested through series of focus groups and UX sessions to ultimately recommend on high potential concepts and final Value Definition adjustments at Ubisoft level and Uplay store level.

# Our testimonials

## Comments from our clients



E-commerce Manager  
@ L'Oréal

*"I come back to you to thank you and your team for the work done on the project, it was a real pleasure to work together 😊 The brand was very satisfied with the insights, especially with the richness brought by the local Chinese specificities."*



VP of Innovation @ prestige  
skincare brand - US

*"Thank you very much for your time and performance yesterday. **The team in New York and all of us appreciated a lot your presentation and the quality of the consulting from Daxue Consulting.**"*



JAPAC Revenue Strategy  
Manager @ Twitter

*"Thanks so much for your hard work over the last several months and the multitude of presentations that you have done to [our] stakeholders. **I highly appreciate the quality of work and also the patience with which you have answered the questions.***

***Overall the work has been very well received and has been very educational for our teams in Singapore, New York and San Francisco. We will be using a lot of this information as we make critical investment decisions into China over the next several months.***

*Please do pass on our thanks to the entire Daxue team - hope you do take a moment with the entire team to celebrate the success and outcome of this project! **Also, I would be happy for you to use my reference for any future clients.**"*



Director Ecommerce  
Marketing EMEA @ Ubisoft

*"Thank you for your answer. I've been through the presentation and **I'm very impressed by all the useful detailed information I've found. Thank you so much!**"*

Let's talk  
about your  
Korea  
market  
strategy

Connect with us to continue the  
conversation on Korea market  
research



**Remi Blanchard**  
Client services director  
[remi@daxueconsulting.com](mailto:remi@daxueconsulting.com)



**Sung Min Chun**  
Korea Research director  
[min@daxueconsulting.com](mailto:min@daxueconsulting.com)

# STAY UPDATED ON KOREA MARKET INSIGHTS



**WeChat**



**LinkedIn**

<https://www.linkedin.com/company/daxue-consulting>



**Newsletter**

<https://daxueconsulting.com/newsletter/>



**Instagram**

@daxue\_consulting\_china



**Press release**

<https://daxueconsulting.com/press-enquiries/>