



## Wine to Korea.

### Trends and opportunities

#### The market

Although awareness of wine among Korean consumers is growing, this is from a small base - wine currently comprises less than one per cent of total liquor consumption in Korea, and many consumers, distributors, retailers, and even some importers have limited knowledge of wine.

Challenges include:

- ⚡ **Korea has complex labelling and tax requirements for imported wine**, and consumer prices for wine are in general higher than other alcoholic beverages.
- ⚡ **Australian wine exporters typically have limited knowledge of the Korean market**, and in general there is a lack of marketing and promotion by Australian suppliers due to the relatively small market size compared to the USA, European Union (EU) and Japan.
- ⚡ Aggressive marketing and pricing supports by the EU wine exporting countries, as well as **Australia's lower profile in Korea as a wine exporting country**.

Despite these challenges, spending on wine is up and drinking habits are evolving with a focus on the 'healthier' consumption of wines, particularly reds, rather than spirits. However, whiskies still dominate the market, accounting for 85 per cent of alcohol imported into Korea.

There are several wine manufacturers in Korea but the local wine industry has been in decline as better quality, imported wines move into the market. The influx of Western alcoholic beverages is also encroaching on the market share of cheaper traditional Korean alcoholic drinks such as soju (a distilled spirit) and rice wines.

The immature nature of the market will impact on what type of wines Australian makers target to the Korean market. The main reflection of this has been a focus on low to medium grade imports with a retail price around A\$18-25. Because wine-drinking culture is in its infancy, **Koreans are driven by brands or country of origin rather than taste when selecting wines**, and a belief that imported wines are better quality, especially those from Europe or the USA. However, as more Koreans visit Australia for tourism, study or business, perceptions of Australia as a quality wine producer and exporter will occur.

Demand for wine has grown with changing dietary habits, an increase in Western-style food outlets and a boom in family restaurants and pizza houses. The number of hypermarkets and discount stores that sell imported wine is also increasing and with more than 20 million Koreans now connected to the Internet, there is **great potential for Australian importers to use a range of distribution and promotional avenues to maximise their opportunities**.

#### Opportunities

France and USA have dominated the wine market in Korea so perceptions of Australian wines have been poor to non-existent. However, a presence on wine lists in most deluxe tourist hotels and restaurants is playing an integral role in increasing exposure and promoting Australia as a quality wine producer.

While hotels are a good market entry point for new premium wines, **there are also good marketing opportunities for wine in Western-style restaurants, delicatessens, specialty wine stores, department stores, discount stores, supermarkets and on the Internet**.

Spirits such as Soju (the local spirit), whisky and sake have historically dominated liquor sales but the younger generation is shifting away from hard liquors to wine and beer. **The best opportunities are in low to middle class wines of numerous varieties**.

While demand has mainly been for sweet, fruity, moselle-style white wines, lots of media coverage on the health benefits of drinking red wine has seen its popularity grow. Currently chardonnay and cabernet sauvignon are popular with demand increasing.

**Competitive environment**

French wines typically take 45-55 per cent of the imported wine market because of their strong brand recognition and systematic marketing activities.

Australian wine currently ranks fifth, behind France, USA, Italy and Chile but ahead of Germany and Spain.

**More information**

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