



# Korea Coffee Market Insight & Trend

ICO Meetings – Private Sector Consultative Board 38th meeting  
5 March 2014  
London, United Kingdom



I

History and Evolution  
of Coffee

II

Economic Statistics  
of Korea Coffee Market



III

Outlook and Trends  
of Coffee Industry in Korea

# History and Evolution of Coffee



I

Introduction of Coffee in Korea



Dispersion of Coffee



Familiarization of Coffee



Coffee Industry  
Settle & Development

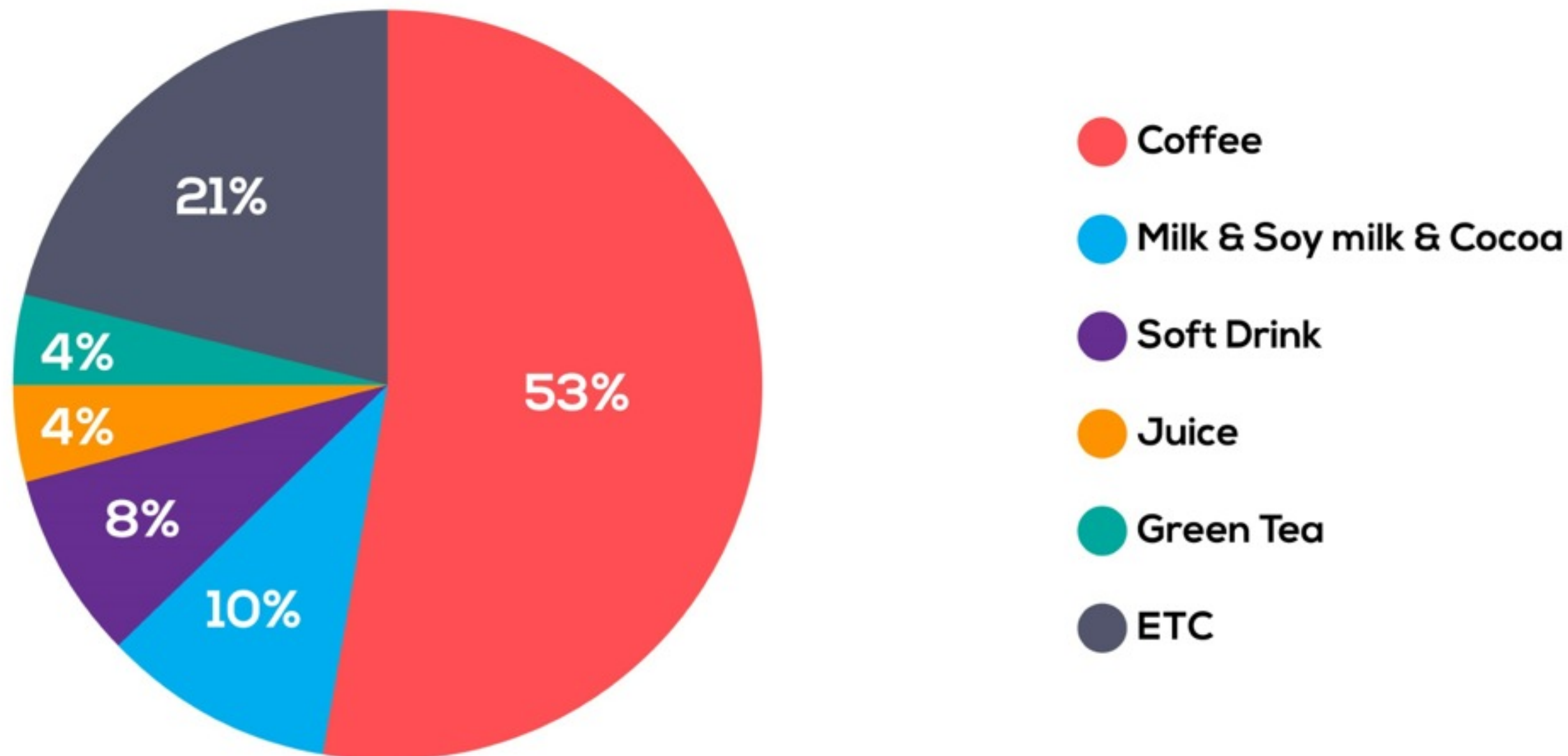


Initiation  
of Café boom



## I. Market Growth

### Market Share of Coffee in Korea Beverage industry

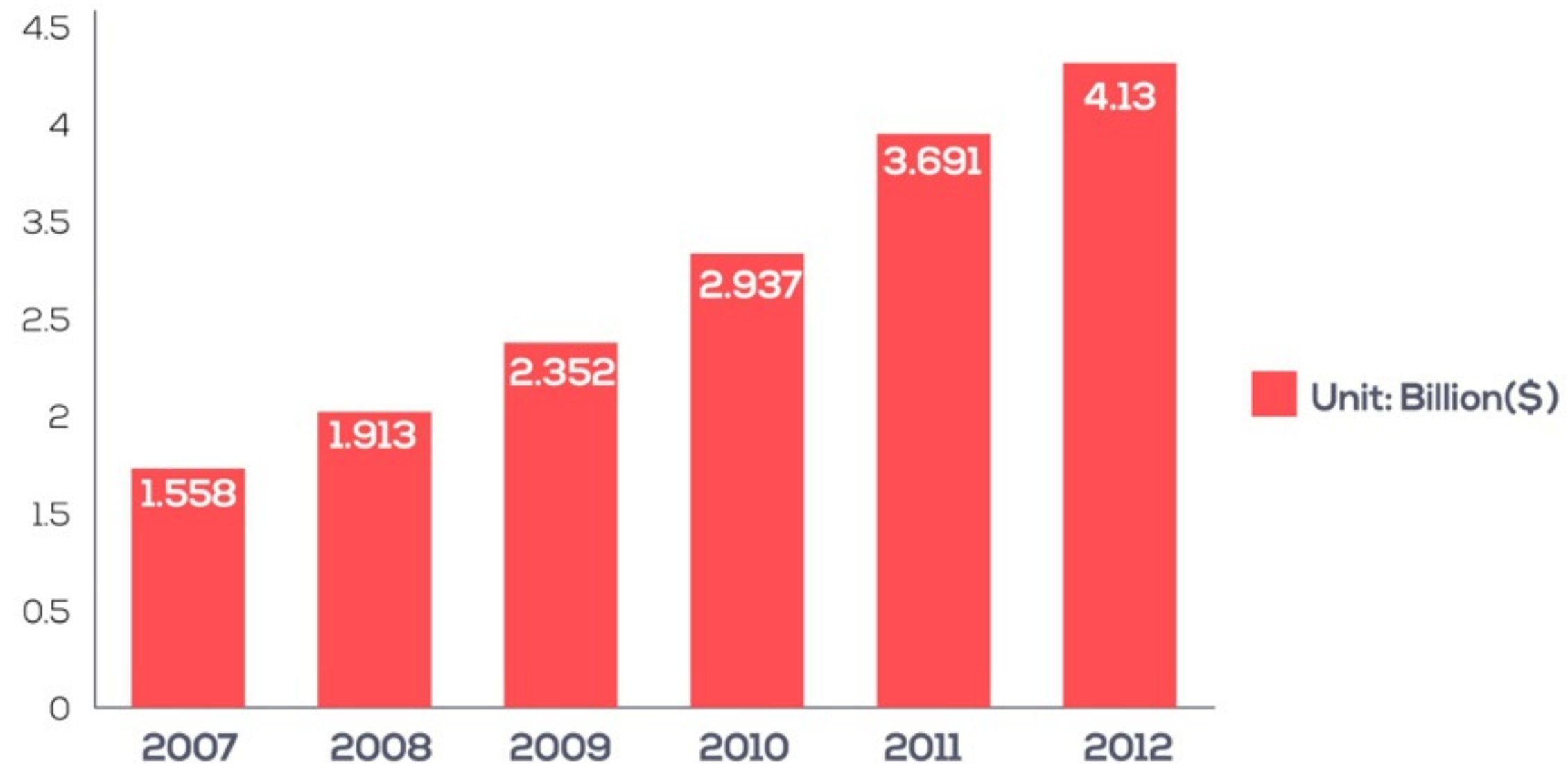




## I. Market Growth

### Annual Growth of Korea Coffee Market

Grown by 265% (2007→2012)



Source: Nielsen Korea / 2012

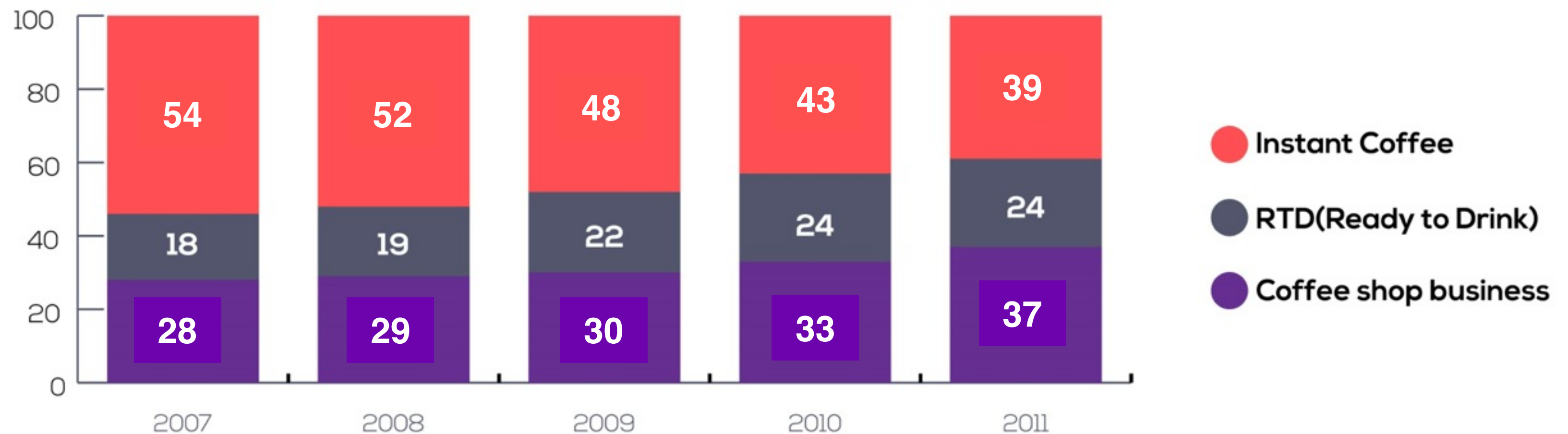
# Economic Statistics of Korea Coffee Market



II

## 1. Market Growth

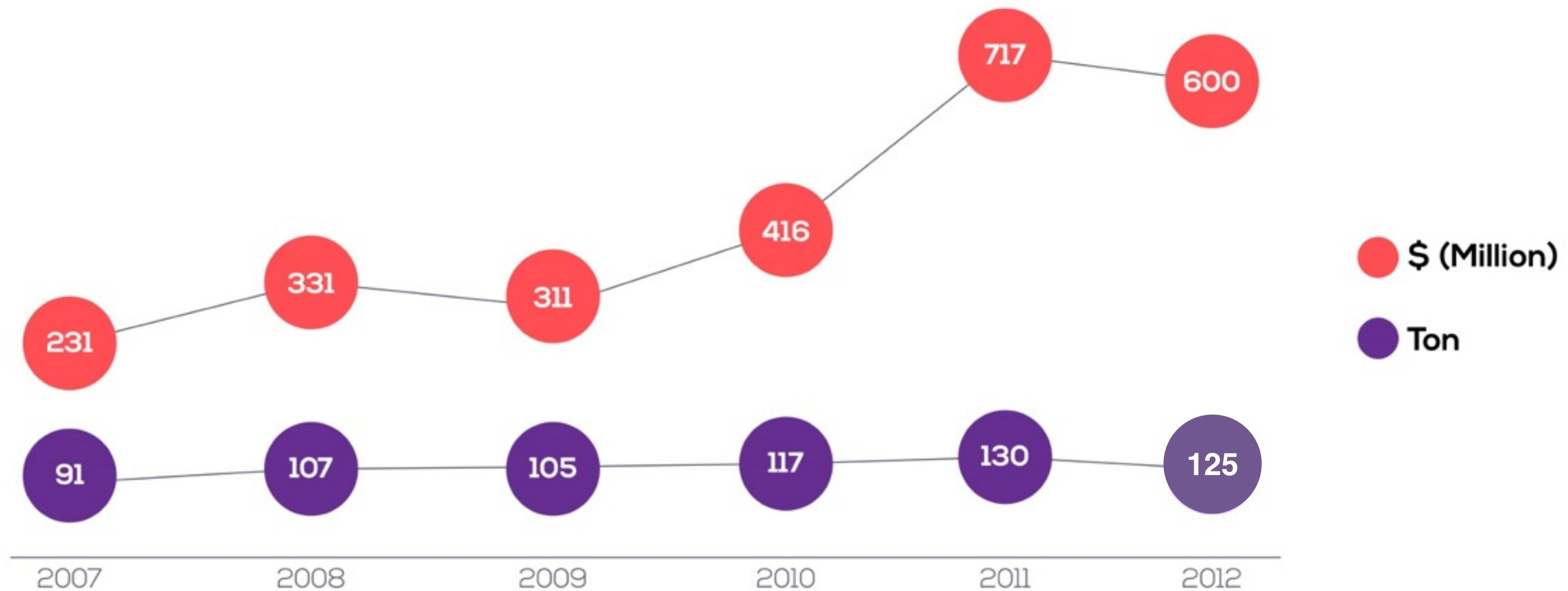
### Market Portion of Coffee in Korea (%)



Source: Nielsen Korea / 2011

## 2. Imports

### Import of Coffee in Korea



Source: Global Trade Atlas, HS0901 (Coffee W/N Roast or Decaff.), 2012 (Coffee Extracts Essence & Concentrate)

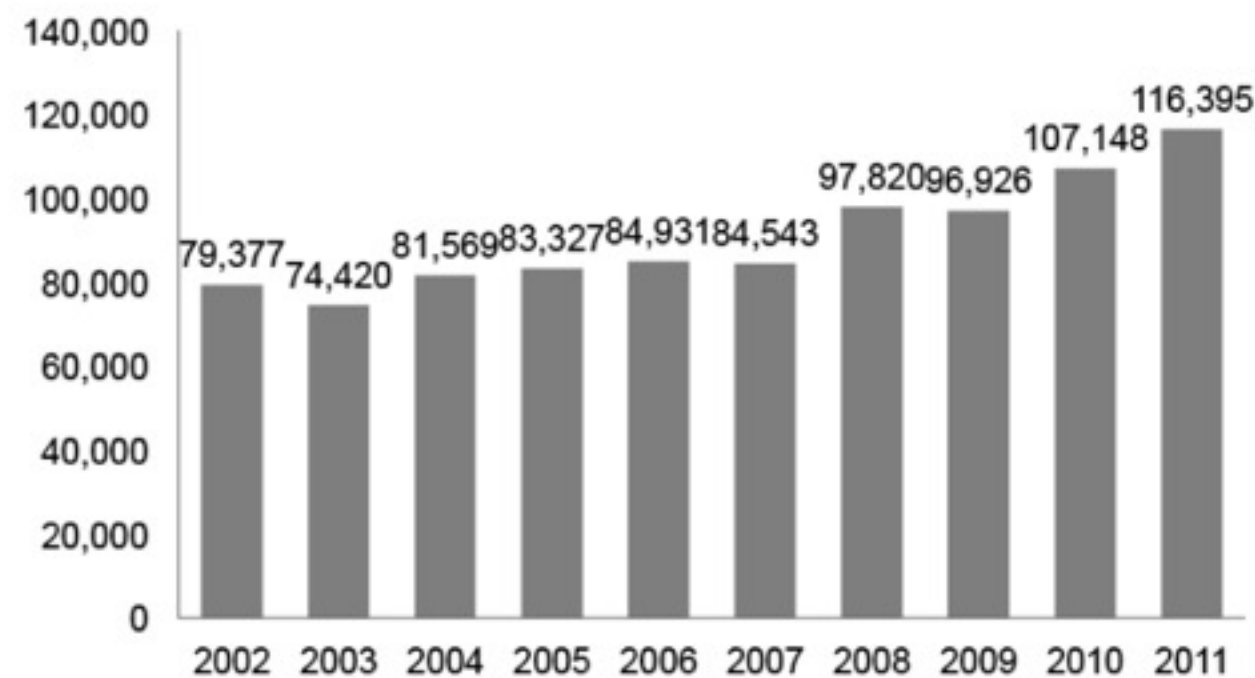


## 2. Imports

### Import of Green Beans in Korea

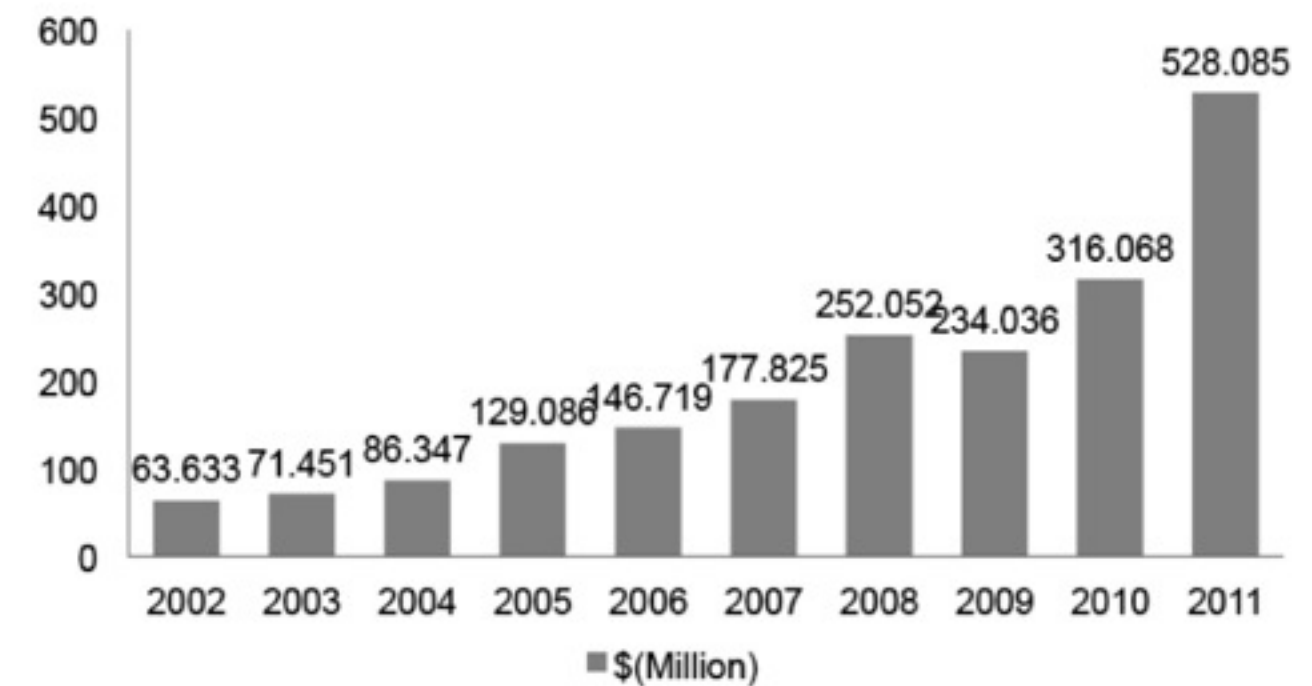
Ton

97,820(2008) → 115,395(2011)



\$  
Million

252.052(2008) → 528.085(2011)



Source: Korea International Trade Association (KITA), HS0901, (Coffee W/N Roast or Decaff)

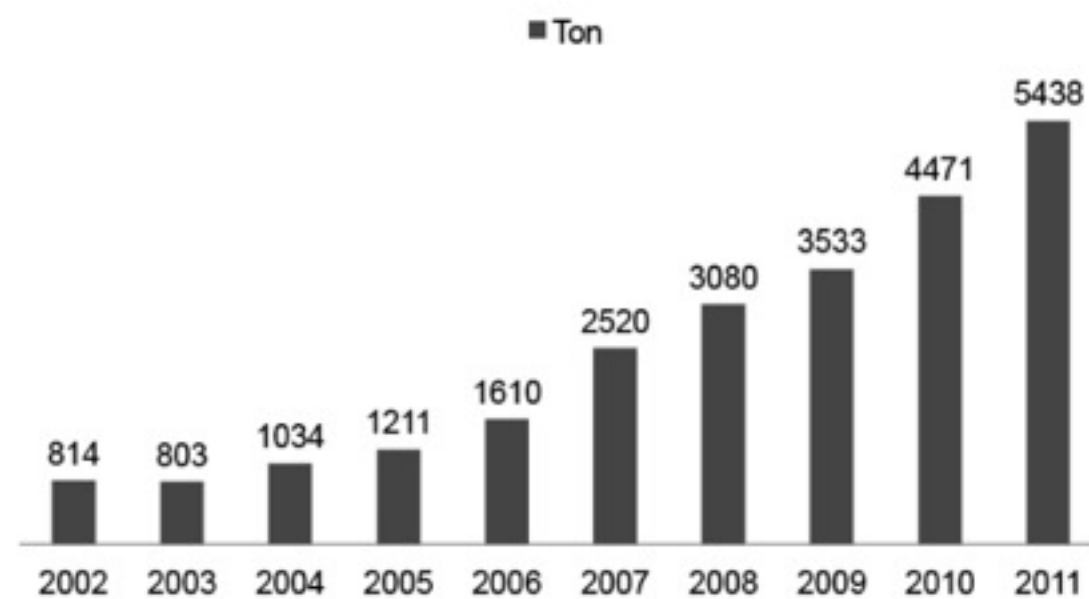


### 2. Imports

#### Import of Roasted Beans in Korea

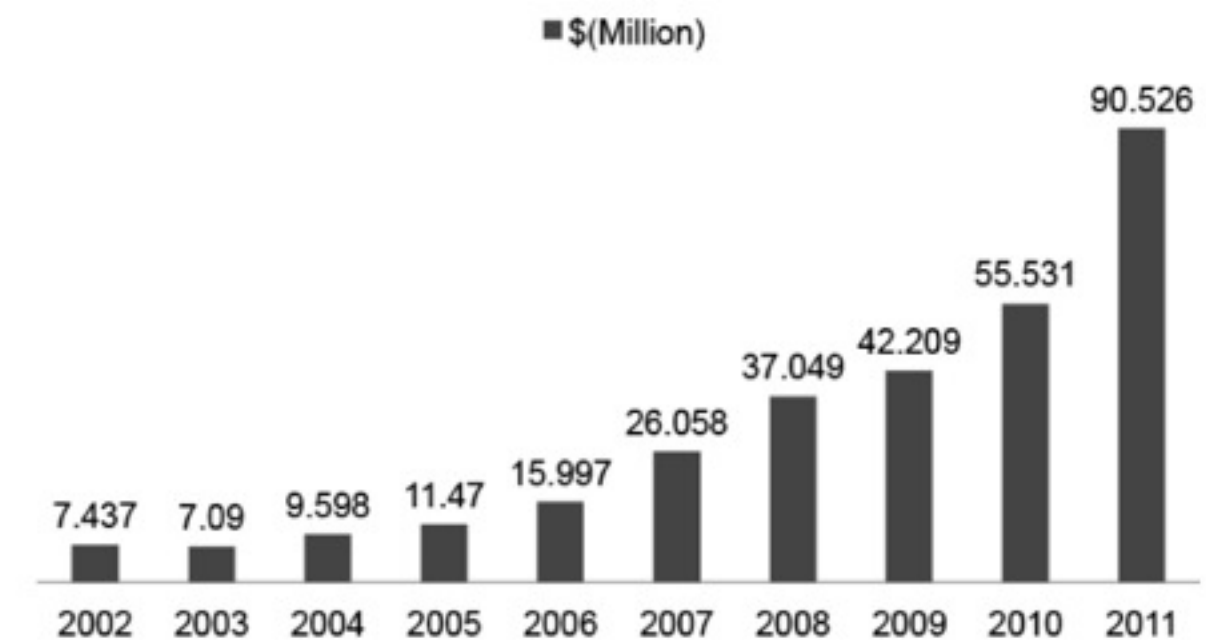
Ton

3,080(2008) → 5,438(2011)



\$  
Million

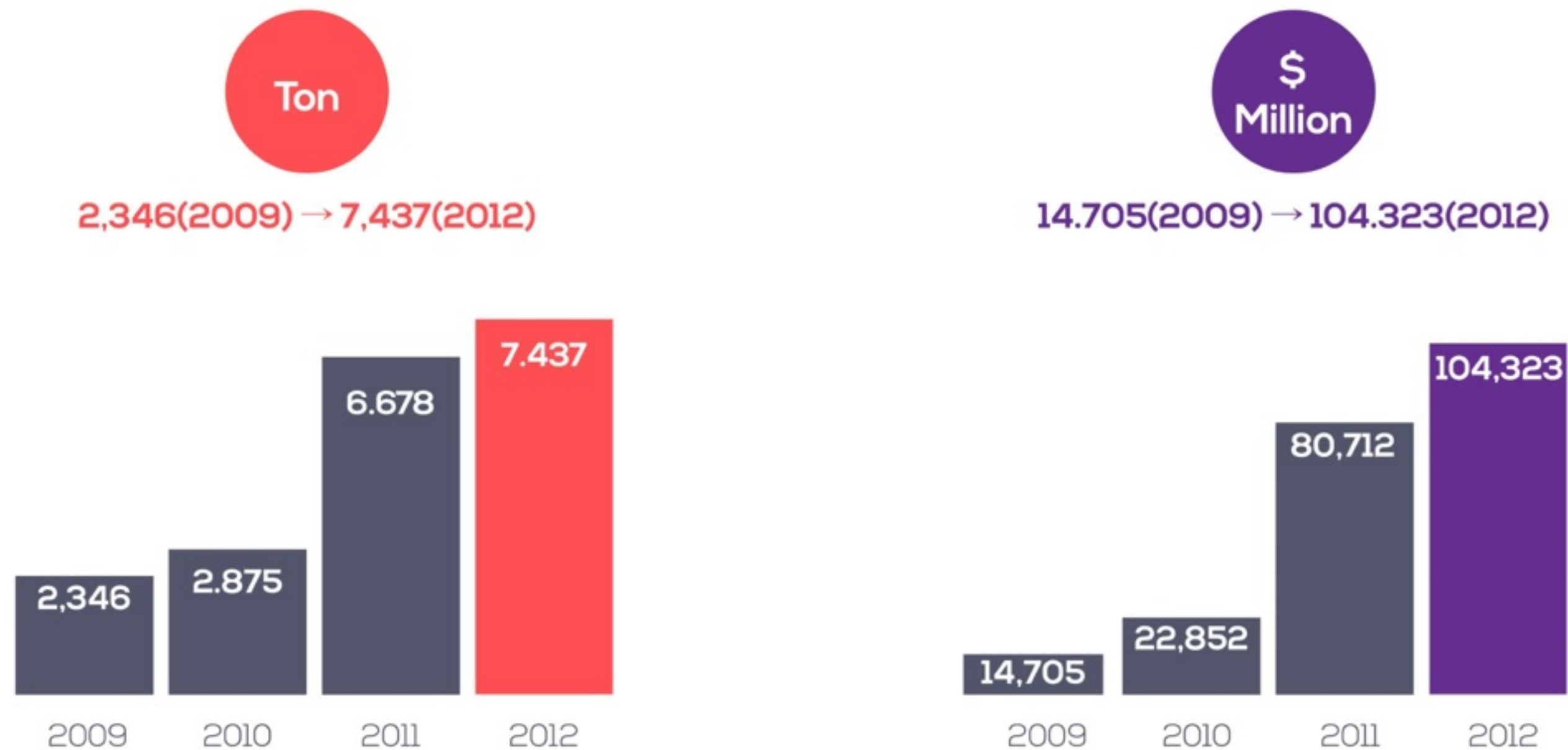
37.049(2008) → 90.526(2011)



Source: Korea International Trade Association (KITA), HS0901, (Coffee W/N Roast or Decaff)

## 2. Imports

### Import of Instant Coffee in Korea

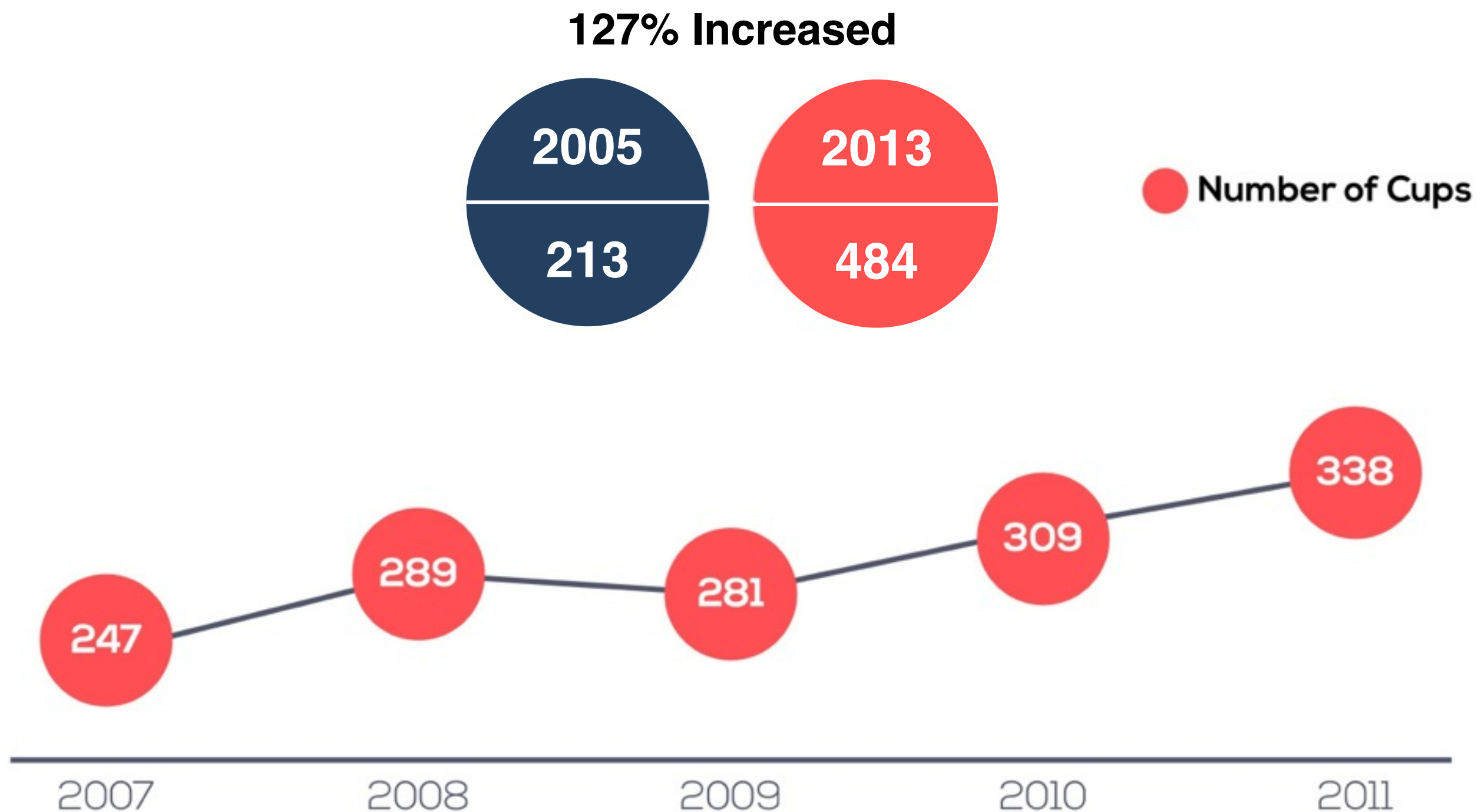


Source: Korea International Trade Association (KITA), HS2101.11



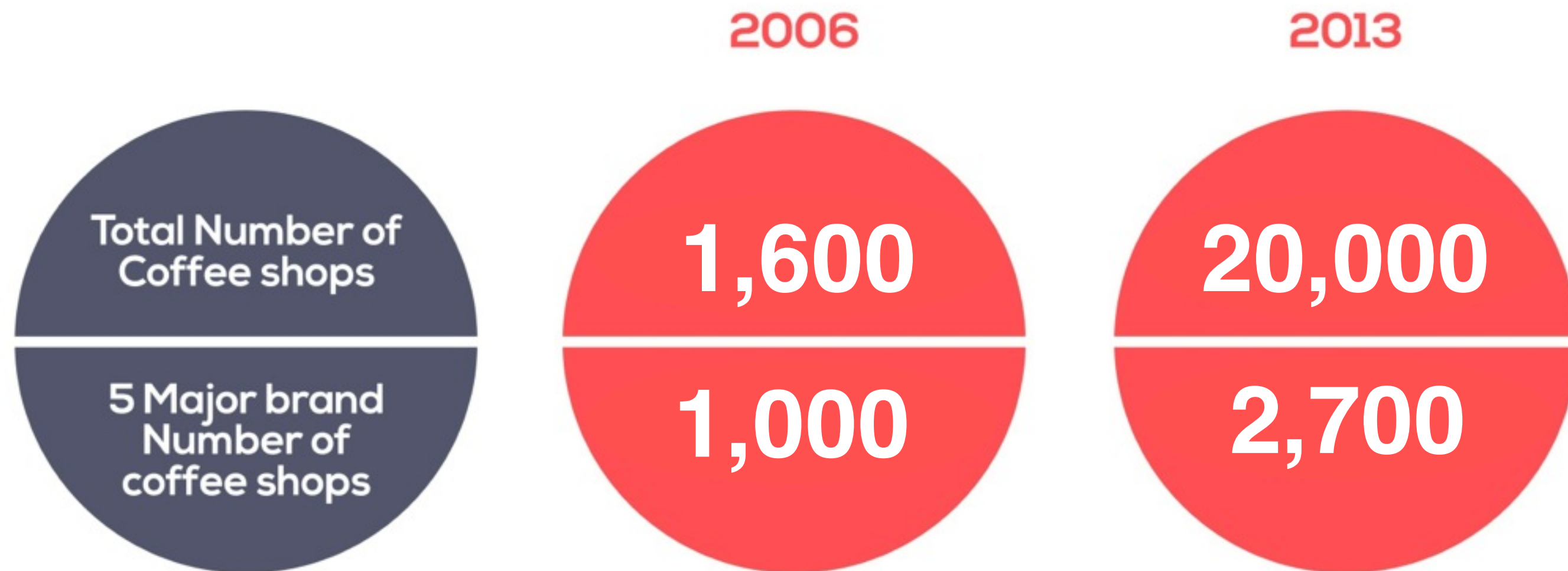
## 3. Consumption

Number of Cups per Capita / per Year



## 3. Consumption






### Number of Coffee Shops in Korea





## 3. Consumption

### Number of Major Brand Coffee Shops in Korea (2012)

Major brand	Numbers	Sales(M\$)	Profit(M\$)
 Starbucks(US)	554	369	23
 Cafe Bene(Domestic)	811	199	9
 Coffee Bean(US)	244	130	4
 TOM&TOMS(Domestic)	360	59	6
 Hollys(Domestic)	396	54	5

### Summary

**More than 100% annual growth** since **2005**

**Income Improvement** and **Westernization** dietary life →  
Rapid Growth in Coffee Consumption

**Coffee Market Diversification** with various categories of coffee  
(Instant Coffee, Coffee Mix, RTD Coffee, Roasted Bean Coffee)

Complete Product Coffee Market → **\$1.970 Billion**

Coffee Shop Business → **\$2.400 Billion**

**Front-back Industry Development** and increase of synergy effect

### ———— Coffee Market Growth ————

	2005	2008	2012	Note
Imports	90,619 Tons	107,000 Tons	115,000 Tons	484 Cups Per capita / per year
Scale	\$0.770 Billion	\$1.920 Billion	\$4.130 Billion	
Main Item	Instant Coffee	Franchise	Green Bean	Diversification
Market Growth	148%		115%	Steeper Growth



## 1. Significance of Coffee Quality

### Shift from Instant Coffee to Fresh Roasted Coffee

#### Socio-cultural Symbolism

##### Past

Instant Coffee  
→ Cheap, Low Quality Coffee  
functioned only for  
sleep prevention



**Brand-awareness &  
Preference for  
High-quality,  
Brandized products**



##### Today

Roasted Coffee  
→ High Quality, Cost-worth  
Coffee that brings a sense of Self  
-accomplishment, Emotional benefit,  
Value Consciousness via Consumption

#### Health & Dietary

##### Past

Instant Coffee Contains:  
•Sugar  
•Phosphate  
•Sodium Casein



**Health Consciousness**



##### Today

Preference for Clean  
Roasted Coffee from  
Country of Origin(Fertility)

#### Business

##### Past

Excessive supply of  
Coffee leading to  
Saturation of Cafés



**Differentiated Strategy  
and Entrepreneurship**



##### Today

Production of  
Exclusive Quality Coffee

## 2. Culturenomics

———— Shift from 'Favorite Food' product to 'Cultural Goods' ————

Coffee = Favorite Food ➤ Cultural Goods ➤ Cultural Industrialization

Coffee ➤ Cultural Medium ➤ Dispersion of Cafés ➤ Knowledge Information Exchange Place

Simple Product Consumption Market ➤ Culture Contents Combine ➤ Create Added Value



# Outlook and Trends of Coffee Industry in Korea



III

## 2. Culturenomics

### Emergence of Collaboration Café

Hollys Coffee  
+  
Kyobo Book Store  
=  
Hollys Coffee Book Café



Twosome Plcae Coffee  
+  
YG Entertainment  
=  
Twosome Studio  
(Art Gallery + Café)





## 3. Development and Prospect of Korea Coffee Market - Perspective of Cafe Show & World Coffee Leaders Forum

### ➤ Seoul Int'l Cafe Show is..

- **'Asia's No.1', UFI-certified** coffee exhibition in Korea
- **Test-hub** for global business and cultural development of café industry
- **Gateway** to ultimate Asia market.



### ➤ World Coffee Leaders Forum is..

- **First professional coffee forum** ever held in Asia (2012)
- **Informative platform** of knowledge sharing and exchange, discussing and providing a valuable insight of global coffee industry





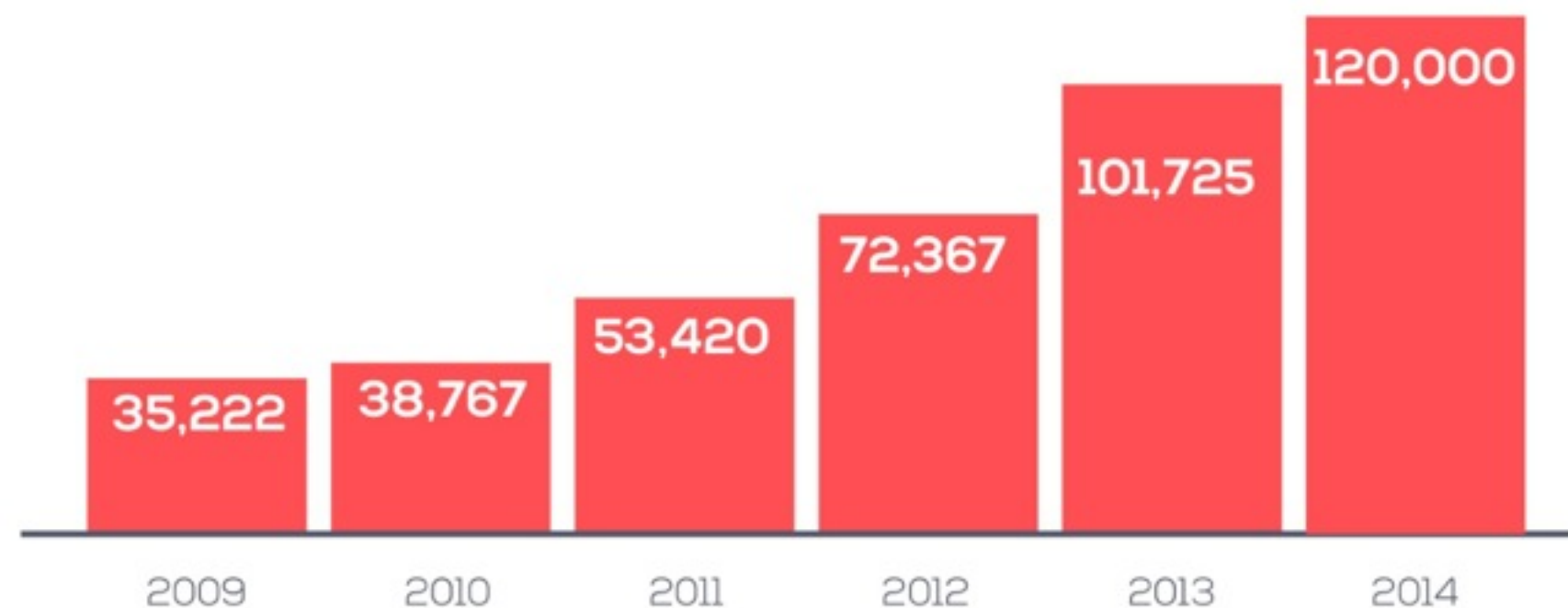
## 3. Development and Prospect of Korea Coffee Market - Perspective of Cafe Show & World Coffee Leaders Forum

### Seoul Int'l Cafe Show

#### Number of Exhibitors (5 years)



#### Number of Visitors (for 5 Years)



#### Statistics Analysis

- Re-participation rate of Exhibitors: 80.67%
- The demand for coffee as well as market scale is expected to continuously rise, without reaching market saturation.
- More global businesses generated in Korea.
- Korea is anticipated to become the focus of coffee hub in Asia.



## 3. Development and Prospect of Korea Coffee Market - Perspective of Cafe Show & World Coffee Leaders Forum

### World Coffee Leaders Forum

#### Number of Participants Growth



#### WCLF2013 Plenary Session Topics

Global Issues and Trends  
Asian Coffee Market Insight  
Specialty Coffee  
Changes in Coffee Market  
Coffee Leaf Rust  
Coffee Price & Marketing Strategy  
Relationship  
Sustainability & Fair Trade



#### Statistics Analysis

- Increasing demand for sharing, acquiring information and knowledge of coffee market
- Growing world-wide interest in Asia coffee market
- The desire to discuss dimensional aspects of coffee environment and economy to maintain sustainable development.



## 4. Expansion



### Café Bene (Korean Coffee Franchise)

→ 100th Coffee Shop opened in China



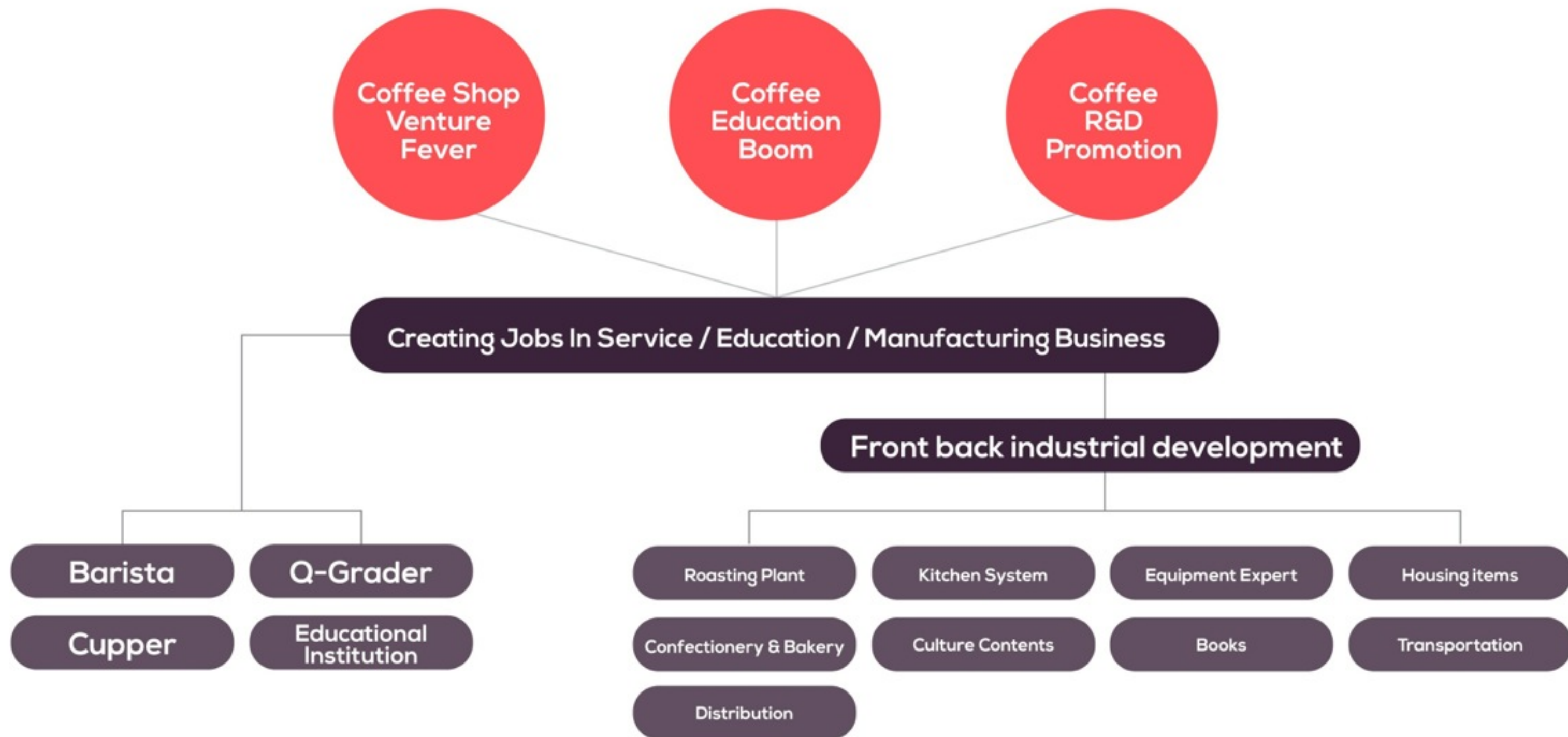
### Mann café (Korean small coffee shop)

→ Records the highest sales rate via business localization in China





## 4. Expansion



 **Creating New Value from Coffee Industry**





THANK YOU

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