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SEAFOOD STUDY 2019

Insights and Outlook:
Seafood Consumption in South Korea

South Korea is a very exiting seafood market, with one of the highest consumptions of seafood in the world.
Two years ago we conducted a study about the Korean market, in which we covered a wide range of topics. This year, we have decided to once again dig into the numbers, to get an even better understanding of the Korean seafood consumers. In this version, we will present some of the most interesting findings from our recent study about the Korean consumer market.

The Korean seafood market is expected to grow in the coming years. But for the consumption to grow, we need to know what lies behind the consumers choices. This study aims to investigate what the consumers consider to be most important when buying seafood. As major seafood nations, Norway and South Korea share a responsibility to provide safe and sustainable seafood to the consumers. And as we will discover in this study, the consumers need the correct information to feel secure about the seafood choices that they make.

South Koreans are the top seafood consumers in the world

According to the latest estimates by OECD and FAO the yearly seafood consumption[1] in Korea was 59 kg per person (estimates for 2017). This is one of the highest levels globally.

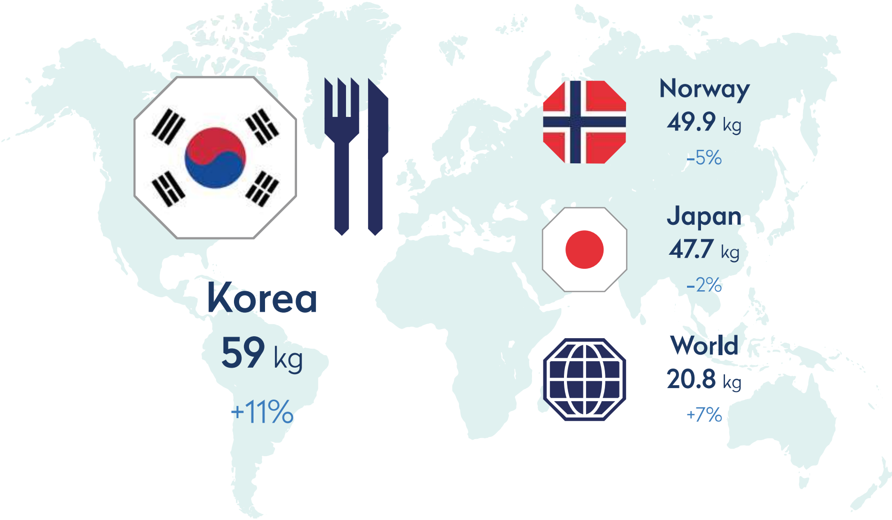
Seafood market forecast 2019 (kg/capita)

Korea **61.4**	Norway **49.3**
Japan **46.5**	World **20.3**

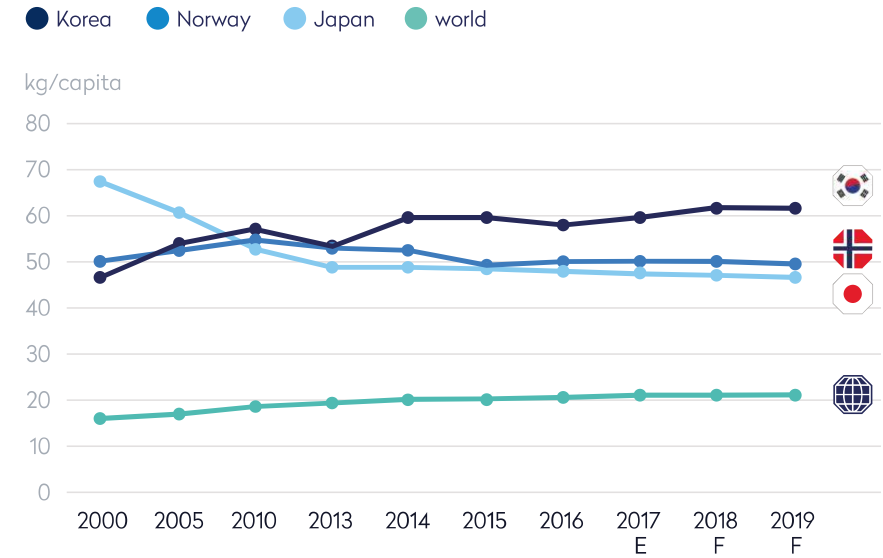
Worldwide forecasts are showing a positive consumption trend for the next two years. However, the consumption of seafood in some of the high consuming countries like Japan and Norway has experienced declining trend. The level of consumption in Korea has experienced some variations since 2010, but the overall trend is positive. For 2018 and 2019, the forecasts show a continuing growth for consumption in Korea.

During the last five years, the supply of seafood to the Korean market has been increasing. According to Promar[2], an international a agricultural consulting firm, the total supply of seafood to Korea reached 4.8 million tons in 2018, an increase of 21% compared to 2013. Domestic supply accounted for almost 70% of the market, while imports accounted for about 30%.

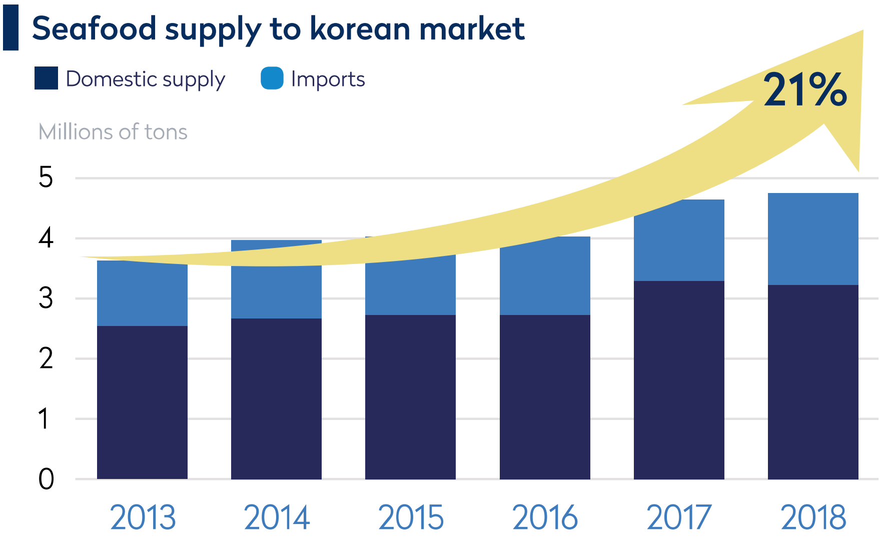
Annual seafood consumption



Annual seafood consumption per capita 2000-2019



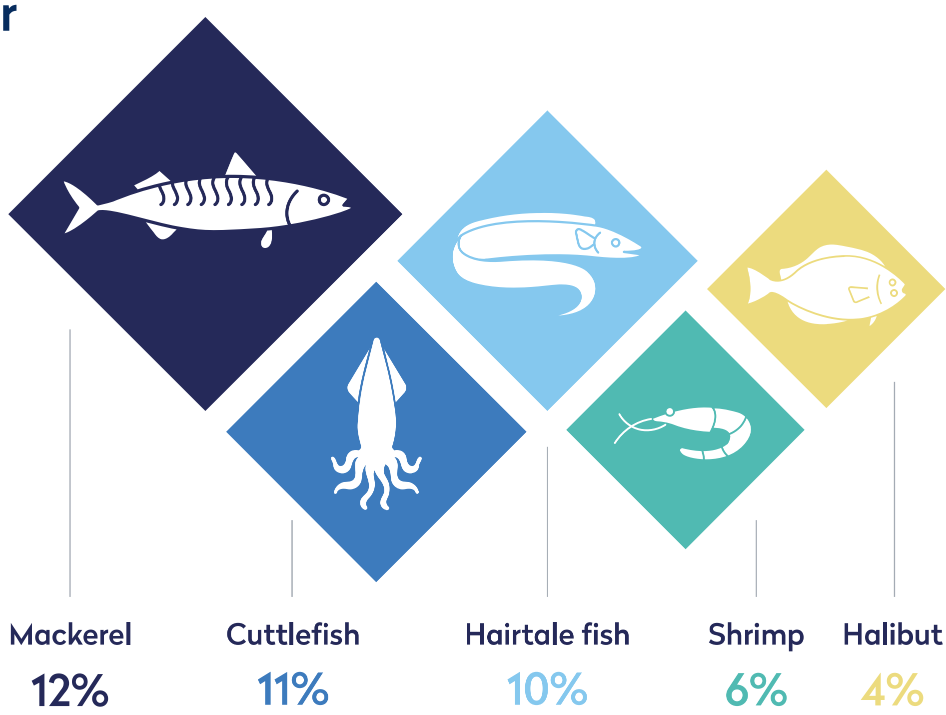
Seafood supply to korean market



1 OECD-FAO Agricultural outlook 2018-2027, estimates for 2017, change 2013-2017
2 Promar Consulting, data from Ministry of Oceans and Fisheries, Korea Customs Service

Mackerel remains the most popular choice

Studies from Korea Rural Economic Institute (KREI)[3] show that fish is the most frequently consumed seafood type, while shellfish is consumed less frequently. According to our previous studies[4], mackerel, squid and hair-tail fish are the most preferred fish types for meals at home, while salmon climbs to a second place (following mackerel) at restaurants. These findings are in line with Korea Maritime Institute (KMI) recent study[5] which ranks the most favored species in Korea. In the same report, consumers state that they eat seafood mostly at home.



KMI also report an increase in popularity for eating seafood at restaurants[6]. This is partly due to an increase in specialized restaurants that serve imported seafood, such as salmon and lobster.

3 The Consumer Behavior Survey for Food 2018, KREI
4 Seafood Consumer Insight 2017, NSC
5 2019 Survey on public recognition of ocean and marine products, KMI
6 2019 National consumption tendency of seafood, KMI

The growing importance of convenience

We asked the consumers where they purchase their seafood and the results show that the consumers most often buy their seafood at hypermarkets, followed by more traditional fish markets, and most seldom at convenience stores.

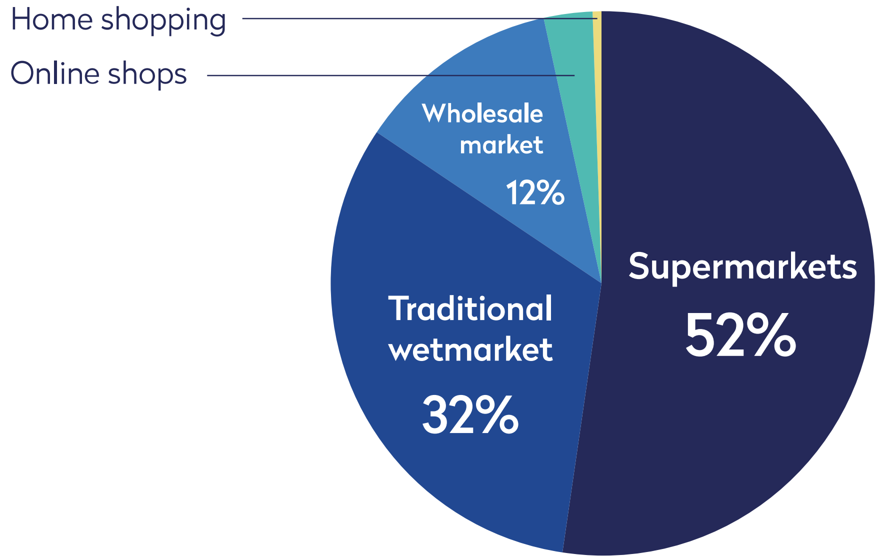
Similar results are presented in a study by KMI[7] , where supermarkets and traditional wet markets stand for 84% of the seafood sales.

According to Euromonitor, super- and hypermarkets are still the main channels for grocery spending in Korea, but convenience stores are the most rapidly growing channel, with a 9% value growth in 2018. The rise in single person households is pointed as one of the major factors for this growth.

Although our study shows that 56% of the consumers never buy seafood at convenience stores, recent numbers from GS25[8], one of korea's major convenience store brands, show that their sales of seafood products grew by 26.7% in the first half of this year. This marks a consecutive double-digit growth in the last three years. Therefore, even if the presence of seafood in convenience stores is still low compared to other categories, the market is increasing.

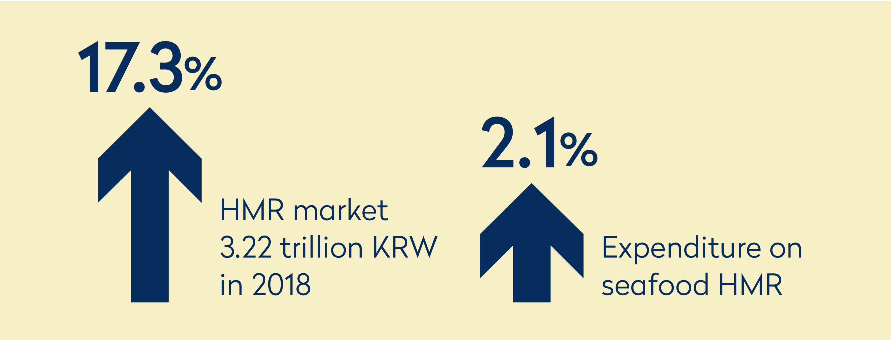
Convenience is not limited to convenience stores alone. HMR products are sold in all channels, and according to KREI, the HMR market is estimated to 3.22 trillion KRW in 2018, which is a 17.3% growth from 2017. Time saving is one factor contributing to this growth, but also relatively cheap prices for products that

Sales channels of seafood



are steadily developing in taste have made these products more popular. Urban living with smaller kitchen facilities and the growth in single person households are seen as some of the most important factors for this growth.

According to a survey by the KREI[9] , expenditure on seafood HMR products is still low. Only 2.1% of the expenditure on convenience foods is spent on seafood. In other words, the seafood HMR market is still small, but there has been signs of growth in the past two years.



In our last study, we found that the consumers, especially the younger, perceive their seafood cooking skills as quite mediocre and they have a limited set of seafood recipes.

From previous studies we also know that some of the barriers for cooking fish, in addition to smell, is the complexity and lack of inspiration. Because of the lack in cooking confidence and perception of seafood as difficult, further growth in the seafood HMR market should be expected as product development increases.

7 2019 survey on public recognition of ocean and marine products, KMI

8 Growth of seafood sales in convenience store....GS25 fisheries sales increase in double-digit, Yonhap news (2019.7.4)

9 2018 Survey on consumer behavior towards processed food, KREI

Seafood shopping behavior: "safe to eat" is most important

Although sales numbers can tell us a great deal about the market, we wanted to know more about the underlying factors behind the choices that consumers make when buying seafood.

To find out what Korean consumers regard 'important' when buying seafood products, the respondents in our study were asked to rate a set of statements according to importance.

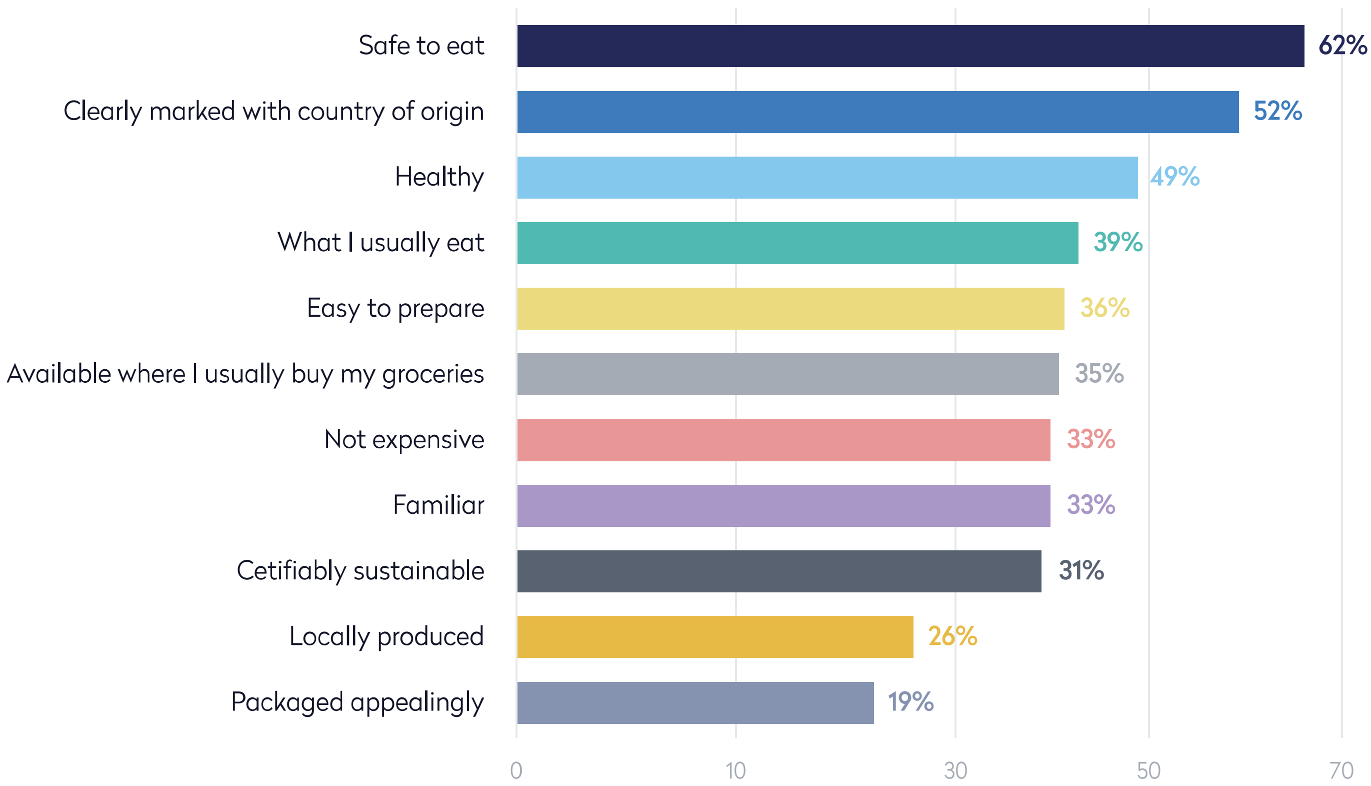
The results show that "safe to eat" and "clearly marked with country of origin" were regarded as the most important factors, closely followed by "healthy".

There were some differences between age groups. A larger share of consumers aged 45-65 regarded "healthy" and "locally produced" as very important compared to other age groups. Consumers aged 20-34 regarded "not expensive" and "packaged appealingly" as more important than the older consumers. Even though there are differences, the ranking on the top is the same.

Affordability and **appealing package are** more important to consumers **aged 20-34** than older consumers

"Healthy" was regarded as very important by 49 % of the respondents. It might not be very surprising that it is important, as it is commonly known that seafood is healthy. But what was interesting to discover was that our analysis show that "healthy" is related to "safe to eat", and is therefore not only linked to factors like fat content or vitamins, but also to food safety. We also discovered that "healthy" and "safe to eat" were related to "country of origin". And as we will discuss further down, consumers use country of origin as an indicator of safety and quality.

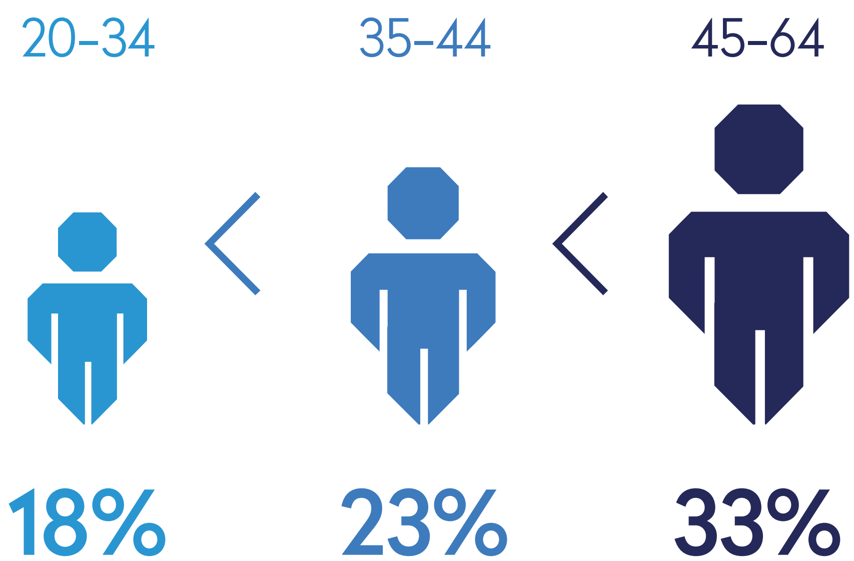
Important factors when buying seafood



A study by KMI[10] also shows that safety is one of the most important factors when purchasing and consuming seafood. According to their study the consumers are most worried about food safety during the distribution stage, which has lower reliability than the farming and sales stages. This is explained by the fact that quality is influenced by freshness, and the distribution stage is the most volatile stage affecting freshness.

Perceptions of local and imported seafood is changing

Importance of locally produced by age



Overall, "locally produced" was rated as very important by 26 % of the respondents. The share is lower than for "safe to eat" and "clearly marked with country of origin", but very few of the consumers rated "locally produced" as unimportant. Therefore, it needs to be considered as a contributing factor when consumers choose which seafood to buy.

We did find some differences between age groups concerning the importance of locally produced seafood. While 18 % of the consumers aged 20-34 regarded "locally produced" as very important, 33 % of the consumers aged 45-60 regarded it as very important.

The fact that especially the older generation regard "locally produced" as important might indicate skepticism towards imported seafood. When the consumers were asked whether or not they regarded imported seafood to be less safe than domestic seafood, about 23 % completely agreed. Therefore, we cannot rule out some skepticism towards imported seafood.

18% of the consumers **aged 20-34** regarded "locally produced" as very important, **lower than the average.**

10 2019 National consumption tendencies of seafood, Korea Maritime Institute

Origin matters

As mentioned above, "clearly marked with country of origin" was one of the factors that was regarded as highly important by the consumers when buying seafood. More than 50 % of the respondents regarded it as very important. Country of origin often tells us more than just the origin of the product. It is regarded as an indicator of quality, or at least perceived quality, which again can determine the willingness to pay more for products from certain origins.

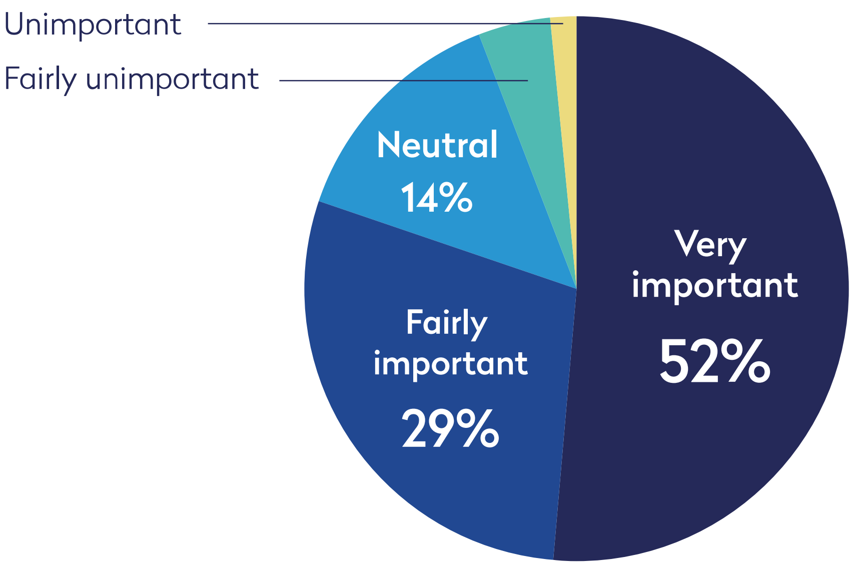
Comparing the answers for different age groups does indicate that consumers aged 45-60 years regard country of origin as somewhat more important than other age groups. But overall, the differences were not big, and all age groups had low shares of respondents that regarded country of origin as unimportant.

74% agreed that **countryof origin** is an **indicator of quality**

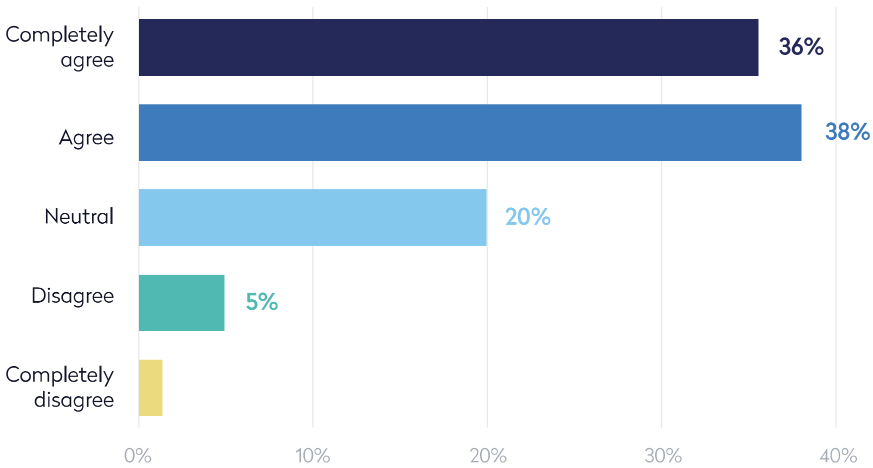
As mentioned above, we found correlations between "safe to eat" and "clearly marked with country of origin". We asked the consumers if they regard country of origin as a good indicator of seafood quality and the results show that very few consumers disagree.

These results clearly indicate that the consumers want to know where their seafood comes from. This is at least partly explained by the fact that they use country of origin to assess the safety and quality of the seafood.

Clearly marked with country of orign



Perception of country of origin as an indicator of quality
Country of origin is a good indicator of seafood quality



How are certifications perceived?

Just as country of origin can be seen as an indicator of quality, certifications are also used to indicate certain product qualifications.

76 % agreed that seafood that is **not certified** is **less trustworthy**

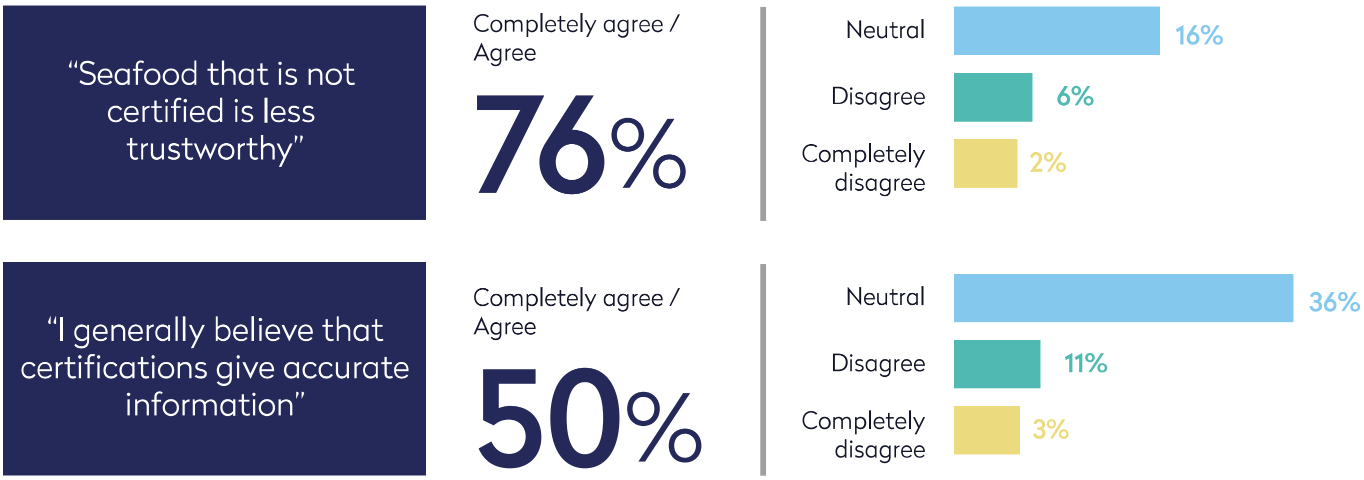
But do Korean consumers think certifications are important, and do they trust them?

One of the statements on the list of important factors when buying seafood was “certifiably sustainable”. We found that 31 % of the respondents regard “certifiably sustainable” as very important, while 37 % think it is fairly important.

The consumers were also asked whether or not uncertified seafood seems less trustworthy. The consumers were very clear in their answers to this statement; 76 % agreed to some level, of which 47 % completely.

When asked whether or not the consumers generally believe that certifications provide accurate information they were more uncertain. The answers indicate that the consumers are in fact not fully convinced about the information provided by certifications. Although we do not know the exact reasons for this, this indicates that the consumers might need further clarifications about the meaning of certifications.

Perception of uncertified seafood and certification



Although one should not base decisions on one study alone, we hope that the information included here has brought new and interesting insights about the Korean seafood consumers.

There are signs pointing towards a continuing growth of the Korean seafood market. And while species like mackerel and hairtail fish are still the most popular species to eat at home, the growing popularity of for example salmon at restaurants, shows that there is room for new species complementing the existing range of seafood. The convenience market is growing: sales of HMR products is steadily growing, and convenience stores are one of the fastest growing channels. There seems to be more potential for seafood within convenience, and it will be exciting to follow the product development for seafood convenience products in the future.

We found that Korean consumers regard food safety, country of origin and health as some of the most important factors when buying seafood. There is some skepticism towards imported seafood, and uncertified seafood is seen as less trustworthy. The consumers want to know the origin of the seafood, because origin is one of the product characteristics that consumers use to define the safety and quality of seafood. This indicates the importance of giving the consumers clear and trustworthy information for them to feel safe about their choice of seafood.

Study design

Most of the findings in this study are based on a quantitative survey carried out by Kantar TNS on behalf of the Norwegian seafood council during July 2019.

Sample size: N = 1 500

For most of the questions in this study, the respondents were asked to rate a set of statements on a scale ranging from 1 to 7. The numbers in the analysis have been used as follows:

1	2	3	4	5	6	7
Unimportant/ Completely Disagress		Fairly unimportant/ Disagress	Neutral	Fairly important/ Agress	Very important/ completely agree	

Additional sources

Seafood consumer insight 2012-2019, carried out by Kantar TNS on the behalf of the Norwegian seafood council

OECD

Food and Agriculture Organization of the United Nations (FAO)

Promar Consulting

Korea Rural Economic Institute (KREI)

Korea Maritime Institute (KMI)

Euromonitor

Statistics Office

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