

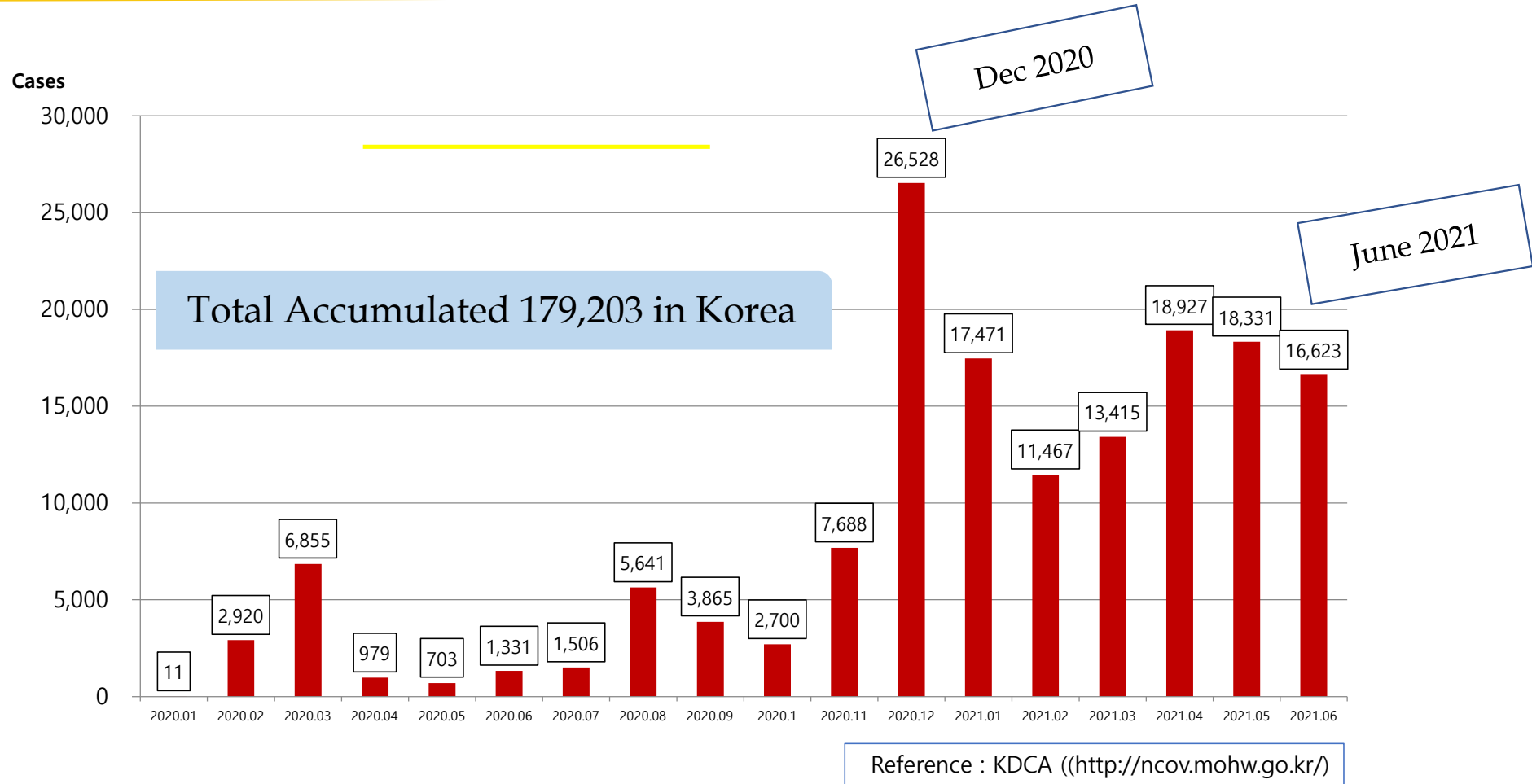


Introducing Korea

July 20st, 2021

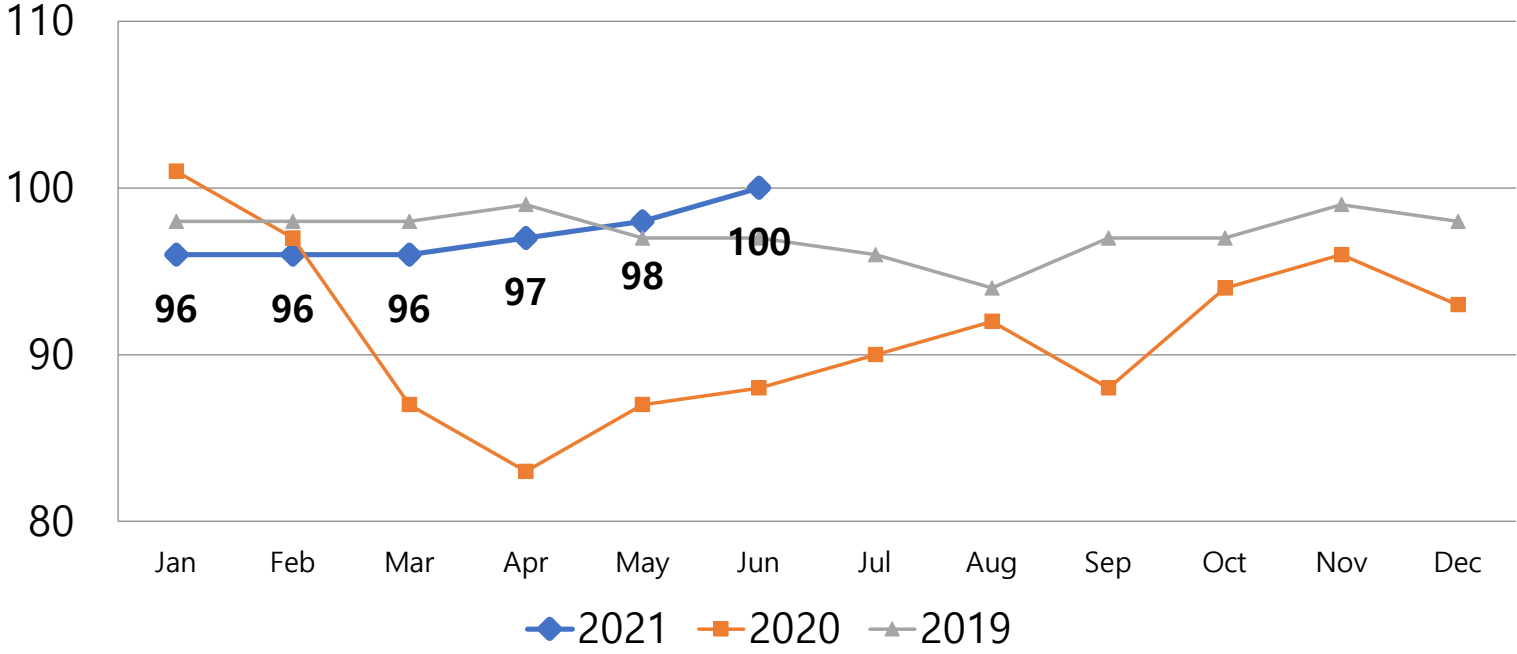


COVID-19 Monthly Confirmed Case in Korea



Consumer Survey Index (CSI)

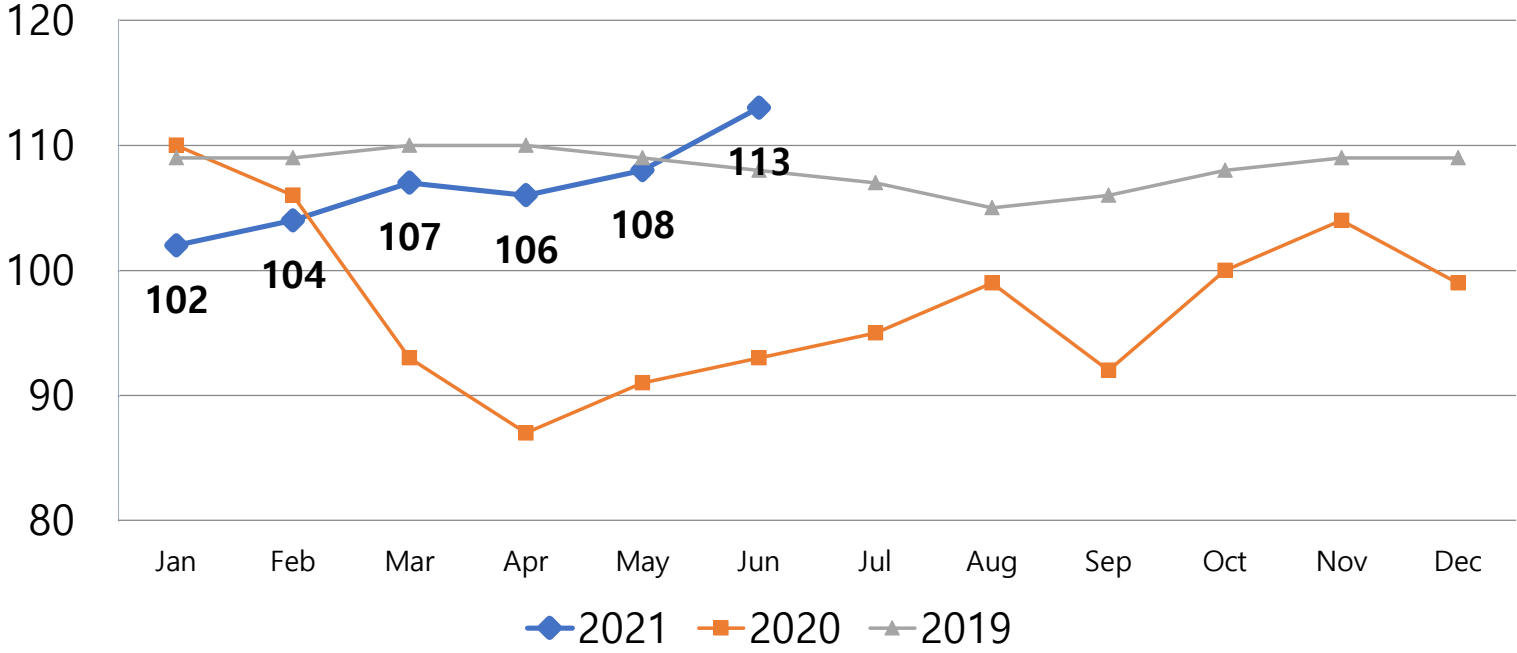
Income Expectation



Bank of Korea, Consumers Survey Study, Jan 2021

Consumer Survey Index (CSI)

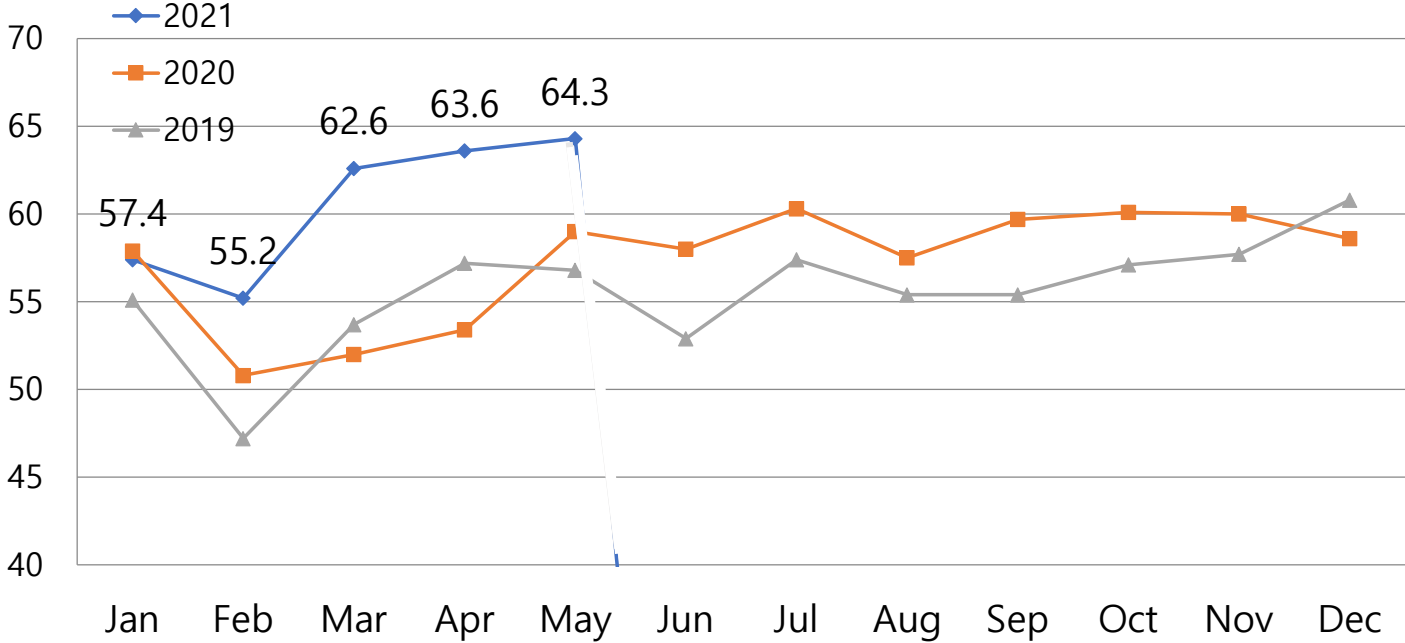
Consumption Expectation



Bank of Korea, Consumers Survey Study, Jan 2021

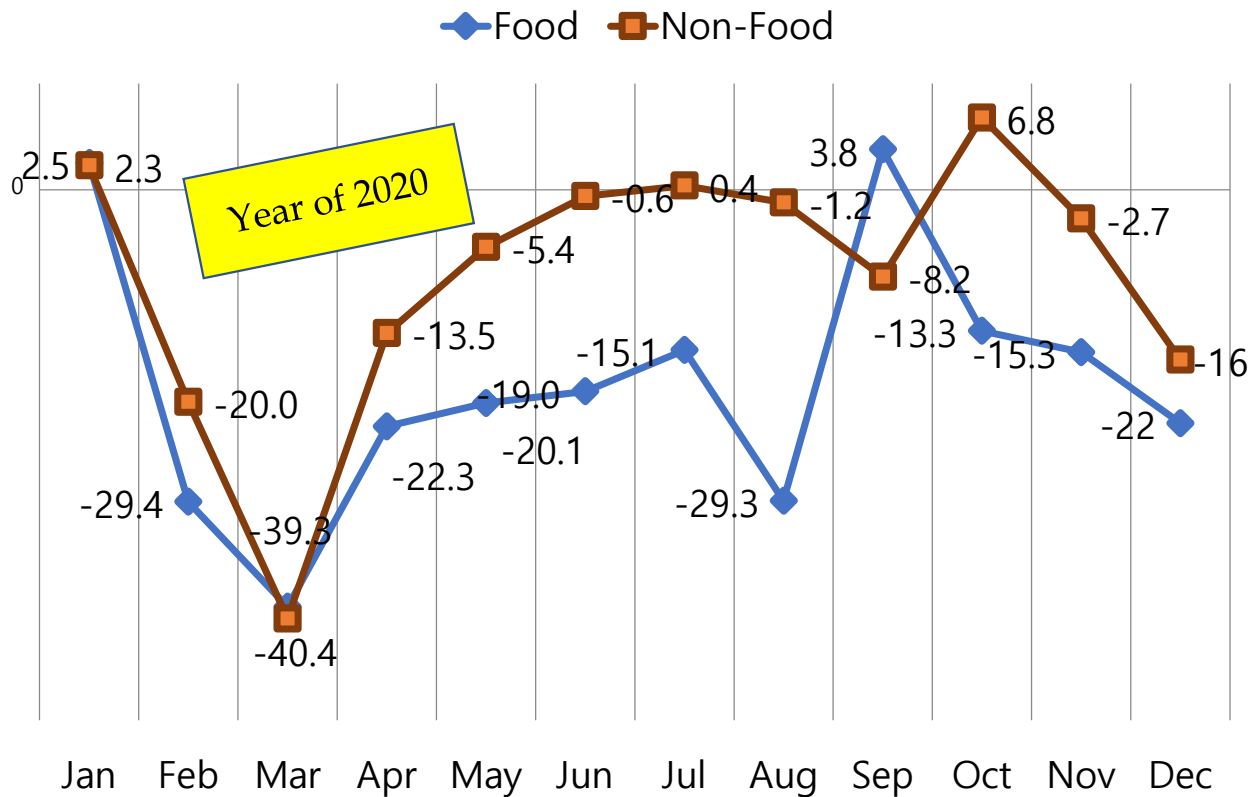
Credit Card Balance

Settlement Amount



Credit Finance Association of Korea, KRW in trillion

Department Store, High Premium

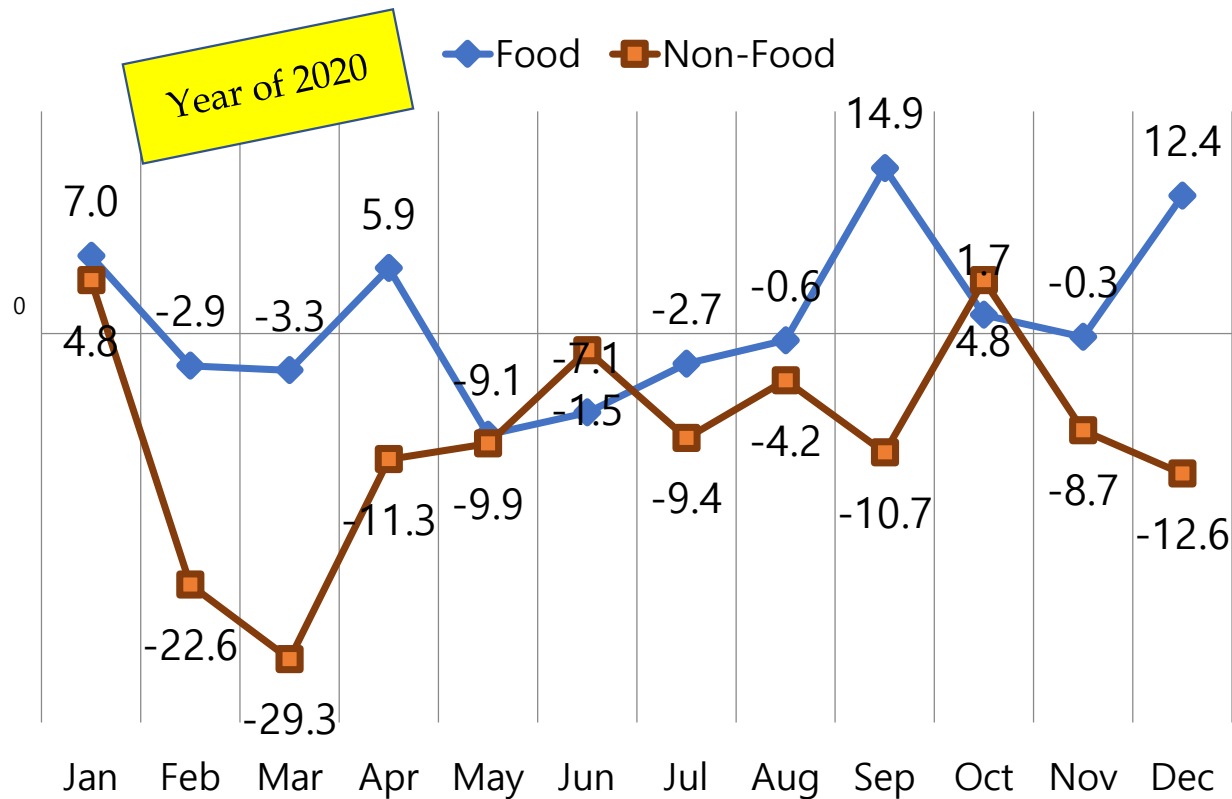


(Department Store)

- ✓ Sharp drop for department shopping, **40% down** over the year 2019, when the pandemic reached its peak in Korea
- ✓ Spending at department store **stayed low and low** after COVID-19 started
- ✓ Non-grocery : Ladies suit, Casual apparel, Sports-wear, Home appliances, Electronic products, Kitchenware, etc.

Ministry of Trade, Industry & Energy, Jan 2021, % changes YoY

Wholesale Store

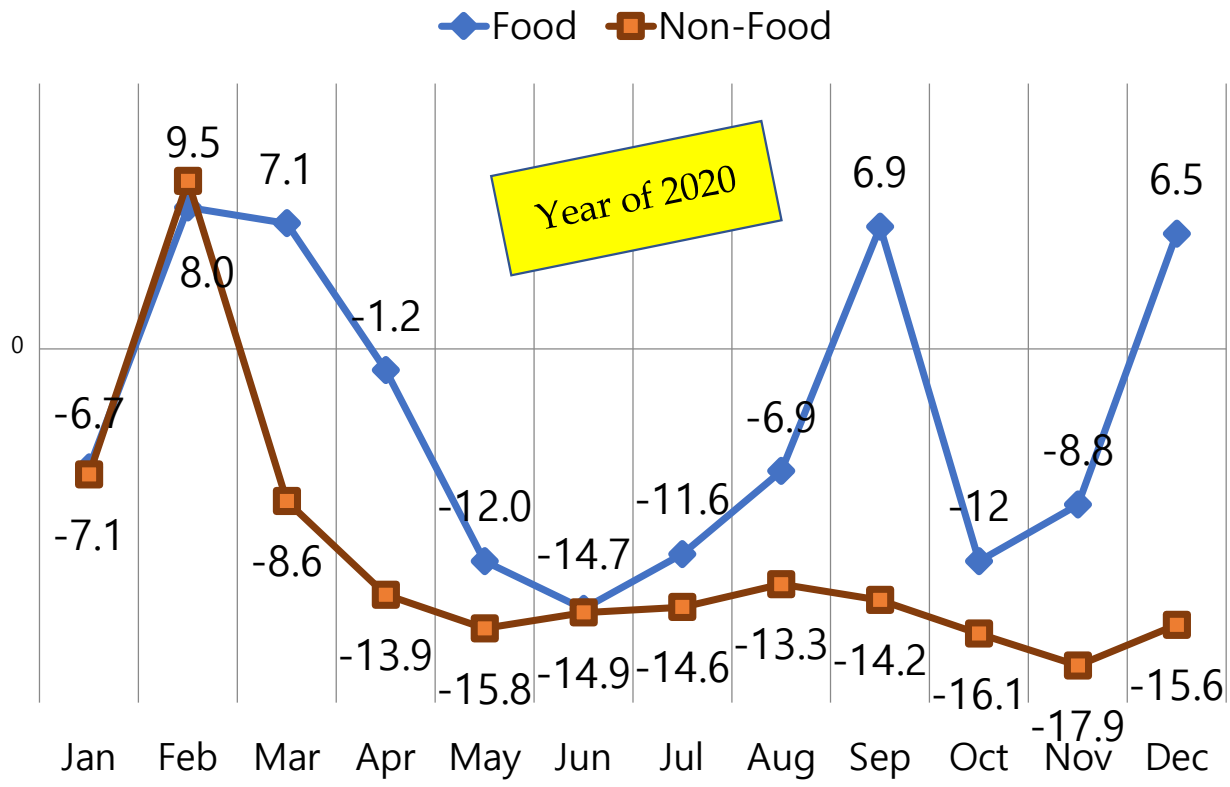


Ministry of Trade, Industry & Energy, Jan 2021, % changes YoY

(Wholesale Store)

- ✓ Consumers' trend showed no spending on **non-food products** after COVID-19 started in February 2020
- ✓ Consumption at wholesale stores **centered at grocery food products only**
- ✓ Non-food : Electronics, Apparel, Home-deco, Sport, Misc. Products and etc.

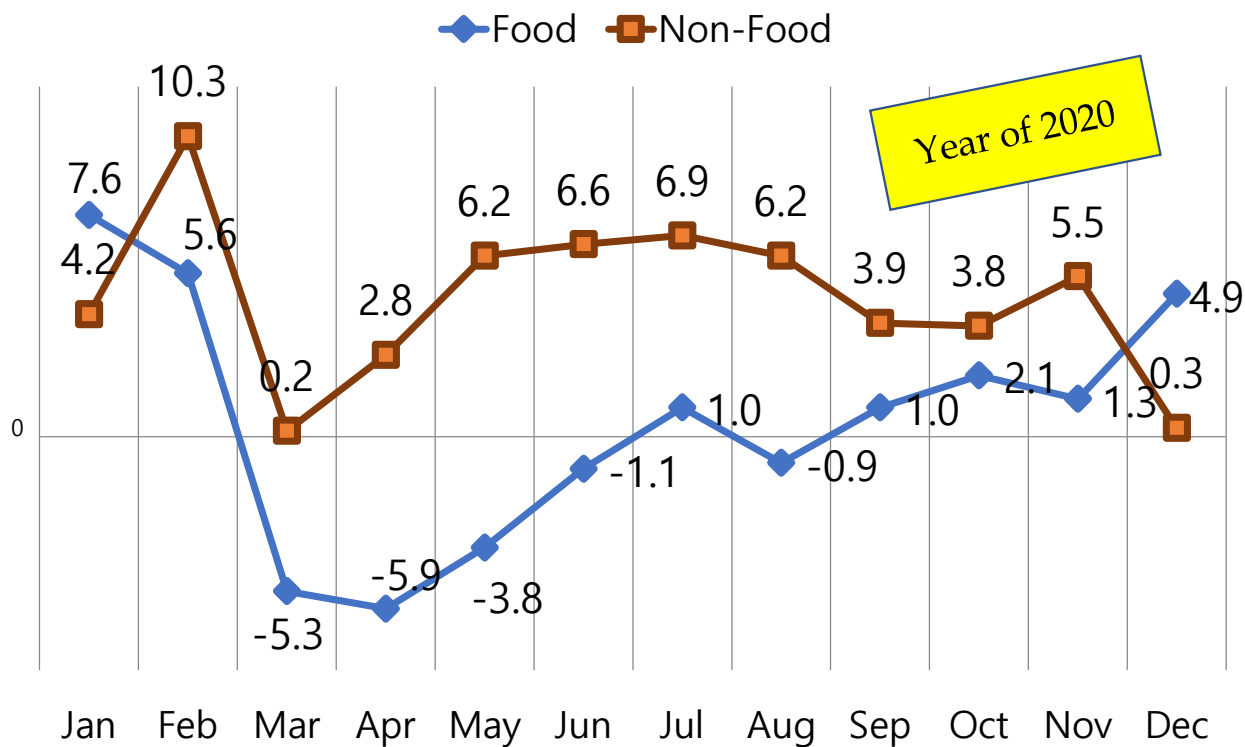
Super Supermarket, SSM



Ministry of Trade, Industry & Energy, Jan 2021, % changes YoY

- (Super Supermarket, SSM)
- ✓ Spending shifted to the SSM stores for general grocery & food products, showing little rebounds after May
 - ✓ Spending appeared negative and stayed low after April, showing contracted consumption pattern
 - ✓ Non-food : Daily consumer products, miscellaneous and etc.

Convenience Store

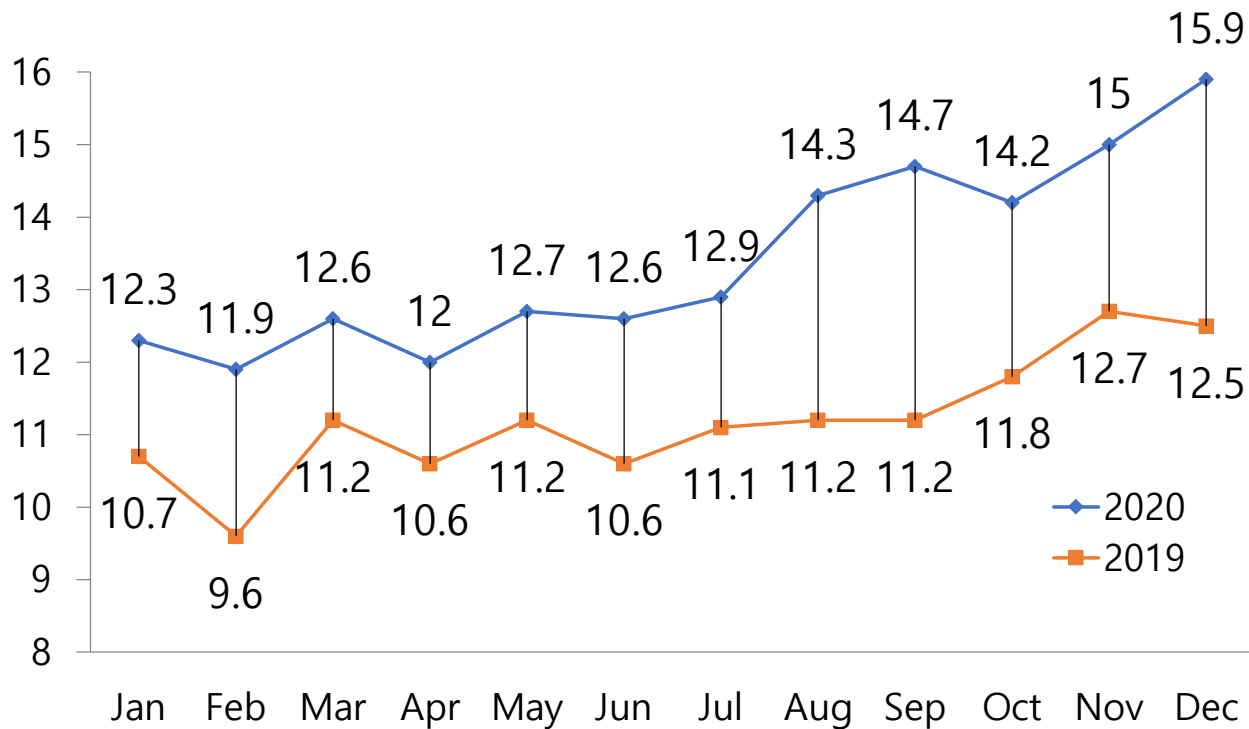


(Convenience Store)

- ✓ Best performed as the main distribution & consumption channel after COVID-19 started
- ✓ People tend to
 - stay home,
 - shop around home
 - shop close to home
- ✓ Convenient stores provide more for ready-to-cook processed food, daily consumer products, miscellaneous and etc.

Ministry of Trade, Industry & Energy, Jan 2021, % changes YoY

Online Shopping, Settlement Amount

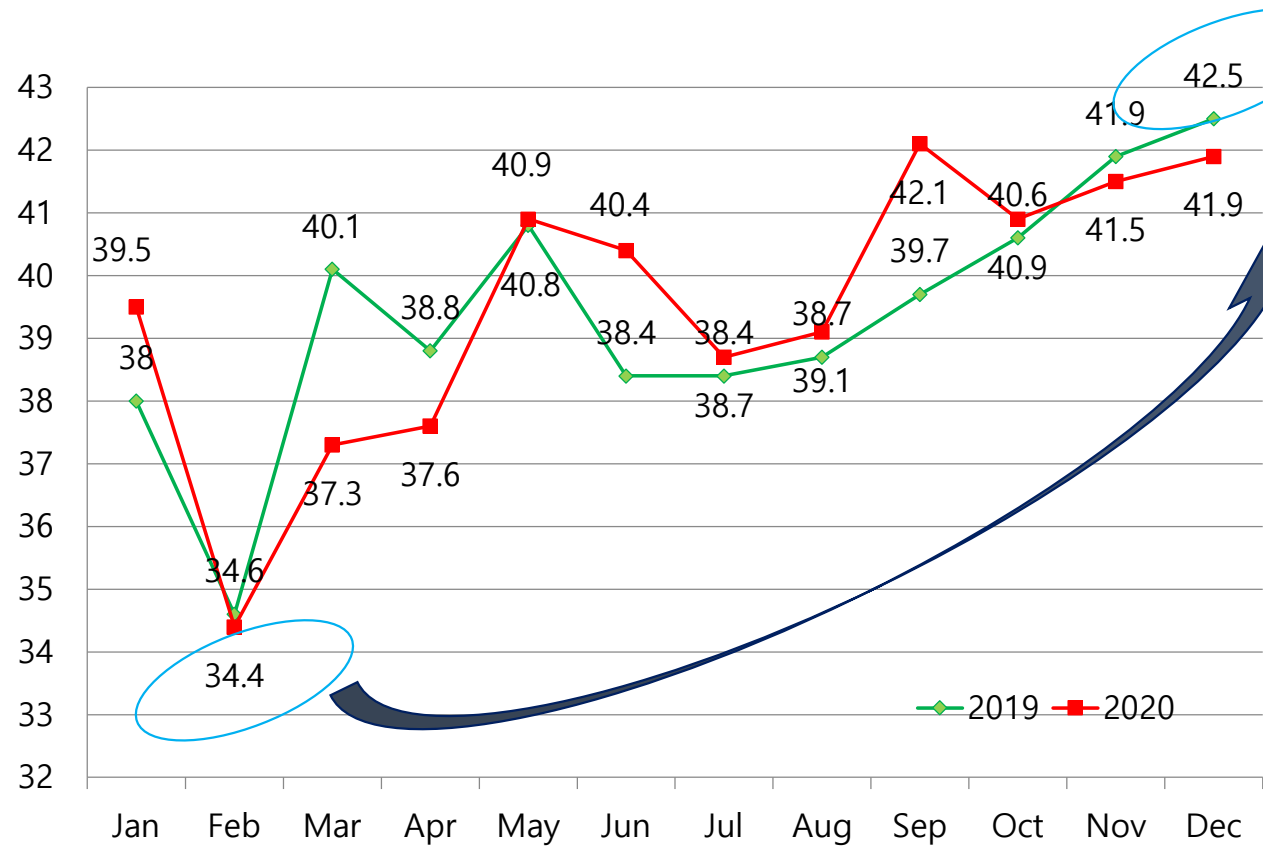


(Shopping Online)

- ✓ Overall spending in 2020 **rose more than 20%** compared to that of 2019
- ✓ Steady spending on “Online”
- ✓ Consumption from “Offline” shifted mostly to “**Online**”

Korea Statistics Office, Jan 2021, KRW in Trillion

Consumption Pattern



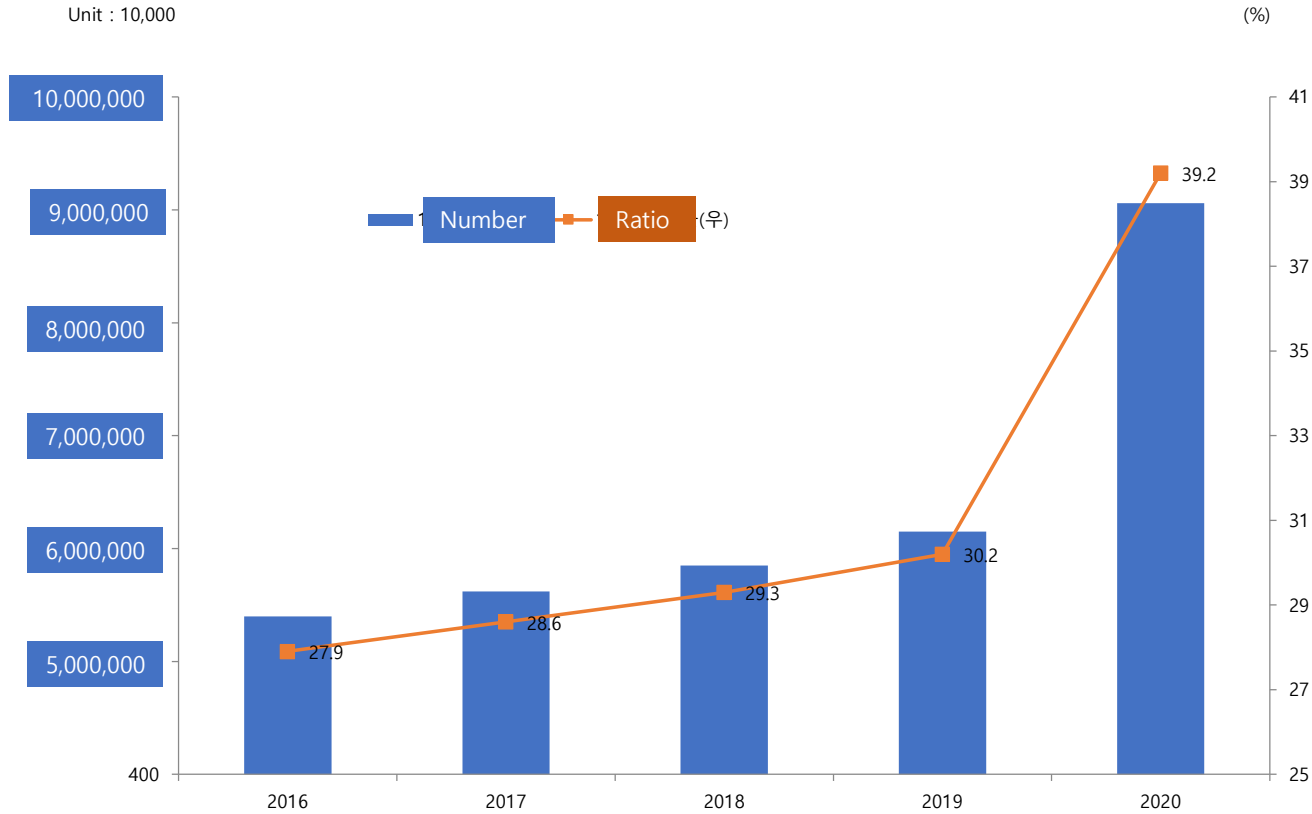
Korea Statistics Office, Jan 2021, KRW in Trillion

Durable Goods

Increase by 23.5% in 10-month

✓ Durable Goods :
home appliances,
furniture, household goods,
apparels, etc.

Household in 1-person unit & its national ratio



Reference : Ministry of Interior & Safety

Major Economic Indicators

- (1) Korea's import rose, for capital goods & raw materials in 2021, from local consumption recovery
- (2) Local recovery, centered from (a) Korea's export rise and (b) construction investment in 2020
- (3) Major 3 economic indicators showed a rise in 1Q 2021

Indicator	Compared to 4Q 2020
(Facility Investment)	+ 0.6% pts.
(Korea's Export)	+ 0.6% pts.
(Local Consumption)	+ 0.5% pts.

<Economy showed rebounding signs, resulted from>

→Absolute value of industrial production increased, when compared to that of 4th quarter of 2019

→Gov't allowed shops business hours to 10:00 pm from 09:00 pm, for boosting consumption in Feb.

→Hyper consumption with excessive spending appeared, followed by longer-lasting contraction from COVID

(Reference :Korea Economy Research, KOIMA)

Monetary Policy, to activate the consumption

* Monetary Policy Committee, Bank of Korea : Freeze on interest rate at 0.5% (July 17, 2021)

→(Concerned against interest rise)

- (1) CPI rise
- (2) Price bubble in property market
- (3) ample liquidity in market)

→(Final Decision)

- (1) Risk expected to be bigger once economy being contracted with interest rise
- (2) Government's monetary policy more for "Economy Activation"

(Reference : Bank of Korea)



Consumers' Trend in Korea, post-COVID

Food consumption

Sector	Consumer's Trend
HMR (Home Meal Replacement)	<ul style="list-style-type: none"> - Local famous food makers cooperate with major wholesaler - Food makers launch meal-kits on OEM production under major brands - Demand rises on high-premium & luxury foods
On-line shopping	<ul style="list-style-type: none"> - Its market size almost doubled up, to KRW 2.1 trillion in 2020 (approx. US\$ 1.9 billion) - On this increase in online shopping, fresh foods from agri. & fisheries are more
Functional foods	<ul style="list-style-type: none"> - Consumers' demand searching for functional & health-conscious foods
Liquor	<ul style="list-style-type: none"> - Lower consumption from social distancing, however on temporary trend - Rises on wine consumption, and more shopping at convenience stores

Beverage consumption

< COVID-19 to last longer >

- Soda(sparkling) : Lower consumption, due to no movies and no dining-out
- Juice : Lower, due to less going-out & more health-conscious consumption
- Milk & dairy : Less consumption, due to neither schooling nor school lunch
- Sparkling Water : Dining pattern changed to “Western-style”, as substitute goods
- Mineral Water : More demand from stock-piling
- Ion water & energy drinks : Life pattern changes to health-conscious drinking
- Others : More demand on childrens’ drinks, such as fruit juice, water jelly, and functional drinks

(Reference : Korea Importers Association)

Consumers' taste changes, post-COVID

* Monetary Policy Committee, Bank of Korea : Freeze on interest rate at 0.5% (July 17, 2021)

→(Concerned to raise) : CPI rise

Price bubble in property market

Ample liquidity in market

→(Final Decision) : Risk expected to be bigger once economy being contracted with interest rise

★ Government's monetary policy targets more for "Economic Activation"

Reference : Bank of Korea

Not for product shopping, but for **memory shopping**



- The Hyundai Yoido, "Egg-Slut"



- Consumers' spending on imported fruits



- More attention for foreign-food restaurants



The Poland Chamber

A green rectangular box with a blue border containing the text 'The Poland Chamber' in a red, cursive font. A yellow arrow points from the right side of the box towards the right.

