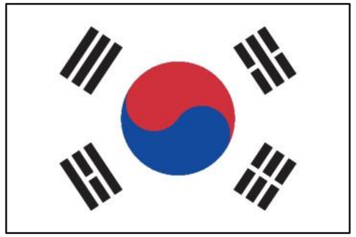
BUSINESS
FINLAND

FOOD FROM
Finland

MARKET ANALYSIS:
SOUTH KOREA



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BUSINESS FINLAND

안녕하세요.

Annyeong Haseyo.

=

Hello.

(polite)

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1 - COUNTRY OVERVIEW

1.1 Basic Facts

POPULATION

51 million

CAPITAL

Seoul

Population: approx. 10 million
**capital area 25mil.*

NEIGHBOURING COUNTRIES

China, Japan, North Korea

Multi-party democracy

CURRENCY

Korean Won (KRW)

1 EUR = 1,260 KRW (as of Dec 4, 2018)

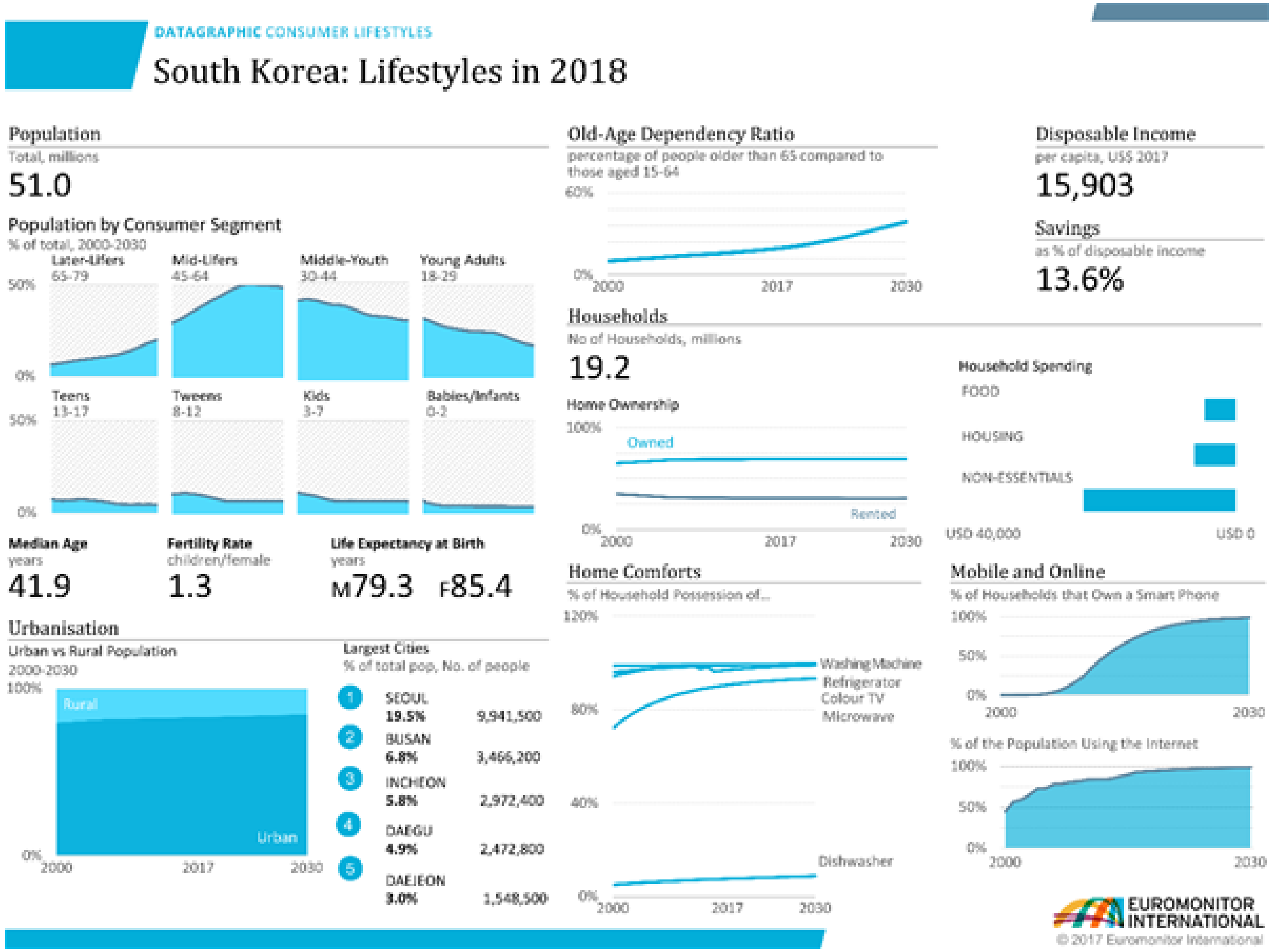
BUSINESS LANGUAGES

Korean, English

17 Administrative Areas
7 Major Metropolitan Cities

1 - COUNTRY OVERVIEW

1.2 History, Facts & Figures



KEY FACTS

- One of the longest **life expectancies** in the world
- **Rapidly aging society** (median age 42.6)
- **Extremely low fertility rate** (0.96) → population to start decreasing in near future
- 82% of population living in **urban areas**, and nearly 50% in the capital region
- **Single-person households** increasing significantly, now 30% of all households
- Highest **smartphone ownership rate** in the world (95% of population), and **internet penetration rate** (96%)

Sources: Euromonitor International

1 - COUNTRY OVERVIEW

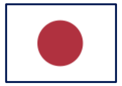
1.2 History, Facts & Figures

918 – 1392
Goryeo Dynasty

1392 – 1897
Joseon Dynasty

1897 – 1910
Korean Empire

1910 – 1945
Empire of Japan Colonialization



1948 – Present
Republic of Korea (South Korea)

DPRK (North Korea)

Dynastic Period | **Colonial Period** | **Korean War** | **Modern Era - Republic of Korea**

1231
Mongol Invasions of Korea

1396
Capital Moved to Hanyang (Seoul)

1592
Japanese Invasion of Korea

1627-1636
Manchu Invasion; Korea becomes Vassal State to Qing China

1895
End of Vassal State Status

1905
Korea becomes Protectorate of Japan

1910
Annexation by Imperial Japan

1919
Provisional Government Established in Shanghai

1945
Surrender of Japan; Independence of Korea

1950 - 1953
Korean War; Division to South and North

1961
Military Coup; Military Dictatorship Begins

1979
President Park Assassinated

1987
First Free Elections; Beginning of Democracy

1988
Seoul Summer Olympics

2016
Impeachment of President Park Geun-Hye

Sources: Wikipedia; Britannica

1 - COUNTRY OVERVIEW

1.2 History, Facts & Figures

Miracle on the Han River

- Started in 1961 when the military dictatorship channeled huge amounts of state aid and government-backed loans to selected companies
- Fast-tracked the economic growth through state and business collaboration and successful economic policies

Dominance of Family-owned Conglomerates (aka Chaebols)

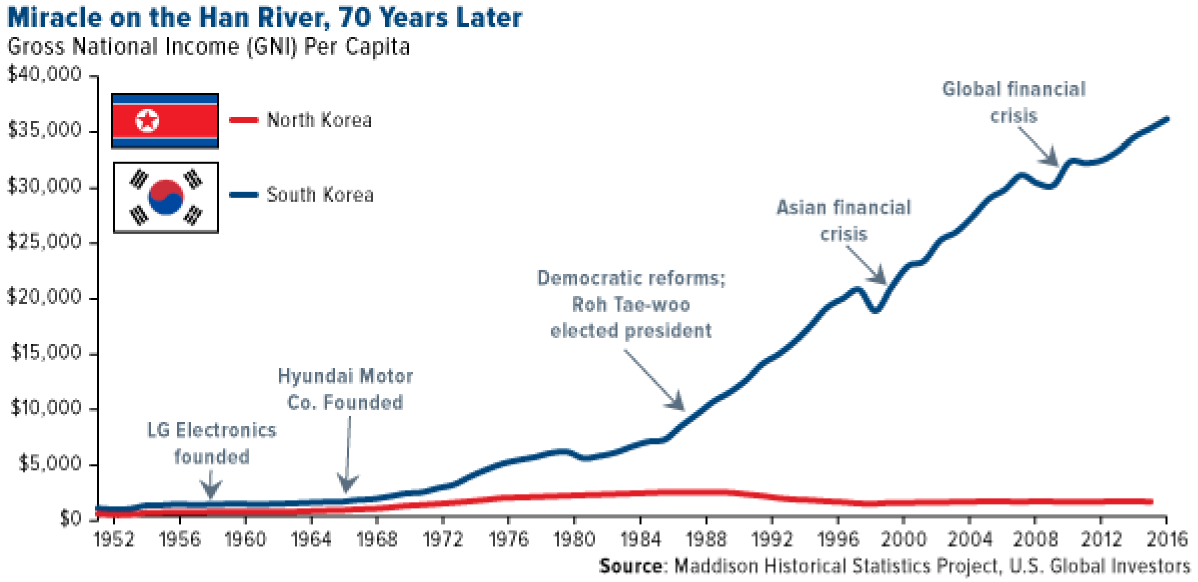
- Eg. Samsung, Hyundai, LG, SK, Lotte, Daewoo
- Samsung Group alone accounts for nearly 20% of Korean GDP
- Five biggest Chaebols account for 50% of Korean Stock Index
- The family members also own many other large companies that have separated from the conglomerates

Corruption Scandals

- While Chaebols helped make Korea´s economy a success story, they are also considered politically too powerful and have been involved in many government corruption scandals in the recent years

Miracle on the Han River?

The period of rapid economic growth of South Korea after the Korean War, during which South Korea transformed from one of the world´s poorest countries to a highly developed economic giant in a short period of time, despite lacking infrastructure and natural resources.



Sources: Maddison Historical Statistics Project; Bloomberg; Korean Culture and Information Service

[2]
CONSUMER BEHAVIOUR

2 – CONSUMER BEHAVIOUR

2.1 Current General Trends

Rapid Growth of Mobile Purchasing

Buying groceries via mobile apps with home delivery has become the standard as people look for convenience.

Over 60% of internet purchases are done via mobile devices, while nearly all of the adult population own a smartphone.

Disappearing Personal Interaction

Rapidly spreading technology is eliminating personal interaction from shopping.

Ordering food or drinks at a restaurant, grocery shop counters, movie theaters, many things can now be done with machines or internet without human interaction.

Rise of Single-person Households

Nearly 30% of Korean households are now single-person households with generally higher than average disposable income. Share expected to increase rapidly with aging population and extremely low birth rate.

Demand for Work-Life Balance

Korea has long been infamous as the country with longest working hours among OECD countries.

However, achieving better work-life balance has become one of the biggest trends in recent years and this led to a government policy to restrict maximum work hours.

2 – CONSUMER BEHAVIOUR

2.2 Characteristics of a Korean Consumer – Products

Importance of Aesthetics

Obsession with beauty and how things look visually.

First impression and "Instagrammability" is extremely important. Brand name products show success and class.

Service Expectations

Customer service in Korea is world-class level, and consumers expect customer service to answer and fix any problems they have without having to wait.

The Korean after-sales service is a major advantage over foreign companies, especially for electronics.

High Reliance on Word-of-Mouth & Idol Marketing

Korean consumers are highly influenced by trends and word-of-mouth from friends, as well as product or restaurant reviews, blogs, social media, and television.

Usage of celebrities and influencers in marketing has strong effect.

Highly Informed & Tech-savvy

Tech-savvy Korean consumers typically research products online, especially through social media, before shopping and enjoy being well informed when purchasing a product.

Product ingredients and quality are important factors.

Sources: Trend Korea 2019; Yonhap News

2 – CONSUMER BEHAVIOUR

2.2 Characteristics of a Korean Consumer - Dining

Samsisekki – ”3 hot meals a day”

Most Koreans follow the traditional Samsisekki way of eating 3 similar sized meals (breakfast, lunch, dinner) a day, which is considered to be the healthiest way to live.

Eating Outside > Home-cooking

Lately Koreans tend to eat meals outside more often than home-cooking due to high food ingredient costs, busy lifestyles, and convenience. 47% of food expenditure was spent on dining outside by Korean households in 2017.

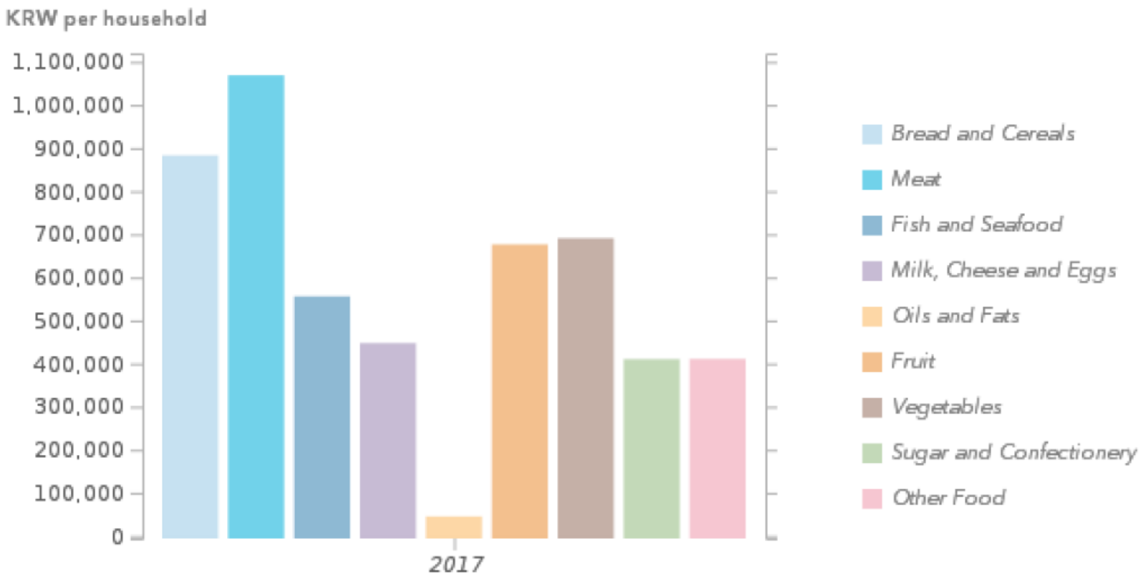
Promised Land of Delivery Service

As an alternative to eating outside, ordering restaurant food with home delivery is extremely popular. Nearly all food types can be ordered with fast inexpensive home delivery.

Sources: Euromonitor International; Trend Korea 2019

2 – CONSUMER BEHAVIOUR

2.2 Characteristics of a Korean Consumer



An average Korean consumer:

- **Works on average 50 hours per week**
- **Buys 10 cups of coffee per week**
  (bought from a coffee shop)
- **Drinks 7 bottles of beer per week, or 14 shots of soju per week**
  (most hard liquor consumption in the world)
- **Eats 74 servings of ramen noodles per year**
  (most in the world)
- **Use more beauty products daily than any other country in the world**
  (largest market in the world for men's cosmetics)
- **Uses credit card for transactions most in the world**

Sources: Euromonitor International; Job Korea; Trend Korea 2019; National Tax Service

[3]
DOING BUSINESS IN KOREA

3 – DOING BUSINESS IN KOREA

3.1 Characteristics

Confucian Roots

- Even modern Korean society is influenced by the Confucian philosophy
- Hierarchical society – age, ranks, titles
- Importance of building personal relationships and network
  → No cold-calls, meetings through 3rd party acquiantaces
- Strict manners and etiquette

Dynamic and fast-moving business culture – keywords:

- Straightforward
- Proceeding Fast *"Balli Balli Culture"*
  - Prompt responses & follow-up expected
- Details are important
- Trust is the Key
- Long-term Partnership (Exclusivity)
- Price sensitive

Sources: Enterprise Ireland

3 – DOING BUSINESS IN KOREA

3.2 Business Manners

Basic Manners

- Bowing slightly
- Addressing with proper professional titles when possible
- Know the hierarchical order
- Handshake with men, bow with females
- Giving and receiving with two hands

Business Cards

- Representation of the person - Must have!
- Exchanged as the first greeting, examine thoroughly
- Use two hands and treat with care
- Placed on table during meeting, not pocket

Business Attire

- More formal than western countries in general
- <u>Males:</u> Dark-colored suits are the norm (tie optional), juniors dress more formal
- <u>Females:</u> Sleeveless tops, short skirts, and low necklines should be avoided

❖ **Business Gifts**

- Not a must, but common and considered a good manner
- Modest value (esp. Media, public organizations)
- Especially gifts from Finland recommended
- Given at the end of the meeting to person of highest rank

❖ **Business Meetings**

- Make appointments well in advance
- Punctuality
- Don't expect decisions to be made during meetings
- Facts and figures appreciated

❖ **Language**

- English speaking level generally average
- Often junior employees do the translating for senior executives
- Talk simple, short, and slow to be clear
- Counter-part might not show it if they didn´t understand

❖ **Hospitality**

- Offering lunch or dinner with drinks to foreign partners is considered good manners
- Avoid small-talk about sensitive topics (politics, religion, Japan)
- Don't be surprised by highly personal questions

[4]
FOOD & BEVERAGE MARKET

4 – FOOD & BEVERAGE MARKET

4.1 Current Food Trends

Convenience Foods

The hottest food trends in 2018 have been related to so-called convenience foods.

These are inexpensive, but decent quality products easily available at all convenience stores, enjoyed as a substitute for expensive café or restaurant foods.

HMR Foods

Korean home meal replacement product market has grown extremely fast in the past few years.

Consumers are looking to decrease costs of eating outside, but maintaining the level of convenience by not having to cook a full meal from a scratch. HMR market size is expected to double to 10 billion dollars by 2023.

Western-style Breakfast

Despite the prevalence of the traditional way of eating 3 hot meals a day, more and more younger people are switching to the ”western-style” breakfast, eating cereals and yoghurts.

Sales of cereals, granola, mueslis, oatmeals, and yoghurts are expected to keep increasing with the decreasing of home-cooking.

Eat & Drink Alone

In the past, eating and drinking outside alone used to be considered abnormal.

With the increase of 1-person households, more and more restaurants & bars cater to singles. This has even led to coining popular terms called Hon-bab, Hon-sul.

Sources: Euromonitor International; Trend Korea 2019

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels

Retailer Type	Recommended Product Types	Advantages	Challenges	Import Method
Convenience Stores	Snacks and beverages, mild alcohols, coffee	• Fast growing channel • Accessibility	• High costs for shelf space (rental system) • Customers mainly looking for convenient and inexpensive products	Importer
Hypermarkets	All product types	• Largest retail channel and customer base	• Hard to stand out	Importer (90%) Direct (10%)
Supermarkets	Snacks and beverages, alcohols, HMR, dairy	• Large customer base	• Mainly sells inexpensive domestic products • Supermarket customers usually not looking for premium import products	Importer (90%) Direct (10%)
Department Stores	All product types (mainly premium)	• Boost for product image • Customer purchasing power	• Declining sales trend	Importer (90%) Direct (10%)
Internet Retail	All product types (except alcohol)	• Low-cost, easy to start • Fastest growing channel • Many channels to utilize	• Marketing required to stand out	Importer
TV Homeshopping	Premium products, eg. Health foods, functional foods	• Boost for product image • Chance to explain product in detail	• Costs for production	Importer

Sources: Euromonitor International

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels – Convenience Stores

01 Market dominated by the established major franchises, emart24 being the newest and fastest growing addition

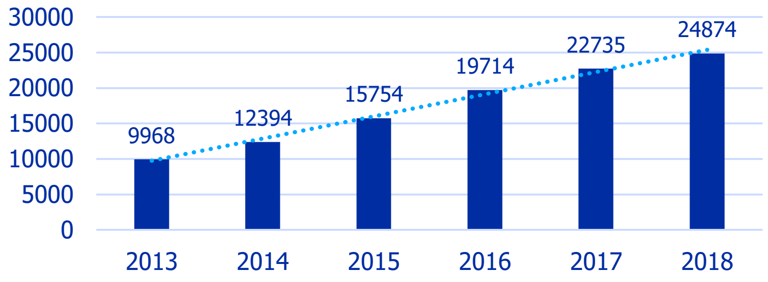
02 High growth rates, accelerated by increasing number of single-person households and young customers looking for convenience

03 Innovative convenience products, such as lunchboxes, beverages and desserts, act as main sales generators

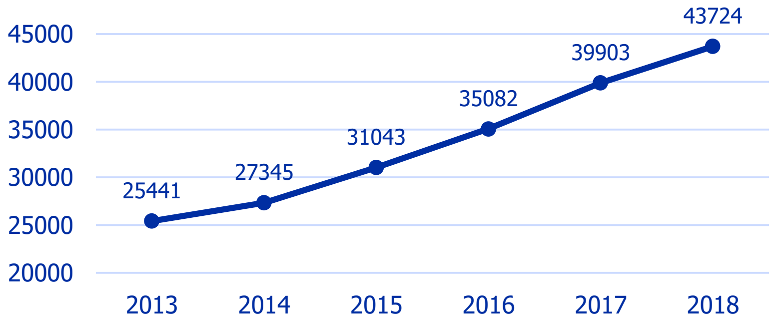
04 Recent concept reforms to include dine-in cafés, as well as postal and banking services increased attractiveness for consumers

05 Constantly reforming and launching new innovative products – forecast to keep up fast growth rate in the future

Convenience Store Value Sales 2013-2018
(KRW bil.)



Convenience Store Outlets 2013-2018



Key Players in the Market
(by brand share of convenience stores in 2018)

GS25 *(GS Holdings Corp)*
35.5% 13,709 outlets

CU *(BGF Retail)*
32.8% 13,591 outlets

7-Eleven (*Seven & I Holdings)*
18.6% 9,646 outlets

Ministop *(AEON Group)*
6.4% 2,525 outlets

Emart24 *(Shinsegae Group)*
5.6% 3,580 outlets

Sources: Euromonitor International; Korea Statistical Information Service KOSIS

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels – Hypermarkets

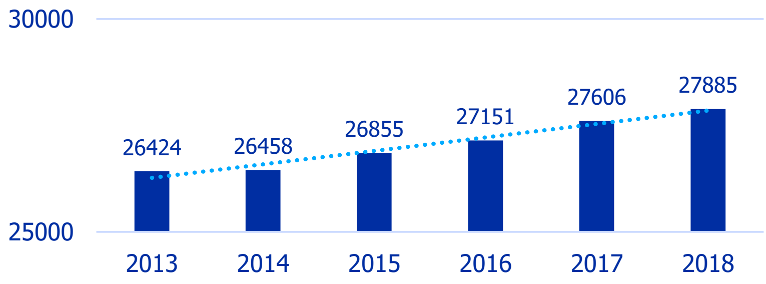
01 Market dominated by 3 large retail giants, both online and offline

02 The most popular form of grocery retail markets with slow, but steady growth

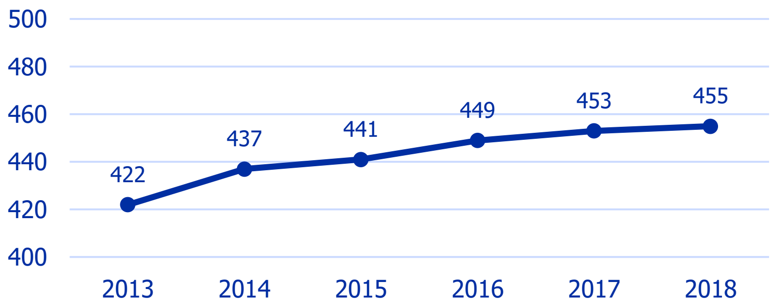
03 Recent trends are changing hypermarket concepts; outlets split into ”discount”, ”normal”, and ”premium” –level hypermarkets

04 Hypermarkets are trying to innovate with new shop-in-shop concepts, in-store restaurants, and enchanced customer experience

Hypermarket Value Sales 2013-2018
(KRW bil.)



Hypermarket Outlets 2013-2018



Key Players in the Market
(by brand share of hypermarkets in 2018)

Emart *(Shinsegae Group)*
44% 157 outlets

Homeplus *(Homeplus Stores)*
25.7% 141 outlets

Lotte Mart (*Lotte Group)*
21.3% 127 outlets

Hanaro Club *(Korea Agricultural Cooperative Marketing)*
8.2% 25 outlets

Sources: Euromonitor International; Korea Statistical Information Service KOSIS

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels – Department Stores

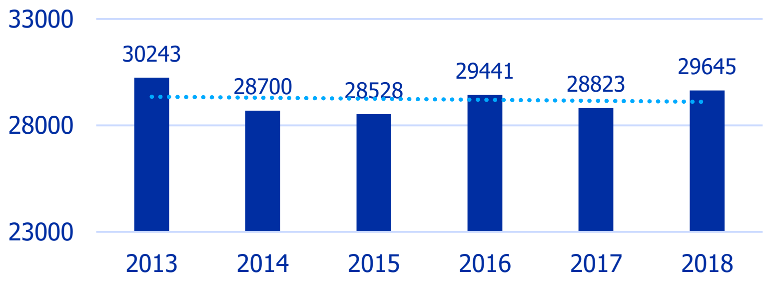
01 Three major conglomerate-owned department store chains dominate the market

02 Decreasing sales due to influence of internet retailing, decreased number of inbound travelers and changing competitive landscape

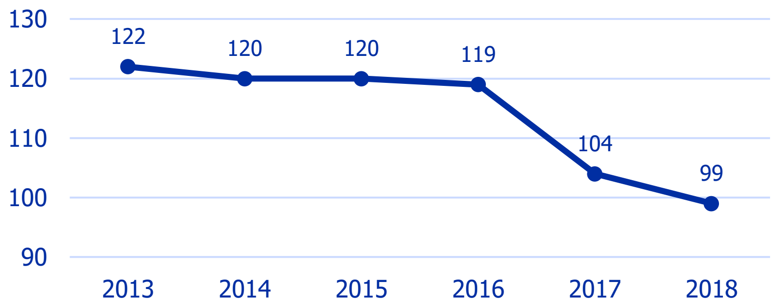
03 Department stores also operate their own online stores, as sales of luxury products is shifting more to internet

04 New department stores incorporated into large-scale shopping complexes, instead of individual stores

Department Store Value Sales 2013-2018
(KRW bil.)



Department Store Outlets 2013-2018



Key Players in the Market
(by brand share of department stores in 2018)

Lotte *(Lotte Group)*
38.7% 39 outlets

Hyundai *(Hyundai Group)*
27.9% 15 outlets

Shinsegae (*Shinsegae Group)*
26.8% 12 outlets

Sources: Euromonitor International; Korea Statistical Information Service KOSIS

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels – Homeshopping

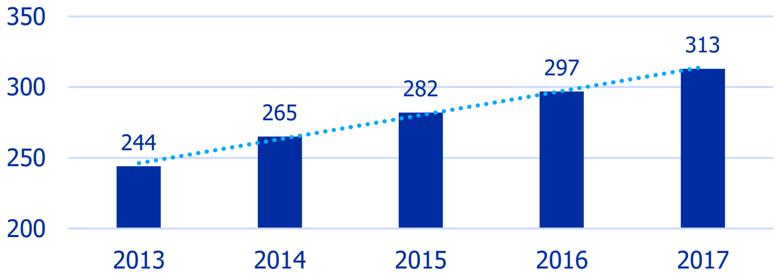
01 Market share divided almost equally by 5 competing companies, most of which are large conglomerates

02 Operators focused on omni-channel strategies with both online and offline sales

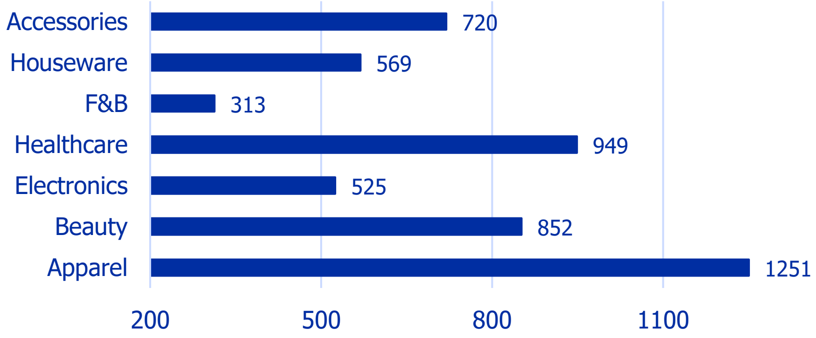
03 Large conglomerates' investments in private label products are boosting the growth of homeshopping channels

04 Main sales revenue come from apparel, beauty, healthcare, and accessories. F&B sales from certain niche products (eg. Functional foods)

F&B Homeshopping Sales 2013-2017
(KRW bil.)



Homeshopping Sales by Category 2017 (KRW bil.)



Key Players in the Market
(by brand share of homeshopping sales in 2017)

GS Homeshopping
(GS Homeshopping)
19.8%
GS SHOP

Hyundai Homeshopping
(Hyundai Dept. Store)
19.6%
현대홈쇼핑
HYUNDAI HOME SHOPPING

HnS Mall
(Home & Shopping)
16.8%
홈&쇼핑

CJ O Shopping
(CJ O Shopping)
16.4%
CJ O SHOPPING

Lotte Homeshopping
(Lotte Group)
15.5%
LOTTE Homeshopping

NS Shopping
(NS Shopping)
8.4%
ns NS HomeShopping

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Sources: Euromonitor International; Korea Statistical Information Service KOSIS

4 – FOOD & BEVERAGE MARKET

4.2 F&B Retailing Channels – Internet Retailing

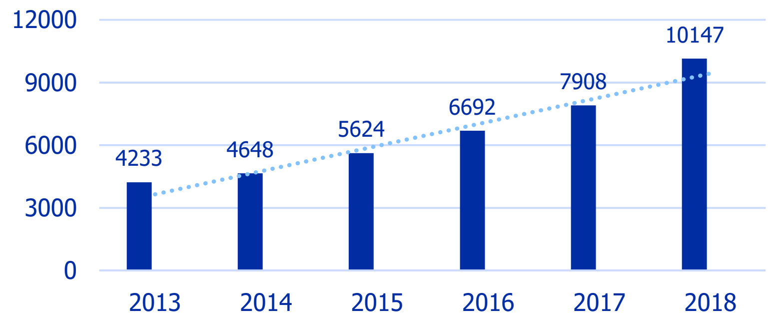
01 Food and drink internet retailing enjoys rapid growth as consumers shift to buying all their needs via internet

02 Growth led especially by super- and hypermarkets online stores that can rapidly deliver orders from closest stores without extra costs

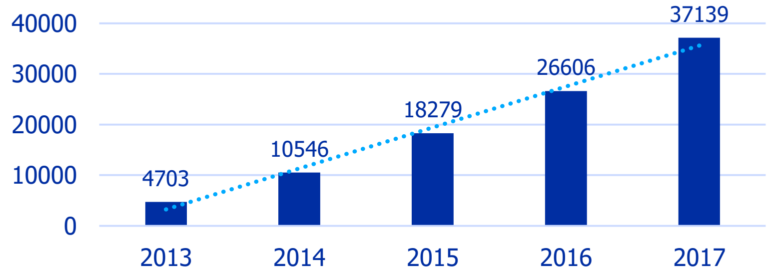
03 Besides the traditional conglomerates, many ecommerce platform operators are also gaining a market share with differentiated marketing, services, and products

04 Purhasing via mobile devices has already surpassed purchasing with PC or other devices (60%), and the operators are focused on improving their mobile platforms

F&B Internet Value Sales 2013-2018
(KRW bil.)



Mobile Internet Retail Value Sales 2013-2017 (KRW bil.)



Key Players in the Market

On/Offline Retailers: SSG.COM, LOTTE.com, Homeplus, Hmall

Premium online-only markets: Market Kurly

Open Market Ecommerce Platforms: coupang, TMON, Gmarket, AUCTION., 11 ELEVEN STREET, 특가대표! 위메프

Sources: Euromonitor International; Korea Statistical Information Service KOSIS

4 – FOOD & BEVERAGE MARKET

4.3 Distribution Cost Structure

Items	Price	%	Remark
Retail price	800		
V.A.T	77	10%	Final price x 1.1 = Retail price
Retailer's margin	260	25~35%	of the retail price (without VAT)
Logistics cost to each store	25	5~6%	of the supply price
Importer's & Distributor's margin	87	20%	added on the COGS. Including sales promotion activities
COGS	350		Goods + Freight + Tariff + Local handling cost

- VAT in Korea is 10% for consumer products
- Retailer margin depends on the retailer type and company, but generally:
  - 25% for department stores
  - 25-35% for hypermarkets
  - 5-15% for online malls

Sources: Euromonitor International; Morning Dew F&B

[5]
FOOD REGULATION

Ministry of Food and Drug Safety

Ministry of Agriculture, Food and Rural Affairs

5 – FOOD REGULATION

5.1 Livestock and Dairy Products

- Only few categories of Livestock and Dairy products allowed for import to Korea from Finland
- Based on bilateral agreements, differs hugely among EU countries as well
- Opening a new category is a long process and requires bilateral discussions initiated by Finnish Food Authority and Ministry of Agriculture
- When exporting livestock & dairy products, exporter must request for an official health certificate from Finnish Food Authority

ALLOWED FOR IMPORT	BANNED FROM IMPORT	BANNED, BUT UNDER NEGOTIATIONS
Pork, Breeding Pigs	All other livestock products, including beef, elk, reindeer, lamb	Poultry & Eggs (ETA 2019)
Cheese (Natural & Processed)	All other dairy products, including infant formulas, liquid milk, butter, lactose, cream	Ice Cream (ETA Unknown)
Milk Powders		
Whey		

Sources: Ministry of Food & Drug Safety; Animal & Plant Quarantine Agency; Finnish Food Authority

5 – FOOD REGULATION

5.2 Tariffs

- Gradual removal of tariffs based on the EU – Korea FTA
  - Tariffs gradually decreased every year in January and July
- Certain product categories still have sky-high tariffs (eg. Oats, Honey)
  - Importers with quota-recommendations can import with special low tariff, or tariff-free rates
- HS-Codes may differ from those used in EU
- Exact product category determined based on product ingredients, ingredient quantities, and processing methods

PRODUCT CATEGORY	TARIFF %	HS CODE (KOREA)
ALCOHOL PRODUCTS under 80% alc. content (incl. beer, gin, vodka, whiskey, cognac, brandy, regardless of used grain)	0%	2208.20 – 2208.90
BERRY PRODUCTS (incl. Powders, jams, marmalade, juice)	0%	2007.99-1000 (jam & marmalade) 2106.90-9099 (powder) 2009.89 – 2009.90 (juice)
BLACK TEA	0%	0902.30 – 0902.40
GREEN TEA	297.3%	0902.10 – 0902.20
BIRCH SAP	0%	1302.19-9099
HONEY	243%	0409.00-0000
OAT FLAKES, MEAL, PELLETS, GROAT	237.7%	1103.19-2000 1104.12-0000 1104.20-0000
NON-PROCESSED OAT SEEDS	0%	1004.10-0000
CRISPBREAD (incl. Rye and oats)	2.1%	1905.10-0000
RYE FLOUR	0%	1102.90-3000
MUESLI	0%	1904.20-1000 1904.20-9000
CHEESE (incl. Processed cheese, natural cheese, cheese spread)	18%	0406.10 – 0406.90
PORK CARCASSES & HALF-CARCASSES	0%	0203.11-0000 (fresh) 0203.21-0000 (frozen)
HAM, PORK SHOULDER, OTHER CUT PIECES WITH BONE REMAINING	0%	0203.12-0000 (fresh) 0203.22-0000 (frozen)
PORK BELLY	6.1% 6.8%	0203.19-0000 (fresh) 0203.29-0000 (frozen)
BREEDING PIGS	0%	0103.10-0000
SUGAR CONFECTIONERY (incl. chewing gum, pastilles, candies)	0%	1704.10 -1704.90
CHOCOLATE	0%	1806.10 – 1806.90
RAINBOW TROUT	0%	0304.42-0000 (fillets)
MINERAL WATER	0%	2201.10

Sources: Korea Customs Law Information Portal

5 – FOOD REGULATION

5.3 Labeling

- Organic Labeling
  - Equivalence agreements for organic labeling with the EU and US
  - If product is certified with the EU organic logo, the company may use EU and/or Korean organic logo in product labeling
  - Only valid for processed foods with min. 95% organic contents
  - NAQS Import Certificate signed by Finnish Food Authority is required during import process for organic products, link to template: http://www.enviagro.go.kr/portal/content/html/import/download.jsp?id=26
  - For non-processed foods, the company must apply for Korean organic certification separately
- Gluten-free
  - Product can be marked as gluten-free when total gluten content is less than 20mg/kg
  - No special logo required

유기농 (ORGANIC) 농림수산식품부

USDA ORGANIC

Certification Mark of Environment-Friendly Agricultural Products

유기농 (ORGANIC) 농림축산식품부	**Organic** - Organic agricultural products, organic livestock products, organic oo (oo is a general name of agricultural products.) - Organic cultivation agricultural products, organic cultivation oo or organic livestock ○○
무농약 (NON PESTICIDE) 농림축산식품부	**Pesticide-Free** - Pesticide-free agricultural products or pesticide-free ○○ - Pesticide-free cultivation agricultural products or pesticide-free cultivation ○○
무항생제 (NON ANTIBIOTIC) 농림축산식품부	**No-Antibiotic** - No-antibiotic livestock products, no-antibiotic ○○ or no-antibiotic farming ○○
저농약농산물	**Low-Pesticides** - Low-pesticides agricultural products or low-pesticides ○○ - Low-pesticides cultivation agricultural products or low-pesticides cultivation ○○

Sources: National Agricultural Products Quality Management Service; EU Commission; Ministry of Food & Drug Safety

5 – FOOD REGULATION

5.3 Labeling

- Product Labeling Requirements
  - Basic Product Information Labeling
  - Nutrition Labeling
  - Package Recycling Labeling
  - Food Allergen Labeling
  - *(Food Equipment Labeling)*
  - *(Health Functional Food Labeling)*

- Labeling of imported products may be done with a sticker – must be in Korean language
- Functional Foods apply different labeling rules

<Example of Product Labeling (sticker format)>

제품명	핀크리스프 갈릭 크리스프브레드 (통호밀분말57%, 마늘1.9% 함유)	
식품유형	과자	
수입판매업소	(주)스칸딕프라자 T.02-856-8700 서울특별시 구로구 디지털로30길 28, 1307호 (구로동, 마리오타워)	
원산지	핀란드	
제조업소	Lantmännen Cerealia Oy	
제조일자	제품 측면에 별도표기 (읽는법:일,월,년 순)	
유통기한	제품 측면에 별도표기일까지 (읽는법:일,월,년 순)	
내용량	175 g (620 kcal)	
원재료명	통호밀분말 57%, 밀가루(소맥분) 35%, 정제수, 마늘1.9%,정제소금, 효모,양파,파슬리	밀함유
포장재질	내포장–폴리프로필렌, 외포장–종이	

- 부정 · 불량식품 신고는 국번 없이 1399
- 보관방법 : 직사광선 및 습기 찬 곳을 피하여 건조하고 서늘한 곳에 보관하세요. 개봉 후 빨리 드시기 바랍니다.
- 반품 및 교환:수입판매원 및 구입처
- 본 제품은 참깨,보리,귀리를 사용한 제품과 같은 제조시설에서 제조하므로 혼입될수 있습니다.
- 본 제품포장의 앞,뒤면에 사진은 조리의 예입니다.

영양정보	총 내용량 175g 100g 당 375 kcal	
100g 당		1일 영양성분 기준치에 대한 비율
나트륨	550 mg	28%
탄수화물	65 g	20%
당류	1.2 g	1%
지방	2.3 g	4%
트랜스지방	0 g	
포화지방	0.5 g	3%
콜레스테롤	0 mg	0%
단백질	11 g	20%
식이섬유	15 g	60%

1일 영양성분 기준치에 대한 비율(%)은 2,000Kcal 기준이므로 개인의 필요 열량에 따라 다를 수 있습니다.

종이
PP

Sources: Ministry of Food & Drug Safety

5 – FOOD REGULATION

5.3 Labeling

- Basic Production Information Label
  - Basic product information
  - Importer details
  - Safety, nutrition, health information
  - Claims (eg. high in fiber, gluten-free, etc.)
  - Other mandatory consumer warnings

<Example of Basic Product Information Label Format>

Product Name	제품명	핀크리스프 갈릭 크리스프브레드 (통호밀분말57%, 마늘1.9% 함유)	
Product Category	식품유형	과자	
Importer Details	수입판매업소	(주)스칸딕프라자 T.02-856-8700 서울특별시 구로구 디지털로30길 28, 1307호 (구로동, 마리오타워)	
Country of Origin	원산지	핀란드	
Producer	제조업소	Lantmännen Cerealia Oy	
Date of Production	제조일자	제품 측면에 별도표기 (읽는법:일,월,년 순)	
Expiration Date	유통기한	제품 측면에 별도표기일까지 (읽는법:일,월,년 순)	
Total Contents & Energy	내용량	175 g (620 kcal)	
Ingredient List	원재료명	통호밀분말 57%, 밀가루(소맥분) 35%, 정제수, 마늘1.9%,정제소금, 효모,양파,파슬리 밀함유	Allergen
Packaging Materials	포장재질	내포장-폴리프로필렌, 외포장-종이	
Faulty Product Reporting Number	● 부정 · 불량식품 신고는 국번 없이 1399		
Preservation Instructions	● 보관방법 : 직사광선 및 습기 찬 곳을 피하여 건조하고 서늘한 곳에 보관하세요. 개봉 후 빨리 드시기 바랍니다.		
Return & Exchange Instructions	● 반품 및 교환:수입판매원 및 구입처		
Production Facility Allergen Alert	● 본 제품은 참깨,보리,귀리를 사용한 제품과 같은 제조시설에서 제조하므로 혼입될수 있습니다.		
Serving Suggestion Alert	● 본 제품포장의 앞,뒤면에 사진은 조리의 예입니다.		

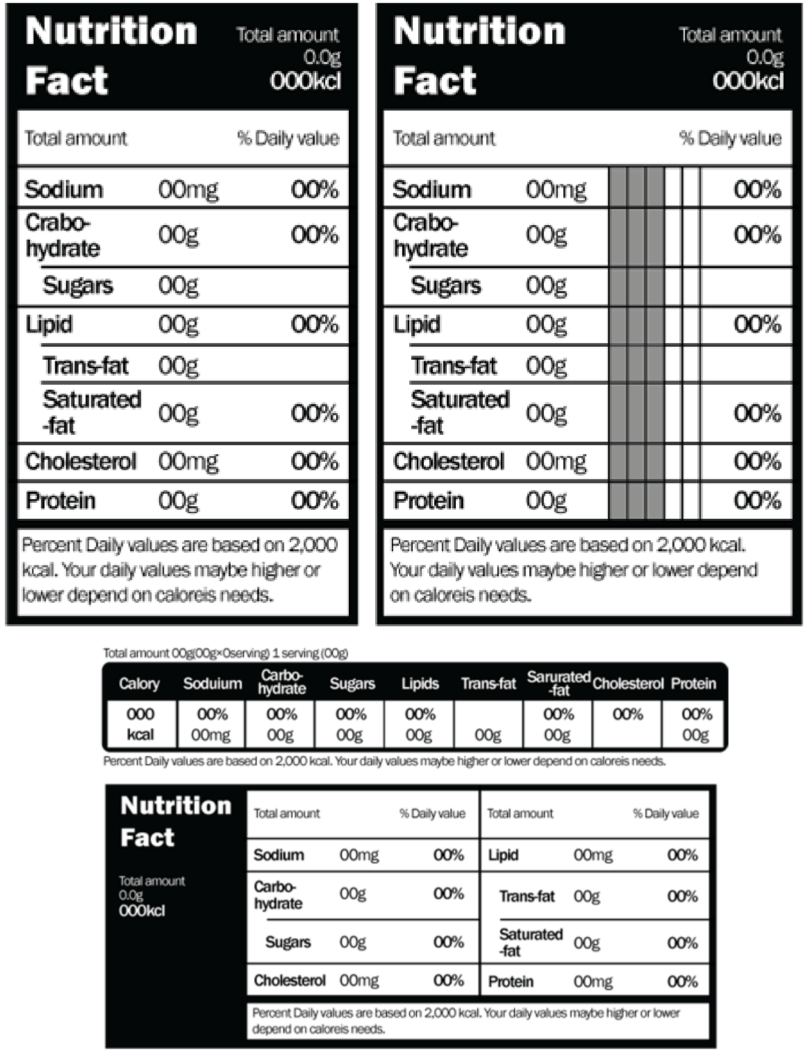
Recycling Label

5 – FOOD REGULATION

5.3 Labeling

- Nutrition Label
  - Required for most food products (exceptions include eg. alcohol, supplements)
  - Must include the total amount of contents, Energy, Sodium, Carbohydrates (which of sugars), Lipid (which of trans-fat, saturated fat), Cholesterol, Protein
  - Daily values comparison and calculation method
  - Can be horizontal, vertical, include graphic contents, etc. Requirements for font size and label size depend on product type

<Examples of Nutrition Label Format>



[6]
MARKET ENTRY

6 – MARKET ENTRY

6.1 Before Export

- **1. Origin Declaration**
  - Required to utilize EU-Korea FTA tariff rates
  - Must be included in the invoice, packaging list, or other trade document
  - Anyone can write the origin declaration for exports under 6000 EUR value (must be signed)
  - Copies must be stored for min. 5 years

- **2. Authorised Exporter Status** (Customs Authorisation Number)
  - Only Authorised Exporter can create origin declaration for exports exceeding 6000 EUR value
  - Status is granted by the Finnish Customs by application (customs form 295s)
  - Finnish Customs link: https://tulli.fi/en/businesses/export/how-to-provide-proof-of-origin

<Origin Declaration official format>
authorization number to be input in the brackets, and the origin country in …

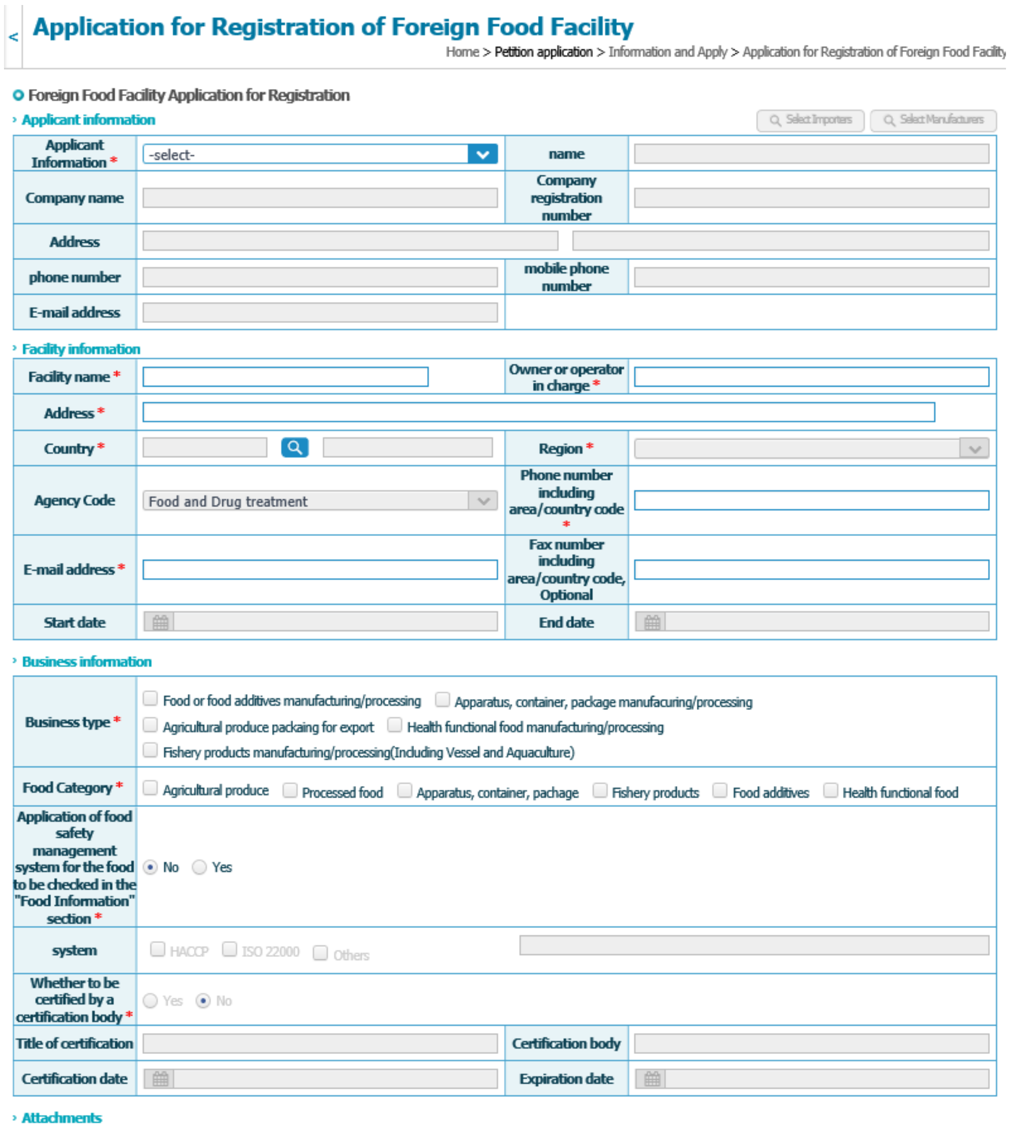
The exporter of the products covered by this document (customs authorization No ...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.
Tässä asiakirjassa mainittujen tuotteiden viejä (tullin lupa n:o ...) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja ... alkuperätuotteita.
이 서류(세관인증번호...)의 적용대상이 되는 상품의 수출자는, 달리 명확하게 표시되는 경우를 제외하고, 이 상품은...의 특혜원산지상품임을 신고한다.

Sources: Finnish Customs; Ministry of Food & Drug Safety

6 – MARKET ENTRY

6.1 Before Export

- **3. Registering Manufacturing Facilities with the Korean Ministry of Food & Drug Safety**
    - Must be done regardless of food category
    - Must be done min. 7 days before the first export, otherwise products will be forfeit
    - Must be renewed every 2 years, min. 7 days before expiration
    - Can be done online by the exporter, or the Korean importer
    - Required details:
        - Applicant company basic information
        - Manufacturing facility information
        - Business information (business type, product category, used quality management systems)
        - Agreement that MFDS may inspect the facility if requested
    - Link to MFDS registration: https://impfood.mfds.go.kr/
    - Livestock and dairy products require a separate registration with MAFRA (Ministry of Agriculture, Food, and Rural Affairs)



Application for Registration of Foreign Food Facility

Home > Petition application > Information and Apply > Application for Registration of Foreign Food Facility

Foreign Food Facility Application for Registration

› Applicant information

Select Importers | Select Manufacturers

Applicant Information *	-select-	name	
Company name		Company registration number	
Address			
phone number		mobile phone number	
E-mail address			

› Facility information

Facility name *		Owner or operator in charge *	
Address *			
Country *		Region *	
Agency Code	Food and Drug treatment	Phone number including area/country code *	
E-mail address *		Fax number including area/country code, Optional	
Start date		End date	

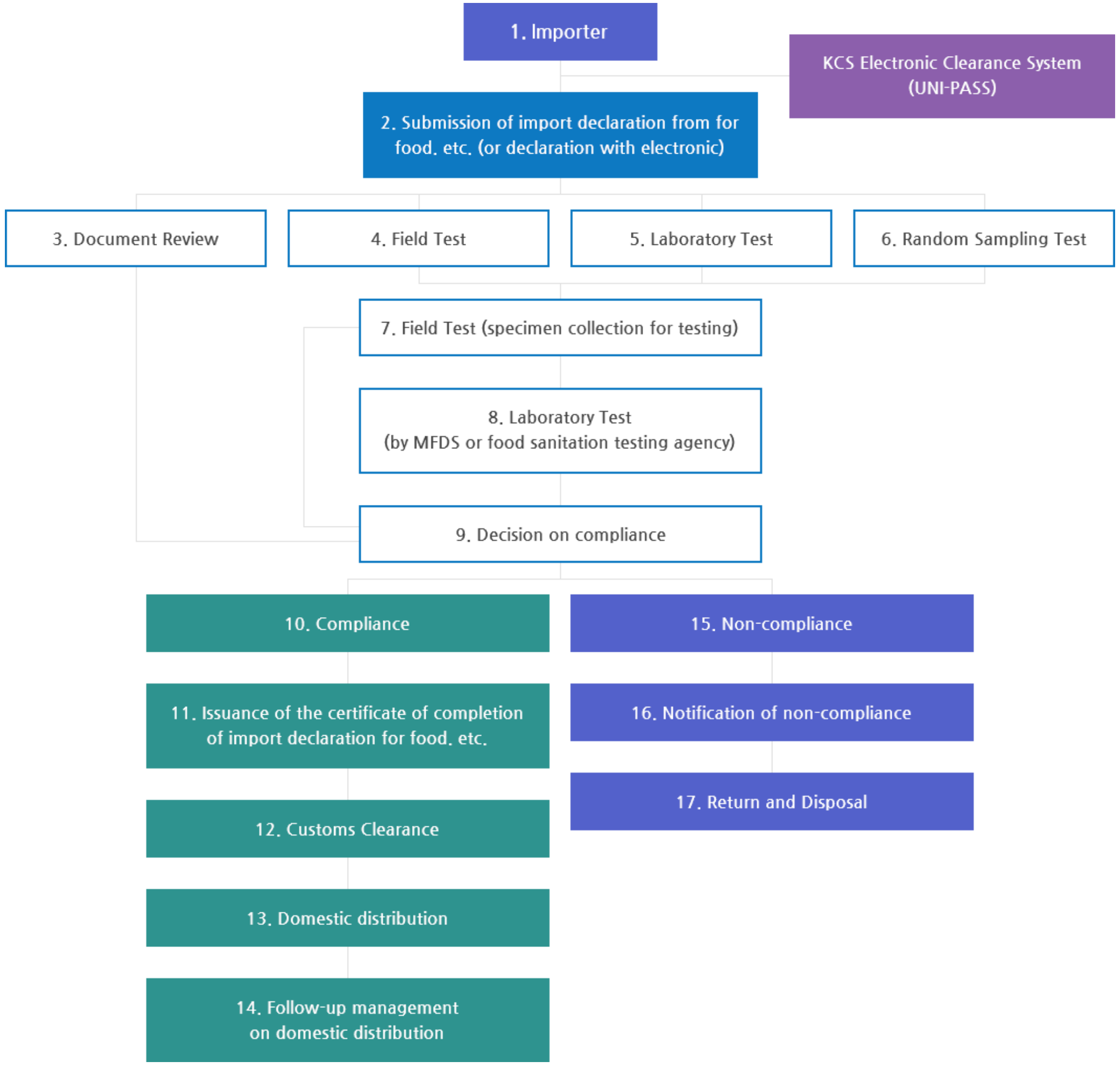
› Business information

Business type *	Food or food additives manufacturing/processing; Apparatus, container, package manufacuring/processing; Agricultural produce packaing for export; Health functional food manufacturing/processing; Fishery products manufacturing/processing(Including Vessel and Aquaculture)		
Food Category *	Agricultural produce; Processed food; Apparatus, container, package; Fishery products; Food additives; Health functional food		
Application of food safety management system for the food to be checked in the "Food Information" section *	No; Yes		
system	HACCP; ISO 22000; Others		
Whether to be certified by a certification body *	Yes; No		
Title of certification		Certification body	
Certification date		Expiration date	

› Attachments

6 – MARKET ENTRY
6.1 Before Export

- **4. Checklist**
  - Ingredient compliance (especially livestock and dairy products)
  - Exact tariffs for the product category
  - Compliance of used additives and pesticides
  - Required documentation
- **5. Things to be aware of**
  - During the first import, thorough product testing will be executed by MFDS, which can take time and often includes testing costs
  - MFDS requires the product ”recipe” including very thorough list of ingredients, their amounts, processing methods, and the process chart
  - Differing allowed safety levels for residues or radiation, sometimes much stricter than EU (eg. Allowed level of radiation in product 6 times lower than EU)
  - Origin, ingredients, processing method, importer history, non-compliance history, etc. All affect the speed and testing requirements



Sources: Ministry of Food & Drug Safety

6 – MARKET ENTRY

6.2 Product Launch

- **Localization**
  - Original product, or modified for the market?
  - Complete new localized package, or outer packaging only?
  - Labels – sticker, or package?

Sources: Finn International; Sisun International

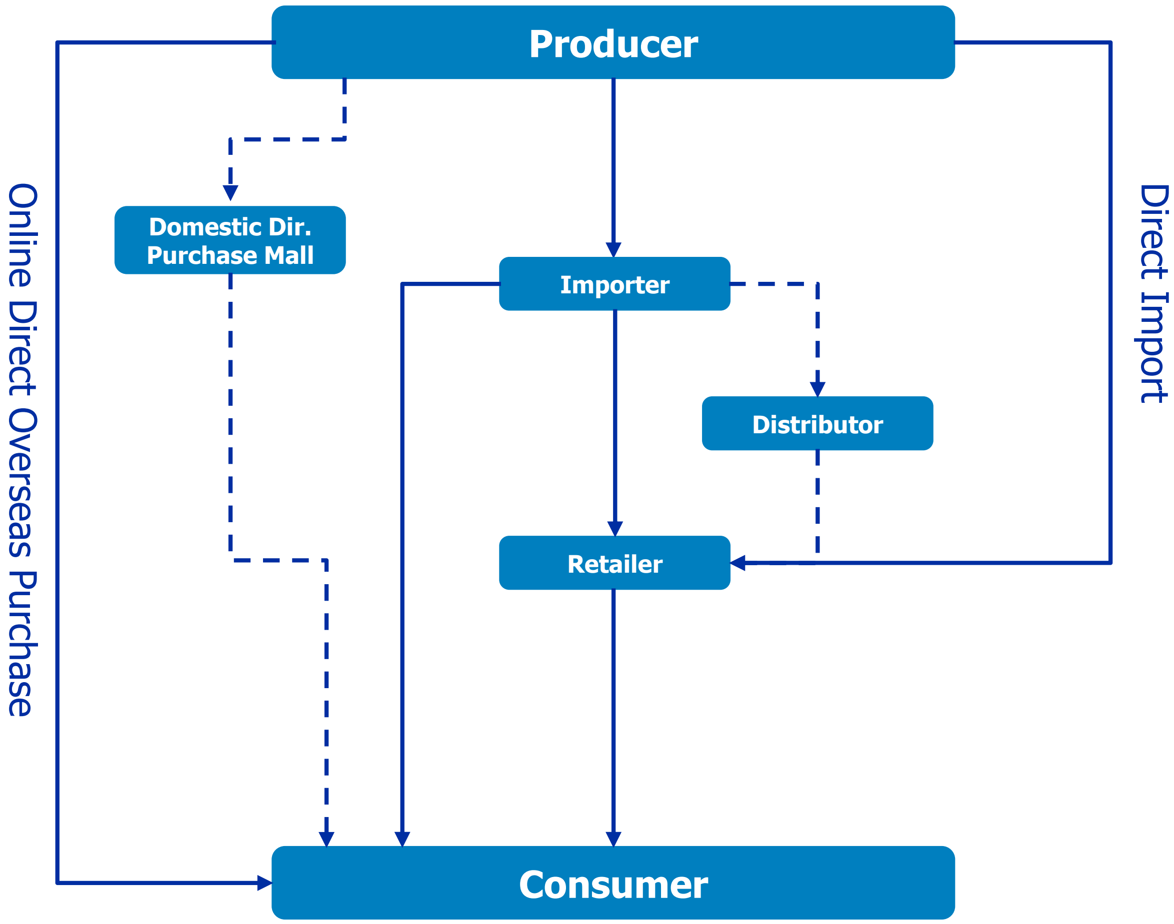
6 – MARKET ENTRY

6.3 Entry Strategies

- **1. Through Importer**
  - Most common way to enter the market
  - Many retailers prefer having importers between
  - Possibility to access to various sales channels
  - Commission increases prices

- **2. Direct Import**
  - Direct import by retailer without 3rd parties between
  - Only selected products, usually after market test
  - Only for selected sales channel

- **3. Online Direct Purchase**
  - Requires marketing and product awareness
  - High delivery fees



[7]
FOOD FROM FINLAND IN KOREA

WHY KOREA?

PROS

- High disposable income and willingness to spend on quality
- Ability to control whole country with 1 partner
- Growing interest for healthy & safe foods amidst safety scandals
- Changing food trends and westernization
- Rise of online purchasing of food & beverage products allows soft landing to Korean market
- Relatively low number of competitors
- Image of Finland

CONS

- Protectionist market
- Trade barriers still exist
- Low awareness of Nordic food culture and brands
- Lack of Finnish experts on Korean market

Potential Product Categories

1. **Healthy Foods & Organic Foods**

   - Eg. Berry products, cereals, children's foods & snacks, xylitol products, other nature foods

2. **Functional Foods**
3. **HMR Foods**
4. **Mild Alcohols**

7 – FOOD FROM FINLAND IN KOREA

7 – FOOD FROM FINLAND IN KOREA

Finland Day – April 11-13, 2019

- Cross-industry combined B2B, B2C, Media event
- Meet-the-buyer day, exhibit your products, media exposure, VIP evening party
- B2C sales for companies with importers
- 1000+ visitors expected

Nordic Food Event – November 2019

- B2B meet-the-buyer event
- Jointly organized with Sweden, Norway, Denmark
- Includes a market study day
- Media/influencer event (TBC)

Nordic Pop-up store – Q4 / 2019

- Pop-up store with Nordic F&B, and Lifestyle products for B2C sales in a local department store
- For companies already selling in Korea

BUSINESS
FINLAND

감사합니다.

Gamsa Habnida.

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Thank you.

(polite)

Jani Toivanen

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