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EUROMONITOR DIGEST

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Better For You Beverages in South Korea

PROSPECTS

Decaffeinated Coffee Drives Growth of Better for You Hot Drinks

South Korean consumers have clearly warmed to the idea of drinking coffee without caffeine. Previously, decaffeinated instant coffee was seen as a limited option for pregnant women and the market was niche. However, as per capita consumption increases, regular coffee lovers that enjoy multiple cups of coffee in a day also see a need to control their caffeine consumption. They have become loyal consumers of decaffeinated coffee and do not mind paying extra for this health-orientated product. Decaffeinated instant coffee in South Korea has a higher average unit price when compared to the unit price of regular instant coffee.

Better for you (BFY) reduced-caffeine coffee is expected to continue growing, with even more variety in terms of caffeine content, including 50% reduced-caffeinated coffee as major players show their great interest in this category. Offerings at foodservice channels also have reflected a general awareness of the benefits of decaffeinated coffee. Speciality coffee franchises like Starbucks and The Coffee Bean and Tea Leaf also have added decaffeinated options to their menu, and the number of foodservice outlets offering decaffeinated coffee is projected to increase.

Reduced-sugar Carbonates Sees A Slow Performance

Despite its growth in retail volume, the performance of reduced-sugar beverages in South Korea has

been lower than expected, with manufacturers of multiple reduced-sugar carbonates and energy drinks having decided to discontinue production. Although Korean consumers take care to pursue a healthy diet, many do not apply the same standard for carbonates. For carbonates, consumers are more interested in enjoying sweet and rich flavors when making purchasing decisions. Furthermore, reduced-sugar carbonates is not an alternative to regular carbonates for South Korean consumers that look for a healthier option. Health-conscious consumers have moved towards totally different segments such as naturally healthy bottled water or non-sugar ready to drink (RTD) tea. Manufacturers are expected to invest in the reduced-sugar formula for RTD tea and coffee products rather than in reduced-sugar carbonates as consumer demand for BFY beverages strongly indicates that these tea and water categories have better growth potential.

COMPETITIVE LANDSCAPE

Coca-Cola Korea Takes the Lead in 2019

Coca-Cola Korea remained the leading player in BFY Beverages in 2019 thanks to the strong presence of its reduced-sugar cola product Coca-Cola Zero; it dominates the reduced-sugar carbonates and "other" low-calorie cola overall. The company benefits from increasing cola consumption in South Korea, supported by increasing sales of mobile food delivery applications, which frequently couple with carbonates purchase.



Photo by Karolina Grabowska from Pexels

Within reduced-sugar cola carbonates, the company's share is expected to dominate over the forecast period as its competitor Pepsi NEX has discontinued production in South Korea.

Reduced-sugar Instant Coffee Propels Dongsuh Foods

Dongsuh Foods, South Korea's largest coffee manufacturer and the leading company in hot drinks, ranks second in BFY beverages overall, driven by BFY reduced-sugar and decaffeinated coffee as a leader in instant coffee. Consumer concerns over sugar content have

strongly affected the hot drinks category. Dongsuh Foods, which dominates sales of reduced-caffeine beverages, ranked second in reduced-sugar beverages and dominated sales of reduced-sugar hot drinks in 2019, with its nationally popular brand Maxim maintaining a significant share. The company's strongest share is within reduced-sugar instant coffee with Maxim Mocha Gold. ■



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