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Voluntary - Internal

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## **Korea - Republic of**

**Post:** Seoul ATO

### **Korean Wine Buyer Trip to Washington State Wine Experience**

**Report Categories:**

CSSF Activity Evaluation

**Approved By:**

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**Report Highlights:**

ATO Seoul supported a buyer from a leading Korean wine import distributor to attend the Washington State Wine Experience (WSWE) 2017. The trip allowed the importer to gain a hands-on understanding about the value, quality and diversity of Washington state wines. Furthermore, the importer also developed contacts with a large number of Washington state wine producers and marketers during the trip for potential business partnerships. A follow-up survey indicated that the Korean importer was able to establish a preliminary business plan to launch one Washington state wine within the next 12 months (\$50,000 of initial export value) as a result of the program.

## General Information:

### CSSF ACTIVITY EVALUATION REPORT

Name of Activity: Korean Wine Buyer Trip to Washington State Wine Experience  
Beginning/Ending Dates: June 3-9, 2017  
City/Country: Seoul, Korea  
Post: ATO Seoul

#### 1. Market Constraints and Opportunities

##### Constraints:

- Competitors in both “old world (Europe)” and “new-world (South America and Asia Pacific)” wine producing regions are export-oriented and deploy aggressive export promotions in South Korea. In contrast, American suppliers are in general focusing on the domestic market in the United States and as a result are not actively pursuing export business.
- The Korean wine market has been under the strong influence of old world producers. As a result, views and knowledge of local opinion leaders are seriously skewed in favor of European wines. France and Italy remain the top preference for premium quality wine among Korean traders and consumers.
- New world wine producers present elevated competition to American wine particularly in value-oriented segment of the market in Korea. Chile especially has established lead market share in the segment by implementing a Free Trade Agreement with Korea (2004) much earlier than the United States (2012).
- Korean wine consumers’ taste is becoming more diversified as they seek to expand their knowledge and experience. Competitors have been successful in expanding their market shares by actively promoting new products from new regions. On the other hand, sales of American wine in Korea are heavily concentrated from California and consumers lack an understanding about the quality, value and diversity of other American wines outside of California.

##### Opportunities:

- The Korean wine market is still in its infancy as indicated by the fact that wine currently accounts for less than two percent of total alcohol beverage sales in Korea. Therefore, Korea’s wine imports are likely to maintain a solid growth for many years to come. The health benefits of drinking red wine are already well established among the general public. An increased number of Korean consumers recognize wine as a key part of an internationalized lifestyle and food culture. As a result, consumption of sparkling wine and white wine are on a solid growth for their pairing fit to local Korean food.
- The characteristics of American wines, such as ripe, fruit-forward flavors and consistent quality, are well accepted by many Korean wine consumers, particularly among the young consumer groups in their 20’s and 30’s.

## 2. Outcomes

ATO Seoul in coordination with Washington State Wine Commission (WSWC) recruited a buyer from Lotte Chilsung Co. to attend the Washington State Wine Experience (WSWE) 2017, June 3-9. Lotte Chilsung Co. is the leading import distributor of wine in Korea and has the capacity to mass-market through both retail and foodservice channel.

WSWE is a biennial event that brings a large group of wine traders and professionals from the world to Washington state wine country for in-depth education as well as business development opportunities. The five day itinerary included in-depth comparative tasting seminars, vineyard tours, winery tours and meetings with vintners in various locations.

The event allowed the Korean importer to gain a hands-on understanding about the value, quality and diversity of Washington state wine. The importer also developed contacts with over 100 Washington state wine producers during the trip and explored potential business opportunities. A follow-up survey administered right after the trip indicated that the program allowed the Korean importer to establish a preliminary business plan to launch one Washington state wine within the next 12 months (\$50,000 of initial export value). Moreover, considering the extensive sales network under Lotte Chilsung Co. in the market, Lotte's launching of Washington state wine will also generate a considerable publicity for Washington state wine in the market.

## 3. Recommendation

- 1) As a new activity, Post originally planned to recruit two Korean buyers to attend WSWE 2017. However, one of the buyers recruited failed to obtain a visa in time to travel to the United States for personal reasons.
- 2) Given the successful outcomes, Post will maintain close contact with WSWC to secure increased seats for Korean buyers in future WSWE programs.

## 4. Investment

Activity Name	Cost	Source	Expenses Covered
Korean Wine Buyer Trip to WSWE 2017	\$1,700	Post CSSF	Roundtrip Air Fare
	\$2,000	Washington State Wine Commission	Lodging Ground Transportation Educational Programs Meals

## 5. Contacts

For further information or questions, please contact;

Agricultural Trade Office, U.S. Embassy  
Unit #15550, APO AP 96205-5550  
Tel: 82-2-6951-6848  
Fax: 82-2-720-7921

E-mail: [Atoseoul@fas.usda.gov](mailto:Atoseoul@fas.usda.gov)

Web: [www.atoseoul.com](http://www.atoseoul.com)

## 6. Profile Information of Korean Attendee

Mr. JIN, BAEKSEO

Buyer (in charge of new world wine including the U.S.)

Lotte Chilsung Co. - Liquor BG

- Address: 6F Lotte World Tower, 58 Songpadaero, Songpagu, Seoul 05510
- Tel: +82-2-2225-3113
- Cell: +82-10-2939-6589
- E-mail: [aroma202@lotteliquor.com](mailto:aroma202@lotteliquor.com)
- Web: [www.wine.co.kr](http://www.wine.co.kr)
- Company Profile: Lotte Liquor BG is the number one wine import distributor in Korea. The company is under the umbrella of Lotte Group, a leading conglomerate business group in Korea, and belongs to Lotte Chilsung Co., which covers non-alcohol and alcohol beverage business of Lotte Group. Its cash-register sales amounted to \$60 million in 2016. As the leading player in the wine market, Lotte Liquor BG has a well-established distribution capacity in both on and off-premise markets in Korea. In particular, Lotte Liquor BG's distribution network includes some of the most important wine retail channels in the market, including E Mart hypermarket stores, Lotte Department Stores, CU convenience stores, many leading five star hotels and luxury duty free shops. Lotte Liquor BG's portfolio includes over 40 well known international wine brands, including Beringer, Chateau St. Jean, Constellation and E&J Gallo from the U.S. Lotte Liquor BG is interested in expanding its American portfolio to Washington and Oregon in the near future. It is notable that Lotte Liquor BG also maintains a local wine business. Its winery in Kyungsan, Korea produces low price wine from local grapes (MBA variety mainly) blended with imported bulk wine. Lotte Liquor BG also maintains co-bottling business with several foreign wineries. For example, its 'Majuang California' brand is bottled at Iron Stone Winery, CA. For more information about Lotte Liquor BG's business, please refer to the company brochure in the attachment.

## 6. Travel Itinerary

### Saturday, June 3:

12:50 pm	Arrive in Seattle Airport (UA 7291)
3:30 pm	Hotel check in Edgewater Hotel 2411 Alaskan Way Pier 67 Seattle, WA 98121
4:00-6:00 pm	WSWE Registration in the hotel lobby

### Sunday, June 4:

3:30 pm	Attendees meet in the lobby to hop the bus to the Columbia Tower Club
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Washington State Wine Experience Welcome & Washington State Wine Primer with President & CEO,

Steve Warner at the Columbia Tower Club

4:45 pm Regional Tasting at the Columbia Tower Club

6:30 pm Bus back to the Edgewater Hotel

Monday, June 5:

8:00 am Buses depart for Woodinville and Chateau Ste. Michelle

9:15 am Business of Washington Wine presentation with Al Portney

10:15 am Chardonnay comparative tasting with David Rosenthal

11:15 pm Riesling Food & Wine pairing by Chateau Ste. Michelle

12:00 pm Lunch hosted by Chateau Ste. Michelle

1:15 pm Buses depart for the Courtyard Marriott in Richland

5:00 pm Check-in and downtime at the Courtyard Marriott with Seattle Espresso

6:00 pm Guests board buses and depart for Hedges Family Estate

6:30 pm Dinner at Hedges Family Estate

8:45 pm Buses depart for Courtyard Marriott

Tuesday, June 6:

8:00 am Guests board buses in front of the hotel

8:15 am Buses depart for Columbia Crest

9:15 am Arrive at Columbia Crest

9:15 am Small group tours at Columbia Crest

Presentation on the Historical Perspective of the Columbia Valley AVA and the Viticultural Aspects of Washington Winegrowing with Dr. Russ Smithyman and Kevin Corliss.

11:00 am AVA Merlot tasting and mini blending opportunity

12:00 pm Lunch & Seattle Espresso at Columbia Crest

1:15 pm Buses depart for Courtyard Marriott

3:15 pm                      Guests board buses in front of the hotel

Tour of the Ste. Michelle Wine Estates Washington State University Wine Science Center

4:45 pm                      Guests board buses and depart for Precept Wine's Canyon Vineyard Ranch

5:30 pm                      Regional Tasting at Precept Wine's Canyon Vineyard Ranch

6:45 pm                      Dinner at Precept Wine's Canyon Vineyard Ranch

9:00 pm                      Buses depart for the hotel

Wednesday, June 7:

8:45 am                      Guests board buses in front of the hotel

9:45 am                      Arrive at the Marcus Whitman Hotel and Conference Center

Walla Walla Valley AVA presentation followed by a Syrah Seminar at the Marcus Whitman Hotel and Conference Center

11:15 am                      Guests walk to Charles Smith Wines

11:45 am                      Lunch at Charles Smith Wines

Walla Walla valley Winery Tours (Guests are picked up in groups by different Walla Walla wineries to go tour, taste and visit with the winemakers. Winemakers will return guests to the Marcus Whitman Hotel)

4:15 pm                      Buses depart for Woodward Canyon

4:30 pm                      Regional tasting at Woodward Canyon

6:00 pm                      Walk to dinner at L'Ecole No 41

7:30 pm                      Buses depart for Courtyard Marriott

Thursday, June 8:

8:45 am                      Guests board buses in front of the hotel

9:00 am                      Buses depart for Walter Clore Wine & Culinary Center

9:30 am                      Cabernet Sauvignon Seminar at Walter Clore Wine & Culinary Center

10:45 am                      Regional Tasting at the Walter Clore Wine & Culinary Center

12:30 am                      Buses depart for Badger Mountain Vineyards/Powers Winery

1:00 pm	Lunch at Badger Mountain Vineyards/Powers Winery
3:00 pm	Depart for Courtyard Marriott
5:15 pm	Guests board buses in front of hotel
5:30 pm	Buses depart for dinner at Gordon Estate
6:15 pm	Closing dinner at Gordon Estate

Friday, June 9:

5:45 am	Depart Pasco Airport (DL 4682)
12:19 pm	Depart Seattle Airport for Korea (DL 199)