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**Emerging Distribution Channels in the
Consumer Products Market in Korea**

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Emerging Distribution Channels in the Consumer Products Market in Korea



EXECUTIVE SUMMARY

Market Structure and Size

The retail industry in Korea has witnessed dynamic growth and major structural changes in the past few years. Once dominated by mom and pop stores and open air markets, retail giants operating offline and online establishments now dominate the sector. Following the emergence of the first department store chains in the 1980s, large discount stores have gradually taken away market share, mostly at the expense of traditional open-air markets and small shops.

Fundamental changes also occurred in non brick-and-mortar retail segments with the launch of Internet e-Commerce shopping malls and TV Home Shopping channels. Between 1999 and 2001, while the nation was recovering from the economic crisis, TV Home Shopping grew 7 times faster than the overall retail market. During the same period, discount stores grew 5 times faster than the overall retail sector.

Table 1: Transactions amounts for retail sales by types for 2002 (unit: \$ billion¹)

	Transactions amounts
Discount stores	21.3
Department stores	21.1
Super markets and convenience stores	10.9
Traditional markets	100.9
TV home shopping	4.7
Internet shopping malls	7.4
Catalogues	2.0
Total	168.3

Source: LG Securities, National Statistical Office, 2003

Growth in Internet e-Commerce and TV home shopping transactions has been slower since the beginning of 2003, due to reduced consumer spending and looming market saturation. Nevertheless, sales through these alternative distribution channels remain significant relative to other segments of the retail sector. Likewise, they offer attractive opportunities to Canadian business interested to enter the Korean market through alternative retail channels.

Amidst the current economic slowdown and sluggish consumer spending encountered since 2002, consumers exhibit a clear inclination for value and continue to give preference to retail chains that offer cheap prices for day-to-day basic items. In sharp contrast to this consumption frugality exhibited by most, sales of luxury

¹ All monetary units are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is KRW 850 = C\$1.00

items and imported goods are also booming, suggesting a gradual phenomenon of consumption polarization in the country.

Large corporate groups who are diversifying their activities within the retail sector gradually dominate the retail sector. By leveraging their established brand names, they are able to gain the trust of shoppers, which is particularly critical to prop up online transactions.

Projected growth

Some segments of the retail industry are expected to continue growing, despite overall reduced consumer spending. Discount stores and convenience stores chains alike are planning to continue opening new stores, which could eventually bring about market saturation. Internet shopping malls as a whole are expected to gain market share in the retail sector, amidst continuing fragmentation and concentration. New TV Home Shopping entrants have already helped stretch the number of shoppers by offering a wider range of products but sales revenues growth remains limited by a looming cable TV market saturation.

Table 2: Growth Forecast for Korea's Retail Industry by Segment (2003~2005) Units: \$ billion

	2003	2004	2005	CAGR 2002~2005
Discount stores	25.2	29.0	32.7	15.4%
Department stores	22.6	24.2	26.0	7.1%
Super markets & convenience stores	13.0	15.9	18.5	19.1%
Traditional markets	101.4	104.7	111.1	3.3%
Total	162.2	173.8	188.3	

Source: LG Securities, National Statistical Office, 2003

Table 3: Growth Forecast for Korea's Emerging Distribution Channels (2003 ~ 2005) Units: \$ billion

	2003	2004	2005
Internet shopping malls	8.9	11.7	14.6
TV home shopping	5.6	6.6	7.4
Catalogues	2.0	1.9	1.4
Total	16.5	20.2	23.4

Source: LG Securities, National Statistical Office, 2003

Key Opportunities

Emerging channels offer significant opportunities to Canadian companies that wish to sell their products in Korea. Current sales volumes can be remarkable and can justify adapting the market entry strategy to meet the requirements of these new channels.

A wide range of products can be sold through these emerging channels. TV home shopping operators tend to have stricter guidelines for products selection, based on expected sales forecasts as well as unit retail price. In light of reduced consumer spending, operators are shifting the product mix towards lower priced items. Internet shopping malls carry a much wider range of products.

Canadian suppliers are advised to approach TV home shopping operators and Internet shopping malls through established local agents because they usually do not import products directly themselves.

Canadian Position

Very few Canadian companies have made significant successful entry into the Korean market via emerging distribution channels. Canadian firms have products that could be highly successful given the reputation of quality and the types of products that operators of these emerging distribution channels are seeking.

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MARKET OVERVIEW

In March 2002, sales revenues of LG Home Shopping surpassed sales of a major department store chains in Korea, marking a milestone in the domestic retail industry and signalling that consumer purchasing habits are shifting, with obvious long-term implications for the entire retail industry.

Established retailers have followed this trend by opening stores in new segments or focusing on specific marketing strategies. At the same time, consolidation happened across the industry's the sector is increasingly dominated by large business groups, often referred to as "chaebol", dominate the Korean retail industry.

Table 4: Corporate Affiliation in the Korean Retail Sector

Business Groups	Department Stores	Discount Stores	Convenience Stores Chains	Super Markets	B2C Internet Shopping Malls	Home Shopping
CJ					CJ Mall	CJ Home Shopping
Hyundai	Hyundai Department Stores				eHyundai	Hyundai Home Shopping
LG	LG Department Stores	LG Mart	LG25	LG Supermarkets	LGeshop	LG Home Shopping
Lotte	Lotte Department Stores	Lotte Mart	7-Eleven		Lotte.com	
Samsung		Samsung HomePlus			Samsungmall	
Shinsegae	Shinsegae Department Stores	E-Mart			Shinsegae.com	

Source: Various sources, Vectis Analysis, 2002

Transformations are apparent both in the traditional but particularly in non-traditional channels. For instance, TV home shopping has been the fastest growing segment of the retail sector in the past few years. Between 1999 and 2001, while the nation's economy was fast recovering from the economic crisis, TV Home Shopping grew 7 times faster than the overall retail market. During the same period, discount stores grew 5 times faster than the overall retail sector.

Table 5: Retail sales index 1998 to 2003 (base 1995 = 100)

	June 2003	June 1998
Department Stores	137.1	82.6
Supermarkets	130.2	115.2
Large discount stores	2,570.4	636.8
Convenience stores	415.7	123.0
Others	121.4	105.3

Source: National Statistical Office, 2003

Key Factors Shaping Market Growth

Five key factors are driving changes in the retail industry:

- Attitude towards value: Korean consumers have fully embraced the concept of discount stores as they are increasingly seeking value for money.
- Need for convenience: TV Home Shopping and Internet shopping malls offer greater convenience to consumers, who prefer to stay home and have products delivered to their door step. Similarly, new discount stores tend to be located in suburban areas close to major population centres.
- Infrastructure: Korea's high household Internet and cable TV penetration rate contributes to promoting transactions through Internet shopping malls and TV Home Shopping channels;
- Changes in life-style: The introduction of the five-day workweek and flexible schedules have created greater demand for discount stores open until late at night and convenience stores open 24 hours.
- Market liberalization: New measures implemented in the retail and distribution sectors have facilitated the arrival of foreign retailers (Carrefour, Tesco, Wal-Mart) who have triggered further changes across the industry.

COMPETITIVE ENVIRONMENT

Traditional Channels of Distribution

Small family-owned stores or conventional markets have traditionally dominated the Korean retail landscape. In the early 1990, over 90 percent of retail shops had fewer than 2 employees, with an average size of 10 Sq. meters. Sales from small retail shops accounted for 80 percent of the total retail market in 1995, while department stores accounted for less than 14 percent.

Table 6: Evolution in the Number of Outlets by Type (1996-2002)

	1996	1997	1998	1999	2000	2001	2002	Change
Department stores	106	109	89	103	110	85	84	(22)
Discount stores	34	63	93	116	164	193	235	201
Super markets	3,657	3,790	4,535	4,510	5,285	5,500	5,600	1,943
Convenience stores	1,885	2,054	2,060	2,339	2,826	3,895	5,714	3,829

Source: Korea Chain Stores Association, 2002

Table 7: Evolution in Sales Revenues and Number of Outlets by Type (1998-2002) (Units: \$ billion)

	1998		1999		2000		2001		2002	
	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues
Total	686,741	137	699,759	159.5	693,701	180.0	690,000	187.6	690,000	196.9
Department stores	89	12.65	103	15.7	110	17.75	85	19.38	84	21.1
Discount stores	93	6.1	116	8.9	164	12.5	193	16.46	235	20.7
Super markets	4,535	7.72	4,510	5.1	5,285	9.5	5,500	9.9	5,600	10.4
Chain convenience stores	2,060	1.15	2,339	1.2	3,271	1.47	3,895	2.15	5,714	2.6

Source: Korea Chain Stores Association, 2002

Department Stores

The emergence of retail chains in Korea first came about with department stores. While precursors were mainly small regional chains with few stores in key cities, the trend has since shifted towards the establishment of a handful of nationwide department stores chains. Their sales have been growing at a comfortable rate since the 1980s, although intensifying competition from new retailers has had a negative impact in recent years. Illustrating this trend, two of Korea's department stores went bankrupt in the late 1990's, falling victim to growing competition and lagging productivity.

The current top three leaders are Lotte with 20 stores nationwide in 2003, Hyundai (14 stores) and Shinsegae (7 stores). Galleria Department Stores (6 stores), is another player that occupies a distinctive niche in the retail segment, with a strong focus on high-end imported designer brands and luxurious goods. A few other smaller chains offering mid-range price goods prevail but their weight in the segment is limited. Statistics suggest rapid consolidation and gradual creation of an oligopoly system in the sector.

Table 8: Market Shares of Top 3 Chains (as % of total for all Department Stores)

	1997	1999	2002
Hyundai Department Stores	10.7%	19.0%	19.6%
Lotte Department Stores	20.5%	26.2%	33.9%
Shinsegae Department Stores	9.2%	9.6%	11.7%
Aggregate Market Share for the Top 3 Chains	40.4%	54.8%	65.2%

Source: Hyundai Department Stores, 2002

Department store chains have long recognized the fact that discount stores are growing at a faster pace. This has encouraged department stores to diversify into several other retail segments, leading them to start discount store or convenience store chains and Internet shopping malls.

Department stores have also pursued a strategy of focusing on luxury items, predominantly clothing. Currently, department stores are losing ground to discount stores in most areas, with the notable exception of luxury goods. Overall sales at department stores have dropped slightly for five straight months since February 2003 and are expected to remain sluggish. However, sales of luxury goods recorded a healthy growth of 20.1 percent in July 2003.

Table 9: Sales Breakdown at Hyundai Department Stores for 2002

Items	Percentage of Total Sales
Accessories	17.5%
Apparel	48.8%
Total for Clothing	66.3%
Total for All Other Items	33.6%
Total	100.0%

Source: Hyundai Department Stores, 2002

In terms of demographics, women represent approximately 75 percent of customers at department stores and women between the ages of 25 and 35 now account for 50% of all female customers. In addition, regardless of gender, top 25 percent customers contribute for 76.5 percent of total sales, according to Hyundai Department Stores.

According to a survey by Lotte Department Stores, consumers in the 20s accounted for 32 percent of total purchases in October 2002, as opposed to 30 percent a year earlier. The number of shoppers in the 30s dropped from 35 percent to 30 percent during the same period. However, in terms of value, shoppers in the 30s accounted for 31 percent of total sales revenues, compared to 26 percent for those in the 20s. The survey also indicated that customers between the ages of 30 and 50 were more likely to curb expenditures when the economy tightens, while customers in the 20s do not adjust their purchases with economic cycles.

Results from a survey conducted by Shinsegae Department Stores in August 2003, suggest important changes in attitude of consumers towards department stores and discount stores. Forty nine percent of respondents (out of 8,246 people polled) indicated their intention to buy presents at large discount stores compared to 37 percent at department stores during the Chuseok holiday, Korea's biggest holiday of

the year. These results contrast from last year's results of a similar survey when 50 percent of respondents had indicated they would shop at department stores and 37 percent at discount stores.

Department stores put out all sorts of promotions in order to boost sales, including special sales at specific time of the day. Hyundai Department store launched a promotion in 2002 dubbed "*Let's Meet at 7 pm*", when certain items were offered at discounts of 30 to 60 percent at exactly 7:00pm for several days.

Ordinarily, large sales last more or less 10 days and occur four times a year. The dates are usually fixed among chain stores. Department stores rely heavily on other additional services to attract customers such as parking, baby-sitting, private courses, art exhibits and fashion shows.

Credit cards are a prevalent mode of payment in Korea partly as a result of government measures aimed at curbing black market transactions in the retail industry. Up to 85% of transactions at department stores are carried through credit cards and most department store chains operate in-house credit cards services.

Most of the retail space of department stores is leased to independent boutiques or merchants, who are solely responsible for promotions, staffing, etc. Better-established brands can benefit from more favourable conditions such as lower commissions payable on sales.

Department stores have well-structured purchasing departments and have build strong negotiating power with local and foreign suppliers. In most cases, department stores do not import directly but rely on local agents who will also provide inventory and other services.

It is desirable to ask buyers from the department stores to recommend agents with whom they are accustomed to work with. Other factors such as personal relationships between buyers and the agents can play favourably to the success of a foreign exporter.

Discount Stores

In 1993, E-Mart, Korea's first mass discount store opened and by 1997, the total number of discount stores reached 63 nationwide, although only representing 3 percent of total retail sales. Carrefour and Makro (later acquired by Tesco) entered the market in 1994. There are currently 14 chains of discount stores that operate 4 or more outlets, with the combined number of stores equal to 199. On the whole, there were 230 discount stores in the country as of year-end 2002.

Table 10: Evolution in the Number of Discount Stores (1993 to 2002)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
E-Mart	1	2	4	6	9	13	19	27	41	49
Lotte Mart						3	8	17	24	32
Carrefour Korea				3	3	6	11	20	22	25
Samsung HomePlus					1	1	2	7	14	21
Wal-Mart Korea				2	4	4	5	6	9	15
Total for Top 5 chains	1	2	4	11	17	27	45	77	110	142
Total for Top 14 chains	1	3	17	27	44	63	87	129	159	199
All others		1	2	7	19	30	29	35	34	31
Total	1	4	19	34	63	93	116	164	193	230

Source: Korea Chain Stores Association, 2002

The financial crisis that hit Korea in 1997 proved to be beneficial for discount stores, as they tend to be more recession-proof, and consumers visit them when the economy goes bad.

Leading discount stores operators pursue aggressive expansion strategies despite fears of market saturation claimed by industry analysts. E-Mart plans to open four more stores in the third quarter of 2003 alone, while Samsung Homeplus announced it would open nine more stores in 2003. Lotte Mart wants to establish over 10 stores each year, to reach a total of 75 stores by 2005.

Table 11: Sales Performance Analysis of Major Discount Stores for 2001

	No. of Stores	Total Sales (\$ billion)	Total Sales Space (Sq. meters)	Average Store Size (Sq. meters)	Average Sales Per Store (\$ million)
E-Mart	41	4.03	385,165	9,395	98.42
Lotte Mart	24	1.49	231,600	9,650	62.47
Samsung Home Plus	14	1.47	155,710	11,120	105.60
Carrefour Korea	22	1.35	262,470	11,930	61.44
New Core	13	0.77	96,420	7,420	59.23
Wal-Mart Korea	9	0.67	110,745	12,305	74.47

Source: Korea Chain Stores Association, 2002

Poor logistics and inventory management have long been the source of low productivity in the retail industry. Local and foreign discount store chains quickly improved established industry practices and were, as a result, able to offer cheaper prices.

Until the mid-90s the entire retail sector was in effect locally owned, due to strict market regulations, commercial zoning and restrictions on foreign investments. Taking advantage of amendments, Carrefour, Wal-Mart and Tesco entered the market and made very significant investments to open several stores. With 25 outlets, Carrefour is currently the leader among foreigner-owned retailers followed by Wal-Mart with 15 stores as of June 2003.

Table 12: Key Comparative Statistics of Foreign-owned discount stores retailers and E-Mart

	Carrefour	Wal-Mart	E-Mart
Number of Stores (1)	25	15	51
Market Share (1)	9.7%	5.1%	31.8%
Merchandise Turnover Ratio (2)	34.7	19.2	14.7

Note: (1) as of June 2003; (2) for 2001

Source: Korea Herald, June 11, 2003

Unlike in other Asian markets where Carrefour and Wal-Mart have gained leadership positions, locally-owned discount stores have remained the dominant force in the Korean market. E-Mart and other local retailers are able to appeal more to Korean consumers long accustomed to the upscale environments of department stores, by offering pleasant shopping surroundings and friendly services. In addition, E-Mart commonly displays goods in unique ways that are designed to please local consumers rather than simply piling them up, such as in most discount stores.

In terms of shopper demographics, a broad cross-section of the population regularly visit discount stores. The majority of discount stores are located in periphery of large cities, given the rapid expansion of suburbs and the scarcity of land in the centre of large cities. For instance, despite Seoul City's large population, only 41 stores are located within the city limit proper, while another 80 are located in the greater metropolitan area encircling the city.

Supermarkets and Convenience Stores

More supermarkets and convenience stores have opened in the past few years, which is also indicative of the development of retail chains and the growing market influence of a few large business groups.

Table 13: Trends for Supermarkets and Convenience Stores (1999 to 2002) Units: \$ billion

	1998		1999		2000		2001		2002	
	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues	No. of stores	Total Revenues
Super Markets	4,535	7.72	4,510	5.1	5,285	9.5	5,500	9.9	5,600	10.4
Chain Convenience Stores	2,060	1.15	2,339	1.2	3,271	1.47	3,895	2.15	5,714	2.6

Source: Korea Chain Stores Association, National Statistics Office, Korea Convenience Chain Stores Association, 2002

It is useful to point out that the term "supermarket" is often used by very small independent convenience stores in Korea. The term is used in this report to designate grocery stores with a size of over 1,000 sq. meters, in accordance with the definition used by the Korea Chain Stores Association.

The driving force behind the development of convenience stores can be attributed to the fact that chain stores are clean and bright, in comparison to their predecessor and that they carry a wider range of products, beyond a simple array of grocery items. According to the Korea Association of Convenience Stores, there were 1,620 convenience stores in Korea in 1995 and the number was 6,640 as of June 30, 2003.

Table 14: Sales Analysis for Discount Stores and Supermarkets for 2001

	Discount Stores	Super Markets
Fresh food products	24.3	33.5
Non-perishable	23.4	37.5
Other food Items	6.9	8.3
Total for food	54.6	79.3
Clothing	14.4	-
Electrical and electronics items	7.9	-
Personal goods and articles of daily use	8.1	-
Others	15	20.7
Total	100.0	100.0

Source: Korea Chain Stores Association, 2002

Eight chains dominate the market: Family Mart, 7-Eleven, LG25, Buy the Way, Mini Stop, Circle K, Am Pm and Lawson's. Analysts believe that between 1,500 and 2,000 new stores could be opened before 2006, with majority in smaller towns and provincial areas.

Emerging Channels Of Distribution

Two major new distribution channels have emerged in the Korean retail sector in recent years: Internet shopping malls and TV home shopping. A significant proportion of retail trade is now conducted through these virtual retail outlets and Canadian suppliers interested to sell products to Korean consumers can leverage the market position of retailers in these new channels.

Internet Shopping Malls

For 2002, total sales of goods through Internet shopping malls (B2C e-Commerce) exceeded \$7.4 billion, an increase of 80.2 percent over the previous year. However, when compared to B2B e-Commerce, B2C e-Commerce transactions remain limited in Korea. In 2002, B2B e-Commerce represented over 87 percent of all e-Commerce transactions while B2C accounted for 2.8 percent of the total. However, the absolute sales volumes are fairly large.

Total sales of goods and services in the second quarter of 2003 amounted to \$1.98 billion, up 15.3 percent over the same quarter in 2002. This is a decrease of 2.0 percent over the previous quarter, the first time that sales for Internet shopping malls decreased since 2001, when the National Statistical Office started gathering statistics.

The number of B2C establishments (referred to as Internet shopping malls in this report) amounted to 2,896 as of December 2002. In June 2003, there were 3,320 such establishments, representing an increase of nearly 15 percent in 6 months. For 2002, the proportion of online-only companies dropped to 32.7 percent from 41.5 percent, while those who do online and offline business grew from 58.5 percent to 67.3 percent.

The Internet shopping mall sector is increasingly fragmented and dominated by a handful of companies affiliated to large business groups with diversified activities in the retail sector. A survey conducted by the Korean government with a sample of

240 Internet Shopping Malls indicated that the top five sites attracted 52 percent of all customers.

The top six Internet shopping malls are CJ Mall, Hansol CSN, Interpark, LGeShop, Lotte and Samsung Mall. Dominant Internet shopping malls have been in business for up to 5 or 6 years, allowing them to amortize investments, establish cost-effective sales and order fulfillment systems and build a loyal customer base. The more trusted names of their parent companies in the psyche of consumers or their longer operation history have also helped them overcome some barriers related to information security and online payments.

Growth in the volume of B2C e-Commerce transactions is driven by a number of factors specific to the Korean market. Korea is the world leader in broadband infrastructure with over 11 million high-speed Internet services subscribers, or 65 percent of all households. The total number of Internet users stood at 26.7 million in December 2002, one of the highest in the world. The Korean government estimated that the number of Internet shopping malls users was 7.8 million in 2002, compared to 2.3 million in 2001. As these figures demonstrate, Koreans are also among the most technology-hungry consumers in the world and known to be early adopters.

The wide adoption of paid online services by Koreans has led to the creation of a unique business models in online transactions and has also given a big boost to e-Commerce transactions. Korean companies are increasingly using the Internet for subscription-based services such as education, games and avatars. Avatars are cartoon-like representations of the user placed in an e-mail signature, which is displayed to other users. Avatars have emerged as a major source of revenues for Internet portal sites. Such characters, which are custom-designed can cost between \$1 and \$10.

The combined marketing and promotional effects from emerging new Internet shopping malls have also helped lift the level of awareness and encouraged consumers to shop online. However, as stated earlier, the rapid proliferation of Internet shopping malls has resulted in excessive fragmentation and questionable profit perspectives for the vast majority of establishments. According to the Korea Information Society Development Institute (KISDI), only 3.8 percent of Internet shopping malls generate profits.

Credit card and logistics charges affect profitability of Internet shopping malls, despite the fact that they impose a commission for most transactions. Surveys have shown that most consumers have little trust in smaller sites that do not have big corporate affiliation. In addition, a relatively weak consumer protection regime, in terms of refunds and exchange obligation, compounds the problem in the view of consumers.

Product and Sales Breakdown

Most large Internet shopping malls carry very similar product line-ups and prices tend to be comparable. An analysis of the types of products sold show that computer

related and home electronic goods made up nearly a third of all items sold, followed by household goods and clothing.

For illustration purposes, operations statistics for Daum Internet Shopping mall and Interpark, two of the top Internet Shopping Malls are presented in the following tables.

Table 15: Analysis of Transactions by Types of Products for Internet Shopping Malls (August 2001 and August 2002)

Items	August 2001	August 2002	Growth rate
Computer and computer-related appliances	23.7%	13.8%	8%
Software (including game software)	1.9%	1.2%	17.3%
Household electric appliances, electronic and telecommunications equipment	20.4%	19.2%	74.3%
Books	5.8%	5.1%	62.6%
Music CDs & disks (video-musical instruments)	1.6%	1.6%	89.8%
Travel arrangements and reservations services	8.2%	6.4%	43.9%
Goods – toys for infants and children	2.4%	2.1%	62.2%
Food beverage and health food	1.6%	3.4%	279.4%
Flowers	0.6%	0.4%	42.9%
Sports and Leisure Goods	2.9%	3.5%	121.4%
Household goods, motor vehicles parts and accessories	8.0%	11.5%	167%
Clothes – fashion miscellaneous goods	5.3%	8.7%	200.8%
Cosmetics and perfumes	2.2%	5.0%	323.7%
Office equipment and stationary	1.3%	1.0%	45.4%
Agricultural and fisheries products	2.7%	5.1%	251.8%
Miscellaneous services	2.1%	4.0%	250.9%
Others	9.3%	8.0%	59.3%
Unclassified	0.2%	-	-

Source: National Statistical Office, 2002

Table 16: Quarterly Operations Figures for Daum Internet Shopping Mall (Q2 2002 to Q2 2003)

	Q2 2002	Q1 2003	Q2 2003
Average Daily Pageviews	6,864,699	8,386,970	11,532,067
Average Sales per Customer (C\$)	48.52	54.31	56.87
Average Monthly Buyers	232,123	338,000	370,491
Average Monthly First Buyers	113,499	124,700	117,014
Number of Goods	164,369	193,117	210,089
Margin Rate	9.81%	10.3%	12.9%

Source: Daum Communications, 2003

Table 17: Product Mix of Interpark for 2002

Products	Percentage of sales
Home appliances and electronics	30%
Computers	19%
Books and game software	16%
Living, leisure and food items	14%
Fashion and beauty	10%
Tickets, tours and others	7%
B2B e-Commerce	3%

Source: Company data, 2002

Sourcing Strategies of Internet Shopping Malls

Internet shopping malls carry out their product sourcing in a similar way than TV Home Shopping channels (see next section for description). Teams of merchandisers specialize by product category and they are responsible for every aspect from sourcing to product planning and customer service in some cases.

Smaller Internet shopping malls rarely buy products from manufacturers directly, but rather through large distributors, even in the case of locally made goods.

Canadian suppliers can approach online retailers directly, but a local agent should be able to handle the products and place them with most major Internet shopping malls. A description of agents is provided in the next section.

TV Home Shopping

Korea has become the second largest TV home shopping market in the world in less than 8 years. Total revenues for the year 2002 were approximately \$4.7 billion.

There are five operators major shopping channels and the dominant player is LG Home Shopping with a 38 percent market share. The other four operators are CJ Home Shopping, Hyundai Home Shopping, Woori Home Shopping and NongSuSanshop.

Table 18: Sales Revenues for LG Home Shopping and CJ Home Shopping (\$ million)

	Q1 2003		Q1 2002		2002	
	LG Home Shopping	CJ Home Shopping	LG Home Shopping	CJ Home Shopping	LG Home Shopping	CJ Home Shopping
Total Revenues	C\$491.3	C\$408.2	C\$496.5	C\$363.9	C\$2,123.5	C\$1,679.0
Revenues from TV Home Shopping	C\$314.3	C\$288.1	C\$359.2	C\$295.4	C\$1,503.7	C\$1,303.6
Revenues from Internet Shopping Mall	C\$113.4	C\$70.1	C\$68	C\$13.2	C\$334.2	C\$129.2
Revenues from Catalogues	C\$58.4	C\$46.2	C\$59.6	C\$53.4	C\$273.0	C\$210.4

Source: Merrill Lynch, Company data, 2003

The magnitude of sales at these channels is remarkable: LG Home Shopping and CJ Home Shopping currently each generate between \$3.5 million to \$4.1 million in sales daily. When special promotions are offered, daily sales can be as high as \$5.3 million. Sales volumes for individual products can also reach unparalleled levels. For instance, a local brand of female underwear sold up to \$590,000 worth of merchandise during a sixty-minute program aired by CJ Home Shopping.

39Shopping was the first channel to be launched in 1995 followed shortly by LG Home Shopping. In 2000 CJ acquired a controlling stake in 39 Shopping and later renamed it CJ Home Shopping. Three new TV Home Shopping channels went on the air in 2001, after having been awarded operating licenses by the government.

On average Korean home shoppers spend between 3 to 4 times more than home shoppers in the United States, primarily because products featured are more upscale. Average sales amount of CJ Home Shopping in 2002 was \$194, while the average sales point at HSN in the US is between \$55 and \$70.

In the early days, Korean TV Home Shopping channels were selling a product mix similar to that of QVC and HSN in the United States, predominantly jewellery and apparel. Main products currently sold on HSN are: Home electronics, computers and other household goods (29 percent); Jewellery (25 percent); Health / beauty (23 percent); Apparel/accessories (15 percent). In contrast, Korean channels quickly expanded the product mix with home appliances including TV sets, refrigerators, washing machines as well as general merchandise and food items. The current product mix of the two major TV home shopping operators is presented in the following table.

Table 19: Product Mix of LG Home Shopping and CJ Home Shopping for 2002

	Electronics	Household	Apparel	Jewellery	Food	Cosmetics	Leisure	Others
LG Home Shopping	37%	25%	11%	8%	11%	-	6%	2%
CJ Home Shopping	38%	21%	16%	6%	-	14%	-	5%

Source: Company data, 2002

Home shopping channels operate by combining three separate sales and distribution channels: TV home shopping via dedicated cable TV channels, mail-order catalogues and Internet shopping malls. This integrated approach allows them to leverage each media channel and carry out cross promotions. As an illustration of the integration between media, the TV home shopping channel broadcast can be viewed live through the company's Internet shopping mall. Reruns of specific programs for best-selling items are also available through Internet video-on-demand functions.

While sales generated from the Internet shopping malls of TV Home Shopping operators have been growing significantly faster since 2002, the TV home shopping portion remains the largest and most visible. For instance, for 2002, 69 percent of LG Home Shopping's total sales came from its TV channels, 16 percent from its Internet shopping mall and 13 percent from its catalogues business. LGeshop and CJMall, the Internet shopping malls of LG Home Shopping and CJ Home Shopping are currently ranked as number 1 and 2 among Internet shopping malls. Catalogue sales have been decreasing for LG Home Shopping and CJ Home Shopping as well as for the industry as a whole.

Korea's high cable TV penetration is another important factor that explains the wide commercial success of TV Home Shopping. The total number of household connected to cable TV was over 10 million in 2002 and an estimated 6 million households had bought products at least once from LG Home Shopping. Total viewership rose from 2.73 million households in 1999 to 7.43 million households in 2001.

The vast majority of cable TV system operators offer between 3 to 5 TV home shopping channels to their subscribers. However, the three new TV Home Shopping channels began operating later and have not yet established strong relations with all systems operators. With fewer cable TV systems operators signed up, they boast less viewers, which directly affects sales performance.

The market share gap between LG Home Shopping and CJ Home Shopping is narrowing, which helps put CJ on an equal footing in dealing with suppliers and attract the more prestigious brands. While both companies have lost market share to the three new operators, LG Home Shopping's lead over CJ stood at 6 percent for Q1 2003 compared to 12 percent for Q1 2002.

In addition to the five companies that broadcast on dedicated channels, some companies produce Infomercials. These companies buy airtime segments (up to 10 percent of program time of some cable operators) to operate TV home shopping channels. This form of activity does not require licenses. Infomercials are losing ground because of low quality control on products, reputation and delivery services.

Table 20: Evolution in Market Shares of TV Home Shopping Channels

	Q1 2002	Q1 2003
NongSusanShop	4%	7%
Woori Home Shopping	7%	11%
Hyundai Home Shopping	7%	12%
Aggregate Market Share for the Three New Channels	18%	30%
LG Home Shopping	47%	38%
CJ Home Shopping	35%	32%
Aggregate Market Share for the Two Leading Channels	82%	70%
Total	100%	100%

Source: LG Securities, 2003

The TV home shopping industry faces a number of challenges. About 93 percent of home shopping purchase are made through credit cards as opposed to 6 percent cash and 1 percent gift certificate. At the same time, credit card usage has decreased by 12 percent in the first part of 2003 following the implementation of government measures to reduce the sudden rise in credit cards delinquency rate. Likewise, sales across the TV home shopping industry have gone down significantly in the first half of 2003 and average sales per TV shopping customer went from \$194 during 2002 to \$160 during the first quarter of 2003.

Lower sales in 2003 at LG Home Shopping and CJ Home Shopping are also caused by increased competition from the new channels and saturation in the cable TV market.

Table 21: Anecdotal TV Home Shopping Sales Figures for Selected Items

Products	Sales Figures
Slow cookers	6,500 units sold at a retail price of \$106 in a single 60 minutes program, which represented sales of over 108 units per minute
Double pans	3,600 units sold in a single 60 minutes program, generating a gross profit margin of over C\$706 per minute.
Personal computers	A total of 1,200 PCs sold in a single day at retail prices ranging from \$1,411 to \$1,530
Air conditioners	A total of 19,000 units priced at \$788 during a total of 7 programs.
Digital cameras	Each program featuring well-known brands of digital cameras can generate sales of \$295,000 to \$352,000 per hour.

Source: Company sources, 2003

Differentiation Strategies

Three quarters of TV home shoppers are housewives in their 30's and 40's who typically stay at home during most of the day. They have adequate time to watch the broadcast and have the main responsibility for major expenditures for the household. In line with this, products and promotional campaigns are heavily focused on them.

The main reasons cited by these buyers for using TV home shopping are the ability to save time, lower prices, home delivery and the ability to use credit cards.

As a result of the launch of three new TV home shopping channels in 2001, total sales across the industry have increased, the range of products sold has been expanded and the existing base of home shoppers has been broadened. The five channels have also started to specialize their product lines, beyond the basic items that all of them carry in an effort to enhance differentiation and target specific consumer segments.

NongSuSanShop (often referred to as "Korea Agriculture and Marine (KAM)" after its Korean name) sells predominantly agricultural and marine products, although a wide range of other products such as electronics, clothing and home products are also available on the company's web site and in some TV home shopping programs.

Woori Home Shopping originally began selling products made by regional small and medium enterprises. Currently, the company sells an array of other products including imported luxury brands. Woori is planning to move into m-Commerce and is planning to launch private brands from Q3 2003.

Hyundai TV Home Shopping is the nearest competitor to LG Home Shopping and CJ Home Shopping in terms of overall product range. However, it tends to specialize in mid to upper price range items, similar to those carried at the Hyundai Department Stores, its mother company.

CJ Home Shopping has developed a strategy based on private brands, which started with designer underwear. The company has over 10 private brands for products such as lingerie, apparel, jewellery, home appliances, cosmetics, water purifiers and even mattresses. Private brands can generate 5 to 10 percent higher gross margins compared to brand names.

LG Home Shopping who remains the leader despite mounting competition, puts emphasis on targeting different segments (by social status and age groups) with tailored campaigns and catalogue offerings.

Product Selection and Merchandising Strategy

TV home shopping channels typically broadcast live programs from 6:00am to 3:00am and rebroadcast successful programs between 3:00am and 6:00am. The day is divided into time segments to help guide products selection in accordance with audience and TV viewer ratings: the morning prime time segment (from 9:00am to noon); Off-prime time segment (from 2:00pm to 6:00pm); Night prime time (from 8:00pm to 0:30am).

Programs can last from 50 minutes to 1 hour and 30 minutes. Longer programs are usually used for electronics and computer equipment because these items require more time to be described.

The economic slowdown and reduced consumer spending has forced the TV home shopping channels to shift their product mix towards lower priced items. This is accomplished by dedicating less programs for high-priced durable and increasing order frequency. Although there is no well-defined limit, TV home shopping merchandisers try to feature products with retail prices that do not exceed \$94 to \$117.

Sales forecast and expected profit margins are the most important criteria guiding the choice of products. Airtime being a limited resource, TV home shopping channels operators must choose products that will optimize sales, in accordance with each given time segments.

In order for a product to be featured during non prime time segments, the channels must be able to forecast sales of at least \$2,350 per minute of program airtime. For morning prime time, products should generate at least C\$3,530 per minute and at least \$4,705 per minute during evening prime time programs.

On the other hand, there are practically no limits to what can be included on the Internet Shopping Malls. In fact, most Internet shopping malls feature well over 100,000 different items, in many categories.

Products that are featured in the catalogues are a mix of products available on the TV home shopping channels and the company's Internet shopping mall. However, with decreasing number of catalogues being printed, product planning of catalogues are no longer a major concern for TV home shopping companies.

Physical characteristics of products can also influence the decision to carry products on the TV home shopping channels or can affect the way products are stocked and distributed after sales. Companies may choose to keep an inventory of the product to cover the equivalent of one or two programs, based on their sales forecasts. When products are bulkier such as in the case of home appliances or when they require

installation (PCs, air conditioners), TV home shopping companies usually let the manufacturer or intermediaries stock the items and do the installation. Manufacturers usually pay for installation and delivery.

Approximately 18 percent of goods purchased on TV home shopping are returned after the sales, compared to 15 percent for items purchased through Internet shopping malls. This indicates that sales from TV home shopping tend to be more impulsive.

Shoppers can return goods within 30 days and get a full refund, with the exception of goods that are already installed in the home (air conditioners, water purifiers, etc.). TV home shopping operators are required to set aside 18 percent of monthly sales as provision due to new accounting rules.

Procedures for Selling Through TV Home Shopping Channels

Product merchandisers are responsible for selecting new items and are constantly looking for new products from new or existing suppliers. TV home shopping companies are divided in departments according to products categories and merchandisers are responsible for all issues related to their products, from sourcing, product planning, preparing programs and they occasionally handle cases of customer service when more complex issues arise.

TV home shopping companies do not usually import products directly but work through established agents. Merchandisers from the TV home shopping companies often visit suppliers overseas for sourcing or inspection but they rely on their agents for importing and often for keeping inventory. There are several agents who work regularly with TV home shopping channels and they typically take a margin of 10 to 20 percent, depending on the product and role in the product's distribution.

Canadian suppliers can propose imported products directly to TV home shopping channels merchandisers without the help of an agent. If the product is selected, an agent with experience working with this type of products will be recommended to the supplier by the TV home shopping channel merchandisers.

Once a Canadian supplier establishes a relationship with a local agent, that agent should be able to help the supplier place its products at other TV home shopping channels as well as with the most prominent Internet shopping malls. It also handles all issues such as import, custom clearance, inventory, etc.

Door-to-door Express Delivery Services

Door-to-door express delivery services have become an integral part of the retail industry as a larger proportion of goods bought through emerging channels are delivered directly to the customer's home. Eighty percent of goods purchased through Internet shopping malls are shipped through door-to-door delivery services. In 2002, the average Korean used home-delivery services about seven times, compared to three times in 1996. However, the industry as a whole is still said to be significantly smaller than in Japan.

In 2003, there were over 100 companies in the door-to-door express delivery service industry but four local companies dominate the market: Korea Express Cargo (KEC), Hanjin, Hyundai and CJ GLS, with a combined market share of 40 percent in 2002. The sales volume of the four was estimated at \$510 million in 2001. The total market could be worth \$2.9 billion by 2005.

APPENDIX I:

ANALYSIS OF KOREAN CONSUMERS

What follows is a brief description of key characteristics of Korean consumers, a snapshot of consumption patterns of Koreans and how their attitude towards emerging sales and distribution channels has gradually shifted.

Demographic and Segmentation Analysis

The population of Korea was 47,540,000 as of July 2002, with a total economically active population of 22,180,000 people. Forty eight percent of the population lives in the largest six cities, with Seoul leading with 10.3 million people and 3.7 million households. The proportion of the population living in the Capital Seoul went from 10% in 1960 to 23% in 2002. The population of the Seoul Metropolitan area was 22.6 million as of September 2002, which includes the surrounding province and the city of Incheon.

In 2000, 50 percent of the population was between the age of 20 and 49, while 29 percent was 19 years old and under. Persons 65 years and older made up 8 percent of the population and are expected to represent 14 percent by 2019. Korea's birth rate stands at 1.17 its lowest level in decades.

As a general rule, Korean consumers in the 20s are the trendsetters. The products they adopt are those that eventually become very fashionable with other consumer segments. People in their 20s are also consumers with dynamic lifestyles, with higher usage of cellular phones, Internet and computer equipment. They are leading the adoption of new alternate distribution channels such as mobile commerce and Internet shopping malls.

Consumer Spending

The rapid economic growth of Korea has greatly contributed to a rise in standards of living and disposable income among Koreans. The GNP/capita grew by over 300 percent between 1976 and 1996. It stands currently at approximately US\$10,000., a similar level than before the economic crisis of 1997.

The consumption patterns of Koreans in the past 5 years have been remarkably consistent. The only significant change between 1998 and 2003 is related to expenditures on transportation and communications (3.8 percent increase), which is largely attributable to the growth in mobile communications and Internet.

According to the National Statistical Office, the difference in income between the top 20 percent and lowest 20 percent of the population was 5.47 times in 2002. The income of households in the top 20 percent increased between 1997 and 2002 while households in the bottom 20 percent showed no rise in income, pointing to growing income disparity.

Table 22: Analysis of Consumption Expenditures for Urban Household

	Q1 2003		Q1 1998	
	\$	As % of total	\$	As % of total
Food and Beverages	560.32	24.1%	386.28	24.2%
Housing	64.51	2.8%	53.80	3.4%
Fuel, light and water charges	152.02	6.5%	122.82	7.7%
Furniture and utensils	75.69	3.2%	55.74	3.5%
Clothing and footwear	130.44	5.6%	87.17	5.5%
Medical care	109.89	4.7%	64.68	4.1%
Education	302.32	13.0%	208.21	13.1%
Culture and recreation	117.98	5.1%	63.71	4.0%
Transportation and communication	393.37	16.9%	209.35	13.1%
Others	422.82	18.2%	341.27	21.4%
Total	2329.38	100.0%	1593.04	100.0%

Source: National Statistical Office, 2003

Table 23: Key Income and Expenditure Statistics for Urban Household (Q1 2003)

Household size	3.53 person
Number of earners	1.54 person
Age of household head	41.69 years
Percentage of house ownership	58.77%
Percentage of automobile ownership	65.03%
Monthly income	3420.57\$
Monthly expenditure	2705.97\$
Consumption expenditures	2329.38\$
Non-consumption expenditure	376.60\$

Source: National Statistical Office, 2003

Values and Consumer Behaviour:

Koreans hold strong Confucian and family values and tend to put more importance on organisations rather than on individuals. However, with the constant flow of younger Koreans returning from overseas studies, western ideas and principles gradually take root in companies and society at large. A larger proportion of time and money is also devoted to leisure activities, in conjunction with the introduction of the five-day workweek.

The vast majority of young people live with their parents until they get married. While they remain single, these individuals have enhanced disposable income, which is usually spent on consumer goods.

In the majority of households, the woman does not work outside and is responsible for important financial decisions, investments and purchases. However, social norms are changing: a growing proportion of women work outside the home and it is more common for young couples to share the responsibility for financial decisions.

Rapport in Korean society are dictated through relations at work, regions of origin, school or church affiliation. In this context, consumption is a way to position oneself in social circles and the images conveyed by brands are major factors encouraging consumption.

Consumption Polarization and Attitude Towards Imported Goods

A phenomenon of consumption polarization is emerging combined with the economic slowdown and sluggish consumer spending. Consumers are seeking lower prices for basic items while high-end electronic goods, fashion-related or expensive branded products attract them.

Consumption polarization is higher for certain types of products. For instance, sales of premium 17 years old whiskey increased by 67 percent since 2002, as opposed to a drop of sales of 12 years old whiskey by nearly 9 percent during the same period. Similar patterns are observed for large PDP TVs and automobiles. By and large, the more expensive items are, the more they sell.

The attitude of Koreans towards foreign brand has shifted significantly in recent years. Buying foreign products, especially during the economic crisis, was considered anti-patriotic and local products were instinctively preferred. However, important trade liberalization measures and an evolution in the taste of Koreans, especially among younger and more westernized consumers have contributed to a much higher acceptance of foreign brands. In 2002, imports accounted for about 20 percent of consumption, as opposed to 9 percent in 1998.

For certain types of products, such as consumer electronics, foreign brands have become the norm. Foreign automobiles are also highly coveted, and sales growth statistics attest to this phenomenon.

Distinctive and Conflicting Consumption Patterns

Korean consumers often display “herd consumption” patterns, where they tend to be overly influenced by others when making purchase decisions. As expected, new products can become accepted and fashionable almost instantly. It can also explain the wide spread and rapid adoption of new technologies or services such broadband and electronic games services.

At the same time, individualistic patterns of consumption are becoming more common among the younger generation, especially those who possess the purchasing power to express themselves and pursue individual tastes.

The Korean market is often described as unique. Korea is only one of two countries in the world where McDonald’s has not taken the dominant market position against a local fast-food operator. Companies that are successful in Korea are those that have made the effort to constantly adapt their products to the tastes of local consumers. Nokia, the world’s largest mobile phones manufacturer was never able to establish itself in the market, mainly because it wasn’t responsive enough to the tastes of wireless subscribers, who demand a steady release of new models corresponding to their tastes.

Peak sales seasons are different from Canada. Department stores usually hold four major promotions throughout the year, which coincide with important local Holidays. The tradition of giving Christmas presents that exists in North America and Europe is

not deeply rooted in Korea. However, significant increased spending on gifts occur during the Lunar New Year and the “Chuseok” Holiday (the Korean equivalent of Thanksgiving), which falls on August 15 on the Lunar Calendar, i.e. during the month of September or October according to the Solar Calendar. It is common practice to offer gifts to family members, co-workers and for companies to give to customers during that time.

The adoption of the five-day workweek is also expected to have a positive impact on consumption patterns, particularly with leisure-related activities. With families taking more frequent weekend trips than before, sales of sport utility vehicles, sporting goods are already being noticed.

Over-consumption is a growing problem in Korea. Local credit card companies have used reckless campaigns to boost the number of cardholders since 2001 causing credit card delinquency to rise. According to the Korean government, credit cards, cash advances or credit card loans financed 9 percent of household consumption during the second quarter of 2002.

The government established limits for cash advances in November 2002 and credit card use by customers dropped by 12.9 percent since the beginning of 2003. Also, the number of cards issued was 99.05 million in June 2003, down 3.3 percent from three months before.

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PROMOTIONAL EVENTS:

A number of trade shows and conferences are held in Korea each year related to the retail industry. A list of events for 2003 is presented in the table below.

Events	Dates	Tel. / Fax	URL
KOREA SHOP 2003 - Shop Fitting/Shop Design/Retail Tech (Annual)	July 22-25, 2003	Tel: 82-2-557-6776 Fax: 82-2-557-0870	http://www.kdsa.or.kr
Franchise Seoul Fall 2003 (twice per year)	Sept. 4-7, 2003	Tel.: 82-2-6000-1078 Fax: 82-2-6000-1310	http://www.franshiseoul.co.kr
e-Biz Expo & m-Biz Expo*Conference 2003 (Annual)	Sept. 16-19, 2003	Tel.: 82-2-6000-1087 Fax: 82-2-6000-1306	http://www.ebizexpo.or.kr
Korea Logistics Expo 2003 (Annual)	Oct. 15-18, 2003	Tel.: 82-2-6000-1072 Fax: 82-2-6000-1310	http://www.logisticexpo.net
The 1st International Direct Selling Fair (Annual)	Nov. 19-22, 2003		http://www.kdsa.or.kr

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Agriculture and Agri-Food Canada

Sir John Carling Building
Room 1049, 930 Carling Avenue
Ottawa, ON K1A 0C5

International Markets Bureau

Market and Industry Services Branch

Contact: Inge Vander Horst
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Tel: (613) 759-7535
Fax: (613) 759-7506
E-mail: vanderhorsti@em.agr.ca

Korea CALS / EC Association

(Continuous Acquisition and Life-cycle Support / Electronic Commerce)
Trade Tower Rm 1301, World Trade Center,
Kangnam-Gu, Seoul 135-729
Tel.: 02-551-1462
Fax: 02-551-1464, 1465
Internet: <http://www.kcals.or.kr>

e-Commerce Mediation Center

6 Floor Textile Centre
944-31 Daechi-3-dong Kangnam-gu,
Seoul 135-713
Tel.: 02-528-5714
Fax: 02-528-5715

Korea Network Marketing Association

683-26 Yeoksam-dong, Kangnam-Gu, Seoul
Tel.: 02-567-8411
Fax: 02-567-8410
Internet : <http://www.kdma.or.kr>

Korea E-commerce & Direct Marketing Association

7 Floor, LG Mulla Building
Mulla-dong, Youngdungpo-Gu, Seoul 150-096
Tel : 02 - 2007 - 4215 ~ 8, 4279
Fax : 02 - 2007 - 4237
Internet: <http://www.kedma.or.kr>

Korea Direct Selling Association

Shinmun-ro 1-Ga Chongno-Gu, Seoul
Tel.: 02-738-2271
Internet: <http://www.kdsa.or.kr>

Korea Chain Stores Association

7 Floor JinSeok Building
1536-6 Seocho-dong, Seocho-gu, Seoul, 137-872
Tel.: 02-522-1271
Fax: 02-522-1275
Internet: <http://www.kocsa.or.kr>

Korea Consumer Protection Board

300-4, Yomgok-dong, Seocho-gu,
Seoul 137-700 Korea
Tel: 02-3460-3000
Fax: 02-3460-3419
Internet : <http://www.cpb.or.kr>

Korea Chamber of Commerce and Industry

100-743, 45, 4-ga Namdaemun-ro
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Internet: <http://www.kcci.or.kr>

Korea Department Stores Association

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Internet: <http://www.mic.go.kr>

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Internet : <http://www.mocie.go.kr>

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Internet: <http://www.etri.re.kr>

Korea Information Society Development Institute

1-1 Juam-dong, Kwachun, Kyonggi-do, 427-710
Tel.: 02-570-4114
Fax: 02-570-4169
Internet: <http://www.kisdi.re.kr>

MAJOR DEPARTMENT STORES

Aekyung Department Store

573, Kuro 5-dong, Kuro-ku, Seoul 152-055
Tel.: 02-818-1000
Fax: 02-818-1467
Internet: <http://www.aktown.co.kr/>

Daegu Department Store

174, Dongsungro 2-ka, Chung-ku, Daegu 700-716
Tel.: 053-423-1234
Fax: 053-420-8031
Internet: <http://www.debec.co.kr>

DaeWoo Department Store

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Internet: <http://www.daewoodept.com>

Dong-A Department Store

847-2, Hwanggeum-dong, Suseong-gu, Daegu
Tel :053-252-2111
Fax: (053) 252-3924
Internet: <http://www.dongadep.com>

Dong Yang Department Store

1036, Dunsan 2-dong, Seo-gu, Daejeon
Tel: 042-483-3000
Fax: 042-483-5653
Internet: <http://www.timeworld.co.kr/>

Galleria Department Store

Floor 7-11 Hanbit Plaza
Shincheon-dong, Songpa-gu, Seoul 138-728
Tel.: 02-410-7114
Fax: 02-414-0025
Internet: <http://www.galleria.co.kr>

Grand Department Store

937, Daechi-dong, Kangnam-ku, Seoul 135-280
Tel.: 02-5531-0101
Fax: 02-552-1919
Internet: <http://www.granddept.co.kr>

Hyundai Department Store

456, Apkujung-dong, Kangnam-ku, Seoul 135-730
Tel.: 02-549-2233
Fax: 02-3449-5109
Internet: <http://www.ehyundai.com>

Lotte Department Store

1, Sogong-dong, Chung-ku, Seoul 100-721
Tel.: 02-726-4415/7
Fax: 02-319-6523
Internet: <http://dpt.lotteshopping.com>

LG Department Store

10 Floor, LG Mulla Building
Mulla-dong, Youngdungpo-Gu, Seoul 150-096
Tel.: 02-2006-2501
Fax: 02-2006-2036
Internet: <http://www.lgmart.co.kr>

New Core Department Store

70-5, Jamwon-dong, Seocho-ku, Seoul 137-040
Tel.: 02-530-5000
Fax: 02-530-5509
Internet: <http://www.kimsclub.co.kr>

Shinsegae Department Store

25-5, Choongmooro 1-ka, Chung-ku,
Seoul 100-747
Tel.: 02-727-1234
Fax: 02-727-1184
Internet: <http://www.shinsegae.com>

MAJOR DISCOUNT STORES

E-Mart

1194, Paiksuk-dong, Koyang-si,
Kyunggi-do 411-360
Tel.: 0344-900-1234
Fax: 0344-900-1090
Internet : <http://www.shinsegae.com>

Samsung Home Plus

Samjeong Building
Yeoksam-dong, Kangnam-gu, Seoul 135-080
Tel.: 02-3459-8000
Internet: <http://www.samsunghomeplus.com>

Lotte Mart

40-1, Jamsil-dong, Songpa-ku, Seoul 138-721
Tel.: 02-411-8800
Fax: 02-412-1878
Internet: <http://www.ilottemart.com>

Carrefour Korea

5 Floor Kyobo Bldg.
Seocho-dong, Seocho-gu, Seoul.
137-920 Korea
Tel.: 02-3016-1500
Internet: <http://www.carrefourkr.co.kr>

Wal-Mart Korea

4 Floor Jamsil I-Space
11-10 Shinchun-dong, Songpa-Gu, Seoul
Tel.: 02-3468-1114
Fax: 02-3468-1198
Internet: <http://www.wal-mart.com>

MAJOR INTERNET SHOPPING MALLS

Hansol CS Club

6-8 Floor Century Tower
Seocho-dong, Seocho-gu, Seoul, 1337-20
Tel.: 1588-7733
Fax: 02-520-1540
Internet : <http://www.csclub.com>

CJ Mall

2724, Bangbae-dong Seocho-gu, Seoul 137-060
Tel.: 02-2107-0114
Fax: 02-3017-0586
Internet: <http://www.cjmall.com>

Lgshop

10 Floor, LG Mullae Building
Mullae-dong, Youngdungpo-Gu, Seoul 150-096
Tel.: 02-2006-2501
Fax: 02-2006-2036
Internet: <http://www.lgshop.com>

Interpark

6 Floor Tong Yang Investment Building
Uljiro 2-ga, Chung-Gu, Seoul, 100-845
Tel. 1588-1555
Fax: 02-775-6165
Internet: <http://www.interpark.com>

Samsung Mall

Taepyong-ro 310, Chung-gu, Seoul, 100-102
Tel.: 1588-2055
Fax: 02-780-8721
Internet: <http://www.samsungmall.com>

TV HOME SHOPPING CHANNELS

LG Home Shopping

LG Mullae Building
Mullae-dong, Youngdungpo-Gu, Seoul 150-096
Tel.: 2007-4545
Internet: <http://www.lgshop.com>

CJ Home Shopping

2724, Bangbae-dong Seocho-gu, Seoul 137-060
Tel.: 02-2107-0114
Fax: 02-3017-0586
Internet: <http://www.cjmall.com>

Nonsusanshop

CBS Building, Mok-dong Yancheon-gu, Seoul
Tel.: 080-840-7700
Fax: 02-6346-6024
Internet: <http://www.nsseshop.com>

Hyundai Home Shopping

16-49 hangang-ro 3-ga Yongsan-Gu, Seoul
Tel.: 080-808-0000
Fax:02-2143-2989
Internet: <http://www.hmall.com>

Woori Home Shopping

923-12 Mok-dong, Yangcheon-Gu, Seoul, 158-050
Tel.: 02-2168-5252
Fax: 02-2649-1090
Internet: <http://www.woori.com>