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ANALYSIS OF KOREAN WINE MARKET AND EXPORTATION OF GALICIAN WINES TO SOUTH KOREA

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Master’s in hospitality and Tourism Management

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BUSINESS SCHOOL

Acknowledgments

Submitting this project, I am finishing my master’s in hospitality and Tourism Management at the ISCTE Business School during the first year, and second year in Chung Ang University in Seoul, South Korea. The opportunity to share my knowledge and experiences acquired in South Korea regarding not only wines sector, but also cultural environment and tradition have led me to learn, to grow personally and professionally. I can define these two years of effort as one of the best times of my life. Thus, I would like to express my sincere gratitude to having this opportunity and appreciation of having such privilege.

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Lisbon, August 2022

Marta Donapetry

Abstract

Wine trends have been changing along the years. Spain is a large producer and exporter of wines and within this country, Galicia is among the top 3 regions for wine exportation. On the other side, South Korea has boosted it wine consumption. Regarding several statistical data, about 80% of the wine consumed in this country, comes from foreign countries.

Change in consumer´s taste (evolution), a higher concern regarding their health (wine health benefits), a gradual development of the Korean wine market (higher wine purchasing), wine festivals, and of course, COVID, are factors that help increase wine consumption in this country and that make this destination perfect for exporting this outstanding beverage from Spain to South Korea.

Data collection will be performed in Seoul, South Korea, with a mix between quantitative and qualitative research. Both interview and surveys will develop in two languages, Korean and English. Besides, observation will also be applied for the market analysis investigation *in situ*. The wine sector is evolving in an increasingly competitive international scene characterised by the emergence of new wine-producing countries using innovative production and marketing strategies to capture a growing share of trade. COVID 19 and isolation time, has caused an exponential increase of alcohol consumption worldwide. Wine, especially, has been favoured by this pandemic.

Key words: wine consumption, market, marketing, trends, wine exportation, Galicia, South Korea, pandemic, COVID 19, trends, marketing.

JEL: Z3, Z32

Resumo

A longo dos anos as diferentes tendências no que concerne o consumo do vinho variaram. Espanha é um grande produtor e exportador de vinhos e, dentro do mesmo país encontramos a região da Galícia que está no top 3. A Coreia do Sul aumentou o consumo de vinho e de acordo com vários dados estatísticos, cerca de 80% de vinho consumido no país vem de países estrangeiros.

O paladar do consumidor mudou (evoluiu), e há uma maior preocupação com a saúde (benefícios sobre o consumo do vinho), um desenvolvimento gradual do mercado do vinho (maior investimento em compra de vinho), festivais vinícolas, e, inevitavelmente, o COVID. Todos estes fatores impulsionaram o consumo de vinho nos países em análise e a alavancar a estratégia de exportação entre Espanha e a Coreia do Sul.

A coleta de dados será realizada em Seul, Coréia do Sul, com pesquisa quantitativa e qualitativa. A entrevista e pesquisa serão desenvolvidas em dois idiomas, coreano e inglês. Além deste método de pesquisa, a observação também será aplicada para a investigação de análise de mercado *in situ*. O sector do vinho está a desenvolver-se num âmbito incrívelmente competitivo e internacionalmente está caracterizado pela aparição de novos paises produtores vitivinícolas que utilizam estratégias inovadoras de marketing e produção para captar uma parte crescente do comércio. O COVID 19 e os tempos de quarentena trouxeram um aumento exponencial no consumo de álcool a nível mundial. Alias o vinho foi claramente favorecido nesta pandemia em termos de consumo.

Key words: wine consumption, market, marketing, trends, wine exportation, Galicia, South Korea, pandemic, COVID 19, trends, marketing.

JEL: Z3, Z32

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1. Innovative Proposal: Wine in South Korea & Spain

Spain and South Korea are 2 completely different countries. Spain comes from elaborating, producing and exporting wines from centuries. Their culture is historically the opposite; Spain is the land of hot summers, good football, *paella*, *tortilla de patata*, *flamenco* and extremely noisy people. Wine history tell us that this beverage arrives to Gadis (Cádiz, Spain) in 1100 a.C. by the hand of the Phoenicians, which gradually is expanded by Greeks and Romans all over the peninsula (Galicia, called Gallaecia by the Romans).

Contrarily, South Korea has extremely different weather in summer and winter, and it is located in the limit of the parallel 38 (last parallel to cultivate wine in good conditions). This country needs more time to bring this exquisite beverage to its territory. Wine arrives to this country in the Joseon Dynasty (14th century), in this case, imported by Western missionaries.

Therefore, with 200 years difference and with all these conversely characteristics, as the Korean flag represents the union of the positive forces (red) and the negative forces (blue), I, somehow, found the perfect harmony to promote wine exportation. According to *Global Compass 2020* published by Wine Intelligence in August 2020, South Korea is now the second most attractive wine market in the world, after being at number ten the previous year (Wine Australia, 2020).

Other factors that are worth to mention, that explain the idyllic harmony are the demand for half-bottle and low-volume wine increasing due to the raise of single-person households (near 29% of the population). Also, wines with low sugar and low alcohol have been launched in keeping with the increase in the elderly population (near 15% of the population). Lastly, high-priced wines have often been purchased as gifts since the early 2000s.

Change in consumer´s taste (evolution), a higher concern regarding their health (wine health benefits), a gradual development of the Korean wine market (higher wine purchasing), wine festivals, and of course, COVID, are factors that help increase wine consumption in this country and that make this destination perfect for exporting this outstanding beverage from Spain to South Korea.

2. Literature review

The term wine describes a diverse commodity class composed of the yeast fermentation products of the must, or juice, pressed from grapes, the fruit of the genus Vitis. Wine becomes a unique and highly valuable food product by biotechnological processing of the juice that is derived from intensively cultivated agricultural commodity (German & L. Walzem, 2000).

A series of studying proves the benefits of regular and moderate consumption of red wine to human health, mainly relating to its phenolic composition. Since ancient times, wine has been closely linked to the evolution of medicine, and the consumption of red wine is now recognized as beneficial to health by medicine. The components of red wine are known as potent antioxidants and have been identified as having anticarcinogenic, anti-inflammatory and antimicrobial properties. The components present in wines show that wine can be considered a functional food (Wurz, 2019).

We talked about wine the health benefits but how and where did our actual concept wine was originated? We must differentiate two worlds of wine. On one side we have the Old World wine (largely Western and Southern Europe), it is characterised by long-established and relatively unchanging methods and locations of wine production. Centuries of trial and error have perfected viticultural and winemaking techniques that are suited to particular places. Certain varieties have been selected and refined over many years that seem to 'belong' to certain regions and not others. Likewise, the methods of growing grapes and making wine have developed slowly and been perfected by generations of small-scale, locally based artisanal producers.

On the other side, we have the New World (vineyards and wineries of North America, South Africa, Chile, Australia, Argentina, New Zealand, China and other emerge Asian countries) are places where experimentation and development are encouraged. Innovation is the watchword, not conservatism. Varieties are not limited to certain places and winemakers are free to trial "modern" oenological techniques. Differentiation of wines is based on an explicit declaration of grape variety rather than disguised by deliberate obfuscation through inordinately complex place of origin labelling. The New World wine industry has thus expanded rapidly, its quality improved significantly and its place in world wine markets become firmly established (Banks & Overton, 2010).

The qualities of different wines are explained with reference to their *terroir*: their place of origin (Charters, 2006). Terroir is how a particular region's climate, soils and aspect (terrain) affect the taste of wine. Some regions are said to have more 'terroir' than others. Wine regions can be basically divided into two types of climates: cool climate and warm climate. Wine grapes from warmer climates generate higher sugar levels (which produce higher alcohol wines), whereas cooler climate wine grapes generally have lower sugar levels and retain more acidity (Puckette, 2022).

2.1 Galician Wine

The wine sector is evolving in an increasingly competitive international scene characterised by the emergence of new wine-producing countries using innovative production and marketing strategies to capture a growing share of trade. The so-called new-world wine-producing countries (mainly Australia, Chile, the USA, South Africa and Argentina) base their export strategy on strong branding and relatively homogeneous, high quality, competitively priced product (Chambolle, 2003).

Specifically, the Spanish wine industry is an economically important sector in terms of the added value it generates and the number of people it employs (Sellers-Rubio, 2010). We can definitely confirm that is it important not only economically and environmentally but also socially and culturally. No matter if red, white, sweet, or fortified, wine in general is one of the favourite drinks to accompany traditional tapas, and that also qualifies as a key element in Spanish socializing (Blázquez, 2021).

The statistic shown in the annex A displays the volume of wine produced in Spain in 2019, by autonomous community. Castile-La Mancha was the region ranking in first place, with a production volume of more than 16 million hectolitres, followed by far by Catalonia, which ranks second with figures reaching approximately 3.1 million hectolitres during the same period (Statista Research Department, 2021). According to the FDW (Food and Wines from Spain), in 2020 the production increased arriving to 43.2 million hectolitres (wine and must) due to a more generous harvest.

A recent report on the economic and social importance of Spain’s winemaking sector in Spain, published last month by the Interprofessional Spanish Wine Association, shared a lot of interesting data. According to the report, Spain’s winemakers are leaders in terms of global sales volume and rank first in terms of wine export volume and third worldwide in terms of export value, trailing France and Italy. Spanish wine has a strong presence in the main markets around the world, which further boosts its image. Additionally, the sector’s trade balance is broadly positive for Spain (Food and Wine from Spain, 2020). In 2019, Spain exported more than 27 million hectolitres, which is above the annual average for the last decade. Moreover, average annual sales for the last five years are up 16.6% compared with the previous five years.

And even more impressive is the 46% increase in exports in 2019 compared with the last decade (Food and Wine from Spain, 2020).

According to *Galicia en Vinos*, a famous wed page for wine lovers, the harvest produced in 2019 was one of the best of the decade, only surpassed by the one in 2011. More than 63 million 900,000 kilos of grapes were harvested this year in the five Galician Denominations of Origin according to the closing report of the campaign shared by the Ministry of Rural Affairs, which confirms the third most abundant harvest of the last decade in the community, only surpassed by 2011, a year of absolute record, as they recall, and last season, with the latter the difference is less than 0.5% (Galicia en Vinos, 2019).

In exportation matters, we can confirm as reported by *La Voz de Galicia*, the number one newspaper in this region, *Ribeiro*, *Valdeorras*, *Ribeira Sacra*, *Monterrei* and *Rías Baixas* are the 5 Galician appellations of origin that were made known to potential buyers at the 2018 Wine Salon. Its main objective was to facilitate the export of Galician wine and provide a business opportunity between the 48 wineries that participated and potential buyers. Among the first four denominations - those found within the province - they sold 20 million litres throughout 2018. This figure translates into 96.4 million euros in turnover derived from the sale of wine (Doallo, 2019).

2.2 Korean Wine

In spite of talking about wine, the first kind of wine developed in South Korea, was not the grape wine, but the rice wine called *makgeolli*. The history of makgeolli goes back some 2,000 years. The first documented mention of it can be found in a book from the Goryeo Dynasty (918-1392), titled Jewangun-gi (The Poetic Records of Emperors and Kings), where it is referred to during the reign of King Dongmyeong. During this time, it was called *ihwa-ju* (pear blossom alcohol), as the drink was made at the specific time of year when this tree bloomed. Analogous to European low-alcohol beer, makgeolli was the drink of farmers, peasants and the working classes — so much so that it was also known by another name, *nonju* ("farmer's liquor"). This has historically meant that makgeolli and soju have been symbolic of a divide between social classes. It is made with 3 simple ingredients — rice, water and the traditional fermenting agent *nuruk*. *Nuruk* is a dry cake comprised of bacteria, wild yeasts and koji mould spores. Added to cooked sweet rice and water, this is left for around a week, and the nuruk acts to break down starch in the rice into sugar and then alcohol, producing a strong (15–19% ABV), sweet mixture called *wonju*. This is allowed to settle, and the top clear liquid separated. The resultant alcohol is *cheonju*, which was the drink of the Yangban (Korean aristocracy), and which can be distilled to make soju (as the eagle-eyed may have spotted, -ju in Korean means "alcohol"). The remaining settled sediment, also known as *takju*, is diluted with water, and roughly strained (but not filtered), to make makgeolli (Taylor, 2018).

With the same base and with the same age we can find Soju, considered as the "National Drink". It was brought in by Mongol invaders in the early 13th century during the Goryeo Dynasty. You could say soju was spread through war, as it was originally made in Arabia known as "*araq*" and passed through the Mongols before arriving in Korea. According to history sources Genghis Kahn introduced the Arabian *araq* to Mongolia and then his grandson Kublai Khan, first emperor of the Yuan Dynasty brought it to Korea. Traditional Soju's main ingredients are rice and wheat and goes through a distilment process and gives its high alcoholic content. But there was a time when that was not the case, during the Post-Liberation Period in 1965 the government banned the use of rice to brew alcohol, thus replacing it with diluted Soju. Before the ban on rice was lifted, South Korea started using sweet potatoes or tapioca to make alcohol, which opened way to many of the most popular Soju brands like Chamisul (참이슬), Chum Churum (처음처럼), Good Day (좋은데이) to name a few, today, however, many of them still use the distillation method for their production process (Melissa, 2021).

Regarding grapes cultivation, it started in the Joseon times (1392-1910), imported by Western missionaries. However, the modern cultivation and manufacturing of wine grapes, made possible by domestic techniques and human resources, didn't officially begin until 1977. The first brand was Majuang, meaning, "you enjoy it while looking face-to-face." Before the creation of the domestic wine market, the alcohol industry used to be dominated by drinks made with fermented rice. Realizing that the total amount of rice harvested in the nation is never enough to feed the people, the government decided to import Riesling grapes, a high-quality white grape variety, to make alcohol (Seung-ah, 2015). Just in early 1970s Korean wine started with the establishment of vineyards by alcoholic beverage companies when the Korean government adopted an aggressive policy to nurture the wine industry (Bang & K.S, 2001). The imported wine market began forming in 1990 by agreeing to fully open up wine imports by quotas ahead of the 1988 Seoul Olympics (Y.K & W.H, 2006).

The expansion of the Korean wine market is grounded on the spread of low alcohol drinking culture and well-being culture, the increase of social activities of women, the change of the domestic and foreign trade environment, etc (W.S, H.B, & H.W, 2004). It is particularly noteworthy that imported red wines have dominated the Korean wine market with 69% of volume in 2017. Korean society has shown a high proportion of one-person households and has entered into an aging society due to the rapid decrease in birth rate and extension of average life expectancy since the year 2000 (U.A & M.H, 2016). According to Korean Statistical Information Service (2018), the proportion of one-person households accounted for 28.6% of all households and the elderly population (65 years or older) accounted for 14.2% of the total population as of 2017. Those trends are steadily increasing, leading to changes in food consumption trends. Food consumption trends changed in Korea after the Korean War of 1953, the amount of food consumption increased until the late 1980s. After the late 1980s, however, quantitative growth had shifted to qualitative improvement (Y.S, 2005) (K.I, H.S, & E.Y, 2007). From the year 2000 onwards, new trends such as simplification, health/safety orientation, diversification/upgrading, and rationalization tendency have been expanding (K.Y, S.H, & S.Y, 2016). These phenomena can also be found in the wine market. Firstly, the demand for half-bottle and low-volume wine increased greatly due to the increase in the number of single-person households. Secondly, wines with low sugar and low alcohol have been launched in keeping with the increase in the elderly population. Thirdly, high-priced wines have often been purchased as gifts since the early 2000s. In recent years, however, wine consumption has diversified with the increase in wine sales for private consumption (Jeon, Sangtaek , & Bartolini, 2019).

South Korea has a vineyard surface of around 19,000 hectares, therefore representing about 0.3% of the world total. However, it is estimated that the production of wine grapes has established itself at 140,000 hectolitres. About 80% of the wine consumed in this country comes from foreign countries, being the domestically produced wine of lower quality levels and that only satisfy the internal search. Medical Center, “7 out of 10 Koreans and 3 out of every 10 Korean women drink alcohol daily”, making this country one of the biggest consumers of alcoholic beverages per inhabitant in the world. Distilled beverages and spirits are highly appreciated by these consumers, although beer is the preferred drink, followed by whiskey and soju, a Korean liquor heavily consumed by older generations (old and less educated) (ViniPortugal, 2014).

2.3 Wine Consumption

According to *Global Compass 2020* published by Wine Intelligence in August, South Korea is now the second most attractive wine market in the world, after being at number ten the previous year.

Table 1. Global Wine Market Attractiveness Scores with COVID-19 impacts (Wine Australia, 2020)

Market (1 to 25)		**Score** (1 to 10)	**Tracking (2019 – 2020)**	
			Rank difference	Score difference
1	United States	6.64	=	-0.79
2	South Korea	6.40	8	0.05
3	Germany	6.35	1	-0.22
4	China	6.28	2	-0.19
5	Poland	6.25	9	0.08
6	Switzerland	6.24	3	-0.12
7	Denmark	6.24	1	-0.16
8	United Kingdom	6.23	-1	-0.18
9	France	6.21	-6	-0.38
10	Russia	6.13	23	0.77
11	Canada	6.13	-9	-0.65
12	Singapore	6.12	7	0.12
13	Netherlands	6.09	-8	-0.47
14	Spain	6.04	8	0.18
15	Ireland	6.03	-2	-0.24

Source: (Oh, 2019).

As we can see in the table number 1, South Korea is in the second position. Korean wine market is definitely marked by its consumers. Korean consumers are highly concerned about their health, they also pay attention to international food trends, including food-wine pairing. Consumer tastes continue to evolve to generate demand for more diversified imported food and beverage products. As a result, consumption of alcoholic beverages with less alcohol content is on the increase. In addition, health benefits of drinking red wine are highly publicized in the market (Oh, 2019).

Other factors that we can mention are the gradual develop of wine market in Korea. Considering the size of overall alcohol beverage consumption in the market, looking forward, wine has solid growth potential. Also, local Korean wine producers present little competition to imported products. On the other hand, Korea imports a significant volume of bulk wine for local blending and bottling uses (Oh, 2019).

Economically talking, the value of alcoholic beverages sold in Korea totalled W5.1 trillion won (about $4.6 billion, net value of products exclusive of liquor taxes) or 3.7 billion litres in 2016, down 1 percent and 2 percent from the previous year, respectively. Beer and soju (traditional Korean hard liquor distilled from sweet potato/ tapioca/ rice/ other starch ingredients and then diluted to about 18 percent alcohol content) together accounted for 76 percent of the alcohol beverages supplied to the market in terms of value (or 85% in terms of volume).

Table 2. Net Value of Alcohol Beverages Supplied in Korea (2016, Billion Won)

Net Value of Alcohol Beverages Supplied in Korea (2016, Billion Won)			
Product Category	Local Products	Imported Products	Sub-Total
Beer	1,975	193	2,169
Soju	1,697	1	1,697
Distilled Spirits	24	200	224
Rice Wine	470	18	487
Fruit Wine	102	206	307
Others	31	22	53
Total	*3,383*	*311*	*3,694*

Source: (Oh, 2019)

Table 3. Volume of Alcohol Beverages Supplied in Korea (2016, Million Litres)

Volume of Alcohol Beverages Supplied in Korea (2016, Million Litres)			
Product Category	Local Products	Imported Products	Sub-Total
Beer	1,979	221	2,199
Soju	933	0	934
Distilled Spirits	4	25	30
Rice Wine	418	4	423
Fruit Wine	17	38	55
Other	31	22	53
Total	3,383	311	3,694

Source: (Oh, 2019)

It is also very important to mention the wine festivals. One of the most famous is the Daejeon International Wine Festival, located in Daejeon city, in the insides of the Republic of Korea, this international wine festival is normally developed in the beginning of September. The event has established itself as a representing specialized wine event in Korea that attracts wine professionals and lovers since 2012. It is the biggest event in the country, with more than 100000 visitors and exhibitors from more than 20 countries, also, the biggest free tasting zone in Asia (10,000 varieties).

Yeongdong Wine Festival, is another event developed in Yeongdong County, in Chungcheongbuk-do during the latest dates of September. It is the largest grape producing region in Korea and is the only Grape/Wine Special Industry Zone in the country. Yeongdong Wine Festival offers various programs including wine sampling from the products of local wineries. The festival takes place along with the Nangye Festival for a festive atmosphere.

Last but no least. Seoul International Wines & Spirits Expo, located in the COEX mall in Gangnam, Seoul. It proposes new trends as the best business platform for Korea's wines & spirits industries. Providing differentiated business and services through systematic special event management and providing opportunity to meet major buyers.

3. **Methodology**

(Leedy & Ormrod, 2001) (Williams, 2011) describe the research methodology as the holistic steps a researcher employ in embarking on a research work (p. 14). Therefore, a quantitative research method deals with quantifying and analysis variables in order to get results. It involves the utilization and analysis of numerical data using specific statistical techniques to answer questions like who, how much, what, where, when, how many, and how.

For explaining the methodology, I strongly believe that 8 key points are essential in order to understand all the process developed. First of all, restate the thesis (1) by explaining the goal we want to achieve and which approach was chosen (2). After that, describe how data was collected (3) and explain the methods used to analyse the data collected (4). This leads us to the next step, which is evaluate and justify the methodological choices made (5). Last, but not least, highlight any possible obstacles (6) and suggest possible solutions (7).

As explained in the beginning of this project, South Korea has become the second most attractive wine market in the world and this position is due to their consumers. Factors as health benefits, consumer taste evolution, wine market development and economic progress are determinants of this positioning. So, restating my thesis topic, Spain and South Korea have opposite cultures, however there is a middle point where I found harmony in the wine field. Consumers trends and market analysis gave me the answer to my questions in order to make this wine exportation possible.

For developing this research, the approach chosen was based in a deep study about the wine market and consumer trends in this country. Surveys, observation and research of multiple newspapers, wine websites and theories helped me to achieve this goal. Once established this point, we can affirm that quantitative and qualitative research was both used for understanding the process. But which is the difference between both of them? As we can see in the annex B, (Apuke, 2017) perfectly demonstrates the differences between quantitative and qualitative research in 16 fields:

1. Purpose
2. Group studies
3. Variables
4. Type of data collected
5. Form of data collected
6. Type of data analysis
7. Objectivity & subjectivity
8. Role of researcher
9. Results
10. Scientific method
11. View of human behaviour
12. Most common research objectives
13. Focus
14. Nature of observation

15. Nature of reality
16. Final report

These 16 fields can be perfectly shown in my thesis in the next step. For develop this project I collected the data by using both qualitative and quantitative in all of the fields. I started making a market analysis, reading articles, webpages, laws of exportation and importation, documents that show the taxes that alcoholic beverages must pass, how is organize inside the government disposition, take pictures of wines of different origins, check and compare prices in different store (supermarkets and small stores) and last but not least, surveys were conducted and developed equally in Korean and English to people that currently live here. The questions that were included were the following:

Table 4. Questions of the survey developed in South Korea (2021 - 2022)

Gender	Female Male
Age	18 – 20 21 – 30 31 – 40 41 – 50 51 – 60 61 – 70 >70
Have you ever tasted wine?	Yes No
Have you ever tried either white wine, rose wine or red wine?	No, just RED wine. No, just WHITE wine. No, just ROSE wine. Yes, the three of them. None of them.
How often do you drink wine?	Never. In social occasions (sometimes). Once a month. Once a week. Once a day.
In your opinion wine consuming has changed with COVID pandemic?	Yes, it increased. Yes, it decreased. No, it didn´t change.
Does price influence your decision when buying wine?	Yes No
How much would you pay for a bottle of wine?	3€ - 10€ 11€ - 15€ 16€ - 20€ >20€.
Did you know that moderate consumption of wine can reduce the risk of cancer, type	Yes, I knew it. No, I didn´t know it.

2 diabetes, Alzheimer, cardiovascular mortality, arterial disease and it could even increase longevity?	
Do you know any European wine (Ex: French, Italian, German, Spanish...)?	Yes, I know them, but I never tried them. Yes, I know them and I tried them. No, I don´t know them. No, I don´t know them and I don´t want to try them.
Do you know any New World Wine (EEUU, Chile, Australia...)?	Yes, I know them, but I never tried them. Yes, I know them and I tried them. No, I don´t know them, but I want to try them. No, I don´t know them and I don´t want to try them.
Do you know any Spanish wine?	Yes, I know them but I have never tried them. Yes, I know them and I tried them. No, I don´t know them but I want to try them. No, I don´t know them and I don´t want to try them.
In your opinion, do you think that importing wines from Spain would have a good acceptance in South Korea?	Yes No

Source: Own elaboration

In spite of the effort, several limitations arise in this research, such as information availability (in English) and time constraints (Bilro & Cunha, 2021). The methods used for analyse the data collected were qualitative and quantitative analysis. The first approach mainly answers questions such as ‘why,’ ‘what’ or ‘how.’ Each of these questions is addressed via quantitative techniques such as questionnaires, attitude scaling, standard outcomes, and more. Such analysis is usually in the form of texts and narratives, which might also could include audio and video representations (Arora, 2021). Checking all the content came from trustworthy information sources (official journals, official webpages, my own observation and experience) was also a very important part of the process in order to explain the data collected that answer what, why and how I am developing this project

The second approach is measured in terms of numbers. The data here present themselves in terms of measurement scales and extend themselves for more statistical manipulation (in this case percentages, nº of people, male female, age…) (Arora, 2021). By making the survey in 2 languages and divide it in 12 question I could analyse which is the gender that consumes wines the most, in which average of age, how often, which price are they willing to pay and the percentage of acceptance within Korean society (among other questions).

After trying to think about several and different approaches to develop this project, I arrived to the conclusion that a mix of quantitative and qualitative research would give me the enough amount of information and the perfect way of analyse that information while living in here (Seoul, South Korea). So, after evaluating, I can confirm and justify that my methodological choices were correctly made.

Last, but not least, I found some barriers while developing my project that were mainly associated with the culture difference. Korea people that never went outside of the country is, by general, more closeminded and afraid of talking to foreigners. They do not easily trust anyone that do not look like them or speak their language and if they do, is because they want something in exchange. Koreans do not do anything for free. So, for increasing my surveys and so my research, I had to post the link in the several official webpages (Chung Ang University Kakao Talk group, Korean wine forums, Facebook…). These obstacles were, as I said before, linked with the cultural differences, and as a cultural factor, there is no solution but the pass of time and adaptation. Somehow, I also found some other citizens that wanted to speak English, were interested on the topic or just were curious in talking with foreigners.

The next point will explain how I collected all the information needed for the purpose of understanding the market analysis and also to interpretate the results of the surveys.

4. Market Analysis

By law, only licensed importers are allowed to import alcohol beverages, including wine. There is no ceiling on the number of licenses issued, so any qualified candidate can obtain a liquor import license. Currently there are over 500 licensed liquor importers, but marketers estimate that about 50 of them currently maintain an active business. Moreover, a dozen leading importers account for over 70 percent of total imports. Importers are allowed to sell directly to wholesalers, retailers (restaurants and liquor stores), and individual consumers (through the importer's own wine shops only). The country is based itself in technology from bank to groceries. Wine also have a strong presence online, which gives this business a strong customer engagement in online brand communities (OBCs) (Bilro & Loureiro, 2021).

However, importers are not allowed to purchase from other importers or from wholesalers. A few of the leading importers operate wholesale businesses and retail wine shops under separate wholesale and retail licenses, a tactic to maintain greater control of the distribution channel. Due to reduced growth of the Korean economy, Korean alcoholic beverage importers in general maintain a very conservative stance when it comes to launching new products. The importers may not react to new product offers from foreign suppliers unless the product in question indicates strong market potential particularly with regard to the following terms: international acclaims earned by the product (awards, critics' favourable evaluations, etc.), value-quality proposition in comparison to leading products in the target market segment, and promotional support offered by the supplier. Korean traders highly value face-to-face contacts when developing business relationships with new foreign suppliers. Personal visits to Korea allow new-to-market suppliers to gain contacts with Korean importers as well as hands-on knowledge about local market trends (Oh, 2019).

4.1 Surveys developed in South Korea (2021 – 2022)

As we can see in the annex C, 363 surveys were conducted, 165 of them in Korean language and 198 in English language. Result clearly indicated that the majority of wine consumers are women between the age of 21 – 30 years old that have previously tasted the 3 types of wine. Also, this kind of consuming is developed sometimes in social occasions. The increasing of wine consumption is other affirmation we can make and the pandemic also boosted this consumption. Pricing is a determinant factor when buying wine, surveys show that people born and raised in Korea (inbound population) spend between than 16.000 and 20.000 KRW (more than 17€), on the other side, people living in South Korea but raised in other countries (outbound population and European most of them) spend an average of 3 – 10€ (5,000 – 10,000 KRW). These differences are perfectly differentiated due to the tradition of wine consuming in European countries and with it the high volume of production and competition. Oppositely, South Korea is not a wine producer (at least as big as European countries), for that reason, wine is seen as luxury good, not as a daily good.

Other point that we should highlight is the difference in health knowledge regarding health benefits. While people not raised in South Korea were fully aware of the health benefits that wine has, those raised in the country do not. However, nowadays, Koreans are receiving and accepting more and more information of wine health benefits so that helps to increase its consumption. Next question in the survey was specifically about European wines (French, Italian, Spanish, Portuguese…). People that were raised in Korea present a different average in this area.

In the first graphic (annex D), we can see how the 76.6% of people knew the wines and tried them, leaving an 10.2% for lack of knowledge, a 7.6% for lack of try and a 5.6% for lack of knowledge and don’t want to try either. This means that, some foreigners or Koreans that lived abroad had a higher opportunity of trying and also a higher amount of information regarding wine varieties. On the other side, foreigners or Korean people raised in the country represent the bast majority of knowledge and try (annex D), but also 36.4% does not know them, 16.4 know them but never tried and 3% are ignorant about it and do not want to try either.

If we look at the next question, we also find some disputes. Wines from the New World (EE. UU, Australia, China…) have become the new trend, the new fashion, however we can underscore a big difference in the percentages in knowledge and taste. For the English survey, 33.5% knew and try the wines, while for the Korean survey 29.3%. Conversely, 36% (English) - 48.8% (Korean) did not know then but want to try. Also, we find 14.7% (English) against 7.9% (Korean) in “I know them but never tried”. Lastly, the 15.2% (English) do not know and do not want to try and 12.2% (Korean).

One of the lasts questions that was developed was if consumers have tried Spanish wine. Here also we have a little bit of controversy. With a 57.2%, people that was raised outside and is currently living in South Korea know Spanish wines and have tried them before. 22.4% corresponds to the people that was fully raised in the country. This percentages continue showing a huge difference in other sectors of the analysis like the amount of people that do not know the wines but want to try them. We found out that 22.2% was applied for the outbound population and 50.9% for the inbound population. Also, 10.3% was found in “Do not know and do not want to try them” (outbound population) and 8.5% for the inbound population.

The last point in the market analysis is the general opinion of people about the grade of acceptation of Spanish wines in South Korea. On this occasion the percentages represented are practically identical and it shows nearly the same figures. Both are 84.3%/86.5% agree and 15.7%/13.5% do not agree.

4.2 Change in Wine Consumption

Other point that I should remark in this section is the evolution and change in the wine consumption with the COVID 19 pandemic. Natalia Velikova, Oleksandra Hanchukova, Bogdan Olevskyi, and Hunter D´Camp made a study about the wine consumption before and after COVID 19. They divided it in two different waves, the first wave was defined as "drinking during lockdown" and the second wave as "six months after lockdown". After that division, they separated it in generation, level of studies and Annual Household Income. As we can see in the tables below. Generation Z, Baby Boomers and Mature drank more in the first wave than in the second wave. Oppositely, Generation Y and X increased their wine consumption in the second wave.

Table 5. Alcohol consumption during lockdown (wave 1) and after lockdown (wave 2)

Cohort	Years Old	Wave 1	Wave 2
Generation Z	21 – 25	15.7%	12.1%
Generation Y	26 – 39	21.4%	25.9%
Generation X	40 – 55	21.7%	27.2%
Baby Boomers	56 – 74	33.8%	30.6%
Matures	75+	7.4%	4.2%

Source: (Velikova, Hanchukova, Olevskyi, & D'Camp, 2021)

If the division is made by level of education, we also can see that high school and other type of studies consumed more wine during the lockdown. Bachelor, Master and Doctoral studies consumed much more six months after the lockdown.

Table 6. Alcohol consumption divided by level of education

Level of Education	Wave 1	Wave 2
High School	19.8%	30.2%
Bachelor´s Degree	41.4%	39.5%

Master´s Degree	25.4%	20.6%
Doctoral Degree	8.6%	3.8%
Other	4.5%	5.8%

Source: (Velikova, Hanchukova, Olevskyi, & D'Camp, 2021)

Last but not least, the Annual Household Income division was restructured in 11 different kinds of incomes. Consumption in wave 1 was higher for groups 1,2, 10 and 11 (the lowest and highest incomes), and the highest consumption in wave 2 was for groups 2,3,4,5,6,7,8 and 9 (middle class).

Table 7. Alcohol consumption divided by annual household income

Annual Household Income		**Wave 1**	**Wave 2**
G1	Below $10,000	3.7%	3.3%
G2	$10,000 - $19,999	6.9%	4.7%
G3	$20,000 - $29,999	6.9%	7.3%
G4	$30,000 - $39,999	6.2%	13.1%
G5	$40,000 - $49,999	8.6%	10.1%
G6	$50,000 - $64,999	7.2%	12.1%
G7	$65,000 - $79,999	6.8%	9.8%
G8	$80,000 - $99,999	7.3%	11.1%
G9	$100,000 - $119,999	5.9%	7.5%
G10	$120,000 - $169,999	12.5%	10.1%
G11	$170,000 and over	25.4%	10.6%

Source: (Velikova, Hanchukova, Olevskyi, & D'Camp, 2021)

4.3 Importers and Retailers in South Korea

Other important remarkable aspect inside the market analysis is the Korea´s top wine importers and retailers. Here we can fine 5 main companies:

4.3.1 Vinideus Co Ltd.

This enterprise is specialized in importing and distributing wine to small-scale wineries around the world. As the demand for wine is increasing not only in Korea but also around the world, wineries that have earned a reputation for their existing high-quality, small-volume production are merging nearby wineries and gradually mass-producing them with mechanical farming methods (Vinideus Co Ltd, 2022).

As a result, the individuality that can be called the life of wine and the craftsmanship of winemakers are disappearing naturally. *Vinideus Co Ltd* discovers and carefully selects wines from the USA, Italy, France, Spain, and Chile, which are still produced in small quantities by traditional methods, and introduce various special wines with the craftsmanship and individuality of the winemakers to Korea (Vinideus Co Ltd, 2022).

Inside of the Spanish wines, we can find mostly Castilla La Mancha and Murcia wines.

They do not sell Galician wines. So, as mentioned in the description, this could be a good starting point for small Galician wineries that are planning to develop their business in the Asian continent.

4.3.2 Wine 2U Korea.

This American wine importer has started to expand its market in 2005. It has introduced premium and reasonable wines to make daily life more special. They compromise to provide customized service to customer who has a variety of needs. The wines this enterprise possesses are mainly from USA, but also Australia, New Zeeland, South Africa and France. Also, this could be an ally for small Galician wineries that are planning to develop their business in the Asian continent (Wine 2U Korea, 2022).

4.3.3 Boa Trading.

Based on long-time experience in wine business, Boa trading was established in 2012 in Seoul. We have been specializing in importing and distributing fine wines and the ones with good cost-performance. They are the exclusive importer of 'Bodegas Arzuaga Navarro' in Korea, which is one of top Spanish wineries. Also, they import and distribute good-value and boutique wines from other countries. Boa trading, as an importer, keeps on trying to introduce good wines and share experiences with customers (they believe in people to people) (Boa Trading, 2022). Talking just about the Spain wines we can strongly affirm that they import wines just from the Mediterranean area plus La Mancha as we can see in their webpage (Boa Trading, 2022).

4.3.4 Handok Wine Co.

Regarding this enterprise, it has been one of the leading wine importers in Korea since 1987. They have an extensive range of wines not only from many major wine producers but also smaller but significant ones from all over the world. They were also the first importer of Argentinian wines, South African wines and Canadian still wines, and the pioneer of French Burgundy wines. This wine importing company covers the most renowned hotels, restaurants, bars and shops, along with a substantial number of wine amateurs in Korea (Handok Wine Co, 2022). The biggest part of their wines is from Cataluña (Terra Alta, Barcelona…) and Ribera del Duero (Handok Wine Co, 2022).

4.3.4 Winenara.

Ayoung Group, led by Winenara Co., Ltd. and Ayoung FBC Co., Ltd., is an alcoholic beverage company that develops all customer businesses ranging from alcoholic beverages import, logistics, wholesale/retail distribution, and service. It has been leading the Korean wine culture since its establishment in 1987 (first year of liberalization of alcoholic beverages).

Ayoung Group has been striving to provide reliable quality wines at reasonable prices. The company has a diverse portfolio ranging from the best luxury wines to casual daily wines, and distributes and sells products to domestic famous department stores and hotels, as well as large discount stores, convenience stores, and restaurants. Ayoung Group, with Winenara IB, another importer, and Woori Wine, a liquor wholesale corporation, as affiliates, are the first in Korea to build a network that covers all areas of wine-related business, from wine importation to wholesale, retail, education and restaurant sectors (Winenara, 2022). Regarding wines as we can see in their webpage, Spain site has wines from both *Castillas (Castilla La Mancha and Castilla y León), Cataluña, Comunidad Valenciana* and *Cataluña* (Winenara , 2022). Also, surprisingly, I found one wine from *Galicia*, “Fillaboa” (Winenara, 2022), this wine is 100% Albariño (grape originated in Galicia), it comes from Bodegas Masaveu (Pontevedra, Galicia). Inside of the webpage of Bodegas Masaveu we can find the price of the bottle (in Spain) in 18.80€ and in this company (South Korea) is sold for 59,06€ (80,000 KRW).

The pricing strategy was based in a high price introduction, why? Because high price is understood as a high-quality indicator. The High Pricing Strategy is a pricing strategy in which the company or manufacturer keeps the price of the product on the higher side when compared to similar products (or competitor) products in the market. This pricing strategy also is a marketing strategy because the high price makes the product look premium when compared to others (MBA Skoool, 2016).

As explained in previous points, wine is considered a luxury product in South Korea, so price, by nature will never be as low as it could be in Europe. So, for introducing Galician wines, I would follow or the same strategy (high pricing) and a higher social medial campaign. Why? Korean citizens do absolutely everything by the phone or the computer, internet for them is a daily routine. For this reason, making a marketing campaign based on their main delivery webpage: *Coupang*, and on their main social media: *Instagram* and *Tiktok*.

Other companies known for being strong distributors inside South Korea are: Shindong Wine, Keumyang International, Kaja & Wine and Dongwon Wineplus. These companies have been also trading for a lot of years, especially with the United States, country that has a lot of connection with South Korea by history.

5. Internal Analysis

This section of the project will be dedicated to identify the strengths and weaknesses of the business while obtaining information from the market analysis. Inside the competitive analysis I deeply explain the SWOT, however in here, I will solely explain the strengths and weaknesses of this exportation of Gallegan wines.

5.1 Strengths

Firstly, I can highlight 3 main points. The fame (1) that Spain has regarding wine is undeniable, so in order to get in the Korean market we can affirm that *doors are already open*. Also, practically any shop, supermarket, restaurant has Gallegan wines because all of them are based in volume market instead of niche market. So, here there is a possibility of introduction in the market (2) due to the lack of knowledge (advantage). Thirdly, Galician wines are extraordinary and unique (3). The type of land and varieties of soil together with its climate make wines true delicacies.

El Camino de Santiago de Compostela (Santiago´s Way) is made every year by more than 7.000 people. This 2019 (before COVID 19 hit strongly in Europe), 8.300 South Koreans made the Camino; for them this represents a really important part of the life and a turning point. As one of the girls that made the Camino mentioned in her interview (annex E), a way of promoting this kind of wine to make them have more visibility among Koreans is putting wine tasting in the *albergues* (guesthouses) with different kind of promotions, so they can try and appreciate different Galician wines. Suzy mentioned that, one of the main points to attract Korean market resides in the taste of the wine. This country is get used to *Riesling*, *Chardonnay* or *Sauvignon Blanc* regarding white wines. My particular suggestion would be the following wines; *Viña Costeira* (Year: 2016, D.O: Ribeiro, price: 6,70€), *Martín Codax* (year: 2016, D.O: Rias Baixas, price: 10,50€), *Guímaro* (year:2016, D.O: Ribeira Sacra, price: 9,50€), *Louro do Bolo* (year: 2016, D:O: Valdeorras, price: 13€), *Crego e Monaguillo* (year: 2016, D.O: Monterrei, price: 7,95€). All these wines are known internationally and belong also to different Designations of Origin with different grapes.

Last point inside the strengths is the Enotourism. Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses a growing number of new destinations. These dynamics have turned tourism into a key driver for socio-economic progress (Gurbey & Kart Aktaş, 2016). Enotourism as an integral part of rural tourism (Ayazlar & Arslan Ayazlar defined rural tourism as an enjoyable way to take part in exercise for better life and health among many people) and alternative tourism is widely recognised as having a strong connection with in the rural landscape. Nowadays, wine-related tourism is becoming increasingly important to a number of rural areas around the world. Enotourism has been recognised as a significant component of both the wine and tourism industries. Enotourism is travel based on the desire to visit wine producing regions, or in which travellers are enticed to visit wine producing regions, and wineries in particular, while travelling for other reasons (Gurbey & Kart Aktaş, 2016).

5.2 Weaknesses

On the other side, if we talk about weaknesses, 2 main words come to my mine directly: volume and lack of knowledge. Volume is the main one because Galician wines do not possess a production based on quantity. *La Voz de Galicia* (newspaper) says that in 2020 Riberia Sacra produced 3.875.935 litres of wine. La Rioja, oppositely, produced 269 million of litres in 2020. As remarked before, volume is not the main factor for Galician wines.

Lack of knowledge for Asian about Galician wines. These regions are just the end of Camino de Santiago de Compostela. Galicia has 9 regions classified as wine regions. It has 5 D.O (designation of origin) and other 4 named as *Vino de la Tierra* (land wine). Inside of the 5 D.O we can find Monterrei, Rías Baixas, Ribeira Sacra, Ribeiro, Valdeorras. Barbanza e Iria, Betanzos, Ribeiras do Morrazo, Valle del Miño-Ourense are the other 4th that are classified as *Vino de la Tierra*.

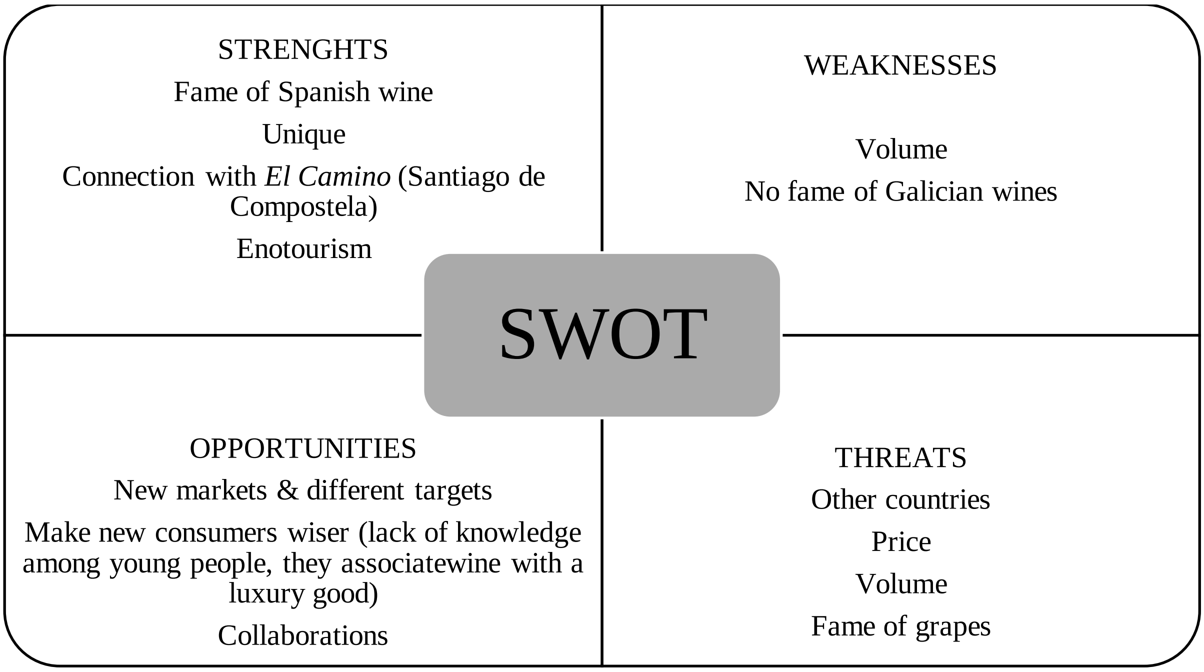
In the case of the small shops that sell wine, we can name approximately between 40 and 50 specialized in wines. Inside this shops Spanish wines are normally over 22000 wones (16,18€) up to 350000 wones (257,32€). Also, we can distinguish the most common shops which are convenience stores like GS25, 7eleven and CU. These brands are all over the country and they also sell Spanish wines, however these stores are based in volume not in niche.

As you can see in the annex F, I elaborated a list with the wines that were sold the most inside of the supermarkets (Emart and NH Mart) in two areas of Seoul (Yongsan and Donjak), differentiated them by country and price in KRW. I, personally visited all the supermarkets of those two brands and make a list with the prices in those two areas. Inside of the Spanish wines, we can perfectly appreciate that the average the price of a Spanish wine is 24355,91 KRW. This tells us that wine is highly consumed, however the most part of them belong Castilla, Cataluña, or La Rioja, which are mainly based on volume rather than niche.

The price increased slightly when we look into the Spanish restaurants inside of the capital. In total, in Seoul are between 20 and 30 restaurants. After checking, comparing, calling and asking, the most part of them are a fusion with Mexican/Italian food and mainly presented as a high cuisine called under the “Spanish restaurant”. Prices per bottle of wine are all above 30,000 KRW.

6. Competitive Analysis

Figure 1. SWOT Analysis



Source: Own elaboration

Inside of this point I will confront the opportunities and threats and strengths and weaknesses.

<u>6.1 Opportunities & Threats</u>

The best way of confront the threats is by using the opportunities. After near one year living in Seoul and observing the wine market, the fame and the most money inside the wine market is focused on France wineries and American wineries. This is due to, firstly, the high volume of wine producing and volume. Secondly, that volume brings a more affordable the price. Thirdly, the volume created variety, that in many cases same grapes are cultivated in other lands.

Introducing Galician wines in South Korea means introducing wines that are completely unknown in a new market. As explained before, Korean consumer is always looking for new trends and new gastronomic fashions so expanding the Galician wines to South Korea would bring a new trend from abroad with the same area of price. Besides, the fact that Galician wines are different, can help to target other groups of possible consumers and also make them wiser, instruct them in the wine field. This process requires a good marketing campaign and market studies previously developed (surveys or other qualitative and quantitative methods).

Another way of help decreasing the threats, would be by making collaborations with previous places that already have fame in South Korea. For instance, the Wine Festival of

Daejeon, Camino de Santiago de Compostela (Christians), partnerships with different supermarkets (E Mart, NH) or restaurants.

6.2 Weaknesses & Strengths

Let´s now confront the weaknesses with the strengths. One of the threats is also shown in weaknesses which is the volume. South Korean wine market is based on the different brands that can export a big number of litres, however, Galicia, by its small territory, it cannot produce as much litres as some regions of France (for instance). Other weakness mentioned in the SWOT, is the lack of Galician wines fame. This region is only known (not by everyone) because of the Camino de Santiago (strength).

Korean citizens have no clue regarding the production in these areas of this exclusive and outstanding beverage. Many Korean citizens have done the Camino for religious motives (Christians), however there is no knowledge beyond the way itself. For improving both weaknesses I strongly state that *enotourism*, most knows in English as *wine tourism*, could be one of the best ways for expanding the wine to Korean market. Personally, connecting the Camino de Santiago with the wine consumption is other way of expanding this beverage to the country. At the same time, it is bringing a new type of tourism never done or tried before in Korea.

7. Business Plan´s Objectives

This area of the project shows the written explanation of the business goals. Business objectives usually have to do with the most important operating factors of a company's success, such as revenue, operations, productivity and growth. To be most successful, it is important that those objectives can be specific, measurable and attainable (Indeed, 2021).

The business plan objectives are:

1) Export Galician wines to South Korea.
2) Analyse Korean Wine Market (preferences).
3) Explain Korean policies inside the exportation system.
4) Understand cultural differences regarding alcoholic preferences.

South Korea is now the second most attractive wine market in the world, so introducing Galician wine in South Korea must be developed by several ways. Among them we can mention Wine Festivals, supermarkets, restaurants, hotels or events located in key places. How can be distribute the wines? Through the main importers in the country; *Vinideus Co Ltd* (109 wines), *Wine 2U Korea* (200 wines), *Boa* Trading (150 wines), *Handok Wine Co*. (347 wines) and *Winenara* (662 wines).

The second business goal started in September 2021 and finished in May 2022. This wine market analysation was developed during 8 months by quantitative and qualitative research methods such as observation, interview and survey. After this research I arrived to the conclusion that the Korean market is based on fame-name wines (France, EEUU, South America and Italy mainly). Introducing Spanish wines will not be complicated, but Galician can find some difficulties. So, by starting the connection between main importers, my first goal is to introduce the wines mentioned in the *Internal Analysis*: *Viña Costeira* (2016, D.O: Ribeiro, price: 6,70€), *Martín Codax* (2016, D.O: Rias Baixas, price: 10,50€), *Guímaro* (2016, D.O: Ribeira Sacra, price: 9,50€), *Louro do Bolo* (2016, D:O: Valdeorras, price: 13€) and *Crego e Monaguillo* (2016, D.O: Monterrei, price: 7,95€) that already have fame all over the world and can be attracted to South Korean market. The price formation for the wine will follow the rules that will be explained in the annex G.

The third business goal is to explain Korean policies inside the exportation system. This goal is also important to know how is the procedure of exporting wine from Europe and which are the barriers or actions that exporter need to take in order to sell their product in South Korea.

Last but not least, understand cultural differences regarding alcoholic preferences. South Korea comes from old tradition of drinking specifically soju or any beverage related with rice.

Contrarily, Spain comes from the wine since a lot of centuries ago. Cultural differences can be appreciated not only in what we drink, but also how we drinking it and where we drink it.

8. Development Strategy

The strategy development is based on a combination of the survey done (358) and the marketing that we want to implement for exporting the Galician wines to South Korea. For this, as explained in the business objectives, we intend to export Galician wines to South Korea by previous analysis of Korean Wine Market and previous understanding of cultural differences regarding alcoholic preferences. All this with the support of the Korean policies inside the exportation system.

For this, I will follow the Ansoff´s strategic opportunity matrix. This method is used for developing strategic alternatives which matches products with markets. As we can see in the table below (table number 9) there are 4 types of methods. The one that I am applying in here is the market penetration strategy, which is based on introducing existing products (Galician wine brands that exist already) in existing markets (Korean wine market). My goal, using the Ansoff´s marketing strategy, is to introduce the Galician wine in South Korea with specific events hold in key places inside the capital.

Table 8. Ansoff's Strategic Opportunity Matrix

	Products Emphasis		
Market Emphasis		**Existing Products**	**New Products**
	Existing Markets	*Market penetration strategy* Seek to increase sales of existing products to existing markets.	*Product development strategy* Create growth by selling new products in existing markets
	New Markets	*Market development strategy* Introduce existing products to new markets	*Diversification strategy* Emphasize both new products and new markets to achieve growth

Source: Own elaboration

Regarding the marketing strategy, I will follow the Ansoff´s strategy (as mentioned before) by introducing existing products in existing markets. The distributors that will sell the wines mentioned before are, *GADISA* distribution company. They are main leaders for Galician product exportation and have previous knowledge expanding their business abroad. They have the strong access to the Galician wineries. On the side of Korea, *Boa Trading* and *Winenara*.

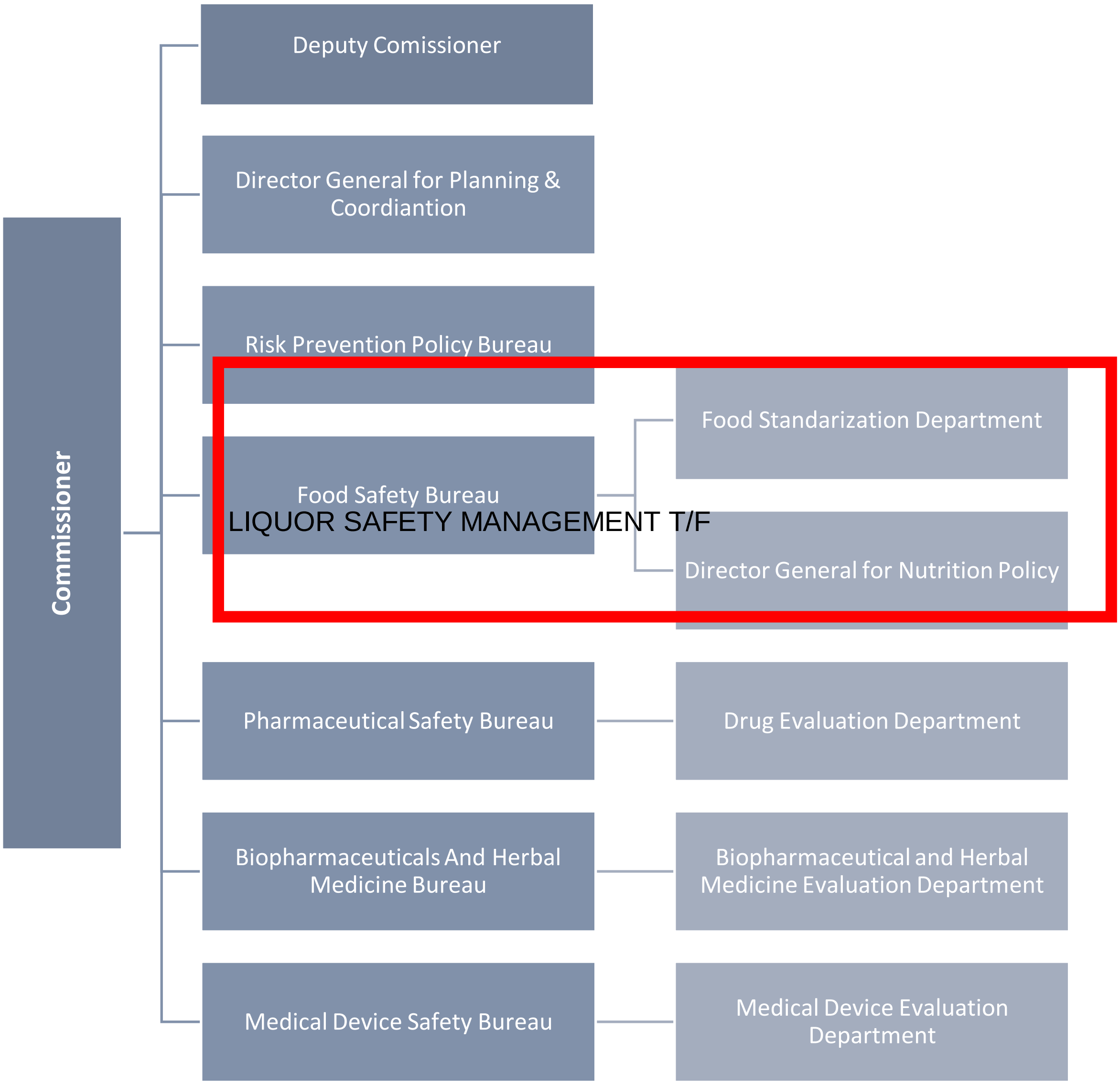
These 2 companies are the only ones that already have Galicia wines and have a deeper connection with distributors in Spain. So that means that documentation, paperwork, connections and knowledge is already within these two companies.

Now, I will introduce the marketing strategy that I will apply. Relationship marketing emerges in the 1980's as a new paradigm that shift from transactions to relationships (Loureiro & Bilro, 2020). My idea is the create a marketing strategy by gamification, which is the use of game elements in non-game contexts by incorporating game elements into non-game settings or by using game mechanics, dynamics and frameworks to encourage specific behaviours (Bilro, Loureiro, & Angelino, 2021). This will consist on put a wine tasting in 2 places selected strategically. The first place is the square of COEX Mall. Located in Gangnam this the place is where the most amount of people pass everyday (big variety of age) during all the week. Here we will implement the game of "A Chave", a Galician game (annex H) that consist of throwing a ball to a big rotary key in one meter and a half distance (in this case make it shorter to attract more potential customer). Every person that plays will have a free tasting of choosing (Albariño, Godello, Treixadura…). The ball will be made of wine cork (with some weight inside) and the key will have the form of a wine bottle. The stand and the back pictures (annex H) for the game and exposition will be with a Galicia promotion video and pictures of Galicia. The bottles of wine will be on wine barrels, where people can take the free wine taste and, if they want, buy the bottles (price development explained in the following point, table number 17 "Example on price formation for Wine in South Korea in €").

Same procedure will be applied in the area of Hongdae, were people goes more often in Saturdays. Developing this marketing strategy makes us focus on the main groups of age that surveys revealed. To help promote the tasting we can use *Intagram* and *Tiktok*, two platforms really used. Those two platforms will be uploading, videos and pictures of the wine, the place where we will make the tasting, the days and hours. And use some videos promoting the tasting on several areas such as Myeongdong, Gangnam Station or Hongkik station. The price for putting a promotional video in Hongkik University Station is 100,000 KRW for one day or 120 times a week. Myeongdong would be 80,000 KRW, one day, 20 seconds add, 100 times a day. Gangnam station would be 320,00 KRW, one month, 10 seconds, 257 times a day (please check webpage in the annex I).

9. Required Implementation Policies

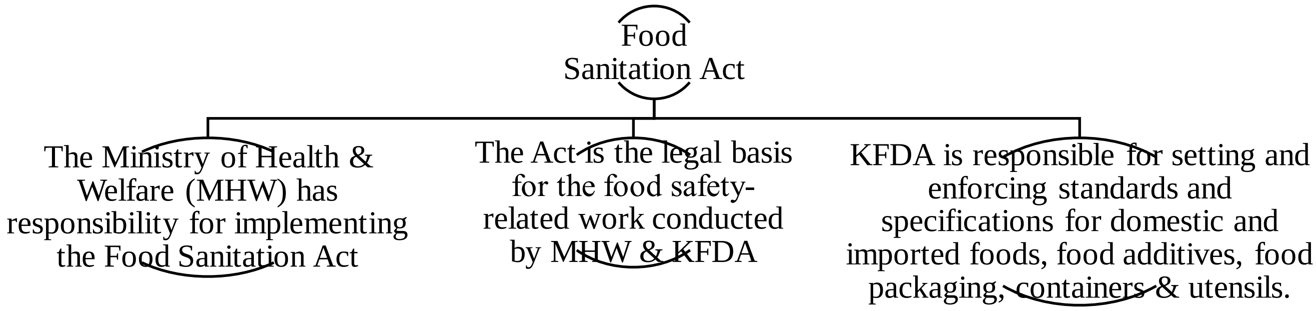
Figure 2. Ministry of Health and Welfare Structure



Source: KFDA (annex J)

The required implementation policies include the definition of the beverage transported, composition, labelling and regulation. It follows the regulations of the Ministry of Health and Welfare. Wine regulation in South Korea was established in 1998, it possesses one headquarter, 6 regional offices and 1 affiliated Institute. It is an agency within Ministry of Health and Welfare that protects the public health by assuring the safety and effectiveness of the nation´s food supply, drug, cosmetics and medical device. KFDA (Ministry of Food and Drug Satefy/ Korea Food and Drug Administration) signed MOU (memorandum of understanding) with National Tax service in 2010. Under MOU, KFDA is working together to ensure for domestic and imported alcohol beverages safe.

Figure 3. Food Sanitation Act



Source: Own elaboration

Legal regulatory framework defines the Korean legal system and explains that is based on a fixed hierarchy. Under each Act, a Decree and Rule are drawn by the responsible ministry to implement the law. An Act or law, legislated by the National Assembly, gives the legal basis for government regulations**.** The competent ministry or agency also promulgates notice and guidelines in order to provide more detailed guidance.

In the next table we can read how the Liquor Tax is applied and it is divided. Liquor tax shall be imposed on alcoholic beverages pursuant to Liquor Tax Act administered by Korea Nation Tax Service (NTS). According to liquor tax act article 4, alcoholic beverage can be classified as follow:

1) Brewed alcoholic beverages: (a) Makgeolli (cloud type rice wine), (b) Yakju (clear type rice wine), (c) Cheongju (sake type rice wine), (d) Beer, (e) Fruit wine (use of fruit, fruit juice, dried fruit for wine production. Addition of sugars. Addition of acids. Addition of flavour agents. Addition of alcoholic beverages. Addition of colorants. Addition of sulphur dioxide).
2) Distilled spirits: (a) Soju, (b) Whisky, (c) Brandy, (e) liqueur, (f) other distilled spirits.
3) Other alcoholic beverages.

The Act also contains several provisions related to classification, alcoholic beverage making practices, allowable optional ingredients, business license for manufacture or sale, labelling requirements, recordkeeping duties, and notification of manufacturing products.

According to Liquor Tax Act, there are following substances permitted.

Table 9. Liquor Tax Act

Item	Components
Sugars	Sugar, Glucose, Fructose, Malt Syrup, Oligo-saccharide or Honey
Acids	Lactic acid, Succinic acid, Acetic acid, Fumaric acid, Tartaric acid, Malic acid or Tannic acid
Flavour enhancers	Amino acids, Glycerine, Dextrin, Hope, Minerals, Substances determined by Korea Tax Service Administer
Flavour agents	Fuel oil, Esters, Aldehydes, Substances determined by Korea Tax Service Administer
Colorants	Substances permitted by Food Sanitation Act
Sweetening agents	Aspartame, Sterviol glycoside, Sorbitol, Sucralose, Acesulfame potassium, erythritol, xylitol

Source: KFDA

Some of the key KFDA regulations include the food code that stipulates standards and specifications for manufacturing, processing, usage, cooking, storage of foods and utensils, containers and packaging for food products. It specifies the standards for maximum residue levels of agricultural chemicals, antibiotics, hormones, radioactive ray standards, testing methods, etc. The Food Code contains general standards and specifications governing food products and individual standards and specifications.

Table 10. Food Code

Items	Beer	Whisky	Fruit wine
Methanol (mg/ml)	Less than 0.5	Less than 0.5	Less than 1.0
Adelhyde (mg/100ml)	-	Less than 70.0	-
Ochratoxin A (ug/kg)	-	-	Less than 2 (Grape wine only)
Lead (mg/kg)	-	-	Less than 0.2 (Grape wine only)
Preservatives (g/kg) Sorbic acid	-	-	Less than 0.2

Calcium sorbate Potassium sorbate			

Source: KFDA

We can highlight other of the KFDA regulations starting by the food additive code, which defines standard specifications for individual food additives and usage standards. As of December 2010, Korea had a positive list of 609 approved food additives and mixture of approved additives and normally, most additives are approved and tolerance levels are established on a product-by-product basis.

Regarding the labelling requirements, Korean law requires a Korean language label on imported alcoholic beverages so the stickers may be used instead of manufacturer-printed Korean language labels for imported food products. The sticker should not be easily removable and should not cover the original labelling (bottles destined for retail channel distribution must be labelled). According to Liquor tax act article 44-2, Food sanitation Act article 10 and KFDA labelling standard, the label (annex K) all contain the following information:

- Type and Name of the product
- Country of origin
- Importer's name
- Address and phone number
- Date of bottling
- Alcohol percentage and volume
- Name of ingredients
- Name of food additive used.
- Government health warning clause
- Government warning clause against liquor sale to minors

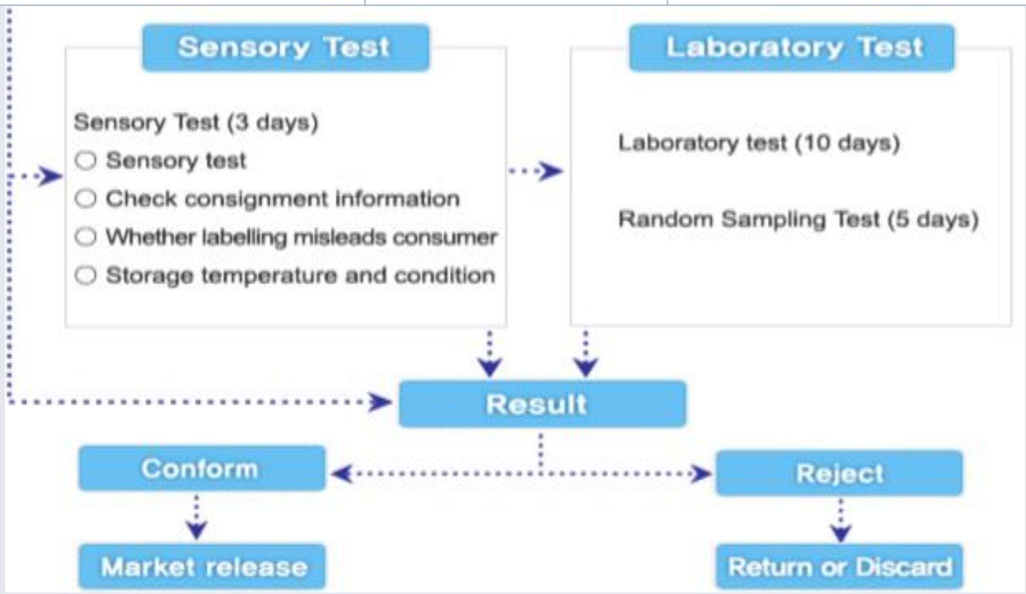
The use of fruit images is not allowed on the packaging of food and beverage products, including alcoholic beverages, by law unless the product contains ingredients obtained from the fruit in question. Artificially flavoured beverages may not use the image of fruit unless they contain that fruit.

After that, the imported alcoholic beverages must past a conformity assessment that are subject to KFDA food quarantine inspection. The inspection can be done in 2 ways; detailed inspection (chemical analysis test) for new-to-market products, visual inspection (sensory/document inspection) for existing products and sensory/document inspection. This inspection provides that the product of subsequent shipments is identical to the product in the first shipment with respect to label, product name, alcohol percentage, ingredients and net volume. However, subsequent shipments of identical products can be subject to random detailed chemical inspections.

How are those inspection procedures done? As we can see in the following table, they arrive to the ports pass all the inspection in an amount of time depending on the kind of test, after that we would have a result. If the result is negative is discard or returned and if it is positive it is released to the market.

Table 11. KFDA Food Quarantine Inspection Procedure

Arrive at ports	**Warehouse**	**Import Report**
Document Review (2 days)		
To review food import report, processing flow, ingredients.	Labelling.	To review attachment documents.



Source: KFDA

Policies include also the pricing, so in the information below I will introduce the cost and pricing. The combined effect of import duty, local liquor taxes, logistics costs and distributor mark-ups make the retail price of imported wine in Korea several times higher than in the export country.

Firstly, we find the duties, taxes and mark-ups. Korea applies a complicated duty and tax system to imported alcoholic beverages. The table below summarizes import duties and local taxes applied, in this case, to American alcohol beverage products imported into Korea as of 2019.

Table 12. Import Duties and Taxes on American Alcoholic Beverages in Korea

Import Duties and Taxes on American Alcoholic Beverages in Korea			
Product	Import Duty	Liquor Tax	Education Tax
Fruit Wine	0%	30%	10%
Beer	0%	72%	30%
Bourbon Whiskey	0%	72%	30%

Source:

Secondly, we can see the effects of import duty and liquor taxes on a bottle of $10 (CIF value) American wine imported into Korea that is applied in the same way to European wines. The CIF is an export price inclusive of insurance and freight cost to an entry port in Korea and the VAT is the paid Value Added Tax, eventually refunded to the importer as the tax is carried over to the consumer.

Also, in addition to import duty and taxes, an additional cost of about 8 percent of CIF value will occur for miscellaneous expenses, including paperwork, inspection, warehousing, and transportation. The amount of this additional cost depends mainly on the kind of inspection to which the shipment is subject. For example, warehousing fee will increase significantly if a detailed chemical inspection is required instead of document inspection.

Table 13. Effects of Import Duties and Taxes on EEUU Wine in dollars ($)

Effects of Import Duties and Taxes on EEUU Wine in dollars ($)		
A	CIF Invoice Value	$10.00
B	Import Duty: A x 0%	$0.00
C	Liquor Tax: (A+B) x 30%	$3.00
D	Education Tax: C x 10%	$0.30
E	Subtotal: (A+B+C+D)	$13.30
F	Value Added Tax: E x 10%	$1.33
G	Handling fees for customs clearance: A x 8%	$0.80
H	Total cost of wine upon customs clearance: (E+F+G)	$15.43

Source: (Global, 2016)

The price explained above is the price of the bottle without sending it to the supermarket, wine shop or hotel/restaurant. This means that the price arrives to the supermarkets 4 more expensive, 5 times more expensive to the wine shops and 8 times more expensive to the hotels/restaurants. This is related essentially with the amount of low-price alcoholic beverageds produced locally, and with the taxes associated to the importation (Global, 2016).

Table 8. Example on price formation for Wine in South Korea in €

Example on price formation for Wine in South Korea in € (Global, 2016)		
A	CIF (Cost, Insurance, Freight) Invoice Value	€10
B	Import Duty: A x 15%	€1.50
C	Liquor Tax: (A+B) x 30%	€3.45
D	Education Tax: C x 10%	€0.35
E	Subtotal: (A+B+C+D)	€15.30
F	Value Added Tax (IVA): E x 10%	€1.53
G	Handling fees for customs clearance: A x 8%	€0.80
H	Total cost of wine upon customs clearance: (E+F+G)	€17.63
I	Cost for the wholesaler (H+15%)	€20.28
J	Cost for the Supermarket (H+30%)	€22.92
K	Final Price at the Supermarket (J+20%)	€27.51
L	Cost for the Wine Shop (H+40%)	€24.68
M	Final Price at the Wine Shop (L+30%)	€32.09
N	Cost for the Hotel/Restaurant (H+40%)	€24.68
O	Final Price at the Hotel/Restaurant (N+200%)	€74.05

Source: (Global, 2016)

Regarding the marketing strategy, I will follow the Ansoff´s strategy (as mentioned before) by introducing existing products in existing markets. While living in South Korea I realize about 2 main things. First, Korean citizens are outstanding with marketing and second, they love to post everything on internet. So, we need to create attention. As everything is really expensive in here, free things are the most purposed.

My idea is the following, put a wine tasting in 2 places selected strategically. The first place is the square of COEX Mall. Located in Gangnam this the place is where the most amount of people pass everyday (big variety of age) during all the week. Here we will implement the game of "A Chave", a Galician game that consist of throwing a ball to a big rotary key in one meter and a half distance (in this case make it shorter to attract more potential customer). Every person that plays will have a free tasting of choosing (Albariño, Godello, Treixadura…). The ball will be made of wine cork (with weight inside) and the key will have the form of a wine bottle. The stand and the back pictures for the game and exposition will be with a Galicia promotion video and pictures of Galicia. The bottles of wine will be on wine barrels, where people can take the free wine taste and, if they want, buy the bottles. Same procedure will be applied in the area of Hongdae, were people goes more often in Saturdays. Developing this marketing strategy makes us focus on the main groups of age that surveys revealed.

To help promote the tasting we can use *Intagram* and *Tiktok*, two platforms really used. Those two platforms will be uploading, videos and pictures of the wine, the place where we will make the tasting, the days and hours. And use some videos promoting the tasting on several areas such as Myeongdong, Gangnam Station or Hongkik station. The price for putting a promotional video in Hongkik University Station is 100,000 KRW for one day or 120 times a week. Myeongdong would be 80,000 KRW, one day, 20 seconds add, 100 times a day. Gangnam station would be 320,00 KRW, one month, 10 seconds, 257 times a day (please check webpage in the annex I).

10. Financial Evaluation

For starting this point, I will explain the documents and data required for developing this project. The documents the competent authorities in the country of destination may require are 6 documents:

First of document is the commercial invoice (1). As we can see in the annex L, this paper explains all the specific requirements regarding its form and content. The second one is the packing list (annex M); in this document it is specified the information regarding transportation, dates and price from the country of origin until the country of destination.

Third are the import licences (automatic or non-automatic) for certain goods like customs declaration (annex N) and certificates showing your product complies with mandatory product regulations, such as health and safety requirements, labelling and packaging. As mentioned previously in the policies requirements, the labelling requirements in South Korea requires a Korean language label on imported alcoholic beverages. Stickers may be used instead of manufacturer-printed Korean language labels for imported food products. The sticker should not be easily removable and should not cover the original labelling.

According to Liquor tax act article 44-2, Food sanitation Act article 10 and KFDA labelling standard, the label shall contain the following information: Type and Name of the product, Country of origin, importer’s name, address and phone number, Date of bottling, Alcohol percentage and volume, Name of ingredients, Name of food additive used. Government health warning clause. Government warning clause against liquor sale to minors. Bottles destined for retail channel distribution must be labelled.

The use of fruit images is not allowed on the packaging of food and beverage products, including alcoholic beverages, by law unless the product contains ingredients obtained from the fruit in question. Artificially flavoured beverages may not use the image of fruit unless they contain that fruit.

Forth, a proof of preferential origin (i.e.EUR.1, EUR-MED, Origin Declaration or Statement on Origin), provided there is a preferential Trade Agreement applied between the EU and the destination country and your products fulfil the relevant rules of origin.

Fifth and last, a certificate of origin proving the non-preferential origin of your product (annex O). A certificate of (non-preferential) origin may be required in case of import restrictions towards (certain) products from specific countries, the application of trade defence measures or monitoring of dedicated imports. However, also the importer may request such certificate for his purposes. Certificates of origin are usually issued by your local chamber of commerce. In some countries, this responsibility may also be assigned to ministries or customs authorities.

11. Conclusion

11.1 Type of Product

As mentioned in the literature review, South Korea as become a key location for expanding wines. Galicia has a strong presence in this sector and this region as already arrived to Korean´s ears by two main ways: movies and the Camino. So, why not expanding their knowledge? The type of product chosen are the following wines: *Viña Costeira*, *Martín Codax*, *Guímaro*, *Louro do Bolo*, *Crego e Monaguillo*. Why? These wines have the 2 main factors that Korean citizens will like. Some of them have similarities with grapes that have already tried like Merlot, Riesling or Cabernet Sauvignon. And others have nothing in common with anything that they have tried before. With these characteristics, I am trying give a wider offer inside the wine market for the ones that are afraid to try new tastes, and the ones that are completely open to "the new".

11.2 Segments and Price

Why the 21 – 30 years old segment? Why an average price bottle between 16,000 – 20,000 KRW? Reviewing the surveys made during the stay in South Korea, we can find a big percentage that people that would like to try Spanish wines. The biggest number of consumers of wine the country is above 21, so that means that our market is based on that segment. Also, according to the surveys developed, their investing price per bottle has a variation between than 16.000 and 20.000 KRW so the brands selected, fit perfectly in that description.

11.3 Marketing

Free trials and social media are 2 things that Koreans like the most. This country is a really expensive, specifically the capital, Seoul. For this reason, I chose to make match the needs or demands with the offer. Two free trials in two main points will be made, in order to catch potential consumers. These trials must have a previous work using technological marketing with promotion in social media and using led screens in main points inside the capital.

11.4 Distributor in Galicia & South Korea

How will the wine arrive to Korea? Who will export and import the wine? From the Galician side, the biggest distribution company is GADISA. This company has the biggest access to Galician wines and it has been expanding its services worldwide, so it would be the easiest and fastest way to export these wines. From the Korean side, I chose two companies, Boa trading and Winenara. These two companies have previous knowledge and contact with the Spanish and Galician market so the process for importing (documentation, contacts, logistics) will also be easier.

To sum up, the distribution chosen for export the wines from Galicia fits perfect due to the size of company and future vision. And, both Boa trading and Winenara are also the perfect fit due to the established connections and bigger knowledge in trading with Spain.

11.5 Final conclusion

The goal of this project was to analyse South Korean wine market and export Galician wine to this country. Based on the analysis conveyed, including all the quantitative and qualitative research done *in situ*, it can be concluded that this country possesses the perfect environment, connections and tools for importing wine from Galicia.

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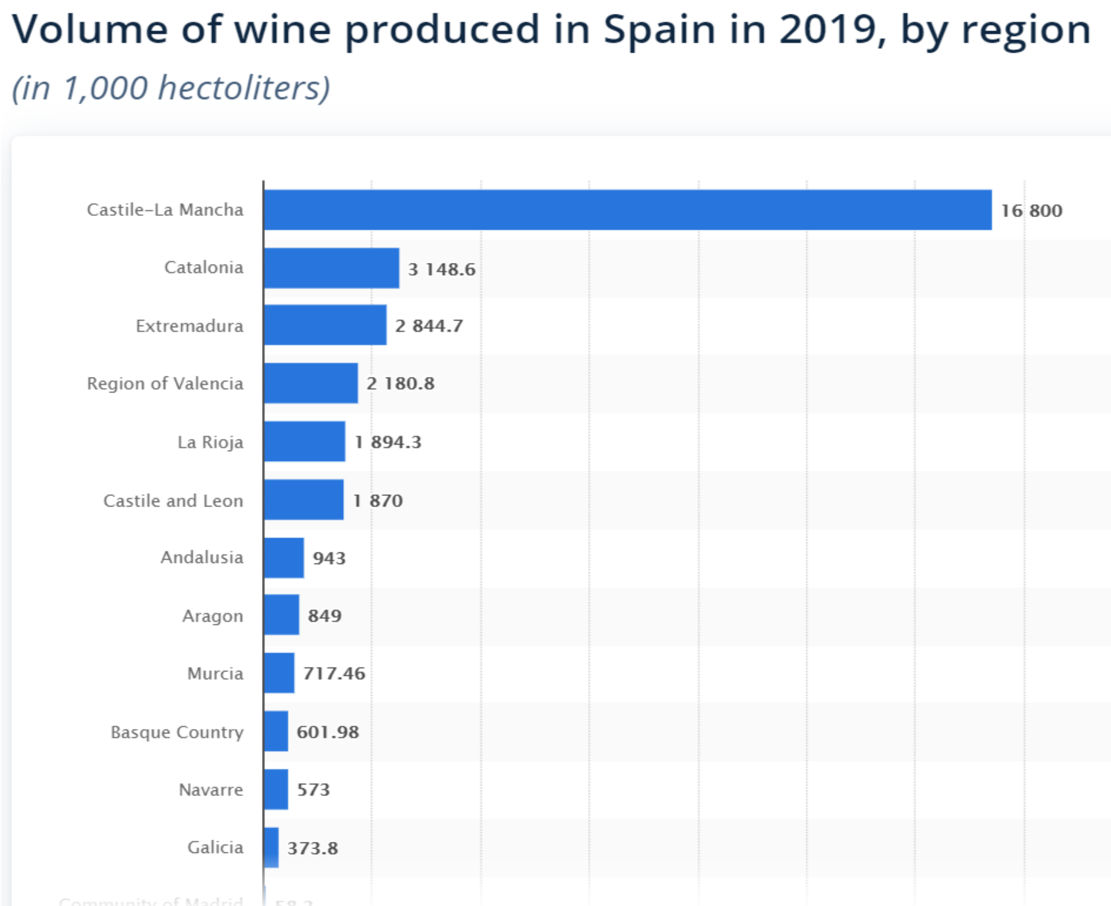
Annex A - Volume of wine produced in Spain in 2019, by region



Annex B - Qualitative versus quantitative research

QUALITATIVE VERSUS QUANTITATIVE RESEARCH			
	Criteria	**Qualitative Research**	**Quantitative Research**
1	**Purpose**	To understand & interpret social interactions.	To test hypotheses, look at cause & effect, & make predictions.
2	**Group Studied**	Smaller & not randomly selected.	Larger & randomly selected.
3	**Variables**	Study of the whole, not variables.	Specific variables studied.
4	**Type of Data Collected**	Words, images, or objects.	Numbers and statistics.
5	**Form of Data Collected**	Qualitative data such as open- ended responses, interviews, participant measurements using structured & observations, field notes, & reflections.	Quantitative data based on precise validated data-collection instruments.
6	**Type of Data Analysis**	Identify patterns, features, themes.	Identify statistical relationships.
7	**Objectivity and Subjectivity**	Subjectivity is expected.	Objectivity is critical.
8	**Role of Researcher**	Researcher & their biases may be known to participants in the study & participant characteristics may be known to the researcher.	Researcher & their biases are not known to the participants in the study & participants characteristics are deliberately hidden from the researcher (double blind studies).
9	**Results**	Particular or specialized findings that is less generalizable.	Generalizable findings that can be applied to other populations.
10	**Scientific Method**	Exploratory or bottom–up: the researcher generates a new hypothesis and theory from the data collected.	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data.
11	**View of Human Behaviour**	Dynamic, situational, social, & personal.	Regular & predictable.

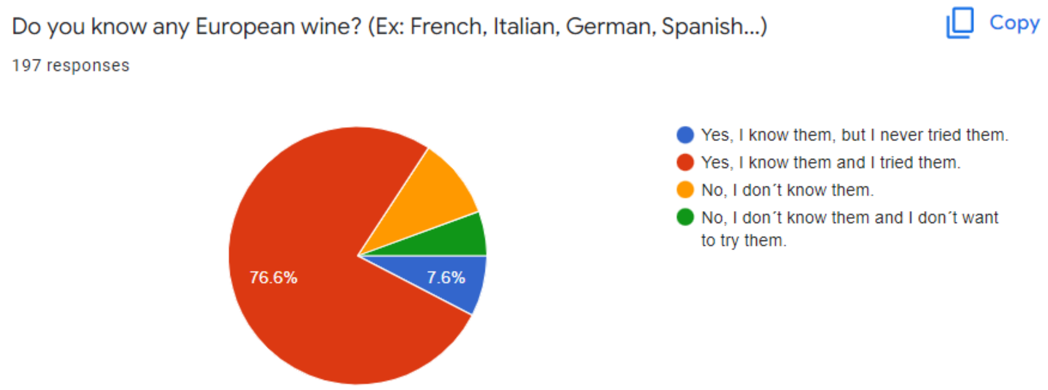
12	**Most Common Research Objectives**	Explore, discover, & construct.	Describe, explain, & predict
13	**Focus**	Wide-angle lens; examines the breadth & depth of phenomena.	Narrow-angle lens; tests a specific hypothesis.
14	**Nature of Observation**	Study behaviour in a natural environment.	Study behaviour under controlled conditions; isolate causal effects.
15	**Nature of Reality**	Multiple realities; subjective.	Single reality; objective.
16	**Final report**	Narrative report with contextual description & direct quotations from research participants.	Statistical report with correlations, comparisons of means, & statistical significance of findings.
Source: (Johnson, & Christensen, 2008, p. 34; Lichtman, 2006, p 7-8; Xavier University Library, 10/12/12)			

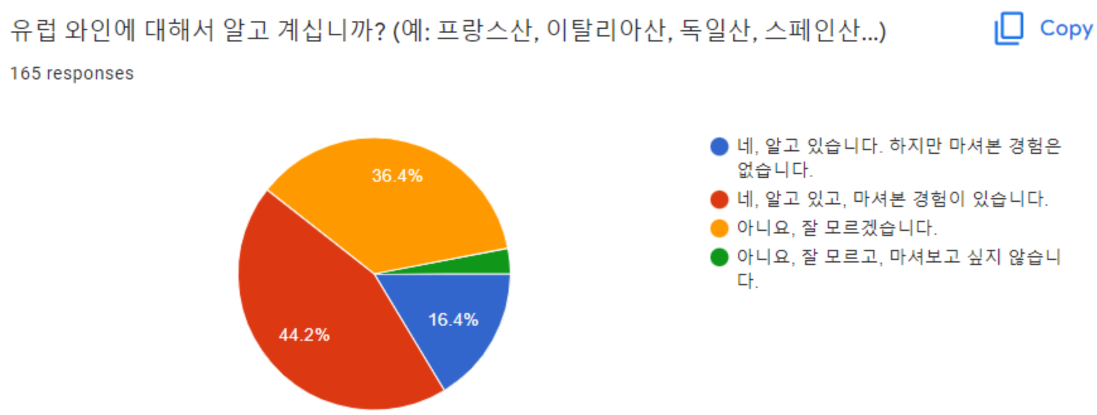
Annex C: Excel with the answers of the survey in English and Korean

English Survey:
https://docs.google.com/spreadsheets/d/1TM66HRo8ugNvbtydyIBdrpOA3TxC2iaEDsX_kcUROt0/edit?usp=sharing

Korean Survey:
https://docs.google.com/spreadsheets/d/1p1SjEjFU4r8Uk7qNNkmLPLXyjyYR2hdOva-sT5RrWMc/edit?usp=sharing

Annex D - English and Korean Survey: Do you know any European wine? - 유럽 와인에 대해서 알고 계십니까?





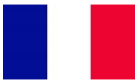
Annex E – Interview made to a Korean citizen (Ms. Suzy) that made the Camino de Santiago de Compostela (script & audio)

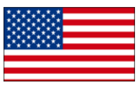
1. How did you discover the Camino?
2. Why did you make the Camino?
3. Which kind of wines did you try while making the Camino?
4. What opinion do you have about Spanish wines?
5. Did you try Galician wines (normally white)?
6. What makes them different from the rest?
7. Do you think the promotion of Camino de Santiago can increase Korean people to drink Galician wine?
8. Which are, in your opinion, the main points that Galician wines must have to entering the Korean market?

Suzy´s interview.zip

Annex F - Available wines in the supermarkets, areas of Sangdo (Dongjak-gu, Seoul) and Yongsan Station (Yongsan-gu, Seoul)

Country of origin	Price (KRW)	Name
 Chile	9.900, 9.900	Casillera del Diablo
	7.900, 7.900	G7 the 7th generation red/white
	15.000, 15.000	Aliwen
	19.800	35ºSouth Reserva
	25.000, 25.000, 19.000, 19.000	D´Alamel White/ red
	14.800, 17.800	Trio normal y reserva
	10.900, 10.900	120 Santa Rita
	12.800, 12.800, 13.800	9 Lives blanco y tinto, reserva
	14.900, 9.900	1887 Gran Reserve white/red
	17.900	Montes
	9.900	Fronteras
	9.900	Autoritas
	35.000	Marqués Casa Concha
	12.900	Prólogo Francisco de Aguirre
	24.900, 24.900	Secreto Viu Manent red/white
	14.500, 14.500	Bicicleta
	8.900	Santa Helena
	19.800, 19.800	Sibaris red/white
	19.000, 19.000	Yali red/white
	24.800	Cono Sur 18
	35.000	Chateau Ste Michelle
	13.900	Lidemans

 Australia	19.800, 15.800, 15.800, 15.800	Wolf Blans (2 red/ 2 white)
	15.800, 19.800	Yellow tail red/white
	40.000	Rosemount
	34.800, 46.800, 34.800, 34.800	Two hands (all red)
	14.900	Milton Park
	11.900, 11.900	Deakin Estate red/white
	37.800	Saint Clair
 France	8.900	Belvino
	34.800	Bourgogne Pinot Noir Louis Jadot
	29.000	Bourgogne Vignes de Pinot Noir
	29.800	Côtes du Rhóne
	28.000	Costières de Nîmes La Ciboise
	17.900, 25.000	Côtes du Rhône Cellier des Princes (2 red)
	19.800	Bordeaux 1883
	32.800	Kressmann Monopole Bordeaux 2016
	19.900	Château Guibon Bordeaux
	9.900, 9.900	Roche Mazet Pays d'Oc, Merlot/Cabernet Sauvignon
	13.800	Les jamelles Cabernet Sauvignon
	8.900	Barton & Guestier Cuvée Spéciale
	25.800	Poggio al Tufo Moresco Toscana 2015

 Italy	14.900	Mezzacorona Cabernet Sauvignon Trentino DOC
	9.900, 9.900	Tiara Frizzante Dolce Rosso/Bianco
	13.900	Canti Piemonte Brachetto
	15.900	Castello del Poggio Moscato
	25.000	Planeta Plumbago Nero d´Avola Sicilia DOC
	14.900	Balvi Soprano Moscato d´Asti 2020
	8.900, 8.900	Memoro Piccini Bianco/Rosso
	24.800	Jorio O Monteoulciano d´Abruzzo
	27.000	Poggio al Sale Chianti
	15.000	Castellani Premio Chianti
 EEUU	24.800, 24.800	Two Vines Cabernet Sauvignon/Merlot
	42.800	Gnarly Head
	8.900, 8.900, 16.900	Carlo Rossi Ice/Red/ Reserve
	8.070	Mogen David Concord
	18.900	Apothic Red
	35.800, 35.800	Columbia Crest cabernet sauvignon/ Syraz
	47.500	Quilt Red Blend Napa Valley
	50.000	Chateau Ste Michelle Cabernet Sauvignon
	18.900	Franzia Cabernet Sauvignon
	7.600	Mogen David Blackberry

	9.800/14,800	Federico Paternina Rioja (Crianza/Reserva)
	33,600/42,800	Tinto Pesquera Crianza/Reserva
	11,880/19,800	Terra Linda (Syrah/Garnacha)
	16,500/16,500/16,500	Olivares (WhiteRed/Rose)
	29,980	Egomei Rioja
	24,800	Haza Crianza Ribera del Duero
	14,800/14,800/14,800	Bodegas Care Tinto Sobre Lías (Garnacha/Syrah/White)
	14,800/24,800	Montecillo (Crianza/Reserva)
Spain	24,800	Marqués de Monte Meru Gran Rserva
	16,400/16,400/ 16,400	Real Compañia de Vinos (Tempranillo/White/ Garnacha)
	19,800	Lan Crianza Rioja
	24,800/24,800/24,800	De Muller Syrah/ Chardonnay/ Sauvignon
	7,800	Lolailo Sangria
	4,900	Dos Copas Tinto
	72,000	Ramos-Paul tinto 2006
	29,600	De Moya Sofia 2018
	19,000	Felix Solis Mucho Mas Tinto
	30,500	Juan Gil Jumilla Bleu Label 2018

	15,300	La atalaya del camino 2018
	120,000	Agarena Appassimento Tinto 2019
	22,200	El tanino 1752 alta expresión 2015
	16,500	Senda de leñadores 2018 Pago Aylés
	31,900	EGO goru 38 barrels 2017
	10,800	Tradición de Aresan tempranillo Cabernet Sauvignon Petit Verdot 2019
	18,400	Sericis cepas viejas Bobal 2017
	49,000	Castillo perelada empordá grande reserve speiciale balduino y fabiola 2016
	14,700	Bodegas Care Crianza tempranillo merlot 2018
	19,400	El vinculo crianza 2016
	25,000	Bleda pino docel 12 meses 2018
	33,400	Bodegas langa pi 3.1315 concejon tinto 2019
	24,000	Marques de requena crianza 2017
	18,100	El grillo y la luna 12 lunas tinto 2018

 Portugal	32,800/32,800	Fonseca Porto (Tawny/White)
	29,800	Fonseca Porto (Ruby)
	29,800	Fonseca Porto Siroco
TOTAL PRICE	1071660 1071660/44 = 24355,91 KRW	Price Average
Prices of wine bottles in E Mart and NH Mart (supermarkets) in Sangdo and Yongsan from 11/2021 to 03/2022		

Annex G – Example on price formation for Loura do Bolo in € (Global, 2016)

Example on price formation for *Louro do Bolo* in € (Global, 2016)

A	CIF (Cost, Insurance, Freight) Invoice Value	€13
B	Import Duty: A x 15%	€1.95
C	Liquor Tax: (A+B) x 30%	€4.49
D	Education Tax: C x 10%	€0.45
E	Subtotal: (A+B+C+D)	€19.89
F	Value Added Tax (IVA): E x 10%	€1.99
G	Handling fees for customs clearance: A x 8%	€1.04
H	Total cost of wine upon customs clearance: (E+F+G)	€22.92
I	Cost for the wholesaler (H+15%)	€26.43
J	Cost for the Supermarket (H+30%)	€29.89
K	Final Price at the Supermarket (J+20%)	€35.87
L	Cost for the Wine Shop (H+40%)	€32.09
M	Final Price at the Wine Shop (L+30%)	€41.71
N	Cost for the Hotel/Restaurant (H+40%)	€32.09
O	Final Price at the Hotel/Restaurant (N+200%)	€96.27

Annex H - Marketing images

A Chave Galician Game

Background video of Camino de Santiago

Las Catedrales

Sil Valley

Celtic Galicia

Serra de Capela

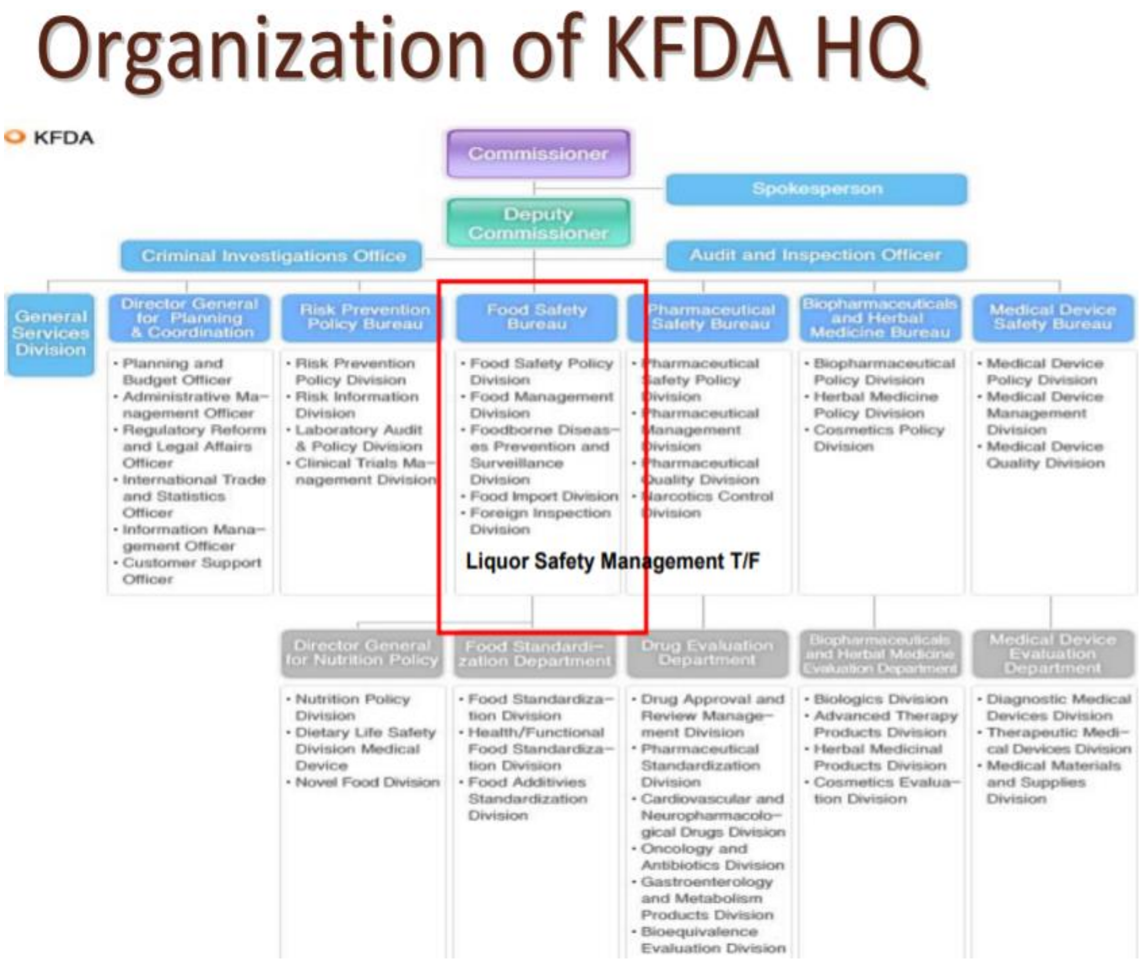
Santiago de Compostela

Annex I – Prices for digital posters in the stations

Prices for digital posters in the stations		
Place	**Times a day/week**	**Price**
CM Board (Hapjeong Station Rectangular Column)	120 times a day/ one week	25,000 KRW
Shin-Okubo Video electric display of Hallyu Street	One week / about 48 times a day	35,000 KRW
Video Exposure of 42 waiting rooms on Seoul Subway Line 2	30 times a day / one week	45,000 KRW
Gangnam-gu Office Station Line 7	120 times a day/ one week	25,000 KRW
Konkuk University Station Line 7	120 times a day/ one week	25,000 KRW
Bus Advertisement (No. 273)	1 month	200,000 KRW
Subway Line 2, in Hongdae Station | Video Ads & two sides of the canopy on the platform	120 times/ day	100,000 KRW
Digital poster in the lobby of CGV Gangnam Branch	200 times a day/ week	32,000 KRW
Jamsil Lotte Town Trevi Square Large Digital Advertisements (3 screens)	140 times a day/ 15 days	350,000 KRW
Myeong-dong Lotte Young Plaza Video Advertising	30 times a day/ 30 seconds/ 100 times a day	80,000 KRW
Hongdae Station Exit 2	100 times a day/ 7 days	300,000 KRW
Hongdae Station Exit 9	10 seconds / 257 times a day / 1 month	320,000 KRW
COEX Mall + Live Plaza / A total of 18 columns	100 times a day/ 15 days	1,600,000 KRW

KPOP Square Seoul Line 2 Samsung Station Intersection	40 times a day/ 2 days	3,300,000 KRW
9TO9 Cube (monthly) in COEX Mall	100 times a day / month	250,000 KRW
Hongdae Platform Square Column Advertisement	120 times a day/ 15 days	180,000 KRW
Source: https://en.fannstar.tf.co.kr/smarket/productRank		

Annex J – Organization of KFDA HQ



Annex K – Wine bottle tag requirements

Name : OOOO Country of origin: OO
Type: OO (alcohol O %), Contents : OO ml
Manufacturing company : OOOOOO
Ingredients : OOOOO
Importer's name : OOOO, address, phone number
Date of bottling : (Year-Month-Day or Julian Code or Lot no.)
Warning Statements
Statement of Sale Prohibition for minors
Recycling Logo
"Sell for household , " Sell of Supermarket Store"

Annex L – Commercial Invoice

COMMERCIAL INVOICE

Vendor/Exporter	Invoice Number:	Date of Shipment:	
	Letter of Credit Number:		
	Currency:	Country of Origin:	
Cosignee:		Importer:	
Transportation: To: From:	Number of Packages: Net Weight: Gross Weight:	Total Invoice:	

Description	Quantity	Weight	Unit price	Total price
Product 1	1	100 lbs.	50	€ 50.00

Other information
Enter Payment terms here

Subtotal		50.00
Tax Rate		6%
Tax Due		3.00
TOTAL	€	53.00

Signature:	Name:	Date:

<u>Annex M – Packing List</u>

<table>
<tr><td colspan="6">PACKING LIST</td></tr>
<tr><td colspan="2" rowspan="3">Exporter</td><td colspan="2">Invoice No. & Date</td><td colspan="2">Exporter´s Ref.</td></tr>
<tr><td colspan="4">Buyer´s Order No. & Date</td></tr>
<tr><td colspan="2">Other reference(s):</td><td colspan="2">IEC No.:</td></tr>
<tr><td colspan="2" rowspan="2">Consignee</td><td colspan="4">Buyer (if other than consignee)</td></tr>
<tr><td colspan="2">Country of Origin of Goods</td><td colspan="2">Country of Final Destination</td></tr>
<tr><td>Pre-Carriage by</td><td>Place of Receipt by Pre-carrier</td><td colspan="4" rowspan="3">Terms of Delivery and Payment (CIF)</td></tr>
<tr><td>Vessel Flight No.</td><td>Port of Loading</td></tr>
<tr><td>Port of Discharge</td><td>Final Destination</td></tr>
<tr><td>Marks & Nos./</td><td colspan="2">No. & Kind of Packages Description of Goods</td><td>Quantity</td><td>Size</td><td>Total Pcs</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="2" rowspan="2">Declaration: We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.</td><td colspan="3">Signature & Date</td></tr>
<tr><td colspan="3">Authorised Signature</td></tr>
</table>

Annex N – Custom Declaration South Korea (153 pages)

A. Custom
Declaration South Kor

Annex O – Reference to the customs declaration for free circulation

Reference to the customs declaration for free circulation	
Identification of the declarant: **Information relating to the origin of the goods:**	
Description of the product: Tariff classification (minimum 6 digits):	Ex-works price: Origin:
How did you make the assessment of the declared origin of the product?	
Which of the provisions in the Union Customs Code Regulation (EU) 952/2013, and Commission Delegated Regulation (EU) 2015/2446 have been applied?	
Please provide the following information relating to the origin determination:	
Detailed description of the production process:	If not, please provide the following elements: Where the origin determination is based on a change in tariff classification, for each of the materials or components:

Has this product been manufactured entirely from materials that were wholly obtained in the country of production?	the sub-heading in which they are classified (6 digits) the origin Where the origin determination is based on a value-added rule, the value of the most important components not originating in the country of manufacture, allowing for the verification that the rule has been fulfilled. Where origin is determined by any other method (such as a specific processing operation or a residual rule), detailed information (as appropriate: weight, value of materials, etc.) allowing for the verification that the rule has been fulfilled.
Please note that evidence relating to these elements may be required at a later stage, including copies of import declarations, invoices etc. **Where the information above should be kept confidential, this document may be sent back directly to the customs office responsible for the verification of the declared origin at the following address:**	