

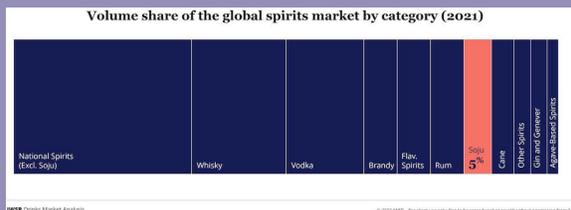


Can Soju Ride the Korean Cultural Wave to Find Success in Global Markets?

by The IWSR Drinks Market Analysis, www.theiwsr.com

IWSR expects soju volumes to grow in a number of APAC markets over the next five years, as brand owners tap into K-pop and focus on flavor innovation.

South Korea's soju producers are targeting growth opportunities in markets across the Asia Pacific region, buoyed by the huge popularity of Korean culture, known as the 'Hallyu', including the highly influential K-pop scene.



Soju holds a 5% volume share of the global spirits category, and IWSR expects soju volumes to grow in a number of markets across Southeast Asia over the next five years, although off a relatively small base. The category is also targeting Asian expats living in countries such as Australia and New Zealand.

These fresh avenues of growth should help to offset more lackluster trends in the domestic South Korean market. Although soju will remain huge here, future expansion will be limited by factors including rising health consciousness and consumer migration into other drinks categories.

Growth Markets

Historically, soju consumption has been almost exclusively confined to the South Korean market, which accounted for 97% of global volumes in 2021, but now a host of other APAC countries are witnessing rising soju volumes.

Between 2014 and 2019, IWSR data shows soju volumes rose at a CAGR of +80% in Indonesia with Vietnam, the Philippines, Taiwan and New Zealand also witnessing increasing interest in the category, each with volume CAGR growth between 20-30% (2014-2019).

Soju consumption in Indonesia has seen "remarkable" growth recently according to Jonathan Ho, market analyst at IWSR, largely due to the popularity of Korean culture, including K-pop songs, TV and variety shows.

"Younger legal-aged consumers find soju affordable and easy to drink, and there are now eight or nine locally bottled brands that account for more than half of total consumption," Ho said.

Some regional markets were negatively impacted during 2019-21 by the Covid-19 pandemic and on-premise closures, although Malaysia, Hong Kong, Cambodia and Taiwan all reported impressive growth, with volume CAGRs of between 20-30%, from 2019 to 2021.

Looking ahead, soju volumes are expected to grow in markets including Vietnam, the Philippines, Indonesia, Malaysia, Cambodia, New Zealand and Australia.

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CAP White Paper on Open Container Laws

The Center for Alcohol Policy (CAP) has released a new white paper outlining the legislative history of open container laws in the U.S. and how they act as an important countermeasure in the fight to prevent drunk driving, and which addresses the significant safety questions raised by recent alcohol-to-go legislation following the Covid-19 pandemic. The report was commissioned by CAP and authored by J.T. Griffin, principal at Griffin Strategies, LLC, and former Chief Government Affairs Officer for Mothers Against Drunk Driving (MADD). It follows the publication of CAP's recent report on the legislative history of drunk driving in the U.S., also authored by Griffin.

Open container laws require alcohol beverages to be sealed and stored out of the passenger area in vehicles. Griffin's latest report provide legislative background to these laws and explains how they serve as an essential "countermeasure available to discourage drunk driving."

Griffin further discusses present challenges to these existing laws, specifically the onset of alcohol-to-go legislation in response to the dramatic dip in restaurant and bar sales in the wake of the Covid-19 pandemic.

"While efforts to allow alcohol-to-go predate Covid-19, these types of sales were presented as a practical way to help bars and restaurants during the pandemic," said Griffin. "However, now that things are returning to normal, alcohol-to-go sales raise a host of challenging questions, such as federal compliance with open container laws, challenges for law enforcement and concerns about underage drinking."

According to Griffin, alcohol-to-go raises substantial safety questions.

"For over 40 years, the U.S. has sent a strong 'don't drink and drive message' to the public. Groups like MADD have helped educate the public on the dangers of drinking and driving, including passage of strong open container laws," said Griffin, "As lawmakers consider these new laws, they must take into account the public health concerns that can occur from relaxing alcohol laws."

It's possible that alcohol-to-go legislation may confuse this messaging, as stated in the report. Although these laws provide that to-go cocktails, wine or beer must be covered, the laws do not guarantee compliance with federal open container laws.

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