



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Republic of Korea market insights - Health supplements

MARKET INTELLIGENCE REPORT

Report

Despite slower economic growth caused by contracting exports, private consumption and spending in South Korea remains high. This presents an opportunity for New Zealand exporters of high value health products to expand or enter the Korean market.

Focus on the health supplement sector

Korea is a health conscious society. COVID-19 has continued to drive Korean interest in health products and maintaining a healthy lifestyle, alongside growing concerns of an aging population. Having a wide range of health-related products is common in many Korean households, with both supplements (e.g. multivitamins, probiotics) and health food ingredients (e.g. ginseng, propolis) regularly included in shopping lists.

Noting these trends and identifying potential in Korea's health supplement sector, NZTE contracted Kantar to conduct market research in this area. The focus of the research was primarily on the Health Functional Supplement Market (functionality certified by Korean Ministry of Food and Drug Safety), but the non-functional, or perceived health function market is estimated as twice the size. According to their research, the following trends were observed:

- Growth is accelerating after COVID-19: In 2021 the health supplement market was worth NZ\$4.95 billion. This increased by 22% in 2022.
 - Online shopping: Naver (a popular Korean web portal) and online shopping malls are a major factor in the sales growth of health supplements.
 - Personal use: 64.6% of purchases are for personal use (not gifts).
 - Multi-type categories are the most popular (such as immunity and gut health supplements).
 - Major health concerns in Korea dictate the popularity of products. Popular products include those that strengthen immunity, improve sleep and improve eye health.
 - Best sellers include multivitamins, vitamin C, Lutein, Omega-3, and probiotics.
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Aotearoa New Zealand's place in the market

Aotearoa New Zealand already enjoys high favourability in the health supplements market in Korea – both for the quality of its raw ingredients (e.g. deer velvet, mussel oil) and value-added products (e.g. Manuka honey, colostrum protein). New Zealand is ranked the second largest international seller of health supplements in Korea after the US. New Zealand ranked top in “premium image”, “high quality raw materials”, “natural ingredients”, and “worth premium price”, and second for “organic ingredients”, “non-

harmful ingredients”, and “pure and clean”.

High value products that are rare in New Zealand are commonplace in Korea. A price comparison shows that certain products sold in the New Zealand market can retail for up to 40-50% higher in Korea (such as green lipped mussel oil capsules, and UMF20+ Manuka Honey). Exporters can also look for ‘value-add’ opportunities to their existing products, and find success in the Korean market. Deer velvet is a model example of this - Korean food and health supplement companies produce a range of high-end products using imported New Zealand deer velvet.

Thanks to the New Zealand–Korea Free Trade agreement, signed in 2015, New Zealand processed deer velvet had only a 9.3% duty from 1 January 2022, compared with the 20% duty paid for frozen deer velvet or deer velvet from other countries. This will reduce by a further 1.3% a year to 0% in 2029. Additionally, 8 out of 12 new deer velvet health food products launched in Korea in 2022 contained, and more importantly, were marketed as containing, New Zealand deer velvet. Deer velvet is one area that continues to be promising for New Zealand exporters looking to innovate, add value, and move from volume to value in the Korean market.

Comment

As Koreans continue to prioritise their health and address aging related concerns, the health supplements sector is an area of potential growth for New Zealand Exporters. Despite Korea’s slower economy, the strong reputation of New Zealand’s premium health products and Korean consumers’ willingness to spend for quality, paints a promising picture for New Zealand health supplement exporters who are looking to ‘add value’ to health supplement ingredients.

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