SCOTTS INTERNATIONAL

South Korea Retail Sector - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 170 pages | Mordor Intelligence

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Report description:

The South Korea Retail Market size is estimated at USD 518.08 billion in 2024, and is expected to reach USD 648.10 billion by 2029, growing at a CAGR of 4.60% during the forecast period (2024-2029).

South Korea's retail sales logged double-digit growth in August 2022 due to moderate measures against the pandemic. It continued to increase for the sixth consecutive month as the government lifted all anti-virus measures, except an indoor mask mandate, in April.

Revenue for offline retailers jumped 14.5 percent, and sales by online retailers soared 16.4 percent last month. Outside activity was boosted by the eased COVID-19 measures, contributing to solid demand for sports items and clothing, of which sales went up by double digits in offline stores. Online demand for food surged by 27.8 percent on the back of the Chuseok holiday, a traditional mid-autumn harvest festival in South Korea.

Due to the COVID-19 pandemic, the popularity of online shopping increased around the world. Concerns about safety led many South Koreans to increase their use of online shopping services. A survey found that a majority of respondents reported that they increased their online shopping compared to their shopping behavior before the pandemic. Food and groceries were the most frequently purchased online during the pandemic.The aging population and rising number of single-person households in South Korea are driving innovation in convenience and small-portion F&B products.

The number of companies doing business in South Korea edged up in 2021 from a year earlier amid the economic recovery; it had 6.08 million businesses in 2021, up 0.7 percent, or 44,000, from 2020. The wholesale and retail sector had the largest number of companies with 1.54 million, followed by 863,000 restaurants and hotels and 617,000 transportation firms.

South Korea Retail Sector Market Trends

Rising E-commerce Growth in South Korea Driving the Market

The most important retail trend fueled by COVID-19 was the continued rise of e-commerce. South Korea is one of the biggest e-commerce markets worldwide. As a consumer society with an internet usage rate of 93 percent among the population, it is no surprise that e-commerce holds a strong position in South Korea. Retail e-commerce volume continued to increase, especially due to the impact of COVID-19. Internet shopping was especially popular among people under 40, with over 97 percent of South Koreans from 20 to 39 using the internet to shop.

In 2021, the leading online shopping categories based on sales were food and beverages, as well as home appliances. Due to more time spent at home and travel restrictions, online travel arrangements and reservation services expenses had decreased heavily compared to the previous years. Among the items bought online the most within the previous year, clothing, footwear, sporting goods, and accessories took the top spot by a large margin.

Mobile retail e-commerce sales are also particularly strong in South Korea. The value of mobile transactions accounted for a significant portion of total online transaction value. Mobile shopping has become a popular way to pass time.

Food Industry Dominates the Retail Sector in South Korea

The food industry in South Korea takes up more than one-third of the country's retail market, totaling more than KRW 129 trillion. Despite the ongoing economic downturn, food retailing has shown steady growth rates, along with luxury goods and electronic equipment markets. Since 2020, as social distance restrictions persisted and people spent more time at home due to the pandemic, online food retail has seen significant sales growth.

Grocery supermarkets led the food retail industry in South Korea, with food sales amounting to over KRW 40 trillion. Grocery stores have become more popular by selling locally grown crops and livestock at lower prices while keeping the same quality.

The South Korean online food market grew by over 40 percent in 2020 as more and more people switched to online shopping amid the COVID-19 pandemic. Over the past years, consumer confidence has also increased as large retail brands and food specialists entered the online grocery market. Food companies have developed logistics and delivery systems as competition in the online market has intensified.

South Korea Retail Sector Industry Overview

The report covers major international players operating in the South Korean retail sector. In terms of market share, a few of the major players currently dominate the market. South Korea's retail sector is saturated with domestic players, mainly conglomerates such as Lotte, Hyundai, Shinsegae, GS, CJ, and E-Land, which own multiple retail channels. These firms are known for their strong financial capabilities and huge organizational capacities. However, with factors such as technological advancements and product innovations, mid-size to smaller companies are increasing their market presence by securing new contracts and tapping into new markets.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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