



SOUTH KOREA 2021 LEADING THE WAY: RESILIENCE, PERSPECTIVES & INNOVATIONS

10 key points

1 South Korea is managing fairly well despite the pandemic. Thanks to its proactive response, after the contraction of the first half of 2020 due to Covid-19, the Bank of Korea estimates that growth should represent at least 3% in 2021. This success would make Korea the least impacted OECD country, allowing it to become the world's 9th largest economy this year, a jump of three places since 2019.

2 The Government's response to Covid-19 has been evaluated somewhat positively. However, concerns regarding being infected are still prevalent (61% of Koreans were still worried about the epidemic in December). Social distancing, working from home and contactless activities have become the norm and the prolonged practice of such norms are expected to become a new standard for the post-Covid-19 era.

3 South Korea is ageing fast. For the first time in 2020, the number of births was lower than the number of deaths (275,815 Vs. 307,764). In 2067, South Korea's population is expected to be just 39m and the median age will be 62. There are several causes for such a low birth rate, including the costs of educating children and soaring real estate prices.

4 South Korea must face up to gender inequality. In 2020 as in 2019, South Korea was placed 108th out of 153 countries in the global ranking of gender inequality carried out by the World Economic Forum, advancing 10 places in three years. This is the sign of a social transformation following the demonstrations of 2018 and the #MeToo movement. In 2020, Koreans were unevenly divided on this issue: only 38% of women (vs. 71% of men) consider that, when it comes to giving women equal rights with men, things have gone far enough in South Korea.

5 South Korea's belief in "tech" is stronger than before. 44% of the population believes that the development and availability of digital tools and technologies will progress further this year.

6 South Korea shows interest in electric vehicles. The fear of contamination and the restriction of outdoor activities makes using public transport less desirable. This interest in a car as a form of personal space, overlapping with the growth of electric powertrains and with the expansion of digital services, brought changes to the automotive market and provides a great opportunity to manufacturers. But importers have fared better than domestic OEM in 2020; while homemade EV sales remained sluggish, imported EV sales surged 8.5 times in Korea in 2020.

7 The pandemic accelerates the rise of the "Home Economy". Because people spent more time at home, consumption for products related to indoor activities, or allowed them to maintain their fitness skyrocketed in 2020. For example, revenue from (1) portable, connected fitness devices (wearables) and (2) digital fitness and nutrition apps is projected to reach US\$311m and is expected to show an annual growth rate (CAGR 2021-2024) of 3.7%, resulting in a projected market volume of US\$347m by 2024. Purchases have primarily been through online channels, as early-morning deliveries, or as regular subscriptions. If the pandemic had not taken place, it would have taken a greater number of years for these purchase methods to become a norm in society.

8 South Korea is demanding more in home appliances and electronics. The home economy also increased the demand for convenient and premium household appliances that make household chores easier. Out of all retail products, home appliances and electronics remain second behind the sale of groceries.

9**South Korea is buying more and more things online.**

In February 2021, online shopping transactions were up 15.2% on the same month in 2020. Over the same period, mobile shopping saw an even better rise, up 20.2% on February 2020. Mobile shopping transactions accounted for 70.7% of the total online shopping transaction value, an increase of 2.9% on the previous year.

Since the outbreak of Covid-19, the rise of contactless services has accelerated digital and online lifestyles, which in turn promoted the growth of the eCommerce market this past year. The consumption of online content at home as a leisure activity has become the norm and creates new innovative opportunities.

10**South Korea loves digital media.**

While the overall advertising market is expected to stagnate, consumption of digital media is expected to grow significantly. Because of controversies related to false advertising in new media, consumers are increasingly paying subscription fees to avoid exposure to advertisements. In 2020, South Koreans are estimated to have spent over 500bn won (US\$454m) on global video streaming service Netflix, doubling the amount of the previous year. Businesses that have quickly responded to these trends with constantly evolving content gained success.

FLAIR SOUTH KOREA 2021 Q&A EUNHAE YOO, IPSOS IN SOUTH KOREA

Q Why do we say that for South Korea is “Leading the Way, Resilience, Perspectives & Innovations”?

A This second edition of Ipsos Flair is therefore all the more interesting given that, while so many other countries in the world are embroiled in the health and economic crisis, South Korea continues to take the lead and make it possible to picture a more precise design of the “New World”, hence “leading the way”. Resilience, because despite the Covid-19, thanks to its exports which benefit from the Chinese recovery and the “zoom boom” and a GDP growth of 1.1% on quarter over the last three months of 2020 after + 2.1% in previous quarter. By comparison, the Eurozone economy shrank by more than 7% and Japan’s GDP fell by 5%. Outlook, because South Korea could experience 3% growth in 2021 while the prospect

of collective immunity in the second half of the year could support demand. Innovations, because that is the condition for transforming and inventing society as well as businesses, brands and companies, and the world of tomorrow. As early as 2019, South Korea launched the world’s first 5G smartphone, a step ahead!

Q What are thus the priorities for South Korea in 2021?

A 2021 is an opportunity to remember that their ability to transform has enabled the world’s largest groups to overcome the greatest crises: Kellogg’s, P&G, Heinz, Nestlé lived through 1929; McDonald’s, Sony, Apple was born in the 1970s. Google, Amazon, eBay were born during the Internet Bubble explosion. The main priority is to be the Covid-19 babies. And Ipsos is there to help you to be a winner.

IPSOS FLAIR COLLECTION

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Launched in 2005, the Ipsos Flair Collection was created in order to affirm Ipsos' intellectual leadership and relevancy of its experts:

- Analysing countries' mood and feelings of consumers-citizens
- Exploring key topics (aging, emancipation of women, the environment, purchasing power, changing attitudes, the impact of digital)
- A selection of successes and examples for strategists

Ipsos Flair is a precious tool in line with Ipsos' positioning and new signature:

“Be Sure. Act Smarter”

The full Ipsos Flair report can be found at <https://www.ipsos.com/en/flair-collection>