Korea's On Premise moving from high spirits to healthy sips – how can brands adapt?

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In this exclusive analysis, Jaepil Sohn, Client Solutions Director at CGA by NIQ, leverages insights from the newly launched On Premise Measurement (OPM) for South Korea to offer an unparalleled perspective on the country's On Premise landscape. He highlights key insights, offering a comprehensive overview of the sector and pinpointing the most promising opportunities for businesses across trending drinks categories.

The South Korean market is one of the most dynamic in the Asia-Pacific region, with strong potential for both local and international brands. At the moment, however, the country finds itself in a delicate position, grappling with the effects of major disruptions to the global supply chain and significant shifts in consumer behaviour and purchasing patterns in the wake of the pandemic. Inflation, along with international political and economic instability, has further strained the economy – a trend that we are admittedly seeing globally – creating an unpredictable market. With rising product prices driving monetary growth, a recession is now anticipated as inflation continues to deplete consumer disposable income.

Yet, despite the broader economic challenges, the food and beverage sector in South Korea is showing resilience. NIQ's Market Track data suggests beverages are growing at a rate of **2.5%**, while alcoholic drinks are experiencing only a slight decline **(-0.5%)**. The On Premise sector is certainly playing a role in this landscape, remaining a crucial part of South Korean society. Our research shows that **86%** of consumers have visited On Premise venues in the past three months, and **65%** do so weekly. And while overall visits have declined compared to previous years, pro capita spending has increased by **16%** in 2024 compared to the year before. This suggests that consumers are prioritizing quality experiences, aiming to make the most of their reduced disposable income when dining or drinking out. They like to visit the On Premise not in spite of these challenging times, but precisely because of them. They value it as a space for meaningful connections with family, friends, and colleagues. For businesses, this presents a unique opportunity to create experiences that consumers truly appreciate and seek out, helping to build brand equity even in challenging times.

After-work drinks have increased by +10pp since last year

National cuisine and post-work drinks

To help businesses make informed decisions and better position themselves in this dynamic market, we first examine specific channels. Venues offering Korean food are some of the most popular, with **53%** of On Premise users visiting them. Similarly, classic pork belly houses attract about half of the users. Other popular establishments include those serving lunch, HOF bars, casual spots that offer drinks and snacks, as well as raw fish restaurants and Japanese restaurants. These food-led venues all represent key areas for businesses to target in this competitive market. Indeed, while eating out occasions have seen a slight decline, eateries remain incredibly important in South Korea, with over a third of all On Premise users visiting these venues for dinner and casual dining.

But our data also shows appealing opportunities in more wet-led establishments. After-work drinks have increased by **10 percentage** points (pp) since last year, now attracting **36%** of all users. Brands and suppliers, and operators can capitalize on this trend by focusing on products that align with the informality of this setting. Relaxed and quiet drinking occasions have also grown by 2pp, now appealing to a significant **28%** of all users. The opportunity for businesses here lies, once again, in the informality of the drinks, but also in their potential for fostering shareability and social connection.

High spirits

While they represent less than half of all beverages sold, spirits play a key role in the Korean On Premise, accounting for a staggering **78%** of the value. Overall, the category in Korea is experiencing a slight decline: volumes have decreased by **9.2%** year-on-year, and the value has dropped too, by **5.5%**. The downward trend is evident across most spirits categories, including whisky, vodka, gin, and tequila. Rum, which only accounts for **3%** of the Korean spirits market, has been the hardest hit, with a decline of -**18%** in volume and **-16.4%** in value. But the decline has also affected soju: Korea's national drink, consumed by over half of all On Premise users, has seen a **6%** drop in volume and a **5.2%** decrease in value.

Downward trends, however, do not mean that suppliers should abandon these categories, especially if they still represent a significant share of the market. Whisky, for example, accounts for a dominant **71%** of all spirits sold in Korea's On Premise and is associated with several positive attributes for consumers. For **37%**, it helps set the tone for an occasion, while **34%** drink it to savour

71%

of all spirits sold On Premise in Korea *are whisky*

the experience. Nearly a quarter use it to take a break or even to energize. Scotch remains by far the largest whisky subcategory, accounting for nearly **80%** of all bottles sold. American whiskey comes second, representing **11.3%** of the market. Interestingly, it is the only subcategory to have seen a mild increase in recent years, with a nearly 1pp rise between 2023 and 2024.

As far as broader spirits groups are concerned, brandy and Cognac are the only spirits segments to have seen positive growth, with a **4.5%** increase in volume and an impressive **7%** growth in value. This suggests that while overall consumption may be decreasing, consumers are still willing to splurge on special occasions. In Korea, brandy and cognac account for only **1.5%** of the spirits market—less than the global average—indicating significant growth potential, so this is a category that suppliers and brands should closely monitor.

45%

of consumers state that they visit the On Premise *to be healthier*

Korean Wellness

At the other end of the ABV spectrum, opportunities for no- and low-alcohol options are expanding in South Korea. Consumers are becoming more health-conscious, showing a growing interest in low-calorie, low-fat products, and beverages made with locally sourced, health-focused ingredients. These trends have gained significant momentum compared to both the pre-COVID and COVID periods and today, the “quality & better-for-you” mindset appears to be the primary driver for beverage and alcohol buyers.

To capitalize on this opportunity, businesses must maintain a clear focus on the nuances of this consumer trend, understanding not just what drives purchasing decisions but also what motivates people to visit the On Premise in the first place. Combining these two factors is the most effective strategy for maximizing revenue growth.

Firstly, the no- and low-alcohol category should not be viewed as necessarily catering to the same consumer base, drinking occasion, or venue. Low-alcohol spirits, for instance, have largely extended post-COVID at-home drinking habits, being primarily consumed alone or during weekend meals. In contrast, no-ABV products are carving out entirely new occasions for alcohol alternatives, such as lunch breaks.

A further analysis is also needed to understand how Korean consumers perceive wellness, which increasingly encompasses not only physical health, but also mental wellbeing, emotional satisfaction, and enjoyment. In fact, **45%** of users state that they visit the On Premise to be healthier. This finding should be interpreted as a search for both mental wellbeing, as well as for physical health, with **32%** of Korean drinkers planning to opt for healthier choices during their 2025 On Premise visits, and **27%** even intend to abstain from alcohol while out. This mindful consumer base is already significant: **11%** of Koreans currently consume low- and no-alcohol options in the On Premise and they also demonstrate strong spending power, with nearly a third willing to pay a premium for products that offer health-related benefits.

Our research shows that the On Premise sector in Korea offers significant opportunities across these growing categories, from low- and no-alcohol options to spirits. Tapping into these trending segments, businesses can drive revenue by expanding drinking occasions across different settings, from social gatherings to personal leisure, and from work-related occasions to entertainment. To fully capitalize on these opportunities however, businesses must stay focused on detailed, data-driven insights to inform their strategies and maximize their potential in the market.

CGA by NIQ's On Premise Measurement service provides deep insights into alcohol sales within the dining and drinking channels across South Korean. OPM covers Korea's 17 administrative divisions, enables businesses to address key questions related to category, channel, and occasions, and to optimise their sales and marketing strategies. To explore how OPM can enhance your strategies or to learn more about CGA's other solutions for brands, operators, and suppliers, please visit *www.cgastrategy.com*

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