



An Introduction of the Agency for Food Industry Information Analysis (AFIA) Project of Korea

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The AFIA project, which was launched in 2016 by the Ministry of Agriculture, Food, and Rural Affairs of Korea, is a information-providing food industry policy that is worthy of reference. In particular, This project is going to be introduced at this point in 2019, as it has undergone a significant improvement in 2018 and has become a very complete policy. This article has been written based on KREI's report of the Agency for Food Industry Information Analysis published in 2017.

Policy background

The shipment of food products in Korea is estimated to be US\$68,750 million (exchange rate of 1,120 Korean won per dollar applied) in 2017. If we include US\$10,714 million of beverage manufacturing shipment, the shipment will increase to approximately 80,000 million. If the addition of about US\$96,000 million of restaurant business sales (as of 2015) to the food and beverage manufacturing industry is accounted, then the entire “food industry”, which consists of food and beverage manufacturing, and restaurant industry, will reach approximately US\$180,000 million. As food and beverage manufacturing sales are forecast to grow by 6.9% respectively in 2017, this industry is still a constantly-growing core industry in Korea. In addition, the food industry is much more important as it has a great influence on stabilizing the supply of and demand for domestic agricultural products and increasing the income of farm households.

With the backdrop of the importance of the food industry, there has been a steady need for channels and organizations to effectively provide information demanders with a variety of analysis results on food industry in order to respond flexibly to changes in various conditions surrounding the food industry. In accordance with the information needs, Article 9 (2) of the 「Food Industry Promotion Act」 stipulates the government's responsibilities for the designation and operation of “Agency for Food Industry Information Analysis (AFIA) (hereinafter the ‘AFIA project’).” The Ministry of Agriculture, Food, and Rural Affairs designated the Korea Rural Economic Institute (KREI) and Seoul National University (SNU) as AFIA in 2016, and has provided relevant policymakers and the market players with a variety of information on food industry since then.

Operation of the AFIA Project

The center for Food and Marketing Research of KREI has conducted the AFIA project since 2016 in collaboration with a food economics team of SNU. Eight research fellows (Ph.D. degree holders) and four researchers (M.S.

degree holders) participated in this project in 2018 from KREI side, and three professors and six graduate students are involved in this task from SNU side. This project is funded by the Ministry of Agriculture, Food, and Rural Affairs. Annual budget for this project has been constant to be approximately US\$540 thousand.

Contents of Information

The AFIA project consists of three major parts. The first part is an analysis of market and industry trends, aiming to identify the latest trends and trends in the size and growth rate of domestic and overseas food industry markets. The second part is in-depth analysis. In addition to producing national statistics, the AFIA project also performs 'in-depth analyses' beyond the simple statistical analyses using various domestic and overseas statistics that can be used in relation to the food industry. The third part is about building and utilizing information systems. In this part, an information providing system to effectively transmit the produced statistics or analysis results to the concerned policymakers or market participants is established, and the produced information is actually delivered through the established system (see Figure 1).

The market and industry trend analysis part is again divided into three sub-areas: 1) food and beverage industry area, 2) food consumption area, and 3) restaurant industry area. In the food and beverage industry area, trends and issues in domestic and overseas food industry are identified utilizing all available domestic and overseas information. Moreover, food industry outlook is also conducted by adopting time-series econometric analysis, SNS (social media network service) keyword analysis, and so on. In the food consumption area, household food consumption expenditure is analyzed using data for Household Income and Expenditure (HIE) Survey produced by Statistics Korea. Moreover, food consumption trends and dietary life are also identified by SNS big data analysis and KREI's Consumer Behavior Survey for Food (CBSF) data analysis, respectively. In the restaurant industry area, in order to figure out the current status of restaurant industry and procurement of food material, a set of basic statistical analyses are conducted using the survey data produced by the AFIA project, the "Business Survey for Restaurant Industry (BSRI)." (See Figure 1)

The in-depth analysis part is also divided into three sub-areas: 1) food and beverage industry area, 2) food consumption area, and 3) restaurant industry area. In the food and beverage industry area, the ripple effects and linkages of the food industry are identified through interindustry analysis. Life cycle and matrix analyses are also carried out in this area for each food category, respectively. In the food consumption area, in-depth consumption analyses are conducted using point-of-sales (POS) data purchased from the Nielson Company and survey data implemented by the AFIA project, the "Consumer Attitude Survey for Processed Foods (CASPF)." In the restaurant industry area, productivity index is estimated, and various econometric analyses are conducted to figure out current status of business industry using BSRI (see Figure 1).

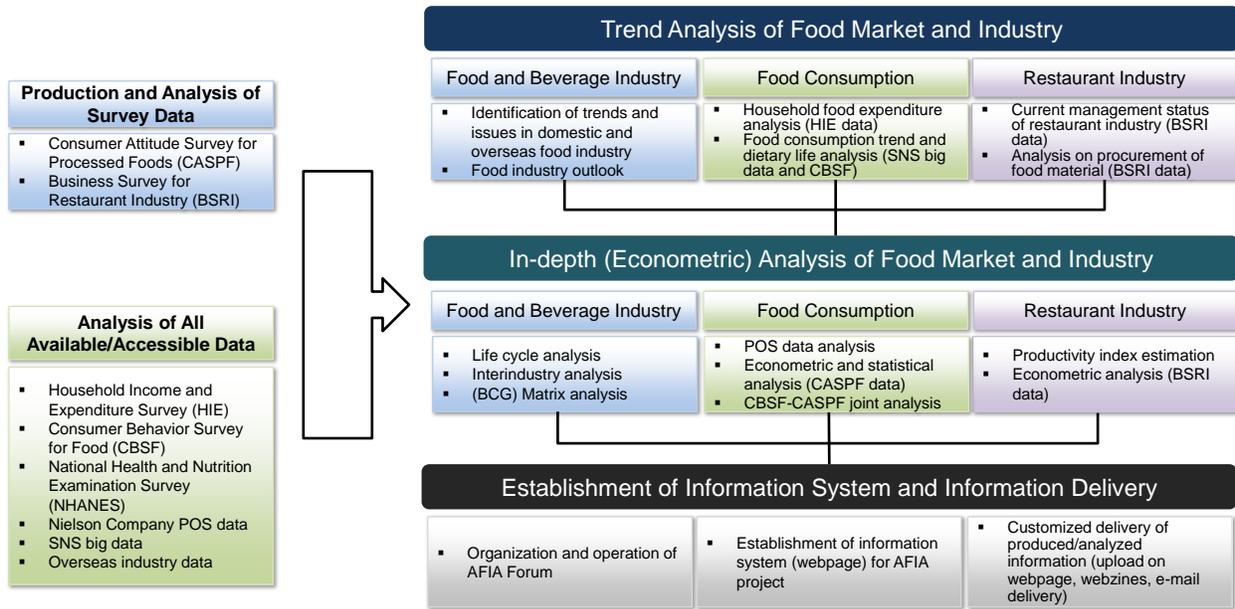
The information system and delivery part is again divided into three sub-areas: 1) organization and operation of AFIA Forum, 2) establishment of information system for AFIA, and 3) customized delivery of produced/analyzed information. The AFIA project organized and held four forums in 2018: food industry, food consumption, food policy, and restaurant industry. Each forum which is made up about 10~12 experts and policymakers had 2~3 presentations on the produced/analyzed information, followed by discussions. The AFIA project established an internet platform (<http://www.krei.re.kr/foodInfo/index.do>) to share all the information that is produced by the AFIA project. All the publications are uploaded in this webpage. Furthermore, all the information that can be sent out by e-mail is monthly delivered. Approximately 20 webzines that contain monthly core results of the AFIA project are designed and sent to about 30 thousands persons and companies interested (<http://www.krei.re.kr/foodInfo/selectBbsNttList.do?bbsNo=435&key=738>).

Implications

The AFIA project systematically collected, processed, and analyzed food industry information and constructed an information system that facilitates the use of food industry analysis information. It analyzed the domestic and overseas information and trends of the food industry and analyzed the global competitiveness of the food industry and provided the necessary information for establishing mid- and long-term policy directions for the food industry. Moreover, the AFIA project rationally and objectively improved existing statistical surveys to build accurate and useful food industry statistical information, and expanded the information system by designing new surveys to meet consumer needs. It also provides timely and useful food information to food companies, policymakers, and

consumers. Through this, the AFIA project seeks to globalize and advance food companies, promote food industry policies efficiently, and ensure consumers have the right food choices. In the mid- to long-term, the AFIA project has sought to systematically establish a food industry information analysis system to enhance the satisfaction of consumers in the food industry.

Fig. 1. Information Contents Produced and Provided by the AFIA Project



REFERENCES

Lee, K.Y., et al. 2017. *Report of the Agency for Food Industry Information Analysis*. Korea Rural Economic Institute. <http://www.krei.re.kr/foodInfo/selectBbsNttList.do?bbsNo=434&key=749>