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Rules of the road: South Korea

South Korea is much more than Psy's pop single "Gangnam Style" or the TV series "M*A*S*H," which lasted three times longer than the actual Korean conflict. It's one of the most remarkable modern economic success stories. The Eighth United States Army, about 29,000 strong, has long had a front row seat, but most Americans have not. Starting with the '88 Olympics coming out party, South Korea has arrived. For U.S. OTC brand owners, it's inevitably an A-list market.

A few rules of the road:

1. South Korea has more than 50 million people, and more than 60% live in the metro-Seoul or Pusan areas. Aside from the city-countries, such as Hong Kong and Singapore, purchasing power is among the most concentrated anywhere. Winning in Seoul is key.
2. Sales channels are well developed. Local e-commerce is well run and fully integrated logistically. EBay failed to break through. Infomercial sales are significant. The traditional trade from regional powerhouse Watson's to local ones, such as Olive Young or Lotte to Costco, will all "welcome" you with challenging entry and trade promotion costs.
3. A disciplined global pricing strategy is not optional. The Korean consumer is adept at e-commerce shopping. Expect to quickly see your online price, usually on i-Herb, in the first 30 minutes. The tea will still be too hot to drink.
4. There is a huge generational gap. The country's rapid post-war development led to per capita income growth from $1100 in 1960 to more than $25,000 today. Seoul was captured/recaptured four times and destroyed during the Korean conflict of 1950-1953. South Korea's role in the Vietnam War is only now being examined. It's cathartic. Many things simply weren't discussed. Today, the Miracle on the Han has 27 bridges, a cutting-edge urban landscape and massive traffic jams. Millennials did not live through this change and only know a modern vibrant economy. Older Koreans don't understand them. Know your consumer; age really counts.
5. There is a love/hate relationship between the United States, Japan and China. Koreans are global citizens, but there's some important baggage. Such multinationals as Samsung, LG, etc. provide a deep world understanding. Unfortunately, the U.S. military presence has sometimes not shown our best side. The main Seoul military base, occupying valuable real estate, will be moved outside the city. South Koreans don't consider North Korea a conventional military threat anymore, but appreciate our willingness to stand with them. A nuclear North is another matter. An amusement park at Infiltration Tunnel Museum at the DMZ, only 40 miles north of Seoul, seems out of place. Japan is admired and loathed at the same time. Korea was occupied by Japan from 1910 until World War II. The Japanese actually tried at one point to ban the Korean language. China, North Korea's key supporter, sent thousands of troops against UN Forces, but the two countries have more recently opened up closer trade relations.
6. The KFDA is for real. The rules are tough, and product claims in particular need to be confirmed.
7. Expect direct and aggressive negotiating. Face-to-face is key. Autopilot doesn't work.
8. There are economic headwinds. Organized around conglomerates called Chaebols, a few companies provided industry focus in steel, shipping building, construction, etc. Once wildly successful, this system no longer works as well. Consequently, "real" millennial unemployment has exploded to perhaps 20%.

Hawkeye and M*A*S*H are long gone, but the Korean market opportunity is real and now. Gangnam style.

Ed Rowland, founder/owner of Rowland Global LLC (www.rowland-global.com) is providing Drug Store News a series of 2016 blogs focusing on non-U.S. markets. Rowland Global assists companies with global growth strategies, tactics and execution.