Estimating the effects of climate change on food consumption pattern in South Korea

Yena Suh

Master Student / Seoul National University South Korea suh1231@snu.ac.kr

Heeyeun Yoon

Associate Professor / Seoul National University South Korea hyyoon@snu.ac.kr



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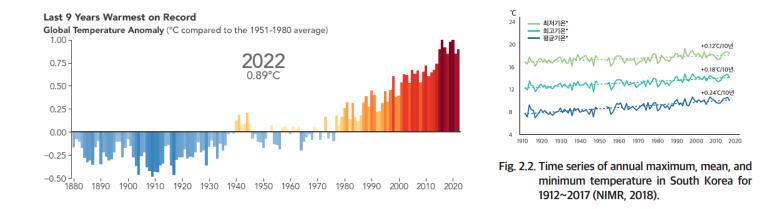
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I. Introduction

CLIMATE CHANGE / RESEARCH BACKGROUND / QUESTION

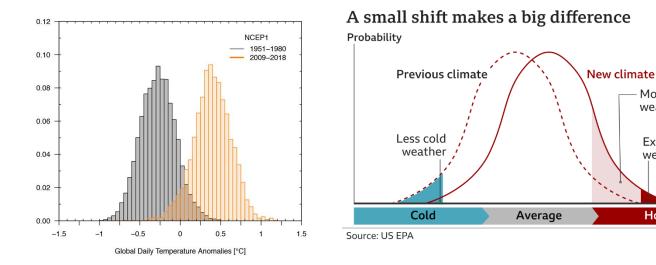
Climate Change



Climate change trends

- Since pre-industrial era, there has been a notable increase in accumulated heat, as evidenced by the global average surface temperature rising by 1°C (NOAA, 2023).
 - yearly surface temperature compared to the 20th century average from 1880 to2022, blue bars indicate cooler while red bars show warmer than average. The frequency of warmer average temperature is consistently increasing last 40 years.
- South Korea also experiences a persistent warming trend over the past century, since the increasing trend in annual maximum, mean, and minimum temperatures appeared from 1912 to 2017 (KMA, 2020).

Climate Change



Weather and Climate change

- While weather and climate are distinct concepts, recent research indicates that evidence of climate change can be identified in daily global weather data (Sippel S. et al, 2020).
 - Comparing the distribution of global daily mean temperature from 1951 to 1980 with those from 2009 to 2018, the two curves barely overlap, indicating that weather can detect climate change trend
- Rising global average temperature is associated with widespread changes in daily weather patterns as well, since extreme weather events are become more frequent and intense (EPA, 2022).

More hot weather

weather

Hot

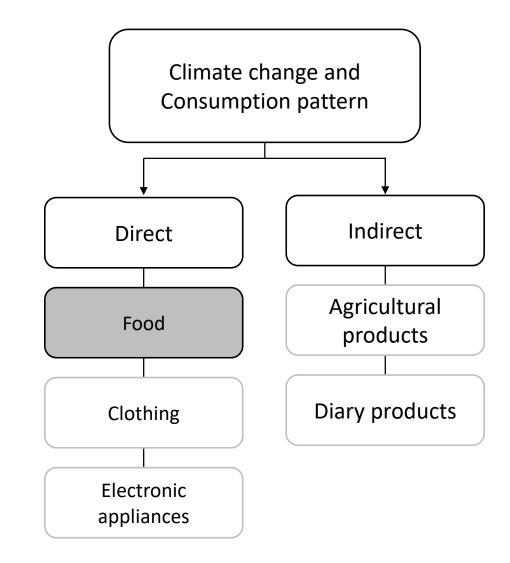
Extreme hot

BBC

Research Background

Climate change and food consumption pattern

- Based on literature reviews, this research classifies the impacts of climate change on consumption pattern into direct and indirect
 - Direct impacts; consumers adjust their consumption patterns in response to weather conditions as a means of adaptation
 - Indirect impacts; consumers are compelled to modify their consumption behaviors in response to fluctuations in product price or quality
- Among these various sectors, food is a product that consumers must purchase on a daily basis, and highly vulnerable to weather variations



Research Background



Ready-to-Eat

Can be consumed immediately after purchase, without any cooking (e.g., lunch boxes, hamburgers, sandwiches)



Ready-to-Heat

Require brief heating in a microwave or hot water (e.g., instant curry, instant rice, soup)



Ready-to-Cook

Require cooking tools, a relatively long heating time or a simple cooking process (e.g., frozen fried rice, stew, steamed foods)

Home Meal Replacement

- Home Meal Replacement(HMR) is a food prepared in a store and consumed at home which require little or no preparation on the part of the consumer
- HMR can be categorized into ready-to-eat, ready-to-heat, and ready-to-cook products (Ji Y. et al, 2022)

Research Background

Due to the heat wave, 'fire-free' home appliances and convenience foods are popular.	press release Home > Policy promotion > new news > press release
A Kim Da-ran O Input 2018.08.12 18:19 🗏 Comment 0.	Agricultural Development Administration analyzes changes in agricultural purchases during summer heat wave
	Manager 2019-07-30 - Main Office -
CJ CheilJedang "Simple Cold Noodles Sold Over KRW 10 Billion in July	
Sales of more than 10 billion won in July for the first time in the convenient cold noodle industry due to the record heat waveRecord Mont	hly Sales
25 billion won in sales during the peak season (May-July) this yearIt has grown 30% in two years, establishing itself as Korea's representat cold noodles."	ive "simple
"Dongchimi Mulnaengmyeon," which is different from Jeju winter radish, is sold out as it hits consumers' appetite tired of the heat wave.	
news provision CJ CheilJedang. (COSPI 097950) 2018-08-07 09:06 재일제당	

- Although many news articles show that rising temperature and extreme weather events make consumers to purchase more HMR products, limited studies have been conducted to identify this relationship
 - Soyeong Kim et al. (2018) state single-person household rate positively effects the consumption of HMR products
 - Yunho Ji et al. (2022) indicate increased participation of women in the economy attributed to growth of HMRs

Research Question

- Aim to analyze the relationship between the change in weather conditions and the number of purchased Home Meal Replacement products
- Hypothesize that climate variables will affect the consumption of HMR products

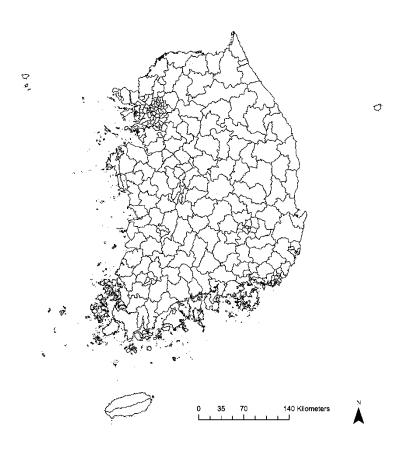
II. Analytical Design

STUDY SITE / DATA / VARIABLE / METHOD

ANALYTICAL DESIGN

Study Site and Data

- Spatial scope: South Korea
 - 250 Si-gun-gu administrative districts level
- Temporal scope: 2 years
 - Time wave: a week
- Research data: 71,600,000 number of credit card purchases data



ANALYTICAL DESIGN

Variables

	Variables	Definition		
Dependent Variables	Frozen and Fridge products			
	Canned products	Number of frozen, fridge, canned, meal replacement, ready meal products pu		
	Meal replacement products	······································		
	Ready meal products			
Independent Variables Average Temperature	Average Temperature	Average temperature per a week		
	Average Humidity	Average humidity per a week		
	Total Precipitation	Total precipitation per a week		
Extreme weather Heat wave	Heat wave	If a heat wave occurs during a week = 1, or not = 0		
	Cold wave	If a cold wave occurs during a week = 1, or not = 0		
Demographic	One Person Rate	One person household rate by 250 Si-Gun-Gu level		
Agri. Job Gen. Job Rate	Agri. Job	People with agricultural related jobs rate by 17 Si-Do level		
	Gen. Job Rate	People with general, technique, and labor service jobs rate by 17 Si-Do level		
Socio-economic	Price Index Rate	Price index rate of home meal replacement products		
	Financial Independency	Financial independency of each Si-Gun-Gu level		
Date	Holiday	If Chuseok or New Year included during a week = 1, or not = 0		

Method

Spatial Panel Error Regression Model

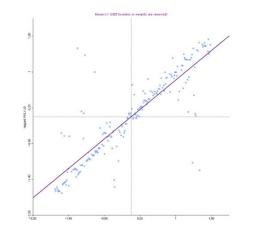
- The spatial error regression model is a method that takes into account the dependency of error values of an area with errors in other areas associated with in (D R S Saputro et al., 2019)
- SER model is used to include a function of unexplained error and that of its neighbors

III. Results

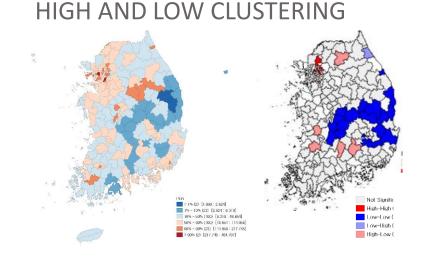
MORAN'S I / SPATIAL PANEL ANALYSIS

Moran's I Analysis

GLOBAL MORAN'S I



- Consumption pattern of HMR products shows spatial autocorrelation due to Moran's I value is 0.8
 - Positive Moran's I value indicates that similar values cluster together
 - Since global Moran's I value is closer to 1, spatial analysis method is selected



 High consumption patterns tend to cluster at Seoul and Metropolitan areas, whereas low consumption patterns concentrate at Gyeongsangbuk-do area

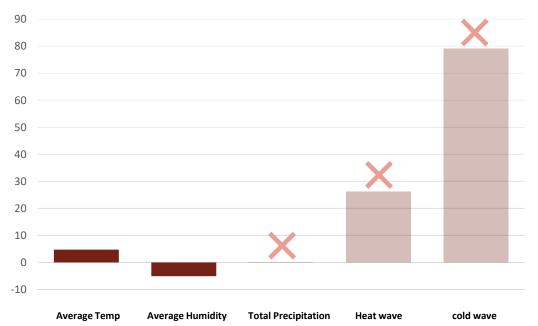


Spatial Panel Analysis

Frozen and fridge products					
	Estimated	Std. Error	t-value	Pr(> t)	
Average Temp	4.745	1.372	3.457	0.0005	***
Average Humidity	-5.082	0.904	-5.621	1.891e-08	***
Total Precipitation	0.184	0.229	0.803	0.421	
Heat wave	26.242	30.886	0.849	0.395	
Cold wave	79.095	45.628	1.733	0.083	•
Holiday	-75.954	51.537	-1.473	0.140	
One Person Rate	-3.524	0.479	-7.353	1.926e-13	***
Price Index Rate	-24.779	8.196	-3.023	0.002	**
Agri. Job Rate	-39.679	1.172	-33.827	< 2.2e-16	***
Gen. Job Rate	4.060	0.247	16.403	< 2.2e-16	***
Financial Independency	28.201	0.893	31.574	< 2.2e-16	***

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FROZEN AND FRIDGE PRODUCTS



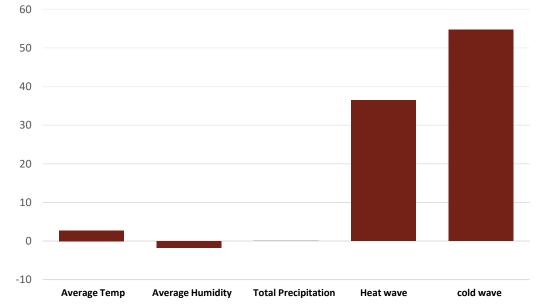
Spatial Panel Analysis



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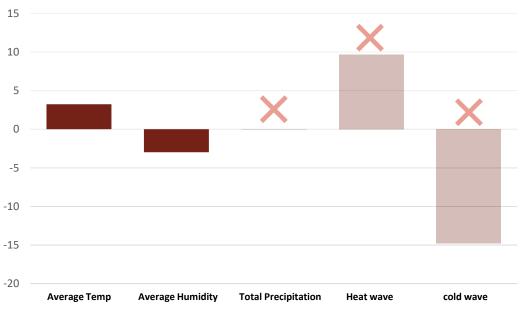


Spatial Panel Analysis



Canned products					
	Estimated	Std. Error	t-value	Pr(> t)	
Average Temp	3.233	0.613	5.273	1.336e-07	***
Average Humidity	-2.967	0.396	-7.488	6.983e-14	***
Total Precipitation	-0.054	0.101	-0.533	0.59407	
Heat wave	9.693	13.552	0.715	0.47447	
Cold wave	-14.776	19.837	-0.744	0.45635	
Holiday	-75.954	51.537	-1.473	0.1405422	*
One Person Rate	-0.942	0.193	-4.872	1.104e-06	***
Price Index Rate	-19.1	3.727	-5.124	2.987e-07	**
Agri. Job Rate	-15.603	0.488	-31.915	< 2.2e-16	***
Gen. Job Rate	0.759	0.103		2.287e-13	***
Financial Independency	12.121	0.373	32.438	< 2.2e-16	***

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CANNED PRODUCTS

Spatial Panel Analysis



Ready meal products					
	Estimated	Std. Error	t-value	Pr(> t)	
Average Temp	0.274	0.473	0.58	0.561	
Average Humidity	-2.846	0.309	-9.194	< 2.2e-16	***
Total Precipitation	0.076	0.079	0.963	0.335	
Heat wave	42.821	10.581	4.046	5.190e-05	***
Cold wave	1.404	15.57	0.09	0.928	
Holiday	-81.865	17.877	-4.579	4.665e-06	***
One Person Rate	-1.121	0.158	-7.07	1.549e-12	***
Price Index Rate	-14.728	2.847	-2.316	0.021	*
Agri. Job Rate		1.172	-33.827	< 2.2e-16	***
Gen. Job Rate	0.711	0.083	8.561	< 2.2e-16	***
Financial Independency	11.923	0.3	39.739	< 2.2e-16	***

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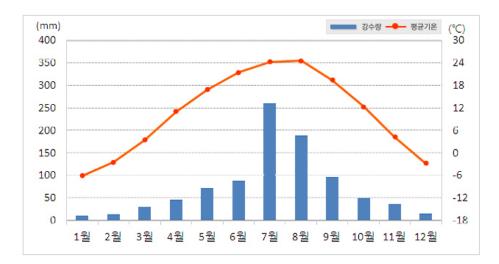


IV. Conclusion

FINDINGS

CONCLUSION

Findings



- Consumers tend to purchase *more* HMR products when the average temperature increases
 - Perhaps consumers purchase more HMR products to reduce burden of cooking process when the weather is hot
- Consumers tend to purchase *less* HMR products when the average humidity increases
 - Temperature and Humidity are generally moving together. So the consumers behaviors against temperature and humidity might be the same. However, the reasons for this diverging result of humidity and temperature might be due to multi-collinearity between two variables. The correlation is about 0.5, which is not very large, so we included these two variables in the model. Thus we need to refine the model to address this issue.

CONCLUSION

Findings

- The overall consumption of HMR products is not significantly impacted by the total amount of precipitation
- Consumptions of meal replacement and ready meal products are increased when heat wave happened
- Regions with high financial independency consume more HMR products compared to regions with less financial independency
- One person household rate negatively associated with HMR consumption pattern
 - This result is different from the previous researches, since data of this study include single household rate not only from urban regions but also from rural areas
- Consumer occupation is also a significant determinant of consumption patterns, with individuals employed in general labor and service industries exhibiting a greater propensity for purchasing HMR products compared to those employed in agriculture-related occupations

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Yena Suh

Master Student / Seoul National University South Korea

suh1231@snu.ac.kr

