

Korea

Key Market Message

The Korean outbound market has been impacted greatly by the unfavourable exchange rate between the Korean Won and many major foreign currencies, high oil prices and fear of the H1N1 influenza, all of which are steering travellers towards domestic holidays. According to the Korea Tourism Organisation, the number of domestic travellers reached one million in June 2009, the largest figure since 2003.

Conventionally the peak of the summer holidays (first week of August), sales for one of the nation's largest travel agencies in Korea were down close to 14 percent in August 2009 compared to August 2008.

1. Key Market Results and Achievements

- The second phase of Transformation brand advertising ran in June with six Aussie Specialist Program (ASP) agents. The online campaign introduced five new Fully Independent Traveller (FIT) products developed by ASP agents and generated A\$421,492 in publicity and delivered over 3.6 million clicks. A consumer event was held for 6,900 consumers. The second phase of the 'My Story' online campaign was also rolled out in June. Both online campaigns delivered 1,779,782 monthly unique visitors to the consumer site in June 2009.
- The second phase of the Group Inclusive Tour (GIT) campaign ran from January to June 2009 using print advertising and online as the major medium. The campaign delivered over 20,000 sales. Tourism Australia's partners were Korean Air, Asiana Airlines, Tourism New South Wales (TNSW), Tourism Victoria (TVIC), Tourism Queensland (TQ) and seven leading GIT agents.
- Tourism Australia invited eleven key agents to Hayman Island, Hamilton Island and Sydney for a honeymoon product famil. Tourism Australia and TQ then launched a honeymoon brand cooperative campaign from 25 May to 30 June 2009 with Hana Tour, Mode Tour, Lotte Tour, Redcap Tour, KAL Tour, Very Good Tour, Naeil Travel, Nextour, Blue Travel, IOS Travel and Jason Travel.

2. Australian Travel Market

2.1 Market performance

- There were 12,600 visitors from Korea in May 2009, down by 25 per cent relative to the same month in 2008.
- There were 12,700 visitors from Korea in June, down by 20 per cent relative to the same month in 2008. For the six months to June 2009, there were 90,400 Korean visitors, down by 22 per cent relative to the same period in 2008.

2.2 Airline Issues/Changes

- From the 1 September 2009, Korean Air and Asiana Airlines will reinstate their fuel surcharges on their international services due to the recent rise in jet fuel prices. The projected fuel surcharge is US\$46 on return flights. Korean airlines have not levied the surcharge since March 2009.
- Asiana Airlines suspended 12 of their Incheon to Sydney services in June and July 2009 due to aircraft maintenance.
- Some airlines introduced sales promotions on their Australian services for the summer peak season. Japan Airlines offered economy return tickets ranging from KRW500,000 - KRW600,000 (A\$584) for travel between late August to late September 2009. Qantas and Cathay Pacific introduced return flights ranging from KRW500,000 (A\$486) to KRW550,000 (A\$535) for travel between mid August to the end of September.
- Passenger load factors during the period were as follows:

	May	June
Korean Air		
Sydney	66%	68%
Brisbane	62%	67%
Melbourne	40%	54%
Asiana Airlines		
Sydney	59%	73%

2.3 Trade Information Summary (including Business Events)

- On 24 June 2009, Hana Tour and Hyundai Dreamtour signed a partnership agreement. Under the new agreement, Hana Tour will operate Hyundai Dreamtour's sales channel for tour products (11 offices, 43 tour agencies and Home Shopping channel). Hana Tour will offer its package products to Hyundai Dreamtour's corporate customers.
- With commissions for Korean agencies expected to be cut, and many probably eliminated completely, agencies are looking for a new service fee model.
- Eighteen of Tourism Australia's major GIT and FIT partner agents attended ATE

2009 in Melbourne from 13 to 15 June 2009.

- As of June 2009, there were 908 registered agents from 503 agencies registered in the ASP, of which 25 per cent are fully qualified.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
June 2009	<ul style="list-style-type: none"> • <i>Samsung Credit Card promotion:</i> Campaign to help remove price barriers for Samsung Credit Card holders by offering exclusive interest-free payment plans for purchases of Australian airfares made through Tourism Australia's agent partners. Campaign involved advertising in metropolitan newspapers and on buses. 	Cathay Pacific, Samsung Credit Card, Interpark, Top, Clubrich, On-line, Samsung Card Travel Centre
June 2009	<ul style="list-style-type: none"> • <i>The second phase of the FIT Campaign:</i> Online campaign to promote five new FIT products developed by ASP agents. 	Exciting Tour, Honew Tour, Naeil Tour, Segyero and Wanner Tour, Hyundai Dream Tour and Fides Travel
23 – 29 August 2009	<ul style="list-style-type: none"> • <i>International Media Hosting Program:</i> Bazaar to cover food and wine in Adelaide and Melbourne, with coverage expected in October. 	Bazaar, TVIC, South Australia Tourism Commission (SATC)

3.2 Trade Marketing:

Dates	Project / Event	Partners
13 April 2009 – September 2009	<ul style="list-style-type: none"> • <i>ASP Famil:</i> The six creators of the winning FIT itineraries were hosted on a famil in April and May to experience their developed itineraries. Of the six itineraries, the Fraser to Sydney and the Uluru to Broom to Darwin products were the ranked most favourable by the 6,900 people attending the consumer event. 	ASP Agents; STOs; Travie

4. Media Environment

- General media and trade media anticipated a slow holiday season due to the global economic recession and the outbreak of H1N1 influenza. The *Seoul Economic Daily* reported the number of overseas bookings was lower than the last year.
- More than 600 articles related to the H1N1 outbreak were published during the period. Coverage focussed primarily on the growing number of the confirmed cases.
- The missing Korean students in regional New South Wales was widely covered in Korea. There was a call for education of working holiday makers prior to leaving

Korea. The Korean Government is now reviewing this proposal.

- Trade media reported that the economic recession and exchange rates have made outbound travellers to turn towards short-haul destinations. Most national media recommended domestic destinations for the peak holiday season in response to the recession and the H1N1 influenza.
- Following a survey of airlines and national tourism organisations (NTO), *Global Travel Times*, one of the major industry newspapers in Korea announced Tourism Australia in Korea as the most friendly and professional NTO in Korea. This story was widely covered among industry newspapers on 13 July 2009.

Please visit www.media.australia.com for details about Tourism Australia's International Media Hosting Program (IMHP) and general media information.

IMHP supporters can access publicity results at www.publicity.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- Under the newly appointed President, Mr Lee Cham, KTO will seek advice from foreign residents as part of efforts to improve inbound tourism in Korea, particularly in the MICE sector. *Source of Information: <http://www.korea.net/>*
- The Korean Institute for International Economic Policy (KIEP) predict that the exchange rate would be KRW 1,170: US\$1 in the fourth quarter of 2009. Many anticipate that the exchange rate will stabilise, bringing positive news to outbound travel trade. However, economic experts warn that recovery of the KRW may negatively affect Korean exports. *Source of Information: Korea Economic Daily, 4 August 2009*

5.2 Outbound Travel

- The total number of outbound travellers in the first half of 2009 was 4,471,000; down 32 per cent from the same period in last year. The outbound rate dropped dramatically from May 2009, following the outbreak of H1N1. *Source of Information: MBN News, 29 July 2009*
- Affected by the financial slowdown and the H1N1 outbreak, the number of passengers using Incheon airport between January to June 2009 was down by 12.3% (13.57 million); the first decline in six years.
- New York Tourism had their second sales mission event in Korea in June 2009. There were seven sellers from New York that participated in the mission. Los Angeles Tourism and Los Angeles Airport started a new PR and marketing campaign called 'That's So LA' to increase brand and destination awareness, particularly amongst the MICE sector.
- According to Statistics New Zealand, there were 61,733 Korean visitors in the Year ending June 2009, down 30.6 per cent year on year. Arrivals in June 2009 were down by 48.5 per cent relative to June 2008. *Source of information: New Zealand Ministry of Tourism, July 2009*

6. Next 60 Days

Korea						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
Jul-09	Dec-09	Korea	Honeymoon Campaign	Experience Seekers	Korea	Partner agents: Hana, Mode, Lotte, Redcap, Hanjin, Blue, IOS, Naeil, Next
Aug-09	Oct-09	Korea	ASP consumer famil with Travie	Experience Seekers	Fraser Island and Sydney; Uluru, Broome and Darwin	Travie
28-Sep-09	28-Sep-09	Korea	Business Events Seminar with CVBs	Incentive agents and Corporate clients	Korea	Convention and Visitor Bureaus (TBD)
Sep-09	Sep-09	Korea	New product development Famil for Family market	Family	Australia	STOs (TBD) and Partner agents (TBD)
Sep-09	Oct-09	Korea	Adventure Seeker Online Campaign	Adventure Seeker	Korea	FIT partner agents: Hana, Mode, Lotte, Blue, IOS, Naeil, Next
Sep-09	Feb-2010	Korea	Australian Journey campaign (GIT Campaign)	Functional Travellers	Korea	GIT partner agents: Hana, Mode, Lotte, Redcap, Hanjin, Jau, Sejoong, OK, Verygood