

Korea

Key Market Message

The 20 per cent appreciation of the Korean Won against the United States Dollar between March and mid April revived demand for overseas travel. However, following the outbreak of H1N1 Influenza, the overall cancellation rate increased and is expected to cause over KRW 34 billion loss in the outbound sales in May. The four major travel agents in Korea received 20,000 customer cancellations worldwide in May.

1. Key Market Results and Achievements

- From 13 April to 12 May 2009, ten newspaper inserts were placed in daily and metro newspapers promoting Tourism Australia's partners and Singapore Airlines special airfares for potential working holiday makers. Singapore Airlines reported 2,200 ticket sales during the April and May 2009.
- From 25 February to 25 March 2009, 21 advertisements were placed in Metro newspapers. Partnered by Qantas Airways, the fully independent traveller (FIT) campaign generated good exposure amongst our target age group (aged 20 to 49) and Qantas reported 3,000 tickets sales between April and May.

2. Australian Travel Market

2.1 Market performance

- There were 15,800 visitors from Korea in March, down by 7 per cent relative to the same month in 2008.
- There were 14,400 visitors from Korea in April, down by 17 per cent relative to the same month in 2008. This brings the total for the four months to April 2009 to 65,100, a decrease of 21 per cent relative to the same period in the previous year.

2.2 Airline Issues/Changes

- In early April, Korean Air and Asiana Airlines applied for an increase to the base fare for their international services. The last rate increase occurred in December

2006, where the rate increased by 2 - 5 per cent, in accordance with CPI. Given the high increase in CPI since 2006, airfares may increase by about 10 per cent.

- In dealing with a slow travel market, international and local airlines have adjusted their services and are undergoing staff restructuring.
- Korean Air reported a first quarter 2009 operating loss of KRW 526.3 billion won which has increased by 200.8 billion from 2008.
- Passenger load factors during the period were as follows

	March	April
Korean Air		
Sydney	57%	72%
Brisbane	50%	64%
Melbourne	47%	41%
Asiana Airlines		
Sydney	71.8%	73%

2.3 Trade Information Summary (including Business Events)

- In partnership with Brisbane Marketing and Perth Convention Bureau, corporate buyers from Herbalife Korea, Hansol Education, Kyobo Life Insurance, Woori Investment and Securities attended the Asia Corporate Famil in Brisbane and Perth in May 2009. Feedback from the buyers shows that they are more likely to choose Australia as a business events (BE) destination having experienced the BE products on offer.
- On 7 April 2009, The Hon Martin Ferguson A.M. MP, Minister for Resources, Energy and Tourism travelled to Seoul and met with the CEOs of Korean Air and Asiana Airlines. The Minister also held a round table meeting with key industry partners including Qantas, Korean Air, Asiana Airlines, senior executives from major travel agents, and the director for the outbound division of the Korean Association of Travel Agents (KATA). Key issues were openly discussed and the Minister emphasised continued commitment to the Korean market.
- In April 2009, there were 952 registered agents from 509 agencies enrolled in the Aussie Specialist Program (ASP); of which 24 per cent are fully qualified ASP agents.
- According to key partner agents in Korea, sales of Australia-only products increased by 30 per cent and Australia-New Zealand products were down 15 per cent between March and April 2009.
- In April 2009, Hana Tour introduced a four day working week system for their employees to assist business during the economic slowdown. In May 2009, this decision was reversed, with employees returning to a five day working week.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
1 January 2009 - 30 June 2009	<ul style="list-style-type: none"> The second phase GIT campaign with three STOs and seven GIT agents (Hana, Mode, Lotte, Freedom, Verygood, Hanjin, Hyundai Dream) 	Korean Air; Asiana Airlines; TNSW, TVIC, TQ and agents.
4 May 2009 - 31 May 2009	<ul style="list-style-type: none"> The second burst of Tourism Australia's Transformation brand advertising, involving the screening of the television commercial on cable television. 	N/A
May 2009 - June 2009	<ul style="list-style-type: none"> Co-operative brand campaign, involving 12 newspaper insertions to promote luxury honeymoons in the Whitsundays. 	Tourism Queensland, Hana, Mode, Lotte, Redcap, Verygood, Hanjin, Blue, IOS, Naeil, Next, Jason
June 2009	<ul style="list-style-type: none"> Samsung Credit Card promotion: Promotion to allow Samsung Credit Card holders to purchase Cathay Pacific flights to Australia with six months interest free. Advertising will be placed in Metro news papers and on city buses. 	Cathay Pacific, Samsung Credit Card, Interpark, Top, Clubrich, On-line, Samsung Card Travel Center
March - June 2009	<ul style="list-style-type: none"> Popular Korean actor, Lee Min Ho visited Sydney as part of Tourism Australia's advocacy program. He travelled with the Korean magazine, <i>Single</i>. Coverage of the trip will be published in June 2009. 	<i>Single</i> magazine
May - June 2009	<ul style="list-style-type: none"> Special editorials covering Sydney, Melbourne, Hamilton Island, Perth, Uluru and Tasmania have been placed in Elle Korea and Galleria Magazine in preparation for the peak travel season. 	Consumer magazine
April - June 2009	<ul style="list-style-type: none"> A special PR promotion in partnership with a number of writers will involve the publication of a Sydney Travel Book targeting young experience seekers. 	N/A
June 2009	<ul style="list-style-type: none"> The second phase FIT campaign: will involve online promotion of five Australian FIT routes developed by ASP agents, as part of the Australian Journey Project. Consumers will be able to select their preferred FIT route to win a trip to Australia. 	ASP Agents: Exciting Tour, Honew Tour, Naeil Tour, Segyero & Wannar Tour, Hyundai Dream Tour & Fides Travel

3.2 Trade Marketing:

Dates	Project / Event	Partners
13 April 2009 – 17 May 2009	<ul style="list-style-type: none">ASP Famil: Six groups of ASP agents and <i>Travie Magazine</i> were invited to Australia to experience their itineraries developed under the Australian Journey Project. <i>Travie Magazine</i> will feature the Famil in June – July 2009.	ASP Agents; STOs; <i>Travie Magazine</i>

4. Media Environment

- H1N1 influenza was prominent in all major television and print media, including reports of the first Influenza case in Australia, although was not considered as serious as other nations. Trade media reported that the H1N1 influenza will heavily impact on the tourism industry and that consumer demand for overseas travel has declined since the outbreak.
- An economic daily newspaper reported that business travel is changing as a result of the global economic slowdown. Myanmar is capitalising on this by providing itineraries for various sectors, including natural resources, involving business seminars and visits to government investment agencies.

For more information on Tourism Australia's publicity, International Media Hosting Program (IMHP) and results, please visit www.publicity.australia.com

Alternatively for general media information visit www.media.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- Korea was the only nation in the OECD to post economic growth in the first quarter of 2009, with growth at 0.1 percent from the last quarter of 2008.
Korea's Composite Leading Indicators (CLI) rose to 94.5 (up 1.6 points) in February, the largest gain among only seven other OECD nations that posted an increase. The OECD average dropped by 0.65 to 92 points. CLIs project a country's economic activity six months in advance. *Source of Information: The Chosun Ilbo, 21 April 2009.*
- Korea entered the second quarter 2009 with cautious business and consumer optimism. The International Monetary Fund forecasts a 4 per cent fall in GDP this year followed by 1.5 per cent growth in 2010. *Source of Information: IMA Asia Pacific Executive Reports, May 2009*
- In March 2009, the appreciation of the Korean Won against the AUD reached almost 19 per cent. At end of May 2009, it had appreciated by a further 4 per cent.

5.2 Outbound Travel

- The outbound booking rate in May 2009 was twice that of May 2008, primarily due to the Korean Golden Week Holiday which benefited short haul destinations such as Japan, East Asia and China.
- In April 2009, the Korean and German Governments entered a Working Holiday agreement. The Korean Ministry of Foreign Affairs are looking to make additional agreements with Finland and Denmark. Korea now has Working Holiday agreements with Japan, Canada, Australia, New Zealand, Germany and France.
- In response to the worldwide spread of the H1N1 Influenza, the Korean Ministry of Foreign Affairs and Trade issued Level 1 (Precautious) Travel alerts to fifteen countries, this does not include Australia.

6. Next 60 Days

Korea						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
1-Jan-09	31-Jul-09	Korea	Second phase GIT campaign	Experience Seekers	Korea	Korean Air & Asiana Airlines; TNSW, TVIC, TQ; Hana, Mode, Lotte, Freedom, Verygood, Hanjin, Hyundai Dream
Apr 09	Jun 09	Korea	Sydney travel book publication	Experience Seekers	Korea	Writers
4-May-09	31-May-09	Korea	Transformation brand advertising phase II	Experience Seekers	Korea	
May 09	Jun 09	Korea	PR editorials targeting summer holiday season in <i>Elle Korea</i> and <i>Galleria Magazine</i>	Experience Seekers	SYD-MEL-Hamilton-PER-Uluru-Tasmania	Consumer magazine
25-May-09	24-Jun-09	Korea	Tourism Queensland Brand Coop Campaign	Experience Seekers	Korea	Tourism Queensland
8-Jun-09	7-Jul-09	Korea	Samsung Credit Card promotion	Experience Seekers	Korea	Cathay Pacific, Samsung Credit Card, Interpark, Top, Clubrich, On-line, Samsung Card Travel Center
10-Jun-09	22-Jul-09	Korea	ASP consumer event with Travie	Experience Seekers	Korea	Travie
15-Jun-09	12-Jul-09	Korea	Second phase FIT campaign	Experience Seekers	Korea	ASP agents