

Korea

Market Summary

Consumer confidence is returning as signs of economic recovery emerge in Korea. Optimistic forecasts have set GDP growth at 4.5 per cent in 2010. In another positive sign, total outbound figures are estimated to have increased by 30 per cent in December 2009.

Large incentive groups are also returning to Australia, with over 2,860 staff from the LG Group confirmed for five incentive trips from February to September 2010. The LG incentive groups will visit Sydney, Port Stephens and the Blue Mountains. Tourism Australia was involved in securing these trips, providing itinerary information and promotional materials to agent and tour operators, plus delegate merchandise.

1. Market News

- Despite outbound travel in 2009 declining by 21 per cent compared to 2008, South Korea's travel industry witnessed a robust rebound in December and January following the economic recovery, the strengthening of the Won against the USD and the decrease in H1N1 Influenza fears.
- Total outbound is estimated to have declined by 21 per cent (to 9,473,162) in 2009, but is expected to return to 20 per cent growth in 2010.
- According to the Bank of Korea, the Consumer Survey Index (CSI) reached 113 in December, which was above par for the second consecutive month. Consumer sentiment continued to improve as the economy picked up, domestic demand improved and forecasts for exports in 2010 were brighter.
Source: Yonhap News, 28 December 2009
- Economic analysts predict that Korea will have GDP growth of 4.5 per cent in 2010 and 4.8 per cent in 2011. Oil and raw material costs and the exchange rate are concerns in the recovery of the Korean economy. *Source: Samsung Economic Research Institute, January 2010*
- South Korea's profile was enhanced in the global community as the host of a G20 conference in November 2010. Korea's stock market was also lifted to 'developed country' status in MSCI and FTSE indexes, showing signs of recognition of Korea's stable financial system and robust economy.

- Strengthened AUD has continued to impact the cost of travel to Australia for Korean travellers with the exchange rate of: AUD 1.00: KRW 1,041 (13 per cent higher than the same time last year). Source: www.x-rates.com, 25 January 2010

2. Consumer Insights

- Demand for both golf tours and overseas study programs have increased immensely. According to Hana Tour, there were 89,000 reserved golf tour packages for January and February (compared to just 4,200 in January – February last year). Overseas study trips totalled USD 317.2 million, up 89.1 per cent from the previous year. Source: *Financial News*, 20 January 2010
- The economic uncertainty has caused 76 per cent of Korean consumers to either maintain or increase their level of savings in preparation for unforeseen emergency expenditures. Among the different age groups, those in the 30 to 44 age bracket (80 per cent) are most concerned about saving for a rainy day. Korean consumers are also saving for buying or upgrading property (58 per cent), retirement (50 per cent) and investments (43 per cent). The majority of Korean consumers (25 per cent) plan to save between 21 to 30 per cent of their income in the next six months. *MasterCard Survey Highlights Latest Consumer Savings Habits*
- According to forecasts from the Samsung Economic Research Institute, the number of domestic and overseas trips taken by Koreans will increase in 2010, due primarily to the economic recovery and falling exchange rates.
- The same study revealed that demand for quality travel will increase with the emergence of medical tourism, exhibitions and ‘socially responsible travel’ products. As travellers become more sophisticated whilst travelling, they will acquire a greater refinement in preferences and a more environmentally-conscious lifestyle. More people will travel because of relatively cheaper travel costs and several high-profile international events such as the Vancouver Winter Olympic Games, the Shanghai Expo, the 2010 World Cup in South Africa, the Singapore Youth Olympic Games and the Guangzhou Asian Games. Source: *Newsis*, 13 January 2010

For the latest in visitor arrivals, please visit ‘Research & Statistics’ at www.tourism.australia.com

3. Trade Update

- In January 2010, Hana Tour formed the Zeus Team to promote luxury products targeting the affluent segment. Product prices start at KRW 5 million and will be customised for its exclusive client base. The team adopted telemarketing and word-of-mouth as the key marketing strategies.
- Tourism Queensland and Lotte Chisung Beverage launched a joint consumer promotion called ‘The Best Cairns Camp in Australia’. The promotion ran from 11 to 18 January 2010.
- Mr. Chun-Sub, Geon, CEO of Segye Tour was elected as the President of the Korea Association of Travel Agencies (KATA) with a three-year service term.

- As at December 2009 there were 713 Aussie Specialist Program agents from 372 agencies, of which 34 per cent were fully qualified.

4. Airline News

- At 27.7 per cent, market share for low cost carriers (LCC) in 2009 tripled that of 2008 with over 5 million passengers in Korea using LCCs in 2009. In 2010, many LCCs are expanding their international routes in Korea including Jin Air, Air Busan, Jeju Air and Eastar Air.
- Korean Air announced a 580 per cent increase in operating profit in fourth quarter 2009 compared to fourth quarter 2008 due to lower fuel prices, stronger Won, surging growth of cargo business, a 6.5 per cent growth in international passengers, and an 11.3 per cent increase in capacity.
- Korean Air will invest more than A\$3 million for the filming and launch of Australian television commercials in early January. Tourism Australia, Tourism Queensland and Tourism Victoria supported the initiative and will leverage the opportunity by integrating with the marketing activities from February to March 2010.
- Asiana Airlines added four additional flights (total 1,100 seats) to Sydney from 16 to 18 December 2009 and 9 to 13 January 2010 due to the increased seasonal demand and international students travelling abroad.
- Asiana Airlines, also from the Kumho Asiana Group, will undergo a voluntary restructuring scheme in cooperation with creditor banks to improve their financial standing.

5. Competitor News

- Competition from the United States is picking up, with a number of key promotions being launched in early 2010, including:
 - Californian Tourist Commission launched an online promotion targeting Korean travellers and a study program promotion, *'Kids Camp'*
 - Hawaii Tourism will launch their *'2010 Aloha Sweet Dream Honeymoon Campaign'* in partnership with major agents in Seoul and Busan
 - New York Tourist Commission launched *'New York Travel in Style'* product with Hanjin Tour, promoting Gallery Tours, Restaurant Week and an FIT-Make My Own New York Story package.
- Competition for the honeymoon market is strong from key competitors such as Hawaii (as mentioned above), but also:
 - Maldives: Korean Air announced four-weekly charter services from Incheon - Maldives, one of the most popular honeymoon destinations for Koreans. The direct service will reduce travel time from 15 hours to nine hours. Korean Air may consider operating regular scheduled flights if the demand is sustained.
 - New Caledonia: Air Caline promoted an early bird offer for honeymooners of KRW 540,000 (incl. taxes) for bookings made prior to January for departures from 1 March to 31 May 2010.

- Tourism British Columbia launched a Vancouver Winter Olympics promotion, offering the chance to win tickets to the Woman's Figure Skating tournament where famous Korean sports star Yunna Kim will participate.
- Guam Tourist Commission and Coca-Cola launched a joint consumer promotion in mid January 2010 offering a free air ticket for customers of E-mart, the largest grocery chain in Korea.
- To mark the launch of the new A380 service from Incheon to Dubai, Emirates is offering a discount on all tickets booked online from end March 2010. Emirates will provide a seven per cent discount for passengers flying to Dubai and 22 countries in Europe and a five per cent discount for online customers travelling to other destinations.

6. Key Campaigns and Activities in Market

December and January campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
November 2009	March 2010	<i>Family Focus Promotion:</i> Build consumer awareness of the new destination and products and position Australia as the best destination for family segment. Project will involve: family brand advertising and consumer promotion with JoongAng Ilbo; print advertorials; and actress and mother Yeon-su Oh will visit Melbourne and Brisbane.	Family Segment	Hana, Mode, Lotte, Next, Naeil, Verygood, Blue, Hansol, Kyowon
January 2010	January 2010	<i>International Media Hosting Program (IMHP):</i> Journalists from print media visiting New South Wales and Victoria for the Family Focus campaign. <i>IMHP:</i> Journalists from CATV will visit Queensland and Victoria for the Family focus campaign.	Family Segment	Tourism New South Wales, Tourism Victoria, Tourism Queensland

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
February 2010	Mid February 2010	<i>IMHP</i> : Journalists from the Educational Broadcasting System will visit Tasmania to cover Tasmania's nature experiences	Consumers 30 years and above	Tourism Tasmania
26 February 2010	27 February 2010	<i>Korea Travel Mission 2010</i> : A biennial trade mission to be combined with Japan Travel Mission in Tokyo. 31 Korean buyers expected to participate in the event.	Trade and Media	
February 2010	May 2010	<i>Cooperative Campaign with Tourism Victoria</i> : Drive intention to Melbourne and increase bookings of Korean Air's direct flights during the low season. Nine trade agents will also partner in the campaign.	Adventure seekers	Tourism Victoria, Hana, Mode, Next, Naeil, Online Tour, Hanjin, Tour Express, Interpark, Segye Tour
April 2010	April 2010	<i>Busan Seminar with Dragon Air</i> : The joint seminar with STOs and Dragon Air to promote Australia to trade agents in Busan and to encourage developing new products	Trade agents in Busan	STOs