

## Korea

### **Market Summary**

*Business confidence among Korean manufacturers has risen to its strongest level in seven years according to the Bank of Korea. The travel industry is reporting low cancellation rates for existing bookings and new bookings are rising. However, news reports in major TV and newspapers on the number of deaths caused by H1N1 are increasing. This may negatively impact the travel demand for the Christmas season and beyond. The strength of the Australian Dollar against the weaker Korean Won may impact the outbound travel demand over the northern winter.*

### **1. Market News**

- Korea's economy is recovering with economic growth for the third quarter exceeding expectations and Consumer Sentiments Index (CSI) reflected positive sentiment towards the economy. *Source: Maeil Economy, 11 November 2009*
- According to the Central Bank and Statistics Korea, the nation's annual real economic growth in 2009 is estimated around 0 per cent, while prices are projected to show an increase by 2.7 to 2.9 percent this year. A yearly average won-to-dollar exchange rate is expected about 1,270 won per dollar. Based on such figures, this year's nominal Growth National Income (GNI) was estimated around 1.06 quadrillion won (or \$834.2 billion). When dividing the figure into this year's population of 48.75 million, GNI stands at 21.7 million won (or \$17,100). In addition, GNI is likely to reach above \$20,000 next year. *Source: MBN, 16 November 2009*
- The numbers of passengers on international flights have sharply decreased; especially on routes to Southeast Asia and Europe, which have been affected by H1N1 influenza. According to aviation transport report for October from the Ministry of Land, Transport and Maritime Affairs, domestic passengers and air cargo have been increased while international passengers have decreased. Domestic passengers have increased by 9 per cent compared to last year due to the expansion of Low Cost Carriers (LCC) and Jeju Island's tourism promotion, while international passengers reached 2,780,000, a decrease of 4.7 per cent compared to 2,920,000 last year. *Source: Asia Economic Daily, 15 November 2009*
- Travel related stocks seem to be bullish due to the December holiday season. Travel demand has been impacted by the economic recession and H1N1 and is expected to increase from the end of this year. Experts point out the wide

distribution of vaccine and currency depreciation may boost the demand for international travel. *Source: Financial News, 17 November 2009*

- The Australian Dollar exchange rate against the Korean Won is 1AUD = KRW 1,068 as of 19 November 2009.

## 2. Consumer Insights

- Department stores and discount market sales showed a double digit increase from August to October. *Source: MBN, 16 November 2009*

For the latest in visitor arrivals, please visit 'Research & Statistics' at [www.tourism.australia.com](http://www.tourism.australia.com)

## 3. Trade Update

- Fully Independent Travellers (FITs) recorded good sales during the economic recession and the impact of H1N1. According to Hana Tour and Lotte Tour, FIT products showed steady sales growth. *Source: Chosun Ilbo, 10 November 2009*
- The monthly number of total outbound travellers from Korea recorded the lowest number since April, 2004. According to the Korea Tourism Organisation (KTO), the total outbound travellers for September 2009 were 658,487, a decrease of 19.6 per cent compared to same month last year.
- Demand for outbound travel is recovering with Hana Tour reporting 3,088 bookings on 27 October, an increase of 50.2 per cent compared to same day last month. Daily cancellations have been decreased to 1,172, a decrease of 2.7 per cent compared to the same day last month. The average cancellation rate for August and September was 46.4 per cent and 47.7 per cent respectively. However, the cancellation rate in October has been decreased to 30.3 per cent.
- The most popular products is still the Sydney five night / six day package (including one night at Port Stephens) for KRW 1,190,000. Some travel agents are selling similar products from KRW 999,000. Another major product is the Sydney to Gold Coast five night / six day package for KRW 1,390,000 ~ 1,790,000. While the demand for package tours has decreased, the packages to Australia and New Zealand are the most popular.
- Tourism Victoria has published a Korean brochure to introduce Melbourne. This updated version includes major Melbourne and Victorian destinations and hotels, plus contents on locations and recommended itineraries.
- Seijoong Tour has made redundant a total of 18 employees, including five executives who had been with the company over 15 years. During the year, Seijoong cut employee pay by 25 per cent, with unpaid holidays for two weeks on two occasions.
- The Korea Tourism Organisation ran the 'Korea MICE EXPO 2009' from 10 to 11 November in cooperation with Incheon Tourism Organisation at Incheon Songdo Convention Asia. This expo included more than 350 booths for international convention bureaux, hotels, travel agencies, and exhibition agencies worldwide including the US, China and Japan.

- Korea Association of Travel Agencies (KATA) elected a new president on 27 November at the general meeting. This election drew significant attention, as KATA face internal and external challenges, such as zero commission of air tickets issuance and the launch of Visit-Korea-Year in 2010.
- As at November 2009 there were 706 Aussie Specialist agents from 368 agencies, of which 34 per cent were fully qualified.

#### 4. Airline News

- Korean Air announced their winter schedule from 25 October, 2009. Australian flights were added for the period from 25 October 2009 to the end of March 2010. The Sydney flight has been changed from 333P to 744B with a 31 per cent increase on number of seats. Two additional flights to Brisbane on Wednesday and Sunday have also been included, an increase of 66 per cent on capacity.
- Passenger load factors for Korean Air in September were 82 per cent to Sydney, 82 per cent to Brisbane and 77 per cent to Melbourne. In October, Korean Air load factors were 84 per cent to Sydney, 77 per cent to Brisbane and 75 per cent to Melbourne.
- Load factors for Asiana Airlines services to Sydney in September were 72.8 per cent and in October, load factors were 82.3 per cent.
- Aircaline has launched travel package products to New Caledonia linking with Australia. The package products were linked with Incheon - Noumea - Sydney flight schedules as well as Incheon- Sydney schedules from the other airlines, to enable tourists to travel to two different destinations, too difficult to visit previously.

#### 5. Competitor News

- Incheon Airport Immigration office of Ministry of Justice reported that 113,570 passengers, (21 per cent of a total 553,743) heading to the US, applied for the Visa Waiver Program (VWP). The rate of applications recorded an increase of 30 per cent in July and 29 per cent in October.
- Korean Airlines offered 15 charters to Calgary, Canada for 2010. This charter series will be from 25 July to 26 August using B747-400(744K) with 333-seat capacity.
- The Canadian Tourism Commission launched a new web site for Korean travellers. The home page details tour information and contains functions for video clips and Winter Olympic updates.
- In November, Tourism British Columbia held an online 'travel auction' promotion to sell products around Victoria. About 200 tours, including flying boat tours from Vancouver to Victoria, rental car, hotel accommodation and restaurant coupons were auctioned.
- Germany Tourism introduced ten key tourist attractions using their Korean web site, [www.germany-ebrouchure.travel](http://www.germany-ebrouchure.travel). The content includes information for FIT's to design "my original route".

- Hawaii Tourism had introduced consumer promotions with free air tickets to Hawaii in cooperation through online shopping site, 11Street for its VVIP and VIP customers during October.
- Korea Convention Bureau (KCB) will launch its three-year global MICE campaign in 2010 via its 27 branch offices in 17 countries. Initiatives for next year include special discounts to MICE participants on the Korea MICE Alliance's products. *Source: CEI Asia, October 2009*

## 6. Key Campaigns and Activities in Market

October and November campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
July 2009	December 2009	Honeymoon campaign	Honeymooner	Hana, Mode, Lotte, Redcap, Hanjin, Verygood, Blue, IOS, Naeil, Next
18 September 2009	17 October 2009	Adventure Seeker online campaign.	Adventure Seeker	Hana, Mode, Lotte, Blue, IOS, Naeil, Next
September 2009	November 2009	Digital program of Search Engine Marketing	Experience Seekers	NIL
September 2009	February 2010	Australian Journey campaign (GIT campaign)	Functional Travellers	GIT partner agents: Hana, Mode, Lotte, Redcap, Hanjin, Jau, Sejoong, OK, Verygood
5 October 2009	23 October 2009	WHM Fair	Working Holiday Makers	Austrade, Tourism Victoria, Tourism Northern Territory
11 October 2009	16 October 2009	Print media IMHP for Dreamtime to position Australia as world-class destination for business meeting.	Potential Business Events visitors	TNSW
12 October 2009	23 October 2009	New product development Famil for Family market to Sydney/ Gold Coast and Gold Coast/Perth	Trade	Hana, Mode, Lotte, Next, Naeil, Verygood, Blue, Hansol, Kyowon, Tourism New South Wales, Tourism Western Australia, Tourism Queensland
21 October 2009	26 October 2009	Print media IMHP of Adventure Seeker Campaign visiting New South Wales regions and cities and feature the first breakfast in Harbour Bridge Festival.	Adventure Seekers	TNSW

28 October 2009	02 November 2009	Print media IMHP of Adventure Seeker Campaign visiting Victoria and South Australia with eco tourism theme.	Adventure Seekers	TVIC, SATC
22 November 2009	28 November 2009	Trade print title IMHP to Northern Territory for outback experiences.	Trade industry	TNT
November 2009	March 2010	Family Campaign Promotion	Family Segment	Hana, Mode, Lotte, Next, Naeil, Verygood, Blue, Hansol, Kyowon

Upcoming campaigns and activities				
8 December 2009	8 December 2009	Korea Segmentation Study Briefing Seminar	Industry Advisory Group	
2 <sup>nd</sup> week of January 2010	3 <sup>rd</sup> week of January 2010	Print IMHP of Family Campaign with family experiences in New South Wales and Victoria.	Family segment	TNSW, TVIC
3 <sup>rd</sup> week of January 2010	4 <sup>th</sup> week of January 2010	CATV IMHP of Family Campaign with family experiences in Queensland and Victoria.	Family segment	TQ, TVIC
Early February 2010	Mid February 2010	Educational Broadcasting System IMHP with Tasmania nature experiences	Consumers aged 30 or above	TTAS