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MARKET INSIGHTS
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SOUTH KOREA

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This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 35 National Tourist Offices (NTOs) that are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics on the 'TourMIS' web platform.

More information on ETC's programme of market intelligence activities - including links to studies and sources of European tourism statistics - can be found on the organisation's corporate website: http://www.etc-corporate.org.

OVERVIEW

- South Korea is one of Asia's 'economic tigers', and per capita GDP has been rising rapidly. It is now around US$19,000 – comparable to that of Portugal and Israel but still well short of the US$39,000 per person in Japan and the US$46,000 per person in the USA, for example. At this level, international travel has become possible for large numbers of people but a long-haul trip remains a major commitment.
- The global financial and economic crisis in 2008-09 had serious temporary effects on the Korean economy and outbound travel, and to some extent the apparent trends in those years must be regarded as abnormal.
- South Koreans made 9.5 mn trips abroad in 2009, down from 13.3 mn in 2007, but outbound travel made a rapid (but not yet complete) recovery in 2010.
- Most of the growth in recent years has been for destinations in Asia Pacific (notably China and Japan). Europe is still regarded by most people as a 'once in a lifetime' destination and attracts fewer than 1 mn Koreans a year.
- International travel expenditure (excluding transport) rose from US$7.6 bn in 2001 to US$22.0 bn in 2007, but then fell to US$13.3 bn in 2009. UNWTO ranked South Korea 14th in the world on this basis in 2007, but 17th in 2009.
- Although Europe attracts just 6% of Korean outbound trips, France, Germany, Italy, Russia (including Russia in Asia), Switzerland, Turkey and the UK usually rank among the top 25 destinations.
- Leisure accounts for about 72% of Korean outbound trips and business travel for 28%, but these shares vary from one destination region and country to another and, over time, according to changing market conditions. Leisure trips to Europe are often multi-destination tours with short stays in each country.
- International travel is bound up with Koreans' desire for a well-balanced and healthy life. As travellers they are more motivated by a concept of 'refresh & invigorate' than by one of 'relax & unwind', and look for plenty of activities and experiences that would not normally be open to them.

COUNTRY PROFILE

Currency

- **Won (W)**

	2005	2006	2007	2008	2009	30 Nov 10
Won per US$	1,024	955	929	1,102	1,179	1,160
Won per €	1,274	1,198	1,272	1,622	1,645	1,530
Won per yen	9.29	8.21	7.89	10.66	12.60	13.78

- The won had generally been appreciating in recent years, but in 2008-09 went on a roller-coaster ride, falling very heavily against the US dollar and more particularly the Japanese yen. (In the six months to March 2009 it fell against the dollar by about a third). It then staged a substantial but not complete recovery in 2009-10.
- It has fluctuated much more heavily against the euro in the last ten years, but remained relatively weak in 2009-10. It has also weakened a little against the Japanese yen in the second half of 2010.
- These currency fluctuations had dramatic effects on travel into and out of South Korea in 2009-10.

Population

- 48.5 mn (2010^{e}), growing by 0.1% a year.
- 81% of the population is reckoned to be urban. The major cities include the capital, Seoul (with a population of 9.8 mn in 2005, and a metropolitan area with 23.8 mn people), Pusan (3.5 mn), Taegu (2.5 mn), Incheon (2.5 mn), Kwangju (1.4 mn), Taejon (1.4 mn), Ulsan (1.0 mn) and Suwon (1.0 mn).
- The population density is very high (487 inhabitants per km^2), which has led the government to promote a 'one child' culture.
- The fertility rate (the average number of children per female) is estimated at 1.3, far below the notional 'replacement rate' of 2.1. It has fallen steadily from 6.3 in the late 1950s. The annual birth rate is 9 per thousand population and the death rate 6 per thousand. The population is ageing particularly rapidly – even faster than Japan's.
- The median age is 37.9 years. Life expectancy is high – 83.2 years (76.6 years for men and 83.2 for women).

Age

Breakdown (%)	2010	2020^{f}
0-4 years	4.7	4.3
5-14	11.5	9.0
15-24	13.6	11.3
25-34	15.2	13.2
35-44	17.2	14.8
45-54	16.4	16.6
55-64	10.3	15.4
65-74	6.9	9.0
75-84	3.4	4.8
85+	0.8	1.6
Total	100.0	100.0

- In simpler terms, 30% of the population are 0-24 years old, 59% are 25-60 and 16% are over 60.
- According to the UN, the numbers of children and young people (aged 0-24) in South Korea will decline by 16% from 2010 to 2020 (from 14.4 mn to 12.2 mn), while those over 60 will increase by a half (from 7.6 mn to 11.3 mn). The numbers of those aged 25-59 will decline slightly, from 26.5 mn to 26.0 mn.

Ancestry & Migration

- The population is relatively homogeneous. There may be about 1 mn foreigners living in South Korea, but the official figures are suspect. There are large numbers of Chinese working in the country, in addition to a Chinese-Korean community ('Hwakyo') who are culturally somewhat isolated. There are also many Filipino and Malaysian labourers, and smaller numbers of expatriates from many other countries.
- In 2009, according to MOFAT, there were 6.8 mn Koreans living abroad, including 2.4 mn in China (mainly in Manchuria), 2.1 mn in the USA (including many in Hawaii), 0.9 mn in Japan and 0.5 mn in the former USSR (mainly in Siberia). There are significant numbers in many other countries, including Canada, Australia, the Philippines, Vietnam, Brazil, Chile and Argentina.

Language & Religion

- The national language is Korean, which is written using a Sino-Korean script ('Hanja'), a Korean script ('Hangul'), or a mixture of the two.
- English is taught in schools and is widely used in higher education and in business. Japanese, Chinese, German and other languages are offered in schools as a second foreign language. However, for many South Koreans – especially those who are middle-aged or older – actually speaking English or any other European language remains difficult.
- The 2007 census found that 23% of the population are Buddhist, 29% Christian (18% protestants and 11% Roman Catholics) and 47% profess no religion. Culturally, Confucianism, Taoism and Korean Shamanism have also been influential.

Economic Data

	2005	2006	2007	2008	2009e
GDP (won '000 bn)	865.2	908.7	975.0	1,026.5	1,063.1
GDP (US$ bn)	844.9	951.8	1,049.2	931.4	832.5
Real GDP growth (%)	4.0	5.2	5.1	2.3	0.2
GDP per capita (US$)	17,551	19,707	21,653	19,162	17,074
Inflation	2.8	2.2	2.5	4.7	2.8
Unemployment (%)	3.7	3.5	3.2	3.2	3.6
Employment (mn)	22.9	23.2	23.4	23.6	na

South Korea's Economy 2009-10

- South Korea is one of the outstandingly successful Asian 'economic tigers' and is now classed as one of the world's 'newly industrialised economies'. However, growth rates have been easing back to more normal levels in recent years.
- The economy took a huge hit during the global financial and economic crisis in 2008-09. Foreign trade and industrial production plummeted for a few months, but then recovered quickly. This process produced statistical effects (including what are commonly described as 'dead cat bounces'), which began to drop out of year-on-year numbers in the second half of 2010.
- The Korean economy is now generally reckoned to be in relatively good shape – better, for instance, than Japan's. Export and domestic demand are both robust, but the government's need to bring extremely relaxed monetary and fiscal policies back to normality may dampen growth a little. In October 2010 the IMF predicted real GDP growth of 6.1% in 2010 and 4.5% in 2011. *The Economist*'s panel of forecasters is predicting 6.5% in 2010 and 4.0% in 2011.
- Inflation slackened to 2.8% in 2009 and is expected to rise only very slightly in 2011 from 3.3% in November 2010.
- Average disposable incomes are now high enough to permit international travel and have been rising steadily. At purchasing power parities (2005 US dollars) they were around US$11,300 in 2008, compared with US$20,000 in the USA, US$14,000-17,000 in leading EU countries and US$18,000 in Japan. They are rising by about 4% a year. Tax burdens on incomes are light.
- Consumers have shaken off the pessimism, lack of confidence and high levels of stress associated with the economic downturn and are now cautiously optimistic.

TRAVEL PROFILE

South Korean Outbound Trips

- Outbound travel from South Korea has grown very rapidly since overseas travel was fully liberalised in 1989. The number of trips increased from 1.9 mn in 1991 to a peak of 13.3 mn in 2007 – representing an average annual increase of 11%. There were double-digit increases every year, interrupted in 1997-98 by the Asian financial crisis and in 2003 by the SARS epidemic.
- Outbound trips then fell by 11% in 2008 and 23% in 2009 (including crews) under the impact of the world economic crisis and the temporary collapse in the value of the won.
- They are now showing every sign of recovering rapidly, with an increase of 33% in the first ten months of 2010 (which in October leaves them just 2% short of their level in October 2007).

International departures of Koreans ('000)

	2004	2005	2006	2007	2008	2009
Total	8,826	10,080	11,610	13,325	11,996	9,494
Males	4,682	5,359	6,121	7,003	6,285	4,991
Females	3,327	3,850	4,551	5,292	4,688	3,504
Crew	817	871	939	1,030	1,023	999
Total excl. crew	8,009	9,209	10,671	12,295	10,973	8,495
% annual growth	26.3	15.0	15.9	15.2	-10.8	-22.6

Note: South Korea's official data for outbound travel is unusual in that it includes crew members, and it is these numbers that are generally quoted. Whenever possible, crew have been excluded in this profile.

- The record 12.3 mn trips made in 2007 were equivalent to nearly one in four of the population – or an outbound travel intensity of 24% (which is higher than the level in Japan). Travel intensity then dropped, presumably temporarily, to 17% in 2009.
- KTO estimated in 2005 that 78% of outbound travellers were bound for Asian destinations, 5% for the Pacific, 9% for the Americas, 6% for Europe and 2% for Africa and the Middle East.
- Arrivals data from destinations around the world suggest that Asia accounts for 77% of cumulative arrivals (ie including the additional destinations of multi-destination trips), Europe for 10%, the Americas for 8%, Oceania for 4%, and Africa and the Middle East for less than 1% each.

International Travel Expenditure (excl transport)

	2004	2005	2006	2007	2008	2009
Total (US$ mn)	12,400	15,400	18,900	22,000	19,100	13,300
% annual change	22.8	24.7	18.4	16.6	-13.2	-30.1
Spend per trip (US$)	1,550	1,675	1,775	1,800	1,750	1,575

Note: Calculation of spending per trip excludes crew members.

- International travel expenditure (in nominal US dollar terms) rose by an average of 19% a year in 2001-07, to US$22.0 bn, but then fell back to just US$13.3 bn in 2009.
- In constant won terms, spending rose by an average of 19% a year in 2001-97, but then fell by 13% in 2008 and 30% in 2009.
- Expenditure per trip was US$1,800 (€1,300) in 2007 and US$1,575 (€1,125) in 2009. It is sometimes suggested that expenditure on trips to Europe is higher. These figures are not out of line with figures of €1,300 for 11-night trips to the UK and €1,000 for 24-night trips to Canada in 2009, but IPK International's Asian Travel Monitor put average spending for 13-night trips to Europe as high as €2,500 in 2009.
- Reports from various NTOs suggest that spending patterns were erratic in 2007-09.

Leading Destinations

- The top ten destinations for South Koreans are all in Asia, with the exception of the USA (in 3rd place). The table below is believed to include all destinations receiving more than 100,000 South Koreans in any one of the last five years, except France.

Arrivals from South Korea in key destinations ('000)

	Measure	2005	2006	2007	2008	2009
China	VFn	3,545	3,924	4,777	3,960	3,198
Japan	VFn	1,747	2,117	2,601	2,382	1,587
USA	TFr	705	758	806	759	744
Thailand	TFr	816	1,101	1,076	898	621
Philippines	TFr	489	572	653	612	498
Hong Kong	TFr	379	458	592	638	402
Vietnam	VFr	326	422	475	449	360
Singapore	VFr	364	455	464	423	272
Indonesia	TFr	252	296	328	321	257
Macau	VFr	121	163	225	280	205
Cambodia	TFr	217	285	330	267	198
Australia	VFr	251	261	253	218	181
Malaysia	TFr	158	189	225	267	172
Taiwan	VFr	179	193	222	248	164
Canada	TFr	180	194	200	184	138[e]
Germany	TCEr	138	154	160	144	124
Turkey	TFn	91	107	133	116	na
Northern Marianas	VFn	70	83	108	111	na
Guam	TFr	109	117	123	111	83
Russia	VFn	111	111	125	101	na
UK	VFr	149	153	157	128	75
Switzerland	THSr	95	95	113	92	72
Italy	TFn	78	78	59	51	60
New Zealand	VFr	112	111	99	79	53

Notes: These figures represent arrivals as reported by the destinations according to standard UNWTO definitions – TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodations; THS = international tourists at hotels and similar establishments; n = by nationality; r = by country of residence.

- It is interesting to note that IPK International's World Travel Monitor shows Italy, Germany and the UK as the top three destinations in Europe (in order of importance) – not totally in line with the arrivals data. However, Italy's TF data, shown above, certainly understates arrivals – the THS figures have sometimes exceeded 300,000. In 2009-10 visits to Italy and Germany have increased, while those to the UK have fallen.

- Europe is disadvantaged as a family holiday destination by a general preference for short/medium-haul trips, and therefore for many destinations in Southeast Asia and the Pacific, including Guam and the Northern Marianas.

- Annual arrivals in European countries (at their peak levels – ie not taking account of any dramatic decline in 2008-09) are roughly on the following scale:

>100,000	France, Germany, Italy, Russia (including Russia in Asia), Switzerland, Turkey, UK
75,000-100,000	Austria, Czech Republic, Hungary, Italy
50,000-75,000	Poland, Spain
25,000-50,000	Finland, Netherlands, Slovakia
15,000-25,000	Belgium, Portugal
10,000-15,000	Croatia, Denmark, Ireland, Norway, Sweden
5,000-10,000	Albania, Bulgaria, Romania, Slovenia, Ukraine
1,000-2,500	Bosnia-Herzegovina, Latvia, Malta
<1,000	Belarus, Cyprus, Estonia, Iceland, Liechtenstein, Lithuania, Luxembourg Macedonia FYR, Moldova, Monaco, Montenegro, Serbia.

Purpose of Trip

Main purpose of outbound trips, 2005 (%)

	Asia	Oceania	Europe	Americas	Africa	World
Pleasure	62	77	52	38	58	60
Business	24	4	26	19	19	23
VFR	8	9	7	22	7	9
Official	0	0	1	1	1	0
Convention	1	0	2	3	1	1
Others	5	9	12	18	14	7

Note: The above data is the most recent available from KTO.

- Leisure travel accounts for about 72% of Korean outbound trips overall and business travel for about 28%. But the respective shares vary significantly from one destination region and country to another. They have also fluctuated wildly in 2008-10.
- For instance, among 14 of the most important European destinations, the proportion of trips for pleasure in 2005 ranged from 55-65% (for the UK, Netherlands, Italy, Spain and Greece) to 15-25% (for Sweden, Norway and Poland). Conversely, the proportion of business trips ranged from 15-25% to 40-45% (for those same countries).
- The largest numbers of VFR visitors were found in Germany and the UK, but they formed higher proportions of the totals in Austria (11%) and Norway (9%). The principal European destinations for conventions in 2005 were Germany, France, Italy and Switzerland, but the highest proportions of convention delegates were found in Sweden, Austria, Denmark, and Greece.
- In 2009, the breakdown for Korean visitors to the UK was 55% holidays, 10% VFR, 23% business and 2% other. There was a heavy decline in the proportion of leisure visitors in 2007-09.

Nature of Trip

- A trip to Europe is a heavy commitment for many Koreans, not often repeated. The UK found that in 2009 only 44% of visitors from South Korea, and only 30% of leisure visitors, had previously visited Britain within the past ten years.
- Leisure trips to Europe tend to be multi-destination trips: in 2007 60% of Koreans visiting the UK were going to other countries in Europe on the same trip.
- In 2005 IPK's World Travel Monitor indicated an average of 7.4 nights for Europe – 11.3 nights for business trips and 5.5 nights for holidays. Only 23% of trips to Europe were short breaks of 1-3 nights (although of course many longer trips to Europe consist of short stays in several different countries). Although details are not available, length of stay has increased sharply – to more than 12 nights overall.
- A comparison of available figures for arrivals and nights in various European countries also suggests a pattern of multi-destination trips with short stays in each local destination (eg about 2 nights in Austria, Germany, Belgium, Italy, Sweden and Turkey).
- Trends identified by the Scandinavian Tourist Board in a detailed study of the Korean market in 2006 include:
  – Mono-destination tours are becoming more popular than multi-destination tours;
  – Sightseeing is being replaced by cultural experiences;
  – Seasonality is becoming less marked because of changes in lifestyles and destination marketing.

Holidays & Travel Seasonality

Breakdown of overseas trips (excluding crew) by month, 2007-09 (%)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9.9	8.3	7.8	7.9	8.5	8.0	10.0	10.2	7.1	7.8	7.1	7.5

- The principal holiday periods are the Lunar New Year (late January – early February), Summer (July-August) and Korean Thanksgiving (late September – early October).
- The overall seasonality of outbound travel from South Korea is not strong (see above), but various destinations suggest that it is stronger for travel to Europe – the months of May through August are the most popular.

Holiday entitlement

Working Koreans typically have 10 days paid holiday a year plus one day per year of service – up to 20-25 days. Officially, Korea moved from a 5½-day (44 hour) to a 5-day (40 hour) week in 2004, but the work ethic is strong and unpaid overtime and deferred holidays are common.

School holidays

Schools generally have two-week holidays in Dec-Jan, Feb-Mar and Apr-May, and eight-week holidays in Jul-Aug.

Public holidays

2011: 1 Jan, 3-5 Feb, 1 Mar, 5 May, 10 May, 6 Jun, 15 Aug, 13-15 Sep, 3 Oct, 25 Dec

1 May is also a holiday for banks and many companies, and there are other local and unofficial days of celebration.

Accommodation

- South Korean travellers favour modern accommodation with good facilities, but often prefer more modest hotels over five-star properties. Youth hostels are also popular.
- VisitBritain reports that in 2009 43% of nights spent by Koreans in the UK were in rented accommodation, 19% in hotels, only 1% in bed & breakfasts, 10% in hostels, schools and universities, 10% as paying guests with friends or family, 15% as free guests with friends or family, and 2% in their own accommodation. The unusually low figure for bed & breakfasts is clearly related to the lack of interest in rural destinations (see below). The very high figure for rented accommodation may be related to a phenomenon much commented on in Korea: 'wild geese' families, in which mothers accompany their sons abroad while they are in education or on work experience, while the fathers stay in Korea earning the money to support them. Some of these 'wild geese' may be travelling on tourist visas.

Leisure / Recreational Activities

- Korean leisure visitors to Europe are generally looking for beautiful environments with a strong cultural element. They tend to be concerned about personal safety and (bearing in mind that many are over 50 – see below) want a relaxing experience.
- Tourism Australia and VisitBritain also stress the interest of South Koreans in 'well-being' – in pursuing a healthy and happy life physically and mentally – and the important role of holiday travel in relaxing and escaping from the stresses of daily life. However, for most Koreans this is achieved not by lying on a beach doing nothing, but by participating in activities that would not normally be available to them.
- Koreans also seem to be strongly oriented towards the built environment and capital cities. They are attracted by icons and images of popular and historical culture. Visiting museums, art galleries and literary, music, TV and film locations are popular. Shopping seems to be less important than it is for many other East and Southeast Asian tourists, and particularly less important on their trips to Europe.
- Confirming these ideas, VisitBritain found that in 2006-08 Korean travellers were more likely than others to go sightseeing to famous monuments and buildings, to visit museums and art galleries, and to visit castles, churches, monuments and historic houses. They were less likely to frequent restaurants and pubs, to visit the countryside and coast, and to socialise with locals. Some participatory sports (including golf, tennis, table tennis and fencing) and spectator sports (football, golf, baseball, basketball) are minority interests, and spas and other forms of health/well-being tourism are also increasingly popular. Business visitors are particularly active in packing some leisure activities into their trips.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- Among outbound travellers generally, males outnumber females 10:7 (see 'Outbound Trips', above), and in 2005 KTO put the ratio for travellers to Europe at 10:8. However, reports from Europe suggest female visitors outnumber males. The UK, for instance, reports 49% male and 51% female, with females aged 15-24 heavily outnumbering males and males 25-44 heavily outnumbering females. It may be that in Europe leisure visitors, mainly going to several destinations and therefore turning up repeatedly in arrivals data, are more likely to be female, while business visitors, mainly going to a single destination, are more likely to be male.

- Children (aged 0-20) make up about 10% of all outbound travellers. However, families with children are more likely to go to Australia and the Pacific islands for holidays, while young people travelling in groups are more likely to go to Europe and the Americas.
- Although many long-haul destinations regard high-spending young Koreans, aged 24-44, as the key market segment, leisure travellers to Europe tend to be over 40 (often over 50) and affluent – typically retired with a lot of travel experience: Koreans tend to begin with local and regional travel while they are in employment and have families, and only get around to long-haul tours in later middle age. Europe tends to be low on their list of priorities.
- Few wish to make repeat visits, either: they want to cover the whole world eventually. Business travellers and students bring the average age of travellers to Europe down (see below), but it is worth remembering that, demographically, it is the older age groups that will be growing in numbers.

Age of Outbound Travellers

- In 2007-09, nearly two thirds of outbound travellers were aged 21-50. In 2005 (no update available) KTO found that travellers to Europe were slightly more likely to be aged 21-50, but VisitBritain has since then noted a very large decline in visitors to the UK aged 25-34. It may be that younger Koreans have been diverted to more fashionable destinations, such as Italy, Germany and France.

Age of outbound travellers, excluding crew, 2007-09 (%)

0-20 years old	11.6
21-30	18.3
31-40	23.3
41-50	22.2
51-60	15.6
Over 61	9.0

Travel Companions

- Historically, most Korean leisure travellers visiting Europe came in organised groups, but increasing numbers are coming as independent travellers (FIT) and these now form a clear majority.
- VisitBritain found that, in 2009, 34% of South Koreans visiting the UK were travelling alone, 13% as couples, 10% with family, 11% with friends, 15% with business colleagues and 12% as part of a tour group. Although 10% of visitors were children, they were rarely travelling with their parents. The share of couples was smaller than among other visitors, and of colleagues and tour groups much larger, but those travelling in tour groups had fallen from 23% to 12% since 2003. By way of interest, Canada notes that among visitors from Korea, those travelling alone rose from 38% in 2000 to 66% in 2008.
- The patterns might well be very different for other European destinations. France, for example (especially Paris) attracts more young females travelling together than most other destinations in Europe.

AIR TRANSPORT

Airports

- South Korea's principal international airport is Seoul Incheon (ICN), which is the world's eighth largest airport in terms of passenger numbers. It has a capacity for 44 mn passengers/year (to be increased to 100 mn by 2020), and handled 30 mn in 2009 (2.7 mn of them international).
- Other international airports include Pusan Kimhae (also spelt Busan Gimhae, PUS), Chaeju (Jeju, CJU), Chongju (Chonju, CHN), Kwangju (Gwangju, KWJ) and Taegu (Daegu, TAE) but only the first of these caters for a significant number of long-haul passengers.
- Fourteen airports in Europe are served by direct flights from South Korea: Amsterdam (AMS), Frankfurt (FRA), Helsinki (HEL), Istanbul (IST), London (LHR), Madrid (MAD), Milan (MXP), Munich (MUC), Moscow Sheremetyevo (SVO), Paris (CDG), Prague (PRG), Rome (FCO), Vienna (VIE) and Zurich (ZRH).

Airline Traffic / Capacity

Airlines operating direct services from South Korea to Europe, December 2010

Airline	Alliance	Flights	Destinations (flights per week)
Korean Air	SkyTeam	40	MAD via AMS (3), FRA (7), CDG (7), FCO via MXP (3), IST (4), LHR (7), PRG (3), SVO (3), VIE via ZRH (3)
Asiana Airlines	Star Alliance	14	FRA (7), CDG (3) LHR (4)
Lufthansa	Star Alliance	12	FRA (6), MUC (6)
Air France	SkyTeam	6	CDG (6)
KLM	SkyTeam	6	AMS (6)
Finnair	One World	4-6	HEL (4-6)
Turkish Airlines	Star Alliance	5	IST (5)
Aeroflot	SkyTeam	3	SVO (3)

Notes: For airport codes, see above (under 'Airports'). All flights originate in Incheon, except Lufthansa's flights to Munich, which fly from Pusan via Incheon.

- Only a small number of airlines offer direct scheduled flights to Europe (eight airlines were operating a total of about 92 direct flights at the end of 2010), but many indirect options (eg via Japan or China) are available, some of them under formal code-sharing arrangements.
- Capacity to Europe has fluctuated in 2008-10, but schedules are being reinstated or increased as traffic recovers. Thus, Turkish Airlines has announced that it will be increasing its flights to 6 in January 2011 and 7 in March.
- Code-sharing arrangements on the long-haul component of the flights include those between Korean and Air France, Aeroflot, CSA Czech Airlines and Alitalia, and those between Asiana and Turkish Airlines. Many more provide short-haul links to other airports in Europe.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Most European countries, including members of Schengen, do not require visas for South Korean passport-holders for visits of up to 90 days. Visas are required by Russia and a few other Eastern European countries (eg Belarus and Ukraine).
- The USA added South Korea to its visa waiver programme in 2009: visits of up to 90 days are now permitted under the ESTA – Electronic System for Travel Authorization – scheme.

Travel Decisions

- Long-haul trips tend to be planned well in advance, with plenty of consideration. VisitBritain says that two thirds of decisions to travel to the UK are taken at least one month in advance, and a quarter at least three months in advance.

Booking Methods

- Anecdotal evidence from different NTOs suggests that bookings are also made well in advance, especially for travel to Europe. This may partly be due to the fact that airline capacity is often in short supply at peak periods, but is primarily because a trip to Europe represents a big decision on the part of the traveller, not to mention a significant cost, and so requires careful planning.
- Although the information is somewhat out of date, DZT reported (based on World Travel Monitor findings in 2005) that about 87% of Korean trips to Europe are booked through travel agencies (split 42% package tours and 45% FIT trips), and 13% of trips are booked directly through suppliers (airlines and hotels).
- The proportion of FIT travel, including trips involving tailored tour programmes, has been rising very quickly, but it varies greatly for individual destinations and recent figures are difficult to interpret because of the consequences of the decline in outbound travel in 2008-09. Australia reports that the proportion of FITs among visitors from Korea rose to 71% in 2009.

- Travel agents, to quote VisitBritain, "are valued for that feeling of personal touch and trust which is so important to South Koreans", providing confidence about the best options and prices, in particular for expensive and complex itineraries such as those to Europe. On-line bookings are becoming more popular, but mainly for domestic and short-haul air-fares. Indeed, Eye for Travel reported in 2007 that South Korea leads the APAC region in that 67% of the online population had purchased travel online.
- This trend is confirmed by the World Travel Monitor's breakdown of booking methods, which shows that the internet accounts for some 42% of all bookings to Europe (multiple booking sources possible) – well up on the share a few years ago. By comparison, travel agencies account for 60% and airlines (direct bookings) for 15%.

Information Sources

- South Koreans are devotees of published and broadcast media, and are among the world leaders in adopting the mobile phone and the internet (see below). Stars and celebrities have a huge influence on public perceptions and have been used in travel promotion campaigns. Product placements in TV soap operas are also seen as effective. But word of mouth also remains important.
- Research sponsored by VisitBritain in 2008 found that South Koreans are more inspired by and trusting of published and broadcast travel information and of travel blogs and travellers' postings on the internet than many other people, but are sceptical of corporate and trade information and uninspired by 'official' information from NTOs and city tourism agencies.
- According to a survey of internet users undertaken by GMI in 2005, 69% cited the internet as a source of information about travel opportunities, 30% cited personal recommendation, 23% travel agency offices, 11% a TV programme , 6% a newspaper, and 12% other sources. At the time, some 40% or more outbound trips involved the internet as a source of information. The research was reportedly repeated in 2008 but the findings have not been published. However, trends are not expected to have changed significantly, except for a continuing increase in the popularity of the internet for travel-related information.

Internet & Media

- The International Telecommunications Union (ITU) reports that, in 2009, there were 39.4 mn internet users in South Korea – 82% of the total population (Internet World Stats and *eMarketer* report very similar figures). There were 16.3 mn fixed internet subscriptions (34 per 100 inhabitants), all of which were broadband. These figures are higher than those in the USA and Japan and are exceeded only by a handful of the wealthiest countries around the world.
- The ITU reports that, in the same year, South Korea had 25.9 mn fixed telephone lines (54 per 100 inhabitants) and 48.7 mn mobile telephone subscriptions (101 per 100 inhabitants). Unusually among highly developed economies, the number of fixed telephone lines is still growing (by 1.5% a year in 2004-09), but the number of mobile subscriptions is of course growing much faster (by 5.9% a year).
- South Koreans are among the world's most enthusiastic adopters of the internet and mobile phone technology. They are regarded as technologically very 'savvy'. The major search and content sites are local rather than the major global brands. Gartner Research suggests that in China, Japan and South Korea, the growth of social networking has been driven by strong consumer interest in online games. However, research by VisitBritain in 2009 found that Koreans do not commonly use their mobile phones when travelling abroad.
- There are about 200 daily newspapers in South Korea, including 26 in Seoul. Leading national newspapers include *Chosun Ilbo*, *JoongAng Ilbo*, *Dong-A Ilbo*, *Maeil Business Newspaper*, *Kukmin Ilbo*, *Kyunghyang Sinmun*, *Hankook Ilbo*, *Sports Chosun*, *Korea Herald Business* and, in English, *The Korea Economic Daily* and *The Korea Times*. Many carry travel sections. However, on-line newspapers are proliferating and 47% of internet users are said to use them. They include Naver, Daum, Nate.Yahoo, Google, Paran, and Dreamwiz.
- There are large numbers of consumer magazines, including local editions of many global titles. Travel magazines include *The Korea Travel Information Times*, *The Traveller*, *AB Road*, *Beetlemap Travel*, *Tour de Monde*, *Travie!* and *Repere*, and for the trade *Korea Travel Times* and *Global Travel Times*. In-flight magazines include *Morning Calm*, *Sky News* and *Asiana Culture*.

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- The Korean tourism industry is supported and regulated by the South Korean Ministry of Culture and Tourism. The licensing system allows for three types of travel agency: the General Travel Agency (GTA), handling domestic, inbound and outbound travel, the Overseas Travel Agency (OTA), handling outbound only, and the Domestic Travel Agency (DTA). Agencies handling outbound travel offer a wide variety of services, including handling passport and visa applications.
- There is no clear distinction between the wholesale and retail trade. Travel agencies usually work with tour operators based or represented in South Korea, but to a lesser extent they also work directly with operators in the destinations. The relationships between travel agencies, local operators and destination operators tend to be complex.
- There are about 1,000 registered General Travel Agencies (GTAs – see above) and about 6,000 Overseas Travel Agencies (OTAs). Most of the significant GTAs and some OTAs are members of the Korea Association of Travel Agents (KATA). The trade can therefore be said to be fragmented, but it is also reported that the top 30 firms account for about three quarters of outbound travel business and that the wholesalers, because of their block bookings of available air capacity during the peak seasons, wield a great deal of power.
- Most of the significant travel agencies/operators are based in Seoul; smaller numbers can be found in the other metropolitan cities, such as Pusan, Taegu, Taejon and Kwangju, and elsewhere.

Leading Tour Operators and Retail Travel Agencies

Leading travel agencies, by number of outbound package travellers ('000s)

	2006	2007	2008
HanaTour Service Inc.	890	1,280	1,130
Mode Tour Network Inc.	410	680	570
Lotte Tour Development Co. Ltd.	280	320	270
Freedom Tour	220	260	220
Onlinetour.co.kr	130	190	160
Fi Tour	90	170	150
Nex Tour (Travelocity)	140	160	150
Sejoong Tour Co. Ltd. (Happy Tour)	70	150	150
Yellow Balloon Tour Co. Ltd.	60	140	150
Interpark Tour Corp.	90	130	120

- Other important travel agencies are said to include:
  Attic World
  D-Freedom Travel & Development Co Ltd
  Onnuri Travel Co Ltd
  SK Tourvis (SK Corp)
  Very Good Leisure Tour Co Ltd
  Redcap Tour Co Ltd.
  Hansol T&I Co Ltd
  Hyundai Dream Tour Inc.
  Good Morning World Tour Co Ltd.
  Hanjin Travel Service Co Ltd.
  Hannam Travel Service
  Kolon Travel
- Tourism Australia also lists Edu, NJK, Exciting, Inha Travel, IOS Travel and Fides Travel.
- Inbound tour operators into Europe include Gulliver Travel Associates Korea Ltd (said to be the biggest, and part of Travelport), Concord Europe, Creative Tours, Koreana Tours, Kuoni, Napoleon, Tumlare Corporation, Wonderful Tours, and Wonderful Europe. Among the land operators, Concord Europe, Wonderful Tours, and Koreana Tours develop business/incentive groups for the industry.

E-travel Resources

- Given South Koreans' enthusiasm for the internet, e-travel is becoming extremely important. Most airlines, hotel groups and tour operators now offer direct booking facilities over the internet.

- However, many consumers – especially older consumers – prefer to talk personally with travel agents when booking complex and expensive journeys to Europe. Younger Koreans are more receptive to internet travel bookings, but are also the ones least able to afford a trip to Europe.
- Websites must be in Korean to be effective, which creates difficulties for European destinations and attractions. The global internet search and travel search engines have small market shares (although some have Korean-language offshoots or partners).
- The leading search engines are Naver, Daum and Cyworld.
- Commercial travel websies include Hanatour, Clubrichtour, Interpark, Modetour, Booking.com, Wingbus, Eurang and Hostelworld.
- Travel blogs are very popular.

KEY TRENDS AND FORECASTS

Key Characteristics of South Korean Outbound Travellers

- Overseas travel has become a normal part of life for an increasingly affluent people since it was fully liberalised in 1989. PATA's Strategic Intelligence Centre says that "the desire for outbound travel is now clearly an intrinsic part of Koreans' lifestyle priorities."
- On the one hand, South Koreans have a reputation as somewhat earnest travellers, placing a strong emphasis on learning, on keeping fit and healthy, and on professional and personal development. On the other hand, they are also keen on relaxing and having fun with family and friends and have a reputation as somewhat self-indulgent travellers.
- Outbound travellers are increasingly sophisticated and looking more and more for independent travel options. This in turn is boosting demand for special interest and niche travel segments, such as golf, food & wine and trekking.
- Koreans are enthusiastic spenders on all types of goods, from duty-free purchases at airports to fashion goods at their destinations. Destinations that compare spending by different markets generally concur that Koreans are among their most important revenue generators, usually well ahead of the Japanese market. However, it should be noted that, with the exception of Italy and possibly France, Europe is not considered by Koreans to be a favourite shopping destination.
- South Koreans are among the world leaders in adopting the mobile phone and the internet. Electronic payment systems are well developed. The use of the internet for making travel bookings, as well as looking for information, is therefore growing. However, good-quality Korean-language websites are essential – international English-language sites tend to be ineffective (ie ignored).
- Koreans appreciate modern, good-quality (but not necessarily luxury) accommodation and quick service. Leaflets, guidebooks and information in Korean are greatly valued. Koreans particularly dislike being confused with Chinese or Japanese, or being expected to speak those languages.
- Relations with strangers (and especially foreigners) may be hesitant or even awkward. It is important for anyone catering for Korean travellers to be familiar with and sensitive to Korean social customs and mores, which differ in many respects from those in Europe.

Short-term Prospects

- South Korea is regarded as one of the world's most promising travel markets – but not an easy one for European destinations.
- It is developing – changing in nature – extremely rapidly. Before 1983 only favoured government officials and business executives were permitted to travel abroad. In 1883-89 citizens over 50, and rich enough to be able to put down substantial deposits, were allowed one trip a year under strict exchange regulations. Travel was fully liberalised in 1989, and a 'System of Special Programme Tours' was soon authorised and developed. These were relatively expensive, but the Asian financial crisis of 1997-98 forced the industry to introduce budget tour programmes and to cater for young 'urban backpackers', broadening the market. By about 2005 the FIT market was developing very rapidly, changing the nature of demand yet again.

- Koreans still tend to travel within Asia (East and South-east Asia) and Oceania for their family holidays – Asia Pacific is seen as local, cheaper, more familiar and more comfortable. Europe is still regarded as an exotic 'once in a lifetime' destination. In this regard, Europe depends heavily on its cachet for sophistication and culture, but this is being overshadowed by the enthusiasm for 'arising' Asia. This applies especially to destinations considered to have a special link with Korea (for good and bad reasons) – such as China and Japan.
- Disposable incomes remain moderate by the standards of the richest developed nations, and Korea is still seen as a very price-sensitive market. However, if the rise in the value of the yen and won and the recent decline in the value of the euro continue, Europe's reputation as an expensive destination may ease.
- Although the Korean outbound travel market was badly affected by the world crisis in 2008-09, it is recovering very rapidly. International air passenger movements recovered to new peaks in May 2010 and outbound travel is likely to surpass the 2007 levels in 2011.
- According to a recent study (the MasterCard Worldwide Index of Consumer Purchasing Priorities, Jan–Jun 2010), 27% of Koreans plan to travel abroad within the next six months. However, the top destinations are Japan (44%), Australia (28%) and USA (22 %) – which after allowing for China, the Pacific Islands and Southeast Asia does not leave a lot of room for Europe.

NOTES

a Multiple responses possible/percentages add up to more than 100%

e Estimates

f Forecasts

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile**: International Monetary Fund (IMF); National Statistical Office of the Republic of Korea (KNSO); Ministry of Foreign Affairs & Trade (MOFAT); United Nations Department of Economic & Social Affairs Population Division; International Labour Organization (ILO); O&A.com.
- **Travel Profile:** Korea Tourism Organization (KTO); World Tourism Organization (UNWTO); Pacific Asia Travel Association (PATA); VisitBritain; Tourism Australia; Scandinavian Tourist Board (STB); The Travel Business Partnership (TBP) from various industry sources.
- **Profile of Travellers**: KTO; VisitBritain; Tourism Australia; TBP.
- **Air transport/Airlines**: Incheon and Kimhae International airports; TBP.
- **Travel Planning and Booking**: KTO; International Telecommunications Union (ITU); *ETC New Media Trends Watch;* VisitBritain; TBP.
- **Travel Trade Profile:** KTO; Korea Association of Travel Agents (KATA); VisitBritain; Tourism Australia; TBP.

FURTHER INFORMATION

The Korea Association of Travel Agents (KATA)	www.kata.or.kr
Korea Tourism Organization (KTO):	www.knto.or.kr
Ministry of Justice	www.mjo.go.kr
Ministry of Construction and Transportation	www.moct.go.kr
National Statistical Office of the Republic of Korea (KNSO)	www.nso.go.kr
The Pacific Asia Travel Association	www.pata.org

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