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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 38 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$18,400 – comparable to that in Portugal and Israel but still well short of the US$34,000 per person in Japan and the US$44,000 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.
- South Koreans made 11.5 mn trips abroad in 2006, spending US$18.2 bn (excluding transport) – which makes them the world's tenth largest market for international tourism expenditure, according to UNWTO's ranking.
- In the first 7 months of 2007, trip volume reportedly increased by a further 19% and forecasts for the full 12 months of 2007 point to 13.9 mn trips, +20% on 2006's level. Most of the growth, however, is currently for neighbouring East Asian destinations, notably Japan and China.
- Outbound travel has grown very rapidly since overseas travel was fully liberalised in 1989 – by an average of nearly 13% a year. There were double-digit increases every year, interrupted only in 1997-98 by the Asian financial crisis and in 2003 by the SARS epidemic.
- Europe attracts just 6% of trips, but Germany, the UK, Russia and possibly France rank among the top 20 destinations.
- Travel for pleasure accounts for about 60% of Koreans' outbound trips, but the respective shares vary significantly from one destination region and country to another. 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 'refreshed & invigorated' 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) €1 = W1,207 (2006)
- The won has been appreciating against the US dollar in recent years. It rose by an average of 6% a year in 2001-06 to US$1 = W955 (average for the year), and by September 2007 had risen to US$1 = W938. Against the euro, it fell in 2001-04, rose in 2005-06, but fell in the first three quarters of 2007, trading at around €1 = W1,285 by September 2007.

Population

- 48.2 mn (2007^{e}), growing by 0.3% 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), Inch'on (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 1.2, 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 30.0 years. Life expectancy is high – 83.5 years (79.9 years for men and 87.1 for women).

Age

Breakdown (%)	2005	2020f
0-4	5.1	4.0
5-14	13.5	8.7
15-24	14.5	11.1
25-34	16.8	13.4
35-44	17.2	15.1
45-54	14.2	16.5
55-64	9.2	15.4
65-74	6.4	9.1
75-84	2.5	5.1
85+	0.5	1.5

- In simpler terms. 33% of the population are 0-24 years old, 48% are 25-54 and 19% are over 55%.
- According to the UN, the numbers of children and young people (aged 0-24) in South Korea will decline by a quarter from 2005 to 2020 (from 15.9 mn to 11.8 mn), while the numbers of people over 55 will increase by nearly three quarters (from 8.9 mn to 15.3 mn). The numbers of those aged 25-54 will decline slightly, from 23.1 mn to 22.1 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 the 1980s there were reckoned to be well over 4 mn Koreans living abroad, including roughly 1.75 mn in China (mainly in Manchuria), 1.25 mn in the USA (including many in Hawaii), 0.75 mn in Japan and 0.5 mn in the former USSR (mainly in Siberia). There are significant numbers in many other countries, including Australia, Canada, 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, actually speaking English or any other European language remains difficult.
- A government survey in 2003 found that 25% of the population are Buddhist, 27% Christian and 46% profess no religion. Culturally, Confucianism, Taoism and Korean Shamanism have also been influential.

Economic Data

	2002	2003	2004	2005	2006
GDP (US$ mn)	547,856	608,337	681,227	791,572	888,267
Real GDP growth (%)	10.0	5.9	7.5	4.0	4.6
GDP per capita (US$)	11,500	12,700	14,200	16,400	18,400
Inflation (%)	2.8	3.5	3.6	2.8	2.2
Unemployment (%)	3.3	3.6	3.7	3.7	3.5

South Korea's Economy 2006-07

- South Korea is one of the outstandingly successful Asian 'economic tigers', but growth rates have been easing back to more normal levels in recent years. It has not been immune to temporary setbacks, such as the Asian financial crisis of 1997 and a consumer credit crunch in 2003.
- In March 2007 the IMF predicted real GDP growth of 4.4% a year in 2007-08. By September 2007 (but before taking account of the turmoil then afflicting financial markets), *The Economist*'s panel of forecasters had boosted their predictions to 4.7% in 2007 and 5.1% in 2008.
- In June 2007 an IMF mission to the country reported that "the Korean economy is in good shape". Growth in recent years has been sustained mainly by exports, but the government has been trying to shift the focus to consumer spending, which should be beneficial for discretionary spending items such as tourism.
- Inflation was very moderate in 2005-06, and is expected to edge up only slightly in 2007-08, to about 2.5% a year.
- The won, in purchasing power terms, is undervalued against the US dollar (by about 25%, according to the IMF), but the currencies of many neighbouring countries are even more seriously undervalued. This makes travel to North America and Europe seem an expensive option, particularly by comparison with travel to those neighbouring countries.
- However, average incomes are high enough to permit travel and have been rising rapidly. Average monthly income is now reported to be around W2,919,800 (US$3,080, or US$4,100 at purchasing power parities) and the tax burden is light.

TRAVEL PROFILE

South Korean Outbound Trips

	2001	2002	2003	2004	2005	2006
Total trips ('000)	6,084	7,123	7,086	8,825	10,080	11,474
% annual change	10.5	17.1	-0.5	24.5	14.2	13.8

- 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 11.5 mn in 2006 – representing an average annual increase of close to 13%. There were double-digit increases every year, interrupted in 1997-98 by the Asian financial crisis and in 2003 by the SARS epidemic.
- KTO data for January to July 2007 shows an 18.9% increase to 7.8 mn trips and full-year forecasts project an increase of around 20%. In the first 6 months, Korean arrivals in China increased by 20% and the USA reports an 8% increase for the same period.

- The 11.5 mn trips made in 2006 were equivalent to roughly one in four of the population – or an outbound travel intensity of 24% (which is higher than the level in Japan).
- 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. The share of Asia has been rising steadily, mainly at the expense of the Americas.
- However, Europe's share looks low, which may be due to the fact that only first destinations are counted when measuring outbound departures. IPK International's World Travel Monitor data quoted by DZT shows a breakdown in 2004 of 72% to Asia, 11% to Europe, 10% to the Americas, 7% to Australia/Pacific and 1% to Africa.

International Travel Expenditure (excl transport)

	2001	2002	2003	2004	2005	2006
Total (US$ mn)	7,617	10,466	10,100	12,400	15,400	18,160
% annual change	7.3	37.4	-3.5	22.8	23.4	18.4
Spend per trip (US$)	1,252	1,469	1,425	1,405	1,518	1,583

- International travel expenditure by Koreans has nearly tripled in volume since 1995 (KNSO).
- Expenditure per trip (US$1,583, or €1,130) seems low in comparison with the findings of outbound travel surveys, but the average is clearly much higher for trips to Europe – probably closer to €1,500.

Leading Destinations

- The top 10 destinations for South Koreans are all in Asia Pacific, with the exception of the USA (in 4th place). Several major European countries rank in the top 20, including Germany (15th), the UK (16th), Russia (18th) and possibly France. However, the figures for Russia include eastern Russia.
- 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.

Arrivals from South Korea in key destinations ('000)

	Measure	2002	2003	2004	2005	2006
China	VF	2,124	1,945	2,845	3,545	na
Japan	VF	1,272	1,459	1,588	1,747	2,117
Thailand	TF	717	694	910	816	na
USA	TF	639	618	627	705	758
Philippines	TF	288	304	379	489	572
Hong Kong	TF	303	225	322	379	458
Singapore	VF	371	261	361	364	455
Vietnam	VF	105	130	233	317	422
Indonesia	TF	218	191	247	263	na
Australia	VF	190	207	212	251	261
Cambodia	TF	27	62	128	217	na
Canada	TF	151	139	170	180	194
Taiwan	TCE	74	86	140	175	188[e]
Malaysia	TF	64	46	91	158	189
Germany	TCE	111	114	131	138	154
UK	VF	92	109	138	147	144
New Zealand	VF	110	113	114	112	111
Russia	VF	96	95	109	111	111
Guam	TF	128	87	90	109	na

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.

Annual arrivals in European countries are roughly on the following scale:

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

Purpose of Trip

Main purpose of 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

- Travel for pleasure accounts for 60% of Koreans' trips overall, but the respective shares vary significantly from one destination region to another (see KTO data, above) and from one destination country to another.
- For instance, among 14 of the most important European destinations, the proportion of trips for pleasure range 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 range from 15-25% to 40-45% (for those same countries).
- The largest numbers of VFR visitors are found in Germany and the UK, but they form 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 visitors were found in Sweden, Austria, Denmark, and Greece.

Nature of Trip

- VisitBritain reports that the average length of stay for South Koreans in the UK was 4 days for holiday and 7 days for business visitors in 2005. Over two thirds (69%) of holiday visitors stayed for 1-3 nights, suggesting that the majority were visiting the UK as part of a multi-destination tour.
- A comparison of available figures for arrivals and nights in other European countries also suggests a pattern of multi-destination trips with short stays in each country. Examples include 2.6 nights per arrival in Turkey, 2.1 in Germany, 1.5 in Belgium and 1.4 in Austria. The exception is 7.0 in Italy, but Italian figures are very variable year to year.
- The World Travel Monitor indicates 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 are short breaks of 1-3 nights long (although of course many longer trips to Europe consist short stays in several different countries).

Seasonality

Breakdown of overseas trips by month, 2005 (%)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9	7	7	8	8	9	10	11	8	8	8	8

Outbound trip volume is more or less equally divided between winter and summer, but the months of May through August are most popular for travel to Europe.

Holiday entitlement

Working Koreans have 10 days paid holiday a year plus one day per year of service – up to 20-25 days.

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

2007: 1 Jan, 17-19 Feb, 1 Mar, 5 May, 24 May, 6 Jun, 17 Jul, 15 Aug, 24-26 Sep, 3 Oct, 25 Dec
2008: 1 Jan, 6-18 Feb, 1 Mar, 5 May, 12 May, 6 Jun, 17 Jul, 15 Aug, 13-15 Sep, 3 Oct, 25 Dec
1 May is also a holiday for banks and some companies, and 5 Apr, 8 May, 11 May, 15 May and 10 Sep are also days for special celebrations.

Accommodation

- South Korean travellers favour modern accommodation with good facilities, but often prefer more modest hotels over five-star ones. Bed & Breakfast accommodation and youth hostels are also popular.
- World Travel Monitor data quoted by DZT suggests that, on trips to Europe, 83% of Koreans stayed in hotels in 2004 – 38% in first-class hotels, 34% in mid-market properties and 11% in budget accommodation.

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 have noticed the keen 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.
- VisitBritain's Brand Tracking Research (2003) found that Korean travellers were more motivated by a concept of 'refreshed & invigorated' than by one of 'relax & unwind'. Consequently there is interest in a wide variety of activities, including sports, both participatory (golf, tennis, table tennis, fencing, etc) and spectator (football, golf, baseball, basketball, etc). Spas and other forms of health/well-being tourism are also increasingly popular.
- 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, but anecdotal evidence suggests that it is increasing.
- **Aspirational destinations**
  According to Wave 3 2006 of the Anholt-GMI Nation Brands Index, the top ten aspirational destinations (among a list of 30 destinations) "if money were no object" for South Koreans are:
  1. France
  2. Switzerland
  3. Australia
  4. New Zealand
  5. Canada
  6. UK
  7. Italy
  8. Germany
  9. Netherlands
  10. Sweden

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

% of travellers, 2005	Asia	Oceania	Europe	Americas	Africa	World
Male (%)	59	48	57	55	57	58
Female (%)	41	52	43	45	43	42
Children & young people (%)*	10	18	10	16	10	11

* Aged 0-20 years. Families with children are more likely to go to Australia and the Pacific islands, while young people are more likely to go to Europe and the Americas.

- Interestingly, the World Travel Monitor puts the ratio of Korean males to females visiting Europe at 45:55, supporting reports that female activities such as shopping are gaining in popularity.
- 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 (people tend to begin with local and regional travel, 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

% of travellers, 2005	All travellers	Travellers to Europe
0-20 years	11.2	10.1
21-30	17.9	21.4
31-40	23.3	26.5
41-50	23.7	22.3
51-60	14.6	13.3
61 and over	9.3	6.5

Occupations

% of travellers, 2005	All travellers	Travellers to Europe
Government employee	1.4	4.0
Private sector employee	35.3	37.8
Self-employed	7.2	2.4
Educator	2.8	4.4
Student	12.7	15.9
Others	6.7	5.6
Unemployed and crews	34.0	30.0

Travel Companions

- Historically, most Korean leisure travellers to Europe came in organised groups, but increasing numbers are coming as independent travellers (FIT) and these may now form a small majority. This trend is expected to continue.)
- VisitBritain found that in 2003 29% of South Koreans visiting the UK were travelling alone, 9% as couples, 12% with family, 11% with friends, 14% with business colleagues and 23% as part of a tour group. But the breakdown would probably be very different for other European destinations. France, for example (mainly Paris) attracts more young females travelling together than most other destinations in Europe.

AIR TRANSPORT

Airports

- The principal airport for long-haul international air services in South Korea is Seoul Incheon (ICN). Other international airports include Pusan Kimhae (also spelt 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.
- Thirteen airports in Europe are served by direct flights from South Korea: Amsterdam (AMS), Frankfurt (FRA), Paris (CDG), London (LHR), St Petersburg (LED), Munich (MUC), Madrid (MAD), Moscow Sheremetyevo (SVO), Prague (PRG), Rome (FCO), Istanbul (IST), Vienna (VIE) and Zurich (ZRH).

Airline Traffic / Capacity

Airlines operating direct services from South Korea to Europe, August 2007

Airline	Alliance	Flights	Seats	Destinations
Korean Air	SkyTeam	50	16,370	AMS, FRA, CDG, FCO, IST, LHR, IST, MAD, PRG, VIE, ZRH
Asiana Airlines	Star Alliance	11	3,608	FRA, LHR
Lufthansa	Star Alliance	10	3,156	FRA, MUC
Air France	Skyteam	7	2,170	CDG
KLM	SkyTeam	7	1,946	AMS
Aeroflot	SkyTeam	6	1,410	SVO
Turkish Airlines	–	4	1,121	IST

Notes: For airport codes, see above (under 'Airports'). Weekly flights and seat capacities shown.

- Seven airlines offered a total of 95 direct flights a week to Europe in August 2007 (one of the peak months), with 29,781 seats, up from 80 flights with 25,164 seats in August 2006. Korean Air increased the number of its fights from 36 to 50 over that period, and Asiana from 8 to 11.
- A number of other European airlines were due to launch services to Seoul in 2006-07, but plans have been cancelled or postponed. These included Air Europa from Madrid Barajas, Austrian from Vienna and Finnair from Helsinki in 2007.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Most European countries, including members of Schengen, do not require visas for South Korean passport-holders.
- In an effort to stimulate demand the USA is considering introducing a visa waiver scheme for Koreans travelling to the USA for up to 90 days at a time from 2008.

Travel Decisions

- Long-haul trips tend to be planned well in advance. VisitBritain found that, in 2005, two thirds of decisions to travel to the UK were taken at least one month in advance, and a quarter at least three months in.

Booking Methods

- Anecdotal evidence from different NTOs suggests that bookings are also made well in advance, especially for travel to Europe. This is probably due in part to the fact that airline capacity is often in short supply at peak periods.
- Some 87% of trips to Europe are booked through travel agencies (split 42% package tours and 45% FIT trips), according to DZT/World Travel Monitor, with 13% of trips booked direct from suppliers (airlines and hotels). Around 3% of trips to Europe involve no pre-booking.

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. Word of mouth also remains important.
- 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.
- Some 40% or more outbound trips involve the internet as a source of information.

Internet & Media

- There are large numbers of publications available in Korea for promoting tourism products, including travel trade weeklies, travel magazines, and the tourism sections of newspapers and consumer magazines
- South Koreans have been among the world's most enthusiastic adopters of the mobile telephone and the internet. According to the ITU, in 2006 there were 26.9 mn main telephone lines (56 per 100 inhabitants), a number that is still growing slightly. But there were 40.2 mn mobile phone subscribers (84 per 100 inhabitants), growing by 6.7% a year in 2001-06.
- In the same year, the ITU says there were 34.1 mn internet users (66.5% of the population – a penetration rate that is third only to the USA and Japan), of whom 14.0 mn had access to broadband (representing the world's highest broadband penetration rate).

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 either based or represented in South Korea, but to a lesser extent also work directly with operators in the destinations; the relationships between travel agencies, local operators and destination operators tend to be complex.
- There are reported to be around 9,000 travel agencies/operators in South Korea, and the trade can therefore be said to be fragmented. However, 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 the 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.

Retail Travel Agencies

- There are about 750 registered General Travel Agencies (GTAs – see above) and 5,250 Overseas Travel Agencies (OTAs). Most of the significant GTAs and some OTAs are members of the Korea Association of Travel Agents (KATA).
- The leading Korean wholesalers include Hanatour, Mode Tour, OK Tour and Kukil Travel (Hanatour has acquired a controlling interest in OK Tour).

- The biggest travel agencies are reported to be:

  Attic World
  D-Freedom Travel & Development Co Ltd
  Focus Tours YouYou Co Ltd
  Good Morning World Tour Co Ltd
  Hanatour Service Inc
  Hanjin Travel Service Co Ltd
  Hannam Travel Service
  Hansol T&I Co Ltd
  Hyundai Dream Tour
  Onnuri Travel Co Ltd
  Tour 2000 Travel Agency
  SK Tourvis (SK Corp)
  Very Good Tour Co Ltd

  Other important travel agents for travel to Europe (or at least to Scandinavia) include Happy Tour (Se Joong Tour), Kolon Travel, Lotte Tour, Mode Tour, Redcap and Yellow Balloon.

- Inbound tour operators into Europe include Concord Europe, Creative Tours, Gulliver Travel, 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

- 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, websites must be in Korean to be effective, which creates difficulties for European destinations and attractions.
- Although the internet is used as a source of information for 40% of trips, only about 15% were booked directly online in 2004, according to DZT/World Travel Monitor.
- Commercial transactions via the internet totalled W314,000 bn (€233 bn) in 2004, up 34% on 2003, according to the National Statistical Office. Of this, travel and other reservation services amounted to W751 bn (€558 mn), up 43%.
- Not surprisingly, young Koreans nave been especially receptive to internet travel bookings, but very often these young people are those least able to afford a trip to Europe.
- TNS's *Global E-commerce Report* (2001) ranked South Korea among the world's top five for buying business travel on the internet.

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."
- 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.
- 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.
- 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 rapidly. However, good-quality Korean-language websites are essential – international English-language sites tend to be ineffective (i.e. 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.

Short-term Prospects

- South Korea is regarded as one of the world's most promising travel markets, especially while personal disposable incomes continue to rise so rapidly.
- However, for the foreseeable future, while those incomes remain moderate by the standards of the richest developed nations, the majority of South Korean travellers are expected to travel predominantly to Asia. The emergence of low-cost airlines will reinforce this trend.
- Australia, the Pacific islands and Southeast Asia will continue to dominate the market for family 'sun & beach' holidays. However, Europe may be able to gain at the expense of North America for long-haul leisure travel, because of South Korean travellers' preference for countries with strong historical and cultural heritages. Crucial to such success would be to build a reputation for attractive activities.
- Although high-spending, young single people are seen by many destinations as the key target market, many leisure travellers to Europe are older people and there is a strong demographic trend towards these older age groups.
- Trends identified by the STB 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.

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); United Nations Department of Economic & Social Affairs Population Division
- **Travel Profile:** Korea Tourism Organization (KTO); World Tourism Organization (UNWTO); Pacific Asia Travel Association (PATA); IPK International's World Travel Monitor; Anholt-GMI Nation Brands Index; VisitBritain; Scandinatian Tourist Board (STB); Tourism Australia; German National Tourist Board (DZT)
- **Profile of Travellers**: KTO; IPK International's World Travel Monitor; VisitBritain; STB; Tourism Australia; DZT; The Travel Business Partnership (TBP) from various industry sources
- **Air transport/Airlines**: SRS Analyser, OAG; KTO
- **Travel Planning and Booking**: KTO; VisitBritain; STB; International Telecommunications Union (ITU); Global Market Insite (GMI); IPK International's World Travel Monitor; TNS; *ETC Media Review*
- **Travel Trade Profile**: KTO; PATA; VisitBritain; STB

FURTHER INFORMATION

The Korea Association of Travel Agents (KATA):	www.kata.or.kr
Korea Tourism Organization (KTO):	www.eturkorea.com
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
IPK International	www.ipkinternational.com

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