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The members of the MIG comprise the Research Directors of the 33 National Tourist Offices (NTOs) who 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 and other indicators.

A complete overview of 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: 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$23,000 – comparable to that in Greece and Portugal, but still well short of the US$47,000 in Japan and the US$52,000 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 for most Koreans.
- The economy recovered very quickly from the global financial and economic crisis in 2008-09, but growth rates have since remained modest by Asian standards. GDP rose in real terms by 2% in 2012 and is forecast to increase by 4% in 2015.
- After falling by 30% in the wake of the 2008-09 crisis, outbound trips finally set a new record of 12.5 mn in 2012. This was an increase of 8% on 2011. Outbound trips have grown by an average of 10% a year since 1991.
- The record 12.5 mn trips in 2012 were equivalent to one in four of the population – an outbound travel intensity of 26%. This is substantially higher than that in Japan (13%) but is rather low by world standards, in relation to GDP per capita.
- International travel expenditure (excluding transport) fell from a peak of US$22.0 bn in 2008 to just US$15 bn in 2009, and has since recovered only partially, to US$20.1 bn. UNWTO ranked South Korea 14th in the world on this basis in 2007, but 17th in 2009, 26th in 2010, 22nd in 2011 and 21st in 2012.
- The great majority of trips are to Asian destinations – the top 12 destinations are all Asian, with the exception of the USA. Europe is still regarded by most people as a 'once in a lifetime' destination and attracts fewer than 1 mn Koreans a year. However, France, Germany, Italy, Switzerland, Turkey and the UK usually rank among the top 25 destinations and industry players believe the growth potential for Europe is strong.

- About 57% of Korean outbound trips are for holidays, 25% for business, 12% for education and training, 5% for visits to friends and relatives (VFR) and 2% for other purposes. However, these shares vary from one destination region and country to another and over time, according to changing market conditions. Leisure trips to Europe are still 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.

ECONOMIC PROFILE

Currency

- Won (W)

Exchange rates (av.)[2,6]	2008	2009	2010	2011	2012	1 Nov 13
Won/US$	1,101	1,275	1,155	1,107	1,126	1,059
Won/euro	1,609	1,771	1,530	1,540	1,447	1,448
Won/£	2,024	1,989	1,786	1,775	1,784	1,698
Won/¥	10.65	13.63	13.17	13.89	14.11	10.77

- The won has generally been appreciating in recent years, with occasional periods of volatility. During the world financial crisis in 2008-09 it went on a roller-coaster ride, falling by roughly a third against the US dollar and the Japanese yen before staging a partial recovery in 2009-10. It then resumed its upwards path, with sharp reversals in May-June 2010 and August-September 2011, and a more gradual and persistent decline in January-June 2013. This latest decline has also proved temporary: most of the ground lost had been recovered by the end of October.
- Much of the volatility can be ascribed to the US dollar rather than to the Korean won: accordingly, the won's exchange rate against the euro and sterling has generally been less erratic than against the dollar. Overall, taking the annual averages, the won was in 2012 at very much the same level as it was in 2008 against the US dollar and 10-15% higher against the euro and sterling.
- However, the won and the yen are prone to very large fluctuations against each other, with dramatic short-term effects on tourism flows to and from the two countries. There are also knock-on effects (through diversion effects) on their tourism flows with the rest of the world. The won fell even more sharply against the yen than against the US dollar in 2008-09, and there were sharp declines again in April-May 2010 and July-September 2011. There has been another dramatic shift since June 2012: by the end of September 2013 the won had risen by nearly 40% against the yen.

South Korea's Economy 2008-13

Economic data[1]	2008	2009	2010	2011	2012
GDP (W trn)	1,026.5	1,065.0	1,173.3	1,235.2	1,272.5
(US$ bn)	931.4	834.1	1,014.9	1,114.5	1,129.5
(€ bn)[17]	637.9	601.4	766.8	802.1	879.4
Real GDP growth (%)	2.3	0.3	6.3	3.7	2.0
GDP per capita (US$)	19,028	16,959	20,540	22,388	22,589
Inflation (%)	4.7	2.8	2.9	4.0	2.2
Employment (mn)	23.6	23.5	23.8	24.2	24.7
Unemployment (%)	3.2	3.7	3.7	3.4	3.2

- 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 eased back to more 'normal' levels in recent years.

- The South Korean economy is essentially export-led. It took a huge hit during the global financial and economic crisis in 2008-09, when foreign trade and industrial production plummeted for a few months, but it recovered quickly. Growth remained very modest, by Asian standards, in 2011-12, and preliminary figures for the first three quarters of 2013 suggest only a moderate improvement – not surprising, given the continuing weakness in world trade in industrial products. The IMF forecast in October 2013 that GDP growth would reach 2.8% in 2013, 3.7% in 2014 and 4.0% in 2015.
- The Korean economy is nevertheless regarded as robust – i.e. relatively 'safe' in a risky world economic environment – with a sound fiscal situation, a low level of public debt and a large surplus on the current account balance of payments. The country has a well-diversified industrial base, competitive in a range of growth sectors, which should benefit from the recently signed free trade agreements with the USA and EU. Its capital markets are, however very open, exposing South Korea to the vagaries of world financial markets – something which is reflected in the volatility of the won's exchange rate (see above under 'Currency').
- A weakness is the lack of growth in earnings and high levels of household debt. Private consumption has, historically, made a smaller contribution to growth than exports. The country does not look and feel as wealthy as its GDP per capita figures (see below) would suggest.
- The Bank of Korea's business confidence index was close to its long-term average in the first half of 2012 – at around 85, on the pessimistic side of neutral (100). It fell sharply in the second half of the year and recovered only partially through the first three quarters of 2013.
- In contrast, the bank's consumer confidence index was generally weaker in 2012 and stronger in the first three quarters of 2013, when it was consistently slightly above its long-term average (100).
- Inflation rose to 4% in 2011 – 1% above the Bank of Korea's central target of 3% – but has slackened to just 0.9% in October 2013, its lowest level since 1999. It is expected to rise a little in 2014-15 but to remain well below the target rate.
- In the longer term, OECD believes that the 'potential growth rate' in the South Korean economy will shrink from around 4% a year in the 2010s to 2.25% a year in the 2030s. A particular problem is the rapid ageing of the population: the country will need to raise labour participation rates among females and older people. Labour productivity is also much lower in the service sectors (which already account for 69% of employment) than in the highly efficient industrial sectors.

SOCIO-DEMOGRAPHIC PROFILE

Population

Population (mn)[3]	2008	2009	2010	2011	2012
Total	47,868	48,165	48,454	48,733	49,003
Males	23,832	23,971	24,108	24,240	24,370
Females	24,036	24,194	24,346	24,492	24,633

- The total population in 2012 is estimated at 49 mn. South Korea ranks 26th in the world by population. As comparisons, Japan has a population of 127 mn, Germany 83 mn, France 64 mn and Spain 46 mn.
- The population density is very high, at 497 inhabitants per km2, which has led the government to promote a 'one child' culture. The population is now reckoned to be growing by 0.5% a year – rather faster than expected – and the UN, in its latest medium fertility forecasts, does not expect it to stabilise until around 2040.
- However, the fertility rate (the average number of children per female) is estimated at 1.25, far below the notional long-term 'replacement rate' of 2.1. It has fallen steadily from 6.3 in the late 1950s. The annual birth rate is 9.6 per thousand population and the death rate 5.6 per thousand. The population is ageing particularly rapidly – even faster than Japan's.
- The median age is 38.9 years. Life expectancy is high – 81.4 years – 77.9 years for men and 84.6 for women.
- South Korea is highly urbanised – 84% of the population is reckoned to be urban. The major cities include the capital, Seoul (with a population of 9.8 mn in 2010 and a metropolitan area with 23.8 mn people), Pusan (3.4 mn), Incheon (2.7 mn), Taegu (2.4 mn), Taejon (1.5 mn), Kwangju (1.5 mn), Ulsan (1.1 mn), Suwon (1.1 mn) and Changwon (1.1 mn).

- In 2010 there were 17.5 mn private households in South Korea, with an average size of 2.7 persons per household. Of these, 9.7 mn were single-person households, 10.9 mn two-person, 10.1 mn three-person, 12.6 mn four-person households, and 3.7 mn had five or more persons.
- The South Korean population is highly educated. In 2010, 9% of the population over 25 had finished school at primary level, 11% at lower secondary level, 41% at upper secondary level and 39% – an extremely high proportion – at tertiary level. The proportion of those educated to tertiary level rises from 13% among 55-64 year-olds to 65% among 25-34 year-olds. Koreans also spend heavily on private education and tuition.

Distribution by Age

Breakdown (%)[3]	2010	2015[f]	2020[f]
0-4 years	4.6	4.8	4.7
5-14	11.6	9.4	9.1
15-24	13.6	13.5	11.3
25-34	15.4	13.9	13.3
35-44	17.2	16.0	14.8
45-54	16.3	16.5	16.3
55-64	10.2	12.9	15.0
65-74	6.9	7.5	8.9
75-84	3.4	4.4	5.0
85+	0.8	1.1	1.6
Total	100.0	100.0	100.0

- In simpler terms, 28% of the population are 0-24 years old, 54% are 25-60 and 18% are over 60.
- According to the UN, the numbers of children and young people (aged 0-24) in South Korea will decline by 12% from 2010 to 2020 (from 14.5 mn to 12.7 mn), while those over 60 will increase by 53% (from 7.5 mn to 11.5 mn). The numbers of those aged 25-59 will remain stable at around 26.5 mn.

Employment

Labour force, January 2013[4]

	Total		Male		Female	
	000s	%	000s	%	000s	%
Population over 15	41,877	100.0	20,472	100.0	21,404	100.0
in labour force	24,901	59.5	14,666	71.6	10,236	47.8
in employment	24,054	57.4	14,138	69.1	9,916	46.3
unemployed	847	2.0	528	2.6	320	1.5
not in labour force	16,975	40.5	5,807	28.4	11,169	52.2

Employment, January 2013[4]

	Total		Male		Female	
	000s	%	000s	%	000s	%
Total employment	24,054	100.0	14,138	100.0	9,916	100.0
self employed	5,452	22.7	3,941	27.9	1,511	15.2
– with employees	1,485	6.2	1,154	8.2	331	3.3
family worker	1,021	4.2	147	1.0	874	8.8
employees	17,581	73.1	10,049	71.1	7,532	76.0
– regular	11,292	46.9	7,233	51.2	4,059	40.9
– temporary	4,791	19.9	2,010	14.2	2,781	28.0
– daily	1,498	6.2	806	5.7	692	7.0

- By OECD standards, the proportion of women in the labour force is still low, and the number of self-employed persons high.

- A factor in the growing inequalities in income distribution (see below under 'Spending Power') is the 'dualistic' nature of the labour market: to reduce costs and increase flexibility, firms often prefer to employ 'non-regular workers' (on a short-term, part-time or agency basis). The problem is more severe in South Korea than in Japan and other OECD countries. According to OECD, non-regular workers, who account for one third of employees, earned on average only 57% as much as regular workers per hour in 2010 – or 87% as much after adjusting for gender, education, occupation, tenure and age. Many non-regular workers are also not covered by the national insurance, health and pensions systems.
- OECD also criticises the over-emphasis on tertiary education in South Korea, with poor employment outcomes for many graduates: only about half find 'regular' jobs in the year following graduation. In 2009 around 22% of youths with tertiary education were 'NEETS' (not in employment, education or training) – by far the highest share among OECD countries, and (unusually) higher than the share of all youths (17%, which is also the highest share in the OECD).

Spending Power

GDP per capita[1]		**2008**	**2009**	**2010**	**2011**	**2012**
At current prices	(W 000s)	20,970	21,655	23,746	24,813	25,447
	(US$)	19,028	16,959	20,540	22,388	22,589
	(€)	13,033	12,228	15,520	16,112	17,586
Real increase (%)		1.6	-0.2	5.8	2.9	1.6
At PPPs (US$)		27,334	27,502	29,458	30,911	31,950

- GDP per capita in South Korea, at US$22,600 in 2012, is still only half that in Japan, the USA and Western Europe. However, it is higher than in any other Asian country except for the city-states of Singapore and Hong Kong and oil-rich Brunei Darussalam; it is a little below that in Italy and Spain, similar to that in Saudi Arabia, and a little more than that in Taiwan, Portugal and Greece.
- However, consumer prices in South Korea are far lower than they are in the USA, Europe and Japan, and GDP per capita at purchasing power parities (US$32,000 in 2012) compares more favourably: it is higher than that in Italy and Spain and not far short of that in Japan, France and the UK.
- In principle, travellers from South Korea are likely to find prices in North America, Europe and Japan relatively high – but with the sharp decline in the value of the yen in 2012-13 they are finding prices in Japan much cheaper than they are used to.
- Tax burdens in South Korea are low. According to OECD, the overall tax burden in 2010 was only 25.1% of GDP, compared with an OECD average of 33.2%, and the 'tax wedge' on labour (the difference between total pay and take-home pay) only 20%, compared with an OECD average of 35%.

Average monthly household incomes, adjusted for household size, 2012[4]

	Market income		**Disposable income**	
	W 000s	**€ 000s**	**W 000s**	**€ 000s**
First quintile	527	364	655	453
Second quintile	1,311	906	1,304	901
Third quintile	1,849	1,278	1,773	1,225
Fourth quintile	2,459	1,699	2,320	1,603
Fifth quintile	3,957	2,735	3,628	2,507
Average	2,021	1,397	1,936	1,338

Note that these figures are adjusted for household size using an 'equivalisation rate' of 0.5 for each additional person. Average unadjusted household market incomes are around W4,000 per month.

- The distribution of incomes in South Korea is still relatively even, by most of the many available measures, but (as in most OECD countries) inequality has been increasing over the last 15 years. For a variety of reasons, it is commonly said that income inequalities in South Korea 'feel' much more severe than the statistics suggest. These reasons include high levels of household debt (especially mortgage-related debt), weak and uncertain incomes among the self-employed and employees of small and medium-sized companies in service sectors, and the intense competition for 'good' jobs in a polarised labour market (see above under 'Employment'), which leads families to spend heavily on education. Non-regular workers also need to spend heavily on health and pensions.

- On the other hand, South Korea is already a country where the majority of people live in households with an annual income of over US$15,000 – regarded as something of a threshold for outbound travel. The figures are, very roughly, 70% of households in South Korea, compared with 90% in Japan, 80% in Taiwan, 60% in Malaysia, 30% in Indonesia and Thailand, and well under 10% in China and India.
- The annual Capgemini/RBC World Wealth Report provides estimates of the number of 'high net worth individuals' (HNWIs, with investable assets exceeding US$1 mn). South Korea entered the 'top 12' ranking in 2011, with 144,000 HNWIs. In 2012 this increased by 11% to 160,000 individuals – a total in the same order as those in Australia, Italy and Brazil, but only one twelfth of the number in Japan, which ranks second only to the USA in these estimates.

Ancestry & Migration

- The population is relatively homogeneous. The 2010 Census found 214,000 'foreign' households with 364,000 members, but the official figures are suspect. There may be about 1.5 mn foreigners living in South Korea, but many – most, perhaps – are of Korean ethnic origin. 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, about 120,000 US citizens (plus 30,000 US troops), and smaller numbers of expatriates from many other countries.
- In 2011, according to the Ministry of Foreign Affairs, there were 7.3 mn Koreans (from North and South) living abroad, including 2.7 mn in China (mainly in Manchuria), 2.2 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, the UK, Germany, Brazil 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.
- A study by KOSTAT in 2005 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. These figures have not been updated since then, but there is little reason to think the breakdown will have changed.

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 1.8 mn in 1991 to a peak of 12.3 mn in 2007 – representing an average annual increase of 10%. 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 under the impact of the world economic crisis and the temporary collapse in the value of the won. In spite of a 34% increase in 2010, they did not set a new record until 2012, when trips increased by 8% to 12.5 mn.
- The growth momentum has been sustained in the first ten months of 2013, with a 9.3% increase over the same period in 2012.

International departures of Koreans (000s)[8]

	2007	2008	2009	2010	2011	2012
Total	13,325	11,996	9,494	12,488	12,694	13,737
Males	7,003	6,285	4,991	6,430	6,564	6,972
Females	5,292	4,688	3,504	4,989	4,995	5,502
Crew	1,030	1,023	999	1,069	1,134	1,263
Total excl. crew	12,295	10,973	8,495	11,419	11,560	12,474
% annual growth	15.2	-10.8	-22.6	34.4	1.2	7.9

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 12.5 mn trips made in 2012 were equivalent to one in four of the population – an outbound travel intensity of 26%. This is substantially higher than that in Japan (13%) but is rather low by world standards, in relation to GDP per capita.
- In 2012, males accounted for 56% of outbound trips (excluding crew), and females for 44%. In the years leading up to 2008, trips by males were growing faster than those by females, but since then trips by females have been growing faster than those by males.
- Traditionally, South Koreans have focused strongly on destinations within East Asia, especially for leisure travel. However, the share of long-haul travel has been growing.
- Arrivals data from destinations around the world suggests that Asia now accounts for 73% of cumulative arrivals (i.e. including the additional destinations of multi-destination trips), Europe for 11%, the Americas for 10%, Oceania for 4%, the Middle East for 2% and Africa for 1%. Since 2008, the shares of Europe, the Americas, the Middle East and Africa have all grown slightly, at the expense of Asia and Oceania.

International Travel Expenditure (excl transport)

Expenditure[5,17]	2007	2008	2009	2010	2011	2012
US$						
Total (US$ mn)	21,975	19,065	15,040	18,780	19,934	20,101[e]
% annual change	16.6	-13.2	-21.1	24.9	6.1	0.8[e]
Spend per trip (US$)	1,787	1,737	1,770	1,645	1,724	1,611[e]
€ equivalents						
Total (€ mn)	16,042	13,041	10,829	14,179	14,332	15,639[e]
Spend per trip (€)	1,305	1,188	1,275	1,242	1,240	1,254[e]

Note: Calculations of spending per trip exclude crew members.

- International travel expenditure (in nominal US dollar terms) rose by an average of 19% a year in 2001-07, from US$7.6 bn to US$22.0 bn, but then fell back to just US$15.0 bn in 2009. It rose by 25% in 2010, 6% in 2011 and an estimated 1% in 2012, but is not yet back to its peak levels in US dollar or euro terms.
- South Korea's balance of payments data is unusual in that it distinguishes outbound travel spending for training and educational purposes from other travel spending: spending for training and educational travel has usually fallen in the range of 22% to 24% of the total in the last few years.
- Expenditure per trip has averaged US$1,700 (€1,240) over the last five years, although it is sometimes suggested that expenditure on trips to Europe is higher.
- For example, respected industry figures presenting at the JATA Forum 2013 suggested that, worldwide, South Koreans spent US$2,074 per trip, compared with US$2,918 spent by the Japanese and US$1,644 spent by Taiwanese. On trips to Europe, Koreans spent US$3,625, Japanese US$4,763 and Taiwanese US$3,924. Note that these figures do not match the analysis in the table above: they represent 'gross spending', including spending linked to the trip before and after the trip.

Leading Destinations

Arrivals from South Korea in key destinations (000s)[10,11,16]

	Measure	2007	2008	2009	2010	2011	2012
China	VFn	4,777	3,960	3,198	4,076	4,185	4,070
Japan	VFn	2,601	2,382	1,587	2,440	1,658	2,043
USA	TFr	806	759	744	1,108	1,145	1,251
Thailand	TFn	1,084	889	618	805	1,006	1,169
Philippines	TFr	653	612	498	741	925	999[e]
Hong Kong	TFr	592	638	402	588	671	726
Vietnam	VFr	475	449	360	496	536	701
Singapore	VFr	464	423	272	361	415	448[e]
Cambodia	TFr	330	267	198	290	343	411
Indonesia	TFr	328	321	257	275	306	312
Malaysia	TFr	225	267	227	264	263	284
Taiwan	VFr	226	252	168	217	243	259
Germany	TCEr	160	144	124	144	173	211
Spain	TCEr	125	132	93	180	200	207
Australia	VFr	253	218	181	214	198	197
Macau	THSr	78	111	80	127	152	186
Guam	TFr	123	111	83	135	149	183[e]
Canada	TFr	200	184	138	164	151	140
Turkey	TFn	131	116	87	120	145	157[e]
United Kingdom	VFr	157	128	75	115	140	151[e]
Switzerland	THSr	113	92	72	94	116	123
India	TFn	85	80	70	96	109	109[e]
Northern Marianas	VFn	108	111	89	116	108	na
Austria	TCEr	93	80	59	78	106	135
Czech Republic	TCEn	80	68	55	78	97	131
Russia	VFn	125	101	84	91	91	95
Hungary	TCEn	na	na	na	32	45	55
Laos	VFn	13	18	18	27	35	54
New Zealand	VFr	99	79	53	67	53	53
Brazil	TFr	40	42	24	31	45	50
Italy	TFn	59	52	60	60	58	48
Mexico	TFn	37	36	26	35	40	48
Croatia	TCEr	14	12	10	18	33	47
Portugal	TCEr	15	14	10	25	30	35
Slovakia	TCEn	31	24	18	23	27	27
Netherlands	THSr	28	22	23	23	25	27[e]
Romania	VFr	9	11	10	13	16	19[e]
Belgium	TCEr	17	14	8	13	15	17
Poland	TCEr	27	26	18	14	14	15
Finland	TCEr	12	11	7	10	12	14
Sweden	TCEr	10	10	9	13	14	13

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 accommodation; THS = international tourists at hotels and similar establishments; n = by nationality; r = by country of residence. Figures for some destinations have been provided or estimated from sources other than UNWTO.

- The top 12 destinations for South Koreans are all in Asia, with the exception of the USA. The table above is believed to include all destinations receiving more than 100,000 South Koreans in any one of the last five years, except France and the UAE, for which official figures are not available. Tourism Economics puts arrivals in France at around 180,000 a year.

- Although many more destinations now monitor arrivals from South Korea, it is often very difficult to pin down with any certainty the level of arrivals in European countries, because of the readiness with which tourists can cross borders within the Schengen area unrecorded and/or stay in several hotels on the same trip, etc. The figures in the table above should not be interpreted too literally. Annual arrivals in European countries are very roughly on the following scale:

>200,000	France, Germany, Spain
100,000-200,000	Austria, Czech Republic, Switzerland, Turkey, UK
50,000-100,000	Italy, Hungary, Russia (including Russia in Asia)
25,000-50,000	Croatia, Netherlands, Portugal, Slovakia, Finland, Norway
10,000-25,000	Belgium, Bulgaria, Denmark, Poland, Romania, Slovenia, Sweden
5,000-10,000	Greece, Ukraine
2,500-5,000	Albania, Estonia, Ireland, Latvia, Lithuania
<2,500	Belarus, Bosnia-Herzegovina ,Cyprus, Iceland, Liechtenstein, Luxembourg, Malta, Macedonia FYR, Moldova, Monaco, Montenegro, San Marino, Serbia.

- Given the market's rapid growth, many destinations have benefited from large increases in arrivals from South Korea. Among the top 20 destinations listed in the table above, those which have seen increases averaging more than 15% a year since 2000-01 include, in Asia, the Philippines, Vietnam, Cambodia, Malaysia and Macau, and in Europe Spain and Turkey. In contrast, arrivals in Singapore, Australia and Canada have grown only modestly.

- Among the European destinations that have performed substantially better than average since 2000-01 are (in addition to Spain and Turkey): Germany, Austria, the Czech Republic and Slovakia, Croatia and Slovenia, Portugal, Romania and Bulgaria, and Estonia, Latvia and Lithuania. Arrivals in Switzerland, Belgium, the Netherlands, the UK and the Nordic countries have increased only moderately. Those in Russia and Ireland seem to have stagnated. The available figures suggest large declines in arrivals in Italy, but in view of trade reports contradicting the Italian data about a number of markets, one is inclined to believe that Korean travel to Italy is now understated.

- The growth in 2010-12 was mostly a recovery from the dip in 2008-09 and it is still difficult to separate the recovery from real increases in demand, but it seems that Spain, Portugal, Turkey, Germany, Austria, Switzerland, the Czech Republic, Croatia, Slovenia, Bulgaria and perhaps the Nordic countries were all doing well. Among non-European destinations, many in Asia were still performing extremely well, but travel to Japan declined because of trends in exchange rates, the Dai-Ichi Fukushima disaster and political tensions between South Korea and Japan. Travel to the USA, after long years of stagnation after 2001, is surging (visa requirements were relaxed in 2008), but travel to Canada continues to decline.

- In the first half of 2013 the sharp decline in the value of the yen led to a rapid recovery in South Korean travel to Japan – arrivals from Korea are reported to have increased by 38%. Figures posted on TourMIS for the first six to nine months of 2013 point to large increases for Austria, Lithuania, Romania, Slovenia and Sweden, modest increases for the Czech Republic, Germany and Switzerland, and declines for Belgium, Norway and Slovakia.

Ports of embarkation

- In 2012, 92.7% of Korean outbound travellers left by air and 7.3% by sea. The proportion travelling by air has drifted up from 91.0% in 2007 to 92.7% in 2012 and seems set to continue rising.

- The table below highlights the fact that the vast majority of international trips start from Seoul's Incheon Airport, but the travellers may have come from all over South Korea because of the lack of suitable international flights from airports in other regions.

- The Canadian Tourism Commission (CTC), in its 2012 survey of Korean long-haul travellers, found that 28% came from the Seoul region in the north-west of the country, 29% from the neighbouring Gyeonggi region, 9% from the Busan region in the far south-east, and 39% from other regions.

Outbound travel by port of embarkation (000s)[8]

	2007	2008	2009	2010	2011	2012
Incheon airport	10,289	9,078	7,298	9,359	9,542	10,200
Gimhae airport	1,075	1,029	733	1,148	1,263	1,496
Gimpo airport	409	502	415	693	715	833
Jeju airport	55	39	32	40	46	55
Other airports	296	224	70	151	176	148
Total by air	12,124	10,873	8,687	11,390	11,742	12,731
Port of Busan	606	601	319	533	346	516
Port of Incheon	293	223	176	205	212	159
Other seaports	302	300	312	361	393	331
Total by sea	1,201	1,124	807	1,098	951	1,006
Total	13,325	11,996	9,494	12,488	12,694	13,737

Note: Figures include crew members.

Purpose of Trip

- Figures presented by the Korea Association of Travel Agents (KATA) at the JATA Forum 2013 suggest that 57% of outbound trips from South Korea are for holidays (much lower than the 73% of outbound trips from Japan), 25% for business, 12% for education and training, only 5% for VFR and 2% for other purposes.
- However, the breakdown of trips by purpose often varies enormously in individual destinations. They may also vary from one region to another within each country, and from year to year. The following figures show the breakdowns quoted recently by various destinations.

Main purpose of outbound trips to selected destinations, 2011-12 (%)[16]

	USA	UK	Bulgaria	Canada	Australia
Holiday	49	64	87	19	60
Business	22	20	10	18	8
– including MICE	10	...	...	...	4
VFR	15	10	1	32	13
Education	11	...	...	...	9
Other	3	6	2	31	8
Total	100	100	100	100	100

Note: The definitions used by each destination may vary.

- For trips to the USA, the US Department of Commerce also gives figures for all the purposes of trips (i.e. including subsidiary purposes, and adding up to more than 100%): 59% holidays, 21% VFR, 25% business (including 11% MICE), 14% education, plus others. This suggests that about a third of business, MICE and VFR trips include a substantial leisure element.
- A study among 14 of the most important European destinations published in July 2006 by the Scandinavian Tourist Board (STB) – now of course very dated, but still relevant – found that, for trips from South Korea:
  – The share of leisure trips ranged from 55-65% for the UK, Netherlands, Italy, Spain and Greece to 15-25% for Sweden, Norway and Poland.
  –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 share of business trips ranged from 15-25% to 40-45%. The principal European destinations for conventions were Germany, France, Italy and Switzerland, but the highest proportions of convention delegates were found in Sweden, Austria, Denmark, and Greece.
- 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.

Nature of Trip

- A trip to Europe is a heavy commitment for many Koreans, not often repeated. As an indication, VisitBritain found that in 2009 only 44% of visitors from South Korea, and only 30% of leisure visitors, had previously visited the UK 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. For pure leisure trips to most destinations in continental Europe – and especially the smaller destinations – the share of multi-destination trips is likely to be even higher.
- KATA figures presented at the JATA Forum 2013 suggest that Koreans spend an average of 10.2 nights on trips to Europe, compared with 16.3 nights in North America, 22.9 nights in Oceania, 9.2 nights in Southeast Asia, 8.7 nights in Northeast Asia and 4.8 nights in China, Hong Kong and Macau. In all destination regions except Greater China, the Koreans tend to make longer trips than the Japanese, but the difference is much smaller for trips to Europe than for trips to other destinations. One reason for the longer lengths of trips may be the emphasis on trips for education and training.
- Formal statistics are not available, but the distance and general nature of the Korean market would suggest that touring holidays (organised or not) probably account for roughly 70% of holiday trips to Europe, city breaks (short and long) for 15%, beach and winter/summer resort holidays for 10%, and special interest and other holidays for the remaining 5%.
- However, such figures are likely to be very variable in different destinations. In 2011-12, for example, 66% of Korean arrivals in Swiss hotels were registered in Alpine hotels (a higher proportion than for most markets), 22% in 'big city' hotels, 10% in 'small city' hotels and 1% in rural hotels.
- Many Koreans now travel to Europe independently, but linguistic and cultural difficulties mean that a high proportion of visitors – holiday visitors especially – still use packaged and guided arrangements. CTC reckons that 53% of all Korean visitors to Canada travel independently, 28% combine independent travel with some guided tours, 12% stay in a resort, 7% take a fully escorted or guided tour, and 1% take a cruise – but note the extraordinarily low proportion of leisure trips to Canada (see the table above), which means that these figures are unlikely to be reflected in European destinations.
- Trends identified by the STB in 2006 suggest that:
  – 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.

Seasonality

Breakdown of overseas trips (excluding crew) by month (%)[8,17]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007-09	9.9	8.3	7.8	7.9	8.5	8.0	10.0	10.2	7.1	7.8	7.1	7.5
2010-12	9.3	8.1	7.2	7.2	8.0	8.1	9.8	9.9	7.9	8.3	7.9	8.2

- The principal holiday periods are the Lunar New Year (late January – early February), summer (July-August) and Korean Thanksgiving (late September – early October).
- Since 2007-09, the popularity of September-December for travel abroad seems to have increased, at the expense of January-May (see the table above).
- The overall seasonality of outbound travel from South Korea is not strong, but the months of May through August are the most popular for travel to Europe.

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. The precise dates vary.
- Universities break up a month earlier than schools, in mid-June.

Public holidays
2014: 1 Jan, 30Jan-1Feb, 1 Mar, 5 May, 6 May, 6 Jun, 17 Jul, 15 Aug, 7-9 Sep, 3 Oct, 9 Oct, 25 Dec
2015: 1 Jan, 18-20 Feb, 1 Mar, 5 May, 25 May, 6 Jun, 17 Jul, 15 Aug, 26-28 Sep, 3 Oct, 9 Oct, 25 Dec
2016: 1 Jan, 7-9 Feb, 1 Mar, 5 May, 14 May, 6 Jun, 17 Jul, 17 Aug, 14-16 Sep, 3 Oct, 9 Oct, 25 Dec

- 1 May is also a holiday for banks and many companies. 24 and 31 December are also effectively holidays, 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.
- Figures presented at the JATA Forum 2013 suggest that Koreans spend less per night in Europe (US$429) than the Japanese (US$682), which may reflect this preference for less expensive hotels.
- VisitBritain reported 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 non-paying 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 under 'Nature of outbound travellers') – want a relaxing experience.
- NTOs generally 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 notably less important on their trips to Europe. This is probably due to the fact that South Korea is one of the best shopping destinations in Asia for consumer goods such as electronics, so the main focus on shopping in Europe is on cosmetics and fashion goods, especially shoes and accessories.
- Reports of Koreans' growing interest in culture correlate with VisitBritain's findings that Korean travellers are 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 are 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 favoured 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.
- In 2012 Tourism Australia asked Korean consumers what they looked for in a holiday travel destination. The responses were as follows:

A safe and secure destination	60%	
A destination that offers value for money	57	
A family-friendly destination	48	
World-class beauty and natural environments	45	
Good food, wine, local cuisine and produce	35	
Romantic destination	34	
Rich history and heritage	31	
A range of quality accommodation options	28	
Clean cities, good road infrastructure with clear signposts	21	(continues)

Spectacular coastal scenery	20
Friendly and open citizens, local hospitality	19
Great shopping / world-class brand names	13
Luxury accommodation and facilities	13
Ease of obtaining a visa	11
Flights with no stopovers	9
Great swimming beaches	9
Different and interesting local wildlife	8
Good leisure activities such as nightclubs/bars and/or casinos	6

In this survey, Koreans seem to have been more concerned than their Japanese counterparts about value for money, family friendliness and a 'romantic' destination, and less concerned about safety, cuisine, history and heritage, and direct flights.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- Information is not readily available on the numbers of Koreans who have travelled abroad in their lives, but it is probably not much more than half of the population. With annual departure rates at 26% of the population, it cannot be much less than 50% either, given that multiple trips per year are not very common. A CTC survey estimated that, in 2010, 11.8 mn adult Koreans (30% of the adult population) were 'interested' in making a long-haul trip within the next two years.
- Among outbound travellers generally, males outnumber females 10:8 (see 'Outbound Trips', above), but outbound trips by females have been growing a little faster than those by males.
- Children (aged 0-18) make up about 8% 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 are usually 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 may be high on their wish lists but tends to be low on their list of practical 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.

Market Segmentation

Segments of the outbound Korean market which the trade might distinguish include:

- **Young culture and lifestyle seekers:** usually under 30, single and eager to explore the world and to expand their knowledge. Both old and new are highly appealing: both places of historical or archaeological importance and marvels of modern architecture and engineering. They might want to see how people lived centuries ago, and to experience how their hosts go about their lives today.
- **Family culture and lifestyle seekers:** their older counterparts, married and with children, looking for cultural and educational experiences which might enrich their families' lifestyles. A certain earnestness, an eagerness for education and self-improvement, which is an often remarked characteristic of many Korean travellers, might be found among these two segments. Note the reference to 'wild geese', under 'Accommodation' above.
- **Outdoor adventure seekers** of all ages and both genders. They want to participate in outdoor sports and activities, surrounded by beautiful, unspoilt nature. The opportunity to 'rough it' might be appealing.
- **Wellness seekers:** this segment is looking to fulfil the interest of South Koreans in 'well-being', mentioned above under 'Leisure / recreational activities'. While this interest would span all segments, this segment would perhaps be more passive, seeking to relax and escape from the stresses of daily life in a safe, clean and healthy environment. Touring by rail, coach, or rental car, coastal or river cruises, spas and luxury resorts might appeal.

- **Status seekers** would want to visit the places Korean celebrities go to, to buy the latest fashions and to go to places that would impress friends when they return home.
- **Hedonistic youth,** perhaps overlapping with the previous segment, young, often travelling in groups, looking to escape the restrictions of family and working life in big cities abroad.
- Like all markets, South Korea abounds in specialist segments. The fashion for honeymooners to travel abroad, often spending lavishly when they do so, seems to be intensifying. Some Koreans of working age and older are famously addicted to golf (and a few other sports). As a highly educated people with a cultural enthusiasm for activity, curiosity and creativity, Koreans will be found pursuing many of the world's special interests.
- Little mention has been made in the segments above of older travellers – the fastest-growing age group, and one that is over-represented among travellers to Europe. Older travellers will be increasingly numerous among the culture, outdoor adventure, wellness and status seekers, and pursuing their special interests in retirement.

Age of Outbound Travellers

- Very roughly, people in their 20s, 30s, 40s and 50s each contribute about a fifth of travellers; children and the over 60s each contribute a tenth. Korean travellers are, in general, rather younger than their Japanese counterparts, with notably fewer travelling in their 60s.
- Since 2005 the largest increases in numbers of travellers have come from Koreans in their 50s, with an increase of nearly 40%. The numbers of travellers over 60 have increased by about 25%, those under 20 and in their 30s by about 15%, and those in their 20s and 40s by about 10%.
- The older generations are believed to be substantially better represented among visitors to Europe.

Age of outbound travellers, excluding crew (%)[8]

	2007	2008	2009	2010	2011	2012
0-20 years	12.0	11.8	10.7	11.5	11.7	11.4
21-30	17.7	18.3	19.2	17.4	17.2	16.9
31-40	22.8	23.3	24.0	22.7	22.9	22.9
41-50	22.4	22.0	22.1	21.4	21.4	21.2
51-60	15.8	15.6	15.3	16.8	17.1	18.0
61 +	9.3	9.0	8.6	10.2	9.8	9.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

- The departure rates are highest among people in their 30s, followed by those in their 20s, 40s and 50s.
- There were big increases in departure rates among all age groups in 2006-07. There were naturally sharp setbacks in departure rates in 2008-09, but since then new records have been set for people in their 20s and 30s. Among other age groups, however, departure rates have eased back, and among the over-50s they are now lower than they were in 2005.
- The departure rates for the under 20s and over 50s are slightly lower than those in Japan, but very much higher for people in their 20s, 30s and 40s.

Departure rates for outbound travellers (%)[8,16]

	2007	2008	2009	2010	2011	2012
0-20 years	11.7	10.4	7.4	10.9	11.3	12.3
21-30	29.1	27.1	22.4	27.7	28.1	30.4
31-40	33.1	30.3	24.5	31.6	32.5	35.4
41-50	33.2	28.8	22.3	28.9	29.0	31.0
51-60	35.9	30.0	21.7	30.5	29.6	31.9
61 +	18.1	15.0	10.6	16.2	15.2	15.6
Average	25.3	22.4	17.3	23.1	23.2	25.0

Note that these figures for departure rates represent the number of trips per person in each age group (trips/persons), not the number of travellers in each age group who made one or more trips (travellers/persons).

Travel Companions

- In 2009 VisitBritain found that 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 – many travel in school groups. 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.
- The patterns might well be very different for other European destinations. For eample, France – and 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; it handled 39 mn in 2012. Capacity is to be increased to 62 mn in 2017 and 100 mn in 2020. The airport has a notably strong international reputation for efficiency and quality of service.
- 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. Seoul Gimpo (GMP) was South Korea's principal international airport until Incheon opened in 2001, but now handles mainly domestic flights.
- Fifteen 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), St. Petersburg (LED), Vienna (VIE) and Zurich (ZRH).

Airline Traffic / Capacity

Airlines operating non-stop services from South Korea to Europe, 2012[13,14,16]

		2011		2012		
Airline	**Alliance**	**Flights**	**Seats**	**Flights**	**Seats**	**Destination airports**
Korean	SkyTeam	2,208	652,605	2,504	742,239	AMS 7, CDG 7, FRA 7, LHR 7, IST 4, PRG 4, MAD 3, SVO 4, LED 3 FCO via MXP 3, ZUR via VIE 3
Asiana	Star Alliance	896	298,065	1,045	336,260	FRA 7, LHR 7, CDG 4, IST 3
Lufthansa	Star Alliance	631	200,055	638	192,474	FRA 7, MUC 6
Air France	SkyTeam	359	105,126	358	105,690	CDG 7
Turkish Airlines	Star Alliance	350	98,487	366	105,547	IST 7
KLM	SkyTeam	344	97,634	353	98,074	AMS 7
Finnair	One World	325	88,075	293	79,401	HEL 7
Aeroflot	SkyTeam	205	52,480	279	76,118	SVO 7
British Airways	One World	5	1,210	25	6,875	LHR 6

- Nine airlines operate about 125 direct flights a week between South Korea and Europe, up from about 92 in October 2010. There are also many indirect options – e.g. via Japan, China, Southeast Asia and the Middle East – some of them operating under formal code-sharing arrangements.
- British Airways introduced a service from Heathrow to Incheon in December 2012 with six flights a week. Korean has introduced seasonal flights to St. Petersburg and increased its frequencies to Amsterdam. Asiana has increased its frequencies to Paris and London and introduced three flights a week to Istanbul. Air France, Aeroflot and Turkish all now have daily flights to Incheon.
- Asiana is expected to extend its long-haul network in the second half of 2014, when it is due to receive six Airbus A380s, allowing it to divert some of its Boeing 777-200ERs to new routes.

- Code-sharing arrangements on the long-haul sectors 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

- Almost all European countries, including members of Schengen, now welcome South Korean passport-holders visa-free for visits of up to 90 days. The only exception is Russia, which will also allow visa-free stays by Koreans from 1 January 2014, but up to 60 days only.
- The USA added South Korea to its visa waiver programme in 2009 – a move that stimulated a surge in demand for the destination.

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. CTC reckons that a quarter of holiday visitors start planning their trips to Canada at least six months before travelling, a quarter 3-6 months before and a half within 3 months of travelling. Three quarters of visitors book their holiday within three months of travelling, and one quarter within one month of travelling.
- Anecdotal evidence suggests that bookings for Europe are also made well in advance. 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.
- CTC, in its 2012 survey of adult long-haul leisure travellers in South Korea, found that 36% start the trip planning process with a desired destination as the primary consideration in mind, 18% start with the idea of a certain type of holiday in mind, 18% start with a specific budget available for travel, 18% are looking for special airfares, hotel rates or package deals, and 10% start with particular activities in mind.
- Various studies have described the South Korean market as very price-sensitive.

Booking Methods

- Figures from KATA suggest that its members' sales of 'packages' account for about one third of total outbound trips, and that their sales of 'air tickets' account for about two thirds of outbound trips. These shares have declined slightly in recent years.
- Very roughly, these figures suggest that three in five holiday trips involve a package.

Travel agency sales of packages and air tickets as share of total outbound trips[9,17]

	2010	2011	2012
Outbound trips (000s)	11,419	11,560	12,474
Packages (000s)	4,233	3,970	4,192
share of trips (%)	37.1	34.3	33.6
Air tickets	7,576	7,657	7,870
share of trips (%)	66.3	66.2	63.1

Note: KATA members only. Figures recalculated to exclude crew members. There is still an anomaly in the figures in that total trips include departures by sea, while air tickets presumably exclude any sea tickets. It is unclear whether 'packages' include cruises originating in Korea.

- The proportion of FIT travel, including trips involving tailored tour programmes, has been rising, but it varies greatly for individual destinations. Australia reports that the proportion of FITs among visitors from Korea rose to 71% in 2009, but the share for Europe would clearly be much lower.

- 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.
- 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, traditional travel agencies account for 60% and airlines (direct bookings) for 15%.
- CTC reckons that: "Among recent South Korean visitors to Canada, nearly 80% consulted with a travel agent for information or to book their holiday to Canada. Just over 40% booked their flights through a travel agent, 29% used an online retailer and 25% booked directly with their airline."
- Mastercard reports that 93% of the Korean population over 15 years old have a bank account and 58% a debit card. Cashless methods account for nearly 70% of total consumer payments by value and nearly 30% by volume. Credit cards are used much more than debit cards, but the tendency is for the use of debit cards to grow as consumers try to reduce their dependence on credit. Progress towards a 'cashless society' is roughly at the same stage as in Singapore, Japan and the USA, but short of that in the Netherlands, Canada and Australia.

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.
- The Korean Association of Travel Agents, quoting a Korean Travel Organisation survey, presented the following figures for sources informing outbound travel plans to the JATA Forum 2013:

Major information sources for travel planning (% of respondents)[9]

	Family trips	Individual trips
Travel agencies	44.3	32.7
Family & relatives	20.0	8.7
Friends & colleagues	16.6	24.1
Internet	9.7	13.5
Travel guides	1.4	1.2
News articles & TV programmes	4.3	1.3
Outdoor advertising	0.3	0.0
Mobile apps	0.0	0.1
Past experience of visits	2.4	9.5
Others	1.2	9.0

- Various sources writing about South Korean outbound travellers suggest that they 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.
- CTC, in its 2012 survey of adult long-haul leisure travellers in South Korea, found that about 50% used a computer during (not before) their trips to help determine what they would see or do, and about 20% used a mobile app. About 25% used a computer and about 15% a mobile app to share photos or messages to their social networks during the trip. About 25% blogged about the trip and about 10% submitted opinions about specific attractions, restaurants or hotels to review sites.
- After the trips, about 70% talked to family and friends about the trip. About 40% used e-mail and about 30% a social network to share photos or messages. Over 20% blogged and over 6% submitted opinions to review sites. Only a small percentage (well under 10%) chose not to share information about the trip.

Internet, Media & Social Media

- According to Internet World Statistics, there were 40.3 mn internet users in South Korea in June 2012, representing 82.5% of the population – compared with 79.5% in Japan, 78% in the USA, 83% in Germany and a world average of 34%.
- The International Telecommunications Union (ITU) reports that, in 2012, 82% of households have a computer and 97% have access to the internet at home. These are very high figures by world standards.
- The ITU reports that, in the same year, South Korea had 30.1 mn fixed telephone lines (62 per 100 inhabitants) and 53.6 mn mobile/cellular telephone subscriptions (110 per 100 inhabitants) – 94% of them broadband.
- South Koreans were among the world's most enthusiastic early adopters of the internet and mobile phone technology, but in statistical terms the most affluent countries in the world have now largely caught up. However, the Koreans are still regarded as technologically very 'savvy', avidly adopting the latest technologies. According to a survey published in December 2012 by the Korea Internet & Security Agency (KISA), the number of smartphone and tablet owners among 12-59 year-olds had doubled in just one year – to 78.5% and 7.5% respectively. And three-fifths of users spend two hours or more a day on each device.
- The major search and social media sites tend to be local rather than the major global brands. Google and Yahoo!, which have generally been successful elsewhere in Asia, continue to trail their local counterparts – Naver (with a dominant market share), Daum and Tistory. However, Facebook is said to be overhauling Cyworld as the leading social network.
- TV is very influential. The four nation-wide broadcasters are the public-service KBS and MBC, the state-funded EBS and the commercial SBS, but most South Koreans also subscribe to digital cable or satellite.
- There are over 100 daily newspapers in South Korea, but circulation is generally declining. Leading national newspapers include *Chosun Ilbo, JoongAng Ilbo, Dong-A Ilbo, Hankook Ilbo, Hangyore Sinmun, Maeil Business Newspaper, Kukmin Ilbo, Kyunghyang Sinmun, Munhwa Ilbo, Segye Times,* and, in English, *The Korea Economic Daily, Korea Herald* and *The Korea Times*. Many carry travel sections. The leading news agency is Yonghap.
- All the leading newspapers have on-line editions, but specialist on-line newspapers have also proliferated. They include Naver, Daum, Nate.Yahoo, Google, Paran, Topix and Dreamwiz. OhMyNews is a popular wiki-like newspaper in which the public submit and edit most of the content. The BBC says that leading sites attract 15 mn visits/day.
- 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. Korea Tourism News* 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, some of which overlap (i.e. they handle more than one type of business): 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, although the major wholesalers control the bulk of retail outlets.
- There are about 12,000 retail agencies (including branches), of which 8,000-9,000 handle outbound travel, according to the Korea Association of Travel Agents (KATA). The top 30 companies – all of them KATA members – account for about three quarters of outbound travel business and an even higher share of airline ticketing.

- 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

Top 30 travel agents, 2012[9]

By package sales

		Sales	% change
1	HanaTour	1,595,267	14.6
2	ModeTour	876,093	11.4
3	Onlinetour	238,271	35.9
4	Yellow Balloon Tour	230,346	2.9
5	Tour Baksa	212,147	33.2
6	Very Good Leisure	175,075	21.4
7	Hanjin Travel	128,614	7.8
8	Interpark Tour	93,393	18.3
9	Naeil Travel	88,572	13.0
10	Kim & Ryu Tour	84,054	29.9
11	Tour 2000	68,753	-4.1
12	Redcap Tour	67,831	17.0
13	Bicots	64,687	52.7
14	Webtour	63,302	28.5
15	Onnuri Tour	48,798	-32.3
16	Sejoong Tour	42,501	0.6
17	MN Service	33,067	-13.4
18	Hyundai Dream Tour	18,361	49.7
19	Global Tour	9,967	7.7
20	KTB Tour	7,654	41.1
21	Seil Tour	6,568	-10.7
22	Joongang Express	6,227	34.3
23	Paradise T&L	4,065	6.0
24	Sky Land Tour	2,327	-19.6
25	Hyundai-Asan	2,082	-31.3
26	Travel Cafe	1,946	-54.8
27	SH Tour	1,854	479.4
28	NHD	1,620	-84.0
29	Live Tour	1,386	178.9
30	Jinsung Travel	1,250	37.1

By air ticket sales

		Sales	% change
1	HanaTour	2,273,528	12.6
2	ModeTour	1,218,229	10.1
3	Interpark Tour	685,754	27.7
4	Onlinetour	573,198	-1.3
5	Sejoong Tour	350,489	5.3
6	Tour 2000	305,114	-13.4
7	Yellow Balloon Tour	253,725	-8.6
8	Hanjin Travel	249,891	14.9
9	Redcap Tour	239,706	6.1
10	Tour Baksa	202,965	26.0
11	Lucky Travel	196,990	21.2
12	Very Good Leisure	190,961	21.4
13	Webtour	172,516	3.2
14	SM C&C	168,000	-17.3
15	Hyundai Dream Tour	104,663	36.9
16	MN Service	88,731	-6.8
17	Naeil Travel	88,503	-8.4
18	KTB Tour	72,047	-8.8
19	Kim & Ryu Tour	63,131	21.8
20	Paradise T&L	53,210	6.4
21	Onnuri Tour	39,929	-44.5
22	Onnuri Travel	39,001	-
23	Tour 123	35,359	-21.9
24	Seil Tour	31,100	7.8
25	Unicorn Networks	30,302	-11.1
26	Global Tour	19,600	12.9
27	Bicots	11,932	15.9
28	Da Sol Travel	10,102	31.8
29	Lucky Travel	9,828	-
30	Joongang Express	9,119	1.1

- HanaTour, South Korea's largest wholesale / retail group, has a strong FIT brand and business unit called Hana Free, and a luxury brand, Zeus. It also organises the industry's leading trade fair, the Hana Tour Convention.
- Mode Tour, South Korea's second-largest travel agency, also has a luxury brand, Jewellery Mode.
- Hanjin/Kal Tour, a subsidiary of Korean Air, has shifted its business model from retail to wholesale. It too has a luxury brand, Kalpak.
- Interparktour is the biggest local online travel agency.
- Jason Travel is a specialist in high-end honeymoon products. Hyecho, Himalaya and Green specialise in trekking.
- Specialist FIT travel agents include Naeil Tour, one of the leaders in ticketing sales and especially popular among young Korean backpackers travelling independently, Tour Express, Interpark, Blue Travel, IOS Travel, Saegaero and Webtour. However, Tourism Australia reports that most FIT travellers book directly online.

- Leading travel agents handling business events include: BT&I, Sejoong Travel, Global Tour, Sharp Travel, BCD Travel, Redcap Tour and Hana Business Travel.
- Inbound tour operators into Europe include Gulliver Travel Associates Korea Ltd (said to be the biggest, and of course now 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 websites include Hanatour, Interpark, Clubrichtour , Modetour, 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, although the focus in Europe (as explained above) is primarily on fashion goods. 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 (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.

- The Korean nation has a long history of subordinate relations with neighbouring powers, culminating in its division after the Second World War, and this history is still a sensitive matter. The interplay between success and failure, happiness and unhappiness, is an important element in the national consciousness. Confucianism, including a reverence for elders and family, was as important as a foundation of the national character as it was in China and Japan, but it took a rather different course in Korea. The Koreans regard themselves, and are regarded by their neighbours, as emotional, hot-tempered, erratic and up-front, in contrast to the calm, sensible, measured and inscrutable Japanese. 'Hally-pally' (hurry-hurry) and 'hall-yu' (creativity and ready improvisation) are often mentioned as characteristics of modern Korean culture.
- 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 it is not currently an easy one for European destinations.
- It is developing – and changing in nature – extremely rapidly. Before 1983 only favoured government officials and business executives were permitted to travel abroad. In 1983-89 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. As the highly educated younger generations move up the age pyramid and come to predominate among outbound travellers, the market will become more sophisticated.
- Although in the past outbound travel from South Korea has grown by an average of 10% a year, GDP growth has shifted down a gear. Once the recovery from the decline in 2008-09 has been completed in 2013-14, the growth in outbound trips is likely to moderate, perhaps to 6-7% a year.
- Koreans still tend to travel within Asia (Northeast and Southeast Asia) and Oceania for their family holidays – Asia Pacific is seen as local, cheaper, more familiar and more comfortable. Europe is high up on their wish lists, but is still regarded as an exotic 'once in a lifetime' destination. In this regard, Europe depends heavily on its cachet for sophistication and culture.
- Disposable incomes remain moderate by the standards of the richest developed nations, and Korea is still seen as a very price-sensitive market. Given relative prices, Europe is inevitably seen as an expensive destination.
- Korean travellers to Europe are generally experienced travellers, with the result that they are more sophisticated and demanding.
- CTC expects the surge in travel to the USA to continue, in spite of some resistance among 'promoters' (people with past experience of travel to the destination making recommendations to others): there is plenty of enthusiasm for the destination among travellers, plenty of potential VFR demand and good air access. This would provide strong competition for Europe as a long-haul destination, but the CTC survey also found enthusiasm for travel to many European destinations, including Switzerland, France, Italy and the UK.
- In contrast, the Pacific Asia Travel Association (PATA) is forecasting negligible growth out of South Korea for North America and the Pacific in 2013-17, but substantial growth for Asia – 5% a year to Northeast Asia and Southeast Asia, and 9% to South Asia. PATA, or course, says nothing about growth to Europe but, given the pattern of its forecasts for the parts of the world it does cover, it would perhaps not be optimistic.
- Nevertheless, current forecasts suggest that, if the won remains strong, this will give Koreans a greater appetite and justification for longer-haul travel, at the expense of intra-regional trips, which could be good news for Europe.

NOTES

[a] Multiple responses possible/percentages add up to more than 100%
[e] Estimates
[f] Forecasts

SOURCES

1 International Monetary Fund (IMF)
2 Organisation for Economic Co-operation & Development (OECD)
3 United Nations Department of Economic & Social Affairs, Population Division
4 Korea Statistics (KOSTAT)
5 Bank of Korea
6 OandA.com
7 Ministry of Culture, Sports & Tourism (MOCST)
8 Korea Tourism Organization (KTO)
9 The Korea Association of Travel Agents (KATA)
10 World Tourism Organization (UNWTO)
11 TourMIS (at the Department of Tourism and Hospitality Management, MODUL University, Vienna)
12 US Department of Commerce, Office of Travel and Tourism Industries (OTTI)
13 SRS Analyser
14 FlightMapper.net
15 ETC *New Media Trend Watch* (now http://etc-digital.org)
16 The Travel Business Partnership (TBP) from various industry sources
17 TBP calculations

FURTHER INFORMATION

The Korea Association of Travel Agents (KATA)	www.kata.or.kr
Korea Tourism Organization (KTO)	http://kto.visitkorea.or.kr
Ministry of Culture, Sports & Tourism (MOCST)	www.mcst.go.kr
Ministry of Justice	www.mjo.go.kr
Korea Statistics (KOSTAT)	www.kostat.go.kr; http://kosis.kr
The Pacific Asia Travel Association	www.pata.org

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