



Korea Market Intelligence Update for NSW Sellers Attending ATE 2009

Economic and Political Situation

- The 2.5% GDP growth rate for South Korea in 2008 was the lowest since 1998. The government of Korea projected that the nation's (GDP) will fall 2% in 2009, down sharply from an earlier growth target of 3%. The International Monetary Fund (IMF) said the GDP would drop by 4%.
- As many as 257,000 jobs have disappeared so far this year, and many research institutes project a net loss of 500,000 jobs in total for 2009. According to the National Statistical Office, the jobless rate rose to 3.9% in February 2009 from 3.5% a year ago, while the unemployment rate among people aged 15-29 stood at 8.7%.
- The government has decided to spend an additional 30 trillion won on top of this year's budget to stimulate the troubled economy. A planned supplement budget, equivalent to about 3% of Korea's GDP, is aimed at creating jobs, as well as financially helping low-income households and small business hit by the ongoing global economic downturn.
- President Lee Myung-bak visited Australia in March 2009 and held talks with Australian Prime Minister Kevin Rudd. They announced the start of talks on a bilateral free trade agreement (FTA).
- In 2008, total Korean outbound travel recorded a 9.97% decrease due to economic recession and exchange rate fluctuation.
- The implementation of the US VISA waiver program to Korea could increase Korean long-haul visitation to the US.



Aviation

- Korean Air and Asiana Airlines operate a daily service from Seoul to Sydney and Korean Air operates five weekly services to Brisbane and three weekly services to Melbourne.
- Apart from Korea national flags direct service, other non-national carriers such as Cathay Pacific Airways, Singapore Airlines and Japan Airlines are servicing Korean tourists via their home-bases.
- Qantas operated charter flights during the winter season to Brisbane in 2006 and Sydney in 2007 and 2008.
- Korean Air has operated charter flights during the summer season to Cairns since 2005.
- As Busan and nearby regions become more important, with 25% share of total outbound travellers, it is forecasted the demand on Dragon Air-Cathay Pacific and JAL-Qantas will grow in the near future.

Travel Trade/Consumer Trends

- There are approximately 6,782 travel agencies in Korea selling international travel and the top 10 travel agencies manage 26% of total outbound business and 36% of total outbound leisure business.
- The travel industry has faced difficulty with a low sales performance comparing with previous years. Many travel agents announced the layoffs of employees and have decided to implement unpaid leave.
- The Free Independent Traveller (FIT) segment is growing. The rapidly expanding five-day work system and higher disposable incomes means that travellers are becoming more experienced. This is resulting in a move away from group package travel to FIT travel.



- As the consumer's favoured travel style has rapidly moved to FIT from group package tours, this trend has led to an increase in agents establishing real-time solutions and online hotel reservation booking engines. Major package agents are introducing DIY (Do It Yourself) packages and adding FIT elements to package tour programs to ensure they do not lose their customers to backpacker/FIT agents.
- There has been increased consumer interest in Special Interest Tours (SIT) particularly for golf, food, wine and trekking activities.
- Koreans decide their travel destinations by collecting information on internet (35%) followed by friends (25.2%) and travel agencies (24.9%).
- Honeymooners prefer luxury resorts in South-East Asian countries such as Thailand, Indonesia, Philippines and Malaysia. The South Pacific area is also popular with destinations including Australia, Guam, Saipan and Maldives.
- Korean consumers are largely driven by the price. The market is currently differentiated on price rather than product inclusions.
- The demand for overseas travel has continued to slow because of job insecurity, inflation and the depreciation of the Korean won.
- According to a survey in February 2009 of 2,672 respondents and top 10 agents by the Korea Tourism Organization, the current economic recession may impact on 88% of consumers' travelling.
- Airlines and agents are driving consumers to book air tickets or air ticket/hotel via online deals and promotions.
- The most popular package tour itinerary is the multi destination itinerary for eight or ten days combining Australia and New Zealand. The primary consumer for this itinerary is the over 40's who prefer a package tour. Sydney and NSW six days is the best product for an Australia mono-destination itinerary.



Korean buyers

- Honeymoon and FIT are the key segments agents are looking for.
- Looking for half package or FIT oriented product.
- Looking for the in-depth information and new attractions for NSW region.
- FIT agents are looking for budget accommodation/transportation.
- Package agents are looking for three star to five star hotels.