THE SOUTH KOREAN TOURISM MARKET AND AUSTRALIA

The following section outlines the Australian tourism industry’s relationship with the South Korean market including trends and Korean outbound tourism in general.
SOUTH KOREAN INBOUND TOURISM TO AUSTRALIA

In 2012, South Korea was Australia’s eighth largest inbound market for visitor arrivals, sixth largest market for total expenditure and fourth largest for visitor nights. Tourism Australia identified the following characteristics in its most recent profile of South Korean visitors in the year 2012:

- **33%** Repeat visitors
- **73%** Total arrivals for leisure*
- **$6,752** Average spend
- **64.4 Nights** Average stay
- **15 - 29 Years** Largest demographic
- **Peak Travel Periods**: Peak travel periods are between July to August and November to March
- **Peak Booking Period**: Peak booking periods are June - July and December - February

*Leisure includes travel for holiday and Visiting Friends and Relatives (VFR).*
Visitor Profiles for Spend and Nights

### Average Visitor

- **Spend per trip**: $6,752
- **Nights per trip**: 64.4
- **Spend per night**: $105

### Purpose of Visit

- **Holiday**
  - **Spend per trip**: $4,892
  - **Nights per trip**: 49.1
  - **Spend per night**: $100
- **Visiting Friends & Relatives**
  - **Spend per trip**: $5,324
  - **Nights per trip**: 12.7
  - **Spend per night**: $420
- **Business**
  - **Spend per trip**: $15,646
  - **Nights per trip**: 163.4
  - **Spend per night**: $96
- **Other (Including education and employment)**
  - **Spend per trip**: $4,554
  - **Nights per trip**: 39.3
  - **Spend per night**: $116

### Age Groups

- **15 - 29**
  - **Spend per trip**: $10,044
  - **Nights per trip**: 127.8
  - **Spend per night**: $79
- **30 - 44**
  - **Spend per trip**: $5,133
  - **Nights per trip**: 32.8
  - **Spend per night**: $157
- **45 - 59**
  - **Spend per trip**: $3,261
  - **Nights per trip**: 12.6
  - **Spend per night**: $259
- **60 & Over**
  - **Spend per trip**: $10,044
  - **Nights per trip**: 127.8
  - **Spend per night**: $79

Source: International Visitor Survey (Tourism Research Australia), year ending December 2012.
From 2005, the 15 to 29 years age demographic has been the largest visitor segment out of South Korea, despite recent declines. The graph also shows that arrivals by visitors aged 30 to 44 years have remained fairly resilient in the past three years and grew slightly in 2012.

**South Korea: Visitor Arrivals by Age for 2002 - 2012**

The graph shows that arrivals to Australia from South Korea have fluctuated over the last decade due to the impact of events including the outbreak of SARS in Asia, influenza outbreaks, and the Tohoku earthquake and tsunami in 2011. Other influencing factors include the availability of Working Holiday Visas to South Koreans since 1995 that has helped to drive youth arrivals and the Asian Financial Crisis in 1997 that caused a sharp drop in arrivals.

Source: Australian Bureau of Statistics Overseas Arrivals and Departures
WORKING HOLIDAY PROGRAM

Korea and Australia have a Working Holiday Program arrangement. Australia’s program creates opportunities to encourage cultural exchange and closer ties between countries and is an important part of the tourism industry. The program enables young people aged 18-30 to have a holiday for an extended period and to supplement their funds with short-term employment. There is a special focus on helping employers in regional Australia to meet short-term employment needs by encouraging Working Holiday visa holders to take short-term and casual work in these areas within specified industries. There is also an opportunity for a second Working Holiday visa by working for three months in a regional area.

The program is reciprocal and provides opportunities for young Australians to undertake working holidays overseas arrangement with countries such as Belgium, Canada, the Republic of Cyprus, Denmark, Estonia, Finland, France, Germany, Hong Kong SAR, the Republic of Ireland, Italy, Japan, the Republic of Korea, Malta, the Netherlands, Norway, Sweden, Taiwan and the United Kingdom.

Australia’s Working Holiday visa arrangements with South Korea began on 1 July 1995, and in 2011–12 represented our second largest source of working holiday makers after the United Kingdom. There were 27,397 new visas granted which was a rise of 7.7 per cent since the previous year. In addition, 5,194 second Working Holiday visas were granted to Korean nationals in 2011–12. While Korea is a major provider of working holiday makers to Australia, the number coming through this program has fallen by 18 per cent since 2008–09.

VISITOR ARRIVALS

In 2012 there were 181,000 visitors from South Korea (a 0.2 per cent decrease on 2011) with a total spend of $1.2 billion. The Tourism 2020 Strategy estimates that the South Korean market has the potential to grow to between $2.8 billion and $3.4 billion in total expenditure by 2020.
History of Visitors from Korea into Australia

The graph shows that arrivals to Australia from South Korea have fluctuated over the last decade due to the impact of events including the outbreak of SARS in Asia, influenza outbreaks, and the Tohoku earthquake and tsunami in 2011. Other influencing factors include the availability of Working Holiday Visas to South Koreans since 1995 that has helped to drive youth arrivals and the Asian Financial Crisis in 1997 that caused a sharp drop in arrivals.

Source: Tourism Australia, Korean Market Profile 2013
In its Quarterly Market Update for May 2013, Tourism Australia reports that arrivals from Korea in the 12 months to March 2013 have softened. This could be attributed to the backdrop of a slower economy, political uncertainty and low consumer confidence, which has also affected spend. Holiday visitors accounted for 60 per cent of total arrivals from Korea, unchanged from 2011. The Visiting Friends and Relatives (VFR) market grew four per cent from 2011. The number of Business Events visitors grew two per cent for the year ending December 2012. The overall reduction in visitors has also had an impact on expenditure, which declined two per cent for the year ending September 2012. Tourism Australia will undertake additional research into understanding the barriers impeding the growth of the Korean market for Australia, and key actions to increase arrivals and spend.
AVIATION

There was a four per cent decline in aviation capacity from South Korea to Australia in 2012, with both Korean Air and Asiana Airlines reducing capacity. A further decline is expected in 2013 with Korean Air suspending its thrice-weekly Seoul Incheon-Melbourne service from March 2013.

The graph below shows the key airlines and share of passengers in 2012.

The Tourism Australia Quarterly Market Update for May 2013 also reports that Air Asia announced the launch of its Busan-Kuala Lumpur route in April. The airline is heavily promoting its Australian routes to Perth, Melbourne, the Gold Coast and Sydney effective from July 2013 onwards.

Australia has lost significant market share of aviation capacity out of South Korea compared to similar haul destinations in recent years. New Zealand has also experienced similar declines to Australia, while there has been very strong growth to the USA and Canada as well as Asian destinations such as the Philippines and Thailand. The following graph shows Australia’s capacity in relation to its competitors.
Capacity from Korea to Australia vs Competitor Destinations

- **Australia - Down 4.2%**
- **United States - Up 10.8%**
- **Thailand - Up 28.3%**
- **Philippines - Up 12.1%**
- **Vietnam - Up 20.3%**
- **Singapore - Up 18.1%**
- **Canada - Down 11.7%**
- **New Zealand - Down 8.3%**

Source: Tourism Australia, Korean Market Profile 2013
The table shows the scheduled direct flights between South Korea and Australia, from 31 March to 26 October 2013, and the map shows the indirect routes to Australia.

<table>
<thead>
<tr>
<th>Operating Airlines</th>
<th>Flights per Week</th>
<th>Route</th>
<th>Alliance/Codeshare partner (on route)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean Air</td>
<td>7</td>
<td>Seoul - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 - 6</td>
<td>Seoul - Brisbane</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 -&gt; 0</td>
<td>Seoul - Melbourne</td>
<td></td>
</tr>
<tr>
<td>Asiana Airlines</td>
<td>7</td>
<td>Seoul - Sydney</td>
<td>Qantas</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Air NZ</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Turkish Airlines</td>
</tr>
</tbody>
</table>

Source: Innovata, Northern Summer Scheduling Season (31 March 2013 to 26 October 2013)

Note: Table includes direct services to Australia only
TOURISM FORECASTS

Tourism Research Australia’s Forecast (October 2013), estimates that visitor arrivals from South Korea will rise 2.0 per cent to 198,000 in 2013-14 and 3.4 per cent to 205,000 in 2014-15, with a 3.4 per cent annual compound growth rate expected between 2012-13 and 2022-23.

For the latest forecast information, visit www.tra.gov.au/publications/forecasts

OVERVIEW OF SOUTH KOREAN OUTBOUND TOURISM

In 2012, outbound travel from South Korea increased to 13.6 million trips, up from 2011 when 12.7 million trips were taken. According to Tourism Australia's latest South Korea Market Profile, the top five outbound destinations from South Korea in 2012 were:

1. China
2. Japan
3. USA
4. Thailand
5. Philippines

The growth in Korean visitation to these destinations compared to visitation to Australia can be seen in the following graph.
In 2012, Australia ranked 15th among all outbound destinations from South Korea, slipping one position compared to 2011. In addition, Australia’s share of total outbound travel from South Korea has decreased from 2.4 per cent in 2002 to 1.3 per cent in 2012. Australia’s competitor destinations outside of North East Asia include the USA, Thailand, the Philippines, Vietnam and Cambodia.

**Trend of Top 5 Outbound Destinations from South Korea**

Source: Tourism Australia, Korean Market Profile 2013
UNDERSTANDING THE KOREAN CONSUMER

MODERN SOCIETY

According to the Australian Chamber of Commerce in Korea, although Asian social attitudes are becoming “westernised” they are not as individualised as Australian social attitudes, mainly because of its education system and Confucian culture as well as strict expectations from society, family and government (backed by legal responsibilities) on their social behaviour.

South Korea is a country that has undergone rapid social change over the last 50 years in virtually all areas including living arrangements, marriage and divorce, population growth, and relations between generations.

There is also some weakening of previously strong family ties and Confucian customs.
At present, the birth rate is low and an ageing population will create a range of issues in the future. There is a tendency for women to be less inclined to marry or marry at a later age.

There is slow development of gender equality and women are still not equal in the workplace. Korea is a good example of a developing country - it is the 12th biggest economy in the world but seeing significant pressure on the middle class i.e. wealth distribution and disparity between the rich and poor is increasing.

In today's society, there is more capacity for culture, pursuit of the arts, aesthetics, and leisure time and as a leading IT nation, Koreans are generally highly IT savvy and connected which can be seen in the rise and power of the 'netizen'.

Gathering information has never been easier, which means more people desire to express themselves in political, social, and economic areas.

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**KOREAN CULTURE**

There are some key things that you should keep in mind when dealing with the Korean market, according to Austrade. Korean society is based on Confucianist beliefs, which means respect for superiors and parents, duty to the family, loyalty to friends, humility, sincerity and courtesy.

**Face**

Koreans are extremely sensitive to having and maintaining face. The easiest way to cause someone to lose face is to insult them or criticise them in front of others. It is important to never treat them as an underling when their status is high within the company. Sensitive matters may often be raised indirectly through the intermediary that first made the introductions.
**FOOD AND BEVERAGE**

Here are some tips on what to do when you have been invited out with South Koreans, which may be useful if you visit South Korea or plan to host and dine with Korean business associates or guests.

According to the Korea Tourism Organisation, a very important part of Korean culture is dining. Eating with family or with work colleagues is common and people rarely eat alone. There are many traditional customs that are still observed when dining due to Korea’s Confucian heritage and some main points are listed below.

**Dining**

In Korean culture, respect for your elders is very important. Therefore, when in the company of elders, take your seat according to social ranking with the youngest or lowest ranked person closest to the door. After the elders pick up their spoons, others can begin to eat. Try to keep pace with elders while eating. It could be considered rude to show that you have finished your meal before elder people have. If at all possible, keep eating a bit until the elders have finished their meal.

When the food arrives, you should first taste the soup or the stew and then try the rice and the side dishes. Stews, soups, and meat dishes are often served in a large communal dish rather than individual servings. Koreans believe that sharing food from one bowl makes a relationship closer. Diners can eat directly from the main dish, or serve themselves into the small individual plates provided.

When eating in a group in Korea, it is rare to share the bill or ‘go dutch’. Generally the older member of the group will pay the bill.

**Beverages**

Drinking can be an important part of doing business in Korea. The tradition is that you should never serve yourself, but someone else should fill your glass. If your fellow diner’s glass is empty, you should refill it, especially if you are drinking with someone older than you.

When dining at a restaurant, water or green tea is generally served free of charge with meals. At smaller establishments, visitors might be expected to help themselves to water from the water cooler.

When drinking alcohol, separate glasses will be provided, and diners should not use their water glasses. Soju, or rice wine, is drunk from a small glass resembling a shot glass, while makgeolli (thick rice wine) is generally served in a small bowl.

**Korean Table Etiquette**

Unlike other Asian countries, Korean chopsticks are made from stainless steel and are shorter in length than Chinese chopsticks, but longer in length than Japanese chopsticks. At most restaurants, diners will be given chopsticks and a spoon. If visitors are uncomfortable eating with chopsticks, they should ask for a knife and fork.

The spoon and chopsticks should not be held together in one hand. Use the spoon only for rice and soup. For the sake of cleanliness, do not use a used spoon for side dishes. Use an individual plate for your own food when platters arrive for the entire table. Be careful not to make noises when eating and drinking and avoid knocking your spoon, chopsticks or plates around. Take food within reach and do not stretch your arms out too far.

After a meal, return your spoon and chopsticks to the spot where they were placed. Fold the used napkin and put it back on the table. When coughing or sneezing during a meal, turn your head to one side and cover your mouth with a handkerchief. Nose blowing should be saved for the restroom.
MARKETING YOUR PRODUCT

Findings from Tourism Australia’s Australian Consumer Demand Research project conducted by BDA Marketing Planning in 2012 indicate that when selecting a holiday destination, South Korean visitors want (in order of importance):

- A safe and secure destination
- A family friendly destination
- Value for money
- World class beauty and natural environments
- Good food and wine
South Korea: Top 5 Importance Factors

The figure below shows the factors that South Koreans value when choosing a holiday destination.

- 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
- Spectacular coastal scenery: 20
- Friendly and open citizens, local hospitality: 19
- Native or cultural heritage or activities: 15
- Great shopping/world class brand names: 13
- Luxury accommodation and facilities: 13
- Ease of obtaining a visa: 11
- Flights with no stop overs: 9
- Great swimming beaches: 9
- Different and interesting wildlife: 8
- Good leisure activities such as nightclubs/bars and/or casinos: 6

Source: Tourism Australia, Korean Market Profile 2013
SOUTH KOREAN PERCEPTIONS OF AUSTRALIA

Compared to other out of region destinations, Australia ranks very highly for family friendliness, natural beauty and interesting local wildlife.

The Tourism Australia research shows that Australia delivers a positive holiday experience that exceeds the expectations of South Korean visitors. This was particularly clear for their perception of Australia’s safety and security, offering value for money and being a family friendly destination. Despite unfavourable exchange rates, South Koreans who had visited Australia perceived their experiences delivered value for money (note that ‘value’ was not defined during the research and is considered a subjective term).

In terms of the perception of safety and security and family friendliness, South Korean respondents who have visited Australia ranked it much higher than those respondents who had not visited. Given the importance placed on these considerations by South Korean respondents, this presents future opportunities to improve upon their perception of Australia.

Australia is known among Koreans for having beautiful natural environments. Generally, many importance factors for South Korean respondents had a low association with Australia, which presents opportunities for the destination to build awareness.

South Korean respondents prefer experiences in Australia which include wildlife (both aquatic and non-aquatic), coastal or harbour settings and/or cities. Compared to the average across other markets in the research, South Koreans differed by ranking cities in their top preferences.

Special interest travel continues to grow and the awareness of major events in Australia such as the Gold Coast Marathon and Melbourne Cup has grown in South Korea. Trekking and self-drive (campervan) are also growing in popularity.
KEY TRAVEL PERIODS

For Korean travellers coming to Australia, the peak booking periods are June to July and December to February. The peak travel periods to Australia are July to August and November to March. Airlines use sales promotions to drive consumers to book airfares and travel packages online. Booking lead times are becoming shorter, approximately two to three weeks prior to departure.

The graph below shows the seasonality of visitors from South Korea throughout the year.

Seasonality of Visitors from Korea

Source: Tourism Australia, Korean Market Profile 2013
According to the Tourism Australia South Korea Market Profile 2013, the structure and function of distribution channels in this market is complex and changes rapidly. The Free Independent Travellers (FIT) segment accounts for approximately 70 per cent of the total outbound market for Australia and 30 per cent is group travel.

Consumers tend to use a combination of traditional distribution partners and online options to research and book travel. Most FIT consumers book online while a small percentage use FIT specialised agents. The number of South Korean ITOs in Australia has significantly reduced in recent years.

The lack of diversified products in the group market drives a consumer focus on price. This is the differentiating factor in the group travel segment rather than product inclusions. Group tour prices are also affected by high airfares in peak season.

Consumers prefer South Korean language information and brochures. However, younger South Korean consumers are comfortable using English language websites for research and bookings. The percentage of young FIT consumers booking tourism products after arriving is increasing.

DISTRIBUTION CHANNELS

Listed below are some traditional distribution channels.

Wholesalers/ Large Agents

Commission Level: 5% to 12%

- The South Korean system does not formally distinguish between wholesalers and retail agencies
- Hanatour, the largest wholesale agency, has diversified the number of Inbound Tour Operators (ITOs) it works with and no longer has exclusive contracts with select ITOs
- Hanatour also has a strong FIT brand/business unit called Hana Free launched in March 2013
- Hanjin/Kal Tour, a subsidiary of Korean Air, has shifted its business model from retail to wholesale

Retail Agents

Commission Level: 9% to 20% for major travel agencies only.

- There are two types of overseas travel agencies in South Korea: General Travel Agencies (GTAs) handling both inbound and outbound travel, and Overseas Travel Agencies, handling outbound travel only
- There are approximately 1,655 GTAs and 5,300 Overseas Travel Agencies nationwide, however, the GTAs are the most influential agencies for outbound business
- Among both types of agencies, the top five group travel agencies manage approximately 25 per cent of total travel to Australia. Top five agencies in terms of volume are Hanatour, Mode Tour networks, Freedom Tour, Lotte Tour and Verygood Tour
- There are some active FIT agents in South Korea, such as Naeil Tour, Tour Express, Interpark, Blue Travel, IOS, Saegaero and Webtour, who develop customised FIT packages
- FIT agents handle a marginal level of business to Australia compared to the total number of South Korean visitors, with many FIT consumers booking directly online

Special Interest

- Luxury travel is growing in the South Korean market, especially in the older age demographic. Two large wholesalers, Hanatour and Mode Tour Network, have dedicated divisions dealing with luxury products, named Zeus and Jewellery Mode. Korean Air’s affiliated travel agent, KAL Tour, uses KALPAK for luxury products. Jason Travel is specialized in high-end honeymoon products
- Major credit card companies also provide cardholders with travel services including high-end packages
- There are three key agents specialising in trekking, including Hyeecho, Himalaya and Green
Aussie Specialists

- The Aussie Specialist Program is the primary platform for Tourism Australia to train and develop retail agents to sell Australia
- As at March 2013, there were 353 qualified Aussie Specialists in South Korea and a further 903 agents in training

Inbound Tour Operators

Commission Level: 5% to 10%

- ITOs provide a vital link between Australian product and South Korean group travel agents, with about a third of business to Australia handled through ITOs
- Most major ITOs operate offices in Seoul, however there are no set patterns in business relations between the Australian and Seoul offices
- Many ITOs deal with consumers directly through their websites for FIT, honeymoon, small group and incentive travel
- Some ITOs assume a wholesaler role for the honeymoon market, particularly in regional cities of South Korea
- Key ITOs located in Sydney and the Gold Coast include: Blue Sky Tours, OZ World Travel (formerly Hana Tours Australia), Hoju Tour (formerly Harbour City International), Honew Tours, T Tour, New Line Tours, OZ Korea Travel, Royal Holiday Travel, S.S.K Travel (HIHOJU), Win Hanaro Tour, Wonderful Pacific, Paran Travel and Good Memory Tours
- Key ITOs in Seoul include: Newline Tours, Honew Tour, Key World, Road Tour and Travel, T Travel, Australia Tour, Paran Travel, Tour TTL, Wonderful Pacific, Oceania Tour and OTT

Business Events

- Major agents that specialise in business events include: BT&I, Sejoong Travel, Global Tour, Sharp Travel, BCD Travel, Redcap Tour and Hana Business Travel
- Many incentive groups tend to travel as leisure groups, with an additional component such as a gala dinner added to the program

Brochures and Rates

<table>
<thead>
<tr>
<th>Brochure Validity</th>
<th>Ad hoc basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brochure Space Policy</td>
<td>Not applicable in this market</td>
</tr>
<tr>
<td>Setting Rates</td>
<td>Rates are usually set during the first week of the month and then applicable for the next three months</td>
</tr>
<tr>
<td>Standard Rate Validity Periods</td>
<td>Low season: April to June and September</td>
</tr>
<tr>
<td></td>
<td>High season: July to August and December to March</td>
</tr>
</tbody>
</table>

Source: Tourism Australia, Korea Market Profile 2013
ONLINE MARKETING AND SOCIAL MEDIA

According to findings from Tourism Australia’s Consumer Demand Research project, South Korean respondents would use a mix of online and traditional sources when planning a trip to Australia. There is a preference for general internet searches and government tourism websites, followed by talking to family and friends who have been to Australia, using guidebooks and travel agents. The research found the use of brochures was low compared to the average across all markets.

Airlines use sales promotions to drive consumers to book airfares and travel packages online. Booking lead times are becoming shorter, approximately two to three weeks prior to departure. Word of mouth and online peer reviews are becoming increasingly influential in South Korea.

Tourism Australia’s May 2013 Quarterly Market Update reports that 80 per cent of Korean travellers want free wi-fi service in their hotel rooms, according to Hotels.com.

Online Distribution

Commission Level: 8% to 10%

- All major travel agencies have an online presence, however, the number of direct consumer enquiries and visits to offline agents is still high
- Interpark has a high percentage of online-only business

The European Travel Commission’s New Media Trend Watch reports that South Korea has a vibrant online economy, but it can often be difficult to penetrate due to a unique language and strong local culture of technology development. Google, Yahoo! and Facebook, three websites that have seen success across other countries in Asia-Pacific, continued to trail local incumbents in South Korea. These include Naver, a portal and search engine; Tistory, a blog network; and Cyworld, the popular but declining local social network service.

However, it appears the landscape is changing and Facebook surpassed Cyworld’s reach as recently as February 2012, according to a May 2012 report from Nielsen KoreanClick, the local operation of Nielsen.

At present, South Korea still seems unique when it comes to social media user activities and use of popular sites like Tistory, but as users see the benefit of connecting with the world, it is expected that local users will continue to migrate to Facebook and other multinational services.
The following section contains information about how to work with the Korean market from a business perspective, including business etiquette.

INTRODUCTIONS AND BUSINESS CULTURE

Hierarchical Society

One of the most important aspects of Korean society that Australian business people should be aware of is its hierarchical nature. When addressing groups it is important to show respect and address the person of highest rank. If you are not sure, it is best to ask the group who the most senior person is to avoid assumptions.
Formal Introduction

Koreans want to do business with people they have a personal connection with. It is crucial that you are introduced to a prospective business associate through an intermediary. The higher the social standing of the intermediary, the more successful you are likely to be at making contact with the right people. Note that cold calling will not work.

Business Cards

In Korean business organisations, everyone has a distinctive place in the organisational hierarchy. A Korean business person is not comfortable until your position and company name is known. Business cards should be left on the table in front of you for easy reference. When translating your card into Korean it is only necessary to translate your name and title. A direct translation of the title into Korean can be misleading so beware. For example, Managing Director corresponds with President in Korea.

Communicating

Make sure you are understood. Speak slowly and clearly and repeat any points that you want to emphasise. It may be worthwhile exchanging notes (minutes) after the meeting further ensuring that each party has been understood.

Punctuality

According to Tourism Australia's top tips, the South Korean travel trade value punctuality and it is a good idea to reconfirm your meeting in advance.
TIPS FOR WORKING WITH THE KOREAN MARKET

Below are some guidelines on business etiquette when working with the South Korean market, as suggested by Austrade.

It is important to keep in mind that there are numerous public holidays throughout the year, listed below, so avoid arranging meetings during these times.

<table>
<thead>
<tr>
<th>Date</th>
<th>Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>New Year’s Day</td>
</tr>
<tr>
<td>February</td>
<td>Korean New Year</td>
</tr>
<tr>
<td>March 1</td>
<td>March 1st Movement</td>
</tr>
<tr>
<td>May 1</td>
<td>Labour Day</td>
</tr>
<tr>
<td>May 5</td>
<td>Children’s Day</td>
</tr>
<tr>
<td>May</td>
<td>Buddha’s Birthday</td>
</tr>
<tr>
<td>June 6</td>
<td>Memorial Day</td>
</tr>
<tr>
<td>August 15</td>
<td>Liberation Day</td>
</tr>
<tr>
<td>September</td>
<td>Harvest Festival</td>
</tr>
<tr>
<td>October 3</td>
<td>National Foundation Day</td>
</tr>
<tr>
<td>December 25</td>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

Business Etiquette

- It is vital that you build relationships with the people you are doing business with in Korea. Relationships are developed through informal social gatherings that often involve a considerable amount of drinking and eating. Such informal gatherings also present both sides with the opportunity to discuss business in more friendly surroundings. Koreans do not hesitate to discuss business over dinner.

- Legal documents are not as important in Korea as they are in Australia as trust plays a far greater role. Koreans treat most legal documents as Memorandums Of Understanding (MOU) - i.e. documents that, no matter how specific or complicated, set out the broad outlines of a relationship.

- Don’t be too pushy. Korean business people are reputed internationally to be good negotiators. Be prepared to be patient, gentle but firm. Be as dignified as possible and don’t push your position too hard. Be prepared for the ‘price war’ but don’t give in easily as Koreans are persistent and admire this quality in others.

- Gifts - corporate gifts (ties, pens, etc) are often exchanged after courtesy calls between senior managers.
Making Sales Calls

Tourism Australia has provided the following top tips for sales calls to South Korea:

- The South Korean travel trade generally prefers hard copies of brochures and collateral in South Korean language.
- It is helpful to have a translator on sales calls for more effective communication.
- The South Korean travel trade value punctuality and it is a good idea to reconfirm your meeting in advance.
- Bring product information, promotional ideas and specially discounted rates.
- South Koreans value personal relationships. Persistent visits and contact can assist in this process.
- Learning and using simple South Korean words on sales calls can be a good ice-breaker during meetings.
- The best time for sales calls is March to April and October to November.
- The key market centres to visit are Seoul, followed by Busan and Taegu. Liaise closely with local representatives from your state and territory tourism organisations (STOs).

Local community in Australia

Engaging with the local community in Australia can be a way of familiarising yourself with market needs and also become a way of accessing the VFR market. Below is some information about the South Korean community in Australia from the Department of Immigration and Citizenship’s country profile.

At the end of June 2011, 97,600 South Korean-born people were living in Australia, 62 per cent more than 30 June 2006. This is equivalent to 1.6 per cent of Australia’s overseas born population and 0.4 per cent of Australia’s total population.

South Korean students represent 5.5 per cent of all international students in Australia, making South Korea the third largest source of international students to Australia, behind India and China. In 2011–12, total student visa grants increased for the first time since 2008–09, with a 1.0 per cent increase. However, demand is sluggish and 253,047 visas were issued in 2011–12, 21 per cent down on 2008–09 levels.

At 30 June 2012 there were 307,040 international students in Australia, 7.7 per cent lower than 30 June 2011. For the same time period, 16,860 South Korean student visa holders were in Australia, an 11 per cent fall on the previous year.
USEFUL CONTACTS

For more information about the South Korean market, you may wish to view the following resources:

Austrade


Department of Foreign Affairs and Trade


Department of Immigration and Border Protection


Tourism Australia


Additional Resources

International Visitors in Australia, Tourism Research Australia

The IVS samples 40,000 short-term international visitors (aged 15 years and over) annually. Face-to-face interviews are held with departing visitors at the major international airports around Australia, and include questions on: country of residence, expenditure, demographics, purpose of visit, transport, accommodation, activities, repeat visitation, group tours, travel party, information sources, and places visited.

Tourism Forecasts, Tourism Research Australia

TRA publishes a forecast publication twice a year, which contains international, domestic and outbound forecasts for the next 10 years.

Overseas Arrivals and Departures, Australian Bureau of Statistics

A summary of monthly data for visitors arriving and residents departing short term, the intended length of stay, main purpose of journey, principal destination (departures) or country of usual residence (arrivals) and state and territory in which most time was spent.

Quarterly Market Update, Tourism Australia

Tourism Australia's Quarterly Market Update provides an update to industry on the current state of international tourism for Australia.
REFERENCES

Austrade - Republic of Korea, Doing business

Australian Chamber of Commerce in Korea - Australia in the Asian Century (White Paper Submission)

Department of Immigration and Citizenship - Fact Sheet 49—Working Holiday Program

Department of Immigration and Citizenship - Republic of Korea (South) country profile

Department of Immigration and Citizenship 2012 - Working Holiday Maker visa program report 31 December 2012

Korea Tourism Organisation - Korean Table Etiquette
www.visitkorea.or.kr/enu/FO/FO_EN_6_2_1.jsp

Korea Tourism Organisation - Korean Table Manners
www.visitkorea.or.kr/enu/FO/FO_EN_7_1_4.jsp

New Media Trend Watch - South Korea
www.newmediatrendwatch.com/markets-by-country/11-long-haul/63-south-korea

Tourism Australia 2013 - South Korea Market Profile 2013

Tourism Australia 2013 - Markets – Japan and Korea

Tourism Australia 2013 - Quarterly Market Update February 2013

Tourism Australia 2013 - Quarterly Market Update May 2013

Tourism Research Australia - Forecasts
tra.gov.au/publications/forecasts.html