



Korea Fact Sheet

Korea Overview

HTA has contracted with Aviareps to provide marketing services in Korea. There is great opportunity to grow Hawai'i's share of the Korean travel market. A strong relationship between HTA and Hawai'i Tourism Korea (HTK) aims to grow the awareness and allure of our islands. HTK is focused on expanding airlift, increasing visitor expenditures, strengthening Hawai'i's presence in online and social media, and promoting the neighbor islands.

July 2017 Quick Facts¹

| | |
|--------------------------|------------------------------------|
| Visitor Expenditures: | \$275.8 million |
| Primary Purpose of Stay: | Pleasure (129,047) vs. MCI (2,938) |
| Average Length of Stay: | 7.29 days |
| First Time Visitors: | 82.1 % |
| Repeat Visitors: | 17.9 % |

| | 2015 | 2016P | % Change 2016P vs 2015 | 2017 Forecast (Feb. 2017) | % Change 2016P vs 2017 Forecast | YTD Jul. 2017P | YTD Jul. 2016P | % change YTD |
|-------------------------------------|-----------|-----------|------------------------|---------------------------|---------------------------------|----------------|----------------|--------------|
| Korea (by Air) | | | | | | | | |
| Visitor Expenditures* (\$ Millions) | 395.4 | 515.4 | 30.4% | 523.8 | 1.6% | 275.8 | 288.5 | -4.4% |
| Visitor Days | 1,345,225 | 1,744,310 | 29.7% | 1,809,413 | 3.7% | 982,526 | 960,753 | 2.3% |
| Arrivals | 193,658 | 245,857 | 27.0% | 255,344 | 3.9% | 134,715 | 136,148 | -1.1% |
| Per Person Per Day Spending* (\$) | 293.9 | 295.1 | 0.4% | 301.1 | 2.0% | 280.7 | 300.3 | -6.5% |
| Per Person Per Trip Spending* (\$) | 2,041.7 | 2,096.3 | 2.7% | 2,051.5 | -2.1% | 2,047.3 | 2,119.1 | -3.4% |
| Length of Stay (days) | 6.95 | 7.09 | 2.1% | 7.09 | -0.1% | 7.29 | 7.06 | 3.4% |

*Excludes supplemental business spending

Contact Information

Hawai'i Tourism Authority: Laci Goshi, Tourism Brand Manager
 Tel: (808) 973-2268
 Laci@gohta.net

Hawai'i Tourism Korea: Irene Lee, Korea Country Director
 Tel: 82 (2) 777-0033
 llee@aviareps.com

¹ 2016 and 2017 data are preliminary.

Market Summary

- In 2016, Korean arrivals increased 27 percent compared to 2015 to 245,857 visitors. Through July 2017, arrivals declined 1.1 percent to 134,715 visitors.
- For 2016, 98% of Korean visitors went to O'ahu, while 19% went to Maui, 8% went to the Island of Hawai'i and 3% went to Kaua'i. Through July 2017, 98% of Korean visitors went to O'ahu, while 19% went to Maui, 10% went to the Island of Hawai'i and 4% went to Kaua'i.
- In 2016, 46% of Korean visitors were true independent travelers (FIT). Through July 2017, 49% were FIT.
- For 2016, first time visitors comprised 82.7% of Korean visitors while 17.3% were repeat visitors. Through July 2017, first time visitors accounted for 82.1% of Korean visitors and 17.9 % were repeat visitors.
- For 2016, there were 375,920 air seats from Seoul, which was a 26.1 percent increase from the prior year. Through July 2017, Seats from Seoul dropped 7.3 percent.

Market Insights

- With a population of 50 million, Korea has 16 million outbound travelers. Approximately 1.5 million travel to the U.S., and 12% visit Hawai'i. Korea Tourism Organization reported the number of Korean outbound travelers in June was 12,620,762, a year-on-year increase of 18.7%.
- The Bank of Korea has raised its growth forecast for this year from 2.6% to 2.8%. It also said the potential growth rate for the period from 2016 to 2020 may hover around 2.8-2.9%.
- The average USD/WON exchange rate in July was 1,139.33 won, a slight increase from the rate of 1,123.56 won in June. Fuel surcharges in July remained at zero for a round trip between Korea and the U.S.
- Another six low-cost carriers (LCCs) have announced plans to enter the busy Korean travel market. The planned new carriers – K Air, Nambu Air, Fly Yangyang, Air Pohang, Air Daegu and Prime Airline – intend to operate from regional airports such as Gimhae. The six established no-frills airlines in Korea are: Jeju Air, Jin Air, T'way, Air Seoul, Eastar Jet and Air Busan.
- Jin Air launched service from Incheon to Honolulu on December 19, 2015. This has added more than 100,000 seats annually.
- Asiana Airlines announced it will increase its Incheon/Honolulu service to a daily operation this year from October 29 in time for Korea's high winter travel season. As a result, over 6,000 seats will be added to the flight supply in 2017.
- South Korea is considering easing the 'Kim Young-ran Law' which was promulgated in 2016 to address corruption. The law has been affecting tourism industry activity related to holding media trips or events. The law currently bans those working in government, schools, and the media industry from receiving free meals priced higher than KRW 30,000 (US\$25), gifts exceeding KRW 50,000, and congratulatory and condolence money over KRW 100,000.
- Hawai'i reclaimed the No. 1 honeymoon destination among Koreans in 2016, defeating Phuket and Western Europe. HTK is targeting the Busan market with a neighbor island honeymoon promotion.
- Research shows the demand for overseas travel has grown about 20% during the first half of this year. The research shows the female proportion of overseas travel has gradually increased since 2012 and 'Active Seniors' aged from 50 to 60 are the largest segment of outbound travel. The demand for themed package products is also rising.
- HTK implemented a multifaceted campaign from July 10 to August 6 to increase the sales volume of Hawai'i package/airtel products and highlight individual islands as ideal travel destinations.

Visitor Statistics

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*Excludes supplemental business spending

Distribution by Island

| Korea (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Jul. 2017P | YTD Jul. 2016P | % change YTD |
|-------------------|---------|---------|---------------------------|-------------------|-------------------|-----------------|
| O'ahu | 189,159 | 241,277 | 27.6% | 132,558 | 133,776 | -0.9% |
| Maui County | 44,273 | 46,371 | 4.7% | 25,854 | 26,836 | -3.7% |
| ...Maui | 43,891 | 46,208 | 5.3% | 25,691 | 26,822 | -4.2% |
| ...Moloka'i | 419 | 655 | 56.2% | 460 | 207 | 121.9% |
| ...Lāna'i | 533 | 350 | -34.3% | 454 | 80 | 468.9% |
| Kaua'i | 7,312 | 7,317 | 0.1% | 6,025 | 3,981 | 51.4% |
| Island of Hawai'i | 15,439 | 19,183 | 24.2% | 12,899 | 11,290 | 14.2% |

Airlift

| DepCity | 2017 | | | | | 2016 | | | | | CHANGE2017 vs. 2016 (%) | | | | |
|---------|--------|--------|--------|---------|---------|--------|--------|--------|--------|---------|-------------------------|--------|------|------|--------|
| | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | Annual |
| Seoul | 87,365 | 79,899 | 97,517 | 103,918 | 368,699 | 93,947 | 90,873 | 95,508 | 95,592 | 375,920 | -7.0% | -12.1% | 2.1% | 8.7% | -1.9% |

Source: Diio Mii airline schedules, updated June 2017.

Group vs. FIT; Leisure vs. Business

| Korea (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Jul. 2017P | YTD Jul. 2016P | % change YTD |
|---------------------|---------|---------|---------------------------|-------------------|-------------------|-----------------|
| Group vs FIT | | | | | | |
| Group tour | 32,105 | 33,983 | 5.8% | 20,231 | 20,591 | -1.7% |
| True Independent | 74,652 | 112,763 | 51.1% | 66,337 | 63,530 | 4.4% |
| Leisure vs business | | | | | | |
| Pleasure (Net) | 181,827 | 234,598 | 29.0% | 129,047 | 129,515 | -0.4% |
| MCI (Net) | 7,270 | 5,685 | -21.8% | 2,938 | 2,951 | -0.4% |
| Convention/Conf. | 4,556 | 3,134 | -31.2% | 1,481 | 1,480 | 0.1% |
| Corp. Meetings | 316 | 282 | -10.7% | 109 | 184 | -41.0% |
| Incentive | 2,519 | 2,308 | -8.4% | 1,383 | 1,310 | 5.6% |

First Timers vs. Repeat Visitors

| Korea (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Jul. 2017P | YTD Jul. 2016P | % change YTD |
|----------------|------|-------|---------------------------|-------------------|-------------------|-----------------|
| 1st timers (%) | 82.6 | 82.7 | 0.1 | 82.1 | 82.3 | 0.2 |
| Repeaters (%) | 17.4 | 17.3 | -0.1 | 17.9 | 17.7 | -0.2 |

Tax Revenue

| Korea (by Air) | 2015 | 2016P | % Change 2016P vs 2015 | YTD Jul. 2017P | YTD Jul. 2016P | % change YTD |
|--|-------|-------|---------------------------|-------------------|-------------------|-----------------|
| State tax revenue generated* (\$ Millions) | 42.11 | 60.16 | 42.9% | 32.19 | 33.68 | -4.4% |

*State government tax revenue generated (direct, indirect, and induced)

Industry

Major Tour Operators

This list shows the current top 10 leisure tour operators in Korea.

- Hana Tour
- Mode Tour
- Interpark Tour
- Hanjin Travel
- Very Good Tour
- Red Cap Tour
- YB Tour
- Online Tour
- KRT Travel
- Honeymoon Resort

This list shows the current top 5 MCI TMC's in Korea.

- Hana Tour
- Mode Tour
- KRT Travel
- SM C&C (BT&I)
- Sharp Travel