



## Korea Fact Sheet

### Korea Overview

Aviareps Marketing Garden Holdings Ltd. is contracted by HTA for brand marketing management services in Korea. Korea is an important source market from Asia for Hawai'i. Affluent travelers from high-end market segments are primarily from the Seoul and Busan regions. Hawai'i continues to be a favored romance destination for Koreans. In 2021, the core branding message is Mālama Hawai'i and the marketing strategy to recover the Hawai'i travel market from the COVID-19 pandemic is to revitalize travel demand in collaboration with industry partners, accelerate booking pace in partnership with online booking platforms, and develop marketing co-ops with key airlines to stimulate resumption and growth in air services to Hawai'i.

### Year-to-Date March 2021 Quick Facts<sup>1/</sup>

|                          |                             |
|--------------------------|-----------------------------|
| Visitor Expenditures:    | Not available               |
| Primary Purpose of Stay: | Pleasure (418) vs. MCI (26) |
| Average Length of Stay:  | 28.11 days                  |
| First Time Visitors:     | 17.6%                       |
| Repeat Visitors:         | 82.4%                       |

|                                      | 2019      | 2020     | %<br>Change<br>2020 vs<br>2019 | 2021<br>Annual<br>Forecast <sup>2/</sup> | YTD Mar.<br>2021P | YTD Mar.<br>2020P | %<br>change<br>YTD |
|--------------------------------------|-----------|----------|--------------------------------|--|-------------------|-------------------|--------------------|
| Korea (by Air)                       |           |          |                                |  |                   |                   |                    |
| Visitor Expenditures (\$ Millions) * | 497.9     | 89.8*    | NA                             | 127.0                                    | N/A               | 89.8              | N/A                |
| Visitor Days                         | 1,745,666 | 367,516  | -78.9%                         | 456,698                                  | 21,880            | 346,142           | -93.7%             |
| Arrivals                             | 229,056   | 42,179   | -81.6%                         | 55,102                                   | 778               | 41,614            | -98.1%             |
| Average Daily Census                 | 4,783     | 1,004    | -79.0%                         | 1,251                                    | 243               | 3,804             | -93.6%             |
| Per Person Per Day Spending (\$) *   | 285.2     | 259.5*   | NA                             | 278.2                                    | N/A               | 259.5             | N/A                |
| Per Person Per Trip Spending (\$) *  | 2,173.7   | 2,158.9* | NA                             | 2,305.7                                  | N/A               | 2,158.9           | N/A                |
| Length of Stay (days)                | 7.62      | 8.71     | 14.3%                          | 8.29                                     | 28.11             | 8.32              | 238.0%             |

\* 2020 visitor spending data were only available for January – March 2020. Data for other months were not available due to limited samples.

\* 2021P year-to-date visitor spending data for January-March 2021 were not available due to limited samples.

<sup>2/</sup>Dept. of Business, Economic Development & Tourism (DBEDT) 2021 annual forecast (Quarter 1, 2021).

### Contact Information

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<sup>1/</sup> 2021 and 2020 visitor data are preliminary. 2019 visitor data are the final numbers and reflect updated airfare statistics from DIO Mi Airline database, and final passenger counts from Airline Traffic Summary reports

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## Market Summary

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During March 2021, most passengers arriving from out-of-state and traveling inter-county could bypass the State's mandatory 10-day self-quarantine with a valid negative COVID-19 NAAT test result from a Trusted Testing Partner through the state's Safe Travels program. All trans-Pacific travelers participating in the pre-travel testing program were required to have a negative test result before their departure to Hawai'i. Kaua'i County continued to temporarily suspend its participation in the state's Safe Travels program, making it mandatory for all trans-Pacific travelers to Kaua'i to quarantine upon arrival except for those participating in a pre- and post-travel testing program at a "resort bubble" property as a way to shorten their time in quarantine. The counties of Hawai'i, Maui and Kalawao (Moloka'i) also had a partial quarantine in place in March. In addition, the U.S. Centers for Disease Control and Prevention (CDC) continued to enforce the "Conditional Sailing Order" on all cruise ships.

All travelers to Korea, including returning Korean nationals, were required to have a negative COVID-19 PCR test and subject to a mandatory 14-day quarantine.

- In the first quarter of 2021, 778 visitors arrived from Korea compared to 41,614 visitors in the same period last year. The average daily census showed 243 visitors per day compared to 3,804 visitor per day in the first quarter of 2020. Visitor spending data were not available.
- There were 13 scheduled flights and 3,614 seats from Korea during the first quarter of 2021, compared to 233 scheduled flights and 70,957 seats in the same period last year.
- For all of 2020, arrivals fell 81.6 percent to 42,179 visitors. Visitor days declined 78.9 percent. The average daily census showed 1,004 visitors per day, a 79.0 percent drop compared to 2019.
- In 2020, 98.3 percent of visitors went to O'ahu, 14.6 percent went to the island of Hawai'i, 10.0 percent went to Maui and 2.9 percent went to Kaua'i. Over half (58.3%) were True Independent travelers. First timers accounted for 75.4 percent, and 24.6 percent were repeat visitors.
- In 2020, air capacity from Seoul decreased 77.9 percent from the previous year to 72,287 seats.
- In 2019, visitor spending rose slightly (+0.3%) to \$497.9 million. Visitor arrivals (+0.3% to 229,056 visitors) and visitor days (+2.8%) increased but daily spending (-2.4% to \$285 per person) decreased compared to 2018. The average daily census showed 4,783 visitors per day in 2019, an increase of 2.8 percent compared to 2018.
- In 2019, 98.4 percent of Korean visitors went to O'ahu, 12.8 percent went to Maui, 11.0 percent went to the island of Hawai'i, and 3.1 percent went to Kaua'i. Over half (58.8%) made their own travel arrangements (i.e., True Independent). First timers comprised 73.6 percent and 26.4 percent were repeaters.
- In 2019, seats from Seoul declined (-7.0% to 326,398) compared to 2018.

## Market Conditions

- The Korea's National Assembly approved an extra budget worth nearly US\$13.2 billion to help businesses hit hard by the pandemic. Among the budget, almost 50 percent (US\$6.42 billion) was allocated for small businesses, performing arts sector and the travel industry.
- South Korea's exports advanced 16.6 percent to US\$53.8 billion in March 2021 from a year earlier and marked the highest ever in March of all time. It is the largest increase in two years and five months, double-digit growth following January, and five consecutive months of growth. Imports rose 18.8 percent to \$49.65 billion in March and the trade surplus reached \$4.17 billion, marking the 11th consecutive month of surplus.
- South Korea's consumer sentiment rose for a third consecutive month in March 2021, as exports showed signs of a modest recovery amid the COVID-19 vaccine rollout. According to the Bank of Korea, the composite consumer sentiment index (CCSI) came in at 100.5 for March, up 3.1 points from the previous month.
- The average USD/WON exchange rate in March 2021 was 1,131.00 won, a slight increase from the previous rate of 1,111.72 won in February.
- The Korean government will introduce vaccine passport app in April 2021 for immunized citizens, and it will allow travelers to show digital proof of vaccination. The app will be developed with blockchain technology to prevent counterfeit, and protect personal information.
- As the vaccine passports become visible and the discussion on travel bubbles between countries is speeding up, many travel agencies expect that overseas travels to fully resume around the Korean Thanksgiving holidays (Chuseok) this year. With the positive perspective, Hana Tour, the largest travel agency in Korea, increased its active staff to 20 percent more than March and resumed its B2B service. Very Good Tour and Interpark actively launched overseas travel products using various sales channels, and Yellow Balloon Tour plans to showcase its new booking platform. Also, they are expanding their contact points with consumers aggressively by providing coupons or mileage points.
- Korean Air and Asiana Airlines extended its suspension of flight services on ICN-HNL route until May 31.
- Hawaiian Airlines has increased its weekly ICN-HNL service to 2 weekly flights starting April 4, which operates every Friday and Sunday.

## Distribution by Island

| Korea (by Air)    | 2019    | 2020   | % Change<br>2020 vs 2019 | YTD Mar.<br>2021P | YTD Mar.<br>2020P | % change<br>YTD |
|-------------------|---------|--------|--------------------------|-------------------|-------------------|-----------------|
| O'ahu             | 225,488 | 41,470 | -81.6%                   | 658               | 41,037            | -98.4%          |
| Maui County       | 29,619  | 4,267  | -85.6%                   | 79                | 4,208             | -98.1%          |
| Maui              | 29,303  | 4,224  | -85.6%                   | 74                | 4,165             | -98.2%          |
| Moloka'i          | 846     | 60     | -93.0%                   | 0                 | 60                | -100.0%         |
| Lāna'i            | 499     | 94     | -81.2%                   | 4                 | 94                | -95.5%          |
| Kaua'i            | 7,191   | 1,221  | -83.0%                   | 25                | 1,205             | -97.9%          |
| Island of Hawai'i | 25,273  | 6,161  | -75.6%                   | 95                | 6,092             | -98.4%          |

## Airlift

| Departure City | 2021  |        |        |        |         | 2020   |     |    |       |        | %CHANGE |          |    |         |        |
|----------------|-------|--------|--------|--------|---------|--------|-----|----|-------|--------|---------|----------|----|---------|--------|
|                | Q1    | Q2     | Q3     | Q4     | Annual  | Q1     | Q2  | Q3 | Q4    | Annual | Q1      | Q2       | Q3 | Q4      | Annual |
| Seoul          | 3,614 | 51,590 | 79,526 | 79,804 | 214,534 | 70,957 | 218 | 0  | 1,112 | 72,287 | -94.9   | 23,565.1 | NA | 7,076.6 | 196.8  |

Source: HTA analysis based on scheduled Seats from Diio Mi flight schedules as of March 18, 2021, subject to change.

## Group vs. True Independent; Leisure vs. Business

| Korea (by Air)                  | 2019    | 2020P <sup>3/</sup> | % Change<br>2020 vs 2019 | YTD Mar.<br>2021P <sup>3/</sup> | YTD Mar.<br>2020 | % change<br>YTD |
|---------------------------------|---------|---------------------|--------------------------|---------------------------------|------------------|-----------------|
| Group vs True Independent (Net) |         |                     |                          |                                 |                  |                 |
| Group tour                      | 35,289  | 6,960               | -80.3%                   | 7                               | 6,946            | -99.9%          |
| True Independent (Net)          | 134,413 | 24,569              | -81.7%                   | 737                             | 24,072           | -96.9%          |
| Leisure vs business             |         |                     |                          |                                 |                  |                 |
| Pleasure (Net)                  | 218,691 | 40,091              | -81.7%                   | 418                             | 39,887           | -99.0%          |
| MCI (Net)                       | 5,574   | 749                 | -86.6%                   | 26                              | 746              | -96.5%          |
| Convention/Conf.                | 3,184   | 281                 | -91.2%                   | 4                               | 281              | -98.5%          |
| Corp. Meetings                  | 232     | 23                  | -90.3%                   | 17                              | 20               | -13.1%          |
| Incentive                       | 2,183   | 446                 | -79.6%                   | 5                               | 446              | -98.9%          |

<sup>3/</sup>Beginning November 2020, certain categories reflect only domestic data (italicized) as international data were not available.

## First Timers vs. Repeat Visitors

| Korea (by Air) | 2019 | 2020P <sup>3/</sup> | % Change<br>2020 vs 2019 | YTD Mar.<br>2021P <sup>3/</sup> | YTD Mar.<br>2020 | % change<br>YTD |
|----------------|------|---------------------|--------------------------|---------------------------------|------------------|-----------------|
| 1st timers (%) | 73.7 | 75.4                | 1.6                      | 17.6                            | 75.8             | -58.2           |
| Repeaters (%)  | 26.3 | 24.6                | -1.6                     | 82.4                            | 24.2             | 58.2            |

<sup>3/</sup>Beginning November 2020, certain categories reflect only domestic data (italicized) as international data were not available.

## Tax Revenue

| Korea (by Air)   | 2019  | 2020P  | % Change<br>2020 vs 2019 | YTD Mar.<br>2021P | YTD Mar.<br>2020P | % change<br>YTD |
|--|-------|--------|--------------------------|-------------------|-------------------|-----------------|
| State tax revenue generated <sup>1</sup> (\$ Millions) <sup>4/</sup> | 58.12 | 10.49* | NA                       | NA                | 10.49             | NA              |

<sup>4/</sup> State government tax revenue generated (direct, indirect, and induced)

\* 2020 State tax revenue generated were calculated based on available visitor spending data for January – March 2020.