

INTERNATIONAL VISITORS | SOUTH KOREA

NEW ZEALAND | SERIES C6 | JUNE 2009



INTRODUCTION

This report provides an overview of the South Korea visitor market to New Zealand, including visitor trends and characteristics for the period 1999-2008.

For the latest data and market information on international markets, visit the following websites:

- Ministry of Tourism: www.tourismresearch.govt.nz
- Tourism New Zealand: www.tourismnewzealand.com (Market Research, Market Guides)

South Korean Outbound Travel Market

In 2008, the population of South Korea was estimated at 48 million. The South Korean outbound travel market totalled almost 12 million trips in 2008, down 10% compared with 2007. The South Korean propensity for outbound travel was 25 trips per 100 people (compared with 46 trips per 100 people for New Zealanders).

South Korea is New Zealand's sixth largest international market, providing 79,000 visitors or 0.7% share of the South Korean outbound market.

Air Services to New Zealand

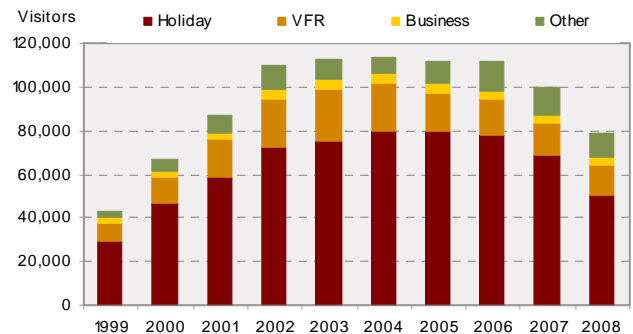
Korean Air Lines operates the only direct air service to New Zealand, with flights linking Seoul and Auckland. A change from daily flights to five per week and the introduction of smaller aircraft in 2007 reduced capacity on this route by around 16%. A number of other carriers operate connecting services via Japan, Bangkok, Hong Kong, Singapore and Australia.

TRENDS IN VISITOR ARRIVALS FROM SOUTH KOREA

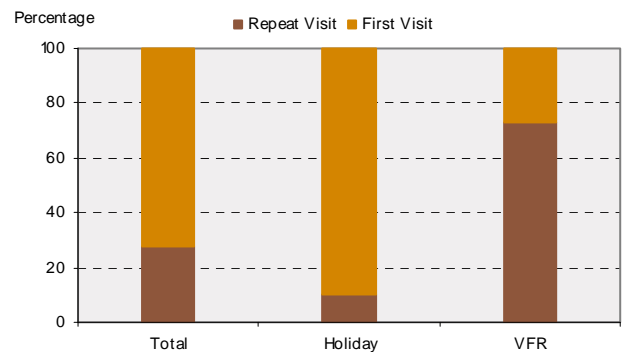
How many visitors come from South Korea?

In 2008 South Korea provided just over 79,000 visitors, or 3% of all New Zealand's overseas arrivals for the year. The South Korea market has been volatile. It expanded rapidly following the lifting of government restrictions on outbound travel in the early 1990s, but plummeted during the Asian Economic Crisis in 1997-1998 and then recovered steadily during 2000-2004. Visitor arrivals peaked at 113,000 in 2004 but have declined in 2007 and 2008 by 11% and 21% respectively (Figure 1).

Over the last 10 years total visitor arrivals from South Korea have increased by 80%. South Korea is primarily a holiday market, with this segment making up nearly two thirds of all arrivals. Since 1999 the number of holiday travellers has increased by 70% from 29,400 to 50,100 in 2008. Visiting Friends and Relatives (VFR) travellers, around 18% of the market, totalled 14,000 in 2008, a 78% increase over 1999. These increases need to be kept in perspective, however, bearing in mind that the market collapsed from 125,000 to just 18,000 between 1996 and 1998 because of the Asian financial crisis.

Figure 1: South Korean Visitor Arrivals by Main Purpose^{*1}

There is a moderate level of repeat travel from South Korea, although this is mostly by VFR visitors (73%). Twenty eight per cent of all South Korean visitors have previously visited New Zealand but 90% of all holiday travellers were on their first visit in 2008 (Figure 2).

Figure 2: Repeat Visits from South Korea, 2008^{*2}

Dual Destination Travel

Nearly 60% of all South Korean arrivals visit another destination en route either to or from New Zealand. This figure is higher for holiday travellers (80%) and much lower for VFR visitors (13%). Australia is the only destination to attract significant numbers of our South Korean visitors, with 56% of the total market and 79% of all holiday visitors choosing to stop there.

Where do they arrive in New Zealand?

Three quarters of all South Korean visitors arrive via Auckland while 24% arrive via Christchurch. These proportions have remained relatively consistent over the last decade. The pattern is slightly different for holiday visitors, with 68% arriving via Auckland and 30% via Christchurch. Over the last 10 years the proportion arriving via Auckland has declined by five percentage points while the number arriving via Christchurch has increased by three percentage points.

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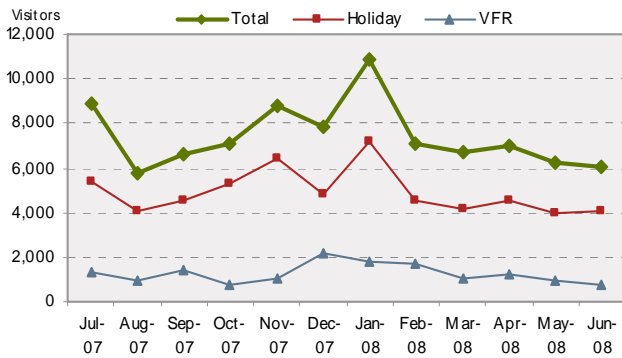


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What is the seasonal pattern of South Korean visitors?

November to February is the most popular time for South Korean visitors to travel to New Zealand, with January the single most popular month (Figure 3). Nearly 40% of all arrivals come between November and February, with the balance of the market fairly evenly distributed throughout the rest of the year. Holiday visitor arrival numbers mirror this seasonal pattern.

Figure 3: South Korean Visitor Arrivals by Month & Purpose of Travel, 2007/08¹

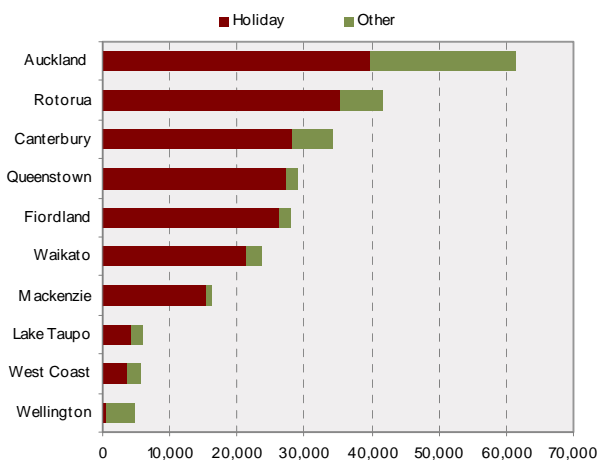


What regions do they visit?

Auckland, Rotorua, Canterbury, Queenstown and Fiordland are the areas most visited by South Korean travellers. Over 90% of all South Korean arrivals visit Auckland, 61% visit Rotorua while the southern regions each attract over 40% of the overall market. A reasonable number also travel to the MacKenzie Country (Mount Cook) and Waikato (Waitomo Caves). No other region attracts more than 10% of the South Korean market. The holiday sector mirrors this pattern, although with higher proportions visiting Rotorua, Waikato and the southern regions (Figure 4).

Ninety six per cent of all VFR travellers visit Auckland, and a much smaller number travel to Rotorua and Canterbury. Very few VFR travellers, however, venture much further beyond these regions.

Figure 4: Main RTO Regions Visited by South Korean Visitors, 2008²



Note: Visits to Regional Tourism Organisation (RTO) regions include all overnight stays and day visits to RTOs for one hour or more.

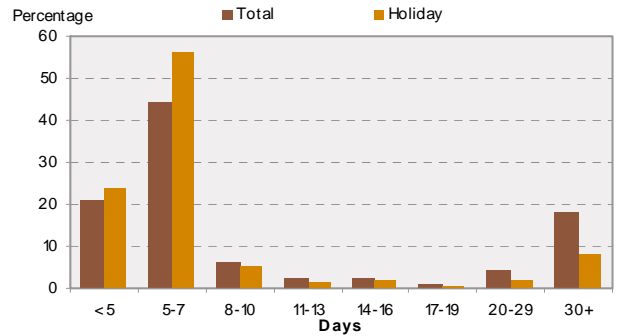
How long do they stay?

The length of stay for South Korean visitors varies across a wide range depending on the purpose of travel. The average length of stay for all South Korean visitors in 2008 was 22.7 days but this figure was distorted by a small number staying a very long time for educational purposes (111.8 days). The average stay for holiday visitors in 2008 was 11.9 days while the average for VFR travellers was 36.3 days.

The median length of stay, which often more typically represents the time spent in New Zealand, is shorter. In 2008 the median stay for all South Korean visitors was 6.1 days and 5.7 days for holiday travellers. For VFR travellers the median stay was 19.7 days while those who came for educational purposes stayed for 90 days.

Figure 5 shows the most common length of stay for South Korean visitors by the total market and the holiday segment. Nearly two thirds of all arrivals stay for seven days or less and this pattern is even more pronounced for holiday travellers (80%).

Figure 5: Length of Stay Patterns for South Korean Visitors, 2008¹

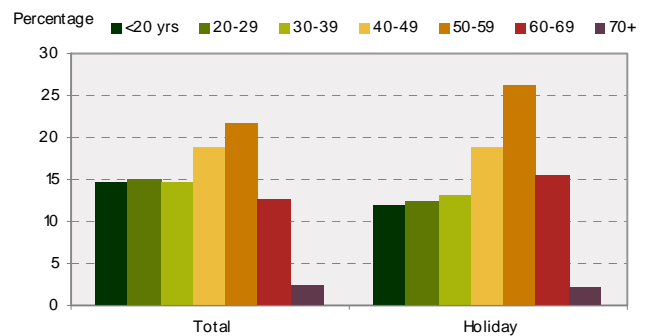


CHARACTERISTICS OF SOUTH KOREAN VISITORS

Age

Forty five per cent of all South Korean arrivals are less than 40 years of age while 54% are aged between 40-69 years. There are two main age groupings; those aged 50-59 years (22%) and those aged 40-49 years (19%). These same groups form the largest proportion of the holiday segment (Figure 6).

Figure 6: South Korean Visitors by Age, 2008¹



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Gender

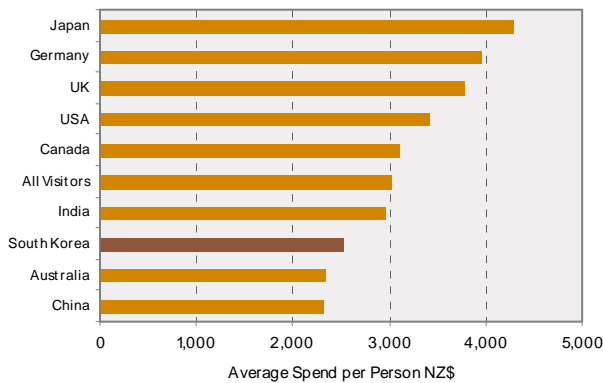
Over the last five years the gender split for all South Korean visitors has moved very slightly towards a more even balance, from 53% female and 47% male to 52% female and 48% male in 2008. Females outnumber males by 55% to 45% in the holiday market while the gender split is evenly balanced for VFR travellers.

How much do they spend in New Zealand?

South Korean visitors spent a total of \$200 million in New Zealand during 2008, making this our third largest Asian market in terms of expenditure. Spending by holiday visitors amounted to \$113 million.

Average expenditure per person for the South Korean market overall was \$2,962 (compared with \$2,682 for all visitors to New Zealand). The average spend for South Korean holiday visitors was lower at \$2,524 (compared with \$3,027 for all holiday arrivals) (Figure 7).

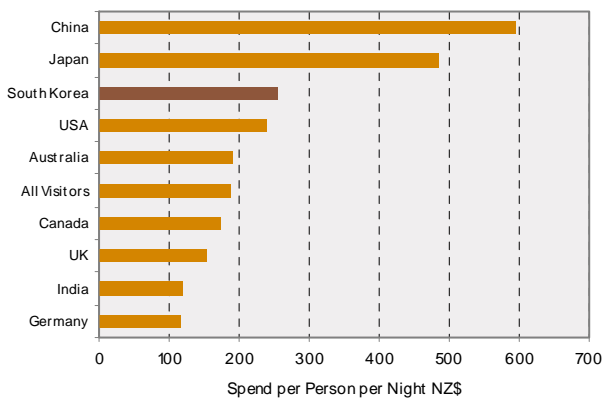
Figure 7: Average Spend by Market for Holiday Visitors, 2008²



The average spend per night was \$133 for all visitors from South Korea while holiday visitors spent \$253. As a result of the short length of stay, the spend per night by South Korean holiday visitors was well above the average for all our main markets, but overall the average spend per person was among the lowest (Figure 8).

Note: All references to spend exclude international airfares

Figure 8: Average Spend per Night by Market for Holiday Visitors, 2008²

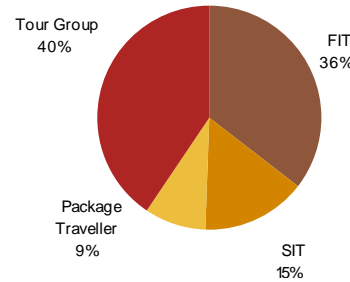


Travel Styles

Fully-independent travellers (FIT) and semi-independent travellers (SIT) form 50% of the overall market while the other half travel with a group tour or on a package organised by South Korean tour companies. A significant number of the independent travellers are VFR visitors (Figure 9).

A much higher proportion of holiday visitors (72%) travel on New Zealand itineraries pre-arranged and tightly controlled by tour companies based in South Korea. Sixty per cent of all holiday visitors travel from South Korea on an organised group tour while another 12% use semi-structured tour packages.

Figure 9: Travel Styles of South Korean Visitors, 2008²



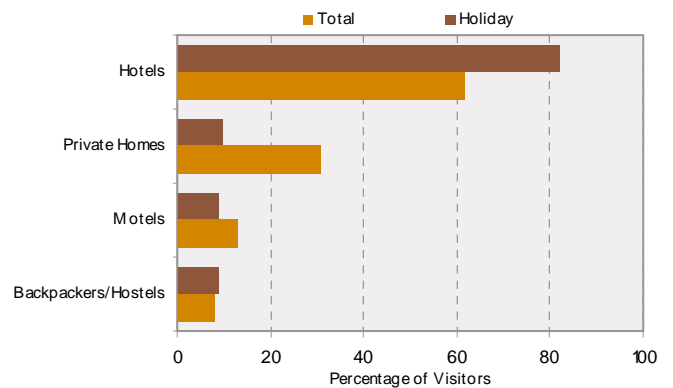
FIT: made and paid for all travel arrangements after arrival in New Zealand
SIT: made and paid for at least one travel arrangement before arrival in New Zealand

What accommodation types do they use?

South Korean travellers use a relatively small range of accommodation types in New Zealand. Hotels (62%), privately owned dwellings (31%) and motels (13%) are the most common accommodation types used by the overall South Korean market. The influence of the VFR market is seen in the use of privately owned dwellings as 91% of all VFR visitors use this form of accommodation.

Holiday visitors use the same range of options with a much higher proportion (82%) staying in hotels, which are generally arranged by a tour company. A much smaller number (9%) stay in motels or backpackers (9%) (Figure 10).

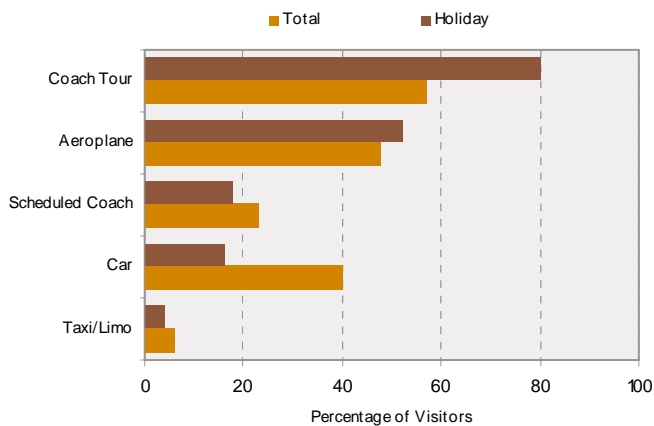
Figure 10: Main Accommodation Types used by South Korean Visitors, 2008²



What transport types are used?

Travel by tour coach (57%) is the most frequently used option for South Korean visitors, with air services (48%), car (40%) and scheduled coach services (23%) also used. Holiday travellers use the same range of options, with a much higher number using coach tours (80%) (Figure 11).

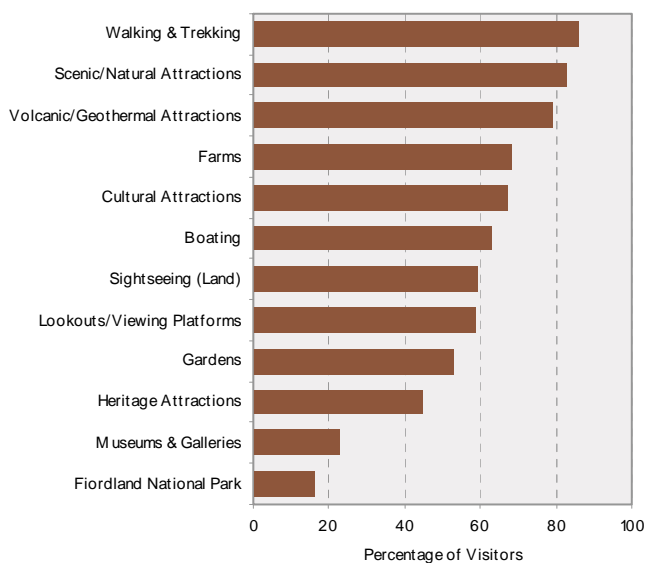
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Figure 11: Transport Types used by South Korean Visitors, 2008^{*2}

What are the popular activities and attractions?

Walking/trekking, natural attractions, volcanic/geothermal attractions, land-based sightseeing activities and cultural attractions each attract more than 50% of all visitors from South Korea. Farms, boating, gardens and heritage attractions are also popular.

As shown in Figure 12, South Korean holiday visitors enjoy the same types of activities although the percentages in most cases are slightly higher.

Figure 12: Key Activities by South Korean Holiday Visitors, 2008^{*2}

Tables 1-4: South Korea Visitors – Trends and Characteristics

1. VISITOR ARRIVALS * ¹	2003	2004	2005	2006	2007	2008
Total	113,000	114,000	112,000	111,000	99,000	79,000
Holiday	75,000	80,000	79,000	78,000	69,000	50,000
VFR	24,000	22,000	18,000	17,000	15,000	14,000
Business	4,000	4,000	4,000	4,000	4,000	4,000
Other	9,000	8,000	11,000	13,000	12,000	11,000

2. RTO VISITS 2008 * ²	Holiday	Other	Total *
Auckland	40,000	21,000	61,000
Rotorua	35,000	6,000	41,000
Canterbury	28,000	6,000	34,000
Queenstown	27,000	2,000	29,000
Fiordland	26,000	2,000	28,000
Waikato	21,000	2,000	24,000
MacKenzie	15,000	1,000	16,000
Lake Taupo	4,000	2,000	6,000
West Coast	4,000	2,000	6,000
Wellington	1,000	4,000	5,000

3. EXPENDITURE 2008 NZ\$ *	Holiday	VFR	Total *
Total Spend (Millions)	113	50	200
Average Per Person	2,524	3,075	2,962
Average/Person/Night	253	94	133

4. LENGTH OF STAY 2008 * ¹	Holiday	Total *
< 5 Days	12,000	16,000
5-7 Days	28,000	35,000
8-10 Days	3,000	5,000
11-13 Days	1,000	2,000
14-16 Days	1,000	2,000
17-19 Days	-	1,000
20-29 Days	1,000	3,000
30 or More Days	4,000	14,000
Average (Days)	11.9	22.7
Median (Days)**	5.7	6.1

* Total includes all other categories

** Half of the visitors stayed longer and the other half stayed less than the median

- Figure too small to be reliable

DATA SOURCES

¹ IVA: International Visitor Arrivals (Statistics New Zealand)

² IVS: International Visitor Survey (Ministry of Tourism)

IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, www.WellingtonNZ.com

Lake Taupo Lodge – www.laketaupolodge.co.nz

Cardrona Ski Field – www.cardrona.com

Southern Traverse – Michael Jacques, www.karapoti.co.nz

Wai-O-Tapu Champagne Pool – Destination Rotorua, www.rotoruaNZ.com

TSS Earnslaw, Queenstown – Real Journeys, www.realjourneys.co.nz