



VF South Korea Market Report
November 2019

Visit Finland Country Representative

Jani Toivanen



Semiannual Report – SOUTH KOREA

Summer season 2019 and outlook for winter 2019-20

CONTENTS

- Factors affecting the results of the summer season 2019
- Outlook for the winter season 2019-20
- Prospects for the summer season 2020
- Prospects for the autumn/winter season 2020
- Theme check: Food tourism
- Trends and other relevant travel related topics
- Facts and figures - Market review data

Factors affecting the results of the summer season 2019

Reasons for the increase/decrease in overall outbound travelling from your market?

- The overall outbound travel by Koreans has kept up with the stable growth and is expected to exceed 30 million departures in 2019 for the first time. However, the pace of the growth has slowed down compared to the previous few years.
- Most part of the year 2019 has seen much political turmoil and economic instability that has affected most industries negatively, including travel. Uncertainty from the ongoing US-China trade war has had a large negative effect on the Korean economy, while Korea-Japan relations have degraded to their worst in decades causing large-scale boycotts of Japanese products and boycotting of travel to Japan. Domestic economic policies by the government have also resulted in increased unemployment especially among the youth, and a more difficult business environment for entrepreneurs.
- Despite the worsening economic situation travel abroad has not decreased, but the some of the popular destinations have seen changes. Japan used to be the most popular destination for Korean travelers, but due to boycotts the number of travelers to Japan have decreased significantly. More and more travelers are looking into cheaper destinations, and mainly focus on countries in the Southeast Asia.

Factors affecting the results of the summer season 2019

Reasons for the increase/decrease in travelling to Finland?

- **Changes in demand**
 - Spring and summer seasons decreased for the first time in several years this year due to number of economic factors and changing trends.
 - Last year was special due to eg. FIFA World Cup in Russia, which caused many Korean travelers to visit Finland while coming to see the World Cup. Thus this year the visitor numbers have become normalized again, which shows as decrease in this year statistics.
- **Finland's image as a travel destination**
 - Finland remains as a rather unknown destination for travel, and is often just 1 day stop in a full North Europe tour.
- **Changes in distribution**
 - New FIT products launched at the end of the summer for the autumn/winter season.
- **Changes in accessibility**
 - No changes.

Factors affecting the results of the summer season 2019

Reasons for the increase/decrease in travelling to Finland?

- **Products that have been attractive**
 - FIT itineraries in Helsinki and nearby regions
 - Helsinki-Tallinn combined products
 - Helsinki 1-day trip followed by cruise trip to Stockholm
- **Regions that have been attractive**
 - Helsinki
- **Campaigns, joint promotions results**
 - No joint promotions took place during this spring/summer season

Outlook for the coming winter season 2019-20

The overall outlook of travelling to Finland for the coming winter?

- **Increase/decrease and reasons for the increase/decrease**
 - Korean travelers are expected to increase during the Autumn/Winter season as many travelers have been delaying their travel plans to end of the year. Autumn flight reservation statistics show clear increase for Q4 travel to Finland from Korea.
- **New winter products**
 - New Helsinki+Lapland FIT product sales launched by several major and minor travel agencies
 - Several new winter packages launched also as part of joint promotional campaigns with Visit Finland
- **New sales channels**
 - Several ecommerce platforms have expanded to start sales of travel products, including Finland products

Outlook for the coming winter season 2019-20

The overall outlook of travelling to Finland for the coming winter?

- **What are the trends for the winter 2019-20?**
 - Budget/backpacking travel
 - Healing trips to warm countries (mainly Southeast Asia)

- **Which are the traveller segments?**
 - 20's to 30's
 - Families

Outlook for the summer season 2020

Ad hoc marketing opportunities

- Finnair's new flight route Busan-Helsinki is expected to launch at the end of March 2020, providing many opportunities to promote travel to Finland in Busan
- Finland Day 2020 event promoting Finnish products, culture, and travel is planned for Q2/2020.
- A joint marketing campaign with major TA planned for Spring 2020.
- Bringing social media influencers to Finland is one important PR target for 2020.
- Ad hoc TV productions

Prospects for the autumn/winter season 2020

The overall outlook of travelling to Finland?

- **What trends should be considered in product development to increase the demand in the autumn/winter time?**
 - Auroras and unique experiences are the main reason for travel during autumn/winter season
 - Unique experiences and accommodation such as glass cabins
 - Korean travelers are less adventurous to try extreme activities or sports
- **Which present target groups should be considered to increase the demand?**
 - Younger generations in their 20-30's
 - Families with children
- **Which new target groups should be considered to increase the demand?**
 - No new target groups to be considered

Theme check: Food tourism

What kind of demand or potential you find in the market you represent?

1. What is "in" on your market in food tourism? Is food important for travelers on your market?

- Yes, food has become one of the most important parts of travel for younger generations. This has even coined the term "sik-do-rak", which refers to travel where one tries many different delicious foods. Foods may not be the main reason to select the target destination, but is definitely an important part of the experience.

2. Is there any specialized tour operators for food tourism? Are "general" tour operators promoting food experiences?

- Food tourism has become quite mainstream and most general tour operators promote food experiences in their products. Especially countries like Japan heavily focus on food experiences in their marketing.

3. What kind of food tourism offerings should be developed more in Finland? E.g. food related activities in nature (like foraging/picnic in a forest), cooking classes (like baking Karelian pies), food walks, home dining, food producers tours, local/Finnish restaurants, beverage tours/tastings, sustainable food, food routes etc.?

- Food walks, home dining experiences, restaurant and cafe recommendations, distillery/brewery tours

4. The best benchmark and examples (destinations or products)?

- Naeiltour's FIT product to Takamatsu & Naoshima, Japan: http://naeiltour.co.kr/sub/view.asp?sub_area_cd=2386&good_cd=2302011166
- Wine tours to France and Italy
- Taiwan

Trends and other relevant travel related topics

Trends

- Living like a local, stays over 2 weeks in a target country is one of the newest trends and many tour operators are creating programs to match this demand. Eg. Naeiltour reported that reservations for live like a local packages increased two-fold compared to last year.

New distribution channels

- Awareness and demand should be created through media and word-of-mouth to push the travel agencies to launch new products.

Online channels

- Targeted social media marketing through Instagram
- Naver search portal keywords
- Naver blogs through social media influencers

Trends and other relevant travel related topics

Competitors' actions

- Czech Tourism held B2B workshops in Seoul and Busan in October 2019 with 16 partner companies. They also held wine tasting, and promoted Czech beer and cosmetics as crossover promotion in the events.
- Norway held a B2B travel workshop in Seoul in September 2019
- Portugal has been heavily featured on travel-related magazines and media in 2019. Portugal also held tourism seminar for travel agents and media in October 2019.
- Austria held a business seminar in September 2019 with 15 partners, inviting local travel agencies and tour operators. They also held a VIP dinner reception after the event. Salzburg held their own press event in November to promote the growth of tourists to Salzburg and upcoming 100th music festival in 2020.
- Poland held a B2B Travel Workshop in October together with LOT.

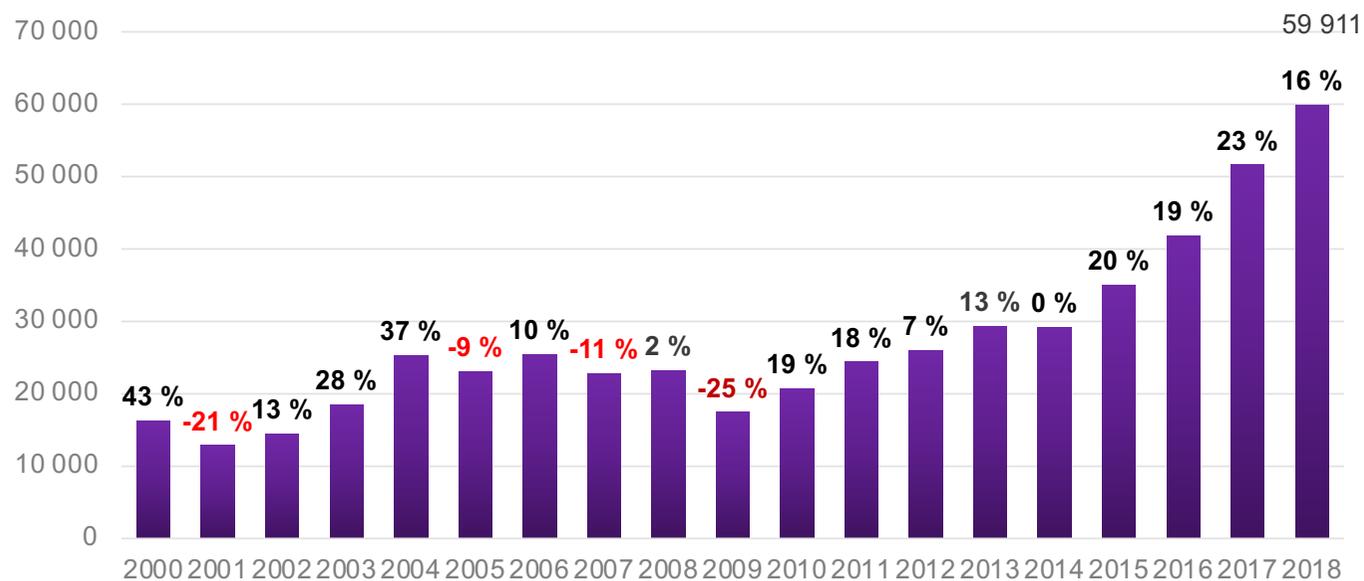
Trends and other relevant travel related topics

Free word

- Finland and the Nordic countries are still rather unknown as travel destinations, but trends in Korea keep changing. Just 10 years ago East Europe was quite unknown travel destination as well, yet now it is one of the most popular regions to visit. North Europe is not quite there yet, but is expected to become the next trend. However, this will take time and effort through consistent marketing and PR efforts.
- Media is one of the most powerful tools to increase awareness, and for example, even just one succesful TV show filmed in Finland can have dramatic effects, as seen in countries like Croatia and Spain.

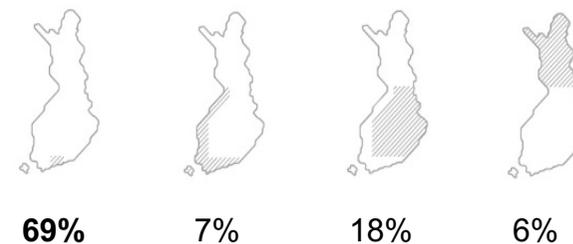
South Korea – Market Review

Korean overnights in Finland



Year 2018
21st in country rankings
 with a **1% share** of foreign overnights
 Average change 2000-2018: **+11%**
 Change 2018 compared to 2000: **+269%**

Share of overnights by regions 2018



Sources: Visit Finland Statistics Service Rudolf, Statistics Finland