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*A Tiger Poised to Pounce:  
South Korea's Tourism Industry Looking to  
Europe for Business*

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## ***Everyone has heard of Samsung and Hyundai – But what about Jeju and Gyeongju?***

Business travellers from all over the world are flocking to South Korea – officially the Republic of Korea - and are driving the inbound travel statistics up to hit new records each year. In the industrial regions and near the gigantic shipyards such as those in Busan and Geoje, new hotels are being built predominantly to cater for business travellers from Japan, the USA and Germany. Virtually every school-age child from Los Angeles to Moscow has heard of Samsung and Hyundai, but they know nothing about Jeju or Gyeongju. Most of their parents are in the same situation. A quick check on the internet is helpful here: Jeju is a popular holiday island in the south and is the wedding choice for many Koreans. Gyeongju, formerly the capital of the flourishing Silla Kingdom, has two entries in the UNESCO World Heritage Site list, the Bulguksa Temple and the huge statue of Buddha in the Seokguram Grotto, together with many other historical buildings and tombs.

## ***More advertising and new programmes in Europe***

This country of economic miracles now intends to do more to showcase its tourist attractions in order to attract more visitors from North America and, more specifically, Europe and Germany. In addition, attractive programmes and advertising campaigns are being arranged to encourage business travellers to extend their stay by a few days in order to get to know the country and its people better. Gyeongsangbuk-do Province with its enchanting administrative and cultural capital Gyeongju is one of the main priorities in the new marketing and promotion campaign being spearheaded by the state-run Korea Tourism Organization (KTO) based in the country's capital Seoul. The manager of the KTO office in Frankfurt/Main, Shin Pyung Sup, has announced that he will work together with tour operators and travel agencies in Germany, Switzerland and Austria to devise new tourism programmes for Korea. "We also want to cooperate with event organizers in the countries of Eastern Europe such as Hungary, the Czech Republic, Slovakia and Croatia", says Shin Pyung Sup.

## ***Campaign for kings' tombs, winter sports and Taekwondo***

At the South Korean stand at the ITB Berlin 2007, the main focus is therefore on Gyeongsangbuk-do and Gyeongju. To tourists, the city and its environs are like a huge open-air museum.

The attractions include the 7th-century Cheomseongdae Observatory, traditional Hanok houses and the green mounds under which the tombs of the Silla kings are to be found. The government of the Republic of Korea is making huge efforts to bring the 2014 Winter Olympic Games to Pyeongchang and the 2012 World Exposition to Yeosu. This would further enhance the already positive image of the country on the international market, says Kim Jong-Min, president of the KTO in Seoul. Korea's bids for these events are also on show at the ITB Berlin. South Korea has positive memories of how much the 2002 World Cup did for both the country's image and its revenue situation. The major construction projects for the World Cup included a big modern airport, hotels and motorways.



KTO intends to exploit a niche market by developing themed Taekwondo tours: "There are over 2,000 Taekwondo students in Germany alone", says Shin Pyung Sup. His country plans to work together with Taekwondo clubs in Germany and sponsor flights to South Korea for championship winners. "Our aim is to attract 1,000 visitors from the Taekwondo demographic alone in 2007", says the KTO director responsible for grooming the German market.

### ***Record inbound statistics thanks to business travellers and Asian visitors***

Business travellers and visitors from Asia largely explain the increase in South Korea's inbound statistics. "For us, Europe and North America with their many affluent travellers still offer great potential, and we intend to make full use of that potential", says John S. Lee, KTO director for Europe and America in Seoul. In 2006, South Korea welcomed more visitors than ever before, but the figure was not as high as had been hoped. The 6.159 million figure for incoming travellers from abroad was only slightly higher than the 6.02 million recorded in 2005. For the current year South Korea is expecting 6.5 million visitors. Two out of every five visitors (40 per cent) come from neighbouring Japan, the coast of which is visible from some Korean islands. For Japanese travellers, South Korea offers very good value for money; for a visitor from Germany the prices are similar to those in Munich or Hamburg. In 2005, some 510,000 travellers came from Europe and over 530,000 from the USA, which is home to many Korean emigrants. The strength of the Korean currency, the Won, weighed heavily on incoming tourism. Spending per visit to Korea dropped from 968 US \$ in 2005 to 858 US \$ in 2006, reports the KTO. In previous years the spend per visit was well over 1,000 US \$. 42.3 per cent of visitors are classical tourists, 43.7 per cent are business travellers and 9.4 per cent are travelling to visit friends and relatives. The percentage of business travellers from many European countries is significantly higher than the percentage of classical tourists.

### ***Korea's economic strength - outbound market no. 3 in Asia***

In 2005 the Republic of Korea with its 50 million inhabitants generated a gross domestic product of 786 billion US \$, a figure equal to a per capita income of 16,500 US \$, reports the German Federal Foreign Office (Berlin) in its economic advisory. Measured in terms of its gross national product, the Korean economy ranks 11th in the world. Keen travellers, the Koreans are spending more and more money abroad. Of all the Asian countries, only nationals of Japan and China travel more than South Koreans. This is documented in a statistical report by the Deutsche Zentrale für Tourismus (DZT, the German National Tourist Board). Some 9.8 million citizens of the Republic of Korea travelled abroad in 2005. By way of comparison: 17.1 million people from Japan and 9.1 million people from the People's Republic of China undertook a trip abroad. In 2006, according to the KTO, the number of trips abroad undertaken by South Koreans rose significantly – reaching 11.6 million. According to the DTZ, 1.2 million South Koreans flew to Europe in 2005, of whom 136,000 were destined for Germany and 238,000 for Italy. South Koreans spent on average 1,046 in Germany, i.e. 145 per day. About half of these visitors to Germany were classical tourists.

### ***Germany - the most important source market in Europe***



Germany and the Republic of Korea have enjoyed good political, economic and cultural relations for many years. According to the KTO director for Europe: "Germany also heads the league in terms of inbound travel from Europe." In 2005 the number of visitors from Germany was 74,962, and the figure for 2006 is likely to be well over 76,000. According to the KTO, the 2007 figure should be in excess of 80,000. These statistics for the most important source market in Europe are clear signals to those responsible for tourism in Seoul just how much hard work still remains to be done. 70 per cent of people travelling to the Republic of Korea from Germany are business travellers and 17 per cent are classical tourists. The remaining percentage includes, inter alia, Koreans who have emigrated to Germany and return to visit their relatives. "We're also pleased", says Lee, "that the Germans spend an average of 9 nights in our country – the figure for the other tourists is only 5 to 6 nights."

### ***Support for "Lotte" and Rudi Völler***

Visitors from Germany are very well liked in South Korea. This is an aspect which the KTO managers constantly emphasize in their new advertising campaigns, for which the German market often plays a pilot role.

The many miners and nurses who came from South Korea in the 1960s and 1970s to work in Frankfurt, Cologne, the Ruhr region and other parts of the Federal Republic of Germany sent a lot of positive feedback to their relatives at home. At that time Germany's economy was booming. Manpower was in short supply, and hardworking foreigners were in demand. "It was hard work but they were good times", says South Korean Maria Shin. She used to work as a nurse in Germany, today she works as a tour guide and interpreter in Seoul. She adds: "The German footballers playing in the 2002 World Cup got a lot of support here, especially Rudi Völler because of his natural, feet-firmly-on-the-ground manner". During the World Cup, Maria Shin worked as an interpreter for the national trainer and the team.

Goethe, too, has fans in South Korea. Business magnate Shin Kyuk Ho was so impressed by the "Sorrows of Young Werther" and his love for Charlotte that decades ago he decided to name his entire business empire "Lotte". "Our guests find the story interesting, especially the Germans", says Jung Lee, general manager of the luxury hotel Lotte in Seoul. Guests there can go shopping in the boutiques in the basement or the adjacent department store – they all belong to the Lotte hotel.

### ***Hotel business is good – congress facilities also in demand***

Most of the guests at the luxury Lotte hotel in Seoul "are from Japan, but Germany is our strongest market in Europe", says general manager Lee, confirming the trend. "Our business is good, with an average occupancy rate of 75 per cent. The situation is also similar for the other Lotte hotels in the country". Hotel manager Lee is now trying harder to induce business travellers "to stay longer here in Korea, for holidaying and relaxation", and is thereby voicing an intention shared by many of his colleagues. Bernhard Brender, general manager of the Grand Hilton in Seoul, also reports achieving an average occupancy rate of 75 per cent. "Our sister hotel, the Millenium Seoul, has an occupancy rate of 78 per cent." Brender, who comes from Germany, also sees lots of potential in the international congress business: "Business is good, but there's more



potential there". The Hilton is well positioned to build up this business, the hotels are "ideal, particularly for manufacturers such as BMW, Volkswagen and Mercedes". With its programme of excursions for business travellers and other guests, the Hilton has already gathered very valuable experience in this field. Also in demand in the winter are skiing trips to Yong Pyong, which is two hours by air from Seoul and boasts 16 ski lifts. The Republic of Korea currently has over 57,000 rooms in the two-star to five-star categories. By 2010, Brender explains, the number required will probably have reached 117,000.

### ***Spending the night near a shipyard, in a temple or a family home***

The Samsung Hotel in Geoje is an example of a new hotel built for business travellers. It is located near the Samsung shipyard. With only 80 rooms it is tiny compared with many of the hotels in Seoul which have 400 or more rooms. The Samsung in Geoje was opened in November 2005. It should be operating at a profit within less than three years, says marketing manager Kim Lee. Kim Lee went to university in the USA, and she is only 29 years of age. "What counts is performance", she says with a wry smile. "We provide accommodation for managers from all over the world. We celebrate the launching of a new ship every week here in our giant shipyard right next to the hotel."

Tourists can also opt for unusual choices of accommodation in South Korea. On the "Temple Stay" programme, tourists can meditate, pray, sing and make lanterns with Buddhist monks. This programme is not for those who prefer a lie-in: the wake-up call is sounded at dawn. Some 7,000 guests from abroad currently register for this programme each year. The "Temple Stay" programme has been on offer since the 2002 World Cup, when a large number of visitors were looking for accommodation and also wanted to get to know more of Korea's customs and culture. Another option which can be arranged is a stay in a Korean family home in Seoul or other cities.

### ***A border which attracts millions of visitors – excursion to North Korea***

One of the biggest visitor attractions in Korea is the border between North and South Korea. During the Cold War, a stay in Berlin would have been unthinkable without a trip to see the Berlin Wall or the Checkpoint Charlie crossing point. In the same way, many visitors to Seoul take a car, rail or bus trip to the Demilitarized Zone (DMZ). The number of visitors to Imjingak alone, near the Freedom Bridge, "is estimated at two million per year, and most of them are Korean", says tour guide and driver Seo Seong Un. "We would be very pleased to see more Europeans making the trip". He knows that that afternoon he has lots of Koreans and Chinese, a few Japanese and one German in his bus. The visitors are fascinated mainly by the rail trip through a tunnel dug by North Koreans. This was not a tunnel to flee through, "but instead to facilitate North Korean infiltration", explains a South Korean. Tears, acts of remembrance, millet wine, merry-go-rounds and candy floss are all part of a family trip to the border. In recent years it has also been possible to book organized, several-day trips to the Geumgangsan Mountains region in North Korea. Hyundai has made that possible. Under the terms of an agreement with the communist government, the corporation has built roads and hotels in the mountains. Its tourist buses are allowed to cross the border daily from South to North Korea.



### ***More flights to South Korea***

Wherever the economy and tourism are doing well, there is also an increase in air traffic. "For Lufthansa, South Korea is one of the important growth markets in Asia", says communications officer Boris Ogursky. From the end of March 2007 on, Lufthansa will be offering flights to the port city of Busan as its second destination in South Korea. By then Lufthansa will have ten flights a week to this Asian country. The two Korean carriers which offer flights to Germany are also expanding their business. "Asiana Airlines has a very high booking rate", says Andreas Scheibe, who is responsible for the company's marketing operations at its office in Frankfurt. In addition to the four flights a week already on offer, the airline has applied for three more slots from 1st July 2007 on and wants then to offer a daily Germany-Korea service. Korean Air is likewise "very pleased" with its booking rates on flights to and from Germany, says regional sales manager Karen Sahnen in Frankfurt. There are no imminent plans to offer further flights between these two countries, but one thing is certain: Vienna is to be added as a new destination, initially with two flights a week.

### ***Language problems and tips for the tourism industry***

South Korea has done much in recent years to help guests from abroad find their bearings on streets and in railway stations. More and more signage is being installed, with information also in English. Only a very few Koreans speak English. This is true not only of the rural population but also, for example, of taxi drivers in Seoul. On this point interpreter Maria Shin says: "But quite a lot is being done. More and more Koreans are learning English, especially the younger generation." Anyone who uses gestures to signal what they mean and does that with a smile will very likely make themselves understood - even at a motorway service station 200 kilometres south of Seoul which boasts a small tourist information centre enticing tourists to enter with an offer in English of free email and internet services. The friendly assistant sporting a red suit speaks Korean and a few words of Japanese. Nevertheless, the tourists from Europe get what they want: a motorway map in two languages.

The Korean press has also published some critical opinions on the development of tourism. The "Korea Herald" has suggested that the ministry responsible should develop a new "software" for the tourism industry: "including globally acceptable menus at reasonable prices and pop-art entertainment for an international public". The media would also like to see those responsible devising long-term projects for tourism and creating new tourist attractions. The "Korea Times" has drawn attention to the discrepancy between inbound and outbound tourism: the increase in visitors from abroad is not sufficient to counterbalance the higher spending by outbound Korean travellers.

### ***Larger tour operators are also discovering this region of Asia***

Once the preserve of small specialty operators, the Republic of Korea is now increasingly being discovered as a tourist destination by larger tour operators in Germany. KTO director Shin Pyung Sup explains: "Most operators of Korea tours offer programmes focusing on Gyeongju and Andong in Gyeongsanbuk-do Province". As examples he cites Meier's Weltreisen, Gebeco, Windrose, Ikarus, Lernidee, Tischler, Djoser, Dr. Tigges and the two "newcomers" TUI and FTI. TUI has added South Korea to its summer 2007



programme in conjunction with a circular itinerary which also takes in Japan. "But it is still too soon to say what the response is like", says communications officer Alexa Hüner. FTI has also added Korea to its summer 2007 programme for Asia. "It will also be featured in the winter 2007/08 brochure", says Dietmar P. Schulz, product manager for Asia. The product on offer comprises four hotels in Seoul, excursions and two circular tours.

### ***Views from participants from the Republic of Korea at the ITB Berlin***

Woonbae Park of the incoming company "Exodus DMC" says: "For me, ITB Berlin 2006 was a great success. I made some fantastic contacts. The Korea stand and the arrangements were very good." Kab-Yeol, vice-president for management with KTO Seoul: "I know the ITB Berlin very well and was here for the first time in 1990. At that time our stand was 140 square metres in size. Today we've got 200 square metres and more exhibitors, including more private-sector service providers. The contacts and the business deals at the ITB Berlin are very important for my country." Bernhard Brender, general manager of the Grand Hilton in Seoul: "ITB Berlin is a must for us. In 2007 I want to attract more European companies to Korea on congress trips and put together attractive three- to five-day packages. And in addition to making new business contacts and transacting deals, it is important for us to fly the flag."

### ***Messe Berlin: the Republic of Korea at the ITB Berlin since 1975***

The Republic of Korea has had a stand at the ITB Berlin every year since 1975. Its presence has expanded over the years. At the 2007 event, the country will have a 200 square-metre stand for 26 exhibitors and co-exhibitors." This expansion trend is undoubtedly also a reflection of the fact that this destination is becoming ever more popular", says ITB project coordinator and senior manager David Ruetz. He explains that Korea is achieving ever higher figures for tourist arrivals. "The business travel/MICE segment in particular is showing positive growth. New products are on offer to try to encourage business travellers to stay for a longer period." Messe Berlin is pleased that the Republic of Korea will once again be represented this year at the exhibition grounds under Berlin's radio tower.

#### **INFORMATION:**

Korea Tourism Organization (KTO):

German: [german.tour2korea.com](http://german.tour2korea.com) English: [tour2korea.com](http://tour2korea.com)

Border trip/DMZ Tour:

[english.tour2korea.com/03Sightseeing/ThemeTours/dmz.asp?kosm=m3\\_3&konum=7](http://english.tour2korea.com/03Sightseeing/ThemeTours/dmz.asp?kosm=m3_3&konum=7)

Hotel Lotte: [www.hotellotte.co.kr](http://www.hotellotte.co.kr)

Grand Hilton Seoul:

[www1.hilton.com/en\\_US/hi/hotel/SELGRHI-Grand-Hilton-Seoul-hotel/index.do](http://www1.hilton.com/en_US/hi/hotel/SELGRHI-Grand-Hilton-Seoul-hotel/index.do)

Samsung Hotel Geoje: [www.sghotel.co.kr](http://www.sghotel.co.kr)

Lufthansa: [www.lufthansa.com](http://www.lufthansa.com)

Asiana Airlines: <http://flyasiana.com>

Korean Air: [www.koreanair.com](http://www.koreanair.com)

Exodus DMC: [www.koreabound.com](http://www.koreabound.com)

US Travel: [www.ustravel.co.kr](http://www.ustravel.co.kr)



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Deutsche Zentrale für Tourismus: [www.deutschland-tourismus.de](http://www.deutschland-tourismus.de)