

South Korea

Consumer & Travel Trade Research

Project Summary



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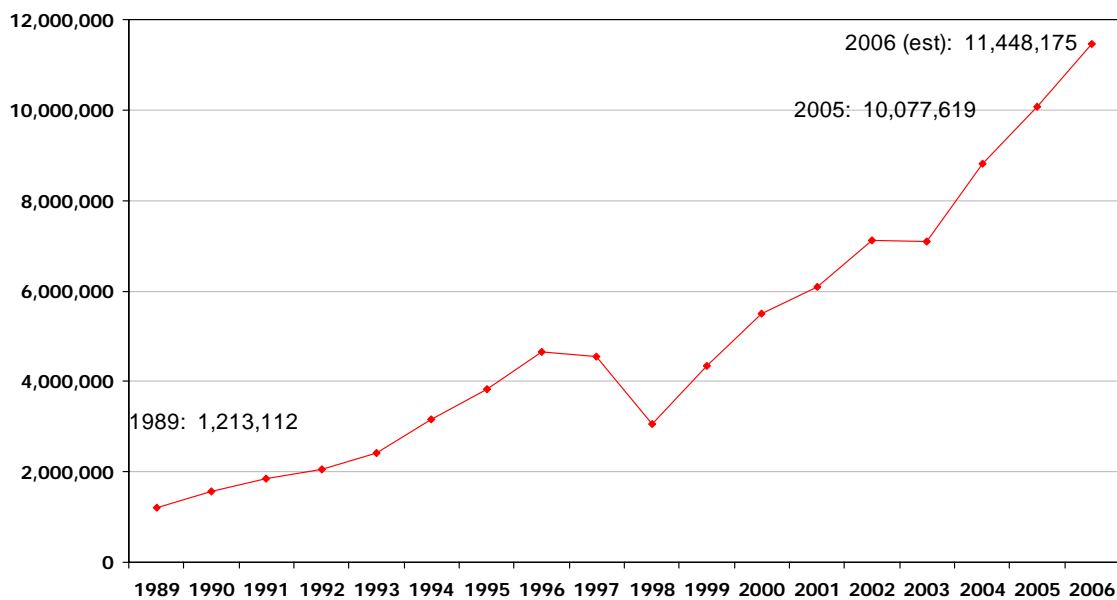
1. Background and Objectives

Prior to 1989, South Koreans were unable to travel outside their own country except on business trips. Given the adventurous nature of South Korean society, and its emphasis on education—which travel is considered an important part of—this restriction was especially constraining. As a result, it caused a great deal of pent up demand for travel abroad.

Once the gates were opened and foreign travel allowed, South Koreans did not look back. Outbound travel has grown at 12.7% annually over the past 5 years (2000-2005) and is expected to continue unabated.

In 2005, the number of South Koreans traveling abroad passed the 10.0 million mark for the first time, representing 20.8% of the total population. This is up from 5.5 million in 2000, representing an average growth rate of 12.7% per year.

Exhibit 1.1: Total South Korean Departures 1989-2006



Source: eTour Korea. 2006 British Columbia Travel Mission

Travellers' overseas spending also reached a record high of \$10.7 billion during the 11 months to November in 2005¹, representing a 19.9% increase from a year earlier. This increase in tourism spending can be seen domestically as well, with South Koreans spending 33% more at home in 2005 compared with 2004.

¹ The Korean Times – 01-03-2006

For Canada, South Korea represents a market with huge potential. In 2005, Canada only attracted 2% of the total outbound travellers, or 8.6% of long-haul travel beyond Asia.

To obtain market intelligence to assist in developing appropriate marketing initiatives for the South Korean market in 2007 and beyond, the *South Korea Consumer and Travel Trade Research* was commissioned by the Canadian Tourism Commission (CTC) and a partnership group consisting of British Columbia and Ontario.

The CTC and its partners' business objectives when commissioning this research included:

- Identifying the target markets for travel to Canada
- Developing market sensitive product packages
- Making use of the most effective communication channels to reach the target market
- Providing direction and assistance for the travel trade to accelerate the growth of pleasure travel to Canada
- Designing the most effective advertising to reach the potential market

In order to fulfill these business objectives, Insignia conducted research with the following objectives:

- Determining the size of the travel market
- Understanding the profile of the prospective market
- Investigating travel motivators for Canada
- Identifying Canada's competitive set
- Developing market segmentation
- Determining the best marketing channels
- Exploring regional opportunity within Canada
- Understanding the trends in the Korean travel market, and the activities of competitors
- Determining how Canada can capitalize on those ideas and trends

The study involved a 4-phase approach:

Phase 1: Review of existing data - Secondary research was conducted to gather information on South Korea, specifically on the economic developments, trends and forecasts. In addition, travel behaviour and trends by South Koreans, both domestically and outbound, were reviewed. This information was very valuable in putting the survey learning into context.

Phase 2: Korean Traveller Focus Groups - Focus groups were conducted to provide grassroots clarity to quantitative results and to pick up signs of emerging trends. In total, six 2-hour focus groups were conducted from August 16-18 in South Korea. Two groups consisted of South Koreans who had travelled to Canada for pleasure in the past; the other four groups consisted of South Koreans who had not visited Canada in the past.

Phase 3: Travel Trade Interviews - In total, 15 executive interviews (45 minutes each), with key members of the travel trade, were conducted from August 16 to 18 in South Korea in order to fully understand trade issues, barriers, and needs for developing the Canadian market.

Phase 4: Consumer Quantitative Survey - A national online panel operated by OpenVenue was conducted with 2,618 Korean adults aged 18 and older from October 20 – November 17, 2006. An oversample was implemented to reach n=200 past travellers to Canada. This was achieved by screening both the main panel fully and a second sister panel for qualifying past Canadian travelers. The oversample of past travellers to Canada was then weighted down to the level in the cross-section survey. In addition to the online survey, a telephone omnibus survey was conducted among 3,000 South Koreans across the nation to obtain incidence and profile data of the past and future pleasure trip travellers. This provided a base to which to weight the online survey as required.

2. Key Findings

The South Korean Economy

“Ah, it’s good to be busy!” is the common reply in South Korea when someone tells you how many things they have to do. With this attitude, it is not surprising that South Korea’s economy is showing excellent signs of growth.

The GDP is expanding at a rapid, but sustainable, pace with no signs of slowing down. Infrastructure improvements and an eagerness to stand among the major industrialized nations are driving South Korea towards a stronger economy.

Exhibit 2.1: Consumer Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Private Consumption	11.5%	8.4%	4.9%	7.9%	1.2%	0.3%	3.2%	5.9%	6.5%	6.4%
Unemployment rate	6.3%	4.1%	3.7%	3.1%	3.4%	3.7%	3.7%	3.3%	3.1%	3.1%
Inflation rate	0.8%	2.2%	4.1%	2.8%	3.5%	3.6%	2.8%	2.9%	3.8%	3.5%

Source: Global Insight

With an average per capita gross national income of around US\$16,291 in 2005, an increase of 15% from 2004 (US\$14,193), and the consumer confidence index at 94.8 in 2005 (up from 87.0 in 2004), Koreans are likely to feel more positive in the future than in the recent past.

Growth of the Internet in Korean Society

South Korea is highly advanced in all areas of Information Technology and Communications including Internet usage. In the space of six and a half years, South Korea has jumped from a 22.4% internet usage to over 73% for a total of over 33.5 million users.

Exhibit 2.2: Internet Use - 1999 to 2006

Year	Users ('000s)	% Population
1999	9,430	22.4%
2000	19,040	44.7%
2001	24,380	56.6%
2002	26,270	59.4%
2003	29,220	65.5%
2004	31,580	70.2%
2005	33,010	72.8%
2006.62	33,580	73.5%

Source: NIDA – ISIS <http://isis.nida.or.kr/>

This explosive growth in Internet usage is important for travel since, as with many other countries, the Internet is becoming a major source of information and inspiration for long haul travel. While the overall Internet usage numbers are important, the real impact of Internet usage appears only once that usage has been segmented by age. – There is high internet usage (over 90%) by the population under 40. Internet usage begins to fall for the population 40 years old and over.

Exhibit 2.3: Internet Usage - by Age

Age	2002.12	2003.12	2004.12	2005.12
6 to 19	91.4%	94.8%	96.2%	97.8%
20s	89.8%	94.5%	95.3%	97.9%
30s	69.4%	80.7%	88.1%	91.0%
40s	39.3%	51.6%	62.5%	68.7%
50s	17.9%	22.8%	31.1%	35.7%
60s	2.3%	5.2%	10.1%	11.9%

Source: 2006 Korea Internet Whitepaper, NIDA page 33

Travel Trends

The first step in world travel for many South Koreans is to experience other Asian countries. Then, as they gain confidence and grow more adventurous, they begin to travel outside the region – to Europe, Oceania and the Americas.

Asia is the primary destination for South Korean travellers. It isn't just China and Japan, Korea's immediate neighbours and primary destinations, that receive these visitors. Even when China and Japan are excluded, Asia is the top destination for

² 2006 up to and including June.

South Koreans. Even so, with the South Korean love of travel there is a large long-haul travel market. It is this market that Canada is most concerned with.

Exhibit 2.4: Korean Departures by Destination - 2004 vs. 2005

Rank	Destination Country	Korean Departures		2005	
		2005	2004	Change	%
1	China	2,960,642	2,334,781	26.8	29.4
2	Japan	1,739,424	1,569,175	10.8	17.3
3	U.S.A.	665,181	627,575	6.0	6.6
4	Thailand	661,779	754,093	-12.2	6.6
5	Philippines	481,397	377,217	27.6	4.8
6	Hong Kong	344,393	305,351	12.8	3.4
7	Vietnam	268,110	203,300	31.9	2.7
8	Singapore	210,060	189,949	10.6	2.1
9	Australia	198,088	172,265	15.0	2.0
10	Taiwan	172,262	134,734	27.9	1.7
11	Germany	141,606	141,854	-0.2	1.4
12	Canada	134,975	133,836	0.9	1.3
13	Indonesia	124,980	124,828	0.1	1.2
14	England	116,224	111,845	3.9	1.2

Source: KNTO

Recent Travellers to Canada

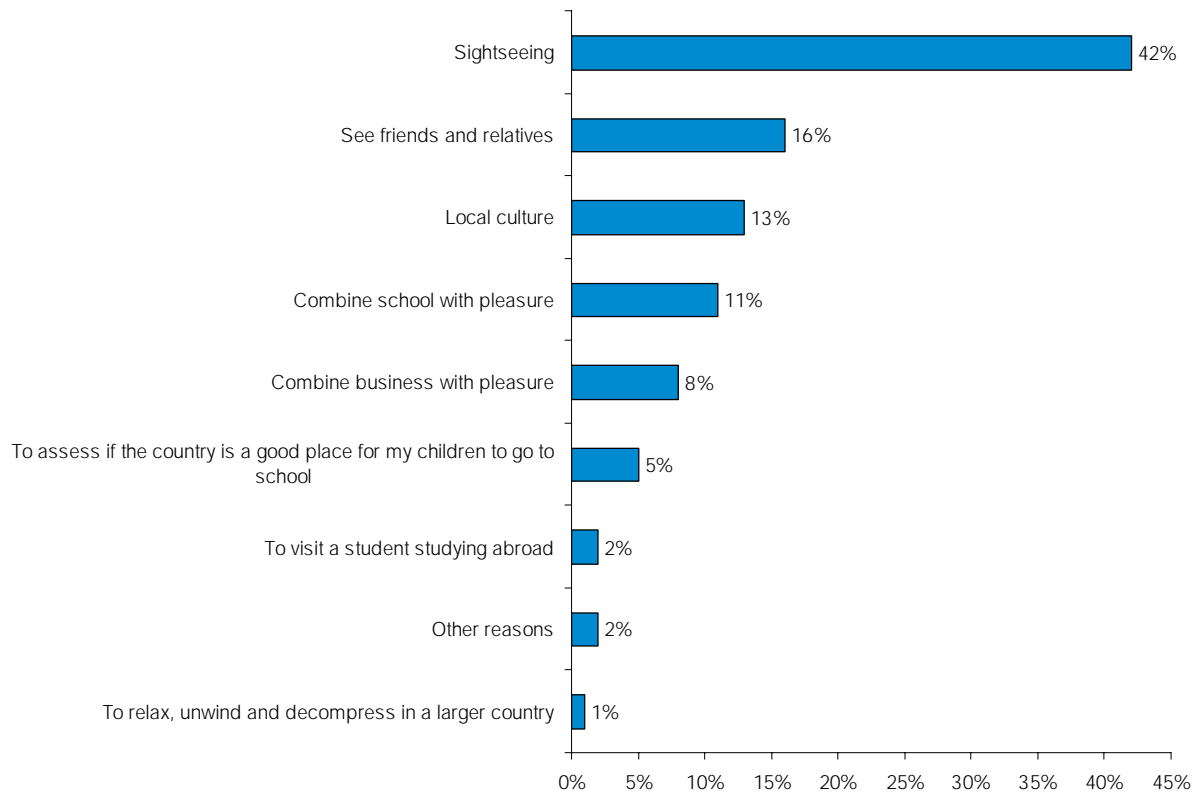
The typical visitor to Canada from South Korea is:

- College educated
- Married or living together
- 40 years or older
- Working a white collar job with a yearly household income in the 50,000 to 70,000 CAD range. -- In essence, they are what many would consider middle/upper-middle class individuals who are established in their jobs and life.
- As many as half have family in Canada.
- Travels with an average (immediate) party size of 5.7 individuals

FIT travel³ is very common in Canada (61%). Further, over half of FIT travellers are fully independent – not buying any packages. This is higher than for South Korean travellers to most other countries and is due in part to the predominance of a VFR connection, as well as school related travel. The profile of FIT travelers is very similar demographically to the non-FIT traveler. One exception is that FIT travelers are more likely than travelers overall to have close family members in Canada.

Sightseeing is clearly the dominant primary reason for travel to Canada, but experiencing local culture, VFR and school related purposes are a relatively unique set of motivators for travel to Canada relative to prime competitor Australia.

Exhibit 2.5: Primary Reasons for Travel to Canada



For the majority, the visit to Canada exceeded their expectations and many want to return to Canada. On the next trip, they would like to get more involved – getting past the whirl wind, key icon tour that is common for first time visitors (i.e., Vancouver, Rockies, and Niagara Falls). As many expressed:

“I’d like to spend more time, now that we know where to go”

³ The FIT definition used in this report is non-group travel, whether on an individually arranged package or not.

"We'd spend more time in the West and maybe combine it with a trip to the U.S. West coast"

I'd like to get more actively involved (in outdoor sports) like riding in a yacht on a lake"

The Canadian Opportunity

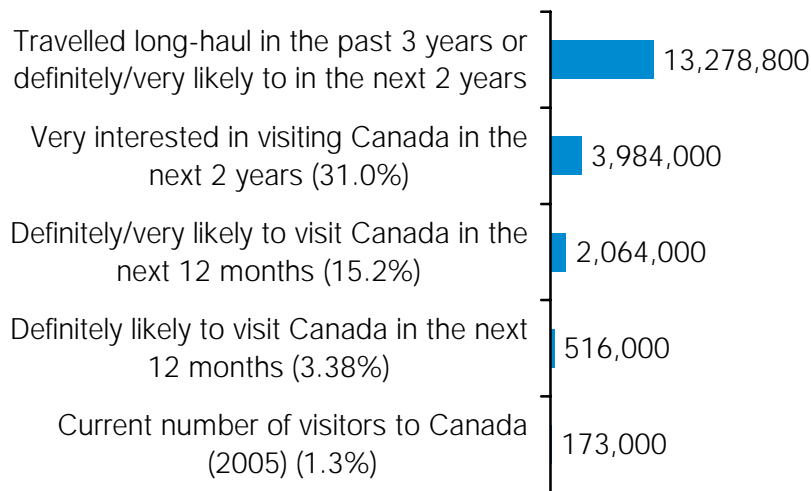
Canada's image in the South Korean market is overwhelming positive. Canada is seen as idyllic, clean, healthy, and a place one wants to live. As with most foreign markets, Canada's natural beauty forms a strong part of its appeal with the South Korean market.

At present, South Korea is essentially tied with Australia as the second most important Asia/Pacific travel market for Canada, behind Japan. Latent demand in South Korea for travel to Canada is sizable and, given that South Korea is indeed one of the major growth markets for global travel, the opportunities for Canada to invest further in tourism marketing are sizable.

Out of the 13.3 million travelers in the long-haul travel market, as many as 4 million are very interested in visiting Canada in the next 2 years.

This represents Canada's latent demand—those who have Canada firmly planted on the radar screen.

Exhibit 2.6: Latent Demand for Canada



Serious prospects can be defined as those who claim to be very likely to visit Canada in the next 12 months. Here the numbers exceed 2 million. Very serious prospects are those who go to the extent of claiming they will definitely visit Canada in the next 12 months. These individuals total 516,000, far higher than the current annual flow of visitors which is 173,000 (in 2005).

There is no question that intentions are over stated to some degree. Canada should not expect its visitors to hop from 173,000 to 516,000 per year in the next year. However, what these figures do confirm is a very robust pocket of prospective travelers whose travel desires need to be facilitated.

With the current visitors under 200,000, this latent demand shows the market available to Canada if appropriate action is taken. The South Korean travel market is one also sought after by a number of other destinations.

Barriers

Despite the appeal of Canada to South Koreans, there are three fundamental barriers to the growth of the South Korea travel market to Canada:

1. *Lack of Knowledge*

- There is a lack of knowledge about what specifically there is to see and do in Canada. They know little beyond the basic brand imagery.
- The travel trade is also quite unaware of what the country has to offer, beyond what they glean from existing packaged tour programs.

2. *Lack of Product*

- According to the trade, the most common Canadian package is a one week trip across Canada – B.C., Alberta and Ontario, covering the scenic highlights of the country. Beyond that, there is little product available, in their view.
- To build the pleasure business, new and interesting packages should be brought to market.

3. *Lack of Inexpensive Flights*

- The FIT market is growing and more and more South Koreans want to purchase inexpensive air tickets. This is especially important for Canada because of the sizeable VFR market (50%) and school related travel (27%).
- Australia and the U.S. in particular have provided numerous low cost airfare options. Canada destined airfares are criticized by the trade for being too expensive.

The travel trade is unanimous in their main recommendations for meeting each of these challenges:

- General advertising to consumers;
- Educational trips for the travel trade; and
- Innovation, especially for the FIT market.

Product opportunities that surfaced include:

- Ensuring that nature viewing focused trips also include a measure of indulgence. (Fine cuisine - being pampered, spa experiences, luxury resorts, Korean restaurant dining, etc.)
- British Columbia coastal cruises
- Exploring by rental car
- Experiencing local culture with friends or relatives living in Canada.

Most important for package development, is to be able to offer mid-priced accommodation – especially important for the price conscious South Korean traveller.

Brand Image

Canada

The surface appeal of Canada as a destination is its grand nature—but the motivation for travel goes well beyond that for Koreans. There are essentially five key appeals of Canada to Koreans:

1. ***Canada's Visual Beauty*** - Koreans are drawn to the wide and vast space in Canada, which contrasts so sharply with the congested and restrictive Korean peninsula. Images mentioned in the focus groups included: the rocky mountains, clean air, maples, big trees, yellow butterflies, big lakes, salmon, canals, plentiful land, purity, and a wide country.
2. ***Active Outdoors*** - Koreans are an energetic, adventure seeking people; they want to get outdoors and to actively participate in activities such as dog sledding, mountain biking, hiking/trekking, and skiing.

3. **Aspirational Utopia** - Koreans strongly admire the Canadian way of life and view it as a place that some day they might want to emigrate to, even if it is just a dream. Continuously participants volunteered comments like the following in the groups:

"Canada has a great quality of life"

"A clean life, less crime"

"A place for Koreans to emigrate to"

"A relaxed place in which I could live"

"Clean nature means a good place to live, healthy with nicer people"

"An advanced culture"

Brought on by the recent 5 day work week, Koreans are also seriously into a well-being lifestyle, trying to live in healthier ways – eating, housing, exercise, etc. (known in Korea as LOHAS = "lifestyle of health and sustainability") Canada's nature and clean environment fits with this trend.

4. **Children's Education** - Canada is regarded as one of the best countries in which to send children for education – a very common practice for Koreans and highly prized.

"The Canadian English is of high quality" (better than in Australia)

"The cost of education is relatively low" (less expensive than in U.S.)

Not only does this generate student travel, it also stimulates family travel in advance to check out schools, actual student travel, and family travel to visit the student while in residence

5. **Proximity to the U.S.** - Not insignificant to the appeal of Canada is its proximity to the U.S. Koreans and, in particular, Korean students, have relatively easy access to America to experience the culture and then return "home" to a safe, neighbouring country.

Competitors

Canada's key competitors for South Korean travellers are: Australia, Europe, and the U.S. Mainland.

Australia is Canada's key competition because its brand image is very similar – beautiful nature, relaxing, and with wide-open spaces. It also has the advantage of being perceived as closer. Australia has aggressively priced airfare and packages available to the Korean market, very important to the price sensitive Korean traveller. Comparatively, the travel trade criticizes Canada for having airfare that is too high. This barrier is of great importance as the number of South Korean FIT travellers is large and expected to grow.

Europe offers quite a different product experience. It is a must see educational experience, focusing on history and "old culture". Having been to Europe also carries a great deal of personal status, important to Koreans.

The U.S. Mainland is the centre of "western culture" and is highly aspirational to South Koreans – far more exciting than Canada.

In competing with Australia, Canada must focus not only on its brand strengths, many of which are similar, but also on its key points of difference and advantage. These include:

- A better place to educate children;
- A more significant VFR linkage;
- A more desirable place to live (more aspirational to check out);
- A healthier, cleaner environment;
- Proximity to the U.S. – a highly desirable destination in combination with Canada.

Trip Planning and Booking

In spite of being one of the most advanced countries in the world in terms of Internet usage, South Koreans infrequently use the web for travel planning information (only 35% - even among online panel survey respondents). Further, the most common websites for travel information are actually online travel agencies. Use of private sector sites is very low. Undoubtedly, contributing to this behaviour is the absence of Korean language websites run by the destinations, thus travel agents prevail for planning information (66% use).

Planning lead times are long in South Korea, especially for long-haul destinations. Canada is no exception, with 2+ months being the average lead time. However, actual booking takes place 3 to 4 weeks in advance for both Canada and other destinations.

The majority of South Koreans still prefer to book via a travel agent (75%)– whether by telephone or in person. Part of this may be a bias towards non-Internet contact -- 77% of those who did not book online gave either a preference for face-to-face interaction or the requirement of confirmation in person or by phone.

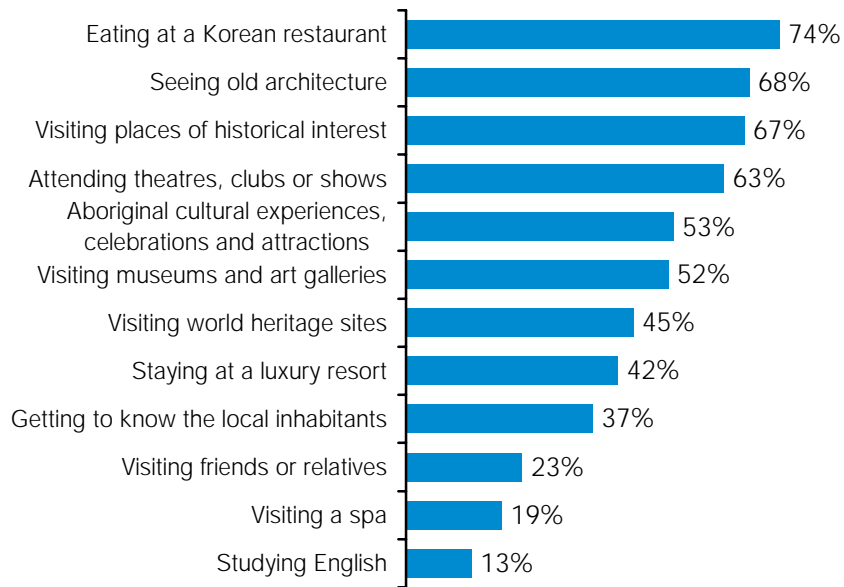
However, internet use will undoubtedly grow over time, supporting the value of providing Korean language content to the market.

Vacation Activities (All Destinations)

The focus groups suggested that food is very important to Koreans when they travel (as it is to them at home). Not surprising, then, eating at a Korean restaurant is the single most common activity when they travel among the 27 activities evaluated. This confirms the importance of including Korean dining experiences in Canadian package products.

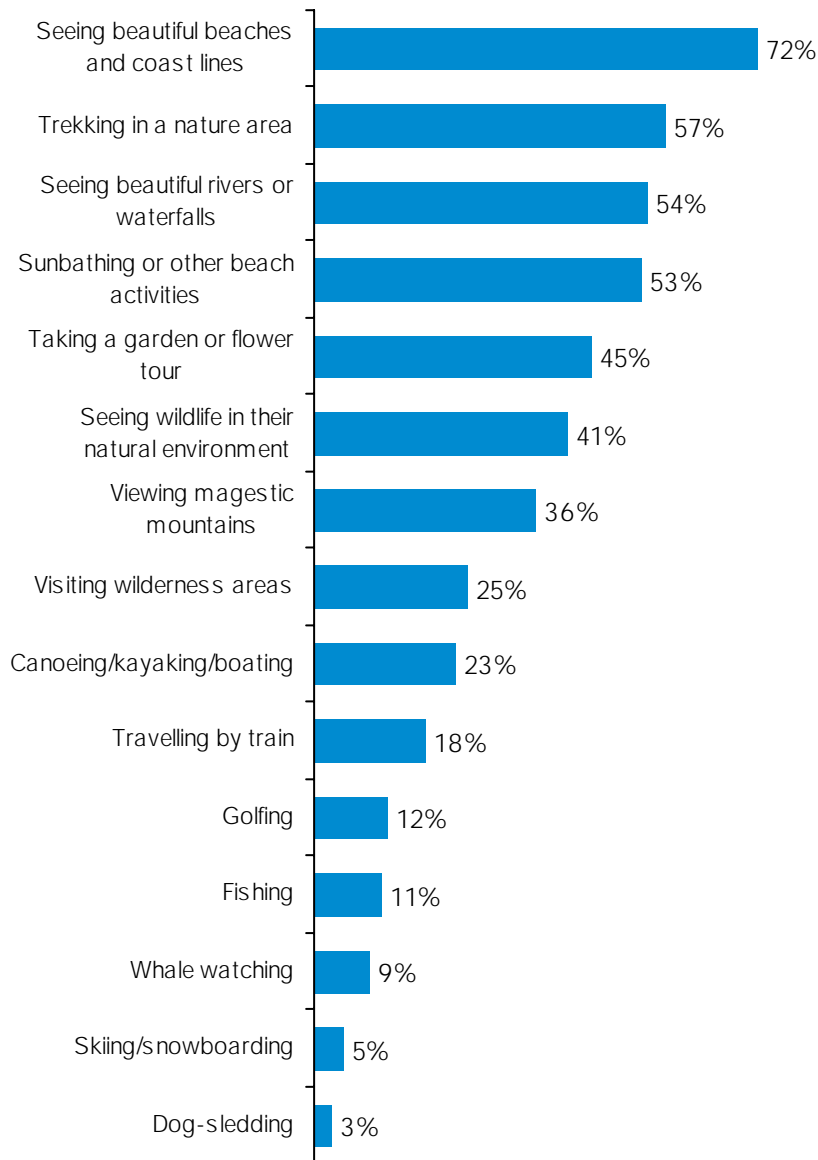
Among Culturally Oriented activities, seeing old architecture, places of historical interest, museums/galleries and aboriginal culture experiences, celebrations and attractions are all in the top ten. These confirm the importance of education in travel.

Exhibit 2.8: Activities Participated in On Most Recent Trips (Culturally Oriented)



Among the Nature Oriented activities, beaches and coastlines dominate, as do rivers and waterfalls – all focusing on the importance of water. Trekking, however, is big on the list of active experiences.

Exhibit 2.9: Activities Participated in on Most Recent Trips (Nature Oriented)



The next chart confirms the focus group findings in terms of the appeal of Canada and its competitive set in terms of activities. Australia has the benefit of beaches and sunbathing, which Canada does not excel in. Australia's nature is more involving. Canada's nature is more "majestic", more to be observed than is Australia's. The VFR factor is another key difference.

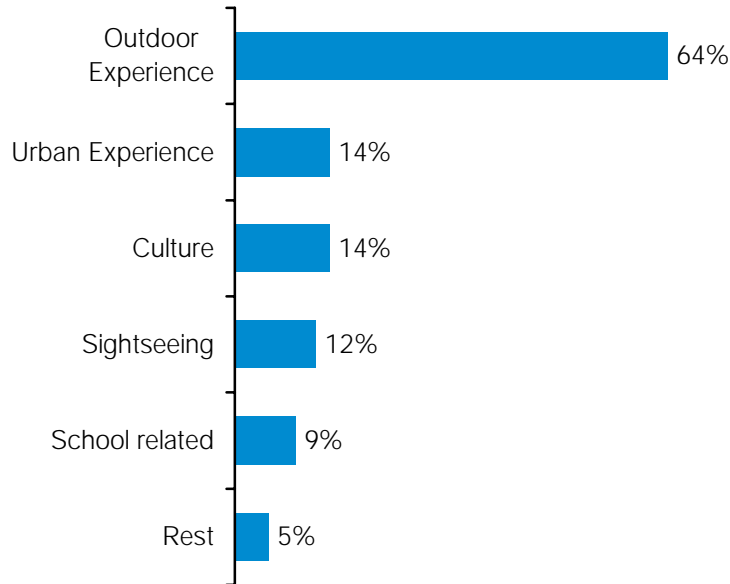
Exhibit 2.10: Main Activities among Travellers to each Destination

<p><u>Europe</u></p> <ul style="list-style-type: none"> ✓ Old architecture ✓ Historic sites ✓ Museums/galleries ✓ World heritage sites ✓ Travelling by train 	<p><u>Australia/New Zealand</u></p> <ul style="list-style-type: none"> ✓ Beaches/coastline ✓ Trekking ✓ Sunbathing ✓ Seeing wildlife in nature ✓ Wilderness visits ✓ Rivers and waterfalls
<p><u>U.S. Mainland</u></p> <ul style="list-style-type: none"> ✓ Eating at a Korean restaurant ✓ Trekking ✓ Rivers and waterfalls ✓ Attending theatres, clubs, shows ✓ Visiting friends/relatives 	<p><u>Canada</u></p> <ul style="list-style-type: none"> ✓ Seeing beautiful rivers and waterfalls ✓ Viewing majestic mountains ✓ Trekking in nature ✓ Visiting friends/relatives

Emotional Drivers

During the focus groups respondents were asked to imagine the best vacation they could take in Canada and to describe it in detail in their own words. It is based on the premise that every individual has a “movie” in their head in which they imagine their ideal Canadian vacation. Their images not only include visual and situational elements but also emotional ones. The ‘dreams’ fall into 6 categories – clearly led by Outdoor Experiences (64%).

Exhibit 2.11: Key Emotional Drivers (Dreams)



Market Segmentation

Aided by grassroots learning from the preliminary focus groups, a 36 statement rating question was created for the quantitative survey. The results provided a clear market segmentation based on benefits sought. Each of the segments is explained in the following sections.

Aspirational Lifestyle Seekers (27%)

This segmentation represents 27% of the travel market. They tend to be older (age 40+) with children at home. Key benefits sought in travel are to explore a better lifestyle for their family. Highly appealing is an advanced culture with a better quality of life where their children can attend school.

Specific Activities of Interest in Canada -- This group wants to take in Canada's natural icons. Visiting a World Heritage site is high on the list, likely reflecting their desire to educate.

Outdoor Experience Seekers (22%)

Representing 22% of the travel market, this segment spans all ages and both genders. Outdoor experience seekers want to actively participate in outdoor sports, surrounded by beautiful, unspoiled nature. In addition, the opportunity to "rough it" is highly appealing.

Specific Activities of Interest in Canada -- This segment wants to be involved in outdoor sports such as skiing, white water rafting, canoeing/kayaking, fishing, and hiking. At the same time, they want to experience the good life, in particular fine cuisine, enjoying a variety of food, good wine, being pampered and spa experiences.

Status Seekers (11%)

This group (11% of the market) shows all the signs of Status Seekers – visiting the same places Korean celebrities go, buying the latest fashions and going to places that would impress friends. There is also a high correlation with alpine skiing/snowboarding interest which provides a perfect opportunity for the CTC to use celebrity spokespeople to promote Canada’s prime ski resorts.

Specific Activities of Interest in Canada -- This group also shows a particular interest in getting involved in Canadian culture which undoubtedly provides significant status or “bragging rights” when they return home. Staying with a Canadian family, visiting authentic aboriginal villages and seeing the home of Anne of Green Gables receive significant mention.

Wellness Seekers (22%)

A healthy lifestyle is very important to South Koreans today and that need is the primary motivator for this segment (22%). They aspire to travel to, and to experience a safe, secure, relaxing, clean and healthy environment.

Specific Activities of Interest in Canada – A prime target for Canada, this group wants to remain relatively passive – observing Canada’s natural icons, not getting physically involved in outdoor activities or tracking down world heritage sites. Appealing product components include several common items listed below.

- Coastal cruise
- Exploring via rental car
- Spa experience
- Staying at a luxury resort

Young Culture Seekers (18%)

The final segment (18%) is described as Young Culture Seekers because they tend to be both young (often under 30), single and looking to explore the world – experiencing unique places and expanding their knowledge. Both ‘Western culture’ and ‘Old culture’ (e.g., Europe) are highly appealing, as are places of historical importance.

Specific Activities of Interest in Canada – Activities that interests this segment include:

- Niagara falls
- Canadian rockies
- Aurora viewing
- World heritage sites

The Brand Map on the following page illustrates the fact that Canada's brand image strongly correlates with the needs of three segments.

Excellent Correlation

- **Wellness Seekers** – Canada's clean, healthy, safe and secure environment is ideally suited to the needs of this group.
- **Outdoor Experience Seekers** – Australia correlates more with this segment, but the Canadian brand is clearly in the same image space.

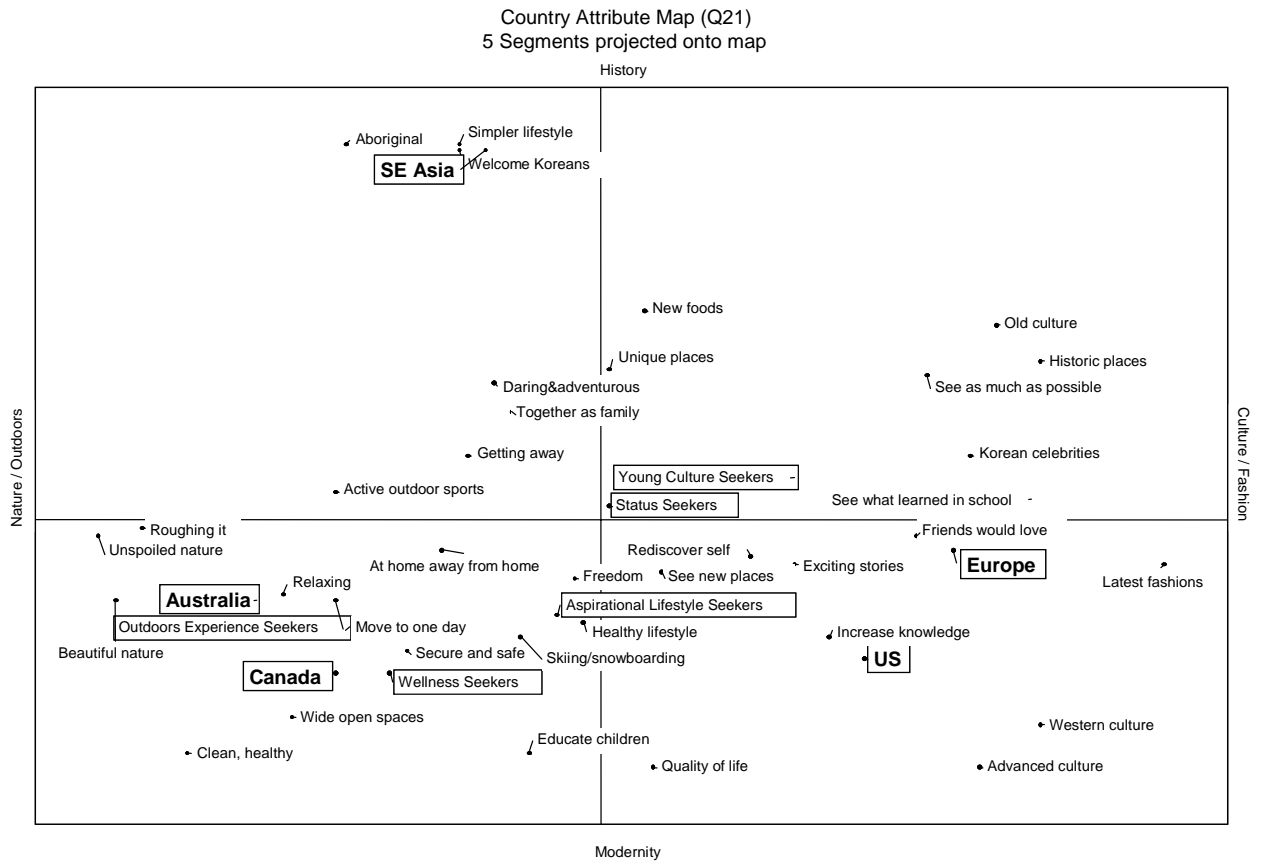
Very good Correlation

- **Aspirational Lifestyle Seekers** – Situated mid way between Canada and the U.S. confirms the pull of our southern neighbour, but that Canada also provides an appealing alternative environment.

Poor Correlation

- **Status Seekers** – This group is country neutral which means the benefits they seek are not attached to any one particular destination. Although perhaps not a prime target for Canada, there may be niche opportunities here – especially using celebrities to promote Canada's skiing.
- **Young Culture Seekers** – Not surprising, this group correlates more closely with Europe and the U.S. – both cultural centers (Old and Western, respectively).

Exhibit 2.12: Brand Attribute Map - by Segment



3. SWOT Analysis

Strengths

- The South Korean economy is growing at a rapid but sustainable pace;
- The outbound travel market of South Korea is booming;
- Canada has a very aspirational lifestyle;
- Friendly, clean desirable place to live;
- Appeals to those seeking LOHAS;
- Preferred schooling location for students (significant advantage over Australia);
- Large numbers of Korean immigrants and students come to Canada, drawing friends and relatives for visits;
- Beautiful, majestic nature;
- Numerous outdoor activity experiences available of high interest to South Koreans (hiking, mountain biking, skiing/snowboarding, dog sledding, whale watching, etc);
- Close proximity to highly desirable U.S. market (advantage over Australia);
- Brand very distinctive from two primary long haul destinations--Europe (old culture, history) and U.S. Mainland (exciting, centre of Western culture).

Weaknesses

- The Canadian dollar's strength compared to the Korean Won;
- Perceived as a very distant destination (further away than Australia perceptually);
- The travel trade lacks awareness of Canadian products;
- Limited package offerings;
- Australia also offers nature experiences (although different than Canada—more recreational, less passive observation);
- South Koreans are not aware of the range of outdoor activities available in Canada;
- General awareness problem with Canadian products, beyond majestic nature;
- Canada is much lower on the future destination priority list (11th) than Australia (1st) and the U.S. Mainland (2nd);
- Travel trade perceives an air capacity problem;
- Lack of low cost airfares for the FIT market;
- Not enough pure pleasure travel—too dependent on VFR and school related motivations.

Opportunities

- Create a wider range of packages to communicate the breadth and depth of Canada's product experiences;
- Focus on opportunities for Koreans to experience the Canadian lifestyle;
- Enhance the appeal to FIT travellers:
 - Low cost airfares
 - Air/hotel packages
 - Fly/drive packages;
- Project trust with Canadian packages (in contrast to bad experiences with Australian package providers);
- Focus on regional packages to address growing traveller's needs to focus on one region, especially FIT and repeat travelers;
- Create interesting specialty packages or package components:
 - Train excursions
 - Spa experiences
 - Specific outdoor activity focus
 - Provide packages to include excursions to the U.S;
- Build stronger relationships with the trade;
- Build awareness of Canadian products;
- Create a Canadian product expert within each major travel agency/wholesaler who can then act as an ambassador for Canada and a source of knowledge and advise to co-workers;
- Reach beyond traditional advertising, especially with the Internet;
- Use celebrities to promote Canada;
- Include Canadian testimonials on popular blog sites;
- Consider adding testimonials to CTC Korea website (especially celebrity testimonials).

Threats

- Canada's competitive set is aggressively pursuing the South Korean market.
 - Heavy promotion;
 - More flights;
 - Cheaper airfare/packages.

4. The Way Forward: Considerations

1. Develop a wider array of regionally focused products and packages. - In general, the trade expects there to be an increase in the desire for “self-directed tours”. These require flexible products that allow for add-ons to existing packages. The trade believes that the market is ready for regional packages. In particular, that repeat visitors want to focus on one area next time. The primary focus for product development should be on western packages vs. eastern packages that focus on experiencing the Canadian lifestyle.

From the focus groups and travel trade interviews, a number of package ideas emerged:

Western Packages

- Vancouver and nature (3 days) – featuring Vancouver and Whistler, offering a western Canada lifestyle experience in beautiful natural surroundings and luxury resorts.
- Vancouver, Vancouver Island (Victoria and Nanaimo) and Whistler (4-5 days).
- Deluxe lodge stays in the Rockies (7 to 10 days) – modeled after popular New Zealand packages.
- British Columbia coastal cruise – beautiful scenery, outdoor activity opportunities, experiencing the good life.
- Train excursion through the Rockies – Eurail has whetted the appetite of Koreans for train travel in destination countries.

Eastern Packages

- Eastern Canada lifestyle culture and nature experience – Toronto, Niagara Falls and Montreal (54% of South Koreans visiting Ontario currently include Quebec)
- Eastern Canada explored – featuring Toronto, Niagara Falls, Ottawa, Montreal, Quebec City, Prince Edward Island (to see Anne of Green Gables).
- Ontario University Fairs (3 to 4 days) – for prospective students.

Both Regions

- Fly/drive – regionally focused emphasizing exploring and freedom.
- Mid-priced hotels – Koreans prefer mid-priced properties and it would help to bring package costs down.
- All packages should be “packed with activities” according to the trade and the consumer. Koreans need to be busy.
- Honeymoon packages – these are popular to Australia, and Canada should be competing directly against this segment. Niagara Falls is known as the “honeymoon capital of the world” in the western hemisphere and this could be communicated in order to appeal to the status conscious South Koreans.
- Whistler and Banff in the west would also be very saleable honeymoon destinations.

Popular add-on components:

- Spa experiences.
- Rental car (many FIT travellers are organizing their own cars).
- Korean restaurant dining (Koreans look forward to dining at a Korean restaurant in Canada). Other country packages tend to include dining more often than Canadian packages.
- Specific outdoor activities – particularly appealing is hiking, skiing, dog sledding, whale watching.
- Wine country tours (B.C./Ontario).
- Light plane sightseeing.

2. Develop packages linked with the U.S. - Given the appeal of the U.S. to South Koreans and Canada’s proximity to the U.S., products can be designed to offer South Koreans a taste of the excitement of the U.S. while having a safe “home-base” to return to. Two examples of U.S./Canada combination trips could be:

- Western America (7 to 10 days) featuring Vancouver and the surrounding area plus Los Angeles and/or San Francisco.
- Eastern America – featuring Toronto, Niagara Falls and New York City.

3. Create Canadian specialists within key trade organizations. - Addressing the trade's specific requests, Canadian specialists should be fostered within key travel organizations to help create products and sell them internally. One of the barriers that Canada must overcome is a lack of knowledge and product awareness, one that affects not just the market but portions of the trade as well.

4. Enhance websites with greater interactivity. - Websites could be made more interactive and "current" by providing video clips, audio clips, and blogs highlighting real Korean's travel experiences, recommendations on places Koreans would enjoy to travel to, and similar content. This would not only make the site more engaging, but also aid to increase knowledge about Canada among South Koreans.

5. Use influential Korea celebrities to sell Canada. - In both the focus groups and travel trade interviews, the importance of celebrity interest in a destination was mentioned. This fits with the status conscious aspect of the South Korean travel market and creates an excellent opportunity for Canada. For example, celebrities providing testimonials about ski holidays in Canada (e.g. Whistler, Banff, etc.) can be used to take advantage of the high interest in skiing among these status seekers. Public relations staff should write up Korean celebrities who have recently been to Canada; and other celebrities should be contracted to visit Canada for promotional purposes. The popularity of travel blogs in Korea opens the door to using these channels for celebrity testimonials.

6. Encourage non-travel firms to use Canadian imagery in their advertising. - The trade reinforced the value of the co-op advertising that CTC Korea is currently involved in developing. Any advertiser who promotes LOHAS (lifestyle of health and sustainability) would be a natural to utilize Canadian imagery.

7. Re-position the Canadian brand to address the core appeal of the country to Koreans. - The best positioning theme for Canada in South Korea, to take advantage of its key strengths and advantages over competitive destinations, should be: "Come and experience the Canadian lifestyle". -- All of Canada's strengths can tie into this theme—whether it relates to the clean, natural environment, the wide open spaces, a sense of freedom and a place to explore, the advanced society, the proximity to the U.S., experiencing the good life, considering Canada as a place to live one day, or schooling children. Supportive visual imagery should communicate:

- Beautiful, natural scenery (especially unique, majestic nature to differentiate Canada from Australia)
- Clean air and a healthy environment
- An advanced society (standard of living and lifestyle)
- The abundance of outdoor activities (in particular hiking and skiing/snowboarding)
- A sense of freedom

- Exploring by rental car (very popular)
- Satisfied students attending school
- A local Korean restaurant—providing a home away from home experience
- Spa experiences (Koreans love to indulge themselves)
- The ease of crossing the border to the U.S.
- Koreans experiencing local culture

Another core element of Canada’s positioning is that the travel time to its west coast is really not that much greater than going to Australia, to overcome the misperception of much greater distance and time.

8. Target high priority market segments whose needs can be addressed by the Canadian travel experience. - Three segments (described earlier in the report) should be prime prospects for Canada and there are specific opportunities with the fourth that should be exploited.

Prime Targets:

- Wellness Seekers
- Outdoor Experience Seekers
- Aspirational Lifestyle Seekers

Niche Opportunity:

- Status Seekers

9. Work with Canadian universities to create educational fairs to which prospective foreign students would benefit from attending. - Prospective Korean students often travel to Canada with their families to check over schooling options. Any existing multi-university fair should be of interest to this segment.

10. Media Planning - From a media planning perspective, there would be advantages to placing billboard advertising in and around spas, schools (high schools in particular) and popular high-end restaurants in order to specifically target several of these segments:

- Wellness seekers
- Young culture seekers
- Aspirational lifestyle seekers/status seekers