



Quarterly market report

South Korea

Q2 2009

Market Highlights

# of outbound travelers previous quarter	2,268,585
- % change from previous quarter last year:	-1.67
Q4 2008 vs. Q1 2009	Source: KNTD data
# of visitors to Canada previous quarter:	27,810
- % change from previous quarter last year:	-21.57

Comments / Other information:

Additional market statistics available through [Tourism Snapshot](#).

Air Capacity: Nonstop flights

1,305 seats /week to YYZ nonstop by Korean Air
 2,761 seats /week to YVR nonstop by Korean Air and Air Canada.
 Total 4,066 seats /week

While waiting for the announcement of opensky between Canada and Korea, Korean Air internally released the following additional flight plan:

Incheon - Toronto

From : 5 times/week B777 (First 8/Business 28/Economy 225)
 To: Daily. Mid-August or October 2009 (Not loaded on Computerized Reservations System yet – not official)

Incheon - Vancouver

From : 5 times/week B777 (First 8/Business 28/Economy 225)
 To: Daily effective 10 DEC 2009 (Not loaded on Computerized Reservations yet - not official)

Asiana Airlines: When opensky is active, Asiana Airlines may start to consider flying Incheon - Vancouver next year to compete against Korean Air and Air Canada.

Air Canada's Business Class Promotion: From Jun. 1 to Aug. 30, you can travel to Vancouver on business class for only \$2,100.

Air Canada is reducing leisure blocks from Hanatour, Mode Tour and Air Canada Consortium and increasing the individual seats for summer. The reason is to increase the cash flow through selling individual seats. Air Canada is considering providing hard block with full deposit to trade to obtain cash flow.

Singapore Airlines' last day flying to Vancouver was 25 APR 2009. It was 3 times/week, B773 First/Business/Economy 8/42/228 and B77W 18/49/265.

Economic / Political Environment.

GDP growth:	-4.1% (1Q was -4.2%)
forecasted economic growth:	-2.4% (full year forecast of 2009)
	<i>Source: APR 2009 Bank of Korea data</i>
unemployment rate:	3.6% (1Q was 3.8%)
	<i>Source: MAY 2009 Korea National Statistical Office</i>
inflation:	2.6% (1Q was 3.9%)
	<i>Source: APR 2009 Bank of Korea data</i>
consumer price index:	0.8% over Q1
	111.6 (Y2005=100)
	<i>Source: Bank of Korea, Economic Statistics System</i>
exchange rate:	1 C\$ = KRW 1,101.17
	(1Q was KRW 1,139.13)
	<i>Source: http://www.oanda.com/convert/fxhistory</i>

Comments / Other information

Emerging Tourism Trends

Economy depression and H1N1 are still affecting the market in general.

US market is slowly recovering due to:

- USA Visa Waive Program
- "Where have you been USA?" TV Campaign by Korean Air
- Low interest from trade because of low air access and reduced number of leisure blocks to Canada.

Market Development Activities

CTC Activities

Trade Development

Co-op Online promotion with Miju Nara Consortium

Date: May-Jun. 2009

Description: Miju Nara Consortium, Sejoong Tourmall, KAL Tour, Hyundai Dream Tour, SK Tourvis, Redcap Tour and Canada Team (CTC, Tourism British Columbia and Travel Alberta) developed an online promotion with the focus on Canada Spring products. The online promotion banner ads were placed on the trade website and early bird for the spring and summer booking were encouraged with the collateral supports.

Co-op newspaper advertising with Korean Air and Tourism British Columbia

Date: May, 2009

Description: 7 Korean trades participated in promoting Canada products by Korean Air to Vancouver, and total 14 daily newspaper advertising were executed in the month of May.

The 3rd Hanatour Travel Fair

Date: May 22-23, 2009

Description: Hanatour, the biggest travel wholesaler in Korea, organizes the trade travel fair, mainly targeting their branches and partner agents in Korea. Total 3,000 travel agents and industry related people visited the fair, and CTC recruited 92 Explorer in 2 days at the Fair. CTC also distributed 1,400 copies of Canada travel brochures.

Trade VIP Announcement Luncheon for CTC's 2009-2010 marketing strategies

Date: May 27, 2009

Description: 52 key trade partners including airlines, tour operators, wholesalers and agencies attended. CTC Korea announced a new managing director to the industry and introduced the strategic direction of CTC Korea for 2009-2010. Also the Olympic Mascots were introduced and emphasized the leverage of the upcoming 2010 Games.

FIT Specialized agent training on Canada

Date: Monthly training program started in April 2009

Description: CTC Korea had identified 9 FIT focused agents, which specialized in Europe market. They are interested to extend their product to North America and committed to develop Canada FIT Products for 2010.

Consumer Development

Rocky Trekking Promotion with Youngone Plaza and Travel Alberta

Date: Apr. 20 ~ Jul. 30, 2009

Description: Youngone Plaza is the trekking and outdoor clothing store, and CTC and Travel Alberta are co-partnering for Rocky Trekking product promotion through Youngone Plaza. 4 consumers of Youngone Plaza have a chance to win a trip to Canada Rocky Trekking in the fall that Youngone will do the daily newspaper ads, monthly trekking magazine ads, standing banner display and Rocky trekking trip video playing at the Youngone Plaza. CTC Korea will collect the consumer database that entered the promotion.

KOTFA(Korea World Travel Fair)

Date: Jun. 4 - 7, 2009

Description: CTC Korea participated in KOTFA with the co-op of Tourism British Columbia and Travel Alberta. The Canada booth was elaborated to introduce the 2010 Games in Vancouver with the Mascot photo zone, where the visitors could take the photo with the Mascot image or the Mascot when they appeared in the public. (CTC Korea conducted 5 Mascot shows). CTC Korea also developed an online quiz and encouraged visitors to subscribe to CTC's e-newsletter. CTC Korea collected 645 consumer database at the KOTFA and distributed 5,000 copies of Canadian brochures.

Sinsegye Department Store promotion with TBC

Date: June-July 2009

Description: CTC is co-op with Tourism British Columbia and Mode Tour to promote BC's three city tour (including Vancouver, Victoria and Whistler) to Shinsegae Department Store customers. There are three different promotions, and the first promotion runs in Q2. The first promotion is distributing the BC Tour Product coupon to Shinsegae customers, and link the call to action to Mode Tour. Mode Tour provides 5% discounts to the purchasers with this coupon. The second and third promotions will be continued in Q3.

Consumer Promotion in progress;

1. Canada Supporters Campaign : Select power bloggers and send them to experience Canada in the summer to create real stories and contents for Canada FIT. The campaign will begin in early July.
2. Thousand Island Promotion with Thousand Island Dressing of Chungjungwon food company. The promotion will begin in July.
3. Banff Film Festival has been postponed from June to late Fall, October or November.

Media

Press releases

1. World's Best Campaign on Thousand Islands, Ontario
2. Rendez-vous Canada to be held
3. Korea Ski Jump Team pre-experience the Olympic venue

4. Rendez-vous Canada ended successfully

5. New Managing Director in CTC Korea

The Games

- Event for CTC Korea's new Managing Director introduction with upcoming strategic plans announcement has been accomplished with Olympic theme. Olympic spirit was high, the Olympic DVD was played along with the dancing Mascots and visual (banner) exposures.
- 5 magazines (Vogue, Elle, W, Neighbor, and HaengGaJip) were sent to BC to cover trendy resorts, spa, food and activities with a taste of Olympic tour.
- Olympic ski jump athletes and SBS TV were sent to BC to make a documentary on their pre-experience of the venues.
- During KOTFA, the biggest trade and consumer show in Korea, CTC booth and Olympic Mascots were featured for 3 minutes through MBC live TV interview to Managing Director Korea.
- In arrangement of Korea's torch bearer's summer visit to Canada and CWC program in July.
- 2 Media FAMs (5 to BC and 5 to Quebec and Ontario) are being arranged to cover each destination and festivals while leveraging the Games.
- One celebrity visit to BC and Alberta is being arranged for TV, online (website and newly launching blog on top portal), magazine, DVD and book publication. Olympic theme is included by including Olympic tours to Vancouver and Calgary.

Others

- 4 media were sent to Ontario to cover Thousand Islands, as part of Ontario's World's Best Campaign, as well as Ottawa's Tulip Festival
- MBC TV was sent to BC to cover outdoor activities, culture and destinations
- 2 consumer magazines were sent to Alberta to cover FIT-focused trips
- 2 media (newspaper and TV) were sent to Alberta to cover Trekking in the Rockies

- 80 pages on Canada stories, including CEO Michele McKenzie's interview, were covered in a consumer magazine, The Tourism News
- One celebrity visit with TV was cancelled on the departure day due to the volcano smoke from Russia. If Air Canada does not fly until June, two more media projects happening at the end of June have to be cancelled.

Total Advertising Value Equivalency: CAD\$2,961,867

Media coverage breakdown:

1. TV: \$1,478,868
2. Newspaper: \$734,499
3. Magazine: \$574,500
4. Online newspaper: \$174,000

Public Relations

<The Games>

In the process of communicating with Samsung and Visa to have co-op promotions with Olympic theme.

Currently arrangements for co-op promotions with an upcoming movie 'The National Heroes' about Korea's Olympic Ski Jump Team.

Competitive Environment

Negative effect of H1N1 flu is still around in the industry. Fewer Korean international outbound numbers (**-32.3%**, JAN-APR 2009 vs. 2008), and more domestic travelers. (Jeju Island, southern resort island in Korea is one of the top domestic destinations as an alternative choice.)

Very aggressive price war to Europe has just started which is unusual in the upcoming peak summer season.

Example: Incheon-Europe round trip promos;

- KLM: C\$730 plus tax,

- Emirate Air via Dubai : C\$740 plus tax,
 - Korean Air: Incheon - Paris: C\$857 plus tax,
 - Singapore Airlines via Singapore : US\$1 free hotel in Singapore
- Serious airline seat shortage between Korea and Canada in Q3 is highly expected. Air Canada notified the major travel agents that the group blocked seats in JUL and AUG are already sold out.

Future Outlook