



# STB North Asia: Japan and South Korea Market Plans

TIC 2023



Passion  
Made  
Possible



Official (Open)

These slides are property of STB and shall not be reproduced or distributed without STB's written permission

# Contents (South Korea)

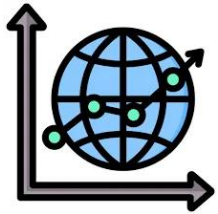
1. Current State of Play
2. Market Plans
3. Opportunities for the Industry





Like most countries, South Korea's economy contracted from 2020-2022. However, **outlook for 2H 2023 and beyond remains relatively positive**, with estimated inflation tapering off, rebound of the KRW, gradual rise in household income and in consumer confidence too

### GDP



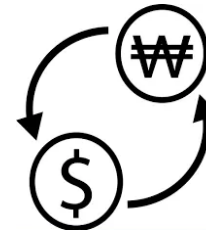
**1.7%** is the current estimated GDP for 2023 with a projection to trend around **2.2%** in 2024 and **2.6%** in 2025.

### Inflation



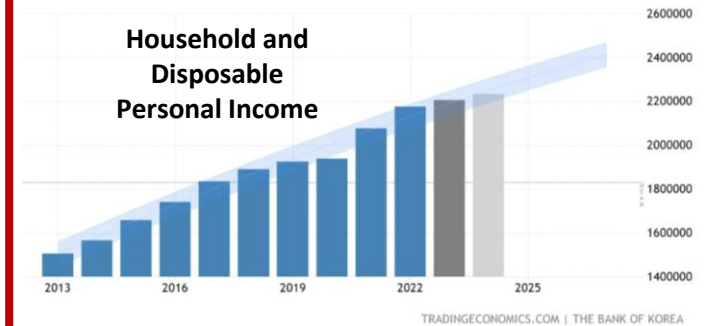
**3.5%** is the current estimated inflation rate in 2023. This is a drop from the all-time high of 5% in 2022, and is projected to trend around **2.7%** in 2024 and **2.5%** in 2025.

### Currency



The **KRW strengthened against the USD** since October 2022 and is predicted to continue into 2023.

### Household Income



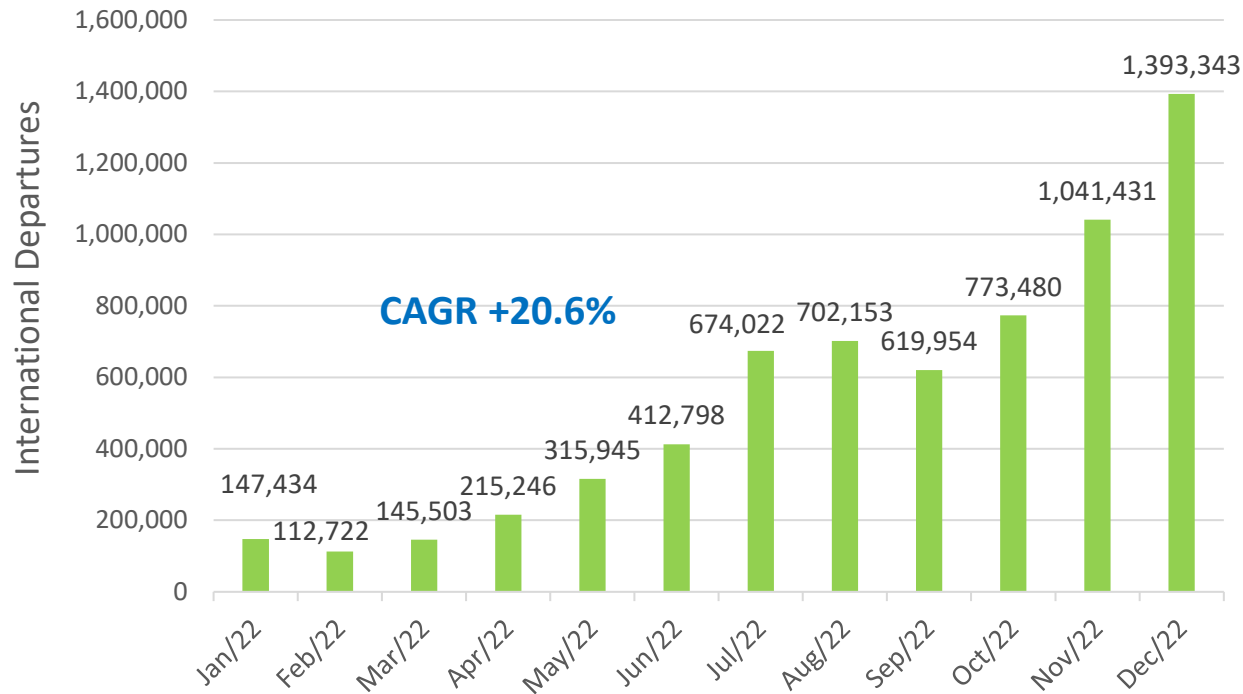
2013-2025

Household and disposable personal income rose in 2022 and is **expected to continue to rise into 2025**, albeit a small growth percentage. Consumer confidence also grew from 2022 and expected to increase bet 5 and 10 percentage points quarter-on-quarter in 2023.

**South Korean outbound travel has been on the rise since April 2022, supported by the return of flight capacity to 70% of February 2019\* by February 2023. Outbound travel is projected to exceed pre-pandemic levels by 2024.**

*\*Source: Ministry of Land, Infrastructure and Transport*

### SOUTH KOREAN OUTBOUND 2022



**6.56 million**

**2022 Outbound Travel Market**

23% of 2019, 3<sup>rd</sup> APAC Outbound Market

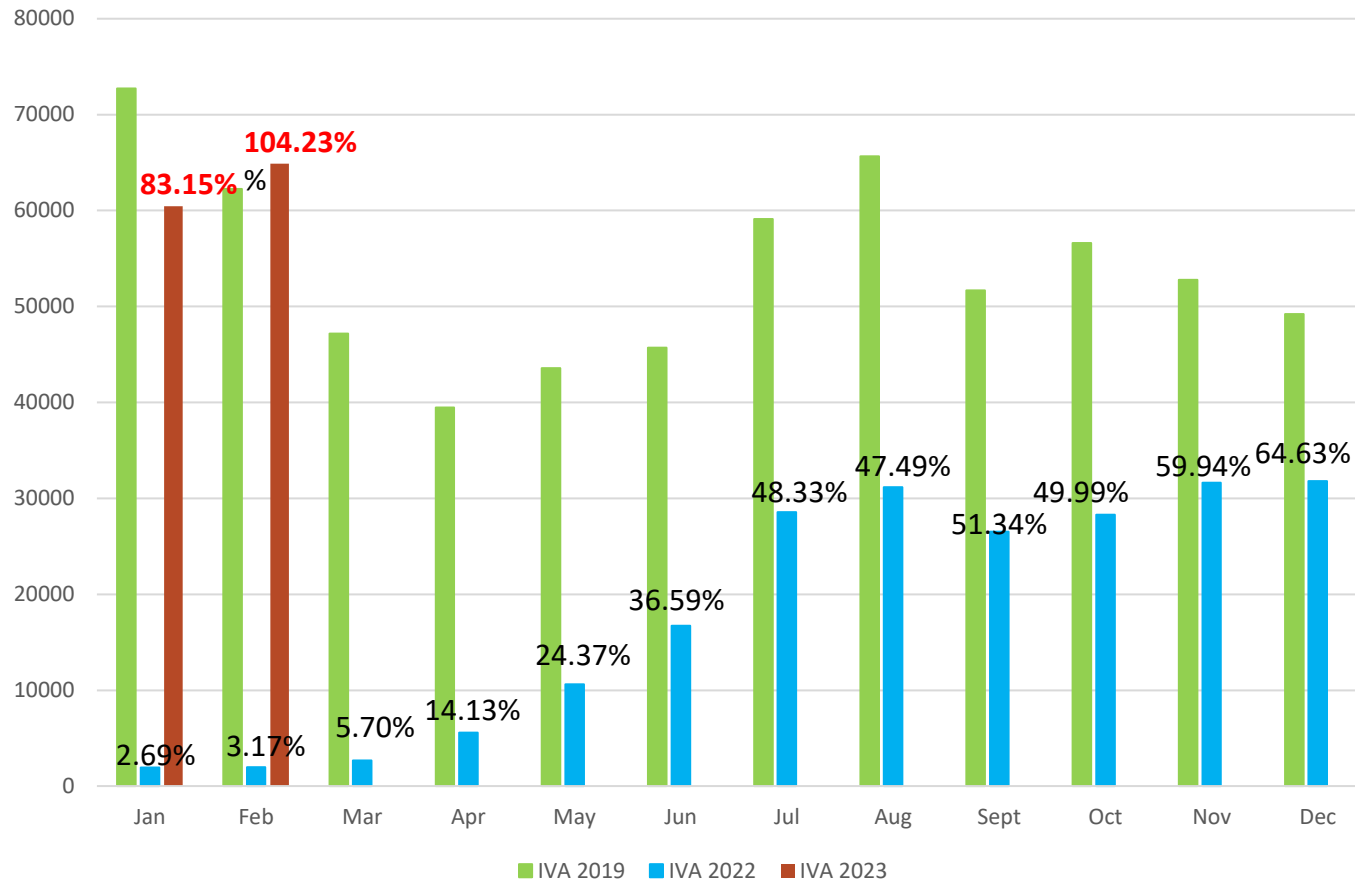
(Source: KTO)

**South Korean outbound** has seen **strong recovery since April 2022** when global borders were progressively opened and restrictions in South Korea eased, with 2022 returning **to 23% of 2019**.

**Overall Air Capacity** - The number of international scheduled flights departing from ICN (Seoul) in 2019 was 194,494. By February 2023, the flights returned to 70 % of February 2019.

**Projection** - Outbound travel from South Korea is projected to **recover to 70% of pre-pandemic levels in 2023, exceed 2019 levels (28.7 million) by 2024 and reach 30.3 million by 2025**.

Similarly, South Korea's VA to Singapore has seen buoyant growth since April 2022, with **2022 returning to 34% of 2019**, and **the first 2 months 2023 returning to 93% over the same period in 2019**. By April 2023, Seat Capacity will also have exceeded 2019's by ~35%.



Top 10 Asian destinations for South Korean outbound	
2019	2022
Japan	Japan
China	Vietnam
Vietnam	Philippines
Philippines	Thailand
Thailand	Singapore
Taiwan	Malaysia
Hong Kong SAR	Taiwan
Macau SAR	Hong Kong SAR
Malaysia	Macau SAR
<b>Singapore</b>	

Source: KTO, No data on VA to China in 2022

Since SG's borders fully opened in Apr 2022, South Korea's rate of IVA recovery showed positive growth momentum. Singapore's market position moved from **10<sup>th</sup> in 2019 to 5<sup>th</sup> position in 2022**.

# Aside from macro-economic factors, there are **shifts in consumer behaviour, market and segment growth** in South Korea that present opportunities for Singapore

1

## Opportunity to reclaim 2019 IVA



Growth in Connectivity and Capacity



Growth in the MICE Sector

2

## Opportunity to build new channels & deeper partnerships

Shifts in how consumers purchase travel



OTAs now account for **44%** (up from **23 %** in 2017) of total accommodation bookings for South Koreans, compared to 4% by travel agents.

3

## Opportunity to drive PCE & LOS

Shifts in what consumers look for when they travel



Smaller Private Groups with more quality/ bonding experiences



Greater interest in wellness experiences



Stronger emphasis on sustainability



Growth in Special Interest Travel

## As such, STB Korea will focus on the following strategies to tap on these opportunities

**1**

**Step up trade and marketing activities, including in new markets - Busan & Jeju**

**2**

**Intensify MICE outreach through new networks and aggregators**

**3**

**Build strategic partnerships with OTAs**

**4**

**Develop new products with Tour Wholesalers**

**5**

**Leverage K-content (K-drama, K-pop and webtoons) to drive destination affinity**

# STB South Korea's Market Plans – FY 23/24

	New FY	Summer				Chuseok	Winter				Seollal (LNY)			
	2023										2024			
	Peak Booking Period					Peak Booking Period								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Media/ Content Partner- ships	"Always On" – Branded Entertainment Content Partnerships"													
	"Always On" - Non-Travel Trade Partnerships													
								Media Buy – PMP 2.0 MIS Assets						
PR/Social/ Consumer Activations	"Always On" - PR, SNS and Media Pitching													
			E-guidebook Launch		Media Partnership – Branded Entertainment (TBC)								Print/Online/KOL Media Fam	
				Studio Dragon Fam					MIS Media Fam		PMP 2.0 MIS Media Launch		PMP 2.0 MIS Consumer Activity	
Tactical Campaigns	STB-SIA-Scoot-CAG Tripartite Campaign (TBC)													
					Summer/Chuseok Campaigns with TAs & Airlines – SEL & PUS				MIS Winter Campaigns with TAs & Airlines – SEL & PUS					
	Summer Campaign with OTA 1												MIS Winter Campaign with OTA 3	
	Strategic Campaign with OTA 2													
Leisure Trade Engage- ment	"Always On" - Leisure Trade Engagement and Outreach – e.g. Sales Calls, Naver Blog (Trade Section) from April													
	SIA-STB-CAG Secondary Cities Seminars		OTA Fam		Pre & Post-Trip MIS Workshop + Fam – SEL + PUS								Trade Fam	
	Appreciation Evening													
MICE	"Always On" - MICE Trade & Corporate Engagement and Outreach – e.g. Sales Calls , Naver Blog (Trade Section) – from April, Industry Sector Focus, Thought Leadership/KOLs													
			MICE Partnership with Korean Air (Year 1)											
	Trade/ Corporate Seminars / Luncheons		Trade/ Media Fam					MICE Buyers – ITB Asia		Trade/ Media MIS Fam		Trade/ Corporate Seminars / Luncheons		

Official Open, Non-Sensitive

These slides are property of STB and shall not be reproduced or distributed without STB's written permission



# Opportunities for Industry Stakeholders to be Involved

	Opportunity	How to be involved
<b>Overall</b>	Industry stakeholders to have marketing materials in Korean Language, esp for new experiences with a 2-3 month lead time.	
<b>Leisure Trade</b>	STB Korea will be focusing on (i) new markets other than Seoul (Busan and Jeju), (ii) new channels (OTA); and (iii) new product development	Industry stakeholders can reconnect with DMCs in Singapore and travel agents in Korea to develop mono-destination packages with new experiences, as well as new markets in Busan and Jeju. Please reach out to STB Korea if you would like e-introductions to stakeholders in these markets.
<b>MICE</b>	STB Korea will be pursuing <i>direct selling and professional services</i> clusters for meeting & incentive groups, and <i>Engineering, Innovation, Biomedical &amp; Healthcare</i> clusters for associations.	Industry stakeholders can provide information on your unique offerings and venues as well as any incentives, CSR opportunities or applicable business tours for these groups.
<b>Fams</b>	STB Korea will continue to work on Media, Trade and MICE fams.	Industry stakeholders' continued support is crucial to make these successful.
<b>Broadcast</b>	STB Korea will be focusing on bringing in more broadcast opportunities (similar to "Little Women" in 2022).	Interested industry stakeholders can reach out to STB Korea to provide high-quality content (e.g. photos/videos) for us to include in our pitch to broadcasters, as relevant. Please note that stakeholders' assistance to secure filming permits may be required by broadcasters. Clarity on the nature of the support you can offer and its corresponding T&C is appreciated.

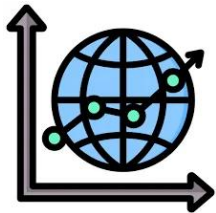
# Contents (Japan)

1. Current State of Play
2. Market Plans
3. Opportunities for the Industry



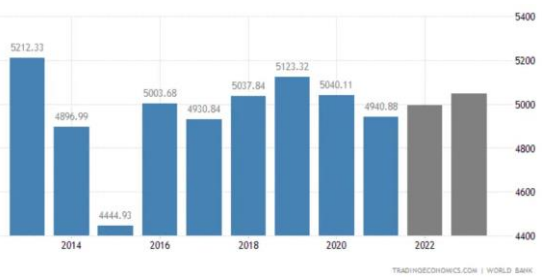
# Japan's economy sees a modest recovery due to pent-up demand and policy support, but **outlook for 2H 2023 remains uncertain** with rising inflation and longstanding stagnant wages affecting consumer sentiments

## GDP



**0.8%** is the current estimated GDP for 2023 with a projection to trend around **1.4%** in 2024.

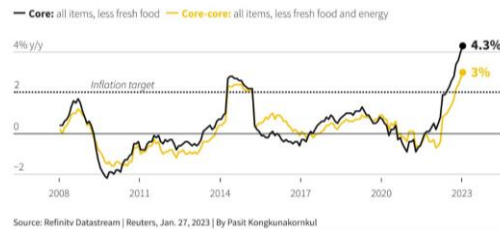
Unit: USD billion



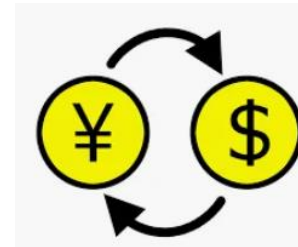
## Inflation



Japan's inflation rate continues to rise and hits near 42-year high of **4.3%** in Q1 2023. This is projected to fall to around **2.0%** in 2024.



## Currency

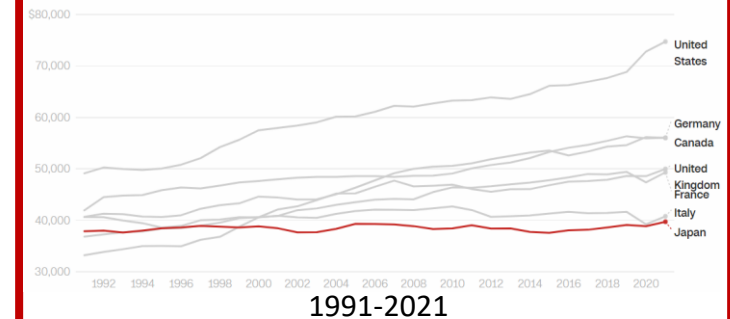


The **JPY gradually strengthened against the USD** since it breached JPY150 per dollar in October 2022 and is predicted to continue to peak out in 2023. However, the JPY remains weak against SGD at around JPY100 per dollar.

## Average Wage

Japan is one of the only G7 economies where wages have stayed flat over the last 30 years

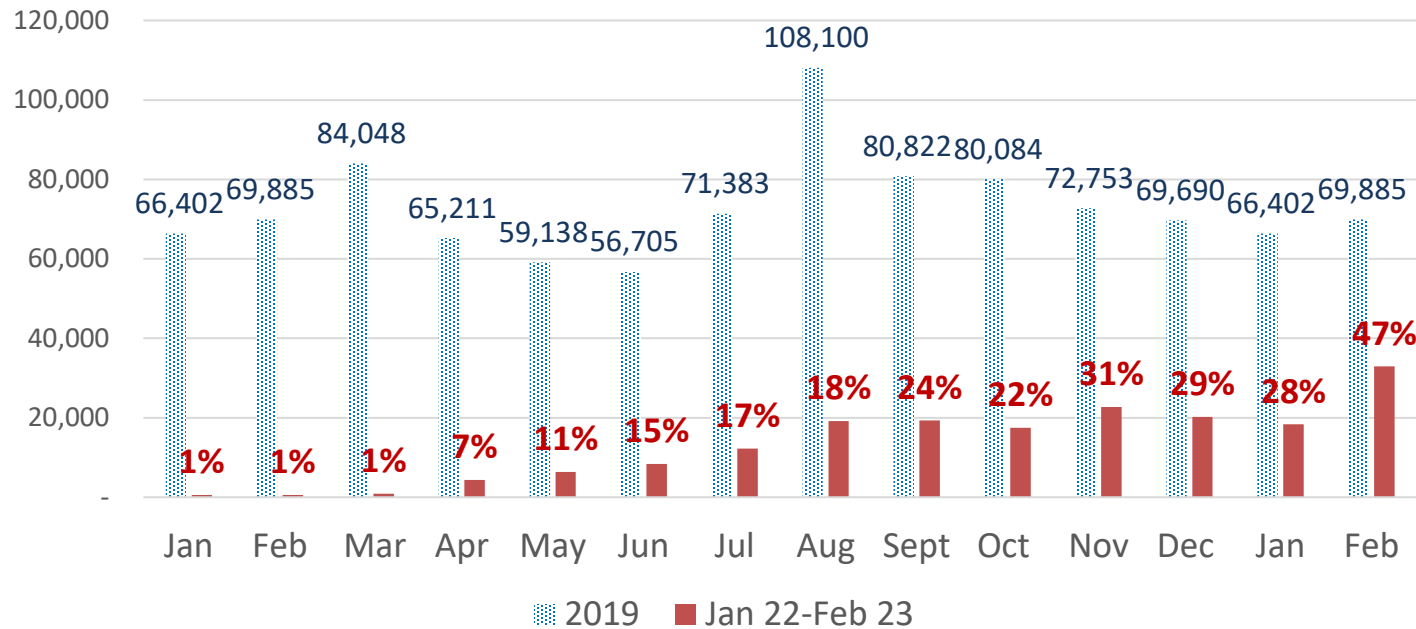
Average annual wages in Japan have largely stagnated from 1991 to 2021.



In Japan, where there has not been nominal wage growth over 30 years, real wages are declining as a result of high inflation. The wage increase rate is **expected to reach the 3% level in 2023** (from around 2% in 2022) as economic activities normalise.

Compared to S. Korea, the recovery of VA from Japan to Singapore is gradual but modest, with **2022 returning to 14.9% of 2019**, and **Feb 2023 returning to 47% of Feb 2019**.

Japan Visitor Arrivals to Singapore  
2019, 2022, 2023 (Jan-Feb)



Top 10 outbound markets for Japan	
2019	2022
Mainland U.S.	Mainland U.S.
S. Korea	S. Korea
Taiwan	Thailand
Thailand	Hawaii
Hawaii	Vietnam
Hong Kong	↑ <b>Singapore</b>
Vietnam	Philippines
<b>Singapore</b>	Taiwan
Guam	Australia
Philippines	Canada

Since SG's borders fully opened in Apr 2022, the recovery rate in the Q2-22 was 10.5% compared to the same period in 2019, while in the Q4-22 quarter the recovery rate increased to 27% compared to the same period in 2019. Singapore's market position moved from **8<sup>th</sup> in 2019 to 6<sup>th</sup> position in 2022**.

The growth continued in 2023 with VA in Feb reaching **50,000** or **47%** over the same period in 2019.



# We expect this strong headwinds to continue in 2023

Pace of recovery is anticipated to be slow mainly because of (1) poor consumer and industry sentiments towards overseas travel; and (2) rising costs of overseas travel

**(1) Poor Consumer / Industry Sentiments** - Industry's reading is that **full recovery of Japan's outbound at pre-Covid level is expected by end 2024/ early 2025**. Hitherto, trade has been focusing mainly on driving domestic travel (esp with the on-going domestic discount campaign) and has been **cautious in embarking on joint marketing campaigns with NTOs**. Recent campaign with Hawaii (the perennial favorite) has done poorly, further eroding trade confidence in overseas travel. **% of population who holds passport went from 24% in 2019 to 17% in 2022**.

	Estimated # of travellers	Recovery from 2019	y-o-y vs 2022	Remarks
Domestic Travel	266 mil	91.2%	108.6%	JTB expects a shift from overseas to domestic travel due to the weak yen and soaring fuel costs, but business conditions will remain challenging due to high prices.
Overseas Travel	8.4 mil	40.4%	289.7%	The recovery in overseas travel is expected to be slow in contrast to inbound travellers.
Inbound Travel	21.1 mil	66.2%	550.6%	While a sharp recovery is expected for visitors from South Korea, Thailand, Singapore, and other countries, JTB assumes that demand from China will begin to recover in earnest only from July 2023 onward.

## (2) Rising Cost of overseas Travel (and to Singapore)

Overseas travel has become less desirable than domestic travel with depreciation of yen and rising fuel surcharge.

In particular for Singapore, the following factors make travelling to Singapore now becomes comparatively more expensive.

(a) our airfare is the most expensive: 20-30% higher than SEA destinations (Thailand and Vietnam) and, 2-3folds more than proximity markets (Korea and Japan), (b) The JPY has weakened the most against the SGD while remaining on par with the THB. (+20% vs 2019).(c) Singapore's higher standard of living and hotel rates

# As such, STB Japan will focus on **reclaiming IVA** and motivating Japanese to travel again by:

## 1

### Pushing trade to start selling Singapore again (Staging as below)

**Current :** Traditional trade is still not prepared to invest. Consumers mindset still cautious.

**Approach:** Tactical value-driven campaigns to push early Adopters and FITs to make the decision to travel through cheaper hotels and air tickets.

**Jun to Oct :** With the govt downgrading of Covid to class 5 on 8 May, there should be gradual improvement in consumer confidence and mindset towards travel,

**Approach:** Build mindshare and drive conversion , through food consumer activations, development of food tours and media campaigns.

**Oct onwards:** Biggest season for travel, trade indicated that this will be the earliest they will invest

Approach: Full-Fledged Marketing Campaign and strategic partnerships with Key TAs being developed to maximise conversions.

## 2

Developing Strategic Partnerships/ MOU with Key M&I aggregators to secure groups and build pipeline for the future

## 3

Drive Destination consideration through Branded IP, Broadcast Content and Media

# STB Japan's Market Plans – FY23/24



	Golden Week		Summer School Holidays					Winter School Holidays			2023			2024		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				
Media/ Content Partner- ships	Always-On: Content Partnerships with media (online, print, broadcast)															
	Always-On: Content Partnerships with Non-travel trade partners															
			Media Buy					Media Buy					Media Buy			
PR/Social/ Activations	Always-On: PR, Media pitching, SNS															
			Producers' Fam (TBC)	MIS Media Fam (TBC)			F1 Media Fam (TBC)		Media Fam (TBC)					Media Fam (TBC)		
			Media gathering				Media gathering				PMP2.0 Media Event (TBC)				Media gathering	
Tactical campaigns	Tactical Campaigns with key Travel Agents															
	SingapoRewards Campaigns with Airlines and OTAs															
			Tactical Campaigns with OTAs													
			STB/SIA/CAG Tripartite Campaign (TBC)													
Trade Engage- ment	Always-On: Leisure Trade Engagements – sales calls, updates, etc.															
			Trade Fam (TBC)		Trade Update Seminars (TBC)			Trade Update Seminars (TBC)					Trade Fam (TBC)		Trade Fam (TBC)	
MICE	Always-On: MICE Engagements (MICE agents, Corporates)															
	MICE Partnership with MICE Trade Partners (2 years: FY23-FY24)															
			Trade Updates (TBC)							Trade Updates (TBC)			M&I Fam (TBC)			M&I Fam (TBC)

# Opportunities for Industry Stakeholders to be Involved

	Opportunity	How to be Involved
<b>Overall</b>	Industry stakeholders to have marketing materials in Japan Language, especially for new experiences with a 2-3 months lead time.	
<b>Leisure Trade</b>	STB Japan will explore opportunities of: 1) Stronger partnerships with big players, 2) Collaboration with OTA	<ul style="list-style-type: none"> <li>a) To re-engage Japanese DMCs and tour operators based in Singapore to update and familiarise them with new products and experiences for Japanese tourists.</li> <li>b) To extend support for leisure trade FAMs for tour planners and front-liners, hopefully not only on a group basis but also on an individual basis (as some travel agents want to send their staff to Singapore on FAM individually).</li> </ul>
<b>MICE</b>	STB Japan will make our efforts for: 1) Presenting products and services for M&I at seminars, 2) Provisioning of products and services for M&I to a major travel agencies' internal tourist material information portal, 3) Creating original tour content for corporate clients of a major travel agencies.	<ul style="list-style-type: none"> <li>a) Prepare a video footage up to 3 minutes and/or PowerPoint presentation of the content and examples, etc., and send it to STB Japan.</li> <li>b) When we find a travel agency interested in your products or services, we will introduce you to them separately.</li> </ul>
<b>Fams and Broadcast</b>	STB Japan will be ramping up In our efforts for; 1) Media Fams and, 2) Broadcast opportunities	<ul style="list-style-type: none"> <li>a) Be clear about the nature of the support you can offer and its terms and conditions which you can offer to media, especially for broadcast/movie projects. Also, please provide signature offerings information. (Fixers are not well updated themselves for all products' information.)</li> <li>b) Please provide links to your website and/or brochures which include basic and key information for media fam. (e.g., menu, specs, strength, special characteristics etc. Japanese materials are more welcomed as many of Japanese journalists needs time to read/understand English materials.)</li> </ul>





# Thank You