Vol.19
2024.09

YANOLJA RESEARCH INSIGHTS

The Characteristics of Tourism Industries by Countries: A Path Forward for South Korea's Tourism

yanolja research

CONTENTS

The Characteristics of Tourism industries by Country: A Path Forward for South Korea's Tourism

Soocheong Jang[1]

Kyuwan Choi[2]

Studies of tourism industries by country, focusing on size, growth, and competitiveness, provide valuable insights into each nation's economic circumstances and the role of tourism within it. The tourism industry significantly impacts national economies, contributing to job creation and enhancing the country's image. This research categorizes major countries' tourism sectors into several types to examine the characteristics of each nation's tourism industry and propose a direction for the advancement of tourism in South Korea.

For this classification, we utilized data on inbound tourist numbers from the UN Tourism (previously, UNWTO), tourism revenue growth data from the OECD, the proportion of tourism revenue relative to GDP from both the IMF and OECD, and the Travel and Tourism Competitiveness Index from the World Economic Forum. It's noteworthy that the size of a tourism industry does not necessarily correlate with the economic scale of a country. Moreover, the economic significance of tourism is linked to the maturity of a country's service sector and plays a crucial role in employment. The competitiveness of the industry can be enhanced not just through historical or geopolitical resources but also through policy efforts.

Major nations can be categorized into four types based on the development patterns of their tourism industries and their economic significance within each national economy. This classification plays a vital role in understanding how each country's tourism industry is growing and the direction it should head in the future. In this study, nations are divided into developed tourism powerhouses, dependent tourism nations, traditional tourist countries, and emerging tourism nations based on the characteristics of their tourism industries. Through case studies of nations from each category, we can understand the methods by which countries develop their tourism sectors and the economic impacts thereof.

The first type, developed tourism powerhouses, includes advanced nations such as the United States, France, the United Kingdom, Germany, and Japan. These countries occupy leading positions in the global tourism industry, maintaining high levels of scale and competitiveness. For instance, the United States annually attracts millions of tourists to major cities like New York, Los Angeles, Las Vegas, and Orlando, with world-renowned theme parks such as Disneyland and Universal Studios

1 Professor, Purdue University & Director, Yanolja Research / jang12@purdue.edu
2 Professor, Kyunghee University & Director, H&T Analytics Center / kwchoi@khu.ac.kr

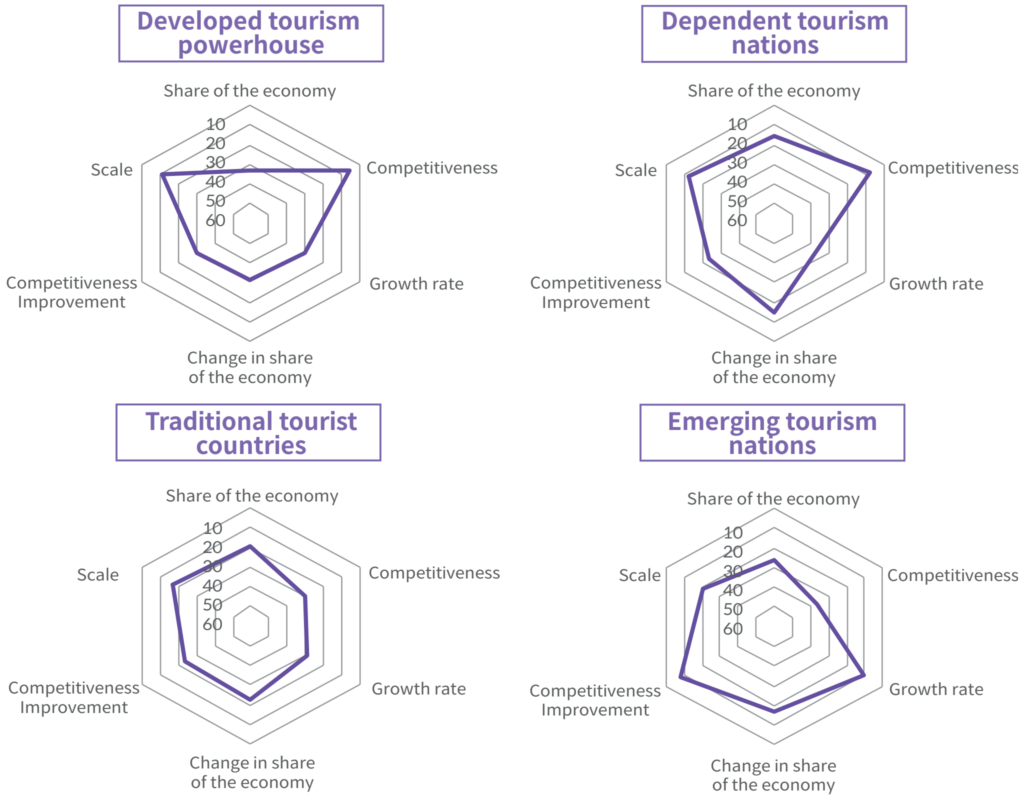
enhancing the qualitative aspects of its tourism industry. However, these nations already possess ample tourism infrastructure and resources, resulting in a slower pace of change in their tourism sectors. They maintain a stable state in the industry, with little fluctuation in economic significance or competitiveness. For example, France draws many tourists with attractions like the Eiffel Tower and the Louvre Museum, but the tourism sector's share of the national economy is not as significant as manufacturing or finance.

The second type is dependent tourism nations, with Spain and Italy as prime examples. These countries are similar to developed tourism powerhouses in terms of industry size and competitiveness but have a larger economic reliance on tourism. Spain attracts many tourists with its beautiful Mediterranean coastlines and cultural cities like Barcelona and Madrid, playing a crucial role in the national economy. Italy is also renowned for tourist destinations like Rome, Venice, and Florence, which constitute a significant portion of the nation's GDP. However, a high dependency on tourism makes these countries vulnerable to economic fluctuations and external shocks. For example, during the COVID-19 pandemic, Spain and Italy experienced severe economic downturns due to a drastic reduction in tourist numbers, highlighting the risks associated with high tourism dependency.

The third type, traditional tourist countries, includes nations like India, Brazil, Turkey, and China. These countries have long developed their tourism industries based on natural resources and cultural heritage but have shown slower competitive growth. India, with world heritage sites like the Taj Mahal, attracts millions of tourists annually but relies heavily on its natural resources and historical heritage, with slow progress in developing new tourist products or improving infrastructure. Brazil also has developed tourism through resources like the beaches of Rio de Janeiro and the Amazon but faces challenges in attracting tourists due to security issues and inadequate transport infrastructure. These countries have significant potential but require policy efforts to effectively utilize resources and enhance industry competitiveness.

Finally, emerging tourism nations include Indonesia and Mexico. These countries have smaller tourism industries and a minor economic role but are notable for their rapid growth and improvements in industry competitiveness. Indonesia, with destinations like Bali and Jakarta, is rapidly advancing, successfully attracting foreign tourists through government-led tourism development. Mexico is also experiencing rapid growth, particularly around tourist hotspots like Cancun and Mexico City, attracting many visitors from North America and Europe. Despite relatively limited infrastructure and tourism resources, these nations are growing swiftly due to governmental policy support and increasing global tourism demand.

Figure 1. Classification of Countries Based on Tourism Industry Characteristics



The above classifications serve as essential foundational data for understanding the development patterns of each country's tourism industry. Nations must formulate their tourism strategies considering the category to which they belong, particularly those with high growth potential, which can leverage this to foster economic growth. We aim to examine the characteristics of each group in more detail based on the four classifications presented above.

Evolving Paradigms of Developed and Dependent Tourism Nations

The growth backgrounds of developed and dependent tourism nations can be traced to their economic scale and the unique tourism resources shaped by their history. These countries have established themselves as tourism powerhouses by comprehensively utilizing their unique tourist attractions and abundant resources. The growth of developed tourism nations has been facilitated by the value of their historical tourist sites and their comprehensive infrastructure as developed nations. Additionally, the size of these nations' economies has spurred the development of advanced transportation systems, including aviation, and they have pursued long-term strategic policies to cultivate their tourism industries.

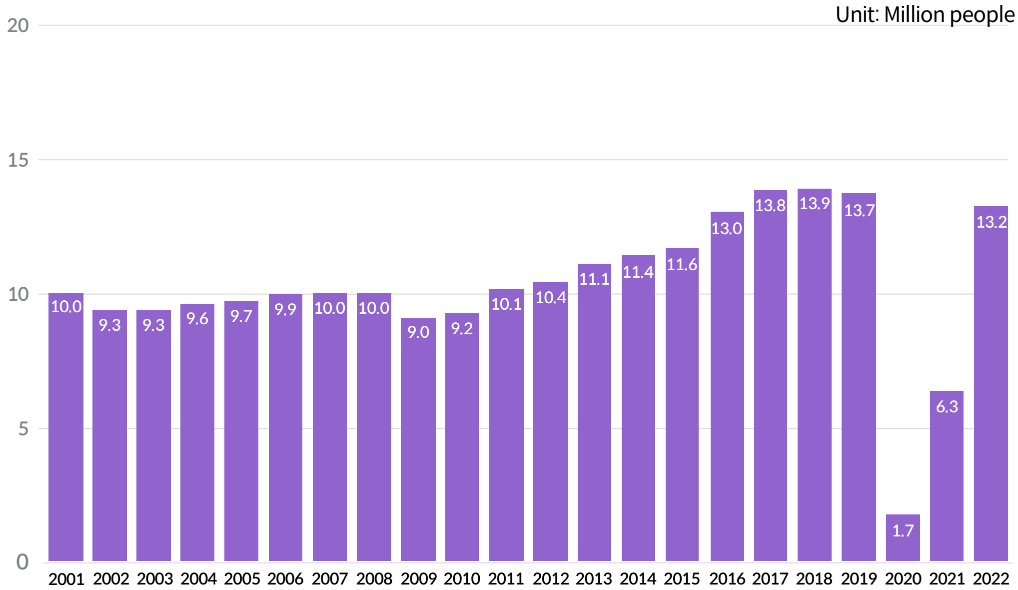
On the other hand, the growth of dependent tourism nations stems from abundant tourism resources coupled with policy efforts to overcome stagnation in manufacturing growth through tourism industry development. These efforts have transformed the economic fabric of these countries, enabling them to maintain their current economic status. Against this backdrop, developed and dependent tourism nations have each forged distinct paths to success in the tourism sector, providing important lessons for other countries and significantly contributing to the expansion of tourism development possibilities.

Nations with large-scale tourism industries are maximizing the value of tourism by offering diverse tourist products to visitors and striving to disperse the focus from traditional tourist destinations by presenting a variety of regional themes. These efforts aim to spread tourism demand concentrated in key destinations across multiple regions, foster local economies, and ultimately increase the duration of tourist stays.

A prime example of such strategic implementation is London. London & Partners, the organization responsible for the "London Tourism 2030 Vision," has unveiled strategies to revitalize the London tourism industry through the "Visitor Experience Strategy" report. This strategy consists of four key elements—Essentials, Experiences, Places, Brand—designed to enhance the tourist experience. Despite the variety of attractions and experiences available in London, the report reveals that tourists often have limited experiences at certain attractions. Hence, it proposes strategies to introduce competitive tourism elements to visitors and maximize the dispersal effects of the tourism industry. The strategy outlined in the report emphasizes dispersing the concentrated tourism industry in central London and highlighting regional characteristics. For example, in North London, new tourist experiences such as whitewater rafting are being offered, and in the western Hounslow area, architectural tours of historic mansions built between the 1500s and 1600s are differentiating the tourist content from traditional sites. These efforts aim not only to disperse tourists concentrated in central locations like the London Eye and Big Ben but also to offer diverse experiences, an essential strategy leading to broader economic revitalization.

Similarly, the Italian government has been promoting small towns in Tuscany internationally to disperse tourism concentration. In 2018, Italy intensely promoted Montepulciano and the Val di Chiana Senese in southern Tuscany through embassies worldwide. A promotional session at the Korean embassy highlighted unique experiences in the region, such as winery tours and bicycle tours, encouraging visits from Korean tourists. Additionally, enhancing flight options has improved access to the area. Spain has adopted a similar approach. Despite Madrid and Barcelona being major tourist cities, Spain has developed tourism on the Balearic Islands located in the southeast, including Majorca, Ibiza, and Menorca, to disperse tourism concentration. Ibiza and Menorca have actively utilized youth club culture as a tourist element, while Majorca has emphasized the beauty of the Mediterranean to attract tourists. Thanks to these efforts, the region has emerged as a tourist destination, and considering that Spain welcomes approximately 120 million international tourists annually, reaching 10 million tourists in the Balearic Islands is a notable achievement.

Figure 2. Trends in International Tourist Visits to the Balearic Region of Spain



Note: The 2022 figures are provisional

Beyond traditional tourism resources and destinations, there is growing attention on developing high-value tourism products that combine content with community, revitalizing regions. The British government, in addition to policies aimed at dispersing the tourism industry within London, designates a Cultural City every four years to promote development across various local tourism regions. Liverpool, once a thriving industrial city but later declined, was branded using elements such as The Beatles' cultural heritage, Liverpool FC, and Harry Potter filming locations, and was selected as the European Union's (EU) Capital of Culture in 2008, revitalizing the local economy. In 2017, Hull was chosen and successfully branded with events like the Monet exhibition and the Freedom Festival, a street art festival, making it to The Guardian's top 10 tourist destinations in 2021 and achieving regional revitalization. These examples can be viewed as successful models of reinventing the tourism industry using local characteristics and cultural assets, thereby injecting new vitality into local economies.

Not only in the UK, but other nations are also working to develop regional tourism industries to disperse demand concentrated in major tourist areas. Japan is developing and branding five major tourism regions centered around Hokkaido, Osaka, Fukuoka, and Okinawa, in addition to Tokyo. Vietnam is also developing major tourism regions beyond Hanoi, including Ho Chi Minh City, Da Nang, and Phu Quoc. These strategies are creating specialized tourism content for each region, offering tourists diverse options while contributing to solving the problem of overtourism.

Strategies of Traditional Tourist Countries Enriched by History and Nature

Traditional tourist countries have developed their tourism industries not only through natural resources but also based on linguistic and cultural homogeneity left by the history of colonial rule. These nations attract tourists not only with their natural landscapes but also through their unique historical backgrounds and cultural assets. Notably, past experiences of colonial rule have played a crucial role in forming a mixed culture, which acts as a significant attraction for foreign tourists. For example, Brazil, as a Portuguese-speaking nation due to Portuguese colonial rule, attracts many tourists from the same language sphere. Additionally, Brazil possesses price competitiveness due to its rich natural resources and affordable cost of living, making it popular among budget-conscious travelers.

The Brazilian government has implemented multifaceted policies to invigorate its tourism industry. A visa exemption policy has played a crucial role in increasing the number of foreign tourists visiting Brazil. Since 2019, the government has allowed citizens from countries such as the USA, Canada, Japan, and Australia to enter Brazil without a visa, making it easier for foreigners to visit. This policy has enhanced Brazil's tourism competitiveness, and the fact that roughly half of the countries worldwide can enter Brazil without a visa showcases its openness. Moreover, the Brazilian government is promoting foreign direct investment to improve tourism infrastructure. For instance, it plans to develop the Angra dos Reis region into a world-class resort area similar to Cancun by privatizing shared beaches and encouraging private investment. This aligns with President Bolsonaro's priority on economic development, who has pointed out that despite having some of the world's most beautiful natural resources, Brazil's tourism industry has not been sufficiently developed.

India's case shares many similarities with Brazil. The Indian government has also been proactive in promoting tourism growth. It introduced the e-Tourist Visa to citizens of 180 countries, facilitating easier access to India. In 2019, the number of foreign tourists visiting India on an e-Tourist Visa was about 2.93 million, marking a 23.6% increase from 2018. This growth is a result of India's visa-free policy and efforts to enhance tourism convenience. Additionally, the Indian government has encouraged 100% foreign direct investment in hotel and tourism infrastructure development. This allows foreign investors to invest freely in India without additional government approval, significantly contributing to the improvement of tourism infrastructure and industry growth.

These policies play a crucial role in enabling traditional tourist countries to effectively utilize their historical and cultural assets to grow their tourism industries. The experience of past colonial rule has formed a common language and cultural homogeneity, providing a familiar environment for foreign tourists and accelerating tourism industry development. For instance, Brazil, using Portuguese, and India, using English as an official language, leverage their historical legacies to pursue economic benefits while maintaining significant positions in the global tourism market. These countries are achieving sustainable growth in their tourism industries through a unique combination of natural landscapes with historical and cultural assets.

In conclusion, the success of traditional tourist countries extends beyond merely relying on natural resources, converting historical assets into economic value. Brazil and India each leverage their cultural characteristics to pursue strategic policies that not only stimulate tourism growth but also positively impact their local economies.

The Surge of Emerging Tourism Nations and Global Growth

Emerging tourism nations are rapidly advancing their tourism industries through meticulous government strategies and active efforts. These nations' tourism growth rates significantly surpass those of South Korea, and this growth stems from strong tourism governance led by the government and systematic efforts in tourism site development. The hospitality and satisfaction that tourists experience depend not only on the behavior of the citizens but also significantly on the development of tourism infrastructure. Therefore, emerging tourism nations are focusing on infrastructure development and service improvements, endeavoring at the national level to foster growth in their tourism sectors.

Mexico, a prime example of an emerging tourism nation, is vigorously promoting tourism through its Tourism Promotion Council of Mexico, a dedicated agency established to foster the development of the tourism industry. The government is targeting diverse tourist demographics with customized marketing strategies, offering various tourism options segmented into culinary-focused, outdoor activities, romantic tourism, LGBT festivals, and UNESCO-designated cultural tourism sites. Such segmented strategies encourage tourists to choose themes that suit their preferences, enhancing satisfaction and strengthening Mexico's tourism appeal. Besides beach resorts like Cancun and Playa del Carmen, historical and cultural cities like Mexico City and Guanajuato are also gaining popularity among international tourists.

The development of landmark tourism sites also plays a crucial role. While some landmarks are naturally historical, others, as in the case of Saudi Arabia, can be artificially developed through active new investments. Saudi Arabia has launched massive tourism development projects under its 'Vision 2030' plan, aiming to attract 100 million annual visitors by 2030. The plan's cornerstone comprises three mega-city projects: Neom City, Qiddiya Entertainment City, and the Red Sea resort city development.

These include not just utilizing existing natural landscapes but also focusing on constructing new mega-landmarks through fresh investments. For instance, Neom City is designed as a future city that will serve as a hub for innovative technology and sustainable energy, while the Red Sea resort city is being developed into a global luxury resort set against the stunning backdrop of Saudi Arabia's beautiful coastline. This landmark development is placing Saudi Arabia's tourism industry in the global spotlight and becoming a pivotal aspect of the country's economic diversification.

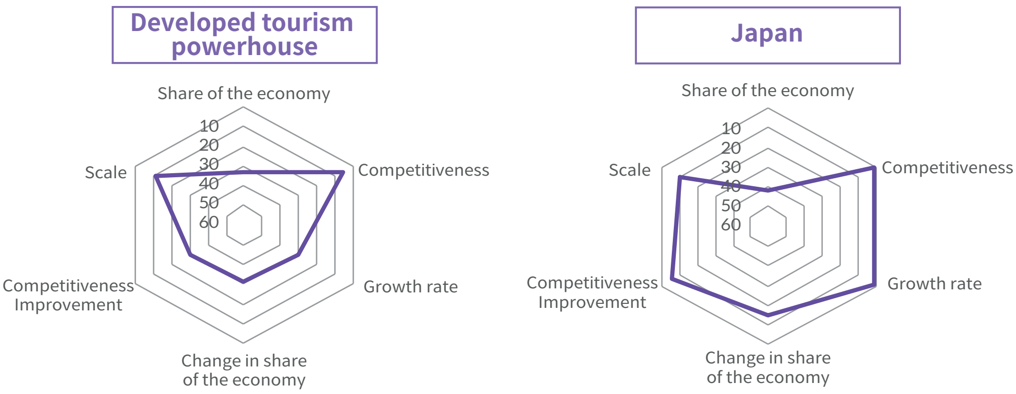
Additionally, price competitiveness in the service industry, particularly in medical tourism, plays a crucial role. Medical tourism is evolving into a high-value industry due to relatively low medical costs, and it stands as a major growth strategy for Mexico. According to the BBC, Mexico attracts about one million medical tourists from the USA and Canada annually, with interests now expanding into plastic surgery, dental care, and more recently, ophthalmology and orthopedics. The medical costs, which are about 40% cheaper compared to the USA, offer significant appeal to tourists, and Mexico is actively capitalizing on this. Furthermore, hospitals in Mexico, accredited by the Joint Commission International (JCI) based in Chicago, are enhancing the reliability of medical services, playing a crucial role in positioning Mexico as a medical tourism destination. Cities like Tijuana and Guadalajara are emerging as medical tourism hubs, providing a foundation for Mexico's advancement into a high-value tourism industry.

Thus, emerging tourism nations are swiftly growing their tourism industries through systematic strategies under strong government leadership. Countries like Mexico and Saudi Arabia are distinguishing themselves in the global tourism market through diverse site development and effective marketing strategies, contributing not only to economic benefits but also to enhancing their international stature.

Japan's Emergence as a Developed Tourism Powerhouse

Japan has demonstrated outstanding performance in terms of inbound tourism volume and competitiveness in the tourism industry, positioning it as a developed tourism powerhouse. Typically, nations classified as developed tourism powerhouses exhibit gradual growth in size, market share, and competitiveness. However, Japan has broken this mold by maintaining high growth rates. Over the past decade, Japan's tourism industry has experienced remarkable growth, reaching a scale that meets the standards of a developed tourism powerhouse. This significant expansion has made Japan a prominent player in the global tourism market.

Figure 3. Developed Tourism Powerhouses vs. Japan



The backdrop to such achievements largely involves the government's proactive strategy to foster the tourism industry. The economic recession of the 1990s in Japan marked a significant turning point in the transformation of tourism policies and industry development. Since the 1960s, Japan had achieved high economic growth and by the 1980s, it was established as the world's second-largest economic power and one of the leading nations with the largest trade surpluses. During this period, Japan focused on encouraging its citizens to travel abroad rather than boosting inbound tourism due to increasing trade frictions with major partners like the United States. The Overseas Travel Promotion Plan, announced in 1987, was a key policy to promote outbound travel, and the government's interest in inbound tourism was relatively low.

However, following the Plaza Accord in 1985 and the subsequent implementation of quantitative easing policies, Japan experienced an economic bubble that burst in the early 1990s, plunging the economy into a prolonged recession. The dramatic collapse of the real estate and stock markets had a severe impact on the Japanese economy, and the government was compelled to search for new engines of growth to rejuvenate the economy. It was in this context that the tourism industry began to emerge as a critical element for Japan's economic recovery. Recognizing the economic ripple effects of the tourism industry, the government incorporated it as a central strategy for economic revival. As the economic downturn continued into the 2000s, the government intensified efforts to promote inbound tourism.

Consequently, the Japanese government began to invest in a variety of strategic efforts, including legislative actions, project promotions, and organizational restructuring. In 2006, the Basic Act on the Promotion of Tourism was established to create a systematic legal foundation for the development of the tourism industry. This act provided clear guidelines for the expansion of tourism-related infrastructure, content development, and policy implementation and execution, supporting funding through the Tourism Promotion Fund. Alongside infrastructure expansion, the Japanese government relaxed visa policies to further facilitate visits by foreign tourists. For instance, visa issuance procedures were simplified for Chinese and Southeast Asian nations, and visa-free travel was expanded, significantly increasing the number of inbound tourists.

From an organizational perspective, a tourism bureau was established to handle the formulation and promotion of tourism policies. This allowed for more systematic national tourism promotion strategies and enabled the development of region-specific tourism products and customized marketing strategies, contributing to the revitalization of local tourism. Additionally, the government developed routes connecting major tourist spots within regional tourism zones to enhance tourist mobility and enable visits to various attractions in the area, thereby facilitating regional tourism activation. Various regions in Japan developed unique tourism products that leverage their distinctive features and connected local specialties and traditional culture to tourism content, attracting both domestic and international tourists. For example, Hokkaido capitalized on winter sports and natural scenery, while Kyoto enhanced its appeal as a tourism destination using its traditional culture and historical heritage.

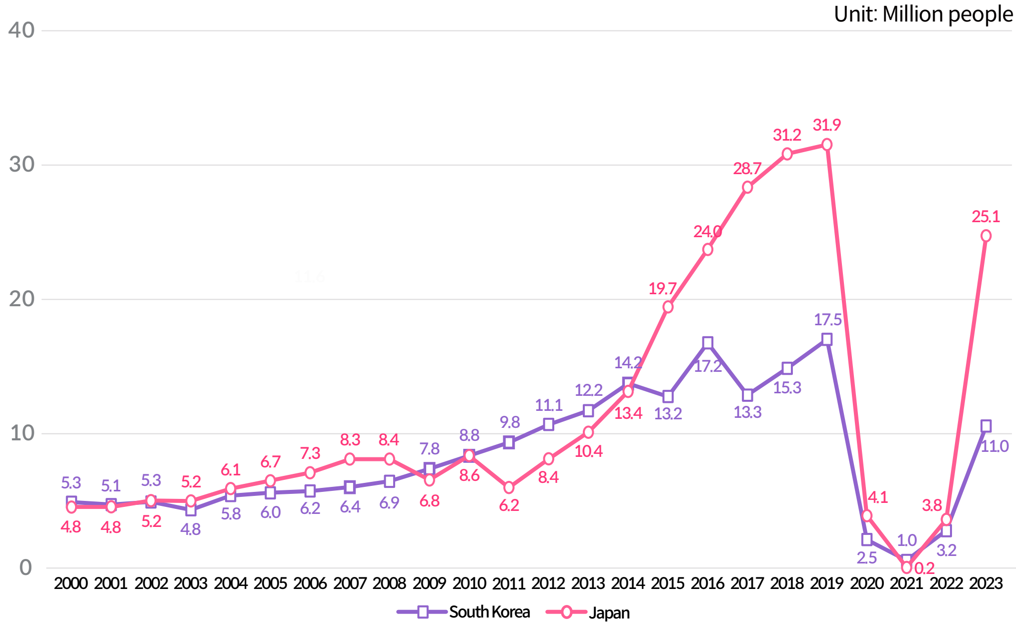
Moreover, Japan has engaged in international cooperation and partnerships to promote its tourism content abroad and attract foreign tourists. The Japan National Tourism Organization collaborated with travel agencies and media overseas to advertise Japan's attractions, and improvements in tourism infrastructure and services have been made to provide tourists with more convenient experiences. These strategies not only increased the number of inbound tourists but also led to a surge in tourism revenue.

Since the late 1990s, the number of inbound tourists to Japan has steadily increased, reaching about 31.88 million in 2019. Although the pandemic caused a drastic drop in tourist numbers to 240,000 in 2021, Japan has swiftly recovered, with over 22 million foreign visitors in 2023. During this period, Japan's tourism revenue also grew significantly, rising from a few billion dollars in the early 2010s to about $40 billion in 2019. This underscores that Japan has not only increased the quantity of tourists but has also pursued high-value tourism, achieving qualitative growth in the tourism industry.

As a result, Japan has established itself as a developed tourism powerhouse based on the government's systematic strategy and efforts to foster the tourism industry. Amid economic challenges, Japan positioned the tourism industry as a major pillar of economic recovery, solidifying its status as a tourism powerhouse.

Figure 4. Foreign Tourists to South Korea and Japan

Unit: Million people



Turning Point for South Korea's Tourism Industry: Our Choice

South Korea's tourism industry stands at a critical juncture. It faces a choice between adopting Japan's model, which prioritizes tourism as a core driver of the national economy, and the models of Spain and Italy, where the tourism industry reached a certain level of growth along with the economy before entering a period of stagnation. It is evident that South Korea's tourism industry has not yet reached the level of Western European countries. A strategic approach that benchmarks Japan's methods could prove to be effective.

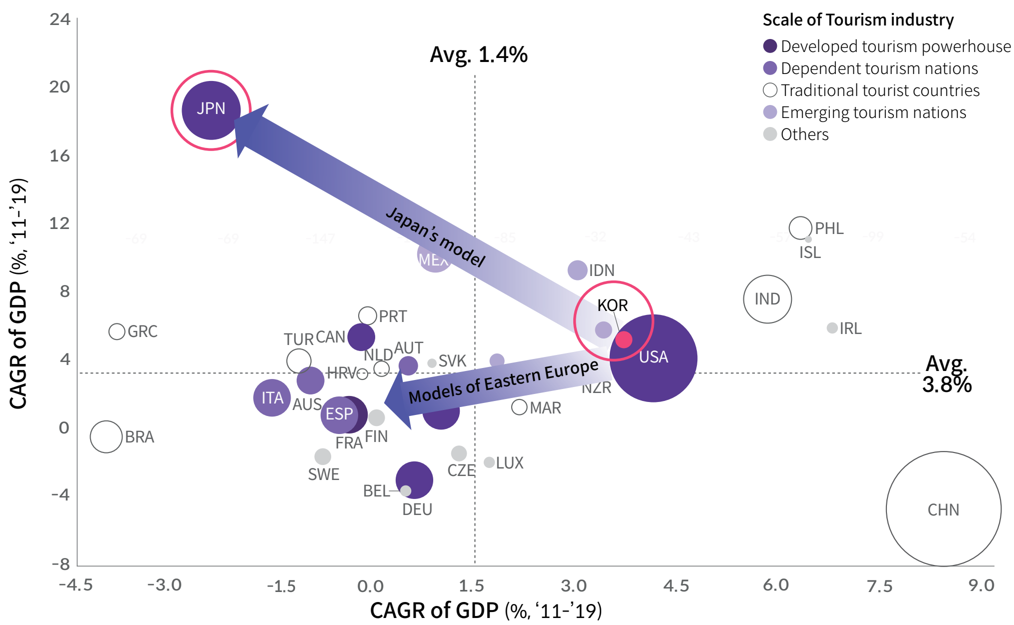
South Korea and Japan share several similarities, including geographical location, cultural affinities, and the nature of their tourism products and services. Additionally, both countries face similar societal challenges such as an aging population and rural decline. Given this background, referencing Japan's successful tourism policies appears to be a rational choice for South Korea.

Entering the 2000s, inbound tourist numbers in Japan and South Korea were comparable. Both nations competed within Asia, striving to attract tourists through various efforts. However, by 2019, Japan had started to pull ahead, attracting 1.7 times more tourists than South Korea. This lead is not merely due to a qualitative difference in tourism products but is the result of Japan's sustained, strategic enhancement of its tourism industry as a vital component of the nation's economic recovery and growth. In 2019, Japan attracted approximately 31.88 million foreign tourists, while South Korea hosted 17.5 million. This discrepancy can be attributed to differences in strategic government approaches and the continuity of their execution.

Over the past decade, South Korea's inbound tourism revenue has steadily increased. However, much of this growth is considered a byproduct of economic growth. South Korea's tourism industry is closely tied to the GDP growth rate, naturally expanding as the economy grew. From 2011 to 2019, South Korea's GDP grew at an annual average of 3.5%, and during this period, foreign tourism revenue also grew by an average of 6.6% per year. Yet, this growth is largely seen as a result of the overall economic expansion rather than from a strengthening of the tourism sector itself.

In the context of an anticipated continuation of low economic growth in South Korea, setting a national strategic direction for tourism is essential. Despite stagnant economic growth rates during the same period, Japan managed to make significant contributions to its national economy through the tourism sector. From 2011 to 2019, Japan's GDP decreased by an average of 2.4% annually, yet its foreign tourism revenue grew by an impressive annual average of 19.6%. This indicates that Japan has utilized the tourism sector as a primary means to drive structural changes in the national economy. Japan has successfully developed high-value service industries through tourism, revitalized local economies, and increased foreign currency inflows through tourist arrivals.

Figure 5. Comparative Growth in GDP and Tourism Revenue by Country



South Korea's tourism industry is at a crucial juncture. The country faces a decision between adopting Japan's model, where tourism is a cornerstone of national economic strategy, and the models of Spain and Italy, where tourism growth has plateaued alongside economic stagnation. It is clear that South Korea's tourism industry has not yet reached the level of its Western European counterparts. Thus, adopting Japan's strategic approach could be more effective.

South Korea shares several similarities with Japan, including geographical proximity, cultural ties, and the nature of their tourism products and services. Both nations are also grappling with similar societal issues such as aging populations and rural decline. Given these parallels, it is reasonable for South Korea to look towards Japan's successful tourism policies as a model.

Since the 2000s, inbound tourist numbers in Japan and South Korea were on a similar trajectory. Both countries have been competitive players in the Asian tourism market, making extensive efforts to attract tourists. However, by 2019, Japan had surged ahead, attracting 1.7 times more tourists than South Korea. This difference is not merely due to the quality of tourism offerings but results from Japan's long-term strategic commitment to enhancing its tourism sector as a vital component of national economic recovery and growth. In 2019, Japan attracted approximately 31.88 million foreign tourists, compared to South Korea's 17.5 million. This gap can be attributed to the differences in strategic government approaches and the consistent implementation of policies.

Over the last decade, South Korea's inbound tourism revenue has consistently increased. However, this growth is largely seen as a byproduct of the overall economic expansion. The South Korean tourism industry is closely linked to the GDP growth rate, with the sector naturally expanding as the economy grew. Between 2011 and 2019, South Korea's GDP grew at an annual average of 3.5%, and foreign tourism revenue grew at an annual average of 6.6%. However, this growth is largely attributed to the broader economic growth rather than a specific strengthening of the tourism sector.

In a scenario where South Korea is expected to continue experiencing low economic growth, it is crucial to set a national strategic direction for tourism. Unlike Japan, which managed to make significant contributions to its economy through tourism despite a stagnant growth rate during the same period, South Korea must now view tourism not merely as a peripheral economic activity but as a new engine of growth. Amid an export-driven industrial structure dominated by manufacturing, South Korea faces the challenge of declining potential growth rates. To overcome this, enhancing the value of the service sector, including tourism, and rebalancing the

the economic structure is necessary.

Particularly, the tourism sector can play a crucial role not just in increasing the number of tourists but in developing high-value tourism products and services and revitalizing local economies. Moreover, as digital transformation continues and artificial intelligence is applied across many industries, promoting and supporting the international expansion of travel tech companies and solution providers can enable the tourism sector to function as a genuine export industry. Such strategic approaches will not only underpin long-term growth for the Korean economy but also enhance Korea's influence on the global stage. Now is the time for South Korea to forge a new path using its tourism industry, which requires meticulous planning and robust execution.

*To reference this article, please use the below citation: "SooCheong Jang and Kyuwan Choi (2024). The Characteristics of Tourism Industries by Country: A Path Forward for South Korea's Tourism, Yanolja Research Insights, Vol. 19."

Appendix

Key Economic Indicators

Indicator	Statistics	Measure	2018	2019	2020	2021	2022	23.07	23.08	23.09	23.10	23.11	23.12	24.01	24.02	24.03	24.04	24.05	24.06	24.07	24.08
General Economics	GDP Growth Rate[1]	Real GDP Growth(%)	2.9	2.2	-0.7	4.3	2.6	0.6(Q3)	-	-	0.6(Q4)	-	-	1.3(Q1)	-	-	-0.2(Q2)	-	-	-	-
		Private Consumption Growth(%)	3.2	2.1	-4.8	3.6	4.1	0.3(Q3)	-	-	0.2(Q4)	-	-	0.8(Q1)	-	-	-0.2(Q2)	-	-	-	-
	Composite Indexes of Business Indicators[2]	Leading Indicator	94.3*	96.0*	100.0*	106.3*	108.7*	111.1	111.4	111.8	112.4	113.0	113.4	113.7	114.2	114.3	114.9	115.1	115.7	115.9	-
		Coincident Indicator	98.3*	99.7*	100.0*	103.7*	108.2*	110.3	110.4	110.5	110.9	111.0	111.1	111.5	112.0	111.9	112.0	111.5	111.7	111.2	-
		Lagging Indicator	95.1*	97.9*	100.0*	103.6*	109.3*	113.4	113.4	113.6	114.0	114.2	114.4	114.4	114.6	114.8	115.1	115.2	115.4	115.5	-
Business Trends	Business Survey Index[3]	Total	94.1*	90.8*	81.5*	101.4*	94.0*	95.5	93.5	96.9	90.6	90.1	94.0	91.1	92.3	97.0	98.6	94.9	95.5	96.8	97.1
		Non-manufacturing	96.9*	93.6*	84.2*	100.6*	96.1*	101.6	95.2	95.1	93.3	91.1	100.5	95.2	92.9	93.5	98.9	94.1	95.2	105.5	99.5
		Leisure/Hospitality	-	-	-	99.5*	89.7*	128.6	123.1	100.0	76.9	100.0	128.6	107.1	114.3	100.0	121.4	128.6	85.7	142.9	135.7
	Business Survey Index by Industry[4]	Total	78*	73*	65*	84*	82*	75	73	73	73	69	69	68	69	72	71	73	74	72	72
		Accommodation	78*	70*	30*	48*	85*	88	96	76	78	81	78	75	53	60	72	86	75	66	75
	SME Business Outlook Survey[5]	Total	87.8*	83.6*	70.7*	77.8*	82.7*	79.1	79.7	83.7	82.7	80.7	78.8	77.5	75.4	81.8	81.0	79.2	79.4	78.0	76.6
		Food/Accommodation	87.7*	82.0*	60.7*	57.8*	80.9*	88.6	89.3	87.0	92.2	90.5	86.9	86.1	86.3	85.4	85.9	93.7	88.2	87.3	86.9
	Consumer Survey Index[6]	Consumer Confidence Index	104*	99*	88*	103*	96*	103	103	100	98	97	100	102	102	101	101	98	101	104	101
		Consumer Expenditure Outlook	108*	108*	97*	108*	111*	113	113	112	113	111	111	111	111	111	110	109	109	111	109
		Travel Expenditure Outlook	94*	90*	71*	86*	93*	101	99	97	95	93	95	96	95	97	97	96	99	100	97
		Entertainment Expenditure Outlook	91*	91*	80*	89*	92*	95	95	94	93	91	92	94	93	93	94	92	93	94	93
		F&B Expenditure Outlook	93*	91*	83*	92*	94*	97	99	96	94	92	95	96	95	95	96	94	95	97	95
	Production Index of Service Sector[7]	Total	100.6	102.0	100.0	105.0	112.3	114.7	114.6	116.1	115.2	116.9	130.9	114.0	109.5	118.8	116.0	117.3	119.1	117.2	-
		Accommodation	150.2	149.7	100.0	111.3	139.0	151.4	151.1	146.2	156.8	144.4	147.8	126.8	125.2	129.1	138.2	147.0	148.4	144.1	-
		Food & Beverage	120.7	119.4	100.0	100.7	116.6	119.5	119.5	114.7	116.6	112.3	124.4	112.8	105.9	114	115.0	120.3	115.0	116.3	-
Prices	Consumer Price Index[8]	Total	99.09	99.47	100.00	102.50	107.72	111.29	112.28	112.83	113.26	112.67	112.71	113.15	113.77	113.94	114.01	114.10	113.84	114.13	114.54
		Hotel	108.91	106.51	100.00	99.82	108.71	122.48	131.17	116.12	120.47	115.22	125.47	111.90	112.71	114.12	118.11	120.02	120.29	126.44	133.21
		Motel	101.28	101.43	100.00	98.39	101.64	106.87	107.65	106.58	107.54	107.22	107.17	107.24	107.16	106.81	107.72	107.13	107.34	107.98	108.29
		Resort	101.21	102.29	100.00	99.86	102.43	120.55	144.08	109.24	106.72	99.16	123.53	119.09	109.93	105.43	105.37	111.34	108.28	133.88	150.45
		Recreational Facilities	81.99	84.36	100.00	102.65	108.58	128.36	134.76	111.77	109.55	106.00	111.36	106.12	110.85	108.41	106.77	110.56	112.83	129.18	135.00
	Producer Price Index[9]	Total	100.43	100.46	100.00	106.38	115.29	116.53	117.5	118.03	117.86	117.41	117.56	118.19	118.55	118.82	119.16	119.25	119.23	119.56	119.41
		Accommodation service	105.06	104.15	100.00	99.55	105.65	117.19	124.78	112.57	115.14	111.28	119.66	111.77	111.01	111.07	113.52	115.12	114.95	121.79	127.70
		Hotel	108.79	106.52	100.00	100.00	108.89	123.25	132.26	117.15	121.71	116.37	126.71	113.00	113.82	115.24	119.27	121.21	121.48	127.69	134.53
		Motel	101.27	101.43	100.00	98.49	101.82	106.96	107.61	106.64	107.57	107.27	107.22	107.30	107.21	106.86	107.77	107.18	107.39	108.03	108.35
		Resort	101.34	102.30	100.00	100.34	103.24	121.36	143.50	110.75	108.62	100.99	125.81	121.29	111.96	107.38	107.32	113.39	110.27	136.35	153.22
Labor	Economically Active Population Survey[10]	Unemployment Rate(%)	3.8	3.8	4.0	3.7	2.9	2.7	2.0	2.3	2.1	2.3	3.3	3.7	3.2	3.0	3.0	3.0	2.9	2.5	1.9
		Employment Rate(%)	60.7	60.9	60.1	60.5	62.1	63.2	63.1	63.2	63.3	63.1	61.7	61.0	61.6	62.4	63.0	63.5	63.5	63.3	63.2
Tourism	Tourism Balance[11]	Total Tourism Balance($M)	-13,066	-8,516	-3,175	-4,329	-5,715	-1,179	-772	-750	-434	-1,077	-1,067	-1,169	-1,206	-906	-660	-684	-750	-1,017	-
		Total Tourism Income($M)	18,462	20,745	10,181	10,623	12,241	1,125	1,362	1,309	1,663	1,302	1,224	1,226	999	1,235	1,462	1,469	1,323	1,344	-
		Total Tourism Expenditure($M)	31,528	29,261	13,356	14,951	17,956	2,304	2,134	2,059	2,097	2,380	2,291	2,395	2,206	2,141	2,122	2,153	2,074	2,361	-
	Immigration[12]	Number of Outbound Travelers(K)	28,696	28,714	4,276	1,223	6,554	2,154	2,093	2,017	2,043	2,062	2,416	2,771	2,512	2,141	2,111	2,268	2,219	2,502	2,502
		Number of Inbound Travelers(K)	15,347	17,503	2,519	967	3,198	1,032	1,089	1,098	1,230	1,115	1,037	881	1,030	1,492	1,463	1,418	1,417	1,408	1,408
Currency	Exchange Rate[13]	USD	1,100.30	1,165.65	1,180.05	1,144.42	1,291.95	1,286.30	1,318.47	1,329.47	1,350.69	1,310.39	1,303.98	1,323.57	1,331.74	1,330.70	1,367.83	1,365.39	1,380.13	1,383.38	1,383.38
		EUR	1,298.63	1,304.81	1,345.99	1,352.79	1,357.38	1,421.87	1,439.04	1,422.61	1,427.31	1,415.59	1,422.28	1,444.12	1,437.52	1,447.27	1,466.77	1,476.24	1,485.57	1,499.68	1,499.68
		JPY	996.27	1,069.75	1,105.07	1,041.45	983.44	911.74	911.4	901.65	903.72	874.28	904.83	906.71	891.08	889.12	889.97	875.88	874.32	875.3	875.3
		CNY	166.40	168.58	170.88	177.43	191.57	178.60	181.78	182.11	184.62	180.86	182.29	184.41	184.82	184.48	188.52	188.54	189.80	189.91	189.91

*This index should be interpreted with caution because the value is calculated by averaging monthly or quarterly indices in Yanolja Research.
1) The Bank of Korea, QoQ(%)
2) KOSTAT; 2020=100
3) The Federation of Korean Industries; if the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those do not; "Leisure/Accommodation and Food Services" sector was not surveyed before 2021
4) The Bank of Korea; Index range = 0~200, If the index is above 100, the number of companies with a positive outlook is greater than those with a negative outlook
5) Ministry of SMEs and Startups; If the index is above(below) 100, more(less) companies expect the next month's business conditions to improve than those that do not
6) The Bank of Korea; Index ragne = 0~200, If the index is above(below) 100, consumers sense that overall economic situation is better(worse) than average
7) KOSTAT; 2020=100; Constant
8) KOSTAT; 2020=100
9) KOSTAT; 2020=100
10) KOSTAT; 2020=100
11)KOSTAT; Surveys the unemployment rate(%) and employment rate(%) among the economically active population aged 15 and over.
12) The Bank of Korea
13) Korea Tourism Organization DataLab
14) Hana Bank; Based on the sales base rate

Date of Publication : Sep. 27, 2024 | Publisher : Yanolja Research

| Address : 4th Floor, MDM Tower, 42, Teheran-ro 108-gil, Gangnam-gu, Seoul, South Korea

Email : yanoljaresearch@yanolja.com | Website : yanolja-research.com

Disclaimer : This report is intended to provide general information and does not constitute advice on individual cases or reflect Yanolja's official position or business strategy. The Insights report is protected by copyright laws, and any reproduction, distribution, or modification requires express written permission. Proper citation and attribution must be given when refering the report, and any unauthorized usage may result in legal action. The report is provided "as is" without any warranty of accuracy, completeness, or reliability. Yanolja Research bears no responsibility for any damages or loss suffered from the unauthorized use of the report.