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South Korea Active Considerer market

Full report

Tourism New Zealand

June 2022

NEW ZEALAND TOURISM

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newzealand.com

Objective

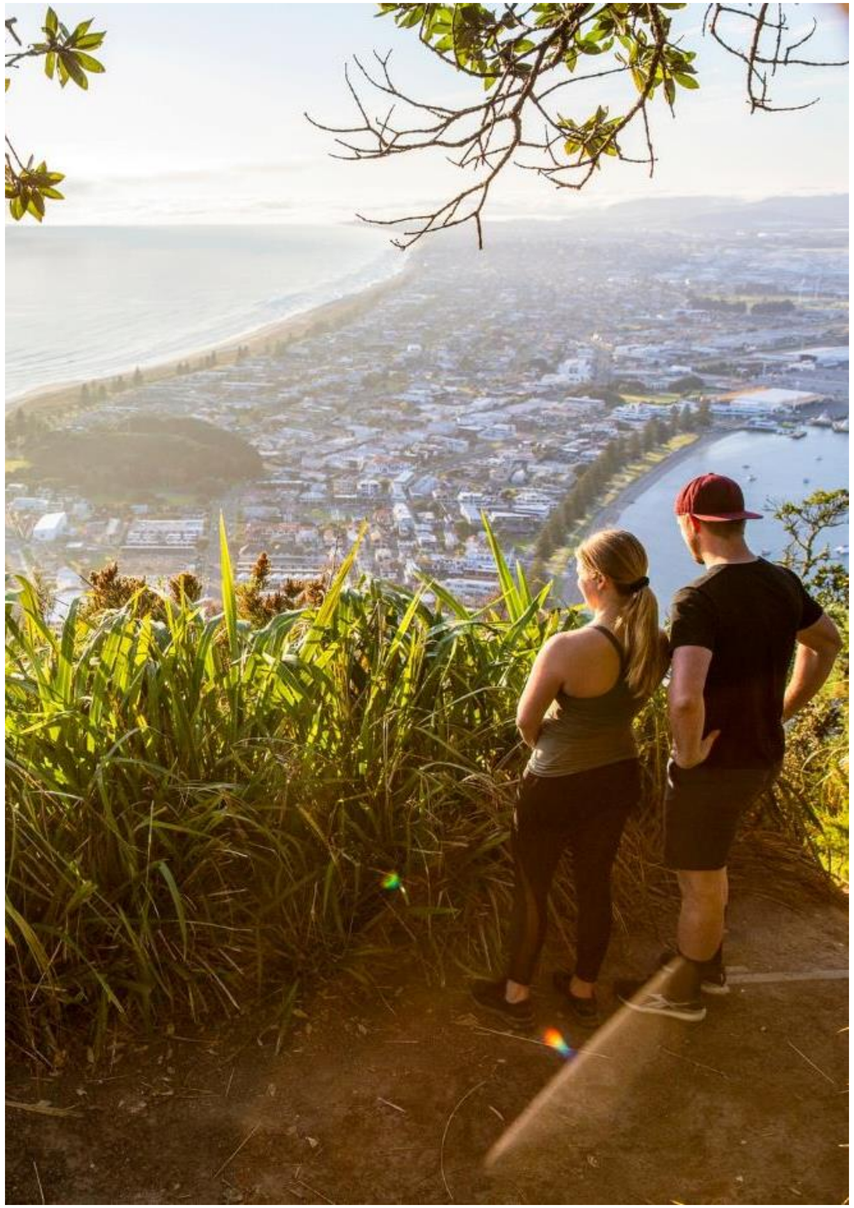
Provide an update on the size and profile of the Active Considerer (AC) audience in South Korea and their sentiment towards travelling to New Zealand, now that New Zealand borders have re-opened.

BACKGROUND

- The COVID-19 pandemic has had a significant impact on the New Zealand tourism industry, now facing the most prominent economic struggle since the Global Financial Crisis
- With many international border restrictions lifting, New Zealand is reopening its borders in stages for international travellers. From May 2022, vaccinated travellers from around 60 visa-wavier countries, including Korea, can enter New Zealand
- With COVID-19 reshaping the travel landscape, Tourism New Zealand (TNZ) is keen to evaluate the opportunity within the South Korean market
- Specifically, TNZ needs an update on the size and profile of the AC audience in South Korea from the last dip on Q1 FY22, as well as an understanding of the demand to travel to New Zealand now that borders have opened

RESEARCH APPROACH

- In order to answer the objective, a 10 minute online survey was conducted among 300 South Korean Active Considerers of New Zealand
- Fieldwork took place between 25th May – 5th June 2022



Key insights

The South Korean market remains a compelling opportunity for TNZ with 13% of the total population actively considering New Zealand as a holiday destination, translating to 4.8M people

ACs are eager to travel overseas, with the majority looking to travel as frequently or more often as they did pre-COVID-19, and taking more than one international holiday in the next two years

There is a strong pent-up demand for New Zealand - about a half of all ACs would like to visit in the next six months

New Zealand faces increasing competition from short-haul destination Japan, but Australia & Hawaii remain New Zealand's top competitors based on destination preference

New Zealand's key strengths remain as adventure, wildlife experiences, being clean and unpolluted, and offering affordable experiences – however more emphasis is needed on dialling up perceptions that New Zealand offers a variety of experiences and great food & wine options

While ACs are still concerned with contracting COVID-19 and related travel disruptions, there is less emphasis on destination's COVID-19 safety management when considering their next holiday destination

1 Detailed findings

Active Considerer journey funnel – South Korea

Active Considerers are those who meet all of these requirements →

Online population, 18-74 years of age (35.6M)

53%

Find New Zealand highly appealing as a holiday destination, and...

18.9m

45%

Would seriously consider visiting in the next three years, and...

8.5m

94%

New Zealand is a preferred destination for their next holiday, and...

8.0m

60%

Willing to spend at least ₩2m per person on a holiday to New Zealand(1)

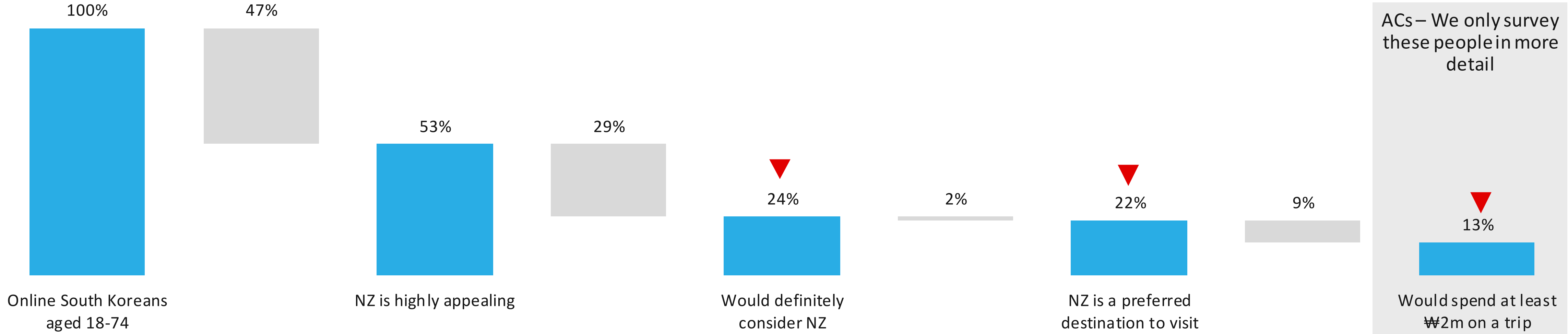
4.8m

Notes:
1. Sample sizes: Q4 FY22 n = 3,977; total population of SK 51.2M

The Active Considerer incidence in South Korea has dropped slightly to 13% since Q1 FY22

Qualifying criteria for defining ACs

% Online users aged 18-74 | Q4 FY22



Q1 FY22	100%	46%	54%	27%	27%	2%	26%	10%	15%
Q1 FY21	100%	49%	51%	28%	23%	1%	22%	10%	12%
Q4 FY17	100%	40%	60%	33%	28%	2%	26%	12%	14%

Significantly higher / lower than Q1 FY22 at 99%

Notes:
1. Sample size: Q1 FY21 n = 4,230, Q1 FY22 n = 2,855, Q4 FY22 n = 3,977

With approximately 4.8M ACs in South Korea (similar size to the UK AC market), this market is an appealing opportunity for TNZ

	Appeal vs. top six markets % Online users aged 18-74 | Q4 FY22	Q1 FY22	AC incidence vs. top six markets % Online users aged 18-74 | Q4 FY22	Q1 FY22	Size of AC pool vs. top six markets Million people | Q4 FY22	Q1 FY22
South Korea	53%	54%	13% ▼	15%	4.8m	5.3m
Australia	55%	56%	21%	22%	3.3m	3.4m
China	66%	68%	33% ▼	38%	27.4m	31.4m
Germany	57%	58%	10% ▼	11%	5.4m	6.0m
Japan	35% ▼	37%	5%	6%	3.9m	4.0m
UK	52% ▼	55%	12% ▼	14%	4.8m	5.8m
USA	48% ▼	51%	19%	20%	40.5m	42.2m

▲▼ *Significantly higher / lower than last wave*

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Notes:
1. Sample sizes: Q1 FY22, Q4 FY22 n = 2,855, 3,977
2. Source for top 6 markets: AC Monitor | Online users aged 18-74 | Apr21 - Sep21 | Nov21-Apr22,
Australia n = 4,425, 4,692 | China n = 2,531 , 2,951 | Germany n = 9,343 , 10,635 | Japan n = 20,636 , 20,148 | UK n = 8,045 , 10,163 | USA n = 6,122 , 6,263

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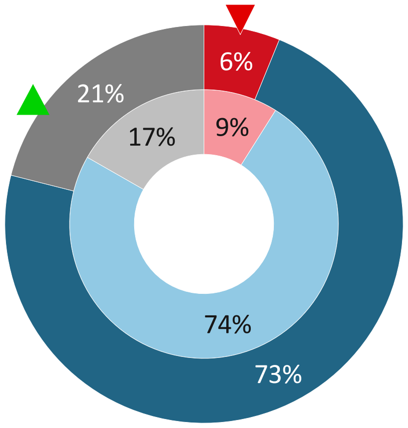
Within the AC base, 25-54 year olds are by far the largest segment and one in four live in Seoul. Our two most hesitant mindsets, the Cautious Escapists and Passive Passengers make up 44% of all ACs

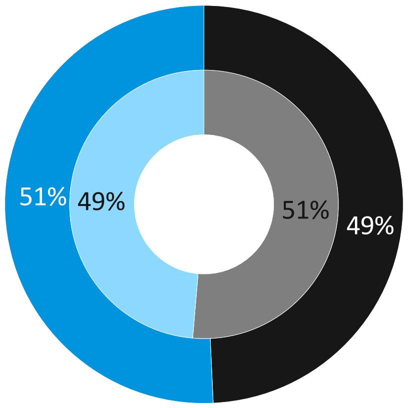
Profile of AC segments

% Active Considerers | % Non-AC

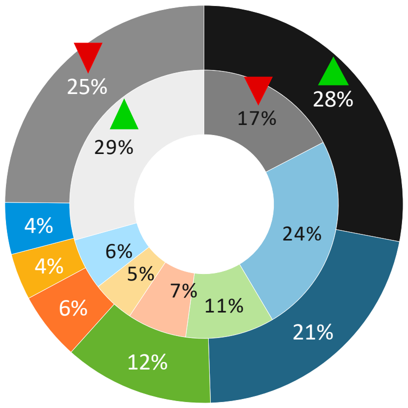
By age segment(1)



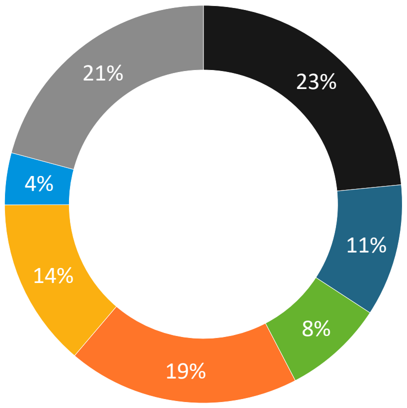
By gender(1)



By region(1)



By Mindset(2)

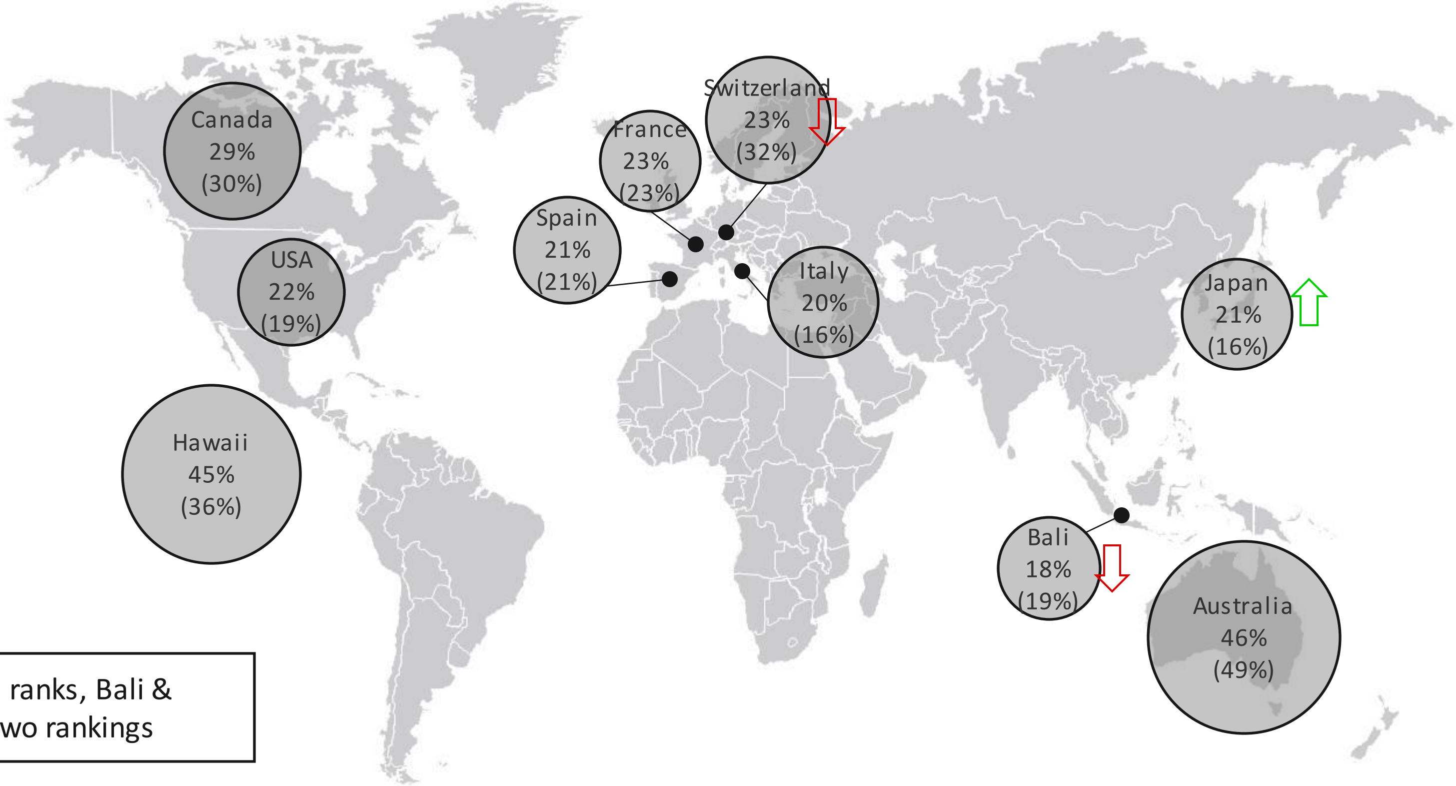


Outer ring: South Korean ACs
Inner ring: South Korean non-ACs

Significantly higher / lower than non-ACs at 95%

While more ACs are interested in visiting Japan vs. Q1 FY22, Australia and Hawaii remain New Zealand's key competitors

Top ten competitor set for ACs
% Active Considerers | Q4 FY22



Japan has moved up two ranks, Bali & Switzerland has fallen two rankings

Change in rank by at least two places compared to last wave

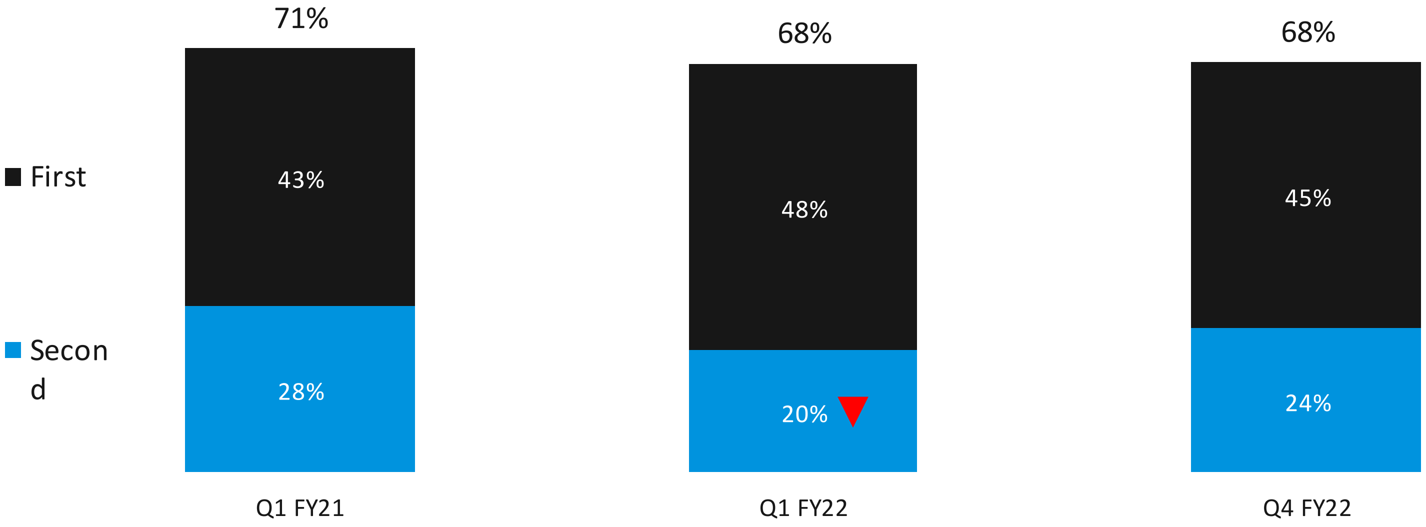
Notes:
1. Sample size n = 300
2. % selected destination in their top five preferred destinations

Question: "Aside from New Zealand, what other four destinations make up your top five preferred destinations to visit for a holiday?"

Among ACs, total top two preference for New Zealand remains stable over time, though 1st preference has dropped slightly since Q1 FY22

Preference KPI South Korea over time

% Active Considerers | Q4 FY22



Significantly higher / lower than last wave at 95%

Notes:
1. Sample sizes: ACs Q1 FY21 n = 301 Q1 FY22 n = 300, Q4 FY22 n = 300

Q "Can you please rank those destinations in order of preference where 1 is your most preferred destination?"

This heat map shows the relative performance of the attributes we measure that drive preference for New Zealand. Our role is to influence how our target audience perceive New Zealand relative to its competitive set. We cannot control our competitors, we can only affect how New Zealand is seen through our communications

Relative brand positioning

Active Considerers | indexed performance, New Zealand and top five competitors, Q4 FY22

Brand associations	New Zealand	Australia	Hawaii	Switzerland	Canada	France
Landscapes & scenery	104	92	93	131	48	118
Safe destination	102	98	89	112	62	129
Embraces visitors	96	79	123	103	101	102
Range of adventure	113	111	98	121	74	63
Clean & unpolluted	118	94	89	117	31	126
Fun & enjoyment	96	97	120	67	133	96
Friendly people	109	85	92	103	99	111
Range of experiences	78	97	94	104	169	92
Unique experiences	91	97	86	92	110	136
Comfortable	105	83	100	120	92	99
Escape the troubles of the world	95	100	111	98	71	118
Relax & refresh	99	89	128	82	75	121
Amazing wildlife experiences	138	166	73	100	35	33
Local culture	110	117	112	79	109	63
Quality food & wine	74	101	93	90	227	65
Affordable activities	139	112	113	71	79	51
Living like a local experiences	115	107	112	69	84	98
Iconic attractions	72	98	92	101	159	114

Actions for TNZ:

More focus is needed on communicating:

- Iconic attractions
- Range of experiences
- Quality food & wine
- Unique experiences

While leveraging our strengths:

- Affordable activities
- Living like a local experiences
- Amazing wildlife experiences
- Friendly people
- Range of adventure
- Clean & unpolluted

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NOTES:
Only top drivers are reported by rank as reported in Preference Driver Analysis 2021 (Jul20 – Jun21)

Relative weakness			100			*Relative strength*
Heat map shading is across rows, i.e. compares the six countries on that attribute						

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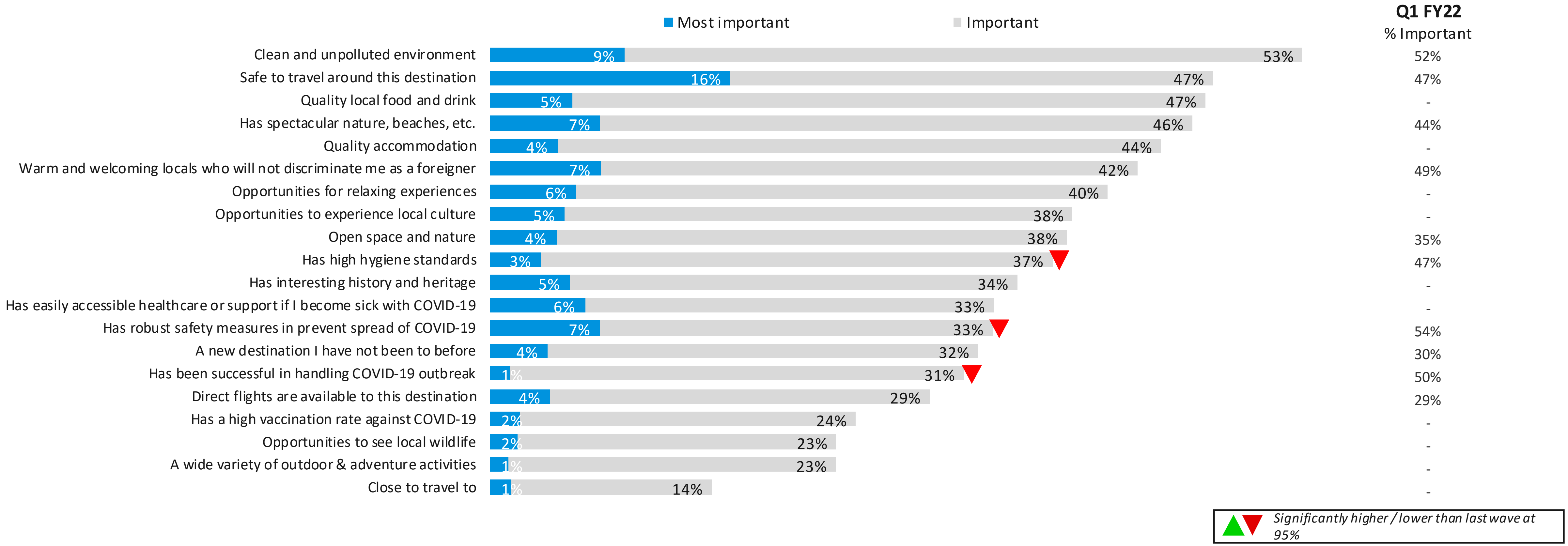
Since Q1 FY22, fewer ACs are focusing on destination's COVID-19 safety management when considering their next holiday destination, while being clean and unpolluted and safe to travel around remain most important.

Likely drivers of overseas holiday destination choice

% Active Considerers | Q4 FY22



Notes:
1. Sample size: ACs Sep21 n = 300, May22 n = 300

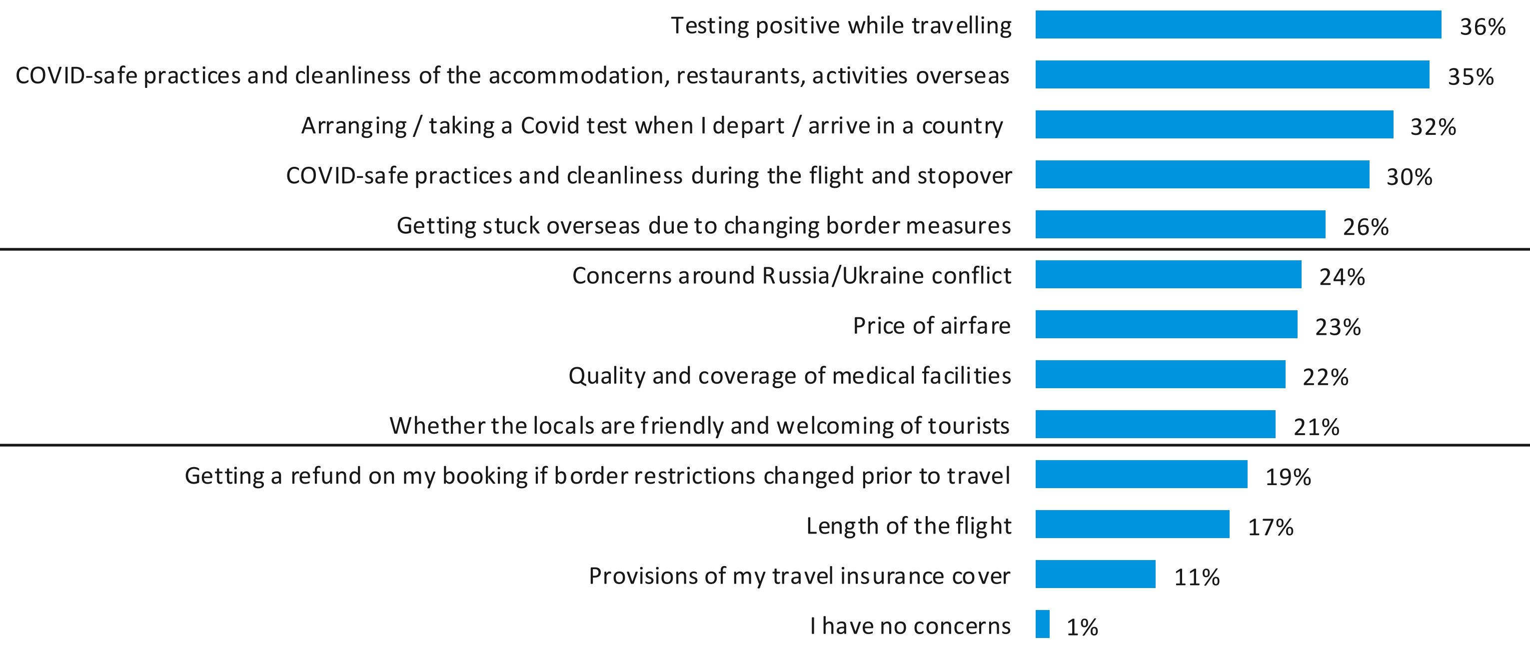
Question: "Which of these destination attributes will you be looking for when choosing your next overseas holiday destination?"

Question: "And which of these attributes would be the most important one?"

While not drivers of the next international holiday, contracting COVID-19 and related travel disruptions are the key concerns for ACs when thinking about travelling internationally

Concern ACs have about travelling internationally

% Active Considerers | Q4 FY22



Cautious Escapists are more likely to be concerned by COVID-safe practices (45%)▲

Organised Joy Seekers are more likely concerned by need to arrange covid test pre-departure (44%)▲

Passive Passengers are more likely to be concerned by length of flight (28%)▲

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

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Notes:
1. Sample size: Q4 FY22 n = 300

Question: "When it comes to international travel, what are your biggest concerns currently?"

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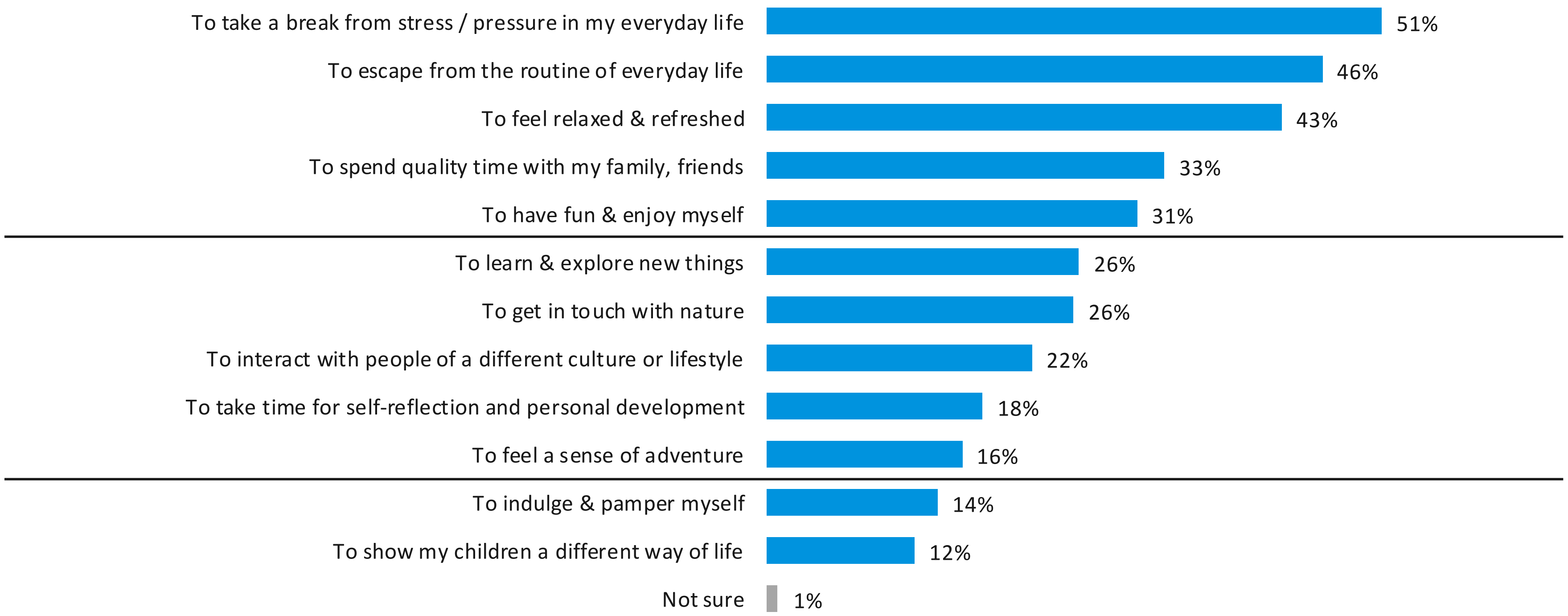
The leading reasons to travel internationally are the desire to take a break from stress/pressure of daily routines and to feel relaxed

Needs or reasons that will most strongly drive desire to take an international leisure holiday

% Active Considerers | Q4 FY22



Cautious Escapists are more driven by taking a break from stress (62%) ▲ and spending time with family and friends (44%) ▲

Organised Joy Seekers are more driven by break from stress (72%) ▲ and desire to escape from the routine of everyday life (65%) ▲

Passive Passengers are driven by learning and exploring new things (41%) ▲

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

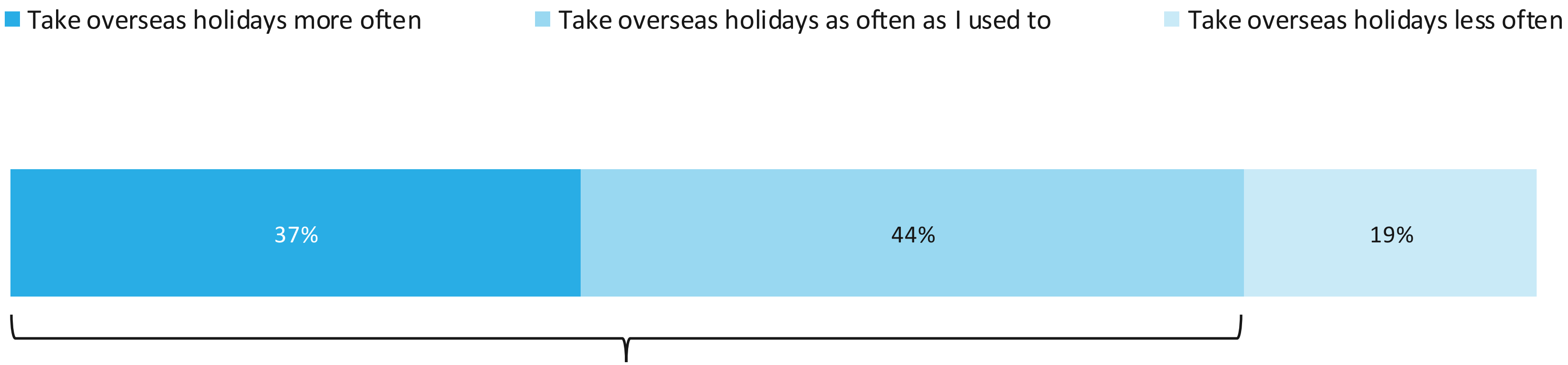
Notes:
1. Sample size: Q4 FY22 n = 300

Question: "Which of these needs or reasons will most strongly drive your desire to take an international leisure holiday?"

ACs are eager to travel overseas, with four in five looking to travel as frequently or more often as they did pre-pandemic

Expected change to overseas holiday travel

% Active Considerers | Q4 FY22



No significant differences by Mindset segments

81%

are at least or more interested in travelling as often as pre-covid

Significantly higher / lower than comparison Mindsets at 95%

Notes:

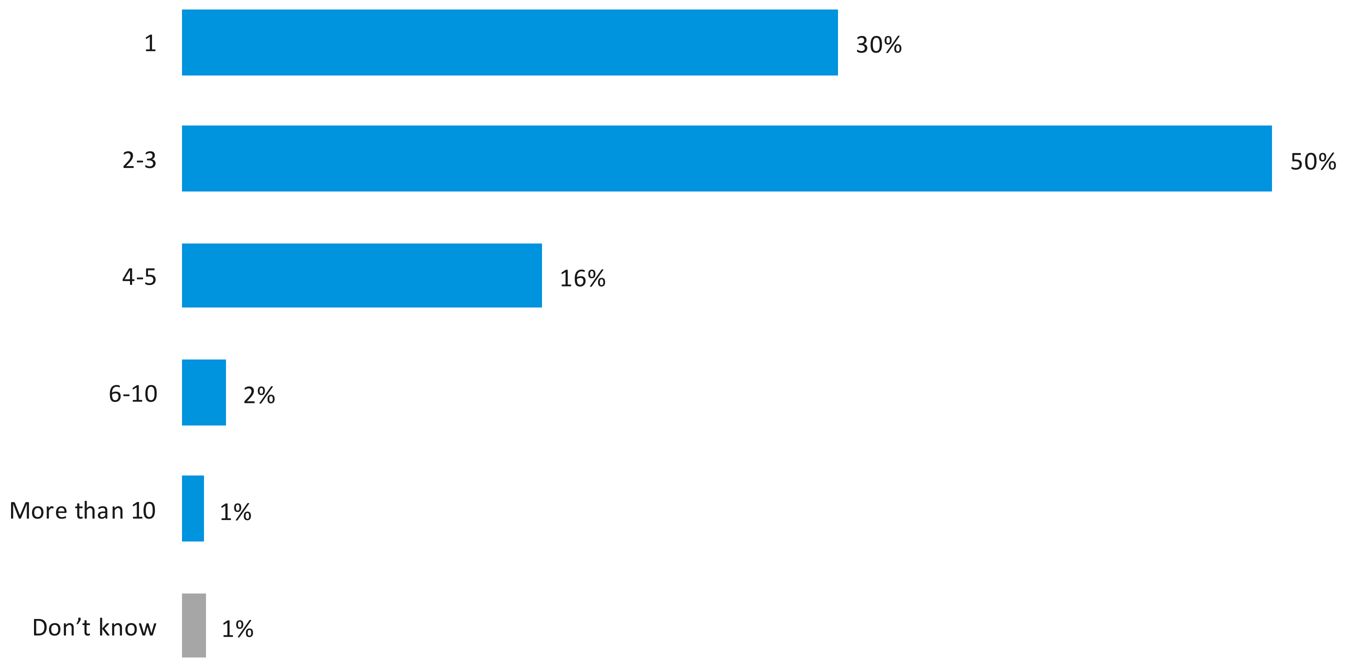
1. Sample size: Q4 FY22 n = 300

Question: "Now that international travel is available again, which of the following are you most likely to do?"

Within the next two years, the majority of ACs are planning more than one international holiday

Volume of international holiday in next two years

% Active Considerers | Q4 FY22



Average number of international holidays in next two years: 2.6 holidays

Cautious Escapists: 2.0 ▼

Organised Joy Seekers: 2.2 ▼

Passive Passenger: 3.0 ▲

Cautious Escapists (49%) ▲ are more likely to take one trip in a year while Passive Passengers (31%) ▲ are more likely to take 4-5 trips in a year

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

Notes:

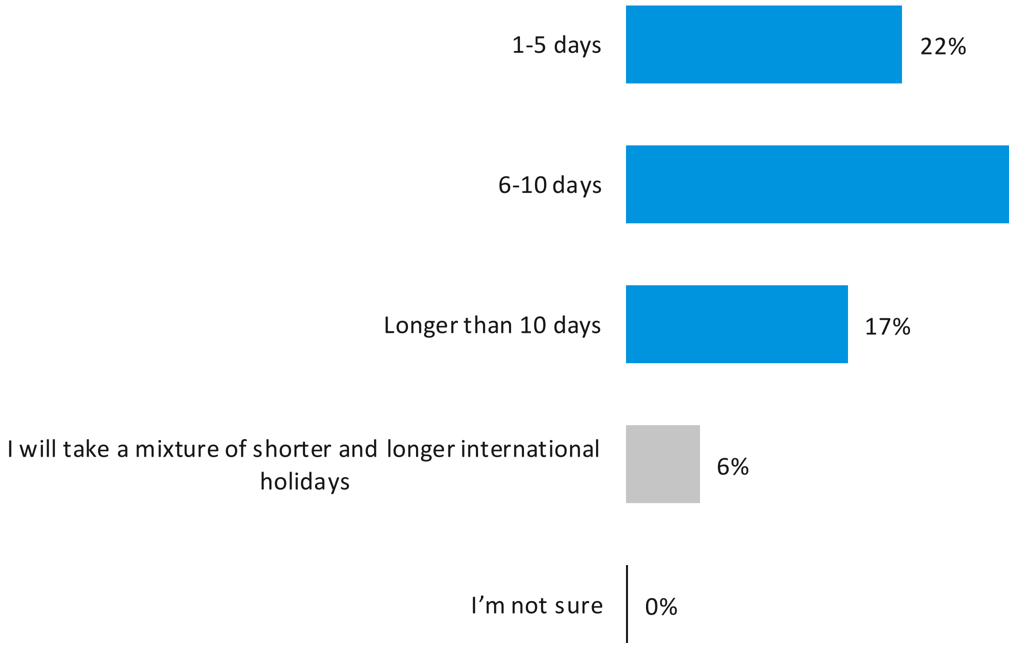
1. Sample size: Q4 FY22 n = 300

Question: "Over the next two years, how many international holidays do you think you might take in a year?"

72% of ACs intend spend at least six days on each holiday

Duration of international holiday

% Active Considerers | Q4 FY22



72%
are likely to spend at least 6 days on their next holiday

Average duration of international holidays: 12.7 days

Cautious Escapists: 18.4 days ▲

Organised Joy Seekers: 7.3 days ▼

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

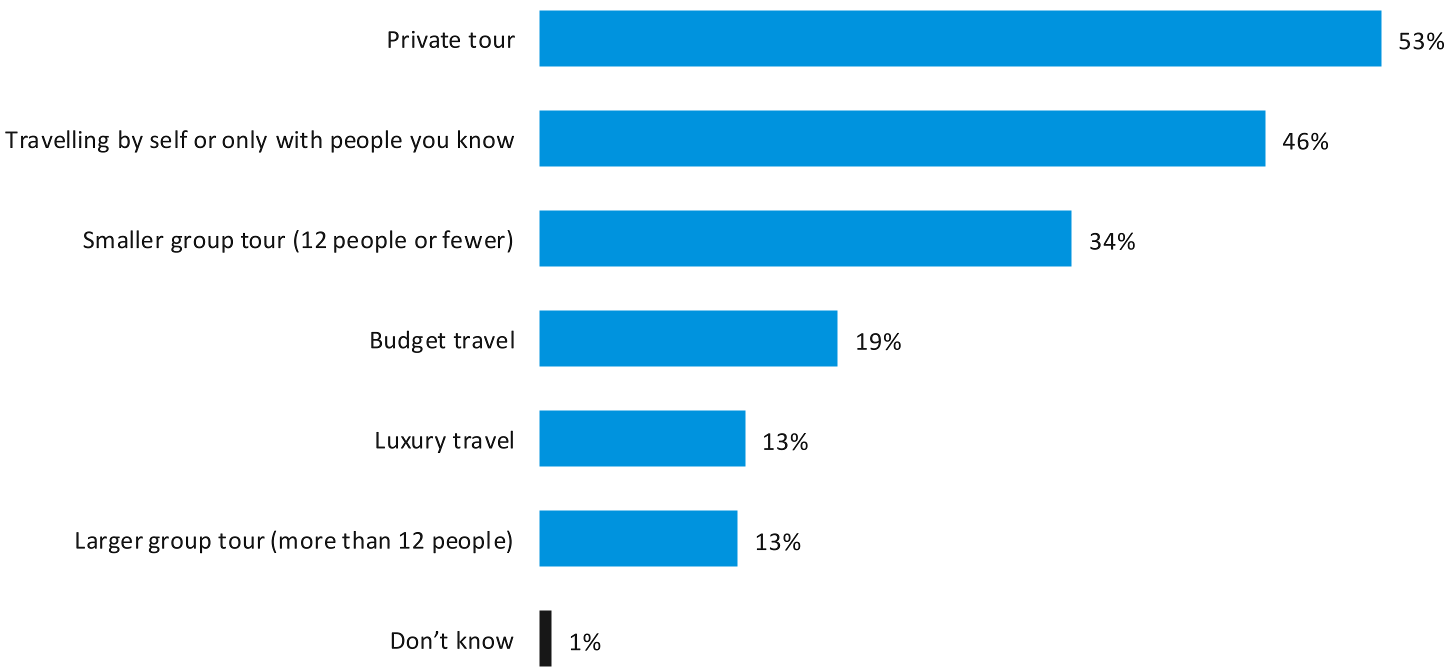
Notes:
1. Sample size: Q4 FY22 n = 300

Question: "Thinking about the international holidays you might take over the next 2 years, on average how long do you think each of your holidays will be?"

For the next overseas holiday, over half of ACs are interested in a private tour, suggesting that personalisation and travelling with people they know is important

Travel party for next international holiday

% Active Considerers | Q4 FY22



Cautious Escapists (58%) ▲
are more likely to travel alone or with people they know while

Organised Joy Seeker (45%) ▲
are more likely to travel in smaller group tours

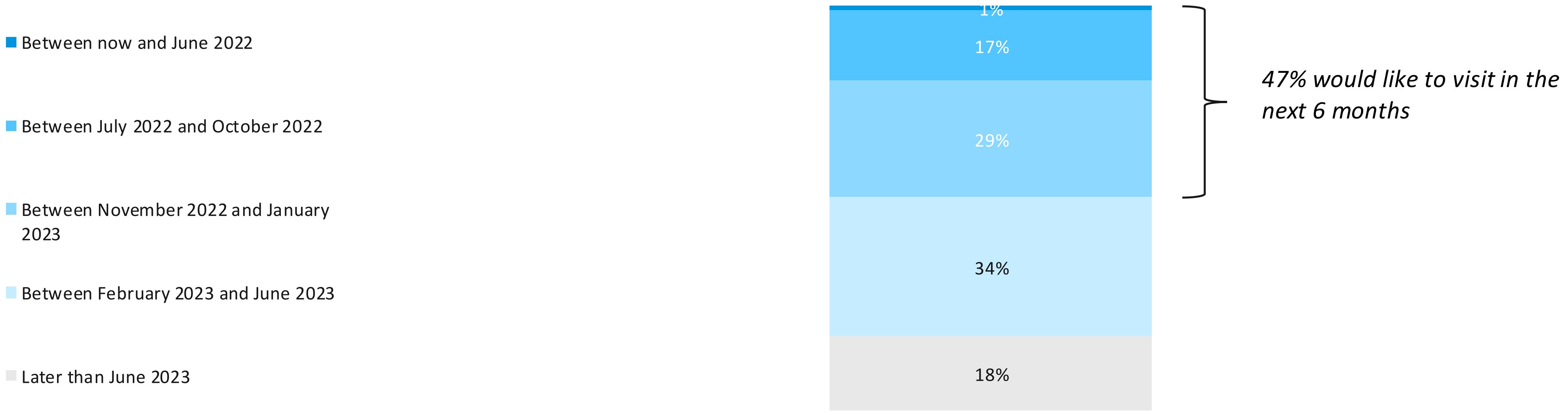
▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

Notes:
1. Sample size: Q4 FY22 n = 300

Question: "When you take your next overseas holiday, which of the following types of holidays would you be interested in booking?"

There is a strong pent-up demand for New Zealand - about a half of all ACs would like to visit before the end of January 2023

Speed of New Zealand holiday demand recovery
% Active Considerers | Q4 FY22

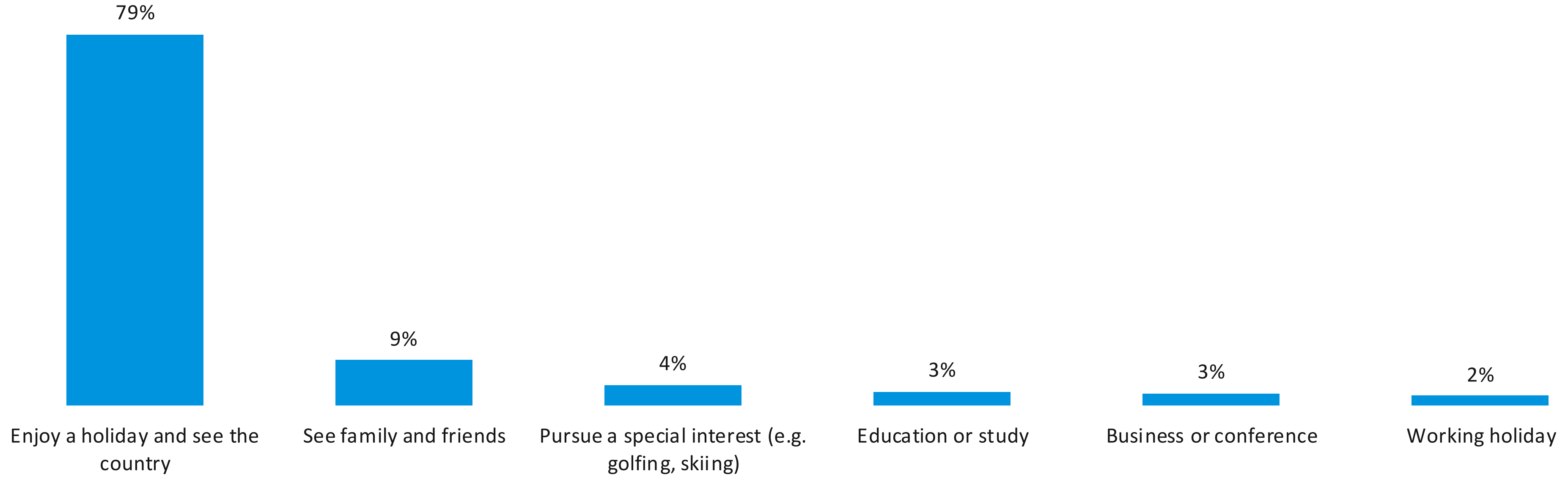


Notes:
1. Sample size: Q4 FY22 n = 300
Question: "New Zealand borders are now open to overseas holiday visitors. When do you think you will travel to New Zealand for a holiday?"

The key reason for booking a trip to New Zealand is to have an enjoyable holiday and explore the country

Key reason why book a trip to New Zealand

% Active Considerers | Q4 FY22



Cautious Escapists are more likely to book a trip to enjoy a holiday and see the country (90%)

Passive Passengers are more likely to visit NZ for education (11%) or business (8%) and are less likely to visit for a holiday (61%)

Significantly higher / lower than comparison Mindsets at 95%

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Notes:

1. Sample size: Q4 FY22 n = 300

Question: "What will be your key reason for booking a trip to New Zealand?"

*

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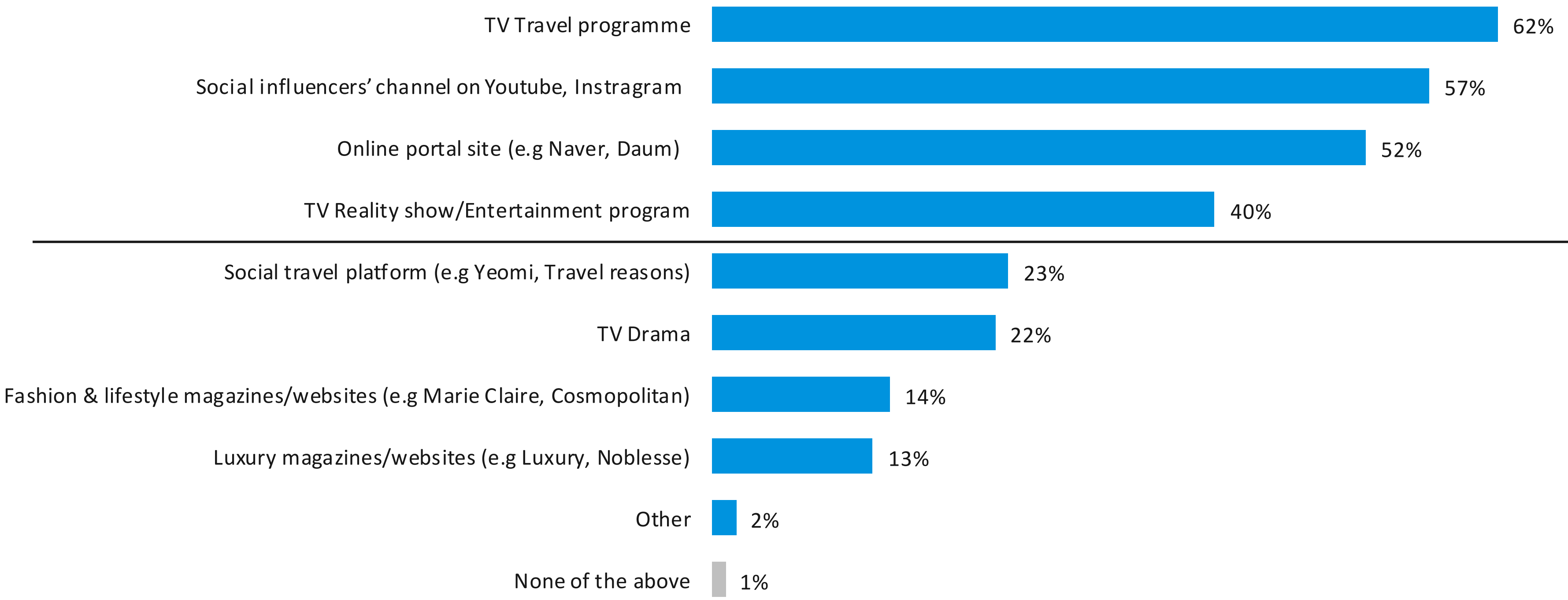
Travel inspiration is drawn from a wide range of channels: TV travel programmes, social media influencers, and online portal sites like Naver. These offer the most opportunity for TNZ to reach a large proportion of ACs

Channels used for travel inspiration

% Active Considerers | Q4 FY22



Cautious Escapists are more likely to be influenced by TV travel program (73%) ▲ and TV reality shows (53%) ▲

Organised Joy Seekers are more likely to be influenced by TV Travel Programs (77%) ▲

Passive Passengers are less likely to be influenced by TV Travel Programs (35%) ▼

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

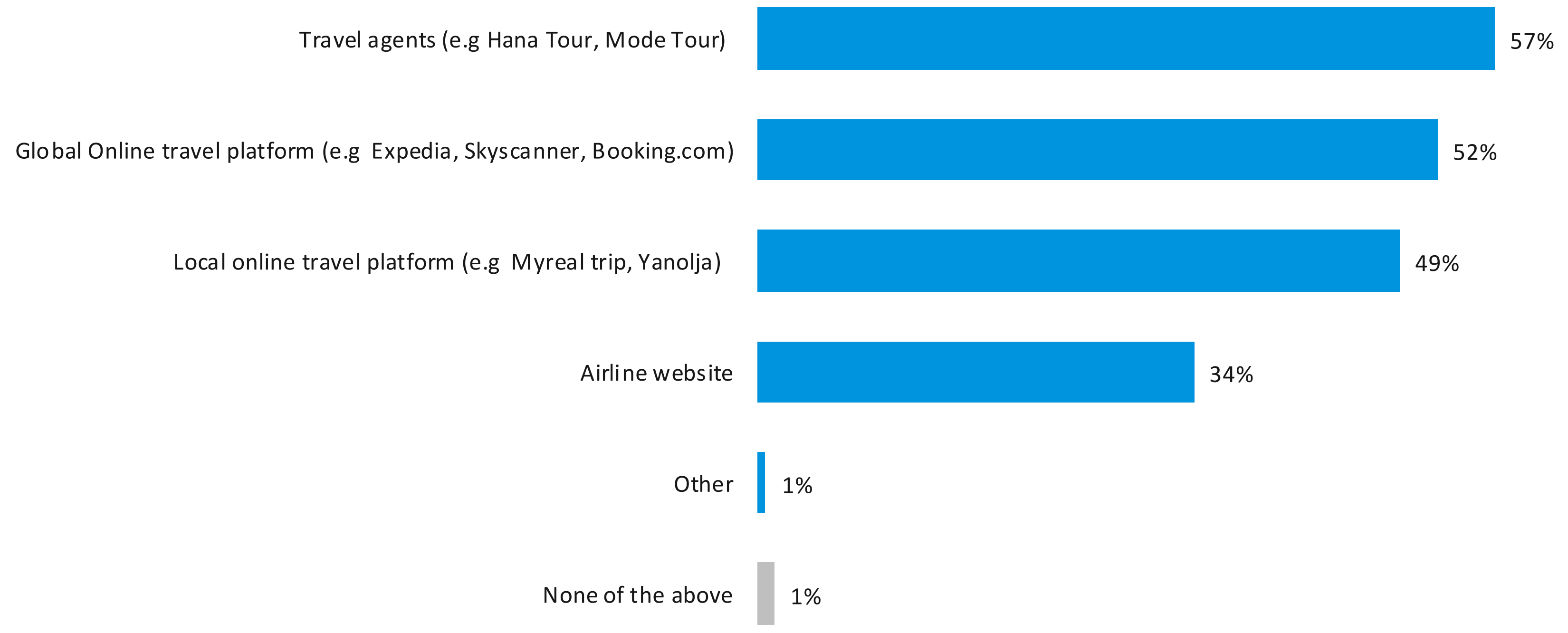
Notes:
1. Sample size: Q4 FY22 n = 300

Question: "Which of these media channels influences your consideration of a travel destination?"

When booking their travel, ACs are just as likely to use travel agents as they are to use booking aggregator sites

Preferred channels used for booking travel

% Active Considerers | Q4 FY22



Cautious Escapists are more likely to prefer Travel agents (68%) ▲
And less likely to prefer Global Online travel platforms (37%) ▼

Organised Joy Seekers are less likely to prefer Airline websites (19%) ▼

▲▼ *Significantly higher / lower than comparison Mindsets at 95%*

Notes:
1. Sample size: Q4 FY22 n = 300

Question: "Which of the below are your preferred channels to book an international holiday?"

2 Appendix

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Full wording for the preference drivers

Wording for the preference drivers

Shorthand	Full wording
Affordable activities	Things to see and do are affordable
Affordable to fly to	It's affordable to fly to this destination
All seasons	Suitable for a holiday all year round
Amazing beaches	Has amazing beaches
Blending in with locals	Ideal for blending in with locals and not being seen as a tourist
Challenging	Ideal for physically and mentally challenging yourself
Clean & unpolluted	The environment there is clean and unpolluted
Comfortable	I'd feel comfortable visiting, despite any cultural differences
Easy to travel around	It's easy to travel around to see and do things
Embraces visitors	A destination that embraces visitors and wants them to enjoy their time there
Excitement	Thinking about visiting makes me feel really excited
Family friendly	Ideal for a family holiday
Friendly people	The locals are friendly and welcoming
Fun & enjoyment	Ideal for having fun and enjoying yourself
History & heritage	Offers opportunities to experience history and heritage
Iconic attractions	Has iconic attractions and landmarks

Shorthand	Full wording
Interesting cities	Has interesting cities to visit
Landscapes & scenery	Spectacular natural landscapes and scenery
Local culture	Offers opportunities to experience local culture
Local experiences	Offers opportunities to experience how it is to live like a local
Place to escape	Ideal for escaping normal daily life
Popular	A popular destination that lots of people want to visit
Quality food & wine	Offers quality local food and wine experiences
Range of adventure	Offers a wide variety of outdoor & adventure activities
Range of experiences	Offers a wide variety of tourist experiences
Relationship with the land	A destination where the people have a special relationship with the land
Relax & refresh	Ideal to relax and refresh
Safe destination	I would feel safe travelling around this destination
See lots without travelling far	Once there, you can see a lot without having to travel far
Unique experiences	Offers experiences that you can't get anywhere else
Unique wildlife	Opportunities to see local wildlife
Working holiday	Ideal for a longer term working holiday

Appendix: brand positioning 'how to'

ACs are biased towards New Zealand by design. Because we're already talking to people that really like the idea of visiting New Zealand, New Zealand tends to get rated much more favourably on the brand attributes than competitors do. To better understand relative performance, we need to adjust for this bias and provide an indexed view of performance:

- A score of 100 means performance is in line with expectations after adjusting for bias
- Above 100 indicates a relative strength
- Below 100 indicates a relative weakness

Scores are **relative**, i.e. removing / adding attributes and / or destinations from the analysis would give different scores

Brand associations	New Zealand	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5
Landscapes & scenery						
Friendly people						
Unique experiences						
Range of adventure						
Range of experiences						
Easy to travel around						
See lots without travelling far						
Comfortable						
Clean & unpolluted						
Safe destination						
Affordable activities						
Affordable to fly to						

- We look at how a given number of competitors perform on a given number of attributes to derive an index that measures expected performance
- It's key to note that the score is relative – any change to the competitor and / or attribute sets will result in a change in the indices
- For example, if next quarter the top five competitors are different to the ones from this quarter, the scores reported for New Zealand next quarter will be different to the ones reported this quarter