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**Inbound Tourism  
Activation Strategy**

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# Issue1.

## Vitalizing Regional Inbound Tourism: A Strategy Against Population Decline and Regional Extinction

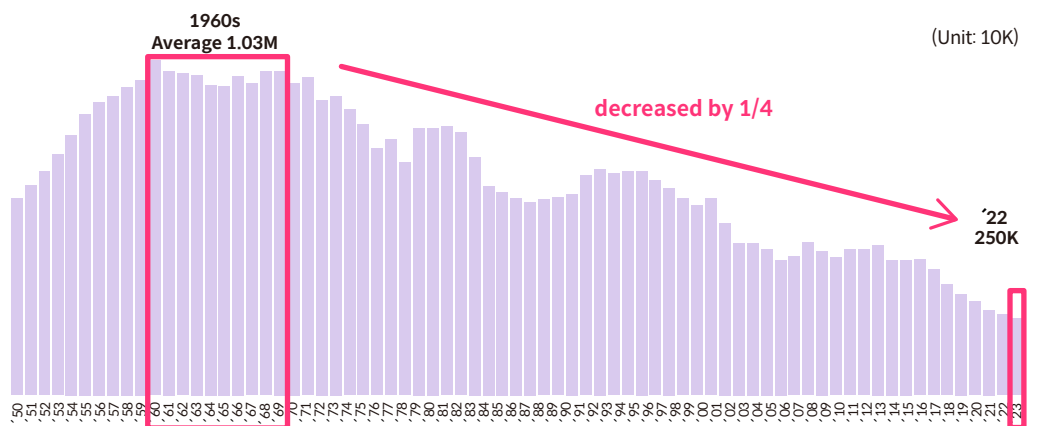
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The recent revelation that South Korea's total fertility rate has plummeted to an unprecedented low of 0.7 signals more than a mere statistical anomaly—it heralds a national crisis. The Statistics Office forecasts an even steeper decline to the 0.6 range by 2024, exacerbating a population decrease that began in 2021 and threatening extensive repercussions for the national economy.

The stark reality of our society's dwindling population is palpable, transcending the need for fertility rate statistics for validation. A stark contrast to the 1960s, when annual births exceeded a million, the current figures have dwindled to below 250,000. Class sizes, once bursting at the seams with 60-70 students during the 60s and 70s, have now shrunk to 20 or fewer, prompting an increase in school closures. This trend forecasts a halving of the university admission pool to about 1 million within the next 15 years from the current numbers, heralding a significant reduction in the emerging workforce.

### Annual Birth Rate



Source: KOSTAT

New York Times columnist Ross Douthat has likened South Korea's falling total fertility rate to a situation more severe than the population decline in medieval Europe following the outbreak of the Black Death. This indicates that South Korea is particularly notable among developed countries facing population decline. What is more concerning is that the situation is expected to worsen. According to forecasts by the Bank of Korea's Economic Research Institute, the decline in the total fertility rate will lead to an economic growth rate falling to 0% or lower by the 2050s, and by the 2070s, the total population is expected to drop below 40 million, issuing a stark warning about the country's demographic future.

In response to the low birthrate, the government is contemplating several new strategies, including enhanced maternity leave benefits, mandatory paternity leave, and the introduction of childcare leave. It is evident that there is a pressing need for the government to devise more innovative and effective policies to address the low birthrate issue. Moreover, acknowledging the inevitable nature of the current population decline, efforts should extend beyond merely attempting to curb the birthrate decline. There's also a critical need for initiatives that can counteract the rapid regional extinction by boosting the 'living population,' thus mitigating the ongoing economic impact.

From an economic perspective, a declining birthrate leads to a reduced labor force and diminished economic vitality, inevitably contracting the consumer market. While external factors may influence the current recession experienced by South Korea, it is plausible to attribute a significant role to demographic factors. Despite substantial governmental financial investment aimed at combatting low birthrates, the fertility rate has plummeted even more sharply over the past five years. It is now imperative to employ all available means to halt population decline, thereby preventing a rapid economic downturn.

### **Boosting the "Economic Population": A Tourism Lifeline?**

In the short term, directly expanding the "economic population" through tourism emerges as a viable emergency measure. The average foreign tourist in South Korea spends approximately 1.7 million won during a one-week stay, equivalent to about 9 percent of the annual per capita consumption, effectively increasing the consumption population by 0.09. By elevating the tourism industry to a national infrastructure sector and attracting 30 to 50 million overseas tourists annually, the consumption population could potentially increase by approximately 2.7 to 4.5 million.

Furthermore, through the enhancement of tourism services, it is possible to induce higher spending. For example, offering luxury accommodations, premium shopping options, and unique cultural experiences. This encourages tourists to spend more, contributing to an increased 'economic population' and thereby providing a greater boost to the domestic economy. Looking at the example of Spain, a tourism-advanced country, the effects are clear. Before the COVID-19 pandemic, Spain attracted over 80 million tourists annually, which amounted to an increase in the 'consumption population' of about 20 percent of its own population. In other words, without increasing

its own population, Spain has achieved an economic effect of a 20 percent increase in population through foreign tourists.

However, considering Korea's current tourism infrastructure, the previously mentioned target of 30 million, let alone the government's announcement at the end of last year of attracting 20 million tourists by 2024, poses a significant challenge. Korea faces a serious issue with the concentration of foreign tourists in the Seoul area, with over-tourism being partially blamed. More than 80 percent of foreign tourists enter and stay in the Seoul area before leaving. Regional areas, despite having airports, suffer from accessibility issues due to a lack of direct flights. In contrast, Japan, based on the government's strategic promotion of the tourism industry, has enabled direct flights to various regions including Tokyo, Osaka, Kyoto, Fukuoka, and Hokkaido. Foreign tourists can experience the unique attractions of these areas and are motivated to revisit Japan to explore different regions on subsequent trips. Compared to Japan, Korea, with its focus on the Seoul area, offers weaker incentives for repeat visits, naturally leading to lower re-visit rates similar to Japan. As a result, until 2013, Korea and Japan attracted a similar number of foreign tourists, but by 2019, before the COVID-19 pandemic, Korea attracted 17.5 million foreign tourists, while Japan nearly doubled that number with 31.88 million.

### **Building a National Tourism Infrastructure**

To significantly increase the 'consumption population' and advance as a tourism powerhouse, South Korea requires specific policies, focusing on government action. First, an inclusive tourism strategy, including a national aviation policy that encompasses the entire country rather than being overly concentrated in Seoul and the metropolitan area, is essential. Furthermore, the current decentralized regional tourism development by local governments should be shifted to an integrated regional approach. In other words, efforts should precede to gradually increase direct flights from major international cities to central airports in regions outside of Seoul/Gyeonggi, creating six major regional tourism hubs nationwide: Seoul/Gyeonggi, Busan/Ulsan/Gyeongnam, Daegu/Gyeongbuk, Jeolla, Gangwon, and Chungcheong. Additionally, it's necessary to integrate and manage tourism resources by region to ensure that foreign tourists can enjoy and experience a variety of activities upon arrival. This means cooperating within each region to enhance local transportation convenience and establishing an integrated tourism system, while developing and increasing the brand recognition of these destinations as global tourist sites. Moreover, considering the establishment of a Regional Marketing Organization (RMO) with authority to oversee and operate the integrated system, taking over from the current local DMOs (Destination Marketing Organizations), is warranted.

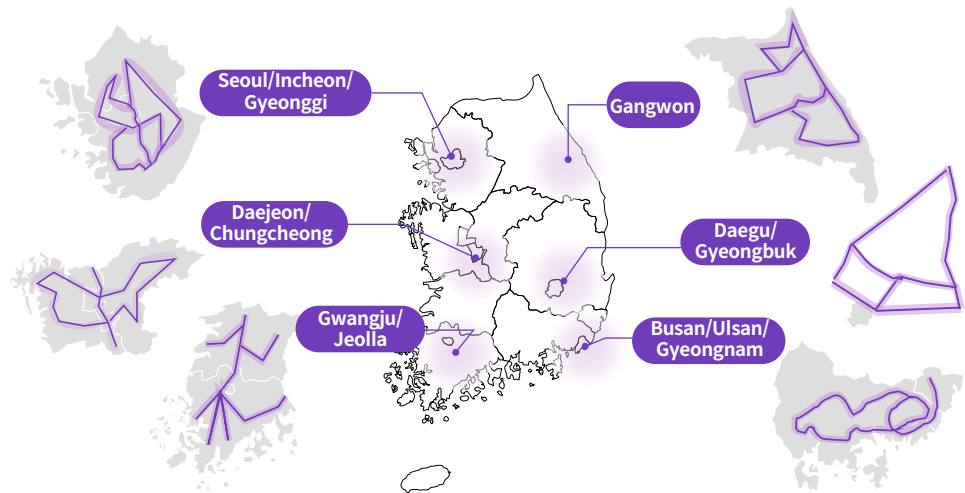
### Creating six major regional tourism hubs



metropolitan area	cities	international airport	KTX	tourist attractions
Seoul/Gyeonggi	Seoul, Gyeonggi, Incheon	Incheon	-	Han river, K-Contents
Gangwon	Gangneung, Sokcho, Yangyang	Yangyang	0	natural landscape, water leisure
Chungcheong	Daejeon, Sejong, Cheongju	Cheongju	0	Baekje culture
Daegu/Gyeongbuk	Daegu, Gyeongbuk	Daegu	0	industrial tourism, Silla culture
Busan/Ulsan/Gyeongnam	Busan, Ulsan, Gyeongnam	Busan	0	marine tourism industrial tourism
Jeolla	Gwangju, Mokpo, Muan	Muan	0	food tourism

Secondly, each region must focus on developing attractions and connecting them by leveraging distinctive, high-value tourism content that links excellent tourism resources with local characteristics and historical cultural heritage. For example, while Busan is an attractive city with its combination of marine culture and urban landscapes, it has its limits as a destination for a week-long visit from overseas. Therefore, there is a need to establish a system that integrates Busan with neighboring areas such as Ulsan and Gyeongju. Such integration will connect regional attractions and provide visitors with a variety of experiences. Additionally, 'local specialist travel agencies' will play a crucial role in developing and operating new content and products centered around these regions.

### Creating six major regional tourism hubs



Thirdly, enhancing the accessibility of tourist spots by region and upgrading the quality of services is essential for overseas travelers. In other words, improving the regional land transportation system to make it easily accessible for foreign tourists is necessary. Specifically, expanding foreign language guidance systems, activating tourist information centers, and developing multilingual support apps will significantly enhance the convenience for tourists. These measures will provide tourists with the convenience to easily explore surrounding areas while staying in one region, ultimately increasing the tourist appeal of that region.

### **Leadership and Collaboration**

Lastly, for South Korea to emerge as a tourism powerhouse, an integrated tourism development strategy under the cooperation of central and local governments is necessary, along with a stronger control tower to operate such a strategy effectively. Whether it takes the form of a 'Tourism Bureau' demanded by the tourism industry for some time or a new organization like a 'National Tourism Cooperation Committee (provisional name)', it is imperative to approach with the resolve to address population decline and regional extinction by creating a new national strategic industry, as Japan has done, with the highest authority showing keen interest in its operation.

Certainly, fostering the tourism industry as a new economic engine to increase the 'consumption population' requires significant government investment and support, in addition to the highest authority's interest. However, accurately gauging the tourism industry's contribution to the national GDP is challenging due to its nature as a coalition of various sub-industries, including transportation, accommodation, food and beverage, entertainment, and souvenir purchases. Although the government is pursuing the 'Tourism Satellite Account' project recommended by international organizations like UNWTO, a precise measurement system is not yet in place, and the project's momentum is hardly felt. In such a context, it would be difficult for the government to make strategic large investments without a system to measure the outcomes of such investments.

In an era of population decline and regional extinction due to falling birthrates, inbound tourism could serve as a two-pronged solution by increasing the 'consumption population' and delaying regional extinction as foreign tourists travel across the country. Additionally, its role as a boon for employment in the youth sector is a bonus. Fortunately, global interest in Korea is higher than ever, thanks to the power of the Korean Wave, including K-Pop and K-Dramas. Now might be the opportune time to develop the tourism industry as a national infrastructure industry, like the semiconductor industry, to address Korea's pressing issues and use it as a new engine for growth.

## Issue2.

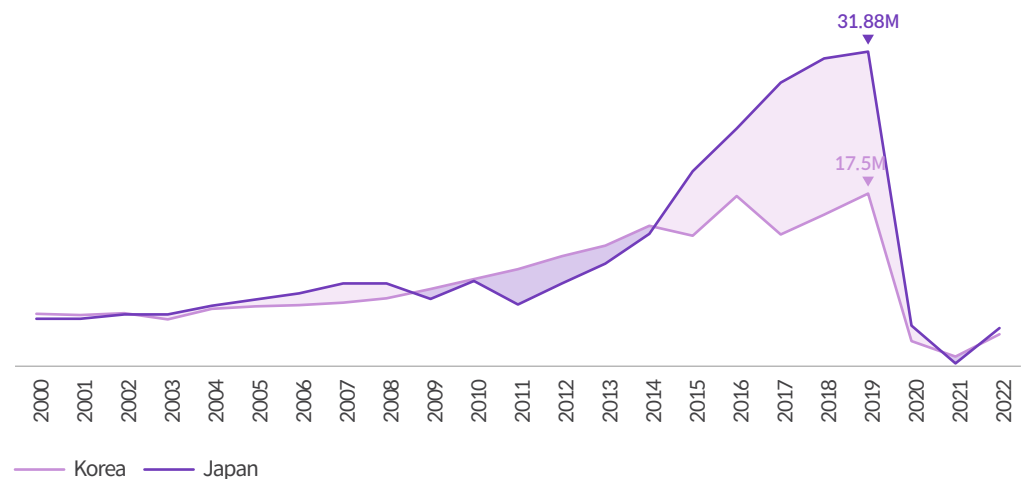
# Harnessing Digital Innovation to Enhance Inbound Tourism

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Revitalizing inbound tourism is not only crucial for improving the service trade balance but also plays a significant role in national economic development and regional growth. As evidenced by Japan, a country with a similar cultural and tourism resource profile and geographical proximity to ours, the activation of inbound tourism contributes substantially to the national economy. Until 2014, Japan's inbound tourist numbers (foreign tourists) were comparable to those of South Korea, at 13.41 million. However, just five years later, in 2019, Japan witnessed a surge to 31.88 million tourists, while South Korea attracted 17.5 million, marking more than an 1.8-fold difference. This discrepancy likely stems from the differences in national perspectives towards the tourism industry and the resulting policy efforts. Japan's success could serve as a harbinger of hope for us, implying that if the government and key players in the tourism industry recognize and nurture tourism as a new engine for national growth, South Korea too can rapidly evolve into a tourism powerhouse akin to Japan. What, then, should be our focus to energize inbound tourism? The answer lies in embracing digital transformation, including practicing digital innovation.

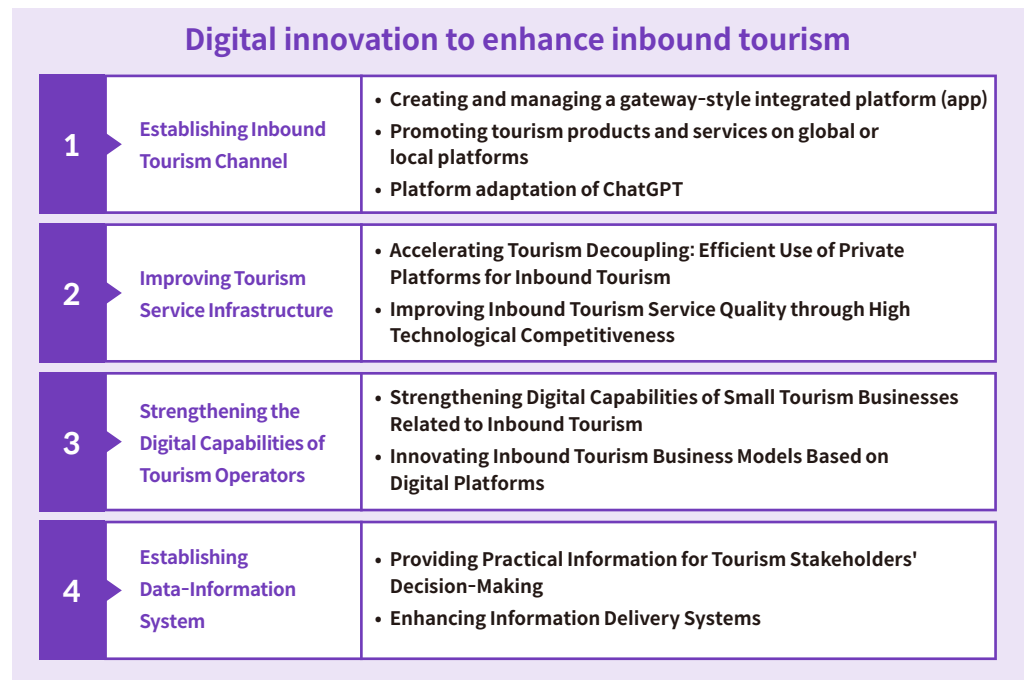
### Korea-Japan Inbound Tourist Trends



Source: Korea Tourism Datalab; Japan National Tourism Organization



In the tourism industry, digital innovation involves applying core digital technologies of the Fourth Industrial Revolution to foster innovative changes in tourism, with transformations already underway across various sectors of the industry. Given the broad scope of digital innovation in tourism, this discussion will focus on strategies for revitalizing inbound tourism through digital innovation. Strategies for digital innovation in enhancing inbound tourism can be categorized into four main areas: establishing inbound tourism channel strategies, improving tourism service infrastructure through digital innovation, strengthening the digital capabilities of tourism operators, and building data-information systems for digital innovation. The diagram below illustrates these four key strategies.



### **Establishing Effective Channel Strategies for Inbound Tourism Activation**

Channel strategies for inbound tourism activation are linked to the distribution of tourism products and services. Effective channeling can streamline the actions of booking, purchasing, and consuming by foreign tourists in the process of choosing and traveling to South Korea, thereby encouraging them to spend more. This means making Korea's tourism products/services and information more accessible to international visitors. The most pressing task for revitalizing inbound tourism is to develop and operate a platform with integrated functionality for the private-led provision of tourism products/services and information. This involves creating application-based platforms that can be installed at entry points or locally by foreign tourists. These apps would provide a one-stop system for reserving, purchasing, and consuming various services needed for travel in Korea, including transportation, communication, lodging, food, performances, leisure, and payment.

For foreign tourists to install an integrated function app on their smartphones, killer services provided by the app are essential, such as transportation, payment, K-content performances, and service coupons. The need for an integrated function app arises from the many inconveniences foreign tourists still face when traveling in Korea. To address these issues, alongside the integrated function app, it is crucial to activate digital-based services targeting foreign tourists by various private entities.

Moreover, for inbound tourism activation, a platform-based Netflix-style channel acquisition strategy is necessary. Just as the "Squid Game," a content created in our country, spread worldwide through Netflix, it is necessary to establish channels that connect domestic tourism content with global platforms. For example, using domestic travel agencies or local platforms to introduce, reserve, and sell domestic tourism products and services on global platforms like E-commerce, messengers, OTAs, etc. Securing various platform-type channels that make Korean tourism more accessible to foreigners is the most important strategic task for activating inbound tourism.

Among these channels, Chat GPT emerges as a significant one. Currently functioning as a chatbot-style question-and-answer solution, Chat GPT could become a new form of two-sided market-oriented platform competing with existing OTA platforms if it evolves to connect tourists directly with suppliers, such as suggesting specific restaurants, hotels, and performances to visit in response to tourists' inquiries, as technology advances in generative AI. Particularly, generative AI is expected to evolve beyond general answers to enable hyper-personalization of travel. OpenAI's presentation of "tourism experience design" as a prime example of Chat GPT's new capabilities at a developer event in November 2023 suggests that the existing tourism business ecosystem may undergo further changes.

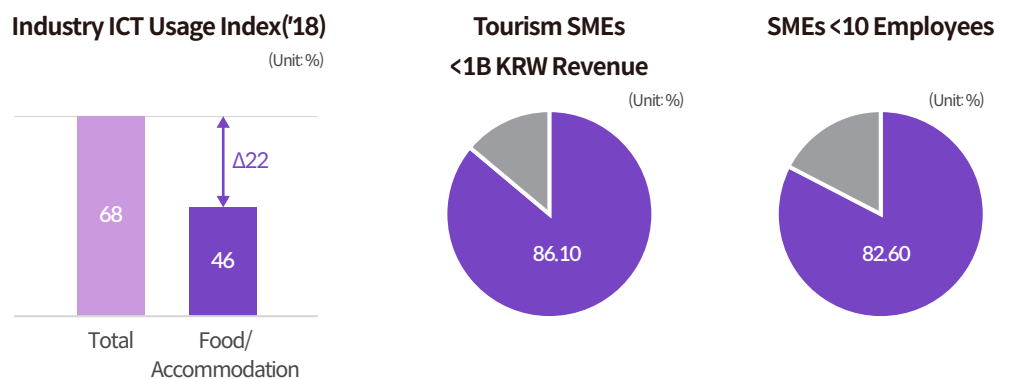
### **Improving Tourism Service Infrastructure through Digital Innovation**

Improving tourism service infrastructure is closely tied to the digital innovation of tourism services. This connection largely stems from the inherent limitations traditional offline tourism enterprises face in providing digital services. Modern tourists demand hyper-personalized services at every stage of their journey, necessitating the effective use of platforms and solutions. Especially in the borderless tourism industry, the increasing dominance of global platforms throughout the travel process—from motivation to book, prepare, transport, accommodation, dining, experiences, and reviews—inevitably accelerates competition with local platforms. In this competitive landscape, enhancing the capabilities of local platforms and tourism operators is crucial for improving both the quantity and quality of inbound tourism.

Despite South Korea's world-leading ICT infrastructure, including the highest rate of high-speed internet penetration, the country still faces significant challenges. Despite its high digital competitiveness compared to other nations, the satisfaction levels of inbound tourists with tourism guide services and navigation are notably low, highlighting areas in dire need of improvement. Additionally, until recently, the booking processes for services like express buses were inaccessible to foreign tourists without a local mobile phone number, indicating persistent obstacles in payment processes. Ultimately, enhancing tourism service infrastructure aims to increase the convenience of tourism. This requires maximizing the role of the private sector under government support. Particularly, enhancing the role of both domestic and international platforms to improve service quality throughout the travel process is essential for activating inbound tourism and increasing satisfaction. Tourist travel behaviors are becoming increasingly diverse. Digital innovation alone can swiftly address the inconveniences encountered during their journeys, thus elevating the quality of tourism experiences.

**Strengthening the Digital Capabilities of Tourism Operators**

One of the challenges related to activating inbound tourism lies in the digital capabilities of tourism operators. Over 90% of inbound tourists use digital tools for their travels. Compared to the digital proficiency of inbound tourists, the digital capabilities of tourism suppliers such as travel agencies, accommodation providers, and restaurants are relatively low. For instance, the ICT utilization index of tourism operators is 22% lower than the average across all industries. This digital capability gap is largely due to the fact that most domestic tourism-related businesses are small and medium-sized enterprises, facing financial and human resource limitations that hinder proper digital innovation. Among domestic tourism enterprises, 86% generate less than 1 billion in revenue, and 83% employ fewer than 10 workers, indicating a significantly small scale compared to other industries. Enhancing the digital innovation of these small tourism operators is a clear prerequisite for the activation of inbound tourism. Particularly, the problem of underselling due to competition among small tourism businesses, exacerbated by an oversupply in the self-employed sector, is severe. To address these issues, it is necessary to increase the number of inbound tourists while simultaneously strengthening the digital capabilities of tourism operators.



Source: Ministry of Culture, Sports and Tourism, Korea Culture & Tourism Institute

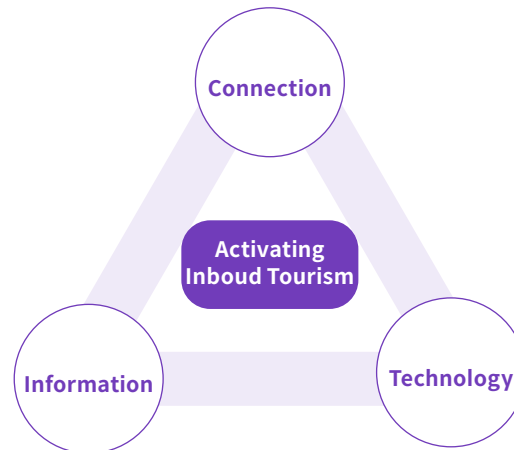
How then should we facilitate the changes in tourism operators through digital innovation? This can be examined from the perspectives of customer interaction, tourism products/services, management/operational technology, and business models. Regarding customer interaction, it's crucial to recognize the rapid shift from offline to online in the purchasing of products and services by tourists and to increase sales through online channels. The share of online channels in the distribution of tourism products is expected to rise to 72% by 2025, with the trend likely not to subside thereafter. Furthermore, the personalization of tourism products/services is becoming increasingly apparent. To respond to this, product/service development based on customer data is essential. In terms of management and operation, there's a need for continuous adoption of digital technologies tailored to each business's objectives, including the use of big data, artificial intelligence, robotics, and various XaaS programs. Lastly, tourism operators must establish digital-based business models and enhance their adaptability to environmental changes as a vital element for survival. For example, the emergence of Chat GPT poses a threat to the survival of tourism scheduling service companies, while digital translators and digital tourism guide programs have rendered the role of traditional guides obsolete. Strengthening one's digital capabilities is essential for protection and revenue generation.

### **Establishing Data-Information Systems for Digital Innovation**

For the activation of inbound tourism, it is fundamentally important to efficiently provide data and information to tourism stakeholders. In South Korea, the basic national tourism statistics are well established. However, for true "data-driven innovation" to occur, there needs to be a system in place for collecting and analyzing both structured and unstructured private data at an individual level. In Japan, since March 2016, in collaboration with NTT Docomo, tracking and observation of foreign tourists' location information have been conducted, with tourists' movement paths between destinations also being monitored regularly. Additionally, a vast amount of data is made available through the platform RESAS (The Regional Economy and Society Analyzing System), allowing tourism operators to freely utilize it. Singapore also provides tourism information and data through the public-private partnership data platform STAN (Singapore Tourism Analytics Network), with participation from platform companies like Grab, Tencent, and Expedia. They have also built a data hub that integrates private transportation, social media, and OTA data for use in product development and promotion. The level of data construction by the domestic government is considered excellent compared to other countries. However, the collection and informatization of structured and unstructured data from tourism-related platform companies and solution companies for the decision-making of inbound tourism stakeholders are still at an initial stage.

Inbound tourism-related information can be divided into supply-side information like business characteristics and sales information; demand-side information such as customer numbers, types, and behaviors; and market information like industry trends and characteristics. This information needs to be efficiently delivered to tourism operators or consumers through various entities, including the government, local governments, DMOs, and private platform companies. Since platform companies form a two-sided market between tourism consumers and suppliers, generating and distributing information through them is the most efficient method for informatizing the tourism industry. Especially, collecting information on inbound tourism, which pertains to foreign tourists, is not as easy as collecting information on domestic tourists. Ultimately, since the government cannot solely collect and provide information on inbound tourism, it is necessary to compile and informatize data from various tourism operators, including global businesses. Integrating structured/unstructured data, such as foreign tourists' profiles, reservations and purchases of tourism products/services, visited destinations, travel routes, duration of stay, payment methods, purchase channels, expenditure, and satisfaction levels, by nationality, age, gender, and visit purpose, is a priority informatization task. Simply securing this information through surveys of foreign tourists carries limitations in the reliability, validity, and usability of the information.

## Keywords for Digital Innovation in Inbound Tourism: Information - Technology - Connection



Digital innovation for activating inbound tourism ultimately aims to maximize inbound tourism revenue. Inbound tourism revenue is calculated by multiplying the number of inbound tourists by the expenditure per tourist. Digital innovation serves as a means to increase the number of inbound tourists while also boosting their spending. Such innovation enhances the accessibility of information about tourism in Korea for foreign visitors and improves the convenience of tourism. Thus, digital innovation contributes to increasing both the number of inbound tourists and their per capita expenditure. The key keywords for digital innovation are information, technology, and connection. Providing information for activating inbound tourism, applying technology, and effectively enhancing connections between technologies, between information and technology, among operators, between operators and consumers, and among consumers themselves are ongoing tasks for the government.

Despite recently joining the ranks of developed nations, our country cannot deny that it has entered a period of low growth. Especially, with the growth of exports and manufacturing reaching its limits, finding a new engine for national economic growth is challenging. In this context, tourism, among service industries, remains the only potential growth engine. Moreover, tourism can offer solutions to chronic problems of the Korean economy, such as revitalizing local economies and improving the profitability of self-employment. Inbound tourism is more than just activating domestic tourism; it is an excellent export product. Unless significant international events or natural disasters occur, the number of inbound tourists is expected to steadily increase over the coming years. As the proverb goes, "Strike while the iron is hot," we must swiftly activate inbound tourism through digital innovation.

## Appendix

## Key Economic Indicators

Indicator	Statistics	Measure	2018	2019	2020	2021	2022	22.11	22.12	23.01	23.02	23.03	23.04	23.05	23.06	23.07	23.08	23.09	23.10	23.11	23.12	
General Economics	GDP Growth Rate <sup>1</sup>	Real GDP Growth(%)	2.9	2.2	-0.7	4.1	2.6	-	-	0.3(Q1)	-	-	0.6(Q2)	-	-	0.6(Q3)	-	-	0.6(Q4)	-	-	
		Private Consumption Growth(%)	3.2	2.1	-4.8	3.7	4.3	-	-	0.5(Q1)	-	-	-0.1(Q2)	-	-	-	0.3(Q3)	-	-	0.2(Q4)	-	-
	Composite Indexes of Business Indicators <sup>2</sup>	Leading Indicator	94.2*	96.0*	100.0*	106.2*	108.7*	109.6	109.4	109.4	109.3	109.4	109.4	109.4	109.8	110.5	111.1	111.4	111.9	112.4	112.9	-
		Coincident Indicator	98.3*	99.7*	100.0*	103.8*	108.3*	108.9	108.4	108.2	108.7	109.5	110.0	110.0	110.3	110.3	110.0	110.0	110.0	110.1	110.2	-
		Lagging Indicator	95.0*	97.8*	100.0*	103.7*	109.5*	111.8	112.4	112.8	112.9	113.1	113.4	113.7	113.9	113.9	113.8	113.9	114.0	114.4	114.7	-
Business Trends	Business Survey Index <sup>3</sup>	Total	94.1*	90.8*	81.5*	101.4*	94.6*	86.7	85.4	88.5	83.1	93.5	93.0	93.8	90.9	95.5	93.5	96.9	90.6	90.1	94.0	
		Non-manufacturing	96.9*	93.6*	84.2*	100.6*	96.1*	89.7	87.3	90.3	85.1	95.7	90.5	93.3	90.9	101.6	95.2	95.1	93.3	91.1	100.5	
		Leisure/Hospitality	-	-	-	99.5*	89.7*	88.9	90.0	85.7	77.8	88.9	120.0	107.1	100.0	128.6	123.1	100.0	76.9	100.0	128.6	
	Business Survey Index by Industry <sup>4</sup>	Total	78*	73*	65*	84*	82*	76	74	70	68	71	73	74	74	75	73	73	73	69	69	
		Accommodation	78*	70*	30*	48*	85*	91	98	78	71	68	69	94	85	88	96	76	78	81	78	
	SME Business Outlook Survey <sup>5</sup>	Total	87.8*	83.6*	70.7*	77.8*	82.7*	82.3	81.7	77.7	77.6	83.1	80.7	83.8	81.1	79.1	79.7	83.7	82.7	80.7	78.8	
		Food/Accommodation	87.7*	82.0*	60.7*	57.8*	80.9*	90	95.9	80.1	80.3	85.7	95.3	95.5	96.6	88.6	89.3	87.0	92.2	90.5	86.9	
	Consumer Survey Index <sup>6</sup>	Consumer Confidence Index	104*	99*	88*	103*	96*	87	90	91	90	92	95	98	101	103	103	100	98	97	100	
		Consumer Expenditure Outlook	108*	108*	97*	108*	111*	107	108	110	112	110	110	111	113	113	113	112	112	113	111	111
		Travel Expenditure Outlook	91*	91*	80*	89*	92*	89	90	90	91	94	97	99	101	101	99	97	95	93	95	
		Entertainment Expenditure Outlook	94*	90*	71*	86*	93*	89	92	91	91	92	93	94	96	95	95	94	93	91	92	
		F&B Expenditure Outlook	93*	91*	83*	92*	94*	89	91	90	90	91	94	96	97	97	99	96	94	92	95	
	Production Index of Service Sector <sup>7</sup>	Total	100.6	102.0	100.0	105.0	112.0	113.4	126.8	109.7	108.2	117.5	113.9	114.1	117.6	114.2	113.9	115.6	114.4	115.6	-	
		Accommodation	150.2	149.7	100.0	111.3	139.1	144.0	148.4	127.6	132.4	126.7	139.7	148.9	149.2	150.8	151.2	145.4	154.5	143.0	-	
		Food & Beverage	120.7	119.4	100.0	100.7	116.7	117.2	127.7	112.6	110.8	119.0	117.1	120.2	116.0	118.9	119.2	114.6	116.8	112.9	-	
Production Index by Industry <sup>8</sup>	All Services	100.63	101.93	100.00	105.09	111.88	112.80	114.60	113.80	116.20	115.70	115.20	114.20	114.90	115.30	115.50	116.10	115.00	114.90	-		
	F&B/Accommodation	124.37	122.94	100.01	101.78	119.31	122.81	120.56	120.30	129.65	124.96	123.35	117.90	118.26	116.65	119.60	122.77	119.40	118.74	-		
Prices	Consumer Price Index <sup>9</sup>	Total	99.09	99.47	100.00	102.50	107.71	109.07	109.26	110.07	110.33	110.52	110.77	111.13	111.16	111.29	112.28	112.83	113.26	112.67	112.71	
		Hotel	108.91	106.51	100.00	99.82	108.71	112.40	115.46	113.30	107.00	107.73	113.59	116.16	114.71	122.48	131.17	116.12	120.47	115.22	125.47	
		Motel	101.28	101.43	100.00	98.39	101.64	104.14	104.62	104.47	104.72	104.88	105.91	105.64	105.88	106.87	107.65	106.58	107.54	107.22	107.17	
		Resort	101.21	102.29	100.00	99.86	102.43	93.63	107.89	117.90	101.68	97.51	98.64	104	104.52	120.55	144.08	109.24	106.72	99.16	123.53	
		Recreational Facilities	81.99	84.36	100.00	102.65	108.58	105.16	108.80	108.88	107.33	106.14	107.78	109.95	110.02	128.36	134.76	111.77	109.55	106.00	111.36	
	Producer Price Index <sup>10</sup>	Total	103.48	103.50	103.03	109.60	118.78	120.29	119.79	120.25	120.46	120.59	120.50	120.03	119.77	120.08	121.17	121.72	121.56	121.02	121.19	
		Accommodation service	105.32	104.41	100.25	99.80	105.91	107.84	111.55	111.40	106.08	106.20	109.78	111.92	111.14	117.91	126.30	112.96	115.30	111.22	120.50	
		Hotel	104.00	101.82	95.59	95.59	104.09	108.51	111.40	108.69	102.74	103.67	109.36	111.87	110.22	117.82	126.43	111.98	116.35	111.23	121.13	
		Motel	99.60	99.76	98.35	96.87	100.14	102.62	103.12	103.03	103.31	103.43	104.33	104.01	104.27	105.19	105.83	104.88	105.79	105.50	105.45	
		Resort	114.96	116.04	113.44	113.83	117.12	107.51	121.97	131.84	116.21	113.07	114.33	120.70	120.93	137.67	162.78	125.63	123.21	114.57	142.72	
Labor	Economically Active Population Survey <sup>11</sup>	Unemployment Rate(%)	3.8	3.8	4.0	3.7	2.9	2.3	3.0	3.6	3.1	2.9	2.8	2.7	2.7	2.7	2.0	2.3	2.1	2.3	3.3	
		Employment Rate(%)	60.7	60.9	60.1	60.5	62.1	62.7	61.3	60.3	61.1	62.2	62.7	63.5	63.5	63.2	63.1	63.2	63.3	63.1	61.7	
Tourism	Tourism Balance <sup>12</sup>	Total Tourism Balance(\$M)	-13,066	-8,516	-3,175	-4,329	-5,297	-588	-838	-1,158	-857	-573	-344	-630	-1,083	-1,151	-786	-748	-480	1,071	-	
		Total Tourism Income(\$M)	18,462	20,745	10,181	10,623	11,781	1,125	1,090	866	955	1,201	1,347	1,378	1,167	1,120	1,307	1,279	1,614	1,285	-	
		Total Tourism Expenditure(\$M)	31,528	29,261	13,356	14,951	17,079	1,713	1,928	2,024	1,812	1,774	1,691	2,008	2,250	2,271	2,093	2,027	2,094	2,356	-	
	Immigration <sup>13</sup>	Number of Outbound Travelers(K)	28,696	28,714	4,276	1,223	6,554	1,041	1,393	1,782	1,725	1,472	1,497	1,683	1,772	2,154	2,093	2,017	2,043	2,062	-	
Number of Inbound Travelers(K)		15,347	17,503	2,519	967	3,198	460	539	434	479	801	889	867	961	1,032	1,089	1,098	1,230	1,115	-		
Currency	Exchange Rate <sup>14</sup>	USD	1,100.30	1,165.65	1,180.05	1,144.42	1,291.95	1,364.10	1,296.22	1,247.25	1,270.74	1,305.73	1,320.01	1,328.21	1,296.71	1,286.30	1,318.47	1,329.47	1,350.69	1,310.39	1,303.98	
		EUR	1,298.63	1,304.81	1,345.99	1,352.79	1,357.38	1,388.29	1,371.13	1,342.37	1,361.65	1,398.50	1,446.41	1,444.20	1,405.98	1,421.87	1,439.04	1,422.61	1,427.31	1,415.59	1,422.28	
		JPY	996.27	1,069.75	1,105.07	1,041.45	983.44	956.51	959.12	956.76	956.68	977.31	990.52	969.37	918.39	911.74	911.4	901.65	903.72	874.28	904.83	
		CNY	166.40	168.58	170.88	177.43	191.57	189.53	185.47	183.16	185.97	189.10	191.60	190.02	180.99	178.60	181.78	182.11	184.62	180.86	182.29	

\*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 that 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 that 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 range = 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; 2015 = 100

9) KOSTAT; 2020 = 100

10) KOSTAT; 2015 = 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

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