

COVID-19 Impact and Recovery Report: SOUTH KOREA

Updated: April 15, 2020

This document provides an evergreen document of the situation in South Korea. It has the following sections:

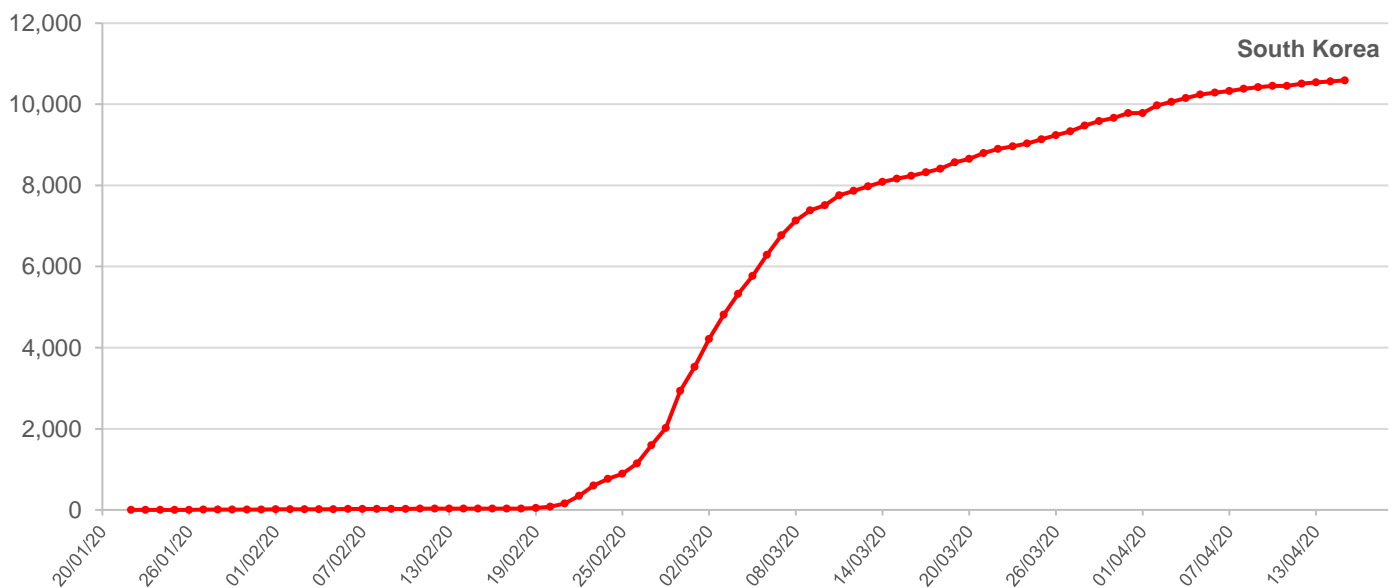
1. **COVID-19 Cases:** The number and pace of growth of cases as of a certain date. Given the fluidity of the situation, these numbers will be out of date very quickly, but their intent is to provide context for the analysis, as well as a sense of the scale of the situation. It also provides the known travel bans and restrictions in the country.
2. **Estimated Impacts on Travel to Canada:** Estimates on the impacts on tourism revenue in Canada. This includes estimated spend inside the country, but excludes spending on transportation to get to Canada.
3. **Recovery Signals:** Destination Canada has developed a comprehensive approach to understanding if the market is recovering, from a travel perspective. Bases on data and analysis in partnership with Google, Expedia, IATA and more, Destination Canada has an estimate on the stage of recovery of the market.
4. **Methodological Notes:** An explanation of the methodologies in the different sections, and the sources.

1. COVID-19 CASES IN SOUTH KOREA

As of April 15, the coronavirus pandemic has **mostly plateaued** in terms of the reported number of confirmed cases and deaths. Current numbers¹:

- Total Confirmed: 10,591
- Total Deaths: 225
- Total Recovered: 7,616

Confirmed COVID-19 Cases



Source: European CDC

Effective March 18, Canada has closed its borders to non-Canadian citizens/permanent residents.²

Effective April 1, all travellers entering South Korea must undergo a 14-day quarantine. Travellers who are “long-term or residential” may self-quarantine at their own residences, and “most foreign travellers on short-term travel” will quarantine at a government-designated facility at their own expense for 14 days.³

On April 8 South Korea’s government announced increased restrictions on people travelling from overseas to prevent new coronavirus infections, and announced new stimulus measures for exporters hit by the outbreak. South Korea has temporarily suspended visa waivers for citizens of countries that have imposed travel bans on South Koreans. The change will affect travelers from at least 88 countries, including Australia, Canada, Russia, and France, among others.⁴

Effective April 13 visas issued on or before April 5 are invalidated and visa exemptions for 90 countries that are imposing entry bans on South Koreans are temporarily suspended.^{5&6}

Koreans who skip quarantine face up to one year in prison or a maximum fine of 10m won; foreigners could get up to three years in prison or a fine up to 20m won. Foreign violators also face deportation and could be barred from re-entering the country.⁷

2. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of April 13, 2020, based on data from payment cards, Statistics Canada, cancellations of previously planned trips, new bookings and forward looking scheduled air capacity, Destination Canada estimates the economic impact from COVID-19 on Canada to be as outlined below.

Estimated Change in Tourism Export Revenue Compared to 2019 by Quarter (\$M)

	JAN	FEB	MAR	Total Q1	APR	MAY	JUN	Total Q1+Q2
\$ change compared to 2019 (\$M)	1.6	-1.9	-13.3	-13.6	-32.5	-32.6	-25.6	-104.4
% change	6.7%	-7.9%	-61.7%		-99.2%	-85.6%	-59.9%	

Source: Destination Canada Estimates

Estimated Change in Tourism Export Revenue Compared to 2019 by Province (\$M)

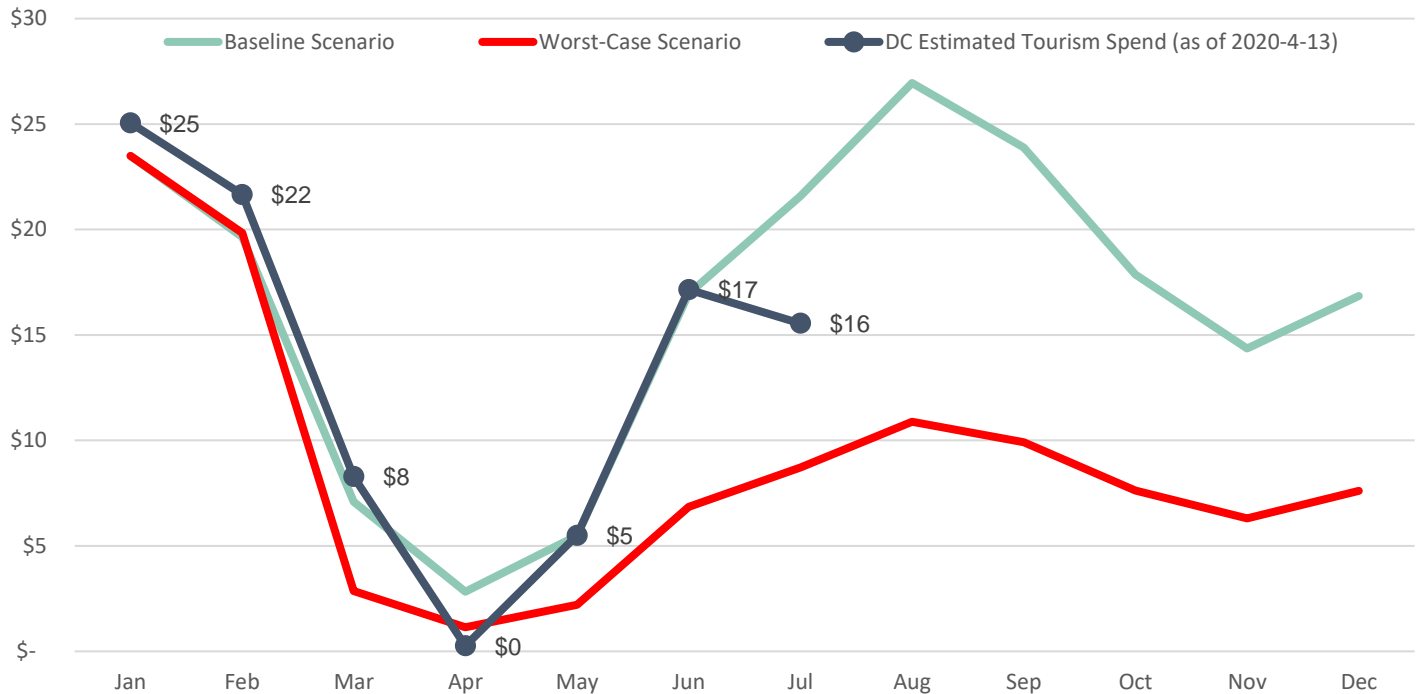
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	North
Jan - Mar	-\$13.6	-\$5.1	-\$1.4	-\$0.3	-\$0.3	-\$3.6	-\$5.1	-\$0.4	-\$0.3	-\$0.2	-\$0.2	-\$0.7
Jan - Jun	-\$104.4	-\$41.4	-\$14.5	-\$1.3	-\$1.5	-\$27.5	-\$10.3	-\$1.6	-\$1.4	-\$0.9	-\$0.9	-\$3.2

Source: Destination Canada Estimates

Destination Canada has commissioned Tourism Economics⁸, to develop a series of models to estimate the impact of COVID-19 on the Canadian economy, and on travel. This analysis considers two scenarios – **Baseline Scenario**: Travel is possible in July and August, and **Worst-Case Scenario**: No travel in July and August.

Assessing the current trajectory of COVID-19, against these models will allow Destination Canada and its partners to continue to refine our estimates of impacts, and to understand the speed and scale of recovery. The chart below compares the current estimates against these models.

Estimated Tourism Spend versus Tourism Economics Baseline and Worst-case Models, as of April 13, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As South Korean travellers generally book their travel to Canada within 3 months of travel, we do not currently have enough data to assess the impacts past July.

Destination Canada currently assesses that April is tracking under the Worst-Case Scenario. At this point, the data indicates that May and June will be on track with the baseline scenario and July is tracking in-between baseline and worst-case scenarios. While this may reflect some optimism in the South Korea that travel to Canada will resume, we assess that it is more likely due to travellers waiting until closer to their planned travel date to rebook, in order to have a clearer view on where and when they can travel to.

3. RECOVERY SIGNALS

Due to the COVID-19 crisis, Destination Canada has established a framework and analytical approach to identify signals from consumer and industry behaviour to understand when, where and at what pace, travel and tourism will resume. Destination Canada collaborated with partners in destination marketing, media, technology and travel to identify these indicators and signals. The framework has identified multiple phases of recovery, which aligns with user sentiment and intent to travel. The summary of the methodology and terms can be found in 4. Methodological Notes.

Destination Canada's Assessment of South Korea market:

**II
Domestic**

Destination Canada assesses that South Korea has left the COVID Response phase, and that domestic travel within South Korea is being considered, planned, and booked; and that trips are being taken. There is insufficient signal to indicate that South Koreans are considering or planning international travel at this point.

Assessment Summary:

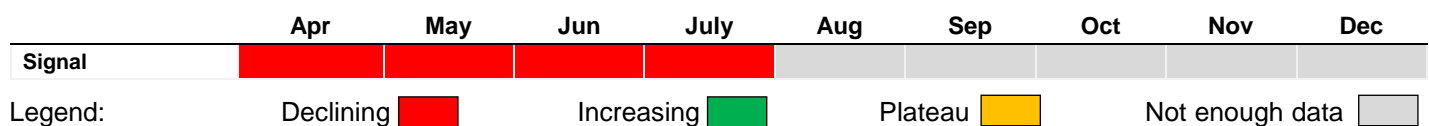
	Phase				Analysis
	I COVID Response	II Domestic	III Tentative Int'l	IV Regularized Int'l	
Travel Search Index	●	○	○	○	YOY domestic travel searches have been on the decline since the week ending January 14.
Accommodation Searches on OTA		●	○	○	YOY accommodation searches by South Koreans for domestic accommodation were on the decline since the week ending January 12 and have been fluctuating since week ending Feb 9. It should be noted that the overall levels of search are substantially higher than other markets being tracked.
Rate of Hotel Booking	△	●	○	○	YOY domestic hotel bookings have been on the decline since the week ending January 5 and have been fluctuating since the week ending February 16. There is insufficient signal to indicate that international travel is being booked.
Rate of Air Travel	△	●	○	○	South Koreans appear to be travelling by plane within South Korea. There are no appreciable signals of international air bookings.
New COVID Cases		●	△	△	The number of weekly new cases continues to decline; the number of new cases for the week ending April 13 is 253.
COVID-19 Search Index					Under development
Dining / Events Search Index	●	○	△	△	YOY domestic dining searches have been on the decline since the week ending February 25.
Traveller Path to Purchase					Under development
Social Sentiment					Under development

Legend: Current phase ● Not there yet ○ Signal not applicable △

Future Planned Travel

The framework above provides analysis on when travellers may considering, planning and reserving travel. The chart below provides signals for the future dates being booked for travel to Canada. This assessment is based on net planned travel (new bookings less cancellations) from the country to Canada, compared to past travel behaviour. A 'declining' signal indicates that the net planned travel is falling week over week, and is likely not a period currently being considered for travel. A 'plateau' signal indicates no change week over week. An 'increasing' signal indicates there is an increase in net planned booking week over week, and that this time period is being considered for travel to Canada. A signal of 'not enough data' indicates that travellers do not normally book that far in advance, and so we cannot assess the signal at this time.

Planned Travel for South Korea to Canada, as of April 13, 2020



4. METHODOLOGICAL NOTES

I. COVID Cases: The intention for this section is to provide context for the impact and recovery analysis by providing a snapshot in time of the state of the outbreak and government restrictions. For the most current information on COVID-19 in that country, readers are encouraged to seek information from official government sources.

II. Estimated Impacts: The estimates are based on data from spending on credit and debit cards in Canada for January, February and March, normalized against Statistics Canada data. For April onwards, forward-looking air booking and cancellation data from IATA accredited travel agencies is used. Destination Canada estimates this accounts for 70% of the air travel market from South Korea to Canada in 2019. Also used in the analysis is the forward looking scheduled air capacity. These impacts are based on modelled estimates from 2018 spending data, adjusted for travel growth, and using payment card data from 2019 and 2020 wherever possible. The analysis should be taken as indicative only.

Based on in-market intelligence, we know that travel agents and operators have prioritized repatriation of clients in areas with outright travel bans (e.g. Middle East, India, Peru), and are not processing cancellations normally. Different airlines also have different systems to re-book travel, some of which are incenting a late rebooking (i.e. closer to the original date of travel). As such, the forward booking data likely over-represents the amount of travel that will happen and should be taken as an upper bound.

III. Recovery Signals: The Recovery Measures are listed in their order of importance in understanding travel behaviour, with the primary measures in black, and supporting measures in dark grey and light grey. A brief description of each measure is provided below.

Destination Canada has developed a framework to understand the phases of recovery of the travel market. These phases are:

- I. **COVID-19 Response:** Governments are responding with measures such as shelter in place and quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Domestic Travel:** Travel by multiple means (air, car, trains, etc.) within the country, across provincial/territorial/state boundaries.
- III. **Tentative International Travel:** Some international travel, likely only required travel such as family related or urgent business. There may be some leisure travel as some less risk averse travellers seek to capitalize on reduced prices or increases availability. Airlines may not have restored international routes beyond major hubs.
- IV. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced – and attended, leisure travel is closer to pre-COVID-19 levels.

A filled-in dot signifies that Destination Canada assesses we are in that phase of travel. An empty dot means we have not yet reached that indicator, and the crossed off box would signify that the measure does not apply for that phase of recovery. Some measures are currently being developed and will be updated as further progress is made.

Description of the Measures

- **Travel Intent Search Index:** 2020 searches on Google's search engine for travel related keywords compared to 2019 searches, broken down by week (i.e. week of April 19th, 2020 vs week of April 19th, 2019). Available for each market's domestic, international, and Canada specific travel search terms.
- **Rate of Accommodation Searches:** 2020 weekly searches for accommodation on a major online travel agency (OTA) against a rate of 2019 weekly searches, broken down by week. Available for each market's domestic, international, and Canada specific accommodation searches. This is provided as a rate rather than a volume of searches.
- **Rate of Accommodation Bookings:** 2020 accommodation bookings on a major OTA against a rate of 2019 bookings, broken down by week. Available for each market's domestic, international, and Canada accommodation bookings. This is provided as a rate rather than a volume of bookings.
- **Rate of Air Travel:** The volume of forward looking 2020 air bookings by month to Canada versus 2019 air bookings, broken down by week. By comparing against the 2019 average of when travel is booked for, and when it is booked, this establishes the amount of impact against each month of travel. When appropriate, this assessment is supplemented by analysis on the forward looking planned air seat capacity within a country and to other countries.

- **Weekly New COVID-19 Confirmed Cases:** The weekly total of new confirmed COVID-19 cases, as provided by the European Centre for Disease Prevention and Control. Number of cases in the market and within Canada will likely be a determining factor for both governments allowing phased return of travel, as well as consumer confidence in traveling to a market.
- **COVID-19 Search Index:** An index of COVID-19 related queries on Google's search engine, covering a number of topics from economic (unemployment insurance, jobs, etc.) to health related terms. In development.
- **Dining, Attractions & Events Search Index:** 2020 searches for dining, attractions & events related keywords compared to 2019 searches, broken down by week. Available for each market's domestic, international, and Canada specific dining, attractions and events related search terms. This is provided as an index rather than a volume of searches.
- **Path to Purchase Ratio (Survey):** This survey will be deployed once a number of measures such as travel intent searches and accommodation searches trend upwards. It will trend, on a bi-weekly cadence, what phase in the path to purchase our target travellers in each market are in. It will also try to fill in some gaps that other measures/surveys do not provide, such as consumer confidence. In development.
- **Sentiment Ratio from News and Social Media:** A review of the current news and social media landscape and ratio of positive/negative/neutral conversations related to travel. In development.

Sources:

¹ Johns Hopkins Coronavirus Resource Center, April 15, 2020 5 pm (PST)

<https://coronavirus.jhu.edu/map.html>

² National Post, March 16, 2020

<https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada>

³ The New York Times, April 2, 2020

<https://www.nytimes.com/article/coronavirus-travel-restrictions.html>

⁴ The Jakarta Post, Apr 8, 2020

<https://www.thejakartapost.com/news/2020/04/08/s-korea-imposes-new-coronavirus-travel-restrictions-announces-295-blm-in-business-aid.html>

⁵ IATA Travel centre, April 15, 2020

<https://www.iatatravelcentre.com/international-travel-document-news/1580226297.htm>

⁶ KBS World Radio

http://world.kbs.co.kr/service/news_view_sp.htm?lang=e&Seq_Code=152654&board_code=98&page=0

⁷ The Guardian, April 3, 2020

<https://www.theguardian.com/world/2020/apr/03/south-korea-bars-entry-foreign-nationals-refusing-self-isolate>

⁸ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020

<https://www.destinationcanada.com/en/coronavirus-updates/covid-19-research>