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1st Strategy Workshop for the Future of Jeju Tourism  
Methods to Achieve Qualitative Growth in Jeju Tourism

January 19, 2016

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■ Presentation: Cases of Indicator Management on Qualitative Growth  
in Korea and Other Countries

- Presenter: Jeon Hyo-Jae (Researcher, Korean Culture, and Tourism Research Institute)
- Qualitative performance refers to the measurement of performances based on the qualitative performance indicators which focus on the output and results, instead of the previous evaluations based on quantitative performance indicators which centered on input and process.
  - In the area of policy (social area), qualitative performance indicators include job creation, human resources, regional development, narrowing the gap between regions, level of satisfaction on services, damage prevention, number of participants and the number of participating countries in relation to the events for policy promotion, as well as international exchanges and cooperation. Economic indicators include import substitution, overseas exports, contribution to sales, and cost reduction.
  - Regarding tourism statistics, as our policies' qualitative growth has been intensified to address the changing tourism markets, the qualitative area of statistics is necessity in order to overcome the limitation of previous research statistics and report statistics, as well as the limitation in terms of the relations between the policies and the statistics.
  - When we take a closer look at the qualitative indicators in the overseas tourism statistics, taking EUROSTAT as an example, the statistics for accommodation facilities adopt indicators of market share, carrying capacities, data on the arrival and used accommodations of the nation's residents and inbound travelers, and the net room usage rate of rooms and beds at accommodations other than hotels. In France, to identify the share of facilities related to the economic conditions, the nation uses indicators of carrying capacities per type of accommodations, room occupancy rate, arrival date and duration of stay in the accommodation of the French and overseas travelers, average period of stay, and the ratio of business trips among all travelers.
  - In the 2015 WEF Tourism Competitiveness Index, Korea ranked 97th on the number of hotel rooms per 1 million citizens, 78th on the price of hotels, and 86th on the extended stay by business travelers for tours.
  - Accordingly, we need to use such indicators as a point to encourage qualitative growth

of the supply of tourist services and improve prices and the regional competitiveness of the tourism industry. We need to move forward to expand the size of our tourist markets and grow in quality of our supply network for tourists.

- Jeju needs to classify indicators for marketing management and policies and then come up with measures for the qualitative indicators' durability (process), and the system for performance indicators (implementation) and to improve the performance itself (circulation).

Qualitative growth indicators	Methods of improvement
Days of stay per tourist Per capita expenditures Tourist satisfaction Type of tour: Independent free tour, package tour, etc.	- Limitations of the respondents, and budget - Limitations of market research - Expansion of qualitative growth indicators (use rate per accommodation, or use rate per price range)
Marketing diversification indicator - Japanese tourism market restored - Share of foreign tourists with nationalities other than China - Build the basis of online promotion	New market creation indicator Growth management indicator of 3 markets (China, Japan, Southeast Asia) Re-visit rate indicator per country
	Accommodation use indicator for domestic travelers and foreign travelers per country Revisit rate, number of complaints about tourism, implementation and systemic improvement

## ■ DISCUSSION

### ○ Jang Sung-Soo (Tourism Development Professor, Jeju National University)

- This workshop is to discuss what would be the right direction for Jeju's conversion toward qualitative growth and what would be the best methods for tourism development in Jeju under the general direction. These are the questions I would like to propose to start our discussion panel regarding the presentation topics that include qualitative growth indicators, or related policies from the general perspective.

### ○ Kim Chang-Sik (President, Jeju Tourism Society)

- The number of tourists visiting Jeju is increasing dramatically. Last year, over 13 million people visited Jeju. But, there are also a number of negative opinions on the outside impact of tourism. With such a growing number tourists, large scale development projects have been accelerated and many residents are concerned that they pushed aside in the name of the economic progress of Jeju. In particular, residents are

finding it difficult to see the benefits from tourism and industrial growth. For example, newly created jobs from such projects are mostly temporary positions.

- We need to have indicators which are aligned to the World Tourism Organization(UNWTO)'s criteria to correctly calculate the number of tourists. For instance, we may classify tourists staying more than one day as general tourists while travelers that stay less than one day as a day-tripper. We need to carefully research the methods used in advanced countries in the tourism area such as European countries, on how they identify the number of travelers in the immigration process, or by using the number of guests who have checked into hotels. And we need to thoroughly consider how to properly handle the increasing tourists.

○ Lim Chul-Soo (Head of Tourist Market Research Team, Korea Tourism Organization)

- Research on tourism classifies consumers(demand), suppliers, and residents. The Korean Culture, and Tourism Research Institute has been studied and announced the Tourism Satellite Accounts (TSA) along with joint research with the UNWTO. Regarding the presentation, what we need to carefully consider is the Compendium document announced by the UNWTO. Compendium is an analysis of the 10 indicators such as the number of days of stay, number of rooms of accommodations, and per capita consumption for tourism of around 150 countries.
- As you all may know, Jeju island is an easy place to extract statistics on its travelers both in terms of geographical and environmental characters. I think the region needs to develop its indicators by using characteristics that may be analyzed through the TSA at the regional unit.
- At the same time, we need to consider the direction of growth for a tourist destination. We need to think about which direction would bring about the most economic benefits for the residents. For this reason, "Optimization Theory" has been studied. Optimization theory is research on which models should be used for the development of islands in the regions of Caribbean Sea and Australia. I would like to suggest that we find the most optimized model for the Jeju region by referring to such previous research.

○ Go Seung-Ik (Director of Marketing Department, Jeju Tourism Association)

- The focus of qualitative growth should be on making Jeju residents happier than on the satisfaction of tourists. Both in the presentation and the indicators that Jeju province has announced, there were no indicators discussed on the residents' satisfaction. We need to consider how we can measure and manage the residents' level of satisfaction.
- Along these lines, the top priority of the per capita spending of tourists, additional

calculations would be required on the multipliers of the tourism industry such as what economic effects may be brought by such tourists' spending. Rather than managing the qualitative growth simply with the single-dimensional indicators such as days of stay, amount of consumption, or level of satisfaction, indicators such as the multipliers need to be added.

○ Gang Seok-Chang (Director of Report Department, JTBS)

- I think clear identification is needed on the background of the paradigm shift from quantitative to qualitative growth of Jeju. Up to this point, there seems to be no clear explanation on the background of why Jeju has converted its direction towards qualitative growth.
- In order to truly achieve qualitative growth for tourism in Jeju, I think we need to prepare products whose targets are the markets we have not put much focus on. We also need to consider the introduction of indicators in the areas where consumers spending patterns are drastically changing such as increase in mobile shopping.

○ Lim Hong-Chul (Head of Administration Team, Jeju Office of National Statistics Service)

- Currently suggested qualitative indicators were generated based on tourists' surveys and onsite research. But, as to the onsite research for tourists, the sample size is too small which is the limitation of the research. Given that more than 12 million people visit Jeju, we need to consider expanding the sample size.
- In addition, research on the businesses by types need to be reconsidered given the issues of mismatched jobs in the tourism area, and the outflow of revenue generated in Jeju. To this end, it would be a good idea to make proper use of big data projects which have been carried out by credit card companies and Jeju governments. If we can generate indicators from various information such as how people spend their money in Jeju and which region the people visit, such data could be used as a qualitative indicator.

○ Go-Mi (Deputy Director of Economy Department, Jeminilbo Newspaper)

- Personally, I think we need to first thoroughly think about which area we need to focus on for the qualitative growth. Whether we need to pay more attention to tourists' satisfaction or on how residents feel about the tourism. And then we need to develop indicators applicable for the focused area. Regarding such indicators, there are several analysis methods. So, deciding on which part we will develop indicators for should be considered first. In particular, we need to develop indicators which may be used for a long term, in the range of 10-20 years. If the continuity of the indicators are not guaranteed, such qualitative indicators would just look nice on paper.

- Jo Jin-Hun (Head of Marketing Team, Jeju Convention Bureau)
  - I think the reason why all of these discussions on qualitative growth were raised because we could not attract enough tourists who were practically and directly helpful to Jeju, instead of just clinging to the number of visitors. Simply put, if the travelers who stay longer, spend more, are happier, and show high expenditure on quality products, residents of Jeju will have a higher level of satisfaction.
  - Under the goal set by the administrative body such as the provincial government, the Jeju Convention Bureau has been working hard to meet the goal. If we set comprehensive indicators, players like us will simply focus on the achievement of the set indicators. In this regard, to achieve genuine qualitative growth, more detailed indicators need to be developed to assist organizations in the tourism industry in setting their goals toward true qualitative growth.
  
- Oh Heung-Wook (Head of Travel Customer's Right Center, Korea Customer Agency)
  - The most important of the qualitative indicators is the level of satisfaction of the customers. To encourage more travelers to visit again, we need to place more weight on tourists' satisfaction. In this regard, the indicators should cover complaints of travelers and then follow-up on improvement. And it would be appropriate for the Jeju Tourism Organization to manage the indicators.
  - At the same time, as Jeju shows less of an intensive service mindset among the employees of the tourism sector than that of other regions, I would like to suggest setting and managing indicators to calculate the level of service training.
  
- Park Woon-Jeong (Tourism Business Professor, Jeju National University)
  - When I review the qualitative indicators that the provincial government has announced, I noticed an indicator on marketing diversification. And I became concerned that our efforts are focused too much on China. When we think of the future of tourism in Jeju, we need to pay more attention on the market of North America and Europe whose travelers show longer stays. We also need to put more effort on Southeast Asia which will grow into an important market and the actual number of travelers from the regions has been increasing.
  
- Yang Ho-Seok (Head of Planning and Financing Team, Jeju Headquarter of the Bank of Korea)
  - We are working on improving research on tourism revenue which may show the reality of tourism in Jeju along with the provincial government and Jeju Tourism Organization by organizing a joint Task Force team. Moving beyond the previous method of calculation which multiplies per capita spending by the number of tourists, we will

estimate the tourism revenue by using the producer-focused approach. So, we will be able to use more specific data.

○ Jung Seung-Hun (Head of Search and Planning Department, Jeju Research Institute)

- Deep consideration on the meaning of qualitative growth should be a priority. We also need to clearly identify the background and the target of the new direction. We may recognize on overall background such as the lack of benefits from tourism which may be felt by residents that we saw in the previous presentation, but such parts are not obviously written. The concept of qualitative growth can be interpreted differently depending on which parts are focused on. So only emphasizing the qualitative indicators without the consensus on the concept of the qualitative growth may bring about negative impacts on our efforts to maximize the policies' effects.

○ Yoon Chul-Soo (CEO of Headline Jeju)

- I think the basic stance of the province is to set the tourism's greater emphasis on the income of residents while putting less focus on the previous goal of tourist attractions. Though the numbers on tourists are important, when the numbers can be connected to the income of residents, these numbers could be more effectively used in policy planning. The thing is that the currently announced statistics on tourists and the outcome of the economic ripple effects from tourism hardly earns the trust of residents and therefore cannot be used effectively. So, these types of statistics need to be fortified and more segmented to make the numbers more useful for tour businesses and residents. For instance, although statistics on accommodations are important, there is almost no basic data on guesthouses. So, what we really need is more accurate numbers related to all types of accommodations.

○ Lim Seung-Jun (Deputy head of Society 2 Department, Shegye Ilbo Newspaper)

- When I look into the growth of tourism in Jeju, the most important part is forecasting and applicable indicators regarding the surging numbers of tourists. For instance, accommodation businesses have a difficult time handling such sudden increases of travelers and as a result struggle with managing such changes.
- In this regard, if we want to achieve qualitative growth, we need to carefully plan how we can solve a potential issue of oversupply. And in each detailed part of tourism, such as expected income from each customer at duty free stores, the average number of users per hole at golf courses, and the price of car rental services, more thought needs to be put into how we can properly manage each of them.

○ Jeon Hyo-Jae (Head of Information and Statistics R&D Center, Korean Culture, and

Tourism Research Institute)

- To set qualitative indicators of tourism in Jeju, we need to recognize the difference between indicators for marketing and policies. Then we need to manage our indicators. Considering the target of Jeju's tourism market, the indicators need to be developed and managed by evaluating the growth potential of such markets.
- Indicators which require our management are related to policies. With regards to the practical projects which need to be carried out within the boundaries of the policies, the role of the Jeju Tourism Organization or Jeju Tourism Association is to constantly seek out new markets. For statistics, data is the best research and only when relevant data exists, can the correct strategies can be determined and executed. The statistics need to be continually monitored over a long period of time to help determine long term trends and potential growth.

○ Lee Jae-Hong (Director General of Jeju Tourism Organization)

- I think it's time for tourism in Jeju to be updated and looked at from a new perspective. Jeju needs to pursue highly profitability tourism and cost efficiency, in addition to the growth in its size. The whole industry needs to shift its focus from price competition based on commission fees to qualitative growth and value driven from its own resources.
- To achieve high revenues and profits, the industry should be transformed to tourism centered on individual travelers rather than the previous group package tour products. In terms of an academic approach, regular discussions like the one today should be done afterwards in order to help the province successfully prepare policies whose feasibility in terms of qualitative growth can be achieved.
- We, the Jeju Tourism Organization, will host this type of workshop regularly to seek methods and solutions that lead to continuous development of tourism in Jeju.

- Jeju Tourism Organization is proactively suggesting various policy solutions to provide measures to solve pending issues in this regional society.
- We would like to come up with more reasonable and forward-looking alternative solutions that can be made based on the results of this workshop in order to contribute to the increased quality of life for Jeju residents and to the region's development.



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