A STUDY ON TOURIST AREA LIFE CYCLE AND MARKETING STRATEGY
- CASE OF JEJU ISLAND -

By

Hyung-Kwan Park

THESIS

Submitted to

KDI School of Public and Management

In partial fulfillment of the requirements

For the degree of

MASTER OF BUSINESS ADMINISTRATION

2006

A STUDY ON TOURIST AREA LIFE CYCLE AND

MARKETING STRATEGY

- CASE OF JEJU ISLAND -

By

Hyung-Kwan Park

THESIS

Submitted to

KDI School of Public and Management

In partial fulfillment of the requirements

For the degree of

MASTER OF BUSINESS ADMINISTRATION

2006

Professor Kwon Jung

ABSTRACT

A STUDY ON TOURIST AREA LIFE CYCLE AND MARKETING STRATEGY - CASE OF JEJU ISLAND -

By

Hyung-Kwan Park

The purposes of this study were ① to illustrate the evolution stage of TALC (Tourist Area Life Cycle) of Jeju Island as a tourist destination, ② to prove a proposition that there are different stages of TALC on various tourism segments within a tourist area, ③ to propose marketing strategies for various tourism segments to extend the life cycle of each tourism segment.

In order to accomplish these purposes, this study examined various analysis factors such as tourist arrivals, tourism expenditure, accommodation growth, travel agency growth, tourism dependency and industry structure. Based on these factors, it found that Jeju has been involved in three different stages: development stage for accommodation (condominium and pension house), consolidation stage for visitor arrivals, tourism income, travel agencies, and industry structure, and stagnation stage for accommodation (tourist hotel, tourism dependency).

This study also examined the lifecycles of seven different tourism segments on Jeju Island and found the life cycle stages for each different tourism segment: decline stage for the honeymoon tour, consolidation stage for study tours, development stage for golf tours, consolidation stage for family tours, consolidation stage for group tours, development stage for international meetings and conferences and consolidation stage for the foreign inbound tours.

Additionally, when analyzed each foreign market, this study also found different life cycle stages as follows: stagnation stage for Japan, development stage for China, rejuvenation stage for Taiwan, consolidation stage for United States, development stage for Singapore, decline stage for Hong Kong, and decline stage for Overseas Koreans.

Thus, this study showed that there were different life cycle stages when analyzed six tourism-related variables and different tourism segments for Jeju Island. In other words, it is very difficult to determine the life cycle stage for a tourist destination like Jeju Island where there are various tourist attractions.

Finally this study suggested various marketing strategies to extend each life cycle stage on individual tourism segments which will eventually prolong the whole life cycle for Jeju Island. For Jeju Island, this study also suggested to look for new tourism markets which are not competitive to guarantee sustainable tourism development.

TABLE OF CONTENTS

CHAPTER FOUR: LIFE CYCLE ANALYSIS BY TOURISM SEGMENTS IN JEJU ISLAND

CHAPTER FIVE: MARKETING STRATEGIES ON TOURISM SEGMENTS OF JEJU ISLAND

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

APPENDICES

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREBIATIONS

APEC	Asia Pacific Economic Center
CECO	Changwon Exhibition COnvention Center
DLC	Destination Life Cycle
GRDP	Gross Regional Domestic Product
ICC	International Convention Center
KINTEX	Korea International Exhibition Center
KOSIS	Korean Statistical Information System
KTO	Korea Tourism Organization
KTX	Korea Train eXpress
NSO	Korea National Statistical Office
PGA	Professional Golfers' Association
SARS	Severe Acute Respiratory Syndrome
TALC	Tourist Area Life Cycle
TI	Tourism Income
UIA	Union of International Association
WTO	World Tourism Organization

ACKNOWLEDGEMENTS

There have been a number of people without whom this thesis could not have been completed. My highest appreciation goes out to professor Kwon Jung. He has helped me to develop the framework of this thesis and has mentored me well to complete it with his perceptive comments and helpful feedback.

To my company, the Korea Tourism Organization (KTO), I owe special thanks for giving me this precious opportunity to study in one of the greatest graduate schools in Korea for one and half years.

I also want to take this opportunity to thank some of my friends in Korea and in Canada Dr. In Jae Lee has given me not only good advice but also some important reference articles that I could not acquire otherwise. Nam Cheon, Kim, a classmate in KDI school and colleague at work, has always encouraged me to do my best. Frank Creasey and Jelie Lee in Canada had lots of trouble in proof reading my thesis.

I also would like to thank my family members including my mother-in-law and my brothers for their patience and support. Most of all, my gratitude goes to my wife, So Young and two daughters, Ji Hee and Ji Yoon, who remained patient, encouraging and full of support.

Finally, it is a great pleasure for me to take this opportunity to express my deepest thanks to my parents who have given me a life-time of full support. I would like to dedicate this thesis to my father and mother.

CHAPTER ONE: INTRODUCTION

1.1 Purpose of the Study

Tourism has emerged as a major worldwide industry and many countries rely heavily on the tourism industry to bolster their economies. Tourism's most visible benefit is direct employment in hotels, restaurants, retail establishments, and transportation. A second but less visible benefit consists of support industries and professions such as revenue management consultants, university tourism professors, and others. The third benefit of tourism is the multiplier effect as tourist expenditures are recycled through the local economy. Tourism's fourth benefit is state and local revenues derived from taxes on tourism. Tourism stimulates exports of locally made products, which is the tourism's fifth benefit (Kotler, Bowen and Makens, 2006).[1]

With the five benefits, the Korean local governments have lots of interest in investing in the tourism sectors in their regions. As a matter of fact, they have invested a tremendous amount in developing and marketing tourist attractions and tourism infrastructure. Especially since the provincial governors were elected by people's direct votes. Tourism investment ranges from relatively low-cost market entry for festivals or events to multimillion-dollar infrastructure costs of stadiums, transit systems, airports, and convention centers (Kotler, Bowen and Makens, 2006).[2] Therefore, recently, the matter of whether tourism in their given regions rise or fall in the future has become a critical issue for the local governments and their governors.

---

1 Philip Kotler, John T. Bowen and James C. Makens, Marketing for Hospitality and Tourism, 4th Edition, Pearson Education, 2006, pp.727-728
2 op.cit., pp.739

Tourist destinations, like humans, have life cycles, including birth, early stages of growth, the teenage years, maturity and decline. The process can happen in less than a human lifetime or take much longer, depending on a number of factors. Without good planning and controls, tourist destinations tend to decline over time in the quality of experience they provide to visitors (Plog, 2004).[3]

Butler's model , which is a representative model of the tourist destination life cycle, is from the business concept of the product life cycle. It suggests that the tourist destination life cycle goes through six stages; exploration, involvement, development, consolidation, stagnation and decline or rejuvenation (Bulter, 1980).[4] Since Butler wrote his original article on destination development, his lifecycle model has been widely discussed, applied, and accepted as a conceptual framework for analyzing the historical progression of tourist areas from a variety of perspectives.

However, Haywood (1986)[5] stated that most models were generally unsuitable for prediction and planning because of the wide range of intervening variables beyond the control of a destination's planners, and the infinite variations in social, geographical economic resources which exist in separate destination. Choy (1992)[6] also stated that the predictive capability of Butler's model was very limited in the Pacific Islands context and could, at best, be used as a diagnostic tool after the fact. Prosser (1995)[7], in a review of some two dozen studies using Bulter's model, concluded that, despite the

[3] Stanley C. Plog, Leisure Travel: A marketing handbook, Pearson Prentice Hall, 2004, pp. 45
[4] R.W. Bulter, The concept of a tourism area cycle of evolution: Implications for management of resources, Canadian Geographer, 24(1), 1980, pp. 5-12
[5] K. Michael Haywood, Can the tourist-area life cycle be made operational?, Tourism Management, September 1986, pp.154-167
[6] Dexter J. L. Choy, Life cycle models for pacific island destinations, Journal of the research, winter, 1992
[7] G. Prosser, Tourist destination life cycles: Progress, Problems and Prospects. In proceedings of the National Tourism and Hospitality Conference, 1995, pp318-328. Melbourne: Council for Australian University Tourism and Hospitality Education.

shortcomings illustrated by various authors, it has become a major focus for tourism research with potentially important theoretical and practical implications for those with an interest in the evolution of tourist destinations. Haywood (1986)[8] pointed out that most tourist area life cycle (TALC) studies have focused on visitation at the total market level and there are occasions in which it may be appropriate and important to consider the resort area life cycle by market type (e.g. domestic verses international tourists), distribution method (e.g. travel agent verses independent booking) or market segment (e.g. family verses corporate group).

Despite Haywood's statement, most of tourist area life cycle studies have focused on the determination of the stage of their study areas' tourism developments using the number of tourists and compared the destination's tourism experience with Bulter's characteristics of each stage. Accordingly, this study will take a different approach in determining the stage of a Tourist Area Life Cycle (TALC) or a Destination Life Cycle (DLC) in a study area.[9] However, this study basically uses Butler's model as a conceptual framework.

This study is characterized by two approaches which have not been attempted so far. First, this study uses various measurement factors, such as number of tourists, number of accommodations, tourism dependency rate[10] etc., to determine what stage of TALC of the study area is in. Second, with the recognition that a tourist destination with various tourist attractions has various segments of tourism with different life cycles, this study analyses the stages of TALC on the different segments of tourism such as honeymoon, golf tour, study tour, family tour, foreign inbound tour etc..

---

[8] Op.cit., pp.156
[9] This study uses the words *Tourist Area Life Cycle* and *Destination Life Cycle* interchangeably.
[10] Tourism dependency rate is calculated by tourism income/GRDP(Gross Regional Domestic Product)

This study is an empirical case study of a cycle of tourism based on the tourism development experience of Jeju Island. There are three reasons why this thesis choose Jeju island as a case study area. First, Jeju Island has relatively precise statistics on the tourism industry which is needed for this research. Second, it has various tourist attractions with different segments of tourism. Third, it is at the important stage for becoming a successful free international city on the basis of the tourism industry which seems in bad shape nowadays.

This thesis is not intended to be a detailed critical evaluation of previous conceptualization of TALC, nor an attempt to propose a completely new conceptual framework or model. This study aims: 1) to illustrate the evolution stage of TALC of Jeju Island as a tourist destination using various analysis factors such as number of tourists, tourist expenditures, industry structure, number of accommodation and tourism dependency rate (tourism income / gross regional domestic product), 2) to prove a proposition that there are different stages of TALC by the segments of tourism within a tourist destination where there exist many tourist attractions, and 3) to propose destination marketing strategies, specifically related to the different stages of TALC of tourism segments to extend the life cycle of each tourism segment and further to achieve marketing objectives for destinations, which are ① to enhance the long-term prosperity of local people, ② to delight visitors by maximizing their satisfaction, ③ to maximize profitability of local enterprises and maximize *multiplier effects*[11], and ④ to optimize tourism impacts by ensuring a sustainable balance between economic benefits and socio-cultural and environmental costs (Buhalis, 2000).[12]

---

[11] Multiplier effects is the tourist expenditures that are recycled through the local economy, being spent and respent.

[12] Dimitrios Buhalis, Marketing the competitive destination of the future, Tourism Management, 21, 2000, pp.100

Hopefully, destination managers and marketers can use the suggested marketing strategies in order to develop and implement their strategic plan and marketing policies for their own destinations.

1.2 Methodology and Structure of Thesis

In order to accomplish the objectives mentioned above, this study will carry out secondary research or desk research ranging from lots of articles and books related to PLC (Product Life Cycle) and TALC (Tourist Area Life Cycle) to tremendous amount of statistics from KTO (Korea Tourism Organization), NSO (Korea National Statistical Office), and Jeju Provincial Office. They will provide useful and valuable information for this research.

This study consists of six chapters and 30 appendices. A brief description of the contents of each chapter as follows:

Chapter one provides an introduction to the topic of the thesis in context, and briefly explains the background of the studies' main purposes and objectives, its approaching methods and structural flows.

Chapter two will be a literature review examining the development of PLC and DLC theories which will provide the basic ideas and perspectives with the thesis.

Chapter three will analyze six factors related to the tourism development of Jeju Island to determine what stage of life cycle Jeju Island is staying at.

In Chapter four, this study will examine the lifecycles of seven different tourism segments on Jeju island: honeymoon tour, study tour, golf tour, family tour, group tour, international meetings & conferences and foreign inbound tour to prove a proposition that there is different stages of TALC by the segments of tourism within a tourist destination where there exists many tourist attractions.

In Chapter five, this study will focus on marketing strategies for extending each life cycle stage on individual tourism segment in Jeju which will be induced in the previous chapter, and further achieving marketing objectives for destinations.

Chapter six will conclude this study by summarizing the findings and recommending marketing strategies and several suggestions for the further development of Jeju Island's tourism industry.

CHAPTER TWO: THEORETICAL BACKGROUND

2.1 Product Life Cycle

Since Theodore Levitt (1965) [13] introduced marketers to the concept of the product life cycle in his classic 1965 Harvard Business Review article, the product life cycle has been one of the most widely known and respected of marketing planning tools. The product life cycle is similar to the life cycle of living things.

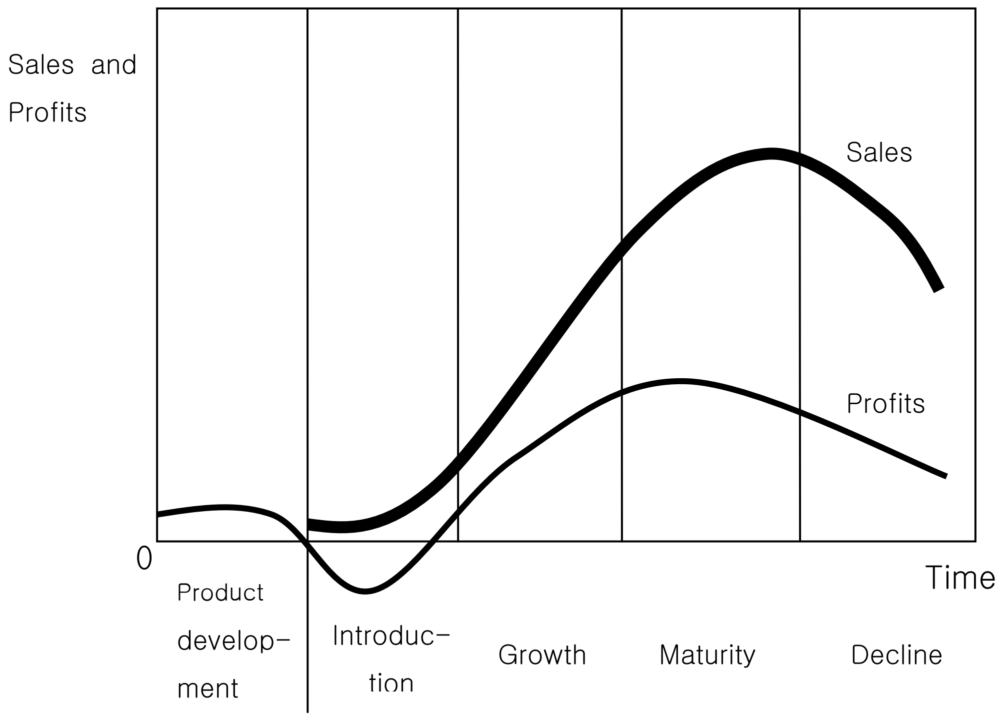
As shown in Figure 2.1, the product life cycle traces the stages of a products development and birth, its growth and maturity, and finally its decline and death (Ferrell & Hartline, 2005).[14] Most product life cycle curves are portrayed as bell-shaped or S-shaped. This curve is typically divided into five stages: product development, introduction, growth, maturity, and decline (Kotler, Bowen, and Makens, 2006).[15]

1. Product development: A period of finding and developing a new product idea. During product development, sales are zero and the company's investment costs add up.
2. Introduction: A period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses incurred with product introduction.
3. Growth: A period of rapid market acceptance and substantial profit improvement. Demand begins to accelerate and the size of the total market expands rapidly. It might also be called the "Takeoff Stage".

[13] Theodore Levitt, EXPLOIT the Product Life Cycle, Harvard Business Review Nov.-Dec. 1965
[14] O.C. Ferrell and Michael D. Hartline, Marketing Strategy, Third Edition, Thomson South-Western, 2005, pp. 168
[15] Philip Kotler, John T. Bowen and James C. Makens, Marketing for Hospitality and Tourism, 4th Edition, Pearson Education, 2006, pp. 338

4. Maturity: A period of a slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
5. Decline: A period when sales show a downward drift and profits erode. Sales decline for many reasons, including technological advances, shifts in consumer tastes, and increased competition.

Figure 2.1 Product Life Cycle



Source: Philip Kotler, John T. Bowen and James C. Makens, Marketing for Hospitality and Tourism, 4th Edition, Pearson Education, 2006, pp. 339

However, not all products follow this S-shaped product life cycle. Three common alternate patterns, i.e., growth-slump-maturity pattern, cycle-recycle pattern, and scalloped pattern, are shown in Figure 2.2. The growth-slump-maturity pattern in Figure

2.2(a) is often characteristic of small kitchen appliances. For instance, sales of electric knives grew rapidly when the product was first introduced and then fell considerably to a solid level. The solid level is sustained by late adopters buying the product for the first time and early adopters replacing the product. The cycle-recycle pattern in Figure 2.2(b) often describes the sales of new drugs. The pharmaceutical company aggressively promotes its new drug, and this produces the first cycle. Later, sales start declining and the company gives the drug another promotion push, which produces a second cycle. Another common pattern is the scalloped pattern in Figure 2.2(c). In this pattern, sales pass through a succession of life cycles based on the discovery of new-product characteristics, uses, or users. Nylon's sales, for example, show a scalloped pattern because of the many new uses – parachutes, hosiery, shirts, carpeting, boat sails, automobile tires – that continue to be discovered over time (Kotler, 2003).[16]

The PLC concept is a useful framework for describing how products and markets work. But using the PLC concept for forecasting product performance or for developing marketing strategies presents some practical problems. It is very hard to forecast the sales level at each PLC stage, the length of each stage, and the shape of the PLC curve. The product life cycle is not a predictive tool to determine the length of a product's useful life. It is, instead, a means of conceptualizing the effect of the market, the environment, and competition and understanding how that product may react to various stimuli. Recognizing that products have life cycles with identifiable stages can provide insights into how to manage the cycle to extend its life (Kotler, Bowen and Makens, 2006).[17] Table 2.1 summarizes the marketing strategy considerations for each stage of

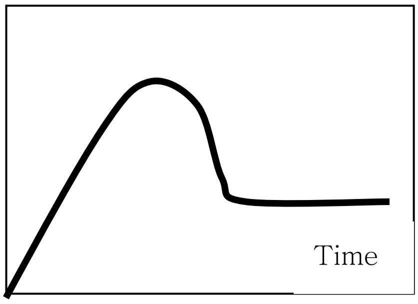
[16] Philip Kotler, Marketing Management, 11th edition, Prentice Hall, 2003, pp. 329
[17] Philip Kotler, John T. Bowen and James C. Makens, Marketing for Hospitality and Tourism, 4th Edition, Pearson Education, 2006, pp. 339

the life cycle.

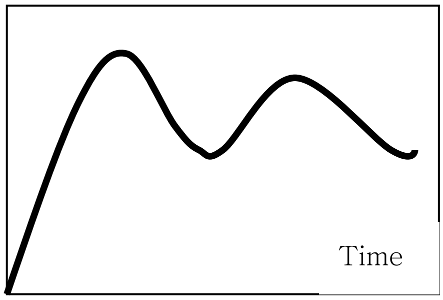
On the other hand, there has been a challenge toward the PLC theory. According to Dhalla and Yuspeh (1976)[18], the PLC has little validity. The sequence of marketing strategies typically recommended for succeeding stages of the cycle is likely to cause trouble. In some respects, the concept has done more harm than good by persuading top executives to neglect existing brands and place undue emphasis on new products.

Figure 2.2 Common Product Life Cycle Patterns

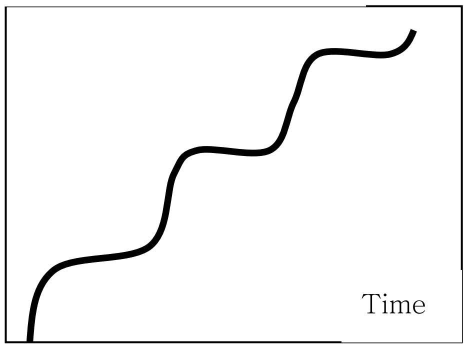
(a) Growth-slump-maturity pattern



(b) Cycle-recycle pattern



(c) Scalloped pattern



Sources: Philip Kotler, Marketing Management, 11th edition, Prentice Hall, 2003, pp. 329

[18] Nariman K. Dhalla and Sonia Yuspeh, 'Forget the product life cycle concept' Harvard Business Review, Jan. – Feb. 1976, pp.102-112

Table 2.1 Marketing Strategy During The Product Life Cycle

	Introduction	Growth	Maturity	Decline
Overall Marketing Goals	Product awareness and trial	Increase market share by acquiring new customers; find new needs and market segments	Maximize profit by defending market share or stealing it from competitors	Reduce expenses and marketing efforts to maximize the last opportunity for profit
Product Strategy	Limited models with limited features; frequent product changes	Introduce new models with new features; continue product changes	Full model line; increase supplemental product offerings to aid in product differentiation	Eliminate unprofitable models and brands
Pricing Strategy	Penetration pricing to establish a market presence or price skimming to recoup development costs	Prices fall due to competition; price to match or beat the competition	Prices continue to fall; price to beat the competition	Prices stabilize at a low level
Distribution Strategy	Gradually roll out product to expand availability; get wholesalers and retailers on board	Intensify efforts to expand product reach and availability	Extensive product availability; retain shelf space; phase out unprofitable outlets or channels	Maintain a level necessary to keep brand loyal customers; continue phasing out unprofitable channels
Promotion Strategy	Advertising and personal selling to build awareness; heavy sales promotion to stimulate product trial	Aggressive brand advertising, selling, and sales promotion to encourage brand switching and continued trial	Stress brand differences and benefits; encourage brand switching; keep the brand/product fresh	Reduce to a minimal level or phase out entirely

Sources: O.C. Ferrell and Michael D. Hartline, Marketing Strategy, Third Edition, Thomson South-Western, 2005, pp. 169

2.2 **Tourist Area (Destination) Life Cycle**

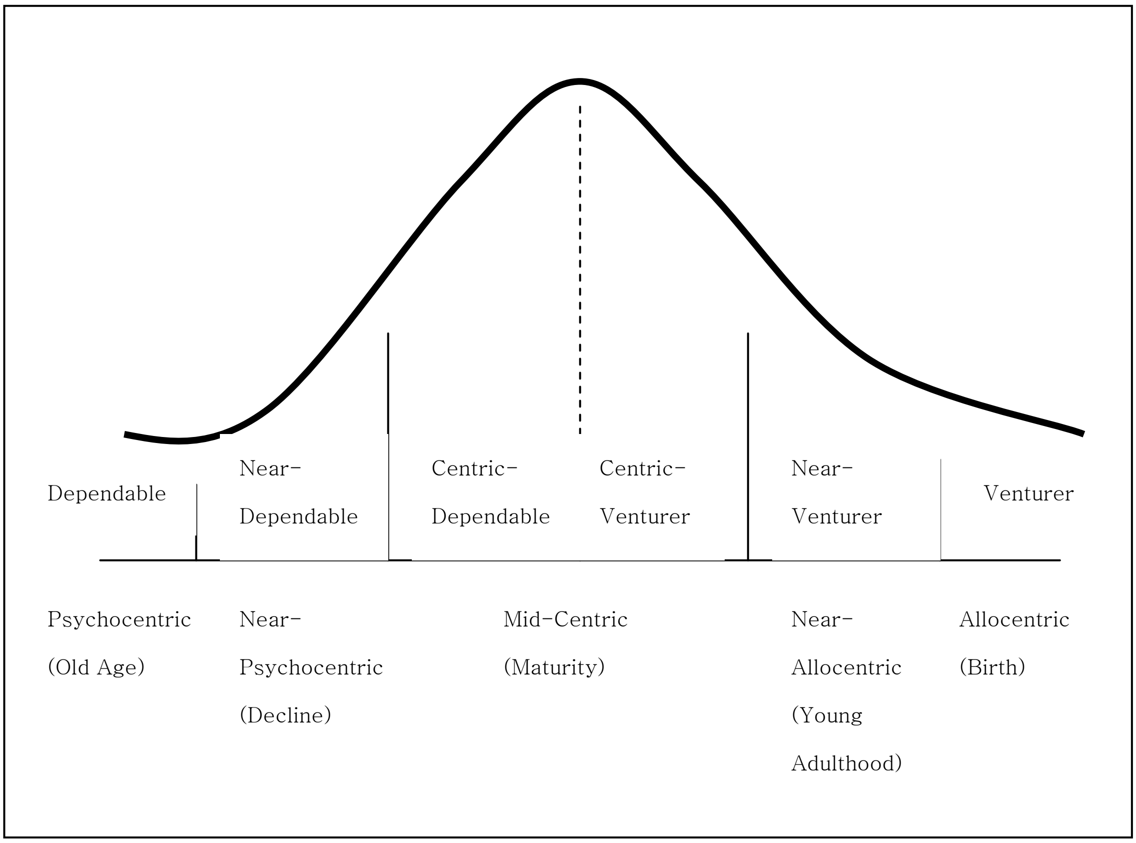
There are a number of theories to describe the evolution of tourism through a life cycle process. One model which was the first to gain widespread attention was Walter Christaller's (1963) In Christaller's representation, artists first seek out unusual and undisturbed areas for subject matter and inspiration. This can lead to the development of an artist colony which in turn attracts poets, movie people, gourmets, and in time the rich and indulged. This progression results in the destination being identified as fashionable, which attracts hotels and commercialization. As the popularity of the destination increases, more working-class people are attracted while the original visitors agencies now promote the destination, the original visitors are driven to find new untouched locations and the cycle repeats itself. Ultimately, though, the natural or cultural amenities that were responsible for the original popularity become displaced or deteriorate (Tooman, 1997).[19]

Cohen (1972) attempts to categorize tourists into four character segments: drifter, explorer, individual mass, and organized mass. The drifters and explorers are constantly searching for new destinations and are not interested in ancillary services such as comfortable accommodation. On the other hand, the last two character segments like to stay in an environmental bubble, and place a high premium on comfortable and relatively inexpensive accommodation. Cohen's model, therefore, implies that as a destination attracts differing personality segments, its growth process is likely to change (Moore & Whitehall, 2005).[20]

[19] L. Alex Tooman, Applications of the life-cycle model in tourism, Annals of Tourism Research, Vol.24, 1997, pp. 214-234
[20] Winston Moore and Peter Whitehall, The tourism area lifecycle and regime switching models. Annals of Tourism Research, Vol.32, 2005, pp112-126

Another view of the resort cycle asserts that the rise and fall of a destination is due predominantly to the psychology of the travelers. In this model, Plog (1973)[21] identifies five main segments of tourists shown in Figure 2.3: allocentrics, near-allocentrics, midcentrics, near-psychocentrics, and the psychocentric. Plog later changed the terms into venturers, near-venturers, centric-venturers/centric-dependables, near-dependables, and dependables.

Figure 2.3 Birth and Decline of Destinations as Related to Psychographic Positioning



Source: Stanley C. Plog, Leisure Travel: A marketing handbook, Pearson Prentice Hall, 2004, pp. 51-58

Each of these tends to conform with income levels ranging from higher to lower, respectively. Allocentrics are the first to visit or discover a location because they are the

[21] Stanley C. Plog, Why destinations Rise ad Fall in Popularity. Cornell Hotel and Restaurant Administration Quarterly, Nov., 1973, pp. 13-16

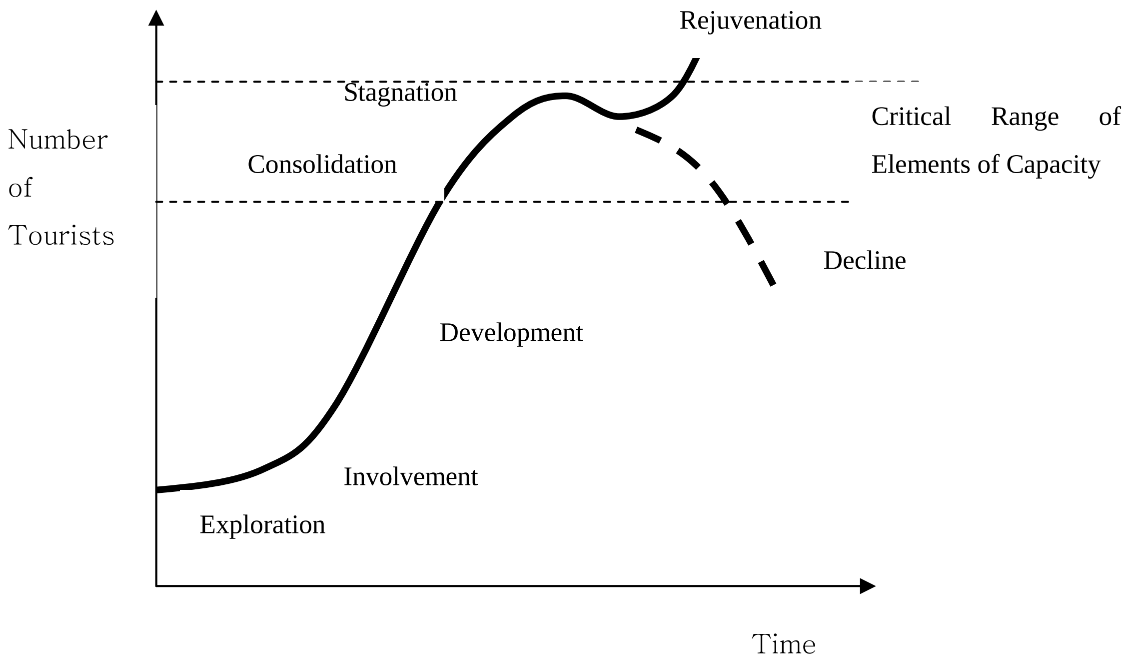
most adventuresome of the five segments and enjoy discovery and new experiences. As more allocentrics visit an area, it develops a reputation as the "in" place to visit, thus attracting near-allocentrics or the slightly less adventuresome. As numbers of visitations increase, tourism facilities emerge and expand so that midcentrics become attracted. These are the majority of the population; they like their destinations to be reasonably accessible, predictable, and comfortable. This increased popularity results in the maturation of the destination; development occurs so as to offer a full array of amenities, services, and amusements. At this point, the destination has achieved its maximum potential and attracted the broadest possible number of participants. This heightened popularity eventually convinces the ever less adventuresome, near-psychocentrics, and finally least adventuresome psychocentrics to visit. These are people who travel less, stay a shorter time, and spend less money, typically preferring destinations to be as familiar as possible. As the destination becomes more accessible and more commercialized, there becomes less and less of what attracted tourists in the first place. Thus, as happened in Christaller's model, the original visitors depart in search of new discoveries. As this process completes itself, the psychocentrics eventually become the majority tourists and the resort is in decline.

The model that has attracted the most attention and discussion, and incorporates the most factors is the six-stage model developed by Butler (1980). Butler's model proposes six stages in the cycle of evolution of a tourist area as seen in Figure 2.4 – an exploration stage, an involvement stage, a development stage, a consolidation stage, a stagnation stage, and a decline stage or a rejuvenation stage (Bulter, 1980).[22]

---

[22] R.W. Butler, The concept of a tourist area cycle of evolution: Implications for management of resources. Canadian Geographer, Vol.24, 1980, pp.5-12

Figure 2.4. Butler's S-shaped Lifecycle Graph



Sources: R.W. Butler, The concept of a tourist area cycle of evolution: Implications for management of resources. Canadian Geographer, Vol.24, 1980, pp.7

Exploration Stage. Limited and sporadic visitation by a few adventuresome (allocentric) people. There is a high degree of contact with locals and use of their facilities but with very little social and economic impact.

Involvement Stage. Increasing visitation induces some locals to offer facilities primarily or exclusively for visitors. Contact with locals is still high and many adjust their social patterns to accommodate the changing economic conditions. A tourism destination and season emerges and advertising is initiated.

Development Stage. Outside investment is attracted to the destination as a well-defined tourism market emerges. Accessibility is enhanced, advertising becomes more intensive and extensive, and local facilities are displaced by more elaborate and up-to-date ones.

This results in a decline in local participation and control. Artificial attractions supplant original ones. Imported labor and auxiliary facilities and services become necessary to support the rapidly growing tourism industry.

Consolidation Stage. The major portion of the local economy is tied to tourism and dominated by major chains and franchises. Visitation levels continue to increase but at declining rates. Marketing and advertising efforts are further widened to extend the tourism season and attract more distant visitors. Older facilities are now second-rate and mostly undesirable.

Stagnation Stage. Capacity levels for many relevant factors are reached or exceeded resulting in economic, social, and/or environmental problems. A peak number of possible visitations is achieved forcing facility managers to rely on repeat visitations and conventions for business. Artificial attractions supersede the natural or cultural ones and the destination is no longer considered fashionable. Surplus capacity exists.

Decline (first part of stage six). Tourists are drawn away by newer destinations; those remaining are mostly weekend or day visitors. Tourism facilities become replaced by non-tourism establishments as the area disengages from the industry. This results in even less attraction for visitors and remaining facilities become less viable. Local involvement will probably increase again as the price of facilities drops along with the market decline. The destination either becomes a tourism slum or finds itself devoid of tourism activity altogether.

Rejuvenation (second part of stage six). A dramatic change in the resource base is established. Either a new set of artificial attractions is created or a previously unexploited natural resource is utilized.

Butler's lifecycle model can be understood not as a real evolutionary model but, as he puts it in his own paper, as a hypothetical cycle. What is really interesting about this model is not the existence of empirical evidence to support the shape of the curve, but rather the implicit warning to those responsible for tourism planning and development (Aguilo, Alegre and Sard, 2005).[23]

There have been some empirical attempts to model the Butler's lifecycle hypothesis however, most of these have employed a perceptional or historical case study approach. Hovinen (1982)[24] examines data on Lancaster County (Pennsylvania, USA) for five decades, and concludes that neither the life cycle model nor Plog's (1973) psychographic concept (which suggests that resorts evolve as their appeal flows from allocentrics through mid-centrics to psychocentrics) adequately explain the rise and potential fall of tourism in this study area. Hovinen suggests that the magnitude of a potential decline is linked to three interrelated factors: relative location and accessibility, diversity of the tourism base, and effectiveness of ameliorative planning.

Meyer-Arendt (1985)[25] explain the evolution of the Grand Island resort on the Louisiana coast. There, changes in settlement and tourism patterns are linked to environmental processes such as erosion and storm damage.

Strapp (1988)[26] discovers in the study of the Wasaga Beach (Ontario, Canada) how a decline in tourist visitation, especially as measured by average length of stay, is matched by expansion of second home development, resulting in renewed prosperity

---

[23] Eugeni Aguilo, Joaquin Alegre and Maria Sard, The persistence of the sun and sand tourism model. Tourism Management Vol.26, 2005, pp.219-231

[24] Gary R. Hovinen, Visitor cycles outlook for tourism in Lancaster county. Annals of Tourism Research, Vol.9, 1982, pp.565-583

[25] Klaus J. Meyer-Arendt, The grand isle, Louisiana resort cycle. Annals of tourism research, vol.12, 1985, pp.449-465

[26] Strapp, J. D., The resort cycle and second homes, Annals of Tourism Research, Vol.15, 1988, pp.504-516

for the town. In this case, a positive evolutionary process can be mistaken for "decline". Cooper and Jackson (1989)[27] shows in their study of the Isle of Man that this destination's life cycle corresponds closely to the model, with a marked decline attributed to a general loss in popularity of British seaside resorts and a failure to stay competitive. However, they also conclude that the life cycle model is not useful as a forecasting tool, nor for strategic management, but its utility lies in describing and analyzing tourism development.

One argument against the destination life cycle models as well as the standard product life cycle model is that the evolutionary pattern is not inevitably, or even frequently, going to follow a biological pattern: birth, growth, decline and death. Haywood showed that there are a variety of possible tourist area cycle of evolution curves such as those presented in Figure 2.5.

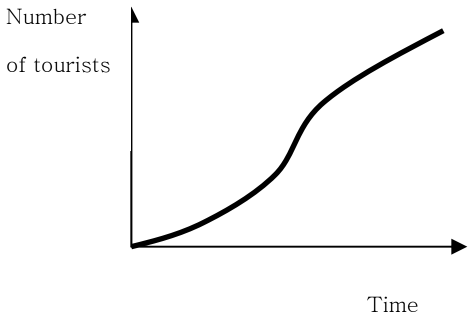
In a basic product life cycle, the product remains unchanged while marketing efforts and strategies adapt for each stage. If a product were to be changed, the cycle would begin anew. With a tourism attraction, however, the product (the destination) undergoes an evolutionary process of continual change in response to changes in demand and supply. This would suggest that any pattern is possible. From this view, then, the life cycle concept offers the possibility of at best being a diagnostic tool after the fact (Choy 1992).[28]

---

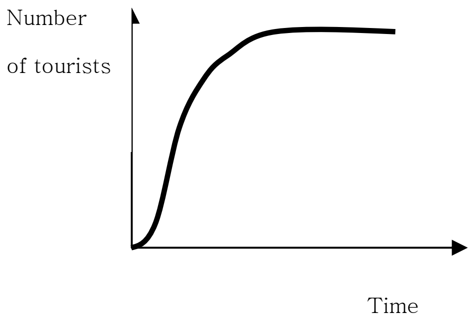
[27] Chris Cooper and Stephen Jackson, Destination life cycle: The Isle of Man case study. Annals of Tourism Research, Vo.16, 1989, pp. 377-398

[28] Dexter J. L. Choy, Life cycle models for pacific island destinations, Journal of the research, winter, 1992

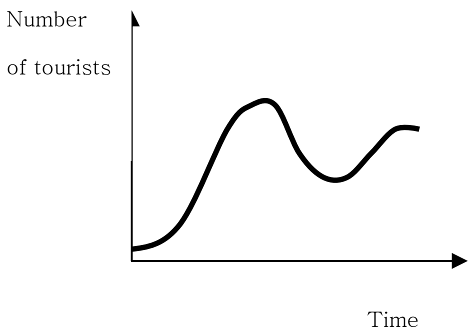
Figure 2.5 Alternate tourist area life cycle patterns



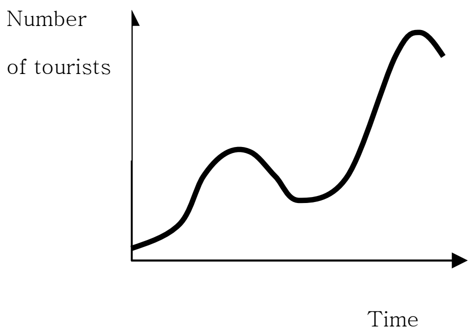
A well-managed and safe urban center that enjoys a variety of tourist attractions and continues to attract a consistent number of visitors



An instant resort complex such as Cancun, Mexico(Bulter, 1980) that has strong drawing power



A regional area that peaks and falls in terms of visitations. The fall is due to a “scare” and an increase in costs of gasoline – Lancaster County, Pennsylvania (Hovinen, 1981)



An urban resort such as Atlantic City that adds a new major attraction – gambling (Stanfield, 1978)

Sources: K. Michael Haywood, Can the tourist-area life cycle be made operational?. Tourism Management, Sep. 1986, pp.157

The case of Niagara Falls is an example where no permanent decline is foreseen. Here, elements of consolidation, stagnation, decline, and rejuvenation are seen to coexist and be perpetual as the tourism industry and planners address problems as they arise. One solution to this complexity is to define this latter multifaceted stage as maturity, which is most likely to occur where a unique natural attraction lends permanence to maturity. The purpose of planning and control from this perspective is to enhance attractiveness and competitiveness of the destination and address the important product, market, and impact related indicators that reveal the overall health of the tourism industry as well as any related problems that may arise (Gets 1992).[29]

Di Benedetto and Bojanic (1993)[30] use a step-logarithmic function to model attendance at Cypress Gardens over the period 1949-84. The model allows for an initial period of rapid growth, followed by stagnation and then decline. The authors also augment the model with a dummy variable to capture revitalization, the impact of new attractions, and environmental influences, such as the fuel crisis of 1974 and 1979, the Worlds Fair, EPCOT Center and the Cuban missile crisis. They report strong evidence in support of the step-regression model. In addition, the approach performs admirably as a forecasting tool. The present authors thus take these results as evidence in favor of the usefulness of the lifecycle framework.

Russell and Faulkener (2004)[31] combine the chaos and complexity theory with the tourism area lifecycle model to create a framework that takes into account different segments of entrepreneurial activity while highlighting elements of turbulence, change,

---

[29] Donald. Gets, Tourism Planning and the destination life cycle. Annals of Tourism Research, Vol.19, 1992, pp.752-770

[30] C. Anthony di Benedetto and David C. Bojanic, Tourism area life cycle extensions. Annals of Tourism Research, Vol.20, 1993, pp.557-570

[31] Roslyn Russell and Bill Faulkner, Entrepreneurship, chaos and the tourism area lifecycle. Annals of Tourism Research, Vol.31, 2004, pp. 556-579

and unpredictability. They provide an example of the development of two Australian destinations(Surfers Paradise and Coolangatta) and illustrate how entrepreneurs take advantage of chaos and turbulence and apply their creativity in a manner that give one destination a competitive advantage over the other. The synthesis of the lifecycle model and the chaos theory provide a more comprehensive and realistic view by highlighting the paradoxical nature of destination development.

Moore and Whitehall (2005)[32] use Markov-switching models and quarterly observations on tourist arrivals for Barbados over the period 1957-2002, to test the area lifecycle concept that a destination should enjoy varying levels of popularity over time and, as a result, the growth in arrivals should follow an S-shaped path. The result shows that the lifecycle concept provide an adequate explanation of the phases of growth for each market and however, there do not exist a common lifecycle relationship which is applicable to all source markets. The two authors suggest that policies aimed at rejuvenating growth for a particular destination should take into account the specific characteristics of the various markets. In Barbados' case, the pattern of arrivals from the United Kingdom is different from the United States.

In Korea, the study on DLC is at the stage of growth and it has been relatively more active in the field of geography rather than tourism. Kim (1993)[33] applies Butler's DLC model to Jeju Island and he suggests the direction of tourism development on the basis of the stage of lifecycle of Jeju Island. Cho and Lee (1998)[34] analyze 46 hot spring areas in Korea to examine the life cycle stage of each.

---

[32] Winston Moore and Peter Whitehall, The tourism area lifecycle and regime switching models. Annals of Tourism Research, Vol.32, 2005, pp. 112-126

[33] Kim, Sa-Young, A study on the tourism development of Cheju Province based upon Tourist Area Life Cycle. Tourism Geography, Vol.3, 1993, pp.85-104

[34] Cho, Sung Ho and Lee, Kyung Ja, The life cycle of tour destination hot spring in Korea. Korea Regional Geography Paper, Vol.4, 1998, pp.165-182

The two authors suggest that hot springs which are in decline should develop new, attractive tour resources, maintain good quality of water, develop a complex site and traffic routes, and utilize adjacent tour resources.

Jang (2000)[35] studies Seoul Grand Park to establish a supply-oriented approach to the explanation of destination life cycle model, and to test the model empirically. The result of this study shows that not only carrying capacity of a destination but also capability of supplying innovative facility and competence for competing destination determine the destination lifecycle. This perspective is very similar to Cromton (1976)'s study stating that an individual tourism resource in a tourism destination has its own lifecycle even though it has a short life, and Agarwal (1997)'s study stating that a destination is a mosaic of various tourism resources with different lifecycles.

Lee (2000)[36] asserts that all the tourist area lifecycle models including Butler's model, Plog model, Cooper model etc. do not fit for tourist areas in Korea. Therefore, Lee has developed a new tourist area lifecycle model through the case study of Suanbo hot spring area in Korea. The author makes 8 indicators to measure the lifecycle of Suanbo hot spring. They are 1) network of transportation, 2)lodging length of tourists, 3)accommodation, 4)competitor areas, 5)advertisement, 6)administration of government, 7)environment effect of tourism, and 8)attitudes of residents through time and space. Lee states that the model could provide a framework within which to analyze the pattern of tourism development in tourist areas which has a long history and small scale.

---

[35] Jang, Eun-Young, The extension of the destination life cycle theory: The case of the Seoul Grand Park, Kyonggi Univ. 2000

[36] Lee, Young-Hee, The building of tourism destination area life cycle model : A case study of Suanbo area, Korea, Dongguk Univ., 2000

Park (2002)[37] applies the logistic curve model dealt in the theory of population growth form to the growth of tourism in Jeju Island in Korea. Park examines the time path of tourist growth of Jeju Island and set up the logistic curve equation and predicts increased number of visitors in the future. Park also determines the lifecycle stages of Jeju Island through iterative derivatives of the suggested logistic equation which is developed by Lundtorp and Wanhill (2001). The study result shows that the year 1997 is the turning point in the evolution of the island and tourist arrivals will reach 6,580,000 when the island becomes saturated in 2027. Park states that Jeju Island lies in the development stage of the five stages in Butler's theory.

[37] Park, Jai-Mo, The analysis of lifecycle of destination and the strategies of growth management: The case of Jeju island, Kyonggi Univ., 2002

CHAPTER THREE: TOURIST AREA (DESTINATION) LIFE CYCLE ANALYSIS ON JEJU ISLAND

3.1 Brief about Jeju Island

Jeju Island is one of the nine provinces of Korea and it is located at the southern most part of Korea, 469km south of Seoul, Capital of Korea. It is a gateway that connects the Pacific and Northeast Asia; 18 cities, with a population of 5 million, are within two hours by air[38] (*see* Figure 3.1). The size of Jeju Island is 1,845km^2, and the length of it is 82km horizontally and 36km vertically forming an oval shape. As a result of its isolated location and romantic tropical image, Jeju Island has become a favorite tourist destination in Korea dubbed as a honeymoon's Mecca and Pearl of Asia. The population of Jeju Island is 550,000, 1.14 percent of Korea's total population, which is approximately 48.5 million.[39]

GRDP (Gross Regional Domestic Product) and TI (Tourism Income) of Jeju Island accounted for 7trillion won, 1.7 trillion won respectively in 2004. The ratio of TI/GDRP was 24 percent which is relatively much higher than other provinces in Korea. It demonstrates that Jeju Island is greatly dependent upon the tourism industry. In 2005, for the first time, total visitor arrivals to Jeju Island reached 5 million increased by 2 percent compared to 2004. Of these visitors, 6.7 percent or 460,000 visitors were from foreign countries.

---

[38] 5 Cities within 2 hours of Jeju include Seoul, Tokyo, Beijing, Shanghai, Tianjin. 13 cities include Osaka, Dalian, shenyang, hangzhou, Suzhou, Qingdao, Yantai, Nantong, Ningbo, Wenzhou, Nanjing, Jinan and Taibei.(Sources: http://www.jeju.go.kr/jeju-f/english/contents/)

[39] 2005 Jeju Annual Statistics Report, KNSO Jeju Local Office, 2005.

Jeju Island is facing a critical stage for its future. Jeju provincial government and the Korean government have been pursuing the ‘free international city project’ which aims to develop a base for opening the nation and to increase the income and welfare level of Jeju province residents. This will be accomplished by developing Jeju Island into a hub city in Northeast Asia that guarantees the convenience in business activities to the maximum extent while the movement of people, goods and funds is free.[40] According to the plan, the island will be a visa-free international city for global tourism, finance, logistics, and will specifically offer tax benefits for domestic and foreign investors. Moreover, the Province of Jeju has become a ‘special self-governing province’ as of July 1, 2006 which is expected to facilitate the process of Jeju Free International City project with greater authority and a faster decision-making process. It is expected that the Island will eventually attract 9.93 million tourists annually and boost per capita provincial income to $20,000 by 2011, when the project is completed.[41]

There are seven key projects to stimulate the development of Jeju Free International City in which 5 projects are related to the tourism and recreation industry, 2 further projects are focusing on business and the high-tech industry . The seven projects (*see* Figure 3.2) are 1) development of high-tech science & technology complex, 2) development of resort-segment residential complex, 3) development of shopping outlets, 4) development of a myths and history theme park, 5) development of Seogwipo tourism port, 6) development of Jeju international airport free trade zone, and 7) expansion of Jungmun resort.[42] As seen among the seven projects, the tourism industry is expected to play a key role in making the project successful.

[40] JDC(Jeju Free International City Development Center) Website: http://www.jdcenter.com
[41] “Cheju Set to Become Int’l City”, Korea Times. 28 July 2005
[42] JDC(Jeju Free International City Development Center) Website: http://www.jdcenter.com

Figure 3.1. Location of Jeju Island

Sources: http://www.jdcenter.com/contents/sub.

Figure 3.2. Jeju Free International City**'s Seven key projects**

Sources: http://www.jdcenter.com/contents/sub.

3.2 Lifecycle Analysis on Jeju Island

One of the purposes of this study is to illustrate the evolution stage of TALC of Jeju Island as a tourist destination. Hence forth, using the six analysis factors such as visitor arrivals, tourism income, number of accommodations and travel agencies, tourism dependency rate (tourism income / gross regional domestic product), and industry structure. This study examines the evolution stage of Jeju Island on each analysis factor, and on the basis of these results, examines the evolution stage of Jeju Island compositely.

3.2.1 Visitor arrivals

Visitors to Jeju Island have increased for the last 44 years from 1962 to 2005. Figure 3.3 and Appendix 1 show the trend curve of visitor arrivals to Jeju Island. With the exception years of 1972 (-8%), 1974 (-12%), 1980 (-10%) and 1998 (-25%), the visitors to Jeju Island have consistently increased reaching 1 million in 1983, 2 million in 1988, 3 million in 1991, 4 million in 1996, and 5 million in 2005.[43] The curve has been trending upward with the average annual growth rate of 15 percent. However, the average increase rate of the recent 5 years (2001-2005) dropped to 4 percent which seems to be growing very slow.

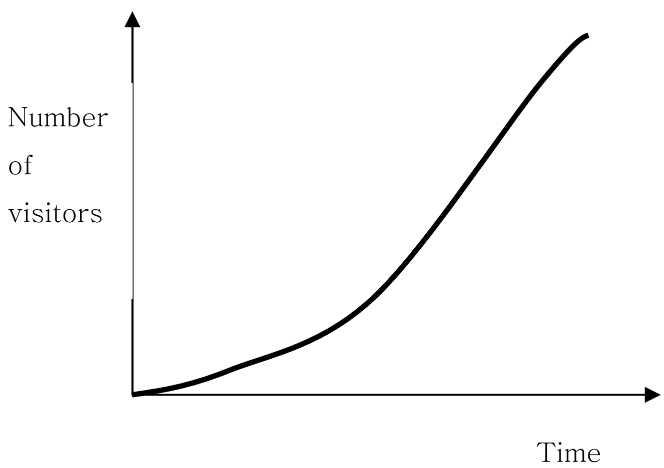
According to Butler (1980), the visitation levels of a tourist area continue to increase but at declining rates at the stage of consolidation out of his six stages of TALC.[44] Jeju has many opportunities to increase the growth rate in numbers of visitor

---

[43] Jeju Annual Statistics Reports(1972-2005), KNSO Jeju Local Office
[44] R.W. Bulter, The concept of a tourism area cycle of evolution: Implications for management of resources, Canadian Geographer, 24(1), 1980, pp. 5-12

arrivals, such as the launch of regional discount airline from June 2006 for the short term, and development of seven key projects for the Free International City for the long-term perspective. As we take a look at the trend of numbers of visitor arrivals from the viewpoint of Butler's model, we can say that Jeju is at the stage of consolidation in its TALC. However, considering the opportunities mentioned above, Jeju Island is expected to keep growing without approaching to stagnation or decline stage for the near future.

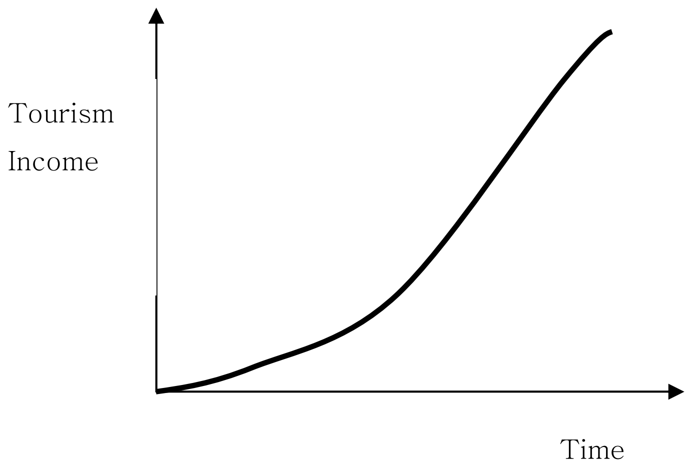
Figure 3.3 Trend curve of visitor arrivals to Jeju



3.2.2 Tourism Income

Tourism income for Jeju Island has increased for the past 35 years from 1971 to 2005. Figure 3.4 and Appendix 2 show the trend curve of tourism income for Jeju. The only exception are the three years of 1988 (-19%), 1991 (-33%) and 1996 (-11%), the tourism income has consistently increased reaching 10 billion won in 1977, 60 billion won in 1982, 100 billion won in 1984, 400 billion won in 1990, and 1 trillion won in 1996. In 2005, Jeju Island earned 1.7 trillion won, a 2 percent increase compared to the previous year. The trend curve has been keeping upward with the average annual growth rate of 24 percent. However, the recent five years (2001 – 2005) growth rate has declined to 2.8 percent which is much less than the average annual growth rate. Considering the recent decline of growth rate and its trend curve, Jeju Island seems to be at the stage of consolidation which is the same stage examined by the number of visitor arrivals.

Figure 3.4 Trend curve of tourism income to Jeju



3.2.3 Accommodations

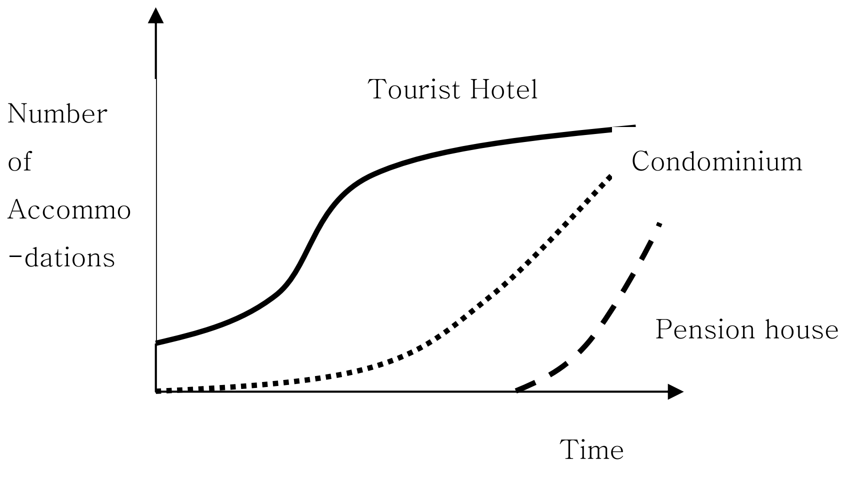
A robust and comprehensive tourism industry has been developed on the island including accommodations, tour businesses and entertainment and conference facility businesses. Regarding the accommodation businesses, there are 69 business enterprises with 8,711 rooms in Jeju island as of the end of 2004. Of these, 47 are tourist hotels, 20 condominiums, 1 family hotel, and 1 traditional hotel.[45] Among the tourist hotels, 15 are five star hotels with 3,762 rooms, 18 are four star hotels with 1,631 rooms, 6 are three star hotels with 357 rooms, and 4 are two star hotels with 192 rooms. The number

[45] Jeju Annual Statistics Reports(1972-2005), KNSO Jeju Local Office

of tourist hotels have consistently increased to 47 hotels in 2004 from 7 hotels in 1982. However, the room occupancy rate of the tourist hotels in Jeju has decreased from 75 percent in 1995 to 44.3 percent in 2004. This is caused by the appearance of a new type accommodation, pension houses, and the increase of condominiums. Condominiums which family tourists mainly use have been rapidly increasing from only one in 1996 to twenty in 2004. The condominium was introduced to Jeju Island for the first time in 1987 and the number of this segment of accommodation in Jeju had not increased until 1996. In terms of pension houses, they have been increasing rather drastically from 4 with 40 rooms in 2002 to 32 with 302 rooms in 2005.[46] The growth of tourist hotels have almost stopped, whereas condominiums and pension houses have kept growing as shown in Figure 3.5.

Considering slow growth and decline of occupancy rate of tourist hotels, tourist hotels seem to be at the stage of stagnation. However, condominiums and pension houses seem to be at the stage of development given the growing trend of these two accommodation segments.

Figure 3.5 Trend curve of accommodations in Jeju



[46] Tourism Department, Jeju Provincial Office, Dec. 2005

3.2.4 Travel Agencies

The number of travel agencies in Jeju have been rapidly increasing from 15 in 1982 to 503 in 2004 as shown in Figure 3.6 and Appendix 5. Of these 503 travel agencies, 32 are general travel agencies, 60 are international travel agencies, and 411 are domestic travel agencies.[47]

Judging only from the growth trend of travel agencies, Jeju Island seems to be at the stage of development in its life cycle. However, considering the growth of visitor arrivals and tourism income, the growth of travel agencies seems to be abnormal and excessive. As a matter of fact, the number of travel agencies has been decreasing in recent years due to the growth of direct booking and customers' self-booking travel on the internet in the United States.

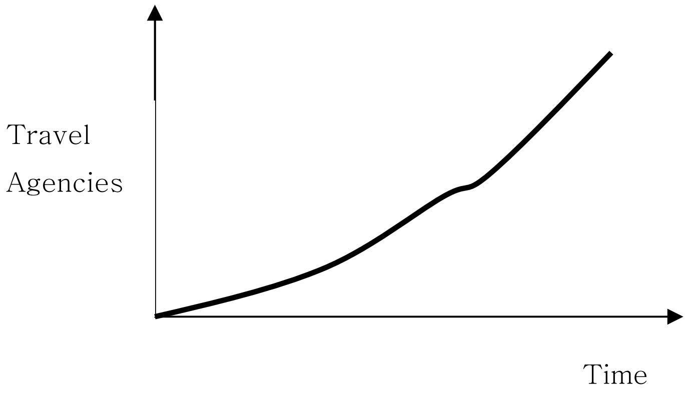
The oversupply of domestic travel agencies has produced cut-throat competition and low quality of tour products leading unkindness, forced sales, arbitrary changes of tour itineraries etc., which make the tourists to Jeju island unsatisfied or even angry. If so, it might possibly be wrong to determine Jeju's TALC stage from reviewing the trend curve of travel agencies.

Considering two aspects that the number of travel agencies are excessively increasing and the competition among them is getting so severe, it would be better to say that the stage of TALC of Jeju is in the middle of the consolidation stage.

---

[47] 2004 Jeju Annual Statistics Reports, KNSO Jeju Local Office, 2005
According to the Tourism Promotion Law, general travel agencies work for both domestic tourists and foreign tourists specializing in both domestic travels and overseas travels.
International travel agencies specialize in overseas travels for domestic tourists.
Domestic travel agencies specialize in domestic travels for domestic tourists.

Figure 3.6 Trend Curve of Travel Agencies in Jeju



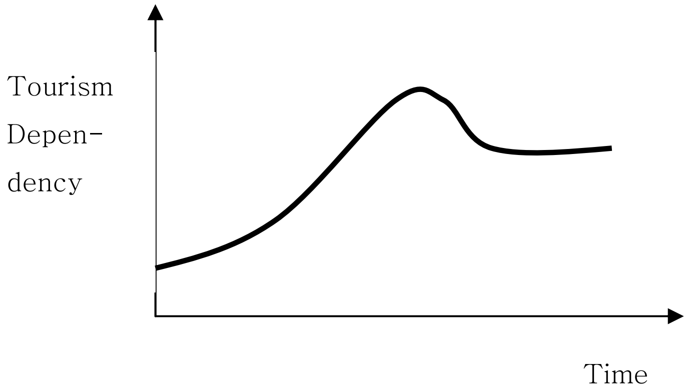
3.2.5 Tourism Dependency

This study defines tourism dependency as the rate of TI (Tourism Income) over GRDP (Gross Regional Domestic Product). Tourism dependency explains how much of Jeju's economy is dependent on the tourism industry. In 1985, GRDP and tourism income of Jeju were 795 billion won, 116 billion won respectively, resulting in 15 percent tourism dependency. From 1989, tourism dependency reached the 20 percent level and in 1992, reached its peak at 30 percent. Since then, it has maintained a level of between 21 percent and 30 percent as shown in Figure 3.7 and Appendix 6.

Unquestionably, the tourism dependency of Jeju Island is higher than other regions in Korea which means that Jeju's economy relies more heavily on the tourism industry. However, the Jeju provincial government has been trying to attract other industries such as a high-tech industry, an education industry, a medical industry, which are parts of the Jeju Free International City projects to make the regional economy stronger and lessen he excessive dependence on the tourism industry. Butler (1980) stated that the major portion of the local economy is tied to tourism at the stage of consolidation.

Considering that Jeju's economy is still very dependent on the tourism industry and that it has been maintaining the level of more than 20 percent of tourism dependency passing the peak of 30 percent in 1992. Jeju Island seems to be reaching the stage of stagnation in its lifecycle passing through the consolidation stage.

Figure 3.7 Trend Curve of Tourism Dependency of Jeju



3.2.6 Industry Structure

The industry structure of Jeju Island has rapidly changed as the Korean government carried out the tourism-oriented development strategy for Jeju Island since the 1970s. Figure 3.8 and Appendix 7 shows the trend curve of Jeju Island's industry structure. In terms of the primary industries including agriculture, forestry and fishing, the proportion of the primary industries in Jeju Island accounted for more than 40 percent in 1980s , but fell to 14.7 percent in 2004. In contrast, the tertiary industries including the tourism industry has taken up 66 percent in 2004 which increased greatly from 40 percent in 1980s and has become the most important and largest industry in

Jeju Island. During the period of only 20 ~ 30 years, Jeju's central axis of industry has moved completely into the tourism industry from the traditional fishing & agriculture industry including tangerines. In 1986, the tourism income which was 144 billion won topped the tangerine income with 142 billion won for the first time.

Considering the service industry's trend curve for the last 4 years 2001 – 2004, the industry seems to be stagnated without growth. However, as the service industry is expected to be developed further especially in the education and medical service sectors, it will take up more proportion in the future industry structure of Jeju. Thus, it seems reasonable to conclude that Jeju lies in the stage of consolidation in its life cycle from the perspective of the development of the service industry in Jeju.

Figure 3.8 Trend Curve of Industry Structure of Jeju

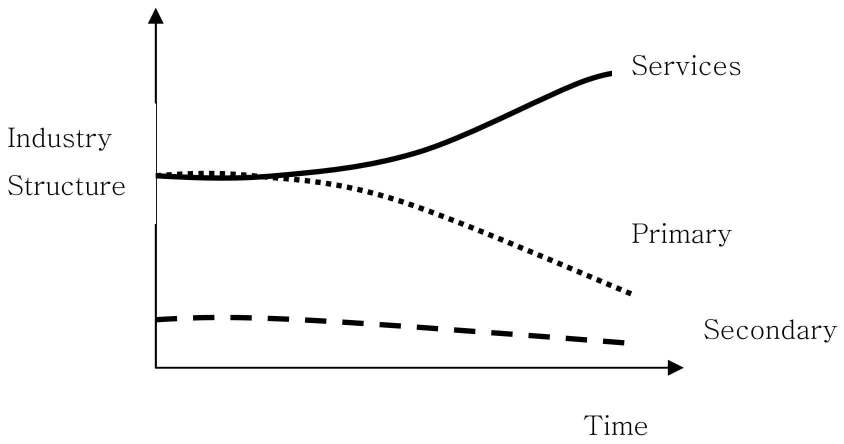


Figure 3.9 Trend Curves of Six Tourism-related factors of Jeju

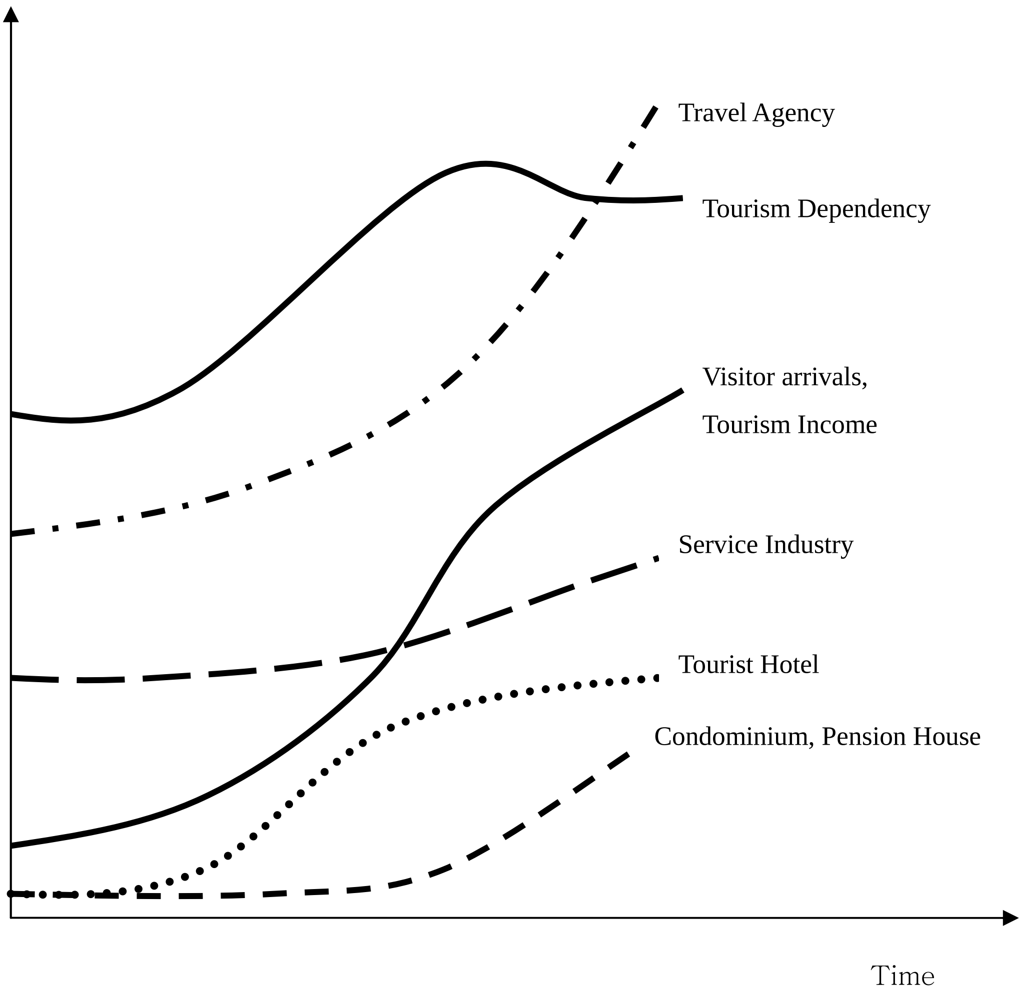


Table 3.1. Analysis Results on Six Factors for Jeju Island's TALC

Analysis Factors	Data period	Shape of Curve	Characteristics	Result (Stage)
1. Visitor arrivals	1962-2005	Continuously growing but growth rate is lowering	- Keep growing but growth rate declines - Competition increase domestically and internationally	Consoli-dation
2. Tourism Income	1971-2005	Upward but lowering	- Keep growing but growth rate declines - High value added tourism segments, e.g. honeymoon, decrease while cheap group tours increase	Consoli-dation
3. Accommo-dation	1982-2004(Tourist H.) 1987-2004(Condominium, Pension)	Slow growth (Tourist H.) Rapid growth (Condo. Pension)	- Tourist hotels grow slowly but their room occupancy rates decline - Condominiums and Pensions increase rapidly	Stagnation (Hotel) Development(Condo Pension)
4. Travel agencies	1982-2004	Rapidly growing	- Recently travel agencies grow rapidly - Competition among travel agencies lower the quality of Jeju products	Consoli-dation
5. Tourism Dependency	1985-2004	Declining and then maintaining	- Pass the peak and maintain 21 – 30percent - Pursue diversifying regional industries	Stagnation
6. Industry Structure	1986-2004	Steadily growing (service) Continuously falling (Primary) Maintaining (Secondary)	- Service industry grew steadily and agriculture industry keep falling - Service industry will keep growing owing to the increase of education and medical services	Consoli-dation

CHAPTER FOUR: LIFE CYCLE ANALYSIS BY TOURISM SEGMENTS IN JEJU ISLAND

In the previous chapter, this study examined the stage of lifecycle on Jeju island through using six factors: visitor arrivals, tourism income, accommodations, travel agencies, tourism dependency and industry structure. From this point forward, this study will analyze the lifecycles on seven different segments of tourism such as honeymoon, golf tour, study tour, family tour, group tour, international meeting & conference and foreign travel in order to prove a proposition that Jeju will show different stages of TALC in different segments of tourism.

4.1 Honeymoon

The honeymoon is an important ritual event for individual couples and society. The honeymoon market generates approximately $700 million in Korea. Recently, it is more popular among Koreans to go abroad for their honeymoons. Jeju Island enjoyed its heyday as a honeymoon Mecca during 1980s and early 1990s. In 1992, 550,000 honeymooners, 65 percent of the total Korean marriages of 419,774 pairs visited Jeju Island which accounted for 17 percent of the total visitors to Jeju Island. However, in 2002, 123,160 honeymooners, 20 percent of the total Korean marriages of 306,573 pairs visited Jeju for their honeymoons which accounted for only 2 percent of the total visitors to Jeju.[48]

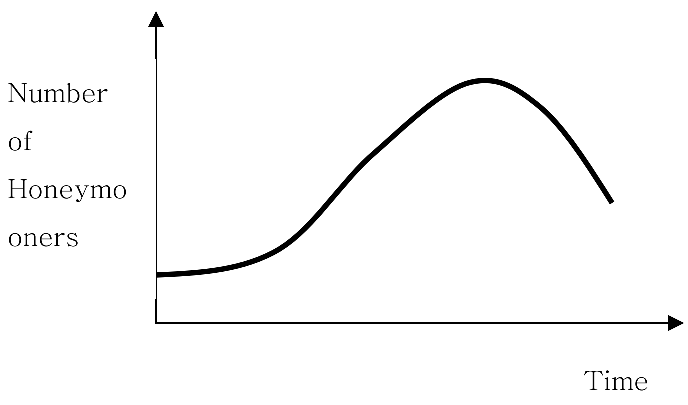
There are quite a few valid reasons why honeymooners turned a blind eye to Jeju

[48] http://kosis.nso.go.kr/cgi-bin/

Island as a honeymoon destination: liberalization of overseas travel, appearance of various, cheap overseas honeymoon destinations, relatively expensive Jeju's honeymoon products and so on. Recently, on an average 310,000 pairs become husbands and wives every year.[49] Of these couples, 10-15 percent newlyweds are estimated to visit Jeju Island on their honeymoon.

Unfortunately, there has been no statistics on honeymooners to Jeju Island after 2002. Taking a look at the trend curve in Figure 4.1 and Appendix 8, the curve reached the peak in 1992 and thereafter, the curve kept moving downward except for 1998 when lots of honeymooners turned around to Jeju Island because of the Korean economic crisis. Taking into account the curve's movement, we can see for sure that the honeymoon tour in Jeju is at the stage of decline in its lifecycle.

Figure 4.1 Trend Curve of Honeymoon to Jeju



[49] http://kosis.nso.go.kr/cgi-bin/

4.2 Study Tour

Study tours have rapidly grown from 60,417 in 1986 to 507,248 in 1997 with the average annual growth rate of 23 percent. However, Korea's economic crisis in 1998 made a great impact in the study tour market for Jeju, decreasing the number of study tour visitors to 128,533 in 1998, which was 78 percent decrease compared to the previous year. Since 1999, the study tour market has fully recovered from the drop caused by the economic crisis, recording 527,809 in 2005, outnumbering 507,248 in 1997 which was the largest number ever since. With the recent 7-year average growth rate of 24 percent, the trend curve of the study tour market is moving up rapidly as seen in Figure 4.2 and Appendix 9.

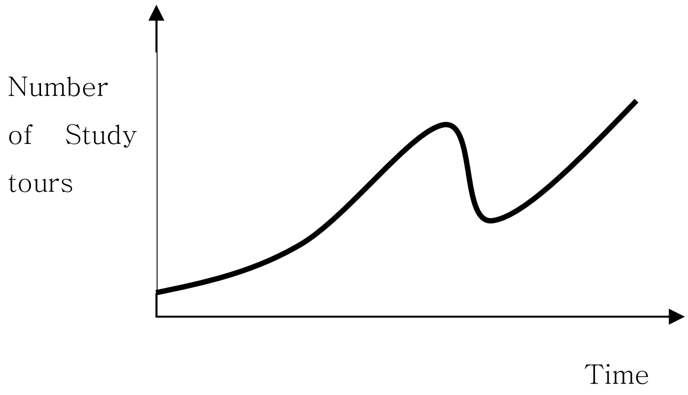
According to a survey[50] conducted by KTO (Korea Tourism Organization), a government-invested tourism promotion agency, in 2003, more than 60 percent of the high schools which responded to the survey were estimated to visit Jeju Island on their study tours, and 3 percent of the middle schools which responded estimated to select Jeju as their study tour destinations. As the most hopeful study tour destination in the future, 51.4 percent of high schools chose Jeju Island, followed by North Korea (17.4%), Overseas (13.2%), and Gangwon province (7.5%). Likewise, 21.2 percent of middle schools selected Jeju Island as their hopeful study tour destination, followed by Gangwon province (17.8%), Jeolla province (15.1%), Seoul and Gyeonggi province (11.6%), and Chungcheong province (8.9%).

As we have seen from the survey, Jeju Island is likely to grow even further in the study tour market. Considering the growth trend of the study tour and positive market prospects, the study tour of Jeju seems to be in the consolidation stage in its life cycle.

---

[50] "Middle/High school study tour Report", Korea Tourism Organization, 2003

Figure 4.2 Trend Curve of Study tour to Jeju



4.3 Golf Tour

Owing to the Koreans' rising interest in golf, there has been a boom for constructing golf courses among provincial governments. Since the first golf course was introduced to Jeju Island in 1979, 16 golf courses are in business as of December 2005, and in 2011, the number of golf course will increase to 41.[51]

The number of golf tourists came to 328,142 in 2000, but rapidly increased to 635,851 in 2005. In 2000, 470,684 golfers who played golf in Jeju were comprised of 142,542 Jeju residents(30%), 238,802 non-Jeju residents(51%) and 89,340 foreigners(19%). However, in 2005, the component ratio of golfers has changed to 223,725 Jeju residents(26%), 589,908 non-Jeju residents(69%), and 45,943 foreigners(5%).

These figures indicate that Korean golfers have increased tremendously by 113 percent for the last 5 years, while foreign golfers have decreased sharply by 49 percent

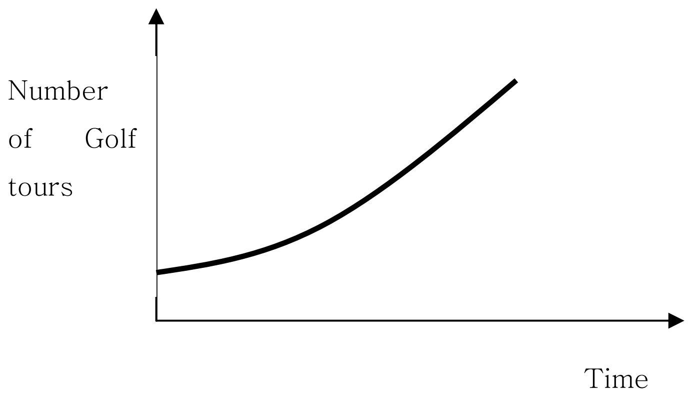
[51] Kim, Chang-Sik, "Popularizing Strategy of Jeju Golf tour", Jemin Ilbo, 23 Dec. 2005

over the same period. It is largely due to the difficulty for foreign golfers to make a reservation especially for the weekend owing to the rapid increase of domestic golfers.

In terms of the competitiveness of Jeju's golf industry, it is going to be tougher because playing golf in Jeju cost golfers too much given the airfare and accommodation fee. In Japan, there are some golf courses including breakfast which sell at around 8,500Yen (80,000 won), which is cheaper than those on Jeju Island.[52] When more golf courses are in the market, the competition among them to attract golf tourists will be getting tougher.

Considering that golf tourists to Jeju have been increasing with the average annual rate of 15 percent for the recent 5 years and more golf courses will be ready to serve in the near future, it appears to us that the golf tour market is still at the stage of development in its lifecycle. However, the increasing golf courses are expected to attract more tourists to Jeju, which is good for the overall tourism industry in Jeju. Conversely, the increasing golf courses can bring lower profitability to the golf courses in Jeju.

Figure 4.3 Trend Curve of Golf tour to Jeju



[52] Kim, Chang-Sik, “Popularizing Strategy of Jeju Golf tour”, Jemin Ilbo, 23 Dec. 2005

4.4 Family Tour

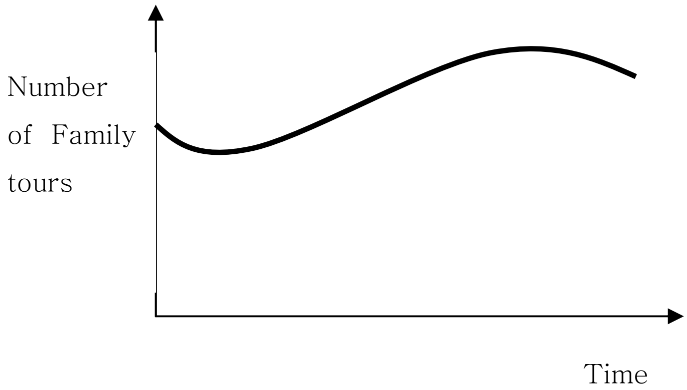
The family tour to Jeju Island has been increasing thanks to the extension of the ‘five day work week’, and expansion of ‘well-being culture’ which is a new health-oriented, quality of life-oriented lifestyle trend in Korea. Especially, in 2003 owing to the breakout of Iraq war and SARS (Severe Acute Respiratory Syndrome) epidemic in Asia, the Koreans’ demand for overseas travel was converted to domestic travel, and Jeju Island became a big beneficiary from the two disasters.

However, the family tour showed a decline for two consecutive years 2004-2005 as seen in Figure 4.4 and Appendix 11, which was caused by the increase of group tours such as study tours, group visitors to Hallasan National Park. Nonetheless, the family tour is expected to grow further for the future because of the launch of a regional budget carrier on June 2006, which is expected to reduce transportation expense and provide more seats to both family tourists and group tourists in high seasons.

In accordance with the increase of the family tour, the number of condominiums and pensions, which family tourists usually stay in during their visits, have been rapidly increasing. As described in the previous chapter, there was only one condominium in 1987, but now more than twenty condominiums competing with each other for attracting family travelers. On the other hand, pension houses have also remarkably increased from 4 pensions with 40 rooms in 2002 to 32 pensions with 300 rooms in 2005.

Despite the recent decrease of the family tourists, given the future growth prospect, we can say that the family tour segment is at the stage of consolidation rather than stagnation or decline in its lifecycle.

Figure 4.4 Trend Curve of Family tour Jeju



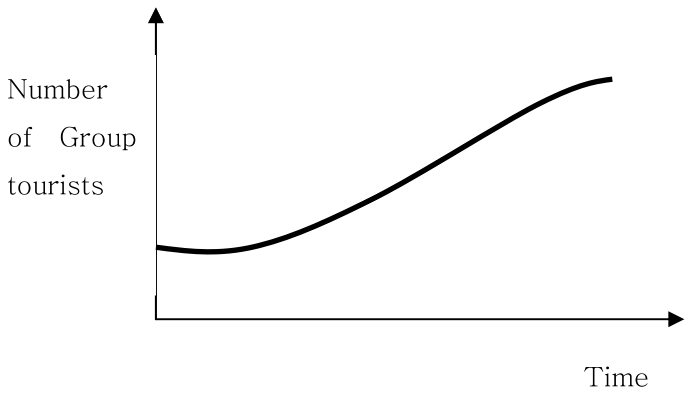
4.5 Group Tour[53]

Nowadays, individual travels are getting more popular rather than group tours. However, group tourists to Jeju has increased rapidly at the average annual growth rate of 10percent from 209,552 in 1976 to 722,218 in 2002 as showed in Figure 4.5 and Appendix 12. Despite the trend of world tourism, the group tour to Jeju Island is not expected to decline in the near future. This is because the population of mountain climbers has rapidly increased, and accordingly, a number of social clubs for mountain climbing have been organized. As a result, Hallasan National Park which is at the center of Jeju Island and the highest mountain in South Korea, is getting popular among the Korean mountain lovers. The number of visitors to Hallasan National Park has increased at the average annual growth rate of 15percent from 88,802 in 1980 to 668,794 in 2004 as seen in Appendix 13. Moreover, owing to the cut-throat competition

[53] Study tour is excluded in this group tour section

among the travel agencies in Jeju, the 3-day all inclusive Jeju tour programs are selling at the price of between 150,000 won and 200,000 won. Due to the sports clubs including mountain climbing and excessively cheap package tour products, group tour markets are expected to keep growing for the time being. Considering the past growth curve and the recent trend and future prospect mentioned above, we can conclude that the group tour is now at the consolidation stage in its life cycle.

Figure 4.5 Trend Curve of Group tour to Jeju



4.6 International Meetings and Conferences

According to UIA(Union of International Association)[54], there were 9,160 international meetings and conferences worldwide in 2004. Korea hosted 164 international conferences and was ranked in third in Asia following China and Japan. Among 164 conferences, Seoul hosted 109 conferences taking up 66.4 percent of the total conferences and Jeju followed Seoul hosting 17 conferences which took up 10.4 percent. Daejeon and Busan were placed in third hosting each 6 conferences.[55]

Jeju is the second most popular venue in Korea for international meetings and conferences attracting 17,018 participants including 8,985 foreign attendees hosting 48 international conferences counted by the criteria from the Korean international meetings and conferences promotion act.[56]

Since Jeju convention center was opened in March 2003, Jeju's convention industry has made a substantial increase hosting 53 international conferences in 2003 which was a 68 percent increase compared to 31 conferences in 2002. Jeju Island has strong competitiveness in this sector armed with a beautiful natural environment and a number of outstanding golf courses that meeting participants are likely to prefer.

Moreover, if Jeju makes a successful development of a Free International City project, there will be more international meetings and conferences in Jeju. However, the

---

[54] UIA criteria for International Meetings
- Total participants: more than 300 participants
- Foreign participants: more than 40percent
- Participating countries: more than 5 countries
- Meeting period: more than 3 days

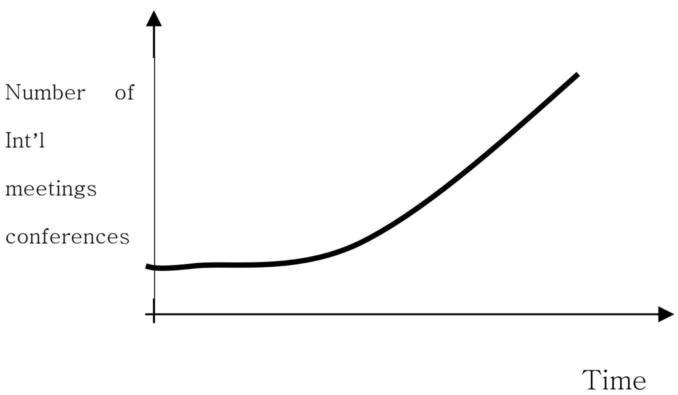
[55] 2004 International Meetings Report of Korea, Korea Tourism Organization, 2005

[56] Korean International Meeting Promotion Act Criteria for International Meetings
- Total participants: more than 150 participants
- Foreign participants: more than 30percent
- Participating countries: more than 3 countries
- Meeting period: more than 3 days

competition among provincial governments is expected to become keen. Since ICC Jeju opened in March 2003, KINTEX in Goyang, Gyeonggi-do province opened in April 2005. Subsequently, DJ center in Gwangju and CECO in Changwon, Gyeongnam province all opened in Sep. 2005. Moreover, Daejeon convention center and Songdo international convention center are under construction scheduled for opening Dec. 2007 and June 2008 respectively.[57] No doubt, the growing number of convention centers will make a huge impact on Jeju's convention industry.

Considering that the number of international conferences is almost stagnated as seen in Table 4.1, and the competition among domestic regional convention centers is getting much more sever, the prospect for Jeju's convention market is not that optimistic. Jeju is surrounded by lots of threats and opportunities at the same time. It might find itself abruptly in the stagnation or decline stage without enjoying long development and consolidation stage in its lifecycle. Considering the historical data, the trend curve's shape as seen in Figure 4.6 and Appendix 14, and the recent opening of a convention center, Jeju's convention market seems to be at the development stage in its lifecycle.

Figure 4.6 Trend Curve of International Meetings and Conferences to Jeju



[57] 2004 International Meeting Report of Korea, Korea Tourism Organization, 2005

Table 4.1 International Meetings by UIA(2000-2004)

	2000	2001	2002	2003	2004
No. of Meetings	10,413	9,199	9,509	9,920	9,160
Change	10%	-11.66%	3.37%	4.32%	-7.66%

Sources: 2004 International Meetings Report, Korea Tourism Organization, 2005, pp.5

4.7 Foreign Inbound Tour

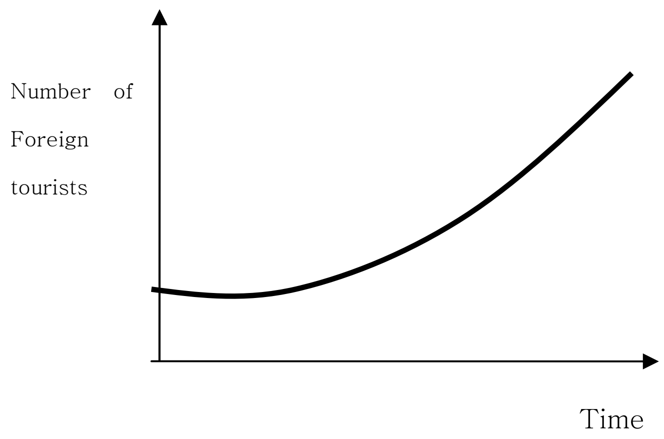
As described in the previous chapter, Jeju was determined to be in the ‘maturity’ stage when we analyzed the six factors related to the development of Jeju tourism. Moreover, we could find that Jeju was staying at the consolidation stage when we analyzed the total tourist arrivals of 1962 – 2005 only.

In 2005, 370,723 foreign tourists visited Jeju Island, 15 percent increase compared to 329,215 in 2004. The average annual growth rate of foreign tourists (1962-2005) was 27 percent which was higher than that of domestic tourists, 17 percent. However, foreign tourists have taken up only around 7.5 percent of the total tourists 5,020,275 who visited Jeju in 2005. Also, considering the number of foreign tourists who visited Korea in 2005, 6,021,764, only 6.3 percent of them visited Jeju as seen in Appendix 15.

Jeju had been developed as an international tourist destination by the Korean government to earn foreign currencies during 1970s and 1980s, which did not go as planned. Since then, Jeju has been loved by domestic tourists, especially by honeymooners. Nonetheless, the number of foreign tourists who visit Jeju has increased until now.

Considering that the trend curve of foreign tourist arrivals keeps moving upward as seen in Figure 4.7 and Appendix 15, and Jeju Tourism Organization's interest and efforts in attracting foreign tourists have recently intensified, we can conclude that the foreign travel to Jeju is at the stage of consolidation in its life cycle.

Figure 4.7 Trend Curve of Foreign Inbound Tour to Jeju



From now on, this study examines the life cycle stages of foreign travel by various source markets to find out whether or not there are different life cycle stages on the different foreign markets.

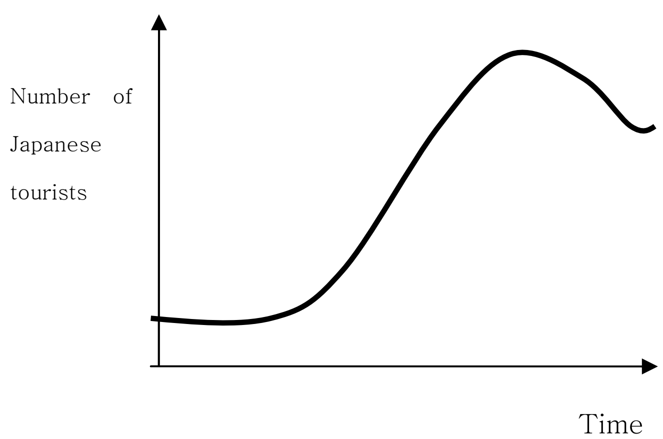
4.7.1 Japan

Traditionally, Japanese tourists have made up the majority of total foreign visitors to Jeju and they have been given the most consideration in forecasting trends of Jeju's international tourism market. Since 1993 when Japanese tourists reached its peak on the trend curve, the curve has been moving up and down as seen in Figure 4.10.

The influence of "Hallyu," or the popularity of Korean pop culture in Asia has motivated many Japanese to travel to Korea, whereas some diplomatic conflicts between Korea and Japan such as the Dokdo territory problem, history distortion in Japanese school textbooks, Japanese Prime Minister's visit to the Yasukuni war shrine, and so on, have discouraged Japanese tourists to visit Korea recently. In 2005, 2,439,809 Japanese tourists visited Korea and 6.1 percent of them visited Jeju, which decreased from more than 10 percent in early 1990s as seen in Appendix 17.

Considering that the trend curve of Japanese tourism market had passed through its peak but is now maintaining a certain level of visitors as seen in Figure 4.8, the Japanese tourism market for Jeju seems to be at the stagnation stage in its lifecycle.

Figure 4.8 Trend Curve of Japanese tourists to Jeju



4.7.1 China

As seen in Appendix 18, Chinese visitors to Jeju increased by 45.3 percent to 101,236 in 2004 from 69,671 in 2003. In 2005, 119,000 Chinese tourists visited Jeju increased by 14 percent compared to the previous year, taking up 31 percent of total international arrivals following Japanese tourists who comprise 40 percent. The number of Chinese visitors to Jeju has rapidly increased beginning in 1998, when Korea was designated as an open country for Chinese overseas travel.

The 2002 World Cup soccer games hosted by Korea and Japan brought additional recognition to Jeju Island, which hosted several soccer matches including the Chinese games. However, the SARS breakout in April 2003, which was initially localized in China then spread to several Southeast Asian countries, led to a temporary halt in Jeju-China flights.

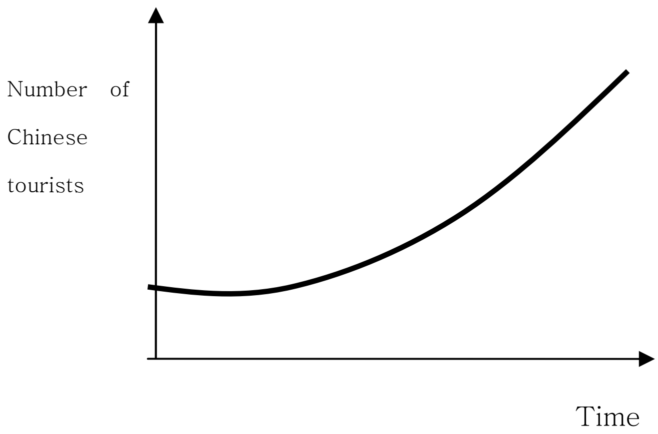
With the Chinese government prohibiting its citizens from traveling abroad, the number of Chinese visitors decreased by 24.9 percent in 2003. After SARS was successfully contained and the international travel ban lifted, Chinese enthusiasm for travel recovered and the number of Chinese visitors returned to an upward trend.[58] In 2005, 709,836 Chinese visited Korea and 115,199 of them, 16.2 percent visited Jeju which is a relatively high visitation rate compared to other foreign tourists.

Considering the growth trend curve as seen in Figure 4.9 and future prospect of Chinese visits to Jeju, the Chinese tourism market for Jeju seems to be at the development stage in its lifecycle.

---

[58] Annual Report on Jeju Tourism 2004, pp.11

Figure 4.9 Trend Curve of Chinese tourists to Jeju

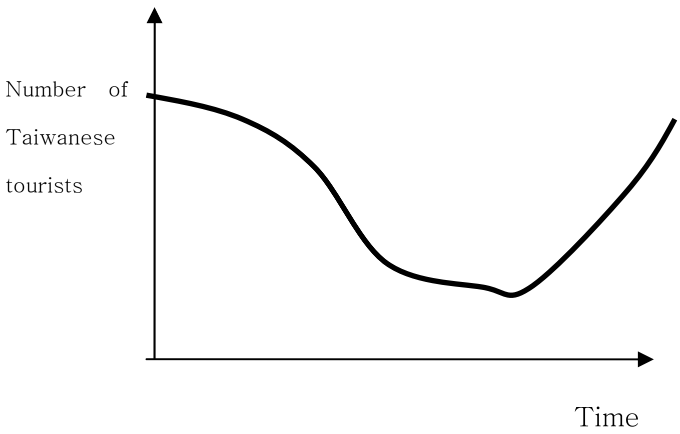


4.7.2 Taiwan

There is a rapidly growing number of tourists arriving from Southeast Asian countries. The Taiwanese tourism market, which became virtually non-existent when diplomatic relations between Korea and Taiwan were severed in 1992, has finally revived. But the normalization of relations allowed for the opening of a Jeju-Taiwan nonstop flight, initially offered twice a week and then expanded to daily flights, beginning in October 2003. The combination of the direct flights and effect of the Korean wave have since led to a 117 percent, 85 percent increase respectively in 2004 and 2005.

As seen in Figure 4.14, the Taiwanese tourism market passed through the decline stage and entered the complete rejuvenation stage in its life cycle.

Figure 4.10 Trend Curve of Taiwanese tourists to Jeju



4.7.3 United States

Analyzing the American visitors to Jeju Island for the last 30 years, the trend curve in Figure 4.11 and Appendix 19, shows that there are a number of ups and downs on its curve. Since after 1998, the number of American visitors to Jeju has rapidly increased from 3,900 in 1998 to 18,528 in 2005, which is more than 4 times increase over the last 8 years.

According to a survey[59] on foreign visitors conducted by KTO (Korea Tourism Organization), American tourists come to Korea on the purpose of businesses (59.3%) followed by visits of families and relatives (20.8%), tourism (15.8%), which is very different from the other visitors from Japan, China and Southeast Asian countries.

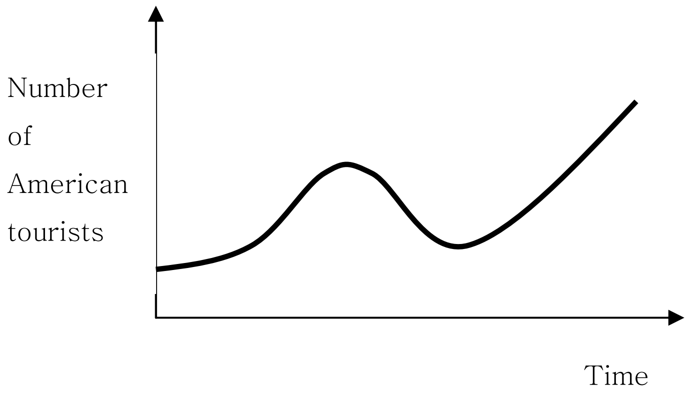
However, even though a great proportion of American visitors come to Korea not for the tourism but for businesses or visitations, many of them visit Jeju for the purpose

[59] Foreign Tourists Survey Report, KTO, 2005

of tourism itself. In 2005, 530,629 Americans visited Korea and only 3.5 percent of them, 18,528, visited Jeju, which is the second smallest proportion among the major markets: Singapore (16.9%), Chinese (16.2%), Taiwanese (11.3%), Japanese (6.1%), Hong Kong (5.2%), and overseas Koreans (1.8%).

Considering that the number of American tourists to Jeju still keep increasing despite the frequent fluctuation of the trend curve, the American tourism market seems to be at the stage of consolidation in its life cycle.

Figure 4.11 Trend Curve of American tourists to Jeju



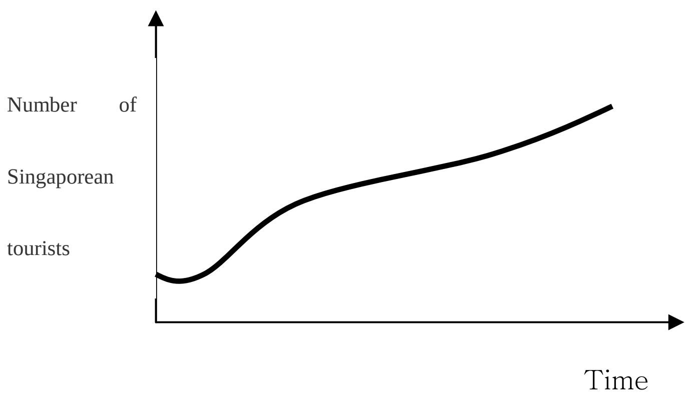
4.7.4 Singapore

The number of Singaporean visitors have been growing from 1,403 in 1996 to 13,841 in 2005 which is 6-7 times increase during the last 10 years. However, there were exceptional years which were 2001 and 2003 caused by 9.11 terror in the United States and SARS in Southeast Asia respectively.

As Singapore has only a perpetual summer season the whole year, Singaporean tourists tend to visit Korea in November and December for autumn colors and snow & ski. What we should pay attention to is that the Singaporean visitors to Jeju take up around 17 percent of the total arrivals to Korea, which is the largest proportion among the major tourism markets. Most of them are comprised of families using package tour programs.

Considering the continuous growth curve of the Singaporean tourism market as seen in Figure 4.12 and Appendix 20, it seems to be at the stage of development in its life cycle.

Figure 4.12 Trend Curve of Singaporean tourists to Jeju

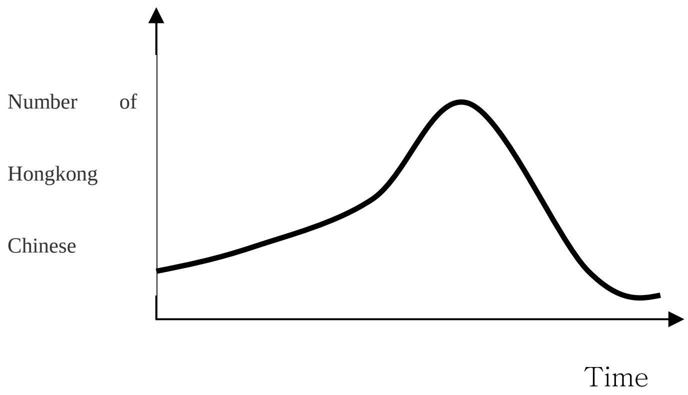


4.7.5 Hong Kong

The visitors from Hong Kong to Jeju have increased from 4,097 in 1986 to 43,101 in 1998, which is a 10-time increase for the last 12 years spanning the 1980s and 1990s. Especially people in Hong Kong are very sensitive to price and taking advantage of the Korean economic crisis in 1998 when the Korean currency was highly depreciated, a number of tourists from Hong Kong visited Korea leading the curve to move rapidly upward. In 2005, 166,204 tourists from Hong Kong visited Korea and only 8,582, 5.2 percent of them, visited Jeju, which is rather low compared to other major markets in terms of their visitation rate.

As seen in the Figure 4.13 and Appendix 21, the life cycle curve of the Hong Kong tourism market for Jeju passed through all the stages of life cycle for the last 20 years and it seems to be just about to get out of decline stage in its life cycle.

Figure 4.13 Trend Curve of Hong Kong Chinese tourists to Jeju



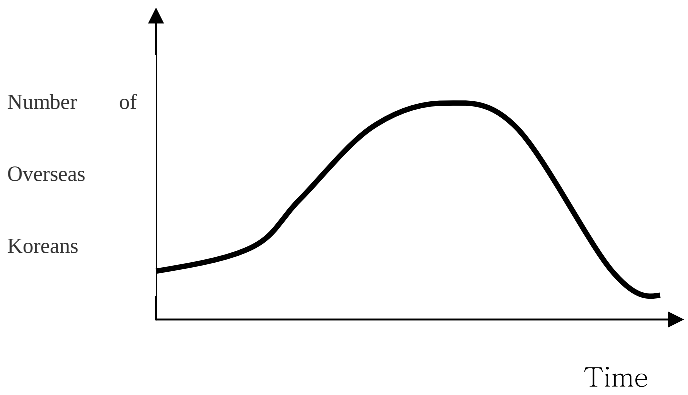
4.7.6 Overseas Koreans

The trend of overseas Koreans visiting Jeju is similar with that of Hong Kong tourist in light of passing through all the stages of lifecycle for the past 30 years. Since reaching the peaks with 30,000 arrivals in 1991 and 32,000 arrivals in 1995, Overseas Korean market for Jeju has dramatically dropped to 2,858 in 2003 which is almost the same level of 1976.

Like the Hong Kong tourism market, the Overseas Korean market for Jeju passed through all the stages of life cycle and it seems to be just about to get out of the decline stage in its life cycle with two consecutive year's increase in visitor arrivals as seen in Figure 4.14 and Appendix 22. In 2005, 280,453 Overseas Koreans visited Korea and only 5,058 or 1.8 percent of them, visited Jeju, which is the smallest proportion among Jeju's major foreign tourism markets in terms of visitation rate.

Why Overseas Koreans who visit Korea do not visit Jeju which is the most favorable destination among Koreans? This is a very important problem which we have to study further to attract more Overseas Koreans to Jeju. The main Overseas Korean tourism markets will be Japan with 901,284, United States with 2,087,496, Canada with 198,170 and Australia with 84,316 as of January 2005.[60]

Figure 4.14 Trend Curve of Overseas Korean tourists to Jeju



[60] http://www.mofat.go.kr

Figure 4.15 Trend Curves of Tourism Segments of Jeju

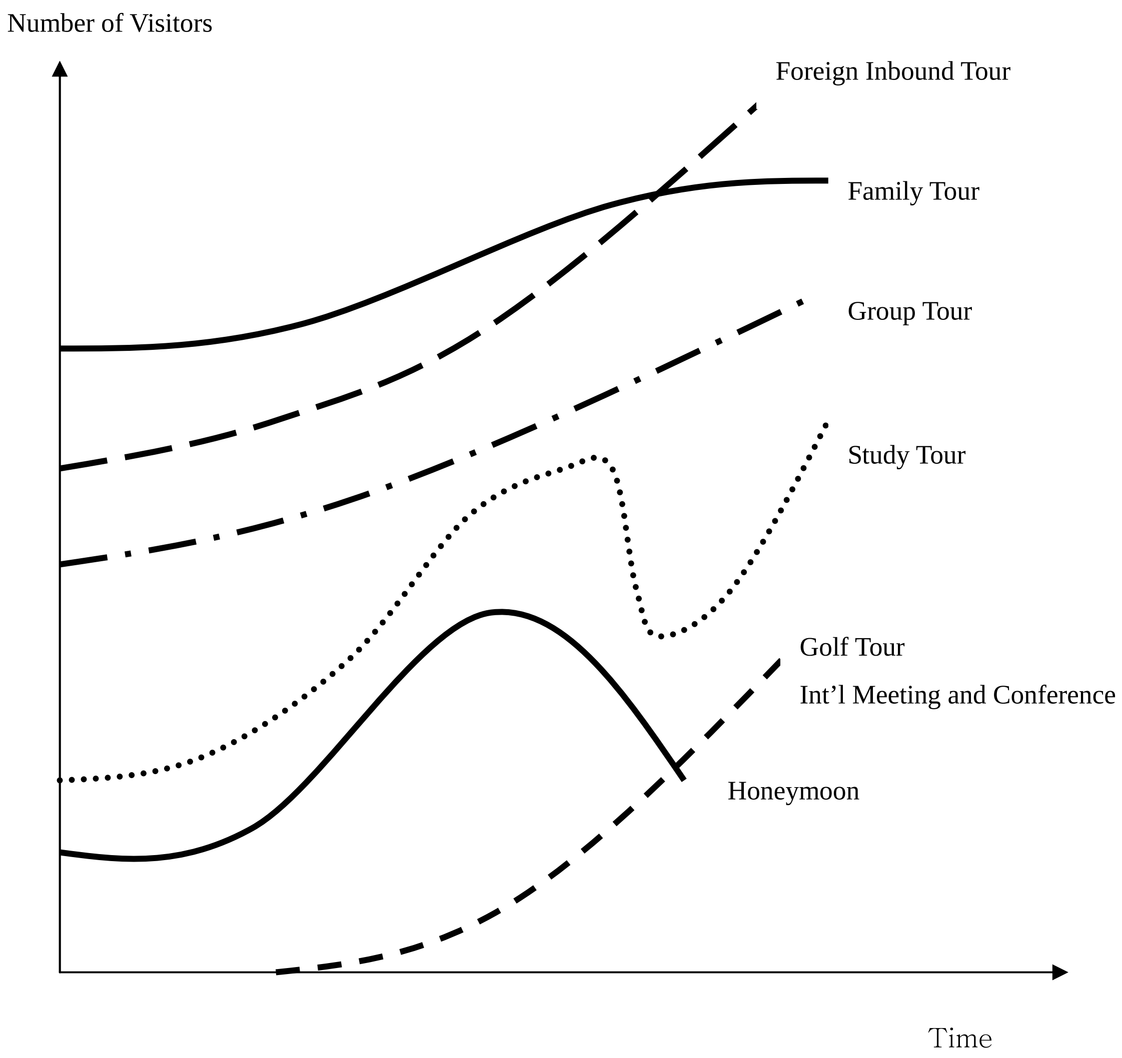


Table 4.2 Analysis Results of Life Cycle on Tourism Segments

Analysis Factors	Data period	Shape of Curve	Characteristics	Result (Stage)
1. Honeymoon	1986-2002	Continuously declining	- More Koreans go abroad - No expectation for reviving	Decline
2. Study Tour	1986-2005	Continuously growing after the Korea's economic crisis	- Expect more schools - No.1 Study tour destination	Consolidation
3. Golf Tour	2000-2005	Continuously growing	- More Korean golfers, less foreign golfers - Growing number of golf courses	Development
4. Family Tour	1997-2005	Maintaining a certain level	- Moving downward for the last two years - Expect to grow but competition will be tougher domestically and internationally	Consolidation
5. Group Tour	1976-2002	Moving upward	- Increasing visitors to Hallasan National park - Cheap group package tour products	Consolidation
6. Meetings and Conferences	1996-2004	Continuously growing(participants) Declining(number of meetings)	- More participants, less meetings - Growing number of convention centers domestically	Development
7 Foreign Inbound Tour	1962-2005	Ups and downs but Increasingly growing	- Overall increasing - Different stages of life cycle on different foreign markets	Consolidation

Figure 4.16 Trend Curves of Foreign Markets for Jeju

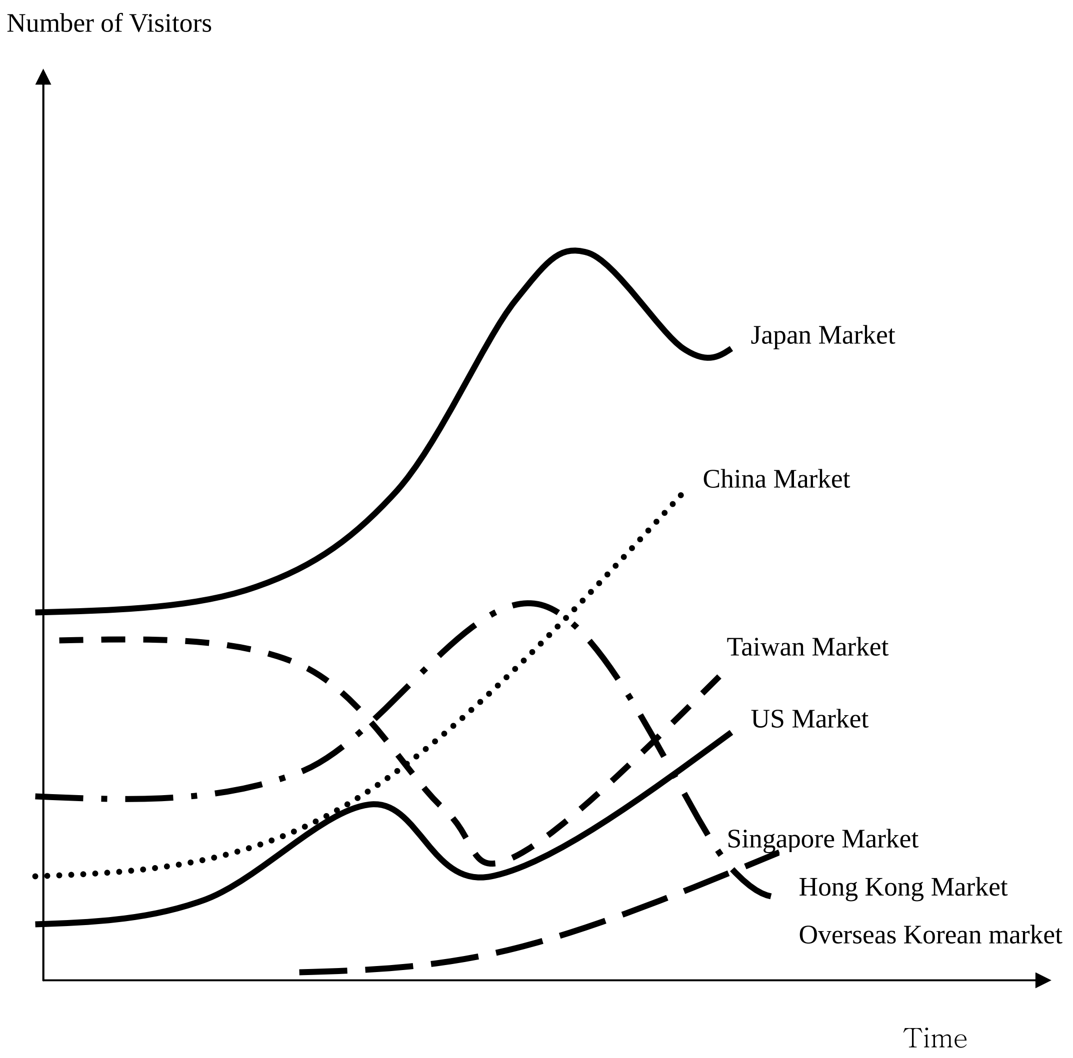


Table 4.3 Analysis Results of Life Cycle on Foreign Markets

Analysis Factors	Data period	Shape of Curve	Characteristics	Result (Stage)
1. Japanese Market	1976-2005	Passing through the peak Ups and downs	- Majority of foreign arrivals (39percent) - Fluctuated by many diplomatic variables between two countries	Stagnation
2. Chinese Market	1994-2005	Continuously growing	- Expect more Chinese visitors - Tourism expenditure is relatively low	Development
3. Taiwanese Market	1991-2005	Growing up after long decline	- Rapidly increasing - Passing through decline stage entering new development stage of life cycle	Rejuvenation
4. American Market	1976-2005	Moving up recently Ups and downs	- Keep increasing since 1998 - Only 3.5percent of Americans coming to Korea visit Jeju - US military related visitation	Consolidation
5. Singaporean Market	1996-2005	Continuously growing	- 16.9percent of Singaporeans coming to Korea visit Jeju: highest visitation rate - Mainly families using package programs for snow	Development
6. Hong Kong Chinese Market	1986-2005	Complete bell shape	- Reached the peak in 1998 owing to depreciation of Korean currency - About to revive	Decline
7 Overseas Korean Market	1976-2005	Complete bell shape	- Only 1.8percent of Overseas Koreans coming home visit Jeju. - About to revive	Decline

CHAPTER FIVE: MARKETING STRATEGIES ON TOURISM SEGMENTS OF JEJU ISLAND

In the previous chapters three and four, this study examined the lifecycle stage of Jeju island through analyzing six factors related to Jeju's tourism development and examined each lifecycle stage for seven different tourism segments. As I think that the marketing strategy to prolong each lifecycle of different tourism segments can also be a good marketing strategy to extend the whole Jeju Island's lifecycle, hereafter this study will focus on marketing strategy for extending each lifecycle stage with respect to individual tourism segments.

According to Theodore Levitt 'Life extention' or 'market stretching' is based on the important proposition that:

When a company develops a new product or service, it should try to plan at the very outset a series of actions to be employed, at various subsequent stages in the product's existence so that its sales and profit curves are constantly sustained rather than following their usual declining slope. (Levitt, 1965) [61]

It might be difficult to follow Levitt's advice and plan for all subsequent tourist area cycle extensions at the outset, yet the direction he suggests is most valuable. The four possible strategies he suggests are as follows. (Haywood, 1986) [62]

(1) Promoting more frequent use among current users (tourists). Tourist areas could try to get visitors to increase their length of stay; attempt to encourage repeat visitation; provide more and improved information/signage to ensure visitors actually move throughout the tourist area in order that they may actually see and experience more

[61] Theodore Levitt, EXPLOIT the Product Life Cycle," Harvard Business Review, Nov.-Dec., 1965, pp.88
[62] op.cit. pp.162

of what the area has to offer.

(2) Developing more varied use among current users (tourists). Most tourist areas enjoy a diversity and richness of resources that allow a visitor to enjoy a variety of experiences-social, cultural and physical. Too often a tourist area has developed a singular or popular image that may serve to initially attract the visitor; however, once attracted the visitor should be made aware of other satisfying opportunities and pursuits.

(3) Creating new uses. Whether a tourist area decides to expand into gambling as in Atlantic City, United States, or build a convention center as in Toronto, Canada, it is attempting to justify its continued existence as a tourist area, utilize existing resources, or renew or replace existing and outdated facilities. Such attempts to attract new markets, if carefully planned, need not be viewed as desperate last-ditch efforts to resurrect a flagging industry

(4) Finding new users (tourists) by expanding the market. Diversification into such business as gambling and conventions is one way of attracting tourists who may not otherwise visit the area. By justifying the existence of the tourist area and overcoming such obstacles as a lack of information or interest, money or motivation, new visitors could be attracted.

These strategies suggest some of the ways a tourist region or destination can extend its life cycle.

5.1 Marketing Strategy for the Honeymoon Market

As examined in the previous chapter, honeymoon travel passed through all the lifecycle stages and now is at the complete decline stage in its lifecycle. According to a survey conducted by a Korean travel newspaper 'The Korea Travel Times' toward 5,500 netizens nationwide regarding preferable honeymoon destinations in 2005, Jeju was ranked in 14th following Europe(1st), Maldives(2nd), Thailand Phuket(3rd), New Zealand(4th), Guam(5th), Australia(6th) etc..[63] The result indicates that the preference for long haul overseas honeymoon destinations is on the increase, and as long as there are no external variables such as war, terrorism, epidemics, natural disasters etc., the long haul overseas honeymoon is expected to keep increasing.

There have been some studies on how to revitalize Jeju's honeymoon market. Sohn and Park (2000) [64] suggested a variety of marketing strategies for the domestic honeymoon market.

1) Identify honeymooners for domestic honeymoon or overseas honeymoon,
2) Secure transportation and accommodations in the domestic honeymoon destinations,
3) Develop new facilities, foods, entertainment programs for honeymooners,
4) Develop differentiated travel products in accordance with the preferences of new generation couples,
5) Offer various price options and incentives,
6) Set up effective promotion strategies,
7) Reduce the disparity of expectations and performance of customers,

---

[63] http://www.koreatraveltimes.com

[64] Sohn, Hai Sik and Park, Cheol, "A study on the Remarketing Strategy for Honeymoon Places in Korea through the Comparison between Overseas and Domestic Honeymoon Tourists", Korean Tourism & Leisure Society, Journal of Tourism & Leisure, Vol. 9, 1997, pp.59-82

8) Co-develop honeymoon products (local government and tourism industry),

9) Develop new demand and market development strategy in accordance with destination lifecycles.

Lee (2000) [65]suggested various marketing strategies and alternatives for revitalizing Jeju's honeymoon market as follows:

1) Secure stable air transportation capacity in accordance with Jeju's seasonality,
2) Develop differentiated honeymoon products,
3) Develop an internet homepage for honeymoons only,
4) Develop unique programs or events for honeymooners,
5) Make a systematic PR promotion (media familiarization tour, Advertising etc.),
6) Renovate tourism related transactions such as removing unfair deals among travel agencies, standardizing prices, providing incentives to travel agencies who attract honeymooners or foreign tourists to Jeju etc.,
7) Establish domestic branches and tourist information centers,
8) Provide special transportation services between airport and hotels.

In order to suggest appropriate marketing strategies for revitalizing the honeymoon market to Jeju, it would be very important to examine the external and internal environment surrounding Jeju's honeymoon market *(see* Appendix 23). There are some opportunities for Jeju to revitalize its honeymoon market as follows:

- For domestic honeymooners, Jeju is relatively closer, safer, and more comfortable than overseas honeymoon destinations,
- More international air routes from Jeju to major Asian cities are established,
- Jeju has been chosen as the best 10 honeymoon destinations in the world by Xinhua, a

---

[65] Lee, Moo-Sung, "Promotion of Honeymooners in Jeju Island", Journal of Tourism Study, Vol.19, 2005, pp155-178

famous Chinese news agency,

On the contrary, there are many threats for Jeju's honeymoon market.

- Overseas honeymoon destinations are intensifying their marketing activities,
- As disposable incomes increase, desire for overseas travel goes up,
- There exist some negative images on honeymoon to Jeju such as overpricing, forced sales, unkindness, monotonous honeymoon products etc.,
- There is little price competitiveness compared to overseas destinations,
- Honeymoon and study tour seasons are overlapped.

With the reference of various marketing strategies and alternatives, and considering the opportunities and threats mentioned above, four marketing strategies are suggested to revitalize the honeymoon market for Jeju.

First, Jeju should pursue joint marketing with other domestic honeymoon destinations. Today, it is meaningless to compete among domestic honeymoon destinations. The competitors for domestic honeymoon destinations are Europe, Thailand, Guam, New Zealand, Australia etc. In order to effectively compete with overseas honeymoon destinations, Jeju should take the initiative and arrange joint advertising and campaigns focusing on the Korean honeymoon market. In addition, Jeju should develop an Internet homepage for honeymoons only which can provide precise and extensive information on romantic, attractive honeymoon destinations in cooperation with other local honeymoon destinations.

Second, Jeju should develop new special event programs and services for honeymooners. For instance, providing limo service from hotels to airport, holding dance or song festivals, offering special rental cars which honeymooners have never experienced before. According to a survey conducted by Jeju-do Tourism Association, 88percent of honeymooners in Jeju enjoy their honeymoon using rental cars.[66] Therefore, providing a special vehicle as a rental car could be a great benefit to honeymooners. Additionally, Jeju should develop special honeymoon programs for those who have been to Jeju on their honeymoons before such as what is called, ‘re-honeymoon program’.

Third, Jeju should expand their honeymoon market into overseas markets such as Japan, China, etc. Japanese have a great desire for special wedding ceremony overseas. As a result, 6.3percent out of 713,000 weddings in 2005 had wedding ceremonies in overseas honeymoon destinations such as Hawaii, Guam, Saipan, etc.[67] If Jeju can meet their needs for a special ceremony, it can get into Japanese honeymoon market as a honeymoon destination. In 2004, a famous Chinese news agency, Xinhua, selected the world best ten honeymoon destinations. Fortunately, Jeju was included in the list along with Italy’s Verona, Greece’s Aden, Morocco’s Casablanca, Czech’s Prague, Brazil’s Rio de Janeiro, Portugal’s Obidos, Great Britain’s Stratford-upon-Avon, Germany’s Cologne, France’s Provence. The reason for selecting Jeju, according to the Chinese news agency, was that Jeju has a mysterious, romantic atmosphere making couples’ love stronger and deeper. Taking advantage of these opportunities, Jeju should make more efforts to breaking into these two huge foreign honeymoon markets.

Fourth, Jeju should give a consideration of *demarketing*[68] strategy on honeymoon markets to focus its marketing capabilities on greater tourism markets. It is true that an unfriendly environment surrounding the honeymoon market is more serious than a friendly environment.

---

[66] Kim, Bong, “Honinji and honeymoon Mecca”, Jeju Ilbo, 9 Nov. 2004

[67] “Honeymooners prefer free travel”, Jeju Ilbo, 20 Nov. 2004

[68] Demarketing is a marketing to reduce demand temporarily or permanently; the aim is not to destroy demand but only to reduce or shift it.

5.2 Marketing Strategy for the Study Tour Market

As seen in Chapter four, Jeju's study tour was found to be at the stage of consolidation in its life cycle. The study tour has rapidly increased since 1998. In particular, the number of study tour tourists increased by 22 percent over the previous year in 2005, and 527,809 students visited Jeju, which account for more than 10 percent of the total visitations. According to a survey concerning the study tour conducted by KTO in 2003, 51 percent of high schools responded selected Jeju as their study tour destinations, whereas 21 percent of middle schools responded selected Jeju.[69] What is important to Jeju is that the number of school that want to go to Jeju on their study tours has been increasing.

Moreover, accessibility has greatly improved. One is cruises linked with KTX trains, the other is a new regional discount airline which will provide visitors to Jeju with better price and more capacity. These are good opportunities for Jeju to attract more study tour groups.

On the other hand, there are some concerns regarding the rapid increase of study tours in Jeju. One is that study tour and honeymoon markets are overlapped largely in April and May. Therefore, it is quite often for honeymooners who want to go to Jeju on their honeymoon to change their destinations into overseas or other domestic honeymoon destinations owing to the full reservations for air tickets made by study tour groups. Another is that new study tour destinations such as Geumgangsan Mountain in North Korea are getting popular among teachers and students. The other is that the future picture for Jeju Island is planned to be an international tourism resort destination, which is not well matched with cheap study tours (*see* Appendix 24).

---

[69] "Middle/High school study tour Report", Korea Tourism Organization, 2003

How should Jeju deal with the study tour segment considering some opportunities and and concerns mentioned above?

Three marketing strategies are suggested to deal with the study tour market for Jeju Island. First, Jeju should try to disperse the study tour seasons onto all seasons through providing various incentives to schools which visit Jeju on low seasons. According to a survey conducted by KTO, 71.1 percent of high schools have study tours on the spring season and 22.3 percent in fall, 4.8 percent in summer. In case of middle schools, 86.2 percent take study tours in spring and 9 percent in fall, 4.8 percent in summer. The high schools make a decision on when they go on study tours with the reasons of academic schedules (45.6%), good season for travel (33.5%) and low season (13.1%).

Second, Jeju should try to upgrade the quality of study tour programs to meet the students’ needs and should not forget that all the students visiting Jeju will be future customers to revisit. Jeju should try to develop various experiential programs for students. For the students who visit Jeju by air, Jeju should make educational videos on Jeju’s history, food, culture etc. and play them during flights. For the students who visit by sea, Jeju should develop various recreation and lecture programs in cooperation with cruiselines, tourism associations, museums etc..

Third, all the Jeju residents should welcome the students from other regions from the bottom of their hearts considering them as their own children. Especially, the roles of tour guides and drivers of chartered buses are very important.

5.3 Marketing Strategy for the Golf Tour Market

As we examined in the previous chapter, Jeju's golf tour is at the stage of development in its lifecycle. As the number of golf courses in Jeju is expected to increase from 16 courses to 41 courses by 2011. Accordingly, more and more golf tourists will visit Jeju to enjoy new golf courses coupled with splendid scenery. The golf courses in Jeju have a great advantage of using four seasons which is not possible for other regions' golf courses in Korea, whereas they have a disadvantage of poor accessibility causing increased travel expense. In the near future, competition among golf courses within Jeju itself, competition with domestic golf courses, and the competition with overseas golf courses, will all become severer. Under these circumstances, Jeju's golf tour is possibly passing through the development stage and consolidation stage abruptly reaching the stagnation stage or decline stage without enjoying long life cycle of growth and maturity stage.

Kim & Kim (2001)[70] suggested five recommendations for the future golf industry in Jeju as follows:

1) Understand a general concept about golf club and make a difference from others,
2) Make a marketing strategy with the long-term perspective. For instance, strategically making a well-known, prestigious PGA or LPGA golf game,
3) Improve the current lack of systematical, political supporting system,
4) Train professional workers,
5) Make a wide traffic infrastructure.

Kim (2005) [71] suggested three strategies for Jeju golf industry as follows:

---

[70] Kim, Yong and Kim, Ki-Han, "Current Situation and Hereafter Assignment of Golf Industry in Jeju", Korean Journal of Sport Management, Vol.6, 2001, pp.193-204

[71] Kim, Chang-Sik, "Popularizing Strategy of Jeju Golf tour", Jemin Ilbo, 23 Dec. 2005

1) Publicize golf courses to produce more demand,

2) Differentiate golf courses in Jeju to develop better golf products in cooperation with provincial governments and golf industries,

3) Provide golf tourists with excellent convenience during special events and festivals acquiring Jeju residents' cooperation and sacrifice.

In order to suggest an appropriate marketing strategy for Jeju' golf tour market, it would be very important to examine the external and internal environment surrounding Jeju's golf tour market (*see* Appendix 25). There are many opportunities for Jeju to grow its golf tour market further as follows:

- Golf population in Korea is increasing rapidly,
- Golf courses in Jeju increase to 41 in 2011 from 16 in 2005,
- Jeju is the only place to play golf all year round in Korea,
- A new regional discount airline provides golf tourists with cheaper airfare and increased capacity.

On the other hand, there exist many threats for Jeju's golf tour market, too, such as:

- There is little price competitiveness compared to overseas golf destinations,
- Strong won value discourage Japanese golf tourists to play in Jeju(80percent of foreign golf tourists in Jeju are Japanese),
- There are many golf courses under construction across the country,
- As attracting meetings and conferences to Jeju is getting tougher owing to the increase of convention centers in other cities, which can lead the decrease of participants in the meetings and conferences who play golf,
- Poor accessibility causes additional cost on air and accommodation.

In order to expand the development stage and consolidation stage of Jeju's golf tour lifecycle overcoming the threats and disadvantages, Jeju should consider the following marketing strategies:

First, Jeju should try to host PGA and LPGA golf tours and promote them as world famous golf tournaments strategically. This will make Jeju an international golf tour destination. Second, Jeju should try to attract more meetings and conferences in cooperation with golf courses, hotels, convention centers, airlines, etc. Most meetings and conferences have golf programs as a part of their events which meeting participants want to do. Third, Jeju should carry out a strategy which will attract foreign golf tourists. The foreign golf tourists have decreased since 2000. In 2000, 89,340 foreign tourists used golf courses and more than 80 percent of them were from Japan. However, the number of foreign golf tourists dramatically reduced by half, 45,943 in 2005 accounting for 5 percent of total golfers as seen in Table 5.3. The decrease of foreign golf tourists has been caused partly by the increase of domestic golf tourists and Jeju' residents who play golf.

In order to attract more foreign golf tourists, Jeju local government and golf courses jointly should develop more attractive, unique golf products coupled with unique tour programs and put more advertising on the target markets. Additionally, Jeju should arrange reservation benefits for foreign golf tourists.

Table 5.1 Golf tourists to Jeju, 2000-2005

	2000	2001	2002	2003	2004	2005
Jeju residents	142,542	161,276	188,092	195,235	217,663	223,725
	30%	31%	29%	28%	30%	26%
Korean tourist	238,802	279,048	381,316	455,437	437,778	589,908
	51%	54%	60%	65%	61%	69%
Foreign tourist	89,340	73,793	68,956	49,941	60,661	45,943
	19%	14%	11%	7%	8%	5%
Total	470,684	514,117	638,364	700,613	716,102	859,576

5.4 Marketing Strategy for the Family Tour Market

In the chapter four, we examined the stage of lifecycle on Jeju's family tour market. As a result, we found that Jeju was at the consolidation stage in its lifecycle. More than five million tourists visited Jeju in 2005, and 2.2 million were family segment tourists which accounted for 46 percent of the total arrivals.

According to a survey[72] conducted by KTO toward 12,600 Koreans, 32 percent of them chose Jeju as the best destination where they want to visit in the event of domestic travels, followed by 26.7 percent for North Korea, 14.2 percent for Gangwon Province. Nonetheless, in 2005, only 3.7 percent of Koreans visited Jeju placing it 10th position along with Busan, whereas 15.4 percent of Koreans visited Gangwon province placing it first position in terms of overnight destination. Gyeongbuk province and Jeonnam province followed Gangwon with 10.5 percent, 10.4 percent respectively. The result implies that Jeju Island is the place where Koreans wish to go but they do not go mostly because of the financial burden caused by additional transportation such as airplanes and rent-a-cars.

However, there are a number of opportunities for Jeju to attract more family tourists.

- The well-being and family oriented cultures are spreading,
- As the five-day work system is expanded, people have more time to travel,
- Jeju air, a new regional discount airline, is expected to help visitors to Jeju with reducing some financial burden,
- Jeju to hold ongoing special events such as '2006 Visit Jeju year".

On the other hand, there exist many threats for Jeju to overcome.

- Negative images on Jeju such as overpricing, forced sales, unkindness, monotonous

[72] 2005 Korean People travel Survey Report, Korea Tourism Organization, 2006, pp.27

tour programs etc. are still existing in the mind of domestic tourists,

- Overseas tour products including low priced Southeast Asian tour products are getting more popular among the Korean tourists,
- Strong Korean won value invokes more Koreans to go overseas,
- Competition among local governments to attract tourists are getting tougher,
- As highways and regional roads are expanded and improved, more people use cars when they travel (*see* Appendix 26).

With all the opportunities and threats, how wisely should Jeju take advantage of the opportunities to extend its life cycle of family tours fighting against threats? Four marketing strategies are suggested for extending the lifecycle of Jeju's family tour market as follows:

First, Jeju should develop various tour courses for family tourists and provide them with all the information through various communication channels such as internet, brochure, media etc.. Especially, Jeju should establish more progressive communication methods such as internet and TV home shopping to approach closer to domestic tourists.

Second, Jeju should lower admission fees of tourist sites and facilities to get rid of the 'overpricing' image held by domestic tourists. As shown in Table 5.2, the admission fees of the major tourist sites range from 5,000 won to 10,000 won.

Third, Jeju should develop differentiated tour programs for family tourists which other regions can not duplicate. For example, Jeju should develop more special experiential programs such as Orum (parasite volcanos)[73] trekking programs, and Haenyeo (women diving for seafood) experience programs, which only Jeju has.

Fourth, Jeju should develop differentiated service programs in accordance with the

---

[73] Jeju has more than 330 Orums which is the most in the world in number.

different ages of family members in cooperation with local hotels and condominiums in Jungmun resort complex. For instance, it will be a great benefit for families with children if Jeju and its facilities jointly provide special daycare programs for children which can satisfy both parents and children.

Table 5.2 Admission fees of Major tourist sites in Jeju

Tourist sites	Admission fee	Tourist sites	Admission fee
Yeomiji Botanical Garden	6,000 won	Bunjae Artpia	7,000 won
Teddy Bear Museum	6,000 won	Miniature Theme Park	6,000 won
Hyeopjaegul Cave	5,000 won	Shinyoung Film Museum	6,000 won
Pacific Island	10,000 won	Hanlim Park	5,000 won

Sources: ‘Korea travel guide’, Korea Tourism Organization, 2006, pp.172-174

5.5 Marketing Strategy for the Group Tour Market

As examined in the previous chapter, the lifecycle stage of the group tour market for Jeju was found to be in the consolidation stage. The recent trend of tourism segment has changed from group tours into individual family tours. However, the expansion of five-day work system, well-being culture made a positive impact on the increase of group tours as well as the expansion of individual family tours.

In 2003 and 2004, visitors for Hallasan National Park have rapidly increased as more and more Koreans look for mountains for recreation and refreshment. With the increase of visitors to Hallasan National Park, the group tour market in Jeju is maintaining its growth curve. Except for the study tours, most group tours are comprised of adults in their 50's and 60's who have money and time.[74] However, with the severe competition among small sized travel agencies, the group tour products are excessively cheap and have been causing numerous complaints from customers who used the products. Cheap products usually include bad services.

Compared with the family tour market, Jeju's group tour market, which is at the consolidation stage, is surrounded by almost the same environment as the family tour market. The opportunities are as follows (*see* Appendix 27):

- Well-being culture and five-day work system are expanded,
- The population of retirees in 50s or 60s who have money and time increases,
- Jeju air, a new regional discount airline, and cruises linked with KTX trains will provide group tourists with more convenient accessibility to Jeju,
- More sports clubs including mountain climbing are organized.

If we enumerate some threats to Jeju's group tour market, those are as follows:

[74] 2006 Tourism Marketing strategy, Korea Tourism Organization, 2006, pp.140

- Negative images on Jeju such as overpricing, forced sales, unkindness, monotonous tour programs etc. are still existing in the mind of domestic tourists,
- Strong Korean won value lead Koreans to overseas destinations,
- Competition among the Korean local governments and overseas destinations are getting keen,
- Travel agencies develop excessively cheap products threatening the future of Jeju tourism.

The tourism industry in Jeju tries to attract group tours as a low season marketing strategy for survival. Even though Jeju needs to keep carrying out such a marketing strategy, Jeju should pursue the following three marketing strategies to be more profitable and appropriate for being successful ‘Free International City’ or ‘International Resort City’.

First, it is quite natural for travel agencies to lower the price of tour products at low seasons. However, Jeju should not sell excessively cheap tour products which can kill both Jeju Island itself and travel agencies themselves in the future.

Second, Jeju should develop high value added tour products for those in their 50s and 60s. For instance, health tour products comprised of spa, massage, and health foods.

Third, Jeju should develop sports tour programs such as fishing, mountain climbing, hunting, horse riding, surfing, trekking, biking etc. taking advantage of its rich natural resources. The relationship between sport and tourism is gaining momentum in the tourism industry nowadays.[75] The sports tourism will attract not only members of sports clubs but also honeymooners, family tourists and upgrade the value of a tourist destination at the same time.

---

[75] Tourism 2020 Vision, World Tourism Organization, Vol.7, 2005, pp.81

5.6 International Meetings & Conferences Market

Jeju's international meetings and conferences tour was found to be at the stage of the development in its life cycle. Since Jeju convention center opened in March, 2003, Jeju has been designated as 'Island of world peace' by the government and taken big steps toward free international city, which could be important environment changes to become a host city of international meetings and conferences strategically.

Though Jeju was designated as 'Island of world peace' by the Korean government, Jeju lost competition against Busan to host 2005 APEC(Asia-Pacific Economic Cooperation) forum which was government related international conferences. Busan invested additional 200 billion won to build Nurimaru (meaning the pinnacle of the world) APEC House. After the summit, Busan was estimated to make huge economic effects worthy of 400 billion won and additional 6,100 jobs.[76] This gives Jeju an important lesson that it is not easy to be an international meeting venue.

Kim (2006), former CEO of Jeju convention center for the last three years (2003-2005), made some suggestions for the convention industry in Jeju.[77]

First, Jeju should enlarge its international airport capacity. Without securing convenient accessibility from all over the world, Jeju cannot win the competition for attracting international conferences.

Second, Jeju should develop shopping malls and a recreation complex within the Jungmun resort area and make the area a special tourist zone. Jeju should be able to provide international participants and tourists with what-to-dos, what-to-eats, and what-to-enjoys in accordance with their tastes and needs.

---

[76] "International meetings are the best tourism industry", Jeju Ilbo, 6 Jan. 2006

[77] Kim, Jong Hee, "Jeju Convention Center and the Future of Jeju Tourism", Halla Ilbo, 10 April 2006

Third, Jeju should use English as a second official language. Without using English in everyday life, it is impossible to achieve what we expect from the 'Jeju Free International City' project.

Fourth, Jeju residents should give priority to the successful development of host city of international conferences and free international city. They should sometimes give up their personal profits for the successful development of Jeju Island.

There are many opportunities to expand international meetings and conferences tour market in Jeju as follows (*see* Appendix 28):

- Jeju has good infrastructure for meetings and conferences such as clustered tourist hotels near a convention center, golf courses coupled with beautiful natural environment.
- Jeju has been implementing 'free international city project' which is planned to make Jeju a city like Singapore or Hong Kong.
- The government designated Jeju as the 'Island of world peace' and designated Seogwipo as the 'International meeting and conference city'.

On the contrary, there are also many threats for Jeju to overcome as follows:

- Many Korean cities have been constructing their own huge convention centers without considering future profitability and competitive environment which might cause unimaginably severe competition among domestic convention centers,
- Overseas competitors take aggressive marketing strategy with cheap tour products,
- The number of international conferences is stagnated as seen in the previous chapter,
- There are a lack of specialists and interpreters for international conferences,
- Accessibility is poor and price is relatively expensive.

Under such a severe competition among domestic and overseas competitors, what kind of strategies should Jeju choose to avoid abrupt decline and secure a strong position as a competitive host city of international meetings and conferences? Three marketing strategies are suggested to answer this question.

First, Jeju should promote the image of ‘Island of world peace’ and expand the image worldwide. Taking advantage of this image, Jeju should try to attract international meetings and conferences. To begin with, Jeju should maintain close communication channels with the central government to attract government related conferences and peace related conferences.

Second, Jeju should establish a strong, regional convention bureau which is comprised of Jeju provincial government, Jeju convention center, hotels, airlines, golf courses and other meeting/tourism related businesses. The bureau should have the authority to lead, coordinate and control in attracting and holding international meetings and conferences. Also, the bureau needs to establish close communication channels with the central convention bureau for information exchange, joint promotion activities, and so on.

Third, Jeju should support its regional airline to make it a short haul international airline in order to overcome its internationally poor accessibility from a long term perspective.

5.7 Marketing Strategy for the Foreign Inbound Tour Market

As seen in Chapter four, Jeju's foreign inbound tour market was considered to be at the development stage in its lifecycle. More than 5 million tourists visited Jeju in 2005 of which 4.7 million or 94 percent were domestic and 0.3 million or 6 percent were international. Jeju has been a tourist destination largely for domestic tourists.

However, as Jeju is in the middle of executing 'Free International City Project' and is expanding its image toward the overseas tourism market, more and more foreign tourists are expected to visit Jeju. In the previous chapter, we also examined the lifecycle stages of each foreign source market as well as the whole foreign travel market.

As a result, we noticed that every foreign source market has different lifecycle stages as follows: Japan (stagnation stage), China (development stage), Taiwan (rejuvenation stage), United States (consolidation stage), Singapore (development stage), Hong Kong (decline stage), overseas Koreans (decline stage). This study will examine marketing strategies focusing on two prime markets, Japan and China, which comprise more than 70 percent of total foreign arrivals.

5.7.1 Marketing Strategy for the Japanese Market

Japanese market was found to be at the stagnation stage in its lifecycle. It has traditionally been the largest one among Jeju's foreign markets for a long time. Japanese tourists took up almost 70 percent of the total international arrivals in 1993, however, the percentage was decreased to 40 percent in 2005. It is caused by not only the diminish of Japanese tourists themselves but also the increase of Chinese tourists.

Nonetheless, Japanese tourists are considered to be more important customers for Jeju's tourism industry because they spend much more than other foreign tourists. According to statistics, one Japanese tourist spends 1,884,000 won in Jeju while one Chinese tourist spends 558,000 won[78]. It means that attracting one Japanese tourist is worth attracting 3.5 Chinese tourists.

The Japanese tourism pattern has changed from male oriented tours in 1980's to family tours since the 1990's. On the other hand, young, unmarried career women have become an important target market recently because they travel overseas frequently. Considering the importance of Japanese tourists and the changes of their tourism patterns, how should Jeju revitalize the stagnated Japanese market which is already at the decline stage? Korea Tourism Leisure Academy suggested two marketing strategies for attracting Japanese tourists to Jeju.[79]

1) Develop various, differentiated tour products such as tour products for experiencing Jeju's culture and nature, tour products for well-being and special events,
2) Execute cooperative marketing among local governments, tourism associations and travel agencies.

There are many opportunities for Jeju to attract more Japanese tourists as follows:

- Direct flights between Jeju and major Japanese cities are connected,
- Japanese economy is recovering,
- A drama starred by Yonsama who is a popular Korean actor among Japanese women is filmed in Jeju,
- More golf courses are ready to serve,
- Promotion office for Jeju is established in Osaka, Japan.

[78] Ko, Sung Ik, "Recognition of necessity to attract Japanese tourists", Jemim Ilbo, 4 May 2006
[79] "Decreasing marketability of Jeju tour products", Jeju Ilbo, 7 April 2006

On the contrary, there are many threats to discourage Japanese tourists to visit Jeju as follows:

- As the value of Korean Won appreciates, the Japanese buying power weakens,
- A number of cheap overseas tour products are developed, especially China tour products and Southeast Asian tour products,
- Marketing activities from competing overseas destinations have intensified,
- Anti Korean Wave trends spread,
- Possible diplomatic disputes between two countries such as Dokdo, Yaskuni shrine,

history textbooks etc. discourage Japanese tourists to visit Korea including Jeju (*see* Appendix 29).

Considering all the opportunities and threats, the following marketing strategies are suggested to revitalize the Japanese market.

First, Jeju should set specific target groups to focus its marketing capability. The target groups are as follows:

- Female group aged 20s, 30s characterized by individual travel, internet, interest in food, shopping, beauty treatments etc.,
- Female group aged 40s, 50s characterized by package tour, mother and daughter tour or family tour, influenced by the ‘Korean wave’,
- Male group aged 50s, 60s characterized by postwar baby-boom generation, interest in physical rest, intellectual experience, golf etc.

Second, Jeju should develop core tour products in line with preference of each target group. For instance, food/shopping/beauty focused products for the first target group, Korean wave products as Yonsama drama filming sites, unique golf products for the third target group.

Third, Jeju should develop and execute cooperative advertising and promotion campaigns focused on target groups. Local government, travel agencies, airlines, hotels and other tourism related businesses should cooperate and participate in the campaigns.

5.7.2 Marketing Strategy for the Chinese Market

In the previous chapter, Chinese market was found to be at the development stage in its life cycle. In 2005, 115,199 Chinese tourists visited Jeju taking up 31 percent of total international arrivals next to Japanese (40%). According to the World Bank, China was ranked 7th in the world in terms of GDP size with 1,365 billion dollars in 2004. The fast economic growth has facilitated both Chinese domestic travel and international travel. In 2004, Chinese international tourists reached 28.8 million becoming the largest source market in Asia overtaking Japan for the first time.[80] In the near future, as the Chinese market is expected to be the largest for Jeju, how Jeju should meet their needs and attract more Chinese tourists?

Oh (2001) suggested some marketing strategies for attracting Chinese tourists to Jeju in his study.[81] As alternatives for improving the tourism environment, he suggested 1) improve accessibility, 2) secure cheap accommodations, 3) train Chinese speaking guides, 4) revitalize shopping tourism, 5) improve systems and as for marketing strategies, 1) market segmentation and strategic marketing, 2) differentiate tour products, 3) carry out combined publicity, 4) intensify internet marketing.

---

[80] Korean Inbound Markets Analysis, Korea Tourism Organization, 2005, pp.73

[81] Oh, Sang Hoon, “To Attract more Chinese tourists”, Journal of Jeju Development Research, Vol.5 Jeju Development Institute, 2001. pp.119-139

There are many opportunities for Jeju to develop the Chinese market further (*see* Appendix 30).

- Chinese tourists can visit Jeju without a VISA,
- Directly connected flights between Jeju and major Chinese cities,
- China has a strong economic growth, and their income levels are rising,
- ‘Korean Wave’ spreads,
- Jeju sets up its own promotion office in Beijing, China.

On the other hand, there are also many threats to discourage Chinese tourists to visit Jeju.

- A number of cheap overseas tour products are developed, especially Southeast Asian tour products, Thailand tour products, etc.,
- Marketing activities from competing overseas destinations have and will intensify,
- Negative word of mouth about Korea tourism,
- There is a general lack of preparedness for Chinese tourists such as Chinese speaking guides, food, signage, etc.,
- Hong Kong Disneyland opened in September 2005,
- A strong Korean Won discourages Chinese tourists to visit Korea and Jeju,
- Jeju is just a transit destination and therefore, Chinese tourists buy less and stay shorter.

Considering all the opportunities and threats mentioned above, the following marketing strategies are recommended to expand the Chinese market and attract more Chinese tourists to Jeju.

First, Jeju should set specific target groups to focus its marketing capability. The target groups are as follows:

• Male group aged 30s, 40s characterized by corporate executives or those who have professional jobs, high income, residents of Beijing and Shanghai, family tour or couple tour, see as many tourists attractions as possible,

• Male group aged 30s, 40s characterized by government officials, official visits(business trip) for governmental exchange and Korean company observation. In 2003, out of 20.2million Chinese overseas tourists, 13.6 percent or 2.8million were official trips.[82]

• Incentive tour market characterized by large sized groups, multinational companies and Korean companies.

Second, Jeju should co-develop tour products suitable for the target groups' needs with other provincial governments. For instance, family tour products linked with major tourist attractions across the nation for the first target group etc..

Third, Jeju should develop and execute cooperative advertising and promotion campaigns focused on target groups in cooperation with other local governments, travel agencies, airlines, hotels and other tourism related businesses. In particular, it will be necessary to hold a presentation on Jeju toward government bodies and large-sized multinational companies and Korean companies to attract incentive groups.

Until now, we suggested possible marketing strategies for extending or revitalizing each lifecycle stage of different tourism segments such as honeymoon, study tour, golf tour, family tour, group tour, international meeting and conference and foreign travel. Table 5.3 summarizes the marketing strategies for each tourism segment.

---

[82] "2006 Tourism Marketing Strategy", Korea Tourism Organization, 2006, pp.61

Table 5.3 Summary of Marketing Strategies for Each Tourism Segment

Segments	Life Cycle Stage	Marketing Strategies
Honeymoon	Decline	• Execute joint marketing with other domestic honeymoon destinations - Form marketing alliances for honeymoon - Develop internet website only for honeymoon - Execute joint advertising and campaign
		• Develop new special event programs and services - Provide limo service for honeymooners - Offer special rent-a-cars - Hold various events at night
		• Expand markets into overseas markets such as Japan, China
		• Consider demarketing strategy to focus on other tourism segments
Study Tour	Consolidation	• Disperse study tour groups all year round - Provide incentives to schools which visit Jeju on low seasons
		• Upgrade the quality of study tour programs to meet customer needs - Develop various recreation and lecture programs for the time of travel by air and by sea
		• Welcome study tour students heartily
Golf Tour	Development	• Host prestigious PGA and LPGA golf tournaments to promote Jeju as a international golf tour destination
		• Attract more meetings and conferences in cooperation with golf courses, airlines, hotels, convention centers, etc.
		• Carry out joint advertising for foreign markets especially the Japanese market - Develop unique golf products coupled with various tour products - Arrange reservation benefit for foreign golf tourists

Segments	Life Cycle Stage	Marketing Strategies
Family Tour	Consolidation	• Provide new travel information through various communication channels such as internet, TV home shopping, etc.
		• Lower admission fees in major tourist attractions to remove the overpricing image
		• Develop differentiated tour programs for family tourists - Orum(parasite volcanos) trekking programs - Haenyeo(women diving for seafood) experience programs
		• Develop special service programs in accordance with the different ages of family members - Provide special daycare programs for children
Group Tour	Consolidation	• Avoid selling excessively cheap package tour products
		• Develop high value added tour products for those in their 50s and 60s - Develop health tour products comprised of spa, massage, healthy food
		• Develop various sports tour products for amateur sports clubs - fishing, hunting, horse riding biking, surfing, etc.
Int'l Meeting & Conference	Development	• Promote the image of ‘Peace Island’ - Maintain close communication channels with the central government to attract government related meetings and conferences
		• Establish a powerful regional convention bureau - Establish close communication channels with the central convention bureau
		• Support a regional airline to overcome poor international accessibility.
Foreign Inbound Tour	Development	• Set specific target groups to focus its marketing capability
		• Develop core tour products in accordance with preference of the target groups
		• Develop and execute cooperative advertising and promotion campaigns focused on target groups

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

There have been two studies related to Jeju Island's TALC (Tourist Area Life Cycle). Kim (1993) [83] applied Butler's TALC concept to Jeju Island and he determined the stage of TALC for Jeju as follows: an exploration stage (1962-1970), an involvement stage (1971-1980), a development stage (1981-the present(1990)). Park (2002) examined the time path of tourist growth of Jeju Island and determined the life cycle stage of Jeju through iterative derivatives of the suggested logistic equation which was developed by Lundtorp and Wanhill (2001).[84]

Park stated that the year 1997 was the turning point in the evolution of Jeju and tourist arrivals would reach 6,580,000 in 2027, when the Island would become saturated. Park also stated that Jeju Island was currently at the development stage of its life cycle. [85] The two authors used the number of the visitor arrivals as a analysis factor. However, this study tried to analyze six factors related to the tourism development of Jeju Island.

As shown in Table 3.1 in Chapter three, the results of analysis show that Jeju is involved in the three different stages such as a development stage, a consolidation stage,

---

[83] Kim, Sa-Young, A study on the tourism development of Cheju Province based upon Tourist Area Life Cycle. Tourism Geography, Vol.3, 1993, pp.85-104

[84] Lundtorp S. & Wanhill S. The resort lifecycle theory: Generating processes and estimation. Annals of Tourism Research, vol.28, 2001, pp.947-964

[85] Park, Jai-Mo, The analysis of lifecycle of destination and the strategies of growth management: The case of Jeju island, Kyonggi Univ., 2002

and a stagnation stage. First, when analyzing the visitor arrivals 1962-2005, Jeju seemed to be at the stage of consolidation considering that the recent growth rate has decreased from 15 percent to 4 percent even though the trend curve is moving upward.

Second, when analyzing the tourism income 1971-2005, Jeju seemed to be at the stage of consolidation considering that the recent five-year growth rate has declined to 2.8 percent which is much less than the average annual growth rate of 24 percent and it is still growing.

Third, when analyzing the trend of accommodation 1982-2004, Jeju seemed to be at the stage of stagnation from the perspective of tourist hotels and at the stage of development from the perspective of condominiums and pension houses. Considering slow growth and decline of occupancy rate of tourist hotels, the life cycle of tourist hotels seemed to be at the stage of stagnation. However, with the high growth trend of condominiums and pension houses, they seemed to be at the development stage.

Fourth, when analyzing the travel agencies 1982-2004, Jeju seemed to be at the stage of development judging only from the rapid growth of travel agencies. However, considering that the travel agencies became saturated in the market causing severe competition among them, we could say that Jeju was at the consolidation stage rather than the development stage.

Fifth, when analyzing the tourism dependency 1985-2004, Jeju seemed to be at the stagnation stage considering that Jeju is very dependent on the tourism industry and the trend of tourism dependency has passed through the peak maintaining the level of over 20percent.

Sixth, when analyzing the industry structure of Jeju 1986-2004, the island seemed to be at the consolidation stage considering that even though the service industry’s trend curve for the last 4 years was moving almost horizontally, the service industry including tourism is expected to grow larger and larger in the future.

In conclusion, as Jeju shows three different stages of TALC on the different analysis factors such as a development stage, a consolidation stage and a stagnation stage, it is hard to say what stage of TALC Jeju is standing at today. However, Gets (1992) suggested that if elements of consolidation, stagnation, decline and rejuvenation are seen to coexist in a tourist destination, one solution to this complexity is to define this multifaceted stage as maturity. Borrowing from Gets' idea, it would be better to conclude that Jeju is standing at the maturity stage in its lifecycle consolidating three different stages: development stage, consolidation stage and stagnation stage.

As a result, the conclusion examined here is different from the results of previous studies on Jeju's TALC such as Kim's study (1993) and Park's study (2002) which concluded that Jeju Island would be at the stage of development in its TALC.

In Chapter four, we examined the lifecycles of seven different tourism segments on Jeju Island: the honeymoon tour, the study tour, the golf tour, the family tour, the group tour, the international meetings & conferences and the foreign inbound tour. As a result, we could identify all different stages of lifecycle on different tourism segments.

First, the lifecycle of Jeju's honeymoon tour was found to be at the decline stage. More and more Korean newlyweds go abroad for their honeymoons making the number of honeymooners decrease sharply from 548,266 in 1992 to 123,160 in 2002.

Second, the lifecycle of Jeju's study tour appeared to be at the development stage. More and more Korean high schools and middle schools are taking their study tours to Jeju Island these days.

Third, the life cycle of Jeju's golf tours was found to be at the development stage.

The expansion of both the golf population and golf courses are expected to attract more golf tourists to Jeju.

Fourth, the lifecycle of Jeju's family tour was examined to be at the consolidation stage. The settlement of five-day workweek system, the increase of nuclear families, and the expansion of well-being culture are facilitating an increase of family tours.

Fifth, the lifecycle of Jeju's group tour seemed to be at the consolidation stage. Overall, the group tours are decreasing worldwide. However, exceptionally, owing to the increase of mountain climbing population in Korea, more mountain lovers have been visiting Jeju for Hallasan National Park as groups. Moreover, no-frill Jeju tour packages have been contributing to attract more group tourists to Jeju.

Sixth, the life cycle of Jeju's international meetings & conferences appears to be at the development stage. The number of participants for international meetings in Jeju has dramatically increased from 1,295 in 1996 to 17,018 in 2004. However, the growing number of convention centers in other regions is expected to accelerate the competition among the domestic convention centers and shorten the length of each stage of international meetings' life cycle of Jeju.

Finally, the life cycle of Jeju's international inbound travel seemed to be at the development stage in the case of analyzing total number of international arrivals. However, in the case of analyzing each international market segment, we had different life cycle stages as follows: Japan (stagnation stage), China (development stage), Taiwan (rejuvenation stage), United States (consolidation stage), Singapore (development stage), Hong Kong (decline stage), and Overseas Korean (decline stage).

To conclude, we could confirm that there exist different stages of life cycle on different tourism segments within a tourist destination and the life cycle of a tourist destination is dependent on the combination of each tourism segment's lifecycle. In other words, it is very difficult to determine the life cycle stage on a tourist destination like Jeju Island where there are various tourist attractions such as natural resources, cultural resources and artificial resources.

6.2 Recommendations

In Chapter five, this study focused on the marketing strategies for Jeju Island to extend each lifecycle stage on individual tourism segments on Jeju.

First of all, the three marketing strategies are suggested to revitalize the honeymoon market for Jeju. First, Jeju should pursue joint marketing initiatives with other domestic honeymoon destinations. Second, Jeju should develop new special event programs and services for honeymooners. Third, Jeju should expand their honeymoon market into overseas markets such as Japan and China. As a completely different strategy, Jeju could give a consideration of *demarketing*[86] strategy on honeymoon markets to focus its marketing capabilities on greater tourism markets.

In order to deal with the study tour market, three marketing strategies are recommended for Jeju Island. First, Jeju should try to disperse the study tour seasons onto all seasons through providing various incentives to schools which visit Jeju on low seasons. Second, Jeju should try to upgrade the quality of study tour programs to meet the students' needs who could be future customers. Third, all the Jeju residents should

[86] Demarketing defines a marketing to reduce demand temporarily or permanently; the aim is not to destroy demand but only to reduce or shift it. (Source: Philip Kotler, Marketing Management, 11th edition, Prentice Hall, 2003, pp. 11)

welcome the students from other regions from the bottom of their hearts considering them as their own children.

For extending the life cycle of the golf tour market, Jeju should consider the following marketing strategies: First, Jeju should try to host PGA and LPGA golf tours and promote them as world famous golf tournaments strategically as Kim & Kim (2001) suggested in their article. This will make Jeju a international golf tour destination. Second, Jeju should try to attract more meetings and conferences in cooperation with golf courses, hotels, convention centers, airlines etc. Third, Jeju should carry out various promotions which will attract foreign golf tourists. In order to attract more foreign golf tourists, Jeju local government and golf courses jointly should develop more attractive, unique golf products coupled with unique tour programs and put more advertising on the target markets.

For extending the lifecycle of Jeju's family tour market, three marketing strategies are suggested. First, Jeju should provide all the travel information through various communication channels such as special events, internet, brochure, media etc.. Second, Jeju should lower admission fees of major tourist sites and facilities to get rid of the 'overpricing' image from the domestic tourists.

Third, Jeju should develop differentiated tour programs for family tourists which other regions can not duplicate e.g. Orum (parasite volcanos) trekking programs, Haenyeo(diving women) experience programs etc..

Fourth, Jeju should develop differentiated service programs in accordance with the different ages of family members in cooperation with local hotels and condominiums in Jungmun resort complex. e.g. special daycare programs for children.

In order to attract more value added group tourists, the three marketing strategies are recommended for Jeju Island. First, Jeju should not sell excessively cheap tour products which can kill both Jeju Island itself and travel agencies for the future tourism industry of Jeju Island. Second, Jeju should develop high value added tour products for those in their 50s and 60s. For instance, health tour products comprised of spa, massage, health foods. Third, Jeju should develop sports tour programs such as fishing, mountain climbing, hunting, horse riding, surfing, trekking, biking etc. taking advantage of its rich natural resources.

In order to avoid abrupt decline and secure a strong position as a competitive host city for international meetings and conferences, three marketing strategies are recommended. First, Jeju should promote the image of 'Island of world peace' and expand the image worldwide. Second, Jeju should establish a strong, regional convention bureau which is comprised of the Jeju provincial government, the Jeju convention center, hotels, airlines, golf courses and other meeting/tourism related businesses. Third, Jeju should support its regional airline to make it a short-haul international airline in order to overcome its poor accessibility internationally from the long-term perspective.

This study also recommend marketing strategies for two overseas markets, Japan and China. First, Jeju should set specific target groups to focus its marketing capability. Second, Jeju should develop core tour products in accordance with the preference of the target groups. Third, Jeju should develop and execute cooperative advertising and promotion campaigns focused on target groups of two overseas markets.

The above is some recommendations on marketing strategy of each different tourism segment that this thesis concluded. As we have seen from the findings of this study, there are declining tourism segments as well as developing ones on Jeju Island at the same time. From the findings of this thesis, we have found that golf tour and international meetings and conferences are the representative tourism segments standing at the development stage for Jeju Island. However, the common characteristic of the two developing tourism segments is that these two markets are getting very competitive because most of the domestic provinces are having a lot of interest in developing these two tourism segments in their areas for the purpose of developing their regional economy. Therefore, even though golf tour and international meetings and conferences are at the stage of development in their life cycle, Jeju Island can not depend on the two tourism segments because these two tourism segments are not unique and differentiated for Jeju Island any more.

In conclusion, Jeju should look for new tourism segments which will be a future growth engine for Jeju Island. Medical tourism and cruises are recommended for the future tourism segments for Jeju Island. These two tourism segments are not yet formed in Korea and Jeju Island has more competitive advantages than other regions in Korea for developing these two new tourism segments as follows:

- Jeju is an island with abundant marine tourist attractions.
- Jeju has a clean, beautiful natural environment.
- Jeju is executing seven projects for being 'Free International City'.

If Jeju take advantage of its strengths and opportunities, it will be able to create successful new tourism markets which is called 'Blue Ocean'[87] to prolong its life cycle and to guarantee its sustainable tourism development.

---

[87] Blue Oceans denote all the industries not in existence today-the unknown market space, untainted by competition. <*Sources*: W.Chan Kim and Renee Mauborgne, 'Blue Ocean Strategy' Harvard Business Review Oct. 2004, pp.76-84>

6.3 Recommendations for Future Researchers

Despite the findings of this study, there remain two basic limitations inherent in this thesis. First, this study began with limited factual data, which some might characterize as insufficiently reliable. In this study, the life cycle stages of tourism destinations have been estimated by the growth trend curve of tourism-related variables and tourism segments. However, sufficient data could not be obtained to examine the life cycle stages of various tourism segments such as golf tours, family tours, international meetings and conferences, etc.

Second, this study used a wide variety of analysis factors and tourism segments to examine the life cycle stage of Jeju Island and the life cycle stages of each tourism segment. In fact, this study used six analysis factors, seven tourism segments and seven foreign markets to examine the stage of TALC for Jeju Island. As a result, I could not investigate each analysis factor and each tourism segment in full detail.

For future researchers, it would be meaningful to focus on a specific tourism segment, and then perform thorough research and develop marketing strategies for extending the life cycle of the tourism segment. It is hoped that this paper will make a bit of contribution to TALC theory and give a little insight to destination marketing planners, especially to those who have great interest in the tourism development of Jeju Island.

REFERENCES

Korean Literatures

Cho, Sung Ho and Lee, Kyung Ja, (1998) The life cycle of tour destination hot spring in Korea. Korea Regional Geography Paper, Vol.4, pp.165-182

Choi, Mijoung (1998). Research for marketing strategy of tourism: With emphasis on the program of attracting foreign tourists. Thesis, Hanyang University.

Jang, Eun-Young,(2000) The extension of the destination life cycle theory: The case of the Seoul Grand Park, Ph.D.diss., Kyonggi University.

Kim, Sa-Young, A study on the tourism development of Cheju Province based upon Tourist Area Life Cycle. Tourism Geography, Vol.3, 1993, pp.85-104

Kim, Seoung-Cheol (2000). A Study on the improvement plans of public relations for international tourism in Jeju district, Thesis, Cheju National University.

Kim, Sook (2001). A study on the global competitiveness of Jeju tourism industry by the generalized double diamond approach. Ph.D.diss.,Sookmyung Women's University.

Kim, Su-Hee (2002). The positioning strategy for Jeju as a international meetings destination. Thesis, Hallym University

Kim, Yong and Kim, Ki-Han, "Current Situation and Hereafter Assignment of Golf Industry in Jeju", Korean Journal of Sport Management, Vol.6, 2001, pp.193-204

Lee, Moo-Sung, "Promotion of Honeymooners in Jeju Island", Journal of Tourism Study, Vol.19, 2005, pp155-178

Lee, Yong Gyun (2005). Strategic development of place marketing for the Jeju free international city. Korea City Geography Society, Journal of City Geography, Vol.8, pp21-34

Lee, Young-Hee,(2000) The building of tourism destination area life cycle model : A case study of Suanbo area, Korea, Ph.D. diss., Dongguk University.

Oh, Sang Hoon (199*). A study on the destination life cycle and destination marketing strategies. Korean Tourism & Leisure Society, Journal of Tourism & Leisure, Vol. 5, pp.89-102

Oh, Sang Hoon (2001). “To Attract more Chinese tourists”, Journal of Jeju Development Research, Vol.5 Jeju Development Institute, pp.119-139

Park, Jai-Mo (2002), The analysis of lifecycle of destination and the strategies of growth management: The case of Jeju island. Ph.D.diss., Kyonggi University.

Sohn, Hai Sik and Park, Cheol, “A study on the Remarketing Strategy for Honeymoon Places in Korea through the Comparison between Overseas and Domestic Honeymoon Tourists”, Korean Tourism & Leisure Society, Journal of Tourism & Leisure, Vol. 9, 1997, pp.59-82

2004 Annual Report on Jeju Tourism, 2005, pp.11

2004 International Meetings Report of Korea, Korea Tourism Organization, 2005

2005 Korean People travel Survey Report, Korea Tourism Organization, 2006, pp.27

2006 Tourism Marketing strategy, Korea Tourism Organization, 2006, pp.140

Foreign Tourists Survey Report, Korea Tourism Organization, 2005

Jeju Annual Statistics Reports(1972-2005), KNSO Jeju Local Office

Korea travel guide, Korea Tourism Organization, 2006, pp.172-174

Korean Inbound Markets Analysis, Korea Tourism Organization, 2005, pp.73

Middle/High school study tour Report, Korea Tourism Organization, 2003

Tourism 2020 Vision, World Tourism Organization, Vol.7, 2005, pp.81

Korean Newspapers

Kim, Bong, “Honinji and honeymoon Mecca”, Jeju Ilbo, 9 Nov. 2004

Kim, Chang-Sik, “Popularizing Strategy of Jeju Golf tour”, Jemin Ilbo, 23 Dec. 2005

Kim, Jong Hee, “Jeju Convention Center and the Future of Jeju Tourism”, Halla Ilbo, 10 April 2006

Ko, Sung Ik, “Recognition of necessity to attract Japanese tourists”, Jemim Ilbo, 4 May 2006

“Cheju Set to Become Int’l City”, Korea Times. 28 July 2005

“Decreasing marketability of Jeju tour products”, Jeju Ilbo, 7 April 2006

“Honeymooners prefer free travel”, Jeju Ilbo, 20 Nov. 2004

“International meetings are the best tourism industry”, Jeju Ilbo, 6 Jan. 2006

Foreign Literatures

Agarwal, S. (2002). Restructuring seaside tourism: the resort lifecycle. Annals of tourism research,vol.29, pp.25-55

Aguilo, E. & Alegre, J. & Sard, M. (2005). The persistence of the sun and sand tourism model. Tourism Management vol.26, pp.219-231

Benedetto, C. & Bojanic, D. (1993). Tourism area life cycle extensions. Annals of Tourism Research, Vol.20, 1993, pp.557-570

Buhalis, D. (2000). Marketing the competitive destination of the future. Tourism Management vol.21, pp.97-116

Butler, R. W. (1985). Evolution of tourism in the scottish highlands. Annals of tourism research vol.12, pp.371-391

Butler, R. W. (1980). The concept of a tourism area cycle of evolution: Implications for management of resources, Canadian Geographer, 24(1), 1980, pp. 5-12

Choy, D. (1992). Life cycle models for pacific island destinations. Journal of travel research, winter 1992, pp.26-31

Cooper, C. & Jackson, S. (1989). Destination life cycle: the isle of Man case study. Annals of tourism research vol.16, pp.377-398

Christaller, W. (1963), Some Considerations of Tourism Locations in Europe. Regional Science Association Papers 12, pp. 95-105

Cohen, E. (1972), Towards a Sociology of International Tourism, Social Research, Vol.39, pp164-182

Dhalla, K. and Yuspeh, S. (1976). Forget the Product Life Cycle Concept, Harvard Business Review, Jan.-Feb. pp102-112

Debbage, K. (1990). Oligopoly and the resort cycle in the Bahamas. Annals of tourism reseach,vol.17, pp.513-527

Douglas, N. (1997). Applying the life cycle model to Melanesia. Annals of Tourism Research vol.24, pp.1-22

Ferrell, O.C and Hartline, Michael D (2005). Marketing Strategy, Third Edition, Thomson South-Western

Formica, S. & Uysal, M. (1996). The revitalization of Italy as a tourist destination. Tourism Management vol.17, pp.323-331

Gets, D. (1992). Tourism planning and destination life cycle. Annals of tourism research,vol.19, pp.752-770

Haywood, K. (1986). Can the tourist area life cycle be made operational?. Tourism Mangement, Sep.1986, pp.154-167

Hovinen, G. (1982). Visitor cycles outlook for tourism in Lancaster county. Annals of tourism research, vol.9, pp.565-583

Hovinen, G. (2002). Revisiting the destination lifecycle model. Annals fo tourism research, vol.29, pp.209-230

Jarviluoma, J. (1992). Alternative tourism and the evolution of tourist areas. Tourism Management, March, pp.118-120

Keane, M. & Brophy, P. & Cuddy M. (1992). Strategic management of island tourism: the Arian islands. Tourism Management Dec., pp.406-414

Kim, S. & Agrusa, J. (2005). The positioning of overseas honeymoon destinations. Annals of tourism research,vol.32, pp.887-904

Kim, W. & Mauborgne, R. (2004). Blue ocean strategy. Harvard Business Review, Oct.2004, pp.76-84

Kotler, P. & Amstrong, G. (2004). Principles of Marketing 10th edition. Pearson Prentice Hall

Kotler, P. & Bowen, J.& Makens, J (2003). Marketing for Hospitality and Tourism 4th edition. Pearson Education

Kotler, P. & Hamlin M. & Rein I. & Haider D. (2002). Marketing Asian Places: Attracting Investment, Industry, and tourism to Cities, States and Nations. John Wiley & Sons (Asia) Pte Ltd

Kotler, P. (2003), Marketing Management, 11th edition, Prentice Hall, 2003

Levitt, T (1965). EXPLOIT the Product Life Cycle," Harvard Business Review, Nov.-Dec.

Lockhart, D.G & Smith, D.D (1997). Island Tourism: Trends and Prospects. Pinter

Lundtorp, S. & Wanhill, S. (2001). The resort lifecycle theory:Generating processes and estimation. Annals of tourism research, vol.28, pp.947-964

Meyer-Arendt, K. (1985). The grand isle, Louisiana resort cycle. Annals of tourism research, vol.12, pp.449-465

Moon, Y. M. (2005). Break free from the product life cycle. Harvard Business Review, May pp.87-94

Moore, W. & Whitehall, P. (2005). The tourism area life cycle and regime switching models. Annals of tourism research vol.32, pp.112-126

Moutinho, L. (2000). Strategic Management in Tourism. CABI Publishing

Oglethorpe, M. (1984), Tourism in Malta: A crisis of dependence. Leisure Studies Vol.3, pp.147-161

Palmer, A. & Bejou, D. (1995). Tourism destination marketing alliances. Annals of tourism research, vol.22, pp.616-629

Plog, S.C. (1973), Why destinations Rise ad Fall in Popularity. Cornell Hotel and Restaurant Administration Quarterly, Nov., pp.13-16

Plog, S.C. (2004). Leusure Travel: A Marketing Handbook. Pearson Prentice Hall

Prosser, G. (1995). Tourist destination life cycles: Progress, Problems and Prospects. In proceedings of the National Tourism and Hospitality Conference, pp.318-328. Melbourne: Council for Australian University Tourism and Hospitality Education.

Russell, R. & Faulkner, B. (2004). Entrepreneurship, chaos and the tourism area lifecycle. Annals of tourism research, vol.31, pp.556-579

Russo, A. (2002). The "Vicious circle" of tourism development in heritage cities. Annals of Tourism Research, vol.29, pp.165-182

Strapp, J. D.(1988). The resort cycle and second homes, Annals of Tourism Research, Vol.15, pp.504-516

Taylor, L. & Allardyce M. & Macpherson N. (1992) Dertermining marketing strategies for organizations targeting the European tourist to Scotland. Tourism Management, March 1992, pp.50-55

Tooman, L. (1997). Applications of the life-cycle model in tourism. Annals of tourism research, Vol.24, pp.214-234

Van, Doren C. & Lollar, S. (1985). The Consequences of forty years of tourism growth. Annals of tourism research, Vol.12, pp.467-489

Internet Sites

http://kosis.nso.go.kr/cgi-bin/

http://www.hallasan.or.kr

http://www.knto.or.kr/statistics/

http://www.mofat.go.kr

http://www.koreatraveltimes.com

http://www.jeju.go.kr/jeju-f/english/contents/

http://www.jdcenter.com

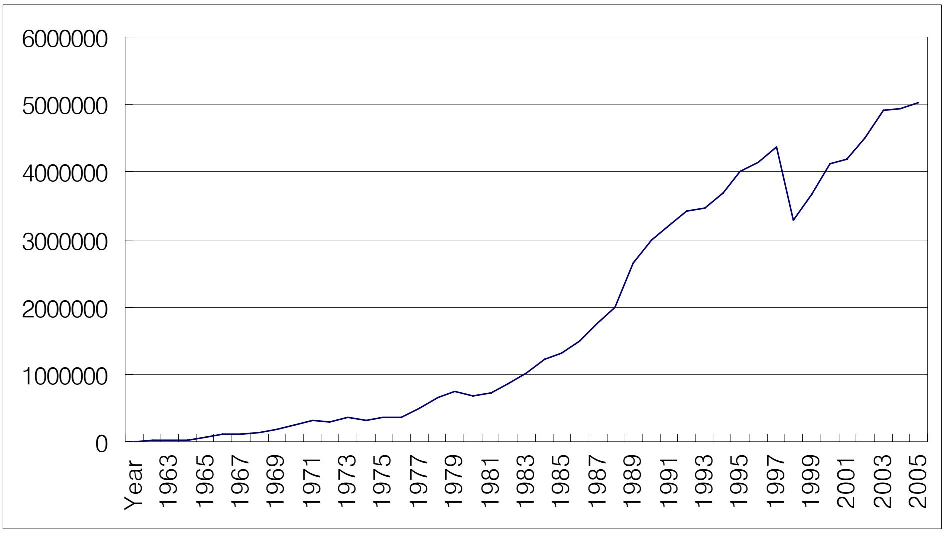
http://www.jeju.go.kr

http://www.hijeju.or.kr

http://cyber.jeju.go.kr/source/is/gd/data.asp

APPENDIX 1

Tourist Arrivals in Jeju Island, 1962-2005

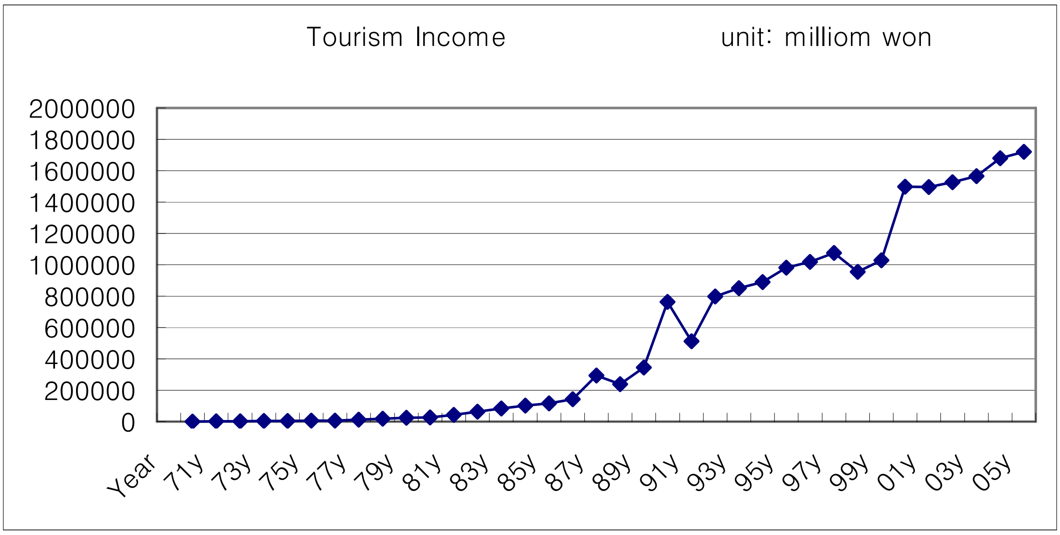


Year	Total	growth rate	Year	Total	growth rate
62y	14,707		84y	1,217,243	0.19
63y	22,650	0.54	85y	1,322,702	0.09
64y	28,373	0.25	86y	1,492,308	0.13
65y	75,981	1.68	87y	1,758,461	0.18
66y	108,252	0.42	88y	2,000,495	0.14
67y	114,536	0.06	89y	2,642,612	0.32
68y	135,228	0.18	90y	2,992,096	0.13
69y	186,452	0.38	91y	3,204,613	0.07
70y	244,847	0.31	92y	3,421,708	0.07
71y	308,008	0.26	93y	3,463,908	0.01
72y	284,868	− 0.08	94y	3,692,548	0.07
73y	360,636	0.27	95y	3,996,844	0.08
74y	318,390	− 0.12	96y	4,143,955	0.04
75y	359,469	0.13	97y	4,363,192	0.05
76y	369,182	0.03	98y	3,291,116	− 0.25
77y	500,350	0.36	99y	3,666,836	0.11
78y	651,648	0.30	00y	4,110,934	0.12
79y	744,447	0.14	01y	4,197,574	0.02
80y	669,377	− 0.10	02y	4,515,515	0.08
81y	724,240	0.08	03y	4,913,393	0.09
82y	860,334	0.19	04y	4,932,512	0.00
83y	1,025,026	0.19	05y	5,020,275	0.02

Sources: Tourism Marketing Department, Jeju Provincial Government,

APPENDIX 2

Tourism Income of Jeju Island, 1971-2005

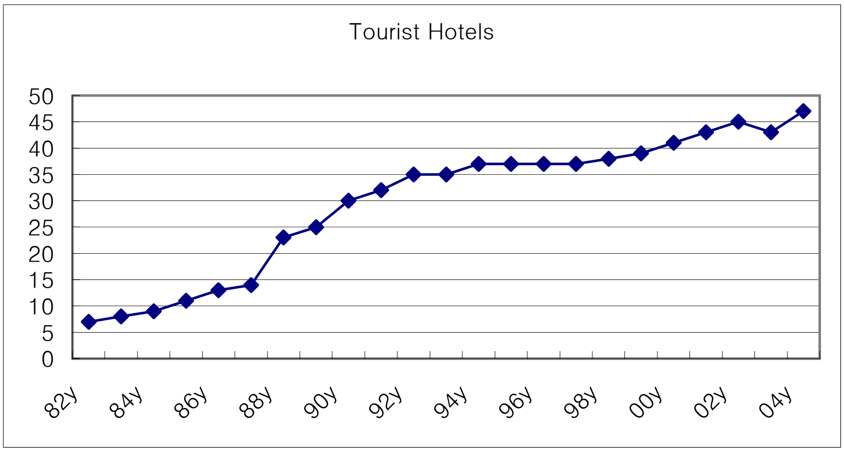


Year	TI	Change	Year	TI	Change	Year	TI	Change
71y	2,180		83y	84,351	0.35	95y	981,430	0.10
72y	2,183	0.00	84y	101,213	0.20	96y	1,017,945	0.04
73y	3,187	0.46	85y	115,717	0.14	97y	1,075,569	0.06
74y	5,049	0.58	86y	143,755	0.24	98y	955,812	−0.11
75y	5,992	0.19	87y	294,606	1.05	99y	1,029,547	0.08
76y	6,753	0.13	88y	238,188	−0.19	00y	1,497,537	0.45
77y	13,003	0.93	89y	344,205	0.45	01y	1,495,405	0.00
78y	18,182	0.40	90y	762,782	1.22	02y	1,526,556	0.02
79y	24,458	0.35	91y	513,154	−0.33	03y	1,566,128	0.03
80y	25,996	0.06	92y	797,024	0.55	04y	1,678,748	0.07
81y	42,485	0.63	93y	851,574	0.07	05y	1,720,166	0.02
82y	62,300	0.47	94y	889,486	0.04			

Sources: Jeju Annual Statistics Reports(1972-2005), KNSO Jeju Local Office

APPENDIX 3

Tourist Hotels in Jeju Island, 1982-2004

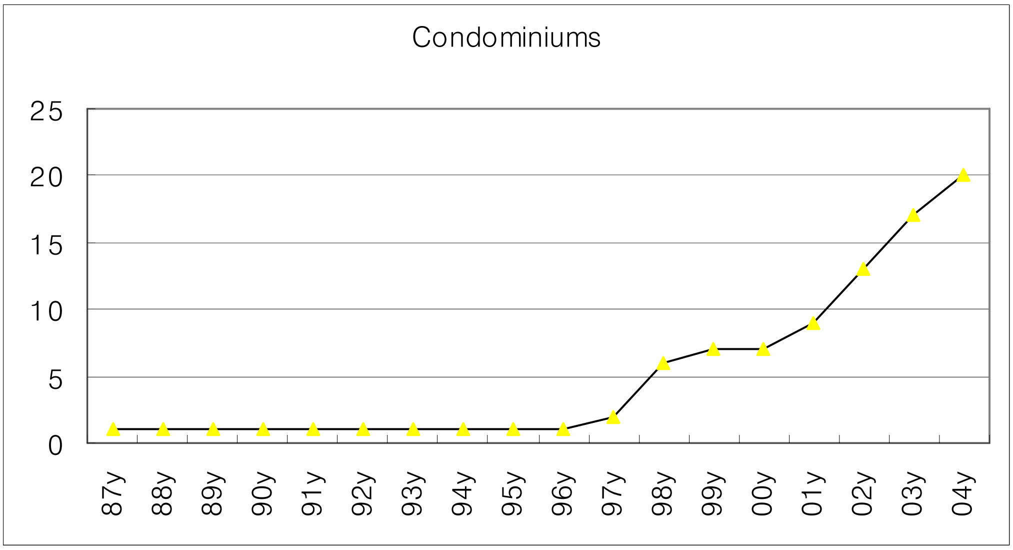


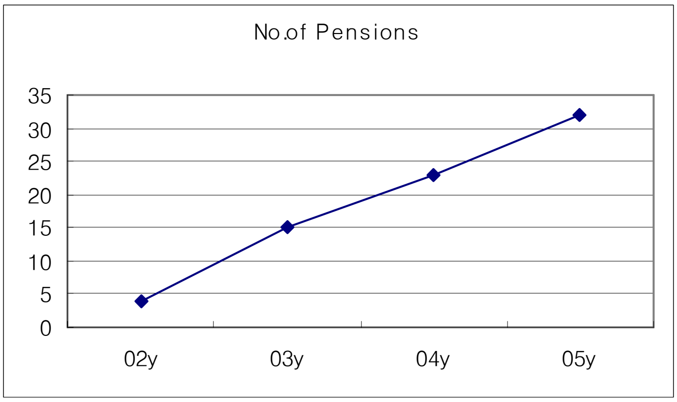
Year	Tourist Hotels	Rooms	Year	Tourist Hotels	Rooms
82y	7	1,091	94y	37	4,642
83y	8	1,181	95y	37	4,672
84y	9	1,171	96y	37	4,751
85y	11	1,931	97y	37	4,728
86y	13	2,151	98y	38	4,899
87y	14	2,278	99y	39	4,973
88y	23	3,120	00y	41	5,494
89y	25	3,231	01y	43	5,679
90y	30	3,774	02y	45	5,757
91y	32	4,050	03y	43	5,868
92y	35	4,273	04y	47	6,180
93y	35	4,423			

Sources: Jeju Annual Statistics Reports(1983-2005), KNSO Jeju Local Office

APPENDIX 4

Condominiums & Pension Houses in Jeju Island, 1987-2005



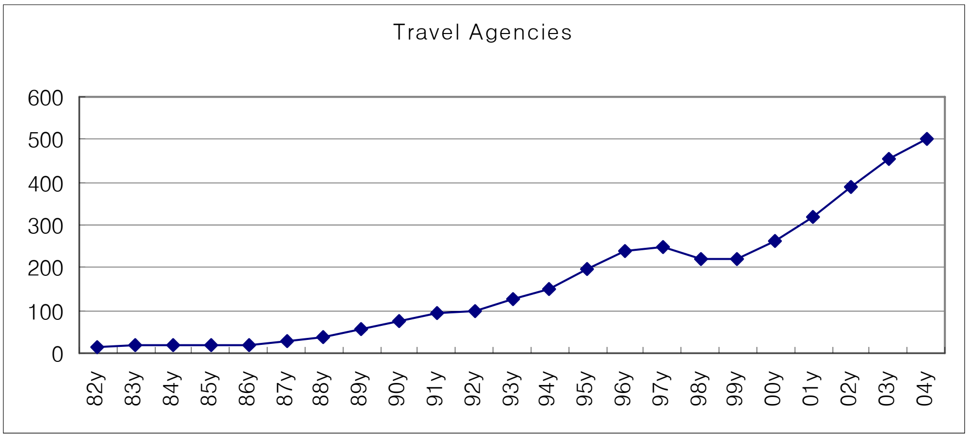


Year	Condominium (No.of rooms)	Year	Condominium (No.of rooms)	Pension (No. of rooms)
96y	1	01y	9	
97y	2	02y	13	4(40)
98y	6	03y	17	15(148)
99y	7	04y	20	23(224)
00y	7	05y		32(302)

Sources: Jeju Annual Statistics Report, KNSO Jeju Local Office, 2005, PP. (Condominium)
Jeju Provincial government website http://www.jeju.go.kr (Pension house)

APPENDIX 5

Travel Agencies in Jeju Island, 1982-2004

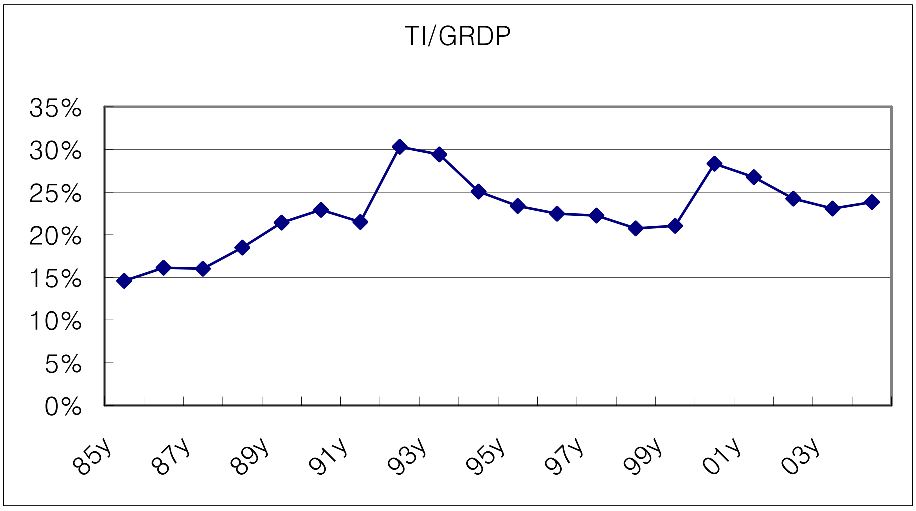


Year	General	Overseas	Domestic	Total	Change	Year	General	Overseas	Domestic	Total	Change
82y	0	9	6	15		94y	13	16	123	152	0.22
83y	2	8	7	17	0.13	95y	11	23	163	197	0.30
84y	2	8	8	18	0.06	96y	11	32	195	238	0.21
85y	2	8	11	21	0.17	97y	11	33	203	247	0.04
86y	3	7	11	21	0.00	98y	17	29	176	222	−0.10
87y	6	8	14	28	0.33	99y	18	30	174	222	0.00
88y	5	8	24	37	0.32	00y	20	34	210	264	0.19
89y	8	11	39	58	0.57	01y	24	36	260	320	0.21
90y	11	8	56	75	0.29	02y	25	53	313	391	0.22
91y	11	11	72	94	0.25	03y	28	62	363	453	0.16
92y	13	10	76	99	0.05	04y	32	60	411	503	0.11
93y	14	11	100	125	0.26	AVG.					0.18

Sources: Jeju Annual Statistics Reports(1983-2005), KNSO Jeju Local Office

APPENDIX 6

Tourism Dependency of Jeju Island, 1985-2005



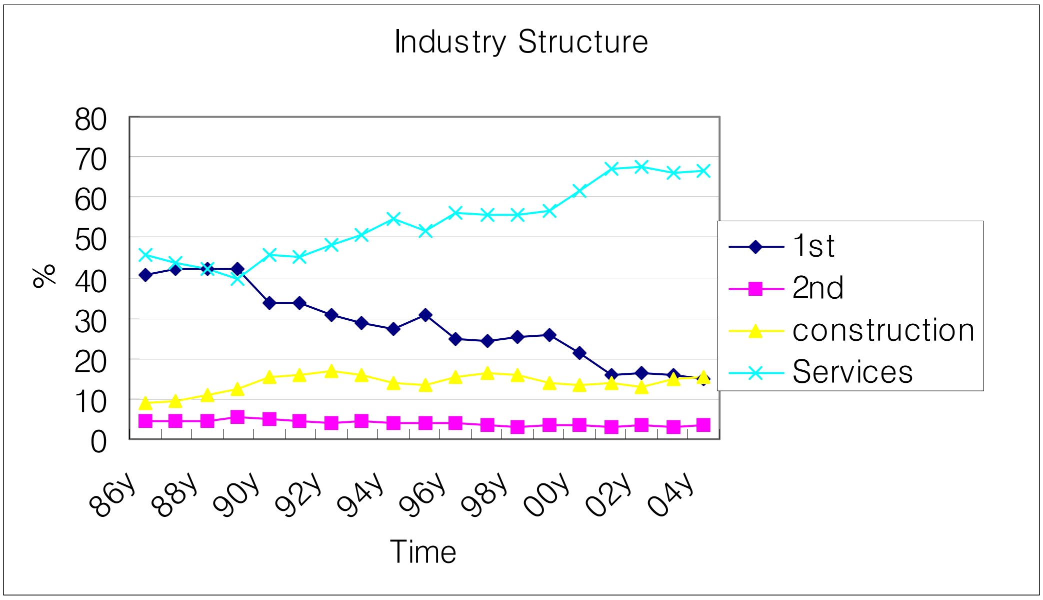
unit: billion won

Year	GRDP	Change	Tourism Income	Change	TI/GRDP
85y	795		116		15%
86y	892	0.12	144	0.24	16%
87y	1,086	0.22	174	0.21	16%
88y	1,287	0.19	238	0.37	18%
89y	1,605	0.25	344	0.45	21%
90y	1,884	0.17	432	0.26	23%
91y	2,388	0.27	513	0.19	21%
92y	2,628	0.10	797	0.55	30%
93y	2,898	0.10	852	0.07	29%
94y	3,553	0.23	890	0.04	25%
95y	4,197	0.18	981	0.10	23%
96y	4,532	0.08	1,018	0.04	22%
97y	4,841	0.07	1,076	0.06	22%
98y	4,608	− 0.05	956	− 0.11	21%
99y	4,895	0.06	1,030	0.08	21%
00y	5,290	0.08	1,498	0.45	28%
01y	5,591	0.06	1,495	− 0.00	27%
02y	6,302	0.13	1,527	0.02	24%
03y	6,786	0.08	1,566	0.03	23%
04y	7,050	0.04	1,679	0.07	24%
AVG.		0.12		0.16	

Sources: Jeju Annual Statistics Reports(1986-2005), KNSO Jeju Local Office

APPENDIX 7

Industry Structure in Jeju Island, 1986-2004



unit; %

Year	1st	2nd	construction	Services	Year	1st	2nd	construction	Services
86y	40.5	4.5	9.1	45.9	96y	24.8	3.9	15.2	56.1
87y	42.2	4.5	9.4	43.8	97y	24.1	3.7	16.6	55.6
88y	42.0	4.6	11.0	42.4	98y	25.4	2.9	15.9	55.7
89y	42.3	5.3	12.4	40.0	99y	25.7	3.6	13.9	56.8
90y	34.0	4.9	15.6	45.5	00y	21.3	3.4	13.5	61.8
91y	34.0	4.7	16.1	45.2	01y	16.1	3.0	13.9	67.1
92y	30.7	4.2	16.7	48.4	02y	16.4	3.3	12.9	67.4
93y	28.8	4.5	16.1	50.6	03y	16.1	3.0	15.0	65.9
94y	27.3	4.0	13.9	54.8	04y	14.7	3.3	15.6	66.4
95y	31.0	3.8	13.3	51.9					

1st : Agriculture, forestry and fishing

2nd : Mining and manufacturing

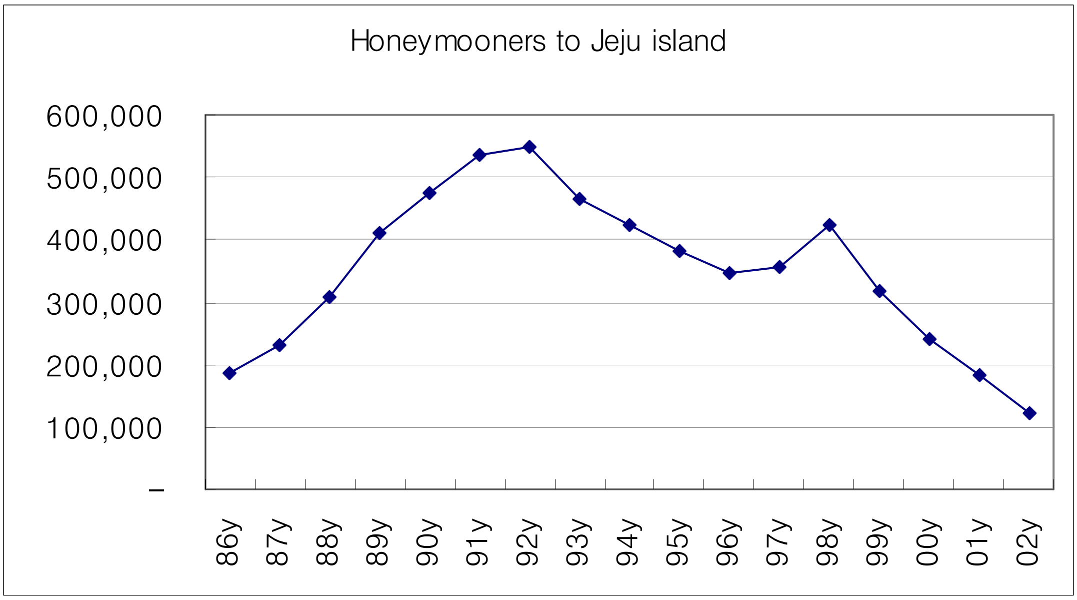
Construction : construction,electricity, gas, water

Services : Wholesale & Retail trade, Res. & Hotels, Transport, Storage, Communication, Finance, Insurance, Estate & Business services

Sources: Jeju Annual Statistics Reports(1987-2005), KNSO Jeju Local Office

APPENDIX 8

Honeymoon to Jeju Island, 1986-2002

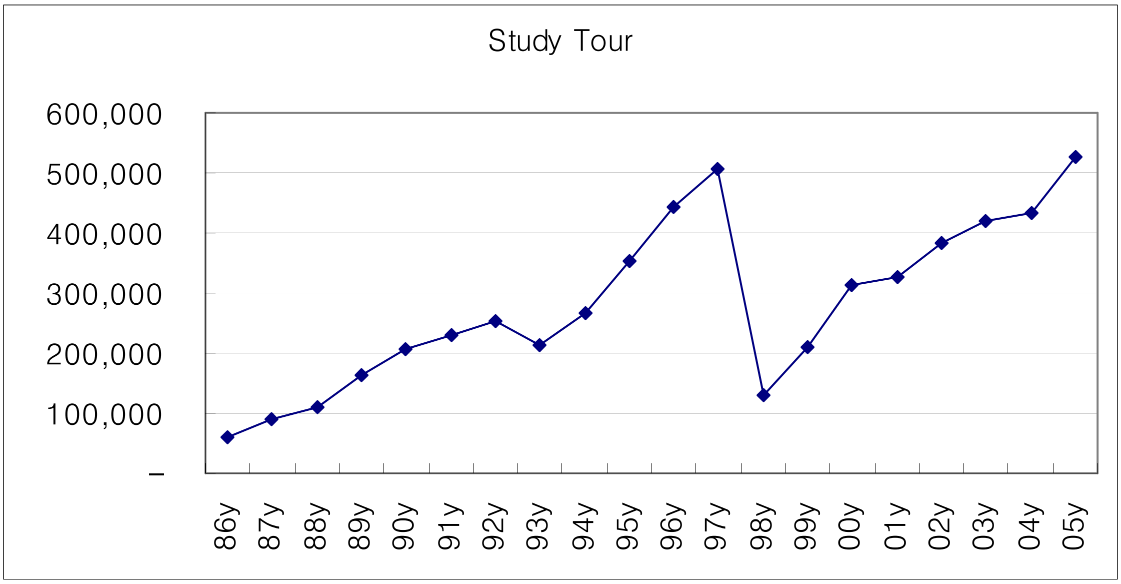


Year	Honeymooners	Change	Year	Honeymooners	Change
86y	187,486		95y	381,658	– 0.10
87y	231,464	0.23	96y	347,588	– 0.09
88y	307,258	0.33	97y	355,944	0.02
89y	409,594	0.33	98y	424,038	0.19
90y	474,934	0.16	99y	316,506	– 0.25
91y	535,540	0.13	00y	240,272	– 0.24
92y	548,266	0.02	01y	183,480	– 0.24
93y	463,828	– 0.15	02y	123,160	– 0.33
94y	424,196	– 0.09			

Sources: Jejudo Tourist Association http://www.hijeju.or.kr

APPENDIX 9

Study Tour to Jeju Island, 1986-2005

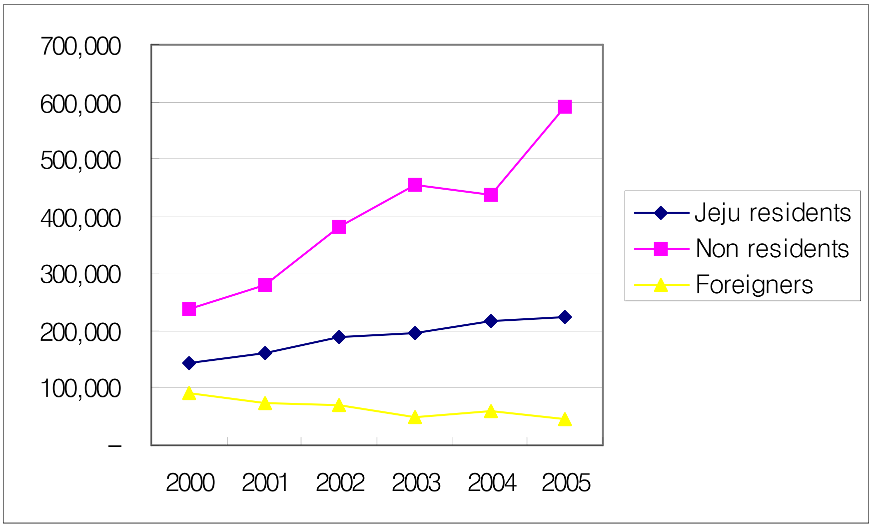


Year	Study Tour	Change	Year	Study Tour	Change
86y	60,417		96y	443,494	0.26
87y	90,102	0.49	97y	507,248	0.14
88y	109,180	0.21	98y	128,533	– 0.75
89y	162,908	0.49	99y	211,259	0.64
90y	205,425	0.26	00y	311,795	0.48
91y	229,798	0.12	01y	326,370	0.05
92y	251,990	0.10	02y	384,635	0.18
93y	212,790	– 0.16	03y	418,819	0.09
94y	266,423	0.25	04y	432,555	0.03
95y	352,056	0.32	05y	527,809	0.22

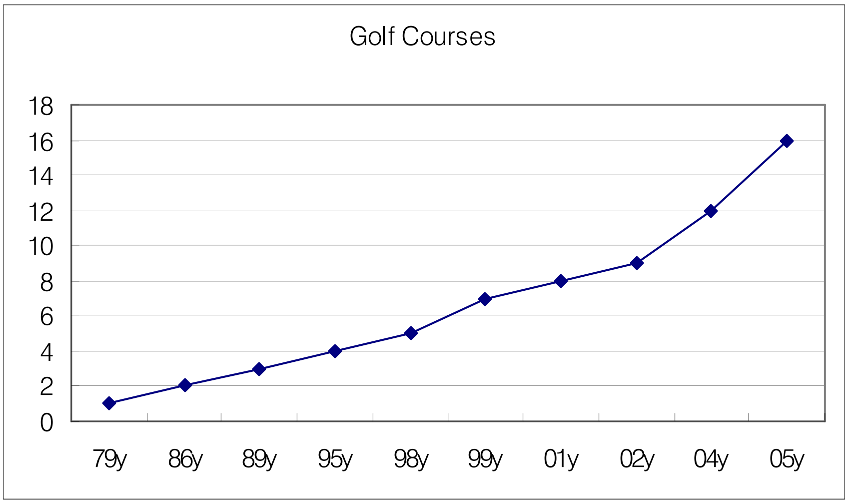
Sources: Jejudo Tourist Association http://www.hijeju.or.kr

APPENDIX 10

Golf Tour to Jeju Island, 2000-2005



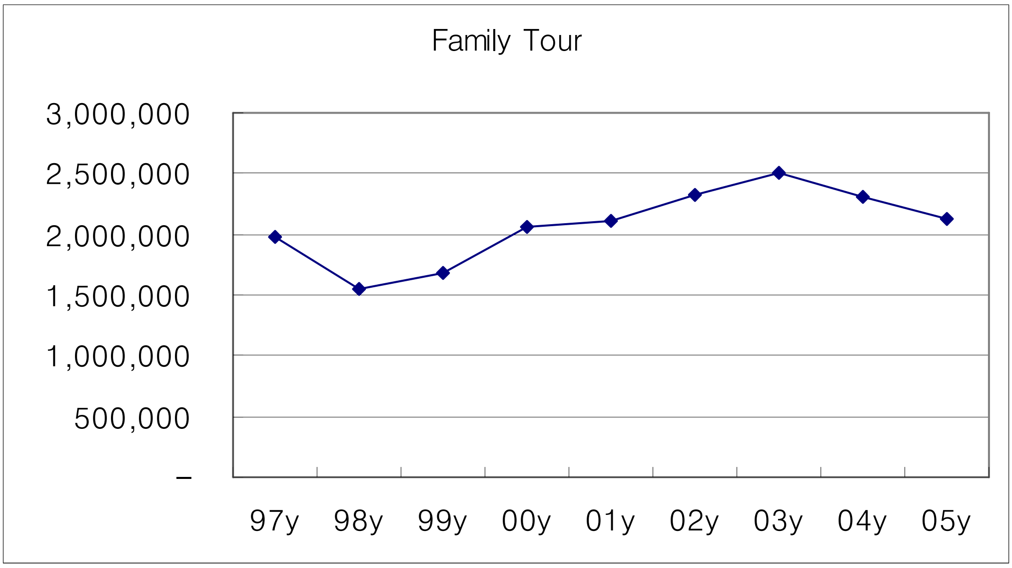
	2000	2001	2002	2003	2004	2005
Jeju residents	142,542	161,276	188,092	195,235	217,663	223,725
Non residents	238,802	279,048	381,316	455,437	437,778	589,908
Foreigners	89,340	73,793	68,956	49,941	60,661	45,943
Total	470,684	514,117	638,364	700,613	716,102	859,576
Golf tourists	328,142	352,841	450,272	505,378	498,439	635,851
Change(%)		0.08	0.28	0.12	– 0.01	0.28



Sources: Jeju Provincial Government Website http://cyber.jeju.go.kr/source/is/gd/data.asp

APPENDIX 11

Family Tour to Jeju Island, 1997-2005

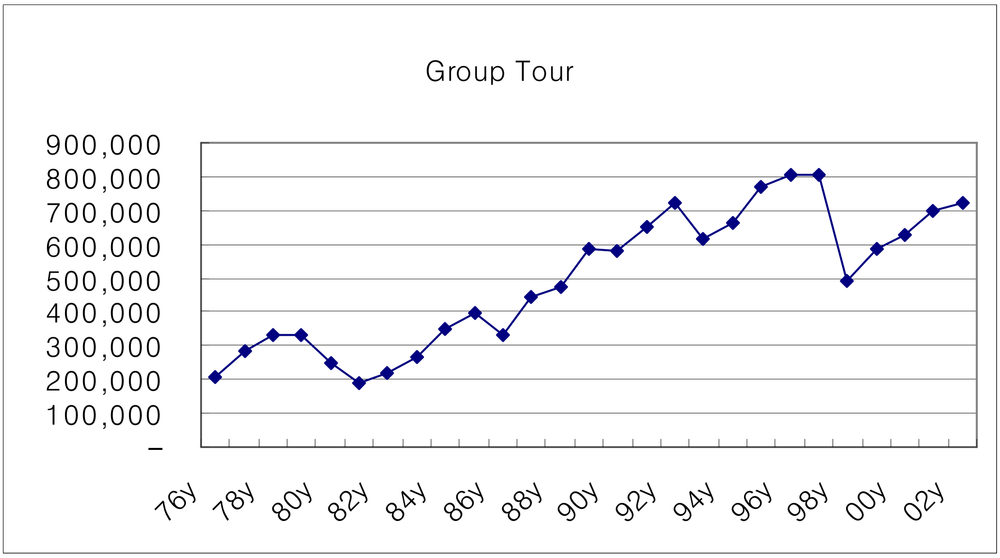


Year	Family Tourists	Change
97y	1,975,088	
98y	1,544,197	– 0.22
99y	1,678,677	0.09
00y	2,061,136	0.23
01y	2,115,357	0.03
02y	2,318,627	0.10
03y	2,500,000	0.08
04y	2,302,105	– 0.08
05y	2,129,519	– 0.07

Sources: Jejudo Tourist Association http://www.hijeju.or.kr

APPENDIX 12

Group Tour to Jeju Island, 1976-2002

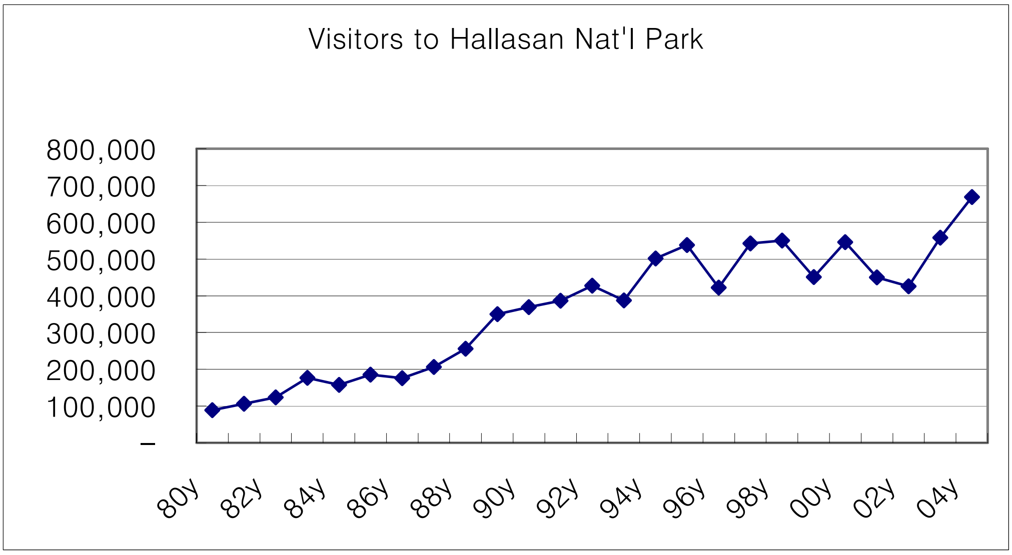


Year	Group Tour	Change	Year	Group Tour	Change
76y	209,552		90y	577,766	– 0.02
77y	281,803	0.34	91y	652,007	0.13
78y	333,275	0.18	92y	725,309	0.11
79y	331,631	– 0.00	93y	615,884	– 0.15
80y	250,669	– 0.24	94y	661,418	0.07
81y	187,408	– 0.25	95y	771,873	0.17
82y	220,413	0.18	96y	806,693	0.05
83y	268,192	0.22	97y	807,313	0.00
84y	350,656	0.31	98y	493,254	– 0.39
85y	395,025	0.13	99y	584,116	0.18
86y	331,081	– 0.16	00y	627,033	0.07
87y	443,746	0.34	01y	698,123	0.11
88y	471,827	0.06	02y	722,218	0.03
89y	588,288	0.25	AVG.		0.10

Sources: Jejudo Tourist Association http://www.hijeju.or.kr

APPENDIX 13

Visitors to Hallasan National Park, 1980-2004

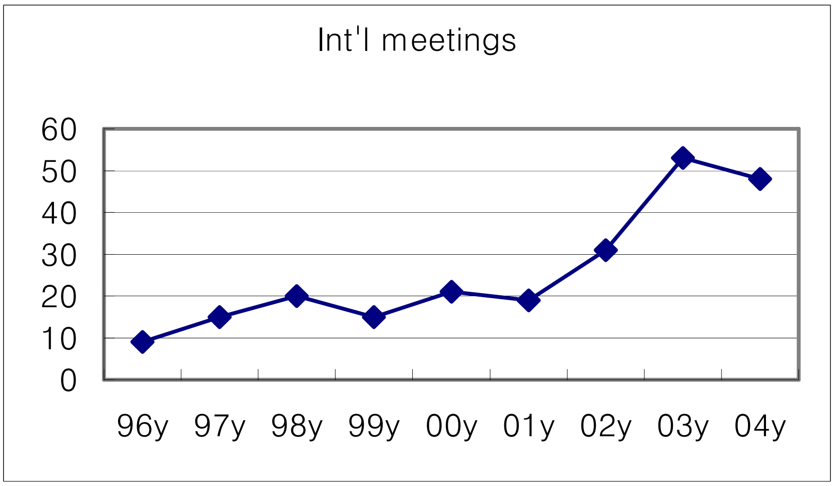


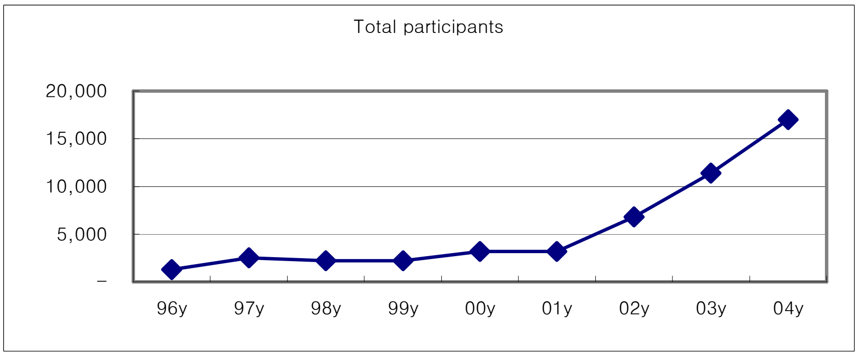
year	visitors to Hallasan	change	year	visitors to Hallasan	change
80y	88,802		93y	387,380	– 0.09
81y	106,350	0.20	94y	501,240	0.29
82y	123,481	0.16	95y	538,365	0.07
83y	176,660	0.43	96y	422,118	– 0.22
84y	157,159	– 0.11	97y	542,164	0.28
85y	185,183	0.18	98y	550,191	0.01
86y	176,184	– 0.05	99y	450,812	– 0.18
87y	206,697	0.17	00y	545,423	0.21
88y	256,362	0.24	01y	450,061	– 0.17
89y	350,200	0.37	02y	425,475	– 0.05
90y	368,867	0.05	03y	557,656	0.31
91y	386,441	0.05	04y	668,794	0.20
92y	427,617	0.11	AVG.		0.15

Sources: Hallasan National Park Website, http://www.hallasan.go.kr

APPENDIX 14

International Meetings & Conferences in Jeju Island, 1996-2004



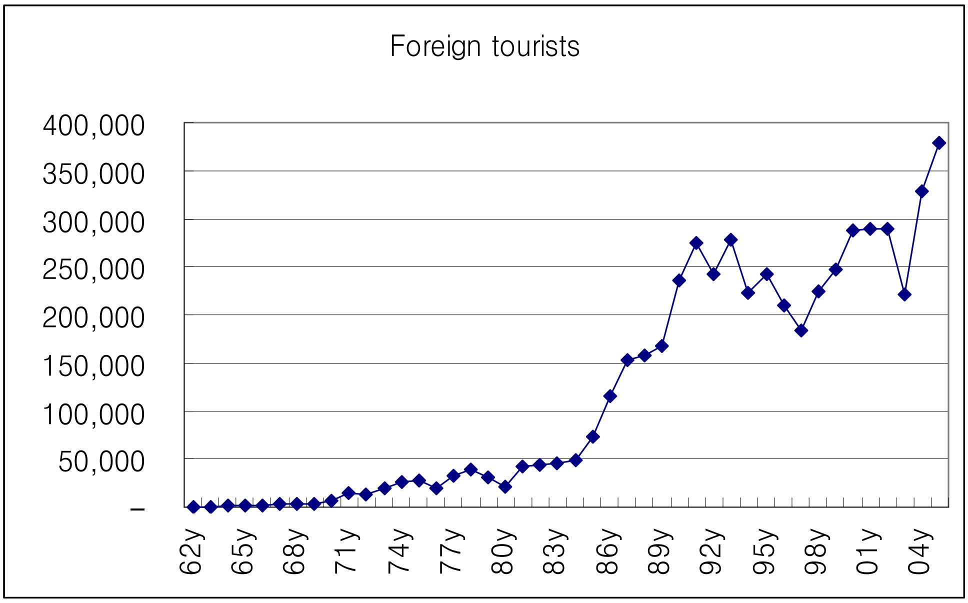


Year	Int'l meetings	Total participants	Change	Foreigners	Change
96y	9	1,295		834	
97y	15	2,506	0.94	1,069	0.28
98y	20	2,210	-0.12	1,213	0.13
99y	15	2,205	0.00	1,420	0.17
00y	21	3,176	0.44	1,271	-0.10
01y	19	3,200	0.01	1,369	0.08
02y	31	6,790	1.12	3,096	1.26
03y	53	11,395	0.68	3,936	0.27
04y	48	17,018	0.49	8,985	1.28
AVG.			0.44		0.42

Sources: International Meetings Report(1996-2005), Korea Tourism Organization

APPENDIX 15

Foreign Arrivals in Jeju Island, 1962-2005

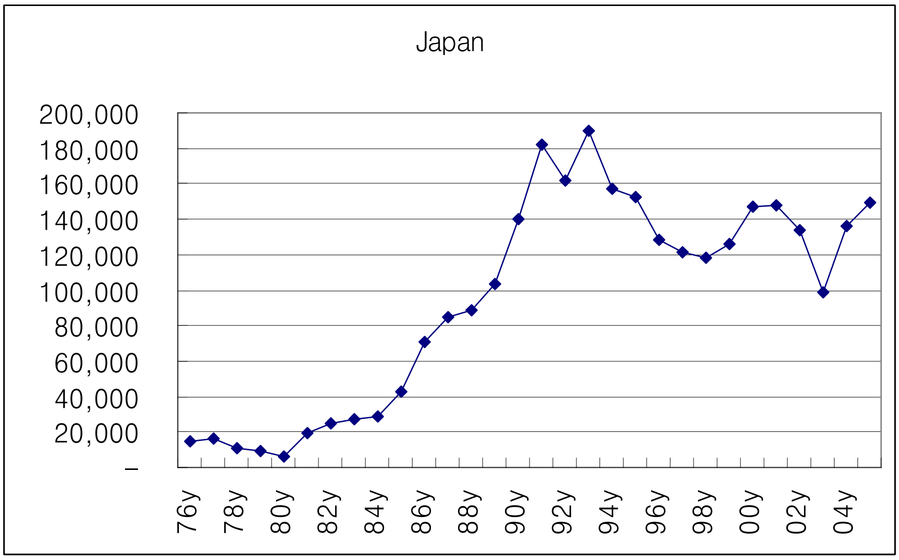


Year	Foreign Arrivals to Korea	Foreign Arrivals to Jeju	Jeju Visitation Rate	Year	Foreign Arrivals to Korea	Foreign Arrivals to Jeju	Jeju Visitation Rate
1980	976,415	20,503	2.1%	1993	3,331,226	277,359	8.3%
1981	1,093,214	41,825	3.8%	1994	3,580,024	222,442	6.2%
1982	1,145,044	44,503	3.9%	1995	3,753,197	241,884	6.4%
1983	1,194,551	44,998	3.8%	1996	3,683,779	209,253	5.7%
1984	1,297,318	48,848	3.8%	1997	3,908,140	184,403	4.7%
1985	1,426,045	73,676	5.2%	1998	4,250,216	223,701	5.3%
1986	1,659,972	115,753	7.0%	1999	4,659,785	246,965	5.3%
1987	1,874,501	152,389	8.1%	2000	5,321,792	288,425	5.4%
1988	2,340,462	157,794	6.7%	2001	5,147,204	290,050	5.6%
1989	2,728,054	167,252	6.1%	2002	5,347,468	289,496	5.4%
1990	2,958,839	235,073	7.9%	2003	4,752,762	221,017	4.7%
1991	3,196,340	275,371	8.6%	2004	5,818,138	329,215	5.7%
1992	3,231,081	242,576	7.5%	2005	6,021,764	378,723	6.3%
				AVG.			5.7%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr
Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 16

Japanese Tourists in Jeju Island, 1976-2005



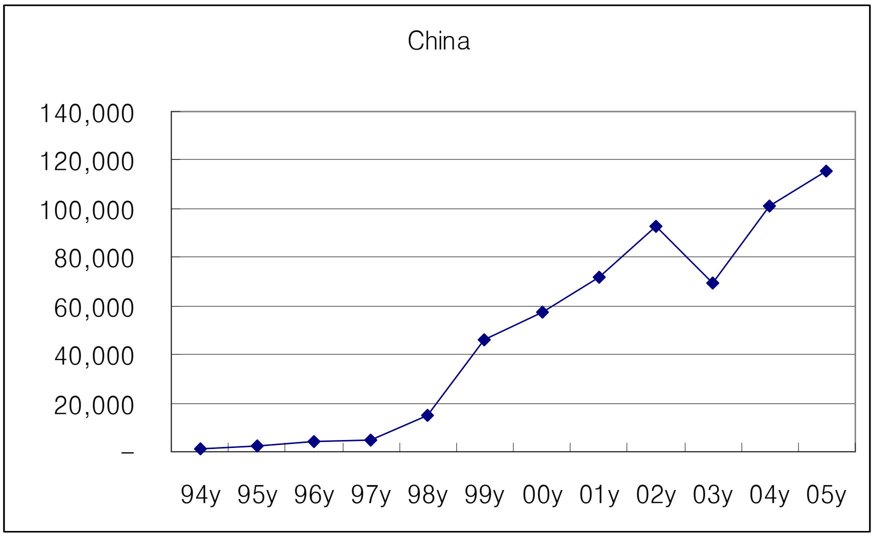
year	Japanese to Jeju (a)	Japanese to Korea (b)	a/b	year	Japanese to Jeju (a)	Japanese to Korea (b)	a/b
76y	14,938	521,128	2.87%	92y	161,983	1,398,604	11.58%
77y	16,099	581,525	2.77%	93y	189,535	1,492,069	12.70%
78y	10,681	667,319	1.60%	94y	156,900	1,644,097	9.54%
79y	9,546	649,707	1.47%	95y	152,670	1,667,203	9.16%
80y	6,319	468,415	1.35%	96y	128,529	1,526,559	8.42%
81y	19,774	506,819	3.90%	97y	121,446	1,676,434	7.24%
82y	25,109	518,013	4.85%	98y	117,948	1,954,416	6.03%
83y	27,438	528,265	5.19%	99y	126,128	2,184,121	5.77%
84y	28,833	576,448	5.00%	00y	147,358	2,472,054	5.96%
85y	42,946	638,941	6.72%	01y	147,525	2,377,321	6.21%
86y	70,837	791,011	8.96%	02y	134,120	2,320,837	5.78%
87y	84,874	893,596	9.50%	03y	98,950	1,802,542	5.49%
88y	88,442	1,124,149	7.87%	04y	136,202	2,443,070	5.58%
89y	103,685	1,379,523	7.52%	05y	149,361	2,439,809	6.12%
90y	140,454	1,460,291	9.62%	AVG.			6.58%
91y	181,962	1,455,090	12.51%				

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 17

Chinese Tourists in Jeju Island, 1994-2005



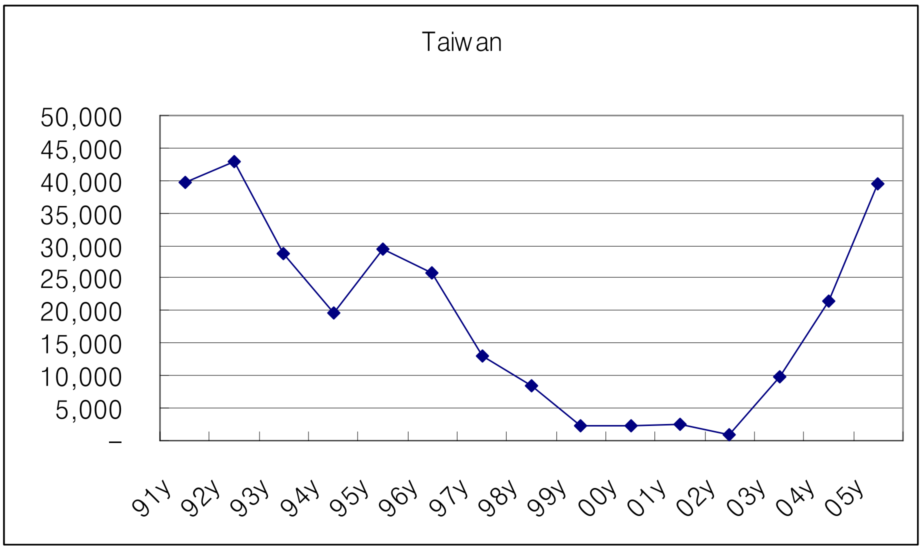
year	Chinest to Jeju (a)	Chinese to Korea (b)	a/b	year	Chinest to Jeju (a)	Chinese to Korea (b)	a/b
94y	1,117	140,985	0.79%	01y	71,650	482,227	14.86%
95y	2,582	178,359	1.45%	02y	92,805	461,082	20.13%
96y	3,944	199,604	1.98%	03y	69,671	512,768	13.59%
97y	5,075	214,244	2.37%	04y	101,236	627,264	16.14%
98y	15,142	210,662	7.19%	05y	115,199	709,836	16.23%
99y	46,247	316,639	14.61%	AVG.			10.19%
00y	57,236	442,794	12.93%				

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 18

Taiwanese Tourists in Jeju Island, 1991-2005



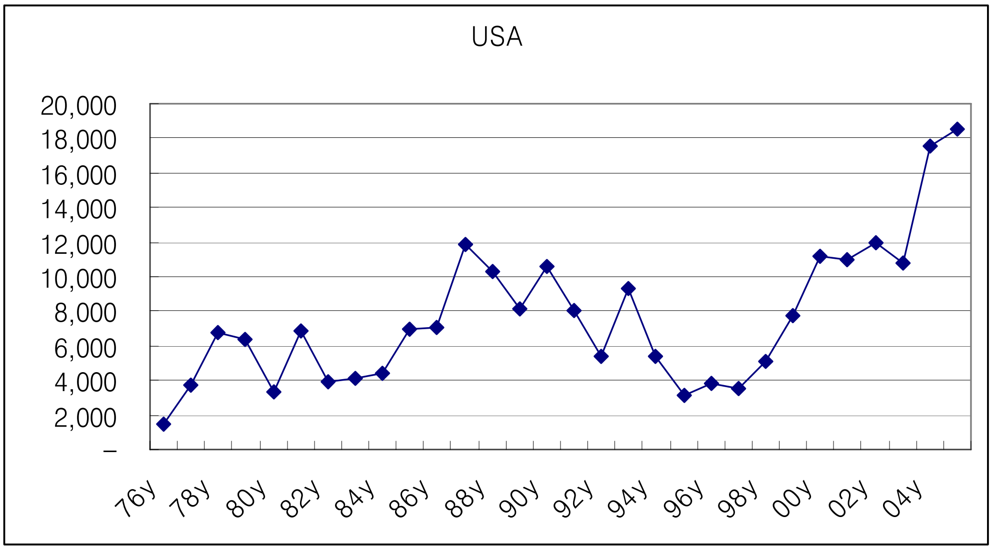
year	Taiwanese to Jeju (a)	Taiwanese to Korea (b)	a/b	year	Taiwanese to Jeju (a)	Taiwanese to Korea (b)	a/b
91y	39,739	281,349	14.12%	99y	2,222	110,563	2.01%
92y	43,033	295,986	14.54%	00y	2,294	127,120	1.80%
93y	28,668	145,344	19.72%	01y	2,414	129,410	1.87%
94y	19,587	137,463	14.25%	02y	940	136,921	0.69%
95y	29,471	130,147	22.64%	03y	9,893	194,586	5.08%
96y	25,778	114,729	22.47%	04y	21,435	304,908	7.03%
97y	13,102	104,144	12.58%	05y	39,552	351,421	11.25%
98y	8,467	108,880	7.78%	AVG.			10.52%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 19

American Tourists in Jeju Island, 1976-2005



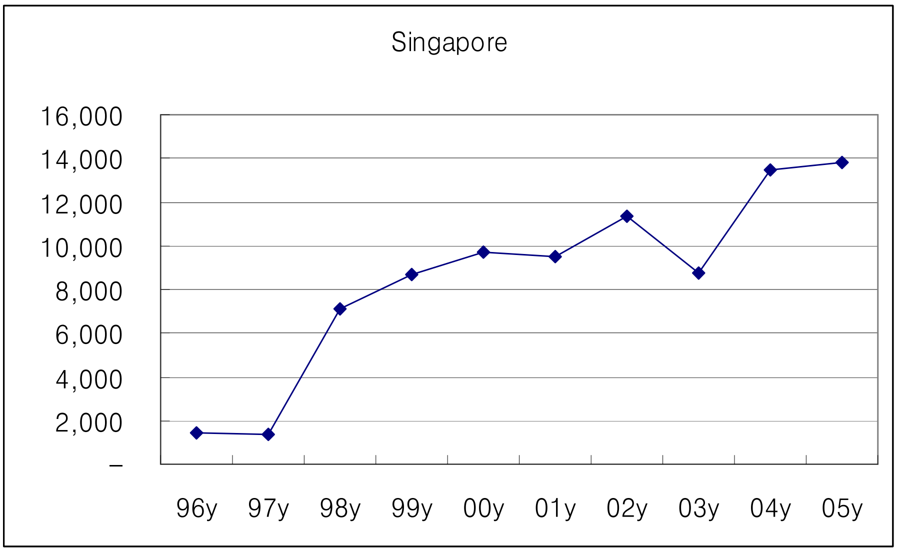
year	American visitors to Jeju (a)	American visitors to Korea (b)	a/b	year	American visitors to Jeju (a)	American visitors to Korea (b)	a/b
76y	1,478	102,199	1.45%	91y	8,048	315,828	2.55%
77y	3,720	113,710	3.27%	92y	5,420	333,850	1.62%
78y	6,811	118,039	5.77%	93y	9,299	325,366	2.86%
79y	6,387	127,355	5.02%	94y	5,344	332,428	1.61%
80y	3,288	121,404	2.71%	95y	3,164	358,872	0.88%
81y	6,825	130,402	5.23%	96y	3,800	399,300	0.95%
82y	3,963	151,249	2.62%	97y	3,523	424,258	0.83%
83y	4,129	176,488	2.34%	98y	5,079	405,735	1.25%
84y	4,393	212,986	2.06%	99y	7,788	396,286	1.97%
85y	6,971	239,423	2.91%	00y	11,216	458,617	2.45%
86y	7,012	284,571	2.46%	01y	10,935	426,817	2.56%
87y	11,863	326,330	3.64%	02y	12,005	459,362	2.61%
88y	10,284	133,869	7.68%	03y	10,753	421,602	2.55%
89y	8,146	317,133	2.57%	04y	17,518	511,170	3.43%
90y	10,573	325,388	3.25%	05y	18,528	530,629	3.49%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 20

Singaporean Tourists in Jeju Island, 1996-2005



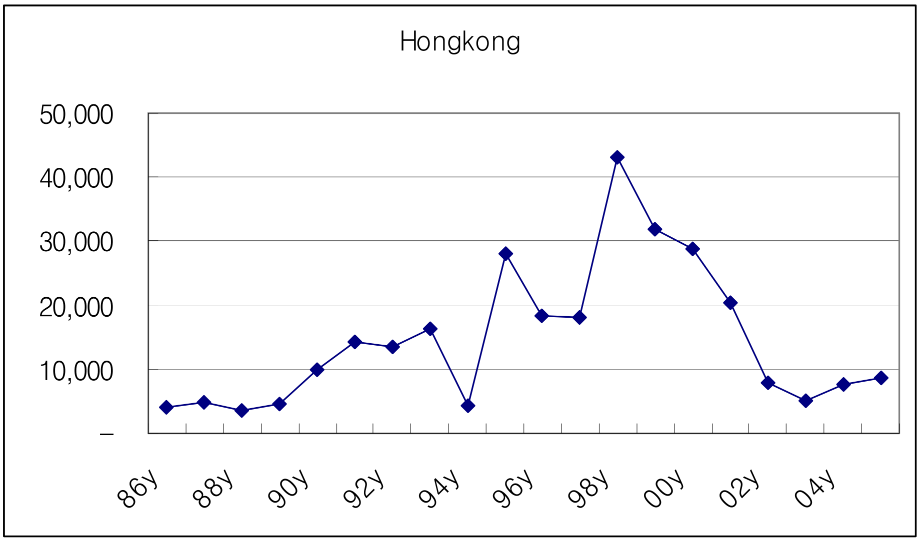
year	Singaporeans to Jeju(a)	Singaporeans to Korea(b)	a/b	year	Singaporeans to Jeju(a)	Singaporeans to Korea(b)	a/b
96y	1,403	43,338	3.24%	01y	9,506	71,240	13.34%
97y	1,347	55,805	2.41%	02y	11,363	52,420	21.68%
98y	7,083	92,672	7.64%	03y	8,762	76,432	11.46%
99y	8,673	75,335	11.51%	04y	13,472	85,202	15.81%
00y	9,710	82,871	11.72%	05y	13,841	81,751	16.93%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 21

Hong Kong Chinese Tourists in Jeju Island, 1986-2005



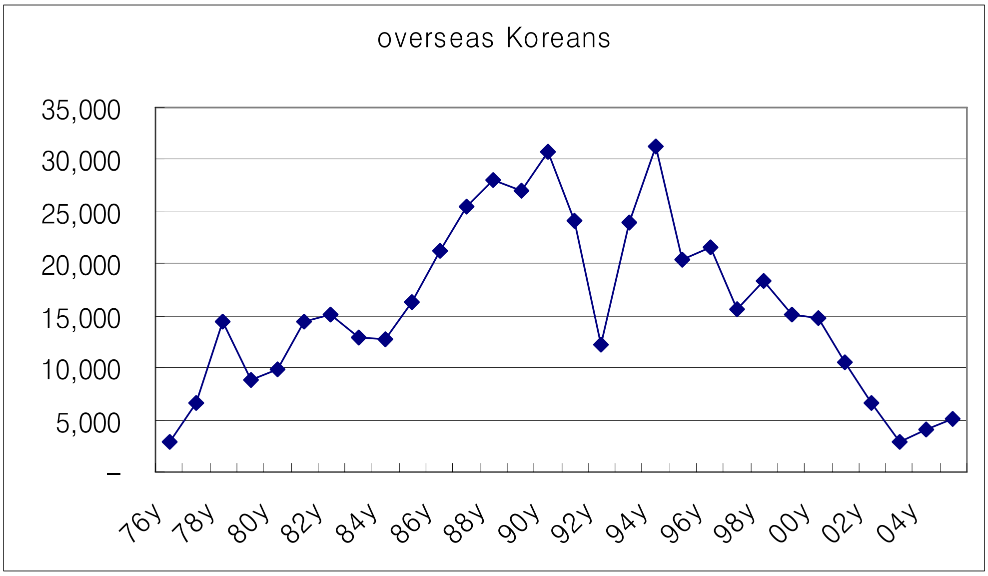
year	Hongkong Chinese to Jeju(a)	Hongkong Chinese to Korea(b)	a/b	year	Hongkong Chinese to Jeju(a)	Hongkong Chinese to Korea(b)	a/b
86y	4,097	55,045	7.44%	96y	18,447	77,958	23.66%
87y	4,798	54,030	8.88%	97y	18,191	96,650	18.82%
88y	3,619	48,596	7.45%	98y	43,101	229,072	18.82%
89y	4,693	68,504	6.85%	99y	31,894	234,087	13.62%
90y	9,974	70,569	14.13%	00y	28,777	200,874	14.33%
91y	14,166	72,675	19.49%	01y	20,329	204,959	9.92%
92y	13,595	94,241	14.43%	02y	7,838	179,299	4.37%
93y	16,229	151,745	10.69%	03y	5,173	156,358	3.31%
94y	4,294	121,961	3.52%	04y	7,609	155,058	4.91%
95y	28,017	100,407	27.90%	05y	8,582	166,204	5.16%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 22

Overseas Korean Tourists in Jeju Island, 1976-2005



year	overseas Koreans to Jeju (a)	overseas Koreans to Korea (b)	a/b	year	overseas Koreans to Jeju (a)	overseas Koreans to Korea (b)	a/b
76y	2,849	101,007	2.82%	91y	24,085	313,454	7.68%
77y	6,583	113,939	5.78%	92y	12,224	313,074	3.90%
78y	14,430	135,058	10.68%	93y	23,891	327,149	7.30%
79y	8,823	146,984	6.00%	94y	31,180	320,165	9.74%
80y	9,843	156,908	6.27%	95y	20,323	335,658	6.05%
81y	14,474	162,967	8.88%	96y	21,610	302,366	7.15%
82y	15,113	174,621	8.65%	97y	15,594	307,045	5.08%
83y	12,854	173,062	7.43%	98y	18,324	313,995	5.84%
84y	12,692	173,242	7.33%	99y	15,139	301,027	5.03%
85y	16,320	172,817	9.44%	00y	14,737	277,523	5.31%
86y	21,157	202,261	10.46%	01y	10,501	286,585	3.66%
87y	25,434	243,365	10.45%	02y	6,659	314,829	2.12%
88y	28,080	288,648	9.73%	03y	2,858	287,531	0.99%
89y	27,041	320,758	8.43%	04y	4,149	299,895	1.38%
90y	30,824	323,241	9.54%	05y	5,058	280,453	1.80%

Sources: Jejudo Tourist Association Website http://www.hijeju.or.kr

Korea Tourism Organization Website http://www.knto.or.kr

APPENDIX 23

SWOT for Honeymoon of Jeju Island

Strengths	Weaknesses
1.Close location 2.Relatively cheap cost 3.Safe destination 4.Comfortable and convenient in language, food, culture	1.Negative image (overprice, unkindness) 2.Weakening price competitiveness compared to overseas destinations 3.No unique honeymoon products 4.Lack of night life 5.No famous food street 6.Excessive high season(honeymoon and study tour are overlapped)
Opportunities	**Threats**
1.Image expansion overseas 2.Launch of overseas marketing 3.International air route expansion 4.Launch of regional discount airline	1.Boom for overseas honeymoon 2.Intensifying marketing from competitive overseas honeymoon destinations 3.Increasing study tour

APPENDIX 24

SWOT for Study Tour of Jeju Island

Strengths	Weaknesses
1.Providing new experience of air travel 2.Excellent tourism infrastructure for study tour 3.Various tourism resources (natural, cultural, artificial)	1. Bringing inconvenience to Jeju residents and honeymooners caused by full air reservations made by study tour groups 2. Relatively expensive travel expense compared to other domestic destinations 3. Excessive high season(honeymoon and study tour are overlapped) 4. Monotonous study tour products
Opportunities	**Threats**
1.Increasing number of schools which select Jeju on their study tour destinations 2.Improving accessibility - KTX & Cruise - Regional discount airline	1. Increasing overseas destinations for study tours 2. Relatively low possibility of revisiting Jeju after study tour(Because there are so many places to travel)

APPENDIX 25

SWOT for Golf Tour of Jeju Island

Strengths	Weaknesses
1. Increasing golf courses (41 courses by 2011) 2. Playing golf all year round 3. Cheap green fee owing to the tax reduction 4. Various tourism resources	1. Poor accessibility 2. Expensive cost caused by airfare 3. Difficult weekend booking for golf tourists especially foreign golf tourists
Opportunities	**Threats**
1. Increasing golf population 2. Launch of Regional discount airline (June 2006)	1. Increasing overseas destinations for golf tours 2. Strong won value: Japanese tourists' cost increase (80% out of foreign golf tourists in Jeju are Japanese) 3. Limited foreign markets

APPENDIX 26

SWOT for Family Tour of Jeju Island

Strengths	Weaknesses
1. Good tourism infrastructure. (condominiums, pensions etc.) 2.Various tourism resources. (natural, cultural, artificial)	1. Poor accessibility 2. Expensive cost caused by airfare 3. Excessive polarization of high/low seasons 4. Negative images (overpricing, unkindness etc.)
Opportunities	**Threats**
1. Expansion of well-being, family oriented culture 2. Expansion of five day work system 3. Increasing disposable income 4. Launch of Regional discount airline (June 2006)	1. Increasing car using travel (improved interregional roads networks) 2. Increasing competition to attract tourists among local governments 3. Cheap overseas tour products and intensified marketing from overseas competitors 4. Increasing Koreans' overseas travel caused by strong Korean won value

APPENDIX 27

SWOT for Group Tour of Jeju Island

Strengths	Weaknesses
1. Good tourism infrastructure. 2. Various tourism resources(natural, cultural, artificial) 3. Excellent natural environment for developing sports tourism	1. Poor accessibility 2. Expensive cost caused by airfare 3. Excessive polarization of high/low seasons 4. Negative images (overpricing, unkindness etc.)
Opportunities	**Threats**
1. Expansion of well-being culture 2. Expansion of five day work system 3. Increasing disposable income 4. Launch of Regional discount airline (June 2006)	1. Increasing car oriented travel (improved interregional roads networks) 2. Increasing competition to attract tourists among local governments 3. Cheap overseas tour products and intensifying marketing from overseas competitors 4. Increasing Koreans' overseas travel caused by strong Korean won value

APPENDIX 28

SWOT for Int'l Meetings and Conferences of Jeju Island

Strengths	Weaknesses
1. Good tourism infrastructure. 2. Various tourism resources. (natural, cultural, artificial ,especially golf courses) 3. Excellent infrastructure for meetings and conferences	1. Poor accessibility 2. Expensive cost caused by airfare 3. Lack of specialists for international conferences 4. Lack of shopping facilities, foods, and night life
Opportunities	**Threats**
1. Carrying out 'free international city project' 2. Launch of Regional discount airline (June 2006) 3. Designated as Peace Island 4. Designated as international conferences city of Seoguipo	1. Increasing competition among domestic convention centers 2. Cheap overseas tour products and intensifying marketing from overseas competitors 3. Stagnated international conferences (UIA)

APPENDIX 29

SWOT for Japanese Market

Strengths	Weaknesses
1. Good tourism infrastructure. 2. Various tourism resources. (natural, cultural, artificial ,especially golf courses) 3. Overseas promotion office(Osaka)	1. Only 6% of Japanese tourists to Korea visit Jeju 2. A part of Korea image 3. Lack of shopping facilities, foods, and night life
Opportunities	**Threats**
1. Korean wave (Yonsama drama Jeju filming) 2. Launch of Regional discount airline (June 2006) 3. Increasing direct air routes(Japan-Jeju) 4. Recovering Japanese economy	1. Strong Korean Won value (weaken buying power of Yen) 2. Cheap overseas tour products and intensifying marketing from overseas competitors toward Japan 3. Possible airfare hike caused by higher oil price 4. Possible diplomatic conflicts (Dokdo, Yascuni shrine, history textbook etc.) 5. Spreading anti Korean wave 6. Possible terror and bird flu 7. 2006 Japan-China tourism exchange year

APPENDIX 30

SWOT for Chinese Market

Strengths	Weaknesses
1. Good tourism infrastructure. 2. Various tourism resources. (natural, cultural, artificial ,especially golf courses) 3. Overseas promotion office(Beijing) 4. Close location	1. Lack of preparedness for Chinese tourists(Chinese speaking guide etc.) 2. A part of Korea image 3. Lack of shopping facilities, foods, and night life 4. Spend less as a transit destination
Opportunities	**Threats**
1. Korean wave (Yonsama drama Jeju filming) 2. Launch of Regional discount airline (June 2006) 3. Increasing direct air routes(China-Jeju) 4. Strong economic growth and living standard improvements	1. Strong Korean Won 2. Cheap overseas tour products and intensifying marketing from overseas competitors 3. Possible airfare hike caused by higher oil price 4. Possible terror and bird flu 5. 2006 Japan-China tourism exchange year 6. Short air capacity owing to rapid increase of Korean tourists to China 7. Opening of HongKong Disneyland (2005.9)