

## NEGOCIOS Y MERCADEO



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# SEOUL: WORLD CLASS CONVENTION CITY



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## Summary

In 21<sup>st</sup> century, countries have a great interest to move forward based on the knowledge economy. The knowledge economy is described as production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence (Snellman, 2004). Korean government also has its great passion to develop the knowledge industry in Korea. In other words, Korea has become one of the leading countries that balance national competitive industry and Knowledge industry. This article is focused on convention infrastructures and the strong Meetings, Incentive Travels, Conventions and Exhibitions Alliances (MICE), mainly focusing on Seoul.

## Keywords

Seoul Korea, Convention Industry, Knowledge Economy, Conventions held in Korea.

Seoul is a mega-modern metropolis with approximately 10 million residents. It has been the capital of Korea for 600 years with the co-existence of a diverse cultural heritage with great cultural, educational, political and economical infrastructure. In 2011 10,743 international conventions were held and Korea had 469 conventions (4.6%), 232 of them (50%) took place in Seoul proving that it is a world-class convention city that enhances strong competitiveness of it in the world convention industry. The Korean government has declared this year as the “2012 Korea Convention Year”, in order to boost the country as one of the top five convention destinations in the world. In the past few years, Korea launched several major events; The G20 Seoul Summit, The 4<sup>th</sup> high level forum on aid effectiveness, The UNWTO General Assembly, Expo Yeosu and the Nuclear Security Summit, leaving a concrete image of a strong convention nation in the world.

## 1. Introduction

According to the UIA statistics, in 2010, a total of 201 conventions were held in Seoul, which allowed it to be the 5<sup>th</sup> convention city in the world. Again last year, 2011, Seoul held 232 conventions and was ranked on the 2<sup>nd</sup> convention city in Asia and 5<sup>th</sup> in the world. (Incles, 2012) Korea has been ranked as the 6<sup>th</sup> convention country in the world. MICE industry includes meetings, incentive travels, conventions and exhibitions. This article will focus mainly on the convention industry.

Figure 1: Number of International Conferences held



Source: MICE Report 2011, Korea Tourism Organization

In 2011, below conferences were held in Seoul, including all types of events

Figure 2: Events held and participants

	No of MICE events held	International Participants	Domestic Participants	Total Participants
SEOUL	12,821	163,312	5,881,741	6,045,053

Source: Industrial Cooperation Center, Kyung Hee University, 2012.

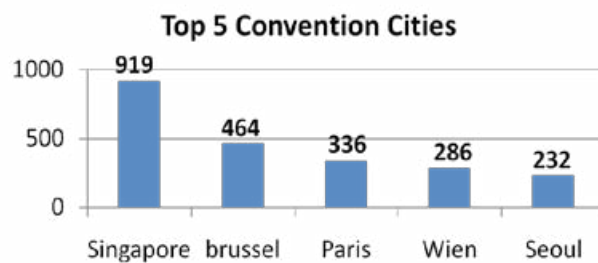


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## 1. Seoul MICE Alliance

Korean government has been making a great effort to develop the convention industry as one of the strategic and new-growth industries in Korea. As a result, Seoul gained fame as a world-class convention city with a strong alliance in convention industry called "Seoul MICE Alliance" which consists of 72 members; the Seoul Metropolitan Government, the Seoul Tourism Organization, convention centers, hotels, Professional Convention Organizers (PCOs), venues, travel agencies, and transportation and production agencies, all of which work together to provide various supports to the organizations holding international conventions in the city (Seoul Metropolitan Government, 2011).

Figure 3: Top Convention Cities



Source: MICE File 2011, Korea Tourism Organization.

In addition, Seoul Metropolitan Government and Seoul Tourism Organization offer a chance to those officials of international organizations so that they can have a pre-site tour before they organize their events at a very low price or free-of-charge.

## 2. Convention Infrastructure

In Korea, there is a great infrastructure for development of the convention industry which consists of several elements: the world best airport (Incheon International Airport), High class airlines (Korean Air and Asiana Airlines), various types of accommodations providing a great capacity to the visitors, tour sites with a great combination of both tradition and modern in Korea, and multi-functioned convention centers with advanced technology with environmental friendly system.

### A) Incheon International Airport

Incheon International Airport is the largest airport in South Korea, the primary airport serving the Seoul national capital area, and one of the largest and busiest airports in the world. For seven years in a row, from 2005 until this year, it was selected as the best airport worldwide by Airports Council International. The airport is multi-functioned; has a golf course, spa, private sleeping rooms, and ice skating rink, a casino, indoor gardens and a Museum of Korean Culture.



Source: MICE Seoul

Located 48 km west of Seoul, the capital and largest city of South Korea, Incheon International Airport is the main hub for Korean Air, Asiana Airlines; two major airline companies of Korea. There are currently 79 airlines serving ICN, connecting 182 cities worldwide.



Source: MICE Seoul

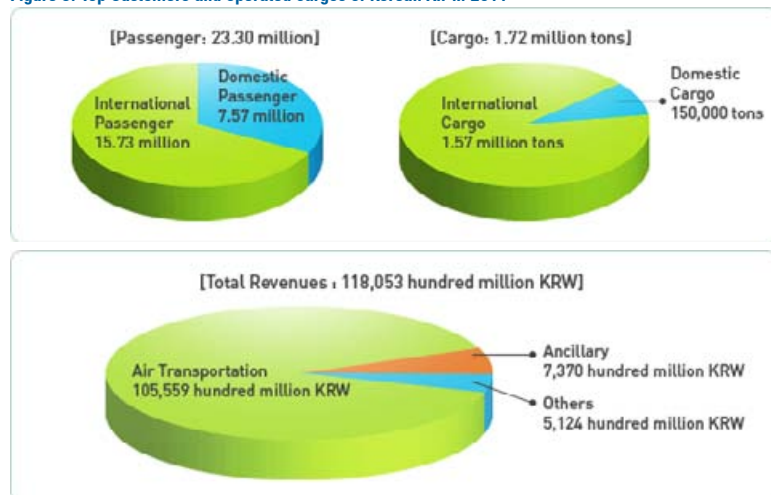
## B) High class Airline Companies: Korean Air, Asiana Airlines

### 1) Korean Air

Founded in 1946, Korean Air plays a significant role as a leading company, connecting 130 cities in 45 countries, while its domestic division serves 20 destinations. It is a well known airline company worldwide with a provision of high qualified airline services under the motto 'excellence in flight.'

The number of its customers and operated cargos in 2011 are stated as below.

Figure 3: Top Customers and operated cargos of Korean Air in 2011



Source: Korean Air (2012)



Source: Korean Air (2012)

### 2) Asiana Airlines

Asiana Airlines is the other major airline company in Korea. Founded in 1988, Asiana Airline offers 516 daily departures throughout Asia, Europe, North America, and Oceania, operating 14 domestic and 85 international routes. Both of the airlines are very well known for its great service and warm attentiveness of the flight attendance as well as its safety operation.

**C) Top class accommodations: Hotels**

According to Korea Tourism Organization, there are 118 hotels registered in Seoul from third class hotels to super deluxe hotels. Especially around the COEX convention center, the symbol of the convention venue in Korea, there are many world-class hotels located to enhance the convenience of the convention attendees. Sufficient accommodation also motivated Korea to hold many international conventions with a large number of participants.



Below chart shows accommodation statistics in Seoul.

Type of Hotels	Number of Hotels	No. of Rooms
5-Star hotel	20	9,444
4-Star hotel	25	5,924
3-Star hotel	33	3,635
2-Star hotel	43	3,582
Residence apartments	20	3,728
Innostel	101	3,863
Total	242	30,176

Source: (Seoul Tourism Organization, 2010)

#### D) Tour sites: Co-existence of tradition and modern



Seoul is a symbol of a combination of both tradition and modern in all over the places. Including the beautiful palaces, Korean traditional villages, and streets surrounded by the traditional atmosphere that represent the historic aspects of Korea, there are many attractive sites to visit. And with a well-managed transportation system, participants can visit any places in Seoul. The metro system in Seoul is one of the leading transportations in the World. Korea is also famous on its construction technology, so there are many modern buildings with amazing figures.

#### E) World top Convention Centers: COEX

Coex Convention Center is one of the leading convention centers with multifunctional, environmental friendly facilities. With 51 meeting rooms which can divide into 89 smaller rooms, 4 exhibition halls and professional staff, Coex provides the space and service according to any types of international events. There are over 200 exhibitions and 2000 conferences in Coex each year. (Coex Convention Centre, 2009), The 2010 G20 Seoul Summit and the 2012 Nuclear Security summit were successfully held in Coex.



Other than a convention center, Coex is also a popular entertainment destination for many Korean people and international visitors. Asia's largest underground mall, three five-star hotels, two premier office towers, a department store, a subway station, an airport terminal, and more are all located at Coex. In fact, there are many places for dining, shopping, movies and performances in Coex and there is an average of 150,000 visitors a day.

### 3. Recent Major international conventions held in Korea

#### A) The G20 Seoul Summit



Korea is well placed to bridge the perspectives of the advanced and the emerging and developing worlds. The G20 presents a more promising and legitimate architecture for cooperation than has existed for many years and Korea will work vigorously with its partners to help build it into an effective, durable institution. (Sakongll, 2010) In November 11 to 12 in 2010, G20 Summit on Financial Markets and the World Economy was held in Seoul. The summit was considered as a historical summit in the entire Korean history because Korea was the first country to host it after the group of G20 had been formed. As a result, it captured a great interest of the domestic citizens and the world paid its great attention to Korea as well.

Under the preparation process of this summit, the government decided to provide an opportunity for the domestic citizens to participate together in the event, to make it more successful and at the same time to provide a chance for the citizens to experience one of the important conferences in the world and to let them share their abilities for their country.



### B) The 4th high-level forum on aid-effectiveness-Busan



Korea is well-known for its remarkable economic achievements; it has grown by more than 8 percent each year since the early 1960s, making it the fastest growing economy in the world. Korea's performance is considered particularly impressive because it has been achieved in spite of such obstacles as Japanese colonial rule, the devastation of the Korean War, political turmoil and heavy military expenditures under national partition (Lee, 1997). In 2011, the 4<sup>th</sup> high level forum on aid-effectiveness was held in Korea to discuss practical ways to provide effective aids to those developing countries in need. Because Korea is a great example of a country which has transformed from a developing country to one of the developed countries in the world, many developing countries saw a bright possibility with their futures too. This conference was the biggest forum in the field of aid, described as following: "The role of the BRICS countries has been critical in forging a 'new global partnership' at the aid effectiveness forum in South Korea (Glennie, 2011)".

### C) The Nuclear Security Summit Seoul 2012-Seoul



“Following the 9/11 attacks in 2001, the possibility of terrorists misusing nuclear materials and facilities became a real threat, and nuclear security was highlighted as a means to combat the threat of nuclear terrorism.” (Official webpage of the NSS 2012).

Another historical summit took place in Seoul, on March 2012, so called ‘the Nuclear Security Summit Seoul 2012’ with 53 presidents and 4 head of international organizations (the UN, Interpol, EU and IAEA). The initial summit was held in Washington in 2010, and the Seoul Summit was held to further discuss concrete effective ways to prevent misuse of nuclear weapons as well as to seek ways for the world leaders to cooperate together to make the peaceful world. The slogan of this summit was “beyond security towards peace”.

The summit was an opportunity for Korea to earn international recognition on its strengthened status after the G20 Seoul Summit in 2010. Korea was also able to show its national leadership by managing the summit perfectly and at the same time be committed to secure the stability of the Korean peninsula.

#### D) Pyeongchang Winter Olympics 2018



The first Olympics held in Korea were the 1988 Seoul Olympics. Since then, Korea has been a strong athletic country with various outstanding Olympic representatives, including one of the most famous figure skaters Yuna Kim and Jisung Park who is a well-known soccer player in English Premier League. In 2012 London Olympics, Korea was ranked on the 5<sup>th</sup> place, strengthen its stance as a sports powerhouse.

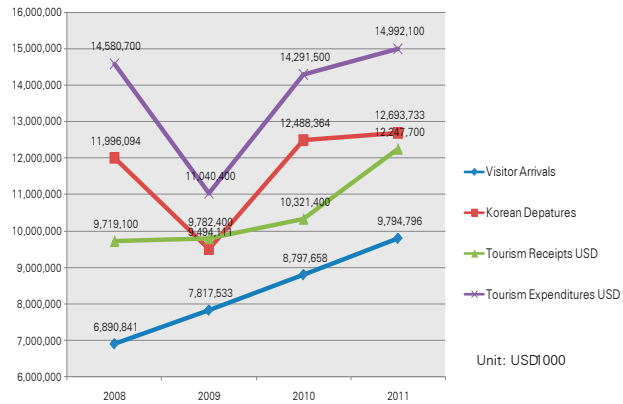
Finally with more than 10 years of trying, Korea has been selected as a host country of the winter Olympic Games in 2018 (over Munich, Germany and Annecy, France) from 9<sup>th</sup> until 25<sup>th</sup> of February in Pyeongchang.

Pyeongchang is a city in Gangwon province located approximately 180km east of Seoul. In preparation for the 2018 Olympics, the region will build facilities including hotels and a world-class ski resort, named Alpensia, which is currently under construction.

## 4. Economic Benefits

### 1) Impact on Tourism Industry

Figure 4: Tourism Industry in Korea



Source: Korean Tourism Organization, 2012

“Convention participants are like tourists because they have a wide choice of different conferences at different locations, at varying cost and different times. Thus, just as for tourists, for convention participants it is a question of motivation, attractivity of conference and/or tourist destination, and of distance, cost and time factors involved” (Oppermann, 1994). Since Korea has held many international events, the number of visitor arrivals in Korea and tourism receipts increase each year. The figure 4 shows that the development of convention industry enhances the national tourism industry.

### 2) Impact on Airport

Figure 5: Assets, Liabilities, Equality Incheon International Airport



Source: Incheon International Airport (2012)

**Figure 6: Revenue and Profit**

As the number of tourist rise, the profit of the airport increases each year. As year goes by, liabilities decrease, however, the assets augment its value as well.

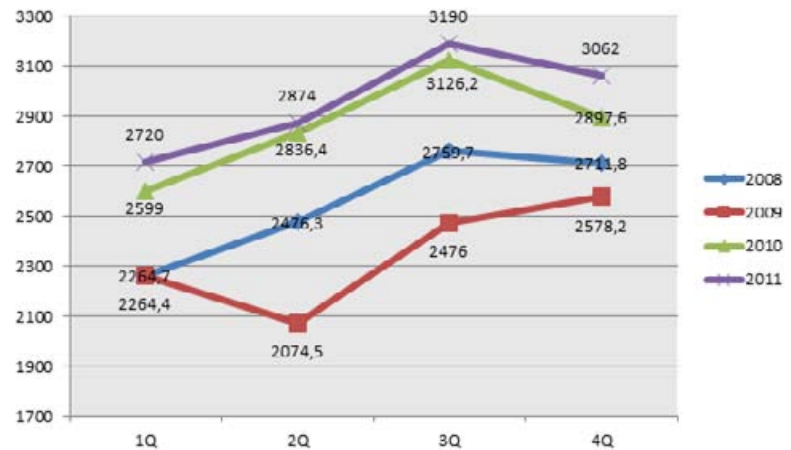


Source: Incheon Airport, 2012



Source: Incheon Airport, 2012

### 3) Impact on Airline Industry (In case of Korean Air)



Source: Korean Air Financial Report, 2012

This graph is created from the financial report from Korean Air. As we can indicate, the profit of each quarter increases each year. This shows that increase in convention affects the country's tourism industry and the airline industry is benefited as it plays an important role in the betterment of the convention industry.

### 4) Expenditure of Convention Participants in Korea

In 2011 the average expenditure of an international participant was USD 2,585, and of a domestic participant was 865,662 Korean Won (about USD 800)<sup>1</sup>

	Expenditure	No. of participants	Total expenditure
<b>Domestic Participants</b>	<b>865,662 Won (USD 781)</b>	<b>872,759</b>	<b>755,514 Million Won (USD 681,804,153)</b>
International Participants	2,585 Dollars	342,923	982,322 Million Won (USD 886,484,194)
Total	-	1,215,682	1,737,836

Source: Convention Expenditure of participants in 2011, MICE FILE 2011, KTO

<sup>1</sup> According to Korea MICE Report 2011 by Korea Tourism Organization.

### 5) Direct and Indirect Economic Impact in Korea

The total income from the effect on direct and indirect inducement in 2011 is the following:

	Production	Employment	Income	Added Value	Import	Indirect Tax
<b>Direct</b>	2.319.164	30.544	416.242	892.048	140.147	98.405
<b>Indirect</b>	1.110.502	8.179	143.658	383.166	343.146	51.703
<b>Total</b>	3.429.666	38.723	559.901	1.275.214	483.293	150.108

Units in USD

Source: MICE Report 2011, Korea Tourism Organization

As the table shows, convention industry induces a great impact on one country's economy. In fact, in this era of globalization, many countries show their interests on holding conventions in their nations. The convention industry in Korea is developing as year goes by, and Seoul has become one of the strongest convention cities in the world.

According to Alvin Toffler (1980), we have been in the period of the third wave since the middle of 1950s. In other words, the future wealth consists of time, place and knowledge, which are described as deep fundamentals. The creation of wealth relies highly on knowledge and conventions are where unlimited amount of knowledge is shared and acquired. In 2010, the leaders of G-20 countries gathered up to share their ideas on global economic cooperation, and this year, 53 presidents and 4 head of international organizations sought ways to strengthen the world security in Korea. With the experienced strong MICE alliance, Korea will continue to be a strong convention country in the world (Toeffler, 1980).

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