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JAPAN

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This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 37 National Tourist Offices (NTOs) that are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics on the 'TourMIS' web platform.

More information on ETC's programme of market intelligence activities - including links to studies and sources of European tourism statistics - can be found on the organisation's corporate website: http://www.etc-corporate.org.

OVERVIEW

- Japan ranks as the world's fourth largest market for international tourism (US$37.5 bn in 2005, excluding transport), after Germany, the USA and the UK, according to the World Tourism Organization (UNWTO).
- The Japanese made 17.4 mn outbound trips in 2005, of which about 2.8 mn were to Europe.
- Germany and France are the leading destinations in Europe, followed by Switzerland, the UK, Italy and Austria.
- Japan has been through a long economic recession, but the economy is now growing again. The Japanese outbound travel market has stagnated since the late 1990s, but the renewal of economic growth brings with it hopes for a revival in the travel market. Only 13% of Japanese have travelled abroad, so there is plenty of scope for growth.
- Long-haul travel has fallen from 50% of total trip volume to around 40% due to a diversion of holiday travel to less expensive destinations in the Far East and Southeast Asia. Numbers of trips to most long-haul destinations remain far short of their peak levels.
- Japan's economic prosperity now seems assured, although most forecasters expect some slowdown in 2007 because of a more general slowing in the world economy.
- Some destinations are continuing to show growth out of Japan in 2006 – notably Italy, Spain, Switzerland, Germany and emerging destinations in Central/Eastern Europe. But others are reporting very disappointing performances, except from certain segments – such as females in the 50+ age group and in their 30s – and niche markets.
- Europe's tourism industry faces an uphill struggle to reverse current trends, but the sheer scale of the Japanese market makes the effort worthwhile, and the Japanese feel a strong affinity for Europe's scenic, cultural and historical attractions.

COUNTRY PROFILE

Currency

- Yen (¥) €1 = ¥137.2 (2005)
- The yen rose against the US dollar (and therefore against the Chinese yuan and many other Asian currencies) in 2003-04. The trend was reversed in 2005 and during the course of the year the yen fell from ¥104:US$1 to ¥118:US$1. It was back up to ¥110 to the dollar by June 2006, but then fell to ¥120 by October 2006 – and its lowest real effective exchange rate since the mid-1980s.
- The yen has fallen steadily against the euro, with brief interruptions, from ¥118: €1 early in 2002 to ¥150: €1 by October 2006.

Population

- The total population in 2006 is estimated at 128.2 mn – 339 per km2.
- The Japanese population is estimated to be growing by just 0.1% a year in 2005-10 and is expected to begin to decline within a few years. The fertility rate (the average number of children per woman) is estimated at 1.3, well below the notional 'replacement rate' of 2.1.
- Life expectancy at birth is 82 years. The age split of the population in 2005 was as follows: 0-14 years: 14%; 15-59 years: 60%; over 60: 26% (compared with world averages of 28%, 61% and 10%). Japan and Italy have the world's highest proportions of people aged over 60.
- The urban population is estimated at 66% of the total. Tokyo has a population of 8.0 mn. The other main cities are Yokohama (3.4 mn), Osaka (2.6 mn), Nagoya (2.2 mn), Sapporo (1.8 mn), Kyoto (1.5 mn), Fukuoka (1.2 mn), Hiroshima (1.1mn) and Sendai (928,000).

Age

Breakdown (%)	2005	2020^{f}
0-4	4.6	4.1
5-14	9.4	8.8
15-24	11.0	9.5
25-34	14.5	10.1
35-44	13.2	12.8
45-54	12.9	14.6
55-64	14.6	12.0
65-74	10.9	13.6
75-84	6.6	9.5
85+	2.2	5.1

Ancestry & Migration

- The Japanese population is remarkably homogeneous. 99% of the population are defined as Japanese. There are 511,000 Koreans (most of whom are descendents of those who came to Japan a hundred years ago), 244,000 Chinese, 182,000 Brazilians, 90,000 Filipinos and 238,000 from other countries.
- In 2005 there were 311,000 Japanese nationals living 'permanently' abroad and 702,000 living abroad 'long term' (more than three months). There are significant communities of Japanese descent in the USA (including Hawaii), Brazil, Australia, Canada and the Pacific coast countries of Latin America.

Language & Religion

- The main religions in Japan are Shintoism and Buddhism. A small minority of the population are Christians.
- The national language is of course Japanese. Although most Japanese travellers have some understanding of (American) English, phonetic problems and cultural reserve can make communication difficult when both sides are speaking English as a foreign language.

Economic Data

	2001	2002	2003	2004	2005^{e}
GDP (¥ trn)	506.2	498.2	497.8	505.2	512.5
Real GDP growth (%)	0.4	-0.5	2.6	2.7	2.6
GDP per capita (¥ '000)	3,976	3,907	3,897	3,949	4,001
Inflation (%)	-0.7	-0.9	-0.3	0.0	-0.3
Unemployment (%)	5.0	5.4	5.3	4.7	4.4

Japan's Economy 2004-05

- Japan is the world's second largest economy (roughly the size of Germany and France combined).
- After a prolonged period of stagnation, growth has been picking up: real GDP increased by about 2.6% in each of the last three years and is forecast to increase by 2.8% in 2006 and about 2.2% in 2007.
- Real incomes, which had been tending to fall for many years, increased slightly in 2005-06, but these increases are offset by rises in taxation and pensions contributions. Nevertheless, consumer confidence indices have improved.
- The recent prosperity has been largely concentrated in the Tokyo-Osaka axis of Honshu. There is rising public concern about growing inequalities in the distribution of incomes.
- Consumer prices had been falling steadily, year by year, but are now rising slightly (they are forecast to increase by 0.3% in 2006 and 0.5% in 2007).

TRAVEL PROFILE

Japanese Outbound Trips

	2000	2001	2002	2003	2004	2005
Total ('000)	17,819	16,216	16,523	13,296	16,831	17,404
% annual change	8.9	-9.0	1.9	-19.5	26.6	3.4

- The downturn in world tourism associated with the end of the dot.com boom and the 9/11 terrorist attacks on the USA were largely responsible for the reduction in Japanese outbound trips in 2001-02. The SARS epidemic and Iraq War brought a more serious decline in 2003. The Japanese market has stagnated since the mid-1990s, but the recent revival in economic growth brings some hope for renewed growth in outbound tourism. Preliminary figures from the Japan National Tourist Organization (JNTO) for the first nine months of 2006, however, point to an increase of just 1.4%.
- The *Japan Travel Blue Book 2005/2006* reports the breakdown of destination regions visited by Japanese outbound travellers in 2004 as Asia Pacific 54%, Americas 29%, Europe 16% and Africa and the Middle East 1%. In this case, Hawaii, Guam and Saipan, which together account for about 11% of trips, are counted in the Americas. Trips to Europe may therefore be estimated at around 2.8 mn per year.
- About 90% of Japanese outbound travellers come from the island of Honshu, including over 40% from the Tokyo Metropolitan Area, 15% from the Kansai (Kyoto/Osaka) area and 12% from the Tokai (Nagoya) area.

International Travel Expenditure (excl transport)

	2000	2001	2002	2003	2004	2005
Total (US$ mn)	31,886	26,531	26,526	28,819	38,247	37,534
% annual change	-2.8	-16.8	0.0	8.6	32.7	-1.9
Spend per trip ($)	1,789	1,636	1,605	2,167	2,272	2,157

- Preliminary figures from UNWTO suggest that spending in Jan-Aug 2006 was up 8.1% compared with the same period in 2005.
- JTB Foundation (JTBF) research suggests that the average expenditure per trip to Europe is around €3,000 (€5,400 including shopping) – down from €4,000 (€6,800 including shopping) a few years ago.

Leading Destinations

Arrivals from Japan in key destinations ('000)

		2001	2002	2003	2004	2005
USA	TF	4,083	3,627	3,170	3,748	3,884
- mainland	TF	1,673	1,346	1,170	1,364	1,406
- Hawaii	TF	1,508	1,494	1,340	1,478	1,522
- Guam	TF	902	787	660	906	955
China	VF	2,386	2,926	2,255	3,334	3,390
South Korea	VF	2,377	2,321	1,802	2,443	2,440
Thailand	TF	1,169	1,222	1,015	1,194	1,197
Hong Kong	TF	1,013	1,002	563	1,126	1,211
Taiwan	VF	971	986	655	890	1,127
Germany	TCE	779	762	647	715	729[e]
Australia	VF	674	715	628	710	686
France	TF	728	723	601	642	667
Canada	TF	418	437	262	437	424
Switzerland	TCE	523	416	321	na	336[e]
UK	TF	366	368	314	347	327
Italy	TF	738	850	612	309	na
Austria	TCE	255	240	222	257	279
New Zealand	VF	149	174	151	165	155
Spain	TF	265	241	252	157	181

Note: These figures represent arrivals as reported by the destinations according to standard UNWTO definitions – TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodations; THS = international tourists at hotels and similar establishments.

Annual arrivals in European countries are roughly on the following scale:

>500,000	Germany, France
250,000-500,000	Switzerland, UK, Italy, Austria
100,000-250,000	Belgium, Netherlands, Spain, Czech Republic
50,000-100,000	Finland, Greece, Hungary, Norway, Portugal, Russia, Sweden, Turkey
25,000-50,000	Denmark, Ireland, Poland
10,000-25,000	Croatia, Estonia, Iceland, Romania, Slovakia
5,000-1000	Bulgaria, Latvia, Lithuania, Monaco, Slovenia
<5,000	Belarus, Cyprus, Liechtenstein, Luxembourg, Macedonia, Malta, Serbia & Montenegro, Ukraine.

Purpose of Trip

Main purpose of trip, 2005 (%)	All trips	Trips to Europe
Leisure/holidays	67.1	68.4
Honeymoon	2.0	2.7
VFR	5.9	6.1
Business	14.6	10.9
Training/inspection/technical	1.7	1.9
Conference	1.6	2.9
Study/school trips	1.0	1.6
Other	4.0	4.1
No answer	2.0	-

Note: Trips to Europe include the Asian part of Russia

Nature of Trip

- In 2005, 30% of Japanese outbound trips lasted 1-4 days, 39% 5-7 days, 27% 8-14 days and 5% 15 days or more. In recent years, average length of trip has tended to fall quite rapidly (in 1999 only 20% of trips lasted 1-4 days and 41% lasted 8 days or more). Trips to Europe tend to be longer: 3% 1-4 days, 24% 5-7 days, 63% 8-14 days and 9% 15 days or more, in 2005.
- In 2005, about 60% of outbound trips were to a single destination and 40% were to two or more destinations. However, for trips to Europe (including Russia), multiple destinations predominate: 61% were to three or more destinations, 17% to two destinations, and only 22% to a single destination.
- Length of stay in individual European countries is therefore relatively short. VisitBritain reports that visits to the UK are predominantly of 1-7 nights. Visits to smaller countries tend to be even shorter.
- 'Tour participation costs' (i.e. travel and international transport) accounted for 58% of total expenditures in 2005. Local travel accounted for 18%, shopping for 19% and other costs for 5%. For trips to Europe, tour costs accounted for 74%, local travel for 8%, shopping for 19% and other costs for 3%.
- Roundtrips (visiting more than one destination) are still the most popular (45%), followed by sun & beach (22%) – although, unsurprisingly, not for Europe – and city trips (14%).

Seasonality

Month of outbound trips, 2005 (%)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
8.4	7.9	8.8	7.6	7.3	7.8	8.2	9.4	9.4	8.6	8.6	8.1

Holiday entitlement

The Japanese tend to be sparing with their holidays. The Ministry of Health, Labour and Welfare reports that workers were granted an average of 18 days paid holidays in 2005, but that they used only 8.4 days.

Public holidays, 2007

1 Jan, 8 Jan, 11 Feb, 21 Mar, 29 Apr, 3 May, 4 May, 5 May, 16 Jul, 8 Oct, 3 Nov, 23 Nov, 31 Dec. Though not formally a holiday, Christmas (24-25 Dec) is also celebrated.

The principal national holiday periods include New Year (28 Dec-4 Jan), the 'Spring Break' (20 Mar-5 Apr), 'Golden Week' (28 Apr- 6 May) and the summer holidays (20 Jul-31 Aug, and encompassing the 'O-bon' festival, held in mid-July or mid-August according to local preferences). All these dates are approximate.

Accommodation

- Holiday/leisure travellers generally prefer three-star or even higher category hotels (student travellers generally use lower-grade hotels, while 'office ladies' prefer greater luxury – four- or five-star hotels. However, guesthouses, bed & breakfasts and other forms of accommodation may also be used. The Japanese require baths (showers are not considered sufficient) and rooms with twin (i.e. separate) beds, even for married couples.
- A survey quoted by travelindustrywire.com suggests that the 53% of business travellers prefer international four-star hotels, 24% prefer five-star or higher-end hotels and 11% serviced apartments.

Leisure / Recreational Activities

- **On outbound trips generally, 2005 (%[a])**
  Natural and scenic attractions 66%, shopping 66%, gourmet sampling 52%, historic and cultural attractions 50%, rest and relaxation 33%, art galleries and museums 30%, beauty treatments and massage 19%, swimming 14%, theatre, concerts and movies 11%, nightlife 10%, theme parks 9%, visiting family and friends 6%, driving 5%, scuba diving 5%, hiking, mountaineering 5%, gambling 4%, golf 3%, wedding ceremony 2%, fishing, skiing, tennis and other sports 5%, spectator sports 1.5%, others 4%.
- **On trips to Europe, 2005 (%[a])**
  Natural and scenic attractions 83%, shopping 60%, gourmet sampling 39%, historic and cultural attractions 86%, rest and relaxation 16%, art galleries and museums 77%, beauty treatments and massage 2%, swimming 1%, theatre, concerts and movies 20%, nightlife 6%, theme parks 2%, visiting family and friends 6%, driving 3%, hiking, mountaineering 6%, gambling 1%, golf 0.4%, wedding ceremony 1%, fishing, scuba diving, skiing, tennis and other sports 2%, spectator sports 3%, others 2%.

- **Aspirational destinations**
  According to Wave 3 2005 of the Anholt-GMI Nation Brands Index, the top ten aspirational destinations for the Japanese are:
  1 Italy
  2 Australia
  3 Switzerland
  4 France
  5 Canada
  6 UK
  7 New Zealand
  8 Germany
  9 USA
  10 Spain

PROFILE OF TRAVELLERS

Nature of Outbound Travellers

- In 2005, 56% of outbound travellers were male and 44% female. Business visitors are predominantly male.
- 66% of outbound travellers were taking their only trip in the previous 12 months. 20% made two trips, 7% three trips and 7% four or more trips. The average number of trips in the period was 1.6.
- 4.6% of travellers were first-time travellers. 14% had previously travelled 1-2 times, 14% had travelled 3-4 times, 19% had travelled 5-8 times, and 47% had travelled 9 or more times. However, 53% of travellers to Europe were first-time visitors to Europe.

Age of Outbound Travellers

% of outbound departures, 2005	Males	Females	Total
0-9 years	2.9	3.6	3.2
10-19	3.7	6.1	4.8
20-29	12.1	24.9	17.7
30-39	22.4	21.2	21.9
40-49	22.1	12.3	17.8
50-59	21.2	16.1	18.9
60-69	11.7	11.8	11.7
70+	3.8	4.0	3.9
Total	100.0	100.0	100.0

- The highest departure ratios (the ratios of departures to total populations, expressed as percentages) in 2005 were for men in their 40s (27.1%), women in their 20s (24.3%), men in their 30s (23.3%) and men in their 50s (21.8%). The focus of the Japanese market continues to shift from young people to older people. Note that, although male travellers generally outnumber female travellers, female travellers in their teens and 20s heavily outnumber their male counterparts. The proportions of women travellers rose in 2004-05, especially among older women (50+ years old). This is the segment most attracted to Europe, followed by females in their 30s. Overall, the departure ratio for men was 15.6% for males and 11.7% for females in 2005.

Travel Companions

- In 2005, 16% of outbound travellers were travelling alone. 23% were accompanied by their husband or wife, 24% with family or relatives (4.6% were mother-daughter trips), 21% with friends and acquaintances, 13% with fellow employees and 3% with others.
- Among travellers to Europe, 33% were accompanied by their husband or wife, 19% with family or relatives, 18% with friends and acquaintances, 8% with fellow employees and 3% with others. 18% were travelling alone. However, VisitBritain reports very different proportions for travellers to the UK in 2003: 47% travelling alone, 12% as couples, 10% with family, 10% with friends, 6% with business colleagues and 14% in tour groups.

- Package tours accounted for 49% of outbound trips, group travel for 4% and individually arranged travel for 40% (others and no answer accounted for 7%). 66% of holiday/leisure trips were packages, and 78% of honeymoon trips. Individually arranged travel accounts for only 19% of first-time travellers' trips, but 49% of trips by people who have travelled abroad nine or more times before. For trips to Europe, independent travel is more common. (VisitBritain reports that independent travel has risen from a little over a half of all Japanese visitors to the UK in the early 1990s to four-fifths in 2003-04).

AIR TRANSPORT

Airports

- The principal international airports are Tokyo Narita (NRT), Kansai (KIX, serving the Kyoto/Osaka area), Chubu Centrair (NGO, formerly known as Nagoya) and Fukuoka. 34 other international airports are listed.
- 13 airports in Europe are served by direct scheduled flights from Japan: London (LHR), Paris (CDG), Frankfurt (FRA), Munich (MUC), Amsterdam (AMS), Milan Malpensa (MXP), Rome Fiumicino (FCO), Helsinki (HEL), Zurich (ZRH), Vienna (VIE), Copenhagen (CPH), Istanbul (IST) and Moscow Sheremetyevo (SVO).

Airline Traffic / Capacity

In July 2006, according to SRS Analyser, 14 airlines operated 233 weekly flights from Japan to Europe (in the one direction, and excluding Russia in Asia), with a capacity of 70,490 seats. This compared with 233 flights and 73,384 seats weekly in July 2005 (Japan Airlines and Austrian Airlines had cut capacity, but Finnair, Turkish Airlines and British Airways had increased theirs).

Airlines operating non-stop services from Japan to Europe, July 2006

Airline	Alliance	Flights	Seats	Originating airports	Destination airports
Japan Airlines	—	58	20,301	NRT 7, KIX 7	LHR 14
				NRT 10, NGO 7	CDG 17
				NRT 17	AMS 7, FRA 7, ZRH 3
				NRT 8	FCO 3, MXP 2, SVO 3
Lufthansa	Star	27	8,356	NRT 13, NGO 7, KIX 7	FRA 21, MUC 6
Air France	Sky Team	27	7,544	NRT 20, KIX 7	CDG 27
All Nippon	Star	21	6,825	NRT 21	CDG 7, FRA 7, LHR 7
British Airways	OneWorld	14	5,098	NRT 14	LHR 14
KLM	Sky Team	14	4,436	NRT 7, KIX 7	AMS 14
Alitalia	Sky Team	14	4,074	NRT 10, KIX 4	MXP 11, FCO 3
Finnair	OneWorld	11	3,157	KIX 6, NGO 3, NRT 2	HEL 11
Virgin Atlantic	—	7	2,177	NRT 7	LHR 7
Turkish	—	7	1,897	NRT 4, KIX 3	IST 7
SAS	Star	7	1,806	NRT 7	CPH 7
Aeroflot	Sky Team	7	1,610	NRT 7	SVO 7
Austrian	Star	6	1,714	NRT 6	VIE 6
Swiss	Star	6	1,500	NRT 6	ZRH 6

Note: for airport codes, see above (under 'Airports'). The numbers after the codes represent the number of flights from/to each airport.

- Japanese travelling on tight budgets often prefer to travel to Europe on lower-cost, indirect flights via the Middle East or other points in Asia.
- Japan Airlines (JAL), in view of its financial and operating difficulties, curtailed flights to Saipan and elsewhere in 2005-06.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Japanese tourists do not require visas for any EU member country or for most other countries in Europe.

Travel Decisions

Timing of travel bookings, 2005 (%)

	Leisure/holiday	VFR	Business	All trips
1 week before	2	3	21	5
1-2 weeks before	7	10	34	11
2 weeks – 1 month before	25	29	29	25
1-2 months before	37	33	10	32
2-3 months before	18	14	2	15
3 months or more before	10	8	1	10
No answer	1	3	4	2

Notes: Leisure/holiday, VFR and business trips strictly defined (see 'Purpose of trip'). 55% of honeymoon trips were booked two months or more in advance. Planning a trip usually begins at least 2-3 months before departure – i.e. long before the actual arrangements and bookings.

- Trips to Europe tend to be booked earlier. Overall, only 21% were booked within a month of travel, 34% were booked 1-2 months before, 28% 2-3 months before and 16% 3 months or more before travel.

Booking Methods

Outbound trips, 2005 (%[a])	Leisure/holiday	VFR	Business	All trips
Travel agencies/tour operators	34	26	16	31
Mail order/telephone	20	10	22	19
Internet	38	54	16	35
Airline	5	10	4	5
Others	3	4	18	6
Don't know	10	9	28	13

Notes: Leisure/holiday, VFR and business trips strictly defined (see 'Purpose of trip'). Multiple responses possible. 62% of honeymoon trips were booked at travel agencies. Anecdotal reports suggest that most business trips are arranged by companies' own travel departments.

- The use of travel agencies/tour operators declines steadily with travel experience, and the use of the internet rises. Women also tend to book more often using the internet, while elderly people tend to use the telephone.
- The majority of Japanese travellers rely on travel agents to plan their travel arrangements, and they exert enormous influence over Japanese travellers in terms of destination choice. However, media sales – sales driven by newspaper advertising or database marketing campaigns – are increasingly popular.

Information Sources

- The Japanese seem to be even more addicted to the media than most modern societies and research their travel options avidly. TV, newspapers, lifestyle magazines and the internet are all very influential. 80% of adults read a newspaper every day and buy an average of over 30 magazines a year. TV advertising tends to be expensive and newspapers, magazines, tour brochures and travel posters are more commonly used for travel promotion.
- Among internet users, a GMI survey undertaken in 2005 found the preferred methods of obtaining travel information were web search (53%), personal recommendation (52%), travel agencies (33%), TV (26%), newspapers (12%) and other methods (7%).

Internet & Media

- According to *eMarketer*, April 2006, there were 78.6 million internet users (61% of the population) in Japan in 2005. 48.5% of households had broadband access. However, unusually among OECD markets, consumers are as likely to access the internet from their mobile phones as they are from a PC. 95% of consumers have a mobile phone. The Ministry of Internal Affairs and Communications reports that in 2005 there were 80.1 million mobile phone internet access subscribers, and that 94% of email users accessed their accounts through a PC and 88% through a mobile phone. Flytxt.com points out that, in a society in which everybody always seems to be going somewhere, mobile phones are practical essentials and PCs are used for hobbies.
- JTBF reports that, in 2005, among travellers who were also internet users, 52% used the internet to book airline tickets, 4% to book other transport abroad, 44% to book hotels, 40% to book package tours and 4% to book theatre and concert tickets.
- The Nomura Research Institute estimates that Japanese retail e-commerce was worth US$32.7 billion in 2005, although the online travel component is not clear.

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- There are more than 800 tour operators registered in Japan, and the top 12 represent 76% of the outbound travel market. Japan also counts close to 11,000 travel agencies, including more than 6,000 third-level agents (which have no rights to offer wholesale packages). Although the market is apparently fragmented, the major travel companies are vertically integrated and very influential.
- All wholesalers compete for retail business and most wholesalers have a 'same-name retail chain, which operates with relative autonomy. These retail outlets sell their own and other brand packages. The growing sophistication and fragmentation of the consumer market is forcing the travel trade to become more specialised and proactive.
- Dynamic packaging was introduced in 2005 by Sumitomo Corporation, from an unrelated, non-travel sector of industry.
- Most of the large Japanese travel agencies operate their own inbound tour companies in Europe. These inbound tour operators buy products, operate tours and provide product information for their parent companies. They also handle the ground arrangements for their clients and contracting with hotels, as well as being responsible for evaluating new products and services that are suitable for the Japanese market.

Retail Travel Agencies

- Japan has a tightly regulated travel industry with high levels of consumer protection.

Leading Japanese travel agencies (ranked by size), 2006

Agency group	Package brands
JTB	Look JTB
Hankyu Express International	Trapix
HIS (formerly Hideo's International Services)	Ciao, Impresso, Elegante
Kinki Nippon Tourist	Holiday, Club Tourism
Nippon Travel Agency	Mach
Nippon Express Company	Look World
JALPAK	I'll, AVA
Tokyu Travel	-

- The Japanese Association of Travel Agents (JATA) has 1,212 members – down from 1,329 in Sep 2002.

KEY TRENDS AND FORECASTS

Key Characteristics of Japanese Outbound Travellers

- The profile of Japanese travellers is ageing quite rapidly. There are growing numbers of affluent retirees with the time and financial resources to travel.
- Business travellers tend to be male and leisure travellers female and/or retired. Family groups are also important (including mothers and their adult daughters, and grandmothers and their grand-daughters) and, for Europe, young women in their 20s and 30s and older women aged 50 years or more.
- Average length of trip has been falling rapidly, but the distance and cost of trips to Europe naturally favours longer, multi-destination trips.
- Leisure travellers generally prefer three-star hotels or better, and business travellers at least four-star.
- Group and package travel remains important, but independent travel is becoming more so, especially for trips to Europe and among travellers with plenty of previous experience.
- Japanese travellers to Europe are strongly motivated by natural and scenic attractions (including gardens). They also place importance on historic and cultural attractions (including art galleries and museums) and on sampling local cuisines. Apart from symbolic mementoes, the shopping motive has waned, except possibly among young single females.
- Japanese travellers require a good deal of specialist attention. Language and cultural difficulties abound. The Japanese appreciate good manners (and their concepts of good manners differ from those of Europeans), attention to details and small touches, and presents. Cleanliness and safety are major concerns (the threat of terrorism is thought to have been a significant factor in the decline in long-haul travel in recent years).

Short-term Prospects

- Although renewed economic growth in Japan promises a return to growth for outbound tourism, after a long period of stagnation, it was restrained in 2005, and continues to be so in 2006, by the continued weakness of the yen, fuel surcharges imposed by the airlines, widely reported operational problems at JAL, and continuing safety, security and health concerns. JNTO forecasts growth of just 2.3% in 2006, to 17.8 mn trips, but even this level of growth may be elusive given trends in the first nine months.
- Although overall spending pre trip appears to have risen quite sharply in recent years, spending per trip to long-haul destinations appears to have fallen, and there is not yet much evidence of a reversal in this trend. Nevertheless, Japanese remain the biggest spenders per trip on outbound travel worldwide, according to IPK International's World Travel Monitor.
- The expansion of low-cost airlines has favoured travel to shorter-haul destinations, and this trend is likely to continue in the short to medium term – perhaps to the detriment of long-haul destinations.
- The profitability of major Japanese corporations has improved dramatically, allowing them to relax the restrictions on business travel imposed in earlier years. The continuing focus on exports and on globalised business development is reinforcing this trend.
- Men in their 30s, 40s and 50s – especially businessmen in mid-career who make many trips abroad – will continue to be a very important element of the Japanese market. However, there are growing numbers of retirees (and their spouses) with the financial resources and time to travel extensively, and these are believed to offer excellent prospects for the tourism industry– especially female travellers aged 50+ years.
- Younger, unmarried women in their 30s and early 40s, who enjoyed travelling abroad in their 20s in the 1990s, are also potential targets, since many live at home with their parents and have few living expenses.
- Some destinations, such as Italy and France, will continue to remain popular among Japanese females in their 20s – largely for designer shopping – but these are in the minority.

NOTES

[a] Multiple responses possible/percentages add up to more than 100%

[e] Estimates

[f] Forecasts

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile:** International Monetary Fund; United Nations Department of Economic & Social Affairs Population Division; CIA World Factbook, The Economist Intelligence Unit
- **Travel Profile:** Japan Travel Bureau Foundation (JTBF); Japan Tourism Marketing Company; the Ministry of Justice Statistics on Immigration Control; World Tourism Organization (UNWTO); World Travel Monitor, IPK International; Anholt-GMI Nation Brands Index; Scandinavian Tourist Board (STB); VisitBritain; German National Tourist Board (DZT).
- **Profile of Travellers:** JTBF; STB; VisitBritain; The Travel Business Partnership (TBP) from various industry sources.
- **Air transport/Airlines:** JTBF; SRS Analyser.
- **Travel Planning and Booking:** JTBF; STB; *eMarketer*; GMI; *ETC New Media Review*
- **Travel Trade Profile:** Japan Association of Travel Agents (JATA); JTBF; STB; VisitBritain; TBP.

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FURTHER INFORMATION

Japanese Association of Travel Agencies (JATA):	www.jata-net.or.jp/english
Overseas Tour Operators Association of Japan (OTOA):	www.otoa.com/english
Japan Tourism Marketing Company:	www.tourism.jp/english
Japan National Tourist Office (JNTO):	www.jnto.go.jp
Japan Travel Bureau Foundation (JTBF):	www.jtbcorp/jp/en
IPK International (World Travel Monitor Company)	www.ipkinternational.com

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