



MARKET INSIGHTS

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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 are added to the series and updated at regular intervals. Market Insights are freely available to the public.

The members of the MIG comprise the Research Directors of the 33 National Tourist Offices (NTOs) who 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 and other indicators.

A complete overview of 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: www.etc-corporate.org.

OVERVIEW

- Japan used to be the world's third largest market in terms of spending on international tourism, according to the World Tourism Organization (UNWTO), but it has lost ground since the late-1990s: it fell to seventh place in the global ranking in 2007 and ninth in 2011, before recovering to eighth place in 2012.
- The market has been on a roller-coaster ride since 2000, with sharp declines in outbound trips in 2001-02 (after 9/11), 2003 (the SARS epidemic) and 2008-09 (the world financial crisis), followed by rapid recoveries. Accordingly, despite a brief drop in demand following the Tohoku earthquake and tsunami in 2011, outbound trips staged a strong recovery in 2010-12, reaching a record 18.5 mn in 2012. However, in the context of the long-running, worldwide boom in tourism, the Japanese market has essentially stagnated.
- Since Q3 2012 it has been falling heavily again, because of a big decline in the value of the yen and political tensions with two of Japan's three most important destinations – China and South Korea. It is so far unclear as to the impact on demand for Europe, but overall outbound trips have fallen by 8% in the first half of the year.
- In recent years there has been a shift in favour of short-haul destinations, for both leisure and business travel – in line with the growth in travel by less affluent Japanese – but in this context trips to Europe have held up well. Over the last ten years the number of trips to Europe increased by 3%, while those to North America fell by 41%, to Oceania by 44% and to Hawaii, Guam and Saipan by about 20%. Trips to Northeast Asia rose by 57% and those to Southeast Asia by 12%.

- Total trips to Europe may be estimated at around 3.5 mn a year. The leading destinations are Germany and France, followed by Spain, Italy, Switzerland, the UK and Austria, roughly in that order. The fastest growing European destinations since 2000 have been Turkey, Spain, Croatia and Slovenia. Most other destinations in Western Europe have suffered declines over this period, ranging up to -5% a year for Switzerland and -8% for Italy, but many smaller destinations in Eastern Europe – and Norway – have achieved increases ranging up to about 5% a year.
- Spending on tourism abroad recovered to US\$27.9 bn (€21.7 bn) in 2012 – roughly the same as in 2010, 2008 and 2003 in US dollar terms, and still short of the US\$31.9 bn spent in 2000. In yen terms, as well as in real terms, spending has in general been falling over the last ten years.
- Average length of trip (5.4 nights in 2012 to destinations worldwide, and 7.8 nights for trips to Europe) has also tended to fall in recent years, partly reflecting the trend towards short-haul destinations.
- Growth in recent years is largely attributed to an increase in trips by Japanese already used to travelling abroad – and, in particular, independent travellers. It is also concentrated among the over-65s and young women – but not young men. All this reinforces well-established trends.
- In 2012, online travel increased its share of total trip volume to over 60% for the first time ever, and holiday travel accounted for a 65% share, or more than 70% including VFR travel.
- The Japanese outbound travel market has essentially stagnated since the late 1990s. The fact that only 24% of Japanese have travelled abroad in the last five years suggests there is plenty of scope for growth, but enthusiasm for travel (particularly among the young) seems to have waned. On the other hand, large numbers of Japanese are approaching retirement, when they should, in theory at least, have more time and inclination to travel.

ECONOMIC PROFILE

Currency

- **Yen (¥)**

Exchange rates (av.) ^{2,6}	2008	2009	2010	2011	2012	30 Sep 13
¥ per US\$	103.4	93.6	87.8	79.7	79.8	98.22
¥ per €	151.2	130.0	116.2	110.9	102.6	132.79
¥ per £	190.1	145.8	190.1	190.1	126.5	158.47

- During the long slide of the US dollar in 2002-08, the yen broadly followed the dollar down (weakening, therefore, against the euro, sterling, the Canadian and Australian dollars, the Chinese renminbi and many other Asian currencies). Its annual average exchange rate varied between ¥108 and ¥125 per US dollar.
- When the world financial crisis struck in the last four months of 2008, the yen rose dramatically against the US dollar, from ¥110 per US\$ in August to ¥90 in December – a period in which the US dollar was itself rising against most other currencies. It continued to rise, more gradually, in 2009, 2010 and 2011, before roughly stabilising in 2012. In this period it also rose against the euro, sterling and most Asian currencies, but tended to fall against the Australian, Canadian and other currencies buoyed by commodities exports.
- However, since the third quarter of 2012 the yen has been falling quickly. Against the US dollar, it fell from ¥78 in September 2012 to ¥100 in July 2013 – a level not seen since April 2009. Against the euro, it fell from ¥96 in July 2012 to ¥130 in July 2013. In August and September it stabilised around that level.

Japan's Economy 2008-13

Economic data¹	2008	2009	2010	2011	2012
GDP (¥ trn)	501.2	471.1	482.4	470.6	475.9
(US\$ bn)	4,849.2	5,035.1	5,495.4	5,897.0	5,964.0
(€ bn)	3,315.9	3,625.2	4,149.9	4,245.3	4,638.6
Real GDP growth (%)	-1.0	-5.5	4.7	-0.6	2.0
GDP per capita (US\$)	37,865	39,321	42,917	46,108	46,736
Inflation (%)	1.4	-1.3	-0.7	-0.3	0.0
Employment (mn)	64.1	63.2	63.0	62.9	62.7
Unemployment (%)	4.0	5.1	5.1	4.6	4.4

- Japan has the world's third largest economy, behind the USA and (since 2010) China. It is roughly the size of Germany and France combined.
- The economy has been through a 15-year, confidence-sapping period of stagnation (low growth) and deflation (falling prices), followed by two huge blows – the global economic slowdown in 2008-09, with shocking declines in exports and industrial production, and the Tohoku earthquake and tsunami in March 2011, which also resulted in the destruction of the Dai-ichi Fukushima power plants and the closure of nuclear power plants throughout Japan.
- Any prosperity in recent years has been largely concentrated in the Tokyo-Osaka axis of Honshu.
- The Liberal Party government elected under Mr. Shinzo Abe in December 2012 promised radical solutions, with a three-pronged policy which has become known as 'Abenomics':
 - 1) 'Quantitative and qualitative monetary easing' (QQME) – massive and open-ended asset purchases by the Bank of Japan, designed to induce an inflation rate of 2% a year;
 - 2) Fiscal stimulus involving a ¥10.3 trn programme of government spending and tax cuts;
 - 3) A programme of structural reforms to enhance competitiveness.
- In response, the first half of 2013 saw a dramatic decline in the exchange rate (see above) and surges in GDP growth (to 4.1% in Q1 2013) and in the Nikkei stock exchange index. The decline in the value of the yen is providing a substantial boost to exports and a strong disincentive to travel abroad. However, the policy remains very much an 'experiment in progress' with uncertain outcomes. The fiscal stimulus is supposed to be followed by an (incompatible) increase in the Consumption Tax from 5% to 10% by 2015 in order to contain the public debt. There is expected to be a great deal of opposition to this and the structural reforms proposed in June 2013 are held to be disappointing. In July 2013 the IMF increased its forecast for GDP growth in 2013 (from 1.6% to 2.0%), but remained cautious about 2014 (1.2%). The Economist's 'poll of forecasters' also remains cautious.
- Real incomes in Japan are high (see below), but have been stagnating for many years. They fell by 5.5% in 2009, in the wake of the world financial crisis, but recovered fully by the end of 2012.
- Consumer prices had shown the first signs in many years of increasing in 2007-08, but resumed their gradual decline in 2009-12. As mentioned above, the government is determined to induce a measure of inflation, and the recent decline in the value of the yen will also add to inflationary pressures. In April 2013 the IMF forecast that inflation would reach 0.1% in 2013, 3.0% in 2014 and 2.3% in 2015, but by July the 12-month rate of inflation was already up to 0.7%.
- The Consumer Confidence Index compiled by the Cabinet Office has been persistently negative since long before the 2008 financial crisis. On a scale on which 50 is defined as neutral, it quickly recovered from a low of 27.5 in January 2009 to 40.1 in January 2010 and remained at roughly that level (apart from a setback after the Tohoku earthquake and tsunami in March 2011) until January 2013. In the first half of 2013 it showed greater confidence, but more recently it has slipped from a high of 45.7 in May to 43.0 in August.
- The Bank of Japan's quarterly Tankan survey of business confidence also improved in the first two quarters of 2013, turning positive for the first time since the Tohoku disaster.

SOCIO-DEMOGRAPHIC PROFILE

Population

Population (mn) ³	2008	2009	2010	2011	2012
Total	127.3	127.4	127.4	127.3	127.3
Males	62.1	62.1	62.0	62.0	61.9
Females	65.3	65.3	65.3	65.3	65.3

- The total population in 2012 is estimated at 127 mn – 336 persons per km². Japan ranks tenth in the world by population. As comparisons, the USA has a population of 318 mn and Germany 83 mn.
- The Japanese population, now virtually stable, is expected to decline gradually in future. The UN, in its medium fertility forecasts, expects it to be declining by 0.5% a year by 2020.
- The fertility rate (the average number of children per female) is estimated at 1.4, well below the notional 'replacement rate' of 2.1.
- Life expectancy at birth is 83.5 years – the world's highest. Japan (together with Italy) has the world's highest proportions of people aged over 60 (see below).
- Two thirds of the population is urban. Tokyo (according to the 2010 Census) has a population of 8.9 mn. The other main cities are Yokohama (3.7 mn), Osaka (2.7 mn), Nagoya (2.3 mn), Sapporo (1.9 mn), Kobe (1.5 mn), Kyoto (1.5 mn), Fukuoka (1.5 mn), Kawasaki (1.4 mn), Saitama (1.2 mn), Hiroshima (1.2 mn) and Sendai (1.0 mn).
- The Japanese population is highly educated. In 2010, 17% of the population over 15 had finished school at elementary and junior high school level, 42% at secondary level (senior high school), 13% had received some further education (including technical and training courses), and 18% had university or college degrees. Some 7% were still in education.
- In 2010 there were 51.8 mn private households in Japan, with an average size of 2.4 persons per household. Of these, 16.8 mn were single-person households, 14.1 mn were two-person households and 20.9 mn contained more than two persons.

Distribution by Age

Breakdown (%) ³	2010 ^e	2015 ^f	2020 ^f
0-4 years	4.2	4.2	4.1
5-14	9.1	8.7	8.6
15-24	10.1	9.5	9.3
25-34	12.4	11.3	10.4
35-44	14.4	14.2	12.6
45-54	12.2	13.0	14.5
55-64	14.6	12.7	12.0
65-74	12.0	13.6	13.7
75-84	8.1	8.9	9.9
85+	2.9	4.0	5.0
Total	100.0	100.0	100.0

- The population in 2015 can be broken down more simply as follows: 0-24 years: 22%; 25-59 years: 44%; over 60: 33% (compared with world averages of 43%, 44% and 12%). The median age is 46 years, much higher than the world median of 30 years.
- According to the UN's central forecast, the population will shrink by 2% between 2010 and 2020. This includes declines of 8% in those aged 0-24 and 6% in those aged 25-59. The numbers of Japanese aged 60-plus will increase by 11%.

Employment

Labour force, 2010⁵

	Total		Male		Female	
	000s	%	000s	%	000s	%
Population over 15	110,490	100.0	53,370	100.0	57,120	100.0
in labour force	65,900	59.6	38,220	71.6	27,680	48.5
in employment	62,570	56.6	36,150	67.7	26,420	46.3
unemployed	3,340	3.0	2,070	3.9	1,270	2.2
not in labour force	44,520	40.3	15,120	28.3	29,400	51.5

Employment, 2010⁵

	Total		Male		Female	
	000s	%	000s	%	000s	%
Total employment	62,570	100.0	36,150	100.0	26,420	100.0
self employed	5,790	9.3	4,330	12.0	1,460	5.5
– with employees	1,530	2.4	1,260	3.5	270	1.0
family worker	1,890	3.0	340	0.9	1,550	5.9
employees	54,630	87.3	31,330	86.7	23,290	88.2
– regular	47,060	75.2	28,650	79.3	18,410	69.7
– temporary	6,530	10.4	2,220	6.1	4,300	16.3
– daily	1,040	1.7	460	1.3	580	2.2

- By OECD standards, the proportion of women in the labour force is still low, but male employment (given the age structure of the population) is strong.
- There has been concern in recent years over the increasing disparities between 'regular' workers, with long-term contracts and extensive legal protection, and 'temporary' workers, who typically earn 40% less and are less well protected in economic downturns. OECD points out that temporary workers' share of industrial employment rose from 20% in 1990 to 34% in 2007. Part-time workers now account for 25% of the workforce.

Spending Power

GDP per capita ^{1,2}	2008	2009	2010	2011	2012
At current prices (¥ 000s)	3,914	3,679	3,767	3,680	3,729
(US\$)	37,865	39,321	42,917	46,108	46,736
(€)	25,893	28,311	32,409	33,193	36,350
Real increase (%)	-1.1	-5.5	4.7	-0.5	2.2
at PPPs (US\$)	33,915	32,323	34,280	34,853	36,266

- GDP per capita in Japan, at nearly US\$47,000 (€36,000) in 2012, is closely comparable with that in the USA and in Western Europe. Worldwide, Japan ranked 15th in 2012: GDP per capita is substantially higher only in a handful of countries, including Luxembourg, Norway, Switzerland, Australia, Qatar and the UAE. It is far higher than in any other country in Asia, except for Brunei Darussalam and the city-states of Singapore and Hong Kong; it is still double that in South Korea and Taiwan. However, if the sharp decline in the value of the yen persists, Japan is likely to slip ten places or more in the world ranking in 2013.
- Consumer prices are higher in Japan than they are in the USA, but lower than those in the EU. Accordingly, GDP per capita at purchasing power parities (US\$36,000 in 2012) compares less favourably with that in the USA (US\$50,000) but more favourably with those in the EU (averaging US\$32,000). In principle, travellers from Japan are likely to find prices in Europe relatively high and those in most parts of the rest of the world relatively cheap – but everywhere (with the decline in the value of the yen) higher in 2013 than they are used to.

- Consumer confidence in Japan has been sapped not just by the lack of growth in real earnings, but by a gradual increase in the burdens of taxation and pension contributions. OECD reckons that the tax burden for a single person on average private-sector wages rose from 24.7% in 2000 to 29.2% in 2009 and 31.2% in 2012. The burden for a single-earner couple with two children rose from 21.0% to 23.6% and 25.5%, and for a two-earner couple with two children from 22.9% to 25.9% and 28.0%. These burdens are still low by OECD standards, but are rising faster than in other OECD countries as a whole.

Distribution of household incomes, 2009⁵

Income (¥ mn/year)	% of households
>2	12.7
2-3	13.3
3-4	15.2
4-5	13.4
5-6	10.1
6-8	15.5
8-10	9.1
10-12.5	5.7
12.5-15	2.5
>15	2.5
Total	100.0

- As in most OECD countries, there is rising public concern about growing inequalities in the distribution of incomes. The Japanese regard themselves as a highly egalitarian society with a relatively even distribution of incomes, but this is no longer entirely valid. The 'Gini coefficient' (a measure of the dispersion of incomes) has risen to around 0.33 in Japan – similar to that in Germany, France and the UK, and compared with around 0.40 in the USA and 0.50 or more in many developing countries.
- The Capgemini/RBC 2013 report puts the number of 'high net worth individuals' (HNWIs, with investable assets exceeding US\$1 mn) in Japan at 1.9 mn in 2012 – second only to that in the USA, and a much higher proportion of the total population than in the USA, in spite of the greater overall inequality in the distribution of incomes there. HNWIs in Japan represent 16% of the world total.
- Credit Suisse estimates that 65.2 mn Japanese have assets of more than US\$100,000.

Ancestry & Migration

- The Japanese population is remarkably homogeneous – 98% of the population are defined as Japanese. In 2010 there were 2.13 mn foreigners registered as living in Japan, including 566,000 Koreans, 687,000 Chinese, 210,000 Filipinos, 231,000 Brazilians, 55,000 Peruvians and 50,000 US citizens. Many of these 'foreigners' are of Japanese descent.
- In 2010 there were 1.14 mn Japanese nationals registered as living abroad, including 385,000 living 'permanently' abroad and 758,000 living abroad 'long term' (more than three months). There were 322,000 in Asia, 453,000 in North America, 84,000 in South America, 185,000 in Europe and the former USSR, 91,000 in Oceania and 8,000 in Africa. 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. There are studies showing that 90% or more of the population are affiliated with Shintoism and Buddhism, and that 70-80% do not consider themselves believers in any religion.
- 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.

TRAVEL PROFILE

Japanese Outbound Trips

Trips ⁷	2007	2008	2009	2010	2011	2012
Total (000s)	17,295	15,987	15,446	16,637	16,994	18,491
% annual change	-1.4	-7.6	-3.4	7.7	2.1	8.8

Note: Japanese nationals, excluding those living abroad.

- The Japanese were once famous for their enthusiasm for travel abroad, but this enthusiasm has waned – particularly among the younger generations. The Japanese market has essentially stagnated since the mid-1990s and the propensity to travel is now low in relation to GDP per capita (0.13 trips/person/year, compared to, for instance, 0.26 in South Korea and 0.45 in Taiwan).
- However, departures staged something of a recovery in 2010-12. In 2012 they reached an all-time high of 18.5 mn – compared with a previous peak of 17.5 mn in 2006. Nevertheless, in the context of the long-sustained boom in outbound travel worldwide, Japan remains a laggard.
- The Japanese market – for both leisure and business trips – has been shifting steadily in favour of closer destinations. This is primarily attributed to the fact that demand for travel abroad has increasingly spread to the middle and lower socio-economic groups who cannot yet afford long-haul travel. The rapid economic growth in Asia, including the emergence of new tourism destinations, contributed to the trend, but it is also in line with global trends generally favouring intra-regional travel.
- The JTB Foundation (JTBF) reports that the proportion of short-haul trips (defined as Northeast and Southeast Asia, plus Guam and Saipan) in holiday travel rose from 42% in 1998 to 58% in 2009, while the proportion of long-haul trips (including those to Europe) fell from 58% to 42%. Since then the proportion of short-haul trips has fluctuated, falling to 56% in 2012 – largely because of the political tensions with China and South Korea and the belligerent posturing by North Korea in the last quarter of the year.
- JTBF's research indicates that 19% of Japanese travelling abroad on holidays in 2012 visited Europe. The breakdown for other destination regions visited shows Northeast Asia 31%, Hawaii, Guam and Saipan 19%, Southeast Asia 17%, other North America 7%, Oceania (Australia, New Zealand and South Pacific) 2%, and others (South Asia, Middle East, Africa, Central/South America) 5%.
- Assuming that the share of holiday trips in total trips for Europe is not greatly different from the share for the whole world, these figures suggest that the Japanese made around 3.5 mn trips of all kinds to Europe.
- In spite of the decline in long-haul travel, trips to Europe have held up well. Since 2000 the number of trips (leisure and business) to Europe has increased by 3%, while those to North America have fallen by 41%, to Oceania by 44% and to Hawaii, Guam and Saipan by about 20%. Trips to Northeast Asia have risen by 57% and those to Southeast Asia by 12%. Trips to Europe, which had sagged in 2009-11, staged a notable recovery in 2012, rising by about 11%. Those to Northeast Asia slipped by about 3%, essentially because of the tensions with China and Korea in the last quarter of the year. The decline will be much greater in 2013.
- The surge in outbound travel in 2010-12 seems to be attributable to an increase in the frequency of travel by regular travellers rather than an increase in the numbers of Japanese who travel. There has been a dramatic and persistent increase in the number of people reporting that they had already travelled abroad in the current and previous calendar years. JTBF also quotes as evidence the fall in the number of new passports issued in 2011 and 2012.
- Conversely, the total number of Japanese who have travelled abroad at all within the last five years continues to decline.
- 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.
- The sharp decline in the value of the yen is seriously affecting outbound travel demand in 2013. Departures have fallen by 8% in the first half of 2013. Conversely, arrivals were up 22%.

International Travel Expenditure (excl transport)

Expenditure ^{4,17} US\$ mn	2007	2008	2009	2010	2011	2012
Total	26,487	27,874	25,145	27,872	27,245	27,874
Business travel	4,933	5,447	5,311	5,065	3,987	3,399
Personal travel	21,553	22,427	19,833	22,809	23,258	24,476
% annual change						
Total	-1.4	5.2	-9.8	10.8	-2.3	2.3
Business travel	-8.4	10.4	-2.5	-4.6	-21.3	-14.7
Personal travel	0.3	4.1	-11.6	15.0	2.0	5.2
Spend per trip (US\$)						
Total	1,531	1,743	1,628	1,675	1,603	1,507
€equivalents						
Total spend (€ mn)	19,335	19,066	18,105	21,044	19,589	21,686
Spend per trip (€)	1,118	1,193	1,172	1,265	1,153	1,173

- Spending on tourism abroad (in US dollar terms) recovered to US\$27.9 bn (€21.7 bn) in 2012 – roughly the same as in 2010, 2008 and 2003, but still short of the US\$31.9 bn spent in 2000. In yen terms, and in real terms, spending has in general been falling over the last ten years.
- JTBF gives figures for 'gross spending on overseas travel' (which includes spending on transport to and from the destinations) of US\$36.2 bn in 2010, US\$45.7 bn 2011 and US\$45.1 bn 2012.
- Preliminary figures from UNWTO suggest that total spending in Jan-May 2013 fell by 5% in local currency terms, reflecting a decline in spending per trip, due in turn to the growth of shorter secondary trips, as well as to higher numbers of less affluent travellers.
- As a relatively wealthy nation, however, the Japanese spend quite freely on their overseas trips – more than their immediate neighbours. Figures presented at the JATA Forum 2013 by JTBF show that, worldwide, they spent US\$2,918 per trip in 2011, compared with US\$2,074 spent by Koreans and US\$1,644 spent by Taiwanese. Note that these figures are different from those in the table above: they represent 'gross spending', including all spending related to a trip – before and after as well as during.
- For trips to Europe, the Japanese gross spending was US\$4,763 (€3,424) – Koreans spent US\$3,625 and Taiwanese US\$3,924. The Japanese spent US\$682 (€490) per night.
- JTBF's 2012 survey of travellers suggests that 21.5% of trips are for business purposes and 78.5% are personal. Accordingly, average spend per trip in 2012 may be estimated at US\$855 for business trips and US\$1,685 for personal.

Gross holiday travel budgets (% of travellers)^{8,17}

	2006	2008	2010	2011	2012	to Europe 2012
<¥100,000	13.5	17.7	26.7	19.9	23.1	3.3
¥100,000-200,000	32.3	31.4	32.4	32.4	33.2	13.1
¥200,000-400,000	36.7	33.9	28.7	32.2	31.3	51.1
<¥400,000	17.5	17.0	12.3	15.4	12.4	32.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average (yen)	247,000	240,000	206,000	228,000	208,000	397,000
Average (US\$)	2,124	2,321	2,347	2,860	2,606	4,974
Average (€)	1,692	1,588	1,772	2,057	2,028	3,870

Notes: From JTBF surveys: 'holiday trips' exclude VFR, holiday+VFR and other personal trips. Gross expenditure includes airfares and other expenditure before departure.

- JTBF's survey for 2012 found that holiday travellers to Europe (excluding VFR and combined holiday and VFR trips) spent an average of ¥397,000 (€3,870) gross, or – given an average length of stay of 8.1 nights – ¥49,000 (€478) per night. Spending fell sharply in 2009 and is still lower than it was in 2007 in yen terms.

Leading Destinations

Arrivals from Japan in key destinations worldwide (000s)^{10,11,12,16}

		2008	2009	2010	2011	2012
China	VFn	3,446	3,317	3,731	3,658	3,518
South Korea	VFn	2,378	3,053	3,023	3,289	3,519
USA	TFr	3,250	2,918	3,386	3,250	3,698
— Mainland	TFr	1,180	893	1,158	1,183	1,268
— Hawaii	TFr	1,235 ^e	1,199	1,340 ^e	1,271	1,531
— Guam	TFr	864	843	938	822	969 ^e
Taiwan	TCEr	1,065	976	1,053	1,243	1,393
Thailand	TFr	1,111	983	980	1,103	1,340 ^e
Hong Kong	TFr	817	780	824	787	774
Singapore	VFr	571	490	529	656	755 ^e
Germany	TCEr	598	538	605	643	828 ^e
France	TFr	674	697	596	622	696
Qatar	THSr	217	265	298	568	na
Vietnam	VFr	393	357	442	482	576
Indonesia	TFn	560	488	416	423	463
Macau	VFn	367	379	414	396	396
Malaysia	TFr	433	396	416	387	470
Philippines	TFr	359	325	359	375	432
Spain	TFr	237	230	333	343	362
Australia	VFr	457	355	398	333	354
Italy	TFn	284	321	340	314	352 ^e
Switzerland	THSr	278	276	298	276	296
United Kingdom	VFr	239	235	223	237	255 ^e
Austria	TCEr	208	199	214	229	261
Canada	TFr	276	198	236	211	226
India	TFn	145	125	168	194	217
Turkey	TFn	140	139	183	173	194 ^e
Croatia	TCEr	144	163	147	132	155
Czech Republic	TCEn	123	115	133	122	137
Netherlands	THSr	114	99	119	111	137
Belgium	TCEr	101	80	81	91	102
Russia	VFn	86	74	78	76	87
Finland	TCEr	80	66	69	76	92
Hungary	TCEn	75	71	77	70	77
Portugal	TCEr	63	58	62	58	65
Sweden	TCEr	50	46	48	47	52
Greece	TFr	37	25	42	45	55
Poland	TCEr	37	34	50	39	43 ^e

Notes: 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 accommodation; THS = international tourists at hotels and similar establishments; n = by nationality; r = by country of residence. The UAE is missing from this list, for lack of data (which is only available for Dubai) and figures for some destinations have been provided or estimated from sources other than UNWTO.

- Arrivals in individual European countries have fluctuated considerably in recent years. Many of the official figures are also questionable because of the readiness with which tourists can cross borders within the Schengen area unrecorded and/or stay in several hotels, etc. They are very roughly on the following scale:

>600,000	France, Germany
250,000-350,000	Austria, Italy, Spain, Switzerland, UK
100,000-200,000	Belgium, Croatia, Czech Republic, Finland, Greece, Netherlands, Turkey
50,000-100,000	Hungary, Portugal, Russia
25,000-50,000	Denmark, Norway, Poland, Slovenia, Sweden
10,000-25,000	Bulgaria, Ireland, Romania, Slovakia
5,000-10,000	Estonia, Latvia, Lithuania, Iceland, Luxembourg, Monaco, Malta, Ukraine,
<5,000	Albania, Belarus, Bosnia-Herzegovina, Cyprus, Liechtenstein, Macedonia FYR, Montenegro, San Marino, Serbia.
- Since 2001 there has been huge growth in Japanese arrivals in the UAE and Qatar – probably well over 20% a year. Among the top 20 destinations, India has recorded the strongest growth (averaging 11% a year), followed by Macau, Vietnam and Turkey (all approaching 10% a year), and Spain, Taiwan, South Korea and China (all 3-4% a year).
- With the exception of Turkey, all the major European destinations in the top 20 have suffered declines since 2001, ranging up to -5% a year for Switzerland and -8% a year for Italy (very surprising, in view of persistent trade reports that the Japanese – especially the fashionable young – continue to favour Italy).
- Among less important destinations now receiving more than 10,000 visitors a year from Japan, about a dozen countries have recorded increases of over 10% a year since 2001. The list is headed by Croatia (roughly, +25% a year) and Slovenia (+20% a year). Many other Eastern European countries have achieved more modest increases, ranging up to about 5% a year, including Poland, Romania, Bulgaria and the Baltic States – and, from Western Europe, Norway.
- Almost all the major destinations shared to some extent in the recovery in Japanese outbound travel in 2009-12. The list is headed once again by the UAE and Qatar, followed by Vietnam, Spain, Thailand, Germany, Turkey, Taiwan and Singapore (all over 10% a year).
- However, travel to China and South Korea – two of the top three destinations – has fallen by nearly a third since Q3 2012, due to a combinations of factors, including the decline in the value of the yen, political stresses between Japan and these two countries, the belligerent noises from North Korea, and adverse publicity about pollution in China and a possible resurgence of bird flu. Trips to Hong Kong and Macau have also suffered, but those to Taiwan are up: it is said that the Taiwanese are still grateful for the 'solidarity' shown by the Japanese after their own 'Great Earthquake' of 1999, and are reciprocating by travelling to Japan in the wake of the 'Great East Earthquake' of 2011; the Japanese are returning the compliment by travelling to Taiwan.
- Among the Japanese market's leading European destinations, Germany ousted France from the top slot in 2010 and has since reinforced its leading position. This was probably due to the strength of business travel to Germany and the decline in shares of young Japanese office workers (in their 20s) and independent female travellers (in their 30s) in favour of more mature female travellers (particularly from the 60-plus age segment). Italy – long-time favourite on the Japanese wish list – has continued to lose share, falling behind Spain to fourth position in the ranking, ahead of Austria and the UK.
- Among European destinations, the available figures for the first few months of 2013 show declines for Germany, Switzerland, the Czech Republic, Croatia and Slovenia, but increases for Spain, Belgium and Hungary. TourMIS also shows increases for (in order of magnitude) Iceland, Estonia, Greece, Poland, Bulgaria, Italy Romania and the Netherlands. Scandinavia is said to have done well during the winter because of strong demand for aurora-viewing tours (the auroras have been at their cyclical peak in 2011-13). The 2012 Olympics are reported to have been a great success in the Japanese market, but trips to the UK were up only moderately in 2012.

Purpose of Trip

Main purpose of trip, 2012 (%)⁸

Holiday	65.3
VFR & holiday	6.9
VFR	2.3
MICE	9.2
Other business	12.3
Medical	0.7
Religious	0.5
Study	0.9
Others	1.9

- In 2012, according to JTBF's annual survey, holiday trips increased by 12.8% to 10.6 mn. The share of holiday trips rose by 2.5 percentage points, partly at the expense of VFR trips. It is reported that many holidaymakers postponed their foreign travel after the Tohoku earthquake until 2012.
- MICE trips were also up, by about 0.5%, but other business trips were, perhaps surprisingly, down a little.
- The breakdowns of trips by purpose to individual destinations tend to vary greatly. VisitBritain, for instance, found that in 2012 53% of trips to the UK were holidays, 27% business trips, 11% VFR and 9% study and other. The proportion of holiday trips was a little higher than in previous years.

Nature of Trip

Types of outbound holiday trips (%)⁸

	2002	2004	2006	2008	2010	2011	2012
Touring	49.3	45.1	47.2	53.6	55.1	55.5	57.5
Beach resort	26.4	22.4	20.4	12.7	12.7	11.4	10.0
City break	12.9	22.8	23.1	21.9	19.9	22.3	21.3
Others	11.3	9.7	9.3	11.8	12.3	10.8	11.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

- The types of outbound holiday trips from Japan, to destinations worldwide, have changed quite dramatically over the years. In particular, the popularity of beach holidays collapsed in 2007 and has not recovered. Touring holidays (not necessarily trade-organised tours) have regained some of their old popularity in recent years and did well again in 2012.
- Touring holidays are especially popular among young men and women in their 20s and among the over-60s. City breaks are more popular among people in their 30s, 40s and 50s.
- Not surprisingly, beach holidays scarcely figure in holidays to Europe and short, single-city breaks are an expensive option: in 2010-12, 75% of holiday trips to Europe were touring holidays, 15% city breaks, just 1% beach holidays and 9% others.
- The Japanese reportedly took 217,000 cruises in 2012, including 96,000 originating in home ports and 27,000 in 'Northern European' waters (i.e. Atlantic and Baltic ports). These numbers are still short of those achieved in 1995 and 2000.
- In 2012, 34% of Japanese outbound holiday trips lasted 1-3 nights, 38% 4-6 nights, 22% 7-10 nights and 7% 11 nights or more. Average length of trip fell from 5.9 nights in 2000 to a low of 4.9 nights in 2010, but then rose in 2011-12 to 5.4 nights in 2012. Trips by the over-65s are on average one night longer.
- Trips to Europe tend to be longer: 5% 1-3 nights, 26% 4-6 nights, 58% 7-10 nights and 12% 11 or more nights, with an overall average of 7.8 nights, in 2010-12.
- Over two thirds of Japanese outbound trips are now to a single destination. However, for holiday trips to Europe, at least half are to three or more destinations. Italy and the UK are the main exceptions.

- Naturally, long-haul touring holidays and city breaks tend not to be repeated, while business and VFR trips, which involve on-going relationships, very often are. VisitBritain, for instance, finds that 40% of holiday visitors, 90% of business visitors and 80% of VFR visitors from Japan are making repeat visits (i.e. they have already visited the UK in the last ten years).

Seasonality

Month of outbound trips, average 2010-12 (%)^{9,17}

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
7.4	8.2	9.1	7.2	7.4	7.8	8.6	10.3	9.2	8.5	8.3	8.1

Holiday entitlement

- Statutory holiday entitlement is 10 days in the first year of employment, rising to 20 days in the sixth (higher than usual in Asia and comparable with many countries in Europe). However, the Japanese tend to be sparing with their holidays. The Ministry of Health, Labour and Welfare reported that workers were granted an average of 18 days paid holidays in 2005, but that they used only 8.4 days – a conclusion broadly confirmed by a Harris Interactive survey for Expedia in 2010 which found that Japanese workers take only 55% of their entitlement.

School holidays

- State schools, with minor variations, take two weeks' holiday in late March and early April, five weeks in July-August, and two weeks from about 24 December. There are also week-long half-term breaks.
- Formally, the academic year begins in April, not September. Traditionally, graduating students take a 'graduating trip' in March. Tokyo University's decision to begin its academic year in September from 2014, in order to attract more international students, would (if adopted by other universities but not schools) create a long holiday for students graduating in March but not starting university until September.

Public holidays

2013: 1 Jan, 14 Jan, 11 Feb, 20 Mar, 29 Apr, 3-5 May, 15 Jul, 16 Sep, 23 Sep, 14 Oct, 3 Nov, 23 Nov, 23 Dec.

2014: 1 Jan, 13 Jan, 11 Feb, 20 Mar, 29 Apr, 3-5 May, 21 Jul, 15 Sep, 23 Sep, 13 Oct, 3 Nov, 23 Nov, 23 Dec

2015: 1 Jan, 12 Jan, 11 Feb, 20 Mar, 29 Apr, 3-5 May, 20 Jul, 21 Sep, 23 Sep, 13 Oct, 3 Nov, 23 Nov, 23 Dec

Though not formally a public 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

- Japanese holiday/leisure travellers generally prefer three-star or even higher category hotels. Student travellers generally use lower-grade hotels, while young Japanese ladies in their 20s and 30s have a reputation for preferring 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.
- JTBF's annual surveys suggest that holidaymakers' preferences for expensive accommodation declined in 2002-07 but recovered in 2008-12. The overall averages for holidaymakers in 2012 were 12% five-star, 25% four-star, 35% mid-range, 21% budget and 8% other forms of accommodation.
- Its recent surveys suggest that in Europe fewer holidaymakers go for five-star and more go for three-star hotels: the overall averages in 2010-12 were 7% five-star, 26% four-star, 42% mid-range, 17% budget and 7% other forms of accommodation. It seems that in 2012 they moved further downmarket.

Leisure / Recreational Activities

- Roughly in order of importance, the preferred activities for Japanese on trips to Europe are reported to be: natural and scenic attractions, historical and cultural sites, art galleries and museums, shopping, theatre, concerts and movies, gourmet dining, rest and relaxation, hiking/trekking, and spa/beauty treatments. Younger Japanese travellers are reportedly increasingly concerned with the 'educational experience' of their travel abroad.

- However, these indicators need to be compared with the experiences of individual destination in hosting Japanese travellers. VisitBritain reports that the Japanese are less likely than other visitors to go to a pub, nightclub or sports event, less likely to walk in the countryside, and less likely to socialise with local people, but more likely to visit heritage sites, museums, art galleries, parks and gardens.
- In 2012 Tourism Australia asked Japanese consumers what they looked for in a holiday travel destination. The responses were as follows:

A safe and secure destination	77%
World-class beauty and natural environments	52
Rich history and heritage	50
Good food, wine, local cuisine and produce	45
A destination that offers value for money	37
A family-friendly destination	30
A range of quality accommodation options	29
Clean cities, good road infrastructure with clear signposts	27
Flights with no stopovers	24
Friendly and open citizens, local hospitality	23
Romantic destination	17
Spectacular coastal scenery	17
Great swimming beaches	15
Great shopping / world-class brand names	11
Ease of obtaining a visa	10
Luxury accommodation and facilities	7
Different and interesting local wildlife	6
Good leisure activities such as nightclubs, bars and casinos	5
- Reflecting the growing confidence of Japanese travellers organising their holidays in Europe independently or semi-independently, Rail Europe sales to Japanese customers – essentially a market for independent travellers – were up 20% in 2012.

PROFILE OF TRAVELLERS

Nature of Outbound Travellers

- JTBF reckons that, of the 95 mn people in Japan over 20 but under 80 years old in 2012, 58.1 mn had travelled abroad at least once in the past, but only 22.5 mn had travelled abroad at least once in the previous five years – 3.8% fewer than in 2011. These 22.5 mn people made 16.3 mn trips in 2012 – 8.7% more than in 2011. And these 16.3 mn trips represent 88% of the 18.5 mn trips made by the entire population of 127 mn people.
- 12.6 mn people have made at least ten trips abroad (and in JTBF's view can be regarded as 'experienced travellers'), of whom 4.3 mn are now making at least one trip abroad a year. Another 14.2 mn people have made fewer than ten trips abroad (including at least one in the last five years), of whom 0.9 mn are now making at least one trip a year abroad. The number of first-time travellers has nevertheless picked up a little from a low point in 2009.
- The numbers of visitors to Europe who are strictly 'first-time visitors' is now small. The frequency of visits to European destinations varies widely: JTBF found the following breakdown among repeat visitors on holiday trips in 2011-12:

Past visits to major European destinations (% of repeat visitors), 2011-12⁸

	1 trip	2-3 trips	>4 trips
Spain	72.4	12.1	15.4
Italy	56.9	28.3	14.8
UK	49.6	28.5	22.0
France	47.9	38.3	13.9
Germany	40.1	34.6	25.3

- In 2012, 54% of outbound travellers were male and 46% female. Europe, and particularly Italy, attracts a higher share of females. Business visitors are predominantly male.

- Although most Japanese households can afford to travel abroad, such travel is naturally skewed towards the higher income groups. In 2012, 20% of outbound holidaymakers had household incomes of over ¥10 mn (US\$125,000), 20% incomes of ¥7-10 mn (US\$88,000-125,000), 23% incomes of ¥7-7 mn (US\$63,000-88,000) and 37% incomes of under ¥5 mn (US\$63,000). The distribution of incomes among travellers to Europe is not significantly different, in spite of the expense involved. The numbers of travellers on incomes of less than ¥5 mn have increased quite sharply in the last three years, from typically around 28% in the 2000s to 37% in 2012.

Market Segmentation

The travel trade often likes to distinguish the following market segments:

- **Retired couples and widows:** The growing numbers of over-65s who have the leisure and wealth to travel frequently and at length.
- **'Salarymen':** Committed corporate employees travelling for business purposes but taking the opportunity to pursue leisure activities. Generally men in their 40s and 50s: younger men suspect that they may prejudice their careers if they spend time abroad unless the trip provides an educational experience.
- **Middle-aged couples:** A segment that seems to be growing in recent years, perhaps as the corporate work ethic loses some of its allure.
- **Three-generation families:** Japanese grandparents often travel with their grandchildren, especially when parents find it difficult to take time off for holidays. Increasingly, however, holiday parties may contain all three generations.
- **Japanese ladies:** Young, independent women in their 20s and 30s, usually still living at home (and so with greater disposable income for travel) – enthusiastic travellers and shoppers, with the highest propensities to travel among all the Japanese.
- **Japanese young men:** Unlike their female counterparts, overseas travel does not seem to be part of their culture, especially since many are concerned about getting on the career ladder. When they do travel, they often travel in groups of friends or travel for educational purposes.
- **Honeymooners:** The number of newly-weds taking their honeymoons abroad is declining – partly because of a decline in the young population, and partly because of changing preferences and lifestyles.
- JATA distinguishes the following sectors (in no particular order): Seniors, Family, Business/technical, Honeymoon, Incentive, Female office worker and Student.

Age of Outbound Travellers

Age of outbound travellers by gender (%)⁸

	Males		Females		Total	
	2002	2012	2002	2012	2002	2012
0-9 years	2.6	2.8	3.0	3.2	2.8	3.0
10-19	4.1	3.9	6.3	6.0	5.1	4.8
20-29	14.5	11.5	28.7	23.3	20.9	16.9
30-39	22.4	19.8	19.7	19.1	21.2	19.5
40-49	19.6	23.4	10.6	14.6	15.5	19.3
50-59	21.0	18.5	16.4	14.1	18.9	16.5
60+	15.9	20.1	15.3	19.6	15.6	19.9

- The Japanese outbound travel market is characterised by the growing importance of the older generations, the reluctance of young men in their 20s to travel and the enthusiasm of young women in their 20s and 30s for travel.

Departure rates for outbound travellers by age and gender (%)⁸

	Males		Females		Total	
	2002	2012	2002	2012	2002	2012
0-9 years	3.7	4.9	3.8	5.1	3.7	5.0
10-19	5.2	6.0	6.9	8.5	5.7	7.2
20-29	14.4	16.4	24.5	29.8	18.3	22.4
30-39	22.4	21.7	16.6	18.5	20.0	19.9
40-49	21.5	25.5	9.8	13.9	14.8	19.3
50-59	19.4	22.7	12.2	14.7	15.7	18.6
60+	13.6	15.5	9.7	11.9	12.0	13.5

Note that these figures for departure rates represent the number of trips per person in each age group (trips/persons), not the number of travellers in each age group who made one or more trips (travellers/persons). The departure rate for 60+ year-olds is calculated by dividing the number of trips by travellers aged 60+ by the population aged 60-74.

- The increase in outbound travel in 2010-12 has been spread across almost all age groups. However, in 2012 there were particularly large increases in travel by men aged 45-54 and men and women aged over 65. Travel by the over-65s is increasing rapidly as the post-war 'baby boom' generation retires. The increase in trips by men aged 45-54 is associated mainly with business travel, but since there was also a substantial increase in trips by women in this age group, it may be that there was also an increase in the number of men in this age group taking holidays abroad with their wives.
- The difference between the departure rates for men and women in their 20s is striking, and has become even more marked in recent years. It seems that travel abroad is part of the current culture for young Japanese women, but not for young Japanese men, who may also be reluctant to compromise their careers at this stage in their lives. Although male travellers generally outnumber female travellers, female travellers in their teens and 20s heavily outnumber their male counterparts.
- There was an increase in the number of children travelling abroad – because of the increase in holidaymaking, the increase in the numbers of Japanese parents posted abroad for work, and an increase in school trips abroad – but the departure rates for children remain low and the numbers of children involved are not large enough to make a great difference to total outbound travel numbers.
- In contrast to the usual trend in recent years, the decline in outbound travel in 2013 is reported to be much more marked among the over-65s.

Travel Companions

- In 2012, 15% of outbound holiday travellers were travelling alone, 57% were travelling with family (42% with their husband or wife, 13% with their children or grandchildren, 11% with their parents or grandparents and 7% with other family members), 28% were travelling with friends, and 3% travelling with other people. Since 2007 the numbers travelling alone have risen from 11% to 15%.
- Among holiday travellers to Europe in 2010-12, 17% were travelling alone, 59% with family, 25% with friends and acquaintances, and 1% with others. Since 2007 the numbers travelling alone have risen sharply, from 10%.
- VisitBritain reports very different proportions for Japanese holiday travellers to the UK in 2012: 30% were travelling alone, 21% as couples, 18% with other adult family members, 9% with children, and 12% with friends. 17% were travelling in tour groups. 60% of VFR travellers were travelling alone and 20% with their partners. Over half of business travellers were travelling alone and a third with colleagues.

AIR TRANSPORT

Airports

- The principal international airports are Tokyo Narita, Tokyo Haneda, Kansai and Chubu Centrair (popularly known as Nagoya). Osaka Itami is also classified as a first-class international airport, but currently handles only domestic flights. There are 24 'second-class' regional airports, most of which handle some international traffic, and 57 'third-class' local airports.

- Tokyo Narita International Airport (HND) is Japan's principal international airport. With two terminals and two runways, it can handle 235,000 aircraft movements a year and in 2012 handled 31.4 mn passengers. A third terminal to cater for LCC flights (50,000 passengers/year) is under construction, but a third runway has been postponed indefinitely.
- Tokyo Haneda International Airport (HND) still caters principally for domestic flights but, with the completion of a fourth runway and a third terminal devoted to international flights in 2010, it has greatly expanded its international network. It now has a capacity to handle 407,000 aircraft movements a year and in 2012 saw 66.7 mn passengers.
- Kansai International Airport (KIX), built on an artificial island in Osaka Bay, opened in 1994. It has two runways and two terminals and in FY2012 handled 107,800 movements and 17.0 mn passengers.
- Chubu Centrair International Airport (NGO), also built on an artificial island, in Ise Bay, opened in 2005 to serve the Nagoya/Kyoto/Osaka area. With a single runway and terminal, it has handled up to 100,000 movements and 12 mn passengers a year.
- 14 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), Moscow Domodedovo (DME) and Moscow Sheremetyevo (SVO).

Airline Traffic / Capacity

- SRS Analyser reports that in 2012 14 airlines operated approximately 11,850 flights from Japan to Europe (one way, and excluding Russia in Asia), with a capacity of 3.6 mn seats.
- This represented an increase of 7.6% in flight numbers and 8.4% in seats over 2011. However, capacity been declining in the early 2000s and was sharply cut back in the wake of the financial crisis in 2008. This decline was balanced by an increase in indirect flights, especially through Dubai, Abu Dhabi, Qatar and Singapore.

Airlines operating non-stop services from Japan to Europe, 2012^{13,14,16}

Airline	Alliance	Flights	Seats	Originating airports	Destination airports
Japan Airlines	OneWorld	1,621	503,560	NRT 7, HND 7 NRT 17	CDG 14 LHR 7, FRA 7, DME 3
All Nippon	Star	1,814	493,959	NRT 21	CDG 7, FRA 7, LHR 7
Lufthansa	Star	1,433	534,411	NRT 14, KIX 7, NGO 7	FRA 21, MUC 7
Air France	SkyTeam	1,078	372,662	NRT 14, KIX 7	CDG 21
Finnair	OneWorld	1,078	291,654	NRT 7, KIX 6, NGO 6	HEL 21
KLM	SkyTeam	838	270,493	NRT 9, KIX 7	AMS 16
Alitalia	SkyTeam	920	257,144	NRT 14, KIX 4	FCO 14, MXP 4
Turkish	Star	677	198,627	NRT 7, KIX 7	IST 14
British Airways	OneWorld	606	166,650	NRT 7, HND 5	LHR 12
Aeroflot	SkyTeam	366	105,339	NRT 7	SVO 7
Virgin Atlantic	—	353	104,508	NRT 7	LHR 7
Austrian Airlines	Star	329	91,462	NRT 6	VIE 6
Swiss	Star	395	89,610	NRT 7	ZRH 7
SAS	Star	349	85,521	NRT 7	CPH 7

Notes: For airport codes, see above (under 'Airports'). The numbers after the codes represent the weekly number of flights from/to each airport. The total flight and seat numbers may include small numbers of non-scheduled services.

- Airlines which have cut capacity since 2009 include Japan Airlines (which has withdrawn services to Amsterdam, Milan and Rome) and Air France (which has withdrawn one of its three daily flights from Narita). British Airways, which had cancelled one of its two daily flights between Tokyo Narita and London Heathrow in the wake of the financial crisis in 2008, has since introduced flights to Haneda.
- Airlines which have increased capacity since 2009 include All Nippon, Lufthansa, Finnair and Turkish. Alitalia has been operating a second daily flight to Narita in the summer months. In April 2013 KLM introduced a three-flights-a-week service between Amsterdam and Fukuoka (FUK).

- 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. The UK, for instance, reported significant arrivals on Korean Air, Cathay Pacific and Asiana flights in the late 2000s, which presumably have increased still further.
- Charter flights (often seasonal) are operated by Finnair, SAS, Meridiana and others.
- Japan was a latecomer to the low-cost airline (LCC) market and had seen little growth in LCC flights, partly because of capacity constraints at Tokyo Narita and Haneda airports. Skymark Airlines is an independent LCC. Three more locally-based LCCs were established in 2012, offering mainly services to Seoul and on domestic routes: Peach Aviation (backed by All Nippon), Jetstar Japan (a joint venture between Japan Airlines, Qantas and Mitsubishi) and Air Asia Japan (a joint venture between All Nippon and Air Asia Berhad: All Nippon has acquired Air Asia's share and the airline is to be renamed Vanilla Air). It is said that all three have been facing some difficulties.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Japanese tourists do not require visas for any EU member country or for most other countries in Europe. The exceptions requiring visas are Russia and Belarus. Strictly speaking, entry to Bosnia-Herzegovina, Serbia and the Ukraine may be on a visa-on-arrival (without charge) basis.
- Visa-free travel allows visits of up to 90 days in a 180-day period in the Schengen area, 6 months to the UK (3 months if arriving directly from Ireland), and 90 days to most other European destinations.

Travel Decisions

- In 2011 JTBF found that the Japanese start their travel arrangements anything up to 12 months before departure: 17% less than one week, 22% one week to one month, 38% one to three months, 19% three to six months, and 13% six months or more. Business trips tend to be booked much later than holiday trips. Given the lack of visa requirements, these time frames are well suited to the requirements for booking trips to Europe and other long-haul destinations.
- Nevertheless, travel to European destinations naturally tends to be booked earlier. Information dating from the late 2000s suggests that only a fifth of trips were booked less than a month before departure, a fifth were booked 1-3 months in advance, and a fifth were booked three months or more in advance.
- It is said that the Japanese, even more than many other markets, find that planning their trips and their holiday activities is an intrinsic part of the pleasure of travelling, and take a great deal of care over it. This applies particularly to long-haul travel, including travel to Europe. Where couples are involved, the woman tends to take the leading role.

Booking Methods

Holiday travel arrangements (%) ⁸	2008				
	2008	2009	2010	2011	2012
Via travel agency	83.5	83.3	83.3	84.2	80.1
– full package tour	18.7	19.1	17.3	19.6	18.1
– free/skeleton package	51.9	53.3	52.6	42.1	39.3
– dynamic/custom package	12.9	10.8	13.3	22.5	22.7
Direct booking	16.5	16.7	16.7	15.8	19.9

Notes: Full package tours include accommodation, meals and sightseeing accompanied by a tour escort from Japan. Direct bookings include bookings via airline websites.

- Direct bookings for holidays increased sharply in 2012, reaching nearly 20% of the total. They are rather more popular among younger men and among men and women aged 40-49. The trend towards direct holiday bookings is associated with the increased use of destination and airline websites and with the growing number of dynamic packages offered on airline websites.
- Full package tours are very much more popular among the over-60s and a little more popular among women than among men (except for women in their 20s). Free and skeleton packages are rather more popular among women, and dynamic and custom packages among men.

- A higher proportion of holiday trips to Europe are booked through a travel agency: only 8.6% were booked direct in 2010-12. 51.2% were full packages, 187.0% free/skeleton packages and 22.2% dynamic/custom packages.
- Higher proportions of VFR and business trips are booked direct.

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. Bucking the trend in other OECD markets, a staggering 92% of adults 'pick up' a newspaper every day. Adults 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.
- However, JTBF reports that the range of sources used for holiday travel information is tending to shrink, leaving the internet as the dominant source. Its use has stabilised at around of 80% of respondents to its annual survey since 2007. Meanwhile, the use of other sources has declined (typically by about ten percentage points over the last eight years): travel guide books to 51%, tour agency pamphlets to 39%, travel agencies to 25%, national media to 12%, airline and railway companies to 10%, and friends and relatives to 11%.
- An exception is information from national and regional tourist boards, whose use has doubled to 22%. This may be related to the ready availability of their information on the internet.
- Trips to Europe tend to be especially carefully researched. This is reflected in higher numbers for the use of all the information sources listed above except the internet: travel guide books 65%, tour agency pamphlets 52%, travel agencies 31%, national media 16%, airline and railway companies 15%, and friends and relatives 13%.
- VisitBritain reports that friends, relatives and colleagues, as well as social media, are less likely to be influential in Japan than in many other markets. The Japanese also claim to be less influenced by advertising in most forms.

Internet & Social Media

- According to Internet World Statistics, there were 101.2 mn internet users in Japan in June 2012 (79.5% of the population – compared with 78% in the USA, 83% in Germany and a world average of 34%).
- Almost everyone in Japan uses a cell phone (mobile phone) – the precise estimates vary up to about 95% of the population. ComScore reckons that in June 2012 there were 79 mn people aged 13 and older using 'feature phones' and 24 mn using 'smartphones'. Mobile bar-codes, quick-response codes and payment systems are widely used. The Japanese have long been noted for their technical sophistication, readily adopting the latest technologies. They are as likely to access the internet from their mobiles as from a PC (eMarketer reckons that South Korea and Japan lead the world in this respect, with 62-63% of mobile phone users accessing the internet in this way). 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 much used for hobbies. VisitBritain has found that people are more likely to use a mobile phone than a PC for making holiday and VFR bookings (but not, for obvious reasons, business trip bookings).
- The adoption of social media has been slow in Japan but is growing extremely rapidly. eMarketer estimated that there were only 39.5 mn social media users in Japan in 2011, including 7.6 mn on Facebook. In February 2013 figures of 16 mn for Facebook, 30 mn for Twitter, 25 mn for Mixi, 29 mn for Gree, 36 mn for Line and 40 mn for Mobage were quoted.

Use of the internet for holiday bookings (%)⁸

	2002	2004	2006	2008	2010	2011	2012
Booking	9.5	20.1	32.9	43.8	52.5	59.1	61.5
Information only	33.3	46.9	41.1	38.1	33.6	27.5	25.4
Did not use	57.1	33.0	25.9	18.1	13.9	13.5	13.1

- The growth in the use of the internet for holiday bookings seemed to lose some of its dynamism in 2012, but it nevertheless reached 61.5% by volume, according to JTBF research. According to JTBF, it is rather lower for bookings to Europe than for most other regions, and very much higher for bookings to North America.
- The use of the internet for bookings is not significantly lower among women than among men, and women tend to use it more for information. Unsurprisingly, the use of the internet falls among the over-60s. Rather more surprisingly, it is also low among people in their 20s, both male and female.
- In February 2013 eMarketer estimated that Japan's digital travel sales (which include online, tablet and smartphone bookings) reached US\$46 bn (€36 bn) in 2012, and forecast that they would reach US\$54.2 bn in 2016. PhoCusWright estimated online bookings in 2012 at a lower US\$31 bn (possibly excluding purchases and bookings in the destinations).

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- Japan has a tightly regulated travel industry with high levels of consumer protection. Travel agencies must be registered with the Minister of Land, Infrastructure and Transport (MLIT).
- There are more than 800 tour operators (also known as 'first-level agents' or 'General Travel Agents' – GTAs) registered in Japan, but the top 10 are said to represent two thirds of the outbound travel market. The Overseas Tour Operators Association of Japan (OTOA), in June 2013, had 142 members and 48 associate members.
- In 2008 there were 9,714 registered travel agents (including about 3,000 'second-level' agents that do not package or wholesale international products, and 6,000 'third-level' agents that do not offer wholesale packages, domestic or international) and 892 sub-agents. The Japanese Association of Travel Agencies (JATA) counts 1,117 active members.
- The major tour operators/wholesalers generally have a Wholesale Division (designing and producing packages for wholesale and retail distribution), a Media Sales Division (producing packaged products for direct sale to consumers using advertising, brochures and their websites), a Group Tour Sales Division (arranging and selling tours for corporate, educational and niche customers), and a Retail Division.
- All wholesalers compete for retail business and most have a retail chain which operates with relative autonomy. These retail outlets sell their own packages (often under several brands) and other wholesalers' brands. The growing sophistication and fragmentation of the consumer market is forcing the travel trade to become more specialised and responsive to individual consumers' requirements.
- 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.

Leading Retail Travel Agencies

Leading Japanese travel agencies (ranked by size), 2012¹⁶

Agency group	Package brands
JTB Corporation / JTB World Vacations	Sunrise Tour, Look JTB, Tabimonogatari, Royal Road, etc
HIS (formerly Hideo's International Services)	Ciao, Impresso, Vacations
Hankyu Travel International	Trapix, Dragonfly
Kinki Nippon Tourist / Kintetsu International	Holiday
Nippon Travel Agency	Mach
JALPAK (Japan Airlines)	I'LL, AVA, Furari, Jal Stage
Nippon Express Travel Company	Look World
Club Tourism International	Yukoso
M. O. Tourist	MOL
Nissin Travel Service	Club 21, TravelMark
ANA Sales (All Nippon Airways)	ANA Hallo
TopTour Corporation	-

- Important online travel sites include Rakuten and Expedia Japan. JTB, which offers an online travel booking system for consumers called JAPANiCAN.com) formed an alliance with Expedia Japan in February 2013.
- JTB is also noted for its Rurubu travel guides.

Travel Agent Training

- There is no specific information on travel agent training programmes, but JATA and OTOA offer various courses and travel agencies and tour operators also carry out their own inhouse training.
- Foreign NTOs – Tourism Australia is a good example – also undertake training of inbound agencies in their own countries to ensure they provide quality services to Japanese (and other nationalities). Language training is an integral part of these programmes.

KEY TRENDS AND FORECASTS

Key Characteristics of Japanese Outbound Travellers

- The profile of Japanese travellers has been ageing rapidly. Young people are shrinking in number; young males are reluctant to travel abroad on their own account, partly for social reasons, and partly because of fears about compromising their careers; young women remain very enthusiastic travellers.
- However, 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, grandmothers and their granddaughters, and more recently three-generation groups.
- Average length of trip has been falling, 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 continues to gain ground, 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 among young single females.

- The Japanese are very keen on 'wellbeing' (physical and mental) and are very sensitive to health issues – as illustrated by their reactions to food safety, flu and pollution problems in China. Although they enjoy the longest life expectancy among OECD countries, their self-reported health is amongst the lowest.
- Safety is also a major concern: the threat of terrorism is thought to have been a major factor – second only to economic concerns – in the decline in long-haul travel after 2001.
- 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. They look for consensus and are famously reluctant to say 'no' outright.

Short-Term Prospects

- The Japanese outbound travel market is in trouble in 2013, and it is not clear how quickly the problems will be resolved:
- Trips to China and South Korea have fallen by a third. The Chinese government seems to have been taken aback by the consequences of its stance on issues with Japan, and in the context of the slowdown in Chinese economic growth is believed to be anxious not to exacerbate these consequences. Similarly, the North Korean government has not been as bellicose in recent months. But it remains to be seen how quickly Japan's social relations with China and South Korea will improve.
- The dramatic decline in the value of the yen since Q3 2012 has put intense pressure on outbound travel, especially to expensive long-haul destinations like Europe. Such sharp declines, unless they reflect fundamental shifts in economic prospects, tend to be reversed before long. The decline in the value of the yen reflects official government policy, but many governments are playing the same game – and not all can succeed at the same time indefinitely! World financial markets are awaiting a shift in the US government's 'quantitative easing' policies, and in the meantime exchange rates have become volatile. The prospects for the yen are particularly uncertain.
- However, JTBF has pointed out that in the last 30 years a decline in outbound travel in response to a weak yen has never persisted for more than about a year.
- The overall decline in trips during the first half of 2013 is around 8%, but since that decline is concentrated in trips to China and South Korea, the decline to other destinations has been much less.
- The improvement in the Japanese and leading OECD economies in recent months, if sustained, augurs well for outbound travel – business and leisure – from Japan.
- In the medium term, the Japanese market has, allowing for some quite violent short-term fluctuations, essentially stagnated. The decline in the Japanese propensity to travel, in the context of the worldwide boom in outbound travel, remains something of a puzzle. There were some signs of an improvement in 2011-12, but the large contribution of frequent travellers to the increase in travel in those years is worrying: what is needed is an upturn in trips by first-time and infrequent travellers, who might in time become frequent travellers.
- Interest among the Japanese for European destinations – or at least some European destinations – remains high, and the numbers of arrivals in Europe have held up well in recent years. However, demand for North America (and Australasia) has been very weak since 2001 and clearly has great scope for recovery. Such a recovery (which may have begun in 2012) might come at the expense of demand for Europe.
- The focus of world interest has also shifted from Europe and North America to Asia and, to a minor extent, even to Africa and Latin America. Asians in particular are more narrowly focused on the growing economic, cultural and environmental opportunities for tourism within the region – a trend that is reflected in the growing share of short-haul travel within the region. It can be argued that Japan, with its close relationships and fondness for Europe and North America, is something of an exception, but the fact remains that it is part of the burgeoning East Asian economy.
- For all these reasons, European destinations will have to work hard just to maintain their arrivals from Japan – but given the size of the market, the effort is surely worth it.

NOTES

- a Multiple responses possible/percentages add up to more than 100%
- e Estimates
- f Forecasts

SOURCES

- 1 International Monetary Fund (IMF)
- 2 Organisation for Economic Co-operation & Development (OECD)
- 3 United Nations Department of Economic & Social Affairs, Population Division
- 4 Bank of Japan
- 5 Ministry of Information and Communications
- 6 OandA.com
- 7 Japan National Tourism Organization (JNTO)
- 8 Japan Travel Bureau Foundation (JTBF)
- 9 Japan Tourism Marketing Company (JTMC)
- 10 World Tourism Organization (UNWTO)
- 11 TourMIS (at the Department of Tourism and Hospitality Management, MODUL University, Vienna)
- 12 US Department of Commerce, Office of Travel and Tourism Industries (OTTI)
- 13 SRS Analyser
- 14 FlightMapper.net
- 15 ETC *New Media TrendWatch*
- 16 The Travel Business Partnership (TBP) from various industry sources
- 17 TBP calculations

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 (JTMC):	www.tourism.jp/english
Japan National Tourism Organization (JNTO):	www.jnto.go.jp
Japan Travel Bureau Foundation (JTBF):	www.jtb.or.jp
Japan Tourism Agency	www.mlit.go.jp/kankocho/en

CONTACT DETAILS

ETC Executive Unit

Valeria Croce
Head of Research & Development
European Travel Commission
Rue du Marché aux Herbes 61
1000 Brussels
Belgium
Tel: +32 (0) 2 548 9000
Fax: +32 (0) 2 514 1843
Corporate website: www.etc-corporate.org
Email: <mailto:info@visiteurope.com>