

How to Enhance "Travel Quality" Is an Issue for the Industry Path to "Outbound Revival" Needed

In 2015, the annual number of inbound foreign travelers exceeded 19 million and surpassed the number of outbound Japanese travelers for the first time in 45 years. With inbound travel, which is certain to exceed 20 million, headed for the "next stage," it is necessary to find a way to revive outbound travel in 2016 to achieve balanced two-way exchanges. Akihiko Tamura, commissioner of the Japan Tourism Agency, and Hiromi Tagawa, chairman of JATA, spoke about their expectations and enthusiasm for the new year, which begins the countdown to the Olympic year of 2020.

Promotion of Industrial Policy is a Major Issue

---What are your thoughts on JATA Tourism Expo Japan, which was the first major event held after your appointment as commissioner?

Tamura I was deeply moved by the holding of this large-scale event that brought together outbound, domestic, and inbound travel in one venue because I had wanted to create an event like JATA Tourism Expo Japan ever since I was head of a section dealing with the travel industry in the Ministry years ago.

Tagawa At the second expo last year, it was clear that the exhibitors from Japan's 47 prefectures had been inspired by the exhibits from overseas, and I expect that there is also a synergistic effect where overseas exhibitors get ideas from seeing domestic exhibits.

Tamura We have raised the level of the promotions for inbound travel, and so I want to further polish that. However, I feel that we are not currently working hard enough in the area of nurturing and strengthening tourism-related industries. This will be a major issue henceforth because I think the industry policy is lagging behind on how to boost the quality of travel and in dealing with the lodging sector in relation to inbound travel, investment promotion, and training managers.

Tagawa In the policy recommendations that JATA proposed, we advocated industrial policy ideas, and I would like to pursue deeper discussion on that. As the commissioner said, I think that the idea of nurturing the industry is extremely important.

Tamura Travel-related spending by inbound foreign travelers last year expanded to reach a scale close to the mid-3 trillion yen range. Comparing this to other export industries, the scale is close to that of auto parts. So, tourism is already one of the top five export industries. The tourism industry competes with countries around the world, including neighboring countries, and so the nurturing and strengthening of it is an extremely significant issue.

Tagawa It is estimated that the international exchange population will increase to 1.8 billion people in 2030. So, we need to adopt the habit of thinking about Japan's tourism industry with those 1.8 billion people in mind. I also think that the era has arrived for JATA to take part in discussions to consider our stance on a national center in Japan's private sector.

Leading Role in International Tourism

---What is your viewpoint on Japan's tourism within international tourism?

Tamura As its main market, I think that, until now, the travel industry has been focused on what percentage of Japan's 120 million people it can send on trips overseas. However, as the chairman said, we must take a completely different approach if we want to boost our market share of the 1.8 billion people as high as possible. Because the travel



Chairman Tagawa



Commissioner Tamura

industry is an extremely broad industry and because we must make every corner of it excellent, I would like to work hand-in-hand with the chairman on holding discussions.

Tagawa I think that perhaps we need to hold those discussions not only with travel-related businesses but also with all the people in the country. Moreover, from the perspective of displaying Japan's leadership in international tourism, we may want to consider utilizing the framework of the International Tourism Forum at JATA Tourism Expo Japan.

Tamura I think it may be an extremely good approach to have the leaders of the tourism industry around the world gather together in order to discuss the issues facing the industry. Because Japan finally became a member of the UNWTO (UN World Tourism Organization) Executive Council, I would like to take this as a good opportunity to review how Japan exercises leadership while engaging with the various issues of UNWTO.

A Tough Travel Environment That is Resistant to Terrorism

---How should we think about the role and significance of outbound travel for expansion of two-way exchanges and regional exchanges?

Tamura As a recent initiative that has produced results for outbound travel, I think we should note that the tourism ministers of Japan, China, and South Korea agreed on dramatic expansion of trilateral exchanges. Furthermore, looking at happenings last year, there were a number of events that may be central to future development, including the dispatch of delegations to China and Indonesia and the signing of a Memorandum of Understanding with Uzbekistan, etc., and so I think that implementation of the agreements and expansion of similar activities is important. Also, the problem of terrorism is weighing heavily on outbound travel from Japan. It may involve multilateral efforts more than bilateral efforts, but I think that there is a need for international cooperation to create a tough travel environment that is resistant to terrorism.

Tagawa For neighboring countries such as Japan and China

Akihiko Tamura, commissioner of the Japan Tourism Agency, Ministry of Land, Infrastructure, Transport, and Tourism
Born in Tokyo in 1955. Graduate of the University of Tokyo's Faculty of Law. Received MBA from Cornell University Business School. April 1980, joined Japan's Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism). September 1993, deputy director of the International Planning Division, Transport Policy Bureau. May 1995, counsellor at the Embassy of Japan in the US. July 1998, planning officer in the Minister's Secretariat. June 2000, head of Travel Promotion Division, Tourism Department, Transport Policy Bureau. July 2004, head of Harbor Transportation Division, Maritime Bureau. July 2006, head of General Affairs Division, Supervision Department, Civil Aviation Bureau. July 2008, assistant vice-minister, Minister's Secretariat. August 2011, senior deputy director, Railway Bureau. September 2012, director of Aviation Bureau. September 2015, assumed current position.

Leaders' New Year Discussion

or Japan and South Korea that are impacted by each other's political issues, I believe it may be good to take positive action. Recently when I visited Taleb Rifai, Secretary General of UNWTO, he gave a high assessment to the fact that the meeting of the tourism ministers of Japan, China, and South Korea had been held in Japan. Along with continuing to hold these meetings on a regular basis, we can display the collaboration between Japan, China, and South Korea by increasing the number of tours that include Beijing, Seoul, and Tokyo in a single tour, just like to tours of London, Paris, and Rome that were formerly a staple in Europe. From here forward, it should be easier to carry out promotions because several major events are coming up, including the World Cup Rugby, Olympics, and Paralympics. I think it is necessary to deepen the understanding of the general public about the importance of two-way exchanges by skillfully featuring our related initiatives at venues such as JATA Tourism Expo Japan.

Establishment of Two "Japan Brands"

----Tell us about your resolutions for 2016 and what you want from the Japan Tourism Agency.

Tagawa First, we must declare the revival of outbound travel, and so I would like to make 2016 the "year of revival." To launch that, the meeting of tourism ministers from Japan, China, and South Korea, which is to be held in China in June, is important. With the number of foreigners who are visiting Japan rapidly increasing, it is easy to focus only on inbound travel. However, because the commissioner is making two-way tourism a mainstay, by all means I would like for JATA to cooperate with the Japan Tourism Agency on initiatives for outbound travel. At the same time, we must firmly express our value as travel agencies. Because we have the "Japan brand" that attracts travelers who come to Japan as a destination as well as the brand of "Japanese travelers" in the international travel market, I want to pour energy into enhancing these two brands and to feature them at the JATA Tourism Expo Japan.

----Tell us about your resolutions for 2016 as the commissioner of the Japan Tourism Agency and what you want from the travel industry.

Tamura I would like to cooperate as much as possible with what the chairman has mentioned. This year, we aim to reach a higher level of inbound travel, and so that we can do everything possible to achieve that, Japan must adopt the best practices from around the world. For that purpose, I would appreciate receiving information and advice from JATA-member travel agencies that are creating travel products on a global scale.

Outbound Japanese Travelers Down 0.7% in November to 1.346 Million

Total Inbound Foreign Travelers Will Exceed Outbound Japanese Travelers in 2015

According to preliminary figures released by the Japan National Tourist Organization (JNTO) on December 16, the number of outbound Japanese travelers in November 2015 was 1.346 million, a decline of 0.7% year on year. The same figure for the 11 months from January through November was only 14,872,400, down 4.1% year on year.

The number of outbound Japanese travelers rose 0.3% year on year in September, displaying the first positive growth in 2015, but following October which once again posted negative growth, at minus 0.4% year on year, November also turned out negative.

Even so, the downward pressure is clearly lessening. During June through August, three consecutive months of negative growth greater than 7% were posted, at 7.6% year on year, 7.4% year on year, and 7.3% year on year, respectively, but

following positive growth in September, there was smaller negative growth of less than one percent in October (down 0.4% year on year) and November (down 0.7% year on year).

In December 2014, the number of outbound Japanese travelers was 1,397,520. If December 2015 just maintains a similar level, then the annual figure for 2015 will be around 16,270,000, which is fewer than in 2014.

Meanwhile, the number of inbound foreign travelers in November 2015 was 1,647,600, up 41.0% year on year. This figure surpasses the previous record of 1,168,000 set in November 2014 by 480,000. The total figure for January through November reached 17,964,400, up 47.5% year on year. This surpasses the total number of outbound Japanese travelers up to November by over three million, and it ensures that the number of inbound foreign travelers will exceed the number of outbound Japanese travelers for the first time in 45 years.

Most of the inbound market displayed steady growth in November this year due to an increase in inbound demand for the purpose of seeing the colored autumn leaves, in addition to a significant increase in the number of inbound travelers from Malaysia and the Philippines due to school holidays. JNTO explained that several factors led to the surge in inbound foreign travelers, including demand for shopping due to continuation of the weaker yen and enhancement of the duty-free system, expansion of air routes, a lower fuel surcharge, and other favorable conditions in recent years such as visa exemptions and easing of requirements as well as promotion of autumn inbound travel.

By market, 19 important markets excluding Russia set new records for November, and among which Malaysia set a new record for a single month.

In December, JNTO expects there will be an increase in demand among travelers from Singapore, Malaysia, and Indonesia utilizing school holidays and among travelers from Hong Kong and Canada utilizing Christmas holidays.

2015 Visitor Arrivals & Japanese Overseas Travelers (Unit: Persons)

Month	Visitor Arrivals			Japanese Overseas Travelers		
	2014	2015	Change %	2014	2015	Change %
1 Jan.	944,009 (730,519)	1,218,393	29.1 (33.9)	1,253,404	1,235,612	-1.4
2 Feb.	880,020 (688,902)	1,386,982	57.6 (75.2)	1,404,873	1,257,154	-10.5
3 Mar.	1,050,559 (802,434)	1,525,879	45.2 (54.1)	1,596,751	1,534,026	-3.9
4 Apr.	1,231,471 (1,020,474)	1,764,691 (1,528,848)	43.3 (49.8)	1,189,132	1,144,833	-3.7
5 May.	1,097,211 (892,577)	1,641,734 (1,411,626)	49.6 (58.2)	1,280,765	1,262,103	-1.5
6 Jun.	1,055,273 (866,883)	1,602,198 (1,398,845)	51.8 (61.4)	1,289,029	1,190,805	-7.6
7 Jul.	1,270,048 (1,080,552)	1,918,356 (1,712,803)	51.0 (58.5)	1,414,912	1,309,956	-7.4
8 Aug.	1,109,569 (903,919)	1,817,023 (1,584,484)	63.8 (75.3)	1,783,127	1,653,622	-7.3
9 Sep.	1,099,102 (846,241)	1,612,208 (1,316,488)	46.7 (59.1)	1,520,863	1,525,777	-0.3
10 Oct.	1,271,705 (1,029,922)	*1,829,300	*43.8	1,417,766	1,412,466	-0.4
11 Nov.	1,168,427 (943,831)	*1,647,600	*41.0	1,355,246	*1,346,000	*-0.7
12 Dec.	1,236,073 (1,074,350)			1,397,520		
1~11 Jan.-Nov.	12,177,394 (8,862,423)	*17,964,400	*47.5	15,505,568	*14,872,400	*-4.1
1~12 Jan.-Dec.	13,413,467 (10,880,604)			16,903,388		

◆Note 1. The figures for Jan.-Nov.2014 are provisional, while * stands for the preliminary figures estimated by JNTO.

◆Note 2. Provisional and definitive figures for Visitor Arrivals are compiled by JNTO (source: Ministry of Justice), and provisional and definitive figures for Japanese Overseas Travelers are provided by the Ministry of Justice.

◆Note 3. The figures in () represent the number of tourists among the total.

Exploring the Travel Industry through Global Training

Case study of youth travel in Malaysia

The “JATA Young Leaders Study Group” entered the third quarter of this fiscal year and with the co-operation of Malaysia Tourism Promotion Board, created a program for overseas training. The program aimed at training people working in travel agencies and in the travel industry in general. The four members out of ten participants in the third training session, Mr. Yoshikazu Higashi, Chairman of JATA Managerial Issues Committee, and Mr. Makoto Tokunaga, Marketing Manager of Malaysia Tourism Promotion Board, talked about the results and significance of the program.

Members in The Third Training Session

Yosuke Kikuma

Assistant Manager
Purchasing and Operation Department
World Air-Sea Service Co., Ltd.

Yuma Kobayashi

Product Planning group
Product Planning & Marketing Section
FIT Business Development Dept.
JTB Global Marketing & Travel Inc

Ima Tamashiro

Chief
Outside sales division
Okinawa Tourist Service

Yuka Haraguchi

Specialist
Enterprise Planning Group
Enterprise Planning Division
Toshiba Tourist Corporation

“The New Travel Industry” of the Era of Great Asian Exchange

-----Please tell us about the global training of “JATA Young Leaders Study Group.”

Tokunaga: The Case Study of the new travel industry which operates in the era of the Great Asian exchange took place in Malaysia and we offered the feedback on the results of the study from the travel industry to JATA. In 2013 and 2014, JATA held “JATA Young Leaders Study Group” sessions for 20-35 year old employees of JATA member companies. This year, however, JATA and Malaysia Tourism Promotion Board worked together and jointly conducted the training program. We held workshops in Tokyo in April and May, had a training camp in Hakone in June and conducted a study tour in Malaysia in July. A follow-up was held in Tokyo in August and the results were officially announced at the JATA Tourism EXPO Japan 2015 in September.

Higashi: While it is true that the travel industry is growing globally, the question is whether the future business model of the Japanese travel industry can ensure future growth for the whole industry as we are in a situation which is rather untenable. Yet, the online travel agencies (OTA) are part of the travel industry and inbound travel is part of the tourism industry so there is nothing to fear of. The travel and tourism industry will continue to expand. But are the young people in the industry who will take it to the future thinking about how to break through the status quo and what direction they want to take the industry in? With the support of Malaysia Tourism

Promotion Board JATA’s Young Leaders Study Group – the place to discuss these issues – conducted this year’s program in Malaysia, providing an opportunity for the participants to broaden their knowledge of the host country, too. I am deeply grateful to Malaysia Tourism Promotion Board for their support.

Tolerance between co-existing religions and ethnic groups

-----What is your impression of the training program and the visit to Malaysia?

Kikuma: Islam, Buddhism, Christianity and other religions coexist in Malaysia. Seeing this first-hand made me realize that Malaysia is a country where there is tolerance for other religious beliefs. It was surprising to see mosques, churches and temples built next to one another, creating a scenery which cannot be seen in many places in Europe. Travel is called the industry of peace but I think that the tolerance which we see everywhere in Malaysia is what has the potential to bring peace. This training program allowed me to interact with people working for other companies, whom I had not had a chance to meet before and this was another great benefit for me. The realization that people of my generation are also working hard helped me strengthen my resolve to become worthy of their competition.

Kobayashi: I work mostly for inbound travel and as I have few chances to work with people from other travel companies, this program was a golden opportunity to hear the opinions of other people. Inevitably, I concentrated mostly on issues pertinent to inbound travel but, after considering the travel industry as a whole, I realized that inbound travel represents still a very small part of it. I realized that I do have to consider the industry as a whole and not work for the sake of inbound travel only. During my visit I realized how different Malaysia is from Japan in terms of co-existence of different cultural traditions and thought that this is one of the most attractive features of the country.

Counter Sales: Approach to Key Customers

Haraguchi: In Malaysia, in order to ensure accurate information on cultural traditions and practices, every group of over 7 tourists has to be accompanied by a guide who is in possession of a national license. Although group tours in Japan have to be accompanied by a foreign language speaking guide, there are cases of tours from neighbor countries when the tour conductor of the country of origin does all the explanation of Japanese culture during the tour. With the 2020 Olympics ahead, the inbound travel to Japan will grow. In this regard, while working to maintain the growth even after 2020, we will need to promote the use of foreign language speaking guides. It is important to implement a strategy which will help the smooth acceptance of the growing number of inbound visitors by the Japanese public. In Malaysia, places for prayer and restaurants which offer halal food are marked with pictograms. Japan, while offering services tailored to the needs of visitors of different cultural and religious backgrounds, should set the necessary infrastructure (signage, etc.) to inform the foreign guests of the existence of these services.

Tamashiro: Like Okinawa, Malaysia is known as a resort destination. Okinawa can learn from Malaysia in terms of developing its travel and tourism industry through distinguishing itself from the competitors. In the multicultural and multiethnic society, cultural traditions and lifestyles exist together. I was impressed with the fact that serving clients from different backgrounds on an individual basis in order to meet their individual needs is a very common practice in Malaysia. We visited a travel agency and had a chance to see their sales counter for Muslim clients and also halal facilities. The visit made me realize that the sales persons have to be prepared to respond to the needs of their Muslim customers. After coming back to Japan, I have been working to ensure that our sales staff and tour guide services are prepared to meet the essential requirements of our international visitors.