

Symposium at London WTM on Theme of Japanese Market: Emphasis on Importance of Team Europe for Demand Expansion

Hiroshi Sawabe, Executive Director for International Affairs of JATA, spoke on November 5 at the London World Travel Market in a symposium entitled "What Next for Japan?" co-sponsored by WTM and the European Tour Operators Association (ETOA). He talked about the current state of Japan's outbound travel market and the activities of the JATA Team Europe Committee. During the symposium, a panel discussion was held on the theme of increasing the number of Japanese travelers visiting Europe, and in response to Europe's request for "early revision of Japan's travel industry law," Mr. Sawabe emphasized the importance of "coordination between Japan and Europe through Team Europe." He suggested that it is necessary for Japan and Europe to work in tandem in the medium to long term.



Hiroshi Sawabe
Executive Director for International Affairs of JATA

Interest in Japanese Market Grows in the European Travel Industry

ETOA held a session with the Japanese market as the theme at the Tourism Summit in the Alps 2013 in Lucerne, Switzerland, in October. The fact that there were travel-related conferences in Europe focused on Japan two months in a row can be said to indicate the increasing interest within the European travel industry in Japan's outbound travel market.

During his talk, Mr. Sawabe mentioned that the number of outbound Japanese travelers during the first half of this year was only 8,256,000 persons, a 7.9% decrease year on year. This decline was caused by the significant drop of 25.4% year on year in demand for travel to the three East Asian countries/regions of China, South Korea, and Hong Kong, which previously attracted a large volume of Japanese travelers. He noted that, aside from these three countries/regions, the number of Japanese travelers was solid, producing an 8.5% increase.

Moreover, looking at the number of outbound Japanese travelers during the past year by destination, he pointed out that South Korea and China continue to place first and second, respectively, at around 3.5 million people each, and if one totals the number of Japanese travelers bound for European countries, the overall travel demand for Europe is approaching 3 million persons. He explained that travel

by Japanese people to Europe, which vastly exceeds travel to Hawaii, Taiwan, Thailand, Hong Kong, and the US mainland, which amounts to around one million persons each, constitutes one of the three major outbound travel markets, along with South Korea and China.

In addition, Mr. Sawabe noted that steady growth of 3% to 4% year on year is anticipated in the number of Europe-bound Japanese travelers in 2014. He explained that some of the positive factors behind the increase in outbound travel demand are (1) the strong recovery of the Japanese economy, (2) aggressive marketing by major airlines, and (3) expansion of the flight capacity of Narita and Haneda airports which serve the Tokyo metropolitan area. Furthermore, stressing that the various activities being carried out by the JATA Team Europe Committee are to raise the demand for travel to European countries, he endeavored to add to Europeans' understanding of Team Europe.

Japan and Europe: Work in Tandem in the Medium to Long Term

Mr. Sawabe underscored the fact that JATA engages in something that is rare for a travel industry body to do, i.e., market development of outbound travel. He explained that JATA Team Europe is composed of Japanese travel agents and tour operators as well as European government tourism bureaus and private airlines, railways, and hotels. It pursues development of demand in the Japanese market for travel to Europe by (1) strengthening the functions of Japanese travel agencies that plan and offer trips to Europe, (2) providing information on the latest trends in European travel and offering materials for timely encouragement to stimulate latent demand, and (3) removing barriers in Japan to promotion of travel to Europe.

Keith Beecham of Visit Britain, who has experience managing promotion projects in Japan, appeared as a panelist in the panel discussion at the symposium. He said, based on his own experience, "In the Japanese market, travel agencies understand tourism bureaus' marketing activities, engage in new demand development as partners of the tourism bureaus, and pursue new product development. The destination branding and travel products are very high quality in Japan. Europe should value this market." He suggested that the activities of the JATA Team Europe Committee embody the uniqueness of the Japanese market.

Executives from leading European travel agencies with global operations who participated as panelists and industry-related persons in the audience noted that there is a gap between international business practice standards and portions of Japan's travel industry law pertaining to itinerary guarantees and cancellation fees. Many expressed the opinion that the law needs to be revised as soon as possible in the interest of promoting travel to Europe by Japanese.

In response, Mr. Sawabe suggested that Japan and Europe work in tandem in the medium to long term because it would support JATA's efforts.

travelers. We are entering an age when one billion travelers are on the move around the world. Of those, 10 million are visiting Japan, and 230 million are visiting Asia in total. By creating an event with a large presence like JATA Tourism Expo Japan, we hope to work jointly with East Asian countries/regions as well as ASEAN to increase that figure beyond 230 million. JATA Tourism Expo Japan is designed to welcome people from other industries, and by thinking about tourism in a broader manner, both those engaged in the tourism industry itself and those engaged in other industries can make it into a chance to think together about the direction of tourism development.

Yamaguchi: Japan's population is declining, causing overall demand to shrink and the market to contract, so for the Japanese economy to continue to grow, we must attract foreign demand. I think the same can be said of any sector, and tourism is no exception. Until now, we could enjoy adequate growth if we created solid tourism demand in our 100-million-people domestic market, but we are beginning to reach the limits of that. It has become necessary to attract foreign demand in the tourism sector so that Japan grows along with other countries. So, I think JATA Tourism Expo Japan is a symbol of how this era is evolving.

Collaboration with China, South Korea, and Taiwan, etc., was mentioned, but as one opportunity for this, there is a movement to register Japanese food with UNESCO as intangible cultural heritage, and there is also a movement which began around the same time to register South Korea's kimchee. Both kimchee and Japanese food are based on fermentation techniques, and so they could be highlighted as one of this region's unique attractions not found in the US or Europe. For example, because these movements are occurring with very good timing, we might be able to use the registration as intangible cultural heritage of foods in this region as an opportunity to promote various specific kinds of collaboration between Japan and South Korea in the tourism sector, and through that, developments may occur to exert a warming influence on other sectors where there is a chill. If personal connections can be created through trips where people experience each other's cultures and emotional bonds develop at the grassroots level, then that will probably become a firm foundation for peace.

Kikuma: I think it's exactly as you say. One other thing is that Japan, which has created solid tourism demand in its domestic market of 100 million people, is a country with a highly developed domestic market compared to the rest of the world. I don't know of many other countries that have achieved this level. In Japan's case, before the trend toward promotion of inbound tourism got into full swing, the basis for receiving domestic travelers was already properly established. When people from overseas who previously attended JATA Tabihaku Travel Showcase come to JATA Tourism Expo Japan and see all the exhibits from different regions of Japan for the first time, I think they will

probably be astonished. So, just by placing Japan's domestic tours, which have achieved a high degree of completeness, on stage where the world can see, I expect that powerful synergistic effects will unfold.

A Solid Step toward Japan-wide System

----- One role of JATA Tourism Expo Japan will be as a place to promote the travel culture of Japan, but what sort of event would you like to develop it into?

Yamaguchi: As Mr. Kikuma said, when it came to travel until now, travel companies, transportation companies, and lodging facilities directly created and supported the travel market themselves. Because trips involving interactive experiences and interaction with locals would entail activities in more dimensions, business sectors in those dimensions will be very interested and may actually start to participate. I expect there are types of food and entertainment, etc., that are very unique to local areas and strongly supported in those areas. I hope that we will develop JATA Tourism Expo Japan into an event that leads to new people from those different industries and localities becoming a force that supports new areas in the tourism industry, giving birth to new ideas, and further boosting Japan's international competitive power.

Kikuma: This year, JATA Tabihaku Travel Showcase signed a comprehensive partnership cooperation agreement with the UN World Tourism Organization (UNWTO). Recently at the London World Travel Market, we talked with UNWTO, which is considering how to promote Asia using Japan as the stage, and so I think we are forming our base for publicizing to the world the variety of things that we have. JATA Tourism Expo Japan will naturally be seen as a place for that, so in the first year of the Expo next year, we must design a conference capable of accurately transmitting information to the world and use our ingenuity to seize the chance to boost Japan's presence in the international travel market. Certainly, the number of inbound travelers coming to Japan may be small in scale, but Japan, which next year celebrates 50 years since the deregulation of overseas travel, is in fact one of the advanced countries of the world on par with Europe and the US. I think there is also an international demand for JATA Tourism Expo Japan to be a venue that promotes Asia to the world, as an event that represents Asia. In that sense, the integration of these events has great significance because having not only the various tourism-related industries but also Japanese industries worldwide participate and focus on tourism has important meaning. First, we definitely must take the initial step, even if it takes two or three years, to determine how to actualize a Japan-wide system in the true sense.

[Timely Discussion]

Launch of a New Event, JATA Tourism Expo Japan, to Promotes Asia to the World with Japan as the Stage



Norio Yamaguchi
Chairman, Japan Travel and Tourism Association



Jungo Kikuma
Chairman, Japan Association of Travel Agents

In 2014, the Japan Association of Travel Agents (JATA) and the Japan Travel and Tourism Association (JTJA) will hold JATA Tourism Expo Japan, which merges Tabi Fair Japan and JATA Tabihaku Travel Showcase into one event. Jungo Kikuma, Chairman of the Japan Association of Travel Agents, and Norio Yamaguchi, Chairman of the Japan Travel and Tourism Association, talked together about the purpose and significance of integrating these two events as well as their expectations and the prospects for the new event.

Opportunities that Inspire Various Collaborations

----- What are your views on the significance of combining JATA Tabihaku Travel Showcase, one of Asia's largest comprehensive travel events, and Tabi Fair Japan, one of the largest tourism exhibitions in Japan?

Yamaguchi: With tourism demand continuing to expand worldwide, global competition is becoming very tough. For Japan to be a winner in this global competition and be counted among the advanced countries in the tourism sector, I think it is extremely vital for those involved in the tourism business to strengthen their collaboration. JTJA's and JATA's integration of two events that they formerly sponsored separately and their joint staging of this event is a prototypical initiative that expresses that sort of collaboration in concrete form. There are various levels and scopes when it comes to collaboration, but I expect the integration of these two events to spark a variety of further collaborations because it aims to create synergy by linking demand stimulation for domestic travel in Japan with demand stimulation for international tourism.

For example, thinking in terms of global competition, I think Japan's regions need to make efforts to collaborate on boosting competitiveness by setting larger themes. We are also living in times when it is necessary to collaborate

with neighboring East Asian countries/regions such as China, South Korea, and Taiwan, etc., and I sense a potential for expansion of collaboration that is deep as well as broad among different industries. Moreover, public-private collaboration is extremely important. I have great expectations that the integration of these two events will open up opportunities that inspire collaborations on such various levels and at various scopes.

Kikuma: Next year marks the 50th year of Japan's deregulation of overseas travel, and nowadays overseas trips have become a very ordinary thing. Looking at today's travelers, we see that they enjoy overseas trips in the same way they enjoy domestic trips, and travel has become completely borderless. In terms of the sales of overseas and domestic trips by JATA members, domestic trips tend to make up the larger share. Given that, I always wondered if events to stimulate travel demand should concentrate only on overseas travel. I thought it might be more convenient for travelers to combine domestic travel and overseas travel at one event.

Another thing is that the regional tourism associations around Japan used to engage only in promoting domestic trips, but now they have turned more toward encouraging inbound travel. They have shifted their thinking toward wanting foreign travelers to visit and now work to promote that, without stopping at just attracting domestic travelers. A major theme for the travel industry is, somehow, to find how we can concentrate our energy into a unified power because there has never before been a time like this when such intense attention has been focused on tourism, as seen now at the national and local levels as well as in various industries. I think that the upcoming JATA Tourism Expo Japan will be an event that epitomizes this trend.

Presenting Domestic Trips with a High Degree of Completeness to the World

----- What sorts of things are you aiming to gain through the JATA Tourism Expo Japan?

Kikuma: The JATA Tabihaku Travel Showcase was an event where we not only had booths on display and the general public came, but we also held tourism meetings and business talks in conjunction. Likewise at the Tourism Expo, I hope we will broaden the themes by, for example, creating a space during the tourism meetings for discussion on how to promote domestic travel and by providing opportunities to talk about how to show hospitality to foreign travelers.

Mr. Yamaguchi was talking about collaboration at various levels and scopes, and there is a trend in that direction overseas as well. At a conference JATA holds with South Korean and Taiwanese tourism-related people, there was discussion on collaborative initiatives for doing promotions instead of each one working separately to attract foreign