

**A RESEARCH ON INTERNATIONAL TOURISM IN JAPAN
- CULTIVATING INBOUND TOURISM -**

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ABSTRACT

The economic growth in Japan driven by industrialization and trade surplus are being matured. Additionally, the export oriented manufacturing companies has continued to shift their production to cross-borders due to ongoing Yen appreciation. Meanwhile, international tourism has been spotlighted as one of sectors enhancing economic growth. In order to create tourism nation, Japan Tourism Agency was established in 2008 under Ministry of Land, Infrastructure, Transport and Tourism. It has been recognized the growth of inbound tourism is the important factor in terms of enhancing service export. However, the export driven by inbound tourism has stayed at lower level toward Japan's GDP compared to other top ranked GDP countries. In spite of effort, inbound tourism has not shown particular contributions to Japan's economy yet. This paper will be intended to review the international tourism trend in Japan with statistical data and change in Japanese domestic tourism, and lead assumptions to clarify what prevents Japan's inbound tourism to grow.

KEY WORDS

International tourism, inbound, outbound, Japan

INTRODUCTION

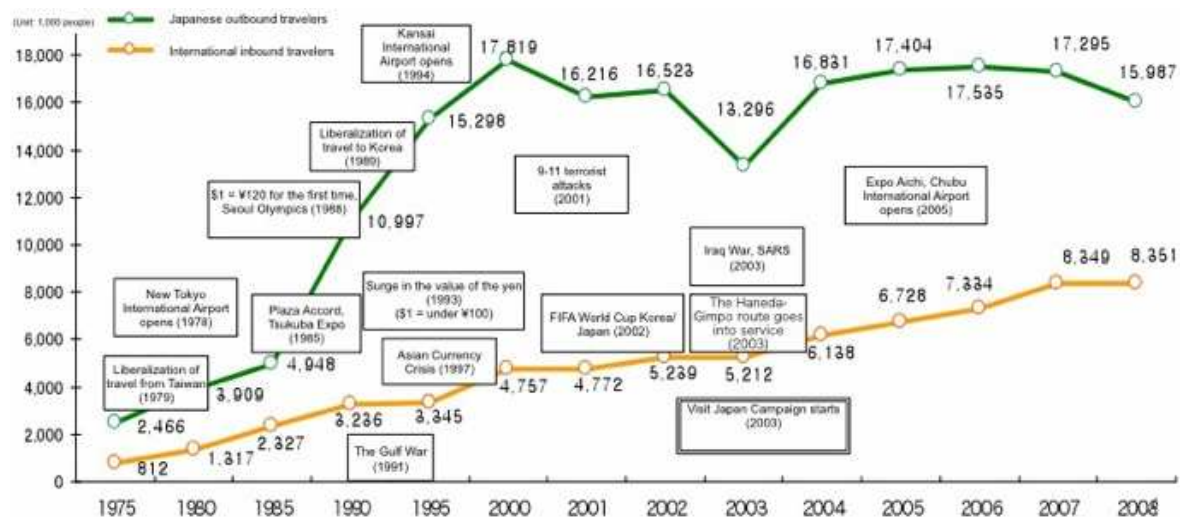
The wave of globalization has also come to tourism. The international tourism has been paid attention as one of sectors to lead the economic growth. According to The Travel & Tourism Economic Impact 2011 by World Travel and Tourism Council which produces the economic impact research annually for 181 countries on consistent basis for assessing travel and tourism, the total contribution of travel and tourism to GDP is expected to rise by 4.2% pa from US\$5,991.9bn (9.1% of GDP) in 2011 to US\$9,226.9bn (9.6%) by 2021. Since the economic growth in Japan driven by industrialization and trade surplus are being matured, and the export oriented manufacturing companies has continued to shift their production to cross-borders due to ongoing Yen appreciation which entails the hollowing out of Japanese industry, the international tourism

would take an essential role for Japan's future economic growth. This paper will be intended to review the international tourism trend in Japan with statistical data and change in Japanese domestic tourism, and lead assumptions to clarify what prevents Japan's inbound tourism to grow.

TREND OF INTERNATIONAL TOURISM IN JAPAN

Since Tokyo Olympics held in 1964, the number of outbound tourists from Japan has started to increase. Its number has kept increasing since the exchange rate of Yen/US Dollar became float in 1973, and the increase has accelerated since Plaza Accord in 1985. On the other hand, the growth of the number of inbound tourists to Japan has been slow, thus the number of outbound has always exceeded that of inbound.

< Figure-1: Inbound and Outbound Travel Trends in Japan >



< Source: Ministry of Land, Infrastructure, Transport and Tourism, http://www.mlit.go.jp/kankoch/en/siryoutoukei/in_out.html >

The Figure-1 clearly illustrates the excess of Japanese outbound travelers to international inbound travelers. While the steep increase is shown in outbound especially from late 1980's to 2000 and then stays around 17 million, the slow growth is shown in inbound recording about 8 million at maximum in 2008. There is a remarkable gap between inbound and outbound. Table-1 shows the number of inbound and outbound travelers by country. In terms of inbound, Japan is ranked 16th. The ratio of Japan's inbound to Japan's overall travel ($A / (A + B)$) is 32.43% which is 13th out of 20 countries. On the other hand, Spain, France, Italy, Mexico, China, and Ukraine indicate inbound excess. Their inbound travel ratios are 84.00%, 78.47%, 61.18%, 58.65%, 57.19%, and 57.13% respectively. In comparing the balance between inbound and outbound to other countries, Japan's weak inbound tourism would be obvious.

< Table-1: Inbound and Outbound Travel by Country 2007 >

		(1,000 travelers)			
	Country	Inbound (A)	Outbound (B)	(A)-(B)	(A / (A+B))
1	France	81,900	22,467	59,433	78.47%
2	Spain	59,200	11,276	47,924	84.00%
3	US	56,000	64,052	(8,052)	46.65%
4	China	54,700	40,954	13,746	57.19%
5	Italy	43,700	27,734	15,966	61.18%
6	UK	30,700	69,450	(38,750)	30.65%
7	Germany	24,400	70,400	(46,000)	25.74%
8	Ukraine	23,100	17,335	5,765	57.13%
9	Russia	22,909	34,285	(11,376)	40.05%
10	Mexico	21,400	15,089	6,311	58.65%
11	Canada	17,900	25,163	(7,263)	41.57%
12	Poland	15,000	47,561	(32,561)	23.98%
13	Portugal	12,300	20,989	(8,689)	36.95%
14	Netherlands	11,000	17,556	(6,556)	38.52%
15	Hungary	8,600	18,471	(9,871)	31.77%
16	Japan	8,300	17,295	(8,995)	32.43%
17	Korea	6,400	13,325	(6,925)	32.45%
18	Sweden	5,200	12,681	(7,481)	29.08%
19	Slovakia	1,685	23,837	(22,152)	6.60%
20	Romania	1,551	10,980	(9,429)	12.38%

< Source: Kokusai Kanko Ron, P.71, translated in English and sorted by inbound by author, original source from JNTO and UNWTO >

< Table-2: GDP and Service Export by Tourism by Country 2008 >

	Country	GDP (bn) (A)	Service Export by Tourism (bn) (B)	(B / A)
1	US	14,264.6	134.91	0.95%
2	Japan	4,923.8	10.82	0.22%
3	China	4,401.6	40.84	0.93%
4	Germany	3,667.5	40.02	1.09%
5	France	2,865.7	56.27	1.96%
6	UK	2,674.1	36.42	1.36%
7	Italy	2,313.9	46.23	2.00%
9	Spain	1,611.8	61.98	3.85%
15	Korea	947.0	9.08	0.96%

< Source: Kokusai Kanko Ron, P.155 translated in English by author, original source from IMF >

In terms of Japan's service export by inbound tourism, its amount was 10.82 billion US dollars in 2008. The total GDP of Japan in 2008 was 4,923.8 billion US dollars, thus service export by inbound tourism in 2008 shares only 0.22% to the total GDP in 2008. Although the industrial product exports share large portion of Japan's GDP, this number is still showing low level of Japan's inbound tourism compared to other top ranked GDP countries. United States, China, Germany, and France are 0.95%, 0.93%, 1.09%, and 1.96% respectively. As Table-2 below shows, Italy's 2.00% and Spain's 3.85% are also remarkable.

In order to create tourism nation, Japan Tourism Agency was established in 2008 under Ministry of Land, Infrastructure, Transport and Tourism. It has been recognized the growth of inbound tourism is the important factor in terms of enhancing service export. Also, the registration for World Heritage has been applied to promote inbound tourism. Actually, Hiraizumi and Ogasawara Islands has been newly registered in this year. However, as the previous statistics shows, its effects can hardly be seen.

CHANGES IN JAPANESE DOMESTIC TOURISM

In regards to domestic tourism by Japanese tourists, the packaged large group tours with short term stay (less than a week) were dominating domestic tourism during 1980's. This mass-tourism led the increase on hotels with large room capacity. As an example, it used to be very popular the companies coordinated employees tour to the resorts. The number of hotels increased from 1,768 to 4,970, and the number of hotel rooms increased from 155,000 to 369,000 within the decade from 1979 to 1989 (Ishi, 1990). This mass-tourism might create large volume of consumption at one time in resort area with short term stay. However, it provided the opportunities to only see, eat, or buy something created in the tourism regions. It also didn't have the nature to satisfy personal interest since it was group oriented or collectivism oriented.

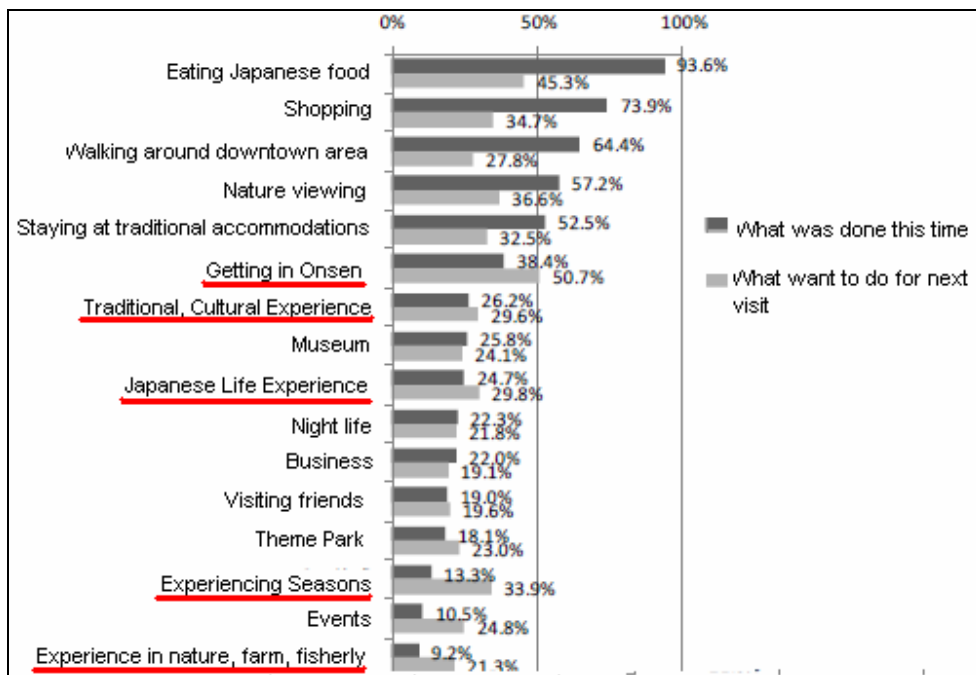
In recent years, the personal interests of tourists are more focused and the presence of mass-tourism such as employees tour hosted by company has been weaker. Variety of reasons could be included for this phenomenon. Economic struggle since bubble burst, individualization by generations, aging and low birth rate population nature, environmental change by paradigm shift, and some other factors could be correlated to the change in Japanese tourists' interest. Interest and attention by individual tourist has been diversified and they have been shifting to experience oriented tourism.

For example, Japanese people living in urban area have experienced population density where is away from agricultural production area surrounded by nature. Some farms have provided farm stay tour for longer days and opportunities to experience farming for the tourists from urban area (Nikkei Inc, 1993). Prior to focus on inbound tourism, cultivating tourism oriented region to satisfy Japanese domestic tourists' needs would be necessary. Nobody would like to open the Japanese restaurants' door if there is no Japanese customer eating their foods.

CHALLENGES FOR CULTIVATING INBOUND TOURISM

As it was stated in previous section, before focusing on inbound tourism, cultivating tourism oriented region where Japanese domestic tourists could be satisfied their interests and what they want to do would be the first phase. Shifting from mass-tourism driven by the packaged large group tour in short term stay to individual tourism providing the opportunities and enough time to experience and enjoy what tourists want in longer term stay (longer than a week) would be the key for developing tourism oriented regions. Actually, according to the report by Japan Tourism Agency, the average number of nights stayed by inbound tourists in 2010 was 12.4. Plus, what those inbound tourists from other countries want to do for the next visit tends to be experience oriented (see underlined part in the Figure-2). Thus, in order to meet those inbound tourists' interests, firstly it would be essential for tourism oriented regions to have many Japanese domestic tourists to visit for longer stay with experience based tourism.

< Figure-2: Activities during Stay in Japan, and What Want to Do for the Next Visit >



< Source: Japan Tourism Agency, translated in English by author >

However, there is a critical problem for those regions to have travelers visit them even if they could offer longer stay opportunities for domestic travelers to experience what is expected. As Table-3 shows, the number of annual day off in Japan is shorter than that in other developed countries. More importantly, the number of annual paid leave is 8.2 days which is the shortest number among the countries. On the other hand, Japan has 15.0 national holidays which is the longest in Table-3; however, this fact has also caused issues for travelers. Since they are national holidays, transportations and hotels are fully booked by people all over the country; thus holiday seasons

have always been chaotic. This phenomenon negatively impacts tourists' interests and motivation to travel. Also, it is difficult to have consecutive day off with just national holidays. Furthermore, there is no rule to regulate the minimum length of day off, in other word, Japan is lacking the idea of vacation. Those factors make obstacles for Japanese to have long day off or vacation.

< Table-3: Number of Annual Day Off by Country >

Country	Regular holidays	National holidays	Paid leave	(Days)
				Total
Germany (2007)	104	10.5	30.0	144.5
France (2007)	104	11.0	25.0	140.0
United Kingdom (2007)	104	8.0	24.6	136.6
United States (2006)	104	10.0	13.2	127.2
Japan (2007)	104	15.0	8.2	127.2

< Source: The Japan Institute for Labour Policy and Training, Databook of International Labour Statistics 2009 >

ASSUMPTIONS

In terms of exporting services, expanding the number of inbound tourists from other countries would be taking one of the most important roles. The inbound tourists have been interested in experience oriented tourism in Japan for their next visits such as getting in Onsen and experiencing something traditional. Thus it would be essential to cultivate the experience oriented tourism regions in Japan to meet those interests and eventually expand the number of inbound tourists. However, it could be said those type tourism has been underdeveloped partly due to mass-tourism dominance in the past. Mass-tourism provided the opportunities to just see, eat, or buy something created in the tourism regions. It could be assumed that this packaged short days group tours were made behind the fact that Japanese don't have long enough day off to experience what the tourism oriented area historically and traditionally have as their assets. If there were no visits by Japanese tourists, the visits by inbound tourists from cross-borders could not be expected. It would be necessary to develop tourism oriented locations by Japanese domestic travelers first to attract inbound tourists. However, the length of day off is very limited and short compared to other developed countries. This fact would limit the potential to increase the number of Japanese domestic travelers and would negatively damage the tourism in Japan. Thus, it could be assumed that the shortage of day off for Japanese prevents to increase the number of Japanese domestic tourists which negatively affects the development of tourism oriented area, and it would be one of factors causing inbound short trend in Japan's international tourism.

COMMENTS

Although Japan doesn't have rich natural resources; however, the isolated island country located in

Far East is full of geographic uniqueness and distinctive culture. In terms of exporting services, those tourism resources have been expected to become one of the forces for the next phase of economic growth. There have been various movements around the country to develop attractive tourism providing experience based tourism. For example, Kuroshio Jikkan Center located in small island surrounded by Pacific Ocean in Kochi prefecture provides the opportunities to experience traditional fishery life. They provide fishing tour and workshop instructing how to make dried fish which is a traditional food in Japan. Their performance has been recognized and actually received the Eco Tourism Award 2010 by Japan Ecotourism Society, the organization to promote sustainable tourism development. Not just serving traditional food, but the value to provide opportunities to experience how to make those traditional foods behind the culture was recognized. Acts by tourism providers have been recognized and awarded. This fact would be one of positive aspects to grow tourism in Japan.

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