

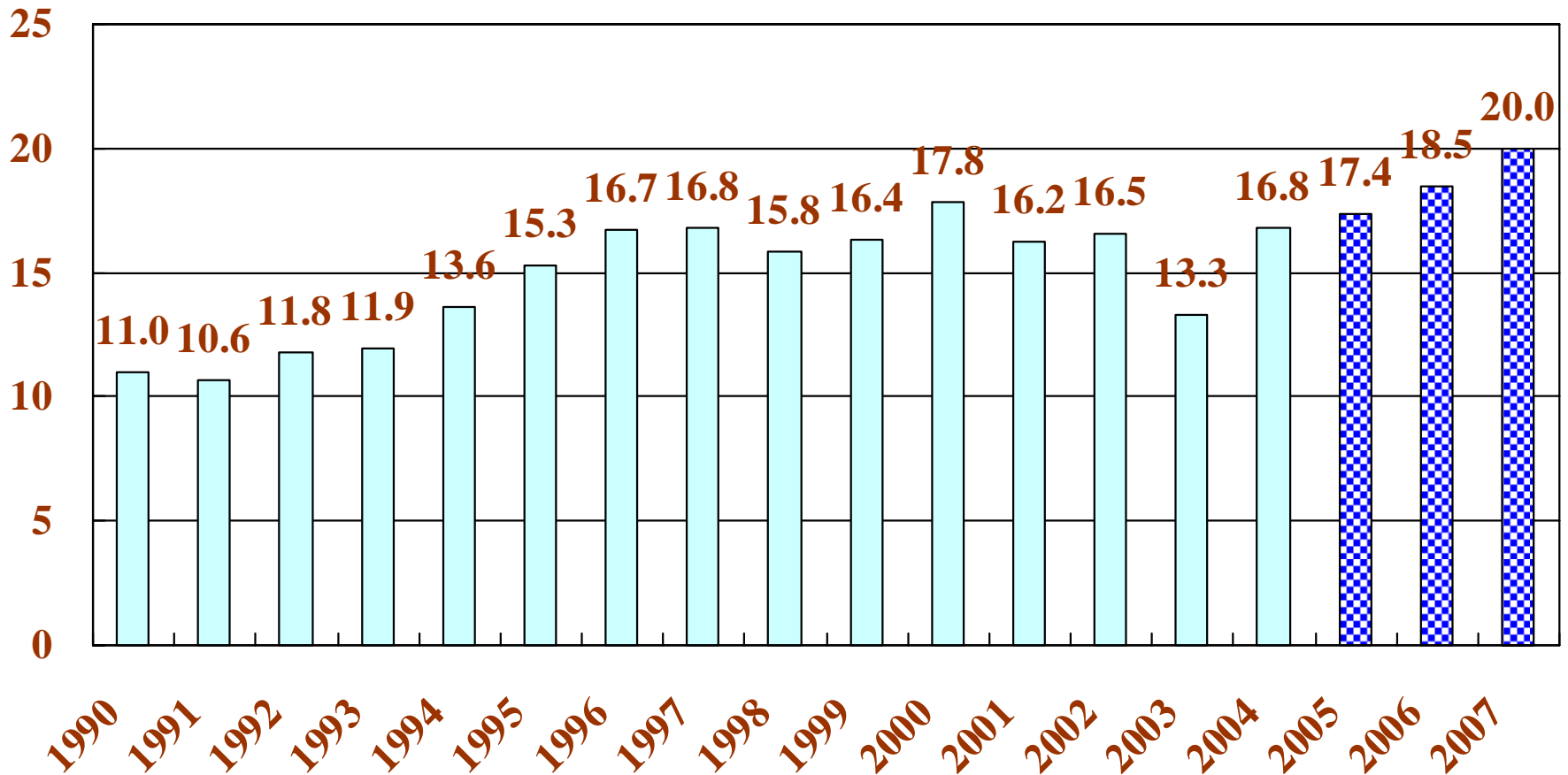
Recent Trends of Japanese Outbound Travel Market

Masato Takamatsu

Outbound Travel Market at a Glance

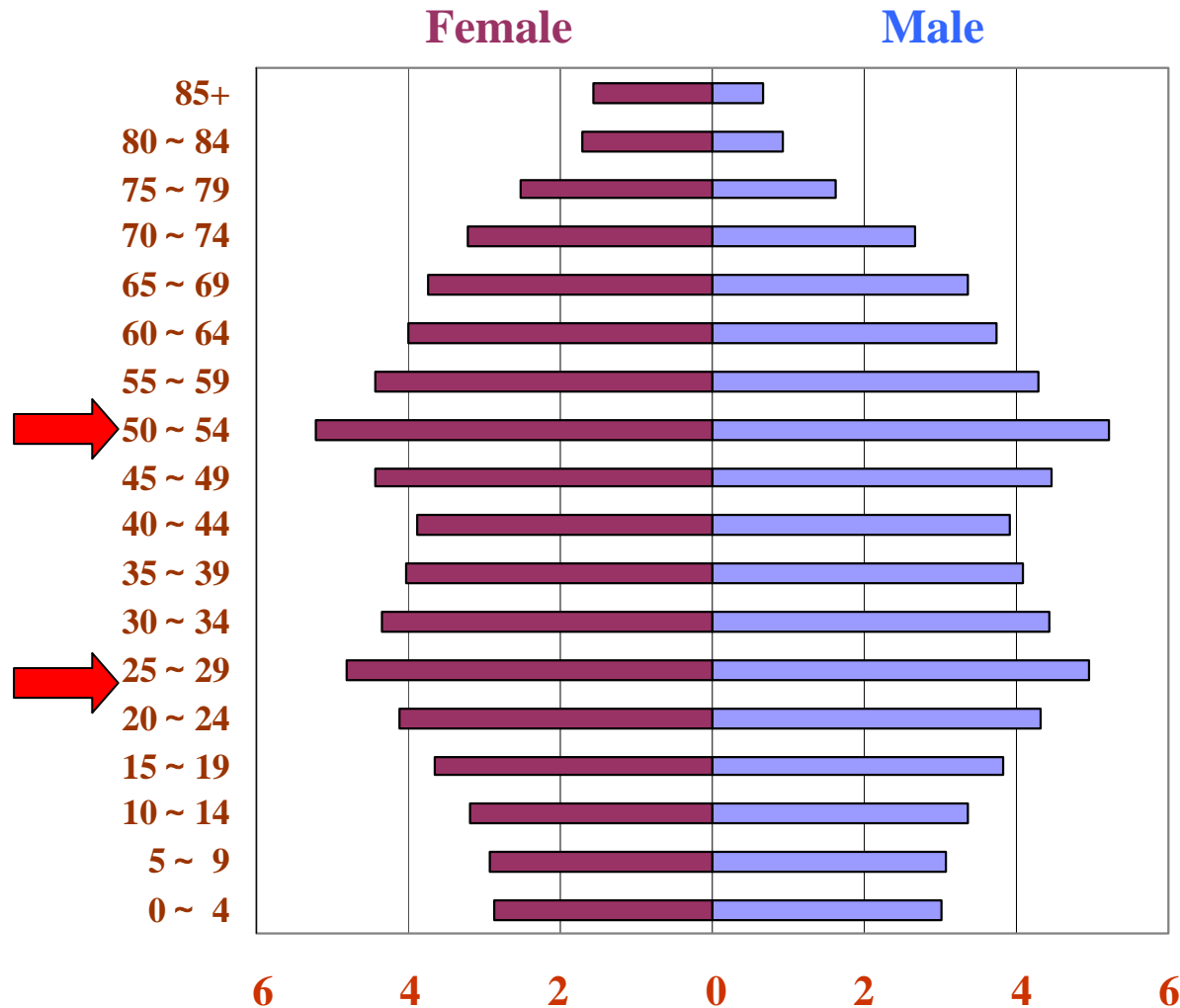
Japanese International Departure (1990 – 2004) and JATA Quota to 2007

million

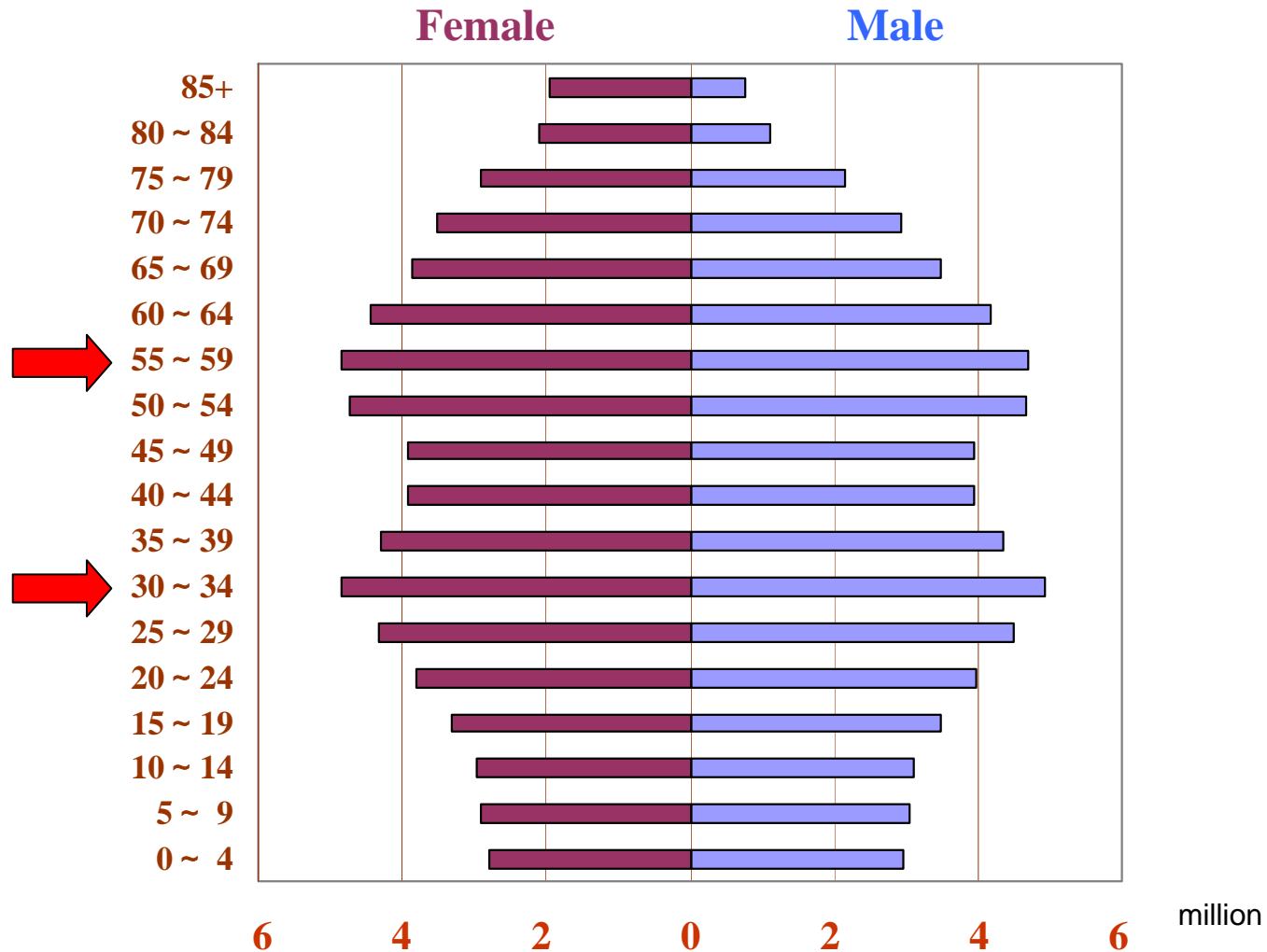


Source: Ministry of Justice (1990-2004)³, JATA

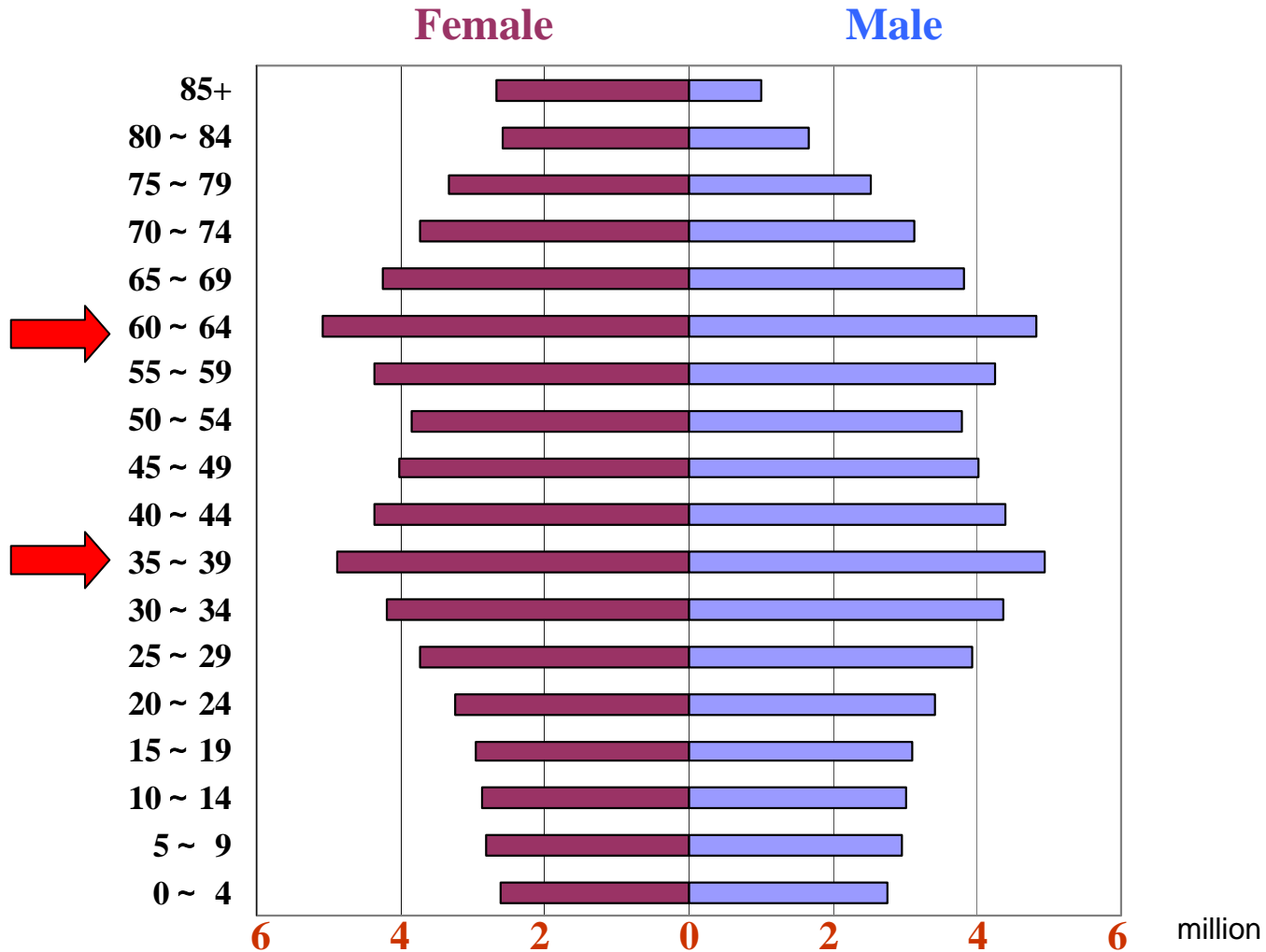
Japanese Population (2000)



Japanese Population (2005)

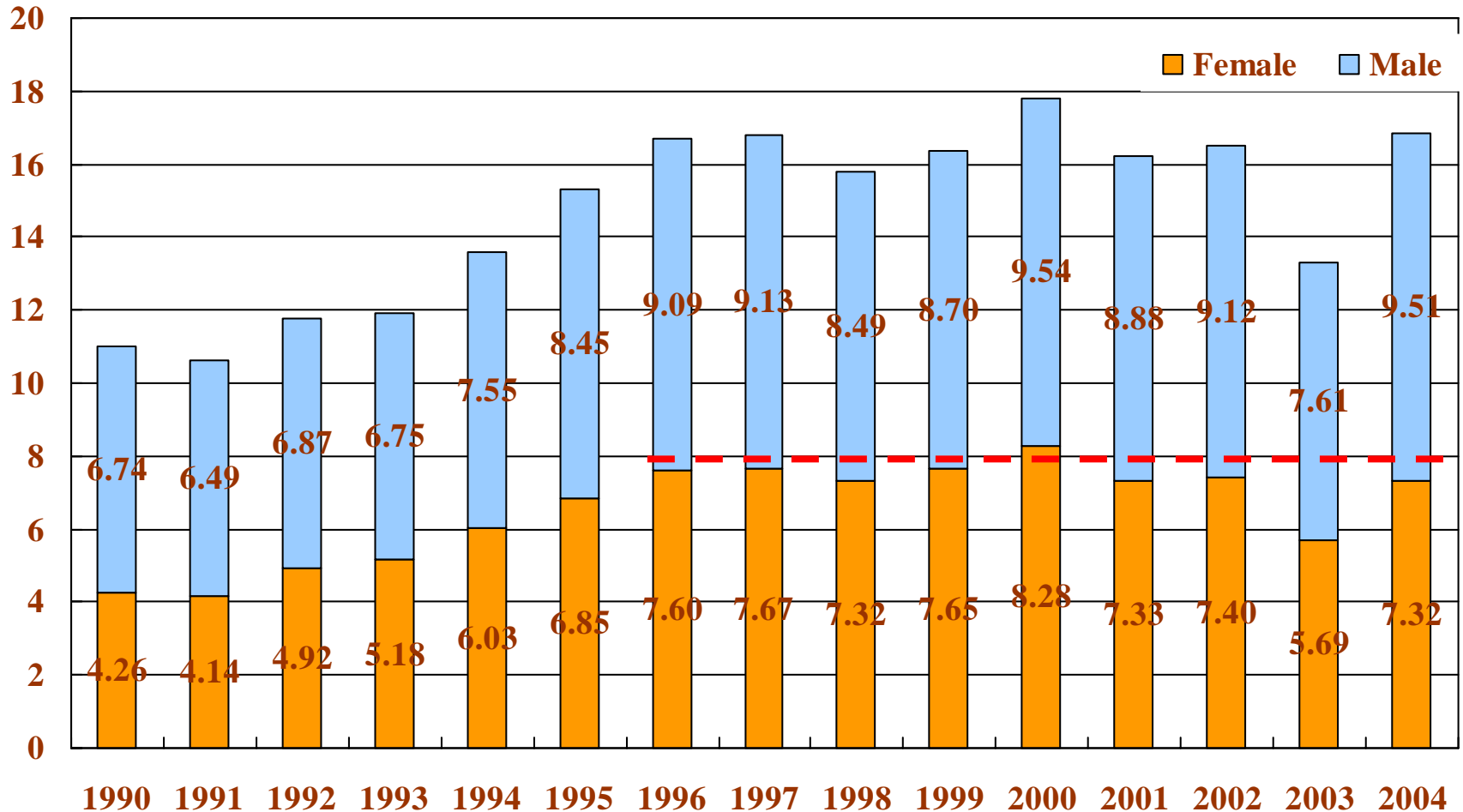


Japanese Population (2010)



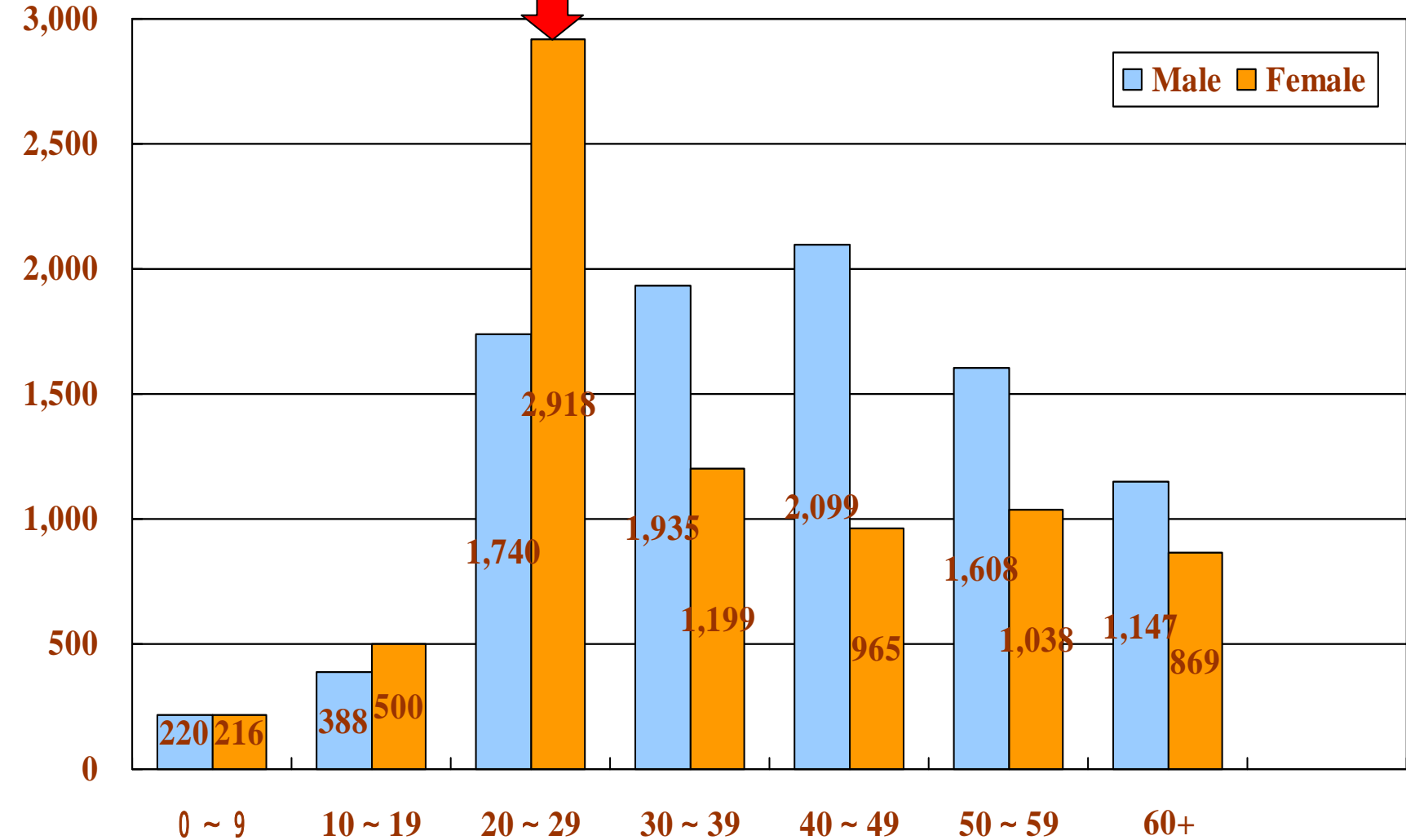
Japanese Departure by Gender

million



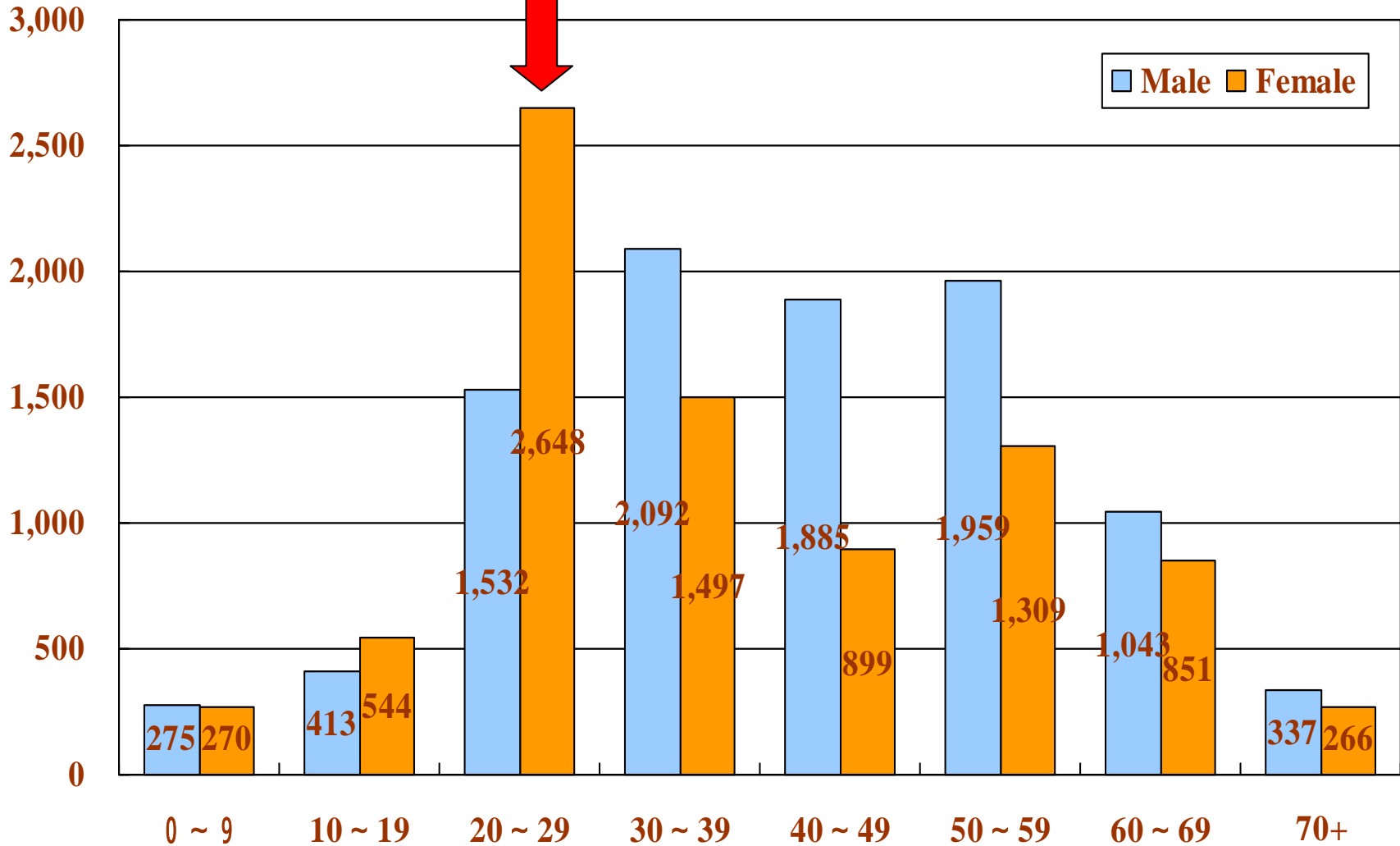
Departures by Gender and Age Group (1996)

(Thousand)



Departures by Gender and Age Group (2000)

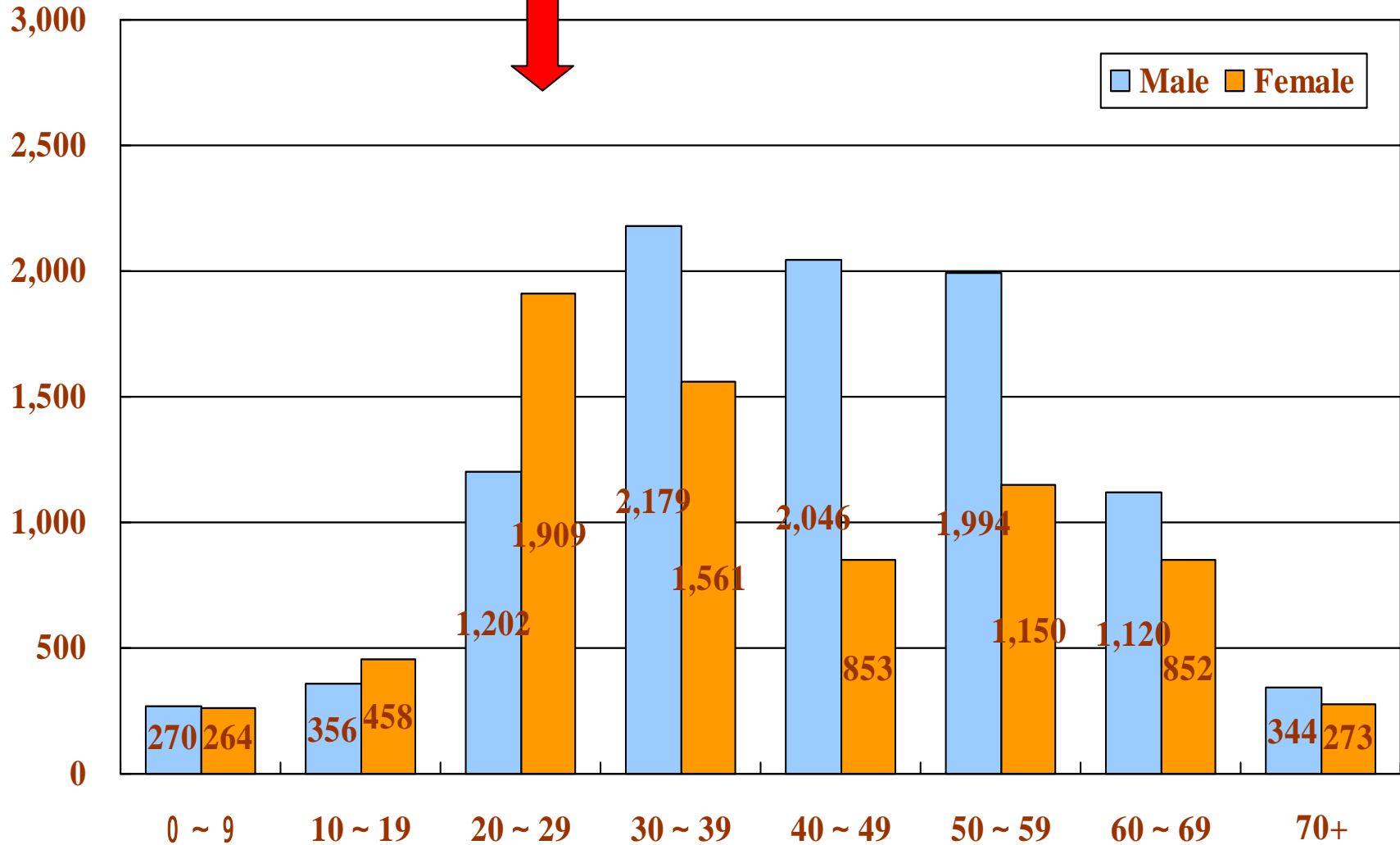
(Thousand)



Source: Ministry of Justice

Departures by Gender and Age Group (2004)

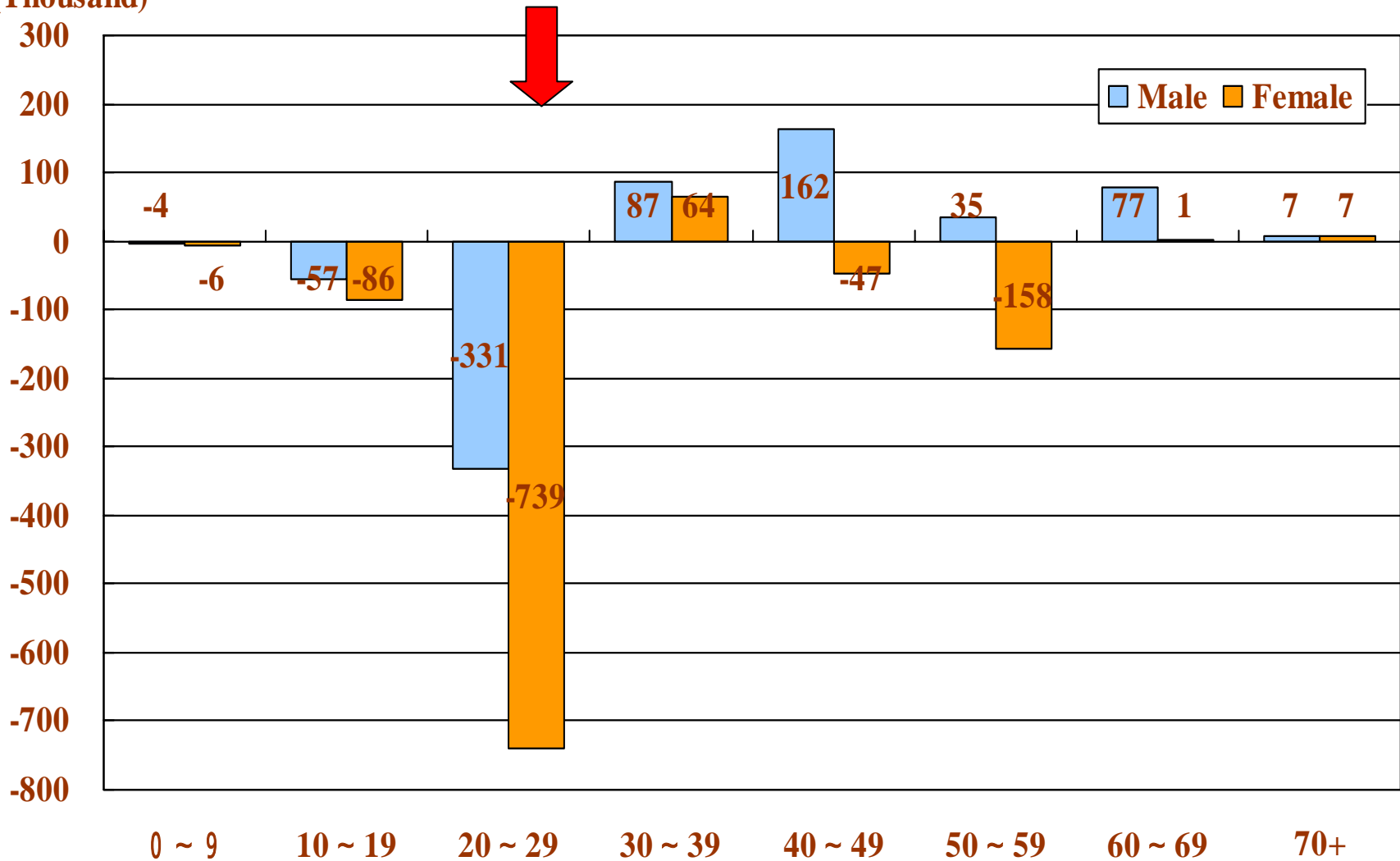
(Thousand)



Source: Ministry of Justice

Departures by Gender and Age Group (2000/2004)

(Thousand)



Change in Departures by Gender and Age Group

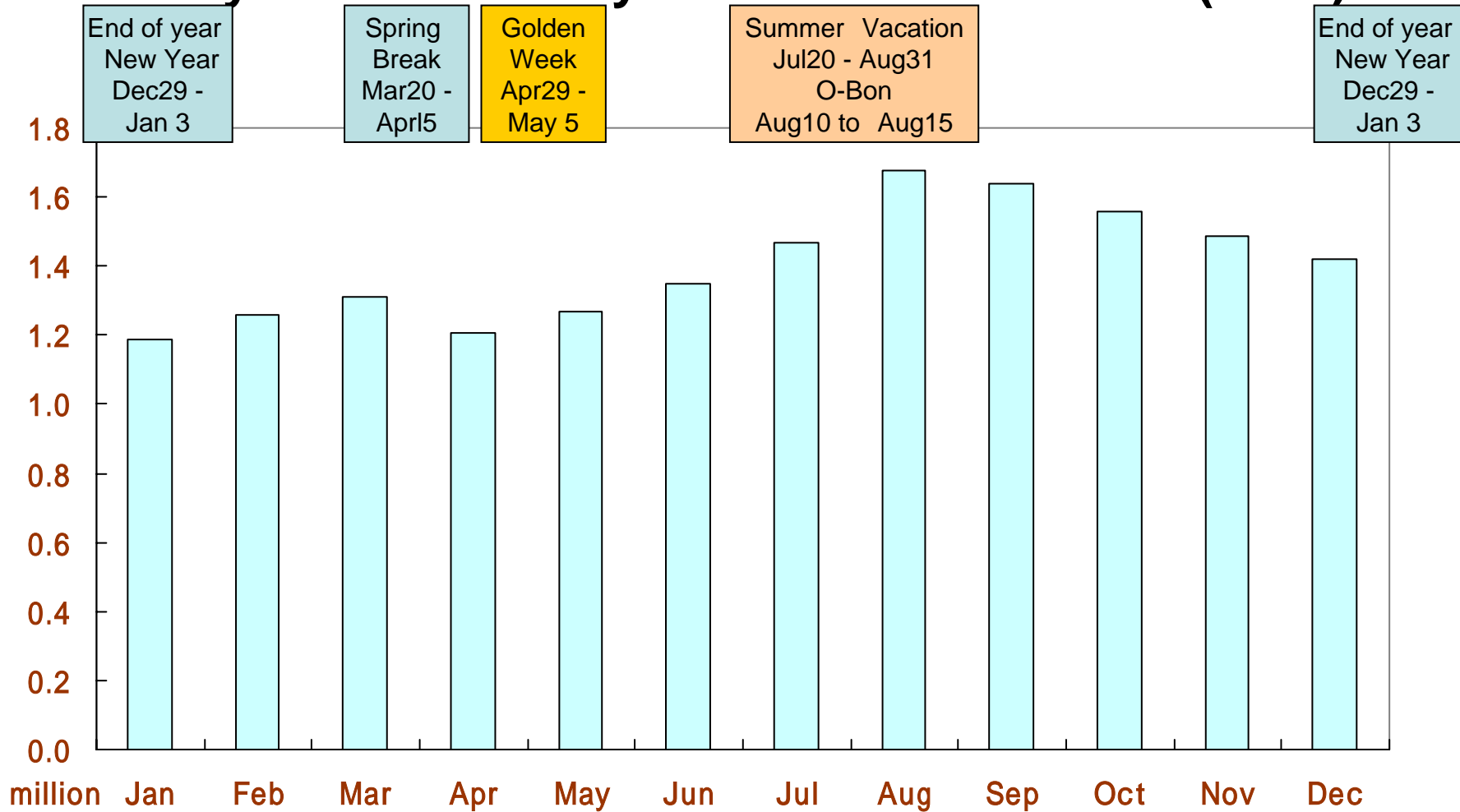
Increased 2000 – 2004

- **Men:** 30s, 40s, 50s, 60s, 70+
- **Women:** 30s, 70+

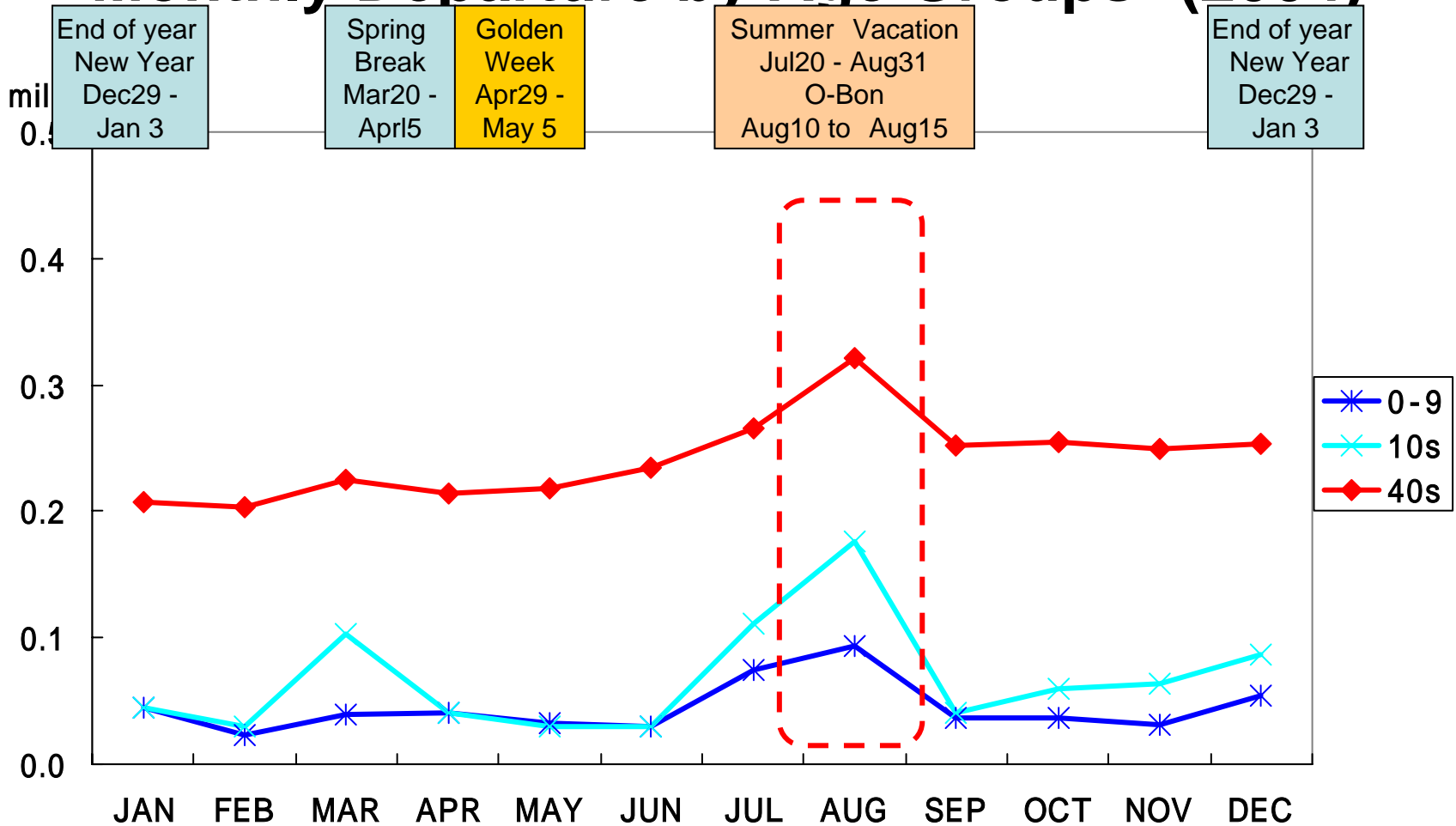
Change in Departures by Gender and Age Group

- **International departure of 20s decreased by more than 1 million in 4 years!**
- **Women in 20s used to be the most important market segment. Every destination was after this segment.**

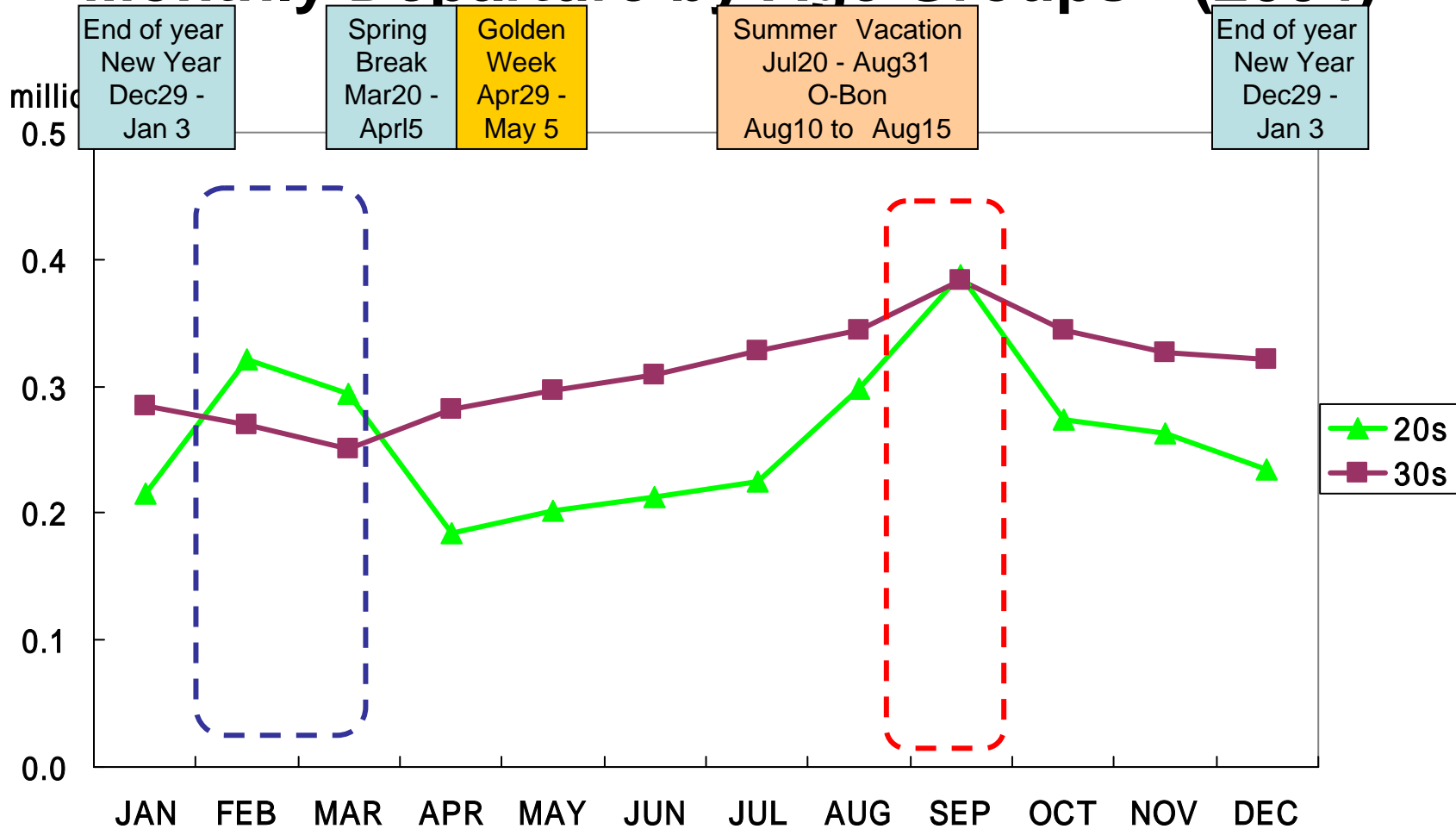
Holidays & Seasonality for Outbound Travel (2004)



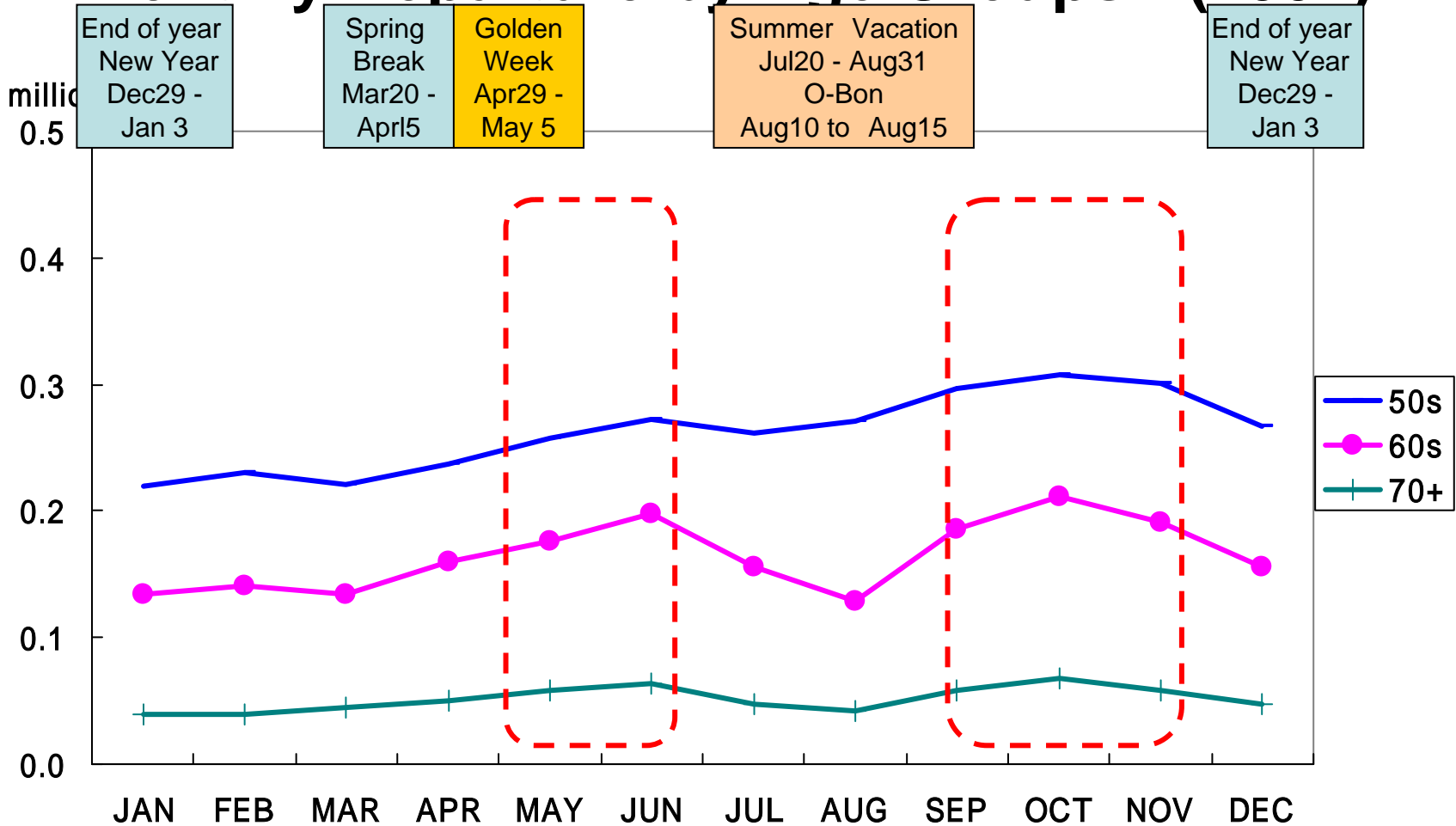
Monthly Departure by Age Groups (2004)



Monthly Departure by Age Groups (2004)



Monthly Departure by Age Groups (2004)

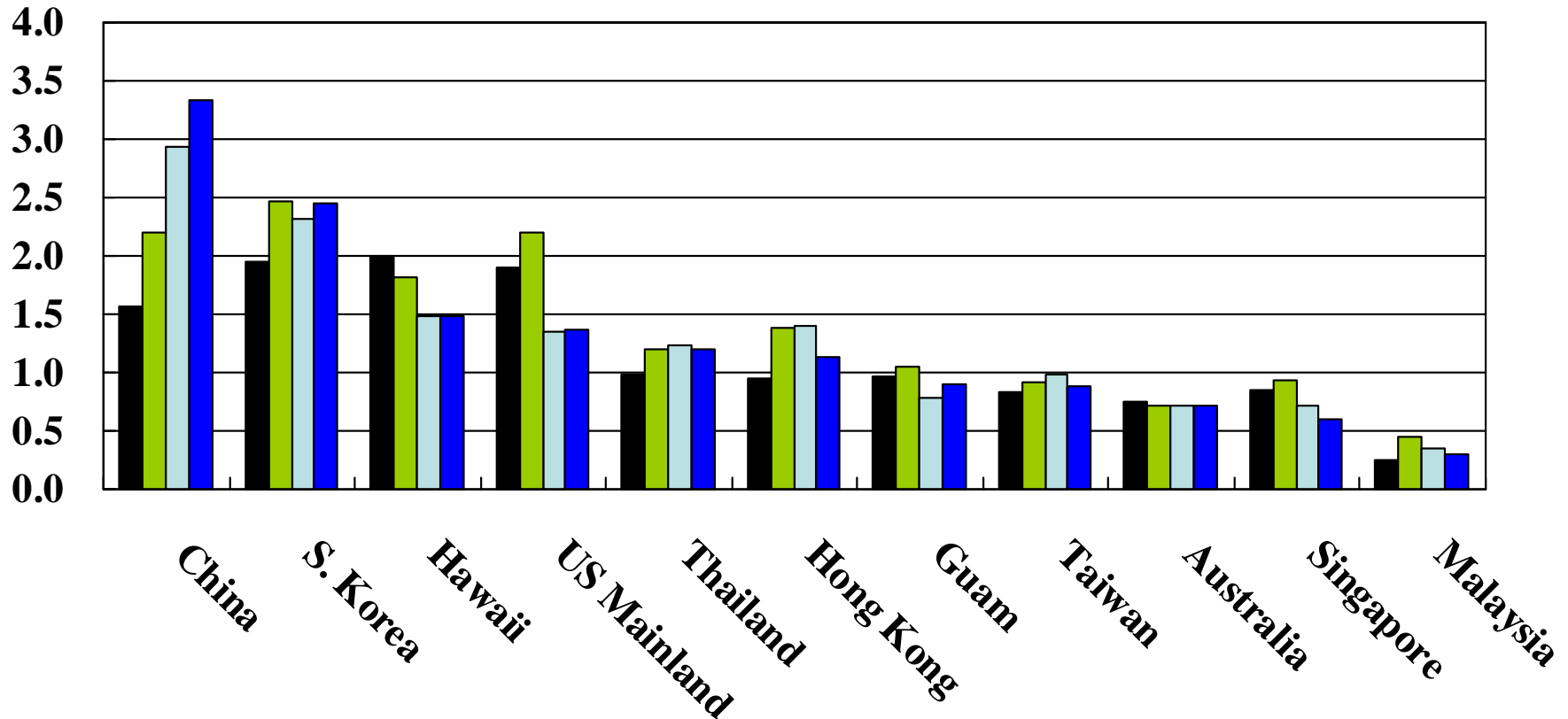


Japanese Departures by Country

Where Did Japanese Travel to?

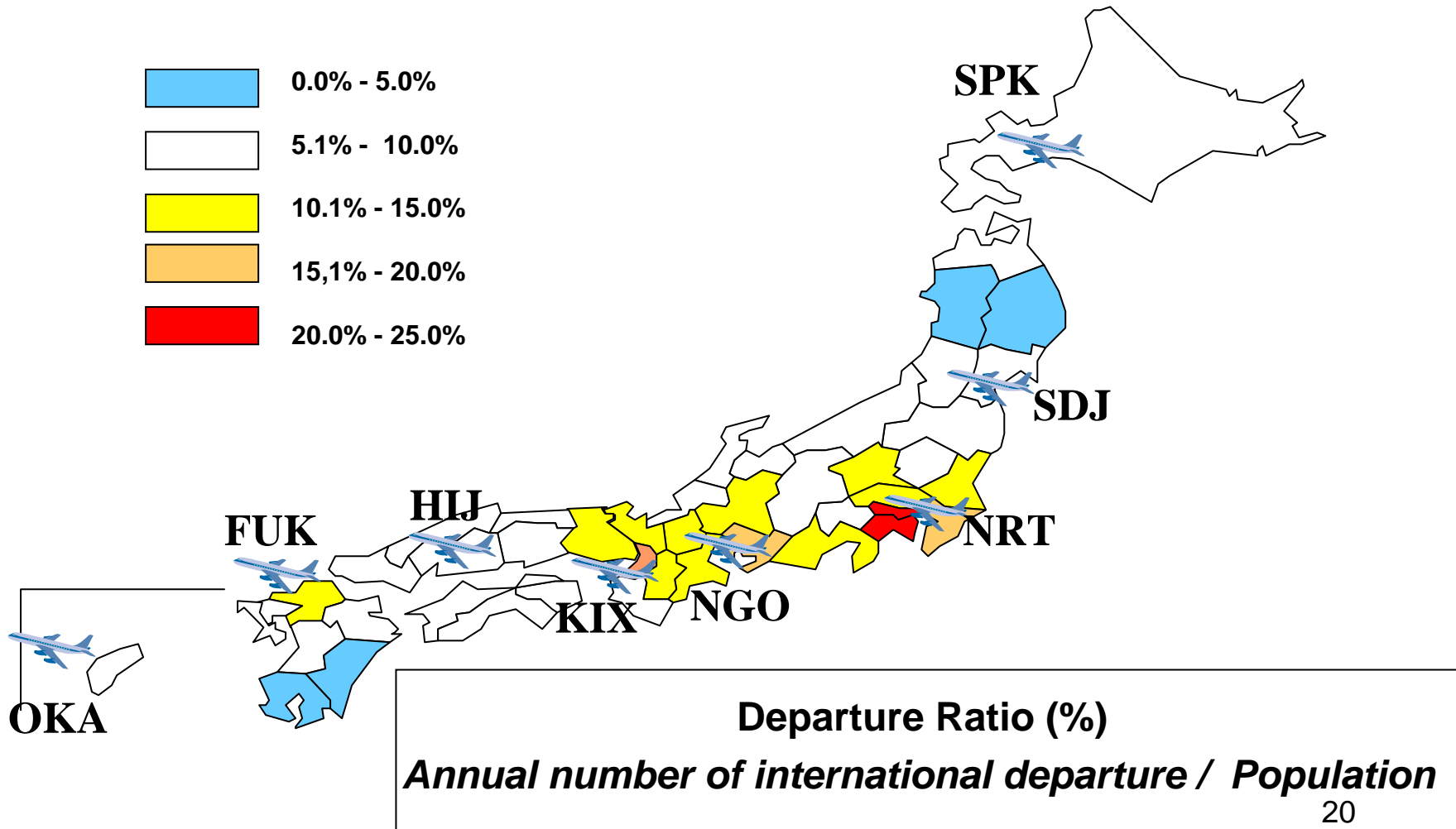
million

■ 1998 ■ 2000 ■ 2002 ■ 2004

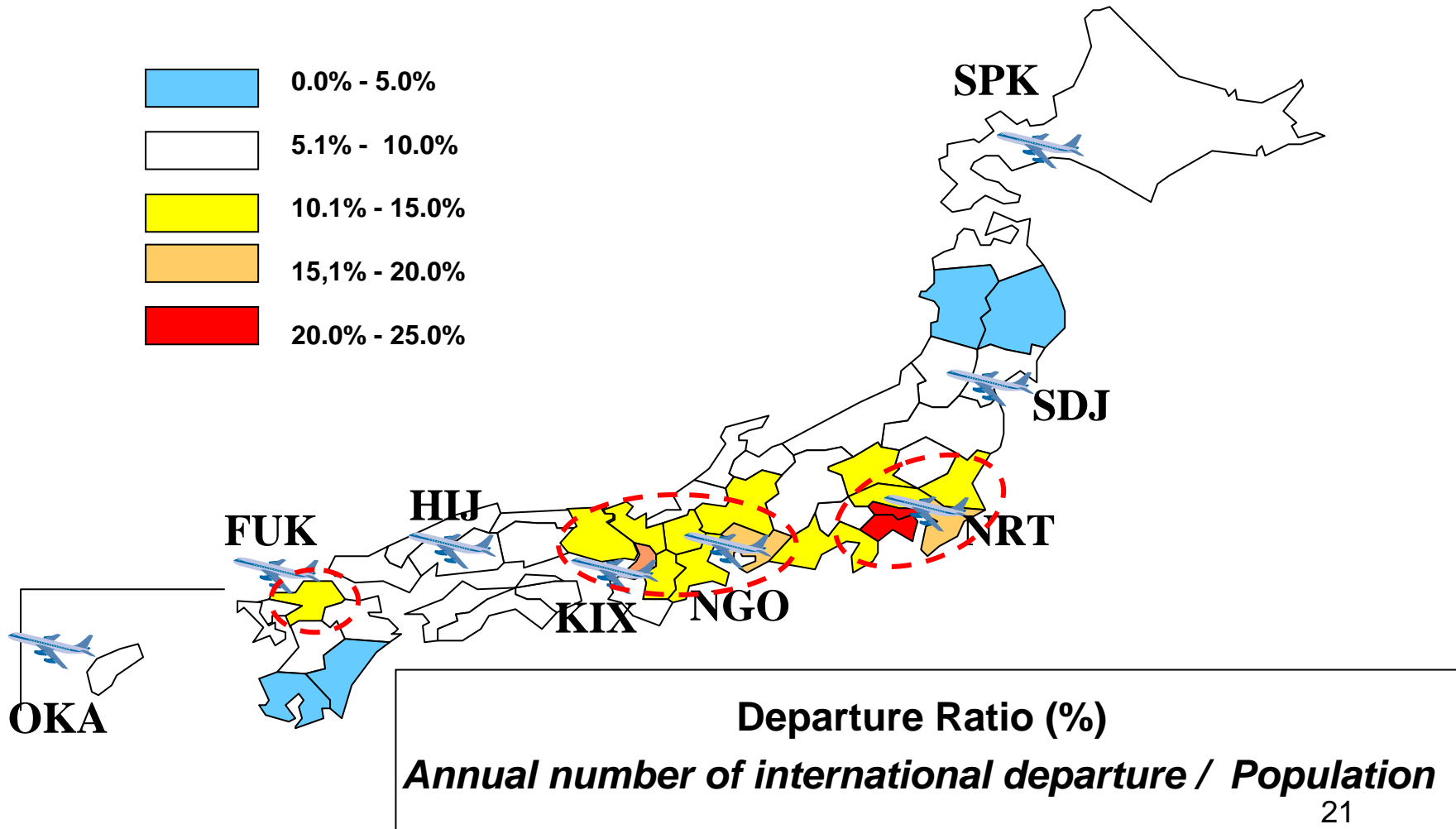


Tourist Generating Market in Japan

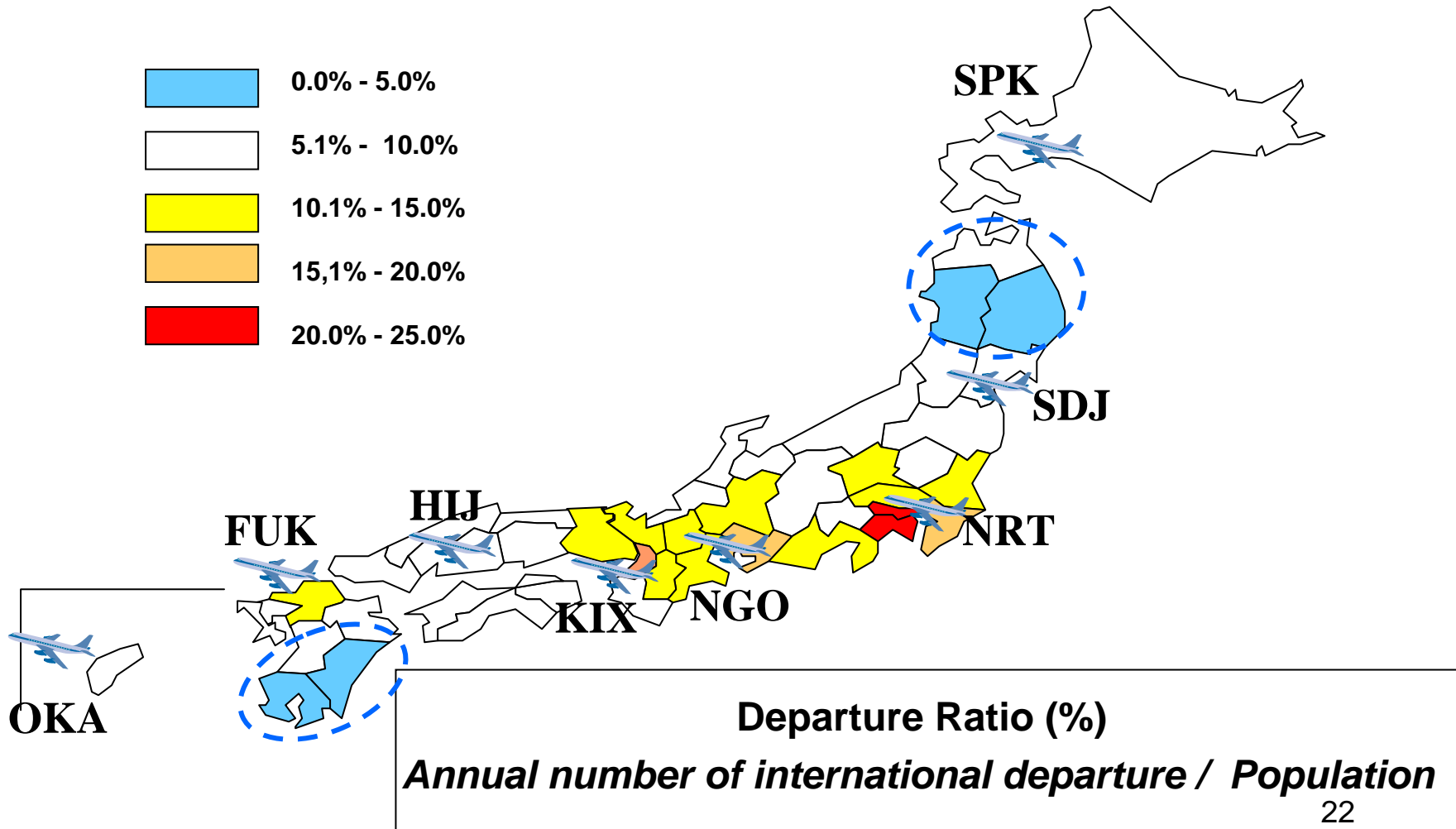
Departure Ratio by Prefectures



Departure Ratio by Prefectures

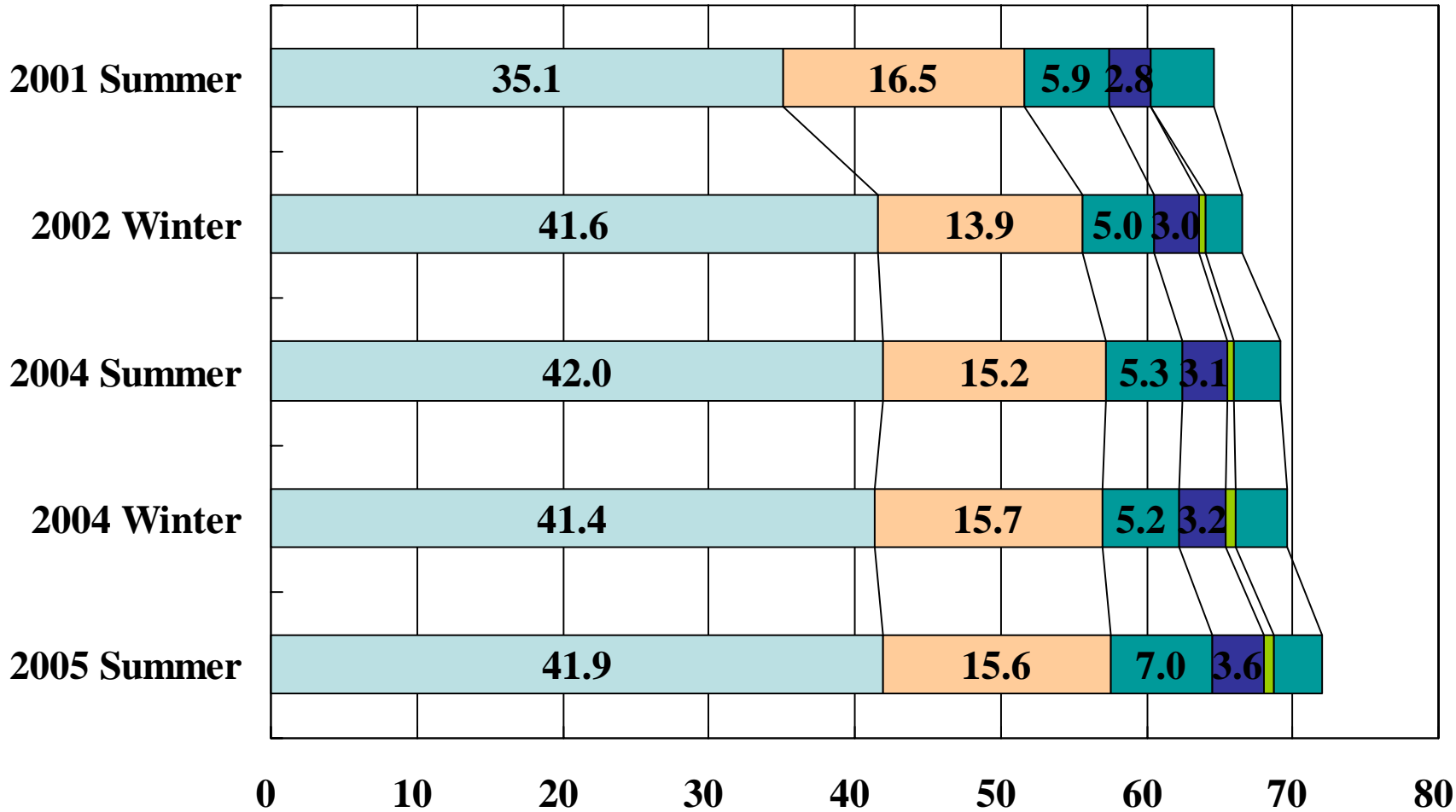


Departure Ratio by Prefectures



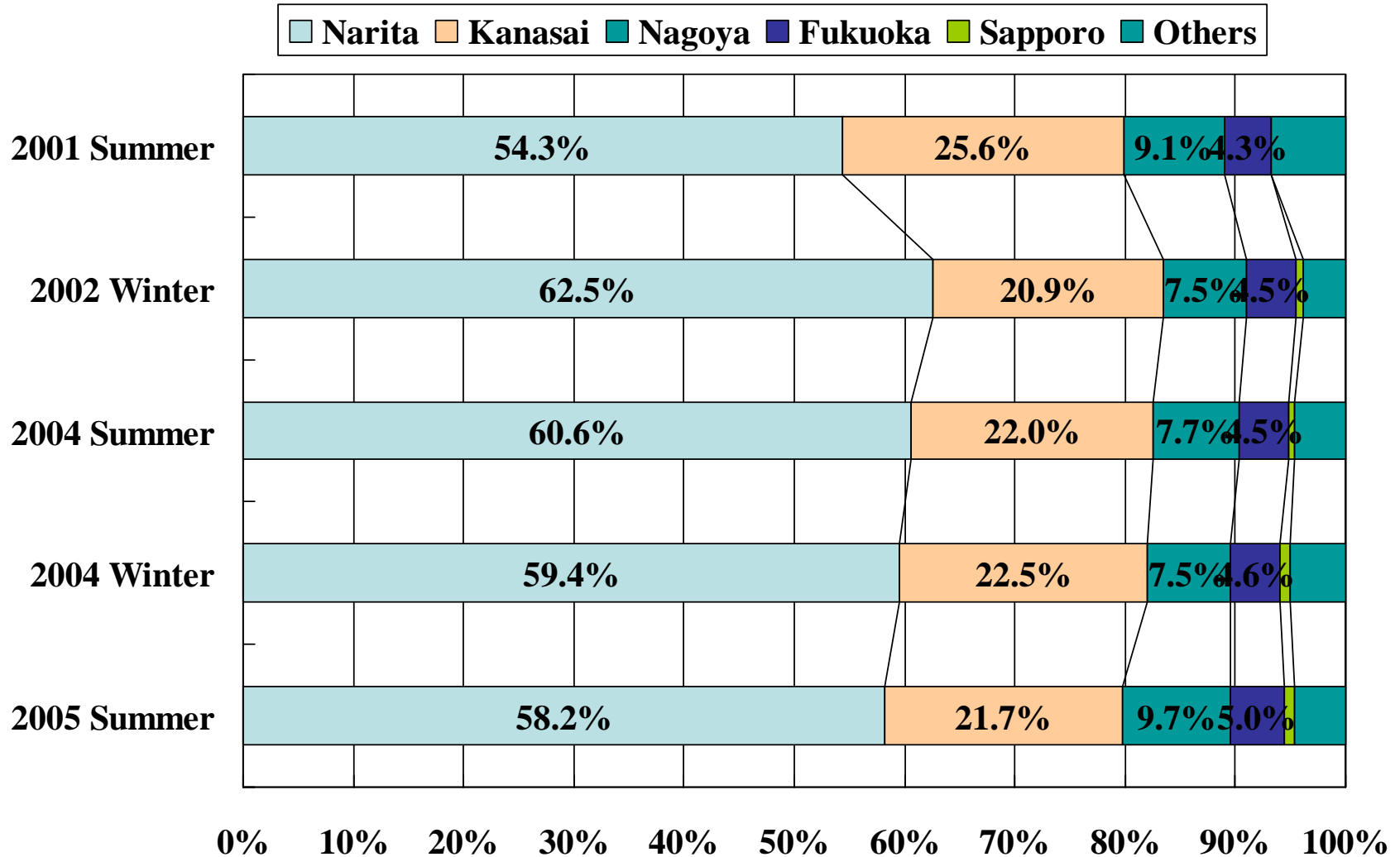
Number of Airline Seat Supply by Major Airports

Legend: Narita (light blue), Kanasai (orange), Nagoya (teal), Fukuoka (dark blue), Sapporo (yellow-green), Others (dark teal)



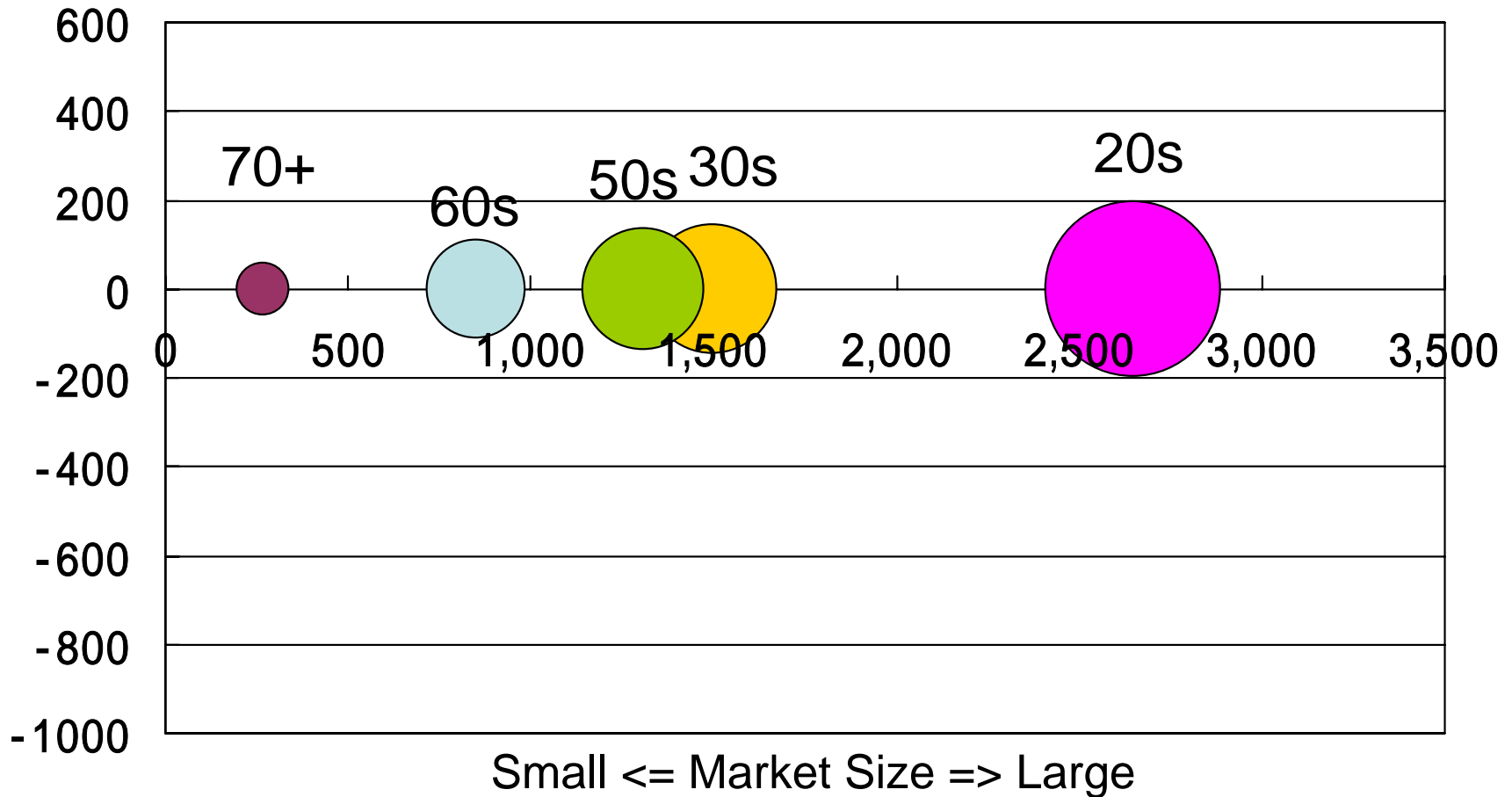
Source: Travel Journal 23

Share of Airline Seat Supply by Major Airports

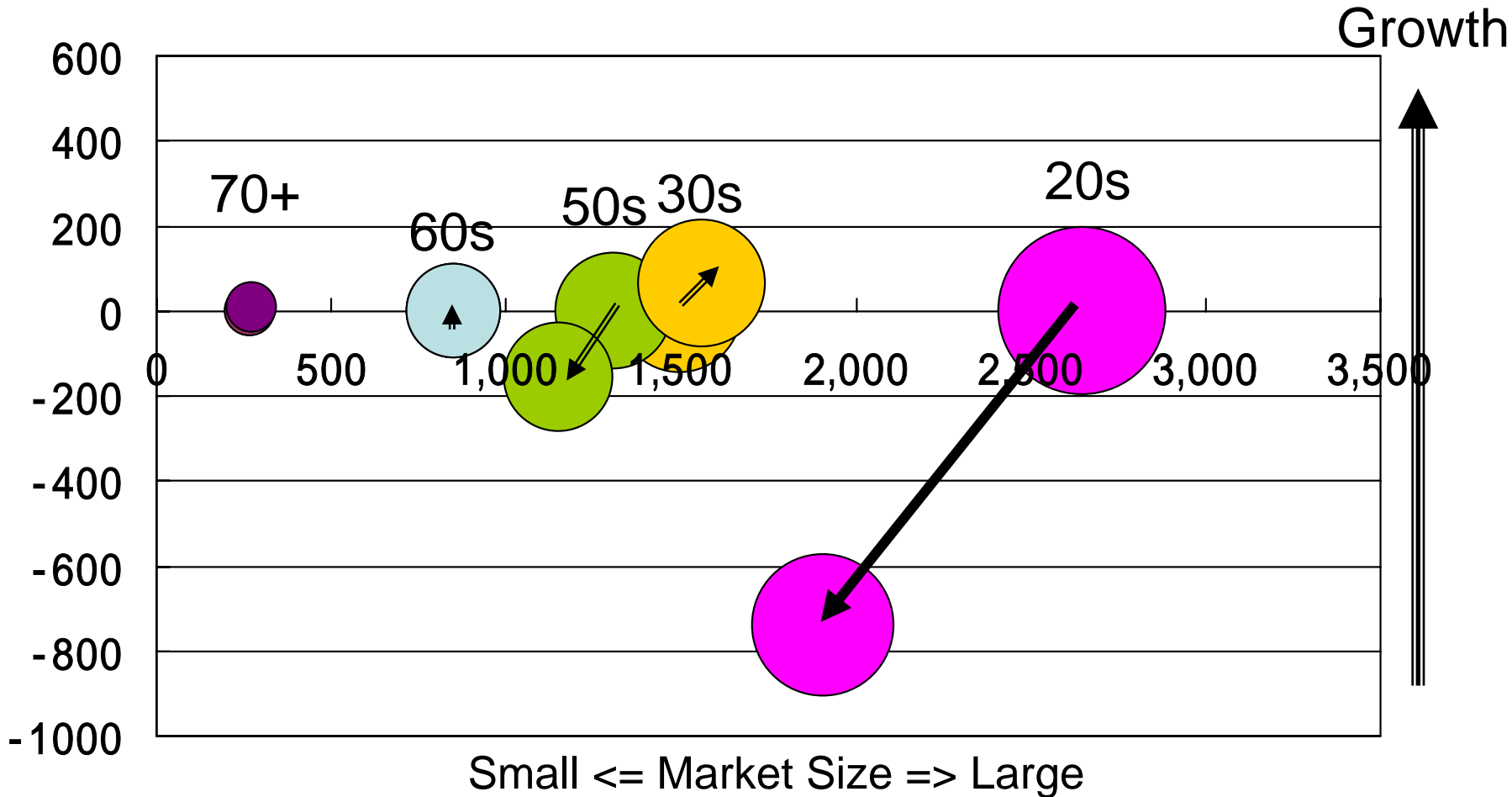


Market Leaders

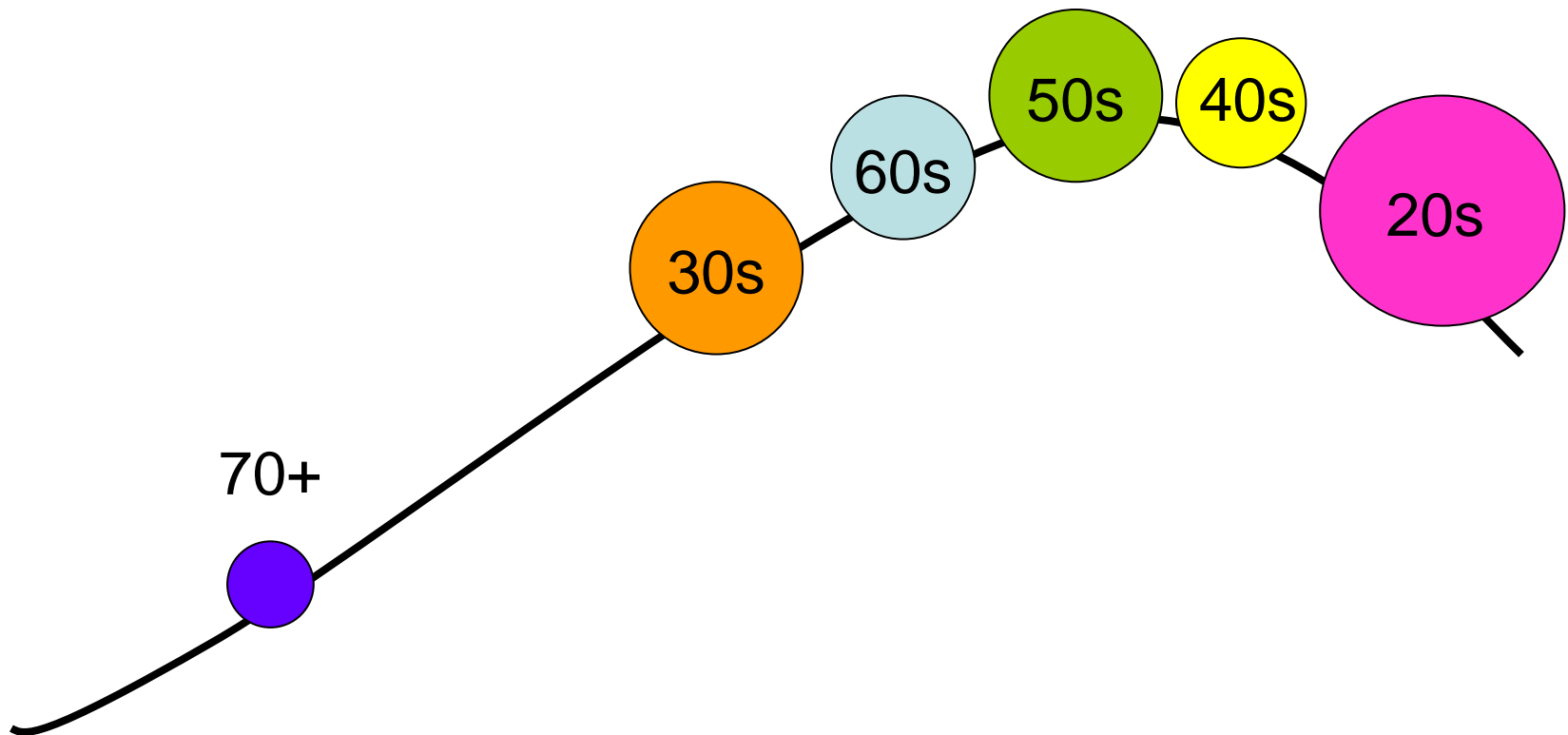
Female Travel Market Growth by Age Group 2000



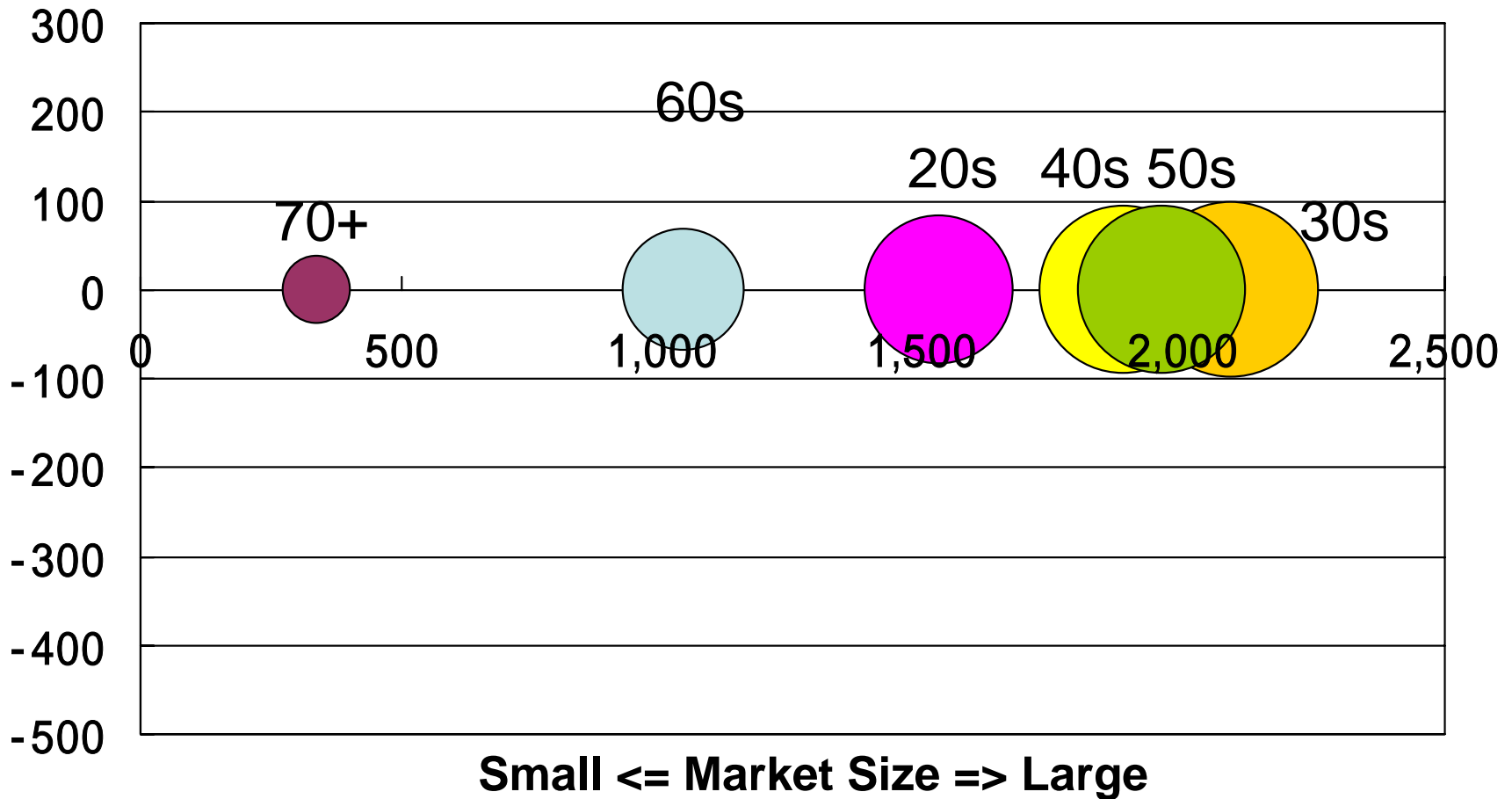
Female Travel Market Growth by Age Group 2000/2004



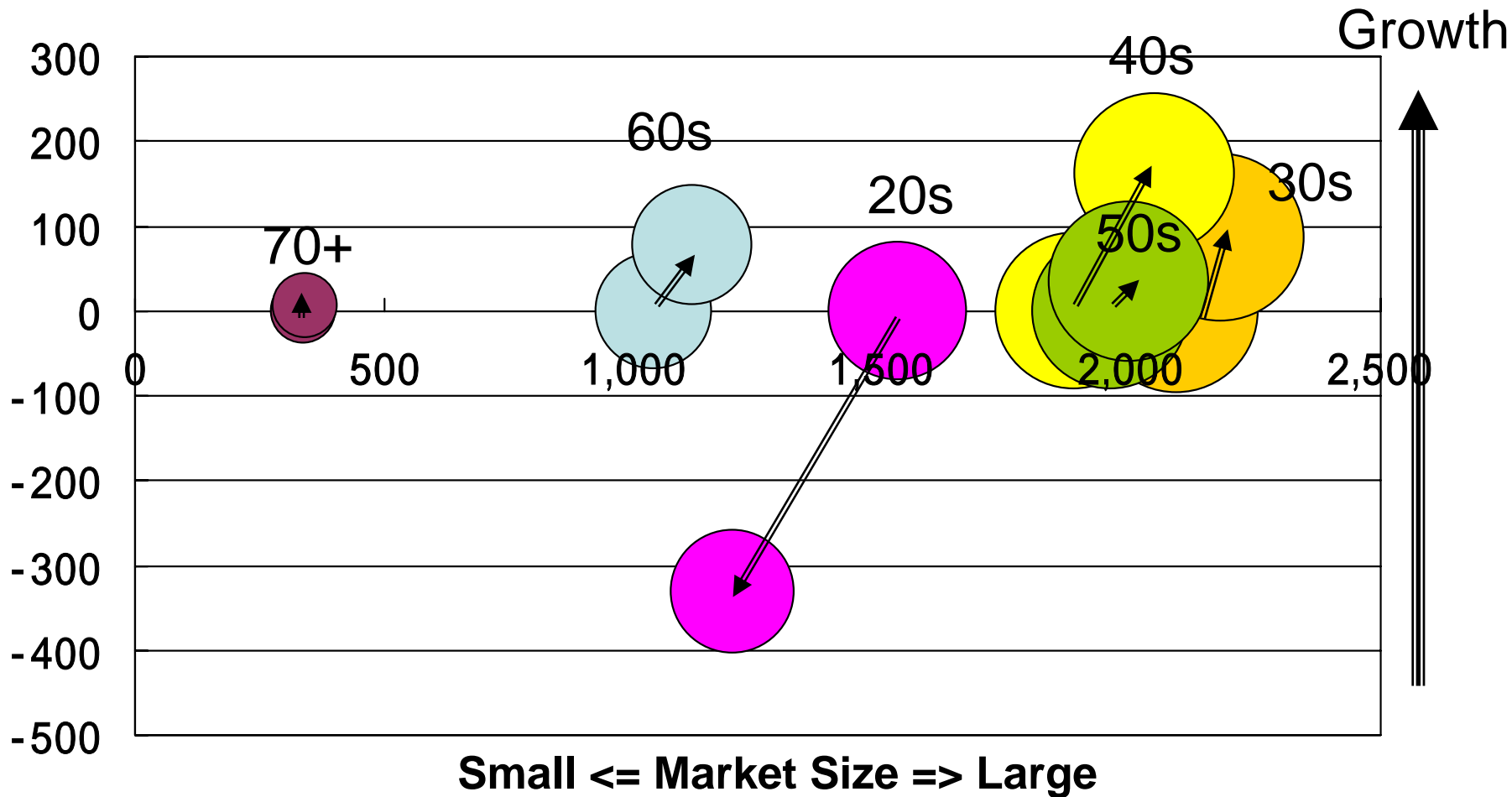
Female Age Groups on the Growth Curve



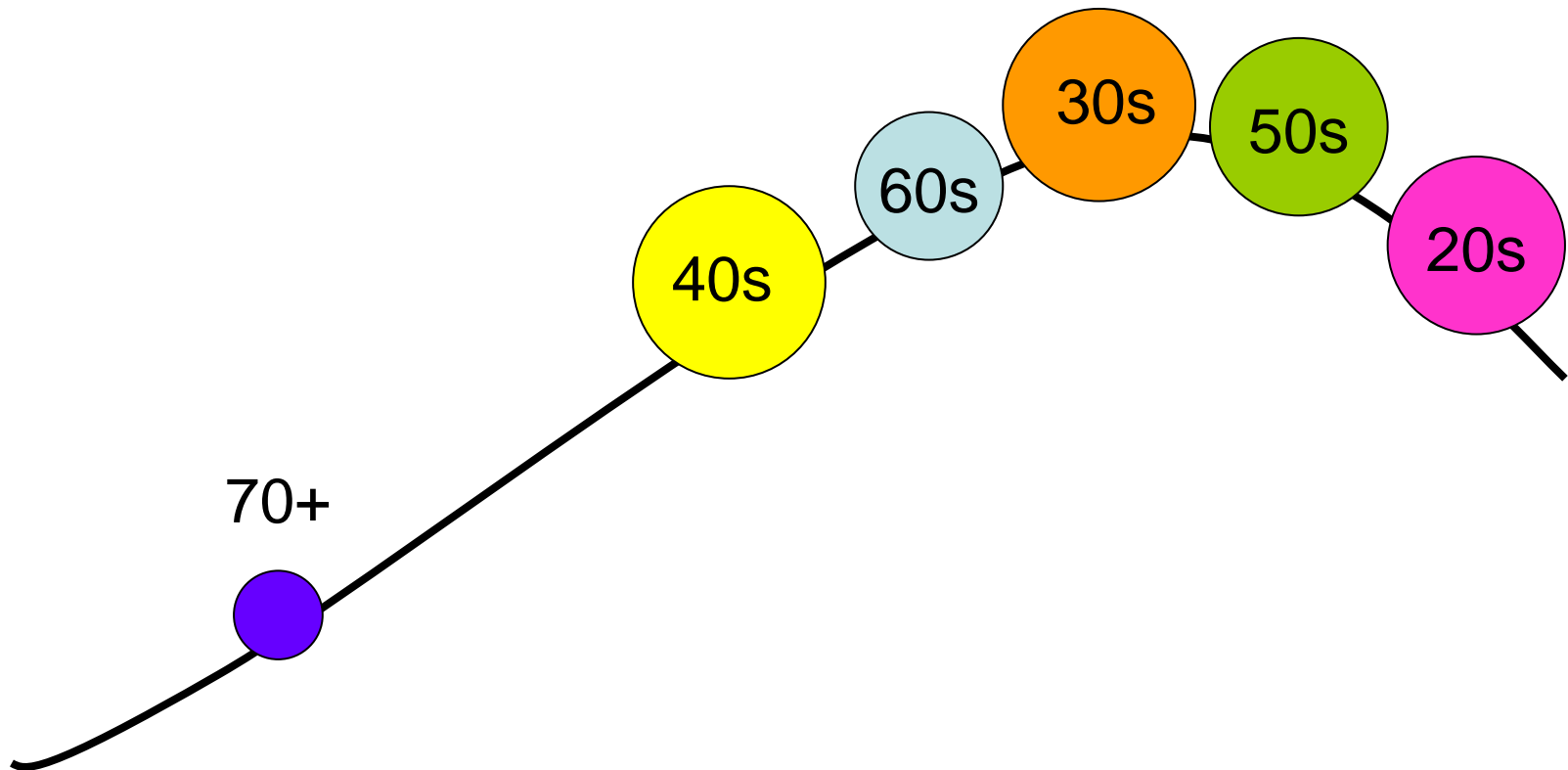
Male Travel Market Growth by Age Group 2000



Male Travel Market Growth by Age Group 2000/2004



Male Age Groups on the Growth Curve



50s

- Born in 1946 – 1956 (Post W.W.II)
- Population: 20 million

Characteristics

- Energetic, matured, as active as younger generations.
- Enjoying life after raising children
- Mother and Daughter Duos are high spenders.



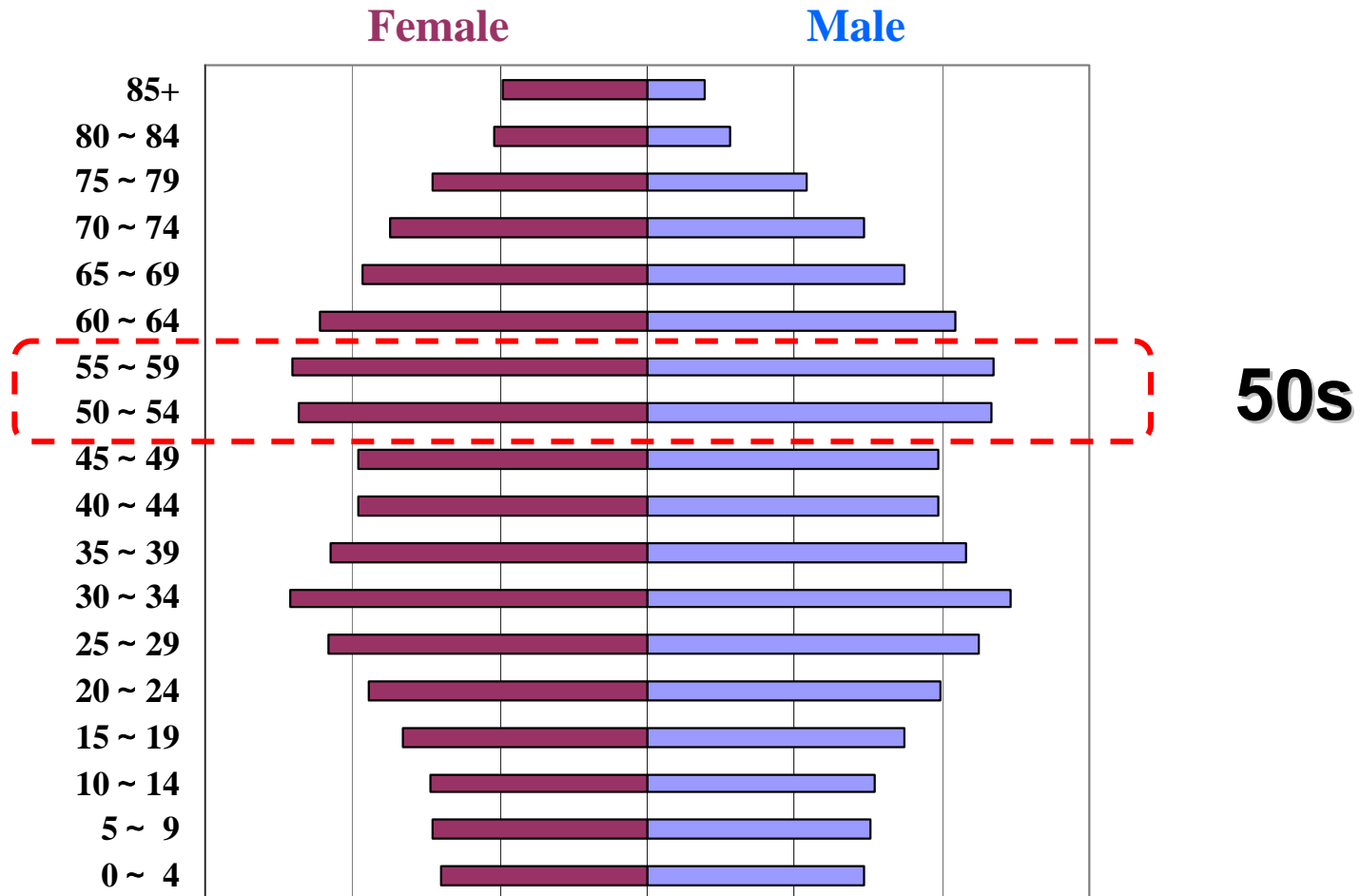
50s

Preferred Travel Style

- **High quality products and services.**
- **Easy itinerary; consecutive night stay at luxury hotel in each destination**
- **Some experienced travelers prefer to travel individually.**
- **Mother and Daughter Duos travel overseas together**



Japanese Population (2005)

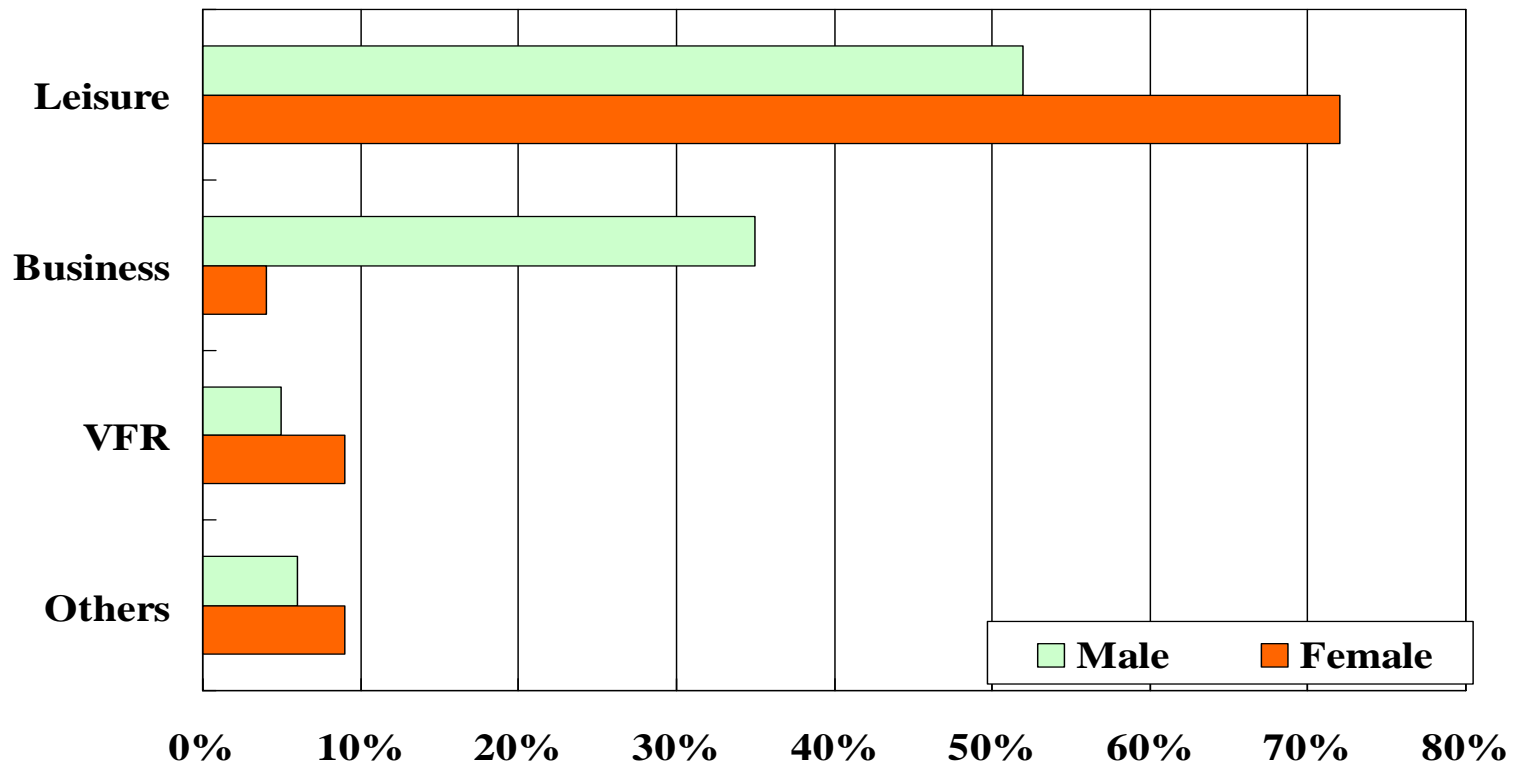


Characteristics of Men in 50s

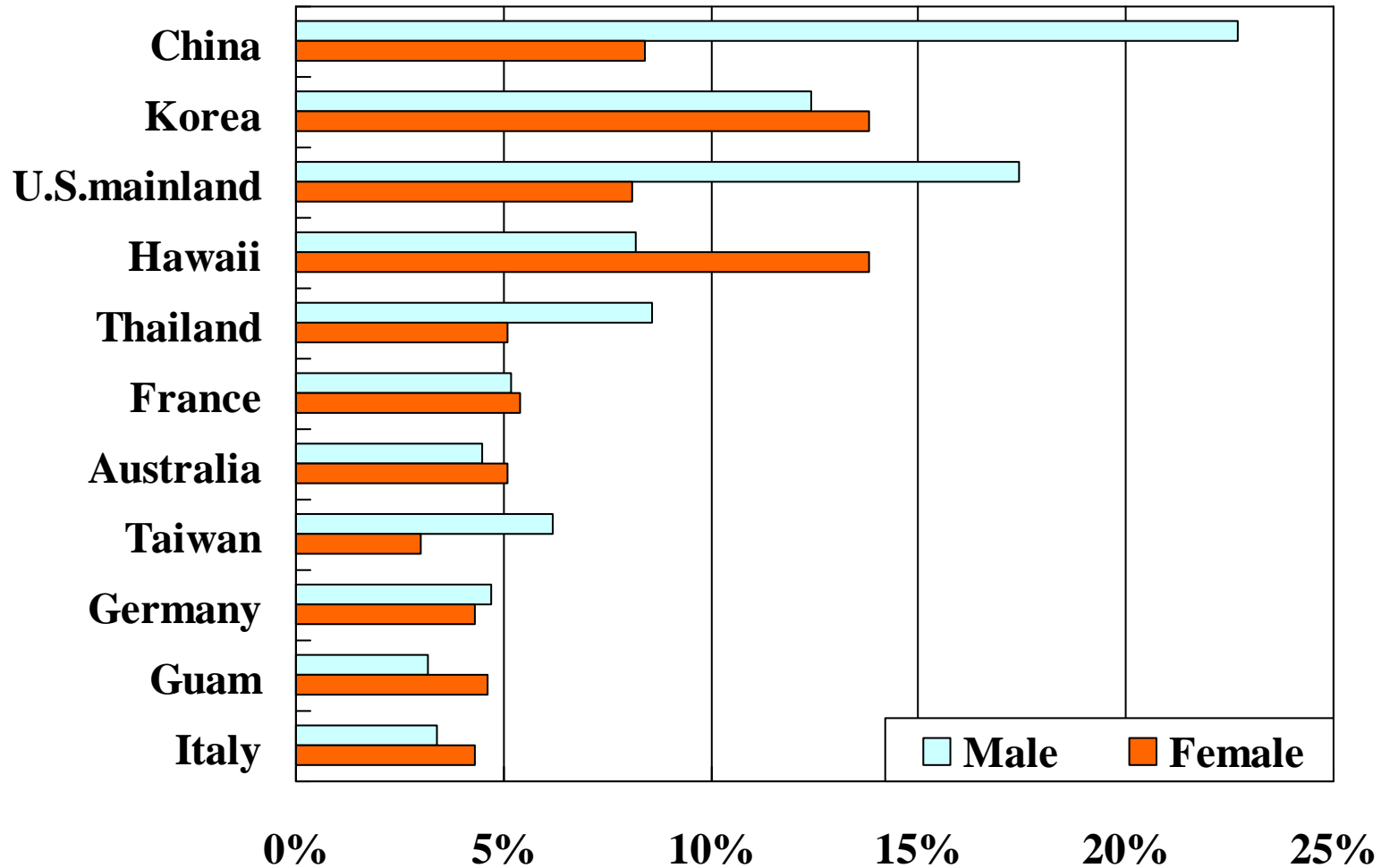
- **Baby Boomers begin to retire after 2007.**
- **50s are preparing for life after retirement: something they enjoy after retirement.**
- **With increased disposal Income, they purchase luxury items; premium cars, plasma televisions and sophisticated DVD recorders.**
- **After retirement, they will travel more frequently.**



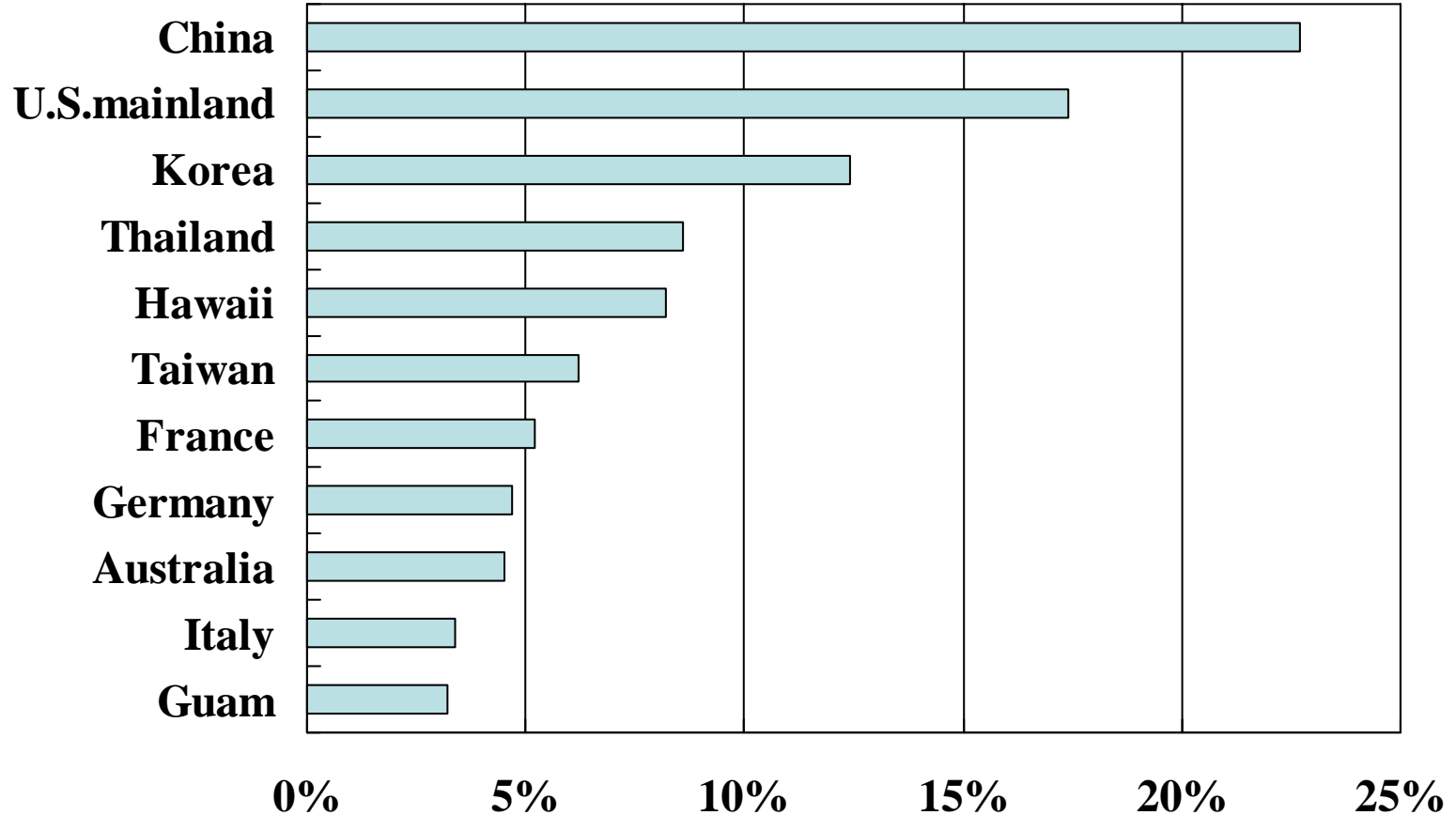
Purpose of Trips for 50s



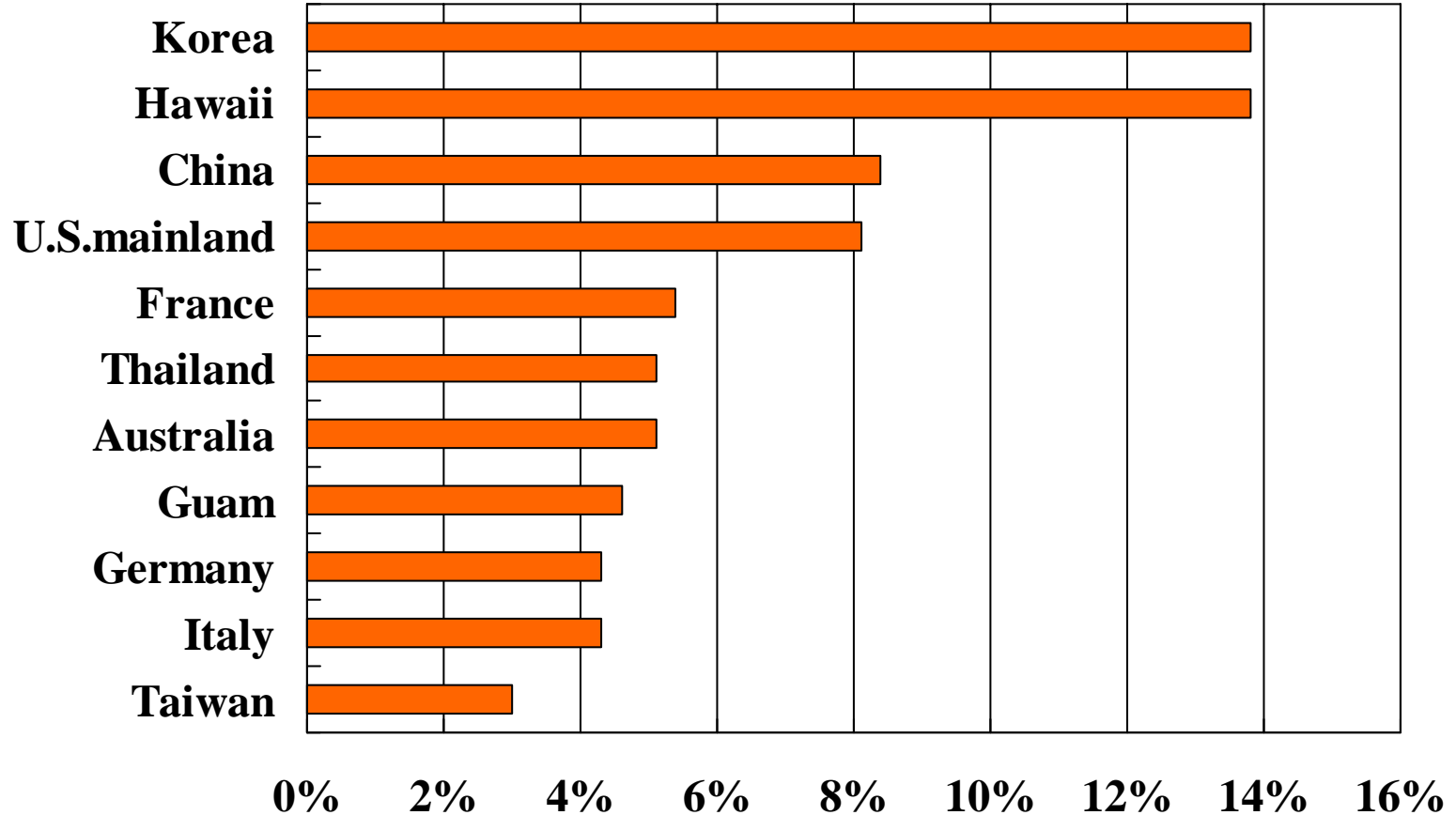
Popular Destinations for 50s



Popular Destinations for Men in their 50s

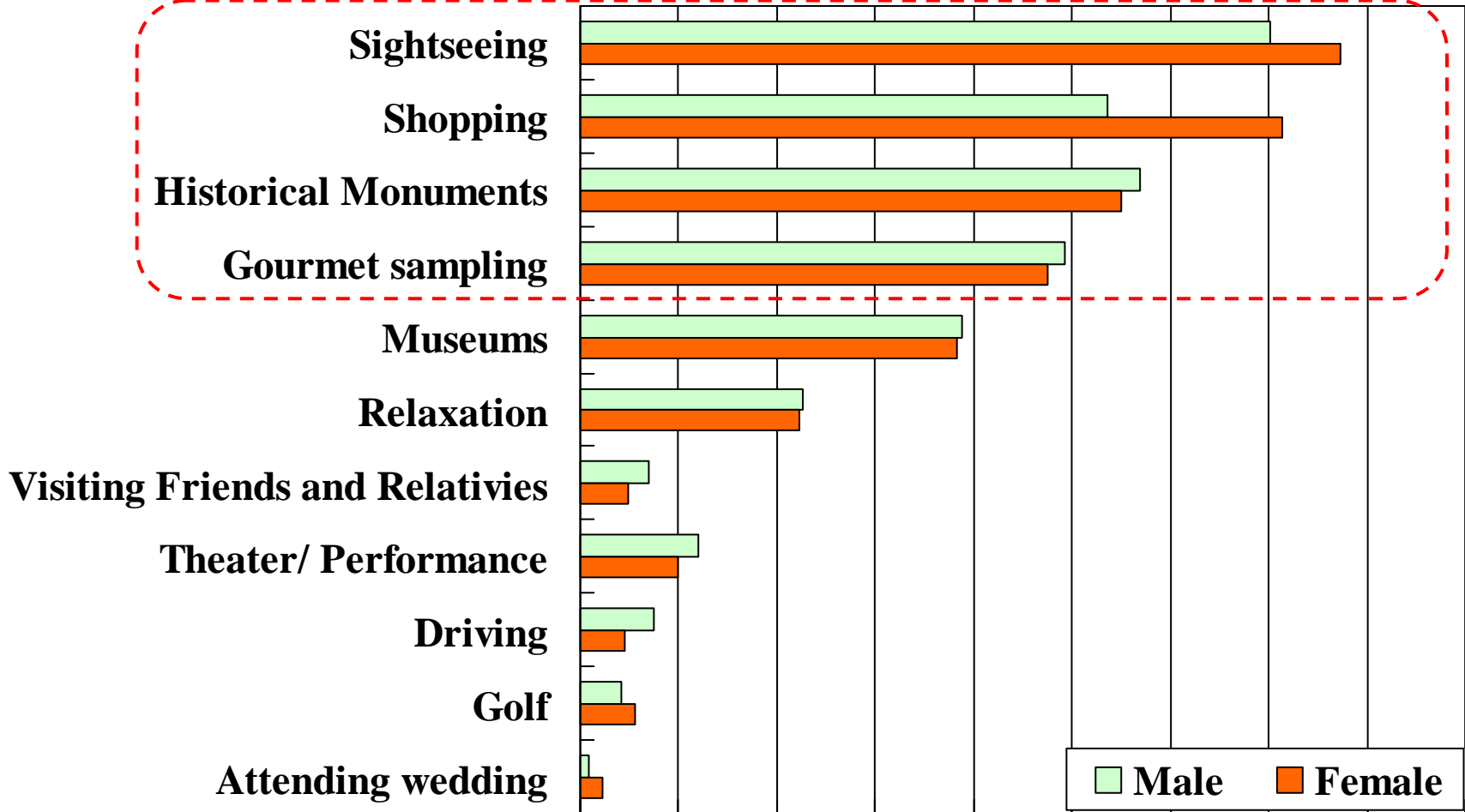


Popular Destinations for Women in their 50s



Activities in Destinations (50s)

Women are more active than men.



0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Source: JTB Report 2005

Seniors (60+)

- Born before 1945
- Population: 30 million

Characteristics

- Retired; rich in time.
- Energetic
- Health conscious.
- Concern for declining physical abilities.
- A majority live on pension or retirement fund.
- Own a half of the total personal asset in Japan.



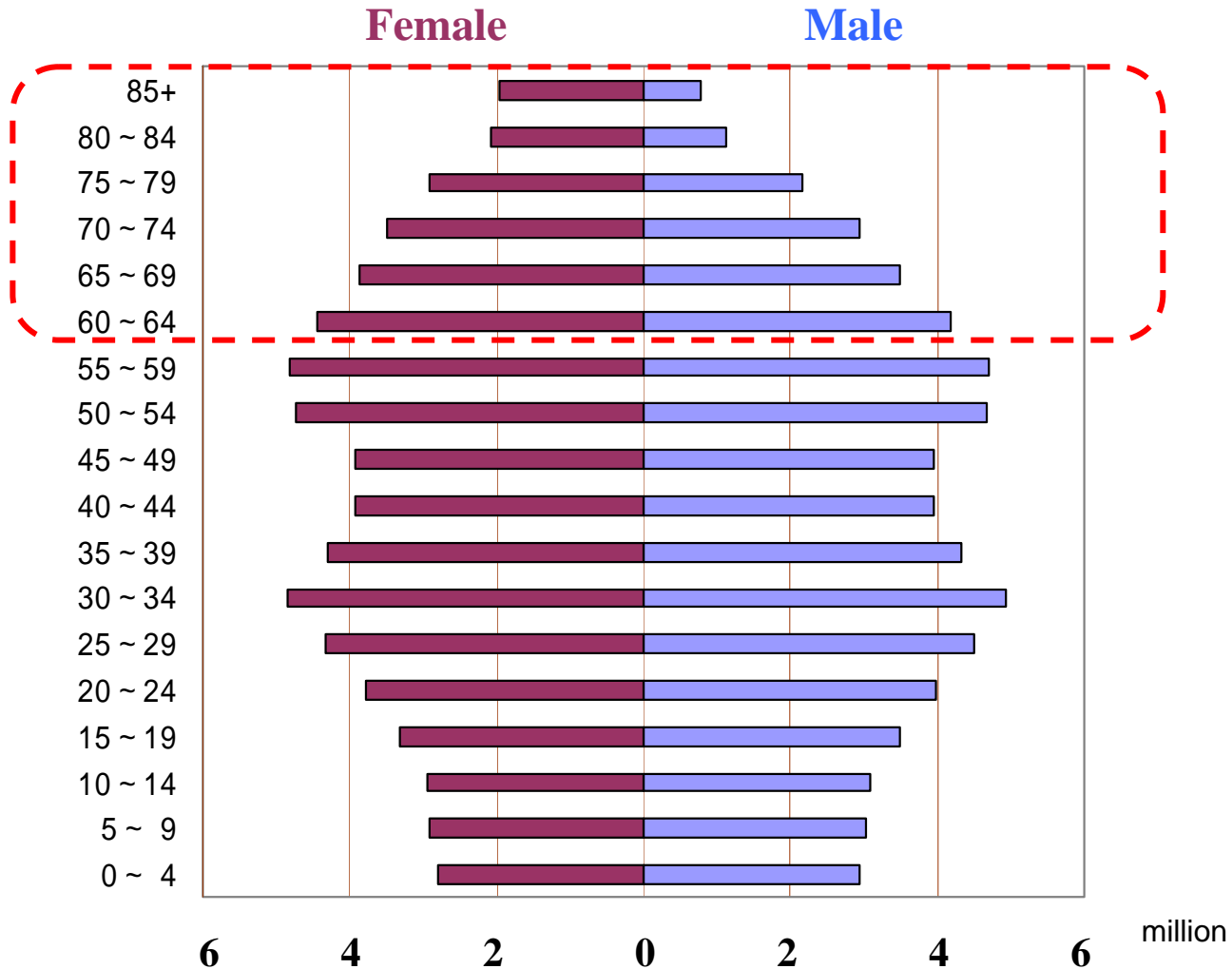
Seniors

Preferred Travel Style

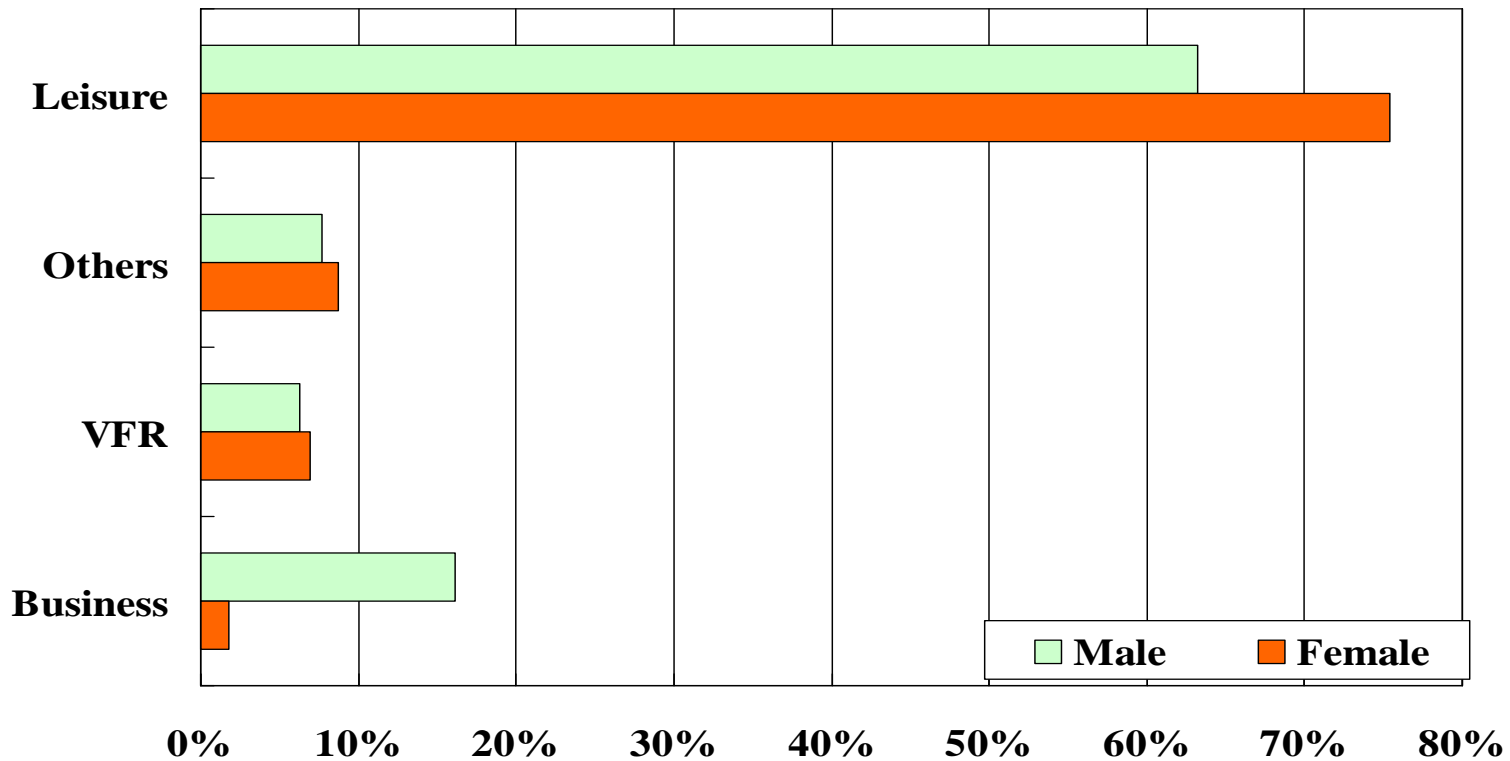


- **Escorted tour with a Japanese speaking guide.**
- **Itinerary with 3 meals including occasional Japanese foods**
- **Budget package tours**
- **Some enjoy exclusive deluxe tours.**
- **Travel in June or in October, Avoid peak seasons.**

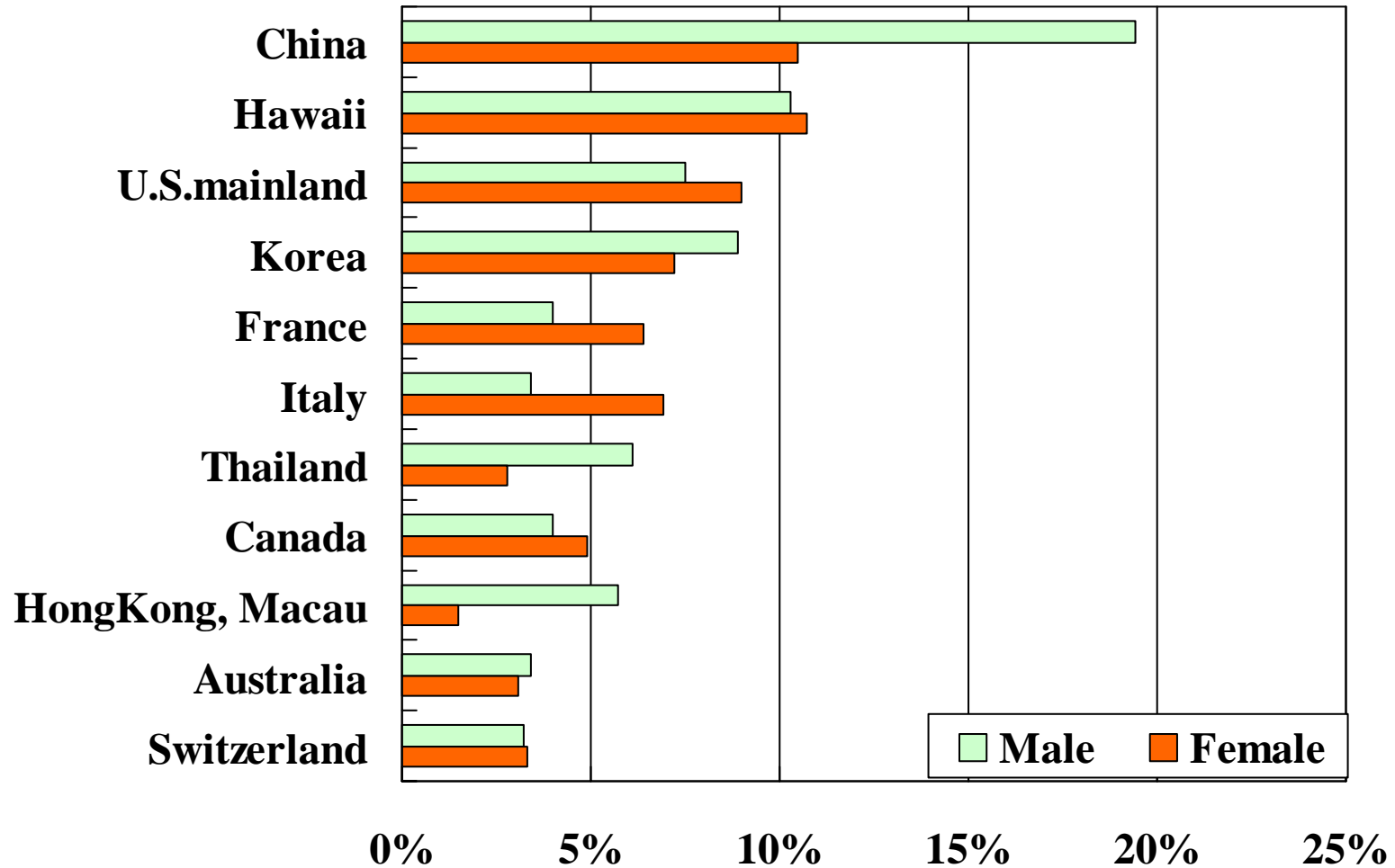
Japanese Population (2005)



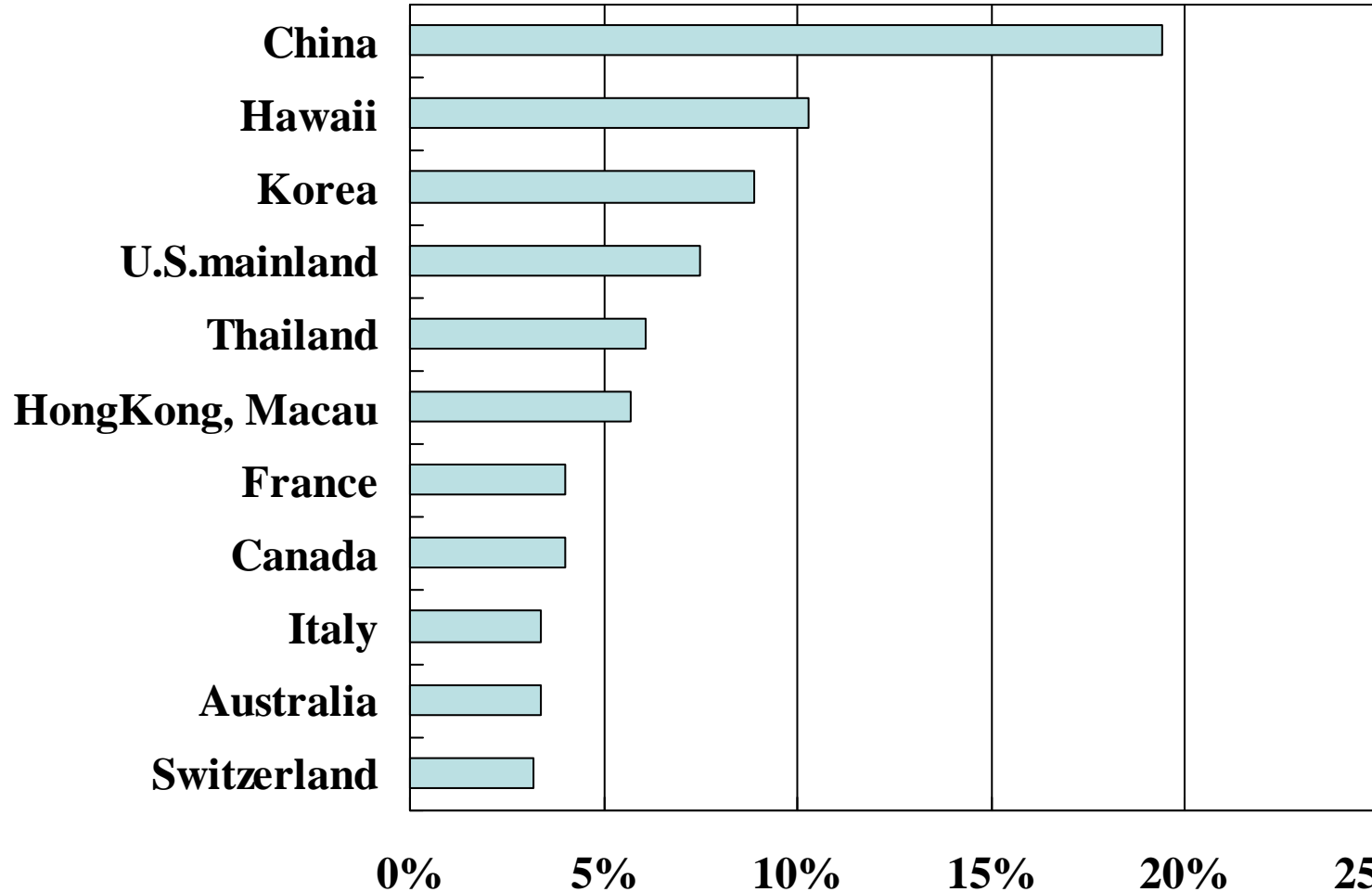
Purpose of Trips (60+)



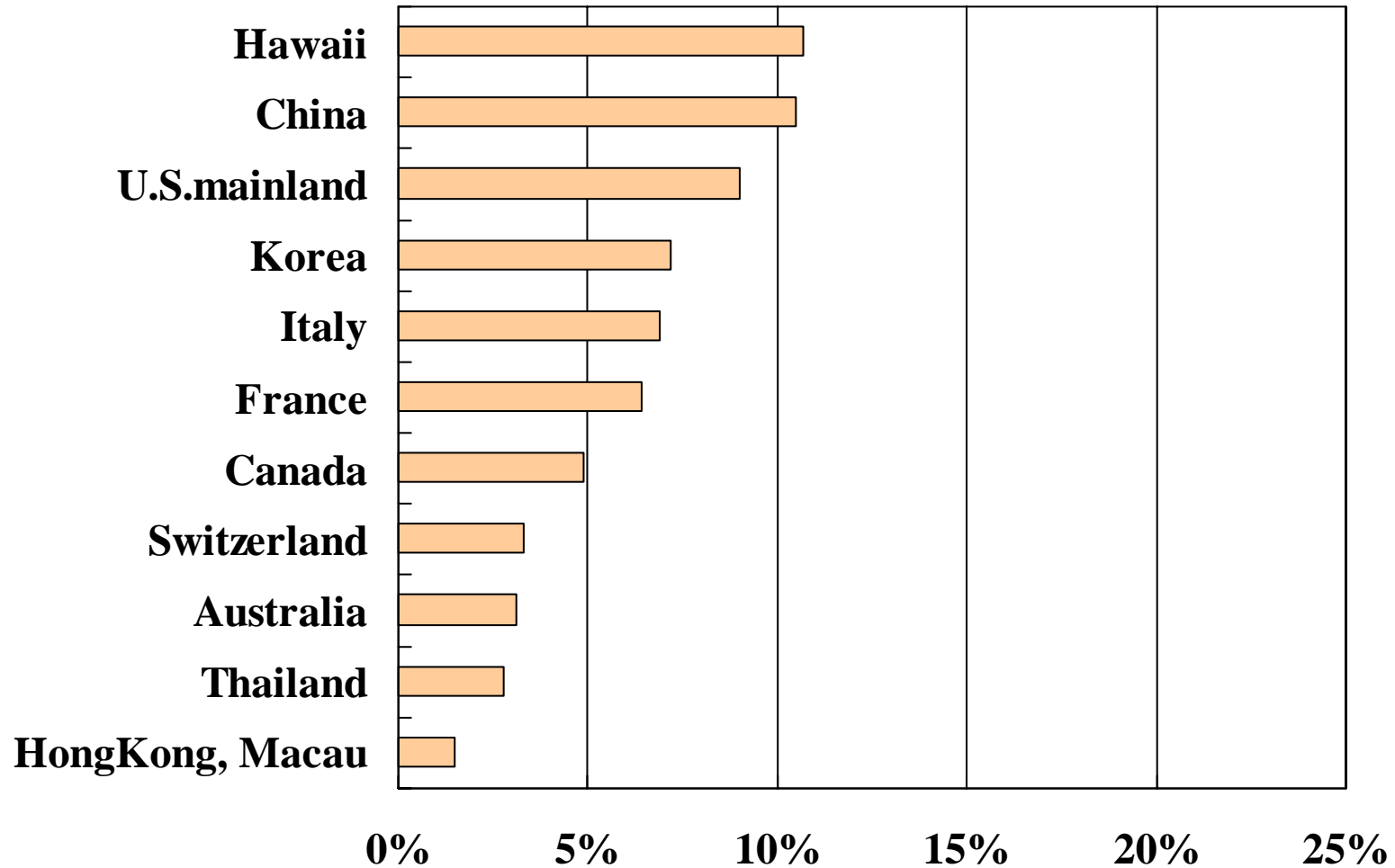
Popular Destinations (60+)



Popular Destinations (Men 60+)

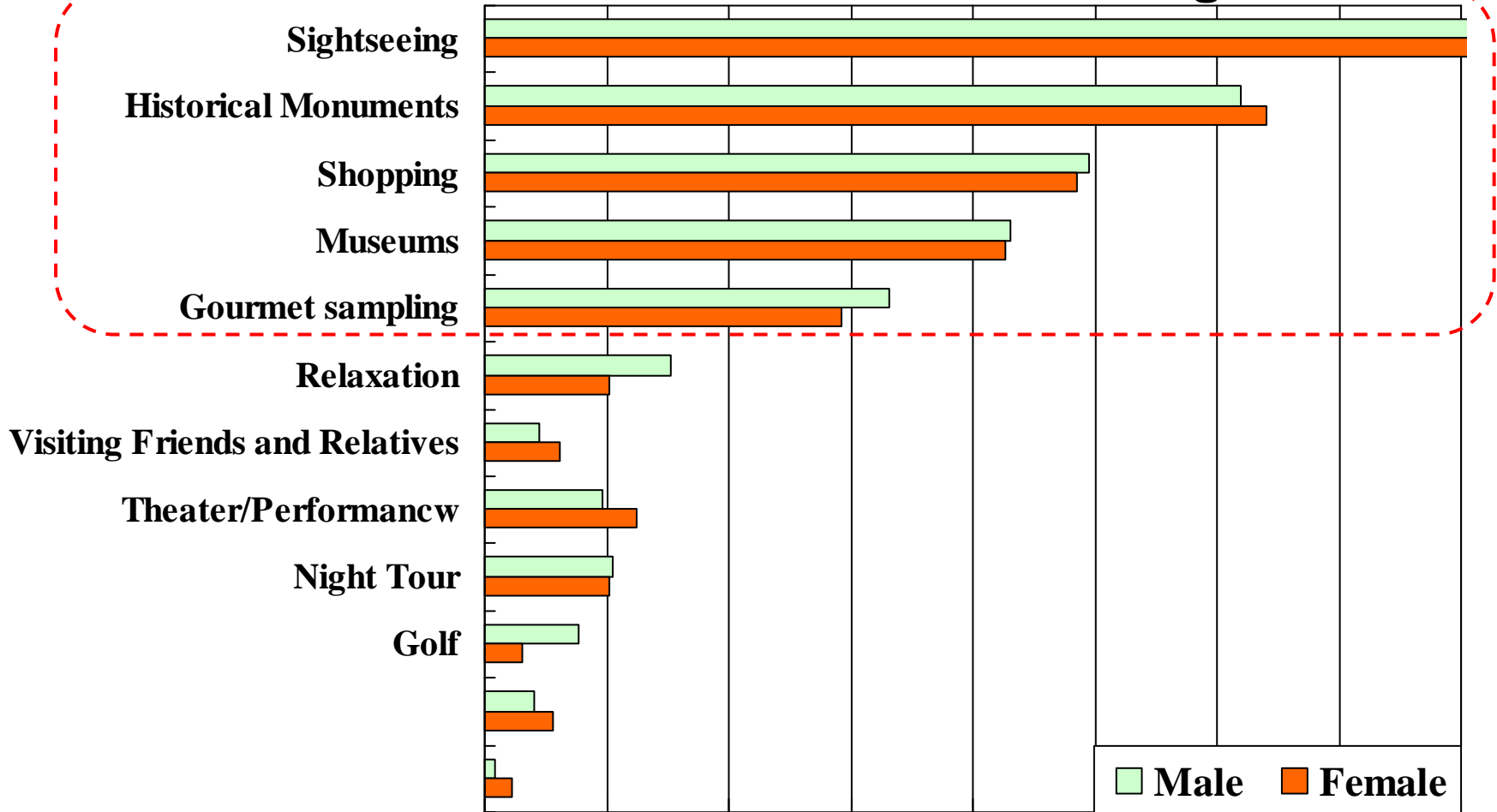


Popular Destinations (Women 60+)



Activities in Destinations (60+)

More Interest in Culture than the Younger.



0% 10% 20% 30% 40% 50% 60% 70% 80%

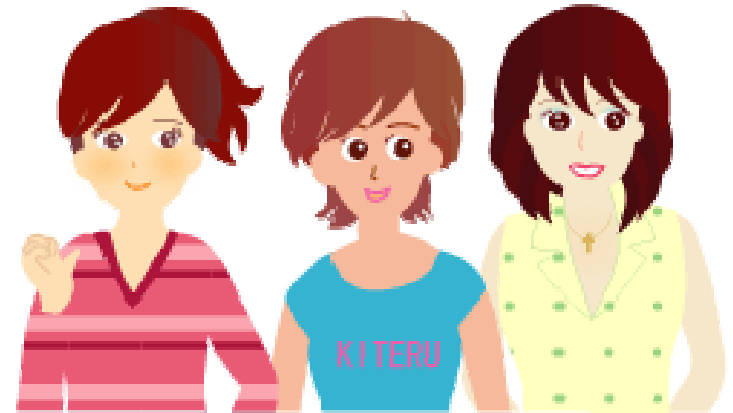
Source: JTB Report 2005

Women in 30s

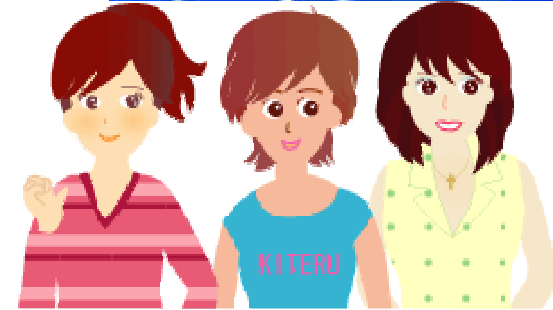
- **Born in 1965-1975**
- **Population: 8.5 million**

Characteristics

- **Permanently employed**
- **Higher disposal income than 20s**
- **More likely to be SINGLE or DINKS**
- **Experienced overseas travelers**



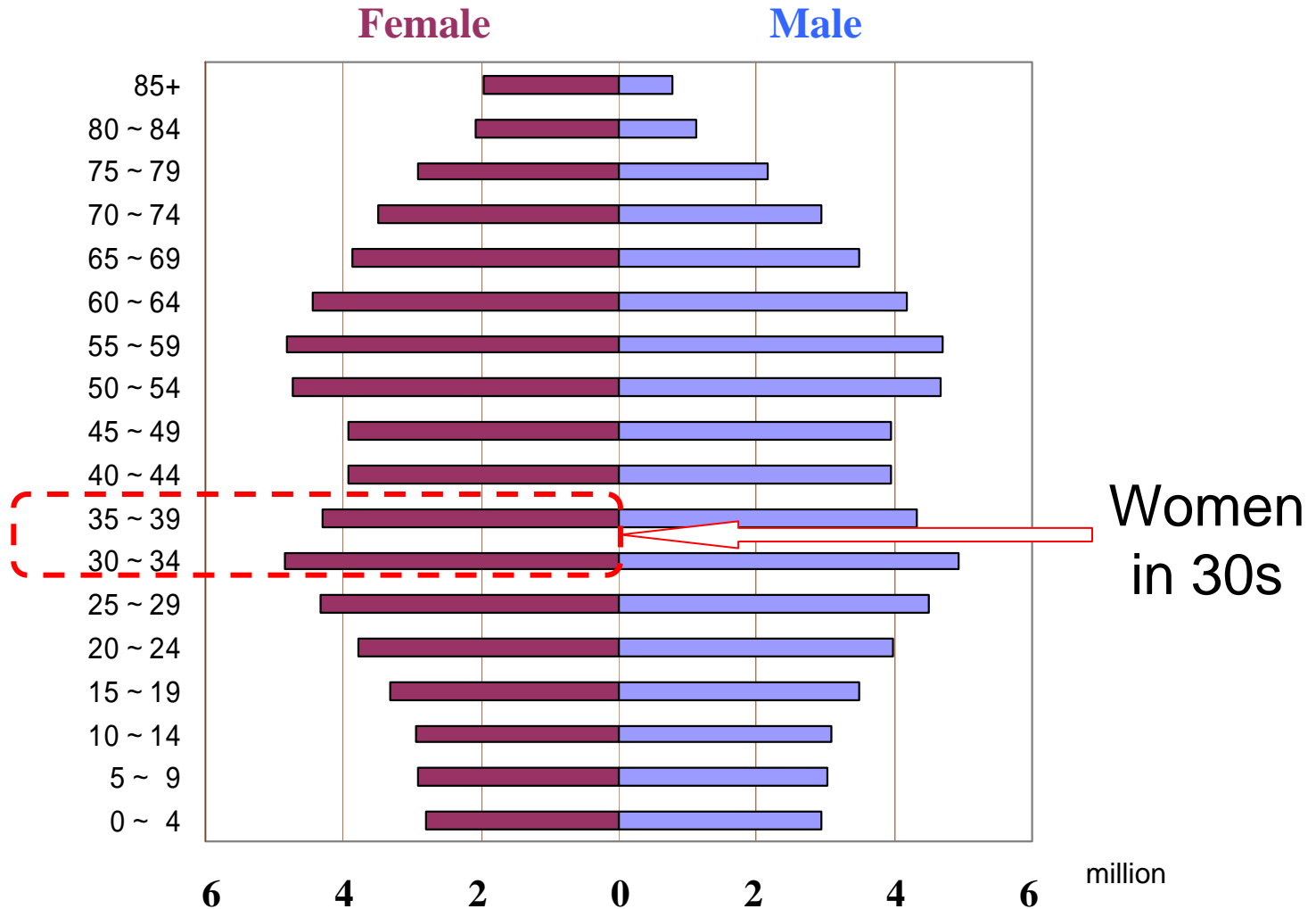
Women in 30s



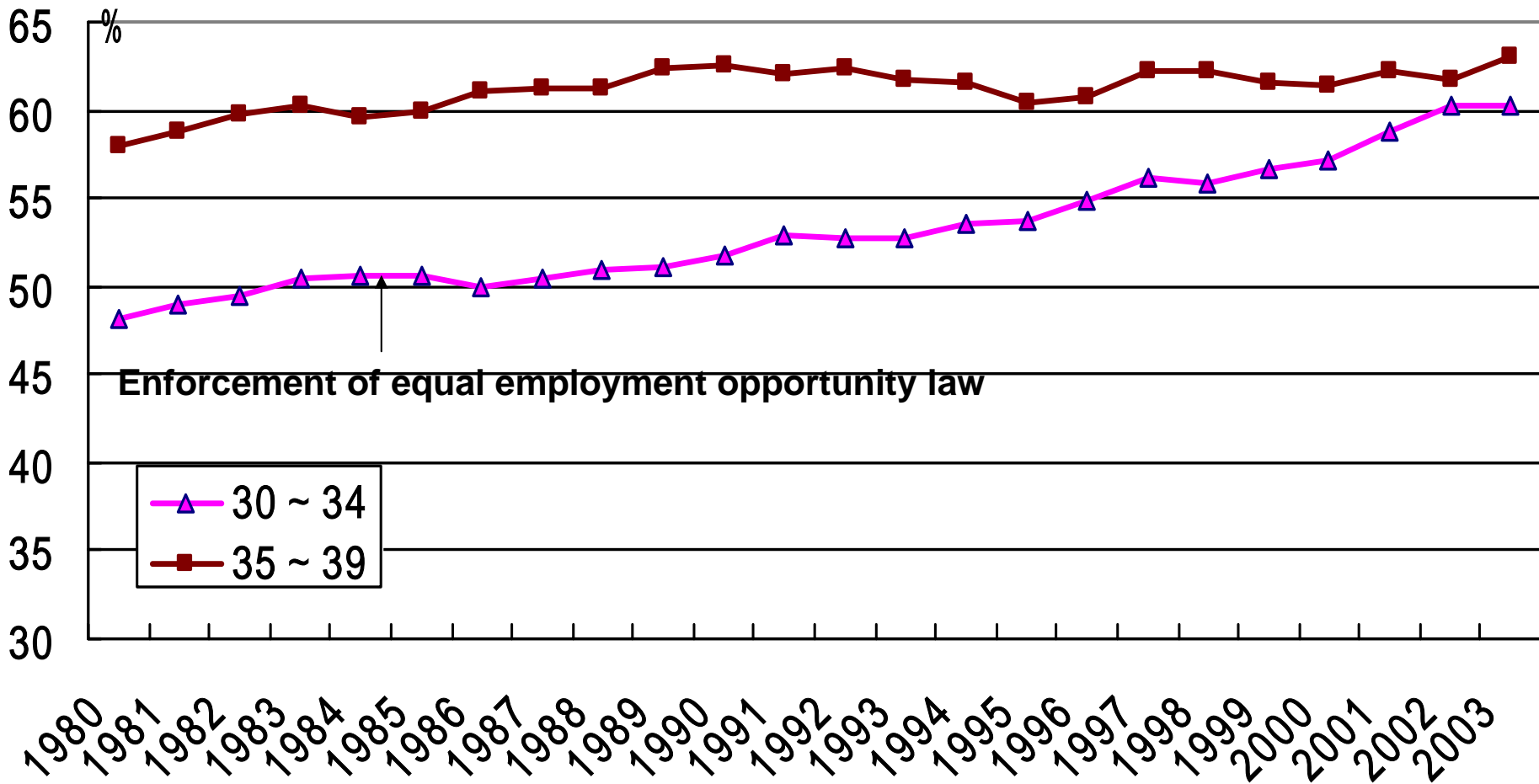
Preferred Travel Style

- **Personal travel (package tours or individual arrangement)**
- **Beach & Spas, Strong desires for relaxations**
- **Travel companions vary by purpose and destination;**
 - **No one: travel alone**
 - **Mother: Mother & Daughter duo**
 - **Friends**
 - **Spouse or partner: couple**
 - **Children: family**
 - **Travel with parents and children (3 generation)**

Japanese Population (2005)

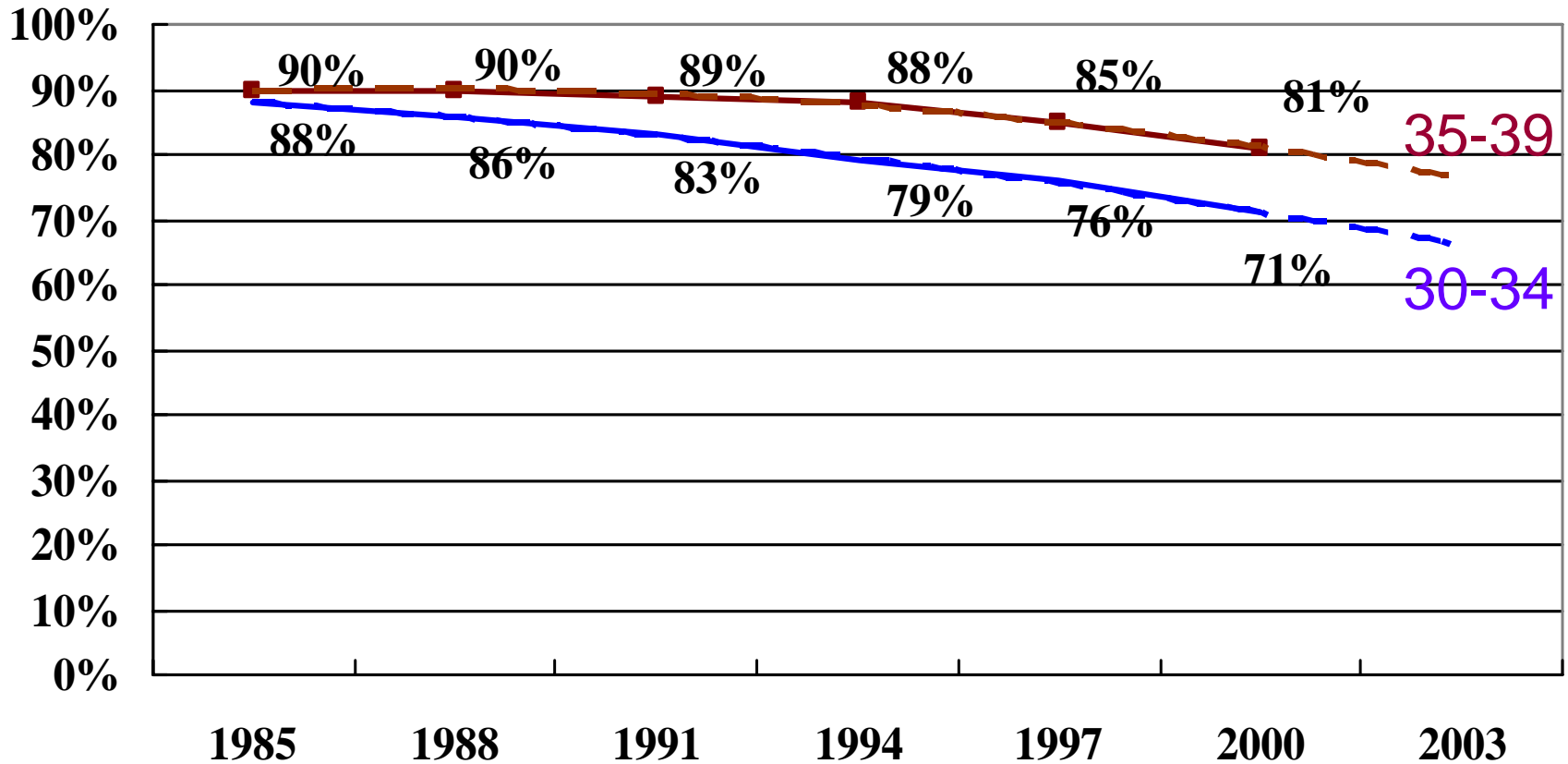


Employment Rate of Women in 30s



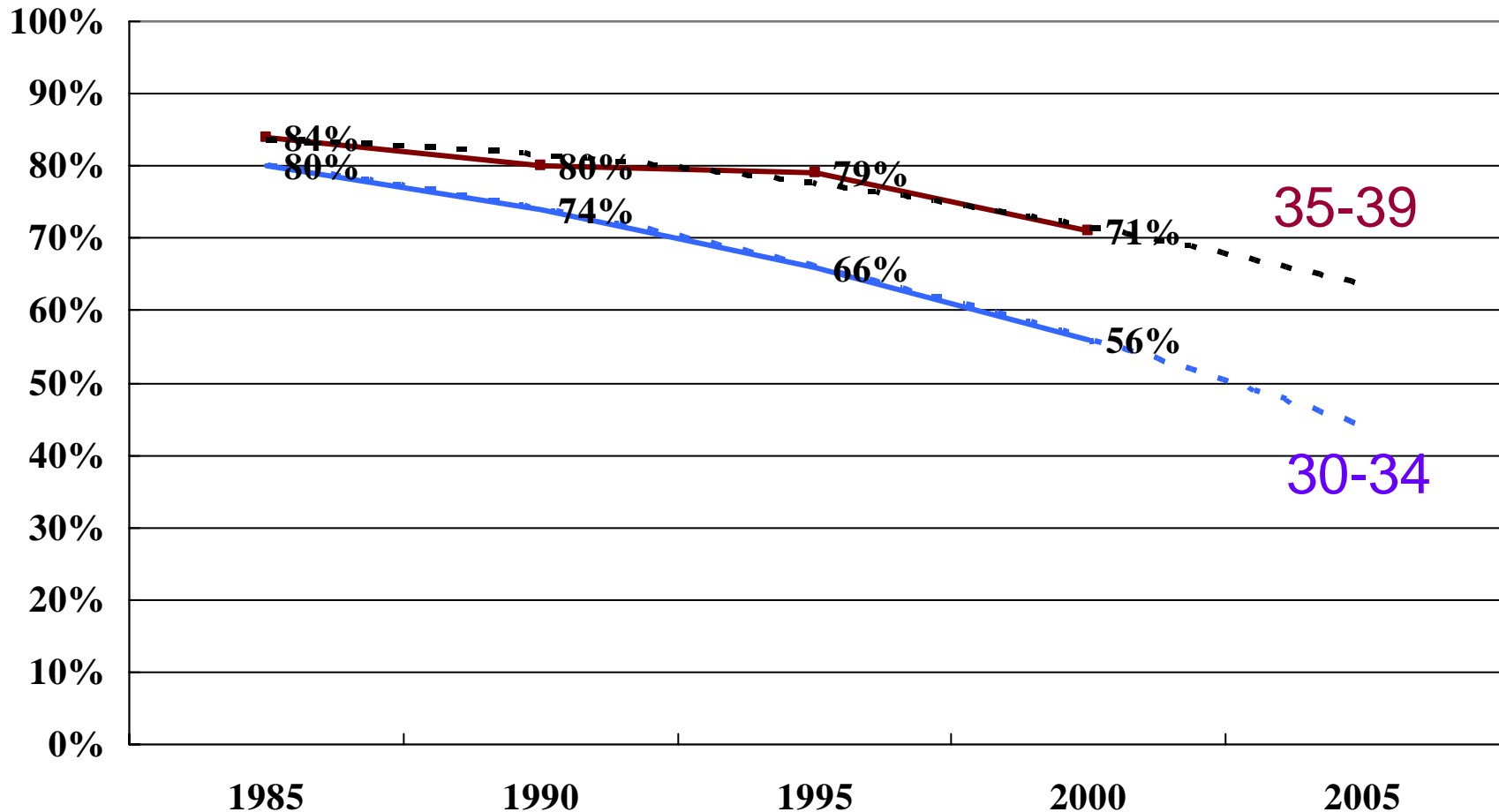
Source: Ministry of Health, Labour and Welfare (1980-2003) 52

Marriage Rate of Women in 30s



Source: Ministry [Minister] of Public Management, Home Affairs,
Posts and Telecommunications (1985-2003)

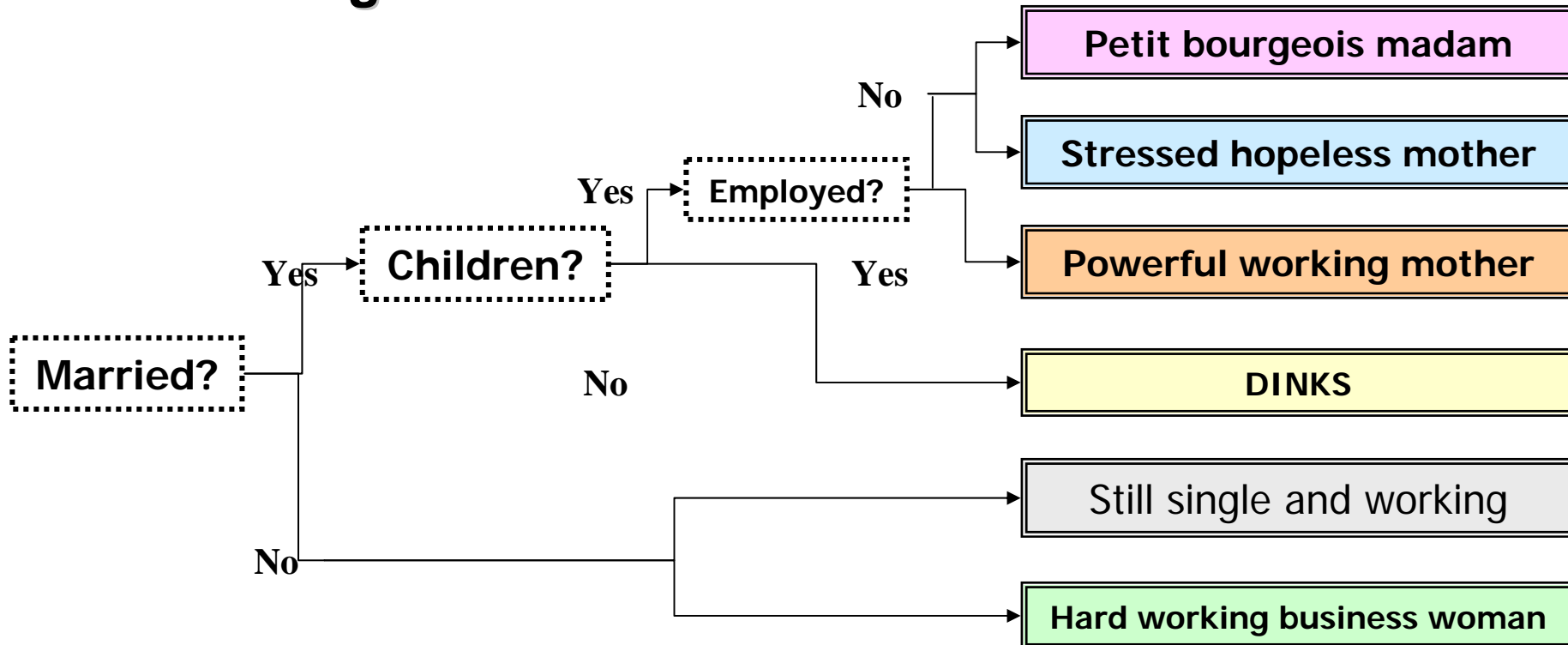
Women in 30s with Children



Source: Ministry [Minister] of Public Management, Home Affairs, 54
Posts and Telecommunications (1985-2003)

Studying women in 30s

Market segmentation of women in 30s

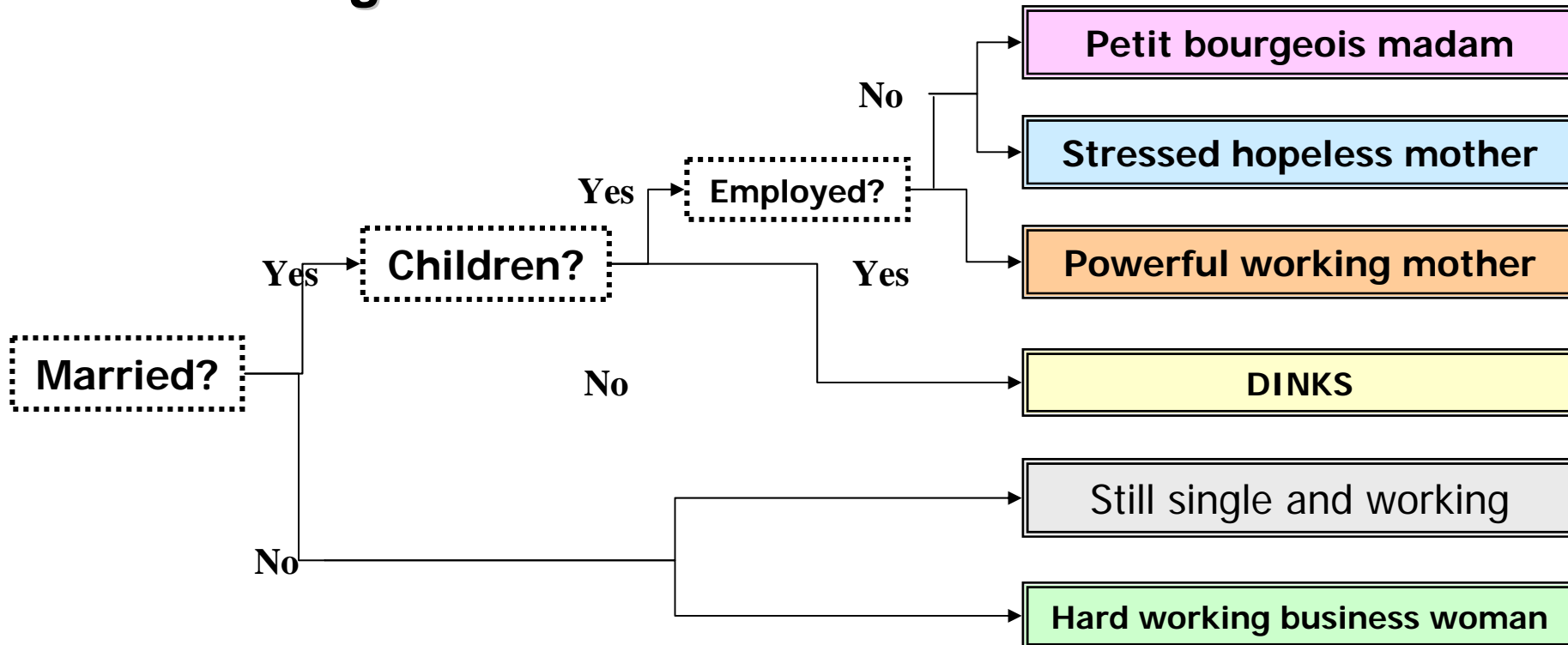


Studying women in 30s

- **Petit bourgeois madam**
- Married, with children, unemployed
- **Key Words**
 - Pride
 - Economically well off
 - Rivalry against other families in the same class
 - Busy husband
- **Travel trends**
 - Luxury beach resort
to show off to her friends

Studying women in 30s

Market segmentation of women in 30s

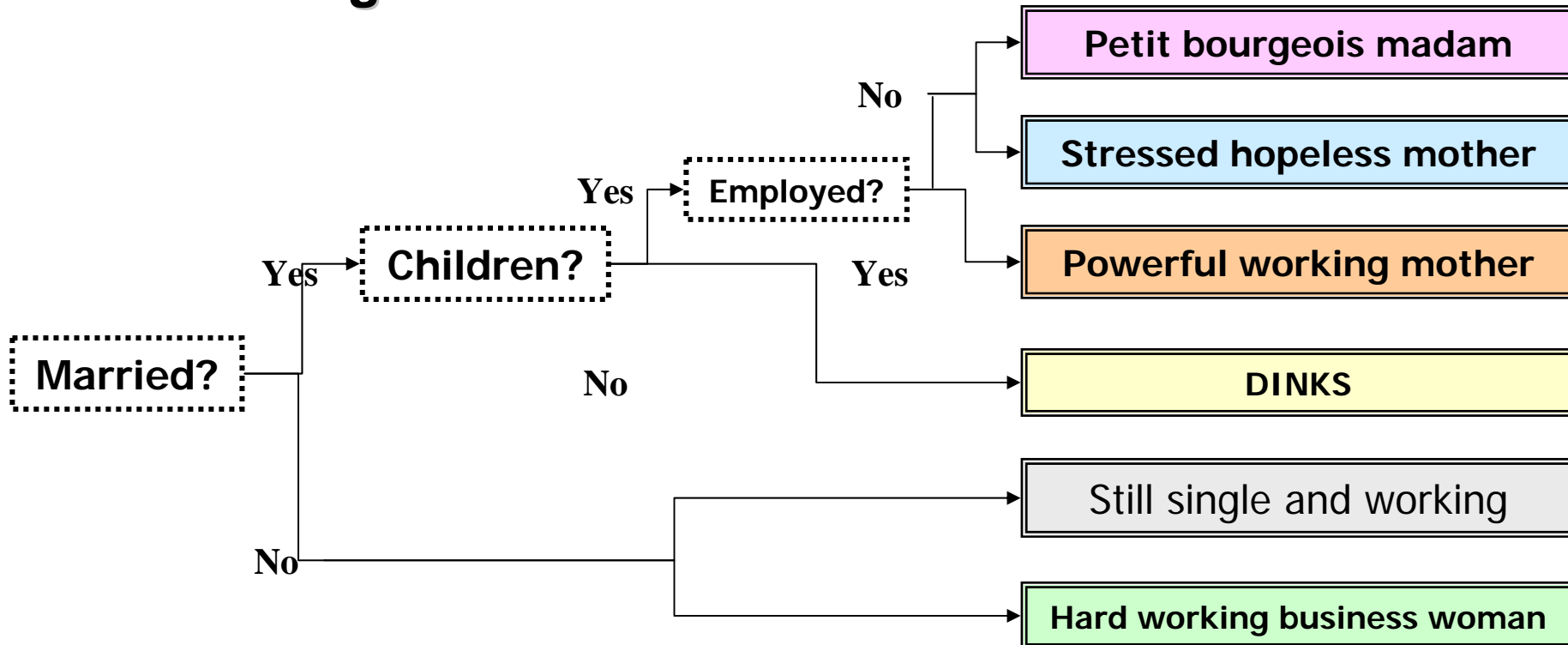


Studying women in 30s

- Stressed hopeless mother
 - Married, with children, unemployed
 - Key words
 - Monotonous but busy daily life.
 - Stress from raising children with little support by her partner
 - Lost self-esteem and self-confidence
 - Anxious for her future ‘What will I do in the future’
 - Desire for more time shared with her partner
 - Travel trends
 - International destination, even short-haul (escape from every day life)
 - Guam, Saipan, Hawaii, Cairns
 - Shopping in overseas destination: a way to stay away from stresses
 - Destination must be a place where kids can enjoy

Studying women in 30s

Market segmentation of women in 30s



Studying women in 30s

- **Powerful working mother**
 - **Married, with children, full time employment**

Key words:

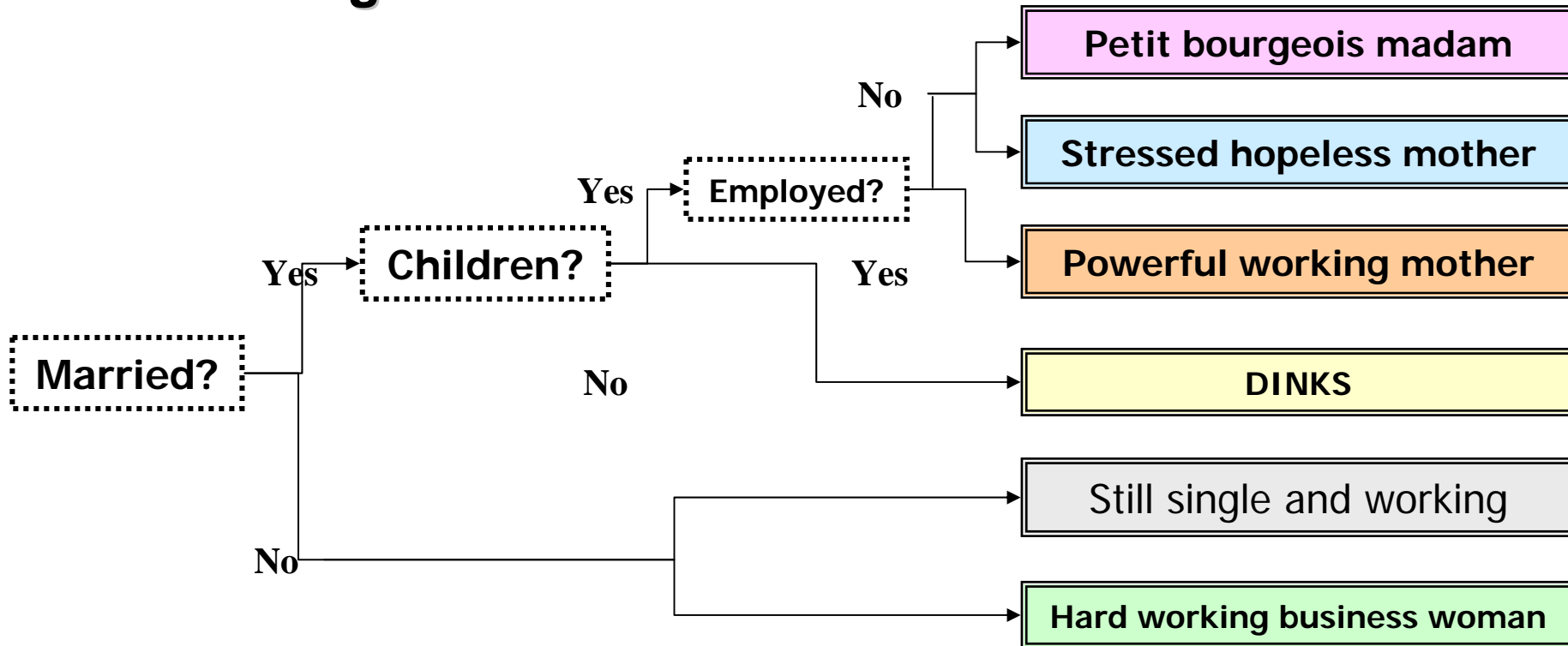
- Self confidence
- Cooperation by family members (and Grand parents)
- Concentrated daily life: Need for time to relax

Travel trends

- Destination where she can relax as well as the rest of the family
- Invite parents to join 3 generation trips (sponsorship highly welcome)
- Hawaii, Guam
- Hopes to travel to Europe and U.S. with children

Studying women in 30s

Market segmentation of women in 30s

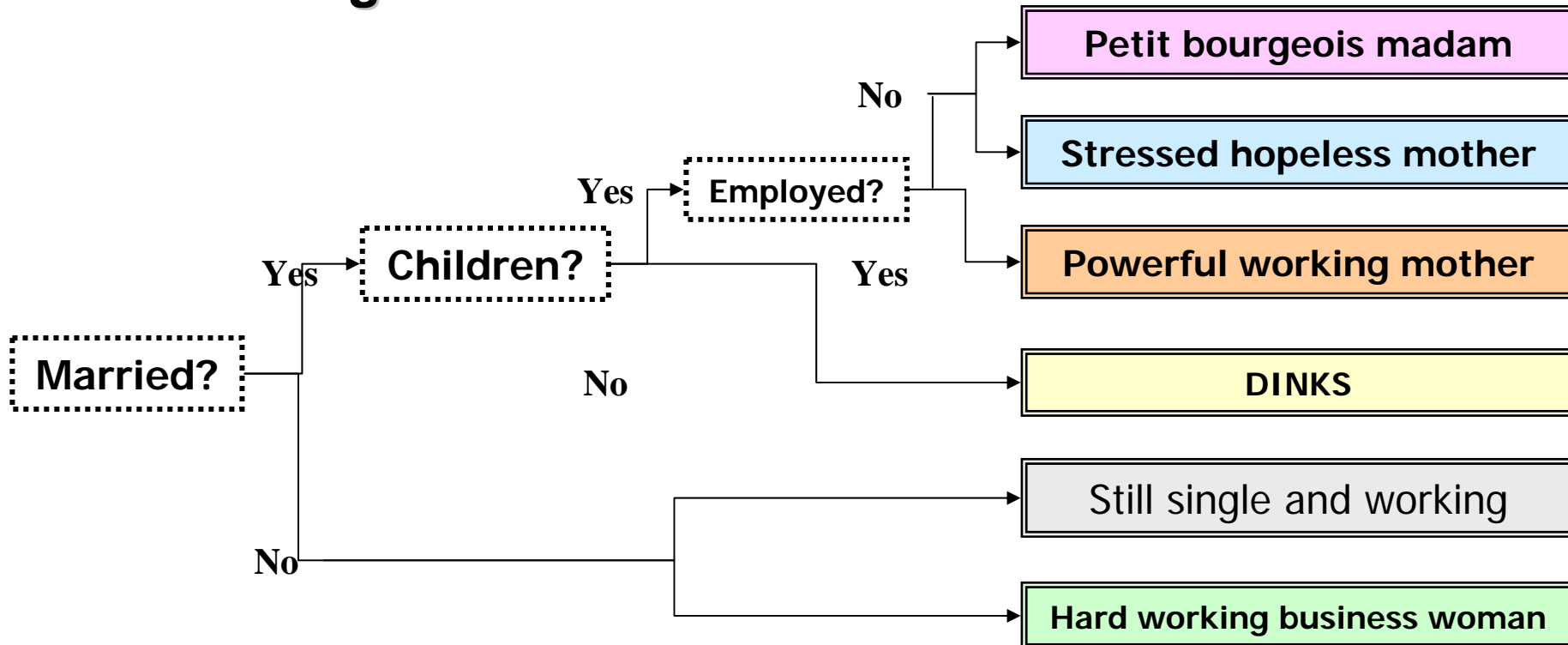


Studying women in 30s

- DINKS – Weekend dating with her partner
- Married, without children, full-time employment
- Key words
 - Hardly share time with partner during weekdays
 - Respect each other's life style
 - Rich with double income
- Travel trends
 - Destination depends largely on travel companion and purpose of trip
 - With partner: Easily accessible resorts, little expectation for shopping
 - With friends or sisters: New destinations, shopping destinations

Studying women in 30s

Market segmentation of women in 30s

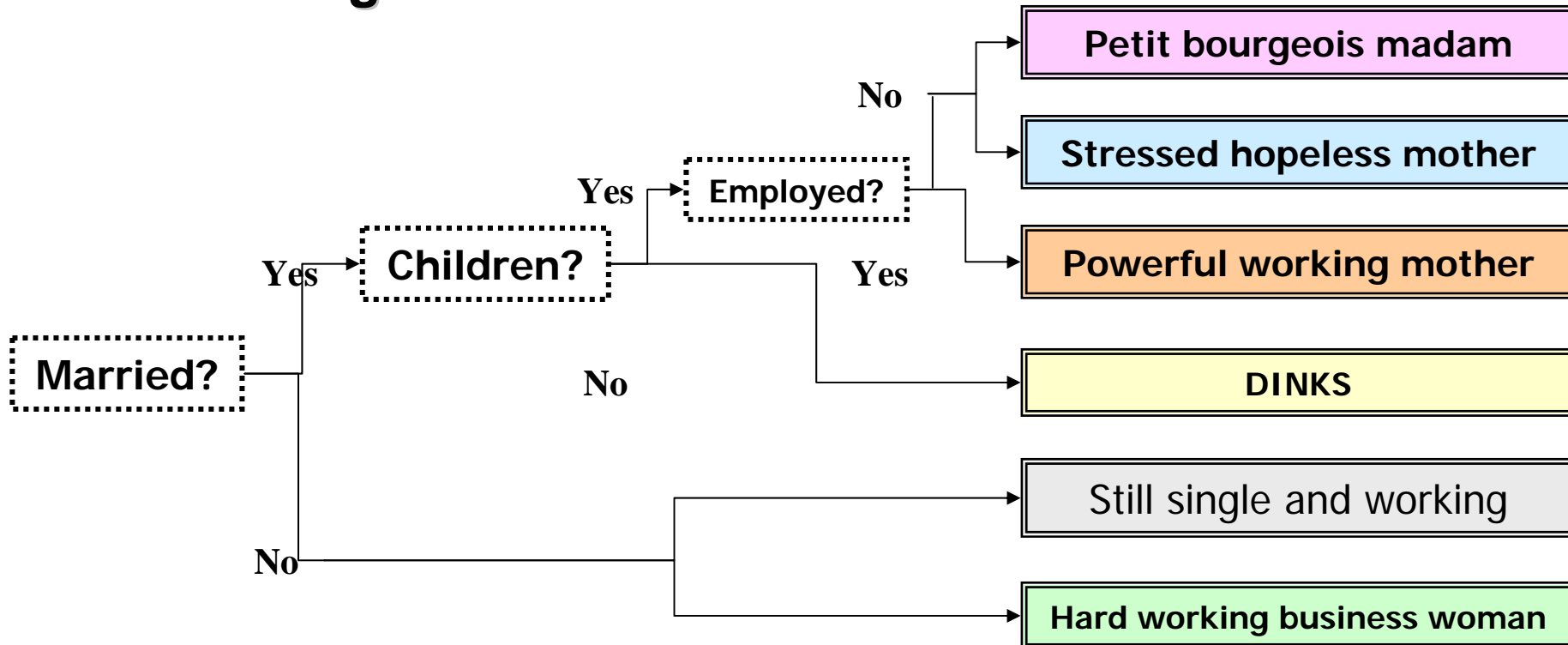


Studying women in 30s

- **Still single and working**
- Unmarried, without children, full-time employment
- Key words
 - Majority of this age group
 - Little expectation for self realization through her job
 - Not very comfortable in her office, but no intention to spin out
 - Great effort to save travel fund
- Travel trends
 - More difficult to take holiday on the same days as travel partners
Mother and daughter Duo, travel alone
 - Asian cities and resorts
'I enjoy being treated like a Princess in Asian resorts'
 - Europe

Studying women in 30s

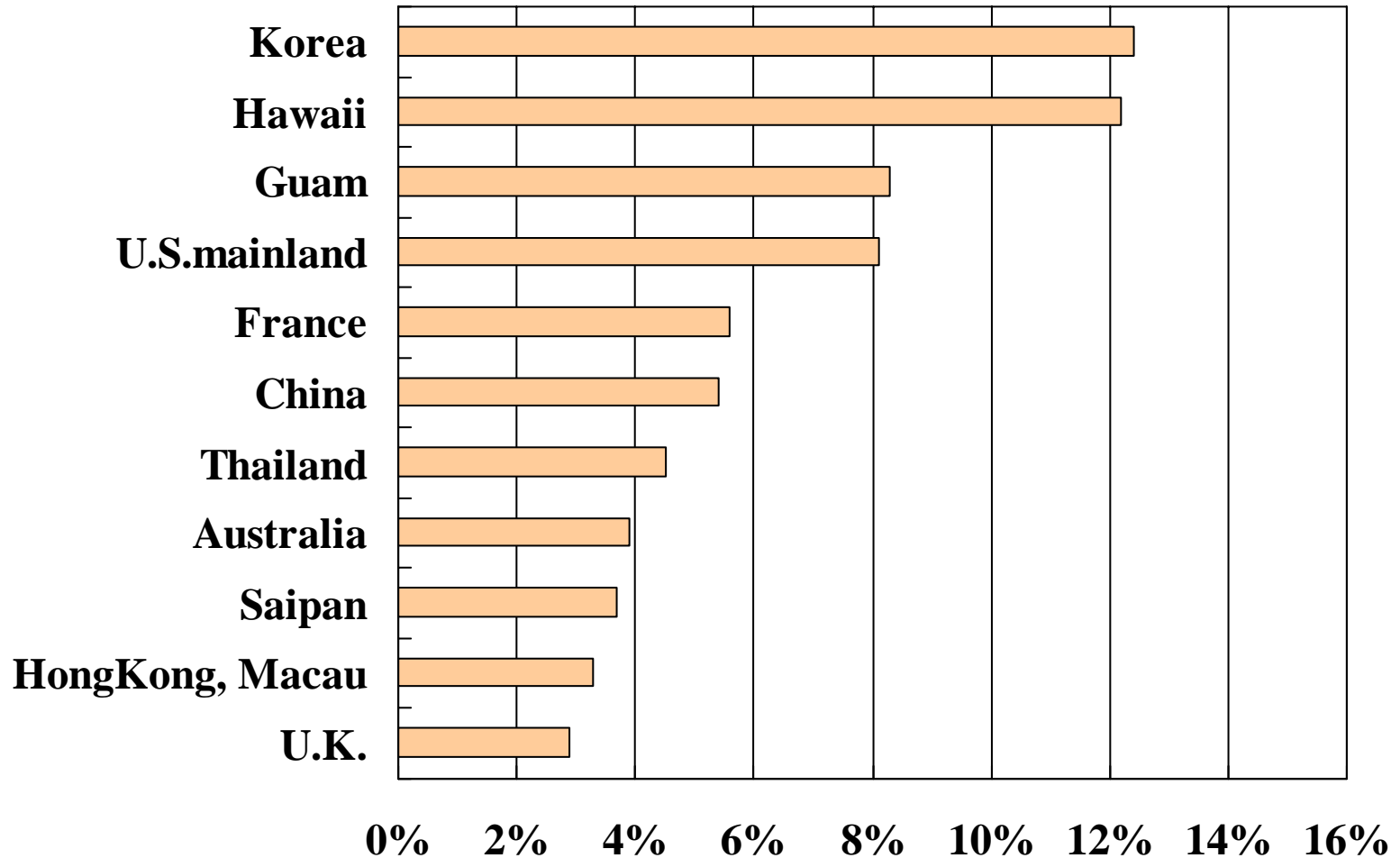
Market segmentation of women in 30s



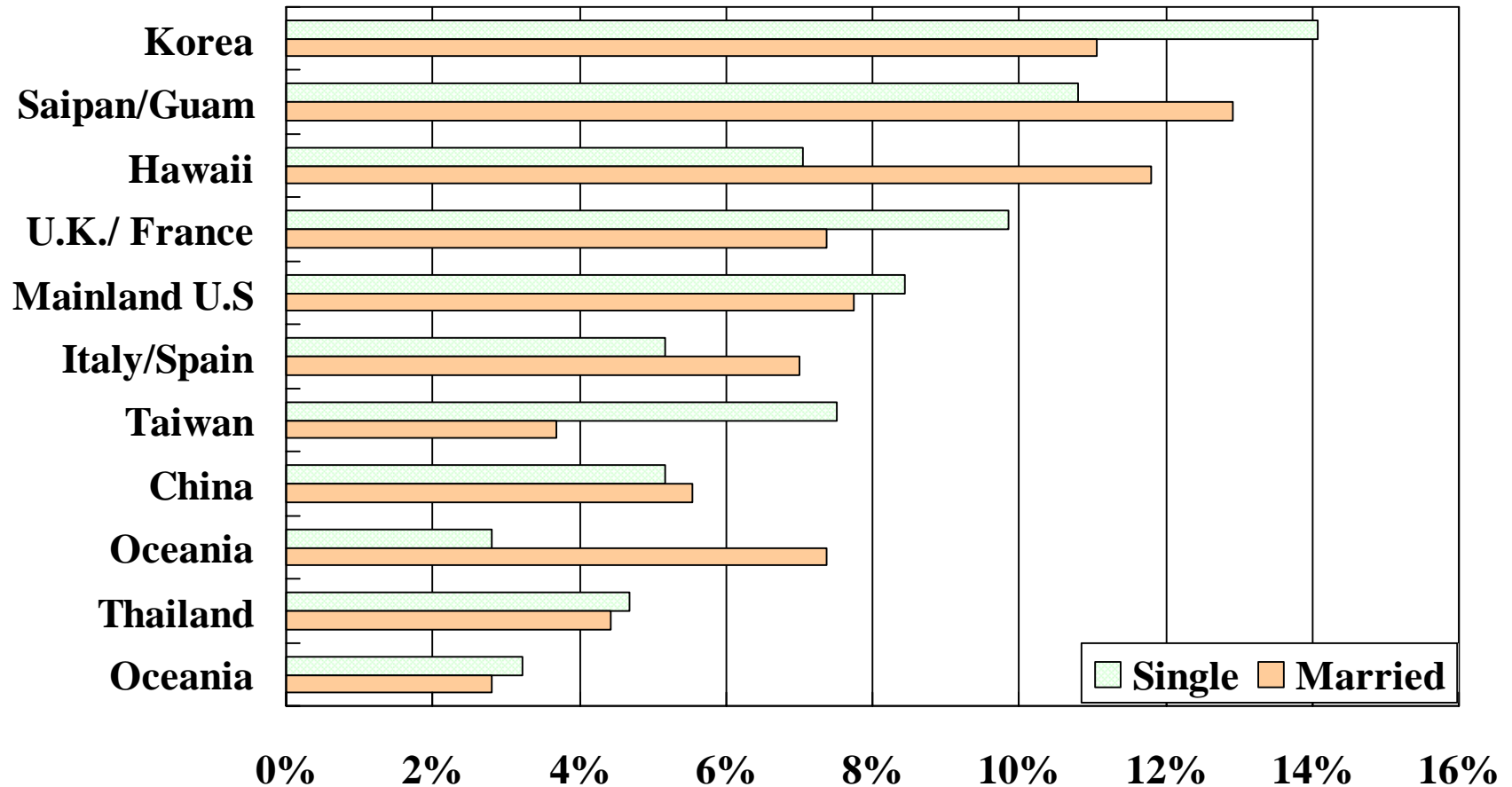
Studying women in 30s

- **Hard working business woman**
- **Unmarried, without children, full-time employment**
- **Key words**
 - Self-realization through her job
 - Aggressive and onward
 - Hard worker, full of stress physically and mentally
 - **Overseas trip = 'Reward for myself'**
- **Travel trends**
 - Make use of mileage she has earned from business trips
 - Luxury resorts in Asia, Europe
 - Trip to heal her body and heart exhausted from stressful daily life

Popular Destinations (Women 30s)

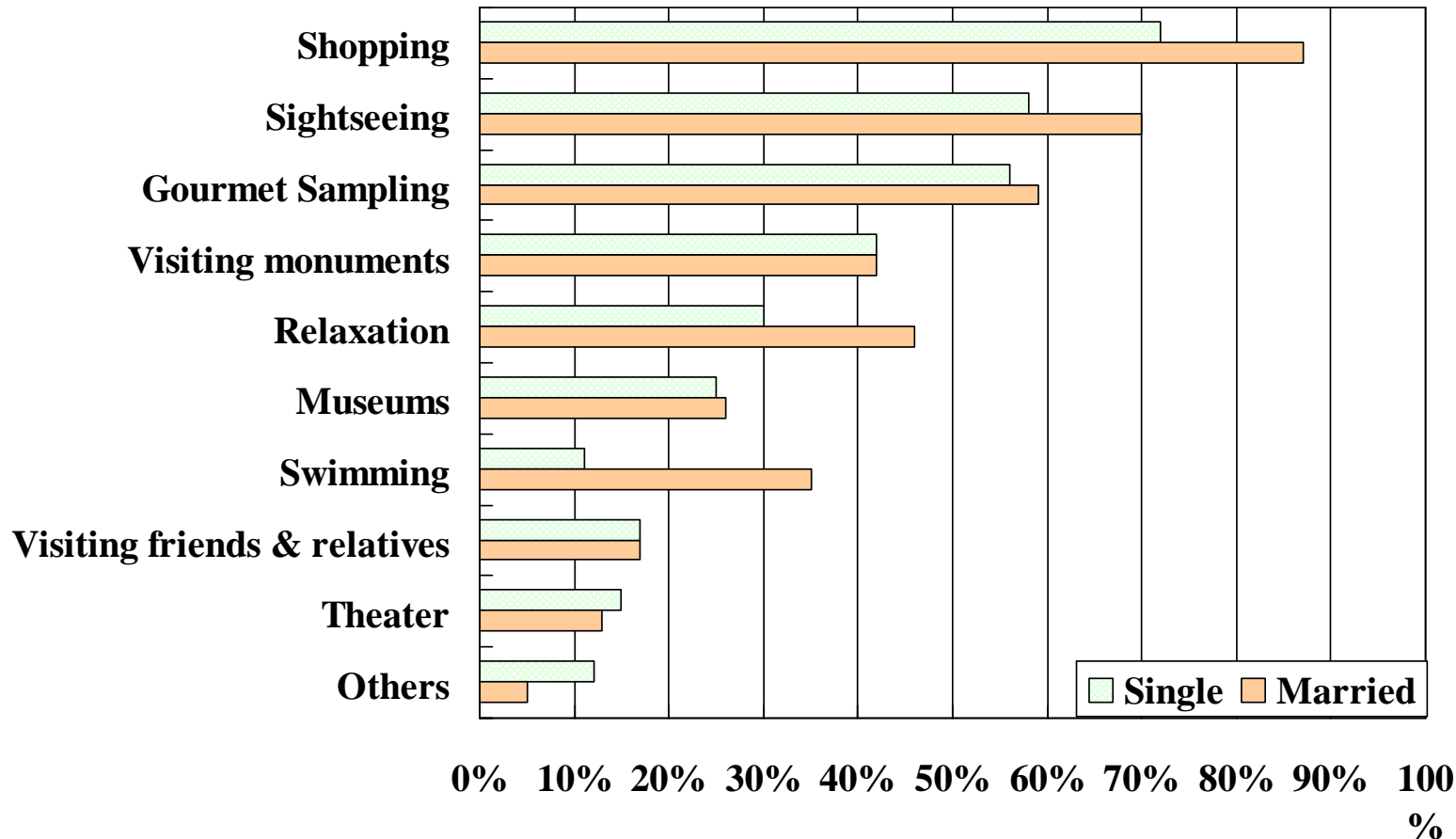


Popular Destinations (Women in 30s: Single vs. Married)



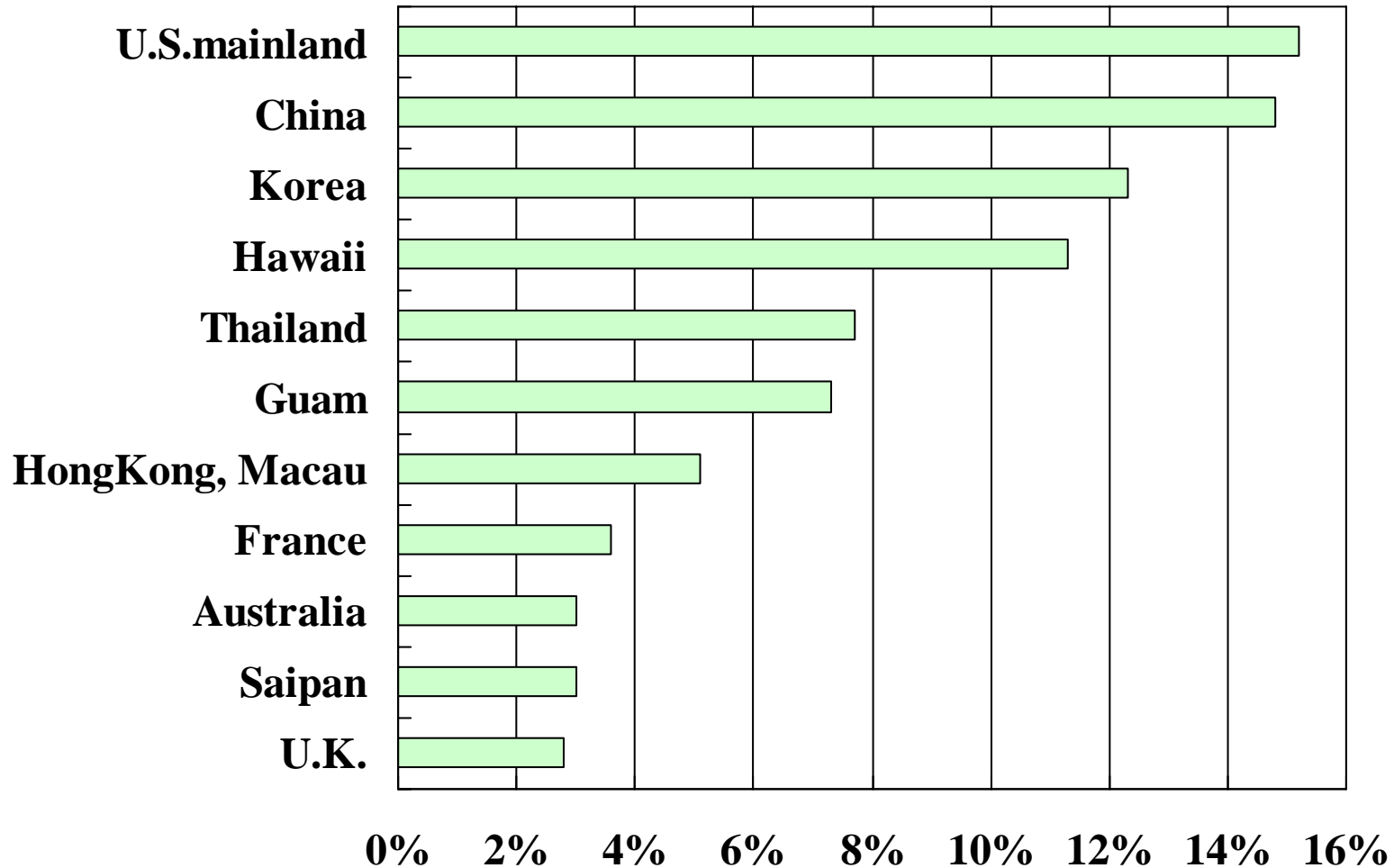
Activities at Destinations (Women in 30s: Single vs. Married)

Single women are less likely to participate in activities.

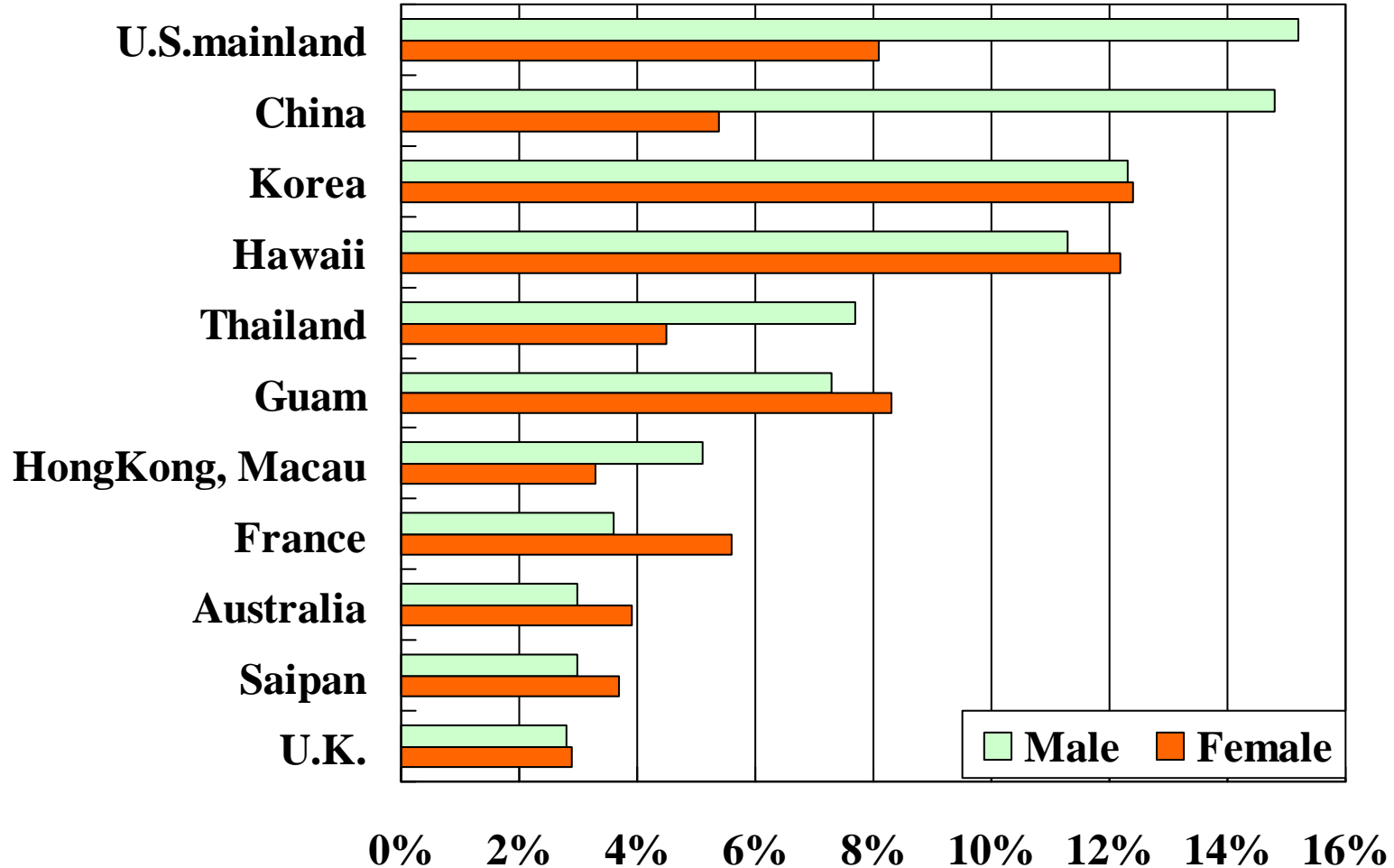


30s Men vs. Women

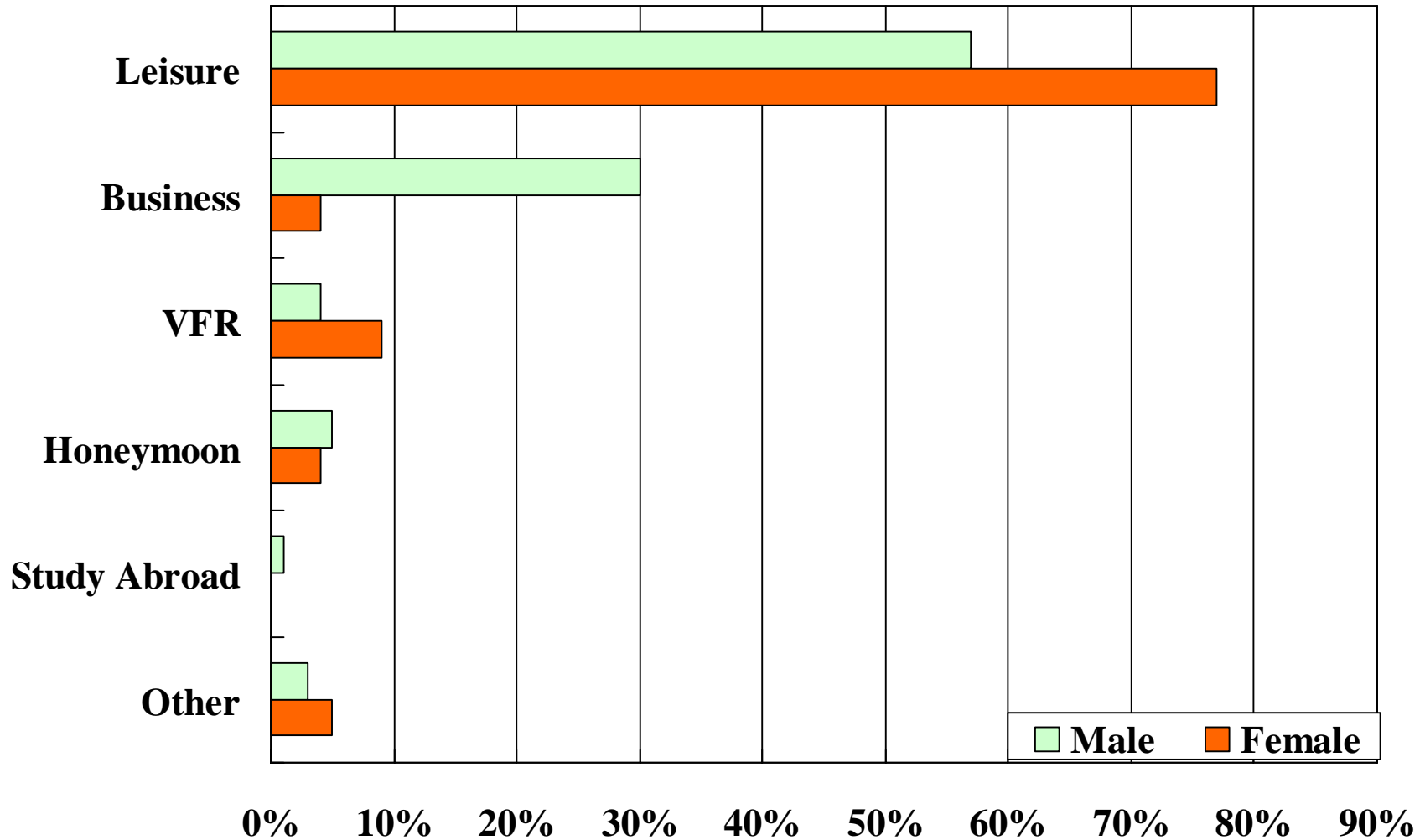
Popular Destinations (Men 30s)



Popular Visited Destinations (30s)

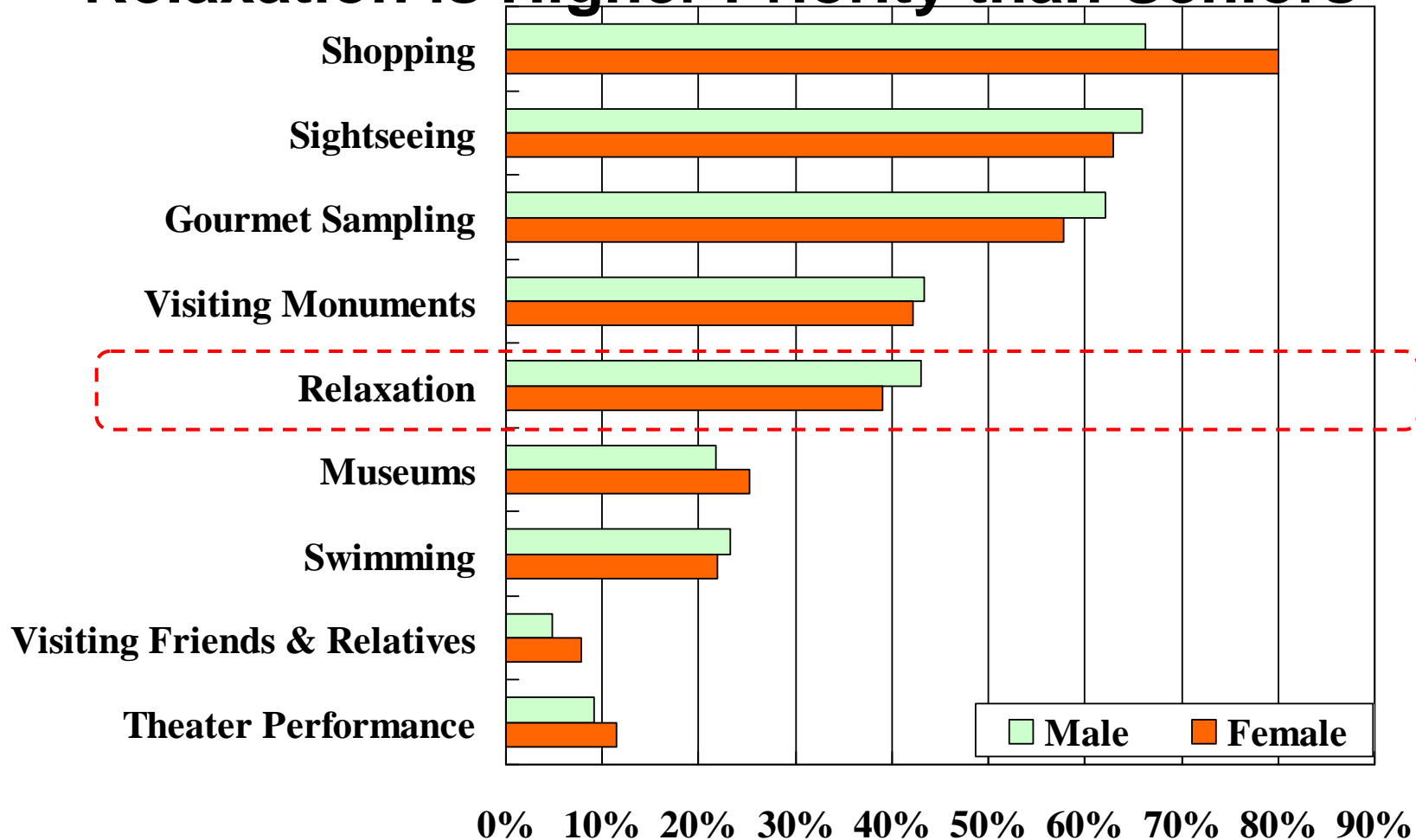


Purpose of trips (30s)



Activities in Destinations (30s)

Relaxation is Higher Priority than Seniors



III. Japanese Travel Trade and Travel Agency Law

Travel Companies in Japan

Type	Leisure FIT (Air / hotel)	Package Wholesale	Package Retail	Direct PKG Sales	Business Travel	Group/ Incentive
General Travel Company						
Retail Company						
In-house Agency						
Wholesaler						
Direct Marketing Company (Media Sales)						
Online Travel Agent						
Business Travel Management Company						

Types of Travel Agencies by Registration, and Designated Services

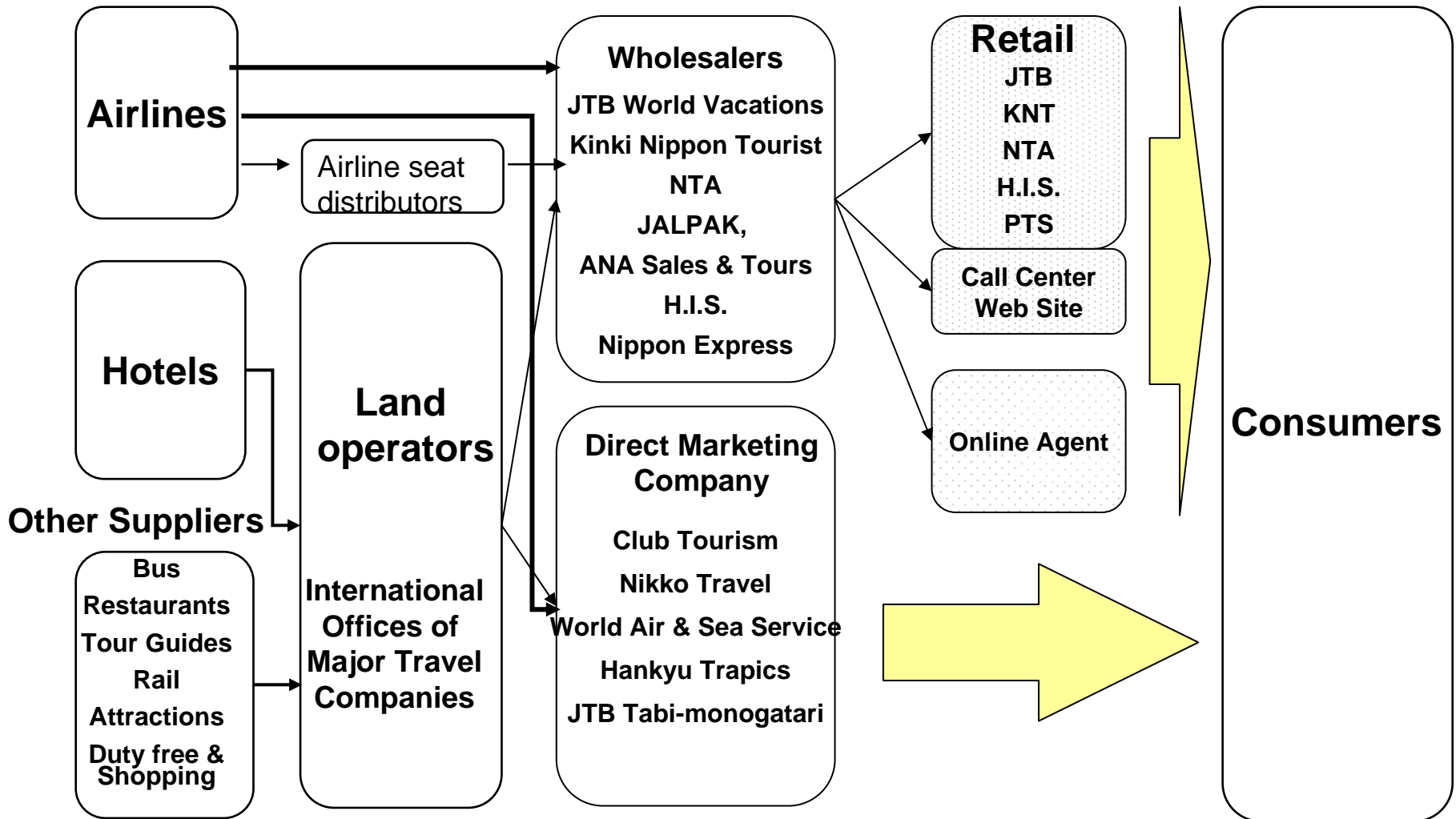
Classifications of Registration	To organize (produce)/ wholesale Package Tour		To retail Package Tour		To make travel arrangements for the clients as an agent		To handle overseas visitors
	Inter-national	Domestic	Inter-national	Domestic	Inter-national	Domestic	
1st Category							
2nd Category	×						
3rd Category	×	×					
Sub-agents for Travel Agencies	×	×					×

Number of Registered of Japanese Travel Agencies

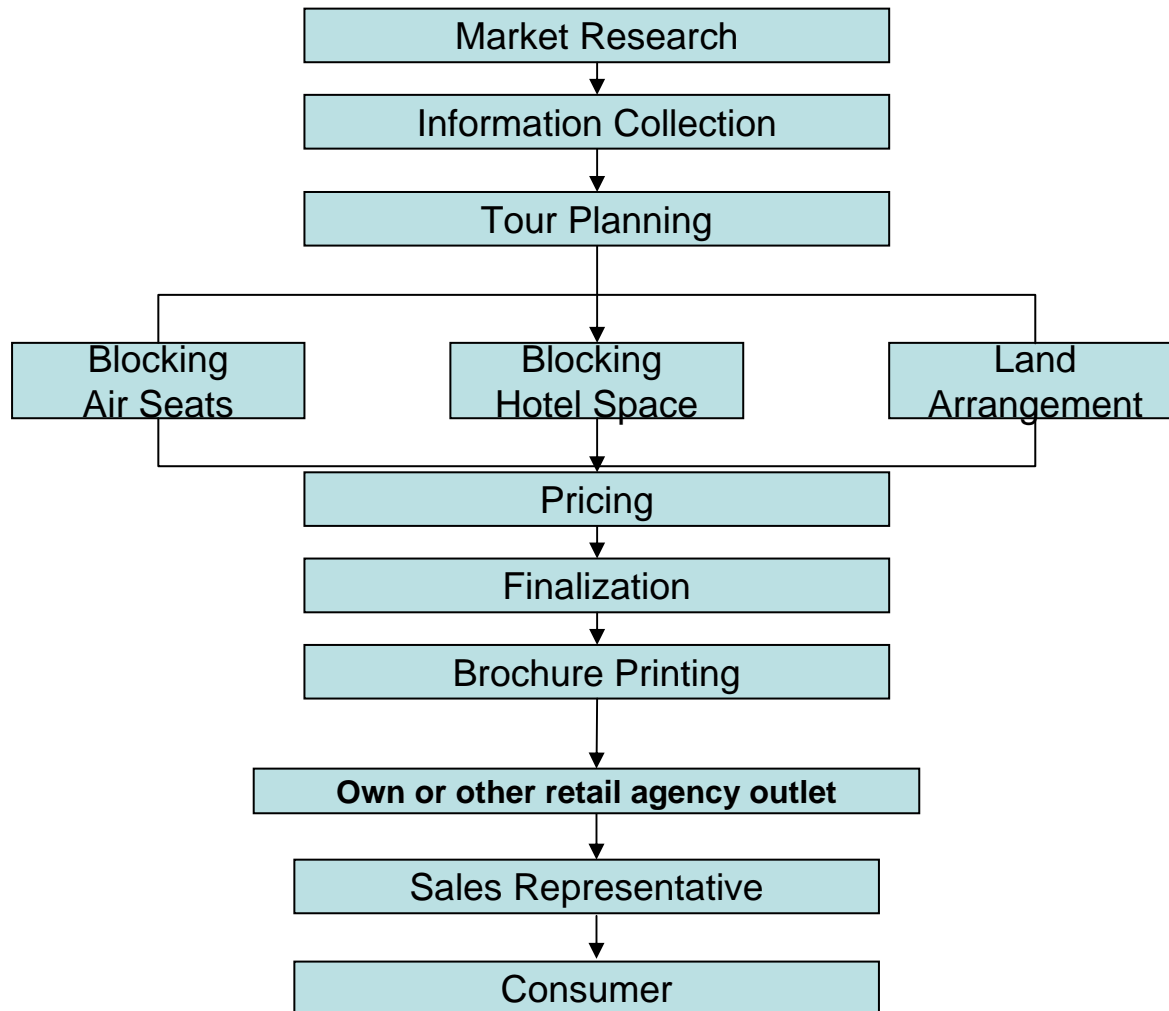
Year	Travel Agencies Category			Travel sub-agencies	Total
	1 st	2 nd	3 rd		
1996	879	2,680	4,929	2,259	10,747
1997	949	2,714	5,577	1,591	10,831
1998	936	2,737	5,822	1,481	10,976
1999	896	2,755	5,971	1,439	11,061
2000	874	2,747	6,090	1,358	11,069
2001	868	2,762	6,188	1,308	11,126
2002	855	2,780	6,312	1,201	11,148
2003	841	2,782	6,314	1,129	11,066
2004	784	2,765	6,259	1,061	10,869

Source: JATA 78

Package Tour Distribution Channel in Japan



Wholesaler Tour Planning Work Flow Chart



Year round Tour Catalog	Newspaper Advertised
8 to 10 months before	2 to 4 months before
6 to 7 months before	2 to 3 months before
4 to 5 months before	
4 months before	1 to 2 months before
3 months before the departure of the tours	2 to 4 weeks before the departure

Travel Itinerary Booking Guarantee < Travel Agency Law >

Liability to pay compensation due to change

-Purpose-

**To maintain fair practices in travel business,
to promote security and safety in travel and
the development of the traveler's convenience**

through the implementation of a system of registration for persons operating a travel agent business and others by ensuring correct business practices by persons operating a travel agent business and others, and encouraging proper activities of their organizations.

Travel Itinerary Booking Guarantee < Travel Agency Law >

-Revised Version of 'Travel Agency Law'
Effective on April 1st, 2005

-Major Change in Current Version-

'Travel Booking Itinerary Guarantees' apply to `Custom-Ordered Tour` in addition to 'Agent-Organized Tour'.

Enforcement of 'Travel Itinerary Booking Guarantees' Revised in 2005

Tour organizing company shall be responsible for the management of all services described in the itinerary to be rendered faithfully.

In the case of any major changes occurring during the tour ***regardless whether the company is liable or not***, the company shall compensate for the damage within the limit stipulated in the condition.

The 'travel itinerary booking guarantee' compensates consumers for substantial contract changes in a travel itinerary.

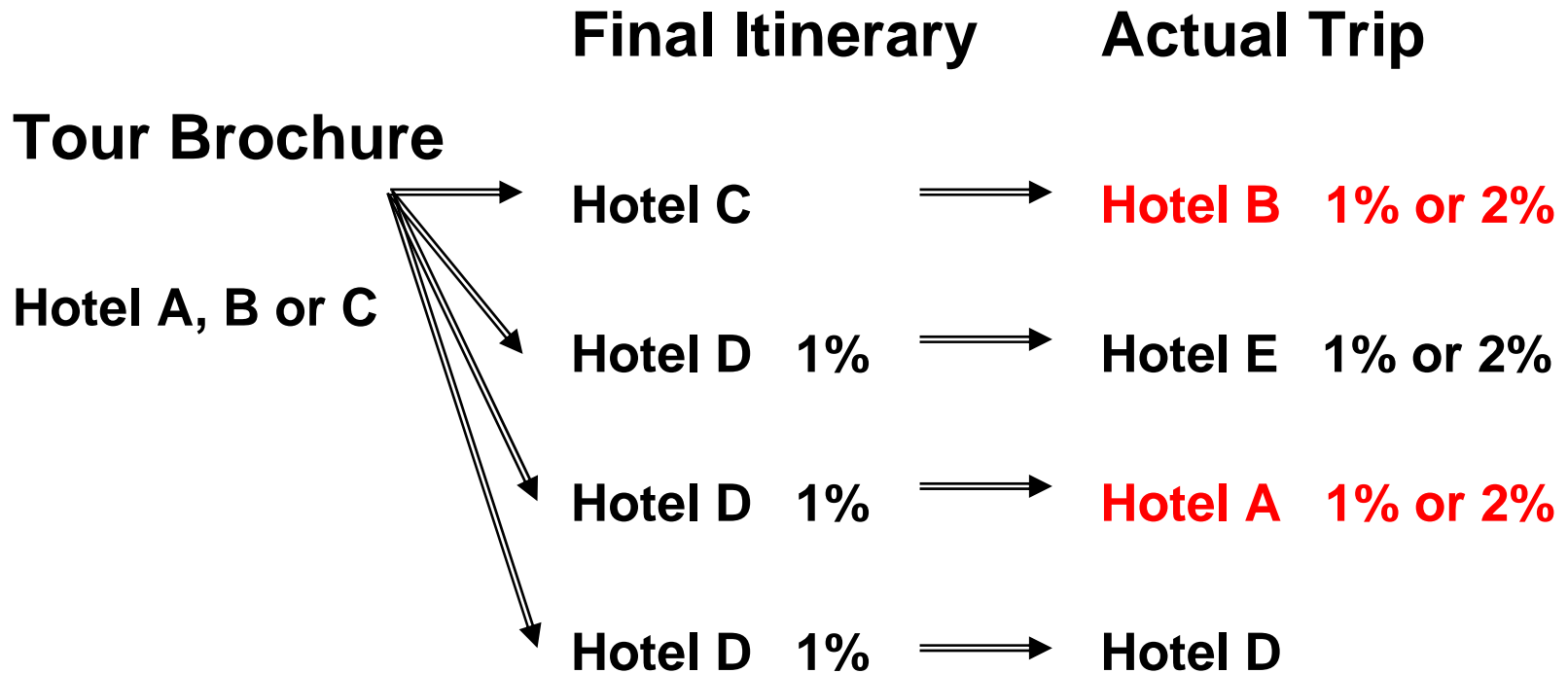
Enforcement of 'Travel Itinerary Booking Guarantees' Revised in 2005

1. Compensation must be paid when substantial changes arise **between the services specified in the tour brochure or tour advertisement and the actual trip.**
2. Compensation must be paid when substantial changes arise **between the final itinerary given to the customer prior to departing Japan and the actual trip.**

Compensation Rate for Each Case

	Case requiring compensation payment	Rate Per Incident (%)	
		Prior to trip	After departure
1	Change in dates for departure or arrival from what was the contract	1.50	3.00
2	Change in the destination or entering tourist spot and (or) facilities, including restaurants from what was in the contract	1.00	2.00
3	Change to class lower than the transportation class stated in the contract	1.00	2.00
4	Change to transportation vehicles or company operating the vehicle from what was in the contract	1.00	2.00
5	Change to the airport departing from or arriving in Japan stated in the contract	1.00	2.00
6	Change of airline flight between Japan and the destination; from non-stop flight to flight with a stop or connecting flight	1.00	2.00
7	Change in accommodation facilities from what was in the contract	1.00	2.00
8	Change in type, facilities and view of the accommodation and other condition from what was in the contract	1.00	2.00
9	Regarding changes in 1 to 8, changes relating to the title given in the contract, the rates at the right will supersede the above rates.	2.50	5.00

Compensation Case Study

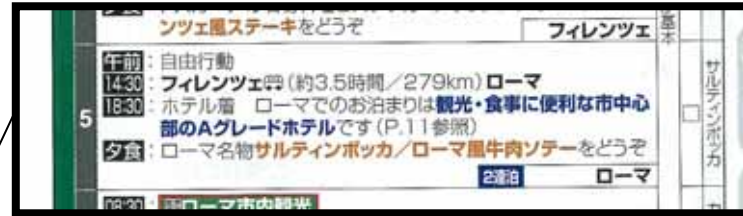


Changes are counted by the number of nights.

Change of accommodation for three consecutive nights are counted three changes. => 1% x 3 nights

Tour Brochure and Final Itinerary

Tour Brochure



Final Itinerary Hotel Lists

【ご宿泊ホテル】

<ラノ>
8月13日～8月14日 (1泊)
ホテル名: STARHOTELS BUSINESS PALACE
スターホテルズ ビジネス パレス
所在地: VIA GAGGIA 3. 20139 MILANO ITALY
TEL: (02) 53545 FAX: (02) 57307550

<ベネチア>
8月14日～8月16日 (2泊)
ホテル名: STARHOTEL SPLENDID SUISSE
スターホテル スプレンド スイス
所在地: SAN MARCO MERCERIE 760 VENICE. ITALY
TEL: (041) 5200755 FAX: (041) 5286498

<フィレンツェ>
8月16日～8月17日 (1泊)
ホテル名: アルバーニ ホテル
所在地: VIA FUME 12. I-50123 FIRENZE. ITALY
TEL: (055) 26030 FAX: (055) 211045

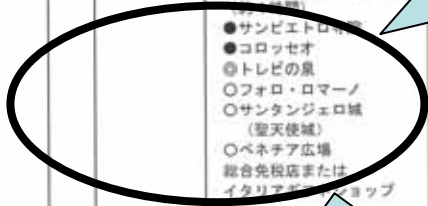
<ローマ>
8月17日～8月19日 (2泊)
ホテル名: STARHOTEL METROPOLE
スターホテル メトロポール
所在地: VIA PRINCIPE AMEDEO 3. I-00185 ROME. ITALY
TEL: (06) 4774 FAX: (06) 4740413

A Class Hotels Star Hotel P.11 Hotel Lists in Rome

Compensation Case 1

Day 6 in Rome

都市名	時刻	交通機関	スケジュール
ローマ			モーニングコール ホテル出発 午前：ローマ市内半日観光 ●サンピエトロ ●コロッセオ ◎トレビの泉 ○フォロ・ロマーノ ○サンタンジェロ城 (聖天使城) ○ベネチア広場 総合免税店または イタリア大使館ショップ 午後：自由時間 夕食はカンツォーネを聞きながら お楽しみください
食事	朝食あり	昼食	夕食あり
<ローマ泊のご宿泊ホテル名> STARHOTEL METROPOLE スターホテル メトロポール 部屋番号：お客様 号室 添乗員 号室			



Final Itinerary indicates 'Walk in Colosseo'



Actually Looked Colosseo through the Bus Window



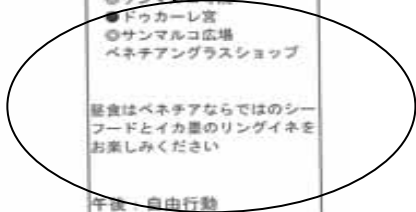
Subject to the compensation 88

Compensation Case 2

Day 3 in Florence

Final Itinerary :
Dinner includes
spaghetti con nero di seppia
'Calamari (squid) Ink Spaghetti'

第3日目		8月15日(月)	
都市名	時刻	交通機関	
ベネチア			モーニング ホテル出発 午前：ベネチ （徒歩） （約2時間） ◎サンマルコ広場 ◎ドゥカーレ宮 ◎サンマルコ広場 ベネチアガラスショップ 昼食はベネチアならではのシー フードとイカ墨のリングイネを お楽しみください 午後：自由行動
食事	朝食 あり	昼食 あり	夕食
<ベネチア泊/ご宿泊ホテル名> STARHOTEL SPLENDID SUISSE スターホテル スプレンドイド スイス 部屋番号：お客様 号室 添乗員 号室			



Actually served Sea Food
Tomato Sauce Pasta



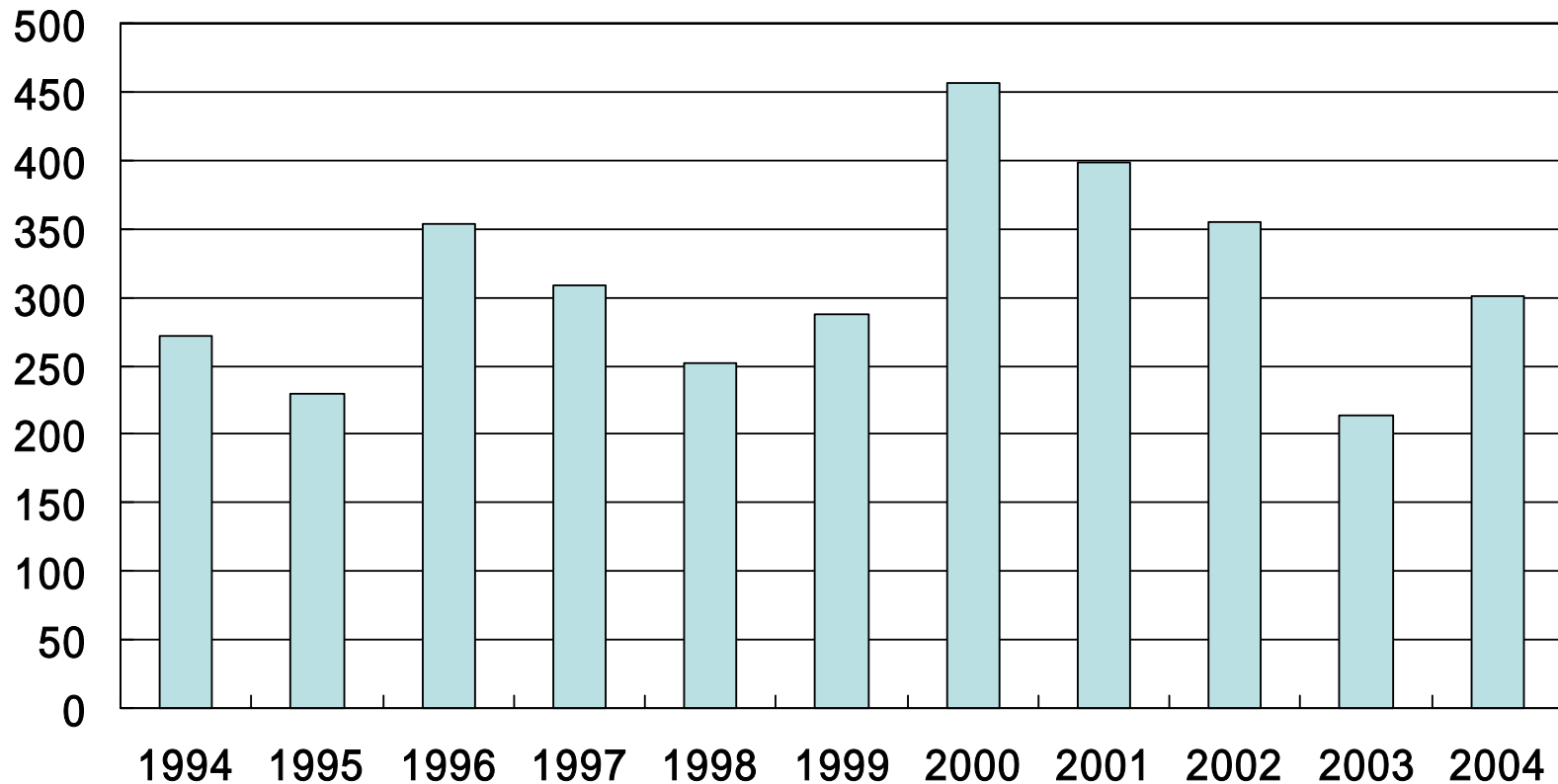
Subject to the compensation

Exemption from Compensation

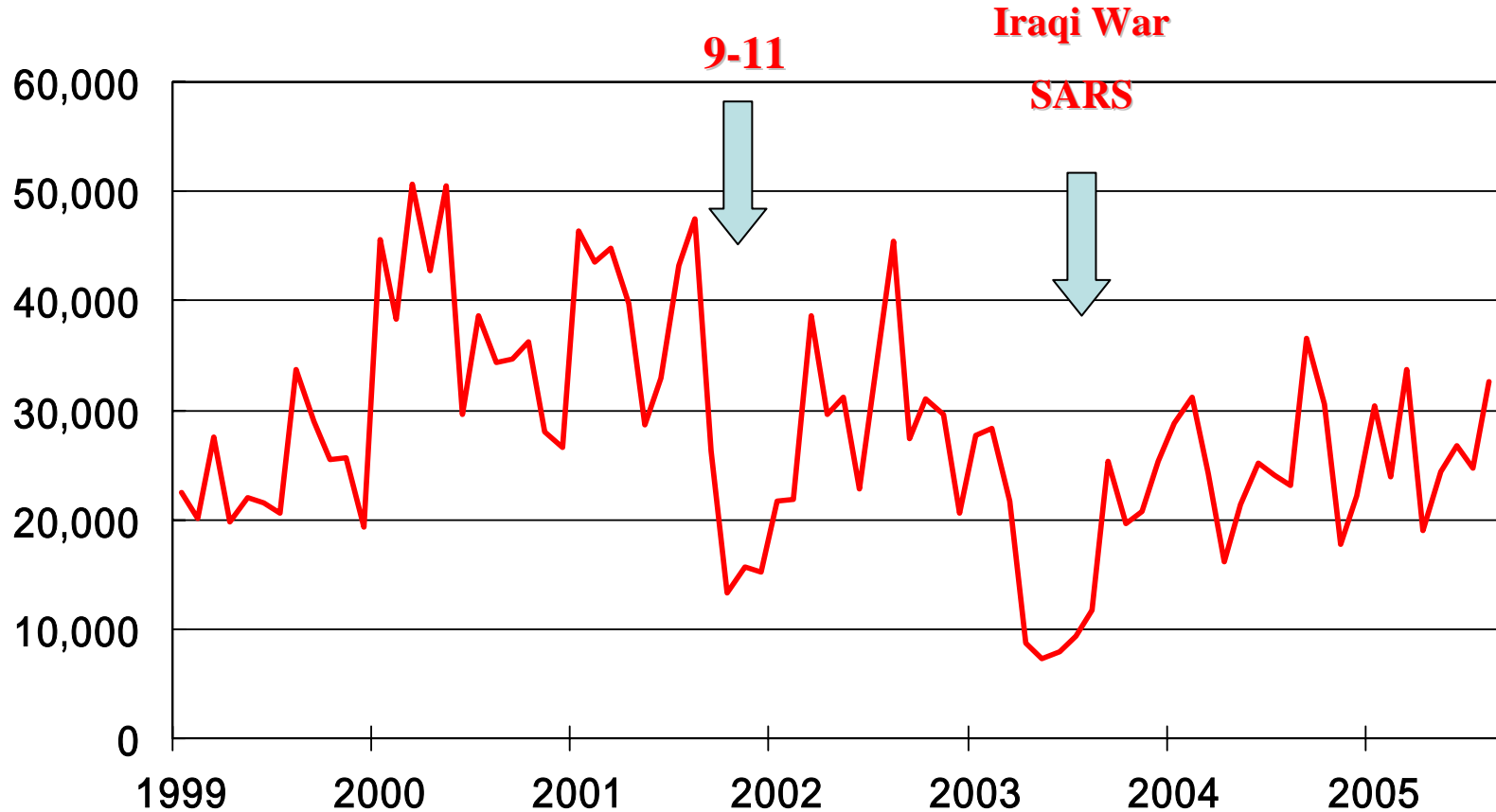
- Natural disasters
- Wars
- Riots
- Orders by either domestic or foreign governmental offices
- Interruption, cancellation and or suspension of transport and accommodation
- Provision of transport services different from the original schedule
- Necessary measures taken to prevent death or bodily harm of the travelers

Destination Malaysia for Japanese Travellers

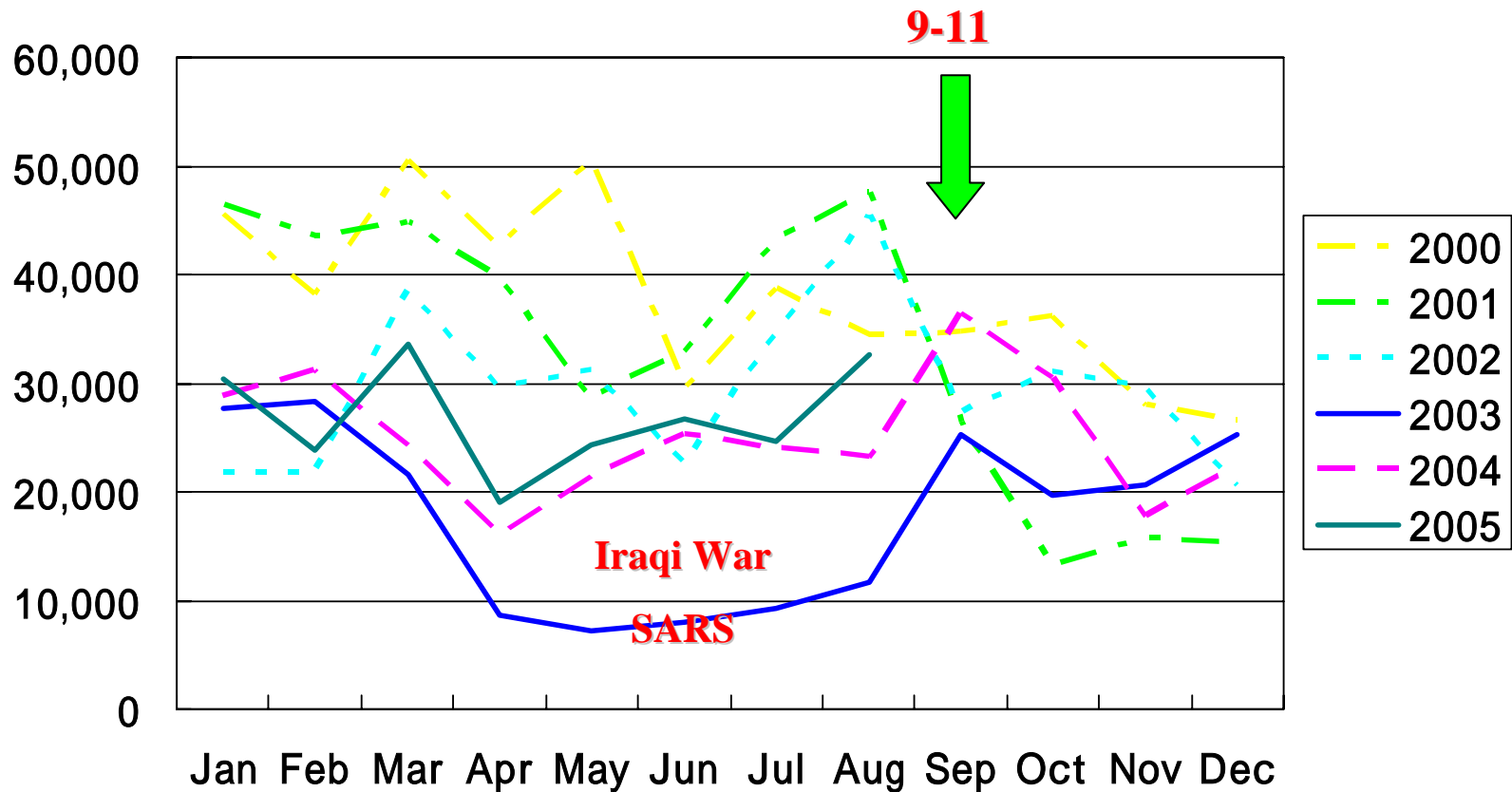
Japanese Arrival to Malaysia (1994-2004)



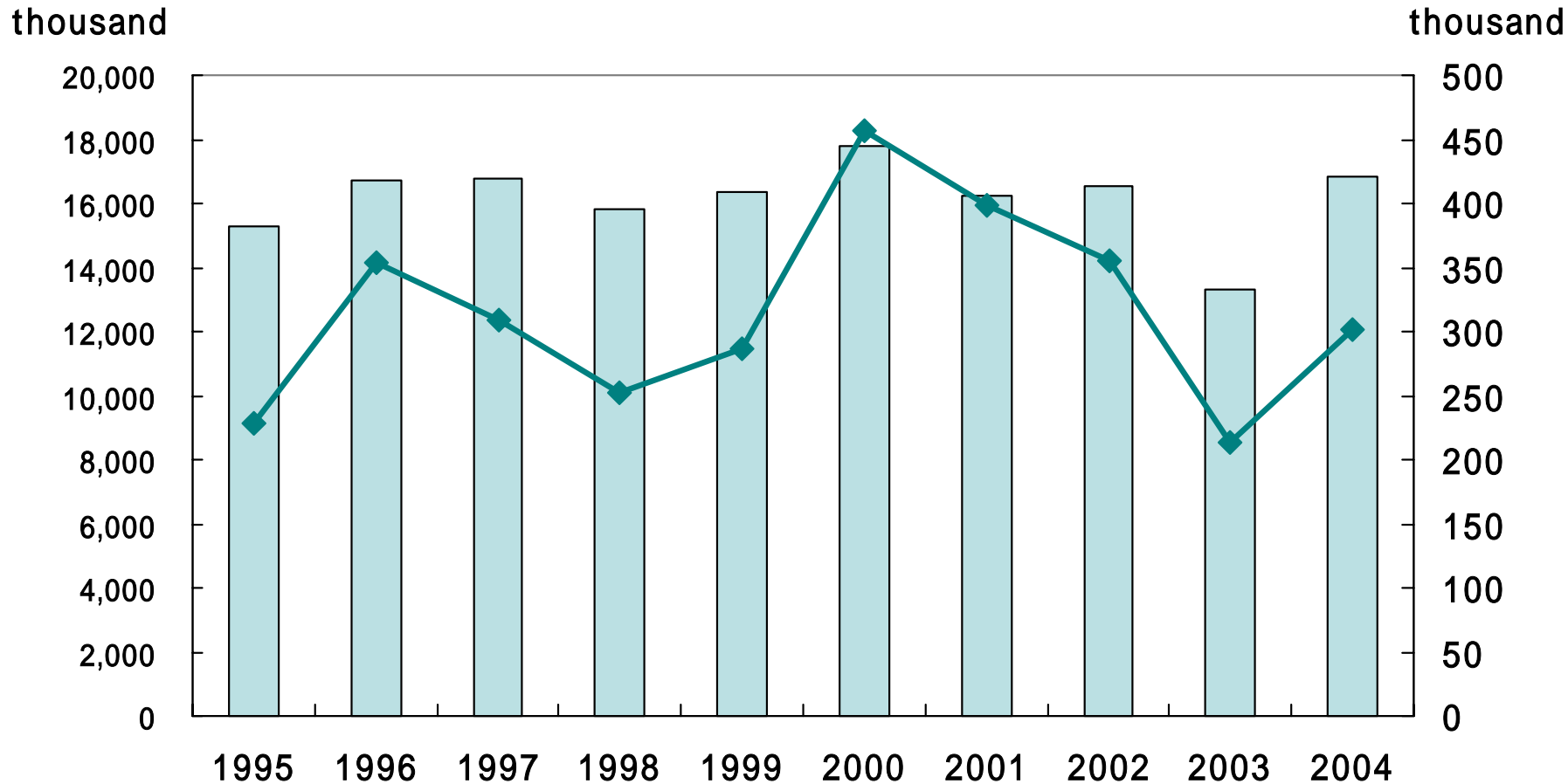
Japanese Monthly Arrival to Malaysia (1999-2005)



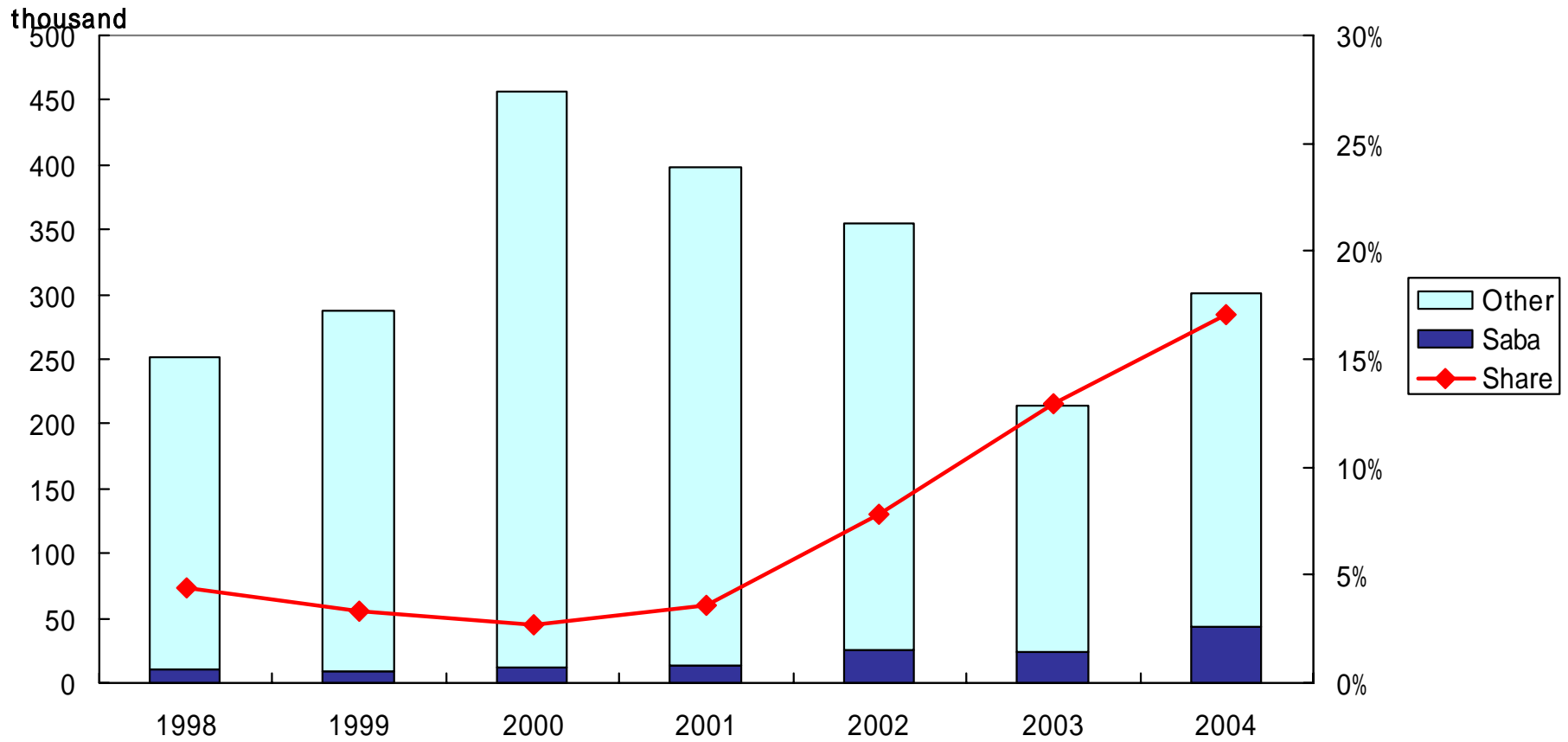
Japanese Monthly Arrival to Malaysia (1999-2005)



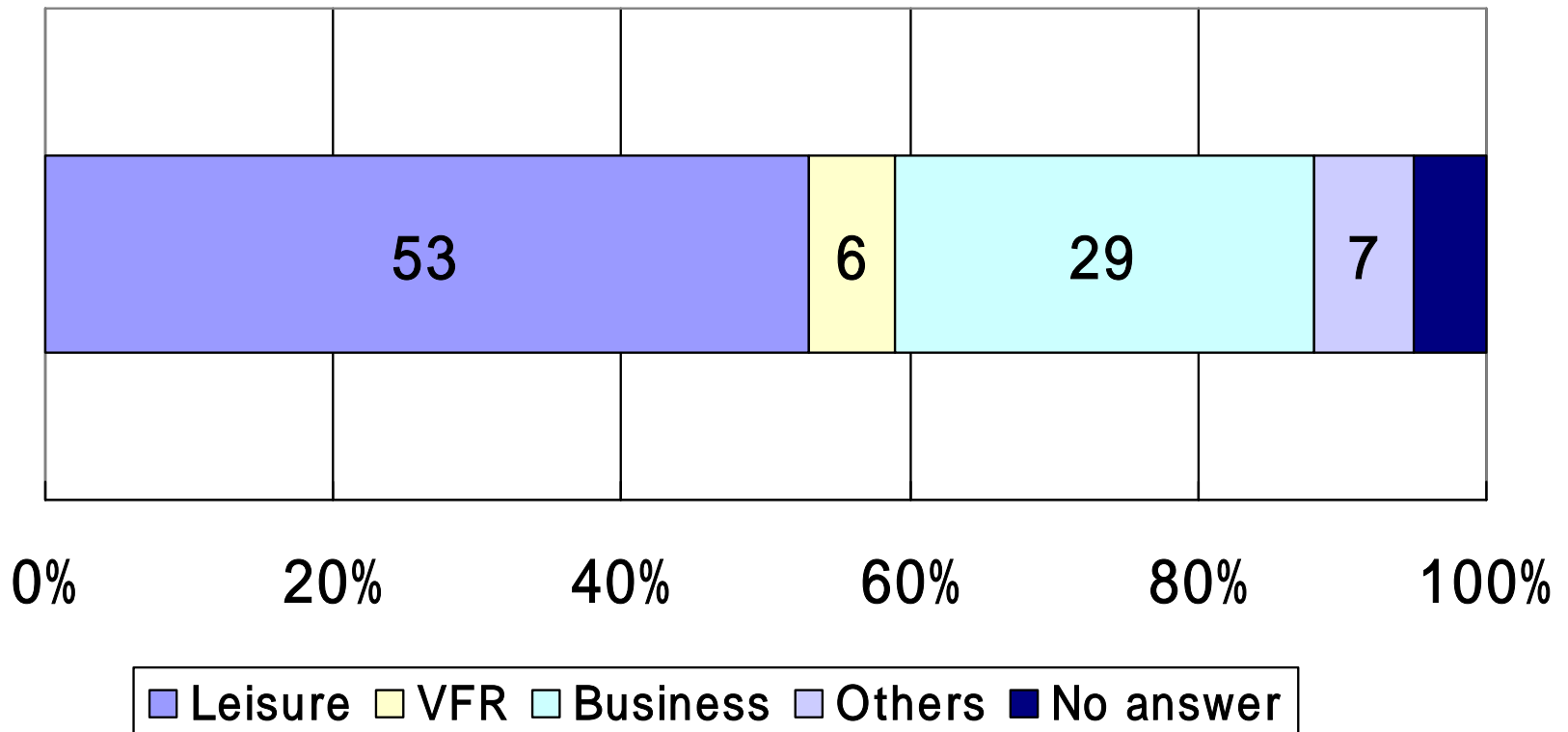
Japanese International Departure vs. Japanese Arrival to Malaysia



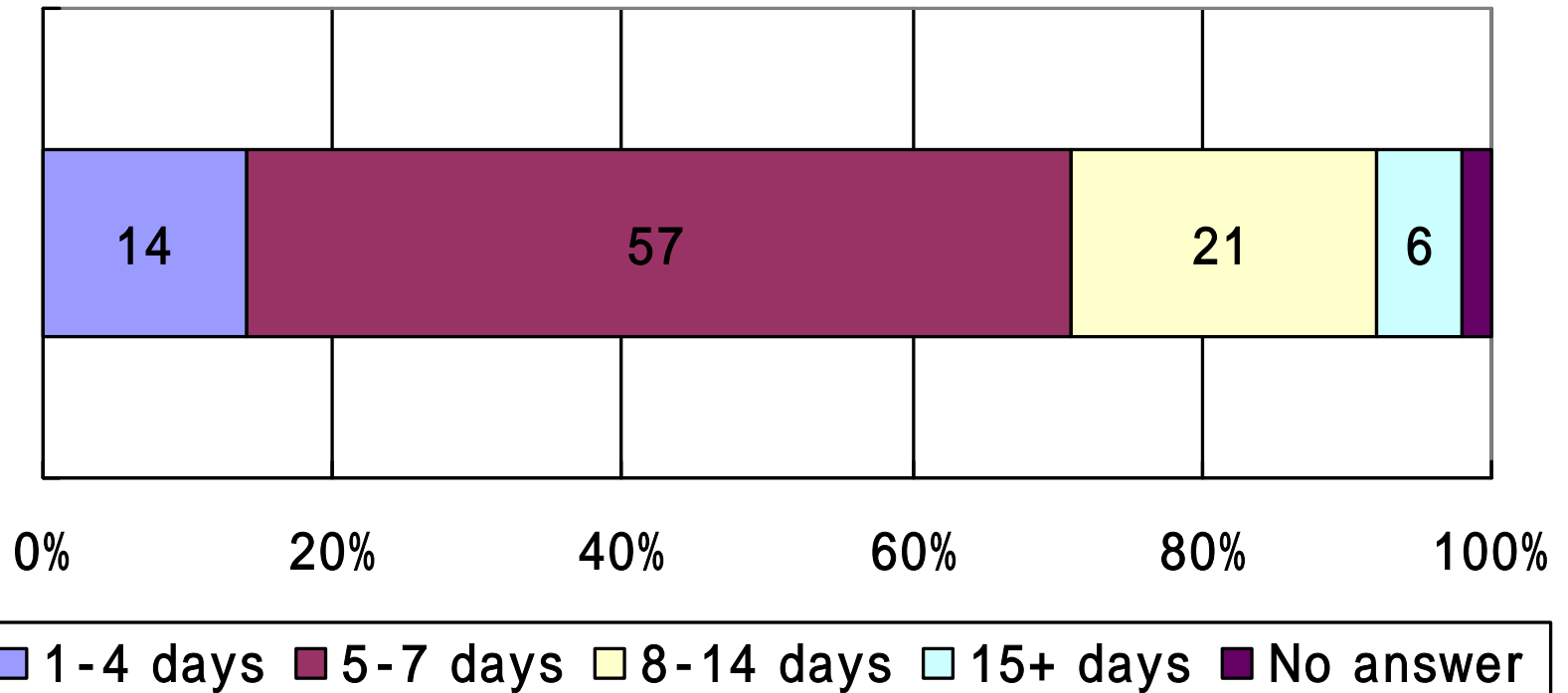
Recent Growth of Japanese Arrival to Saba



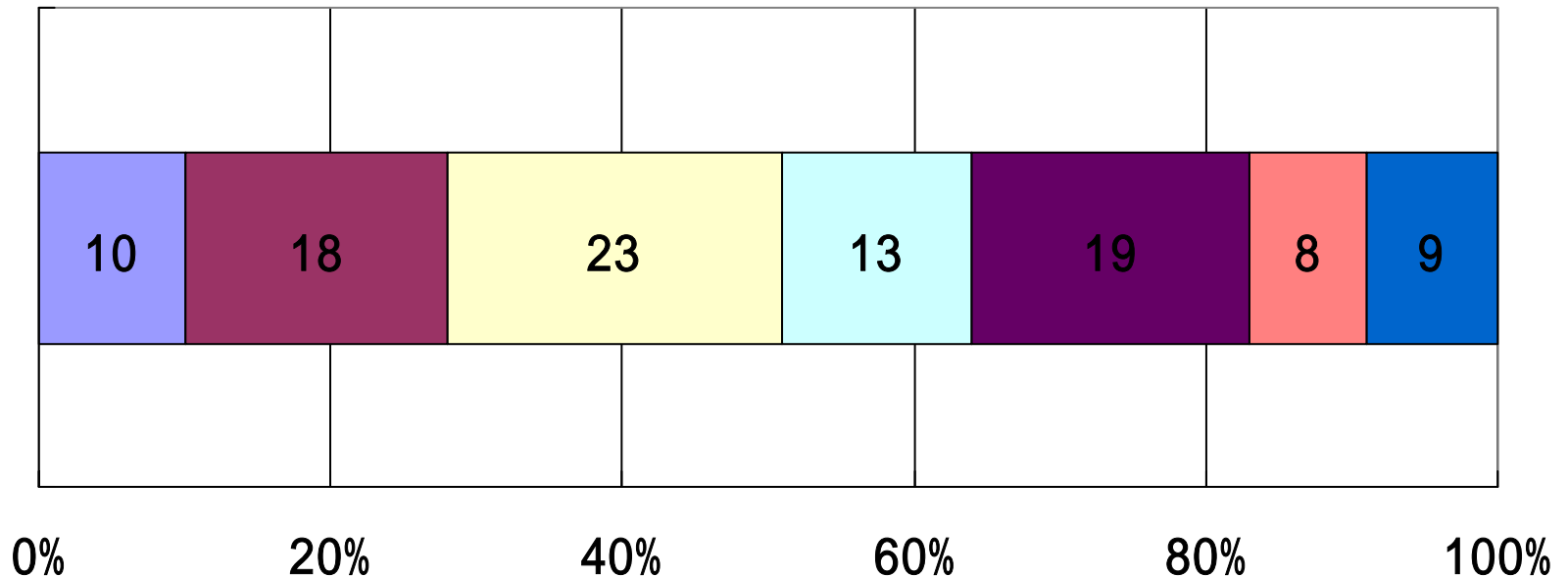
Japanese Purpose of Visit to Malaysia



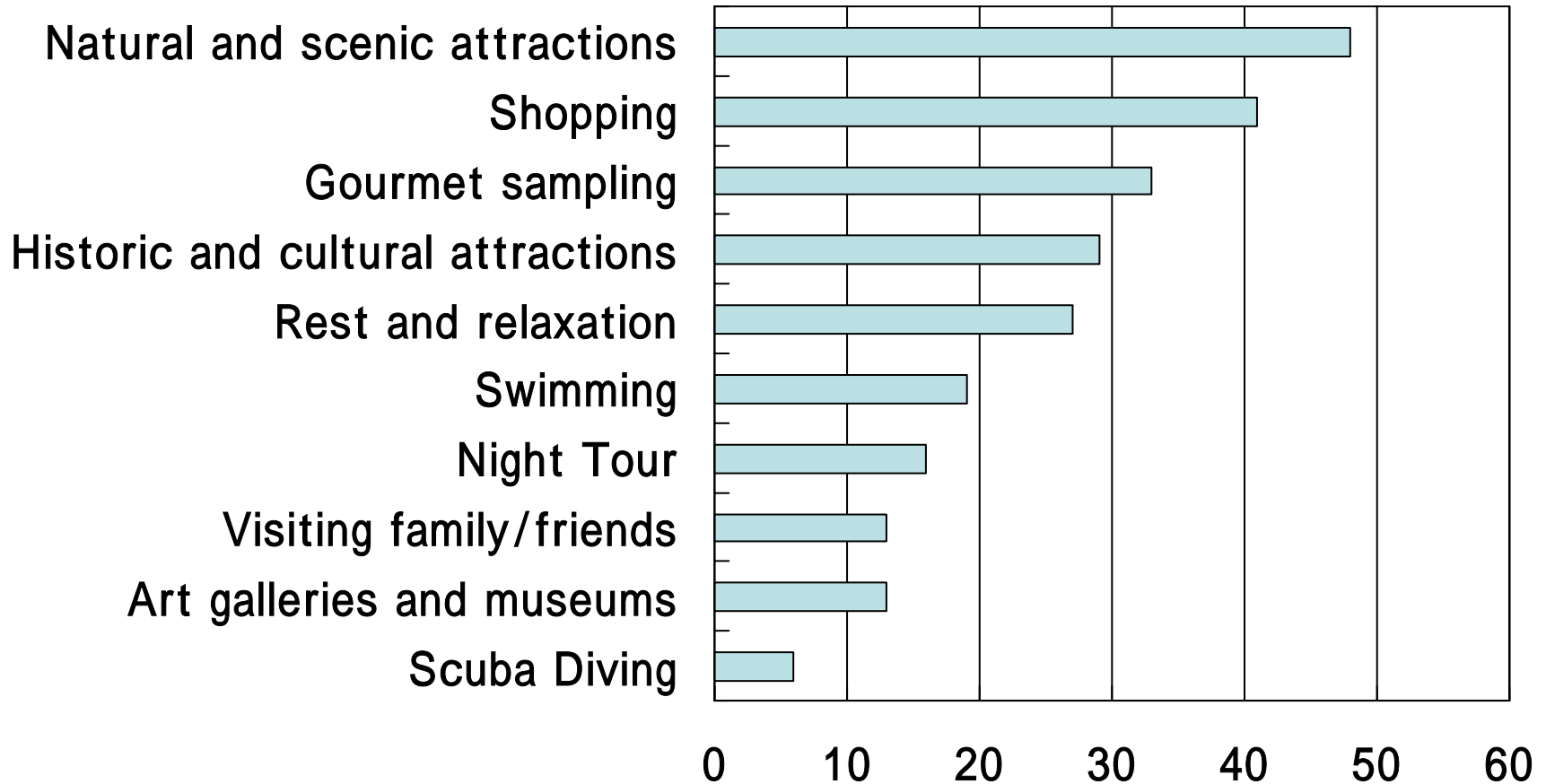
Duration of the Travel to Malaysia



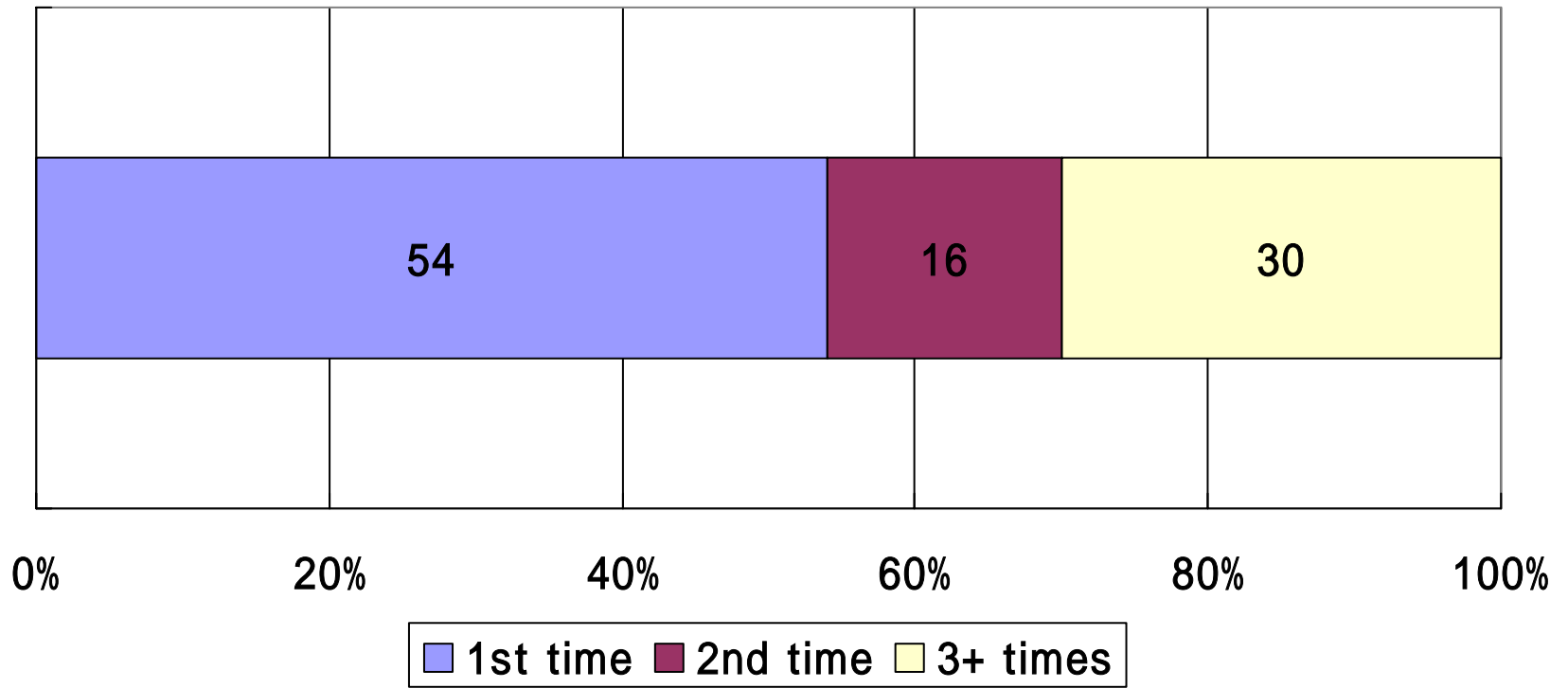
Travel Companions of Japanese Visitors to Malaysia



Activities Undertaken in Malaysia



Repeat Visit to Malaysia



Travel Arrangement of Japanese Travellers to Malaysia

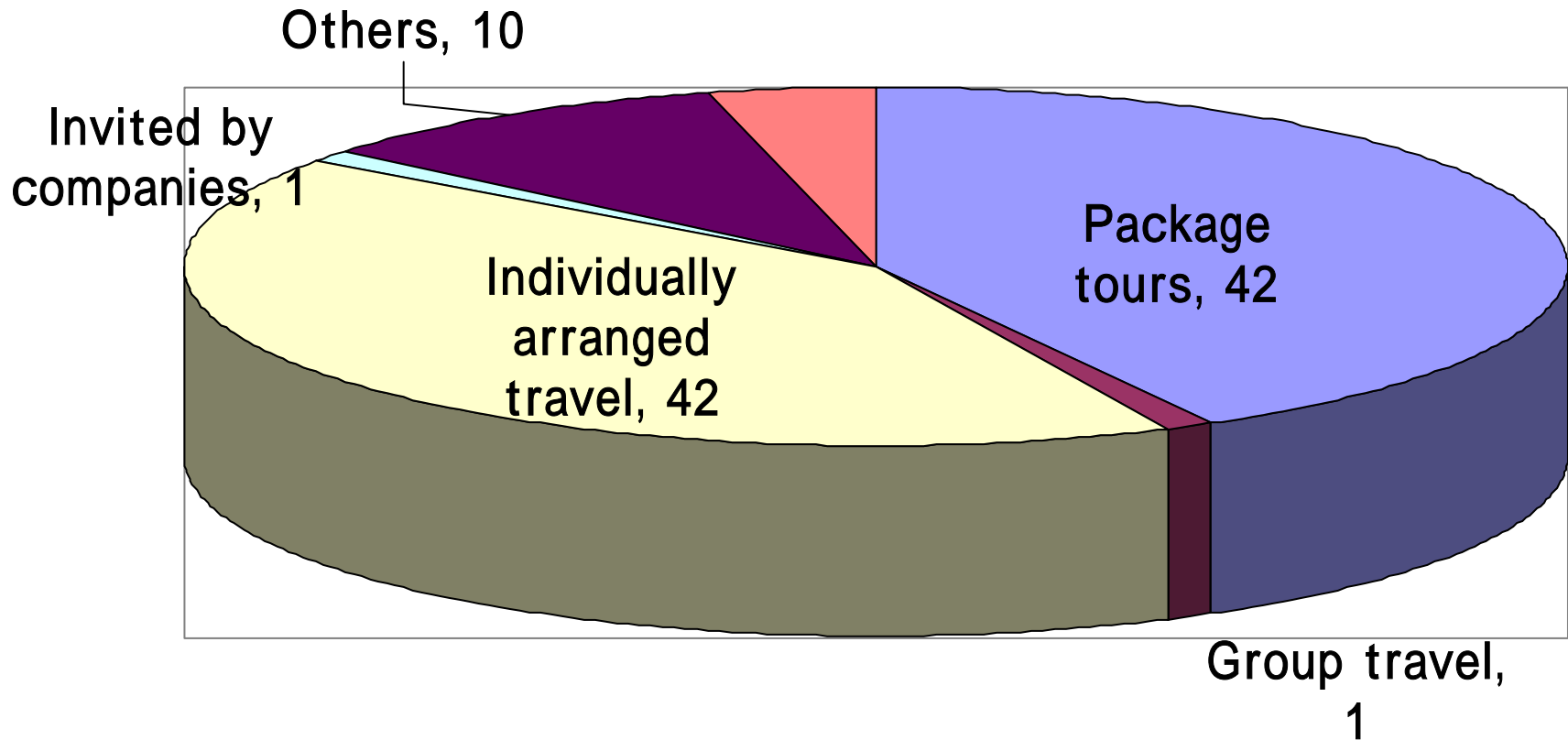
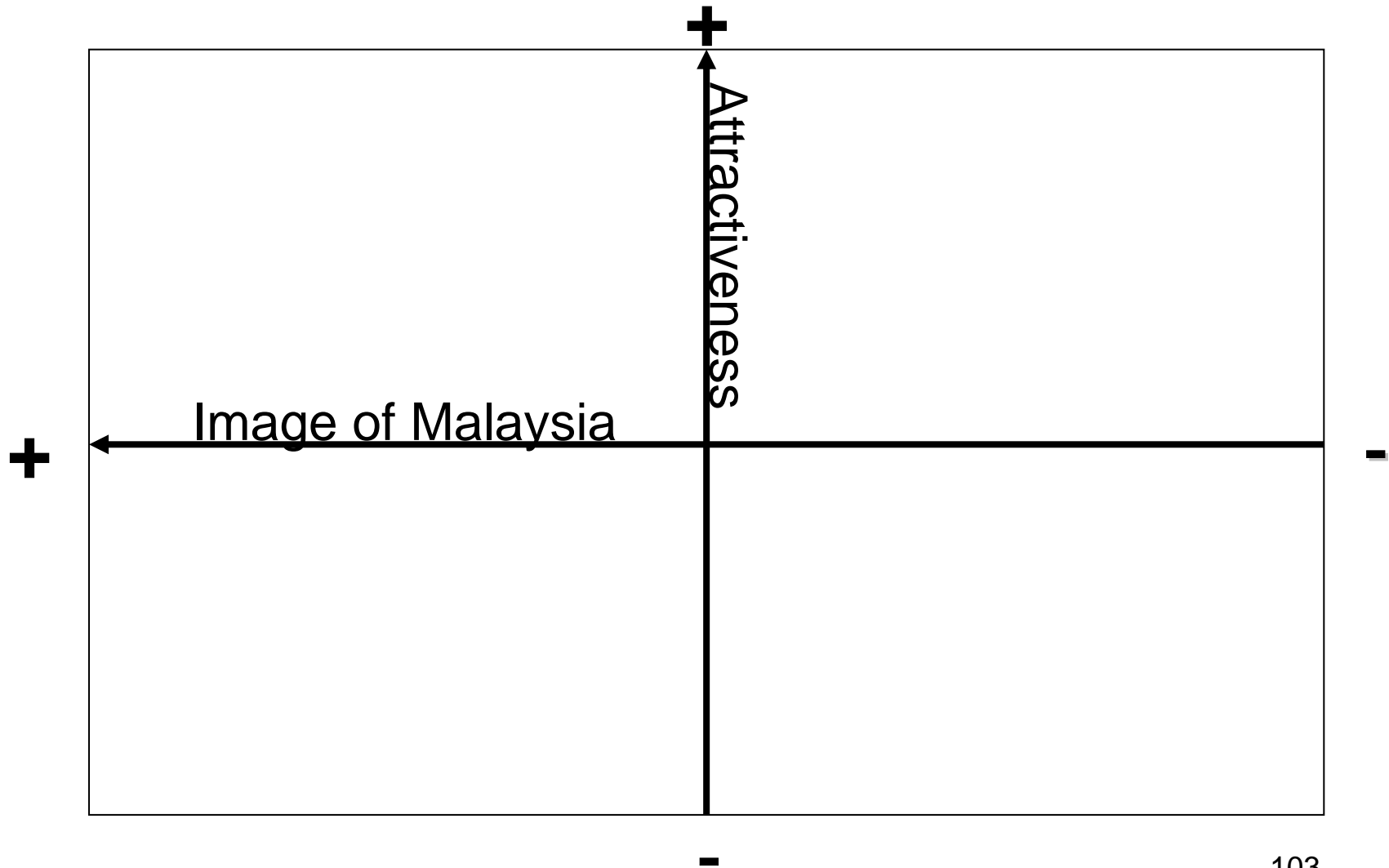


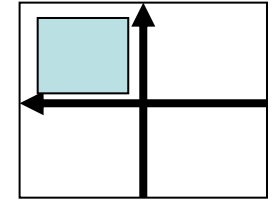
Image of Malaysia × Interests in Destinations & Attractions



Closely linked with the images of Malaysia and Interested

- **Royal Sea Villa (Pulau Pangkor Laut)**

‘Beach’ is one of the images of Malaysia.



Some did not know that there were floating cottages in Malaysia.

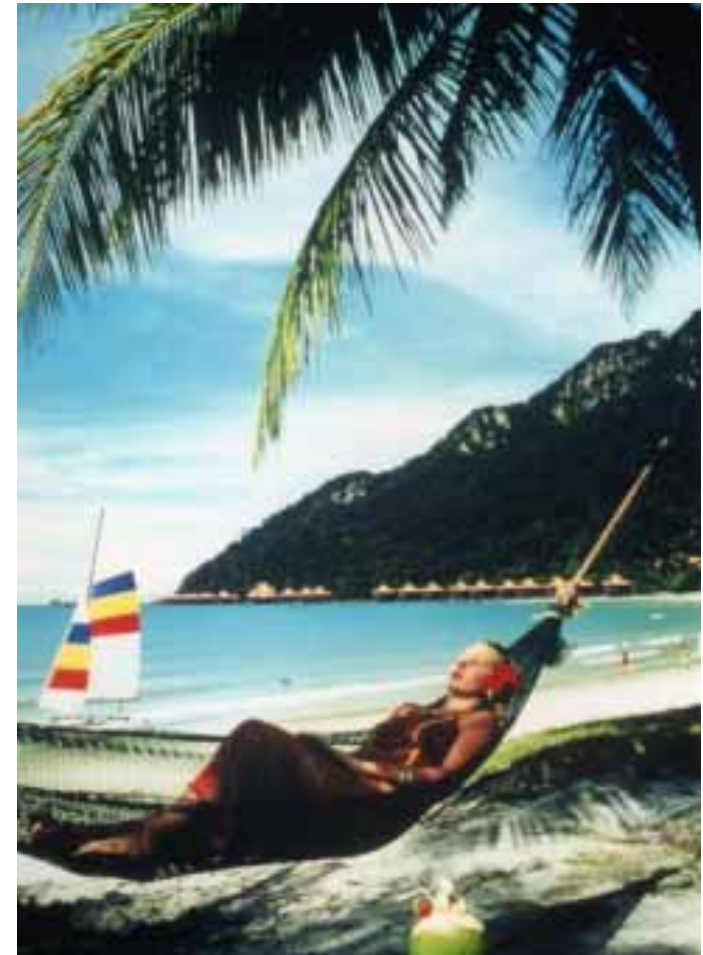
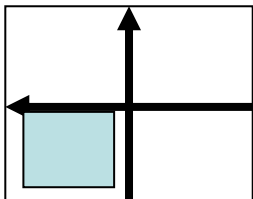


Closely linked with the images of Malaysia, but NOT attractive

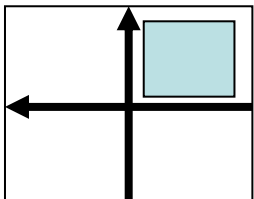
- **Beach (Langkawi)**

Not particularly Attractive.

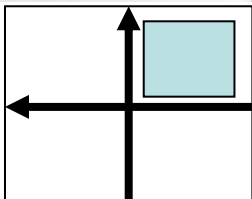
This is just a beach and there are many beaches everywhere in the world!



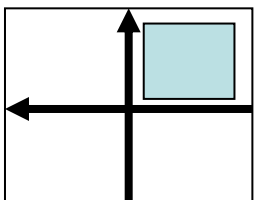
Less closely linked with the images of Malaysia, but attractive



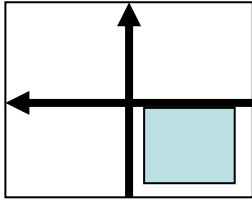
Less closely linked with the images of Malaysia, but attractive



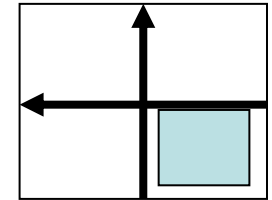
Less closely linked with the images of Malaysia, but attractive



Less closely linked with the images of Malaysia and NOT attractive



Less closely linked with the images of Malaysia and NOT attractive



Voices of Japanese Visitors to Malaysia

- I was impressed with the beauty of nature and simple local people. Fortunately local prices were low (47 M)
- I want to take a rest and relax in Malaysia (28 F)
- Rich nature, low prices and safety are Malaysia's attractiveness. (40 F)
- Seafood meals were delicious beyond expectation. I took my child to Langkawi and all of us enjoyed a comfortable stay (37 F)
- It was nice to relax at an luxury resort (Langkawi) once in a while (26 F)
- I want to go to Malaysia (Kota Kinabaru, Penang) and relax on the beach (54 F)
- I want to experience local life and try out street foods in KL(41 F)

Voices of Japanese Visitors to Malaysia

- I climbed the Mt. Kinabaru. Despite its height of 4000m, it was much easier than I thought. Enjoyed watching sunrise from the top of the mountain. (57 M)
- I had a wonderful relaxed time at a hotel amid the jungle in Borneo. (40 M)
- I stayed at a resort hotel and regret that I did not have a chance to see the local community life. (28 F)
- Condominium I stayed was very comfortable. (33 M)

Voices of Japanese Visitors to Malaysia

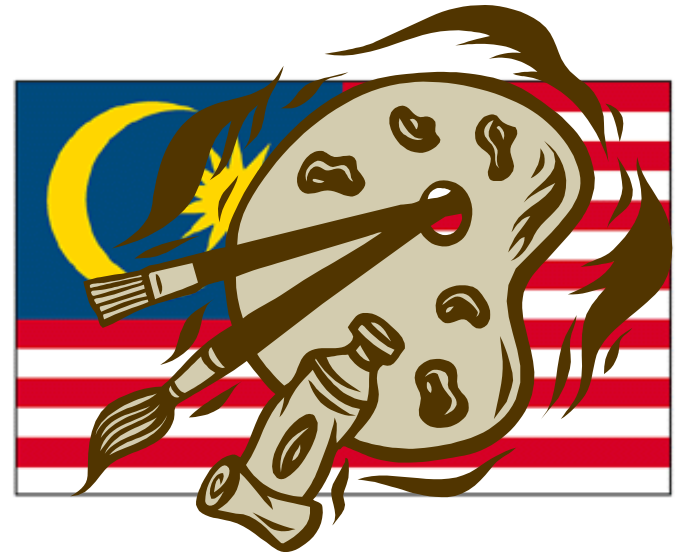
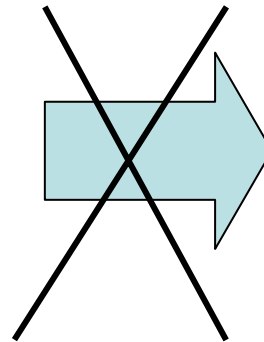
- I had believed that many Japanese tourist visited Penang in New Year vacation before. But, when I visited, to my surprise I found many international travelers other than Japanese. Slow life of local people made me relaxed and I just liked it.(41 F)
- I traveled to Penang in May last year. I was impressed with the unique mix of interesting towns and sea. I was disappointed that sea was not as clear as I heard it is, and the destination was farther than I had expected (33 F)
- I fully enjoyed my stay in Penang. Afternoon tea with premium tea and delicious apple pie was so gorgeous. I want to visit Malaysia again. (46 F)

Voices of Japanese Visitors to Malaysia

- Since I went to Malaysia on a full package tour, including sightseeing and meals, I did not have to waste time in souvenir shops. I was pleased with spending time efficiently (68 F)
- I felt comfortable on a morning flight to Malaysia, but my return flight was a bit painful because I could hardly sleep on board the night flight and I felt tired (55 F)
- Long transit time at the airport was painful to me. (40 F)
- I was afraid to use credit card at the hotel I stayed because I heard that 'skimming' of card data is a big issue with hotels in Malaysia. (38 M)

Full of Tourism Resources, but . . .

- For Successful Promotion of Malaysia -



Malaysia has many beautiful colors, but if you try to mix all the colors in one, you only get dark gray.

Keep Malaysia a 'COLORFUL DESTINATION', with tens of different colors!