JTB Tourism Research & Consulting Co.

The State of Overseas Tourist Travel 2018

[Summery]

- **In 2017, the number of overseas travelers was the second highest ever. A higher percentage of men and women in their 20s went outside the country, while growth among seniors was low. The shift toward East Asia as a destination continued**
- **If money and time were not limited, people would most want to visit, in order, the following places: Hawaii, Italy, France, Northern Europe, Australia, and Spain. Younger generations were as likely as others to want to travel to Hawaii and Europe**
- **People most often looked for potential travel products on websites (airlines, OTA, travel agencies) and price comparison sites. TV commercials and web advertising (internet and search ads) were most common among young men (30s or younger)**

At present, Japanese overseas travel is strong. In 2017, the number of overseas travelers was 17.89 million, the second highest ever. At this pace, 2018 is expected to close in on the 18.49 million travelers recorded in 2012, the highest year on record.

The make-up of overseas travelers has changed drastically in recent years as the Baby Boom Generation, which had long led overseas travel, has entered its 70s and center stage has been taken by the Millennial Generation, for which smartphones have always been familiar devices and which has drawn attention worldwide for its influence on values and consumption, and as the subsequent generation (Post-Millennial Generation) is now coming of age. Technological advances have drastically reshaped distribution systems and generated new business models, leading to increased competition across segments within the travel industry.

To better reveal the nature of travelers and understand what is needed to expand overseas travel, this research survey analyzes generational behavior and values collected in the past and examines whether travelers’ awareness and points of product information contact have changed regarding conventional travel agency package tours (branded travel products) as methods of booking travel online have diversified.

[Survey Overview]

Survey Method: Internet-based Questionnaire Survey

Screening Survey Participants: Internet-based survey of 30,000 men and women, ages 18-79, residing throughout Japan

Main Survey Participants: Based on participant screening, the 2,060 people who engaged in overseas tourist travel (business travel excluded) between January 2017 and June 2018

Survey Period: June 27-June 30, 2018

1. In 2017, the real number of overseas Japanese travelers was nearly 11.37 million (nearly 17.89 million total), while the real percentage of outbound travelers was 9.1% (14.4% total), the highest ever

First, to determine trends in overseas travels after 2000, changes in the number of actual persons who traveled overseas (real number of overseas travelers) and the average number of trips per overseas traveler in a single year (including business) were calculated based on our company's Factual Survey of the Overseas Travel Situation. This showed that the average number of overseas trips made by actual persons—1.7/person between 2000 and 2014, and 1.6/person since 2015—has not changed significantly. Based on this, the real number of overseas travelers in 2017 was estimated at 11.37 million (17.89 million total) and the real percentage of outbound travelers at 9.1% (14.4% total). These numbers are the highest ever, exceeding the highest real number of overseas travelers (11.24 million) and real percentage of outbound travelers (8.8%) previously recorded in 2012. With the Japanese population in decline since its peak in 2010, the travel market as a whole is contracting. Still, in the short term, it is fair to say that the overseas travel market grew slightly in 2017 despite the population decline. While population decline will have some effect, it is realistic to think that 20 million overseas travelers can be reached if the real percentage of outbound travelers grows to 10.0% at the current number of trips per traveler, or if the number of trips per traveler increases to 1.8 at the current real percentage of outbound travelers, or if the number of trips per traveler increases to the 2014 level of 1.7 while the real percentage of outbound travelers increases to 9.4%.

2. Future intention to travel overseas among past overseas travelers was highest among Post-Millennials, including those who "want to increase the frequency" (46.8%) and "want to go in the future" (19.8%), while roughly 50% of Baby Boomers indicated they were done, or would be soon, with overseas travel, saying they would "decrease the frequency," "not go any more," or "already stopped going."

Based on the screening survey, people with past experience traveling overseas were asked about their future travel intentions. By generation, members of the Post-Millennial Generation, who are at just the age when they are beginning to travel overseas, showed the strongest overseas travel intention, including those who "want to increase frequency" (46.8%) and "want to go in the future" (19.8%). On the other hand, 50.0% of the Baby Boom Generation overall indicated they were done, or nearly done, with overseas travel, saying they "intended to reduce the frequency" (16.6%), "have gone but would not go any more" (21.5%), or "have not gone and won't go in the future either" (11.9%). For the even slightly older Cinema Generation, that total was 70.9%. (See Diagram 1.)

When people who indicated that they intended to travel in the future (who answered they would "increase the frequency" or "go in the future") were asked why, most answered they were "at a transition point between life stages and will have extra free time" (44.7%), with the highest percentage of such people belonging to the post-Baby Boom Generation. There were also many people nearing retirement who wanted to spend their extra time traveling. Among members of the Bubble Generation and Second Baby Boom Generation, there was also a relatively high percentage of people for whom the reason was because they would be "freed up from child-rearing and caregiving." They may also be a large number of people in their 40s and 50s who enjoyed overseas travel in their youth and, now that they have free time, want to travel overseas together with their children and friends. (See Diagram 2.)

The strongest reason for not traveling in the future (among persons who answered they wanted to reduce the frequency or no longer travel), for both the Baby Boom Generation and slightly older Cinema Generation, was because they "feel like they are in poor health and have less stamina." A relatively high number also found it a "bother to plan and book travel," revealing that overseas travel is both physically and mentally more difficult the older one becomes. (See Diagram 3.)

Diagram 1. Future Travel Intention (By Generation) (MA)

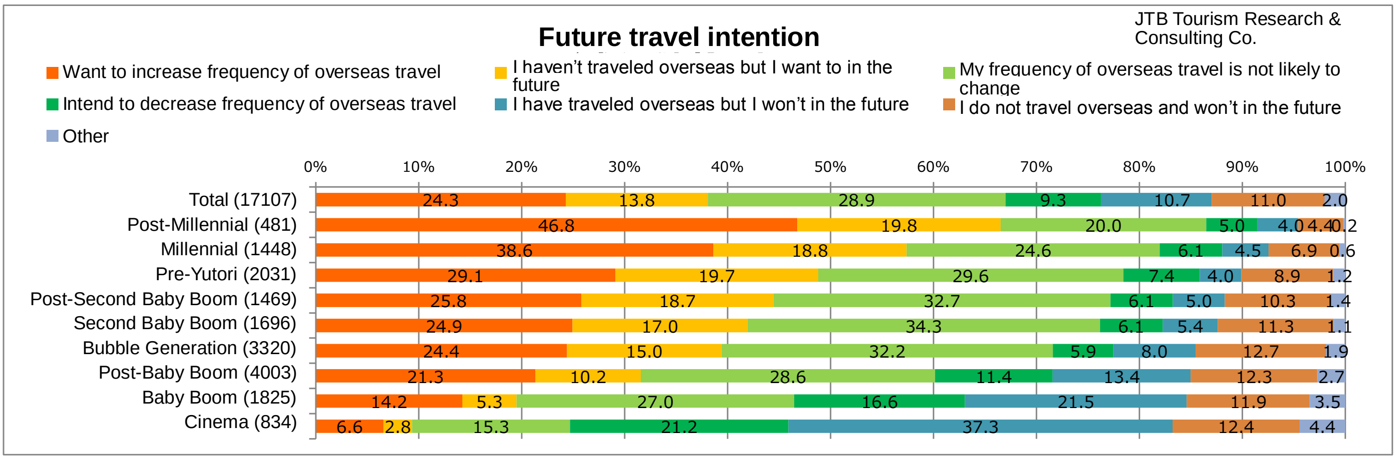


Diagram 2. Reason to Travel in the Future (By Generation) (MA)

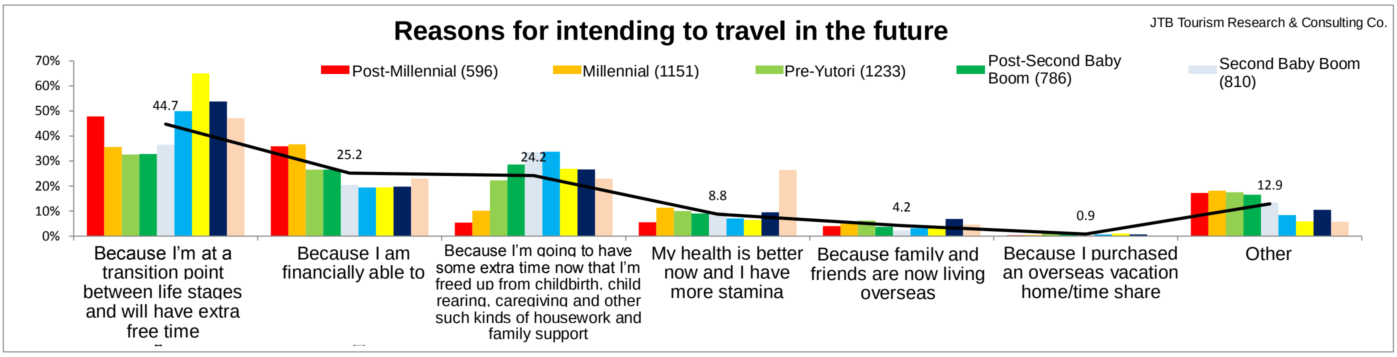
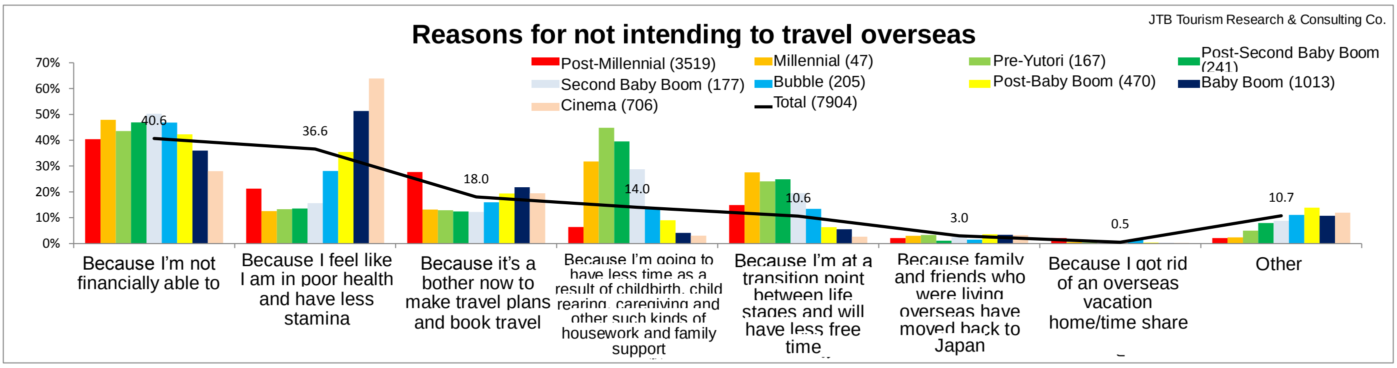


Diagram 3. Reason Not to Travel in the Future (By Generation) (MA)



3. Recent overseas travel destinations showing growth include South Korea, China, and Taiwan
If money and time were not limited, people would most want to visit, in order, the following places: Hawaii, Italy, France, Northern Europe, Australia, and Spain. Younger generations were as likely as others to want to travel to Hawaii and Europe

A comparison of the recent travel destinations in the 2017 and 2018 surveys reveals growth in East Asia (e.g. South Korea, China, and Taiwan) driven by LCC expansion and relatively stable international conditions. It seems fair to say that people are visiting destinations that they can get to easily, as if traveling domestically. (See Diagram 4.)

Asked where they would want to travel if money and time were not limited, they would most want to visit, in order, the following places: Hawaii, Italy, France, Northern Europe, Australia, and Spain. The survey also revealed that even younger generations were as likely as others to want to travel to Hawaii and Europe. When asked what preferences affected their decision on where to travel, 80% of both Post-Millennials and Millennials identified themselves as "the type that seeks out new places I've never been before," revealing themselves to be filled with curiosity. The Second Baby Boom Generation, Bubble Generation, and Post-Baby Boom Generation indicated they were "the type to revisit places I like," including, specifically, Hawaii and South Korea. (See Diagram 5.)

Diagram 4. Recent Travel Destinations (Comparing 2016 and 2017) (SA)

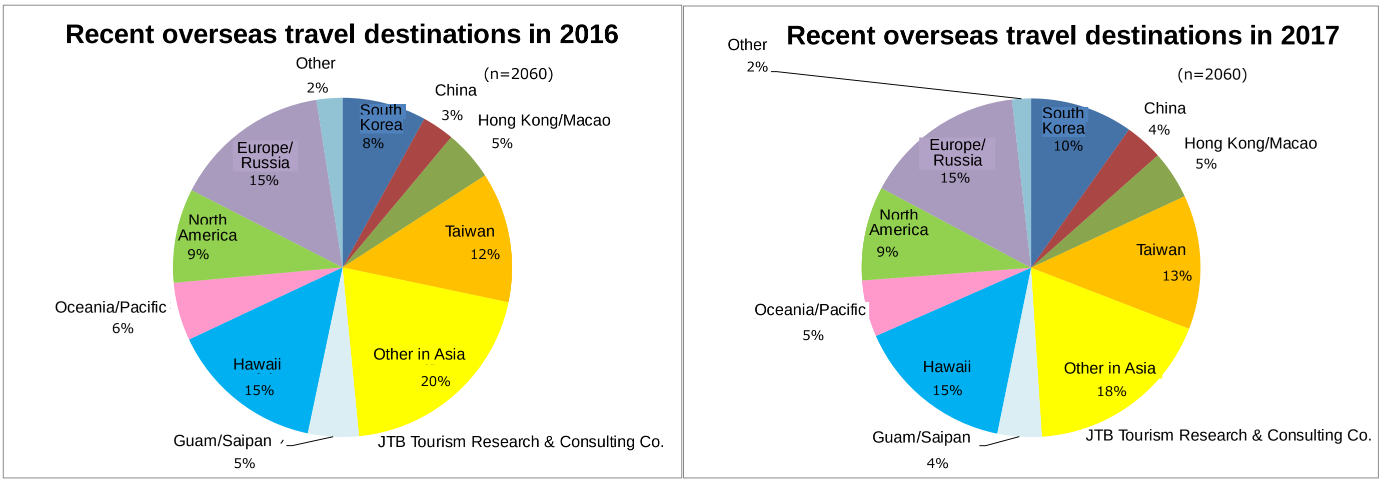
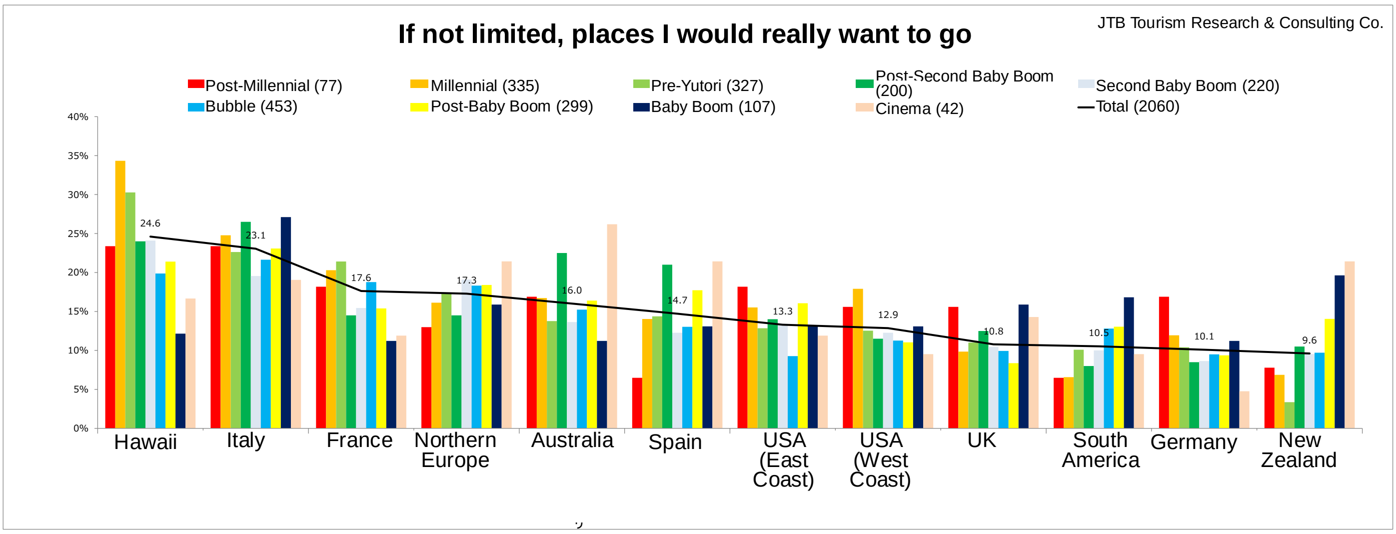


Diagram 5. If Not Limited, Places I Would Really Want to Go (MA)



4. Reason for choosing a travel product was because it "was the least expensive." However, among those 60s and older, the reason was because they had "used the brand/company for many years" When purchasing a product, "branded travel products < company brands." However, men and women in their 40s "pay no attention to product brand or company name"

Websites are already the dominant means of reserving and purchasing overseas travel products (airline tickets, accommodations, package tours). A breakdown shows that airline tickets, hotels, and other such individual travel products constitute the majority of these, while travel agency package tours (branded travel products) are in the minority. Recently, the use of keywords in search engines and of price comparison sites (aggregators) when searching for products has grown, reflecting a stronger trend toward prioritizing price. This has made it harder to communicate the features and benefits of branded travel products, with some even saying that they no longer pay attention to branded products. In what ways has awareness of branded travel products, which were once thought more familiar to many people than company names, changed?

First, for products purchased for their recent trip, we asked people how they found potential products. While overall most people used official airline company websites, there were age and gender-specific distinctions believed to reflect differences in how the respective groups came into contact with information and made use of the means of information. While price comparison sites were high among men and women ages 29 and younger, information and recommendations provided by store staff were also higher compared to other generations. Men in their 40s and younger tended to be the most responsive to advertising, including “TV commercials,” “website ads on the internet,” and “advertised sites displayed at the top of the results from a direct search in a search engine.” Among men and women in their 60s and older, “frequently used travel agency’s website” was the most common. (See Diagram 6.)

When asked what the deciding factor was, the most common reason overall was because the product “was the least expensive” (33.8%). This was especially the case among men and women from younger generations. On the other hand, for men and women in their 60s and older, the strongest reasons were because they had “used the company/product brand for many years” and because “it allows me to sight-see more efficiently,” not price. Among men of any generation, “I had miles/points saved up from the company offering the product” was generally high, and especially so among men in their 50s, an age when they have frequent business trips. (See Diagram 7.)

Diagram 6. Where did you first find potential products? (MA)

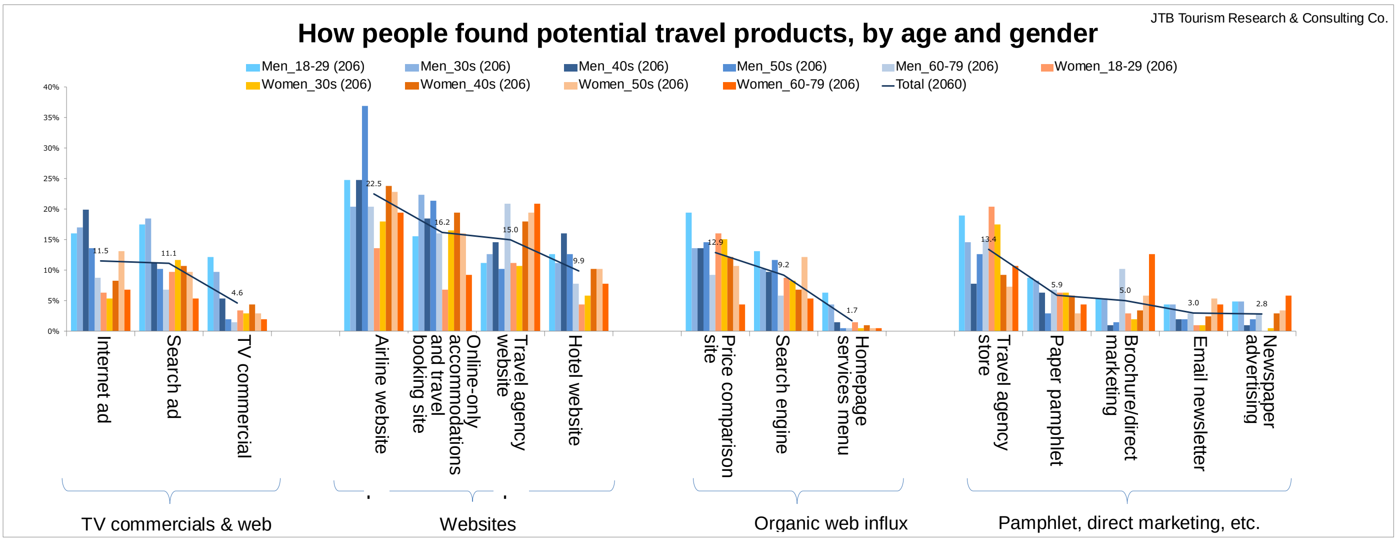
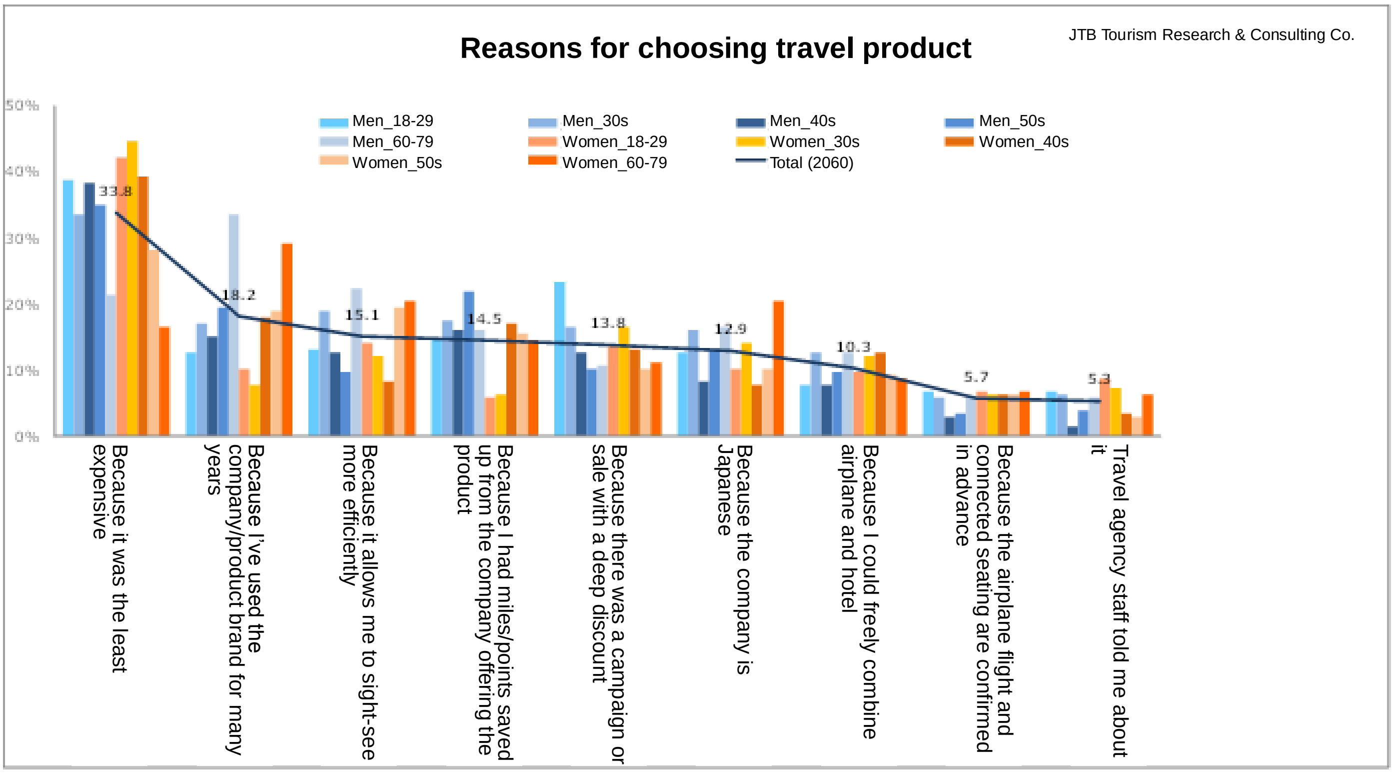


Diagram 7. Reasons for choosing recent travel product (MA)



5. Conclusion

- Generational Shift in Overseas Travel Continues

The survey revealed that roughly 50% of the Baby Boom Generation and 70% of the slightly older Cinema Generation are done, or nearly done, with future overseas travel, not only for physical reasons such as poor health and less stamina but also because the hassle of applying for passports and planning/booking travel have made it bothersome psychologically. On the other hand, coming after the Baby Boom and Cinema Generation, the Post-Baby Boom and Bubble Generation show a strong inclination to increase their overseas travel as they head into retirement and become less attached to their children, indicating that the generational shift in overseas travel is under way. Also important is how to communicate the appeal of overseas travel to the Post-Millennial Generation now coming of age and soon to start traveling overseas in earnest.

- Age Differences Highlighted in How People Connect With and Utilize Information

Looking at the travel product purchasing process reveals that purchased products differ by age group based on how people connected with information and how they utilized it. As a result, attitudes toward branded travel products and companies might also be said to differ.

While price comparison sites (aggregators) were frequently used by men and women in their 20s and younger to search for products, they also tended often to seek information from store staff. Men in their 40s and younger were the ones who responded to web advertising (internet ads and search ads) and TV commercials. While men in their 20s were often “aware of both product brands and company names,” women in their 20s were often “aware of company names, but not product brands,” revealing differing results. Men and women in their 40s were most often “unaware of product brands and company names,” but this seems related to a higher percentage of individual travel and frequent use of OTA and airline direct sale websites.

As the social environment and technology advance, so too do people’s values change. Rather than focus exclusively on just the act of travel, perhaps marketing that takes a broad view of the lifestyles and social outlook of new generations will reveal a new portrait of travelers.

Reference: Description of Japanese Generation

Generation	Birth Year		Age (2018)	Characteristics
Cinema	1937	1945	73 ～ 80	Hard workers during the high economic growth period after the World War 2.
Dankai (Baby Boom)	1946	1950	68 ～ 72	Baby boomers after the World War 2.
Post Dankai (Post Baby Boom)	1951	1959	59 ～ 67	First generation to enjoy fashion brands, playing tennis, golf and skiing.
Bubble	1960	1970	48 ～ 58	Enjoyed life during "Bubble Economy"
Dankai Jr. (Second Baby Boom)	1971	1975	43 ～ 47	Experienced collapse of "Bubble Economy" around "Coming-of-age".
Post Dankai Jr. (Post-Second Baby Boom)	1976	1980	38 ～ 42	Experienced a hard time for job seekers.
Pre-yutori	1981	1988	30 ～ 37	Communication through the internet widened.
Millennials	1989	1995	23 ～ 29	Smart-phone natives.
Post Millennials	1996	1999	18 ～ 22	Adupted to global / sharing economy.