



## **Japan Market Intelligence Update for NSW Sellers Attending ATE 2009**

### **Country Overview**

#### **Political and Economic Outlook:**

Amid further slowdown in the global economy, the downward pressure on the Japanese economy is increasing. Corporate profits are falling and business investment is weak. While private consumption is almost flat, some minor movements are being recorded.

The exchange rate including the Yen-Australia dollar has changed significantly as a result of the financial crisis. The value of the Australian dollar has decreased by nearly half, whereas the Yen has stayed strong against major foreign currencies such as the Euro and the British Pound (Source – Tourism Research Australia).

#### **Overseas/Australia Travel Market Outlook:**

- In 2008 Sydney was the most visited region for Japanese travelers followed by Tropical North Queensland.
- Japan still remains a key market for the Australian tourism industry. While arrival numbers have continued to fall, Australia is holding market share in the long haul sector despite a fundamental downturn in outbound leisure travel.



- There are a number of complex and challenging issues facing the industry in Australia and Japan that are interlinked, however four issues stand out as critical to current market performance:
  1. Decline in the demand for leisure travel especially long-haul destinations
  2. Change in air capacity
  3. Exchange rate (Japanese Yen depreciated by 50% against the Australian dollar over last six years)
  4. Increased fuel surcharges and airport taxes before the crises  
(Source – Tourism Research Australia/Japan Market Profile).

### **Aviation Trends**

Airline capacity to Australia has decreased significantly. In June 2008, Qantas cancelled the leading direct services to Japan by 22%, followed by two weekly Tokyo-Melbourne services from September.

Jetstar launched its new Narita/Cairns and Narita/Gold Coast/Sydney services from December 2008 and withdrew Cairns/Osaka/Nagoya services.

With the changes in direct carriers, the importance of other indirect carriers has increased such as Singapore (SQ) and Cathay (CX), especially for Western Japan markets such as Osaka and Nagoya. SQ has a daily flight from both Osaka and Nagoya and five flights from Fukuoka.



## **Consumer Insights**

Travel by people over 60 years of age grew by 5%. Travel by people in their 40s also increased. Of the people in their 40s, men accounted for 224,000 travellers.

Growing outbound destinations for Japanese travellers in 2008 were Korea, Hong Kong, Macau and Taiwan, especially for shopping. For example, travel to Korea increased by 12.1% and travel to Macau increased by 23.6% (source: J-Wing Travel). Stagnant destinations were Hawaii, Canada and Oceania.

The importance of the Internet to the travel industry as both a source of information and a booking mechanism is expected to increase. Repeat travellers tend to use the Internet more in addition to the traditional sales channels.

Brochures continue to be the most influential source of information (29%) but the Internet is increasing every year. In general, Japanese consumers are looking for unique and new experiences and products, and event-based travel.

## **Trends**

The school education market continues to grow. Sydney is still the number one destination in the world.

Sydney, Melbourne, Brisbane and Perth are the most visited Australian cities by students (the market share for NSW 46%, Vic 37% and Queensland 31%). Hawaii and Australia were the two most popular destinations and Guam, Egypt and Germany join the top ten (Source – Japan Tourism Marketing).



## **The major challenges in 2009**

### **Younger generation**

- There has been a decline in the number of young women in their 20s going overseas.
- Domestic travel has increased in place of international travel for women.
- Japanese thinking has changed significantly. Women in their 20s are not as focused on overseas travel as a result of a decrease in disposable income. Priority has changed from destination to cost.
- While the youth leisure market continues to decline, the number of people going overseas for working holidays continues to increase. With school trips, training and study abroad, the numbers of young people appear to be increasing. The travel industry will benefit from this sector as these groups seek new opportunities and experiences.

### **Older generation**

- In contrast to young people, the baby boomer generation (born in 1947-49) is reinvigorating the travel market. They like to travel overseas and have bigger budgets and more time. The destination is more important than the cost. The older generation is seeking more sophisticated and personal experiences.