

JAPAN

Market Summary

Outbound departures increased by 15 per cent compared to last year, mainly due to an extended holiday period in September (Silver Week). Short haul destinations recorded double digit growth with the strength of the Yen against the Korean Won making the destination more popular for Japanese consumers. H1N1 continues to affect school excursions.

1. Market News

- Japan's government agreed on an \$81 billion stimulus package aimed at preventing the economy from tipping back into recession as deflation persists and a strong yen threatens exports. Economists said the ¥7.2 trillion plan, equal to about 1.5% of gross domestic product, would not provide a significant lift to an economy dependent on overseas demand for machinery, electronics and cars. While several other countries are already debating phasing out economic stimulus deployed to fight the financial crisis, Japan continues to struggle amid chronically weak consumer demand and falling prices. Source: Reuters
- JTB Foundation announced Japanese outbound will increase by 7.4 per cent in 2010, growth for the first time since 2006. JTBF advised that there are signs of recovery for consumers' travel demand. The main reasons are stronger yen, air capacity increase in the Tokyo area and an increase in the number of new passports issued.
- According to the Ministry of Education, Culture, Sports, Science and Technology, over 15,000 (30 per cent) Japanese schools closed or cancelled classes in the second week of November to prevent the spread of H1N1 Influenza. It is estimated there were 10,000 cancellations from school groups for trips to Australia during October to December.

- The total number of Japanese international departures to all destinations in September grew by 15.3 per cent to 1,580,000, compared to the previous year, primarily resulting from higher demand during the extended Silver Week holiday season.
- Japan's economy is picking up, mainly due to various policy measures taken at home and abroad, although the momentum of self-sustaining recovery in domestic private demand remains weak. Japan's economic conditions are likely to continue improving, although the pace of improvement is likely to remain moderate for the time being. Source: Bank of Japan Monthly Report November 2009
- The Yen - Australian dollar exchange rate peaked in late October (JPY 84.9) and decreased to 78.2 at the end of November.

2. Consumer Insights

- Consumer sentiment in Japan declined for the first time in 11 months in November, another sign that consumer worries about the job market could negatively impact domestic demand and the economy's recovery. Analysts said anxious consumers were reining in spending in response. Entrenched deflation is also weighing on wages. Japanese firms will cut winter bonuses by a record 14.8 per cent, the Nikkei Shimbun recently reported. Source: *Dow Jones Newswires*
- 41.5 per cent of Japanese aged between 55 and 69 (Jukunen) have used the internet within the last 12 months. Source: *Video Research Ltd, 2009*
- For the 2009/10 year-end holidays, 21.1 per cent of people intended to travel overseas, 7.4 points higher than the last year's survey. Source: *4Travel, November 26, 2009*

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- JTB will restructure its retail shop network from 940 stores to 740 in 2010. As part of their three year Mid Term Plan, JTB will strengthen its online business and aims to increase the online sales share from 7 per cent to 12 per cent by 2011, doubling online products to 300,000.
- According to the survey by *Travel Journal*, from 13 to 26 November the major wholesaler booking trend over the end of year / New Year period will be soft,

mainly due to the economic slump. Bookings for trips departing after 3 January are up compared to the previous year. This reflects the trend that consumers shift their travel to less busy periods to avoid the more expensive tours during the peak period. *Source; TJ News, 2 December 2009*

- Online Travel Agent, Rakuten Travel reports overseas Fully Independent Traveller (FIT) travel bookings for the year-end / New Year period is up 46 per cent compared to the previous year. Short haul destinations such as Korea, Guam, Saipan and South East Asia are popular and long haul destinations are also recovering due to the reduction of fuel surcharges, with Hawaii up 128 per cent . The last minute booking trend is set to continue due to the strong Yen. *Source; Travel Vision, 3 December 2009*
- Tourism Australia conducted an in-store display contest targeting retail shops from September to the end of November. A total of 924 retail shops participated in the program this year, representing a 28 per cent increase on last year.

4. Airline News

- Jetstar announced the reinstatement of a four times a week, Osaka to Cairns service in April 2010. To celebrate this new service, Jetstar sold 1,000 return airfares for JPY100, plus taxes at a special store promotion in Osaka on 1 December 2009.
- Spot cancellations occurred on both Qantas and Jetstar flights between October and December 2009 due to H1N1 impacting consumer demand and school excursion business.
- A total of five charter flights to Cairns are planned by Japan Airlines and All Nippon Airways in December.
- Japan Airlines will discontinue 10 international routes, cancelling 61 weekly return flights effective from its winter schedule during the fiscal year 2009. Japan Airlines also signed a loan agreement with the Development Bank of Japan on November 24 to secure funds necessary for its uninterrupted flight operations, which is based on the “Measures for the Revitalisation of Japan Airlines”.

5. Competitor News

- The New Zealand Tourism Board promoted the 2011 Rugby World Cup, being held in New Zealand, by setting up a pavilion shaped like a giant rugby ball in front of Tokyo Tower for five days in late October.
- Singapore Airlines announced it will start a new service between Haneda and Singapore from October 2010. While Narita is the main international airport servicing Tokyo, new international services will be allowed at Haneda after a fourth runway commences operations next year.

- Minister of Land, Infrastructure, Transport and Tourism, Seiji Maehara indicated that an open sky agreement between Japan and the United States would be completed this year. This will allow joint ventures between Japanese and American carriers to be established on transpacific routes, under antitrust immunity. *Source; J-Wing Travel 30 November*
- The Visit World Campaign (VWC) will address travel demand stimulation focusing on Canada and Turkey, starting from winter 2009 as decided by the VWC 20 Million Travellers Promotion Special Committee held on 9 October. The VWC aims to reactivate travel demand for Canada and maintain the favourable growth of travel demand for Turkey taking advantage of “Japan Year 2010 in Turkey.”
- Continental Airlines and Tourism Fiji will introduce Japanese package tours including weddings in Guam and honeymoons in Fiji to coincide with the start of Continental Airlines’ twice-weekly service from Guam to Fiji from the 18th of December 2009.

6. Key Campaigns and Activities in Market

October and November campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
29 September 2009	30 June 2010	<i>"Taiken Navi"</i> on-line navigation tool created to help consumers find their SIT experience of interest with Japan-specific content. This digital tool links to a booking site on travel portal AB-Road.	Young females aged in their 20s and 30s.	AB Road travel portal
October 2009	March 2010	<i>STO Co-op Campaigns</i> : joint activity with seven STOs featuring agreed SIT products and experiences such as world heritage, wildlife, food/wine, outback / Indigenous, marathon, beach, wildflower, trekking/walking and tennis.	Young females aged in their 20s and 30s. Males and females over 55.	All STOs Travel Agents Jetstar, Qantas, Japan Airlines
4 November 2009	30 April 2010	<i>Aussie Oji campaign</i> – consumer campaign targeting young females, encouraging them visit Australia by highlighting the appeal of SIT experiences through one of Australia's true assets, the warm and welcoming nature of its people.	Young females aged in their 20s and 30s.	All STOs Travel Agents Jetstar, Qantas, Japan Airlines

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
December 2009	30 June 2010	<i>Jukunen campaign</i> : consumer campaign targeting male and females over 55, encouraging them visit Australia by highlighting the appeal of SIT experiences through one of Australia's true assets, the warm and welcoming nature of its people.	Males and females over 55.	STOs
January 2010	January 2010	<i>JATA Famils</i> focusing on Honeymoon and Wedding. CNS - 20pax, OOL – 40pax, SYD - 10pax, SYD/AYQ - 10pax	Retail Staff of Travel Agents.	JATA Jetstar, Qantas, Watabe Wedding
23 February 2010	23 February 2010	<i>School & Group Workshop</i> will be held in Tokyo as part of JAM 2010	Group sales forces.	STOs
24 February 2010	25 February 2010	<i>Japan Australia Mission 2010 - JAM2010</i> will be held in Tokyo.	Tour planners and purchasing staff.	STOs Airlines