The Innovative Potential of Inbound Tourism in Japan

Carolin Funck
Associate Professor
Hiroshima University Graduate School of Integrated Arts and Sciences

Malcolm Cooper
Professor
Ritsumeikan Asia Pacific University

Outline
1. Inbound tourism in Japan
2. The need for innovation
3. Development as international destinations
   1. Hida Takayama
   2. Miyajima
   3. Beppu
4. Characteristics of foreign tourists
5. Innovation in tourism industries
6. Conclusion

Spatial distribution

- Nights by foreign tourists 2010: concentration in certain areas and destinations
- Diversification of demand: stay on weekdays; holidays different from Japanese

1. Inbound tourism in Japan 1964-2011

2003: Visit Japan Campaign
2. The need for innovation

1. Postwar~1973: domestic tourism growth
2. 1970s: stagnation
4. Stagnation (“lost decade”)
5. From 2003: Inbound tourism as growth motor

The increase in foreign tourists and changes in destinations

- Tourism Area Life Cycle:
  - More tourists → quantitative changes
  - New services and facilities → qualitative change
  → may lead to new stage in life cycle
- Innovations: Local administration and industry; national administration and industry

Interest in inbound tourism

- Accommodation facilities (No.=7068):
  - 36.8% think the promotion of inbound tourism is important, 25.6% think not
  - 62.2% had foreign guests within the last year, but only 48.6% of small facilities (<30 rooms)
  - Of those without foreign guests, 72.3% don’t want any
- Administration (No.=1533):
  - 48% of municipalities think inbound tourism should be promoted
  - But only 25.3% collect data on foreign tourists
  - 64.5% don’t do anything to promote inbound tourism
  - 61.8% are not interested in promoting inbound tourism
  - However, prefectures are more active and positive about inbound tourism
    (Japanese Government 2008)

Research Method

- Survey at destinations to compare travel behaviour by Japanese and Foreign tourists.
- Survey of small-scale tourism industries
- Interviews with local and regional administration, accommodation industry

<table>
<thead>
<tr>
<th>Survey Language</th>
<th>Takayama 2010/11</th>
<th>Miyajima 2011/3</th>
<th>Beppu 2011/4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese(J)*</td>
<td>245</td>
<td>243</td>
<td>84</td>
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<tr>
<td>English(E)*</td>
<td>106</td>
<td>101</td>
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<tr>
<td>Chinese(C)*</td>
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<td>Korean(K)*</td>
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<td>7</td>
<td>82</td>
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<tr>
<td>All</td>
<td>410</td>
<td>370</td>
<td>246</td>
</tr>
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</table>
Tourism developed since the 1970s based on historic townscape

Changes in tourist numbers based on access development

Foreign tourists in Takayama (Overnight)

1993

North America

Asia

France

Europe

South America

Oceania

Australia

Africa
Inbound tourism policies and promotion

• 1982 Takayama Tourism Association → active tourism promotion
• 1986 Model Area for International Tourism
• 1987 Tourist Information Office opens in front of station; 2010: 253,103 enquiries, of which 17,155 by foreign tourists
• 1999 International Convention City
• 2003 Hida Takayama Council for the Attraction of Foreign Tourists; City’s Tourist Information HP becomes multilingual (Currently 11 languages)
• 2009 Subsidy for private sector efforts for internationalization
→ Active role of administration and tourism association

Tourism in Miyajima 1964-2011

• 2000 inhabitants, 3 million visitors
• First peak in 1997 (Historical TV series, world heritage)
• Increase since 2004: international guidebooks, increase in domestic tourism
• Foreign tourists: increase *3.3 from 1997-2010
Inbound tourism policies

- 1998: Theme Districts for International Tourism (Hiroshima Pref.)
- 2005: Municipal merger; Hatsukaichi City creates action plan for tourism
- Official HP: 7 languages;
- English HP for accommodation (private company)
- 2009: Tourism Friendship with Mt. St. Michel (France)

Tourism in Beppu 1967-2010

- More than 2600 natural hot springs used for spa hotels, public baths and jigoku meguri (tour of hells)
- 1950/60s: Large scale mass tourism development
- 1990s: Small-scale, “retro” oriented tourism based on machiaruki (walking around town)
Inbound tourism policies

- 1950: Law for Construction of Beppu International Tourism Spa Culture City
- 2000: Ritsumeikan Asia Pacific University (APU) opened → 2600 foreign students → research and human resources for inbound tourism
- 2004-8: Regional Revitalization plan with focus on cooperation with Asia

### Foreign tourists 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Korea</th>
<th>Europe</th>
<th>China</th>
<th>Taiwan</th>
<th>N. America</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>(100s)</td>
<td>0</td>
<td>600</td>
<td>1200</td>
<td>0</td>
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</tbody>
</table>

- Tourists 2010
  - **Takayama**: 2.817.000
  - **Miyajima**: 3.426.000
  - **Beppu**: 11.670.000

- Foreign tourists 2010
  - **Takayama**: 161.000 (overnight)
  - **Miyajima**: 117.000 (estimate)
  - **Beppu**: 270.000

### Main market for inbound tourism

- **Takayama**: Europe, Japan, Korea, Taiwan
- **Miyajima**: Europe, Japan, Korea, Taiwan
- **Beppu**: Korea, Japan, Europe

### Inbound policies and promotion

- **Takayama**: Since 1990s active policies of city, tourism association
- **Miyajima**: Mainly Hiroshima Prefecture
- **Beppu**: Part of national policies; since 2000s cooperation with university

### Innovation in facilities and services

- **Takayama**: Since 1990s active policies of city, tourism association;
- **Miyajima**: Accommodation facilities: civic groups;
- **Beppu**: Human resource education (APU), civic groups

### 4. Characteristics of foreign tourists: survey results

- **Takayama**: All: Culture/ history
- **Miyajima**: All: Famous historical sites, culture/history
- **Beppu**: All: Hot spring, relaxation

- **Takayama**: E: experience something new
- **Miyajima**: E: experience something new
- **Beppu**: C,K: Nature, J,K: spend time with family, relax

- **Takayama**: C/K: Nature, sports
- **Miyajima**: C/K: Nature, sports, events
- **Beppu**: E: experience something new

- **Takayama**: J,C/K: spend time with family, relax
- **Miyajima**: J, C/K: spend time with family, relax
- **Beppu**: K: enjoy local culture/history

- **Takayama**: All: plan schedule
- **Miyajima**: All: plan schedule
- **Beppu**: All: plan schedule

- **Takayama**: accommodation myself
- **Miyajima**: accommodation myself
- **Beppu**: accommodation myself

- **Takayama**: E: special experience, visit unknown spots
- **Miyajima**: E: visit unknown spots
- **Beppu**: K: enjoy local culture/history

- **Takayama**: J: don’t rely on travel agents
- **Miyajima**: J,C/K: special experience
- **Beppu**: E,C,K: special experience, visit unknown spots

- **Takayama**: C/K: comfortable and easy trip, package tour
- **Miyajima**: C/K: comfortable and easy trip, escape boredom
- **Beppu**: E,C,K: special experience, visit unknown spots

J=Japanese, E=English, C=Chinese, K=Korean
### Impression of Takayama

(Average, only items with significant difference)

- Beautiful
- Good, old Japan
- Enjoyable to walk around
- Close to nature
- Very touristic
- Welcoming to foreigners
- Easy to move around
- Friendly
- Ample accommodation
- Crowded with people

Options: Japanese, English, Asian

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<thead>
<tr>
<th></th>
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<th>Asian</th>
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### Impression of Miyajima

(Average, only items with significant difference)

- Traditional, historic
- Friendly
- Ample accommodation
- Vibrant with life
- Many special products
- Crowded
- Time flows slowly
- Good, old Japan
- Easy to move around
- Welcoming to foreigners

Options: Japanese, English, Asian

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### Impression of Beppu

(Average, only items with significant difference)

- Beautiful
- Authentic, real
- Very touristic
- Traditional, historic
- Ample accommodation
- Vibrant with life
- Enjoyable to walk around
- Many special products
- Delicious food
- Crowded
- Time flows slowly
- Welcoming to foreigners
- Close to nature
- Good, old Japan
- Easy to move around

Options: Japanese, English, Korean, Chinese

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### 5. Innovation in tourism industries

- **Survey:**
  - Takayama: No. = 100
  - Miyajima: No. = 66

- **Customers:**
  - Takayama: Tourists: Locals = 7.1 : 2.9
    - Japanese : Foreigners = 7.3 : 2.7
  - Miyajima: Tourists: Locals = 8.0 : 2.0
    - Japanese : Foreigners = 7.1 : 2.9
Opinions about the increase in foreign tourists

+ Good chance to meet people from different countries; generally positive; vitalizes town, strong interest in Japan
- Language problems; foreign tourists don’t spend much money
Both/ neither good and bad
In both locations (Takayama, Miyajima): mainly positive responses

<table>
<thead>
<tr>
<th>Average</th>
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<th>Chinese</th>
<th>English</th>
<th>Other European</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miyajima</td>
<td>2.89</td>
<td>2.74</td>
<td>1.64</td>
<td>2.05</td>
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<tr>
<td>Takayama</td>
<td>2.73</td>
<td>2.82</td>
<td>2.34</td>
<td>2.14</td>
</tr>
</tbody>
</table>

Which market should be promoted preferably? (Average rank 1~4 → low average = high priority)

Accommodation

- Western tourists: small-scale, Japanese style facilities → niche market
- Large facilities: can employ specialized staff
- Service to support facilities: Internet reservation site (Miyajima)

Conclusion 1

Different functions of inbound tourism:
- Takayama: individual foreign tourists + groups from Asia help to balance the irregular ups and downs of the domestic market
- Miyajima: foreigners form an important clientele for accommodation facilities, especially smaller ones, and enlarge the individual tourism sector
- Beppu: a revival method for a declining onsen destination with struggling large-scale accommodation facilities, supported by the existence of an internationally oriented university
Conclusion 2

- The role of small-scale business: seen as reason for slow innovation within the tourism sector
- But: active support through cooperation of public and private sector, specialised service companies and internationally oriented educational institutions is possible; small-scale businesses use inbound tourism as a niche market
- Inbound tourism in Japan has the potential to differentiate and widen the domestic market
- However, this will mainly happen in selective destinations and, within these destinations, in selective parts of the tourism industry.

Thank you for your attention

Inbound tourists by origin
(2010, includes all purposes)

South Korea
Taiwan
China
Hong Kong
Asia Others
USA
Canada
United Kingdom
France
Germany
Europe Others
Australia
Others

Motivations for travel (Takayama)
(Average of 5 point scale)

Enjoy landscape*
See historical/ traditional buildings*
Enjoy local foods and products
Enjoy local history/ culture
Come in contact with nature*
Relax, recover from daily stress*
Experience something new*
Spend time with friends/ partner*
Spend time with family/ children*
Meet people, enjoy exchange*
Participate in local events
Do sports or exercises*

Japanese
English
Asian

* = significant difference at 0.05
Travel Style (Takayama)
(Select two answers)

- I prefer planning my schedule by myself
- I want to have a comfortable/easy trip*
  - I like to visit good but unknown spots*
  - I want to escape from boredom
- I prefer an organized tour
- I don’t want to rely on travel agents*
- I like to go on a trip without any plan*
- It is convenient to use travel agents

* = significant difference at 0.05
Japanese high
English high
Japanese/Asian high