Economic Impact of Inbound Tourism on Regional Destinations of Japan

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Research background and objective

• Japanese domestic travel market will decline

• Inbound tourism demand has been increasing
  – Economic impact on the regional destination?
  – Is Inbound tourism beneficial or not?

• Evaluate the economic impact on the regional destinations quantitatively
  – Inbound tourism spending survey
  – Effective inbound tourism policy for the regions
Research question

✓ Is inbound tourism important compared to the domestic tourism?
✓ What is the characteristics of inbound tourism spending behavior in the regional destination compared to that in the big cities?
✓ How can we measure economic impact of inbound tourism on the regional destination?
✓ What is the effective inbound tourism policy for the regional destination?
## Positive impact of inbound tourism

<table>
<thead>
<tr>
<th></th>
<th>Economic</th>
<th>Socio-cultural</th>
</tr>
</thead>
<tbody>
<tr>
<td>host</td>
<td>increase income, tax revenue, creating job</td>
<td>improve destination image, proud of their region, conservation of cultural resources</td>
</tr>
<tr>
<td>both</td>
<td></td>
<td>mutual understanding, (cultural fusion, passport to peace)</td>
</tr>
<tr>
<td>guest</td>
<td></td>
<td>understanding of cultural resources, destination attachment</td>
</tr>
</tbody>
</table>
### Number of oversea visitors stayed (2013)

<table>
<thead>
<tr>
<th>Regional</th>
<th>No. oversea visitors stayed (a)</th>
<th>/pop (a/pop)</th>
<th>overseas share (a/total no.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takayama</td>
<td>149,996</td>
<td>1.62</td>
<td>0.153</td>
</tr>
<tr>
<td>Fuji kawaguchiko</td>
<td>96,524</td>
<td>3.79</td>
<td>0.157</td>
</tr>
<tr>
<td>Sapporo</td>
<td>708,264</td>
<td>0.370</td>
<td>0.121</td>
</tr>
<tr>
<td>Kyoto</td>
<td>789,945</td>
<td>0.536</td>
<td>0.144</td>
</tr>
</tbody>
</table>


- Small numbers compared to the big cities
- Inbound tourism impact on some regional destinations
## Travel experience and destination

| Visitors from | No. visits to Japan | Destination | | | |
|---------------|---------------------|-------------|-------------|-------------|
|               | Within Golden route | Hokkaido    | Kyushu      |
| Taiwan        |                     |             |             |
| 1st time      | 45%                 | 19%         | 15%         |
| 3rd time      | 39%                 | 20%         | 17%         |
| Thailand      |                     |             |             |
| 1st time      | 70%                 | 0.4%        | 0.4%        |
| 3rd time      | 49%                 | 14%         | 16%         |

Golden route: Visitors to Tokyo area, Mt. Fuji, Nagoya, Kyoto, Osaka

Data: JTA (2012)

- Popular destinations for 1st time visitors
- Repeat visitors travel to some other destinations
• Most spending goes to the metropolitan area
Necessities for the spending survey

• Consumption trend survey for foreigners visiting Japan
  – Japan Tourism Agency
  – Data limitation on the regional destinations

Needs their own survey

Know-how?
Points to the survey

- Provide a finding to the regional destinations

Aims

- Accurate spending amount
- Low cost
- Variety of samples

Points

1. Survey area
2. Sample size
3. Survey sheets
4. Place
5. Distribute & receive
6. Interviewer

• Provide a finding to the regional destinations
Benefit for collecting data

1. Understand the travel spending behavior
   - Information for inbound tourism marketing

2. Input for estimating the economic impact
   - Cost benefit analysis
   - Who is the beneficiary of inbound tourism?
     - Discussion on cost burden
Survey outline

Popular destinations in Japan

- Fuji kawaguchiko
  - Oct 2012

- Takayama
  - Apr 2013

- Yufu, Aso, Ibusuki
  - Oct 2013 to Feb 2014
Spending items

Accommodation

Eating & drinking

Transport

(exclude JR pass, etc.)

Amusement service

Shopping
## Survey Result

<table>
<thead>
<tr>
<th>Location</th>
<th>No. distribution (a)</th>
<th>No. respondents</th>
<th>Valid samples (b)</th>
<th>Return rate (b/a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yufu</td>
<td>593</td>
<td>90</td>
<td>76</td>
<td>13%</td>
</tr>
<tr>
<td>Aso</td>
<td>620</td>
<td>91</td>
<td>87</td>
<td>14%</td>
</tr>
<tr>
<td>Ibusuki</td>
<td>600</td>
<td>58</td>
<td>43</td>
<td>7%</td>
</tr>
<tr>
<td>Fuji</td>
<td>258</td>
<td>160</td>
<td>156</td>
<td>60%</td>
</tr>
<tr>
<td>Takayama</td>
<td>377</td>
<td>210</td>
<td>198</td>
<td>53%</td>
</tr>
</tbody>
</table>
• Small number of visitors from North East Asia at Aso, Fuji and Takayama.
Length of stay

- Yufu, Fuji: close to the major destination (Beppu, Shinjuku)
Travel spending in Takayama

- Oversea visitors’ travel expense
  - Total amount exceeds Japanese visitor for overnight visitor
  - Spending for shopping is higher for both one day and overnight

Japanese data: Takayama city tourism statistics (2012)
• Travel spending of visitors from Europe and Australia is higher than visitors from Asia
• By spending items: Transport $\rightarrow$ Asia, Shopping $\rightarrow$ Australia
Travel spending (one night visitor)

- Yufu: Accommodation
- Aso: Accommodation, Transport
- Ibusuki*: Accommodation, Shopping, Amusement service
- Fuji: Accommodation, Eat & drink, Shopping
- Takayama: Accommodation, Eat & drink

(1,000yen/pop)
## Travel spending and Length of stay

<table>
<thead>
<tr>
<th>night(s)</th>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
<th>e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yufu</strong></td>
<td></td>
<td>●</td>
<td>×</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>0-1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aso</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-1</td>
<td></td>
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<td></td>
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<tr>
<td>1-2</td>
<td>○</td>
<td>●</td>
<td>●</td>
<td>×</td>
<td>○</td>
</tr>
<tr>
<td><strong>Fuji</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>0-1</td>
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<td>×</td>
<td>×</td>
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<tr>
<td>1-2</td>
<td>○</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>2-3+</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Takayama</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-1</td>
<td></td>
<td>●</td>
<td>×</td>
<td>●</td>
<td>×</td>
</tr>
<tr>
<td>1-2</td>
<td>●</td>
<td>×</td>
<td>×</td>
<td>○</td>
<td>×</td>
</tr>
<tr>
<td>2-3+</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

- ● 99% significance level
- ○ 95% significance level
- × no significance

a) Accommodation
b) Eating & Drinking
c) Transportation
d) Amusement Service
e) Shopping

- Travel spending of each regional destination has its saturating point
Conclusion

• Propose the inbound tourism spending survey in regional destinations

• Characteristics of inbound tourism spending in the region
  – Value for money; regional specialty that reflects their own history or story
  – Saturation of spending amount $\Leftrightarrow$ even length of stay extend, spending increase?
  – Visitors from Asia spend more? like Tokyo?
Policy implication

✓ Monitoring the spending trend in the regions themselves
✓ To increase the number of visitor is better than extend the length of stay in some regions
✓ Quality and variety of local food, amusement service, products(souvenirs) for enhancing the economic impact