

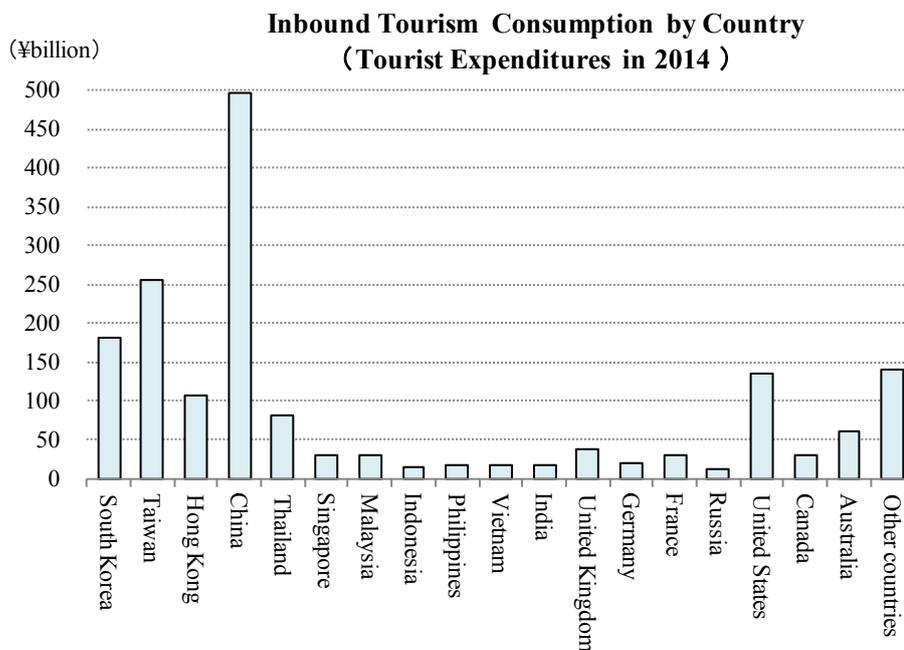
Increase in Inbound Tourism Consumption

—Estimated Data Shows Spread by Prefecture and Related Issues

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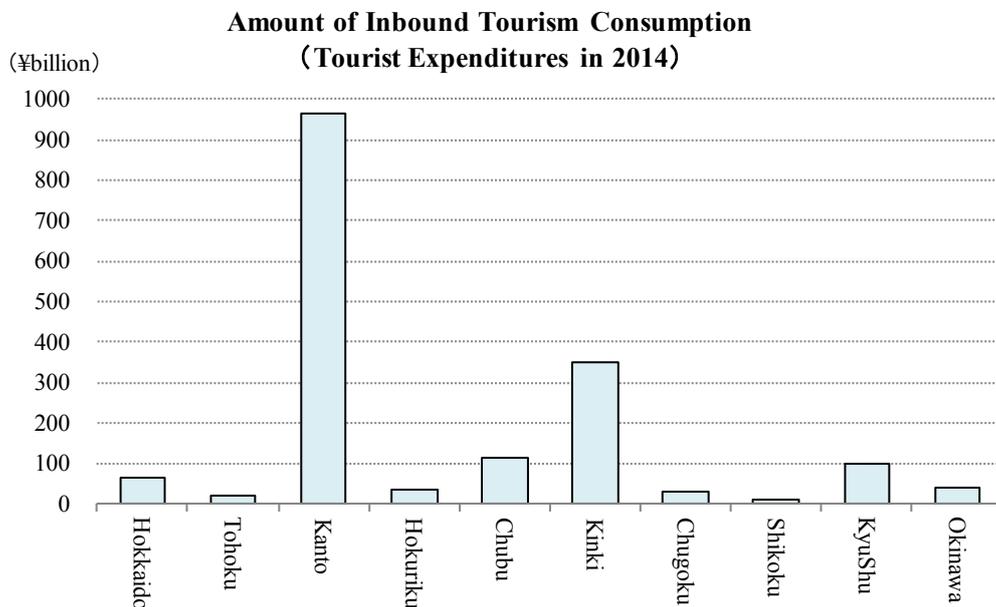
The number of foreign tourists visiting Japan in recent years has been on the increase and rose to an historic high of 13.41 million persons in 2014. About 80% of these visitors were from other countries in Asia, and the three countries heading the list were Taiwan, South Korea, and China. Most of these foreign tourists came for sightseeing and stayed for relatively short periods of about one week.

Along with the inflow of foreign tourists, inbound tourism consumption is also rising. In 2014, this consumption, on a nominal GDP basis, rose to ¥1,636.1 billion, the highest level in history. Consumption per tourist in 2014 rose ¥128,470 over the previous year. In particular, as a result of the depreciation in the value of the yen and the expansion of Japan's tax-exemption system, expenditures on shopping are rising at present. By nationality, tourists from China are spending the most, and their expenditures for travel and sightseeing during travel are estimated to have been ¥497.5 billion in 2014. This was substantially higher than the ¥256.4 billion spent by second-ranking Taiwanese tourists and the ¥181.7 billion spent by third-ranking South Korean tourists, which confirms the impression of a Chinese consumer spending spree.



Sources: Prepared by MURC, based on Japan National Tourism Organization (JNTO), *Number of Foreign Tourists and Japanese Overseas Departures*; and Japan Tourism Agency, *Consumption Trend Survey for Foreigners Visiting Japan*

Estimates of inbound tourism expenditures show that the Kanto region, which includes Tokyo, stood first with ¥967.1 billion in 2014. Kanto was followed by the Kinki region, which includes Kyoto and Osaka, with ¥351.6 billion, and the Chubu region, which includes Nagoya, with ¥112.8 billion. These three areas are referred to as the “Golden Route,” and combined, they accounted for ¥1,431.5 billion, or about 80% of all inbound tourism expenditures. Estimates by prefecture show that Tokyo was tops, with ¥753.7 billion, and that it accounted for somewhat less than 80% of the inbound tourism consumption of the Kanto region, and more than 40% of the national total. Although the number of foreign tourists visiting Japan is rising, most of them tend to visit a limited number of sightseeing and resort areas, such as the Golden Route, Hokkaido, and Okinawa. Other areas are not receiving much of the benefits of inbound tourism consumption.



Note: These areas are as defined by the Kanto District Transport Bureau.

Sources: Prepared by MURC, based on Japan National Tourism Organization (JNTO), *Number of Foreign Tourists and Japanese Overseas Departures*; and Japan Tourism Agency, *Consumption Trend Survey for Foreigners Visiting Japan*

The Japanese government is proceeding with its activities to attract 20 million foreign tourists annually by the year 2020 and then 30 million by 2030. However, if the current trend continues, with much of the demand concentrated along the Golden Route, the capacity of hotel and sightseeing facilities in this region will eventually be reached. Therefore, for Japan to attain its goal of being a tourism-oriented nation, a strategy to attract tourists to the hinterlands will be essential. However, it will not be easy to attract first-time visitors to Japan to areas other than the Golden Route. Instead, we think that a strategy that focuses on tourists visiting Japan for two or more times should be worked out. Now especially, it will be necessary for local areas to communicate the attractiveness of their regions to the tourist audience.

*This is an English-language summary of a report originally published on June 17, 2015. The full report is available only in Japanese, but the author will answer questions regarding the topic by e-mail.

*The information and the views contained herein are subject to change without notice.