

The Present State and Future Plans for Wide-Area Policies for Inbound Tourism: The Case of the Chubu Area of Japan

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1. Introduction

This report analyzes the state of foreign visitors to the Chubu area of Japan, which comprises the nine prefectures of Toyama, Ishikawa, Fukui, Nagano, Gifu, Shizuoka, Aichi, Mie, and Shiga, from the perspective of the effects of internationalization on the regional economy. Because the total number of foreign visitors to Japan in 2013 reached over 10 million, with more expected in the future, a policy of promoting and providing information about local areas to overseas visitors has become necessary. With this in mind, this report identifies the current status of foreign tourism to the Chubu Area taken as one such wide area.

2. The Present Situation of Foreign Visitors to the Chubu Area

Figure 1 indicates the change in the number of foreign hotel guests in the Chubu Area from 2007 to 2012. The number ranged between approximately 15–26 million people at this period. The Chubu Area's share of Japan's tourism is approximately 10%, but has gradually decreased over the years (figure 2). The largest sources of foreign visitors to the Chubu Area were China, Taiwan, and the US in 2012 (figure 3). Figure 4 shows the proportion by country of hotel guests from 15 main foreign markets in the Chubu Area in 2012. This indicates that China, Taiwan, Thailand, and India were the markets sending larger-than-average (over 9.7%) proportions of the total number of visitors. The proportion of Thai visitors in particular is much higher than the others, approximately 19.8%. Chinese visitors comprised the largest group in Shizuoka, Aichi, and Fukui Prefectures. Taiwanese visitors formed the largest group in most in other prefectures (figure 5). Many Chinese visitors, who appeared in the largest numbers in the Chubu Area, typically visited during the

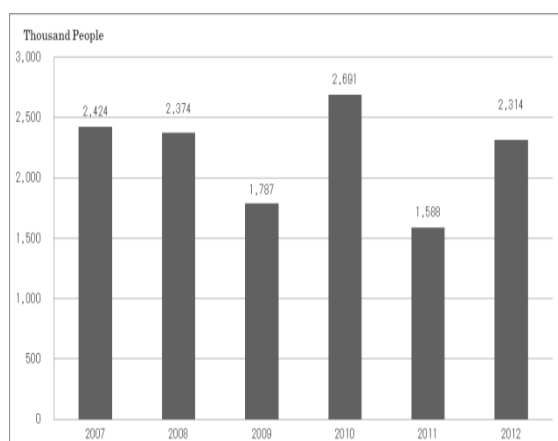


Figure 1: The Number of Foreign Hotel Guests in the Chubu Area (2007–2012)

Source: Japan Tourism Agency (1).

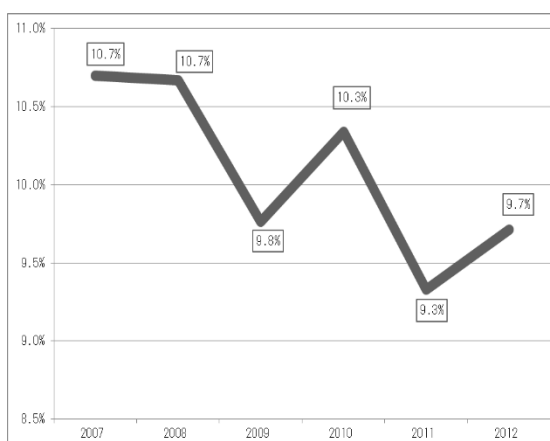


Figure 2: The Proportion of Japan's Total Foreign Hotel Guests in the Chubu Area (2007–2012)

Source: Japan Tourism Agency (1).

summer. In contrast, Taiwanese visitors in April and in May accounted for 29.7% of total Taiwanese visitors in 2012 (figure 6). Figure 7 shows the total numbers of foreign hotel guests per prefecture for every month of 2012. April showed the most visitors, followed by May, whereas February had the least in the entire Chubu Area.

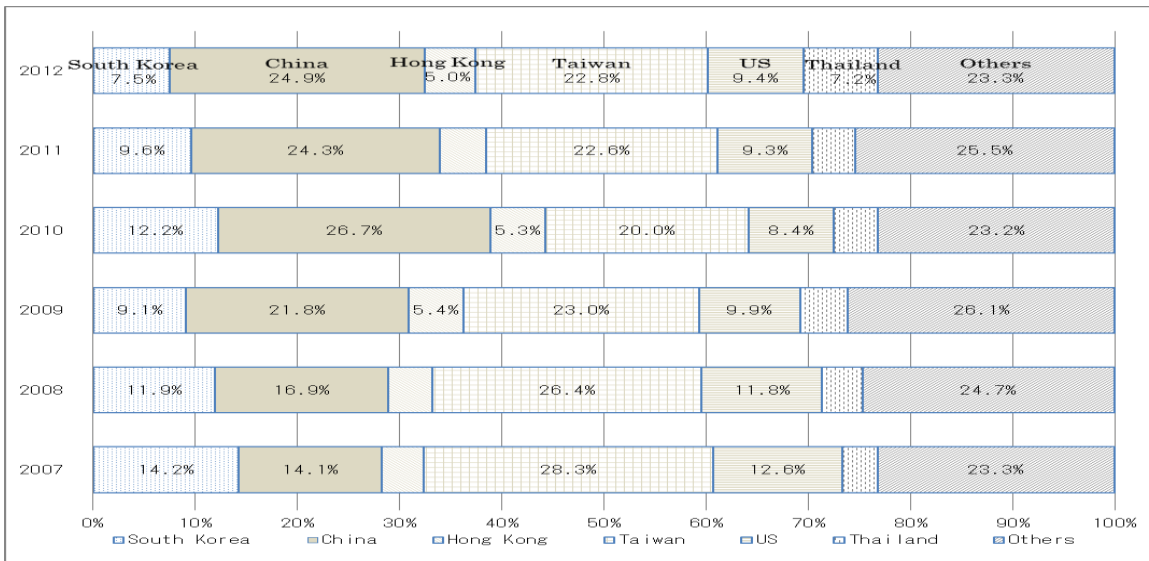


Figure 3: The Share by Nationality of Hotel Guests from Main Foreign Markets in the Chubu Area (2007–2012). *The number of unknown nationalities is removed. *Numbers over 5% are written in the figures. Source: Japan Tourism Agency (1).

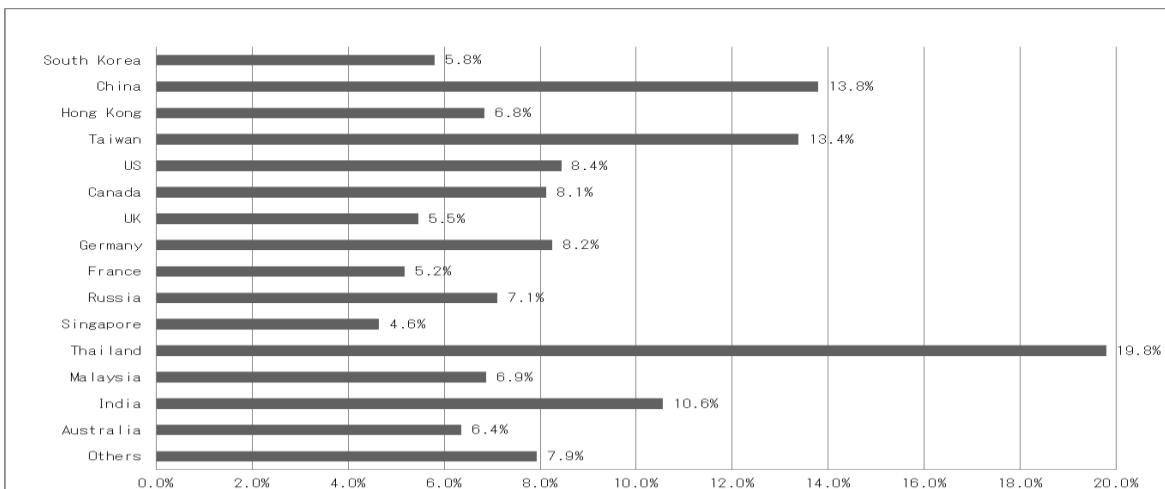


Figure 4: The Proportion of the Chubu Area Hotel Guests from Main Foreign Markets by Nation (2012). Source: Japan Tourism Agency (1).

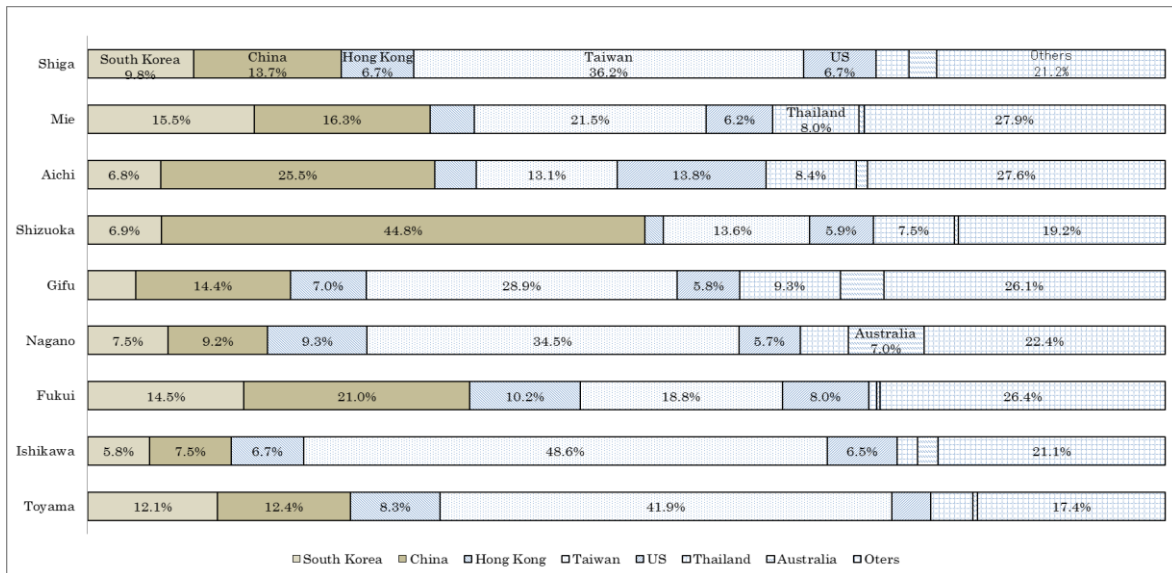


Figure 5: The Proportion of the Number of Foreign Hotel Guests to Each Prefecture of the Chubu Area (2012).
 *Numbers over 5% are written in the figure.
 Source: Japan Tourism Agency (1).

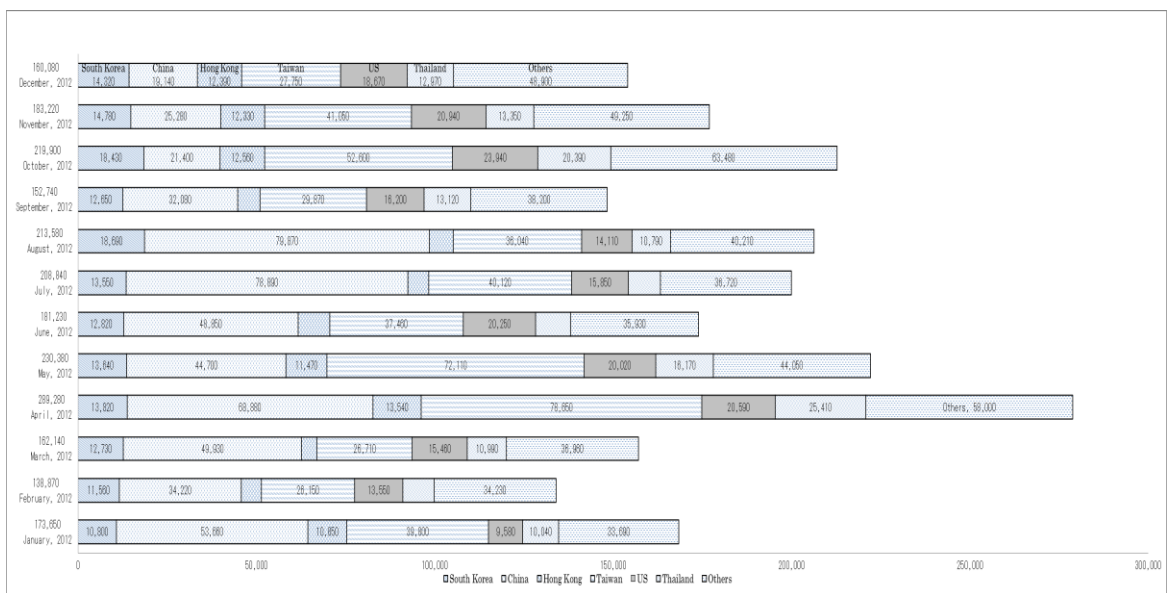


Figure 6: The Number of Foreign Hotel Guests in the Chubu Area by Month in 2012.
 *Numbers over 10,000 visitors are written in the figure. *The number of unknown nationalities is removed.
 Source: Japan Tourism Agency (1).

3. Issues Related to Inbound Tourism Policies in the Chubu Area

3.1. Unity and Variety in the Chubu Area

The Chubu Area has several issues affecting internal cooperation in various areas related to inbound tourism. For instance, different parts of the area are covered by different jurisdictions of the District Transport Bureau, the branch of Ministry of Land, Infrastructure, Transport and Tourism, and Japan Railways (JR). An additional complicating factor is that because of the location of each area or historic and cultural reasons, some areas have developed strong ties and cooperation with the Tokyo or Kansai Areas, Thus, the Chubu Area

seems relatively less united than the other areas in Japan. Despite these challenges, the great advantage that the Chubu Area now has is the Chubu International Airport (called “Centrair”), which could serve as the gateway to the Chubu Area and as an important key to inbound tourism. Therefore, the subjective activity of the Chubu Area in terms of Chubu Area tours or information disseminated within the Chubu Area are important.

Table 1 The General Concept for Inbound Promotion to Main Foreign Markets in the Chubu Area

Main Markets	Concept	Main (Important) Markets	Reference
(i) Mature Market	East Asia	Taiwan, Hong Kong, etc.	Many Visitors, Direct Flights
(ii) New Market	EU, US	US, Australia, etc.	High Income, Long Stay
(iii) New >> Mature Market	South-east Asia	Singapore, Thailand, etc.	Increasing Visitors
(iv) Market for Long-Term Development	Others	Russia, India, etc.	Important for Specific Regions

There are two main types of promotion policies that a wide-area inbound association should consider. First, they should find ways to promote an increase in foreign visitors from named mature foreign markets, defined as those having sent many their people to the Chubu Area so far. Second, they should identify ways to promote new foreign markets that have not become major markets for the Chubu Area yet, but have the potential to become big markets in the near future. Thus, multidirectional approaches to inbound policies are also important, and it is essential to employ a combination of approaches to foreign markets (table 1). Such a combination could be as follows:

- (i) An approach to a foreign market (a mature market), from which the (Chubu) Area receives a constant number of foreign people continually
- (ii) An approach to a foreign market (a potential economic effect is high if the number of people increases in future), from which the (Chubu) Area could receive the strong economic benefits.
- (iii) An approach to a foreign market with relatively high levels of both above (i) and (ii)
- (iv) An approach to a foreign market that could be considered important in the long term

3.2 The Balance among Rerated Region/local Governments Areas and Incentive Policy in the Chubu Area

Wide-area associations for inbound promotion, including that for the Chubu Area (Central Japan Tourism Promotion Association), have already been organized nationwide. However, prefectural governments are among the groups paying expenses or providing subsidies for these associations’ activities¹, which implies that there might be a possibility that a prefectural government might ask the association to promote its own area to foreigners as collateral. In other words, a prefectural government might require economic benefits corresponding to its offered subsidy. The reason might be that as long as a prefectural government provides public services to its inhabitants, mainly by tax levied on them, it would need to see positive results in its area. With these issues in mind, the main factors to examine in promoting a well-balanced and effective inbound tourism policy for a wide-area association are the following:

- (1) To analyze whether a foreign market could have a high economic value for each prefecture. If the market has a high potential economic value for prefecture A, but less potential for prefecture B, it would not be an optimal market for the wide-area promotion. If the market does prove suitable for wide-area promotion, cooperation among the prefectures would be necessary.

(2) To analyze whether a correspondence holds between currently available information and resources aimed at foreign visitors to Japan and the cooperation framework among prefectures or wide-area associations.

By considering these points, communities can determine whether promotions performed by a wide area association would be effective.

After investigating the points outlined above, the next step would be to analyze more substantially how promotion by a wide-area association can be most effective for each foreign market. In doing so, one should bear in mind that the needs of foreign visitors to Japan may not necessarily correspond to an area's intended marketing to foreign visitors. Second, for visitors from some foreign markets, a broad area covering nine prefectures is too large to cover in just one visit. Therefore, the development of multiple itineraries is necessary. In addition, other factors, such as natural and seasonal conditions, could affect itineraries as well as the fact that some visitors come to Japan for business rather than sightseeing.

3.3. The Potential of Repeat Visitors from Mature Markets

In the promotion of inbound policies, it is essential to aim at increasing the number of foreign visitors from several countries, including the 15 main markets. In particular, obtaining an increase in visitors from mature foreign markets to Japan, such as East Asian markets, or at least obtaining a relatively high and

stable number of foreign visitors, is important for economic growth in local areas in Japan. Figure 7 compares the ratio of the number of people from each market visiting that country's top Asian travel destination to the number who come to Japan from the 15 main markets in 2012. For example, Taiwan was the top destination among the Asian markets for visitors from Hong Kong, with approximately 1,016,000

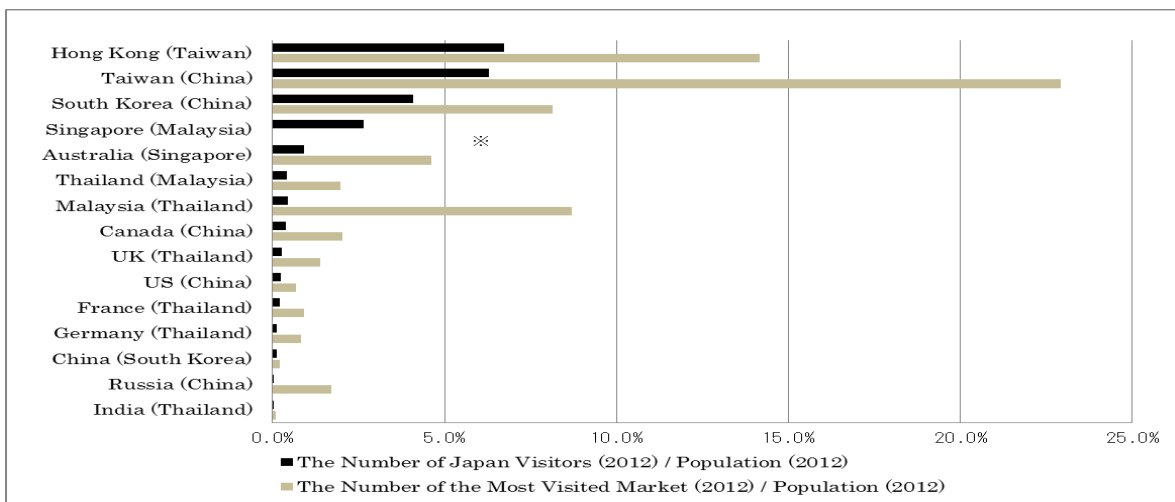


Figure 7: The Ratio of the Number of Visitors between the Top Asian Market per Nation and Japan for Each of 15 Main Markets in 2012²,

* The names in parentheses after a county/region name represent the Asian market most visited by residents of the country/region.

Source: JNTO (3).

1 In the case of the Central Japan Tourism Promotion Association, the proportion of budget revenue contributed by the nine prefectures and three cities forming the main member of the council was approximately 49% in 2012 and 42% in 2013 (Central Japan Tourism Promotion Association (2)).

Hong Kong visitors in 2012. In contrast, the number of Hong Kong visitors to Japan numbered approximately 482,000 in 2012. The visit rate to Taiwan for the total population of Hong Kong was 14.2%, which far exceeded their visit rate to Japan (6.7%). There is a diversity of reasons why each foreign tourist might choose a particular destination, such as easy access, no sea crossings, a desire to visit relatives, and financial constraints, but it could be also said that there is also the possibility of increasing the number of visitors to Japan from many foreign markets.

4. Conclusion

In this report, the Chubu Area is taken as a case study for the basic analysis of the present state of foreign visitors and the importance of inbound tourism by wide area policies. However, this report outlines only a basic analysis and description of the present situation, and offers almost no suggestions for future policy making. Thus, the next step will be proposing specific steps the Chubu Area can take for the successful promotion of the inbound tourism.

(Main References)

- 1 Japan Tourism Agency, "Accommodation Survey," 2008-2013. (in Japanese)
- 2 Central Japan Tourism Promotion Association, "General Meeting Data," 2014. (in Japanese)
- 3 JNTO, https://www.jnto.go.jp/jpn/reference/tourism_data/basic.html, March 3, 2014. (in Japanese)

2 The most visited Asian market by Singaporeans is Malaysia, which attracted approximately 13 million visitors; however, this exceeds the population of Singapore. This could be thought to be the regional specialty.