

Feature Article

Promoting inbound tourism in Japan

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Current situation of Japanese tourism market

In recent years, tourism development in Japan has been expected to undergo rapid progress to transform Japan into a tourism-oriented country. This movement was evident in the foundation of the Japan Tourism Agency in 2008. The aim of this governmental organization is to enhance systems for the promotion of a tourism-oriented country. Regarding the inbound tourism market, the Japanese government set a goal to receive 40 million foreign tourists to Japan by 2020 and 60 million thereafter [Mainichi Shimbun, 2016]. The role of the inbound tourism market, which is focused on attracting foreign tourists to Japan, has received increasing attention, especially since the nation's economic situation deteriorated. In addition, because the Olympic Games will be held in Tokyo in 2020, Japan has been receiving more attention from foreign tourists.

The World Tourism Organization reports on the number of international tourist arrivals and other related tourism subjects. As for international tourism, there was an increase in the number of international tourist arrivals worldwide reaching 1186 million in 2015 [World Tourism Organization, 2016]. France is regarded as the world's leading tourism-oriented country. In 2015, France ranked top globally in the number of international tourist arrivals, followed by the United States, Spain and China. France kept the top place for many years. Regarding international tourism receipts, the United States were placed first and China, Spain, and France are following. These four countries remained the top in both rankings.

In the same report [World Tourism Organization, 2016], Japan ranked 16th in terms of the number of international tourist arrivals and 13th for international tourism receipts. Both numbers once dropped in 2011 because of the Tohoku earthquake. However, the numbers have increased every year and reached almost 20 million international tourist arrivals in 2015. In addition, Japan was one of the most-improved countries in the Travel and Tourism Competitive Index 2017 [World Economic Forum, 2017]. Japan is placed 4th in the global rank in 2017 whereas it was 9th in 2015. Therefore, it can be said that Japa-

nese governmental policies have been reflected and the promotion is working well.

Japanese economic background for promoting inbound tourism

The growth in inbound tourism has been an area of focus given from the economic recession in Japan because an increasing number of foreign tourists creates a positive economic impact. Currently, the Japanese economy is facing serious structural problems, such as a declining birth rate and a growing proportion of elderly people. The challenge for Japan is to secure stable financial resources. Although this is a previous estimation, according to a provisional calculation by the Japanese government, travel consumption by seven foreign tourists could make up for the annual consumption of one Japanese resident [Japan Tourism Agency, 2010]. The travel consumption by foreign tourists was 1.4 trillion yen in 2013 and 3.7 trillion yen in 2016, improved by 2.5 times in three years [Japan Tourism Agency, 2017b]. Therefore, promoting inbound tourism is one way in which Japan's severe economic conditions can be ameliorated and increasing the number of foreign tourists is an urgent and important issue in the inbound tourism market.

Trends in foreign tourists to Japan

In 2003, the Japanese government set an annual goal of ten million foreign tourists by 2010, named the "Visit Japan Campaign". The number of foreign tourists to Japan has been increasing, which may be due to the following reasons. First, the efforts of the "Visit Japan Campaign" and the promotion by the Japan Tourism Agency have shown steady growth. Second, more people in neighboring Asian countries have started to visit given the ease in visa regulation. Finally, tourism has become a means to study or conduct research in Japan, and that makes the tourism industry revitalized.

The growth of inbound tourism to Japan has been steady since the start of the campaign, as shown in Figure 1 [Japan National Tourism Organization, 2017a]. Since 2003, the number of foreign tourists has been increasing each year. The number of foreign tourists from 2003 to 2008 was three times as high

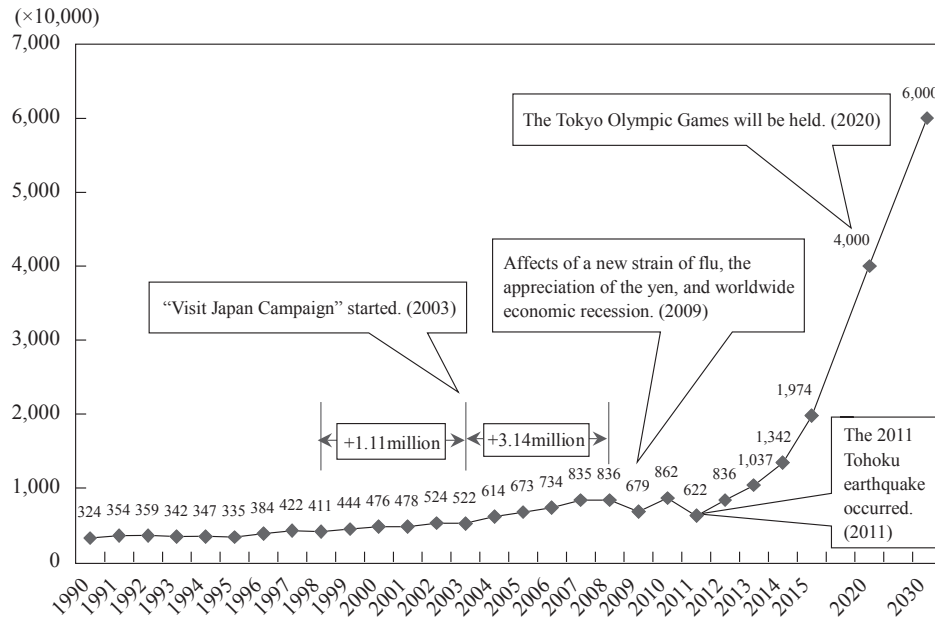


Figure 1: International tourist arrivals

as that from 1998 to 2003, and this is assumed to be because of the positive effect of the campaign. In 2009, the number decreased because of a new flu strain, appreciation of the yen, and worldwide economic recession. Also, in 2011, inbound tourism to Japan was devastated by a natural disaster, the 2011 Tohoku earthquake. Although the campaign had been working effectively, difficulty remained in stemming the decrease in the number of foreign tourists. However, after the earthquake, the promotions not only by Japanese government but by local communities, travel-related agencies and media worked well and the number of international tourist arrivals again have been increasing since 2011.

The trends of international tourist arrivals by country can be seen in Figure 2 [Japan National Tourism Organization,

2017a]. The countries shown in this figure are the top seven in 2015. Tourists from Korea, Taiwan and China are the majority of foreign tourists visiting Japan. In recent years, more foreign tourists from Hong Kong, Thailand, and Australia are coming to Japan. The Japan Tourism Agency carries out surveys to see the travel consumption by foreigners and the questionnaire is translated into 12 languages based on the major nationalities of foreign tourists to Japan and the results of the survey are analyzed and published per quarter [Japan Tourism Agency, 2017c].

Research on tourism in Japan

The tourism sector in Japan has been receiving attention and, as mentioned in the previous section, tourism has become

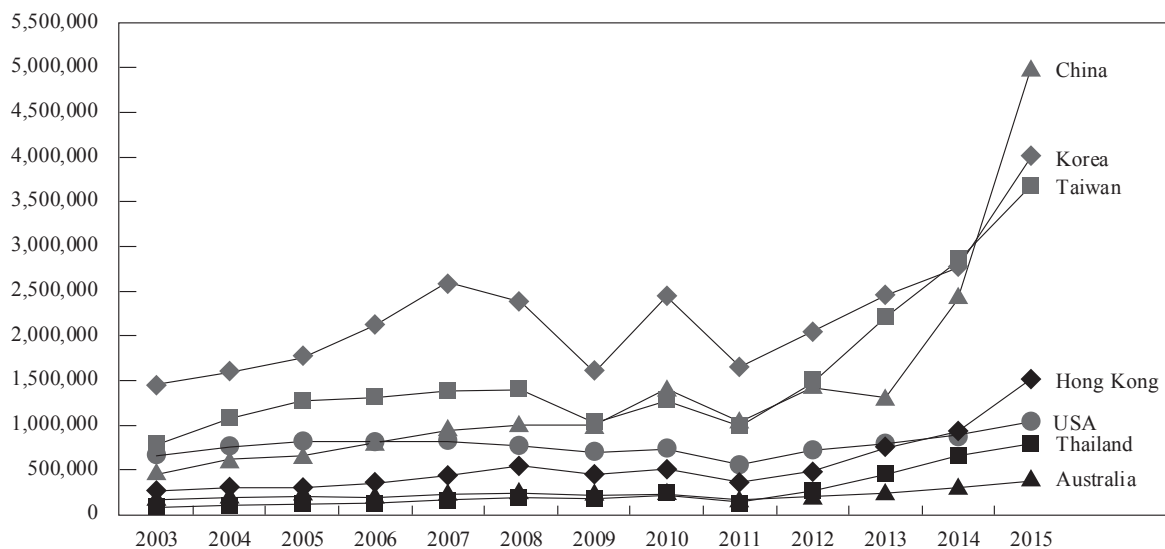


Figure 2: International tourist arrivals from 2003 to 2015 by country (Top 7 in 2015)

a means to study or conduct research in Japan. The history of official tourism organizations in Japan is not extensive. A few associations promoting Japanese tourism have existed since the early 1900s [Japan Travel and Tourism Association, 2017]. The first such official tourism organization was the Japan National Tourism Organization [Japan National Tourism Organization, 2017b], which was established in 1964 with the aim of furthering international exchange through tourism. After several decades, the Japan Tourism Agency was established in 2008 as a central government agency with the ultimate goal of transforming Japan into a tourism nation [Japan Tourism Agency, 2017a].

There are several academic societies for tourism in Japan. The Japan Academic Society of Tourism, which was established in 1960, has the longest history [Japan Academic Society of Tourism, 2017]. The Japan Institute of Tourism Research was established in 1986 and is one of the largest academic tourism societies in Japan [Japan Institute of Tourism Research, 2017]. The Japan Foundation for International Tourism was founded in 1993 by tourism researchers and industry leaders [Japan Foundation for International Tourism, 2017]. The Japanese Society of Tourism and Hospitality Educators was founded in 2002 [The Japanese Society of Tourism and Hospitality Educators, 2017]. The Society for Tourism Informatics was founded in 2003 to conduct studies in tourism from an information technology perspective [Society for Tourism

Informatics, 2017]. As tourism has recently developed into an area of research focus, new societies and research groups have been established during the past decade. For example, the International Association of Tourism Medicine was established in 2010 [The International Association of Tourism Medicine, 2017]. It is worth noting that the Journal of Global Tourism Research was published in 2016 by the International Society for Tourism Research, which is the first international journal of tourism research in Japan [International Society for Tourism Research, 2017].

Regarding the research related to tourism, the journals associated with the Japan Institute of Tourism Research are issued twice a year. Most of their research discusses domestic tourism in Japan, with only a small number of papers focusing on inbound tourism. Moreover, the purpose of the Japan Foundation for International Tourism is to pursue collaborative research and promote international tourism. This society issues research papers which address both inbound and outbound tourism in Japan, and tourism-related research in other countries. The Society for Tourism Informatics has published their journal annually since 2005. The published studies focus mainly on developing systems or websites, as well as analyses of tourist trends, planning, Internet research, and industrialization research.

To better understand research areas on tourism in Japan, papers published by the Japan Foundation for International Tourism and the Society for Tourism Informatics were subjectively

Table 1: Articles published by the Japan Foundation for International Tourism

Category	No. of papers (%)
Case studies or survey research related to domestic tourism resources and domestic tours	31 (30.1 %)
Theories and methods (theories for hospitalities, history of mass tourism, approaches to problems in tourism industry)	24 (23.3 %)
Case studies or approaches in tourism industries overseas (especially in Asia, Oceania, and Africa)	19 (18.4 %)
Promoting inbound tourism (medical tourism, volunteer interpreter)	12 (11.7 %)
Promoting outbound tourism (overseas travel for college students or barriers to overseas travel)	9 (8.7 %)
Airports and airlines (the use of Low-Cost Carrier and airports, frequent-flyer program)	8 (7.8 %)

Table 2: Articles published by the Society for Tourism Informatics

Category	No. of papers (%)
Proposals, development, and evaluation for some systems	15 (26.8 %)
Using the Internet in tourism (building and developing websites, web mining, SNS)	11 (19.7 %)
Services, resources, and tools for tourism	9 (16.1 %)
Analysis of tourist behavior and planning related to tourism	7 (12.5 %)
Inbound tourism to Japan	6 (10.7 %)
Analysis, proposals, and case studies in a special occasion: disaster	4 (7.1 %)
Trends in tourism	4 (7.1 %)

examined, the results of which are shown in Tables 1 and 2. Regarding the Japan Foundation for International Tourism, the research papers were examined while excluding research notes or reviews published from 2008. These articles are uploaded on their websites. The total number of articles from 2008 to 2016 was 103. As for the Society for Tourism Informatics, which started their journals in 2005, papers from 2005 to 2015 were examined, which included a total of 56 papers.

For the Japan Foundation for International Tourism, there are many case studies domestically and internationally researched. Studies based on theories and methods for hospitalities and approaches to problems have been dealt with. Since this journal aims to promote international tourism, studies focusing on promoting inbound and outbound tourism are also carried out.

In the journals published by the Society for Tourism Informatics, proposing, developing or evaluating some systems to promote tourism are mainly studied, followed by research using the Internet in tourism such as SNS (Social Networking Service). There are not many case studies in this journal. Around 10 % of research related to inbound tourism to Japan are published.

More recently, the Japan Tourism Agency has been publishing results of the “Consumption Trend Survey for Foreigners Visiting Japan” four times a year since 2010. This official survey is the largest national survey in Japan, with results that are statistically analyzed and made available on the agency’s official website.

There are relatively few quantitative research studies domestically which deal with problems in inbound tourism marketing, despite the strong demand for promoting foreign tourism. It is important for the Japanese tourism industry to have more practical research outcomes.

Promoting inbound tourism with foreign tourist loyalty

In order to increase the number of foreign tourists, understanding specific incentives among foreign tourists to visit Japan is important, and both surveys and big data analysis are needed. Questions in the surveys sometimes fail to elicit the real opinions of respondents because of limitations associated with question style. As such, it is necessary to investigate the real opinions of foreign tourists from big data to better understand what drives foreign tourists to visit Japan.

While analyzing the results from the surveys or big data, a useful framework is needed to approach the foreign tourists’ real opinion or problems existing in inbound tourism. In the service marketing industry, a practical model called the service profit chain model is widely used. The concept of this model was explained in 1997 by Heskett et al. [1997], who showed the flow of profit in an organization and relationships among factors such as internal service quality, employee satisfaction, employee retention, employee production, external service value, customer satisfaction, customer loyalty, and revenue growth and profitability. The relationships eventually generate profit and growth stimulated by customer loyalty, and the profit and growth in turn generate high quality staff support and services, which result in employee satisfaction.

Because tourism is a service-oriented market, this service profit chain model should be applied to inbound tourism in Japan to understand the mechanisms behind improving customer satisfaction and loyalty.

Figure 3 illustrates the links in the service profit chain. Profitability and revenue growth of an organization are driven by customer loyalty. Customers who are loyal to the organization provide retention, repeat business, and referrals. Customer loyalty is derived from customer satisfaction, as satisfied customers are happy with services designed and delivered to meet targeted customers’ needs. This level of satisfaction depends

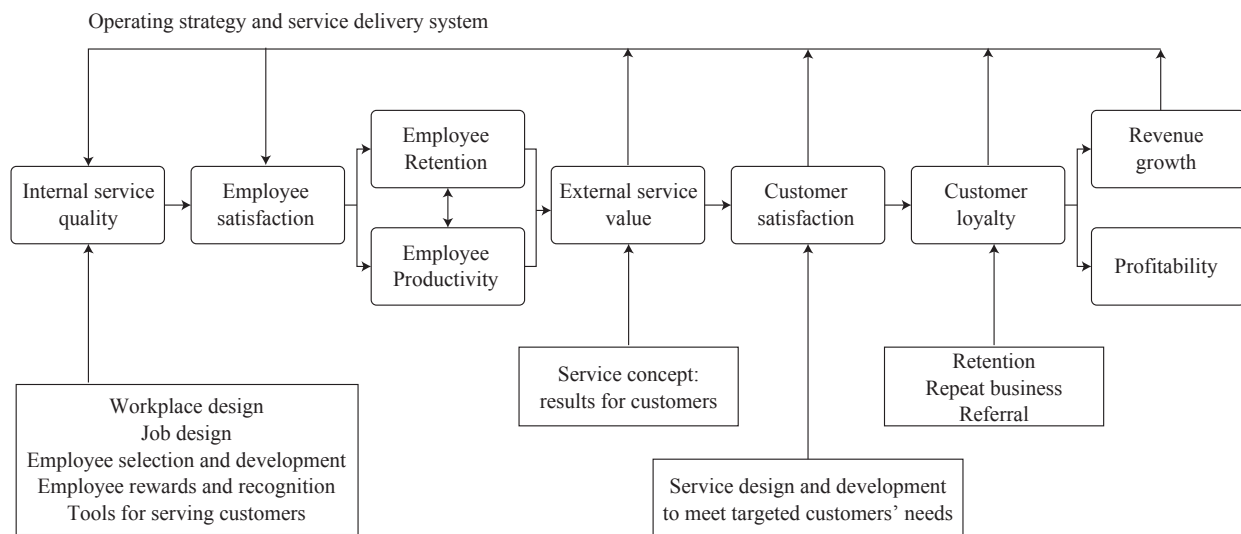


Figure 3: Service profit chain model

Source: James L. Heskett, W. Earl Sasser, Leonard A. Schlesinger (1997). *The Service Profit Chain*, The Free Press, NY.

on the external service value, which the organization creates through a service concept that emphasizes “results for customers”. This value is created by more productive employees with organizational loyalty. If employees are more productive and loyal, they are more satisfied. Employee satisfaction is driven by internal service quality that the organization creates through effective workplace design, job design, employee selection and development, employee rewards and recognition, and tools for customer service. Better internal service quality can be driven by organizational profit.

According to Heskett et al. [1997], a direct link exists among superior service experience, customer loyalty, and profit and growth. However, satisfied customers are not always loyal to the organization. Therefore, to promote and maintain customer loyalty, organizations should be continually improving their services.

This service profit chain theory has also been discussed in the Japanese tourism industry. Miki et al. [2007] investigated ways to revitalize local areas through developing tourist resources by introducing several successful cases, such as museums and hotels in Japan that have attempted to change the workplace environment for their employees. Organizational efforts help to improve employee satisfaction, which, in turn, drive customer satisfaction. Moreover, Miyagi [2010] analyzed a high-end hotel in Okinawa, Japan, by using the framework of the service profit chain in the hospitality industry. According to the study, the hotel's success was attributed to the establishment of its own service provision system, which focused on employee satisfaction and loyalty by setting service objectives and evaluations of those objectives and outputs. Gokita [2010] reported on relationships between customer satisfaction and customer loyalty among Japanese tourists based on the satisfaction data obtained by the Japan Tourism Agency. According to this analysis, customer satisfaction among Japanese tourists was correlated with the desire of referral more than with the desire of revisit. Among foreign tourists, the Hokkaido Bureau of Economy, Trade, and Industry [2009] pointed out that the Japanese tourism industry needed the framework of the service profit chain in the context of globalization.

By applying the service profit chain theory to inbound tourism to Japan, the mechanism of promoting customer loyalty can be revealed. In order to reinforce the relationship between each factor of the model, a series of problems concerning inbound tourism should be clarified. Moreover, certain problems existing in inbound tourism should be pointed out to understand the current situation. Surveys or studies from big data can help to understand the problems. Also, in addition to analysis from the data or survey, cooperation with communities and collaboration among industry, academia, and government always play important roles in promoting inbound tourism in Japan.

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