

JAPAN

Key Contacts

South Australian Tourism Commission

Name Michael Seeliger
Title Market Development Manager – Eastern Hemisphere
Location Level 3, 121-125 King William Street, Adelaide SA 5000
Postal Address GPO Box 1972, Adelaide SA 5001
Telephone 08 8463 4592
Fax 08 8463 4535
Email michael.seeliger@tourism.sa.com

Name Marc Leopold
Title Marketing Executive, Asia & Japan
Location Level 3, 121-125 King William Street, Adelaide SA 5000
Postal Address GPO Box 1972, Adelaide SA 5001
Telephone 08 8463 4603
Fax 08 8463 4535
Email marc.leopold@tourism.sa.com

Name Maho Saito
Title Assistant Manager - Japan
Location Milepost Consultants (SATC Japan)
Postal Address Sanden Bldg 3F, 3-5-5 Koji-machi, Chiyoda-ku
Tokyo JAPAN 102-0083
Telephone +81 3 5275 2510
Fax +81 3 5275 2467
Email mahosaito@milepost.co.jp

Tourism Australia Contacts

Name Mr Tasuro Iwata
Title Trade Development Manager
Location New Otani Garden Court Building
Postal Address 4-1 Kioi-cho , Chiyoda-ku, Tokyo JAPAN 102-0094
Telephone +81 3 5214 0720
Fax +81 3 5214 0719
Email tiwata@tourism.australia.com

Name Mr Hideyuki Amamiya
Title Senior Trade Development Executive
Location New Otani Garden Court Building
Postal Address 4-1 Kioi-cho , Chiyoda-ku, Tokyo JAPAN 102-0094
Telephone +81 3 5214 0720
Fax +81 3 5214 0719
Email hamamiya@tourism.australia.com

General Market Overview

Population: Japan's population is 127 million. Major regions with key airports are Kanto (Tokyo) 40 million, Kansai (Osaka) 21 million and Chubu (Nagoya) 11 million.

Economic situation: Japan's economy is weakening after a four years and eight months of recovery. GDP decreased 0.6% in the first quarter of 2008 with an annualised basis of 4.0%. Downside risks from the US economy, oil prices and stock markets remain. The consumer price index is 102.7 and unemployment rate is 4.2%.

Market Profile

Japan represents Australia's 3rd largest inbound market in terms of visitor numbers, but is a safety conscious market and sensitive to world events. Overall outbound growth has stalled, due in part to a weaker yen, high fuel surcharges, and declining direct air capacity to Australia. In addition, there is a serious decline in the number of younger females, a traditionally strong segment for Australia travelling overseas, and for seniors due to anxiety over political instability and the pension system. Outbound travellers from Japan decreased 4.4% on the previous year. Japanese visitation to Australia totalled 570,045 in 2007, a 12% decrease on the previous year. Australia's market share of outbound travel is around 3.3%. Approximately 80% of visitors to Australia stated holiday as their main purpose of visit. The median night stay for holiday visitors in Australia is only 5 nights, although the average stay is much higher. The majority of Japanese speak and read some English but lack confidence to use it. Package tours usually include a Japanese-speaking Guide, however an increasing number of travellers are willing to do without one.

Tourism Australia's primary target is the experience seeker. Demographically - office ladies (OLs), mature market (Jukunen) and seniors (Silvers), school excursions, and young office ladies (YOLs). Nature/wildlife and Australian lifestyle are the key themes.

Annual leave entitlement: This is normally 15-20 days per annum. As it is rare to utilise one's full entitlement, overseas tour durations are comparatively short.

Airline access: Direct access from Japan to Australia is limited to Cairns, Gold Coast, Sydney, Brisbane, and Perth, with 3 carriers: Japan Airlines, Qantas and Jetstar. Jetstar began flying from Osaka and Nagoya to Cairns in mid 2007, but in mid 2008 changed routes to Gold Coast and cancelled the Nagoya route completely. Jetstar will launch a Narita to Cairns service on 18 December 2008. From this date the Qantas service from Narita will be 7 flights to Sydney and 3 flights to Perth per week. In terms of capacity the aviation changes in 2008 are: a decline in total capacity (-25%), an increase in JQ share from 24% to 42%, a decrease in QF share from 43% in previous year to 20%, and increased concentration on Narita exit (85%), with no direct access from Nagoya, and a 50% increase in capacity for Southern Queensland. The lack of direct airline access is an impediment for SA due to the short duration of holiday tours. The majority of Japanese visitors to SA from Tokyo arrive through Sydney with Qantas, and from Osaka and Nagoya, using Asian carriers such as Singapore Airlines and Cathay Pacific.

The Japanese travel trade: The trade distribution system is highly structured and the most vertically integrated in the world. The main wholesalers have their own retail brands with their own Australian package brochures. Australia accounts for only 5-10% of their outbound business. Brochures are normally produced twice a year - Kamiki (Apr- Sep) and Shimoki (Oct-Mar) - the latter being the stronger season for Australia. Products and costings are collated approximately 6 months in advance. The top 5 travel agents also have their own inbound operations in Australia.

WHOLESALER (top five)	RETAIL BRANDS
JTB World	Look
HIS	Ciao & Impresso
KNT	Holiday
NTA	Mach, Best Excellent, & Best
JALPAK	I'll & Ava

The Aussie Specialist Program does not exist in Japan, instead a tiered structure of trade servicing is used, comprising of JAAG (Japan-Aust Advisory Group), Club Oz (GM level) and Oz Net (product mgr level).

Market Segments by demographics

Segment	Age Range	Characteristics
<i>Jukunen & Dankai sedai</i> (matures and baby boomers) male & female	50 y.o. +	Affluent, becoming independent, enjoy nature and interactive experiences but need care and attention.
Young office ladies (YOL) and office ladies (OL)	20 to 35 y.o	Affluent, adventurous, relatively independent, like luxury, spa, resorts, shopping, lively activities and night life
Students (groups and independent long & short stay)	14 to 20 y.o.	Travel in group tours organized by the school, with educational and tourism components, and absolute safety & reliability is required. Two types: <i>shugakuryoko</i> (school excursion - often large groups of students) and <i>gengogakukenshu</i> (language study - usually smaller groups 20-50).
Free Independent Travellers (FIT)	All ages, most under 25, few matures as well	Research on the internet and guidebooks and purchase a lot of product post arrival in Australia, budget travelers, adventurous, speak some English and small number of mature FITS
Family, parents and younger children	Parents 30 to 40 with children	Economic travel, educational, safe, some adventure

Market Segments by Tour Type

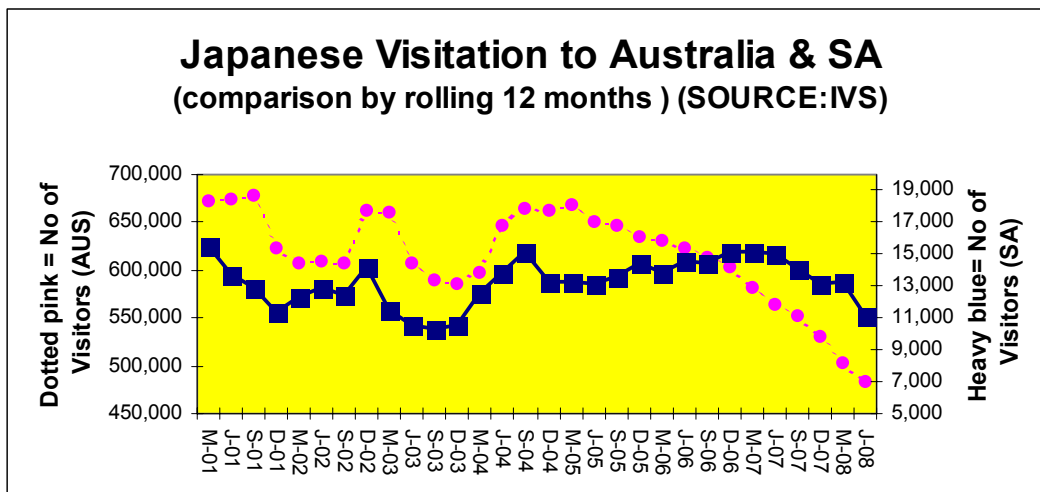
Tour Type	Characteristics
Package	Purchase packaged travel products ranging from air and hotel only (young female market) to all-inclusive tours (e.g. honeymoon) and escorted tours (older market). All ages, seeking convenience and value based on agents' ability to bulk purchase.
Media	Inclusive group package tours usually with a tour escort. Different to package in the way it is sold direct to consumer through newspaper ads, travel club magazines and direct mail (not retail), primary focus is the mature traveler.
Group	Organizational travel such as companies, schools or any organization whose members travel together. eg: Incentive, school groups and technical visits, arranged on a charter basis.
FIT	Free Independent Travelers. Explorers, budget travellers, longer stay, adventurous, usually younger but some older people also attempting this type of travel.

Education / Student tours are a key and growing market for Australia and SA attracts a good proportion of these. The majority of tours are handled by the education/group tour divisions of the major wholesalers. South Australia attracts mainly language study tours. Peak seasons are July / August and March / April.

Backpackers / FITs are also an important segment for SA and a few thousand visit Adelaide on their Australian trip generally arriving via Melbourne or Perth. This segment rely heavily on guidebooks like 'Chikyū no arukikata' (Globetrotter), word of mouth and the Internet for planning and information.

Japanese Visitor Arrivals

Despite the national decline, SA has been the *only State to increase* visitor arrivals from Japan for the past three years. However since December 2007, there has also been a decline for SA with 11,200 Japanese visitors at year ending June 2008. While the number of honeymooners has declined in line with demographic trends the numbers of students and mature / seniors has increased.



Opportunities for SA

Traditionally, SA was a difficult sell in the Japanese market, as the majority of tourists to Australia were young females, and SA suffered for reasons such as higher cost, and lack of direct flights and appropriate product. However the increase in experienced travellers and the strong emergence of the senior market in Japan has led to increased opportunities for SA. Japan has the highest percentage of aging population in industrial nations, with 24 million or one fifth of the population being over the age of 65 years. By 2015, they will represent the largest single market segment. They possess high spending power from years of saving, have unrestricted seasonality, seek quality experiences, have more time to travel further from the gateways of Australia, and do things not included in mainstream package tours, therefore there are fewer barriers to travel to SA. This is why the SATC focuses on the mature market “*jukunen*” and baby boomers “*dankai sedai*” market segments and the student/educational market. There is a growing market for niche activities such as photography, volunteer programs, train journeys, trekking and wild flowers.

Market Trends

Media sales (tours sold through newspaper advertising and direct marketing) are on the increase, but tours only sell to the price conscious travellers. Lead times for package tours are decreasing with 80% of visitors planning their trip within 3 months of departure. Consumers also increasingly compare pricing. The travel-trade is struggling to provide more individual travel options to meet increasing traveller maturity and consumer demand for more FIT style tours. As the market matures, the market share of the long dominant package tours is decreasing and FIT style travel is increasing.

However package tour brochures still act as a strong media to introduce a destination. The Internet still plays a relatively minor role in the distribution system for bookings, but in addition to guidebooks is a very important tool for consumers to source information. FIT travel suits SA best, as it overcomes the lack of infrastructure for package tours.

Key Themes / Experiences Promoted in the Market

SA's key experiences: Nature and wildlife, wine and gourmet, Adelaide as a lifestyle city, self drive and The Ghan train journey. (World Heritage-Naracoorte Caves.)

Core regions: Adelaide, Kangaroo Island, Barossa.

Secondary regions: Adelaide Hills, Limestone Coast (self drive and world heritage), Flinders & Outback (Coober Pedy, The Ghan), and Eyre Peninsula (Gawler Ranges and Baird Bay).

Key Highlights of Marketing Activities in 2007/2008

Trade Marketing

Japan Australia Mission(JAM)

JAM is the key trade-show held annually in Japan by Tourism Australia in February. SATC Japan Maho Saito participated to represent SA.

Campaign with JTB World and Singapore Airlines in Nagoya

A radio promotion that featured South Australia on weekly 10-minute segments on different topics throughout January and February (total of 8 times), with live telephone interviews from Adelaide. A website (www.australia-lod.com) contained images and further information of the interviews.

A consumer promotion in the Aeon Shopping Centre was held from 1 to 2 March and received 120,000 visitors over 2 days. Distributed SA brochures, created SA information panel, and DJ talk show, and quiz rally (965 pax). Call to action was JTB World's Adelaide tour using Singapore Airlines.

Club Oz Meetings These annual meetings included the heads of the Japanese tourism industry from each region (Tokyo, Osaka, Osaka, Nagoya and Fukuoka) and Tourism Australia and STOs.

SATC / JATA Seminar in Tokyo A seminar was held in Tokyo on 31 July. A total of 51 people attended, which was double expectations. Presentations were given by the SATC on real Australian experiences, interactive products, luxury tours, and train journeys. This was followed by a presentation by Qantas on packaging SA with Qantas, and finished with South Australian wine and nibbles.

Consumer Marketing

JATA (Japan Association of Travel Agents) International Travel Fair

This Fair held annually in September, is the largest Travel Consumer Show in Japan, drawing a crowd of 109,391. The SATC always participates in the trade day and two consumer days as part of the Tourism Australia booth area. All STOs participated in the Fair held from 14 to 16 September at Tokyo Big Sight. The event had 980 exhibition booths representing 136 countries. This year's Australian booth featured Tourism Australia's new World Heritage Campaign. The booth featured a touch screen with Google Earth highlighting World Heritage features in Australia, which then opened into each of the

16 Australian World Heritage destinations. A total of 1,600 consumers waited up to 40 minutes to do this challenge. Consumer interest in the Australia booth was generated with large panels exposing each of the Australia World Heritage locations. Famous actor Mr Shiba was doing a voiceover at the Naracoorte Cave Fossil Mammal Site talking about SA. A quiz with questions on each of these places with prizes again proved to be extremely popular with 11,000 participants.

'Visit World Campaign' Consumer Advertising in Japan

For two weeks in mid September 2008, prior to the largest annual travel fair in Japan, images of Kangaroo Island and Adelaide were displayed to an estimated 33 million Japanese consumers.

The SATC joined with 22 other tourism organisations to participate in the 'Visit World Campaign' coordinated by the Japan Association of Travel Agents (JATA) to conduct a 'track jack' (Chartered Advertising Train) on six train lines simultaneously in central Tokyo, which carry approximately 9.9 million people every day. The two week campaign represented an excellent awareness raising opportunity, as the inside of trains on the most popular routes are a very sought after advertisement medium, and enabled the SATC to leverage a usually cost prohibitive campaign with value in excess of AUD\$300,000 at a minimal cost. A second phase of the campaign will be continued in a popular guidebook to be released in November 2008.

Tourism Australia's 'World Heritage Campaign'

The campaign was launched by Tourism Australia in September 2007 only for the Japanese market, and focuses on 16 World heritage sites in each state of Australia. The World Heritage site for SA is Naracoorte Caves (Australian Fossil Mammal Site), so this represents the majority of exposure, but wherever possible it is tied to Adelaide, Barossa and Kangaroo island as well.

Famous actor 'Mr Shiba' has become SA's spokesperson, and the SATC will leverage this major campaign as much as possible.

Recent Media Famils

Throughout the year SATC lobbies, arranges and funds a variety of media famils from Japan. In 2007/08 the SATC hosted 33 media. Some examples of recent coverage resulting from famils are the upmarket magazines, 'Rashin', 'Bizmom', 'Cuisine Kingdom', 'Reboot', 'Azur' and 'MRS'.

Major Plans for 2008/2009

The SATC's strategic focus is to concentrate on a few key leading wholesalers matched to particular market segments, particularly for the senior market. Trade marketing will be focussed on attending the Japan Australia Mission 09, and conducting targeted sales calls to Japanese wholesalers and inbound operators.

Where possible, the SATC will continue collaborating with Education Adelaide to raise the profile of SA as a student tour destination by participating in trade and sales seminars and obtaining exposure of SA in key education related materials. The SATC also aims to raise awareness of the destination and product with consumers through the editorial coverage generated by the media familiarisation program, and attending the JATA International Travel Fair.

Active Inbound Companies

In Adelaide

- Adelaide Japan Desk [retail only]
- Tranquil Travel Service [inbound only]
- HIS Westralia Pty Ltd [retail and inbound]
- Encounter SA Pty Ltd. [inbound only]
- Bunnik Travel [inbound only]

In Sydney

- JTB Australia Pty Ltd
- Kintetsu International Express (Oceania) Pty Ltd
- Jalpak International Oceania Pty Ltd
- Nippon Travel Agency (Australia) Pty Ltd

NB. Operations usually subcontracted to the Adelaide based inbound operators, but planning and quotations for Japan based wholesalers are done in Sydney.

Opportunities for Operators

Product Promotion

For package and group tours it is necessary to get your product to Japanese travel agents to be brochured. This takes time and only reliable high capacity products are normally included. For product suitable for the FIT market, it is possible to get your message to potential clients post arrival in Australia.

Japan Australia Mission (JAM)

The Japan Australia Mission (JAM) is the key trade-show held annually in Japan by Tourism Australia in February (proposed dates for 2009 are 25 to 29 February). The aim of JAM is to meet the Japanese travel trade, establish relationships and raise awareness of tourism products, and introduce new products to the market. Subsidies are offered to SA operators who participate, and registrations close in the prior October.

Australian Tourism Exchange (ATE)

This is the largest trade event for the tourism industry of Australia, with Japanese wholesalers and senior managers also in attendance, and provides an opportunity to introduce your product.

Japanese Website

The SATC maintains a Japanese language website in Japan that provides exposure and links to SA product. This website is an important resource especially for FITs.

Inbound Operators

Inbound operators are very important and it is strongly suggested that you visit these and update them on your product. The inbound operators are based in Sydney and subcontract the SA portion of tour-guiding and ground arrangements to the local operators in Adelaide. These inbounders offer an excellent conduit to get your product information to the tour planners in the major agencies in Japan.

Media Familiarisations

The SATC and Tourism Australia are continually attracting journalists and travel agents to South Australia to experience tourism product. Ensure that you make contact with both organisations to advise that you will accept Japanese famils.

Contact:

Darinka Jovicevic, Media & Trade Familiarisations Manager

Email: darinka.jovicevic@tourism.sa.com

Michael Seeliger, Market Development Manager, Eastern Hemisphere

Email: Michael.seeliger@tourism.sa.com

Sales Calls

The Market Development Manager, Eastern Hemisphere makes regular sales visits to Japan to service the trade in market. Operators wishing to be involved in the Japan market should ensure that Michael is informed about their product. Individual sales calls to Japan may be cost prohibitive, however keeping Michael informed provides the opportunity to promote your product.

Email & Printed Newsletters

A Japanese email newsletter is sent out every two months to around one thousand agents and media in Japan. This year the SATC is also producing three printed newsletters to go to 1,700 trade, media and schools in Japan. Send relevant product updates or news to the SATC for inclusion.

Advertising in local Japanese magazines

A large number of FIT travellers make their bookings for day tours post arrival and therefore advertising with local Japanese Magazines such as 'You Yu Adelaide Lifestyle' magazine may be beneficial.