
TOURISM

Japanese outbound travel has grown at an exceptional rate over the past 25 years, from 128,000 visits abroad in 1964 to 11.8 million in 1992. Some incentives to travel include a substantial appreciation of the yen against foreign currencies, a recent five-year program that actually encourages outbound travel, changes in Japanese lifestyle, and extremely competitive promotional efforts by the travel industry. Despite the slowing of economic growth, industry observers predict that by the year 2000, over 20 million Japanese will travel overseas annually. To expand and enhance bi-directional tourism, the Japanese Ministry of Transport recently announced a program called "Two-Way Tourism 21" to promote broad-based international tourism now and into the twenty-first century.

Japan now ranks as Canada's most important overseas market in terms of visitor revenues, generating approximately \$435 million in 1992, excluding international airfares. As Japanese visitors generate the highest yield per day of any of our major markets (\$174 in 1992), potential incremental revenue is significant, provided Canada can maintain or increase its market share. Long-term Japanese visits (over 24 hours) declined .2 percent in 1992 to reach 392,300; total visits from Japan to Canada increased 3.2 per cent to 495,823.

I. Market Opportunities

The market profile of Japanese pleasure travellers to Canada clearly defines distinct customer segments ("Office Ladies" - highest priority, "Silver Agers" and "Skiers"). Research is being done to identify additional market segments, e.g., "Middle-Aged", "Business Travellers", and "Fullmooners"- married couples 45 years+ on their second honeymoon. Partly because of Canada's very high positive image, there is a high level of Japanese consumer interest in this country. While the inventory of Canadian travel packages available in Japan is large, opportunities exist to further expand the variety of product, destination, and seasonality of tours.

Japan is a sophisticated market of growing importance that is undergoing considerable changes in consumer travel purchase behaviour as a result of the "bubble burst" economy: a wiser consumer seeking value rather than "brand", an increase in small groups as well as Foreign Independent Travel (FIT), and "off-peak" purchases. All these changes will require a long-term commitment to address. Competition for a greater share of this shifting yet lucrative market has become