

OTHER SERVICES: TOURISM

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Market Opportunity:

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. Despite the slowing of economic growth, industry observers predict that by the year 2000, over 20 million Japanese will travel overseas annually. 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) increased by 3.6 percent in 1993 to reach 409,127 (preliminary figure); total visits from Japan to Canada increased 2 per cent to 505,812. The market profile of Japanese leisure 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-Age", "Business Travellers", and "Fullmooners". Recent Japan tax law changes put Canada into a better competitive situation with other countries for incentive travel. Furthermore, there is a marked trend toward increased curriculum-based school excursions to international destinations, which is formally encouraged by the Japanese government. In addition to the above, a major opportunity exists with the opening of the Kansai International Airport in September 1994.

In September 1993, a high-level Japanese Ministry of Transport (MOT) Tourism Mission visited Canada. As part of the Mission's program, a Canada-Japan Tourism Conference was held in Montreal. As the main action item, the head of the Japanese delegation, the Japanese MOT Parliamentary Vice-Minister, challenged the Canadian and Japanese industries to triple the number of Japanese visiting Canada from approximately 500,000 to 1.5 million.

Supplier Capability:

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. This has been underscored by the considerable change taking place in Japanese consumer travel purchase behaviour as a result of the "burst bubble" economy: a wiser consumer seeking value rather than "brand," an increase in small group as well as Foreign Independent Travel (FIT), and "off-peak" purchases. All these changes will require a long-term commitment to address. In order to meet the "1.5 Million Challenge", Tourism Canada has brought together a select group of senior industry representatives who are leaders in their fields, so that, together, a comprehensive plan can be developed to meet the challenge set by the Japanese MOT. This Canada Committee is undertaking analysis on a wide range of issues, including considerations such as the need for increased air capacity and access to Canada, new product and