

# White Paper on Tourism in Japan, 2023 (Summary)

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**Japan Tourism Agency**  
**June 2023**

# Outline of the 2023 White Paper on Tourism in Japan

The White Paper on Tourism is submitted to the Diet every year based on Article 8 of the Tourism Nation Promotion Basic Law. It consists of the following three parts.

## Part I: 2022 Tourism Trends

Chapter 1 Global Tourism Trends

Chapter 2 Tourism Trends in Japan

Chapter 3 Creating Sustainable Tourism Regions - Realizing a virtuous cycle to facilitate earning power at tourist destinations and by tourism industries - (Main topic)

1. Movement toward the recovery of tourism from the Covid-19 pandemic, and the need for growth in regions and industries that have earning power.
2. Current conditions and issues of earning power in the tourism sector
3. The virtuous cycle of regional revitalization using earning power at tourist destinations

## Part II: Measures Taken in FY2022 / Part III: Measures to be Taken in FY2023

Chapter 1 The Sustainable Revitalization of a Tourism-Oriented Country

Chapter 2 Measures for Developing Japan as a Tourism-oriented Nation

# [ Part I ] Tourism Trends

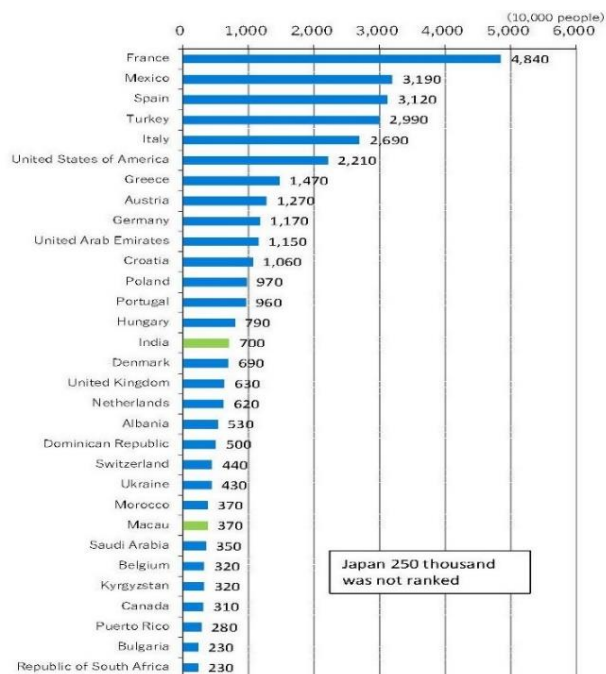
## Chapter 1 Global Tourism Trends; Chapter 2 Tourism Trends in Japan

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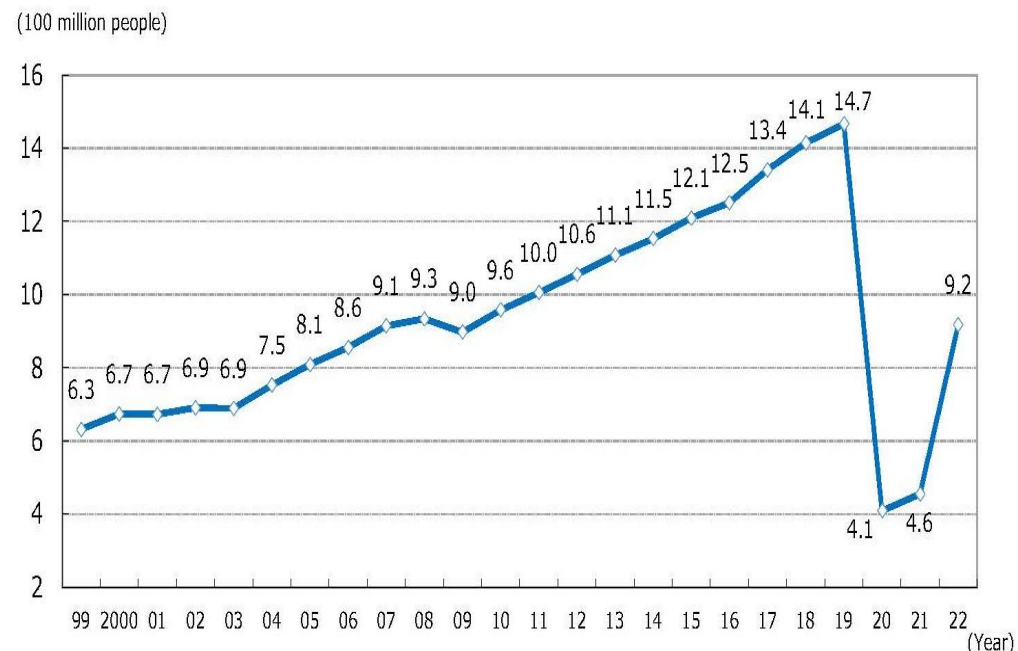
# [Part I] Global Tourism Trends

- In the ranking of Intl. Tourist Arrivals by Country/Region, Japan (0.25 mill. arrivals) **did not rank** in the top group in 2021. Japan, with 4.12 mill. arrivals in 2020, dropped from 21st in the world (5th in Asia).
- According to the World Tourism Organization (UNWTO), the intl. tourist arrivals in 2022 were 917 mill. This was an increase of 462 mill. arrivals, a year-on-year increase of 101.5%; however, it was 37.4% below the 2019 figure. Travel restrictions due to the Covid-19 pandemic caused a drop in travel demand. Tourist arrivals bottomed out in 2020. Since then, tourism demand has been recovering.

(Figure I-2) Ranking of intl. tourist arrivals by country/region (2021)



(Figure I-5) Trends of global intl. tourist arrivals



Source: Prepared by the Japan Tourism Agency (JTA) based on data published by the UNWTO.

Note 1: Intl. tourist arrivals are calculated and published based on different statistical standards by country/region. Therefore, their comparison requires special attention.

(For example, intl. crew arrivals are included in the intl. tourist arrivals for France, Italy and some other countries/regions.)

Note 2: The figure above is based on provisional data, as of Jan. 2023.

Note 3: The 2021 data for China, Russia, the Czech Republic, Egypt, Ireland, Sweden, and Tunisia have not yet been published. However, due to the impact of the Covid-19 pandemic, they are expected to be significantly lower than those of 2019 or earlier years. Therefore, the 2021 data are not substituted by data for previous years.

Note 4: Intl. tourist arrivals are the number of intl. visitors who stayed in the country/region at least one night, except for Japan and Ukraine.

Note 5: The green bars in the graph show Asian countries/regions.

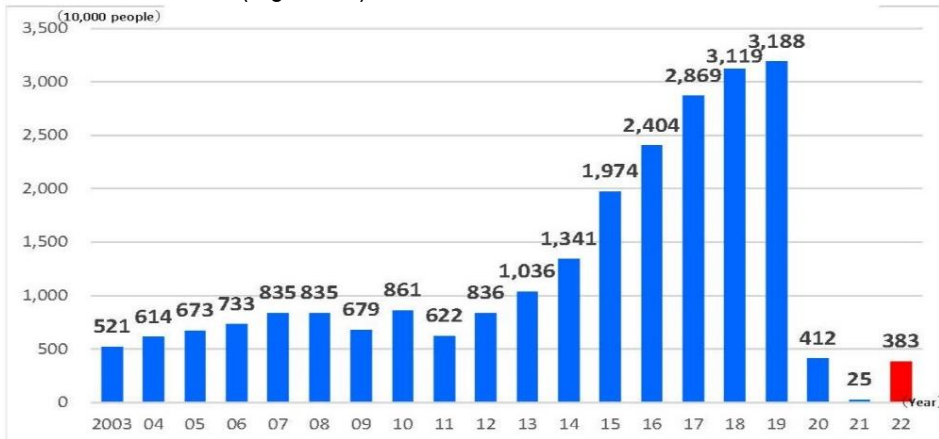
Note 6: Since intl. tourist arrivals may be published or updated repeatedly, the rankings may change depending on what data are adopted.

Source: Prepared by the JTA based on data published by the UNWTO

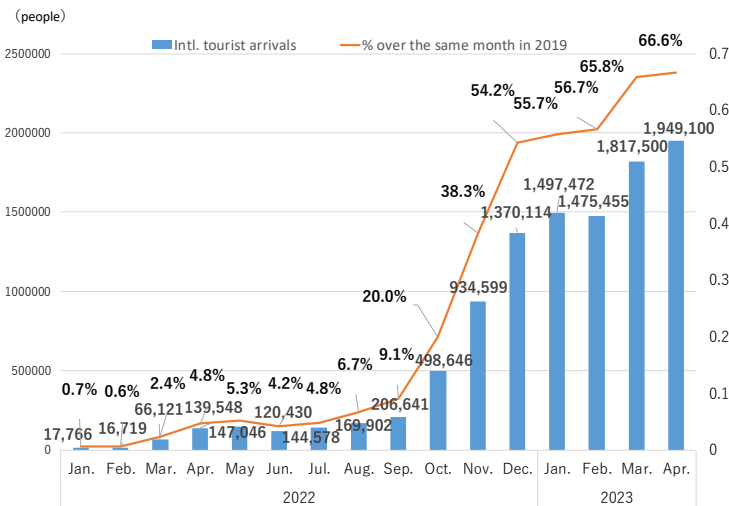
# [ Part I ] Tourism Trends in Japan (intl. tourist arrivals)

- Intl. tourist arrivals in Japan for 2022 increased significantly due to the reopening to intl. tourists in June, followed by the removal of the cap on the number of visitors in October, the lifting of the ban on individual travel, the lifting of the ban on visa-free travel, and other significant easing of border control measures. **Intl. tourist arrivals in Japan recovered to 54.2% in Dec. 2022 over the same month in 2019, and annual arrivals totaled about 3.83 mill. (a decrease of 88.0% over 2019).**
- April 2023 recorded the most monthly intl. tourist arrivals since October 2022 (1.949 mill. arrivals, or 66.6% over the same month in 2019).

(Figure I-8) Trends of annual intl. tourist arrivals

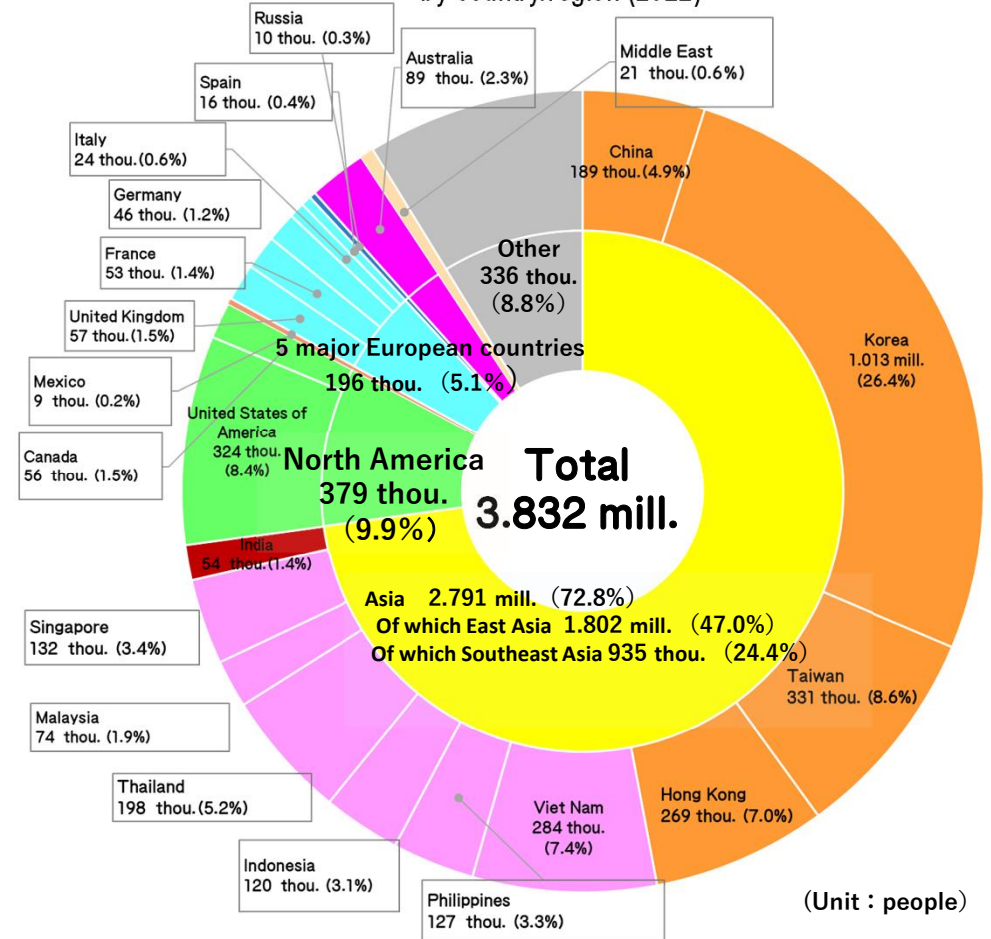


Latest monthly intl. tourist arrivals in Japan



Source: Prepared by the JTA based on data provided by the Japan National Tourism Organization

(Figure I-9) Breakdown of intl. tourist arrivals by country/region (2022)

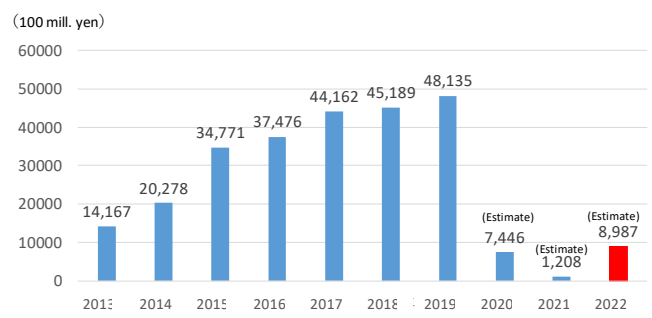


Source: Prepared by the JTA based on data provided by the Japan National Tourism Organization  
 Note 1: Numbers in parentheses are each figure as a share of all intl. tourist arrivals in Japan.  
 Note 2: "Other" includes countries and regions in Asia and Europe that are not specified in the figure.  
 Note 3: Totals may differ due to rounding.

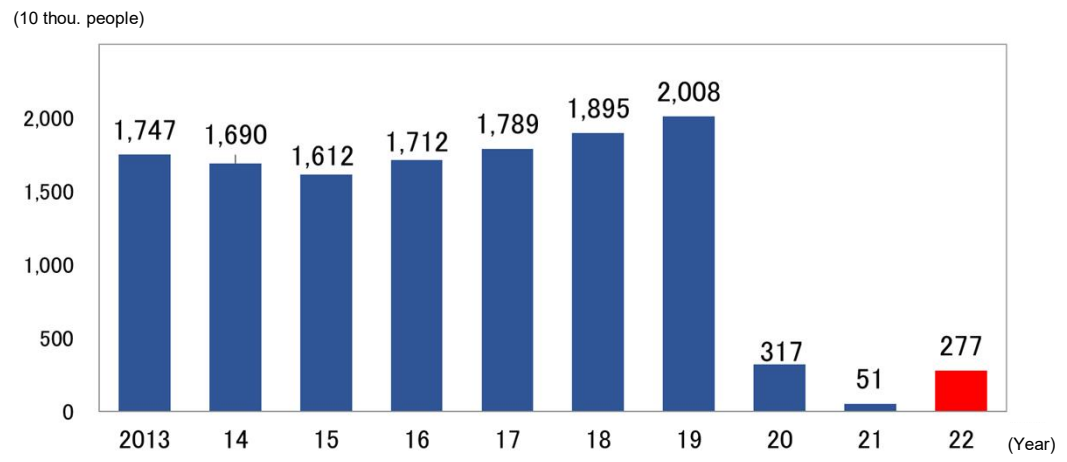
[ Part I ] Tourism Trends in Japan (tourism consumption by intl. tourists / outbound)

- The estimated intl. tourist consumption for 2022 was **898.7 bill. yen (81.3% below 2019)**. Because of the dramatic easing of border control measures in October 2022, the period from Oct.-Dec. 2022 saw a recovery to about 50% of the same period for 2019, and the period from Jan.-Mar. 2023 saw a recovery to about 90% of the same period for 2019.
- **Japanese outbound travelers** in 2022 numbered **2.77 mill. people (86.2% below 2019)**. In Dec. 2022, outbound travelers saw a recovery to about 25% of the same month in 2019, and in Apr. 2023, to about 34% of the same month in 2019.

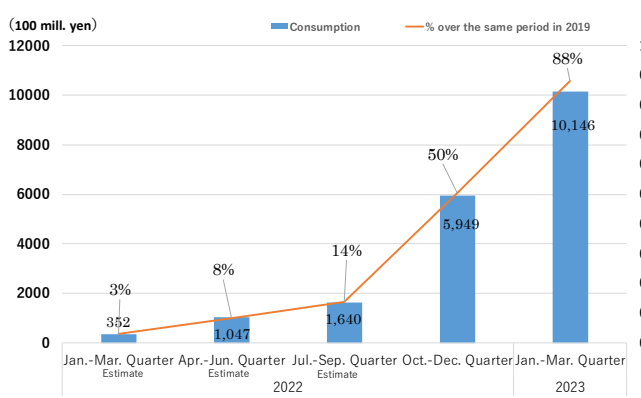
(Figure I-11) Trends in tourism consumption by intl. travelers



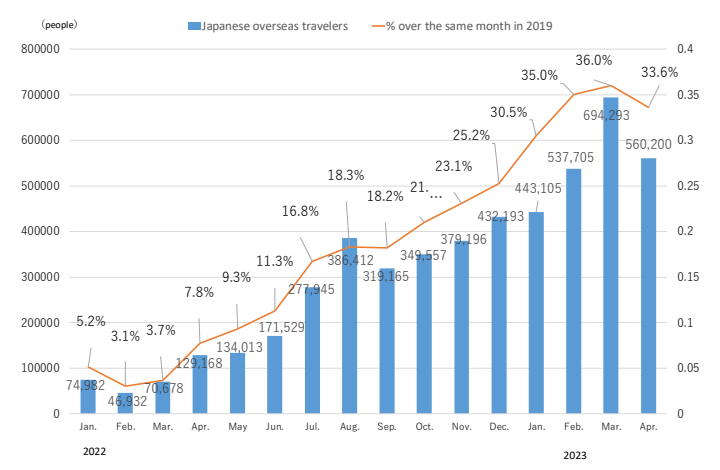
(Figure I-17) Trends in Japanese outbound travelers



Trends in tourism consumption by intl. travelers (quarterly)



Trends in Japanese outbound travelers (monthly)



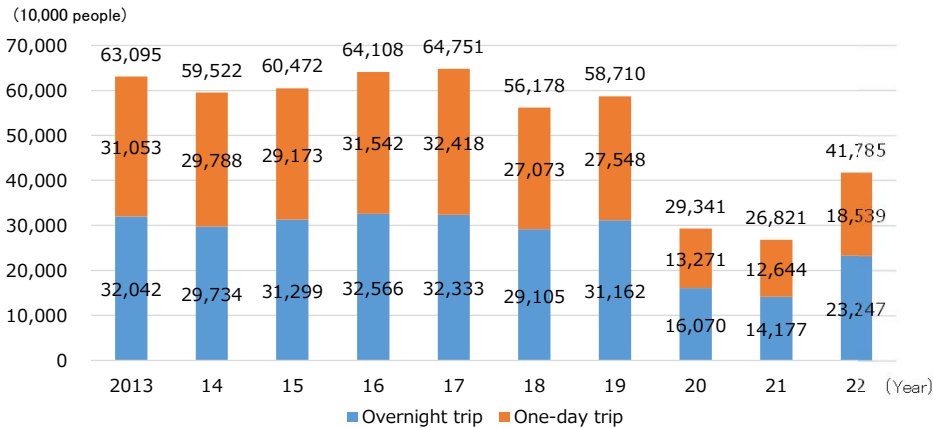
Source: International Visitor Survey (JTA)  
 Note 1: Comparisons between 2017 and pre-2017 data and 2018 and later data need special attention, because until 2017, the survey focused mainly on travelers using airports; however, in light of the rapid increase in the number of cruise travelers, who tend to stay for shorter periods, the scope of the survey was expanded in 2018 to cover cruise travelers.  
 Note 2: Comparisons of pre-pandemic data (2018 and before 2018) and post-pandemic data (2019 and later) require special attention. Due to the Covid-19 pandemic, the surveys were suspended for the periods from Apr.-June 2020 through July-Sep. 2021. Consequently, annual estimates for 2020 and 2021 use the results from one quarter.  
 Note 3: Due to the impact of the Covid-19 pandemic, estimates of tourism consumption were published for the periods from Jan.-Mar., Apr.-June, and July-Sep. for 2022. Therefore, it should be noted that the annual values are also estimates.

Source: Prepared by the JTA based on data provided by the Japan National Tourism Organization

# [ Part I ] Tourism Trends in Japan (domestic travel)

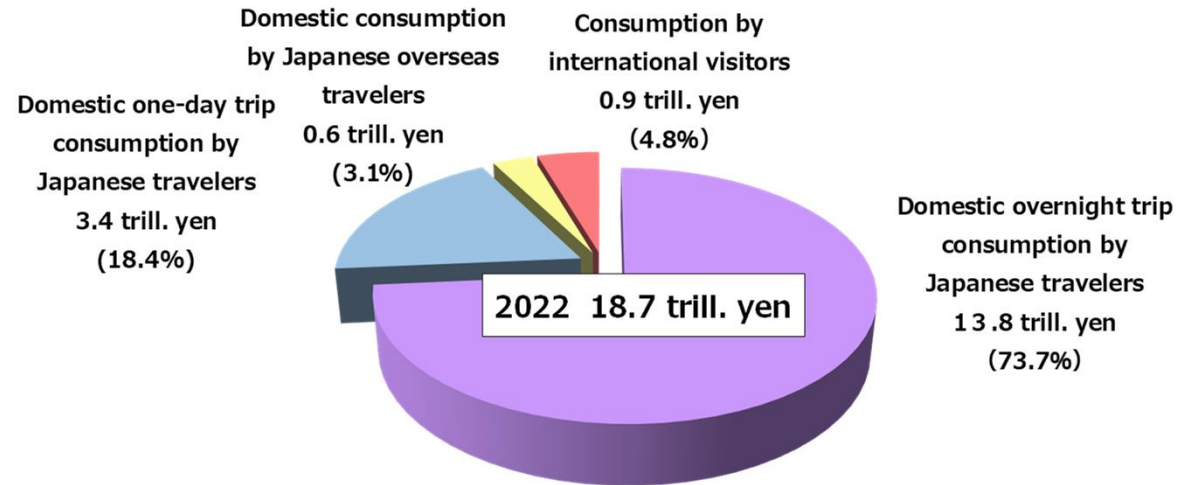
- In 2022, the total domestic guest nights of Japanese numbered **232.47 mill. (25.4% below 2019)**, and the total domestic one-day trips numbered **185.39 mill. (32.7% below 2019)**.
- Japanese domestic tourism consumption in 2022 was 17.2 trill. yen (21.6% below 2019). Of this, domestic overnight tourism consumption accounted for 13.8 trill. yen (21.6% below 2019).
- Total tourism consumption in Japan was **18.7 trill. yen (33.2% below 2019)**.

(Figure I-20) Trends in total domestic guest nights and total domestic one-day trips by Japanese travelers

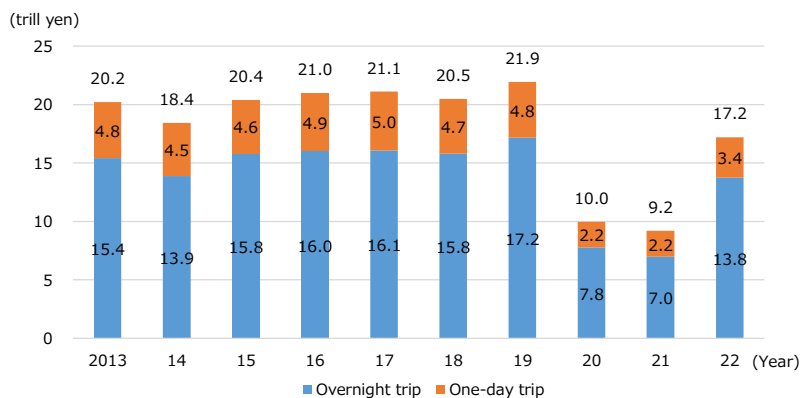


Source: National Tourism Survey, (JTA)

(Figure I-22) Tourism consumption in Japan



(Figure I-21) Trends in domestic tourism consumption by Japanese travel travelers



Source: National Tourism Survey, (JTA)

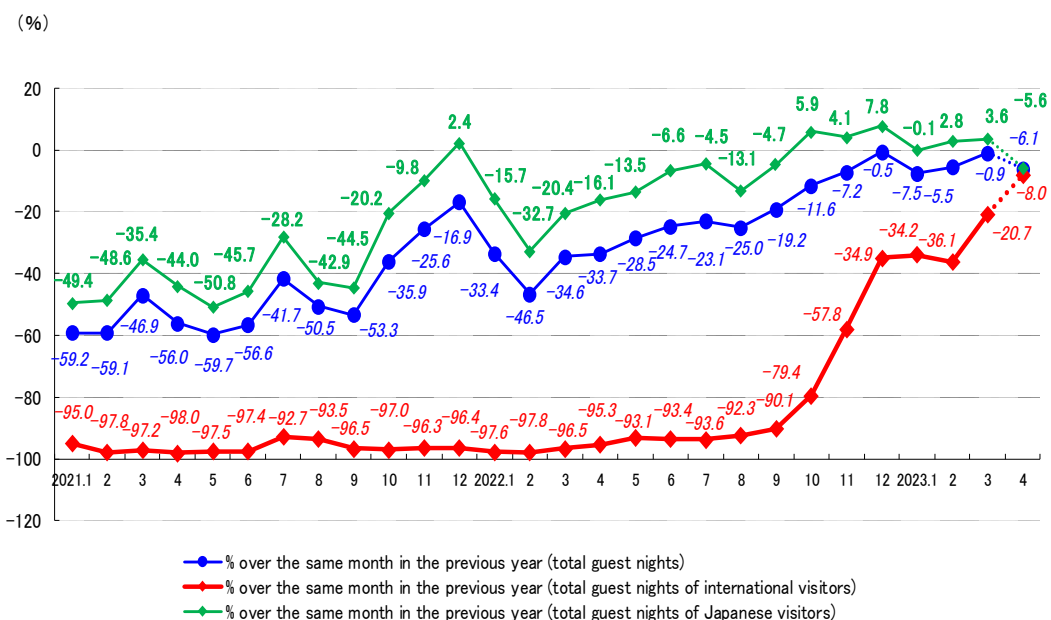
	2013	14	15	16	17	18	19	20	21	22
Domestic overnight trip consumption by Japanese travelers	15.4	13.9	15.8	16.0	16.1	15.8	17.2	7.8	7.0	13.8
Domestic one-day trip consumption by Japanese travelers	4.8	4.5	4.6	4.9	5.0	4.7	4.8	2.2	2.2	3.4
Domestic consumption by Japanese overseas travelers	1.2	1.1	1.0	1.1	1.2	1.1	1.2	0.3	0.1	0.6
Consumption by international visitors	1.4	2.0	3.5	3.7	4.4	4.5	4.8	0.7	0.1	0.9
<b>Total</b>	<b>22.8</b>	<b>21.6</b>	<b>24.8</b>	<b>25.8</b>	<b>26.7</b>	<b>26.1</b>	<b>27.9</b>	<b>11.0</b>	<b>9.4</b>	<b>18.7</b>

Source: Prepared by the JTA based on the National Tourism Survey and the International Visitor Survey  
 Note 1: "Japanese overseas travelers" from 2020 to 2022 is an estimate, due to the Covid-19 pandemic.  
 Note 2: "Intl. travelers" from 2020 to 2022 are estimates, due to the Covid-19 pandemic.

# [ Part I ] Tourism Trends in Japan (overnight trips)

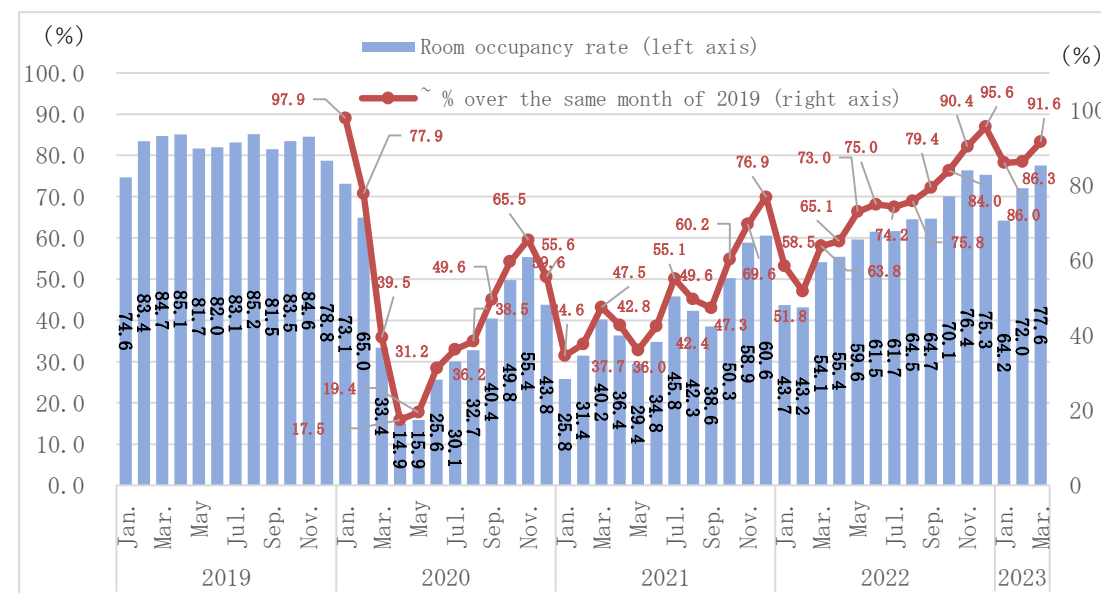
- The total domestic guest nights of Japanese exceeded the pre-pandemic level in Oct. 2022 and is recovering thanks to the overall easing of the Priority Measures to Prevent the Spread of Disease (Mar. 2022) and an increase in domestic travel demand due to a **Nationwide Travel Support** program launched in Oct. 2022.
- According to a private research company, the average room occupancy rates of major hotels nationwide have recovered to 70% of the pre-pandemic level and to 90% of 2019 since the nationwide travel support project was launched in Oct. 2022 and the significant easing of border controls on inbound travel.

(Figure I-24) Trends of total guest nights over the same month in 2019



Source: Overnight Travel Statistics Survey, (JTA)  
 Note 1: Preliminary figures for 2022 and 2023.

(Figure I-26) Trends in room occupancy rates for major hotels



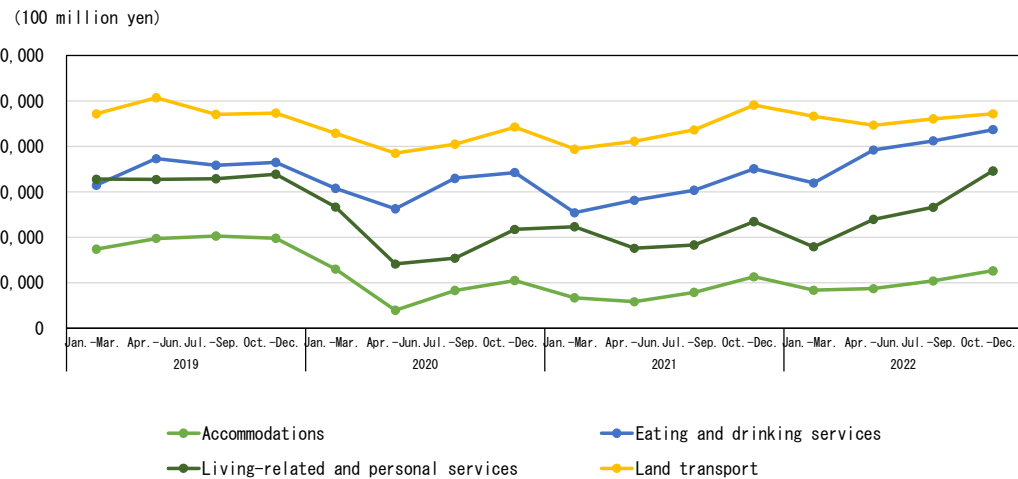
Source: STR, a private research company that analyzes accommodation market trends worldwide.  
 The room occupancy rate is based on a survey of approximately 2,000 major accommodations throughout Japan (as of April 2023).



# [ Part I ] Tourism Trends in Japan (situation of businesses)

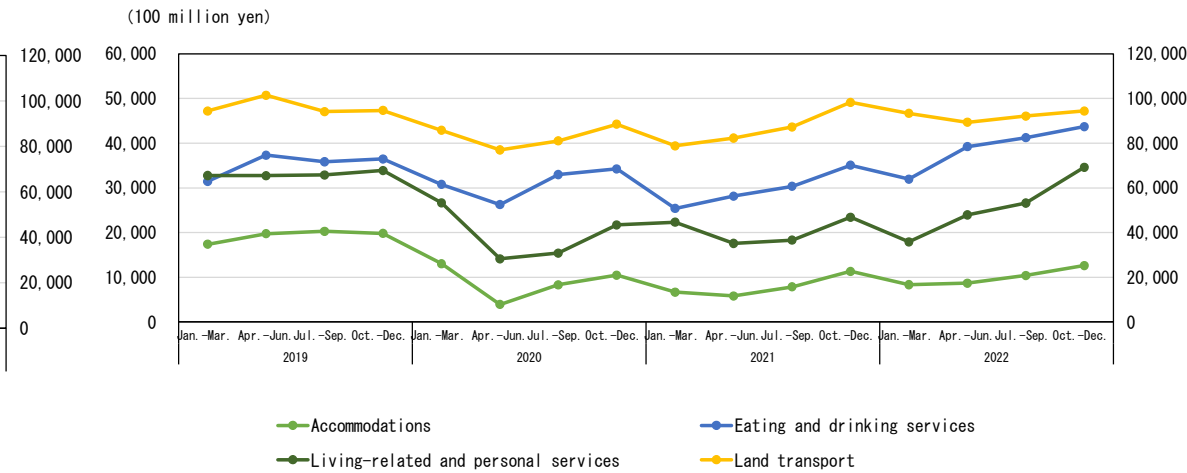
- Sales by accommodations have been increasing since the termination of the Priority Measures to Prevent the Spread of Disease in March 2022.
- In terms of operating income, accommodations turned profitable in the period from Oct.-Dec. 2022 for the first time since the start of the Covid-19 pandemic.
- Bankruptcies of accommodations and tourism businesses decreased year-on-year in 2022. This is attributed to the recovery of travel demand. However, continued detailed support for business continuity and employment security is needed.

(Figure I-29) Trends in sales by tourism-related industries (2019-2022)



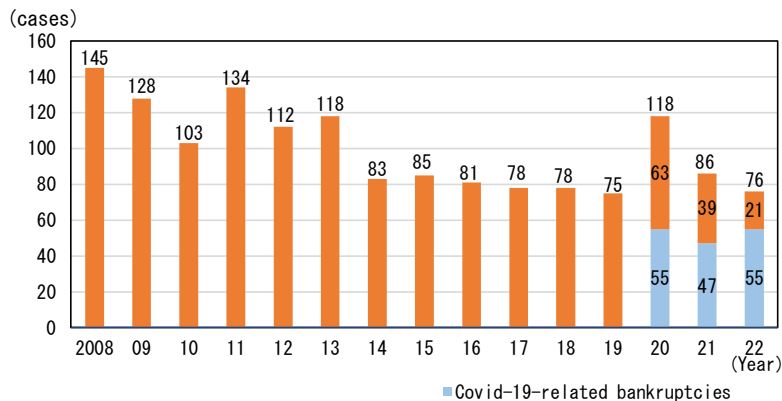
Source: Financial Statements Statistics of Corporation by Industry, (Ministry of Finance)

(Figure I-30) Trends in operating income of tourism-related industries (2019-2022)



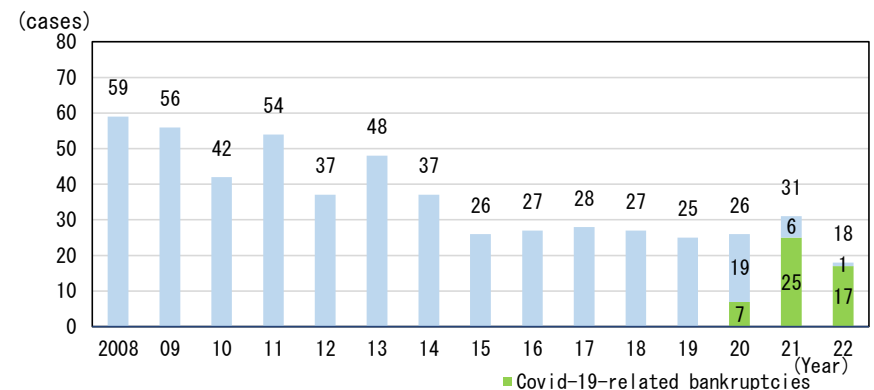
Source: Financial Statements Statistics of Corporation by Industry, (Ministry of Finance)

(Figure I-32) Annual bankruptcies of accommodation businesses



Source: Prepared by the JTA based on data published by Tokyo Shoko Research, Ltd. on Jan. 13, 2023

(Figure I-32) Annual bankruptcies of travel operating businesses



Source: Prepared by the JTA based on data published by Tokyo Shoko Research, Ltd. on Jan. 13, 2023

# [ Part I ] Tourism Trends

## Chapter 3 Creating Sustainable Tourist Regions (Main topic)

**Realizing a virtuous cycle to facilitate earning power at tourist destinations and by tourism industries**

**(Section 1 Movement toward the recovery of tourism from the Covid-19 pandemic, and the need for growth in regions and industries that have earning power. .... 10**

- Restoring tourism demand (intl. tourist arrivals and intl. tourism income)
- Revealing the structural issues of the tourism industry
  - The need for growth in regions and industries that have earning power.
    - ① Wage and labor shortages
    - ② Employment instability

**(Section 2 Current conditions and issues of earning power in the tourism sector) ..... 13**

- Intl. comparison of tourism GDP (added value)
- Intl. comparison of the earning power per tourism worker (added value and employment compensation per tourism employee)
- Issues of Japan through intl. comparison of tourism GDP - Adding greater value to tourism-
- Sustainable tourism through a virtuous cycle of earning power (added value) development in the tourism sector

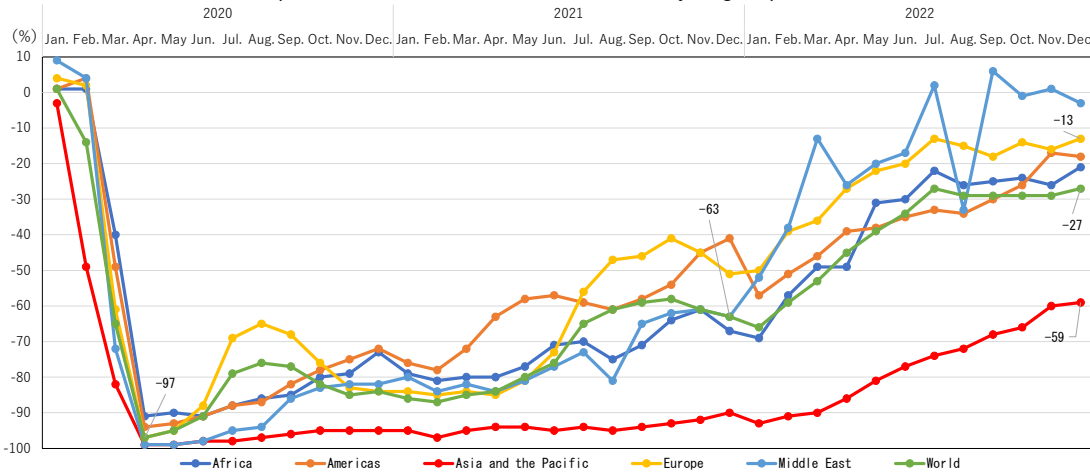
**(Section 3 The virtuous cycle of regional revitalization using the earning power of tourist destinations)**

- Data visualization of the earning power of tourist destinations ..... 17
- Examples of efforts to develop a virtuous cycle of regional revitalization through the earning power of a tourist destination
- The development of a sustainable tourism region through the virtuous cycle of earning power development for tourist destinations and by the tourism industries

# Restoring tourism demand (intl. tourist arrivals and intl. tourism income)

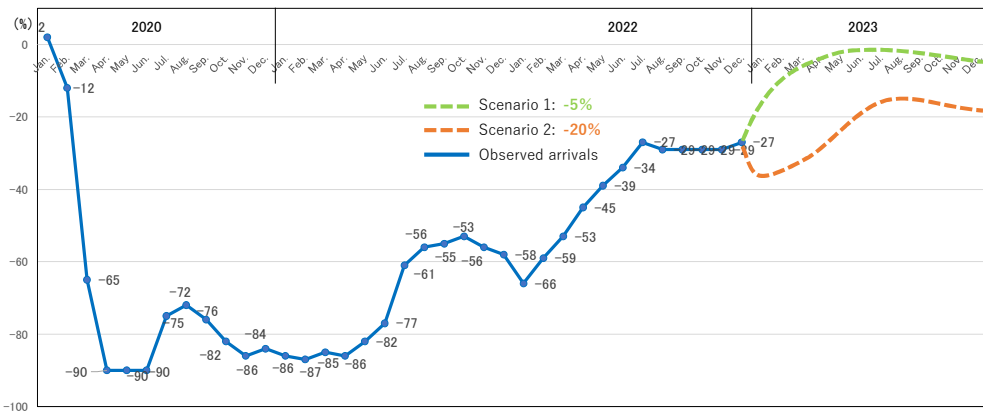
- While intl. tourist arrivals have been recovering worldwide, the recovery in the Asia-Pacific region is noticeably lagging. The same applies to intl. tourism income.
- According to the **UNWTO**, intl. tourist arrivals are expected to **recover to 95% of the level of 2019 in 2023 under Scenario 1, and to 80% of the level of 2019 under Scenario 2.**
- An expert annual forecast expects intl. tourist arrivals to recover to the level of 2019 in 80% or more of regions globally by 2024, except the Asia-Pacific. In the Asia-Pacific, around 60% of the region expected to recover to the level of 2019 in 2024.

(Figure I-40) Intl. tourist arrivals (% over the same month in 2019, by region)



Source: Prepared by the JTA based on UNWTO data (as of March 2023)

(Figure I-41) Recovery scenarios for intl. tourist arrivals targeting 2023



Source: Prepared by the JTA from UNWTO data (as of Jan. 2023)

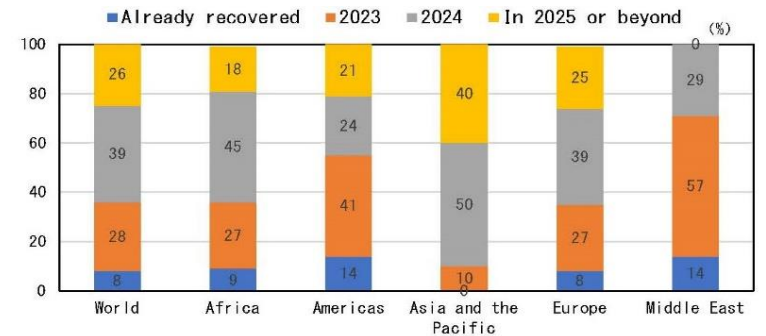
(Figure I-43) Trends of intl. tourism income (% of 2021 annual income over 2019 and % of 2022 quarterly incomes over those of 2019. Top-ranked 15 countries/regions)

	2021	2022		
	Yearly	First quarter	Second quarter	Third quarter
United States	-64.7	-49.0	-33.0	-26.9
Spain	-59.0	-17.7	-2.3	-2.3
France	-39.4	-8.6	13.4	-3.8
Thailand	-91.2	-84.9	-75.4	-65.9
United Kingdom	-47.5	20.4	27.6	10.9
Italy	-52.0	-23.9	-10.3	4.0
Japan	-89.7	-89.1	-88.2	-85.1
Australia	-65.5	-64.6	-51.7	-44.0
Germany	-49.9	-39.7	-24.4	-12.8
Macau	-62.1	-66.7	-80.6	-87.6
China	-70.5	-72.9	-76.8	-71.3
United Arab Emirates	-10.3	-	-	-
India	-69.9	-61.2	-24.9	-
Turkey	-22.4	53.2	38.6	29.6
Canada	-54.2	-15.5	-33.2	-33.1

Source: Prepared by the JTA based on UNWTO data (as of Jan. 2023)

Note 1: The top 15 countries/regions intl. tourism income in 2019. Data not available for the United Arab Emirates for the first three quarters of 2022, and for India for the third quarter of 2022.

(Figure I-42) Outlook for recovery in intl. tourist arrivals (by region)



Source: Prepared by the JTA from UNWTO data (as of Jan. 2023)

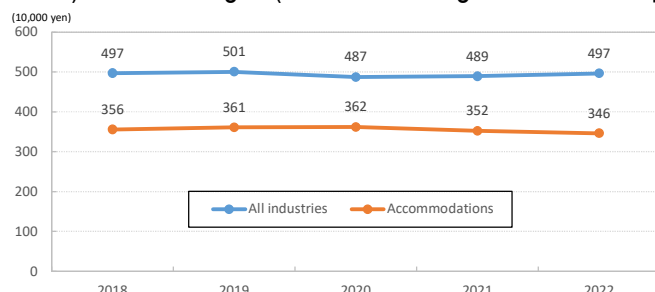
Note 1: Totals may not be exact due to rounding.

# Revealing structural issues of the tourism industry ① Wage and labor shortages

## - The need for growth in regions and industries that have earning power.

- As tourism demand recovers from the Covid-19 pandemic, the tourism industry, which should be a key player in local economies and employment, **is facing structural issues that have been present since the pre-pandemic period, such as low productivity and shortages of human resources.**
- To solve these structural issues, there are urgent calls to increase the earning power (profitability) of the tourism industry.

(Figure I-44) Trend of wages (total annual wages and salaries paid)



Source: Prepared by the ATA based on *Basic Survey on Wage Structure* of the Ministry of Health, Labour and Welfare

Note 1: Wage = monthly salary paid in cash to regular workers (yen) x 12 (month) + annual bonus and other special salaries (yen)

Note 2: The estimation method changed in 2020 and the effects of the valid response rate were incorporated in the estimation method.

(Figure I-46) Hiring and separation rates by industry (2021)



Source: *Survey on Employment Trends* (Ministry of Health, Labour and Welfare)

Note 1: Job entrants: Newly hired during the period as regular employees (Transferees including those temporarily dispatched from other offices within a company are excluded.)

Note 2: Job leavers: Regular employees who resigned or were dismissed during the period (Transferees including those temporarily dispatched from other offices within a company are excluded.)

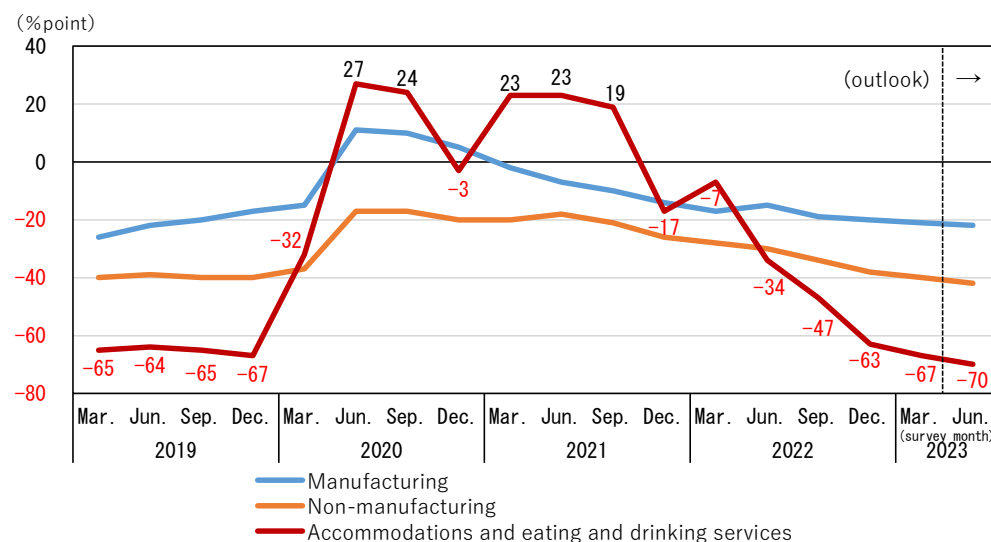
(Figure I-45) Employment in accommodations

2022	Number of employees (excluding directors)	Of whom, regular employees	Of whom, non-regular employees
Accommodations	5,699	3,597 (63%)	2,101 (37%)
All industries	48	22 (46%)	26 (54%)

Source: Prepared by the JTA based on the *Labor Force Survey* of the Ministry of Internal Affairs and Communications

Note 1: Figures in parentheses are percentages.

(Figure I-33) Changes in the diffusion index (DI) for employment



Source: *Short-term Economic Survey of Enterprises (Tankan)*, (Bank of Japan)

Note 1: The diffusion index (DI) for employment ([Excess] - [Shortage]), Japan.

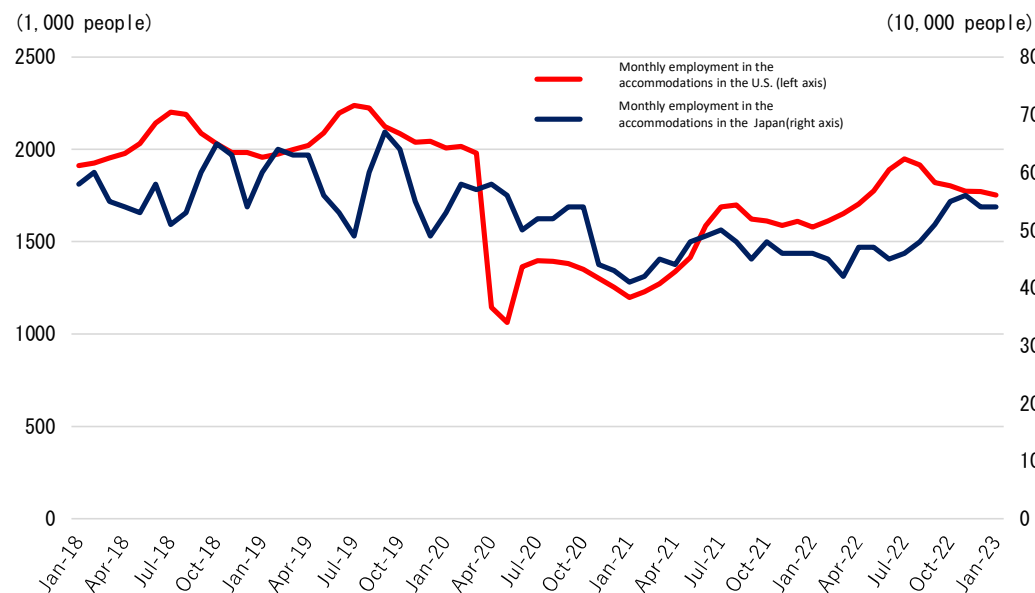
The outlook for June 2023 was given in March 2023.

# Revealing structural issues of the tourism industry ② Employment instability

- The need for growth in regions and industries that have earning power.

- A comparison of monthly employees in accommodations in Japan and the United States in the pre-pandemic period shows that **the United States has a unimodal recruitment pattern, with July as the peak, while Japan has a multimodal recruitment pattern, with many peaks**, indicating that **employment in accommodations is more unstable in Japan than in the United States**.
- Employment instability is easing from 2020 to 2021, when the impact of the Covid-19 pandemic was great. This can be attributed to the "diversification of travel demand periods" (2022 White Paper on Tourism), an environmental change that occurred under the pandemic.

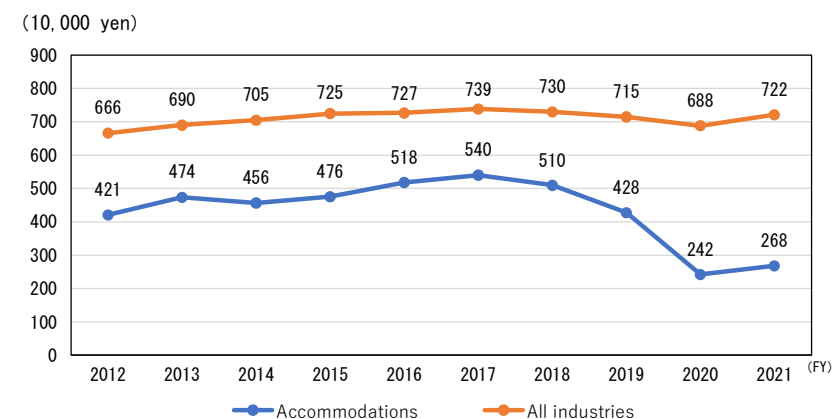
(Figure I-47) Numbers of monthly employees in accommodations (Japan and the United States)



Source: *Employment Statistics* database from the U.S. Department of Labor website and *Labor Force Survey* by Ministry of Internal Affairs and Communications, Japan

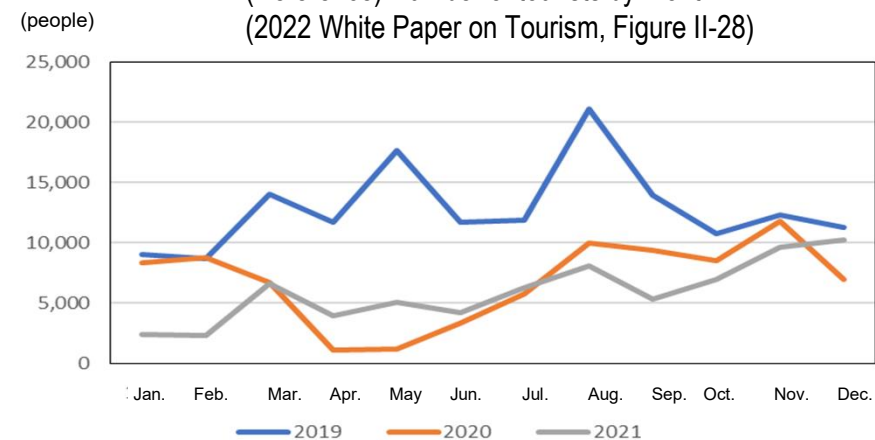
Note 1: The monthly total employees in accommodations is calculated from the *Employment Statistics* database on the U.S. Department of Labor website. For Japan, the monthly employees excluding directors in accommodations is calculated from the *Labor Force Survey* of the Ministry of Internal Affairs and Communications.

(Figure I-48) Trends in labor productivity



Source: Prepared by the JTA based on *Financial Statements Statistics of Corporations by Industry* by Ministry of Finance

(Reference) Number of tourists by month (2022 White Paper on Tourism, Figure II-28)



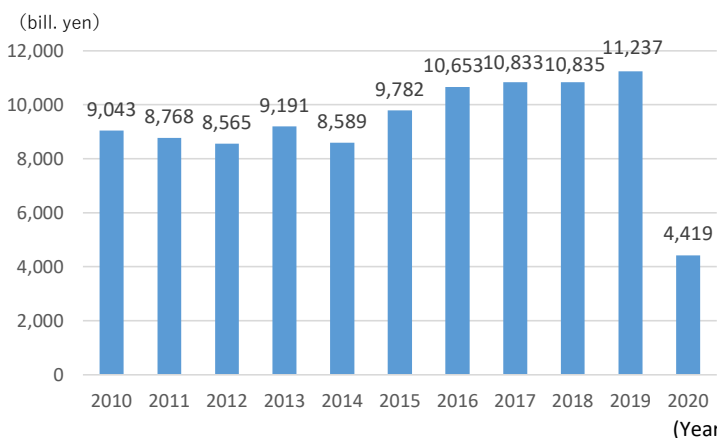
Source: *National Tourism Survey* (JTA). Domestic overnight trips for sightseeing and recreation

# Current status and issues of earning power in the tourism sector

## - Intel. comparison of tourism GDP (added value)

- To analyze the earning power of tourism in Japan, an intl. comparison was made between Japan and major American and European countries, focusing on **added value (tourism GDP)**. It is equivalent to the profit of the tourism industry, calculated by deducting external payment costs (intermediate input) from tourism consumption and income. **It is the source of the economic cycle, including employee's income, corporate profits and investments.**
- Japan's tourism GDP had been steadily growing until Covid-19 pandemic and had reached 11.2 trill. yen (2019).** However, tourism GDP as a share of the economy (tourism GDP/GDP) was 2.0% (2019), far below the average of 4.0% for the G7 countries.

(Figure I-51) Trends in Japan's tourism GDP



(Figure I-50) Breakdown of Japan's tourism GDP by industry (2019)

(Unit: bill. yen)

Industry	Tourism GDP	Share
Tourism industry	9,079	80.8%
Accommodations	2,459	21.9%
Holiday homes (attributed share)	406	3.6%
Eating and drinking services	1,601	14.3%
Rail passenger transport	1,807	16.1%
Road passenger transport	501	4.5%
Water transport	30	0.3%
Air transport	572	5.1%
Other transport	929	8.3%
Sports and amusement services	774	6.9%
Other industries	2,158	19.2%
Total	11,237	100.0%

Source: The tourism GDP of each country is updated as needed due to the revision of the estimates in the System of National Accounts (SNA). The latest figures published by each country were collected and used in this white paper. Japan's figures are estimates by the JTA.

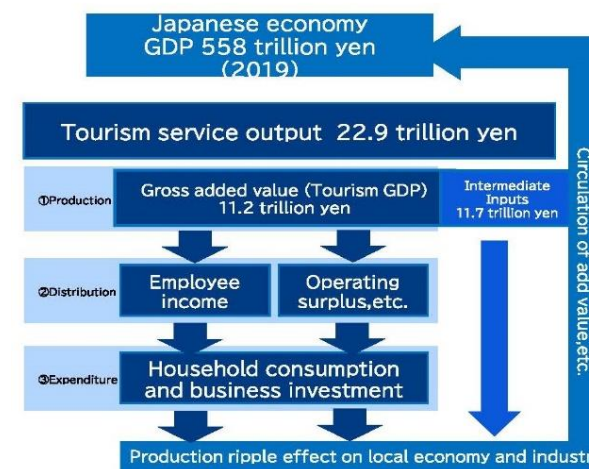
Note 1: France did not disclose its 2017 tourism GDP.

### What is tourism GDP?

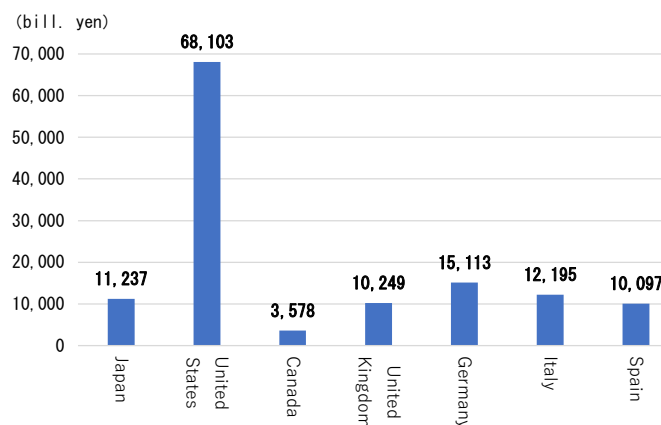
- Tourism GDP is the added value of tourism services produced in a country.
- Japan (the JTA) and other countries have been annually surveying and publishing the estimated data as part of the *System of National Accounts (SNA)* in accordance with the intl. standards established by the UNWTO.

Source: *Tourism Satellite Account*, (JTA)

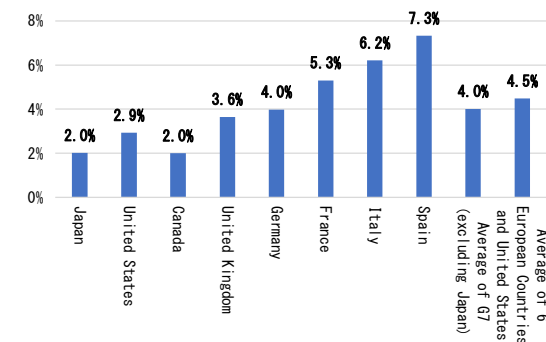
(Figure I-55) Schematic of the tourism economic cycle (flows) as expressed by tourism GDP



(Figure I-53) Intl. comparison of tourism GDP (2019)



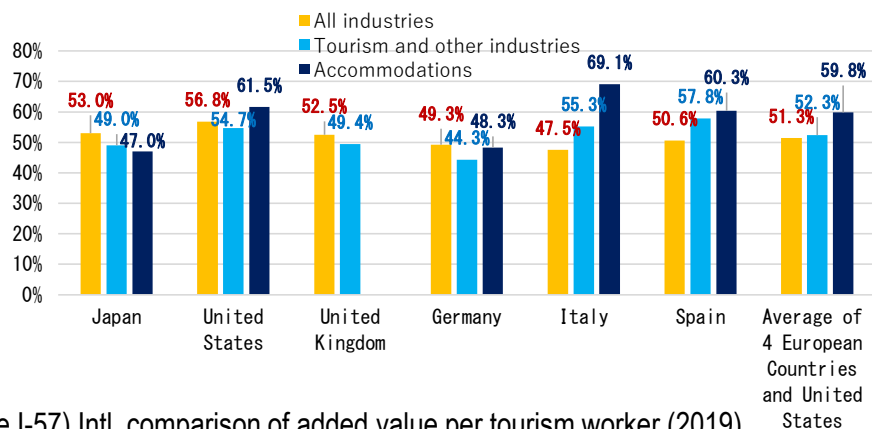
(Figure I-54) Intl. comparison of tourism GDP ratio (2019)



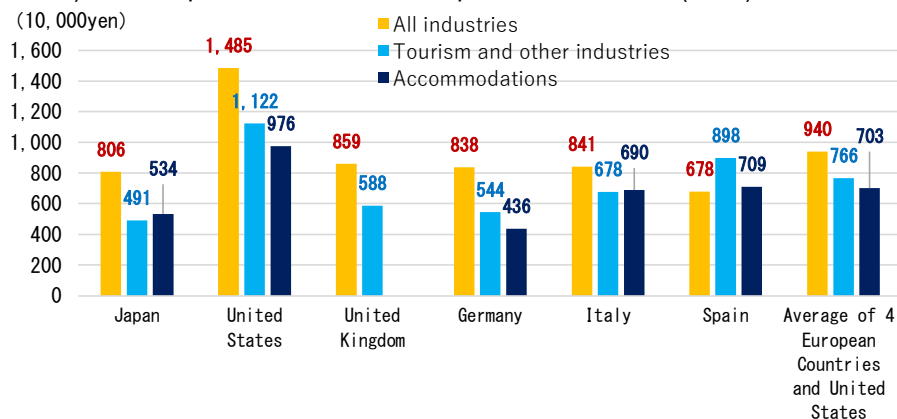
# Intl. comparison of earning power per tourism employee (added value and employment compensation per tourism employee)

- In Japan (2019), the value-added ratios for the tourism industry and accommodations were lower than the figure for industry overall. The respective figures are 49.0% for the tourism industries, 47.0% for accommodations, and 53.0% for industry overall. The figures for the tourism industry and accommodations in Japan are lower than those for those in other major countries. In contrast, in Italy and Spain, the value-added ratios of the tourism industry and the accommodations are higher than that of industry overall.
- In Japan the **added value per worker (TSA basis) for the tourism industry (4.91 mill. yen) and for accommodations (5.34 mill. yen)** is lower than that of industry overall (8.06 mill. yen).  
**The added value per employee in the United States is remarkably high (9.76 mill. yen), as it is in Spain (7.09 mill. yen) and Italy (6.90 mill. yen).**

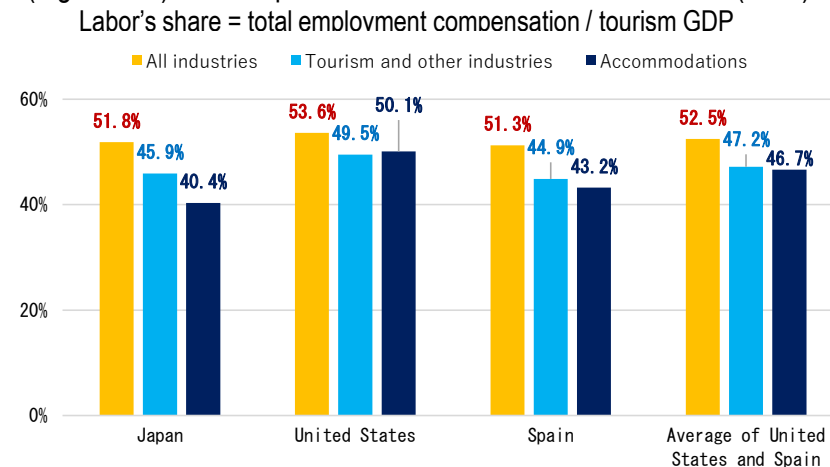
(Figure I-56) Intl. comparison of tourism added-value ratio (2019)



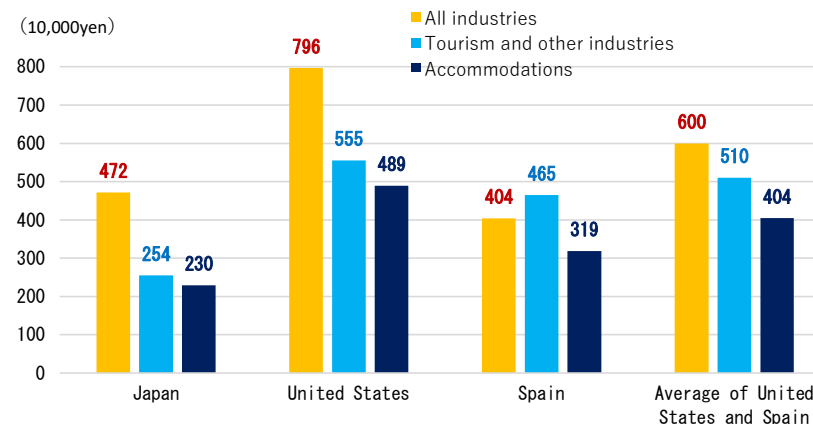
(Figure I-57) Intl. comparison of added value per tourism worker (2019)



(Figure I-58) Intl. comparison of labor's share of tourism GDP (2019)



(Figure I-59) Intl. comparison of employment compensation per employee (2019)



Source: Prepared by the JTA based on the *Tourism Satellite Account (TSA)* published data for each country.

Note 1: For the U.K., tourism GDP by industry is not published. Because there is little published data on labor's share of tourism GDP in each country, the United States and Spain are used for comparison.

# Issues of Japan revealed by an intl. comparison of tourism GDP - Enhancing the added value of tourism

- An intl. comparison of tourism GDP indicates that **Japan's added value for tourism and tourism as a share of the national economy are low**. To increase the added value and to develop tourism into a profitable industry, the issue to be addressed is **increasing sales (average spending per visitor × number of visitors)**.
- The JTA is taking measures to support the revitalization of tourist destinations and the tourism industry, and to add value to these. The JTA is also promoting DX. The effects, such as increases in the unit price of accommodation and increases in the wages of accommodation workers, are beginning to be observed for the supported projects.
- During the Covid-19 pandemic, there were successful examples (refer to the next section) of an early recovery that was achieved by focusing on micro-tourism and using DX marketing data to lead to high value-added culinary tourism, which is in high demand among local visitors.

## [Japan's issues raised by the intl. comparison of tourism GDP]

- **Increase in added value in the tourism sector**  
→ Increase in tourism industry sales  
(average spending per visitor × number of visitors)

### (Increase in average spending)

#### ● Revitalizing and adding value to tourist destinations and the tourism industry

- Improvement of the quality of guest rooms to meet the needs of individual travelers, and improvement of the landscape through removal of abandoned buildings, etc.

### (Increase in tourist arrivals)

#### ● Advancing tourism DX

- Introduction of a property management system (PMS) for accommodations to upgrade data management and to improve staff allocation efficiency.
- Human resources are concentrated to upgrade customer relationship management (CRM). Improving customer satisfaction and repeat rates through customer services and advertising tailored to customer preferences.
- Data sharing among accommodations, mainly through DMOs. Recruiting new customers during off-peak periods and promoting price-setting according to demand.

#### ● Leveling travel demand

- Leveling of travel demand and stabilization of room occupancy ratios with a focus on inbound and micro-tourism (neighborhood tourism).

## Measures taken by the JTA and their effect in transforming the industry into one with more earning power (example).

### ● Effects of revitalizing and adding value to tourist destinations (Increasing the unit price of guest rooms at the accommodations)

- Average increase in unit price of renovated guest rooms: 54.2%
- Average increase in unit prices of all guest rooms of the improved accommodation: 19.7%

Source: Results of an interview survey by the JTA with accommodations (89 facilities) that have been renovated under the project to revitalize and to add value to existing tourist hub facilities (third supplementary budget project in FY2020).

### ● Effects of improving profitability through the advancement of tourism DX (Example of Kinosaki Onsen)

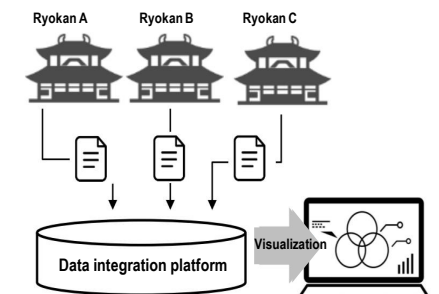
- Increase in the unit price per night during recovery from the Covid-19 pandemic

	Oct. 2021	Oct. 2020
Unit price per night (per person)	15,000 yen / night	22,000 yen / night
Number of reservations	100	130

- Increase in employee wages at representative accommodations

	2015	2021
Wages (average wage × number of regular employees)	100	125

### Development of a regional tourism DX platform (Project supported by the JTA)



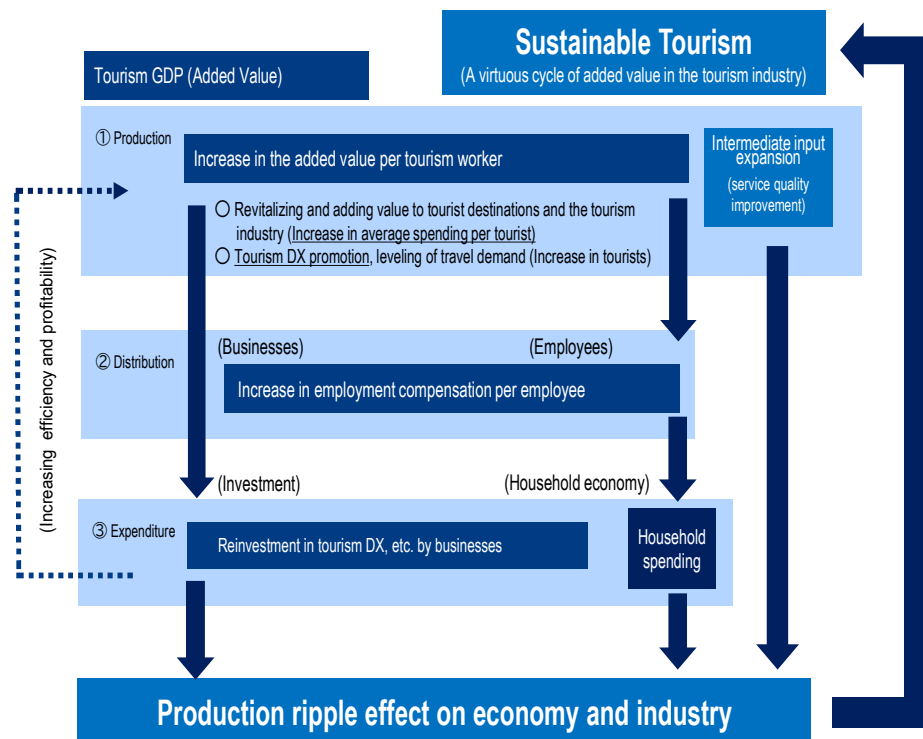


# Sustainable tourism through a virtuous cycle of the development of earning power (added value) in the tourism sector

- In the tourism economic cycle (flows) as expressed by tourism GDP, ① further increasing the added value, which indicates the earning power in the production of tourism services, leads to ② increases in employment compensation and ③ increases in investment and other expenditures, including tourism DX, contributing to sustainable tourism through a virtuous cycle of production ripple effects.
- However, intermediate inputs in tourism services also generate production ripple effects to various other industries. Not restraining intermediate inputs increased the sales and led to a further increase in high-quality intermediate inputs that support high-quality services. Such a process also contributes to a virtuous cycle.
- In the future, the public and private sectors should work together to further increase the added value of the tourism industry and transform the industry into one with earning power, creating a virtuous cycle in the local community through benefits to the local economy and fostering pride and attachment among local residents. It is necessary to develop measures to achieve sustainable tourism in which both local communities and tourists can experience the benefits of tourism.

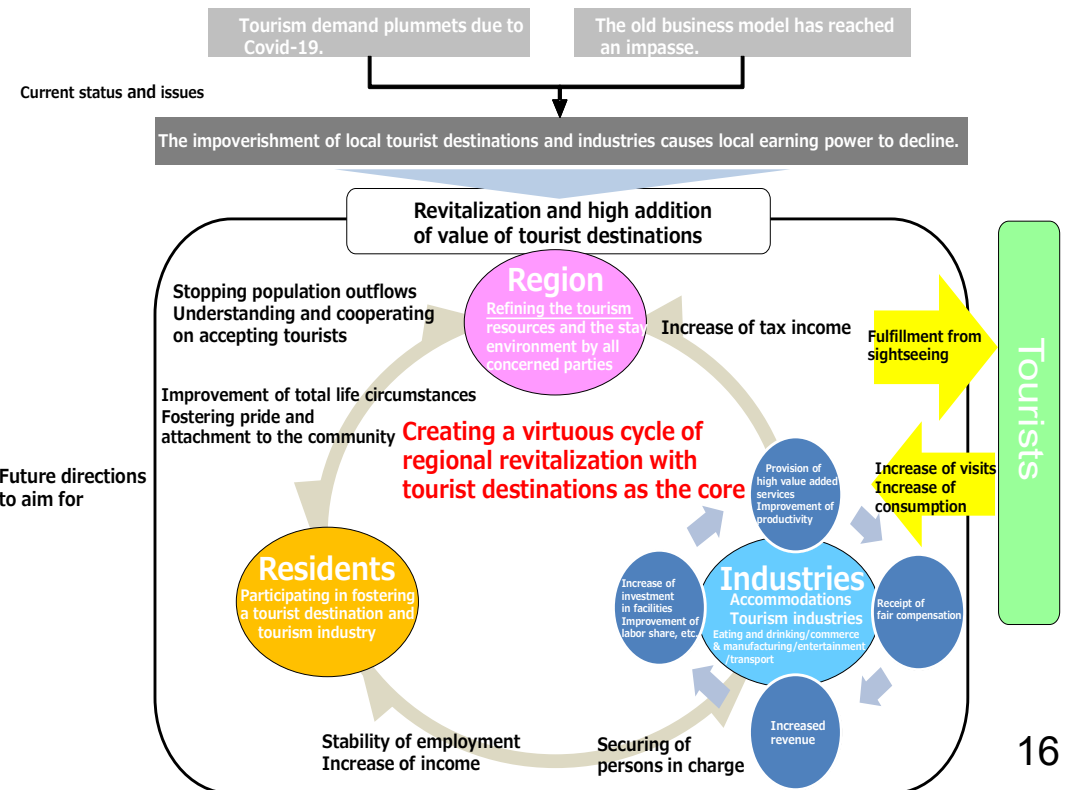
## <Tourism GDP analysis results>

(Figure I-60) Contribution to Sustainable Tourism through the Virtuous Cycle of Added Value in Tourism, etc.



## <The state we aim to achieve>

(Figure I-61) A virtuous cycle of regional revitalization centered on a tourist destination



Realizing Future directions to aim for

# A virtuous cycle of regional revitalization through the earning power of tourist destinations

## - Visualizing the earning power with data

- To strengthen earning power by taking advantage of the features of each tourist destination, hearings were held in case study areas where efforts are being made through measures supported by the Japan Tourism Agency. Data on the effectiveness of strengthening earning power, including the early recovery of overnight guests and increases in average spending and employee income, were collected.
- It is important to visualize the earning power of one's own tourist destination with data, and to share the process of analyzing and sharing the data among local stakeholders.

A general-purpose statistical tool, the Regional Economic Analysis System (RESAS), has been developed by the Japanese government as part of its regional development support measures. RESAS is used to visualize the current earning power of the accommodations and eating and drinking services in the municipality. In addition, detailed interview surveys were made on onsite information on the effectiveness of undertakings for earning power development. The results revealed the importance of conducting the analysis and sharing the results among local stakeholders.

### Three regions subject to an analysis of the earning power of tourist destinations and their distinctive efforts

- 1 Improving profitability and circulation of tourists by revitalizing and adding value to tourist destinations (Ikaho Onsen: Shibukawa City, Gunma Prefecture)
- 2 Improving profitability by advancing tourism DX (Kinosaki Hot Spring: Toyo'oka City, Hyogo Prefecture)
- 3 In-depth customer management with local marketing data (Kesennuma City, Miyagi Prefecture)

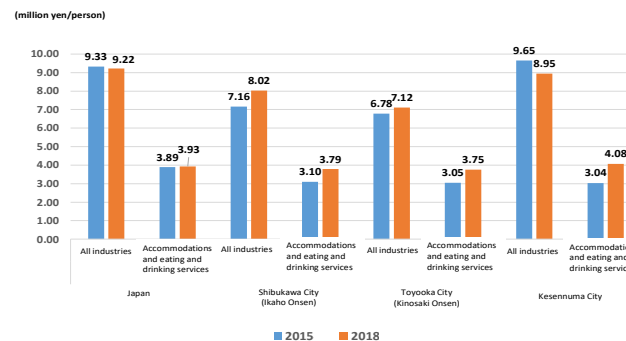


### Visualizing the earning power of tourist destinations

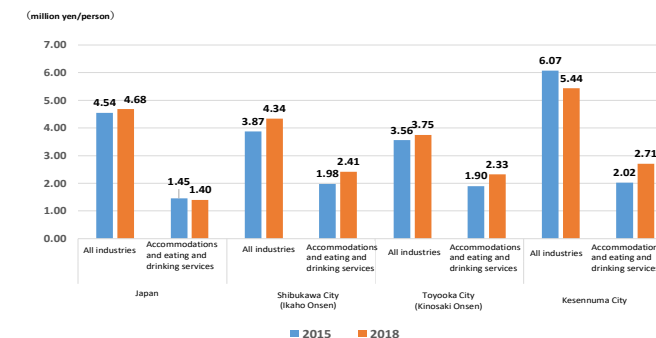
(Using the Regional Economy and Society Analyzing System (RESAS)  
- Regional Economy Circulation Map)

- The government has been providing the use of RESAS since April 2015 to support various regional development measures through data provision.
- The data content includes analyses of various earning capacity indexes related to regional economies and societies, such as the Industrial Structure Map - Analysis (specialization coefficient).
- The White Paper on Tourism uses the Regional Economy Circulation Map to analyze changes in added value by industry.

### Labor productivity of the municipality (Added value per employee)



### Employment compensation in the municipality per employee



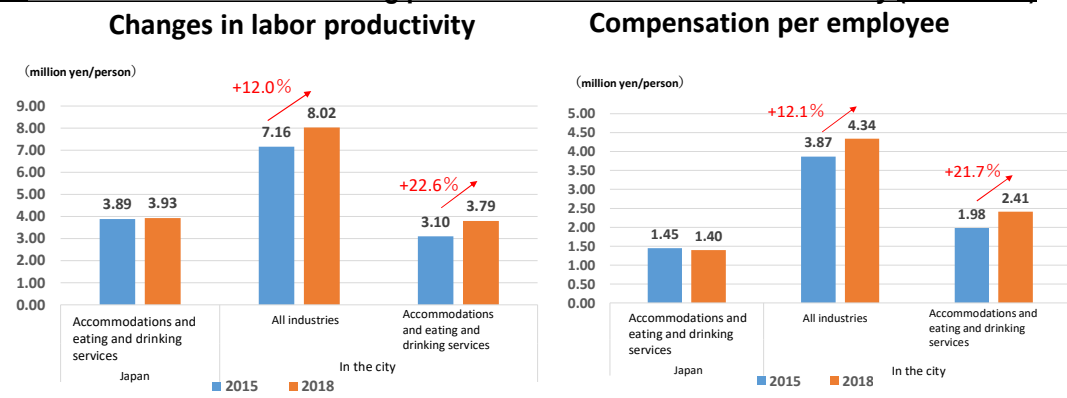
Source: Prepared by the JTA based on *National Accounts* (Cabinet Office) and RESAS (Cabinet Office and the Ministry of Economy, Trade and Industry.)

# Example of Undertaking ①: Virtuous cycle of regional revitalization using the earning power of the tourist destination

## Ikaho Onsen: Improving profitability and the circulation of tourists by revitalizing and adding value to the tourist destination

- Utilizing a Tourism Agency-supported project to revitalize a tourist destination and produce high added value, the project improved the landscape of the stone stairway that is a symbol of the hot spring resort, renovated and improved the accommodations and the eating and drinking services, and removed abandoned buildings. Generated effects include higher unit prices for accommodations, increased sales and new openings for the eating and drinking services.
- The value-adding projects have led to a change in awareness that accommodations are exercising their right to set prices with an emphasis on quality, including customer orientation and higher wages.
- Because Ikaho is a hot spring resort with a long history, efforts are underway to promote “onsen culture”, a signature product, by promoting *ryokan* culture for inbound tourists, promoting *geigi* experiences and strolls on the stone stairways, and enhancing tourist circulation by improving the convenience of secondary transportation that uses the community currency. These efforts are expected to contribute to increases in the region-wide effects of earning power development on the virtuous cycle of regional revitalization, thereby helping to foster the sustainability of this tourist destination.

### ① Current conditions of earning power for tourism in the local economy (2018/2015)



Source: Source: Prepared by the JTA based on *National Accounts* (Cabinet Office) and RESAS (Cabinet Office and the Ministry of Economy, Trade and Industry.)

### ② Features and undertakings to increase the earning power of the tourist destination

**○ Revitalization of accommodations**  
Adding value by introducing guest rooms with hot spring baths and renovating idle space into private open-air baths, etc.

**○ Removal of an abandoned house**  
An abandoned house that caught fire was removed and a tourist facility was built on the site.



- Utilization of event spaces
- Installation of hand baths
- Installation of a pocket park
- Installation of private baths

Source: Data provided by Shibukawa City and the Shibukawa and Ikaho Tourism Association

### ③ Data on the effects of increasing the earning power of tourist destinations (interview and questionnaire surveys)

**○ Increase in the unit price per night (An example of representative accommodations)**

The price per room increased due to the conversion of banquet rooms into private dining rooms and the introduction of a new open-air bath. In addition, the number of guests per room is reduced, reducing employee workload.

	2019	2022
Unit room price per night (per person)	25,000 yen / night	26,000 yen / night
Number of guests per room	3.5	2.8

**○ Number of eating and drinking service openings**

	FY2021	FY2022
Number of new business openings (eating and drinking & retail services)	4	5

**○ Changing the mindset from quantity to quality**

Through the high value-added business in a severe business environment, accommodation facilities have demonstrated the right to set prices with an emphasis on quality, from securing quantity to improving wages to secure a customer orientation and human resources.

### ④ Future prospects for the earning power of the tourist destination and its expected virtuous cycle of regional revitalization - promoting “hot spring culture”, a signature product

Promoting the "onsen culture" as a signature product. Promotion focuses on *ryokan* culture for inbound tourists and the attraction of the stone stairway scenery. The young generation is active in promoting restaurant tours and other activities.



Viewing performances and participating in dances and other arts

# Example of Undertaking ②: Virtuous cycle of regional revitalization using the earning power of the tourist destination

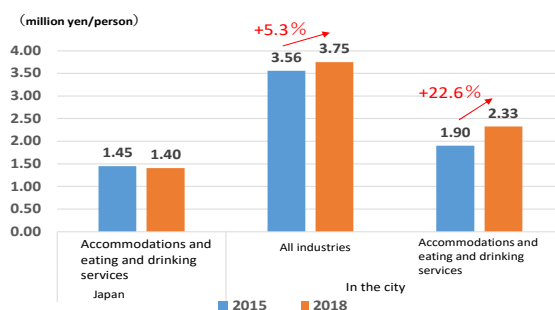
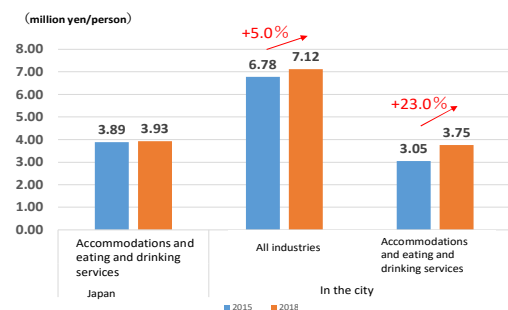
## Kinosaki Onsen - Improving profitability by advancing tourism DX

- A regional tourism DX platform was developed to integrate guest information collected from accommodations in this traditional hot spring resort. Linked with the reservation website, VISIT Kinosaki, they successfully increased the unit price of accommodations. While the wage level in the accommodations nationwide has declined since 2020, representative accommodations here have achieved wage increases.
- The local college of arts, culture, and tourism; the city; and the DMO collaborated to establish a platform for participatory tourism. They are working to extend the duration of tourist stays in collaboration with the Toyooka Theater Festival and are disseminating quality content for inbound visitors.
- Through the arts, culture, and tourism collaboration unique to Toyooka City, the effects of earning power are planned to propagate in the region and to contribute to the development of a sustainable tourist destination.

### ① Current conditions for the earning power of tourism in the local economy (2018/2015)

#### Changes in labour productivity

#### Compensation per employee

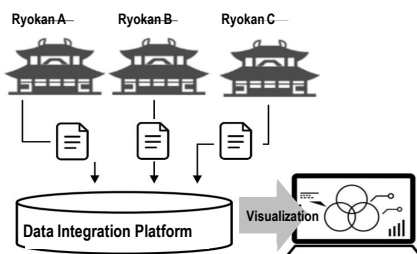


Source: Prepared by the JTA based on *National Accounts* (Cabinet Office) and *RESAS* (Cabinet Office and the Ministry of Economy, Trade and Industry.)

### ② Features and undertakings to increase the earning power of the tourist destination

#### ○ Development of a regional tourism DX platform

Establishing a local tourism DX platform that summarizes guest information on a monthly basis, and linking it to the Visit Kinosaki reservation site, etc.



#### ○ A tourism platform that provides participatory content developed through collaboration between a professional university, the city, and the DMO

Establishing a well-being participatory experience platform. Promoting the development of tourism content that provides participatory experiences, integrated tourism and exchanges, health promotion, culture and sports, etc.



### ③ Data on the effects of increasing the earning power of tourist destinations (interview and questionnaire surveys)

- Increase in the unit price per night (Avg. unit price of accommodations at the onsen resort)

Information dissemination has been steadily expanded through linkage between the VISIT Kinosaki reservation site, the smartphone sightseeing navigation system, and the Toyooka sightseeing DX regional app. The share of reservations made via VISIT Kinosaki increased, resulting in an increase in the unit price per night.

	October 2019	October 2022
Unit price per night (per person)	15,000 yen/night	⇒ 22,000 yen/night
Guest nights	100	⇒ 130

- Increases in the wage paid by representative accommodation businesses

	2015	2021
Wage (average wage × number of regular employees)	100	125

- Opening of new businesses due to the increased attractiveness of the region

	2020-2022
Number of new business openings (accommodations, food and drinking services, participatory tourism content providers, etc.)	22

### ④ Future prospects for the earning power of the tourist destination and its expected virtuous cycle of regional revitalization – Collaboration between arts and culture, and tourism

- Sales of participatory tourism platform products in cooperation with local professional universities
- Extension of the duration of the Toyooka Theater Festival
- High-quality natural and cultural content for inbound visitors



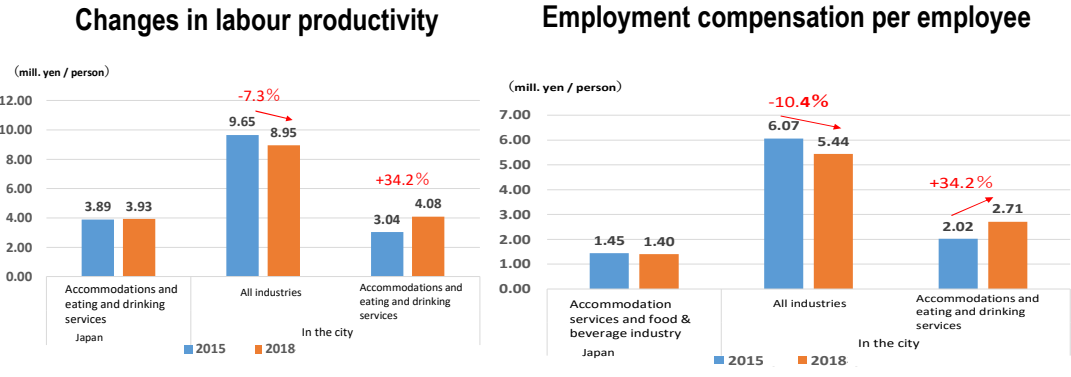
Takeno Coast (San'in Coast National Park)

# Example of Undertaking ③: Virtuous cycle of regional revitalization using the earning power of the tourist destination

## Kesennuma City - In-depth customer management with local marketing data

- Tourism has been positioned as an important pillar of regional management in its recovery from the disaster of the Great East Japan Earthquake. As a tool to enhance the earning power of the city, Kesennuma Crew Card, whose main contributor is the regional DMO, accumulates the regional marketing data to promote food experiences with the fishery at the forefront.
- Focusing on micro tourism (neighborhood tourism) as a crisis management measure for tourism facing the Covid-19 pandemic. Data analysis of Crew Card members in Sendai and other areas revealed specific needs of advertising targets, which contributed to the early recovery of accommodations. In addition, by analyzing the targets of tourism content that provide participatory experiences (about 40 products), price ranges were classified, and new high value-added products were developed.
- The provision of tourism content that enables tourists to encounter local lifestyles, such as those of fishery, is expected to contribute to increases in the region-wide effects of earning power development that promotes a virtuous cycle of regional revitalization, thereby helping to foster the sustainability of this tourist destination.

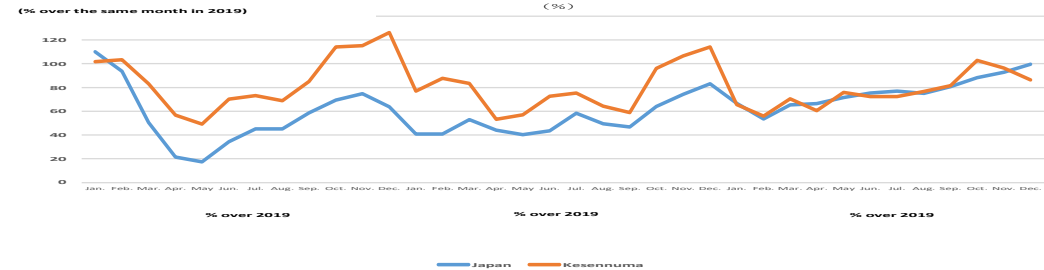
### ① Current conditions for the earning power of tourism in the local economy (2018/2015) ③ Data on the effects of increasing the earning power of tourist destinations (interview and questionnaire surveys)



Source: Prepared by the JTA based on *National Accounts* (Cabinet Office) and RESAS (Cabinet Office and the Ministry of Economy, Trade and Industry.)

### ○ Early recovery of tourist nights (emphasis on micro-tourism)

Micro tourism (neighborhood tourism) has been focused on since the spread of Covid-19. Data analysis of Crew Card members in Sendai and other areas helped to focus advertising on the needs of narrow targets and contributed to the early recovery of tourist nights.



### ○ Development of new high value added culinary products and increases in guests

Example: Brewer's Table (Quality gastronomy experience involving sake breweries and chefs)

	2020	2021	2022
Number of guests	74	⇒ 142	⇒ 140

Source: Kesennuma Regional Strategy, General Incorporated Association



### ② Features and undertakings to increase the earning power of the tourist destination

#### ○ Accumulation of regional marketing data (Kesennuma Crew Card)

#### Kesennuma Crew Ship App (Customer management tool)

Item	Database
<ul style="list-style-type: none"> <li>➢ Overnight tourists</li> <li>➢ Tourism consumption</li> <li>➢ Customer satisfaction</li> <li>➢ Repeat ratio</li> </ul>	Management database
<ul style="list-style-type: none"> <li>➢ Customer data (gender, age, address, e-mail address, etc.)</li> </ul>	Customer database



Source: Kesennuma Regional Strategy, General Incorporated Association (Tourism Agency-registered DMO) data

### ④ Prospects for the earning power of the tourist destination and its expected virtuous cycle of regional revitalization

**High value-added participatory tourism products whereby tourists can experience the daily lifestyle of people in fisheries**



- Future tourism is expected to realize increased earning power for tourist destinations whose focus is on the quality of tourism and is expected to play a role in continually maintaining the sustainability of the regional society and economy, such as through sustainable tourism, consumption growth, and the promotion of visits by people in the region.
- An analysis of regional examples of efforts to revitalize and add value to tourist destinations, such as investment in improving the quality of accommodations and other facilities and improving landscapes, has led to actions that have increased the unit price of accommodations by having them meet the demand for high-quality services from individual travelers and by leading to the opening of restaurants and other businesses that take advantage of attractive landscapes. These have led to increased employment.
- For both domestic and international travelers, content related to a region’s daily lifestyle, such as nature, culture, and local industry rooted in the region, have become increasingly valuable as attractive, extraordinary experiences. To take advantage of this opportunity to increase earning power, the creation of sustainable tourist destinations is expected. Such process will see participation from residents of different generations and diverse businesses to refine the local story, increase attractiveness for tourists with high value added, participatory content, and generate economic circulation in which tourism expenditures in the region result in increases in employment and income for residents and in local tax revenues.

**The Tourism Nation Promotion Basic Law (Cabinet approval: March 31, 2023)**

**Three strategies to address**



**The 2025 figure we are aiming for**

- To realize vibrant local communities, “the creation of sustainable tourist areas” that generate a virtuous cycle in local society and economy is being promoted throughout Japan, and tourism is being revived in a more advanced form than before the Covid-19 pandemic by **improving the quality of tourism, increasing the profitability and productivity of the tourism industry, and expanding the number of people interacting with and related to that industry**
- As the host country of the Expo, Japan is in the limelight as a **tourist destination that is showcasing global trends** and is attracting attention as a **leading area for sustainable tourism**

## Strategies to create sustainable tourist destinations

Improving the profitability and productivity of the tourism industry toward promoting the creation of a system that generates virtuous cycles in regional society and economy.

- Revitalization of tourist destinations and the tourism industry, and the addition of value to them (Improvement of accommodations, etc., removal of abandoned buildings, area-wide DX)



Large-scale renovation of accommodation and other facilities

- Advancement of tourism DX (Improvement of convenience for tourists and the promotion of tourist circulation, productivity improvement of the tourism industry, sophistication of the management of tourist destinations, and fostering and deployment of skilled digital specialists for tourism)



Cashless services throughout the community



Research and dispatch of experts for the formulation of a tourism risk management plan

- Securing the safety of tourists (Provision of disaster information, formulation of tourism risk management plans, comprehensive safety and security measures for passenger vessels, etc.)



Comprehensive safety and security measures for passenger boats (Introduction of life rafts and other safety equipment)

- Balancing nature and cultural conservation with tourism (Model project to introduce sustainable tourism)



Development of parking lots to encourage the use of public transportation

## Strategies to restore inbound tourism

Emphasize increases in consumption and attracting visitors to local destinations

- Development of tourism content, etc. (provision of special experiences, etc.)
- Attraction of high-value-added travelers (selection of model tourist destinations in 11 regions in Japan)
- Promotion of MICE and IR
- Development of a comfortable environment for inbound tourists
- Promotion of outbound and international mutual exchanges



Providing special experiences



Attracting tourists for high-value-added travel

## Strategies to expand domestic visitor exchanges

Enhancing the frequency of domestic travel and lengthening the stays of visitors while the population declines

- Stimulation of domestic travel demand
- Promotion of "workcations", i.e., the combination of work and vacation at a resort (the establishment of a public/private promotion framework)
- Creation of a "second hometown" (utilization of the Second Hometown Promotion Network)
- Leveling of demand for travel (development of a work environment for scheduling vacations and for the dispersion of vacation time)



Promotion of "workcations"



Second Hometown Development Project