

White Paper on Tourism in Japan, 2022 (Summary)

Japan Tourism Agency

June 2022

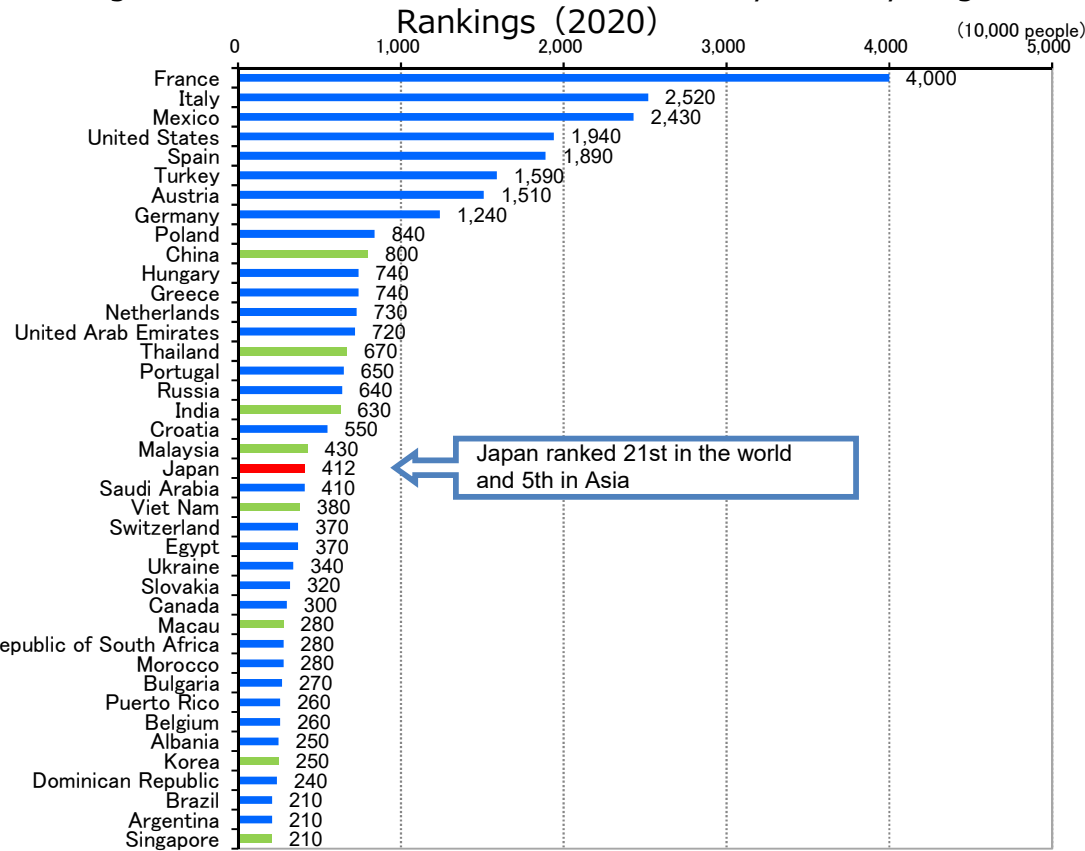
[Part I] Tourism Trends

○ Global Tourism Trends	2
○ Tourism Trends in Japan(The number of international visitors)	3
○ Tourism Trends in Japan(Tourism consumption by international visitors / Overseas Travel)	4
○ Tourism Trends in Japan (Domestic Travel/Consumption in Domestic Travel)	5
○ Tourism Trends in Japan(Overnight Trips)	6

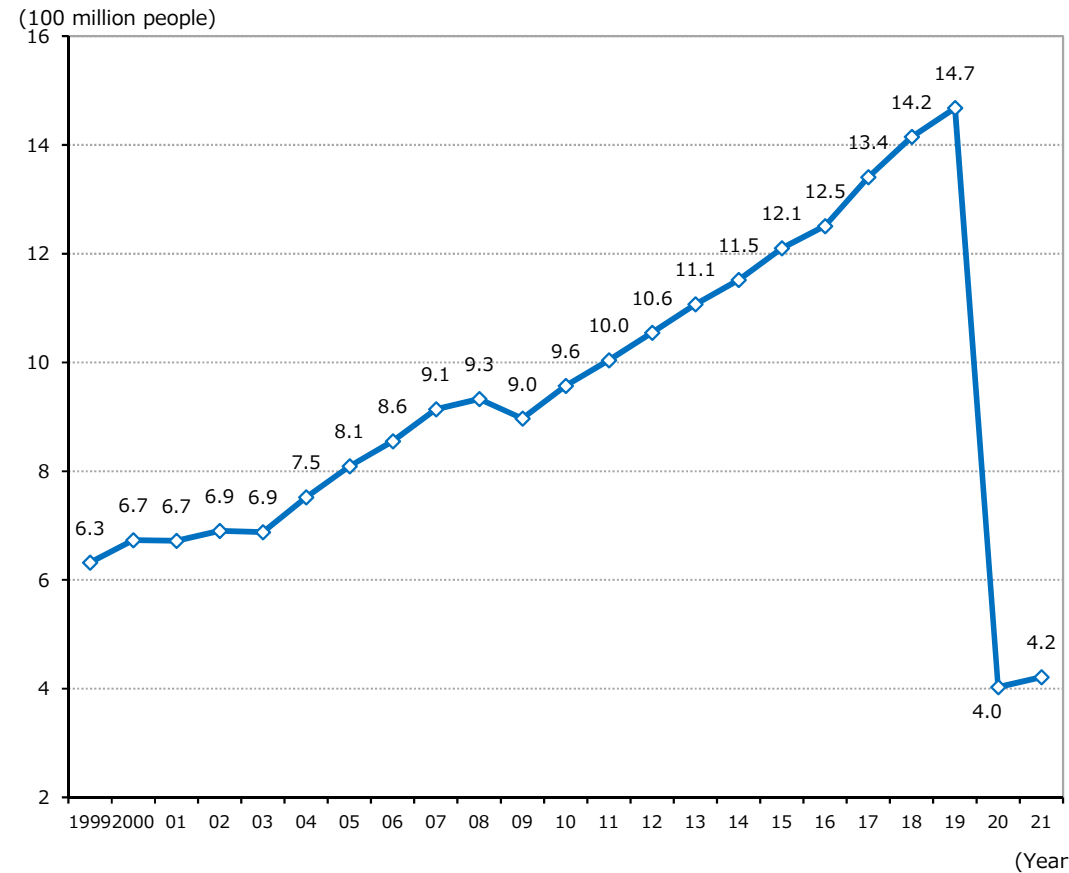
[Part I] Global Tourism Trends

- In the “International Tourist Arrivals by Country/Region Rankings” of 2020, Japan ranked **21st (5th in Asia)** with 4.12 million people, while Japan ranked 12th (3rd in Asia) with 31.88 million people in 2019.
- According to the World Tourism Organization (UNWTO), the number of international tourists in 2021 was 421 million people, which is 18 million people more than that in 2020 (up 4.6% from 2020, but down 71.3% from 2019). Significant reduction in tourism demand continued due to travel restrictions to prevent the spread of COVID-19, etc.

(Figure I- 2) International Tourist Arrivals by Country/Region



(Figure I- 5) Trend in the Number of International Tourists



Source: Prepared by the Japan Tourism Agency based on data from UNWTO (World Tourism Organization)

Note 1: The number of tourists is calculated according to different statistical standards for each country/region, so care must be taken when comparing the figures. (Example: The number of foreign crew members (crew numbers) is not included in the statistics of Japan, but is included in the statistics of France, Spain, China, South Korea, etc.)

Note 2: The figures in this table are provisional values as of May 2022.

Note 3: The numbers for the United Kingdom, Indonesia, Czech Republic, Denmark, Ireland, Iran, and Kyrgyzstan for 2020 have not yet been published, but due to the impact of the Novel Coronavirus Diseases(COVID-19), it is assumed that the numbers for 2020 and earlier will differ significantly from those for 2019 and earlier. For this reason, the past numbers are not shown in the Figure

Note 4: The figures used in this table are principally the number of foreign visitors staying at least one night, excluding Japan, Russia, Vietnam, South Korea, Taiwan, and Australia.

Note 5: The green-colored bars in the graph shows the countries/regions in Asia.

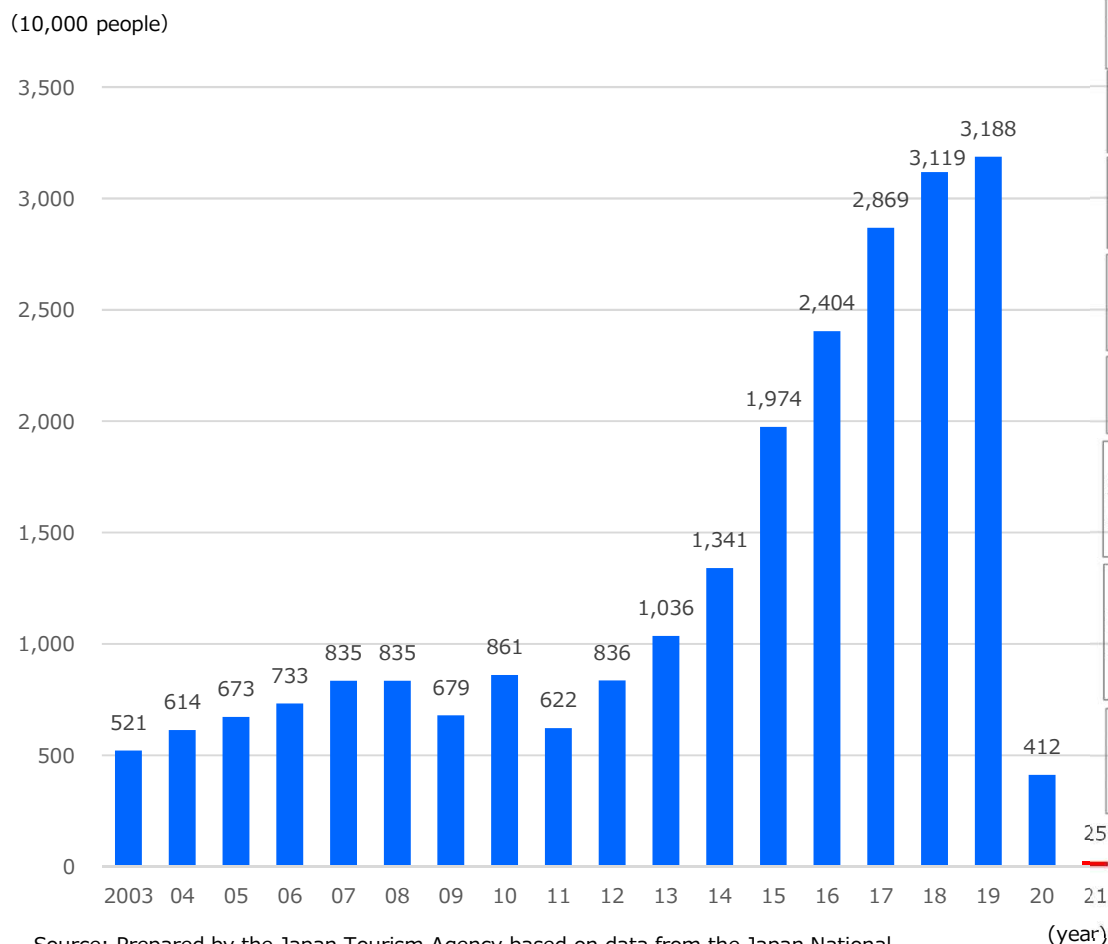
Note 6: Since the number of international tourists may be announced later or updated retroactively, the rankings may change depending on the time when the figures are adopted.

Source: Prepared by the Japan Tourism Agency based on data from UNWTO (World Tourism Organization)

[Part I] Tourism Trends in Japan (The number of international visitors)

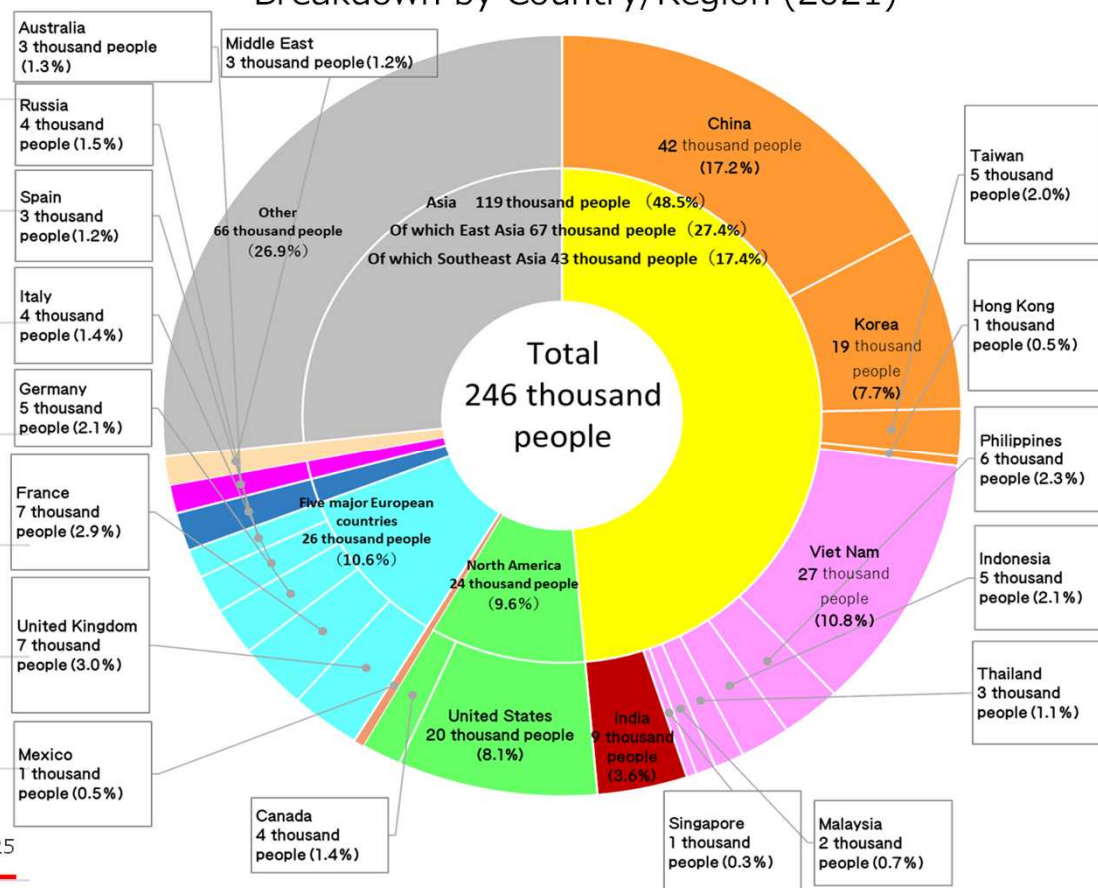
- The number of international visitors in 2021 was 246 thousand (down 94.0% from 2020, down 99.2% from 2019).
- The breakdown of the number is as follows: 119 thousand people from Asia (48.5% of the total), including 67 thousand people from East Asia (27.4%) and 43 thousand people from Southeast Asia (17.4%), 24 thousand people from North America (9.6 %) and 26 thousand people from 5 major European countries (UK, France, Germany, Italy and Spain)(10.6%).

(Figure I - 8) Trend in the Number of International Visitors



Source: Prepared by the Japan Tourism Agency based on data from the Japan National Tourism Organization

(Figure I - 9) Number of International Visitors : Breakdown by Country/Region (2021)



Source: Prepared by the Japan Tourism Agency based on data from the Japan National Tourism Organization

Note 1: Numbers in parentheses indicate percentages among the total number of international visitors to Japan.

Note 2: "Others" includes countries and regions in Asia and Europe not specified in the above Figure.

Note 3: Totals may not be exact due to rounding.

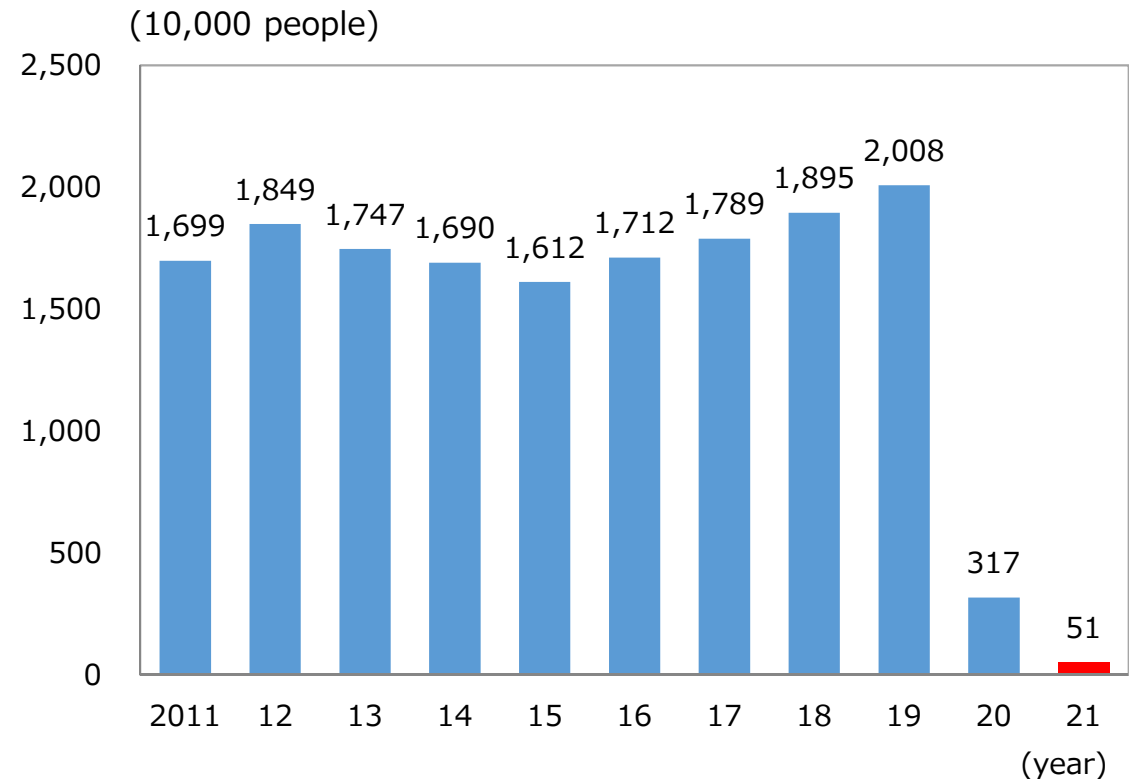
[Part I] Tourism Trends in Japan (Tourism consumption by international visitors / Overseas Travel)

- Tourism consumption (estimated) by international visitors in 2021 was **120.8 billion yen (down 83.8% from 2020, down 97.5% from 2019)**.
- **The number of Japanese overseas travelers in 2021 was 512 thousand (down 83.9% from 2020, down 97.4% from 2019)**.

(Figure I -11) Trend in the tourism consumption by international visitors

Year	Tourism consumption by international visitors
2012 (Heisei 24)	1,084.6 billion yen
2013 (Heisei 25)	1,416.7 billion yen
2014 (Heisei 26)	2,027.8 billion yen
2015 (Heisei 27)	3,477.1 billion yen
2016 (Heisei 28)	3,747.6 billion yen
2017 (Heisei 29)	4,416.2 billion yen
2018 (Heisei 30)	4,518.9 billion yen
2019 (Reiwa 1)	4,813.5 billion yen
2020 (Reiwa 2)	744.6 billion yen
2021 (Reiwa 3)	120.8 billion yen

(Figure I -18) Trend in the Number of Japanese Overseas Travelers



Source: Japan Tourism Agency "International Visitor Survey"

Note 1: Please note that there was a change of statistical basis. The survey focused mainly on travelers using airports until 2017; however, in light of the rapid increase in the number of cruise travelers, who tend to stay for a short period of time, the scope of the survey was expanded to cover cruise travelers since 2018.

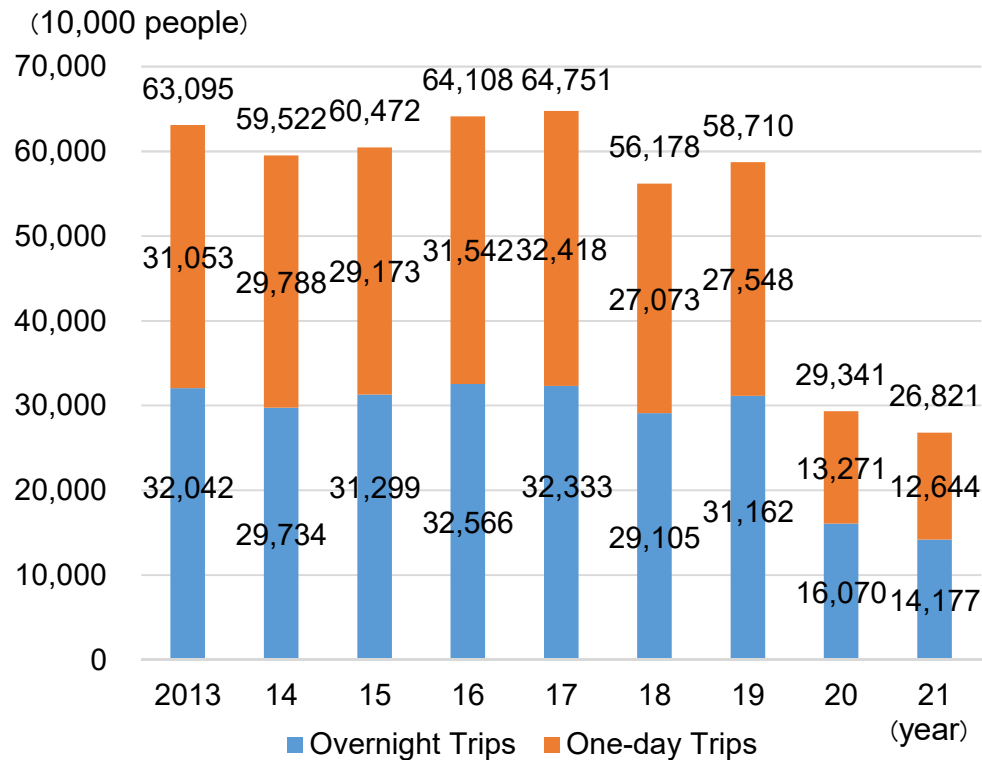
Note 2: Due to the impact of COVID-19, the surveys for the April-June, July-September and October-December periods in 2020 were canceled. The survey results for the January-March period in 2020 were used to estimate the figures for the tourism consumption of 2020. Also, the surveys for the January-March, April-June and July-September periods in 2021 were canceled. The survey results for the October-December period in 2021 were used to estimate the figures for the tourism consumption of 2021, therefore care must be taken when comparing the figures with those of 2019 and earlier.

Source: Prepared by the Japan Tourism Agency based on data from the Japan National Tourism Organization

[Part I] Tourism Trends in Japan (Domestic Travel/Consumption in Domestic Travel)

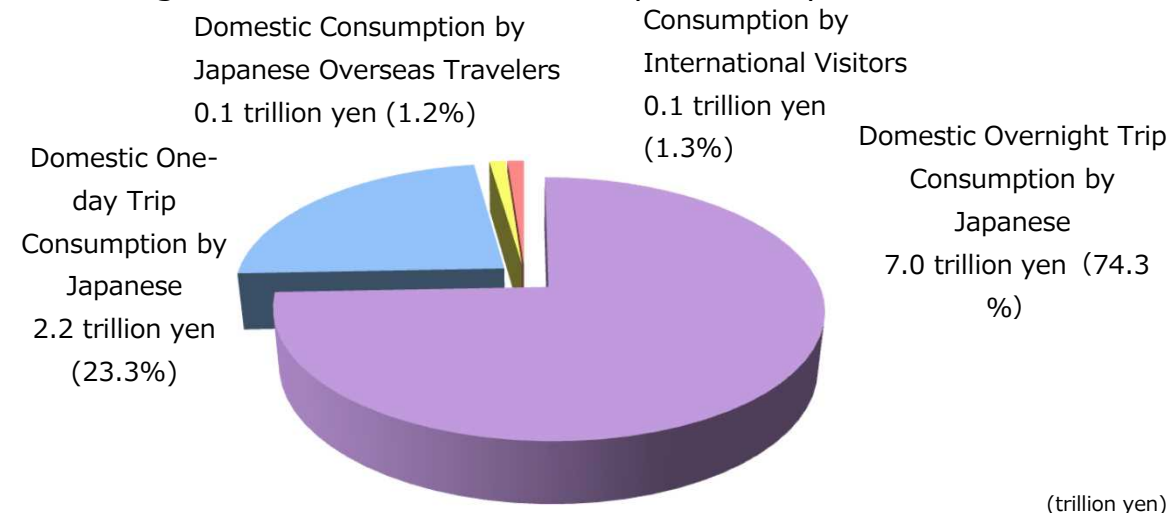
- In 2021, the total number of Japanese who took domestic overnight trips was 141.77 million (down 11.8% from 2020, down 54.5% from 2019), and the figure for domestic one-day trips was 126.44 million (down 4.7% from 2020, down 54.1% from 2019).
- Tourism consumption by Japanese and international visitors was 9.4 trillion yen in 2021 (down 14.5% from 2020, down 66.3% from 2019).

(Figure I-21) Trend in the Numbers of Japanese Taking Domestic Overnight Trips and One-day Trips



Source: Japan Tourism Agency "National Tourism Survey"

(Figure I-23) Tourism Consumption in Japan



	2012	13	14	15	16	17	18	19	20	21
Domestic Overnight Trip Consumption by Japanese	15.0	15.4	13.9	15.8	16.0	16.1	15.8	17.2	7.8	7.0
Domestic One-day Trip Consumption by Japanese	4.4	4.8	4.5	4.6	4.9	5.0	4.7	4.8	2.2	2.2
Domestic Consumption by Japanese Overseas Travelers	1.3	1.2	1.1	1.0	1.1	1.2	1.1	1.2	0.3	0.1
Consumption by International Visitors	1.1	1.4	2.0	3.5	3.7	4.4	4.5	4.8	0.7	0.1
Total	21.8	22.8	21.6	24.8	25.8	26.7	26.1	27.9	11.0	9.4

Source: Prepared from the "National Tourism Survey" and "International Visitor Survey" by the Japan Tourism Agency

Note 1: Figures for "Domestic Consumption by Japanese Overseas Travelers" in 2021 are estimates due to the small number of responses regarding overseas travel due to the impact of COVID-19.

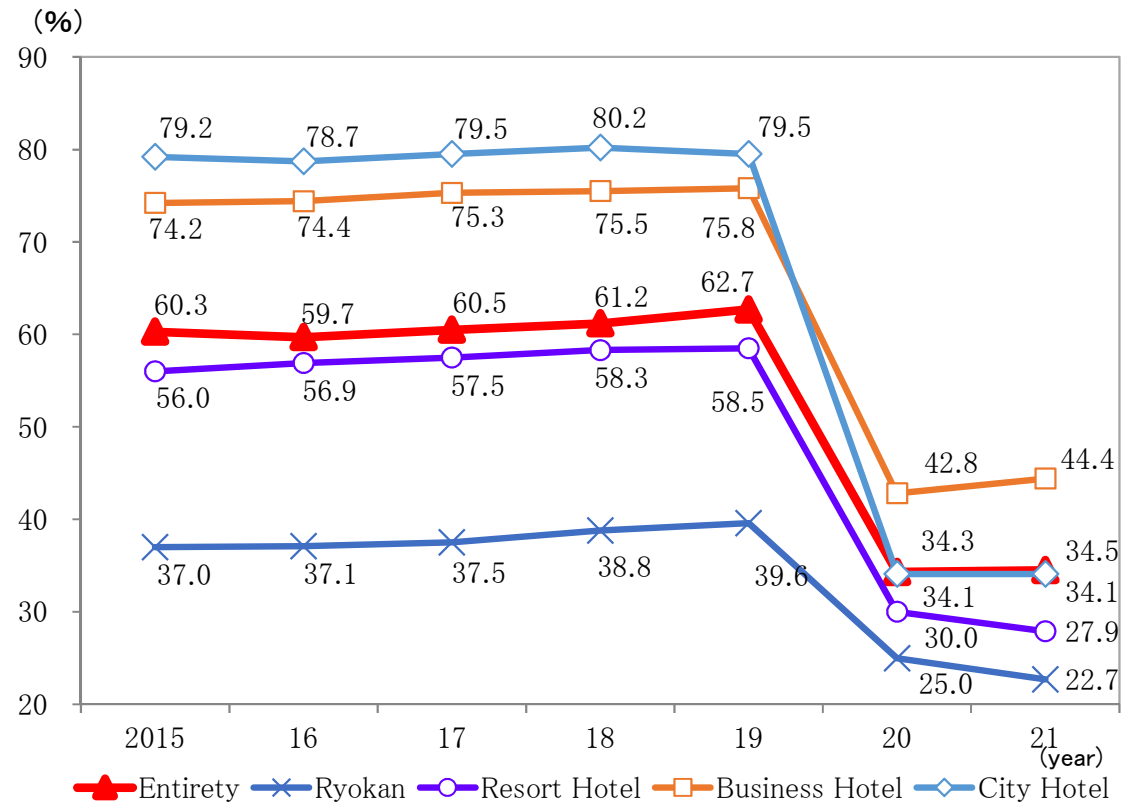
Note 2: Due to the impact of COVID-19, surveys for the January-March, April-June and July-September periods in 2021 were canceled. The survey results for the October-December period in 2021 were used to estimate the figures for "Consumption by International Visitors" in 2021.

Note 3: Due to the impact of COVID-19, the surveys for the April-June, July-September and October-December periods in 2020 were canceled. The survey results for the January-March period in 2020 were used to estimate the figures for "Consumption by International Visitors" in 2020.

[Part I] Tourism Trends in Japan (Overnight Trips)

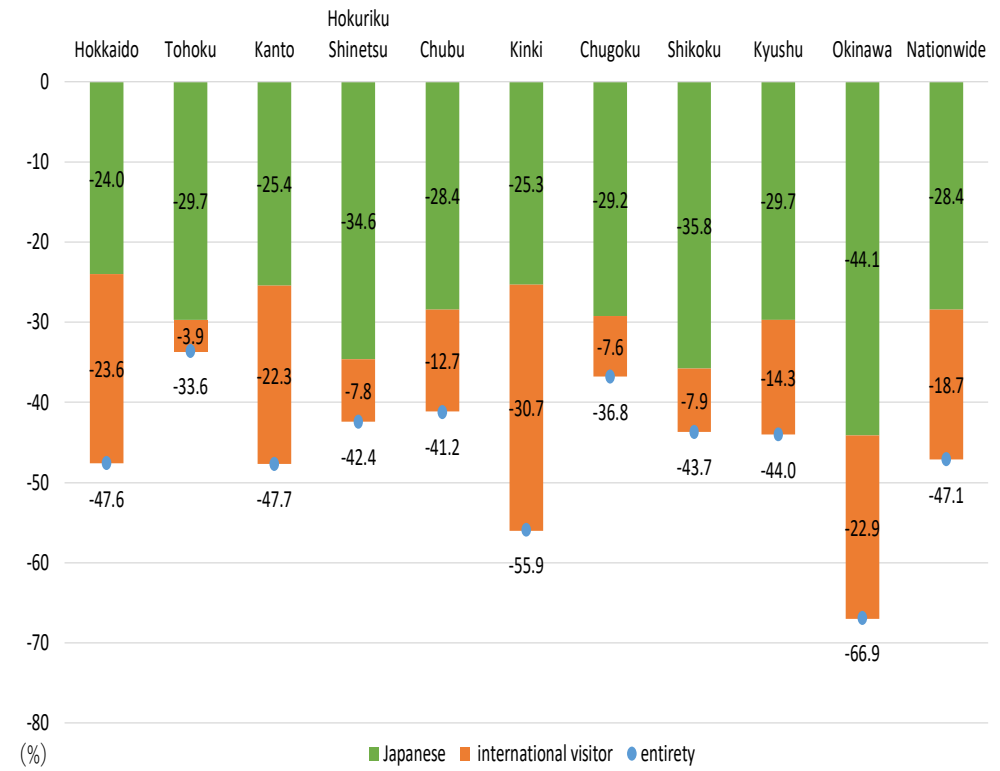
- In 2021, the national average for room occupancy rates was **34.5%**, remaining low as in 2020.
- The total number of guest nights fell for both Japanese and international visitors, but by region, the declines in Kinki region and Okinawa stood out.

(Figure I -26) Room occupancy rates by accommodation type



Source: Japan Tourism Agency "Overnight Travel Statistics Survey"
 Note 1: Preliminary figures for 2021

(Figure I -38) Total number of guest nights by regional block (Contribution Degrees by Japanese and International Visitors Changed from 2019) (2021)



Source: Japan Tourism Agency "Overnight Travel Statistics Survey"
 Note 1: Preliminary figures for 2021

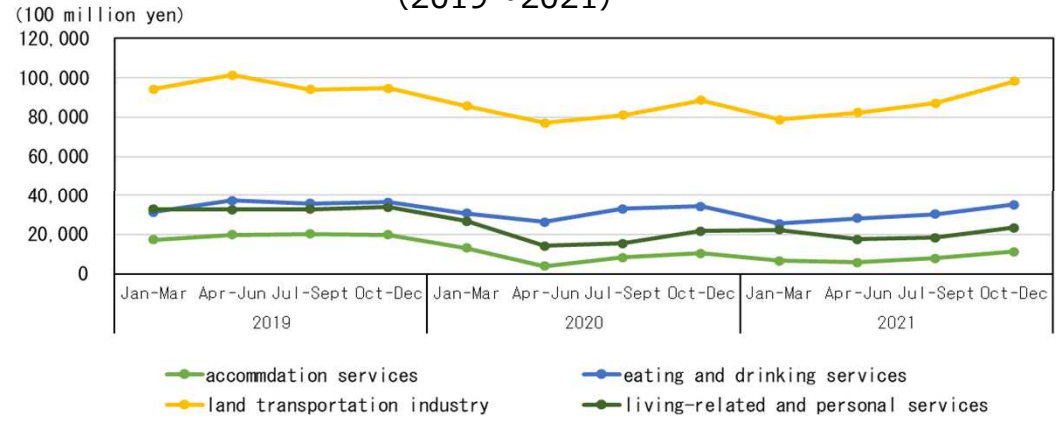
[Part II]

Tourism Industry Facing COVID-19 Infections and Its Coming Challenges

- Impact of COVID-19 (Situation Surrounding Businesses) 8
- Impact of COVID-19 (Employment Situation, Impact on Local Economy) 10
- Environmental Changes in the Domestic Travel Market (Micro-Tourism, Diversification of Travel Demand) 11
- New Tourism Exchange Markets (Workation, Second Hometown Creation) 12
- Increased Importance of “Sustainable Tourism” in Post-Covid-19 13
- Structural Challenges the Tourism Industry Is Facing 15
- Improvement of Structural Challenges the Tourism Industry Is Facing 17
- Digital Transformation in Tourism Field 19

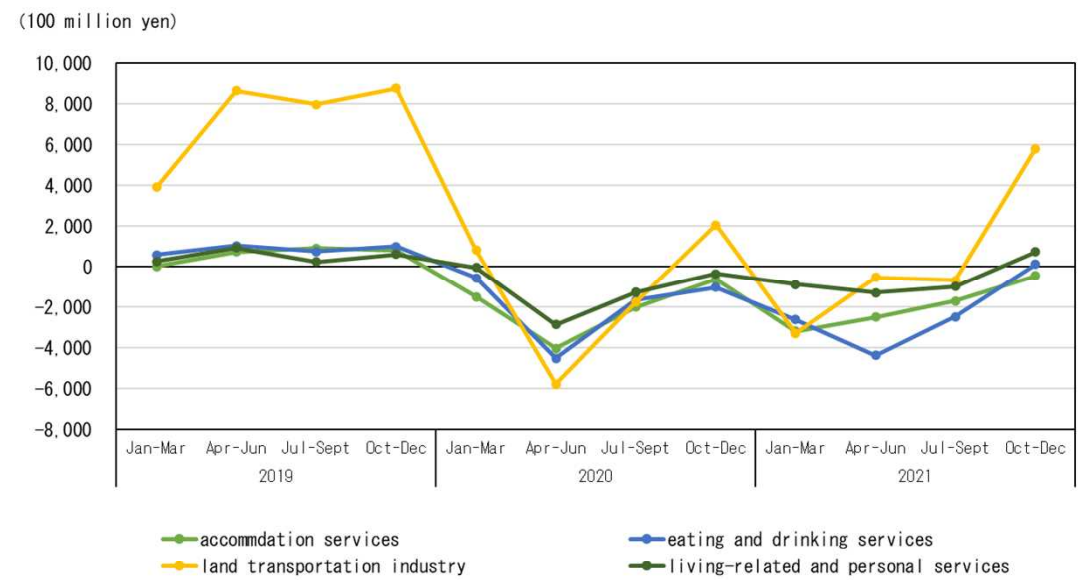
- The degree of recovery in sales in the tourism-related industries is particularly slow in the accommodation services and in the living-related and personal services, which includes tourism services. The accommodation services, looking at sales by size, are in a difficult situation regardless of the size of the business.
- **Operating income in the tourism-related industries generally remained negative in 2020, and there were signs of a slight recovery in the second half of 2021 and beyond, but the industries continue to face difficult conditions.**

(Figure II - 1) Trends in Tourism-Related Industry Sales (2019~2021)



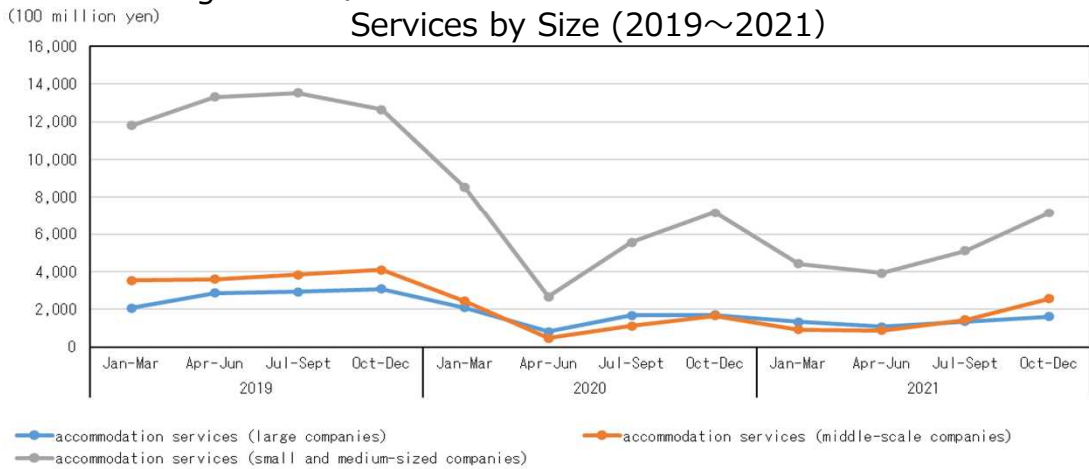
Source: Ministry of Finance "Financial Statements Statistics of Corporations by Industry"

(Figure II - 3) Trends in Operating Income of Tourism-Related Industries (2019~2021)



Source: Ministry of Finance "Financial Statements Statistics of Corporations by Industry"

(Figure II - 2) Trends in the Sales of Accommodation Services by Size (2019~2021)

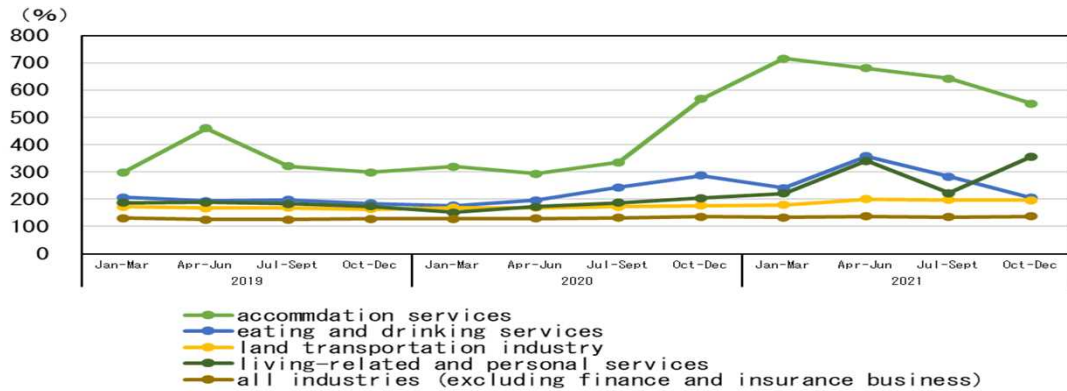


Source: Ministry of Finance "Financial Statements Statistics of Corporations by Industry"

Note 1 : Large companies are capitalized at 1 billion yen or more, middle-scale companies are capitalized at 100 million yen or more but less than 1 billion yen, and small and medium-sized companies are capitalized at 10 million yen or more but less than 100 million yen.

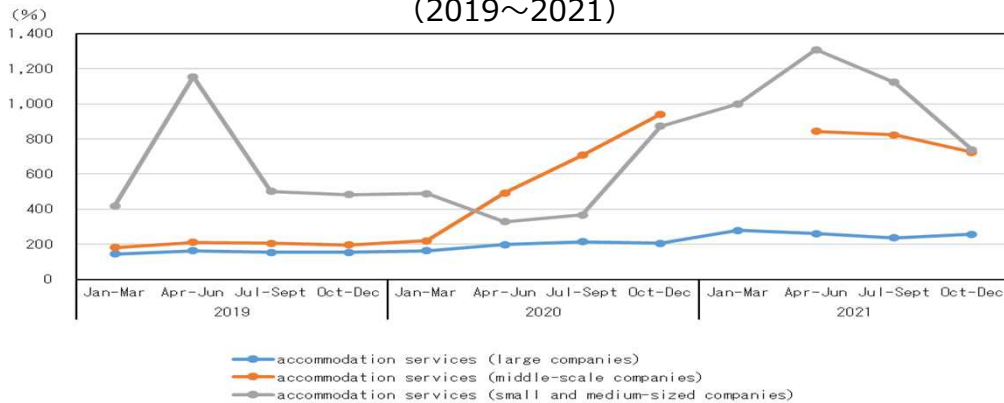
- **Looking at debt ratios in tourism-related industries, the accommodation services tend to have a higher debt ratio than other industries. Looking at the accommodation services by size, the debt ratios of middle-scale companies and small and midsize companies have increased significantly since 2020, indicating that the services are in a difficult situation.**
- Annual bankruptcies in the accommodation services increased significantly in 2020 and decreased in 2021, while bankruptcies in the tourism services increased in both 2020 and 2021. The government continues to provide support such as cash flow support by government-affiliated financial institutions and employment adjustment subsidies, but meticulous support for business continuity and employment security are still needed.

(Figure II -11) Trends in Debt Ratios in the Tourism-Related Industries (2019~2021)



Source: Ministry of Finance "Financial Statements Statistics of Corporations by Industry"

(Figure II -12) Trends in Debt Ratios by Size in the Accommodation Services (2019~2021)

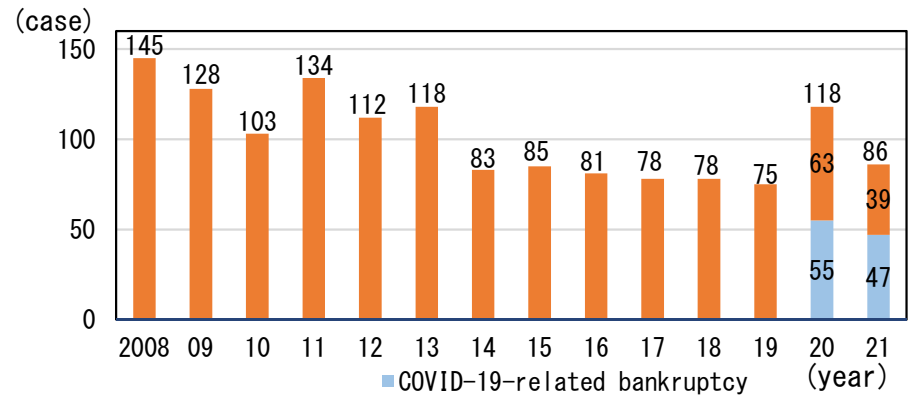


Source: Ministry of Finance "Financial Statements Statistics of Corporations by Industry"

Note 1 : Large companies are capitalized at 1 billion yen or more, middle-scale companies are capitalized at 100 million yen or more but less than 1 billion yen, and small and medium-sized companies are capitalized at 10 million yen or more but less than 100 million yen.

Note 2 : Since middle-scale companies in the accommodation industry had negative net assets in the January-March 2021 period, their debt ratios were not calculated in the Financial Statements Statics of Corporations by Industry.

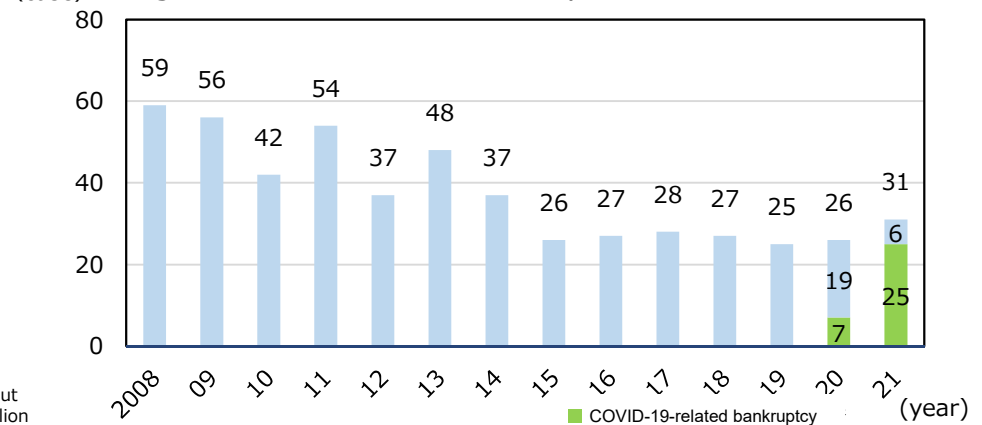
(Figure II -13) Annual Bankruptcies in the Accommodation Services



Source: Prepared by the Japan Tourism Agency based on "articles related to corporate bankruptcy" by Tokyo Shoko Research, LTD.

Note 1 : Data of the accommodation services was released on January 13, 2022.

(Figure II -14) Annual Bankruptcies in the Tourism Services

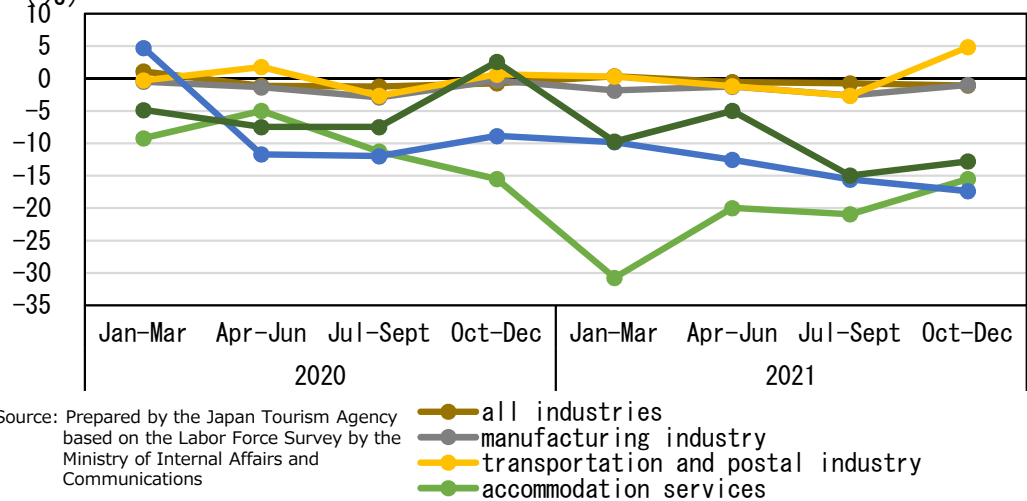


Source: Prepared by the Japan Tourism Agency based on "Articles Related to Corporate Bankruptcy" by Tokyo Shoko Research, LTD.

Note 1 : Data of the travel services was released on January 12, 2022.

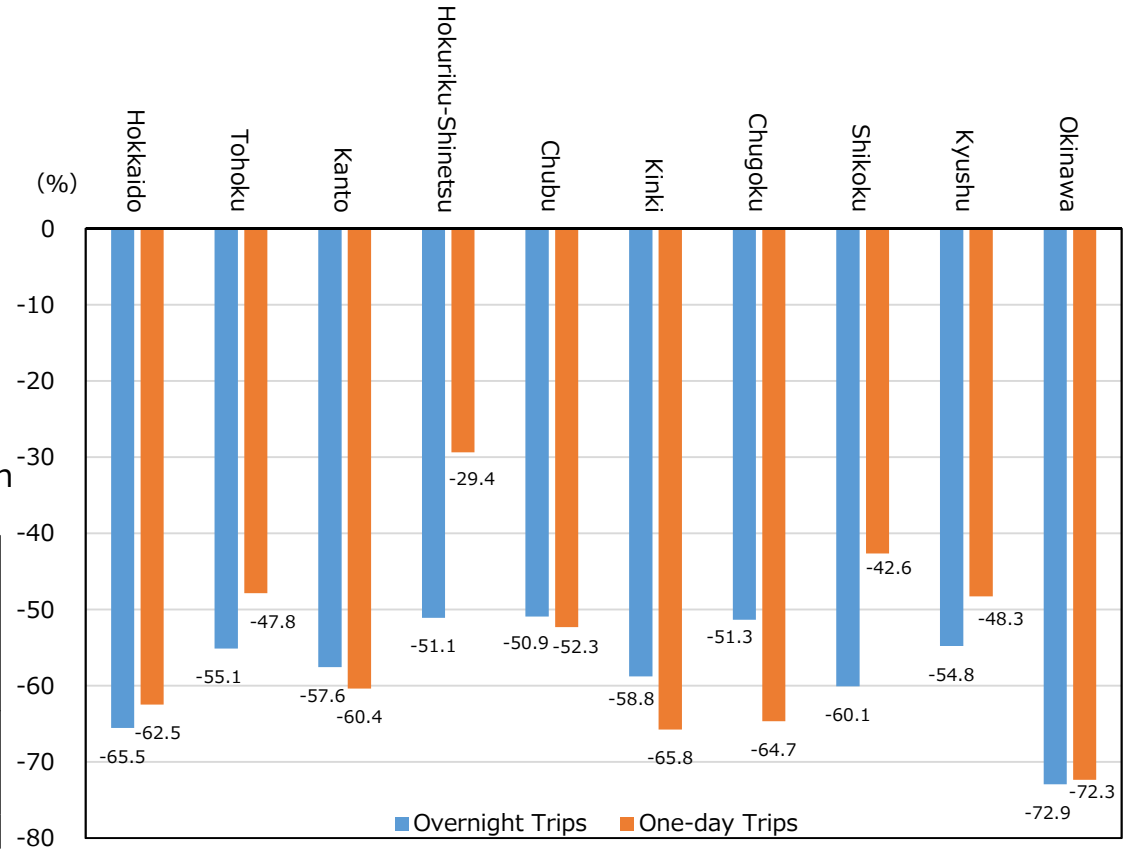
- The number of employees in the accommodations, restaurants, and other living-related and personal services has declined significantly since 2021, compared to other industries.
As for wages, the accommodations and eating and drinking services also shows a large decrease after 2020.
- Tourism consumption by destination decreased significantly in 2021 compared to 2019 in all blocks, including Hokkaido and Okinawa.

(Figure II -16) Change in the Number of Employees (compared to the same period in 2019)



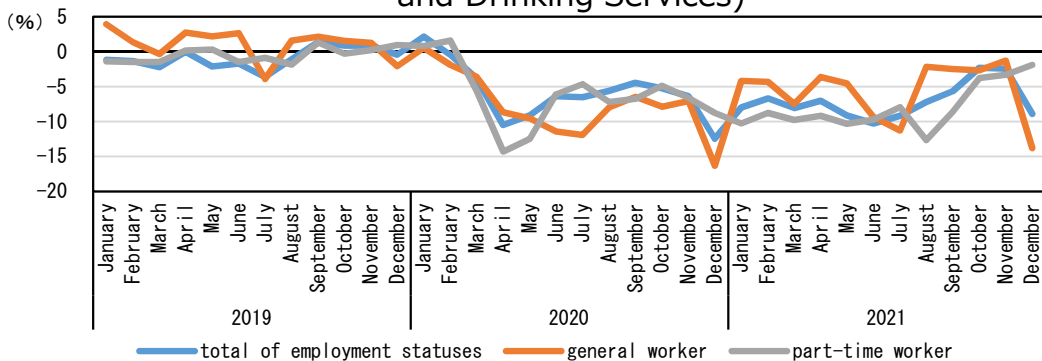
Source: Prepared by the Japan Tourism Agency based on the Labor Force Survey by the Ministry of Internal Affairs and Communications

(Figure II -23) Percent Changes in Tourism Consumption by Destination in 2021 (compared to 2019)



Source: Japan Tourism Agency "National Tourism Survey" Tourism and Recreation Purposes

(Figure II -19) Changes in Wages (Accommodations and Eating and Drinking Services)

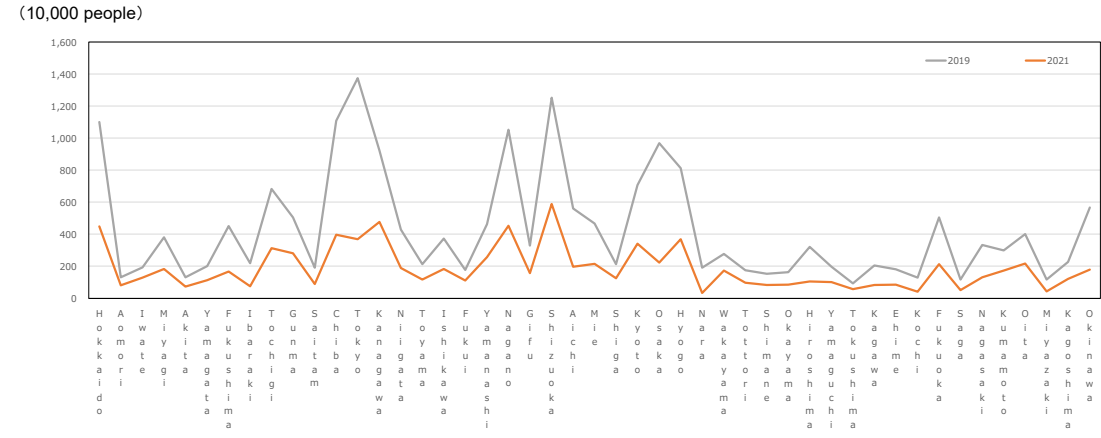


Source: Prepared by the Japan Tourism Agency based on the "Monthly Labor Survey" by the Ministry of Health, Labor and Welfare
 Note 1 : The Values indicated in 2019 and 2020 are ones compared to those of the same month of the previous year, and the values in 2021 are ones compared to those of the same month of 2019.

Note 2 : Total cash wages, the sum of salaries regularly paid and salaries paid on special occasions, are wages, salaries, allowances, bonuses, and other payments paid in currency by employers to workers as compensation for their labor, regardless of the name under which they may be called. The amount paid in currency by an employer to a worker as compensation for labor, before income tax, social insurance premiums, union dues, payments for purchases, etc., are deducted.

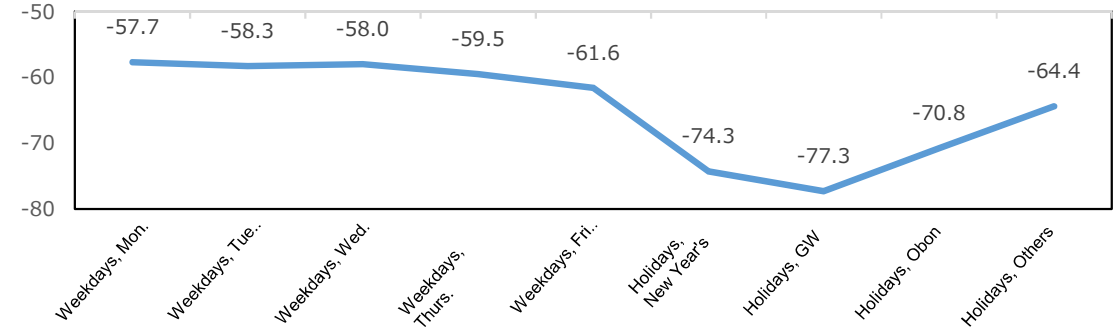
- Due to the spread of COVID-19, Japanese travelers have changed their choice of sightseeing spots, **avoiding major sightseeing spots and urban areas** where they are likely to be dense.
- **The trend of tourism within neighborhoods (so-called micro-tourism) continues to develop, but future trends need to be monitored closely.**
- The rate of decrease in tourists, who used to concentrate on holidays, national holidays, Golden Week, and the beginning of the New Year, is particularly large. **They tend to avoid crowded periods.**

(Figure II -31) Total Number of Travelers by Prefecture (by Destination)



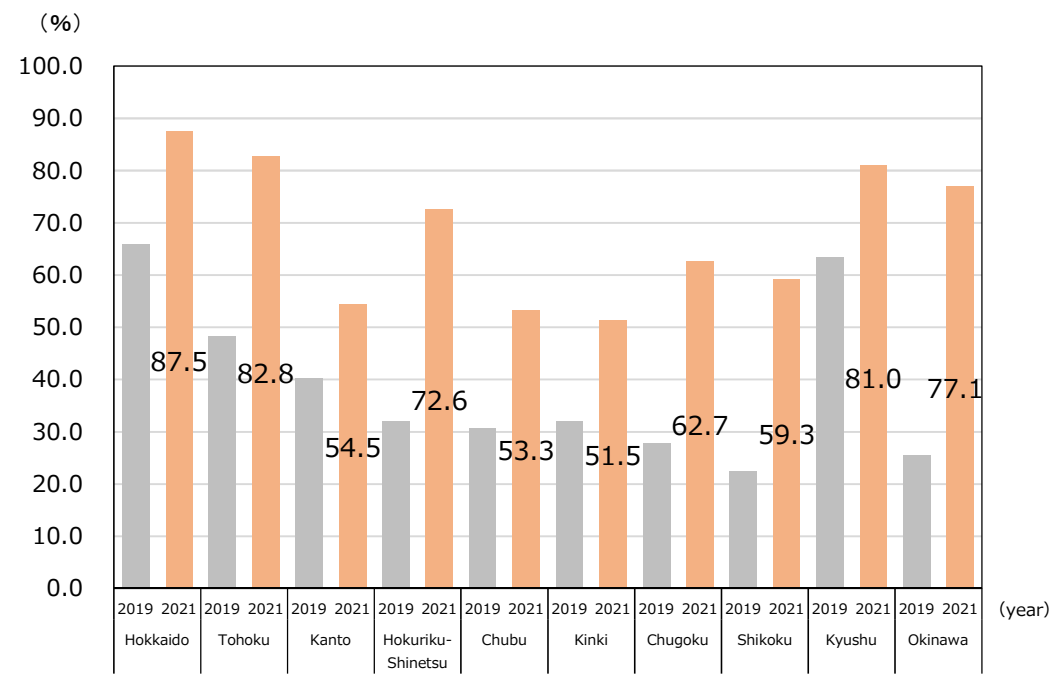
Source: Japan Tourism Agency "National Tourism Survey" Domestic Overnight trips for Tourism and Recreation Purposes

(Figure II -29) Percentage Change in Domestic Travelers by Day of the Week in 2021 (compared to 2019) (47 city-ward destinations)



Source: Prepared by the Japan Tourism Agency using mobile data
 Note 1 : The 47-city-ward destinations refer to visits to the surveyed areas (47 city-wards in the prefectural capitals of Japan).
 Note 2 : Data for January 1 to September 30, 2019 and January 1 to September 30, 2021.

(Figure II -33) Percentage of Intra-Regional Travelers within the Regional Block by Area of Residence (Comparison between 2019 and 2021)



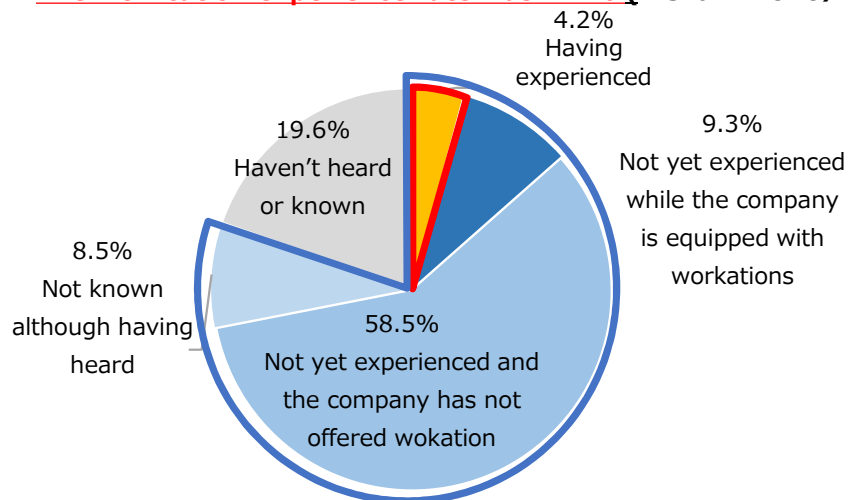
Source: Japan Tourism Agency "National Tourism Survey" Domestic Overnight trips for Tourism and Recreation Purposes

○With the growing preference for regional areas and the spread of telework as a result of COVID-19 outbreak, **initiatives to develop new exchange markets, such as workcations* and "second hometown" creation** (repeated travel to and from the region) are also being promoted.

※Workcation is a term coined by combining the words "work" and "vacation". It refers to working in a place different from one's usual workplace or home, using telework, etc. while also spending time on one's own.

(Figure II -43) Awareness and Understanding of Workcation

- **Workcation awareness among employees is 80.5%.** (79.1% in 2020)
- **The workcation experience rate was 4.2%.** (4.3% in 2020)



Source: Japan Tourism Agency survey (conducted in November 2021)

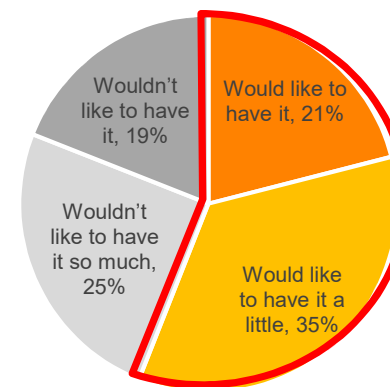
Case of Workcations[Unilever Japan]



- In collaboration with eight local governments, employees participate in activities such as local events and contribute to the community by giving lectures at elementary schools, etc.
- It also benefits the company through employee development and the creation of new business ideas.

(Figure II -49) The need to Have a Hometown Other Than the Hometown where One Was Born and Raised

- **Do you want a place where you can feel as if you were returning to your hometown where you were born and raised?**
- **56% of respondents would like to have a second hometown, more than the majority.**



Source: Prepared by the Japan Tourism Agency based on the "Survey on New Styles of Returning Home" (conducted in September 2021), surveyed by "Jalan Weekly"

Case of Second Hometown Creation[Hokuto City, Yamanashi Prefecture]



- Rice cultivation is conducted as employee training for multi-generational gatherings in an area that had become a wasteland due to abandoned cultivation.
- While visiting the region many times over a period of nearly a year and engaging in rice farming, visitors participate in solving local problems.

- The outbreak of COVID-19 has triggered a **growing worldwide need for travel that is more in touch with the natural environment** rather than crowded, well-known tourist destinations.
 - There is a **global trend heightened toward greater awareness of sustainable behavior** in the way people spend their time on travel destinations, and efforts toward sustainable tourism will be important in the future.
- ※ Sustainable tourism is defined by the UNWTO as "tourism that fully takes into account its current and future economic, social, and environmental impacts while addressing the needs of visitors, the industry, the environment, and the communities that host them."

(Figure II -61) Increased Awareness of Sustainable Tourism among Global Travelers Due to Impact of the Pandemic

Travelers in the world who responded, "The pandemic has made me want to travel more sustainably than I do now : 61%

61%

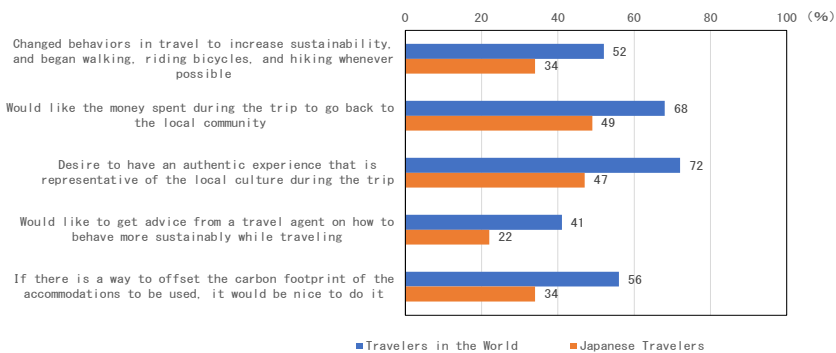


Examples of Sustainable Practices: Recycling, Reducing the amount of garbage, Using public transportation, etc.

Source : Booking.com "Sustainable Travel Report 2021"

Note 1 : Conducted online in March 2021 for 29,349 persons aged 18 and older in 30 countries and territories.

(Figure II -62) How to Spend Time on Travel Destinations

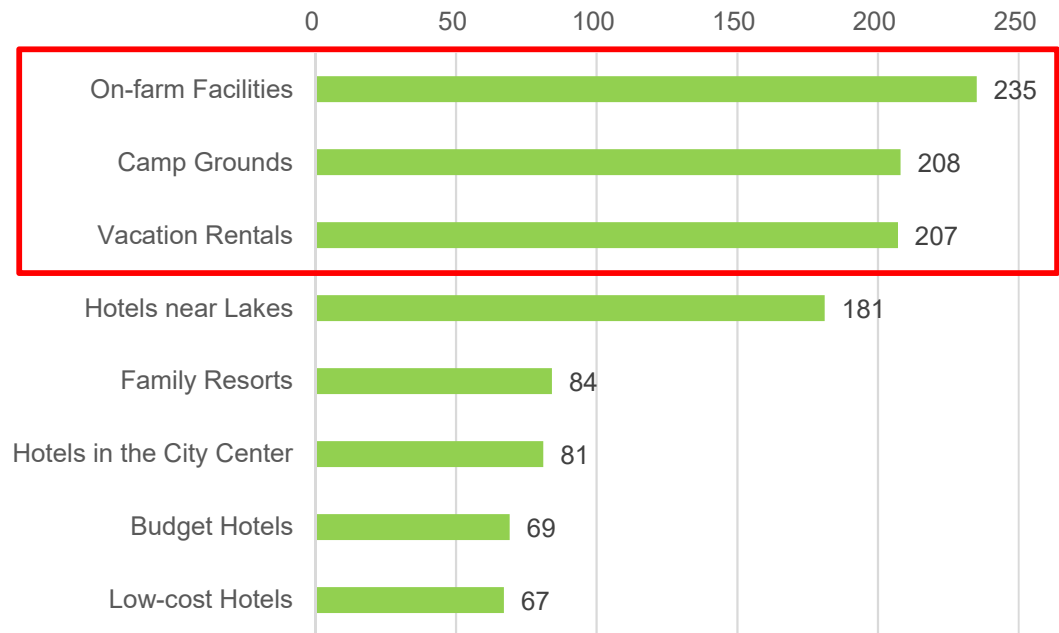


Source: Prepared by the Japan Tourism Agency based on data from Booking.com's "Sustainable Travel" survey (2019)

Note 1 : Conducted from February to March 2019. 18,077 participated from 18 markets worldwide (more than 1,000 each from Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Netherlands, South Korea, Spain, Taiwan, the United States, and the United Kingdom; 883 from Israel).

Note 2 : The chart shows the percentage of respondents who answered "yes."

(Figure II -63) Number of Hotel Searches on Tripadvisor YoY changes index



Source : Prepared by the Japan Tourism Agency based on Tripadvisor "beyond COVID-19: The Road to Recovery for the Travel Industry" (May 2020)

○In anticipation of the post-COVID-19, it is necessary to promote sustainably the creation of a tourism area that is "good to live in and good to visit" so that local residents can feel the benefits of tourism while preserving local resources such as the natural environment, culture, and local industry.

Examples of Creating Sustainable Tourism Areas in Japan

Preservation of Cultural Properties through Admission Fees

- The Sanbutsu-do Hall of Rinnoji Temple in Nikko underwent its first major conservation renovation since the Showa period.
- The state of conservation and repair of cultural properties that are normally closed to the public is opened to the public, and the admission fee is used to cover part of the repair costs.



Rinnoji Temple Main Hall (Sanbutsu-do)

Refinement of Local Industries as Tourism Content

- In the Tsubame-Sanjo area, the factories and other facilities that gather in the community are opened to the public, and events are held to allow visitors to tour and experience the work.
- The initiative aiming to increase the number of local fans contributes to issues related to the preservation of traditional crafts, such as the lack of successors to artisans.



Tour of a Factory

Future Sustainable Tourism Initiatives by the Japan Tourism Agency

○ Prevention of Overtourism

- Outbreak of Congestion ⇒ Diversification of Timing, Time, and Location of Visitors
- Violation of Manners ⇒ Raising Visitor Awareness + Spreading the Benefits to Local Residents

○ Conservation and Revitalization of the Natural Environment, Culture, and Other Local Resources

- Maintenance of wooden paths, restrooms, etc. ⇒ Conservation of natural environment using user fees
- Protection of cultural assets ⇒ Preservation and repair of cultural assets through the use of admission fees, etc.

○ Creating a Sustainable Tourism Area

- Transient efforts relying on subsidies ⇒ Continuous collaboration among related parties to create a self-reliant and self-supporting community

① Establishing a Management Structure

<Measure Image>

The "**Japanese Sustainable Tourism Guidelines (JSTS-D)**" (R2.6) and "**Guidance**" (R4.3), conforming to international standards, were developed as **tools** for local governments and DMOs to **conduct sustainable regional management** based on multifaceted and objective data measurement and medium- to long-term planning, taking account of both tourists and local residents.

② Creation and Devising of Content

<Measure Image>

Support is provided **from the creation of content** using **the region's unique tourism resources** (nature, food, history/culture, livelihood, etc.) **to the development of sales channels**, taking into consideration the burden on the region.

③ Improvement of the Environment for Reception

Visualization of Congestion (Kyoto)

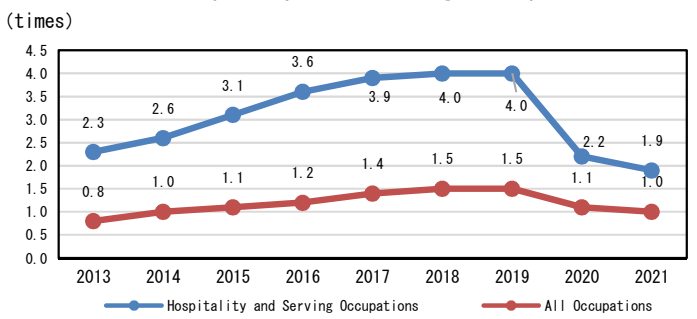
<Measure Image>

Information is provided on the predicted comfort level of sightseeing by time of day around popular sightseeing spots, real-time information, and useful information for sightseeing while avoiding dense areas.

[Part II] Structural Challenges the Tourism Industry Is Facing

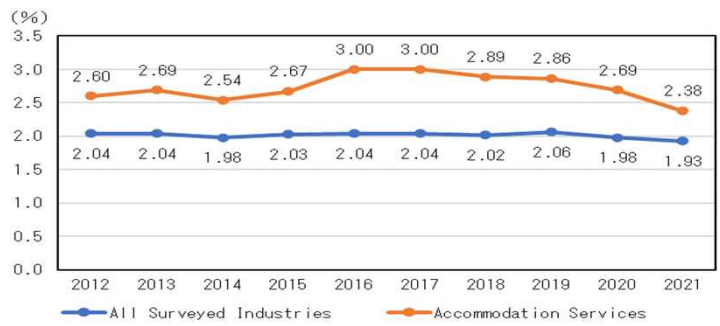
- While the **jobs-to-applicants ratio of the "hospitality and serving occupations,"** which include ryokan and hotel managers and others involved in the accommodation services, rose consistently from 2.3 times in 2013 to 4.0 times in 2019, **it declined in 2020 and 2021 due to a sharp drop in tourism demand caused by the spread of COVID-19, falling to 1.9 times in 2021.**
- The rate of turnover, one of the factors contributing to labor shortages in the accommodation services, reached 3% in 2016 and 2017, but trended slightly lower in 2020 and 2021, when the tourism industry as a whole was stagnant due to the spread of COVID-19.
- The results of a survey of approximately 6,600 hotels nationwide regarding concerns about future hotel operations showed that the most common concerns were "employee recruitment and training" and "deteriorating buildings and facilities."

(Figure II -74) Changes in the Jobs-to-Applicants Ratio for Hospitality and Serving Occupations



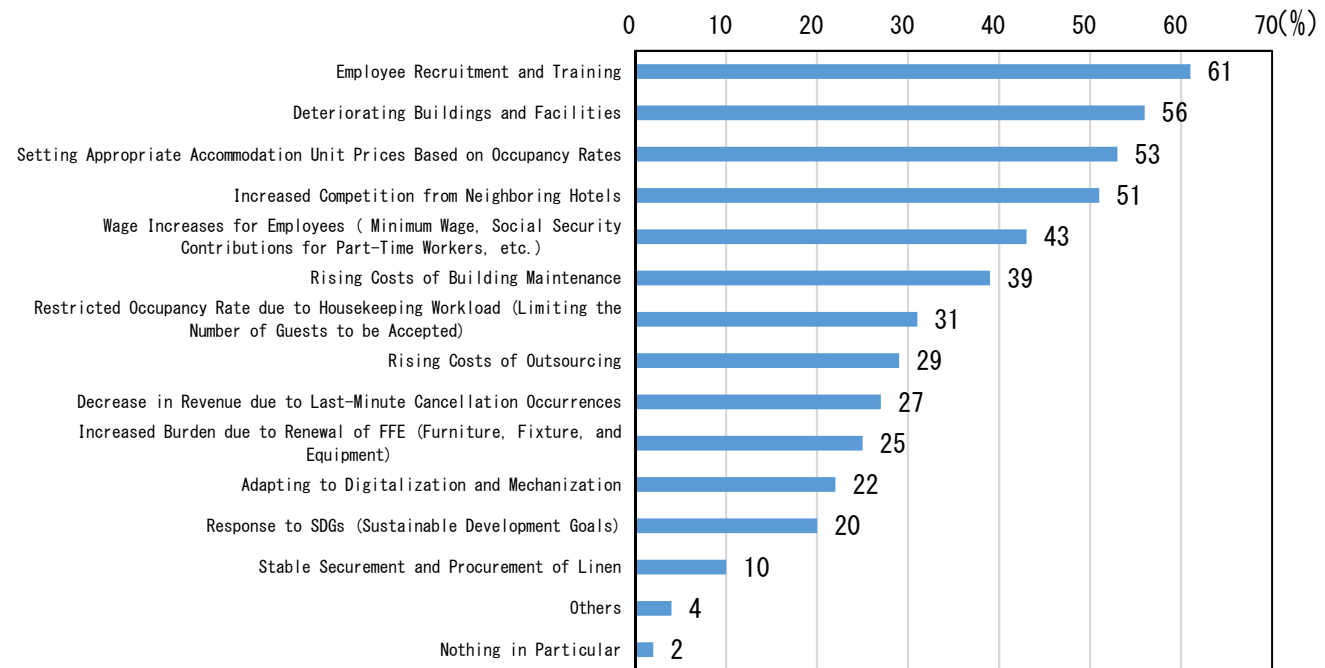
Source: Ministry of Health, Labour and Welfare "Statistics on Employment Security Operations"
 Note 1: Figures are for regular employees including part-time workers, excluding new graduates and jobs for new graduates.
 Note 2: "Part-time" refers to those whose prescribed weekly working hours are shorter than the prescribed weekly working hours of regular workers employed at the same establishment.
 Note 3: "Regular employment" means an employment contract with no fixed term or an employment term of 4 months or longer.

(Figure II -75) Trends in Turnover Rate



Source: Ministry of Health, Labour and Welfare "Monthly Labor Survey".
 Note 1: The turnover rate is the ratio (%) of the number of regular workers who left their jobs during the survey period due to retirement, transfer, etc. (including transfers between offices within the same company) to the total number of regular workers at the end of the previous survey period. The annual figure is a simple average of the monthly turnover rates.

(Figure II-81) Results of Questionnaire Survey on "Concerns and Worries about Future Hotel Operations"

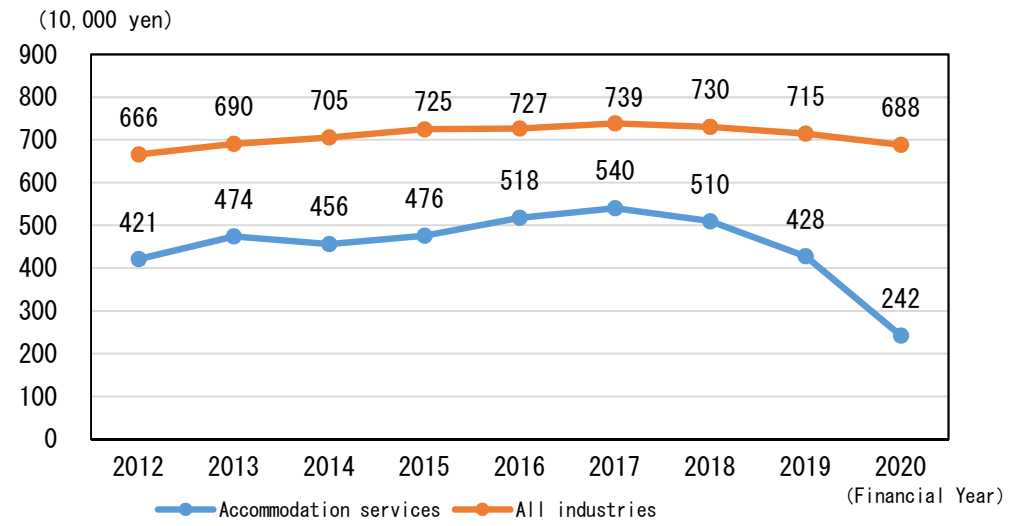


Source: Xymax Real Estate Research Institute "Questionnaire Survey on Hotel Operations (2022)"

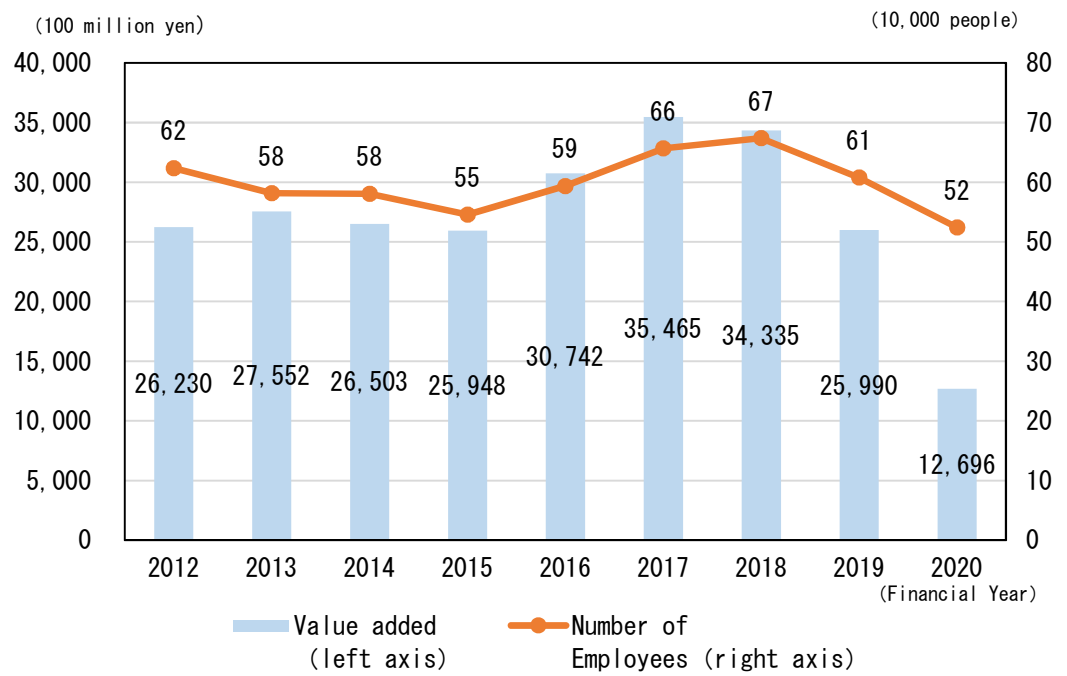
[Part II] Structural Challenges the Tourism Industry Is Facing

- Labor productivity (value added per employee) in the accommodation services is lower than the average for all industries; the gap with the average for all industries tended to narrow until FY2017 but widened significantly in FY2020; when the spread of COVID-19 caused a downturn in overnight travel.
- In this regard, the value of labor productivity in FY2020 is thought to have been pushed down because the value added decreased by about 50% compared to FY 2019 while the number of employees decreased by only about 15% due to the use of employment adjustment subsidies and other measures.

(Figure II-82) Trends in Labor Productivity



(Figure II -83) Trends in Value Added and the Number of Employees in the Accommodation Services



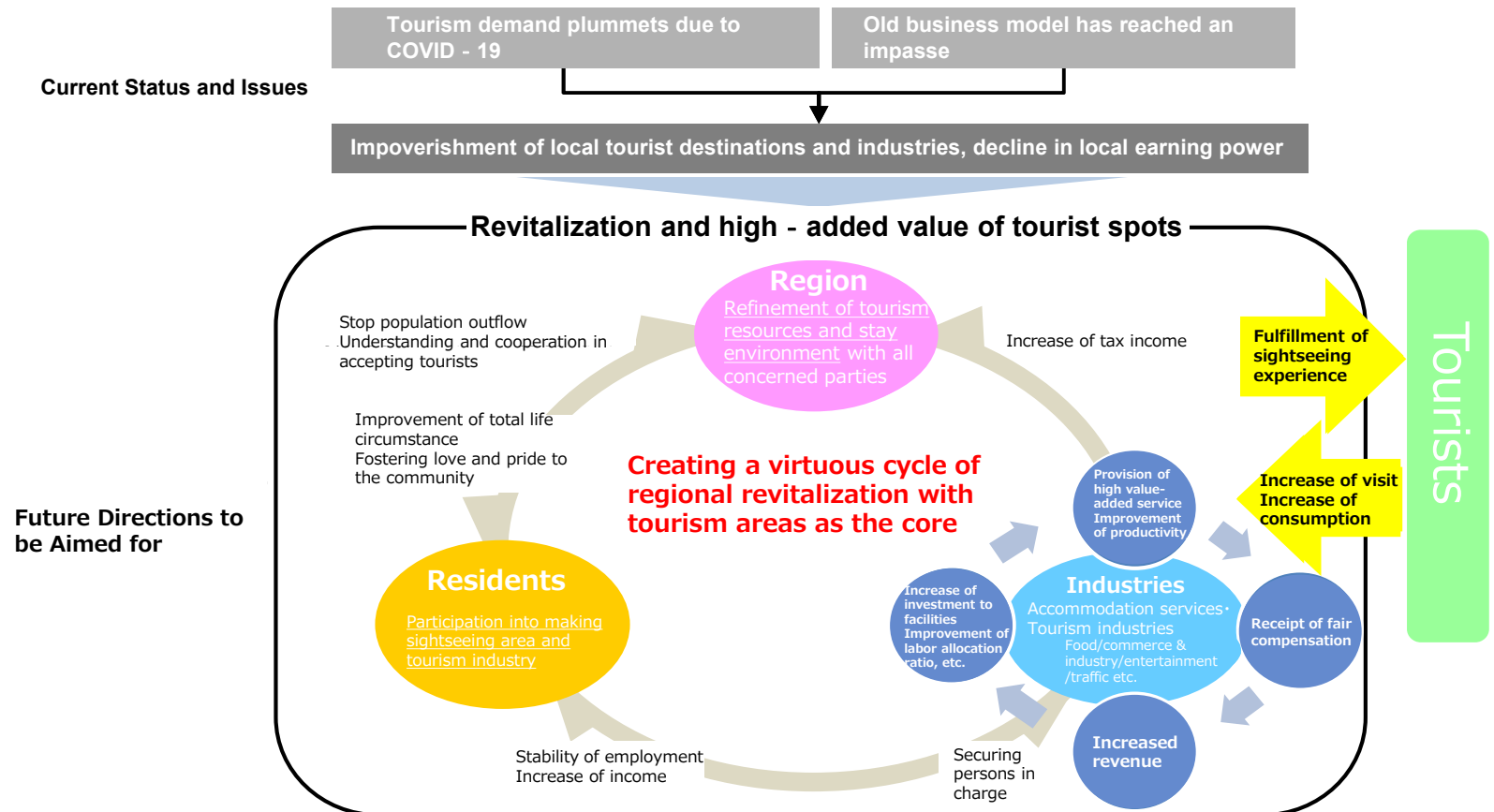
Source: Prepared by the Japan Tourism Agency based on the Ministry of Finance "Financial Statements Statistics of Corporations by Industry"
 Note 1: Labor productivity is calculated as value added divided by the number of employees.

Source: Prepared by the Japan Tourism Agency based on the Ministry of Finance "Financial Statements Statistics of Corporations by Industry"
 Note 1: Value added is the sum of personnel expenses (i.e., total of employee salaries, employee bonuses, directors' salaries, directors' bonuses, and welfare expenses), interest expenses, etc. rent on movable and immovable property, taxes and dues, and net operating income.

[Part II] Improvement of Structural Challenges the Tourism Industry Is Facing -Revitalization and High Value Added of Sightseeing Spots

- In order to achieve a V-shaped recovery of tourism from the COVID-19 disaster, it is necessary to strongly promote the revitalization and high-value-added development of exhausted sightseeing spots and the establishment of sustainable management of sightseeing spots. In addition, it is necessary to solve longstanding structural challenges in the tourism industry, which plays a central role in the promotion, and to revitalize the tourism industry.
- In this way, the fruits of regional revitalization through tourism can be enjoyed by local communities, industries, and residents, By linking to the further refinement of sightseeing spots, it is possible to create a virtuous cycle of sustainable regional revitalization through tourism.
- The tourism industry is facing structural issues such as low productivity and lagging digitalization, etc. In order to solve these problems, it is necessary to promote DX as well as to improve the treatment of workers in the tourism industry.

The Direction of Regional Revitalization and Tourism Industry in Post-COVID-19 (Image)



Source: Prepared by the Japan Tourism Agency

[Part II] Improvement of Structural Challenges the Tourism Industry Is Facing


- Local governments, DMOs, etc. is **strongly supported in the preparation of regional plans for the revitalization of sightseeing spots and the renovation projects based on these plans**, towards the areawide revitalization and high-value-adding of sightseeing spots in the region as a whole with a focus on accommodation facilities, which are the face of sightseeing areas.
- In order to realize a full-fledged recovery of tourism supporting the regional economy, comprehensive **support is provided from the creation of content to the development of sales channels utilizing the region's unique tourism resources**, such as nature, food, history, culture, art, livelihood, and transportation, aiming to **create a signature product that can be profitable for the region**.
- Digital transformation** in the tourism field is promoted to **increase consumption and promote revisits**, as well as to **develop human resources** to support these efforts, thereby creating **a region that generates income**.

Revitalization of Sightseeing Areas and High Value-Added Sightseeing Services Working Together with Local Communities


High Value-Added Accommodations

- Support for Large-Scale Renovation of Accommodation Facilities Contributing to the Area-wide Revitalization of Sightseeing Spots
- 

Renovation of Tourist Facilities

- Support for Renovation of Souvenir Shops, Restaurants, etc.
- 

Removal of Abandoned Buildings to Improve Tourism Attractiveness

- Support for Removal of Abandoned Buildings Contributing to Scenic Improvement of Sightseeing Spots, etc.
- 

Renovation of Public Facilities for Tourism Purposes

- Support for Renovation of Well-located Public Facilities, including the Addition of Cafes, etc.
- 

Creation of Signature Products that Generate Income for the Region Using the Region's Unique Tourist Resources

Measure Image

- Nature**
 - Creation of Hands-on Activities Utilizing the Region's Unique Nature
- Food**
 - Development of New Menus Based on Local Specialty Food Experiences and Regional Characteristics
- History · Culture · Arts**
 - Creating Programs for Tourists to Experience Culture and Arts Rooted in Local Communities
- Local Industry (Occupation)**
 - Creating Experience/Learning Programs based on the Local Occupation
- Traffic**
 - Creating Unique Regional Content by Capitalizing on the Region's Symbolic Traffic

Digital Transformation in Tourism Field

Improved Productivity in the Tourism Industry

- Property Management System for Advanced Information Management and Efficient Staffing




(Source: Ryokan Jinya)

Improving Convenience for Tourists and Promoting Round Trips

- Real-Time Information Transmission through Digital Signage, etc.
- Utilizing Tourism Apps to Increase Consumption by Avoiding Congestion and Dispersing Human Flows

Advanced Management of Sightseeing Areas

- Encouraging repeat visits and increasing consumption through marketing (CRM) that uses travel, accommodation, and purchase data of travelers
 - Direct Marketing, Push-based and Seasonal Information
- 
- (Source: Kesenuma Crew Card App)

Tourism Digital Human Resource Development and Utilization

- Promoting and Developing Digital Human Resources with Destination Management/Marketing Organizations (DMOs) at the Core
- Digitalization of Tourism Areas, Marketing, and Use of Data in Tourism Industry Management, etc., Led by Digital Human Resources

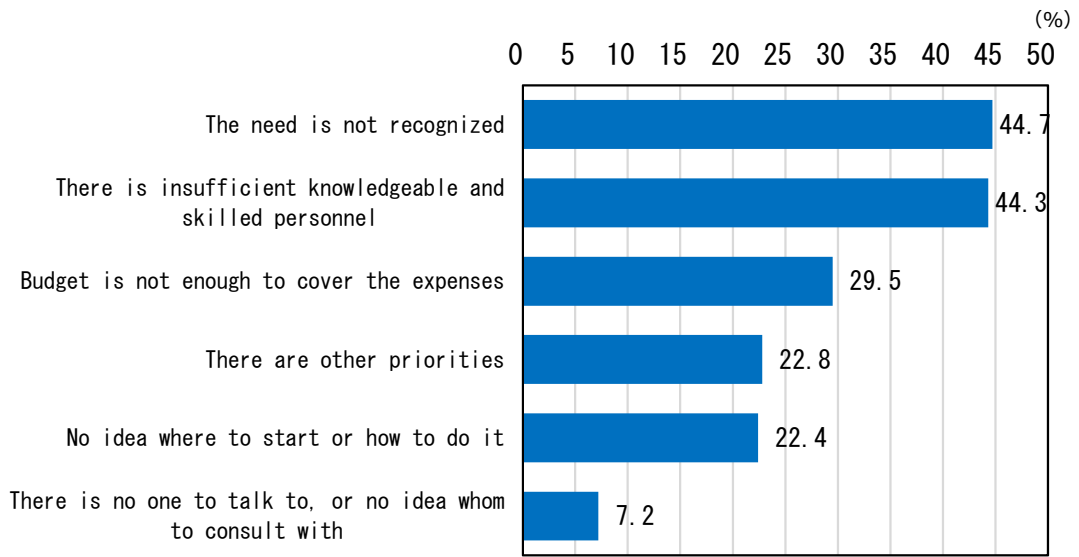
[Part II] Digital Transformation in Tourism Field

- Tourism industry lags behind other industries in DX (Digital Transformation) efforts.
- Businesses cite a lack of human resources, finances, and awareness of the need for IT/digitalization as reasons for their lack of progress.

(Figure II -89) Efforts for Digital Transformation (by Industry)



(Figure II -93) Reasons for Lack of IT and Digitalization Response



Source: Japan Tourism Agency survey (conducted in May 2021)
 Note 1: The survey was conducted among workers in the accommodation industry (company employees, company executives, managers, part-time workers, and contract employees).
 Note 2: Results for those who responded that IT and digitalization are insufficiently responded to and ineffective.

Source: Prepared by the Japan Tourism Agency based on the Ministry of Internal Affairs and Communications "2021 White Paper on Information and Communications"

[Part II] Digital Transformation in Tourism Field

- In the tourism sector, the digitalization of travelers is progressing with the spread of online travel and accommodation reservations and smartphones although accommodation facilities and tourism areas are lagging behind in their response.
- It is important for **the entire local community to work together in building a system to obtain and analyze data on tourists from multiple perspectives and to understand their needs, behavior, and consumption with a high degree of accuracy, thereby improving the production value and the quality of employment in the region** while individual businesses, Destination Management/Marketing Organizations (DMOs) and other entities are promoting digital Transformation.

Concrete Examples of Digital Transformation in Tourism Areas

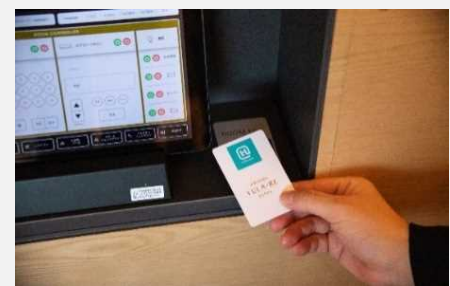
Improved Convenience for Travelers and Promotion of Round-trips

- Kyoto City provides "Kyoto Sightseeing Comfort Map," which introduces tourist spots for comfortable sightseeing and times of the day when tourist crowding is low, using location information from smartphones and other devices.
- In addition to analyzing live camera images and working to improve the accuracy of comfort level forecasts, the city has begun distributing live camera images.



Image of Kyoto Sightseeing Comfort Map

- Hotel AMANEK in Beppu Onsen, Oita Prefecture, has introduced the HEYAZUKE System, which allows room-based billing at about 40 restaurants in the city using guest room card keys and paying at once upon check-out.
- The cashless system contributes to the convenience of empty-handed city walking and to increased consumption in the community as a whole.



HEYAZUKE System

Advanced Management of Tourism Areas

- (Association)Kesennuma Regional Strategy introduced the "Kesennuma Crew Card," a point card.
- Utilizing the collection/analysis of usage data and CRM (Customer Relationship Management), development of new food menus and experiential content, etc., as well as direct transmission of the latest information to members, is being promoted to attract repeat customers.



Creation of Experience Products Based on Oyster Needs

- (Association) The Gero Onsen Tourism Association has digitalized the customer information from accommodation facilities, which had been collected in analog form, to utilize data on the number of overnight guests and their attributes over the entire region.
- The CRM application is being utilized to increase tourism consumption, such as through a stamp rally for members to tour the city.



Gero Onsen Village CRM App

Developing Domestic Exchanges and New Exchange Markets

- Stimulating tourism demand through "New Go To Travel Campaign" and support for regional travel projects.
- Popularizing workcation and "second home creation" (repeated travel to and from the region)



Transformation the Tourism Industry

- Resolving structural issues in the tourism industry (Study on a mechanism to support strengthening the management capacity of the accommodations and travel services)
- Transformation tourism services through the use of digital technology (avoiding congestion at sightseeing spots, the introduction of property management systems, etc.)



Realization of a Community that Can Experience the Affluence via Expanded Exchanges

- Strengthening the revitalization of area-wide sightseeing spots, including support for renovation of accommodation facilities, removal of abandoned buildings, etc.
- Creating local "signature products" that can generate income through collaboration with a wide range of local stakeholders



Restoring and Qualitatively Transforming International Exchange

- Strengthening efforts to increase consumption and promoting the attraction of visitors to local areas (creating luxury inbound sightseeing spots in local regions)
- Strengthen efforts for sustainable tourism (improving the environment for welcoming foreigners, etc.)
- Conducting strategic promotion of inbound tourism utilizing digital marketing

