



Our Future in Japan

Japan Market Strategy 2008–2010
Highlights



Purpose

The Japan Market Strategy is a three year strategy (2007 – 2010) that identifies key priorities for Tourism Queensland (TQ) to pursue in partnership with Tourism Australia (TA), Regional Tourism Organisations (RTOs), the Queensland tourism industry, airline partners, trade partners and other businesses to deliver growth in leisure visitor numbers, expenditure and length of stay to Queensland from Japan. It clearly identifies the strategic long term direction that is being undertaken by TQ in its approach to marketing and developing Queensland for Japan and is a useful reference tool for Government, the Queensland tourism industry, the Japanese tourism industry and all other stakeholders interested in growing tourism from this important source market.

Background

Injecting \$590 million of tourism expenditure into the Queensland economy in the year ended July 2007, the Japan market has been an important source of inbound tourism to Queensland for the past two decades, and for many years Japan was Queensland's largest source of inbound tourists.

In recent years, Japanese outbound tourism has presented several challenges, not only delivering consistently fewer tourists to Queensland and Australia, but also to many competitor destinations around the world. It has experienced impacts from a slowing economy, a burgeoning older population, changing outbound travel patterns and preferences, increased competition and significant variations in aviation services. More recently however, there have been indicators of improved conditions for outbound tourism to international leisure destinations such as Australia. These include increased employment, stronger investment and recovering economic growth.

The Japan Market Strategy has been developed to address these and other key strategic priorities for the Japan market and its long term sustainability in Queensland. The final strategy reflects a process of ongoing consultation and industry engagement, using a number of documents, including the QTS and the Japan Action Plan as a basis for its development.

Market Overview

Population¹ 127 million

Currency Japanese Yen (YEN)

Languages Japanese

Major Religions Shinto, Buddhism

Annual Leave 15 – 20 days

Market Centres¹

Kanto Region (Tokyo) 40 million

Kansai Region (Osaka) 20 million

Chubu Region (Nagoya) 11 million

Kyushu Region (Fukuoka) 13 million

Hokkaido Region (Sapporo) 5 million

GDP Growth Forecast for 2007² 2.0%

Forecast Arrivals Growth into Australia³

0.6% (annual average from 2006 – 2016)

Tourism Queensland's presence

Office in Tokyo – 4 staff members

Office in Osaka – 1 staff member

Tourism Australia's presence

Office in Tokyo – 14 staff members

1 July 2007 est World Fact Book

2 Organisation for Economic Cooperation and Development Economic Outlook No. 80. Available: www.oecd.org (Accessed 8 May 2007)

3 Tourism Forecasting Committee, Issue 1, June 2007



Cape York Peninsula, Tropical North Queensland



Key Figures

For Year ended December 2006

For Australia

- 603,000 visitors (Queensland received 66%)
- 10.9 million visitor nights (Queensland received 35%)
- A\$1,282 million total expenditure

For Queensland

- 399,800 visitors
- 3.83 million visitor nights
- A\$590 million total expenditure
- Purpose of Visit
 - 88% holiday
 - 3% business
 - 7% VFR
 - 5% other
- 368,900 leisure visitors
- 2.37 million leisure visitor nights
- 72% non-group travel
- Leisure visitors to Qld Destinations
 - 60% to Tropical North Queensland
 - 47% to the Gold Coast
 - 6% to Brisbane
- Over 17 million outbound trips were recorded from Japan in 2006
- GDP per capita is A\$45,331 (2006 est.)
- Forecast Arrivals into Australia down 1.5% (annual average from 2006 to 2016)

Source: Tourism Research Australia, International Visitor Survey

Vision

For Queensland to remain the primary destination within Australia for Japanese visitors and for the Japan market to return to a growing and sustainable inbound leisure visitor market for Australia.



Rainforest Walk, Springbrook National Park, Gold Coast

Goals And Targets

The overarching goal, consistent with the goals set by the QTS, is to increase leisure visitor expenditure in Queensland above forecasts, which can be achieved through one or a combination of the following goals:

Goal 1

Increase Japanese leisure expenditure in Queensland above forecasts and grow Queensland's share of overall leisure expenditure in Australia

Targets

- Generate \$369 million in Japanese expenditure in the year ended July 2010 (representing a \$5 million improvement above forecasts)
- Increase Queensland's share of Japanese spend in Queensland from 40% to 41% by year ended July 2010

NOTE: Total expenditure is used because leisure expenditure is not currently available from Tourism Research Australia

Goal 2

Increase Japanese leisure visitors to Queensland above forecasts and grow Queensland's share of overall leisure arrivals to Australia

Targets

- Generate 330,000 Japanese leisure visitors to Queensland in the year ended July 2010 (representing 5,000 additional visitors above forecasts)
- Increase leisure visitor number share from 71% in December 2006 to 72% by year ended July 2010

Goal 3

Increase Japanese leisure visitor nights in Queensland above forecasts and grow Queensland's share of overall leisure nights in Australia

Targets

- Generate 2.42 million Japanese leisure visitor nights in the year ended July 2010 (representing 34,000 additional visitor nights above forecasts)
- Increase Queensland's share of leisure visitor nights from 41% to 42% by year ended July 2010

Family on bike track on Burleigh Hill, Burleigh Heads, Gold Coast



Key Trends and Considerations

The Japanese economy

- Since the early 1990s, Japan experienced a sustained economic downturn after years of being among the fastest growing economies in the world
- Following considerable economic restructuring, economic performance and consumer confidence has rebounded recently with signs emerging of improved employment conditions expected to have flow on effects to discretionary expenditure and greater demand for overseas travel

Changing outbound travel patterns

- The economic downturn contributed to significant changes in travel patterns, including a declining trend in outbound tourism travel and a switch to cheaper and short-haul travel destinations
- The demand for An Kin Tan (cheaper, closer and shorter) destinations, in line with availability and pricing, has seen a range of short haul destinations gaining market share such as (Guam, Saipan, South Korea and China)

Competition

- Many key international competitors with Queensland are increasing their direct to consumer marketing investment in Japan
- There is evidence of increased competition with non traditional leisure destinations such as Europe and Russia amongst the traditional demographic segments to Australia, Young Single Women, Middle Aged Women and Elderly Women (JTB Report 2007)

Access

- Following the withdrawals of Ansett, ANA and Australian Airlines in recent years and with no known new carriers showing interest in regular services, the current services offered by Jetstar, Qantas and Japan Airlines appear fixed for the foreseeable future, demonstrating the importance of working closely with these partners in aligning collective marketing strategies

Changes in traveller type and segmentation

- Group travel has decreased and there is an overall trend to less structured programs, with the exception of the school excursion market. There is a shift toward FIT (fully independent travel) and SIT (special interest travel)

Tourism expenditure

- The strengthening of the Australian Dollar against the Yen has two effects on the industry, the first on destination selection and the second, expenditure within the destination

Development of product for Japan

- The development of media tours, short term campaign brochures, emergence of new wholesalers and increased digital marketing activity, as well as trade mission activity has made it possible for new tourism product to gain better access into a vertically integrated distribution system historically dominated by a small group of key wholesalers

Tourism Australia's strategic planning and brand Australia

- The conversion of the Japanese to Australia and Queensland from awareness to intention and booking continues to present the Australian tourism industry with its greatest challenge in the Japan market
- Tourism Australia activities and strategy continues to provide the greatest opportunity for Queensland in terms of brand and cooperative marketing, demonstrating that a close working relationship and alignment of activities remains highly important

Changing distribution patterns

- Whilst the travel agent remains an absolutely essential component of the booking process for all traveller types, the Internet is making significant gains as a planning and research tool for holidays and domestic purchases, but it is very limited for high priced purchasing.
- Recently, there has been the addition of several smaller wholesalers in the distribution network who are gaining market share and are impacting on the key wholesalers, presenting opportunities for the Queensland industry

Strength of Queensland's destinations within an Australian visitor experience

- Queensland is in a unique position amongst other States within Australia, receiving approximately 71% of all Japanese leisure visitors to Australia, dominated mainly by Tropical North Queensland and Gold Coast destinations. Therefore, strategies undertaken at the national and state levels greatly affect the fortunes of these regional industries



Rainforestation, Kuranda, Tropical North Queensland



Broadbeach looking north, Gold Coast

Key Strategic Priorities and Actions

For full action details, including responsibility and outcomes, see the full version Japan Market Strategy at www.tq.com.au

Priority

Generating Growth from New Target Markets and New Segments

Reach new markets in Western Japan in addition to Eastern Japan, and transition to the Experience Seeker target segmentation methodology

Actions

- Use the newly established Osaka office as a hub for increasing marketing promotions and leveraging airline activities in Western Japan
- Align Tourism Queensland's marketing segmentation with Tourism Australia's psychographic segmentation approach to gain better marketing synergies and deliver higher spending visitors to Queensland
- Meet with school excursion and incentive tourism planners to rebuild these important niche segments for Queensland

Priority

Meeting the Needs of New Target Markets

Using market intelligence and research, develop new, and enhance current experience and product offerings to better align Queensland with the needs of Experience seekers

Actions

- Facilitate the input of the Japanese travel trade knowledge of consumer needs into the relevant Regional Tourism Infrastructure and Investment Plans to ensure Queensland's destination development activities identify the needs of emerging segments in Japan
- Work with Tourism Australia to gain greater insight into the product needs of Experience Seekers
- Ensure Tourism Australia's national product development initiatives have a Queensland focus
- Introduce appropriate new products into the Japanese distribution system by monitoring the development of new products and conducting a new product mission
- Ensure adequate training is available to the Queensland tourism industry to meet the needs of the Japanese tourist and tourism industry

Priority

Better Conversion of the Japanese Traveller to Queensland

Increase direct to consumer marketing, digital marketing, media and publicity activity and continue across the board trade development to grow demand and facilitate higher conversion from awareness to intention

Actions

- Invest in consumer direct cooperative marketing campaigns with Tourism Australia, non-traditional corporate partners and Airlines to grow the conversion of the Japanese consumer to Queensland
- Attend appropriate key consumer shows to showcase Queensland experiences direct to consumers
- Access new media by working with public relations agencies and building better relationships with media networks
- Continue to develop and implement media familiarisation programs to support existing product and experiences and introduce new experiences and products to the market
- Conduct digital marketing campaigns with new partners to increase the exposure of Queensland destination to new target segments within Japan and build the presence of the queensland.jp, verygc.jp and tropicalaustralia.jp in market
- Maximise Queensland's presence on australia.com for the Japan market
- Conduct marketing campaigns with new and emerging wholesalers to access new target markets
- Work with Tourism Australia to gain access and better insight into available consumer research

Priority

Stimulating New Interest in Queensland

Create experience based marketing campaigns and enhance the promotion of destination marketing activity to generate new interest in the destination

Actions

- Implement the “Very GC, Very Natural, Very Exciting” and “Change Your Latitude” destination marketing campaigns in conjunction with Gold Coast Tourism and Tourism Tropical North Queensland
- Conduct niche marketing campaigns for the emerging Queensland destinations to stimulate interest from niche target segments
- Implement the new global experience marketing campaigns, Islands of the Great Barrier Reef and The Great Sunshine Way
- Continue the promotion of events in Japan such the Gold Coast Marathon and ANZ Ladies Masters, to build the appeal of Queensland in Japan
- Investigate other Queensland events to be introduced into the Japan market to stimulate visitation from new target segments

Priority

Alignment and Coordination with Industry

Facilitate better engagement between Tourism Australia, Tourism Queensland, airlines and Queensland's regions to ensure a strategic and aligned approach to the market

Actions

- Attend relevant forums with Regional Tourism Organisations, Inbound Tour Operators, Wholesalers, Tourism Australia and the Queensland tourism industry forums to increase the coordination of the industry
- Undertake a process of ongoing industry consultation to ensure strategies remain relevant and deliver on goals
- Facilitate meetings between Tourism Australia and Queensland's regions to ensure a more strategic approach to planning and communications
- Undertake more consistent communications with Regional Tourism Organisations on the results of Tourism Queensland marketing activities, such as familiarisations
- Introduce new transparent, coordinated and aligned planning processes to stimulate wider investment in the Japan market by key stakeholders

Priority

Relationships with Airlines

Develop new cooperative marketing alliances with airlines to better leverage marketing activities and build demand for flights to Queensland

Actions

- Develop formal marketing alliances with airlines (Japan Airlines, Qantas, Jetstar, Continental and Singapore) to increase the exposure of Queensland's destinations in direct to consumer advertising activity
- Negotiate with airlines to investigate charters and increased services from regional Japan into Queensland
- Explore partnership marketing opportunities with low cost carriers from Japan

