



tourism market insights
JAPAN

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Contents

1. Overview of Japan
2. Economic Overview of the Japanese Travel Market
3. Overview of the Japanese Travel Market
4. The Japanese traveller to South Africa
 - 4.1 Visitor Arrivals to South Africa
 - 4.2 Purpose of visit to South Africa
 - 4.3 Activities in South Africa
5. The Japanese traveller to the Western Cape
 - 6.1 Visitor Arrivals to the Western Cape
 - 6.2 Japanese Passenger Traffic through Cape Town International Airport
 - 6.3 Spend patterns
 - 6.4 Bed nights & Average Length of Stay in the Western Cape
6. Japanese Traveller Trends
 - 6.1 Outbound travel trends
 - 6.2 Consumer Profile
 - 6.3 Needs of the Japanese Traveller
 - 6.4 Media Consumption Habits
7. Japanese Booking Trends
8. Key Findings
9. List of sources

1. Overview of Japan

About Japan

Where is Japan?	Japan is an island nation in East Asia in the Pacific Ocean. It is east of China, North Korea, South Korea and Russia.
Population (millions)	126.7 (2017)
Time Difference	South Africa is 7 hours behind Japan.
Language	Japanese
Economy	Japan is the third-largest economy in the world in terms of GDP, deriving its wealth primarily from service-based industries. Secondary sectors are agriculture, fishing and forestry.
Leading Japanese Companies in South Africa	Toyota Motors, Honda Motors, Mitsubishi UFJ Financial, Nippon Telegraph & Tel, Softbank, Hitachi, Sony
Formal Greeting	'Konnichiwa' (kohn-nee-chee-wah)

Manners

Japanese people are usually very shy until they get to know you well. They are used to getting high standards of service and need reassurance about personal safety and cleanliness.

Punctuality is extremely important. Group tours follow a strict pre-determined schedule and there is little room for change.

Business Etiquette

Exchanging business cards is essential, given preferably with both hands, and printed in Japanese on one side. The bow is a key element in Japanese behaviour.

Gifts should be given according to seniority, so the most senior member of a company will receive the best gift. Gifts should always be good quality items.

Japanese people wear formal suits to meetings and it is considered unwise to show up for a meeting in casual clothes.

Japanese Etiquette

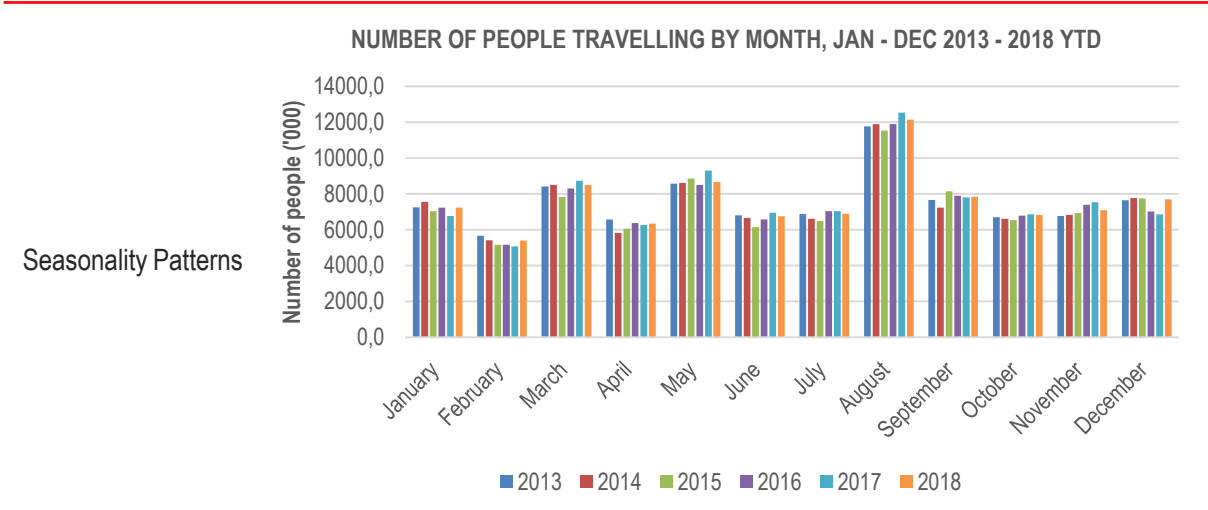
2. Economic Overview of the Japanese Travel Market

- Japan was the third largest economy in the world in terms of US\$ in 2017. Real GDP increased to 1.6% in 2017 but with low productivity due to an ageing population, and a planned increase in the consumption tax rate. Japan will face challenges over the medium to long term. The 2020 Summer Olympics is expected to provide a boost to the economy, and average annual growth of real GDP is forecast at 0,9% through to 2023.
- The unemployment rate was 2.4% in 2017. An accelerated decline in the workforce due to an ageing population has prompted Tokyo to adopt a new approach to immigration which is said to alleviate labour shortages. In addition, firms are investing more and more in technologies to make up for the shortfall in human resources.
- Japan's population reached 126 million in 2018, a decrease of 900 000 since 2000. At 47.5 years, the median age makes Japan the oldest population in the world. Fertility is still 1.4 births per female, and is expected to remain at that level through to 2030.
- In 2018, Japan's savings ratio amounted to 8.1% of disposable income and consumer expenditure per capita amounted to US\$22,596. Communication and health goods and medical services will be the fastest-growing expenditure categories in 2019-2030.
- Consumer spending increased by less than 1% from 2016 to 2017 and spending patterns indicate that many young Japanese consumers have become more frugal and choose to save their money and hunt for bargains.
- The ageing population has sparked a change in consumer behaviour. Companies are increasingly offering age-specific products and services like age-friendly holidays and user friendly features on smartphones.
- Online shopping is growing at a robust rate, with sales increasing by nearly 300% between 2012 and 2017. Mobile internet retailing accounted for 45% of internet retailing overall in 2017. Growth has been driven largely by younger consumers who use their smartphones when wanting to shop.
- Many unmarried Japanese Middle Youth, in the 30 – 44 age category tend to spend their excess wealth on travel, entertainment and dining out.
- Japanese consumers still enjoy spending time travelling both domestically and internationally. Packaged tours to overseas destinations are a popular choice for older tourists, however there is a growing trend towards self designed itineraries.

3. Overview of the Japanese Travel Market

Japan Travel Market

Largest Cities % of total population, number of people	<ol style="list-style-type: none"> 1. Tokyo: 7,4% (9.3 million) 2. Yokohama: 2,9% (3.7 million) 3. Osaka: 2,1% (2.6 million) 4. Nagoya: 1,8% (2.2 million) 5. Sapporo: 1,5% (1.9 million)
Disposable income Per capita, US\$ 2017	22,596
Savings As % of disposable income	8.1%
Median Age	47.5 years
Paid Holidays (2018)	18.5
Public Holidays (2018)	16.0
Annual Leave (2018)	34.5
Outbound Departures ('000 trips)	<ol style="list-style-type: none"> 1. 2016: 22,615.0 2. 2017: 23,283.0 3. 2018: 23,573.5
Top 3 Outbound Destinations ('000 trips, 2018)	<ol style="list-style-type: none"> 1. USA: 3,580.6 2. China: 2,435.2 3. South Korea: 2,247.9
Events impacting outbound travel	Russia e-visa at the free port of Vladivostok. Gabon visa on arrival for G20 countries. The Halal Gourmet Chef CrescentRating Accreditation Program in Cape Town. The World Economic Forum on Africa held in Durban
Type of Outbound Trips	Leisure: 82.2% Business: 17.8%

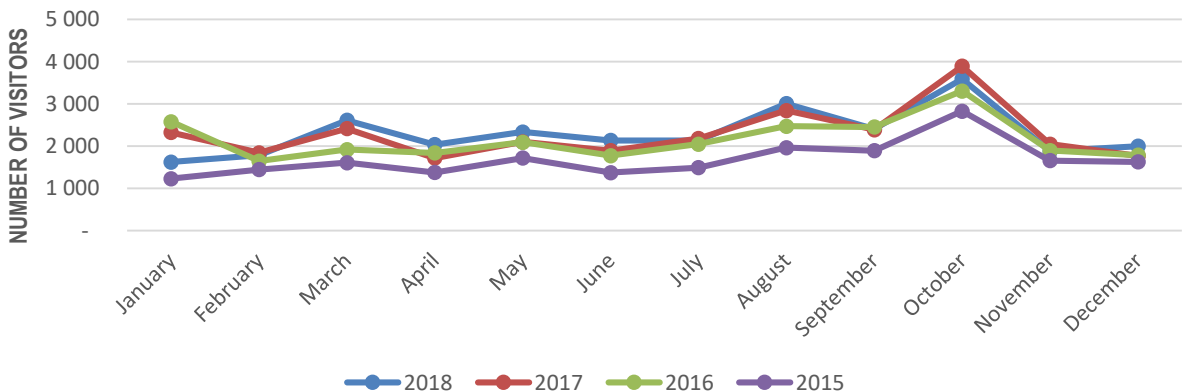


4. The Japanese traveller to South Africa

Japan Travel Market

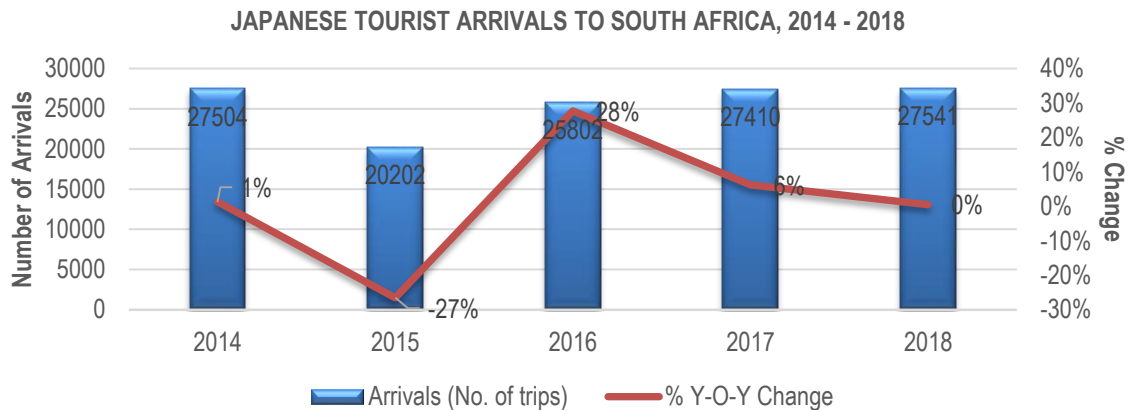
Number of Arrivals	2015: 20 202 2016: 25 802 2017: 27 410 2018: 27 541
Purpose of visit to South Africa (2018)	Leisure (57,4%) Business (34,5%)
Average length of stay in South Africa (Number of nights)	2016: 8,1 2017: 10,4 2018: 16,0
Age profile (2018)	18 – 24 yrs (12,7%) 25 – 34 yrs (40,4%) 35 – 44 yrs (20,3%) 45 – 54 yrs (12,6%)
Repeater Rate of Japanese Travellers (2018)	1. First Time: 47,8% 2. 2 -3 times: 19,8%
Accommodation Usage (2018)	1. Friends & Family 2. Hotels 3. Guesthouses
Total Foreign Direct Spend in South Africa (R in millions)	2016: R 276 2017: R 332 2018: R 390
Average Spend in South Africa	2016: R 12 000 2017: R 13 800 2018: R 15 300
Most positive experiences for Japanese in South Africa (2017)	1. The scenery 2. The hospitality and friendly people 3. The wildlife

SEASONALITY PATTERNS: JAPANESE TRAVELLERS TO SOUTH AFRICA BY MONTH, JAN - DEC 2015 - 2018



4. The Japanese traveller to South Africa

4.1. Visitor Arrivals to South Africa



4.2. Purpose of visit to South Africa

Japanese visitors travelling to South Africa are mostly visiting for holiday purposes. However a substantial amount are visiting for Business & MICE. They are most impressed with South Africa's beautiful scenery, the hospitality and friendliness of people, and the wildlife. They typically visit Gauteng and the Western Cape province and their length of stay in the country is on average 16.0 nights.

They are typically between the ages of 18 and 54 years, with 12,7% in the 18 – 24 years category, 40,4% in the 25 – 34 years category, 20,3% in the 35 – 44 years category, and 12,6% are in the 45 – 54 years category.

Top reasons for travel to SA (2018)

Holiday (34,0%)

MICE (21,1%) & Business (13,4%)

VFR (23,4%)

Average length of stay (2018)

16,0 nights

4.3. Activities in South Africa

Top activities undertaken

1. Nightlife
2. Shopping
3. Eating Out
4. Visiting natural attractions
5. Business

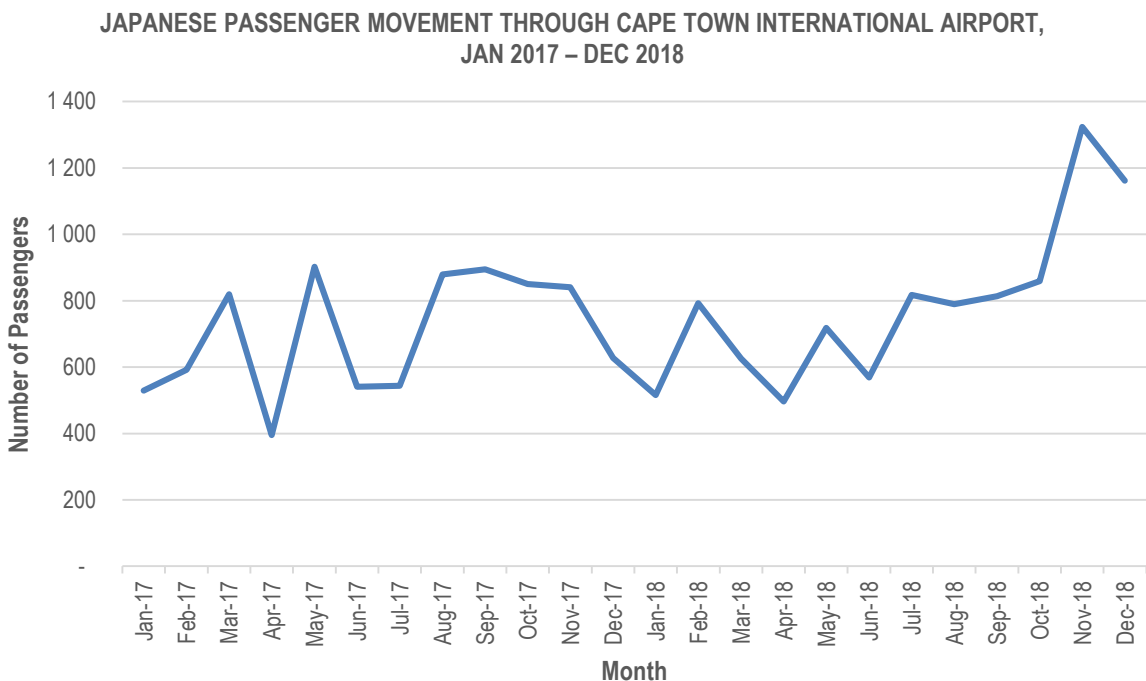
Nightlife, shopping, eating out, visiting natural attractions and business were amongst the top activities undertaken by Japanese tourists while in South Africa. In 2018 their average spend was R15 300 per tourist.

They are more likely to stay with family and friends or book Hotel accommodation. Many Japanese visitors also make use of Guesthouse, Self-Catering and B&B accommodation. In 2017, the number of Japanese travellers who engaged in business activities accounted for close to 40% of respondents.

5. The Japanese traveller to the Western Cape

Japan Travel Market

Number of Arrivals	2015: 7 843 2016: 12 969 2017: 12 444 2018: 11 665
Total Foreign Direct Spend in the Western Cape (R in millions)	2015: 65 2016: 106 2017: 148
Average Spend in the Western Cape	2015: R 9 300 2016: R 9 200 2017: R13 400
Average length of stay in the Western Cape (Number of nights)	2015: 5,6 2016: 7,1 2017: 8,1
Total bed nights spent in the Western Cape	2015: 41 000 2016: 84 000 2017: 93 000
Total number of *formal bed nights spent in the Western Cape	2015: 36 000 2016: 62 000 2017: 63 000



Sources: SA Tourism, OAG Traffic Analyser, 2018

*Formal bed nights = Hotels, B&B's, Guesthouses, Self-catering units, Game Lodges and Backpackers

5. The Japanese traveller to the Western Cape

5.1. Visitor Arrivals to the Western Cape

The Western Cape saw a substantial increase in Japanese visitors in 2016. This comes after a decrease in Japanese tourist arrivals in 2015. Visitor numbers have remained somewhat steady as tourist arrivals have decreased by 4.0% from 2016 to 2017, and a further 6.3% from 2017 to 2019, still remaining in the 11 000 range.

The top airlines operating between Japan and Cape Town are Cathay Pacific Airways, Singapore Airlines, Emirates, South African Airways and Qatar Airways.

Period	Passenger numbers	Y-O-Y % Change
2014	14 115	-
2015	7 843	- 44,4%
2016	12 969	65,4%
2017	12 444	- 4,0%
2018	11 665	- 6,3%

5.2. Passenger Traffic through Cape Town International Airport

Inbound Passenger Performance: Japan – Cape Town				
Country	Passengers 2018	% Change 2017-18	Passengers Jan - Mar 2019	% Change Jan - Mar 2018-19
Japan	9 539	13%	3 693	91%

Top Cities: Japan – Cape Town					
Rank	City	Passengers 2018	% Change 2017-18	Passengers Jan - Mar 2019	% Change Jan - Mar 2018-19
1	Osaka	1 575	14%	1 203	432%
2	Tokyo	6 899	11%	2 196	44%
3	Nagoya Chubu	566	54%	166	84%
4	Fukuoka	172	14%	58	287%

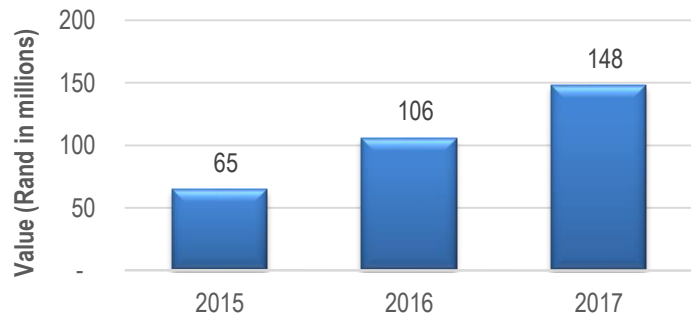
5.3. Spend Patterns

In 2017, the Japanese market contributed R148 million to the Western Cape's economy making it the third most lucrative Asian source market for the province.

On average, Japanese visitors spent R13 400 per trip in the Western Cape in 2017. Total Foreign Direct Spend has increased steadily between 2015 and 2017, and the average spend per trip grew by 45,7%, increasing from R9 200 in 2016 to R13 400 in 2017.

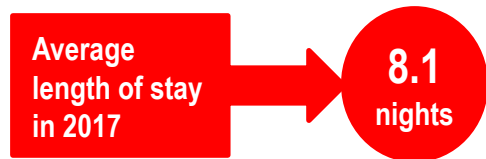


TOTAL FOREIGN DIRECT SPEND IN THE WESTERN CAPE, 2015 - 2017

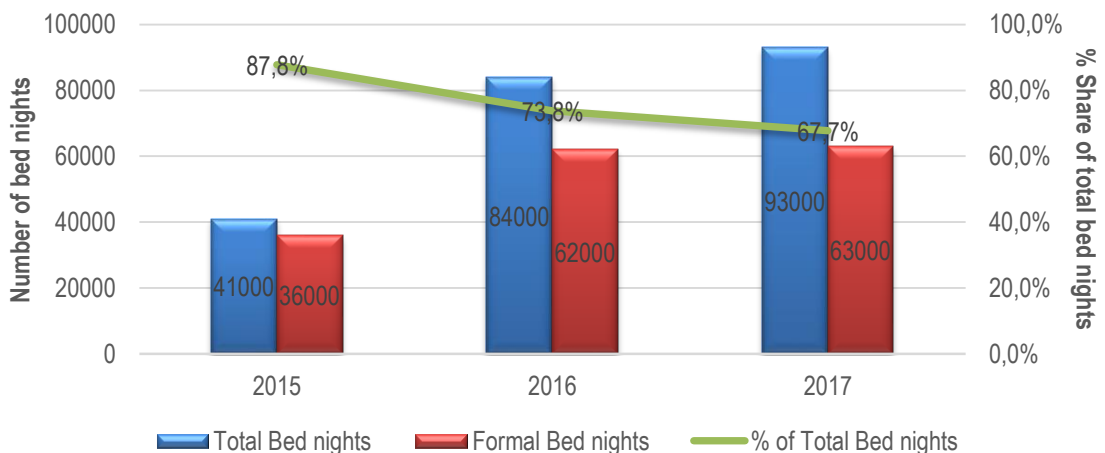


5.4. Bed nights and Average Length of Stay in the Western Cape

In 2017, Japanese travellers spent 93 000 bed nights in the Western Cape, of which 63 000 were spent in the *formal accommodation sector. The number in total bed nights (+10,7%) as well as formal bed nights (+1,6%) increased when compared to the 2016 figures.



NUMBER OF BED NIGHTS SPENT BY JAPANESE TOURISTS IN THE WESTERN CAPE, 2015 - 2017



*Formal Bednights refers to Hotels, B&Bs, Guesthouses, Self-catering units, Game Lodges and Backpackers.

6. Japanese Traveller Trends

6.1. Outbound travel trends

Japanese tourists are highly concerned about safety issues, particularly terrorist attacks, murders, and communicable diseases. When choosing a holiday destination they look at authentic experiences, safety, and beautiful scenery.

In 2017, a total of 23 283 000 Japanese international outbound trips were made and the figure reached 23 573 500 trips by September 2018. USA, China, South Korea, Taiwan and Thailand were the top five outbound destinations for Japanese travellers in 2017 which accounted for 50% of all outbound trips. The number of outbound trips is expected to increase to 25 724 900 by 2023 with a forecast expenditure of JPY 423 305 000.

The Japanese have, on average, 34,5 days annual leave per year. Seasonality patterns indicate that they are most likely to travel during March, May, and August. Of all outbound trips in 2017, 82,2% were for the purpose of leisure.

6.2. Consumer profile

To better understand the market it is important to identify who the target audience is, what they are searching for and where they find information. In 2018, JTB Tourism Research & Consulting Company conducted an internet-based survey of 30 000 people, aged between 18 and 79, and residing throughout Japan. Based on participant screening, 2060 indicated to have engaged in overseas travel, for purposes other than business, between January 2017 and June 2018.

The survey findings revealed that those aged between 18 and 22 were most interested in increasing the frequency of overseas travel. Respondents aged 23 – 29 years (57,4%), 30 – 37 years (48,8%), and 38 – 42 years (44,5%) also indicated interest in future overseas travel.

Close to 20% of respondents aged 68 – 72 years indicated that they would be increasing their frequency of overseas travel. When asked why, 44,7% of them indicated that they were “at a transition between life stages and will have extra free time. A high number of those in the 43 – 58 years categories indicated that they would have more free time since they are “freed up from child-rearing and caregiving”.

The most common reason for choosing a travel product was “because it was the least expensive”. These findings suggest that Japanese are keen to travel internationally but price is an important factor, making business travel combined with leisure time an attractive proposition for Japanese travellers, especially amongst the younger generations.

For those aged 60+, the most popular reasons for choosing a travel product were brand loyalty and more efficient sightseeing opportunities. Men across all generation, chose travel products because they had points/miles saved up from the company offering the product. This was especially the case for men in their 50s who generally have frequent business trips.

6. Japanese Traveller Trends

6.3. Needs of the Japanese traveller

Unfavourable economic conditions have led many Japanese travellers to holiday in their home country rather than abroad, as domestic travel is more affordable than overseas travel. Budget is a top priority for Japanese travellers across all generations, according to Expedia's Japanese Multi-Generational Travel Trends report.

In addition to budget, sightseeing and activities are amongst the top considerations for Japanese travellers. Expedia's Multi-National Travel Trends study reveals that Japanese travellers are destination indecisive when first deciding to take a trip and are open to destination inspiration. They are seeking the most value for money, culture and heritage experiences, and local "off the beaten path" activities.

Top travel considerations
Budget
Sightseeing
Activities
Deals/special offers
Food experience

6.4. Media Consumption Habits

Top Travel Resources for planning a trip
Search Engines
Online Travel Agencies
Hotel sites
Discussed with family/friends
Destination-specific sites

Japanese travellers make use of Search Engines, Online Travel Agencies, Hotel Sites, Discussions with family/friends and Destination Sites during the trip planning phase with OTA's making the most conversions into bookings. The Japanese Multi-Generational Travel Trends report reveals that Japanese travellers look for deals before making a decision, they agree that informative content from destinations can influence their decisions, and they read online reviews before making their final decision.

Mobile smartphone usage is most favoured during their trip. Younger generations (18 – 35 years) use smartphones at all stages of the journey, while the 36+ age categories use their PC's/laptops during the planning and booking phase.

The 2018 State of Overseas Tourist Travel Survey by JTB Tourism Research & Consulting Company reveals that the way people connect with and utilize information differs across age categories. While the overall majority used official airline company websites, men in their 20s also made frequent use of price comparison sites and men in their 40s and younger were most likely to respond to web advertising. Both men and women in their 60s were the most frequent users of travel agency websites.

These findings indicate that a targeted approach to marketing is necessary when communicating to different audiences within the Japanese outbound travel market.

6. Japanese Businesses in South Africa

Japan has a number of companies operating businesses in South Africa which may contribute to business travel between the two countries. The Japan External Trade Organization (JETRO), a non-profit organization that works to promote mutual trade and investment between Japan and the world has identified the following list of businesses of Japanese Companies in South Africa.

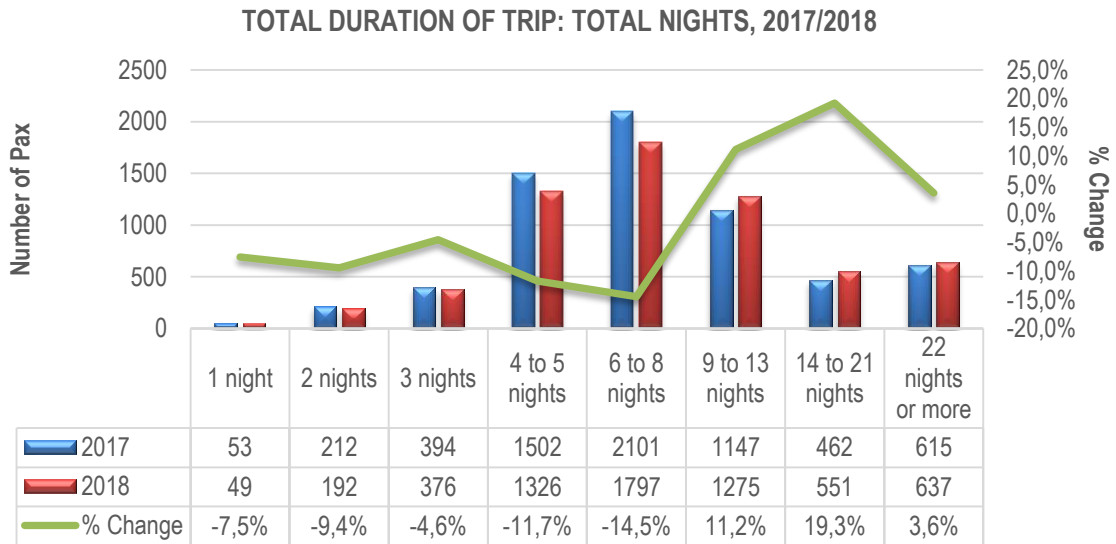
Transportation/Logistics	Banking/ Finance/ Insurance	Machinery/ Equipment/ Engineering
All Nippon Airways	The Bank of Tokyo Mitsubishi UFJ	Mitsubishi Hitachi Power Systems
Hankyu Hanshin Express	Sumitomo Mitsui Banking Corporation	Mitsubishi Heavy Industries, Ltd.
Kintetsu World Express SA	Mizuho Bank	Hitachi, Ltd.
K-Line Shipping SA	Nomura International plc	Toshiba Corporation
Nippon Express	Sompo Japan Nipponkoa Insurance	Melco Elevator SA
NYK Line	Toki Marine and Nichido Fire Insurance	Shimadzu SA
Yusen Logistics	Mitsui Sumitomo Insurance	Yokogawa SA
Japan Marine Supplies & Services		Mayekawa SA
Trade and Investment Firms	Consulting	Agriculture/ Food/ Fishery
Itochu Corporation	Nippon Koei	Sakata Seed SA
Marubeni Corporation	The Boston Consulting Group	Japan Tobacco International SA
Mitsubishi Corporation	KPMG	Taiyo A&F Co., Ltd.
Mitsui & Co., Ltd.	Pricewaterhouse Coopers	
Sojitz Corporation	Deloitte & Touche	
Sumitomo Corporation Africa		
Toyota Tsusho Africa	Construction	ICT
	Hazamo Ando Corporation	NEC Africa
Specialized trading company	Medical Equipment	Dimension Data
Hanwa Co., Ltd.	Terumo C. SA	MarPless Communication Technologies
Hayakawa Co., Ltd.	Fujifilm SA	

Source: JETRO, 2017

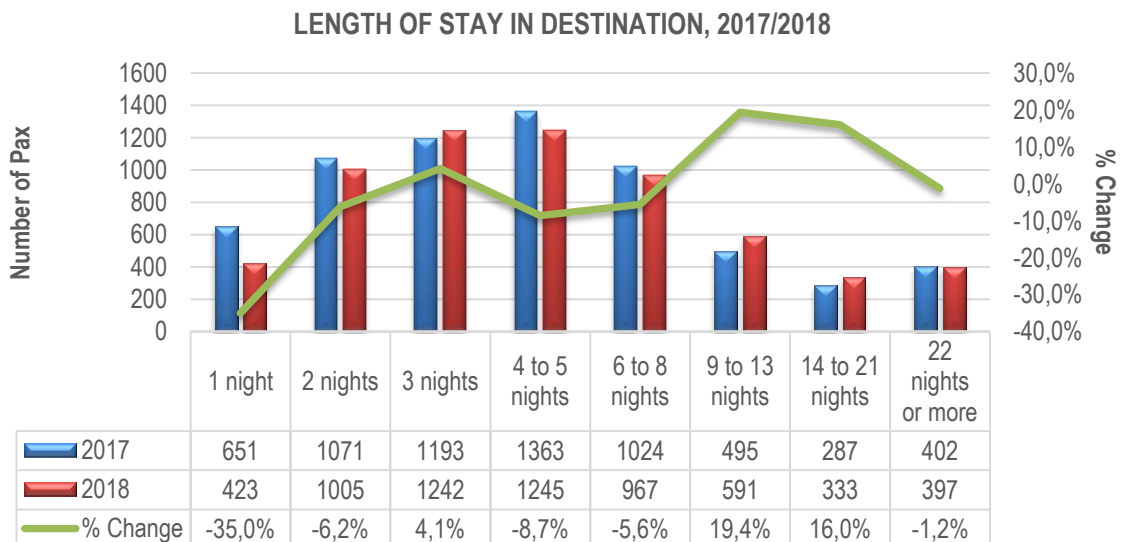
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7. Japanese Traveller Booking Trends

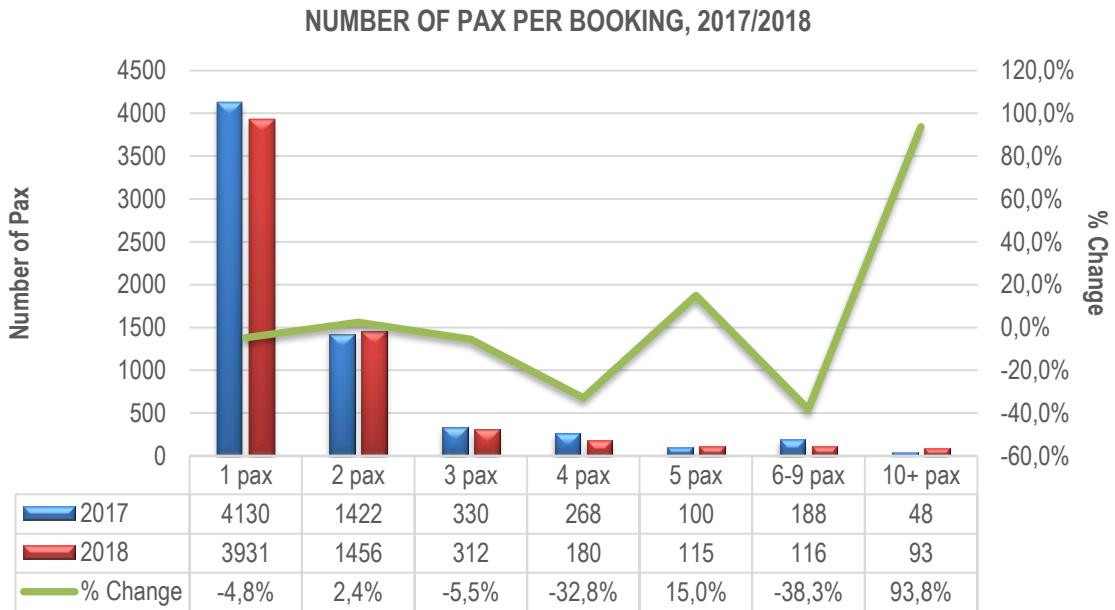
This section provides an overview of traveller booking trends obtained from ForwardKeys, an established data, IT and business intelligence company. ForwardKeys offers a new approach to traveller operational business intelligence, leveraging global flight reservation information and other data to monitor and qualify traveller flows, map global demand, and forecast trends. ForwardKeys receives fresh data daily from different BI providers, ranging from capacity data, to flight searches, and booked air plane tickets. It is therefore important to note that the sample of bookers represent travellers who have conducted bookings at the respective BI providers aligned with ForwardKeys, and does not represent the complete travel market.



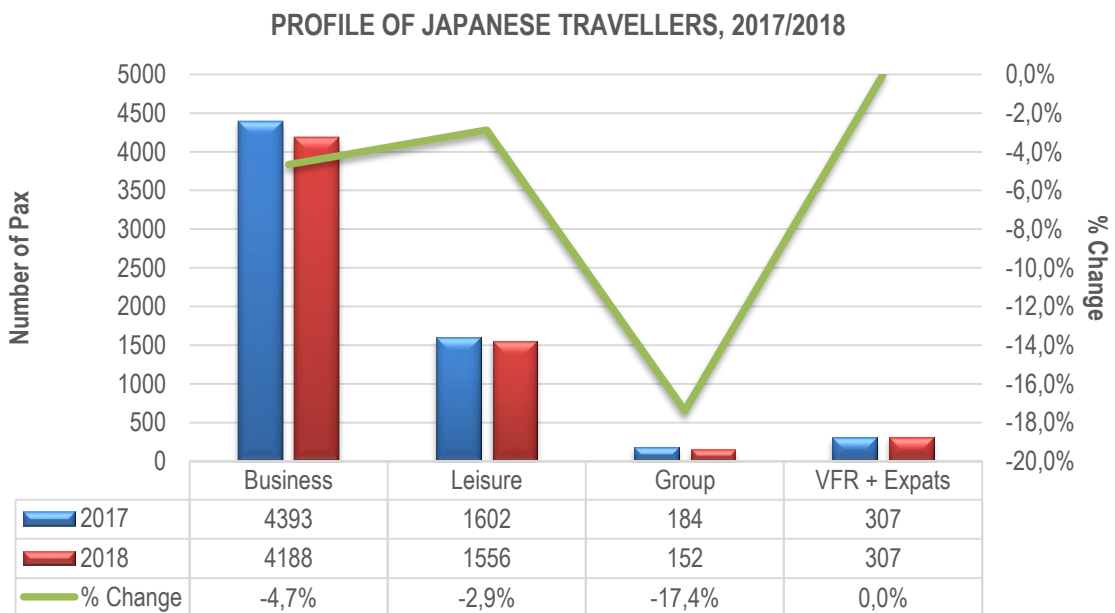
The total duration of trip indicates that Japanese visitors spent a longer time travelling in 2018 than they did in 2017. The year-on-year change was most significant in the 9 to 13 nights and 14 to 21 nights categories. The length of stay in destination also saw a significant increase in the 9 to 13 nights (+19,4%) and 14 to 21 nights (+16,0%) categories indicating that tourists took longer holidays and spent more time in Cape Town in 2018.



7. Japanese Traveller Booking Trends

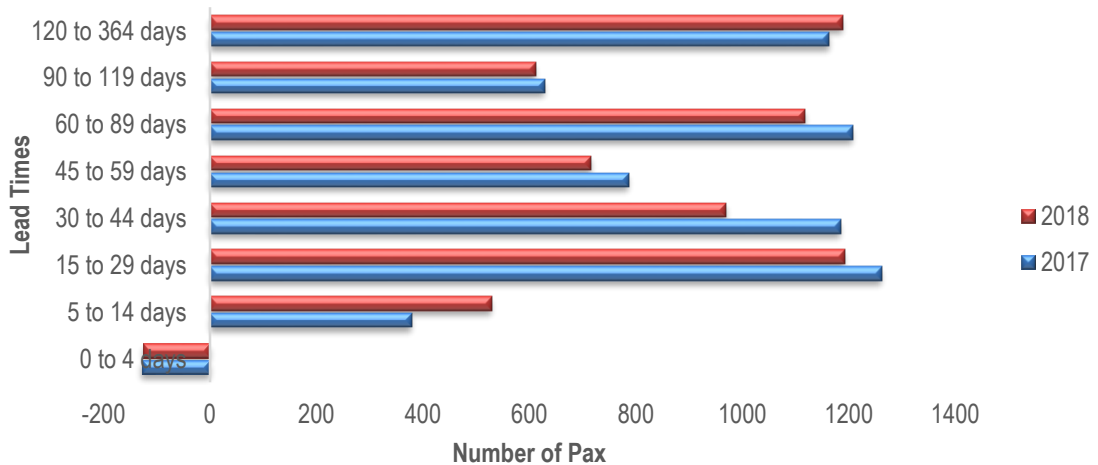


The number of passengers per booking indicates that Japanese visitors are more inclined to travel alone or in pairs but 2018 saw an increase in group travel. The year-on-year change was most significant in the 5 pax (15,0%) and 10+ pax (93,8%) categories. Business Travel is the predominant reason for Japanese travel to South Africa.



7. Japanese Traveller Booking Trends

LEAD TIMES: NUMBER OF DAYS BETWEEN BOOKING AND FLIGHT DAY, 2017/2018



Booking trends indicate that Japanese tourists are more likely to book their flights either within 30 days, or 4 to 12 months prior the actual flight day. The shorter time frame may be attributed to business travellers while the longer lead time may account for those who travel for leisure. The use of Online Travel Agencies (OTA's) grew by 10,9% from 2017 to 2018, however, Retail Travel Agencies remain the top distribution channel used by Japanese travellers when making bookings.

DISTRIBUTION CHANNELS USED BY JAPANESE TRAVELLERS, 2017/2018



8. Key Findings

- Japanese tourists visiting South Africa are mostly visiting for holiday purposes, however business travel makes up close to a third of Japanese travel to South Africa. Japanese visitors are most impressed with South Africa's beautiful scenery, and the hospitality and friendliness of people.
- At 47.5 years, the median age makes Japan the oldest population in the world. The ageing population has sparked a change in consumer behaviour. Companies are increasingly offering age-specific products and services like age-friendly holidays and user friendly features on smartphones.
- They have annual leave of 34,5 days, which includes 18,5 days' paid leave and 16 days' public holiday leave. Seasonality patterns indicated that the Japanese visitor numbers to South Africa are highest during October, August, and March respectively.
- Unfavourable economic conditions have led many Japanese travellers to holiday in their home country rather than abroad, as domestic travel is more affordable than overseas travel. Budget is a top priority for Japanese travellers across all generations.
- Japanese travellers are destination indecisive when first deciding to take a trip and are open to destination inspiration. They are seeking the most value for money, culture and heritage experiences, and local "off the beaten path" activities.
- Japanese tourists are highly concerned about safety issues, particularly terrorist attacks, murders, and communicable diseases. When choosing a holiday destination they look at authentic experiences, safety, and beautiful scenery.
- Booking trends indicate that Japanese tourists are more likely to book their flights either within 30 days, or 4 to 12 months prior the actual flight day. The shorter time frame may be attributed to business travellers while the longer lead time may account for those who travel for leisure.
- Japanese people are keen to travel internationally but price is an important factor, making business travel combined with leisure time an attractive proposition for Japanese travellers, especially amongst the younger generations.
- Japanese travellers are destination indecisive when first deciding to take a trip and are open to destination inspiration. They are seeking the most value for money, culture and heritage experiences, and local "off the beaten path" activities.
- Japanese travellers look for deals before making a decision, they agree that informative content from destinations can influence their decisions, and they read online reviews before making their final decision.
- The way they process information differs across age categories, indicating that a targeted approach to marketing is necessary when communicating to different audiences within the Japanese outbound travel market.

9. List of sources

1. South African Tourism
2. Euromonitor International
3. OAG Airline Passenger Traffic Analyser
4. ForwardKeys
5. Expedia Media Solutions
6. Japan External Trade Organization (JETRO)
7. JTB Tourism Research & Consulting Company

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