

“Number of foreign tourists” hit record high

To find out the trend of number of foreign tourists visiting Japan, the statistics of “number of foreign tourists visiting Japan” released by the Japan National Tourist Organization (JNTO) is a good referral. The estimated “numbers of tourists” from highly ranked countries and regions are available for the latest two months. The numbers older than the two months are released as preliminary numbers but more official data based on the statistics of the Ministry of Justice. Final numbers are announced in the following year. The “number of tourist visiting Japan” is available for key 18 countries and region for the early estimated numbers data and 36 countries and region for the preliminary numbers.

Point 1

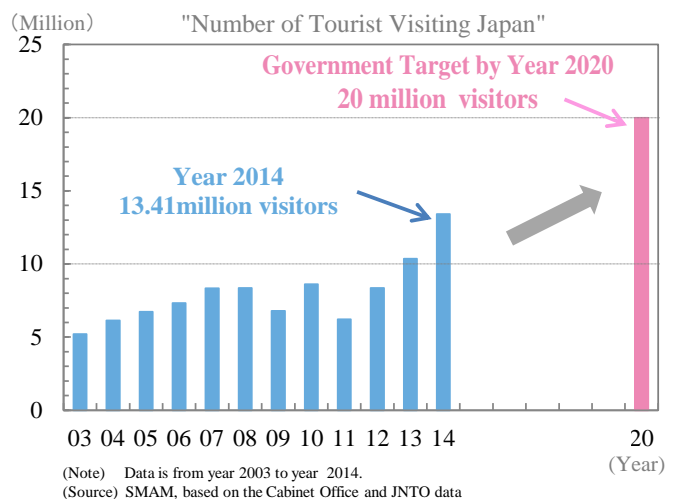
The number of foreign inbound tourists rose 29% y-o-y Increase in visitors to Japan from other Asia is outstanding

- According to the announcement made by the Japan National Tourist Organization (JNTO) on January 20, a total of 13.41 million foreign tourists are estimated to visit Japan in 2014, substantial increase of 29% from last year, hitting a record high. In particular, visitors from China (PRC) increased sharply by 83% to 2.41 million. Also, the increase in visitors from other Asian countries was outstanding such as Thailand (+45% to 0.66million) and Malaysia (+41% to 0.25million). Weaker yen made foreign inbound visitors feel consumption in Japan cheaper compared to the past, and expansion of duty free items range to expendables such as cosmetics and foods is a factor of making the positive impact.

Point 2

Inbound tourism consumption is booming Purchase of non duty free items are also increasing

- “Inbound tourism consumption”, consumption in Japan by foreign tourists, is significantly expanding. According to the “general merchandise sales to foreign tourists (except for expendables recently selected as new duty free items)” announced by Japan Department Stores Association, the monthly sales started to show a rise from last October (JPY7.6billion in October, JPY8.1billion in November, and JPY11.3billion in December which was 2.5 times of last year) while they had been moving relatively stable around JPY5billion level during July to September of 2014.
- The sales of merchandises not on the duty free item list such as well-known brand items also sharply increased.



Growing expectation for further increase in inbound tourism consumption at city centres and tourist sites

■ Successful government measures to promote foreigners inbound tourism, “Visit Japan”

As a growth strategy of Abenomics, a goal has been set to increase the number of foreign inbound tourists to 20 million by 2020 which is double of that of 2013. To achieve this goal, the government put in place several measures to attract foreign tourists to visit Japan such as relaxation of visa rules, expansion of duty free item range, and “visit Japan” campaign, advertisement activities in overseas countries. In 2014, these measures turned out to be effective with the help of weakening yen. The government goal of receiving 20 million foreign tourists in Japan, which was considered a tough hurdle, is likely to be achieved earlier than originally expected .

■ Increase in inbound tourism consumption contributes to overall consumption in Japan

Consumption in Japan by foreign tourists rose as much as 40% y-o-y to JPY1.5trillion during January to September in 2014 according to the Japan Tourism Agency. Keeping this pace, the amount of the foreign inbound consumption will reach JPY2trillion for the whole year. Such consumption increase through the expansion of “inbound tourism consumption” is increasingly expected for retailers in city centres like Tokyo and Osaka, and famous tourist spots in regional areas many of foreign tourists pay a visit, as the trend of increase in “number of tourist visiting Japan” is expected to continue further.

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