

# Analysis of Policies to Attract Foreign Visitors to Japan: A Case Study in Nine Prefectures in the Chubu Region

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## 1. Introduction

Policies that aim to increase the number of foreign visitors have been promoted in many regions of Japan. Some of these policies have been implemented under the banner of the government's "VISIT JAPAN" campaign, a joint effort between the government and the tourism industry since 2003. The founding of the Japan Tourism Agency (JTA) in 2008 and the visa relaxation policy have generated positive effects in attracting more foreign visitors to Japan. Moreover, devaluation of the yen over several years might also be a contributing factor.

For the regional areas in Japan, the reason to attract foreign visitors is not just for the economic benefits,<sup>1)</sup> but also for the raise of an international understanding by the citizens there .

In general, foreigners coming to Japan for the first time tend to visit the famous tourism spots and popular areas such as the metropolitan districts of Tokyo, and Kyoto and Osaka in the Kansai region. Table 1 shows the number of total hotel guests in 47 prefectures of Japan in 2015. Overall, the total share for the five main prefectures is about 33%. However, in the case of foreign hotel guests, about 62% of them are occupied in the five main prefectures; thus, this area could be considered a tourism "oligopoly." Therefore, from the viewpoint of economic effects and internationally mutual understanding, it is necessary for regional areas in Japan to attract more foreign visitors.

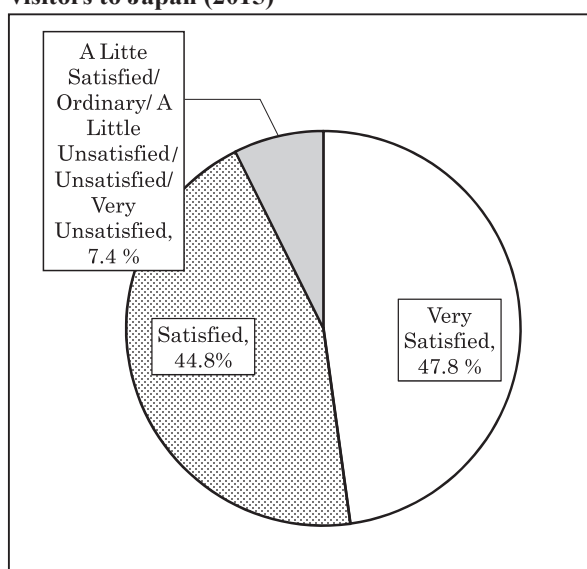
**Table 1. Number of Hotel Guests in Five Prefectures in 2015\***

		<b>(Thousand people)</b>	
Areas	Total Hotel Guests	Areas	Foreign Hotel Guests
Tokyo	59,088 (11.7%)	Tokyo	17,561 (26.8%)
Hokkaido	32,591 ( 6.5%)	Osaka	8,966 (13.7%)
Osaka	30,366 ( 6.0%)	Hokkaido	5,641 ( 8.6%)
Chiba	22,574 ( 4.5%)	Kyoto	4,579 ( 7.0%)
Shizuoka	22,530 ( 4.5%)	Okinawa	3,685 ( 5.6%)
(Total)	504,078 (100%)	(Total)	65,615 (100%)

\*The best five prefectures in number (the share in prefectures)  
Source: JTA (2016a)

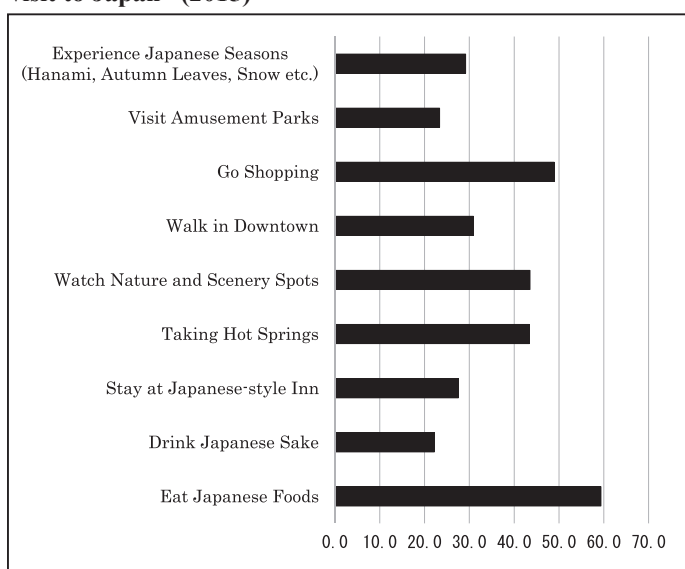
From the foreigner's viewpoint, it is usual to visit famous areas in Japan, especially when they come to Japan for the first time. Therefore, it is particularly important for regional areas to target “foreign repeat visitors” that plan to come to Japan many times. Japan's regional areas expect foreign repeat visitors to consider their areas as next-to-visit places in Japan. A survey conducted by JTA in 2015 found that 93.3% of all foreign nationals responded that they wanted to come to Japan again (JTA, 2016b; Figure 1). It also indicated that they want to try “to eat Japanese foods,” “to do shopping,” “to watch nature and scenic places,” “to take Japanese hot bath,” and so on the next time they visit Japan (Figure 2). Each region in Japan has its own attractive spots, with rich and divergent cultures and traditions, which could fascinate foreign repeat visitors. This could be the reason why each region has a high potential possibility of foreigner acceptance.

**Figure 1. Degree of overall satisfaction of foreign visitors to Japan (2015)**



Source: JTA (2016b)

**Figure 2. Activities visitors hope to experience on their next visit to Japan\* (2015)**



\* displaying only those > 20%

Source: JTA (2016b)

## 2. Primary Focus of this Paper and Analysis Viewpoint

The number of foreign visitors to Japan has increased dramatically from 5.21 million in 2003 to about 24 million in 2016 (JNTO, 2017). Based on this trend, Japan's government estimates 40 million foreign visitors annually by 2020. Foreign tourists/visitors mostly have their own purpose for coming to Japan. Considering the transportation network within Japan, it could be expected that these visitors travel to several regions, depending on their length of stay. Some prefectures in Japan cooperate with each to attract more foreign visitors by combining the famous tourism spots in each to formulate an attractive destination package for visitors.<sup>2)</sup>

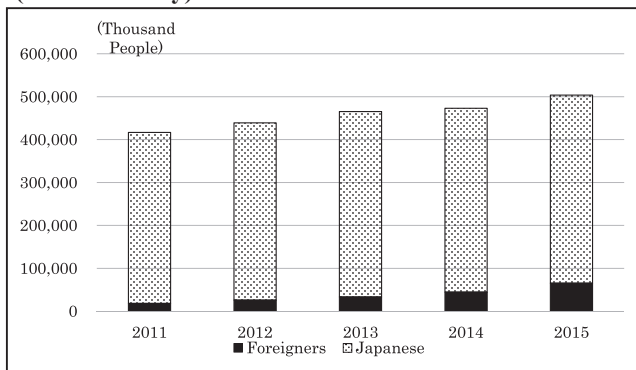
This paper analyzes the pattern of foreign visitors in Japan's prefectures. The objective is to identify problems and policy solutions that would enable prefectures to better cooperate in promoting their wider areas to foreign visitors. Specifically, the Chubu Region is the main object of this case study. The Chubu Region is located in central Japan and comprises nine prefectures: Toyama, Ishikawa, Fukui, Nagano, Gifu, Shizuoka, Aichi, Mie, and Shiga. The Chubu Region has established the Central Japan Tourism Association (CJTA), which sets policies

aimed to attract foreign visitors (“inbound policy”) to the region.<sup>3)</sup> Capitalizing on the region’s geographical shape, the piling for CJTA uses a Chinese Dragon image on promotional materials under the inbound policy.

### 3. Features of Foreign Visitors to the Chubu Region

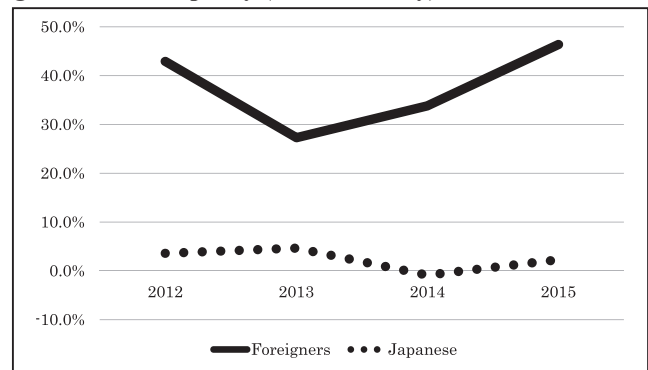
Figure 3 indicates the change in the number of total hotel guests (domestic and foreign) in the whole country from 2012 to 2015.<sup>4)</sup> In spite of some fluctuation, there has been a general increase in both groups. In 2015, domestic hotel guests accounted for about 87% and foreigners 13% of hotel occupancy. However, on a year-on-year basis, the foreign guest occupancy rate has increased faster than for domestic guests. As shown in Figure 4, the rate of domestic guest occupancy fell between 2013 and 2014. This means that the increase of foreign hotel guests represents a larger effect and influence to the total increase of hotel guests.

**Figure 3. Changes in the total number of hotel guests (whole country)**



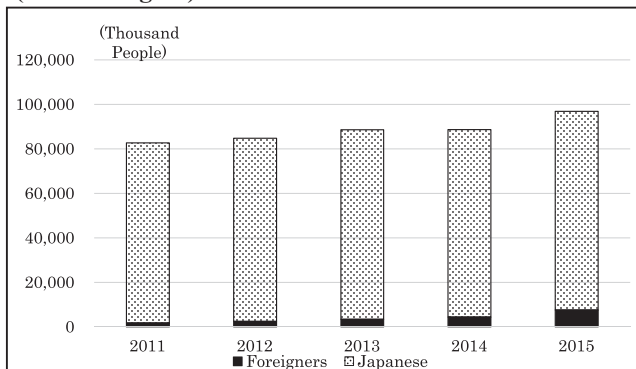
Source: JTA (2016a)

**Figure 4. Annual rates of change for domestic and foreign guest hotel occupancy (whole country)**



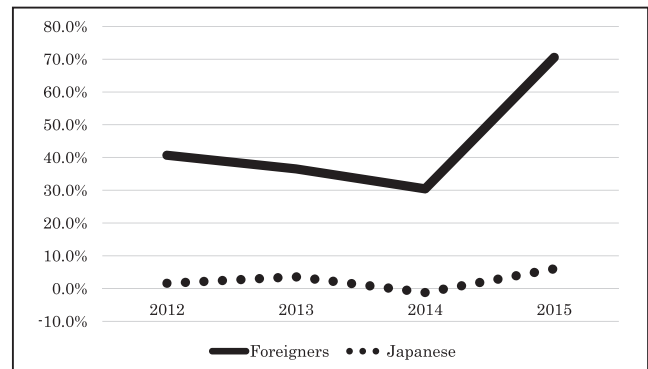
Source: JTA (2016a)

**Figure 5. Changes in the total number of hotel guests (Chubu Region)**



Source: Author, based on JTA (2016a)

**Figure 6. Annual rates of change for domestic and foreign guest hotel occupancy (Chubu Region)**



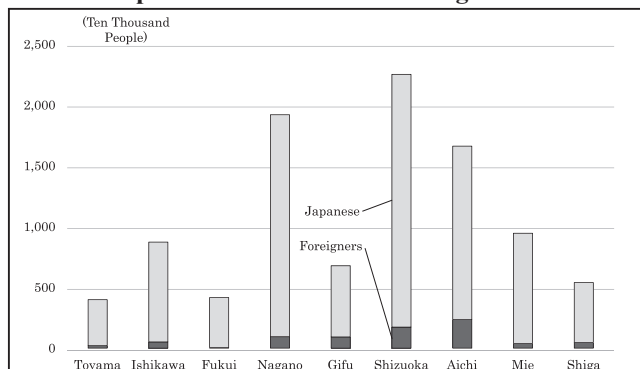
Source: Author, based on JTA (2016a)

As is the case with the Chubu Region, the situation is also similar for the whole of Japan. The number of total hotel guests has increased and Japanese hotel guests have the larger share of total hotel guests; however, their share decreased from 97% in 2012 to about 92% in 2015 as shown by the data graphed in Figures 5 and 6. In other words, it is true that the number of Japanese hotel guests is still large and stable, but the increase in foreign hotel guests signals that this group is gradually becoming more important for regional tourism in Japan.

Next, details of the current tourist situation in the Chubu Region are analyzed. Figure 7 shows the total

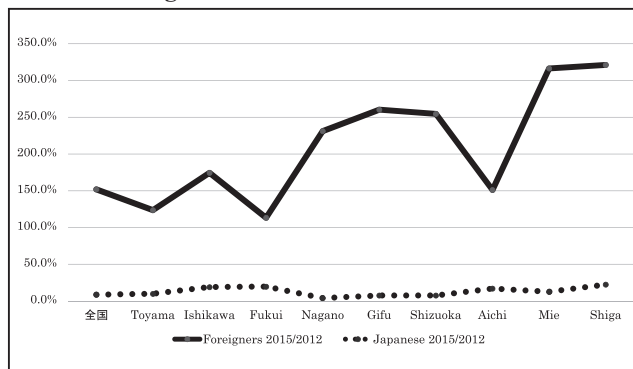
numbers of hotel guests in the nine prefectures within the Chubu Region. The largest number is about 22.5 million hotel guests in Shizuoka Prefecture followed by about 19.2 million in Nagano Prefecture and about 16.6 million in Aichi Prefecture. In the case of foreign hotel guests, there are about 2.4 million foreign hotel guests in Aichi Prefecture followed by about 1.7 million in Shizuoka Prefecture and about 1.0 million in Nagano Prefecture. The increase in foreign hotel guests is greatest in the Chubu Region. Figure 8 compares the rate of change of foreign and domestic hotel guests across the nine prefectures of the Chubu Region.

**Figure 7. Numbers of domestic and foreign hotel guests in the nine prefectures of the Chubu Region in 2015**



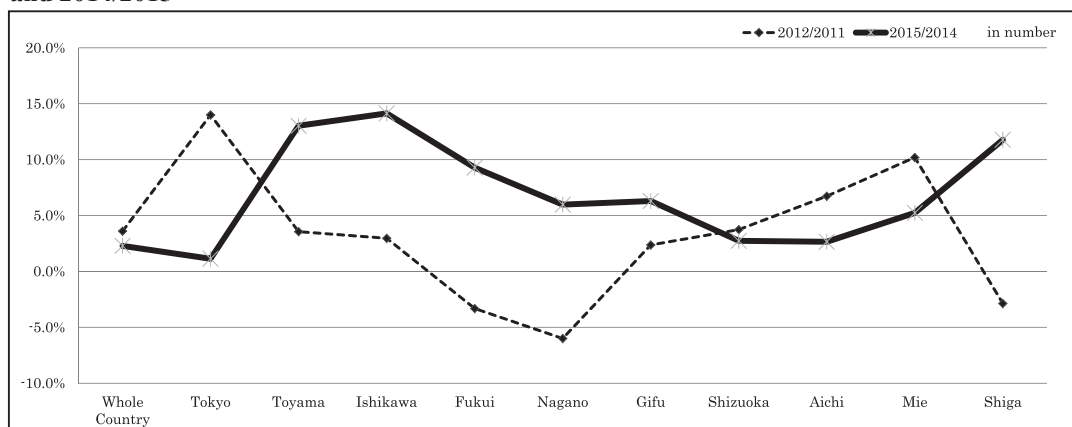
Source: JTA (2016a)

**Figure 8. Rate of change in the numbers of hotel guests in the Chubu Region between 2012 and 2015.**



Source: Author, based on JTA (2016a)

**Figure 9. Year-on-year percentage change in numbers of foreign hotel guests in the Chubu Region for 2011/2012 and 2014/2015**



Source: Author, based on JTA (2016a)

It seems that various policy promotions have contributed to the increase in foreign visitors as previously mentioned. As indicated by Figure 9, in the case of the Chubu Region, comparing the increase rate of hotel guests from 2014 to 2015 with that from 2011 to 2012 (the Great East Japan Earthquake in 2011 and the V-shaped recovery in tourism industry in 2012), the national average is approximately the same level in both compared years, but six prefectures of the Chubu Region had the higher increase rate from 2014 to 2015 than that of 2011 to 2012.

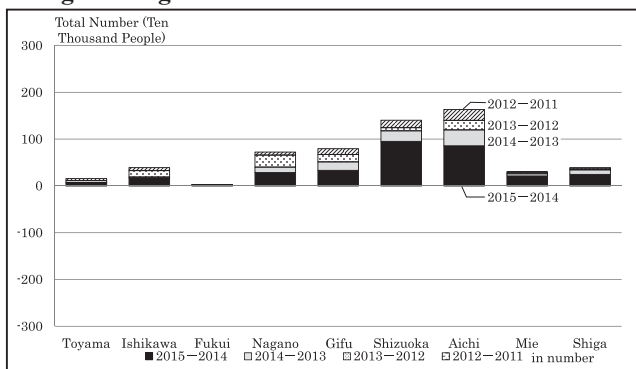
#### 4. Features and Issues in Each Prefecture of the Chubu Region

Figure 10 and Figure 11 are the piling of the number of yearly fluctuations (increase and decrease). Figure 10 indicates the foreign hotel guests and Figure 11 indicates the domestic hotel guests. As illustrated in Figure 10, total

foreign hotel guests have increased every year in every prefecture of the Chubu Region since 2011. In particular, both Aichi and Shizuoka Prefectures have over 1 million foreign hotel guests as the number of net increases of four years. However, as shown in Figure 11, in the case of domestic hotel guests, some prefectures have witnessed a decrease in hotel guest numbers. On the whole, total hotel guests have increased in every prefecture of the Chubu Region, but there is segregation among the prefectures: (1) those with increasing numbers of both domestic and foreign guests and (2) those with decreasing numbers of domestic guests and increasing numbers of foreign guests. Comparing the increased number of hotel guests from 2012 to 2015 in each prefecture of the Chubu Region, there is some variation to be found: (1) Aichi Prefecture has a 23.8% increase in the number of total hotel guests and Ishikawa Prefecture has a 20.3% increase; however, the rate of change is only 5% in Nagano Prefecture and 11.1% in Shizuoka Prefecture.

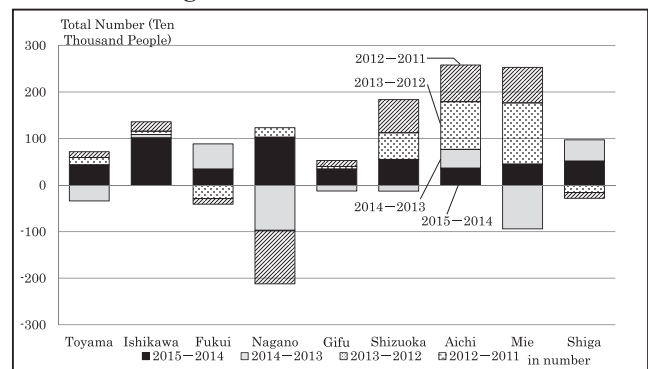
As is the case of the number of increase rate of foreign hotel guests, the smallest number is even 110.7% in Fukui Prefecture and the highest is 257.8% in Gifu Prefecture, as the increase rate from 2012 to 2015. These numbers could lead to the following inference. There are many hotel guests in Nagano and Shizuoka Prefectures and the increase is achieved by foreigners mainly. In the case of Gifu Prefecture, the main increase in hotel guests comes from foreign visitors, whereas in Aichi Prefecture, the increase is in both domestic and foreign visitors. On the other hand, in the case of Toyama and Fukui Prefectures, the numbers of both domestic and foreigners have increased, but both their numbers and their rate of increase are averagely smaller than those for other prefectures of the Chubu Region, which means that there has been a gradual dispersal of guests to each prefecture of the Chubu Region about the hotel guests in number.

**Figure 10. Annual net increase in the number of foreign hotel guests from 2011 to 2015**



Source: Author, based on JTA (2016a)

**Figure 11. Annual net increase in the number of domestic hotel guests from 2011 to 2015**

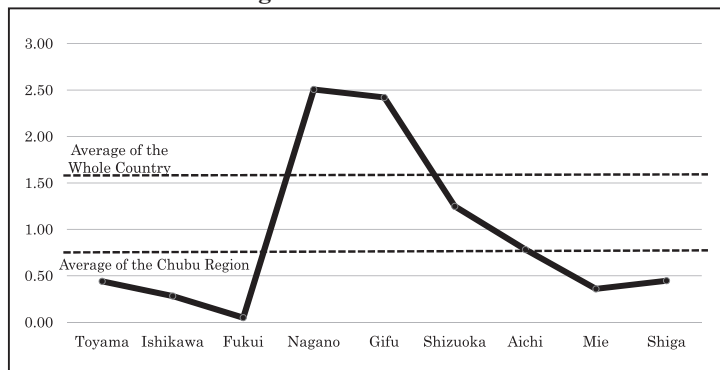


Source: Author, based on JTA (2016a)

Figure 12 shows the ratio between the net increase in domestic guests and that of foreign guests from 2012 to 2015 (the net increase in domestic guests divided by the net increase in foreign guests from 2012 to 2015). The national average is 1.55 and the Chubu Region's average is 0.73. Those numbers show that the growth rate of foreign hotel guests is higher than that of domestic guests at the national level; however, in the case of the Chubu Region, the number of domestic guests is relatively higher than for foreign guests. In fact, only the numbers of foreigners visiting Nagano and Gifu Prefectures of the Chubu Region exceeded the national average. The total

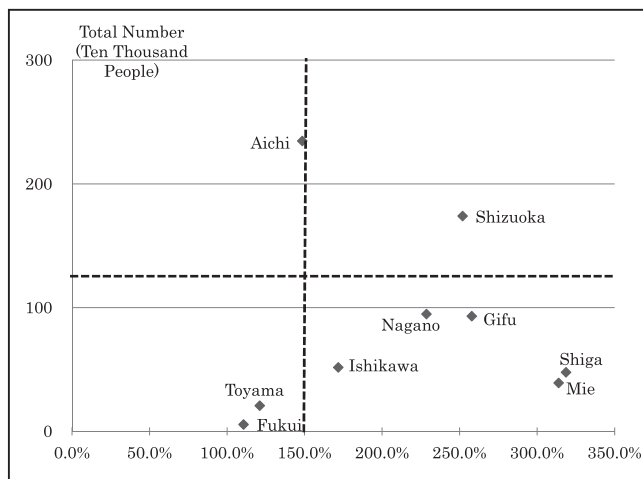
number of hotel guests in each prefecture could be influenced by the difference between the rate of increase of both foreign and domestic hotel guests. Such a relatively big difference could indicate what tourism policy the Chubu Region should promote: a policy mainly for the domestic, a policy mainly for foreigners, or a policy for both.

**Figure 12. Net number of foreign hotel guests among the net increase in total hotel guests from 2012 to 2015**



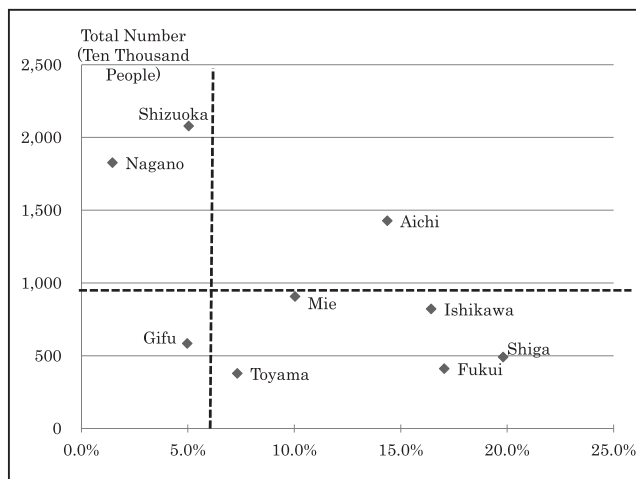
Source: Author, based on JTA (2016a)

**Figure 13. Number of foreign hotel guests in 2015 and their rates of increase from 2012 to 2015**



Source: Author, based on JTA (2016a)

**Figure 14. Number of domestic hotel guests in 2015 and their rates of increase from 2012 to 2015 and 2012 to 2015**



Source: Author, based on JTA (2016a)

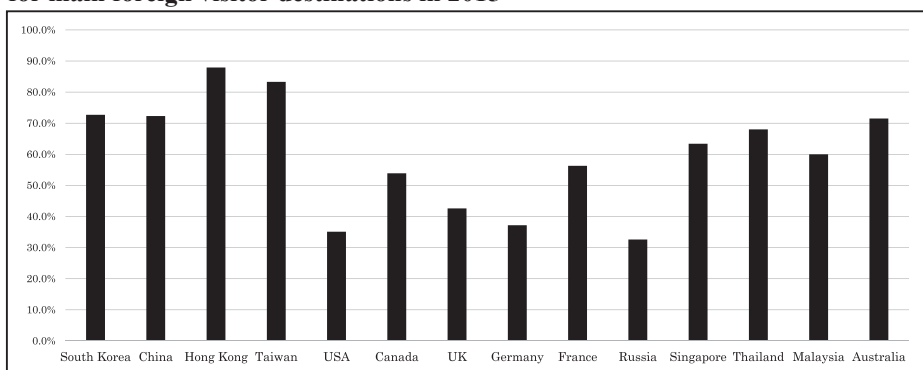
To consider such a situation from a different viewpoint, there is an interrelation index between the total number of hotel guests in 2015 and the increased rate of the number of hotel guests from 2012 to 2015 in Chubu's nine prefectures. Figure 13 displays the index of foreign guests, whereas Figure 14 shows that of domestic guests. The dotted lines represent the averages for the nine prefectures. For example, Figure 13 shows that the average of rate of increase for foreign guests is about 149% with an average number of guests being about 1.4 million. Figure 13 also shows the following features in each prefecture of the Chubu Region. Aichi and Shizuoka Prefectures have many foreign guests, whereas Shizuoka Prefecture has the highest rate of increase. Mie and Shiga Prefectures do not have the largest number of foreign hotel guests yet, but have the highest rate of increase. Ishikawa Prefecture has a relatively high increase in the rate of foreign hotel guests, but the number itself is still lower than that for Aichi or Shizuoka Prefectures. Toyama and Fukui Prefectures have low numbers of foreign guests and a low rate of increase. As shown in Figure 14, in general, the total number of domestic hotel guests is still bigger, but their rate

of increase tends to be small. The increased rates of domestic hotel guests in Ishikawa and Fukui Prefectures are relatively high and their increased rates in Nagano and Gifu Prefectures are relatively low, which means that the increase of foreign hotel guests staying in these two prefectures contributes mainly to the increase of total hotel guests.

The Chubu Region's inbound policy is promoted mainly by both the wide area association and each prefecture of the Chubu Region. In particular, the policy by the wide area association has tried to give the same (economic) effect to each prefecture, but the result does not permeate equally within each prefecture—at least not yet—following the viewpoint of some statistics data.

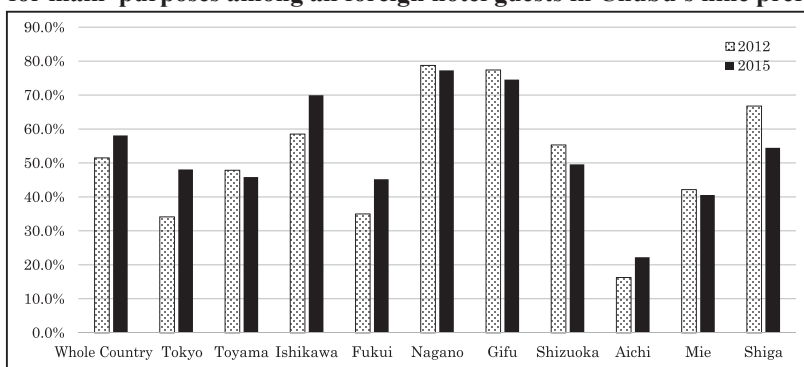
Reasons to visit Japan include business, study, and so on. However, it could be said that the main reason to visit Japan at present is for tourism and leisure. Figure 15 is the proportion of sightseeing and leisure purposes to visit Japan from main foreign markets (countries and regions). As a whole, there are a high number of guests arriving for sightseeing and leisure purposes. Asian markets especially have a higher proportion of guests for sightseeing and leisure purposes as do the European, American, and Australian markets. Therefore, supposing there is relatively less demand for business travel in regional areas outside the big city areas, it is inferred that the increase of the number of foreign visitors in each region depends on how many foreign tourists are attracted.

**Figure 15. Proportion of foreign visitors whose purpose is sightseeing and leisure for main foreign visitor destinations in 2015**



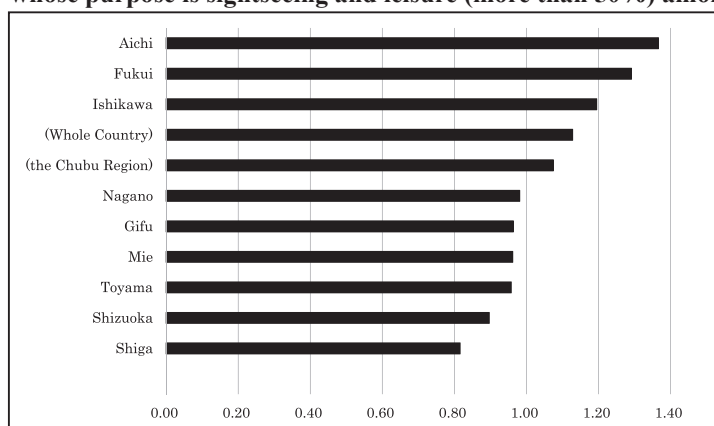
Source: JTA (2016c).

**Figure 16. Proportion of foreign hotel guests whose purpose is sightseeing and leisure (more than 50%) for main purposes among all foreign hotel guests in Chubu's nine prefectures in 2012 and 2015**



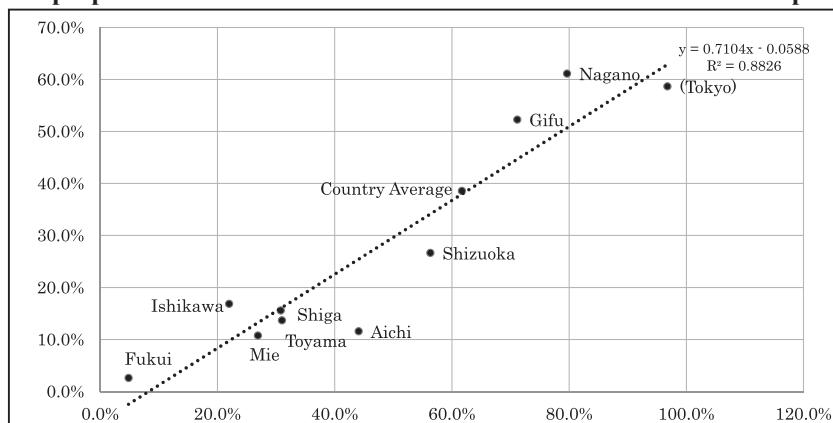
Source: Author, based on JTA (2013) and JTA (2016a)

**Figure 17. Proportion of the number of 2015 divided by the number of 2012 about the ratio of foreign hotel guests whose purpose is sightseeing and leisure (more than 50%) among all foreign hotel guests in Chubu's nine prefectures**



Source: Author, based on JTA (2013) and JTA (2016a)

**Figure 18. Foreigner's proportion among the net increase number of hotel guests in the Chubu Region in 2015 and the proportion of the number of more than 50% of them whose main purpose is mainly sightseeing**



Source: Author, based on JTA (2016a)

Figure 16 shows the ratios of foreign hotel guests whose main purpose to visit Japan (as foreign hotel guests) is sightseeing (more than 50%) in 2012 and in 2015 in Chubu's nine prefectures. As the average of the whole country, the number in 2015 is higher than that in 2012; however, among the nine prefectures of the Chubu Region, six prefectures have higher numbers in 2012 than in 2015, whereas three prefectures have higher numbers in 2015 than in 2012. Nagano, Gifu, and Ishikawa Prefectures have the highest numbers in both years, and Aichi Prefecture has the lowest in both years, which might be caused by the relatively high business or MICE<sup>5)</sup> demand. Fukui Prefecture also has lower numbers; however, the reason might be different because its number is smallest among the prefectures of the Chubu Region with less business or MICE demand than big city areas.<sup>6)</sup>

Based on the main reason for the increased rate of foreign visitors to Japan being for sightseeing and leisure purposes, the Chubu Region has not yet attracted more sightseeing-oriented foreigners compared with other regions in the country that have many attractive spots. To better recognize these features, another index should be used. Figure 17 shows the proportion of more than 50% of the ratio of foreign hotel guests in Japan for sightseeing purposes in 2012 and 2015. When this number is more than 1, it means that the ratio of "sightseeing purpose" is higher in 2015 than in 2012; in the case of less than 1, this means that the ratio of foreign visitors for sightseeing



purposes is higher in 2012 than in 2015. The number of the whole country is 1.13, meaning that the ratio of sightseeing purpose is higher in 2015 than in 2012. The Chubu Region also has the highest number of sightseeing purpose by foreigners in 2015 than in 2012; however, the number of the Chubu Region is 1.07, which is lower than the country's overall number. In the case of the prefectures of the Chubu Region, six prefectures have less than 1 in number; thus, it could be inferred that they have not been visited by relatively as many foreigners yet compared with the whole country. This is an issue to be solved in order to attract more foreign visitors as the Chubu Region. However, from another aspect, it could also be said that there is still a high possibility to fascinate foreigners in the Chubu Region. For example, Central Japan Tourism Association (2014) says that there is much potential to attract foreign visitors given that the Chubu Region has the highest attractive power among all regions in Japan (Table 2).

On the whole, compared with the other regions of Japan, if the main target for the inbound tourism policy of the Chubu Region is to increase the number of mainly foreign tourists, the basic method should be the effective announcement of attractive tourist spots. Figure 18<sup>7)</sup> shows the ratio between foreign hotel guests among the total hotel guests and more than 50% of the foreign hotel guests whose main purpose is sightseeing among the nine prefectures of the Chubu Region. This indicates that there is some relation between both numbers.

**Table 2. Index of Tourism Power in Each Region in Japan\***

Types	Tourism Power (points)		
	Hokkaido	Tohoku	Metropolitan Area
Tourism for nature	19.3	43.7	31.6
Tourism for history	6.0	27.3	31.3
Visiting hot springs	27.5	66.1	40.1
Visiting amusement parks	8.8	14.2	35.1
Good food and drinks (gourmet)	17.6	39.0	33.5
Average (except other purposes)	6.6	15.6	15.2

Types	Tourism Power (points)		
	Chubu	Kansai	Chugoku
Tourism for nature	55.2	31.4	30.8
Tourism for history	39.5	30.4	18.6
Visiting hot springs	68.8	32.6	22.4
Visiting amusement parks	32.6	26.4	11.3
Good food and drinks (gourmet)	51.8	32.8	19.4
Average (except other purposes)	24.3	14.0	9.1

Types	Tourism Power (points)		
	Shikoku	Kyushu	Okinawa
Tourism for nature	22.1	51.2	7.3
Tourism for history	11.3	25.3	3.1
Visiting hot springs	11.1	39.2	0.0
Visiting amusement parks	2.6	18.0	2.6
Good food and drinks (gourmet)	10.3	34.2	3.0
Average (except other purposes)	4.9	14.0	1.5

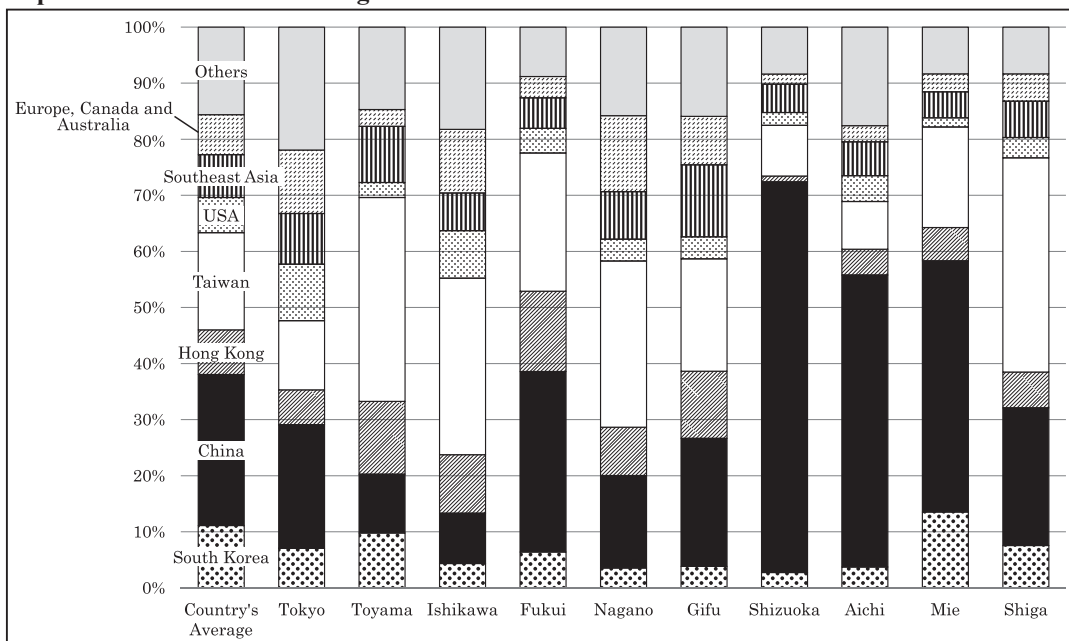
\*Best 5 of all the categories are indicated here. Total categories are 19.

Source: Central Japan Tourism Promotion Association (2014)

## 5. Basic Directionality to Attract More Foreign Visitors to the Chubu Region

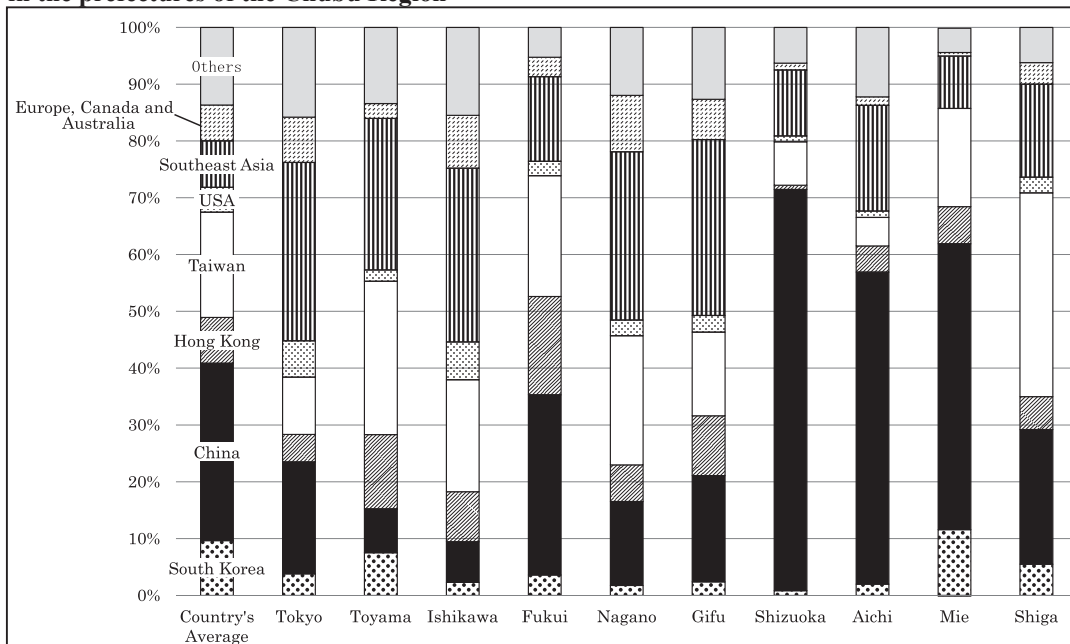
Based on the above, it is necessary to understand what foreign markets are the targets that the Chubu Region mainly should promote and how many tourists from there visit the Chubu Region with mainly a sightseeing purpose. Figure 19 shows the proportion of foreign hotel guests from main foreign markets to each prefecture of the Chubu Region. For example, there are a higher proportion of Chinese visitors to Shizuoka and Aichi Prefectures; indeed, Chinese tourists occupy about 80% among total foreign tourists in Shizuoka Prefecture. On the other hand, the Hokuriku Area, comprising Toyama, Ishikawa, and Fukui Prefectures and facing the Japan Sea, has a high proportion of Taiwanese visitors. As is the case with the net increase in the number of foreign hotel guests from 2011 to 2015, the total proportion of Chinese visitors is also high in Shizuoka Prefecture and, in many prefectures, the proportion of the foreigners from Southeast Asia has increased (Figure 20). This may be the result of continuous promotions aimed at the Southeast Asian and East Asian markets. The European, North American, and Australian markets are expected to be the next visitor target markets for the Chubu Region. On the other hand, because there is still a high proportion in number from East Asian markets, it is also necessary to realize that foreign repeat visitors from there would be still very important for inbound promotion in the Chubu Region, at least in the short term. To make the inbound promotion more successful, it is important to keep already famous tourism spots attractive and to discover and develop new attractive spots in each prefecture in the short and middle terms, such as tourism of industrial institutions. Convenient transportation systems, such as the Shinkansen Bullet Train, especially important in Hokuriku, where the “Hokuriku Shinkansen” was launched in 2015, would be one of the important tools to promote these areas.

**Figure 19. Proportions of main foreign markets in 2015 in prefectures of the Chubu Region**



Source: Author, based on JTA (2016a)

**Figure 20. Proportions of the net increase in numbers of main foreign tourist markets from 2012 to 2015 in the prefectures of the Chubu Region**



Source: Author, based on JTA (2016a)

There is actually much attractiveness in each prefecture of the Chubu Region. For example, Shirakawago which is a World Heritage site and Takayama, both in Gifu Prefecture and Mt Fuji, also a World Heritage site in Shizuoka Prefecture, are famous for foreigners, but other prefectures also have a lot of great tourism spots. In that sense, the combination of tourism spots in each prefecture of the Chubu Region is important to make more foreigners consider visiting there, considering the convenient and effective public transportation systems that the Chubu Region has. One of the tourism strengths in the Chubu Region among the whole country is the attractiveness of its mountain areas, such as Mt. Fuji, Kamikochi Mountains, and the Tateyama Kurobe Alpine Route. They are major and famous mountainous tourism spots in Japan and their features are unique from each other. Therefore, the announcement effect of the combination of them would be a good promotion for the whole of the Chubu Region. Overall, it would be important to run promotions more effectively, with a good balance among all tourism spots in the region in order to attract more foreign visitors.

## 6. Conclusion

In this paper, the fundamental features of each prefecture of the Chubu Region are analyzed on the basis that a foreign visitors policy (inbound policy) should be promoted for the Chubu Region. Though there still remain many issues, this paper indicates that there are many differences about the features of foreign visitors in the prefectures of the Chubu Region and the policy balance practiced by them is important in order to entice more foreigners to visit the region. Additionally, the way these features are balanced is also important. From this perspective, competition among other regions in Japan, the development of new attractive tourism spots, and making already famous spots more attractive are important for the Chubu Region. There are still some points left to

be analyzed, for example, the analysis of the balance of the (economic) effect of each prefecture when cooperative action is taken, such as balanced tourism route development through each prefecture. In addition, because there are many kinds of hotels, which might be one of decision-making points for foreigner guests planning to visit an area in Japan, the analysis of differences in each area's hotel system is also important.

These are only preliminary results from this analysis. More research and analysis are necessary to develop the attractiveness for foreign visitors to the Chubu Region.

### (Note)

- 1) According to JTA (2014), the negative economic effect of reducing one head of population in a region could be supplemented by 10 foreign tourists visiting there.
- 2) It could be inferred that emphasis on a wide area approach is related to policy promotions by the wide area association.
- 3) The Central Japan Tourism Association became the DMO (Destination Management Organization) in 2017 and is more tourism-oriented.
- 4) The number of domestic hotel guests is calculated by [the number of total hotel guests minus the number of foreign hotel guests].
- 5) "MICE" is the combination of the initials of "Meeting, Incentive travel/tour, Conference/Convention, and Exhibition/Event," meaning other reasons to visit a region besides tourism.
- 6) Because the big city areas such as the Tokyo Metropolitan Area also have a demand for business tourism, an analysis from other points of view is necessary.
- 7) In this paper, the Southeast Asian market consists of visitors from Singapore, Malaysia, and Thailand, whereas the European market consists of the United Kingdom, Germany, and France, as shown in Figures 19 and 20.

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