

“Inbound tourism consumption” is expanding

The “inbound tourism consumption” is the amount of consumption expenditures by foreign visitors in Japan. The “inbound tourism consumption” gains attention increasingly as the number of foreign visitors has grown significantly due to weaker yen. The inbound tourism consumption in 2014 showed a sharp rise of 43% to approximately 2 trillion yen (Japan Tourism Agency estimated).

Point 1

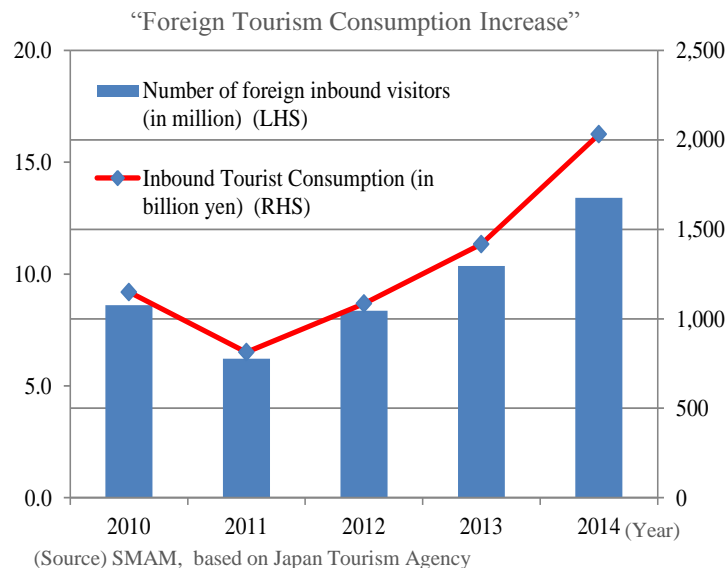
Consumption in Japan thrived during Chinese New Year Holidays Its benefit spread out to theme parks and local tourist spots from urban department stores in Central Tokyo

- During the Chinese New Year Holidays (February 18 to 24), retail stores and hotel accommodations in Japan seemed to have profited thanks to increasing number of foreign tourists to Japan. According to the article on The Nikkei Newspaper, the sales of duty free items at Ginza Mitsukoshi department store during the period soared 3.3 times from the previous year, which accounted for almost 40% of the large store’s total revenue for the same period. Increasing “inbound tourism consumption” in this season seems to have spread out from shopping at urban department stores to enjoying shopping at electronic appliance specialty stores, visiting amusement parks and local tourists spots as well.

Point 2

Benefit spread to convenience stores and 100-yen shops Deregulation is likely to help to open more duty free shops

- Foreign visitors usually spend money at duty free shops in shopping malls, department stores and airports. The Japan Tourism Agency’s questionnaire research shows many of foreign visitors nowadays shop at non-duty free shops such as convenience stores and 100-yen (One-Dollar) shops, and the benefit from “inbound tourism consumption” is expanding broadly.
- From this April, due to the eased duty free rule by the government, the one-stop tax refund submission will be available for foreign visitors in their total amount of shopping at different outlets. This deregulation results in simplifying tax refund procedures from troublesome existing procedures at outlets, and more duty free shops are expected to open on the shopping streets.



Further increase in “inbound tourism consumption” expected under the government’s measures

■ Increasing number of foreign visitors fueled by the eased visa issuance rule by the government

Not only weak yen but also the government’s measures to stimulate the tourism to Japan contribute to the expansion of “inbound tourism consumption” significantly. Increasing numbers of tourists from Thailand and Malaysia have been visiting Japan since Japan’s government eased the visa rules for those countries. Also, several other measures such as expansion of duty free item range and “visit Japan” promotion activities in overseas countries should push the number up greatly.

■ JPY3 trillion of inbound tourism consumption is expected by 2020

The government has set a goal to double the number of foreign tourists visiting Japan to 20 million by 2020 when the Tokyo Olympic Games are held, compared with that in 2013. The “inbound tourism consumption” is expected to further expand to approx. 3 trillion yen by that time in rough estimation. The benefit of expansion of “inbound tourism consumption” is likely to spread across the industries and expected to help the recovery of economy.

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