

# Japan Market Update

September 2009

## Market Overview

### Economic Updates

- According to the most recent economic report by the Japanese Cabinet Office, Japan's economy is still in recession, but some components are recovering – namely industrial production and exports. There are other positive signs that the recession is coming to an end, including:
  - *Quarterly Report (April to June 2009) by the Japanese Finance Ministry upgraded its evaluation of the economy for the first time since April 2004.*
  - *Japanese consumer confidence has increased for the sixth straight month to reach 37.6, which is the highest level since December 2007.*
- As the price of oil rises, a number of international airlines, including Japan Airlines and All Nippon Airways, announced that they will resume collecting fuel surcharges from October this year.

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### Travel Market Updates

- The H1N1 flu outbreak had a huge impact on the Japanese outbound travel market, and the number of Japanese departures for the first six months of 2009 was down 9.1% to 7,190,000 over the same period last year, resulting in the second lowest number for the past decade second only to the first six months of the SARS breakout in 2003.
- Yet overseas travel market surveys conducted by the Japan Association of Travel Agents find that the Diffusion Index, which statistically represents economic trends, for the period from July to September this year, will improve to -72 from -80 during the period from April to June this year. For the summer, zero fuel surcharges and a stronger yen are expected to boost the market.
- The U.S. Department of Commerce predicts Japanese travel to the U.S. will fall 5% in 2009, but begin its recovery in 2010 with 3% growth to 3.17 million and annual increases of 5% per year thereafter, culminating in 3.57 million Japanese travelers in 2013.

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### Travel Source of Information *Elevate California's Brand Presence*

- Activity 1: Continued aggressive and large-scale public relations programs including joint group press trips with "Miss Universe"
- Activity 2: Continuously added new contents to the two CTTC Japan websites – both PC and mobile phone versions – combined with strategic search engine optimization measures
- Activity 3: Created and launched a new Japan sales manual, targeting planning/in-line agents

#### Travel Information Source

Source	Percentage
Travel Agency	44.0%
Personal Computer	42.5%
Corporate Travel Dept.	17.6%
Airlines Directly	16.3%
Friends/Relatives	15.7%
Travel Guides	15.0%
Tour Company	10.3%
Government Sources	3.5%
Newspapers/Magazines	3.1%
In-flight Info. Systems	1.4%
TV/Radio	0.3%

■ Percentage of CA Visitors From Japan Using Source

Sources: US Dept. of Commerce In-Flight Survey, 2008

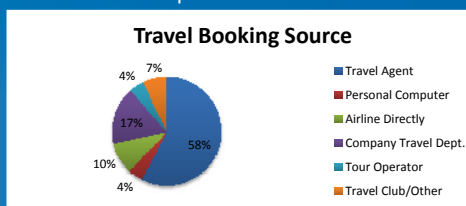
## Japan – County Update



### Travel Booking Source

#### Build California's Product Distribution

- Activity 1: Organized large scale Japan sales mission with California delegates visiting key trade partners in Tokyo and Osaka
- Activity 2: Tie-in campaigns with popular travel portals to encourage on-line booking of California travel products\
- Activity 3: Planned and carried out strategic co-op promotions with travel agencies to boost industry investment in California promotions



Sources: US Dept. of Commerce In-Flight Survey, 2008

## Public Relations



- Continued with aggressive public relations activities, and secured total unpaid advertising value of approximately **\$7.5 million** from April to July 2009, equivalent to **\$18.6 million** on an annualized basis.
- Highlights of successful California unpaid media features included **2 network TV specials including NHK, Japan's most prestigious nationwide TV Network featuring California for 3 months**, as well as **10 magazine press visits, a group media fam in conjunction with Miss Universe Japan, radio features, and key Web portal features.**
- Produced and sent monthly e-newsletter covering the most updated news from California and updates of marketing programs from CTTC's Japan office to over **7,000 subscribers** (Media: 600, Trade: 1,700 , Consumers/Others: 5,000).



## E-Marketing/Website



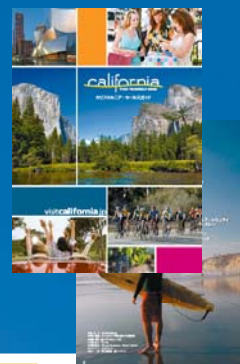
- Carried out tie-in promotions with two leading Japanese travel portals (information & booking) in Japan (“**Chikyu-no-Arukikata**” and “**AB-Road**”) to ensure strong online Calls-to-Action.
- Created special California microsites through which Japanese can immediately book California tour products online.
- Campaign period: “**Chukyu-no-Arukikata**” → February 2 through April 2, and “**AB-Road**” → June 9 through October 8.
- “**Chiky-no-Arukikata**” Results: Total Impressions → 8.6 million.
- Continued updating and adding new contents to the Japanese site. Average monthly traffic has risen to **80,000**.



## Travel Trade Marketing



- **Travel Trade Seminars**
  - Sapporo Seminar on April 16
  - Japan Sales Mission in Osaka and Tokyo on June 8-9
  - Fly & Drive Seminar on June 26
  - JATA VWC CA Educational Seminar on July 7
- **Sales Calls**
  - Throughout the fourth quarter, CTTC Japan met with various industry partners and stakeholders to discuss new opportunities including joint seminars and co-op promotions.
- **Japanese Sales Manual**
  - First ever Japanese language travel trade sales manual – 34 full-color pages that introduce 12 regions and 10 themes of California from a Japanese travel trade perspective.
  - Designed to encourage development of new/fresh itineraries in the Japan market, and as an educational tool for sales staff.



## Travel Trade Marketing



- Launched number of **co-op promotions** with key Japanese tour operators, designed to secure greater variety of California tour products in the market and allow key operators to market California products more aggressively.
- Highlights in the last quarter included joint promotions with **“Club Tourism”** and **“Hankyu Express International,”** both DM/membership tour agencies targeting high-spend/senior segments who still tend to purchase package products.
- **“Club Tourism”** results: New California tour development, exposure in their DM membership magazines (over 1.5 million copies), joint ad campaign in major daily newspapers (1.6 million circulation).
- **“Hankyu Express International”** results: New California tour development, exposure in their DM Membership magazine (over 1.3 million copies), joint ad campaign in major daily newspapers (2.3 million circulation).



## Upcoming Programs



- **Japanese Remake of *Sideways* Promotion**
  - In conjunction with the release of the Japanese remake of *Sideways*, planned and carried out a series of Public Relations, online, travel trade co-op programs.
- **Co-op Promotions with VISA Card**
  - Co-op promotion with a leading credit card VISA to offer a series of discounts/offers at various tourism attractions within California
  - VISA card will promote the campaign for their card holders via their DM and Web site, etc.
- **Continuation of “Nandemo-Alifornia!” Japan Brand Ad campaign**
  - Continued with the Japan brand advertising campaign to raise the profile of California directly targeting Japanese consumers.

