

“Explosive shopping” lost its momentum?!

“Consumption Trend Survey for Foreigners Visiting Japan” released on quarterly basis by the Japan Tourism Agency is useful to learn consumption attitude of foreign tourists visiting Japan. According to the latest survey, total amount of consumption has increased due to growing number of tourists, however, average expenditure per person has decreased. “Explosive shopping” so-called “Bakugai” in Japanese, once became a buzzword, seems to have lost its momentum. However, we need to keep an eye on consumption trend of foreign tourists as there are some changes happening.

Point 1

Total expenditure of foreigners visiting Japan in Apr.-Jun. 2016 increased by +7% YoY to JPY 953.3 billion

But, average expenditure per person decreased by 10% YoY to JPY 160,000

- According to Apr.-Jun. “Trend survey for foreigners visiting Japan” released by Japan Tourism Agency on 20th July 2016, total expenditure of foreigners visiting Japan increased by +7% YoY to JPY 953.3 billion for the same period. This was due to increase in number of foreign tourists by 19% YoY to 59.6 million. However, average expenditure per person decreased by -10% YoY to JPY 160,000. The main reasons behind this were i) JPY appreciation and ii) expenditure per person of Chinese visitors which decreased by -23% YoY to JPY 220,000.

Point 2

Affected by stronger JPY and China’s tax collection enhancement on overseas souvenir

China down to 5th place for average expenditure per person of foreigners visiting Japan

- The background of sharp drop of average expenditure per person of visitors from China seems to be i) JPY’s appreciation against RMB around +17% YoY during the period and ii) China’s tax collection enhancement on overseas souvenir from April 2016 onward. Accordingly, so called “Explosive shopping” seems to have lost its momentum.
- However, some changes in trend is happening on the other hand. Vietnam’s average expenditure per person visiting Japan increased by +14% YoY pushing it to the top. In addition, it must be noted that average expenditure per person visiting Japan of Russia, Germany, France and USA have increased. Due to these changes in trend, China, a decisive top, lost its ground to 5th place for Apr.-Jun. 2016 survey on average expenditure per person of foreigners visiting Japan.

“Top 10 Countries of Average Expenditure per Person of Foreigners Visiting Japan”

(Apr.-Jun. 2016)

	Expenditure per Person (JPY/Person)	YoY (%)	No. of Tourists (1,000)
Vietnam	238,375	13.7	67.2
Australia	233,902	-4.5	99.6
Spain	223,959	-1.8	18.7
Russia	220,020	56.8	13.0
China	219,996	-22.9	1604.6
Germany	216,129	17.9	46.6
France	206,172	11.2	73.9
USA	190,344	4.9	351.6
UK	184,424	-3.8	72.8
Italy	186,215	-9.4	29.5
Total tourists	159,930	-9.9	5961.0

(Source) SMAM, based on Japan Tourism Agency data.

Expectation on support by government measures in achieving “Number of foreign tourists visiting Japan” of 40 million in 2020

- The government has set a target of doubling the “Number of foreign tourists visiting Japan” to 40 million by year 2020 and put related measures in place. According to the questionnaire survey carried out by Japan Tourism Agency on visitors to Japan, 59% answered “will definitely visit Japan again” and 34% answered “will visit Japan again” which was an encouraging result and it is becoming more likely to achieve target.
- Even if the growth of average expenditure per person of Chinese tourists visiting Japan slows down in future due to lesser purchase of souvenirs, average expenditure per person as a whole is less affected by the decrease, as proportion of Chinese tourist expenditure to total expenditure of tourists in Japan is declining compared to the past. We expect expenditure by foreigners visiting Japan will keep its increasing trend supported by growing number of tourists going forward.

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