



SMAM

## Buoyant Inbound Tourism Consumption due to increase in “Visitor Arrivals” to Japan

Increase in “Visitor Arrivals” (number of foreigners visiting Japan) is positively impacting Japanese economy in recent years. The number of “Visitor Arrivals” has been increasing steadily. June 2017 saw 2.35 million visitors and first half of year 2017 saw total of 13.76 million visitors. Increase in inbound tourism consumption supported by growing number of “Visitor Arrivals” is expected to underpin Japanese economy as Japanese domestic consumption is growing just modestly.

### Point 1

#### “Visitor Arrivals” in June 2017 was 2.35 million

That in the first half of 2017 was 13.76 million (+ 17.4% YoY)

- In recent years, tendency of increasing number of “Visitor Arrivals” has been accelerating dramatically. The number of “Visitor Arrivals” in June 2017 (estimate) was released by JNTO on 19<sup>th</sup> July. The number rose + 18.2% YoY to 2.35 million for the month and total number of “Visitor Arrivals” in the first half of 2017 was 13.76 million. The visitor number has been increasing steadily as it has surpassed 10 million in May 2017 which was the fastest pace of increase in its history.

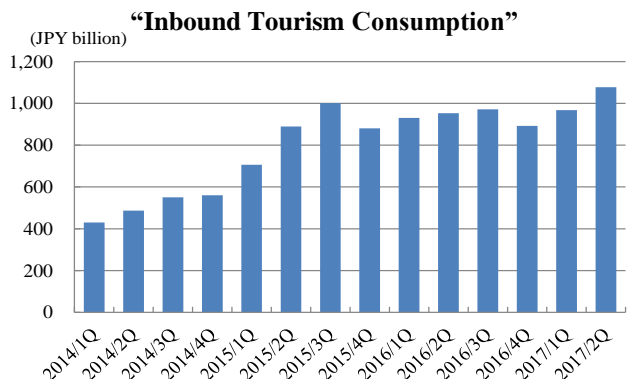
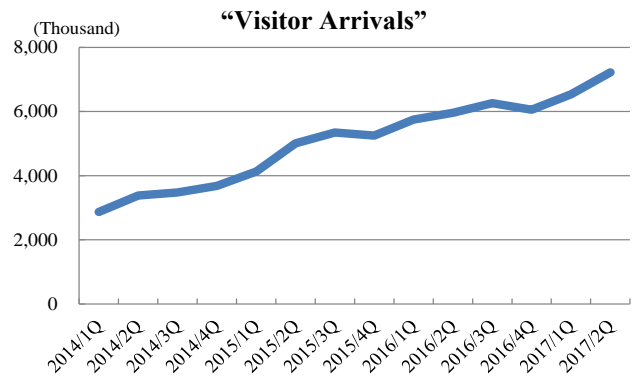
### Point 2

#### Inbound tourism consumption marked the record high

The largest expense was for shopping and then for lodging expense

- Inbound tourism consumption is also increasing steadily. According to “Consumption Trend Survey for Foreigners Visiting Japan” released on 19<sup>th</sup> July by Japan Tourism Agency, consumption by “Visitor Arrivals” during 2017 2Q (Apr.-June) increased + 13.0% YoY to JPY 1,077.6 billion which is the record high for a single quarter. Also, consumption for the first half of 2017 increased + 8.6% YoY to JPY 2,045.6 billion surpassed JPY 2 trillion for the first time.

- By consumption items, most spent was for shopping with JPY 131,000 per person for Chinese visitors (top spender) and JPY 57,000 for all visitors on average. Next item was lodging expense. Visitors from Europe, US and Australia tend to spend more for this item, like UK and Italian visitors spent more than JPY 100,000. Longer length of stay seems to contribute to higher lodging expense.



(Note) Data period is from 2014 1Q to 2017 2Q. 2017 2Q is estimated figure by JNTO. (Source) SMAM, based on JNTO data.



## Buoyant inbound tourism consumption is expected due to increase in number of “Visitor Arrivals” going forward

- Despite decrease in inbound tourism consumption per person of foreign visitors by - 6.7% YoY to JPY 149,000, tendency of increase in total inbound tourism consumption is continuing as number of “Visitor Arrivals” has been growing steadily. Department store sales for foreign visitors in Japan increased for 7 consecutive months even when the Japanese domestic market has been shrinking. Buoyant consumption by foreign visitors is expected to play one of the key roles to underpin Japanese economy.

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