

Section 3

TOURISM IN KANSAI: MEASURES TO ATTRACT VISITORS IMPLEMENTED BY DMOs IN THE KANSAI REGION

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As of 2021, the number of inbound and domestic tourism in Japan has not recovered to the level of before the novel coronavirus pandemic (hereafter COVID-19) due to its infections situation and the measures taken in response to it. Last year, in Kansai and the Asia Pacific Economic Outlook 2021, we focused on the role of Destination Management/Marketing Organization (hereafter DMO), a regional tourism development corporation involved in the management of various tourist destinations in Japan, and we pointed out that its further contribution is expected in the future. In this section, we will first use major statistics to check the impact of the long-lasting COVID-19 pandemic on the tourism industry. Also, we will analyze the effectiveness of the measures taken by the municipalities in the Kansai region to stimulate demand for travel based on the trend of the total number of overnight domestic visitors in Japan. Then, we will analyze the effectiveness of the DMOs in attracting visitors within their marketing and management areas by focusing on some of the unique DMOs in the Kansai region that were included in last year's Economic Outlook. Finally, we will present some implications from the obtained results of the analysis.

1. Tourism Dynamics in FY 2021 and Measures to Stimulate Demand in Each Prefecture

(1) Activity Dynamics in the Service Sector

COVID-19 has significantly impacted the production of goods and services, both of which have yet to recover to their pre-COVID-19 levels. Figure 3-3-1 shows that both the mining and manufacturing production index and the tertiary industrial activity index bottomed out in May 2020 (mining and manufacturing production: 77.2, tertiary industry: 86.7) and have continued to gradually recover since then.

Among the service industries, the index for the face-to-face service industry¹⁾ has repeatedly risen and fallen following the issuance and lifting of the

1) The face-to-face service industry refers to transportation, lodging, restaurants, catering services, other living-related services, and entertainment.

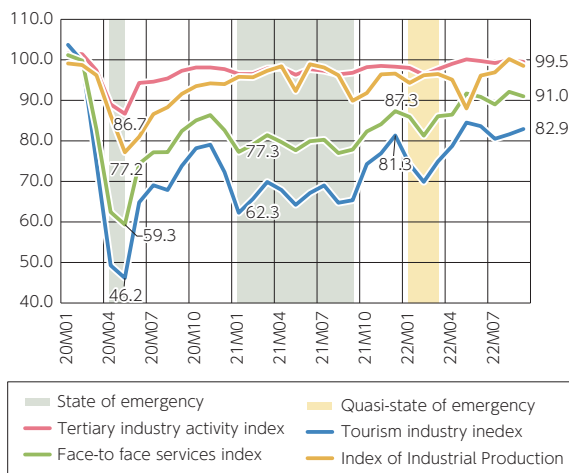


Figure 3-3-1

Trends in the mining and manufacturing production index, the tertiary industrial activity index, the face-to-face service industry index, and the tourist-related industry index: January 2020 to September 2022

Source: Prepared based on the mining and manufacturing production index and tertiary industry activity index by the Ministry of Economy, Trade and Industry

states of emergency and quasi-states of emergency²⁾. In the face-to-face service industry, the recovery of the tourism-related industry³⁾, in particular, has been delayed. In the following sections, we will mainly examine the trends in the face-to-face service industry and the tourism-related industry.

In May 2020, the index for the face-to-face service industry was 59.3 and the index for the tourism-related industry was 46.2, showing a further decline compared to the aforementioned mining and manufacturing production index and tertiary industrial activity index. The indexes showed a recovery trend in the latter half of 2020, partly due to the lifting of the state of emergency and the start of the government's Go To Travel project.

However, due to the suspension of the Go To Travel project and the

2) The periods of issuing the states of emergency and the quasi-states of emergency are as follows.

The states of emergency (1st April 7–May 25, 2020, 2nd January 7–March 21, 2021, 3rd April 25–June 20, 2021, and 4th July 12–September 30, 2021) The quasi-states of emergency (April 5 to September 30, 2021, and January 9 to March 21, 2022)

3) The tourism-related industry index here refers to the weighted average of railroad passenger transport, road passenger transport, water passenger transport, air passenger transport, passenger transport, other rental, auto rental, lodging, restaurants, catering services, travel services, cinemas, theaters, and performing troupe, which correspond to the categories in the Japan Tourism Agency's Travel and Tourism Satellite Accounts in the tertiary industry activity index.

re-issuance of the state of emergency, in January 2021, the indexes for the face-to-face service industry and the tourism-related industry fell to 77.3 and 62.3, respectively, significant declines from the latter half of 2020 when they showed a recovery trend. Since then, there have been repeated issuances of a state of emergency and a quasi-state of emergency, and both indexes remained low until September. In addition to the improvement of the infections situation from October, the resumption of measures to stimulate travel demand by various municipalities helped the indexes of the face-to-face service industry and the tourism-related industry to rise to 87.3 and 81.4, respectively, in December.

The face-to-face service industry, which had been gradually recovering, deteriorated again in 2022 due to the spread of infections caused by a new variant (Omicron). From January, the quasi-state of emergency was sequentially issued in every prefecture, and both indexes for the face-to-face service industry and the tourism-related industry declined for two consecutive months. The overall lifting of the quasi-state on March 21 raised the indexes for March. However, comparing the January–March period with the level before COVID-19 (October–December 2019) (100.4 for the face-to-face service index and 102.4 for the tourism-related index), both indexes were low, down 16.0% points for the face-to-face service index and down 29.4% points for the tourism-related index.

(2) Measures to Stimulate Demand for Travel in Each Municipality during the COVID-19 Period

As mentioned above, infection-prevention measures, such as the issuances of a state of emergency, have had a significant impact on the tourism industry, which has not recovered to its pre-pandemic level. The domestic travel consumption⁴⁾ in the Kansai region in 2021 was 1,715.7 billion yen, down 58.4% from the 2019 level, a further decrease from the 2020 level (2,014.5 billion yen, down 51.2% from the 2019 level). In response, the government and local governments implemented their own measures to stimulate demand in order to recover depressed travel demand⁵⁾. This section focuses mainly on the measures implemented by the prefectures in the Kansai region to stimulate demand after 2021 and analyzes the impact of these policies. Although the government implemented the Go To Travel project from July 2020, it suspended this project after 2021

4) The domestic travel consumption in Japan in 2021 was 9,183.5 billion yen, down 58.1% from the 2019 level (9,973.8 billion yen in 2020, down 54.5%).

5) According to Chapter 6, Section 4 of the Asia Pacific Institute of Research (2021), the demand creation impact of the Go To Travel project is assumed to have recovered 7.8% of the decrease in value added and 7.5% of the decrease in employment due to the COVID-19 pandemic in terms of its total ripple effects.

due to the worsening of the infections situation. While the project was halted, the various local governments started their own measures to stimulate travel demand, mainly targeting residents in their prefecture. Table 3-3-1 shows the measures taken independently by each prefecture in the Kansai region⁶⁾ in 2021 and 2022 to stimulate demand for travel. As shown in the table, although some prefectures including Fukui, Tottori, and Wakayama started their campaigns at

Table 3-3-1 Policies for promoting travel in the Kansai region: 2021/2022

	Campaign Name	Campaign Period (Lodging Discount)	Target Prefectures (Including Planned)
Fukui Pref.	Fukui discount campaign	February 17, 2021 to December 31, 2021 (Suspended from June 28, 2021 to July 21, 2021 and August 4, 2021 to September 30, 2021) January 1, 2022 to June 30, 2022 (except April 29 to May 8)	Niigata, Nagano, Toyama, Ishikawa, Fukui , Shiga, Shizuoka, Gifu, Aichi, Mie, and Kyoto
Mie Pref.	Mie special travel coupons	Phase 2: October 15, 2021 to December 1, 2021 Phase 3: December 1, 2021 to December 31, 2021	Mie
Shiga Pref.	Now is the time to travel Shiga!	Phase 4: July 9, 2021 to December 31, 2021 (sales of convenience store tickets was suspended from August 5, 2021, and new reservations were refrained from August 27, 2021) Phase 5: January 14, 2022 to March 6, 2022 (suspension of use from January 25, 2022)	Phase 4: Shiga Phase 5: Shiga
Kyoto Pref.	Travel Project to Rediscover the Charm of Kyoto	October 22, 2021 to March 31, 2022 (new reservations were suspended from January 25, 2022 to March 18, 2022).	Shiga, Kyoto , Osaka, Hyogo, Nara, Fukui, and Mie
Osaka Pref.	Welcome to Osaka Campaign 2021	November 24, 2021 to February 28, 2022 (new reservations were suspended from January 12, 2022)	Osaka , Hyogo, Kyoto, Nara, and Wakayama
Hyogo Pref.	Hometown support! Let's travel Hyogo campaign	October 14, 2021 to February 28, 2022 (Suspension of use from February 2, 2022)	Hyogo, Osaka, Kyoto, Wakayama, Nara, Shiga, Okayama, Tottori, Tokushima, and Kagawa
Nara Pref.	Now is the time to travel to Nara campaign 2021	December 1, 2021 to February 28, 2022	Nara
Wakayama Pref.	Plan to refresh yourself in Wakayama, the 2nd	June 22, 2021 to December 31, 2021	Wakayama
	Plan to refresh yourself in Wakayama, the 3rd	October 8, 2021 to December 31, 2021	Wakayama
Tottori Pref./ Shimane Pref.	#We Love Sanin Campaign	March 1, 2021 to July 11, 2022 (planned) (temporary suspension from July 26, 2021 to September 30, 2021)	Tottori, Shimane *Okayama, Yamaguchi, Tokushima, Kagawa, Ehime, and Kochi were included from May 25, 2022.
Tokushima Pref.	Tokushima support discount	October 1, 2021 (Discounts resumed) to March 10, 2022 (New reservations were suspended from January 20, 2022)	Tokushima , Hyogo, Wakayama, Kagawa, Ehime, and Kochi

Source: Prepared from publicly available data released by each local government

6) The Kansai region here refers to ten prefectures: Fukui, Mie, Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama, Tottori and Tokushima prefectures.

an early stage, many of them started them after October 2021 partly due to the impact of the issuance of the state of emergency and quasi-state of emergency. The initial coverage of the project implemented by each prefecture was mainly targeted at its residents. Still, some prefectures expanded the coverage to residents in neighboring prefectures while observing the trend of the infections situation.

In order to confirm the effectiveness of the measures taken by municipalities in the Kansai region to stimulate demand, we will look at the change in the growth rate (compared to the same month of 2019) of the total number of overnight stays by Japanese visitors in the Kansai region, breaking it down into those from within the prefecture and those from outside the prefecture.

As shown in Figure 3-2-2, the rate of decrease in the number of visitors from within the prefecture has contracted since May 2020 (down 73.9% compared to the same month in 2019) and exceeded the pre-pandemic level in October 2020 with an increase of 7.5% compared to the same month in 2019. However, on entering 2021, the trend remained weak due to the suspension of the Go To Travel project. Nonetheless, due to the impact of measures to stimulate travel demand implemented by each prefecture, the growth rate increased for three consecutive months, up 20.9% compared to the same month in 2019 in

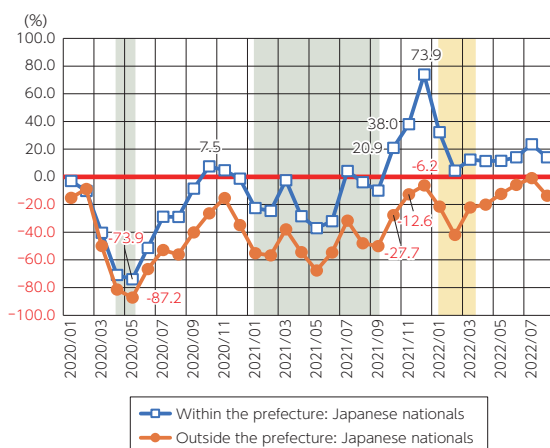


Figure 3-3-2

Trends in the growth rate of the number of overnight visitors from within and outside the prefecture: January 2020 to August 2022 in the Kansai region

Note: The area shaded in gray indicates the period of the state of emergency and the area shaded in yellow indicates the period of the quasi-state of emergency. Preliminary figures for the period from January to August, 2022. The growth rate is the comparison with the same month in 2019.

Source: Prepared based on Overnight Travel Statistics Survey by the Japan Tourism Agency

October, up 38.0% in November, and up 73.9% in December. In 2022, the growth rate showed a downward trend due to the reimplementation of infection-preventive measures, but it was still higher than the pre-pandemic level.

As for tourists from outside of the prefecture, the decline rate has contracted after bottoming out in May 2020 (down 87.2% compared to the same month in 2019), as was the case for tourists from within the prefecture, but the growth rate is still lower than the pre-pandemic level, contrary to the case for tourists from within the prefecture. In 2021 and thereafter, the rate of growth remained in the negative range, but the rate of decline decreased for three consecutive months in October (-27.7%), November (-12.6%), and December (-6.2%). However, in 2022, the decline rate increased again and the growth rate has yet to recover to the pre-pandemic level.

It is fair to conclude that the demand stimulation measures taken by each local government have had a certain level of impact on visitors from within the prefecture.

As discussed above, each local government implemented measures to stimulate demand for travel, which had declined due to the prolonged COVID-19 pandemic. Although the measures to stimulate demand had a certain degree of impact on tourists from within the prefecture, domestic tourism has yet to fully recover in both the Kansai region and the nation as a whole. Nonetheless, the government launched the national travel support program on October 11, 2022, and it has been steadily implementing measures to restore domestic tourism demand. Signs of a change also began to emerge in the situation for international tourists to Japan. Japan had been maintaining strict border control measures, but on October 11, 2022, the government implemented significant easing measures, such as lifting the entry limit, lifting the ban on individual travel for international tourists, and exempting them from obtaining short-term visas.

As described above, signs of a recovery have been emerging for domestic and inbound tourism in the latter half of 2022. As for inbound tourism in the future, in particular, it will be necessary to improve the environment to receive international tourists in a manner that responds to COVID-19, including comprehensive infection prevention, based on the idea of safety, trust, and peace of mind, as pointed out in the Asia Pacific Institute of Research (2020). In addition, it will be even more important for each local government to appeal to international visitors to Japan about the attractiveness of the region. In the following section, We will analyze the effectiveness of the tourism promotion measures implemented mainly in the pre-pandemic period by DMOs, which lead to the development of tourism regions, focusing on the examples in the Kansai region.

2. Tourism Promotion Measures Implemented by DMOs in the Kansai Region and Their Effectiveness: Case Studies of Kyoto, Wakayama, and Nara Prefectures

As mentioned earlier, the tourism industry was severely affected by COVID-19 and has yet to fully recover.

To address this, the prefectures in the Kansai region have begun to reconsider their tourism strategies. In other words, they are definitely aiming to enhance the value of the overall tourism industry, including not only inbound tourism but also domestic tourism. In this case, the role of DMOs, which are in a position to lead to the development of tourism regions together with local governments, is becoming more important.

We will therefore look back at the unique case studies of DMOs in the Kansai region that we covered in last year's White Paper and evaluate their effectiveness in attracting visitors to the areas that they market and manage. Finally, we will summarize the implications and future issues obtained from the analysis and point out the importance of refining tourism resources.

The analysis is based on the individual data from the Overnight Travel Statistics Survey, which provides information on the number of Japanese and international visitors staying overnight in each municipality⁷⁾.

(1) Case Study of DMOs in Kyoto Prefecture⁸⁾

(i) Activities of DMOs in Kyoto Prefecture

First, we will look at the history of the establishment and activities of DMOs in Kyoto Prefecture. Table 3-3-2 shows the chronological order in which the DMOs were established in the prefecture. Kyoto Prefecture is promoting a wide-area tourism project called "Another Kyoto" and has divided its area into "Kyoto by the Sea," "Kyoto in Forests," "Kyoto Infused with Tea," and "Kyoto Otokuni Bamboo Groove," and it is working to promote tourism in cooperation

7) This analysis is the result of joint research with the Kinki District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. We would like to express my gratitude for the cooperation.

8) For a detailed analysis of the DMOs in Kyoto Prefecture, please refer to Yoshihisa Inada, Kenta Koyama and Ryosuke Nomura (2022-a).

with Kyoto City⁹⁾.

A DMO in “Kyoto by the Sea” was established one year earlier than the DMOs in the other areas, and it is characterized by the fact that it has formulated

Table 3-3-2 History of the establishment of DMOs in Kyoto Prefecture

Year	Kyoto by the Sea	Kyoto in Forests	Kyoto Infused with Tea
2013	April: Based on the concept focusing on “Kyoto by the Sea,” established Council for the Promotion of Tourism “Kyoto by the Sea”		
2014	June: Certified as a Tourism Region based on the Tourism Region Development Act		
2015		June: Formulated a concept focusing on “Kyoto in Forests”	June: Formulated a concept focusing on “Kyoto Infused with Tea”
2016	June: Established a DMO to promote “Kyoto by the Sea”		
2017	November: Registered as a Japanese version of DMO	March: Established a DMO to promote “Kyoto in Forests”	March: Established a DMO to promote “Kyoto Infused with Tea”
2018		March: Formulated a strategy to develop a tourism region in “Kyoto in Forests” July: Registered as a Japanese version of DMO	March: Formulated a strategy to develop a tourism region through the DMO to promote the Yamashiro area of Kyoto July: Registered as a Japanese version of DMO
2019	January: Formulated the plan for the development of the tourism region in “Kyoto by the Sea” February: Formulated a strategic plan to promote inbound tourism to “Kyoto by the Sea” through the DMO April: Employed one non-Japanese staff member		

Source: Prepared by the author based on the Kyoto Prefectural Government’s website and the Plan for Formation and Establishment of Destination Management/Marketing Organization on the Japan Tourism Agency’s website

9) The constituent cities, towns, and villages of each area are as follows.

Kyoto by the Sea:

Fukuchiyama City, Maizuru City, Ayabe City, Miyazu City, Kyotango City, Yosa-gun (Ine Town, Yosano Town)

Kyoto in Forests:

Fukuchiyama City, Ayabe City, Kameoka City, Nantan City, Funai-gun (Kyotanba Town)

Kyoto Infused with Tea:

Uji City, Joyo City, Yawata City, Kyotanabe City, Kizugawa City, Kuse-gun (Kumiyama Town), Tsuzuki-gun (Ide Town, Ujitawara Town), Soura-gun (Kasagi Town, Wazuka Town, Seika Town, Minami Yamashiro Village)

Kyoto Otokuni Bamboo Groove:

Muko City, Nagaokakyo City, Otokuni-gun (Ooyamazaki Town)

an inbound strategy plan and is actively engaged in overseas promotions and the development of an environment for accepting visitors.

Each DMO in Kyoto Prefecture has set its own target group of tourists and is working to attract tourists. Table 3-3-3 summarizes these efforts.

As shown in the table, each DMO is targeting not only tourists from East and Southeast Asian countries, which are expected to remain stable in the future, but also those from Europe, North America, and Australia. As for visitors from the former regions, an increase in the number of visitors to Japan is

Table 3-3-3

Targets of the DMOs in Kyoto Prefecture

Kyoto by the Sea	Kyoto in Forests	Kyoto Infused with Tea
Targets		
<p>Europe, U.S.A, and Australia: Long stays are expected to increase the amount of tourism consumption.</p>	<p>Europe, U.S.A, and Australia: Long stays are expected to increase the amount of tourism consumption. Interest in experiencing the four seasons and nature tours has a high affinity with the characteristics of "Kyoto in Forests."</p>	<p>Europe, U.S.A, and Australia: Tourists from Europe, U.S.A, and Australia account for a high percentage of international visitors to the Kyoto City area. Since they tend to stay for long periods of time, the DMO will encourage them to visit the neighboring "Kyoto Infused with Tea" area as well.</p>
<p>East Asia: Tourists from East Asia, mainly from Taiwan, account for about 80% of the international visitors to "Kyoto by the Sea." A stable and further increase in the number of visitors from this region can be expected in the future.</p>	<p>East Asia: Tourists from East Asia account for the highest percentage of international tourists visiting "Kyoto in Forests." Visits from East Asia are expected to remain stable in the future as well.</p>	<p>Repeat visitors to Japan from Asia, mainly Hong Kong, Taiwan, and China: Tourists from Asia account for approximately 90% of all international visitors to the Yamashiro area. The DMO will continue to encourage them to visit the area.</p>
<p>Southeast Asia: A region where the number of visitors to Japan is increasing due to the launch of LCCs and the increase in the number of flights. Tourists from Thailand, a pro-Japanese country whose people's tastes match the food that is one of the strengths of "Kyoto by the Sea," have a high repeat rate. Tourists from Singapore and other countries who prefer experience-based tourism have a high affinity with the characteristics of "Kyoto by the Sea." Further growth in the number of visitors is expected in the future.</p>		<p>Tourists (both domestic and international) visiting Kyoto City: Attract tourists to the Yamashiro area as it is easily accessible from Kyoto City and has a strong affinity with Kyoto City in terms of its resources of Japanese tea culture and history.</p>

Source: Prepared by the author based on the Kyoto Prefectural Government's website and the Plan for Formation and Establishment of Destination Management/Marketing Organization on the Japan Tourism Agency's website

expected due to the launch of LCCs and the increase in the number of flights, and the number of visitors is expected to increase even more in the future. As for the visitors from the latter regions, an increase in tourism consumption by long-stay visitors is expected. Therefore, each DMO is vigorously engaging in promotional activities for both groups.

(ii) Analysis of the Effectiveness of Promotions to Attract Visitors Implemented by DMOs in Kyoto Prefecture

As mentioned above, the tourists targeted in each area are diverse. Therefore, in the following sections, we will discuss the effectiveness of the promotions to attract tourists in each area, mainly focusing on the trends in the number of overnight stays by international tourists.

Figure 3-3-3 shows the changes in the rate of international guests staying overnight to the total number of guests in each area. As shown in the figure, the rate of international guests in Kyoto City increased sharply from 13.4% in 2012 to 38.2% in 2019, reflecting a remarkable increase in the number of international overnight visitors.

Looking at the entire Kyoto Prefecture, the rates of international visitors to Kyoto increased in all regions: specifically, the DMO in “Kyoto by the Sea” (from 1.8% in 2012 to 6.2% in 2019), the DMO in “Kyoto in Forests” (from 0.8% in 2012 to 3.6% in 2019), and the DMO in “Kyoto Infused with Tea” (from 0.9% in

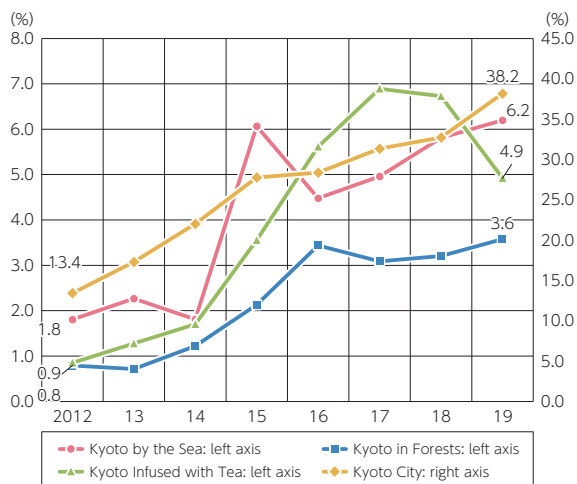


Figure 3-3-3

Trends in the rate of international overnight visitors in each area: Kyoto Prefecture

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

2012 to 4.9% in 2019). Especially, the DMO in “Kyoto by the Sea” has shown an increasing trend year by year, which suggests the effectiveness of the measures to attract visitors is becoming evident.

The rates of international visitors in the areas covered by the DMOs by nationality show that the share of East Asian countries such as Taiwan and Hong Kong is high (Figure 3-3-4). Among these, focusing on Taiwan, the share of Taiwan has been dominant since 2014 (12.0% in 2014, 18.5% in 2015, and 22.9% in 2016), and since 2017 it has accounted for about half of the total number of international visitors to Japan (44.2% in 2017, 44.1% in 2018, and 50.3% in 2019). We can say that this is a result of the fact that the DMO in “Kyoto by the Sea” participated in the largest travel expo in Taiwan in 2017 and 2018, as well as due to on-site promotions and other activities.

As shown above, the rate of international overnight visitors in the areas of the DMOs in Kyoto Prefecture has been steadily increasing, but Kyoto City still accounts for an overwhelmingly large portion of the total number of foreign guests. Still, a certain positive impact can be seen as a result of the steady efforts to attract international visitors, such as the promotional activities implemented by the DMO in “Kyoto by the Sea.”

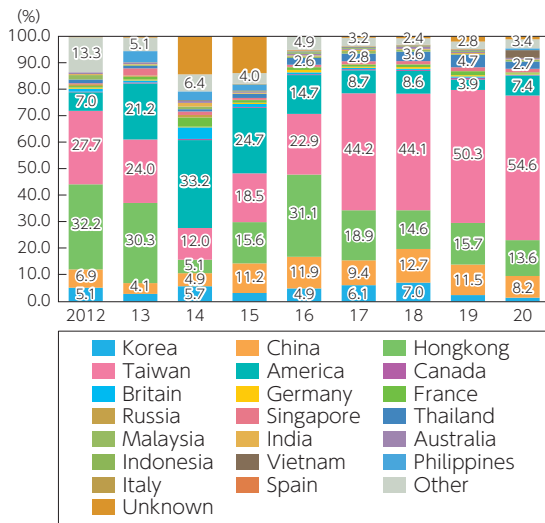


Figure 3-3-4

Trends in the rate of international overnight visitors by nationality: “Kyoto by the Sea”

Note: Data are collected from facilities with 10 or more employees.
 Source: Prepared based on individual data from the Japan Tourism Agency’s Overnight Travel Statistics Survey

(2) Case Study of DMOs in Wakayama Prefecture¹⁰⁾**(i) Activities of DMOs in Wakayama Prefecture**

Table 3-3-4 shows the history and activities of the characteristic DMOs in Wakayama Prefecture.

Table 3-3-4 History of the establishment of DMOs in Wakayama Prefecture

Year	Koya Tourism Association	Tanabe City Kumano Tourism Bureau	Nankishirahama Tourism Association
		2006 Established 2010 Incorporated and began the travel business in the region	
2012			
2013			
2014			
2015	July Established		
2016		February Registered as a regional DMO (candidate corporation)	May Launched preparatory council for the establishment of DMO Shirahama July Registered as a regional DMO (candidate corporation) (DMO Shirahama (General Incorporated Association)) (tentative name)
2017	August Registered as a regional DMO (candidate corporation)	Established Kumano Travel, a travel support center Launched Kumano Kodo Women's Club	
2018	October Established iKOYA, Koya Town Tourist Information Center		April Established Nankishirahama Tourism Bureau (General Incorporated Association)
2019		March Re-registered as a regional DMO	March Re-registered as a regional DMO
2020	January Re-registered as a regional DMO	Developed content based on the keywords 'single trip' and 'women's trip' Organized crowdfunding for the preservation of Kumano Kodo	Registered as a travel agent (Type 3)
2021			April Nankishirahama Tourism Bureau (General Incorporated Association) and Shirahama Tourism Association merge to form Nankishirahama Tourism Association (General Incorporated Association).

Source: Prepared by the author based on the Plan for Formation and Establishment of Destination Management/Marketing Organization on the Japan Tourism Agency's website

10) Please refer to Yoshihisa Inada, Kenta Koyama and Ryosuke Nomura (2022-b) for a detailed analysis of DMOs in Wakayama Prefecture.

In particular, the activities of the Tanabe City Kumano Tourism Bureau are unique. The DMO was established in 2006 following the reestablishment of Tanabe City through a merger. It became a corporation and registered as a travel agency in 2010 to start a travel business in the area. It was registered as a regional DMO in March 2019 and selected by the Japan Tourism Agency as a priority support DMO in FY 2021.

In 2014, Tanabe City and Santiago de Compostela City in Spain signed a tourism exchange agreement to disseminate information. Since then, they have successfully attracted inbound visitors by conducting joint promotions and common pilgrimages. In terms of the environment to receive visitors, the City has implemented measures for inbound tourism from an early stage and has accumulated a large amount of data on inbound travelers by integrating language expressions and by its own company conducting travel business transactions. In terms of refining tourism resources, it has established Kumano Travel, a travel support center, and Kumano Kodo Women's Club, and it has developed content based on the keywords 'single trip' and 'women's trip.'

Next, we will examine the tourists that are the targets of each DMO (Table 3-3-5).

The Koya Tourism Association, based on its own survey, targets the younger generation among domestic tourists in particular. While approximately 80% of inbound tourists have come from Europe and North America, the Association intends to create new value and demand in anticipation of a major change in travel patterns in the future.

Based on its past results, while the Tanabe City Kumano Tourism Bureau will continue to target tourists from Europe, North America, and Australia, it will also emphasize domestic tourists in the context of the COVID-19 pandemic. Mainly focusing on the Tokyo metropolitan area and Kansai area, the Bureau is developing and promoting travel products for each generation, such as specific to women in their 20s to 40s who live and work in the Tokyo metropolitan area.

The Nankishirahama Tourism Association is focusing on the Tokyo metropolitan area to increase its name recognition domestically, while also targeting the East Asian region for inbound tourism based on its past results.

(ii) Analysis of the Effectiveness of Promotions to Attract Visitors Implemented by DMOs in Wakayama Prefecture

The activities of the characteristic DMOs in Wakayama Prefecture show that they are making good use of the tourism resources in their respective areas and appealing to the targets set by each DMO. The following is an analysis of the effectiveness of each DMO in attracting foreign visitors to Koya Town,

Table 3-3-5 Targets of the DMOs in Wakayama Prefecture

The Koya Tourism Association	Tanabe City Kumano Tourism Bureau	The Nankishirahama Tourism Association
Targets		
<p>Domestic tourists</p> <p>(Young adults and seniors mainly from the Tokyo metropolitan and Kansai areas) The Association will focus on the age groups that showed unfavorable results in the voluntary survey conducted in FY 2020 and work on the development of travel products, etc.</p>	<p>Individual travelers from Europe, U.S.A, and Australia</p> <p>Based on the past results and the belief that the Kumano area's characteristics of "the syncretism of Shinto and Buddhism" and "nature worship" stimulate the intellectual curiosity of travelers from Europe, U.S.A, and Australia who are accustomed to traveling, the Bureau is targeting inbound travelers from these countries.</p>	<p>Attract visitors from the Tokyo metropolitan area</p> <p>Implement promotions targeting the Tokyo metropolitan area, where the name recognition of Nankishirahama is low. Increase awareness of tourist resources such as hot springs, pandas, and white sand beaches.</p>
<p>Toward a recovery of inbound travel</p> <p>Until now, about 80% of the tourists have been from Europe and U.S.A. However, the Association will create new value and demand in anticipation of a major change in travel patterns after COVID-19. It is continuing to develop infrastructure and an environment that enable individual travelers to visit safely.</p>	<p>Domestic tourists from the Tokyo metropolitan and Kansai areas</p> <p>The area is within a short distance from the Kansai region and can be accessed within an hour by air from the Tokyo metropolitan area. Since many people are attracted to Kumano as a sacred place, the Bureau will refine the contents unique to the region and promote the creation of new experience plans combined with local industries.</p>	<p>Inbound visitors (East Asia and others)</p> <p>Verify overseas promotion implemented during the pandemic of COVID-19. Collect information from Japan National Tourism Organization (JNTO) and the prefectural government.</p>
<p>Attract training programs and camps</p> <p>Taking advantage of having many lodging facilities (shukubo) in the area, the Association will propose high value-added contents, such as experiences that allow visitors to experience the religious nature and spirituality unique to Koyasan.</p>	<p>Women in their 20s to 40s, mainly in the Tokyo metropolitan area</p> <p>Since many people living in the Tokyo metropolitan area, especially women, are attracted to the Kumano area for its spiritual appeal, the Bureau has targeted this demographic. It established the Kumano Kodo Women's Club to promote the charms of the Kumano Kodo from a female perspective, leading to an increase in the number of domestic tourists.</p>	<p>Attract tourism through MICE (anacronym of Meetings, Incentives, Conferences, and Exhibitions) and sport camps</p> <p>Examine new contents to attract visitors and conduct sales activities to universities and travel agents. Specifically consider the possibility of attracting tourism through MICE.</p>

Source: Prepared by the author based on the Plan for Formation and Establishment of Destination Management/Marketing Organization on the Japan Tourism Agency's website

the Kumano area in Tanabe City (hereafter referred to as TKTB area)¹¹⁾, and Shirahama Town (Figure 3-3-5).

Looking at the rate of international overnight visitors to total overnight visitors in each area, the current rate of international visitors in Koya Town approached approximately 50% in 2019. Koya Town is a unique area where half of all visitors are non-Japanese. Next, looking at the Kumano area in Tanabe City, the number of international visitors has been steadily increasing, reflecting the upward trend in the rate of international visitors (from 2.4% in 2012 to 8.5% in 2019). Finally, looking at Shirahama Town, the rate of international visitors showed an upward trend toward 2017 and has trended at 7 to 8% since then.

As mentioned above, while the number of Japanese overnight visitors has been flat or declining in each area, the number of non-Japanese international overnight visitors has been steadily increasing. In the following sections, We will analyze the effectiveness of the measures taken to attract visitors, paying particular attention to the TKTB area.

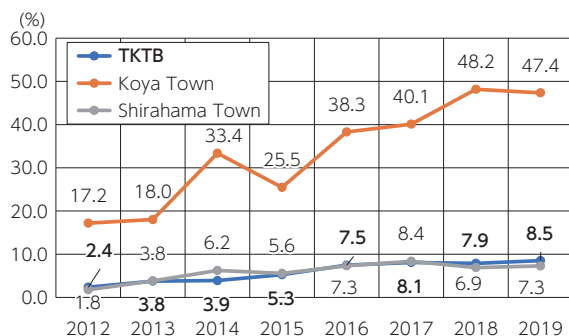


Figure 3-3-5

Trends in the rate of international overnight visitors in each area: Wakayama Prefecture

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

Figure 3-3-6 shows the characteristics of accommodation facilities located along the Kumano Kodo route in the TKTB area¹²⁾. The rate of visitors from the East Asia region¹³⁾ is about 30 to 40% (from 41.7% in 2012 to 30.9% in 2019) and

11) Please note that the Kumano area of Tanabe City consists of Shingu City and Nachikatsura Town in addition to Tanabe City, and it includes the areas related to the Kumano Kodo route.

12) Based on the Kumano Kodo route and the zip codes of the related facilities, we extracted the lodging facilities from the Kumano area in Tanabe City obtained from the individual data of the Overnight Travel Statistics Survey.

13) The East Asia region here refers to South Korea, China, Taiwan and Hong Kong.

the rate of visitors from Europe, North America, and Australia¹⁴⁾ is about 40 to 50% (from 36.9% in 2012 to 48.3% in 2019). It is clear that the rate of visitors from Europe, North America, and Australia, who are the targets of the Tanabe City Kumano Tourism Bureau as shown in Table 3-3-5, has been steadily increasing. In particular, visitors from Australia (3.4% in 2012 to 14.5% in 2019) and visitors from Spain (6.6% in 2015 to 10.1% in 2019) have a relatively large share of the total number of visitors. For Spain, this indicates that the co-promotion with Spain has had a positive impact.

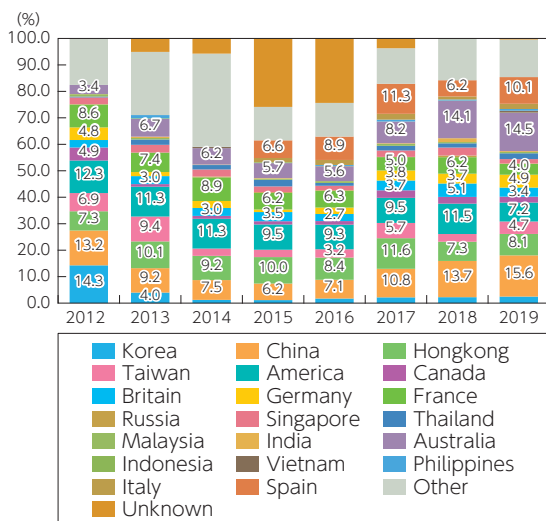


Figure 3-3-6

Trends in the rate of international overnight visitors by nationality: Kumano area of Tanabe City focusing on the Kumano Kodo route

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

(3) Case Study of DMOs in Nara Prefecture¹⁵⁾

(i) Activities of DMOs in Nara Prefecture

Table 3-3-6 shows the history of the establishment of DMOs in Nara Prefecture and their activities.

In terms of refining tourism resources, all of the DMOs are trying to attract

14) Europe, North America, and Australia here refer the United Kingdom, Germany, France, Italy, Spain, U.S.A., Canada, and Australia.

15) Please refer to Inada and Nomura (2022) for a detailed analysis of DMOs in Nara Prefecture.

tourists by creating experience programs that make the most of local resources. In terms of improving the environment to receive visitors, each DMO is promoting measures such as the multilingualization of its website, the installation of Wi-Fi, and the establishment of tourist information centers. Finally, in terms

Table 3-3-6 History of the establishment of DMOs in Nara Prefecture

Year	Ikaruga sangyo	Yoshino Visitors Bureau	Nara Prefecture Visitors Bureau
			2009 Established
2012			
2013		February Established	
2014	January Incorporated		
2015			
2016	February Registered as a regional DMO (candidate corporation)	Conducted a marketing survey on tourism in Yoshino Town	April Registered as a regional cooperation DMO (candidate corporation)
2017	<p>[Enhancement of tourism resources] - Creation of experience contents, development of secondary transportation (round-trip cabs, baby carriages, rental bicycles)</p> <p>[Information dissemination] - Creation of brochures, participation in exhibitions and business meetings, multilingualization of website, and creation of promotional videos</p>		<p>[Information dissemination] - Promotion to attract international visitors in cooperation with the prefectural government of Nara</p>
2018		<p>[Enhancement of tourism resources] - Certified as a travel agent (Type 2), organized a wide variety of tours</p> <p>[Improvement of the environment for accepting visitors] - Established 11 free Wi-Fi spots in the Yoshinoyama area</p>	March Re-registered as a regional cooperation DMO
2019	<p>January Registered as a regional DMO (candidate corporation)</p> <p>February Launched Nara Ikaruga Tourism Waikaru, a tourist base</p> <p>July Opened Ikaruga Biyori (private residence temporarily taking lodgers), an inn rented out as a whole house</p> <p>[Improvement of the environment for accepting visitors] - Waikaru: Hired English-speaking staff, equipped with Pocket Talk (AI interpreting machine), improved website (multilingualization) and introduced reservation system, etc.</p>	March Registered as a regional DMO (candidate corporation)	<p>[Enhancement of tourism resources] - Creation of experience programs preferred by international travelers, etc.</p> <p>- Creation of programs that make the most of nature in Totsukawa Village</p>
2020		<p>November Re-registered as a regional DMO</p> <p>[Information dissemination] Establishment of an e-commerce site (product sales, hometown tax donation program)</p> <p>Development of own product brand, information dissemination and promotion in cooperation with the prefectural government</p>	<p>[Improvement of the environment for accepting visitors] - The Bureau was entrusted with management of Kashihara Navi Plaza, a tourist information center in Kashihara City</p>
2021	April Established WEST NARA Wide Area Tourism Promotion Council		

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

of information dissemination, the DMOs are engaged in various activities, including creating promotional videos mainly for non-Japanese and promoting brand-name products through e-commerce sites.

We organized the targets of the DMOs as shown in [Table 3-3-7](#).

Ikaruga Sangyo domestically targets tourists in their 50s to 70s in the Tokyo metropolitan area, three-generation groups (parents, children, and grandchildren), and day-trippers from the Kinki and Chubu regions. It internationally targets tourists from Europe, North America, and Australia. The

Table 3-3-7 Targets of the DMOs in Nara Prefecture

Ikaruga sangyo Co., Ltd. Town Development Division	General Incorporated Association Nara Visitors Bureau	Yoshino Visitors Bureau
Targets		
<p>(Domestic) Overnight visitors in their 50s to 70s or three-generation groups from the Tokyo metropolitan area</p> <p>Unlike the cities of Kyoto and Nara, the area offers a relaxed atmosphere and a taste of history and culture. Attract visitors to hot springs such as Totsukawa Onsen in the southern part of the prefecture.</p>	<p>Domestic and international individual tourists who love Nara</p> <p>By communicating new attractions that are not yet known to those who are already interested in Nara, the Bureau will further promote repeat visits and sightseeing tours within the prefecture.</p>	<p>(Domestic)</p> <p>Independent spiritual but not religious (SBNR) tourists (sometimes urban women) Nature-oriented family households Retired couple households</p>
<p>(Domestic) Day-tourists from the Kinki and Chubu regions</p> <p>Areas suitable for travel by private vehicles. Create plans making use of the Go To Campaign.</p>	<p>Individual tourists (especially the wealthy) mainly from the Tokyo metropolitan area</p> <p>Due to the annual tourism campaign conducted by JR Tokai since 2006 in the Tokyo metropolitan area, awareness and interest in Nara are relatively high. In addition, since many of the tourists from the Tokyo metropolitan area involve overnight stays, the unit consumption price is relatively high.</p>	<p>Non-Japanese (especially Europeans, Americans, and Austrians) who understand Japanese culture, have a certain level of education, and are intellectually curious</p> <p>Non-Japanese who have visited historical sightseeing spots, including Kyoto, and who are authentic-minded and wish to learn more about Japanese spirituality and religious beliefs have a high affinity with historical sites that are the origins of the faith of mountain priests.</p>
<p>(Overseas) Europe, U.S.A, and Australia</p> <p>With excellent access from Osaka, Kyoto, and Kansai Airport, lodging in the Horyuji area can be used as a base to travel to various destinations.</p>	<p>Individual tourists (especially the wealthy), mainly from Europe, U.S.A, and Australia</p> <p>Due to the geographical location of Japan, the length of their trips is longer, and their total consumption is correspondingly higher. In addition, the wealthy are highly intellectually curious and Nara Prefecture is a good match for them as its strengths include its cultural and historical background.</p>	<p>Non-Japanese who admire Japan's natural landscape and love walking on long trails in the mountains</p> <p>The town's natural landscape can attract non-Japanese visitors who love walking on long trails in the mountains and promote them revisiting the town throughout the year. In light of the high rate of active young people, the town can also benefit from the spreading power of social media.</p>

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

Yoshino Visitors Bureau domestically targets individual travelers (females living in urban areas), nature-oriented families, and retired couples, taking advantage of the historical heritage and natural resources of the area. It internationally targets non-Japanese travelers who understand Japanese culture and who are intellectually curious, as well as those who enjoy walking on long trails and the natural scenery.

The Nara Visitors Bureau is domestically trying to attract visitors by targeting Nara-loving individual travelers and wealthy individual travelers mainly from the Tokyo metropolitan area. It internationally targets mainly wealthy individual travelers from Europe, North America, and Australia.

As shown above, all the DMOs are working on attracting inbound travelers, mainly from Europe, North America, and Australia, but they are also targeting domestic travelers. In the following sections, we will examine the trends in international overnight visitors in the municipalities related to each DMO.

(ii) Analysis of the Effectiveness of Promotions to Attract Visitors Implemented by DMOs in Nara Prefecture

Figure 3-3-7 shows the trend of the rate of international overnight visitors in the municipalities and areas related to the DMOs mentioned above.

First, we will look at the area¹⁶⁾ of the municipalities that are covered by the WEST NARA Wide Area Tourism Promotion Council established by Ikaruga Sangyo. The rate rose from 1.5% in 2012 to 4.8% in 2015, and it has remained at around 4% since then. Next, looking at Yoshino Town, the rate trended upward

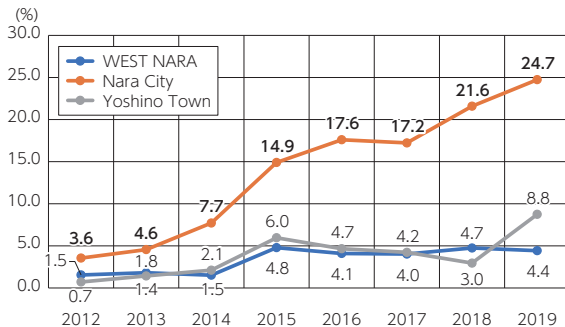


Figure 3-3-7

Trends in the rate of international overnight visitors in each area: Nara Prefecture

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

16) The WEST NARA area consists of the following cities, towns and villages. Yamato Koriyama City, Heguri Town, Sango Town, Ikaruga Town, Ando Town, and Oji Town.

from 0.7% in 2012 and had risen to 6.0% in 2015. After 2016, the rate trended downward, but then rose to 8.8% in 2019.

Finally, looking at Nara City, the rate of international overnight visitors has been on the rise from 3.6% in 2012 to 24.7% in 2019, indicating a steady increase in the number of international overnight visitors compared to other areas.

Therefore, we will look at the rates of international overnight visitors by nationality, focusing especially on Nara City, which has a high rate of international overnight visitors. Figure 3-3-8 shows the rate of international overnight visitors by nationality in Nara City. As the figure shows, the rate of tourists from East Asia has been increasing year by year since 2012 (from 30.1% in 2012 to 65.4% in 2019). Among these, the rate of visitors from China increased by 16.8 percentage points from 32.9% in 2014 to 49.8% in 2015, partly due to the impact of shopping sprees.

The rate continued to trend upward, reaching 56.0% in 2019 and accounting for more than 50% of the total. On the other hand, it is clear that the rate of tourists from Europe, North America, and Australia is not as large as that of tourists from East Asia.

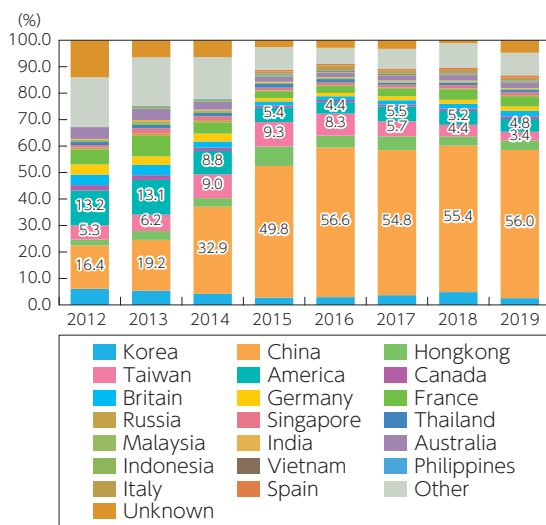


Figure 3-3-8

Trends in the rate of international overnight visitors by nationality: Nara City

Note: Data are collected from facilities with 10 or more employees.

Source: Prepared based on individual data from the Japan Tourism Agency's Overnight Travel Statistics Survey

3. Implications of the Analysis and Future Issues

In the previous sections, we analyzed the tourism policies of DMOs in Kyoto, Wakayama and Nara prefectures using basic statistics. We organized the above analysis and summarized the implications and issues obtained as follows.

<Kyoto Prefecture>

Looking at the total number of overnight visitors before the pandemic, it is clear that the total number of international overnight visitors has consistently contributed to the overall growth of the number of visitors. However, most of the international overnight stays are concentrated in Kyoto City. Therefore, it is necessary to promote round-trip tours that involve an overnight stay in the wider area of Kyoto Prefecture.

It will be important to develop the tourism promotion projects undertaken by the DMOs. In particular, the DMO in “Kyoto by the Sea” has exhibited at one of the largest travel Expos in Taiwan and put a lot of effort into local promotions, which has resulted in a significant increase in the rate of visitors from Taiwan.

In addition to conventional promotion activities, it is necessary to develop a more attractive structure so that users will want to extend their trips from Kyoto City to the greater Kyoto area for sightseeing.

<Wakayama Prefecture>

Let’s look at the number of overnight visitors and the rate of international overnight visitors in each area. In Kowa Town, the number of Japanese visitors has remained about the same, while the rate of international visitors has been steadily increasing and reached approximately 50% in 2019. In the Kumano area of Tanabe City, the number of Japanese overnight visitors peaked in 2016 and has been declining since then, while the rate of international overnight visitors has been rising, reflecting an increase in the number of international overnight visitors. In Shirahama Town, the number of Japanese overnight visitors has been decreasing since 2012, but it bottomed out in 2016 and has been increasing since then. On the other hand, the rate of international overnight visitors rose toward 2017 and has remained in the 7 to 8% range since then.

Looking at the rate of international overnight visitors by nationality in the Kumano area of Tanabe City by narrowing down the scope to the Kumano Kodo route, the rate of visitors from Europe, North America, and Australia is around 40 to 50% compared to that of those from East Asia. The rate of Spain, in particular, is increasing year by year, suggesting that the impact of the joint promotions is steadily appearing.

<Nara Prefecture>

Comparing with Kyoto and Wakayama prefectures, the number of day-trippers always exceeds the number of overnight stay travelers. Therefore, promoting stay-over tourism involving an overnight stay is an issue.

The trend of overnight visitors in each area shows that the rate of international overnight visitors is steadily increasing, especially in Nara City where the rate is around 25.0%, while the number of Japanese overnight visitors is stagnant. Looking by nationality, the share of East Asia (especially China) is increasing. On the other hand, most of the overnight visitors are confined to Nara City. Therefore, it will be necessary to create programs to encourage visitors to visit and stay in other areas in Nara Prefecture in the future.

As mentioned above, in the pre-pandemic period when inbound demand was steadily increasing, the characteristic DMOs in the three prefectures mentioned above steadily developed tourism promotion measures. However, the spread of COVID-19 has forced not only DMOs, but also local governments to make major changes to their tourism strategies. In such cases, the role expected of DMOs is to refine the tourism resources possessed by each municipality. In the next Column, we will discuss the strength of the brand in Kansai region.

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