

Japan Monthly Market Report

Japan

March 2007

“Key Market Message”

Australia invites you to get involved. Australia offers a personal invitation to share in compelling, unique Australian experiences defined by the Australian people, lifestyle and environment.

1. Political and Economic Outlook

In December, the consumer price index was 100.1, up by 0.1% from the previous year. Consumer expenditures were down by 1.5% from the figure of the same period of 2005. Gross sales at major retail stores were Y2.3 trillion, a decrease of 1.6% from a year ago.

The Japanese Yen weakened against the Australian Dollar in January with an end of month exchange rate of AUD1.00=JPY 94.18, down by 0.40 yen from the end of December. The Yen weakened further against the Australian Dollar in February to JPY95 against AUD1.00.

2. General Travel Outlook

Outbound Travel

- The Japan National Tourist Organization reported that the number of Japanese travelling overseas in January 2007 increased to 1,413,000, up by 5.2% compared to the same month of the previous year.
- The Ministry of Justice reports that the total Japanese outbound preliminary figures in 2006 would be 17.54 million, up by 0.8% on 2005.
- JAL Group will reduce fuel surcharges on international flights effective 1 April 2007. One way fuel surcharge for Oceania, USA, Europe and Middle East will decrease to JPY12,000 (AUD133), down by up by 8% from current JPY13,000 (AUD144). Hawaii will decrease to JPY8,700 (AUD97) down by 2% from current JPY8,900. (AUD99).

Group & Incentive market

- An insurance company will visit OOL as their incentive program destination with 300 pax in Oct 2007.



Competitive Information

- Market Forecast (March - May 2007)

Overall bookings to Europe, Asia, and China continue to be strong while those in Hawaii, Micronesia, and mainland US look sluggish with the exception of Mainland US package tours.

Destinations	Group tours	Air only including business	Package tours	Overall
Oceania				
Hawaii				
Micronesia				
Mainland U.S.				
Europe				
China				
Asia				

(Estimated by Japan Tourism Marketing Co.)

3. Australian Travel Market

- Australia experienced a 20% decrease in arrivals for January 2007 over January 2006 (preliminary)

Airline Issues/Changes

- QF Japan announced a cut in agents commission on its flights to Australia from 7% to 5% effective 1 April, 2007.
- Jetstar International (JQI) is taking over the current QF services from Western Japan, including the services from KIX to Brisbane/Sydney from 25 March, 2007, Nagoya to Cairns (six weekly services) from 2 August, 2007, and from KIX to Cairns (four weekly services) from 8 September, 2007. These changes will reduce the capacity from Western Japan to Australia by 11%, but a strong increase in Qantas Group capacity up by 61%.
- JQI and Japan Airlines (JAL) have agreed to code share on Jetstar's daily Sydney – Osaka – Brisbane service scheduled to commence from 25 March, subject to final regulatory approval.

Trade Information Summary

- TA and STOs, in conjunction with Qantas and JAL, facilitated a campaign - "Visit More of Australia" – with key travel agents in Tokyo, Nagoya, Osaka and Fukuoka following agreement on the strategic need for the campaign amongst key wholesalers.
- Product development based on 7 experiences has started, targeting key

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industry partners. The key focus activities identified in conjunction with STOs are Self-drive, World heritage and Wildlife.

- JAM2007 (Japan Australia Mission) was held in Shiga with 55 sellers and 52 buyers on 22 – 24 February.
- As a part of JAM 2007, Business Tourism Workshop was held in Tokyo with 28 sellers and 70 buyers on 28 February.
- Managing Director Geoff Buckley visited Tokyo at the end of February. He visited key industry partners and attended a JAAG function at The Australian Embassy.

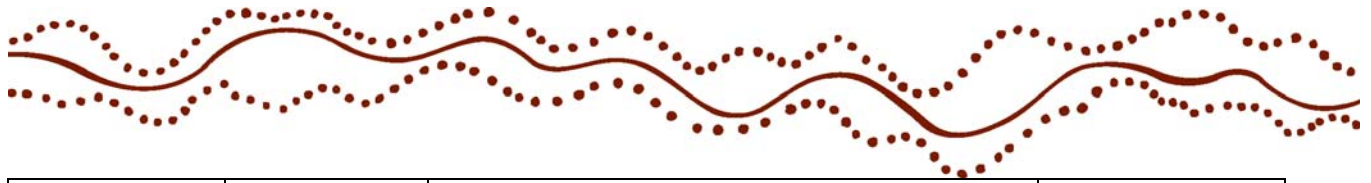
Internet Travel

- The total page views on “australia.jp” in January was 395,556 and the total number of visits was 45,615. This is a 19% increase in visits compared to the same month of the previous year.

4. Activities in Market

Consumer Marketing

Campaign	Type	Objective	Partners
<u>QF Brand Co-op Campaign</u> Ongoing	<ul style="list-style-type: none"> • Newspaper • Transit • Internet 	TA/QF Brand co-op, leveraging the TA brand, includes QF offers on APEX fares, and Gold Coast Marathon.	QF
<u>QF Brand Co-op Campaign with Victoria</u> Jan – Mar 07	<ul style="list-style-type: none"> • Magazine • Transit 	Magazine/transit ads are being placed featuring an attractiveness of Melbourne, and QF’s offer.	QF, Tourism Victoria
<u>JAL Brand Co-op Campaign</u> Ongoing	<ul style="list-style-type: none"> • Magazine • Internet 	TA/JAL Brand co-op, leveraging the TA brand, focuses on FIT travellers by offering APEX fare and tailored tour packages. Also various experiences in Australia are introduced on print and online. (www.jal.co.jp/australia)	JAL
<u>“My Style Australia” on australia.jp</u> Ongoing	<ul style="list-style-type: none"> • Online 	Former Olympic tennis player, Mrs. Kimiko Date has started a series of blogs. The purpose of this content is to introduce Aussies’ personality & lifestyle through the writer’s experience. The writer has visited Australia many times to attend tennis tournaments, and as a TV reporter for Sydney Olympic in 2000.	
<u>“Brand Australia” Introduction</u> Ongoing	<ul style="list-style-type: none"> • Online 	To show the new Brand Australia TVC, and the 7 experiences on the australia.jp top page.	

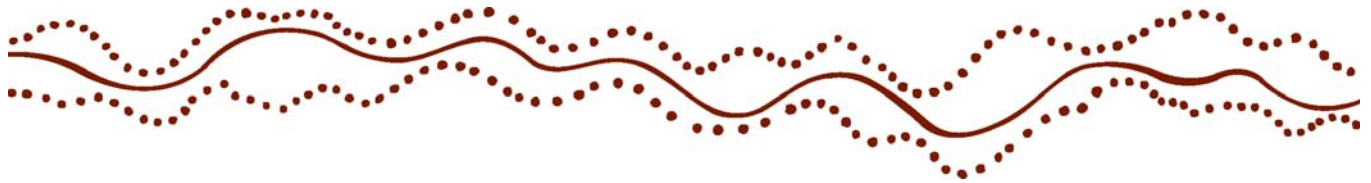


<p><u>Visit More of Australia</u></p> <p>Oct 06–Mar 07</p>	<ul style="list-style-type: none"> • Tactical • Print • Transit • Online 	<p>To further boost arrivals to Australia from Tokyo, Nagoya, Osaka and Fukuoka focusing on city experiences during the 2006 Shimoki period. In addition a campaign section has been created within australia.jp featuring the promotion. Co-op transit ad with “Cafe” visual to promote Australia’s city experiences started in December and is running in Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo.</p>	<p>QF/JAL JTB/JLP/KNT/NT A/HIS/CTI/NTC</p>
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Media/PR

Major stories generated as a result of VJP and Proactive/Reactive Activities

Date	Journalist	Publication	Title
4 Feb	Takuya Nakane	Ishizuka’s Fun Trip to Wildlife Paradise on EX (Kanto Local)	World Heritage, Nature, Wildlife, Food & Wine, OZ lifestyle in Melbourne and Tasmania.
5 Feb–8 Apr (every night)	Hiroo Nakamura	See the World by Train on EX (Network)	Train Journey in New South Wales, Queensland, South Australia, Northern Territory and Western Australia. OZ lifestyle, World Heritage, Nature, Wildlife and Food & Wine are featured.
15 Feb	Hidenobu Miyazawa	NICOS magazine	World Heritage, Nature, Train Journey, OZ lifestyle and Luxury resort around Cairns.
17 Feb	Tamotsu Iwagaki	Discovery of the World’s Mysteries on TBS (Nationwide)	Luxury train journey by The Ghan, World Heritage, OZ lifestyle, Food & Wine and Nature in South Australia and Northern Territory.
21 Feb	Nihoko Tamura	Tokyo Calendar magazine Tokyo Calendar website	World Heritage in Fraser Island, Nature, OZ lifestyle, Luxury resort and Food & Wine in Brisbane and Gold Coast.
25 Feb	Hidenobu Miyazawa	UFJ magazine	World Heritage, Nature, Train Journey, OZ lifestyle and Luxury resort around Cairns.
25 Feb	Hiroyuki Takayama	Golden min. magazine	World Heritage, Nature, Luxury resort, OZ lifestyle, Food & Wine and City of Sydney.
27 Feb	Michi Iida	Agora magazine	World Heritage, Nature and Indigenous culture in Kakadu National Park.



Major stories in the press on Australia (not VJP related)

Date	Title	Publication	Article Summary
31 January	“Lotte Marines Left for training camp in Geelong”	TV, Newspaper	Lotte Marines baseball team visited Geelong for a training camp.

5. Upcoming Activities

Activity	Description	Timing
<u>TA Brand Campaign</u>	TVCF will run in 2 regional areas (Nagoya & Fukuoka), and cinema ad in 2 major areas (Tokyo & Osaka) to reach the experience seekers.	May - Jun 07
<u>QF Brand Co-op Campaign</u>	Transit ad will be running featuring QF's Aussie Airpass.	Apr 07
<u>Buzz Program</u>	A buzz program will be conducted to expand Australia fun base, results in activating word-of – mouth about Australia in an efficient way.	Apr 07
<u>SQ Co-op Campaign</u>	Newspaper ads will be running featuring Western Australia in Western Japan.	Mar 07
<u>JIMG (Japan Industry Advisory Group)</u>	JIMG members will visit Osaka, Nagoya and Tokyo to conduct market meetings based on Japan Action Plan.	Mar 07
<u>Planetarium star watching and the world heritage in Australia</u>	A planetarium featuring stars and Australia's world heritage sites will be on for two months. The event is supported by TA, TNT and QF and expected to attract 20, 000 consumers.	17March -27 May
<u>JSTB Fam (Japan School Tours Bureau)</u>	TA will conduct famil targeting on 37 private school teachers with JSTB and Tourism Queensland.	Mar 07