

Fred R. Schumann

Changing Trends in Japan's Employment and Leisure Activities

Implications for Tourism Marketing

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Preface

International tourism is growing at an unprecedented pace. In 2012, over 1 billion people traveled overseas and that number is expected to grow to 1.8 billion by the year 2030. Pursuing tourist arrival growth has become very competitive and destinations are no longer in a seller's market.

In recent years, great attention has been paid to the People's Republic of China in the sphere of tourism studies. China has become the world's leader in spending (USD\$194 billion in 2015) for international travel and the country has generated a record number of international tourists (120 million in 2015). As a destination, China is soon to be the world's most visited tourism destination, overtaking France, which has been the leader for over two decades. The former leading Asian overseas travelers, the Japanese, have taken a back seat to the massive crowds of Chinese travelers. Today Chinese tourists can be seen everywhere around the world at popular tourist destinations. They are usually spotted in large groups led by flag-waving guides, overrunning popular tourism sites and lining up in front of name-brand luxury retail shops. The change in travelers' demographics continues as destinations evolve to adjust to change.

We all know that change is inevitable and the tourism industry is surely not immune to it. Even destinations that once specialized in attracting certain types of visitors and levels of income now have to upgrade their basic infrastructures and add new attractions. It is essential that destination leaders understand their market segments as they are today and that they plan their development strategy accordingly. It is also imperative that developments are quality driven and that the consumer experiences are kept in mind. Destinations face losing repeat visitors as they seek alternatives if their marketing and research efforts do not work toward continuing to identify key market trends and improving its product.

The strategic guidance given to and management of the tourism sector by the administration of any destination is a key foundation to that destination's ability to be successful. In order to provide this guidance, current information must be

available that makes clear what trends are underway, not only travel trends, but also developments that are affecting societal changes in the destination and also in the visitors' country of origin. Understanding primary source markets that make up the bulk of visitor arrivals is critical to destinations, especially if tourism revenue makes up a substantial portion of the destination's economy.

International destinations that formerly relied on Japanese tourists as their primary market are now facing challenges concerning the shift in their customer profile. It is not just tourists from China that are growing in number, but also tourists from South Korea, and other source markets in the Asia Pacific region. Infrastructure that had been in place for decades to welcome and manage large numbers of Japanese travelers now is gradually changing to make way for a more diversified tourist market. These destinations may still be welcoming a substantial number of Japanese tourists, due to their proximity to Japan or other reasons, but now must adjust the products or services that they offer to meet the expectations of the various source markets.

Destination management organizations, as well as management leaders at hotels, restaurants, retail organizations, and other services frequented by Japanese tourists may be in a position that acknowledges the continued importance of the Japanese market and have a desire to maintain a substantial share of this market. Naturally, they may have valid questions about this shift in their visitor/customer profile. Some of these may be—What happened to the Japanese overseas travel market that was so strong for decades from the 1970s? What is the situation today with Japanese overseas travelers? What are some of the visible trends in Japanese society today that indicate what is in store for the future of Japanese overseas travel?

This book aims to answer these questions by first examining the history of Japanese overseas travel, and then by reviewing how changes in Japan's economy, as seen through employment and leisure trends, affected international travel to this day. In the latter parts of the book, some opportunities are presented for destination management leaders and businesses that may want to capitalize on this still important market.

This book also serves as a helpful resource for practitioners as well as students of international tourism. Employment and leisure trends in Japan from the postwar era to the present are reviewed in this book. It also examines how these trends will affect tourism destinations and businesses that rely heavily on Japanese overseas tourism.

Topics to be of particular interest to readers include the most current Japanese employment and leisure data and how the data compares with the earlier, postwar era that made up the boom years of Japanese overseas travel. The latest information presented in this book will provide insight into how today's working and living conditions in Japan influence overseas travel expenditures today.

Because this book is primarily one that covers the topic of tourism, we must first define "tourism". Although a number of definitions exist, the one from the United Nation's body on tourism, the World Tourism Organization (UNWTO) is most appropriate for this book. It states that "tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than

one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited” (World Tourism Organization, 2006). This book uses this official UNWTO definition of tourism to ensure clarity and consistency in discussions of activities concerning this topic.

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Abbreviations

| | |
|-----------|---|
| ANA | All Nippon Airways |
| BG | Business Girl |
| CC | Civil Code |
| CTI | Club Tourism International, Inc |
| DFS | Duty Free Shoppers |
| DIJ | Deutsches Institut für Japanstudien |
| DMOs | Destination Management Organizations |
| GDP | Gross Domestic Product |
| GVB | Guam Visitors Bureau |
| HTA | Hawaii Tourism Authority |
| ITC | Inclusive Tour Charter |
| JAL | Japan Airlines |
| JATA | Japan Association of Travel Agents |
| JILPT | Japan Institute for Labour Policy and Training |
| JNTO | Japan National Tourism Organization |
| JTA | Japan Tourism Agency (Ministry of Land, Infrastructure, Transport and Tourism) |
| JTB | Japan Tourist Bureau |
| JTB | Japan Travel Bureau |
| JTM | Japan Tourism Marketing Co. |
| KORUS FTA | U.S.-Korea Free Trade Agreement |
| LTP | Liquor, Tobacco, & Perfume |
| LVMH | Louis Vuitton Moët Hennessy |
| MHLW | Ministry of Health, Labour and Welfare |
| MIC | Ministry of Internal Affairs and Communication |
| MLIT | Ministry of Land, Infrastructure, Transport and Tourism |
| MOF | Ministry of Finance |
| MOTC | Ministry of Transportation and Communication |
| NTA | Nippon Travel Agency |
| OECD | Organization for Economic Cooperation and Development |

| | |
|--------|--|
| OL | Office Ladies |
| SIT | Special Interest Tourism |
| SNA | System of National Accounts |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNWTO | United Nations World Tourism Organization |
| VWC | Visit World Campaign |

Part I
Employment

Chapter 1

An Introduction to Employment and Leisure in Japan

Abstract Japan at one time was internationally renowned for its impressive economic performance following World War II. The country, with very limited natural resources, became a leading exporter of consumer and industrial goods, such as electronics, appliances, cars, cameras, and ships. In 1986, the Japanese government encouraged its citizens to travel internationally with the introduction of the Ten Million Plan, and millions chose to do so. Japan's bubble economy eventually collapsed and the economy experienced stagnation. Now with serious demographic challenges the Japanese government is addressing these as they continue to encourage Japanese citizens to travel abroad.

Keywords Demography · Inbound · Outbound · Ten million plan · Bubble · Employment · Leisure

1.1 Japan's Economy

Economics of a nation play a great role in determining its citizens' ability to participate in paid employment and leisure activities. Japan currently ranks third in the world, after the U.S. and China, in nominal GDP and fourth in purchasing power parity, just behind India. Although Japan once ranked second in GDP behind the U.S., it has trailed China since the country overtook Japan in 2010. At one time, Japan as the world's second-largest economy had surpassed the U.S. in gross national product per person according to some measures, and looked on course to overtake an America stuck in stagflation, with an unemployment rate nearing double digits. The country was internationally renowned for its stunning economic performance in the decades following World War II. Japan and her economy were subjects of envy among foreigners, and citizens of Japan took pride in the country's achievements. Today, Japan is facing a number of challenges with a shrinking workforce and a large welfare bill due to its demographics.

As a nation, Japan does not lead the world politically or culturally and has very limited resources. However Japan, as Ezra Vogel stated in his controversial book, *Japan as Number One*, has dealt more successfully with more of the basic problems of postindustrial society than any other country (1979: viii). It appeared at the time that Japan was the most dynamic of all modern industrial nations.

Beginning in the 1950s, the Japanese government gave top priority to economic growth, at the cost of neglecting the growth of wages, housing, social welfare benefits, and attention to pollution control. However, later in the 1960s funding for these social overhead expenses began to increase. Japan was making good use of its comparative advantage first in labor costs, then in economies of scale, modern technology, and organization. Japan eventually built up highly competitive industries in field after field.

Products made by Japanese companies were not well received initially. “Made in Japan” was generally not considered a compliment, and that designation was the butt of many jokes, some that can be heard in old Hollywood films. Japanese electronic products such as radios, televisions, and hi-fi equipment were less competitive than American products in the 1950s. There was no strong link between Japan and quality control in the minds of people as the link exists today. Nevertheless, Japan’s industries improved and they became innovators. It was not long before long Japanese products began to dominate the market. By the late 1960s, the Japanese watch industry overtook the famous Swiss watch industry, and eventually Japanese companies began to show dominance in motorcycle, camera and lens, piano, optical (telescopes, microscopes, etc.), bicycle, zipper and ship-building industries, to name a few. In the late 1970s, as the cost of new Japanese ships ran significantly lower (as much as 30%) than European ones, European countries were forced to resort to nonmarket mechanisms to limit the number of ships purchased from Japan (Vogel 1979: 10–11).

Although it would be easy to do so and many attribute Japan’s success to it, it was not cheap labor that created these successes for Japanese industry. By 1978, the devaluation of the dollar had made Japanese wages slightly higher than those in the United States so this would not be a sound explanation. Modernization of facilities and productivity increases contributed more heavily to the success of these Japanese industries.

Japan’s growth did not continue as expected even though Japanese industrial production continued to rise by 50% in the decade after 1980. Unfortunately, this growth was driven by financial leverage and overinvestment. Property values and share prices exploded, rising as much as six-times their purchased cost.

The bubble’s collapse began in late 1991 and led to almost two decades of economic stagnation. It took 15 years for industrial production to surpass the 1991 peak. The country that was feared as a competitor in business and recipient of “Japan Bashing” by the U.S. was no longer considered a threat. What happened to

Japanese business has been attributed to complacency, inability to adapt to change, and failure of regulators to clean up the banking system until long after the crash (The Economist 2009). In spite of all that happened during and after Japan’s postwar bubble years, many changes are now evident in Japan’s sphere—the global politico-economic climate has changed over the years and now an aging Japan is being accompanied by its staggeringly debt-ridden public sector.

1.2 Demographic Challenges

One of the most significant changes in Japanese society contributing to Japan’s current woes is the structure of its demographic profile. Japan’s demographics show trends in a growing number of elderly citizens, marriages taking place in later years for females, and lower birth rates influenced by the later marriages combined with a variety of other factors. This has also carried over to affect changes in Japan’s workplace and the way in which families spend their time together as a unit for leisure time activities. These changes have had a profound effect on destinations that have relied on Japanese tourism for survival and will continue to do so in the coming years (Fig. 1.1).

In terms of population, Japan is the world’s oldest country with 33.8 million people over the age of 65, a full 29.7% of the total population (Statistics Bureau 2016b). By 2040, that percentage is estimated to rise to the historically

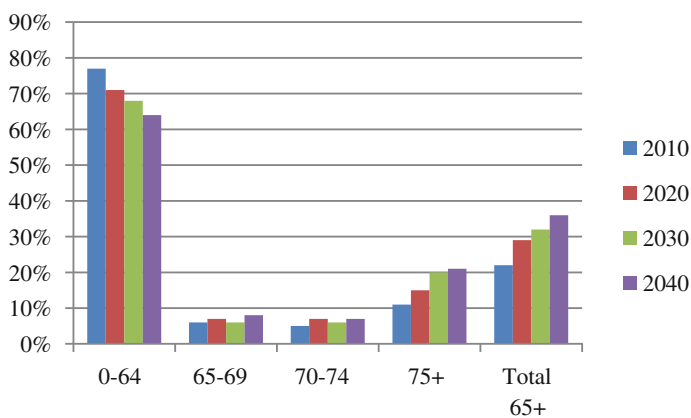


Fig. 1.1 Japanese population by age group. *Source* e-stat; IHS Global Insight World Market Monitor

Table 1.1 Ratio and labor force participation rate of persons 65 years old and over

| | Ratio to total population | | | | | | | Labor force participation rate of 65 and over 2012 | |
|----------------|---------------------------|------|------|------|------|------|------|--|--------|
| | 1980 | 1990 | 2000 | 2010 | 2013 | 2025 | 2050 | Male | Female |
| Japan | 9.0 | 11.9 | 17.2 | 23.0 | 25.1 | 29.6 | 36.6 | 28.7 | 13.4 |
| United States | 11.3 | 12.5 | 12.4 | 13.1 | 14.0 | 18.6 | 21.4 | 23.6 | 14.4 |
| France | 14.0 | 14.1 | 16.0 | 16.8 | 17.9 | 21.7 | 25.5 | 3.1 | 1.7 |
| Germany | 15.6 | 15.0 | 16.3 | 20.8 | 21.1 | 25.1 | 32.7 | 7.1 | 3.3 |
| Italy | 13.4 | 14.9 | 18.3 | 20.3 | 21.1 | 24.4 | 33.0 | 6.2 | 1.4 |
| United Kingdom | 14.9 | 15.7 | 15.8 | 16.6 | 17.5 | 20.0 | 24.7 | 12.5 | 6.5 |

Source Japan Institute for Labor Policy and Training, 2015

Note Figures in 2025 and 2050 are estimated figures

unprecedented level of 36%. (Many rural communities in Japan already have over 40% of their population over the age of 65). The population of Japan nearly tripled in the twentieth century, peaking at 128 million in 2010, but with a falling birth rate, one of the world's longest life expectancies, and close to zero net immigration, the country is headed for not only a uniquely high ratio of seniors but also a sharp downturn in its total population. In 1955, the average Japanese life expectancy was 65 years for males, 67 years for females. By 1977, when Japanese longevity surpassed Sweden's to become first in the world, life expectancy was 72.7 for males, 77.9 for females. The latest available figures (2014) show that life expectancy for men and women in Japan is the highest ever recorded. The average life expectancy for Japanese men is 80.5 years of age, while for women, life expectancy was calculated at 86.83 years of age (MHLW 2016). For male life expectancy, Japan ranked third after Hong Kong and Iceland, but remained No. 1 for female life expectancy for the third year in a row, ahead of Hong Kong and Spain. Japan shares with Germany the distinction of being the only major developed countries in facing declines in both the working age and total populations. The decline of both populations is expected to be substantial and fueled, in Japan, by a birth rate that will continue at levels well below the replacement rate of 2.1 throughout the century (Calhoun 2001: 62) (Table 1.1).

The Japanese government has introduced policies aiming to reverse the decline in population and although births increased for the first time in 5 years in 2015 (Nikkei 2015), this has not been enough to counter a rise in deaths. Adding to the declining birthrate is the lack of support for childcare due to the government

Table 1.2 Total Japan population and birth rate (2000–2014)

| Year | Total population | Birth rate |
|------|------------------|------------|
| 2000 | 126,926,000 | 1.36 |
| 2001 | 127,316,000 | 1.33 |
| 2002 | 127,486,000 | 1.32 |
| 2003 | 127,694,000 | 1.29 |
| 2004 | 127,787,000 | 1.29 |
| 2005 | 127,768,000 | 1.26 |
| 2006 | 127,901,000 | 1.32 |
| 2007 | 128,033,000 | 1.34 |
| 2008 | 128,084,000 | 1.37 |
| 2009 | 127,032,000 | 1.37 |
| 2010 | 128,057,000 | 1.39 |
| 2011 | 127,799,000 | 1.39 |
| 2012 | 127,515,000 | 1.41 |
| 2013 | 127,298,000 | 1.43 |
| 2014 | 127,083,000 | n/a |

Source Statistics Bureau, Japan Ministry of Internal Affairs and Communication (2016a)

system's focus on supporting Japan's growing senior citizen population. There is and will continue to be a heavy financial burden on working citizens to provide for social services for the growing number of older Japanese citizens, and this will have implications on money spent on leisure-time activities. In addition to finding ways to cope with Japan's rapidly aging society and declining population, further challenges such as addressing the depopulation of Japan's rural areas and finding workers for jobs in regional areas also add to the demographic challenges (Table 1.2 and Fig. 1.2).

As Japan's population rapidly grows older, caring for ailing elderly relatives is becoming a serious issue for many people. When the elderly fall into a condition that requires nursing care, their family members are uncertain about how long this condition will last and this condition may force family members to quit working. An estimated 100,000 people quit their jobs each year to care for ailing relatives (The Japan Times 2016). The welfare ministry reported that out of the estimated 100,000 people a year who quit their jobs to care for ailing relatives, 15,000 do so because they are unable to find appropriate home nursing care services or vacancies in nursing care facilities. With the growing need for the care of the elderly, time allotted for work and expenses saved for leisure time activities are reduced for many Japanese citizens (Table 1.3).



Fig. 1.2 Senior citizens' condominium facility in Tokyo. *Source* Author

Table 1.3 International comparison of indexes of falling birth rates

| | Japan | France | U.K. | Sweden | Germany | U.S. |
|--|----------------|----------------|----------------|----------------|----------------|---------------------------|
| Average age at first marriage for women | 29.2 (2012) | 30.8 (2011) | – | 33.0 (2011) | 30.2 (2011) | 25.8 (^{a1}) |
| Average age of women giving first birth | 30.3 (2012) | 28.6 (2006) | 30.6 (2010) | 29 (2011) | 29 (2011) | 25.1 (2005) |
| Percentage of children born outside of marriage (2008) | 2.1% | 52.6% | 43.7% | 54.7% | 32.7% | 40.6% |

^{a1} Data of U.S.: Average of 2006–2010

Source The Committee for Japan's Future (2014)

1.3 Leisure in Japan

Overseas travel for pleasure cannot be expected to gain popularity within a nation's populace without having a substantial segment of the population that has an adequate amount of leisure time and financial security to pursue leisure travel. Therefore, what is happening in the workplace is of great importance. With changes initiated by the Japanese government to support family care, this information becomes an important consideration for tourism industry officials who may want to extend further support to visitors from Japan. Later chapters in this book will examine changes in the workplace and discuss how they affect leisure opportunities for potential overseas travelers.

Leisure plays an important role in Japanese society. In fact, the national government has played a significant role in shaping leisure, such as the case of the Ten Million Program in the late 1980s. The Ten Million Program was introduced to double the annual number of Japanese tourists going abroad, from 5,520,000 in 1986, to over 10 million people in the next 5 years, or to 10% or so of the population (MLIT 1987). However, the goals of the plan were achieved 1 year earlier than expected, in 1990, when the number of Japanese traveling overseas reached 10.1 million (MLIT 1991). The Japanese government later began promoting the expansion of bilateral international exchange with the goal of increasing the number of inbound travelers to Japan and outbound Japanese travelers to 20 million by the year 2010. These figures were not reached by 2010, but Japanese outbound reached a peak of 18,491,000 in 2012. In a turn of events, Japan recently became more of a receiver of international tourists, rather than a sender. Japan attracted 19.7 million tourists in 2015. Tourists in Japan spent 3.5 trillion yen (\$30 billion), with 41% of all tourism spending coming from Chinese travelers that accounted for a quarter of all visitors in 2015 (Nakamura 2016). The new goal for Japanese inbound tourism is now 30 million.

Japan went from a leading exporter of tourism dollars via its free-spending citizens traveling the globe for material goods and international experiences. Now

Japan is counting on spending by tourists as one of the pillars for achieving the Abe government's target of lifting gross domestic product to 600 trillion yen (\$5.1 trillion) by 2020. Still, Japanese outbound tourists make up a sizeable portion of the international travel market with some destinations counting on their business as much as (or perhaps even more than) Japan counts on China for an infusion of revenue into the economy.

To better understand today's Japanese overseas travel market, it will be beneficial to review how mass tourism to overseas destinations started in Japan. We shall first examine employment and leisure in Japan during the postwar period and their relationship to the early years of international travel.

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Chapter 2

Early Years of the *Sarariiman*

Abstract There are distinct differences between the salaried workers in the West and the *sarariiman* in Japan. Work practices differ between the two and in the case of the *sarariiman*, the social status of belonging to a prestigious organization and collective effort to maintain *wa* or harmony in an organization appear to be of greater importance. The *sarariiman's* contribution to the fast-paced growth era of the Japanese economy and the high rate of household savings in Japan during this period played a significant role in leisure-time pursuits. These factors allowed for growth of overseas travel and Japanese travelers' consumption of goods and services of while overseas.

Keywords Salary man · *Sarariiman* · Employment · Paternalistic corporate system · Benefits · Retirement

2.1 Salaried Worker Versus *Sarariiman*

The salaried worker as we know him in the West is a worker of any age who has entered into an agreement to work for a person or organization for a set amount in compensation. There is no permanency to this arrangement and the agreement made by worker and either party can terminate employer at any time. The early Japanese *sarariiman* of post-World War II was a different animal. He entered employment with a corporate, financial, or government organization straight out of high school or college with the expectation of staying with that employer throughout his career. During this period, Japanese companies were reluctant to hire a midcareer person. The reason was not only that his sense of loyalty would be questionable. Due to the seniority based pay system with pay closely linked to age, it was to the company's advantage to employ him during his low-priced younger years (Vogel 1979: 140). Barring serious long-term economic recession, as long as the *sarariiman* performed satisfactorily and remained loyal, he could expect sense of belonging, personal support, welfare and retirement benefits, regular increases in pay and position, and permanent protection from dismissal.

The *sarariiman* also could expect that even if his company were to disband or be absorbed by another company, a new job elsewhere will be arranged. There are several reasons why companies are able to offer this kind of security despite fluctuations in the economy. Companies could hire temporary employees (female workers or housewives) only for the period when they are needed and employees retiring from the company may be offered special short-term assignments in the company, usually at a lower salary than before retirement. In addition, work could be subcontracted to small companies with the understanding that these contracts imply no permanent relationship (Vogel 1979: 137). What the *sarariiman* valued most was to avoid being left to wander like a *Ronin*, a master-less samurai, and to have a sense of belonging, in this case, to a reputable organization. The social status of belonging to a prestigious organization weighed heavily on the *sarariiman* of Japan undergoing fast-paced economic growth of the 1960s through the 1980s.

Workers in western industrialized societies may be accustomed to the practices of white-collar employment that involves going to the office 5 days a week during the formal working hours of 9 a.m. to 5 p.m., (although now with telecommuting, physical presence in the office is becoming less of a necessity). Employees in the West are for the most part, their own masters outside these working hours. However, in Japan, the *sarariiman* viewed his role as an employee in a different way. He “surrendered his very soul,” sacrificing virtually all of his waking hours to his employer, 7 days a week, 12 months a year (Brinckmann 2011). Despite all of these strains, he was in a position of envy as not everyone was as well placed as the *sarariiman* with his ties to a prestigious organization.

This early *sarariiman* system had advantages that led to the success of the Japanese economic development. Japan’s success can be partly attributed to the emphasis placed on collective effort. Too much individuality typically resulted in ostracism for the Japanese worker. Collective effort involved everyone from the CEO on down. In fact, the employer was not viewed as a master with the employee functioning as a slave. There was little conflict between management and labor and few top-down directives. In Japan, companies represent a community and human relationships within that community are of utmost importance. Harmony, or “*wa*,” among the workers was held in high regard. With this came illusions of equality. There was a feeling among the workers in Japanese organizations that they had classless organizations and this was reinforced as employees all embraced a shared identity. There was great deal of effort among management to spread the belief that all work was equally valued.

This paternalistic corporate system drew on the feudal past of old Japan. It is interesting to note that despite its ties to the feudal past, it developed in industries that borrowed modern industrial technology and organization and the workers in these organizations required a high level of skill. These companies were the ones able to guarantee long-term employment. A seniority system of wage increases was put in place so newly trained employees that the company invested in so heavily would remain loyal. One of the benefits of long-term employment and the seniority system was that a senior (*senpai*) could feel confident about mentoring and transferring skills to the junior (*kohai*) worker without fear of being replaced.

Leapfrogging past the senior employee was rare, making it unlikely that the junior is promoted over the boss.

Contrary to popular belief, the system of seniority and permanent employment was by no means universal in Japanese industry. First, women never enjoyed lifetime or permanent employment even during the fast-paced growth period of the Japanese economy and second, not all Japanese workers were employed by large corporations. However, long-term employment and seniority system became the predominant pattern in the large-scale modern industrial sector. These later spread to the large commercial organizations as well. A higher proportion of company employees was gradually brought into this seniority and permanent employment pattern as the modern industrial (Vogel 1979: 132–133).

It should also be clear that not every male worker enjoyed the privileges of being a *sarariman* that made up only around 20–30% of male workers. A significant portion of the working population worked in small companies, with many of these companies subcontracting work to the big firms employing the *sarariman*. There was also the 15–20% of the workforce who was self-employed and the women as well as several social and racial minorities that made up the workforce. These groups were rarely mentioned when discussing Japan's workforce, especially in Western business books describing Japan's economic miracle.

Subcontracting has been extremely important in Japanese business life. In 1973 over 83 percent of companies with over 1000 employees or more had subcontracting arrangements, and the average number of subcontractors for each enterprise was 160 (Thomas 1993: 51). Subcontracting is and has been a vital element in Japanese business. Subcontractors employ a large number of casual employees that can be laid off any time they are not needed. They are also paid about 60–70% of what comparable positions will make in top companies. This topic will be explored in further detail in Chap. 4 when we examine differences between the *seishain* (regular employee) and *keiyakushain* (contract employee).

2.2 Household Savings and Consumption

During its high growth era Japan was known for having a high household savings rate, but this was not the case throughout Japanese history, as commonly believed by some scholars of postwar Japanese society. The practice of saving for the future cannot be attributed to a cultural trait. If the period of the Korean War is excluded, Japan's household savings rate did not make it into the double digits until 1955, a full 10 years into the postwar period. Japan's household saving rate remained in the double digits after 1955 and showed a long-term upward trend, except for a period in the early 1960s.

Household savings in Japan peaked during the years 1974–1976 at a level of 23–26%. Since the peak years, it declined, falling to less than 15% by 1988, but even at this level it was considered high by international standards. For the United States during the same period, the personal saving rate of the United States (the equivalent

of Japan's household saving rate) fluctuated between 3 and 9%. In comparing the two countries, the U.S. rate was only around one-half to one-third of the Japanese rate. The household saving rates of most of the other developed countries had been higher than that of the United States but lower than that of Japan and only Italy, Singapore, and Taiwan during this period were among the few countries showing household savings rates higher than Japan's (Horioka 1993: 285).

There are a number of factors that can be attributed to Japan's relatively new high household savings rate in postwar Japan. Horioka (1993) lays out two primary reasons. For one, during the postwar years, Japan experienced rapid growth in income. In addition, because of wartime destruction of various assets including housing and the declining value of assets from postwar hyperinflation, there was a low baseline level of household assets. Secondary factors for the high savings rate during the high growth period also need mentioning. There was no adequate social safety net for the Japanese population. The social security system that is in place today was not as developed as it is in current form. Additionally, the demographics of Japan were much different from what they are today. Japan had a much younger population that saved for future needs in an environment that had little availability of consumer credit. Japan's bonus system that pays a substantial portion (up to 5.5 months of pay) of the annual salary in two semiannual installments and tax incentives for savings can also be credited for Japan's high household savings rate.

It is clear, from reviewing the above-mentioned reasons that the high level of Japan's household saving rate during the postwar period was due to economic, institutional, and demographic factors. Japan's household saving rate has declined significantly in recent years resulting from, among others, widespread changes in the condition of the economy, organizational hiring and compensation practices, and the aging of Japan. Saving rates and spending habits of the Japanese consumer are both worth examining as they may vary based on the demographics of the consumer.

Reviewing the differences between the sexes when it comes to spending and understanding the reasons for the differences is important, especially for tourism organizations such as overseas retailers involved with conducting business with the Japanese consumer. The commonly held stereotype of young females being frequent spenders holds true. Data shows that young, single women are more consumption-oriented than men and that single, working women are twice as likely to go on overseas trips than single working men in the same age group. Young women also spend more money on recreation, accessories, clothing, brand name goods, etc. The young, working women are often called "Office Ladies" or "OL" for short. They made up a very important market segment for overseas travel destinations during the high growth era, due to their propensity to spend. This market segment spent large sums of money on luxury goods and other products and services. Duty Free Shoppers, now called DFS, located in major international tourism destinations around the world capitalized on the OL phenomenon. Chapter 6 will examine this market segment in greater detail.

Savings and consumption both played an important role in the growth of the Japanese overseas traveler. Without a doubt, consumption has been a large

component of Japanese leisure, especially when traveling overseas. It was not only OLs that made Japanese travelers attractive to overseas destinations. Other market segments also had become attractive due to their propensity to spend money on overseas products and services. In the segment below, we will briefly review the chronology of Japanese overseas travel during the early years of travel liberalization.

2.3 Overseas Travel During the Early Years

Japanese overseas travel for the pleasure traveler began during 1960s immediately following Tokyo's hosting of the Olympic Games in 1964 (the effect of the Games on Japanese society will be discussed in further detail in Chap. 5). The Japanese government did not allow citizens to travel overseas for pleasure until after 1964 following the successful hosting of the Olympic Games that symbolized Japan's entry into the international community as a modern nation. It was during this period that government policies spurred on the economy to unsurpassed levels of growth and shifted from discouragement to active encouragement of its citizens to travel abroad. International travel was now liberalized and it was to become incorporated into the lifestyle of the modern Japanese individual. This led to the creation of systems to handle the mass marketing of Japanese overseas travel and the mass transportation of travelers through package tours organized by air carriers and sold by major travel agencies and wholesalers (Schumann 2006).

During this initial phase of travel liberalization in Japan, most Japanese overseas travelers were pleasure travelers, and the vast majority arranged their travel with group and package tours. Although international travel was liberalized, there were still restrictions on the foreign currency allowed out of the country and the number of trips allowed per year. In 1964, the amount of foreign currency allowed out of the country as expense money in addition to the prepaid cost of transportation was set at \$500 per person per year; however, this was later raised to \$700 in 1969. The restriction on the number of trips per year was also lifted by the government in 1966 as new international air routes were opened and more airlines began serving Japan. Cheaper bulk fares with as much as 60% off the regular economy class fares were introduced in 1968, and Boeing 747s came into service in 1970. The number of Japanese overseas travelers during the initial period of liberalization grew by approximately 400% from 1964 to 1969 (Japan Travel Blue Book 1986). The 1964 Tokyo Olympic Games not only signaled the beginning of Japan's fast-paced development to an economic powerhouse, but it also acted as a catalyst for large numbers of Japanese nationals to begin traveling for leisure to international destinations.

The value of the Japanese yen currency during the early stages of liberalization and in later years played an important role. Just as it does today, the currency exchange rate undeniably had an effect on Japanese citizens' decisions to travel overseas for pleasure and to spend money on leisure activities. For the early years

of liberalization, the U.S. Dollar was pegged at 360 yen to a dollar. This fixed rate lasted for 22 years from 1949 to 1971, following the “Nixon Shock” and the collapse of the U.S. Dollar (Werner 2003). During the implementation of the Ten Million Program from 1987 to 1991, the value of the yen currency strengthened from 145 yen in 1987, peaking at 128 yen in 1988, to close at 135 yen in 1991. Having a strong yen certainly helped Japanese citizens make the decision to venture out to foreign countries and spend their earnings. The value of the yen fluctuated, but continued to rise over the next decade, encouraging Japanese citizens to travel overseas to take advantage of its buying power for many of the goods and services that cost much more in Japan (Table 2.1).

The Weekly Travel Journal in 2004 reviewed Japanese overseas travel spanning the previous four decades and gave the following industry-related description for each decade. The 1960s decade was the Era of the Career-Oriented; the 1970s decade was the Era of the Wholesaler-Oriented; the 1980s decade was the Era of Travel Industry Bureaus; the 1990s decade was the Era of the Consumer-Oriented; and finally, the period from 2001 was described as the Era of the Mature-Oriented (Weekly Travel Journal 2004: 8–16). These descriptions reflect a number of developments that took place during these decades. The 1960s was the era when individual careers for services and sales developed within the growing tourism industry. Travel wholesalers for the mass market later grew in number during the 1970s. In the 1980s, travel bureaus in Japan and overseas were established to provide better service for Japanese visitors. Finally, in the 1990s, the focus turned to individual consumers with the growing use of personal computers in the 1990s, and attention was given to a more mature market with Internet access and time for more leisurely vacations.

The 1990s brought to Japan a financial crisis after the bursting of Japan’s bubble economy. Japan suffered a slow and even negative growth coupled with price deflation. However, Japanese overseas travel continued to grow to 16.7 million in

Table 2.1 Yen to U.S. dollar exchange rates from 1965 to 2004

| Year | Rate | Year | Rate | Year | Rate | Year | Rate |
|------|--------|------|--------|------|--------|------|--------|
| 1965 | 360.00 | 1975 | 296.79 | 1985 | 238.54 | 1995 | 94.06 |
| 1966 | 360.00 | 1976 | 296.55 | 1986 | 168.52 | 1996 | 108.78 |
| 1967 | 360.00 | 1977 | 268.51 | 1987 | 144.64 | 1997 | 120.99 |
| 1968 | 360.00 | 1978 | 210.44 | 1988 | 128.15 | 1998 | 130.91 |
| 1969 | 360.00 | 1979 | 219.14 | 1989 | 137.96 | 1999 | 113.91 |
| 1970 | 360.00 | 1980 | 226.74 | 1990 | 144.79 | 2000 | 107.77 |
| 1971 | 350.68 | 1981 | 220.54 | 1991 | 134.71 | 2001 | 121.53 |
| 1972 | 303.17 | 1982 | 249.08 | 1992 | 126.65 | 2002 | 125.39 |
| 1973 | 271.70 | 1983 | 237.51 | 1993 | 111.20 | 2003 | 115.93 |
| 1974 | 292.08 | 1984 | 237.52 | 1994 | 102.21 | 2004 | 102.68 |

Source OECD (2015)

1996. The onset of the recession and the devaluation of the yen started to have an impact by the mid-1990s. By 1998, Japanese outbound numbers fell to 15.8 million and travel agency bankruptcies rose by about 40% (Henderson 2007: 27). To better understand today's Japanese overseas travel market we shall examine what was happening during and after the bubble period in Japan. The next chapter takes us through the rise and fall of Japan's economy beginning with 1980s Japan.

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Chapter 3

The Bubble Period

Abstract Postwar Japan's economy grew rapidly and by the 1980s Japan was an economic superpower. The signing of the Plaza Accord in 1985 is credited for the beginning of Japan's bubble economy. Japanese companies and consumers began spending large amounts of their yen on foreign properties and goods. Conspicuous consumption ran rampant with the strong yen, cheap credit, and loose monetary policy. This all came to an end with the stock market and real estate markets crashing by the end of 1990, leading to years of economic doldrums now often referred to as Japan's Lost Decades.

Keywords Bubble economy · Conspicuous consumption · Japan bashing · Plaza accord · Lost decades · Nikkei

3.1 Lead-up to the Bubble

By the 1980s in the years leading up to the bubble period, Japan had become an economic superpower. Japan during this decade increased its direct overseas investments rapidly as well as its aid to underdeveloped countries. The unemployment rate dropped to nearly 2% in Japan as economic expansion created more demand for labor. Because of the high value of the yen and labor shortages in Japan, Japanese manufacturers were ready to move offshore to low-wage, pollution-tolerant sites in Asia. Plants administered by Japanese manufactures began operation in the United States and Europe to avoid potential protectionist legislation or to gain tax advantages.

Japanese consumption grew when real disposable income increased during the latter part of the 1980s. This growth became noticeable in the purchase volumes of luxury goods by Japanese consumers in the domestic and overseas markets. Benefiting from a strong yen, Japanese tourists traveled abroad in large groups, spending money on designer goods and *omiyage* (souvenir gifts) at large downtown and airport retail outlets like Duty Free Shoppers, where prices were substantially lower than in the domestic market for luxury brand items. Luxury goods in Japan

typically signified a middle- rather than upper-class lifestyle due to the influence of Japanese fashion magazines and department stores, which dictated the fashion sense of most members of Japan's large middle class. Because of the hype of luxury brands by the fashion media and department stores, the market for luxury goods boomed in the 1980s and continued to grow despite the economic ups and downs of the 1990s (Salsberg 2009).

The spending spree was not limited to just individual shoppers. Starting with smaller purchases at the beginning of the decade, Japanese conglomerates went on a grand buying spree in the United States and other countries during the latter half of the decade after the U.S. and Japan agreed to revalue their currencies. Iconic structures such as Rockefeller Center in New York and Columbia Pictures in Hollywood aroused hostility and fears of a Japanese takeover, resulting in an intensification of Japan bashing in the United States (Tipton 2008). This trend became so common and widely reported with headlines like, "The Japanning of America," that the "corporate Japanese takeover" concept began leaking into American culture (Wile 2013). Japan bashing, referred to as *gaiatsu* or "foreign pressure" in Japan, was seen to be a result of trade friction with Japan growing commercial presence around the world. This increased in the 1980s with accusations of Japan being a nation of workaholics competing unfairly with the rest of the world's workers and companies by cutting down on everything else in life (Graburn et al. 2008). The Japanese Ministry of Labor, partially in a way to address the outside pressure, formulated policies to increase annual vacation days, decrease work hours by lengthening weekends from one day to one and a half to two days, and increasing paid holidays. However, despite these efforts the policies were initially not as effective as they were to become later after the bursting of the bubble economy. This was most likely due to the fact that the older generation felt more loyalty toward the team and was more concerned with being away from work too long. They also felt a greater camaraderie with their coworkers. In contrast, the newer generation of workers in the post-bubble economy appears to be less inclined to fear being viewed as noncommitted workers.

3.2 The Bubble

Following a three decade long "Economic Miracle," Japan experienced its infamous "bubble economy." This was when Japan's stock and real estate prices soared to record highs driven by speculation gone out of control. Japan's Nikkei stock average hit an all-time high in 1989 and later crashed, causing the real estate bubble to collapse. This resulted in the country being thrown into a severe financial crisis and long period of economic stagnation.

On September 22, 1985, Japan and five other nations signed the Plaza Accord in New York, ratifying an agreement that called for the depreciation of the dollar against the yen. Economic historians usually date the beginning of the bubble economy to this event (Johnston 2009). Following the Plaza Accord, the yen

appreciated from around 240 yen to the USD to about 120 yen in less than a year. The weakened dollar was supposed to increase U.S. exports by making them cheaper, but it also made it cheaper for Japanese companies to purchase foreign assets like the landmark properties in the U.S. mentioned earlier.

The timing was perfect for Japanese business and consumer. Just as Japan was reaching the height of its economic prowess in manufacturing and at a time when most Japanese had huge amounts of personal savings, the dollar became cheaper. The Bank of Japan had lowered interest rates from 5.5% down to 2.5% by early 1987 and Japanese banks, which had previously lent mostly to corporations, now had ample funds to lend to firms and individuals. The banks' major corporate customers had an ample supply of cash due to their trade surpluses and the availability of worldwide equity markets, so they turned to other customers. While this was happening, the value of Japanese stocks began to rise and by December 1989, the benchmark Nikkei 225 stock average had reached 38,915.87, having grown sixfold during the decade. In addition to the above, Prime Minister Nakasone's government reduced corporate tax rates from 42 to 30% and slashed top marginal income tax rates from 70 to 40%.

With cheap credit and loose monetary policy, many Japanese bank customers purchased real estate, which increased the paper value of land assets. This led to the creation of a vicious cycle in which land was used as collateral to obtain further loans. These loans were then used to speculate on the stock market or to purchase more land. As a result, this drove up the paper value of land further, while the banks continued to grant loans based on the overvalued land as collateral. Real-estate prices across Japan rose by as much as six to seven times during the 1980s asset bubble. During this time, the estimated value of the Imperial Palace in Tokyo exceeded the value of all the real estate in California, and land in Ginza 4-Chome was reported to have traded at JPY 90,000,000 (\$750,000 at the time) per square meter (Housing Japan, n.d.). It was not only land in prime locations that rose in value, but the overall cost of all the land in Japan. At the market's peak in 1991, all of Japan's real estate, about the size of California, was worth about \$18 trillion, or almost four times the value of all property in the United States at the time (Fackler 2005). Japan seemed to be invincible and banks or the government gave little thought about how loans were to be repaid when the land values declined.

Conspicuous consumption ran rampant in Japan during the Bubble Period. It was not uncommon for business executives to spend thousands of dollars on entertainment in posh nightclubs and cabarets. News reports featured luxurious establishments, like a hotel with a golden bathtub worth more than a million dollars, and department stores selling outrageously expensive items like melons costing several hundred US dollars each.

International travel increased during this period, as Japanese were encouraged to travel overseas with the Ten Million Plan in effect. Japanese tourists flocked in large numbers to the U.S., Australia, western European countries, and islands in Micronesia like Guam and Saipan, which catered primarily to tourists from Japan. While traveling, the tourists spent large amounts of money on gifts and other items for personal consumption. There were "must-buy" items in the duty free stores that

practically every tourist purchased in order to make the most of their overseas trip. They consisted of LTP merchandise that were tax-free when brought back to Japan up to specified quantities—liquor (3 bottles), tobacco (200 cigarettes), and perfume (2 oz).

3.3 Post Bubble

The bubble period reached its end by December 1990. Japan's stock market began its decline in early 1990, and by the end of the year the market lost more than \$2 trillion. The benchmark Nikkei 225 stock average went from its peak of 38,915.87 to only around 23,000 by the end of 1990—a 41% decline from the stock bubble's peak. By the summer of 1992, the Nikkei stood at around 16,000 (The Nikkei reached a post-bubble peak of 27,147 in March 1991 but crashed 80% from its peak to a low of 7,831 in April 2003. It has been hovering at around 16,000 as of February 2016). Following the crash in 1990, Japan's economic growth stalled and many businesses went bankrupt. Corporations stopped investing, and consumers reigned in their spending, as corrupt deals involving the yakuza and senior executives at Japan's largest, most trusted banks and brokerages were uncovered. By 1998, 8 years after the bubble started to deflate, several major financial institutions had gone bankrupt, including Yamaichi Securities, Hokkaido Takushoku Bank, and the Long-Term Credit Bank of Japan.

Along with the stock market, real estate prices collapsed in the late 80s in the turmoil of the bubble economy. Over the following decade, property prices declined by over 80%, reaching a low in late 2002. Commercial real estate experienced the largest declines, followed by industrial and residential real estate. With these declines, Japan suffered one of the biggest property market collapses in modern history and a period of slow to no growth in the economy. Various government-sponsored fiscal and economic stimulus measures were introduced and trillions of yen were spent in failed public works projects. These efforts did nothing to revive the economy and left the country to face challenges over a long period.

The 1990s are referred to as the Lost Decade or the Lost 10 years (*Ushinawareta Juunen*). The term originally referred to the years from 1991 to 2000, but recently the decade from 2001 to 2010 is often included. The 20-year period is referred to by some as the Lost Decades, the Lost Two Decades, or the Lost 20 years (*Ushinawareta Nijuunen*). Japan's lost decades were likely caused by rampant speculation during an economic boom that led to a debt crisis and long-term deflation after the bubble popped. Only after the banks were bailed out with taxpayer funds, corporate restructuring, and the growth of the Chinese economy, Japanese manufacturers began to feel some relief.

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Chapter 4

Seishain Versus *Keiyakushain*

Abstract The *sarariiman*, as we knew him from postwar Japan, is becoming a thing of the past. The company man is being replaced by a host of nonregular employees to help Japanese corporations adjust to the prevailing and forecasted economic conditions. The full-time *keiyakushain* (contract worker), as well as part-time workers are now growing in numbers in Japan's organizations, creating challenges not only for human resource professionals, but also for policy makers that are faced with growing numbers of dissatisfied workers struggling with lower wages and nonstable employment.

Keywords *Seishain* · *Hiseishain* · *Keiyakushain* · *Haken* · Wage gaps · Nonstable employment

4.1 *Seishain*

The *sarariiman* described earlier in Chap. 2 became the ideal worker of modern Japan, even though the term originated in the 1920s to reflect the new managerial class that oversaw the country's industrialization and modernization. He was the white-collar hero who laid the foundation and built the world's second-largest economy from the ashes of war. The *sarariiman* denoted stability and success, and that one had emerged as a member of the middle class. He was more or less guaranteed employment until retirement, with incremental annual salary increases, training opportunities paid for by the organization, and benefits that come along with working for a large employer. His firm took care of his family and he devoted his life to the firm.

However, the *sarariiman*, as we knew him from postwar Japan, is becoming a figure of the past. This is because of the changes in the labor market, which gained momentum in the 1990s, as Japan's economic woes forced companies to scale back employees' benefits dramatically. Many firms began hiring staff on the basis short-term or part-time contracts. This allowed firms to be more competitive with foreign companies by having a more flexible workforce. With increasing mergers

and acquisitions, there was also no longer a guarantee of continued employment for the *sarariiman*. Companies were no longer able to continue hiring “permanent” employees and managing staff with the paternalistic relationship they had in the past. The company man in the form of the *sarariiman* is now on the decline, while the emergence of *haken*, or dispatched worker, as a new breed of mobile workers enters the scene. The previously unsuccessful or spurned individual has now increasingly made inroads into the *sarariiman* territory (Fu 2012: 22–23).

What has happened since the bursting of the bubble economy is that Japanese organizations have changed their corporate strategies as they became more heedful to the prevailing and forecasted conditions at the macro environment. There is now a greater concern on the “cost” aspect whereas profits, production, and diversification of products have also received attention for prioritization. Corporate management strategies were prioritized as follows: Reduce costs; Focus on profits rather than sales; Develop value-added products; Diversify business by stepping into new areas; Focus business attention; and Develop overseas markets (MHLW 2005). To align with corporate priorities, Japanese firms formulated HR strategies around cost consciousness and the development of human competencies for improving productivity and profits. The prioritization of HR strategies by Japanese organizations were determined to be as follows: Develop human abilities; Use elderly workers by extending retirement age; Enhance the use of female workers; Outsourcing; and Mechanization of business operations and production processes (Dissanayake 2014).

Resulting from all the changes in corporate strategies and priorities, new categories of employees emerged in Japan. From the legal perspective, there were only two kinds of employment contracts in Japan until the mid-1980s: nonlimited term contracts and limited-term contracts. Companies usually provided nonlimited term contracts to workers whom they referred to as “regular employees” or *seishain* of the company, while other categories of employment fell into the category of limited-term contracts and were ‘nonregular employees or *hiseishain* (Imai 2011: 27).

Seishain are persons hired for an indefinite period, excluding part-time employees and employees temporarily transferred to other companies. To be a regular member of the organization as a *seishain* in Japanese provided some form of security as he was expected to stay in the organization throughout his career as an organizational member (The female worker did not enjoy this security. She was expected to quit the company at the time of marriage or by the time she reached age 25, to avoid being “the leftover Christmas cake,” a description equating her with the seasonal cakes that were sold for half price after December 24). The significance of being *seishain* is the primary identity as being full-fledged organizational members, by virtue of being employed in nonlimited term contracts. In other words, they are afforded the various aspects of employment relations as core regular workers, as opposed to being a worker in one of the other categories.

Not all young workers are striving to become *seishain*, however. A shift is taking place in Japan today as many young professionals refuse to have their lives revolve around work or to accept the hardships as much as their parents endured in earlier decades. Japanese workers, known to work long hours, now trail workers in the United States in average annual hours actually worked per year.

At the same time, while official work hours in Japan are decreasing, many Japanese still spend long hours at the workplace but are not timed in for record-keeping purposes (Ogura 2011). The undocumented overtime can partially be attributed to the work habits of those who set high standards for their work and want to complete assigned even after exceeding their allotted time, and those who have more interest in work than leisure and underreport their overtime work. There are also those who want to avoid accusations of disloyalty to the organization and will spend longer hours at the workplace (Table 4.1).

Now workers are more frequently hired by companies as *hiseishain* who do not enjoy the benefits offered to *seishain*, but at the same time, are given more freedoms concerning the terms of their employment. Various other categories exist under the *hiseishain* designation. These will be presented in this chapter, following the description of a category of full-time *hiseishain* in Japan that is steadily growing over the years. It is the contract workers, or *keiyakushain* (Table 4.2).

Table 4.1 Average annual hours actually worked per employee

| | 1990 | 2000 | 2005 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------|------|------|------|------|------|------|------|------|
| Japan ^a | – | 1853 | 1802 | 1754 | 1747 | 1765 | 1746 | 1741 |
| United States | 1833 | 1836 | 1800 | 1786 | 1796 | 1797 | 1795 | 1796 |
| France | 1536 | 1428 | 1411 | 1404 | 1407 | 1402 | 1401 | 1387 |
| Germany ^b | 1490 | 1375 | 1341 | 1321 | 1325 | 1316 | 1313 | 1302 |
| United Kingdom | 1700 | 1680 | 1648 | 1632 | 1611 | 1637 | 1659 | 1663 |

Notes ^aEstablishment size for Japan is five or more employees

^bThe figures for 1990 represent those for former West Germany

Source JILPT (JILPT 2016)

Table 4.2 Number of regular and Nonregular employees

| Number of regular and nonregular employees (2014) (10,000 persons, %) | | | | | |
|---|--------------------------------|-------------------|----------------------|--------------------------------------|--------|
| | Employees excluding executives | Regular employees | Nonregular employees | Part-time workers, temporary workers | Others |
| Number | | | | | |
| Total | 5240 | 3278(62.6) | 1962(37.4) | 1347 | 616 |
| Male | 2889 | 2259(78.2) | 630(21.8) | 304 | 326 |
| Female | 2351 | 1019(43.3) | 1332(56.7) | 1042 | 290 |

Source JILPT (2016)

4.2 *Keiyakushain*

With new corporate strategies in place, Japan's human resource departments saw a need to design employment strategies with the focus of getting access to low-cost labor. This had to be accomplished while maintaining the organization's capacity for smooth business operations with the ability to change the employment structure to match with business conditions. Organizations were challenged with maintaining the total number of employees, while expanding the proportion of nonregular employees and slightly reducing the regular employees. They also needed to increase the proportion of part-time employees, direct-contract employees and dispatched workers, while increasing the assigning of nonroutine jobs to nonregular employees. Organizations also got involved in the active utilization of female workers, and the offering of nonconventional working modes, including short and flexible working hours (Dissanayake 2014). With the tweaking of their employment structure with the abovementioned adjustments, Japanese organizations have significantly increased the proportion of nonregular workers.

According to the Labor Ministry's "General Survey on Diversified Types of Employment," as of October 1, 2014, the percentage of nonregular workers out of the total workforce in Japan reached 40% in 2014 (Japan Press Weekly 2015). This figure was up 1.3% from the previous survey in 2012, the highest rate since the survey started in 1987. Within nonregular employment, part-timers comprised the largest share (23.2%), followed by *keiyakushain* (3.5%), post-retirement workers (2.7%), and dispatched workers (2.6%).

Keiyakushain are directly employed full-time workers with a fixed contract term who engage in specific work to exercise their specialist capabilities, excluding those who have been reemployed after reaching the mandatory retirement age. A survey of *keiyakushain* conducted by researchers at the Japan Institute for Labor Policy and Training (JILPT) revealed that *keiyakushain* are generally not satisfied with their employment situation (Takahashi 2012: 149). Specifically, the study showed that there are many who are involuntarily employed as *keiyakushain*. In other words, they were not given the choice between being hired as *seishain* or *keiyakushain*. They also have a strong sense of dissatisfaction in regard to their wages, perhaps because although the nature of their duties is similar to those of regular employees, they do not receive a commensurate level of pay. Finally, there are many who wish to transition to being regular employees.

4.3 Other Employee Categories

When changes occurred in Japan's industrial organization in the 1970s and 1980s, especially in the service industries, women were given greater opportunities for employment, albeit as nonregular employees in most cases. The passage of the Equal Employment Opportunity Act of 1985 also helped in growing the female

workforce. However, women workers became the largest group of marginalized workers in Japan. With corporations relying more and more heavily on part-time workers to adjust to slowing growth, they hired primarily middle-aged women. Married women took on part-time work at an earlier age and for longer in their lives, driven to do so by high consumer prices and stiff competition for their children's educational achievement, requiring funding for cram school fees, and other education related expenses.

By the end of the 1980s, about half of all women aged 15 and over were working. Women made up almost 40% of all workers in Japan, and among working women, approximately half were married (Tipton 2008). Of the 40% of nonregular workers today making up Japan's workforce, a strict gender divide characterizes this segment of the workforce. From 2002 to 2014, female workers have accounted for nearly 70% of nonregular workers (Oh 2015), including *keiyakushain* and other employee categories.

In addition to the *keiyakushain*, various other employment categorizations fall under nonregular employment. The following are definitions of various employment types as defined by JILPT (2015).

Entrusted employees: Those employed by contract, with the purpose of re-employing retired employees for a certain period.

Transferred employees: Employees temporarily transferred from other companies under secondment (transfer to related firms) agreement, regardless of whether they belong to the companies from which they were transferred.

Dispatched workers: Typically called *haken* in Japanese. Those who were dispatched from employment agencies under the Worker Dispatch Act (originally adopted in 1985 primarily for the prevention of substitution for regular employment). These workers are further subdivided into "registered dispatched workers," who are under contract with the dispatcher only during the period when they are dispatched, and "regularly employed dispatched workers," who are regular employees of the dispatcher.

Temporary employees: Those employed on a temporary or daily basis, with employment period not exceeding 1 month.

Part-time workers: Those whose employment periods exceed 1 month, or is indefinite, but who have shorter regular working hours per day or fewer regular number of working days per week than full-time employees.

Although some workers may not be satisfied with their role as a nonregular employee, recent survey data indicates that a considerable number or proportion of nonregular employees are dissatisfied with their occupational career and current wages, and are facing poverty due to the existing wage gaps between regular and nonregular workers (Takahashi 2014). The data in other studies show that workers who continue being employed after retirement age have their status changed from regular employee to entrusted employee, are removed from administrative positions, and have their wages adjusted downward significantly although the contents of duties and work hours may remain largely unchanged (JILPT 2015). This can also be a cause for dissatisfaction.

Japanese companies have obviously made significant changes that show a clear departure from what had been understood as Japanese management. Although methods varied by company and industry, a few basic steps were followed to implement the change. The first step was to cut the number of core regular employees through measures such as reducing the number of newly hired employees or by offering voluntary early retirement schemes. Second, companies changed to incentive systems that lessened the importance of seniority and increasing the emphasis on individual results (e.g., pay for performance). In addition, the third step that is highly visible today by looking at the ratio of regular to nonregular employees, companies significantly increased the number of nonregular employees on their payroll. From the changes initiated by employers that once expected loyal *sarariiman* among their ranks who sacrificed their personal lives for the organization, a new attitude appeared to spring up from the working population. Employees have reacted by becoming more interested in short-term gains from their current employment as well as in the long-term marketability of their skills (Meyer-Ohle 2009). This new attitude is adding new challenges to organizations that must maintain productivity.

Human resources departments in Japan are now involved in addressing major developments in adjusting employee counts to meet capacity while reducing costs. They also are faced with the challenge of seeking ways to retain and motivate capable regular employees that can be core members of the organization, while at the same time reducing labor costs. The traditional methods of rewarding seniority with pay are gradually being emphasized less with more attention being given to merit-based pay. At the same time, human resource professionals need to retain and motivate capable nonregular employees since many core functions of the organization are now performed by this group of employees.

From an economic and social viewpoint, dealing with the current state of affairs in Japan's employment environment with the gaps between regular and nonregular employees is a priority. Over 20 years have passed since the collapse of the economic bubble in the early 1990s and the resulting decline in the employment situation. Many of the new workers from the early post-bubble period, now in their 40s, began their lives as members of society in nonregular employment and they have been unable to transition to regular employment during their employment to date. Researchers in Japan are now placing a great deal of effort in promoting specific measures aimed at achieving a successful transition to regular employee status for as many of this demographic as possible, or in securing work based on stable nonregular employment (JILPT 2013: 82). With the challenges mentioned above, the question of the termination of employment for nonproductive regular employees may be presented.

Those familiar with the Japanese business environment may be under the impression that it is virtually impossible to terminate a regular employee in Japan unless an egregious unlawful violation has been committed by the employee. Supporting this belief are reports that hint at this. In 2013, an editorial in *Financial Times* commented, "in Japan, employment laws make it almost impossible to fire regular workers" (*Financial Times*, October 7, 2013). In its 2004 *Employment*

Outlook, the Organization for Economic Cooperation and Development (OECD) estimated that the legal protection of permanent workers against individual dismissal in Japan was one of the most strictly regulated among nations. However, in its 2013 Employment Outlook, the OECD reassessed the laws regarding dismissals among its member nations and reclassified Japan in the top third of OECD countries in which regulation is less stringent (OECD, Employment Outlook 2013). Sugeno and Yamakoshi (2014) have reported that although stereotypical views about permanent employment still exist among international observers it is a gross exaggeration of the regulatory aspect of Japanese dismissal law.

In Japan, the Civil Code (CC) even before World War II had given either employer or employee the right to terminate a contract of employment at any time by giving 2 weeks' advance notice. The CC thus guaranteed the "freedom of dismissal" to the employer. What may not be clear to those not familiar with Japanese labor law is that the Labor Standards Act requires businesses employing ten or more employees to draw up and disseminate employment regulations stipulating rules and working conditions in workplaces. Most firms comply with the law and set forth such regulations, including regulations that stipulate the means and procedures for disciplinary actions against employee misconduct and poor performance. Therefore, the steps are in place for the firms in case of employee misconduct, ranging from progressive discipline to outright dismissal for grave misconduct. An employer is only allowed to dismiss an employee if there are objectively reasonable grounds for dismissal, and dismissal is deemed appropriate in light of socially accepted ideas. Furthermore, all possible grounds for dismissal must be clearly stated in the work rules if the dismissal of an employee is to be valid. Under the Labor Standards Act if an employer wishes to dismiss an employee, the employer must give the employee at least 30 days' notice, or a payment equivalent to 30 days salary.

Japanese dismissal law is based upon the employer's freedom of dismissal, and protects the interest of employees from abusive actions by employers. Japanese dismissal law aims to balance the rights of the employer and employee. It is by nature protective for workers, but it does not impose excessive rigidity on the employer for establishing discipline and efficiency in the workplace or carrying out necessary adjustments of the workforce (Sugeno and Yamakoshi 2014).

To put things in a global perspective, in Japan more than 72% of the working-age population aged 15–64 has a paid job. This figure is higher than the OECD employment average of 65%. Women are still less likely than men to participate in the labor market. In Japan, 62% of women have jobs. This is more than the OECD average of 58% but much less than the 81% employment rate of men in Japan. Japanese people earn USD 35,405 per year on average, less than the OECD average of USD 36,118. Not everyone earns that amount, however. In all OECD countries, men still earn more than women, with an average wage gap of 15.5%. In Japan, men earn 26.6% more than women. In addition, whereas the top 20% of the population earn an estimated USD 45,463 per year, the bottom 20% live on an estimated USD 22,294 per year (OECD 2015).

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Part II

Leisure

Chapter 5

Tokyo Olympiad

Abstract Postwar Japan was busy rebuilding her economy prior to the years leading up to the Tokyo Olympiad. Tokyo had won the Olympic bid in 1959 and Japan became the first Asian country to host an Olympic Games, bringing significant pride to the Japanese. The Tokyo Olympics in 1964 served to bring Japan closer to international society and signaled the end of Japan's postwar hardships. Overseas travel was soon liberalized and Japanese tourists began traveling in large numbers, growing businesses like Duty Free Shoppers that capitalized on the overseas consumption habits of the Japanese traveler.

Keywords Tokyo olympiad · Travel liberalization · Olympic economy · *Omiyage* · *Senbetsu* · Duty Free Shoppers · OL

5.1 Building up for the Games

Prior to the growth of Japanese tourism in the 1960s, Japan was busy rebuilding her economy after destruction from the Second World War. The early postwar years were devoted to rebuilding the country's lost industrial capacity and major investments were made in developing the infrastructure for economic growth. During the decades of high-speed growth, changes in the affordable goods for the average Japanese citizen are visible by examining what consumer products were heavily advertised during these decades. In the 1950s, it was the "3 S's": *senpuuki*, *sentakuki*, and *suihanki*, or electric fan, washing machine, and rice cooker. In the 1960s, it was the "3 K's": *kaa*, *kuuraa*, and *karaa terebi*, or car, air conditioner, and color television. Finally, in the 1970s, it was the 3 J's: *juerii*, *jetto*, and *juutaku*, or jewelry, jet airplane tickets for travel and home ownership, otherwise called "my-home" in Japanese (Kelly 1992: 79).

When Tokyo won the bid to host the Olympic Games in 1959, the capital looked nothing like the modern, glamorous city that it has become today. The city was described as "an ugly sprawl of old wooden houses, scabrous shanties, cheaply constructed stucco buildings and *danchi*—crowded, cramped Soviet-style

apartment blocks thrown up to accommodate the postwar influx of people from the rural areas” (Whiting 2014). The Tokyo bid called for a \$500 million budget to remake the capital in order to host the event. This budget far exceeded the \$30 million spent for the Rome Games in 1960. The Japanese placed a great priority on public investment after Tokyo was selected to host the 1964 Olympic Games. Furthermore, the government was determined to make Olympic construction, which led to the prompt development of manufacturing, construction, service, transportation, and communication, align with the Plan of Doubling National Income. This was a plan introduced by the Ikeda Cabinet in 1960 aimed to double the national income in ten years. The plan became a symbolic matter showing that Japan was undergoing a fundamental change with a stronger emphasis given to economic instead of political issues.

During this time, Japan was not experiencing a decreasing birthrate and aging population as it is today. Japan’s birthrate was at 2.05, far above the 2014 birthrate of 1.40. The working-age population was increasing, rising from 47.1 million in 1964 to top 50 million in 1968, and reaching 55.96 in 1979. This growth in the working population supported Japan’s rapid economic growth, and, between 1964 and 1970, Japan’s real economic growth rate remained above 10%, excluding the reactionary decline in the year following the Olympics when the real economic growth rate was at 5.4% for the calendar year (Kojima 2015).

5.2 Eyes of the World on Tokyo

Tokyo had earlier won the right to host the 1940 Olympics, but the outbreak of World War II and threats of boycott over Japan’s military invasion of China resulted in the cancellation of the games. It was not until the 1948 London Olympics that the games resumed, and by this time, Japan had lost the war and was occupied by the Allied powers led by the United States. Japan became the first country in Asia to host an Olympic games with the lighting of the Olympic torch in 1964. Yoshinori Sakai, born in Hiroshima on August 6, 1945, the day the atomic bomb devastated the city, was the final torchbearer who set the flame to light up the Olympic cauldron during the opening ceremony. The lighting of the cauldron by Sakai and the successful hosting of the games, in which Japanese athletes won 16 gold medals, both symbolized Japan’s recovery from the war. Japan’s hosting of this world sporting event brought significant pride to the Japanese, as holding the games in Japan showed that the country had returned to the global stage as a peaceful, economically confident nation.

The completion of the *Shinkansen* bullet train service between Tokyo and Osaka was among the many infrastructure projects timed to coincide with the event. This service began nine days before the games kicked off on October 10, a date that is now a national holiday known as *taiku no hi* (Sports Day). Haneda Airport, Tokyo’s only international airport at that time, was modernized and numerous highways, expressways, and subway lines built, costing the government so much that it took

over 30 years for Japan to pay back the money it borrowed from the World Bank (Whiting 2014).

In order to watch the Olympic Games, Japan's growing middle class rushed to buy television sets. Japanese, who now had greater disposable income, also purchased other household appliances, leading to the term describing this new form of consumerism "Olympic economy" (Martin 2013). The games were considered high-tech in that it was the first Olympics to maintain statistics using computers and had audiences worldwide via broadcast using communication satellites. The Japanese public embraced the games and large numbers viewed the televised broadcast of the event. The Opening Ceremony garnered over 70% of the viewing public. When the Japanese women's volleyball team captured the gold medal match against their Soviet archrivals, over 80% of the viewing public watched the match. This number was most likely higher given that schools and some towns set up communal televisions (Droubie 2016).

5.3 Catalyst for Japanese Overseas Travel

Major changes in Japanese travel were in store during 1960s, especially after the Olympic Games. Until 1964, Japanese citizens were not even allowed by their government to travel overseas for pleasure. The Tokyo Olympic Games in 1964 served to bring Japan closer to international society and signaled the end of Japan's postwar hardships (Schumann 2006). That the *Shinkansen* bullet train and the Tokyo Olympic Games are inextricably linked is only appropriate as the bullet train connotes both speed and travel. Ever since Japanese overseas travel was liberalized after the Tokyo Olympiad in 1964, Japanese overseas travel had grown continuously and quite rapidly to send out close to 18 million travelers by 2001. Japanese overseas travel reached a peak of close to 18.5 million outbound travelers in 2012.

One prominent firm in the travel industry led by Cornell University graduate, Chuck Feeney, was ready from the beginning to capitalize on the Japanese overseas travel boom. The firm is travel retailer, Duty Free Shoppers (now known as DFS), which prominently displayed an original logo resembling the Japanese flag on its stores and shopping bags. Although the company also had Bob Miller as a cofounder, Feeney was the one credited for targeting the Japanese market. Feeney accurately anticipated that the Japanese were itching to travel overseas after the lifting of the travel ban. He also believed that they desired to purchase western luxury items on these trips. Feeney traveled to Japan to learn the language and about cultural practices that would greatly affect his business. The cultural practices of *omiyage* (souvenir gifts) giving from those returning from trips, and *senbetsu* (monetary gift) giving to those traveling were instrumental in the success of Duty Free Shoppers as they targeted the Japanese market. Duty Free Shoppers had even utilized Japan-focused price point signage, like ¥10,000 gift items, to facilitate purchases for this market.

Due to the inexperience of the Japanese overseas travelers in the early years of travel liberalization, the vast majority tended to travel in package or group tours. Feeney recognized this and as a result, Duty Free Shoppers established ties with Japanese travel agencies and began paying tour operators a flat fee for every tourist they brought to their stores, as well as substantial commissions. It was not only tour operators that benefited from this type of arrangement, but also tour guides, taxi drivers, and bus drivers were given financial incentives to deliver Japanese tourists to the stores. Beginning with Hong Kong's *Kai Tak* airport in 1961 and later Honolulu, Duty Free Shoppers bid for and won concessions at the international airports in the countries that the Japanese liked to visit. Over the next 20 years, the company also opened downtown stores in cities around the world including Singapore, Anchorage, Los Angeles, and San Francisco. The hugely popular and nearby Micronesian islands of Guam, Saipan and Palau were also included in the listing of Duty Free Shoppers locations that catered heavily to Japanese travelers. Well-trained Japanese-speaking sales associates manned the sales floors and aggressively pushed the three must-buy items—liquor, tobacco, and perfume (LTP)—to the crowds of tourists that entered the stores by the busloads. The company made sure that any defective merchandise could be replaced or repaired in Japan with after-sales offices located in Tokyo and Osaka.

Duty Free Shoppers is now known as DFS and their logo has changed slightly over the years to reflect the new name. Their downtown stores have also been redesigned and renamed to be called DFS T Galleria stores, and are now operating to service a more diversified tourist market. Feeney and minority shareholder Alan Parker together sold their 58.75% ownership of DFS to Louis Vuitton Moët Hennessy (LVMH) in 1997 (O'Clery 2007).

One of the most important Japanese market and other travel-relation organizations was the OL, or Office Ladies, market. They still wield tremendous power as consumers both domestically and internationally. Chapter 6 will cover the topic of the OL, including the characteristics, work life, and consumption habits of this still-important market.

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Chapter 6

Shopping OLs

Abstract The term OL is often used in Japan to refer to a woman who is single, young, and does clerical work as a full-time worker. OLs are considered a desirable market for retailers because they tend to have large amounts of disposable income to spend on personal goods, such as clothing, accessories, handbags, and cosmetics. While gender roles in the workplace are gradually changing with women given more rights in the workplace, there are still countless workplaces that remain where OLs typically serve tea to men and type and file their reports. In many cases, OLs are exempt from secure employment and have few opportunities for promotion. Japan's OLs played a significant role in the growth of Japanese overseas travel, especially with businesses selling luxury brand goods.

Keywords OL · Office lady · Gender roles · Women · Luxury goods · Shopping · Consumerism

6.1 Characteristics of the OL

Young, working women in Japan were called BGs (Business Girl) before 1963, until people using the term learned that the same term or B-girls was used by English-speakers to refer to prostitutes or bar girls. This led to a popular women's magazine, *Jyosei Jishin*, to conduct a poll to change the name. Now the young women are often referred to as OL, for Office Lady. Although no strict definition exists for OL, the term is often used in Japan to refer to a woman who is single, young, and does clerical work as a fulltime worker. Because many OLs live at home with their parents and do not have to support a family, they tend to have a large amount of disposable income to spend on themselves, even though their salaries may not be very high. OLs are therefore considered a desirable market segment for sales of particular product and service categories, and during the Bubble Economy of the late 1980s, many companies targeted them as consumers (CULCON 2003).

During the postwar period, the number of young women working as OLs rose dramatically with the expansion of administrative offices and the need for staffing them. In the 1980s, being an OL was the most common job for Japanese women, with OLs making up approximately one-third of the female work force (Cherry 2002).

6.2 Work and the OL

Much of the clerical work in large corporations in Japan is carried out by (OLs), also formerly described as *shokuba no hana*, or “flowers of the workplace” (Cybriwsky 2011: 168–169). The female clerical employees of Japanese companies were given this floral designation in reference to their role as providers of support for male colleagues, including the regular, full-time organization men—the *sarariiman*. The OLs were to be looked at and enjoyed by male bosses, although there are now more protections in place for them with respect to sexual harassment. While gender roles in the workplace are gradually changing with women given more rights in the workplace, there are still countless workplaces that still remain where OLs serve tea to men and type and file their reports. In many cases, OLs are exempt from secure employment and have few opportunities for promotion.

Most OLs usually wore company uniforms while on the job through the 1990s, although some companies made this optional. Honda was one of the first large corporations to incorporate this change (for an insightful look on this and other topics from the viewpoint of an American woman, read *The Accidental Office Lady: An American Woman in Corporate Japan*, by Kriska 2011). In 1996, 52% of office ladies were required to wear a uniform, while by 2006 that figure had fallen to 22.7% (Macromill 2006). The data shows that the OL uniform is gradually disappearing from the Japanese corporate world, but many organizations still manage their organizations with clear gender-based roles as the ones traditionally assigned to OLs.

Because of the unsecure nature of OL employment, few women work a long time as OLs, generally quitting upon marriage or with the birth of a first child (Cybriwsky 2011: 168–169). With Japan’s shrinking workforce, it is becoming an urgent issue to utilize talents of the female worker. Although the government has made strides in promoting women in the workplace, there still is a lot more to be done to create more opportunities for the female worker, including the OL. While countries like the U.S., U.K., France, and Sweden have women comprising between 30 and 40% of management positions, data from the Japan Institute for Labor Policy and Training shows Japan at around 11% (Aoki 2015). Prime Minister Shinzo Abe has established a goal of increasing the ratio of female executives to 30% by 2020, as part of his “womenomics” plan (Warnock 2015).

6.3 The OL as Consumer

Known for their relatively high spending budget, specific lifestyle, and their attraction to shopping, OLs became the ideal consumer for many businesses in Japan and overseas destinations. Especially during the bubble period in the 1980s, it seemed the higher the price or more exotic the item, the more the OL wanted to buy it as a way to express her own personality or status. By the 1980s, Japan became a very important market for luxury brands for domestic retail stores and for overseas retailers conducting business with Japanese travelers. Because of limitation of space in Japanese homes, luxury items in this case were limited mainly to items that could be worn or carried. The young women spent large amounts of money on items such as clothing, accessories, cosmetics, and handbags.

During the bubble economy, OLs began frantically buying from luxury houses like Louis Vuitton, Christian Dior, Gucci, Hermes, and Chanel. Department stores, traditionally the place to purchase high-end imported goods, in unison rearranged their stores in order to stimulate the desires of the OL shopper (Akabane and Saito 1996). Consumption of these products appeared to be an escape for the OLs from the real world at work and at home. OLs were not merely shoppers; they also had a tendency to travel frequently to domestic and overseas destinations. The Japanese OL market was so important to brand names in overseas retail stores that Camus, the fifth largest brand in Cognac and the biggest still owned by the founding family, introduced a light and floral cognac named Josephine in 1995 for sale in Duty Free Shoppers stores around the world, specifically for this market (Faith 2004). OLs flocked to places like Guam to do their shopping. Guam was touted as the place “where America’s day begins” due to the island’s geographical position as the first U.S. soil to receive the new day’s sunlight on the other side of the international date line. Because it is an unincorporated territory of the United States, there is no state tax on purchases. As a result, OLs were able to enjoy buying various name-brand items cheaper than if they were in Hawaii or in the continental United States (Fig. 6.1).

OLs more often than not, spent money freely knowing that once they marry, then the opportunity to continue to buy personal luxury items and travel to various destinations may become severely limited. About half of Japanese working women retired from the labor force at the time of marriage and a high percentage of them began childbearing soon after (Mak et al. 2004). Even though OLs spent large amounts on personal goods, they also had enough money left over to save a substantial portion of their income, ranging from 31.0% in the case of those living in Osaka, and 21.4 percent in the case of those living in Tokyo (Horioka 1993: 288). The most common motives for saving were marriage and travel. Because of the OL’s tendency to save and to live at home with parents and with few household expenses, they had 1.9 times as much savings as single men. Being no longer OLs after marriage, the young women’s spending habits changed drastically. In Japan, females in the household usually control the family budget, and hence the wife’s role changed from spender to saver. The wife sacrificed her personal desires to



Fig. 6.1 Shopping at Prada Store in Tokyo. *Source* Author

support the working husband and the child or children studying for school entrance exams. Chapter 2 discussed Japan's high household savings rate during the postwar era. It was both single women (OLs) and married women that contributed to this phenomenon with their tendency to save.

Japan's OLs played a significant role in the growth of Japanese overseas travel and the businesses that supported the Japanese travel market. The OL market is still an important one today so we will be examining the more current OLs in Chap. 8. Young, single women are again making headlines as major consumers and travelers. Young, single Chinese women, especially those under the age of 32, have become a major driving force behind China's most recent economic growth (Waldmeir 2010). Also dubbed "office ladies," this market segment in China is showing traits similar to the earlier Japanese OLs, but they are being viewed as a greater global force due to China's sheer size (Hellstrom 2007).

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Chapter 7

Setsuyaku Era

Abstract The *sarariiman* as the self-sacrificing organization man was an inspiration to Japanese males in the past. However, today's young workers appear to value a more meaningful work life and development of occupational ability than what the *sarariiman*'s life offered. Because of the competitive nature of the global economy, changes in remuneration systems and career progression based on performance rather than seniority has been gradually introduced in some Japanese organizations. The shift to pay for performance over seniority is still in the process of making its way into other organizations. Japan's household saving rates declined in recent years and turned negative by 2013, while consumers transformed from conspicuous consumers during the bubble period to become more frugal in their spending.

Keywords Work–life balance · *Karoshi* · Self-development · Household savings · *Setsuyaku* · Homeless

7.1 Changes in Work and Leisure Habits

The *sarariiman* was held in relatively high regard during the early postwar era, as the hard-working organization man who was sacrificing his life for the betterment of the nation. The unforgiving work culture in Japan and the *sarariiman* together helped to turn Japan into an economic superpower. The *sarariiman* was an inspiration to young people who studied hard in a competitive academic environment in order to enter a reputable organization where he can devote his working life. This view and the workers' attitude have changed over the years, as Fu (2012) writes:

...the majority of salaried workers lead an ordinary organizational life, depending much on their firm for financial as well as emotional well-being. Yet, even among them, there has been a growing sense of detachment from the firm. The term "salaryman" is now often used in a pejorative sense, referring to a man of one's father's generation, or the so-called 'oyaji' type, who toils long hours for his firm, only socializes with his fellow workers or clients through after-work drinking, or golf-playing on weekends, rarely spends time with his wife and children, much less does anything about household chores (p. 101).

Today's young workers appear to value a more meaningful work life and the development of occupational ability more than simply the prestige of working for a large, famous organization as their fathers or *oyaji* ("old men") did for many years. The work-life balance that did not seem to exist in the past is now desired, with young workers wanting flexibility in the workplace to allow for self-development, not only with work skills, but also with the personal lives. However, this is not yet a reality for all Japanese workers. Instead of working just the regular assigned hours and heading for home, many of Japan's employees are still concerned about being accused of being disloyal to the organization, fear being ostracized by their coworkers and end up putting in much longer hours. Japan's culture of overwork has made headlines with workers succumbing to *karoshi*, or death from overwork. In many cases it is not just overwork that is the contributing factor leading to death, but also the stress experienced by employees who have family commitments, such as caring for elderly parents.

Finding a suitable balance between work and life is a challenge for all workers in every country, and this is especially true for working parents. Parents in Japan find it difficult to combine work and family commitments. Because of workplace practices, including long hours and commuting times, which in many cases can be as long as 90 minutes or more each way, workers find it hard to find a balance in their lives. In addition, the financial pressures resulting from considerable private housing and education costs (including attendance of after school cram schools or *juku*) make young people think twice about establishing a family, which leads to the low birth rate and late marriages. Many Japanese women first want to establish a career as regular employees before having children, but even with the eligibility to take parental leave, many women leave the labor force to care for children. According to OECD figures (2015), Japanese public spending on childcare and preschool services is low compared to other OECD countries, and although childcare enrollment rates (26%) for children under the age of three are increasing, the rates are below the OECD average rate of 33%. Some government policies have been introduced to reduce barriers to combining parenting and employment, but this has not been enough as childcare facilities have waiting lists and the cost of these services discourages parents' employment.

If the women want to return to the work force, they usually end up in low-paying jobs, either as temporary contract workers or nonregular workers. Women also face a complicated and distorted financial incentive structure when faced with the decision of possibly going back to work. Japan's Health and Pensions insurance regulations provide secondary household income earners with incentives to limit earnings to a certain threshold to avoid paying health insurance premiums. In such cases, the government system is not encouraging women to take on more gainful employment opportunities.

Governments typically recognize the importance to society of the ability to successfully combine work, family commitments and personal life, and the Japanese government is no exception. Leisure time is essential to one's overall well-being, so in order to increase it for workers, the Japanese government is considering setting a minimum number of five paid holidays as a legal requirement

for employees to take every year. Japanese employees are currently entitled to an average 18.5 days of paid holidays a year, which is only 2 days fewer than the global average. Japan's employees are entitled to a minimum of 10 working days and 15 national holidays, but few actually take all the days to which they are entitled. The typical worker uses only nine of their 18.5 days average entitlement (McCurry 2015). The reasons for low utilization rates of the entitled paid holidays vary, but these are frequently related to the employee desiring to maintain the perception of loyalty to the work group. Still, news reports in Japan frequently run stories about individuals suing employers for forcing their family member to work punishingly long hours, leading them to suicide or *karoshi*, referring to death caused by overwork or job-related exhaustion. Despite this type of news, the workplace is improving in a number of areas.

There have been some positive changes in the workplace that developed during the post-bubble era as a result of the need for organizations to be able to rapidly move in and out of business areas. In order to do this, it is essential to have a more flexible and professional workforce that is adaptable to new conditions. Today's workforce has renewed emphasis on self-development, has acquired innovative features that are different from what has been sought in the past, and personal qualities in other areas such as human relations and leisure have begun to be valued more favorably than before (Fu 2012). This suggests as mentioned in the beginning of this chapter that a growing number of young regular male workers are viewing the role of the *sarariiman* and the relationship with the organization in a different light. The affiliation with the organization is not as important as it was in the past and more emphasis is being put on career development based on one's skills. Workers are also seeking a more balanced lifestyle where they can be involved in leisure pursuits and parental responsibilities.

Compensation and benefit practices in Japan also deserve attention in discussions concerning changes in the workplace. For regular salaried workers in Japan, the introduction of compensation schemes, such as "pay for performance," is a radical change from the traditional step-up system that determined pay more heavily on the factor of longevity. Regular reports in the *Nihon Keizai Shimbun* indicate that this new compensation concept is generally being introduced first in the larger corporations in Japan, usually with employees numbering in the thousands, such as Toyota, Hitachi, and JT (Japan Tobacco), to name a few. Even though this erosion of the traditional pay system has not yet affected all workers, especially the ones in smaller organizations, this trend appears to be making its way into the workforce. While pay for performance is still a controversial issue, research has shown that it does yield significant productivity gains for firms that no longer subscribe to the traditional "lifetime employment" practice, and for firms that use employee involvement and tap into local knowledge of frontline workers (Kato and Kodama 2015).

With the aging of Japan's workforce and the increasing competition for cost-efficient products and services in a globalized world, basing remuneration systems and career progression on performance rather than seniority seems the best route for Japan to take. Japan will also need to expand the talent pool of domestic workers by providing returning mothers and part-time workers with easier access to

regular employment, and one way to do this is by focusing on gender equity in the workplace. Addressing the cultural pressures for working long hours may be a challenge, but the practice needs to be decreased to make the workplace more attractive. Evidence of OECD countries like France and Sweden shows that workplace cultures that are less overbearing and are conducive to the reconciliation of work and family life of both parents may help increase fertility rates, which will address the critical demographic issue facing Japan (OECD 2015).

7.2 Savings in Post-bubble Japan

Japan's Cabinet Office released the 2015 Annual Report on the System of National Accounts (SNA) at the end of 2014. This report revealed a striking fact that the savings rate of Japanese household had turned negative in 2013. This is in contrast with Japan in the 1950s and 1960s, when the country was one of the leading nations in savings and many academics wrote papers analyzing the reasons for the high Japanese savings rate. For decades, many Japanese hoarded cash in the postwar years when government protections like unemployment insurance and public pensions were not fully developed and available. The household savings rate used to be high, hovering between 14 and 17% in the 1960s, and 18 and 23% in the 1970s, and this supported high economic growth. However, the Japanese household savings rate has been falling since mid-1970s when it reached the peak of more than 23%. It almost fell below zero in late 2000s before the global financial and economic crisis kept the rate above zero. The declining trend resumed in 2010 and fell to -1.3% in Fiscal Year 2013 (Saito 2015), falling into negative territory for the first time in SNA history. The SNA has been tracking the savings rate since 1955.

By contrast, in the U.S., where consumers are known for using credit and spending more money than they actually have, personal savings is on the rise and was at 5.5% in 2015. Dissaving, or spending more than one has earned, appears to be the general trend with the large cohort group of the baby boom generation now in retirement or nearing retirement, the pace of aging increasing further, and the process of dipping into savings underway. Japan's aging population, the increase in the ratio of elderly households, and the delaying of payment for public pension benefits from age 60 to 65 can all be considered contributing factors behind Japan's negative savings rate.

Contrary to what the above trend implies, though, plenty of cash is circulating in Japan's economy. Because of the high savings rates of the past, about 1400 trillion yen, or \$11.5 trillion, of household financial assets remain tucked away (Nikkei 2016). Because the large banks are paying a mere 0.001% interest on deposits and ATM fees and other charges would put many savers at a loss, many savers are opting to use fireproof home safes that are available for purchase. As a result, Japan's cash in circulation is growing at the fastest rate in 13 years. More recently, the Bank of Japan's negative interest rates introduced in February 2016 has pushed more consumers' money out of savings accounts and into homes.

7.3 Consumerism in the *Setsuyaku* Era

After the bursting of Japan's bubble economy, the word that was frequently used in households and offices was *setsuyaku*, which literally translates "to conserve" or "economize," demonstrating how frugality had become a common practice in Japanese society. The OL, on the other hand, continued to spend heavily on designer clothes, gourmet restaurants, overseas holidays, and expensive hair salons even after Japan's economic bubble burst in 1990. However, even the OL eventually began to make some changes, like searching for bargains even as she wore her brand-name clothing and accessories. As the recession stretched into its 14th year, the logic of thrift filtered through even to Tokyo's pampered OL (Joyce 2003). The 100-yen chain stores, Japan's answer to the dollar stores in the United States, became part of the landscape soon after the recession emerged. These chains, like *Daiso* and *Can-Do*, continue to thrive today with multi-storied retail stores that sell everything from foodstuffs, household goods, and tools to office supplies and gardening tools.

The shift to seek frugality was so far removed from the conspicuous consumer image that Japanese consumers portrayed before surprised many. Japanese consumers had been both distinctive and reassuringly predictable, as they tended to pay high prices for quality products, avoiding low-priced goods and preferring high-end and pricier supermarkets. The love of luxury products as well as the willingness to pay high prices for quality helped boost Japan's retail sales to an estimated ¥135 trillion (\$1.48 trillion) in 2008, second only to the United States (Salsberg 2010).

Today's consumer in Japan appears to be less materialistic and more experience-focused. This can be attributed not only due to the fluctuations in the economy, but also due to newer generations that are influenced more by digital connections to the world, not caring much for the rigid corporate life in Japan and the pursuit for material possessions. World events like the 2001 September 11 attacks, 2004 Indian Ocean tsunami and Japan's triple disaster that occurred in 2011 have also had some impact on tempering consumerism, especially in overseas travel and spending excessively while shopping, making people reconsider what they should prioritize in their life. However, the pursuit of nonmaterial possessions still requires income.

Whether it is for shopping or for experiencing a new environment, having a reliable source of income is certainly a necessity for people who are planning to travel for leisure, as consumption expenditure and income streams are closely related. Nagatani (1972), in *Life Cycle Saving: Theory and Fact*, introduced a model based on the future uncertainty of income and its relationship to spending. By adjusting expected future income for risk, a "typical" consumer will buy less than he would in a riskless environment with the same expected income stream. However, being the typical consumer, he realizes his expected income, and he successively revises his consumption plan upward since his realized income exceeds his risk-adjusted forecast (Heckman 1974). Thus, it is not necessarily the

actual income that determines consumer behavior, but an expected future income that has been adjusted for risk. We are seeing the effects of this in Japan where uncertainty about the future is affecting consumer behavior of Japanese citizens.

What are some of the causes for uncertainty? Industries in Japan are changing with a need for them to become more and more involved as players in the same world economy. With globalization and the bringing down of trade barriers, efficiency will be a necessity for survival. In Japanese industries where productivity is low, more layoffs and demands for new skills will be required as the country goes through a period of shakeout of firms that cannot adapt to the increasingly competitive environment. The long-held compensation system consisting of salary increments based on age or seniority, as well as the payment of substantial guaranteed bonuses, is gradually being altered. As described earlier, Nagatani's model (1972) based on the future uncertainty of income, points to a shift in spending due to a perceived increased risk in expected income. Among many Japanese workers, this has equated to increased anxiety for income uncertainty and the resultant effect on consumption and leisure, including overseas travel.

With uncertainty about work with the new employment trends favoring temporary and contract work, how are households in Japan now coping with labor income risks? Apart from partial coverage of unemployment risks by public unemployment benefits, insurances, public or private, they do not generally protect households from such labor income risks of salaried workers, such as pay and bonus cuts. Insurances aimed at volatile sales of the self-employed are almost nonexistent. There is one alternative to preparing for the uncertain future and many working citizens in Japan have taken this course of action, and that is to self-insure against unanticipated adverse events in the future. An individual (or a household) may do this by accumulating their savings.

Watanabe writes that buffering motives for savings against future uncertainties are summarized as a precautionary motive for saving and are distinguished from savings for specified expenditures at various life stages such as purchasing durable goods, funding her children's schooling, a down payment for a home purchase, and the individual's living expenses after retirement (Watanabe 2005: 2). According to Watanabe, we are exposed to various sources of risks in our economic life. Among them, income uncertainty is the risk that most affects an individual's welfare through its influence on consumption, including leisure activities, like overseas vacations. For an average Japanese family, the labor incomes of employed family members are the largest part of the household income as returns on financial assets and other nonlabor incomes such as earnings from rented lands and homes are negligible. Hence, unexpected adverse shocks to labor incomes of working family members can have devastating impacts on the household's ability to manage day-to-day finances.

While Japan currently shows a negative trend in savings among the population as a whole, we can expect to see among Japanese workers in the coming years attempts to increase savings (in cash) against future labor uncertainties and less cash than we had seen in the past budgeted for leisure activities (Table 7.1).

Table 7.1 Amount and composition of savings and liabilities by age group of household head (Workers' households) (2014)^a

| Item | Average | ~29 years | 30–39 | 40–49 | 50–59 | 60–69 | 70~ years |
|------------------------------------|---------|-----------|-------|-------|-------|-------|-----------|
| Num. of earners per household | 1.32 | 1.48 | 1.48 | 1.60 | 1.94 | 1.33 | 0.62 |
| Age of household heads (years old) | 58.0 | 26.9 | 35.4 | 44.4 | 54.6 | 64.5 | 76.4 |
| Rate of owned dwellings (%) | 83.5 | 30.4 | 56.6 | 74.8 | 86.5 | 94.0 | 93.9 |
| Yearly income | 6.14 | 4.55 | 5.98 | 7.29 | 8.19 | 5.69 | 4.57 |
| Savings | 17.98 | 2.68 | 6.10 | 10.30 | 16.63 | 24.84 | 24.52 |
| Liabilities | 5.09 | 5.58 | 9.95 | 10.51 | 6.54 | 2.13 | 0.78 |
| Monthly and yearly installments | 14 | 28 | 20 | 23 | 20 | 9 | 5 |

^aIn millions (Japanese Yen)

Source Statistics Bureau, Japan Ministry of Internal Affairs and Communications

A topic that deserves mention in this chapter is homelessness in Japan. Homelessness exists in Japan, just as it does in every industrialized nation. In Japan, “homeless” refers to those who sleep outdoors or are “rough sleepers” as they are called in the UK. Before the 1990s, the word *furosha*, which translates to wandering people, was commonly used, but as problems with homelessness have deepened with the recession in 1990s, use of the word “homeless”, just as in English-speaking countries, has prevailed in Japan (Maruyama 2004).

The first national survey of homelessness across Japan was conducted in 2003, and at that time, 25,296 homeless people were counted on the street. According to the survey, the overwhelming majority of homeless were elder single men. The average age was 55.9 and the proportion of women was only 3% (MHLW 2003). Most recent report shows the number at 6541, still with more men with only 3% women (MHLW 2015). However, this overall number is misleading as it does not include the homeless as defined in other countries. The homeless figures in Japan only refer to people who are actually sleeping in the rough and do not include people who have inadequate, temporary housing, such as shelters, inexpensive hotels, laborer's lodgings, and institutions. In addition, homeless women in Japan tend not to sleep in the rough with many choosing to stay in welfare accommodations. If the term homeless referred to all the people described above, then the total number of the homeless in Japan, as well as the ratio of women to men, would be much higher. Many of the unaccounted for homeless men are living in Internet cafes that are open 24 h a day and are cheaper to rent than capsule hotels. They are called Cyber Homeless in Japan and are made up mainly of part-time, nonregular workers that can afford to pay the 1500–2500 yen per night fee for a cramped booth.

Japan's homeless appear to have a more challenging time than those in the U.S. in re-engaging with society due to cultural pressures that families have for

acceptance from the outside world, something important to most Japanese families. Because it is assumed that having a family member experience homelessness is unacceptable if a family member does become homeless, it brings shame to the family, or *ie no haji*, and may lead to a complete severance of ties, or *zetsuen* (Marr 2015). Homelessness is clearly a challenge that Japan will need to address along with the host of others relating to the aging of society and wide gaps in compensation and work security among Japan's working population.

Despite the trends concerning changes in the workplace to a more flexible workforce, declining household savings, and less spending in the post-bubble economy, it is not all gloom and doom for those counting on the Japanese consumer in overseas destinations. The next chapters will focus on opportunities that lie ahead with the understanding of today's tourism marketplace, special interest groups, and the managing of multiple source markets in a tourism destination.

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Part III
Opportunities

Chapter 8

Understanding Today's Marketplace

Abstract The Japanese economy will most likely continue to remain strong in the coming decades, and a strong Japanese economy will allow for the growth and maintenance of leisure time for its citizens. There has been an effort by the Japanese government to encourage the expansion of two-way tourism between Japan and the world under the auspices of the Tourism Nation Promotion Basic Law with targets for both inbound and outbound tourists. Reasons for traveling have evolved over the years and conditions are becoming more favorable with the availability of mass transportation, more opportunities for leisure time pursuits, and the affordability of long-distance travel. Japanese luxury retail continues to be strong but brands must continue to work with Japanese consumers to justify their purchases.

Keywords Tourism policy · Inbound travel · Outbound travel · Household income · Household expenditures · Luxury consumer

8.1 Encouraging Both Inbound and Outbound Travel

Japan's economy is not as strong as it once was, nor is it generating the number of tourists or the free-spending overseas traveler that we had seen in the past, but one major point needs to be made clear from the outset. By world standards, the Japanese economy will most likely remain relatively strong in the coming decades. However, if Japanese overseas tourism is to continue to grow and exceed previous outbound records, then it will depend more on the availability of leisure time rather than on the level of disposable income (Hall 1997: 35–38). A strong Japanese economy allows for the growth and maintenance of leisure time for its citizens. If Japan is to remain as one of the tourist destination's key source markets, tourism stakeholders making key marketing policy decisions must be vigilant of changes in Japanese society. They must constantly stay updated on Japan's trends such as the availability of leisure time and how the time is being used in an ever-changing society. Knowledge about these trends can better prepare tourism industry stakeholders to identify specific market segments within the Japanese population that

may best suit their destination or business, and improve the marketability of their tourism products and services. In particular, Japanese government policies that encourage tourism, as well as efforts by public and private organizations like the Japan Asia Travel Association (JATA), Japan National Tourism Organization (JNTO), and the Japan Travel Association (JTA) to promote their activities should be of great interest to tourism stakeholders of Japanese overseas destinations

There has been an effort by the Japanese government to encourage the expansion of two-way tourism between Japan and other countries around the world under the auspices of the Tourism Nation Promotion Basic Law, which went into effect in January 2007. This law clearly positioned tourism, for the first time ever, as one of the pillars of Japanese policy in the twenty first century. The Tourism Nation Promotion Basic Law is a revision of the old Tourism Basic Act (1963), which was commonly referred to as the “constitution of tourism” and for over half a century formed the basis of tourism policies in Japan (Funck and Cooper 2013).

The law stipulates, among other things, that in establishing a tourism nation all policies are to be implemented with the understanding that the key to ensuring a good life for the people of Japan into the future is to respect region-led, innovation-oriented efforts. This is to be accomplished while promoting the intake of domestic and international tourists through a sustainable evolution of vigorous regional communities capable of inspiring pride and love in its residents. The law also stipulates that the government identifies the following as basic policies: To develop internationally competitive and highly appealing tourism destinations, to enhance the international competitiveness of the tourism industry and develop individuals who will contribute to the tourism promotion, to promote international tourism, and to roll out measures needed to create an environment conducive to travel (JTA 2010a).

The policy called for increasing inbound visitors to Japan to 10 million people and increasing Japanese outbound travelers to 20 million people by 2010. When the Tourism Nation Promotion Law went into effect in 2007, Japan was on its way to generating 17.3 million overseas travelers for the year. Japan's outbound numbers had been rather stagnant in prior years due to factors such as the lessening of interest in overseas travel by young people, little to no growth in departures from Japan's regional centers and lackluster consumer spending. With the goals of expanding opportunities for international interactions to elevate Japan's profiles and to foster the understanding of Japan in other countries, the Visit Japan Campaign and the Visit World Campaign (VWC) were launched in 2008. The VWC has united the Japanese travel and tourism industry, bringing together JATA, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and other related government ministries, tourism offices, airlines, airport authorities, and others. These groups were behind the common goal of achieving the target of 20 million outbound travelers by 2010, but this has not yet been achieved (JATA 2008).

A number of initiatives have been introduced through these policies to encourage Japanese outbound travel. One is to simplify overseas travel, making it easier for Japanese travel to foreign countries. One way to do this was to upgrade the business environment, by responding to changing global business practices and

enhancing the environment to encourage the emergence of creative products and services in the industry. Another was to further deregulate the Inclusive Tour Charter (ITC) rules, such as allowing charter flights to use regular flight routes at Narita International airport as well as easing restrictions by allowing charter flights operated by third-country airlines. (The government of Japan had opposed granting code-sharing rights previously.) Another way was to simplify overseas travel for the Japanese by reviewing other nations' visa systems, in particular, to relax visa requirements for Japanese nationals. The final measure to simplify overseas travel for the Japanese was to encourage workers to take their accrued vacation leave, which provide ample time in most cases to take longer overseas vacations.

The outbound tourism policy aimed to promote tourism in coordination with various VWC projects. Examples include JTA's involvement in promoting cruises and "fly and cruise" packages that either originate or end in Japan, promoting bilateral exchanges using tourism exchange years with other countries, and by participating in JATA's priority destination conference.

In efforts to simplify overseas travel for the Japanese, a strategy for the youth has also been established. This involves the implementation of initiatives to promote greater mutual international understanding in the younger generation by coordinating international curricula with education officials. In addition, improving the environment to support more overseas school trips has been established to familiarize the Japanese populace with overseas travel at an early age (JTA 2010b).

In 2015, the annual number of inbound foreign travelers reached a record 19.73 million and surpassed the number of outbound Japanese travelers for the first time in 45 years. With inbound travel, which is certain to exceed 20 million headed for the "next stage," it is necessary to find a way to revive outbound travel in 2016 to achieve balanced two-way exchanges (JATA 2016). Japan is almost sure to achieve its target of attracting 20 million foreign visitors per year by 2020. The success has sparked the government to think about revising the target upward. In fact, with the goal of drawing 20 million inbound tourists annually by 2020 within reach four years ahead of schedule, the government announced in 2016 that it will double the target to 40 million visitors as well as doubling the spending by overseas visitors by 2020 (Murai 2016). After the upcoming Tokyo Olympic Games in 2020, the government's aim is to attract 60 million foreign visitors a year by 2030. In addition, the new goal aims to attract 24 million "repeat" overseas visitors by 2020, which accounts for about double the figure in 2015, and 36 million by 2030. The government's efforts involve encouraging domestic travel and spending as well as establishing a system that makes it easier for families to take vacations, thus creating a more constant demand for tourist-linked businesses. As an additional factor to support this effort, national holidays increased for the first time in 20 years in 2016 with the addition of "Mountain Day" on August 11 (JTB 2015) (Fig. 8.1).

The 19.73 million inbound visitors marked a 47.3% increase from 2014, when 13.41 million people entered Japan, and is nearly four times the 5.21 million who visited in 2003 when the "Visit Japan" campaign began. However, the decline in outbound travel has become a cause of some concern for those desiring to see a more equal exchange of inbound and outbound visitors. The number of Japanese



Fig. 8.1 Chinese Tourists in Tokyo. *Source* Author

who traveled overseas in 2015 was 16.2 million, down 690,000 from 2014 (Otake 2016).

On a positive note, the millennial generation is creating new trends as consumers of overseas travel. People currently in their late 20s and 30s, known collectively as Millennials, are the “new” consumers who have adapted to the digital society and will transform consumption patterns in the future, including those in travel and leisure. The millennial population is set to increase significantly in the future, especially in emerging economies in Asia. In Japan there is a tendency to focus attention on the senior generation, but in emerging economies the younger generation makes up a significant proportion of the population who enjoy overseas travel. It is likely that the actions and trends among Millennials will continue to attract attention, including those who visit Japan from overseas (JTM 2016).

8.2 Reasons for Traveling or Staying Home

The term “tourism” is sometimes used in a negative manner, implying a shallow interest in the societies and places that the tourist visits. Merely sightseeing can be viewed as an embarrassing activity, attributed to the fact that sight may be viewed as the most superficial of the senses getting in the way of real experiences that

should involve other senses and require longer periods of time for proper immersion (Urry 1990: 149). The stereotypical description of the sightseeing Japanese tourist, following a flag-waving tour guide, with a camera strapped around his neck is no longer used as it was in the past. Merely sightseeing for visual pleasure or curiosity may have been a primary purpose in the past when group tours comprised novice tourists made up the bulk of participants in tourism and traveled without being aware of what to expect. However, tourism in general has evolved over the years, quite noticeably during the past three to four decades, and many of the stereotypes are no longer appropriate for the Japanese overseas traveler. This is especially true of tourists who have special interests, and for those have traveled to various destinations over time. We can credit the sophistication of the tourist to the development of mass transportation, more opportunities for leisure-time pursuits, and the affordability of long-distance travel.

Household income in Japan has increased over the years with greater expenditures now being allocated to categories related to tourism. In comparing monthly household income from 1980 with 2014, we can see some changes that reflect the overall demographic make up of Japanese society. While the monthly household income has risen from 350,000 yen in 1980 to 468,000 yen in 2014, the number of persons per household has decreased from 3.83 to 2.74. The number of earners per household has remained constant, although wives are now contributing 34 percent more income to the household. The age of household heads has increased from 41.7 in 1980 to 46.4 in 2014, reflecting a more mature consumer as the head of household who may heavily influence leisure time pursuits, including travel, for the family (Table 8.1).

In terms of workers' household expenditures, overall monthly expenditures including consumption and nonconsumption expenditures increased from 282,000 to 367,000 yen between 1980 and 2014. Under consumption expenditures, monthly spending for the category "transportation and communication" has more than doubled from 20,000 yen in 1980 to 46,000 yen in 2014, along with "culture and recreation" increasing by 40% from 20,000 yen in 1980 to 28,000 yen by 2014. At the same time, food, furniture and household utensils, and clothing and footwear expenditures decreased during this period, reflecting changes in preferences and the greater availability of lower priced imported products. On the other hand, non-consumption monthly expenditures almost doubled from 44,000 yen to 86,000 yen, reflecting the increased in payment of taxes and social security premiums to support the programs designed to manage the demographic and social challenges facing the nation (Table 8.2).

Why is it that while Japan has been touting its success in attracting record numbers of overseas visitors, the number of Japanese traveling going overseas has fallen to 16.2 million in 2015 after setting record highs for outbound travel with more than 18.4 million visits in 2012? A number of reasons can be attributed to the relatively recent drop in outbound Japanese travelers, but the two main reasons are a cheaper yen and concerns over terrorism in Europe and the Middle East. Japanese travelers are more sensitive than most to bad headline news like terrorist attacks and the ISIS killing of Japanese hostages. In many cases, potential overseas travelers

Table 8.1 Workers' household income (1000 yen, %)

| Monthly income (Average) | Fiscal Year | | (1000 yen, %) |
|-----------------------------|-------------|------|---------------|
| | 1980 | 2014 | |
| Income | 350 | 468 | (100) |
| Wages and salaries | 331 | 437 | (94.6) |
| Heads of household | 293 | 388 | (82.3) |
| Regular | 226 | 327 | (64.6) |
| Temporary | 67 | 3 | (19.1) |
| Bonuses | | 58 | (12.3) |
| Wife's income | 24 | 43 | (6.9) |
| Other household members | 13 | 6 | (3.7) |
| Self-employed and piecework | 6 | 2 | (1.7) |
| Other current income | 5 | 21 | (1.4) |
| Noncurrent income | 8 | 7 | (2.3) |
| Persons per household | 3.83 | 2.74 | |
| Earners per household | 1.5 | 1.49 | |
| Age of household heads | 41.7 | 46.4 | |

Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Annual Report on the Family Income and Expenditure Survey

Table 8.2 Workers' household expenditures (1000 yen, %)

| Monthly expenditures (Average) | | Fiscal Year | | (1000 yen, %) |
|----------------------------------|--|-------------|--------|---------------|
| | | 1980 | 2014 | |
| Expenditures | | 282 | - | 367 |
| Consumption expenditures | | 238 | (100) | 281 |
| Food | | 66 | (27.7) | 64 |
| Housing | | 11 | (4.6) | 23 |
| Fuel, light and water charges | | 13 | (5.5) | 20 |
| Furniture and household utensils | | 10 | (4.2) | 9 |
| Clothing and footwear | | 18 | (7.6) | 12 |
| Medical care | | 6 | (2.5) | 10 |
| Transportation and communication | | 20 | (8.4) | 46 |
| Education | | 9 | (3.8) | 13 |
| Culture and recreation | | 20 | (8.4) | 28 |
| Other consumption expenditures | | 65 | (27.3) | 56 |
| Nonconsumption expenditures | | 44 | (100) | 86 |
| Earned income taxes | | 13 | (29.5) | 14 |
| Other taxes | | 11 | (25.0) | 23 |
| Social insurance premiums | | 20 | (45.5) | 49 |

Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Annual Report on the Family Income and Expenditure Survey

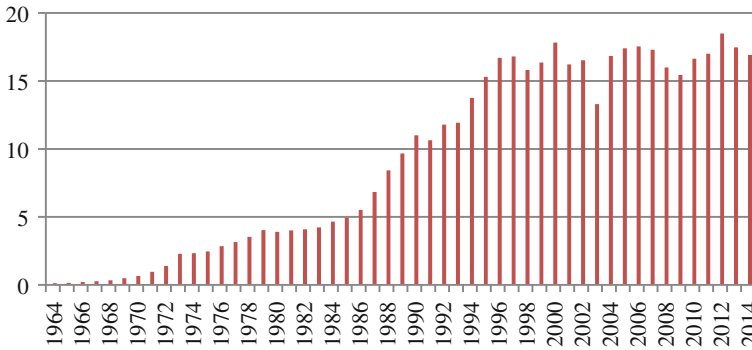


Fig. 8.2 Historical figures of the number of Japanese overseas departures since 1964 (in millions). *Source* Japan Tourism Marketing Co.

refrain from going to international destinations after such news, taking months or more to get back to normal.

Japanese travelers are still enjoying overseas travel but are selecting shorter haul Asian destinations, such as Thailand, Taiwan, Malaysia, and Vietnam. At the same time, many Japanese travelers are choosing to visit domestic destinations where their yen is less affected by unfavorable exchange rates. However, the Japanese government realizes that more global travel by young Japanese people would bring long-term benefits to the domestic economy as well. The government's outbound policies described earlier have been designed with this in mind. By encouraging young people to travel abroad, Japan will be better prepared to effectively participate with the rest of the world when the Japanese economy becomes more globalized (Fig. 8.2).

Despite the Japanese governments' efforts to encourage Japanese overseas travel, there is another factor that is negatively influencing the number of Japanese overseas travelers. It is the increasing number of travelers from other Asian countries, like China and South Korea. These growing markets are affecting the negotiation of deals on local destination services. Because of the weaker yen and Japanese travel trade's terms and conditions that involve penalty provisions and strict Japanese consumer protection laws, hotels, and bus companies, now have alternative source markets for their business (Blair 2015).

8.3 Today's Japanese Luxury Consumer

Before examining today's Japanese luxury consumer, it is important to review general consumer buying behavior in Japan. The Japanese consumer is extremely attentive to the value of the product offered to him and demands the highest quality. While there are consumers who prefer to buy high-priced items for certain items,

the same consumers may also opt to shop for the most economical for other products. What remains constant though is that for the Japanese consumer, packaging is almost as important as the product itself, and poor packaging can ultimately result in a credibility loss for the product and the brand itself.

The corporate image of a brand is very important in areas concerning design, creativity, and craftsmanship. The Japanese consumer also likes new products that may be novel, although he also values tradition, especially for upscale products. Although the Japanese consumer will pay more for higher quality, the quality standard must meet the consumer's expectation or the customer will not remain loyal to the brand. Japanese seasons also influence how Japanese spend their money as many consumers want to adapt to the seasons with their purchase of food and fashion items. The Japanese consumer is heavily influenced by the latest trends of the group with which he associates, but there is still a sense of individualism in the choice of purchases.

The typical Japanese consumer is well informed through trendy magazines and "mooks" (magazine books), but he also likes to receive detailed information about the product at the time of purchase. In general, female customers have a more impulsive buying behavior, while men tend to buy in a more purposeful way. The Japanese consumer can be analyzed by studying the characteristics of the following market segments, which can be even further analyzed by dividing these into sub-segments: Teenagers and Students, Women, Men, and Seniors (Rannou 2015). Because each segment and subsegment has different characteristics such as gender, income level, socio-demographic, lifestyle, and consumption style, organizations conducting business with Japan's market segments should become familiar with the latest data in order to successfully manage their operations. Japanese consumer trends have been of great interest to luxury retailers operating in overseas destinations and Japan (Fig. 8.3).

The global luxury goods industry soared in the 80s with the conspicuous consumption of Japanese consumers in Japan and overseas destinations. The industry weathered the crisis of the 90s, and still records impressive sales today with a good portion attributed to Japanese consumers. In 2015, Japan was the second-largest luxury goods market in the world, worth \$22.7 billion, according to data provided by consulting firm Bain and Company (Abnett 2016). In 2015, the nation's luxury goods market grew 13%, supported by spending from inbound Chinese and other tourists from Asia. Typical Japanese luxury consumers are mainly women over the age of 35. Japanese luxury consumers are largely divided into two groups: the traditional 45 and older and the under 45 trendier segment. An important subsegment of the younger group is commonly referred to as "parasite singles", consisting of women between the ages of 20 and 35 (Atsmon et al. 2009). These women, also known as OLs as described in their earlier manifestation in Chap. 6, earn income by holding a full-time job. They continue to live with their parents, allowing for a considerable amount of disposable income (Fig. 8.4).

Most of these consumers who purchase luxury brand items are not particularly wealthy, as many do not own assets usually associated with wealth such as fancy cars and real estate. Through the purchase of these branded items, consumers are



Fig. 8.3 One of the many luxury brands in Tokyo. *Source* Author

able to purchase their way into social integration and demonstrate international lifestyles. While most of the Japanese population identify with the middle class, luxury brands in Japan allow for the integration of groups with large numbers of people identifying with others through brands, like Louis Vuitton. This phenomenon has been likened to family emblems that were used historically in Japan. These were traditionally used to distinguish and show class standings and were incorporated everywhere from kimonos, mirrors, and swords. Therefore, strategically placed logos on luxury products were natural to the Japanese and practical as a status-defining purpose (Chadha and Husband 2006).

Since the global financial crisis of 2008, Japan has fallen into recession three times, and yet, for many years, Japan has been a consistent champion in the global market for luxury goods. Although the Japanese luxury market will probably never experience the boom years of the 90s, Japanese consumers will most likely continue to buy luxury products as long as they have the disposable income to spend on them.



Fig. 8.4 Another popular brand at a busy intersection in Tokyo. *Source* Author

At the same time, luxury brands must continue to pay attention to quality, service, and promote value. The industry may remain resilient amidst market turmoil and negative world events as long as brands continue to help consumers in various ways, such as justifying their purchases through attractive deals, offering special editions, linking up with ties to charity or sustainability (Mauchauffée et al. 2014).

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Chapter 9

Special Interest Groups

Abstract Japanese travel habits and attitudes toward travel have been changing and fragmenting over the years. Group travel and fast tourism were prevalent in the early years, but today's Japanese travelers seem to prefer a slower tourism with the intent of creating memorable experiences rather than simply visiting various tourism sites and purchasing souvenirs. Attention to special interest tourism (SIT) is increasing for tourists who enjoy specific types of activities, hobbies, or educational opportunities in either a domestic or overseas environment. Active tourism with objectives such as enjoying a hobby while on vacation is now being pursued as opposed to simply gazing and moving on.

Keywords The experience economy · Slow tourism · Fast tourism · Green tourism · Special interest tourism

9.1 A New Type of Tourism

Just as in other travel markets around the world, habits and attitude toward travel practices in Japan have been changing and fragmenting over the years. Because of the many travel offerings within the domestic and international destinations, Japanese travelers are making travel choices based on their own hobbies and interests.

In the early years of Japanese overseas tourism, group travel was the main form of tourism in Japan. In 1964, group travel made up 47.5% of market share, later dropping to only 7.1% by 2003 (Japan Tourism Bureau 2004). Travelers now appear to value deeper experiences during travel rather than participating in “fast tourism”, which involves shallow encounters that involve quickly seeing a site and moving on to the next. Pine and Gilmore discuss the importance of this transformation in *The Experience Economy* (1998). In their book, Pine and Gilmore describe the experience economy as the next economy following the agrarian economy, the industrial economy, and the most recent service economy. According to the authors, many people now desire memorable experiences and are willing to

pay for them rather than services or products that have become undifferentiated and commodified, mainly due to technology and systemization of operations. The authors state that an experience occurs when a company uses services as the stage, and goods as props, for engaging individuals in a way that creates a memorable event. The experiences are not packaged, but are individualized and usually involve the engagement of all five senses. Although The Experience Economy is described as a business concept, it has great relevance to the tourism field where destinations, businesses, travel organizations, etc., all strive to create memorable experiences for visitors to generate repeat business. We see evidence of this with Japanese overseas travelers through the growth of experiential travel, such as overseas weddings in elaborate beachside chapel ceremonies in Micronesia and food tours in Taiwan and South Korea (Fig. 9.1).

Along with the emergence of The Experience Economy, one of the reasons for the change in activities of the Japanese tourist is the change in consumer demands, which have become more diverse. Differing interests of the tourists, along with reduced costs of travel and better and more easily accessed information have been the driving forces of change to the type of tourism that involve memorable experiences by participating rather than just gazing. The changing attitudes amongst some segments of the population have also resulted in an increase in people



Fig. 9.1 Potential international tourists reviewing travel brochures at Tokyo station. *Source* Author



Fig. 9.2 Individual travelers bound for Narita International Airport. Source Author

returning to the countryside from urban areas for a form of “slow tourism” as opposed to “fast tourism” of the earlier years (Fig. 9.2).

“Slow tourism” is a relatively new term and is not widely used yet in Japan and the concept of slow tourism has no clear or agreed definition. Sugiyama and Nobuoka (2007: 3), in an attempt to define the term, highlight it as the “type of trip that enables self-realization through doing or being slow, enabling closer observation rather than simply sightseeing.” They set five conditions or characteristics for slow tourism: (1) Being healthy and involving walking and the enjoyment of “slow food,” (2) Involving at least one overnight stay; (3) Featuring opportunities for self-realization; (4) Limited use of cars or other motor transport; and (5) To be in some sense green or ecological.

On the other hand, slow tourism is characterized as being unhurried, high quality with overnight stay(s) and with experience or activities that are locally produced and locally consumed. Because the term has not yet been widely accepted and used, the JTA promotes and uses the term “new tourism” instead (Murayama and Parker 2012). The desire of urban dwellers to be in more rural environments surrounded by nature is not only affecting tourism activities.

Many people living in Japanese metropolises that prefer the rural environments and activities are relocating to these areas. They are technically not tourists because of their length of stay, they are called the “I-turners”, referring to those that move out of the urban areas, or “U-turners” who travel out of urban areas to return to the

countryside where they originated. National surveys indicate that such “turners” are seeking a slower lifestyle and are placing value on daily life and everyday experiences, and this situation has had an effect on tourism. The interest in deeper, meaningful experiences have led to greater participation in working holidays on farms, in fishing villages, and other rural environments. A large number of urban tourists are now booking trips for weekend experiences, such as those in “Green Tourism”, in the domestic tourist market. “Green Tourism” typically refers to environmentally friendly tourism in English, but in Japan, the expression takes on the meaning closer to agritourism, where farmers host visitors who participate in farm activities and stay with farmers’ families as guests on the farm. The small town of Ajimu in Oita Prefecture is well known for this type of tourism. Green tourism and Ajimu are now synonymous after grape farmer Seiichi Miyata began encouraging city dwellers to experience farming first hand by staying in farm inns in Ajimu town starting in 1996.

9.2 The Emergence of Special Interest Tourism

While some Japanese overseas travelers still travel with tour groups, increasing numbers are designing their own itineraries and making their own cost-effective air travel and accommodation arrangements. Internet bookings in Japan are becoming ever more popular, especially with the convenience of the omnipresent *sumaho* or smart phone. Special interest tourism (SIT) is also increasing in numbers for tourists who enjoy just about all types of activities, hobbies, or educational opportunities in either a domestic or overseas environment. One trend that is apparent with all mature markets including Japan is that individuals with special interests, which they pursue while at home, now pursue these interests on holiday. Special interest tourists are vacationing with a desire to spend a substantial part of their holiday involved in a specific activity. It is apparent that many Japanese travelers are no longer content with just traveling to an overseas destination, taking photos, shopping at the duty free store, and going home.

The number of Japanese SIT travelers has gradually increased over recent years. These tourists are interested in traveling with others who share the same interests. This market is extremely important for destinations as SIT tourists have great potential to become repeat travelers. The following are examples of SIT themes that appeal to Japanese travelers:

- Spectator sports such as professional baseball, basketball, soccer, golf, car racing, and Olympics
- Participation in marathon races
- Sports activities such as golfing, hiking, fishing, diving, skiing, driving, cycling, and other outdoor sports
- Art and cultural tours such as visiting museums and art galleries, and going to concerts and theaters

- UNESCO World Heritage Site tours
- Hobby tours such as quilting, photo taking, drawing, and dancing
- Train tours
- Cruises

(MITC 2015)

While traveling to overseas destinations Japanese tourists, like most tourists from mature travel markets, desire to connect with local residents in some way, whether it is in a commercial or social setting. One of the most common ways of linking visitors up with local communities is through sports activities. Marathon running and cycling have grown in popularity in Japan due to the ease in gaining proficiency and the accessibility of the facilities to enjoy these activities. Due to the aging of Japanese society and the desire to maintain good health, there is an increasing trend for people to enjoy such sports.

9.3 The Active Versus Gazing Tourist

Because of the broad fragmentation in people's hobbies and interests, there is great diversification in types of travel, especially in the Japanese travel market. Now we are seeing more and more people traveling with an objective that involves following their own individual hobbies and pastimes. Events like Japan's local and regional marathons are growing in number, with each event establishing a unique characteristic to their particular event to create a distinction from others. Event organizers are also creating opportunities in these events for visitors to interact with local residents, and by doing so these opportunities encourage repeat visits.

In Japan, special themed marathon events are gaining popularity, such as a sweets themed marathon, where participants are encouraged to dress in costume as they enjoy sweets at the aid stations along a 6–10 km course (The term “marathon” in Japan refers to any long distance race and not necessarily the 42.195 km distance, the full marathon distance). These events are held throughout the nation and are likely to continue attracting the attention of this market segment (JTB 2015).

Not only are these types events attracting domestic visitors in Japan, similar international events are also gaining attention overseas to attract Japanese overseas travelers. The marketing strategy remains the same, with the encouragement of local interaction with tourists to establish ties with event participants for repeat visits from overseas SITtourists. In particular, full marathon distance races in international cities have become extremely popular with Japanese tourists due to their accessibility to the recreational runner. In Japan, full marathons in major cities were virtually nonexistent for nonelite runners until recent years. This was due to challenges in logistics.

Japan was undergoing tremendous economic growth during the popular running revolution of the late 1970s and early 1980s that was taking place in various developed nations around the world. Elite marathons in Japan existed during this

time, but due to the challenges involved in managing large crowds of marathon runners on busy city streets, mass participation events were kept at a minimum. Allowing marathons to bring cities to a virtual standstill for the best part of a day was never seriously considered in Japan until later when Tokyo's governor introduced a mass marathon for the city. The inaugural race was in 2007 and had over 25,000 runners. The event has about 30,000 slots for participants in the marathon, for which almost 300,000 people apply, with final selections based on a lottery. Traveling to overseas marathons with tour groups, however, guarantees entry so many Japanese marathon participants choose to do so.

Because of the scarcity of domestic marathons that allowed slower runners to finish hours after the winner, Japanese marathon runners began venturing overseas. Thus, runners found they could combine experiencing travel in a foreign country, while at the same time, contributing to happiness via their hobby of long distance running. One of the most convenient ways to do this was via package tours that included guaranteed entry into the marathon, with all race details handled by the tour provider. Marathon tour companies that specialized in packaging these events came into existence for the sole purpose of accommodating Japanese runners that want to travel to and participate in an overseas marathon in a hassle-free manner.

Large numbers of Japanese marathon runners began traveling overseas to participate in marathons in the 1990s. This period has been identified as "overseas marathon boom years" and "the period of arrival for the active female runner" in Japan (Runners 2012). In 1991, the Honolulu Marathon had over 10,000 Japanese participants, making up over 70% of the runners. In the article, *The Changing Gaze of the Japanese Tourist* written by Shono, Fisher and McIntosh, the authors state that "the experience that the Japanese overseas tourist seeks and gains not only has visual components but also other factors such as activity and emotion" (Shono et al. 2006). Marathon participation fit the bill as described above. Large groups of runners flocked to overseas marathons beginning in the early 1990s primarily for the following reasons: (1) Ability to enjoy old-style townscapes and magnificent coastlines as well as each country's distinctive characteristics during the race; (2) Opportunity to experience the best season for running in each country; (3) Ability to savor with the senses the cheering crowds on the roadside at an international marathon event (Tokyo Yuukan 1993).

Japanese participation helped make the Honolulu Marathon a resounding success and the marathon continues to attract large numbers from Japan. The event is now known as the JAL Honolulu marathon, sponsored by Japan Airlines. A study has been conducted over a 3-year period to highlight the economic benefits that the state of Hawaii receives, particularly from Japanese runners in the Honolulu Marathon. Data from this study shows that of the first time visitors who were participants in the Honolulu Marathon, over 90% stated that they are considering returning to Hawaii as tourists other than participating in the Honolulu Marathon (Agrusa et al. 2008).

The Honolulu Marathon was not the only event that Japanese nonelite runners sought to run. Japanese nonelite runners gradually found other races in which to participate in cities all around the globe. Within the past decade, Japanese athletic

authorities, city government officials and police departments have sent sizeable delegations to observe the big city marathons in action. Some of these big city marathons include New York, Berlin and London, which have all been visited several times. It was through watching, learning and planning that the various cooperating parties had pieced together with great care the Tokyo International Marathon (Nakamura 2007) (Fig. 9.3).



Fig. 9.3 Japanese family at an overseas event. Source Author

Although Japanese marathon runners seeking overseas running experiences make up a specialty niche market, large numbers of operators came into existence to offer marathon tours. An online search using the key words, “Japan,” “Marathon Tours,” and “Company” results in various tour operators, such as Nippon Travel Agency(NTA), Top Tour, H.I.S., Hankyu Travel, and DOG Marathon Tour, that offer marathon tours especially tailored to meet the needs of the Japanese overseas marathon runner.

This trend is bound to continue and to grow. Large urban marathons are now limiting entries to lottery winners due to the large masses desiring entry. New events are appearing regularly on event calendars to allow for local participation as well as participation from visitors who will enhance revenue generation for local communities. Participation rates continue to rise, not only for marathons, but also for cycling events, open water swims, walking, hula dancing and countless other events that involve active participation. The greater opportunities provided for local interaction and meaningful experiences, the greater the chances are for a destination and event to capture repeat visits.

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Chapter 10

Managing Multiple Source Markets

Abstract With the introduction of the Ten Million Plan, the Japanese government encouraged its citizens to travel overseas with the goal of reaching 10 million outbound travelers by the year 1990. The intent was partially to offset Japan's trade imbalance during the 1980s. The plan was successful with the stronger yen and Japanese travelers' propensity to buy duty-free products and *omiyage*. However, this negative balance shifted to a surplus in 2015 for the first time in 55 years, with overseas visitors to Japan spending more money than Japanese abroad. The strengthening of economies throughout other countries in the Asia Pacific region have changed the make up of overseas visitors to destinations in the region that previously saw mainly Japanese tourists. Still, Japan has continued to consistently produce relatively high numbers of overseas travelers but DMOs and other tourism organizations must monitor visitor perceptions by market and implement sound strategies in order to continue satisfying various markets' needs and expectations.

Keywords China · South Korea · Taiwan · *Bakugai* · Customer service · Cultural perceptions · Surveys

10.1 Growth of Other Asian Travel Markets

Part of the intent of the Ten Million Plan introduced in 1986 was to ease friction between Japan and other countries due to Japan's trade imbalance, which resulted from high rates of exporting versus importing. Japanese citizens were encouraged to travel to overseas destinations to spend their money, and to make up for the trade imbalance through travel spending. The balance of payments for travel is calculated by subtracting the amount spent by foreign travelers to Japan from outlays by their Japanese counterparts overseas. In the past, deficits have been the norm, with Japanese travelers spending far more than foreign visitors traveling to Japan due to their propensity to buy large amounts of duty-free products and *omiyage*, or souvenir gifts for their friends and relatives back home. However, a weak yen along with other factors have now entered into the picture. These factors have reduced the

amount Japanese spend abroad while raising the appeal of Japan as a tourist destination. Japan as a destination has enjoyed a growing influx of foreign visitors, with numbers way ahead of government targets. The Japanese Ministry of Finance (MOF) released statistics at the end of 2015, reporting that foreign tourists to the country outspent Japanese travelers overseas. This marks Japan's first surplus in travel spending in the two decades since the MOF began keeping data in 1996. After 55 fiscal years in the negative figures, outlays in fiscal 2014 shifted into positive territory for the first time (Takajiro 2016).

High volume shopping by Chinese visitors has been identified as one of the contributors to this shift in the balance of payments for travel. *Bakugai* (literally translated to “explosive shopping sprees”) by Chinese and other tourists have produced soaring demand for Japanese products, such as electronic household goods and cosmetics. As a result of these shopping sprees, Japan has enjoyed a healthy surplus on balance of payments for travel as opposed to the intentional deficit of the early years.

On a global scale, China has been by far the fastest growing source market in recent years and has been the world's top spender in international tourism since 2012. Chinese outbound travel, which has been growing exponentially over the last two decades, has been supported by a number of factors similar to Japan's in the early years of overseas travel—rising disposable incomes, an appreciating currency, improved travel facilitation and an easing of restrictions on foreign travel. In 2014, Chinese travelers spent a record US\$ 165 billion overseas, generating 13% of global tourism receipts while benefitting many destinations around the world, particularly in Asia and the Pacific (UNWTO 2015). China had 120 million outbound visitors in 2015 and these travelers spent 104.5 billion US dollars, resulting in increases of 12 and 16.7% compared with 2014.

In addition to China, another growing Asian outbound travel market is South Korea. Approximately one-fourth of the South Korean population, or 16.6 million out of the nation's 52.2 million citizens, traveled overseas in 2014. Travel to international destinations is a rapidly growing activity for Korean citizens due to rising disposable income, gradual increases in vacation time, heightened globalization, and greater awareness of developments outside the Korean Peninsula. In recent years, Korean consumer confidence has also increased gradually. This has led to a rise in discretionary spending for such activities as overseas travel for business and leisure, as well as purchasing high-end products.

For the United States, it was not only South Korea's positive economic indicators that helped increase South Korean arrivals, but also Korea's addition to the U.S. Visa Waiver Program (late-2008) and the U.S.-Korea Free Trade Agreement (KORUS FTA), which entered into force in March 2012. The latter agreement has assisted in encouraging even more leisure and business-related travel to the U.S. The U.S. remains one of top five destinations for Korean outbound travelers and currently ranks the ninth largest source of inbound travel to the U.S., behind Canada, Mexico, the United Kingdom, Japan, Brazil, Germany, China and France. (U.S. Department of Commerce 2015a, b). The United States is the most popular choice for Koreans traveling to non-Asian long haul destinations. This is attributed to the diversity of tourism opportunities not generally available in Asia, including

U.S.-style shopping, theme parks, cultural attractions in major U.S. cities, relatively inexpensive golf experiences, and U.S. National Parks.

South Korean's positive perception of overseas travel and the abundance of information sharing through mass media and social media are expected to continue to boost growth of outbound tourism not only to the United States, but also to other international destinations in the coming years.

Another key Asian source market that has been generating over ten million overseas travelers every year since 2012 is Taiwan. Overseas travel is popular in Taiwan and in recent years, Taiwan has become a market that is regarded with importance internationally. According to figures from the Taiwan Tourism Bureau in 2015 around 13.1 million Taiwanese traveled overseas, which was up by 11.3% on the 11.8 million of 2014 (MOTC 2016). As a destination, Taiwan received more than 10 million overseas visitors in 2015 and the number of international visitors traveling to the island nation is growing by over one million annually, which is at a rate of increase that is among the highest in the world (UNWTO 2015). China, South Korea, Taiwan, and other source markets in Asia continue to grow, sending greater numbers of overseas visitors to historically popular destinations as well as new, up-and-coming travel spots.

As for Japan as a source market, the number of outbound travelers from Japan has been hovering between 15 million to a little over 18 million over the ten-year period from 2006 to 2015. The arrivals from Japan to the United States have been declining for more than a decade. In 1997 the United States had a record 5.4 million visitors from Japan. However, in 2014, the United States welcomed only 3.6 million Japanese visitors. This figure is 1.7 million fewer than figures recorded in the late 1990s. Japan accounted for 4.8% of total international arrivals in the United States in 2014 (U.S. Department of Commerce 2015b).

Despite these figures, Japan has continued to consistently produce relatively high numbers of overseas travelers and will most likely reach the 20 million mark within the coming years. At the same time, destinations that have traditionally welcomed large numbers of Japanese visitors now are seeing a more diversified travel market with more visitors from other countries. These growing source markets, like China, South Korea, and Taiwan have different expectations when it comes to travel products and services. How destinations manage these markets while maintaining a stronghold on the Japanese market will determine the success of a destination with repeat visitors who are satisfied with their travel experience.

10.2 Importance of Monitoring Market Perceptions

When Japanese overseas travel took off following the of international travel in 1964, many destinations like the small Micronesian island destinations of Guam and Saipan, established travel industry infrastructure for Japanese travelers and relied heavily on Japan as their primary source market. For example, in Guam's early years as an international tourism destination, the island received well over

80% of its visitors from Japan and consequently had employed Japanese-speaking staff and displayed signage in Japanese in hotels, restaurants and retail stores. As in the case with other Pacific island destinations, this concentration of visitors from Japan was due to the availability of direct flights from major cities in Japan, like Tokyo, Osaka, and Fukuoka.

With the strengthening of economies throughout other countries in the Asia Pacific region, the composition of international travelers to these and other destinations has changed over the years. Many of these destinations are now experiencing a decrease in the percentage of visitors from Japan, as other source markets like South Korea, Taiwan, China, and even Russia have taken up some of the market share of international visitors. Initially, when other source markets began to emerge, many destination leaders were unsure as to how to transition from a predominantly single market destination, to one that is capable of adequately handling multiple markets. There were some worries about “mixing the markets” and causing conflicts based on cultural differences between, for example, the Japanese and Korean visitors.

One of the ways to address this challenge is to constantly monitor the overall perception levels of not only the total visitor population, but to also measure perceptions by source market. In other words, instead of merely reviewing the overall satisfaction level of, for example, hotel guests it will be more insightful to break down the satisfaction ratings by the country of origin of visitors. In this way organizations are able to see the variance in perception when it comes to satisfaction levels for components in whatever services or products the organization has to offer. This strategy has been used by a Guam resort that was a trailblazer in handling multiple source markets, allowing the resort to fine-tune its operations to improve satisfaction levels for its key source markets (Schumann and Li 2014). However, because abrupt changes in products, procedures and services may positively affect one market’s score while causing a decline in another’s score, it is extremely important that the proper balance is in place to weigh the pros and cons of changes, and that an adequate review takes place prior to implementing such changes.

For any business that wants to maintain competitiveness, it is important for its leaders to recognize the value of measuring and monitoring customer satisfaction. As with any business, tourism-related organizations must also keep a finger on the pulse of their visitors’ satisfaction levels. The service encounter between visitors and industry personnel is critical in determining whether or not the visitors will return for future business. If different cultures’ perceptions of the behaviors associated with the service encounter are significantly different, this may provide a strong argument for improving and therefore managing the impressions that employees convey to consumers from different cultures (Manzur and Jogaratnam 2006). Destinations in various parts of the world, which now have highly segmented markets for visitors instead of the predominantly strong Japanese traveler market of the past, must not only examine the perceptions of their major market, but they must also examine differences in perception and how services can be fine-tuned to improve quality. It has become a critical strategic task for management to systematically gain feedback from their guests as to their service’s ability to satisfy needs and meet expectations (Crofts and Erdmann 2000).

10.3 Strategies for Managing Japanese Tourists and Other Markets

When it comes to service, we tend to be tougher on people from similar backgrounds and experiences. People have higher expectations when reviewing services offered from their own culture. In general, if consumers come from similar cultural backgrounds, they would be more critical in perceiving and judging service quality and satisfaction. Weiermair (2000) suggests that tourists coming from countries with greater cultural distance tend to be less demanding and more tolerant in evaluating service quality. If this is indeed the case, then leaders of organizations with customers from greater cultural distance need to keep in mind that the organization's customer service ratings would be even lower if it were located within the guests' cultural domain. Managers of organizations should keep in mind that culturally distant visitors could be even more critical when rating products and services offered by culturally different staff in an overseas destination.

By carefully monitoring satisfaction survey results as described above, organizations will be better able to see the variances in perception when it comes to satisfaction levels for different areas in consumer surveys. These surveys may evolve as they adjust to changes in source markets as well as changes in an organization's products and services, allowing establishments to fine-tune their operations to improve satisfaction levels for all of its important markets. Because abrupt changes in products, procedures and services may positively affect one market's score while causing a decline in another's score, it is extremely important that the proper balance is in place to weigh the pros and cons of changes, and that an adequate review takes place prior to implementing such changes.

Based on the results of its satisfaction survey that tabulates overall results and results by source market, an organization could pursue one of two strategies: (1) achieve a level of excellence in each market group that is consistent with the expectations of the most demanding market group, or (2) attempt to differentiate the organization's response to each of the areas by market group. There is no easy decision as the first solution may be easier but more costly, while the second may be more difficult to carry out but less costly.

Tourism organizations, including DMOs and tourism-related businesses, can benefit greatly from consulting with experts on source markets to gather important information on how to properly manage the balancing of markets as well as the offering of products and services. In addition, the knowledge gained from the surveys of the differences in service perceptions should be used in the design of cross-cultural training programs to minimize low satisfaction levels among guests from the various source markets.

Measuring and monitoring consumer satisfaction is critical for any business or tourism destination that wants to maintain competitiveness and it is important for its leaders to recognize the value surveys measuring perceptions by market. Organizations must keep a finger on the pulse of their customers' satisfaction levels. The service encounter between tourists and a destination's residents as well as

service providers is critical in determining whether or not the visitor will return for future business. Surveying becomes even more critical with the decreasing arrivals of a once-dominant source market like Japan.

Along with the decreasing numbers of Japanese overseas tourists visiting destinations that at one time were teeming with them, we are now seeing more varied source markets for visitors in many destinations. DMOs and other tourism organizations must not only examine the perceptions of their major market, which may still be Japan, but they must also examine differences in perception by their visitors and how services can be fine-tuned to improve quality. Destinations that want to maintain their market share of tourists from Japan, while also meeting the needs of other markets, must not only gain feedback but also use this data to continue delivering positive impressions.

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Chapter 11

Concluding Remarks and Future Gazing

Abstract Although countries like China are now showing tremendous growth in outbound travelers, the Japan market is still among the largest markets traveling outside of Asia and therefore should not be overlooked. Because of the country's lead in the world in terms of demographic, economic and sociological evolution, the country provides an interesting benchmark for mature economies and can help domestic and overseas retailers like fashion and luxury brands learn from studying this market. In addition, with the changing attitudes of workers in Japan, overseas travel destinations can capitalize on opportunities relating to the workers' desire for personal development. Companies in almost all industries should also take note that Japan's "silver" or senior market is not only the country's fastest growing consumer segment but that it can also become a highly profitable one if approached appropriately.

Keywords Consumerism • *Kokusaiika* • Internationalization • Workforce training • Silver market • Third age • Barrier free

11.1 Why Japan Will Continue to Be an Important Market

Despite the ups and downs of the Japanese economy over the last two decades, Japanese overseas tourism is projected to grow over the coming years. While it is most likely that Japanese outbound tourism will grow slower relative to neighboring countries like China, the Japan market is still one of the largest traveling outside of Asia and therefore should not be overlooked. In 2012, when the value of the yen rose to record levels, the number of Japanese overseas travelers reached an all-time high of 18.49 million. This record number of outbound travelers was around 150 times the 1964 figure. The increase of direct flight routes by popular airlines such as Japan Airlines (JAL) and All Nippon Airways (ANA) as well as lowering costs of flying are expected to contribute to increased overseas travel. History has shown that Japanese citizens continue to travel overseas in spite of

economic recession, with many of the overseas destinations closest to Japan, such as South Korea, Taiwan and Guam, reaping the benefits of cost-conscious travelers.

Still, it appears Japan has lost the attention of the market as it is being overshadowed by the growth rates of other Asian outbound market. As a consumer-oriented country, as well as a mature luxury market, Japan was once a “sacred cow” to many Western luxury brands but has more recently lost its previous attractiveness due to the post-bubble financial crises (Atsmon et al. 2009). In fact, Japanese consumers are becoming more frugal and much more selective in their purchases of luxury products. However, because of the country’s lead in the world in terms of demographic, economic and sociological evolution, the country provides an interesting benchmark for mature economies and can help fashion and luxury brands learn from studying this market. Greater attention to the development of consumption and travel habits of Japan should be beneficial to aging economies and also to those marketing products and services to this market segment.

11.2 Work-Related Opportunities in the Travel Market

Japan’s unemployment rate is now near a 17-year low at 3.6%, which is a level that nearly qualifies as full employment but this situation has not helped workers earn more money. This is because non-regular jobs have grown to 19.9 million while permanent, full-time positions have fallen to 32.7 million, creating a condition where temporary workers now account for more than one-third of Japan’s workforce (Obe 2015). This has been a drag on the economy, depressing wage growth and consumer spending, which accounts for 60% of gross domestic product. The temporary, non-regular workers earn less than permanent employees and can be easily dismissed by their employers. The increase in non-regular workers is partly due to Japan’s demographic situation as well as retirement practices. Many of the more than one million Japanese who reach the retirement age of 65 each year go on to become non-regular part-time workers and more women have gone to work as non-regular part-timers to support their families.

This problem has been exacerbated with more people working permanently in non-regular positions. Politicians, government, think tanks and academia in Japan have realized that there are potential problems concerning social security and stability that come with a large number of people working permanently in non-regular employment. Unfortunately, many companies have assumed negative qualities in non-regular employees, such as shortcomings in regard to perseverance and commitment. Most companies have not been prepared to positively recognize the skills and experiences acquired through work in non-regular employment. The age of non-regular workers also deserves attention, especially in the coming years when these workers reach retirement age.

Currently most people working permanently as non-regular workers still fulfill the age requirements of employers since the increased popularity of on-site contracting or dispatch work is a relatively recent phenomenon. Eventually, however,

some people will fall out of the group of sought after people due to advancing age, and may be left with few alternatives. With the use of intermediaries in the process of employing non-regular employees there is very little that regulators can do to counter this form of age discrimination directly. On the other hand, for new graduates the decreasing functioning of the system of university and school assisted job placements makes it more difficult for young people to find employment (Meyer-Ohle 2009: 181).

Due to the above-mentioned challenges and the diminishing sense of security even when fully employed, workers' attitudes in Japan are changing. Many workers are taking matters into their own hands for personal development and for making themselves more marketable to employers. Because of the changing attitudes of workers in Japan, overseas travel destinations can capitalize on opportunities relating to personal development for their visitors such as the offering of professional development or certification courses.

Employees have become more interested in acquiring qualifications on their own and developing their careers independently, unlike the past when they may not have been as independent in pursuing new skills. As reported by Meyer-Ohle (2009), in the large survey of employee perceptions in regard to work that was carried out by the Japan Institute for Labour Policy and Training, 54.1% of respondents stated that skill development had definitely become more important over the last 3 years, and another 33.4% answered that this activity has become rather more important. Not surprisingly, it was especially employees in their 40s who recognized this fact, with 52% of employees of this age group stating that skill development had become more important. Employees are increasingly choosing companies for the opportunities they offer in developing skills and careers, while the future of the company itself has lost in importance (Meyer-Ohle 2009: 107).

We have already discussed in Chap. 8 about overseas school trips preparing students to become better equipped to function in a workplace that more global in scope with growing dependence on overseas trade and the expansion of it. This is often referred to as *kokusaika* or "internationalization." In many Japanese companies, and often quite early in the careers of individuals, there is an aspect of training called "international education," or "globalization" with a growing number of companies with potential for overseas trade making every effort to encourage *kokusaika* (Thomas 1993). Overseas destinations may be able to capture this market by facilitating in the coordination of company training trips or even individual training opportunities for those independently seeking to broaden their internationalization education.

Armed with supplemental training, workers are now more willing to seek better opportunities in organizations other than their own. The Internet has increased the opportunities for both employees and employers to seek labor with increases in mid-career hiring. The topic of changing one's workplace is not easily discussed with workplace colleagues so a large number of Internet forums have sprung up that allow employees to anonymously seek advice and exchange experiences in regard to changing companies (Meyer-Ohle 2009: 108–109). This transparency of external labor sources encourages workers in Japan to gain new skills to make themselves

more marketable for greater opportunities. However, even with employees that are seeking to be more skilled, internationalized employees Japan still faces uncertainty in regards to labor and future demographics. The topic of bringing more foreign workers into Japan is discussed frequently in media and policy circles, and already many employees in non-regular employment in manufacturing are non-Japanese workers. We will most likely in the future see an increase in the number of foreign workers in Japan, making internationalizing Japanese workers more critical to help integrate these employees into Japanese workplaces.

11.3 Products and Services for the Silver Market

Japan's demographics, in particular concerning its aging population, have been a topic of discussion by the national government from the early years of overseas travel. In the 1970s, when Japan achieved an initial degree of affluence, the Ministry of Foreign Affairs began a program of encouraging the resettlement of elderly people overseas. There was a push, especially to the third world countries, with the rationale that retired Japanese should be able to live there comfortably with their pensions due to the differences in the cost of living. The program was criticized from its inception, on the grounds that the Japanese government was trying to rid itself of its welfare burden by exporting economically useless and medically costly elder citizens (Befu 2000: 27). Helping more seniors reenter the workplace and serving their burgeoning ranks appears to be the more current focus. This approach will help Japan and other countries with similarly aging populations support their GDP growth in coming decades. Companies in almost all industries should take note that seniors are not only the fastest growing consumer segment in Japan but that this segment can also become a highly profitable one if approached appropriately (Adachi et al. 2015).

The percentage of elderly Japanese citizens continues to grow. In 2014, the aged population (65 years and over) was 33.00 million, constituting 26.0% of the total population (i.e., one in every four persons) and marking a record high (MIC 2016). In January 2016, news released from Japan's health ministry reported that deaths reached a postwar high of 1,302,000 in 2015 and that deaths outpaced births for a ninth straight year (Nikkei 2016). These records followed the year (2014), which saw the fewest births since data collection began in 1899. Despite the slight increase in births in 2015, the year still saw the second lowest figure on record. Japan health ministry expects the population to continue declining for now in light of the low birthrate and the graying of society. Some other demographic data showed a reflection of an aging society with fewer marriages. Marriages in 2015 declined to a postwar low of 635,000, continuing a steady drop from the annual peak of more than 1 million seen in the early 1970s.

While the statistics on Japan's shrinking and aging population may not seem to lead to a bright future for destinations competing for Japanese travelers, there are some advantages to those who take proactive measures to plan for the future. What

the growing elderly population in Japan does create are opportunities for destinations and businesses that provide the many goods and services that they desire. Of course, it is important to know who the elderly are and what it is that they seek when making decisions on overseas trips.

When discussing the elderly, what age group does this include? Social convention defines the elderly as those aged 65 and older. Although the perception of what makes one elderly has changed over the years, current demographic data still rely on that arbitrary number. Bernice Neugarten, a highly respected gerontologist, called the age of 65 “irrelevant.” She was ahead of her time and argued that chronological age was becoming a poorer and poorer indicator of the way people live (Neugarten 1996). Ruys and Wei write in *Senior Tourism* that the term “third age” is sometimes used to describe the older age group without specifying a number of years. This classification relates to the view that the human life span is divided into three distinct ages, the first devoted to learning, the second to intense employment and the third to progressive withdrawal from employment (Ruys and Wei 2001: 408). For our purposes, we can refer to the people in the third age as those making up the silver or senior market.

Due to the wide age range of those in the silver market, it is by no means a homogenous market segment. There are cohort-specific preferences that must be taken into consideration because of the different experiences each cohort group has undergone to influence their preferences. Of course, these must also be examined along with the age-specific preferences. However, to exclusively define the target group according to age is insufficient as the biological age of people is not very informative about their performance- and activity-related condition or about their individual predispositions, needs and preferences. Additionally, most seniors feel ten years younger than they actually are or identify themselves strongly with the younger age group. This phenomenon of people identifying more with their “cognitive age” is especially important when trying to appeal to the target group of the silver market (DIJ 2010). Therefore, accessing the silver market appropriately therefore requires a careful analysis of these preferences. One point to keep in mind is that age-focused marketing can be counterproductive. There is strong resistance to marketing strategies that label services and products as being for “old people” because the cognitive age in the minds of the seniors. Across this group, the common self-perception is much more active and engaged than the historical stereotype, therefore marketing images should be associated with action and competency, not dependence and frailty (Calhoun 2001: 49).

It is nearly universal for elders in Japan and many other industrialized countries to desire remaining active and engaged in their later years. Especially with retired senior citizens, social interactions and leisure activities are viewed by many as high-priority expectations and demands. Although the range of activities desired by citizens is diverse, in Japan, travel is a leading choice. Travel companies have been tailoring tour packages for the “mature” market, including tours with a special interest focus and also luxury travel, such as cruising on luxury liners, which is popular among the 50- to 70-year-olds (Calhoun 2001: 40–41). Older tourists tend to value culture-oriented travel and activities more than younger segments of the

population, so these are gaining popularity with the silver market in Japan, along with the purchasing of high-end items such as appliances, sports equipment and electronics.

In travel-related planning for the silver market, physical access and mobility are of concern for a good number of potential travelers. Having the freedom to safely access locations without difficulty and to move about freely in Japan is referred to as “barrier-free living”. Providing as much of a “barrier-free” travel experience to the senior tourists from Japan or any other country for that matter, and informing visitors of the steps taken to enhance the “barrier-free” experience can do much to attract this market segment and generate repeat visits for long-term success of a destination. Other industry sectors that provide products and services for the silver market can profit from this desire for access, mobility, and safety.

Because of the demographic makeup of the country, innovative nature of Japanese companies, and the volume of research conducted on consumer behavior of its citizens, Japan is often regarded as the forerunner in the area of the silver market. Japanese customers are more open, as compared with other countries, for technical novelties and demand quality in their products and services. This quest for quality is even more applicable for the mature customers and generally, senior customers are also ready to pay a premium price. A number of business opportunities with the silver market in Japan are often seen as being very promising. These include not only luxury items and retro products, but also products and services in elderly care, rehabilitation, preventive medicine, medical devices, cosmetics, nutrition products, automobiles, hobby equipment, household appliances, home accessories, clothing, financial and insurance products, continued education and travel (DIJ 2010). International travel destinations that host large numbers of Japanese tourists have already capitalized on some of the above-mentioned products. For example, retail stores selling vitamins and nutritional supplements overseas have benefitted tremendously from domestically produced and paid advertising aimed at senior citizens to purchase products sold in Japan. Japanese overseas travelers are purchasing these items in large quantities at much lower prices at overseas retail stores.

A number of businesses in Japan’s domestic market have recently emerged in Japan for the silver market, particularly in services. With shrinking households and an aging economy, safety concerns for the elderly have started to receive a great amount of attention. Frequent news reports of the elderly as victims of fraud are delivered on a regular basis in the media. One of the most frequently reported crimes is the notorious, *ore-ore sagi* (the “hi, it’s me” fraud). This crime has been around for 10 years at least, and now police, banks, municipalities and various other concerned organizations are issuing frequent warnings about it. Fraudsters are phoning the elderly saying, “It’s me,” expecting a parent to mention a son’s name, then proceeding to bilk the victim of large amounts of savings by stating that they need money and to wire a specified amount immediately. Because the Japanese are generally trusting and senile dementia is on the rise as Japanese society is aging, this type of crime has become lucrative for fraudsters and will most likely continue in more sophisticated incarnations. In 2014, 37.9 billion yen was swindled from

11,256 people nationwide and these are the cases that were reported and they do not include the others (Japan Today 2015).

While this type of crime is difficult to prevent, the best way to counter it is with education of not only the elderly, but also the family members of the elderly who may be living away in another household. This education campaign and other methods to improve the safety and security of seniors have been introduced in recent years. Businesses have also stepped up by introducing products and services for senior safety and security.

One of Japan's security service companies, Secom, and eldercare provider Tsukui have recently teamed up to provide a round-the-clock monitoring service for seniors, with Tsukui providing care services at home and its facilities during the day, and Secom handling emergency monitoring mainly at night, all at affordable monthly rates (Nikkei 2015). Customers are also provided a business-card-sized device distributed by Secom that allow them to connect to the monitoring center by pulling on a string attached to the device. Various services are provided based on the needs of the customer, providing peace of mind to both subscribers and family members that may not be available on 24 hours, 7 days a week basis. The demand for home care will most likely rise amid the growth of Japan's silver market. Although there are services available through government-backed insurance programs, these alone are unlikely to cover the increasingly diverse needs of seniors and their family members 24 h a day. Services like the ones described above that combine home care and emergency monitoring are expected to become widespread. Overseas tourism leaders should keep in mind the safety and security issues of Japan's senior market and work to ease concerns by offering innovative on-site services for this market.

Japanese companies, like the ones mentioned above, are assisting the elderly marketing by easing isolation and by giving them ways to remain connected. Another company, one in Japan's travel and tourism industry that connects seniors, is Club Tourism International, Inc. (CTI). The company offers trips with special themes, such as photography or history, specifically for seniors. CTI is one of the most active and visible companies in packaging overseas tours to Japanese consumers. It is one of the leading travel agencies in Japan, having been a participant in Japan's tourism industry for over 30 years. Its parent company, Kintetsu Corporation, is the biggest private railroad company in Japan. The CTI corporate website describes the company's mission and the symbolism expressed by their logo:

Club Tourism aims at, by providing people with opportunities for travelling based on keywords 'Culture', 'Nature' and 'Friendship', making them feel spiritually content and savour the delight of life, and eventually making them hope to make the world even better. The joy of appreciating profound implication of 'Culture' as well as of getting inspiration that "Nature" brings to us, if being shared with 'Friends', would be multiplied and eventually be spread to the world and the next generations to come. This philosophy is expressed in our logo – five people dancing happily with their hands holding to each other. The five people, in its five colours, also connotes the Five Continents, adding our desire of expanding the circle of 'Friends' to the whole world.

(Club Tourism 2012)

CTI has had great success in marketing overseas special interest tours for Japanese travelers, covering a vast array of interests and activities. They have achieved success by capturing niche markets and by staging unique, memorable experiences for tour participants who engage in activities relating to their personal hobbies along with overseas participants, thereby creating a social connection with like-minded individuals. This has great appeal to active members of the silver market who wish to expand their social circle. Organizations in overseas destinations can learn from studying marketing and operations of companies like CTI. These companies rely on overseas partners for local products and services. By partnering with Japan-based travel companies, destinations providing local products and services can participate in working with these market segments.

As discussed throughout this book, Japan as a country has shown resilience in challenging times, from the postwar industrialization period to the present. Throughout these decades the Japanese have always had a fascination with the world outside of Japan and in seeing how “the other” lives. This fascination has led to large numbers of citizens traveling overseas in large numbers to various destinations around the world. Destinations like Hawaii and Guam still continue to welcome Japanese visitors as their major market as the largest source of international visitors to the state and territory of the United States. Hawaii Tourism Authority (HTA) partners with its marketing office in Japan (Hawaii Tourism Japan) and even produces a monthly newsletter that reports on market conditions and trends as well as the many events that they host in Japan. The Guam Visitors Bureau (GVB) also continues to market heavily to this market as its “bread and butter” market for its very important tourism industry.

It is unlikely that tourism based on shopping, as symbolized by the most recent Chinese tourists’ *bakugai* in Japan, will be sustainable for any tourist destination. Japan, as well as destinations that rely on Japanese tourists, must devise a strategy to increase the number of repeat visitors who travel to the destination for purposes other than shopping. Inbound tourists typically want easy access to information to facilities, modes of transportation, and local sites. Increasing the number of tourist information centers, improving multilingual signs for local transportation and providing more information on accommodations will be indispensable.

Having properly trained human resources will also play a crucial role for destinations, especially for those pursuing the seasoned overseas Japanese traveler. Destination management leaders, along with tourism industry managers, need to ensure that workers are properly trained to assist these visitors, including training in areas of verbal/nonverbal communication and differences in cultural perceptions. In addition to each destination’s overall tourism development plan, local authorities and the tourism industry should set feasible goals to attract the Japan market and develop relevant strategies by selecting local themes that are attractive to this particular market if the desire is to maintain or grow this market. This is a task that will require careful study, insight, and ingenuity.

Japan will continue to generate millions of overseas tourists in future years. Destinations that have travel industry experts that understand this market and continue to monitor market conditions and trends in Japan have an edge over

destinations that are merely waiting for the arrival of visitors. This passive strategy may have worked in the past with Japanese travelers in the early years, but this is no longer the case with a more mature market of seasoned travelers. Destinations that make a commitment to doing the appropriate research in meeting the evolving needs of Japan's overseas travelers will have greater probability in successfully capturing and maintaining market share of this very important international travel market.

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