

Roundtable with Tomoko Okuda, David Atkinson, Mitsuaki Hoshino & Masakazu Toyoda

# Opportunities & Challenges for Japan as a Tourism Powerhouse

By Japan SPOTLIGHT

For the *Japan SPOTLIGHT* July/August 2023 issue highlighting tourism's recovery from the pandemic crisis, we held the following roundtable showcasing Japan as a tourism powerhouse.

**Participants:** Tomoko Okuda, Proprietor of Kyoto Cuisine Ryokan (Inn) Shiraume  
 David Atkinson, President of Konishi Decorative Arts and Crafts Co., Ltd. and Special Advisor to the Japan National Tourism Organization (JNTO)  
 Mitsuaki Hoshino, Director of International Tourism Department of the Japan Tourism Agency  
 Moderated by Masakazu Toyoda, Chairman & CEO, Japan Economic Foundation (JEF).  
 (Online Roundtable on May 29, 2023)

## Participants



*Tomoko Okuda*



*David Atkinson*



*Mitsuaki Hoshino*



*Masakazu Toyoda*

## Introduction

**Toyoda:** At the beginning of this roundtable discussion, I would like to speak about today's themes. As the Japanese economy is faced with the challenge of depopulation, the idea has emerged that tourism could be a driving force of growth to compensate for the possible economic decline due to depopulation, and especially so in the process of recovery from the pandemic disaster.

Japan has rich natural tourism resources, such as landscapes with mountains, rivers, and coastal areas, as well as a variety of plants and animals. The climate is generally mild and the four seasons regular and predictable. Japan also has a distinctive culture, and Japanese cuisine was registered as a World Intangible Cultural Heritage by UNESCO in 2013. But in spite of such great potential for tourism, the number of foreign tourists visiting Japan has not reached even the top 10 among nations.

Today, we have invited three experts on tourism to discuss three different questions. What are the most attractive aspects of Japan for visitors from abroad? Can Japan's tourism industry be internationally competitive and a key industry for supporting the Japanese economy? And how can we attract many more visitors to fill the gap between the reputation and the reality of foreign tourism in Japan?

Our three experts are, first, Ms. Tomoko Okuda, proprietor of Cuisine Ryokan Shiraume, number one in Kyoto's hotel rankings, and also president of Gion Shinbashi Townscape Community Planning Council; second, Mr. David Atkinson, who has inspired Japanese people by saying that Japan should be number one in inbound tourism revenue as it enjoys the highest reputation as a tourist destination in his numerous books on it; and third, Mr. Mitsuaki Hoshino, director of the International Tourism Department of the Japan Tourism Agency, responsible for the Japanese

government's tourism promotion strategy, and the Tourism Nation Promotion Basic Plan that he has been working on has just been approved by the Cabinet at the end of March 2023.

We would like to start the discussion with the question of what is most attractive to foreign tourists about Japan. Ms. Okuda, you are working in Kyoto, considered to be the most attractive tourist spot in Japan. Could you tell us your thoughts about this question? Even in Kyoto, tourist numbers have been falling due to the pandemic these past couple of years up until 2022. What was the situation in Kyoto and are tourists returning now?

## Japan's Attraction for Tourists from Abroad

**Okuda:** Japan has many points of attraction for tourists, such as natural scenery, cultural customs and artifacts, and historical sites. Although Japan is a small country, it has an unusual diversity of cultures within it, from the north to the south – from Hokkaido to Okinawa. But the big issue now is that we cannot take full advantage of these attractions for tourism promotion.

In Kyoto for example, there are many wonderful hotels with luxury rooms and many public spaces, but I think one of the issues is the quality of service of the staff.

Gion Shinbashi Townscape Community Planning Council was started in 2015. We established this because the uniqueness of Kyoto was gradually being lost and it looked all too similar to any other tourist spot. In this area, as a landscape preservation district, we have many rules to be rigorously observed. But as the young generation succeeds in business in this district, new businesses try to attract tourists only to their own business regardless of the harmony of the town community.

We Kyoto people respect the custom of working hard together to enhance the community as a whole and attract tourists to Kyoto. But many young entrepreneurs today do not hesitate to break this custom and the rules, such as the color of a shop curtain or the shape of the architecture. If this situation continues, we cannot preserve our unique culture.

I believe that our culture must be passed on to the future generations. Of course, Gion today is different from what it was 200 years ago, and I think that good ideas, though new to us, can well be adopted. But we founded this Council for the preservation of our own culture in this district and made it a rule to have prior consultations with new shops and discuss with them the nature of their business, their management of it, and their appearance – and thus without our permission, they cannot apply for the Kyoto city government's official permission to open a new business.

It is true that due to the pandemic there have been very few tourists in Gion these past two or three years. It was, however, shocking for me that all the tourists that did visit us during the

pandemic, mostly Japanese, were saying the same thing – namely that Kyoto had lost its unique charm before the pandemic, but only now with Covid-19 was the ancient Kyoto coming back.

Bearing these views in mind, we must think about how to develop tourism in Kyoto while preserving its unique traditional townscape. This is our future challenge.

Tourists from abroad have recently been returning too. I was walking around Hanamikoji and Shijou-Dori yesterday and found that 99% of those walking in these areas were from abroad and I could not hear Japanese at all. The serious problem is that they were just walking and not spending money. This presents a very tough situation for the shops on the streets.

**Toyoda:** What do you think are the acknowledged attractions of Japan, Mr. Atkinson?

**Atkinson:** I think it is wrong to think about what we think of as Japan's tourist attractions, though there seem to be many people who think like that. The key question is what travelers are looking for when they visit Japan. It is not a question just of which heritage sites or beautiful scenery you can list; the point is the diversity of attractions.

For example, it is not true that so many tourists visit Kyoto just because of its many temples and shrines. Kyoto offers a rich diversity, such as Gion, cuisine, hiking, shopping venues, all concentrated in a relatively small area. Tourists don't come only for history and culture. So it does not make sense at all to try to define a limited list of the attractions of Japan as a possible tourist destination for all 8 billion people in the world. You cannot enjoy looking at temples and shrines all day and night over a two-week stay. There are also many tourists who want to go to the beach or the mountains or walk in a national park. Japan has many beautiful national parks and it loses out on a much larger market if it does not fully utilize these unique resources.

Look at Kamakura, for example. It is certainly true that without its cultural properties, Kamakura would not attract as many tourists as it does, but it cannot attract as many people as it does only with its cultural properties. The Enoshima Electric Railway, the beach, good food, and many other factors all contribute to the number of tourists visiting. History and culture are not the only or even main decisive factors in the success of a tourist spot, though they are certainly important.

Thus how many world-beating tourist attractions a country has is not the real question. In fact, there are not that many world-beating tourist attractions in the world. It is often said in Japan that more tourists visit a country with the most world-beating tourist attractions, but it is not true that we travel to any given country only for that reason. It is human nature to choose a new place to visit. In

this regard, the key questions in a tourism strategy are whether a nation has tourism assets that people want to visit at least once in their lifetime, whether those resources have been invested in properly to be attractive to tourists, and whether the infrastructure has been put in place to earn the revenues to make tourism sustainable.

It is fundamental to a tourism strategy to invest in and create such resources and venues. The Japanese idea that there is no need to invest in tourism development is extremely irresponsible. Tourism assets rarely exist; they are created by investment. Without investment in tourism promotion, nowhere can become a good tourist spot. In my opinion, investment to make such venues attractive is the key to a successful tourism strategy.

**Toyoda:** Mr. Hoshino, what would you say are the main appeals of Japan's tourist resources, as a member of the Japanese government section in charge of tourism promotion? Due to the pandemic, inbound tourism has largely decreased these last couple of years. Could you also tell us whether it is now rebounding to its former levels?

**Hoshino:** Inbound tourism is certainly returning now. According to a questionnaire survey among tourists worldwide, Japan is fortunately referred to as "the country which they definitely want to visit after the pandemic". There could be an argument about which aspects of Japan they value, such as food, culture, or seasonal elements, but I imagine people value Japan by taking a comprehensive view of these factors.

Before the pandemic, in 2019, foreign tourists visiting Japan totaled around 32 million, the highest level ever. But with the pandemic's impact, this declined to 4.12 million in 2020 when there were still many foreign tourists until February, and then continued to decline to 0.25 million in 2021. In accordance with the decrease in infections, the Japanese government has been relaxing its border measures against entrants into the nation, even after June 2022 when the ban on group tours was lifted. More importantly, since Oct. 11, 2022, it has lifted the ban on visits by individuals on condition they have a vaccination certificate.

With these new policies in place, the number of foreign tourists visiting Japan has been increasing steadily again.

In February 2023, there were around 1.5 million foreign tourists, in March around 1.8 million, and in April around 1.95 million. The number for February indicates a recovery to 67% of the level prior to the pandemic. China still maintains its ban on group tourism, but if that is disregarded the level would be back to 82% of the level prior to the pandemic. As you know, the Japanese government lifted all border measures at the end of April, and on May 8, Covid-19 was considered to be at level 5 – the same level as influenza – from level

2 in terms of severity. Restrictions on people's lives in Japan were widely modified with these new policies, and so we expect many more tourists from now on.

## Tourism as an Industry

**Toyoda:** Let's discuss tourism as an industry. What do you think needs to be improved in the Japanese tourism sector in comparison with other nations? Do we need more investment in the tourism business, as Mr. Atkinson mentioned? He mentioned in his book that we need to attract tourists from abroad who would not hesitate to pay a high cost for tourism, in particular those coming from nations far from Japan, such as in Europe. Failure to attract such high-class guests is an issue that needs to be solved. What is your advice, Mr. Atkinson?

**Atkinson:** A destination has to find a way to earn sufficient revenue to cover the inconvenience of having tourists visiting. Only when there is sufficient revenue being generated does tourism become a business, and without those revenues, the number of tourists visiting is simply an empty boast.

According to the United Nations World Tourism Organization, 70% of tourism in a country on average comes from intra-regional tourism. Thus it makes sense that most inbound tourists coming to Japan are from Asia. Likewise, in Europe, most of the tourists are from Europe; and the same in America. Intra-regional tourism is the mainstay of tourism everywhere.

Initially, Japan's tourism strategy was focused primarily on Asia and the number of tourists coming from Asia rapidly increased. Once Japan had reached critical mass from Asia, I suggested changing the strategy from a mainly Asian-oriented one to attract tourists from all over the world.

My point was that long-haul tourists stay longer because of the higher cost and longer travelling time. They not only stay longer but also stay in more expensive hotels, because the higher investment required to visit Japan attracts more affluent travelers.

Japanese tourists will tend to stay at hotels and inns mainly at weekends and during the major holiday seasons. However, on weekdays their occupancy rate is relatively low. Tourism from overseas will help to raise occupancy rates over the year since holiday periods globally are different and especially because overseas visitors will travel for a longer period than is true for Japanese tourists. I have also argued that Japan needs to attract more wealthy tourists, but one of the challenges for the Japanese tourism industry here is the lack of hotels to accommodate them. As a rule, hotels and restaurants account for roughly half of tourism revenue, so Japan cannot attract this market even if it can compete on the basis of heritage or nature unless it invests more in its hotel

infrastructure. This is not just the right hotel buildings. More needs to be invested in the right human resources, and that means higher salaries which also creates an additional boost to the local economy.

Such investment in better hotels and more qualified human resources has to come first, after which a destination can be promoted. Spending a lot of money on promotion without such investment is a waste of money. No matter how much a restaurant with bad food may spend on promotion, customers may come once but afterwards it would get bad reviews on SNS. In the Internet age, if your product is not good, a lack of investment quickly results in bad reviews on the Internet.

In order that foreign tourists from abroad can enjoy staying in Japan, good signage in English and other languages is a necessity. Obviously, most people cannot understand Japanese on their first visit to Japan. Museums and heritage sites need multi-language ear-phone guides and Wi-Fi needs to be widely available. With the right infrastructure investment, Japan can become a major tourist destination, and its reputation will spread via the Internet. The source of any industry's profitability is investment and the same is true for the tourism industry. People working in the tourism industry need to understand this essential point.

**Toyoda:** A question to Mr. Hoshino. Tourism is considered as a pillar of Japan's growth strategy in the Tourism Nation Promotion Basic Plan. I am interested in this plan from three perspectives: raising or maintaining growth against depopulation, the vitalization of local economies, and the promotion of Japan's soft power. Could you briefly explain about these three perspectives? And could we also have your views on what Mr. Atkinson has said about the need for investment in tourism facilities and in particular his view on long-haul visitors? How is the Japanese government trying to address this issue?

**Hoshino:** We consider tourism an important pillar of our growth strategy and thus it means effectively considering tourism as an industry. At this moment, the Japanese population is around 126 million and annual consumption per person is around 1.3 million yen. Hereafter, depopulation will progress and there will be only 100 million people around 2052, according to one estimate. So annual consumption will decrease as well. Can this consumption decrease be compensated for by an increase in consumption by inbound tourists?

According to the statistics in 2019, visiting foreign tourist numbers were about 32 million and their consumption for travel was 4.8 trillion yen. So expenditure on travel per person by foreign tourists is calculated to be around 158,000 yen. This means that with just eight foreign tourists, the annual consumption per person in Japan of 1.3 million yen will be compensated for.

For domestic tourists, this amount corresponds to 23 tourists staying in hotels and 75 making day trips. So in this light, it would be more effective for us to have foreign tourists. The 4.8 trillion yen in expenditure on travel by foreign tourists can be considered as exports of services in trade, and this was the third-largest figure among industries, following automobiles at 12 trillion yen and chemicals at 8.7 trillion yen.

There is a secondary impact of tourist consumption on other industries and on transportation. Total consumption for travel in 2019 including both Japanese domestic and outbound tourists and foreign inbound tourists was around 29.2 trillion yen. This produced 55.8 trillion yen in additional production and 4.56 million additional jobs. This is how we can see that tourism will play an extremely important role in the economy.

So we must consider the tourism industry as a rising one and try to restore a strong economy using its strength. I believe in particular that this would play a pivotal role in revitalizing local economies suffering from a decline in their resident population.

It should be noted that we changed our policy from one focused on visitor numbers to one focused on quality in this basic plan. Above all, we are aiming for high consumption by foreign tourists and also at developing local tourism industries. In this plan, we consider long-haul customers staying longer in Japan as well as wealthy ones as important elements in tourism promotion.

**Toyoda:** Ms. Okuda, your inn has five rooms in the main building and two rooms in a separate building and super high-class inn. In Japan, we would tend to think an egalitarian society is better, but looking at the rest of the world there are not a few super-wealthy people. Do you think an inn or a hotel that could attract such very rich tourists would produce added value?

**Okuda:** I think consumption per tourist would be a more important goal in tourism promotion than the number of visitors. Our customers would be ready to pay whatever is needed to have a wonderful experience. We have only seven rooms and it is an old inn, almost 160 years old. We must follow unique restrictions regarding landscape preservation and we neither have any outdoor open-air bath nor a vast garden. Given these conditions, why do customers choose our inn? I believe the reason is the invaluable experience we offer – namely, experiencing traditional Japanese customs. For example, today there are some young Japanese who have never slept on a futon or have never seen *fusuma* or *tatami* or have never had a special sake drink to celebrate New Year's Day. We welcome those young Japanese and foreign tourists to experience traditional Japanese customs in our facilities. Therefore, our customers do not say "stay" but "experience" in referring to their being with us. Their experience with us is worth the extra cost. A

cheap hotel would be good enough just for staying, as even cheap hotels are well appointed today. So the focus of tourism promotion must be on how much money tourists have spent rather than the number of foreign visitors.

Investment in tourism facilities is of course important. Even though they can have a good experience, if a toilet has to be shared by customers in a hotel, wealthy customers would not come. There needs to be minimum facilities for good customers, and even more, investment in human resources. In a small inn like ours, there are lots of occasions when our staff communicate with the customers and their skills strongly affect the customers' satisfaction. How much knowledge and experience staff members have is crucial and thus education for the staff is indispensable. Such education is limited in small businesses and this will be a future issue for tourism promotion.

Assuming that foreign tourists are increasing, local people would not be convinced of the benefits of tourism unless they could earn money. They would consider it a nuisance. In particular, Kyoto people, even only those in the Gion area, would feel this strongly and consider it tourism pollution, since it would be more difficult to ride on a bus and go to shops often due to excessive tourism. You cannot gain locals' support for tourism promotion if this situation continues.

I hope there will be a local system for local residents to gain the benefits. For example, we could have a different fee for public transportation to be applied for local residents and tourists. Other facilities like museums could apply such a system as well. This is how municipal governments could gain money, and this money could eventually be to the benefit of the locals.

**Toyoda:** Are there many foreign tourists coming to your inn?

**Okuda:** Yes. Around May, half of our customers are foreigners. But we are restricting the number of foreign customers, because they tend to plan their trips a long time in advance and if we accepted reservations so far in advance, our customers would all be foreigners. However, most of these foreigners come to our inn, such a small place in Gion, to enjoy experiencing a traditional Japanese lifestyle. If they find themselves surrounded by all foreign customers, they would be disappointed. In this light, we try to avoid having all the customers being foreigners at any given moment and create an environment where the majority of customers are Japanese.

**Toyoda:** Is there such a strong demand around the world for staying at your inn?

**Okuda:** Yes. There are now 60 to 70 inquiries per day from abroad. We have to turn down most of the requests for reservations because

we have such a strong demand from overseas.

## Enhancing Tourism Industry's International Competitiveness

**Toyoda:** The last subject for discussion is what to do to improve the Japanese tourism industry's international competitiveness. First, I would like to ask Mr. Hoshino. The goal for the number of visiting foreign tourists in 2025 set in the Fourth Tourism Nation Promotion Basic Plan is to exceed the number in 2019 and it looks rather modest. But it may be reasonable because of the remaining threat of the pandemic. Anyway, you would need to have an ambitious goal and a policy to realize it. Could you explain the essential points of the policy support adopted in this basic plan? I think most importantly the industry must maintain business profitability by itself rather than depending on government subsidies. In this sense, the issue of the Integrated Resort (IR) is very important. Could you give your view on this as well?

**Hoshino:** The Basic Plan was revised on March 31, 2023. The points of this revised plan are to aim at building up sustainable tourism spots nationwide, restoring inbound tourism and expanding domestic tourism. These three goals are expressed with three key phrases: "sustainable tourism", "consumption expansion" and "promotion of tourism in local regions". As goals for 2025, aiming at raising the quality of tourism, we set up new goals such as increasing the number of regions engaged in building up sustainable tourism spots to 100, increasing a foreign tourist's consumption for travel to 200,000 yen, and also two-night stays in local regions of Japan per foreign tourist. Of course, we set up a numerical target for foreign tourists visiting Japan as one that exceeds the level in 2019, but the core of this plan is to establish goals for the improvement of quality.

The first goal, building up of sustainable tourism spots, will be promoted in the belief that we need a framework to create a virtuous cycle in local communities and economies through tourism promotion. In particular, on the issue of business profitability, we are aiming to link increased profitability or productivity with improvement in the working conditions of employees.

We will subsidize investments for the restoration of tourism spots by enhancing added-value, such as large-scale reforms of banquet rooms into something else, given less demand for them under the pandemic, and also promote digital transformation (DX) in tourism. We will help the tourism business in replacing a wide range of manual work with digital technology and thus reduce human labor. But we will also promote a policy of raising and keeping human resources in tourism.

As Ms. Okuda mentioned, we want to create a firm consistency

between preserving local nature and culture and developing tourism, while maintaining the local residents' sympathy with our plans. We want to pursue a policy for such consistency between the two.

As for restoration of inbound tourism, we want to achieve the goal of the number of foreign tourists visiting Japan exceeding the level of 2019 as quickly as possible. In doing so, expansion of inbound tourists' consumption and promotion of visits by foreign tourists to Japanese regions are very important goals, and we reflect these key concepts in our basic plan with new numerical targets such as 200,000 yen in consumption per foreign tourist and two-night stays in local regions per foreign tourist. More specifically, we will promote a "restarting tourism movement" to publicize Japan's attractions by creating special experience for foreign tourists all over the nation. We are working hard now on the contents of these special experiences.

On the issue of attracting wealthy foreign tourists, with Mr. Atkinson's guidance, we came up with five concepts for this. The first is "sell" – meaning how to create potential value to meet the needs of high-end tourists. The second is "lodge" – meaning how to prepare high-class lodging facilities for those wealthy tourists. The third is "human resources" – meaning how to assign the right staff for such lodging venues and how to develop the hospitality shown by tour guides. The fourth is "connection" – meaning how to communicate in particular with potentially wealthy foreign customers. And the fifth is "transportation" – meaning how to develop new transportation means for these wealthy people, such as those visiting by private jet, to create added value for them. In March 2023, we chose 10 regions as models and are ready to discuss how these concepts can be specifically achieved.

Our strategy for expansion of Japanese domestic tourism is important as well, and this is the third goal defined in our basic plan. We aim to spread demand for tourism across the months and develop a new demand for domestic travel that will lead to the expansion of employment in tourism-related sectors. More specifically, we are planning to promote new practices for holidays and create second hometowns.

In talking about investor relations, casinos are always mentioned, but I think it should be emphasized that an IR could attract not only casinos but also international conventions and business customers. Business customers are good customers, as consumption per individual is high. Furthermore, they spend time not only working but also on tourism and they would stay longer at such resorts. I think it would be important to meet various people's needs in thinking about a future tourism promotion policy.

**Toyoda:** Ms. Okuda, could you talk about what you expect the Japanese government to do, on behalf of people engaged in tourism in Japan? Also, if you have any advice for local tourism industry

people, could you tell us?

**Okuda:** Among many things I would like the Japanese government to do, human resources development for tourism that I mentioned cannot be accomplished in a short time. In Kyoto, there are not only big hotels but also small ones and inns. Those small ones in particular cannot afford to spend money for education of their staff or human resources development. They cannot spend much time either on that in the midst of Covid-19 and they also suffer from a labor shortage. We will need public support in this area. I would like the government to start working on creating a system for support by which we can send our staff to public education schools for a certain period to help raise the quality of services. Another thing I would like the government to do is to improve the quality of tour guides, who are the important links between tourists and the destination sites.

For people in the local tourism industry, I suggest they come up with some creative ideas. A good example often mentioned is the hot springs in Kurokawa in Kumamoto Prefecture. They were once almost deserted and at a certain stage they found they could not continue business, and so all the hot spring village people got together and decided to issue a certificate for bathing to be used in any hot spring among all the lodging facilities in Kurokawa, and this eventually led to explosive popularity.

However, no matter how creative the ideas may be to attract foreign tourists, they will be difficult to attract if the area has bad traffic access. Convenient transportation, at least to some extent, will be necessary.

**Toyoda:** Mr. Atkinson, if Japan aims to be the top tourist destination in the world, I think government-private sector collaboration will be necessary to boost the tourism industry's competitiveness. Could you tell us more specifically what kind of private business efforts and public policies are desirable in this light? Please also tell us what is lacking in government and private business efforts at this moment.

**Atkinson:** Japan's tourism strategy has been successful mainly because it has a both a target to increase the number of inbound tourists balanced by a revenue target. The quantitative goal is tempered by the qualitative goal.

No major car company produces just one car. To serve a global population of 8 billion, there is a wide variety of options available to answer to the very wide range of demand. Some people prefer to drive a small car, while others prefer SUVs, and yet other demographics own expensive sports cars. Toyota has many kinds of vehicles to meet such diverse needs, and tourism is no different. Increasing the number of tourists visiting the prefectures, towns and villages can be achieved relatively easily, if aimed at tourists who do not spend much money. But this does not boost the local

economy and above all imposes a heavy burden on local communities.

During the administration of late prime minister Shinzo Abe I argued passionately for the establishment of a number and a revenue target to address the issue of over-tourism. Japan's traditional tourism business model was not focused on increasing revenues per traveler. As a result, the industry under-invested and simply focused on increasing the number of people visiting in order to increase revenues. The strategy now is to raise the spend by tourist while increasing the numbers. Obviously, it is preferable to have 30 million tourists spend 10,000 yen each, than 50 million people spending only 1,000 yen each. There needs to be more capital investment and investment in human resources in order to raise the average spend. This is vital to attract wealthier tourists.

The three basic forms of investment – in R&D, facilities, and human resources – are the keys to raising revenues anywhere in the whole economy. Tourism is no exception. In order to raise the average spend, we need to raise both the quality and the salaries of the people working in tourism. You cannot earn a high salary only by bowing. Staff need to be knowledgeable, to be able to communicate effectively with customers, which may require foreign language ability, and to be able to resolve issues. Staff may need to be able to respond to questions about history if in Kyoto, or if in a national park about activities or questions about the local flora and fauna. It is thus inappropriate for a hotel to expect guests to pay a higher room rate and then to pay most of its staff the minimum wage. A tourism strategy must aim to raise wages in the industry, and for that there needs to be investment in the appropriate hotel infrastructure.

The restaurant industry is one of the only sectors in Japan that has successfully met the great diversity of consumer needs, ranging from Western cuisines and ethnic cuisines to Japanese cuisine, and running from the expensive all the way to the very cheap. Sushi, for example ranges from the cheap conveyor-belt sushi restaurants to the very expensive high-class ones in Ginza. Many of the people working in Japan's restaurant industry have excellent language skills.

One of the greatest attractions for tourists in Japan is that you can enjoy such a variety of global cuisines at such a high level in a single country. Among the many tourism resources in Japan, food is the most highly evaluated by overseas tourists. And not just for Japanese cuisine. Japan has perhaps the broadest range of international food at the highest level of any country in the world. It is thus wrong to promote only Japanese cuisine to the rest of the world. There are amazing coffee shops and also excellent curry restaurants in Japan. In Kyoto, there are so many excellent bakeries.

The hotel industry in Japan is not on the same level as the restaurant and pubs; nor are Japanese tour guides. Japan needs to redouble its efforts to achieve high profitability, as there is a huge world population out there. There is more than enough global

demand to support more profitable businesses.

Finally, there is the question of local government and over-tourism. If residents of Kyoto cannot get on a city bus because there are so many tourists from abroad, then why doesn't Kyoto city simply increase the number of buses? Over-tourism, in my view, is caused by a lack of investment in infrastructure, mainly by local authorities. In Italy, 20 million people visited Venice every year. Venice has a population of around 60,000. In Kyoto, before Covid the number of overseas tourists was probably around 4 or 5 million at peak, and there are many more than 60,000 residents. Relative to Venice or London or Barcelona, Kyoto was absolutely not suffering from over-tourism. Kyoto rather was suffering from a lack of infrastructure investment and an insufficient response to bottlenecks highlighted by tourism. The local government was the cause of any inconvenience suffered by Kyoto residents when the number of tourists increased.

## Concluding Remarks

**Toyoda:** In conclusion, could you all please give a key phrase or concept for promoting Japanese tourism?

**Okuda:** Human resources, facilities and a virtuous cycle between them.

**Atkinson:** Let's make money.

**Hoshino:** I would strongly recommend to people all over the world to see the changing landscape of tourism in Japan as the result of our efforts to resolve the challenges we face.

**Toyoda:** Thank you very much, all of you. Tourism is undoubtedly a rising industry in Japan and an important industry for Japanese people. I would like all of you to continue your valuable efforts to promote it. **JS**

Written and translated by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the cooperation of Tape Rewrite Co.