

Tourism thesis

Promotion of Cruise Tourism

~Promoting the Tourism Industry
in the Future ~

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1. The Current Situation in Asia

1-1 Asia as a growing tourism market

The Tourism industry is one of the hottest industries in the world today. The World Tourism Organization (UNWTO) estimates that the number of inbound foreign tourists to Japan in 2007 was 10.4% more than the year before. Though the Asia-Pacific region is smaller in size than Europe, this growth was bigger than the average growth rate of 4.4% in Europe, and 6.6% in the world.

For example, Japan had many tourists from China, which is experiencing remarkable economic growth. In 2008, Chinese visitors to Japan were 1 million, 6.2% more than the year before, and in 2009, 1.006 million, 0.6% more than the year before.

According to JNTO, the Japan National Tourist Organization, while average tourist expenditure for souvenirs is 46.5 thousand yen, average Chinese expenditure for souvenirs is 78.7 thousand yen. It is much higher than the expenditure of tourists from other countries.

In the last few years, Asia has become an important destination for international tourists. The biggest reason why the tourism market in Asia is so hot is the economic development of Asian countries.

In 2008, China's GDP, Gross Domestic Product, grew by 9.6%, Korea by 2.3%, Taiwan by 0.7%, and Asia as a whole by 7.9%. Here, Asia as a whole means Japan, Taiwan, Korea, China, and India. In 2009, Asian countries recorded minus growth rates except Korea and China because of the world financial crisis, but Asia as a whole grew by 6.9%.

The IMF, International Monetary Fund, estimates that China's GDP will grow by 10.5% and Asia as a whole by 9.2% in 2010. This is bigger than the growth of 4.8% in Central South America, 3.2% in Central Eastern Europe, and 5.0% in Africa. From this, we can say that economic growth is expected in Asia in the future, and tourism industry is expected to grow more than now.

1-2. The present situation of aging society in Asia.

The Tourism industry is expected to grow. But Asia has a big problem. It is "Aging society".

Generally speaking, a society is called an "aging society" when the elderly population, which means people aged 65 and over, account for 7% of the population and a society is called an "aged society" when the elderly population account for 14% of the population.

There is a statistics called the “Double Year” which shows the number of years required to move from an aging society to an aged society.

Table : The “Double Year” of Asian countries

	Over 7%	Over 14%	Double year
	Aging society	Aged society	
Japan	1970	1994	24
Hong Kong	1983	2015	32
Singapore	1999	2016	17
Korea	2000	2018	18
China	2002	2026	24
Thailand	2005	2028	23
Vietnam	2017	2034	17
Singapore	2018	2038	20
Malaysia	2020	2043	23

Reference	
Double Year(Developed Country)	
France	115
Italy	61
U.K	47
Germany	40

Japan became an aging society in 1970 and became an aged society in 1994. It took 24 years for Japan to move from an aging society to an aged society. So the “Double Year” of Japan is 24 years.

In 2008, the United Nations estimated that the Double Year for Vietnam and Singapore will be 17 years, 18 years for Korea, and 24 years for China. The “Double Year” of Asian countries on average is expected to be about 20 years.

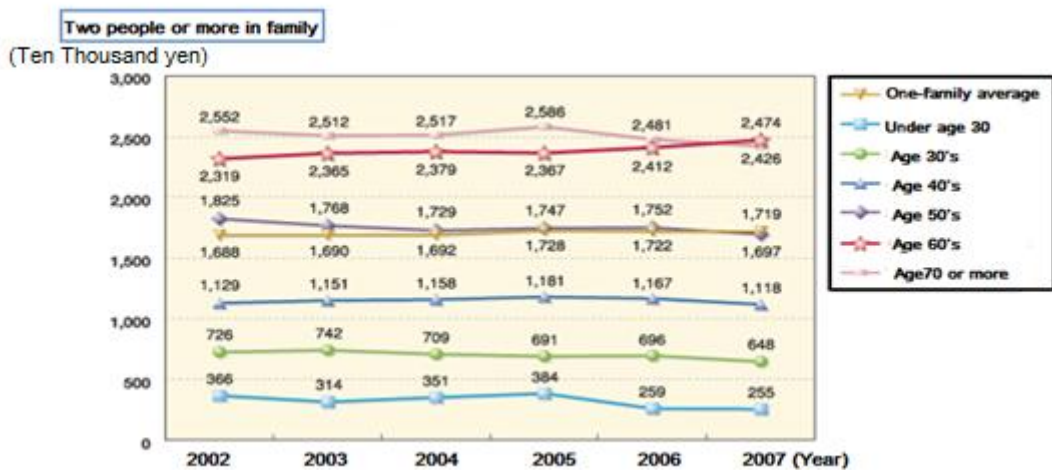
Asian countries are moving from an aging society to an aged society much faster, compared to the U.K. and Italy. U.K will take 47 years to move from an aging society to an aged society and Italy will take 61 years to move from an aging society to an aged society.

1-3. Tourism needs of older people

Rapid aging of Asian countries

In Japan, people under 30 have about 2.5 million yen in savings, while people in their 60's, 70's, and above have 24 million yen. This data < **Graph 1** > shows that older people have more money than younger people under 30.

< **Graph 1** > Japan Tourism White Paper



So when we think about the tourism industry in Asia, we think older people will become important as future tourists.

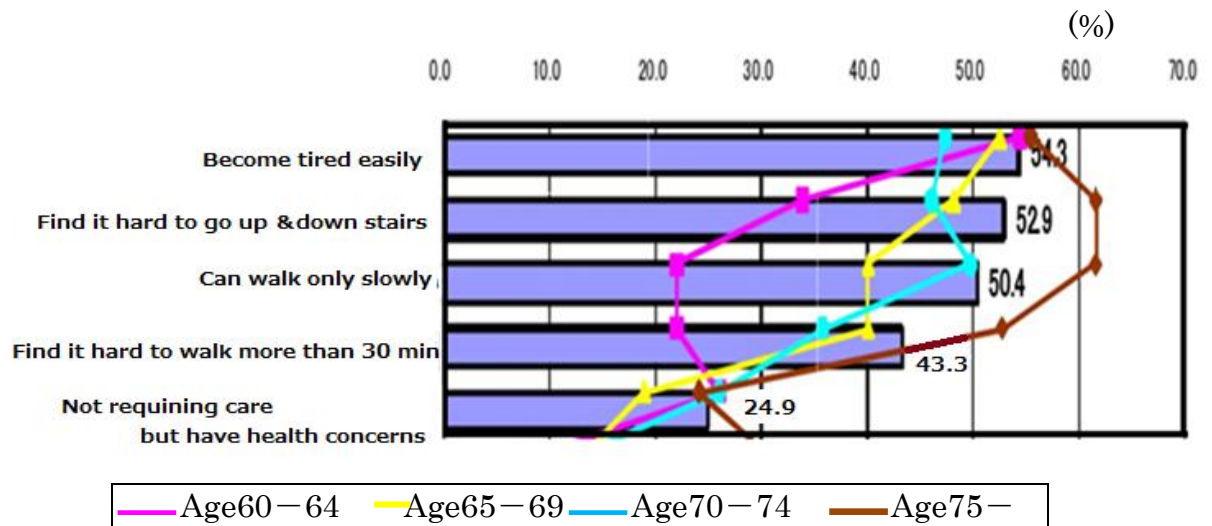
Next, what are some problems for older people as tourists?

Many older people feel negative about tourism because of health concerns.

According to the Japanese Tourism White Paper, 58.5% of the people in their 60s and 70.6% of the people in their 70s have some health concerns.

This bar graph shows that, among health concerns, many people say they “become tired easily” or they “have some trouble such as back pain.”

<Graph 2> Health conditions
Source : AB ROAD research center



This kind of health concern is felt by older people not only in Japan but also in Korea. According to a survey by the Government Cabinet Office of Japan, 39.1% of the people in Japan and 45.9% of the people in Korea have health concerns.

In order to get more older people to travel, what kind of tourism style should we promote?

We think the tourism industry of Asia needs to promote a tourism-style

which suits the older people, such as Slow Tour and Shopping Tour.

2 . Suggestion

2-1. Our Answer: Cruise tourism

According to some researches based on a survey in Japan, we found that elderly people have some problems, such as they tire easily or they have health concerns, and we think that Asian tourism market must provide a style of tourism and services suitable for elderly tourists as Asian countries move to aging or aged society. We can expect the older people and households with older people to be important clients of the tourism market in the future, considering the rapid aging of Asian countries.

So we suggest cruise tourism for the future of each country and Asia as a whole, considering this current situation in Asia.

2-1-1. Definition of Cruise

Cruise has various meanings. According to the cruise book that can be obtained by participating in a course of JOPA (Japan Oceangoing Passenger ship Association), a cruise means the following:

- A cruise is when the ship itself is the main destination, or boarding the ship is the main purpose of tourism.
- A cruise is not a tour where other means of transportation, such as an airplane, is replaced by a ship.
- The main purposes of the tour are staying on board, doing leisure activities on board, and enjoying a relaxing lifestyle.
- Generally, a cruise includes accommodation on board a ship.

Cruise ships differ according to cruise companies or the tour program, but they can be divided into three classes from the point of service and cost.

a) Mass or Contemporary class

Mass or Contemporary class means cruise ship for the masses. The cost is US\$100-350 per night. Famous cruise companies offering this type of cruise are Royal Caribbean INTERNATIONAL and COSTA. They are making a business model by giving some optional services. For example, they make more of their food optional so the passengers have to pay for it if they want it, or give a bigger floor space to the casino, to make a profit.

b) Premium class

The cost of a cruise in the Premium class is about US\$150-400 per night, a little more expensive than the Contemporary class, but the accommodation usually includes some services like full board or shows. For passengers boarding middle or lower range ships in this class, the cost per night will be the same or cheaper than that of a resort hotel in Japan.

b) Luxury class (including Boutique class)

The cost of a cruise in the Luxury class is more than US\$400 per night. Cruises of this class offer higher quality services to the passengers compared to the other two classes. Typically, a cruise in the Boutique class offers personalized service by reducing the number of passengers and giving more attention to each guest. Famous cruise companies offering this type of cruise are Regent SEVEN SEAS CRUISES and NYK Cruise (Japan), according to a cruise ship rating in the Berlitz Cruise Guide 2009.

2-2. Why Cruise tourism?

Why do we suggest cruise tourism? From the current situation, it is predicted that in Asian countries the number of elderly people who are 65 or over will increase and also the percentage of elderly people in the population.

In Japan, some research shows tendencies of the elderly people: they do not feel confident about walking, most elderly people feel tired easily, elderly people choose slow, easy-going tours, and some elderly people are even willing to pay extra money for such tours.

Cruise ships are a comfortable means of transportation for elderly people to use because they are bigger than other means of transportation and the facilities are barrier-free. Some cruise ships have “room for the handicapped” for wheelchair-using tourists. On an airplane, wheelchair users must change to in-flight use chairs. This restriction may be necessary from the point of security, but it is difficult to say that it is user-friendly.

Generally, the means of transportation we use when traveling abroad is an airplane. Let us now compare a cruise ship with an airplane, to see which elderly people can use easily. We will use JAL as an example of an airplane and ASUKA II, owned by NYK, as an example of a cruise ship.

Table Some points elderly people feel anxious about when traveling

	Airplane	Cruise ship
Time	Very short	Long
Doctor in residence	No	Yes (with some exceptions)
Infirmary	No	Yes
Medical equipment	Kept	Kept
First-aid training	Yes	Yes
Wheelchair users	Change to in-flight use wheelchairs	Special Rooms

When welcoming elderly people as future tourists, the Asian Travel and Tourism Industry must think about relieving or dissolving such anxieties felt by the elderly people. From this comparison, we can say that a cruise can better respond to the needs of the elderly people.

We will now explain why cruise tourism is suitable for elderly people by listing some examples and making comparisons with airplane travel.

2-2-1 Reasons for our suggestion

In the previous section, we said why we like this suggestion. We will now explain our suggestion in more detail.

Because the airplane is the major means of overseas travel, this paper will compare a cruise ship with an airplane. For comparison, we used JAL as an example of an airplane, and Asuka II, owned by Nihon Yusen, as an example of a cruise ship.

Older tourists have health concerns and physical problems. We think providing better medical facilities will solve these problems. Let us see how airplanes and cruise ships are dealing with this issue.

【Airplanes】

Airplanes do not have infirmaries or doctors on board. In case of emergencies, they can only provide first-aid using the first-aid kit.

Airline staff members are trained in giving first-aid, so they can respond to emergencies to a certain degree.

But they can only just cope with emergencies. This means people with health concerns will be worried about flying.

JAL's basic policy is to use "universal design" in developing and providing all

products and services.

As concrete examples, they train and station “service support staff” who are ready to help when older people and people with health concerns board the airplane. They are called “JAL smile support.”

Airplanes fly only from airport to airport, so travelers must move from the airport to a hotel at the destination. So we think traveling by airplane is hard for older tourists.

【Cruise Ships】

On the other hand, cruise ships have infirmaries with medical facilities and a doctor and nurse in residence, with the exception of short cruises.

They can deal with sea sickness and other problems. Asuka II is equipped with X-ray machines.

Some cruise ships even have facilities for basic operations. Therefore, we can say cruise tourism offers perfect support to deal with any health concerns.

If a patient shows severe symptoms, a helicopter can be used.

The facilities on board are mostly barrier-free, and staff have been trained to give necessary help. Wheelchair-users can use the staff service, so they do

not have any problems on a cruise.

A cruise ship is like a moving hotel.

Once in the cabin, people on a cruise do not need to move. It is the great merit of a cruise.

We said earlier that in case of airplanes, moving from the airport to a hotel at the destination is hard for older tourists. In case of a cruise, the cabin becomes the tourism base, so they do not need to move.

From the above, we propose that cruise is the best means of travel for older tourists.

2-3. Economic Effect of Cruise

✓Case study of Foreign Cruise Ships

In this chapter, we give examples of the economic effect of cruise ships calling at a port. To boost the regional economy, many cities in Japan are competing to invite foreign cruise ships to call at their ports in recent years. Fukuoka city started accepting foreign cruise ships in 2008. Cruise ships from China called at the port of Hakata in Fukuoka city 24 times in 2008.

To estimate the economic effect on Fukuoka of cruise ships calling at the port of Hakata, Fukuoka city carried out a questionnaire on passengers of foreign cruise ships. They then calculated the money spent by each passenger in Fukuoka city.

The questionnaire was carried out on Costa Classica passengers arriving at Hakata harbor on two days, September 18 and 23, 2009, and the data was compiled.

Simultaneously, expenditure related to foreign cruise ships calling at port, such as expenditure of ship companies, expenditure related to tours

and so on, were calculated, estimated, and included in the direct effect.

Using the direct effect calculated and estimated in this way, economic effect, including both direct and indirect effect, income effect, employment creation effect, and tax revenue effect were calculated.

Direct effect includes the money spent by foreign cruise ship passengers in the city, expenditure related to cruise ships calling at port, such as expenditure of ship companies, expenditure related to tours, and sales of souvenir shops in Hakata harbor.

Money spent by cruise ship passengers was calculated based on the two questionnaires. Indirect effect was estimated using the income effect, employment creation effect, and tax revenue effect.

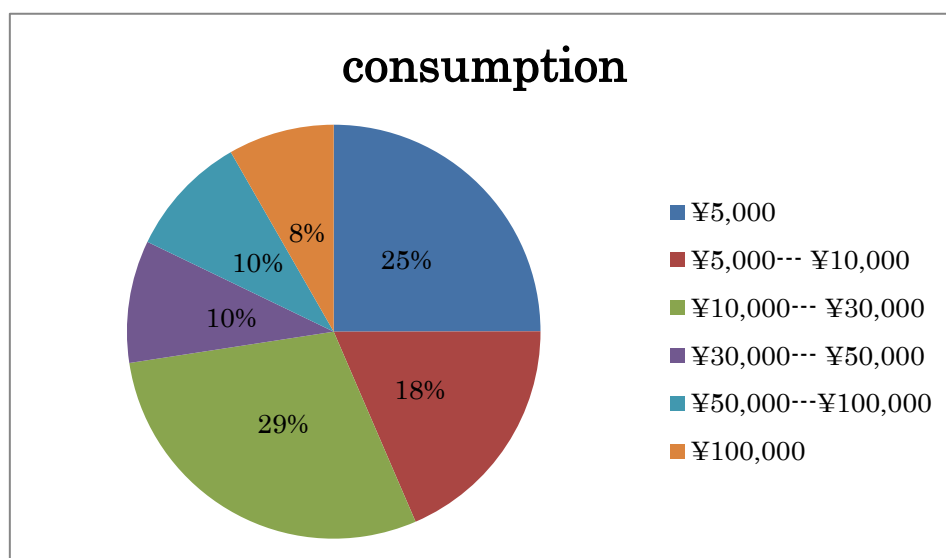
In order to estimate the economic effect, we will take the number of visitors arriving on foreign cruise ships to be 29,300, based on the data from 2009.

For the purpose of our estimate, we assume that foreign cruise ships called at the port of Hakata 24 times, and they were all Costa Classica. The economic effect per port call is estimated, with the average number of passengers at 1,221.

[2] Average Consumption of Passengers

The graph shows the average consumption of passengers of the cruise ship. From the graph, we can see that 29.1% of the passengers spend 10,000 to 30,000 yen, 25 % spend less than 5,000 yen, 18.6% spend 5,000 to 10,000 yen, and 8.3% spend more than 100,000 yen.

**The Amount of Consumption
(Excluding non-spending passengers)**



[3] Economic Effect of a Cruise Ship Making a Port Call on Fukuoka City

According to the result of the survey of Fukuoka city, the direct effect of the cruise ship on the port of call was about 600 million yen, and the economic effect is estimated to be about 1 billion yen. The direct effect was about 600 million yen, and the economic effect from the direct effect about 400 million yen, totaling 1 billion yen.

The revenue effect was about 367 million yen, and the tax revenue about 24.4 million yen. Seventy-six new jobs were created by the economic effect. The direct effect was about 26 million yen per port call throughout the year.

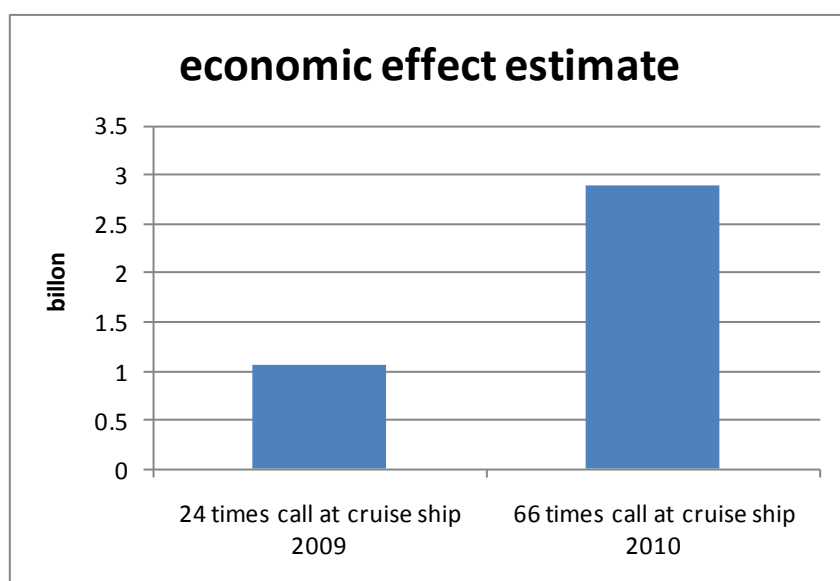
If we look at the economic effect on each segment of the industry, the effect was about 450 million yen for commerce, about 107 million yen for the service industry, and about 106 million yen for transportation. Forty-three new jobs were created in commerce, 9 in the service industry, 6 in transportation, and 4 in the restaurant business. The biggest effect was on commerce because the Chinese passengers shopped in supermarkets, department stores, and discount stores for electrical appliances.

[4] Economic Effect Estimate

When the city of Fukuoka examined the economic effect, it found that the economic effect of the cruise ship passengers' consumption accounted for 80.4%, and the economic effect of other revenues was 19.6%. So we can see that about 80% of the economic effect was brought about by the consumption of the passengers of the cruise ship.

Fukuoka city is expecting the arrival and departure of cruise ships

from China 66 times in 2011. The embarkation rate is estimated to be the same as in 2009, creating an economic effect of 2.8 billion 89.7 million yen. It is clear that cruise ships making a call have an economic effect.



3. Conclusion

If we recall the case of Japan in the 1970's, it is clear that in Asian countries the middle-class will increase with the economic development of each country, and the demand for traveling abroad will also increase in Asia as a whole. Asia also has the possibility of becoming an aging or aged society rapidly, as we have seen in some countries like Korea and Japan.

Elderly people will not generate an independent tourism demand

unless their income level reaches a certain standard, but we can expect family trips, including elderly family members, to increase, as the income level of the middle class goes up.

We propose that Asian travel and tourism industry promote a tourism style which is a hybrid of the airplane and the cruise ship. This hybrid tourism can respond to the tourism demands of everyone from the young to the elderly, who have different needs. Asia has many hub airports, but there are very few hub seaports, so by making the hub airports and seaports complement each other, we can keep the tourism demand of Asia within Asia.

Asian Tourism market will be one of the hottest markets in the world tourism market in the future, and Asian countries will become aging or aged society. We suggest cruise tourism for the elderly people to develop the Asian tourism market. Elderly people have some health concerns and this tourism will satisfy some of those needs better, compared to other means of transportation like airplanes, by providing some services such as barrier-free facilities and medical facilities with doctors and nurses in residence.

Cruise also has an economic effect for both the demand side and the supply side in the region's economy.

We propose that Asian Travel & Tourism industry promote cruise tourism for elderly people for the future sustainable development of each country and Asia as a whole.

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