

Japan's Leading Tourism and Aviation Weekly

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****JAL Managing Directors call for its CEO's resignation***

It was reported on February 15 that four Managing Directors of JAL Group have called for resignation of JAL President and CEO Toshiyuki Shinmachi, Executive Vice President Katsuo Haneda and Senior Managing Director Hidekazu Nishizuka to take their responsibilities for aggravation of the business. However, Shinmachi quickly refused the demand and has requested them to devote themselves to their own duties.

JAL Group has struggled with poor business mainly because of a series of safety operation problems and the skyrocketing fuel prices. JAL Group forecasts that it will post net loss of 47 billion yen for the full year of FY2005 ending March 31 this year. The downturn is very contrast to ANA's forecast to result in net profit of 17 billion yen for the full year of FY2005. The coup d'etat-like internal trouble may influence the next midterm corporate plan.

Shinmachi emphasized, "My attitude is decided by myself. My largest duty is to reestablish safe operation and to rebuild the Group by executing the business plan."

*****"Cruise Year 2006" will start in full swing in March***

Japan Association of Travel Agents (JATA) Cruise Travel Promotion Group has made up an action plan for "Cruise Year 2006" to exploit demand in the cruise market and will start full-scale promotional activities toward general consumers in this coming March, when Japan's cruise ship "Asuka II" debuts. Eiko Kijima (Photo), who is President of Cruise Vacation and at the same time leads the JATA Group, said, "All we have to do first is to sweep off wrong images of consumers to cruise. Simultaneously, we have to make efforts to let travel agents know business merits of cruise travel."



The JATA Group aims to increase outbound cruises travelers from 73,000 in 2004 to 220,000 in 2101 and domestic cruise travelers from 86,700 in 2004 to 280,000 in 2010.

Kijima said, “We can see potential demand for cruise travel. If we succeed in sweeping off wrong images, such as high prices, long journey, pitch and roll or language barriers, we believe we can achieve the target for 2010 and more.” It is true that only gorgeous cruise ships have been focused in Japan, so Japanese generally have a stereotype that cruise travel is extremely expensive. However, Kijima said that more reasonable and shorter cruise products are not known well by Japanese although those are on sale. “We have to appeal such products are of equivalent value with rich and long cruise products,” she added.

Kijima points out that travel agents have regarded cruise as a burdensome product because they think they need particular knowledge and skill to deal with cruise products. To improve the selling system, the JATA Group will penetrate the merit of high profitability into the travel industry and also will help sellers know more about cruise. Kijima said, “Customer satisfaction to cruise products is very high, so that the repeater rate is high as well. Once sellers themselves experience cruise travel, I believe they easily understand the sales merits.” JATA expects that cruise will be a product to provide customers with a new travel style.

+Focusing on baby boomer generation as a main target

“Cruise Year 2006,” launched as one of the JATA 20 million overseas travelers projects, is a promotional campaign to exploit the overseas cruise travel market, including Fly & Cruise, especially for the baby boomer generation. Under the campaign, JATA plans to offer a variety of promotional events to general consumers in cooperation with cruise companies, travel companies or media. At the same time, JATA will develop activities to attract foreign cruise ships to Japan in link with the government’s leading Visit Japan Campaign.

For the promotional campaign, JATA will make a common catch copy of “a new city in front of you after you wake up” and a common logo with a promotional message of “Do Cruise 2006” included. Also, JATA has launched a special website for cruise (<http://cruise2006.jp>) since January this year and will develop advertising campaign through 2006.

In the meantime, JATA will make efforts to educate travel agents by hosting cruise seminars and to improve business environment for them to be easier to sell cruise products by bridging gaps between the Travel Industry Law and conditions of carriage for foreign-registered cruise ships.

***KNT will market new product series for baby boomers**

Chihiro Beniya, Manager of the Mate/Holiday Division of Kinki Nippon Tourist (KNT), said at an interview with the Wing Travel Weekly, “We pay attention to new markets not to be covered by conventional package tours. What we have to do this year is to develop package tours to meet new demands.” One of the efforts is the new system for Holiday, KNT’s overseas travel brand, which has been introduced since October last year.



The new system gives customers more flexible itineraries and more options than before to meet individual needs. KNT will incorporate the new system into package products after April this year. Also, it will soon market new product series both for Holiday and Mate, KNT’s domestic travel brand, in common, particularly targeting baby boomers who will begin retiring from 2007.

Beniya said, “Baby boomers are certainly a generation not to be satisfied with conventional package tours. We understand the generation is broken down into many groups of individuals who have the same tastes. If we fail to offer products to meet their needs, they will rely on the air-only market, like younger generations.” KNT expects that the new system for Holiday products will possibly satisfy individual needs. “We hope that the new system will help us not only attract baby boomers but also call back air-only customers to the package market,” Beniya added.

Although the new system did not work well in the beginning, Beniya emphasized that it has perfectly been working since January this year.

For new product series for overseas and domestic travels in common, Beniya explained, “KNT will offer flexible package products with theme-oriented options or destinations. We would like to meet what customers want to do on their journey. Tastes vary among individuals. To satisfy as many tastes as possible, we will develop a series of new products based on each taste from this coming April.” The concept is “we can listen to what you want” in a word, Beniya added. KNT will begin selling new series of products by the end of February this year.

+Consulting functions will be more important at retail shops

Beniya said of the sales system, “I think consulting functions will be more demanded at retail shops,” as person-to-person dealings, including telephone or e-mail, still account for half of all dealings although internet dealing is growing. He added, “Person-to-person services are essential for package tours particularly. I think the value will be re-acknowledged.”

At the same time, KNT is strengthening the internet dealing in tie up with Mercury 22, e-travel business provider. Beniya revealed that KNT is seeking another business chance for internet dealing, including new business tie-up.

In the meantime, KNT has launched “Next Generation Retail Shop Project” to discuss what retail shops should be in the future, including new concept or shop modification. Also, it has extended sales channels through business tie-ups with other travel agents, such as Yomiuri Travel Service or Nankai Travel International.

****Myanmar emphasizes to increase Japanese tourists***

Hla Myint, Union of Myanmar ambassador extraordinary and plenipotentiary to Japan, said at a meeting with Indochina Tourism Promotion Federation (ITPF) that the country would make efforts to accept more Japanese tourists, particularly after joining ASEAN-Japan Center in this coming April. One of the efforts is to produce “YOKOSO MYANMAR,” a promotional DVD for the Japanese market.

The number of foreign visitors to Myanmar for 2005 was 660,206, out of which Japanese tourists reached 19,584, according to ambassador Myint.

The Myanmar government has developed tourism promotions for foreign countries to bring up tourism to a key industry for the Myanmar economy since the Tourism Ministry was launched in 1992. Ambassador Myint highlighted that tourism will be a promising industry for Myanmar.

As a result of the notional efforts to develop infrastructures, the tourism industry grew up to the point that 603 government-approved accommodations, including 23 foreign-affiliated hotels, provide a total of 19,040 rooms a day. International flights fly into Yangon International Airport from 13 cities today, and Mandalay Airport, a gateway for tourist destinations in the northern area, is now upgraded to accept direct international flights by middle-class aircraft.

Myanmar, well known as “Golden Land,” has a variety of historic Buddhism heritages, which are also in harmony with untouched nature, and rich cultures with 135 ethnics, ambassador Myint said.

Ambassador Myint asked ITPF for cooperation to encourage Japanese tourists to visit Myanmar. Osamu Matsuoka, ITPF Chairman, said, “Myanmar’s tourism sources are richer than other Indochina nations. We hope to bring up Myanmar as the next tourist destination for Japanese.” The most important thing is to frequently send tourism information to potential Japanese tourists, he added.

**Kobe Airport opens with 24 flights daily*

Kobe Airport opened on February 16, when the first B777-300 of JAL took off to Haneda Airport with 453 passengers on board in the morning. In addition to JAL, ANA and Skymark Airlines serve flights, totaling 27 flights a day for Shin Chitose (Sapporo), Sendai, Niigata, Kumamoto, Kagoshima, Naha as well as Haneda.

The new airport with a 2,500 meters runway is located off the part island in Kobe City. Although it is the third airport in Kansai area, following Itami Airport and Kansai International Airport, and is limited to around 20,000 take-offs and landings a year due to the small airfield, it expects that the number of users a year may reach 3.19 million.

The authority defines Kansai International as one of the core international airports in Japan, particularly in Kansai area, Itami as a core domestic airport in Kansai area and Kobe as an airport to meet domestic demand. However, it is true that clear roles for the three airports in Kansai are not determined yet. Osaka Governor Fusae Ota said, "I hope that the three Kansai airports will respectively play appropriate roles and maximize their abilities. By taking advantage of the three air infrastructures, we would like to strengthen logistic networks and tourism promotions, which will stimulate economic activities in Kansai area."

JAL serves two round-trip flights daily for Haneda, Naha, Sapporo and Kagoshima and one round-trip flights daily for Sendai and Kumamoto, for some of which JAL use B777. ANA offers two round-trip flights daily for Haneda with B737-300 or A320, Niigata with DHC8-400, Kagoshima with A320 and Naha with B767-300 and one round-trip flights daily for Sapporo with A320 and Sendai with A320. Skymark serves seven round-trip flights daily for Haneda with B737.

**Kobe hopes to accept international business jets*

Kobe Airport plans to begin accepting small aircraft, like Cessna aircraft, on March 16 this year, one month after it opened. Also, it hopes to begin accepting international business jets on the same day if CIQ can be arranged by that day. An administrative notification, which was released on February 2 this year by the Ministry of Land, Infrastructure and Transport, does not permit Kobe Airport to operate international charter flights, but it is possible for the airport to accept international business jets.

First Kobe Airport will begin accepting small airplanes with less than 18 meters in length and in wingspan as well as helicopters with less than 18 meters in length. Three small aircraft can simultaneously be stationed at the 1st spot out of all 10 spots. For international business jets, spots for scheduled flights will be available.

Kobe City plans to extend airport services to small aircraft operators, for which it is building a 20 hectares land exclusively for airport facilities. The land project will complete by the end of the next fiscal year.

**New flight plans are announced one after another*

China Southern Airlines has applied for a new flight plan for New Kitakyushu Airport to the Ministry of Land, Infrastructure and Transport. The airline is planning to begin serving three flights weekly (Tuesday, Thursday and Sunday) with A319 on Guangzhou-Shanghai-New Kitakyushu on March 26 this year. New Kitakyushu Airport will open on March 16 this year.

Qatar Airways will increase from four flights weekly to five flights weekly on its Doha-Kansai International route from June 21 this year. The airline just opened the route in April last year.

ANA has announced to provide 31 seasonal flights on its Kansai International-Guam route from February 10 to April 3

this year to meet higher demand on the route, in addition to daily scheduled flights. The seasonal NH1911 departs from Kansai International at 21:25 to arrive at Guam at 1:50 next day, served by B737-300 with all 216 economy class seats.

**ANA and Asiana extend code-sharing agreement*

ANA and Asiana Airlines have recently announced to extend their code-sharing agreement to Asiana's Seoul-Sendai and Seoul-Hiroshima flights, which will be effective on March 26 this year. Both airlines are members of Star Alliance. The pair has ties up for coder-sharing flights since December 2000. Including 14 flights weekly effective to this code-sharing agreement, both airlines will serve a total of 105 code-sharing flights weekly between Narita, Kansai International, Central Japan International and Fukuoka and Seoul (21 flights weekly by ANA and 84 flights weekly by Asiana).

**SKY has revised downward its FY2005 financial outlook again*

Skymark Airlines announced to have revised downward its financial outlook for the full year of FY2005 on February 14, when it released the financial result for the first three quarters of FY2005 (April 1 to December 31 2005). This was the second revision, following the first one on November 15 last year. The newly announced financial outlook for the full year of FY2005 is operating revenue of 35.5 billion yen (36.5 billion yen previously), ordinary loss of 1,100 million yen (400 million yen previously) and net loss of 700 million yen (zero previously).

The downward revision is primarily attributed to poor businesses on Haneda-Kagoshima, -Tokushima and -Kansai International flights. SKY will suspend the three debt-ridden flights after April this year and instead will begin serving Haneda-Shin Chitose (Sapporo) and -Kobe flights.

The financial result for the first three quarters of FY2005 finds that SKY ensured net profit of 1 million yen because it incorporated special income of 541 million yen into the account settlement, although it posted operating loss of 1,139 million yen and ordinary loss of 467 million yen on operating revenue of 26,757 million yen.

For the first nine months of FY2005, SKY had kept load factor of 66% on Haneda-Fukuoka route, however has struggled with low load factors of 57% on Haneda-Kagoshima route, 42% on Haneda-Tokushima route and 32% on Haneda-Kansai International route. SKY has started a new flight service on Haneda-Kobe since February 16 and will start serving Haneda-Shin Chitose flights in this coming April.