

## Japan's Leading Tourism and Aviation Weekly

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Published every Monday by The WING Aviation Press (Koku Shimbun Sha).  
San-Miyanaga Building, 5-12 Moto-Akasaka 1-chome, Minato-ku, Tokyo 107-0051, Japan  
Phone: 81-3-3796-6646, Fax: 81-3-3796-6645  
mailto:jwtw@jwing.com , http://jwing.com/e/ (English) , http://jwing.com/ (Japanese)  
Subscription Rates: Overseas: One year \$ 215.00, Half year \$ 125.00  
Domestic (including tax): One year 26,000 Yen, Half year 15,000 Yen

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### *\*Japan-China Tourism Exchange Year is officially kicked off*

An opening ceremony for Japan-China Tourism Exchange Year 2006 was held in Tokyo on March 10, joined by a Chinese delegation, which consisted of about 80 tourism-related members, including China National Tourism Administration (CNTA) Vice Chairman Zhang Xiqing (Photo:right). At the ceremony, Hiroshi Maruyama, Vice Minister for the Ministry of Land, Infrastructure and Transport (Photo:left), said, "Tourism exchange between Japan and China was inactive in 2005. However, the Japan-China Tourism Exchange Year is a big chance to expand tourism exchange between both nations this year and toward the 35th anniversary of diplomatic normalization between Japan and China next year."



CNTA Vice Chairman Zhang Xiqing said, "I believe all of the related-events will succeed. I expect that the China-Japan Tourism Exchange Year will help both nations develop tourism industries, based on spirits of equality and of reciprocity. When we seed in spring, we will be able to harvest in autumn."

Under the China-Japan Tourism Exchange Year, large-scale exchange events will be hosted in three regions of each nation: Hokkaido, Kinki and one more region (undecided) in Japan, Dalian, Kunming and Chengdu in China. In Kunming, Japan-China Culture and Tourism Exchange Promotion Symposium will be held on May 13 this year as one of the international contribution programs by the Ministry of Land, Infrastructure and Transport in cooperation with World Tourism Organization (UNWTO).

Also, Taking advantage of friendship city agreements to expand tourism exchanges, both nations plan to offer symposiums for local organizations of Japan and China and exchange programs between Japanese and Chinese civilians. Several region or city combinations for friendship programs have already been selected, such as friendships between Shizuoka Prefecture and Aichi Prefecture in Japan and Zhejiang Province and Jiangsu Province or between Kyoto, Osaka and Kobe in Japan and Xian Shanghai and Tianjin in China.

The third action is exchanges between Japanese and Chinese young generations particularly in educational trip. In Japan, discussion has been started since December last year to encourage Chinese young generation to visit Japan for educational trip. Japan is planning to carry out about 20 programs for the young generation exchanges, such as educational trip seminars in China or invitation of the related Chinese persons to Japan.

The fourth action is active promotional activity to send tourism attractions of Japan to Chinese via mass media. Also, Japan will help Chinese travel agents bring up specialists for travel in Japan in order to increase sales of travel products for Japan in China. China will hold symposiums or seminars to encourage potential Japanese tourists to visit China.

### + Ambassador Wang Yi values tourism exchanges for diplomatic improvement

Minister of Land, Infrastructure and Transport Kazuo Kitagawa, who visited China at three times last year, said, "I met CNTA Chairman Shao Qi Wei to agree to define 2006 as Japan-China Tourism Exchange year. Also, we have decided to hold the first meeting by tourism ministers of Japan, China and Korea in Hokkaido on July 1 this year. I know there are several political problems between both nations, however I expect the related programs will activate exchanges between Japan and China."

Chinese Ambassador to Japan Wang Yi said, "Mutual understandings are required to improve and develop relations between China and Japan. For that, I believe tourism exchange is an effective means, and large potentiality can be found in tourism cooperation between China and Japan. We need to bring it out together. We always welcome Japanese tourists to China and at the same time I expect that Japan welcome more Chinese tourists."

### \*NTS places DP Tabist as the second core business

NTS President Yutaka Iwasaki said of its dynamic package (DP) product "Tabist," which has been available since November last year, at an interview with the Wing Travel Weekly, "We hope to place it as the second core business for B to C direct sales, in addition to the air only whole seller business for B to B." Despite the online service, Tabist still has "human-touched" services providing information customers need, Iwasaki added.

Iwasaki mentioned the story behind launch of Tabist: "We thought we needed a contact point to get live reactions from general consumers. Then, we paid attention to the DP business for FIT as a direct sales business that can be developed without any expenses." Meanwhile, NTS is continuously focusing on the air only whole seller business as a main business.

Since beginning the service in November last year, Tabist has provided free plan DP products with hotel and air ticket staying one city for almost all destinations. Today bookings of the DP products just account for 2 % or 3% of all bookings on its website because of low visibility with the public. Main users are couples or alone travelers, according to NTS.

Tabist is not a full-automatic system, as a matter of fact, although DP is usually provided on a complete online procedure. Tabist first shows availabilities of air ticket and hotel room online and then a price for a product packaged air ticket and hotel room, however practical arrangement is carried out by human. Iwasaki said, "It is technically possible for us to make a full-automatic system. However, I think public recognition for DP is still low. When we consider how general consumers see DP products, we have judged it is better for our specialty staff to provide customers with accurate responses."

Tabist is confident of a variety of assortments, including JAL flights or small-scale hotels with nice views, which are different from other DP providers' products. Also, Tabist is laying emphasis on selling business class air tickets, as Iwasaki said that Tabist will expand high-grade products particularly for baby boomers who begin retiring after 2007.

### +Next step is a complete online procedure including payment

As the next step, NTS aims to upgrade Tabist to a complete online system for DP, including payment by credit cards or internet banking. At the same time, Tabist will cover more destinations and extend its product ranges including local optional tours. Iwasaki said, "Even after establishing a complete online system, it is important for us to leave 'human-touched' services as much as possible. As a service provider, I think we should maintain customer relation services via phone or e-mail. Indeed, we often accept inquiries on DP from customers after booking."

Also, NTS will enhance advertising activities to raise the public recognition on Tabist. Iwasaki said, "We understand our service is not well known yet among general consumers. Showing that NTS is a 100% subsidiary of Nippon Express, we

will appeal reliability for our products and services to general consumers.” NTS aims to collect 600 to 700 customers monthly for Tabist.

### *\*Rakuten Travel begins a campaign for its DP products*

Rakuten Travel, one of the largest online travel companies, has begun a campaign for sales promotion of its dynamic package (DP) products, which are named “RakPak,” since March 14 this year. The campaign has a catchphrase of “Future travel, Present for you three years later” to focus on a 20’s to 30’s FIT segment, which is defined as a main target for DP by Rakuten. During the campaign period from March 14 to May 31, ten winners out of all customers for “RakPak” products will be presented the same travel as they experience this time three years later.

Rakuten Travel President Yoshihisa Yamada said, “The DP business combined hotel and air ticket is a large step for us under the new trend that integrated travel services can be provided on internet. We will accelerate the business further.”

The product concept for “RakPak” is 3S of Search, Speedy and Safety, each of which represents search of air tickets, speedy supply of available rooms on real time and safety support system. Regarding search of air tickets, “RakPak” provides the available shortest flight to a destination and the most appropriate airfare at the same time. Also, “RakPak” distinctively provides the latest room availability information for 14,764 hotels worldwide. For the support system, “RakPak” backs up its customers with airport services, 24-hours services and local services. Local services are provided in cooperation with GTA and Miki Tourist.

### *\*JCB will start Hawaii Project under the auspices of HTJ*

JCB Co., a credit card service provider, will start “JCB Discover Aloha” project for a year from April 1 this year to encourage JCB cardholders to use the cards in Hawaii and also to contribute to increase of Japanese tourists to Hawaii. The project, which will be backed up by Hawaii Tourism Japan (HTJ) and in cooperation with JAL, consists of JCB Discover Aloha Campaign, tourism promotions with HTJ and sponsor companies and free ride on trolley bus.

JCB Discover Aloha Campaign will be supported by HTJ that is developing the same name campaign. Through the campaign, JCB cardholders who use the cards at JCB member’s stores in Hawaii may win prizes, depending on how much they pay there, and also special prizes will be prepared by sponsor companies.

At the same time, JCB will develop tourism promotions on HTJ’s and sponsors’ websites. In tie-up with Waikiki Trolley Bus, JCB will operate free trolley bus exclusive for JCB members during the campaign period.

In the meantime, JCB will support environmental protection activities in Hawaii, through which JCB will contribute to “The Nature Conservancy of Hawaii,” environmental protection organization in Hawaii, every year. State of Hawaii and City of Honolulu have decided to designate November 14 as “Day of JCB.”

JCB aims to add annual revenue of more than 5 billion yen through the campaign, which will ultimately help Hawaii grow the tourism industry. JCB hopes to continue the campaign after next year to get involved in development of the tourism industry in Hawaii from a long-term perspective.

Sponsors to the campaign are NTT Docomo, JAL, Otsuka Pharmaceutical Co., P&G, Fuji Photo Film and Travelex Japan. JCB hopes to increase sponsors joining the campaign.

### *\*JAL nearly achieves its e-ticket rate of 40% on international flights*

JAL recently revealed that it will certainly achieve its e-ticket rate of 40% on international flights by the end of March this year. JAL will improve its e-ticket rate by extending interline tie-ups to approach the IATA’s target of 100% e-ticket by the end of 2007.

The JAL’s e-ticket rate was just less than 20% a year ago, however the rate has been rising month by month since April last year because of development of the infrastructure for e-ticketing, increase of interlines with other airlines and effects from the bonus mile campaign for e-tickets, according to JAL. Although JAL understands that the IATA’s target is high, it aims at 100% e-ticket rate with its voluntary efforts.

JAL regularly holds meetings to share information among sections of ticketing, booking, sales marketing and airport, in

which they try to find hints for expansion of e-tickets. The most important thing for rise of e-ticket rate is to enhance interline tie-ups with other airlines, JAL says. Today JAL can offer e-tickets on every international itinerary using American Airlines, British Airways, Hawaiian Airlines and United Airlines. JAL intends to make interline tie-ups with a significant number of airlines by early FY2006.

Another challenge toward 100% e-ticket rate is how JAL can deal with e-ticketing on code-sharing flights under a block space system, although JAL can issue e-tickets for code-sharing flights under a free flow system worldwide through interline tie-ups. JAL is working together with Air France to standardize an e-ticketing system for code-sharing flights under a block space system.

Also, JAL is making efforts to make up a world standard of e-ticketing system for infant airfares in cooperation with a working group of IATA. JAL says that it is possible to complete the system within FY2006.

In addition to e-ticketing service via Galileo, which has been available since February this year, JAL is planning to extend e-ticketing service via Amadeus or Worldspan.

### *\*ANA and SWR agree on comprehensive tie-ups*

ANA announced on March 14 that it has agreed on comprehensive tie-ups, including mileage program, with Swiss International Airlines (SWR). SWR will join Star Alliance this coming spring. This is the 22nd airline for ANA to make a mileage program tie-up. Both ANA Mileage Club members and SWR Miles & More members will enjoy service privileges reciprocally from April 1 this year.

SWR will move from the second passenger terminal to the South Wing of the first passenger terminal, which will be an exclusive floor for Star Alliance, at Narita Airport on June 2 this year. The comprehensive tie-up includes new code-sharing cooperation on both international and domestic flights, which may start as early as June this year.

### *\*Domestic local flights decreased passengers for 2005 despite the open of Centrair*

The Ministry of Land, Infrastructure and Transport recently reported that domestic flight passengers for 2005 increased on trunk routes but decreased on local routes even though Central Japan International Airport or Centrair opened in February 2005. A total of domestic flight passengers for 2005 was up 0.7% to 94.4 million, which were broken down into 39.3 million passengers on trunk routes, 2.1% more than a year ago, and 55.2 million passengers on local routes, 0.3% fewer than a year ago.

Among trunk routes, Haneda-Sapporo and Haneda-Fukuoka still remained to be the busiest and the second busiest routes, though large increase did not happen on these routes. Large passenger growths were 4.3% on Haneda-Itami (Osaka), 6.6% on Haneda-Naha and 7.9% on Haneda-Kansai International Airport. The remarkable growth of flight passengers between Tokyo and Osaka resulted from each airline's efforts, such as introduction of discounted airfares to win the competition with Shinkansen (bullet train) or improvement of check-in procedures at airports.

The Ministry defines Tokyo-Sapporo, Tokyo-Fukuoka, Tokyo-Osaka, Tokyo-Naha, Osaka-Fukuoka, Osaka-Naha and Osaka-Sapporo as trunk routes (Tokyo includes Haneda and Narita, Osaka includes Itami and Kansai International).

On the other hand, major local routes decreased passengers: down 2.7% on Haneda-Hiroshima (5th), down 3% on Haneda-Kagoshima (6th), down 3% on Haneda-Komatsu (7th), down 6% on Haneda-Hakodate (17th), down 1% on Haneda-Takamatsu (18th), down 3.3% on Itami-Kagoshima (22nd), down 0.1% on Haneda-Okayama (24th), down 3.9% on Haneda-Toyama (26th) and down 2.9% on Haneda-Akita (27th).

International flight passengers for 2005 totaled 17.9 million, 1.2% more than 2004, which represented the almost same level as 2002. Passenger results of each flight destination are as follows:

China = 2,818,189 (up 5.5%)  
 Korea = 2,120,766 (up 8.3%)  
 Taiwan = 1,517,271 (up 2.2%)  
 Other Asia = 3,909,321 (up 1.3%)  
 Mainland U.S. = 2,083,490 (up 0.3%)  
 Pacific = 3,163,490 (down 3.8%)  
 Europe = 1,945,752 (down 2.3%)  
 Oceania = 644,290 (down 2.2%)

*\*New Kitakyushu Airport opened, Star Flyer started flight business*

New Kitakyushu Airport opened on March 16 with seat booking rate of around 50% for the first month. JAL Group still serves five return flights daily between the new airport and Haneda with larger aircraft than that for flights between old Kitakyushu Airport and Haneda. In addition, J-Air serves three return flights daily for Nagoya with CRJ200, and Japan Transocean Air serves one return flight daily for Naha with B737. JAL Group offers about 2.1 times more seats at New Kitakyushu Airport than old Kitakyushu Airport.

As of March 15, the booking rates for March this year were less than 50% on Haneda route, less than 60% on Nagoya route and less than 70% on Naha route respectively, according to JAL.

In line with open of the new airport, Star Flyer began serving 12 return flights daily between the airport and Haneda with A320. It held booking rate of 53% for March this year as of March 15. The start-up airline is challenging the competition with JAL or Shinkansen (bullet train) with high frequent flights and the luxury cabin with leather-covered seats.

*\*Airlines enjoyed high load factors on Kobe flights for the first month*

For the first month since Kobe Airport opened on February 16 this year, airlines enjoyed high load factors of 70% to 80% on their flights on average. Serving flights on six routes (Haneda, Sapporo, Sendai, Kumamoto, Kagoshima and Naha), JAL carried 97,810 passengers in total on 136,071 available seats, which represented load factor of 71.9%. Among the six routes, the highest load factor was 85.5% on Haneda route, followed by 81.8% on Sapporo route and 71.2% on Naha route. JAL serves its Haneda flights with B767 and B777-200.

ANA carried 66,256 passengers on 98,781 available seats for six routes of Haneda, Sapporo, Sendai, Niigata, Kagoshima and Naha, which represented load factor of 69% on average. In the same manner as JAL, ANA recorded high load factors of 77% on Haneda route, 76% on Sapporo route and 77% on Naha route. To meet high demand, ANA will use B767 for both of two return flights daily on its Haneda route from this coming April, though it uses A320 for one of them today.

Serving seven return flights daily on Haneda-Kobe route only, Skymark Airlines carried 56,460 passengers on 65,490 available seats from February 16 to March 14. The load factor was 86.2%, and the load factor on flights from Kobe to Haneda remarkably recorded 91.3%. The airline offers normal airfare of 10,000 yen on the route for a limited year.

*\*Kansai could not stop decrease of international passengers*

Kansai International Airport Co. released an air traffic report for February 2006 on March 14, reporting that the airport decreased international flight passengers by 4% to 843,500, but increased domestic flight passengers by 21% to 367,538 compared to the same month a year ago. The airport decreased international flight passengers for five consecutive months since October last year. In total, the airport was used by 1,211,038 passengers for February 2006, 3% more than a year ago.

The number of take-offs and landings for February this year was up 9% to 8,422 times, which were broken down into 5,377 times for international flights (almost the same as a year ago) and 3,045 times for domestic flights (up 28%).

On a daily basis for February 2006, the airport handled 43,300 passengers, 3% more than a year ago, which were classified into 30,100 international flight passengers (down 4%) and 13,100 domestic flight passengers (up 21%).

The airport handled 150.4 international and domestic flights daily for February this year, 9% more than a year ago, of which international flights were broken down into 77.7 passenger flights, 17.1 cargo flights and 1.3 flights for other purposes.