

**Global value chain in travel & tourism business  
and roles of SMEs**



**Mile Post Consultants, Inc.**

**President**

**Fumihiko Sakakibara**

## **Two types of business models for travel & tourism industry**

- 1 ) Pursuit of profit in distribution of products which comprise a trip (Commission income)
- 2 ) Gaining profit by creating value in total with original ideas/arrangement added to combination of tour products (Value-added income)

# Travel agencies by numbers of employees 2005

Employees	Travel agencies	%	
Less than 20	270	51	} <b>95%</b>
21 ~ 50	121	23	
51 ~ 100	56	11	
101 ~ 300	49	9	
301 ~ 500	7	1	
501 ~ 1000	7	1	
1,001 and more	16	3	
<b>Total</b>	<b>526</b>	<b>100</b>	

526 samples out of 781 Category 1 registered agencies

Source:  
Ministry of Land, Infrastructure & Transport

## Sales results of travel agencies by numbers of employees 2005

Employees	Travel agencies	Sales results of overseas trips
Less than 20	270	757,889 pax
21 ~ 50	121	1,171,995
51 ~ 100	56	1,135,224
101 ~ 300	49	3,673,596
301 ~ 500	7	549,528
501 ~ 1000	7	1,875,814
1,001 and more	16	6,713,755
<b>Total</b>	<b>526</b>	<b>15,877,801</b>

Source:  
Ministry of Land, Infrastructure & Transport

## Sales profit per an employee of travel agencies by numbers of employees 2005

Employee	(JPY) Sales profit	(JPY) Substantial agencies
Less than 20	- 397,000	1,073,000
21 ~ 50	360,000	897,000
51 ~ 100	696,000	1,432,000
101 ~ 300	423,000	804,000
301 ~ 500	765,000	765,000
501 ~ 1000	65,000	442,000
1,001 and more	278,000	346,000
<b>Average</b>	<b>304,000</b>	<b>523,000</b>

Substantial agencies: companies with recurring profit in surplus

Source:  
Ministry of Land, Infrastructure & Transport

## Sales amount per an employee of travel agencies by numbers of employees 2005

Employee	(JPY) Ave. sales amount	(JPY) Ave. amount of substantial agencies
Less than 20	78,441,000	81,193,000
21 ~ 50	88,216,000	101,800,000
51 ~ 100	76,151,000	86,053,000
101 ~ 300	151,721,000	112,341,000
301 ~ 500	144,253,000	144,253,000
501 ~ 1000	134,765,000	122,294,000
1,001 and more	97,242,000	112,758,000
<b>Avarage</b>	<b>99,883,000</b>	<b>112,236,000</b>

Source:  
Ministry of Land, Infrastructure & Transport

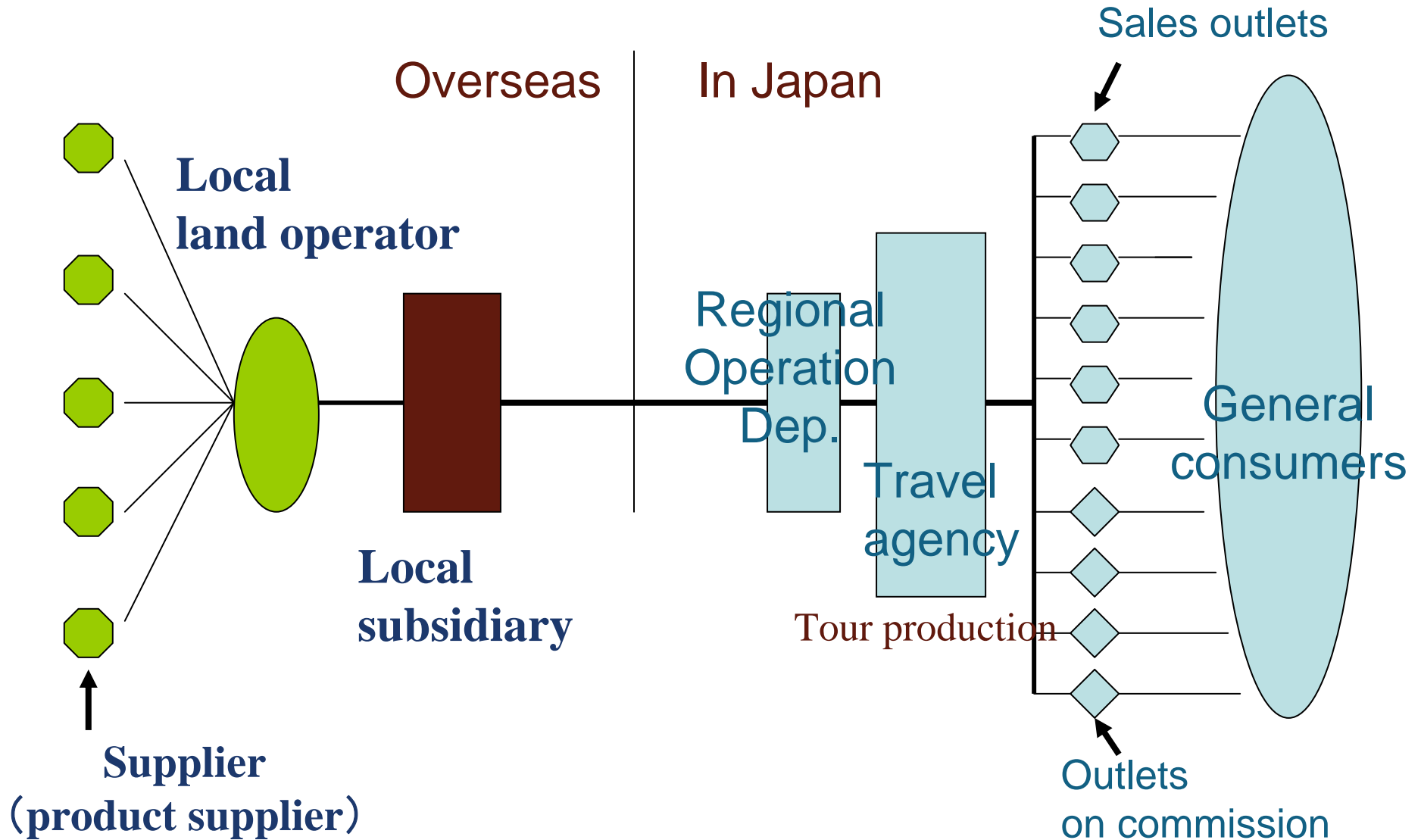
## **Mainstream of tourism in the 20th century**

- Groups = Compromises to go with majority
- Excursion to tourist spots and places of interests

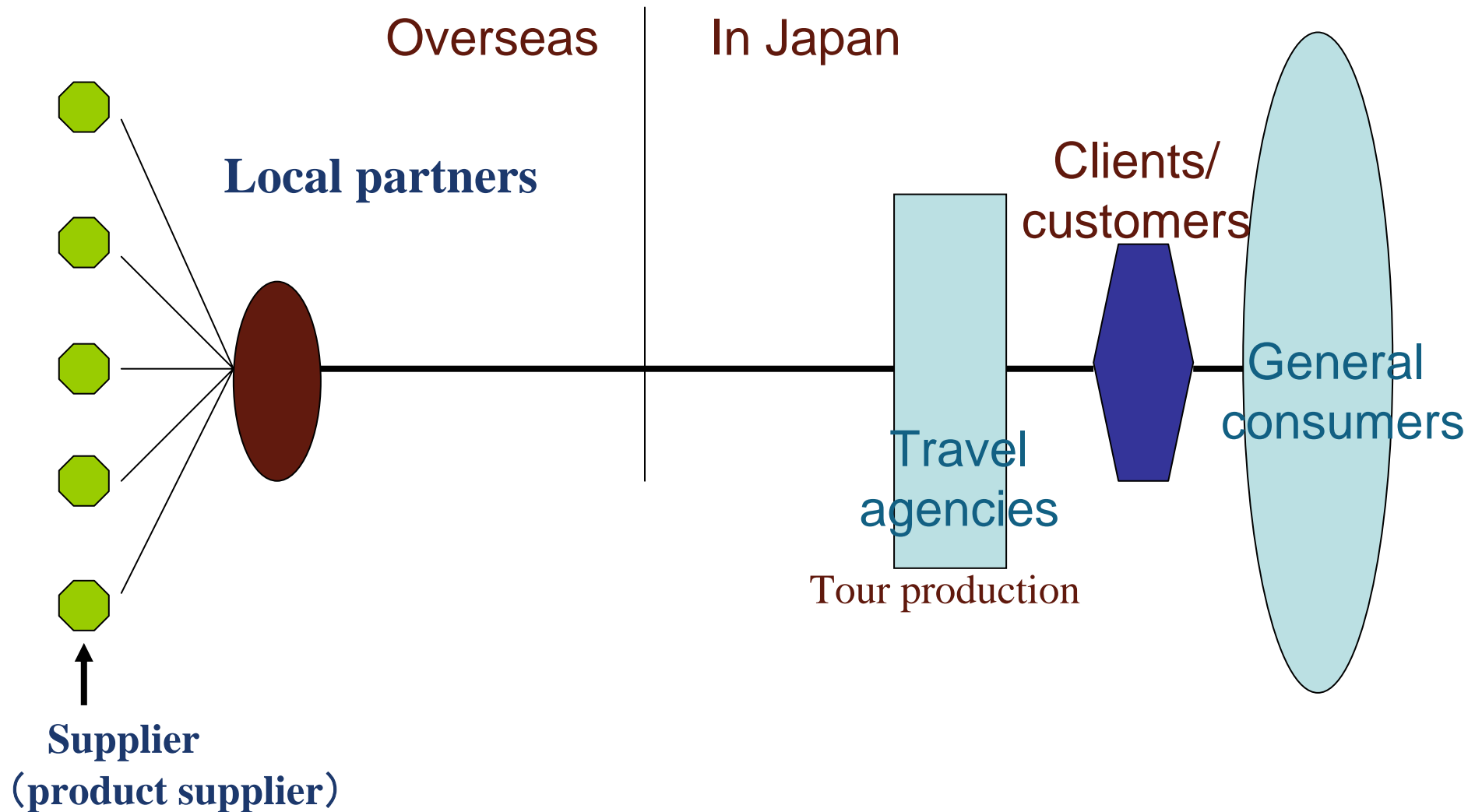
## **Trend of tourism in the 21st century**

- Individuals (married couples, families, friends, partners) = Travel as oneself wishes/likes (Original travel)
  - Participation
  - Experience
  - Self-discovery/enrichment

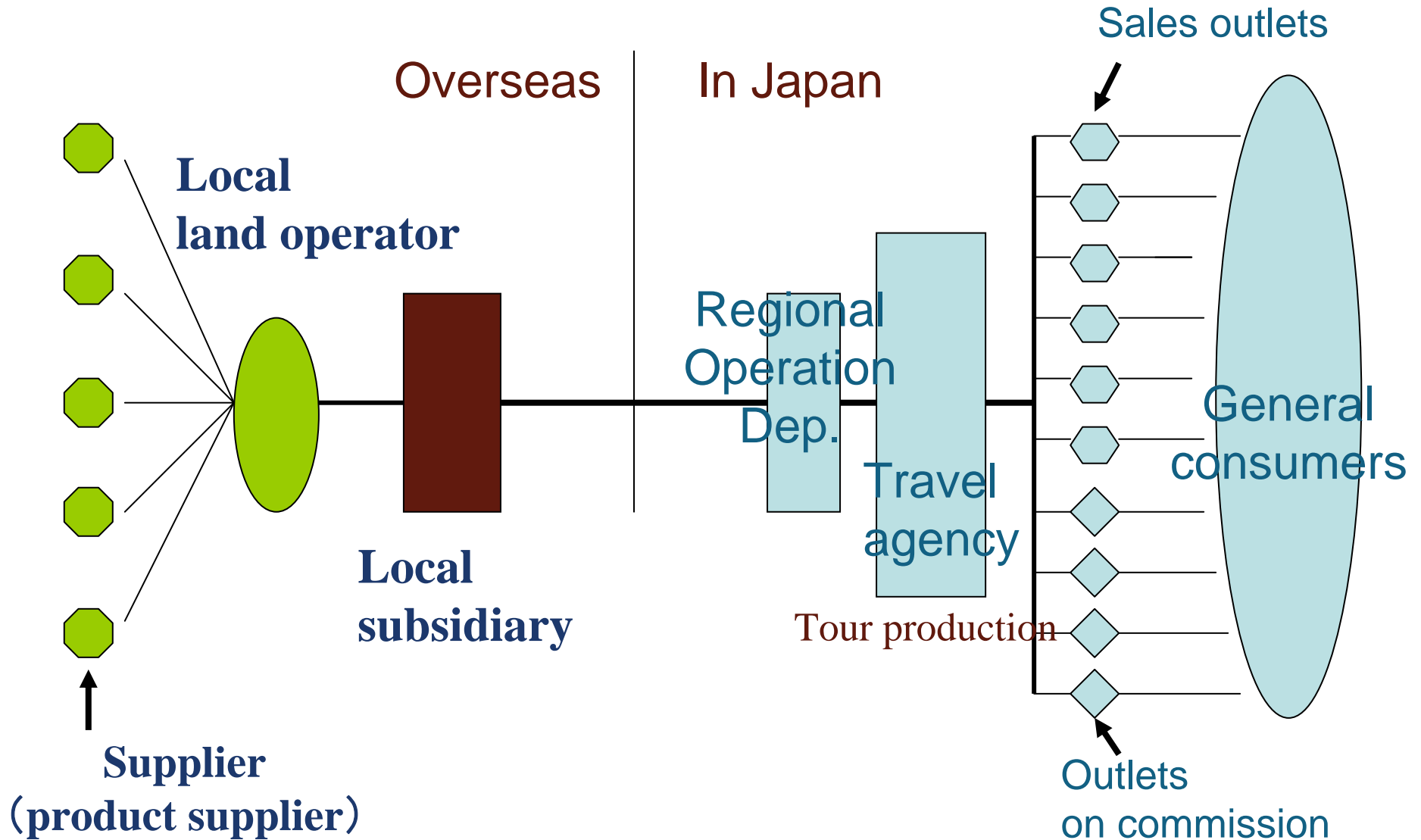
# Distribution system of tour products by major travel agencies



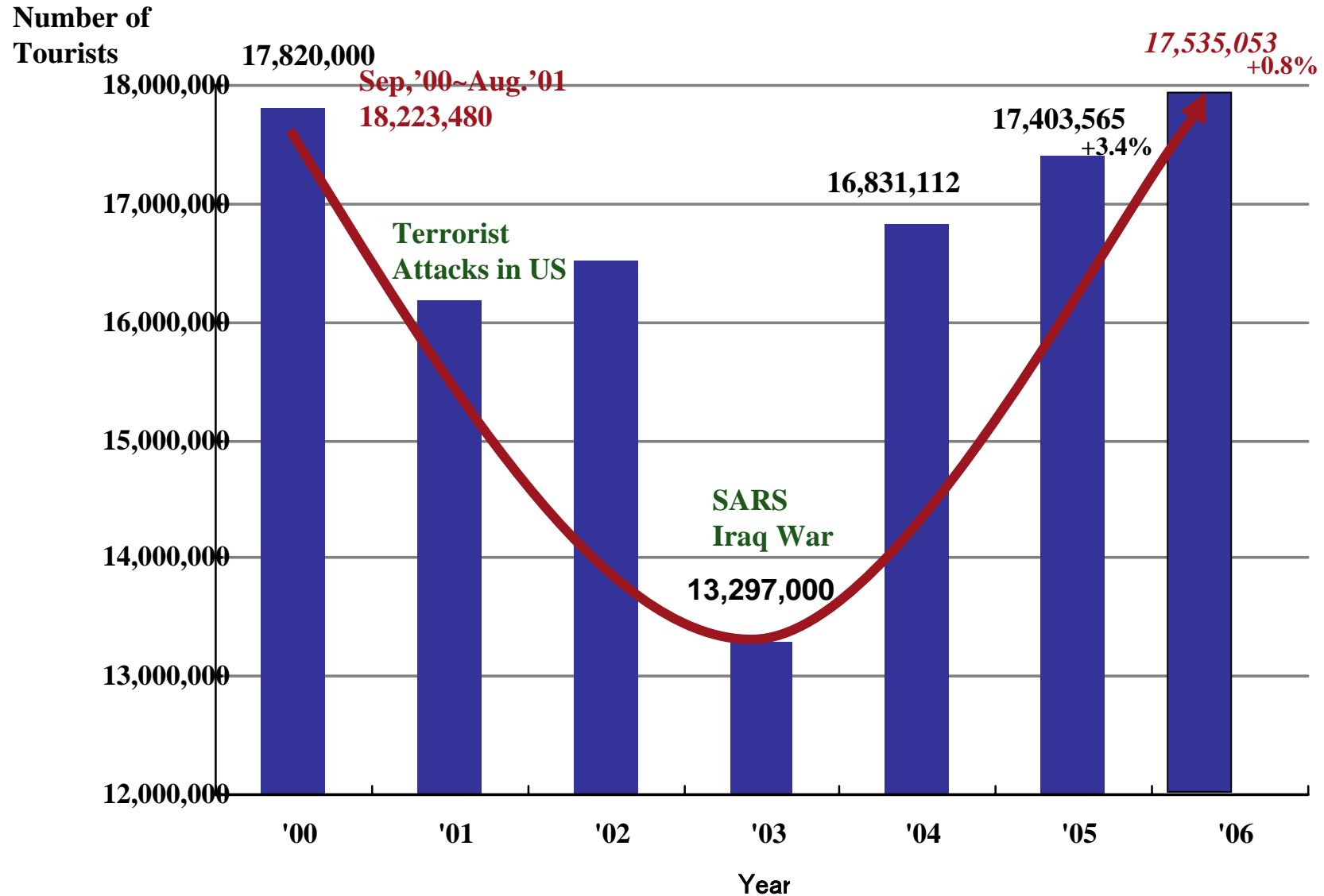
# Distribution system of tour products by middle- & small-sized travel agencies specializing in destinations and tour programs



# Distribution system of tour products by major travel agencies



# Japanese outbound travelers 2000~2006



## Destinations decreased in numbers of Japanese travelers 2000 ~ 2006

	2000	2006	+-	%	Peak Year	X 1,000
• USA*	5,061,377	3,672,584	- 1,388,793	- 27.4	5,368,000	'97 -1,695
• Singapore	929,895	594,198	- 335,697	- 36.5	1,179,007	'95 -585
• Hawaii	1,825,588	1,374,454	- 451,134	- 24.7	2,092,480	'97 (-718)
• Switzerland (05)	623,291	335,199	- 288,092	- 46.2	623,291	'00 -288
• France (05)	852,000	659,000	- 193,000	- 22.7	990,000	'97 -331
• UK (05)	557,000	326,000	- 231,000	- 41.5	570,000	'97 -244
• Hong Kong	1,382,417	1,311,111	- 71,306	-5.2	2,382,890	'96 -1,071
• Malaysia	455,981	340,027	- 115,954	- 25.4	455,981	'00 -116
• Canada	540,095	368,474	- 171,621	- 31.8	729,343	'96 -361
• Guam	1,048,813	955,245	- 93,568	- 8.9	1,113,012	'97 (-158)
• Australia	720,411	651,070	- 69,341	- 9.6	813,892	'96 -163
<b>Total</b>			<b>- 2,864,802</b>			<b>-4,855,000</b>

\*USA includes the figures for Hawaii and Guam.

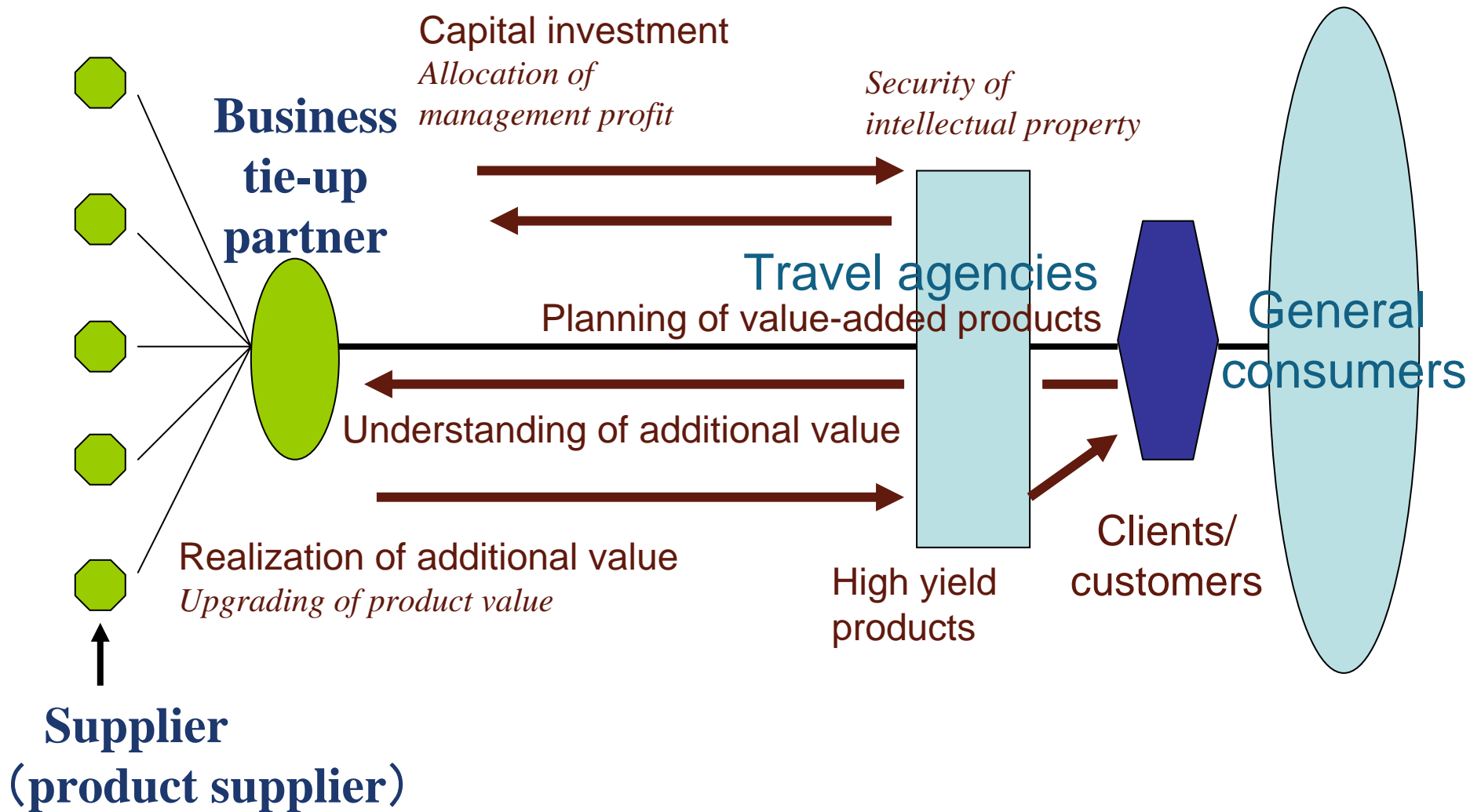
Source: NTOs

## Destinations increased in numbers of Japanese travelers 2000 ~ 2006

	<b>2000</b>	<b>2006</b>	<b>+ -</b>	<b>%</b>
• China	2,201,528	3,672,584	1,471,053	+ 66.8
• Spain	300,823	710,888	410,065	+ 136.3
• Taiwan	922,865	1,163,835	240,970	+ 26.1
• Vietnam	152,755	383,896	231,141	+ 151.3
• Cambodia (05)	19,906	137,849	117,943	+ 592.5
• Czech (04)	56,867	122,613	65,746	+ 115.6
• Russia (04)	62,619	92,329	29,710	+ 47.4
• Turkey	89,238	116,974	27,736	+ 31.1
• Macau	144,888	220,190	75,302	+ 52.0
• Sri Lanka	10,266	16,190	5,924	+ 57.7
• Fiji	19,674	24,369	4,695	+ 23.9
• New Zealand	151,373	154,925	3,552	+ 2.3
• Mongolia (04)	10,283	13,196	2,913	+ 28.3
<b>Total</b>			<b>+2,686,753</b>	

Source: NTOs

# Distribution of value



**Creation of new additional value**

Treasure hunting

Product & market matching

# **Pioneers of Paradime shift**

**SMEs**

**Quick correspondence/reaction to changes**

**Win & win business cooperation with  
partners**

## **Mainstream of tourism in the 20th century**

- Groups = Compromises to go with majority
- Excursion to tourist spots and places of interests

## **Trend of tourism in the 21st century**

- Individuals (married couples, families, friends, partners) = Travel as oneself wishes/likes (Original travel)
  - Participation
  - Experience
  - Self-discovery/enrichment

**Global value chain in travel & tourism business  
and roles of SMEs**



**Mile Post Consultants, Inc.**

**President**

**Fumihiko Sakakibara**