
AN EVALUATION OF COMMUNICATION NETWORK FOR THE PROMOTION OF JAPANESE INBOUND TOURISM IN SRI LANKA

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Abstract

Tourism has been one of the world's largest industries contributing to the global GDP of USD 856 billion in 2007, employing over 200 million people and accounting for over 903 million international tourist arrivals. Despite many endowed tourist attractions in Sri Lanka, when compared with the neighboring countries it is observed that the potential has not been fully utilized.

Although the Japanese inbound tourism in Sri Lanka is within the first ten highest arrivals and there has been a significant increase in the average yield, the authorities and the stakeholders have not considered Japan as an important inbound tourist market despite Japan being ranked as the fourth largest tourism spender in 2007 with USD 40,587 million. With the research conducted it was observed that the National Tourism Promotion Organizations and the key stakeholders of Sri Lanka Tourism have not yet clearly recognized the importance of the use of communication networks with modern technology in promoting Japanese inbound tourism in Sri Lanka. Japanese as the potential customers, they are highly tech savvy and with heavy reliance on the referral systems as the users of social networks and social media mainly communicated in their own language.

Possible impacts of effective communications networks of destination promotion for Japanese inbound tourists are examined considering with the use of state of the art in communication networks to reach the new breed of customers with a view to meet their expectations efficiently and effectively.

Key terms: Tourism, Inbound tourist market, Supply network, Destination promotions

1. Introduction

Sri Lanka has a long standing global reputation as a popular tourist destination. When compared to the competitive tourist destinations in the region such as Maldives, India and Singapore, Sri Lanka is endowed with many tourist attractions such as rich cultural heritage, diverse landscape, number of wildlife reserves, vast biodiversity, long stretches of clean beaches, diverse plantations, different climatic conditions within a few hours of travel, adventure parks, rivers and attractive waterfalls, and many tourist attractions including the world renowned hospitality of Sri Lankans.

“Sri Lanka’s tourism potential has not yet been fully exploited. Although Singapore lacks the richness of resources that Sri Lanka is endowed with, Singapore has attracted 10.5 million visitors in 2007. In India, the tourism industry has seen a phenomenal growth between 2002 and 2007 and earnings from tourism have increased at the high rate of 33.8 percent to US Dollars 11,956 million in 2007. In recent years, the Maldives has been successful in marketing natural assets such as unpolluted beaches on small coral islands, diving in blue waters, abundant with tropical fish and glorious sunsets. Tourism now brings in about US Dollars 450 million a year to the Maldives. Although tourism is the fourth largest foreign exchange earner of Sri Lanka, it still earns only around US dollars 400 million per year. Sri Lanka’s rich cultural heritage, diverse landscaped and a number of wildlife reserves present a wide range of opportunities for prospective tourists. But, the average expenditure per tourist per night (five star hotels) is around US dollars 100-150 in Sri Lanka, whereas that rate is around US dollars 600-800 in the Maldives and India. The Tourism industry has the potential to expand and develop by diversifying and promoting Sri Lanka in especially emerging market economies, such as India and China. India has been the top contributor in Sri Lanka’s tourism earnings from 2005. The Middle East is also a potentially significant tourism generating market for Sri Lanka. Promoting Sri Lanka as a tourist destination in accordance with a well prepared strategic marketing plan targeting these markets will pay ample dividends in the medium to long run.” (*Annual Report 2007, Central Bank of Sri Lanka*)

2. Literature Review

Tourism has been one of the world’s largest industries contributing to global Gross Domestic Product (GDP) of US\$. 856 billion in 2007 and employing over 200 million people. In 2007 there were over 903 million international tourist arrivals.

After 4 years of growth averaging at 3.6% per annum, travel and tourism economy GDP growth slowed to 1% in 2008 due to the global economic down turn, according to the World Travel & Tourism Council (WTTC), Tourism Economic Research of WTTC indicates the contribution of the Travel and Economy to GDP is expected to rise from 9.4% (US\$. 5,474 bn), in 2009 to 9.5% (US\$.10,478 bn) by 2019.

2.1 Tourism in Sri Lanka

According to the Annual Statistical Report 2007 of Sri Lanka Tourism Development Authority, the overall arrivals for the year 2007 as a whole has decreased by 11.7 % to 494,008 as compared to the arrivals of 559603 registered in the year 2006.

In 2007, the earnings from tourism has declined by 0.2%, to Rs.42,519.3 million as compared to Rs. 42,585.5 million recorded in the year 2006.

If we analyze the current situation of the attractive industry in Sri Lanka on the net foreign exchange earning of Rs.43.6 billion in 2006, Sri Lanka’s market share stands at 0.07 percent which means that a meager 0.01 percent share increase can result in an additional foreign exchange earning of Rs. Six billion to the country.

Although “sun and beach tourism” remains the main attraction for most foreign visitors, alternative tourism such as eco, water sports and adventure, historical, ayurveda, cruise, photo tourism, and golf tourism, which have great potential have not been promoted to gain the best potential in Tourism . With the international growth of tourism ecotourism has become increasingly popular. Sri Lanka is an ideal destination for ecotourism, given the many activities that tourists could engage in such as hiking, cycling, bird watching, and photography and wildlife safaris. In addition to above the scenic and varied landscape, adventure tourism also has potential in Sri

Lanka which has been promoted only small scale.

This shows that in Sri Lanka's Tourism has not been fully exploited to accrue benefits for the socio – economic development.

In the “Sustainable Tourism Development in Sri Lanka” clearly explain the necessity to strategize the following fundamental requirements to attain a sustainable tourism development. They are; maintaining of the ecological balance, maximizing tourist satisfaction and Maximizing the well-being of local community

2.2 Japan inbound tourism in Sri Lanka

Based on the statistics available with SLTPB there is a 20% decline in the arrival of Japanese tourists to Sri Lanka from 17,178 in 2003 to 13,679 in 2007. This is a significant reduction which has to be analyzed and remedial actions need to be taken.

However the average spend per day has increased from USD 106 in 2003 to USD 108.1 in 2007 which is not very significant. The average duration of stay (nights) has increased from 8.1 to 9.9 in 2003 and 2007, respectively which is a significant increased of 22%. The average yield during the period 2003 to 2007 has not been varied and remains at USD 14.6 million approximately.

2.3 Supply Chain Network in Sri Lanka Tourism

Tourism industry has many players and the success of satisfying the final customer namely the tourist depends heavily on the seamless satisfactory services provided by each stakeholder in the supply network. Therefore, it is of paramount importance to identify the role played by each player in the network and harmonize the services in such manner that the final tourist product offered to the customer is of higher value. Hence, the roles played by each stakeholder are heavily dependent on each other.

The major stakeholders in the tourism industry can be identified as the destination management organizations (national regional and local area), transports providers (air, water, and land), hotels and restaurants, travel agencies, tour operations, visitor attractions, educational institutions, industry associations and others who are interested in the tourism industry both in public and private sectors.

2.4 Supply network in Inbound Tourism to Sri Lanka

A significant development occurred in the tourism industry in Sri Lanka with effect from 1st October 2007 by the implementation of the Tourism Act No. 38, of 2005. With the promulgation of the new tourism act, the Sri Lanka Tourism Board Act No. 20 of 1966, that prevail during the past 45 years was repealed. By creation of four independent statutory bodies the administration was decentralized. These four institutions are Sri Lanka Tourism Development Authority, Sri Lanka Tourism Promotion Bureau, Sri Lanka Convention Bureau and the Sri Lanka Institute of Tourism and Hotel Management. These new bodies have undertaken the development, planning setting standards, marketing and promotion, MICE as well as development of human resources in relation to tourism. The new administrative structure facilitates a public private partnership in the management of the tourism industry in Sri Lanka. This is the official destination management organization (DMO) for tourism industry in Sri Lanka.

3. Problem Statement

According to the information gathered from Sri Lanka tourism authorities and the Japanese sector at Sri Lanka Tourism Promotion Bureau (SLTPB), the stakeholders of the Japanese inbound tourist sector, namely the private sector and the SLTPB have not identified the Japan sector as a potential market. Based on the ranking of global tourism Japan has been identified as the fourth biggest tourist spender with US dollars 40,587 million in year

2007, behind Germany, United States and United Kingdom. (*The Economist – Pocket world in figures 2008 edition*)

This creates an issue as to whether the National Destination Management Organization and the other stakeholders in the Tourism Industry in Sri Lanka has critically evaluated the promotional activities that have been carried out in the supply network to attract the Japanese Tourists to Sri Lanka.

4. Research Objectives

The Objective of this study is to evaluate the communication network for the promotion of Japanese inbound tourism in Sri Lanka, to examine the current trends, critical issues & challenges and possible recommendations to improve the efficiency and effectiveness of the communication networks considering the different approaches with latest technological developments available to such promotion.

5. Research Methodology

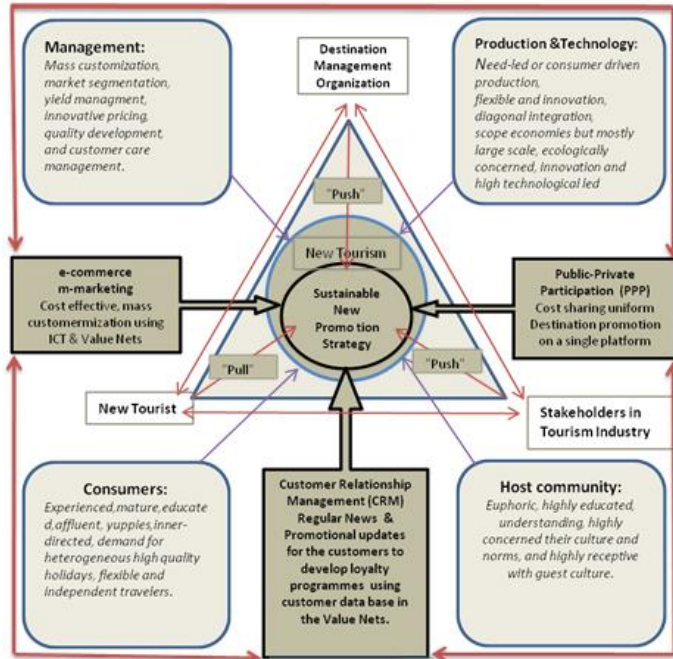
Methodology of the study has different pillars, which includes, exploring the relevant concepts and reviewing of available literature, Conducting interviews and discussions with the relevant officers at Sri Lanka tourism development authorities, key stakeholders and others in the Supply Network pertaining to the Japanese inbound tourism in Sri Lanka.

An analytical approach has been used to analyze the data collected by this study. A conceptual model has been developed. It is called “**New Supply Network for Destination Promotion**”

6. New Supply Network for Destination Promotion

Based on the theoretical concept of sustainable tourism development, and the latest technological developments available for the promotional activities the following new model has been developed a sustainable new promotion strategy for the destination promotion combining the efforts of public-private participation as well as the e-commerce m-marketing techniques and Customer Relationship Management techniques.

Figure 1 Key Drivers for Effective Communication Networks for Destination Promotion



7. Data Analysis

7.1 Seat capacity analysis of inbound flights to Sri Lanka from Japan

According to the Annual Statistical Report 2007 of SLTDA 99.9% of tourist have arrived in Sri Lanka by air transport since 1998. Therefore, it is important to have international airlines operating from Japan to Sri Lanka.

From the available statistics of SLTPB it is observed that there are four international airlines operating flights to Sri Lanka from Japan namely, our national carrier Sri Lankan Airlines, Singapore airlines, Thai airways and Malaysian airlines with a total annual available seat capacity to Sri Lanka of 111,396 with an average of three flights per week. Please refer the table below for details.

Table 1 Total analysis of available seat capacity for Sri Lanka

Airline	No. of flights per week	Type of aircraft	Seats per air Craft	Estimated no of seats of flight for Sri Lanka/Tourists	Total Per week	Annually	Current Arrivals
UL	3	A340	295	196 (2/3)	589	2359	28308
SQ	6	77200	234	117 (1/2)	702	2808	33696
TG	3	744	325	678 (1/2)	678	2712	32544
MH	3	77200	234	117 (1/2)	351	1404	16848
Total							111396

Source: Strategic Marketing & Country Activity Plan 2008 – Sri Lanka Tourism Promotion Bureau

7.1 Occupational Analysis of Visitors of Japan

Based on the information available at SLTPB around 25% account for businessmen, professionals, and

executives whilst scientists, technicians and educationist account for approximately 13% of the balance other occupation and without any occupation account for more than 60% approximately.

Table 2 Occupational Analysis of visitors of Japan to Sri Lanka (%)

	2002	2003	2004	2005	2006
Businessmen	5.1	5.7	5.5	6.6	7.02
Professionals	5.8	7.6	4.7	3.8	4.21
Executives	16.4	27.5	13.0	12.4	13.18
Scientists & Technicians	8.3	3.6	4.1	8.4	7.01
Educationists	3.4	2.8	3.1	5.2	5.59
Other Occupations	31.5	33.9	37.3	38.6	38.64
No occupation	20.8	15.3	23.8	22.4	23.8
Retired	8.3	3.4	8.1	1.7	0.54

Source: Strategic Marketing & Country Activity Plan 2008 – Sri Lanka Tourism Promotion Bureau

7.2 Demographic characteristics of Japanese tourists

Though there are no significant differences among Japanese tourist arrivals to Sri Lanka in compared to many other tourist generating countries, many senior citizens are very concerned over the present security situation in Sri Lanka.

Table 3: Visitor Demographics of Japanese Tourists (%)

Age	2002	2003	2004	2005	2006
3-19	5.3	4.2	6.1	5.2	5.25
20-29	34.9	48.3	21.1	5.3	15.96
30-39	21.3	17.0	25.1	24.8	25.5
40-49	19.9	15.8	17.4	22.7	23.13
50-59	3.9	3.1	14.4	19.0	19.3
60+	14.5	11.5	15.7	22.71	10.84

Source: Strategic Marketing & Country Activity Plan 2008 – Sri Lanka Tourism Promotion Bureau

7.3 Purposes of visit to Sri Lanka by Japanese tourists

Based on the information available with SLTPB over 60% have been identified as pleasure seekers and around 20% for business.

Table 4 Purpose of visit to Sri Lanka by Japanese Tourists (%)

	2002	2003	2004	2005	2006
Pleasure	85.3	82.5	87.16	65.58	66.7
Business	10.3	12.4	10.35	23.35	21.59
VFR	0.39	0.54	0.58	1.83	1.94
Religious /Cultural	2.8	0.05	0.00	5.58	5.91
MICE	0.77	4.03	1.00	1.01	1.07
Other	0.28	0.00	0.87	2.62	2.77

Source : Strategic Marketing & Country Activity Plan 2008 – Sri Lanka Tourism Promotion Bureau

8. Conclusions

The non-use of Japanese Language in the majority of promotional tools to the Japanese Tourism Market is a major setback in the promotions. As the Japanese tourists are highly concerned about the safety it is important to portray Sri Lanka as a safe destination for the tourists. This is necessary to attract the “silver” segment which is the wealthiest segment of tourist.

The lack of privacy has distracted the honeymoon couples from Sri Lanka and the beneficiary has been Maldives. Further, lack of sophisticated internet based online tourism in Japanese language and lack of usage of social networks (blogs) specially in Japanese Language is also considered as a major setback. The less use of mobile marketing tools in the promotional activities both in Japanese and English languages are also led to inefficiency.

Research studies indicate that around 83% of those visiting Sri Lanka have expressed their willingness to revisit to Sri Lanka, as a result of satisfied customers. This is a vital factor to develop a Direct Marketing Communication Strategy (Customer Relationship Marketing-CRM) with a special package to those who have already visited Sri Lanka to bring a friend and qualify for the special promotion which will boost the inbound tourism arrivals from Japan as well as other countries.

9. Limitations of the study and Direction for future research

Limitations of this study includes lack of availability and vague nature of the published data, The promotional expenses made by Sri Lanka Tourist Development Authority and all other stakeholders are not available in the public domain. Some promotional strategies adopted by the stakeholders are overlapping and it is difficult to identify the impact of such strategies separately and the time available for an extensive study for an external researcher.

It is necessary to further research into the following areas with a view to optimize the utilization of available resources and returns in tourism in Sri Lanka for the sustainable economic development. The extent of usage of modern Information Communication Technology by the stakeholders in tourism industry in Sri Lanka, Public Private Participation in tourism industry in Sri Lanka, Evaluation of the extent of participation and economic impact by the Small and Medium Enterprises (SME) in tourism industry in Sri Lanka, and Developing a national tourism promotional campaign on a common platform by pooling the resources of all the stakeholders in tourism industry of Sri Lanka namely through Public Private Participation to synergize the socioeconomic benefits to Sri Lanka.

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