

J-WING TRAVEL

Vol.7 No.308 May 12, 2008

Japan's Leading Tourism and Aviation Weekly

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***New HIS President focuses on increase of retail shops and media selling**

HIS President Akira Hirabayashi, who just took offices as the position on April 1 this year, said at an interview with the Wing Travel Weekly, "Sales of each HIS retail shop increase in proportion to overall sales of HIS. We hope to open additional 100 shops nationwide." He also revealed that HIS would focus on specialty at large-scale retail shops and emphasize media selling including internet selling to meet customers' needs.

Hirabayashi said, "I do not think that the FIT market has shrunk. The growth rate drops slightly, but I believe the market still has high potentiality, and in fact the number of our customers has increased."

HIS recently opened 16 retail shops in Tokyo and Kansai areas at the same

time. "Needs of retail shops are still strong. Overall sales of HIS doubles today compared to ten years ago, and in the same manner sales of retail shops increased. Retail shops have a 35% to 40% share of overall annual sales of about 100 billion yen. The ratio has not changed since ten years ago," he explained.

HIS develops about 250 retail shops nationwide today, and Hirabayashi stressed that HIS would be able to open additional 100 shops. Even though the departure rate and the passport acquisition rate are low today, open of new retail shops can help boost market demands, he added.

The large-scale shops in core cities will more focus on specialties, such as business travel, overseas wedding, cruise or sports activities, changing from traditional general travel shops.

Sales of internet selling, including call center selling via internet, accounts for approximately 20% of the whole today. Sales of online selling, which completes dealing with clicks, accounts for just 2% of the whole, however HIS says that the online dealing is certainly increasing.

Hirabayashi said, "I cannot imagine media selling will dramatically grow when I see the current market trend. Also, it may be difficult to maintain the current growth rate in the online selling business. To expand the media selling business, I think it is also necessary to offer value-added services to users, not only offering low prices."

HIS sells its products or air tickets containing fuel surcharges. HIS says that it received a lot of complaints from customers, when it collected fuel surcharges as additional charges. Hirabayashi said, "We would like to continue containing fuel surcharges in product prices. As fuel surcharges are changed quickly, we have a difficulty in making new pamphlets. However, we are making efforts to offer easy-to-understand products as much as we can."

#Photo: HIS President Akira Hirabayashi

<http://wingnews.net/t-daily/pict2008/0805/0513-his-hirabayashi-w.jpg>

***JTB-affiliated company ties up with Amadeus for corporate travels**

JTB Corporate Solutions (JCS), one of the JTB Group for IT solution marketing, recently announced to have agreed with Amadeus Japan, a GDS solution provider, to tie up for a booking and management system for overseas business travels.

According to the agreement, both companies will link the JCS's travel expense management system "J's NAVI" with the Amadeus' online corporate booking and management system "Amadeus e-Travel Management." "J's NAVI" has more than 200 corporate contractors today.

The tie-up will enable "J's NAVI" contractors to book and arrange air tickets of more than 490 airlines worldwide including low cost carriers and more than 77,000 hotels worldwide, in addition to air tickets, railway tickets, hotels and rent-a-cars in Japan. Also, it will help contractors make their accountings more effective by taking advantage of ticketing data.

With the business tie-up, JCS expects to strengthen customer services and exploit new customers, and Amadeus will be able to develop "Amadeus e-Travel Management" rapidly in the Japan market. The Amadeus system is preferred by American and European companies that try to cut business travel costs.

In the near future, the JCS's "Bzit," the web-based business travel arrangement system, will be linked with "Amadeus e-Travel Management" as well. "Bzit" has about 1,700 company contractors today. Both of the companies aim to increase "J's NAVI" and "Bzit" contractors to 500 in total for the next three years.

***NWA to increase its Narita-Saipan services to double daily**

Northwest Airlines (NWA) has decided to increase its Narita International Airport-Saipan flights to 14 flights a week or double daily flights on July 1

this year. Additional flights' schedules are as follows:

NW100 departs from Narita at 20:45 to arrive at Saipan at 1:25

NW99 departs from Saipan at 5:00 to arrive at Narita at 7:40

The flights will be served with A330-300 (34 C class seats and 264 Y class seats).

NWA has reduced the flight services by three a week to seven a week since March 25 last year. NWA serves daily flights to Saipan from Narita, Kansai International and Central Japan International Airport, and with additional flights from Narita, NWA will serve a total of 28 flights a week between Japan and Saipan, adding more than 8,000 seats a month.

Marina Visitors Authority (MVA) expects that the NWA's additional flights will contribute to add more than 60,000 Japanese visitors to Mariana Islands and to give an economic impact of about \$8,000 annually to the islands.

The resort destination has suffered from reduction of Japanese visitors since JAL suspended its flight services to Saipan in 2005. The increase of NWA flights will certainly be an important step to recover Japanese visitors.

NWA has recently restarted its Kansai-Saipan flights and resulted in load factor of more than 70% for the first three months of this year.

MVA is making efforts to improve load factors on the routes and to transform to a high yield destination, focusing on boosting demands in the off season and recovering group and business travelers.

***International charters increased by 17% in FY2007**

Ministry of Land, Infrastructure and Transport Civil Aviation Bureau recently reported that the number of international passenger charter flights, combined with ITC, affinity and own-use charters, increased by 17.3% to 6,561 in FY2007 compared to FY2006. The total was broken down into 2,231 departing from Japan (up 4.9%) and 4,330 departing from foreign countries (up 21.9%).

Japanese airlines served 954 charters from Japan, 18.6% more than FY2006, and 150 charters from foreign countries, 42.9% more than FY2006, totaling 1,059 charters, 21.4% more than FY2006. Foreign airlines served 1,286 charters from Japan, 3.3% smaller than FY2006, and 4,180 charters from foreign countries, 24.3% more than FY2006, totaling 5,466 charters, 16.5% more than FY2006.

The followings are charter results by destination in FY2007

China = 291 from Japan (down 17.8%), 108 from local (even), 399 in total (down 13.6%)

Hong Kong = 208 from Japan (up 2.2 times), 645 from local (up 4.8 times), 853 in total (up 3.7 times)

Taiwan = 156 from Japan (down 24.3%), 2,936 from local (up 6.3%), 3,092 in total (up 4.1%)

Korea = 399 from Japan (up 45.1%), 526 from local (up 40.6%), 925 in total (up 42.5%)

Macau = 113 from Japan (up 88.3%), 75 from local (up 1.5 times), 188 in total (up 70.9%)

Mongolia = 56 from Japan (up 2.5 times), 0 from local, 241 in total (up 2.5 times)

Cambodia = 241 from Japan (up 2.9 times), 0 from local, 241 in total (up 2.9 times)

Palau = 138 from Japan (even), 0 from local, 138 in total (even)

America = 322 from Japan (down 35.6%), 7 from local (down 36.4%), 329 in total (down 35.6%)

Hungary = 54 from Japan (up 2.6 times), 0 from local, 54 in total (up 2.6 times)

Czech = 20 from Japan (up 2.9 times), 0 from local, 20 in total (up 2.9 times)

Italy = 8 from Japan (down 91.5%), 0 from local, 8 in total (down 91.5%)

Kazakhstan = 2 from Japan (new)

UAE = 3 from Japan (new), 1 from local (new), 4 in total

Egypt = 1 from Japan (new)

Saudi Arabia = 2 from Japan (new)

New Guinea = 0 from Japan, 1 from local (new)

Croatia = 8 from Japan (new)

Ukraine = 6 from Japan (new)
U.K. = 1 from local (new)
Switzerland = 50 from Japan (new)
France = 2 from Japan (new)

The followings are charter results by airport in FY2007

Asahikawa = 9 from local (down 18.2%), 346 from foreign countries (up 5.2%)

Obihiro = 2 from local (down 50%), 277 from foreign countries (up 14.9%)

Kushiro = 1 from Japan (down 50%), 179 from foreign countries (down 18.3%)

Sapporo = 103 from local (up 18.4%), 452 from foreign countries (up 1.6%)

Hakodate = 4 from local (down 42.9%), 613 from foreign countries (down 1.3%)

Aomori = 16 from local (even), 91 from foreign countries (up 44.4%)

Hanamaki = 12 from local (down 20%), 96 from foreign countries (up 41.2%)

Sendai = 73 from local (down 47.1%), 137 from foreign countries (up 42.7%)

Fukushima = 46 from local (up 24.3%), 181 from foreign countries (up 4.6 times)

Narita = 293 from local (up 21.2%), 69 from foreign countries (up 17.3 times)

Haneda = 342 from local (down 10.9%), 172 from foreign countries (up 26.5%)

Niigata = 83 from local (down 16.2%), 52 from foreign countries (down 29.7%)

Toyama = 83 from local (down 29.6%), 266 from foreign countries (up 2 times)

Noto = 2 from local (down 50%), 266 from foreign countries (up 73.8%)

Komatsu = 33 from local (up 37.5%), 35 from foreign countries (up 9.4%)

Central Japan = 210 from local (up 25%), 28 from foreign countries (up 40%)

Kansai International = 264 from local (up 41.2%), 33 from foreign countries (down 48.4%)

Okayama = 46 from local (up 31.4%), 69 from foreign countries (3.5 times)

Hiroshima = 46 from local (even), 22 from foreign countries (up 57.1%)

Takamatsu = 24 from local (down 36.8%), 25 from foreign countries (down 3.8%)

Kitakyushu = 13 from local (down 35 %), 69 from foreign countries (up 2.8

times)

Fukuoka = 155 from local (up 24%), 58 from foreign countries (up 3.2 times)

Nagasaki = 17 from local (down 39.3%), 86 from foreign countries (down 1.1%)

Saga = 4 from local (down 60%), 69 from foreign countries (up 3%)

Miyazaki = 44 from local (up 10%), 206 from foreign countries (down 4.2%)

Kagoshima = 33 from local (down 32.7%), 163 from foreign countries (up 3.2 times)

Naha = 125 from local (up 3.6 times), 200 from foreign countries (up 6.7 times)

***JAL succeeded in large increase of profits for full year of FY2007**

JAL released its consolidated financial result for full year of FY2007 (April 2007 to March 2008) on May 9 this year, reporting that it successfully increase revenue of the air transport business particularly due to increase of business travel passengers on its international flights through the fiscal year, although it decreased overall revenue by 3.1% to 2,230 billion yen over FY2006 because some subsidiaries, including the trading company JALUX was excluded from its consolidated companies.

Overall, JAL achieved the highest financial results in FY2007 since the merger of JAL and JAS in 2002 with operating profit increasing by 192.8% to 90 billion yen, ordinary income increasing by 139.3% to 69.8 billion yen and net profit improving from net loss of 16.3 billion yen in FY2006 to 16.9 billion yen.

The success mainly resulted from the premier strategy and the cost reduction efforts. Although the average unit price of oil rose from \$79.7 per barrel in FY2006 to \$93.2 per barrel in FY2007 on a Singapore Kerosene basis, stronger yen benefited JAL to reduce fuel cost by 5.8 billion yen approximately through the fiscal year, according to JAL. Also, risk-hedge efforts, downsizing of its fleet, introduction of more efficient aircraft and reduction of labor cost allowed JAL to cut overall expenses.

JAL increased revenue of the air transport business from 1,792 billion yen in FY2006 to 1,817 billion yen and operating profit from 2.6 billion yen in FY2006 to 78.7 billion yen.

For the international flight business, overall ASK reduced by 4.4% in FY2007 due to the restructure of flight networks and the fleet downsizing. Overall RPK was down 3.5%, though RPKs on Southeast Asia, China and Korea flights increased. Revenue of the international passenger flight business increased by 4.1% to 754.3 billion yen in FY2007 compared to FY2006, as JAL carried a total of 13,367,904 revenue passengers in FY2007, 0.7% smaller than FY2006. The load factor was 71.8% in FY2007, better than 71.1% in FY2006.

For the domestic flight business, JAL closed nine routes and had advanced the fleet downsizing. Also, it introduced "JAL First Class" for the first time on its domestic flights as one of its premier strategies. As a result, the average unit price on its domestic flights was up 4.8%, and revenue of the business segment increased by 0.3% to 677.4 billion yen in FY2007 compared to FY2006, although overall ASK and RPK were down 4.3% and 3.4% respectively. JAL Group carried a total of 41,904,924 revenue passengers on its domestic flights in FY2007, 4.7% smaller than FY2006. The load factor was 63.4%, slightly worse than 64% in FY2006.

For the international cargo business, JAL reduced operations for North America, but increased those for China, Western and Eastern Europe. Also, it began using new B767 freighters on high-demanded China and Southeast Asia routes. However, severer global competition forced JAL to reduce revenue of the business segment by 1.2% to 188.2 billion yen in FY2007 compared to FY2006.

For the travel business, JALPAK increased customers for Asia and Europe, but decreased those for Micronesia and China. It finally succeeded in increasing revenue by raising unit price and improving operating profit through cost reduction efforts. JAL Tours, dealing with domestic travel products, reduced customers overall and at the same time decreased revenue in FY2007. As a result, revenue of the business segment reduced by 6 billion

yen to 373.7 billion yen.

JAL forecasts its financial results for full year of FY2008 (April 2008 to March 2009) as follows:

Revenue = 2,184 billion yen, broken down into 748.5 billion yen for the international passenger flight business, 685 billion yen for the domestic passenger flight business, 188.5 billion yen for the international cargo flight business and 616 billion yen in total for other businesses.

Operating profit = 50 billion yen

Ordinary income = 30 billion yen

Net profit = 13 billion yen

***All of three international gateways decreased passengers during GW**

Tokyo Immigration Bureau Narita International Airport Office reported that the airport decreased departures and arrivals during the Golden Week period (April 26 to May 6 this year) by 9.6% to 727,600 over the same period last year. Japanese departures largely decreased by 14.7% to 239,100, while foreigner arrivals increased by 3.1% to 108,200.

Osaka Immigration Bureau Kansai International Airport Office also reported that the airport handled 838,700 users in total during the same period, broken down into 165,000 departures and 163,700 arrivals. Users at the airport per day during the period were down 8.7% to 27,400 over the same period last year. The most popular overseas destination from Kansai was Korea with 32,900, followed by China with 26,300 and Hong Kong with 11,600.

Nagoya Immigration Bureau Central Japan International Airport Office reported that the airport decreased departures and arrivals during this GW period by 7% to 161,400 over the same period last year, broken down into 78,000 departures (down 6%) and 83,400 arrivals (down 8%). The most popular overseas destination was China with 15,000, followed by Korea with 14,400 and Taiwan with 12,700.

***ANA resulted in 4.5% increase of its international passengers in FY2007**

ANA recently reported that the Group carried a total of 44,846,125 passengers on its domestic flights in FY2007 (April 2007 to March 2008), 2.3% smaller than FY2006. ASK was almost the same as FY2006, while RPK was slightly down 1.8%. The load factor was 63.6%.

On its international flights, the ANA Group carried a total of 4,527,762 passengers in FY2007, 4.5% more than FY2006. ASK and PKK were up 6.0% and 5.2% respectively, and the load factor was 74.7%.

In March 2008 only, it carried 380,807 passengers, 5.4% smaller than a year earlier, broken down into 80,641 on North America flights (down 6.8%), 44,491 on Europe flights (down 5.2%), 255,675 on Asia and Oceania flights (down 4.9%).

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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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