

Partnerships drive Ctrip expansion

Online travel giant sees great opportunities in Japan as more Chinese visit Asia's second-largest tourism market

By FAN FEIFEI

China's online travel service platform Ctrip is expanding its presence in the Japanese tourism market, due to the rapid growth in the number of Chinese visitors to Japan in recent years.

Japan is a key market for Ctrip's destination development strategy. Ctrip established its Japanese arm in 2014 and has been working to expand its operations in the country.

In 2015, it became the first Chinese online travel agency to get a tour operator license in Japan.

The country is Asia's second-largest tourism market and offers great business opportunities, said Sun Jie, CEO of Ctrip.

The company announced last year a strategic partnership with Japan's Osaka Convention & Tourism Bureau. Both parties will work together on product development and promotion, big data, marketing innovation and other areas.

Given the sudden boom in Chinese tourist numbers to Japan, Ctrip will continue to establish partnerships with local hotels, airline companies and other travel-related companies.

Outbound visits by Chinese residents hit a record high of more than 130 million in 2017, up 7 percent compared to 2016, making China



Chinese tourists pose with their shopping in Tokyo. Japan is a key market for Ctrip's destination development strategy.

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the world's biggest travel guest source country, according to a report released by the China Tourism Academy and Ctrip. Outbound travelers spent nearly \$116 billion last year, a

year-on-year increase of 5 percent.

Thailand and Japan are the two hottest outbound destinations for Chinese travelers, according to Ctrip, which is also the largest online travel

agent in Asia and the second-largest in the world.

In addition, Japan ranked second among the popular destinations during the weeklong National Day

130
million

Number of outbound visits by Chinese tourists in 2017, up 7 percent year-on-year

holiday in early October, according to Ctrip.

Experts say the boom in Chinese tourists' trips to Japan is due to the rising willingness among Chinese residents to travel, easing of visa requirements, and favorable duty-free shopping policy.

Liu Wen, a teacher from a primary school in Beijing, who joined a seven-day National Day holiday trip to Japan, said she visited Tokyo, Osaka, Kyoto and Yokohama, spending tens of thousands of yuan on food, cosmetics, electrical appliances and daily necessities.

"Some of the brands sold in Japan are cheaper than those sold in China due to the tax rebates, and it's also getting much easier to apply for a Japanese visa," she said, adding that the environment there is very clean.

In fact, one-fifth of Chinese tourists to Japan booked their trips through Ctrip, and the company has offered significant benefits to major destinations in Japan, according to Zhang Rong, vice-president and general manager of Ctrip Hotel Business.

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visiting Japan in 2017 reached 7.3 million, up 15 percent year-on-year.

In the field of mobile payments, Chinese players are accelerating efforts for cooperation with Japanese partners to build a cashless environment for tourists.

Alipay, a mobile and online payment platform operated by Ant Financial, an affiliate of Alibaba, announced in September that it would collaborate with Japanese partners to strengthen cashless experiences across the country for tourists before the 2020 Olympic Games begin in Tokyo.

"We look forward to working with a wide range of Japanese partners to achieve this ambition, and in doing so contribute in some way to driving the local economy of areas across Japan," said Eric Jing, executive chairman and CEO of Ant Financial.

According to Alipay data, Chinese visitors' spending through mobile payments is growing rapidly in Japan.

From July to August, Chinese tourists in Japan used Alipay to spend nearly 3,900 yuan (\$560) per trip on average, up 52 percent year-on-year, boosting total transaction volume by 165 percent.

Alipay's collaborations with regional Japanese banks like Hida Credit Union and Kyoto Shinkin Bank have allowed it to make its payment services available at tourist spots and shops in major cities.

The company said it aims to further expand its merchant network through collaborations with more small and micro-sized merchants and by cooperating with local mobile payment platforms like Line Pay and PayPay.

Alipay launched in Japan in December 2015 to provide services to Chinese visitors at local merchants. It is currently available in all 47 prefectures across Japan. It is also available at a wide range of tourism-related outlets like airport shops, department stores, restaurants and popular attractions.

Alibaba's success in Japan has inspired other Chinese players to follow suit.

In July, WeChat Pay, which is owned by tech giant Tencent, became an official mobile payment partner for Japan's Fuji-Q Highland, an amusement park at the foot of Mount Fuji.

Most of the stores in the park accept WeChat Pay. Visitors can also use WeChat to buy tickets at a dis-

count, explore the map and check how long lines are at ticket counters and entrances.

Zheng Hongmin, marketing director of Tencent's WeChat Pay international business, said the payment tool division of Tencent collaborates with companies in the retail and catering industries. "But now, we want to bring convenience to Chinese tourists in more aspects like entertainment."

WeChat Pay entered Japan in 2016, and has expanded fast. In June 2017, the number of transactions via WeChat Pay in Japan increased 16 times compared with January of that year.

"The new technological revolution has greatly expanded the fields of cooperation between China and Japan, and the prospects for the cooperation between the two sides are promising," said Ma Mingjie, director-general of the research department of innovation development at the Development Research Center of the State Council.

Ma explained that in the process of pushing forward digital transformation, China and Japan not only attach importance to using new technologies to promote economic transformation and industrial upgrade but also pay attention to using new tech-

nologies to serve social development and enhance public service capacity.

China and Japan also see a lot of cooperation opportunities in the booming sharing economy sector.

Chinese bike-sharing platforms such as Mobike and Ofo are accelerating their forays into the Japanese market.

In June 2017, Mobike launched a bicycle-sharing service in Fukuoka, marking its Japan debut.

So far, Mobike has offered its services at Nara, Mount Fuji and Kanagawa, and plans to provide services in more large and medium-sized cities and at tourist attractions.

In December 2017, Mobike announced it inked a strategic partnership with Line Corp, the company behind Japan's most popular mobile messaging platform Line.

The deal will give Line the largest minority stake — at no more than 20 percent — in Mobike Japan.

Mobike's competitor Ofo announced a new partnership agreement with Japanese technology firm SoftBank Commerce & Service Corp to expand its bicycle-sharing services in Japan last year.

Ofo said Japan was a key market for its expansion across the Asia-Pacific region. It aims to improve

local transportation ecosystems, Ofo said. "We strive to further improve the convenience and cost-effectiveness that cycling can bring to people in Japan," said Lawrence Cao, head of Ofo's Asia-Pacific business.

Tujia, a Chinese online platform for booking shared accommodation, is chasing the rapidly growing number of outbound Chinese tourists interested in visiting Japan.

Tujia set up a small team in Japan in 2016, with a plan to boost its presence to take advantage of the 2020 Olympics in Tokyo. Last year, it teamed up with Rakuten Lifull Stay, an e-commerce company in Japan, to expand Japan's homestay market.

Jiang Zengwei, chairman of the China Council for the Promotion of International Trade, said that by cooperating with Chinese firms, Japanese enterprises can give full play to their advantages in high-end manufacturing, intelligent manufacturing and biotechnology.

They can also strengthen technological exchanges and personnel training, so as to boost the optimization of China's industrial structure, and add new impetus to innovation and development, he said.

He Wei contributed to the story.