



Japan Fact Sheet

Japan Overview

Japan is Hawai'i's largest international market and dynamic plans are being launched to grow interest in our islands. Hawai'i continues to thrive in an increasingly competitive travel environment. Instead of dropping prices and standards, HTJ is elevating its strategy. The organization is coming up with unique marketing campaigns to draw in new corporations to promote Hawai'i. They also nurture established travel partners in Hawai'i and Japan to ensure Hawai'i remains a preferred vacation destination for Japanese travelers.

Year-to-Date February 2018 Quick Facts¹

Visitor Expenditures: \$394.8 million
 Primary Purpose of Stay: Pleasure (206,575) vs. MCI (17,275)
 Average Length of Stay: 5.99 days
 First Time Visitors: 34.1%
 Repeat Visitors: 65.9%

	2016	2017P	% Change 2017P vs 2016	2018 Forecast (Feb. 2018)	% Change 2017P vs 2018 Forecast	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
JAPAN MMA (by Air)								
Visitor Expenditures* (\$ Millions)	2,095.9	2,218.3	5.8%	2,332.1	5.1%	394.8	375.9	5.0%
Visitor Days	8,722,235	9,322,747	6.9%	9,463,753	1.5%	1,458,227	1,446,579	0.8%
Arrivals	1,487,979	1,568,609	5.4%	1,591,753	1.5%	243,415	246,967	-1.4%
Per Person Per Day Spending* (\$)	240.3	237.9	-1.0%	246.4	3.6%	270.7	259.8	4.2%
Per Person Per Trip Spending* (\$)	1,408.6	1,414.2	0.4%	1,465.1	3.6%	1,621.7	1,522.0	6.6%
Length of Stay (days)	5.86	5.94	1.4%	5.95	0.0%	5.99	5.86	2.3%

*Excludes supplemental business spending

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¹ 2016 visitor data are the final numbers and reflect data from the National Travel and Tourism Office and updated reports from airlines. 2017 and 2018 data are preliminary.

Market Summary

- In 2017, arrivals rose (+5.4%) to 1,568,609 visitors, contributing to a 5.8 percent growth in visitor expenditures to \$2.22 billion. Daily spending was down slightly (-1% to \$238 per person) compared to 2016.
- Through the first two months of 2018, arrivals declined 1.4 percent to 243,415 visitors. However, higher daily spending (+4.2% to \$271 per person) and a longer average length of stay (+2.3% to 5.99 days) contributed to a 5.0 percent growth in visitor spending to \$394.8 million.
- For 2017, 95% of Japanese visitors went to O'ahu, 12% visited the island of Hawai'i, 4% visited Maui county and 2% visited Kaua'i. Through February 2018, 93% of Japanese visitors went to O'ahu, 14% visited the island of Hawai'i, 4% visited Maui and 2% visited Kaua'i.
- In 2017, 35 percent Japanese visitors were FIT who made their own travel arrangements. This was up from 30 percent FIT visitors in 2016. Through February 2018, the percent of Japanese FIT visitors is at 37 percent.
- In 2017, 34.9% of Japanese visitors were first timers to Hawai'i. Through February 2018, 34.1% of Japanese visitors were first timers to Hawai'i.
- In 2017, air seats from Japan rose 8.3 percent to 1,988,036 seats with new service to Kona from Haneda and Narita and increased service from Honolulu. Through February 2018, scheduled seats from Japan declined 2.3 percent.

Market Conditions

- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawai'i with approximately 9% of all outbound travel from Japan choosing Hawai'i. Sixty percent of the travelers are also repeat visitors to Hawai'i.
- Japan's economy remains on a moderate path to recovery with unemployment at 2.8% and the exchange rate stabilizing approximately 100 JPY to USD.
- While Japan continues its focus on increasing inbound travel, they have also observed an increase on the outbound travel at 1.42 million travelers in January, up 9.9% YOY.
- JATA (Japan Association of Travel Agents) Outbound Promotion Committee has expanded its activities to promote outbound travel and is in discussion on JATA's goal of 20 million outbound visitors by 2020. JATA is also working towards sending 10% of total outbound business (2 million) to Hawai'i by 2020.
- Competitive destination efforts remain strong. Travel trade destination workshops by various countries and number of commemorative anniversaries are encouraging collaboration including governmental relations.
- Safety is top priority when traveling abroad for the Japanese market. Volatile global conditions, such as terrorist activities in Europe and North Korea's missile threat to Guam, have contributed in decline of the Japanese visitors to such regions.
- Hawai'i remains the number one outbound travel destination for Japanese weddings which has grown 20% over the last 5 years, and capture 67% market share (0.5% up from previous year) with average spending of under 2 million yen (\$20,000 USD.)
- The development and use of VR goggles and island VR videos have been implemented for the Japan market's Millennial initiative VEBOSS.
- AI (artificial intelligence) is an increasingly popular digital trend use for applications such as consumer electronics, travel booking and travel concierge robots.
- Consumer and media are shifting to mobile.
- More than half of seniors use smartphone with social media usage.

- The overall trend in airline seat category for the Japan market is shifting to higher-end economy which reduces the number of seats for each aircraft, however, allows higher yield to airlines.
- Introduction of low cost carrier, AirAsia X and Scoot, and the relaunch of Japan Airline's direct air service to Kona have resulted in additional routes for the Japan market.
- Active collaboration with industry partners and private sectors maintains high exposure of Hawai'i within the Japan market. Some leading examples include HTJ's campaign, Gohoubi (rewards) Hawai'i, Locomoco All-stars (collaboration with McDonald, Lawson and Gusto featuring locomoco menus), Tully's Coffee Shop, Calbee's tropical flavored granola.
- Some travel agents are shifting its focus from other destinations to Hawai'i as they see YOY positive results for Hawai'i.
- Emphasis on Hawai'i Island and neighbor island promotions continues. Some examples include the development of Island of Hawai'i promotional video footage, Hawai'i destination seminars, agent FAM tours as well as active discussion with local stakeholders for the improvements of infrastructure around Kona.

Visitor Statistics

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*Excludes supplemental business spending

Distribution by Island

JAPAN MMA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
O'ahu	1,442,192	1,497,294	3.8%	227,280	237,437	-4.3%
Maui County	55,225	58,467	5.9%	8,767	10,435	-16.0%
...Maui	54,298	57,054	5.1%	8,526	10,226	-16.6%
...Moloka'i	1,410	2,488	76.5%	196	319	-38.4%
...Lāna'i	1,101	2,082	89.1%	184	175	5.5%
Kaua'i	22,977	26,135	13.7%	4,387	4,262	2.9%
Island of Hawai'i	143,002	187,463	31.1%	33,764	26,533	27.2%

Airlift

DepCity	2018					2017					% CHANGE				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
JAPAN	479,086	494,604	542,756	510,402	2,026,848	485,482	486,363	534,600	481,591	1,988,036	-1.3	1.7	1.5	6.0	2.0
Fukuoka	14,464	17,176	18,984	18,984	69,608	14,690	16,265	19,874	14,464	65,293	-1.5	5.6	-4.5	31.3	6.6
Nagoya	35,252	37,748	40,696	40,696	154,392	36,651	37,363	42,817	36,402	153,233	-3.8	1.0	-5.0	11.8	0.8
Osaka	103,511	116,990	123,744	111,060	455,305	77,395	74,277	101,268	94,050	346,990	33.7	57.5	22.2	18.1	31.2
Sapporo	10,317	10,842	11,120	10,842	43,121	10,101	10,101	10,101	10,360	40,663	2.1	7.3	10.1	4.7	6.0
Tokyo HND	71,250	72,982	73,784	73,784	291,800	96,332	73,606	71,645	70,932	312,515	-26.0	-0.8	3.0	4.0	-6.6
Tokyo NRT	244,292	238,866	274,428	255,036	1,012,622	250,313	274,751	288,895	255,383	1,069,342	-2.4	-13.1	-5.0	-0.1	-5.3

Source: Diio Mii airline schedules, updated January 2018.

Group vs. FIT; Leisure vs. Business

JAPAN MMA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
Group vs FIT						
Group tour	315,543	284,484	-9.8%	46,070	53,407	-13.7%
True Independent	443,843	550,603	24.1%	90,174	74,494	21.0%
Leisure vs business						
Pleasure (Net)	1,209,988	1,298,083	7.3%	206,575	203,893	1.3%
MCI (Net)	126,145	103,417	-18.0%	17,275	20,538	-15.9%
Convention/Conf.	18,706	16,399	-12.3%	1,381	2,799	-50.7%
Corp. Meetings	2,968	5,112	72.2%	207	1,900	-89.1%
Incentive	105,831	83,752	-20.9%	15,731	16,271	-3.3%

First Timers vs. Repeat Visitors

JAPAN MMA (by Air)	2016	2017P	Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
1st timers (%)	38.2	34.9	-3.3	34.1	37.0	-2.9
Repeaters (%)	61.8	65.1	3.3	65.9	63.0	2.9

Tax Revenue

JAPAN MMA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
State tax revenue generated* (\$ Millions)	244.65	258.94	5.8%	46.08	43.88	5.0%

*State government tax revenue generated (direct, indirect, and induced)

Industry

Major Tour Operators

The table below shows the current top tour operators in Japan in relation to market share. This is based on total numbers of arrivals to Hawai'i.

- JTB
- JALPAK
- H.I.S.
- Kintetsu
- Nippon Travel Agency
- Hankyu Travel International Co., Ltd.
- Toptour Corporation
- ANA Sales Co., Ltd.
- R&C Tours