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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 November 2016 Quick Facts¹

Visitor Expenditures: \$1.9 billion
Primary Purpose of Stay: Pleasure (1,109,120) vs. MCI (124,362)
Average Length of Stay: 5.84 days
First Time Visitors: 38.4%
Repeat Visitors: 61.6%

JAPAN MMA (by Air)	2014R	2015	% Change 2015 vs 2014R	2016 Forecast (Oct. 2015)	% Change 2015 vs 2016 Forecast	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Visitor Expenditures* (\$ Millions)	2,396.7	2,052.7	-14.4%	2,213.5	7.8%	1,903.7	1,867.7	1.9%
Visitor Days	8,766,526	8,685,616	-0.9%	8,809,390	1.4%	7,983,995	7,927,521	0.7%
Arrivals	1,511,739	1,482,304	-1.9%	1,513,044	2.1%	1,367,817	1,355,159	0.9%
Per Person Per Day Spending* (\$)	273.4	236.3	-13.6%	251.3	6.3%	238.4	235.6	1.2%
Per Person Per Trip Spending* (\$)	1,585.4	1,384.8	-12.7%	1,463.0	5.6%	1,391.7	1,378.2	1.0%
Length of Stay (days)	5.80	5.86	1.0%	5.82	-0.6%	5.84	5.85	-0.2%

*Excludes supplemental business spending

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¹ Data for 2014R and 2015 were revised based on updated statistics from the Federal Office of Travel and Tourism Industries (OTTI) and from updated reports from airlines. 2016 data are preliminary.
As of December 28, 2016



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Market Summary

- In 2015, arrivals from Japan decreased 1.9 percent to 1,511,739 visitors. Lower daily spending (-13.6% to \$236 per person) also contributed to a 14.4 percent decline in visitor expenditures to \$2.1 billion.
- Through November 2016, arrivals rose slightly (+0.9%) to 1,367,817 visitors. There were also marginal increases in daily spending (+1.2% to \$238 per person) and visitor expenditures (+1.9% to \$1.9 billion) compared to the first eleven months of 2015.
- For 2015, 97% of Japanese visitors went to O'ahu, 2% visited Kaua'i, 4% visited Maui county and 10% visited the island of Hawai'i. These percentages were similar among visitors in the first eleven months of 2016.
- In 2015, 28 percent Japanese visitors were FIT who made their own travel arrangements. This was up from 23 percent FIT visitors in 2014. In the first eleven months of 2016, the percent of Japanese visitors increased to 29 percent.
- In 2015, 39.3% of Japanese visitors were first timers to Hawai'i. Through November 2016, 38.4% were first time visitors.
- For 2015, air capacity from Japan dropped 3.3 percent from 2014 to 1,949,420 seats. Through November 2016, air seats from Japan declined 6.2 percent to 1,680,064 seats. There are currently 19 regularly scheduled flights out of Japan to Honolulu daily, totaling 5,047 seats.

Market Conditions

- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawaii with approximately 10% of all outbound travel from Japan choosing Hawaii. Sixty percent of the travelers are also repeat visitors to Hawaii.
- Hawaii remains the number one outbound travel destination for Japanese weddings which has grown 20% over the last 5 years at 66.6% with average spending of over 2 million yen (\$20,000 USD) due to many consumers' strong desire to hold their wedding ceremony aboard.
- Japan's economy shows stagnation on its path to growth due to factors including slowdown of China's economy, South Korea protests and president elect Trump's impact on future relations as well as the TPP deal. These factors have made Japan more favorable for investments and have attributed to weakening of the yen.
- In November 2016, the exchange rate of Japanese yen was 109 per dollar.
- Japan Airlines will be heavily focusing on the quality of their service for upcoming winter travel to Hawai'i. 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.
- Additional flights offered by JAL and Delta is expected to support travel between Kansai – Honolulu route in Q1 and Q3 of 2017.
- With commercialization of virtual reality (VR) products targeting general consumers increasing, VR and experience will be major keywords when marketing to Japanese consumers.



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- As of November 2016, Japan's inbound travel has surpassed 20 million as they continue to pursue their goal of 40 million visitors by 2020.

Visitor Statistics

JAPAN MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	2016 Forecast (Oct. 2015)	% Change 2015 vs 2016 Forecast	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Visitor Expenditures* (\$ Millions)	2,734.9	2,486.0	2,396.7	2,052.7	-14.4%	2,213.5	7.8%	1,903.7	1,867.7	1.9%
Visitor Days	8,819,493	9,015,780	8,766,526	8,685,616	-0.9%	8,809,390	1.4%	7,983,995	7,927,521	0.7%
Arrivals	1,465,654	1,518,517	1,511,739	1,482,304	-1.9%	1,513,044	2.1%	1,367,817	1,355,159	0.9%
Per Person Per Day Spending* (\$)	310.1	275.7	273.4	236.3	-13.6%	251.3	6.3%	238.4	235.6	1.2%
Per Person Per Trip Spending* (\$)	1,866.0	1,637.1	1,585.4	1,384.8	-12.7%	1,463.0	5.6%	1,391.7	1,378.2	1.0%
Length of Stay (days)	6.02	5.94	5.80	5.86	1.0%	5.82	-0.6%	5.84	5.85	-0.2%

*Excludes supplemental business spending

Distribution by Island

JAPAN MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
O'ahu	1,409,721	1,458,205	1,469,449	1,436,749	-2.2%	1,325,165	1,313,768	0.9%
Maui County	69,719	80,805	60,753	61,003	0.4%	51,033	56,527	-9.7%
...Maui	67,977	79,396	58,889	58,941	0.1%	50,135	54,501	-8.0%
...Moloka'i	1,286	1,100	1,944	1,967	1.2%	1,356	1,966	-31.0%
...Lāna'i	2,203	1,800	1,312	1,301	-0.8%	1,060	1,247	-15.0%
Kaua'i	27,907	29,430	23,834	25,702	7.8%	21,287	23,937	-11.1%
Island of Hawai'i	203,009	199,117	170,483	140,634	-17.5%	131,329	129,908	1.1%

Airlift

	2016 Outlook					2015					2016 Outlook vs. 2015 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
JAPAN	449,771	454,255	473,812	464,231	1,842,069	479,877	477,975	518,861	472,707	1,949,420	-6.3%	-5.0%	-8.7%	-1.8%	-5.5%
Fukuoka	14,916	14,690	16,950	14,916	61,472	20,089	14,690	18,532	15,820	69,131	-25.8%	0.0%	-8.5%	-5.7%	-11.1%
Nagoya	45,204	44,315	47,586	45,326	182,431	54,220	47,377	51,284	45,778	198,659	-16.6%	-6.5%	-7.2%	-1.0%	-8.2%
Osaka	77,822	79,873	82,076	80,276	320,047	95,310	96,369	95,978	78,626	366,283	-18.3%	-17.1%	-14.5%	2.1%	-12.6%
Sapporo	10,101	10,101	10,360	10,101	40,663	9,842	10,101	10,360	10,101	40,404	2.6%	0.0%	0.0%	0.0%	0.6%
Tokyo HND	76,531	78,195	79,764	78,126	312,616	81,098	81,627	80,844	80,776	324,345	-5.6%	-4.2%	-1.3%	-3.3%	-3.6%
Tokyo NRT	225,197	227,081	237,076	235,486	924,840	219,318	227,811	261,863	241,606	950,598	2.7%	-0.3%	-9.5%	-2.5%	-2.7%

Source: Diio Mii airline schedules



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Group vs. FIT; Leisure vs. Business

JAPAN MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Group vs FIT								
Group tour	396,031	392,359	366,067	349,244	-4.6%	297,128	314,169	-5.4%
True Independent	350,172	352,673	343,021	410,272	19.6%	398,678	372,750	7.0%
Leisure vs business								
Pleasure (Net)	1,268,715	1,275,510	1,261,416	1,196,852	-5.1%	1,109,120	1,104,298	0.4%
MCI (Net)	52,386	71,479	73,410	111,568	52.0%	124,362	97,227	27.9%
Convention/Conf.	18,173	10,942	10,656	23,741	122.8%	17,929	16,212	10.6%
Corp. Meetings	8,087	2,152	3,414	3,098	-9.3%	2,684	2,777	-3.3%
Incentive	27,068	59,437	59,970	86,469	44.2%	105,078	79,732	31.8%

First Timers vs. Repeat Visitors

JAPAN MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
1st timers (%)	41.9	40.3	41.5	39.3	-2.2	38.4	39.3	-0.8
Repeaters (%)	58.1	59.7	58.5	60.7	2.2	61.6	60.7	0.8

Tax Revenue

JAPAN MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
State tax revenue generated* (\$ Millions)	297.97	264.76	255.24	218.61	-14.4%	202.74	198.91	1.9%

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