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.

October 2017 Quick Facts[1]

Visitor Expenditures: $1.87 billion
Primary Purpose of Stay: Pleasure (1,099,707 vs. MCI (87,631)
Average Length of Stay: 5.96 days
First Time Visitors: 34.8%
Repeat Visitors: 65.2%

JAPAN MMA (by Air)	2015	2016	% Change 2016 vs 2015	2017 Forecast (Aug. 2017)	% Change 2016 vs 2017 Forecast	YTD Oct. 2017P	YTD Oct. 2016	% change YTD
Visitor Expenditures* ($ Millions)	2,052.7	2,095.9	2.1%	2,281.5	8.9%	1,867.4	1,698.5	9.9%
Visitor Days	8,685,616	8,722,235	0.4%	9,315,588	6.8%	7,826,826	7,238,824	8.1%
Arrivals	1,482,304	1,487,979	0.4%	1,568,750	5.4%	1,312,507	1,233,497	6.4%
Per Person Per Day Spending* ($)	236.3	240.3	1.7%	244.9	1.9%	238.6	234.6	1.7%
Per Person Per Trip Spending* ($)	1,384.8	1,408.6	1.7%	1,454.3	3.2%	1,422.7	1,377.0	3.3%
Length of Stay (days)	5.86	5.86	0.0%	5.94	1.3%	5.96	5.87	1.6%

**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 data are preliminary.

Market Summary

- In 2016, growth in arrivals from Japan was flat (+0.4%) at 1,487,979 visitors. Higher daily spending (+1.7% to $240 per person) contributed to a 2.1 percent increase in visitor expenditures to $2.05 billion.
- Through October 2017, arrivals rose (+6.4%) to 1,312,507 visitors. Daily spending also increased (+1.7% to $239 per person) contributing to an 9.9 percent growth in visitor expenditures to $1.87 billion.
- For 2016, 97% of Japanese visitors went to Oʻahu, 10% visited the island of Hawaiʻi, 4% visited Maui county and 2% visited Kauaʻi. Through October 2017, 96% of Japanese visitors went to Oʻahu, 12% visited the island of Hawaiʻi, 4% visited Maui county and 2% visited Kauaʻi.
- In 2016, 30 percent Japanese visitors were FIT who made their own travel arrangements. This was up from 28 percent FIT visitors in 2015. Through October 2017, the percent of Japanese FIT visitors is at 35 percent.
- In 2016, 38.2% of Japanese visitors were first timers to Hawaiʻi. Through October 2017, 34.8% of Japanese visitors were first timers to Hawaiʻi.
- For 2016, air capacity from Japan dropped 5.8 percent from 2015 to 1,835,718 seats primarily due to the aircraft changes. Through October 2017, air seats from Japan rose 9.4 percent to 1,675,578 seats with new service to Kona from Haneda and Narita and increased service from Honolulu.

Market Conditions

- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawaiʻi with approximately 9% of all outbound travel from Japan choosing Hawaiʻi. Sixty percent of the travelers are also repeat visitors to Hawaiʻi.
- Japan’s economy remains on a moderate path to recovery with unemployment at 2.8% and the exchange rate stabilizing approximately 112 JPY to USD.
- Japan’s inbound travel continues its robust growth with preliminary numbers YTD total of 13.8 million (+17.4%) while outbound YTD total of 8/4million (+6.3%) as of June 2017. 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 Hawaiʻi 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.
- Hawaiʻi 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). This is due to many consumers’ strong desire to hold their wedding ceremony aboard.
- Demand for ocean cruise is picking up in Japan, attracting younger and first-timers who are motivated by lower fares and shorter itineraries.
- The development and use of VR goggles and island VR videos have been implemented for the Japan market’s Millennial initiative VEBOSS.

- 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.
- Airlift for Japan market is increasing with introduction of AirAsia X's four-times weekly service from Kuala Lumpur to Honolulu via Osaka and relaunch of Japan Airlines' daily direct flight between Kona and Narita.
- Active collaboration with industry partners and private sectors maintains high exposure of Hawaiʻi within the Japan market. Some leading examples include HTJ's campaign, Gohoubi (rewards) Hawaiʻi, Loco moco All-stars (collaboration with McDonald, Lawson and Gusto featuring loco moco menus), Hawaiian Springs Water and Yomiuri Giants working together for ticket giveaways and Konica Minolta Planetariums Theaters featuring new Hawaiʻi Island.
- Some travel agents are shifting its focus from other destinations to Hawaiʻi as they see YOY positive results for Hawaii.
- Emphasis on Hawaiʻi Island and neighbor island promotions continues. Some examples include the development of Island of Hawaii promotional video footage, Hawaiʻi destination seminars, agent FAM tours as well as active discussion with local stakeholders for the improvements of infrastructure around Kona.
- Launch of direct air service to Kona and increase in scheduled flights as well as the charters for the first six months of the year had contributed in growth in Japan market's spending and arrivals.

Visitor Statistics

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**Excludes supplemental business spending*

Distribution by Island

JAPAN MMA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Oct. 2017P	YTD Oct. 2016	% change YTD
O'ahu	1,436,749	1,442,192	0.4%	1,255,596	1,194,830	5.1%
Maui County	61,003	55,225	-9.5%	49,936	46,957	6.3%
...Maui	58,941	54,298	-7.9%	48,933	46,238	5.8%
...Moloka'i	1,967	1,410	-28.3%	2,015	1,290	56.2%
...Lāna'i	1,301	1,101	-15.4%	1,725	780	121.3%
Kaua'i	25,702	22,977	-10.6%	21,396	19,044	12.3%
Island of Hawai'i	140,634	143,002	1.7%	154,001	119,974	28.4%

Airlift

DepCity	2017					2016					CHANGE2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
JAPAN	**485,482**	**486,363**	**534,615**	**496,050**	**2,002,510**	**449,735**	**452,661**	**470,817**	**462,505**	**1,835,718**	**7.9%**	**7.4%**	**13.6%**	**7.3%**	**9.1%**
Fukuoka	14,690	16,265	19,888	14,464	65,307	14,916	14,690	16,950	15,127	61,683	-1.5%	10.7%	17.3%	-4.4%	5.9%
Nagoya	36,651	37,363	42,831	36,628	153,473	45,204	44,315	41,777	36,778	168,074	-18.9%	-15.7%	2.5%	-0.4%	-8.7%
Osaka	77,395	74,277	101,282	91,548	344,502	77,822	79,873	74,860	73,442	305,997	-0.5%	-7.0%	35.3%	24.7%	12.6%
Sapporo	10,101	10,101	10,101	10,360	40,663	10,101	10,101	10,360	10,101	40,663	0.0%	0.0%	-2.5%	2.6%	0.0%
Tokyo HND	96,332	73,606	71,645	70,932	312,515	76,531	78,195	72,548	75,159	302,433	25.9%	-5.9%	-1.2%	-5.6%	3.3%
Tokyo NRT	250,313	274,751	288,868	272,118	1,086,050	225,161	225,487	254,322	251,898	956,868	11.2%	21.8%	13.6%	8.0%	13.5%

Source: Diio Mii airline schedules, updated June 2017.

Group vs. FIT; Leisure vs. Business

JAPAN MMA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Oct. 2017P	YTD Oct. 2016	% change YTD
Group vs FIT						
Group tour	349,244	315,543	-9.6%	236,569	263,337	-10.2%
True Independent	410,272	443,843	8.2%	461,557	361,212	27.8%
Leisure vs business						
Pleasure (Net)	1,196,852	1,209,988	1.1%	1,099,707	1,010,170	8.9%
MCI (Net)	111,568	126,145	13.1%	87,631	107,212	-18.3%
Convention/Conf.	23,741	18,706	-21.2%	14,264	17,149	-16.8%
Corp. Meetings	3,098	2,968	-4.2%	4,237	2,100	101.8%
Incentive	86,469	105,831	22.4%	70,869	89,272	-20.6%

First Timers vs. Repeat Visitors

JAPAN MMA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Oct. 2017P	YTD Oct. 2016	% change YTD
1st timers (%)	39.3	38.2	1.1	34.8	38.1	-3.3
Repeaters (%)	60.7	61.8	-1.1	65.2	61.9	3.3

Tax Revenue

JAPAN MMA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Oct. 2017P	YTD Oct. 2016	% change YTD
State tax revenue generated* ($ Millions)	231.95	244.65	5.5%	217.97	198.26	9.9%

**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