

International Visitations to the U.S. from

# JAPAN

**INTERNATIONAL INBOUND TRAVEL MARKET PROFILE**



# 2018



## SUMMARY

After declining by 2.8%, visitations from Japan totaled 3.5 million in 2018 and accounted for 8.8% of total long-haul travel to the United States. After three years of decline, the growth in Japanese visitations to the U.S. has been positive so far in 2019 and is estimated to grow by 5% compared to 2018.

Travel, valued at \$15.8 billion in 2018, is the largest U.S. export to Japan and accounted for 13% of total U.S. exports to Japan.

### JAPAN MARKET SUMMARY, 2018

U.S. Visitations from Japan	3.5 million
Travel Spending	\$9.5 billion
Average Spending per Visitor	\$4,312
Total U.S. Travel Exports	\$15.8 billion
U.S. Travel Trade Balance	\$10.8 billion

## MACRO OVERVIEW

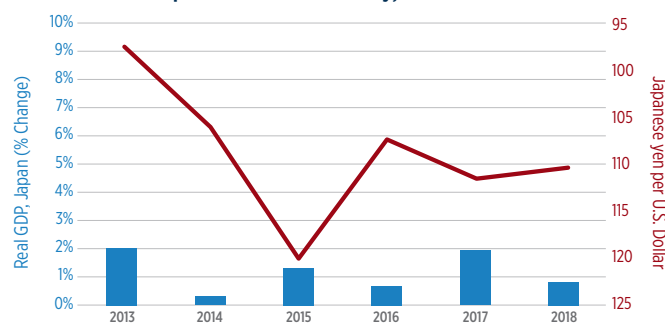
With a \$4.9 trillion economy and a population of 127 million, Japan ranks 3rd in GDP and 10th in population globally. Japan is a highly-developed diversified economy, with the service sector accounting for 69% of the economy and industry accounting for 30%. Japan's agriculture sector is small at just 1% of GDP. The industrial sector is led by high tech industries such as machinery, electronics, transportation equipment and chemicals. The service sector is concentrated in banking, insurance, real estate, retail and telecommunications.

Japan is a parliamentary constitutional monarchy, with an emperor playing a symbolic role as chief of state. The executive power is held by the Prime Minister and the cabinet. Currently, the Liberal Democratic Party (LDP) is in power under the leadership of Shinzo Abe.

Following rapid growth in the 1980s fueled in-part by asset bubbles in real estate and the stock market, the Japanese economy has been mired in slow growth and low inflation. Annual real GDP growth and CPI averaged 1.5% and 1.2%, respectively, in the 1990s, 0.5% and -0.3% in the 2000s and 1.4% and 0.5% since 2010.

Japan faces significant demographic problems. The overall population is on the decline and it is aging. Japanese 65 years of age and older now account for 28% of the population, up from 17% in 2000. This aging population will place increased burdens on Japan in the form of higher costs to the government to care for the elderly as well as a shrinking workforce and tax base. The Japanese government is attempting to advance policies to support higher fertility rates.

### Japan GDP and Currency, 2013-2018

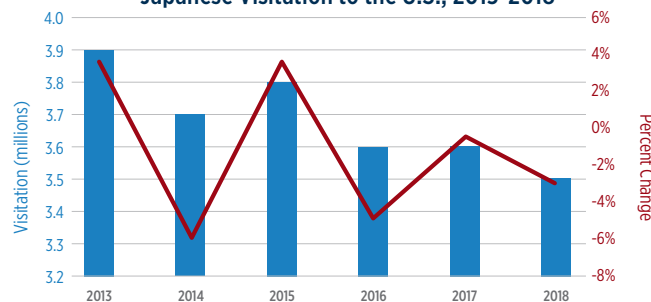


Source: Oxford Economics

## TRAVEL IMPACT: VISITATION

Despite three years of decline in visitations from Japan, the U.S. remains the top international destination for Japanese travelers. The 3.5 million Japanese visitors who traveled to the U.S. in 2018 accounted for 14% of all Japanese international visits. More Japanese travelers visited the U.S. in 2018 than nearby South Korea, China or Taiwan. Furthermore, the U.S. accounted for 36% of all Japanese long-haul (out of Asia) international travel, and Japanese visitations to the U.S. outnumbered the nearest long-haul competitor—Germany, which had 613,000 Japanese visitors—by more than 5 to 1. In fact, nearly the same number of Japanese travelers visited the U.S. as visited all of Western Europe in 2018.

### Japanese Visitation to the U.S., 2013-2018



Source: U.S. Department of Commerce

Japanese travel to the U.S. has increased so far in 2019. In the first 10 months of 2019, visitations from Japan grew by 7.4% compared to the same period in 2018. The U.S. Department of Commerce estimates that growth in visitations from Japan will be up by 5% for 2019 as a whole and will grow by a more moderate 1% in 2020.

## TRAVEL IMPACT: ECONOMIC

Travel exports to Japan amounted to \$15.8 billion in 2018<sup>1</sup> (including \$9.5 billion in travel spending), the second highest of all overseas markets (after China). Japanese visitors spent \$4,300 per arrival in 2018<sup>2</sup>, among the highest of all international visitors.

Travel is the largest industry export to Japan, accounting for 13% of all U.S. exports of goods and services to Japan. U.S. travel export revenue to Japan was 47% larger than the next-nearest industry (chemicals, \$10.7 billion). Furthermore, the travel industry generated a \$10.8 billion trade surplus with Japan in 2018, much larger than that of the next industry (oil & gas, \$6.9 billion). Without travel's \$10.8 billion trade surplus, the U.S. trade deficit with Japan would have been 19% higher.

TOP U.S. EXPORTS TO JAPAN, 2018		
INDUSTRY	U.S. EXPORTS IN BILLIONS (\$)	SHARE TOTAL EXPORTS OF GOODS AND SERVICES
Travel	15.8	13.1%
Chemicals	10.7	8.9%
Transportation Equipment	9.1	7.5%
Computer and electronic products	8.1	6.7%
Oil & Gas	6.8	5.6%

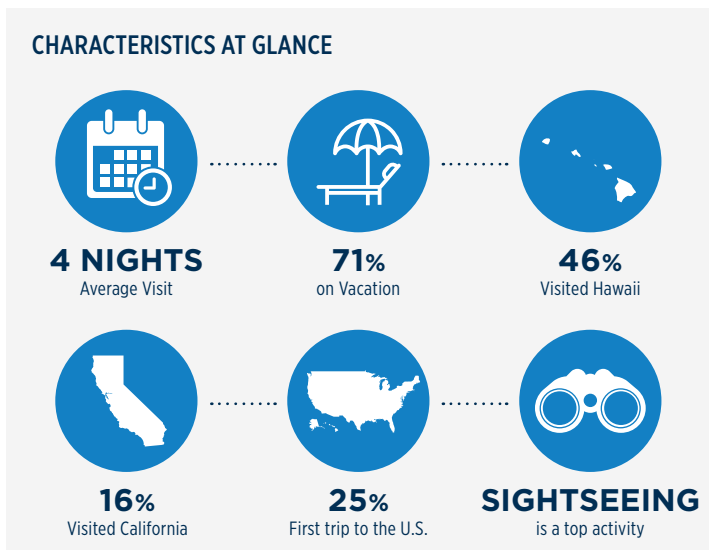
Source: U.S. Department of Commerce

"For more about the contribution of visitations from Japan to America's trade balance, see Addendum A, Page 4. "

## TRAVEL MARKET CHARACTERISTICS

In 2018, 46% of Japanese travelers in the U.S. visited Hawaii, which was followed California (16%) and New York (8%). Top cities visited included Honolulu (40%), New York City (8%), Los Angeles (7%) and San Francisco (5%).

- The average Japanese traveler spends 4 nights visiting the U.S.
- Main purposes of visiting the U.S. are: vacation/holiday (71%), business (13%), visiting friends/relatives (8%), convention/trade show (5%) and education (2%)
- Top activities in the U.S. include: sightseeing, shopping, fine dining, guided tours and water sports
- Food and cuisine, general atmosphere, connecting with nature, shopping and visited before and wanting to return were the top incentivizing factors for Japanese to visit the U.S.
- One-quarter of Japanese travelers indicated this was their first trip to the U.S.



For more Traveler Characteristics and Demographics see Addendum B, Page 5.

## THE COMPETITION

While Japanese travel to the U.S. remained strong in 2018, it was 2.8% lower than in 2017 and 7.9% lower than in 2015. At the same time (2015-2018), Japanese travel to all long-haul (outside of Asia) destinations declined by a much smaller 1.8%.

Although Japanese travel to the U.S. and to all long-haul destinations both declined, the significantly stronger decline in travel to the U.S. meant that the U.S. lost market share: The U.S. accounted for 39.5% of long-haul travel from Japan in 2015 and 36.5% in 2018.

While Japanese travel to *long-haul* destinations declined, Japanese travel to *all* international destinations *increased* by 12.8% in 2018, with strong growth in travel to the top four markets (after the U.S.): South Korea (+60.4%), China (+9.3%), Taiwan (+21.2%) and Thailand (+19.9%).

TOP JAPANESE LONG-HAUL DESTINATIONS 2015 & 2018			
DESTINATION	VISITATIONS, 2015 (IN MILLIONS)	VISITATIONS, 2018 (IN MILLIONS)	% CHANGE IN VISITATIONS, 2015-2018
1 United States	3,793	3,493	-7.9%
2 Germany	647	613	-5.3%
3 France	682	566	-17.0%
4 Spain	607	551	-9.3%
5 Australia	342	469	37.2%
<b>Total Long-Haul Travel</b>	<b>9,807</b>	<b>9,632</b>	<b>-1.8%</b>

Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

1. International standards now use a broader definition of travel exports than previously used which, in addition to general travel spending by visitors, includes education-related and health-related spending, as well as expenditures on goods and services by border, seasonal, and other short-term workers in the United States. For more information, please visit <http://travel.trade.gov/pdf/restructuring-travel.pdf>.

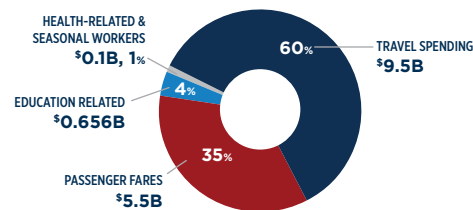
2. Average visitor spending takes into account travel receipts and passenger fares but excludes education and other travel-related exports.

## TRAVEL FROM JAPAN TO THE U.S. IS “MADE IN AMERICA”

### 1 Spending by Japanese residents in the U.S. produced \$15.8 billion in export income for the U.S. economy.

Although travelers from Japan are physically on U.S. soil when they visit the United States, the goods and services they consume while in America are U.S. exports. In 2018, U.S. travel exports to Japan totaled \$15.8 billion, which included travel spending by Japanese visitors to the U.S. (\$9.5 billion), education-related expenses (relatively low at just \$656 million) and international passenger fares by Japanese travelers flying on U.S. airlines (\$5.5 billion).

#### Breakdown of U.S. Travel Exports to Japan



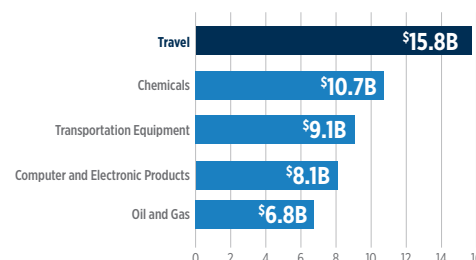
Total U.S. Travel Exports to Japan = \$15.8 Billion

Source: U.S. Department of Commerce

### 2 Travel is the largest industry export to Japan.

As the largest industry export to Japan, travel accounted for 13.1% of all U.S. exports of goods and services in 2018, ahead of chemicals (8.9%) and transportation equipment (7.5%).

#### Top 5 U.S. Exports to Japan, 2018

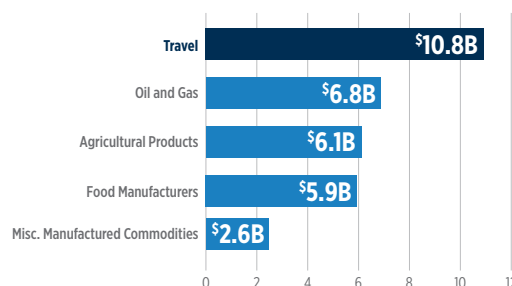


Source: U.S. Department of Commerce

### 3 Travel generated an \$10.8 billion trade surplus in 2018.

After taking into account U.S. resident spending in Japan (\$5.0 billion), the U.S. had a \$10.8 billion travel trade surplus with Japan. Without this surplus, the U.S. trade deficit with Japan (\$58.0 billion) would have been \$68.8 billion, or 19% larger.

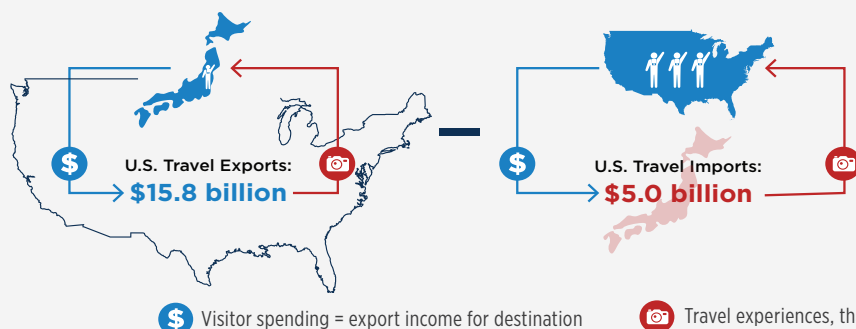
#### Top 5 Industries by U.S. Trade Surplus with Japan, 2018



Source: U.S. Department of Commerce

## CALCULATING THE TRAVEL TRADE BALANCE WITH JAPAN

Spending by Japanese visitors constitutes a U.S. travel export while spending by U.S. residents in Japan constitutes a U.S. travel import.



= **\$10.8 Billion**

Travel Trade Balance with Japan

Since travel exports are far greater than travel imports, the U.S. enjoys a strong travel trade surplus with Japan.

## TRAVEL CHARACTERISTICS AND DEMOGRAPHICS

### TOP MOTIVATIONS FOR INTERNATIONAL TRAVEL<sup>1</sup>



Dining


Cultural/Historical  
Attractions


Shopping



Local Lifestyle


Beaches/Seaside  
Attractions

### IMPRESSIONS OF THE U.S.<sup>1</sup>

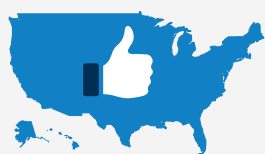
DIVERSE

ENERGETIC

FRIENDLY

OPTIMISTIC

ADVENTUROUS



**46%** say the U.S. is  
a top desired destination<sup>2</sup>

DETERRENTS TO VISITING THE U.S. <sup>2</sup>	2019	2018
The U.S. is too far away	32%	29%
I don't have enough holiday time	30%	24%
Airfare is too expensive	26%	
Too expensive	20%	38%
Concerns about my personal safety	19%	28%

PRIMARY TRIP PURPOSE <sup>3</sup>	2018	2017
Vacation/holiday	71%	71%
Business	13%	12%
Friends and relatives	8%	8%
Convention/trade show	5%	6%
Education	2%	2%

ACTIVITY PARTICIPATION <sup>3</sup>	2018	2017
Sightseeing	88%	87%
Shopping	83%	83%
Experience Fine Dining	19%	19%
Guided Tours	19%	19%
Water Sports	15%	17%

DEMOGRAPHICS <sup>3</sup>	2018	2017
Average age	41.0	41.7
Average annual household income	\$91,589	\$92,802

PLANNING/BOOKING BEHAVIORS	2018	2017
Use of social media to plan trip <sup>2</sup>	16%	14%
Pre-paid package <sup>3</sup>	46%	45%
Average trip decision time in days <sup>3</sup>	94	98

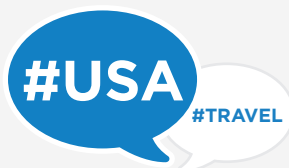
### MOST INFLUENTIAL CONTENT WHEN DECIDING ON DESTINATION<sup>2</sup>

RESTAURANTS/FOOD

SAFETY

HOTELS AND  
LODGING

SHOPPING



**16%** use social  
media to plan trip<sup>2</sup>

1. Brand USA

2. Destination Analysts, 2019

3. National Travel and Tourism Office, U.S. Department of Commerce