

Travel Insights Report



At PacRim Marketing Group and PR Tech the wellness of our customers, associates and the community is important to us and we are actively monitoring the current situation with COVID-19. Following is the latest roundup of news from Hawaii and Asia.

UPDATES re COVID-19, Novel Coronavirus

As of April 27, 2020

GLOBAL

Global Coronavirus cases: 3,017,806

USA

Domestic Coronavirus cases (including Hawaii): 979,077

Hawaii cases: 606

CHINA

China Coronavirus cases (Domestic): 83,912

JAPAN¹

Japan Coronavirus cases (Domestic): 13,441

Includes Diamond Princess: 712

S. KOREA

South Korea Coronavirus cases (Domestic): 10,738

HAWAII

VISITOR INDUSTRY – Arrivals by Air Drop Significantly:

- 14-day quarantine order now includes inter-island arrivals. Extended until May 31
- Approx. 70 – 150 visitors arriving per day. Visitors include people who do not have a Hawaii ID including essential health care workers, essential federal workers, former

¹ <https://www3.nhk.or.jp/nhkworld/en/news/tags/82/>

residents such as mainland college students coming to stay with family, military on temporary assignment, and leisure travelers

- Some leisure travelers/visitors are reportedly violating the self-quarantine order
 - Several have been cited/arrested or sent home
- At least 129 hotels have suspended operations.
- Local businesses take the hard hit
 - LikeLike Drive Inn to close on 4/30 after 67 years in operation
 - Chinatown/Downtown Honolulu has become a ghost town
- Occupancy rate in Hawaii fell by 37% in March 2020
- Oahu:
 - Occupancy rate: 42.9% (-46% from March 2019)
 - ADR: \$218 (-5%)
 - revPAR: \$94 (-49%)
 - Revenue: \$88,800,000 (-49%)
- Maui:
 - Occupancy rate: 47.4% (-40% from March 2019)
 - ADR: \$413 (-3%)
 - revPAR: \$196 (-41%)
 - Revenue: \$76,100,000 (-42%)

HAWAII RESIDENTS:

- Face masks are required in public starting 4/20
- In Hawaii, stay-at-home orders have been extended until May 31.
- Parks to open starting 4/25 at 5 a.m.
 - Only certain activities (jogging, walking, etc.) are allowed
- Almost 300,000 people are out of work in a state with a population of just under 1 million.

AIRLINE INDUSTRY:

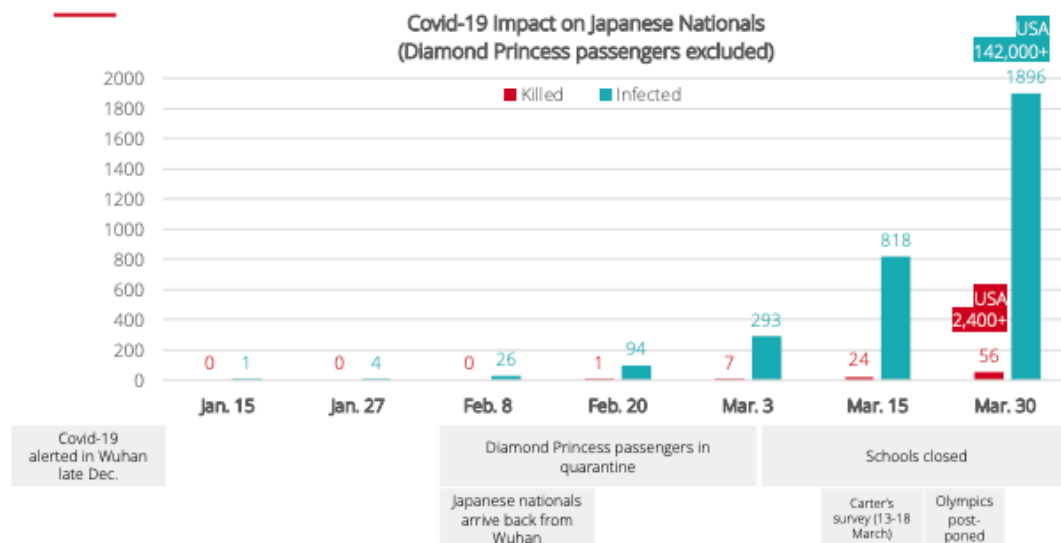
- Hawaii – Japan
 - ANA, JAL, Delta, Hawaiian
 - All services are suspended through 5/31
 - Airlines are expected to make announcements by mid-May if extending the suspension
 - Hawaiian Airlines
 - HND – HNL (HA855 & HA856): suspended till 7/2 (6/30 for HNL – HND)
 - HND – KONA: suspended till 7/1
 - Sapporo – HNL: suspended till 7/19 (7/18 for HNL – Sapporo)
- Hawaii – Korea
 - Hawaiian Airlines (ICN – HNL)
 - Suspended till 5/30, potential start date 6/3
 - Korean Air (ICN – HNL / ICN – NRT – HNL)
 - Suspended till 5/30, potential start date 6/1
 - Asiana Airlines (ICN – HNL)
 - Suspended till 5/30, potential start date 6/1

JAPAN

SOCIETY/ECONOMY:

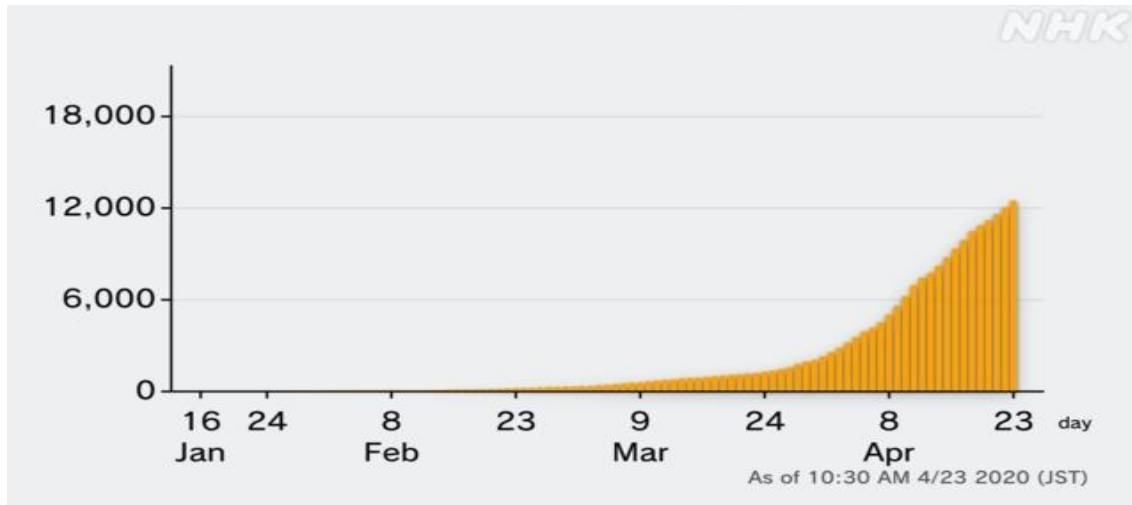
- People are advised to avoid "closed, crowded, and close-contact"
 - Voluntary effort, people cannot be forced to stay home or put under lockdown
- "State of Emergency" expected to be extended after Golden Week²
 - Final decision to be announced during Golden Week
- Government distributed 2 reusable cloth face masks per household, spending JPY 430 million (also known as Abenomask)³
 - Drew 1,903 complaints about soiled or defective products

Covid-19 timeline for Japan



² <https://www.japantimes.co.jp/news/2020/04/24/national/japan-likely-extend-state-emergency-evaluating-golden-week-infection-data/#.XqNK3INKhQI>

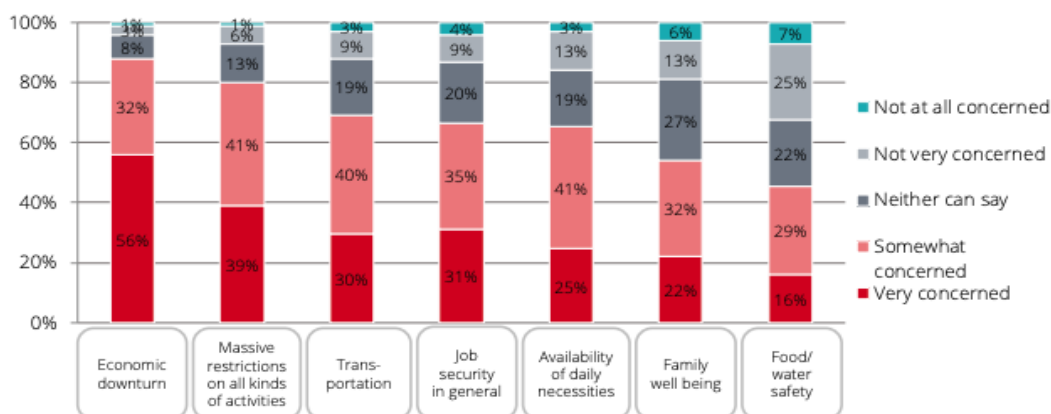
³ <http://www.newsonjapan.com/html/newsdesk/article/126938.php>



- Increasing job losses
 - Construction industry
 - Food/Beverage industry
 - Tourism industry
- Government to publicly announce businesses that refuse to close despite the government's call to suspend operation
 - Aimed to "shame" them and discourage people to support their business
- Tokyo governor urges people to cut back their shopping to once every 3 days⁴
 - Shopping centers and supermarkets have been full of customers
- Tokyo governor 4/25 - 5/6 designated as a "stay-home" period
- People are more worried about the economic downturn and further restrictions than their own wellbeing

Concern over selected elements

Grave concern centers around the economy – more so than for personal wellbeing



¹⁷ Carter Japanese Sentiment Survey March 2020 – "Q47 (1-8). How concerned are you now over each of the following?"
Base: Nationwide, all respondents (males/ females 16-69) n=1,000

- Hospitals and health care system are collapsing

⁴ <http://www.newsonjapan.com/html/newsdesk/article/126929.php>

- Nearly 10% of infections are linked to hospitals⁵
 - A hospital in Osaka criticized for calling a nurse into work after she tested positive
- Medical gear shortage
- People pass away while waiting to be treated⁶
- Deaths not related to COVID-19 also increase due to lack of supply, labor, and beds⁷
- Over 80% hospital bed occupancy in 6 prefectures⁸
 - Tokyo: 127%
 - Ishikawa: 82%
 - Osaka: 126%
 - Hyogo: 86%
 - Shiga: 98%
 - Okinawa: 100%
- Demand for dining out, group activities, outdoor entertainment (theme parks/concerts/movies), and luxury items are down
- Demand for face masks, online shopping/delivery, streaming service (entertainment/education), e-book, video games are up

SCHOOLS:

- 93% of public schools are closed as of 4/22⁹
 - Increased from 64% after the state of emergency was extended nationwide on 4/16
- Metropolitan high schools, middle schools, and special education schools in Tokyo are closed till 5/8 (after Golden Week)¹⁰
- Aichi prefecture announced metropolitan high school closure till the end of May
 - Summer break will be significantly shorter¹¹
- No official resume date is set for schools
 - State of emergency is set to end on 5/6, but it could be longer
- 1 in 13 college students are thinking of dropping out of school due to COVID-19¹²
 - Lost their full/part-time jobs
 - 70% students rely on their part-time job income to pay tuition/necessities¹³
 - This will impact the number of graduation trips in February – April 2021

TRAVEL:

- People cannot resist the urge to go outside
 - About a hundred surfers were spotted in Enoshima Beach on a weekday.

⁵ <http://www.newsonjapan.com/html/newsdesk/article/126945.php>

⁶ <http://www.newsonjapan.com/html/newsdesk/article/126940.php>

⁷ <https://www.newweekjapan.jp/stories/world/2020/04/post-93194.php>

⁸ <https://www3.nhk.or.jp/news/special/coronavirus/medical/>

⁹ <https://www3.nhk.or.jp/news/html/20200424/k10012404401000.html>

¹⁰ <https://www3.nhk.or.jp/news/html/20200424/k10012403531000.html>

¹¹ <https://www3.nhk.or.jp/news/html/20200424/k10012403161000.html>

¹² https://news.tbs.co.jp/newseye/tbs_newseye3963060.html

¹³ <https://www.nishinippon.co.jp/item/n/602788/>

- Locals/elderly community members raised concerns.
- Hikers visit urban areas, causing traffic on the local streets
 - Yamanashi Prefecture announced the closure of Fuji mountain
- Pachinko parlors are open and people still form long lines
- Many people still went to Hanami¹⁴ (flower viewing) in late March
 - Hotels came up with “Private Hanami” room plans, allowing guests to stay in Sakura-themed rooms/private terrace with Sakura, etc. Also created Sakura-themed cocktails, desserts, etc.¹⁵
- Domestic train travel fell by 90% for Spring Break¹⁶
- Freeway traffic decreased by 36 - 38%
 - Discounted “Golden Week” price cancelled in 2020 to discourage travel

KOREA

Society/Economy:

- Consumers are reluctant to go outside and shifting to online shopping
 - + 4600 billion KRW monthly transaction volume in February on the biggest online shopping malls in Korea such as Coupang, Ebay Korea and 11st, compared to the previous month
 - Mostly influenced by the healthcare products, daily products, and medical care products (i.g. masks and hygiene products)
 - Domestic food industry reports 143% revenue growth with the big change especially in the healthcare products line Ginseng (260%) and Vitamin (67%) compared to 2019
 - As a result, food/products delivery services are in high demand
- The curve seems to be flattened
 - Quarantine authorities expect the reemergence in autumn/winter
- Communities are encouraging residents to avoid close contact with each other and visiting public places
 - Promoting remote working system and delay of the new school semester
- Over-the-top media services (OTT) such as Netflix (12.8%) and Wave (12.8%) also saw growth as people started to avoid enclosed places such as movie theaters
- Vigorous marketing campaigns are taking place to extend the current market growth
- Violators of the two-week self-quarantine rule will be required to wear electronic bracelets designed to track their locations starting 4/27¹⁷
 - Those who return from overseas/had close contact with infected patients are required to self-quarantine
 - If they do not agree to wear the bracelet, they will be quarantined in designated facilities and made to pay for any expenses incurred
 - Phone calls to check-in with the quarantined people will increase from 2x to 3x/day

¹⁴ <https://www.japantimes.co.jp/news/2020/04/24/national/tokyo-blossoms-long-march-weekend-data-coronavirus/#.XqNLOFNKhQI>

¹⁵ <https://www.sankei.com/economy/news/200330/ecn2003300030-n1.html>

¹⁶ <http://www.newsonjapan.com/html/newsdesk/article/126930.php>

¹⁷ https://www.koreatimes.co.kr/www/nation/2020/04/119_288463.html

- People are allowed to buy 3 face masks/week starting 4/24
 - Since 3/9, they were allowed 2 face masks/week
- Hyundai hopes to tap into the Chinese market for Q2 2020¹⁸

Travel:

- 151 countries have blocked Koreans from entering the country
- South Korea's Foreign Ministry extends "Special Travel Advisory" to May 23¹⁹
 - Called on citizens to cancel or postpone their trips to any foreign countries/regions
 - Residents are allowed to take only domestic trips
 - Between level 2 – 3 under the country's four-tier advisory system
 - First stage (blue): travel note, second stage (yellow): travel restraint, third stage (red): recommended withdrawal, fourth stage (black): immediate withdrawal/prohibition of travel
 - Aimed at preventing the inflow of viruses into Korea amid the global pandemic of COVID19 as well as preventing Koreans from becoming infected and isolated overseas
- The government suspended the visa waiver agreement / visa-free entry to countries that ban Koreans from entering the country since July 13
 - Applies to 90 countries/regions including Australia and Germany
- As the authorities expect the reemergence, these travel restriction measures will unlikely be lifted after May
- Travel demand is flocking to domestic travel destinations such as Jeju Island and Gangwon Province
 - About 179,060 tourists are expected to visit Jeju during the week-long holiday from 4/29 – 5/5 according to the Jeju Tourism Association
 - Reservations for major hotels such as Sokcho and Gangneung in May were mostly over 70% according to the travel industry
- The burden of regional infection and quarantine at major tourist sites has increased
 - Jeju Governor asked visitors to refrain from traveling to Jeju as much as possible or cooperate in the quarantine as if they are crossing the border
- An official from the travel industry said, "It is very careful to predict when we will be able to travel abroad and when each country will release the entry limit," and added, "The demand for domestic travel is increasing for the Golden Week and Family Month in May, but if there is a collective infection, we may cancel it again."²⁰

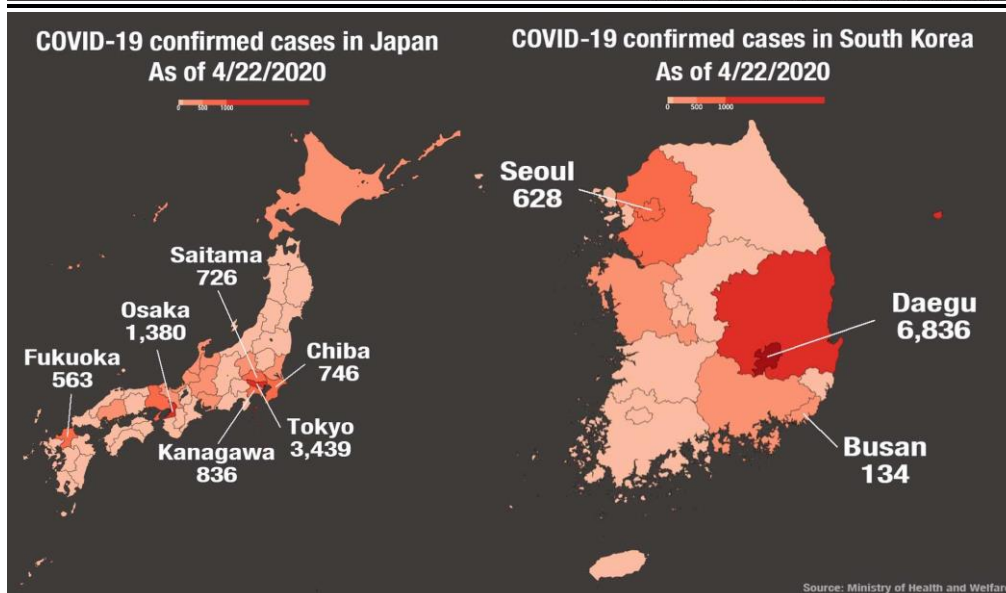
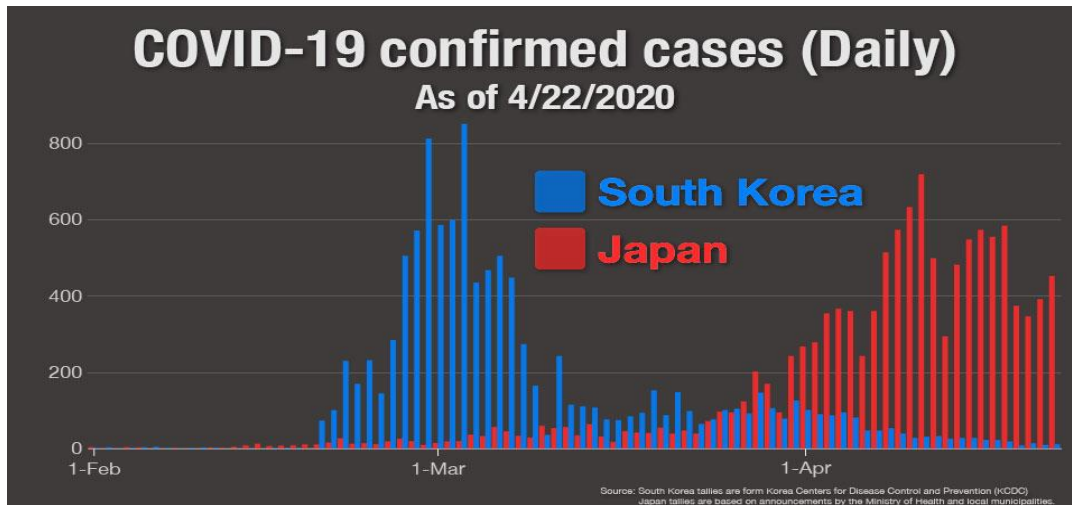
KOREA VS. JAPAN

Korea took measures early to restrict travel and promote social distancing. The results appear to be paying off, as new cases have dropped significantly.

¹⁸ https://www.koreatimes.co.kr/www/tech/2020/04/419_288469.html

¹⁹ http://world.kbs.co.kr/service/news_view.htm?lang=e&Seq_Code=152939

²⁰ <https://news.mt.co.kr/mtview.php?no=2020042415074849475>
<http://www.sisajournal.com/news/articleView.html?idxno=199228>



CHINA

- Wuhan lifted outbound travel from April 8 after two months being in lockdown.
- Chinese travelers are eager to travel post the pandemic. After a few months isolated at home to fight COVID-19, a lot of Chinese people traveled during the annual tomb-sweeping holiday. According to Trip.com, travel bookings for the three-day weekend were up 50% from the weekend before. Despite that the pandemic is still carrying on in China, China's domestic travel industry has started showing the signs of recovery.
- In many cities in China, people are required to use software on their smartphones that dictates whether they should be quarantined or allowed into subways, malls and other public spaces.
 - The system assigns people one of three colored QR codes: Red, Yellow or Green. Only people with a green code are allowed to move around the cities freely. In China, people call it as a "Health Code" and you can sign up through Ali Pay and WeChat.
- Chinese luxury industry rebounds from Coronavirus thanks to "revenge spending"

- Brick-and-mortar stores are already welcoming the recovery of foot traffic
- However, the epidemic could wipe out \$43 billion of luxury sales in 2020 and Chinese consumers were estimated to account for around 35% of the total spend in the global luxury market in 2019.
- China will temporarily suspend entry for foreign nationals with visas or residence permits beginning at midnight on March 28 in an effort to stop the spread of the coronavirus.
- Meituan (like Uber Eats in US) has experienced a 400% spike in on-line grocery sales in some cities in China since the coronavirus outbreak. Online retailer JD.com has also seen orders of kitchenware, baking products and home fitness equipment soar.
- Time Magazine featured a Chinese delivery driver in their cover page for the drivers remarkable sense of commitment during the outbreak. It says: “These delivery drivers are risking their health to keep China running during the coronavirus epidemic”. Also, the Chinese government added food delivery riders to its national occupation list.
- A total of 486 cinemas returned to business on Friday 3/27 (CST) after being closed for about two months to contain the spread of the coronavirus.
- China’s e-commerce market is also showing promising signs of life. In March, many major brands on Tmall (like Amazon in China) experienced double-digit sales growth as compared to last year. Beauty brands like Estee Lauder and Lancome stood out in particular, and since the virus outbreak called for a health focus, sportswear companies such as Nike saw sales increases, as well.

USA UPDATES

As the crisis continues, US businesses are shifting their communications to include messaging about health-and-safety; specifically, actions they are taking to promote a safe environment.

- United Airlines announced that it is using signage and floor markings to promote six-foot distancing, as well as beginning to install plexiglass dividers at customer service counters. They are reducing touch points by disabling self-service kiosks, streamlining onboard meal and beverage services and removing common-use materials like *Hemispheres* from the seat back.(4/24)
- Additionally, United is now the first major U.S. airline to require flight attendants to wear face masks or covering while on duty. In tandem, the airline adjusted its pre-trip communications to recommend that customers also wear a face mask during their travels.

Between the end of quarantine and immunization , travel will have to be in balance with safety and health. The key for tourist, hotel and non-hotel accommodation will be to offer visible security without appearing like a hospital, since the behavior and demands of the tourist traveling will not be the same as before. Increasingly, accommodations providers are exploring non-tactile activation methods, including mobile check-in/check-out. New cleaning and disinfection protocols are also paramount.²¹

²¹ <https://tecnohotelnews.com/2020/04/21/digitalizacion-covid-19-sector-turistico/>

On A Lighter Note:

The World Travel & Tourism Council has launched a campaign aimed at uniting the global travel and tourism community. The campaign asks people from around the world to share the hashtag **#TogetherInTravel**, along with a video to demonstrate their passion for travel and spread a message of solidarity. www.togetherintravel.com