

Travel Insights Report



UPDATES re COVID-19, Novel Coronavirus

April 10, 2020

At PacRim Marketing Group and PR Tech the wellness of our customers, associates and the community is important to us and we are monitoring the COVID-19 situation very closely. This edition has **expanded coverage about the Japan and China markets**, including the impact of COVID-19 on fashion.

For updated figures on the disease toll in individual countries and worldwide, please visit:

<https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

JAPAN MARKET UPDATES

Coronavirus Pandemic Spurs Fashion Trends

COVID-19 has caused many changes in daily lives, both large and small. Here are some of the latest Spring/Summer 2020 **trends from Japan**, directly linked to the situation.

1. Masks are now part of the everyday outfit. We are seeing designer masks, masks with whimsical patterns and more, as Japanese incorporate wearing them into daily lives.
2. “Mask beauty”¹
 - Online seminars were held to teach women how to wear makeup that looks good even when half of their face is covered with mask
3. Mask Tips are being provided to workers in the service industry/and sales meetings²
 - Smile more than usual
 - Wear heavier makeup (for women)
 - Clean/trim eyebrows
 - Speak clearly
 - Don’t slide down the mask when talking

Retailers are experiencing **changing demands** from the Japanese consumer

1. Makeup
 - a. Emerging popularity of colorful eye makeup (e.g. eyeshadow, eyeliner, etc.)
 - b. Search for “eye makeup” +290% from last year³
 - c. Less demand for lipstick

¹ <https://www.atpress.ne.jp/news/207939>

² <https://web-greenbelt.jp/post-37051/>

³ <https://forbesjapan.com/articles/detail/33314/2/1/1>

- d. Cosmetic companies and stores offer a live streaming to introduce products,⁴ hoping it will lead to online purchase
 - e. YouTubers who test and report on cosmetic products are becoming popular
 - f. Makeup offers a positive emotion for women during this challenging time
2. Clothing
- a. Clothes rental subscription service, AirCloset's membership almost tripled in February⁵ as people avoided shopping centers and retail stores
3. E-commerce saw a 4.6% increase in sales in late February⁶

JAPAN UPDATES (continued)

Society/Economy

- Prime Minister Abe asked citizens to stay home and decrease contacts with others by 70 – 80%
 - Aiming to slow down the spread in 2 weeks
- State of emergency declared for Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka prefectures on 4/7 and will be in effect till 5/7/20 (4/07)
 - The government plans to ease the restriction as soon as the situation gets better
- Some businesses in Tokyo remain open while the mayor decides the guidelines
 - Aiming to announce the list of businesses to be closed on 4/10
 - Will most likely be closed:
 - Educational institutions: college, cram school, etc.
 - Sports-related facilities: bowling alley, swimming pools, skate link, etc.
 - Theaters/concert venues
 - Exhibition facilities: museums, library, etc.
 - Entertainment facilities: nightclubs, bars, internet cafes, karaoke, pachinko, etc.)
 - Shopping centers: except for floors that sell “essential” products
 - Retail shops: except for stores smaller than 1076 square ft
- Financial support for private businesses is the next challenge
 - Govt. does not plan to provide any financial relief packages for businesses
 - Regional leaders did not request temporarily business closures, as they thought businesses would not agree to close unless there is financial support from govt.
- 45 small/medium size businesses filed bankruptcy due to COVID-19 as of 4/7
 - The number is expected to increase
 - Hotel/accommodation industry took the greatest BK hit (12 cases), followed by food industry (7 cases) and food processing industry (6 cases)
 - The economy was not in a good shape to begin with because of the sales tax hike, which took place in Fall 2019
- Govt. to distribute 2 reusable cloth face masks per household to 50 million households to combat the shortage
 - Part of the economic package
 - Estimated to cost over \$400 million; some say it is a wasteful measure⁷
 - Some argue they would rather get cash than masks
- More than 10,000 cases of scamming/theft related to COVID-19 reported
 - Many cases target seniors and children

⁴ <https://forbesjapan.com/articles/detail/33314/2/1/1>

⁵ <https://www.news24.jp/articles/2020/03/16/06610308.html>

⁶ <https://www.tsuhandnews.jp/shopblogs/detail/64487>

⁷ <https://www.ijji.com/jc/article?k=2020040200956&g=pol>

Retail

- Major department stores closed till the 5/7 in 7 prefectures
- Other department stores shortened the hours of operation/closed on weekends

Entertainment

- Major movie theaters, bowling alley, Round One, karaoke to close in 7 prefectures
- Starbucks to close 850 locations
- Less people are outside, yet some people still go to pachinko (pinball arcade) and karaoke
- Some temples and shrines voluntary closed till further notice
 - Shitennoji (Osaka) has never closed since the 6th century

Travel

- Japan to deny entry from 73 countries/regions
 - Includes Canada, US, Korea⁸
- ANA Holdings seeks 300 billion yen (\$2.79 billion) in financing from a program run by the government-backed Development Bank of Japan as the carrier braces for a prolonged drop in air travel. To continue reading, subscribe today⁹
- ANA postponed the receipt of an Airbus A380 (Flying Honu) for six months after suspending its service to Honolulu¹⁰
- Japan asks citizens to avoid all overseas travel (March 25). No end date specified:
<https://www.japantimes.co.jp/news/2020/03/25/national/science-health/coronavirus-travel-alert/>
 - Alert at a level 2 on a four-level scale
 - Japanese people urged to refrain from non-essential overseas trips
- Japanese people are living their daily lives as normal. However, Tokyo (and eventually, the nation) is currently looking to mandate a lockdown to prevent disease spread
- After it was announced that Tokyo Olympics would be postponed, new Coronavirus cases increased in Japan 100 in one day
- Public schools in Tokyo will not be opened until after the Golden Week. The Tokyo metropolitan government has decided that public school operated by the prefecture would not open until then. It is highly likely that public schools operated by wards would follow the schedule. This may change the schedule of this summer break.
- The JP government may distribute "Travel Vouchers" as one of their economic stimulus plans against the COVID-19 crisis -- it is still in discussion.

Impact on Japanese Economy/Society

- 13 businesses filed bankruptcy due to reasons related to COVID-19 as of March 24, 2020¹¹
 - Kinki region (7 prefectures including Osaka, Kyoto, Nara) was most affected

⁸ <https://www.timeout.com/tokyo/news/japan-extends-entry-ban-to-73-nations-040220>

⁹ https://asia.nikkei.com/Business/Transportation/ANA-seeks-2.8bn-loan-from-Japan-government-lender?utm_campaign=RN%20Subscriber%20newsletter&utm_medium=JP%20update%20newsletter&utm_source=NAR%20Newsletter&utm_content=article%20link&del_type=4&pub_date=20200404090000&seq_num=13&si=%%user_id%%

¹⁰ https://asia.nikkei.com/Business/Transportation/ANA-delays-receipt-of-Hawaii-bound-Airbus-A380-for-6-months?utm_campaign=RN%20Subscriber%20newsletter&utm_medium=JP%20update%20newsletter&utm_source=NAR%20Newsletter&utm_content=article%20link&del_type=4&pub_date=20200404090000&seq_num=19&si=%%user_id%%

¹¹ <https://prtimes.jp/main/html/rd/p/000000098.000043465.html>

- Tourism (5 cases) and food (3 cases) industries were the hardest hit
- Many relied on Chinese/foreign visitors to sustain their businesses
- Many businesses in the service industry suffer from reduced revenue¹²
- Event venues experienced a significant loss in revenue due to voluntary cancellation requested by the gov.
- Government to spend over \$137 billion as an economic stimulus
 - Exceeds the scale of alleviation measure taken after the 2008 financial crisis
 - Draft to be submitted on March 30¹³

Intent to Travel

- PacRim Marketing Group conducted a survey beginning March 20 of over 3,000 participants regarding travel plans to Hawaii.
 - Survey results show promise as Japanese tourists plan to return later this year depending on the situation (survey results available upon request)
- Sources indicate the Silver Week (September) flights from Japan to HNL are pretty full because of people rescheduling their trips.
- Some hotels that are dealing with cancellations find there are also many people willing to reschedule, and the hotels are pretty flexible about honoring the same rate/package for the rescheduled date, so they are able to retain these guests.
- Other chains are not allowing people to keep the same rates – people must cancel and rebook with the rate that's currently available. But if hotels are able to honor the original rates for future dates, it may help keep some of these guests.
- In Japan some people are traveling to Okinawa because there's hardly any cases of COVID-19 there although the local Okinawan people aren't happy about travelers coming right now.

Events in Japan

1. Major sports events
 - Tokyo Olympics: The IOC will postpone the Tokyo 2020 Olympic Games until 2021.
 - Professional Sumo: The hosting of matches with no audiences for the first time ever is being considered
 - Professional Basketball (B League): Postponed

Japanese Coverage of Hawaii Situation

- Diamond Publishing Inc. (publisher of *Chikyu no Arukikata*) published guidebooks on Hawaii, New York, and Singapore on 4/1¹⁴
 - Although many publishers decided to postpone their publication dates, these guidebooks are published for people to think about their next destinations
 - Hawaii edition: "The Best Way to Spend Time in Hawaii" by Keiichi Izawa
 - A former editor for "Chikyu no Arukiakta Hawaii", Keiichi Izawa published his first Hawaii book based on 3 concepts; "spend time outside of Waikiki," "gourmet food worth trying," and "shopping local."
- Gov. Ige's proclamation was streamed on the major news channels in Japan (3/24)
 - Many of the coverage called it the "unprecedented" order, casting a dark shadow on the "paradise's" tourism industry
 - Several news stations reported Hawaii's "stay at home" order
 - NHK: <https://www3.nhk.or.jp/news/html/20200324/k10012347011000.html>

¹² <https://www.asahi.com/articles/ASN3V6TZDN3VPUZB001.html>

¹³ <https://www.reuters.com/article/us-health-coronavirus-japan-debt/japan-to-spend-over-137-billion-as-virus-hits-economy-boj-eyes-more-stimulus-idUSKBN21A16L>

¹⁴ https://news.biglobe.ne.jp/economy/0402/prt_200402_2443104963.html

- Asahi TV: https://news.tv-asahi.co.jp/news_international/articles/000179895.html
- Japanese celebrities cancelled their trip/events in Hawaii
 - Hiromi Kawata, a popular announcer, postponed her wedding in Hawaii¹⁵
 - Ryo Nishikido and Jin Akanishi, Japanese singers, cancelled their concert scheduled for 5/24¹⁶
- Japanese visitors in Hawaii seemed less concerned (pre-March 26)
 - <https://www.youtube.com/watch?v=A-HX3bmBSAE>
 - 2:17 visitors from Tokyo “I feel like it’s getting serious, we thought Hawaii was safe”
 - 2:27 visitors from Chiba “We couldn’t really go to places...also we couldn’t do much shopping”
- Some comments on YouTube videos¹⁷ (including above mentioned)
 - “Governor’s decision was right.”
 - “Hawaii’s response was faster than Japan.”
 - “I cancelled my Hawaii trip that was planned in May. I will for sure go back to Waikiki when it’s back to normal!”
 - “I am sad to see Hawaii like this. Praying that Hawaii will become the healing paradise again soon.”
- Some major media including Forbes Japan reported Hawaii’s situation
 - <https://forbesjapan.com/articles/detail/32917/3/1/1>
 - <https://forbesjapan.com/articles/detail/33204/1/1/1>
 - (explains why Hawaii did not have any confirmed cases until recently, mentions empty shelves in supermarkets, etc.)

KOREA MARKET UPDATES (4/08)

- Cases significantly dropped in mid-March
 - One of the most expansive and well-organized testing programs in the world
 - Extensive efforts to isolate those infected and trace the contacts
- Clusters continue to appear
 - Churches, call centers, etc. ¹⁸
- 91 countries deny entries from Korea¹⁹
- Korea has travel restrictions on 81 countries/regions²⁰
- E-Commerce market has shown great growth due to Coronavirus in Korea
- Since the stay-at-home (self-quarantine) has been implemented and COVID-19 has worsened in the US, many Korean travelers canceled/postponed their trips to Hawaii/US.
 - Koreans studying/working abroad are returning to Korea
- COVID-19 has greatly changed the preferences for honeymoon destinations (Hawaii is now at 5th place according to tour agency, Farm Tour)

¹⁵ https://news.biglobe.ne.jp/entertainment/0405/spn_200405_7320093170.html

¹⁶ https://news.biglobe.ne.jp/entertainment/0401/asg_200401_3600522633.html

¹⁷ <https://www.youtube.com/watch?v=dgLQZAcDswE&t=1s>

¹⁸ <https://www.sciencemag.org/news/2020/03/coronavirus-cases-have-dropped-sharply-south-korea-whats-secret-its-success>

¹⁹ http://english.hani.co.kr/arti/english_edition/e_international/931128.html

²⁰ <https://asia.nikkei.com/Spotlight/Coronavirus/South-Korea-travel-restrictions-spread-to-81-nations-and-regions>

- Top 3 Honeymoon Destinations for Honeymooners: Maldives, Mauritius and Cancun are considered as relatively safe places. Hawaii is ranked 5th.

CHINA MARKET UPDATES (4/08)

- 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 hunkered down at home to fight with the 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. Here are some images showing the crowd of the visitors from the Huangshan mountain park in Anhui Province on Saturday April 4. 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.
- China's overall air traffic has rebounded from lows in January 20 and February
- 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.

HAWAII UPDATES:

- **Police Issue Warnings and Citations for Stay-at-Home Violators**
Over the past couple of weeks, police have issued more than 5,000 warnings and hundreds of citations and made 26 arrests for violating state and city stay-at-home orders. The violations are classified as misdemeanors (4/08)
<https://www.staradvertiser.com/2020/04/08/hawaii-news/honolulu-police-have-issued-more-than-5000-warnings-in-connection-with-coronavirus-emergency-orders/>
- **Maui and Oahu are Under "Stay-at-Home" Orders**
*City and County of Honolulu Mayor Kirk Caldwell and Maui County Mayor Michael Victorino issued **stay-at-home/work-at-home orders** for their islands effective through April 30, 2020. (3/21)*
- **Hawaii Extends 14-day Quarantine to Neighbor Island Travel**
Gov. David Ige signed an emergency proclamation requiring a 14-day quarantine for all interisland travelers, who are being told to travel only for essential reasons like work or health care. The measure went into effect April 1 and extends through April 30.
- **Hawaii Enforces 14-day Quarantine**
March 26: Thursday marked the first full day of the state's new rules requiring all travelers on incoming international and mainland flights to Hawaii to go into a 14-day quarantine at hotels or places of residence. Rule in effect through May 20, 2020.
- **State Issues Stay-at-Home Orders; Initiates Widespread Business and School Closures**
March 26: A sweeping "stay-at-home" order is now in effect statewide. Waikiki, the state's no. 1 tourist destination, is all but deserted. Malls look like ghost towns with most of their retail shops closed. Popular beaches are empty.
- **Effects of COVID-19 could last months in Hawaii:** *State health officials are projecting the coronavirus will be a serious threat to Hawaii for up to five months with the peak of the outbreak yet to come.*
<https://www.staradvertiser.com/2020/03/26/hawaii-news/state-health-officials-projecting-the-effects-of-covid-19-in-hawaii-could-lat-months/>
- **Hawaii Jobless Rate:** *Unemployment claims in Hawaii rose to 194,936 on Monday April 6. The Department of Labor and Industrial Relations reported total unemployment filings in March of more than 160,000; nearly 25% of all workers. (04/02).*

HAWAII VISITOR INDUSTRY – Arrivals by Air Drop Significantly

The state's 14-day mandatory self-quarantine began on March 26 for all passengers arriving in Hawaii from out of state. The order was expanded on April 1 to include interisland travelers as well. This table shows the number of people who arrived by air from out of state on April 9 and does not include interisland travel.

	Kona	Maui	O'ahu	Līhu'e	Grand Total
Crew	6	6	87		99
Intended Resident			45		45
Resident	23	9	139		171
Transit			241		241
Visitor	4	3	100		107
Grand Total	33	18	612	0	663
Flights	1	1	11	0	13

There were 663 arrivals to Hawaii, and of that amount, 107 were visitors. Source: [HTA](#)

- Passenger arrival counts include crew, returning residents, intended residents, those in transit (to another destination) and visitors.
- Typically, Hawaii sees approximately 30,000 arrivals per day, including residents and visitors.
- Daily passenger counts had been dropping drastically even before the state mandated a **14-day mandatory self-quarantine for all incoming passengers**. Passengers arriving on March 26 and 27 no longer need to self quarantine.

Airline Industry

While the international schedule of United Airlines will be reduced by about 90% during April, the airline will continue flying six DAILY operations through the May schedule.

- **Daily flights from San Francisco to and from Narita** (Flights 878/838) and Sydney (Flights 863/870)
- Daily flights from Houston to/from Sao Paulo; Newark/New York to/from Frankfurt, London and Tel Aviv.

Hawaii Tourism Authority (HTA) Updates:

<https://www.hawaiitourismauthority.org/news/alerts/covid-19-novel-coronavirus/>

HAWAII CLOSURES & EVENT CANCELLATIONS

National and International Event Cancellations:

<https://www.usatoday.com/story/news/nation/2020/03/05/coronavirus-update-list-canceled-events/4950641002/>

Hawaii Event Cancellations and Postponements:

<https://www.hawaiinewsnow.com/2020/03/17/list-cancellations-closures-grow-virus-cases-mount/>

<https://www.staradvertiser.com/2020/03/12/breaking-news/from-merrie-monarch-to-uh-sports-see-whats-been-affected-by-the-coronavirus/>

PARTIAL LIST OF TEMPORARY HOTEL CLOSURES:

(Most Hawaii hotels are closed or will close. All dates subject to change)

Oahu

- Halekulani (until April 30, 2020)
- Halepuna (until April 30, 2020)
- Hokulani (until April 30, 2020)
- Kahala Resort (until April 30, 2020)
- Ko Olina Resort (Aulani a Disney Resort, Four Seasons Resort Oahu, Marriott's Vacation Club)
- Prince Waikiki (until April 30, 2020)
- The Royal Hawaiian, a Luxury Collection Resort (until June 1, 2020)
- Moana Surfrider, A Westin Resort & Spa (until June 1, 2020)
- The Ritz-carlton Residences, Waikiki Beach (until June 1, 2020)
- Ohana East (Outrigger)
- Sheraton Princess Kaiulani
- Waikiki Beachcomber
- Waikiki Beach Marriott (until June 1, 2020)
- Wyndham Waikiki

Maui

- Sheraton Maui Resort & Spa (until June 1, 2020)
- Wailea Beach Resort March 25, 2020 June 1, 2020

- The Westin Maui Resort & Spa March 25, 2020 June 1, 2020
- The Ritz-Carlton, Kapalua (until June 1, 2020)

Kauai

- Sheraton Kauai (until June 1, 2020)

Lanai

- Four Seasons Resort Lanai
- Sensei Retreat, a Four Seasons Resort
- Hotel Lanai

Hawaii Island

- Westin Hapuna Beach Resort (until April 30, 2020)
- Waikoloa Beach Marriott (until June 1, 2020)
- Mauna Kea Beach Hotel (until April 30, 2020)
- Courtyard King Kamehameha's Kona Beach Hotel (until June 1, 2020)

For a full and most up-to-date list, please visit <https://www.gohawaii.com/special-alerts-information>

Please note: The information in this memo is for informational purposes about the COVID-19 situation and is not intended for publication or public attribution.