

High Hopes Pinned on “Golden Week” Domestic Travel Demand Expansion

Favorable alignment of holiday dates and new hotel openings may prove helpful

Takayuki Miyajima, Senior Economist, Economic Research Department

The spring outing season will move into high gear soon. Domestic travel demand in 2016 faltered significantly due in part to the impact of the Kumamoto Earthquake in April (See the chart below). For that reason, there are large expectations placed on this year’s domestic travel demand.

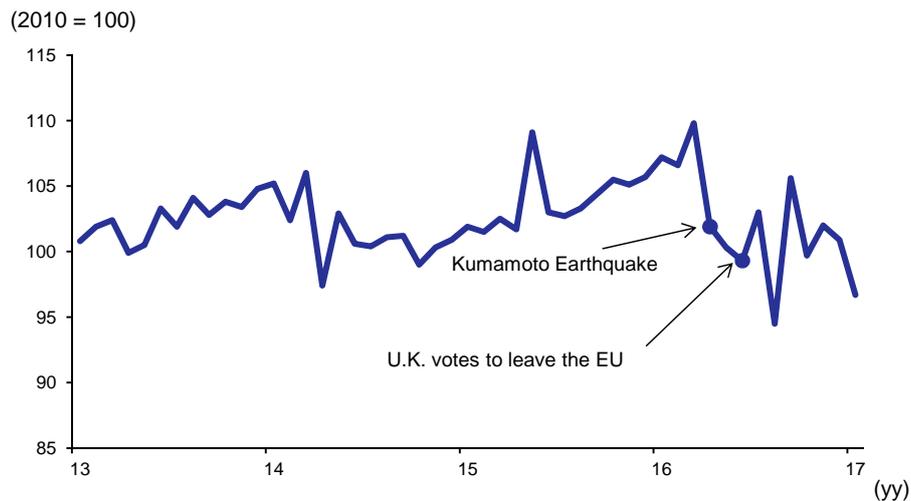
In fact, the environment surrounding domestic travel is favorable. With the active job opening to applicants ratio standing at a record high level, the employment and income situation remain favorable. The fact that the victory of Republican candidate Donald Trump in the U.S. presidential election in November 2016 has put the brakes on the yen’s upward trend can also be seen as a tailwind for domestic travel.

Particularly for the travel industry, the expansion of domestic travel demand during Golden Week is important. Following the last Saturday and Sunday in April, this year’s Golden Week consists of five consecutive holidays in May after two weekdays. This alignment results in the longest spell of holidays in May.

In addition, the “Premium Friday” campaign, the practice of having shorter working hours on the last Friday of each month, was launched in February, and will encourage workers to leave work early on the last Friday of April. According to a variety of questionnaire surveys, many consumers responded that if they can leave work early on Friday, they would like to go on domestic travel of 1.5 days and 1 night from the early evening of that Friday. Travel agencies are stepping up their campaigns targeted at those consumers, raising hopes that domestic travel demand will be boosted in the early part of Golden Week in April.

Furthermore, the fact that high-profile new hotels and commercial facilities will open in March-May 2017 can be expected to boost demand for domestic travel. In March, the second hotel of the famous “Henn-na Hotel” at Huis Ten Bosch in Nagasaki, the famous robot-staffed hotel, opened in Urayasu-shi, Chiba Prefecture. In April, Legoland Japan will open business in Nagoya, with a Lego hotel attached to the theme park.

In 2017, the end of which will mark less than 1,000 days to the hosting of the Summer Olympics in Tokyo, redevelopment of the Tokyo metropolitan area is expected to gather speed. In April, GINZA SIX, the largest commercial facility in the Ginza shopping district, is scheduled to open for business at the site of Matsuzakaya Department Store. These commercial initiatives also should play a part in boosting demand for domestic travel.

[Travel Industry Activity Index (Domestic Travel)]

Source: Compiled by Mizuho Research Institute based on the Ministry of Economy, Trade and Industry, *Indices of Tertiary Industry Activity*

This publication is compiled solely for the purpose of providing readers with information and is in no way meant to encourage readers to buy or sell financial instruments. Although this publication is compiled on the basis of sources which we believe to be reliable and correct, the Mizuho Research Institute does not warrant its accuracy and certainty. Readers are requested to exercise their own judgment in the use of this publication. Please also note that the contents of this publication may be subject to change without prior notice.