JATA News Release — Japan Association of Travel Agents

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Survey of Travel Market Trends-September 2012, the second quarter

Overseas DI extended its advance due to strong yen. Domestic DI fell short of outlook.

・Overseas:5 consecutive growth yet out look for next 3 month is uncertain.
・Domestic:Heavy rain in Kyushu and the hired bus accident damaged the business though some room to increase again.

■About the Survey on Travel Market Trends

JATA (Japan Association of Travel Agents) asked all member companies to register as survey monitors and 608 companies did so. The quarterly Survey on Travel Market Trends seeks to grasp trends in the market based on responses to a questionnaire on conditions now and those anticipated over the next three months.
The survey asks participating companies to rate their sales results for each destination and customer segment by choosing from three categories: "good," "average" and "poor". Respondents indicate "do not handle" for items outside their business scope. Each share of "good," "average" and "poor" is then divided respectively by the denominator, which is equal to the total number of responses minus the "do not handle" and "no reply" responses. Finally each share is processed into the Diffusion Index (DI).
The highest possible index figure is +100, and the lowest is -100.

◆Survey Overview

Survey area	:	Japan nationwide
Survey target	:	JATA member company management
Survey method	:	Internet survey
Survey period	:	From Thursday, August 2, 2012 to Wednesday, August 22, 2012
Registered companies	:	608
Responding companies	:	296
Response rate	:	48.6%

◆Business Classificatior

The JATA Survey on Travel Market Trends analyzes business conditions based on business content.
A definition of each business classification and the number of respondents to the survey is shown below.

Business Classification

Designation	Definition	Respondents
Full- service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	31
Overseas travel wholesaler	A dedicated overseas travel wholesaler	19
Overseas travel specialist agency	A travel agency with a business volume of more than 5 billion yen, 80% of which is related to overseas travel	21
Domestic travel wholesaler	A dedicated domestic travel wholesaler	8
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	25
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	141
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	51

For more information about this survey, contact public relations of JATA
The data available at http://www.jata-net.or.jp
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■Business Activity for the Overseas Travel Market Overall

Currently DI is +7, increase of 5 consecutive periods.
Surpassed previous outlook (+5), yet markets especially China and Korea are uncertain.

Current situation

Asia, Korea and Hawaii are strong and 4 destinations scored positive DI figures following the previous quarter period. Yet territorial disputes leave some uncertainty.

・Inbound in long-haul destinations still needs some time to recover. IT fare seat supply is enough in the market this helps package tours especially leisure sell well. Destinations in Asia are also selling well due to enough supply from LCC operations from/to Narita and Haneda. -Full- service travel agency

・Early Booking is increasing with strong yen. Senior segment has not yet come to full recovery, this causes short-haul destinations in Asia increase. Long-haul destinations stay the same level except Hawaii. -Second-tire retail agency

・More direct flights to Hawaii encourage both individual and group trips. -Full- service travel agency

・Overseas overall is +7, up by 3 points from last 3 month period(April-June).

Outlook for next 3 months (October to December)

Asia, Korea and Hawaii DI stay positive but decline.

・Bookings are for those concentrated days due to short consecutive holidays this fall. The disaster last year discouraged traveling East bound, however this year Tokyo skytree and related facilities opening makes domestic tours relevant to short-haul destinations in Asia. -Full- service travel agency

・Business/Technical visits and Incentive segments are recovering, however the territorial disputes of Takeshima and Shenkaku islands are our concern. -Second-tire retail agency

・Inbound travelers are regaining its volume, this is gradually affecting reserving enough airline seats. Also local operations are not providing enough service, therefore the supply is not the level of satisfactory for rising demands. -Full- service travel agency

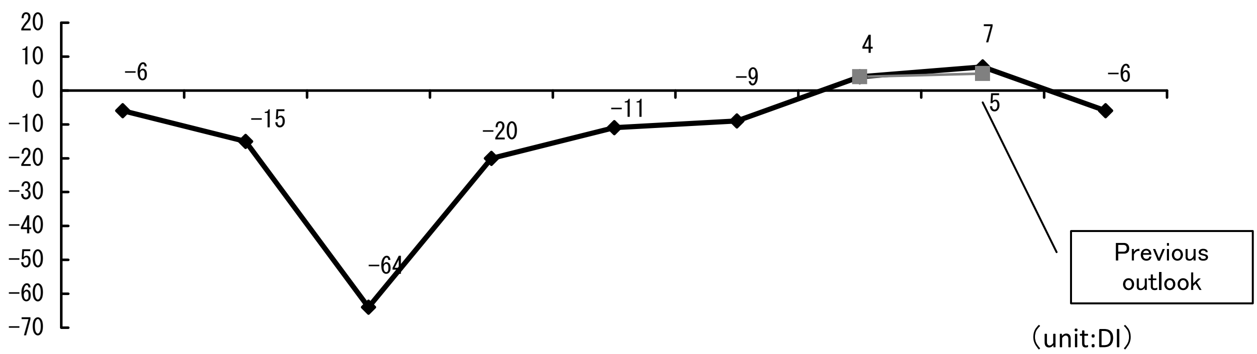
・Outlook for next 3 months (October to December) is -6, down by 13 points.

Summary

DI surpassed the previous outlook by 2 points and is +7. Concerning long-haul destination, Europe is on the up. On the other hand, Korea which already reached its most went down by 10 points with Takeshima issue. Still it is +12, stayed two digit figure. In the next 3 month outlook, it is expected to go down overall. But this is not due to the effect of China and Korea issues.

N:vaild response
(N=275)

(Unit : DI)



(unit:DI)

	2 years ago Jul.-Sep.	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Overseas Overall	-6	-15	-64	-20	-11	-9	4	7 ※5	-6

Outlook as of Jun.2012

	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Full- service travel agen	-6	-72	10	16	11	10	25	18
Overseas travel wholesaler	-4	-78	-41	-8	0	-12	-6	-10
Overseas travel specialist ag	0	-45	7	-23	-34	11	5	-5
First-tier retail agency	-23	-81	8	11	0	47	13	-13
Second-tier retail agency	-26	-65	-33	-25	-13	-7	0	-11
In-house travel agency	2	-43	-19	-6	-10	16	19	2

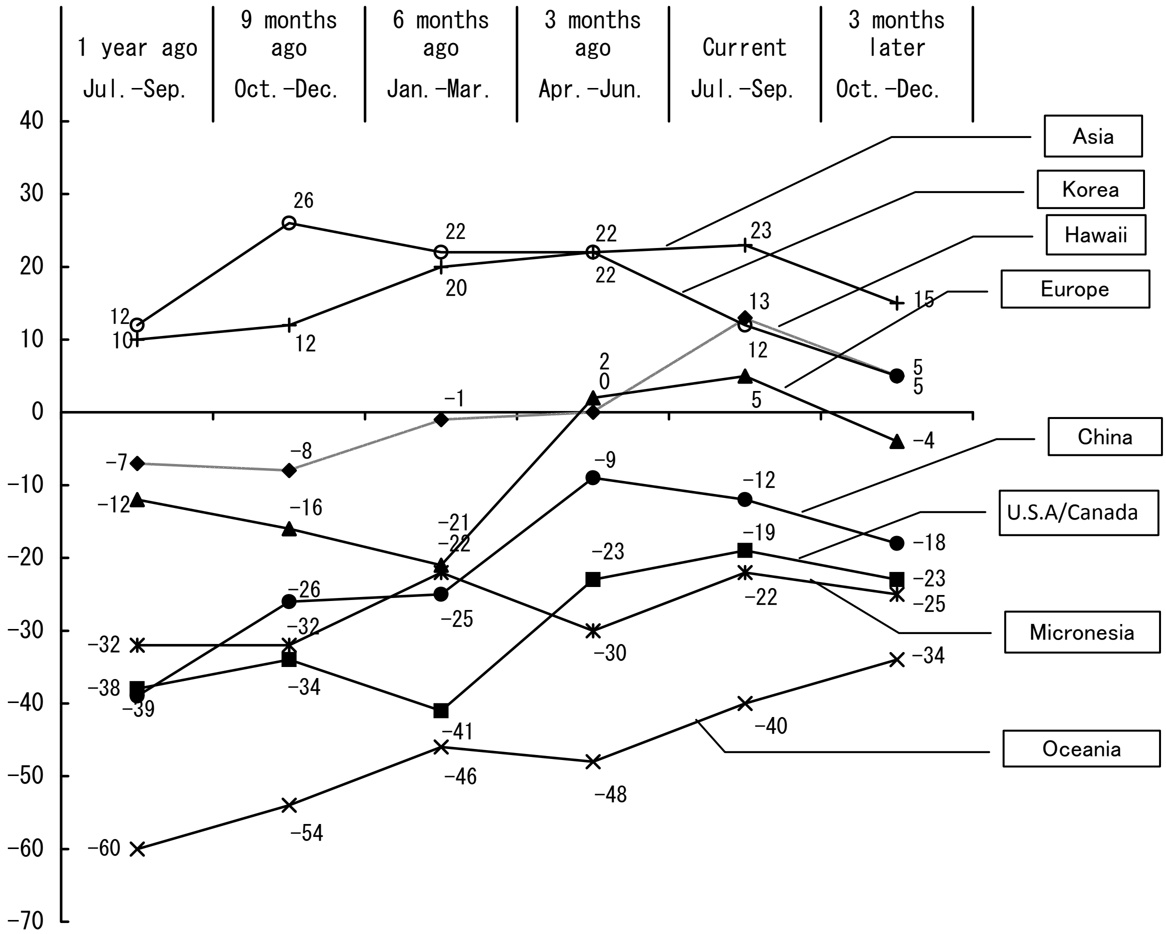
◆Trends in Overseas Travel Demand (by destination segment)

Hawaii is +13, up by 13 points, Asia is strong now at+23.
2 destinations show decrease, Korea went down to+12 (down by 10 points), China is at −12 (down by 3 points)
In Next 3 Months, all destinations will experience slowing down except Oceania.

- DI increased in 6 destinations compare to previous 3 months(Apr.−Jun.), Hawaii went up by 13 points, both Micronesia and Oceania by 8 points, U.S.A/Canada by 4 points, and Europe by 3 points. On the other hand, 2 destinations with territorial issues decreased, Korea by 10 points and China by 3 points.
- In Next 3 Months(Oct.−Dec.) 7 destinations will decline except Oceania in the Southern Hemisphere − Europe by 9 points, Hawaii/Asia by 8 points Korea by 7 points, China by 6 points, U.S.A/Canada by 4 points and Micronesia by 3 points.

N:valid response
(N=275)

(unit:DI)



(unit : DI)

	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Hawaii	−7	−8	−1	0	13	5
U.S.A/Canada	−38	−34	−41	−23	−19	−23
Europe	−12	−16	−21	2	5	−4
Oceania	−60	−54	−46	−48	−40	−34
Micronesia	−32	−32	−22	−30	−22	−25
China	−39	−26	−25	−9	−12	−18
Asia	10	12	20	22	23	15
(within Korea)	12	26	22	22	12	5

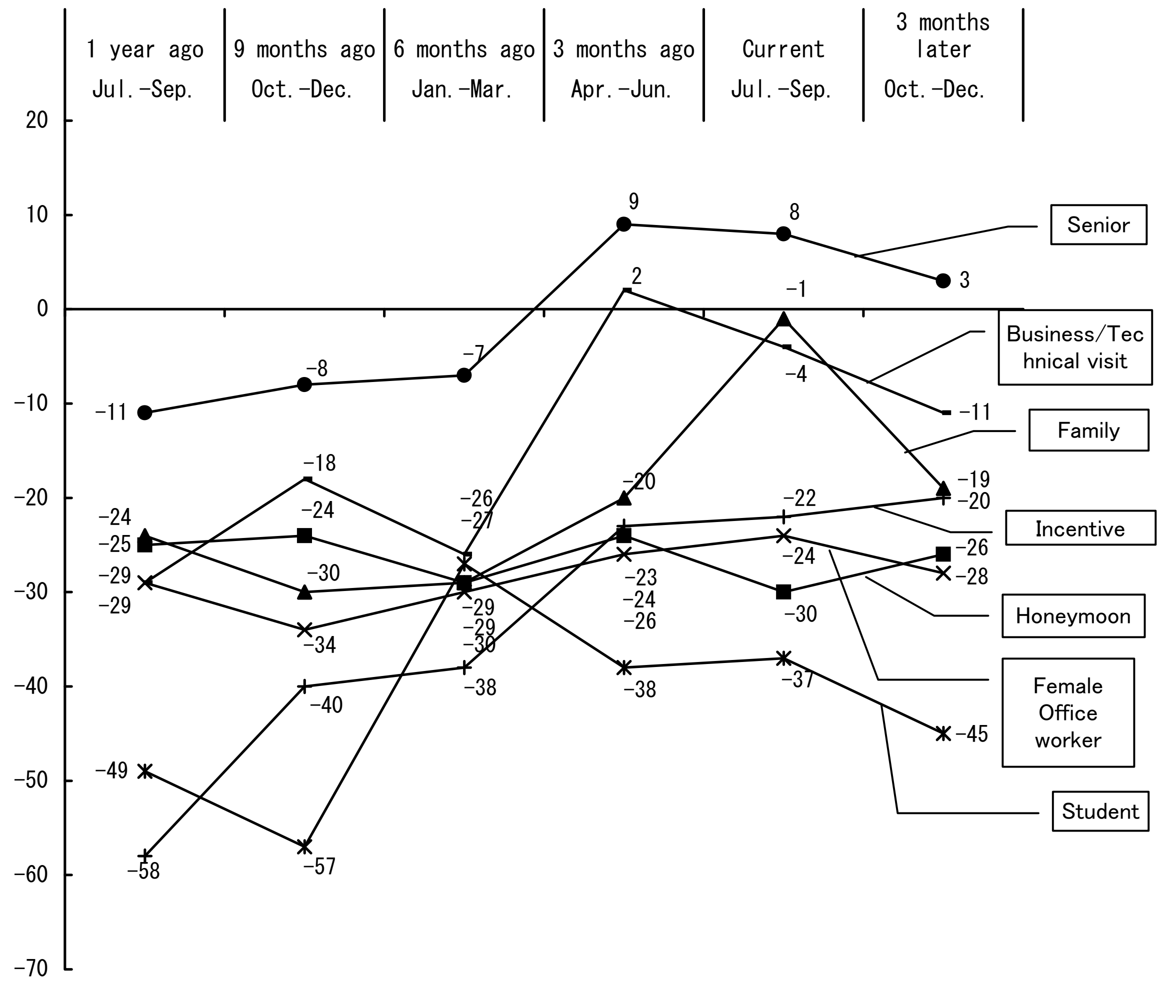
◆Trends in Overseas Travel Demand (by customer segment)

Family segment jumped up by 19 points, Senior reduced by 1 point but is still storing.
On the other hand, Honeymoon in off season and Business/technical visit segment which increased by big margin went down by 6 points.
In Next 3 Months, no significant change except Incentive and Honeymoon with slight increase.

- Each DI increased compare to previous 3 months(Apr.–Jun.), Family by 19 points, Female office worker by 2 points, Student/Incentive by 1 point, Senior –the only positive figure, by 1point. Business/Technical visit and Honeymoon which previously showed sharp rise went down by 6 points. Incentive increased for 5 consecutive quarter periods.
- In Next 3 Months(Oct.–Dec.), Honeymoon will increase by 4 points, Incentive by 2 points. Other segments will reduce –Family by 18 points, Student by 8 points, Business/Technical visit by 7points, Senior by 5 points, and Female office worker by 4 points.

N:vaild response
(N=275)

(Unit:DI)



(unit : DI)

	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Honeymoon	-25	-24	-29	-24	-30	-26
Family	-24	-30	-29	-20	-1	-19
Female Office Worker	-29	-34	-30	-26	-24	-28
Student	-49	-57	-27	-38	-37	-45
Senior(*)	-11	-8	-7	9	8	3
Incentive(**)	-58	-40	-38	-23	-22	-20
Business /technical visit	-29	-18	-26	2	-4	-11

*Senior: Customers aged 60 or over.
**Incentive: Travel offered as an incentive to business and organization employees.