JATA News Release
Japan Association of Travel Agents
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October 3,2016

Survey of Travel Market Trends - September 2016, 2nd quarter

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors. JATA conducts the quarterly Survey of Travel Market Trends involving 532 registered companies. The results of the 2nd quarter (July-September) survey are shown below.

●Overseas travel DI grew 5 points over the -40 −level of June and reached -35

・General travel agencies, in-house agencies and OTA enjoyed an increase while travel companies offering overseas tours saw a drop in demand.
・Hawaii (0) maintained its leading position. Asia (-2), Oceania (-13) improved their rankings. South Korea (-46) continued to improve. Europe (-71) was in decline.
・Business/technical visits, despite the decreased demand, stays in high position. The senior market shows no significant change.

○ During the third quarter, overseas travel DI is expected to increase by 4 points, reaching -31. In the fourth quarter, it will grow up to -29.

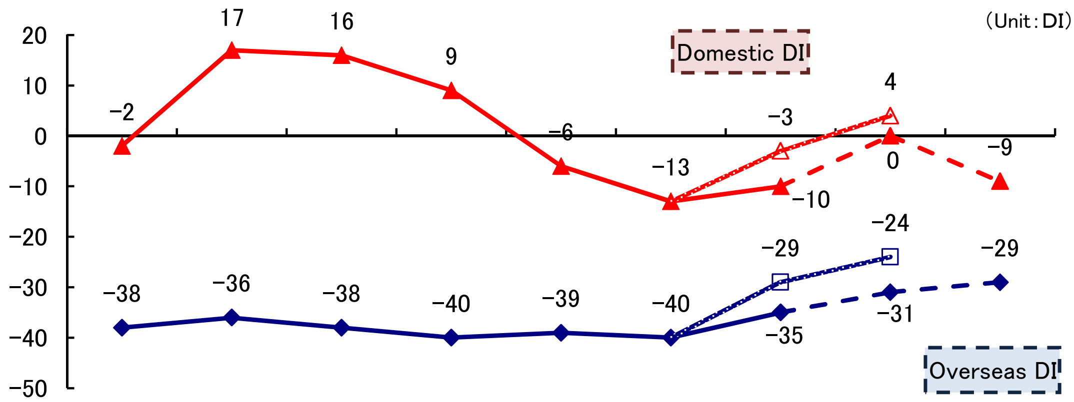
・In the third quarter, overseas-tour-selling travel agencies, general travel agencies and 1st-tier retailers are expected to recover. Asia will move to a high-ranking position, and in six months, general travel agencies will enjoy continued recovery. Europe will improve its ranking, too.

● Domestic travel DI grew 3 points over the previous quarter (-13) and reached -10

・In-house travel agencies and 1st-tier retailers showed an outstanding growth.
・Hokkaido (+5) remained strong. Tokyo (+3) stepped up into the red and Kyoto, Osaka and Kobe (+3) kept on the recovery track. Kyushu (-36) which suffered a decline after the Kumamoto earthquake grew remarkably while Hokuriku (-9) continued on the downward track.

○ In the next quarter, domestic travel is expected to reach 0 after climbing up 10 points. In the fourth quarter of this year, it will increase 1 point and get to -9.

・During the next quarter, except for in-house travel agencies, all categories of travel agencies will see an increase in their business. Hokkaido is expected to decline sharply, Kyoto, Osaka and Kobe will see a one-digit growth but still show a downward trend. Kyushu will recover gradually. In the last quarter of this year, Hokkaido will decline sharply.



	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.	6 months later Jan.-Mar.
Overseas overall	−38	−36	−38	−40	−39	−40	−35 ※−29	−31 ※−24	−29
Domestic overall	−2	17	16	9	−6	−13	−10 ※−3	0 ※4	−9

※ Outlook as of June 2016

■About the Survey of Travel Market Trends

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors. JATA conducts the quarterly Survey of Travel Market Trends involving 548 registered companies and publishes the results.

The Survey of Travel Market Trends is designed to grasp trends in the travel market based on responses to questions on current conditions 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." For items outside their business scope, respondents select "do not handle." 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" (including "no reply") responses. Finally, each share is processed into the Diffusion Index (DI) by subtracting the percentage of "poor" from the percentage of "good."
The highest possible index figure is +100, and the lowest is -100. In FY 2016, online travel agencies (OTA) will be included in the market trends survey with information/outlooks for the following two quarters. The 3-rd quarter survey will provide data from travel companies handling inbound tours to Japan. The survey will include the trends in the inbound tourism to Japan, too.

◆Survey Overview

Survey area:	Japan nationwide
Survey target:	JATA member company management
Survey method:	Internet survey
Survey period:	August 8(Monday) to 29(Monday), 2016
Registered companies:	532
Responding companies:	309
Response rate:	58.1%

◆Business classification

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

Designation	Definition	Number of companies	Ratios
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	41	13.3%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	18	5.8%
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	15	4.9%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	12	3.9%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	33	10.7%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	131	42.4%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	47	15.2%
Online travel agency	Companies whose business is based on internet sales	12	3.9%

For more information about this survey, contact JATA's Public Relations Committee.
These data are available at http://www.jata-net.or.jp
TEL: [+81] 3 3592 1244

■Business Activity in the Overseas Travel Market Overall

Compared to the 1st quarter, business activity grew 5 points, reaching -35. General travel agencies, in-house travel agencies and OTA saw an increased activity while the activity of agencies selling overseas tours dropped sharply. Hawaii, with one point plus, kept its leading position. Asia and Oceania grew by 6 and 11 points respectively. South Korea continued to perform well, growing by 8 points and Europe was 7 points down. Though business/technical visits decreased somewhat, they still ranked high and the senior segment did not show much change. In three months, the overall activity will improve by 4 points up to -31, and in 6 months, it is expected to grow by 6 points up to -29.

Overall

The overall activity showed a 5-point improvement over the 1st quarter but was still 6 points short of the forecast at -35. OTA (-33) scored 17 points plus, in-house travel agencies (-25) grew 15 points, general travel agencies (-49) were up by 14 points and overseas tour whole sellers (-44) improved by 4 points. On the other hand, travel agencies selling overseas tours (-27) decreased by 21 points. Hawaii (0) grew by a point and kept its high ranking. Asia (-2) and Oceania (-13) moved up, growing by 6 and 11 points respectively. South Korea (-46) continued to improve and gained 8 points. Europe (-71) dropped 7 points further. The student market (-48) and family market (-33), grew by 11 and 9 points respectively while female office workers (-41) and study tours (-33) improved by 6 points each. Business/technical visits (-20) maintained their high ranking in spite of losing 6 points. Seniors (-24) showed no sizeable change.

Present situation (July-September)

Hawaii and Asia keep steady, South Korea continues to improve. Europe slides down.

・While Hawaii is enjoying steady demand, under the influence of terrorist treat, Europe is in poor condition. South Korea is enjoying strong sales. North Europe, Australia and New Zealand chosen for their natural environment, are going strong (1st tier /General travel agency)
・Due to increase in inbound travel, air seats are difficult to book (1st tier/overseas tour whole seller)
・As the last year's Silver Week was strong, September this year has shown slower sales (1st tier/travel agency handling overseas tours)
・South Korea is bouncing back from last year's decrease which was caused by MERS (1st tier/OTA)
・Overseas travel gained 5 points over the previous quarter and reached -35.

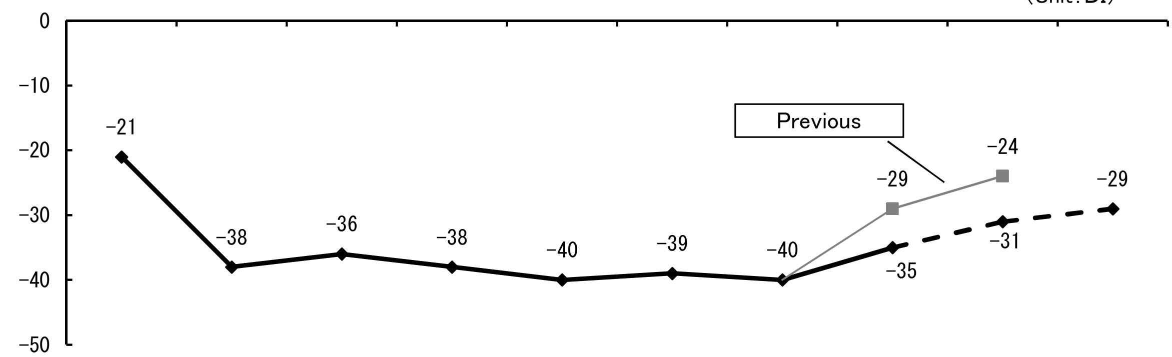
Forecast for the next two quarters

Hawaii and Asia will consolidate their positions. Despite low demand,Europe will get on the recovery track.

・South Korea and Taiwan will continue to grow. Thailand and Vietnam will be on the increase, too (1st tier/overseas tour whole seller)
・Taiwan, Vietnam, Bangkok, Singapore and Hong Kong will remain popular. Europe will start to recover (1st tier/Retailer 1)
・Under the influence of expensive yen and low surcharges, Europe is expected to go strong (1st tier/In-house travel agency)
・In the third quarter (October – December), the market activity will grow by 4 points up to -31.
・In the fourth quarter (January – March), it will increase further by 6 points, reaching -29.

N：Valid response
(N=272)

(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.	6 months later Jan.-Mar.
−21	−38	−36	−38	−40	−39	−40	−35 ※−29	−31 ※−24	−29

※ Outlook as of June 2016

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Full-service travel agency	−56	−64	−49	−68	−71	−63	−49	−33	−14
Overseas travel wholesaler	−74	−62	−55	−61	−53	−48	−44	−44	−28
Overseas travel specialist ag	6	−11	−12	−6	−18	−6	−27	0	0
First-tier retail agency	−64	−32	−45	−57	−39	−38	−40	−27	−23
Second-tier retail agency	−37	−36	−39	−37	−36	−39	−33	−32	−38
In-house travel agency	−16	−19	−26	−19	−22	−40	−25	−24	−31
Online travel agency	−	−	−	−	−	−50	−33	−33	−50

◆Trends in Overseas Travel Demand (by destination segment)

Hawaii ranks high. Asia and Oceania have consolidated their good positions. South Korea continues to perform well.
Europe declined to a bottom position while China is showing no considerable change, keeping its low ranking.
America & Canada and Micronesia are not seeing any changes either.
During the next quarter, Hawaii is expected to leave its leading position with Asia taking the lead. South Korea will continue to recover.
In the fourth quarter, Hawaii and Asia will consolidate their positions. Despite low demand, Europe will get on the recovery track.

- Compared to the previous quarter, Hawaii is 1 point stronger, Asia increased 6 points and Oceania showed a remarkable 11-point growth. South Korea is recovering, with an 8-point gain. Europe declined 7 points and again ranks low. China gained 3 points but has not shown an upward change of position. Micronesia increased by 1 point and along with America & Canada which also lost a point keeps its mid-ranking position. Both destinations have not shown a change in the amount of demand.
- In the next quarter (October – December), Hawaii will lose 5 points, Asia will gain one and take the leading position. South Korea, which will gain one point, will continue upwards on the recovery path. The low-ranking Europe will gain 3 points, China will see a 2-point growth and the two destinations will improve their positions. During the fourth quarter (January – March), Hawaii will further lose 2 points, Asia will lose 3 points but maintain its high position. Europe, with 7 more points, will solidify its recovery. China, with 2 points less, will show no noticeable activity and will stay in the low.

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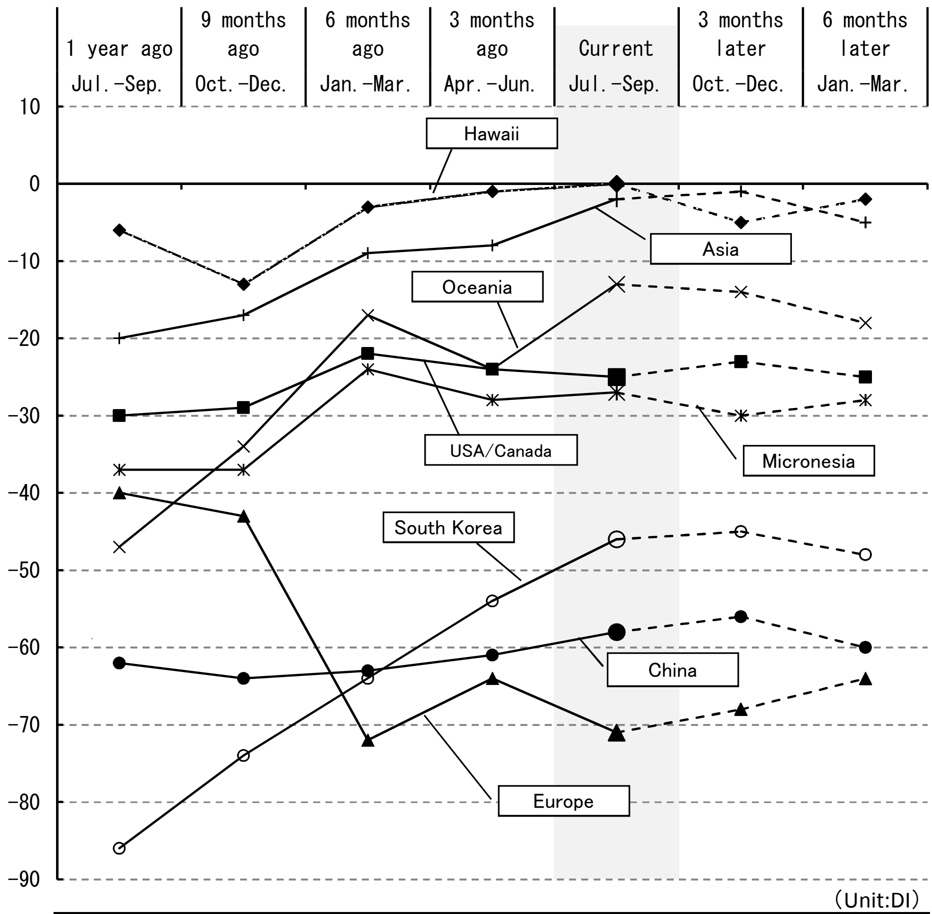

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	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	**Current Jul.-Sep.**	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Hawaii	−6	−13	−3	−1	**0**	−5	−2
USA/Canada	−30	−29	−22	−24	**−25**	−23	−25
Europe	−40	−43	−72	−64	**−71**	−68	−64
Oceania	−47	−34	−17	−24	**−13**	−14	−18
Micronesia	−37	−37	−24	−28	**−27**	−30	−28
Asia	−20	−17	−9	−8	**−2**	−1	−5
China	−62	−64	−63	−61	**−58**	−56	−60
(of which, South Korea)	−86	−74	−64	−54	**−46**	−45	−48

◆Trends in Overseas Travel Demand (by customer segment)

The family market is strong. Students, female office workers, and education travel are on the increase.
Business/technical visits, despite the decreased demand, stays in high position. The senior market shows no significant change.
During the next quarter, student demand will drop sharply and the family segment will step into negative-growth territory.
Business/technical visits and senior market will keep their positions.
In the fourth quarter, honeymooner travel will be on the increase and business/technical visits are expected to remain strong.

- The family market、with a 9-point increase, continued to perform better than the previous quarter (April – June). Student travel gained 11 points, female office workers and education travel increased by 6 points each and moved up to higher positions. Despite the 6-point loss, business/technical visits continued to rank high. Senior travel (+/-0) showed no change. Individual tours, incentive tours and honeymoon travel decreased by 5, 4, and 2 points respectively.
- In the third quarter (October – December), student tours will drop sharply, losing 8 points. Family tours will also decline, losing 7 points. Business/technical visits and senior travel will grow by 2 and 1 point respectively but show no sizeable change. Incentive tours will gain 5 points, honeymoon travel will grow by 4 points and education tours will gain 4 points. Individual tours will decrease by 4 points and female office workers will be 3 points down. During the last quarter (January – March), demand for honeymoon tours will get on the recovery path and gain 5 points. Business/technical visits (+/-0) will not show a significant change and will maintain their high ranking. Education tours will increase by 3 points, female office workers by 2 points and students by 1 point. Family travel, incentive tours and senior travel are expected to lose 3, 2 and 1 point respectively while demand for individual travel will remain unchanged.

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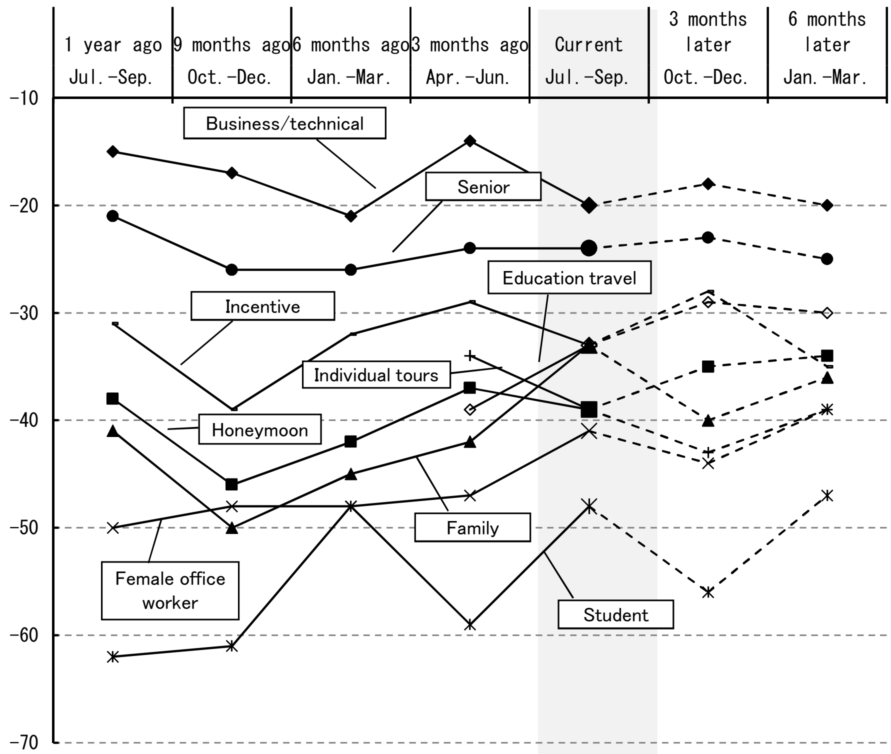

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	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	**Current Jul.-Sep.**	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Honeymoon	−38	−46	−42	−37	**−39**	−35	−34
Family	−41	−50	−45	−42	**−33**	−40	−36
Female office worker	−50	−48	−48	−47	**−41**	−44	−39
Student	−62	−61	−48	−59	**−48**	−56	−47
Senior (*)	−21	−26	−26	−24	**−24**	−23	−25
Individual tours	–	–	–	−34	**−39**	−43	−39
Incentive (**)	−31	−39	−32	−29	**−33**	−28	−35
Business/technical visit	−15	−17	−21	−14	**−20**	−18	−20
Education travel	–	–	–	−39	**−33**	−29	−30

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