JATA News Release
Japan Association of Travel Agents
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March 17, 2016

Survey of Travel Market Trends - March 2016, 4th 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 585 registered companies. The results of the 4th quarter (January-March) survey are shown below.

●The overseas travel DI improved by 1 point from -40 in the October-December quarter to -39

※ Overseas whole sellers recorded an 8-point growth while the travel agencies selling overseas tours suffered a 12-point decrease.
※ Europe shrank by 29 points, Oceania and Micronesia grew by 17 points and 13 points respectively.
※ The students segment grew by 13 points, the incentive by 7 points and the family by 5 points; the business/technical visits were down by 4 points.

○During the next quarter, the market is expected to grow by 8 points up to -31

※ The outlook is positive, with Europe and South Korea growing by 16 and 8 points respectively and Hawaii by 6 points.

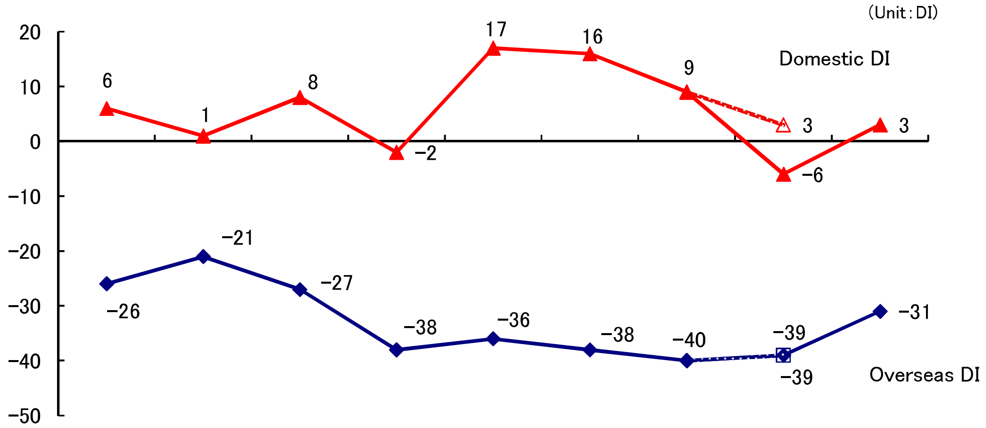
●During the 4th quarter, domestic travel fell by 15 points from +9 to -6

※ Domestic travel fell 9 points short of the outlook and all types of businesses showed decline.
※ Hokuriku gained 15; Kyoto, Osaka and Kobe grew by 9 points, and Tokyo completed the quarter with 6 more points while Amami & Okinawa showed a positive growth of 5 points.

○The domestic travel DI is expected to recover during the next quarter, growing by 9 points up to +3

※ During the next quarter, Hokuriku is expected to maintain its double-digit growth; Hokkaido and Tohoku are also expected to show a sizeable increase.

(Unit：DI)



	2 years ago Jan.-Mar.	1 1/2 years ago Jul.-Sep.	1 year and 3 months ago Oct.-Dec.	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	Current **Jan.-Mar.**	3 months later Apr.-Jun.
Overseas overall	−26	−21	−27	−38	−36	−38	−40	−39 ※−39	−31
Domestic overall	6	1	8	−2	17	16	9	−6 ※3	3

※ Outlook as of December 2015

■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 585 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.

◆Survey Overview

Survey area:	Japan nationwide
Survey target:	JATA member company management
Survey method:	Internet survey
Survey period:	February 8(Monday) to 24(Wednesday), 2016
Registered companies:	585
Responding companies:	297
Response rate:	50.8%

◆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
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	36
Overseas travel wholesaler	A dedicated overseas travel wholesaler	17
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	18
Domestic travel wholesaler	A dedicated domestic travel wholesaler	7
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	26
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	146
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	47

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

The business activity in the 4th quarter exceeded that of the previous term by 1 point, reaching the expected level of -39.
Europe dropped by 29, while Oceania grew by 17 points. Student travel increased by 13 points.
While retailers (1st category) recovered to -39 and the overseas whole sellers to -53, the companies selling overseas tours fell down to -18.

Overall

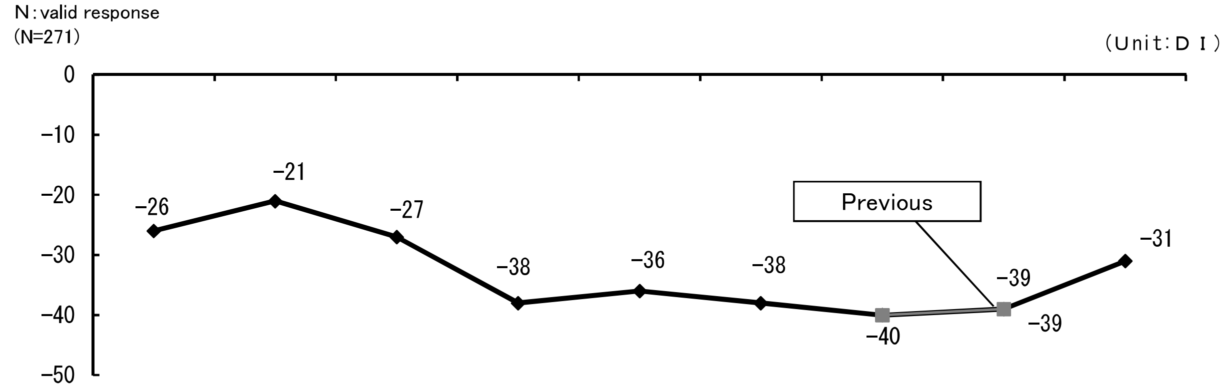
With one point over the level of the 3rd quarter, the activity stood at the expected -39. Retailer 1 (-39) improved 18 points and whole sellers of overseas tours (-53) enjoyed an 8-point growth, while the activity of travel companies selling overseas tours (-18) got 12 points down. General travel agencies (-71) saw their activity drop by 3 points remaining at the low position of the previous quarter. European destinations (-72) saw a sharp decrease of 29 points. Oceania (-17) grew by 17, Micronesia (-24) by 13, Hawaii (-3) by 10 points. South Korea (-64), despite its relatively low position, improved by 10 points. Asia (-9), too, showed an 8-point improvement. China (-63), with a 1-point growth, showed no considerable change. Market segment analysis showed that students (-48) increased by 13, incentive travel (-32) grew by 7, family tours (-45) gained 5 and honeymoon tours (-42) were up by 4 points. At the same time, business/technical visits (-21) decreased by 4 points.

Present situation (January-March)　　Dramatic decline of Europe and an impressive growth of Oceania

・While Europe, China, and South Korea are in recession, Taiwan, Asia and Oceania are showing signs of recovery. (1st category/general travel agency)
・ After the terrorist attacks in November last year Europe continues to rank low, due also to the negative influence of devalued yen and the Zika virus disease. (1st category/ travel company offering overseas tours)
・ Reservations for Canada and Australia are on the increase. South Korea has been recovering gradually. (1st category/retailer 1
・Overseas travel in general has gained one point over the previous quarter reaching -39.

Outlook for the next three months (April-June)　　Hawaii consolidated its position by maintaining positive growth. Although still in decline, Europe is on the recovery track.

・ Europe is receiving more attention compared to the same quarter last year. (1st category/general travel agency)
・ Oceania, thanks to the small time difference and its good safety record, has suddenly become the center of attention. (1st category/retailer 1)
・ Customers' interest is concentrated on relatively safe destinations like Hawaii. (3rd category/retailer 2)
・ During the next quarter (April-June) overseas travel is expected to gain 8 points reaching -31.



(Unit:DI)

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Overseas overall	−26	−21	−27	−38	−36	−38	−40	**−39** / **※−39**	−31

※ Outlook as of December 2015

	1 1/2 years ago Jul.-Sep.	1 year and 3 months ago Oct.-Dec.	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	Current **Jan.-Mar.**	3 months later Apr.-Jun.
Full-service travel agency	−31	−34	−56	−64	−49	−68	**−71**	−43
Overseas travel wholesaler	−50	−50	−74	−62	−55	−61	**−53**	−41
Overseas travel specialist agency	15	26	6	−11	−12	−6	**−18**	−12
First-tier retail agency	−4	−42	−64	−32	−45	−57	**−39**	−31
Second-tier retail agency	−30	−38	−37	−36	−39	−37	**−36**	−30
In-house travel agency	0	2	−16	−19	−26	−19	**−22**	−19

◆Trends in Overseas Travel Demand (by destination segment)

**At present, the decline of demand for European tours stands out. Hawaii and Asia maintain their leading positions.
Oceania, Micronesia showed a remarkable increase. South Korea, despite still ranking low, is improving while China has shown no considerable change.
The overlook for the next term (April-June) is for Europe and South Korea to recover and grow .Hawaii will maintain its high position and increase .**

- Compared to the previous quarter (September-December), demand for Europe has dropped sharply by 29 points. At the same time, Oceania has seen a 17-point increase and Micronesia experienced a 13-point upward leap. Hawaii and Asia, which grew by 10 and 8 points respectively, kept their leading positions. Although still weak demand for South Korea improved by 10 points. America and Canada enjoyed a 7-point increase and China showed no sizeable change. With the exception of Europe, all destinations have been doing well.
- The overlook for the next term (April-June) is for Europe and South Korea to recover and grow by 16 and 8 points respectively. Hawaii will maintain its high position and increase by 6 points. America and Canada as well as Micronesia are expected to show no noticeable changes, with +1 and 0 points respectively. Oceania and Asia will drop by 2 points each but the destinations will maintain their positions. Change is not expected in demand for China.

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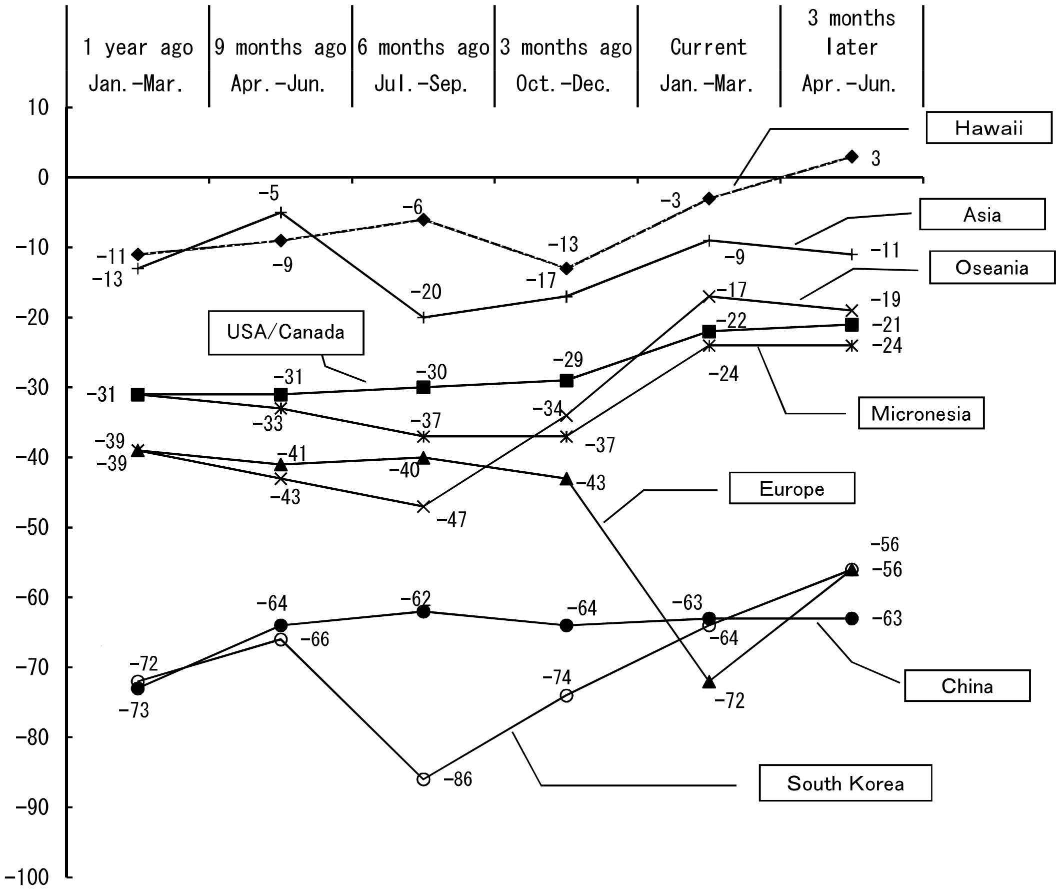

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	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	**Current Jan.-Mar.**	3 months later Apr.-Jun.
Hawaii	−11	−9	−6	−13	**−3**	3
USA/Canada	−31	−31	−30	−29	**−22**	−21
Europe	−39	−41	−40	−43	**−72**	−56
Oceania	−39	−43	−47	−34	**−17**	−19
Micronesia	−31	−33	−37	−37	**−24**	−24
China	−73	−64	−62	−64	**−63**	−63
Asia	−13	−5	−20	−17	**−9**	−11
(of which, South Korea)	−72	−66	−86	−74	**−64**	−56

◆Trends in Overseas Travel Demand (by customer segment)

Student/study tours have increased sharply, and the incentive, family and honeymoon tours are on the increase, too.
Business/technical visits are on the decrease and female office workers and senior segments have shown no significant change.
The overlook for the next quarter is that, with the exception of the student segment, all the segments will show sizeable growth.

- In comparison to the previous three months (October-December), student travel grew 13 points despite its low position. Incentive tours increased by 7, family tours by 5 and honeymoon by 4 points. Business/technical visits, which are still at the top, lost 4 points. Senior travel maintained its leading position while working women stayed low without any change.
- During the next three months (April-June), the senior segment will consolidate its position by gaining 9 points. Business/technical visits which despite its leading position was on the decline is expected to gain 6 points and record an upturn. Incentive, honeymoon and family travel will continue to grow, gaining 6 points each. Female office workers segment, despite its low position, is expected to get on the recovery track and gain 5 points. Demand for student/study tours will remain low and decrease by 4 points.

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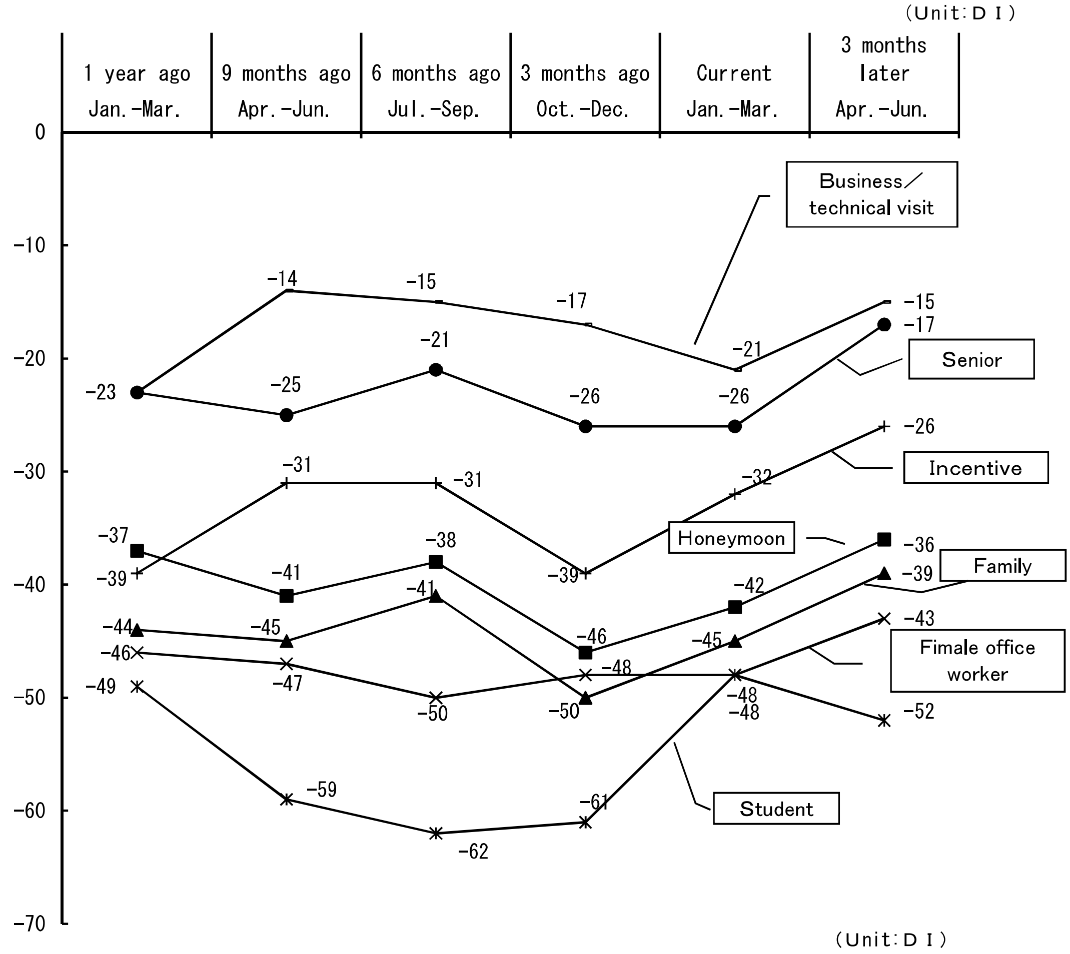

(Unit:ＤＩ)

	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	**Current Jan.-Mar.**	3 months later Apr.-Jun.
Honeymoon	−37	−41	−38	−46	**−42**	−36
Family	−44	−45	−41	−50	**−45**	−39
Female office worker	−46	−47	−50	−48	**−48**	−43
Student	−49	−59	−62	−61	**−48**	−52
Senior (*)	−23	−25	−21	−26	**−26**	−17
Incentive (**)	−39	−31	−31	−39	**−32**	−26
Business/technical visit	−23	−14	−15	−17	**−21**	−15

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