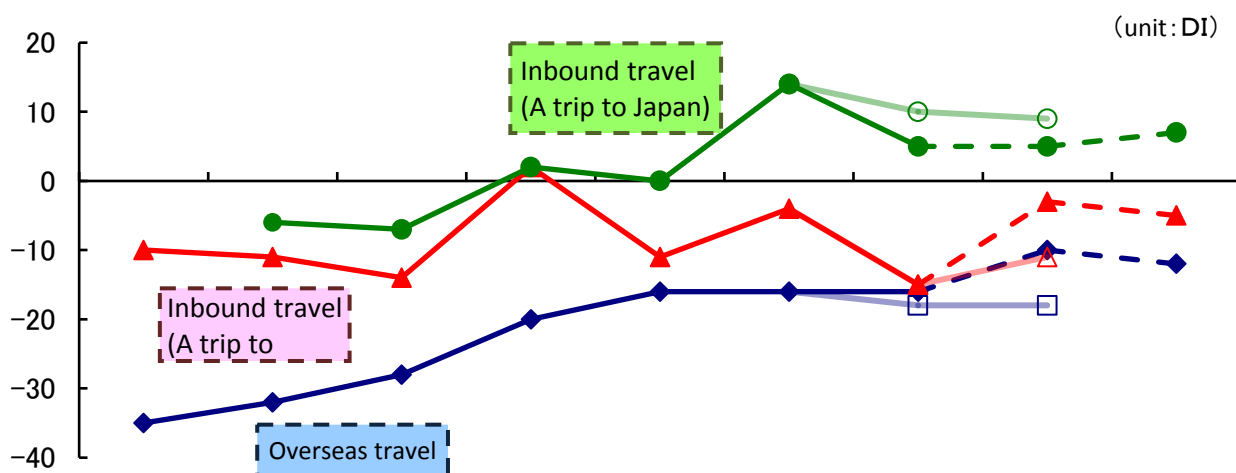


JATA18-07
April, 2018

Survey of Travel Market Trends March, 2017 4th quarter

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors. JATA conducts a quarterly Survey of Travel Market Trends involving 588 registered companies. The results of the 4th quarter survey are shown below.

- **The overseas DI showed no change compared to the previous quarter, remaining at -16 level.**
 - ※ Whole sellers saw a 19-point increase in business volume and stepped on the recovery track.
 - ※ The recovery of overseas travel was steady as demand for travel to South Korea grew by 21 points, to Micronesia by 13 points and to Europe by 12 points.
 - ※ Demand for student and senior travel grew by 24 and 11 points respectively, recovering considerably during the quarter.
 - During the next quarter, DI is expected to increase 6 points and reach -10. In six months, DI will grow further by 4 points and reach -12.
- **Inbound travel DI shrank by 9 points compared to the 3rd quarter but remained in the black at the 5-point level.**
 - ※ OTA companies saw a large increase of demand and grew by 67 points.
 - ※ Demand for Tohoku, Koshinetsu & Hokuriku, the Golden Route grew, starting on a recovery trend.
 - ※ MICE dropped sharply by 25 points as demand decreased overall. Hong Kong recovered and grew by 5 points, while Australia saw a 11-point decrease.
 - Inbound Travel DI is expected to maintain the 5-point level during the next quarter. In six months, it will increase by 2 points and reach +7.



	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.	6 months later Jul.-Sep.
Overall overseas travel	-35	-32	-28	-20	-16	-16	-16	-10	-12
							※-18	※-18	
Overall domestic travel	-10	-11	-14	2	-11	-4	-15	-3	-5
							※-15	※-11	
Overall inbound travel	-	-6	-7	2	0	14	5	5	7
							※10	※9	

※a perspective last time

■ 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 588 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,
Member of Japan Council Travel Agents for Chinese
- Survey method: Internet survey
- Survey period: February 5 (Monday), 2018 to February 25 (Sunday), 2018
- Registered companies: 588
- Responding companies: 297
- Response rate: 50.50%

◆ 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	34	11.4%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	16	5.4%
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	17	5.7%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	6	2.0%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	28	9.4%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	117	39.4%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	41	13.8%
Online travel agency	Other than the above, companies whose business is based on internet sales	9	3.0%
Inbound tour travel agency	Companies which offer mostly inbound tours	29	9.8%

For more information about this survey, contact JATA's Public Relations Committee.

These data are available at <http://www.jata-net.or.jp>

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Overall Business Activity in the Overseas Market

The overall business activity during the quarter remained at -16, showing no considerable fluctuations. Whole sellers of overseas tours recovered from the previous quarter and saw a sizeable increase of 19 points. Demand for South Korea and Micronesia grew respectively by 21 and 13 points. Demand for Europe kept on the recovery track and increase by 12 points. The outlook for the next three months (April – June) is for further growth. Demand will be 6 points higher and will reach -10.

Overall

Although still ranking low, South Korea enjoyed a considerable increase in demand as Micronesia and Europe remained steady on the recovery track. Hawaii and Asia enjoyed a strong demand which continued throughout the quarter. The business volume of whole-sellers of overseas travel grew by 19 points up to -25. Retailer 2 had a 15-point increase in business volume, reaching -24. Retailer 1, whose business was running smoothly in the previous quarter, lost 17 point and fell to +4. Online travel agencies fell sharply, losing 40 points. Demand by students increased largely by 24 points and reached -21 level. Senior travel reached -1 after increasing by 11 points. Against the general recovery trend, honeymoon decreased slightly, losing 3 points and falling to -36.

Current situation (January – March)

South Korea recovers well as demand grows at a brisk pace. Micronesia, Europe are also on the recovery path.

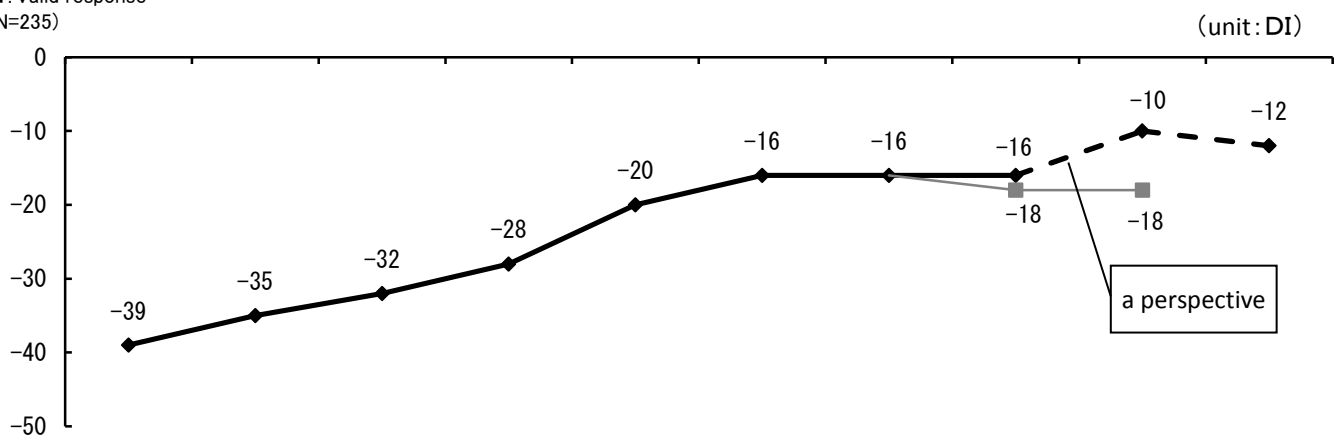
- Europe is recovering. Demand for Southeast Asia is strong. Demand for Hawaii continues to lag behind. Due to the current social situation, demand for South Korea and Micronesia is slow. (1st tier/General travel agency)
- Demand for South Korea is recovering but still unstable. Europe is relatively strong. Demand by seniors is good. (1st tier/Travel agency handling overseas tours)
- The strong demand by students is characteristic of the January – March quarter. Long stay in Europe and the USA in particular is on the increase. (1st tier/Retailer)
- Overseas travel in general is steady, remaining at the same 0 level as the previous quarter (October – December)

Overlook for the next two quarters (April – September)

Travel to Europe and China is expected to recover and take a leading position.

- We receive a lot of inquiries about Taiwan from families and women's group. (1st tier/General travel agency seller of overseas tours)
- Demand for Europe and 4-day tours to Taiwan and Hong Kong is comparatively good. (1st tier/Retailer)
- Short-haul, cheap destinations are selling well. (1st tier/Online travel agency)
- Overseas travel in April – June is expected to grow by 6 points and reach -10. In six months (July – September), it will grow by 4 points and reach -12.

N : Valid response
(N=235)



2 years ago Jan. -Mar.	1 1/2 years ago Jul. -Sep.	1 year and 3 months 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.	6 months later Jul. -Sep.
-39	-35	-32	-28	-20	-16	-16	-16	-10	-12

※a perspective last time

	1 1/2 years ago Jul. -Sep.	1 year and 3 months 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.	6 months later Jul. -Sep.
Full-service travel agency	-49	-42	-14	11	10	15	9	-6	-9
Overseas travel wholesaler	-44	-41	-40	-35	-21	-44	-25	0	-31
Overseas travel specialist agency	-27	8	-16	-9	-14	-17	-35	6	0
First-tier retail agency	-40	-23	-19	9	3	21	4	24	12
Second-tier retail agency	-33	-35	-37	-34	-26	-39	-24	-23	-17
In-house travel agency	-25	-20	-17	-15	-12	2	-8	-8	-14
Online travel agency	-33	-50	-50	-16	-100	25	-40	-20	0

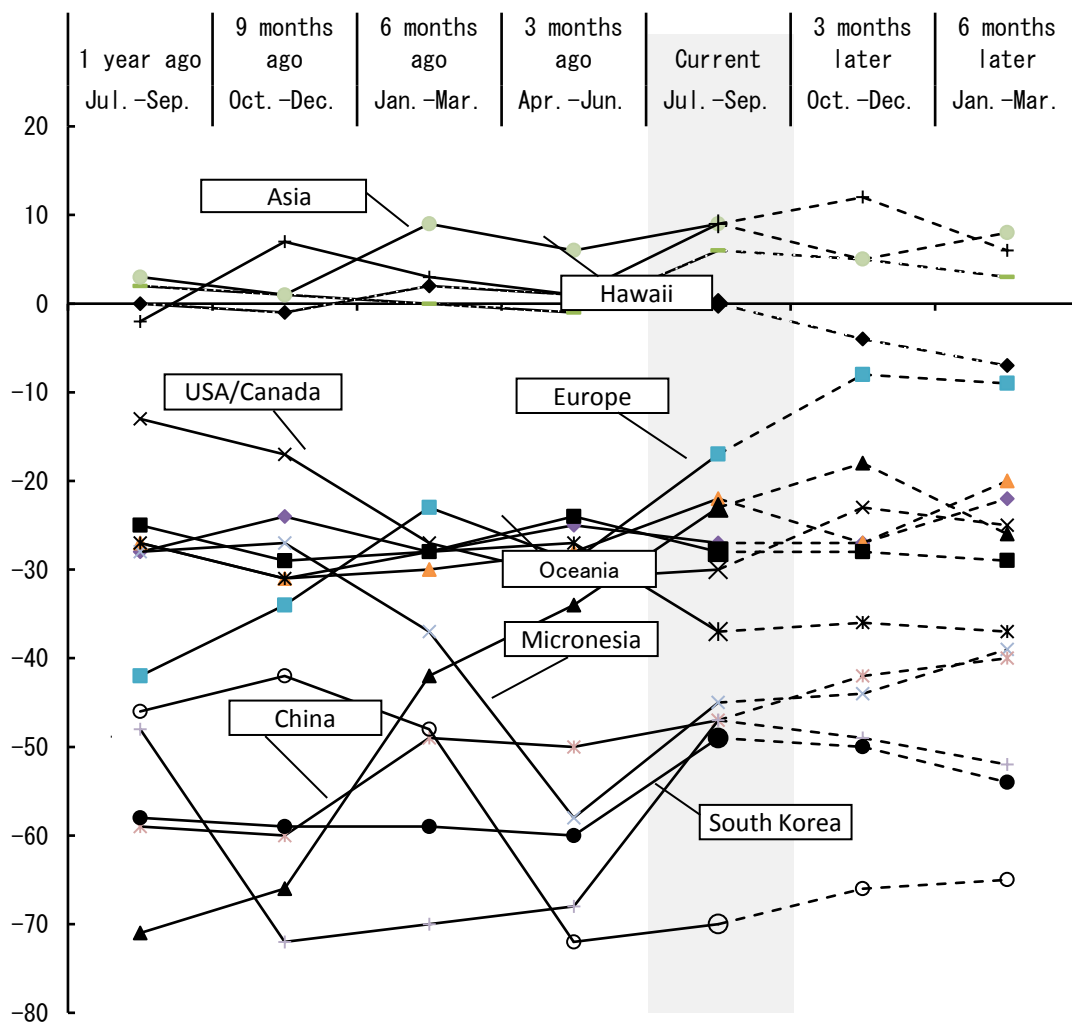
◆ Trends in overseas travel demand (by destination)

At present, demand for overseas travel is recovering. South Korea and Europe in particular are showing a strong recovery. Asia and Hawaii are also in demand. In three months, Europe and China are expected to take leading positions.

- At present, South Korea is 21 points over the previous quarter, standing at -47. The recovery is remarkable despite the still low position of the destination. Micronesia is 13 points over the 3rd quarter at -45, while Europe with its remarkable recovery is 12 points stronger, currently at -17. Hawaii, after gaining 7 points keeps its leading position at +6. Oceania is also 6 points up at -22, while Asia recovered by gaining 3 points and reaching +9. China also recovered as it gained 3 points and now stands at -47. Demand for America & Canada is 2 (-27) points weaker as the two destinations show a slight downward trend.
- During the next quarter (April – June), Europe is expected to gain 9 points, China 5 points as demand for both destinations will continue to recover. Micronesia is expected to increase by 1 point while America & Canada will show no considerable change. The high-ranking Hawaii will lose a point. Demand for South Korea is expected to decrease slightly by 2 points. Travel to Asia will be 4-points weaker and demand for Oceania will decrease slightly and lose 5 points.

N: Valid response
(N=235)

(unit: DI)



(unit: DI)

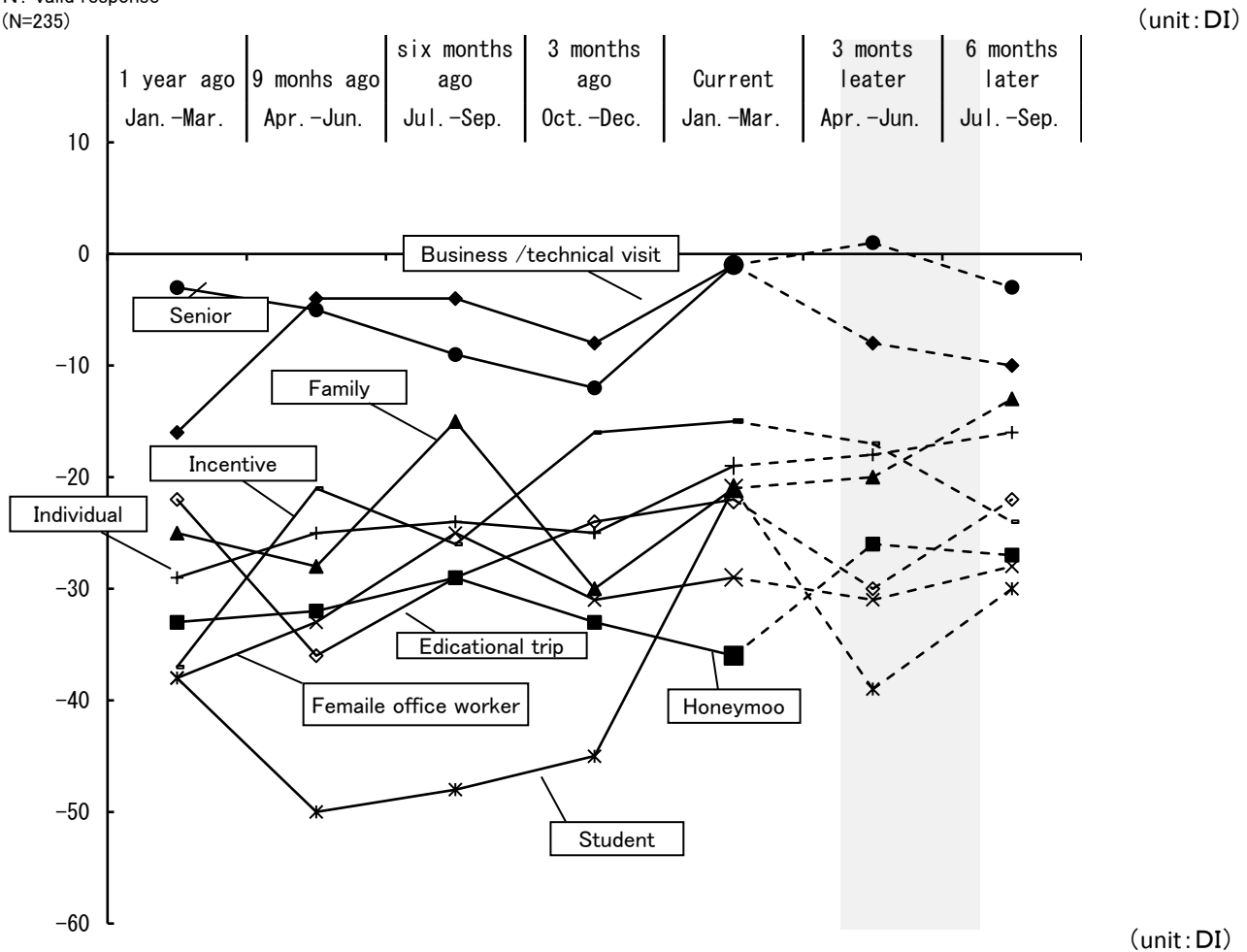
	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	Current Jan.-Mar.	3 months later Apr.-Jun.	6 months later Jul.-Sep.
Hawaii	2	1	0	-1	6	5	3
USA/Canada	-28	-24	-28	-25	-27	-27	-22
Europe	-42	-34	-23	-29	-17	-8	-9
Oceania	-27	-31	-30	-28	-22	-27	-20
Micronesia	-28	-27	-37	-58	-45	-44	-39
Asia	3	1	9	6	9	5	8
China	-59	-60	-49	-50	-47	-42	-40
South Korea	-48	-72	-70	-68	-47	-49	-52

◆ Trends in overseas travel demand (by market segment)

At present, demand by seniors and students is very strong, recovering from the previous quarter. Honeymoon trips are 3-points down, showing a slight downward trend. In three months, demand for honeymoon tours will recover. Travel demand by students (with the exception of demand for study tours) is expected to drop sharply.

- Compared to the 3rd quarter (October – December), student demand is 24 points stronger (currently at –21) and senior demand is 11 points higher (–1). Family travel is 9 points stronger (–21), business/technical visits are up by 9 points (–1) and demand for individual travel is 6-points higher (–19). Demand for educational tours is 2 points up (–29). Incentive tours recovered slightly after gaining a point and reaching –15. Demand for honeymoon tours is 3 points weaker, currently standing at –36.
- In the next quarter (April – June), demand for honeymoon tours is expected to recover well and increase by 10 points. Demand by seniors (over the age of 60) is expected to grow by 2 points, individual travel and family travel by 1 point each. Incentive tours*, Female officeworking worker, will each decrease by 2 points. Demand for business/technical visits will be 7 points weaker and educational tours will drop by 8 points. Demand by students (with the exception of demand for educational tours) will drop sharply by losing 18 points.

N: valid response
(N=235)



(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.	6 months later Jul. -Sep.
Honeymoon	-33	-32	-29	-33	-36	-26	-27
Family	-25	-28	-15	-30	-21	-20	-13
Female office worker	-38	-33	-25	-31	-29	-31	-28
Student	-38	-50	-48	-45	-21	-39	-30
Senior	-3	-5	-9	-12	-1	1	-3
Individual tours	-29	-25	-24	-25	-19	-18	-16
Incentive	-37	-21	-26	-16	-15	-17	-24
Business/technical visit	-16	-4	-4	-8	-1	-8	-10
Education trips	-22	-36	-29	-24	-22	-30	-22

* "Incentive tours" are defined as tours organized by business organizations/companies for their employees.

■ Inbound travel overall

Demand for travel to Japan is 9 points weaker than the in previous quarter. Online travel agencies have enjoyed a considerable 67-point increase and are currently in the black. Tohoku, Koshinetsu & Hokuriku, the Golden Route are recovering smoothly. In three months, inbound travel is expected to remain in the black, without big fluctuations.

Overall

Online travel agencies saw a remarkable 67-point recovery and moved from level 0 into positive territory. Retailer 2 gained 15 points reaching +15. Travel agencies specializing in inbound travel lost 17 points while in-house travel agencies (-27) saw their business volume decrease by 39 points. Inbound to all domestic destinations was on the increase. Tohoku gained 14 points and stood at -22. Koshinetsu & Hokuriku reached -7 after gaining 12 points. The Golden Route (in both directions between Kanto and Kansai) also saw a 7-point increase and recovered to +11. The Tokyo Metropolitan Area (including Tokyo Disney Resort) grew by 2 points up to +14 while Hokkaido reached +7 after gaining 2 points, too. Osaka & Kyoto (including Universal Studios Japan) are still at +21 after showing no appreciable changes.

Current situation (January – March)

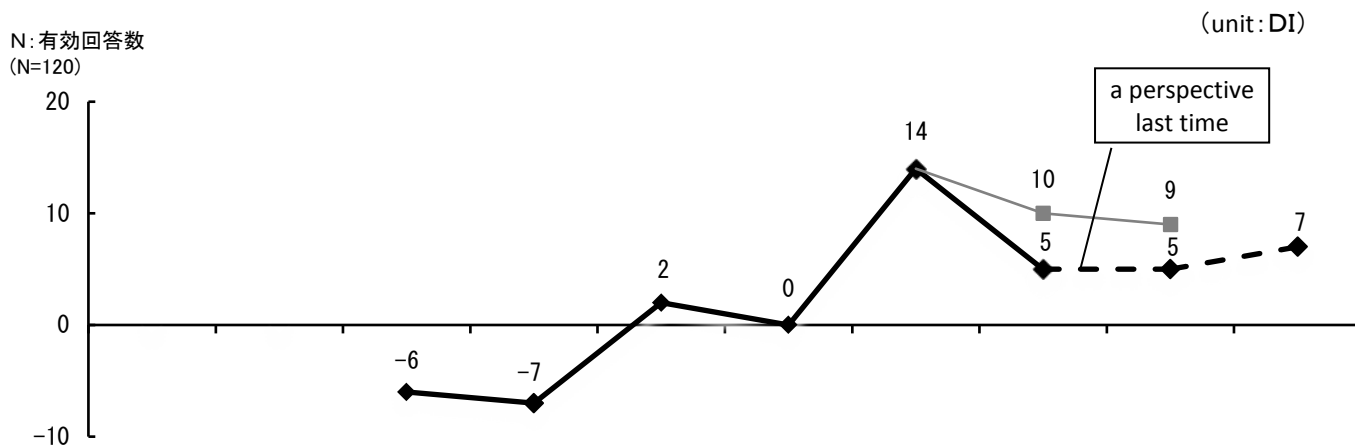
Tohoku, Koshinetsu, and the Golden Route are recovering steadily.

- Cherry-viewing tours from the west are going strong. (1st tier/General travel agency)
- Taiwan continues to perform well. China is recovering. Demand from South Korea remains weak. (1st tier/General travel agency)
- The number of visitors from the Middle East and East Europe stand out. (1st tier/In-house agency)
- **Inbound travel in general is 9 points below the previous quarter and stands at +5.**

Forecast for the next two quarters

Sanyo, Koshinetsu & Hokuriku, Okinawa, the Tokyo Metropolitan Area (including TDL) will continue to recover.

- Individual travelers will increase. Central Japan will be going strong. (1st tier/General travel agency)
- Culinary tours for affluent Chinese visitors will be popular. (2nd tier/Retailer)
- FIT travel is replacing large group package tours. (3rd tier/Travel agency specializing in inbound travel)
- FIT medical treatment tours from China will increase while package tours will decrease sharply. FIT visitors from Taiwan to ① Okinawa, ② Hokkaido, ③ Osaka, ④ Tokyo are expected to go strong. (3rd tier/Travel agency specializing in inbound travel)
- **During the next quarter (April – June), inbound travel will show little change and stay at +5. In July – September, it is expected to gain 2 points and reach +7.**



	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.	6 months later Jul. -Sep.
Full-service travel agency	-	7	16	30	19	16	8	8	8
First-tier retail agency	-	-18	-12	18	-22	20	11	17	23
Second-tier retail agency	-	-10	-21	-3	-24	0	15	14	19
In-house travel agency	-	0	-25	5	0	12	-27	-17	-27
Online travel agency	-	25	100	-34	40	0	67	33	33
Inbound tour travel agency	-	-13	-10	-11	-3	17	0	-4	-4

※a perspective last time

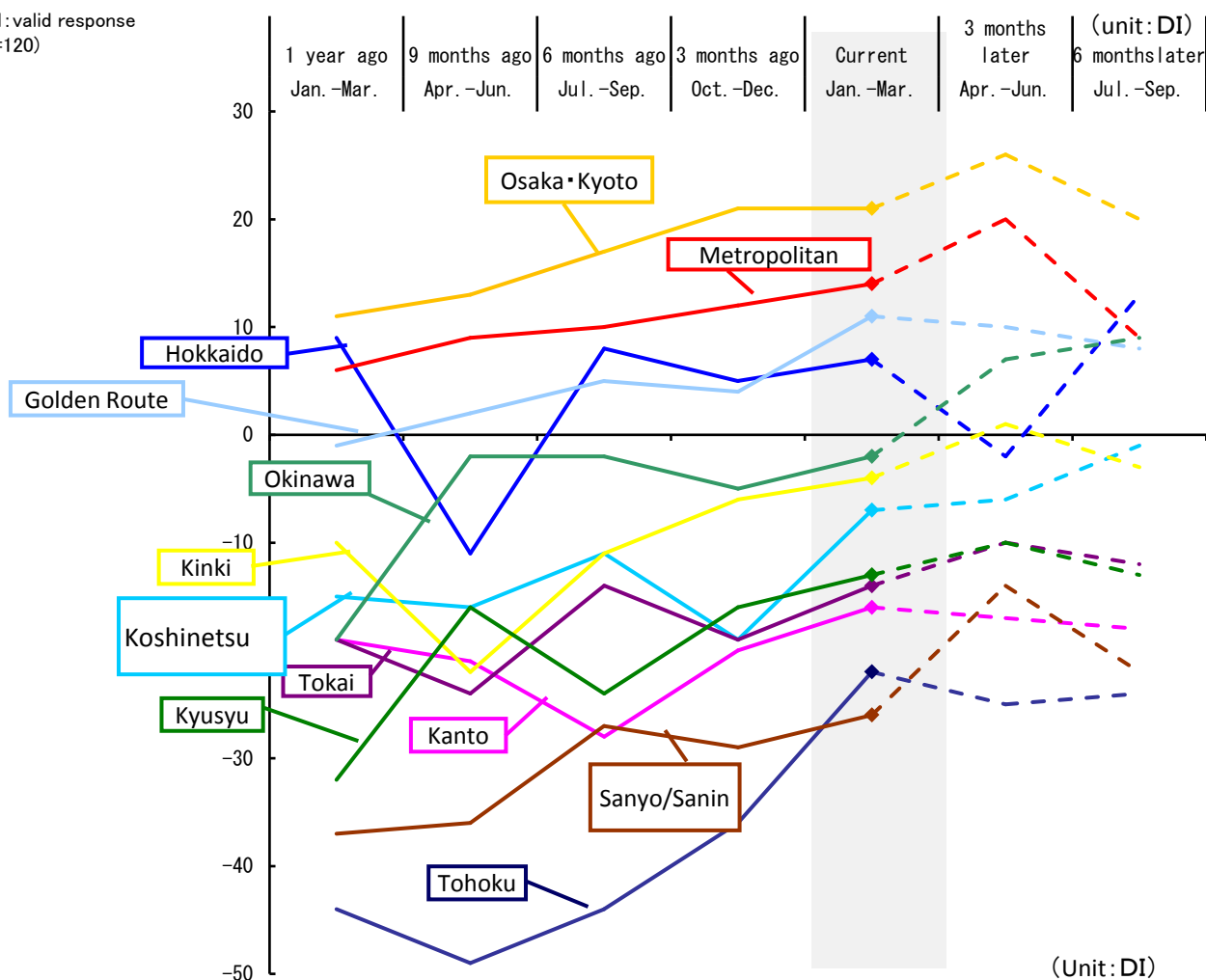
◆Trends in inbound travel demand (by destination)

At present, Tohoku, Koshinetsu & Hokuriku, the Golden Route are on the recovery track and the other destinations are going strong, too.

In three months, Sanyo, Yamagata & Shikoku, Okinawa and the Tokyo Metropolitan Area (including Tokyo Disney Resort) will recover as they continue to enjoy strong demand.

- Compared to the period of October – November, inbound travel is on the increase in general. Tohoku is 14 points up at -22. Koshinetsu & Hokuriku are at -7 after a strong gain of 12 points. The Golden Route (Kanto – Kansai in both directions) enjoyed a 7-point increase up to +11. Tokai improved to -14 after gaining 5 points. Travel to Kanto (Tochigi, Ibaragi and Gunma) increased by 4 points and reached -16. Okinawa gained 3 points and reached -2 while Kyushu stood at -13 after a 3-point growth. Sanyo, Yamagata & Shikoku improved 3 points (-26) as the Tokyo Metropolitan Area (including TDR) gained 2 points and reached +14. Hokkaido and Kintetsu each gained 2 points and gradually recovered to +7 and -4 respectively. Osaka & Kyoto (including USJ) kept their leading position at
- During the April – June quarter, Sanyo, Yamagata & Shikoku will gain 12 points. Okinawa will continue to be in the black as it gains 9 points. The Tokyo Metropolitan Area (including TDR) is expected to increase 6 points; Osaka & Kyoto (including USJ) will see a 5-point growth. Kintetsu will gain 5 points, Tokai 4 points and Kyushu 3 points. Koshinetsu & Hokuriku will see their business volume grow by 1 points. The Golden Route (Kanto – Kansai in both directions) is expected to see a 1-point decrease as Kanto (Tochigi, Ibaragi and Gunma) and Tohoku are expected to experience a slight downward trend and lose 1 and 3 points respectively. Demand for Hokkaido will drop sharply and keep the trend for a while.

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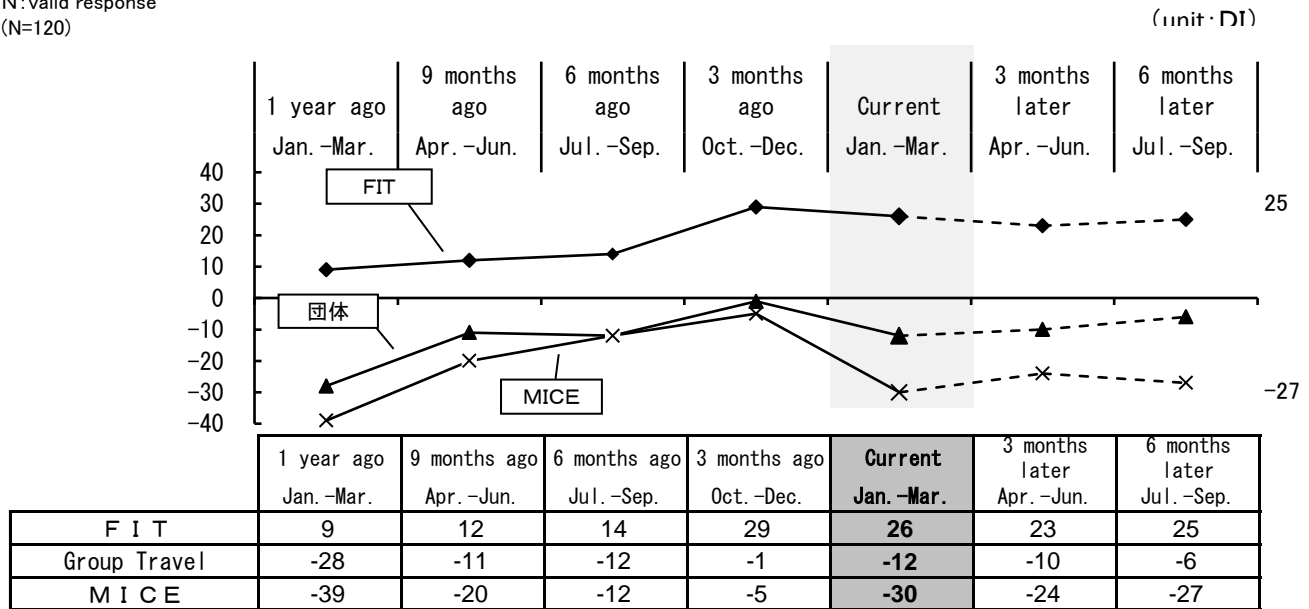


	1 year ago Jan. -Mar.	9 months ago Apr. -Jun.	6 months ago Jul. -Sep.	3 months ago Oct. -Dec.	Current Jan. -Mar.	3 months later Apr. -Jun.	6 months later Jul. -Sep.
Hokkaido	9	-11	8	5	7	-2	13
Tohoku	-44	-49	-44	-36	-22	-25	-24
Kanto	-19	-21	-28	-20	-16	-17	-18
Golden Route (Kanto ↔ Kansai)	-1	2	5	4	11	10	8
Metropolitan area	6	9	10	12	14	20	9
Koshinetsu/Hokuriku	-15	-16	-11	-19	-7	-6	-1
Tokai	-19	-24	-14	-19	-14	-10	-12
Osaka/Kyoto	11	13	17	21	21	26	20
Kinki	-10	-22	-11	-6	-4	1	-3
Sanyo/Sanin/Shikoku	-37	-36	-27	-29	-26	-14	-22
Kyushu	-32	-16	-24	-16	-13	-10	-13
Okinawa	-19	-2	-2	-5	-2	7	9

◆ Trends in inbound travel demand (by market segment)

- FIT (+26) travel fell 3 points below the level of the October – December quarter. Group travel dropped to -12 after losing 11 points while MICE fell by 25 points down to -30.
- In the April – June quarter, MICE is expected to grow by 6 points, group travel by 2 points while FIT travel is expected to lose 3 points and continue the downward trend.

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(N=120)



◆ Trends in inbound travel demand (by source market)

- Hong Kong performed 4 points stronger than the previous quarter (October – December); China reached +6 as it grew by one point; Southeast Asia kept stable at +6 level. Europe lost a point and is at -10; North America fell by 4 points down to -15; demand from South America was 5 points weaker as the source market stood at -35. South Korea (-19), Taiwan (+12) and Australia (-21) lost 8, 10 and 11 points respectively.
- In the April – June quarter, North America is expected to grow 5 points and Europe and Australia will each gain three points on the road to recovery. South Korea and South America will recover slightly by gaining a point each. Demand from Taiwan and Southeast Asia will not fluctuate noticeably. Demand from China will be a point weaker and Hong Kong will see a 4-point decrease, setting them on a slight downturn trend.

N: valid response
(N=120)

