JATA News Release
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Mar. 2019

Survey of Travel Market Trends – 4th quarter 2018

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 607 registered companies. The results of the 4th quarter survey are shown below.

≪Overseas Travel DI≫

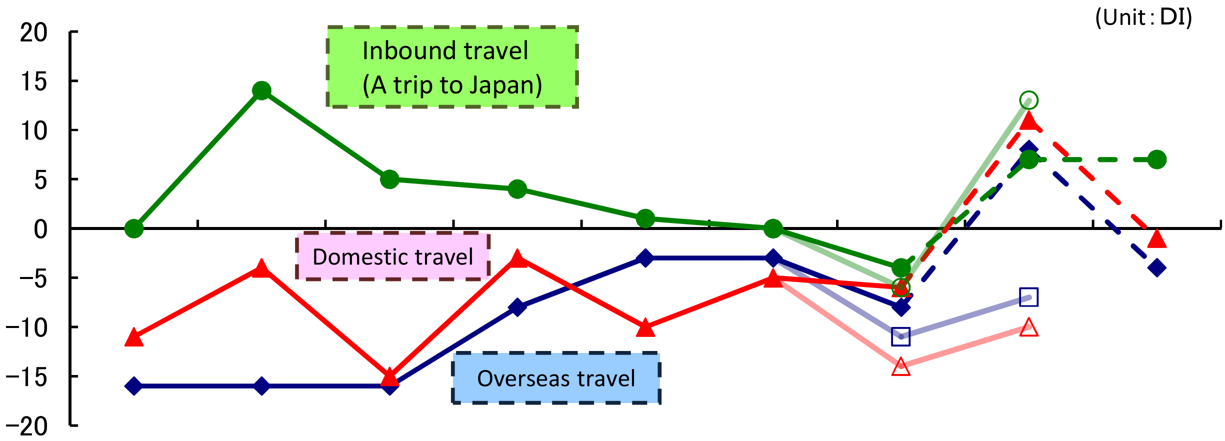
Overseas travel DI decreased by 5 points from the previous quarter's level and dropped down to -8. During the next quarter (April – June), it is expected to increase by 16 points and reach +8. During the July – September quarter, DI will be 4 points higher than the current level and reach +4.

◆ As the individual travelers drive the market, the growth exceeded the forecast made during the previous quarter. Although DI decreased somewhat, the Golden Week period during the 1st quarter of 2019 commands attention. With the exception of South Korea, travel to all destinations and long-haul destinations in particular is expected to grow.

≪Inbound Travel DI≫

Inbound travel DI decreased by 4 points from the level of the previous quarter, reaching -4 level. During the next quarter, it is expected to grow by 11 points and reach +7. During the second quarter of 2019 (July – September), it is expected to gain 11 points more than the current level and reach +7.

◆ At present, the downward trend continues and the DI remains in negative territory. Although Hokkaido has shown a slight recovery, it still experiences the negative effect of the earthquake. During the next quarter, thanks to the cherry-blossom season, demand is expected to increase after a 1.5 year of sluggish growth.



	One and a half ago Jul.-Sep.	1 year 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 situation Jan.-Mar.	3 months later Apr.-Jun.	6 months later Jul.-Sep.
Overall overseas travel	-16	-16	-16	-8	-3	-3	-8 ※-11	8 ※-7	-4
Overall domestic travel	-11	-4	-15	-3	-10	-5	-6 ※-14	11 ※-10	-1
Overall inbound travel	0	14	5	4	1	0	-4 ※-6	7 ※13	7

※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 607 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 Visitors
Survey method:	Internet survey
Survey period:	February 4(Monday),2019 to February 22(Friday),2019
Registered companies:	607
Responding companies:	267
Response rate:	43.9%

◆Business classific

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	28	10.5%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	14	5.2%
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	6.7%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	7	2.6%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	20	7.5%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	104	39.0%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	40	15.0%
Online travel agency	Other than the above, companies whose business is based on internet sales	4	1.5%
Inbound tour travel agency	Companies which offer mostly inbound tours	32	12.0%

These data are available at http://www.jata-net.or.jp
For more information about this survey, contact JATA's Public Relations Committee.
press@jata-net.or.jp

■ Overall Business Activity in the Overseas Travel Market

Driven by individual travelers, overseas travel has exceeded the forecast made during the previous quarter. Despite the slight decline, the Golden Week holidays are expected to see an increase in overseas travel. With the exception of South Korea, all destinations – and the long-haul ones in particular – will see an increase in demand.

Overall

Compared to the 3rd quarter of 2018, Business/technical visits and Educational tours have decreased significantly. Students, individual and family travelers have exceeded the forecast of made during the previous quarter. DI is expected to grow further during the next quarter and while exceeding the forecast step into positive territory. Although the demand for South Korea and China has decreased, European destinations and Hawaii have seen steady demand. In six months, during the 2nd quarter of 2019, the trend will continue as demand remains steadily in positive territory.

Current situation (January - March)
Steady demand for independent travel. Despite the slight decline before the Golden Week, overseas travel demand will surpass the forecast made during the previous quarter and is higher than that of the same period of 2017.

Overseas travel is 5 points weaker compared to the level of October - December but has remained at a higher -8 point level.

・Demand for overseas travel in January - March is as usual for the period but the influence of the Golden Week, demand for the spring holidays is at a standstill (Whole seller of overseas tours)

・ Demand by the senior segment is high as usual. There is a continuous trend of offering either low-cost budget tours or high-class tours (Retailer 2)

・ Just as we thought that demand for South Korea recovered, it has been negatively influenced by political affairs (Retailer 2)

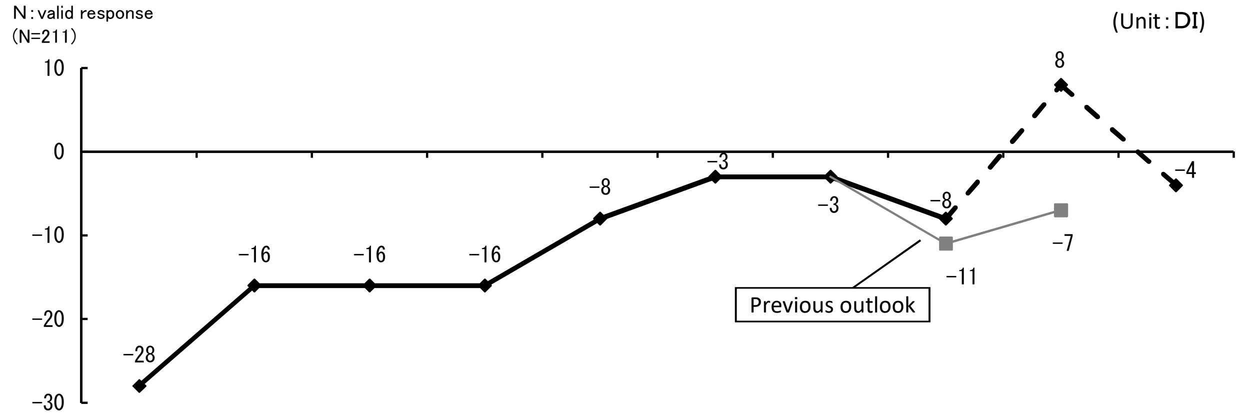
In the 1st quarter of 2019 (April - June), demand for overseas travel is expected to recover and step into positive territory. During the July - September quarter, it will decrease to the level of the same period of the previous year.

During April - June, overseas travel DI is expected to increase by 16 points, reaching +8 level. In July - September, it will grow by 4 points and get to -4.

・ Demand for overseas travel is concentrated around the Golden Week. Bookings are weak for the first half of April and June (Retailer 1)

・ Thanks to the 10-day Golden Week, the bookings for long haul destinations like Europe and Hawaii are going strong (Retailer 1)

・ The customers who could not book holidays during the Golden Week are shifting their demand and have begun booking summer tours (Travel agency specializing in overseas travel)



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.	6 months later Jul.-Sep.
-28	-16	-16	-16	-8	-3	-3	**-8** **※-11**	8 ※-7	-4

※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	10	15	9	-4	11	34	**12**	42	27
Overseas travel wholesaler	-21	-44	-25	-32	17	7	**-14**	0	-14
Overseas travel specialist ag	-14	-17	-35	-6	8	-19	**-23**	11	-12
First-tier retail agency	3	21	4	43	25	25	**39**	47	23
Second-tier retail agency	-26	-39	-24	-15	-25	-16	**-10**	0	-14
In-house travel agency	-12	2	-8	0	14	7	**-22**	-8	-6
Online travel agency	-100	25	-40	-40	12	-50	**-50**	50	0

◆ Trends in the Overseas Travel Market (by destination)

With the exception of Asia, demand for tours to Hawaii, America & Canada and other destinations has increased. All destinations except for South Korea are expected to enjoy stronger demand during the April – June quarter. Thanks to the long holidays and other factors, demand for Hawaii, Europe and other long-haul destinations continues to be

- Compared to the previous quarter, demand for America & Canada and Micronesia is respectively 15 and 11 points stronger. Travel to China and South Korea has declined by 14 and 8 points respectively. Asia is at level zero, keeping its highest rank among the overseas destinations.
- During the April - June quarter, all destinations with the exception of South Korea are expected to see strong demand. Hawaii in particular will score 11 points, Oceania and Europe 9 points each, and America & Canada will grow by 8 points. Asia, Hawaii and Europe are expected to step into positive territory.

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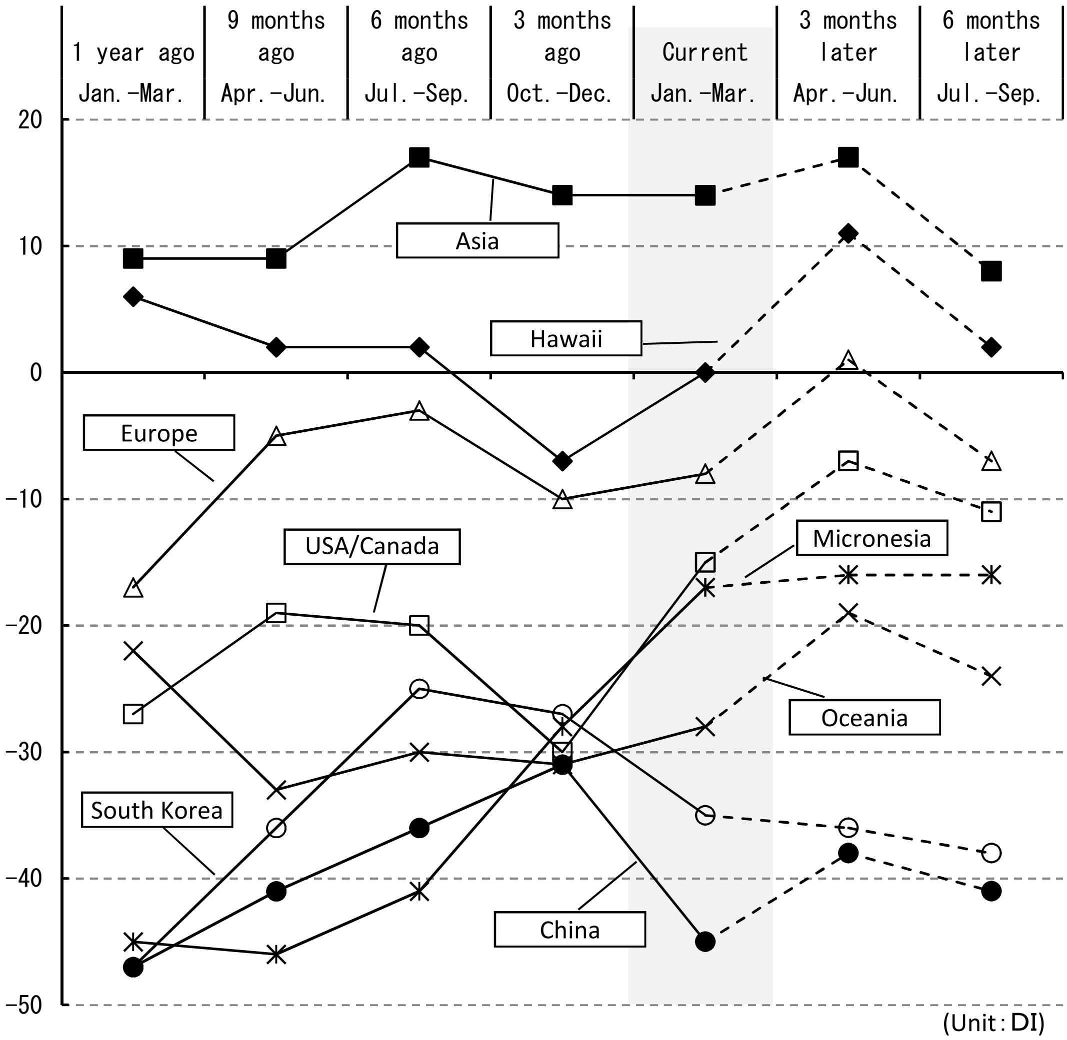
(Unit:DI)



(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	6	2	2	-7	**0**	11	2
USA/Canada	-27	-19	-20	-30	**-15**	-7	-11
Europe	-17	-5	-3	-10	**-8**	1	-7
Oceania	-22	-33	-30	-31	**-28**	-19	-24
Micronesia	-45	-46	-41	-28	**-17**	-16	-16
Asia	9	9	17	14	**14**	17	8
China	-47	-41	-36	-31	**-45**	-38	-41
South Korea	-47	-36	-25	-27	**-35**	-36	-38

◆ Overseas Travel Market Trends (by customer segment)

Thanks to the spring holidays, independent travel and student travel are on the increase. In the next quarter, thanks to the 10-day Golden Week, all customer segments except business and technical visitors are expected to demonstrate strong demand. Family and senior travel are expected to step into positive territory.

- Compared to the previous quarter (October – December), student demand is 18 points stronger, family and working women are each 7 points stronger. Independent travel increased significantly, too. Business/technical visits decreased by 16 points, and educational tours are down by 12 points.

- During the April – June quarter, all segments except students are expected to demonstrate stronger demand for overseas travel. Significant increase is expected from the family segment (+18), honeymoon (+13), and working women (+10).

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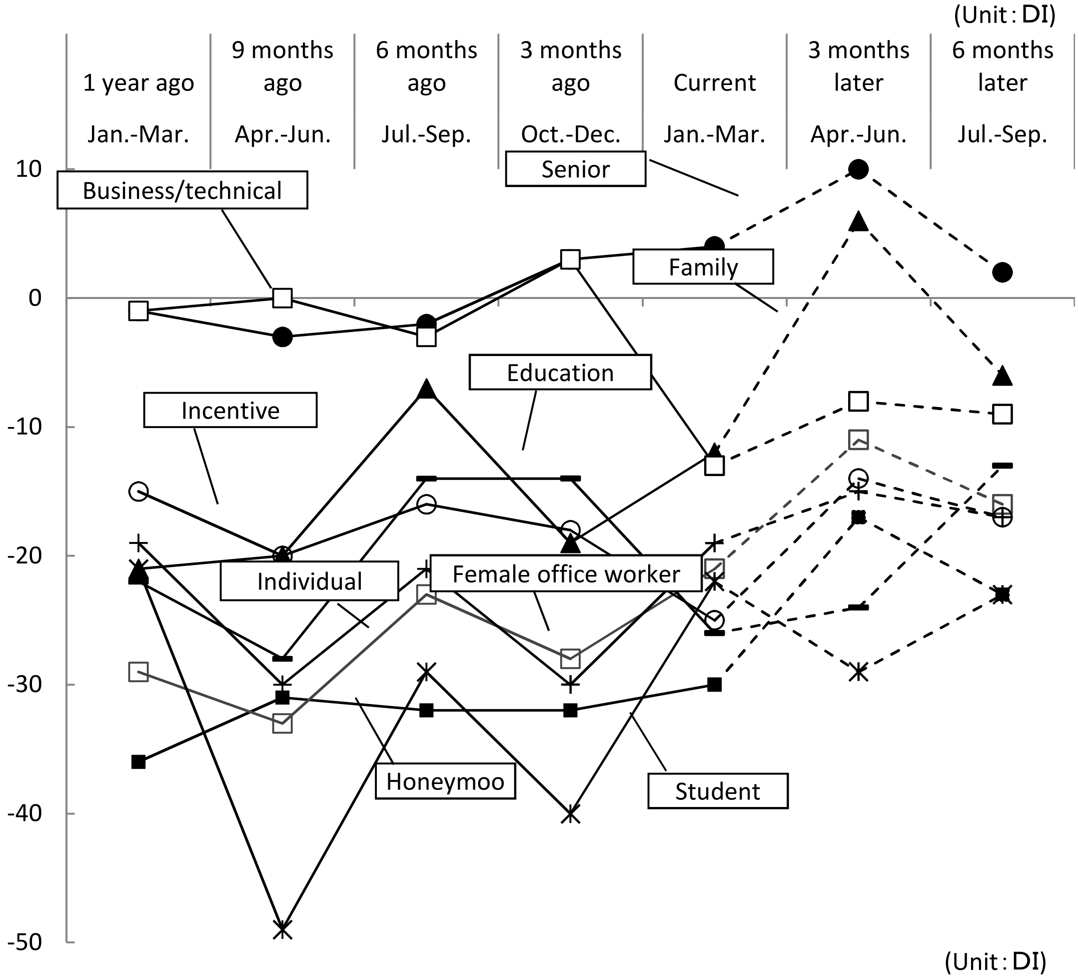

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	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	Current Jan.-Mar.	3 months later Apr.-Jun.	6 months later Jul.-Sep.
Honeymoon	-36	-31	-32	-32	**-30**	-17	-23
Family	-21	-20	-7	-19	**-12**	6	-6
Female office worker	-29	-33	-23	-28	**-21**	-11	-16
Student	-21	-49	-29	-40	**-22**	-29	-23
Senior	-1	-3	-2	3	**4**	10	2
Individual tours	-19	-30	-21	-30	**-19**	-15	-17
Incentive	-15	-20	-16	-18	**-25**	-14	-17
Business/technical visit	-1	0	-3	3	**-13**	-8	-9
Education travel	-22	-28	-14	-14	**-26**	-24	-13

■ Overall Business Activity in the Inbound Travel Market

In overall, decline in demand continues and the inbound travel DI is in negative territory. Although Hokkaido has recovered to a certain extent, the negative influence has continued to hamper inbound travel to the prefecture and DI remains below zero. Other destinations have also seen a decline in foreign visitors. During the next quarter (April – June), thanks to the cherry-blossom season, inbound travel is expected to demonstrate growth after a 1.5 year of quarterly decreases.

Overall

Inbound travel dropped below the level of the previous quarter; even though it has lost 4 points, it remained at +2 level, exceeding the forecast made during the 3rd quarter. Hokkaido, which suffered the negative influence of a strong earthquake, shown a strong recovery gaining 16 points. However, despite the recovery, the DI remains below the level of the same period of the previous year. Overall, the accumulation of declines over several periods, has resulted in the DI’ s remaining in negative territory. During the next quarter, the DI is expected to increase for the first time in 1.5 years. During the 2nd quarter of 2019 (July - September), the DI is expected to remain at the level of the 1st quarter of the year.

Current situation (January - March), Although the inbound travel DI has remained above the expected decline, there is a general trend of decline.

Inbound travel DI declined by 4 points and reached -4 level.
・ Customers are easily influenced by SNS and tend to look for destinations recommended by famous
・ While inbound group package tours are on the decline, the number of FIT customers is increasing (Travel agency specializing in inbound travel)
・ The sharp increase in FIT travel has resulted in low sales volumes (General travel agency)

During the next quarter (April - June), inbound travel DI is expected to recover and get into positive territory. During the July - September quarter, DI is expected to continue the positive growth trend.

In the April - June quarter, inbound travel DI is expected to grow by 11 points and reach +7. It is expected to remain at +7 level during the 2nd quarter (July - September).
・ Foreign visitors keep booking with the cherry blossom season in sight (Retailer 1)
・ As the number of repeaters grows, we need to find new destinations for them (Travel agency specializing in inbound travel)
・ The number of customers booking online is increasing and there is a necessity of a platform where customers can obtain tour products through RQ codes (General travel agency)

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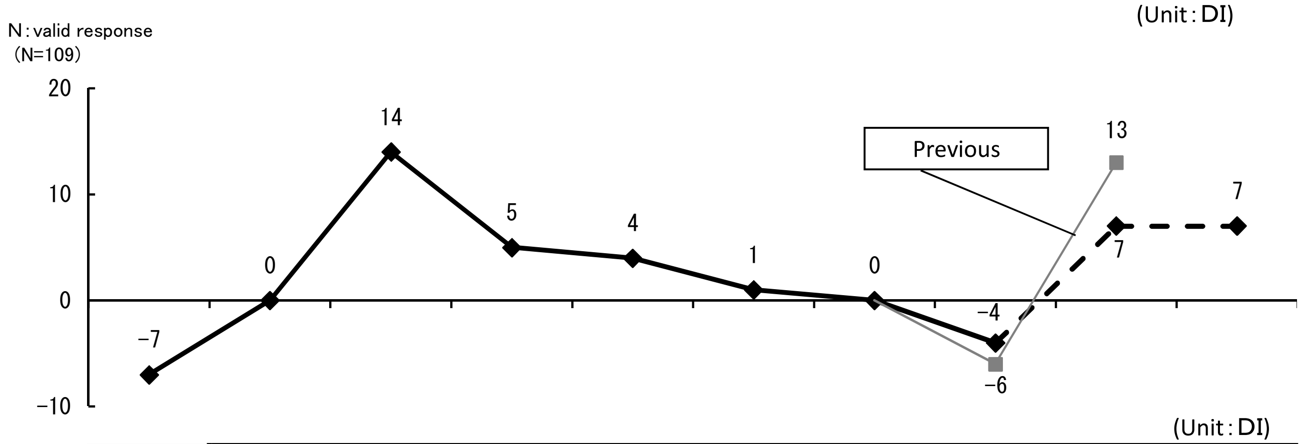

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2 years ago Jan.-Mar.	1 1/2 years ago Jul.-Sep.	1 year and 3 months Oct.-Dec.	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	Current Jan.-Mar.	3 months later Apr.-Jun.	6 months later Jul.-Sep.
-7	0	14	5	4	1	0	**-4** **※-6**	7 ※13	7

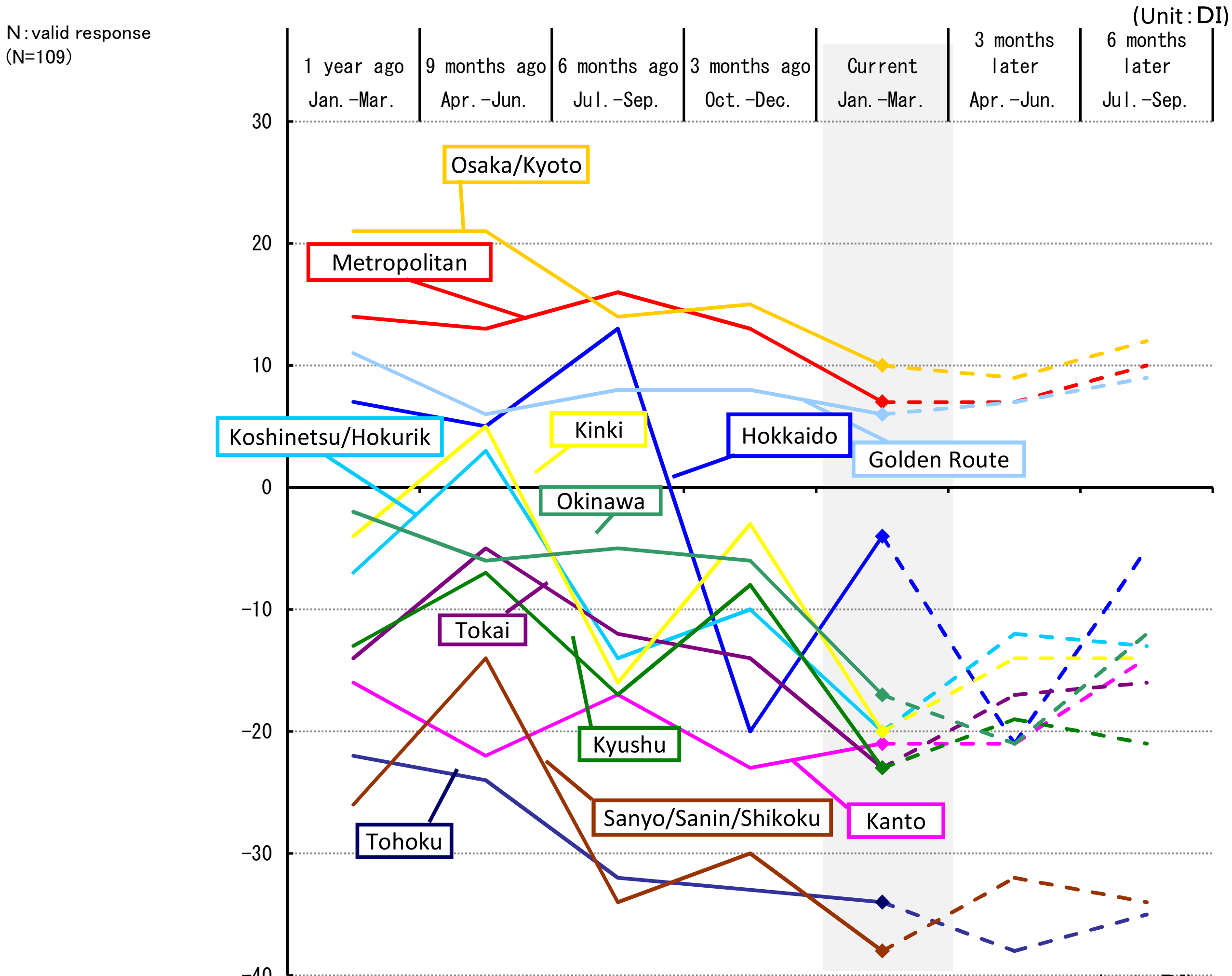
※a perspective last time

	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 agenc	19	16	8	29	18	16	**-16**	6	5
First-tier retail agency	-22	20	11	0	10	16	**31**	25	34
Second-tier retail agenc	-24	0	15	-11	-3	0	**-13**	-4	-4
In-house travel agency	0	12	-27	-15	-9	-11	**-17**	-9	-18
Online travel agency	40	0	67	33	0	100	**0**	0	0
Inbound tour travel agen	-3	17	0	10	-4	-12	**0**	18	27

◆Trends in Inbound Travel Market (by destination)

At present, many destinations are seeing decreased demand. On year-on-year basis, all destinations are below the level of the corresponding period in 2017. Although Hokkaido has recovered to a large extent, due to the lingering negative effects of the recent earthquake, its DI remain below zero. Some destinations are expected to recover during the next quarter but the overall decline will persist. Demand is expected to recover during the second quarter of 2019 (July – September).

- Compared to the previous three months (October - December), Hokkaido has made a significant recovery gaining 16 points but is still below the level of the previous year. All other destinations are also below last year’s levels.
- In the April - June quarter, Koshinetsu & Hokuriku are expected to see an 8-point growth; Tokai, Kinki, Sanyo, Sanin and Shikoku will grow by 6 points. On the other hand, all the other destination except Kanto (Ibaragi, Tochigi and Gunma) and the Golden Route are expected to have some decline in DI. During the July - September quarter, many destinations will see better DIs as approximately half of the observed destinations will experience growth up to the level of the same period of 2018.



(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.
Hokkaido	7	5	13	-20	**-4**	-21	-5
Tohoku	-22	-24	-32	-33	**-34**	-38	-35
Kanto	-16	-22	-17	-23	**-21**	-21	-14
Golden Route(Kanto⇔Kansai)	11	6	8	8	**6**	7	9
Metropolitan area	14	13	16	13	**7**	7	10
Koshinetsu/Hokuriku	-7	3	-14	-10	**-20**	-12	-13
Tokai	-14	-5	-12	-14	**-23**	-17	-16
Osaka/Kyoto	21	21	14	15	**10**	9	12
Kinki	-4	5	-16	-3	**-20**	-14	-14
Sanyo/Sanin/Shikoku	-26	-14	-34	-30	**-38**	-32	-34
Kyushu	-13	-7	-17	-8	**-23**	-19	-21
Okinwa	-2	-6	-5	-6	**-17**	-21	-12

◆ Trends in Inbound Travel Market (by customer segment)

- Compared to the previous quarter (October - December), FIT dropped by 14 points, MICE is 11 points lower, and group travel decreased by 4 points. Compared to 2017, MICE and group packages were on par with the same period of the previous year while FIT declined significantly by 22 points but remained in positive territory.
- During the April - June quarter, demand by all customer segments is expected to grow. Group packages and MICE will remained at the previous year levels while FIT is expected to remain above zero in spite of a downward trend.

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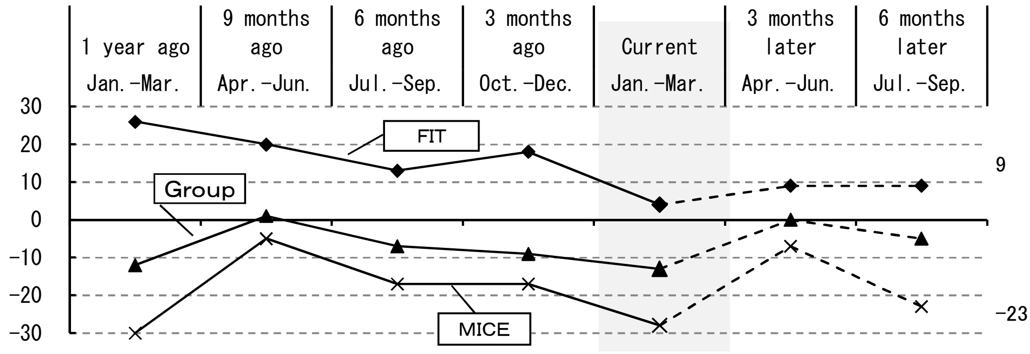

	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	**Current Jan.-Mar.**	3 months later Apr.-Jun.	6 months later Jul.-Sep.
FIT	26	20	13	18	**4**	9	9
Group	-12	1	-7	-9	**-13**	0	-5
MICE	-30	-5	-17	-17	**-28**	-7	-23

◆ Trends in Inbound Travel Market (by source market)

- ・Compared to the October - December quarter, Australia and China have gained 7 points and 1 point respectively. Other source market showed some decline in visitor numbers with Hong Kong in particular and South America, showing significant declines of -19 and -10 points respectively.
- During the next quarter, all source markets with the exception of Taiwan are expected to grow. Australia and South America will grow by 12 points each, Hong Kong will be 11 points stronger. Again, compared to the previous year, all source markets except Taiwan are expected to go strong.

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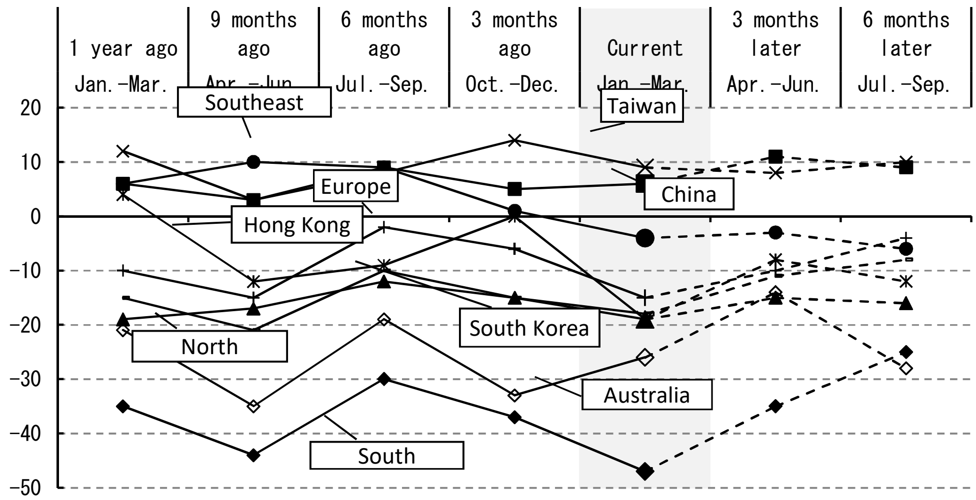

	1 year ago Jan.-Mar.	9 months ago Apr.-Jun.	6 months ago Jul.-Sep.	3 months ago Oct.-Dec.	**Current Jan.-Mar.**	3 months later Apr.-Jun.	6 months later Jul.-Sep.
China	6	3	9	5	**6**	11	9
South Korea	-19	-17	-12	-15	**-19**	-15	-16
Taiwan	12	3	8	14	**9**	8	10
Hong Kong	4	-12	-9	0	**-19**	-8	-12
Southeast Asia	6	10	9	1	**-4**	-3	-6
Europe	-10	-15	-2	-6	**-15**	-10	-4
North America	-15	-21	-10	-15	**-18**	-11	-8
South America	-35	-44	-30	-37	**-47**	-35	-25
Australia	-21	-35	-19	-33	**-26**	-14	-28