JATA News Release
Japan Association of Travel Agents
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June 27th, 2012

Survey of Travel Market Trends-June 2012, the first quarter

Overseas overall DI showed positive growth for the first time in five years and nine months.
Domestic travels exceed the previous prospect; surpass the level before 3.11 disaster.

Overseas: improvement of four consecutive periods, DI positive for four destinations.
Domestic: Tokyo turns DI positive and it's driving the market close to the level before 3.11 disaster.

■ About the Survey on Travel Market Trends

JATA (Japan Association of Travel Agents) asked all member companies to register as survey monitors and 612 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 Tuesday, May 15, 2012 to Wednesday, May 30, 2012
Registered companies:	624
Responding companies:	321
Response rate:	51.4%

◆Business Classification

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.

Designation	Definition	Respondents
Full- service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	32
Overseas travel wholesaler	A dedicated overseas travel wholesaler	27
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	11
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	20
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	153
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	60

For more information about this survey, contact public relations of JATA
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■Business Activity for the Overseas Travel Market Overall

Improved for four consecutive periods, Positive growth (+4) for the first time in five years and nine months. Exceeds the previous prospect (−7) by 11 points. Anticipate the status quo in

Current situation: Long distances still suffer with the minus scours, yet tend to turn above 0. Travel to Asia or short distances maintain in good form, China tends to see increase.

-The market sees the set free from the disaster (Second-tier retail agency)

-In spite of the disaster and the radiation problem, this year people are starting to go overseas. The continuing strong yen encourage the travelers; however the high oil price is a reason for slowing down the recovery. (Second-tier retail agency)

-BTM(Business Travel Management) is on the up due to increase of business overseas. Package tours for general public are also selling well. (In-house travel agency)

-Overall Overseas Travel scored +4 improved by 13 points from the previous Three Months (January to March).

Outlook for the Next Three Months (July to September): Maintain the positive DI. Destabilizing factors are the unstable currency Euro and the steep rise of oil price.

-We don't expect such a big affect from strong yen, high fuel surcharge or new airlines in the market. (Full- service travel agency)

- Receiving Family overseas travel applications for July to September earlier than usual, we think the market acts fast this year. (Second-tier retail agency)

-Our prospect doesn't include a big change in yen and Euro. Therefore no significance with travelers two-three months time. (In-house travel agency)

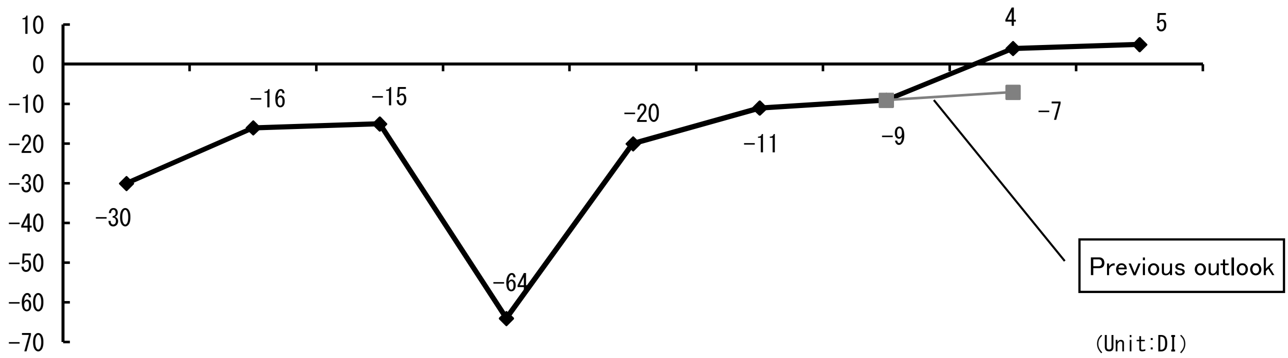
-Outlook for the Next Three Months (July to September) is +5; improvements by 1 points.

Summary:

It has been more than a year since the disaster and we don't see much negative influence form that these days. Recovery from the flood in Thailand and strong yen can be a positive influence to the Overseas Travel. Strong yen stays within the range and Short distance scores show its good form. Long distance which might be a concern with high oil price also shows a big improvement. Next Three Months will not see a big change from current situation. Further improvement for Long distance including Europe will need some time.

N:respondents
(N=296)

(Unit : DI)



(Unit:DI)

	2 years ago (Apr-Jun)	1.5 years ago (Oct-Dec)	15 months ago (Jan-Mar)	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Overseas Travel Overall	−30	−16	−15	−64	−20	−11	−9	4 ※−7	5

※Prospective figures for Mar 2012 Survey

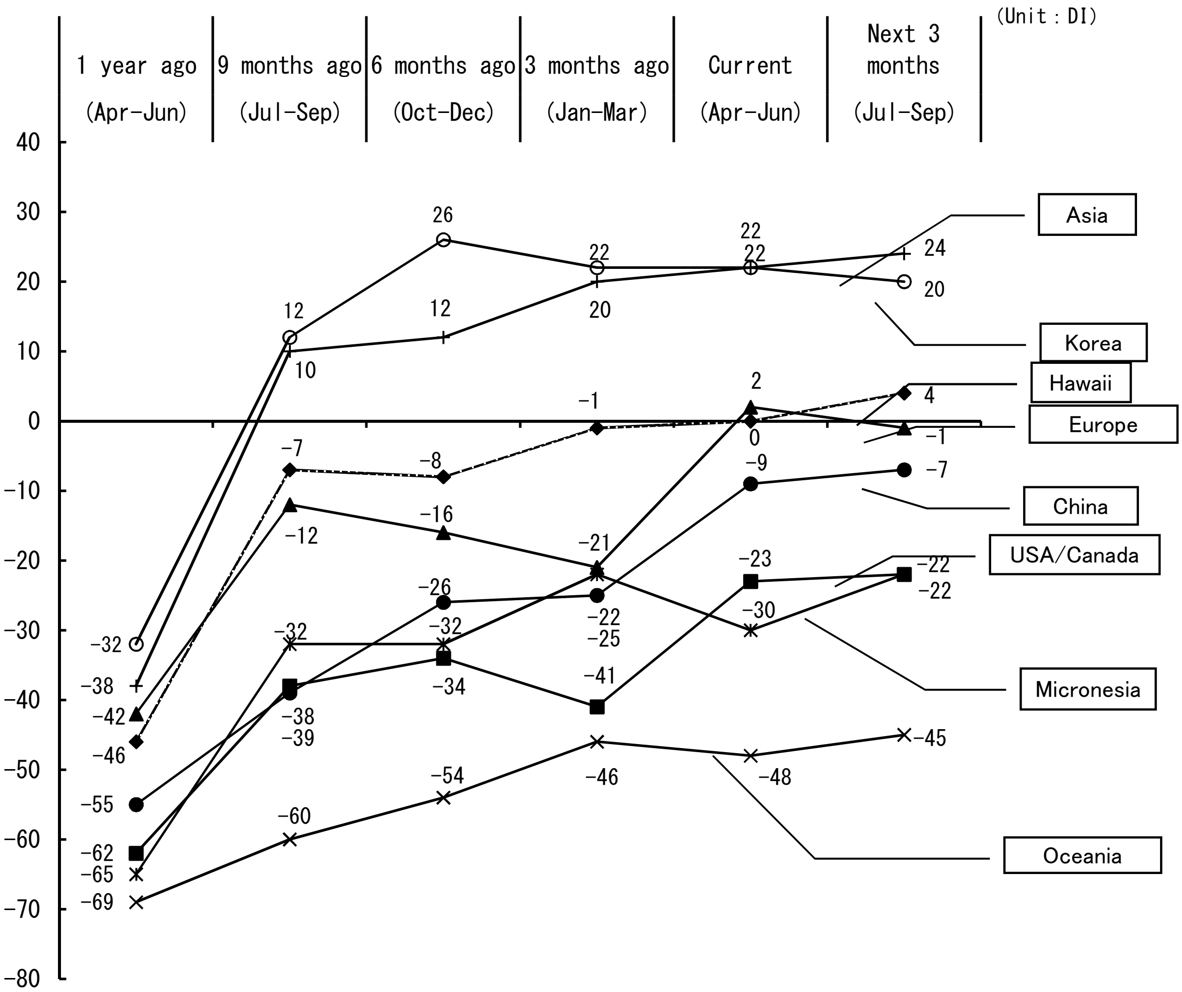
	1.5 years ago (Oct-Dec)	15 months ago (Jan-Mar)	1 year ago (Apr-Jun)	9 moths ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Full- service travel agency	14	−6	−72	10	16	11	10	7
Overseas travel wholesaler	0	−4	−78	−41	−8	0	−12	7
Overseas travel specialist agency	−7	0	−45	7	−23	−34	11	16
First-tier retail agency	8	−23	−81	8	11	0	47	16
Second-tier retail agency	−39	−26	−65	−33	−25	−13	−7	−2
In-house travel agency	2	2	−43	−19	−6	−10	16	12

◆Trends in Overseas Travel Demand (by destination segment)

Europe turns +2 which increased by 23 points, U.S.A./Canada and China also see big improvements. Micronesia decreased by 8 points, Oceania sees a slight decline. Next Three Months prospect will not see a significant change though Europe and South Korea will be our

- Currently Europe scores 23 points up, U.S.A./Canada up by 18 points and China scores 16 points up compare to three months before (January to March). These 3 destinations show two digit improvements. Asia which had been good shows another 2 points up and ties with South Korea which had been at the same level for sometime at DI+22. Hawaii also went up by 1 point. The decrease was seen only in Micronesia (8 points down) and Oceania (2 points down).
- In Next Three Months (July to September), we expect Europe which currently is recovered from previous circumstances would see 3 points decline, U.S.A./Canada would be 1 point down and South Korea would go down by 2 points. We also expect Micronesia would go up 8 points and 4 points up for Hawaii due to the Summer holiday season. The other increase would be Oceania (3 points up), Asia (2 points up) and China (2 points up).

N:respondents
(N=296)



(Unit : DI)

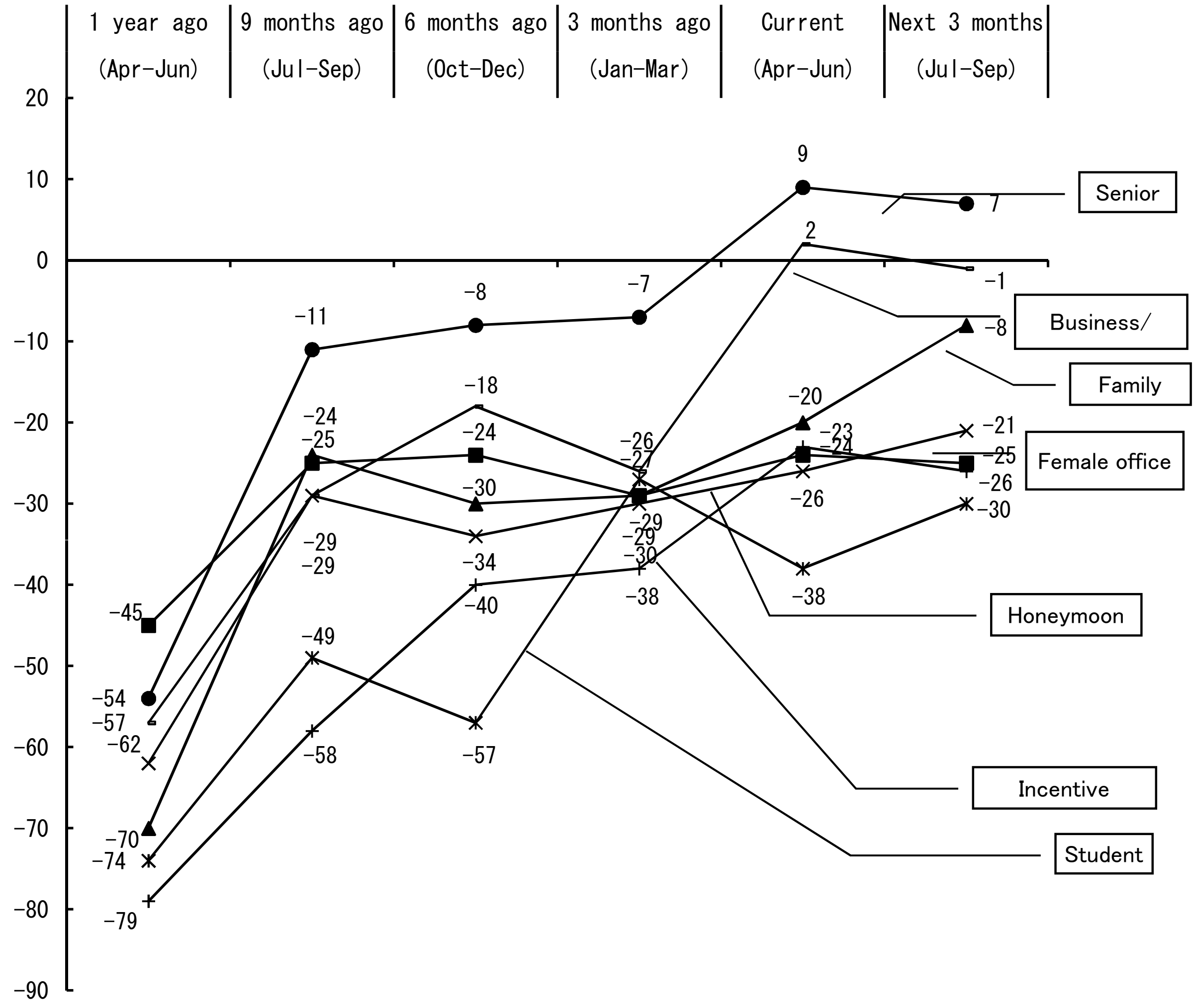
	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Hawaii	-46	-7	-8	-1	0	4
USA/Canada	-62	-38	-34	-41	-23	-22
Europe	-42	-12	-16	-21	2	-1
Oceania	-69	-60	-54	-46	-48	-45
Micronesia	-65	-32	-32	-22	-30	-22
China	-55	-39	-26	-25	-9	-7
Asia	-38	10	12	20	22	24
(Korea)	-32	12	26	22	22	20

◆Trends in Overseas Travel Demand (by customer segment)

Business/Technical visit segment went up by 28 points, Senior went up by 16 points-both DI turned to positive. All segments show improvements expect Students which previously marked a steep rise. In the Nest Three Months, DIs of Students, Female office workers and

- Compare to previous Three Months (January to March), Business/Technical visit segment increased quite a bit by 28 points, and its DI turns to positive with Senior segment. Also all segments show improvements expect Students which would decline by 11 points.
- In the Next Three Months (July to September), due to summer holiday season, we expect Family segment would see 12 points up and some increase for Students and Female office workers. Yet, Business/Technical visit, Incentive, Senior and Honeymoon would see some decrease.

N:respondents
(N=296)



(Unit : DI)

	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Honeymoon	-45	-25	-24	-29	-24	-25
Family	-70	-24	-30	-29	-20	-8
Female Office Worker	-62	-29	-34	-30	-26	-21
Students	-74	-49	-57	-27	-38	-30
Senior*	-54	-11	-8	-7	9	7
Incentive**	-79	-58	-40	-38	-23	-26
Business/Technical Vis	-57	-29	-18	-26	2	-1

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

■Business Activity for the Domestic Travel Market Overall

Scored −2, increase of 22 points in spite of previous prospect of −16.
DI with single digit minus− for the first time since September 2008.

Current situation: The segments of Tokyo and Group travel play the role of an engine for the market and increased by a large margin exceeding the previous prospect. Tohoku segment is now close to the level of before the disaster.

−Incentive such as company trips seem to be recovering. (In−house travel agency)
−Thanks to the weather, cherry blossoms around Golden Week affected the market. (Overseas travel specialist agency)
−More Family travels during spring holidays and Golden Week compare to regular years. We are also accepting a lot of travels for summer. (In−house travel agency)
− Domestic Travel Market Overall went up by 22 points from previous Three Months and is now −2.

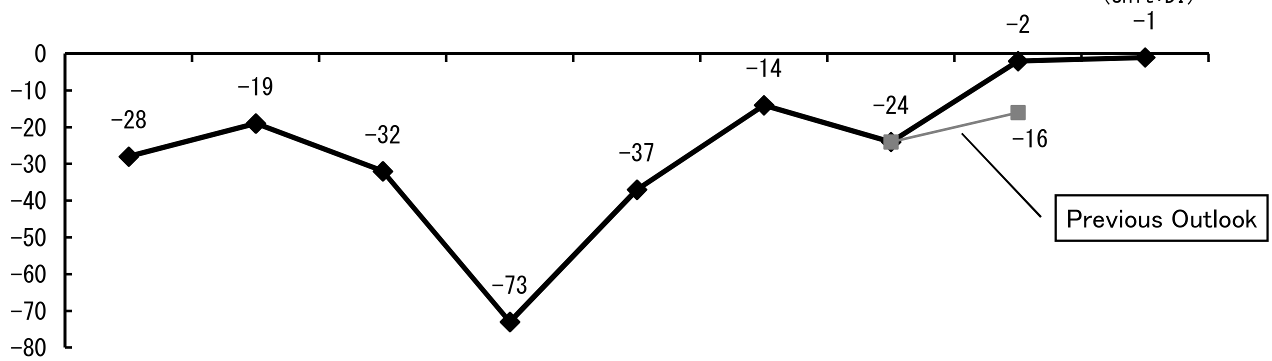
Outlook for the Next Three Months (July to September): Expecting increase for segments of East Japan and Okinawa for the summer season although backlash against the great recovery would be inevitable.

−We are on the recovery process as bad influence of the disaster quiets down. (Second−tier retail agency)
−Thanks to the Tokyo Sky Tree, our summer travels increased. However travelers from Western Japan are unpredictable. (Full− service travel agency)
−Early applications for long distance such as Hokkaido and Okinawa. (Second−tier retail agency)
−In the Next Three Month period (July to September), the DI will go up to −1 (up by 1 point).

Summary:

New must−see landmarks including Tokyo Sky Tree have opened. East Japan segment along with other destinations experienced increase of DI by large margin. In customer segment, DI for Senior scored +14, which is also a big increase and Group moving toward an incipient recovery. In the Next Three Months, the segments of Hokkaido, Okinawa and Family will be the best sells though some parts of Western Japan including Kyushu will see some decrease. The overall prospect is to remain as it is currently. Hopes and anxieties for LCC and influence of bus collision on Kanetsu express way cannot be ignored.

N：respondents
(N=223)



(Unit：DI)

	2 years ago (Apr−Jun)	1.5 years ago (Oct−Dec)	15 months ago (Jan−Mar)	1 year ago (Apr−Jun)	9 months ago (Jul−Sep)	6 months ago (Oct−Dec)	3 months ago (Jan−Mar)	Current (Apr−Jun)	Next 3 months (Jul−Sep)
Domestic Travel Overall	−28	−19	−32	−73	−37	−14	−24	−2 ※−16	−1

※Prospective figures for Mar 2012 Survey

	1.5 years ago (Oct−Dec)	15 months ago (Jan−Mar)	1 year ago (Apr−Jun)	9 moths ago (Jul−Sep)	6 months ago (Oct−Dec)	3 months ago (Jan−Mar)	Current (Apr−Jun)	Next 3 months (Jul−Sep)
Full− service travel agency	−14	−18	−89	−35	10	−16	10	18
Domestic travel wholesaler	−34	−36	−85	−11	−12	−11	9	0
First−tier retail agency	−41	−52	−85	−45	−19	−27	0	−6
Second−tier retail agency	−18	−46	−76	−41	−19	−34	−10	−10
In−house travel agency	−9	−9	−49	−28	−10	−13	0	2

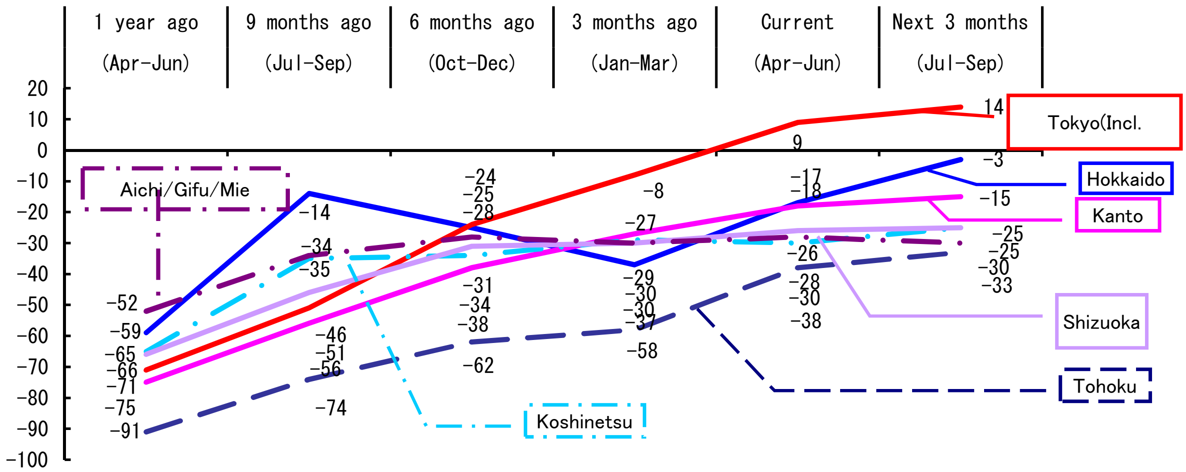
◆Trends in Domestic Travel Demand (by destination segment)

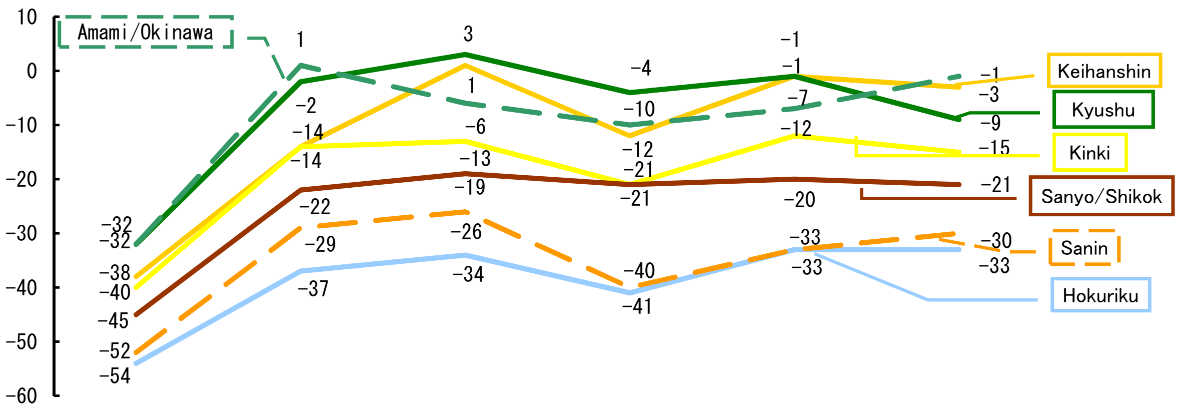
All destinations showed increase except Koshinetsu (down by1 point).
DI of Tokyo turns positive.

- －Compare to previous Three Months (January to March), Hokkaido (20 points up), Tohoku (20 points up), Tokyo (17 points up) and Keihanshin (11 points up) improved by two digit points. East Japan is significant, Koshinetsu declines slightly by 1 point.
- －In the Next Three Months (July to September), we expect consecutive increase for the summer; Hokkaido (14 points up), Amami/Okinawa (6 points up), Tohoku (5 points up), Koshinetus (5 points up) and Tokyo (5 points up). The Increase would be mostly in East Japan. Western Japan will see some decrease such as Kyushu (8 points down), Kinki (3 points down) and Keihanshin (2 points down). The overall score will be as it is currently.

N：respondents
(N=223)

(Unit：DI)





(Unit：DI)

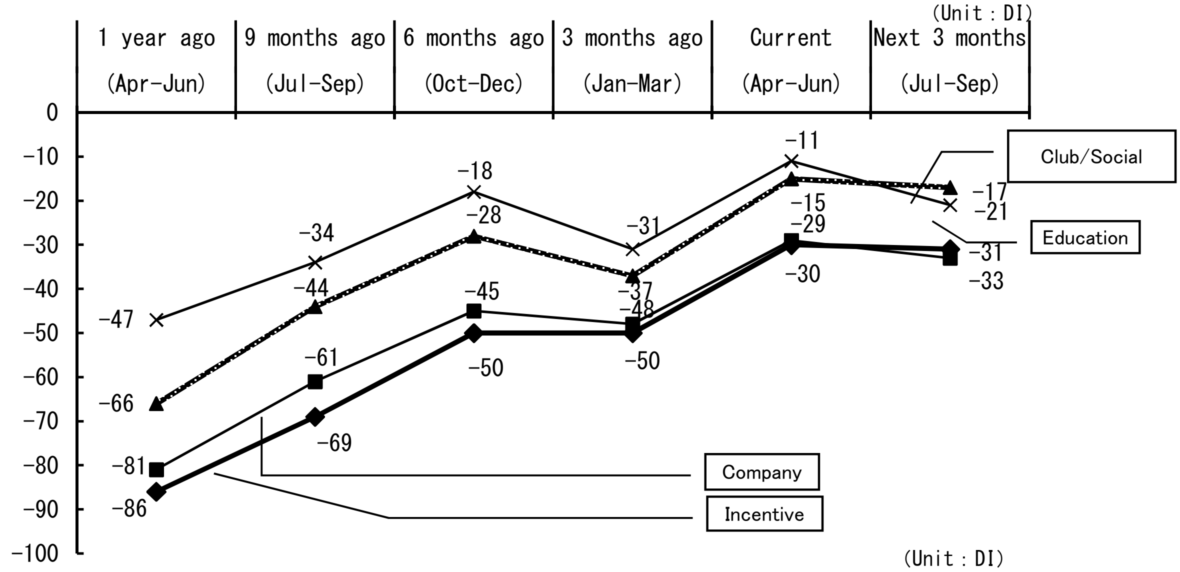
	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Hokkaido ■	-59	-14	-25	-37	-17	-3
Tohoku ■	-91	-74	-62	-58	-38	-33
Tokyo(incl.Yokohama/Urayasu) ■	-71	-51	-24	-8	9	14
Kanto ■	-75	-56	-38	-27	-18	-15
Koshinetsu ■	-65	-35	-34	-29	-30	-25
Shizuoka(Incl. Izu) ■	-66	-46	-31	-30	-26	-25
Aichi/Gifu/Mie ■	-52	-34	-28	-30	-28	-30
Hokuriku ■	-54	-37	-34	-41	-33	-33
Keihanshin ■	-38	-14	1	-12	-1	-3
Kinki ■	-40	-14	-13	-21	-12	-15
Sanyo/Shikoku ■	-45	-22	-19	-21	-20	-21
Sanin ■	-52	-29	-26	-40	-33	-30
Kyushu ■	-32	-2	3	-4	-1	-9
Amami/Okinawa ■	-32	1	-6	-10	-7	-1

◆Trends in Domestic Travel Demand (by Group Travel segment)

- DI remains minus, however all the segments increased 19 points or more from the previous Three Months (January to March). Club/Social gathering (22 points up), Incentive (20 points up), Education (20 points up), company (19 points up).
- In the Next Three Months(July to September), we expect slight decline for all Group segments including Education (10 points down), company (4 points down), Club/Social gathering (2 points down), Incentive (1 points down).

N:respondents
(N=223)

(Unit：DI)



(Unit：DI)

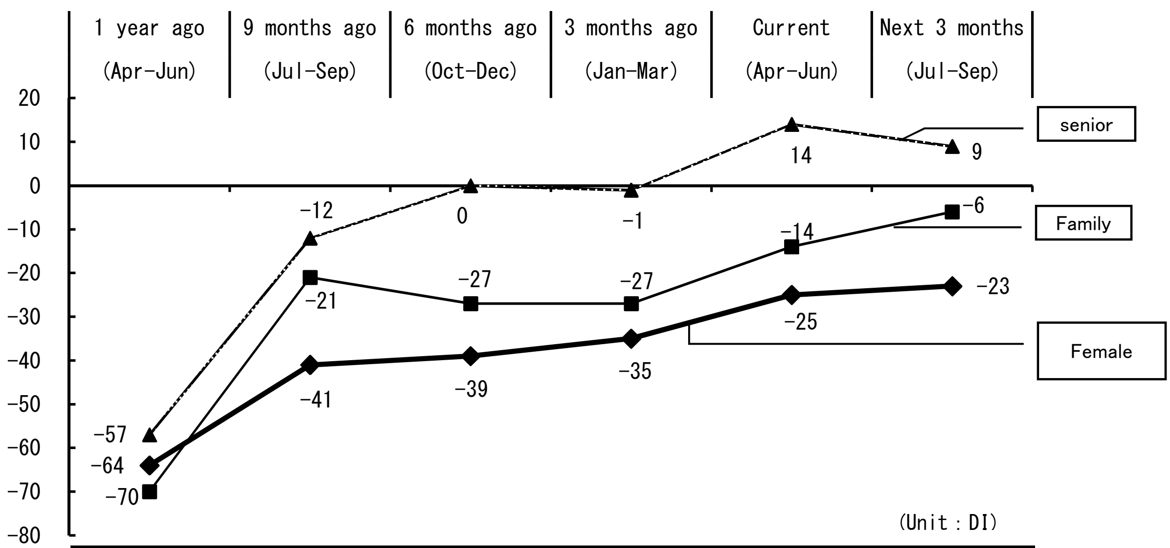
	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Incentive	-86	-69	-50	-50	-30	-31
Company	-81	-61	-45	-48	-29	-33
Club/Social gathering	-66	-44	-28	-37	-15	-17
Education	-47	-34	-18	-31	-11	-21

◆Trends in Domestic Travel Demand (by Individual Travel segment)

- All segments showed steep rise by 10 or more points from the previous Three Months (January to March). Senior DI (15 points up) turned positive. Family increased by 13 points, and Female office worker went up by 10 points.
- In the Next Three Months (July to September), we expect Family (8 points up) would be the best hope followed by Female office worker (2 points up). Senior would see 5 points down, however the overall DI would remain positive.

N:respondents
(N=223)

(Unit：DI)



(Unit：DI)

	1 year ago (Apr-Jun)	9 months ago (Jul-Sep)	6 months ago (Oct-Dec)	3 months ago (Jan-Mar)	Current (Apr-Jun)	Next 3 months (Jul-Sep)
Female office workar	-64	-41	-39	-35	-25	-23
Family	-70	-21	-27	-27	-14	-6
Senior(*)	-57	-12	0	-1	14	9

*Senior : Customers aged 60 or over