JATA News Release
Japan Association of Travel Agents
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June 19, 2014

Survey of Travel Market Trends - June 2014, 1st 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 622 registered companies. The results of the 1st quarter (April-June) survey are shown below.

●Overseas DI improved by 3 points, to -23, from March (-26)

※DI was below the outlook but is headed toward recovery.
※The South Korea ferry accident and political instability in Thailand and Vietnam were inhibiting factors.
※There is movement in incentive trips, and the comparatively superior senior segment and business/technical visit segment were stable.

Improvement will continue during the next 3 months

※Hawaiian trips which drove demand will decline, but there are expectations for long-haul destinations such as the US, Canada, and Europe.

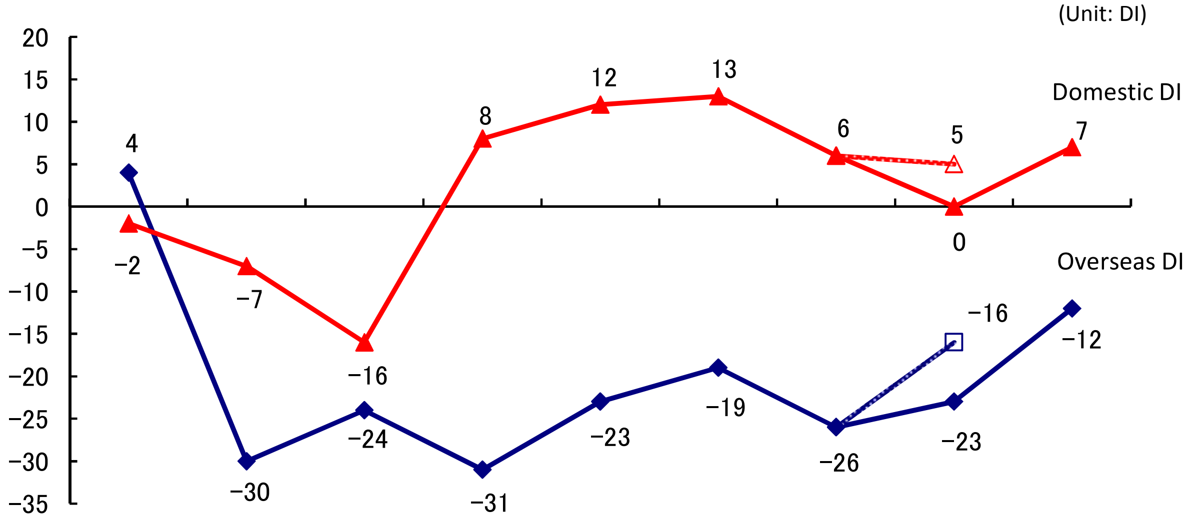
●Current domestic DI continued to fall but then recovered from negative territory

※DI was below the outlook, falling 6 points.
※The decline in Tokyo trips (+11) continues, but double-digit growth was maintained. Kyoto, Osaka, and Kobe (+3) turned positive after five consecutive periods of improvement.
※Group trips weakened, and the senior segment (+12) remained strong in individual sightseeing trips.

Increase will return in the next 3 months

※Generally increases are expected except for declines in two destinations including Tokyo.

(Unit: DI)



	2 years ago Apr.-Jun.	1 1/2 years ago Oct.-Dec.	1 year and 3 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.	3 months later Jul.-Sep.
Overseas overall	4	-30	-24	-31	-23	-19	-26	-23 ※-16	-12
Domestic overall	-2	-7	-16	8	12	13	6	0 ※5	7

※ Outlook as of Mar. 2014

■Business Activity in the Overseas Travel Market Overall

The increase did not match the outlook, but a turnaround (-23) occurred.
A reactionary drop occurred in the student segment (-47) due to the start of the new school year, and incentive trips (-31) increased.
There are expectations for long-haul destinations such as the US, Canada, and Europe in the next 3 months.

Summary

The recovery did not match the outlook, but DI did turn around and increase. The US and Canada (-26) increased, and Oceania (-45) and Hawaii (-4) declined. Asia (-16) declined due to political instability. While it was low level, movement was seen in China (-71), and South Korea remained unchanged. Among customer segments, students decreased (-47) due to the start of the new school year and the incentive segment (-31) improved. The relatively strong senior segment (-8) and the business/technical visit segment (-16) were unchanged. A continued increase is expected during the next 3 months.

Current situation (Apri The increase was below the outlook, but there was a turnaround and a move toward recovery

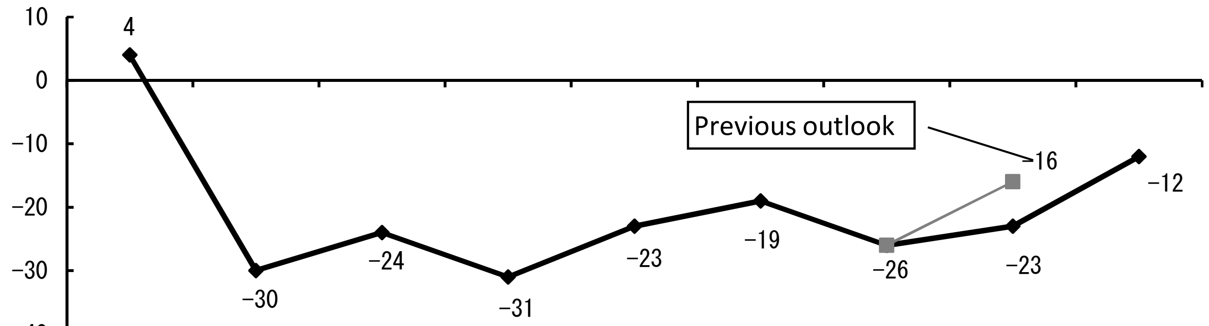
・Travelers took a wait-and-see attitude during April, May, and June, restraining buying due to the consumption tax increase. (Category 1/Overseas travel wholesaler)
・South Korea and China continued to be slack. Thailand declined due to political instability. There were reasons for concern in Vietnam as well, and the future is unclear. (Category 1/Overseas travel wholesaler)
・The relationship between Japan and China is the same as ever, but just when South Korean demand was beginning to gradually show signs of recovery, the impact of the South Korean ferry accident suddenly put on the brakes. (Category 1/Second-
・Overseas trips overall increased 3 points compared to the previous 3 months (January-March), to -23.

Outlook for the next three months (July-Septe Expectation of recovery in long-haul destinations

・Awareness of safety has increased due to the effects of the South Korean ferry accident and subway accident. (Category 2/In-house travel agency)
・The wait-and-see attitude continued due to the effect of the consumption tax increase and weakening yen, etc., but due to the increase in flights from Haneda Airport and recovery of business sentiment, there has been a turn for the better. (Category 1/Comprehensive travel agency)
・Business-related tours and incentive tours are in an uptrend. (Category 1/Comprehensive travel agency)
・The outlook for the next three months (July-September) is up 11 points, to -12.

N: valid response
(N=305)

(Unit: DI)



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Overseas overall	4	-30	-24	-31	-23	-19	-26	**-23** **※-16**	-12

※ Outlook as of Mar. 2014

	1 1/2 years ago Oct.-Dec.	1 year and 3 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.**	3 months later Jul.-Sep.
Full-service travel agency	-43	-21	-42	-26	-26	-20	**-33**	-25
Overseas travel wholesaler	-44	-40	-37	-37	-21	-53	**-50**	-34
Overseas travel specialist agency	-20	-25	-25	-6	22	-10	**-11**	11
First-tier retail agency	-26	-33	-52	-40	-24	-16	**-14**	21
Second-tier retail agency	-29	-24	-34	-25	-24	-31	**-27**	-19
In-house travel agency	-23	-15	2	-2	-8	-11	**-2**	2

◆Trends in Overseas Travel Demand (by destination segment)

The US and Canada improved by 3 points.
While it was low-level, there were changes in China, and South Korea remained the same. Hawaii, which was in good condition, is heading into a downturn.
In the next 3 months, improvement will continue in the US and Canada, and there will be an improving trend overall except for Hawaii.

- Compared to the previous three months (January-March), China improved (+7) although at a low level. Aside from the US and Canada (+3), the results showed conspicuous declines for Oceania (-8), Hawaii (-6), Asia (-4), and Europe (-2). South Korea remained at the same level.
- In the next 3 months (July-September), led by the US and Canada in their ongoing uptrend (+11 points), improvements will stand out for Europe (+8), Oceania (+5), Asia (+5), South Korea (+5), China (+4), and Micronesia (+1). Only Hawaii will decrease slightly (-2).

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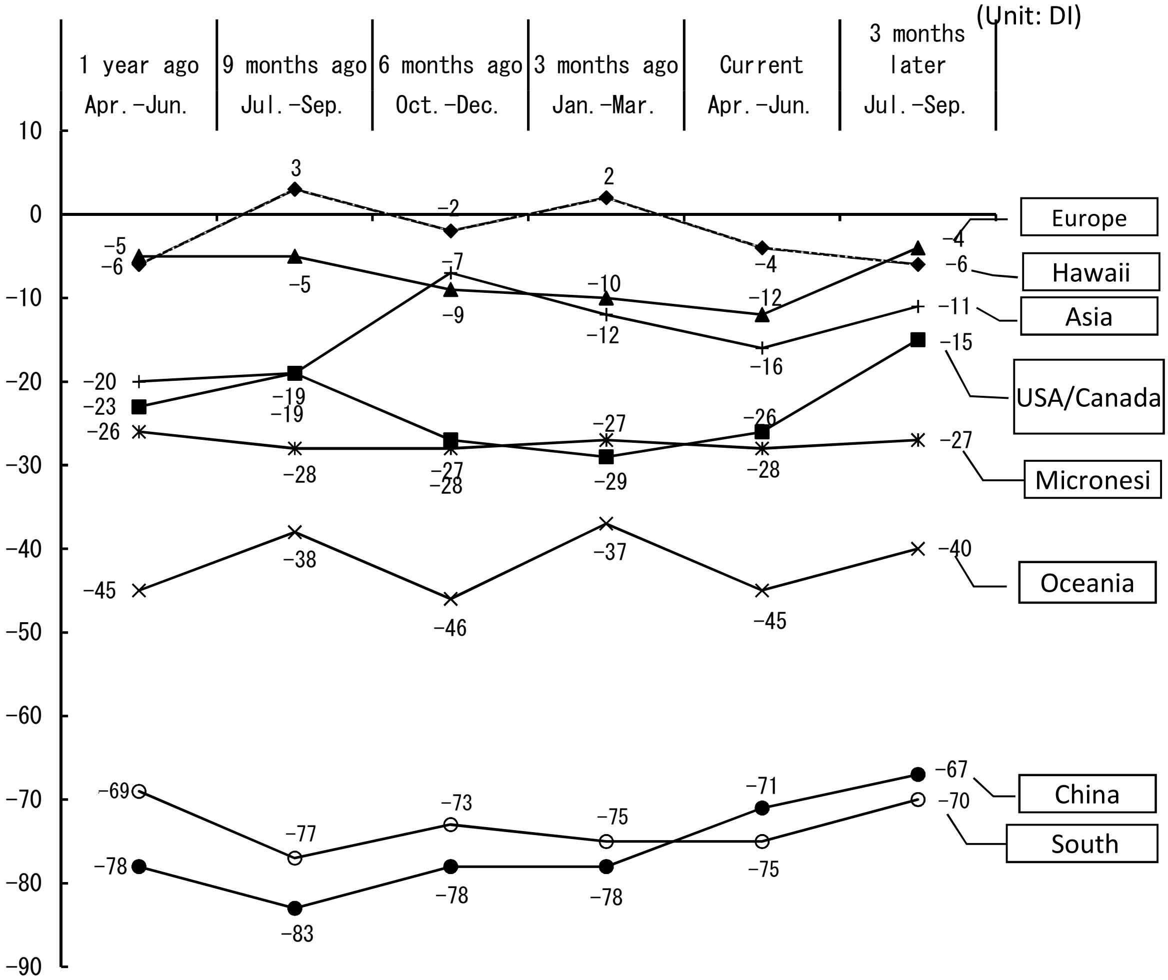

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	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	**Current Apr.-Jun.**	3 months later Jul.-Sep.
Hawaii	-6	3	-2	2	**-4**	-6
USA/Canada	-23	-19	-27	-29	**-26**	-15
Europe	-5	-5	-9	-10	**-12**	-4
Oceania	-45	-38	-46	-37	**-45**	-40
Micronesia	-26	-28	-28	-27	**-28**	-27
China	-78	-83	-78	-78	**-71**	-67
Asia	-20	-19	-7	-12	**-16**	-11
(of which, South Korea)	-69	-77	-73	-75	**-75**	-70

◆Trends in Overseas Travel Demand (by customer segment)

The incentive and honeymoon segments increased.
The student segment displayed a double-digit decrease at the start of the new school year.
In the next 3 months, there will be an overall recovery centered on the female office worker and family segments.

- Compared to the previous 3 months (January-March), aside from the reactionary fall of the student segment (-11) and the striking improvement in the incentive segment (+7), there was still no large movement in the honeymoon segment (+2), the family segment (-5), the female office worker segment (-1), the senior segment (-1), and the business/technical visit segment. The senior segment and the business/technical visit segment tend to show a high degree of stability.
- In the next 3 months (July-September), the female office worker segment (+11) and the family segment (+10) will experience a double-digit increase. Other segments will improve as follows: student (+6), business/technical visit (+4), senior (+2), and incentive (+1). Only the honeymoon segment will decline slightly

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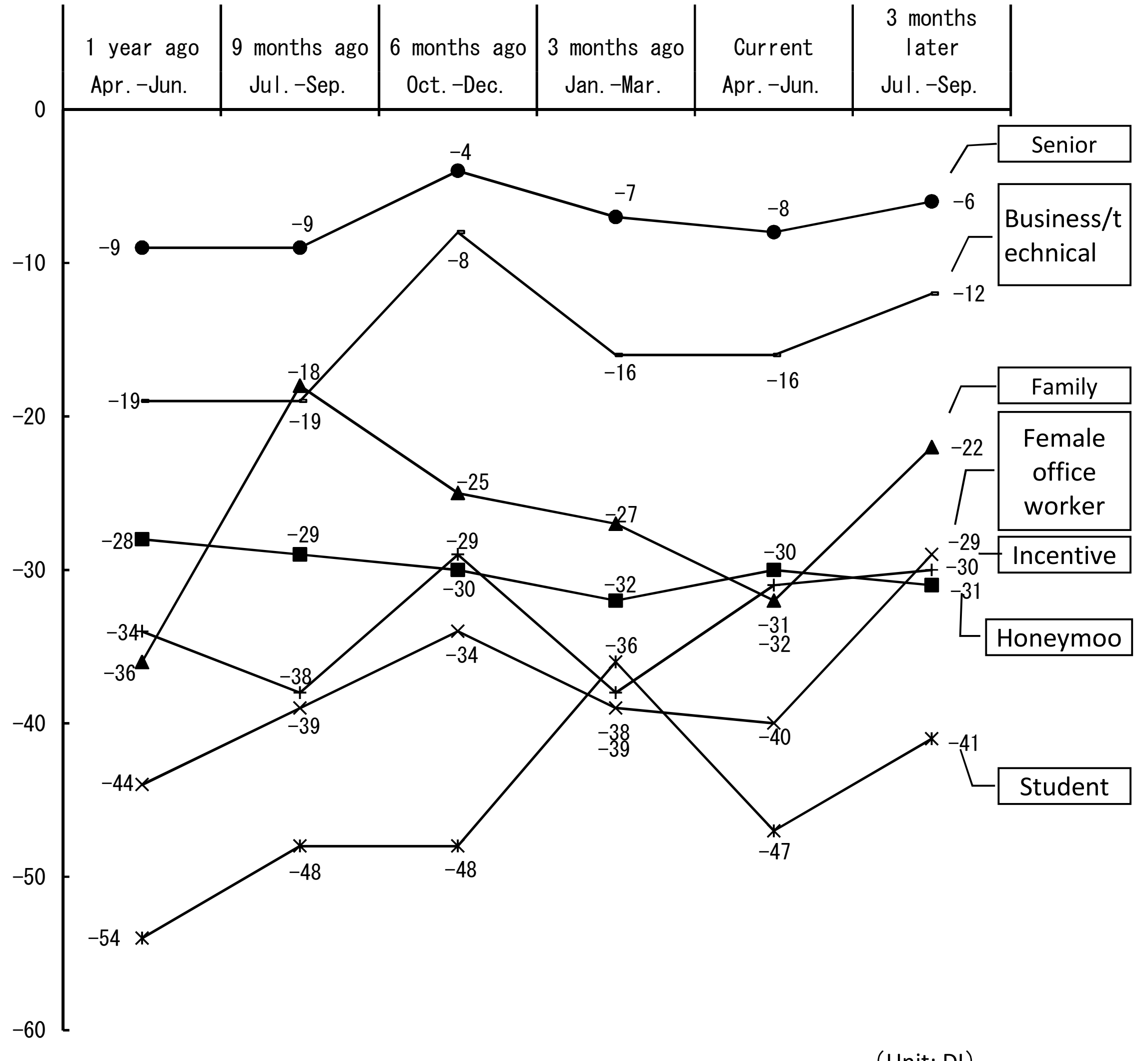

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Honeymoon	-28	-29	-30	-32	**-30**	-31
Family	-36	-18	-25	-27	**-32**	-22
Female office worker	-44	-39	-34	-39	**-40**	-29
Student	-54	-48	-48	-36	**-47**	-41
Senior (*)	-9	-9	-4	-7	**-8**	-6
Incentive (**)	-34	-38	-29	-38	**-31**	-30
Business/technical visit	-19	-19	-8	-16	**-16**	-12

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

■About the Survey of Travel Market Trends

The Japan Association of Travel Agents (JATA) asks all email member companies to register as survey monitors. JATA conducts the quarterly Survey of Travel Market Trends involving 589 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:	May 13 (Tuesday),2014 to May 28(Wednesday),2014
Registered companies:	622
Responding companies:	341
Response rate:	54.8％

◆Business classificatio

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	件数
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	38
Overseas travel wholesaler	A dedicated overseas travel wholesaler	24
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
Domestic travel wholesaler	A dedicated domestic travel wholesaler	16
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	29
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	159
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	58

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