JATA News Release
Japan Association of Travel Agents
Zen-Nittu Kasumigaseki Bldg., 3-3 Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-0013, Japan
PHONE:[+81] 3 3592 1244 FAX[+81] 3 3592 1268 URL http://www.jata net.or.jp

September 17, 2014

Survey of Travel Market Trends - September 2014, 2nd 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 605 registered companies. The results of the 2nd quarter (July-September) survey are shown below.

●Overseas DI improved by 2 points, to -21, from June (-23)

※The improvement fell short of the forecast, but the moderate recovery continued.
※While Europe increased slightly, other destinations remained unchanged or in a slight downtrend.
※The business/technical visit segment was on par with the senior segment. The incentive segment continued to grow.

No change in the next 3 months

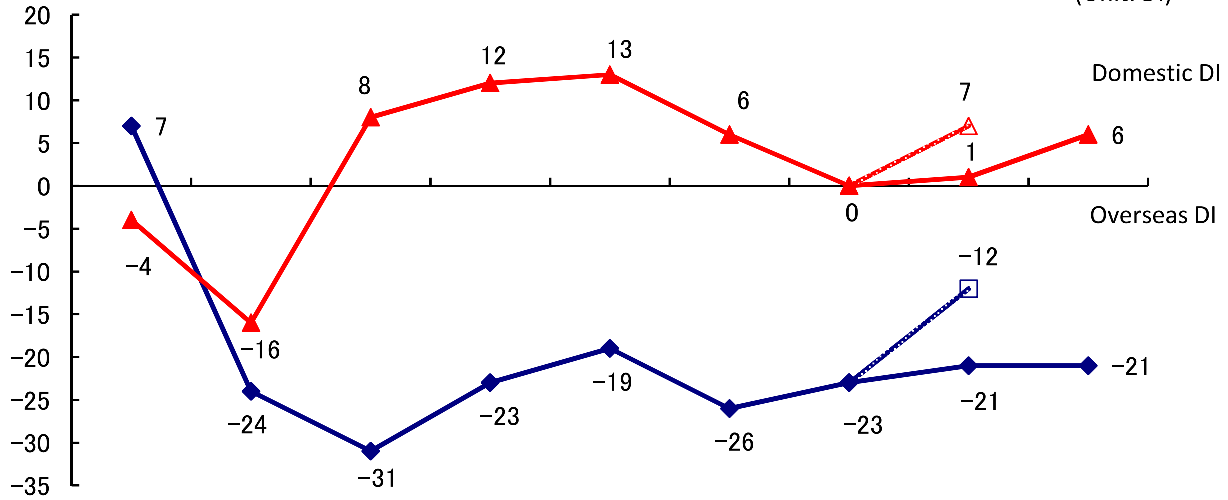
※Growth is expected in the business/technical visit segment and incentive segment due to improvement in corporate earnings.

●Current domestic DI improved by 1 point, to +1

※DI was below the outlook but did improve by 1 point.
※Kyoto, Osaka, and Kobe continued to grow, to +29. Tokyo, at +12, stopped declining.
※Group trips are in an uptrend.

Improvement should continue in the next three months

※There is concern over the impact of the consumption tax increase and changes in charter bus rates.



	2 years ago Jul.-Sep.	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Overseas overall	7	-24	-31	-23	-19	-26	-23	-21 ※-12	-21
Domestic overall	-4	-16	8	12	13	6	0	1 ※7	6

※ Outlook as of June 2014

■Business Activity in the Overseas Travel Market Overall

Activity was 9 points below the outlook, but the moderate recovery continued.
During the summer, there was movement in the family segment (-24), and the business/technical visit segment (-9) was on par with the senior segment.
The incentive and the business/technical visit segments will continue growth in the next 3 months.

Summary

Activity did not meet expectations, but there was a 2-point improvement. By destination, China (-81) once again experienced a double-digit decrease, and the improvement in Europe (-11) was only 1 point. Other destinations remained unchanged or decreased slightly. Among customer segments, the family segment (-24), which is strong during the summer, increased 8 points, while the business/technical visit segment (-9) increased 7 points, on par with the senior segment (-9). Deterioration was seen in the honeymoon segment (-37) with a 7 point drop and the student segment (-52) with a 5 point drop. In the next three months, the family segment should decrease, and there should be no change overall.

Current situation (Jul-Sep) The moderate recovery continued, although it was below the outlook

・The number of individual business travelers bound for Asia, particularly China and South Korea where many business travelers usually go, tended to be low, but there was growth in Europe consisting mainly of relatively older travelers. (Category 1/In-house

・In addition to the weakening yen and skyrocketing fuel prices, airline seats remain expensive due to the increase in inbound travel. So, travel agencies face an uphill fight, unable to use the same means that they had been using to rouse demand. (Category 1/Overseas travel specialist agency)

・Travel demand from individuals was slightly soft, but business travel is trending satisfactorily (Category 1/In-house travel agency)

・Outbound travel overall increased by 2 points, to -21, compared to the previous 3 months (April-June).

Outlook for the next three months (Oct-Dec) Overall there should be no change, but there are expectations for the business/technical visit and incentive segments.

・The impact on the sluggishness in Thailand, in addition to the sluggishness in China and South Korea, will be large. Recovery in Thailand is expected. A large impact from the weak yen and skyrocketing fuel prices is felt on the long-haul destinations of Europe and the US, and so it appears that recovery of those destinations may be difficult for a while. (Category 1/Overseas travel agency)

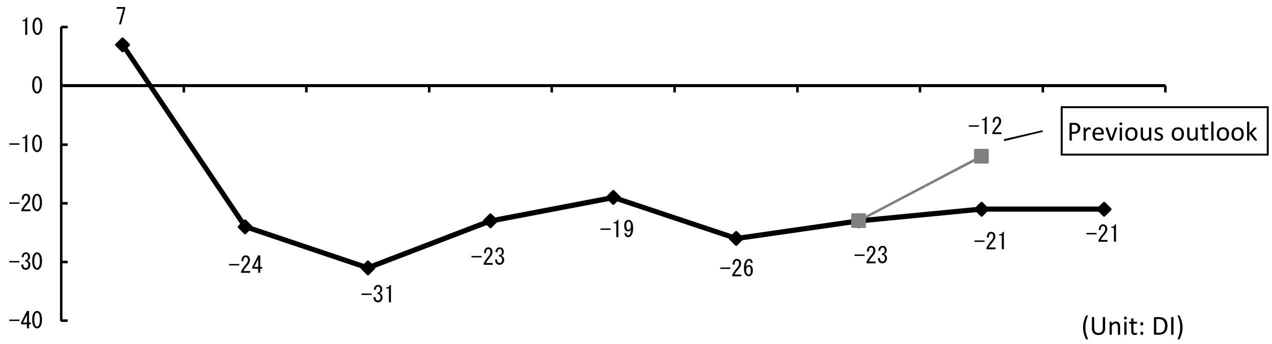
・Some business types and companies are in better shape than others, but for the first time in several years, an increasing number of companies are bringing back company trips for employees. (Category 1/ Second-tier retailer)

・It is likely that consumers will spend their increased bonuses on travel about six months after receiving the bonuses. (Category 1/Overseas travel specialist agency)

・In the next 3 months (October-December), overseas travel should remain unchanged, at -21.

N: valid response
(N=287)

(Unit: DI)



(Unit: DI)

	2 years ago Jul.-Sep.	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Overseas overall	7	-24	-31	-23	-19	-26	-23	**-21** **※-12**	-21

※ Outlook as of June 2014

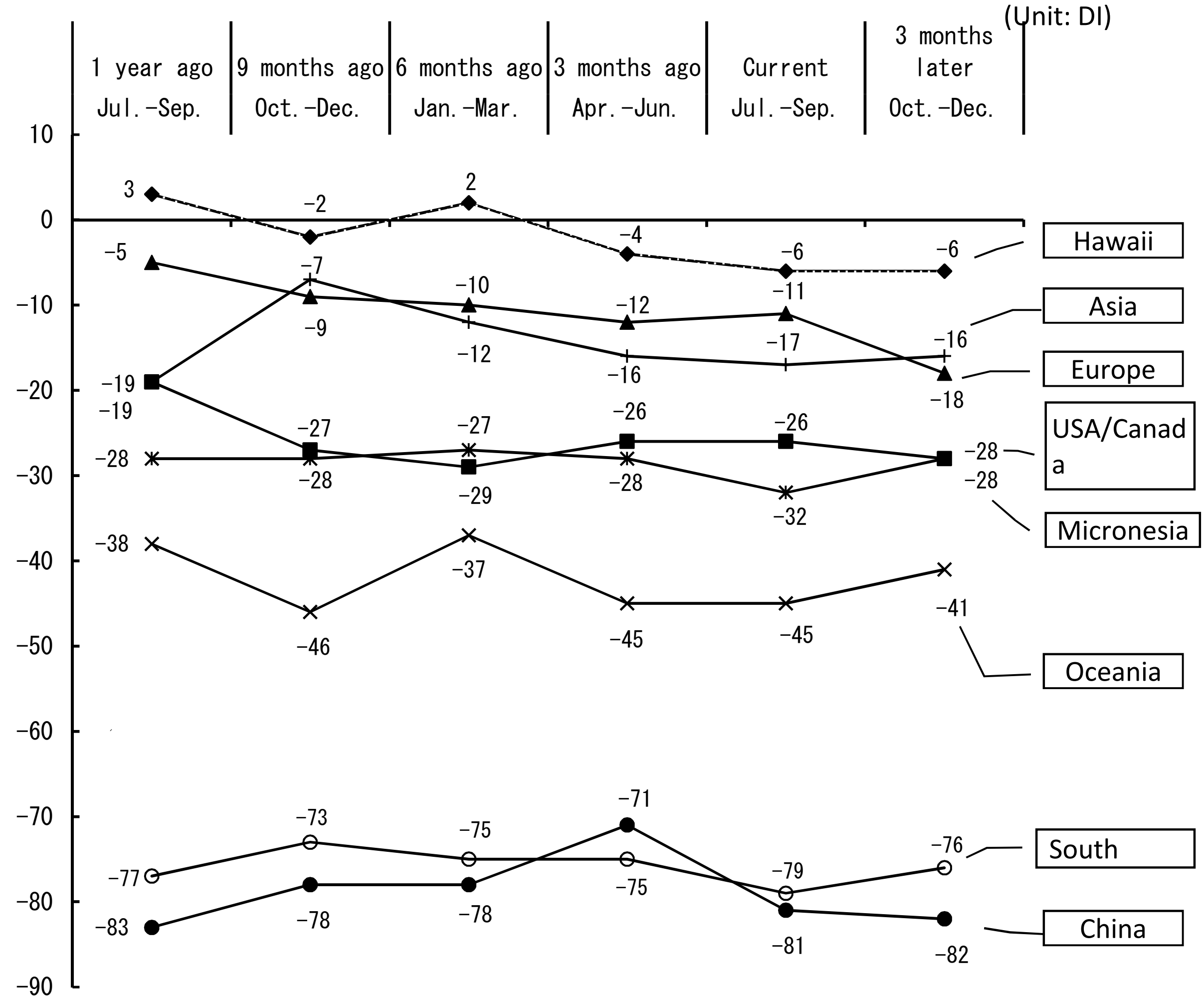
	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.
Full-service travel agency	-21	-42	-26	-26	-20	-33	**-31**	-25
Overseas travel wholesaler	-40	-37	-37	-21	-53	-50	**-50**	-32
Overseas travel specialist agency	-25	-25	-6	22	-10	-11	**15**	36
First-tier retail agency	-33	-52	-40	-24	-16	-14	**-4**	-21
Second-tier retail agency	-24	-34	-25	-24	-31	-27	**-30**	-32
In-house travel agency	-15	2	-2	-8	-11	-2	**0**	0

◆**Trends in Overseas Travel Demand (by destination segment)**

In the current period, the double-digit decline in China stood out, but overall, the downtrend was slight.
Movement will be moderate during the next 3 months, except in Europe which is heading into winter.

- Compared to the previous three months (April-June), declines in the current period were conspicuous. In addition to China's double-digit drop (-10), there were declines in Micronesia (-4), South Korea (-4), Hawaii (-2), and Asia (-1). The only increase was in Europe (+1). The US, Canada, and Oceania remained unchanged.
- In the next three months (October-December), there will be increases in Oceania (+4), Micronesia (+4), South Korea (+3). The likely decline in Europe (-7) is cause for uneasiness, but there will be only small decreases in the US and Canada (-2) and China (-1). Hawaii will remain unchanged.

N: valid response
(N=287)



(Unit: DI)

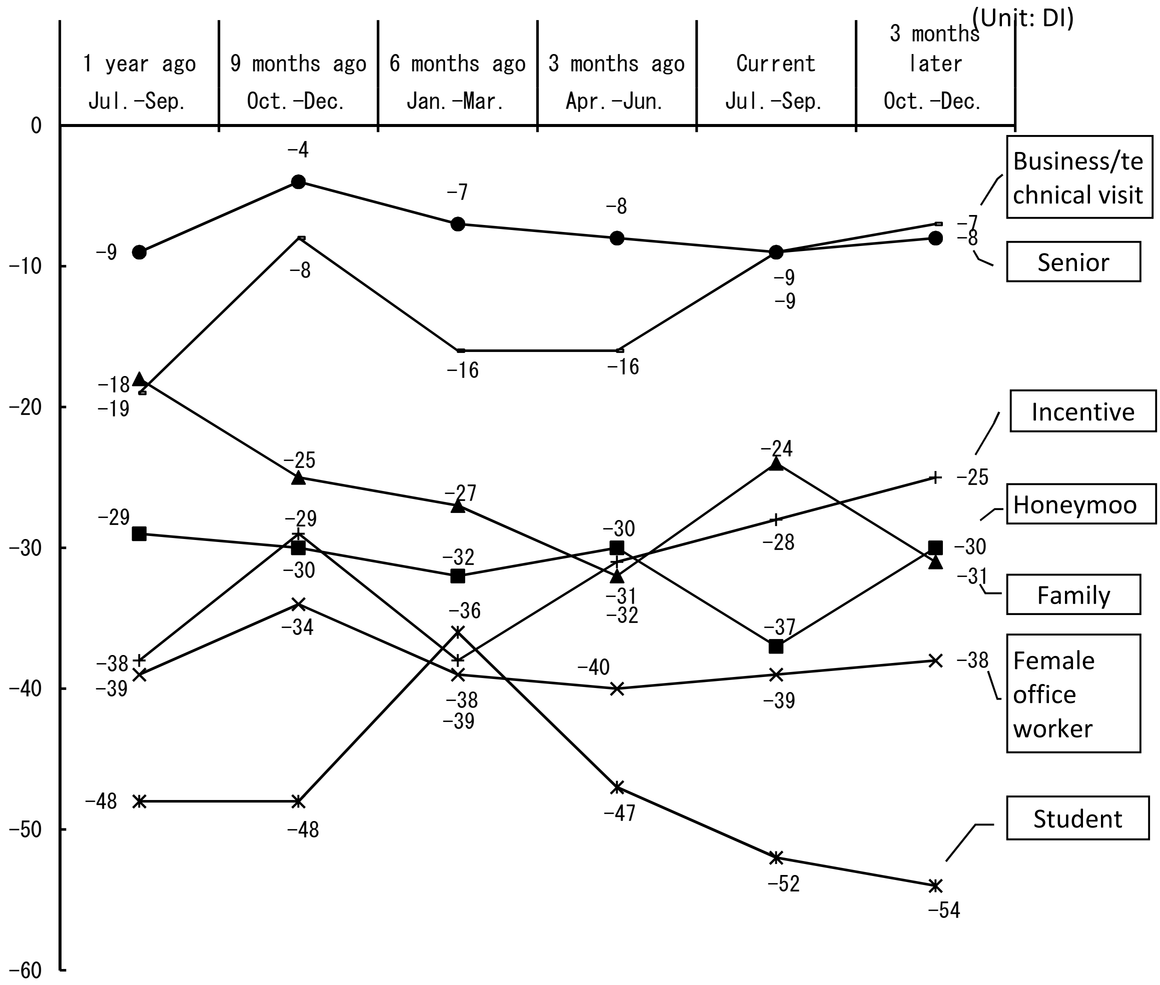
	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	**Current** Jul.-Sep.	3 months later Oct.-Dec.
Hawaii	3	-2	2	-4	**-6**	-6
USA/Canada	-19	-27	-29	-26	**-26**	-28
Europe	-5	-9	-10	-12	**-11**	-18
Oceania	-38	-46	-37	-45	**-45**	-41
Micronesia	-28	-28	-27	-28	**-32**	-28
China	-83	-78	-78	-71	**-81**	-82
Asia	-19	-7	-12	-16	**-17**	-16
(of which, South Korea)	-77	-73	-75	-75	**-79**	-76

◆Trends in Overseas Travel Demand (by destination segment)

In the current period, there was activity in the family segment because of the summer season, and the business/technical visit segment was on par with the senior segment. A sharp drop was seen in the honeymoon segment, which had been stable, and the student segment continued its decline. In the next 3 months, the business/technical visit segment will continue to grow.

- Compared to the previous three months (April-June), increases in the current period were seen in the family segment (+8), business/technical visit segment (+7), incentive segment (+3), and female office worker segment (+1). It was the first time since the September 2008 survey that the senior segment was on par with the business/technical visit segment. Decreases occurred in honeymoon (-7), students (-5), and seniors (-1).
- In the coming three months (October-December), the honeymoon segment will recover (+7), and the incentive segment will continue to grow (+3). The business/technical visit segment will also continue to grow (+2), surpassing the senior segment (+1). The female office worker segment (+1) will rise slightly. A reactionary decline will be observed in the family segment (-7), and the student segment (-2) is expected to continue its decline, albeit slight, for the third consecutive period.

N: valid response
(N=287)



(Unit: DI)

	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	**Current Jul.-Sep.**	3 months later Oct.-Dec.
Honeymoon	−29	−30	−32	−30	**−37**	−30
Family	−18	−25	−27	−32	**−24**	−31
Female office worker	−39	−34	−39	−40	**−39**	−38
Student	−48	−48	−36	−47	**−52**	−54
Senior (*)	−9	−4	−7	−8	**−9**	−8
Incentive (**)	−38	−29	−38	−31	**−28**	−25
Business/technical visit	−19	−8	−16	−16	**−9**	−7

* 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:	August 7(Thursday) to 28(Thursday), 2014
Registered companies:	605
Responding companies:	321
Response rate:	53.1％

◆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	件数
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	40
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	14
Domestic travel wholesaler	A dedicated domestic travel wholesaler	10
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	155
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	56

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