JATA News Release
Japan Association of Travel Agents
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December 17, 2014

Survey of Travel Market Trends - December 2014, 3rd 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 600 registered companies. The results of the 3rd quarter (October-December) survey are shown below.

●The Overseas DI deteriorated by 6 points in September falling from -21 to -27

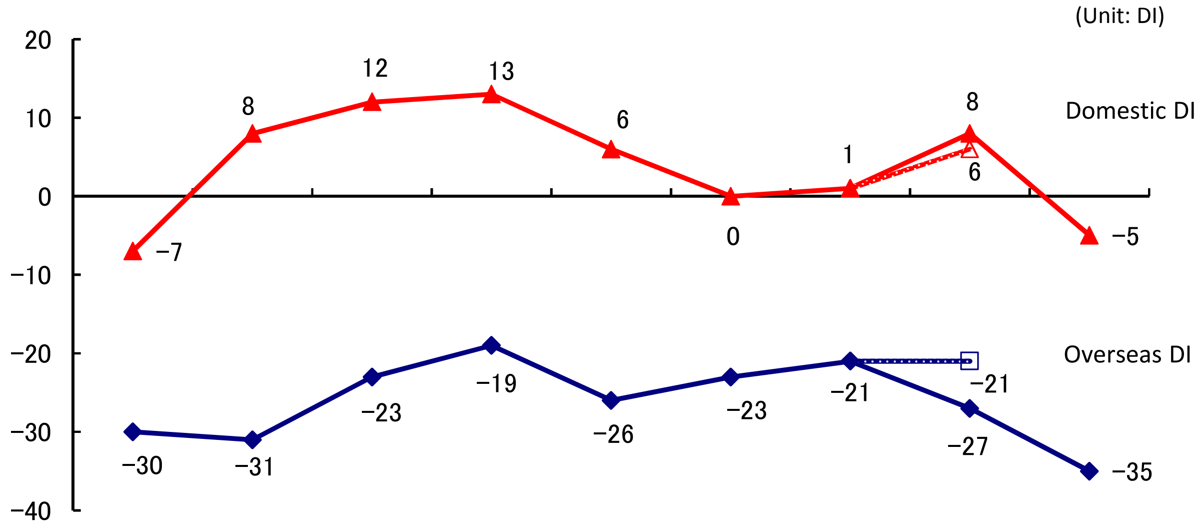
＊ The improvement fell below the forecast, taking a turn into a downward direction
＊ While there is a slight increase in the short-haul destination travel, Europe fell by 19 points
＊ Family and senior travel also dropped by 20 points and 8 points respectively and business and technical trips took a leading position

The downward tendency is expected to continue after the end of the three months
＊Though study tours are expected to increase, the devaluation of the yen and the Ebola outbreak make the environment conditions difficult for travel.

●Domestic DI grew by seven points reaching 7 points

＊Domestic travel exceeded the forecast by 2 points, and improved by 7 points
＊Kyoto, Osaka and Kobe top-ranked with 21 points, followed by Tokyo with 12, Amami and Okinawa with 5, and Kyushu with 5; the four areas continued the positive trend.
＊Groupe Tours contiues to improve.

The forecast for the next three months is for a negative growth after the 2-year growth.
＊There is a sense of anxiety over an expected deterioration of business conditions and rental bus fees.



	2 years ago Oct.-Dec.	1 1/2 years ago Apr.-Jun.	1 year and 3 months ago Jul.-Sep.	1 year ago Oct.-Dec.	9 months ago Jan.-Mar.	6 months ago Apr.-Jun.	3 months ago Jul.-Sep.	Current Oct.-Dec.	3 months later Jan.-Mar.
Overseas overall	−30	−31	−23	−19	−26	−23	−21	−27 ※−21	−35
Domestic overall	−7	8	12	13	6	0	1	8 ※6	−5

※ Outlook as of September 2014

■Business Activity in the Overseas Travel Market Overall

Overseas travel fell short of the forecast, down to -27 points. Europe fell 19 points and family travel fell 20 points.
The business conditions are expected to continue to deteriorate and hit the lowest point during the next three months.

Summary

Despite the forecast that the trends will remain unchanged, DI dropped by 6 points overall. While Europe largely decreased by 19 points falling to -30, short-haul destinations grew. China increased 6 points to -75, South Korea grew by 6 points to -73, Asia increased by 4 points to -13, and Micronesia reached -27, showing a 5-point increase. In terms of customer segments, the family market decrease by 20 points falling to -44, and the previously strong senior market fell 8 points reaching -17. The business and technical trips, however, made a swift recovery. With the exception of the educational segment, improvement is not expected during the next three months.

Current situation (Oct-Dec) Falling short of the forecast, towards negative growth

・The demand for expensive tours to Europe seems to be negatively influenced by the Ebola outbreak. The bookings have decreased (Category 1/Retailing agency 1)

・The impact of the increased consumption tax is continuing even after the summer. Thow there were high expectations regarding the 9 consecutive holidays at the end of this year and the beginning of the next year, there have been many cancellations. (Category 1/ Retailing agency 2)

・The increase in international flights to/from Haneda in March was a very good stimulus for customers from West Japan who traveled overseas. (Category 1/ General travel agency)

・Overall overseas travel fell below the previous quarter (July-September) results dropping by 6 points to -27.

Outlook for the next three months (Oct-Dec) Further decrease and expectations for good performance by the educational segment.

・The influence of the Ebola outbreak, the IS problem and devaluated yen is expected to remain strong. (Category 1/Retailing agency 1)

・Although early bookings have been strong during the third quarter, the feeling is that the Ebola outbreak and the cheap yen have weakened the willingness to travel which might lead to weak results. (Category 1/Retailing agency 2)

・With the weakening of the Japanese yen the demand for leisure travel has weakened too. The prospective for the recovery of the business situation are bleak. The top Asian destination, China, South Korea, Thailand, Hong Kong, have their problems and this is a negative factor at present. The Ebola fever spread is another major concern. (Category 1/Overseas travel whole-seller)

・During the next three months (January-March), the DI is expected to decrease by 8 point, reaching -35 points

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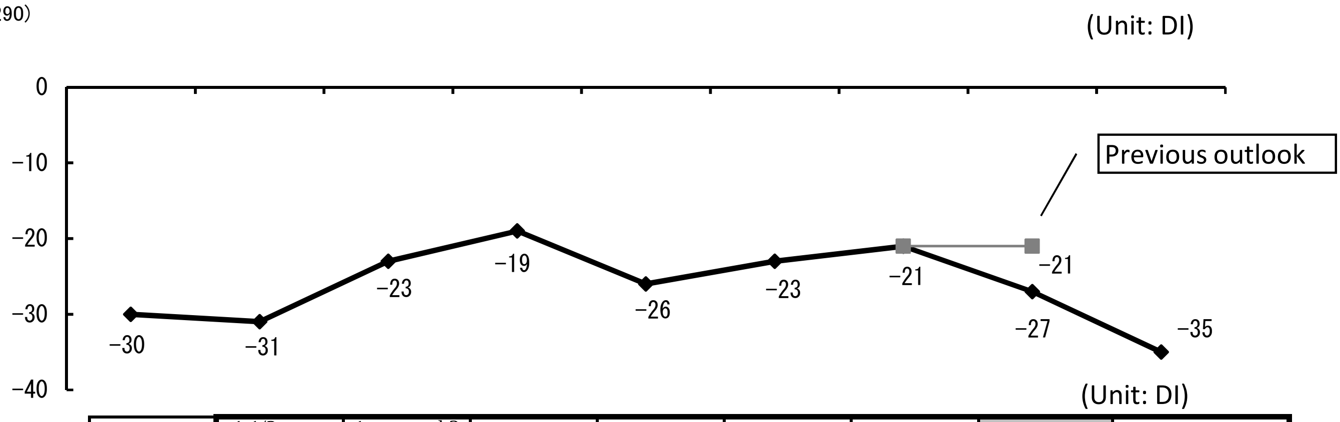
(N=290)



(Unit: DI)

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※ Outlook as of September 2014

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Full-service travel agency	−42	−26	−26	−20	−33	−31	−34	−43
Overseas travel wholesaler	−37	−37	−21	−53	−50	−50	−50	−54
Overseas travel specialist agency	−25	−6	22	−10	−11	15	26	5
First-tier retail agency	−52	−40	−24	−16	−14	−4	−42	−54
Second-tier retail agency	−34	−25	−24	−31	−27	−30	−38	−41
In-house travel agency	2	−2	−8	−11	−2	0	2	−14

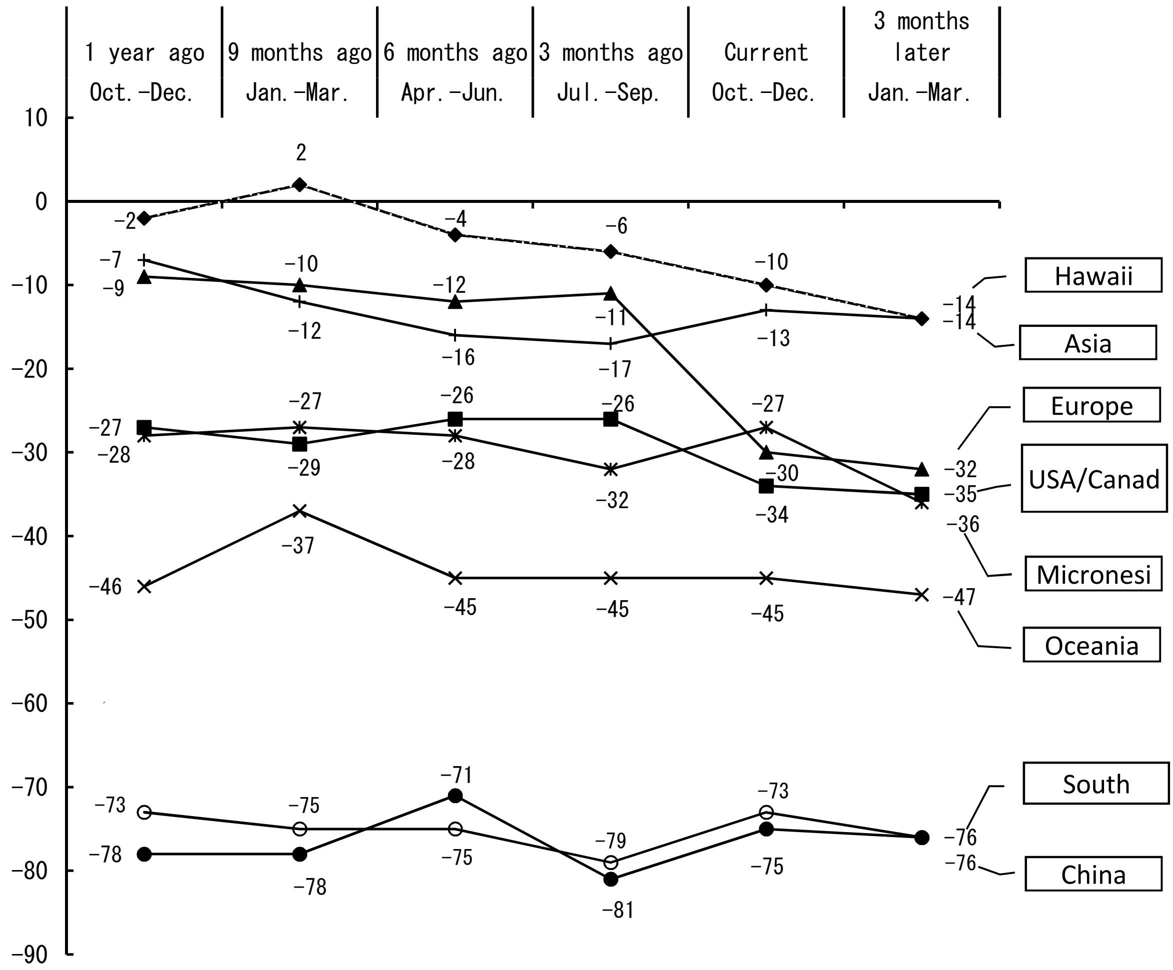
◆Trends in Overseas Travel Demand (by destination segment)

Europe is down by 19 points at present. Asia, including China and Korea, as well as Micronesia have shown slight improvement. The next three months will not show improvement in any destination segment, overall demand will remain weak.

- Compared to the previous quarter (July-September), demand for comparatively popular destinations like Europe (19 points), America & Canada (8 points), and Hawaii (4 points) decreased. Increase was seen in China, South Korea (6 points), Micronesia (5 points) and Asia (4 points), while Oceania remained unchanged.
- In the next three months (January-March), no destinations are expected to show growth. The overlook is that Micronesia (-9 points) will further show a double-digit decrease, while Hawaii (-4 points), South Korea (-3 points) Europe, Oceania (-2 points), America & Canada, China, Asia (-1 point) will continue the slight downward trend.

N: valid response
(N=290)

(Unit: DI)



(Unit: DI)

	1 year ago Oct.-Dec.	9 months ago Jan.-Mar.	6 months ago Apr.-Jun.	3 months ago Jul.-Sep.	**Current Oct.-Dec.**	3 months later Jan.-Mar.
Hawaii	−2	2	−4	−6	−10	−14
USA/Canada	−27	−29	−26	−26	−34	−35
Europe	−9	−10	−12	−11	−30	−32
Oceania	−46	−37	−45	−45	−45	−47
Micronesia	−28	−27	−28	−32	−27	−36
China	−78	−78	−71	−81	−75	−76
Asia	−7	−12	−16	−17	−13	−14
(of which, South Korea)	−73	−75	−75	−79	−73	−76

◆Trends in Overseas Travel Demand (by customer segment)

In the current period, business and technical visits showed a moderate movement while all customer segments showed a decrease. The family segment in particular stood out with the 20-point decrease.
In the next quarter, students demand is likely to be strong; other segments will continue to slide down.

- In comparison with the previous quarter (July-September), growth was not seen; the business/technical visitor segment maintained its level. Decrease continued in the family segment (-20), office women segment (-8), student & incentive segments (-4), and the honeymoon segment (-2), business/technical visitor segment overpassed the seniors.
- In the next three months (January-March), the educational segment is expected to grow; however, the following segments will continue to decline: business/technical visits (-10); honeymoon (-6); family, senior and incentive (-4 points each); office women (-3).

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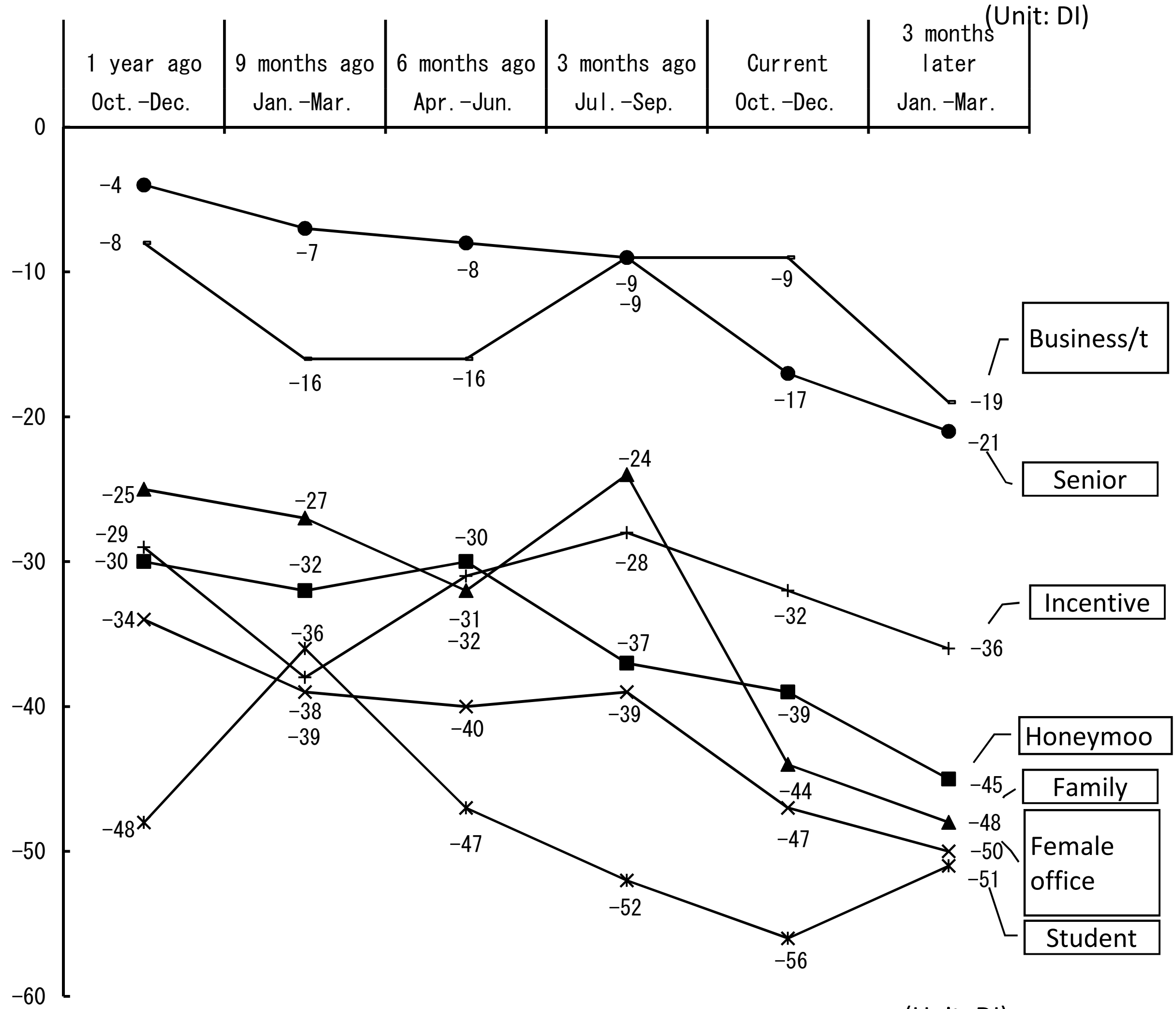

(Unit: DI)

	1 year ago Oct.-Dec.	9 months ago Jan.-Mar.	6 months ago Apr.-Jun.	3 months ago Jul.-Sep.	**Current Oct.-Dec.**	3 months later Jan.-Mar.
Honeymoon	−30	−32	−30	−37	**−39**	−45
Family	−25	−27	−32	−24	**−44**	−48
Female office worker	−34	−39	−40	−39	**−47**	−50
Student	−48	−36	−47	−52	**−56**	−51
Senior (*)	−4	−7	−8	−9	**−17**	−21
Incentive (**)	−29	−38	−31	−28	**−32**	−36
Business/technical visit	−8	−16	−16	−9	**−9**	−19

* 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 600 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:	November 7(Friday) to 26(Wednesday), 2014
Registered companies:	600
Responding companies:	320
Response rate:	53.3%

◆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	Respondents
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	35
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	19
Domestic travel wholesaler	A dedicated domestic travel wholesaler	12
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	26
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	143
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	61

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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