JATA News Release
Japan Association of Travel Agents
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September 17,2015

Survey of Travel Market Trends - September 2015, 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 602 registered companies. The results of the 2nd quarter (July-September) survey are shown below.

●The DI of Overseas Travel in the second quarter of the FY (-36) dropped by 2 points to -38

※Overseas travel DI in the second quarter was 11 points lower than the outlook. In terms of business category, general travel agencies and overseas whole sellers displayed a tendency towards recovery.
※China and Europe grew respectively by 2 and 1 points. Travel to Asia decreased by 15 points and South Korea recorded a 20-point decline.
※In terms of customer segment, family and senior travelers increased by 4 points, honey-mooners grew by 3 points while working women decreased by 3 points.

○In 3 months, the market will recover and DI will increase by 5 points.

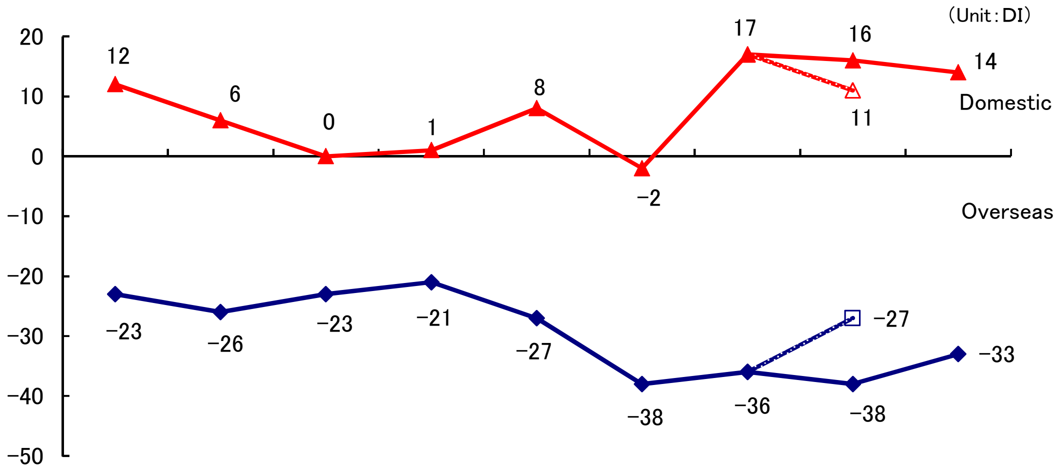
※A positive trend is set by Oceania, Europe and South Korea which are expected to grow respectively by 7, 2 and 12 points.

●The DI of domestic travel declined by 1 point in the second quarter and remained stable at +16

※It exceeded the outlook by 5 points and is firmly set on the way to recovery. The positive trend continues through all business categories.
※Hokuriku (+21), Kyoto, Osaka, and Kobe (+22), Tokyo (+17) have shown double-digit increases. Hokkaido (+13) also gained 9 points, recording a double-digit increase.

○In three months, the DI will continue to grow, reaching +14

※Hokuriku will consolidate its strong position thanks to the operations of the Hokuriku Shinkansen and continue the double-digit growth. Kyoto, Osaka, Kobe and Tokyo are expected to grow in a two-digit increment.



	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	-23	-26	-23	-21	-27	-38	-36	-38 ※-27	-33
Domestic overall	12	6	0	1	8	-2	17	16 ※11	14

※ Outlook as of June 2015

■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 602 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 6(Thursday) to 27(Thursday), 2015
Registered companies: 602
Responding companies: 327
Response rate: 54.3%

◆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	Number of companies
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	39
Overseas travel wholesaler	A dedicated overseas travel wholesaler	23
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	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	152
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
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■Business Activity in the Overseas Travel Market Overall

In the second quarter of the fiscal year, overseas travel dropped below the forecast by 11 points, reaching -38.
South Korea fell 20 points. Family and senior travel grew by 4 points while the working women (OL) and student travel dropped by 3 points.
Despite the recovery trend observed during this quarter, general travel agencies scored (-49) and overseas whole sellers (-55) recording weak results.

Overall

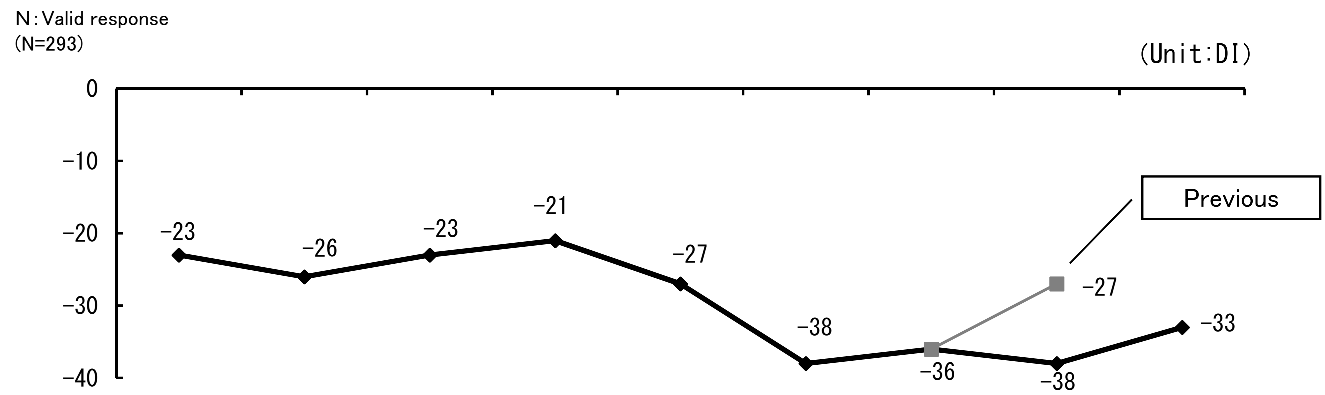
The DI in the second quarter fell below the outlook by 11 points, reaching -38. In terms of business category, general travel agencies got to -49 and overseas whole sellers to -55. Despite the recovery trend seen in the second quarter, the results are dim. Europe (-40) increased by 1 point and China (-62) by 2 points. The 20-point drop of South Korea (-86) stood out while Asia (-20) fell by 15 points. Hawaii (-6) gained 3 points, consolidating its position. Family (-41) and senior travel (-21) grew by 4 points, working women (OL) fell by 3 points reaching -50 and -62 respectively. Despite losing a point, business and technical visits (-15) consolidated their strong position.

July-September Hawaii moves up. South Korea, Asia's decline stands out

・Hawaii has seen signs of recovery, Taiwan performs as usual. Asia is expected to recover and has gotten back to the level of previous years. (1st tier/Overseas whole seller)
・Owing to the MERS outbreak in June, South Korea's recovery is bound to be delayed even after the official announcement of the end of the MERS outbreak. The terrorist incident in Bangkok has impacted travel to Southeast Asia. (1st tier/Retailer 1)
・Individual travel to Europe is recovering slowly. Beach destinations in Asia perform relatively well. Other destinations in Asia, however, are seeing a huge drop in demand. (1st tier/In-house travel agency)
・Overseas travel in general decreased by 2 points compared to the previous quarter (April-June), falling to -38.

Outlook for the third quarter (Oct –Dec) A tendency towards overall recovery; despite their weak positions, China and South Korea are expected to recuperate

・Travel, especially to Asia, is expected to recover from the second half of the fiscal year. (1st tier/General Travel Agency)
・Despite the signs of recovery of China and South Korea, demand will not reach the previous levels. (1st tier/Retailer)
・Demand for South Korea is expected to increase after the official announcement of the end of the MERS outbreak. (3rd tier /In-house travel agency)
・Overseas demand will grow by 5 points, reaching -33.



(Unit:DI)

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Overseas overall	−23	−26	−23	−21	−27	−38	−36	−38 ※−27	−33

※ Outlook as of June 2015

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Full-service travel agency	−20	−33	−31	−34	−56	−64	−49	−32
Overseas travel wholesaler	−53	−50	−50	−50	−74	−62	−55	−27
Overseas travel specialist agency	−10	−11	15	26	6	−11	−12	−6
First-tier retail agency	−16	−14	−4	−42	−64	−32	−45	−22
Second-tier retail agency	−31	−27	−30	−38	−37	−36	−39	−40
In-house travel agency	−11	−2	0	2	−16	−19	−26	−28

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

The decline of Europe has been halted but that of South Korea and Asia stands out. Hawaii has consolidated its strong position.
Despite of a still weak demand, China shows signs of improvement. In the next 3 months, the demand will remain at the same level.
South Korea is on the recovery track despite the still weak demand.

- Compared to the previous quarter (April – June), South Korea has shown a significant decline of 20 points. Asia dropped by 15 points and lost its leading position. China, which grew by 2 points, continued to move towards recovery despite its weak position. Europe grew by 1 point and put a stop to the downward trend. Oceania and Micronesia, which scored a 4-point decrease each, continued to slide down. Hawaii scored 3 points plus and moved up while the US and Canada did not change significantly with their 1-point increase.
- In the 3rd quarter (October – December), demand for the US and Canada, Micronesia, and Asia is expected to decrease by 1 point for each destination, showing almost no change from the present situation. Oceania (plus 7 points), Europe (plus 2 points), and China (plus 1 point) will continue the recovery trend. South Korea, scoring a 12-point increase, will head for recovery despite still being in low demand. Hawaii is expected to keep its leading position by recording a 3-point increase.

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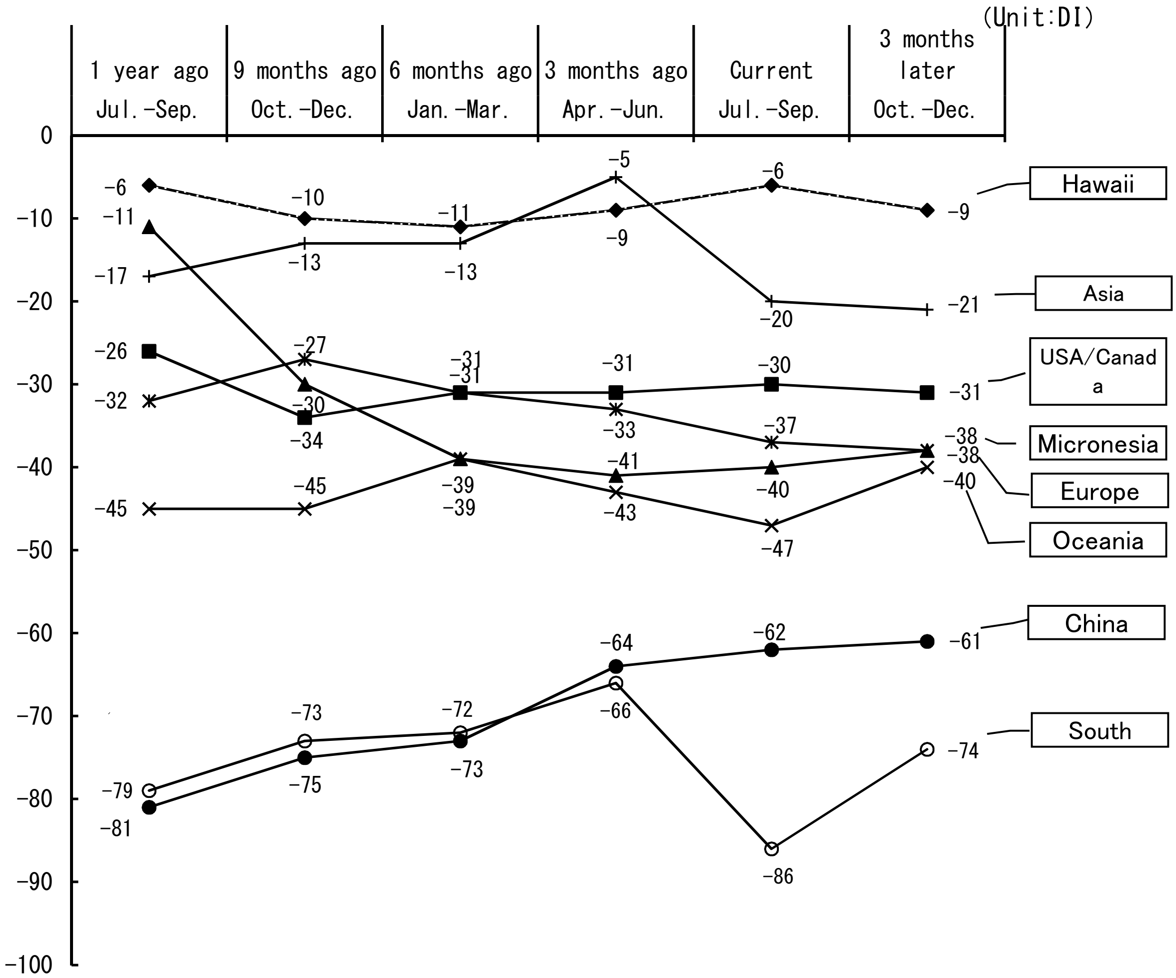

(Unit:DI)

	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	−6	−10	−11	−9	−6	−9
USA/Canada	−26	−34	−31	−31	−30	−31
Europe	−11	−30	−39	−41	−40	−38
Oceania	−45	−45	−39	−43	−47	−40
Micronesia	−32	−27	−31	−33	−37	−38
China	−81	−75	−73	−64	−62	−61
Asia	−17	−13	−13	−5	−20	−21
(of which, South Korea)	−79	−73	−72	−66	−86	−74

◆Trends in Overseas Travel Demand (by destination segment)

The family, senior and honeymoon segments are on the increase at present. Working women (OL), student, incentive travel and technical visits have shown no significant changes.

- Compared with the previous quarter (April – June), the family segment grew by 4 points, the senior demand increased by 4 points and the honey-moon segment increased by 3 points showing signs of a recovery trend. Working women (OL) decreased by 3 points, student demand dropped by 3 points, continuing the downward tendency. Demand for incentive travel has been steady. Business and technical visits decreased by 1 point but kept their strong position.
- During the next quarter (October – December), honey-moon travel is expected to grow by 4 points and continue its steady recovery. Demand for incentive travel will grow, too, consolidating its position in the market. Family and senior demand will decrease by 2 and 1 points respectively and school trips will stand out with a 2-point decrease. Travel demand by working women (OL) will not show a significant change. Demand for business and technical visits will remain steady and consolidate its leading position.

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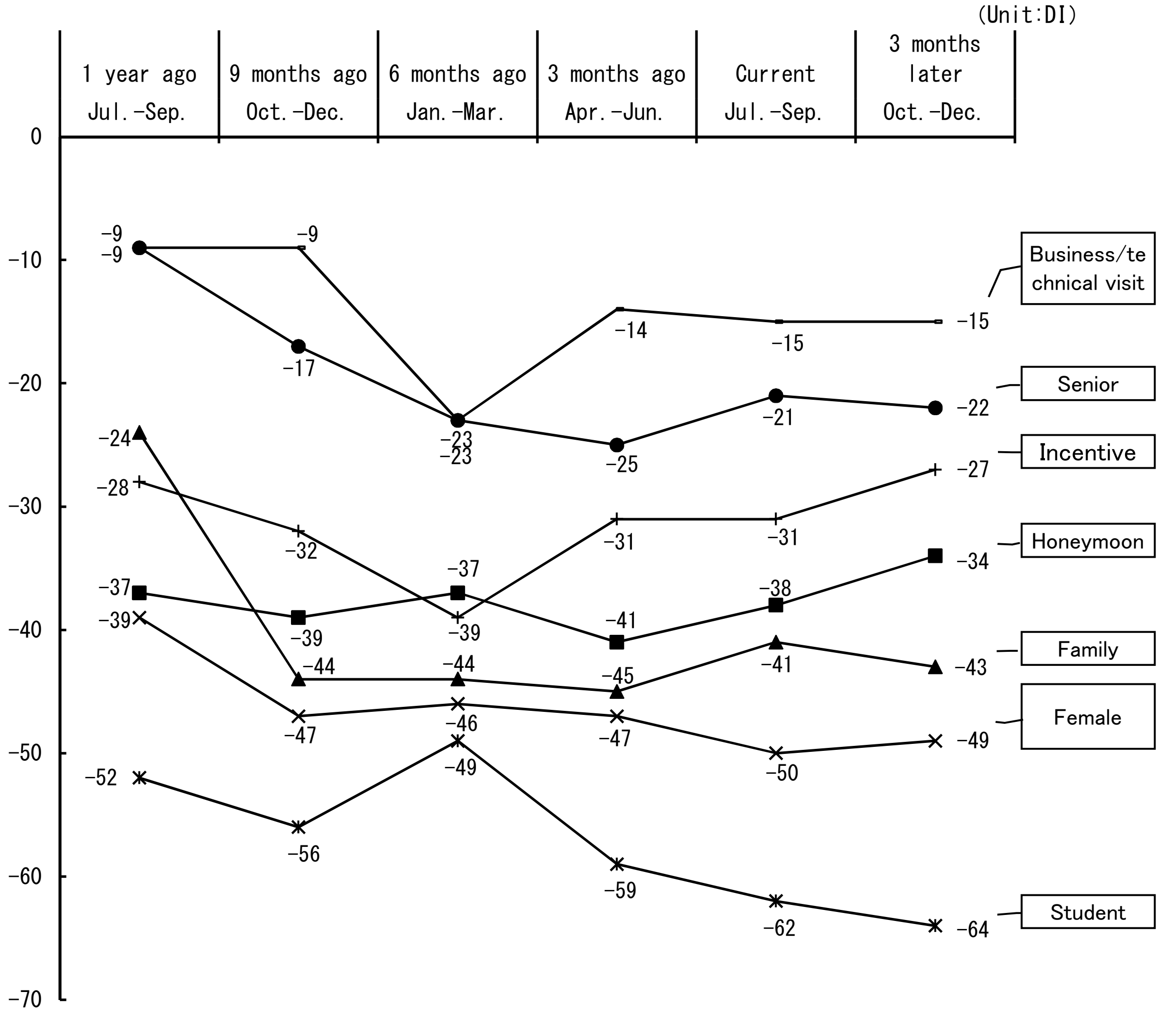

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	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	**Current Jul.-Sep.**	3 months later Oct.-Dec.
Honeymoon	−37	−39	−37	−41	−38	−34
Family	−24	−44	−44	−45	−41	−43
Female office worker	−39	−47	−46	−47	−50	−49
Student	−52	−56	−49	−59	−62	−64
Senior (*)	−9	−17	−23	−25	−21	−22
Incentive (**)	−28	−32	−39	−31	−31	−27
Business/technical visit	−9	−9	−23	−14	−15	−15

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