JATA News Release
Japan Association of Travel Agents
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June 30, 2016

Survey of Travel Market Trends - June 2016, 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 548 registered companies. The results of the 1st quarter (April-June) survey are shown below.

●Overseas travel DI in the second quarter fell 1 point, down to -40

※Travel companies selling overseas tours and whole sellers are on the road to recovery while in-house travel agencies have seen a decline in their business.
※Hawaii (-1) improved by 2 points and maintained its leading position. While still relatively weak, demand for South Korea (-54) and Europe (-64) improved by 10 and 8 points respectively.
※Business/technical visits, honeymoon and family travel improved by 7, 5 and 3 points respectively. Student/study tours were 11 points down.

〇During the next quarter, travel demand will grow by 11 points, reaching -29. The trend is expected to continue during the third quarter and demand will grow by 16 points up to -24.

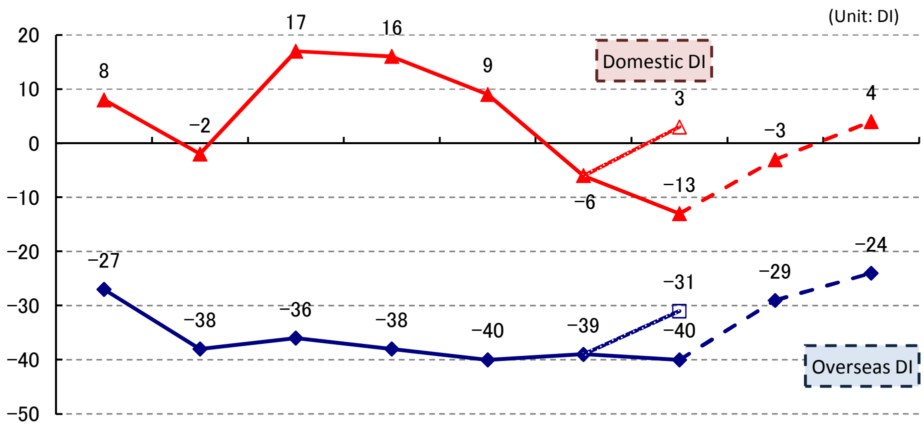
※During the next three months, Hawaii will maintain its position in spite of not showing a significant growth. Europe, America & Canada will continue to recover and during the third quarter, demand for Europe is expected to increase by 11 points.

●Domestic travel DI decreased by 7 points compared to the previous quarter falling to -13

※Demand for domestic travel fell 16 points short of the forecast. With the exception of domestic tour whole-sellers whose business improved by 63 points, all business categories saw decrease in demand.
※Hokkaido (+5) was back in the black after demand increased by 21 points. Demand for Kyushu (-70), dropped 66 points. Kyoto, Osaka and Kobe(+9) maintained their positions in the black. Hokuriku (-4) fell 19 points, while Tokyo (-4) and Okinawa and Amami (-5) fell 10 points each, going into the red.

〇Demand in the next quarter is expected to increase by 10 points, up to -3 and grow further by 17 points, up to +4 in the third quarter.

※The overlook for the next three months is for a continued slight decrease in demand for Kyoto, Osaka and Kobe, despite of the region's 1-digit position in the black. Hokkaido and Tohoku will continue to see growing demand. Demand for Kyushu will increase by 10 points and even further by 25 points in the third quarter.



	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.	6 months later Oct.-Dec.
Overseas overall	−27	−38	−36	−38	−40	−39	−40 ※−31	−29	−24
Domestic overall	8	−2	17	16	9	−6	−13 ※3	−3	4

※ Outlook as of Mar. 2016

■About the Survey of Travel Market Trends

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 548 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.
In FY 2016, online travel agencies (OTA) will be included in the market trends survey with information/outlooks for the following two quarters.

◆Survey Overview

Survey area:	Japan nationwide
Survey target:	JATA member company management
Survey method:	Internet survey
Survey period:	May 25 (Wednesday),2016 to June 10(Friday),2016
Registered companies:	548
Responding companies:	334
Response rate:	60.9%

◆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	Ratios
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	35	10.5%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	22	6.6%
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	5.4%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	6	1.8%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	31	9.3%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	155	46.4%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	59	17.7%
Online travel agency	Other than the above, companies whose business is based on internet sales	8	2.4%

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

◆Trends in Overseas Travel Demand (by destination segment)

Overseas travel demand is 1 point lower than the previous quarter, down to -40. Travel agencies selling overseas tours (-6), general travel agencies (-63) and overseas tour whole sellers (-48) are seeing increase in demand while in-house travel agencies (-40) are on the decline.
While still weak, demand for South Korea and Europe is growing and Hawaii maintains its leading position. Opposite to the student/study tours, business/technical visits are on the increase.
Demand is expected to increase by 11 point in the next three months, up to -29, and in six months' time, to improve by 16 points, reaching -24.

Overall

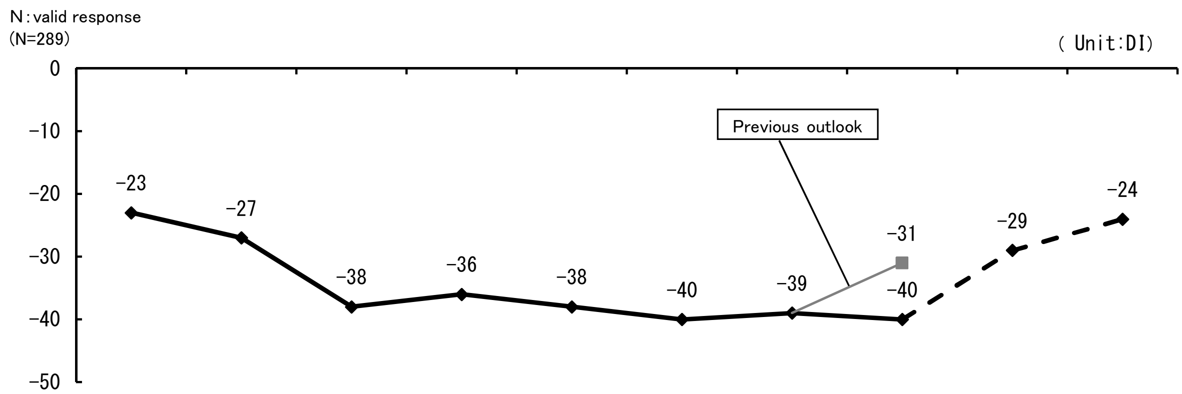
Compared to the previous quarter, demand is one point weaker and falling short of the outlook by 9 points, down to -40.Travel companies selling overseas tours (-6) have seen a 12-point increase in demand, general travel agencies (-63) have improved by 8 points and wholesalers of overseas tours (-48) have seen a 5-point growth. On the other hand, in-house travel agencies' business (-40) is down by 18 points. Despite being still low, demand for South Korea (-54) and Europe (-64) has grown by 10 and 8 points respectively. Hawaii (-1) is 2 points up, consolidating its leading position. China (-61), still ranking low, has shown no considerable growth, with demand increasing only by 2 points. Oceania (-24) is down by 7 points, and Micronesia (-28) by 4 points. Business/technical visits (-14), honeymoon (-37), incentive (-29), and family tours (-42) have grown by 7, 5, and 3 points respectively. Student/study tours (-59) are down by 11 points.

Present situation (April-June) **Hawaii and Asia have consolidated their leading positions; despite still being low, demand for South Korea and Europe is on the increase**

・Hawaii is doing well and Europe is recovering slowly (1st category/General travel agency)
・Demand for South-East Asia has remained strong and steady. South Korea is coming out of the temporary doldrums (1st category/Retailer 2)
・The number of air seats we can use for package tours is small. Independent travelers book through OTA (2nd category/ In-house travel agency)
・Overseas travel is down to -40, one point weaker than the previous quarter.

Forecast for the next two quarters **South Korea and Europe will continue to recover, Asia will maintain its leading position**

・Guam, Taiwan and Hawaii are popular with middle-aged and senior customers, ranked favorably for easy access, good weather, delicious food and reasonable prices (1st category/Company selling overseas tours)
・South Korea is favored by working women and senior ladies while countries like Spain and Switzerland where there have been no recent terrorist attacks are popular, too (1st category/Retailer 1)
・Inquiries for Switzerland by families and couples are increasing (3rd category/Retailer 2)
・Individual travel to Asian beach resorts is on the increase. Group travelers go to Thailand, Hong Kong and other destinations (1st category/Online travel agency)
・In the next quarter, demand will increase by 11 points, reaching -29. In the third quarter (Oct – Dec), the increase will be 16 points up to -24.



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.	6 months later Oct.-Dec.
−23	−27	−38	−36	−38	−40	−39	−40 ※−31	−29	−24

※ Outlook as of Mar. 2016

	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.	6 months later Oct.-Dec.
Full-service travel agency	−34	−56	−64	−49	−68	−71	−63	−35	−18
Overseas travel wholesaler	−50	−74	−62	−55	−61	−53	−48	−14	−19
Overseas travel specialist age	26	6	−11	−12	−6	−18	−6	−6	29
First-tier retail agency	−42	−64	−32	−45	−57	−39	−38	−38	−7
Second-tier retail agency	−38	−37	−36	−39	−37	−36	−39	−32	−34
In-house travel agency	2	−16	−19	−26	−19	−22	−40	−31	−31
Online travel agency	–	–	–	–	–	–	−50	−25	−25

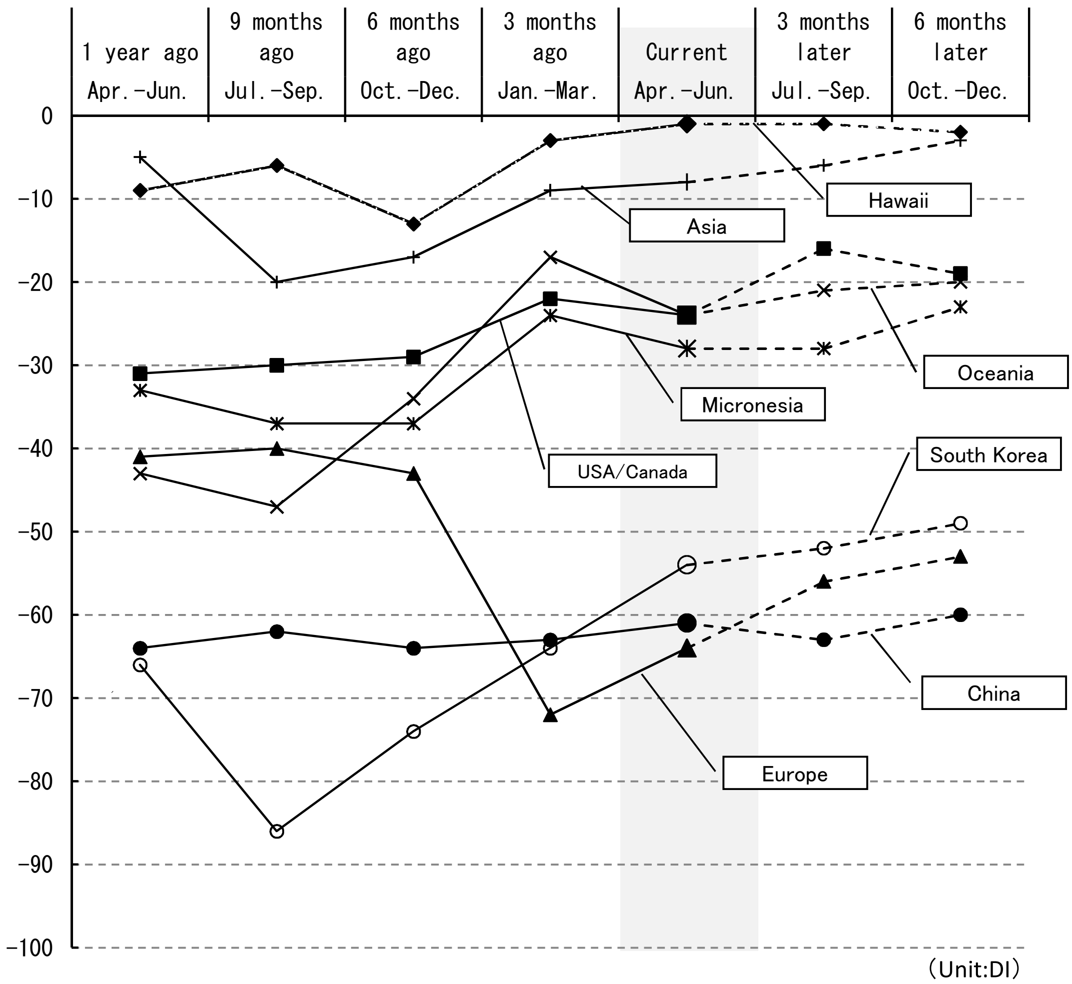
◆Trends in Overseas Travel Demand (by destination segment)

Hawaii and Asia keep strong.Although still low ranking, South Korea continues to recover and Europe has improved by 8 points.Oceania and Micronesia are on the decrease. During the next quarter, Europe, America & Canada are expected to improve by 8 points and in the third quarter Europe will grow further by 11 points. South Korea will, too, improve by 5 points while Hawaii and Asia will continue to be in the high ranks.

- Compared to the previous quarter, South Korea and Europe have improved by 10 and 8 points. Hawaii, with a 2-point growth maintains its leading position. China, which improved by 2 points, has not shown much movement. Asia, despite maintaining its high ranking has recorded only a one-point growth. Oceania dropped by 7 points, Micronesia by 4 points and America and Canada by 2 points.
- During the July – September quarter, Hawaii is not expected to change its position. Europe and South Korea will continue their recovery and grow by 8 and 2 points respectively. Demand for America & Canada will head for a better position, expanding by 8 points and Asia will also improve its position with a two-point stronger demand. In the third quarter (Oct – Dec), Europe and South Korea are expected to continue the recovery trend and improve further by 11 and 5 points. Asia, with a 5-point growth will stay strong. Hawaii, despite a fall of 1 point, will remain strong while China with a one-point growth will still be in the low ranks.

(Unit:DI)

N: valid response (N=289)



(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.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Hawaii	−9	−6	−13	−3	−1	−1	−2
USA/Canada	−31	−30	−29	−22	−24	−16	−19
Europe	−41	−40	−43	−72	−64	−56	−53
Oceania	−43	−47	−34	−17	−24	−21	−20
Micronesia	−33	−37	−37	−24	−28	−28	−23
Asia	−5	−20	−17	−9	−8	−6	−3
China	−64	−62	−64	−63	−61	−63	−60
(of which, South Korea)	−66	−86	−74	−64	−54	−52	−49

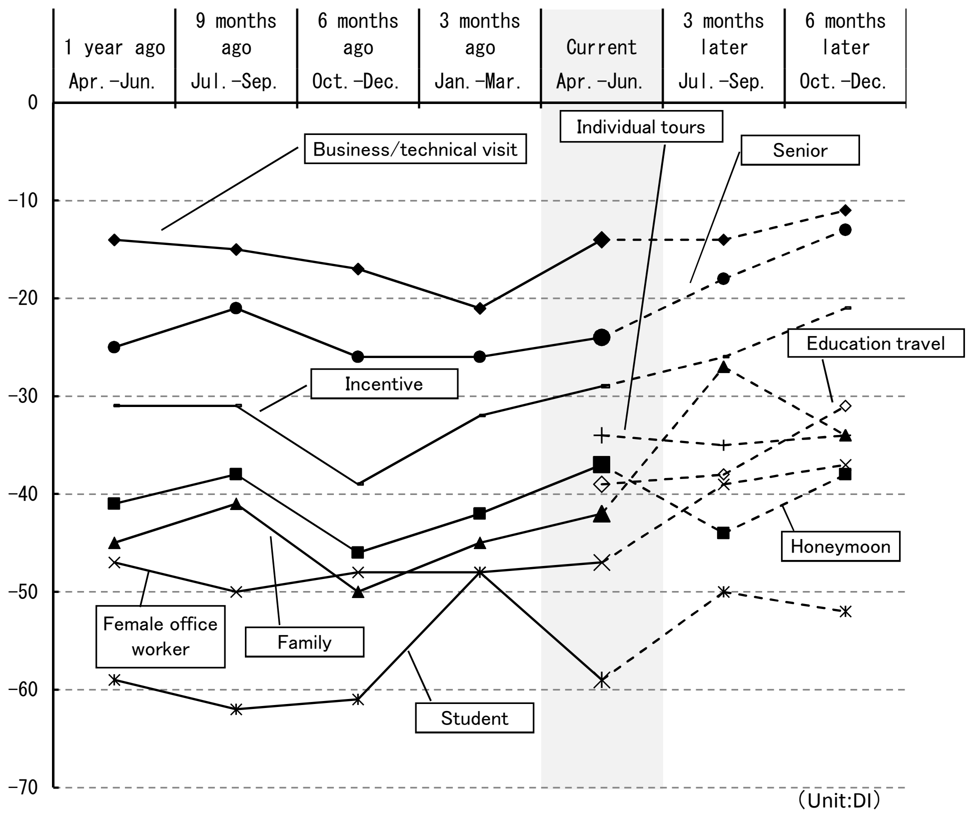
◆Trends in Overseas Travel Demand (by customer segment)

At present, demand for business/technical visits is on the increase, maintaining its high position. Demand for honeymoon, incentive, family, senior, and working women travel is growing while that for student/study tours is on the decrease. The next quarter will see a big boost in demand for family tours and demand for student/study tours will make a turn upward.
In the third quarter, demand for senior and incentive tours is expected to grow. Business/technical visits will consolidate their strong position.

- Compared to the previous quarter, business/technical visits have taken an upward turn and, gaining 7 points, keep their high ranking. Demand for honeymoon (5points), incentive (3 points), family (3 points), senior (2 points), working women (1 point) tours is also on the increase. Student/study tours have decreased by 11 points and turned downward.
- In the second quarter (Jul – Sep), demand for business/technical visits is not expected to change but will maintain their position. Family tours are expected to show a big increase (15 points) and begin recovering. Student/study tours, working women, senior and incentive tours will secure better ranking positions by growing by 9, 8, 6, and 3 points respectively. Honeymoon tours will drop by 7 points. Educational tours will increase by 1 point while individual tours will decrese by 1 point. Boths will keep their positions. In the third quarter (Oct – Dec), demand for senior and incentive tours will continue the positive trend by increasing by 11 and 8 points respectively. Business/technical visits will gain another 3 points and keep their good ranking. With the exception of individual tours (no change) and honeymoon travel (one-point decrease), working women and educational tours will increase by 10 and 8 points respectively.

N: valid response
(N=289)

(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.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Honeymoon	−41	−38	−46	−42	**−37**	−44	−38
Family	−45	−41	−50	−45	**−42**	−27	−34
Female office worker	−47	−50	−48	−48	**−47**	−39	−37
Student	−59	−62	−61	−48	**−59**	−50	−52
Senior (*)	−25	−21	−26	−26	**−24**	−18	−13
Individual tours	−	−	−	−	**−34**	−35	−34
Incentive (**)	−31	−31	−39	−32	**−29**	−26	−21
Business/technical visit	−14	−15	−17	−21	**−14**	−14	−11
Education travel	−	−	−	−	**−39**	−38	−31

* Senior: Customers aged 60 or older.

** Incentive: Travel offered as an incentive to business and organization employees.