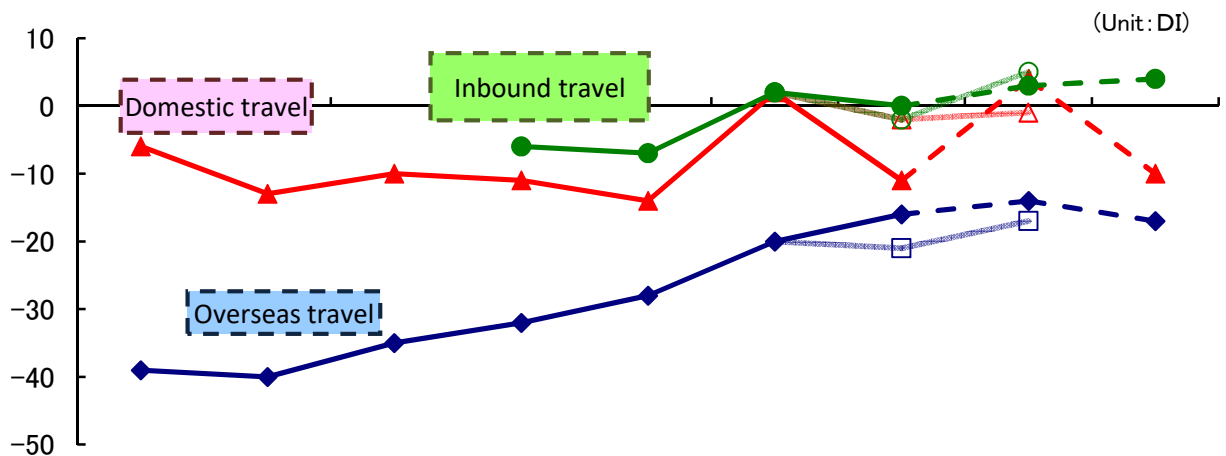


## Survey of Travel Market Trends - September 2017, 2nd quarter

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors. JATA conducts a quarterly Survey of Travel Market Trends involving 601 registered companies. The results of the 2nd quarter survey are shown below.

- **Overseas travel DI grew 4 points over the previous quarter (-20) and reached -16**
  - ※ Overseas travel wholesalers recovered from the previous quarter enjoying a 14-point increase.
  - ※ Travel to Europe continued its steady recovery; Asia consolidated its leading position by further gaining 8 points and reaching +9 level.
  - ※ Family travel saw a considerable improvement and gained 13 points over the 1st quarter.
- **Overseas travel DI is expected to grow during the next three months – increase by 2 points and reach -14.**
  - ※ Oceania will see a 5-point stronger DI while Europe will continue to recover and gain 5 points.
- **Inbound travel DI lost two points compared to the 1st quarter (+2) and reach 0**
  - ※ Hokkaido saw a 19-point increase in demand, Kinki grew by 11 points, Tokai enjoyed a 10-point growth.
  - ※ FIT, group travel and MICE all saw an increase in demand.
  - ※ Demand from China grew by 13 points, from South Korea by 12 points and from South America by 7 points as the source markets got on the recovery track.
- **During the next 3 months, inbound travel demand will increase by 3 points, reaching +3**
  - ※ Although Kanto and Okinawa are expected to see a decrease, demand for all other regions are expected to



	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.	6 months later Jan.-Mar.
Overall overseas travel	-39	-40	-35	-32	-28	-20	-16 ※-21	-14 ※-17	-17
Overall domestic travel	-6	-13	-10	-11	-14	2	-11 ※-2	4 ※-1	-10
Overall inbound travel	-	-	-	-6	-7	2	0 ※-2	3 ※5	4

## ■ 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 601 registered companies and publishes the

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, Member of Japan Council Travel Agents for Chinese
Survey method:	Internet survey
Survey period:	August 3 (Thursday), 2017 to August 27 (Sunday), 2017
Registered companies:	601
Responding companies:	310
Response rate:	51.60%

### ◆ 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
<b>Full-service travel agency</b>	A large-scale travel agency with a national network that provides a full range of travel products	33	10.6%
<b>Overseas travel wholesaler</b>	A dedicated overseas travel wholesaler	19	6.1%
<b>Overseas travel specialist agency</b>	A travel agency with a business volume of more than 5 billion yen, 80% of which is related to overseas travel	14	4.5%
<b>Domestic travel wholesaler</b>	A dedicated domestic travel wholesaler	8	2.6%
<b>First-tier retail agency</b>	Other than the above, a travel agency with a business volume of 3 billion yen or higher	33	10.6%
<b>Second-tier retail agency</b>	Other than the above, a travel agency with a business volume of less than 3 billion yen	117	37.7%
<b>In-house travel agency</b>	A travel agency which mainly handles travel arrangements for its parent company	40	12.9%
<b>Online travel agency</b>	Other than the above, companies whose business is based on internet sales	12	3.9%
<b>Inbound tour travel agency</b>	Companies which offer mostly inbound tours	34	11.0%

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

## Overall Business Activity in the Overseas Market

**At present, the market performs better than the outlook. The business activity is 4 points up at -16 level. Europe is recovering steadily. Asia keeps its leading position. Although still at the bottom, China is recovering remarkably well.**

### Overall

Overseas travel wholesales saw a 14-point stronger demand compared to the previous quarter. OTAs which performed well during the first three months of the fiscal year, saw a big decline of 84 points and dropped from -16 to -100. Demand for Europe is steady with 11 points over than the previous quarter, currently at -23. China is still in the red but showing signs of recovery: it is 11 points better than the previous three months at -49. South Korea with +2 points is at the relatively low -70 level. Demand for Micronesia, influenced by the social instability in the country, is at -37, 10 points below the level of the 1st quarter. America and Canada (currently at -28) are also on the decrease with 4 points less than the April – June quarter.

Demand by the family segment shows a significant growth of 13 points, working women 8-point and educational travel is also on the recovery track, gaining 7 points. Demand for incentive tours is 5 points weaker while the senior segment shows a 4-point decrease.

### Current situation (July – September)

Demand for overseas travel is recovering better than expected. With no recent terrorism incidents in Europe, demand for European destinations has been recovering steadily.

- Short-distance destinations in Asia – Taiwan and Hong Kong – are enjoying a much stronger demand than the same period of 2016 (1st tier/General travel agency)
- There is steady demand for European destinations (1st tier/Overseas tours wholesaler)
- Although the internet access dropped after the bankruptcy of one of the travel agencies in March, it recovered in August (1st tier/Retailer 1)
- With the North Korean threats to Guam, we are seeing lackluster demand for school trips and inspection visits (3rd tier/Retailer 2)
- Overall demand for overseas travel is 4 points better than the previous quarter, currently at -16 level.

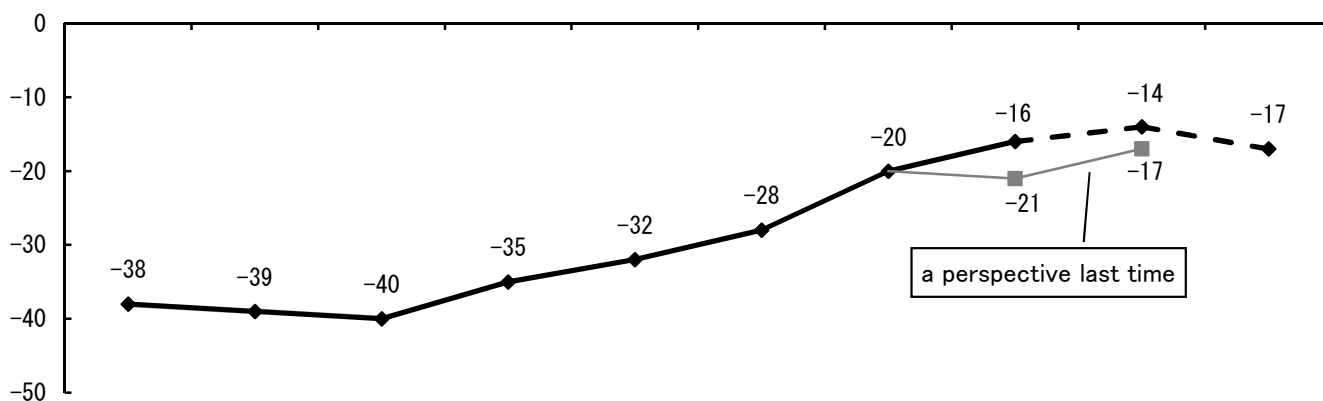
### Overlook for the next two quarters

The market is expected to show no significant changes; Europe and Oceania will recover gradually.

- With two flights per week from Niigata to Taiwan, the number of overseas visitors to Taiwan is on the increase (1st tier/General travel agency)
- As the three flights/week from Matsuyama to Seoul will be resumed in November we expect increase in demand for South Korea (1st tier/General travel agency)
- Demand after July was as usual; there was almost no activity in the period of January – March (1st tier/Retailer 2)
- During the next three months (October – December), demand will increase by 2 point and reach -14. In the fourth quarter (January – March), it will drop 1 point below the current quarter and get down to -17.

N : Valid response  
(N=238)

(Unit : D I)



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.	6 months later Jan.-Mar.
-38	-39	-40	-35	-32	-28	-20	-16	-14	-17
							<del>-21</del>	<del>-17</del>	

	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.	6 months later Jan.-Mar.
Full-service travel agency	-71	-63	-49	-42	-14	11	10	13	16
Overseas travel wholesaler	-53	-48	-44	-41	-40	-35	-21	-15	-21
Overseas travel specialist agency	-18	-6	-27	8	-16	-9	-14	-7	7
First-tier retail agency	-39	-38	-40	-23	-19	9	3	6	-4
Second-tier retail agency	-36	-39	-33	-35	-37	-34	-26	-26	-30
In-house travel agency	-22	-40	-25	-20	-17	-15	-12	-15	-28
Online travel agency	-	-50	-33	-50	-50	-16	-100	-67	-33

◆ Trends in overseas travel demand (by destination)

**Europe is recovering steadily. Asia keeps its leading position, growing even further. China, despite its low-ranking, shows a significant recovery.**

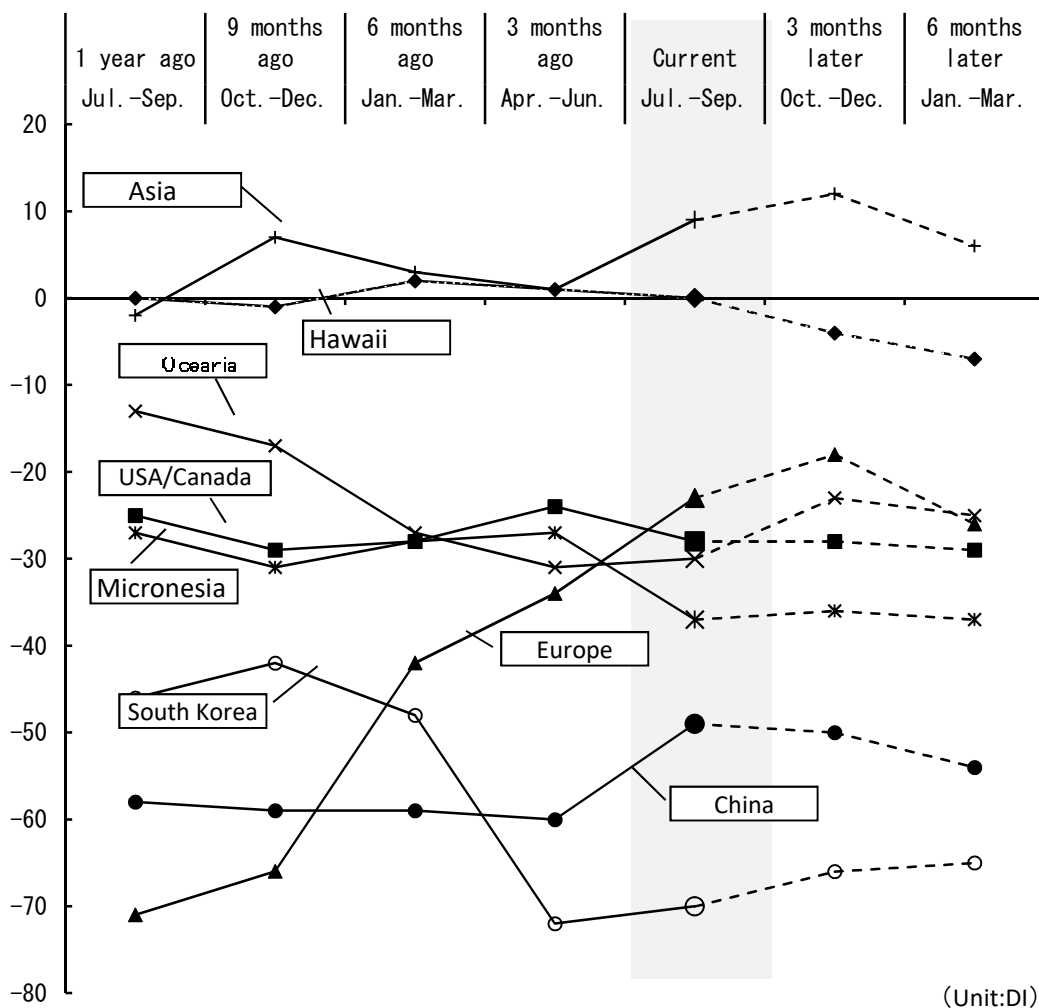
- Europe is recovering steadily. Asia keeps its leading position, growing even further. China, despite its low-ranking, shows a significant recovery.

At present, demand for Europe is gradually recovering, increasing by 11 points, up to -23. China, although still in the red zone, is 11 points up (-49), on the way to recovery. Asia consolidates its leading position by gaining 8 points, reaching +9 level. South Korea, still in the red, reaches -70 after gaining 2 points. Demand for Micronesia, influenced by the social instability in the country, is 10 points down, at -37 level. Demand for America and Canada also is on the decrease, and after

- During the next quarter (October – December), Oceania is expected to see a 7-point stronger demand and reach -23. Europe, which is recovering, will gain 5 points and reach -18. South Korea is expected to recover, too, gain 4 points and reach -66. Asia, after gaining 3 points, will get to -12, Hawaii will improve by 4 points up to -4, and America, Canada, Micronesia and China are expected to show no significant fluctuations.

N: valid response  
(N=238)

(Unit:DI)



(Unit:DI)

	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	<b>Current</b> Jul.-Sep.	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Hawaii	0	-1	2	1	<b>0</b>	-4	-7
USA/Canada	-25	-29	-28	-24	<b>-28</b>	-28	-29
Europe	-71	-66	-42	-34	<b>-23</b>	-18	-26
Oceania	-13	-17	-27	-31	<b>-30</b>	-23	-25
Micronesia	-27	-31	-28	-27	<b>-37</b>	-36	-37
Asia	-2	7	3	1	<b>9</b>	12	6
China	-58	-59	-59	-60	<b>-49</b>	-50	-54
South Korea	-46	-42	-48	-72	<b>-70</b>	-66	-65

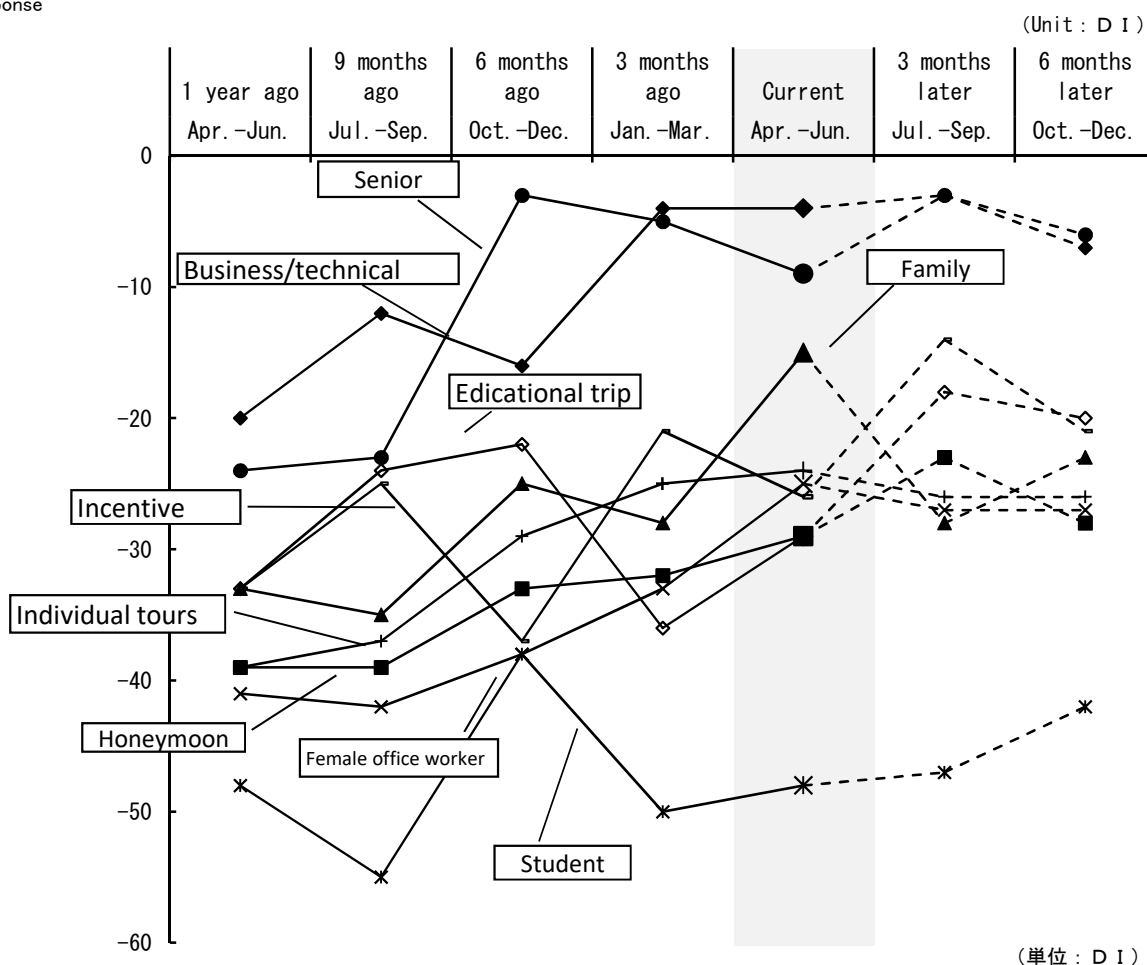
◆ Trends in Overseas Travel (by market segment)

**Demand by the family segment is 13 points stronger than the previous quarter (April – June). Female Office worker (aka office ladies or OL) and Education (school trips) are also on the increase. During the next quarter (October – December), incentive tours and Educational trips**

• Demand by the family segment is 13 points over the April – June quarter at -15 at present. Demand working women (OL) is 8 points up at -25, for school trips 7 points stronger at -29. Honeymoon travel is also 3 point over the previous quarter, currently standing at -29.

FIT, business/technical visits, student segments have not shown any significant changes in demand. Incentive travel, which was steady during the previous three months, is on the decrease, 5 points down, currently at -26. Demand by seniors, which is • During the next quarter (October – December), incentive tours and school trips are expected to grow by 12 and 11 points respectively and get on the recovery track. Senior and honeymoon segments will grow by 6 points each. The family segment is expected to decline sharply by 13 points after the end of the summer holiday season. Working women and FIT, each with 2 points less, are in a moderate decline. Students and business/technical visits maintain the current trends.

N: valid response  
(N=238)



	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	<b>Current Apr.-Jun.</b>	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Honeymoon	-39	-39	-33	-32	<b>-29</b>	-23	-28
Family	-33	-35	-25	-28	<b>-15</b>	-28	-23
Female office worker	-41	-42	-38	-33	<b>-25</b>	-27	-27
Student	-48	-55	-38	-50	<b>-48</b>	-47	-42
Senior	-24	-23	-3	-5	<b>-9</b>	-3	-6
Individual tours	-39	-37	-29	-25	<b>-24</b>	-26	-26
Incentive	-33	-25	-37	-21	<b>-26</b>	-14	-21
Business/technical visit	-20	-12	-16	-4	<b>-4</b>	-3	-7
Education trips	-33	-24	-22	-36	<b>-29</b>	-18	-20

## ◆ Inbound Travel Overall

Demand for inbound travel at present though over the expected level, is 2 points weaker than the previous three months. Hokkaido, Kinki and other regions enjoy a return of demand while Kyushu and Kanto are in decline. All segments show growing demand.

### Overall

Against a general decrease, OTAs show a remarkable 74-point improvement. Hokkaido is 19 points up, currently at +8. Kinki is also 11 points better at -11. Tokai, with 10 points over the first quarter has recovered to -14. Kyushu and Kanto have lost 8 and 7 points respectively. All market segments have shown little change. In terms of source markets, China, South Korea and South America have shown considerable growth and are the increase. On the other hand, Taiwan, Hong Kong and North America have shown a noticeable decline.

### Current situation (July – September)

#### Kanto and Okinawa are on the decline while other regions are recovering.

- Inbound travel in general shows an increase of visits to local areas. First-hand experience tours are popular (1st tier/General travel agency)
- Hokkaido remains popular and demand for the Golden Route is strong (1st tier/Retailer 2)
- Due to strained relations between the USA and North Korea, there are many cancellations (2nd tier/Retailer 2)
- Inbound travel is 2 points below the level of the previous quarter, currently at level 0.

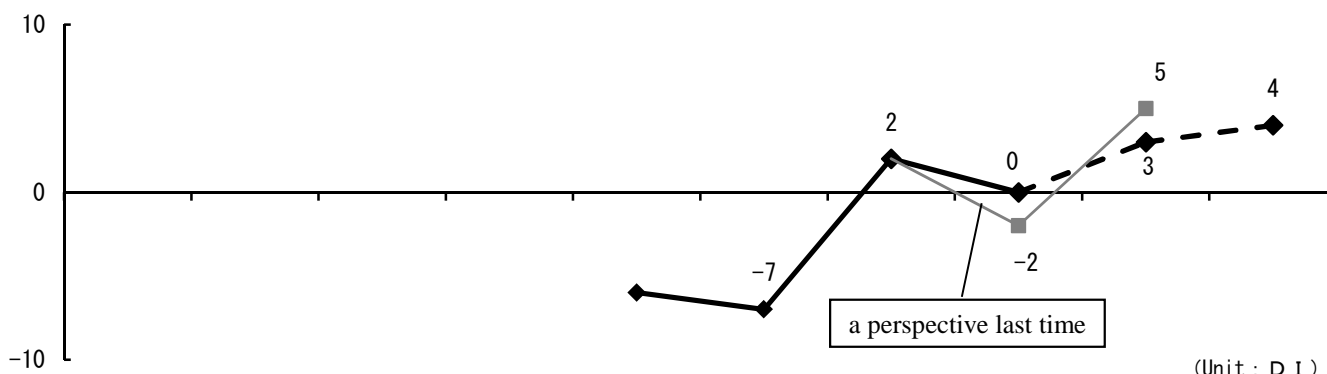
### Overlook for the next two quarters

#### Hokkaido and Kyusyu are recovering.

- The North Korea problem may have a negative impact on inbound travel (2nd tier/Inbound travel agency)
- Demand for new routes, in addition to the Golden Route, is also strong. MICE business is also on the increase. (2nd tier/Inbound travel agency)
- During the October – December quarter, inbound DI is expected to increase by 3 points and reach +3 level. In the fourth quarter (January – March), Di will grow by 4 points up to +4.

N: valid response  
(N=125)

(unit: D I)



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.	6 months later Jan.-Mar.
-	-	-	-	-6	-7	2	0	3	4
							※-2	※5	

(Unit: D I)

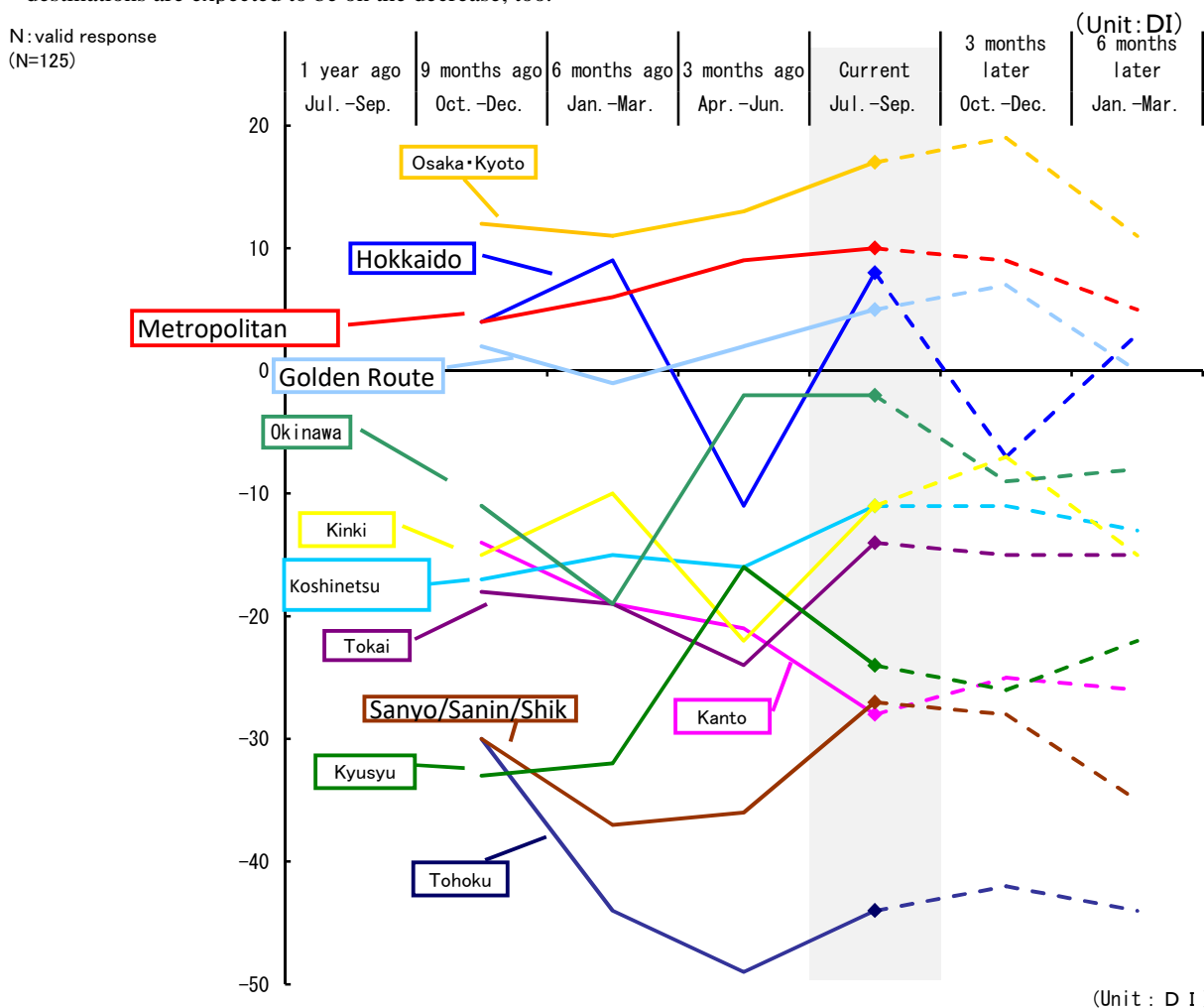
	1 1/2 years ago Jan.-Mar.	1 year and 3 months ago Apr.-Jun.	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Full-service travel agency	-	-	-	7	16	30	19	23	19
First-tier retail agency	-	-	-	-18	-12	18	-22	-7	7
Second-tier retail agency	-	-	-	-10	-21	-3	-24	-17	-10
In-house travel agency	-	-	-	0	-25	5	0	10	-5
Online travel agency	-	-	-	25	100	-34	40	40	60
Inbound tour travel agency	-	-	-	-13	-10	-11	-3	-18	-10

◆ Inbound travel trends (by destination)

**At present, Hokkaido is 19 points up at +8 level. Kinki, with a 11-point increase, is recovering. The already popular Osaka, Kyoto, Tokyo Metropolitan Area, and the Golden Route keep their stardom position.**  
**Both Kanto and Kyushu dropped by almost 10 points each.**  
**In the next quarter, Osaka and Kyoto will gain further 2 points and consolidate their positions.**

• Compared to the April – June quarter, Hokkaido is seeing a 19-point stronger demand. Kinki and Tokai are over the 1st-quarter level by 11 and 10 points respectively. Sanyo, Yamagata and Shikoku have gained 9 points, experiencing a noticeable growth of popularity. Tohoku, Koshinetsu, and Hokuriku have gained 5 points, the already leading Osaka and Kyoto are also 4 points up and the Golden Route is 3 points over the level of the previous quarter. The Tokyo Metropolitan Area is showing a slight improvement with 1 point plus compared to the 1st quarter. Okinawa is still in the red with no considerable changes. Kyushu and Kanto have seen decreases of 8 and 7 points respectively as both

• During the next three months, Kinki is expected to show a 4-point growth, while Osaka, Kyoto and the Golden Route will continue their growth at a slightly slower 2-point pace. Kanto will be 3-points up and Tohoku will enjoy a 2-point increase on its way to recovery. Hokkaido will see a relatively large decrease of 15 points while Okinawa and Kyushu will be down by 7 and 2 points respectively. Demand for Sanyo, Yamagata and Shikoku will lose a point and other destinations are expected to be on the decrease, too.

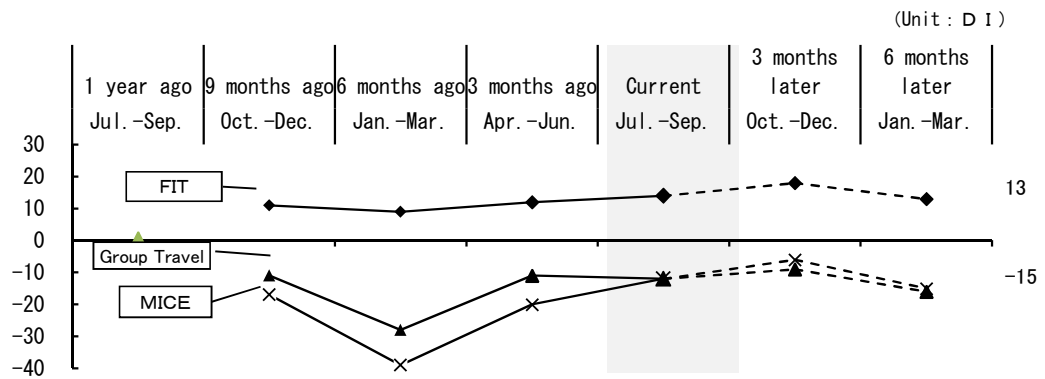


	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Hokkaido	-	4	9	-11	<b>8</b>	-7	3
Tohoku	-	-30	-44	-49	<b>-44</b>	-42	-44
Kanto	-	-14	-19	-21	<b>-28</b>	-25	-26
Golden Route (Kanto↔Kansai)	-	2	-1	2	<b>5</b>	7	0
Metropolitan area	-	4	6	9	<b>10</b>	9	5
Koshinetsu/Hokuriku	-	-17	-15	-16	<b>-11</b>	-11	-13
Tokai	-	-18	-19	-24	<b>-14</b>	-15	-15
Osaka/Kyoto	-	12	11	13	<b>17</b>	19	11
Kinki	-	-15	-10	-22	<b>-11</b>	-7	-15
Sanyo/Sanin/Shikoku	-	-30	-37	-36	<b>-27</b>	-28	-35
Kyushu	-	-33	-32	-16	<b>-24</b>	-26	-22
Okinawa	-	-11	-19	-2	<b>-2</b>	-9	-8

◆ **Inbound travel trends (by market segment)**

- MICE demand is 8 points stronger than that of the April – June quarter. FIT has recovered by gaining 2 points over the first three months of the fiscal year. Group travel is one point down, showing a slight decrease.
- In October – December, FIT is expected to gain 4 points and consolidate its leading position. MICE demand will also be stronger, up by 6 points, and group travel will also increase by 3 points. Demand by all segments will grow.

N: valid response  
(N=125)



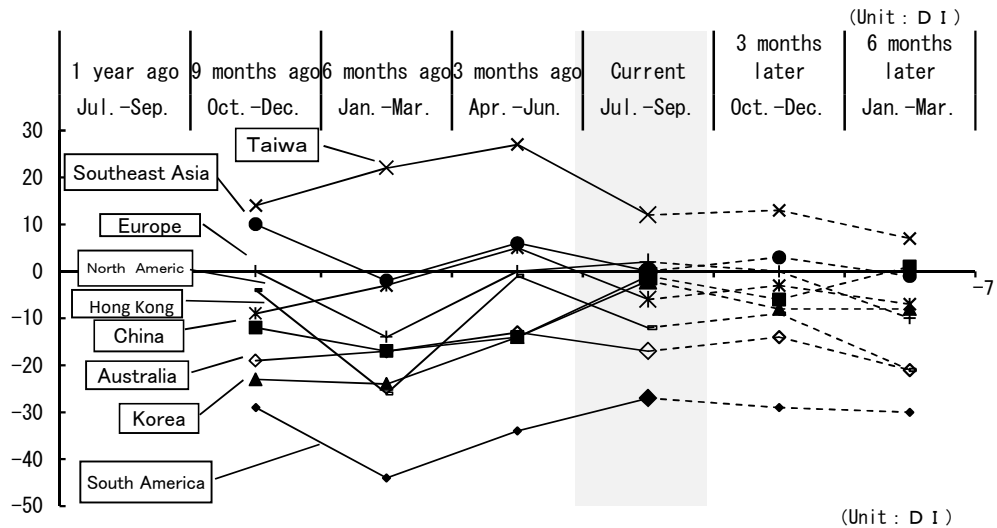
	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current Jul.-Sep.	3 months later Oct.-Dec.	6 months later Jan.-Mar.
F I T	-	11	9	12	14	18	13
Group Travel	-	-11	-28	-11	-12	-9	-16
M I C E	-	-17	-39	-20	-12	-6	-15

◆ **Inbound travel trends (by source market)**

• China is 13 points over the 1st quarter (April – June) while South Korea and South America have both performed stronger and have recovered by gaining by 12 and 7 points respectively. After growing by 2 points, Europe is in the black. Taiwan, despite its leading position has lost 15 points and Hong Kong and North America have each shown considerably weaker demand, losing 11 points each. Southeast Asia (6 points down), Australia (4 points down) and a number of other source markets have also been on the decrease.

• During the next quarter (October – December), Hong Kong, Southeast Asia, North America and Australia will enjoy a moderate recovery by gaining 3 points each. The high-ranking Taiwan is expected to show only a one-point stronger demand. South Korea and China will show weaker demand, down by 6 and 5 points respectively. Demand from Europe and South America is expected to decline slightly, as each will be 2 points below the level of the previous quarter.

N: valid response  
(N=125)



	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.	6 months later Jan.-Mar.
China	-	-12	-17	-14	-1	-6	1
Korea	-	-23	-24	-14	-2	-8	-8
Taiwan	-	14	22	27	12	13	7
Hong Kong	-	-9	-3	5	-6	-3	-7
Southeast Asia	-	10	-2	6	0	3	-1
Europe	-	0	-14	0	2	0	-10
North America	-	-4	-26	-1	-12	-9	-21
South America	-	-29	-44	-34	-27	-29	-30
Australia	-	-19	-17	-13	-17	-14	-21