

Survey of Travel Market Trends December 2018, 3rd 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 647 registered companies. The results of the 3rd quarter survey are shown below.

《Overseas Travel DI》

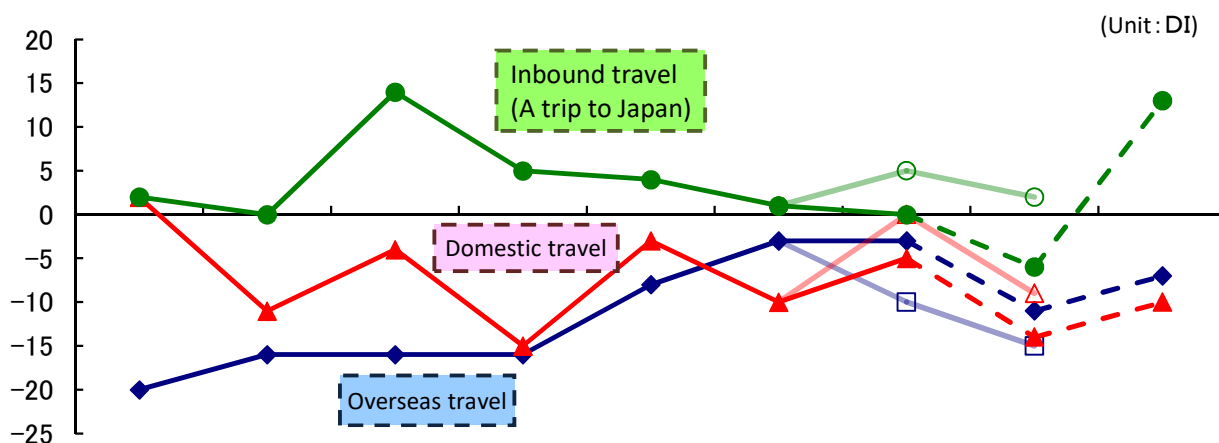
The overseas travel DI remained at -3, showing no change from the level of to the previous quarter (July – September). It is expected to decrease by 8 points and get down to -11 in the next quarter. In the first quarter of FY 2019 (April – June), it is forecasted to reach -7.

◆Although long-haul travelers decreased in numbers after the end of the summer holidays, seniors and business/technical visits exceeded the forecast for the previous quarter.

《Inbound travel DI》

The inbound DI was one point weaker than the previous quarter (July – September) and reached ± 0 level. During the January – March quarter, it is expected to lose 9 points and decline to -6. During the first quarter of FY 2019 (April – June), the inbound travel DI will increase by 13 points and reach +13 level.

◆Similar to the 2nd quarter, DI did not fulfill the forecast. Hokkaido has not yet recovered from the negative influence of the earthquake earlier this year. During the next quarter, demand from Asian destinations is expected to be weak and the inbound travel DI will fall into negative territory.



	One and a half ago Apr. –Jun.	1 year 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 situation Oct. –Dec.	3 months later Jan. –Mar.	6 months later Apr. –Jun.
Overall overseas travel	-20	-16	-16	-16	-8	-3	-3 ※-10	-11 ※-15	-7
Overall domestic travel	2	-11	-4	-15	-3	-10	-5 ※0	-14 ※-9	-10
Overall inbound travel	2	0	14	5	4	1	0 ※5	-6 ※2	13

※a perspective last time

■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 647 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,
Member of Japan Council Travel Agents for Chinese Visitors
Survey method: Internet survey
Survey period: November 5(Monday),2018 to November 23(Friday),2018
Registered companies: 647
Responding companies: 260
Response rate: 40.2%

◆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	25	9.6%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	14	5.4%
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	16	6.2%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	6	2.3%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	23	8.8%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	107	41.2%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	34	13.1%
Online travel agency	Other than the above, companies whose business is based on internet sales	7	2.7%
Inbound tour travel agency	Companies which offer mostly inbound tours	28	10.8%

These data are available at <http://www.jata-net.or.jp>
For more information about this survey, contact JATA's Public Relations Committee.
press@jata-net.or.jp

■Overall Business Activity in the Overseas Travel

Most market segments recorded a decrease in overseas travelers with the end of the summer holidays. Senior and business/technical travelers, however, surpassed the forecast for the quarter.

Overall

The overall business activity was expected to decline during the 3rd quarter but the senior segment (60+ year-olds) grew by 5 points and the business/technical visits gained 6 points, allowing the DI to remain in positive territory.

Although long haul destinations like Europe and Hawaii lost 10 points, Micronesia and China gained 13 and 5 points respectively.

Current situation (October - December) Thanks to the increase in business/technical visits, the DI is 3 points over last quarter's level

Overseas travel DI is at the same -3 level as in the previous quarter (July - September)

- Inspection visits and incentive tours by business organizations are on the increase (Retailer 2)
- Demand for China is growing. It is probably a result of the media coverage and reports on the improved bilateral relations (General travel agency)
- As usual, Taiwan and other East Asian destinations are very popular. Compared to them, demand for long-haul destinations is not that strong (Whole seller of overseas tours)

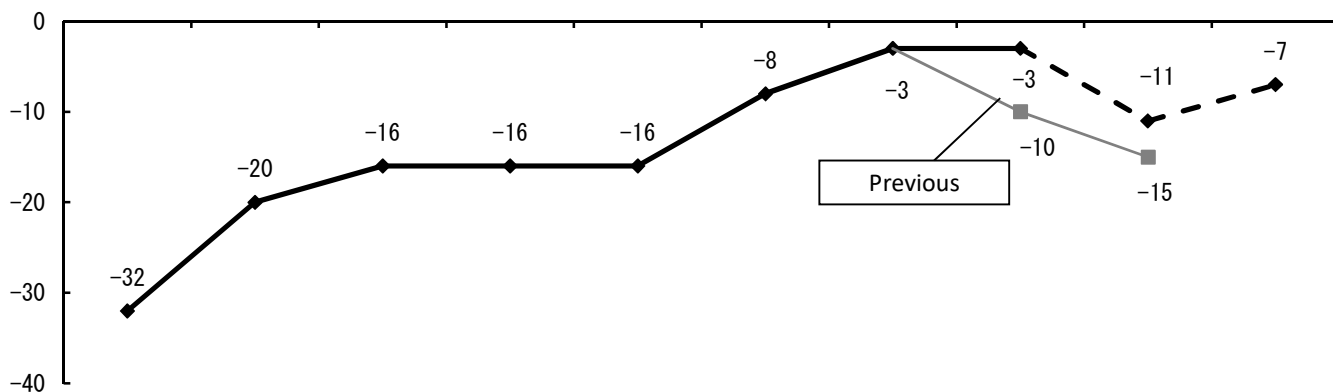
During the next quarter (January - March), overseas DI is expected to decrease significantly and then recover gradually during the first quarter of FY 2019 (April - June)

During the January - March quarter, DI is expected to decline by 8 points and drop down to -11. In April - June, it will lose 4 points and fall to -7.

- Demand for business travel is good up till November and then weakens somewhat between December and February (In-house travel agency)
- Demand for Hawaii is not very good. South Korea is going strong but the future is uncertain (General travel agency)
- The 10 consecutive holidays during the Golden Week next year have spurred an increase in inquiries about long-haul destinations (Retailer 1)

N: valid response
(N=206)

(Unit: DI)



※a perspective last time

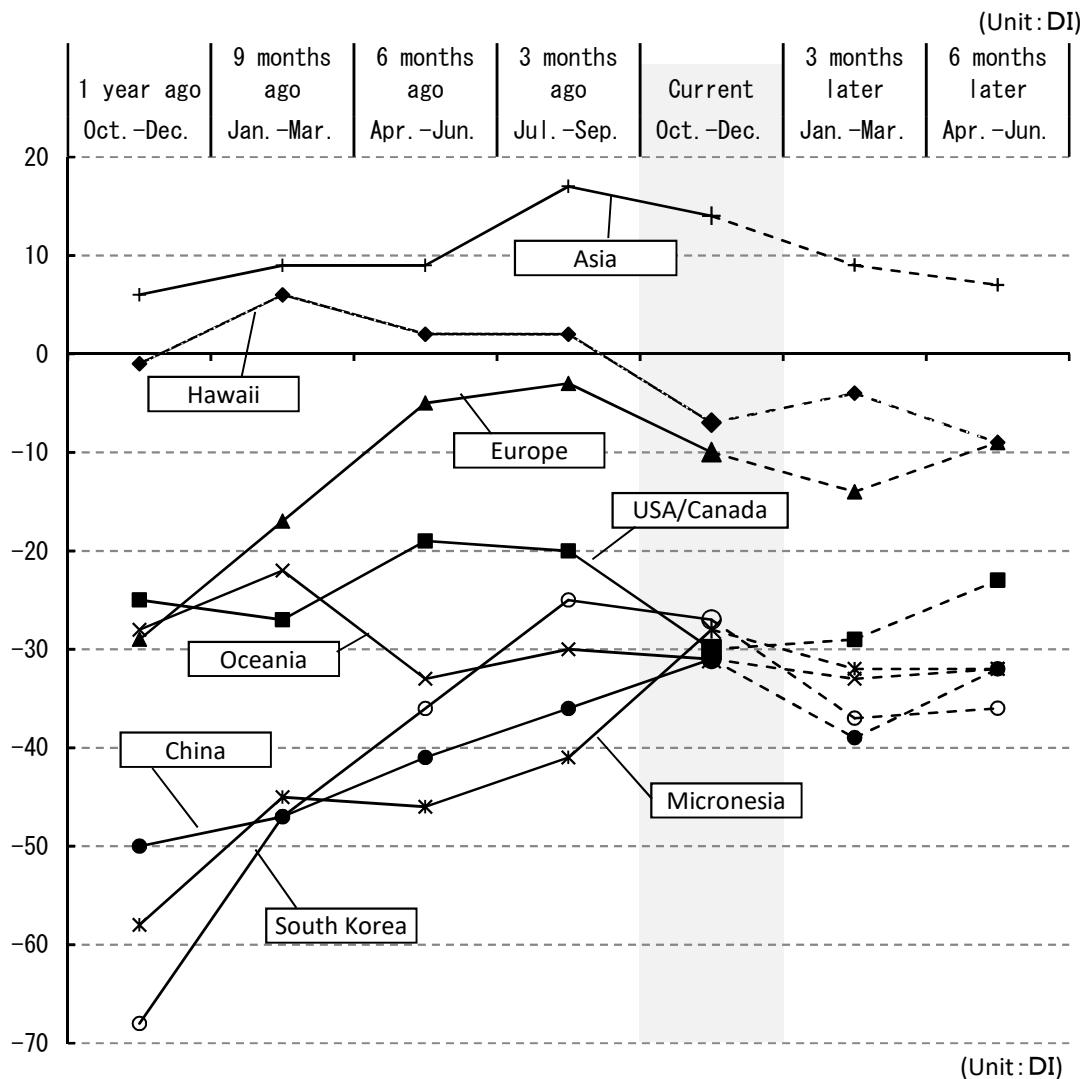
	1 1/2 years ago Apr. -Jun.	1 year and 3 months ago Jul. -Sep.	1 year ago Oct. -Dec.	9 months ago Jan. -Mar.	6 months ago Apr. -Jun.	3 months ago Jul. -Sep.	Current Oct. -Dec.	3 months later Jan. -Mar.	6 months later Apr. -Jun.
Full-service travel agency	11	10	15	9	-4	11	34	21	21
Overseas travel wholesaler	-35	-21	-44	-25	-32	17	7	-14	-7
Overseas travel specialist agency	-9	-14	-17	-35	-6	8	-19	0	-6
First-tier retail agency	9	3	21	4	43	25	25	25	30
Second-tier retail agency	-34	-26	-39	-24	-15	-25	-16	-23	-23
In-house travel agency	-15	-12	2	-8	0	14	7	-17	-7
Online travel agency	-16	-100	25	-40	-40	12	-50	-25	25

◆Trends in Overseas Travel (By Destination)

With the end of the summer holidays, demand for long-haul destinations like Europe dropped while the nearby China and Micronesia enjoyed a stronger demand. In January – March, DI in general is expected to decline. Hawaii will recover somewhat but remain in negative territory.

- Compared to the second quarter (July - September), Micronesia is 13-points stronger. China with 5 points more is also in demand. America & Canada lost 10 points, followed by Hawaii and Europe, which lost 9 and 7 points respectively.
- During the 4th quarter (January - March), America & Canada will gain a point, recovering slightly but is expected to remain in negative territory. The forecast for all other destinations is for weak demand.

N: valid response
(N=206)



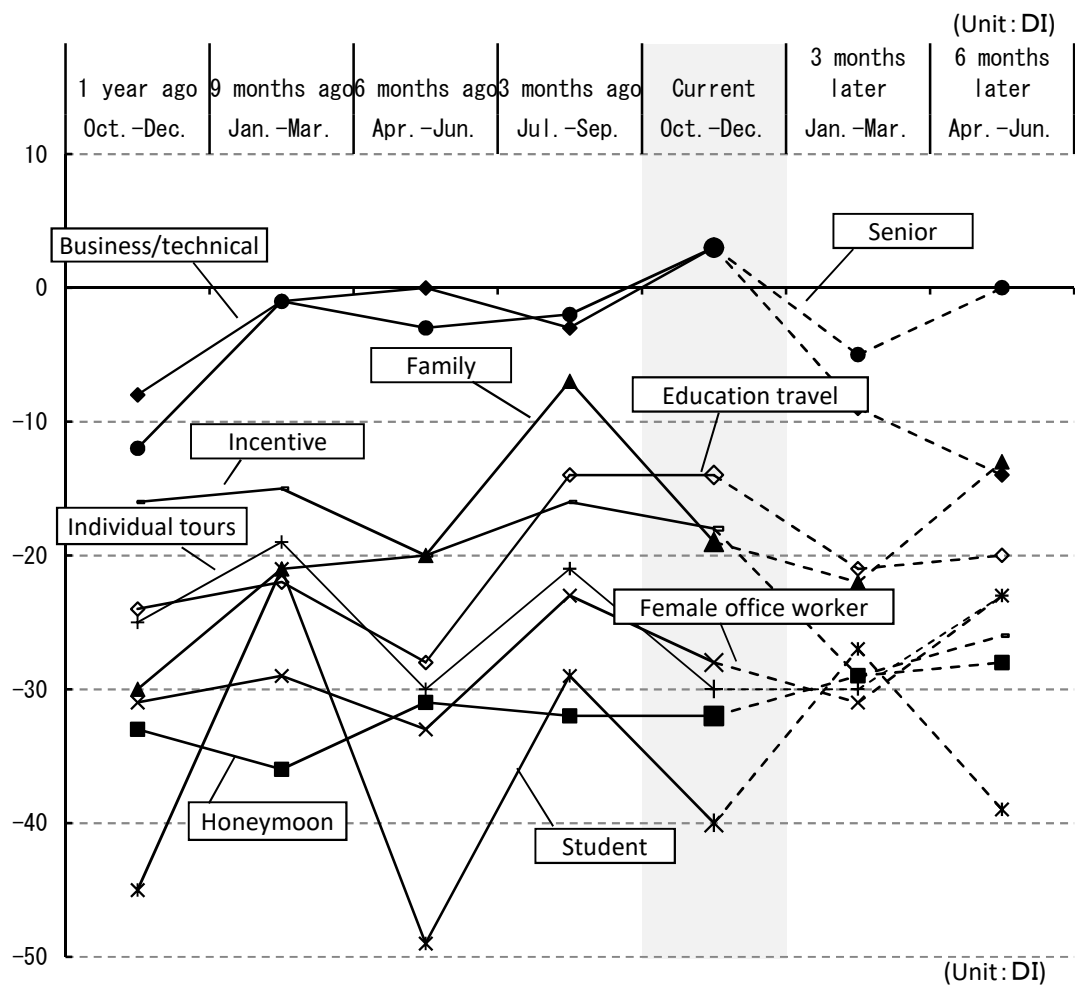
	1 year ago Oct. -Dec.	9 months ago Jan. -Mar.	6 months ago Apr. -Jun.	3 months ago Jul. -Sep.	Current Oct. -Dec.	3 months later Jan. -Mar.	6 months later Apr. -Jun.
Hawaii	-1	6	2	2	-7	-4	-9
USA/Canada	-25	-27	-19	-20	-30	-29	-23
Europe	-29	-17	-5	-3	-10	-14	-9
Oceania	-28	-22	-33	-30	-31	-33	-32
Micronesia	-58	-45	-46	-41	-28	-32	-32
Asia	6	9	9	17	14	9	7
China	-50	-47	-41	-36	-31	-39	-32
South Korea	-68	-47	-36	-25	-27	-37	-36

◆Overseas Travel Market Trends (By Customer Segment)

Demand by families and other segments declined after the end of the summer holidays. Seniors (60+) and business/technical visits remain strong. During the next quarter, overseas travel DI is expected to decline further.

- The family segment, students and FIT customers are 12, 11, and 9 points respectively below the level of the previous quarter (July - September). Thanks to the senior (60+) and business/technical visits segments, the overall DI has stayed in positive territory, at higher levels than those of 2017.
- In January - March, many customer segments are expected to show a decrease in demand. Business/technical visits (-12), incentive tours (-11), etc. will decline sharply. Honeymoon demand will be 3 points stronger and demand by students (with the exception of educational tours) will be 13 points up. Despite the strong performance, these two segments will not reach the level of 2017.

N: valid response
(N=206)



	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.	6 months later Apr. -Jun.
Honeymoon	-33	-36	-31	-32	-32	-29	-28
Family	-30	-21	-20	-7	-19	-22	-13
Female office worker	-31	-29	-33	-23	-28	-31	-23
Student	-45	-21	-49	-29	-40	-27	-39
Senior (*)	-12	-1	-3	-2	3	-5	0
Individual tours	-25	-19	-30	-21	-30	-30	-23
Incentive (**)	-16	-15	-20	-16	-18	-29	-26
Business/technical visit	-8	-1	0	-3	3	-9	-14
Education travel	-24	-22	-28	-14	-14	-21	-20

* Senior: Customers aged 60 or older.

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

■ Overall Business Activity in the Inbound Travel Market

Similar to the 2nd quarter, DI did not fulfill the forecast. Hokkaido has not yet recovered from the negative influence of the earthquake earlier this year. During the next quarter, demand from Asian destinations is expected to be weak and the inbound travel DI will fall into negative territory.

Overall

DI is 1 point below the level of the 2nd quarter, and 5 points below the forecast. Kinki, which suffered from typhoon damages, has gained 13 points. Hokkaido, which was hit by an earthquake, has dropped down to a surprising -33 level. The decrease in demand from Australia (-14) and South East Asia (-8) stand out. The outlook isn't bright as the DI is expected to decline further by 6 points and fall into negative territory in the next quarter and recover only in the first quarter of FY 2019.

Current situation (October - December) DI is in decline influenced by the sharp decline of demand for travel to Hokkaido

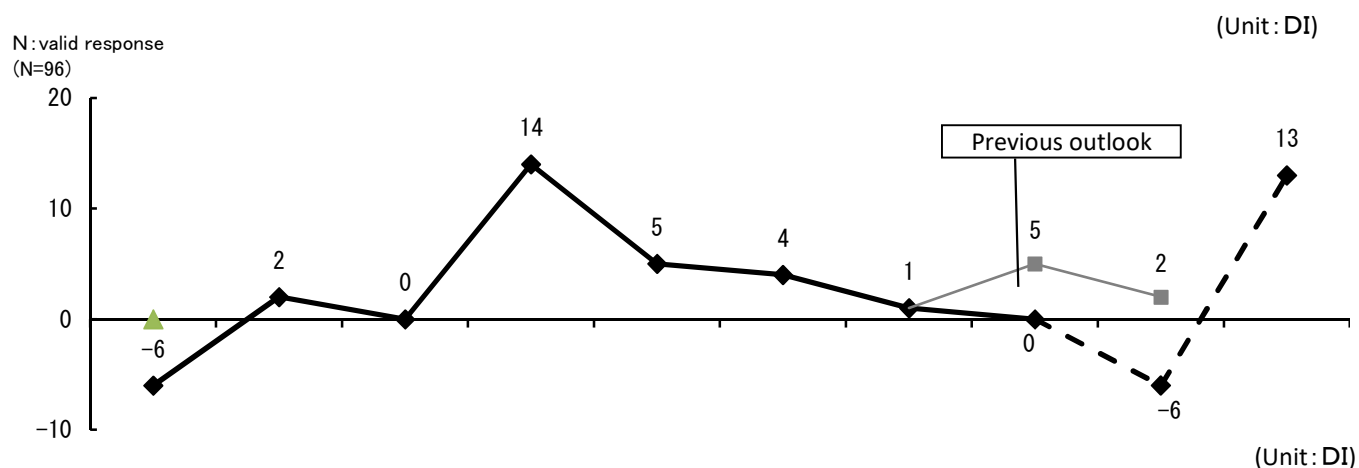
Inbound travel DI has lost one point and is at level 0.

- Tour cancellations followed the earthquake in Hokkaido (Inbound travel agency)
- In general, bus tours are one car smaller and the overnights in ryokans are on the decrease, too (Inbound travel agency)
- The fall season was particularly good for Kyoto and Nara, while demand for Tohoku was somewhat weak (General travel agency)

During the next three months (January - March), demand for inbound travel will be weak. It is expected to recover during the first quarter of FY 2019 (April - June).

In January - March, DI will decline by 6 points and get down to level -6. In April - June, it is expected to gain 13 points and reach +13 level.

- Demand was down due to the impact of natural disasters. It is not expected to recover by the end of the year (Inbound travel agency)
- Demand is mostly for MICE tours. The outlook is not very optimistic. (In-house travel agency)
- Demand from China and South Korea is weaker than previous years (Retailer 2)



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.	6 months later Apr.-Jun.
-6	2	0	14	5	4	1	0 ※5	-6 ※2	13

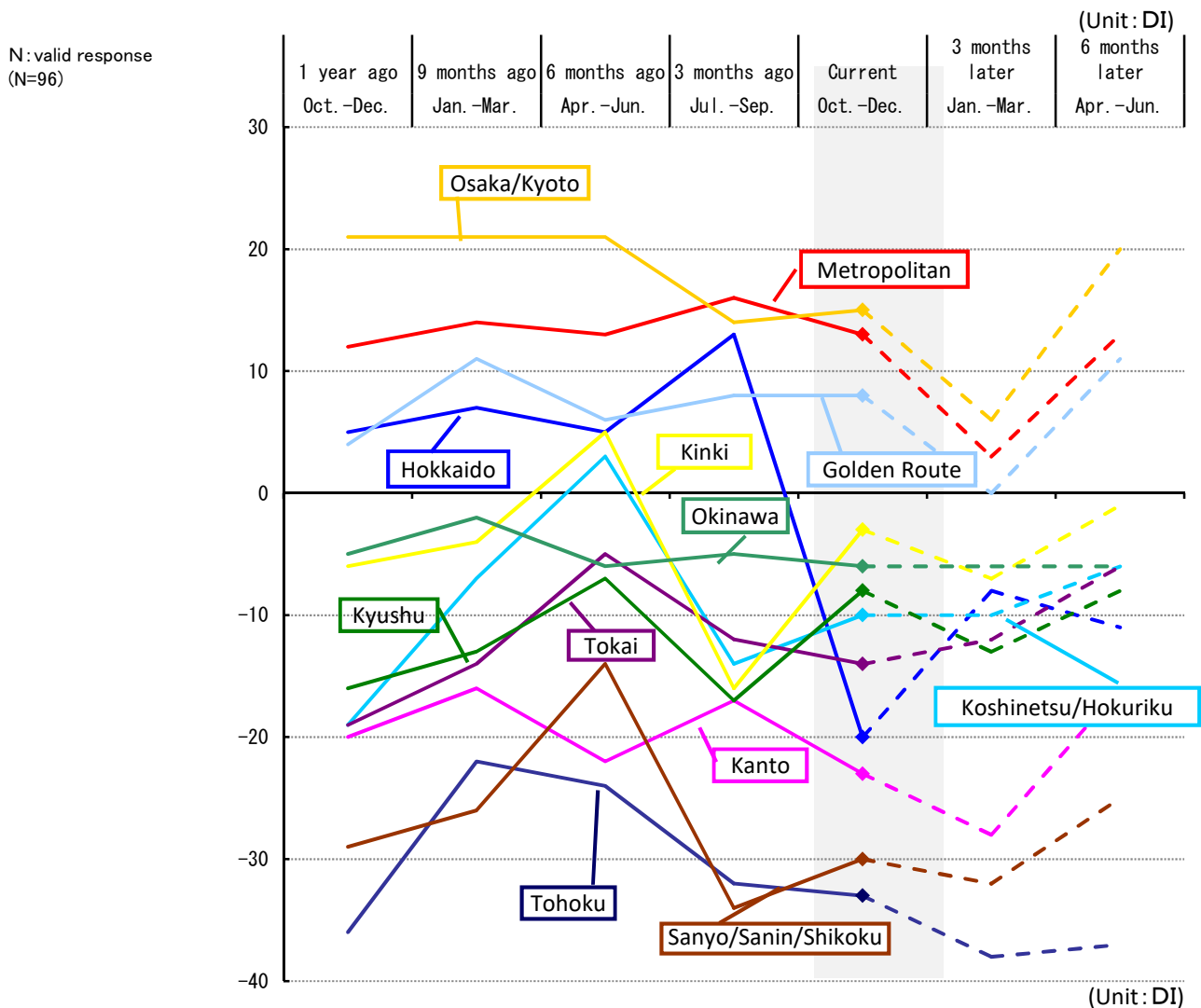
※a perspective last time

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Full-service travel agency	30	19	16	8	29	18	16	32	32
First-tier retail agency	18	-22	20	11	0	10	16	-8	15
Second-tier retail agency	-3	-24	0	15	-11	-3	0	-19	9
In-house travel agency	5	0	12	-27	-15	-9	-11	-22	11
Online travel agency	-34	40	0	67	33	0	100	100	100
Inbound tour travel agency	-11	-3	17	0	10	-4	-12	-8	17

◆ Inbound Travel Market Trends (By Destination)

Although the weak demand for Hokkaido after the earthquake stands out, Kinki, Sanyo and Sanin regions that were also hit by natural disasters have recovered well. The outlook for the next quarter is for weak demand in general. It is expected to recover during the 1st quarter of 2019, after a modest Golden Week.

- Demand for Hokkaido, which was hit by an earthquake, has suffered a significant 33-point decline compared to 2017. Kanto (Ibaragi, Tochigi and Gunma) (-6) and the Tokyo Metropolitan Area including TDR (-3) also saw a decrease in demand. Kinki, despite the natural disaster earlier this year, recovered by gaining 13 points. The overall DI, however, is stagnant.
- In January - March, Osaka & Kyoto (+6), the Tokyo Metropolitan Area including TDR (+3) and other regions will fall short of the levels of the previous year. In April - June, Tokai (+8), and Kanto (Ibaragi, Tochigi, Gunma) (+7) are expected to enjoy stronger demand.

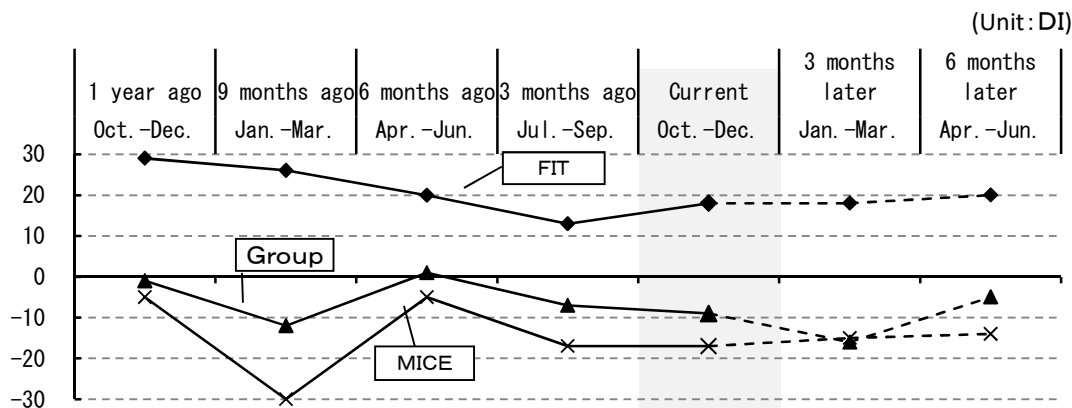


	1 year ago Oct. -Dec.	9 months ago Jan. -Mar.	6 months ago Apr. -Jun.	3 months ago Jul. -Sep.	Current Oct. -Dec.	3 months later Jan. -Mar.	6 months later Apr. -Jun.
Hokkaido	5	7	5	13	-20	-8	-11
Tohoku	-36	-22	-24	-32	-33	-38	-37
Kanto	-20	-16	-22	-17	-23	-28	-16
Golden Route (Kanto⇄Kansai)	4	11	6	8	8	0	11
Metropolitan area	12	14	13	16	13	3	13
Koshinetsu/Hokuriku	-19	-7	3	-14	-10	-10	-6
Tokai	-19	-14	-5	-12	-14	-12	-6
Osaka/Kyoto	21	21	21	14	15	6	20
Kinki	-6	-4	5	-16	-3	-7	-1
Sanyo/Sanin/Shikoku	-29	-26	-14	-34	-30	-32	-25
Kyushu	-16	-13	-7	-17	-8	-13	-8
Okinawa	-5	-2	-6	-5	-6	-6	-6

◆Trends in Inbound Travel (By Customer Segment)

- Compared to the previous quarter (July - September), demand for group travel (-2) and MICE (± 0) has been stagnant. Compared to 2017, FIT and MICE travel struggle, having lost 11 and 12 points respectively.
- During the next quarter, demand for FIT (± 0) and MICE (+2) is not expected to show any significant fluctuations.

N: valid response
(N=96)



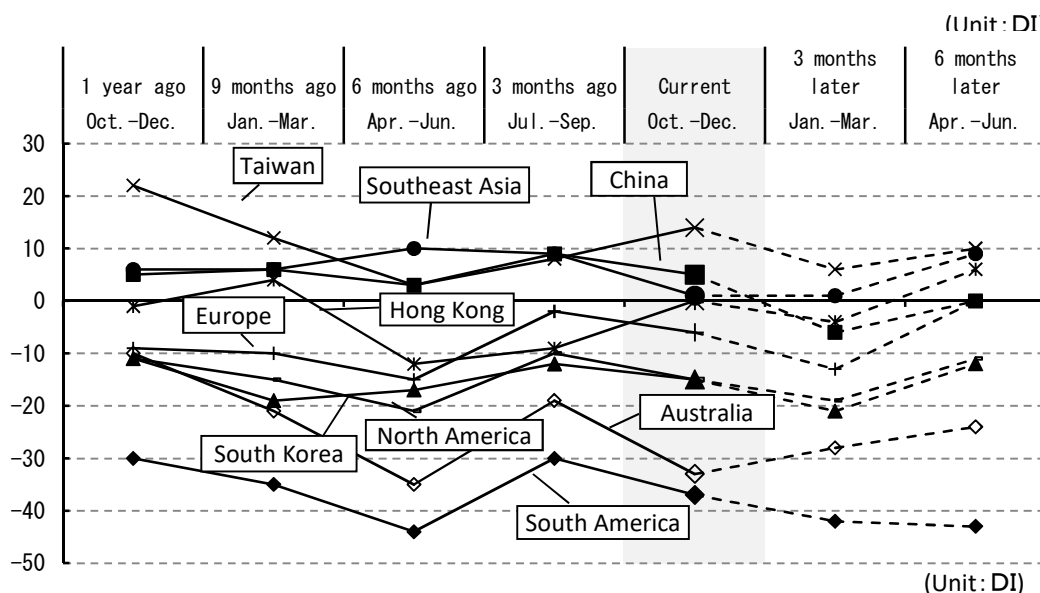
(Unit: DI)

	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.	6 months later Apr. -Jun.
F I T	29	26	20	13	18	18	20
G r o u p	-1	-12	1	-7	-9	-16	-5
M I C E	-5	-30	-5	-17	-17	-15	-14

◆Inbound Travel Market Trends (By Source Market)

- This quarter only demand from Hong Kong (+9) and Taiwan (+6) outstripped 2017's level. Demand from Australia (-14) and other source markets has been weaker than the previous quarter.
- In the last quarter of FY 2018 (January - March), demand from China (-11), Taiwan (-8), South Korea (-6) and other source market will continue to be weak. It is expected to begin to recover in the first quarter of FY 2019 (April - June).

N: valid response
(N=96)



(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.	6 months later Apr. -Jun.
China	5	6	3	9	5	-6	0
South Korea	-11	-19	-17	-12	-15	-21	-12
Taiwan	22	12	3	8	14	6	10
Hong Kong	-1	4	-12	-9	0	-4	6
Southeast Asia	6	6	10	9	1	1	9
Europe	-9	-10	-15	-2	-6	-13	0
North America	-11	-15	-21	-10	-15	-19	-11
South America	-30	-35	-44	-30	-37	-42	-43
Australia	-10	-21	-35	-19	-33	-28	-24