

## Survey of Travel Market Trends June 2018, 1st 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 632 registered companies. The results of the 1st quarter survey are shown below.

### 《Overseas travel DI》

Compared to three months earlier (January – March), the overseas travel DI grew by 8 points to reach the level of –8. During the July – September quarter, it is expected to improve by another 4 points and reach –4. In October – December, it is expected to be 1 point better than the current level and reach –7.

◆At present, overseas travel DI is recovering. As the international relations in the region improved, travel to China and South Korea is on the recovery track.

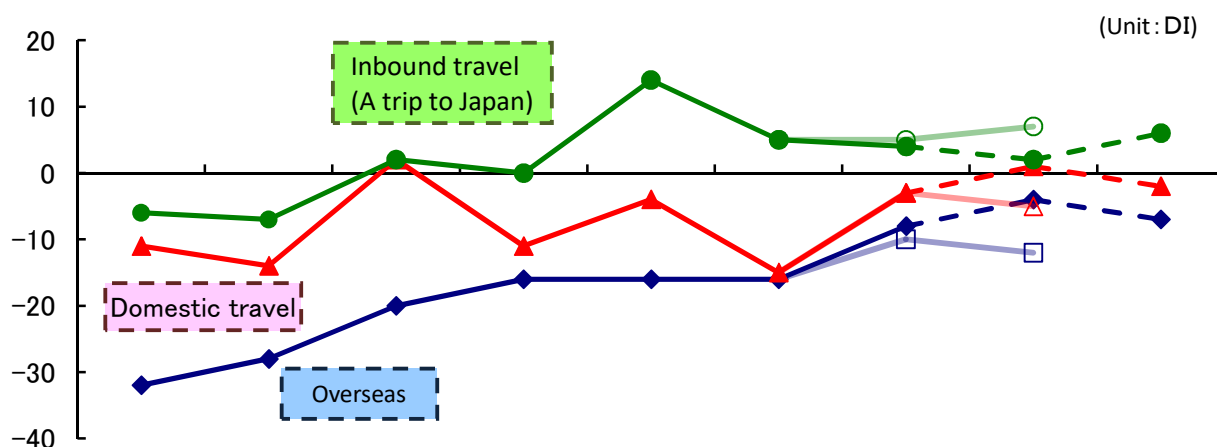
Demand for Europe, North America and other destinations is improving, too.

### 《Inbound travel DI》

Compared to the previous quarter (January – March), the inbound travel DI shrank by 1 point down to +4. In the next quarter (July – September) it is expected to decrease further down to +2.

In the third quarter (October – December), DI is expected to increase and reach +6.

◆Inbound DI overall has decreased during two consecutive quarters. While local areas have seen stronger demand, Hokkaido and the Golden Route have suffered some decline. During the next quarter, in spite of the steady growth of FIT, MICE and group travel are expected to grow steadily and demand for MICE and FIT are expected to decline gradually.



	One and a half ago Oct.-Dec.	1 year 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 situation Apr.-Jun.	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Overall overseas travel	-32	-28	-20	-16	-16	-16	-8 ※-10	-4 ※-12	-7
Overall domestic travel	-11	-14	2	-11	-4	-15	-3 ※-3	1 ※-5	-2
Overall inbound travel	-6	-7	2	0	14	5	4 ※5	2 ※7	6

※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 632 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  
Survey method: Internet survey  
Survey period: May 21(Monday),2018 to June 8(Friday),2018  
Registered companies: 632  
Responding companies: 299  
Response rate: 47.3%

## ◆Business classific

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	27	9.0%
<b>Overseas travel wholesaler</b>	A dedicated overseas travel wholesaler	19	6.4%
<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	16	5.4%
<b>Domestic travel wholesaler</b>	A dedicated domestic travel wholesaler	11	3.7%
<b>First-tier retail agency</b>	Other than the above, a travel agency with a business volume of 3 billion yen or higher	24	8.0%
<b>Second-tier retail agency</b>	Other than the above, a travel agency with a business volume of less than 3 billion yen	118	39.5%
<b>In-house travel agency</b>	A travel agency which mainly handles travel arrangements for its parent company	37	12.4%
<b>Online travel agency</b>	Other than the above, companies whose business is based on internet sales	13	4.3%
<b>Inbound tour travel agency</b>	Companies which offer mostly inbound tours	34	11.4%

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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## ■ Overall Business Activity in the Overseas Travel Market

Demand for overseas travel continues to recover. With the improvement of bilateral relations in the region, travel to China and South Korea has gained momentum.  
Europe, the USA & Canada are also on the recovery track. The gradual recovery is expected to continue

### Overall

The overseas travel ID has improved steadily since the -40 level of two years ago. The DI which was at standstill for two consecutive quarters has grown as Europe gained 12 points, South Korea 11 points, the USA & Canada 8 points, and China 6 points. Demand for honeymoon trips is 5 points higher than the previous quarter. Business/technical visits gained one point and stepped into the red.

### Current situation (April - June) As demand for Europe, South Korea and China recover, the overseas travel DI improves.

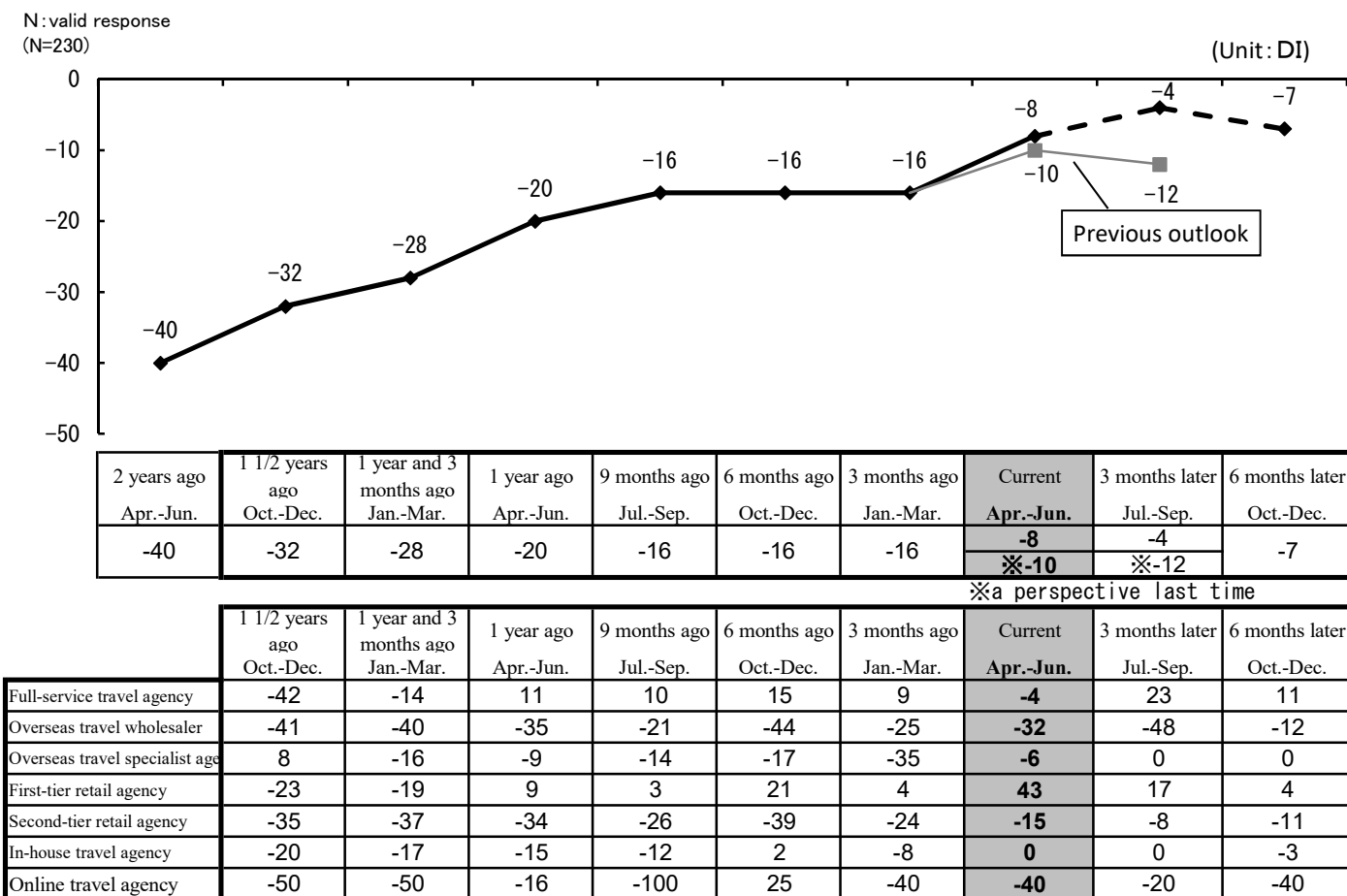
Compared to the previous quarter (January - March), demand for overseas travel grew by 8 points and reached the level of -8.

- The recovery of China is outstanding. Travel to South Korea was driven by FIT but group and media sales show clear signs of recovery. (General travel agency)
- Business trips are on the increase. (In-house travel agency)
- Demand for Europe is going strong. Couples and family trip numbers are growing fast. (Retailer 1)

### Outlook for the next quarter (July - September)

The gradual recovery is expected to continue

- Europe gets mentioned a lot. (In-house travel agency)
- Last-moment bookings are increasing and despite the recovery trend, late tour bookings prevent a wide-ranged recovery. (Retailer 2)
- After the summit between the USA and North Korean leaders, demand for South Korea has grown. Taiwan has lost momentum compared to last year. (Whole seller of overseas tours)

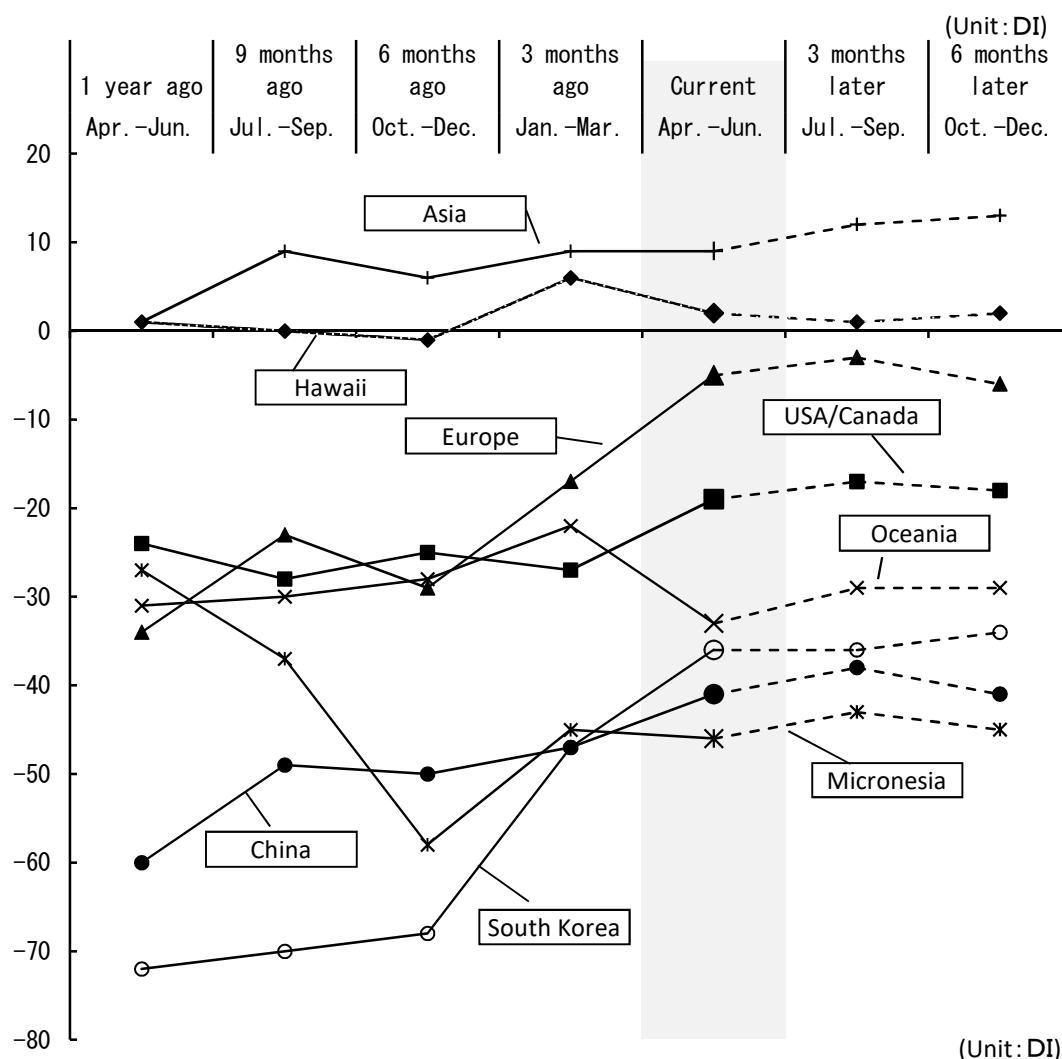


## ◆Trends in Overseas Travel Demand (by destination)

Europe, the USA & Canada, China, and South Korea have recovered. Demand for Hawaii, Oceania, Micronesia has decreased. During the next quarter, only Hawaii is expected to show a slight decline.

- Compared to the previous three months (January – March), the largest increased was shown by Europe that gained 12 points, South Korea 11 points, the USA & Canada 8 points, and China 6 points. Oceania lost 11 points (the largest loss during the quarter), followed by Hawaii which lost 4 points, and Micronesia which lost one point. Compared to a year ago, South Korea and Europe enjoyed a remarkable recovery by gaining 36 and 29 points respectively. Oceania and Micronesia did not reach the level of the same period of the previous year.
- During the next quarter (July – September), demand for overseas travel is expected to increase. Oceania and Micronesia which have seen a slight decline in demand, are expected to improve slightly.

N: valid response  
(N=230)



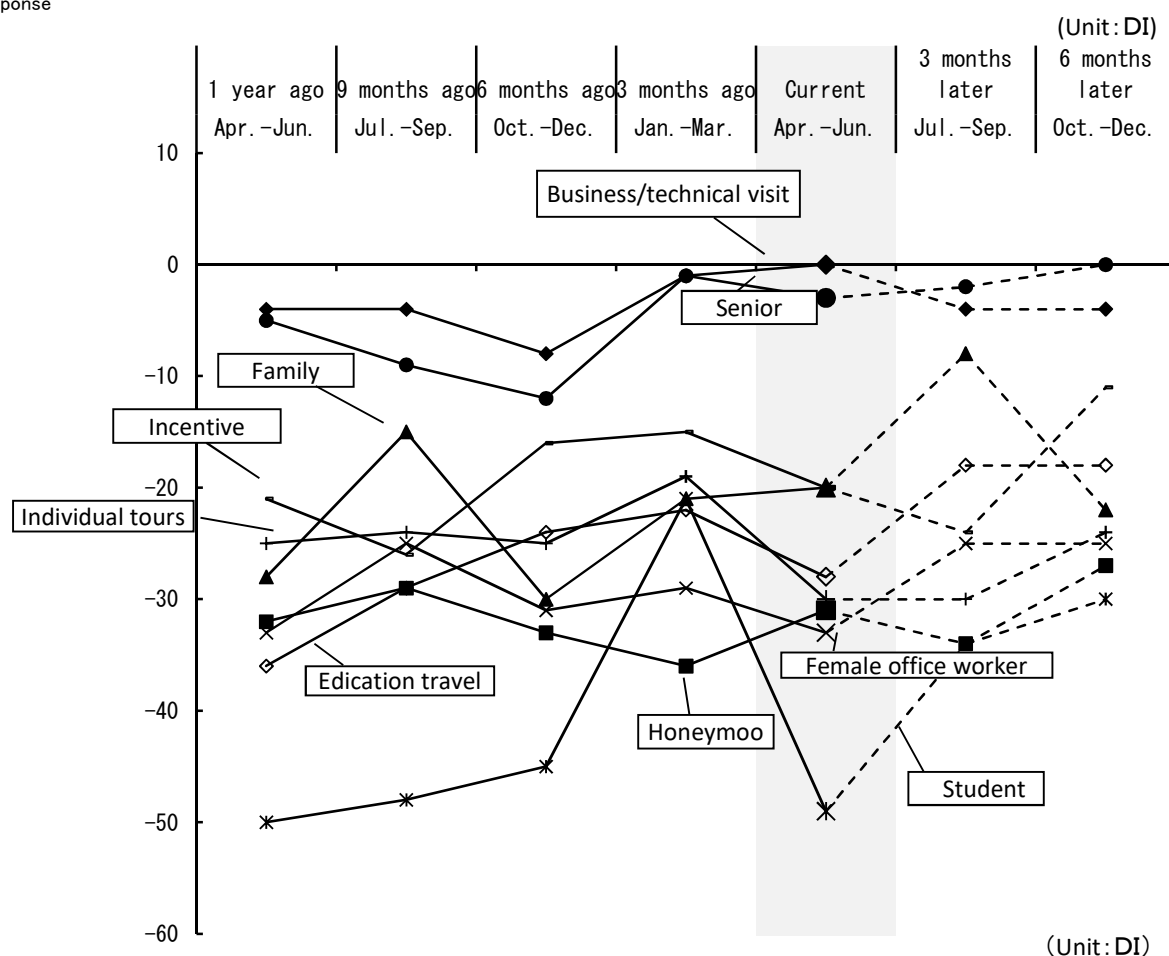
	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current Apr.-Jun.	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Hawaii	1	0	-1	6	<b>2</b>	1	2
USA/Canada	-24	-28	-25	-27	<b>-19</b>	-17	-18
Europe	-34	-23	-29	-17	<b>-5</b>	-3	-6
Oceania	-31	-30	-28	-22	<b>-33</b>	-29	-29
Micronesia	-27	-37	-58	-45	<b>-46</b>	-43	-45
Asia	1	9	6	9	<b>9</b>	12	13
China	-60	-49	-50	-47	<b>-41</b>	-38	-41
South Korea	-72	-70	-68	-47	<b>-36</b>	-36	-34

## ◆Trends in Overseas Travel (by customer segment)

At present Business/technical visits are showing signs of recovering in the last quarter, and it has increased from a minus area to plus area. Also, honeymoon travel is recovering. During the next three months, family, student, and educational trips are expected to grow more

- Compared with the previous quarter, honeymoon travel expanded by 5 points, family travel and business/technical visits gained a point each. Business/technical visits are in the red. Demand by students shrank by 28 points, the largest decrease among all customer segments. It was followed by FIT which declined by 11 points, educational trips (-6 points), incentive visits (-5 points), working women (-4 points) and seniors (-2 points).
- During the next three months (July – September), the family segment is expected to grow by 12 points, student segment by 15 points, and educational trips by 10 points. Compared to the third quarter of last year, the student demand is expected to be 14 points up, demand for educational trips 11 points stronger and demand for family travel to grow by 7 points.

N: valid response  
(N=230)



	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	-32	-29	-33	-36	-31	-34	-27
Family	-28	-15	-30	-21	-20	-8	-22
Female office worker	-33	-25	-31	-29	-33	-25	-25
Student	-50	-48	-45	-21	-49	-34	-30
Senior (*)	-5	-9	-12	-1	-3	-2	0
Individual tours	-25	-24	-25	-19	-30	-30	-24
Incentive (**)	-21	-26	-16	-15	-20	-24	-11
Business/technical visit	-4	-4	-8	-1	0	-4	-4
Education travel	-36	-29	-24	-22	-28	-18	-18

\* 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

For a second consecutive quarter inbound travel is in decline. While local areas enjoy a steady demand, the Golden Route and Hokkaido are influenced by the overall decline. During the next three months, FIT will continue to grow steadily while demand for group tours and MICE will see a slight decline.

### Overall

The inbound travel DI is one point below the level of the previous quarter. While Hokkaido, which had a relatively high DI, is 2 points down and the Golden Route lost 5 points, Koshinetsu & Hokuriku and other regions gained 10 point. Although the FIT demand is 6 points below the level of the previous quarter, it remains 8 points over the same period of 2017 after gaining 20 points. During the next quarter, inbound travel overall is expected to be 2 points weaker. Although it is expected to decline for a third successive quarter, the DI will remain in positive territory.

### Current situation (April - June) DI declines by 2 points but remains in positive territory

Inbound travel is one point below the January - March quarter but remains at +4 level.

- Foreign visitors to Kanazawa are increasing. (Retailer 2)
- Group tours from Thailand are increasing but it is difficult to book hotels rooms. (Retailer 2)
- Family tours are increasing and purpose-oriented tours are on the increase, too. (Travel agency dealing in inbound tours)

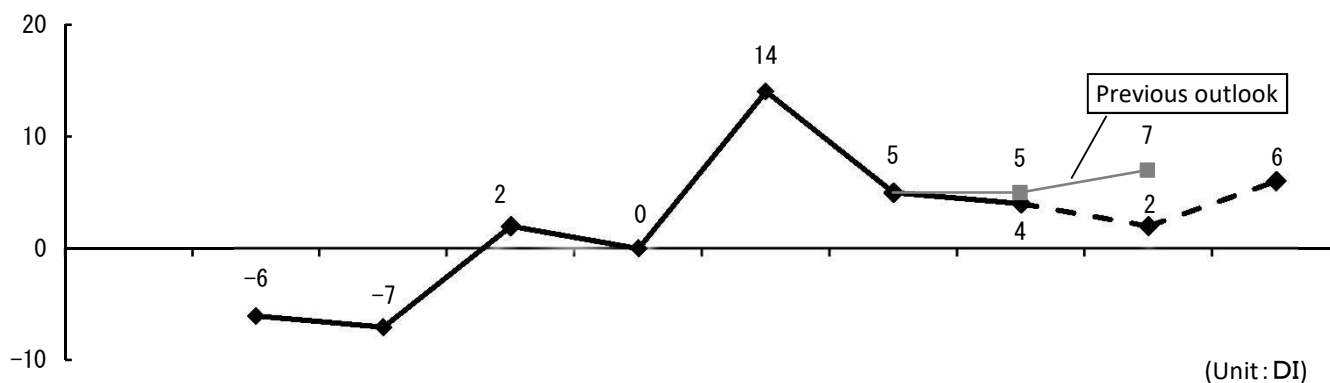
### During the next quarter (July - September), FIT demand will continue to grow steadily while group tours and MICE are expected to decline slightly

In the July - September period, DI will be 2 points weaker but still stay at +2. In the period of October - December, DI is expected to be 2-points stronger than in the current quarter, reaching +6.

- FIT tours from China increased but due to great number of group tours, it is difficult to book hotel rooms. (Travel agency offering overseas tours)
- Business/technical visits are on the increase. (Travel agency offering overseas tours)
- Chinese tours including tax-free shopping and the Golden Route have decreased. Those customers are more interested in a whole-day free time options in Tokyo, Kyoto and Osaka. In other areas, Chinese tourists are increasingly looking for Japanese-style facilities. (Travel agency dealing in inbound travel)

N: valid response  
(N=121)

(Unit: DI)



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.
	-6	-7	2	0	14	5	4	2	6
							※5	※7	

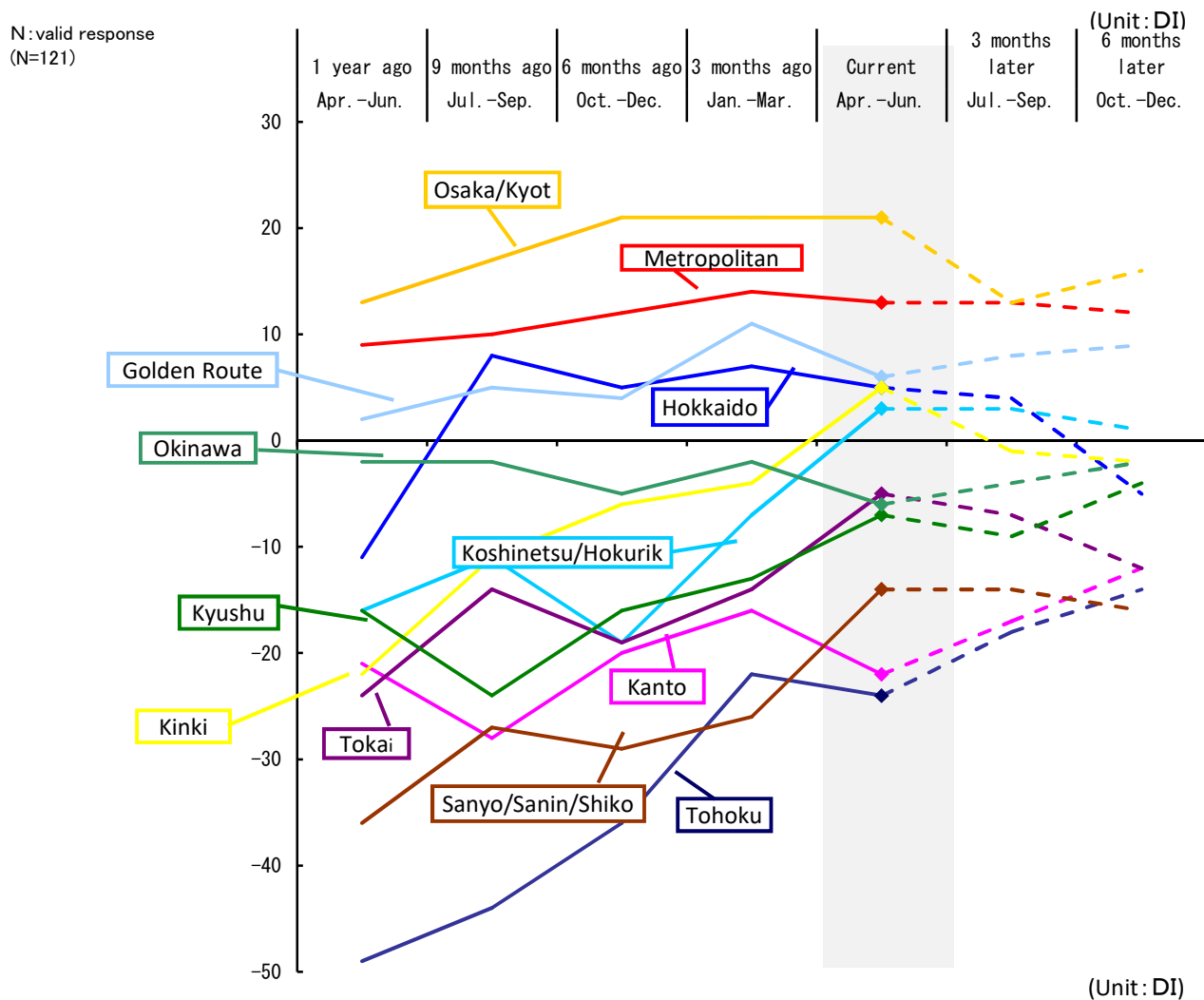
※a perspective last time

	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	7	16	30	19	16	8	29	17	35
First-tier retail agency	-18	-12	18	-22	20	11	0	-9	0
Second-tier retail agency	-10	-21	-3	-24	0	15	-11	-7	-4
In-house travel agency	0	-25	5	0	12	-27	-15	-22	-15
Online travel agency	25	100	-34	40	0	67	33	60	25
Inbound tour travel agency	-13	-10	-11	-3	17	0	10	10	16

## ◆Trends in Inbound Travel (by destination)

Although Sanyo, Yamagata, Shikoku, Koshinetsu and Hokuriku have seen a larger visitor numbers this quarter, demand for the Golden Route and Hokkaido declined. In the next quarter, Osaka, Kyoto & Kinki are expected to see some decline while Kanto and Tohoku will recover.

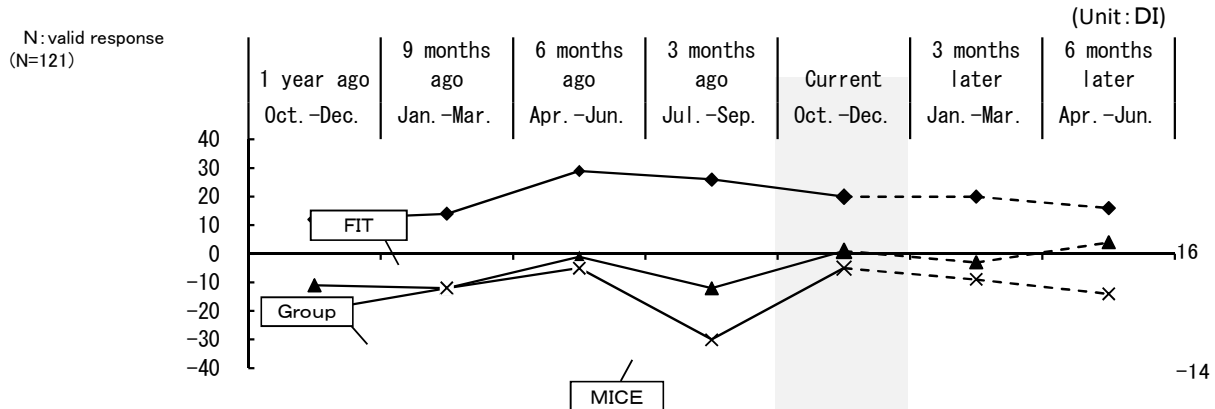
- Compared to the previous quarter, the best performing Osaka & Kyoto have seen no change, the Tokyo Metropolitan Area and Hokkaido have lost one and two points respectively. Demand for the Golden Route has seen a 5-point decline. The strongest demand was for Sanyo, Yamagata & Shikoku (+12), followed by Koshinetsu & Hokuriku (+10), Kinki and Tokai (both +9), and Kyushu (+6).
- During the next three months (July – September), Osaka & Kyoto are expected to drop 8 points and Kinki 6 points while Tohoku and Kanto grow by 6 and 5 points respectively. The other destinations are not expected to show any considerable fluctuations.



	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.
Hokkaido	-11	8	5	7	5	4	-5
Tohoku	-49	-44	-36	-22	-24	-18	-14
Kanto	-21	-28	-20	-16	-22	-17	-12
Golden Route (Kanto⇄Kansai)	2	5	4	11	6	8	9
Metropolitan area	9	10	12	14	13	13	12
Koshinetsu/Hokuriku	-16	-11	-19	-7	3	3	1
Tokai	-24	-14	-19	-14	-5	-7	-12
Osaka/Kyoto	13	17	21	21	21	13	16
Kinki	-22	-11	-6	-4	5	-1	-2
Sanyo/Sanin/Shikoku	-36	-27	-29	-26	-14	-14	-16
Kyushu	-16	-24	-16	-13	-7	-9	-4
Okinawa	-2	-2	-5	-2	-6	-4	-2

## ◆Trends in Inbound Travel (by segment)

- At present, FIT demand is at +20. Even though it is 6-points lower than the previous quarter, it still remains 8 points above the same quarter of 2017. Group tour demand is in positive territory after gaining 13 points while MICE recovered to -5, after an increase of 25 points.
- During July – September, demand for FIT is expected to stay more or less the same. Group tours and MICE will decline by 4 points.

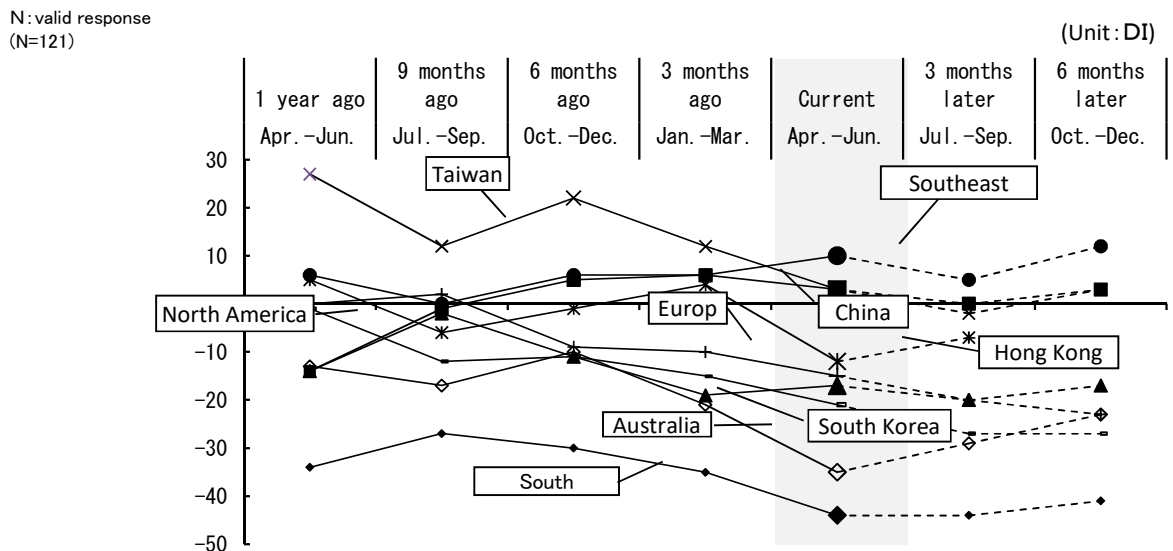


(Unit: DI)

	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	12	14	29	26	20	20	16
G r o u p	-11	-12	-1	-12	1	-3	4
M I C E	-20	-12	-5	-30	-5	-9	-14

## ◆Trends in Inbound Travel (by source market)

- The highest DI at present belongs to Southeast Asia (+10) followed by China and Taiwan at +3. Southeast Asia has showed the highest DI increase (+4) over the previous quarter. In spite of losing 3 points, China is still 17 points over the level of the same period in 2017. Taiwan has lost 9 points since the previous quarter and is 24 points below the same period of last year.
- During the next quarter (July – September), Australia is expected to gain 6 points and Hong Kong 5 points. All other major source markets are expected to decline. Demand from Southeast Asia will be 5-points weaker, from China 3 points, Taiwan 5 as all of them move into negative territory.



(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.
China	-14	-1	5	6	3	0	3
South Korea	-14	-2	-11	-19	-17	-20	-17
Taiwan	27	12	22	12	3	-2	3
Hong Kong	5	-6	-1	4	-12	-7	-9
Southeast Asia	6	0	6	6	10	5	12
Europe	0	2	-9	-10	-15	-20	-23
North America	-1	-12	-11	-15	-21	-27	-27
South America	-34	-27	-30	-35	-44	-44	-41
Australia	-13	-17	-10	-21	-35	-29	-23