JATA News Release
Japan Association of Travel Agents
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Dec. 2019

Survey of Travel Market Trends December 2019, 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 644 registered companies. The results of the 3rd quarter survey are shown below.

Overseas Travel DI

The overseas travel DI decreased 4 points from the level of the previous quarter (July – September) and is currently at −19 level. During the next quarter (January – March), it is expected to decrease again by 4 points and reach −23. Suring the first quarter of FY 2020b (April – June), it will be one point below the current quarter's level, at −20.

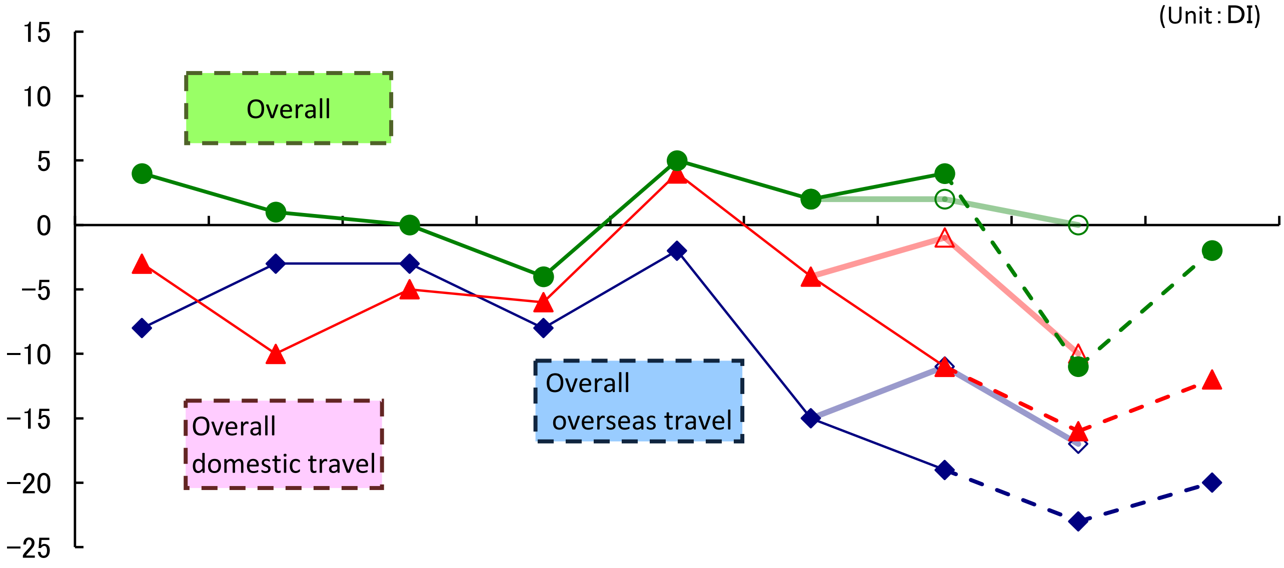
◆ The overseas DI continued to decline, continuing the downward trend of the previous quarter (July – September). As the number of flights between japan and South Korea was reduced, demand for South Korea declined and the negative influence of the unrest in Hong Kong led to the general decline of DI for Asia, which until the previous quarter was in positive territory.

Inbound Travel DI

The inbound travel DI increased by 2 points over the July – September quarter and is currently at +4. During the next quarter (January – March), it is expected to decrease by 15 points and decline to +11. During the April – June quarter, it is expected to decline by 6 points below the current level and get to −2,

◆ The current DI has increased more than the estimate made during the previous quarter (July – September). During the next quarter, however, the inbound DI is expected to decline. The summer demand, which grew thanks to the Rugby World Cup, heightened the expectations for a stronger demand from the USA, Europe and Australia.

(Unit：DI)



	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	-8	-3	-3	-8	-2	-15	-19 ※-11	-23 ※-17	-20
Overall domestic travel	-3	-10	-5	-6	4	-4	-11 ※-1	-16 ※-10	-12
Overall inbound travel	4	1	0	-4	5	2	4 ※2	-11 ※0	-2

※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 644 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(Thursday),2019 to November 22(Friday),2019
Registered companies:	644
Responding companies:	276
Response rate:	42.9%

◆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

Classification	Business scope	Number of companies	Ratios
First Category Travel Company	Travel companies that organize and sell overseas and domestic package tours and also make travel arrangements for clients as agents.	184	66.7%
Second Category Travel Company	Travel companies that organize domestic package tours and sell overseas and domestic tours, make arrangements for overseas and domestic tours and make travel arrangements for clients as an agent	38	13.8%
Third Category Travel Company	Travel companies that sell overseas and domestic tours, and also make travel arrangements for clients as an agent. These travel companies also sell domestic package tours in specific regions with specific payment conditions.	54	19.6%

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

■ Overseas travel / Number of customers

The number of customers decreased due to the reduction of flights between Japan and South Korea and the social unrest in Hong Kong. Second tier travel agencies saw a decrease of 17 points while all the other categories suffered some decline. As a result, the DI all business categories was lower than that of the previous quarter.

Overall situation

The overall DI has lost 4 points from that of the July – September quarter and is currently at −19. During the January – March quarter, the DI will drop down to −23, and in the April – June quarter, it is expected to get to −20.
The number of visitors is currently at −18, 7 points below the July – September quarter.
Second tire travel agencies saw a 17-point lower DI while first tier and third tier agencies lost 4 and 3 points respectively, falling below the level of the July – September quarter.

Current situation

<u>Demand for South Korea continues to be negative. Demand for all destinations continues to be in negative territory.</u>

Demand for overseas travel is 4 points lower than the previous quarter (July – September), currently at −19. The number of visitors is also 7 points down, at −18.

・Increasingly, bookings take place later than ever and it is difficult to get prospects for the destinations. In addition, the cancelations of bookings for South Korea, which is a staple destination for our customers, continue to increase due to the uncertain political situation. / 1st tier travel agency

・While the start of the 10 successive holidays of the Golden Week was successful, the demand after the summer holidays continued to be weak. The volume of overseas travel during the end of the year – usually a peak season – is also smaller than in other years. / 1st tier travel agency

・Although travel to South Korea hasn't decreased as much as feared, tours to Hong Kong has decreased. As a reaction of the high demand during the Golden Week, demand during the winter holidays is week. / 1st tier travel agency

<u>January – March quarter Demand for outbound travel is expected to remain weak but to recover during the April – June quarter</u>

During the next quarter, overseas travel in general is expected to decline by 4 point getting down to −23. It will recover to −20 by gaining 3 points during April – June.

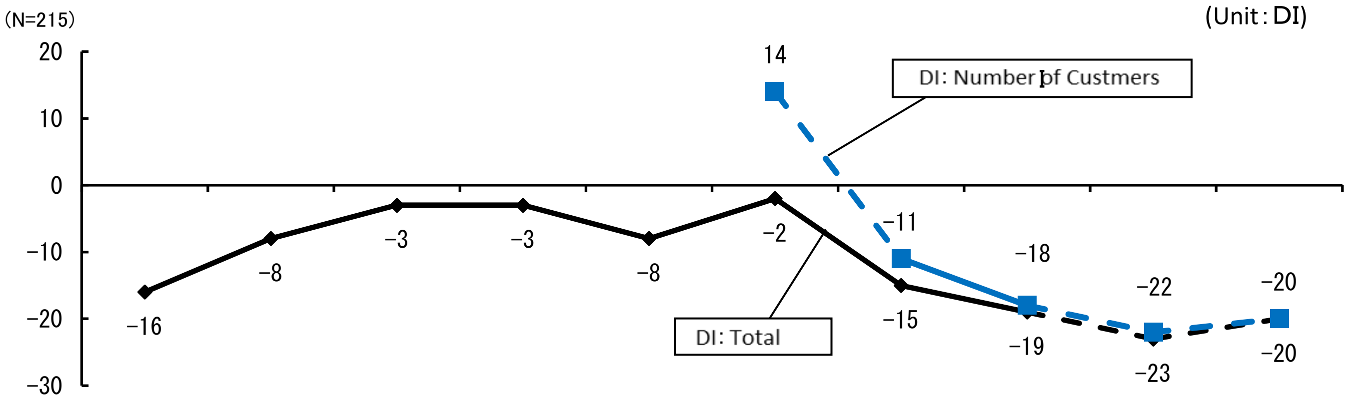
The number of visitors during the next quarter is expected to decrease by 4 points and reach −22 level. During the April – June quarter, it will gain 2 points and grow to −20.

・Although demand for South Korea is almost non-existent at the moment, we expect it to recover as soon as the bilateral relations improve. / 1st tier travel agency

・Demand for South Korea and Hong Kong has declined due to worsened bilateral relations and social unrest. While demand for South Korea is recovering slowly, it7s difficult to make any predictions about the recovery of Hong Kong. Vietnam, Thailand and other East Asian destinations are performing well. / 1st tier travel agency

・It is difficult to say how the Olympics and Paralympics will influence the demand for overseas travel. / 1st tier travel agency

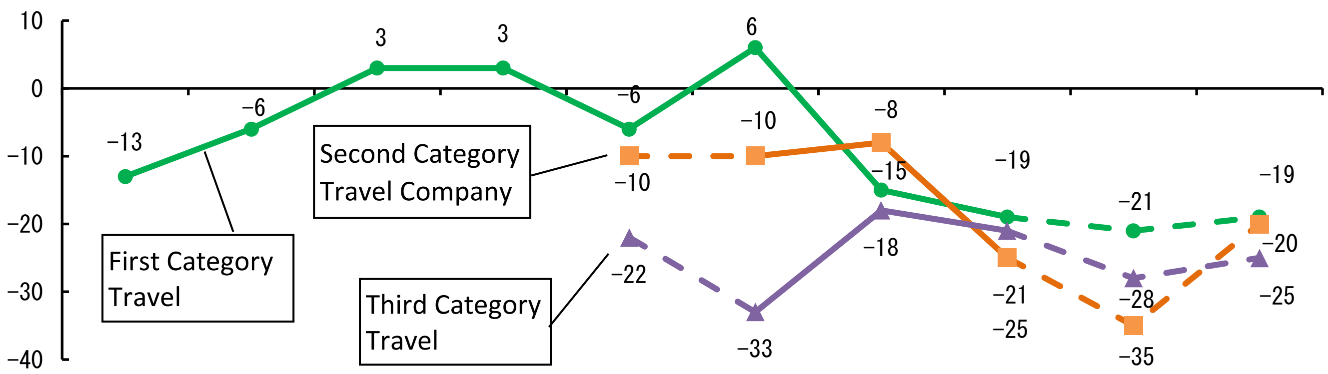
DI: Outbound Travel Market (Total and number of customers)



2 years ago	1 1/2 years ago	1 year and 3 months ago	1 year ago	9 months ago	6 months ago	3 months ago	Current	3 months later	6 months later
Oct.-Dec.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.

※"Number of customers DI" was newly heard from Last survey.

DI: Business classification



2 years ago	1 1/2 years ago	1 year and 3 months ago	1 year ago	9 months ago	6 months ago	3 months ago	Current	3 months later	6 months later
Oct.-Dec.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.

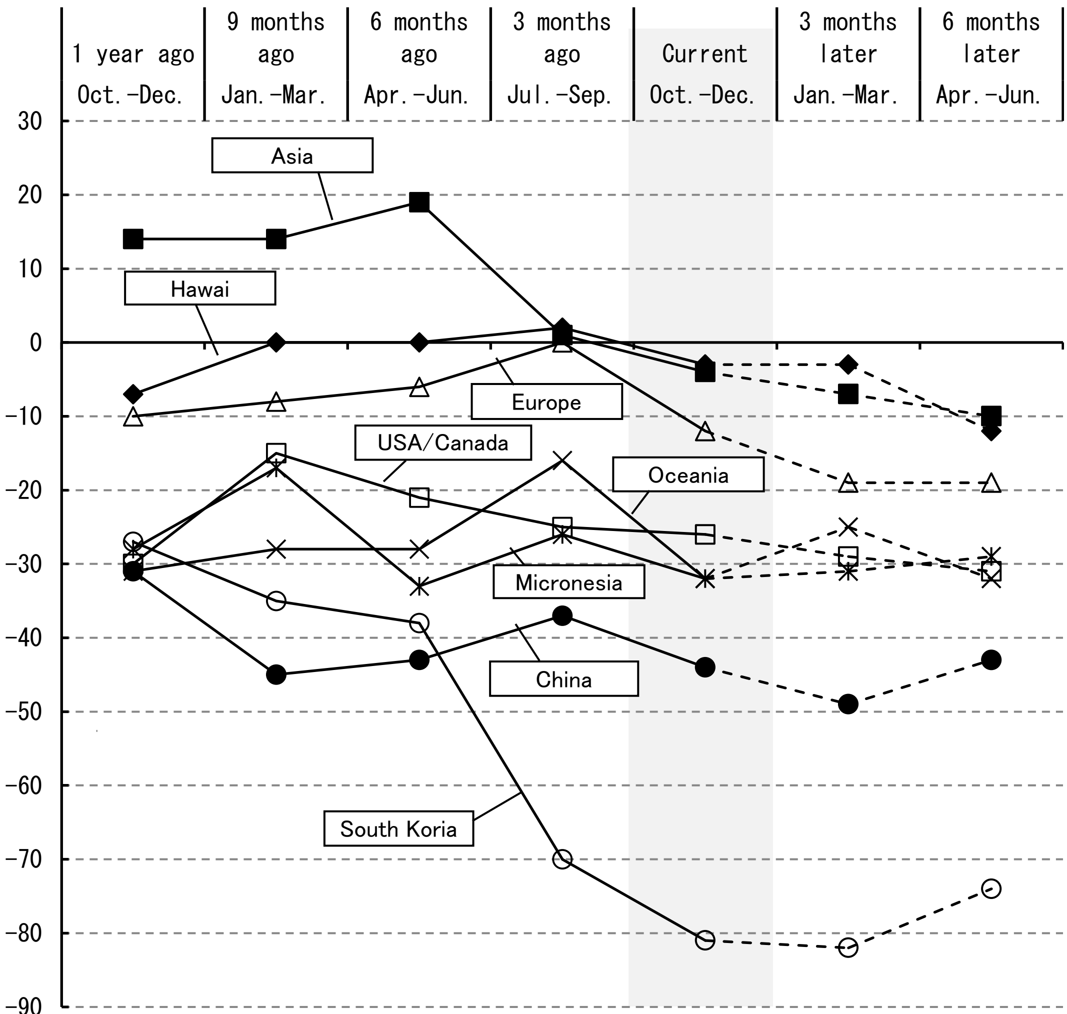
※"Second Category" and "Third Category" are divided from the March 2019 survey, so there is no previous data.

◆ Trends in overseas travel demand (By destination)

- Hawaii and Asia, the demand for which was in positive territory during the previous quarter (July – September), have step down into the negative. At present, all major destinations are below zero. In particular, demand for Oceania, Europe, and South Korea, has dropped more than 10 points from the level of the previous three months.
- During the January – March quarter, Europe and China are expected to decline further while South Korea will gain 1 point after hitting the bottom.

N: valid response (N=215)

(Unit: DI)



(Unit: DI)

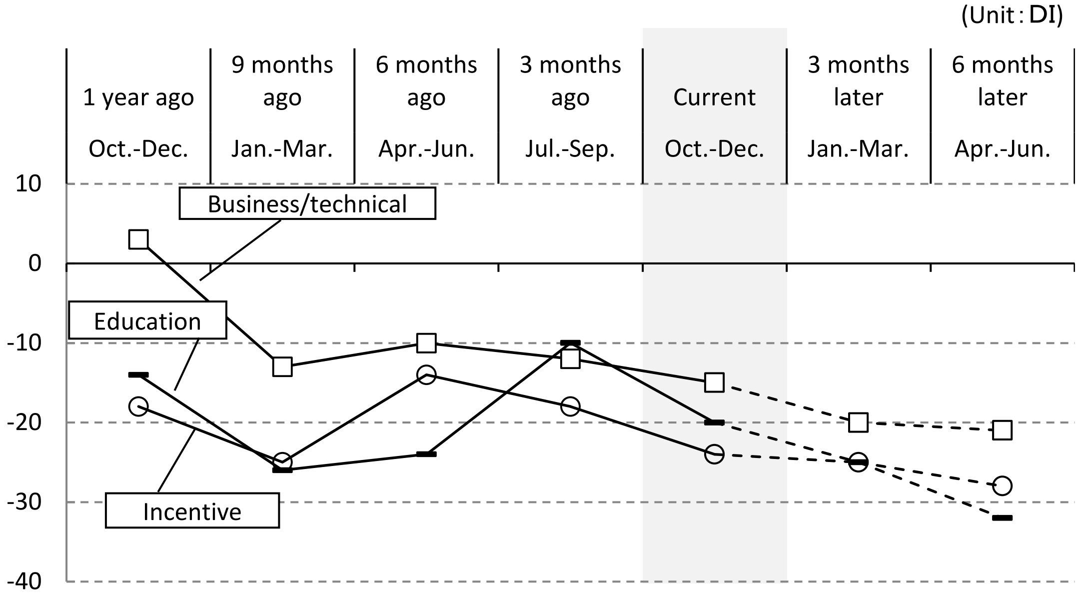
	1 year ago Oct.–Dec.	9 months ago Jan.–Mar.	6 months ago Apr.–Jun.	3 months ago Jul.–Sep.	**Current Oct.–Dec.**	3 months later Jan.–Mar.	6 months later Apr.–Jun.
Hawaii	-7	0	0	2	**-3**	-3	-12
USA/Canada	-30	-15	-21	-25	**-26**	-29	-31
Europe	-10	-8	-6	0	**-12**	-19	-19
Oceania	-31	-28	-28	-16	**-32**	-25	-32
Micronesia	-28	-17	-33	-26	**-32**	-31	-29
Asia	14	14	19	1	**-4**	-7	-10
China	-31	-45	-43	-37	**-44**	-49	-43
South Korea	-27	-35	-38	-70	**-81**	-82	-74

◆ Trends in overseas travel demand (Group travel)

- Educational tours, which saw a growing demand in July – September, lost 10 points, falling down to −20.
- In January – March, demand for incentive tours is expected to remain the same, while that for business/technical visits and educational travel are expected to decline. In the April – June quarter, the decline in demand is expected to continue.

N : valid response (N=215)

(Unit : DI)



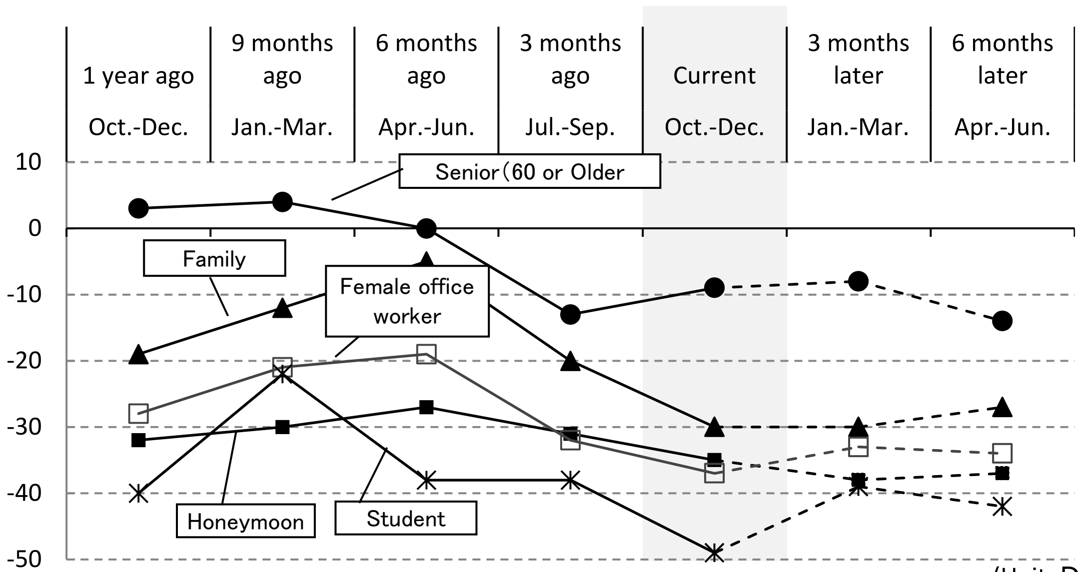
	1 year ago Oct.–Dec.	9 months ago Jan.–Mar.	6 months ago Apr.–Jun.	3 months ago Jul.–Sep.	**Current Oct.–Dec.**	3 months later Jan.–Mar.	6 months later Apr.–Jun.
Incentive	-18	-25	-14	-18	**-24**	-25	-28
Business/technical visit	3	-13	-10	-12	**-15**	-20	-21
Education travel	-14	-26	-24	-10	**-20**	-25	-32

◆ Trends in overseas travel demand (FIT)

- The demand for FIT tours by seniors grew by 4 points over the level of the previous three months and reached −9 level. Student and family travel have seen a significant decline of 11 and 10 points respectively.
- In January – March, demand by students and working women is expected to increase.

(Unit : DI)

N : valid response (N=215)



(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.
Honeymoon	-32	-30	-27	-31	**-35**	-38	-37
Family	-19	-12	-5	-20	**-30**	-30	-27
Female office worker	-28	-21	-19	-32	**-37**	-33	-34
Student	-40	-22	-38	-38	**-49**	-39	-42
Senior (60 or older)	3	4	0	-13	**-9**	-8	-14

■ Overall Business Activity in the Japanese Inbound Travel Market

> Although both the business volume and number of visitors are in positive territory at present, they are expected to decline during the next quarter. The DI of 1st tier travel agencies remained above zero, 2nd tier travel agencies recovered and are in positive territory. 3rd tier travel agencies, though are still below level zero. Demand from Europe, North America and Australia recovered but the South Korean and Hong Kong markets are in decline.

Overall

Overall, the business volume grew 2 points over the level of the July – September quarter and reached +4. The number of visitors also increased by 2 points and reached +7.

First tier travel agencies grew by 9 points and are currently above level zero. Second tier travel agencies also grew by 29 points, stepping into positive territory while third tiers lost 5 points and are currently at level −16.

Current situation: With partial exceptions, demand for inbound travel remains in the black

Inbound travel to Japan grew by 2 points over the level of the previous three months and reached +4 level.
The number of travelers is 2 points up, at +7.

・While the inbound travel is slowing down, thanks to the Rugby World Cup, the sales for the fourth quarter increased significantly when compared to the same quarter of the last year. The growth during the next quarters will depend on how many group tours we can handle. / 1st tier travel agency

・Inbound travel is still above the level of the same quarter of 2018. However, the customers from South Korea and Hong Kong continue to decrease. Group tours are still on the increase and FIT travel is growing strong. / 1st tier travel agency

・There is new interest in Tohoku. / 1st tier travel agency

January – March quarter Inbound travel is expected to step down into negative territory. During the April – June quarter, there is a possibility that demand for inbound travel remains sluggish

In the next quarter (January – March), inbound travel overall is expected to drop down to −11 points after losing 15 points. During the April – June quarter, it will gain 9 points and climb up to −2.

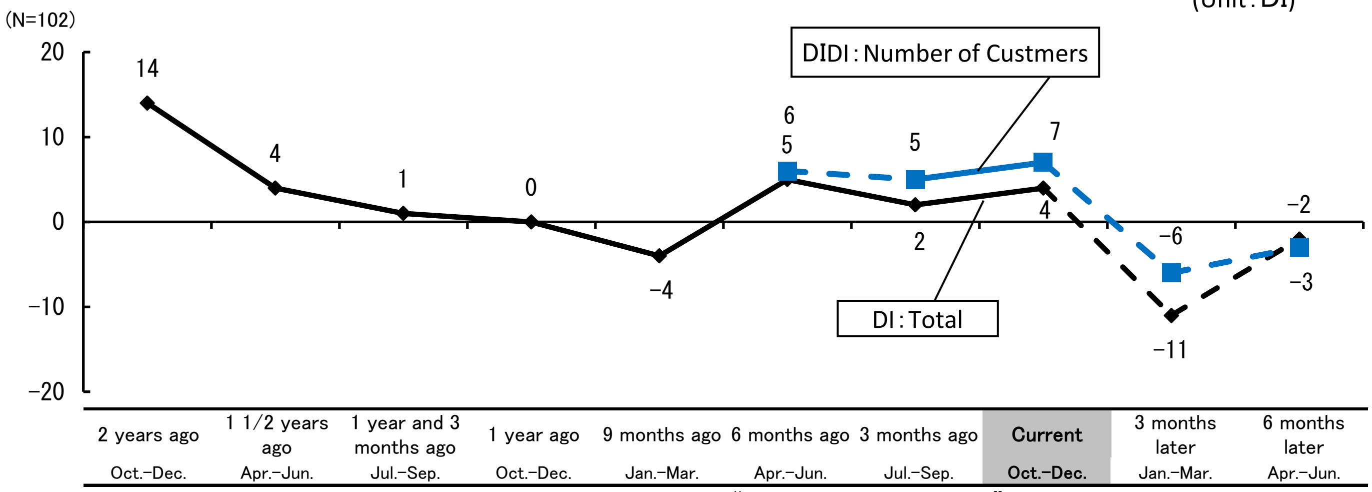
The number of visitors in January – March will decline by 13 points and fall down to −6. During the April – June quarter, the DI is expected to improve slightly by three points and climb up to −3.

・Overseas visitors have changed their preferences from consumption of goods (shopping) to experiences. Their preferred destinations have also changed and foreign travelers visit not only major cities but local towns and villages. / 2nd tier travel agency

・Until recently, we used to make package arrangements. Nowadays, we handle guide arrangements, hotel bookings and car rentals separately. Local operators handle directly part of the arrangements, too. / 3rd tier travel agency

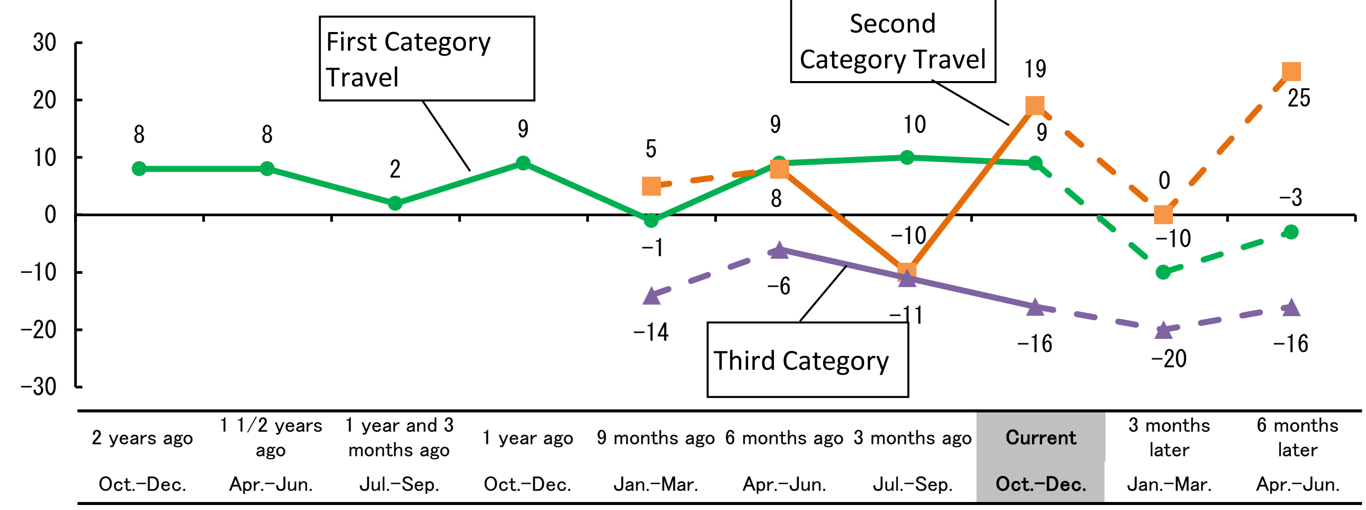
・The hotel prices increase every year and we struggle as we get orders for low-priced hotel bookings. We are worried about how the Olympics will influence hotel prices and availability in 2020. / 1st tier travel agency

DI:Intbound Travel Market(Total and number of customers)



※"Number of customers DI" was newly heard from Last survey.

DI: Business classification

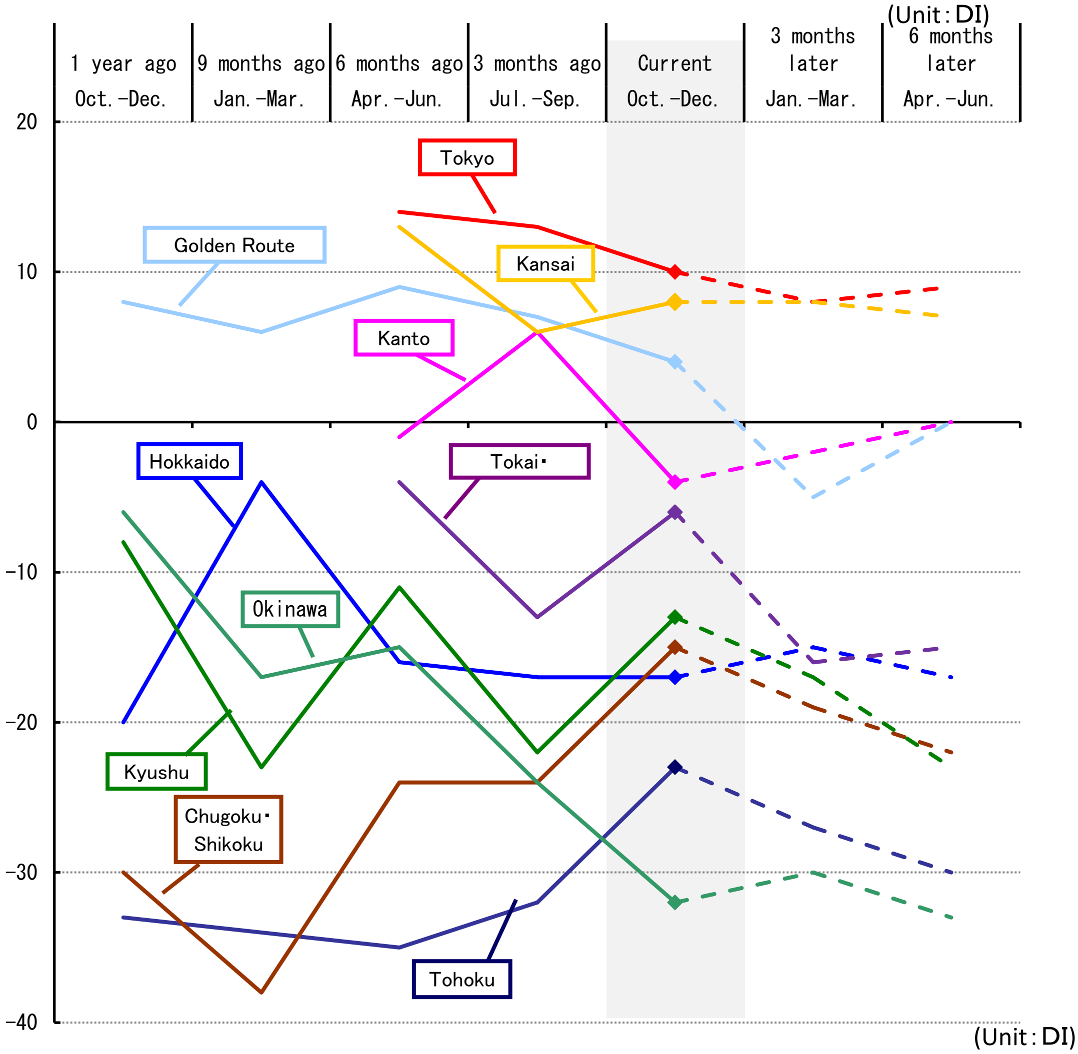


※"Second Category" and "Third Category" are divided from the March 2019 survey, so there is no previous data.

◆ Trends in inbound travel (by destination)

- Compared to the July – September quarter, the inbound travel at present is 10 points lower. However, demand for each of Tohoku, Chushikoku, and Kyushu increased by 9 points. While demand for Tokyo and the Golden Route declined slightly both destinations remain in positive territory.
- During January – March, demand for Tokai & Hokuriku will decline by 10 points while demand for the Golden Route will be 9 points weaker.

N：valid response
(N=102)



(Unit：DI)

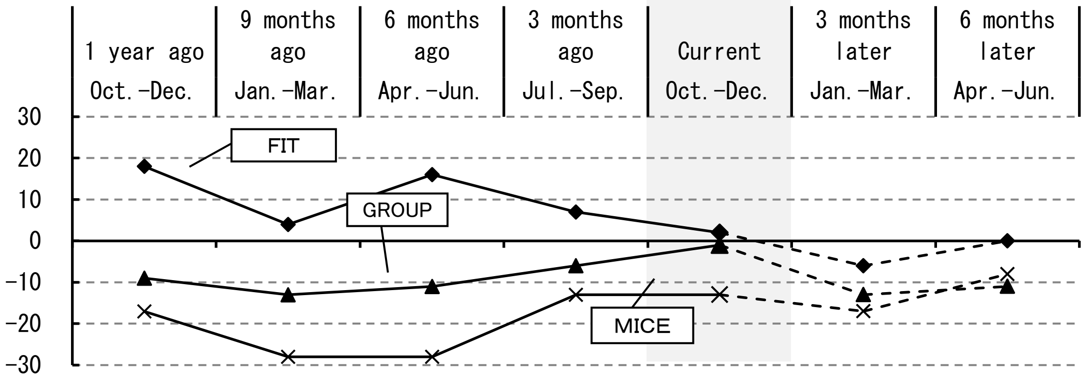
	1 year ago Oct.–Dec.	9 months ago Jan.–Mar.	6 months ago Apr.–Jun.	3 months ago Jul.–Sep.	Current Oct.–Dec.	3 months later Jan.–Mar.	6 months later Apr.–Jun.
Hokkaido	-20	-4	-16	-17	**-17**	-15	-17
Tohoku	-33	-34	-35	-32	**-23**	-27	-30
Kanto	-	-	-1	6	**-4**	-2	0
Tokyo	-	-	14	13	**10**	8	9
Tokai/Hokuriku	-	-	-4	-13	**-6**	-16	-15
Kansai	-	-	13	6	**8**	8	7
Chugoku/Shikoku	-30	-38	-24	-24	**-15**	-19	-22
Kyushu	-8	-23	-11	-22	**-13**	-17	-23
Okinawa	-6	-17	-15	-24	**-32**	-30	-33
Golden Route（Kanto⇔Kansai）	8	6	9	7	**4**	-5	0

※"Kanto", "Tokyo (including TDR)", "Tokai / Hokuriku", and "Kansai" have no previous data because the listening method was changed in Last survey.

◆ Trends in inbound travel (by customer segment)

- At present, FIT travel is 5 points below the July – September level but remains above zero. Group travel has gained 5 points while MICE has shown no significant fluctuations.
- During the January – March quarter, demand by all customer segments is expected to decline.

N : valid response (Unit : DI)
(N=102)

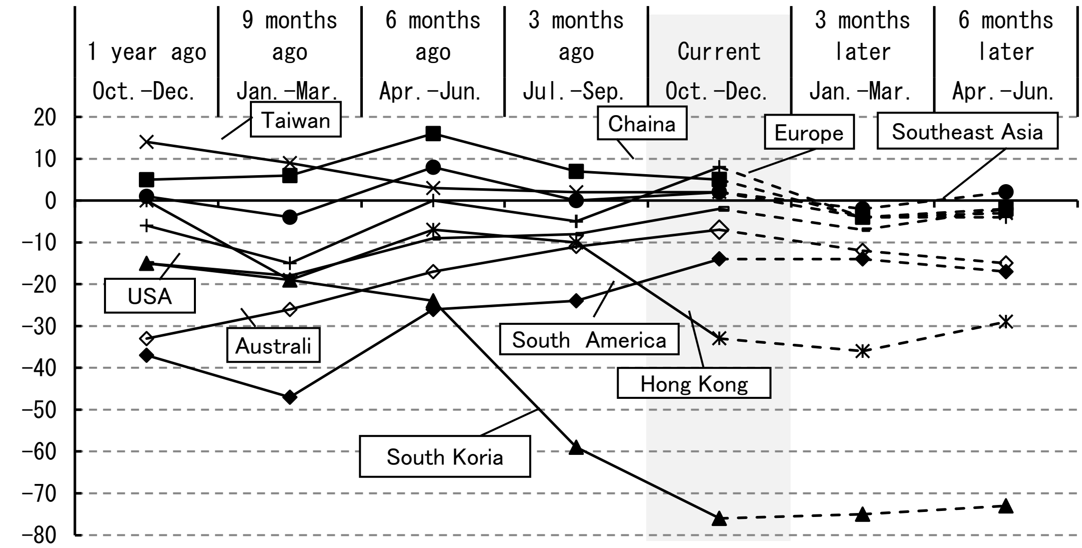


	1 year ago Oct.–Dec.	9 months ago Jan.–Mar.	6 months ago Apr.–Jun.	3 months ago Jul.–Sep.	**Current Oct.–Dec.**	3 months later Jan.–Mar.	6 months later Apr.–Jun.
F I T	18	4	16	7	**2**	-6	0
G R O U P	-9	-13	-11	-6	**-1**	-13	-11
M I C E	-17	-28	-28	-13	**-13**	-17	-8

◆ Trends in inbound travel (by source market)

- Compared to the 2nd quarter (July – September), demand from Hong Kong and South Korea declined by 23 and 17 points respectively. On the other hand, Europe grew by 13 points, North America increased by 6 points and Australia gained 4 points.
- In January – March, demand from South Korea is expected to recover by 1 point while other source markets are expected to either show no significant fluctuations or decline slightly.

N : valid response (Unit : DI)
(N=102)



	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	16	7	**5**	-4	-2
South Korea	-15	-19	-24	-59	**-76**	-75	-73
Taiwan	14	9	3	2	**2**	-4	-3
Hong Kong	0	-19	-7	-10	**-33**	-36	-29
Southeast Asia	1	-4	8	0	**2**	-2	2
Europe	-6	-15	0	-5	**8**	-4	-4
North America	-15	-18	-9	-8	**-2**	-7	-2
South America	-37	-47	-26	-24	**-14**	-14	-17
Australia	-33	-26	-17	-11	**-7**	-12	-15