JATA News Release
Japan Association of Travel Agents
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Sep. 2019

Survey of Travel Market Trends September 2019, 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 650 registered companies. The results of the 2nd quarter survey are shown below.

Overseas Travel DI

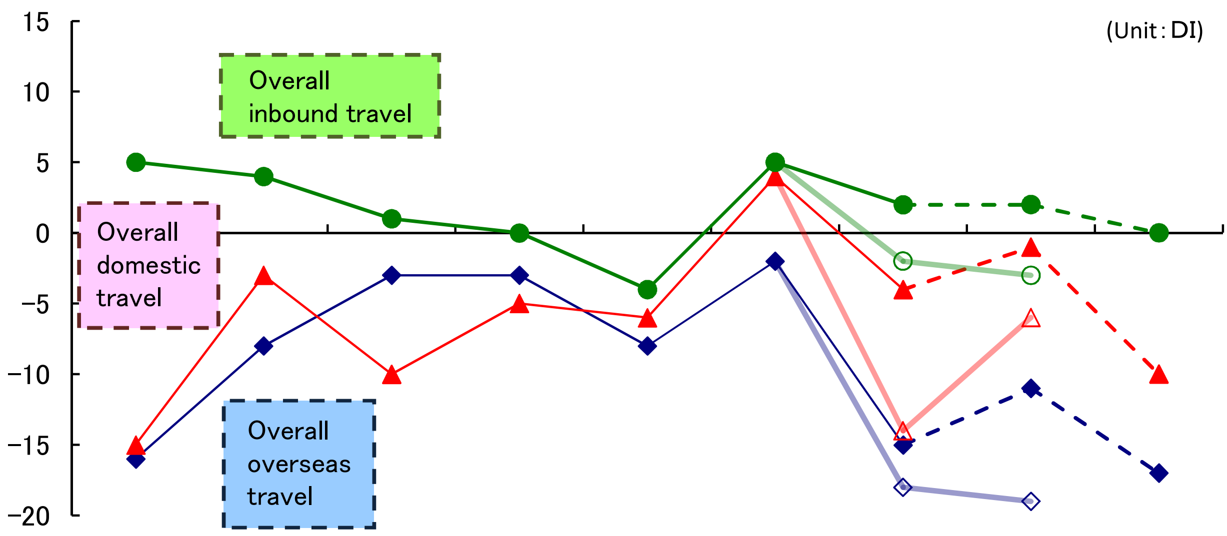
During the 2nd quarter (July – September), the overseas travel DI decreased by 13 points, falling down to −15. During the next quarter (October – December), it is expected to gain 4 points and climb up to −11 level. During the last quarter of FY 2019 (January – March), it will be 2 points below the current quarter, at −17 level.

◆ At present, as a pause after the Golden Week travel rush and the negative influence of the worsened diplomatic relations with South Korea, the overseas has decreased significantly, getting to its lowest point of the past 1.5 years. Recovery is not expected during the next two quarters. The outlook for the 3rd and 4th quarters is for no significant change as the overseas DI is likely to remain at the current level.

Inbound Travel DI

Compared to the previous quarter (April – June), the inbound travel DI has lost 3 points, and has reached the +2 level. During the October – December quarter, it will remain at +2. It is expected to drop 2 points in January – March and get to 0.

◆ Although the inbound DI shows a downward trend at present, it is still in positive territory and higher than the outlook made during the previous quarter. Due to unstable international relations, the decrease in South Korean tourists stands out.



	One and a half ago Jan.−Mar.	1 year 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 situation Jul.−Sep.	3 months later Oct.−Dec.	6 months later Jan.−Mar.
Overall overseas travel	-16	-8	-3	-3	-8	-2	-15 ※-18	-11 ※-19	-17
Overall domestic travel	-15	-3	-10	-5	-6	4	-4 ※-14	-1 ※-6	-10
Overall inbound travel	5	4	1	0	-4	5	2 ※-2	2 ※-3	0

※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 650 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:	August1(Thursday),2019 to August 23(Friday),2019
Registered companies:	650
Responding companies:	301
Response rate:	46.3%

◆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.	192	63.8%
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.	49	16.3%
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.	60	19.9%

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

As a reaction to the Golden Week travel rush and the unstable relations with South Korea, the number of visitors and business volume in the outbound travel decreased during the quarter. The business of 1st tire travel agents dropped into negative territory and all categories of travel agents are

Overall situation

The overall business volume of overseas travel has declined by 13 point compared to the April – June quarter and is currently at −15. In the third quarter (October – December), overseas travel is expected to decline further by 11 points.

The number of visitors has also dropped into negative territory and is below the level of the previous quarter. During the next quarter (October – December), it will decrease further by 15 points.

Current situation (July – September)

Demand for South Korea is in decline. While demand for the Golden Week was good, it is currently low as a reaction to the rush.

The overall business volume of overseas travel has declined by 13 point compared to the April – June quarter and is currently at −15. The number of customers also dropped losing 25 points and reaching the −11 level.

・While demand for the Golden Week was strong, the summer holiday demand has calmed down and the excitement about autumn tours has not taken off yet. / 1st tier travel agency

・Business class use by families traveling to Europe and other destinations is on the increase. / 1st tier travel agency

・Till August, there were no cancellations for South Korea and Hong Kong but the reservations after August have been badly influenced by a number of external factors. /1st tier travel agency

・The number of package tours and group travel is decreasing quickly, and the number of fragmented tour arrangements (air only, etc.) is increasing. /1st tier travel agency

During the next quarter (October – December), the demand for overseas travel is expected to remain look under the influence of unstable international relations and the weak consumption caused by the increase in consumption tax.

The overlook for the next quarter (October – December) is for a 4-point growth where the DI will reach −11. In six months (January – March), overseas travel is expected to lose 6 points and drop down to −17.

The number of overseas travelers in October – December will decline by 4 points and drop to −15. It is expected to remain at −15 level during the January – March quarter, too.

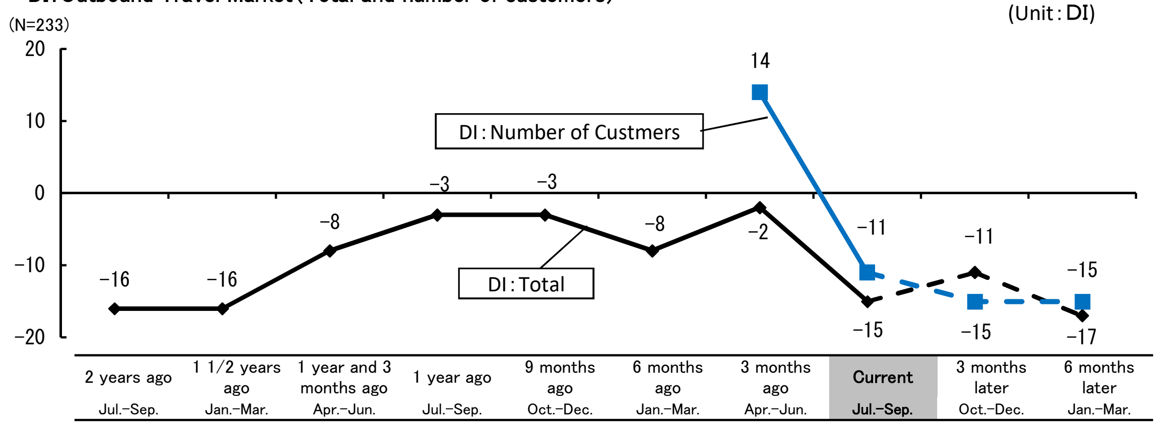
・Demand for European destinations during the 9 consecutive New Year holidays is strong and drives demand in general up. /1st tier travel agency

・Demand for business class use for Hawaii by family and group package travelers is strong and will remain steady till the end of the year. /1st tier travel agency

・As the number of flights to South Korea will be decreased, visitors to South Korea will most likely decrease. /1st tier travel agency

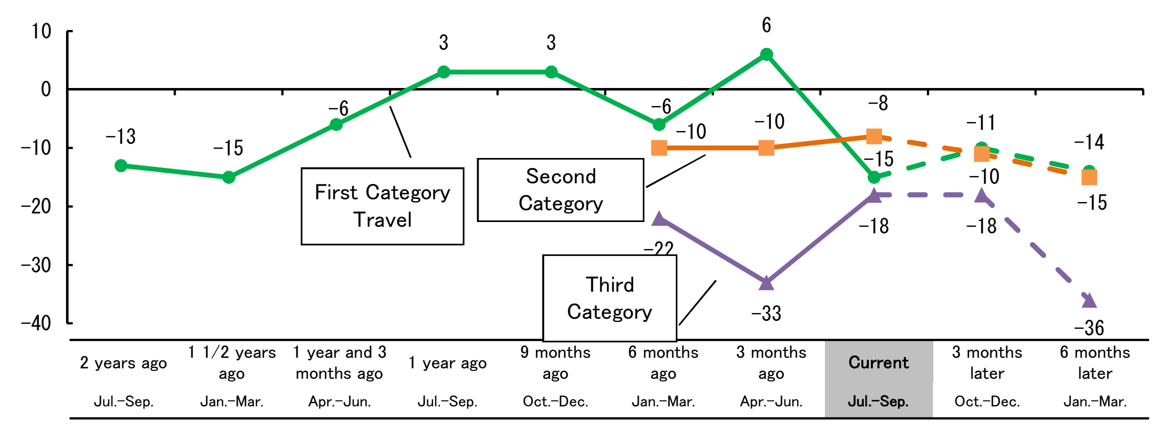
・As FIT travelers increasingly use the Internet, orders to travel agencies for FIT will continue to decrease. / 1st tier travel agency

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



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

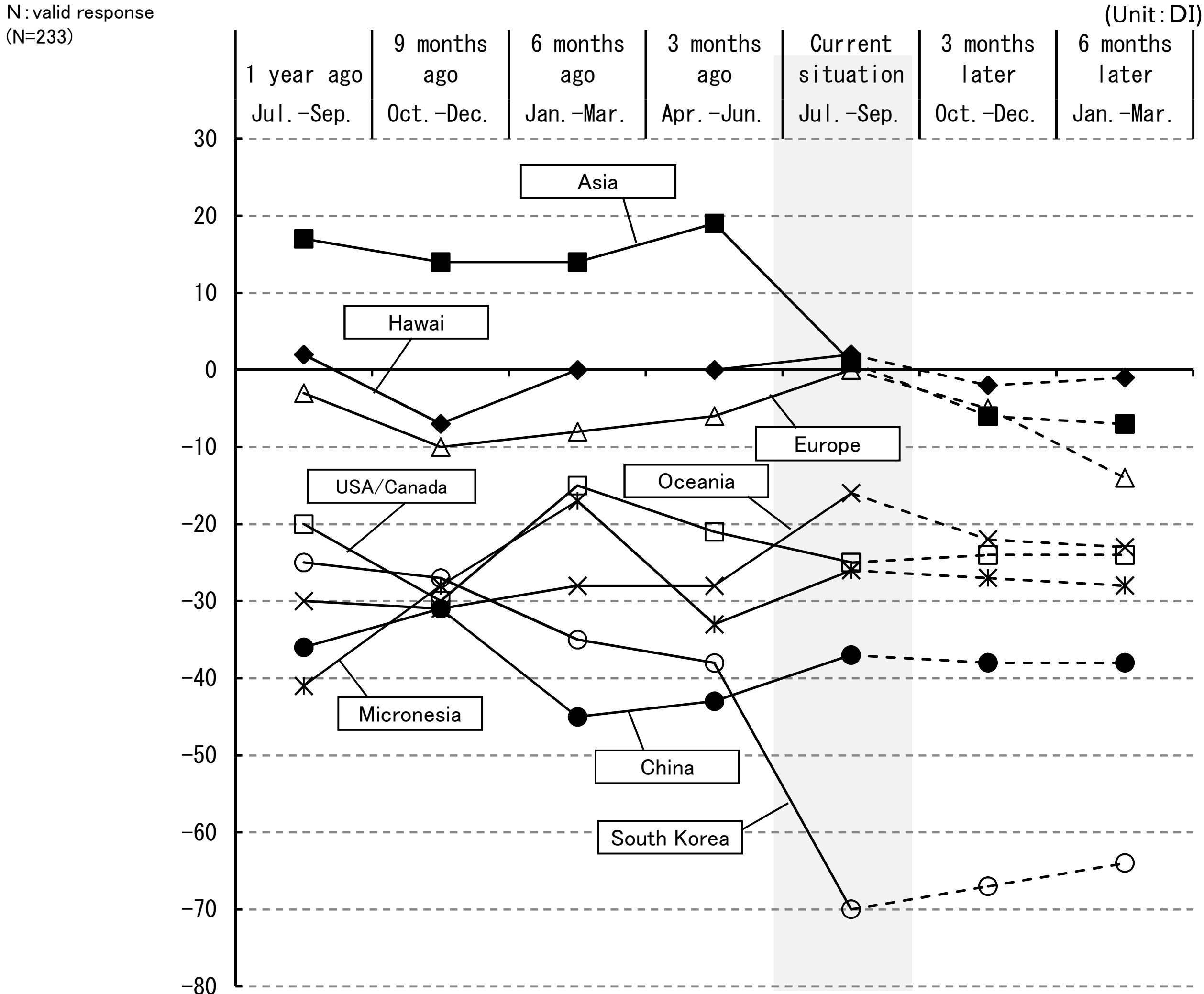
DI : Business classification



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

◆ Trends in Overseas travel (by destination)

- Although Asia is still in positive territory, it is 18 points below the level of the previous quarter (April – June), while South Korea is 32 points below that level. Hawaii shows the highest score after gaining 2 points.
  Europe continued to improve for a third consecutive quarter.
- In the next quarter (October – December), almost all destinations are expected to keep the status quo or decline. Asia is expected to get below zero for the first time since 2016. However, South Korea will improve slightly by gaining three



(Unit：DI)

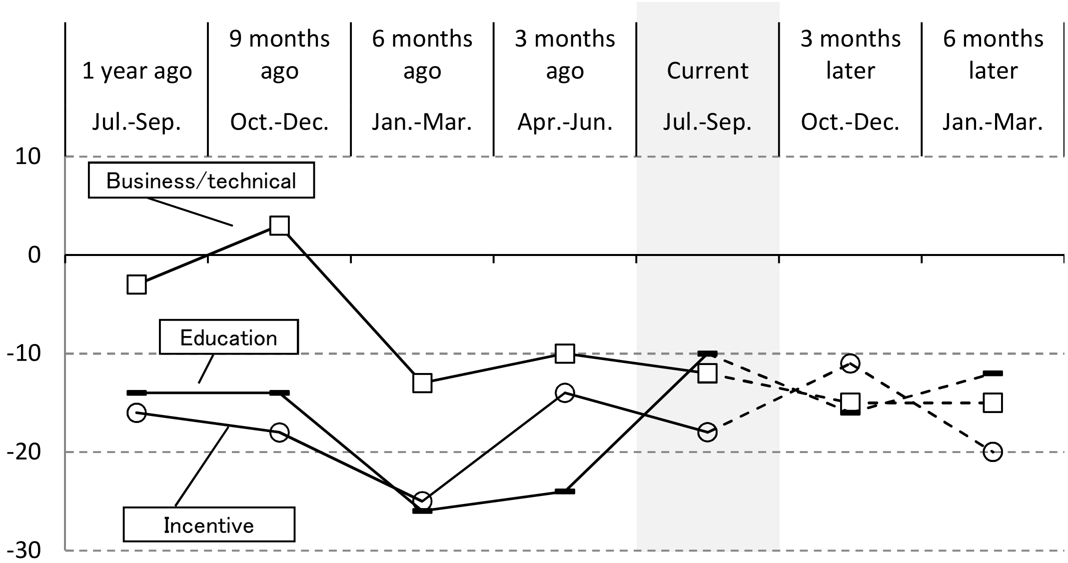
	1 year ago Jul.-Sep.	9 months ago Oct.-Dec.	6 months ago Jan.-Mar.	3 months ago Apr.-Jun.	Current situation Jul.-Sep.	3 months later Oct.-Dec.	6 months later Jan.-Mar.
Hawaii	2	-7	0	0	**2**	-2	-1
USA/Canada	-20	-30	-15	-21	**-25**	-24	-24
Europe	-3	-10	-8	-6	**0**	-5	-14
Oceania	-30	-31	-28	-28	**-16**	-22	-23
Micronesia	-41	-28	-17	-33	**-26**	-27	-28
Asia	17	14	14	19	**1**	-6	-7
China	-36	-31	-45	-43	**-37**	-38	-38
South Korea	-25	-27	-35	-38	**-70**	-67	-64

◆ Trends in Overseas travel (group travel)

- Compared to the April – June quarter, demand for incentive and business travel decreased while educational tours gained 14 points and reached −10 level.
- During the next quarter (October – December), business travel will continue to decline and lose 3 points. Incentive tours will gain 7 points and demand for educational tours is expected to decline by 6 points.

(Unit：DI)

N：valid response
(N=233)



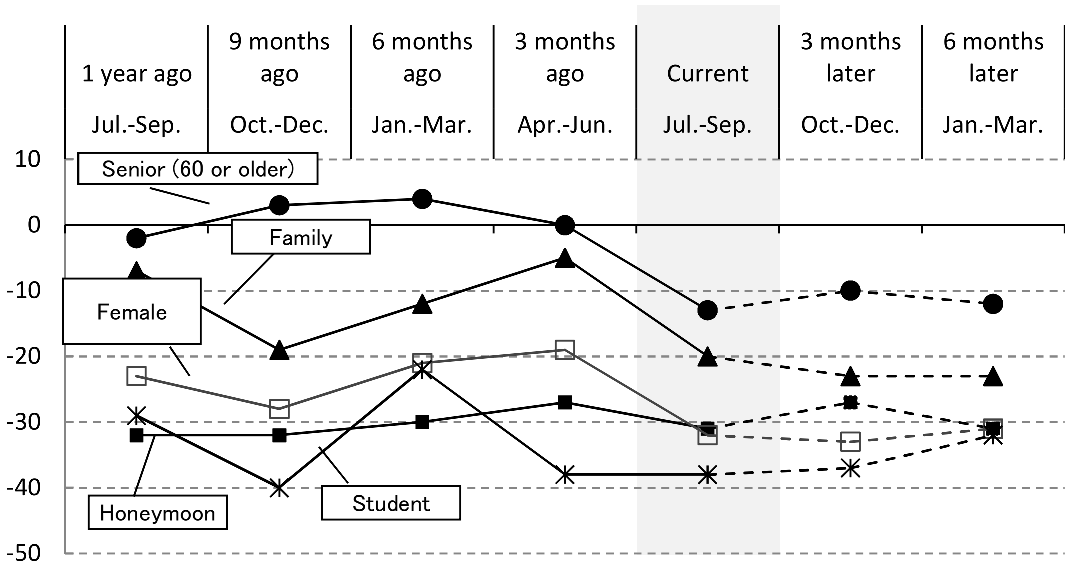
	1 year ago Jul.–Sep.	9 months ago Oct.–Dec.	6 months ago Jan.–Mar.	3 months ago Apr.–Jun.	Current Jul.–Sep.	3 months later Oct.–Dec.	6 months later Jan.–Mar.
Incentive	−16	-18	-25	-14	**-18**	-11	-20
Business/technical visit	−3	3	-13	-10	**-12**	-15	-15
Education travel	−14	-14	-26	-24	**-10**	-16	-12

◆ Trends in Overseas travel (FIT)

- Student travel remained at the same level as that of the previous quarter (April – June), demand for family travel was 15 points weaker, working women lost 13 points and senior FIT declined significantly losing 13 points. Demand by families, working women and seniors was below the level of the same quarter of the previous year.
- During the next quarter (October – December), demand by all segments is expected to show little change. Even demand by seniors, which was in positive territory the previous year, is expected to fall below zero.

N：valid response
(N=233)

(Unit：DI)



	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.
Honeymoon	-32	-32	-30	-27	**-31**	-27	-31
Family	-7	-19	-12	-5	**-20**	-23	-23
Female office worker	-23	-28	-21	-19	**-32**	-33	-31
Student	-29	-40	-22	-38	**-38**	-37	-32
Senior (60 or older)	-2	3	4	0	**-13**	-10	-12

■ Overall Business Activity in the Inbound Travel Market

While both the business volume and number of visitors are decreasing, they remain in positive territory.
1st tier travel agencies are going strong. 2nd tier agencies have dropped into negative territory.

Overall

Although overall demand is three points lower than that of the previous quarter, it remained above 0.
The number of visitors was 1 point lower as it diverged slightly from the overall business activity indicator.
1st tier travel agencies gained one point and are doing well. 2nd tier agencies have lost 13 points and together with 3rd tier agents that have lost 5 points are on the slide.

<u>Current situation (July – September) Decline in all categories</u>

Inbound travel in general is at +2 level, 3 points lower than the previous quarter level.
The number of visitors is currently at +5, after losing one point.

・Demand for the Tokyo Metropolitan Area and the Golden Route is going strong. /1st tier travel agency

・Under the influence of the Rugby World Cup, the number of visitors of the participating countries has increased. There is demand for optional tours between the games. /1st tier travel agency

・Visitors from South Korea have decreased due to the current bilateral relations. On the other hand, Chinese visitors are on the increase. /3rd tier travel agency

・FIT is on the increase and the demand for agency-arranged services is growing. /1st tier travel agency

<u>3rd quarter (October – December) The current situation is expected to remain unchanged but the number of visitors will decrease</u>

The business level is expected to remain unchanged at +2 level during the October – December quarter. During the 4th quarter (January – March), it is expected to decline by 2 points and reach 0.
The number of visitors during the October – December quarter is expected to see a 4-point decrease and decline to +1. Demand is expected to decline further by 3 points and reach -2 in the last quarter of FY 2019.

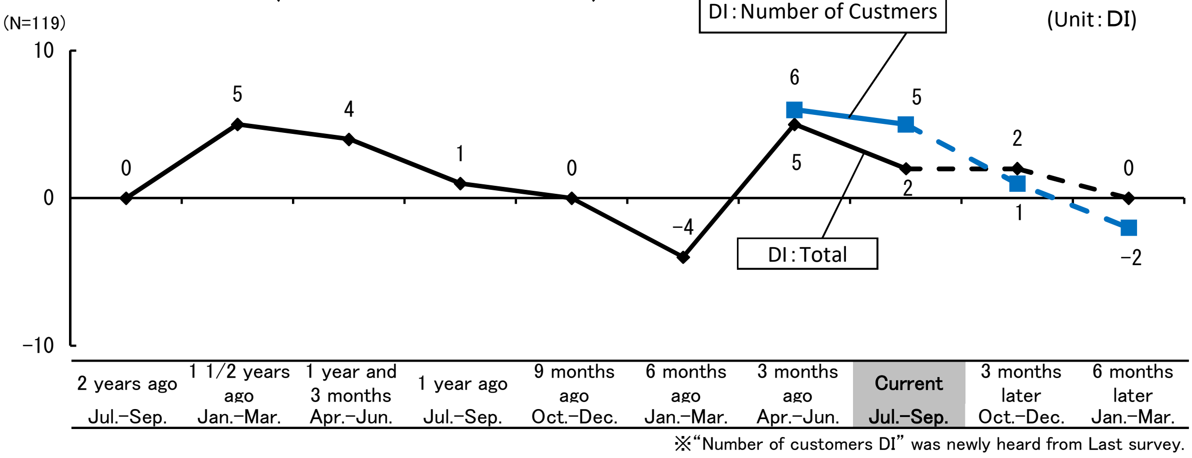
・Impacted by the current crisis in bilateral relations direct flights to South Korea and the visitors from the country are expected to decline, and the outlook is for a continued downward trend. /1st tier travel agency

・As in the previous quarter, visitors travel on purposes different from shopping and sightseeing. They visit different facilities, not related to tourism, take health checks and treatments. /2nd tier travel agency

・As foreign visitors make all travel arrangements online (transportation, meals, accommodations, etc.), the role of travel agencies is shrinking. /3rd tier travel agency

・Demand for independent travel exceeds travel for sightseeing. /3rd tier travel agency

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



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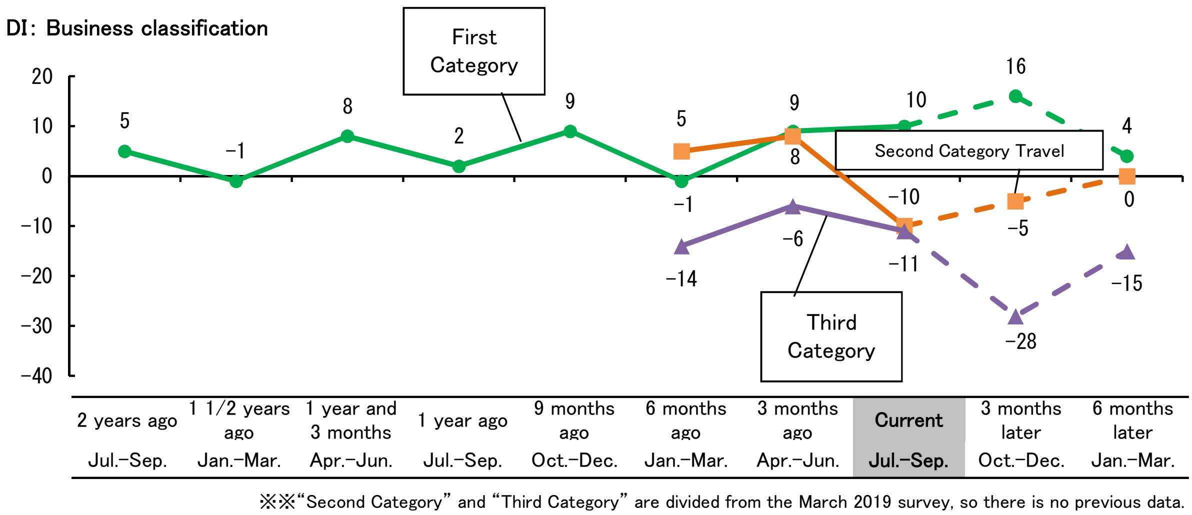
DI: Business classification



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

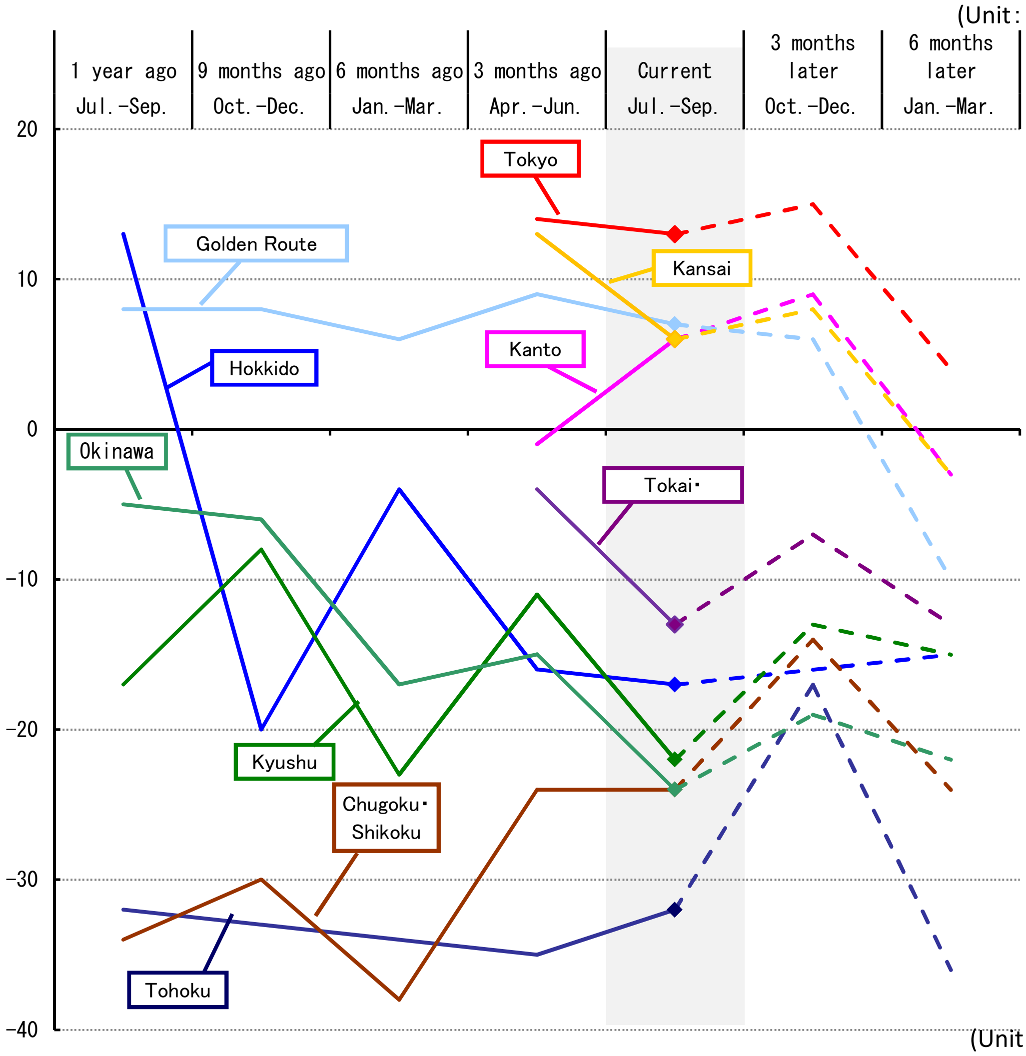
◆ Trends in the inbound travel market (by destination)

- Compared to the April – June quarter, Kanto demand for Kanto is 7 points stronger.
  Kanto, Kansai, and the Golden Route are on a slight decline but still remain in the red.
  Kyushu is 11 points below the previous quarter, Tokai & Hokuriku as well as Okinawa have each lost 9 points.

- During October – December, Tohoku will gain 15 points, and demand for Chushikoku will increase by 10 points.
  Other destinations are expected to perform either better or not see any significant changes in demand.

N：valid response
(N=119)

(Unit：DI)



(Unit：DI)

	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 ■	13	-20	-4	-16	**-17**	-16	-15
Tohoku ■	-32	-33	-34	-35	**-32**	-17	-36
Kanto ■	-	-	-	-1	**6**	9	-3
Tokyo ■	-	-	-	14	**13**	15	4
Tokai/Hokuriku ■	-	-	-	-4	**-13**	-7	-13
Kansai ■	-	-	-	13	**6**	8	-3
Chugoku/Shikoku ■	-34	-30	-38	-24	**-24**	-14	-24
Kyushu ■	-17	-8	-23	-11	**-22**	-13	-15
Okinwa ■	-5	-6	-17	-15	**-24**	-19	-22
Golden Route (Kanto⇔Kansai) ■	8	8	6	9	**7**	6	-10

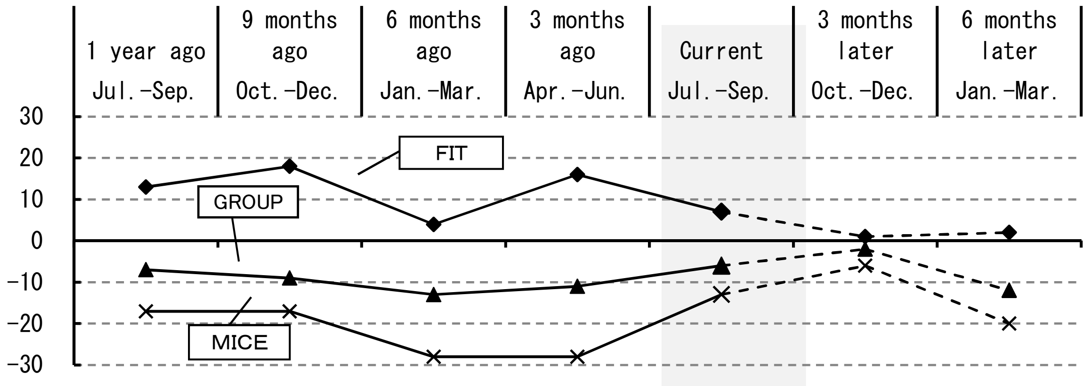
※"Kanto", "Tokyo (including TDR)", "Tokai / Hokuriku", and "Kansai" have no previous data because the listening method was changed in Last survey.

◆ Trends in the inbound travel market (by customer segment)

- MICE grew by 15 points over the previous quarter. While FIT travel decreased by 9 points, it remains high above level 0.
- During the 3rd quarter (October – December), group and MICE travelers will are expected to increase, while FIT will decline.

(Unit：DI)

N：valid response
(N=119)



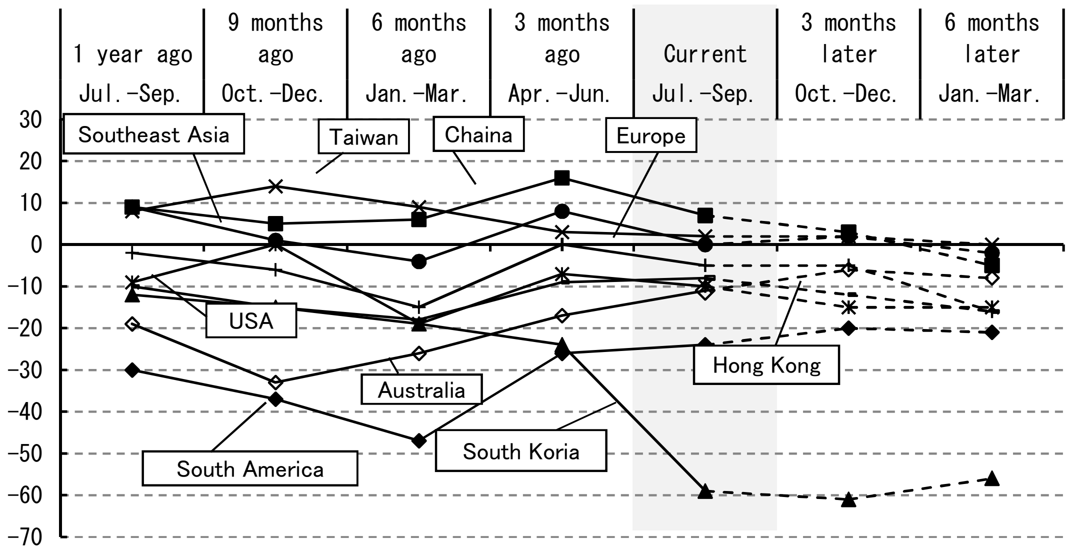
	1 year ago Jul.–Sep.	9 months ago Oct.–Dec.	6 months ago Jan.–Mar.	3 months ago Apr.–Jun.	Current Jul.–Sep.	3 months later Oct.–Dec.	6 months later Jan.–Mar.
F I T	13	18	4	16	**7**	1	2
G R O U P	-7	-9	-13	-11	**-6**	-2	-12
M I C E	-17	-17	-28	-28	**-13**	-6	-20

◆ Trends in the inbound travel market (by source market)

- South Korea is 35 points below the level of the April – June quarter. Most of the other source market have either shown little change or have declined somewhat. Against the general downward trend, though, China and Taiwan have maintained their positive DI.
- During the 3rd quarter of this year, many markets will either decline or remain the same. However, South America and Australia are expected to gain 4 and 5 points respectively.

N：valid response
(N=119)

(Unit：DI)



	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	9	5	6	16	**7**	3	-5
South Korea	-12	-15	-19	-24	**-59**	-61	-56
Taiwan	8	14	9	3	**2**	2	0
Hong Kong	-9	0	-19	-7	**-10**	-15	-15
Southeast Asia	9	1	-4	8	**0**	2	-2
Europe	-2	-6	-15	0	**-5**	-5	-16
North America	-10	-15	-18	-9	**-8**	-12	-16
South America	-30	-37	-47	-26	**-24**	-20	-21
Australia	-19	-33	-26	-17	**-11**	-6	-8