

Travel Trends at Year-End/New-Year Season (Dec. 23, 2001 ~ Jan. 3, 2002)

Number of Travelers Up on Previous Year to 30,164,000

--29,727,000 visit family, hot springs and theme parks within Japan--

--New overseas bookings are looking up, taking the total to 437,000--

Overall Travel Expenditure Holds at 99.1% of Previous Year

--reflecting the basic strength of travel demand--

JTB Corp. has just published travel trends for the Year-End and New-Year period extending from the national holiday on Sunday Dec. 23, 2001 through Thursday Jan. 3, 2002. The results are based on a questionnaire survey of 2,200 male and female respondents intending to spend at least one night away from home, and on bookings at JTB Offices, airline reservations and industry trends. This is the 33rd survey since the first was carried out in 1969. The results are as follows.

| | | Year 2001/2002 | Change | Year 2000/2001 |
|---------------------------|----------|---------------------|--------|---------------------|
| Total numbers of | | 30,164,000 | 100.9% | 29,885,000 |
| travelers | Domestic | 29,727,000 | 101.7% | 29,230,000 |
| | Overseas | 437,000 | 66.7% | 655,000 |
| Avg. personal expenditure | Domestic | ¥37,216/\$298 | 101.2% | ¥36,766/\$294 |
| | Overseas | ¥237,574/\$1,901 | 106.4% | ¥223,284/\$1,786 |
| Total travel | | ¥1,210.1bn/\$9.68bn | 99.1% | ¥1,220.8bn/\$9.77bn |
| expenditures | Domestic | ¥1,106.3bn/\$8.85bn | 102.9% | ¥1,074.6bn/\$8.60bn |
| | Overseas | ¥103.8bn/\$830mn | 71.0% | ¥146.2bn/\$1.17bn |
| Average no. of days | | 3.7 | +0.2 | 3.5 |

Notes: Overseas expenditures are the average for bookings with JTB, excluding locally purchased excursions and souvenirs, etc. Dollar amounts are calculated, for information purposes only, at ¥125/US\$.

Characteristic Features of Travel at the Year-End/New-Year Season

- **Increase in Domestic Travelers Responsible for Overall Growth in Numbers to the Second Highest Total Ever--30,164,000**

The total number of travelers is estimated to reach 30,164,000 (100.9% of last year's 29,885,000), just behind the all-time record registered in 1991.

Of this total, 29,727,000 are expected to travel within Japan (101.7% of last year's 29,230,000) and 437,000 overseas (66.7% of last year's 655,000). Strong domestic demand contributed to the overall growth in numbers, demonstrating the resilience of travel demand despite the sluggish economy.

Demand for domestic travel continued strong from last year, supported by families visiting their ancestral homes, hot-spring resorts and popular theme parks. The effects of the multiple terrorist attacks on the United States continue, reducing numbers below those registered for the 1999-2000 season, which were depressed by concerns over the Y2K problem.

However, in the last week of November (Nov. 26~30), bookings for LOOK JTB overseas package tours were up 3.7 percentage points on the same Year-End and New-Year season last year, with December departures up 3.4 percentage points and January departures up 3.8 percentage points. This reflects the introduction of low-price products and other efforts made by travel companies to boost demand, and suggests a slight improvement in consumer attitudes.

- **Longer Domestic Trips and Lower Exchange Rates for the Yen Contributed to Increases in Average Expenditures per Person.**

The average expenditure on domestic travel per person is put at ¥37,216 (\$298), 101.2% of last year's ¥36,766 (\$294), and average overseas expenditure at ¥237,574 (\$1,901), 106.4% of the previous year's ¥223,284 (\$1,786).

The result should take overall expenditure on travel to ¥1,210.1 billion (\$9.68 billion), 99.1% of last year's total ¥1,220.8 billion (\$9.77 billion).

Overall expenditures had been declining markedly each year from 1996, but last year saw a major increase, and this year, supported by healthy demand for domestic travel, should be little different from last, at 99.1%.

•The Calendar Effect Favors Longer Trips While Expenditures Remain the Same, Demonstrating Strong Basic Demand.

A favorable sequence of national holidays increases the number of days people can take off, and this effect is increasing the average number of days per trip by 0.2 to 3.7 days. The lengths of trips show an increase of 2.3 percentage points to 20.5% for those traveling four days with three overnight stays, and an increase of 1.7 percentage points to 7.3% for five days with four overnight stays, demonstrating the trend towards longer stays.

Among economic factors, those who "would like to maintain expenditures at about the same level" increased by 6.1 percentage points to 63.9%, showing that even in an adverse economic climate, a majority want to continue their spending on travel.

Overseas Travel

The number of travelers departing Japan this Year-End/New-Year season is expected to drop by 218,000 to 437,000 (66.7% of last year's 655,000). Lower exchange rates for the yen have led to an increase in the average cost per person of overseas travel to ¥237,574 (US\$1,901), 106.4% of last year's total.

Bookings with JTB suggest that departures will peak on Dec. 29, followed by Dec. 30 and 31 in that order. The fact that Monday, Dec. 24 has been made a holiday, because the Emperor's birthday falls on a Sunday (Dec. 23) this year, means that there will be about the same number of departures on Saturday Dec. 22 as on Wednesday Jan. 2.

1. Japanese Overseas Travelers Slower to Recover than Other Nationalities.

The reduction in travel is an international phenomenon, but the table (below) shows that the Japanese have been particularly slow to recover. However, the recovery is proceeding more rapidly for free, independent travel (FIT) and the younger generation who prefer it, than it is for package tours.

Table: Numbers of Visitors by Nation/Region as of October.

| Nation/Region | Japanese | Others | Source |
|---------------|----------|--|--|
| Hawaii | -54.1% | From US E. Coast: -12.9% From US W. Coast: -21.6% | Hawaiian Dept. of Industrial and Economic Development. |
| New Zealand | -19.5% | US: -18.8% Korea: +33.6% | New Zealand Tourist Board |
| Singapore | -51.0% | US: -41.1% China: +21.0% | Singapore Tourist Board |
| Hong Kong | -22.2% | Overall: -3.3% | Hong Kong Tourist Board |

2. Weaker Yen Boosts Overseas Travel Expenditures to 106.4% of Previous Year

The average expenditure per person promises to reach ¥237,574 (\$1,901), 106.4% of the previous year's figure, under the influence of the weaker yen.

Table: Foreign Exchange Rates (Average monthly TTS rate vs. US\$)

| Month/Year | 2001/2002 | 2000/2001 | 1999/2000 |
|------------|-----------|-----------|-----------|
| October | 122.34 | 109.39 | 106.97 |
| November | 123.31 | 109.95 | 105.95 |
| December | -- | 113.23 | 103.77 |
| January | -- | 118.19 | 106.23 |

3. Destinations Doing Well Despite Declining Numbers; Asia & Oceania.

The decrease in overseas travelers was widespread, but some destinations in Oceania and Asia retained over 80%. Among them, New Zealand and Taiwan retained 85.7%, Thailand 86.1%, and both China and Indonesia 80.0%.

Destinations attracting the most visitors were first, Korea, then Europe, Hawaii, China, and Guam/Saipan. Guam and Saipan did well to retain 70.2% in the general decline affecting the United States.

Table: Destinations Attracting the Most Visitors

| | 2001/2002 | Number | 2000/2001 | 1999/2000 | 1998/1999 | 1997/1998 |
|---|-------------|--------|-------------|-------------|-------------|-------------|
| 1 | Korea | 62,000 | US Mainland | US Mainland | Hawaii | Hawaii |
| 2 | Europe | 45,000 | Hawaii | Korea | US Mainland | Europe |
| 3 | Hawaii | 43,000 | Europe | Hawaii | Europe | US Mainland |
| 4 | China | 40,000 | | | | |
| 4 | Guam/Saipan | 40,000 | | | | |

Survey Methodology

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|----------------------------|---|
| Survey locations | 200 throughout Japan |
| Survey period | Nov. 7 through 15, 2001. |
| Respondents | 2,200 men and women over 18 throughout Japan |
| Method of selection | Random, multiple, stratified. |
| Response rate | 65.0% |
| Subjects | Those intending to spend at least one night away from home over the period Dec. 23, 2001 (a Sunday and a National Holiday), through Jan. 3 (Thu), 2001, including both domestic and overseas destinations, but excluding commercial or other business travel. |
| Method | Individual interviews |

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Table: Estimates of the Numbers of Overseas Travelers for the Year-End/New-Year Travel Season (Dec. 23, 2001 - Jan. 3, 2002)

| | 2001/2002 | Change | 2000/2001 |
|---|----------------|--------------|----------------|
| Total | 437,000 | 66.7% | 655,000 |
| Asian total | 250,000 | 75.8% | 330,000 |
| Korea | 62,000 | 76.5% | 81,000 |
| China | 40,000 | 80.0% | 50,000 |
| Taiwan | 25,000 | 75.8% | 33,000 |
| Hong Kong | 30,000 | 85.7% | 35,000 |
| Thailand | 31,000 | 86.1% | 36,000 |
| Singapore | 16,000 | 76.2% | 21,000 |
| Indonesia | 12,000 | 80.0% | 15,000 |
| Malaysia | 7,000 | 70.0% | 10,000 |
| US and Canadian total | 106,000 | 51.7% | 205,000 |
| Hawaii | 43,000 | 58.9% | 73,000 |
| Guam/Saipan | 40,000 | 70.2% | 57,000 |
| US Mainland | 20,000 | 29.4% | 68,000 |
| Canada | 3,000 | 42.9% | 7,000 |
| European total | 45,000 | 63.4% | 71,000 |
| Oceania total | 31,000 | 79.5% | 39,000 |
| Australia | 23,000 | 76.7% | 30,000 |
| New Zealand | 6,000 | 85.7% | 7,000 |
| South Pacific Islands | 2,000 | 66.7% | 3,000 |
| Others (Africa, Middle East, S. America) | 5,000 | 50.0% | 10,000 |

Note: Journey to multiple destinations included.