NEWS
JTB

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Summer 2006 Vacation Travel Trends for July 15 ~ Aug. 31.

Economic Recovery & Higher Bonuses Swell Demand; Total Expenditure a New Record*.

Travel to China and Korea Recovers, Europe & Beach Resorts Popular, Numbers up 5.0%.

Package Discounts for Early Booking Cause Twin Peaks (Early & Last Minute).

Hokkaido and Okinawa Popular within Japan, Numbers up 2.3%.

*Highest total since 2000, when the survey period was changed to July 15 ~ Aug. 31. Direct comparisons are impossible before this.

JTB Corp. has just released the projection of travel trends for those taking overnight or longer trips during the summer vacation (July 15 to August 31). Estimates were based on a questionnaire survey of 2,200 travelers, bookings with JTB offices, airline reservations, and industry trends. This year marks the 38th such survey since the first in 1969. Results are shown below.

Table 1: Projections

	Summer 2006		**Summer 2005**	
	Projections	**Change (on yr)**	**Estimates**	**Change (on yr)**
Total Number of Travelers	77.86 million	2.4%	76.04 million	1.5%
Domestic Travelers	75.35 million	2.3%	73.65 million	1.7%
Overseas Travelers	2.51 million	5.0%	2.39 million	-3.6%
Avg. Domestic Expenditure	¥35,800/$311	1.4%	¥35,300/$307	0.9%
Avg. Overseas Expenditure	¥222,500/$1,935	3.7%	¥214,600/$1,866	2.8%
Total Expenditure on Travel	¥3,256.0bn/$28.31bn	4.6%	¥3,112.8bn/$27.07bn	2.0%
Domestic Travel	¥2,697.5bn/$23.46bn	3.8%	¥2,599.9bn/$22.61bn	2.6%
Overseas Travel	¥558.5bn/$4.857bn	8.9%	¥512.9bn/$4.460bn	-1.0%
Average Length of Trip	3.6 days	0.1	3.5 days	0.0

Note 1: Average expenditures are calculated per person, per journey.
Note 2: Domestic expenditures include all travel, accommodations, souvenirs and meals, etc.
Note 3: Overseas expenditures include all overseas travel, accommodations and meals (but exclude locally purchased souvenirs, etc.)
Note 4: Yen amounts calculated, for information purposes only, at a nominal rate of ¥115/US$.

Characteristics of Summer Holiday Travel 2006 (July 15-August 31)

Note: All figures shown in parentheses in the following text are percentage changes from those for the previous year.

The Favorable Economy is Reflected in Many More Domestic and Overseas Travelers, and Overall Expenditure will Reach a New Historic "High."

According to Japan Business Federation surveys, the summer bonuses paid by major corporations this year will reach their second highest level ever. Moreover, corporate summer holidays, at 7.9 days, are running 0.2 day longer than last year according to a Ministry of Health, Labour and Welfare survey. Reflecting these and other favorable conditions, demand for travel is high. This should encourage more travelers within Japan and overseas than last year, and is expected to take overall travel expenditures to their highest recorded level.

The number of domestic travelers this summer is expected to reach 75.35 million (+2.3%), the highest number recorded since the period covered by our surveys was changed in 2000. Overseas travelers should also increase to 2.51 million (+5%), well above last year. Overseas, the numbers are recovering to the level of two years ago, before the decline caused by last year's anti-Japanese demonstrations in China and Korea. Within Japan, although there were fears of a "slump" reaction after Expo 2005 Aichi, it looks as if this will be more than counteracted by demand for travel mainly to locations close to major conurbations.

Average expenditure on domestic travel is put at 35,800 yen or $311 (+1.4%). In comparison with last year, when low-price products were most popular, sales of higher-ticket products are doing well. However, while more remote destinations like Hokkaido and Okinawa are popular, there is an accelerating trend for families to enjoy travel to nearby destinations with several overnight stays, so expenditures will be only slightly higher than last year on average. For overseas travel, the driving force of Europe's popularity and the need to absorb the fuel surcharges promise to take the average expenditure up to 222,500 yen or $1,935 (+3.7%). ***The combined expenditure on domestic and overseas travel, put at 3.256 trillion yen or $28.31 billion (+4.6%), will be the third successive annual increase, and is at the highest level reached since we changed the period of our survey.***

Advance Tour Bookings Increase in Polarization with Last-Minute Bookings

One major characteristic of travel this summer is that there are more early bookings than usual. This trend is particularly marked for Hawaii, Okinawa & Guam, etc., which are popular with repeat travelers.

For several years there has been an increasing tendency towards last-minute bookings, and the summer holidays are no exception. But as last-minute bookings have increased, many have found that they could not book what they wanted at peak periods. On the other hand, ***the travel companies and airlines wanted to secure a reasonable number of advance bookings before the World Cup began, and sought to encourage advance booking by publicizing a number of incentives for booking early***. It looks as if travelers responded favorably to these offers of discounts that would offset the fuel surcharges among other advantages and incentives, and the merit of early booking, which is the certainty of being able to secure popular itineraries.

On the other hand, there are many who are so busy that their schedules are hard to fix, so last-minute bookings are very popular, particularly using Internet accommodation sites for domestic travel. We can expect this polarization of summer travel bookings to continue.

Overseas Travel Characteristics

- **The World Cup and the 250th Anniversary of Mozart's Birth Combine to Make Europe Popular.**

A number of factors have attracted interest in Europe, including the Turin Winter Olympic Games, the World Cup, and the opening of the movie "The Da Vinci Code." The effect has been to encourage healthy sales of travel to Europe this summer. This has been particularly evident for Germany, hosting the World Cup; for Austria celebrating Mozart's 250th year; for Central Europe which has attracted many charter flights; and for Italy, a perennial favorite with women travelers.

- **Beach Resorts Popular: Not Only Hawaii & Guam, Asian Beaches Recover, Too.**

Beach resorts, with some influence from the increase in family travel, are maintaining steady popularity. There were fears of the influence of fewer airline seats for Hawaii and Guam, as Japanese airlines cut their flights to them, but with the addition of extra unscheduled flights and charter flights, both resorts appear to have improved on the previous year. There are also signs that Asian beaches, which have been quiet for some time, are recovering. While there is still some room left for Bali to recover from the effects of terrorism, Phuket is at long last regaining the popularity affected by the damage it suffered from the *tsunami*. Since bookings for Asian beach resorts tend to be more active at the last minute, the figures may grow still more, suggesting that results, except for Bali Island, may actually exceed last year's.

Reference: LOOK JTB Sales Staff Comparisons with the Previous Year
(for departures July 15 ~ Aug. 31)

Hawaii	Guam/Saipan	America/Canada	Europe	Asia	China	Oceania	Total
107%	131%	101%	117%	121%	245%	118%	119%

(As of June 23)

More Families are Taking Their Children Overseas

Reflecting the improved economic situation, family travel, particularly with children, is increasing. ***Factors responsible include half-price fares for children, free participation by children in optional tours at the destination, clear identification of***

accommodation facilities that cater for children in catalogs, and the development of experiential-type tours. These are among the measures that travel companies have been concentrating on for the last few years in planning family-oriented summer travel. These efforts are now bearing fruit, and overseas family travel now seems to have become an accepted part of the summer holidays.

- In terms of LOOK JTB bookings, these were up 21.1% for junior school children (aged 6 to 13) in July and August over the same period last year, and up 14.9% for junior and senior high-school students (aged 13 to 18). Destinations for families going overseas centered around those comparatively close and without large time differences, such as Guam, Hawaii and Southeast Asia.

Domestic Travel Characteristics

- **No End in Sight for the Okinawa Boom: Widespread Support Includes Couples and Families.**

The boom in travel to Okinawa has been going on for years and shows no sign of abating this summer. Although domestic bookings general tend to be made at the last minute more than overseas bookings, Okinawa is the sole exception. This year there are more early bookings than usual, and high-ticket products are selling well. Itineraries specifying popular hotels like the Busena Terrace were, it appears, soon fully booked. Couples, families, young women traveling together… the support is coming from a wide cross-section of strata and this year's figures seem sure to improve on last year's favorable results.

- **Asahiyama Zoo Popular in Hokkaido**

While not quite on the scale of Okinawa, Hokkaido is also experiencing favorable bookings. ***For the last several years popularity has concentrated in the Asahiyama Zoo and the Shiretoko Peninsula, now a World Heritage site***. Airplanes are full from the Asahikawa route, and package tours sell well if they merely add "Asahiyama Zoo" to their itineraries. Flights serving Sapporo will experience intensified competition with the entrance of Skymark, and it looks as if bookings will continue to increase up until the last minute.

Staying Several Nights Even Nearby; Travel Shows Increasingly Longer Stays.

The slump that followed in reaction to the ending of Expo 2005 Aichi greatly reduced travel to central Japan, but trips to places nearer home are increasing. This year is characterized by more cases in which people stay several nights even at destinations close to home.

Rather than seeing tourism as travel from one spot to another, there is an increasingly felt need among domestic travelers to stay in one place, either playing in the sea or exploring nature, etc., with a strong stress on personal experience. This is also reflected in the popularity of Okinawa and Hokkaido. JTB has been gratified by the positive response to its products that call for residents of the Tokyo Metropolitan Area to spend several days and nights nearby "at the seaside." Major city hotel programs supplemented with alternative stopover accommodation at Tokyo Disneyland, Universal Studios or other theme parks near cities are also attracting the participation of city residents.

The summer holidays are long, and family travelers want very much to enjoy them for as long as possible. It looks as if the family stratum is supporting plans with overnight stays at nearby locations. Travel companies and those who provide accommodation are moving to capture this demand, and we can expect domestic summer holiday travel to show increasingly active developments along these lines.

Survey Methodology

Survey locations: Some 200 locations throughout Japan
Survey timing: June 4 through 13, 2006.
Respondents: Individuals of both genders, aged 15 through 79.
Size of sample: 2,200 respondents
Selection: Multi-level, stratified, random.
Response rate: 55.1%
Survey content: Travel involving at least one night away from home between July 15 and August 31, 2006 (including overseas travel but excluding travel for business purposes).
Methodology: Individual interviews

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Table 2: Trends in Numbers of Overseas Travelers (July 15 - Aug. 31)

	2006	prev. yr	2005	prev. yr	2004
Total	**2,510**	**5.0%**	**2,390**	**－ 3.6%**	**2,480**

(Units: 1,000s)

Asia Total	**1,296**	**6.4%**	**1,218**	**－ 5.6%**	**1,290**
China	343	12.1%	306	－ 9.5%	338
Taiwan	120	-4.0%	125	+14.7%	109
Hong Kong	96	9.1%	88	－ 6.4%	94
Korea	335	10.9%	302	－ 11.7%	342
Thailand	128	6.7%	120	－ 4.8%	126
Singapore	65	4.8%	62	－ 8.8%	68
Indonesia	70	-15.7%	83	+3.8%	80
Malaysia	29	7.4%	27	+17.4%	23
(Others)	110	4.8%	105	－ 4.5%	110
North American Total	**694**	**2.2%**	**679**	**+2.0%**	**666**
Hawaii	223	1.4%	220	+3.3%	213
Guam & Saipan	182	4.6%	174	－ 0.6%	175
U.S. Mainland	226	0.9%	224	+3.7%	216
Canada	54	1.9%	53	－ 1.9%	54
(Others)	9	12.5%	8	+0.0%	8
Europe Total	**361**	**6.2%**	**340**	**+0.6%**	**338**
Oceania Total	**129**	**1.6%**	**127**	**－ 3.8%**	**132**
Australia	94	2.2%	92	－ 3.2%	95
New Zealand	19	-5.0%	20	－ 9.1%	22
S. Pacific	16	6.7%	15	+0.0%	15
Others (Africa, Middle East, S. America	**30**	**15.4%**	**26**	**－ 51.9%**	**54**

* The figures for 2005 and 2004 are taken from publications by the various national bureaus of tourism and statistics on Japanese entering and leaving Japan compiled by the Ministry of Justice.

Table 3: Fellow Travelers

	%	Change
Family	71.5	－ 0.9
With children (through JHS)	34.8	3.2
With spouse only	15.8	－ 0.4
Three generations	7.3	0.5
Mothers & daughters etc	7.9	－ 4.0
Family + friends	5.7	－ 0.2
Friends & acquaintances	17.4	2.0
Groups (fellow workers etc.)	1.7	－ 1.2
Alone	6.0	－ 1.8

Note: "Change" here is the percentage point difference from the previous year.

Table 4: Purpose of Travel

	%	%pt chge
To visit home and far away family members	23.1	1.7
To enjoy Nature and scenery	13.6	− 3.4
To relax in hot springs	12.5	− 2.6
To enjoy recreation and swimming at the seas	9.0	0.9
To enjoy time with family and friends	8.4	3.5
To enjoy good food	6.3	--
To visit theme parks or amusement facilities	5.4	− 4.9
To visit famous and historic sites	5.2	− 0.5
To attend or participate in events and sports	4.3	1.1
Hiking, mountaineering, camping	3.5	0.0
Relaxing in cool highlands	1.9	− 1.1
Esthetic treatments at resorts	1.9	--
Travel with club or circle members	1.4	--
Others	3.0	− 2.4

Table 5: Length of Trip

(D)ays & (N)ights	%	%pt chge
2D + 1N	32.4	− 4.4
3D + 2N	36.1	2.1
4D + 3N	13.9	− 1.0
5D + 4N	4.1	1.1
6D + 5N	5.4	2.6
7D + 6N	1.4	− 0.2
8D + 7N	3.0	0.0
Over 8D	2.2	− 1.0

Ta;ble 6: Reasons for Not Traveling

(Multiple answers)

	%	%pt chge
Couldn't take a holiday	26.0	− 1.3
It's too crowded	22.4	3.9
No particular reason	21.8	− 4.2
Family budget restrictions	20.8	5.1
Family situation	17.4	3.9
Bad economy	14.9	3.7
Prefer to travel earlier or later	12.6	4.3
Holidays dates did not coincide	9.6	0.2
On health grounds	9.5	3.7
Wanted to do something other than travel	8.1	− 0.8
It's more fun at home	6.8	1.0
In summer prices are so high	5.5	1.0
In summer you can't get bookings	1.1	− 0.1

Table 7: Changes in Intention to Spend on Travel (in month of survey)

Figures in brackets ( ) are differences from previous year.

		This Time (June 2006)		Last Year (June 2005)		(June 2004)	
Would like to increase expenditure		18.6	(+1.9)	16.7	(+0.9)	15.8	(+0.9)
Same	Lower cost, more trips	11.9	(−9.7)	21.6	(+8.7)	12.9	(+0.8)
	Higher cost, fewer trips	5.4	(+1.6)	3.8	(−0.9)	4.7	(+0.6)
	Similar costs and frequency	35.2	(−2.5)	37.7	(+0.8)	36.9	(+0.9)
Would like to decrease expenditure		25.1	(+6.0)	19.1	(−6.8)	25.9	(−4.0)

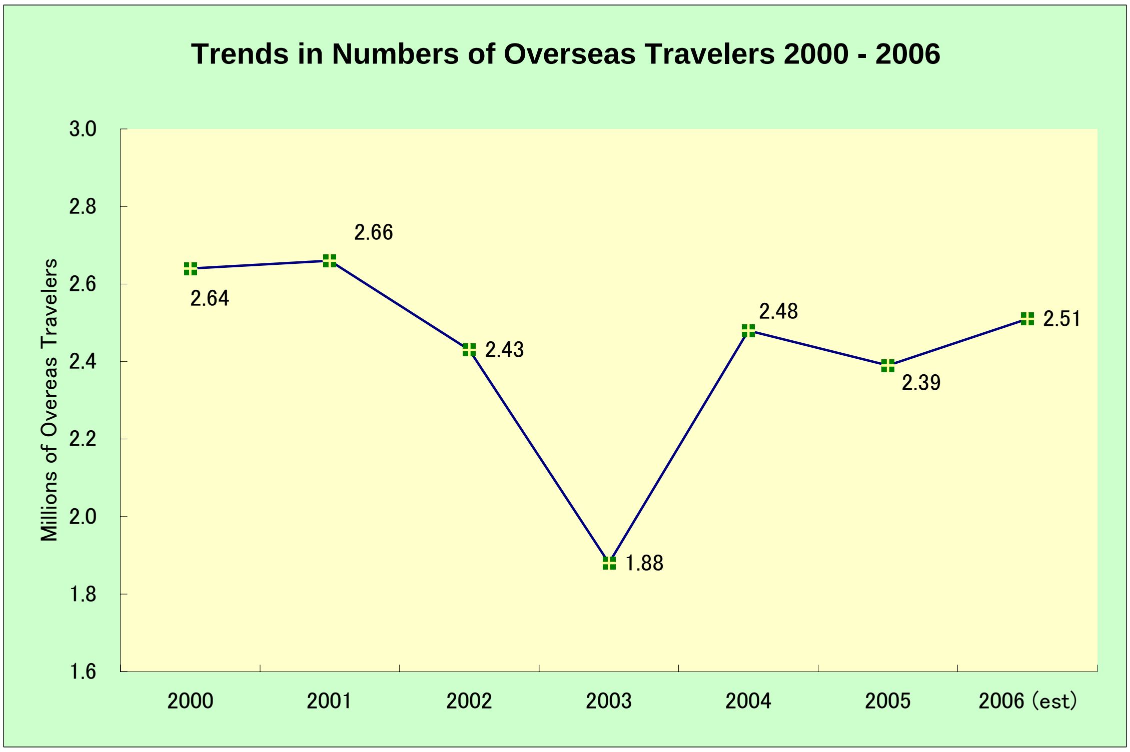
*Where multiple answers are possible, the totals may exceed 100%. Where some respondents gave no answer, the total may be less than 100%.

Reference: Trends in Summer Travel

	No. of Travelers (1,000s)			Expenditure (JPY)		Total Exp.	Length
	Total	Domestic	Overseas	Domestic	Overseas	(trillion JPY)	(days)
	%age change from previous year			%age change from previous year			Change
1988	74,060	72,370	1,695	35,687	244,319	2.997	3.8
	0.2%	-0.2%	18.9%	13.6%	-5.7%	13.2%	- 0.1
1989	66,980	65,130	1,848	35,863	263,620	2.823	3.7
	-9.6%	-10.0%	9.0%	0.5%	7.9%	-5.8%	- 0.1
1990	71,870	69,770	2,106	37,921	271,792	3.218	3.7
	7.3%	7.1%	14.0%	5.7%	3.1%	14.0%	0.0
1991	75,510	73,360	2,145	41,770	256,300	3.614	3.7
	5.1%	5.1%	1.9%	10.1%	-5.7%	12.3%	0.0
1992	75,840	73,630	2,217	43,455	248,867	3.751	3.7
	0.4%	0.4%	3.4%	4.0%	-2.9%	3.8%	0.0
1993	72,610	70,320	2,293	40,014	220,745	3.320	3.7
	-4.3%	-4.5%	3.4%	-7.9%	-11.3%	-11.5%	0.0
1994	79,160	76,610	2,549	38,599	219,200	3.516	3.6
	9.0%	8.9%	11.2%	-3.5%	-0.7%	5.9%	- 0.1
1995	78,820	75,740	3,076	39,037	209,200	3.600	3.8
	-0.4%	-1.1%	20.7%	1.1%	-4.6%	2.4%	0.2
1996	80,250	77,120	3,131	38,092	223,100	3.636	3.6
	1.8%	1.8%	1.8%	-2.4%	6.6%	1.0%	- 0.2
1997	82,540	79,360	3,184	38,300	217,100	3.731	3.8
	2.9%	2.9%	1.7%	0.5%	-2.7%	2.6%	0.2
1998	83,560	80,470	3,088	37,534	202,800	3.647	3.8
	1.2%	1.4%	-3.0%	-2.0%	-6.6%	-2.3%	±0
1999	85,640	82,480	3,160	36,333	199,695	3.628	3.9
	2.5%	2.5%	2.3%	-3.2%	-1.5%	-0.5%	0.1
2000	85,810	82,580	3,230	35,243	201,827	3.562	3.8
	0.2%	0.1%	2.2%	-3.0%	1.1%	-1.8%	- 0.1
2000	74,230	71,590	2,640	35,832	206,065	3.109	3.9
(adjusted)							
2001	75,620	72,960	2,660	35,115	210,149	3.121	3.9
	1.9%	1.9%	0.8%	-2.0%	2.0%	0.4%	0.0
2002	76,120	73,690	2,430	33,654	213,091	2.998	3.8
	0.7%	1.0%	-8.6%	-4.2%	1.4%	-3.9%	- 0.1
2003	75,350	73,470	1,880	33,923	222,893	2.911	3.6
	-1.0%	-0.3%	-22.6%	0.8%	4.6%	-2.9%	- 0.3
2004	74,900	72,420	2,480	34,975	208,851	3.051	3.5
	-0.6%	-1.4%	31.9%	3.1%	-6.3%	4.8%	- 0.1
2005	76,040	73,650	2,390	35,300	214,600	3.113	3.5
	1.5%	1.7%	-3.6%	0.9%	2.8%	2.0%	0.0
2006	77,860	75,350	2,510	35,800	222,500	3.256	3.6
	2.4%	2.3%	5.0%	1.4%	3.7%	4.6%	0.1

*Until 2000, the period covered by our statistics was July 1 - Aug. 31, but from 2001 this became July 15 - Aug. 31.

*The figures for 2000 only were recalculated (adjusted) for the July 15 - Aug. 31 period.



*2003 Shows the influence of the SARS epidemic.