

For Immediate Release

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## Year-End/New-Year Travel Trends Dec. 23, 2006 ~ Jan. 3, 2007

### Overseas Departures 3<sup>rd</sup> Highest Ever—Approaching Pre 9/11 Levels.

More Domestic and Overseas Travelers and Higher Spending than the Previous Year!  
Hawaii & Guam Popular as Ever; Europe Draws Baby Boomers, Hong Kong & Macao  
(thanks to the casino effect) Also Popular. In Japan, It's Okinawa and Hokkaido.  
More Holidays are Being Taken in the New Year, with a Spread of Departure Dates.

12/23	24	25	26	27	28	29	30	31	1/1	2	3	4	5	6	7	8	9	10
NH	Su	M	Tu	Wd	Th	F	Sa	Su	NH	Tu	W	Th	F	Sa	Su	NH	Tu	W
----- Period covered by the survey (on a departure basis) -----																		

**Note:** NH stands for National Holiday. When one falls on a Sunday, the Monday is given off instead.

JTB Corp. has just released the projection of travel trends for those taking trips with at least one night away from home during the 12-day year-end/New-Year season (Dec. 23, 2006 to Jan. 3, 2007 on a departure basis). Estimates were based on a questionnaire survey of 2,400 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**

	Projected for 2006/2007 Year-end/New Year	Change from Prev. Year	Figures for 2005/2006 Year-end/New Year
Total Number of Travelers	30,048,000	+0.4%	29,931,000
Domestic Travelers	29,400,000	+0.3%	29,303,000
Overseas Travelers	648,000	+3.2%	628,000
Average Domestic Expenditure	¥34,160/\$297	+ 0.2%	¥34,093/\$296
Average Overseas Expenditure	¥210,510/\$1,831	+ 5.5%	¥199,449/\$1,734
Total Expenditure on Travel	¥1,140.7bn/\$9.92bn	+ 2.6%	¥1,126.7bn/\$9.80bn
Domestic Travel	¥1,004.3bn/\$8.73bn	+ 0.5%	¥999.0bn/\$8.69bn
Overseas Travel	¥136.4bn/\$1.19bn	+ 6.8%	¥127.7bn/\$1.11bn
Average Length of Trip	3.8 days	+ 0.0	3.8 days

**Notes 1:** Average expenditures are calculated per person, per journey.

**Notes 2:** Overseas expenditure is projected from the JTB average of overseas travel expenditure. (Excludes locally purchased souvenirs, etc.)

**Notes 3:** Dollar amounts calculated, for information only, at a nominal rate of ¥115/US\$.

## **Characteristics of Year-End/New-Year Travel**

### **1. The Favorable Economy is Encouraging Higher Travel Motivation than Last Year.**

The number of domestic travelers is put at 29.49 million (up 0.3% on the year) and that of overseas travelers at 648,000 (similarly up 3.2%), which should take the overall total to 30.05 million (up 0.4%).

While economic growth is showing signs of settling down, the continuing good corporate results and the corresponding sizes of year-end bonuses, which are setting new records for the second successive year, indicate a favorable economic situation that is encouraging the desire to travel. Both domestic and overseas travelers promise to be more numerous this year than last, while the strength of demand for overseas travel is particularly evident. In fact, the number of overseas travelers this season is expected to reach the third highest total ever, behind the 684,000 in 1996 and only slightly lower than the 655,000 in 2000. It seems that the succession of increased fuel surcharges since the autumn have not had any serious effect, perhaps because the year-end/New-Year season is always an expensive time for travel.

Average expenditures on travel within Japan are 34,160 JPY or 297 USD (+0.2%--here and elsewhere the figures in parentheses are the estimated changes from the previous year) and for overseas travel the figure is 210,510 JPY or 1,831 USD (+5.5%). This is the second successive year-on-year rise in average expenditure on overseas travel, but it is all of five years since a similar rise was recorded for domestic travel. The average length of trips remains unchanged from last year, but the average expenditure has risen with the higher proportion of more expensive trips. Total expenditure on travel is expected to reach 1,140.7 billion JPY or 9.92 billion USD (+2.6%).

### **2. Departures are More Spread Out with a Lower Peak; New Year Departures are Becoming Commonplace.**

This year, the year-end/New-Year holiday will generally be taken over the five days from Saturday Dec. 30 through Wednesday Jan. 3. As last year, the sequence of holidays can hardly be called favorable for taking a long break. However, after the new year there are only two days (Thursday and Friday, Jan. 4 and 5) before the next long weekend, and it seems that there are more "leisure minded" travelers taking these two days off.

Since 2000, a change in the designation of national holidays means that Coming of Age Day in early January will always form part of a long weekend, which appears to be behind the increasingly common tendency to take weekdays off more or less freely early in the New Year. There is also the influence of the lower fares after the year-end/New-Year period, so that more people are tending to use the first week of January for their trips. The result has been to diversify departure dates and increase the selection of available destinations.

This year, the peak date for domestic departures is Dec. 31, followed by Dec. 30. Overseas departures peak on Dec. 30, followed by Dec. 29, but the peak is much smoother than in a typical year.

It is becoming less common with every passing year for people to insist on spending New Year's day at the destination; they are apparently increasingly satisfied as long as they can go somewhere during the long vacation period. The questionnaire revealed a 4.2 percentage point decline in respondents saying their purpose of travel was "To enjoy the New Year feeling," another indication of changes in attitudes to the New Year.

Last year, Dec. 23 through 25 were a holiday sequence, but because the 23rd falls on a Saturday this year, the number of those using this period for domestic travel or to visit nearby overseas destinations has dropped, although this is made up for by the increase in the numbers of those departing in the New Year.

## **Domestic Travel Characteristics**

### **Hokkaido & Okinawa Retain Top Popularity as Trips Tend to Longer Stays.**

This year-end/New-Year season, popularity centers around hot springs near the great conurbations on the one hand and Hokkaido and Okinawa on the other. For the last several years, Hokkaido and Okinawa have retained their popularity almost independent of the seasons, and this appears to be due to the recent increasing trend towards leisurely trips with longer stays in one place. More people now have experience of overseas resorts, and they appear to support Japanese destinations that provide for longer stays like Hokkaido and Okinawa. It is also true that more overseas travelers head for stays at a single destination. At this time of the year, Hokkaido is covered with snow, and while it is a little too cold to swim in the sea at Okinawa, the availability of comfortable hotels and fully equipped resorts enables it to cope with those who want to take their time and stay for two or more nights. While these destinations are certainly more remote, they can be reached without changing trains or driving for long hours, and the flights to reach them are comparatively short. And then there is the ease with which car rentals are available upon arrival, all combining to make them an easy choice.

### **The New Year, when Wives Expect a Rest, is a Time for Leisurely Hotel Stays.**

The questionnaire revealed that fully eight percentage points more respondents this year than last are choosing hotels in Japan as the place to stay. In contrast, those staying with “family or friends” dropped 5.7 percentage points.

According to the major hotel chains, the last two or three years have seen increasing sales of plans that cater for continuous stays by family groups at this season. The families are mainly those residing in the suburbs of major conurbations with children of grade-school age, and this appears to reflect the need for mothers who are usually rushed off their feet to take it easy at a hotel over the New Year. The desire of wives (and mothers) to relax also appears to be behind the steady decline in the number of families who go back to their home towns at this time. Not only do hotels involve less troublesome family travel but also, unlike hot-spring *ryokan* (Japanese inns) they provide for greater freedom in the use of time, and are often in locations that provide for nearby shopping sprees, which may be why women support them. The hotels, for their part, arrange special year-end/New-Year programs, adding events that appeal to children, spa and esthetic treatments, wine tasting, etc., competing to provide options that will appeal to their married women guests (with children). Favorable economic trends are providing a following wind for this kind of family demand, and it looks as if this way of celebrating the New Year is here to stay.

### **More Last-Minute Hot-Spring Bookings are being Made via the Internet.**

This year, as in most years, nearby hot springs are very popular, and although they tend to be fully booked on Dec. 30 and 31 and Jan. 1, there are often vacancies immediately before and afterwards. However, the increasing use of the Internet for booking means that the accommodation providers can show their availability right up until booking, and this has led more people to leave their booking to the last possible moment. This trend has become even more prominent since last year, and it looks as if the vacancies immediately before and after the year-end/New Year season will not be filled until the last minute. Even during the year-end/New Year holiday itself, when travel companies have already closed, room vacancies can be checked via the Internet and booked where available, so that those who may not have planned to do so may suddenly decide to make a journey of this kind. Indeed, the indications are that they are already starting to do so.

## Overseas Travel Characteristics

- **Hawaii & Guam Popular as Ever; Europe Draws Baby Boomers, Hong Kong and Macao (thanks to the casino effect) Also Popular.**

Hawaii and Guam are always popular in the year-end/New-Year season, and this year is no exception. With fewer scheduled flights to resorts in recent years, the inadequate supply of airline seats is being made up by arranging extra charter flights from the different regions, but even so supply cannot keep up with demand, and it looks as if this will restrain the ultimate number of travelers to a small increase. Interest is focusing on Macao, where casino hotels are being opened one after the other, with a favorable influence that extends to neighboring Hong Kong. Last year, China was still suffering the after effects of anti-Japanese demonstrations, but it has made a strong recovery this year. More remote destinations like North America and Oceania which did well last year are not doing quite as well this year, when the baby boomers seem to be feeling the stronger pull of European destinations.

- **Average Expenditures are Significantly Higher at 105.5% of Previous Year.**

More expensive packages are selling well, while the increased fuel surcharges are also contributing to the higher expenditures on overseas travel.

This year-end/New-Year season is being influenced by the trend towards cheaper yen exchange rates, and there has been an across-the-board increase in travel costs, compounded by higher fuel surcharges. Despite this, reflecting the healthier economic situation, surging demand has tended to concentrate on higher ticket packages. Even European destinations, with a considerably higher euro exchange rate, continue to be very popular, and we are no longer seeing the effects of exchange-rate movements on overseas travel we used to.

All of the above factors have combined to take average expenditures up 5.5%, the highest growth for a decade, and for LOOK JTB the average costs of travel to Guam, Europe, North America and Asia (including China) are running about 10% higher than the same period last year.

- **Vigorous Demand for Family Travel**

Buoyed by the favorable economy, there has been a marked increase in overseas travel by families. Indeed, this year's vigorous family demand for overseas travel appears to be driving the overall increase in numbers. For JTB, participation by families is running 9.1% higher than last year, surpassing all other segments. For other companies, popular destinations like Hawaii (up 22.6%) and Europe (up 13.5%) are showing marked increases. The average for all destinations is 57.5% for families, but for Hawaii the share is some 70% while for Guam it is as high as 80%! This appears to be a similar trend with all travel companies.

## **Survey Methodology**

- Survey locations : Some 200 locations throughout Japan
- Survey timing : November 3 through 13, 2006
- Respondents : Individuals of both genders, aged 15 through 79
- Size of sample : 2,400 respondents
- Selection : Multi-level, stratified, random.
- Response rate : 51.5%
- Survey content : Travel involving at least one night away from home with departures between December 23, 2006, and January 3, 2007 (including overseas travel but excluding commercial or other business travel).
- Methodology : Individual interviews

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**Table 2 Trends in Numbers of Travelers (Dec. 23, 2006 - Jan. 3, 2007)**

(units, thousands)  
Some duplication

	2006/2007	2005/2006	% of Prev. Year
Totals	648.0	628.0	103.2%
Asian Subtotal	355.0	338.0	105.0%
Korea	84.0	83.0	101.2%
China	90.0	84.0	107.1%
Hong Kong	35.0	32.0	109.4%
Taiwan	42.0	40.0	105.0%
Thailand	38.0	39.0	97.4%
Singapore	15.5	15.0	103.3%
Indonesia	14.0	10.0	140.0%
Malaysia	8.5	8.0	106.3%
Others	28.0	27.0	103.7%
North American Subtotal	50.5	52.0	97.1%
US Mainland	44.0	45.0	97.8%
Canada	6.5	7.0	92.9%
Hawaii	62.0	60.0	103.3%
Guam, Saipan	54.0	53.0	101.9%
European Subtotal	80.0	78.0	102.6%
S. Pacific Subtotal	37.5	38.0	98.7%
Australia	27.0	27.0	100.0%
New Zealand	6.5	7.0	92.9%
S. Pacific Islands	4.0	4.0	100.0%
Others (Middle East, Africa, Latin America)	9.0	9.0	100.0%

**Table 3 Fellow Travelers (single answers)**

	%	Diff. From Prev. Year
Family	77.7	+4.9
Children (up to Junior Highschool)	38.5	-5.0
Spouse only	14.7	+0.6
Family, friends & acquaintances	4.9	+2.1
Others	19.6	+7.2
Friends & acquaintances	12.6	+0.2
Group (fellow workers, etc.)	0.7	+0.1
Alone	7.7	-5.9

**Table 4 Purpose of Travel**

	Different questions this year (multiple answers)	%	Diff. From Prev. Year
1	Because we do it every year	39.8	--
2	To show up at family gathering in parents' house	36.4	-12.8
3	To relax at hot springs, etc.	20.9	-1.7
4	To serve and enjoy the family	16.0	-5.5
5	This is the only time we can travel together.	14.6	+1.0
6	It's the only time you can make a long journey	11.6	+4.3
7	To enjoy the New Year feeling	10.5	-4.2
8	To eat delicious food, etc.	8.4	-5.7
9	Staying home is so boring.	7.3	0.0
10	To enjoy Nature and scenery	7.0	-3.7

**Table 5 Length of Journey (in days, single answers)**

	%	Diff. From Prev. Year
1 night 2 days	27.3	-3.5
2 nights 3 days	34.3	+2.5
3 nights 4 days	8.4	-8.0
4 nights 5 days	9.8	+4.7
5 nights 6 days	11.2	+4.2
6 nights 7 days	4.2	+3.5
7 nights 8 days	2.1	-0.8
Over 8 days	2.1	-2.7

**Table 6 Reasons for Not Traveling (multiple answers)**

		%	Diff. From Prev. Year
1	I'd rather relax at home.	54.2	-0.1
2	It's too crowded	37.0	+3.2
3	Travel costs too much.	27.0	+5.0
4	No special reason	16.7	+3.2
5	Can't take time off because of work, etc.	12.8	-6.3
6	Home budget restrictions	10.2	+0.1
7	The economy is in recession	9.7	-0.2
8	Domestic situation	9.6	+0.3
9	Health reasons.	6.3	+2.1
10	I wanted to do something other than travel.	5.3	+0.2
11	Family holidays clashed.	5.2	+1.0
12	Couldn't make the booking I wanted to.	4.2	0.0
13	Wanted to buy something other than travel.	3.2	+1.5
14	This year the holidays fall inconveniently.	0.6	-0.2

**Table 7: Trends in the Numbers of Travelers for the Year-End/New-Year Travel Season (Dec. 23 - Jan. 3) from 1989 to 2006**

Year	Travelers (thousands) (and % of previous year)			Average Expenditure (per person, Yen)		Total Expenditure (billions of Yen)	No. of Days (& change from prev. yr.)
	Total	Domestic	Overseas	Domestic	Overseas		
1989/1990	28,076	27,670	400	44,466	275,000	1,340.4	4.0
	112.4%	112.5%	106.8%	114.9%	97.9%	126.7%	+0.1
1990/1991	28,221	27,780	441	44,445	304,000	1,368.7	4.0
	100.5%	100.4%	110.3%	100.0%	110.5%	102.1%	0.0
1991/1992	31,152	30,690	462	44,854	284,000	1,507.8	4.1
	110.4%	110.5%	104.8%	100.9%	93.4%	110.2%	0.0
1992/1993	25,446	24,980	466	43,720	262,000	1,214.2	4.1
	81.7%	81.4%	100.9%	97.5%	92.3%	80.5%	+0.1
1993/1994	25,403	24,870	533	40,379	239,000	1,131.6	4.2
	99.8%	99.6%	114.4%	92.4%	91.2%	93.2%	+0.1
1994/1995	26,755	26,200	555	37,458	229,000	1,108.3	3.8
	105.3%	105.3%	104.1%	92.8%	95.8%	98.0%	-0.4
1995/1996	27,227	26,620	607	35,666	225,800	1,086.5	4.0
	101.8%	101.6%	109.4%	95.2%	98.6%	98.0%	+0.2
1996/1997	28,754	28,070	684	36,370	242,120	1,186.5	4.5
	105.6%	105.4%	112.7%	102.0%	107.2%	109.2%	+0.5
1997/1998	28,931	28,295	636	35,820	243,570	1,168.4	3.9
	100.6%	100.8%	93.0%	98.5%	100.6%	98.5%	-0.6
1998/1999	28,332	27,701	631	34,750	224,550	1,104.3	3.8
	97.9%	97.9%	99.2%	97.0%	92.2%	94.5%	-0.1
1999/2000	27,567	27,106	461	33,986	222,152	1,023.6	3.7
	97.3%	97.9%	73.1%	97.8%	98.9%	92.7%	-0.1
2000/2001	29,885	29,230	655	36,766	223,284	1,220.8	3.5
	108.4%	107.8%	142.1%	108.2%	100.5%	119.3%	-0.2
2001/2002	30,227	29,727	500	37,216	216,927	1,214.8	3.7
	101.1%	101.7%	76.3%	101.2%	97.2%	99.5%	+0.2
2002/2003	29,254	28,653	601	35,390	225,170	1,149.4	3.9
	96.8%	96.4%	120.2%	95.1%	103.8%	94.6%	+0.2
2003/2004	29,296	28,710	586	34,576	224,940	1,124.5	3.7
	100.1%	100.2%	97.5%	97.7%	99.9%	97.8%	-0.2
2004/2005	29,358	28,739	619	34,472	195,923	1,112.0	3.6
	100.2%	100.1%	105.6%	99.7%	87.1%	98.9%	-0.1
2005/2006	29,931	29,303	628	34,093	199,449	1,124.3	3.8
	102.0%	102.0%	101.5%	98.9%	101.8%	101.1%	+0.2
2006/2007	30,048	29,400	648	34,160	210,510	1,140.7	3.8
	100.4%	100.3%	103.2%	100.2%	105.5%	101.5%	0.0