NEWS

JTB

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Travel Trends for Summer 2007 (July 15~August 31)

A Hot Summer, A Heating Economy & Higher Bonuses Encourage Travel.

--A second straight year of new record total expenditures on travel*! --

--Over 2.5m travelers head overseas, the most for six years and 50,000 more than in 2006--

--Charter flights to Croatia, Hungary and Macao create new destinations--

--Beaches in Okinawa and Asian destinations are popular in the summer heat--

Note: This is the highest total since the survey dates were changed to July 15 through August 31 in 2000. Meaningful comparisons for the earlier surveys, which ran from July1 through August 31, are therefore unavailable.

JTB Corp. has just published travel trends for the summer holiday period from July 15 through August 31. They are based on a questionnaire survey of 1,200 respondents planning to spend at least one night away from home, bookings with JTB Group companies, airline reservations, and travel industry trends. The results of this, the 39th such survey since the first in 1969, are as follows.

Table 1: Figures for Summer 2007 and 2006

	Summer 2007	Change	Difference	Summer 2006	Change
Total no. travelers	77,320,000	+1.0%	750,000	76,570,000	+0.7%
Domestic	74,800,000	+0.9%	700,000	74,100,000	+0.6%
Overseas	2,520,000	+2.0%	50,000	2,470,000	+3.3%
Avg. spent (domestic)	¥36,200($297)	+1.4%	¥484($3.97)	¥35,716($293)	+1.2%
Avg. spent (overseas)	¥232,000($1,902)	+4.0%	¥8,900($72.95)	¥223,100($1,829)	+4.0%
Total expenditure	¥3,292.4bn/$26.99bn	+3.0%	¥94.7bn/$776.2m	¥3,197.7bn/$26.21bn	+2.7%
Domestic	¥2,707.8bn/$22.20bn	+2.3%	¥61.2bn/$501.6m	¥2,646.6bn/$21.69bn	+1.8%
Overseas	¥584.6bn/$4.792bn	+6.1%	¥33.5bn/$274.6m	¥551.1bn/$4.517bn	+7.4%
Average length	3.7 days		+0.2	3.5 days	

Note : Numbers of travelers are cumulative totals, averages spent are per individual traveler per journey. Averages for overseas travel exclude locally purchased excursions and souvenirs, etc. Domestic bookings, however include these.

All dollar amounts are calculated, for information purposes only, at ¥122/US$. In the following text, numbers in parentheses are annual percentage (or percentage point) changes.

The Characteristics of Summer Holiday Travel in 2007

(July 15 through August 31; figures in parentheses are percentages of previous year)

1. Higher Bonuses and a Stronger Economy Encourage Strong Desire for Travel, Total Expenditures Reach New High for the Second Year in a Row.

Background: Companies listed on the stock exchanges and publishing their financial statements in March 2007 announced record profits for the fourth straight financial year. This is typical of generally favorable corporate results, and has encouraged companies to turn temporary staff into regular employees and raise wages. Such developments in the employment situation have eased consumer budgets, and bonuses were higher for the fifth straight year.

This is the background against which our survey revealed ***more people wanting to increase their spending on travel (+0.3%) than wanting to spend less (+0.1%), as shown in appended Table 7: "Intended Changes in Future Travel Expenses"*** see excerpt below.

Indeed, demand as shown in bookings for overseas travel this summer was strong enough to shrug off the direct negative influence of the recent downward drift in the value of the yen (raising expenses at overseas destinations, increasing hotel room charges, etc.), and the effect of fuel surcharges on airline travel costs.

Excerpted from Table 7: Intended Changes in Future Travel Expenses

	As of June 2007	As of June 2006	As of June 2005
Want to spend more	18.9% (+0.3)	18.6% (+1.9)	16.7% (+0.9)

(Figures in parentheses are the percentage-point changes from the previous year)

Reference: Bookings for LOOK JTB Overseas Package Tours in July/August

	2007/2006 Growth Year-on-Year	2007/2005 Growth Year-on-Year
Bookings for departures in July	+4.2%	+10.6%
Bookings for departures in August	+13.9%	+34.5%

(Bookings counted for each individual participant, numbers as of June 29)

Numbers: This summer, there will be 2.52m overseas travelers (+2.0%) and 74.8m domestic travelers (+0.9%), both higher than the previous year. Overseas travel in particular is largely driven by the family segment, and ***this is the first times in six years that demand has recovered to the 2.5m level since 2002, when demand dropped to the 2.4m level after the US 9/11 terrorist attacks***.

Survey respondents reveal that while the numbers of married couples traveling together, mother-daughter pairs and those traveling alone are declining, small family groups with children or in which three generations travel together, or groups of friends and acquaintances (sometimes from the same workplace) are tending to increase, providing support at the lower end of the travel market (see appended Table 3: Travel Companions).

Expenditures: Average expenditures per person on domestic travel are expected to rise 1.4% to ¥36,200 ($297). Not only are more remote domestic destinations like Hokkaido and Okinawa more popular but also sales of deluxe categories are doing well. Overseas, the fuel surcharge, which rose an average of 4,000 yen in 2006, has risen another 5,000 yen this year, and in combination with the low exchange rates for the yen, costs at the destination have increased. Even so, bookings for more remote destinations and high-end products are doing well, and the average expenditure appears set to rise 4.0% over the previous year to 232,000 yen ($1,902). The increase of 0.2 day in the average length of domestic and overseas trips has also had an influence on increasing expenditures.

The result has been to take the sum of ***total expenditures for both domestic and overseas travel to 3,292.4bn yen or $26.99bn (+3.0%), not just higher than last year but the highest figure ever recorded!***

Purchasing Patterns: This summer, there are more bookings for late August (from the 20th through the 31st) than in other years; please refer to the table. The fact that an overall increase is accompanied by more than usual bookings in late August can probably be attributed to the fact that until now the high costs of travel in this peak season discouraged parents from planning trips with their children during the school holidays but now the favorable economic trends are encouraging them to open up their wallets.

This year is also seeing earlier bookings, and good sales of products that feature business class seats and deluxe hotels. This is another indication of the favorable economic situation.

Reference Table: Late-August Bookings for LOOK JTB (overseas) and ACE JTB (domestic) Packages (as of June 29)

Category	Proportion	
Year	2007	2006
LOOK JTB	21.0%	18.4%
ACE JTB	22.2%	21.6%

(The proportion is that of the number of individual bookings for August 20~31 to that of all bookings for the entire July 15~August 31 period.)

2. Characteristics of Domestic Travel

Okinawa Continues to be Popular, and a Rival to Overseas Destinations.

The most popular destination this summer is clearly Okinawa and, according to JTB sales offices, the number of repeat travelers is increasing. Repeaters are sustaining demand for Okinawa by visiting different islands and using different hotels. More deluxe hotels have opened, and Okinawa is popular with a very wide range of travelers from couples to families.

It is becoming cost-competitive with Guam & Saipan and Asian beach resorts, and some overseas demand is shifting to Okinawa, so its popularity is expected to continue for some time.

Domestic Trends Parallel Overseas: Moving Towards Higher Cost, Higher Quality, and Longer Stays.

It is not only overseas travelers who are choosing higher priced options and packages. The trend is to more remote destinations such as Hokkaido and Okinawa and to higher grades if accommodation, and whereas most people tend to stay only three or four days, in summer they are increasingly spending four or five days. Offers of discounts for longer stays at the same accommodation are also encouraging longer holiday trips even for closer destinations.

3. Characteristics of Overseas Travel

Buoyant Demand Shrugs Off the Cheap Yen and Fuel Surcharges

The low exchange rates for the yen against the US dollar and the Euro have raised travel costs for virtually all destinations, with fuel surcharges running an average 5,000 yen higher than last year, but even so overseas travel demand promises to be even higher this year than last, which was itself a very good year. The more healthy economy is encouraging families to drive overall demand. Some 60% of demand for LOOK JTB packages is from families, and this rises to 83% for Guam and 74% for Hawaii.

More Charter Flights Focus Attention on New Destinations (in Central and Eastern Europe and Macao).

This year, JAL has offered many more charter flights. By concentrating particularly on destinations for which there are no direct flights, new destinations have started to attract attention. Consumers appreciate the shorter flight times and reasonable costs. Flights to Croatia, which had the potential of attracting strong interest, were quickly sold out. Products featuring Hungary, and charter flights to Macao are also doing well.

Families Head for the Beaches

Summer is the time for family travel, and most families choose to head for the beach. Bookings are up not only for Hawaii but also for Palau and the islands of the South Pacific (including Fiji, Tahiti and New Caledonia). Charter flights to Palau are now a regular feature of the summer travel market, while Saipan, on the other hand, is finding it hard to overcome the lack of convenient flights.

While the proportion of families is lower for Asian beach resorts than it is for Hawaii and Guam, bookings are forging ahead strongly. Bali Island seems to have completely recovered from last year’s slump. Last-minute bookings are also expected from now on for beach resorts that combine a deluxe image with reasonable prices, like Phouket in Thailand and Kota Kinabalu in Malaysian Borneo.

Survey Methodology

Survey locations	200 throughout Japan
Survey period	June 6 through 18, 2007.
Respondents	Individuals throughout Japan between the ages of 15 and 79
Sample size	1,200 individuals (six from each of 200 locations)
Subjects	Those intending to spend at least one night away from home in the period July 15 through August 31, 2007.
Method	Specialist interviewers conducting personal interviews using a questionnaire form (100% response rate).

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Table 2: Summer Travelers in 2007 by Destination (July 15 – August 31)

		2007	2006	%age Change
Total		**2,520**	**2,471**	**+2.0%**
Asian Subtotal		**1,338**	**1,302**	**+2.8%**
	China	378	362	+4.4%
	Korea	293	298	-1.7%
	Taiwan	142	137	+3.6%
	Hong Kong	105	101	+4.0%
	Thailand	132	128	+3.1%
	Singapore	64	64	+0.0%
	Indonesia*	72	63	+14.3%
	Malaysia	30	29	+3.4%
	Others	124	120	+3.3%
N. American Subtotal		**651**	**647**	**+0.6%**
	Hawaii	213	205	+3.9%
	Guam & Saipan	170	172	-1.2%
	US Mainland	219	220	-0.5%
	Canada	49	50	-2.0%
European Subtotal		**362**	**354**	**+2.3%**
Oceania Subtotal		**127**	**126**	**+0.8%**
	Australia	91	90	+1.1%
	New Zealand	18.5	19	-2.6%
	South Pacific	17.5	17	+2.9%
Others (Africa, Middle East, Latin America)		**42**	**42**	**+0.0%**

*Indonesia shows the recovery of Bali Island

Units: thousands

Table 3: Traveling Companions

		%	Change from Previous Year
With family		66.2	+0.4
	With children (up to junior high school)	35.6	+0.8
	Just husband and wife	15.3	-0.5
	Three generations	7.5	+0.2
	Others (mothers & daughters, etc)	7.8	-0.1
Family and friends/acquaintances		5.7	+0.0
With friends/acquaintances		20.2	+2.8
Group (from work, etc.)		1.9	+0.2
Alone		3.8	-2.2

Table 4: Purposes of Travel (top ten)

Rank	Purpose(s) (Multiple Answers)	%tage	Change
1	Visit ancestral home, family.	21.2	-1.9
2	Enjoy nature & scenery.	13.8	+0.2
3	Relax at hot springs, resorts.	12.2	-0.3
4	Spend time with family. & friends.	9.5	+1.1
5	Visit theme parks, leisure facilities.	8.8	+3.4
6	Relax at the beach, so swimming.	8.3	-0.7
7	Visit famous & historic places.	5.9	+0.7
8	Enjoy delicious food.	4.9	-1.4
9	Go hiking, climbing or camping.	3.9	+0.4
10	Relax in highlands, avoid the heat.	2.4	+0.5

Table 5: Length of Trips

Length of Trip	%tage	Change
Two days, one night.	33.1	+0.7
Three days, two nights.	36.2	+0.1
Four days, three nights.	15.6	+1.7
Five days, four nights.	4.3	+0.2
Six days, five nights.	3.7	-1.7
Seven days, six nights.	1.7	+0.3
Eight days, seven nights.	1.7	-1.3
Eight nights or more	3.2	+1.0

Table 6: The Top Ten Reasons for Not Traveling (multiple answers)

Reasons and Their Ranking		%	Change
1	Can't get time off work.	28.6	+2.6
2	It's too crowded.	22.8	+3.9
3	No particular reason	17.9	-4.2
4	Family concerns prevent it.	17.6	+3.9
5	Family budget limitations	17.1	+5.1
6	The poor economic situation.	14.3	+3.7
7	Prefer to travel earlier or later.	12.3	+4.3
8	Health considerations.	10.8	+3.7
9	Have something better to do.	10.1	-0.8
10	Holiday dates didn't agree.	8.5	+0.2

Table 7: Intended Changes in Future Travel Expenditures (in the survey month)

Note: Figures are percentages, those in parentheses are percentage point changes from the previous year. Single answers.

Expressed Intentions on Future Travel	June 2007		June 2006		June 2005	
Want to spend more	18.9	(+0.3)	18.6	(+1.9)	16.7	(+0.9)
Same, but more trips at lower cost per trip.	12.9	(+1.0)	11.9	(-9.7)	21.6	(+8.7)
Same, but fewer trips at higher cost per trip.	4.5	(-0.9)	5.4	(+1.6)	3.8	(-0.9)
Same, with similar numbers of trips and costs.	32.8	(-2.4)	35.2	(-2.5)	37.7	(+0.8)
Want to spend less.	25.2	(+0.1)	25.1	(+6.0)	19.1	(-6.8)

Table 8: Trends in Summer Travel 1990~2007

	No. of Travelers (in thousands)			Average Cost (in yen)		Total Cost (bn yen)	Days (no.)
	Total Amounts	Domestic	Overseas	Domestic	Overseas		
	% of prev. yr	% of prev. yr	% of prev. yr	% of prev. yr	% of prev. yr	% of prev. yr	
1990	71,870	69,770	211	37,921	271,792	32,182	3.7
	7.30%	7.10%	14.00%	5.70%	3.10%	14.00%	0
1991	75,510	73,360	215	41,770	256,300	36,140	3.7
	5.1%	5.1%	1.9%	10.1%	-5.7%	12.3%	0.0
1992	75,840	73,630	222	43,455	248,867	37,513	3.7
	0.4%	0.4%	3.4%	4.0%	-2.9%	3.8%	0
1993	72,610	70,320	229	40,014	220,745	33,199	3.7
	-4.3%	-4.5%	3.4%	-7.9%	-11.3%	-11.5%	0
1994	79,160	76,610	255	38,599	219,200	35,158	3.6
	9.0%	8.9%	11.2%	-3.5%	-0.7%	5.9%	-0.1
1995	78,820	75,740	308	39,037	209,200	36,002	3.8
	-0.4%	-1.1%	20.7%	1.1%	-4.6%	2.4%	20.0%
1996	80,250	77,120	313	38,092	223,100	36,362	3.6
	1.8%	1.8%	1.8%	-2.4%	6.6%	1.0%	-0.2
1997	82,540	79,360	318	38,300	217,100	37,307	3.8
	2.9%	2.9%	1.7%	0.5%	-2.7%	2.6%	0.2
1998	83,560	80,470	309	37,534	202,800	36,466	3.8
	1.2%	1.4%	-3.0%	-2.0%	-6.6%	-2.3%	±0
1999	85,640	82,480	316	36,333	199,695	36,277	3.9
	2.5%	2.5%	2.3%	-3.2%	-1.5%	-0.5%	0.1
2000 (revised)	74,230	71,590	264	35,832	206,065	31,094	3.9
2001	75,620	72,960	266	35,115	210,149	31,210	3.9
	1.9%	1.9%	0.8%	-2.0%	2.0%	0.4%	0
2002	76,120	73,690	243	33,654	213,091	29,978	3.8
	0.7%	1.0%	-8.6%	-4.2%	1.4%	-3.9%	-0.1
2003	75,350	73,470	188	33,923	222,893	29,113	3.6
	-1.0%	-0.3%	-22.6%	0.8%	4.6%	-2.9%	-0.3
2004	74,900	72,420	248	34,975	208,851	30,509	3.5
	-0.6%	-1.4%	31.9%	3.1%	-6.3%	4.8%	-0.1
2005	76,040	73,650	239	35,300	214,600	31,128	3.5
	1.5%	1.7%	-3.6%	0.9%	2.8%	2.0%	0
2006	76,570	74,100	247	35,716	223,100	31,977	3.5
	0.7%	0.6%	3.3%	1.2%	4.0%	2.7%	0
2007	77,320	74,800	252	36,200	232,000	32,924	3.7
	1.0%	0.9%	2.0%	1.4%	4.0%	2.6%	0.2

Note 1: Surveys began in 1969.

Note 2: Average costs have been estimated for domestic & overseas separately since 1993.

Note 3: Numbers of overseas travelers are the actual figures.

Note 4: Numbers of domestic travelers and travel expenditures are estimates.