

For Immediate Release

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## Prospective Travel Trends in 2009

### Despite the Worsening Financial Environment there is Good News:

--A stronger Yen, lower fuel & gasoline prices, and 5-day holiday sequences in spring & fall!--

### Number of Domestic Travelers to Drop 1.1% to 293.25 Million

--But shopping and gourmet travel remain strong! More make for Europe and nearby Asia--

### The Number of Overseas Visitors to Japan Will be 8.3 Million (only 0.6% down)

JTB Corp. has just published the results of a survey of projected trends in 2009 for travel by Japanese involving at least one overnight stay (including business travel and visits to the family home). The results are based on predictions of various economic trends, a survey of consumer motivation for travel expenditures, and tourism-related trends, etc. This survey is the 29th since the first in 1981. The projected trends in the travel market in 2009 are as follows.

**Table 1: Quantitative Projections and Comparisons**

		Prospects for 2009		Estimates for 2008		Results for 2007
		Projected Numbers	% of prev. yr.	Provisional Numbers	% of prev. yr.	Actual Numbers
Total no. of travelers		308.55 million	98.7	312.51 million	98.5	317.14 million
	Domestic	293.25 million	98.9	296.51 million	98.9	299.81 million
	Overseas	15.30 million	95.6	16.00 million	92.3	17.33 million
Average expenditure on domestic travel		32,900 JPY (366 USD)	97.5	33,760 JPY (375 USD)	98.8	34,170 JPY (380 JPY)
Average expenditure on overseas travel		295,000 JPY (3,278 USD)	93.1	316,900 JPY (3,521 USD)	103.7	305,600 JPY (3,396 USD)
Total expenditure		14,160 billion JPY 157.33 billion USD	93.9	15,080 billion JPY 167.56 billion USD	97.0	15,540 billion JPY
	Domestic	9,650 billion JPY 107.22 billion USD	96.4	10,010 billion JPY 111.22 billion USD	97.8	10,240 billion JPY 113.78 billion USD
	Overseas	4,510 billion JPY 50.11 billion USD	89.0	5,070 billion JPY 56.33 billion USD	95.7	5,300 billion JPY 58.89 billion USD
Average no. of trips		2.30	▲0.21	2.51	▲0.09	2.60
Overseas visitors		8.30 million	99.4	8.35 million	100.0	8.35 million

- Note:**
- \* In the table on the previous page, domestic travel expenditures are the average amounts for bookings with JTB and include all door-to-door costs, souvenirs and meals at the destination but exclude related before-and-after trip expenditures for clothing, luggage and DPE etc.
  - \* Overseas travel expenditures include booking costs, plus souvenirs and meals at the destination only.
  - \* Figures are only available for the numbers of overseas visitors, not their expenditures.
  - \* USD amounts are given, for information purposes only, based on a rate of 90 JPY/USD.

## **The Market Environment in 2009**

### **1. A Worsening Economic Environment.**

The worsening of the global economic environment stemming from the U.S. financial crisis promises to exert a negative influence on personal and cultural exchanges. In the Japanese leisure market, financial considerations are compounded by uncertainties over all aspects of daily life, causing people to delay their travel plans and to hesitate over what others would think if they indulged in travel. These psychological factors are beginning to affect travel-related consumption, and while active efforts to develop new markets in business-related exchanges promise to continue, these will be hindered by companies' cut-backs in equipment investment and their drive to slash costs.

### **2. A Stronger Yen, Lower Fuel & Gasoline Prices, and 5-day Holiday Sequences in Spring & Fall**

On the other hand, there are the positive influences on the Japanese travel environment of a stronger Yen, lower fuel and gasoline prices, and five-day holiday sequences in spring and autumn.

#### **(1) The Appreciation of the Yen**

While it is by no means certain that the current exchange-rate market situation will persist throughout 2009, the Yen had already appreciated not only against the US dollar but also the currencies of other major overseas destinations by anything from 25 to 70% during 2008. Airline tickets account for the largest part of overseas travel expenditures, but as these are denominated in yen, its appreciation will not lead to significant cost reductions. However, there will be comparatively larger reductions in the costs of meals and shopping at destinations, and these are sure to affect travelers' attitudes.

**Table 2: Tokyo Foreign Exchange Market/TTS Yen Year-End Rates**  
(according to the Bank of Mitsubishi-Tokyo UFJ)

Currencies/Year end	2004	2005	2006	2007	2008
One US Dollar	105.21	119.07	120.11	115.15	92.03
One GB Pound	203.81	207.74	237.66	231.90	135.83
One Euro	143.11	141.33	158.00	168.16	129.46
One Australian Dollar	82.68	88.45	96.16	102.18	64.61
100 Korea Won	10.22	11.96	13.02	12.36	7.47
One Hong Kong Dollar	13.82	15.66	15.75	15.05	12.18

### (2) Reductions in Fuel Surcharges

The truly exceptional surge in fuel costs in 2008 was followed in the autumn by an equally rapid drop, and fuel surcharges seem set either to fall sharply or even to be completely eliminated after April, which will encourage overseas travel. Favorable developments are expected particularly for remoter destinations in Europe, Oceania and America, where travelers were required to pay an additional 40,000 to 66,000 JPY over and above the other costs of travel.

**Table 3: Trends in JAL's Fuel Surcharges (per flight segment, in JPY)**

Japan to...	Feb. '05	Oct. '06	Apr. '07	Oct. '07	Jan. '08	Apr. '08	Jul. '08	Oct. '08	Jan. '09
Europe	2,500	13,600	12,000	13,000	17,000	20,000	28,000	33,000	22,000
North America	2,500	13,600	12,000	13,000	17,000	20,000	28,000	33,000	22,000
Oceania	2,500	13,600	12,000	13,000	17,000	20,000	28,000	33,000	22,000
Hawaii	2,500	10,000	8,700	9,900	12,500	14,000	20,000	22,000	14,500
Singapore	1,800	10,000	8,700	9,900	12,500	14,000	20,000	20,000	12,500
China	1,000	4,800	4,100	4,700	5,900	6,500	8,500	10,500	6,000
Korea	500	2,000	1,700	2,000	2,400	2,500	3,500	4,000	2,500

### (3) Major Reductions in the Price of Gasoline

After several years of steady increases, gasoline prices suddenly started to rise dramatically from the second half of 2007 through the summer of 2008, causing many who travel by car to stay at home. The equally sharp drop that followed had, by the end of the year, reduced prices to levels last seen four years before. While many will remain concerned over last year's soaring prices, there is no doubt that young people free to go for drives and indeed whole families have an unusually favorable opportunity to do so.

**Table 4: Average Retail Price of Regular Gasoline per Liter in Japan)**

(Source: the Institute of Energy Economics, Oil Information Center)

2004	2005	2006	2007	2008	
Dec. 20	Dec. 26	Dec. 25	Dec. 25	Aug. 8	Dec. 22
118.6 JPY	128.9 JPY	134.2 JPY	155.0 JPY	185.1 JPY	110.6 JPY

**(4) Two, Five-Day Holiday Sequences, in Spring and Autumn.**

Changes in the law governing national holidays ensure that in the “Golden Week” of holidays in May and again in September there will be a sequence of five days off work. September 22, sandwiched between Respect for the Aged Day (on the 21st) and the Autumnal Equinox (on the 23rd) now becomes a national holiday, and a nine-day sequence can be created by taking two further days off, the 24th (Thursday) and the 25th (Friday). In Golden Week, taking off either April 30 and May 1, or May 7 and 8, creates similar nine-day sequences. While this is naturally ideal for travel to more remote destinations, it is equally good for travel within Japan, and there is little doubt that these long holiday sequences will encourage travel.

**Table 5: Spring and Autumn Holiday Calendars**

Spring Golden Week (April - May)							The Fall Sequence (September)						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sa
						4/25							9/12
26	27	28	29	30	5/1	2	13	14	15	16	17	18	19
3	4	5	6	7	8	9	20	21	22	23	24	25	26
10							27						

**Prospects for 2009**

**Domestic Travel**

The overall outlook, under the influence of the worsening economic environment, is for the number of those spending at least one night away from home in Japan to drop 1.1% to 293.25 million and for average expenditures to drop 2.5% to 32,900 JPY (366 USD). However, if gasoline prices remain at their present level, many more travelers will probably choose to drive. Urban tourism of the kind exemplified by the events that Yokohama City plans and the new attractions opening at Tokyo Disney Resort®, along with purposeful or strongly themed travel, will probably thrive independent of the economic climate.

Tourism has a strong knock-on effect, stimulating the Japanese economy, employment, and the regeneration of outlying regions. More active domestic travel is also desirable from the point of view of stimulating domestic demand.

Yokohama will be celebrating the 150th anniversary of its opening as a port and will be running exhibitions on the port’s past history and future plans, and encouraging tourism throughout the city. New attractions opening on April 15 at Tokyo Disney Resort® will also help to draw visitors for urban tourism.

The so-called “new tourism” will help to sustain domestic travel by catering for diversifying tastes with strongly themed categories such as industrial tourism, eco-tourism, green tourism, “health” tourism and long-stay tourism. More regions are stressing the full range of their appeal—historical, cultural, gastronomic, etc.—and encouraging longer stays by visitors. Given low gasoline prices, these initiatives could encourage family travel by car.

## **Overseas Travel**

Overall, the projected decline in business demand is expected to take the numbers of overseas travelers down 4.4% to 15.3 million and average expenditures (with lower fuel surcharges and high exchange rates for the Yen reducing the costs of overseas purchases) down to 295,000 JPY (3,278 USD), a drop of 6.9%. However, 2009 is exposed to the influence of major economic factors, and developments in these could well depress the numbers of those going overseas still further.

For shopping and gourmandizing, look to nearby Asia, and to Europe. LCC stimulates demand for Oceania, The decline in the value of the Korea Won appears to be encouraging travel to Korea. Healthy demand is projected for those going shopping or just to enjoy the cuisine. Healthy trends continue in the demand for Hong Kong and Macau, which offer a mixture of European and Chinese culture, and for Malaysia, which combines the attractions of quintessentially Asian cities and resorts.

If fuel surcharges are either eliminated or greatly reduced in April, demand for travel to Europe may well revive, and now that the LCC (low-cost carrier) Jetstar is allowed to serve Narita International Airport, such changes in fuel surcharges could encourage a long-delayed recovery in demand for Australia.

The year's cultural-exchange events, and active use of charter flights.

2009 has been named a year for Japan-Hong Kong cultural exchanges, and similarly for Japan-Mekong exchanges (those with Cambodia, Laos, Thailand and Vietnam), and Japan-Danube exchanges (with Austria, Hungary, Bulgaria and Rumania). This promises to focus travel interest on these nations as the various cultural events are held throughout the year and information on them distributed. Encouraging exchanges between different cultures can help to increase the tolerance of cultural diversity, feeding the imagination and enriching the mind. We do well to recognize international cultural exchanges as activities of great significance for individuals and for society as a whole.

The regulations affecting charter flights were relaxed at the end of 2008, enabling even greater sales flexibility. Those in both central and outlying regions of Japan are expecting much of charter flights, and the promotion of charter flights serving these areas may well generate new demand.

## **Overseas Visitors to Japan**

After years of steady growth, the numbers of overseas visitors to Japan have started to decline under the influence of the worsening global economy and the rapidly appreciating value of the Yen, and this trend will probably continue for the earlier part of the year. However, effective Japan Tourism Agency policy raises hopes for many more Chinese visitors, and overall numbers are expected to hold at 8.3 million, a slight decrease of 0.6% from the previous year.

## Provisional Figures for 2008

### Domestic Travel

- **The Number of Domestic Travelers Appears to have Declined 1.1% to 296.51 Million**

The year started with soaring gasoline prices and then the economic environment deteriorated because of the U.S. financial crisis. These factors, and uncertainty over the future outlook, took powerful effect and caused an overall reduction in domestic travel.

Tokyo Disney Resort® held a number of special events as it entered its 25th year, and consumers responded well, assisted by the opening of the Tokyo Disneyland® Hotel and the Cirque du Soleil (circus) theater. Their great popularity with families was shown by traffic jams in the surrounding roads from November, when the price of gasoline dropped abruptly.

- **Average Expenditures per Person are Put at 33,760 JPY (375 USD, down 1.2%)**

### Overseas Travel

- **Numbers Appear to be Down 7.7% from the Previous Year to 16 Million**

What with natural disasters like the major earthquake that devastated the Chinese province of Sichuan, soaring petroleum prices that led to additional fuel surcharges, and a worsening of the global financial environment, 2008 was most unfavorable for overseas travel. The market was already maturing, and the decline in numbers that began in May 2007 has been accelerated by the drop in business-related demand for overseas travel.

### Overseas Visitors to Japan

- **Numbers Hold Steady at 8.35 Million (0.0% change from the previous year)**

Numbers were rising steadily until June, but then higher Yen exchange rates and the worsening economic climate caused a relative decline from August. The steep decline in the value of the Korean Won had a particularly serious effect on visitors from Korea.

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**Table 6: Figures for 1997-2008 and Projections for 2009**

Year	Travelers (thousands) (and % of previous year)			Average Expenditures (per person, Yen)		Total Expenditures (billions of Yen)			No. of Trips	Overseas Visitors (Millions)
	Total	Domestic	Overseas	Domestic	Overseas	Grand Total	Domestic	Overseas	(+/-)	
1997	341,700	324,900	16,800	38,540	366,600	18,680	12,520	6,600	2.71	4.22
	100.7%	100.7%	100.7%	101.2%	90.7%	98.2%	101.9%	91.4%	0.01	109.9%
1998	334,540	318,730	15,810	38,080	355,200	17,760	12,140	5,620	2.64	4.11
	97.9%	98.1%	94.1%	98.8%	96.9%	95.1%	97.0%	91.2%	▲0.0 6	97.4%
1999	336,040	319,680	16,360	37,390	342,100	17,550	11,950	5,600	2.65	4.44
	100.4%	100.3%	103.5%	98.2%	96.3%	98.8%	98.4%	99.6%	0.01	108.0%
2000	343,260	325,440	17,820	36,940	312,300	17,590	12,020	5,570	2.71	4.76
	102.1%	101.8%	108.9%	98.8%	91.3%	100.2%	100.6%	99.5%	0.06	107.2%
2001	338,400	322,180	16,220	36,500	293,000	16,510	11,760	4,750	2.66	4.77
	98.6%	99.0%	91.0%	98.8%	93.8%	93.9%	97.8%	85.3%	▲0.0 5	100.2%
2002	340,420	323,900	16,520	35,550	293,800	16,360	11,510	4,850	2.67	5.24
	100.6%	100.5%	101.8%	97.4%	100.3%	99.1%	97.9%	102.1%	0.01	109.9%
2003	337,810	324,510	13,300	35,590	300,800	15,550	11,550	4,000	2.65	5.21
	99.2%	100.2%	80.5%	100.1%	102.4%	95.0%	100.3%	84.1%	▲0.0 2	99.4%
2004	330,360	313,530	16,830	35,660	292,600	16,100	11,180	4,920	2.64	6.14
	97.8%	96.6%	126.5%	100.2%	97.3%	103.5%	96.8%	123.0%	▲0.0 0	117.9%
2005	322,560	305,160	17,400	35,600	294,500	15,990	10,860	5,130	2.62	6.73
	97.6%	97.3%	103.4%	99.8%	100.6%	99.3%	97.1%	104.3%	▲0.0 2	109.6%
2006	317,940	300,410	17,530	34,310	297,200	15,520	10,310	5,210	2.60	7.33
	98.6%	98.4%	100.7%	96.4%	100.9%	97.1%	94.9%	101.6%	▲0.0 2	108.9%
2007	317,140	299,810	17,330	34,170	305,600	15,540	10,240	5,300	2.60	8.35
	99.7%	99.8%	98.9%	99.6%	102.8%	100.1%	99.3%	101.7%	▲0.0 1	113.9%
2008	312,510	296,510	16,000	33,760	316,900	15,080	10,010	5,070	2.51	8.35
	98.5%	98.9%	92.3%	98.8%	103.7%	97.0%	97.8%	95.7%	▲0.0 9	100.0%
2009	308,550	293,250	15,300	32,900	295,000	14,160	9,650	4,510	2.30	8.30
	98.7%	98.9%	95.6%	97.5%	93.1%	93.9%	96.4%	89.0%	▲0.2 1	99.4%