

## Domestic trip is the first choice for this summer vacation

JTB Corp, Japan's largest travel agency releases the "Travel Survey for Summer Vacation" based on questionnaire and booking information every year. The survey is a useful research to assess consumer sentiment and economic conditions. People are likely to make a summer holiday plan until the "Silver Week" (long holiday from 19th to 23<sup>rd</sup>) in September.

### Point 1

## Domestic trips are increasing but overseas trips are decreasing this year

### Overseas trip decreases due to weaker JPY and MERS

- JTB released the "Travel Survey for Summer Vacation 2015" on July 2nd, which shows the total number of travelers staying more than one night July 15th to August 31st is expected to increase 0.1% y-o-y to 78.16 million, second high after the record in 2013. The domestic travelers will increase 0.2% y-o-y to 75.61 million, whereas overseas travelers decrease 1.9% to 2.55 million for the same period. The effect of weak JPY and infectious disease such as MERS might have effected to decrease the number of overseas trips.

### Point 2

## Travelers keep tightening travel budget

### Travel expenditures will increase eventually

- Travel expense is expected to slip 0.2% y-o-y to JPY2.6 trillion for domestic trips and fell 1.3% y-o-y to JPY641 billion for overseas trips. The expenditures for vacations are unlikely to grow higher than nominal wages gain, as prices of daily goods are rising while gasoline price and fuel surcharge have declined.
- However, future travel spending is expected to move higher. According to the JTB's report, more people answered "will increase travel spending" than in the previous year, whereas fewer replied "will cut travel spending" than in the previous year. Due to a nominal wages growth and a recovery in consumer sentiment, travel expenditures are likely to grow going forward.

**2015 Summer Holidays Travel Plan Trend**

	Units	2015 Summer Holidays			2014 Summer Holidays	
		Estimates (Numbers)	Change, y-o-y		Final Estimates (Numbers)	Change, y-o-y (%)
			(Numbers)	(%)		
Total Number of Travelers	thousand people	78,160	+110	+0.1%	78,050	-1.0%
Domestic Travelers		75,610	+160	+0.2%	75,450	-1.0%
Overseas Travelers		2,550	-50	-1.9%	2,600	-1.1%
Ave. Expense of Domestic T.	JPY	34,700	-150	-0.4%	34,850	-0.5%
Ave. Expense of Overseas T.		251,500	+1,700	+0.7%	249,800	+3.9%
Total Travel Expenses	JPY billion	3,265.0	-13.9	-0.4%	3,278.9	-0.7%
Domestic T. Expenses		2,623.7	-5.7	-0.2%	2,629.4	-1.5%
Overseas T. Expenses		641.3	-8.2	-1.3%	649.5	+2.7%

(Note) 1. Number of travelers is a cumulative total number of people. Average expense is an amount spent by each person at one travel plan.

2. Number of domestic travelers counts only who stay out. (includes only sightseeing and homecoming travel)

Number of overseas travelers is the number of those who travel abroad. (including overseas business trip)

3. Average expense of domestic travel includes expenses spent during travel such as travel expense, hotel charge, souvenir expense and food expense.

4. Average expense of overseas travel includes fuel surcharge. Excludes expenses spent overseas such as souvenir expense.

(Source) SMAM, based on JTB data

## Upbeat consumer sentiment is expected to boost private consumption

### ■ More people schedule to travel during “Silver Week ” in September

Both of domestic and overseas travels are substantially increasing during “Silver Week” holiday (from September 19th to September 23th). On the question of the survey, the most reason of “no travel plan for summer season” was “will schedule a travel other than summer season.” Including September trips, solid travel demands are anticipated for this summer.

### ■ Full-fledged consumption recovery is expected

In the economic point of view, the increase in domestic trips by Japanese travelers and a sharp increase in foreign tourists visiting Japan will push up the private consumption. Further recovery in consumption is expected as higher wages gain boosts consumer confidence.

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