



Number of Domestic Travelers – Likely to Break the Historical High This Summer

1. How to Find the Trend of Travel Plans?

In Japan, summer holidays are one of the seasons during which people travel most, alongside with the Golden Week holidays. Several travel agencies release survey reports on and characteristics of travel plans' trend based on the answers to the questionnaires, every year during the travel seasons. The characteristics found through the answers provide some hints to understand the business situation of Japanese economy as they reflect the business trend on each economic phase.

2. Latest Trend

According to the research on the travel plan released by JTB, the largest travel agency in Japan, the number of domestic travelers across Japan during summer holidays (July 15 to August 31) are expected to rise by 0.2% y-o-y to 76.39 million. It is expected that this will break the historical record for two consecutive years after 2000 when the comparable data became available. While, the number of out-bound overseas travelers are to grow, at slower pace though, to around 2.63 million.

This summer's travel expenses budgets per person (for each travel) for the domestic and the overseas travels are estimated to be JPY 37,500 (+7.1% y-o-y) and JPY 242,600 (+0.9%), respectively. The total travel expenses are expected to rise 6.1% y-o-y to JPY3,502.7 billion. This year's increase in the total travel expenses seems to be somewhat affected by the yen depreciation and the fuel surcharge hike, though not to the extent of impact in the previous year. These figures also reflect the increase in the domestic travel costs due to the consumption tax hike.

2014 Summer Holidays Travel Plan Trend

	Units	2014 Summer Holidays			2013 Summer Holidays	
		Estimates (Numbers)	Change, y-o-y		Final Estimates (Numbers)	Change, y-o-y (%)
			(Numbers)	(%)		
Total Number of Travelers	thousand people	79,020	+150	+0.2%	78,870	+2.0%
Domestic Travelers		76,390	+150	+0.2%	76,240	+2.2%
Overseas Travelers		2,630	0	0.0%	2,630	-4.7%
Ave. Expense of Domestic T.	JPY	37,500	+2,490	+7.1%	35,010	+3.8%
Ave. Expense of Overseas T.		242,600	+2,180	+0.9%	240,420	+3.9%
Total Travel Expenses	JPY billion	3,502.70	+201.2	+6.1%	3,301.5	+4.7%
Domestic T. Expenses		2,864.70	+195.5	+7.3%	2,669.2	+6.1%
Overseas T. Expenses		638.0	+5.7	+0.9%	632.3	-1.0%

(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



3. Future Outlook

According to the survey, to the question on how they would spend on travel expenditures, the number of people who answered “I intend to reduce payments ” increased by 5.5% y-o-y to 30.3%. On the other hand, to the question on planned activities and travel this summer, the weight of young generations who answered “I intend to travel as my income has increased from that of last year” rose by 6.0% and 8.6% both y-o-y, respectively, by the age group of 20’s and 30’s. These figures were higher than the average figure of the total generation of +3.8%. It seems that the rise in wage and bonus this year increased younger generation’s motivation to go on a journey.

Likewise, to the question on the objectives of travel (multiple answers allowed), the answer “Homecoming” decreased to below 20%, while the answers “Enjoying theme park & leisure facilities” and “Deepen relationship amongst family members & friends” increased. Western part of Japan gathered popularity this year due to the opening of new shopping complex and the introduction of new attraction by the theme park. The historic sites such as “Tomioka Silk Mill”, which was registered as a world heritage site in June, and “Shikoku Eighty Eight Sacred Places”, celebrating 1,200 anniversary of its foundation this year, are attracting tourists.

Abe administration has set an aggressive target of increasing the number of in-bound travelers from abroad to 20 million by the year 2020, when the Tokyo Olympic Games will be held, from 10 million achieved last year. We believe that the Japanese economy will become much more vibrant if the domestic travel expenses increase as well, in addition to the increase in number of in-bound foreign travelers we are seeing.

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