

made" products spurred further market growth. Overseas tours could now be sold even by those with little or no background in tour planning and operations. As a result, the number of travel agencies handling overseas travel grew rapidly.

The introduction of the CBIT (Contract Bulk Inclusive Tour) fare system in late 1969 served as a further spur to both the market and the travel industry. Although the new CBIT fares represented discounts of over 50%, group size requirements were extremely strict. Major agencies with the strongest purchasing and retail strengths gradually began to control the lion's share of airline seats to pleasure travel destinations while less powerful agencies, unable to meet the CBIT minimum size requirements on a regular basis, developed into purely retail agencies. The domination of air seat sales by major travel agencies in Japan continues to this day.

Economic Prosperity Spurs Travel Growth

The early 1970s were years of high growth in the Japanese overseas travel market, averaging 40% during the first three years of the decade to reach 1,392,045 persons in 1972. The following year the market increased 64.4% to 2,288,966 persons, with pleasure travellers accounting for 79% of the market.

The rapid growth of the overseas travel market during this period can be traced to three factors: significant increases in the discretionary incomes of the Japanese, an increase in the amount of leisure time available and reductions in air fares.

Structural changes were also taking place within the travel industry. Small wholesalers began organizing into consortiums to strengthen their ability to compete with major firms in the purchasing of air seats and other tour components. Agencies involved in the overseas travel market recognized that consumer differentiation between domestic and overseas tours had by and large disappeared and they began to organize sub-agency networks of domestic travel agencies in order to further expand tour retailing.

By the mid-1970s, the shortage of air seats to popular holiday destinations during the peak travel seasons had developed into a major problem. To obtain peak period air seats from the airlines, travel agencies were expected to purchase greater numbers of off-season seats. The result was a significant change of industry focus, with marketing efforts shifting to the promotion of off-season travel.

In the mid-1970s public opposition to air and noise pollution forced the government to defer or reduce airport expansion programs and to restrict night flights. These restrictions continue today.

The opening of New Tokyo International Airport at Narita (commonly referred to as Narita Airport) in May, 1976 was a major step forward in relieving the congestion which plagued Japan's main international air gateway, Haneda Airport. Close to 60% of all Japanese departing on overseas trips now pass through New Tokyo International Airport. In the Kansai region of Western Japan, the Osaka International Airport has also seen strong growth in international departures, handling just over 25% of all overseas departures.

Market Rebounds from First Decline

In 1980, the Japanese outbound market suffered its first decline in the 16 years since liberalization, a drop of 3.2%. Among the reasons for the decline were the state of political unrest in South Korea which discouraged visitors, increases in ground costs, escalating air fares brought about by rising fuel costs, and a general feeling of uncertainty about the future of the Japanese economy. In retrospect, the decline highlights the sensitivity of the Japanese overseas travel market to events influencing the perception of travel safety.

The market recovered somewhat in 1981 but remained below the 1979 level. New Group Inclusive Tour (GIT) fares and continuation of the Inclusive Tour Charter (ITC) scheme introduced in 1980 contributed to renewed growth, but the market continued to suffer from a general sense of gloom.

The following year the market slump continued, with a minimal growth rate of only 2%. While the travel industry suffered, continued stagnation of the market served to encourage innovation. Many agencies began introducing structural reforms designed to make management and operations more efficient and new marketing methods, such as the recruiting of travellers through mass-circulation newspaper advertising, were introduced. One of the major problems which plagued the market in 1981 was tour dumping, that is the sale of tour packages at excessively discounted price levels during the off season. With the more competitive market environment, this problem has continued to the present day.

As the travel market became more price conscious, major travel agencies began introducing lower priced tour product lines with minimum profit margins which could be offered nationwide and thus compete with the "dumped" products of small agencies.

In 1983 the market showed a slightly improved growth rate of 3.6%. During that year, as a means of improving yields, many small, medium and large travel wholesalers, previously competing with each other,
