

### 50th Anniversary of Deregulation of Overseas Travel-Part 2

#### Arrival of Jumbo Jets Spur the Popularity of Overseas Travel

In 1970, six years after the deregulation of outbound travel from Japan, the Boeing 747, nicknamed the “jumbo jet,” began flying on the trans-Pacific route. The large aircraft, which overturned conventional wisdom with its unprecedented scale and number of seats, prompted the start of new group discount fares and also created a new role for travel agents as wholesalers who sell their products in mass volume.



JAL's “jumbo jet” early in 1970s / (C)Japan Airlines

#### “The Jumbo Jet Age” Started with Pan Am’s Regular Flights

On March 11, 1970, Pan Am’s Clipper Kit Carson, a Boeing 747, was the first regular flight of its type to land at Tokyo International Airport (Haneda Airport), thus launching the “jumbo jet age” in Japan’s outbound travel market.

About three months later, on July 1, Japan Airlines and Northwest Airlines began offering regular trans-Pacific service on Boeing 747 aircraft. Together with the start of jumbo jet service, cut-rate fares for package tour products became available through the introduction of discount “bulk fares” for groups, and demand for outbound travel expanded by leaps and bounds.

Isao Matsushashi, executive advisor of JTB, recalled those days, saying, “Bulk fares played an immeasurable role in the rapid growth of the outbound travel market during the early 1970s.”

In 1969, the year before Boeing 747s entered service with nearly three times more seats than average conventional aircraft, bulk fares appeared, offering a formerly inconceivably large discount of 60% on regular individual fares but limited to package tours with a minimum of 40 persons. Based on a fare buyback system which did not involve travel agency fees, travel agencies developed and sold travel products that included lodging, transportation, and sightseeing at the destination. So, it was also an age when travel agencies went beyond selling flight tickets as agents to a select few and took on the function of wholesalers who engage in mass selling of package tour products through retailers to the general public.

#### Sudden Expansion of Market Due to Lower-Priced Travel Products

The introduction of bulk fares halved the cost of travel to Europe from the 600,000 yen range to the 300,000 yen

range and reduced the cost of travel to Hawaii priced in the 300,000 yen range by as much as 70%. These bulk fares were the driving force that created the outbound travel boom in the early 1970s.

The number of outbound travelers, which stood at 492,880 persons in 1969, increased by 34.6% YOY in 1970 to 663,467 persons, by 44.9% in 1971 to 961,135 persons, and by 44.8% in 1972 to 1,392,045 persons, passing the one million mark in a non-stop surge. Moreover, outbound travel in 1973 displayed an incredible growth rate of 64.4% YOY to reach 2,288,966 persons. The very next year after achieving the one-million mark, the market had the vigor to easily clear the two-million mark. In the five years from 1969 to 1973, Japan’s outbound travel market expanded more than four times.

There were 62 companies operating as general travel agents in 1965, the year following deregulation of overseas travel. To meet the increase in demand, this figure had increased to 188 companies in 1973, indicating that the travel industry as a whole had supported the expansion of the market.

#### Jets So Large That Passengers Can “Explore Onboard”

When service to Japan began, passengers were so impressed by the huge size of jumbo jets that they would walk around onboard taking photographs, and it was not uncommon for the situation to get out of control.

A tour conductor who was on the first Japan Airlines jumbo jet flight from Haneda Airport to Hawaii on July 1, 1970, confessed, “I was also overwhelmed by the amount of space inside.” He further recollected, “Instead of sitting down quickly after they boarded, the tour members started snapping away, taking photos of the plane’s interior, and I couldn’t get them seated readily. Onboard, it became a confused muddle. When the seatbelt sign went off, the passengers would again begin to ‘explore onboard” (*JALPAK Graffiti 25*).

Despite the fact that the development period for the Boeing 747 was unusually short, it was a highly reliable, cutting-edge aircraft that was outstandingly economical. With large-diameter turbo-fan jet engines, it simultaneously solved the noise and the flying range problems. The fact that this aircraft series which has been around for over 40 years continues to be utilized by the major airline companies of the world proves that the jumbo jet is a high-performance aircraft that has earned its place in aviation history.

#### Overseas Trips Encouraged by Multiple-Journey Passports

When Japan deregulated overseas travel in April 1964, travelers were limited to carrying no more than \$500/person once per year out of the country. In January 1966, the limitation on the number of times was abolished, and then the limit was raised in April 1969 from \$500 to \$700 per time. The limit was further raised from \$700 to \$1,000 in March 1970 when jumbo jets entered service, and as if in response, the Passport Law was revised in December 1970 to relax the standards for issuing multiple-journey passports and to extend passport validity to five years. Thus, travel procedures were simplified, thereby promoting the popularity of overseas trips.

# Let's Aim to Be the Greatest Travel Industry in the World through Safety and Security Initiatives and Reconstruction Support!

At the end of last year, JATA submitted to the Japan Tourism Agency a document entitled "Ideal Systematic Management for Tourism Risk Management – A Proposal for Becoming the Best Travel Industry in the World." The proposal presented "Travel Safety Management" as concrete action guidelines for safety and security, and it also organized the criteria based on the global

standard in "An Overview of Tourism Risk Management" and pointed out the large role played by travel agencies in the two phases of early response during a crisis and reconstruction support. Hereafter, each agency will adopt this document in cooperation with the Japan Tourism Agency. (Yoshinori Ochi, JATA Director & Secretary General)



**Yoshinori Ochi**  
JATA Director & Secretary General

## Creation of the Expanded Safety and Security Sub-committee with Cross-sectional Membership

In response to the high incidence of accidents, the Japan Tourism Agency mentioned "assurance of travel safety" and the need for efforts for systematic safety management in its "Suggestions of the Tourism Industry Policy Study Group" issued in April last year. In reaction, JATA confirmed that "offering safe and secure trips" is an urgent issue in the interim report of its Special Committee for Policy Study last June, and JATA proceeded with specific studies. Centered around the Safety and Security Sub-committee of the Outbound Travel Promotion Committee which has dealt with numerous incidents in the past, JATA set up the cross-sectional Expanded Safety and Security Sub-committee which includes members from both the domestic travel and inbound travel promotion committees. The new committee prepared suggested proposals. Subsequently, following discussion by the members of the domestic, inbound, outbound, and legal committees, the Special Policy Committee, and the Board of Directors, JATA ultimately proposed "Ideal Systematic Management for Tourism Risk Management."

## Japanese-style Risk Management for Safety Assurance and Reconstruction Support as a Role Model for the World

At the WTTC Global Summit which was held in Sendai and Tokyo in April 2012 following the Great East Japan Earthquake, one issue was the importance of travel agencies' role in assuring the safety of travelers during large-scale disasters and in reconstruction support. Up to now, Japan's travel industry has built its know-how regarding assurance of the safety of overseas travelers through experience in numerous incidents, including 9.11, SARS, and the 2004 Indian Ocean Earthquake and Tsunami. JATA is spearheading the dispatch of inquiry commissions and implementation of reconstruction measures such as FAM trips and

campaigns. The Ministry of Foreign Affairs is carrying out the latest efforts in government-private cooperation, such as building cooperative relationships through information exchange sessions. In the case of the Great East Japan Earthquake which was an unprecedented disaster, after assuring the safety of travelers, JATA achieved results through a reconstruction campaign that included the 1,000 Project.

From here forward, JATA wants to display the value of Japanese travel agencies by providing the same detailed response to assuring the safety of inbound visitors, something which it has not focused on until now.

## "Protecting the Customer"="Protecting the Agency"; JATA's Travel Safety Management

In the Travel Agency Act, there are no penal provisions concerning safety management. However, if an accident occurs and the matter goes to court, the travel agency's responsibility for safety management will be intensively questioned, including whether it gave sufficient consideration to the planning and arrangements and whether it provided explanations to the customers. There are cases of companies going out of business due to criticism in the mass media following accidents. Above all, tragedies at travel destinations, which are supposed to be fun places, are not what we want.

JATA Trip Safety Management is composed of the following two major elements: (1) top management (or an officer designated by the top management) that serves as the person responsible for safety management and creates a system that extends to the destination with an awareness of "safety and security" and (2) promotion of specific initiatives in accordance with the PDCA cycle. For example, JATA is looking at matters that it can implement without regard for scale, such as contracting with tour operators based on a checklist. After conferring with the Japan Tourism Agency, JATA decided to engage in the following three items this year.

- (1) Appointment of a safety management officer
- (2) Submission of an independent inspection chart titled Trip Safety Management.
- (3) Simulation training on Trip Safety Day (currently being studied)

First, please firmly solidify your in-house safety and security initiatives. JATA fully supports everyone's initiatives for safety and security. If your agency cannot construct an emergency system on its own, it is recommended that you subscribe to JATA's Emergency Support System.

Through advanced safety and security initiatives and through reconstruction support for disaster-stricken areas following major events, let's aim to be the "best travel industry in the world"!

Note: "Ideal Systematic Management for Tourism Risk Management – A Proposal for Becoming the Best Travel Industry in the World" can be downloaded from the JATA website (<http://www.jata-net.or.jp/membership/guide/riskmng/index.html>).

JATA Mission to Republic of Korea

### **Aiming to Return Japanese Travelers to the 3 Million Level;**

### **Promoting Japanese-Korean Cooperation in the Private Sector to Achieve a Breakthrough**

JATA sent a mission to Republic of Korea headed by JATA Chairman Jungo Kikuma during February 4-7. The mission held discussions with Korea's Ministry of Culture, Sports and Tourism, the Korea Tourism Organization, and the Korea Association of Travel Agents (KATA), etc., and confirmed that the relevant parties in both countries would endeavor to boost the number of Japanese travelers going to Korea to 3 million once again in 2014. Following official events in Seoul, the group inspected Busan and Jeju and exchanged ideas.

The mission to Republic of Korea this time aimed to deepen the relationship with the counterparts in Korea in anticipation of the recovery of the number of Korea-bound Japanese travelers, which dropped significantly last year, and the 50th anniversary of normalization of diplomatic relations between Japan and Korea in 2015.

In this Korea mission, 18 persons participated, including the management executives of large travel agencies who have authority over sales of trips to Korea and who are involved in actual sales. Also participating were officials in charge of outbound travel and JATA and KATA tourism working group members. The Korean mission representatives not only held discussions but also organized idea exchanges with administrators in Busan and Jeju.

As a result of the discussions and idea exchanges between the Japanese and Korean representatives, it was agreed and confirmed that (1) both countries' relevant parties will endeavor to send 3 million Japanese travelers to visit Korea in 2014, which is 10% more than in the previous year, (2) top-level personnel in the Korean government and administration will make positive efforts to study specific measures to welcome Japanese travelers, such as shopping coupons, while simultaneously transmitting a message of welcome to Japanese travelers and creating a welcoming mood, (3) JATA member companies including travel agencies that participated in the Korea mission will cooperate with KTO to carry out a Korea campaign at an early stage and will strive to arouse demand for travel, and (4) new content and new travel product material that can only be experienced in Korea will be developed to add on Korean pop culture and Korean beauty treatments and concrete steps will be taken to plan products that convey the new attractions of Korea.

Moreover, JATA and KATA agreed to prepare products suited to consumers' needs, tourism products for regional cities, and products with high added value and to develop products with new allure.

At a luncheon party hosted by Korea's Ministry of Culture,

Sports and Tourism on February 5, attendees included Kim Ki Hong, Director-General of Tourism Bureau of the ministry and Shim Jeong Bo, President for Marketing of the Korea Tourism Organization.

Presenting his greetings, Chairman Kikuma explained, "In order to break free of the current situation, this time we are visiting Seoul, Busan, and Jeju and are holding discussion with administrators and tourism-related personnel." JATA Director Tatsuro Nakamura entreated Director-General Kim, "I would like for you to send a message of welcome to the Japanese people."

During the courtesy call on Park Won-soon, mayor of Seoul, on the afternoon of February 5, the Mayor Won-soon said, "Exchanges between the countries of Japan and Korea are important, and we would like for many Japanese tourists to come." He displayed enthusiasm, saying, "We'd like to conduct joint marketing with JATA in order to develop new tourism spots and regions and provide recommended programs so we can offer fun, exciting trips."

In response, Chairman Kikuma pointed out, "Although 80% of Japanese people visiting Korea go to Seoul, I hardly heard any Japanese spoken in the Myeong-dong district." He told the group, "I would like to work to improve this situation by exchanging ideas with government officials around Korea and with KATA, and I ask for your warm support."

At the idea exchange meeting between JATA and KATA, KATA Chairman Mr. Yang Mooseung explained, "Last year, the ratio of Japanese and Chinese travelers visiting Korea reversed due to the increase in Chinese travelers together with the decrease in Japanese travelers due to the weaker yen and the deterioration in relations between Japan and Korea." He noted with concern, "There are few new travel products for travelers from Japan going to Korea, and the sales volume is dropping. If the decline in Japanese travelers to Korea continues at this rate, a vicious circle will develop in which the capacity to transport travelers on air routes between the various regions of Japan and Korea will decline." Mr. Yang called on the Japanese, saying, "I would like for you to pour energy into sales of Korean travel products and to endeavor to boost exchanges between the two countries."

Chairman Kikuma displayed his determination, saying "We travel agencies are the only ones that can change the current mood. To make this fiscal year different from last fiscal year, I want us to achieve a breakthrough with the power of the private sector, without relying on the government."

The number of outbound Japanese travelers in 2013 dropped by 5.5% YOY to 17.47 million persons (Ministry of Justice preliminary report). According to the Korea Tourism Organization, the number of Japanese travelers who visited Korea declined 21.9% YOY, to 2.75 million persons.

In November 2013, JATA launched the JATA-KATA Tourism Promotion Working Group together with KATA in order to improve the situation, and the working group is discussing ways to stimulate the recovery of demand for travel to Korea in cooperation with KTO.