

## **Tourism Business: Strategic Overview**

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### **Introduction:**

Travel and tourism is the largest service industry in India. This industry provides heritage, cultural, medical, business and sports tourism. It is expected that the tourism sector's contribution to the country's gross domestic product (GDP) will grow at the rate of 7.8 per cent yearly in the period 2013–2023. The Indian tourism sector has been flourishing in recent years due to the improved connectivity to and from the country. Also, a better lodging facility at the tourist destinations has been a factor which has contributed to increase Foreign Tourist Arrivals (FTA). The policies and changes implemented by the Government of India has also been instrumental in providing the necessary boost to the Indian tourism and hospitality industry and attracting more and more foreign tourists every year.

Key words: **Tourism, Recent Trends, Government Schemes, Strategies.**

### **Objectives of the study:**

1. To analyze the recent trends in tourism.
2. To study the economic impact of tourism industry.
3. To know the schemes undertaken by Government for tourism.
4. To understand the challenges for tourism industry
5. To ascertain the remedies to overcome.

### **Research tools:**

The prepared paper is an exploratory study in nature. The secondary data and information have been analyzed for preparing the paper extensively. The secondary information have been collected from different scholars and researchers published books, articles published in different journals, periodicals, conference paper, working paper and websites.

### **Indian Travel and Tourism Industry**

Indian tourism offers most diverse products globally. The country's rich history, cultural heritage, beauty, diversity of religion and medicine fascinate budget and luxury travelers. Tourism in India has registered significant growth over the years. This has been led by growth in both leisure and business tourism. Rising incomes, increasing affordability, growing aspirations, increasing globalization, and a growing airline industry along with improvement in travel-related infrastructure have supported industry growth. Tourism holds immense potential for the Indian economy. It can provide impetus to other industries through backward and forward linkages and can contribute significantly to GDP.

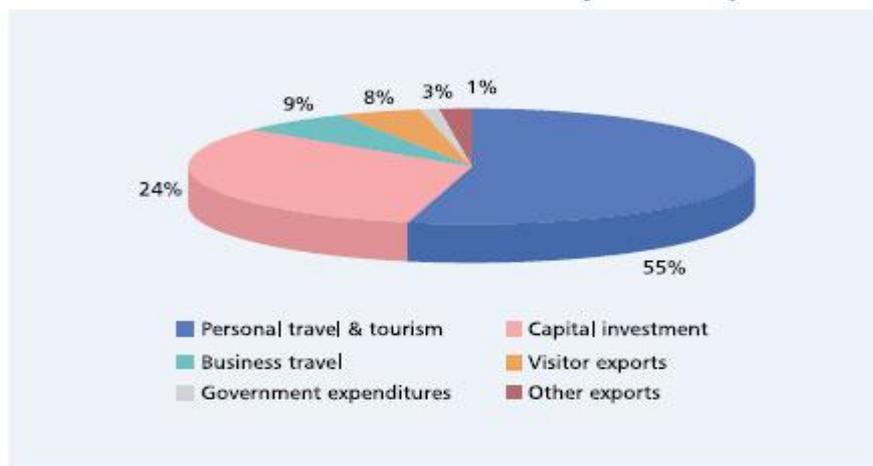
**Table No.1: Performance of travel and tourism industry in 2009**

Parameter	Value
Foreign tourist arrivals in India	5.11 mn nos (P)
Indian nationals departure form India	11.07 mn nos (P)
Domestic tourist visits to all States/UTs	650.04 mn nos (P)
<i>Foreign exchange earnings from tourism</i>	
In INR terms	₹ 549.6 bn
In US\$ terms	US\$ 11.39 bn

Source: Ministry of Tourism

Personal travel and tourism is the most significant contributor, accounting for 55% of the total market, while business travel forms only 9%. Capital investment is also significant with a share of 24%. Hotels, air transport, surface transport, basic infrastructure, and facilitation systems environment are some of the related sectors.

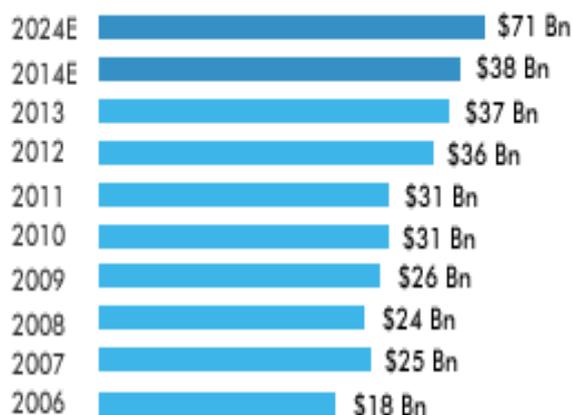
**Chart 1.4 India’s travel and tourism industry – Break-up**



Source: WTTC

The share of the Indian travel and tourism industry globally is very less. However the industry holds immense potential. In fact, India has been ranked among the leaders by the WTTC for long-term (10-year) growth prospects. Further, a globally renowned travel magazine, Conde Nast Traveler, ranked India among the top 10 tourist destinations of the world. JBIC has also ranked India as the fifth most attractive investment destination. India is probably the only country that offers various categories of tourism with its geographical diversity and rich cultural heritage.

**Chart 1: Tourism and hospitality contribution to GDP**

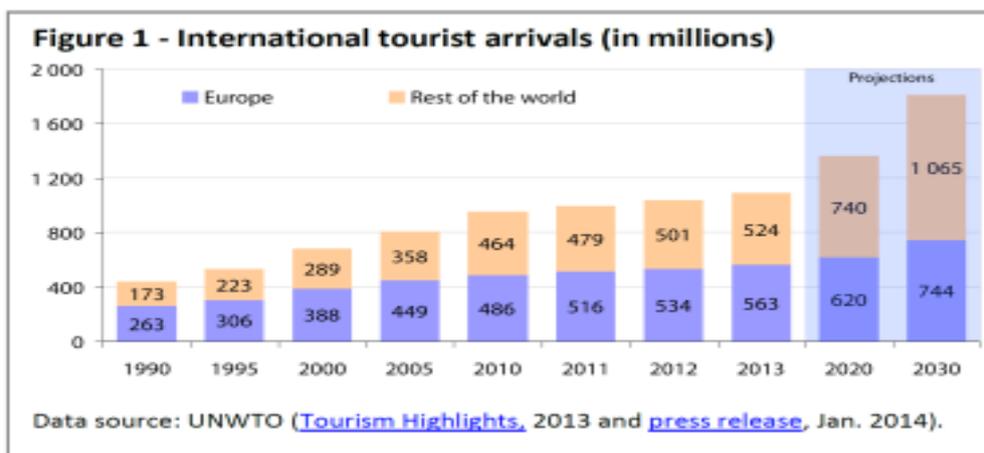


**Source:** Media Reports, Ministry of Tourism, Press Releases, Department of Industrial Policy and Promotion (DIPP)

**Arrivals in India**

The travel and tourism demand is expected to reach US\$ 266.1 bn (~ 14,601.7 bn) by 2019. During 2004–2009 travel and tourism demand in India increased at a compound annual growth rate (CAGR) of 16.4% to US\$ 91.7 bn (~ 4,412.7 bn) and foreign exchange earnings from tourism increased ~13% to US\$ 11.39 bn.

**Chart 1: Estimated Tourism arrivals till 2030**



**Recent trends hospitality business:**

**Social Media Tools:** More than ever people are able to do their own travel research using the internet and social sites such as Trip Advisor, Face book and Google+. One of the benefits of social media is its ‘word-of-mouth’ aspect as users post reviews and engage in dialogue about their travel experiences.

**Deals and Discounts:** Booking at the last minute and taking advantage of special deals is becoming more popular with travelers. For tourism operators, special deals may need to be seen more as a means of getting market attention, than as a direct money-spinner.

**Mobile Tourism:** Travelers these days are starting to make more use of the web through mobile devices, such as smart phones. The good thing about mobile is that

travelers are able to utilize it not only for the initial researching and booking, but also during trips to find accommodation and local attractions and activities.

**Green-Friendly Travel:** A number of years ago, green issues were mostly the preserve of environmentalists and hippies. These days many regular travelers are interested in the green side of tourism.

**The Cooking Travel Experience:** Travelers now seeking culinary experiences, it can become a major player in the decision-making process. Options may include food-and-wine trails, cruise-ship package deals that involve all-day feasting and cooking classes.

**Personal Service:** Not everyone is a fan of the do-it-yourself app, and there may be a return to a desire for personalized service where travelers are given personalized help and attention in planning their tourism experiences.

### **Economic Impact of Tourism Industry**

During 1998-99, employment generation through tourism was estimated at 14.79 million. Foreign exchange earnings from the tourism sector during 1998-99 were estimated at Rs.12, 011 crore.

Tourism has thus become the second largest net foreign exchange earner for the country. Tourism also contributed Rs.24, 241 crore during 1998-99 towards the country's Gross Domestic Product (GDP).

**Chart 2: Foreign Tourist Arrivals in India**



**Source:** Media Reports, Ministry of Tourism, Press Releases, Department of Industrial Policy and Promotion (DIPP)

### **Marketing and Promotion Initiatives by Government**

**Incredible India Campaign:** In 2002, GoI promoted the “Incredible India” campaign in the overseas markets. The campaign was an integrated marketing communication effort to attract tourists to the country. It projected India as an attractive tourist destination by showcasing different aspects of Indian culture, history, spirituality, and yoga.

**Atithi Devo Bhavah:** It aims to create awareness about the effects of tourism and sensitize people about our country's rich heritage and culture, cleanliness and warm hospitality. The main components of the campaign are training and orientation of taxi drivers, guides, immigration officers, tourist police and other personnel directly interacting with the tourists, while simultaneously creating brand equity for the trained persons.

**Visit India 2009:** In an attempt to boost the inflow of visitors and tourists after the terror attacks in Mumbai in 2008 and to weather the impact of the global economic slowdown, the Ministry of Tourism and the World Travel & Tourism Council jointly announced the “Visit India 2009” scheme.

The scheme which was valid from April to December 2009 and had the support of the hospitality sector, tour operators, travel and airline companies, who offered various incentives and value added services during this period.

### **Other Promotional Initiatives**

In addition to the aforementioned marketing and promotional activities, the Ministry of Tourism also organizes road shows in important tourist markets overseas; arranges overseas marketing meets; undertakes familiarization tours under the hospitality programme;

**Rural Tourism:** Rural tourism showcases rural life, art, culture and heritage at rural locations and interactions with the tourists benefit the local community economically and socially.

**Cruise Tourism:** The objective of the policy is to make India an attractive cruise tourism destination. With state-of-the-art infrastructure and cruise facilities across various parts of the country, the aim is to attract foreign tourists to cruise shipping in India and popularize the concept of cruise shipping with Indian tourists.

**Adventure Tourism:** These include financial assistance to the state governments for development of adventure tourism destinations and granting of exemption from customs duty on inflatable rafts, snow-skis sail boards and other water sports equipment.

**Medical Tourism:** Medical tourism has emerged as one of the important segments of the tourism industry; In addition, GoI has also requested the state governments to promote medical tourism by offering suitable packages of identified hospitals and price banding for specific treatments.

**Open Sky Policy:** This policy gives permission to domestic airlines to commence international flights, start-up of various low-cost carriers, and fleet expansion by domestic players have created immense incentives for domestic travelers to explore far-off destinations within and outside India.

**Foreign Direct Investment:** In the hotel and tourism industry, 100% FDI is permissible through the automatic route. The tourism industry includes travel agencies; tour operating agencies; tourist transport operating agencies; and units providing facilities for cultural, adventure and wild life experience and surface, air and water transport facilities; and leisure, entertainment, amusement, sports, health and convention/seminar units.

### **Challenges to Tourism in India**

Potential for the travel and tourism industry in India is enormous. However, at the same time, the industry faces numerous challenges. Various challenges are:

**Lack Of Proper Infrastructure:** Physical infrastructure such as ports of entry to modes of transport& as well urban infrastructure such as access roads, electricity, water supply, sewerage and telecommunication.

**Access and Connectivity:** Infrastructure facilities such as air, rail, road connectivity, and hospitality services at these destinations and the connecting

cities are inadequate. Roadways form a vital network in the tourist industry with almost 70% tourists in India travelling by road. However, in addition, airport facilities at important secondary cities and tourist destinations also need to be improved to be able to handle greater passenger traffic.

**Amenities:** These include basic amenities such as drinking water, well maintained and clean waiting rooms and toilets, first aid and wayside such as lounge, cafeteria, and parking facilities, among others.

**Human Resource:** Availability of skilled manpower is a major challenge faced by the travel and tourism industry, one of the largest employment generators in the country. To sustain growth in the travel and tourism industry, trained manpower is required at every.

**Service Level:** In addition to tour operators and hotel staff, tourists interact with persons from different backgrounds, occupations and experience. Such people include staff at bus/railway station, at airports, taxi operators, agencies, small hotels, dhabs/roadside eateries, staff at heritage sites, and tour guides, among others. The degree of service offered by these people has a significant impact on overall experience of India as a tourist destination.

**Marketing and Promotion:** Lack of adequate budgetary support for promotion and marketing, compared with competing tourist destinations, is a major reason for India lagging behind as a tourist destination.

**Taxation:** This is affecting the growth of the industry in India and India is losing out to other low-cost destinations. Various taxes are levied across the entire industry right from tour operators, transporters, airline industry to hotels and these include service tax, luxury tax, tax on transportation, tax on aviation turbine fuel (airline industry), and various taxes on transportation.

**Security:** Terrorist attacks or political unrest in different parts of the country has adversely affected sentiments of foreign tourists. Terror attacks at Mumbai in November 2008 dealt a strong blow to tourism in the country. Cyber crime is another major challenge the travel industry faces. Use of Internet in the travel and tourism industry has increased rapidly.

**Regulatory Issues:** A number of countries competing with India for tourists provide visa on arrival. India should provide visa on arrival for more countries or for certain categories of tourists for a specific duration.

However, a strategy can cover many different functional issues so, determining the best strategy for tourism and hospitality business could require your consideration of some alternatives.

#### **Basic business strategies:**

In a commercial setting, the main aims normally revolve around making lots and lots of profits, growing and expanding, and most importantly, diversifying. Some business strategies have done a commendable job in ensuring the success of many organizations. Those parties that have enacted realizable objectives have achieved them through hard work and dedication.

#### **Importance of strategies:**

Strategy is about planning to reach a vision which differentiates a company from its competitors in a positive way. It encompasses overall direction as well as the many

detailed activities that occur in a company. In 2014 we will see some solid trends take shape in the hospitality industry.

### **Strategies for Great Successes**

1. Local, Regional or National Marketing Strategies
2. Seasonality Strategies & Competitive Strategies
3. Product Strategies & Branding Strategies
4. Pricing Strategies & Promotion or Event Strategies
5. Public Relations Strategies & Social Media Marketing Strategies
6. Advertising Strategies & Sales Strategies

If people can organize marketing objectives under a selection of these strategies then would have a much better chance of staying focused.

### **Conclusion**

The new Strategies implementation of the Tourism provides guidelines to focus new development paradigms and approaches to tourism development. In line with trends in the international tourism market, upgrades existing and develops new tourism products to enhance the destination's competitiveness. Hence, for the industry to register healthy growth, issues concerning all the related sectors need to be addressed. Marketing under the “Incredible India” campaign helped place India as a good tourist destination on the global tourism map. Indian tourism products are promoted primarily by the Ministry of Tourism with the involvement of state governments through the State Tourism Development Corporations.

Newer tourism concepts, which include cruise tourism, adventure tourism, agri tourism or rural tourism, are emerging in India and these require support to develop and flourish. Hence, greater marketing push for these different products is required. With this paper researcher has suggested to implement or innovate the new strategies which can meet the challenges in the market.

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