

Promotion and development of rail tourism india tourism essay



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In India, Railways play a vital role in the socio-economic life of the country. Today, the number of domestic as well as international travelers is increasing with an increase in the disposable income of Indians. To support the increasing traffic of travelers even Indian Railways have come out with few plans over last 10-15 years. They are trying to build their tourism wing as well but still travelers are not aware of the various initiatives taken by Indian Railways. Indian Railways have a totally new wing to handle this i. e. Indian Railways Catering and Tourism Corporation (IRCTC).

The first objective of the project is to bring awareness by designing the marketing plan for them. This will be used all over the country to promote rail tourism.

The other objective of the project is to find the feasibility of new route which they can venture into. This would require both financial and operational strategy.

The final deliverable for the MRR would be a combination of both the strategies mentioned above for Indian Railways to showcase the marketing plan and advantages and risk for investing in the new routes.

Objectives of the study

The objective of this study is as follows:

To study Indian Railways especially tourism hand of it.

To study changing tourism pattern in India.

To study current IRCTC tourism plan.

To understand the demographics of tourist

To recommend a marketing strategy for already present plans

Finding new route which IRCTC could venture.

To develop financial and operational plan for this new route.

To recommend a plan for the implementation of above strategy.

Hypothesis of the MRR

In India, numbers of tourist are increasing every year due to increase in the disposable income. Railway has a tourism wing which tries to satisfy the need of these tourist but still general public is not much aware various initiatives taken. Tourist are still competing with the general traveler to get a seat in rail instead of opting for various other special offers provided by rail tourism. We have an opportunity to start new route and promote both old as well as new routes by formulating a marketing plan for this.

Scope and Limitation

Scope:

This study would help in promoting rail tourism in India. Also this would help them to generate extra revenue by venturing into new routes. It would help to satisfy the current increasing demand for transportation by tourist.

Limitation:

MRR would choose certain region based on selected parameters to search for new routes and to start with the marketing plan for the same. This selection

does not mean that IRCTC would be willing to share all the data for the project.

MRR would only deal in highlighting and describing important benefits associated with start of new routes. It would not cover financial and operational details of it.

The financial plan would require valuations of new strategy. Limitations in data might lead to valuations based on assumptions and model.

However both time and resource did not permit venturing into a study of other Railway systems in detail except through what was available on Internet and locally available article on the subject.

Chapter 2: Brief overview of global Tourism Industry

Introduction

Tourism is travel for various purposes like recreational, business, leisure or pleasure. World Tourism Organization headquartered at Madrid defines tourists as people “ traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”. In recent times tourism has been recognized as an important social and economic phenomenon. At the World Conference on Tourism held in Manila in 1980, the importance of tourism and its widespread effects were recognized in the Manila Declaration on World Tourism, which stated, “ Tourism is considered an activity essential to the life of nations because of its direct effects on the social, cultural, educational and economic sectors of national societies and on their international relations”.

There are three forms of Tourism as per United Nations as follows:

Domestic Tourism – When a resident is travelling in its own country.

Inbound Tourism – When Non-residents are travelling in the given country.

Outbound Tourism – When residents travels to another country.

History

In earlier times, rich uses to travel to distant parts of the world, to see great buildings, works of art, learn new languages, and experience new cultures and to taste different cuisines. The word tourist was used by 1772 and tourism by 1811. In 1936, the League of Nations defined foreign tourist as “ someone traveling abroad for at least twenty-four hours”. United Nations in 1945 have amended this definition by including a maximum stay of six months.

United Kingdom was the first country to promote leisure travel which was associated with Industrial Revolution due to increase in Industrial population. This comprise of new middle class at that time. This model was then replicated in France, Continental Europe, and south pacific Asia and slowly in other parts of world.

Mass tourism was developed with the development of technology and infrastructure, allowing tourist to move around in the world with ease. It was developed only due to new development in transport system around the world.

Tourist Destination statistics

The global tourism market is very concentrated at the top end; 45% of the world`s international arrivals in 2010 are accounted for by the top ten countries. However the future trends show a major shift in the share of tourist arrivals from developed European economies to emerging Asian markets.

Following is the ranking of top destinations as per United Nations World Tourism Organization as per different categories:

International Tourist arrivals by country of destination as of 2011

France – 80 Million

United States – 62 Million

China – 58 Million

International Tourism receipts as of 2011

United States – \$116 Billion

Spain – \$60 Billion

France – \$54 Billion

Most visited cities by international tourist arrival

Paris (France) – 15. 6 Million

London (UK) – 15. 2 Million

Antalya (Turkey) – 10. 5 Million

Goldrush_big. jpg

Source: Amadeus

The above diagram shows a research conducted by Amadeus which shows that there will be a dramatic change of travel spend with Asia-Pacific visitor arrivals accounting for 22% of global traffic and Asia-Pacific residents representing 32% of global travel spend in 2020. Although Europe will dominate the tourism market overall but Asia-Pacific have shown a great improvement and is growing faster than other regions.

Economic Factors

Travel & Tourism is one of the world's largest industries. In 2011 Travel & Tourism contributed 9% to the global GDP which values to more than US\$6 trillion, and accounted for more than 255 million jobs. Travel & Tourism industry is expected to grow by an average of 4% annually over the next 10 years, taking it to 10% of global GDP, or some US\$10 trillion. It is expected that by 2022 Travel & Tourism industry will account for 328 million jobs or 1 in every 10 jobs on the planet. As per a survey Travel & Tourism is a key generator of employment across the European Union directly generating 10 million jobs across Europe, substantially more than the automotive manufacturing (3. 2 million), mining (3. 6 million) and financial services sectors (8. 5 million). Employment is created in the sectors like transportation services like airlines, cruise, taxi, etc; hospitality services such as hotels, resorts, etc; and entertainment industry like amusement parks, casinos, shopping malls, theatres, etc. Even Asia Pacific region is now

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investing money in Travel & Tourism to depict same figures in their economies as well.

Below is the diagram showing how the contribution is made towards economy and employment through Travel and Tourism (T&T). It is divided into three parts i. e. Direct, Indirect and Induced.

Source: World Trade and Tourism Council research report

The direct contribution of T&T to GDP in 2011 was USD 1, 972. 8bn (2. 8% of GDP). The direct contribution of Travel and Tourism to GDP is expected to grow by 4. 2% pa by 2022. Total contribution of T&T to GDP was USD 6, 346. 1bn in 2011 i. e. 9. 1% of GDP and is expected to grow by 2. 8% to USD 6, 526. 9bn i. e. 9. 8% of GDP by 2022.

Source: WTTC

Negative factors affecting tourism

Below are the factors which are affecting tourism in most part of the world:

Terrorist threat is one of the biggest negative factors affecting tourism.

Terrorist attack in London, US, etc has reduced the number of tourist going to these countries. Also there is terrorist threat to tourist destinations, such as in Bali and several European cities.

Tsunami in Asia had affected tourism in most of the Asian countries at that time. Thousands of lives were lost including many tourists. Tsunami, Katrina and other cyclones in other regions have slowed down the tourism industry in their respective countries.

Virus attacks like H1N1 influenza virus have affected the tourism in several countries.

Other factors like economic unrest and recession have affected the number of tourist going for vacation.

Future Developments

Tourism is expected to grow at a rate of 4% annually and all this requires constant development in the technology and infrastructure. Tourists can be divided generally as per their budgets and taste thus new different ideas are required to pull tourist towards a country or city. For example some people like to go on a hill while some people like to go out for a theme park. Thus various developments were done to cater all the segments as per their needs. Developments like airlines have made it very accessible to travel round the world. International organization WHO estimates that up to 500,000 people is on planes at any time.

Internet development has brought a new revolution in tourism industry. One can book tickets (Rail, ship, airlines, etc), plans, packages, etc through internet. One can easily get a customized package as per their needs on a click of button. Due to competition these website gives competitive prices which is always beneficial for the end customer.

Sustainable Tourism

As the environmental condition of the world deteriorating every year this is an attempt by tourism industry to make as low impact on the environment and local culture as possible, while helping to generate

future employment for local people. The aim of sustainable tourism is to ensure that development brings a positive experience for local people, tourism companies and the tourists themselves. There is a difference between Sustainable tourism and ecotourism. Ecotourism is a form of tourism involving visiting fragile, pristine, and relatively undisturbed natural areas, intended as a low-impact and often small scale alternative to standard commercial (mass) tourism. Purpose of Ecotourism is to educate the traveler, to provide funds for ecological conservation, to directly benefit the economic development and political empowerment of local communities, or to foster respect for different cultures and for human rights.

A number of countries around the world are dependent on Tourism and consider Sustainable tourism as the important vehicle for economic and social development. Sustainable tourism is visualized as leading to management of all resources in such a way that social, economic and aesthetic needs can be fulfilled while maintaining biodiversity, cultural integrity, life support system and essential ecological processes. It implies meeting the needs of the present without compromising the ability of future generations to meet their own needs. It is not just the responsibility of government but it is the responsibility of all the stakeholders in tourism sector as well as the tourists to ensure that what they are getting today is preserve for future generations to enjoy. All stakeholders are responsible to give a good quality of life to future generations and they shouldn't do anything which would affect the lives of future generation.

For Sustainable tourism each country has to address various issues of policy-making, planning, management and the participation of the private sector
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and other stakeholders must be addressed in terms of opportunities for action and possible constraints that need to be overcome by concerted efforts.

Sustainable-Development. png

Sustainable tourism aims to reach a balance between the three factors mentioned above i. e. Social, Environmental and Economic factors without affecting the tourist's expectations from their travel. Sustainable tourism integrates tourism with other factors like economic and growth policies so as to reduce the negative impact mass tourism. Sustainable tourism requires involving local community as well while developing any tourism plan as they are the people who will get affected by any kind of development in their area. Murphy promoted the use of an ' ecological approach' while implementing the sustainable tourism development process. He considered both ' plants' and ' people' during the process. This is in contrast to the ' boosterism' and ' economic' approaches to tourism planning, neither of which considers the detrimental ecological or sociological impacts of tourism development to a destination.

Chapter 3: Overview of Indian Tourism Industry

Introduction

India is a huge land with a variety of different flora and fauna. Each place has something new to offer. It has covered by Himalaya's hilly region on one side and sea on the other sides. Tourism in India is one of the largest service industries. As India is a vast country so there are thousands of destinations and each destination is a tourist spot in itself. Whether you visit the metros,

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big cities or remote areas of India, you will experience something different and interesting alike. Besides, India is also dotted with a number of picturesque hills which draw tourists from world over and provide a welcome respite from the hustle and bustle of cities. For those who are interested in history and architecture, India has a number of sites which have been designated as World Heritage Sites by UNESCO. You can get a fine glimpse of the bygone era at these Heritage Sites. UK and US tourists are among major tourist population that visit India. Most popular tourist destinations, in India, among Foreigners are Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan. Most popular destination among Domestic tourist is Uttar Pradesh, Maharashtra, Andhra Pradesh and Tamil Nadu. Being oldest states of India, heritage Sites and most importantly Pilgrimage Sites, attracts Domestic tourist.

According to World Travel and Tourism Council, from 2009 to 2018, India will among top tourism destination, having the highest 10-year growth potential. The Travel & Tourism Competitiveness Report 2007 ranked tourism in India sixth in terms of price competitiveness and 39th in terms of safety and security. A 5000 year history, culture, religion and alternative medicine fascinates all segments of tourist. The focus of the industry is on “ Atithi Devo Bhavah” campaign, targeted at the inbound foreign tourist. Translated literally it means “ Guest is God”.

Main attraction to India is its cultural and geographical diversity. It also had a rich history and each region has its own uniqueness which appeals to large and diverse tourist base. There are many tourist spots which come under UNESCO heritage. India provides heritage, sports, medical and business.
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India has one of the largest and fastest growing medical tourism sectors. According to global hotel and hospitality consulting firm, HVS International, the strong performance in tourist arrivals in 2005 can be attributed to a strong sense of business and investment confidence in India inspired by:

India's strong GDP performance

Strengthening of ties with developed world

Reforms in aviation sector which led to better connectivity with many countries, and

Opening of sectors of the economy to private sector/foreign investment.

Other factors are:

Development of infrastructure by government

India's emergence as an outsourcing hub

Success of " Incredible India" campaign and other tourism promotion measures

India's growing recognition as an exciting place to visit.

Ministry of Tourism

National policies are planned by the Ministry of Tourism. They are responsible for the development and promotion of tourism in India. They are also responsible for the regulation of tourism industry as well as promotion of India as tourist destination to the world. They have to take consideration

from all the stakeholders in the sector to execute any plan or development in any of the regions. All the stakeholders involved in this process needs to work collaboratively to function smoothly. Ministry is putting considerable effort to promote new forms of tourism like eco-tourism, medical, sports, water, etc. The Ministry of Tourism also maintains the Incredible India campaign. As of January 2011, head of the ministry is the Cabinet Minister Subodh Kant Sahay. India stole the limelight at the World Tourism Mart 2011 in London by winning two global awards - World's Leading Destination and World's Leading Tourist Board, Incredible India.

Economic Factors

Tourism contributes 6.4% to the national GDP and 8.8% to the employment in India. It is the 3rd largest foreign exchange earner in India. Travel & Tourism (T&T) directs contribution to GDP in 2011 was INR1,689.8bn (1.9% of GDP). By 2012, it is forecasted that it will grow by 7.6% to INR1,818.5bn. This shows how much economy can grow just with the help of hotels, rails and other form of transportation services (excluding commuter services). Not only this but it also includes the other industries which are dependent on the tourist such as restaurants and leisure industry. It is expected that by 2022 direct contribution of T&T to GDP is expected to grow by 7.7% pa to INR3,805.2bn (1.9% of GDP). The Total contribution of T&T to GDP was INR5,651.0bn in 2011 (6.4% of GDP) and by 2012 it is expected to grow by 7.3% to INR6,062.3bn (6.5% of GDP). Total contribution is further forecast to rise by 7.8% pa to INR12,891.2bn by 2022 (6.5% of GDP).

% of whole economy GDP

Source: WTTC Travel & Tourism Economic Impact 2012

Direct T&T generated by leisure travel spending (inbound and domestic) is 73.8% of direct T&T GDP in 2011 (INR3,335.4bn) compared with 26.2% for business travel spending (INR1,181.3bn). Business travel spending is expected to grow by 4.1% in 2012 to INR1,229.6bn, and rise by 7.6% pa to INR2,562.2bn in 2022. Leisure travel spending is expected to grow by 8.6% in 2012 to INR3,622.3bn, and rise by 7.6% pa to INR7,554.3bn in 2022.

Source: WTTC Travel & Tourism Economic Impact 2012

Domestic travel spending generated 82.2% of direct Travel & Tourism GDP in 2011 compared with 17.8% for visitor exports (ie foreign visitor spending or international tourism receipts). Domestic travel spending is expected to grow by 8.3% in 2012 to INR4,009.9bn, and rise by 8.1% pa to INR8,710.3bn in 2022. Visitor exports are expected to grow by 3.5% in 2012 to INR829.2bn, and rise by 5.2% pa to INR1,382.6bn in 2022.

Source: WTTC Travel & Tourism Economic Impact 2012

Below are the country rankings of absolute contribution for year 2011. We can see that under direct and total contribution to GDP India is ranked 11th and 12th respectively which is a good ranking. Compared to other Asian economies China is the only country ahead of India in ranking. If we consider employment parameter then India is ranked as 1st for direct contribution to employment while 2nd for total contribution to employment after China. If we see capital investment done with respect to other countries then India is ranked at 4th position.

These rankings are in absolute term but if we consider relative value then India is way behind its neighbors. It is ranked as 126th as total contribution to the GDP. While contribution of tourism to employment is ranked at 102nd and capital investment at 97th. Compared to its competitive neighboring nation it is a poor ranking.

C: UsersDellDocumentsAIMMRRDocsContribution. jpg

Source: WTTC - The tables provide brief extracts from the full WTTC Country League Table Rankings, highlighting comparisons with competing destinations as well as with the world average. The competing destinations selected are those that offer a similar tourism product and compete for tourists from the same set of origin markets. These tend to be, but are not exclusively, geographical neighbors.

Below is the long term ranking on the same parameters as above. If we analyze the rankings then we can see that it is improving from the current relative rankings.

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Source: WTTC - The above table highlights comparison with competing destination as well as with world average. It is a snapshot from WTTC country league table ranking. The competing destinations offer a similar tourism product and compete for tourists from the same set of origin markets i. e. geographic location.

Statistics of Indian Tourism

In 2010, numbers of foreign tourist arrival were 5.78 Million which shows the annual growth rate of 11.8%. This double digit shows that the number of tourist coming to India is increasing at a good rate because the global annual growth is just 6.6% while annual growth of entire Asia Pacific Region is 12.7%. Although this annual growth rate is comparatively high but the share of India in International tourist arrival is just 0.61% and India is ranked at 40th position.

We can also see in the below chart provided by UNWTO that the inbound tourism in Asia and Pacific region is going to grow faster than any other region of the world. So this gives a lot of potential for Asian countries to grow and develop their economy via medium of tourism.

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Source: UNWTO

Maximum tourist comes from USA (16%) followed by UK (13%) and then Bangladesh (7.5%). Delhi (34.5%) and Mumbai airport (20.5%) is the main entry point for tourists coming to India. Below table shows the purpose of FTAs visit to India.

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Source: India Tourism Statistic 2010

In 2010, peak tourist month was December while on the lower side was May. In December there were around 11.8% tourist and in May there were 5.7% tourist only. The below graph shows that peak season were in Jan – March & Oct – Dec in 2010. This is generally consistent with the pattern in 2008 and 2009 also.

C: UsersDellDocumentsAIMMRRDocsMonth. jpg

Source: India Tourism Statistic 2010

Peak months differ for countries to countries like for USA, Canada, Malaysia, Australia and Singapore, December was the peak month. For countries like UK, Germany and Korea January was the peak month. For few countries it is even August or July. But overall it is the winter season (October-December) where we see maximum FTAs in India i. e. 31.1% and minimum in summer season (April-June) i. e. 18.8%.

Of all the FTAs in 2010, Male FTAs accounted for 59.3% while Female as 40.7%. Over the last 15 years the percentage of female visitors has increased in India. The trend among the age group which we have seen in the inbound tourist was that maximum comes from the age group of 35-44, followed by the age groups of 45-54 years and 25-34 years. Minimum were in the age group of 15-24 years.

Domestic Tourism:

Along with International tourism even Domestic tourism is increasing at a good pace. The compound annual growth rate of domestic tourist visits to all

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states/UTs from 1991 to 2010 is 13. 5%. Below is the diagram showing year-wise domestic/foreign tourists visits to States/ UTs during 2000 and 2010

C: UsersDellDocumentsAIMMRRDocsDomestic. jpg

Source: India Tourism Statistic 2010

Below is the figure showing the percentage share of Top 10 States/UTs in Domestic tourist visits in 2010. We can see that Andhra Pradesh, Uttar Pradesh and Tamilnadu itself comprise of roughly 55% of the total domestic tourist visit. In terms of foreign tourist Maharashtra is the state which is most visited i. e. 28. 5%.

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Source: India Tourism Statistic 2010

Chapter 4: Transport Industry in India

Introduction

Transport in the Republic of India is an important part of the nation's economy. Since the economic liberalization of the 1990s, development of infrastructure within the country has progressed at a rapid pace, and today there is a wide variety of modes of transport by land, water and air.

India's transport sector is large and diverse; it caters to the needs of 1. 1 billion people. In 2007, the sector contributed about 5. 5 percent to the nation's GDP. Public transport still remains the primary mode of transport for most of the population, and India's public transport systems are among the most heavily used in the world. India's rail network is the 4th longest and the

most heavily used system in the world, transporting over 6 billion passengers and over 350 million tons of freight annually.

Good physical connectivity in the urban and rural areas is essential for economic growth. Since the early 1990s, India's growing economy has witnessed a rise in demand for transport infrastructure and services.

However, the sector has not been able to keep pace with rising demand and is proving to be a drag on the economy. Major improvements in the sector are required to support the country's continued economic growth and to reduce poverty.

Primary Mode of Transportation

Railways. Indian Railways (reporting mark IR) is an Indian state-owned railway enterprise, owned and operated by the Government of India through the Ministry of Railways. It is one of the world's largest railway networks comprising a total of 114,500 kilometres (71,147 mi) of track over a route of 65,000 kilometres (40,389 mi) and 7,500 stations. IR carries over 30 million passengers and 2.8 million tons of freight daily. In 2011-2012 Railway earned INR104,278.79 crore (US\$18.87 billion) which consists of INR69,675.97 crore (US\$12.61 billion) from freight and INR28,645.52 crore (US\$5.18 billion) from passengers tickets. It is one of the world's largest employers. The railways play a leading role in carrying passengers and cargo across India's vast territory. However, most of its major corridors have capacity constraint requiring capacity enhancement plans. To reduce congestion on rail corridors along the highly trafficked Golden Quadrilateral and improving port connectivity government is launching the National Rail Vikas Yojana (National Railway Development Program). The development of <https://assignbuster.com/promotion-and-development-of-rail-tourism-india-tourism-essay/>

two Dedicated Freight Corridors from Mumbai to Delhi and Ludhiana to Dankuni is also in governments plan.

Roads. Roads are the dominant mode of transportation in India today. They carry almost 90 percent of the country's passenger traffic and 65 percent of its freight. The density of India's highway network — at 0.66 km of highway per square kilometer of land — is similar to that of the United States (0.65) and much greater than China's (0.16) or Brazil's (0.20). However, most highways in India are narrow and congested with poor surface quality, and 40 percent of India's villages do not have access to all-weather roads.

Ports. India has a long coastline, spanning 7516.6 kilometres, forming one of the biggest peninsulas in the world. It is serviced by 13 major ports (12 government and 1 corporate) and 187 notified minor and intermediate ports. The latest addition to major ports is Port Blair on June 2010, the 13th port in the country. These ports serve the country's growing foreign trade in petroleum products, iron ore, and coal, as well as the increasing movement of containers. Inland water transportation remains largely undeveloped despite India's 14,000 kilometers of navigable rivers and canals.

Aviation. India has 125 airports, including 11 international airports. Indian airports handled 96 million passengers and 1.5 million tons of cargo in year 2006-2007, an increase of 31.4% for passenger and 10.6% for cargo traffic over previous year. The dramatic increase in air traffic for both passengers and cargo in recent years has placed a heavy strain on the country's major airports. Passenger traffic is projected to cross 100 million and cargo to cross 3.3 million tons by year 2010. Privatization and expansion of the Mumbai

and New Delhi Airports and development of new international airports at Hyderabad and Bangalore.

Transport infrastructure in India is better developed in the southern and southwestern parts of the country.

PESTLE Analysis

Political Context – Many limitations were imposed by public transport sector. Also government has imposed many taxes which will further increase the prices of automobiles. Government has asked public transport vehicles in many cities to move to CNG instead of petrol which has affected many individuals. Launching the ambitious National Highway Development Program which has seven phases and is expected to be completed by 2012. It includes improved connectivity between Delhi, Mumbai, Chennai and Kolkata, popularly called the Golden Quadrilateral, in the first phase, North-South and East- West corridors in phase two, four laning of more than 12, 000 km in phase three, two laning of 20, 000km and six laning of 6, 500 km respectively in phase four and five, development of 1, 000km of expressway in phase six and other important highway projects in phase seven. Total expected investment is INR 2. 2 trillion. Accelerated Road Development Program for the North East Region to provide road connectivity to all State capitals and district headquarters in the region.

Economic Context – Petrol prices are increasing every year at a sky rocket speed and this will surely hamper the transport industry as it will lead to increase in the travelling fare. Consumer confidence has decreased as a result of the economic downturn and people are seeking savings in their

everyday life. Increase in the average disposable income of both families and individuals indicates that more people can afford to buy and use a private car. Tourism bring foreign exchange earnings of USD 14. 19 Billion. The top-income households, the real consuming class with high disposable income, have been getting richer faster. It is for this reason that the boom in sales of virtually every consumer product from cars to bikes to TV sets is visible all over.

Societies Context - Growing population and numbers of visitors/tourists/immigrants imply increasing demand for transport Services. People are more time-poor and seek efficient ways of transport in the city, where public transport possesses advantages such as rail and bus lanes that avoid traffic jams. People seek the convenience, personal comfort and social status that mainly private cars or, to a certain degree, taxis can offer

Technology Context - Rapid development in communication and computer technologies, e. g. increasing use of videoconferencing, tele-working and the Internet