Tourism in india

Sport & Tourism

The Travel and Hospitality Industry India’s travel, tourism and hospitality industry is one of the fastest growing service industries in the country thanks to a burgeoning middle class, increasing purchasing power, a rising inflow of foreign tourists, and successful government campaigns promoting ‘ Incredible India'. In 2011 alone, travel and tourism contributed to 6. 4% of the GDP, and is forecast to rise by 7. 3% in 2012. In terms of employment, travel and tourism directly supported 24, 975, 000 jobs (5% of employment) in 2011, and is expected to rise by 3% in 2012.

Foreign Exchange Earnings (FEE) from tourism in 2011 were $16, 564 million with a growth of 16. 7% over 2010. 14 Clearly, India is fast becoming a popular tourist destination world over. Between April 2000 and December 2011, the hotel and tourism sector generated a total of $3, 195. 70 billion in Foreign Direct Investment (FDI). 15In 2011 alone, the country welcomed 6. 29 million foreign tourists, compared to 5. 78 million in 2010. 16By 2022, international tourist arrivals are forecast to total 11, 276, 000, generating an expenditure of `1, 382. 6 billion. 7 In 2010-11, the travel and hospitality industry faced the challenge of a significant decline in corporate travel due to serious cost cutting by global corporate houses, as well as the fear ofterrorism, and a lack of a sense of safety post the 2008 Mumbai terror attacks. However, the hospitality sector has shown resilience, improving its security management and performance. With the growth of budget hotels along with low cost airlines, online travel bookings, and group travel, SMEs in the travel and tourism sector have shown rapid progress.

They have been targeting niche markets specializing in corporate travel, leisure travel, and even hitherto unheard services like wedding travel and planning. “ IATA statistics show that today, maximum business is generated in Asia. Asia and particularly India now have a major role to play in shaping this sector while also enjoying maximum share. However, with more disposable income, Indians prefer to travel overseas rather than within the country.

We have over 14 million Indians traveling overseas, but the figure for inbound tourism stands at a dismal 6 million - this can definitely increase if we begin to seriously promote India as a destination to be explored and discovered. ”, says Vivek Dadhich, Managing Director of Noida-based Bluemoon Travels, a new age travel company offering leisure travel and MICE - travel planning services for Meetings, Incentives, Conventions, and Exhibitions. As per an analysis done by retail consultancy Technopak, at the end of 2010 the Indian hotel industry’s worth was estimated around US$ 17 billion.

The share of hotel and restaurant sector in the overall economy is still below 2 per cent. For the last five years the total contribution of the hospitality sector has remained stagnant. Although the overall share increased from 1. 46 per cent in 2004-05 to 1. 69 per cent in 2007-08, but then after the phase of economic meltdown in US the total share again decreased to 1. 45 per cent in 2009-10. India ranks in the 153rd position spending 0. 9% for tourism. The hotel andtourism industry’s contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US$ 2. 5 billion from April 2000 to February 2011, according to the Department of Industrial Policy and Promotion (DIPP). As per an analysis done by retail consultancy Technopak, at the end of 2010 the Indian hotel industry’s worth was estimated around US$ 17 billion. The share of hotel and restaurant sector in the overall economy is still below 2 per cent. For the last five years the total contribution of the hospitality sector has remained stagnant.

Although the overall share increased from 1. 46 per cent in 2004-05 to 1. 69 per cent in 2007-08, but then after the phase of economic meltdown in US the total share again decreased to 1. 5 per cent in 2009-10. India ranks in the 153rd position spending 0. 9% for tourism. The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US$ 2. 35 billion from April 2000 to February 2011, according to the Department of Industrial Policy and Promotion (DIPP). www. oifc. com overseas Indian facilitation center According to the Tourism Satellite Accounting (TSA) research, released by World Travel and Tourism Council (WTTC) and its strategic partner Oxford Economics in 2011: * The direct contribution of Travel ; Tourism to GDP is expected to be INR 1, 570. billion (US$ 35. 4 billion) (1. 9 per cent of total GDP) in 2011, rising by 8. 1 per cent per annum (pa) to INR 3, 414. 8 billion (US$ 77. 0 billion*) (2. 0 per cent) in 2021 * The total contribution of Travel ; Tourism to GDP, including its wider economic impacts, is forecast to rise by 8. 8 per cent pa from INR 3, 680. 4 billion (US$ 83. 0 billion) (4. 5 per cent of GDP) in 2011 to INR 8, 523. 1 billion (US$ 191. 2 billion*) (4. 9 per cent) by 2021. Total Contribution of Travel ; Tourism to GDP Source: World Travel ; Tourism Council

The TSA research also states that the sector is expected to support directly 24, 931, 000 jobs (5. 0 per cent of total employment) in 2011, rising by 2. 0 per cent pa to 30, 439, 000 jobs (5. 2 per cent) by 2021. Hotel Industry Due to increasing number of foreign tourist arrivals, together with the growth of domestic tourism in the country, the hotel industry is also witnessing continued momentum. The Indian Hospitality industry contributes around 2. 2 per cent of India's GDP. The industry is expected to reach INR 230 billion (US$ 5. 2 billion*) by 2015, growing at a robust CAGR of 12. per cent. India will be investing around INR 448 billion (US$ 10. 1 billion*) in the hospitality industry in the next five years, according to a report ' The Indian Hotel Industry Report - 2011 Edition' by CYGNUS Business Consulting ; Research Firm. The industry also witnessed an increase in the number of hotel rooms with a growth of 5 per cent during the last three to four years. In the next two years, a total investment of US$ 12. 2 billion (INR 545. 2 billion*) is expected that will add over 20 new international brands in the hospitality sector.

Rise of budget hotels in the country, like Ginger Hotels, Lemon Tree, Sarovar Hotels, Fortune Hotels, Ibis and Choice Hotels clearly suggest a huge growth potential in the sector. The Growth Path Foreign tourist arrivals in the country have increased substantially during the past decade motivated by both, business and leisure needs and are further expected to grow at a compound annual growth rate (CAGR) of around 8 per cent during 2010-2014, as per a research report ' Indian Tourism Industry Analysis' by research firm RNCOS.

In fact, the Tourism sector enjoyed strong growth during 2010, as indicated in the data released by the Ministry of Tourism in January 2011. As per the data, in 2010, the country experienced a strong rebound in the Tourism industry. Foreign Tourist Arrivals (FTAs) FTAs in India during 2010 were 5. 58

million with a growth rate of 8. 1 per cent as compared to the FTAs of 5. 17 million and growth rate of (-)2. 2 per cent during 2009. The 8. 1 per cent growth rate in FTAs for 2010 over 2009 for India is much better than UNWTO’s projected growth rate of 5 per cent to 6 per cent for the world during the same period. FTAs during the month of June 2011, was 3. 96 lakh as compared to FTAs of 3. 70 lakh during the month of June 2010 and 3. 52 lakh in June 2009. There has been a growth of 7. 2 per cent in June 2011 over June 2010 as compared to a growth of 4. 9 per cent registered in June 2010 over June 2009. FTAs during the period January-June 2011 were 29. 19 lakh with a growth of 10. 9 per cent, as compared to the FTAs of 26. 32 lakh with a growth of 8. 9 per cent during January-June 2010 over the corresponding period of 2009. FEE from Tourism in INR terms during 2010 were INR 648. billion as compared to INR 549. 6 billion during 2009 and INR 507. 3 billion during 2008. FEE from tourism in US$ terms during 2010 were US$ 14. 2 billion as compared to US$ 11. 4 billion during 2009 and US$ 11. 7 billion during 2008. The growth rate in FEE in INR terms during 2010 was 18. 1 per cent as compared to the growth rate of 8. 3 per cent in 2009 over 2008. Therefore, the growth rate observed in 2010 over 2009 was substantially high. The growth rate in FEE in US$ terms during 2010 was 24. 6 per cent as compared to a decline of 3 per cent in 2009 over 2008.

Therefore, in US$ terms, also growth rate observed in 2010 was positive and substantially high. FEE in INR terms during the month of June 2011 were INR 54. 4 billion as compared to INR 47. 5 billion in June 2010 and INR 38. 0 billion in June 2009. FEE in US$ terms during the month of June 2011 were US$ 1. 2 billion as compared to FEE of US$ 1. 0 billion during the month of

June 2010 and US$ 0. 7 billion in June 2009. The growth rate in FEE in INR terms in June 2011 over June 2010 was 14. 5 per cent as compared to 25. 0 per cent in June 2010 over June 2009.

Till five years ago, the sector was registering a growth of around 15 per cent but slowdown in the economy has affected the growth prospects of the sector badly and the growth rate has dropped into single digit level. The sector registered negative growth (-3. 41 per cent) in 2008–09 over the year 2007–08, which was due to the adverse global economic conditions in this year. But, the sector is back in the positive growth territory and clocked a growth of 2. 2 per cent in 2009-10. Annual growth rate (in per cent)

Source: Economic Survey 2010-11 Growth Prospects Healthy economic growth recorded in past few years, especially in the services industry, has led to increase in business travel. Higher disposable income and affordability have increased domestic leisure travel in India. Foreign tourist arrivals in India have also grown. The industry's performance was hit in 2009 due to the global economic slowdown, terror attacks in Mumbai (November 2008) and H1N1 virus. However, the industry has shown signs of recovery in the first half of 2010.

This is a clear indicator that the long-term prospects for the Indian travel and tourism industry are bright. India is expected to witness increased tourist activity both in the business and leisure segments in the coming years. International inbound traffic is expected to grow rapidly with increasing investment and trade activity. India has been identified as one of the fastest-growing countries in terms of tourism demand. 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. % to US$ 91. 7 bn (` 4, 412. 7 bn) and foreign exchange earnings from tourism increased ~13% to US$ 11. 39 bn. Some prominent players : Sahara group, viceroy hotels, Carlson, UAE based Istithmar hotel, Netherlands based Golden Tulip Hospitality group, IRCTC, Leela Palace and resorts, DLF Universal Major players: Indian Hotels Company Limited (the Taj group) EIH Limited (the Oberoi group) ITC Hotels Limited Indian Tourism Development Corporation Small chains: Hotel Leela Venture Asian Hotels (Hyatt International Corporation) Bharat Hotels Public Sector Chain:

ITDC and HCI Govt initiatives: Incredible India Atithie devo bhava Porter's five forces: Threat of substitute goods: Presence of many hotels around the corner Hotels have varying price ranges and amenities and it is difficult to predict customer's choice of choosing a hotel. The internet makes the overall market more efficient while expanding the size of the potential market and creating new substitution threats. Another hotel chain may erode your customer base with a newly formulated internet approach or marketing campaign. Bargaining Power of Buyers:

Business persons choosing a hotel are tech savvy and find it easy to search for cheaper hotels in internet and book them. This eliminates middle men and intermediaries which in turn increases the bargaining power. The cost of switching is very low, which is again a high bargaining power on the side of buyers. This industry has numerous customers who are relatively very small in size. Loss of a single customer has little impact on a hotel company and this drives down the buyers bargaining power. Rivalry among existing competitors The rivalry among competitors in the hotel industry is fierce.

When potential customers can learn about a hotel on line, the internet reduces the differences among competitors. People tend to seek the best price for the best experience and the tendency is to reduce price to be competitive. The internet covers wide geographical areas so the market is widened increasing the number of competitors. Barriers to entry: Initial investment cost is very high. A vital barrier would be differentiation. A hotel that can differential itself by location, by service, amenities or some other quality has the potential to attract and keep its clients.

Another barrier to entry would be expertise. Unfortunately, in a mobile society employees frequently leave one hotel chain to work in another and they take that expertise in terms of training or of experience with them. It is in the areas of expertise and of differentiation that a hotel can make the greatest impact on its client and thereby on its bottom line. Economies of scale are also a huge factor in this industry. Profitability of hotel chains is drastically higher than individual operations.

A new entrant cannot compete with established players in terms or quality and price if they cannot establish significant economies of scale. High exit barriers because of the specialized assets. Bargaining power of suppliers: Two key suppliers for hotel industry are labour and real estate. The number of suppliers for the Hotel industry is quite large and each supplier is very small in size compared to the leading players in the industry. These few powerful players are indispensible to the suppliers. Substitutability of the suppliers is also quite feasible and inexpensive.

Switching between real estate agents is not going to affect a particular Hotel company significantly. However in terms of quality, training centers for employees and ICT manufacturers who provide IT systems that for property management are relatively more difficult to replace. Therefore in terms of substitute suppliers industry attractiveness is moderately high. Industry's threat of backward integration is pretty high since large hotel chains like ITC or IHCL would have no qualms expanding into the real estate business or developing employee training facilities in-house. Technology:

Innovative designs, technological advancements and next generation interior concepts are keys to maintaining the Indian hospitality industry's success and to attract the next generation of customers. The concept, design, plan, materials, technology each aspect used in a hotel, restaurant or any property is ever changing and breaths technology for advancement and recognition. The brandloyaltyincreases with the concept and luxury of the hotel, no more with names. Technology plays a vital role in helping hotels expand and provide great services to the next generation of travellers.

Availability enquiries, travel arrangements, local transport, gate entry, reception desks, elevators, room, in-room features and everything travellers see and touch hotel are enhanced with the right technology and concept. To harness India's tourism potential, several efforts are being taken for opening new destinations and exploring niche segments. However, infrastructure facilities such as air, rail, road connectivity, and hospitality services at these destinations and the connecting cities are inadequate.

This remains a major hurdle for development of tourism. Roadways form a vital network in the tourist industry with almost 70% tourists in India travelling by road. Moreover, many tourist circuits depend on roads. Despite numerous efforts to improve road infrastructure, connectivity remains a major problem. There is a greater need for strengthened road and rail network, development of more expressways, and tourist-specific routes to improve connectivity to various locations across different regions.

Aviation infrastructure is also critical since it is a major mode of entry for inbound tourism. Passenger traffic is expected to increase in the coming years; however infrastructure facilities at airports are cause for concern. Expansion and development of airports at major gateway cities is underway to cater to the increasing passenger traffic. 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.