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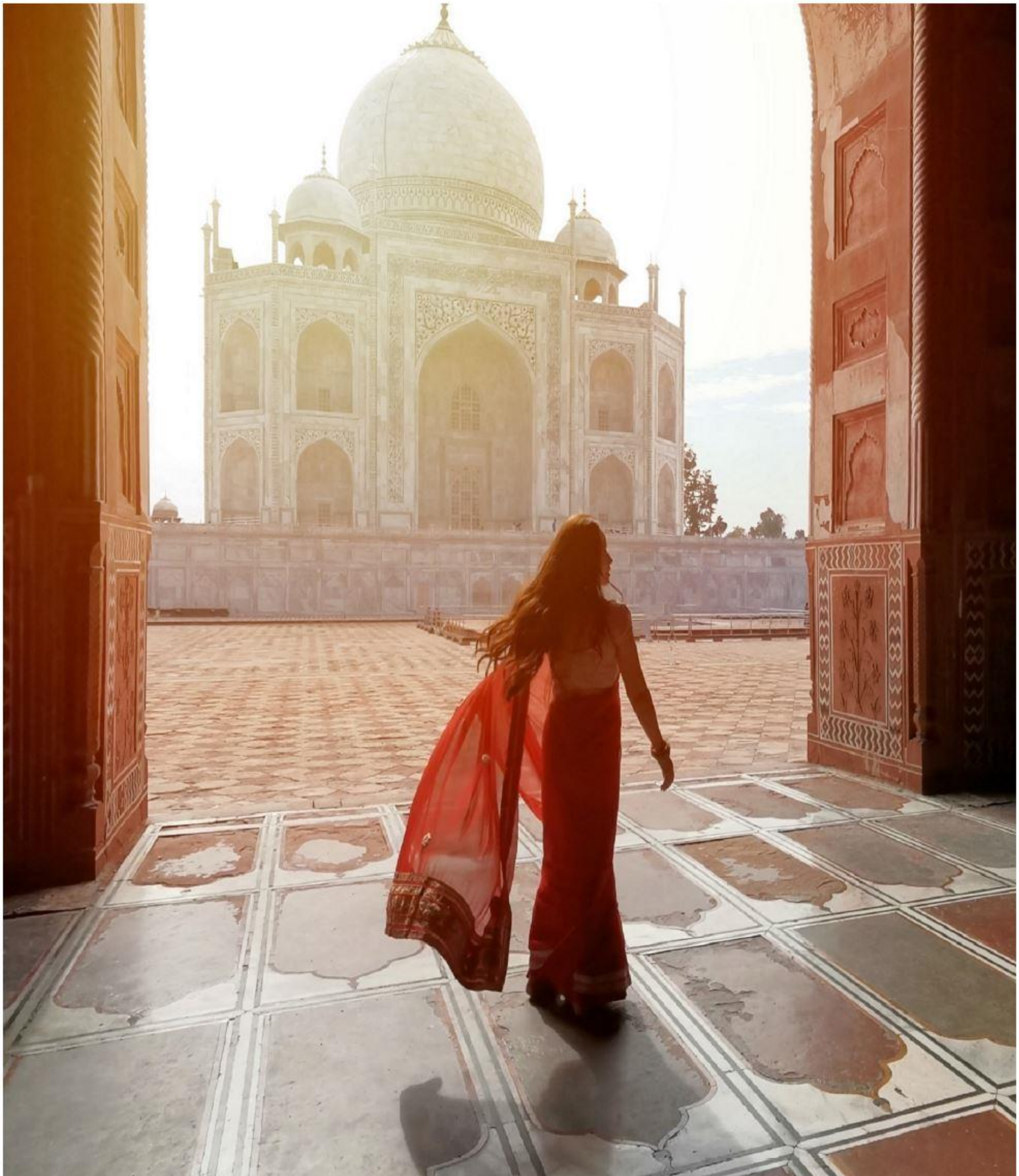

RESEARCH SNAPSHOT ON THE INDIAN OUTBOUND TRAVEL MARKET

EUROPEAN TRAVEL COMMISSION

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RESEARCH SNAPSHOT ON THE INDIAN OUTBOUND TRAVEL MARKET

by Market Vision Research & Consulting

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ETC Market Intelligence Report

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1. Introduction

This snapshot report provides readers with an overview of India and the Indian tourism market and serves as a guide for European tourism stakeholders looking for information and opportunities to do business with tourism operators in India. The following areas are covered:

- Introduction to India
- Economic environment
- Regulatory environment and travel and tourism policies
- The travel trade
- Nature of outbound trips

This report also provides recommendations on how to adequately target the travel trade and travel consumers (tourists) in the Indian outbound market. Aspects such as marketing challenges, opportunities, and information on key industry players are also covered.

At the end of each chapter and at the end of the report, sources for further reading are provided. Secondary research of publicly available material, including government sources, research reports, economic and market data, policy documents, and credible news articles, were used to create this report. The Ministry of External Affairs and Ministry of Tourism of the Government of India, UN Department of Economic and Social Affairs (UN DESA), International Monetary Fund (IMF), European Travel Commission (ETC), UN World Tourism Organization (UNWTO), the World Bank and the Bureau of Immigration, Government of India are some of the many sources used for data collection and analysis.

1.1 Country overview

Located between Myanmar and Pakistan, bordering the Arabian Sea and the Bay of Bengal, India occupies the greater part of South Asia. It is the 7th largest country in the world and the 2nd most populous with 1.38 billion residents as of January 2020.[i]

As per the United Nation's World Population Prospects 2019, India is projected to surpass China as the world's most populous country around 2027, adding nearly 273 million people between 2019 and 2050.[ii]

India has 36 states and union territories (including the Delhi national capital territory) of which the most populous are Uttar Pradesh, Maharashtra, Bihar, West Bengal, Madhya Pradesh, Rajasthan and Tamil Nadu, accounting for over 70% of the nation's population.

When breaking down the numbers, it can be seen that India has many large cities that contribute to its massive population. In fact, the country has a total of 40 cities that each have populations exceeding one million residents. Of these cities, two - Mumbai and Delhi -

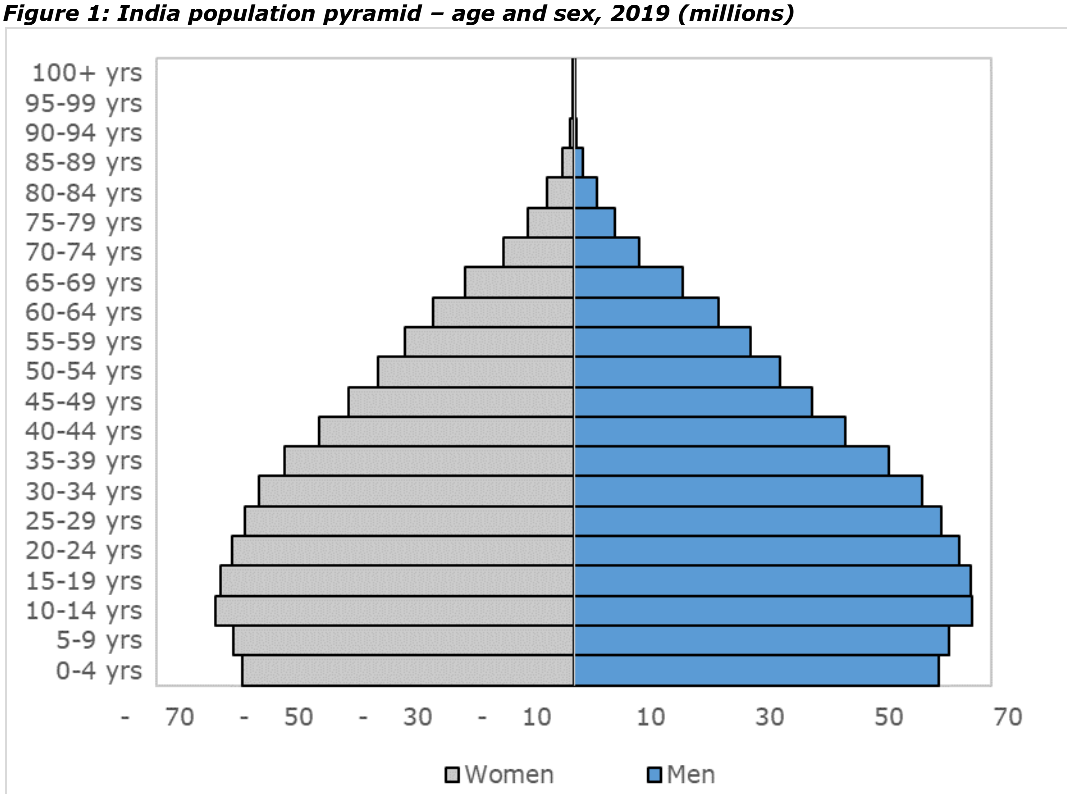
have populations that exceed 10 million, and another five – Bengaluru, Kolkata, Chennai, Ahmedabad and Hyderabad have populations exceeding 3 million.

Yet, even though it has more larger cities than many countries, India still has nearly two-thirds of its population residing in rural areas. Notably, with steady urbanisation, it is projected that India's urban population (53%) will overtake the rural population (47%) before the end of 2050.[iii]

In the coming years, India's large population base will have easier access to domestic and international airports at major urban cities as well as some of the smaller towns. As of December 2019, India has 106 operational airports (37 international). An additional 100 airports are planned to be opened by 2024, enabling 1,000 new routes connecting smaller towns and villages,[iv] and by 2040, the number of operational airports is envisaged to be 190-200. These developments bode well for international travel.[v]

One of the key features of India's population is its young demographic composition, which will continue to drive outbound travel in the coming years. The 15-54 age group (47% of the total population) is the fastest growing age segment and is expected to represent 60% and 56% of the country's total population by the year 2025 and 2050 respectively.[vi] Gender distribution is fairly balanced with 52% males and 48% females, and will remain consistent until 2050.[vii]

Figure 1: India population pyramid – age and sex, 2019 (millions)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, custom data acquired via website.

An important feature of the country is that it is a religiously pluralistic and multi-ethnic democracy – the largest in the world. While 94% of the world's Hindus live in India, there are also substantial populations of Muslims, Christians, Sikhs, Buddhists, Jains and adherents of other religions. In the coming decades, India will have the largest populations of two of the three largest religions in the world – Hinduism and Islam– according to religious projections data from Pew Research Center.[viii]

Cultural practices are not only shaped by religion, but also vary by geographical region in India. Broadly divided into four major regions (North, South, East and West), each with its own distinctive language, customs and food practices, India cannot be considered as a homogenous tourism source market. As such, international tourism suppliers must be aware of and sensitive to the needs of their diverse Indian clientele. Their counterparts in the travel trade community in India can guide them in navigating the complexities of the 'many India's' within India.

There are several online resources that can help in understanding the Indian market and its cultural and regional diversity; some also provide tips on doing business in India. A couple of these are listed below:
www.salemtours.co.in/cultural-differences-between-south-and-north-india/
www.commisceo-global.com/resources/country-guides/india-guide

Another important point to note - from a communications perspective – is that there is no national language in India. Both Hindi and English are accorded the status of official languages of the Indian government, but at the state level, different regional languages are accorded official status and spoken as the main language by their residents.

Although English is widely spoken across the country (though proficiency in the language cannot be taken for granted), Indian consumers prefer interacting with vernacular content, especially when surfing online.

According to a study conducted by KPMG in partnership with Google, the number of Indian net surfers grew from 42 million in 2011 to 234 million in 2016. The study further reveals that seven in ten Indians place greater reliability on digital content in local languages than in English.

The study forecasts that, by 2021, Indian language internet users will reach 536 million, growing at a CAGR of 18% during the period 2016-2021, compared to the English internet user base, which is expected to grow at a CAGR of 3% to reach 199 million in the same period.

Specifically, by 2021, 201 million Hindi users (38% of the Indian languages internet user base) are expected to be online, the majority of whom are more likely to respond to digital advertisements in their local language as compared to English ads.[ix]

Table 1 shows the most widely spoken languages in India.

Table 1: List of languages by number of native speakers

Language	Number (Mn)	Language	Number (Mn)
Hindi	551.4	Gujarati	59.1
English	125.3	Urdu	50.8
Bengali	91.1	Kannada	50.3
Marathi	85.0	Odia	36.6
Telegu	84.2	Malayalam	33.8
Tamil	66.7	Punjabi	29.1

Source: www.worldatlas.com/articles/the-most-widely-spoken-languages-in-india.html

1.2 Online resources for further reading

- "India likely to add 273 million people between 2019 and 2050 - UN report" https://economictimes.indiatimes.com/news/politics-and-nation/india-likely-to-add-273-million-people-between-2019-and-2050-un-report/articleshow/69830509.cms

- United Nations World Urbanization Prospects 2018 - https://population.un.org/wup/Country-Profiles/

- "In 5 years, India plans to open 100 new airports and 1k new routes" https://www.thequint.com/news/india/in-5-years-india-plans-to-open-100-new-airports-and-1k-new-routes

- India Brand Equity Foundation - https://www.ibef.org/industry/indian-aviation.aspx

- United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, custom data acquired via website - https://population.un.org/wpp/

- Pew Research - https://www.pewresearch.org/fact-tank/2015/04/21/by-2050-india-to-have-worlds-largest-populations-of-hindus-and-muslims/

- KPMG - Indian Languages – Defining India's Internet (A Study by KPMG in India and Google) - https://assets.kpmg/content/dam/kpmg/in/pdf/2017/04/Indian-languages-Defining-Indias-Internet.pdf

2. Economic environment

2.1 National economy

India has emerged as the fastest growing economy in the world with its Gross Domestic Product (GDP) crossing US$2.7 trillion in 2018. It makes up 15% of global growth, fuelled by reforms, foreign investment and strong domestic demand. The country ranked 58th out of 140 economies in the World Economic Forum's latest Global Competitiveness Report 2018, up five places from 2017.[x]

Sustained rapid economic growth for most of the last two decades has led to rising incomes of India's citizens and an overall reduction in extreme poverty in the nation. The most important and the fastest growing sector of the Indian economy is the services sector, which makes up over 60% of GDP, while industrial and agricultural sectors account for 28% and 12% of the output respectively.[xi] Growth in the services sector is driven by services exports and strong Foreign Direct Investment (FDI) inflows into sub-sectors, such as information & broadcasting, air transport, telecommunications, consultancy services and hotels & tourism.

Though economic growth has slowed in the last couple of years, due to shocks of 'demonetisation' in 2016 and the introduction of Goods and Services Tax (GST) in 2017, the outlook for the long term remains robust. Price Waterhouse Coopers forecasts that India's GDP will touch US$7.8 trillion by 2030 and US$28 trillion by 2050, making it the third largest economy in the world, after China and United States.[xii]

Bloomberg's projections also paint a positive picture of the Indian economy's future, pegging its GDP at US$8.4 trillion by 2030, at an average annual growth rate of 8%, making it the world's third largest economy as early as 2026. Bloomberg expects India to graduate from a lower-middle-income to an upper-middle-income economy over the next decade, estimating per capita income to rise to around US$5,700 in 2030 from US$2,104 in 2018.[xiii] [xiv]

India's sustained economic growth, a large and growing young population and rising income levels are key factors that will be instrumental in driving tourism demand, both domestic and international, in the coming decades.

One of the key factors that can impact outbound tourism demand is the currency exchange rate which can make a foreign vacation more or less expensive.

The Indian rupee (INR), which was at around INR 58.8 against the dollar in 2013 stood at INR 70.4 to the dollar in 2019, according to statistics from Xe.com, depreciating nearly 20% from 2013 to 2019.[1] In contrast, as per data from the European Central Bank, the INR-Euro

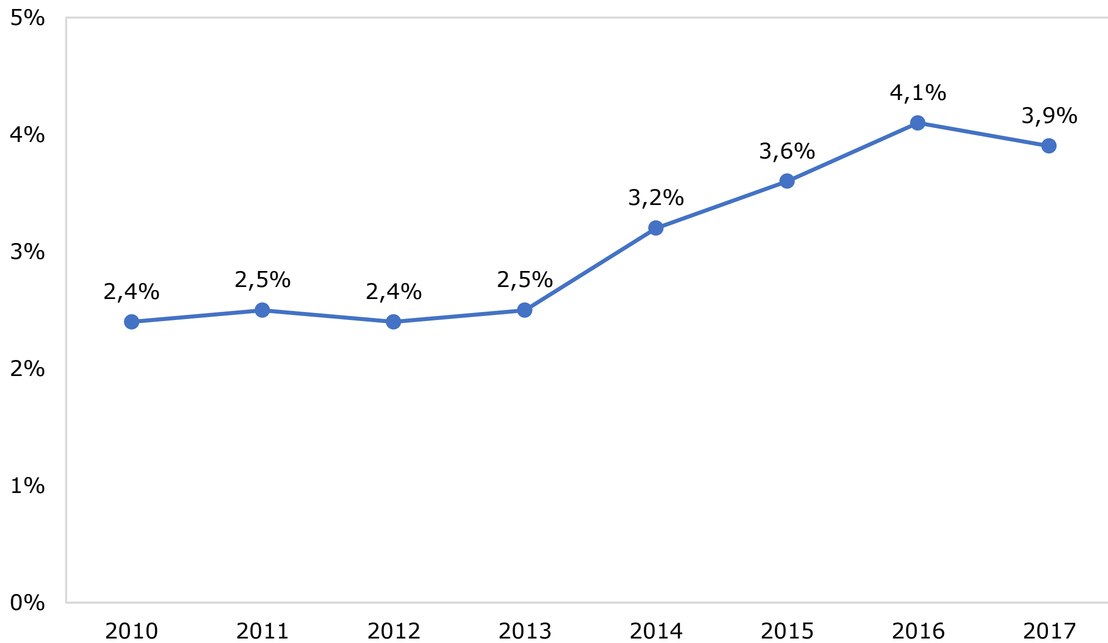
[1] Notably, the US dollar has strengthened against many global currencies, so the depreciation of the rupee against the dollar is not necessarily a weakness of the Indian economy; it strengthens India's

exchange rate saw a marginal downtrend (-1.2%) from 2013 to 2019, with the Indian rupee falling from an exchange rate of Euro 77.9 in 2013 to Euro 78.8 in 2019 (though with fluctuations in the interim years) - historical trends are presented in Figure 11 in Chapter 6.

Notwithstanding the rising dollar and Euro against the rupee, Indian outbound travel numbers have been growing at an average annual growth rate of 10-12% over the last several years.[xv]

This increase is reflected in the Indian outbound travel's share of India’s total imports, which is displayed in the chart below.

Figure 2: Outbound travel’s share of India’s total imports



Source: World Bank "International tourism, expenditures (% of total imports)"

2.2 Spending power

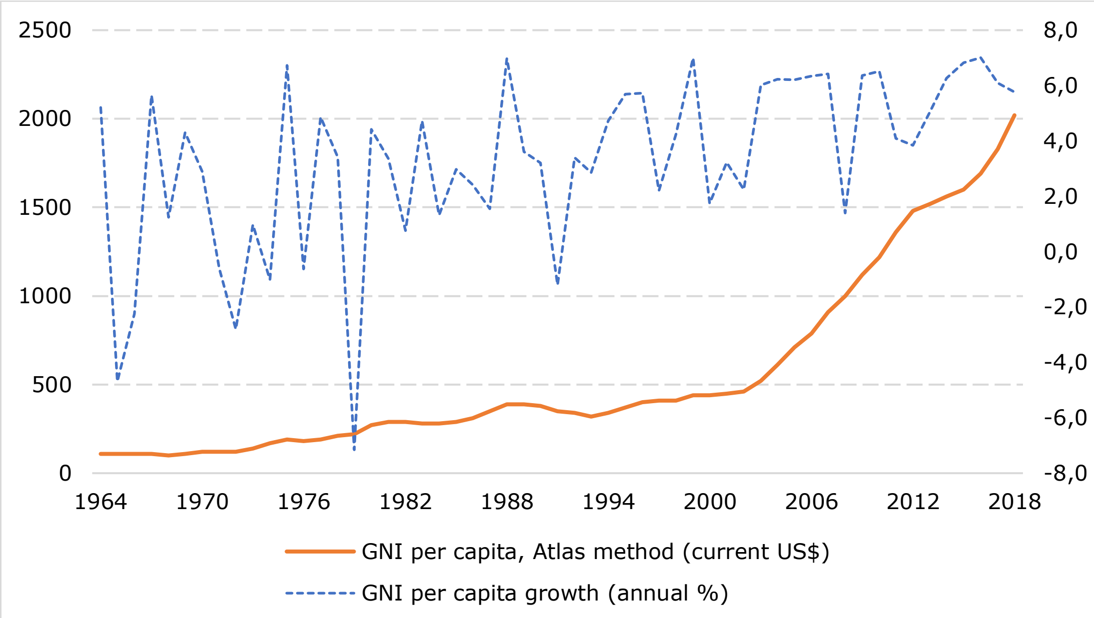
- **Income levels**

As per the World Bank definition, India is a low middle-income country with a Gross National Income (GNI) per capita of around US$2,000 in 2018. As figure 3 shows, incomes have been rising steadily over the past few decades, with an accelerated rate of growth in recent years.

Per capita income is estimated to double from current levels to about US$5,700 in 2030, propelling India into the upper middle-income category.[xvi]

competitiveness in trade (exports) and as an inbound tourism destination.

Figure 3: India's GNI per capita (US$) and growth (annual %), 1964-2018



Source: World Bank

- **Income distribution**

However, while incomes are rising, India remains one of the most unequal countries in the world with wide disparity in income between the rich and the poor. The Gini coefficient which measures the degree of inequality in income distribution, with a reading of 100 denoting perfect inequality and zero indicating perfect equality, shows that India's Gini coefficient rose from 45 in 1990 to 51 by 2013 on account of rising inequality between urban and rural areas as well as within urban areas.[xvii]

The 2019 Human Development Report published by the United Nations Development Programme (UNDP) shows that between 2000 and 2018, the income growth (58%) of the bottom 40% was significantly lower than the income growth (213%) of the top 1%, indicating widening disparity.[xviii]

Further, personal wealth, which is dominated by property and other real assets, is also unequally distributed in India. According to Credit Suisse, which produces the annual Global Wealth Report, India's wealth has been trending upward strongly, despite setbacks due to the global financial crisis of 2008 and currency fluctuations.

Annual growth of wealth per adult averaged 11% over 2000–2019, with wealth per adult estimated at US$14,569 in mid-2019. However, not everyone has shared in this growth story. There is still considerable wealth poverty, reflected in the fact that 78% of the adult population has wealth below US$10,000.[xix]

Of the rest of the adult population, approximately 173 million (20%) have wealth between US$10,000 and US$100,000. At the other extreme, only a small fraction of the population

(2% of adults) has a net worth over US$100,000; however, owing to India's large population size, this translates into a sizeable 15.6 million people.[xx]

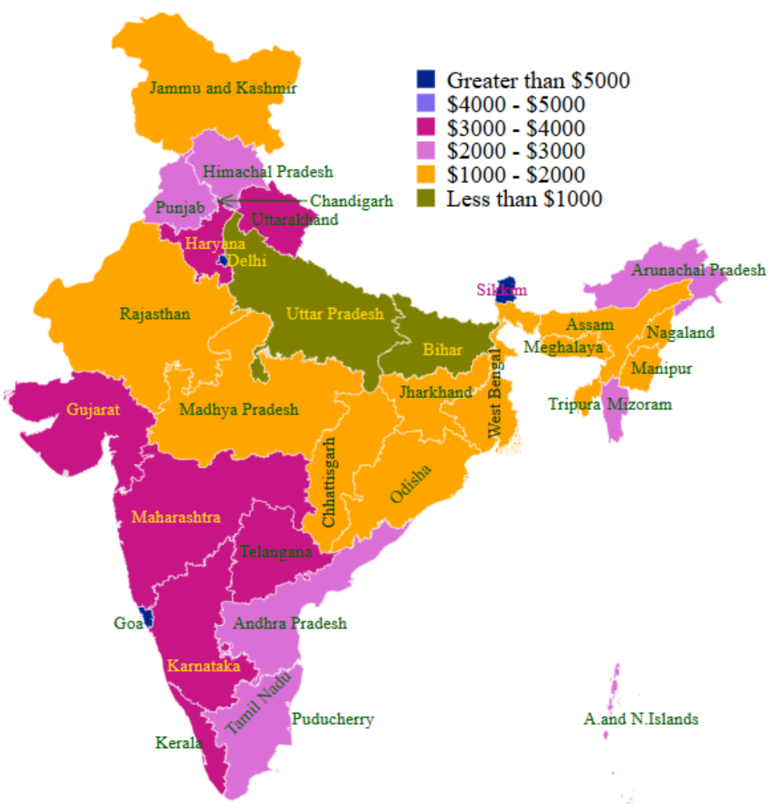
These middle income and affluent segments of the population, together constitute nearly 200 million adults, representing a huge potential outbound travel market from India. More recent estimates peg India's middle-class population at 350 million.[xxi]

- **Geographical distribution of income**

Uneven development among the various states is also one of the realities of India's economy, which is reflected in differences in levels of per capita incomes, which have risen sharply over the past two decades.

At the beginning of the millennium, per capita income of the five richest states in India was 145% higher than that of the bottom states. That difference rose to 289% in 2010-11, and further to 338% in 2017-18. The five richest economies of India include three states - Goa, Sikkim and Haryana, and two union territories – Delhi and Chandigarh.[xxii] [xxiii]

Figure 4: Indian states by GDP per capita (US$), 2017



Source: http://statisticstimes.com/economy/gdp-capita-of-indian-states.php; based on data from Ministry of Statistics and Programme Implementation

From a tourism perspective, it is more prudent to look at large, high income urban centres and fast developing tier-2/3 cities that have high potential to generate outbound departures, especially those that have domestic and/or international airports.

- **The world's 10 fastest growing cities will all be in India**

According to research institute Oxford Economics, all of the top 10 fastest-growing cities by GDP between 2019 and 2035 will be in India. In fact, 17 of the 20 fastest-growing cities in the world will be Indian, with Bengaluru (Bangalore), Hyderabad and Chennai among the strongest performers.

The study, which looked at 780 cities worldwide, forecasts that as early as 2027, the combined GDP of all Asian cities will exceed that of North American and European cities together. India's dominance on the list of fastest-growing cities illustrates the broader theme of the balance of urban economic power shifting from West to East.[xxiv]

Table 2: Top 10 fastest growing cities in the world, 2019-2035

Rank	City	State	GDP growth (% y/y, 2019-2035)
1	Surat	Gujarat	9.17
2	Agra	Uttar Pradesh	8.58
3	Bengaluru	Karnataka	8.50
4	Hyderabad	Telangana	8.47
5	Nagpur	Maharashtra	8.41
6	Tirupur	Tamil Nadu	8.36
7	Rajkot	Gujarat	8.33
8	Tiruchirappalli	Tamil Nadu	8.29
9	Chennai	Tamil Nadu	8.17
10	Vijayawada	Andhra Pradesh	8.16

Source: Oxford Economics

The table overleaf provides a summary of the key demographic and economic indicators for India.

Table 3: India: key demographic and economic indicators

	(monetary value in current terms)	2010	2015	2016	2017	2018	2019	2020*	2024*	Change (%) 18/17	Change (%) 19/18	AAGR (%) 15-19
Population	(million)	1234	1310	1325	1339	1353	1366	1380	1432	1.0	1.0	1.1
Gross Domestic Product (GDP)	(INR bn)	77,841	137,719	153,624	170,950	190,102	208,985	232,524	361,073			
Gross Domestic Product (GDP)	(US$ bn)	1,708	2,104	2,290	2,652	2,719	2,936	3,202	4,632			
Real GDP growth	(%)	10.3	8.0	8.2	7.2	6.8	6.1	7.0	7.3			
Inflation, consumer prices	(%)	10.5	4.9	4.5	3.6	3.4	3.4	4.1	4.0			
Unemployment	(%)	5.6	5.6	5.5	5.4	5.3	5.4	5.4				
GDP per capita	(local currency)	64,832	107,348	118,191	129,813	142,481	154,601	169,780	250,213			
GDP per capita	(US$)	1,423	1,640	1,762	2,014	2,038	2,172	2,338	3,210			
GDP per capita at PPP	(US$)	4,424	6,260	6,752	7,277	7,859	8,378	9,027	12,354			
Exchange rate	(INR per USD)	45.71	64.13	67.18	65.10	68.41	70.41			5.1	2.9	2.4
	(USD per INR)	0.02	0.02	0.01	0.02	0.01	0.01			-5.2	-2.7	-2.3
	(INR per euro)	60.62	71.18	74.34	73.54	80.7	78.84			9.7	-2.3	2.7
	(euro per INR)	0.02	0.01	0.01	0.01	0.01	0.01			0	0	0

Notes: * forecast

AAGR: average annual growth rate

INR: Indian Rupee; PPP: purchasing power parity

Sources: International Monetary Fund for GDP and inflation data

UN World Population Prospects for population data

International Labour Office, Trends Econometric Models (ilo.org/wesodata) for unemployment data

Exchange Rates UK (www.exchangerates.org.uk) for historical exchange rates

2.3 Online resources for further reading

- World Economic Forum - Global Competitiveness Report 2018 – http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf
- "All of the 10 fastest growing cities in the world are in India" https://www.businessinsider.com/all-of-the-10-fastest-growing-cities-in-the-world-are-in-india-2019-1
- PWC - The World in 2050 - https://www.pwc.com/gx/en/world-2050/assets/pwc-the-world-in-2050-full-report-feb-2017.pdf
- "India insight: $10 trillion GDP by 2030? Not quite, but almost" https://www.bloomberg.com/professional/blog/india-insight-10-trillion-gdp-by-2030-not-quite-but-almost/

- International Trade Administration, U.S. Department of Commerce – https://www.trade.gov/knowledge-product/india-travel-and-tourism
- "IMF warns of growing inequality in India and China" https://www.livemint.com/Politics/mTf8d5oOqzMwavzaGy4yMN/IMF-warns-of-growing-inequality-in-India-and-China.html
- United Nations Human Development Report 2019 - http://hdr.undp.org/en/2019-report
- Credit Suisse Research Institute - Global wealth report 2019 - https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html
- "Richest 10% of Indians own over 3/4th of wealth in India" https://www.livemint.com/Money/iH2aBEUDpG06hM78diSSEJ/Richest-10-of-Indians-own-over-34th-of-wealth-in-India.html
- "The rise of the new middle class: No political party can afford to take them for granted" https://www.financialexpress.com/opinion/the-rise-of-the-new-middle-class-no-political-party-can-afford-to-take-them-for-granted/1564131/
- "The regional disparity challenge" https://www.livemint.com/news/india/india-s-growing-regional-inequality-challenge-1566980280456.html
- "The 10 fastest-growing cities in the world are all in India" https://www.weforum.org/agenda/2018/12/all-of-the-world-s-top-10-cities-with-the-fastest-growing-economies-will-be-in-india/

3. Regulatory environment, travel and tourism policies

3.1 Regulatory environment of tourism

3.1.1 Government's role in travel and tourism

The Ministry of Tourism, Government of India, is the nodal agency for the formulation of national policies and programmes for the development of tourism in India. Headed by the Union Minister of State for Tourism, it plays a crucial role in coordinating and supplementing the efforts of the State Governments and Union Territories, catalysing private investment, strengthening promotional and marketing efforts and providing trained manpower resources for the tourism industry.

The Ministry of Tourism has a network of eight international offices that promote India as a tourism destination in key markets around the world. A separate division for international cooperation engages in various consultations and negotiations with international organisations such as the United Nations World Tourism Organization (UNWTO), Economic and Social Commission for Asia and the Pacific (ESCAP) and Association of South East Asian Nations (ASEAN); it also deals with other countries for mutual cooperation in the field of tourism.

Given the tourism sector's capacity to boost the national economy, generate foreign exchange earnings and provide employment, the Ministry of Tourism has been undertaking several steps to further stimulate domestic and international tourism, such as improving infrastructure, reducing E–visa fees, reducing goods and service tax (GST) rates for hotels and developing new tourism products, etc.

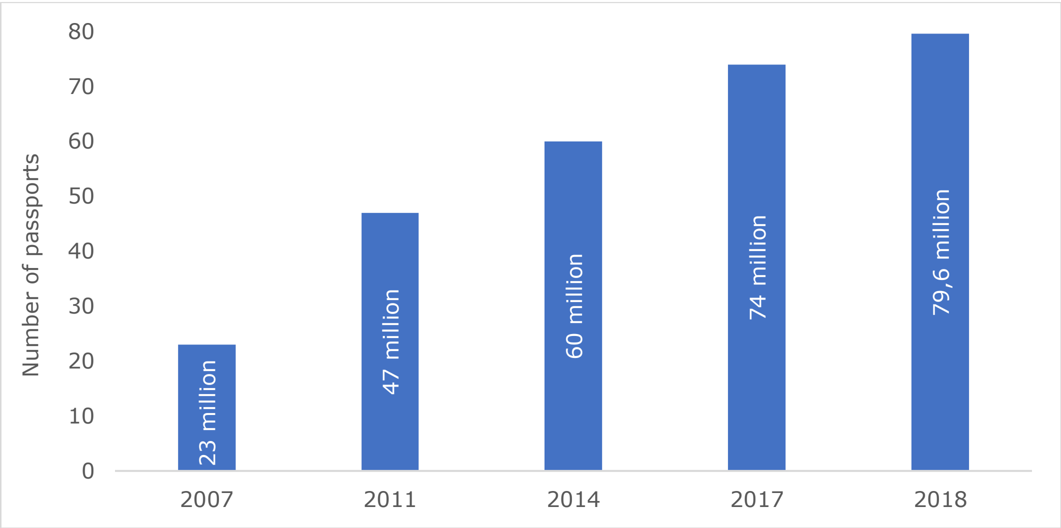
Notably, India has moved up in the Travel & Tourism Competitiveness Index (TTCI) ranking of the World Economic Forum from 65th in 2013 to 34th position in 2019, on the back of its natural and cultural assets, improved business environment, overall T&T (travel and tourism) policy and enabling conditions, infrastructure, Information and Communications Technology (ICT) readiness and price competitiveness.[xxv]

3.1.2 Passports and visa regulations

An Indian passport is issued by the Indian Ministry of External Affairs (MoEA) through the Central Passport Organization and its network of 36 passport offices, 93 passport offices known as Passport Seva Kendras (PSKs) in Public Private Partnership (PPP) mode and 263 post office passport offices known as Post Office Passport Seva Kendras (POPSKs) in association with the Department of Posts. Passport services for Indians living abroad are rendered by the 184 Indian diplomatic missions abroad.[2]

Over the last decade, India's MoEA has opened dozens of new passport offices, modernised technology and improved the entire application process. This strategic effort to simplify and expedite the country's passport issuance process has led to a surge in the number of passport holders in India from 23 million in 2007 to nearly 80 million in 2018. This increase in the number of passport holders is a major contributor to the growth in outbound travel from India.[xxvi]

Figure 5: Number of passport holders in India (2007-2018)



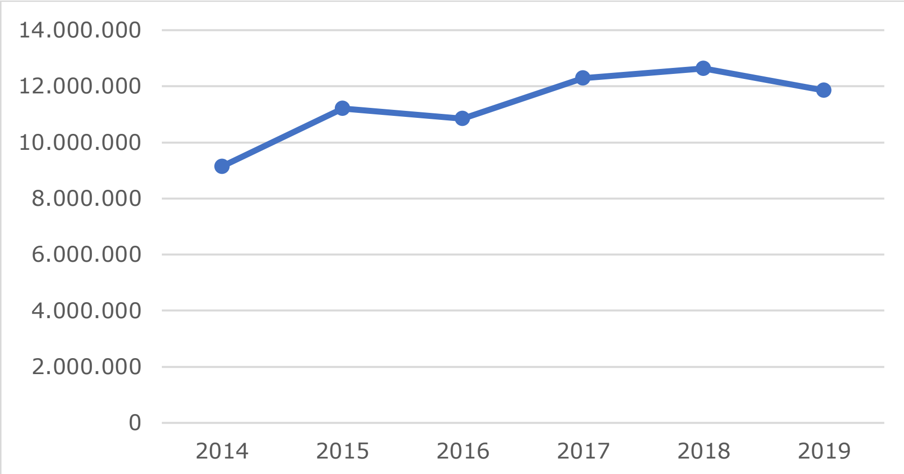
Source: Ministry of External Affairs, Government of India

- **Passport issuance (2014-2019)**

On average, the last five years (2014-2019) have seen 11.3 million passports being issued annually by Indian passport offices and diplomatic missions abroad, totalling approximately 68 million (this figure relates to passports issued and not the total number of passport holders, which is a higher figure). Nearly 62 million of these were issued in India.

[2] Post Office Passport Seva Kendra abbreviated as POPSK is an Indian government initiative by the Ministry of External Affairs (India) (MEA) and the Department of Posts (DoP), where the Head Post Offices (HPO) and post offices are being utilized as Post Office Passport Seva Kendra (POPSK) for delivery of passport related services to the citizens of India. The purpose of this initiative is to develop passport related services on a bigger scale and to ensure wider area coverage. Equally, Passport Seva Kendras (PSK) in collaboration with a private company Tata Consultancy Services, are operating across the country as extended arms of the Passport Offices, thus providing extended reach to passport applicants.

Figure 6: Indian passports issued, 2014-2019



Source: Ministry of External Affairs, Government of India

- **Passport issuance – state-wise breakdown**

The table below displays the number of passports issued in the different states of India in the period 2014-2019. The top ten states are Maharashtra, Kerala, Tamil Nadu, Uttar Pradesh, Punjab, Gujarat, Karnataka, West Bengal, Telangana and Delhi, which together account for 78% of all passports issued in the country (61.7 million) in this period.

Table 4: Indian passports issued by state, 2014-2019

By State/Union Territory (2019 population in brackets)	Number of passports issued (2014-2019)	Share of state by number of passports issued (%)	Passports issued as % of state population[1]
Maharashtra (122 mn)	7,229,539	12%	6%
Kerala (35 mn)	6,847,566	11%	19%
Tamil Nadu (77 mn)	6,109,181	10%	8%
Uttar Pradesh (233 mn)	5,999,576	10%	3%
Punjab (30 mn)	4,863,105	8%	16%
Gujarat (65 mn)	4,419,221	7%	7%
Karnataka (67 mn)	3,972,368	6%	6%
West Bengal (99 mn)	3,097,832	5%	3%
Telangana (38 mn)	2,892,565	5%	8%
Delhi (18 mn)	2,593,601	4%	14%
Rest of India (568 mn)	13,670,939	22%	2%

Source: Ministry of External Affairs, Government of India

[1] Figures show passports issued during the period 2014-2019 as percentage of state population and do not reflect the total number of passport holders in the state.

India now has the third largest number of passport holders in the world - a number exceeded only by China and the United States.[xxvii] Yet, only 5% of the Indian populace have valid passports.

On the one hand, this implies that the country has huge potential for growth in the number of passport holders, leading to a boost in outbound tourism departures.[xxviii] On the other hand, the low ranking of the Indian passport – 84th on the Henley Passport Index which ranks 199 passports, with only 58 countries accessible without a visa or with visa on arrival to Indian nationals, could potentially be a major barrier to realising the full potential of the Indian outbound travel market.[xxix]

- **Visas**

Visas are required for Indians travelling as tourists to many countries in the world, including the United States, Canada, United Kingdom, and most of Europe, including the Schengen Area. The only exceptions in Europe are Georgia and Serbia, with the former providing e-visa or visa-on-arrival facility and the latter offering visa-free access for 30 days in a year to Indian citizens.

A Schengen visa can be issued in three or four days, but in practice the process can take six to eight weeks, requiring plenty of documentation and expense. In 2018, over a million applications were filed in India for short-stay visas to Europe's Schengen area, a 17% increase from the previous year. The number has almost doubled since 2014, according to official Schengen data.[xxx]

Data from the UNWTO Tourism Visa Openness Report indicates that destinations competing for fast growing outbound markets, such as India, use visa facilitation as a means to increase their competitive advantage.[xxxi] Thus, any improvements in Schengen visa regulations and processes will likely have a positive impact on stimulating tourism growth for European destinations, especially because Europe is, by far, the most aspirational destination for Indians.

3.1.3 Holiday entitlement

Holiday entitlements in India generally vary among states and industries, with local governments setting minimum leave entitlements and individual companies offering their own paid leave benefits. On average, Indians receive 24 days of paid vacation a year. They are also entitled to 15-20 paid public holidays, depending on the region/state of residence.

There are only three days of national public holidays in India - Republic Day (January 26), Independence Day (August 15) and Mahatma Gandhi's Birthday (October 2), but additionally, there are many religious holidays that are observed regionally during the year.

Most states observe New Year's Day, the Hindu festival of Diwali and the main Islamic and Christian holidays as well. The exact dates of some of these holidays and festivals change from year to year, and the number of days of holidays can vary from one state to the other. Most Hindu holidays are fixed in accordance with the Hindu lunar calendar, while Muslim holidays are based on the Islamic lunar calendar.

A comprehensive list of holidays for 2020 is available on the following website: www.officeholidays.com/countries/india/2020.

3.2 Online resources for further reading

- "India moves up 6 places to 34th rank on world travel & tourism competitiveness index: WEF report"
  https://economictimes.indiatimes.com/industry/services/travel/india-moves-up-6-places-to-34th-rank-on-world-travel-tourism-competitiveness-index-wef-report/articleshow/70976484.cms
- Ministry of External Affairs, Government of India - Annual Report 2018-19 - http://www.mea.gov.in/Uploads/PublicationDocs/31719_MEA_AR18_19.pdf
- "India's passport revolution: How millions of citizens got the blue book"
  https://www.business-standard.com/article/economy-policy/india-s-passport-revolution-how-millions-of-citizens-got-the-blue-book-118073100814_1.html
- "Only 5.5 per cent of India's population have passports: report"
  https://www.businesstoday.in/current/economy-politics/passport-seva-project-passport-seva-kendra-mea-data-passports/story/257002.html
- Henley Passport Index - https://www.henleypassportindex.com/passport
- "In 2018, Indians applied for a record one million Schengen visas"
  https://qz.com/india/1603047/schengen-countries-list-that-indians-are-crazy-about/
- UN World Tourism Organization - Tourism Visa Openness Report – https://www.e-unwto.org/doi/pdf/10.18111/9789284415731

4. The travel trade

4.1 Structure of the travel trade

The travel trade in India is highly fragmented, with a large number of players in the unorganised sector handling the bulk of outbound travel business. The organised sector represents less than 5% of the overall outbound travel from India.[xxxii] Despite the rising trend in online bookings, retail agencies still handle the majority of outbound travel from India.

There are about 150 key travel agents in the five metro cities of Delhi, Mumbai, Chennai, Bangalore and Kolkata that promote international destinations, including Europe. Some of the smaller agents and tour operators from across India also include Europe in their portfolio.

- **Leading travel agencies and tour operators**

Most Indian travel companies operate across all segments of travel, including group tours, Free Independent Travel (FIT), business events and luxury travel. The major operators having a pan-India presence include Thomas Cook (India)[3], SOTC, Kesari Tours, Veena World, Club7 Holidays, JTB Travels, Vacations Exotica, TUI, FCM Travel Tours, Riya Travels and Tours, Akbar Travels and Mercury Travel.

The top online travel agencies (OTAs) in India are Makemytrip.com, Cleartrip, Yatra.com, EaseMyTrip and VIA.com, most of them have also established agencies or call centres as an alternate distribution channel. International sites, such as Expedia, TripAdvisor, Wego, hotels.com, agoda.com, booking.com and Trivago are also popular.

According to a Centre for Aviation (CAPA) and Expedia joint study, OTAs have become a major force in the distribution of domestic travel. Their presence in the international segment is smaller, but rising, with an estimated 14% of international flight bookings. Indian travellers prefer to use OTAs than airline/hotel websites because of 'ease of booking', 'ability to compare prices' and 'better deals'.[xxxiii]

Wider broadband and smartphone coverage and increasing familiarity with digital channels is anticipated to increase bookings through OTAs in the coming years, with residents of smaller towns playing an important part in this growth (bookings through OTAs).

It is anticipated that traditional and online distribution systems will continue to co-exist over the next few years as the Indian outbound market grows and matures.

[3] Thomas Cook (India) is a separate entity from the Thomas Cook Group which collapsed at the end of 2019 and is now owned by the Fosun Group, a Chinese conglomerate and investment company.

- **Travel trade associations**

There are three main travel trade associations in India with the largest number of members:

- The Indian Association of Tour Operators (IATO), the national apex body of the tourism industry, with over 1,600 members covering all segments of the tourism industry.

- The Travel Agents Association of India (TAAI) with over 1,800 members comprising IATA accredited travel agencies, airlines & general sales agencies, hotels and tour operators.

- The Travel Agents Federation of India (TAFI) with 800 members consisting of active (travel agents), associate (branch offices of travel agents) and allied (all other suppliers of travel services) members from all over India.

Other travel trade associations in India include: Enterprising Travel Agents Association, Outbound Tour Operators Association of India, Network of Indian MICE Agents (NIMA) and Skal International India.

- **Travel distribution systems and trade fairs**

The tables below display the key distribution platforms and agencies, and the main travel trade events held annually in India.

Table 5: Key distribution platforms and agencies

Type of travel company	Company name	Website
Business to Business (B2B) platforms	Travel boutique online	www.travelboutiqueonline.com
	Tripborn	www.tripborn.com
	TSI-Yatra (subsidiary of Yatra Online)	www.tsi-yatra.com
Business to Consumer (B2C) platforms	MakeMyTrip Limited	www.makemytrip.com
	Yatra Online	www.yatra.com
	Cleartrip Pvt Ltd	www.cleartrip.com
	Easy Trip Planners Ltd* *also B2B and B2E (business to enterprise)	www.easemytrip.com
	Goibibo Group (acquired by MakeMyTrip)	www.goibibo.com
	VIA.com	www.via.com
Comparison (metasearch) websites	ixigo.com, hotelscombined.in, TripAdvisor, Trivago, Wego.co.in, kayak.co.in, Holiday IQ, Google flights.	

Source: Internet and company websites

Table 6: Travel trade events in India

Event	2019 Date	Location	More information
Outbound Travel Mart (OTM)	23-25 January	Mumbai	https://otm.co.in/
South East Travel and Tourism Expo (SATTE)	16-18 January	New Delhi	https://www.satte.in
Travel & Tourism Fair (TTF)	Dates vary by location	Chennai, Mumbai, Bengaluru, Kolkata, Ahmedabad, Surat, Pune	https://ttfotm.com/
TTF Summer	15-16 February 21- 23 February	Ahmedabad Kolkata	https://ttfotm.com/summer/
TTF SOUTH	10-11 July	Hyderabad	https://ttfotm.com
Kerala Travel Mart (KTM)	24-27 September (2020)	Cochin	https://www.keralatravelmart.org/
India International Travel Mart (IITM)	Dates vary by location	Bangalore, Chennai, Cochin, Delhi, Gurgaon, Hyderabad, Kolkata, Mumbai and Pune	http://iitmindia.com/
Business & Luxury Travel Mart (BLTM)	18-19 January	New Delhi	https://www.bltm.co.in/
MICE India and Luxury Travel Congress (MILT)	17-18 July 23-24 July	New Delhi Mumbai	http://miltcongress.com/
ITB India (inaugural)	7-9 April 2021 (postponed from April 2020 due to the coronavirus outbreak)	Mumbai	https://www.itb-india.com/

Source: Event websites

4.2 Online resources for further reading

- Travel Trends Today - https://www.traveltrendstoday.in/news/technology/itemlist/user/47-akshaykumar
- Centre for Aviation - https://centreforaviation.com/analysis/reports/capa-india-and-expedia-release-the-inflection-point-for-india-outbound-travel-report-397318
- Travel Agents Association of India - www.travelagentsofindia.com
- Outbound Tour Operators Association of India - www.otoai.org
- Travel Agents Federation of India - http://tafionline.com

5. Nature of outbound trips

5.1 Characteristics of outbound trips

5.1.1 Steep rise in the number of outbound trips from India

A massive and growing population coupled with a strong economy has fuelled the growth of the outbound travel market from India. International departures from India have increased from 16.6 million in 2013 to 26.3 million in 2018, reflecting a five-year CAGR of 9.6%.[xxxiv] Globally, India ranked 5th in terms of outbound departures in 2018, climbing up from 12th position in 2014.[xxxv]

India's rapidly growing younger and more educated population combined with a burgeoning middle class, who have an increasing amount of disposable income, provide strong indications that the country will continue to see a steep rise in the number of nationals travelling abroad over the coming years.[xxxvi]

The UN World Tourism Organization (UNWTO) predicts that international departures from India will cross the 50 million mark by 2022.[xxxvii]

5.1.2 Indian tourists are amongst the highest spenders abroad

According to the UNWTO, outbound tourism expenditure from India totalled US$21.3 billion in 2018, registering a growth of 22% over the previous year. 71% of the expenditure was for personal purposes and 29% for business and professional purposes.[xxxviii]

India ranked 14th worldwide in terms of outbound tourism spend in 2018, up from 25th position in 2013. Total visitor spend is expected to increase to US$45 billion by 2022. [xxxix]

However, at a spending of US$811 per departure in 2018, Indian tourists ranked 40th worldwide. Spending per departure by Indian tourists is expected to rise to US$900 by 2022.

Table 7: International tourism expenditure per departure, 2018 (US$)

Rank		Expenditure/ departure	Rank		Expenditure/ departure	Rank		Expenditure/ departure	Rank		Expenditure/ departure
1	Iceland	2738	11	United States	1561	21	Sri Lanka	1125	31	Indonesia	926
2	Singapore	2442	12	New Zealand	1515	22	Colombia	1104	32	Jordan	924
3	Portugal	2207	13	Belgium	1411	23	Bahrain	1070	33	Israel	905
4	Mauritius	2193	14	Moldova	1406	24	Dominican Republic	1068	34	Italy	900
5	Norway	2136	15	Denmark	1403	25	Morocco	1044	35	Germany	877
6	China	1852	16	Spain	1395	26	Netherlands	1027	36	Peru	867
7	France	1775	17	Canada	1290	27	Austria	1005	37	Bolivia	860

8	Brazil	1719	18	Belarus	1266	28	United Kingdom	979	38	Fiji	856
9	Luxembourg	1617	19	Thailand	1239	29	Argentina	959	39	Croatia	823
10	Panama	1609	20	Switzerland	1200	30	Seychelles	958	40	India	811

Source: World Tourism Organization (UNWTO)

The table below provides the key outbound tourism indicators for India.

Table 8: Key outbound tourism indicators – India

		(monetary value in current terms)					Change (%)				AAGR (%)
		2014	2015	2016	2017	2018	15/'14	16/'15	17/'16	18/'17	14-'18
Outbound tourism											
Overnight visitors (tourists)	('000)	18,330	20,376	21,872	23,943	26,296	11.2	7.3	9.5	9.8	9.5
Expenditure											
◇Travel	US$ Mn	14,595	14,838	16,376	18,443	21,319	1.7	10.4	12.6	15.6	10.1
Personal	US$ Mn	8,776	8,992	9,827	12,247	15,188	2.5	9.3	24.6	24.0	15.1
Business and professional	US$ Mn	5,819	5,846	6,550	6,196	6,131	0.5	12.0	-5.4	-1.0	1.5
◇Passenger transport	US$ Mn	2,897	2,848	2,808	3,413	4,471	-1.7	-1.4	21.5	31.0	12.4
Expenditure (travel)/overnight trip	US$	796	728	749	770	811	-8.5	2.8	2.9	5.3	0.6
Outbound tourism expenditure over GDP	%	0.9	0.8	0.8	0.8	0.9	-3.3	2.4	-0.1	9.3	2.1
Domestic tourism											
Overnight visitors (tourists)	(Mn)	1,283	1,432	1,615	1,658	1,855	11.6	12.8	2.6	11.9	9.7

Note: AAGR: average annual growth rate
Source: World Tourism Organization (UNWTO)

5.1.3 Europe maintains a stable share of outbound travel from India

According to Tourism Economics statistics, Asia (37%) and the Middle East (35%) command the largest share of the Indian outbound travel market. Europe, which had a 16% share in 2013, saw a marginal 1% increase to 17% in 2018 and is expected to maintain a share of 16% in 2023.

In terms of absolute numbers, visits to Europe from India totalled 3.3 million in 2018, growing at a CAGR of 10.4% over the period 2013-2018 - a rate faster than the overall CAGR of 9.6% for total outbound travel from India in the same period. Indian arrivals in Europe are expected to rise to nearly 4.3 million in 2023, albeit at a slower growth rate of 5.3% over the period 2018-2023.

Table 9: Region-wise share of Indian outbound travel, 2013-2023f

Region	2013	2018	2023f
Middle East	35%	36%	39%
Africa	4%	5%	5%
Asia	37%	34%	31%
Europe	16%	17%	16%
Americas	9%	9%	9%

Source: Tourism Economics

In 2018, EU28 destinations accounted for a 47% share of Indian arrivals in Europe, totalling 1.6 million visitors, with a CAGR of 7.8% during the five-year period 2013-2018, while EU27 destinations accounted for a 30% share, totalling nearly one million (997,000) visitors, growing at a CAGR of 6.5% during 2013-2018. By 2023, the share of EU27 destinations is expected to rise to 32% of all Indian arrivals to Europe, totalling nearly 1.4 million visitors, recording a marginally higher CAGR of 6.6% in the period 2018-2023.

5.1.4 Central & Eastern and Western Europe lead in the share of Indian visits to Europe

In 2018, Central & Eastern Europe and Western Europe accounted for the largest share of Indian visits to Europe, at 39% and 33% respectively. Both these regions will maintain their share until 2023, while Northern Europe is expected to yield between 1-2% share to Southern & Mediterranean Europe over the five-year period 2018-2023.

Figure 7: Outbound travel from India to Europe, share of visits by region, 2018

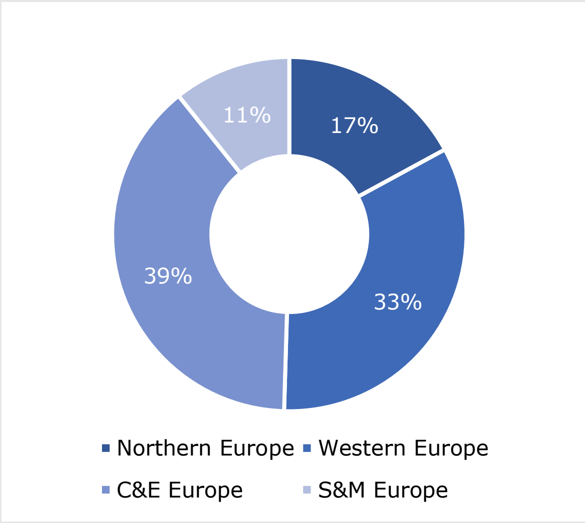
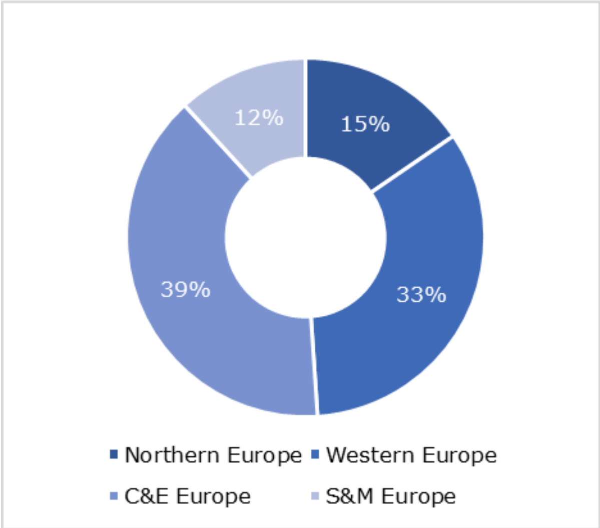


Figure 8: Outbound travel from India to Europe, share of visits by region, 2023f



Source: Tourism Economics

The most popular destinations in Europe for Indian travellers are France, Germany, Switzerland, Italy, Netherlands Spain and United Kingdom. Other destinations that welcome a growing number of Indian visitors include Austria, Belgium, Greece, Poland and the Czech Republic.

The table below displays Indian tourist arrivals in Europe, as reported by destination countries.

Table 10: Outbound tourism arrivals from India as reported by destination countries

	Series[a]	2000	2005	2010	2015	2016	2017	2018	% Change '18/'17
Albania	VFN	104	202	423	707	1,059	1,508	1,852	22.81
Armenia	TFR	124	1,967	4,180	3,949	4,114	11,589	31,213	169.33
Azerbaijan	VFR		2,034	3,755	5,584	6,012	14,173	39,013	175.26
Belarus	VFN				1,899	2,128	2,948	4,310	46.20
Belgium	TCER	14,482	20,624	41,554	65,149	44,898	47,074	58,005	23.22
Bosnia and Herzegovina	TCER				940	1,975	1,736	2,524	45.39
Bulgaria	VFR	3,015	2,766	3,696	8,018	10,160	12,580	15,515	23.33
Czech Republic	TCEN				56,009	67,500	85,656	96,128	12.23
Finland	TCER	3,746	5,245	14,100	21,023	23,857	29,152	33,449	14.74
France*					524,055	552,381	521,440		
Georgia	VFR	1,177	1,335	5,653	8,110	26,031	42,605	50,910	19.49
Germany	TCER			141,524	212,506	231,244	268,693	289,734	7.83
Hungary	TCEN				26,387	33,725	41,593	52,018	25.06
Iceland	TFN						10,944	19,583	78.94
Italy	TCEN		94,166	197,152	426,964	447,695	485,969	555,223	14.25
Kazakhstan	VFR	2,147	6,160	11,904	11,170	13,975	21,890	32,591	48.89
Kyrgyzstan	VFR			1,788	7,750	10,298	19,527	25,947	32.88
Latvia	TCER	167	420	913	3,303	3,585	5,476	8,827	61.19
Liechtenstein	TCER				131	202	636	443	-30.35
Montenegro	TCEN				1,046	1,137	1,382	2,269	64.18
Netherlands	THSR		34,200	63,600	99,000	123,000	162,000	175,000	8.02
Norway	TCER							48,575	
Poland	TCER	3,164	4,305	9,952	19,612	22,681	25,700	24,932	-2.99
Portugal	THSR	3,865							
Romania	VFR	3,337	6,033	8,861	14,012	16,753	19,365	21,046	8.68
Russian Federation	VFN	23,476	42,184	53,364	63,800	59,311	70,551	85,709	21.49
San Marino	VFN		283	105	28	283	198	390	96.97
Serbia	TCEN							7,683	
Slovakia	TCEN	1,117	603	1,495	5,125	6,805	8,587	12,051	40.34
Spain	TFR					105,646	139,804	206,463	47.68
Sweden	THSR			23,219	86,120	83,526	105,679	107,141	1.38
Switzerland	THSR	71,912	93,472	165,999	266,427	265,410	326,454	359,721	10.19
Tajikistan	VFR	57		254	1,644	1,845	1,366	1,038	-24.01
Turkey	TFN	8,702	22,864	58,367	119,458	70,443	79,332	142,488	79.61
Ukraine	TFR	3,301	5,918	10,152	10,748	14,047	23,173	36,419	57.16
United Kingdom	VFR	206,000	272,000	371,000	422,000	415,110	561,573	510,651	-9.07
Uzbekistan	VFR				18,058	17,898	15,122	21,029	39.06

[a]These figures represent arrivals as reported by the destinations according to standard UNWTO definitions:
TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodation; THS = international tourists at hotels and similar establishments
n = by nationality; r = by country of residence
Source: World Tourism Organization (UNWTO); * France data from General Direction of Enterprises (DGE) (www.entreprises.gouv.fr)

5.2 Nature of trips and travellers

5.2.1 Leisure is main purpose of travel, but multi-purpose travel is rising

According to the 2017 CAPA-Expedia joint research study, leisure travel accounts for 30% of outbound travel from India while business travel accounts for 26% share. 16% of Indians travel abroad for VFR (visiting friends and relatives) and 28% for other purposes (education, employment or pilgrimage).[xl]

For destinations with a large Indian diaspora, such as the US, UK and Australia, VFR is the main purpose of travel for 30%[xli], 40%[xlii] and 54%[xliii] of Indian visitors, respectively. Europe, on the other hand, attracts more holiday travellers, even though it has a fairly large and growing Indian migrant population, numbering about 1.5 million people in 2019 (up from about 1.1 million in 2010). [xliv]

Notably, an increasing trend towards dual or multi-purpose travel is being observed among Indian outbound travellers. For example, Indian VFR travellers often extend travel plans to include independent leisure time and activities.

Business travellers are also combining business and leisure (bleisure) on their trips abroad. CAPA's research indicates that approximately 100,000-150,000 spouses joined their partners on business trips in 2017, with this being particularly evident for trips from Mumbai and Bangalore.

5.2.2 Millennials are driving higher frequency of leisure trips

According to Phocuswright's India Online Travel Overview report, Indians, especially the middle class, are traveling more than ever. The average Indian online traveller[4] took three leisure and four business trips in 2017.[xlv]

Skyscanner's India Millennial Travel Survey 2017 found that 62% of Indian millennials (those between the ages of 18 and 35 years) typically go on holidays two to five times a year. Another 10% travel six to ten times a year, in a combination of short domestic breaks and longer international holidays.[xlvi]

5.2.3 Summer is the peak time for long-haul travel to the US and Europe

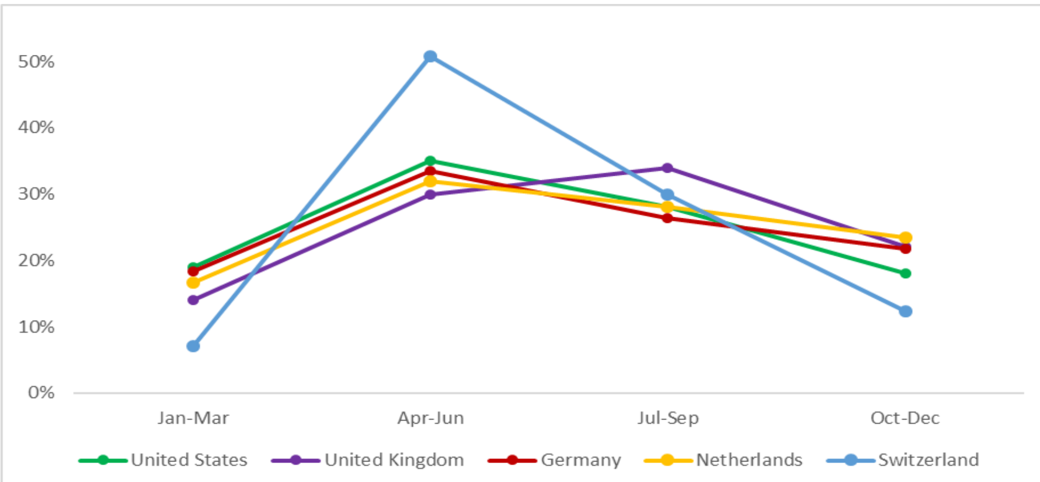
Indians travel abroad round the year, with maximum travel in the summer months. April to June is the peak season for longer haul travel to the US and European destinations. This is

[4] Online traveller refers to those that book travel online.

largely due to weather considerations (getting away from the scorching heat and monsoon in India to better climate in overseas holiday destinations) and preference for travel to further-away destinations during the main school holidays in summer.

In 2018, 36% of all outbound visits by Indians to the US and selected European destinations (see chart below) were made between April and June. July-September is the next popular time of the year, with 29% of all outbound visits recorded in this quarter.

Figure 9: Seasonality of Indian visits to the US and select destinations in Europe, 2018



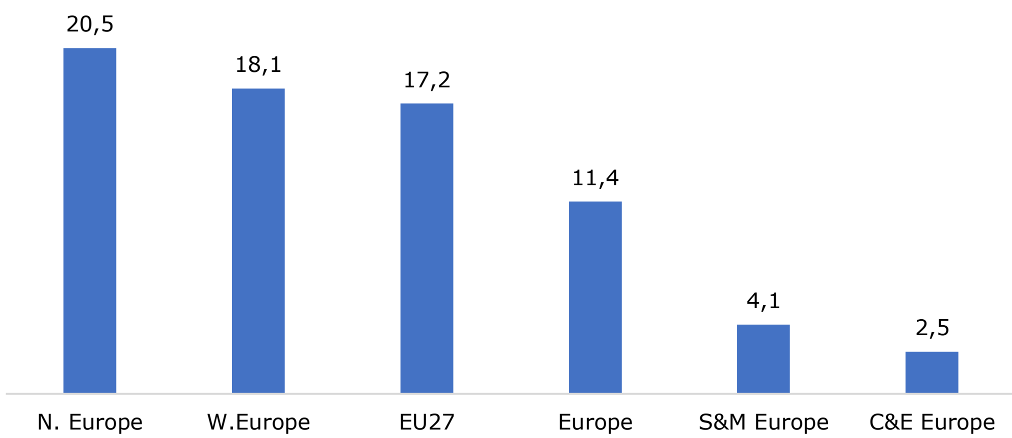
Sources: US Department of Commerce - National Travel & Tourism Office, VisitBritain for UK data and TourMIS for Germany, Netherlands and Switzerland data

5.2.4 Multi-country travel in Europe limits length of stay per destination

According to Tourism Economics, the average length of stay per outbound trip for Indians was 11.2 nights in 2018, higher in long-haul destinations than short-haul destinations. The average length of stay per destination was 6.8 nights. Due to the multi-country nature of trips to Europe, average stay per destination can be even lower.

In general, trips to Northern Europe tend to be the longest, driven by VFR travel to the UK, while the shortest trips (<5 days) are to Central & Eastern Europe as these are mainly for leisure.

Figure 10: Average length of stay of trips from India by region of Europe (number of days)



Source: Tourism Economics

However, as the following figures show, the average length of stay varies by destination and can be as low as 1.8 nights in an individual European destination, when it is part of a multi-country vacation trip.

Table 11: Average length of stay in all forms of paid accommodation in European destinations, 2018

Destination	Number of nights	Destination	Number of nights
Austria	1.8	Germany	3.2
Belgium	2.5	Poland	3.6
Finland	2.4	Portugal	2.6
Czech Republic	2.5	Hungary	2.4
Serbia	3.4		

Source: TourMIS

5.2.5 More Indians are travelling solo; solo female travel is trending up

Indian travellers have traditionally gone on holiday in family groups, often with extended members of the family. However, this is changing as growth in outbound travel is being driven by millennials, who prefer travelling with friends or alone.

Nearly one-half (45%) of 18-25-year olds surveyed by CAPA had been on their first international trip either with friends or solo.[xlvii] British Airways' Solo Travel Survey also finds that the maximum number of Indian solo travellers are between the ages of 18-25 years.[xlviii]

Lufthansa, which has been flying to India for over 55 years, is witnessing many more Indian leisure travellers who are couples, groups of women and honeymooners, and also people

travelling solo. Singapore Airlines continues to see family travellers as they have over the decades, but over the last few years, the number of youngsters flying has gone up.[xlix]
Research by Hilton Honors, the guest loyalty program of Hilton Hotels & Resorts, reveals that 40% of Indian travellers intend to 'go solo' when they travel.[l]

Noticeably, solo female travel and all-female groups are an emerging trend in India, especially among the younger, urban, professional women who are taking trips not only to conventional destinations, but are also exploring more adventurous locations and engaging in a wider variety of activities.[li] According to the BA Solo Travel Survey, almost 47% of Indian women have travelled alone, at least 2-5 times.[lii]

Solo travel appears to be popular in Europe, with 37% of Indians having travelled alone to European destinations.[liii] This traveller segment presents an exciting opportunity for European destinations to promote off-peak travel, experiential travel products, and also alternative forms of accommodation, such as hostels.

5.2.6 Growing demand for diverse holidays and varied activities/experiences

Although business, holiday and VFR remain the staples of Indian outbound tourism, people are increasing opting for other diverse types of holidays, such as sports vacations, luxury holidays, adventure trips, honeymoons and cruises. Destination weddings are also a hugely growing trend among the more affluent Indian households.

While on holiday, Indian travellers participate in a wide variety of activities and look for memory-making experiences in the company of family and friends. The table below lists the top ten activities for Indian visitors during their most recent visit to the UK and the US.

Table 12: Top 10 activities undertaken by Indian visitors to the UK and the US

Activities in United Kingdom	Activities in United States
1.Dining in restaurants	1. Shopping
2.Going shopping	2. Sightseeing
3.Visiting parks or gardens	3. Visiting national parks/monuments
4.Sightseeing famous monuments/ buildings	4. Visiting an art gallery/museum
5.Visiting castles or historic houses	5. Experiencing fine dining
6.Visiting museums or art galleries	6. Visiting small towns
7.Visiting religious buildings	7. Going to historical locations
8.Going on a guided tour	8. Going to amusement/theme parks
9.Socialising with locals	9. Going on guided tours
10.Going to the pub	10. Nightclubbing/dancing

Sources: US Department of Commerce - National Travel & Tourism Office and VisitBritain

Activities undertaken by Indian tourists in the United Kingdom from 2007-2017 indicates that the top five holiday activities (among those who visited the country on holiday) were: dining in restaurants, shopping, sightseeing famous monuments/buildings, visiting museums or art galleries and visiting parks or gardens.[liv]

Table 13: Top 5 activities of Indian tourists to the UK, 2007-2017 (% of visits that involved activity) *

Dining in restaurants	78%
Shopping	65%
Sightseeing famous monuments/ buildings	63%
Visiting museums or art galleries	56%
Visiting parks or gardens	55%

**Top 5 activities of Indian tourists who visited the UK for holiday purpose*
Source: VisitBritain – International Passenger Survey: activities among Indian visitors on holiday in UK, 2007-2017

Demand for more adventurous, active excursions and for authentic, immersive experiences is on the rise, especially among the millennials. According to Skyscanner's Millennial Travel Survey, engaging in the 'new' is a must on the millennial to-do list, with over one-half (53%) preferring to spend on activities and experiences as opposed to food and drinks, shopping and accommodation.[lv]

5.2.7 Indians are increasingly exploring non-hotel accommodation options

Indian travellers stay in a wide variety of accommodation when they travel abroad, with one-half budgeting US$75-150 per room per night for leisure travel. While the majority stay in hotels, an increasing number of Indian travellers are exploring other accommodation options, such as renting a villa or apartment through online platforms, such as Airbnb and others which offer homestays.[lvi]

According to Booking.com, more and more people want to have an experiential stay and are looking at places other than the traditional hotels and resorts. Within non-hotel options, hostels are one of the fastest growing segments.[lvii]

Recent research from Booking.com reveals that 56% of Indian travellers (versus the global average of 33%) would like to include at least one hostel in their trip (domestic or international) to add a social dimension to their stay.[lviii]

5.2.8 Online channels influence customer decision-making

As per the report *How Does India Travel*, based on a collaborative study by Bain & Company and Google India, online channels influence customer decision-making during each of the three research phases across the travel purchase journey: interest, research and experience.

They are equally or more relevant than offline channels, depending on the phase of the journey.[lix]

According to Amadeus' *Journey of Me Insights* report, online booking or travel sites, such as Expedia or Skyscanner are the most influential information sources among Indians, as are friends/family/colleagues (word of mouth or through social media) and traveller reviews (e.g. on sites like TripAdvisor).[lx]

Table 14: Sources that influence travellers' trip planning (average score), 2017*

Online booking / travel sites (Expedia, Skyscanner etc.)	1.4
Friends/family/colleagues (word of mouth or through social media)	1.1
Traveller reviews (e.g. on sites like TripAdvisor)	1.1
Travel guides (e.g. Lonely Planet, Discovery)	0.6
Social media (General or sponsored content on Facebook, Twitter, Instagram etc.)	0.5

**Ranking in order of influence - rank 1=3, rank 2=2, rank 3=1, otherwise=0*
Source: Amadeus – Journey of Me Insights – What Asia Pacific travellers want (India report)

Travellers in India also favour 360-degree interactive videos that can allow them to experience something that they would see on their trip.

The report also informs that Indian travellers like to stay connected while travelling, with 43% wanting to use travel and social apps to meet new people and 47% wanting to be able to use convenience apps. MakeMyTrip (India's largest OTA) is the most popular mobile app used by Indians while travelling, followed by WhatsApp and Google Maps.

Interestingly, baby boomers (52-70 years old) are the generation most interested in sharing pictures and experiences from their travels (61% compared to 59% and 49% respectively for Gen X and millennials).[lxi]

With an ever-increasing growth of smartphone penetration and internet access, Indian travellers are increasingly opting to make bookings online via travel websites and apps. Almost one-half use both websites and apps, and 15% rely exclusively on apps – India has one of the highest rates for travellers using apps exclusively.[lxii]

5.2.9 A look at the different types of Indian travellers

India is an extremely diverse travel market with different types of traveller segments - each with their own aspirations, needs and behaviour patterns.

Broadly, the Indian leisure travellers can be classified into five segments: Group Inclusive Tourists (GIT travellers); Urban, wealthy families (Free Independent Travellers); Millennials, Small Groups (6-10 pax) and Gen Z travellers. Emerging sub-segments are solo travellers, women travellers and senior travellers. [lxiii]

The leading travel and tourism company SOTC India has identified six Indian traveller segments, that can help travel suppliers design and tailor their offerings for each segment. These customer segments are defined as: the budget friendly traveller; the convenience-seeker; the family memory builder; the explorer; the mellow vacationer; and the senior tourists.

Interested readers can find out more about the main characteristics of these segments through the following website link:
https://brandequity.economictimes.indiatimes.com/news/business-of-brands/a-look-at-the-types-of-indian-travellers/70458482

5.3 Online resources for further reading

- UN World Tourism Organization - https://unwto.org/country-profile-outbound-tourism

- "Indian tourists among world's highest spenders abroad: Data" https://www.hindustantimes.com/india-news/indian-tourists-among-world-s-highest-spenders-abroad-data/story-8qgg02iiXfNghNJkKBWwiJ.html

- "ATM 2020: Indian travellers spur GCC tourism growth" https://www.breakingtravelnews.com/news/article/atm-2020-indian-travellers-spur-gcc-tourism-growth/

- "The Inflection Point for India Outbound Travel 2018" Report by CAPA India and Expedia Group - https://centreforaviation.com/analysis/reports/capa-india-and-expedia-release-the-inflection-point-for-india-outbound-travel-report-397318

- Visit Britain - https://www.visitbritain.org/markets/india
- Tourism Australia - http://www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-market-performance.html

- United Nations, Department of Economic and Social Affairs, Population Division (2019) - International Migrant Stock 2019 - https://www.un.org/en/development/desa/population/migration/data/estimates2/estimates19.asp

- Phocuswright - www.phocuswright.com/Travel-Research/Market-Overview-Sizing/India-Online-Travel-Overview

- "What do Millennial Travellers want?" - https://www.skyscanner.co.in/news/millennial-travelers

- "Solo Travellers: British Airways study says 47% Indian women enjoyed independent travel" - https://www.zeebiz.com/companies/news-solo-travellers-british-airways-study-says-47-indian-women-enjoyed-independent-travel-66963

- “The new Indian traveller: More women, youngsters; many more on holiday” https://indianexpress.com/article/india/the-new-indian-traveller-more-women-youngsters-many-more-on-holiday/

- “More Indians Intend To Travel Alone; Says Hilton” https://www.traveltrendstoday.in/news/hotel-and-resorts/item/7992-more-indians-intend-to-travel-alone-says-hilton

- British Airways Press Release - (Don’t) Come Fly with Me - https://mediacentre.britishairways.com/pressrelease/details/86/2018-247/10174

- “Indians mostly spend USD75-150 per day per room on overseas holidays” https://tourismbreakingnews.com/indians-average-spend-is-usd75-150-per-day-per-room-on-overseas-holidays/

- “Value-conscious millennials helping reinvent the Indian travel sector: Ritu Mehrotra” https://www.livemint.com/money/personal-finance/value-conscious-millennials-helping-reinvent-the-indian-travel-sector-ritu-mehrotra-11578933633086.html

- “56% of Indian travellers they would like to include at least one hostel in their trip” https://www.traveldailynews.com/post/56-of-indian-travellers-they-would-like-to-include-at-least-one-hostel-in-their-trip

- Bain & Company – How Does India Travel? Report - https://www.bain.com/insights/how-does-india-travel/

- Amadeus – Journey of Me Insights – What Asia Pacific travellers want (India report) - http://www.amadeus.in/Amadeus-Journey-of-Me-Insights-APAC-report.pdf

- “Booking.com reveals what Indians are most worried about when travelling” https://news.booking.com/bookingcom-reveals-what-indians-are-most-worried-about-when-travelling/

- Visit Finland – India Market Report, November 2018 - https://www.businessfinland.fi/globalassets/finnish-customers/02-build-your-network/visit-finland/julkaisut/market-reports/india---2018_2-vf-representatives_market-report.pdf

6. Recommendations on doing business with Indian tourism operators/how to market destinations in India

European tourism suppliers that are seeking how best to develop successful business with Indian operators and to adequately cater to the needs of the Indian outbound travel market, should consider the following possible challenges and suggested approaches to address them.

It should be noted that the challenges presented below and the proposed solutions for them are not mutually exclusive; that is, action on one level can and will likely have an impact on another issue, positive or negative.

6.1 Challenge: Reaching out to a fragmented and varied travel trade

Situation: Retail travel agencies handle the bulk of outbound travel from India. The Indian travel distribution system is fragmented and varied across the country. It is a considerable challenge to reach out to the hundreds of small travel agents around India, many of whom have very limited knowledge of Europe and European destinations.

Solutions: Work with large agencies that have a Pan-India network; connect with a wider cross-section of retail agents at travel fairs; focus on road shows, fam trips and online training for local travel agents in cities with high potential for outbound tourism.

Educating and supporting the Indian travel trade community is essential for making successful inroads into the high potential Indian outbound travel market. Given the vast and fragmented nature of the Indian retail travel distribution system, European destinations should concentrate on working with and through the larger Pan-India agencies that have a wide network of agents across the country.

European NTOs should additionally focus on road shows, familiarisation (FAM) trips and online training for local travel agents in cities with high potential for outbound tourism.

Participation in travel trade events in India is recommended as it will provide the opportunity to connect with a wider cross-section of agents from across the country. There are many national and regional trade fairs that are worth considering attending – these are listed in Chapter 4 of this report.

Online travel agencies (OTAs) are also an important distribution channel in India, and should not be neglected. As mentioned earlier (Chapter 4), OTAs are already well-established in the distribution of domestic travel. Although their presence in the international travel segment is currently small, international bookings through OTAs are anticipated to increase in the coming years, with residents of smaller towns playing an important part in this growth.

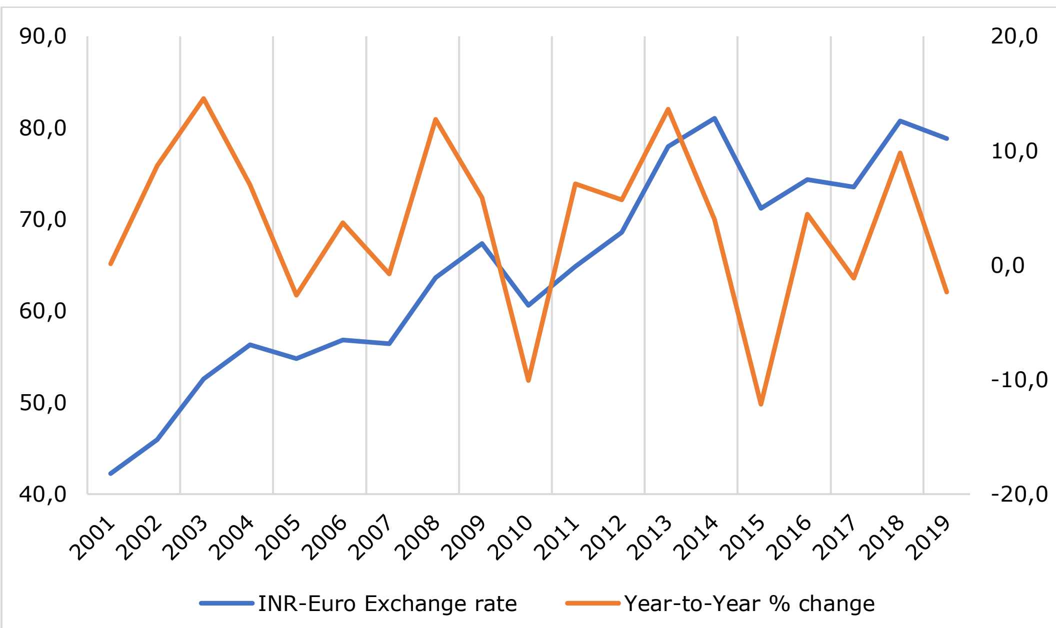
6.2 Challenge: Impact of currency depreciation on destination choices

Situation: Over the past several years, the Indian rupee has depreciated against the US dollar and the Euro. While overall number of tourist departures from India have continued to grow, there has been some negative impact on the Indian travellers' destination choices, including in Europe.

According to data from the European Central Bank, INR/EUR FX rate has seen a significant slide since the European Union introduced the Euro in 1999. The figure below shows the historical exchange rate between the Indian rupee and the Euro from 2001 to 2019, highlighting the wide fluctuation year-to-year.[lxiv]

As can be noted, recent years have seen somewhat less volatility - the Indian rupee slipped from an exchange rate of Euro 77.9 in 2013 to an all-time high of Euro 81.0 in 2014 and settled at Euro 78.8 in 2019, with fluctuations in the intervening years.

Figure 11: Indian (INR)/Euro (EUR) historical exchange rates, 2001-2019



Source: European Central Bank

Although the total number of international tourist departures from India have not taken a hit, over this period, destinations such as the United States, Canada, United Kingdom, France, Italy and Switzerland have seen a dip in bookings due to rupee depreciation.[lxv]

Price sensitive Indian holidaymakers may continue to seek alternative, more affordable destinations if European destinations become more expensive due to further currency depreciation. This could have a negative impact on the overall volume of travellers to Europe, especially to countries in the Euro Zone.

Solutions: Promote early so travellers can avail better rates; promote off-peak travel; promote shorter holidays to meet varying budgets; target the luxury traveller; promote affordable European destinations that offer better value-for-money.

Europe is an aspirational and prestigious holiday destination for Indians; it is perceived to be an expensive destination by the budget-conscious Indian travellers. When the cost of a holiday goes up, alternative destinations are sought or travellers compromise on duration of stay, quality of accommodation, shopping, etc.

For more expensive European destinations, a good strategy would be to promote early so travellers can avail better rates, and also offering packages of different durations to suit budgetary requirements of different target groups. This is also an opportunity to promote off-season travel in the Indian market, especially among solo travellers, young couples and senior travellers, who have less dependency on timing their vacations with school holidays.

Promoting more affordable destinations in Europe is another option. East European destinations are already witnessing an uptick in arrivals as they are seen to offer better value-for-money.

Another strategy would be to target the growing luxury segment of Indian travellers, for whom price is not a major influencer in destination decision making. According to figures published by MICE India and Luxury Travel Congress India, the Indian market is estimated to generate 6.5 million outbound luxury and MICE tourists annually by 2020, currently estimated at 3.6 million and 1.5 million, respectively.[lxvi]

6.3 Challenge: Increasing competition from global destinations

Situation: Over a hundred national, regional and city tourism boards have set up local offices in India and are aggressively marketing their destinations. Hence, global competition for European destinations, from both short haul and long-haul destinations, is increasing and can be expected to become more intense in the coming years.

Europe’s share of Indian outbound travel lags behind that of Asia and the Middle East. Though this share is expected to remain stable in the short term, the rate of growth will slow down.

Solutions: Invest for the long-term in the Indian market; market distinct products to potential first-time and repeat visitors to Europe; focus on Europe’s unique advantages vis-à-vis competitor destinations; target the right audience with the right messaging.

According to the Indian travel trade, few international tourism organisations are ‘India ready’. At SATTE 2019, during a panel discussion on the topic “Are NTOs India Ready?”, it was stressed that India’s complex and highly diverse market needs ‘closer scrutiny and understanding’. As a leading travel agency representative stated: “*All of them (NTOs) are coming to India, but are they India ready? Everybody is looking at India, but how is this story* *evolving? What is the story that each national tourist office needs to put out to the customer to build an aspiration for them to come to their country and not somebody else's who is also putting out their own story?"*[lxvii]

The panel discussion highlighted that only 25% of the Indian outbound travellers decide for themselves where to go. The remaining 75% are driven in their destination choices by promotions, opportunities and by the travel industry.

Few European national tourism organisations (NTOs) have representative offices in India - these are Flanders, Czech Republic, Denmark, Finland, Germany, Hungary, Ireland, Netherlands and Norway. Given the immense potential of the Indian outbound travel market, more European destinations need to invest in the country for the long term – set up physical presence in India or appoint a destination marketing representative; develop a cohesive strategic marketing plan to attract Indian tourists; allocate adequate funding for destination marketing and promotion in India, etc.

Europe's biggest advantage is its oneness and proximity between destinations. A good travel and tourism infrastructure, common Schengen visa and diversity of tourism products are key competitive advantages to marketing Europe in India. European destinations should continue to develop multi-destination and mono itineraries to attract first time and repeat travellers from India, highlighting the unique advantages of a European holiday.

Many of the European multi-destination itineraries promoted by the Indian travel trade include the UK. With Brexit, European destinations now need to work with the travel trade to develop alternative travel itineraries.

European NTOs should keep a close watch on competitor activity in India and look out for promotional and partnership opportunities with the travel trade and media to target different traveller segments. The importance of targeting niche audiences - looking into their travel motivations and offering products and services that will allow them to fulfil their passions, interests, and hobbies - is also emphasised.

6.4 Challenge: Visa processes and costs a deterrent to travel to Europe

Situation: Europe is a popular and prestigious holiday destination for Indians but cumbersome visa application processes and costs are a deterrent for many Indians to travel to Europe. This has high financial implications for European destinations.

With over one million visa applications, India was the third-largest source for Schengen visa applications in 2018. The number has almost doubled since 2014, as per data from the web portal Schengen visa info.

However, this number could be much higher. According to a survey conducted by the European Tourism Association (ETOA) in 2018, which concluded that of the 59% of Indian travellers who considered the Schengen zone as a destination, over one-half (55%) abandoned the visa application due to cost, perceived practical difficulty or other negative factors associated with the application. The survey calculated that this represents one billion dollars of potential loss to the Schengen zone of in-destination spend per year. [lxviii]

From February 2020, a new Schengen Visa Code has been implemented under which the Schengen visa fees have been increased by 33% to Euros 80 from Euros 60 - this could further impact future travel intent to Europe among Indians.

Solutions: Improve visa processing capacity; streamline and harmonise documentary requirements; issue longer duration multiple entry visas (MEVs).

The Indian market represents an important and huge opportunity for European tourism. On average, Indian travellers visit 2.4 countries and 5 cities on each trip to Europe.[lxix] Improved processing capacity and streamlined documentary requirements are essential if Europe wants to attract India's growing population of international travellers.

Several European countries have outsourced visa application centres in India; however, the number and location of application centres vary by country. European destinations that have a limited number of centres may like to consider extending the service into high potential locations (cities) across India in order to enhance convenience to potential travellers and improve processing times, especially during peak holiday seasons.

According to an Indian travel agent, *'travellers don't have the patience to wait. When they feel the visa process takes a lot of time, they prefer to go to alternate destinations other than Europe'*. [lxx]

Schengen missions such as those of Switzerland and France that have appreciably reduced visa-processing times (less than five days) have benefited from a significant uptick in visitor numbers from India, notwithstanding the long list of documentary requirements. These destinations also have Visa Application Centres (through VFS Global) in several cities in India: France – 14 cities, Switzerland – 12 cities (2 centres in Bengaluru).

Documentary requirements should also be streamlined and harmonised across the Schengen zone countries as these are currently not standardised and vary from country to country. ETOA also suggests that documentary requirements should be rationalised, such as proof of accommodation or mandatory medical insurance which make no meaningful contribution to risk assessment at the time of visa application.[lxxi]

Another key issue is with respect to the limited number of <u>long duration</u> Multiple Entry Visas (MEVs) that are granted by European countries, as opposed to competitor destinations, such as the US and UK that normally issue 5-year and 10-year MEVs to Indian nationals.

Adopting a streamlined process across European missions/consulates for issuing long duration multiple entry visas to frequent travellers would encourage repeat travel, an essential factor in supporting Europe's ambitions to grow tourism away from its most crowded centres.[lxxii] Issuing MEVs would also strengthen European destinations' competitiveness vis-à-vis other global destinations, especially those that offer visa-on-arrival or e-visa facilities.

It is understood that the EU is proposing to introduce a harmonised approach to MEVs for regular travellers with a positive visa history, gradually increasing their duration from one to five years.[lxxiii] This would likely have a positive influence on repeat travel and increase the volume of traffic to the Schengen area from India.

6.5 Challenge: Many faces of the Indian outbound traveller

Situation: Indian travellers are far from a homogenous group. Significant regional differences exist in terms of religion, cultural practices, languages and food habits which inform people's travel choices and behaviour. Demographics (age, education, income), lifecycle stage, geographical location, level of travel experience, etc. also impact traveller motivations and purchase behaviour. Addressing these diverse segments is a challenge for international destination marketeers, especially those that have limited experience in the Indian market.

Solutions: Consider employing a region-specific marketing strategy; invest in understanding the Indian customer in key locations; target high potential customer segments based on socio-demographic, lifecycle stage and other relevant factors, such as visitors' psychographics including motivations, aspirations, behaviour, interests, preferences, etc..

A generic destination marketing strategy that fails to address India's diverse traveller segments may drive volume in the short term, but to sustain that growth, destination marketers need to think of India as many 'separate India's', each requiring their own strategy.

Understanding and appreciating the similarities and differences of different traveller profiles by region/city is important to inform and guide future strategy and destination brand positioning. This requires in-depth consumer research, which European destinations should consider investing in.

Several competitor destinations have undertaken consumer research in the Indian market. Access to some of their reports is freely available on their websites. European destinations should look at the following website links of long-haul destinations, not only to gain interesting insights on the Indian outbound travel market, but also to understand competitor destinations' India strategy (where available):

<u>Australia</u>
www.tourism.australia.com/en/markets-and-stats/market-regions/south-and-south-east-asia/india.html

<u>New Zealand</u>
www.tourismnewzealand.com/markets-stats/markets/india/

United Kingdom
www.visitbritain.org/markets/india

United States
www.thebrandusa.com/system/files/USA6053_India_05%20%281%29.pdf

It is important to remember that not only is the Indian market incredibly diverse, but consumer tastes and behaviour are also changing rapidly due to the pace of economic development, social evolution and technological advancements. Thus, it should be stressed that even those (European destinations) that have a long history of presence and experience in the Indian market, should continually invest in monitoring and tracking the rapidly changing consumer landscape and its potential impact on their destinations' competitiveness.

6.6 Challenge: Targeting growth geographies in India

Situation: More people from smaller cities in India are vacationing abroad. Higher disposable income, better air-connectivity, access to internet and social media are the key drivers leading to the growth in outbound tourists from tier-2/3 cities. Many destinations have minimal knowledge about these growth geographies and limited trade outreach.

In absolute terms, the large metros/tier-1 cities continue to be the largest markets for outbound travel. However, growth is much faster in the smaller metros and tier-2/3 cities.

Solutions: Work with travel trade associations with strong membership from tier-2/3 cities; engage with/build relationships with reputed local agencies; use traditional and online media for consumer outreach.

According to visa processing company VFS Global, 20% of total visa applications in 2018 were from tier-2/3 cities in India, such as Pune, Puducherry, Jaipur, Kochi and Guwahati. Over a two-year period (2016-2018), there has been a doubling in the number of visa applications from smaller metros and tier-2/3 cities.[lxxiv]

For European NTOs that have traditionally focussed on the main metro cities, it can be a real challenge to commit additional resources for marketing in smaller cities where they have limited consumer knowledge and travel trade outreach.

It is suggested that European destinations should work with travel trade associations with strong membership from tier-2/3 cities to engage with/build relationships with reputed local agencies in the new growth geographies.

In addition, content distribution through traditional and online media can be a good approach for achieving consumer outreach in different parts of the country. European destinations are advised to recruit the services of a local PR firm/copy editor/journalist to ensure that the marketing and PR material is correctly translated in the local, vernacular language.

6.7 Challenge: Which tourism products and travel experiences to promote?

Situation: European destinations offer such a wide diversity of travel products and travel experiences that it can be quite challenging for tourism destinations to decide which ones to promote in individual markets, such as India. At the same time, the Indian traveller is evolving rapidly and demanding a more targeted and personalised approach to travel. Catering to the needs of different target segments at different levels of travel sophistication makes it even more challenging for destination marketeers.

Solutions: Focus on a portfolio of travel products and experiences that appeal to different target segments; ensure flexibility to enable customisation/personalisation by target segment; prioritise products and experiences for which demand is stable or trending up; curate creative itineraries and unique experiences; develop new, innovative products.

Market trends indicate that some of the following travel products and experiences offer good demand potential from India for European destinations in the near future. Needless to say, these should be personalised and customised as per the needs of the different travel market segments in India.

- <u>Luxury travel</u>

The Indian luxury travel segment is small, but fast growing. It is led by affluent couples across all age-groups. European destinations should curate luxury products/experiences that would appeal to this segment – exclusive, unique, authentic and immersive.

- <u>Film-induced travel</u>

Bollywood, the Indian film industry, is known for using foreign locales for shooting movies, and Indians have a high propensity to travel to film locations during their holidays overseas. The regional film industry is also increasingly featuring foreign locations in movies.

VisitBritain released a Bollywood movie map consisting of 22 locations that have been featured since 1990 and 17 classics from the 1960s, 1970s and 1980s. New Zealand also published movie maps identifying the country as the home of the film *Lord of the Rings*, promoting road trips to the film locations and combining a picturesque journey of the key locations of the film on its website.

Thomas Cook India, which has witnessed a significant surge in demand of over 25% for travel to iconic Bollywood locations, offers curated travel packages with departures from six key hubs of Mumbai, Delhi, Bengaluru, Ahmedabad, Chennai and Hyderabad.[lxxv]

European destinations that have been featured in Indian movies (Bollywood and regional films) should curate their site locations and develop itineraries around them for marketing, in consultation with and through the Indian travel trade. Switzerland, Italy, Spain and France are some of the key destinations already being marketed to movie-buffs in India.

New, emerging destinations, such as Poland, Finland and the Czech Republic can also generate greater awareness through curated film-based itineraries, which would otherwise take many years to achieve. Not all European destinations, established or emerging, are taking advantage of this opportunity.

Notably, visiting filming locations of famous Hollywood films and TV dramas, such as the Harry Potter film series, Game of Thrones and Lord of the Rings, is also a popular tourist activity among the English-speaking travellers (families, millennials) from India. European destinations should research and filter the most suitable ones for marketing in India.

- Cruise tourism

Cruise tourism is one of the fastest growing tourism sub-sectors. According to Cruise Lines International Association (CLIA), India as a cruise source market has grown by double digits in the past couple of years, with steady growth in demand for experiential cruises.[lxxvi] Singapore is, by far, the most popular cruise tourism destination for Indian travellers.

Singapore Tourism Board (STB) undertakes multiple activities and programmes to promote cruise holidays in India. These include marketing partnerships with travel agencies and OTAs, learning sessions and webinars in association with CLIA and dialogue sessions with trade partners to exchange ideas on growing the cruise business. In 2018, India was Singapore’s top overseas source market for the cruise traveller segment, with a 27% increase over 2017.[lxxvii]

European destinations have a distinct competitive advantage over Singapore as they are able to offer a huge diversity of sea and river cruise holiday options that can appeal to diverse Indian travel segments, such as families, millennials, senior travellers, weddings, etc.

European cruise destinations should consider a product development focus on cruise tourism for the Indian market, partnering with buyers and suppliers to develop personalised and specially created experiences for the fast-growing cruise traveller segment.

- Destination weddings

Estimated to be worth more than US$600 million, the Indian outbound destination wedding market is growing at a robust rate of 25-30% annually.[lxxviii]

The most popular destinations for Indian weddings are Thailand, UAE, Malaysia and Bali. European destinations, such as Greece, Italy, Austria, Turkey and Spain are gaining popularity among wealthy Indian families and celebrity couples, as these are seen to be prestigious locations for hosting a wedding.[lxxix]

The competition is heating up as many international tourism boards have started looking at India as a high-potential source market for destination weddings. In 2019, Turkey, Azerbaijan, Maldives and Thailand among others conducted FAM trips for Indian wedding planners.

According to an article in Destination Reporter, an Indian B2B travel magazine, "*From waiving off visa charges to securing permissions for late night parties, awarding landing rights for charters and offering extremely competitive rentals for heritage sites, tourism boards are rolling the red carpet for Indian weddings. They understand that it is not just about traffic and business from weddings but like Indian films, guests at Indian weddings help spread the word on the destination via social media and other platforms to a wide audience base*".[lxxx]

European NTOs should target the India destination wedding market with a long-term perspective. Wedding planners should be the first point of contact and NTOs should organise FAM trips for them and help them partner with the right logistics providers in their respective destinations. Further, European NTOs should be willing to provide special concessions/incentives and assist the wedding parties with visa facilitation, permissions for hosting events, etc.

6.8 Challenge: Impact of Brexit on Indian outbound travel to Europe?

Situation: The United Kingdom (UK) left the European Union (EU) on 31 January 2020, following the ratification of the withdrawal agreement by the EU and UK Parliaments, and has entered a transition period currently scheduled to end 31 December 2020. Given that India has historical ties with the UK, there is uncertainty regarding the possible impact of Brexit on Indian outbound travel to Europe, post-transition.

Solution: European destinations should start to work with tourism suppliers and buyers on developing and marketing alternative travel packages and itineraries (excluding the UK) for the Indian market.

Indian travel agents have been offering their clientele different travel packages that include multiple destinations in Europe, including the UK. These packages typically include roundtrip English Channel crossing via the Eurotunnel or ferry.

Many independent (FIT) travellers who visit the UK (or Europe) for VFR, leisure or business also combine UK and Europe on a single trip. According to VisitBritain, about one in ten Indian visits to the UK are made through the tunnel, either on the Eurostar or on a coach.[lxxxi]

While visas for the EU and the UK are different, ease of access could now be an additional burden as the two regions will work independently. Indian travellers might visit the UK separately instead of adding it to their Europe itinerary and vice versa. This can impact tourist flows to both regions, as travelling separately necessarily carries financial implications. Travel between the UK and Ireland is also likely to be impacted as Ireland is an EU member – presently, there is border-free travel between the two countries.[5]

[5] Though an EU member, Ireland is not part of the Schengen area and has its own visa policy. Since February 2015, India is included in the British-Irish Visa Scheme which allows Indian nationals to travel to the UK and Ireland on a single visit visa.

Noting that VFR travel has the largest share of all Indian visits to the UK, both in terms of journey purpose and nights spent,[lxxxii] UK visits from this segment are unlikely to be affected on account of Brexit. Europe, on the other hand, may lose out if these VFR visitors avoid extending their UK trip to include leisure time in Europe, as they have been prone to do.

Increase in in-destination costs: Post-Brexit, goods may be taxed higher both in the UK and Europe, as the free movement of goods between the two regions would be restricted. As a result, in-destination costs for visitors would likely increase, leading to the total trip becoming more expensive. Added to that, the volatility in the currency exchange rates, which can make a European holiday even more expensive (if the value of the Indian rupee slides further).

Given all the uncertainty surrounding Brexit, European destinations would be well advised to already begin working with tourism stakeholders to develop and market alternative travel packages and itineraries for the Indian market.

On a positive note, this is an opportunity for European destinations to cooperate ever more closely to jointly develop and grow the European tourism brand in important overseas source markets, such as India.

6.9 Online resources for further reading

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