



MARKET INSIGHTS

EUROPEAN TRAVEL COMMISSION

MARKET INTELLIGENCE GROUP

INDIA

March 2014

This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles are added to the series and updated at regular intervals. Market Insights are freely available to the public.

The members of the MIG comprise the Research Directors of the 33 National Tourist Offices (NTOs) who are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics and other indicators.

A complete overview of ETC's programme of market intelligence activities – including links to studies and sources of European tourism statistics – can be found on the organisation's corporate website: www.etc-corporate.org.

OVERVIEW

- India has become one of the world's fastest-growing outbound travel markets. UNWTO ranked India 23rd in the world in 2012, in terms of international tourism expenditure, with a total spend, excluding transport, of US\$12.3 bn – up 50% on 2007 in US dollar terms and 70% in current rupee terms.
- Outbound trips rose by 6.7% in 2012 to 14.9 mn, after increasing by an average of 11.9% per annum in 2001-11. Preliminary estimates for 2013 point to a further 7% rise.
- There are many positive factors influencing Indian demand for outbound travel. The national economy has been strong and middle-class disposable incomes have been rising very fast. Airline capacity has risen sharply. And, thanks to the relaxation of exchange controls, Indians are allowed to take up to US\$10,000 per annum abroad for leisure trips. India's large diaspora and growing openness to the outside world has also stimulated foreign travel, especially among the younger generations. More Indian students are studying in other countries than those of any other nationality, except perhaps China.
- However, in 2011-13 there was a sharp slowdown in economic growth and heavy depreciations in the value of the rupee, resulting in some slackening in the growth in demand for outbound travel.
- The great majority of Indians cannot ordinarily afford to travel abroad. The 14.7 mn departures in 2012 represented just 1.2% of the total population. There is a strong distinction between upper-middle class travellers (leisure, VFR and business), often travelling on a tight budget, and a small but extremely affluent segment looking for all the perquisites of luxury travel. Although India is a relatively poor country, its luxury travel market is a relatively large one.
- It is nevertheless difficult to generalise about the Indian travel market, as individual destinations tend to cater for different segments – e.g. VFR travel, basic family holidays, long- or short-stay business travel, or pure shopping expeditions.

- Europe is estimated to account for around 17.5% of cumulative world arrivals from India. Several European countries rank among Indians' ideal destinations but, in practice, the majority of Indians travel to Asian and Middle Eastern destinations. Only one European country, the UK, ranks among the top ten destinations visited.

ECONOMIC PROFILE

Currency

- **Rupee (Rs)**^{1,2}

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 30 Dec 13 |
|---------|-------|-------|-------|-------|-------|-------|-----------|
| Rs/US\$ | 43.51 | 48.41 | 45.73 | 46.67 | 53.44 | 58.59 | 62.00 |
| Rs/euro | 63.60 | 67.23 | 60.59 | 64.91 | 68.69 | 77.81 | 85.46 |
| Rs/£ | 79.68 | 75.51 | 70.67 | 74.79 | 84.69 | 91.63 | 102.11 |

- The rupee had remained roughly stable in real trade-weighted terms in 2002-08, generally rising against the US dollar and falling against the euro, before falling sharply against the US dollar during the financial crisis of 2008-09.
- It then staged a partial recovery in the second half of 2009 which lasted until July 2011. However, since then it has suffered a series of rapid declines, notably in August-December 2011, March-June 2012 and, most recently and dramatically, in May-August 2013.
- These declines partly reflected movements in the value of the US dollar rather than the rupee in particular, and the rupee has been declining rather more steadily against the euro and sterling since the middle of 2010. Since its peak the rupee has lost about 30% of its value against the US dollar and a little more against the euro and sterling.

India's Economy 2008-13

| Economic data ¹ | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 |
|-------------------------------------|--------|--------|--------|--------|---------|
| GDP (Rs bn) | 56,301 | 64,778 | 77,953 | 89,750 | 100,206 |
| (US\$ bn) | 1,223 | 1,365 | 1,711 | 1,873 | 1,842 |
| (€ bn) ¹⁸ | 868 | 967 | 1,296 | 1,362 | 1,431 |
| Real GDP growth (%) | 3.9 | 8.5 | 10.5 | 6.3 | 3.2 |
| GDP per capita (US\$) | 1,053 | 1,159 | 1,432 | 1,547 | 1,501 |
| Inflation (%) | 9.1 | 12.4 | 10.4 | 8.4 | 10.4 |
| Formal employment (mn) ⁴ | 27.3 | 27.5 | 28.2 | 28.7 | 29.0 |

Note: India's fiscal years (FY) start on 1 April.

- India's economic growth has stepped up a gear since the late 1990s, in line with the worldwide surge in prosperity among 'emerging' economies, and in particular as a result of the relaxation of the 'license raj' (strict licensing and regulation of economic activity) which for so long hampered the economy. For a heady period in 2009-10 the country was being ranked close behind China as one of the world's most dynamic economies.
- However, there was a slowdown in economic growth in 2011-13. Again, this was in line with the slowdown among emerging economies worldwide, and again it was accentuated by factors special (though not exclusive) to India: activity is running up against constraints imposed by dysfunctional institutions, poor infrastructure (especially in power and transport), restrictive labour laws, low standards of educational attainment and discouraging social and political attitudes.
- Thus, GDP growth slackened from 10.5% in FY2008 to 3.2% in FY2012. The IMF, in its *World Economic Outlook* of October 2013 (IMF WEO), forecast increases of 3.8% in FY2013, 5.1% in FY2015 and 6.3% in FY2016. However, it has reduced its estimate of India's 'potential growth rate' from 7.3% a year in its forecasts two years ago to 5.3%. There is a good deal of disagreement among economists about this potential.

- In spite of these problems, some sectors of the economy, and some parts of the country, are still very prosperous. Famously, India has highly competitive export-oriented IT and business services industries and a handful of industrial giants. These generate a significant volume of outbound business tourism.
- The bottlenecks in the economy are associated with a problem with inflation, which reached a peak of 16% in January 2010 and was still at 9.9% in December 2013. The IMF expects it to average 10.9% in FY2013 and to moderate to 7.5% in FY2015.
- India is running substantial fiscal and current account deficits, leading the Reserve Bank of India to pursue a tight monetary policy with high interest rates, which is having an effect on investment and consumer spending.
- The Confederation of Indian Industry's index of business confidence, which had risen to peaks of 71.2 in Q1 2007 and 67.6 in Q3 2010, has been languishing close to its record lows of around 50, in 2012 and 2013. There has been a great deal of comment on the growing tendency of leading Indian companies and entrepreneurs to take their investments offshore, to avoid the problems of operating in India.
- Both the Reserve Bank of India and Nielsen consumer confidence indices waned in 2013. The Nielsen index slipped gradually from an all-time high of 131 in Q4 2010 to 112 in Q3 2013.
- Consumer goods tend to be expensive in India, but staple foods and services (including good-quality tourism services) are cheap. Overseas travel is therefore a relatively expensive, but highly aspirational, option for affluent Indians.

SOCIO-DEMOGRAPHIC PROFILE

Population

| Population (mn) ³ | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------|---------|---------|---------|---------|---------|
| Total | 1,174.7 | 1,190.1 | 1,205.6 | 1,221.2 | 1,236.7 |
| Males | 608.0 | 615.9 | 623.7 | 631.7 | 639.6 |
| Females | 566.7 | 574.3 | 581.9 | 589.5 | 597.1 |

- The total population of India in 2012 is estimated at 1,237 mn – 354 per km².
- It is still growing moderately rapidly, by 1.3% a year, and is expected to overtake China's within the next 20 years.
- It is also relatively youthful, and is ageing fairly slowly (see 'Age' below). Whereas the working-age populations of Europe and China are now peaking, India's is not expected to peak until the 2050s.
- There are 107 males per 100 females.
- Life expectancy at birth is 65 years for males and 68 years for females.
- Just over 50% of the population aged 15 or over is in the labour force, including 77% of males and 23% of females. Almost half of these are self-employed, and slightly over half still work on the land.
- There is a growing affluent middle class, but it is important to remember that the great majority of the population still live in or close to poverty and cannot think of travelling abroad. More information is provided below under 'Spending Power'.
- 31% of the total population is defined as urban. The largest cities (with their 'greater area' populations according to the provisional results of the 2011 Census) are Delhi (16.3 mn), Mumbai (18.4 mn), Kolkata (14.1 mn), Chennai (8.7 mn), Bengaluru (8.5 mn), Hyderabad (7.7 mn), Ahmedabad (6.4 mn), Pune (5.0 mn), Surat (4.6 mn), Jaipur (3.1 mn). Kanpur (2.9 mn), Lucknow (2.9 mn) and Nagpur (2.5 mn). A further 30 cities have populations exceeding 1 mn.
- The 2011 Census found 246.7 mn households (excluding institutional households) in India. Of these, 3.7% were single-person households, 9.7% had two members, 13.7% three, 22.7% four, 18.8% five, 24.9% six to eight members and 6.6% more than nine members. 12% contained no married couples, 70% one married couple and 18% two or more couples.
- The literacy rate is still low. The 2011 Census reports that 73% of the population over 7 years old can read and write (up from 65% in 2001) – 81% for males and 65% for females.

- However, a study in 2010 found that 33% of Indians over 15 had never received any formal education. 65% had completed primary education, but only 7% had completed secondary education and only 3% had graduated at tertiary level. The government reports an enrolment rate (for the appropriate age groups) of 14% in higher education, but the standards offered by many 'private' colleges are low.

Age

| Breakdown (%) ³ | 2010 | 2015 ^f | 2020 ^f |
|----------------------------|-------|-------------------|-------------------|
| 0-4 years | 10.1 | 9.5 | 8.9 |
| 5-14 | 20.1 | 18.8 | 17.7 |
| 15-24 | 19.0 | 18.3 | 17.7 |
| 25-34 | 16.3 | 16.6 | 16.5 |
| 35-44 | 13.0 | 13.4 | 14.0 |
| 45-54 | 10.0 | 10.5 | 10.9 |
| 55-64 | 6.5 | 7.4 | 7.9 |
| 65-74 | 3.5 | 3.7 | 4.4 |
| 75-84 | 1.3 | 1.5 | 1.6 |
| 85+ | 0.3 | 0.3 | 0.4 |
| Total | 100.0 | 100.0 | 100.0 |

- More simply, the population in 2015 may be broken down as follows: 0-24 years: 47%; 25-59 years: 45%; over 60: 9%. This compares with world averages of 45%, 35% and 11%.
- According to the UN, the numbers of children and young people (aged 0-24) will remain stable over the next ten years, while the numbers of those aged 25-60 will increase by a fifth and those over 60 will increase by nearly a half.

Employment

- In 2008 the employed labour force was estimated at 487 mn, of whom 94% were employed in the informal sector. Only 27.5 mn people were employed in the 'formal' or 'organised' sector – i.e. in the licensed, registered and tax-paying sector.
- By 2011 formal employment had risen to 29.0 mn, with 61% working in the public sector. Since 2000, public-sector employment has fallen from 19.5 mn to 17.5 mn, while private-sector employment has risen from 8.1 mn to 11.5 mn.

Formal employment, 2011⁴

| | Total | | Male | | Female | |
|----------------|--------|-------|--------|-------|--------|-------|
| | 000s | % | 000s | % | 000s | % |
| Public sector | 17,548 | 60.5 | 14,377 | 62.4 | 3,171 | 53.3 |
| Private sector | 11,452 | 39.5 | 8,669 | 37.6 | 2,783 | 46.7 |
| Total | 29,000 | 100.0 | 23,046 | 100.0 | 5,954 | 100.0 |

Notes: The figures for the private sector exclude establishments with fewer than ten employees and most establishments in the agricultural sector. The public sector includes the federal, state and local governments, quasi-governmental organisations and state-owned enterprises.

- The structure of informal employment is complicated. In its 2008 survey, the Ministry of Labour used four different classifications – by occupation (such as farmers, fishermen and construction workers), by nature of employment (attached, bonded, migrant, contract and casual), by whether they were in 'distress' (such as carriers and loaders and scavengers), and service workers (such as domestic workers, midwives, barbers and vendors). Many in the informal sector work on a family basis, and India's historical castes still play a role. Debt bondage and child labour are serious problems, with widely varying estimates. Overall, it was estimated, in 2008, that an employee in the informal sector produced less than one in the formal sector by a factor of nine. Nevertheless, there are many people in the informal sector with high incomes.

- The following figures come from the Census of 2011. The participation rates (% of total population in India's case, not % of the population over 15) were 39.8% (53.3% for males and 25.5% for females), 41.8% in rural areas (53.0% for males and 30.0% for females), and 35.3% in urban areas (53.8% for males and 15.4% for females). Note that more than half of all Indians still work on the land.

Total employment, 2011⁵

| | Total | | Male | | Female | |
|----------------------------|-------|-------|-------|-------|--------|-------|
| | mn | % | mn | % | mn | % |
| Total | 481.7 | 100.0 | 331.9 | 100.0 | 149.9 | 100.0 |
| Rural | 348.6 | 72.4 | 226.8 | 68.3 | 121.8 | 81.3 |
| Urban | 133.1 | 27.6 | 105.1 | 31.7 | 28.0 | 18.7 |
| Main workers | 362.4 | 75.2 | 273.1 | 82.3 | 89.3 | 59.6 |
| Marginal workers | 119.3 | 24.8 | 58.7 | 17.7 | 60.6 | 40.4 |
| Cultivators | 118.7 | 24.6 | 82.7 | 24.9 | 36.0 | 24.0 |
| Agricultural labourers | 144.3 | 30.0 | 82.7 | 24.9 | 61.6 | 41.1 |
| Household industry workers | 18.3 | 3.8 | 9.8 | 2.9 | 8.6 | 5.7 |
| Other workers | 200.4 | 41.6 | 156.6 | 47.2 | 43.7 | 29.2 |

Spending Power

| GDP per capita ¹ | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 |
|-----------------------------|--------|--------|--------|--------|--------|
| At current prices (Rs) | 48,451 | 54,984 | 65,253 | 74,113 | 81,655 |
| (US\$) | 1,053 | 1,159 | 1,432 | 1,547 | 1,501 |
| (€) ¹⁸ | 747 | 821 | 1,085 | 1,124 | 1,166 |
| Real increase (%) | 2.5 | 7.0 | 9.0 | 4.9 | 1.9 |
| at PPPs (US\$) | 2,914 | 3,141 | 3,466 | 3,707 | 3,843 |

- GDP per capita in India, at just US\$1,501 in FY2012, is still very low – much the lowest among the BRICS countries (Brazil US\$11,350, Russia US\$14,300, China US\$6,100 and South Africa US\$6,850) which have been the focus of so much attention in recent years. In terms of GDP per capita, India ranks 143rd among the 187 countries in the IMF WEO database. Because of the low consumer prices in India, GDP per capita at purchasing power parities (PPPs) is considerably higher, at US\$3,843, but this lifts India only ten places in the IMF WEO database.
- Some regions of India – especially Maharashtra and Gujarat in the west and Tamil Nadu in the south – are becoming more affluent, but others – notably the densely populated states of central and northeastern India – remain among the poorest communities in the world.
- In December 2011 OECD published a report which found a rapid increase in inequality in India over the last 20 years. The top 10% of wage earners were earning 12 times more than the bottom 10%, compared with 6 times 20 years ago. Consumer spending over the past ten years had been rising by 3% a year in the top 20% of households, but only 1% a year among the bottom 20%. The 'Gini coefficient' for household incomes (a measure of the dispersion of incomes) had increased from 0.32 (close to OECD norms) to 0.38 (closer to levels in many developing nations) – in contrast to trends in, for instance, Russia, Brazil and Indonesia.
- The same report found that 42% of the population – about 500 mn people – were living on less than US\$1.25 a day (compared with an official figure of 37%). The government uses a lower – and controversial – definition of poverty: Rs25 (US\$0.52) per day in rural areas and Rs32 (US\$0.66) per day in urban areas, and found 355 mn people living below this threshold in 2009.
- But there is also a large and fast-growing middle class, a small proportion of whom are very affluent. The National Council of Applied Economic Research (NCAER) estimated that about 150 mn people were living in households with incomes of US\$1,500-7,000 in 2010; other estimates suggest about half that number. The Asian Development Bank (ADB) estimates that 57 mn people have incomes over US\$4,000 at purchasing power parities – say US\$1,600 at the real dollar prices which outbound travellers pay. Most outbound travellers have annual household incomes exceeding US\$9,000.
- The Merrill Lynch / Cap Gemini *World Wealth Report 2013* estimates that 111,000 Indians have a net worth excluding their primary residence of more than US\$1 mn. Credit Suisse reckons that 2.4 mn Indians have assets of more than US\$100,000.

Regional Distribution

- India is a very big country, with huge regional differences in nature, population and affluence. In many respects it is difficult to treat as a single market. It is not officially divided into regions, but the following table shows a conventional breakdown that is often used (with variations).

States and territories of India, 2012^{4,5,17}

| Code | States | Area (km ²) | Population (000s) | GDP per capita (Rs) | Region | Capital |
|--------------------------|----------------------|-------------------------|-------------------|---------------------|--------|--------------------|
| AP | Andhra Pradesh | 275,045 | 84,994 | 71,480 | S | Hyderabad |
| AR | Arunachal Pradesh | 83,743 | 1,246 | 62,213 | NE | Itanagar |
| AS | Assam | 78,438 | 30,695 | 33,633 | NE | Dispur |
| BR | Bihar | 94,163 | 98,168 | 23,435 | NC | Patna |
| CG | Chhattisgarh | 135,191 | 24,369 | 46,753 | E | Raipur |
| GA | Goa | 3,702 | 1,785 | 192,652 | S | Panaji |
| GJ | Gujarat | 196,024 | 59,286 | 85,360 ^e | W | Gandhinagar |
| HR | Haryana | 44,212 | 25,580 | 108,859 | N | Chndigahr |
| HP | Himachal Pradesh | 55,673 | 6,815 | 74,899 | N | Shimla |
| JK | Jammu & Kashmir | 222,236 | 11,768 | 42,220 | N | Srinagar/Jammu |
| JH | Jharkhand | 79,714 | 31,617 | 35,652 | E | Ranchi |
| KA | Karnataka | 191,791 | 59,625 | 68,374 | S | Bengaluru |
| KL | Kerala | 38,863 | 34,646 | 83,725 | S | Thiruvananthapuram |
| MP | Madhya Pradesh | 308,245 | 72,587 | 38,669 | NC | Bhopal |
| MH | Maharashtra | 307,713 | 113,179 | 101,314 | W | Mumbai |
| MN | Manipur | 22,327 | 2,459 | 32,284 | NE | Imphal |
| ML | Meghalaya | 22,429 | 2,631 | 52,971 | NE | Shillong |
| MZ | Mizoram | 21,081 | 1,008 | 55,218 ^e | NE | Aizawl |
| NL | Nagaland | 16,579 | 2,258 | 56,638 | NE | Kohima |
| OD | Orissa | 155,707 | 40,871 | 46,150 | E | Bhubaneswar |
| PB | Punjab | 50,362 | 27,782 | 74,606 | N | Chandigahr |
| RJ | Rajasthan | 342,239 | 68,194 | 47,506 | N | Jaipur |
| SK | Sikkim | 7,096 | 615 | 121,440 | E | Gangtok |
| TN | Tamil Nadu | 130,058 | 67,589 | 84,496 | S | Chennai |
| TR | Tripura | 10,486 | 3,630 | 50,750 | NE | Argatala |
| UP | Uttar Pradesh | 240,928 | 201,942 | 30,052 | NC | Lucknow |
| UK | Uttarakhand | 53,483 | 9,990 | 82,193 | NC | Dehradun |
| WB | West Bengal | 88,752 | 89,777 | 54,830 | E | Kolkata |
| Union Territories | | | | | | |
| AN | Andaman & Nicobar Is | 8,249 | 499 | 93,075 | I | Port Blair |
| CH | Chandigarh | 114 | 1,462 | 140,073 | N | Chandigarh |
| DN | Dadra & Nagar Haveli | 491 | 360 | na | W | Silvassa |
| DD | Daman & Diu | 112 | 274 | na | W | Daman |
| DH | Delhi | 1,483 | 18,626 | 175,812 | NC | - |
| LD | Lakshadweep | 32 | 76 | na | I | Kavaratti |
| PY | Puducherry | 479 | 1,412 | 95,759 | S | Puducherry |

Notes: Regions: N North, NC North Central, E East, NE Northeast, W West, S South, I Islands.

India is in the habit of renaming states and cities: among the states, Madras has become Tamil Nadu, Mysore Karnataka, Travancore Kerala, and Orissa Odisha. Among the more important cities, Bombay became Mumbai, Calcutta Kolkata, Madras Chennai, Poona Pune, Bangalore Bengaluru, Cawnpore Kanpur, Calicut Kozhikode and Cochin Kochi. Varanasi, the Hindu holy city, is also known as Benares.

Ancestry & Migration

- India is culturally, linguistically and genetically extremely diverse, with a complex history and many regional and local characteristics.
- There are large communities of Indian descent in different countries around the world – totalling, by various estimates, 25-30 mn people – including both non-resident Indians (NRIs) and persons of Indian origin who have acquired citizenship of other countries (PIOs). The countries with the largest numbers of both combined are (with rough estimates):

| | | | |
|--------------|--------|--------------|--------|
| Nepal | 4.0 mn | USA | 3.2 mn |
| Myanmar | 2.7 mn | Malaysia | 2.5 mn |
| UAE | 1.8 mn | Saudi Arabia | 1.8 mn |
| Sri Lanka | 1.6 mn | UK | 1.5 mn |
| South Africa | 1.2 mn | Canada | 1.0 mn |

- There are estimated to be nearly 4 mn Indians working as migrant labourers in the Middle East.

Language & Religion

- The national language is Hindi, but 60% of the population use another mother tongue: there are at least 80 of them, of which 21 are 'scheduled' official languages, including Bengali, Telugu, Marathi, Tamil, Urdu, Gujarati, Malayalam, Kannada, Oriya, Punjabi, Assamese, Kashmiri, Sindhi and Sanskrit.
- English is widely used in business and administration and as a national 'common language': an estimated 125 mn Indians, including most people affluent enough to travel, speak English well, and about 350 mn speak some English.
- The majority (81%) of the population is Hindu, 13% Muslim, 2% Christian and 2% Sikh. Others (2%) include Buddhists, Jains, Jews, Zoroastrians and Baha'is. Religion is still an important factor in many Indians' personal and family lives.
- Indians are also divided into countless castes, which are often still relevant in social and professional relationships. The 2011 Census found 201 mn people in the 'scheduled' (disadvantaged) castes and 104 mn people in the scheduled tribes.

TRAVEL PROFILE

Indian Outbound Trips

| Trips ⁶ | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------|-------|--------|--------|--------|--------|--------|
| Total (000s) | 9,783 | 10,868 | 11,066 | 12,988 | 13,994 | 14,925 |
| % annual change | 17.3 | 11.1 | 1.8 | 17.4 | 7.7 | 6.7 |

Note: Departures of Indian nationals, as compiled by the Bureau of Immigration from embarkation cards

- Outbound trips by Indian nationals rose by an average of 11.4% a year between 2001 and 2012 – by 13.2% a year in the first seven years and by a more moderate, but still rapid, 8.3% a year in the four years from 2008. This was, of course, far faster than the world average, and fast even by Asian standards.
- Nevertheless, the 14.9 mn departures in 2012 still represented just 1.2% of the population, reflecting the low GDP per capita in India. In comparison, the departure rate in China is 6%, although that does include trips to Hong Kong and Macau, which are not strictly international destinations.
- Indians also made 1,036 mn domestic trips (leisure and business) in 2012 – roughly 69 for every outbound trip. Domestic trips have been rising faster than outbound trips – by 14-15% a year in 2001-12 and 20% a year in 2011-12.

- The preliminary estimate for 2013 is around 16 mn trips, up 7%. The effects of the economic slowdown and depreciation of the rupee in 2013 remain uncertain, but they seem to have had less of an impact on the number of trips taken than on destinations, length of trips and spending. Indians reportedly chose shorter-haul destinations. There are also suggestions that more Indian families chose to take their holidays in India: the quality of service (often catering for European and Asian travellers) can be high, and the prices are reasonable by international standards. This trend also fits with a growing awareness and enthusiasm for the diversity of attractions available within India.
- Arrivals data from destinations around the world, as compiled by UNWTO, suggests that Asia accounts for 35.5% of cumulative arrivals (i.e. including the additional destinations of multi-destination trips), the Middle East for 33%, Europe for 17.5%, the Americas for 7.5%, Africa for 5% and Oceania for 1.5%. Because of the large numbers of countries which do not measure arrivals from India, these figures are only approximate. The figure for the Middle East is particularly uncertain.
- Africa and Asia have gained share in recent years, at the expense of Europe and the Americas.

International Travel Expenditure (excl transport)

| Expenditure ⁹ | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------------|------|------|------|------|------|------|
| Total (US\$ bn) | 8.2 | 9.6 | 9.3 | 10.5 | 13.7 | 12.3 |
| (€ bn) | 6.0 | 6.6 | 6.7 | 7.9 | 9.8 | 9.6 |
| % annual change | 9.6 | 23.0 | 8.8 | 6.4 | 33.4 | 2.9 |
| Spend per trip (US\$) ¹⁸ | 840 | 880 | 840 | 810 | 980 | 825 |

Note: % annual change is in current rupee terms.

- UNWTO ranked India 23rd in the world in 2012, in terms of international travel expenditure, with a total spend, excluding transport, of US\$12.3 bn – up 50% on 2007 in US dollar terms and 70% in current rupee terms.
- In the first half of 2013, spending is reported to have fallen by 4.5% in current rupee terms. The decline was concentrated in the first quarter of the year.
- Average spending per trip abroad has fluctuated between US\$800 and US\$1,000 in recent years. This average disguises, of course, huge variations between destinations and types of traveller. The Indian market is characterised by large numbers of leisure and VFR travellers on modest budgets and small numbers of high-spending 'luxury' travellers. These luxury travellers nevertheless constitute an unusually significant proportion of the total market.
- In general, high proportions of VFR and business travellers may depress average spend per trip (business travellers stay a shorter time at their destinations and VFR travellers spend much less per day). But both the UK and the USA report large numbers of long-stay business travellers and students, both spending freely. The following figures for trips to the UK illustrate the big variations within the averages.

Average length of trip and spending on Indian trips to the UK, 2012¹³

| | Nights per trip | Spend per day (£) | Spend per trip (£) |
|-----------|-----------------|-------------------|--------------------|
| Holiday | 6 | 86 | 484 |
| Business | 22 | 82 | 1,790 |
| VFR | 31 | 17 | 533 |
| Study | 193 | 36 | 6,918 |
| All trips | 22 | 45 | 981 |

- The USA reports US\$4,650 (€3,618) per trip in 2012, three times the £981 (US\$1,570 average for trips to the UK).
- Canada reports an average spend of even less – a little over C\$1,000 (US\$1,000 or €778) in 2011-13.
- Austria reports an average spend per day of €178 (US\$229) – or €320 (US\$412) per trip – on predominantly short leisure and business stays.
- Indians are a particularly attractive market for retailers as they love shopping and the prices of imported goods tend to be very high in India (50% say that shopping is one of their main reasons for travelling abroad).

Leading Destinations

Arrivals from India in selected destinations (000s)^{9,11,17}

| | Measure | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------|---------|------------------|------------------|-----------------|-----------------|-----------------|------------------|
| Thailand | TFn | 536 | 537 | 615 | 760 | 915 | 1,016 |
| Saudi Arabia | TFn | 613 | 602 | 247 | 389 | 1,501 | 999 |
| Singapore | VFr | 749 | 778 | 726 | 829 | 869 | 927 ^e |
| Bahrain | VFn | 718 | na | na | na | 838 | 894 ^e |
| Kuwait | VFn | 653 | 674 | 733 | 751 | 790 | 827 |
| UAE (Dubai only) | THSn | 411 | 493 | 530 | 638 | 702 | 764 |
| USA | TFr | 567 | 599 | 549 | 651 | 663 | 724 |
| Malaysia | TFr | 422 | 551 | 590 | 691 | 693 | 691 |
| China | VFn | 462 | 437 | 449 | 549 | 606 | 610 |
| United Kingdom | VFr | 336 | 359 | 273 | 371 | 356 | 380 ^e |
| Hong Kong | TFr | 205 | 232 | 231 | 336 | 312 | 269 |
| Italy | TFn | 109 | 136 | 139 | 183 | 188 | 251 |
| Switzerland | THSr | 132 | 132 | 136 | 166 | 201 | 218 |
| Oman | THSn | 153 | 157 | 167 | 170 | 199 | 212 ^e |
| Nigeria | VFn | 49 | 55 | 57 | 57 | 202 | 181 |
| Sri Lanka | TFr | 106 | 85 | 84 | 127 | 171 | 176 |
| Germany | TCEr | 107 ^e | 118 ^e | 121 | 142 | 161 | 172 |
| Indonesia | TFr | 69 | 102 | 111 | 137 | 154 | 168 |
| Australia | VFr | 95 | 116 | 125 | 139 | 148 | 159 |
| Nepal | TFr | 88 | 84 | 92 | 108 | 147 | 157 ^e |
| Canada | TFr | 102 | 111 | 108 | 128 | 139 | 147 |
| South Africa | TFr | 52 | 52 | 55 | 72 | 90 | 107 |
| Macau | THSr | 22 | 52 | 78 | 121 | 124 | 106 |
| South Korea | VFn | 68 | 73 | 73 | 87 | 92 | 98 ^e |
| Austria | TCEr | 46 | 47 | 48 | 60 | 84 | 89 |
| Egypt | VFn | 82 | 89 | 87 | 114 | 73 | 83 |
| Netherlands | THSr | 42 | 50 | 49 | 64 | 68 | 72 ^e |
| Japan | VFn | 68 | 67 | 59 | 67 | 59 | 69 |
| Turkey | TFn | 43 | 50 | 49 | 57 | 63 | 67 ^e |
| Russia | VFn | 68 | 62 | 60 | 53 | 57 ^e | 61 ^e |
| Mauritius | TFr | 43 | 44 | 39 | 50 | 54 | 55 |
| Iran | VFn | na | na | 22 | 24 | 35 | 54 |
| Jordan | TFn | 30 | 37 | 30 | 40 | 52 | 54 |
| Sweden | TCEr | na | 20 ^e | 19 ^e | 22 ^e | 32 ^e | 49 ^e |
| Pakistan | TFn | 48 | 54 | 43 | 49 ^e | 45 ^e | 45 ^e |
| Israel | TFr | 24 | 29 | 23 | 40 | 38 | 43 |
| Belgium | TCEr | 34 | 55 | 36 | 42 | 44 | 43 |
| Maldives | TFn | 17 | 17 | 16 | 26 | 31 | 32 |
| Yemen | TFn | 15 | 14 | 20 | 26 | 28 ^e | 30 ^e |
| New Zealand | VFr | 22 | 24 | 25 | 29 | 28 | 30 |
| Finland | TCEr | 13 | 16 | 13 | 14 | 16 | 14 |
| Poland | TCEr | 6 | 8 | 9 | 10 | 11 | 14 |

Notes: 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. Figures for some destinations have been provided or estimated from sources other than UNWTO.

- The table above should not be regarded as an accurate ranking because of the different measures used by individual destinations. In the Middle East, for instance, there is a huge difference between the VF or TF figures quoted by some destinations and the THS quoted by others. The UAE as a whole, in VF terms, no doubt ranks first by a large margin. However, the table is believed to include all destinations which receive over 100,000 Indians 'TF' a year except the UAE, Qatar, France and Spain.
- It is always very difficult to pin down with any certainty the level of arrivals in European countries, because of the readiness with which tourists can cross borders within the Schengen area unrecorded and/or stay in several hotels, etc. However, in India's case, the problem is compounded because so many countries in Europe do not measure arrivals from India at all. The situation has improved since 2008, but formal statistics are still not available from several major destinations, including France, Spain, Portugal and Greece. Cumulative annual arrivals in European countries are estimated very roughly to be on the following scale:

| | |
|-----------------|---|
| 300,000-400,000 | UK, France |
| 200,000-300,000 | Italy, Switzerland |
| 100,000-200,000 | Germany, Spain |
| 50,000-100,000 | Austria, Netherlands, Russia, Turkey |
| 25,000-50,000 | Belgium, Croatia, Ireland, Norway, Sweden |
| 10,000-25,000 | Czech Republic, Denmark, Finland, Greece, Hungary, Poland, Portugal |
| 5,000-10,000 | Bulgaria, Iceland, Luxembourg, Monaco, Romania, Slovenia, Ukraine |
| Below 5,000 | Albania, Belarus, Bosnia-Herzegovina, Cyprus, Estonia, Latvia, Liechtenstein, Lithuania, Malta, Montenegro, Serbia, Slovakia. |

- Among the destinations listed in the table above, those which have achieved significantly higher than average rates of growth in arrivals from India over the last ten years include Macau, Nigeria, Thailand, Saudi Arabia, Malaysia, China, Sri Lanka, Indonesia, and Jordan. European countries are poorly represented: they include Turkey (about 20% a year), Poland (16%), Italy (14%) and the Netherlands (14%). Among smaller destinations, many in Africa have seen higher rates of growth. Very few countries have recorded declines in recent years: they include Russia, Greece, Pakistan, Zimbabwe and Eritrea.
- Among the few European countries which have reported arrivals for the first six to ten months of 2013 on TourMIS, Germany, Hungary, Slovakia, Bulgaria and Romania have reported increases, while Austria and Belgium have reported small declines. The UK reports an increase of 9% in the first three quarters of the year and Spain estimates an increase of 20% for the year as a whole. Other sources suggest large increases (well over 10%) for Dubai and Abu Dhabi, moderate ones for South Africa and Mauritius and small ones (less than 5%) for New Zealand and Thailand.
- Indians generally regard Europe and North America as highly aspirational, if expensive, destinations. However, the UK, Canada and the USA have plenty of scope for VFR travel, making them more affordable. Southeast Asia and the Middle East are closer and cheaper, and (being 'Asian') within their 'comfort zone'. The more affluent and experienced travellers are increasingly looking for more adventurous and prestigious experiences worldwide.

Ports of embarkation

Outbound travel by port of embarkation (000s)⁶

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------|-------|--------|--------|--------|--------|--------|
| Mumbai | 2,624 | 2,734 | 2,616 | 3,032 | 3,265 | 3,502 |
| Delhi | 1,956 | 2,142 | 2,118 | 2,622 | 3,010 | 3,226 |
| Chennai | 1,211 | 1,350 | 1,312 | 1,451 | 1,540 | 1,620 |
| Cochin | 773 | 915 | 968 | 1,022 | 1,098 | 1,205 |
| Calicut | 526 | 735 | 791 | 904 | 971 | 986 |
| Hyderabad | 495 | 483 | 544 | 740 | 778 | 811 |
| Bengaluru | 491 | 530 | 577 | 664 | 746 | 810 |
| Trivandrum | 579 | 620 | 642 | 752 | 678 | 740 |
| Kolkata | 287 | 295 | 307 | 411 | 454 | 503 |
| Ahmedabad | 170 | 225 | 263 | 297 | 276 | 287 |
| Others | 670 | 838 | 928 | 1,093 | 1,179 | 1,234 |
| Total | 9,783 | 10,868 | 11,066 | 12,988 | 13,994 | 14,925 |

Note: All the named ports in this table are airports. 'Others' include land check points and seaports.

- The table above shows that the three principal international airports, Mumbai, Delhi and Chennai, were responsible for 23%, 22% and 11% of total departures in 2012. For more information, see below under 'Air Transport'.
- The 'first rank' cities (with populations over 8 mn) generate 80-90% of outbound travel, but the trade is increasingly turning its attention to the 'second rank', with populations over 2 mn.

Purpose of Trip

- According to the Pacific Asia Travel Association (PATA), quoting trade sources, 40% of all outbound trips by Indians to destinations within its scope are for business purposes, while leisure, visits to friends and relatives (VFR) and trips for other private reasons each account for 20% of outbound trips from India.
- However, the proportions vary enormously from one destination to another. VFR can be very important in countries such as the UK and the USA, where large numbers of Indians have settled or are working as expatriates. Australia has seen a big increase in visitors for employment and VFR in recent years, but visits for education peaked in 2009. Other countries, including for instance Thailand and Switzerland, are primarily leisure destinations.

Main purpose of outbound trips to selected destinations, 2011-12 (%)¹⁷

| | USA | UK | Canada | Singapore | Australia |
|------------------|-----|-----|--------|-----------|-----------|
| Holiday | 11 | 35 | 18 | 48 | 20 |
| VFR | 29 | 32 | 53 | 11 | 36 |
| Business | 50 | 27 | 23 | 24 | 18 |
| – including MICE | 10 | ... | ... | ... | ... |
| Education | 6 | ... | ... | ... | 8 |
| Employment | ... | ... | ... | ... | 8 |
| Other | 4 | 6 | 6 | 17 | 10 |
| Total | 100 | 100 | 100 | 100 | 100 |

Note: The definitions used by each destination may vary.

- For trips to the USA, the US Department of Commerce also gives figures for all the purposes of trips (i.e. including subsidiary purposes, and adding up to more than 100%): 21% holidays, 38% VFR, 40% business (including 15% MICE), 7% education and 4% others. Note the high proportions of business and VFR trips, and the very low proportions of holiday trips. The UK shows a more even balance between holiday, VFR and business, but the shares of business and VFR are nevertheless unusually (and understandably) high.
- A French survey of arrivals by air finds that 50% of Indians are travelling for purely 'professional' motives (i.e. business, widely defined) and 38% for purely personal motives. The first figure is unusually high, for French markets, and the second unusually low. It also finds that only 6-7% of visitors stay with friends or family, suggesting that – as might be expected – VFR travel to France is very limited.
- VisitBritain finds that a great many Indian holiday visitors spend time with family and friends (see below under 'Accommodation').
- Business travel (including meetings and events) is more important for the Indian market than most. In 2009 ETC identified the IT industry, telecommunications, banking, insurance and other financial sectors, and pharmaceuticals as important target segments.

Nature of Trip

- A survey of international travellers undertaken by Arkenford for VisitBritain in 2013 found the following figures for the types of holidays taken in the last three years. Note the high proportions reporting several holidays to see friends and relatives (54%), touring holidays (48%), holidays to celebrate special occasions (36%) and "mainly to go shopping" (42%).

Type of holiday taken in last three years (% of outbound travellers)^{a13}

| | Not taken | Once | More than once |
|---|------------------|-------------|-----------------------|
| Independently organised – multi-destination | 38 | 27 | 35 |
| Independently organised – single destination* | 17 | 39 | 33 |
| Escorted – multi-destination* | 39 | 25 | 25 |
| Escorted – single destination* | 22 | 37 | 28 |
| Holiday to celebrate a special occasion | 23 | 40 | 36 |
| Adventure or activity holiday | 31 | 38 | 33 |
| All-inclusive package holiday | 18 | 41 | 40 |
| Camping holiday | 42 | 35 | 23 |
| Mainly for self-development (learning new skills) | 43 | 30 | 27 |
| Spa / beauty / wellness holiday | 42 | 32 | 26 |
| Mainly to go shopping | 28 | 31 | 42 |
| Holiday to visit friends and relatives | 12 | 34 | 54 |
| Mainly to see a concert or theatre show | 48 | 27 | 24 |
| Walking / hiking holiday | 35 | 32 | 32 |
| Mainly to watch or play sport | 51 | 27 | 21 |
| Touring holiday | 13 | 39 | 47 |
| Cruise (river or sea) | 39 | 37 | 24 |
| Skiing holiday | 59 | 25 | 16 |
| Rural holiday | 37 | 34 | 30 |
| Beach holiday | 19 | 37 | 44 |
| City break to two or more cities | 21 | 40 | 38 |
| City break to a single city | 21 | 39 | 40 |

* Sic: These lines do not add to 100%.

- VisitBritain reports that two thirds of holiday trips to the UK are of 1-3 nights and half of VFR trips are of more than 15 nights. Business trips are evenly spread across the length-of-stay spectrum.
- First-time Indian outbound travellers are likely to take package tours, but repeat and VFR visitors prefer independently organised trips (FIT). The proportion of FIT travellers has been rising. As an overall average, about 60% are group and 40% independent travellers. VisitBritain finds that 58% of holiday visitors from India are using a package or all-inclusive tour – an exceptionally high proportion (nearly three times higher than the average for other markets – but it probably excludes travellers combining holiday with VFR). Atout France says that 66% of Indian visitors to France are travelling as FITs, 27% on a partly organised tour and 7% as part of a fully packaged organised group tour. Just under half are first-time visitors and just over half repeat visitors.
- 20-30% of visitors to Europe on package tours are to single destinations, 70-80% to multiple destinations.
- VisitBritain also finds that roughly 55% of holiday trips, 30% of VFR trips and 20% of business trips to the UK also include other destinations – interesting figures given that a visit to a second destination in Europe almost always requires a second visa. Austria reports that 70% of holiday visits are multi-destination tours, 30% single-destination holidays.
- Length of trip varies widely by destination and by purpose of trip. Trips to the Middle East and Southeast Asia tend to be relatively short – typically three nights in Dubai and about seven in Thailand. Long-haul trips tend to be longer. In 2012 trips to Australia lasted an average of 63 nights – 28 nights for business trips, 24 nights for holidays, 57 nights for VFR and 127 nights for other trips, including employment and education. (Note that Australia's length of trip is overstated compared with that for other destinations as all stays of up to one year are measured.) Trips to the UK in 2012 were rather shorter, averaging 31 nights for VFR, 22 nights for business travellers and 6 nights for holidaymakers. Group inclusive tours to Europe tend to be of 10-21 days, with 2-3 days spent in each country. However, independent holidaymakers may stay as long as 7-10 days in a single country.

- Cruises are reported as increasingly popular among Indians, since they are particularly appreciated as a safe and relaxing mode of travel. They are also gaining share of business conference and incentive travel. Currently, no luxury ocean cruisers operate out of an Indian port, and very few visit Indian ports. Cabotage regulations, tax regimes, port charges and operating conditions are major deterrents. Louis Lines tried in 2010, but pulled out within a few weeks. However, Indians are reported to be an important market for cruise ships operating worldwide.

Seasonality

- The peak travel seasons for leisure travel from India are from mid-April to the end of June (due to the school summer holidays) and from the end of October to early January (due to the Diwali festivals, Christmas and New Year).
- The peak months for travel to Europe are reportedly May-July and October-December. However, there is no sign of the fourth-quarter peaks in the data for the UK, which shows quite erratic patterns in recent years, with a strong emphasis on April-June for holiday trips and April-September for VFR. The first quarter of the year is usually the quietest.
- Canada, also in contrast, reports that arrivals in the second and third quarters of the year are almost three times those in the first and fourth quarters.
- **Holiday entitlement**
Employees are typically entitled to a minimum of 30 days holiday; some enjoy up to 60-120 days. Public officers are also entitled to various special categories of leave, including casual leave, medical leave and maternity leave for women.
- **Academic holidays**
The main holidays generally extend through May and June (for schools) and through May, June and July (for universities), and for two weeks in December. However, some states in the south of India have a two-week holiday in September-October, covering the Dasara/Diwali festivals, and a one or two week holiday in December for Christmas. There are other local variations.
- **Public holidays**
There are about 50 national public holidays in India, not all of which apply either nationwide or to everyone. Many other festivals are celebrated by Hindus, Muslims, Sikhs, Jains, Christians and other religions; the festivals and dates often vary across the country, but many important ones fall in October and November. The following table shows the number of days each month on which the national holidays fall in 2014, according to one list.

Monthly incidence of national public holidays in India (days), 2014

| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3 | 5 | 2 | 5 | 3 | 1 | 1 | 5 | 1 | 9 | 3 | 2 |

Accommodation

- Indians on package tours (usually less-experienced travellers) tend to opt for 3- to 4-star hotels, while independent travellers often choose more upmarket accommodation. However, reports from the UK and Australia suggest that the majority of VFR travellers stay with family and friends and that many of the more affluent families like to rent apartments for their stays. This may not be the case in destinations where VFR does not play a key role in Indian travel patterns.
- There is also evidence that FIT holidaymakers (who tend to be wealthier) choose more upmarket accommodation. Singapore, for instance, finds that Indians spend more than most on accommodation and food and drink.
- VisitBritain finds that holiday visitors spend two fifths of their nights staying with friends or relatives, but VFR visitors spend very few nights in hotels or guest houses. Business visitors spend half of their nights in rented houses and flats and almost a tenth in their own homes. These findings illustrate further the unusual nature of the Indian market for the UK and the rather arbitrary distinction between holiday, VFR and business travellers.
- Austria, generally catering for more affluent holidaymakers and short-stay business travellers, finds 55% of visitors choosing 4- or 5-star hotels, 24% 3-star hotels, 11% 1- or 2-star hotels, just 1% rented accommodation and 9% other forms of accommodation (campsites, farms, holiday resorts, etc).

- France finds that 93% of all visitors from India stay in commercial accommodation – 73% in hotels, 11.5% in 'residences hoteliers' (hostels, etc), and 4% in rented and seasonal properties. Only 4% stay with relatives and 2.5% with friends, reflecting the small role of VFR in Indian travel to France. Of those staying in hotels, 25% chose *haut de gamme* establishments (roughly 4- and 5-star), 65% *moyen de gamme* (2- and 3-star) and 20% cheaper hotels.

Leisure / Recreational Activities

- Indians enjoy a wide range of activities, but social and cultural factors may limit these in individual destinations. In Europe, they are reported to place a strong emphasis on enjoying the landscape and the weather, and on historical and cultural sightseeing. Shopping is an important component in all destinations, but in Europe it seems to be concentrated on souvenirs and presents for family and friends rather than on branded products for the travellers themselves.
- Indians seem to be attracted to Switzerland by its mountain scenery, reminiscent of the Himalayas, and familiar thanks to the large number of Bollywood films shot there. They may be attracted to the UK for historical and cultural reasons and by their passion for cricket – and the UK becomes more affordable for visitors with friends or relatives living there.
- VisitBritain also finds that Indians on holiday and VFR trips are much less likely than other visitors to visit the coast, countryside or villages, but that business visitors are more likely to do so. Business visitors are also much more likely than business visitors from other markets to engage in a wide range of leisure and cultural activities – something which is no doubt related to the extended length of stay of Indian business visitors.
- In contrast, other studies suggest the Indians place a high value on beautiful scenery, wildlife, national parks and city parks when on holiday. In earlier studies, VisitBritain also found that Indians were rather more likely than other visitors to seek out zoos, aquariums, gardens, parks and wildlife attractions, and rather less likely to seek out live arts performances, sports facilities, pubs and nightclubs.
- Indians travellers' fondness for shopping has already been described under 'Travel Expenditure', and their willingness to travel abroad 'mainly for shopping' under 'Nature of Trip'. Popular purchases include consumer electronics, fashion goods and (partly as a means of storing savings) gold and real jewellery. One reason for this characteristic of Indian travellers is that the government places restrictions and high costs on commercial imports of many goods. It has recently taken to doing the same for tourists' imports – by placing a tax on certain flat-screen televisions brought in by tourists as baggage in 2013, for instance. It remains to be seen how far this policy will be taken.
- An nVision survey in September 2011 reported that 62% of Indians agree with the statement: "I like other people to be able to recognise the brands I wear". This was by far the highest level of agreement across the surveyed countries.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- It is reported that about 30 mn Indians have passports.
- It is also said that the more affluent 'middle-class' Indians tend to take two trips abroad per year – one long-haul and one short-haul.
- It has already been suggested (under 'Travel Expenditure', above) that the Indian market is characterised by large numbers of leisure and VFR travellers on modest budgets and small numbers of high-spending 'luxury' travellers, but (as already indicated) it is difficult to generalise about this, because the situation is different in different destinations. The UK, for instance, attracts Indians with a wide income spectrum, while Austria and Switzerland attract mainly the affluent and very affluent.
- The UK finds that 50% of Indian holiday arrivals, 61% of 73% of VFR arrivals and 73% of business arrivals have visited the UK within the last ten years. These figures are still below the average for all markets, in spite of the high proportions of Indian arrivals with friends and relatives to visit.

Market Segmentation

Indian outbound travellers might be divided into the following categories:

- **The millionaires**, travelling abroad frequently and extensively, often with their families, and often accompanied by staff (domestic servants, personal assistants, drivers, etc), and demanding an extremely high level of service. They may be visiting their school-age children in the UK, USA or Australia.
- **The traditionally affluent:** upper-middle income families able to afford both short-haul and long-haul holidays abroad. Again often travelling with their families, but their offspring, approaching adulthood, are also to be found travelling in groups or staying abroad for education, often relying at least partly on extended family or family friends living abroad. Again, their children are often educated abroad and may be a main reason for their parents' trips.
- **The new professionals**, working in the modern high-tech industries (IT, finance, pharmaceuticals, mechanical engineering, etc), making short or extended professional trips abroad. They may be travelling alone or with colleagues, but may also be taking the opportunity to bring their partner or families to explore the wider world.
- **The not-so-affluent**, able to travel short-haul abroad for holidays or shopping expeditions – and enjoying the thrill and kudos of travelling abroad. If they travel long haul (e.g. to Europe), they depend on friends and relatives to reduce the cost of their expeditions. They may be travelling alone, as a group of friends (especially those in their 20s), or as a family.
- Some support for this segmentation is provided by a survey undertaken for VisitBritain into the effect of visa requirements. This distinguished:
 - High-income frequent flyers: want visas in place (preferably multiple-entry); time-stressed, and so want everything arranged, but also want to be independent and spontaneous; budget not a concern, so avoid package tours; sightseeing more important than VFR, so prefer the independence offered by hotels.
 - Corporate travellers using business visas: trip paid for by company and arranged by the company's agent; includes conference/incentive trips to reward sales targets (popular in the pharmaceuticals, banking and insurance industries); may add leisure days to trip, and may bring wife or family as a cost-effective way to take a holiday abroad.
 - Young professionals on leisure visa: typically in late 20s or early 30s, educated and internet-savvy, happy to process own visa paperwork to save agent's fee.
 - Lower-income travellers, often Punjabis or Gujaratis, with a tradition of travelling to the UK: likely to have extended family in UK. Nervous and resentful of visa requirements, and dependent on the support of the travel agent for paperwork.
- Tourism Ireland distinguishes family groups, DINKS (double income, no kids) and 'explorers'.
- The Austrian National Tourism Office (ANTO) suggests most Indian travellers to Austria fall into the following categories:
 - Business travellers (higher and mid-level employees);
 - DINKS aged 25-35; and
 - Parents aged 30-50 travelling with their children.
- The *Kuoni Travel Report 2011*, citing a survey of holidaymakers, listed the following categories of holidaymakers and their 'top five' destinations:
 - Honeymoons: Switzerland, Australia, New Zealand, Maldives, France
 - Family: Singapore, Dubai, Switzerland, Mauritius, Hong Kong
 - DINKS: Australia, New Zealand, France, Italy, USA
 - Senior Citizens: Italy, UK, Australia, USA, Spain.

Age and Gender of Outbound Travellers

- Indian outbound travellers tend to be relatively young. The Canadian Tourism Commission (CTC)'s Global Tourism Watch 2011 – a survey of long-haul outbound holidaymakers over the age of 18 in a dozen major markets (in India's case 'long-haul' excludes South Asia and the Middle East) – found that 47% were aged 18-34, 32% 35-54 and 21% over 55. 54% were male, 66% were married and 54% had children in the household – all relatively high figures.

- Great variations can be found among visitors to individual destinations:
 - CTC finds that 18% of recent holidaymakers to Canada over 18 years old were aged 18-34, 39% 35-54 and 43% over 55; 43% were men. These figures are directly comparable with those in the previous paragraph (they come from the same survey): note the much higher proportions of older people and females.
 - However, in another report CTC also finds considerable variations in the age breakdown over the last ten years. The arrivals survey for all Indian visitors to Canada in 2012 found 6% under 18, 22% 18-34, 34% 35-54 and 34% over 55.
 - The average age of visitors to the USA in 2012 was 39 years. 79% of adult visitors were male.
 - The average age of visitors to France was 35.
 - VisitBritain reports that male visitors outnumber female by 6:1 among business visitors, 2:1 among holiday visitors and 1.5:1 among VFR visitors.

Travel Companions

- Indian holidaymakers very often travel with their families or (as young people) with friends.
- Business travellers, of course, usually travel alone, but the growing tendency to bring along a spouse or family for a leisure component of the trip has already been noted. Incentive travel, involving large groups from export-oriented service industries, is also growing rapidly.
- In 2012 VisitBritain found that 17% of holidaymakers were travelling alone and 52% with a spouse or partner, well over 10% were travelling with children and nearly 30% with adult family members. Among VFR visitors, 39% were travelling alone, 41% with a spouse or partner, again well over 10% with children and 17% with an adult family member. 73% of business visitors were travelling alone and 20% with business colleagues.
- The French found that 56% of all arrivals from India were travelling alone – an unusually high figure, no doubt related to the importance of travel for 'professional' motives.

AIR TRANSPORT

Airports

- India has about 75 airports with scheduled air services – 17 of them with international services. The number of passengers handled has increased from about 40 mn in 2000 to 140 mn in 2011, and is expected to reach 280 mn in 2020. Two thirds of these passengers are handled by just six major hubs – Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bengaluru.
- Amidst the cacophony of complaints about the poor standards of infrastructure in India, there has been a dramatic improvement in the provision of airports, with several now classed among the world's best. The Indian Government has a programme to invest US\$30 bn over ten years to upgrade India's main airports and to modernise air traffic services. The two principal international airports, Mumbai and Delhi, have been partially privatised and modernised. New greenfield airports are being built under 'BOOT' (build, own, operate and transfer) contracts. Nevertheless, given the rapid growth in passenger numbers described above, all this can be described as "running hard to stand still". Delays are commonplace, and check-in and transit times often lengthy.
- Until recently, only five airports – Mumbai, Delhi, Chennai, Kolkata and Trivandrum – were considered to be international gateways. However, with the rapid development of point-to-point flights (often provided by low-cost carriers) to/from secondary airports, the government is conferring international status on additional airports every year. Ahmedabad, Amritsar, Bangalore, Calicut, Cochin, Goa, Guwahati, Hyderabad, Indore, Nagpur, Pune and Srinagar now also have international services, and another 12 are authorised to introduce them.
- Equally important has been the growth of one-stop services offered by Middle Eastern airlines. In particular, Dubai, Abu Dhabi and Doha are much better placed to serve as hubs for many secondary airports in Europe and India than the major western European airports (Dubai is often described as India's leading outbound hub). In spite of the growth in traffic in both directions, capacity on direct flights to Europe was cut again in 2012, by 7%, with the brunt of the cuts falling on traditional hubs in Europe (such as London Heathrow, Frankfurt, Brussels and Vienna). In India, the withdrawals were spread across all the major airports. In 2013 there was no change in total capacity.
- In 2013 six airports in India provided direct scheduled flights to Europe: Delhi, Mumbai, Bengaluru, Chennai, Hyderabad and Goa. There are no longer any direct flights from Kolkata.

- In 2013 14 airports in Europe were served by direct scheduled flights from India: London (LHR), Amsterdam, Brussels, Frankfurt, Helsinki, Istanbul, Manchester, Milan (MXP), Moscow (SVO), Munich, Paris (CDG), Rome (FCO), Vienna and Zurich. Flights to Kiev have ceased. In addition, there were a few flights from Frankfurt, London Gatwick, Istanbul Antalya, Manchester, Moscow Domodedovo and Sheremetyevo, and St. Petersburg (and, in previous years, Dalaman, Derby, Donetsk, Glasgow and St. Petersburg) catering mainly for European holidaymakers bound for Goa.

Non-stop passenger flights (westbound) between Indian and European airports, 2013¹⁴

| | Delhi (DEL) | Mumbai (BOM) | Bengaluru (BLR) | Chennai (MAA) | Hyderabad (HYD) | Goa (GOI) | Kochi (COK) | Total |
|---------------------------|----------------|-----------------|--------------------|------------------|--------------------|--------------|----------------|---------------|
| London Heathrow (LHR) | 2,174 | 2,172 | 362 | 264 | 310 | - | - | 5,282 |
| Frankfurt (FRA) | 725 | 357 | 355 | 351 | - | 14 | 1 | 1,803 |
| Paris (CDG) | 722 | 344 | 303 | - | - | - | - | 1,369 |
| Brussels (BRU) | 365 | 365 | - | - | - | - | - | 730 |
| Istanbul (IST) | 365 | 365 | - | - | - | - | - | 730 |
| Amsterdam (AMS) | 365 | 362 | - | - | - | - | - | 727 |
| Zurich (ZRH) | 365 | 362 | - | - | - | - | - | 727 |
| Munich (MUC) | 355 | 359 | - | - | - | 8 | - | 722 |
| Moscow Sheremetyevo (SVO) | 384 | - | - | - | - | 112 | - | 496 |
| Helsinki (HEL) | 292 | - | - | - | - | - | - | 292 |
| Vienna (VIE) | 268 | - | - | - | - | - | - | 268 |
| Rome (FCO) | 112 | - | - | - | - | - | - | 112 |
| Birmingham (BHX) | 88 | - | - | - | - | - | - | 88 |
| Manchester (MAN) | - | - | - | - | - | 57 | - | 57 |
| London Gatwick (LGW) | - | - | - | - | - | 46 | - | 46 |
| Moscow-Domodedovo (DME) | - | - | - | - | - | 26 | - | 26 |
| Milan (MXP) | 24 | - | - | - | - | - | - | 24 |
| Kiev (KBP) | - | - | - | - | - | 8 | - | 8 |
| Antalya (AYT) | - | - | - | - | - | 1 | - | 1 |
| Total | 6,604 | 4,686 | 1,020 | 615 | 310 | 272 | 1 | 13,508 |

Airline Traffic / Capacity

- Since 2003 India has very largely liberated its air transport regime, signing many open-skies (or more limited) agreements with other countries. However, only very limited rights to fly charter services have been granted, although these are clearly much less important since the advent of low-cost airline services.
- The liberalisation of air transport services was followed by a massive expansion in services – perhaps an over-expansion, since some were subsequently withdrawn, even before the economic crisis hit air travel in 2008-09. Weekly non-stop scheduled flight capacity between India and Europe, according to data from Innovata, fell from 85,000 seats in 2007 to 82,000 in 2009, 79,000 in 2010 and 2011, and 74,000 in 2012 and 2013.
- India's international airlines – Air India, Jet Airways and Kingfisher – have suffered from chronic financial and operational difficulties. Given these difficulties, and given the competitive prices and convenient routes offered by Middle Eastern airlines, many Indians now choose to fly to Europe using these airlines.
- Air India – India's troubled state-owned airline – has nevertheless begun to restore its schedules to Europe. In January 2014 its routes include Amritsar-Delhi-London (14 flights a week), Ahmedabad-Mumbai-London (7), Delhi-Frankfurt (7) and Delhi-Paris (7). Following Air India's merger with Indian Airlines in 2007, it withdrew from many unprofitable routes. More recently it dropped flights from Amritsar to London, Hyderabad to Frankfurt and Ahmedabad to Frankfurt. However, it has reintroduced services from Delhi to Birmingham (with 4 flights a week) and is talking about introducing flights to Rome, Milan, Barcelona, Moscow, Melbourne and Sydney. Negotiations to join Star Alliance (suspended in 2011) have restarted.

- Jet Airways has also persistently made losses, but briefly emerged as India's leading airline on routes to Europe in 2011 and 2012. Jet Airways has 14 flights a week to London from Mumbai and 7 from Delhi, and 7 flights a week to Brussels from Bombay and 7 from Delhi. However, it withdrew daily flights between Delhi and Milan and between Chennai and Brussels towards the end of 2012. Jet Airways, which is based in Mumbai, uses Brussels as its hub for transatlantic flights (to Newark and Toronto). It plans to introduce services to Paris and New York in May 2014.
- Kingfisher Airlines, which had operated daily flights from Delhi and Mumbai to London, suspended operations in October 2012.

Scheduled flight/seat capacity from India to Europe (westbound only)¹⁴

| Airline | Alliance | 2012 | | 2013 | |
|-----------------------|----------|---------------|------------------|---------------|------------------|
| | | Flights | Seats | Flights | Seats |
| Air India | — | 1,484 | 444,749 | 1,933 | 562,134 |
| Jet Airways | — | 2,476 | 665,312 | 1,849 | 571,100 |
| Kingfisher Airlines | — | 186 | 40,362 | 0 | 0 |
| British Airways | OneWorld | 2,338 | 655,187 | 2,363 | 636,895 |
| Lufthansa | Star | 2,176 | 679,582 | 2,137 | 677,624 |
| Air France | Sky Team | 972 | 261,702 | 1,004 | 232,908 |
| Turkish Airlines | Star | 732 | 200,304 | 730 | 213,740 |
| Virgin Atlantic | — | 429 | 122,024 | 729 | 198,324 |
| Swiss | Star | 731 | 172,492 | 727 | 171,412 |
| Aeroflot | Sky Team | 445 | 115,814 | 419 | 112,660 |
| KLM | Sky Team | 366 | 121,727 | 365 | 118,285 |
| Delta Air Lines | Star | 364 | 91,272 | 362 | 98,421 |
| Finnair | OneWorld | 304 | 81,988 | 292 | 82,362 |
| Austrian Airlines | Star | 353 | 76,774 | 268 | 59,375 |
| China Airlines | — | 104 | 31,002 | 112 | 34,532 |
| Transaero Airlines | — | 100 | 31,070 | 83 | 31,420 |
| Thomas Cook UK | — | 61 | 17,013 | 58 | 18,850 |
| Thomson Airways | — | 51 | 14,790 | 46 | 13,358 |
| Condor | — | 10 | 2,691 | 23 | 6,162 |
| Aerosvit | — | 86 | 19,780 | 7 | 1,610 |
| Ukraine International | — | 9 | 1,098 | 1 | 122 |
| Total | | 13,777 | 3,846,733 | 13,508 | 3,841,294 |

- Lufthansa has daily flights from Frankfurt to Delhi, Mumbai, Bengaluru and Chennai, but since 2010 has withdrawn less frequent flights to Kolkata, Hyderabad and Kozhikode. There is also a seasonal service to Pune, currently with 4 flights a week. From Munich, it has daily flights to Mumbai and Delhi, but has withdrawn those to Chennai.
- British Airways has 14 flights a week from London to Delhi, 14 to Mumbai (up from 12 in 2010), 7 to Bangalore, 6 to Chennai (up from 4 in 2013), and 6 to Hyderabad.
- Air France has 7 flights a week from Paris to Delhi, 6-7 to Mumbai and 6 to Bangalore.
- Turkish Airlines has daily flights from Istanbul to Delhi and to Mumbai.
- KLM has daily flights from Amsterdam to Delhi.
- Swiss has daily flights from Zurich to Delhi and to Mumbai.
- Aeroflot has daily flights from Moscow (SME) to Delhi and a few seasonal flights to Goa.
- Virgin Atlantic has daily flights from London (LHR) to Delhi and to Mumbai.
- Finnair has been reducing its frequencies: until 2012 it was generally flying 6 days a week from Helsinki to Delhi, but from June 2014 it will have only 3.
- Austrian has been flying up to 6 times a week from Vienna to Delhi. It introduced 5 flights a week to Mumbai in November 2010, but discontinued this service in March 2012.

- Aerosvit was flying twice a week from Kiev to Delhi in 2003-11 but went bankrupt in 2012. Ukraine International Airlines, which has flown a few seasonal flights from Kiev and Donetsk to Goa, has been taking on many of Aerosvit's services, but not – as yet – the service to Delhi.
- Delta Airlines has a daily flight from Mumbai which calls at Amsterdam under a code-sharing agreement with KLM, and China Airlines has 2 flights a week which call at Delhi on their way to Rome (FCO) under a code-sharing agreement with Alitalia.
- Other airlines which have a few seasonal flights to Goa include Condor (from Frankfurt and Munich), Transaero (from Moscow DME and SVO, and in the past Leningrad), and Thomas Cook and Thompson (from various UK and Turkish airports).
- Middle Eastern airlines – notably Dubai's Emirates, Abu Dhabi's Etihad, Qatar Airways, Kuwait Airways and Bahrain's Gulf Air – offer increasingly comprehensive networks of one-stop services to primary and secondary airports in India and Europe at very competitive prices. Emirates, for instance, is said to be seeking permission to increase its schedules to five flights a day to each of the ten airports in India it serves.
- The Indian Government has finally agreed to allow foreign investments in Indian airlines. Various rumours concerning Air India and Kingfisher have so far come to nothing, but Etihad Airways of Abu Dhabi seems to have committed themselves to taking a minority stake in Jet Airways. Tata Sons and Singapore Airlines have signed a 'memorandum of understanding' to form a full-service international airline operating out of Delhi in 2014. Tata Sons is also an investor in a new low-cost carrier, AirAsia India, in partnership with AirAsia Berhad of Malaysia and Arun Bhatia of India.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Visas are required for Indians travelling as tourists to the Schengen countries and all other European countries. Turkey now has an e-visa system for Indians. In the UK, visas are also required of transit passengers except those en route and holding a visa for destinations like the USA and Canada. A Schengen visa can be issued in three or four days, but in practice the process may take six or eight weeks, requiring plenty of documentation and expense. By way of example, in 2011 the European Tour Operators Association (ETOA) published a survey of visa procedures in the UK, Ireland and the Schengen area: it concluded, that 21% per cent of Indians applying for Schengen visas and 26% of those applying for a UK visa gave up because of delays.
- Visas are also required for most destinations in the Americas and Oceania, but many countries in Africa, the Middle East and Asia offer visa-free or visa-on-arrival access for Indian passport-holders – an important advantage for these destinations. Travellers will often change their mind about travelling to a destination if obtaining visas is a complex or time-consuming process.
- Highly & Partners' *Visa Restrictions Index Global Ranking 2012* ranks India 83rd among 105 countries, with Indians having visa-free access to only 51 countries, compared to 165 for Japanese passport holders, for example.
- The UK has announced a £3,000 visa bond scheme for high-risk applicants from certain markets, including India. This scheme is intended to apply to only a small proportion of visitors, but it received a great deal of media attention in India, leading no doubt to a good deal of misunderstanding and resentment.
- The 'basic travel quota' – the amount of foreign currency Indians can take abroad per year on leisure trips – was increased to US\$10,000 per person in 2010. For corporate travellers the limit was raised to US\$25,000 per trip.

Travel Decisions

- Indians have a reputation for being late decision-makers and bookers. It is said that outbound trips are typically decided on one to three months in advance and booked three to six weeks in advance. The need to delay bookings until visas are confirmed may be a factor.
- Indians also have a reputation for changing their minds. They like to pre-plan their itineraries, to compare prices to save money and to negotiate with travel agents, and are not embarrassed to change their plans at a late stage.

- VisitBritain reports that, in 2012, 8% of visitors took their decision to travel less than 1 week in advance, 27% 1 week to 1 month, 36% 1-3 months, 18% 3-6 months and 11% more than six months in advance. There has been little change since 2008.

Booking Methods

- The great majority of bookings are still made through travel agents, but the growth of low-cost carriers (LCCs) and familiarity with the internet are encouraging more Indians to consider direct bookings and online bookings.
- VisitBritain finds that roughly 75% of airfares for holiday trips to the UK are still booked through a travel agent – 45% face to face, 15% online and 15% by phone. Almost all of the remainder are booked online directly with the carrier. For VFR trips, nearly 60% are booked through a travel agent – 40% face to face, 20% online and 10% by phone. For business trips, the share booked online rises to about 60%, but 60% are still booked through a travel agent – and more face to face than online.
- For holiday accommodation bookings, the shares are not very different, but rather more are booked face to face with the travel agents. VisitBritain also says that Indians are more likely than other visitors in general to pre-book sightseeing tours and attractions, but not theatre and other events.
- ANTO reports that as many as 95% of bookings to Austria are made through traditional travel agents, although the internet is increasingly used for research.
- According to VisitBritain, "Customers rely on agents for an extremely high level of servicing and often make multiple changes to travel plans". It also reports that Indians tend to compare prices carefully and to drive hard bargains with travel agents.
- According to MasterCard, in 2011 only 35% of Indians over 15 years old had a bank account and only 8% a debit card. Cashless methods accounted for only 32% of total consumer payments by value (and presumably a very small proportion by volume). Only 20 mn credit cards were in circulation in FY2012, and, according to Visa, only 53% of bank customers had a debit, prepayment or other payment card. Of course, Indians who travel abroad are more likely to have a credit or debit card, but it is said that credit and debit cards are still viewed with some suspicion and are little used by Indian holiday and VFR visitors. Business visitors, on the other hand, are more likely to use them.
- Moreover, MasterCard reports that there was little progress towards a 'cashless society' in 2006-11. All this helps to explain why the use of the internet is still very largely for 'looking' rather than 'booking' international travel and why face-to-face contact with travel agents remains very important.

Information Sources

- Indians say they research their travel options carefully, using a wide range of sources. However, in general it seems that they prefer word-of-mouth and personal recommendations (including those of travel agents) rather than detailed reading for making their travel decisions. Although they may value literature for browsing through at their leisure, this reading may not be relevant to immediate travel decisions.

Internet, Media & Social Media

- The 2011 Census found that 47% of India's 247 mn households (had a TV, 20% a radio and 9.5% a computer (3.1% with internet access). 63% had a telephone (10% a landline and 59% a mobile).
- Internet World Stats puts the number of internet users in India at 137 mn in June 2012 (11.4% of the population, up from 7.1% in September 2009). This compares with a world average of 34%, an Asian average of 27.5% and an average for the most advanced economies close to 80%. India therefore comes well down the world ranking, but of course people who can afford to travel abroad for leisure are much more likely to have internet access.
- The International Telecommunications Union (ITU) reports that, in 2012, there were only 31 mn fixed-line telephone subscriptions in India (2.5 per 100 inhabitants). There were only 25 mn fixed-line internet subscriptions (2.1 per 100 inhabitants) and only 15 mn fixed-line broadband subscriptions (1.2 per 100 inhabitants). Computer-based access to the internet is therefore still predominantly through cybercafés and the workplace.

- Meanwhile, access to cellular (mobile) phones has soared: the number of subscriptions reached 865 mn in 2012 (70 per 100 inhabitants) – a 25-fold increase since 2003. Mobile access to the internet is more common than fixed-line access: there were nearly 60 mn mobile-broadband subscriptions in 2012 (4.9 per 100 inhabitants). Indians rich enough to travel abroad often have the more sophisticated models of mobile phone, allowing them internet access. A Frost & Sullivan study for Amadeus found that 43% of outbound business travellers and 15% of leisure travellers make use of smart phones while travelling, and 39% and 17% respectively make use of tablets.
- The use of social media has also spread rapidly among the Indian travelling population. The leading network in India is Facebook: Internet World Stats reports 63 mn users in India in December 2012 – just 5.2% of the population. But Frost & Sullivan found 48% of outbound travellers using Facebook “frequently” during their travels – a high proportion by any standards – “to get advice and recommendations from their friends and contacts, to gain more information about their destination and to keep friends and family updated about their trip”.
- The public TV broadcaster, with national, regional, local and satellite services, is Doordashan. Other leading broadcasters include CNN-IBN (24-hour news channel in English, partially owned by CNN’s parent, Turner International), New Delhi TV (NDTV, news channels in English and Hindi), Star TV (satellite and cable services, owned by News Corporation), Zee TV (satellite and cable services operated by Zee Group), Sony Entertainment TV and Aaj Tak (24-hour news channel in Hindi, owned by the India Today magazine group).
- Indians are famously addicted to movies. Cinema audiences were falling rapidly, but have recently recovered a little, while the films are increasingly watched on television.
- The National Readership Survey (NRS) of Q4 2012, which defined 73% of the Indian population over 12 as literate, found that the press reached 39% of this population, TV 64%, cable and satellite 56%, radio 18%, cinema 9% and the internet 5%. Readership of the press is declining, and the use of tablets and e-readers is still limited, though growing rapidly (5% of newspaper readers and 3% of magazine readers in Q1 2012).
- About 150 mn read a non-English newspaper and 15 mn an English-language newspaper. The largest Hindi newspapers are *Dainik Jagran* (with a readership of 16 mn), *Danik Bhaskar* (14 mn) and *Hindustan* (12 mn). The leading Malayalam newspaper is *Mala Yala Manorama* (10 mn), the leading Marathi newspaper *Lokmat* (7 mn) and the leading Tamil newspaper *Daily Thanthi* (7 mn). The largest English newspapers are the *Times of India* (7.6 mn), the *Hindustani Times* (3.8 mn) and *The Hindu* (2.1 mn). The most important business dailies include the *Economic Times*, *Business Today* and *Hindu Business Line*.
- The leading news agencies are the Press Trust of India (PTI), Asian News International (ANI) and Indo-Asian News Service (IANS).
- Consumer travel magazines include *Today’s Traveller*, *Outlook Traveller*, *Travel Span*, *Lonely Planet Magazine* and *India Today Travel Plus*. In-flight magazines include Air India’s *Shubt Yatra*, Jet Airways’ *Jetwings*, Spice Jet’s *Spice Route*, Indigo Airlines’ *Hello 6E* and Go Air’s *Go Getter*. (Add/substitute BA, Emirates, Qatar, Etihad).
- Travel trade publications include *Express TravelWorld*, *Go Now*, *Hospitality Biz*, *Plaza Times*, *Selling World Travel*, *Tourism India*, *Travel Biz Monitor*, *TravTalk India*, *Travel Trends Today* and *World of Travel & Tourism*.

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- The Indian travel trade is fragmented and highly competitive. There are over 20,000 retail travel agents spread across the country, but most are simply local ticketing agents focusing largely on the domestic travel market and on selling tickets and pre-packaged tours. Few are able to cater to the demands of independent travellers going overseas. Most are small, independent, family-owned businesses. The Travel Agents Association of India has just 2,500 members.
- The top 10 agents of most airlines are consolidators, operating on high volumes and low margins through a network of sub-agents to achieve nationwide coverage. Competition between them is fierce, with aggressive marketing and extensive use of tactical promotions. Most create their own brochures and market their own programmes, and some have developed (or are developing) their own distribution networks of smaller independent agents.

- Traditional wholesalers have not played a major role in India, in spite of the fragmentation of the retail market, but Tourism Australia reports that a few are gaining support among smaller retailers.
- Most travel agents use GDS systems such as Galileo and Amadeus to confirm bookings instantly, but few are yet able to offer bookings over the internet. Increasing numbers also make use of the major online travel agencies (OTAs) in their shops.

Tour Operators / Retail Travel Agencies

- The three biggest outbound tour operators in India are Cox & Kings (which claims to be the oldest in the world – established in 1758), Thomas Cook India and SOTC/Kuoni.
- Other important outbound operators include Travel Corporation India (TCI), Kesari/Strawberi Club, Club 7, Dewan Travels, Globus & Cosmos, Holiday Representations/Narula Travels, International Travel House, JTB Travel, Mercury Travels, Orbit, Raj Travels, Riya Holidays, Sahara Global, TUI/Le Passage to India, Vacations Exotica and Xpress Holidays.
- Traditional wholesalers include Saltours, Travel Optionz, Flight Shop, FCM and Nijhawan Group.
- Leading online travel agencies include MakeMyTrip, Yatra, Expedia, Cleartrip and Travelocity. Most have also established telephone booking services and even traditional travel agencies to extend their reach.
- In the MICE sector the main specialists still appear to be Abercrombie & Kent, Alpcord Network, Creative Travels and TCI. The leading travel management companies (TMCs) looking after corporate and leisure travel business for large corporate clients are BTI, Amex, FCM and Carlson Wagonlit.
- India has long been eyed by the leading international tour operating groups as a potentially lucrative market in which to operate, and the rapid growth of both domestic and outbound travel demand over the past decade has encouraged a number of these to enter the market, usually in partnership with local companies. Others, like Travelport, continue to look for opportunities. It is easy to set up a travel agency or tour operator in India – there is no licensing, for example – and there are some 700-1,000 start-ups every year. But, in a business with such low entry barriers, the top travel firms find it easier to acquire rivals for expansion than to grow by building up outlets in different cities.

Internet Travel Resources

- The most popular travel sites (apart from Indian Railways, which accounts for almost half of hits in the travel category) are MakeMyTrip, Yatra and Cleartrip. Other important sites include IndiaTimes Travel, Travelguru, TripMela, (Cox & King's) Ezeego1, (Tulip Travel's) Xplorz, iXiGo, Expedia, Travelocity and of course the airlines' sites.

KEY TRENDS AND FORECASTS

Key Characteristics of Indian Outbound Travellers

- Catering for the Indian market requires a good deal of expert knowledge and understanding. Cultural norms and manners are neither European nor (East) Asian, and because of the cultural and religious diversity of India there are many complexities. The realities of life in India mean that rules are to be worked around, not scrupulously obeyed, and that people are used to changing their minds often.
- Family life is very important to Indians – which is reflected not only in the high proportions of VFR travellers, but also in the high proportions travelling with family. They will often ask for family suites in hotels. Decisions may be taken by the male or female head of the family in different circumstances, with emphasis on group, not individual, identities (involving region, religion, cast, family and career).
- Holiday travellers, often travelling with their families, are looking primarily for safety and security, world-class beauty and natural environments, a romantic atmosphere, value for money (if not among the very affluent), culturally amenable food and catering, and great shopping.
- While China is a heavily controlled market that is being gradually liberalised, Indians have long been free to travel wherever, whenever and however they wish – visas and financial resources permitting. Compared with many Chinese, Indians have a more relaxed attitude to travel abroad and speak much better English. The Indian travel market is already showing signs of 'maturing', with higher levels of repeat travel and an interest in high-quality and niche destinations.

- International travel used to be an important status symbol for affluent Indians. As travel becomes more accessible and commonplace, this factor is fading, but travel experiences still have 'talk value' and are important to personal senses of identity and achievement.
- A holiday in Europe (especially in the UK, France, Switzerland or Italy) is a matter of prestige among many middle-class Indians. However, Europe is also considered an expensive destination, beyond the reach of most middle-class families.
- Business and VFR trips predominate, but often include important leisure and shopping components.
- Indian travellers to Europe are predominantly male and aged 25 to 54.
- Length of trips by Indians to Europe tends to be substantial – perhaps 5-6 weeks for VFR, three weeks for business trips and two weeks for holidays.
- Independent travel and group/package travel are equally important for holiday (i.e. non-VFR leisure) travel to Europe.
- The great majority of overseas trips continue to be booked through traditional independent travel agents, but use of direct bookings and the internet is growing.
- Indians enjoy a wide range of activities, but social and cultural factors may limit these in individual markets. In Europe, they are reported to place a strong emphasis on enjoying the landscape and the weather, and on historical and cultural sightseeing. Meeting friends and relatives is often a primary motive for travel, and they may go together on family-oriented excursions and activities. Shopping is an important component of all trips, but there are more popular destinations than Europe when it comes to trips specifically for shopping.
- Long-haul travellers naturally come from the most affluent segments of Indian society. Most have household disposable incomes of US\$9,000 or more; half belong to two-income families. In India, they live luxurious and pampered lives: labour is so cheap that most have several servants, including nanny, cook and driver. When abroad, they therefore expect high standards of service (e.g. from porters, waiters and hotel staff).

Short-term Prospects

- Although the outlook over the short term is still uncertain, there are good reasons to be optimistic about the Indian outbound travel market. The population is huge and still growing, and increasing numbers of people are affluent enough to be able to travel. The size of the Indian diaspora and the nature of its export-oriented service industries encourage VFR and business travel respectively – and both allow people on relatively modest incomes to travel, especially since the advent of low cost airlines.
- Frost & Sullivan, in a study for Amadeus published in January 2013, forecast that outbound trips from India would rise six fold over the next 20 years – i.e. by about 9.5% a year, compared with 11.4% a year between 2001 and 2012. Other forecasts are similarly bullish.
- The potential for growth to Asia and the Middle East is nevertheless believed to be much greater than that to Europe, Africa or the Americas.
- The current pessimism about India's economic prospects and the decline in the rupee may be having an effect on travel plans for 2014. TripAdvisor's TripBarometer survey of Indian travellers, published in September 2013, found that 59% are planning to increase their travel budget in 2014 – higher than the global average (39%), but down from 76% in 2013. But the emphasis is on domestic travel: 93% plan to travel within the country in 2014; they plan an increase of 45% in the number of short vacations and 5% in long vacations. Some observers have been predicting a dip in outbound travel of 8-10%. Others are more bullish, predicting little impact. Many leading industry figures are talking about a significant shift in favour of shorter-haul and cheaper destinations, and shorter lengths of stay.
- Looking beyond this current slowdown, it is still reasonable to expect rapid growth in outbound travel from India, in view of the tendency, worldwide and in India, for outbound travel to grow 2-3% a year faster than GDP. The IMF's estimate of the 'potential growth rate' for GDP, 5.3% a year, implies a growth in outbound travel of around 7-8%. Of course, given the continuing slowdown in the economic performance of 'emerging' markets and the particular difficulties faced by India, it is very possible that India will not fulfil its potential growth rate, and that outbound travel will fall short of that projection.

- Meanwhile, among the positive signs for Europe are the e-visas introduced by Turkey for Indians and the direct flights expected from Air India and Jet Airways to Spain for 2014.
- In view of the excellent prospects for the Indian market, many European NTOs are becoming more active in India, including, for instance, those of the UK, Austria, Bulgaria and the Visegrad countries (the Czech Republic, Hungary, Poland and Slovakia).

NOTES

- a Multiple responses possible/percentages add up to more than 100%
- e Estimates
- f Forecasts

SOURCES

- 1 International Monetary Fund (IMF)
- 2 Organisation for Economic Co-operation & Development (OECD)
- 3 United Nations Department of Economic & Social Affairs, Population Division
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- 5 Ministry of Statistics and Programme Implementation (MOSPI)
- 6 Government of India Ministry of Tourism
- 7 Government of India Ministry of Civil Aviation
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- 10 Pacific Asia Travel Association (PATA)
- 11 TourMIS (at the Department of Tourism and Hospitality Management, MODUL University, Vienna)
- 12 US Department of Commerce, Office of Travel and Tourism Industries (OTTI)
- 13 VisitBritain (VB)
- 14 Innovata
- 15 ETC and UNWTO *The Indian Outbound Travel Market, 2009*
- 16 ETC *Digital Portal* (<http://etc-digital.org>)
- 17 The Travel Business Partnership (TBP) from various industry sources
- 18 TBP calculations

FURTHER INFORMATION

| | |
|---|--|
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| | www.incredibleindia.org |
| Ministry of Statistics and Programme Implementation (MOSPI) | www.mospi.nic.in |
| – Central Statistical Organisation (CSO) | (as above) |
| – National Sample Survey Organisation (NSSO) | (as above) |
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| Indian Association of Tour Operators (IATO) | www.iato.in |
| Travel Agents Association of India (TAAI) | www.travelagentsofindia.com |
| Travel Agents Federation of India (TAFI) | www.tafi.in |
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