

INDIA - OUTBOUND

Emerging Corporate and Leisure Market - India

Overview- India

■ Economic :

- Economy poised to achieve 8.9 per cent growth (3 years since has been above the 8% mark)
- Inflation down to 5 per cent
- Foreign Exchange Reserves to cross 130 billion dollars
- Services sector records 8.9 per cent growth
- Consolidated fiscal deficit of Centre/States to fall by 7.9 % of GDP

Ref: www.worldbank.org

India – Key Cities



- Business travel dominates outbound travel stimulated by India's buoyant economy;
- Leisure travelers are now significant & increasingly becoming sophisticated & demanding.
- Key Markets –
 - Mumbai (Bombay)
 - Delhi
 - Kolkata (Calcutta)
 - Chennai (Madras)
 - Bangalore
 - Hyderabad
 - Ahmedabad
- Findings show that
 - Mumbai is the leading source of India's outbound travelers with a market share of around 33 per cent.
 - Delhi at 26 per cent.

Potential

- India is one of the fastest growing outbound travel markets in the world
 - the number of Indians travelling abroad in 2008-09 (April 1 to March 31) touched 10.8 million
- Indian outbound travel to Asia Pacific destinations grew 20% last year and has been growing 9.8% per year on average since 2001.
- The Travel Business Partnership's Editorial Director Ms. Nancy Cockerell recently commented.
 - India reveals clear opportunities for market segmentation and niches, the market is already showing signs of maturing
- Creative Travel Director of Operations Mr. Rohit Kohli predicts that by 2008
 - Indians will spend more than US\$4 billion on travel alone.
- Singapore, incidentally, has emerged as the most- visited country for Indians travelling abroad, followed by the UAE, UK and the US.
- Another reason for the dramatic rise in the number of outbound Indian travellers is the drop in airfares and hotel prices worldwide, which has made foreign vacations cheaper

Potential

- India's middle class per capita income is increasing by around 7% a year, and its per capita expenditure is rising twice as fast.
 - India's middle classes are moving into the 'cash rich/time poor' bracket and are starting to demand improved quality on their trips."
- Holidaymaking has also been stimulated by more liberal exchange controls and improved availability of credit
- Foreign tourist offices have now simplified visa procedures for Indian tourists."
 - Australia, for example, has enjoyed 33% growth in Indian arrivals in the first half of 2006 because of the launch of a programme in India that allows preferred travel agents to recommend visa approvals.

Potential

- Estimates now suggest that Asia Pacific and the Middle East attract more than two thirds of total Indian outbound trips
 - But Indian travelers are increasingly looking beyond the established destinations now.
- Cruising is emerging as a popular holiday option among Indians and forecasts are that India will become the second largest market for cruises after Australia.
 - In 1999, when Star Cruises entered the Indian market, it had 10,800 customers in its first year.
- The next big thing for Indian outbound travel is group tours say SOTC and Raj Travel.
- "The cost of travel services around the world dropped as a result of recession and overseas tour operators passed on the benefits to Indian tourists, resulting in more travellers visiting foreign destinations

Summary – Potential

- The World Tourism Organization has predicted that by 2020 India will account for 50 million outbound tourists.
- A number of countries, including Ireland, the Netherlands, Spain, Poland and South Korea, have already opened tourist offices in India to directly target Indians who want to holiday abroad.
- Dramatic rise in the number of Indian's travelling abroad
 - 132 percent over 2006 to 2011.

Drivers for Outbound

- Large flow of travelers fluent in English and comfortable with international travel
- Growing economy and foreign investment
- Air transport liberalization – more Indian airlines and more foreign carriers adding new services or increasing frequencies
- Increasing number of destination tourist boards setting up offices and expanding their market representation in different cities
- Increased investment by Indians living abroad
- 'Look East' policy – a desire to boost trade and travel relations with China (PRC) and North and Southeast Asia
- Growing number of multinationals investing in India, leading to more outbound travel for conventions, incentives and business travel
- The marketing impact of Bollywood movies shot abroad
- Greater segmentation in the market – stronger demand for travel among families, young people, women and seniors
- Growing demand for niche travel products, such as honeymoon and cruises

Flight Situation

- Privatization and modernization of Delhi, Mumbai and Bangalore airports.
- Open sky policy begun between US and India and between Europe to India.
- No frill airlines segment growing internationally with brands like Indi-Go and Kingfisher Air.
- Lufthansa restarted operations to Kolkata in 2007.
- Intl Airline Operations increase to and from New Delhi
 - Fin Air started operations to Delhi on 1st November 2006.
 - Air China commenced operations into Delhi November 2006.
 - Private Indian Carriers airlines now fly to China, Singapore, Malaysia, U.K. and USA
 - Air India non stop to USA

Spending Capability

- India's increasingly affluent middle class already numbers 300 million and is growing rapidly.
- High-end luxury remains a relatively small segment of the leisure market but is bound to grow in proportion to the growing number of US\$ millionaires in the country
 - now numbering about 1.5 million
- The Travel Business Partnership's Editorial Director Ms. Nancy Cockerell comments.
 - "The average Indian visitor in Singapore, for example, spends US\$1,500 over five to seven days," she said.
 - Middle class - Earning Capacity – 15 to 20 thousand USD annual income
 - Nouveau Riche and - Earning Capacity – 20 to 50 thousand USD annual income
 - Elite - Earning Capacity – Not accounted for

"This makes the Indian leisure traveler a highly valuable proposition."

The Indian Traveller

- What do they look for
- Travel Patterns
- Destination Choices
- Buying Habits

What do they look for

- Indian Food at hotels and choice of vegetarian if possible besides world cuisines (most Indian's also enjoy Chinese , Thai and Italian food)
 - Yet some Indians have specific needs (e.g. dietary) when traveling because of their social/religious background
- Big spenders ..but always want quality competitive prices – looking for deals always (not necessarily cheap)
- Sticklers for detail and service quality ...as Indian culture is highly service oriented and service levels in India hotels are very high and personalized ...
 - eg - Bell boys taking bags....Service with a genuine smile ...Equal respect for all races
- Attitude towards travel: Status is important.....There is prestige attached to going somewhere off the beaten track...
 - destinations such as Koh Samui or Chiang Mai are becoming popular.
- Other city delights similar to global leisure - Shopping , night life , spa etc
- The Indian market is highly complex and consists of many segments (region, religion, caste, language, etc.)

Seasonality (Leisure FIT)

- Summer (School Holidays)
 - Take the kids to HK, Singapore , Malaysia, Middle East
- Winter (Sept- April)
 - Lazy Vacation in Europe
- Shopping mania
 - Defined by market but mainly visits to Thailand, Singapore and Dubai

Seasonality (Corporate MICE)

- Winter (Sept- April)
 - High budget destinations

- Summer
 - Mid to low budget destinations
 - Also governed by ...
 - Flight to Singapore and Thailand today cheaper or equal to flight cost to Kerela or Goa from Delhi or Calcutta

Popular Destinations

Outbound tourism destinations from India by market share

1. Middle East 8. %*
2. Singapore 8.1%
3. Dubai 5.8%
4. USA 5.5%
5. Thailand 4.7%
6. United Kingdom 4.6%
7. China .2%
8. Hong Kong .2%
9. Malaysia .0%
10. France 2.7%
11. Italy 2.2%
12. Switzerland 1.7%
- 1 . South Korea 1.0%
14. Australia1.0%

Markets with strength and new emerging markets

Singapore
Malaysia
Australia
Thailand
HK

Middle East (Mainly Dubai and Abu Dhabi now)

Europe (UK, Germany and France) more group tours

China (more SME travel for business)

USA (more work related with a short vacation)

Buying Habits

Middle class books via

Package tours if taking a group tour ...
for individual holiday ..

- Best deal - open to changing dates ...plans in advance
 - Either - Internet research for hotel and Travel agents for flight tickets
 - OR - TA rates on hotel and flight
 - Takes a holiday once a year
 - Small Spenders – More shopping ..Thailand / Singapore / Dubai / Malaysia /Sri Lanka
 - 3 star to 5 star ...

Buying Habits

– Nouveau Riche books via

Travel agent

Internet

Travel deals direct to hotel

Airline Promos with hotel

Is intelligent - Looks for “DEALS” ..open to changing dates ...plans in advance ...is mostly salaried or new age businessman

Take regular holidays in India and abroad

This segment is from Service Industry - Software , IT , BPO , Financial services etc

Medium to Big Spenders – Like to shop and also like luxuryshort vacations 3 to 7 nightsHong Kong / Thailand / Dubai / Europe

Three star to 5 star

Buying Habits

Elite

Travel Agent full itinerary

Were always traveling in the summer to Europe /USA for holidays

Go for spa vacations etc

Now being recognized

Medium to Big Spenders

Like to shop and also like luxuryshort and long vacations

3 to 20 nightsHong Kong / Singapore / Thailand / Dubai /
Europe /USA

Five Star luxury

Key Players- Sellers

Key Players

Tour Operators

- SOTC
- Raj Travels
- Kuoni
- C&K
- Thomas Cook

- Event Companies

- Showbiz
- Wizcraft
- Showtime
- Fountainhead

Conference Organizers

- KW Conferences
- Rams

- Corporate Implants

- Amex
- Carlson Wagonlit
- Kuoni
- Thomas Cook
- Cox and Kings

Over 3000 travel agents book international guests for holidays outside India

Emerging Players

Tour Operators

- Liberty Intl

- Smaller agents all over the country using Internet + flight tickets to self package or
- Affiliated to large outbound package consolidators
- Niche agents also cropping up with specialties like catering to
 - Markets specific – Australia Vacations,
 - Type of business specific – Celebs - Bollywood stars ,
 - Holidays specific - Spa's and alternative healing
- Inbound agents also moving in the last 2 years to open out bound division

India MICE

Similar to any other in the world

Number is growing fast

Wipro	-TCS	-Exl
Expeditors	-Raymond	-Kuene and Nagal
Fed Ex	-Infosys	- World Bank
Britannia	-Nestle	- Castrol

The list goes on At least 250 plus companies have a yearly event internationally

— WHY

- Corporate India is growing internationally
- Other reasons are ...airfares are similar (besides low cost airlines) a Del - Goa and Del-Dubai costs almost the same
- Hotel cost Thailand or Kerela at similar prices
- International excitement – Stamp on passport Better motivator for not much of a financial difference

MICE Channels Used

Incentives / Meetings /Conferences

- Empanel - Travel agent or RFP bid
- Implants
- Secretaries Direct - Hotel Direct
- Administration Managers
- DMC
- Event Companies
- Conference Organizers

How do we get them ?

■ Marketing

- Focus efforts on high yielding market segments in priority regions
- Ensure all activity is clearly linked to specific wholesale or airline calls to action.
- Work with Tourism Board to maximize the benefit to hotel , city and country
- Create additional opportunities through development of unique promotional activities
ie. Bollywood, Cricket
 - Eg - Bollywood film shoots
 - 20 - 20 yearly Cricket Cup at HK
- Raise awareness of destination and experiences for potential consumers...
 - Eg Lord of the Rings promotion with HBO
- Work with India Sales Representation to increase the cooperative marketing activities

How do we get them ?

- Digital Marketing

- Increase Potential Guest traffic to websites with strong Indian flavored content
- Work with wholesalers and airline partners to increase the distribution of product in online distribution channels
- Create India specific Online marketing strategy for PPC on
 - Google India , Yahoo India , Indya.com , IndiaTimes.com etc
- Work with Intl banks Indian branches – Citibank , Standard Chartered and American Express ..online offers and offline promos with special deals on cards
- Work on India Social networking sites

How do we get them ?

■ Media & Public Relations

- Significantly increase targeted PR activity to drive greater potential guest and trade media awareness of destinations and hotel experience
- Work with Tourism department to maximize the benefits from the country Visiting Journalists Program
- Increase the number of targeted media famil's to support existing product and experiences and introduce new experiences and products
- Increase the exposure of your property through participation and promotion of events in India and/or in your city with the local Indian community ...most countries have a India Club
 - eg. A cricket Match

How do we get them ?

■ Trade Marketing

- Maintain focus on trade relationships in Mumbai and Delhi while developing additional relationships with trade based in Chennai, Ahmedabad, Hyderabad and Bangalore
- Develop packaged product in key wholesaler programs through increased engagement with stakeholders like airlines , hotel and maybe tourism board
- Engage with local Tour Operator's who handle India market and Implement a trade familiarization program
- Implement cooperative marketing campaigns with partners, particularly Regional Tourism Organizations and DMC's
- Undertake a series of missions in India market

Self Reference Points for India ?

<http://www.travtalkindia.com/index.htm>

Trav Talk – India's most widely read Trade magazine

<http://www.fhrai.com>

Federation of Restaurant and Hotel Association of India

<http://www.travelagentsofindia.com/news.htm>

TAAI - Travel Agents Association of India



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