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MARKET INSIGHTS
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INDIA

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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 will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 39 National Tourist Offices (NTOs) that 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 on the 'TourMIS' web platform.

More information on 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: http://www.etc-corporate.org.

OVERVIEW

- India has become one of the world's fastest-growing travel markets. UNWTO figures for 2008 suggest that it ranked 25th that year, in terms of international travel expenditure, with a total spend, excluding transport, of US$9.6 bn, up 23% on the previous year. Spending in 2009 is estimated to have increased by 7.3% to US$10.3 bn.
- Outbound trip volume rose by an average of 13.2% in 2001-08 to 10.9 mn. Preliminary estimates for 2009 suggest a further increase of 7.6% to 11.7 mn, but there are widely differing reports. IPK International estimates there was a slight decline.
- There are many positive factors influencing Indian demand for outbound travel. The national economy is strong, with GDP growing by around 8.5% per annum. Middle-class disposable incomes are rising extremely fast. Airline capacity has risen sharply. And, thanks to the liberalisation of exchange controls, Indians are now allowed to take up to US$10,000 per annum abroad for leisure trips.
- India's 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.
- The great majority of the population still live in poverty and cannot think of travelling abroad, but there is a large and growing middle class, a small proportion of whom are becoming very affluent. About 60 mn people live in households with incomes above US$4,000 a year. Most outbound leisure travellers have annual household incomes exceeding US$9,000. There are estimated to be over 28 mn passport holders in India.
- Although demographics is the key driver of outbound travel demand, this has also been boosted by the large numbers of foreign national tourism organisations (NTOs) establishing a presence in India, by the NTOs' aggressive promotions, and by the introduction and growth of low-fare airline services.

- Several European countries rank among Indians' ideal destinations but, in practice, most Indians travel to Asian and Middle Eastern destinations (with the latter primarily attracting business travellers and worker traffic). Only the UK ranks among the top ten destinations.

COUNTRY PROFILE

Currency

- **Rupee (Rs)**

	2005	2006	2007	2008	2009	31 Dec 09
Rs per euro	54.9	56.9	56.7	64.0	67.5	66.99
Rs per US$	44.1	45.3	41.3	43.5	48.4	46.89

- The rupee remained roughly stable in real trade-weighted terms in 2002-08, generally rising against the US dollar and falling against the euro. It fell sharply against the US dollar in the second half of 2008 and the first half of 2009, but has since staged a partial recovery.

Population

- The total population in 2010 is estimated at 1,214 mn – 369 per km2.
- The Indian population is still growing moderately rapidly, by 1.4% a year. It is expected to overtake China's within the next 20 years.
- It is also relatively youthful, and is ageing fairly slowly. Those aged 0-24 account for 50% of the total, 25-59 for 42.5% and those over 60 for 7.5% (see following table). The median age is 25 years.
- There are 107 males per 100 females. Life expectancy at birth is 63 years for males and 66 years for females.
- There is a growing affluent middle class – about 60 mn people live in households with incomes above US$4,000 a year and (according to Merrill Lynch's *The World Wealth Report*) some 70,000 have a net worth excluding their primary residence of more than US$1 mn. This number is growing by about 15% a year. But it is important to remember that the great majority of the population still live in poverty and cannot think of travelling abroad.
- The largest cities (with their populations according to the 2001 Census) are Delhi (12.8 mn), Mumbai (16.4 mn), Kolkata (13.2 mn), Chennai (6.4 mn), Bangalore (5.7 mn), Hyderabad (5.5 mn), Ahmedabad (4.5 mn), Pune (3.8 mn), Surat (2.8 mn), Kanput (2.3 mn), Lucknow (2.3 mn) and Nagpur (2.1 mn).

Age

Breakdown (%)	2010	2020[f]
0-4 years	10.3	8.8
5-14	20.5	17.9
15-24	19.3	17.9
25-34	16.2	16.7
35-44	12.6	13.9
45-54	9.8	10.7
55-64	6.4	7.8
65-74	3.4	4.4
75-84	1.3	1.6
85+	0.2	0.3

- 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.

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, 20-30 mn people – including both non-resident Indians (NRIs) and those of Indian origin who have acquired citizenship of other countries (PIOs). The countries with the largest numbers of both combined are (with rough estimates):

Myanmar	2.9 mn	USA	1.7 mn
Malaysia	1.7 mn	Saudi Arabia	1.5 mn
UK	1.2 mn	South Africa	1.2 mn
UAE	1.2 mn	Canada	1.0 mn

Language & Religion

- The national language is Hindi, but 60% of the people 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, Onya, Punjabi, Assamese, Kashmiri, Konkani, Sindhi and Sanskrit.
- English is widely used in business and administration: an estimated 180 mn Indians, including most people affluent enough to travel, speak English well.
- The majority (83%) of the population is Hindu, 11% Moslem, 2% Christian and 2% Sikh. Others include Buddhists, Jains, Jews, Zoroastrians and Baha'is.
- Indians are also divided into countless castes, which are still relevant in social relationships.

Economic Data

	2005	2006	2007	2008	2009e
GDP (Rs bn)	34,585	39,663	45,538	52,525	57,039
GDP (US$ bn)	784	875	1,101	1,207	1,243
Real GDP growth (%)	9.2	9.8	9.4	7.3	5.4
GDP per capita (US$)	691	760	942	1,017	1,033
Inflation (%)	4.2	6.2	6.4	8.3	8.7

India's Economy 2009-10

- India's economic growth has stepped up a gear since the late 1990s, and the country is now often ranked close behind China as the world's most dynamic emerging economies.
- It seems to have passed through the world economic downturn in 2008-09 relatively unscathed. It suffered only a modest slowdown in the last quarter of 2008 and first quarter of 2009, and by the end of 2009 growth was back to its long-term potential of around 7-8% a year.
- However, there are serious bottlenecks in the economy which threaten the country's ability to sustain this growth. The government is therefore planning massive investments in infrastructure, but its ability to carry these out depends on financial and institutional reforms.
- There is also a problem with inflation. In October 2009 the IMF was expecting it to rise to 8.4% in 2010, but by December it was already up to 15%, partly because a weak monsoon drove up food prices, but also because of these bottlenecks and because demand was so strong. In view of this, the Reserve Bank of India announced in January 2010 that it would pursue a policy of monetary tightening.
- It is also important to remember that GDP per person in India is still very low. Some regions of India (mostly 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. About 700 mn people still live on less than US$2 per day. But there is also a large and fast-growing middle class, a small proportion of whom are growing very affluent. Estimates suggest about 60 mn people live in households with incomes above US$4,000 a year. Most outbound travellers have annual household incomes exceeding US$9,000.

- Consumer goods tend to be expensive in India, but staple foods and services (including good-quality tourism services) cheap. Overseas travel is therefore a relatively expensive, but highly aspirational, option for affluent Indians.

TRAVEL PROFILE

Indian Outbound Trips

	2003	2004	2005	2006	2007	2008
Total (mn)	5.35	6.21	7.18	8.34	9.78	10.87
% annual change	8.3	16.1	15.6	16.1	17.3	11.1

- Outbound trips by Indian nationals rose by an average of 13.2% a year in 2001-08.
- The effects of the economic crisis in 2009 remain a matter of controversy. Preliminary estimates suggest an increase in outbound trips of 7.6% to 11.7 mn – but there are widely differing reports. ·IPK International's Indian Travel Monitor shows a slight decline, for example, following strong growth in recent years. Many individual destinations, especially in Europe, suffered substantial declines.
- However, the outlook for 2010 and the longer term is considered to be good, with demand recovering rapidly after last year's slowdown.
- Various surveys conducted by research groups such as ACNielsen and by travel companies suggest that approximately one third of all Indian outbound travellers come from Mumbai, 26% from Delhi, 17% from Bangalore, 15% from Kolkata and 9% from Chennai.

International Travel Expenditure (excl transport)

	2003	2004	2005	2006	2007	2008
Total (US$ mn)	3.6	4.8	5.9	6.8	8.2	9.6
% annual change	20.1	33.7	19.7	13.7	9.6	22.9
Spend per trip (US$)	670	770	820	815	840	880

- UNWTO ranked India 25th in the world in 2008, in terms of international travel expenditure, with a total spend, excluding transport, of US$9.6 bn – up 23% on 2007.
- In 2009, based on based on trends for the first nine months and anecdotal reports of a pick-up in demand in the last quarter of the year, spending is estimated to have increased by 7.3% to US$10.3 bn.
- Average spending per trip abroad is only about US$880 and remained stable in 2009. This figure is depressed by the high proportions of VFR and business travellers (business travellers stay a shorter time at their destinations and VFR travellers spend much less per day). Holiday travellers tend to spend more (those to Singapore, for instance, are reported to spend an average of US$1,500 over a 5-7 day trip). There are clearly exceptions – the UK, for example, finds that business visitors spend more than leisure and VFR visitors.
- Indians are a particularly attractive market for retailers as they love shopping (50% say that shopping is one of their main reasons for travelling abroad). According to ACNielsen, 73% buy duty-free goods.

Leading Destinations

Arrivals from India in selected destinations ('000)

		2004	2005	2006	2007	2008
Singapore	VF	471	584	659	749	778
Bahrain	VF	419	467	590	718	na
Kuwait	VF	413	477	561	653	674
Saudi Arabia	TF	474	117	345	613	602
USA	TF	309	345	407	567	599
Malaysia	TF	173	226	279	422	551
Thailand	TF	332	381	460	536	532
China	VF	309	356	405	462	437

UK	TF	255	272	367	336	359
Hong Kong	VF	244	273	294	318	351
Qatar	THS	146	159	181	na	na
Oman	THS	106	104	116	146	141
Switzerland	THS	na	93	115	132	132
Italy	TF	77	59	117	109	136
Australia	VF	56	68	84	95	116
Canada	TF	68	78	87	102	111
Indonesia	TF	36	57	54	69	102
Egypt	VF	45	54	61	82	89
Sri Lanka	TF	105	113	128	106	85
Nepal	TF	90	96	89	88	82
Bangladesh	TF	80	86	71	79	na
South Korea	VF	57	59	63	68	73
Japan	VF	53	59	63	68	67
Russia	VF	37	42	46	68	na
South Africa	TF	36	36	44	52	52
Turkey	TF	19	23	34	43	52
Netherlands	THS	24	34	37	42	50
Belgium	TCE	21	21	23	34	55
Austria	TCE	40	39	50	46	47
Mauritius	TF	25	30	37	43	44

Note: These figures represent arrivals as reported by the destinations (TF = tourists at frontiers; VF = visitors at frontiers; TCE = tourists at all accommodation establishments; THS = tourists at hotels and similar establishments).

- The most important destination, the UAE, is not shown in the table above because no recent figures are available. In 2004, Dubai's hotels alone received 475,000 visitors from India.
- Not many European countries measure arrivals from India and, of those that do, few rank among the leading destinations. Very roughly, annual arrivals in European countries may have been on the following scale in 2008:

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

- Typically, Indians 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.

Purpose of Trip

- According to the Pacific Asia Travel Association (PATA), quoting trade sources, 40% of all outbound trips by Indians are for business purposes, while leisure, visiting friends and relatives (VFR) and other 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, where large numbers of Indians have settled or are working as expatriates, and Australia, where large numbers of young Indians choose to study (although the numbers have dropped recently as a result of perceived racism against Indians in 2009). But other countries, including for instance Thailand and Switzerland, are primarily leisure destinations. The following figures come from a survey of Indian outbound travellers undertaken by ACNielsen in 2006/07. They show that most business and VFR trips must have leisure and shopping components.

Purpose of trips (%)	**Primary**	**Secondary**
Business	57	3
Travel & sightseeing	22	52
Visits to relatives	9	10
Entertainment	6	36
Study & training	3	2
Shopping	2	71
Honeymoon	1	1
None	0	8

- VisitBritain reports that in 2008 37% of Indian visitors to the UK came primarily for holiday, 33% for business, 24% for VFR and 6% for other purposes. But VisitBritain also found that as many as 45% of Indian visitors stayed as non-paying guests with friends and family.
- Business travel (including meetings and events) is more important for the Indian market than most. ETC identifies the IT industry, telecommunications, banking, insurance and other financial sectors, and pharmaceuticals as important target segments.

Nature of Trip

- 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.
- 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. For instance, in 2006 Indians stayed an average of 2.8 nights in Dubai hotels and 6.9 nights in Thailand. Long-haul trips tend to be longer. In 2006 trips to Australia lasted an average of 50 nights (25 nights for business trips, 13 nights for holidays and 61 nights for VFR). Trips to the UK in 2006 were slightly shorter, averaging 39 days for VFR, 20 days for business travellers and 10 days for holidaymakers. Group inclusive tours (GIT) to Europe tend to be of 10-21 days, with 2-3 days spent in each country. However, independent holidaymakers tend to stay 7-10 days in a single country.
- 20-30% of visitors to Europe on package tours are to single destinations, 70-80% to multiple destinations. The Netherlands Tourism & Convention Board estimates that 58% of all trips to Europe are to multiple destinations.

Seasonality

- 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 data for the UK (which shows quite erratic patterns in recent years, with a peak in April-June coinciding with the long summer holidays) or Switzerland (which shows a strong peak in May-June, declining steadily through the rest of the year to very low levels in December through February).
- **Public holidays**
  2010: 1 Jan, 26 Jan (Republic Day), 27 Feb, 1 Mar, 24 Mar, 2 Apr, 14 Apr, 1 May (Labour Day), 27 May, 15 Aug (Independence Day), 24 Aug, 2 Sep, 10 Sep, 2 Oct (Mahatma Gandhi's birthday), 17 Oct, 5 Nov, 17 Nov, 21 Nov, 17 Dec and 25 Dec.

  Many other festivals are celebrated by Hindus, Muslims, Sikhs, Jains, Christians and other religions; the festivals and dates often vary across the country.
- **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.

- **School holidays**
  The main school holiday periods vary, but in 2010 will typically be 8 May - 3 July (summer holidays) and 25-31 December (winter vacation).

Accommodation

- Indians on package tours tend to opt for 3- or 4-star hotels, while independent travellers often choose more upmarket accommodation. However, evidence from the UK and Australia suggests that the majority of VFR travellers stay with family and friends and that more affluent families like to rent apartments for their stays.
- VisitBritain found that in 2007 45% of Indian visitors stayed as non-paying guests with friends and family and 45% stayed in a hotel. 53% of nights were spent with friends and family, 25% in rented accommodation, 16% in a hotel, 2% in a 'bed & breakfast', 2% in a hostel, university or school, and 2% in other accommodation.

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 themselves.
- Indians seem to be attracted to Switzerland by its mountain scenery, reminiscent of the Himalayas, and increasingly 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.
- Tourism Ireland reckons that the top 10 activities Indian visitors are looking for in overseas travel are eating out, shopping for pleasure, going to the beach, going to markets, visiting zoos, aquariums, wildlife reserves, national parks, botanical gardens and other public gardens and parks, visiting theme parks, going on a chartered boat, cruise or ferry, visiting historic/heritage sites and buildings, and visiting pubs, clubs, discos etc. However, VisitBritain found in 2006 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 and nightclubs.
- Cruises are becoming popular among Indians, particularly appreciated as a safe and relaxing mode of travel. It is also making ground for business conference and incentive travel. International cruising picked up between 2004 and 2006. Destinations that have been performing well include Alaska, the Caribbean, the Mediterranean, Europe and the Far East.
- Rail travel is also popular.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- Nearly two-thirds of Indian visitors to Europe are male.
- They are predominantly aged 25 to 54. The numbers of children (under 16) visiting Europe have declined, but those over 55 have increased.
- Long-haul travellers naturally tend to 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. They belong to the upper socio-economic strata of society and are well educated: in 2006, AC Nielsen found that 32% of Indian outbound travellers were professional graduates, 53% general graduates, that 9% had some college education, and only 6% simply school education.
- Three quarters of outbound travellers are married and have children living in the household. Two-thirds of leisure travellers tend to holiday abroad with family, often including members of the extended family.

- The numbers of repeat visitors are rising. The UK finds that 60% of Indian arrivals have visited the UK within the last ten years. ACNielsen's 2006-07 survey of outbound travellers found that 28% of business travellers and 31% of leisure travellers travel once a year; 14% of business travellers and 4% of leisure travellers go abroad two or more times a year.

Occupations

- The following breakdown (%) also comes from ACNielsen's survey of outbound travellers.

Businessmen & industrialists	41
Senior/middle officers & executives	30
Self employed professionals	10
Junior officers & executives	6
Shop owners	3
Supervisory level employees	3
Manual labourers	3
Clerical employees & salesmen	2
Students	2

Travel Companions

- Indian holidaymakers very often travel with their families or (as young people) with friends, but because of the high proportion of business travellers, single travellers predominate.
- In 2007, Tourism Research Australia found that 66% of visitors from India were travelling alone, 19% as couples, 9% as families with children, 3% with friends or relatives, and 4% with business associates.
- In 2003, VisitBritain found that 49% were travelling alone, 17% as couples, 23% as families with children, 5% with business associates and 2% in other groups.

AIR TRANSPORT

Airports

- Until recently, only five airports – Mumbai, Delhi, Chennai, Kolkata and Trivandrum – were considered as international gateways. However, with the rapid development of direct flights from other airports to foreign destinations, the government conferred international status on Ahmedabad, Amritsar, Bangalore, Calicut, Cochin, Goa, Guwahati, Hyderabad, Indore, Nagpur, Pune and Srinagar.
- The Indian Government has a programme underway to invest around US$10 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 are being modernised. Seven new greenfield airports are to be built under 'BOOT' (build, own, operate and transfer) contracts – the first two, in Bangalore and Hyderabad, opened in 2008.
- A recent phenomenon has been the development of point-to-point international services to cities outside India's traditional gateways. In 2000, Mumbai, Delhi and Chennai had a combined market share of outbound passenger traffic of 73.4%; in 2008, this had fallen to 57.3%. Airports which showed the biggest gains over this period were Bangalore, Calicut, Cochin and Hyderabad.
- In March 2010 10 airports in India provided direct scheduled flights to Europe: Delhi, Mumbai, Ahmedabad, Amritsar, Bangalore, Calicut, Chennai, Goa, Hyderabad and Pune.
- At that time 12 airports in Europe were served by direct scheduled flights from India: London (LHR), Amsterdam, Brussels, Frankfurt, Helsinki, Istanbul, Rome (FCO), Moscow (SVO), Munich, Paris (CDG), Vienna and Zurich. (In addition, there are a few flights from Frankfurt, Derby, Manchester, Gatwick, Moscow DMO and Leningrad catering for European holidaymakers bound for Goa).

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.

- The liberalisation of air 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 SRS Analyser, fell from 85,000 seats in March 2007 to 82,000 in March 2009 and 79,000 in March 2010. In spite of the expected recovery in air travel out of India, programmed capacity in September 2010 shows a further reduction, to 75,000 seats.

Weekly scheduled flight/seat capacity from India to Europe (westbound only):

		March 2010		September 2010	
Airline	**Alliance**	**Flights**	**Seats**	**Flights**	**Seats**
Air India	—	45	13,622	45	13,622
Lufthansa	Star	53	13,495	49	13,073
British Airways	OneWorld	42	12,998	45	10,625
Jet Airways	—	42	11,384	42	11,126
Air France	Sky Team	19	4,980	19	4,802
Turkish	Star	14	4,201	14	4,312
KLM	Sky Team	7	2,982	7	2,058
Swiss	Star	11	2,596	11	2,596
Virgin Atlantic	—	7	1,785	7	1,785
Delta	Sky Team	7	1,701	7	1,701
Finnair	OneWorld	6	1,626	6	1,626
Aeroflot	Sky Team	7	1,526	7	1,526
Kingfisher	—	7	1,519	14	3,038
Transaero	—	4	1,407	0	0
Austrian	Star	5	1,086	6	1,284
China Airlines	—	3	867	3	867
Thomson Fly	—	3	648	0	0
Thomas Cook	—	2	502	2	502
Aerosvit	—	0	0	2	460
Total		284	78,925	286	75,003

- Air India's routes include Delhi-London (10 flights a week, 7 of which originate in Calicut), Ahmedabad-Mumbai-London (7), Amritsar-London (4), Delhi-Frankfurt (7), Hyderabad-Mumbai-Frankfurt (7), Ahmedabad-Frankfurt (7) and Mumbai-Delhi-Paris (30). Following Air India's merger with Indian Airlines in 2007, it withdrew from many unprofitable routes, including Amsterdam, Birmingham, Brussels, Düsseldorf, Geneva, Istanbul, Manchester, Moscow and Prague, but in 2009 it boosted capacity on its core routes. Many Air India flights to Europe fly on to destinations in North America.
- Lufthansa's weekly flights to Frankfurt include 7 from Delhi, 7 from Mumbai, 6 from Bangalore, 3 from Calicut, 7 from Chennai, 5 from Hyderabad and 6 from Pune. To Munich there are 7 from Delhi, 5 from Mumbai and 7 from Chennai. It seems that 2 of the flights to Hyderabad and 3 to Pune will not be flying in September, but there will be an additional flight to Bangalore.
- British Airways has 12 flights a week from Delhi, 14 from Mumbai, 7 from Bangalore, 4 from Chennai, and 5 from Hyderabad, all to London (LHR).
- Jet Airways has 14 flights to London (LHR) from Mumbai and 7 from Delhi. Since 2007 it has also established services to Brussels (now 7 from Mumbai, 7 from Delhi and 7 from Chennai), which it is developing as its European hub for transatlantic operations.
- Kingfisher has 7 flights a week from Mumbai to London (LHR). This summer it will also be running 7 flights a week from Delhi to the same destination.
- Air France has 7 flights a week from Delhi, 6 from Mumbai and 6 from Bangalore, all to Paris (CDG).
- Turkish Airlines has 7 flights from Delhi and 7 from Mumbai to Istanbul.
- KLM has 7 flights from Delhi to Amsterdam.
- Swiss has 6 flights from Delhi and 5 from Mumbai to Zurich. It has cut 2 flights since March 2009.
- Virgin Atlantic has 7 flights from Delhi to London (LHR), but has withdrawn a second daily flight.

- Finnair has 6 flights from Delhi to Helsinki.
- Austrian has 5 flights from Delhi to Vienna.
- Aeroflot has 7 flights a week from Delhi to Moscow (SVO).
- Aerosvit will also be flying twice a week from Delhi to Kiev in summer 2010.
- Delta Airlines has 7 flights from Mumbai which call at Amsterdam (in March but not September 2010), and China Airlines has 3 flights which call at Delhi on their way to Rome (FCO).
- Airlines which have a few flights to Goa (often seasonal) include Condor (from Frankfurt), Transaero (from Moscow DME and Leningrad), Thomas Cook and Thompson (from various UK airports). Swiss also has a single weekly flight to Goa via Male.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Visas are required for Indians travelling as tourists to the Schengen countries and all other European countries. In some cases (eg the UK) visas are also required of transit passengers. Nominally 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.
- Visas are also required for most destinations in the Americas and Oceania, but many 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.
- The 'basic travel quota' – the amount of foreign currency Indians can take abroad per year on leisure trips – has been increased to US$10,000 per person. For corporate travellers the limit has been raised to US$25,000 per trip.

Travel Decisions

- Outbound trips are typically booked only three to six weeks in advance. Tourism Australia reports that 69% of holiday travellers and 56% of VFR travellers to Australia book their flights within one month of arrival. A third of travellers book 3-4 weeks in advance.
- VisitBritain reports that in 2007 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.
- Generally, even seasoned travellers prefer to pre-plan their itineraries. VisitBritain reports that travellers "tend not to book in haste, but prefer to compare prices to save money and negotiate with travel agents".

Booking Methods

- The overwhelming majority of bookings are still made through traditional travel agents, but the growth of low-cost carriers (LCCs) and familiarity with the internet are encouraging Indians to consider direct bookings more often.
- VisitBritain reports that "customers rely on agents for an extremely high level of servicing and often make multiple changes to travel plans".

Information Sources

- Indians in general 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.
- Interviews among the Indian travel trade in 2008 suggested that 70% of leisure travellers to Europe rely on family and friends for information, 60% on the internet, 55% on the travel trade, 25% on media (publications, radio, TV etc), and 10% on other sources.

Internet & Media

- Internet World Stats put the number of internet users in India at 80 mn (7.1% of the population) in September 2009. Using stricter definitions of an internet user, the Internet and Mobile Association of India (IAMAI), *e-Marketer* and PhoCusWright suggest around 50 mn, with 65 mn people able to use a computer without assistance.
- Access is still predominantly through cybercafés and the workplace. Although access at home is growing, only 1% of households had it in 2008, and only 0.5% had broadband. Moreover, even broadband tends not to be very fast, and cannot readily handle heavy, complex web pages. (Of course, affluent people who can afford to travel abroad for leisure, are much more likely to have internet access).
- Meanwhile, access to cellular (mobile) phones is soaring: the number of subscriptions reached 347 mn in 2008, up tenfold since 2003; almost everyone has access to a cellular phone through a friend or local trader. Even the use of the internet is spread widely: PhoCusWright estimates that half of use originates in the largest eight cities, a quarter in smaller cities and a quarter in small towns and villages.
- Only 25 mn Indians had credit cards in 2009 (apparently a large decline over 2006's level) and 135 mn debit cards. Visa reports that only 28% of 'affluent Indians' have credit cards. This helps to explain why the use of the internet is still very largely for 'looking' rather than 'booking' international travel.
- However, PhoCusWright estimates that the online travel market (for both leisure and unmanaged business travel) was worth US$2,700 mn in gross bookings in 2008, up from just US$295 mn in 2005. Over 90% of this consists of airline and railway tickets (Domestic low-cost airlines and Indian Railways have led the way in establishing full-transaction websites in India).
- One factor which favours the rapid growth of internet travel in India is the success of the offshore IT industry, which will provide a ready source of expert site developers and of internet-savvy customers. IT companies such as Infosys and Wipro have travel budgets in excess of US$70 mn. The IT industry employs 2.3 mn people and has been growing by 35% a year.
- Indians are famously addicted to movies. Cinema audiences are falling rapidly, but the films are increasingly watched on television, which is extremely important in terms of reach. There are about 300 TV channels (reaching 130 mn homes) and 300 radio stations in India.
- The National Readership Survey (NRS, last undertaken in 2006) provides the following figures:
  – 222 mn literate Indians aged 12 and above read a daily newspaper or magazine; 359 mn do not. The 222 mn comprise 45% of the urban and 19% of the rural populations.
  – 204 mn read a non-English newspaper and 21 mn an English-language newspaper. The largest Hindi newspapers are *Dainik Jagvan* and *Danik Bhaskar*, each with readerships of 21 mn. The largest English newspapers are the *Times of India* (7.4 mn), *The Hindu* (4.1 mn) and the *Hindustani Times* (3.9 mn). The most important business dailies include the *Economic Times* (0.9 mn) and *Hindu Business Line* (0.2 mn).
  – 68 mn read a magazine. Consumer travel magazines include *India Today Travel Plus*, *Outlook Traveller* and *Go Now*.
- Travel trade publications include *Express Travel World*, *World of ravel & Tourism*, *Travel Trends Today*, *Tourism India* and *Travel Talk India*.

TRAVEL TRADE PROFILE

Tour Operators / Retail Travel Agencies

- 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 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.
- The top 10 agents of most airlines are consolidators, operating on high volumes and low margins through a network of sub-agents. 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.
- 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 and SOTC/Kuoni.

- Other important outbound operators include Travel Corporation India (TCI), Kesari, Club 7, Dewan Travels, Holiday Representations/Narula Travels, International Travel House, JTB Travel, Le Passage to India, Mercury Travels, Orbit, Raj Travels, Sahara Global and Xpress Holidays.

- Tourism Ireland categorises the trade as follows:
  – The three big tour operators;
  – Medium sized operators: wholesalers or retailers, catering for FIT or group travel, operating regionally with moderate marketing budgets, and specialising in perhaps 8-10 destinations;
  – Small operators: retailers, operating in a single city with miniscule marketing budgets, and catering largely for FIT customers, although they are usually not very good product planners and copy the itineraries of the Big Three in the four or five destinations in which they specialise;
  – Niche operators: retailers providing detailed itineraries in a single destination for the more sophisticated travellers (FIT or business);
  – Ticketing agents supporting the small and niche operators.

- In the MICE sector the main specialists are 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.

- The only cruise ships operating directly out of India pulled out in 2004 (Star Cruises) and 2010 (Louis Cruises – which cancelled its sailings from Cochin in January 2010, just two months after they started, citing excessive taxes and charges, substandard infrastructure and uncoordinated embarkation procedures.

- 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 are MakeMyTrip and Yatra. Other important sites include IndiaTimesTravel, Travelguru, TripMela, Cleartrip, (Cox & King's) Ezeego1, (Tulip Travel's) Xplorz, Arzoo, Desiya, iXiGo, Expedia and Travelocity.

KEY TRENDS AND FORECASTS

Key Characteristics of Indian Outbound Travellers

- While China is a heavily controlled market which is being gradually liberalised, Indians are free to travel wherever, whenever and however they wish. 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 is more important than group and package travel for 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.
- Catering for Indians requires specialist knowledge and some sensitivity. Many Indians are vegetarian or vegan, with many religious and social complications.
- 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

- The potential of India as a tourism source market is often compared with that of China. But while China has been the market to attract most attention in recent years – stimulated by widespread media hype – a number of destinations, and particularly long-haul destinations, are starting to realise that India probably offers greater potential for growth in the short to medium term and is, anyway, a much easier market with which to deal.
- The Indian economy is booming, growing by about 8.5% a year.
- The numbers of people able to contemplate travel abroad is rising rapidly. They include a small proportion with real affluence, and larger numbers on incomes which (by OECD standards) are modest but sufficient to allow them to visit friends and relatives living abroad, or to travel on a strict budget.
- Flight capacity between India and Europe has been increasing very rapidly.
- For the travel trade in India, although business is growing rapidly, margins are dropping as a result of the increased competition and aggressive price-cutting. The entry of new players such as Reliance Travel, as well as online ticket sellers like TravelGuru.com, Yatra.com and MakeMyTrip.com, will further squeeze margins. However, the industry overall, estimated at US$13.5 bn by PhoCusWright, is forecast to grow more than six-fold by 2014, and the mergers and acquisitions wave in the Indian travel industry could just be beginning.
- UNWTO predicts that India will account for 50 mn outbound tourists by 2020; the *Kuoni Travel Report India 2007* predicted that total outbound spending would cross the US$ 28 billion mark in 2020.
- Although the growth in demand for outbound travel certainly slowed in 2009, and may in fact have been negative, the Indian outbound travel industry remains confident that recovery will be strong in 2010. For destinations, the main difficulty in attracting business from India will be the intense competition – the number of NTOs established in India has grown rapidly and marketing and promotional budgets are substantial.

NOTES

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

EUROPE

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile:** International Monetary Fund; United Nations Department of Economic & Social Affairs Population Division; NRI Online; *The Economist*.
- **Travel Profile:** Government of India Ministry of Tourism; World Tourism Organization (UNWTO); Pacific Asia Travel Association (PATA); various national tourism organisations (NTOs), especially VisitBritain, Tourism Ireland and Tourism Research Australia
- **Profile of Travellers:** ACNielsen; Synovate; various NTOs (as above); *The Thomas Cook Travel Survey 2006*; PATA; The Travel Business Partnership (TBP) from various industry sources
- **Air transport/Airlines:** SRS Analyser; Centre for Asia Pacific Aviation (CAPA); Government of India Ministry of Civil Aviation
- **Travel Planning and Booking:** Travel Agents Association of India (TAAI); *The Thomas Cook Travel Survey 2006*; ACNielsen; PATA; various NTOs (as above); *The Emerging Online Marketplace in India,* PhoCusWright Inc
- **Travel Trade Profile:** TAAI and various Indian travel agents and tour operators; PhoCusWright Inc; PATA; Tourism Ireland; ETC and TBP from various industry sources.

FURTHER INFORMATION

Government of India Ministry of Tourism	www.tourism.gov.in
	www.incredibleindia.org
Government of India Ministry of Civil Aviation	http://civilaviation.nic.in
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
Pacific Asia Travel Association (PATA)	www.pata.org
World Tourism Organization (UNWTO)	www.unwto.org

ETC and UNWTO published a special report, *The Indian Outbound Travel Market, with Special Insight into the Image of Europe as a Destination*, in 2008. This report is available for purchase through ETC and UNWTO.

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