Appendix – I : Sample Selection and Sample Size

Selection of rural sample

Over 70 percent of India's population live in about 600,000 villages spread over 550 districts in 32 states. To provide adequate geographical coverage of sample tourist households within a state, the districts were cross classified by rural population and income from agriculture to form homogenous strata. The number of such strata in a state was determined on considerations of the range of the stratification variables and the resulting frequency in each stratum. From each of effective strata a pre-assigned number of districts, depending on the size of the stratum, were randomly selected. A total number of 221 districts were selected as the first stage and the distribution of number of sample districts among various states was done in the proportion of rural population of the state in 2001 (Census 2001).

Villages formed the second stage of selection procedure. District-wise lists of villages are available from census records (Census 1991) along with population. About 2 to 6 villages were selected independently from each sample district by adopting probability proportional to rural population of the village. A total of about 856 villages were covered for the study.

The households in the sample villages were listed through specially designed listing Proforma by asking questions about all members of households on auxiliary information related to the study such as household composition. Individual members age, gender, education, occupation, income, visited some place as tourist in the last 60 days. Also, during the listing, the information on purpose of trip and number of trips made by all members of tourist households during last 6 months was asked. The list of tourist households was used as sampling frame to select a tourist household to collect the detailed information for the domestic tourism survey. To ensure adequate representation from various tourist purposes, the listed tourists in the sample villages were stratified into nine categories (purposes). A maximum of 10 tourists was systematically (circular) selected from each sample place and distributed among various categories (strata) in the proportion of total tourists listed in each of the non-empty stratum.

Selection of urban sample

The process of selection of tourist households in the urban areas was more or less similar to that in rural areas. According to the 2001 census, there are about 4,850 cities/towns in the states/Union Territories (excluding Jammu & Kashmir) of India. The population of cities/towns in India varies from less than 5000 to over a crore. There are 64 cities with population exceeding 10 lakh. All the cities were selected with a probability one. The remaining cities/towns were grouped into seven strata on the basis of their population size and from each stratum a sample of towns was selected independently.

A progressively increasing sampling fraction with increasing town population class was used for determining the number of towns to be selected from each stratum. The sampling fraction was used at the state level.

In all, 687 cities and towns thus selected were constituted in the first stage of the sample for urban areas. These accounted for over 15 percent of the total cities/ towns of the country.

The NSSO Urban Frame Survey (UFS) block maps were used to select urban blocks. A sample of such blocks was selected independently from each sample city/town and constituted the second stage unit for the urban sample. The number of blocks from each city/town thus selected varied between 2 and 60, depending upon the size of city/town and the total number of such blocks.

Sample Size and Its Distribution

Rural Sample		
	First Round	Second Round
States	24	33
Districts	221	222
Villages	858	837
Households		
Listed	96,000	96,000
Selected	8,580	8,370
Urban Sample		
States	24	33
Towns/Cities	666	358
UFS blocks	3,100	1,663
Households		
Listed	320,000	320,000
Selected	31,000	16,630

Appendix – II: Distribution of Households, Tourist Households and its Density (per 1000 Households)

Ranks	Households		Tourist households		Tourist households	
	State	**Percent**	**State**	**Percent**	**State**	**Density**
1	Himachal Pradesh	0.66	Uttaranchal	0.56	Uttaranchal	290
2	Uttaranchal	0.85	Himachal Pradesh	0.66	Bihar	345
3	Delhi	1.39	Haryana	1.67	Orissa	383
4	Haryana	1.90	Delhi	2.04	Haryana	391
5	Chattisgarh	2.22	Punjab	2.05	Punjab	400
6	Punjab	2.28	Chattisgarh	2.23	Assam	402
7	Jharkhand	2.61	Assam	2.38	West Bengal	404
8	Assam	2.63	Jharkhand	2.39	Jharkhand	407
9	Kerala	3.49	Orissa	3.62	Maharashtra	407
10	Orissa	4.18	Kerala	3.64	Tamil Nadu	414
11	Rajasthan	5.02	Gujarat	5.51	Himachal Pradesh	440
12	Gujarat	5.16	Bihar	5.84	Madhya Pradesh	445
13	Karnataka	5.45	Madhya Pradesh	5.86	Chattisgarh	446
14	Madhya Pradesh	5.84	Karnataka	6.06	Kerala	463
15	Bihar	7.50	Rajasthan	6.29	Gujarat	474
16	Tamil Nadu	7.51	Tamil Nadu	7.02	Uttar Pradesh	488
17	West Bengal	8.37	West Bengal	7.62	Karnataka	494
18	Andhra Pradesh	8.94	Maharashtra	9.35	Andhra Pradesh	498
19	Maharashtra	10.20	Andhra Pradesh	10.04	Rajasthan	556
20	Uttar Pradesh	13.80	Uttar Pradesh	15.19	Delhi	651
	ALL INDIA	**100.00**	**ALL INDIA**	**100.00**	**ALL INDIA**	**444**

Summary of Domestic Tourism Statistics (2002)			
	Urban	**Rural**	**All India**
Estimated households (Million)	**55.2**	**140.6**	**195.7**
Estimated tourist households (Million)	**21.9**	**64.9**	**86.8**
Number of trips (Million)	**60.9**	**168.6**	**229.4**
Number of package trips (Million)	**1.3**	**2.6**	**3.9**
Number of tourists (Million)	**157.0**	**392.4**	**549.4**
Number of same day tourists (December 2002)	**67.0**	**176.0**	**243.0**
Number of trips per households	**2.78**	**2.60**	**2.64**
Number of tourists per trip	**2.58**	**2.33**	**2.39**
Average expenditure (Rs) per trip	**2,043**	**1,160**	**1,389**
Average expenditure (Rs) per package trip	**2,129**	**1,288**	**1,558**
Average expenditure (Rs) per same-day trip	**119**	**78**	**89**
Distribution of tourist by purpose (%)			
Business & Trade	**10.7**	**6.6**	**7.7**
Leisure & Holiday	**8.7**	**5.0**	**6.0**
Religious & Pilgrimage	**16.2**	**12.9**	**13.8**
Social	**52.9**	**61.0**	**58.9**
Others	**11.6**	**14.4**	**13.7**
Total	**100.0**	**100.0**	**100.0**

Appendix - III

RURAL INDIANS CONTRIBUTE MORE TO TOURISM, SURVEY REVEALS :

People living in rural India travelled more and boosted domestic tourism than the urban population in India, according to a survey conducted by the India's National Council of Applied Economic. "Though they move out mostly for social purposes, yet they make significant contribution in the growth of tourism by visiting tourism places in and around their main destinations," the survey said India's Department of Tourism had commissioned the nation-wide household survey in the year 2002 to estimate the total number of domestic tourist. The survey said that of the total household in the country, about 44 percent had had at least one member who was a tourist during the reference period. Out of these, about 75 percent were in rural areas, and the remaining 25 percent were in urban areas, the survey said. Total estimated domestic tourists in 2002 at the national level were about 550 million, of which about 29 percent were urban inhabitants and 71 percent were rural. Maharashtra, Uttar Pradesh, Karnataka, Andhra Pradesh and Rajasthan were the top five states that contributed to domestic tourism. Travel for social purposes accounted for the largest percentage of tourist in both urban and rural areas accounting for about 59 percent of total estimated tourist. This was followed by 'religion and pilgrimage' tourist that accounted for about 14 percent of total tourism, the survey said. The average expenditure that the domestic tourist incurred per trip at the national level was 1,389 rupees or approximately $30. The expenditure for urban areas was Rs 2,044 ($44) and Rs 1,170 for rural areas ($25). Expenditure on transport accounted for the major share of the trip expenditure, according to the survey. The average expenditure per trip was the highest for travel related to 'leisure and holiday' and lowest for 'social purposes'. The total expenditure incurred by domestic tourists in the country during 2002 was estimated to be in the tune of Rs 319 billion. The survey also estimated that a total of 243 million same day trips for tourism were made during a single month of December 2002, of which nearly 176 million were by rural households. The pilot survey also estimated the average expenditure on the same day trips for all purposes taken together in urban areas as Rs 119 ($3) Rs 78 ($2) in rural areas.

Appendix IV : Collection of Primary Data:

Interview Method

Questions discussed at the interview

Q.1. Your comments on domestic tourism?

Q.2. What are the visible emerging trends in tourism?

Q.3. Do you feel the business model should be diversified, or some changes to be made in the way the tourism product is sold?

Q.4. What factors do you think are influencing the fast growing tourism?

Q.5. Do you think initiatives being taken by the government to promote the various emerging concepts/forms of tourism is adequate? If yes, what are they?

Q.6. What steps / measures, according to you, should be taken by the government and corporates to promote the travel & tourism industry in India?

Q.7. What are the major challenges being faced by the industry?

Q.8. What factors would drive the industry's growth going forward?

Q.9. Potential for the travel and tourism industry in India is enormous. However, at the same time, the industry faces numerous challenges. Which of these challenges do you think is the most critical.

Q.10. What are India's competitive advantages with respect to the different forms of tourism?

SUMMARY OF THE DISCUSSION WITH THE INTERVIEWEES

Q.1. Your comments on domestic tourism?

Although the Indian economy was not as severely affected by the economic slowdown as other economies, Indian consumers are cautious and are either postponing their travel plans or opting for shorter duration holidays and travelling within the country. Indians travel within India mainly for pilgrimage/religious reasons, leisure, visiting families/friends and business.

Q.2. What are the visible emerging trends in tourism?

Emerging trends : With changing times and global business conditions, significant changes have been observed in the Indian travel and tourism industry. There is a demand for niche and customised tourism products.

Lifestyle changes and higher disposable incomes have resulted in shifting travel preferences and travelers are looking for 'out-of-the-box' experiences. Consequently, travel service providers are offering niche, customised tourism products. This has led to emergence of niche segments such as wine tourism, pop-culture tourism, cruise tourism, wellness tourism, monsoon tourism etc. Tour companies are also willing to customise products as per travelers' choices/preferences.

Rising online sales : Online travel sales have increased drastically in recent years. Greater proliferation of the Internet, growth in low-cost air carriers, secure payment mechanisms, and coming-up of the Indian railways portal have led to rise in online sales in the travel industry. A number of low-cost carriers operate on certain routes, and hence online booking offers choice of air carriers to customers. Airline ticket booking constitutes more than 70% of online travel sales. However, a shift is being seen from air to non-air segments in the online travel market. This shift is due to the non-air ticket booking segment growing swiftly with launch of the Indian Railways online portal (www.irctc.co.in) and many online travel agencies providing bus tickets. Indian Railway

Catering and Tourism Corporation is the largest travel website in the APAC in terms of transaction volumes. A number of hotels also use the Internet for booking of rooms.

Travel portals and hotel chains used to provide 360 degree virtual tours, audio tours and photographs, and text reviews to the travelers. They are now marketing through video reviews and video blogs, either put up by themselves or travelers on the travel agency portal or a social media video platform.

Online travel market sales are expected to grow in the coming years.

Spontaneous travel : Online travel booking has become simpler and easier. High pressure lifestyle coupled with simpler online travel booking has led to travelers taking short, random trips during the year. This has given rise to the concept of ‘spontaneous travel’. Realising the potential in this segment, travel companies also offer services for ‘last-minute bookings’.

Finite travel : Another emerging concept in the travel industry is ‘finite travel’. A number of people see places and/or species that are endangered or entail some form of time-related environmental risk or natural phenomenon.

Q.3. Do you feel the business model should be diversified, or some changes to be made in the way the tourism product is sold?

Need to diversify business model : Service providers are now offering attractive price ranges for services on their websites; this has led to increase in online transactions. Consequently, the market size for travel agents has been narrowing. Given this change, travel agents and tour operators now need to diversify their business models and adopt the role of a travel advisor.

Travel companies should also start offering valuable services to end-customers for hassle-free travel.

Q.4. What factors do you think are influencing the fast growing tourism?

Changing consumer dynamics : The country has been experiencing change in consumption patterns. The share of non-food consumption, especially of the traditionally-known non-essentials, has gone up in the past decade. Healthy economic growth coupled with rapid urbanisation has led to a bulging middle-class population, whose share in total population is expected to surge in the coming years. This section of the population with higher disposable incomes over the past decade has caused the shift in spending pattern, with discretionary purchases forming a substantial part of total consumer spending. Increased affordability and affinity for leisure travel are driving tourism in India. The changing consumption pattern would also aid growth of the domestic tourism industry.

Ease of finance : Easier access to finance, in terms of emergence of credit culture and availability of holidays on EMIs, is another major growth driver for the travel and tourism industry. India is among the fastest growing financial cards market in the Asia Pacific. The credit card base in the country is expected to grow at 20-25 % per annum. Various attractive schemes offered by credit card companies would contribute significantly to this. Around 35% of users of credit cards utilise them for travel, hotel, and dining purposes. The expected growth in credit cards should lead to higher spend on travel and hotels.

In addition to emergence of credit culture, easier availability of personal loans and schemes offered by travel companies have also boosted growth in the leisure travel segment. Travel companies have tied up with banks to offer "holiday now… pay later" – EMI holiday schemes. Moreover, individuals are resorting to personal loans for travel purposes.

Open sky benefits and low-cost airlines : With the open sky policy, the travel and tourism industry is experiencing increase in business volumes. Increased airline activity has stimulated demand and helped in improvement of aviation infrastructure. Low airfares have also stimulated demand for travel. Budget airlines have encouraged business and leisure travelers, as they offer advantages such as low costs, more options, and strong connectivity.

World-class medical facility : The popularity of India as a major medical tourist destination has also aided growth in the industry in cities such as Chennai and Bengaluru. Many people from the developed countries come to India for the rejuvenation promised by yoga and Ayurvedic treatments. Furthermore, a nice blend of top-class medical expertise at attractive prices is enabling more Indian corporate hospitals to get patients from the developed nations. Most common treatments for which foreigners come to India are heart surgery, knee transplant, cosmetic surgery and dental care. The medical visa granted by GoI to tourists coming to India for medical treatment has aided growth in medical tourism in India.

Increased tourist movement : The country has seen a steady increase in tourist flow, both domestic and international. International tourism arrivals were up 4.3 % in FY10, while foreign exchange earnings were up 18.7% to US$ 12.5 bn.

Hosting of international events : Events such as trade fairs, exhibitions, and sports events tend to bring about higher tourist movement. International events held in the country lead to higher inbound tourism. The Commonwealth Games, to be held in October 2010, is expected to see an influx of tourists into the country. At the same time, events held in other countries tend to increase outbound tourism.

Q.5. Do you think initiatives being taken by the government to promote the various emerging concepts/forms of tourism is adequate? If yes, what are they?

A. By and large, the government's efforts are more towards creating general awareness of India as a tourist destination in the global market. The 'Incredible India' campaign has been well received and the promotional film commissioned by the Experience India Society has won numerous awards and generated considerable interest in India. However, the government is not engaged in promoting any specific form of tourism on a concerted or continuing basis.

Q.6. What steps / measures, according to you, should be taken by the government and corporates to promote the travel & tourism industry in India?

A. There are some forms of tourism that cannot grow unless encouraged, facilitated and promoted by the government. These include ocean and river cruising, conventions, as also some specialised activities that attract tourists in large numbers like car races (F1), motor car rallies (Himalayan Car Rally), tall ship regattas, etc.

Q.7. What are the major challenges being faced by the industry?

A. Very obviously, terrorism and the global economic crisis are the main threats today. Looking beyond these, the challenges facing the inbound tourism sector continue to be what they were 40 years ago – poor infrastructure, lack of basic hygienic facilities, almost complete lack of mid-range accommodation at tourist locations, and harassment by touts and beggars. Add to this the rather irrational taxation structure followed by some states with regard to the hospitality industry, and we have a fairly unwelcoming environment for the tourists, particularly foreign tourists, who are neither accustomed to nor prepared for such an environment.

Q.8. What factors would drive the industry's growth going forward?

A. What India needs is integrated planning and development of some selected tourist sites / locations as well as coordinated national policies on aspects such as taxation. Visa on arrival should gradually be extended to more countries on a reciprocal basis. Eventually, as has happened in most of the bigger countries in the world, the pressures of domestic tourism create the infrastructure and services network that is then eventually also used by inbound foreign tourists. Domestic tourism sites, accommodations and other infrastructure need to be strengthened; automatically, foreign tourists will follow to those destinations.

Q.9. Potential for the travel and tourism industry in India is enormous. However, at the same time, the industry faces numerous challenges, of which the most critical is lack of proper infrastructure.

Challenges

Various challenges/issues faced by the domestic travel and tourism industry in India:

- Lack of proper infrastructure
- Human resources
- Service levels
- Lack of adequate marketing and promotion
- Taxation
- Security
- Regulatory issues

Lack of proper infrastructure : Infrastructure needs for the travel and tourism industry range from physical infrastructure such as ports of entry to modes of transport to urban infrastructure such as access roads, electricity, water supply, sewerage and telecommunication. The sectors related to the travel and tourism industry include airlines, surface transport, accommodation (hotels), and infrastructure and facilitation systems, among others.

Access and connectivity : To harness India’s tourism potential, several efforts are being taken for opening new destinations and exploring niche segments. However, infrastructure facilities such as air, rail, road connectivity, and hospitality services at these destinations and the connecting cities are inadequate. This remains a major hurdle for development of tourism. Roadways form a vital network in the tourist industry with almost 70% tourists in India travelling by road. Moreover, many tourist circuits depend on roads. Despite numerous efforts to improve road infrastructure, connectivity remains a major problem. There is a greater need for strengthened road and rail network, development of more expressways, and tourist-specific routes to improve connectivity to various locations across different regions.

Aviation infrastructure is also critical since it is a major mode of entry for inbound tourism. Passenger traffic is expected to increase in the coming years; however infrastructure facilities at airports are cause for concern. Expansion and development of airports at major gateway cities is underway to cater to the increasing passenger traffic. However, in addition, airport facilities at important secondary cities and tourist destinations also need to be improved to be able to handle greater passenger traffic.

Amenities : Amenities available at various tourist locations and en route need to be improved. These include basic amenities such as drinking water, well maintained and clean waiting rooms and toilets, first aid and wayside amenities (to meet the requirement of the tourists travelling to tourist destinations) such as lounge, cafeteria, and parking facilities, among others.

India scores poorly in terms of availability of these infrastructure facilities. Inadequate infrastructure facilities affect inbound tourism and also could lead to an increase in the outflow of domestic tourists from India to other competitive neighboring countries. Hence, for the industry to register healthy growth, issues concerning all the related sectors need to be addressed.

Service level : In addition to tour operators and hotel staff, tourists interact with persons from different backgrounds, occupations and experience. Such people include staff at bus/railway station, immigration staff at airports, taxi/coach operators, ticketing/ travel agencies, small hotels, dhabas/roadside eateries, staff at heritage sites, and tour guides, among others. The degree of service offered by these various stakeholders has a significant impact on determining the tourist's overall experience of India as a tourist destination. The government has taken initiatives to promote responsible tourism by sensitising key stakeholders of the tourism industry through training and orientation, to develop a sense of responsibility towards tourists and inspire confidence of foreign tourists in India as a preferred destination. One such major initiative is the "Atithi Devo Bhava" campaign. More such efforts are required to improve the degree of service across various operators.

Marketing and promotion : Marketing and promotion of India as a major tourist destination is critical for the industry to achieve its potential. Lack of adequate budgetary support for promotion and marketing, compared with competing tourist destinations, is a major reason for India lagging behind as a tourist destination. Marketing under the "Incredible India" campaign helped place India as a good tourist destination on the global tourism map. Indian tourism products are promoted primarily by the Ministry of Tourism with the involvement of state governments through the State Tourism Development Corporations. Newer tourism concepts, which include cruise tourism, adventure tourism, agri tourism or rural tourism, are emerging in India and these require support to develop and flourish. Hence, greater marketing push for these different products is required. To remain competitive in the fiercely competitive field, India needs to change its traditional marketing approach to a more competitive and modern approach. There is a need to develop a unique market position and the brand positioning statement should capture the essence of the country's tourism products: i.e., they should be able to convey an image of the product to a potential customer.

Taxation : Travel and tourism in India is a high-taxed industry, which makes India expensive as a tourist destination. This is affecting the growth of the industry in India and India is losing out to other low-cost destinations. Inbound tourism is the one most affected. Various taxes are levied across the entire industry right from tour operators, transporters, airline industry to hotels and these include service tax, luxury tax, tax on transportation, tax on aviation turbine fuel (airline industry), and various taxes on transportation. In addition, these tax rates tend to vary across different states in the country.

Security : Security has been a major problem as well for growth of tourism for a number of years. Terrorist attacks or political unrest in different parts of the country have adversely affected sentiments of foreign tourists. Terror attacks at Mumbai in November 2008 dealt a strong blow to tourism in the country. The terror attacks raised concerns of safety. In addition, insurgency in different parts of the country also mars India's image as a safe destination. Following the terror attacks in Mumbai, security at tourist spots, airports and hotels has been beefed up to regain confidence of tourists.

However, the government needs to take a proactive approach in addressing these issues and in averting the potential impact on the industry.

Cyber crime is another major challenge the travel industry faces. Use of Internet in the travel and tourism industry has increased rapidly in recent years and has emerged as one of major segments for online spends. However, some of the biggest frauds have been detected in this segment and the issue of online security has assumed significant importance. While the online travel industry has registered robust growth, major concerns relating to security of online transactions persist. The industry needs to take measures to make the process of online bookings more secure and transparent and also needs to create awareness regarding this.

Regulatory issues : For inbound international tourists, visa procedures are seen as a hindrance. A number of countries competing with India for tourists provide visa on arrival. India should provide visa on arrival for more countries or for certain categories of tourists for a specific duration.

A number of projects in the tourism infrastructure segment and in the hotels industry are delayed due to non-attainment of licenses and approvals on time. The government recently cleared the long-standing proposal for single window clearance for hotel projects to hasten the process of infrastructure development. Implementation of this proposal would help development of tourism and hospitality infrastructure in the country. There is a greater need for speedier clearances and approvals for all projects related to the industry.

Q.10. What are India's competitive advantages with respect to the different forms of tourism?

A. In India, the raw product exists for a variety of specialised forms of tourism such as Wildlife Tourism, Coastal Tourism, Adventure Tourism, Conventions, River and Sea Cruising. Unfortunately, none of these has been developed to match world-class standards.

Appendix V : Information from communication with Respondents:

Information was obtained from consumers, Tour Operators, Hoteliers, and others who are knowledgeable about the problem at hand. The respondents were asked questions through personal interviews, and telephone interviews. They were asked for information as a part of self contained, "one time" survey.

The objective was to get information regarding the consumers perception of domestic tourism, reason for travel, the emerging trends and factors influencing choice of a destination. It also enabled to get an insight to the existing business model and the challenges faced by industry to reach the perceived target market.

Details of respondents :

Hospitality Industry

1. Mr A. Leo
   Assistant General Manager
   Ramyas Hotels Private Lts.
   13-D/2, Williams Road, Tiruchirappali – 620 001

2. Mr D.A Santhavadanam
   Executive housekeeper
   The SAVERA Hotel
   146, Dr Radhakrishnan Road
   Chennai – 6000 004

3. Mr Susanta Kr. Panda
   Co-ordinator
   Aalankrita
   The Ethnic Gateway
   Thumkunta Village
   Karimnagar Main Road
   Shameerpet Mandal
   Andhra Pradesh – 500 078.

4. Mr Sameem Reza
   Asst Manager Sales
   The People Tree
   298/20 Ghitorni Village,
   New Delhi .

5. Mr U.Muniasamy
   Proprietor
   Manickam Tours and Travels
   Delanipur, Port Blair.

6. Mr C. G. Vijay
   Manager
   Directorate of Tourism
   Andaman & Nicobar Admn
   Port Blair.

Extensive Business Travellers and Socialites

1. Mrs Janaki Narkar – Waldraff
   Director
   Babelfish. India
   Transalations & Intercultural Training (German)
   417/ Siddarth Tower.
   Kothrud. Pune – 411 029

2. Dr M. Ravikumar
   Senior Scientist
   National Geo Physical Institute
   Uppal, Hyderabad – 5000 007

3. Dr N. Poornachandra Rao
   Senior Scientist
   National Geo Physical Institute
   Uppal, Hyderabad – 5000 007

4. Mr Bhanu Prakash Jamched
   Practice Area Leader
   IBM India Pvt Ltd
   Pune.

5. Dr N. Kameshwar Rao
   DGM
   CMC Ltd
   GachiBowli
   Hyderabad

6. Dr G. Mohan
   Prof Dept of Earth Sciences
   IIT Mumbai
   Powai – 4000 076.

Chapter 9 : Role of Marketing Strategies

Strategic marketing for destinations and strengthening their competitiveness

Competitive strategy is the search for a favourable competitive position in an industry. This a function of both the attractiveness of the industry and the relative competitive position within that particular industry, as well as the alternative activities that an organization can undertake. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Competitive is, therefore defined here as the effort and achievement of long term profitability, above the average of the particular industry within which they operate as well as above alternative investment opportunities in other industries . This definition includes therefore the concept of opportunity cost and illustrates that successful organizations should not only compete within their particular industry but also against other investment opportunities. When referring to tourism destinations competitiveness should also include the sustainability of local resources for ensuring the maintenance of long term success as well as the achievement of equitable returns-on-resources utilized to satisfy all stakeholders.

There is little written about the competitiveness of tourism destinations. Bordas (1994a and 1994b) has developed several frameworks which determine destination competitiveness. They are based on demand and supply as well as a wide range of factors influenced by the external environment of the destination.

Strategy formulation for destinations

This paper reviews three strategy models , namely Porter’s generic strategies, Gilbert’s proposition for “differentiation of the destination” and Poon’s analysis for “flexible specialization”. The paper then synthesizes their proposition in order to propose a generic strategy and illustrate how destinations should develop their offerings.

9.1 Ritche and Crouch Model for Tourism destination competition

Ritche and Crouch (1993) have developed a comprehensive model for tourism organizations as illustrated in Fif3, which can be analysed further to include the entire range of factors affecting the competitiveness of destinations.

Figure : Ritche and Crouch model for tourism destination competitiveness

Destination prosperity = fn Competitiveness(Sector1, Sector2, tourism……)

Tourism Competitiveness = fn {destination appeal(attractiveness and deterrents)}

{destination management (marketing and managerial efforts)}

{destination organization(DMO capabilities,strategic alliances}

{destination information(internal management information system, research capabilities)}

{destination efficiency(integrity of experience, productivity)}

Source : Adapted from Ritche and Crouch, 1993.

The framework explains that the prosperity of destination depends on the competitiveness of all economic sectors as well as the competitiveness of tourism. A further analysis illustrates the competitiveness of tourism is a function of several factors related to destination administration. A wide range of elements are included in the model illustrating that tourism is affected by an endless number of factors in its internal and external environment. Although the model fails to rate the importance of each of the elements examined, it is suggested that a dissimilar rating should be adopted by different destinations depending on the types of markets they attract, their lifecycle stage and specific characteristics.

The contribution of the Ritche and Crouch lies on the comprehensiveness and wideness of the elements taken into consideration. The model also highlights that it is the combination of all factors comprising the competitiveness of destinations as well as synergies between these elements that determine the attractiveness of a region. Consumers may be willing to compromise some elements for some others, for example overcrowdness for cheaper price in some Spanish Costas. Understanding the values and prime aims would be critical for developing the module further. Ultimately the competitiveness of destinations depend on their ability to maximize their performance for each individual element assessed.

9.2 Porter's three generic strategies

Figure 4 illustrates the three main strategies proposed by Porter (1980) aimed to"outperform other firms in an industry", i.e :

- Overall cost leadership where organizations are required to minimize their costs, based on mass production and strict cost control of the main business function;
- Differentiation of products or services offered by"creating somethingthat is perceived industry wide as being unique".
- Focus on a " particular buyer group, segment of the product line or geographical market" and achieve either cost leadership or product differentiation.

Figure Poter's three generic strategies

		STRATEGIC ADVANTAGE	
TARGET MARKET		Perceived product iniqueness	Cost advantage
	Industry Wide	• **Differentiation**	• **Cost Leadership**
	Particular segments only	• **Differentiation Focus**	• **Cost Focus**

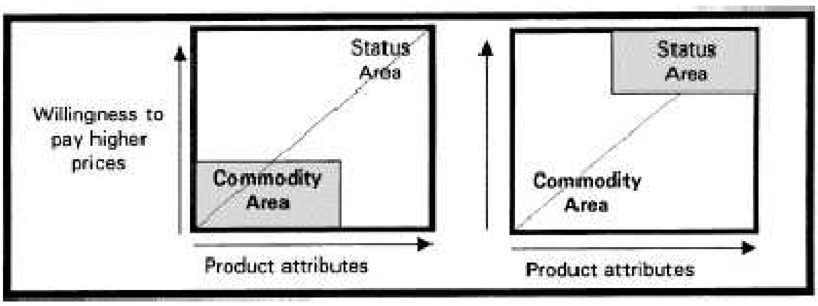
Source: Adapted form Porter, 1980, p.39

This is a well developed generic model, which is used to all industries It provides clear guidance for decision makers to position their products in order to maximize profitability and improve their competitiveness. However, this model fails to address the specific needs of tourism and in particular the scarcity of resources at the destination level. Therefore, similarly with commodities this model suggests unlimited resources are available to reproduce endless number of products. This is particularly the case for the cost leadership strategy where organizations are urged to increase their volume and to reduce their profit margin. Unfortunately environmental resources , both natural (e.g coral reefs and mountain landscapes) and manmade(e.g archaeological sites or architectural structures)have a limited capacity which they can accommodate . Resources in tourism are irreplaceable once destroyed and therefore a strategy should ensure that their use is limited to the degree that does not threat their sustainability in the long term. Once this is understood and appreciated , Porter's model enables tourism marketers to focus on differentiation strategies and to develop their mix accordingly. However, several destinations, which are on the consolidation phase of their lifecycle, have exceeded the maximum capacity which would have enabled them to sustain their resources. Their ability to promote differentiated tourism products has also been jeopardized, as over-development has exploited and damaged their resources. This is experienced in some mass tourism destinations, such as Benidorm and Costa Bravav in Spain, or Faliraki and Malia in Greece.Once destinations have reached that stage there is a limited choice. The majority try to attract more mass tourism so they can increase their profitability through volume. Increasingly however some regions aim to renovate their properties and facilities and re-launch their offerings.The Calvia in Mallorca, which decided to demolish three hotels in order to improve public areas and to enhance the quality of its products set new best practices which may be followed by other regions.

9.3 Gilbert's strategic framework

Based on the above rational the second strategic framework introduced by Gilbert(1984 and 1990b) argues that destinations can be classified on a continuum between a "status" and a" commodity" area, as illustrated in Figure 5. "Status areas" achieve intentional demand as a result of the unique product attributes perceived by the tourism market. These unique attributes may be genuine or imaginative and thus, a destination is regarded as irreplaceable, which increases consumers loyalty and willingness to pay. In the "commodity status" case, destinations are substitutable, very sensitive to price and economic changes, while consumers have a low awareness of any unique benefits or attributes. Thus, travellers base their decision to visit the area merely on price, while the demand for the destination is incidental and destinations are unable to attract high spenders. Despite the fact that the sustainability of resources is not discussed explicitly by the model, it is quite evident that "status areas" manage their resources as product attributes and therefore are appreciated by consumers who are willing to pay more.

Figure 5: Gilberts differentiation strategy



Source : adapted from Gilbert, 1990,p.25

Gilbert(1990) asserts that destinations should attempt to become "status areas"' rather than a "commodity area" one , in order to improve their image , loyalty and economic benefits. It is suggested that destinations should differentiate their tourism products in order to achieve a unique "tourist product benefit". This will enable them to establish their position in the international market and attract both high spenders and loyal tourists, who appreciate the uniqueness of their resources and offerings. Although the model clearly differentiates destinations to distinctive categories it fails to recognize that the majority of destinations lay between the two ends of the continuum. It also fails to relate to the different stages of the life cycle and to the inevitability experienced in several regions where destinations are launched as status areas and gradually slip to commodity status . Nevertheless the model clearly contributes to tourism marketing by correlating product attributes with willingness to pay and also by illustrating clearly that destinations should decide on what direction they should plan and manage their resources and facilities.

9.4 Poon's flexible specialization

A third strategic approach for tourism is proposed by Poon(1989 and 1993), based on the concept of "flexible specialization" of the tourism business. Poon examines the tourism industry processes and proposes a strategy to enable tourism organizations to improve their competitiveness. Poon argues that ”flexible specialization” is a strategy of "permanent innovation" and "ceaseless change" which provides for "new tourism". New tourism is flexible, segmented, customized to the tourist's needs and diagonally integrated. In contrast, old tourism can be characterized as "mass, standardized and rigidly packaged". The main source of flexibility for service firms lie in the organization, management, marketing, distribution and other forms of interaction and interrelationships among guests, hotels, suppliers, distributors. What is important however is not each of these stand-alone aspects but haw they are coupled to create competitive advantages and hence, capabilities to move with the market. This is timely model, which predicted the impact of information technology on both the decision making and consumer behavior. Industry innovation is critical in this strategy and the utilization of new technology provides the opportunity to customize products according to customers specific requirements. Hence destinations can organize their assets and attributes in such a way which will enable them to specialize their tourism product according to particular demand needs.

Although Poon's model revolutionized tourism thinking it is still difficult to implement at the destination level. The majority of infrastructure and super structure is based on fixed assets, which cannot be altered easily and therefore have a limited degree of flexibility. This is more evident at destinations at the consolidation stages, which are unable to reinvent themselves and approach new markets. This model clearly contributes to the field by encouraging tourism organizations and destinations to challenge existing strategies and practices and to forcing them to approach new tourism with new tools introduced by technology. Concentrating on core functions and outsourcing all peripheral activities to networks of virtual co-operations should enable destinations and enterprises to innovate and to adapt to the needs of consumers constantly.

9.5 Synthesis of strategic frameworks and lessons for strategic destination marketing

The discussion of the three models provides several interesting lessons. A close examination of strategies reveals that they share a similar base. Porter's "differentiation", Gilbert's "status area" and Poon's "flexible specialization" describe how firms and destinations can achieve value competitive advantages. Consumers appreciate special attributes and values and as a result they are inclined to visit areas more regularly, to increase their loyalty and to pay higher prices. In contrast, "cost leadership", "commodity area" and "standardization or the "Fordism production model" describe the efforts of firms or destinations to achieve "cost competitive advantage" by offering their products for less than their competitors. This is achieved through economies of scales , standardization and mass production. Destinations and tourism products are treated as commodities and decisions are merely based on price. Hence the underlying concept of the two alternative strategies is the relationship between volume and price. The first set of strategies supports a "low volume-high profit margin" approach., where each consumer is paying premium prices for unique products, whilst the second set of strategies follow a "high volume-low profit margin" approach.

Tourism destinations should avoid the cost advantage strategies as they are based on mass production and consumption and assume unlimited production capacity and resources. The inseperability of the tourism product determines that consumers should be present at the time of product delivery. Therefore, the interaction of consumers should be present at the time of the product delivery. Therefore, the interaction of consumers with socio-cultural and environmental scarce resources can decay the very reasons, which attract people to places. Seasonality also generates demand peaks and inflates the problem during certain periods every year. Although economic benefits can also be achieved by using the "commodity area" or the "standard product model", it is argued that on the long term these approaches reduce tourist satisfaction, consumer willingness to pay, and are against demand trends. In addition, the "high volume-low profit margins" strategy has catastrophic social and environmental impacts on destinations. As a results, not only their sustainability may be jeopardized but also the competitiveness of the region as a whole. Effectively these strategies push destinations through their lifecycle stages and force them to reach their consolidation stage. Destinations therefore should define and not exceed their carrying capacities in order to sustain their resources and at the same time avoid jeopardizing consumer satisfaction.

This is reflected on both Gilbert and Poon's strategies which agree that destinations should aim to achieve a "status area" or "niche" orientation through differentiation, in order to increase consumer satisfaction as well as to maximize the benefits for tourism regions. This strategy is already adopted in several resort areas, such as Valencia in Spain, where it is recognized that the need for diversification and differentiation "has now become essential owing to the level of competitiveness adding value on the product and by contributing to the total brand experience and projecting powerful images.

The entire range of players that bring together tourism demand and supply for a region formulate its distribution channel. Distribution of destinations becomes increasingly more important, not only because it is estimated to cost 20-30% of the product price but also because it determines whether and under what conditions suppliers can meet their target markets. This is the case especially in the European leisure market context as concentration has led four major companies to dominate the market. Business travelers have strict schedules and use intermediaries to organize their itineraries. In contrast, leisure travelers tend to have much greater flexibility and price elasticity. As a consequence, intermediaries can influence their decision and choice of destination.

Chapter 10 : Branding Destinations

Destination

According to Cooper et al (1998, pp.102-103), destination is "the focus of facilities and services designed to meet the needs of the tourists" According to Buhalis (2000), a destination can be characterized as the six A's framework illustrated below :

Table : Six As framework for the Analysis of Tourism Destinations

Attractions : (natural, man-made, artificial, purpose built, heritage, special events)

Accessibility: (entire transportation system comprising of routes, terminals and

Amenities: (accommodation and catering facilities, retailing, other tourist services)

Available packages: (pre-arranged packages by intermediaries and principals)

Activities: (all activities available at the destination and what consumers will do during their visit)

Ancillary services: (services used by tourists such as banks, tele-communications, post, news agent, hospitals, etc.)

From "Marketing the competitive destination of the future" by Buhalis D., 2000, Tourism Management(21)1,p.98.

Destination Marketing/ Management Organisation, DMO

According to Hartl (2004, pp. 39-41), the term DMO refers to the destination marketing or/and management organization that can focus on national, regional or smaller area. On the national level, the British Tourist Organisation, BTA, is an example of a DMO. On the regional level, Regional Tourism Organisations, RTOs such as the Regional Tourism Development Companies, RTDCs, in Denmark are one example. A smaller area such as those that manage a resort for a tour operator, can be attributed to the term DMO (ibid).

According to Buhalis (2000), four key common strategic objectives are addressed by DMOs (see Table)

- Enhance the long term prosperity of local people
- Delight visitors by maximizing their satisfaction
- Maximise profitability of local enterprise and maximize multiplier effects
- Optimise tourism impacts by ensuring a sustainable balance between economic benefits and socio-cultural and environmental costs

From "Marketing the competitive destination of the future" by Buhalis D., 2000, Tourism Management(21)1,p.100

10.1 Notion of Branding in Tourism Destination Context

According to Pike (2005), branding of destination is more complex and challenging than other goods and services. The author highlights six reasons :

1. Destinations are more multidimensional than consumer goods and other types of services.
2. The market interests of diverse group of active stakeholders are heterogeneous. DMOs have to target a multiplicity of geographic markets in order to attract a wide range of segments.
3. The politics of the decision making regarding who decides the brand theme and how they are held accountable.
4. DMOs lack direct control over the actual delivery of the brand promise by the local tourism community.
5. DMOs have no access to the hundreds of thousands of visitors' contact details left at accommodation registration desks. This means that it is difficult to measure brand loyalty, which is one of the corner stones in the brand equity model.
6. Funding is often a continuous problem for DMOs, in both scale and consistency.

Despite the fact that destination branding is a complex task, it has many advantages such as a strong brand can help limiting discounts and preventing slippage into the maturation phase of the destination lifecycle (Blain et al, 2005).

According to Jobber(2004), a brand can be defined as "**a distinctive product offering created by the use of a name, symbol, design, packaging, or some combination of these intended to differentiate it from its competitors" (op cit, p.905).** The author further defines branding **"is the process by which companies distinguish their product offerings from the competition"** (op cit, p. 261).

Blain et al(2005) use Ritche and Ritchie's (1998) definition of a destination brand as "a name, symbol, logo, word mark or other graphic that both identifies and differentiates the destination: furthermore, it conveys the promise of a memorable travel experience that is uniquely associated with the destination; it also serves to consolidate and reinforce the recollection of pleasurable memories of the destination experience" (ibid).As many destinations promote similar attributes such as scenery, history and as many destinations promote similar attributes such as scenery, history and culture, an effective destination branding requires a unique selling proposition (Blain et al, 2005). In addition, this proposition needs to be sustainable, believable, relevant and attractive in competitors' eyes so that they would like to copy, but cannot surpass or take over (Morgan et al,2004,p.65). In the tourism industry, Blain et al (2005) further support the importance of incorporating the concept of the visitor experience into the process of branding.

The authors have redefined and enhanced the previously cited definition of a destination brand by Ritchie and Ritche (1998) by emphasizing the importance of branding in influencing the consumer decision process when it comes to choosing a destination to visit. Blain et al (2005) introduce the definition of branding for tourism destination as:

"Destination branding is the set of marketing activities that – (1) support the creation of a name, symbol, logo, word mark or other graphic that readily identifies and differentiates a destination; that (2) consistently convey the expectation of a memorable travel experience that is uniquely associated with the destination; that (3) to consolidate and reinforce the emotional connection between the visitor and the destination; and that (4) reduce consumer search costs and perceived risk. Collectively, these activities serve to create a destination image that positively influences consumer destination choice."

Murphy, Moscardo and Benckendorff (2007) present the framework for destination branding developed by Ekinci in 2003 (see fig). In the frame work, the destination image is built on three components : the overall image, the destination brand and, within it, brand personality (marked with numbers 1-3). Therefore, the destination image is connected to the tourist's self image. This connection between self image and destination image is based on the arguments that lifestyle and value systems are key components in the process of destination choice . It is argued that tourism marketers should focus on and confirm more of what the customer would like to see in and of themselves and their lifestyles instead of concentrating on the tangible properties of the product or service. This means that DMOs need to address more emphasis on the creation and promotion of holiday experiences that connect key brand values and assets to the holiday aspirations and needs of customers (ibid). Furthermore: a distinctive and emotionally attractive destination personality is shown to have an influence on the perceived image of a place. This in, influences on tourist choice behavior (Ekinci &Hosany, 2006)

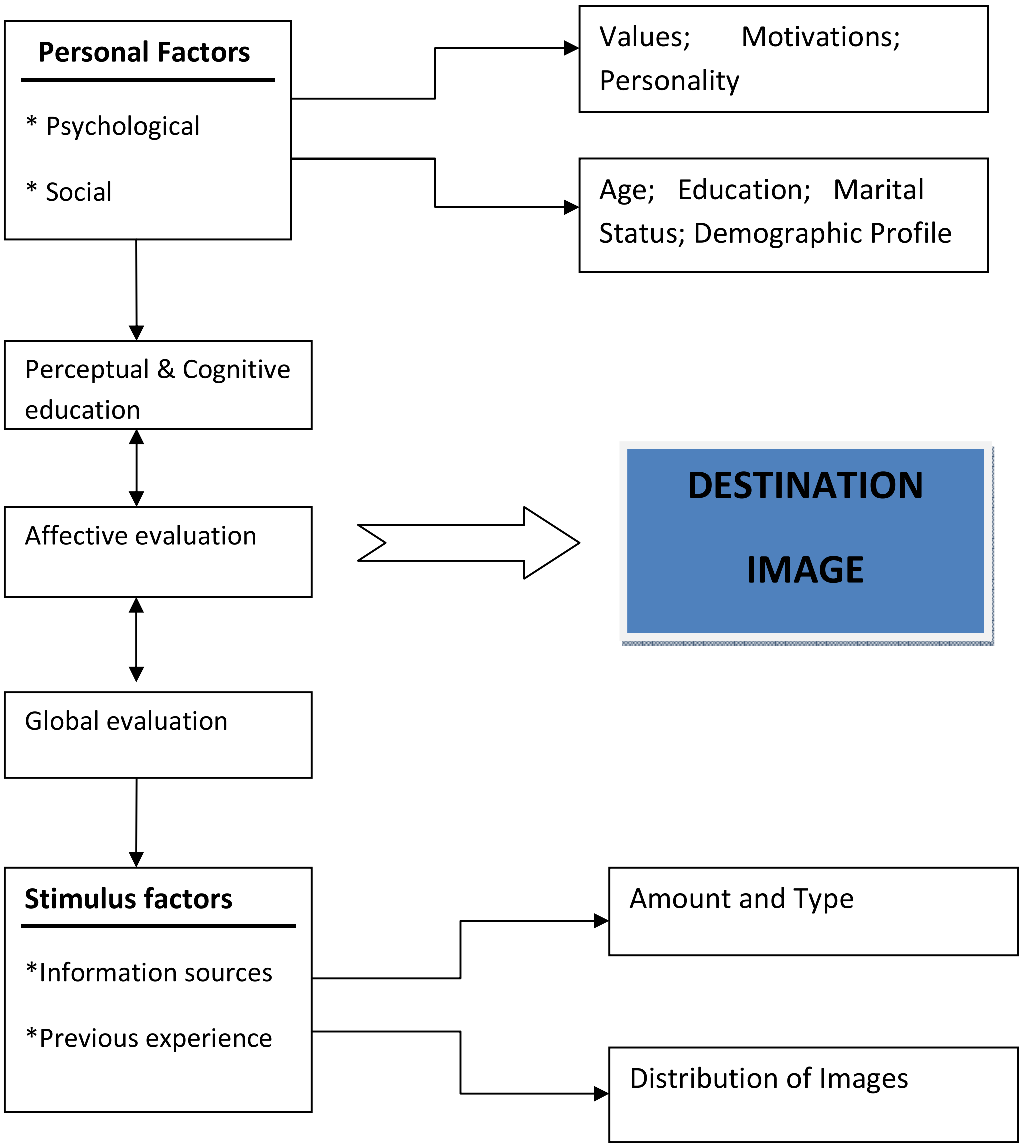


Figure : Destination Image and destination Branding, From Ekinc, Y. (2003) in Using Brand Personality to Differentiate Regional Tourism Destination" by Murphy,L.,Moscardo.G & Benckendorff,P.,2007, Journal of Travel Research (46)8, p.6.

Hankinson (2004 a) provides a model of a place brand where place is postulated as relational brand networks combining aspects of classical branding, relationship marketing, services marketing, tourism marketing and urban planning (see fig 3.). In the model, the place brand is represented by a core brand consisting of three elements : ***Personality, positioning*** and ***reality.***

According to the author, the core brand represents a place 's identity. Aaker (1996) in Morgan et al (2004, p. 189) defines the core identity as being "***the central, timeless essence of the brand***". According to Morgan et al (2004, p.189), identity remains the same even as the brand travels to new markets and products. In Hankinson's (2004a) model the core brand is connected to four categories of brand relationship : ***consumer, primary service, infrastructure and media relationships***. These relationships enhance the brand reality and the brand experience. This study concentrates on the core brand and media relationships as the research questions aim to gain a better understanding of a destination's brand personality and advertising message.

References : **Hankinson (2004 a); Aaker (1996) in Morgan et al (2004, p. 189); Hankinson's (2004a)**

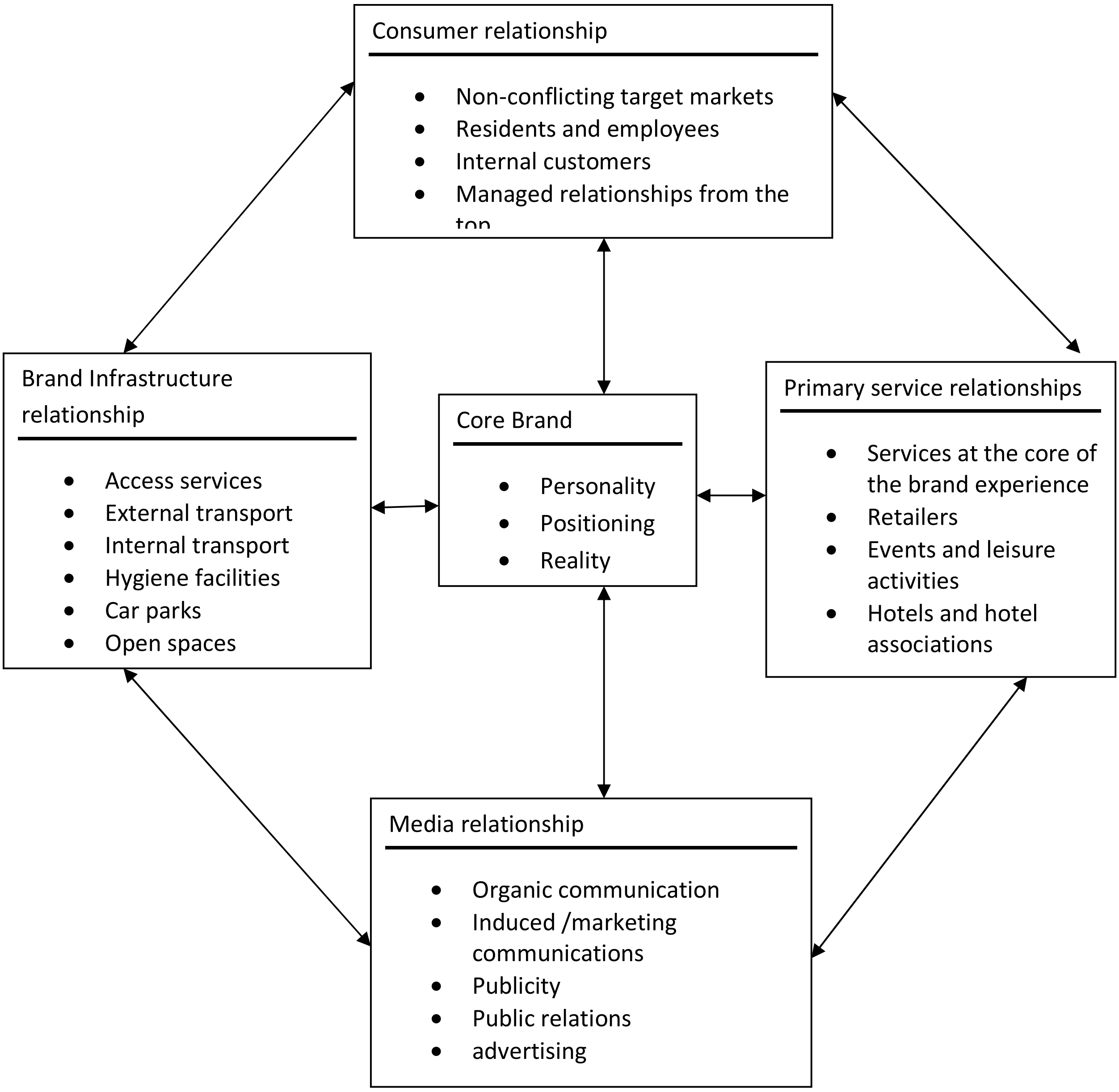


Figure : The Relational Network Brand.
From "Relational Network Brands: Towards a Conceptual Model of Place Brands" By Hankinson, G.,2004a, Journal of Vacation Marketing (10)2,p. 115.

10.2 Tourism Destination Development

According to Cooper et al (1998), the tourist area life cycle, TALC, states that destinations go through a cycle of evolution similar to the life cycle of a product (se fig). In the model , numbers of visitors replace sales of the product. The shape of the TALC curve varies as it is dependent on factors such as the rate of employment, access, government policy, market trends and competing destinations (ibid). TALC includes seven stages : exploration, involvement, development, consolidation, stagnation, decline or rejuvenation that the authors define by adapting Butler (1980) and Cooper (1997) (op cit, pp.115-116).

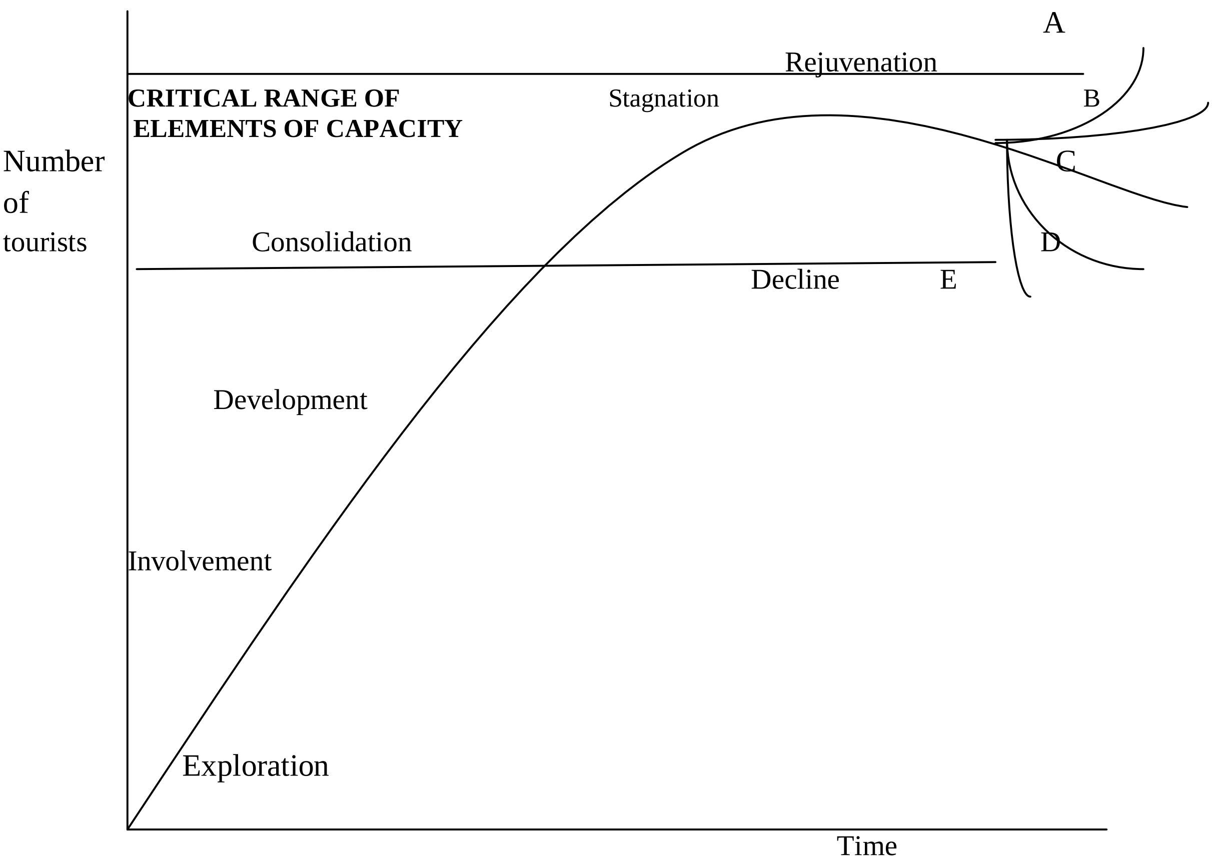


Fig : Hypothetical Tourist Area Life Cycle.
From Butler, R,W. (1980) in "Tourism Principles and Practice(2nd ed)" by Cooper, C.,Fletcher, J., Gilbert,D., Shepherd, R., & Wanhill,S., 1998, Harlow: Pearson Educational Limited,p.114.

Exploration

In exploration stage the destination is visited by a small volume of explorer-type tourists. The natural attractions, scale and culture are the main factors drawing to the destinations. The volume of visitors is constrained by lack of access and facilities. In this stage , the attractions of the destination remain unchanged by tourism. Contact with local people is considered to be high(ibid).

Involvement

At the involvement stage, local communities have to decide whether they are willing to support tourism, and if so, the type and scale of tourism they have a preference on. Advertising, for example conducted by local initiatives , may lead to an increased and regular volume of visitors. As the tourism market area emerges , it creates pressure to public sector to provide, for example, infrastructure. It is important to establish appropriate organization and decision making process for tourism, and ensure locally determined capacity limits as well as sustainable principles(ibid).

Development

In this stage, large numbers of visitors are attracted : the number of visitors at peak periods perhaps equal or exceed the number of local inhabitants. The control of the development may pass out of local hands, which can lead to changes in the organization of tourism. Companies from outside the destination move in and start providing products and facilities. Problems may occur if local decision-taking structure is weak. Sustainable development is one example that the new entrants and local community may have differing views about. In this stage , regional and national planning may take place and marketing is started in order to draw international tourist. Overuse and deterioration may occur in this stage (ibid).

Consolidation

In this stage, the rate of increase of visitors declines. However, the total number of visitors is still increasing and exceeds permanent residents. The resort is now a fully fledged part of the tourism industry and has an identifiable recreational business region (ibid).

Stagnation

In this stage peak tourist volumes have now been reached. The destination is no longer fashionable and relies upon visits from more conservative travelers. Major promotional and development efforts are needed in order to maintain the number of visits. Environmental, social and economic problems are typical for a destination in this stage, and competition is fierce (ibid).

Decline or Rejuvenation

After stagnation the destination either declines or rejuvenates. According to Cooper et al (1998,p.116), in the decline stage visitors are being lost to newer resorts, and a smaller geographical catchment for day trips and weekend visits is common whereas in the rejuvenation stage destination managers have a choice to rejuvenate or re-launch the destination by looking at new markets or developing the product. A destination should try to protect its traditional markets, but also try to establish new markets and products such as business, conference or special interest tourism. This helps to stabilize visitation and overcome the seasonality related issues (ibid).

10.3 DESTINATION LIFECYCLE AND MARKETING

Buhalis (200) recognizes it is crucial to understand the stage and roots of tourism development in order to be able to develop a strategy. The author presents a widely used tool for this , the destination lifecycle developed originally by Butler in 1980 . The destination lifecycle facilitates the understanding of the evolution of tourist products and destinations consisiting of five stages : introduction, growth, maturity, saturation and decline. Buhalis (2000) states the main problems in the cycle relates to the identification of turning points, stages, length of stages and levels of aggregation. The author further claims the stages in the lifecycle require different marketing strategies and actions of planning due to the differences between demand and supply experienced in the different stages . On the early stages of the cycle, marketing strategies should focus on building awareness and promoting the destinations. At the later stages, marketers need to deal with image modification and re-designing and re-launching.

Therefore , the entire marketing mix should be differentiated to accommodate the needs of the destination at every stage(ibid). This is illustrated in the fig.

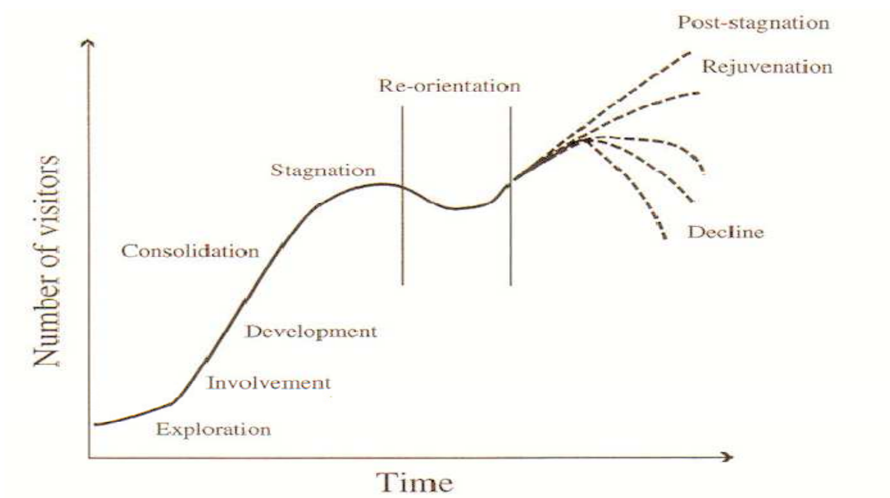


Figure : Destination Life Cycle and Tourism Impacts.
Adapted from "Marketing the competitive destination of the future" by Buhalis D., 2000, Tourism Management (21) l,.p.105.

10.4 Brand Personality

Hankinson (2004a) states the first element of the core brand is the statement of the brand personality. AAaker(1997) defines brand personality as " the set of human characteristics associated with a brand ". Ekinci and Hosany (2006) claim brand personality evokes emotional links between brands and consumers. In addition, a brand gains a tangible reference point which is vivid, alive and more complete than the sense conveyed by a common offering. Practically, brands can be characterized by personality descriptions such as youthful, energetic, extrovert or sophisticated. The authors define a destination personality as "the set of human characteristics associated with a destination". Therefore, destinations can be described using human personality traits such as : ***" Europe is traditional and sophisticated; Wales is honest, welcoming, romantic, and down to earth; Spain is friendly and family oriented ; London is open-minded, unorthodox, vibrant and creative; and Paris is romantic".*** These traits can be associated with a destination directly through citizens of the country, hotel employees and restaurants, or

through the tourist's imagery (ibid). In addition, there are other indirect ways to associate personality with a brand such as through product related attributes, product category association, brand name, symbol or logo, the style of the advertising, price and distribution channel (Murphy et al, 2007).

Ekinci et al (2006) claim due to increasing competition in the global tourism markets, destination personality is claimed to be as a feasible metaphor for building destination brands and crafting a unique identity for tourism places. By developing a distinctive destination personality, a set of unique and favourable associations can be created in consumer's memory (ibid). Murphy et al (2007) argue that brand personality may create a basis for differentiation as a strong brand personality and should lead to relatively higher product evaluations compared to claims that only inform consumers about the product features and benefits. Brand personality provides a link between the brand's emotional and self-expressive benefits. This forms the basis for customer-brand relationship(ibid).

10.4.1 FRAMEWORK FOR BRAND PERSONALITY

Aaker (1997) has developed a theoretical framework of the brand personality constructed by determining the number and nature of dimensions of brand personality. This may help to understand the symbolic use of brands in consumer goods and behavior context. The five personality dimensions are : sincerity, excitement, competence, sophistication and ruggedness (see fig) Aaker(1997) found 15 facets for these five dimensions: sincerity and excitement each have four, competence has three and both sophistication and ruggedness have two. These facts act as representative traits that provide both breadth and depth into every dimension.

Figure : A Brand Personality Framework

Dimensions	Facets	Traits
Sincerity	Down-to-earth Honest Wholesome Cheerful	Down-to-earth, family oriented, small town Honest, sincere, real Wholesome, original Cheerful, sentimental, friendly
Excitement	Daring Spirited Imaginative Up-to-date	Daring , trendy, exciting Spirited, cool, young Imaginative, unique Up-to-date, independent
Competence	Reliable Intelligent Successful	Reliable, hardworking, secure Intelligent, technical, corporate Successful, leader, confident
Sophistication	Upperclass Charming	Upperclass, glamorous, good looking Charming, feminine, smooth
Ruggedness	Outdoorsy Tough	Outdoorsy, masculine, Western Tough, rugged

From " Dimension of Brand Personality" by Aaker, J.L., 1997, Journal of Marketing Research (34)3, p. 352.

Ekinci and Hosany (2006) have researched the applicability and validity of the Aaker's(1997) framework in the context of tourism destinations. They have found destination personality to comprise of three salient dimensions instead of five: ***sincerity, excitement and conviviality*** (see fig). According to the authors , sincerity is illustrated by characteristics such as down-to-earth, real, sincere and honest. This dimension emphasizes the importance of good relationships between tourists and hosts in evaluating holiday experiences. Excitement is represented by attributes such as daring, exciting, spirited and original. The reason why most tourists travel to destinations is for relaxation and leisure purposes. This may explain why tourists attach a sense of excitement to destination. These two dimension are then similar to the consumer goods personality traits. In addition, a destination personality has a conviviality, which refers to traits like family orientated, friendly and charming. According to the authors, it is not surprising that tourists associate these traits to destinations as they are some of the most common themes that destinations marketers use in order to characterize destinations in today's travel media. Moreover, conviviality was found to be the only destination personality that had a statistically significant influence on affective image, cognitive image and intention to recommend (ibid).

10.4.2 BRAND ATTRIBUTES

Hankinson (2005) states classical branding theory has been widely used in the context of consumer products where brands are seen as complex entities. This has led to the development of models that decompose brands into various smaller components in order to help marketing managers to manage them. The author continues explaining that these components include:

- Names, symbols and logos which aid identification and awareness.
- Brand images/ brand identities which communicate a brand's meaning through a set of associations.
- Brand associations/ elements held in consumer memory that form the basis of brand image/ identity (ibid).

Hankinson (2005) claims brand associations have a central role in brand strategy development. Associations should be organized into groups that have meaning, which should define the brand's positioning. In turn, a well positioned brand will represent a set of attractive and strong associations. Brand associations are classified into four attribute categories:

1. **Functional attributes** (the tangible features of a product or service)
2. **Emotional and symbolic attributes**(the intangible features which meet consumer needs for social approval, personal expression or self esteem)
3. **Experiential attributes** (relate to what it feels like to use the product or service and satisfy internally generated needs for stimulation and variety)
4. **Brand attributes**(define a consumer's overall evaluation of a brand, which is closely linked to the perceived quality of the brand) (ibid).

According to Hankinson (2004a), destination personality can be characterised by using these attributes (see table). Functional attributes are tangibles including utilitarian and environmental attributes, where as symbolic attributes are intangible and fulfil the need for social approval, personal expression and self esteem. When these two categories are linked together, a holistic set of attributes is created that describe the visitors experience and answer the question: “What will it feel like?” An answer could be “aroused”, “excited” or “relaxed” (ibid).

Table : Components of the Relational Brand Personality

Potential functional attributes

- Museums, art galleries, theatres and concert halls
- Leisure and sport activities and facilities
- Conference and exhibition facilities
- Public spaces
- Hotels, restaurants, night clubs and entertainment
- Transport infrastructure and access

Potential Symbolic attributes

- The character of the local residents
- The profile of typical visitors (e.g age, income, interests and values)
- Descriptions of the quality of services provided by service contact personnel

Potential experimental attributes

- How the destination will make visitors feel (e.g relaxed, excited or fascinated)
- Description of the destination’s feel (e.g the city experience, vibrant or peaceful)
- The character of the built environment (e.g historic, modern, green and spacious)
- Description related to security and safety

From “Relational Network Brands: Towards a Conceptual Model of Place Brands” by Hankinson,G.,2004a. Journal of Vacation Marketing (10)2,p.116.

10.4.3 POSITIONING

Hankinson (2004a) states the second element of the core brand is a clear positioning statement, which defines the brand's point of reference with respect to its competitors. Jobber (2004,p.913) defines positioning as the "choice of target market(where the company wishes to compete)and differential advantage (how the company wishes to compete)". Gill and Ibrahim (2005) state the positioning of a destination "is the process of establishing a distinctive place of that destination in the minds of potential visitors". According to Hankinsons(2004a), both similar and unique attributes in a resort.

According to Hankinsons(2004a), both similar and unique attributes in a relation to the competitors needs to be identified. An example of a similar attribute may be related to a specific event that occurred ther (ibid).

Jobber (2004,p.269)adds a clear differential advantage can be achieved through a brand name, image, service, design, gurantees, packaging and delivery. In addition, these factors are usually used in a combination. The author presents an analytical framework that can be used in order to analyse the current position of a brand in the market place. The strength of a brand's position is built on six elements : brand domain, brand heritage, brand values, brand assets, brand personality and brand reflection (see fig). brand domain refers to the choice of target market. Other five factors provide ways for creating a clear and differentiated advantage (Jobber,2004,pp.269-271).

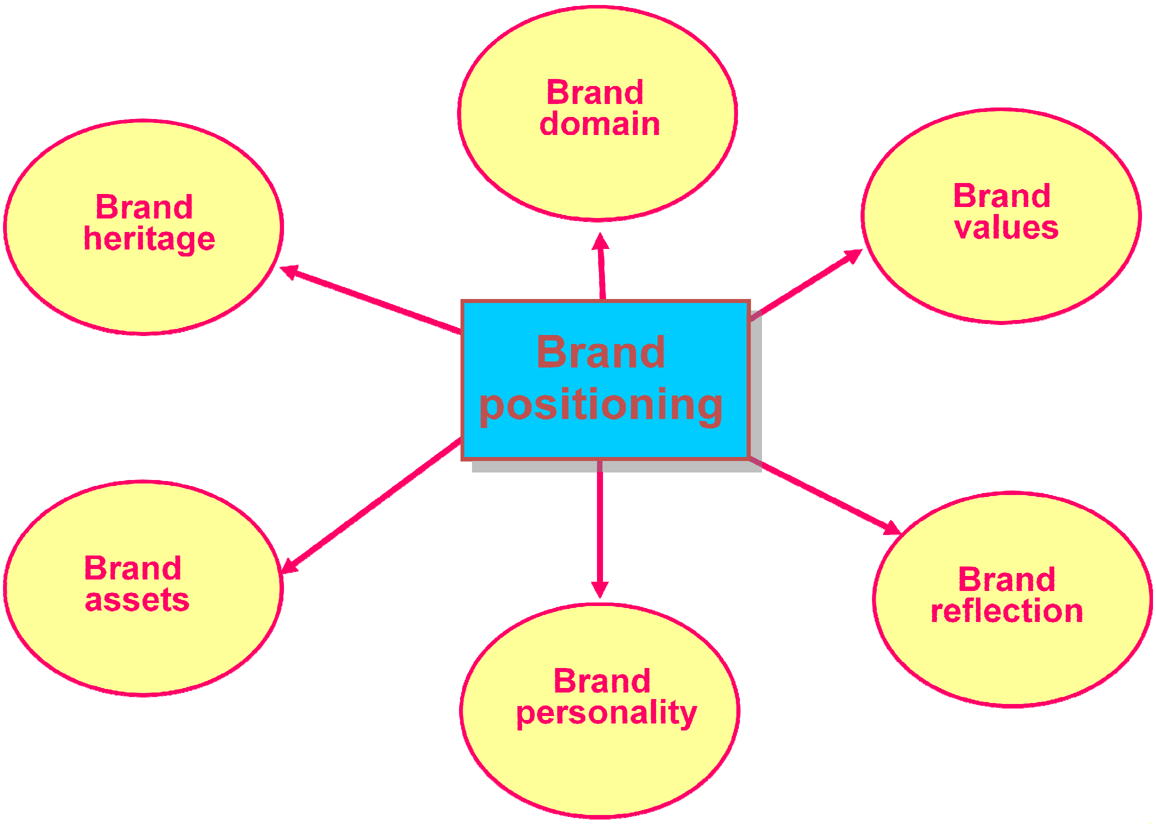


Figure : The Anatomy of Brand Positioning.
From “ Principles and Practices of Marketing(4th ed.)by Jobber, D., 2004, Berkshire: McGraw-Hill International (UK)limited, p.270.

1. **Brand Domain –** Refers to the brand's target market, for example, where the brand competes in the market place.
2. **Brand Heritage –** Refers to the brand's background and culture. Answer to question how the brand has achieved success and/or failure over its life.
3. **Brand Values –** Refers to the brand's core values and characteristics.
4. **Brand Assets –** refers to symbols, features, images and relationships that distinct the brand from its competitors.
5. **Brand personality –** Refers to the brand's character which can be described through, for example- people, animals, or objects.
6. **Brand reflection –** Refers to how the brand relates to self identity which means how the customer perceives him/ herself as a result of buying/ using the brand (ibid).

10.4.4 BRAND ASSETS

Blain et al (2005) have researched brand assets, especially logos, in the context of DMO's marketing activities, and concluded that logos are widely used in DMOs in order to support marketing efforts . This study emphasis brand assets as they relate to positioning which according to Hankinson(2004a), is a part of the core brand.

Berthon, Hulbert and Pitt (1999) state in Blain et al (2005) that brands can ultimately be considered as "***symbol(s) around which relationships are built***".According to Blain et al (2005), this means that logo designs often become one of the key components of branding. The brand symbol may include a distinguishing name, logo, trademark or package design. The authors further define logos as"***graphic designs(with or without words or 'taglines') and are used by companies to identify the firm and/or products that they create***". Logos are often claimed to become a central brand image representing products, services or destinations. In addition, as the world becomes standardized due to globalization "…***logos play a critical role in creating a readily identifiable, distinctive image for differentiating the product, service, or firm that employs effective visual stimuli. These visual cues can enhance firm reputation and serve as a competitive advantage" (abid).***

In the context of tourism, destination logos can be used in DMO marketing activities to establish brand image and identify (Blainet al, 2005). These factors are considered to be especially relevant before the actual visitor experience. As there are thousands of destinations to visit, logos can effectively stimulate awareness and communicate desired attributes to visitors, and thereby reduces search costs, and ultimately leads to a choice of destination (ibid). According to Murphy et al (2007), building a destination image means identification of the most relevant associations for the destination.

The linkages of these associations to the destination brand should be then strengthened. This can be achieved by using a slogan or logo: an element that becomes the trademark and acts as an anchor communicating strong and coherent associations with the destinations brand(ibid).

Pike (2005) states that for a majority of destinations a slogan is necessary public communication of a destination's brand positioning strategy. As places are becoming increasingly difficult to differentiate, a slogan may provide the link between the brand identity and aspired to by DMOs and the actual brand image held in the market. The challenge for DMOs lies in development of a slogan that encapsulates a destination's multidimensional and often diverse range of natural resources , built attractions, culture, activities, amenities and accommodation. However, in order to be effective the positioning strategy suggests that reaching the minds of busy consumers requires a concise message focusing on one or few brand associations. This is a difficult task for DMOs, and often a slogan attempts to cover everything the destination has to offer such as "Kenya – creation's most beautiful destination, all in one country" and "Ohio – so much to discover". In some cases the difficulty tends to be manifested in slogans such as "Greece beyond words", and rarely does a destination achieve a focused slogan such as " Arizona – Grand Canyon state" or "Snowy mountains- Australia's high country" (ibid)

10.4.5 BRAND IMAGE

Sarma (2007) has acknowledged that the concept of image management is an important area of overall destination management. Image management consists of building and maintenance of external image of a destination. The image of destination may be tourist-segment specific which, in turn, facilitates the destination's positioning and therefore reduces risk elements for the prospective travelers, especially for those who are visiting the destination for the first time.

Image management provides help when it comes to lengthening the maturity phase and initiation of rejuvenation, where both are crucial stages of the destination life cycle. Studies on destination image have suggested successful achievement of the goal of matching the needs of the target groups with the physical features actually presented by the destination (ibid).

Blain et al (2005)consider destination image as a significant factor in determining visitor choice. According to Echtner and Ritchie (1991) in Blain et al (2005), destination image is defined as "not only the perceptions of individual destination attributes but also the holistic impression made by the destination". Furthermore, as the competition for tourists and their spending increases, it follows that the destination branding should include both – concepts of destination image as well as competitveness (ibid). Many researchers support the view that destination image is a multidimensional construct that includes two primary dimensions : cognitive and affective. The cognitive dimensions can be described as "beliefs and knowledge about the physical attributes of a destination", while the affective dimensions "refers to the appraisal of the affective quality of feelings towards the attributes and the surrounding environment" (ibid).

Hankinson (2004b) argues that images fall on a continuum of organic, induced and complex images. Organic images are developed over a long period of time. They represent “the totality of what a person already knows or perceives about that destination…from newspapers, radio and TV news, documentaries, periodicals, dramas, novels and non-fictional books and classes in geography and history”’ according to the author, Leisen (2001) adds that organic images are beyond the control of the destination area. Organic images are then replaced by induced images that are directed by the destination’s marketing efforts such as colorfull brouchers distributed by Visitors Information Centres, information available in travel agencies, travel articles in magazines, TV advertisements etc. In the final stage of the continuum a complex image is developed which results from the interaction of the actual experience of visiting the destination with beforehand held images (ibid).

Hankinson (2004a) states the third element of the core brand is brand reality. Both the personality and the positioning need to be firmly rooted in reality in order to fulfill the promised experience. The development of a core brand is not about creating an image that presents a highly selective identity in order to sell the place. In turn, the successful destination branding is a combination of imaginative marketing supported by investment in the key services and facilities that are required in order to be able to deliver the offered experience (ibid).

10.4.6 ADVERTISING MESSAGE

According to Hankinson(2004a), in order for the core brand to become successful, a consistent identity needs to be portrayed through marketing communication channels such as advertising, publicity and public relations. In addition, organic channels such as arts and education can be used. Communication process developed through the arts, education and media, has the strongest and most pervasive influence on the image of a destination (ibid).

SOURCES OF INFORMATION

Number of external information sources is used by tourists while they form the image of the destination(Sarma, 2007). These sources act as tools which facilitates image formation and include communication medias such as brochures, guide books, local tourist offices , travel guides, travel agents, magazines, newspapers, friends and relatives and also personal experiences .

In addition, seven information groupings have been identified (ibid).

1. Pre-purchase mix (heavy use of wide variety of contributory sources)
2. Tourist Bureau
3. Personal experience
4. Ongoing (magazines and newspapers)
5. On site (referrals and information sources)
6. Automobile clubs
7. Travel agency

Sarma (2007) provides an example of information sources used within alternative tourism, in particular with adventure travelers. The sources include specialized guide books, webpage and videotapes/CDs, Overall; information sources fulfill “aesthetic” needs, which include the need for an image of a destination too (ibid).

MESSAGE

According to Hartl (2004,p. 15), most of the tourism marketing books define destination as a product that should be marked as any other product. The author continues to argue that this is not the matter as a destination is more complicated to manage than other operations due to its intangibility and inseparability, typical characteristics for a tourism product, but in addition, with several different actors that are independent operators at their own right. Tourism destinations are unique entities from a marketing point of view as planning a marketing strategy for a destination is more complex process than planning for a single product or company. Hartl (2004) continues to state : “A message from any one destination will only be heard among the ‘noise’ created by the promotional efforts of all the other destinations if it is :

- Consistent (i.e different organizations from the same destination do not present conflicting messages) and innovative:
- Repeated frequently: and
- Seen by many people (reach)

BRANDING AND MARKETING COMMUNICATIONS

David Ogilvy, in his book Ogilvy on Advertising, says : “***Every advertisement should be thought of as a contribution to the brand image. It follows that your advertising should project the same image, year after year”.***

In the context of current thinking, the analogy should be taken to include more than just advertising. It is vitally important that all communication messages on behalf of the brand and destination communicates a single, consistent image.

This requires the marketer to examine all aspects of the communications message to ensure that the elements are consistent with each other and that the visitor does not receive contradictory impressions of the brand. There are a number of important factors to consider :

Is the advertising proposition consistently applied ?

Some of the most effective marketing campaigns, in terms of destination brand development, are those that have developed an enduring message. The specific treatment and the executional content may change, be refreshed and updated, but the underlying proposition about the brand remains the same - with the benefit that each advertising message serves to reinforce those which have preceded it. Egypt has developed well campaigns that show the link between their history and the now 'modern' facilities that they offer to visiting tourists.

Are sponsorships and other investments relevant and consistent ?

As destinations become increasingly involved with other stakeholders to promote their offer, the question must be asked as to whether the visibility gained reflects favourably on the destination. By ensuring that good synergy exists between the brand and the sponsored activity, it is likely that favourable impressions will be created for both parties. Examples of this are destinations and airlines working together. The position of Qantas as the 'Gateway' to Australia has helped both parties – tourists want to visit the country, and what better way to start the holiday than flying with the airline that 'knows' the country.

Do spokespersons for the brand reflect similar values ?

In many instances brands use a 'personality' either to endorse the product, or to act as its spokesperson. This may have a positive impact on consumer perceptions of the brand if the image associated with the personality is a positive one. Destinations are starting to use famous people or celebrities as endorsements of the offer – "if it is good enough for me then it is good enough for you", for example.

10.5 Survey conducted and its results

This evaluation study is to arrive at aspects that need to be addressed to make subsequent campaigns targeted at the domestic tourist more effective and efficient.

Objective of the Survey :

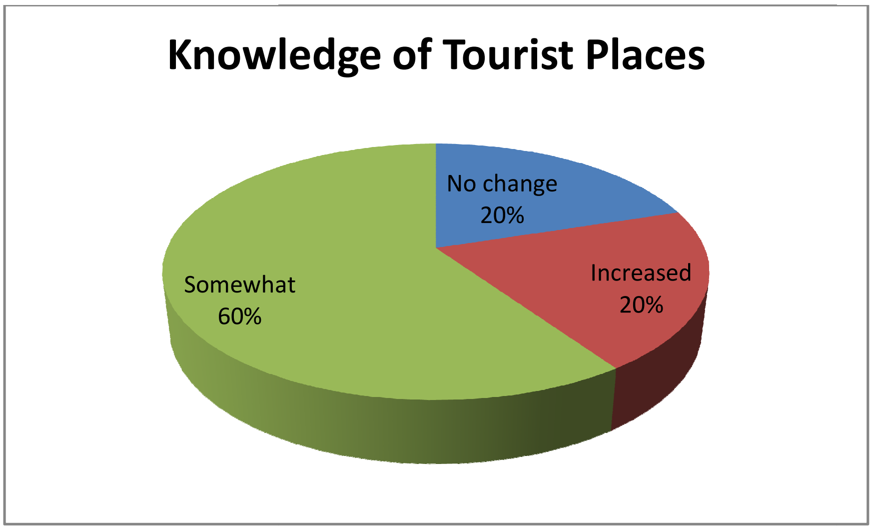
1. Examine the various measures and media vehicles used in campaigns vis-à-vis the available spectrum.
2. Assess the relative importance and efficacy of the different media used in the campaigns.

Questionnaire

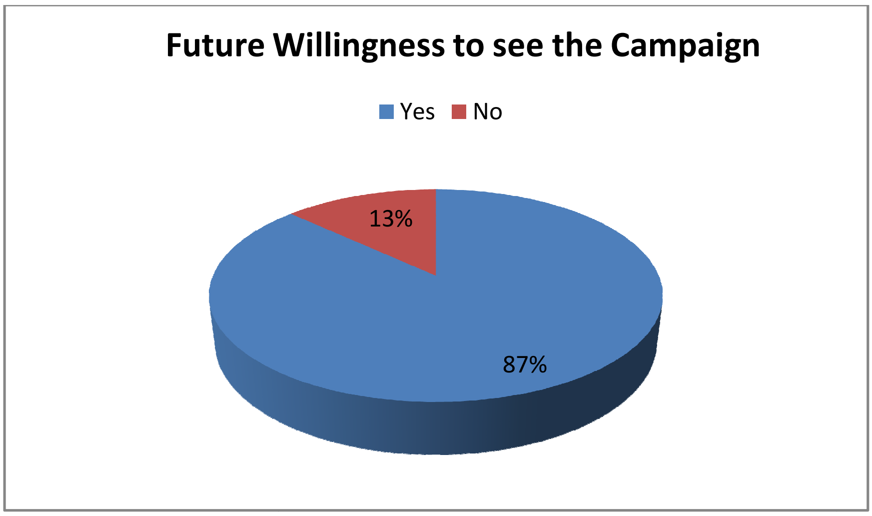
1. The questionnaire was prepared to get information specifically about the experience and expectations of the tourist.
2. The set of questions designed for the tourist focused on ::
    a. Awareness of Tourism promotion methods
    b. Awareness of tourist places
    c. Awareness of tourism product
    d. Experience and expectation of the tourist

Sampling

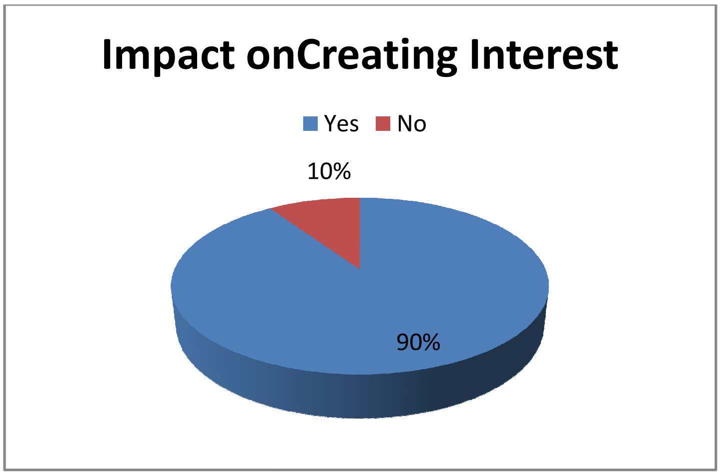
The segment was identified from the various potential tourist destinations of the selected cities or near by tourist destination was selected for the purpose of data collection.



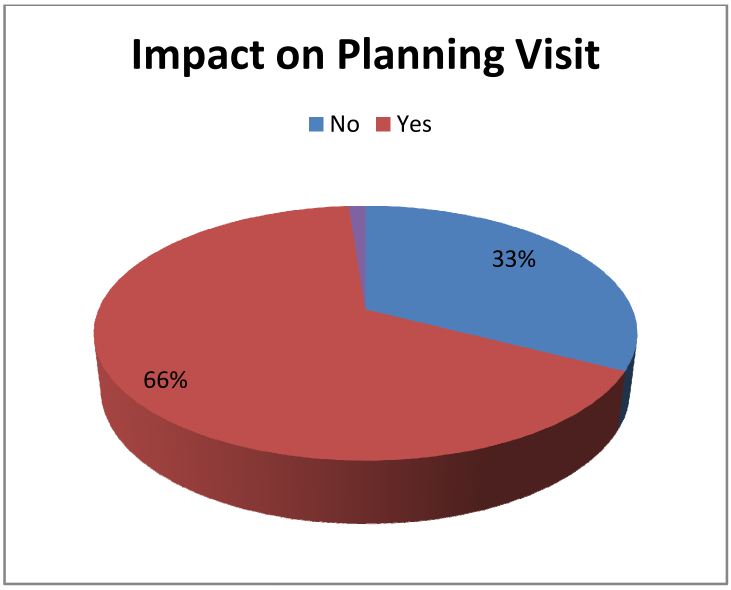
The survey shows at least 60% of the viewers felt that their knowledge regarding the various destinations increased, 20% of the viewers felt their knowledge increased marginally and the remaining 20% said it really did not effect them.



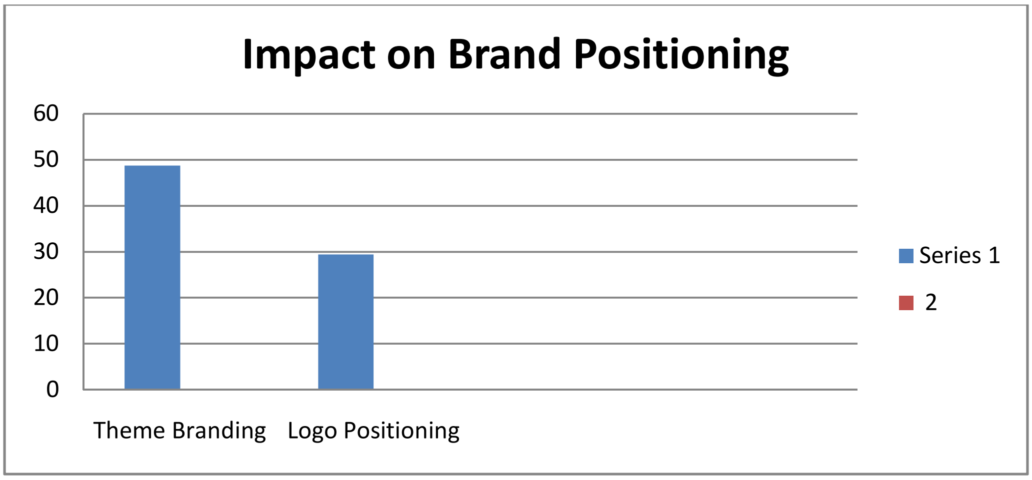
Nearly 87% of the current viewers expressed their desire to see more such campaign advertising in future.



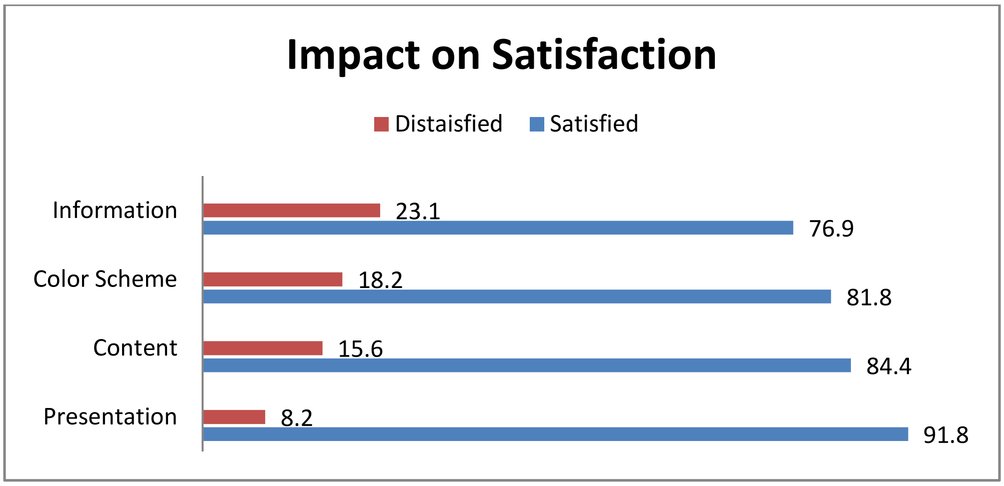
The effectiveness of the campaigns was high in terms of creating interest to visit the place shown in the advertisement. More than 90% of respondents have expressed a positive impact in creating an interest to visit some of the tourist destination seen in the advertisement



Knowledge about beauty and attraction of a particular location may create a desire to visit the place. The survey reveals 67% of viewers are keen to visit the location advertised.



About 50% of the viewers were able to recall the theme of the campaign, while smaller percentages 30% of the viewers were able to recall and recognize the logo of the tourism department



A high percentage i.e 90% of the viewers expressed their satisfaction on the presentation of the campaign advertisements followed by content 84.4 and colour scheme 81.8%. But significant proportions 23.1% of the viewer were not satisfied with the information contents of the advertisement.

Recommendations

Promotional Tool : The importance of any particular promotional method clearly depends on the characteristics of the target audience specifically with reference to their media preferences.

- **Internet:**

The study findings clearly indicates that about 20% of the tourist uses internet extracted information for selecting their holiday destination while 10% of the potential who intend to plan for holidays are willing to use Internet extracted information for selection and planning their holiday destination. Hence campaign through internet & e-mail focusing on these classes would be an effective and efficient promotion tool.

- **Television :**

i. Channel Selection

- Entertainment & News based channel contributes close 90% of the total TV expenditure, while only 50% of the non-viewers prefer watching the same channel
- Sports and movie channel contribute only 10% of the total expenditure , while 38% of the non-viewers prefer watching the above channels.
- Reallocation of funds from entertainment & News channel to sports and movie based channel may increase the campaign reach.

ii. Ad-timings

- About 95% of the advertisement was given during prime time, while only 5% was given during non-prime time whereas 57% of the non-viewers watch television during non-prime time
- Reallocation of the fund from prime-time to non-prime time may increase the reach of the campaign.

Additional Promotional Tools – During the survey administration, majority of the respondents suggested additional promotional tools like:

- Rail ticket, Bus Ticket and ATM slips can be used as additional tool for print media campaign
- Similarly in electronic media local folk songs can be included as a part of regional campaign

Promotion Method :

- **Product Specific –** Special tourist destinations in the country having unique facilities like Golf and Water Sports would attract specific tourist segments that are interested in these specific places vis-à-vis facilities.
  Hence directly targeting these special target groups would increase tyen tourist inflow and it would also be cost effective.
- **Period Specific –** There is a rising trend for short holidays (3 to 4 days) in the domestic market. The above could be on account of weekend holidays as per international standards in multinational companies and the higher disposable income of younger executives.
  Hence period specific promotion could be aired just before the holiday period which could in turn attract the particular target segment for visiting these places.
- **Locale Specific -** Tourist destinations may be promoted in another nearby places having adequate logistic facilities like road, rail and air for short holidays. E.g Ramoji Film City of Hyderabad can be promoted in Mumbai and that of Essel World of Mumbai in Hydrabad. This may increase the tourist footfalls in both the cities.
- **Increasing frequency and extending the coverage –** The survey findings indicated majority of the respondents suggesting to increase the frequency of the advertisement to enhance visibility. There were additional views of adding more tourist destinations in the regional campaign.

Organization of Promotion:

- **Departmental Co-ordination –** There is an overlap of the tourism promotion activities of the State Tourism department with the National level promotion activities by Ministry of Tourism.
  A better understanding between both the departments will help in avoiding the overlap. Information on 'timings of the campaign', selection of the media vehicle would help checking the overlap.
  1. Timing of promotional campaign :
     a. During national Holidays, the campaign can be aired by the Ministry of Tourism
     b. During regional holidays, the campaign can be aired by State Tourism department.
  2. Selection of Tourist destination :
     a. Tourist destinations of national importance to be promoted by the Ministry of Tourism as part of the national promotional campaign.
     b. Tourist destinations of state importance to be promoted by State Tourism department as a part of regional promotional campaign.
  3. Selection of Media Vehicle :
     a. National level media vehicles (National News paper, national TV channels) to be used for national level campaigns.
     b. Regional level Media Vehicles (Regional News paper, Regional TV channels, and national Media vehicles) to be used for Regional level campaign.
- Stake Holders Participation : The opininons of the key players of the tourism industry like service providers (tour guides, tour operators) may add value in respect of regional campaigns both in terms of the content and its effectiveness.
- Public Private Partnership : The trade partners in the tourism industry like Travel Agencies, Hoteliers and other service enterprises benefit directly from the promotion. The campaigns not only benefits the tourism authority but also benefits the local stake holders like small hotels, travel agencies, restaurants.

Hence the campaign costs may beshared by all the stake holders rather than only by tourism authority especially in regional campaigns.

Appendix 5 : Questionnaire for Tourists

Namaskar. We are conducting a study on Domestic Promotion and Publicity including Hospitality program. Please spare a few minutes to provide information

1. General

1.1.1 Tourist Place ________________ 1.1.2 District ________________

1.1.3 State ________________

1.2 Profile of the tourist :

1.2.1 Name ____________________ .2.2 Gender : M [ ] F [ ] 1.2.3 Age ____

1.2.4 Education *___ 1.2.5 Occupation *___ 1. 2.6 Income(Rs)***___

1.2.7 Marital Status :Married [ ] Unmarried [ ]

***1** Below matriculation, **2**- Intermediate, **3-**Graduate, **4-** Postgraduate or above

****1**-Agriculture,**2**-Business/Industry, 3-PrivateSector,**4**-GovtService,**5** –Student/Researcher, **6**- Housewife, &-Retired, **8**-Others

*****1**- <60,000, **2** – 60,001 to 1,00,000, **3** – 1,00,001 to 2,00,000, **4** – 2,00,001 to 4,00,000 **5** – 4,00,001 to 8,00,000**,** **6** > 8,00,000

1.2.8 State _______________

1.3 General Tour Profile

1.3.1 Where did you get the information about this place ?

Website ___ Advertisement ___ Friends & Relatives ___ Information Centre ___

Others, specify _____________

If coded ‘2’, ask the following question, else go to the next question.

1.3.1. a From which source of advertisement you came to know about this place ?

Media Vehicle	Usage	Media Vehicle	Usage
Television	Y [ ] N [ ]	Newspaper	Y [ ] N [ ]
Radio	Y [ ] N [ ]	Magazines	Y [ ] N [ ]
Internet	Y [ ] N [ ]	Others, specify ________	Y [ ]

2. About the Campaign

2.1.1 Are you aware about promotional campaign by tourism department ? Yes[ ] No[ ]

If Yes Ask question from Section-I , else go to Section-II

SECTION – I

2.1.2 Which of the following campaign are you aware about ?

India for Indian [ ] Northeast Campaign [ ] Eastern India Campaign [ ] South India Campaign [ ] Atithi Devo Bhavah [ ] Budhist Campaign [ ] Central India Campaign [ ]

2.1.2Through which Media did you come to know about the campaign ?

Media Vehicle	Usage	Media Vehicle	Usage
Television	Y [ ] N [ ]	Newspaper	Y [ ] N [ ]
Radio	Y [ ] N [ ]	Magazines	Y [ ] N [ ]
Internet	Y [ ] N [ ]	Others, specify ________	Y [ ]

2.1.3 Measure of Effectiveness :

2.1.3.a **Recall**

i**. ELECTRONIC MEDIA** (TV & RADIO)

What do you recall first about the advertisement ?

Theme [ ] Song [ ]
Place [ ] Clips/play [ ]
Brand [ ] Others Specify [ ]

ii. **PRINT MEDIA (**News Paper & Magazines)

What do you recall first about the advertisement ?

Theme [ ] Punch line [ ]
Place [ ] Message [ ]
Brand [ ] Others Specify [ ]

2.1.3 **Recognition**

i. ELECTRONIC MEDIA (TV & Radio)

Can you recognize the following from the advertisement

Theme [ ] Place [ ] Brand [ ]

ii **PRINT MEDIA**

Can you recognize the following from the advertisement

Theme [ ] Place [ ] Brand [ ]

2.1.4 **Satisfaction**

Please rate your satisfaction level regarding the advertisement on the following parameters

Parameters	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
Presentation	5	4	3	2	1
Content	5	4	3	2	1
Information	5	4	3	2	1
Color Scheme	5	4	3	2	1
Information about Place	5	4	3	2	1

2.1.5 Effect of the advertisement :

2.1..5.a Have you chosen this place motivated by the campaign? Yes [ ] No [ ]

2.1.5.b.Do you feel some improvement is required in the campaign regarding

i.

Parameters	Increase	To some extent	Neutral
Knowledge of Tourist places	5	4	3
Importance of Tourism	5	4	3

2.1.6 Suggestions:

2.1.6.a Do you like to see/ hear advertisements on tourism? Yes [ ] No [ ]

2.1.6.b Do you feel the campaigns create interest to visit the places Yes [ ] No [ ]

2.1.6.c What improvements do you suggest in the campaign regarding:

i.Advertisement ____

ii.Publicity ____

iii.MediaVehicle ____

iv.Advertisement timings _____________________________________

v.New suggestions ____

2.1.7 Which is the best medium according to you :

Television Channel name	News paper Name of the Paper	Magazines Magazine Name	Radio Channel Name

2.1.8 What kind of TV programme do you watch?

News based [ ] Movies [ ] Sports [ ] Educational [ ]

Entertainment [ ] Religious [ ] Soap Opera [ ] Others specify [ ]

2.1.9 What time do you usually watch TV

Morning : ___________ Mid-day : ___________ Evening : ______________

Late Night : ______________

Suggestion:

____

____

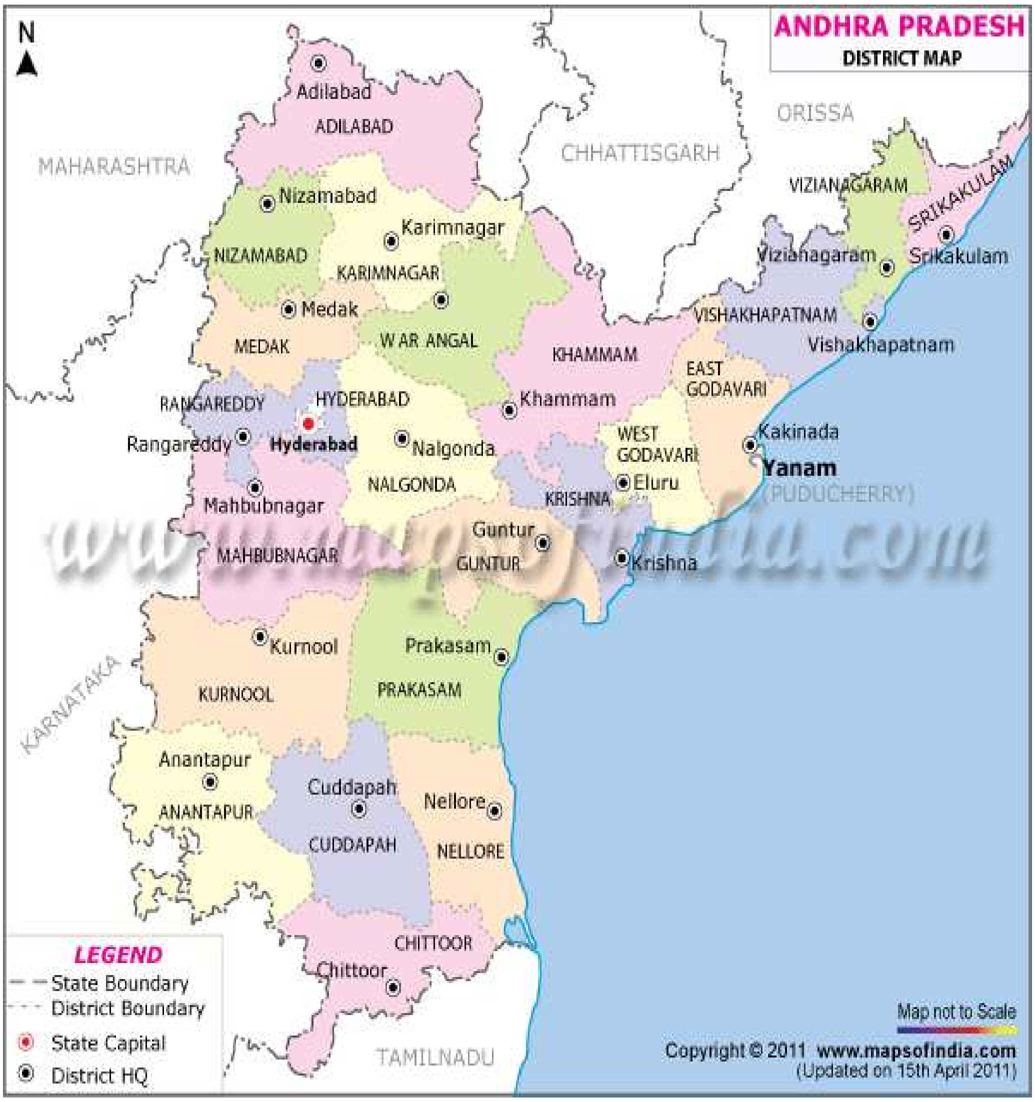
____

____

____

____

Chapter 11 : Case Study - Andhra Pradesh



ANDHRA PRADESH – an attractive investment destination

Andhra Pradesh is the fifth largest State in the country with an area of 2, 76,754 sq. km, accounting for 8.4 % of India's territory with 76.7 million population. Andhra Pradesh is strategically located in the Indian sub-continent and the State has the longest coastline (972 km) among all the States in India. Its capital Hyderabad occupies a central location and is well connected with the rest of the world through its seaports on the eastern coast and its international airport. Well-established air, road, and railway networks link it to the rest of India.

Andhra Pradesh has bountiful natural resources. Endowed with fertile land, water, and conducive agro-climatic conditions and it is an agriculturally-prosperous state. Nearly 75% of its area is covered by the river basins of the Godavari, Krishna and Pennar, and their tributaries. There are 17 smaller rivers like the Sarada, Nagavali and Musi, as well as several streams. Godavari and Krishna are the two major perennial rivers, and with their extensive canal system, provide assured irrigation.

Andhra Pradesh is the only State with abundant **energy**. It has an installed capacity for generating 10 273.44 MW, the second highest in the country and many projects are under implementation to generate 4715 MW by 2009. Among all Indian States, Andhra Pradesh has progressed furthest in reforming its energy sector (privatisation, separation of generation from transmission and distribution).

Vast **natural gas** reserves found in Krishna–Godavari basin with 47 million standard cubic metres per day have opened up immense possibilities for environment-friendly industrial and socio-economic development in Andhra Pradesh. In terms of industrial development, Andhra Pradesh has progressed rapidly. Its gross state domestic product (in PPP) was $150 billion during 2002-03. It has thus emerged as one of the most attractive investment destinations, ranking third in India

High Potential Sectors

Andhra Pradesh's strength lies in its fully diversified industrial base, with the thrust on high-tech sectors including information technology, pharmaceuticals, biotechnology and Nano Technology. Traditional sectors such as textiles, leather, minerals, and food processing are also being further developed for high value addition.

Competitive Investment Climate

The state has an exclusive financial institution APSFC for providing finance to small industry. Apart from this 5288 commercial banks are functioning in the state in rural and urban areas. The state has a good network of specialized SSI branches for extending assistance to small and tiny industry.

In the Industrial infrastructure front, the State has taken lot of initiatives for development of industrial infrastructure for the consistent growth. Government in association with APIIC has initiated a set of prestigious projects that include industrial infrastructure, social infrastructure and infrastructure for the specific sectors. The state owned corporation APIIC has already set up 272 industrial estates and specialized parks like ICICI Knowledge Park, SP Bio-tech Park, Marine Bio-tech Park, Agri Bio-tech Park, Special Economic Zone, Pharma City, Hardware Park, HITEC city, Leather Parks, Food Processing Park, Agri Export Zones etc.

The state has one major port at Visakhapatnam which handles largest tonnage among all Indian ports and minor ports at Kakinada, Krishnapatnam, Vadarevu and Gangavaram.

The State has undertaken wide-ranging measures to nurture its industries: simplified, less restrictive regulations, labour and fiscal reforms, incentives. In line with this objective, the State has enacted a law for single-window clearances. It is the first Sate in the country to have a law for single-window clearances, which ensures that all clearances to investors are given within a set period. The State has been qualified as "flexible" in its approach to labour regulations and "good" for its simplification of rules and regulations. It introduced the self-certification concept, common annual returns in place of multiple returns with simplified registers, and zero inspection regime through accredited agencies.

As part of its continuing search for ways to ensure a better quality of life, the State has been in the forefront in building its intellectual capital. Andhra Pradesh offers a high quality of life for expatriates and other members. Hyderabad the capital city of A.P has wide ranging facilities for leisure and cultural activities, and entertainment. It has a long culture of social clubs, some of which are over a hundred years old. Swimming Clubs, Golf course and race courses, Food Courts, Shopping malls and floating restaurants provides much needed recreation to the local and foreign people.

Andhra Pradesh Tourism has much more to offer with an ever-expanding infrastructure and array of facilities to take in the beauty of nature and creativity of a vibrant civilization. Cities across the State compete with the best in the country and rich past contributes to the resplendence of its people and culture.

Communal harmony, peaceful industrial relations, lower crime rate and low cost social infrastructure with safety and security make the State a right destination for any business venture.

The State provides better and advanced health care facilities with presence of Super Specialty Hospitals. Hyderabad, the capital of Andhra Pradesh has been recognized as the Health Capital of the country.

The Government has helped to establish, in collaboration with some of the well-known institutions in the world, a number of centres of excellence for training and research: the Indian School of Business, the Indian Institute of Information Technology, the National Academy for Construction and the Knowledge Park are part of this knowledge revolution. Every year, 350 000 skilled graduates pass out from universities, and 81000 engineering graduates from engineering schools, another 10 078 management students graduate from management institutions every year. About 23% of India’s software professionals within and outside the country are from Andhra Pradesh.

To provide suitable atmosphere for setting up asset management, venture capital companies, insurance companies, commercial banks, Financial District is being set-up in Hyderabad. With the establishment of Insurance Regulatory and Development Authority head quarters in Hyderabad, the State has been recognized as Insurance Capital.

It is the endeavour of the Government of Andhra Pradesh to create a conducive environment for industrial growth by providing necessary support and services.

AP Tourism on World Map soon:

The Chief Minister, has asked the State Tourism Department and A.P. Tourism Development Corporation to prepare a master plan for employment-intensive projects to achieve the twin objectives of promoting tourism and creating huge job opportunities. “Tourism is an industry where there is vast scope for employment of skilled professionals, unskilled workers and illiterate people. Hence we should develop tourism as a priority sector in the state. I am told that just Rs 10 lakh investment creates 78 jobs in tourism while it is only 18 jobs in other industries. Taking advantage of this, we should promote job-oriented tourism projects wherever it is feasible”, said the Chief Minister.

The state government plans to conduct tourism road shows throughout the country and in other major cities of the world to attract tourists. Another proposal is to observe next year as “Visit Andhra Pradesh” Year offering many attractive tourism packages, cultural extravaganza with special focus on foreign and domestic tourists. The adventure tourism, heli- tourism, pilgrim tourism and beach tourism would be given utmost priority to attract more international tourists to the state. Though Andhra Pradesh stands first in attracting domestic tourists, it is lagging behind in getting international tourists.

The Chief Minister asked the Tourism Minister, Dr J. Geeta Reddy, to make all-out efforts to develop 1000-km long coast line (this is the longest coastline for any state in the country) as well as the famous pilgrim centers at Tirupati, Srisailam, Bhadrachalam, Annavaram, Simhachalam and so on so as to attract more foreign tourists to visit these heritage/pilgrimage places. AP Tourism Development Corporation and Department of

Tourism are implementing 35 projects with funds from the Centre and the state government worth Rs 269 crores. The major projects among these are: Buddhist theme park at Nagarjuna Sagar, Budget Hotel at Nizamabad, Star Hotel at Shilparamam, four-Star Hotel at National Institute of Tourism and Hotel Management (NITHM), Hyderabad; Development of Charminar area; Night Bazaar in Shilparamam; Institutes of Hotel Management at Tirupati, Vijayanagaram & Srikakulam Circuit; Kolleru Lake Development; Resort & Golf Course at Idupulpaya-Kadapa Pilgrim Circuit, Tirupati Pilgrim Circuit and so on.

Private investors and operators expect from the government handing over of the land, investment subsidy (single financial support at the rate of Rs 20 lakhs for investment up to Rs 5 crores; Rs 30 lakhs for investment of above Rs 5 crores and mega projects above Rs 50 crores, Heritage Hotels and priority areas like coastal, water bodies, rural, eco, adventure tourism projects get additional 5%) and of course Single Window Clearance for the projects. In view of the recession, there is a request for continuing other incentives like stamp duty exemption, power rebate etc. by the investors and operators.

The Chief Minister mooted proposals for converting R&B guest houses in the district headquarters into a Chain of Budget Hotels and promotion of Hyderabad as **Convention** and **Medical Tourism Capital of the country**. These measures, according to the Chief Minister, will be in line with the state government's target to mobilise investments to the tune of Rs 1,500 crores in future. It is felt that the awareness about the richness and diversity of Andhra Pradesh has not been to the desired level and hence, there should be a sustained campaign for at least two years besides celebrations like "Visit AP/Hyderabad Year" and Yearly Media Plan to be put in place. There should be multiple approach like media (press and electronic); domestic and international trade fairs, direct marketing through agents. There is a need to involve best professional agencies

There are proposals to develop Brindavan-type gardens at Nizamsagar and to establish new Shilparamams, an Adventure Tourism Academy at Ananthagiri in Ranga Reddy district and develop highway amenities and rural tourism and so on. The World Heritage Status will be sought for Qutub Shahi precincts at Hyderabad and Kakatiya group of monuments in Warangal district. The tourism department will develop a tribal museum for which the foundation stone was laid by the Chief Minister at Medaram in Warangal district.

The state government has come up with a new tourism policy with incentives to attract investments into several tourism spots and metros like Hyderabad and Visakhapatnam.

As per the new policy, the government would offer land on lease for 33 years with a nominal fee of five per cent on the basic land value with a five per cent increase every year. The department will develop a land bank for these projects. The government has also decided to extend 20 per cent subsidy on projects with investments of `20 crore with an upper limit of `20 lakh and 25 per cent subsidy or a maximum of `30 lakh for investments between `20 crore and `100 crore. The government will decide on the subsidy for projects above `100 crore on a case to case basis. Also 25 per cent reimbursement on VAT would be given to projects for the first five years. Stamp duty would also be exempted for up to 50 per cent for leased land and 25 per cent for outright purchases of land. The government had decided to give additional capital incentive of 5 per cent up to a maximum of `5 lakh for projects coming up on beaches, water bodies, jalayagnam sites and for rural, eco, adventure and heritage tourism projects.

"**Andhra Pradesh has set an example in bringing development without any dispute and displacement of common people. Other states should replicate AP's policy in development."**

The Rs 200- crore LICEC, Leonia International Centre for Exhibitions and Conventions first-of-its-kind multi-facility centre for MICE (meeting, incentive, conference, event) and part of the Hyderabad-based Leo Meridian Infrastructure Projects and Hotels Limited, can accommodate over 7,500 delegates.

11.1 ANDHRA PRADESHs NEW TOURISM POLICY : AN INTRODUCTION

The last Tourism Policy followed in Andhra Pradesh dates back to 1998. Though it was meant to be replaced by an updated policy after 5 years, i.e., in 2004, this could not happen. Between 1998 and today, there is a sea change in the nature of tourism activities, priorities and organization, and also in the investment culture and norms. Newer ways of engaging the private sector has into being. A policy should reflect these new and emerging trends and should be updated to provide competitiveness to the state. With the new tourism policy the state of Andhra Pradesh should expect to benefit in the following ways :

1. Position the state competitively for attracting private sector investments in Tourism and Hospitality sectors.
2. To promote inbound tourism in all potential destinations of the state, and not just to few destinations like Tirupati, Hyderabad, Visakhapatnam, Puttaparthi, etc.
3. To target the incentives to the private sector better as per the State governments priorities in terms of geographical areas and tourism products.
4. To maximize the potential of Hyderabad city to promote new tourism products.
5. To give adequate focus to Aam Aadmi Tourism, Rural Tourism, Eco tourism, Adventure Tourism and Safe and Responsible tourism.
6. To focus on maximum generation of employment in the sector by development of Human Resources through capacity building.

TOURISM POTENTIAL IN ANDHRA PRADESH

Andhra Pradesh has tremendous potential to become one of the foremost states in the tourism map of the country. Practically everything that people who visit India to see and experience can be seen and experienced in Andhra Pradesh alone. It is not an exaggeration to say that Andhra Pradesh is the essence of Incredible India. Andhra Pradesh has a very rich heritage, monuments, forts, palaces, nature, hills, wild life, beaches, mighty rivers, beautiful water bodies, holy pilgrimage centers for all religions, a strong Buddhist tradition, and festivals, besides modern entertainment, an exquisite cuisine, fascinating handicrafts and textiles, etc.

The Department of Tourism commissioned a study by Price Waterhouse Coopers in 2009 regarding the potential of tourism in the state. The study revealed that there is enough potential in the state to reach the figures of 327.62 million domestic tourist arrivals and 1.86 million international tourist arrivals by 2015. Similarly, the state can target 611.88 million domestic tourist arrivals and 3.73 million international tourist arrivals by 2020. This can be possible if the state continues to maintain 24 to 25% share of the domestic tourism market and 14 to 15% share of the international tourism market in the country. In order to do so, it is expected that while the state Government will make priority investment in the critical gap areas, a major chunk of the required investment will be forthcoming from the private sector.

EXSITING STATUS AND DEFICIENCIES IN THE TOURISM SECTOR IN ANDHRA PRADESH :

An assessment of the present status of the Tourism scenario in the State of Andhra Pradesh reveals a number of deficiencies that can be enumerated as follows :

1. A number of subsidies and other incentives have been mentioned in successive tourism policy documents, but they have not been implemented properly, and thereby desired levels of private investment have not been stimulated.
2. Inbound tourism is confined largely to Tirupati and few other destinations like Visakhapatnam and Hyderabad in the entire state. All other destinations witness a meager inflow of tourists.
3. The state has not taken up any sustained promotional campaign because of which awareness about the richness and diversity of its tourist attractions is by and large lacking.
4. There is very limited ownership of tourist destinations and tourism products by local bodies and local communities.

5. The developments initiated by the private sector are limited and confined mostly to large cities. Whatever little has been done by the private sector has also happened in parallel without much integeration with Government's priorities and efforts.
6. The large coastline close to 1000 kms, has not been fully exploited by the state as has been done in other states like Kerala, Karnataka, Maharashtra and Goa.
7. A large number of business travelers who come to the state , particularly to Hyderabad and Visakhapatnam due to the rapid emergence of knowledge based industries in these cities, have not been motivated sufficiently to extend their stay for tourism purposes.
8. Both the government and the private sector have focused mostly on creation of accommodation units as compared to other tourism products. As a result many of the destinations of Andhra Pradesh lack sufficient range of activities to keep the visitors engaged over a longer period of time.
9. Government support in the form of incentives is available even to already developed areas like Hyderabad and Visakhapatnam. More units are therefore, coming up in these cities only, continuing to seek the Government extended benefits, where the private market forces would have themselves taken care of the incentive flow.
10. The Department of Tourism has a multiplicity of players and weak structures, particularly at the district level.

OUTLINE OF TOURISM POLICY 2010:

The present Tourism Policy outlines the frame work for the enabling role of the government and the involvement of the private sector in development of various tourism products in the state of Andhra Pradesh. The present policy has been developed by analyzing all the above mentioned deficiencies so as to provide practical and modern solutions, and also by keeping in mind the best practices that have been adopted by other states in the country successfully.

INVOLVEMENT OF THE PRIVATE SECTOR

The focus of the government of Andhra Pradesh in the last decade or so has been in providing the required tourism infrastructure at all prime destination. The National Tourism Awards of 2009 given by the Ministry of Tourism, Government of India. Andhra Pradesh received the award for the best state for tourism infrastructure. In this regard, it will be fair to say that 90 – 95% of the basic infrastructure is in place at all the tourism destinations of the state . The destinations are easily accessible now through well laid roads, through both public and private transportation and have other required amenities like accommodation units, functional toilets, eateries etc. A modern day traveler however looks forward to a variety of activities so that his time can be engaged in an interesting way over a prolonged period of time.

Many of the tourism destinations in Andhra Pradesh today do not provide much diversity of activities. There is an opportunity for new tourism products to be introduced at various destinations so that a comprehensive range of attractions can be offered to the tourists, who normally travel in family groups. This area is fertile for the private sector to make the required investment. Government investment has already created a market and in many cases even deepened the market sufficiently for the private sector to find business.

The right model for developing additional tourism products in the present times is through **"public private partnership"**. PPPs enable the public sector to benefit from commercial dynamism, the ability to raise finances in an environment of budgetary restrictions, innovations and efficiencies, harnessed through the introduction of private sector investors who contribute their own capital, skills and experience.

11.2 A Public-Private Partnership (PPP)

State PPP Cell

Government of Andhra Pradesh has setup a dedicated Public Private Partnership (PPP) Cell under Finance Department. This PPP cell has been setup as per the MOU signed between Government of Andhra Pradesh and Department of Economic Affairs, Ministry of Finance, Government of India on participation in the ADB Technical Assistance Project (TA 4890 – Ind: Mainstreaming Public-Private Partnerships at State level)

Activities:

Nodal agency for processing all PPP projects in the State

1. Serve as the repository of all information relating to PPPs in the State,including on best practices, guidelines, schemes, PPP pipelines, etc.,
2. The relevant Departments / Ministries of the State will Coordinate with the PPP Cell at all stages of project development.
3. Advise the relevant Departments / Ministries in project preparation based on the policy framework to be developed under the TA Project, and in coordination with the PPP Cell in DEA.
4. All proposals forwarded to GOI for any assistance from the TA Project will be routed through the PPP Cell.
5. The PPP Cell in the State Government will interact with PPP Cell in DEA in identifying bankable projects.

PPP Cell : Role and Functions

1. Create a shelf of projects and recommend approval of suitable projects for implementation on PPP route
2. Assist in preparing the pre-feasibility reports
3. Help in appointing / selecting consultants to develop the projects
4. Ensures transparent tendering processes
5. Ensures through legal or regulatory means, the Government minimizes financial obligations through prudent use of guarantees
6. Develop internal evaluation guidelines in consultation with respective Departments to evaluate and assess the projects
7. Nodal agency to conduct / recommend exposure visits and trainings
8. Through training and technical support increase/ maximise the positive impact of PPPs
9. Ensure dissemination to consumers, investors on the benefits and procedures for PPP
10. Inspect, visit, review any PPP project under implementation

Recognizing that strengthening the capacities of different levels of government to conceptualize, structure and manage PPPs will lead to more and better PPPs, Department of Economic Affairs is facilitating mainstreaming Public Private Partnerships through Technical Assistance from Asian Development Bank. The primary objective is effective institutionalization of the PPP cells to deliver their mandate through provision of 'in-house' consultancy services to each of the selected entities at the Center and State level.

Institutionalization of PPP skills includes

- refining the PPP policy and regulatory framework,
- meeting compliance/public safety norms,
- improving MIS,
- improving bidding documents and procedures,
- determining risk sharing,
- conducting value-added research/analysis, and
- determining adequate monitoring arrangements

Technical Assistance

The technical assistance aims to:

- Help the participating State implement PPP schemes effectively and efficiently;
- Enhance capacity of PPP cells in participating entities to prepare, evaluate, and appraise PPPs in infrastructure;
- Significantly improve monitoring of overall progress in PPPs in infrastructure at both central and state levels through well-knit databases;
- Increase awareness among potential private sector partners about the project cycle of PPP projects in infrastructure, and the expectations of Government with respect to value for money; and
- Over the long term, an increase in private sector participation in infrastructure development and management throughout the country.

The selected entities will be provided assistance for a period of approximately three years in the form of:

- One PPP Expert on an individual basis focusing on project financial analysis and risk management;
- One Management Information Systems expert (on an individual basis) focusing on information management and
- A panel of three legal experts on retainer basis (expected input: intermittent over the year but approximately 6-7 months throughout the year) to provide legal expertise on PPPs

Eligibility

1. The States wishing to avail this Technical Assistance are required to enter into an MOU with DEA detailing steps that would be taken to promote PPPs in the State.
2. The MOU requires the State Government to:

Responsibilities

a. Set up a PPP Cell as the nodal agency for processing all PPP projects in the State with a designated PPP Nodal Officer and defined scope of work.
b. Develop a robust shelf of projects amenable for PPPs and adhere to the following set of targets on the level of PPPs in the State:
    - During 2007-08 – bid out at least 3 projects with a total cost of Rs.750 crores or more in atleast two sectors;
    - During 2008-09 – bid out at least 5 projects with a total cost of Rs.1,250 crores or more in atleast three sectors;
    - During 2009-10 – bid out at least 5 projects with a total cost of Rs.1,500 crores or more in atleast four sectors.

c. Commit to establish such policies and regulatory and governance frameworks in t the identified infrastructure sectors to enable a transparent and effective private sector participation
d. Prepare a "Plan of PPP projects" in conjunction with its Annual Plan.
e. Commit to :
    1. Adopt standard concession agreements for PPP projects in defined infrastructure sectors;
    2. Adopt competitive bidding procedures for bidding and awarding of infrastructure projects under defined rules and procedures according to best international commercial practices and GOI guidelines;
    3. Designate a State-level dispute resolution mechanism for the speedy resolution of disputes relating to PPP projects; and
    4. Adopt formal State policies on environment, resettlement and social safeguards with respect to the implementation of infrastructure projects, according to best international commercial practices.

Appendix 6 : Tourism Total **No. of Projects : 40**

Project Name	Cost(Cr's)	Type/Status	Implementing Agency
Bay Park Project, Rushikonda, Visakhapatnam.	38	BOT Under Construction	Youth Advancement Tourism And Culture
Beach Resort -I at Manginapudi, Machilipatnam.	1.6	BOT Under Construction	Youth Advancement Tourism And Culture
Beach Resort -II at Manginapudi, Machilipatnam.	2.49	Not Available Under Construction	Youth Advancement Tourism And Culture
Beach Resort at Perupalem, West Godavari District.	3	Not Available Under Construction	Youth Advancement Tourism And Culture
Beach Resort Project, Sagar Nagar, Visakhapatnam.	4.75	BOT Under Operation	Youth Advancement Tourism And Culture
Cultural Theme Park (Mini India) Project, Hyderabad.	50	BOT Pending for Clearance	Youth Advancement Tourism And Culture
Ethnic Restaurant at Shamirpet, Hyderabad.	0.65	BOT Under Operation	AP Tourism Development Corp. Ltd
Family Entertainment Center & Food Courts at KV Motel, Vijayawada.	1.2	BOT Under Operation	AP Tourism Development Corp. Ltd
Family Entertainment Project at Canal Guest House, Vijayawada.	40	BOT Under Operation	AP Tourism Development Corp. Ltd
Five Star Hotel Project, Shiparamam, Madhapur, Hyderabad.	237	BOT Under Construction	Youth Advancement Tourism And Culture
Food Courts at Durgam Cheruvu, Hyderabad.	1.2	BOT Under Operation	AP Tourism Development Corp. Ltd
Food Courts at Necklace Road, Hyderabad.	6.5	BOT Under Operation	AP Tourism Development Corp. Ltd

Food courts at Rishikonda, Visakhapatnam.	1	BOT Under Operation	AP Tourism Development Corp. Ltd
Food Courts Project, Hyderabad.	7.05	BOT Under Construction	Youth Advancement Tourism And Culture
Golf Course at Naya Quilla, Hyderabad.	12.5	BOT Under Construction	AP Tourism Development Corp. Ltd
Golf Course Project, Shamirpet, Hyderabad	57	BOT Under Construction	Youth Advancement Tourism And Culture
Health Resort at Sagar Nagar, Visakhapatnam.	4.75	Not Available Under Construction	Youth Advancement Tourism And Culture
Health Resort Project, Visakhapatnam.	1.87	BOT Under Construction	Youth Advancement Tourism And Culture
Health Spa & Resort Project, Visakhapatnam.	60	BOT Bidding	Youth Advancement Tourism And Culture
Hospitality Complex Project	50	BOMT Bidding	Youth Advancement Tourism And Culture
Hotel-cum-Convention Centre, Kadapa.	10	Not Available Bidding	Youth Advancement Tourism And Culture
Hotel-cum-Convention Centre, Tirupathi.	30	Not Available Bidding	Youth Advancement Tourism And Culture
Hotel-cum-Convention Centre, Visakhapatnam.	30	Not Available Bidding	Youth Advancement Tourism And Culture
Leasing out of erstwhile Ritz Hotel, Hyderabad.	12	BOT Not Available	AP Tourism Development Corp. Ltd
Multiplex & Shopping Mall at Secunderabad.	26.74	BOT Under Construction	AP Tourism Development Corp. Ltd
Parking Plaza-cum-Budget Hotel, Hyderabad.	0	Not Available Bidding	Youth Advancement Tourism And Culture
Prasad IMAX Theatre & Multiplex, Hyderabad.	50	BOT Under Operation	Youth Advancement Tourism And Culture

Recreation & Amusement Park Project, Visakhapatnam.	2.15	BOT Pending for Clearance	Youth Advancement Tourism And Culture
Resort at Sagarmahal Guest House, Gandipet, Hyderabad.	3	BOT Under Operation	AP Tourism Development Corp. Ltd
Rock Garden (Jala Vihar) Project, Hyderabad.	27	BOT Under Operation	Youth Advancement Tourism And Culture
Setting up of Budget Hotels in Various Places in the State.	129	BOT Bidding	Youth Advancement Tourism And Culture
Snow World (Maya Bazar) Project, Hyderabad.	20.8	BOT Under Operation	Youth Advancement Tourism And Culture
SPA/Hotel and Training Centre in Beauty Care and Hospitality Management.	100	Not Available Under Construction	Youth Advancement Tourism And Culture
Theme Park Project, Hyderabad.	18	BOT Pending for Clearance	Youth Advancement Tourism And Culture
Three Star Hotel & Health Spa Project, Jubilee Hills, Hyderabad.	50	BOT Under Construction	Youth Advancement Tourism And Culture
Three Star Hotel with Health Spa Project (Business Club – cum – Convention Centre) Project, Hyderabad.	5.05	BOT Under Construction	Youth Advancement Tourism And Culture
Urban Entertainment Centre Project, Hyderabad.	137.52	BOT Under Construction	Youth Advancement Tourism And Culture
Water Sports & Amusement Park Project, Visakhapatnam.	3.65	BOT Pending for Clearance	Youth Advancement Tourism And Culture
Water Sports & FEC at Rajahmundry.	12	BOT Under Operation	AP Tourism Development Corp. Ltd
Way-side amenities at Sagar Nagar, Visakhapatnam.	4.75	Not Available Under Construction	Youth Advancement Tourism And Culture

11.3 INSTITUTIONAL ARRANGEMENT :

The following institutional arrangements are put in place to secure accelerated development of tourism in state and to address all interdepartmental issues while monitoring and securing the development of tourism in the state.

STATE TOURISM PROMOTION BOARD (STPB)

The State Tourism Promotion Board (STPB) is constituted as an apex decision making authority in the state. The STPB will look into all issues pertaining to tourism projects in the private as well as public sector to secure accelerated development of tourism . The STPB shall periodically monitor and review project implementation. It will also be empowered to take policy decisions on uni or multi sectoral issues. The decisions of the STPB will be converted to Government Order by the respective departments without circulating files. The STPBs smooth functioning will be facilitated by the State Tourism Promotion Committee. The composition of the STPB will be :

1. Chief Minister **Chairman**
2. Minister for Finance **Member**
3. Minister for Tourism **Member**
4. Minister for Energy **Member**
5. Minister for Transport **Member**
6. Other Ministers connected with specific projects/ subjects will be special invitees whenever their projects/ subjects are taken up for considerations. **Invitees**
7. Members from the Private Sector to be nominated by Government.
8. Chief Secretary to Government **Member**
9. Commissioner/ Director of Tourism
10. Secretary (Tourism) **Member & Convenor**

STATE TOURISM PROMOTION COMMITTEE (STPC)

The State Tourism Promotion Committee (STPC) is set up with the following composition:

1. Chief Secretary to Government — Chairman
2. Secretary to Government, Tourism and Culture Department — **Member**
3. Secretary to Government, Industries & Commerce Department — **Member**
4. Secretary to Government, Finance and Planning Department — **Member**
5. Secretary to Government, Irrigation and C.A.D Department — **Member**
6. Principal Secretary to Government, Revenue Department — **Member**
7. Secretary to Government, Energy Department — **Member**
8. Managing Director, APTDC — **Member**
9. Director/ Commissioner of Tourism — **Member Secretary and Convenor**

The terms of reference for SPTC will be as follows :

1. To monitor the activities for development of Tourism.
2. To address multi departmental issues for expeditious resolutions.
3. To periodically monitor the implementation of extension of incentives and concessions.
4. To holistically integrate tourism sector with the other sectors of government in order to strengthen infrastructure while bridging the gaps in basic infrastructure such as connectivity, energy requirements etc.
5. To work as a single window for clearances of tourism related projects which are held up due to non resolution of inter departmental issues.

DISTRICT TOURISM PROMOTION COMMITTEE (DTPC)

At the district level, there shall be a District Tourism Promotion Committee (DTPC). The composition of the DTPC will be :

1.	District Collector	**Chairman**
2.	Joint Collector	**Member**
3.	Executive Officer of Prominent Temples in the district	**Member**
4.	President District Hotels Associations	**Member**
5.	President, District Commerce & Industrial Association	**Member**
6.	President, District Tour Operator’s Association	**Member**
7.	District Forest Officer	**Member**
8.	District Public Relation Officer, I &PR Department	**Member**
9.	District Revenue Officer	**Member**
10.	Representative of Archaeology Department	**Member**
11.	District Tourism Officer/ Tourist Information Officer	**Member Convenor**

INCENTIVES and CONCESSIONS :

ELIGIBLE TOURISM PRODUCTS

The following tourism products will be eligible for receiving state support :

1. Hotels and Serviced Apartments
2. Resorts
3. Heritage Hotels
4. Wellness Centres (spa/yoga/naturopathy etc)
5. Amusement Parks
6. Entertainment Centre (aquarium/ indoor rides/ snow world/ etc.)
7. Permanent exhibition complexes
8. Ropeways
9. Convention Centre
10. Wayside Amenities
11. Water Sports
12. Golf Courses
13. Wildlife Safaris
14. Luxury Tourist Trains
15. Sea/ River Cruisers
16. Eco tourism Centres
17. Rural Tourism products and
18. Adventure Tourism products

JURISDICTION OF THE TOURISM POLICY

It is noticed that the urban areas of Hyderabad, Visakhapatnam, Vijayawada and Tirupati are receiving adequate public and private funding in various sectors based purely on the interplay of market forces. Further state support to private parties is therefore more required in the hinterland rather than in the metropolitan areas of the above four cities. Hence, the support mechanism to be given to private parties by the government will be in graded as follows in terms of geography :

Zone A : Area falling within the limits of Greater Hyderabad Muncipal Corporation (GHMC)

Zone B: Region falling within Hyderabad Metropolitan Development Area (HMDA), (excluding GHMC area), area covered by Greater Visakhapatnam Muncipal Corporation and Tirupati Muncipal Corporation.

Zone C : rest of the state.

Incentives & Concessions :

1. **Concessional Allotment of land –** Depending on the size of the investment, the length of tenure can be up to 33 years at the first instance. In case the developer has complied well with the terms and conditions of the lease, he will, get the next term, but on the policy prevailing at that point of time. The lease rent shall be 5% of basic market value as per the sub-registrar’s office data, and with an increment provision of 5% every year. Government will facilitate in the land assembly required for any tourism product considered and as per government’s own priorities. For this purpose, the Tourism Department a land bank at different locations having potential for tourism promotion, and lands from that bank would be offered to the developer on lease basis. Whenever government lands are not available, Government can consider acquiring private lands.

2. **Capital Investment Subsidy (CIS) –** The main financial incentive that will be offered to the private investor for all the above mentioned tourism products as per the locations specified above would be in the form of investment of upto Rs 20.00 crores. The CIS will be 20% of the capital cost of investment subject to a maximum of Rs 20 lakhs.

   All projects having an investment of above Rs 100 crores, irrespective of location, will be treated as mega tourism projects and will bbe given additional subsidies on a case-to case basis. For the category of "Heritage Hotels", the entire state including the urban areas of Hyderabad, Visakhapatnam, Vijaywada and Tirupati will be considered and this product will get an additional CIS of 5 %.

3. **Reimbursement of Stamp Duty and Transfer Fee –** For lease of land/buildings meant for the eligible tourism project from the government, 50% reimbursement will be given to the tourism project. In case of purchase of land by the private parties or setting up of tourism projects, 25% reimbursement will be given.

4. **Reimbursement of VAT –** 25% of the VAT paid during a financial year will be ploughed back to the unit as a grant towards the payment of VAT for thenext year. This benefit will be available for 5 years only.

5. **Luxury Tax –** Luxury tax will be levied at the rate of 5% on room tariff actually charged

6. **Reimbursement of Entertainment Tax –** 25% of entertainment tax will be ploughed back for entertainment components in theme parks or entertainment centers for a period of 5 years subject to the condition that the total benefit on this count does not exceed 100% of the project cost.

7. **Municipal Concessions/ Exemptions –** Two benefits will be made available to eligible tourism projects regarding municipal charges :

    a. There will be an exemption for payment of conversion charges

    b. The payment of impact fees for registered tourism projects will be levied under category C (which is about 50% of the impact fee paid by other commercial units).

8. **Energy Incentives –** There will be reimbursement of 0.75 paise/ 0.90 paise / Re 1. (for Zone A/Zone B/ Zone C respectively) per unit of the energy cost for a period of 5 yrs for all eligible tourism projects.

9. **General Condition –** While extending incentives, subsidies and concessions, it shall be a general condition that the total financial commitment shall not exceed the eligible capital investment (as defined in this policy), in the project.

11.4 MARKETING STRATEGIES :

TOURISM CIRCUITS :

Government of Andhra Pradesh is currently promoting its tourism activities in 6 major circuits viz., **Hyderabad Circuit** covering Hyderabad City and surrounding destinations like Warangal, Adilabad etc; **Visakhapatnam Circuit** covering Visakhapatnam city, Araku Valley and surrounding destinations in Srikakulam and Vizianagaram districts; **Tirupati Circuit** covering Tirumala Tempke, other surrounding temples, Horsley Hills and other nearby destinations; **Krishna- Godavari Circuit** covering river cruises, backwaters, Konaseema, Kolleru Lake area and other surrounding destinations; **Vijaynagar Circuit** covering destinations in Anantapur, Kurnool and Kadapa; and **Buddhist Circuit** which has two streams viz., ***Lower Krishna Valley Circuit*** covering Nagarjuna Sagar, Amravati andother Buddhist locations; and ***North Coastal Circuit*** covering Buddhist locations in and around Visakhapatnam district. Government encourages any tourism product in these circuits which serve to augment an existing destination.

AAM ADMI TOURISM :

The State Government is concerned with the fact that tourism is considered an elitist activity not meant for the common man. Therefore the welfare of the common man is the utmost priority for the government. There is no reason that the common man should be deprived of enjoying the tourist attractions and opportunities present in the state. However, this intent can only become a reality if tourism activities are conducted at affordable rates . The government will therefore through its own agencies create facilities for the common man at popular tourist destinations. These include cost effective accommodation units like dormitories, low cost restaurants, no frill tour packages and so on.

HOME STAY AND BED & BREAKFAST SCHEME

Andhra Pradesh is one of the major tourist destinations in the country with more than 150 million tourist per year visiting the state. In future, due to sustained promotional activity and improvement of tourist infrastructure, there is expectation of upsurge in tourist arrivals in the state, both domestic and international. The state has lot of well constructed houses, having surplus rooms, which can be converted to tourist accommodation with reasonable improvements to suit the requirement of tourist. The Department of Tourism will take steps to identify such units, which will be termed as “Home Stays” to bring tourists and host families together. This will not only provide a reasonable accommodation to tourist but also will be a source of disseminating our cultural heritage to our guests.

RECOGNITION TO PRIVATE OPERATORS

Government will give recognition to existing private hotels, private tour operators and other private providers of tourism related services in case they maintain the required minimum standards. This will enable these private units to function effectively in the open market and also add to the pool of services that the government is offering, besides benefiting the common traveler who can get more options for obtaing reliable services. This will be made operational through a certification scheme. Seperatew guidelines will be issued for the same.

PROMOTION AND MARKETING EFFORTS

It is pointed out earlier that though Andhra Pradesh receives the maximum number of domestic tourists, a large majority is concentrated only to a few destinations. Andhra Pradesh is also not among the top ten states in terms of international visitors arrival. Two main reasons can be identified for the above phenomenon. The first one is the lack of adequate awareness about the richness and diversity of tourism destinations that Andhra Pradesh has to offer to the visitors.

The second and more important reason is the lack of confidence a visitor feels about the hassle free manner in which he will be able to organize his touring to different destinations in the state. If Andhra Pradesh has to become the foremost state in the tourism map of the country, it is absolutely essential that these two deficiencies be overcome expeditiously.

PROMOTING CUSTOMIZED TOURS

Apart from the general lack of awareness, the more significant reason for tourists, particularly international tourists, preferring other states over Andhra Pradesh is the lack of confidence they feel about the organization of tourism activities in the state. Many fear that the organization will not be systematic, they will have to run from pillar to post, organizing a holiday vacation will involve major hassles, and in general, the experience will be very difficult to manage. Part of this impression is perhaps true also, since the level of professionalism displayed by a majority of tour operators in ground handling activities for overseas visitors leaves much to be desired.

One method of successfully meeting all expectations of the tourists and leaving them with a satisfactory experience of value for money is what is known as “Customized Tours”. Under customized tours, all requirements of the tourists are met by a single agency under a one-stop shop arrangement. The agency takes care of meeting the requirements of tourist in the form of transportation, accommodation, sightseeing, guides, assistance in local shopping, assistance in trying out local cuisine and assistance in participation in local events of tourist interest. Such an arrangement, which is priced transparently without any hidden cost, is bound to be appreciated by he tourists.

The state government will endeavor to promote customized tours by its own agency, namely APTDC, and also encourage private tour operators to offer in-bound tours following the above approach.

SUPPORT TO MICE TOURISM & MEDICAL TOURISM

Andhra Pradesh, particularly Hyderabad, also enjoys competitive advantage over other India States in terms of Medical Tourism and MICE tourism. The presence of the best Airport in the country, the best Convention Centre in the country, the presence of the best Exhibition facility, the presence of hotels at par with the best, very good urban infrastructure, moderate climate, and attractive tourist destinations can help position Hyderabad as the most preferred destination for MICE tourism.

As Hyderabad enjoys the presence of highest caliber medical specialization and expertise, it can also be promoted as a major centre for Medical Tourism. The government plans to create appropriate organizational structure, preferably in the form of societies and be the main driving force behind these societies by infusing the required capital in its corpus and by engaging experienced professional to mange these societies.

FILM TOURISM

One opportunity that presents itself before Andhra Pradesh is to take up an innovative tourism activity in the area of Film Tourism. The state has a rich variety of locations which can become attractive for outdoor film shooting. Hyderabad has got a number of studios which provide latest facilities. The government proposes to promote Film tourism by creating a single window cell which will perform the following two functions :

1. Promote various destinations and facilities of the state to film producers through out the country.
2. Organize a package of services to film units on payment basis which will include all permissions and clearances, accommodation, transport, catering, security, etc.

HELI TOURISM

In tune with the priority accorded by Ministry of Tourism, Government of India, the State government will also promote Heli Tourism within the state. For this purpose, feasibility of various destinations to be linked with Heli services would be studied, and opportunity will be provided to the private sector agencies having requisite qualifications to operate the services. The State government will play a catalytic role in organizing and promoting Heli tourism.

DEVELOPMENT OF HUMAN RESOURCES THROUGH CAPACITY BUILDING

It is very essential that tourism activities are organized with utmost professionalism by highly trained and skilled manpower. The government will initiate suitable capacity building efforts to turn out the required manpower. Institutes under the government such as National Institute of Tourism & Hospitality management (NITHM), Institutes of Hotel Management and Catering Technology Institutes (FCTI), are training professionals. Similarly the private sector should be funded and supported so that they are able to attract the best faculty and students who can jointly raise the professional standards in this industry.

SAFE, RESPONSIBLE AND HONOURABLE TOURISM

Ministry of Tourism, Government of India has finalized a Code of Conduct for Safe and Honorable tourism to be adopted by all the major stakeholders like Hotels, Tour operators, Cab drivers and other hospitality linked services. The code will entail adopting guidelines that will ensure ethical business practices protecting women and children. This includes training of personnel, awareness drives, ethical marketing and business practices and regulations of usage of official equipment to prevent human trafficking and pornography. With the growth of the tourism industry there are also negative aspects to the growth evident from the child sex tourism and prostitution on rise in major tourism destinations and pilgrim places.

To ensure safe and honorable tourism, the government of Andhra Pradesh on the lines of Government of India will also adopt a code of conduct. This will be implemented in co-ordination with the Women and Child Welfare Department, Home Department and NGOs.

The state government plans to position Tourist Police at all locations. They will have proper sensitization about the special requirements of the tourists and they will play a proactive role in ensuring that the visitors get an enjoyable experience during their visit.

RURAL TOURISM

Rural Tourism aims to provide the discerning traveler with a multitude of distinctive, first-hand experiences in an interactive, informative and organic setting in rural Andhra Pradesh. Community based rural tourism is envisaged to provide sustainable livelihoods and strengthen rural economy through the preservation and promotion of rural craft, culture, heritage and environment in their natural forms by offering an enhanced choice to visitors seeking a unique experience, thus increasing awareness and exposure to rural way of life across the state while improving the quality of life of the village communities, encouraging gender equity and community ownership through an equal partnership between hosts and tourist leading to overall holistic development through tourism.

12 . CONCLUSIONS

1. The responsibility of management and in particular, that of marketing management of the destination product has traditionally been transferred from individual companies to a destination Management.

It was demonstrated that current destination marketing theory does not often distinguish between specific approaches for destinations as opposed to single products or services. Despite the fact that destinations are realised as being amalgams of various aspects (the six As), the actuality that DMOs are seldom in charge and control of all the aspects (and therefore in general only are able to apply some parts of the marketing mix fully), has not been addressed. It was therefore suggested that DMOs should re-focus their objectives, realising that they should aim for the widest possible support for their strategy and treat the strategic plan as a product for sale to the tourism industry. Additionally, the process of developing the strategic plan for peripheral destinations could be enhanced by investigating the needs and wants of life-style businesses, thus achieving better and more cost-effective application of scarce funds.

With the analysis of the secondary data collected from the NCAER, it is observed that on an average Rs 906/- per trip is spent by the "least income group" on transport, food, accommodation, entertainment, refreshment and others when he is touring. Each of these are sold by independent small and medium sized enterprises separately and they have their own marketing strategies, which does not complement the strategies of destination marketing. Therefore for developing strategic marketing plan for destinations the activities should be controlled and managed by a tourism management authority.

2. Traditionally marketing concentrates on increasing visitation and treats tourism like any other commodity. This approach fails to recognize the unique needs and limitations of each destinations as well as their particular geographical , environmental and socio-cultural characteristics. In contrast, planning literature concentrates more on the impacts of tourism and on limiting tourism development, often ignoring the market dynamics and the requirements of entrepreneurs at the destination and the place of origin. Companies and governments in tourism have applied only part of the marketing mix to tourism, i.e promotion, with little attention being paid to the other components of marketing.

It was investigated how the strategy formulation process functioned and how it could be improved in Maharashtra, Uttar Pradesh, Karnataka, Andhra Pradesh and Rajasthan which are the top five states that have contributed to the domestic tourism. Visitation to these states are mainly for Social Purposes followed by travel for religion and pilgrimage, Business and trade and least for Leisure and Holiday. All the above states have sold destinations to consumers without actually understanding the market dynamics. Analysis of primary data derived for the interviews it was observed that with changing times and global business conditions, significant changes have been observed in the Indian travel and tourism industry. There is a demand for niche and customised tourism products. Lifestyle changes and higher disposable incomes have resulted in shifting travel preferences and travelers are looking for ‘out-of-the-box’ experiences. The government must take a notice of these dynamics and pay attention to marketing all the potential places within the state rather than just the already popular ones.

3. During their holiday, tourist “consume” destinations as a comprehensive experience, without often realizing that each element of the product are produced and managed by individual players. Their overall impression develops their image of a destination after their visitation. As a consequence there is much overlapping between strategic marketing of the destination as a whole and each individual supplier at the region. Hence, the competitiveness of each player is often interrelated and almost indistinguishable from one another.

The survey shows that 60% of the viewers agreed that their knowledge about the destination increased after viewing the advertisements, press reports, and other promotional tools. Before visiting a destination they develop an image about the destination as well as set of expectation, without realizing that each element of the products are produced and managed by individual players. Therefore if they encounter a problem while consuming any one service, they find it difficult to differentiate it from the destination and often their overall impression develops the image of the destination.

4. Strategies should enhance the long term prosperity of local people. Delight visitors by maximizing their satisfaction. At the same time maximise profitability of local enterprises.

The case study reveals that Community based rural tourism is envisaged to provide sustainable livelihoods and strengthen rural economy through the preservation and promotion of rural craft, culture, heritage and environment in their natural forms by offering an enhanced choice to visitors seeking a unique experience, thus increasing awareness and exposure to rural way of life across the state while improving the quality of life of the village communities, encouraging gender equity and community ownership through an equal partnership between hosts and tourist leading to overall holistic development through tourism. E.g SHILPARAMAM, the arts, crafts and cultural village established in the year 1992 is spread over 65 acres of prime land is Hyderbad’s tribute to India’s natural beauty, richly diverse cultural heritage and vibrant ethos. It is a place where artisans showcase their talent and earn a livelihood. They have a training institute which trains men and women in art, music, dance and crafts at affordable prices. All the products produced by the trainees are put for public sales in the Shilparamam Art Gallery out of which 20% of income generated is given to the artist.

It is also observed that there is limited ownership of tourist destination and tourism products by local bodies and local communities. And also the developments initiated by the private sector are limited and confined mostly to large cities, and whatever little has been done by private sector has also happened in parallel without much integration of Government's priorities and efforts. The Department of Tourism has multiplicity of players and weak structures , particularly at the district level.

5. Destinations should be aware not only of the needs and wants of the active demand but also of the potential markets they can attract. It can then develop a product portfolio, which will enable the optimization of benefits and adapt their marketing mix to their target markets.

In view of the marketing mix for destination Andhra Pradesh the Government of Andhra Pradesh is currently promoting its tourism activities in 6 major circuits viz., **Hyderabad Circuit** covering Hyderabad City and surrounding destinations like Warangal, Adilabad etc; **Visakhapatnam Circuit** covering Visakhapatnam city, Araku Valley and surrounding destinations in Srikakulam and Vizianagaram districts; **Tirupati Circuit** covering Tirumala Temple, other surrounding temples, Horsley Hills and other nearby destinations; **Krishna- Godavari Circuit** covering river cruises, backwaters, Konaseema, Kolleru Lake area and other surrounding destinations; **Vijaynagar Circuit** covering destinations in Anantapur, Kurnool and Kadapa; and **Buddhist Circuit** which has two streams viz., ***Lower Krishna Valley Circuit*** covering Nagarjuna Sagar, Amravati andother Buddhist locations; and ***North Coastal Circuit*** covering Buddhist locations in and around Visakhapatnam district. Government encourages any tourism product in these circuits which serve to augment an existing destination.

6. Classifying travel behavior and segmentation becomes increasingly more difficult as modern travelers combine pleasure with business, in order to take time and cost advantage.

The Case study of Andhra Pradesh has revealed that the government has identified the segment that combine pleasure with business and adopted the strategy of supporting MICE Tourism. Particularly Hyderabad, enjoys competitive advantage over other India States in terms of Medical Tourism and MICE tourism. The presence of the best Airport in the country, the best Convention Centre in the country, the presence of the best Exhibition facility, the presence of hotels at par with the best, very good urban infrastructure, moderate climate, and attractive tourist destinations can help position Hyderabad as the most preferred destination for MICE tourism.

Hyderabad also enjoys the presence of highest caliber medical specialization and expertise, it can also be promoted as a major centre for Medical Tourism.

RECOMMENDATIONS

After making an in depth study this paper brings about the following observations:

1. **Converting Market Research into Marketing Strategy**

The marketing of tourism product involves identification of market segments, choices of media and messages for product positioning and promotion and evolving effective communication strategies. A fine combination of these should be made to maximize the income from tourism. This is known as **marketing strategy or plan**. The formulation of a marketing strategy would, however, involve extensive market research including marketing audit, market segmentation, SWOT analysis and review and evaluation. No useful marketing strategy can be formulated without reliable and up-to-date market research.

2. **Marketing Audit**

Marketing audit is essentially the process of collecting, documenting, analyzing and gaining intelligence on all aspects of potential tourism markets. It would include, the existing tourist flows, profiles of actual and potential tourists, details of competitive destinations and their marketing efforts, relative market shares of each of them, country profiles, global tourism trends, etc. The specific information being gathered and analysed by most of the countries in respect of their major source markets generally include the following.

1. Market overview consisting of maturity of the market, geographical features, population, income levels and distribution, disposable income, outbound travel, top outbound and long haul markets, vacation participation, travel by different age groups, etc.

2. Travel patterns of the market including main long haul destinations, growth rates in outbound travel, current levels of arrivals in the destination country, prevailing exchange rates of currencies of both the countries, etc.

3. Channels or leisure product intermediaries like travel agencies and tour operators in the source market, their size of operation, specializations, and their influence in the destination choice, flight connectivity and prices, etc.

4. Competitors, their product offerings and marketing strategies, and

5. Consumers including their demographic profiles, travel behavior, demand characteristics, etc.

3. Market Segmentation

According to the 'Handbook on Tourism Segmentation – Maximising Market Effectiveness (2007)' by the World Tourism Organisation, market segmentation is about focusing resources on those potential customers who are most likely to be persuaded to visit the destination and who fit the profile of the 'type' of customer the destination wants to attract. It is important in view of Pareto principle by which some groups of people or segments travel or have high propensity to travel. Though USA, Germany and UK generate nearly 30% of all international tourism expenditure, these countries collectively have less than 7% of the worlds population. The benefits of market segmentation are the following:

1. maximize marketing return on investment
2. understand the market better, and
3. communicate more effectively with customers.

Segmentation analysis require data on a large number of variables in respect of actual or potential visitors to the destination. These include demographic variables like age, gender, education, life cycle stage and income; geographical variables like place of residence; psychological or lifestyle variables like benefits, attitudes, values, personality and characteristics and behavioral variables like types and frequency of use, types of information sources and distribution channels used.

4. **SWOT Analysis**

The choice of particular segments for marketing has to be based on a SWOT analysis to evaluate the tourism products of the destination in relation to the specific requirements of various market segments. This requires a full understanding and documentation of the products on offer. In particular, it should specify what the products are, where they are located, how good they are and what product developments are required. Market research thus encompasses product research also.

5. **Review and Evaluation**

It is critical that appropriate measurement/performance indicator mechanisms are set in place before undertaking marketing activities, rather than attempting to set in place measurement systems once the activities have commenced. Such evaluations are necessary to ensure that resources are used effectively and efficiently.

Tourism promotion and publicity evaluation is essentially an ‘attempt to measure its impact on inbound tourism performance’. The basic phases of evaluation are:

a) Defining the objectives of specific marketing activities
b) Monitoring of outputs i.e the reaction to specific marketing activities such as the number of responses to an advertising campaign;
c) Monitoring of inputs in terms of resources invested in specific marketing activities;
d) Measuring of impact i.e quantifying the benefits of the activity and the degree to which objectives have been met, such as the amount of tourist expenditure in a destination that is directly attributable to specific marketing activities.
e) Measuring of impact relative to input, i.e the benefits achieved in relation to the cost (return on investment) of specific marketing activities. In the past, NTOs have been using inbound visitor figures as indication of each, penetration and influence, thereby, implicitly using those figures to judge the success or failure of promotional and publicity activities. It is, however, not really a sufficient and accurate indicator of performance. Both behavioral and

communication measures are now being developed by various countries for the measurement of impact of promotional activities. The countries like United Kingdom and Netherlands have been even able to quantify the additional tourism expenditure that they generate for their destination each year, calculate the overall return on investment they achieve from Government funds and estimate the percentage of all inbound tourism expenditure directly attributable to their activities.

Behavioural measures quantify the behaviour of people exposed to promotional activities. These include

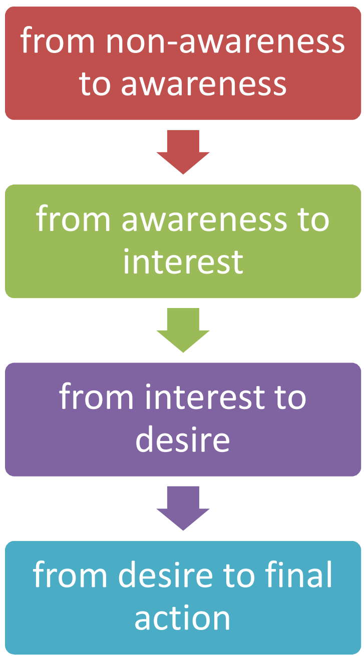
- trips or visitor numbers and profiles by type of trip, nationality, socio – economic status, etc
- visitor revenue calculated per head/per day/per trip and then grossed up to estimates of destination totals and
- occupancy of different accommodation types by bed and room and/or attractions and events.

Tourism performance indicators can also be in the input/output ratio models like (i) cost per tourist trip (ii) cost per tourist spend, (iii) promotional cost per tourist trip (iv) cost per enquiry, etc.

There can also be segmented models which measure performance in relation to 'priority' or 'target' customers. Such measures can be useful for benchmarking a destination's performance against competition. Conversion studies strive to measure the number of incremental trips, bookings or revenue generated through specific promotional activities. These studies depend upon a response mechanism or call to action being built into the activity, e.g, a coded reply coupon in press advertisements, or a toll free number for broadcast campaigns. Names and addresses of enquires are recorded and random sample is later re-contacted through a survey to find out whether or not they actually undertook trips on the strength of the information received, or planned to do so in future.

A second approach to marketing evaluation is by tracking of advertising and promotion impacts through monitoring the degree to which they achieve the strategic communication goals they have been designed to deliver. This involves developing a model of desirable communication outcomes, and then measuring the achievement of each in terms of consumer response. The tracking may be done by postal, telephone, internet or personal interviews

The communication can have a hierarchy-of-effects taking the target consumer or tourist along a four-part journey as given below:



Pre and post studies/surveys of target populations can monitor different stages of communication effects. A pre – study carried out before a promotional campaign began would monitor through a quantitative survey of the target market, existing levels of awareness, interest, desire and likelihood of action towards a destination and then the post study would re-monitor them during or after the campaign.

Destination image and branding evaluation embrace quantitative dimensions to promotional/advertising tracking. The identification and monitoring of the brand values associated with destinations are accomplished through tracking surveys and through programmes of qualitative motivational research designed to determine the imagery, attitudes and beliefs held by tourists about specific destinations.

Experimental Market Testing is another evaluation approach designed to measure the specified causality and combines both behavioral and communication measures. The principle is to undertake a trial – run of promotional variables, e.g a new advertising campaign or a new brand design. Generally market testing is tried in one geographical region and expanded later if its tourism generating results and consumer attitudes show improvement over the areas where the campaigns/activities are not operating ie. control areas. This approach was used by the Scottish Tourist Board in developing special promotional activities directed to its prime English markets.

The discrete activities of National Tourism Organisations (NTOs) like (i) advertising, (ii) press, PR and media relations, (iii) customer information services, (iv) consumer fairs and exhibitions, (v) trade events and support, (vi) festivals and (vii) websites, etc can be evaluated for effectiveness and cost efficiency by adopting one or more methods. All evaluation exercises involve extensive use of market surveys, qualitative research and sophisticated statistical analysis. In other words market research is an essential requirement at all stages of marketing planning, execution and evaluation.

6. Analysis and Recommendations

In the context of intense competition from about 200 National Tourism Organisations (NTOs) around the globe for improving their share of tourism revenue with limited marketing resources, extensive market research and indepth analysis of market trends have assumed great significance to evolve cost-effective and result oriented marketing strategies. International passenger surveys, overseas market surveys, monitoring of visitor arrivals and gathering market intelligence from various sources are the major instruments available for market research. The resources and capabilities for the conduct of these surveys exist either within the NTOs or National Statistical Organizations (NSOs). These surveys are critically important in assessing market trends and profiles of tourists, monitoring tourist satisfaction levels, undertaking market segmentation analysis and estimating the revenue earnings from tourism. **It is, therefore, recommended that regular arrangements may be made for the conduct of International Passenger surveys on an annual basis and undertaking in-depth analysis of data thus collected.**

Tracking and conversion studies are important in evaluating the impact of various promotional campaigns in terms of meeting the specific objectives of such communications and the net result in terms of number of persons converted into actual tourists. **It is, therefore, recommended that tracking and conversion studies may be undertaken in overseas markets being exposed to major publicity campaigns.**

Overseas market surveys are essential for gathering in-depth knowledge about the source markets including the travel behavior of various segments of population, influences of media and travel intermediaries, activities of competing destinations, etc. It is, therefore, recommended that highly focused overseas market surveys with clearly defined objectives may be undertaken in countries with significant market share or growth potential Evaluation of on-going promotional efforts to assess its effectiveness in terms of achieving the communication goals and changing the travel behaviour of target groups has a significant role in modifying the market strategies to make them highly cost-effective and result oriented.

The starting point in such evaluations is monitoring of inputs and outputs in terms of resources invested in specific marketing activities and reactions to such activities as the number of enquiries received. The tourist offices located in source markets generally maintain databases of those responding to various advertisements through telephone, internet or post. These databases are significantly useful for conducting follow up surveys and conversion studies. The databases of such respondents are also useful for conducting online overseas market surveys. It is, therefore, recommended that the overseas tourist offices of India may be facilitated to create and maintain such databases and shared with the Market Research Division to plan and execute various surveys.

In order to gain up-to-date knowledge about source markets in a relatively cost effective manner, online surveys of travel intermediaries with India packages can be conducted in each market provided the databases of such travel agents and tour operators are maintained up-to-date. It is therefore, recommended that the overseas tourist offices of India may be facilitated to create and maintain such database and share them with the Market Research Division of the Ministry. Quarterly trade surveys may be conducted in major markets by using such databases for obtaining market intelligence on a continuing basis.

The overseas tourist offices may also be facilitated to collect and document details of economic and political situation in source markets, trends in outbound traffic, emerging fashionable destinations, promotional and marketing efforts of competitors and other developments having a bearing on tourist traffic to India and provide the same to Market Research Division on a quarterly basis for undertaking market specific forecasting studies.

The Market Research Division of the Ministry may be strengthened to take up the above activities effectively and efficiently.

Indian Scenario

Market Research in tourism in the case of India is carried out by the Market Research Division of the Ministry of Tourism which has the responsibilities of policy formulation, planning, product and infrastructure development, human resource development, overseas promotion and publicity, domestic tourism development, national and international coordination, industry regulation and control, etc. The Market Research Division is, therefore, required to provide input for decision making on each of the above fields of activities and thus it is functioning as an agency for the development of a system of tourism statistics in the country rather than as a pure market research agency. As a result **market research activities often do not get the requisite priorities leading to inadequate research inputs for the formulation of overseas marketing strategies, its monitoring and evaluation.**

The Market Research Division maintains the statistics of inbound tourism based on the data provided by the Bureau of Immigration which is responsible for immigration control. The Division brings out monthly statistical bulletin indicating month-wise tourist arrivals, and highlights of tourist arrivals,annually giving country-wise tourist arrivals along with their profiles. Another annual publication is India Tourism Statistics which includes data on countrywise tourist arrivals, seasonality in arrivals, foreign exchange earning from tourism, domestic tourism statistics, number of visitors to monuments, statistics of approved hotels, statistics of travel agents, tour operators and tourist transport operators, training institutes, plan outlays and financial assistance provided to states, results of some of the surveys and studies, financial assistance provided by Tourism Financial Corporation of India, etc.

Domestic tourism statistics are obtained from Sate/UT Governments on the basis of data sets provided by accommodation establishments and estimates of foreign exchange earning are provided by the Reserve Bank of India. The system of collecting domestic tourism statistics by the, State/UT Government requires **substantial strengthening and technical guidance.**

International Passenger Surveys are generally undertaken once in five years and a domestic tourism survey is currently under completion by the National Sample Survey Organization (NSSO). The earlier domestic tourism survey commissioned by the Ministry did not address the issues of interstate tourist movements, trip planning, travel patterns, etc. The Ministry also commissioned an evaluation study of overseas publicity and promotion.

SUGGESTIONS

India receives three million foreign tourists a year while a small country like Thailand, with much more limited geographic and historical attraction, receives more than three times that number and they plan to double it to 20 million tourists in the next decade.

The importance of tourism is not only the foreign exchange it brings in but, more importantly, in the employment it generates at several locations and in several layers of society – ranging from airline staff to hotel employees and taxi wallahs.

India is yet to be marketed to its full potential as a tourist destination. Let us explore some possible ways of marketing India in new ways.

The first step in any marketing exercise is to identify the customer and his or her needs and inclinations. Tourism is a leisure occupation for those who can afford it. The major sources of such tourist are three richest regions of the world, viz. the US, Western Europe, and Japan. And in those regions, the target groups that we have to attract are people who have the time and money.

These are usually people who have retired and can afford to explore the world outside their own immediate reach. The younger backpackers or student type of tourists are not sufficiently well funded. Therefore they are not our primary target group although they should also be encouraged and welcomed to this country as they can be our brand ambassadors to the older generations of their countrymen, and some day when they can afford it, come back with their families.

Taking our primary target group of retired people, there is one common characteristic among such people throughout the world. They like to play golf and explore history, religions and arts for which they had little time when they were busy with their careers. So, far the Indian tourism industry has focused on selling ancient, medieval and Mughal India, the temples and forts of ancient days. This is good but isn’t enough. We need to explore opportunities for leisure tourism. There are people who come to enjoy India’s winter sun, and so Goa has been marketed, but India has many more beaches. India’s hill states can attract more tourists than Nepal does, but Uttaranchal and Himachal Pradesh are not as organized as Nepal for trekkers and mountain lovers.

The Japanese and Chinese will willingly do the Buddhist circuit in much greater numbers, if we can organize a pleasant experience for them in Bihar. Our colonial history presents its own opportunities. We as a nation have become confident enough in our standing and achievements that we can rise above anti-colonial feelings and talk about the colonial period without inhibition or resentment. Although four centuries ago the Mughals colonized India and even converted our people to their religion, today we take pride in showing tourists monuments like the Taj Mahal as the pride of India.

With the passage of time, the same is happening to the monuments and cities built by the European colonizers – the Portuguese, the Dutch, the French and the British. For a European tourist it is often more interesting to see remnants of the adventurers from their own countries. Fortunately, we have several such monuments and sites bearing witness to the history of our European colonizers. We should use them to market our country. Foe instance, Pondicherry has several remnants, including the use of French language. In France school children are still taught about the French empire in India, which consisted of Pondicherry, Mahe, Karaikal and Chandan Nagar. Of these , Pondicherry is the most attractive and easily accessible from Madras. If our tourism ministry produced a film in French about Pondicherry and showed it as an advertisement on French television, it would boost French tourism in India. From Pondicherry a French tourist can go to Mysore, where Tipu Sultan, an ally of the French fought the British alongwith the French .The story of Vasco d agama, the first European to reach our shores by sea, will be of immense interest to most Europeans. He lies buried in Cochin in a church which is still standing.

Inside the walls of Fort St George in Chennai, there is a small church, St Mary’s, where Clive, the founder of the British Empire, was married. St. Thomas mount and Santhome cathedral in Madras are other historical monuments from Portuguese times.

The other legacy of the British is the plantations of the Nilgiris on the Eastern side and Munnar on the western side. The pioneering British planters braved malaria and wild animals to create the rubber, coffee, and tea estates which are totally Indian-owned today. A drive from Ooty and Conoor over the hills to Munnar can combine history with the most beautiful sights of nature in India. On the way one can see how wild elephants are captured and trained systematically and humanely to become useful vehicles for the movement of heavy timber in difficult terrain.. There are very few locations in the world where this can be seen. A travel on this section of India in itself can be a great advertisement for India.

A drive from Munnar to Cochin is an essay in the beauty of nature. Tea plantations give way to coffee estates and then to rubber estates as we descend and suddenly we break out into plains with rice fields and coconut groves. We can end up in some fine hotels, located on the shores of the backwaters of Kerla, the like of which one can never see anywhere else in the world.

13 . Scope for further Research

There has been a period of wealth reduction in the developed world and it will take years for consumers to rebuild this lost wealth. There has been a dramatic impact on companies. Brand names like Saab, Woolworths and MFI are no more and in the travel sector there has been the collapse of XL Leisure, Silverjet, Maxjet, Eos and Globespan. Most recently JAL entered bankruptcy and British Airways states that it is in a fight for survival. It is clear that this recession takes no prisoners.

Willie Walsh, chief executive of British Airways, made a prediction in 2009 that up to 30 airlines would disappear. Some of this will be the result of consolidation and there is a view that there will be only five or six global airlines by the end of this recession. There is already structural change taking place in transport and when Warren Buffet buys a railway, you know there is something interesting going on.

The Futures Company describes this phenomenon as a 'Darwinian Gale' akin to the kind of catastrophic events that wipe the biological or geological slate clean. There is a sense that this is not just about wealth. This economic downturn has been accompanied by significant demographic shifts and the early signs of energy and water shortages. In this sense it could signal a very different future for travel.

Long-term forecasts : The longer-term UNWTO forecast is for a return to average growth levels with world tourism generating 1.6 billion trips by 2020 . Their Tourism 2020 Vision Forecast emphasises the economics of travel. The desire to travel is strong, but it can only be realised when people have provided for more basic aspirations such as a secure income, education for their children, housing and health provision.
Once that is achieved, travel becomes an option and the commonest type of travel is intra regional. This is where the greatest growth will be seen in the next decade – especially in Asia.

Existing uncertainties and possible outcomes : This all looks reassuring, but there is a view that these predictions are based on extrapolations from past travel patterns and may miss some more fundamental shifts taking place in the world – the Darwinian Gale.
So, many travel consumers are under pressure. They are fighting to keep their dreams alive, anxious, and suspicious of promises made by companies and governments, but very keen to enjoy the treats they can afford. The travel industry is under pressure to deliver the ‘treats’ and is likely to experience much higher levels of disappointment and complaint if it fails.

Will people fall out of love with travel? No. They will hold on to the dream but will adapt to new circumstances as they always have done. They might fall out of love with airports (although many probably already have), people might abandon stag weekends, £1 flights to somewhere unpronounceable, impulse trips, booze cruises to France, a few less festivals, and all the excesses of the noughties.

The challenge for the travel and tourism industry is to be ready.

Appendix 7 : Budget 2009-’10: Blueprint for change?

The Union Budget 2008-09 was a disappointment for the tourism and hospitality sector. As the countdown to the forthcoming Union Budget begins amidst a downturn in the tourism economy, the industry is keeping its fingers crossed for more fiscal benefits and greater respite from taxation. By ***Andrea Lopez***

The finance minister's announcement at last year's Union Budget of a five year tax holiday for the setting up of three and four-star hotels in the Delhi NCR region until March 2010 was perhaps the only direct reference to support India's lucrative tourism industry. While the downturn in the global economy has slowed down outbound travel, the pace of domestic travel continues to be almost consistent. Experts feel that at this crucial juncture, the government needs to provide incentives to local operators to encourage participation from regional areas.

Says Subhash Goyal, chairman, STIC Travel Group and Tourism Committee, ASSOCHAM, "The revised policy for FDI has definitely helped the civilised sector but a lot needs to be done for giving incentives to tour operators and travel agents."

According to a report published by HVS - a global consulting and services organisation, travel and tourism being a labour-intensive industry, generated three crore jobs in India in 2008, in other words, one in every 15.6 job positions in the country were in the tourism industry. In China, 7.5 crore jobs were created. Clearly, this points to the fact that the world's most populous nations - China and India, have been reaping benefits from the employment generating potential of this sector. This is particularly true of India, as the country's economic transformation relies on the services model, while that of China relies on manufacturing-for-export industries. The Union Budget had proposed an outlay of approximately Rs 520 crore for development of tourism infrastructure in 2008-09. This is an increase of nearly Rs 97 crore since the previous year. However, the report states that even with this figure, it led to only one per cent of the total government spending on a sector that contributes six per cent to the GDP and generates millions of jobs.

At the macro level, the issues that need to be raised continue to do with developing infrastructure, airports, roads and overall connectivity. Says Sanjay Sethi, MD and CEO, Berggruen Hotels, "Tourism relies heavily on infrastructure of cities. Specifically, airports, railways and roads as macro issues; and quality of facilities and upkeep of places of tourist interest as next level issues. Unfortunately very little is being done on all these fronts. It is critical for the government to address infrastructure issues specifically with tourism in mind as India is missing out massively on the dollar earning potential of the tourism industry." He adds, "Good quality inter-state roads should be first priority. We need larger outlays for facilities at national monuments, parks and religious places. Privatisation of airports is the right direction under the Build-Operate-Transfer scheme and should continue to be the way forward." The seventh five-year plan for the period 1985-1989 proposed that tourism be conferred with 'industry' status. According to the proposal, the status would entitle tourism to secure several advantages in project funding, exemption from local taxes for the first few years, subsidised power tariffs, etc. However, the decision and implementation was left to the states and till date only a few granted 'industry' status to tourism over the course of the last two decades including Goa, Sikkim, Uttar Pradesh, Arunachal Pradesh, West Bengal, Jharkhand, Haryana, Daman and Diu, Uttarakhand, Dadra and Nagar Haveli and Jammu and Kashmir. Regions like the North East, despite their immense potential for tourism, continue to remain largely ignored by mainstream tourism. The good news however is that budget allocations to the region have gone up. The total budget allocation in 2007-08 for the North Eastern Region from allocations under different ministries/departments has increased from Rs 12,041 crore in 2006-07 to Rs 14,365 crore in 2007-08. This includes Rs 1,380 crore provided to the Ministry of Development of North Eastern Region (DoNER). The new industrial policy for NER, with suitable fiscal incentives has also been put in place since March 31, 2007.

Not wanting to leave out the potential of developing surface transport, the Union Budget last year proposed to increase the provision for the National Highway Development Programme (NHDP) from Rs 9,945 crore in 2006-07 to Rs 10,667 crore. Work on the Golden Quadrilateral is nearly complete and there is considerable progress in the North-South, East-West corridor project which is expected to be completed soon. NHDP-III, NHDP-V and NHDP-VI are in advanced stages of planning or implementation. So far, National Highways Authority of India (NHAI) has given Rs 2,072 crore as viability gap funding but has also received Rs 1,900 crore as negative grant. The private sector investment leveraged under NHDP is Rs 25,366 crore. Under the programme for the North Eastern Region (SARDP-NE), 450 kilometres have been awarded in 2006-07 and the balance will be awarded in 2007-08. The road-cum-rail bridge at Munger, Bihar, over the Ganga, has been taken up as a national project. Likewise, the road-cum-rail bridge at Bogibeel, Assam, over the Brahmaputra, will also be taken up as a national project. While all this is good news, the need for uniform taxes for interstate transport is required. Remarks Goyal, "As far as transport is concerned, at every state border, tourist transport companies are hassled. When a person can travel on Indian railways from North to South or East to West without any issues, then I fail to understand why can't one travel by surface transport conveniently?"

The Public Private Partnership (PPP) model is another area that if tapped in the right direction, has immense potential. At the Union Budget 2008-09, the then finance minister P Chidambaram declared his intention to set up a revolving fund to quicken project preparation, and hence tap the model better. He said, "I intend to set up a revolving fund with a corpus of Rs 100 crore to quicken project preparation. The fund will contribute up to 75 per cent of the preparatory expenditure in the form of interest free loan that will be eventually recovered from the successful bidder."

Overcoming tax blues

A steep taxation regime continues to be a major dampener for the hospitality sector. Earlier, tax incentives available under Section 80HHD of the Income Tax Act, 1961 allowed 50 per cent of the profits attributable to the foreign exchange earnings of hotel companies to be directly exempt from tax and the other 50 per cent, if reinvested in the hotel sector (as capital for the sector's growth) also exempt from taxation. This was considered to be a good tool to aid hotel development till 2005-06. "The hotel industry was given an industry status by the Central Government some years back but the same has not been formalised at the state level and the industry benefits of power tariff is not available to the hotel industry. This is a major disparity that needs urgent attention. Otherwise affordable hotels will be a distant dream for the middle classes of India," says

Sethi. Ajay Prakash, national general secretary, TAFI adds, "Hotel tariffs tend to be rather cyclical. They have been zooming up for the last four or five years with steep increments year-on-year. We have reached a peak of sorts last year and now, perhaps, it is time for the downslide, as can be seen currently. The problem really lies in the fact that hotel rooms in India do not provide value for money as compared to other Asian destinations. The problem is exacerbated by the fact that starred accommodation falls woefully short of demand and until that can be addressed, there is no way to find a long term solution. The answer might lie in the government providing additional incentives for building new hotels."

For a country of India's size and potential, the ratio of hotel rooms is disproportionate to the population. India has approximately 2,000 registered hotels with a total room count of approximately 1,20,000 rooms. There is a serious shortage of hotels across every category and city in India. According to HVS, this an opportune time to invite all stakeholders in tourism to discuss short and long-term measures that can help realise the true potential of these 'sunshine' sectors. The present global economic crisis and the unfortunate attacks in Mumbai have slowed down the short-term prospects of the country and adversely impacted the aviation and hospitality sectors. Another burning issue is the electricity duty imposed on hotels and restaurants. Presently hotels are charged the commercial rate of 13 per cent. This is against the rate of six per cent levied on industrial units. "Nearly a hundred restaurants have closed down in Mumbai because of high electricity charges. The government needs to realise that five star categories are not the only segment; smaller hotels are being badly affected because of this. We have requested the government of Maharashtra to grant 100 per cent relief on electricity duty for a period of two years. We need the union budget this year to provide relief to the hospitality sector," said S P Jain, chairman, Pride Hotels and president Hotel and Restaurant Association (HRA).

At the Union Budget in 2008, the government allowed for tax holidays available under Section 80-ID (Income Tax Act, Amended 2007-08) for new hotel projects of a particular category, valid for Delhi-NCR to boost Commonwealth Games infrastructure. Unfortunately, this step alone has not been able kickstart the hotel development activity in the capital, and would have in fact had extremely positive effects, if it was extended to all parts of the country. Nonetheless, the move has initiated more participation from the budget category operators. What is urgently required to boost this are special incentives for budget hotels

Subash Goyal

Ajay Prakash

Gopinath Nair

Sanjay Sethi

S.P.Jain

Appendix 8 : Inbound Tourism Statistics

	Foreign Tourists In India (Number)							
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
January	283750	228150	274215	337345	385977	459489	532088	584765
February	262306	227529	262692	331697	369844	439090	498806	560658
March	248965	225558	218473	293185	352094	391009	444186	509926
April	185338	155378	160941	223884	248416	309208	333945	369677
May	151098	132998	141508	185502	225394	255008	267758	290785
June	176716	143100	176324	223122	246970	278370	310104	344526
July	224432	186432	225359	272456	307870	337332	377474	-
August	196517	161477	204940	253301	273856	304387	360089	-
September	162326	151721	191339	226773	257184	297891	325893	-
October	181605	212191	260569	307447	347757	391399	440715	-
November	209685	243566	290583	385238	423837	442413	510987	-
December	-	-	319271	417527	479411	541571	575148	-
Total	2282738	2073025	2726214	3457477	3918610	4447167	4977193	2660337

Percentage Changes in foreign tourists arrival							
	2002/01	**2003/02**	**2004/03**	**2005/04**	**2006/05**	**2007/06**	**2008/07**
January	-19.6	22.0	23.0	14.5	19.0	15.8	9.9
February	-13.3	13.1	26.3	17.3	18.7	13.6	12.4
March	-9.4	1.6	34.2	25.2	11.1	13.6	14.8
April	-16.2	5.0	39.1	16.5	24.5	8.0	10.7
May	-12.0	0.2	31.1	23.8	13.1	5.0	8.6
June	-19.0	27.5	26.5	16.0	12.7	11.4	11.1
July	-16.9	22.5	20.9	7.3	9.6	11.9	-
August	-17.8	26.91	23.6	6.9	11.1	18.3	-
September	-6.5	26.11	18.5	11.4	15.8	9.4	-
October	16.8	22.11	18.0	7.0	12.5	12.6	-
November	16.2	19.40	32.6	7.8	4.4	15.5	-
December	-	-	30.8	11.0	13.0	6.2	-
Total	9.2	13.1	26.8	13.2	13.5	11.9	11.5

International Tourists Arrivals to India						
	2001	**2002**	**2003**	**2004**	**2005**	**2006**
Arrivals from Region/ Country						
USA	329147	348182	410803	526120	611165	696739
UK	405472	387846	430917	555907	651803	734240
Canada	88600	93598	107671	135884	157643	176567
Germany	80011	64891	76868	116679	120243	156808
France	102434	78194	97654	131824	152258	175345
Australia	52691	50743	58730	81608	96258	109867
Italy	41351	37136	46908	65561	67642	79978
Japan	80634	59709	77996	96851	103082	119292
Malaysia	57869	63748	70750	84390	96276	107286
Singapore	42824	44306	48368	60710	68666	82574
Nepal	41135	37136	42771	51534	77024	91552
Sri Lanka	112813	108008	109098	128711	136400	154813
Netherlans	42368	31669	40565	51211	52755	58611
China	13901	15422	21152	34100	44897	62330
South Korea	27150	29374	35584	47835	49895	705407

Source- Ministry of Tourism, Govt of India

Facts to know

Tourists inflow from Australia

In the last three years the tourist arrivals from Australia to India have almost doubled to a record figure of 1,00,000. However India aims to double tourist inflow from Australia to two lakh in the next three years.

Tourists inflow from Britain

Every year about 3000,000 tourists from Britain visit India for both business as well as leisure.

Tourists to India spend more..

Tourists to India spent $ 372 on their visa cards in the year of 2005. This is a 25% rise from the year 2004 thereby, making India the fastest growing Asia -Pacific market for the International tourist spending. According to the World Travel and Tourism Council, the Indian tourism demand will grow at an annual 8.8 % over the next ten years, fueled by higher incomes and lower air fares.

Earnings on Tourism

In 2005 India earned US $ 6.9 billion from inbound foreign tourists, which is more than twice the US $3.1 billion earned during the year 2002. According to the latest balance of payments figures released by the Reserve Bank Of India, 2005 was the year of fastest growth in forex nflows from foreign travel, during which inflows went up 36 %.

Leading Tourist destination

With nearly 140 three and two star hotels, Kerala has turned into a major hot spot for foreign tourists. However Tamil Nadu hold t he second position in attracting foreign tourists.

Mode of transport

Air continued to be the predominant mode of travel for the tourists coming to India. However arrivals by sea were negligible.

Age- Group factor

An average foreign tourist is between age group of 20-40 years.

Best time for tourists arrivals

October to February is considered to be the peak season for travel by foreigners for business as well as leisure purposes.

Employment generated by tourism in India

Tourism Industry provides employment to about 2 crores of people in India.

Outbound Tourism Statistics

Destination Wise Outbound Travel of Indian Nationals						
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
Canada	52071	54742	55492	57010	68315	77849
USA	274202	26967	257271	272161	308845	344926
Bangladesh	74268	78090	80415	84704	80469	86231
Maldives	10616	8511	11377	11502	10999	10260
Nepal	96995	63722	65743	86578	89861	95685
Pakistan	66061	58378	2618	7096	19658	59560
Sri Lanka	31860	33924	69960	90603	105151	113323
Malaysia	132127	143513	183360	145153	172966	225789
Singapore	346356	339813	375658	309446	471196	583543
Thailand	224104	206132	253110	230316	300163	352766
China	120930	159361	213611	219097	309411	356460
Australia	41452	48227	45022	45597	55603	67951
Hong Kong	131368	161752	193705	178130	244364	273487
Japan	38767	40345	45394	47520	53000	58572

Statistics of Indian National Going Abroad		
Year	**No of Outbound Indians**	**Percentage Change over the previos year**
2000	4415513	7.3
2001	4564477	3.4
2002	4940244	8.2
2003	5350896	8.3
2004	6212809	16.1
2005	7184501	15.6
2006	8339614	16.1

Source- Minstry of Tourism, Govt of India

Facts to know

International Trips made by India Nationals in 2004 was 6.2 million, which was 16% more than 2003. In 2003 it was 5.3 million. 4.90 million was the statistics in the year 2002. It reached the statistics of 7.2 million in 2005.

Tourists outflow from India to Hong Kong has been growing at a healthy pace despite the hullabaloo surrounding the SARS outbreak. India recovered to record a positive growth with the arrivals of 19,667 in September 2003, an 8.1% increase over the same period in September 2002.

About 500,000 Indians are issued visa to Britain every year.

Malaysia expects a bout three lakhs of Indian tourists every year , ahead of Australia, Taiwan and the U.S. Excited by the increased number of Indian tourists arrivals, Malaysia has been holding roadshows to further beefing up its tourism sector.

Over 1 lakh Indians visited Sri Lanka in 2004.

Appendix 9 : Domestic Tourism Statistics

Main tourist destinations like Rajasthan, Goa, Agra, Kerala and Delhi get 10 times as many domestic tourists as foreigners.

Tourists Statistics - Kerala	
Year	**Domestic Tourists**
2004	5872182
2005	5946423
2006	6271724

Tourists Statistics - Goa	
Year	**Domestic Tourists**
2004	2085729
2005	1965343
2006	2098654

Domestic Tourists Statistics - Delhi	
Year	**Domestic Tourists**
2004	1866552
2005	2061782
2006	2237130

Domestic Tourists Statistics - Rajasthan	
Year	**Domestic Tourists**
2004	16033896
2005	18787298
2006	23483287

Tourists Statistics - Tamil Nadu	
Year	**Domestic Tourists**
2004	42279838
2005	43213228
2006	58340008

Domestic Tourists Statistics - Andhra Pradesh	
Year	**Domestic Tourists**
2004	89440272
2005	93529554
2006	111715376

Domestic Tourists Statistics - Gujarat	
Year	**Domestic Tourists**
2004	7748371
2005	9457486
2006	11936957

Domestic Tourists Statistics - Himachal Pradesh	
Year	**Domestic Tourists**
2004	6345069
2005	6936840
2006	7671902

Domestic Tourists Statistics - Jammu & Kashmir	
Year	**Domestic Tourists**
2004	6881473
2005	7239481
2006	7646274

Domestic Tourists Statistics - Uttar Pradesh	
Year	**Domestic Tourists**
2004	88371247
2005	95440947
2006	105549478

Domestic Tourists Statistics - Uttarakhand	
Year	**Domestic Tourists**
2004	11720570
2005	14215570
2006	16666525

Domestic Tourists Statistics - Orissa	
Year	**Domestic Tourists**
2004	4125536
2005	4632976
2006	5239896

Domestic Tourists Statistics - Karnataka	
Year	**Domestic Tourists**
2004	27194178
2005	30470316
2006	36195907

Domestic Tourists Statistics - West Bengal	
Year	**Domestic Tourists**
2004	12380389
2005	13566911
2006	15808371

Domestic Tourists Statistics - Madhya Pradesh	
Year	**Domestic Tourists**
2004	8619486
2005	7090952
2006	11062640

Domestic Tourists Statistics - Maharashtra	
Year	**Domestic Tourists**
2004	13392212
2005	14329667
2006	16880348

Source- State/U.T Tourism Departments

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