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SIGNIFICANCE OF TOUR OPERATORS IN GROWTH OF HOTEL AND TOURISM INDUSTRY IN INDIA

Objective:

To analysis the growth of hotel and tourism industry in India

To understand the role of tour operators in hotel and tourism industry in India

To identify the challenges faced by the tour operators in hotel and tourism industry in India

History of Tourism

Tourism industry plays important role in Indian economy and it's considered as major instrument for social integration and economic development .looking at the development history of tourism industry in India it has passed through many levels at government level. The development of tourist facilities was taken up in planned manner in 1956 but it was only after the 80's that tourism activities gained momentum in India.

The Government took several significant steps such as A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, a draft new tourism policy in tune with the economic policies of the Government and the trends in tourism development was published for public debate.

The draft policy is now under revision. The proposed policy recognises the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism. The other major development that took place was the setting up of the India Tourism Development Corporation in 1966 to promote India as a tourist destination and the Tourism Finance Corporation in 1989 to finance tourism projects.

Implementing all this policies and projects at grass root level was big task for the government.as development of tourism is directly related to the life of resident, without developing the proper understanding with resident it's difficult to develop the sustainable tourism, therefore government has focused **Transportation, Infrastructure, Superstructure, Environment, Sociocultural aspect ,Physical land use concern and employment** within India .

World Tourism Organisation says **"Tourism has experienced counted growth and deepening diversification to become one of the fastest growing economy sectors in the world."** Today the business volume of tourism equals or surpasses that of the oil exports, food products or automobiles, tourism has become one of the major players in international commerce and represents at the same time one of the main income source for many developing countries such as India.

According to the India tourism government India is focusing not only on foreign tourist arrivals

in India, they are giving equal importance to the domestic travellers within India.

Following is chart of *Foreign Tourist Arrivals* in India 1997-2014

Year	FTAs from Tourism in India (in Million)	Percentage (%) change over the previous year
1997	2.37	3.8
1998	2.36	-0.7
1999	2.48	5.2
2000	2.65	6.7
2001	2.54	-4.2
2002	2.38	-6.0
2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.3
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	2.2
2010	5.78	11.8
2011	6.31	9.2
2012	6.58	4.3
2013	6.97	5.9
Jan –June 2014	3.54(p)	5.2@

(P) Provisional, @ Growth rate over Jan-June, 2013. Source :(i) Bureau of Immigration, Govt. of India, for 1997-2013 (ii) Ministry of Tourism, Govt. of India, for Jan-June, 2014.

Economic Growth

Today tourism is the largest service industry in India, with a contribution of 6.23% to the national GDP and providing 8.78% of the total employment. India witness's more than 5 million annual foreign tourist arrivals and 562 million domestic tourism visits. The tourism industry in India generated about US\$100 billion in 2008 and that is expected to increase to US\$275.5 billion by 2018 at a 9.4% annual growth rate. The Ministry of Tourism is the nodal agency for the development and promotion of tourism in India and maintains the "Incredible India" campaign.

According to World Travel and Tourism Council, India will be a tourism hotspot from 2009-2018, having the highest 10-year growth potential. As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. It is ranked the 14th best tourist destination for its natural resources and 24th for its cultural resources, with many *World Heritage Sites*, both natural and cultural, rich fauna, and strong creative industries in the country. India also bagged 37th rank for its air transport network. The India travel and tourism industry ranked 5th in the long-term (10-year) growth and is expected to be the second largest employer in the world by 2019.

Boosting Tourism

Some of the recent initiatives taken by the Government to boost tourism include grant of export house status to the tourism sector and incentives for promoting private investment in the form of Income Tax exemptions, interest subsidy and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment up to 51 per cent of foreign equity and allowing 100 per cent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators and tourist transport operators.

Role of Tour Operators

To achieve the remarkable growth in Indian tourism is not possible without the tour operators. To implement all the government policies and to achieve successful result from planned policies tour operators are back bone for the tourism industry. Therefore Indian Association of Tour Operator's (IATO) is formed in 1982 and it has very important role to play in Indian tourism industry. This organisation closely works with Indian tourism origination and has international recognition as well. It has 1500 members covering all segments of tourism industry. They act as common mediator between decision makers and industry and presents complete potential to both sides, synergising their common agenda of tourism. Tour operators have very different role to play than travel agency. Tour operator is person who provides information, plans and coordinates travel with various agencies to create package or service at the same time he also ensures smooth operation of the tour. The tour operator may or may not necessarily have any product of his own but act as an intermediary to tailor a package to meet the needs of traveller. In fact tour operator's plays an important role in organising explorations, research expeditions and holidays. We must take this in consideration that tour operations organised ever since people wanted to explore new areas, go on pilgrimage or trade expeditions.

Modern Sense Tour Operation involves

Information of the area of operation that is in depth knowledge of the places of interest, the accommodation, transport facilities and other logistics required for planning a tour and Planning of tour in the most efficient manner. Coordination with allied industries or services such as hotel reservations, airline, rail or road transport reservations. Local assistance, guides, etc. there are different kinds of tour

operators such as individual .a **Travel Agency** which also function as tour operator. **In House Tour Operators** like an airlines doing the functions of tour operators. **Incentive Travel Agencies** who deal only with the sponsors and not with individual clients

There are three broad classification of tour operators according to the functions performed.

Inbound: who handles tours coming into the country from overseas is called an **inbound tour operator**.

Out bound: who operates tours to other countries is called an **outbound tour operator**.

Domestic: who handles tours of people od same country for travel within the country is called a **Domestic Tour Operator**.

It is not necessary that these have to be separate or one does not operate the other types. But it is seen that since the markets and the style of operations in each one are distinctly different then the other the operators prefer to stay in their own specialised field. However one agency can be doing all three or many two of the operations.

In each of the above classifications there are two categories:

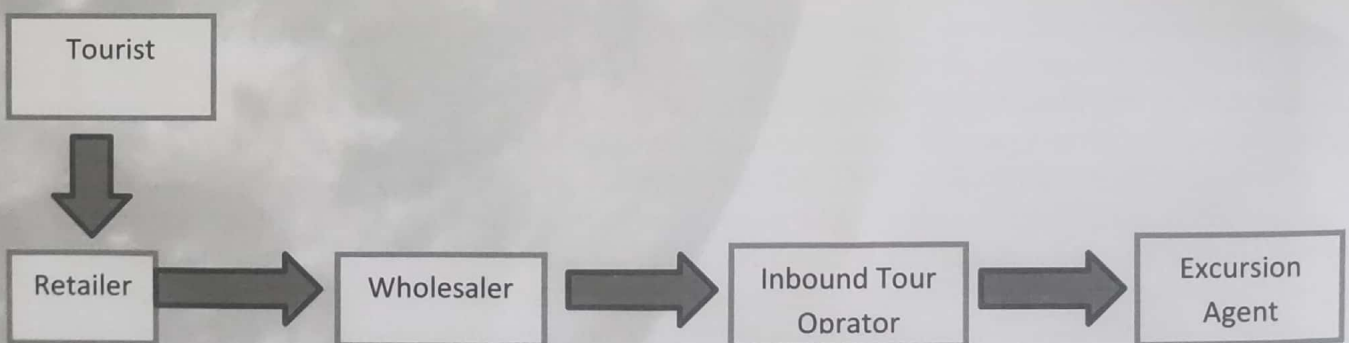
Wholesaler: who plans the tour, puts a package and markets the tour.

Retailer: who sells the tour to the passenger; he is normally the personal travel agent with whom the client is buying other services such as tickets, facilitation of passports and visa. The retailer is the coordinator between the wholesaler and the client.

This is in turn is passed on to the operation side as follows:

Inbound Tour Operators: the wholesaler who markets the tour consolidates the members of the group through many retailers. Finally the group thus formed is given by the wholesaler as a package to inbound operator of that country or that region. The coordination of hotels, transport and other allied services is than done by the inbound operator.

Excursion Agents: inbound tour operators further pass on the services of the group to some body in the city of visit. This somebody is known as the **Excursion Agents** who in turn, coordinates with hotel reservations, organises transport and guides and generally meets the needs of the tourists in the city.



Travellers choose tour operators: in this day and age with plethora of websites all encourages travellers to design and organised their own holidays could the days of the specialist tour operator be numbered? Some tour operators think not. In fact, some are reporting the highest bookings of tailor-made holidays in decades.

Here's what you'll get from taking a trip with a tour operator. Some tour operators, including us,

have 24-hour emergency phone so if clients need advice or reassurance during their holiday, help is just a call away. It may sound a little clichéd to talk about 'peace of mind', but established, trusted tour operators really do look after you before, during and after your holiday. They are passionate travellers, their advice is genuine and they often like to add a personal touch.

Expert first-hand knowledge

Tour operators often have travel specialists who are either nationals of the countries they sell, have lived there or travelled extensively in them. They'll have in-depth knowledge of destinations, will have thoroughly researched trip itineraries and will aim to get you away from the hordes. No computer has yet been invented that can deal with the complexities of a tailor-made holiday, but they'll know the ins and outs of the hotels, excursions, what to pack, and even the road conditions.

Price promise

Contrary to popular belief, it is often less expensive to book through a tour operator. Established tour operators will have long-standing relationships with their partners so not only will we secure rooms at busy times, but we'll also get the best rates and very often special offers. In the unlikely event you should find the same arrangement elsewhere at a lower price, some companies will do their best to improve on it.

Total financial protection

A key benefit of booking with a UK-based specialist operator is that you are covered by stringent travel industry regulations, which means that all money paid for your holiday arrangements is fully protected.

No surcharges

Once you have booked a holiday with many of the good specialists, including us, there will be no further increases, regardless of what happens with currency exchange rates, world oil prices and taxes.

Travel disruption if you are prevented from travelling on your holiday due to situations beyond your control, most professional tour ops will do their best to make alternative arrangements and, if this is not acceptable, provide a full refund for all services booked through them. Of course, in some situations, it can be possible to save money organising your own trip. However, the more complex a trip is, the more potential there is for things to go wrong and the impact could be devastating. For example, let's say you have booked your flights, a car and a string of hotels on various different websites. You arrive at the airport only to find that the airline has gone on strike and you are unable to fly. Alternative flights are either sky high in price or fully booked. What do you do? The fact is you are now very much on your own – with a good chance of losing a great deal of money. Had you booked with a tour operator the problem would have been sorted out for you and if alternative arrangements could not be found, you would have been entitled to a full and prompt refund.

Fortunately this scenario is rare, but what about the possibility of a natural disaster impacting on

your well-laid plans? The fact is, having the back up of a group of professionals who know how to get problems sorted out is tremendously reassuring and the small premium you might pay to be a client of a specialist tour operator represents enormously good value. And don't forget, organising a trip through a tour operator doesn't necessarily mean travelling with a group in tow. Tailor-made trips are designed by you – so the ins and outs of a holiday are up to you.

Challenges faced by Tour Operators: tour operator is risky business. This is because a tour operator buys airline's seats, hotel rooms, etc. Much in advance from the principal suppliers and if he or she fails in selling them, there are heavy losses involved. Hence tour operator should be prepared to take the risk and tour operators must be clear regarding the type of business to be handled, like would company deal with inbound tours, outbound tours, and domestic tours, all of them.

S.W.O.T ANALYSIS OF TOUR OPERATORS IN INDIA

Strengths: Travel agents are moving from being mere ticket issuers to travel consultants taking complete responsibility for the consumer's needs. Travel agencies not only provide the picture of the country to the interested parties but also lure them to visit a country by the attractive packages.

Weaknesses: Travel agents are most affected by the taxes that are part of the industry.

Opportunities: As the number of tourist is increasing, there is a need to identify their requirements and the travel agencies can tap this segment.

Threats: With the advent of internet the role of travel agents is changing and the whole industry faces a threat of extinction unless they change to meet the need of tourists.

A tour operator has to establish linkages with the principal suppliers like airline, hotels, tourist transport operators, guides and escorts, etc. and tour Operator Company must attain all knowledge about the products and market conditions. This means having a proper understanding of **Tourism Markets, Tourism Trends, Tourist Profiles, Tourism Forecasts, Promotional Strategies, Trade Linkages, Travel Regulations, and Tourism Product** to manage all this important factors its self-become challenge because of the globalisation world has come closer and its big driving force to change the markets and trends in tourism industry, use of internet and smart phone technology it has created big awareness in demand of the tourist and they know exactly what they want, and it's become difficult to maintain the demands of the consumer and therefore to be in market and be in competition. Tour operator has to change their strategies to attract the travellers outside India and within India. Travel Agents often it is felt that in the changing scenario of Internet and website use in travel & tourism business tour operators/travel agents' role is very limited and they need to adjust themselves to the new scenario by changing the style of their functioning, diversifying their operators, and providing value added services. Even there is a thinking that tours operators may not be require for any service to their clients. They would be closing their shops and do something else. Do not get disheartened with such comments.

Tour Operators was always they were also there and they are still operating and they will continue to operate but will operate with higher responsibilities and will have to be more professional in their approach. They will be charging higher fees on their advisory guidance and interested parties will pay happily. This role they could not have anticipated earlier and even the money it can provide (which

was earlier restricted to commissions only will be much higher). Let travel agents/tour operators regard themselves not as mere sellers of airline or railway tickets, but as friends, philosophers and guides to the general public; it implies that they should do their job not to make money alone but to work with a mission. They should delve into the mind and soul of a passenger and find out what are his specific interests, needs and passions. This is the first step towards giving him specially designated solutions. You must also know their own USPs and provide useful and unique service and information to make themselves indispensable to the passengers.

Conclusion

Tour operators should know all about the current market and where they stand and come out with a suitable strategy to bridge the gap. They should also use the latest tools including comprehensive travel technology solutions. There is needed not only to be a specialist but a super specialist if they have to survive in this competitive business climate of today.

Let them give the customers life time value service and build them into their regular clients. Let them invest in them with high value products creating an impression of exclusivity. Let them improve their products in view of the changing customer needs and demands without forcing anything which benefits them and not the clients.

What do my customers expect from me? What can I do to exceed their expectations? What value added services can be introduced to make myself more useful to my customers? Who are my best customers? What can I do to ensure that they never leave me? If some of them have left, why they have done so? What can I do to bring them back?

Also without putting all eggs into one basket, they should think of venturing into non air segments such as car rentals, hotels, cruises, helicopters, insurance and other related services. All these offer business opportunities which could be fully explored with maximum benefit to them.

Methodology

Primary data: The research is thematic research as the subject is to be handled at a national level. Hence the primary data field research or data generation is not possible; still the research would aim at collecting the updated statistics and trends from the authentic sources with proper references.

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