Summary Report

UNDERSTANDING THE INDIA OUTBOUND MARKET

Growth Drivers & Challenges for India Outbound Tourism to ASEAN

This is the first in a series of background and discussion papers on various source markets as the strategic plan and marketing strategies are developed for the ASEAN region.

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GROWTH DRIVERS

Characteristics of the Catchment Area

As illustrated in Figure 1, Indian outbound travel has shown a healthy increase since the liberalization of the Indian economy in 1991. Currently, there are over 30 million passport holders in India who form a formidable catchment market. Capacity to travel overseas for leisure purposes has spread from traditional outbound markets of Delhi, Mumbai, Chennai and Bangalore to tier 2 & 3 cities and even certain rural areas. The high growth trajectory of outbound travel from non-metro cities is evidenced by the emergence of international gateways such as Hyderabad, Kochi, Thiruvananthapuram and Coimbtore, Tiruchirappalli, Calicut in the South, Pune, Nagpur, Ahmedabad , Goa in the West, Amritsar, Lucknow Varanasi in the North and Guwhati , Calcutta (technically a metro city) in the East. Figure 1 illustrates the outbound market

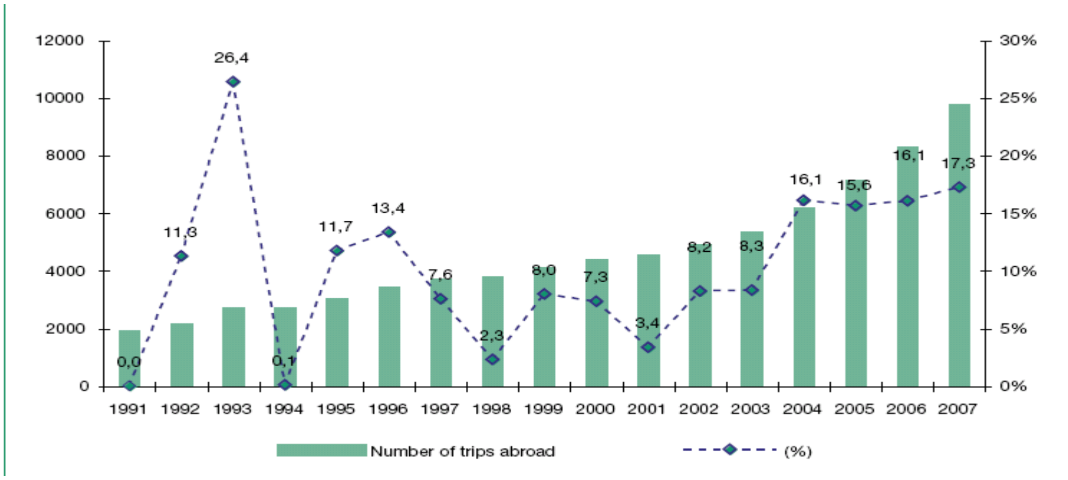

Fig.1 Indian Outbound Travel (Source: UNWTO)

Connectivity

ASEAN based carriers servicing India routes are Singapore Airlines, Malaysian Airlines, Thai Airways, Air Asia and Tiger Airways whereas the Indian counterparts are Jet Airways, Kingfisher and Air India and its low cost subsidiary Air India Express. Thailand, Malaysia and Singapore enjoy excellent air connectivity with Indian gateways across India, though the density tends to be higher for the southern region, particularly for Malaysia and Singapore. This is honestly part of a much larger discussion that will form part of the ATSP as well as the connectivity issues being discussed within ASEAN.

MICE

On account of poor domestic infrastructure and facilities, the outbound MICE segment is also on fast growth track. Apart from the white-collar corporate clientele, the FMCG (fast moving consumer goods) and agro sectors are aggressively providing incentive trips overseas to dealers from the rural and non-metro areas of the country. Asian destinations provide excellent value-for-money thanks to the world-class facilities and affordable rates. Also, in terms of cultural adaptability, Asia scores high compared to, say, Europe or Australia/NZ.

Spending Power

Indian tourists' propensity to spend while travelling fits well with the shopping experience offered in major ASEAN cities, particularly KL, Singapore and Bangkok. The UNWTO World

Tourism Barometer ranks India in 27th position in terms of international tourism expenditure. In 2008, Indian travelers spent an estimated USD 8.2 billion, averaging US$ 838 per trip per traveler. We need to learn more about the goods and services that they are particularly interested in.

Market Share

By virtue of geographical proximity, the Asian region attracts a significant number of Indian outbound travelers. As Figure 2 shows, the 2006/2007 figures compiled by the Netherlands Board of Tourism & Conventions puts the Asian region at the top of the heap and though more recent data are not readily available, there is no basis to assume any significant changes in this pattern. Within ASEAN, apart from the more established destinations of Singapore, Malaysia, Thailand for Indian tourists, Vietnam, Cambodia, Indonesia and to some extent Laos are the emerging 'stars'. Considerable interest is evolving in 'off-beat' (from an Indian perspective) destinations- Bali (Indonesia), Cambodia are seeing an increase in India traffic. Growing business relations between Vietnam and India are beginning to have a 'spillover' effect for the Indian leisure traveler on account of better visibility.

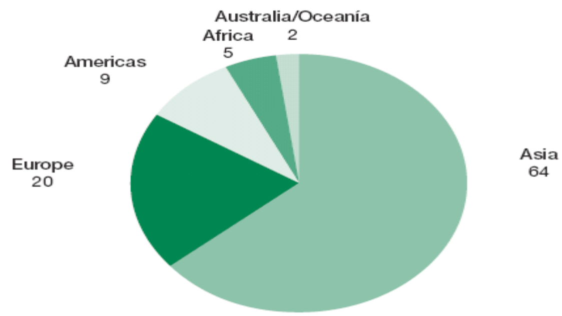

Fig. 2 Indian Outbound Tourist Pie Source: Netherlands Board of Tourism & Conventions

Profile & Potential for Multi-country Itinerary

As can be seen from Table 1 about 70% of Indian tourists opt for a multi-country itinerary. With regard to the ASEAN zone, lack of direct connectivity from Indian gateways to Indonesia, Vietnam and Cambodia implies travel via Singapore, Kuala Lumpur or Bangkok hubs which in many cases results in a stop-over. Thus, there is a twinning effect (e.g. Thailand & Cambodia, Thailand & Vietnam). Singapore-Malaysia have been popular twin destinations for Indian tourists, which is now complemented by Indonesia, particularly Bali.

Travel frequency	More than once a year: 5%; once a year: 30%; once in two to three years: 50%; less often: 15%.
Trip duration	Up to 10 days: 25%; 11 to 15 days: 50%; 16 to 20 days: 20%; More than 20 days: 5%.
Travel companions	Alone: 20%; family: 65%; friends: 15%.
Travel seasonality	January to March: 15%; April to June: 50%; July to September: 10%; October to December: 25%.
Type of traveller	Group: 50%; FIT: 50%.
Travel organization	Travel agent/tour operator: 70%; direct with airline/hotel: 25%; online portals: 5%.
Information sources	Family and friends: 70%; travel trade: 55%; media: 25%; internet: 60%; other sources: 10%.
Single versus multi-country trips	Single: 30%; multi-country: 70%.

Table 1 Profile of the Outbound Indian Tourist Source: UNWTO

CHALLENGES

Visas

Among ASEAN countries, Indonesia, Thailand, Laos and Cambodia offer visas on arrival at the port of entry to Indian nationals. This is not the same as visa free access afforded in most ASEAN destinations to nationals from more developed geographies, but it is far more convenient in terms of time and expenss than having to apply for visas at the point of origin, as is required by Vietnam, Singapore, Malaysia and the Philippines. A common ASEAN visa along the lines of the European Schengen visa would certainly provide major incentive to multi-country trips by Indians.

Cuisine

Vegetarian preferences apart, Indian tourists are generally reluctant to try local cuisine at the destinations they travel to, though there is a slow emergence of a growing segment among the Indian tourist class that is willing to experiment. Access to Indian cuisine in Malaysia, Myanmar, Singapore and Thailand has never been an issue, but Indian eateries are not as easy to come by in other ASEAN countries.

Destination Brand Awareness

Again, with the broad exception of Malaysia, Singapore and Thailand, there is a general lack of awareness about the tourist assets in ASEAN countries that could be of interest to the Indian visitors looking for something more than epicurean experiences. Most countries in ASEAN have had centuries old civilizational links with India, a fact that goes largely unnoticed among the Indian 'yuppie' class. For instance, how many upwardly mobile Indians know that:

- BKK's airport is called Suvarna Bhoomi, derived from Sanskrit which translates into most Indian languages as Land of Gold and means exactly the same in Thai
- Ayutthaya in Thailand is named after the ancient Indian city of Ayodhya, the birthplace of Lord Rama
- Singapore, the name is derived from Singh Pura, or City of Lions in Sanskrit and most mainstream Indian languages
- The inhabitants of the greater Malaya region practiced Hinduism before the advent of Islam, which reflects to this day in their vocabulary and culture
- Indonesia's flag carrier is called Garuda, who is the mythical eagle and mount of Lord Vishnu
- One of the largest Hindu temple complexes in the world is Angkor Wat in Cambodia
- There is an ancient Shiva temple in Vietnam
- Before the advent of the Arabs and Magellan, the rulers of many Philippines islands were called Rajas, and that to this day, several Filipino dialects reflects strong Hindu influences.

Creating an awareness campaign about these ASEAN wide historical and cultural legacies will certainly prove an added attraction to Indian holidaymakers in deciding their next overseas holiday destination, and will possibly spur a new segment of educational/heritage tourists.

CONCLUSIONS AND NEXT STEPS

There can be no doubt that there is an important source market for the ASEAN region from India. Brand awareness is certainly an issue but product development must become an important dimension of developing this important source market. The connections between India and the region are interesting and from my perspective provide important opportunities to establish essential themes and ideas.

Once this background paper has been discussed there needs to be agreement on developing the products. Part of the consultation process will be devoted to determining the potential of various countries to accommodate the needs and expectation of the Indian tourist.