

India's Buoyant Economy will Drive 10 Per Cent Growth in Outbound Travel to 2009

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A strong, consumption-driven economy, a large and increasingly affluent middle class, and the on-going liberalisation of air transport will contribute to a 10 per cent annual growth in Indian outbound travellers to Asia Pacific over the next three years, according to a new report released last week.

Titled Total Tourism India, the 280-page report is a comprehensive, independent and authoritative analysis on India's tourism sector released by the Pacific Asia Travel Association (PATA) and Visa International. The report reviews all aspects of India's inbound, outbound and domestic tourism flows, and outlines a seven-point action plan to advance India's tourism development in achieving the sector's full potential.

PATA President & CEO Peter de Jong said, "With India being one of the fastest growing markets in our region, the eyes of the travel industry are turning to this country of 1.1 billion residents, and its rapidly expanding middle class."

The report shows that international outbound trips by resident nationals peaked at around 8.3 million in 2006. Close to three million arrivals were to Asia Pacific destinations, making India the region's fourth largest source market behind China, Japan and Korea.

This is expected to rise to over 3.6 million in 2007 and then increase by more than 10 percent each year to 2009. The top five destinations by percentage growth to 2009 will be Macau, Papua New Guinea, China, Cambodia and Malaysia. For volume growth over the same period, the top five will be Singapore, China, Malaysia, Hong Kong and the USA.

Mr de Jong urges PATA destination members and inbound tour operators to take a closer look at the myriad opportunities presented by India's burgeoning outbound tourism market. "As international travellers, Indians tend to take longer trips and often in large family groups, have a high repeat visitation to preferred destinations and an excellent yield," Mr de Jong said.

"Indians are among the highest spenders in key destinations around the region such as Singapore and Hong Kong SAR. And every year, millions more Indians move into an income bracket where they can afford to travel overseas. In very many ways, India is a market of incredible opportunity," Mr de Jong added.

Business travel dominates outbound travel and is expected to continue with strong growth, stimulated by India's buoyant economy; leisure travellers are still significant in volume though they are increasingly more sophisticated and demanding. Findings from leading surveys show that Mumbai is the leading source of India's outbound travellers with a market share of around 33 per cent, followed by Delhi at 26 per cent.

James Murray, executive vice president, South and Southeast Asia, Visa International Asia Pacific said, "India is a significant pillar to global tourism, both as an inbound destination and a rich source of visitors to many global destinations. International visitors to India spent Rs. 60 billion (US\$1.4 billion) in India between July 2005 and June 2006 on their Visa cards, with cardholders from the European Union emerging as the biggest spenders."

Mr. Murray added, "This report paints one of the more complete pictures of India as a tourism industry player, and recognizes its current impact, potential and path for expansion. Tourist spending globally averages about US\$2 billion a day. Nearly US\$4 million of that is by international Visa cardholders contributing to India's tourism economy."

According to Mr. Murray, developing an electronic payment infrastructure has become increasingly critical to facilitate secure, convenient and easy payment options, for Indian and global travellers.

"Electronic payment is becoming an increasingly important channel for delivering tourism revenues and holds significant potential value in stimulating tourist spending," Mr. Murray said.

"Visa has been working with tourism authorities around the world - and very closely with PATA - to better understand the international visitor's mindset. Visa provides empirical data on cardholder spends through Visa's processing network that captures actual Visa transactions by international cardholders, giving a more accurate picture of spending habits. This enables businesses to plan and offer the kind of goods and services that appeal more to visitors and boost revenues."

In 2006, international inbound travel to India peaked at a record 4.4 million arrivals, driven in large part by the successful re-positioning of the destination brand through the Incredible India marketing campaign.

The report also confirms that India's domestic travel market has been booming steadily over the past 15 years, as Indian states increasingly awaken to the potential of home-grown tourism to stimulate economic growth and boost employment.

Domestic trips reached an all-time high of 430 million in 2006, up 13 percent on 2005. The average annual growth rate has been more than 10 percent since 2000, with the boom in low cost carriers bringing travel within the price range of millions of more households across the sub-continent.

PATA's Total Tourism India report can now be purchased online at www.PATA.org/catalogue.

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