CHAPTER I

INTRODUCTION

Tourism is one of the world’s most rapidly growing industries. It has emerged as a growing sector in terms of employment and income generation. World Travel and Tourism Council (WTTC) has also identified tourism as the world’s most rapidly developing industry. The concept of tourism is so complex to define. The International Dictionary of tourism points out that tour in English and in French mean a journey, a circulative trip.

Tourism with multi-dimensional activity has evolved as one of the largest and lucrative industries of the new millennium. It is therefore worthwhile to examine the position of India in the world tourism map. India’s amazing diversity offers everything for everyone who would like to have for a holiday. The moment a person sets foot in India, he is greeted by a graceful Namaste, a gesture that denotes both welcome and respect. India is a land of contrasts with vast snow-covered Himalayas, fertile Gangetic plain, Great and little desert regions, virgin and verdant rain forests, spectacular beaches, backwaters and coastal areas etc. adds to the mesmerizing physical diversity of India. But the success of the tourism sector is highly influenced by the supporting industries such as hotels, transportation, communication, banking and so on.

Tourism has found a niche for itself as an effective instrument for generating employment, earning revenue and foreign exchange, enhancing environment, preserving culture and tradition and thereby facilitating overall development. Seven Key areas have been identified to provide thrust for tourism development in our country. These are:

- Swagat (welcome)
- Soochana (information)
- Suvidha (facilitation)
- Suraksha (safety)
- Sahyog (Co-operation)
Samrachan (infrastructure development)
Safai (cleanliness)

According to WTTC, India will rank sixth worldwide in terms of real growth of international tourists spend in the forthcoming decade (2006 to 2015) and Indian tourism is expected to grow at an impressive 8.6% for the same period\(^1\). Further, WTO has estimated that there will be 1.6 billion international tourists by the year 2020 Asia will emerge as the second region to be the most visited in the world. The contribution from services sector today stands over 45% of the total GDP in India. The sector currently employs close to 22 million people in India. India’s performance in tourism sector has been quite impressive. According to World Travel and Tourism Council, India will be a tourism hot spot from 2009 to 2018 having the highest ten year growth potential. The Travel and Tourism Competitiveness Report 2007 ranked tourism in India sixth, in terms of price competitiveness\(^2\).

The Foreign Tourist Arrivals (FTAs) in India during the year 2009 were 5.11 million as compared to 5.28 million in 2008, registering a fall of 3.3%. During the period 2003 to 2009, India witnessed an increase in the Foreign Tourist Arrivals (FTAs) from 2.73 million to 5.11 million. The FTAs in India and FEE from tourism for the years 2000 to 2009 are given in table no.1.1:

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Tourist Arrivals (in nos.)</th>
<th>% Change over Previous Year</th>
<th>Foreign Exchange earnings (Rs. in Crore)</th>
<th>% change over Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2649378</td>
<td>6.7</td>
<td>15626</td>
<td>20.6</td>
</tr>
<tr>
<td>2001</td>
<td>2537282</td>
<td>-4.2</td>
<td>15083</td>
<td>-3.5</td>
</tr>
<tr>
<td>2002</td>
<td>2384364</td>
<td>-6</td>
<td>15064</td>
<td>-0.1</td>
</tr>
<tr>
<td>2003</td>
<td>2726214</td>
<td>14.3</td>
<td>20729</td>
<td>37.6</td>
</tr>
<tr>
<td>2004</td>
<td>3457477</td>
<td>26.8</td>
<td>27944</td>
<td>34.8</td>
</tr>
<tr>
<td>2005</td>
<td>3918610</td>
<td>13.3</td>
<td>33123</td>
<td>18.5</td>
</tr>
<tr>
<td>2006</td>
<td>4447167</td>
<td>13.5</td>
<td>39025*</td>
<td>17.8</td>
</tr>
<tr>
<td>2007</td>
<td>5081504</td>
<td>14.3</td>
<td>44360*</td>
<td>13.7</td>
</tr>
<tr>
<td>2008</td>
<td>5282603</td>
<td>4</td>
<td>50730#</td>
<td>14.4</td>
</tr>
<tr>
<td>2009</td>
<td>5108579@</td>
<td>-3.3</td>
<td>54960#</td>
<td>8.3</td>
</tr>
</tbody>
</table>

*Source: Annual Report 2009-10, Ministry of Tourism, Government of India
# Advance Estimates
* Revised Estimates @ Provisional Estimates
Due to global slowdown, terrorist activities, H1N1 influenza, pandemic, etc., growth rate in FTAs during 2009 fell by 3.3 per cent. The year witnessed a contraction in global tourism by 4.3 per cent; the declaration in India was, therefore, less than that of the scale of global slowdown. Foreign Exchange Earnings (FEEs) from tourism increased from Rs. 15,064 crore in 2002 to Rs. 54,960 crore in 2009. The growth rate in earnings in 2009 vis-a-vis 2008 was 8.3 per cent.

Tourism in India has come into its own as a brand – India Tourism. There had been several innovative approaches in the Ministry’s policy in 2009-10. The creation of niche tourism products like heliport tourism, medical tourism, wellness tourism, adventure tourism, cruise tourism and caravan tourism has served to widen the net of this sector. A major step has been the issuing of guidelines to State Governments/Union Territory administrations for development of tourism Infrastructure that is world class.

In Kerala, tourism has emerged as one of the few economic alternatives to develop the State economy. It has been recognised as an important sector for the development on account of its potential for generating income and employment. Started as a State Hospitality department in 1950s the Department of Tourism came into being in 1960s. It was only during the 7th plan that the tourism promotion activities found a place in the functioning of the Department of Tourism. Kerala has emerged as the most acclaimed tourist destination of our country in the recent past.

Tamil Nadu is a land where traditions and culture blend and continue to live in harmony. The State abounds in monuments and temples that are ancient and each has its own story of religious, artistic and cultural accomplishment and specialty waiting to be heard. Tamil Nadu is a State with several distinguished tourism genre. It has cerulean mountains, verdant vegetations, sandy beaches, mammoth monuments, timeless temples, fabulous wildlife, scintillating sculptures and reverberating rural life. It has picturesque spots, continuing heritage, cultural confluence and aesthetic magnificence.
In an analysis conducted by HVS covering 29 states of India, HVS India has identified Tamil Nadu as the best state for hospitality. Tamil Nadu leads the hospitality competitiveness index by a small margin. It tops the individual rankings for four parameters. The state has been able to maintain impressive tourist arrivals and offers a relatively secure environment for business and leisure. Consistency in policies and a business-friendly approach has helped the state government attract a good investment in tourism. However, the State scores poorly in terms of its rate of luxury tax and in its allocation of budgetary provisions for travel and tourism.

Kerala is ranked second. The state was also able to achieve the highest scores for its marketing efforts and for the availability of branded hospitality products.

The State of Kerala and Tamil Nadu have similarities in terms of the tourist products that they offer. Therefore it is relevant to study about the strategies of marketing adopted by both the States.

1.1 Relevance of the Study

Tourism is an industry with significant potential for employment and income generation. It has direct link with the State’s economy and is categorised as a clean industry. The potential of this industry is associated with the availability of tourism products. Tourism products range from beaches, monuments and temples to pilgrimage tourism, conference tourism, tribal tourism, monsoon tourism, avian tourism etc.

Kerala as a State has a blend of all the varied tourism products and the State enjoys high levels of standard of living with social parameters of human development equating that of the developed nations. This is evident from high levels of literacy, health services, low infant mortality, high life expectancy and so on. All these factors make the State ideal in terms of potentiality for the tourism industry. However, promotional initiatives, infrastructure, attitude of the local inhabitants, attitude of policy makers and political wisdom do matter in terms of
future prospects. The study examines how tourists perceive the promotional initiatives as well as the operational status in terms of identified tourism products.

A comparison is attempted between identical products available in the States of Kerala and Tamil Nadu so as to assess perceptual differences among tourists as well as differences in policy initiatives.

The study also covers the role of supportive industries considering hoteliers and tour operators as the dominant supportive players.

1.1 Statement of the Problem

Kerala as a State has a mix of all tourism products, much of which is gifted by Mother Nature. There is a need to assess infrastructure for tourism and integrated development initiatives.

What stands in the way of tourism being developed with its full potential is the lack of adequate marketing. We need to identify our tourism products, develop them and make them known to the outside world. Our Unique Selling Propositions (USPs), in tourism needs proper focus. The entire issue is thus of having right marketing strategies for the tourism sector.

1.2 Scope of the Study

The present study is based on the perception of domestic and foreign tourists with regard to identified tourist products. The study also covers supportive industries like tour operators, hotels and airlines. However the present study is confined to hotels and tour operators. The perception of tourists in Kerala and Tamil Nadu is studied and the study also focuses on policy initiatives adopted by respective Departments of Tourism, promotional strategies and pricing strategies adopted by hotels and tour operators. The identified tourist products for this study are pilgrimage centres, hill stations, backwaters, beaches, festivals, eco-tourist centres.
1.3.1 Objectives of the Study

1. To assess the pricing strategies for supportive services of tourism industry in the States of Kerala and Tamil Nadu.

2. To evaluate the promotional strategies adopted for promoting identified products in the States of Kerala and Tamil Nadu.

3. To ascertain whether there is significant difference between the perception of tourists in the States of Kerala and Tamil Nadu with regard to tourism promotion initiatives.

4. To ascertain whether there is significant difference between the perception of domestic tourists and foreign tourists in the State of Kerala as well as in the State of Tamil Nadu.

5. To find out the impact of supportive industries in strengthening tourism in the two States.

6. To evaluate the benefits from tourism accruing to the States.

7. To study the various policy initiatives adopted for designing tourist products in the States of Kerala and Tamil Nadu.

1.4 Hypotheses Formulated

There is no significant difference between the perception of foreign and domestic tourists on identified products based on the place of origin.

1. There is no significant difference between the level of satisfaction of tourists in Tamil Nadu and Kerala on identified products based on the place of destination.

2. There is no significant difference between the level of satisfaction of tourists in Tamil Nadu and Kerala on identified products based on sex.

3. There is no significant difference between the level of satisfaction of tourists in Tamil Nadu and Kerala on identified products based on age.

4. There is no significant difference between the level of satisfaction of tourists in Tamil Nadu and Kerala on identified products based on income.
5. There is no significant difference between the level of satisfaction of tourists in Tamil Nadu and Kerala on identified products based on family status.

6. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala on identified products based on priority of visit.

7. There is no significant difference between the perception of foreign and domestic tourists on identified products based on the place of origin.

8. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala on identified products based on the place of destination.

9. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala on identified products based on sex.

10. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala on identified products based on age.

11. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala on identified products based on income.

12. There is no significant difference between the perception of tourists in Tamil Nadu and Kerala with regard to promotional measures in identified products on the basis of family status.

1.5 Methodology

The study is analytical and descriptive in nature and is based on two South Indian States-Kerala and Tamil Nadu. The study is based on data elicited through structured questionnaire.

1.5.1 Source Of Data And Tools For Collection

The data for the study was collected from two sources—Primary and Secondary. Primary data was collected through questionnaires. Structured questionnaire was used for this purpose. Separate questionnaires were designed for the respondents namely domestic tourists, foreign tourists, tour operators and hotels. The questionnaire elicited data with regard to the identified variables. Interviews were held with officials of the tourism department as well as supportive government agencies. Secondary data were collected from books,
journals and other published documents. The main sources constituted tourism policy notes of the State of Kerala and Tamil Nadu, Economic reviews of the respective states.

1.4.2 Sample Design

The respondents for the study consisted of tourists, tour operators and hoteliers. Based on the variability in the population, the sample size was fixed considering segments in its constitution. A sample of 120 tourists were found appropriate by giving due representation to all possible variables in the population of each state. Thus 120 tourists each from Tamil Nadu and Kerala were selected. Multi-stage sampling was used for the study. Besides, supportive industries like hotels and tour operators were included. 34 tour operators and 46 hotels were included from both the States as respondents for the study. However, there were only 34 tour operators in the sample representing both the States together. The reason for the same was that the tour operators, operating in both the States were common and would hold identical perception. Judgement sampling was used as a technique to identify hotels and tour operators. The sample design for tourists is given in table no. 1.2 and for the hoteliers is given in table no. 1.3:-

<p>| Table No.1.2 |
| Sample design - Tourists |</p>
<table>
<thead>
<tr>
<th>Tourists</th>
<th>Tamil Nadu</th>
<th>Kerala</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign</td>
<td>60</td>
<td>60</td>
<td>120</td>
</tr>
<tr>
<td>Domestic</td>
<td>60</td>
<td>60</td>
<td>120</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>120</td>
<td>240</td>
</tr>
</tbody>
</table>
Table No.1.3

Sample design -Hotels

<table>
<thead>
<tr>
<th>Category</th>
<th>Tamil Nadu</th>
<th>Kerala</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 star</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>4 star</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>3 star</td>
<td>10</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>2 star</td>
<td>4</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>1 star</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Heritage</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td><strong>23</strong></td>
<td><strong>23</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

1.5.3 Tools For Analysis

All data were tabulated and analysed with the help of statistical tools like averages, standard deviation, Spearman’s rank correlation, t test, f test, z test, chi square test regression analysis and SPSS. T test, f test, z test were used to test the hypotheses. Ranking tables were used to identify most dominant factors. Spearman’s rank correlation was used to ascertain association between ranking of the respondents.

1.5.4 Period Of Study

Secondary Data for the study pertain to the period 2000 to 2009. In certain cases, where data pertaining to 2009 were not available, the period of study ends with the year 2008. Primary data were collected during the period starting from 1st July 2008 to 30th June 2009.
1.5.5 Variables Identified For The Study

The study is based on perception of tourists with regard to the tourism promotion initiatives adopted in the States of Kerala and Tamil Nadu. The perception of tourists were analysed considering variability based on:

- Sex
- Age
- Income
- Family size

Similarly, variability in terms of tourism products were analysed considering:

- Place of origin
- Place of destination

The effectiveness of the tourism promotion initiatives were gauged in terms of:

- Pricing strategies
- Promotional strategies.

1.6 Chapterisation

The study is presented in seven chapters

Chapter I deals with Introduction which includes relevance of the study, statement of the problem, objectives of the study, hypotheses formulated, methodology and limitations of the study.

Chapter II presents Review of Literature based on the previous studies and available data on tourism, tourism products and tourism marketing.

The third chapter entitled Tourism -An Overview discusses the concepts of tourism from the global perspective, the tourism innovations in the Indian perspective and the tourism concepts which are relevant in Kerala and Tamil Nadu by making reference to the tourist destinations of Tamil Nadu and Kerala.
In Chapter IV the various marketing mixes specific to the tourism sector are presented.

Chapter V is a presentation of survey results made by comparing the perception of tourists of Kerala and Tamil Nadu, their level of satisfaction based on variables like place of destination, place of origin, age, income and family status.

Chapter VI deals with Analysis of the responses received from Hoteliers and Tour Operators based on pricing strategies and promotional strategies.

Chapter VII concludes with a Summary of Findings and Recommendations based on the study.

1.7 Limitations Of The Study

The study confines to hotels and tour operators alone as supportive industries to tourism. However, tourism is influenced by a host of other supportive industries like airlines, shopping facility, ticketing etc whose impact was not covered. For the study, airlines and shopping tendencies of the tourists have not been included.

It was difficult to get appropriate responses from certain hotels. This limitation necessitated supplementing the hotels with better respondents.

Inspite of the above limitations all efforts were made to reduce bias and ensure correctness in the data collection and analysis process.

Reference

2 Tourism Policy Note, 2010-11, Department of Tourism, Government of Tamil Nadu www.ttdc.org.
3 The HVS India Journal State Ranking 2009 Tamil Nadu leads the way www.expresshospitality.com 16-30 April 2009.