Chapter - I

1.1 DEFINITION OF TOURISM

The concise Oxford Dictionary defines a “Tourist” as a person who makes a tour and “Tourism” as organized tour going, and “Travel” as a journey of some length to distant countries and “Travelling” is especially to foreign countries.

Several travel writers and experts have attempted to define the term “Tourism”. Onesuch attempt was made by Prof. Hunziker and Krapf of Berne University, Switzerland. They have defined tourism as “the sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence and are not connected to an earning activity”. This definition enables us to distinguish tourism from migration. It also states that tourism must necessarily include both “travel” and “stay”. Tourism is thus the sum of the phenomenon and relationship arising from the travel and stay of nonresidents in so far as they not become permanent residents and they are not connected with an earning activity in the place of visit. The International Dictionary of Tourism points out that a tour in English and in French means a journey or a circular trip. This nineteenth century dictionary defines tourists as people who travel for the pleasure of traveling and out of curiosity.

The World Tourism Organisation defines Tourism as – “Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. (www.unwto.org). This is today the most
widely accepted definition of Tourism. The purpose of the journey can be classified under one of the following headings: (a) leisure-recreation, holiday, health, religion and sports (b) business, study, conferences and meetings.

1.2 Travel Industry

Travel and tourism is the largest service industry globally in terms of gross revenue and foreign exchange earnings. It is also one of the largest employment generators in the world. It has been a major social phenomenon and is driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education, and entertainment. Tourism is both the cause and consequence of economic development. It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages. India, a major tourism attraction in the world, has a large bouquet of tourist attractions to boast of. Its widespread diversity has always attracted both foreigners and Indians to explore the myriad attractions it offers the world.

1.3 Global scenario

An ever increasing number of destinations have opened up and invested in tourism turning tourism into a key driver of socioeconomic progress through export revenues, creation of jobs and infrastructural development. Over the past six decades tourism experienced continuous expansion and diversification becoming one of the largest and fastest growing economic sectors in the world. Many new destinations have emerged apart from the traditional Europe and North America.

Despite occasional shocks, the international tourists have shown virtually uninterrupted growth – from 25 million in 1950 to 278 million in 1980, 528 million in 1985 and 1035 million in 2012. United Nations World Tourism Organisation (UNWTO) in its long term forecast in ‘Tourism Towards 2030’ states that international tourist arrivals will increase by 3.35% a year from 2010 to reach 1.8 billion by 2030. Emerging
economies and developing countries are already doing very well. The market share of emerging economies has increased from 30% in 1980 to 47% in 2012. Asia and the Pacific recorded the strongest growth with 7% increase in arrivals, followed by Africa +6% and Americas +5%.

Chart No 1.3.1 International Tourism Arrivals and Receipts
1.4 Indian Tourism Scenario

India’s tourism industry is experiencing growth driven by the burgeoning Indian middle class and an increase in their spending power. The outbound travel sector in India has grown substantially over the last two decades. Travel within the country and abroad has come within the reach of large sections of Indians. Indian travelers have evolved and are searching for new experiences and newer destinations. Work and family pressures have made it imperative for Indians to make regular trips throughout the year. Travel has become more of a necessity to de-stress, relax and rejuvenate.

The growth in travel and leisure sectors has been phenomenal as travel within the country and abroad has come within the reach of large sections of Indians. In the past decade Indian travelers have certainly become more sophisticated in their tastes. There has been a considerable shift in demands and expectations of the travellers from a holiday. They seek to explore the cultural heritage of the destinations they visit apart from the usual sightseeing. They prefer destinations that highlight history, art and culture or offer unique experiences to indulge in. Beach holidays; castles, villas & palace stays; wildlife safari; ski holidays; spa packages and adventure tours are fast gaining popularity with Indian travelers.

1.5 Growth of Tourism in India

The tourism, travel and hospitality industry in India is poised for unprecedented growth in the coming years. According to the Ministry of Tourism the Government of India; the country has received 21 million foreign tourists in 2012. This increase is from 5 million foreign tourists in 1997. The number of domestic tourists went up from 160 million in 1997 to 1036 million in 2012. The industry is likely to become more competitive due to the increased number of tourism companies, the introduction of new destinations and exciting tour options together with the entry of additional international flight operators, who would offer improved services to tourists.
1.6 Indian Tourism Statistics

Tourism statistics are available at mainly government publications and websites. The regional tourism organizations also provide statistical information.

Chart No 1.6.1 (Map of India)
The number of Domestic tourists visiting different parts of India has gone up to 1000 million in 2012 from a less than 200 million in 1997.
Table No 1.6.3 Number of Indian Nationals Departures from India, 1997-2012.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Outbound visits (in million)</th>
<th>Percentage (%) change over the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>3.73</td>
<td>7.6</td>
</tr>
<tr>
<td>1998</td>
<td>3.81</td>
<td>2.3</td>
</tr>
<tr>
<td>1999</td>
<td>4.11</td>
<td>8.0</td>
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<tr>
<td>2000</td>
<td>4.42</td>
<td>7.3</td>
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<tr>
<td>2001</td>
<td>4.56</td>
<td>3.4</td>
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<tr>
<td>2002</td>
<td>4.94</td>
<td>8.2</td>
</tr>
<tr>
<td>2003</td>
<td>5.35</td>
<td>8.3</td>
</tr>
<tr>
<td>2004</td>
<td>6.21</td>
<td>16.1</td>
</tr>
<tr>
<td>2005</td>
<td>7.18</td>
<td>15.6</td>
</tr>
<tr>
<td>2006</td>
<td>8.34</td>
<td>16.1</td>
</tr>
<tr>
<td>2007</td>
<td>9.78</td>
<td>17.3</td>
</tr>
<tr>
<td>2008</td>
<td>10.87</td>
<td>11.1</td>
</tr>
<tr>
<td>2009</td>
<td>11.07</td>
<td>1.8</td>
</tr>
<tr>
<td>2010</td>
<td>12.99</td>
<td>17.4</td>
</tr>
<tr>
<td>2011</td>
<td>13.99</td>
<td>7.7</td>
</tr>
<tr>
<td>2012</td>
<td>14.92</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Source: Bureau of Immigration, Govt. of India

The Outbound Tourists went up to 14.21 million in 2012 from 3.73 million in 1997.
Foreigners coming to India are from different countries notably U. S. A., Europe and France. They not only come to visit the historical monuments but also to experience the beauty of Kashmir, Shimla, Leh and Darjeeling. They are interested in the fairs, religious festivals and Yatras of India. The vivid colours and exuberance of India attracts them.
Foreign tourist arrivals (FTA) which stood at 2.37 million in 1997 rose to 6.58 million in 2012.
The major foreign tourist segment is formed by tourists from USA and UK. This is followed by tourists from European nations.
Foreign exchange earnings (FEE) in 2012 was US$17737 million as compared to FEEs of US$2889 million in 1997.
1.7 The Nature of Services

Tourism is the fastest growing component of the service sector. It becomes imperative to now take a look at the service sector. The increasing interest in the services sector has been accompanied by considerable disagreement and debate as to what constitutes a service and whether service marketing is a distinctive subject area. Many authors have sought to develop definitive descriptions of a service, yet no adequate agreed definition has emerged.

Adrian Payne in ‘The Essence of Services Marketing’ has defined it as “A service is an activity which has some element of intangibility associated with it, which involves some interaction with customers or with property in their possession, and does not result in a transfer of ownership. A change in condition may occur and production of the service may or may not be closely associated with a physical product. “

Phillip Kotler in ‘Marketing Management: Analysis, Planning and Control’, has distinguished four categories of service offer, varying from a pure good to a pure service:

- A pure tangible good such as soap, toothpaste or salt. No services accompany the product.
- A tangible good with accompanying services to enhance its consumer appeal. Computers are an example.
- A major service with accompanying minor goods and services such as first class airline travel.
- A pure service like baby-sitting and psychotherapy.

This categorization makes it clear why it is difficult to define or generalize services. Services vary considerably over a range of factors, including whether they require a customer’s physical presence; and whether they are equipment intensive or people intensive (e.g. a launderette versus a masseur).
In Services Marketing Valarie A Zeithaml, Dwayne D Gremler, Mary Jo Bitner and Ajay Pandit pose the question What are services? and answer it as follows – “Put in the most simple terms, services are deeds, processes, and performances.” Compatible with this simple definition is another broader one in ‘Technology of Services’ by J. B. Quinn, J. B. Baruch, P. C. Paquette that defines services to include “all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser.”

Further clarity comes from the Tangibility Spectrum of G. Lynn Shostack, in “Breaking free from Product Marketing”. He illustrates the complex nature of services by showing that they have both tangible and intangible components. Tourism as a sector when placed in the Tangibility Spectrum exhibits both the tangible and intangible components inherent in it.

**Chart No. 1.7.1 Tangibility Spectrum**
Tangibility Spectrum

Tangible dominant:
1. Salt
2. Soft Drinks
3. Detergents
4. Automobiles
5. Cosmetics

Intangible dominant:
6. Tourism Services
7. Fast-food outlets
8. Advertising agencies
9. Airlines
10. Investment management
11. Consulting
12. Teaching.
The Tangible elements in the tourism sector are Tourism Booking Offices, Hotels, Catering and Sightseeing places. The Intangible component is formed of the services (Guide, Food, Housekeeping), Booking, Itinerary planning, Quality offered, employee interaction in terms of knowledge, communication, manners and dependability.

Hence Tourism with its leaning towards the service factors is considered to belong to the service sector.

1.8 Characteristics of the Tourism Sector

The Tourism Industry depicts some characteristics typical of the service sector. These characteristics shape its scope and also determine the marketing strategies that need to be used for selling tourism services. Kotler and Armstrong (2008) define a service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

1.8.1 Intangibility

Tourism products, like all services, are intangible. The tourism service cannot be seen, touched, felt or sampled before purchase. The customer can enjoy a tour, a sailing or flying experience but he cannot get a tangible product in his hand. Travel products cannot be touched as they include flight experience on an airplane, cruise on an ocean liner, view of the mountains or a visit to a museum - these products are experiences. Once they are experienced they can only be recalled and relished. The tangible products like a bed in a hotel or food in a restaurant are used to create the experience but these are not what the customer is seeking. The customer wants intangible experience like pleasure, excitement, relaxation, etc. The tangible products that are purchased provide the access to intangibles.
1.8.2 Perishability

Tourism services are highly perishable. Travel services are intended to be consumed as soon as they are produced. For example, an airline has seats to sell on each flight; a hotel has rooms to sell for each night. To overcome this problem, the travel industry has come up with various marketing strategies. One is to overbook. An airline overbooks its seats to a certain extent in anticipation that even though certain customers do not turn up but the flight will be fully seated. Another strategy is multiple distribution outlets. For example a customer can buy an airline ticket from an airline, tour operator or from a travel agent. The chances of perishability are reduced. If the tourist cannot visit the place, the opportunity is lost. Tourism services cannot be stored for later use, as can tangible products. Hence the prevalence of discounting in services. Perishability means that the life of an individual product is limited to a specific deadline and that once that deadline is reached the product ceases to be available for sale. All tourism suppliers’ products are perishable; individual units of capacity, for e.g. a hotel rooms, admission to an attraction or a seat on a transport departure, cannot be stored indefinitely until a customer makes a decision to purchase it; if it is not sold by a certain time, then the opportunity to sell it disappears.

1.8.3 Maintaining an Inventory

Since tourism services are intangible they cannot be stacked as inventory and stored for future consumption. For example, an airline has seats to sell on each flight; a hotel has rooms to sell for each night and a tour operator has tours to sell by a certain time limit. If the airline is not able to sell all its seats on its flight, or a hotel is not able to sell its rooms for the night then the opportunity to sell the product is lost forever. Service sector cannot keep inventory like goods.
1.8.4 Heterogeneity

The tourism product is not a homogeneous product. We cannot standardise a service. Tourism Companies attempt to standardize service delivery as efficiently as possible through staff training and quality control procedures, but the human ingredient complicates the equation. As most services require interaction between the producer and consumer, each with their own set of expectations, it is highly unlikely that any product can ever be perceived equally by all customers. External factors can also affect the tourist experience. A general norm is that in Travel and Tourism industry the product or the package of the tourism can be standardized i.e. for example of 2 days 3 night in so and so hotel, but the actual experience of consuming this package is highly inconsistent.

1.8.5 Inseparability

Most travel products are produced and consumed at the same place and at the same time. This is the opposite of the tangible products, which are produced at a different place and time and consumed at a different place and time. In contrast, most travel products are sold first and then simultaneously produced and consumed. For example, an airline passenger consumes the flight as it is being produced, and a tourist takes a sightseeing tour as soon as it is underway. Thus there is simultaneous consumption and production. This creates certain interdependence between suppliers and customers as the interaction between the supplier and customer takes place on the supplier's premises. The interaction shapes the travel experience. For example, the customers cannot take the cruise home with them; in fact they have to leave their home.

1.8.6 Demand Fluctuations

The major problem confronting the tourism sector is demand fluctuation. Tourism is perhaps more vulnerable than any other industry to seasonal fluctuations in demand. Demand fluctuation are unpredictable sometimes
due to natural causes, sometimes man-made. Acts of God include extreme climatic conditions and natural disasters Acts of Man include strikes and international events like wars, unrest and rebellions.

1.8.7 People Centric

Tourism Services are high contact services, as people interact with people at virtually every stage of the way. Tourism services are very people-oriented services, and the service people are plenty and have high contact with the customers. The customer interacts with a myriad of service people starting from when he books his ticket and throughout the course of his holiday.

1.8.8 Small business industry

Tourism has been described as the classic small-business industry. According to the Department of Tourism, more than 70 percent of businesses in the hospitality sector employ around ten persons. One of the reasons for the ease of entry into the industry is the small business nature of the industry.

1.8.9 Decentralised industry

Tourism is a diversified and decentralised industry. There are many service providers who constitute a tourism service. Different tourism products have different locations such as tourist spots, resorts and sanctuaries. Regional areas have their own attractions, hotels and tour operators.

1.8.10 Private-sector driven

Governments provide relatively little assistance to the tourism industry. In general, the entrepreneur is left to fend for himself. The Government provides much of the infrastructure and services used by the industry and tourists - these include the provision of roads, airports, railways and harbours, the management of national parks, visas and customs services,
research and statistical data, promotion and information services and various public amenities. The Tourism Companies design their own tours, itinerary and conduct tours based on these infrastructure facilities.

1.9

**Difference between Goods and Services**

Given below are the fundamental differences between physical goods and services:

<table>
<thead>
<tr>
<th>Goods</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>A physical commodity</td>
<td>A process or activity</td>
</tr>
<tr>
<td>Tangible</td>
<td>Intangible</td>
</tr>
<tr>
<td>Homogenous</td>
<td>Heterogeneous</td>
</tr>
<tr>
<td>Production and distribution are separated from their consumption</td>
<td>Production, distribution and consumption are simultaneous processes</td>
</tr>
<tr>
<td>Can be stored</td>
<td>Cannot be stored</td>
</tr>
<tr>
<td>Transfer of ownership is possible</td>
<td>Transfer of ownership is difficult</td>
</tr>
</tbody>
</table>

1.10 **The Uncontrollable Factors in Tourism Industry**

A major problem in the tourism industry are the factors that influence the tourism service yet are outside its control. These include –

(i) Weather- Unseasonal rain, lack of snow in ski resorts and extremely hot weather mar the well planned holiday and tour.

(ii) Poor infrastructure in the destination country – this could be bad roads and substandard hotels.
(iii) Harassment of Tourists by traders and beggars
(iv) Poor hygiene and sanitation standards, sudden outbreak of diseases in host country.
(v) Government bureaucracy and bureaucratic factors such as visa restrictions and high taxes on purchases.

1.11 Definition of a Tour

A Tour is a professionally managed excursion from point A to point B with regular sightseeing and halts. People often prefer professional tour operators to plan their tours for them. The reason is that tour operators have a thorough knowledge of good hotels, sightseeing points and are well versed in Air, Road and Rail connectivity.

Types of Tours

1.11.1 Package Tours - The package tour is a tour in which hotel reservations, airline Ticketing and sightseeing arrangements are made as per customers’ demands. The Tourism Company does the booking on a commission basis. The customer is then left to enjoy the Tour. The food arrangements and Guide services are not included in the tour booking.

1.11.2 Conducted Tours - A tourism company announces fixed dates, tourist destinations and itinerary for an all inclusive price in a conducted tour. Arrangements for food, sightseeing and hotel stay are included in the cost. There is a guide who escorts the customers throughout the tour. A small group is formed and the guide escorts them throughout the tour helping them at every point.

1.11.3 Tailor Made Tours - Many tourists actively plan their own travel experience. The Tourism Company designs the itinerary and makes the bookings. Experienced travelers then enjoy their chosen destination. This reflects the desire of travelers for new and different experiences.
1.12 Tourism in Pune

Pune is a microcosm of Maharashtra. Maharashtra has a large number of varied attractions. These include around 350 Forts, 14 Hill Stations, 78 Beaches, 33 Wildlife Sanctuaries, 700 Caves, and 5 National Parks. Tourists from Maharashtra therefore have a choice of sightseeing in Maharashtra, India and abroad.

Chart No 1.12.1 Maharashtra Tourism Attractions

1.13 About Pune – Pune, the city under the present tourism study is located in Western India in Maharashtra.
The location is
18-31 North and 73-51 East
Distance from the coast: 107 Kilometers
Height above mean sea level: 570 meters
Distance from Mumbai: 192 Kilometers (by rail)
Pune city is the divisional headquarter of Pune Division, which comprises the districts of Pune, Satara, Solapur and Kolhapur.
The climate of Pune is salubrious with all the seasons being temperate.
Winter- (November-February)
Average Temperature 15.20 Celsius: Minimum up to 6 Celsius

Summer (March- June)
Average Temperature 30.40 Celsius: maximum up to 43 Celsius
Pune is surrounded by hills and lies in natural setting having pleasant and invigorating climate

1.14 Historical Background

Pune, the cultural capital of Maharashtra, is 170 Kilometers from Mumbai by road. The district of Pune has been an important region of a bigger state right from the ancient Hindu period, then Muslim period and under the British regime. For a period of a hundred years, Pune city was a bastion of the powerful Maratha Empire. Under the reign of Shivaji Maharaj in the 17th century, Pune entered a new phase in history. Shivaji’s mother Jijabai and Dadoji Kondev started developing Pune or Punawadi as it was then called into a bustling town. It was later the seat of the enterprising Peshwas, the prime ministers of the Maratha kingdom under whom Maratha power rose into a major political force. It was only after the battle of “Koregaon” in 1818, that Pune fell into the hands of the East India Company. During British
rule, it became the fount of social and political reforms. All the political and social reform movements that originated from Pune spread throughout Maharashtra.

1.15 Culture, Education and Recreation

Pune is also known as cultural capital of Maharashtra. Pune is well known for educational facilities. Government Engineering College is one of the oldest engineering colleges in the country. It is well equipped with practically all Engineering branches B.J. Medical College, Armed forces Medical College, National Chemical Laboratory and several other colleges and management institutions are situated in Pune.

Pune has great importance from defense point of view. Pune is the headquarter of southern command of the Indian Army. The High Explosive Factory is situated at Khadki. National Defense Academy at Khadakvasla and College of Military Engineering are other important institutions in Pune.

Marathi language is the official language of Maharashtra and Pune is known for Marathi literary activities. It is a favourite medium of expression of Pune’s theatre world. New plays are staged here all throughout the year and draw non Maharashtrians to the theatre today. Horse racing activity of the Pune race course is in full swing during the monsoon as it shifts from Bombay to Pune for July, August, and September every year.

Lokmanya Tilak initiated the first public celebration of Ganesh Utsav as an annual ritual as a means of uniting people for the freedom struggle. Today the festival has incorporated within its hold cultural representations of every part of India thus making it a composite cosmopolitan cultural extravaganza. The Pune Festival amply manifests the country’s leading musicians, dancers, artists, painters and performers, thus attracting different communities India. The excitement at the village fair, the jatra, with the bullock-cart race at the
Bhosari adds special effect to the festivals. Events like wrestling matches, tamasha and water sports are also other attractions for this festival.

In addition to above there are many other festivals and cultural programs. In the month of December of every year, Sawai Gandharva Sangeet Mahotsav festival of classical music is arranged. This program is internationally recognised as the participants are well known personalities in the fields of vocal and instrumental music.

Mahratta Chamber of Commerce is well known for its industry and commerce promotion in Maharashtra. Pune has always been an industrial city. There are many large manufacturing and IT companies in Pune. It also has a Stock Exchange. The industrial and commercial activities have grown rapidly in Pune in recent years.

Pune has certainly a very promising potential of prosperity in the future. Pune leads all the districts in Maharashtra in nearly all fields including agriculture, industry, export, technical training, dairy and horticulture, hostel, forestry, banking, finance, scientific research, technological innovations and professional expertise.

1.16 Important Growth Factors for Tourism

The following factors are very conducive to the growth and development of Pune city as an important place from the view point of tourists.

1. Historical places e.g. fort such as Purandar, Sinhagad, Torana, Rajgad.
2. Resort places
3. Natural Scenic beauty
4. Hills and trekking tracks
5. Well connected transport
6. Center of education for last 200 years
7. Cultural city
8. Good weather, water and overall ecologically balanced environment.
9. Ganesh festival, Savai Gandharv Sangit Mahotsav and such other social and cultural programs which have become the tradition and life of Pune city.

10. Industries like Tata Motors, Kirloskar Oil Engines, Garware Wall Ropes, Bharat Forge, and Infosys, Syntel, Wipro, and IBM in Pune and Pimpri Chinchwad Municipal Corporation.

These growth factors have attracted people from all over India. Many choose to settle down permanently in Pune. The earlier ‘pensioners paradise’ has become a young and vibrant city. The IT industry calls in the professionally qualified young crowd and the many companies employ technically qualified personnel.
1.17 Rationale of the Study:

Tourism is an industry with a significant potential for employment and income generation in Pune. Tourism products range from beaches, monuments and temples to different types of tourism packages. The tourism requirements are available in Pune with its historical background and an enthusiastic population. Pune with a population of 3,115,431 (within PMC limits) is both a historical and modern city. It is an IT Hub where people are keen on travel and tourism. The study examines the marketing strategies and promotional initiatives employed by the Tourism companies in Pune to attract customers.

The Researcher found out that at present the approach to marketing is periodic and intense during high season. It is based on brand, is market segment focused and makes use of established marketing channels. In future the marketing strategies will have to focus on individual customers, outpace competitors, add value and creative services and use new channels for marketing.

The Tourism Company will have to identify customer needs, design service products for individual customers and keep pace with the changing technology and demographics.

1.17.1 Importance of the study of Pune Tourism

Pune city is becoming one of the most important cities because of its industry, educational institutes and cultural events. It attracts people from all over India and abroad due to its technical and social development. There was a dearth of research studies based on Pune Tourism companies and their marketing strategies. This study will pave way for new marketing strategies by research inputs from customers, tourism experts and tourism professionals. Hence this empirical study has practical applications.