

Changing Paradigm – Travel Brokers to E – Travels

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ABSTRACT

Tourism industry, for any country is very important indicator of its economic growth. It also contributes to the country brand value, image and identity. In India, for centuries, tourism has been a robust industry. This research papers entails the evolution of tourism in India and how new reforms were introduced to match up with the increasing demand. A country with a vast history and rich cultural heritage has lured many travel enthusiasts from around the globe. It further throws light on the current scenario of tourism that indicates the growth potential. The constant rise of demand has estimated huge rise in employment and a substantial rise to contribution in GDP. Digital revolution and the growth in ICTs paved new avenues bringing forth new set of opportunities and challenges for the tourism industry. Online travel markets evolved alongside the traditional offline travel agencies and the sector dynamics changed forever.

Keywords: Tourism, Digitalization in tourism, Online travel markets, online travel agencies, Traditional travel agencies

I. INTRODUCTION

Tourism is considered to be an age-old process and its roots traces back to the history of mankind. It is an activity that involves an individual to spend time away from home and the objective of the same is based on the interest of the quest.

One of the most primitive meaning of tourism was given by Herman V. Schullard, in the year 1910, who defined " tourism is the sum total of operations, mainly of an economic nature, which directly relate to the entry, stay and movement of foreigners inside and outside a certain country, city or region."

Mathieson and Wall created a good working definition of tourism as "the temporary movement of people to destinations outside their normal places [51] Historical Background of Tourism Industry and Tourism Policies of India of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to cater to their needs."

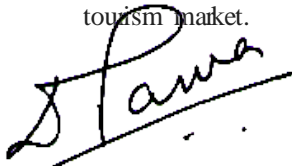
A person who travels and stays overnight at a destination, due to one or more motivations is known as a tourist.

Based on the objective of the tourist, there can be many types of tourism like recreational tourism, environmental tourism, historical tourism, cultural tourism, religious tourism, adventure tourism, to name a few.

Advent of technology has impacted the landscape of tourism business in India too. Digitalization, internet and mobile technology has added new dimensions to the Indian tourism sector changing not just how the travels were planned but also how the travel solutions were offered.

II. REVIEW OF LITERATURE

Bharathi D (2017) discussed the importance of tourism for the growth of any economy. The researcher has explored the various types of tourism in India and also discussed India's position in the world tourism market.



Swati Ajay Shigaonker (2018) discussed the evolution of Indian tourism sector post digitalization. She has discussed various factors that have worked in favour of the online travel market. She has also discussed the role of social media and mobile platforms in the tourism industry.

Maniknath Shama and Deepti Dabas Hazarika (2017) discussed that Indian tourism industry needs intense promotional and marketing strategy implementation to grow. They have discussed the importance of realizing the changing customer undercurrents to bring synergy to the campaigns.

Kirti Dahiya (2016) explained how the changes that have augmented into the tourism sector post the onset of online options. She further compares the two platforms and discusses the changing business models to suit the needs of the contemporary business models.

III. OBJECTIVES OF THE STUDY

1. To trace the evolution of Tourism in India
2. To study the impact of digitalization in the Tourism industry on the traditional travel agencies.
3. to understand the challenges faced by the travel and tourism industry in India

IV. EVOLUTION ON INDIAN TOURISM

India, a country shrouded by the reminiscences of ancient civilizations, has a history that dates back to over 5000 years. Indus Valley civilization facilitated trade and learning followed by the arrival of Aryans. Trading routes, learning centres and places of religious importance were built through the length and the breadth of the country. Emperor Ashoka propagated Buddhism by sending monks to different corners of Asia. Mughal Era led to cultural and religious influx in the Country. Many architectural marvels and monuments were built during these times. There are records of early Chinese and Europeans travelling to India for pilgrimage and knowledge respectively. The East India Company, established in 17th Century paved new opportunities for trade in India followed by the Portugal. This embarked new travel avenues to Indian shores.

The organized effort to develop travel industry in India was only realized post world war - II when Indian government established Sargent Committee to review the possibility of diving Tourist Traffic in India. An interim Tourist Traffic committee was set-up in 1948 to promote tourism. The establishment of Indian Tourism Development Corporation followed by the institutionalization of Ministry of Tourism and Civil aviation in the year 1966 was a milestone in the evolution of the organized Tourism sector in the country. In May 1986, this paved way for Ministry of Tourism. New tourism Policy was drafted in the eighth five-year plan that accentuated the need for increasing participation of the private sector to boost Indian tourism.

Keeping true to the Indian philosophy of Atithi Devo Bhav, the National Tourism Policy of 2002 was commissioned. The objective of this policy was to create new employment opportunities and to promote social integration. Incredible India, an international tourism campaign was also launched by the Government of India to boost tourism.

The tenth and the eleventh five-year plans instituted during 2002 and 2007 also provided and impetus to the growth of tourism in the country by promoting skill development programmes in tourism and hospitality and increase in the allocation of funds. Government of India has allowed 100% FDI in the hotels and tourism industry. In November 2014, Government of India implemented a new Visa policy to promote growth in the sector.



V. CURRENT SCENARIO:



Note: MICE – Meetings, Incentives, Conferences, and Exhibitions

Source: IBEF

India's tourism industry is a robust industry with tremendous growth potential. According to World Tourism and Travel Council, India ranked third among the 185 countries in terms of total contribution (travel & tourism) to GDP in 2018. In the report published by the World Economic Forum, India was ranked 34th in the Travel & Tourism Competitiveness Report 2019.

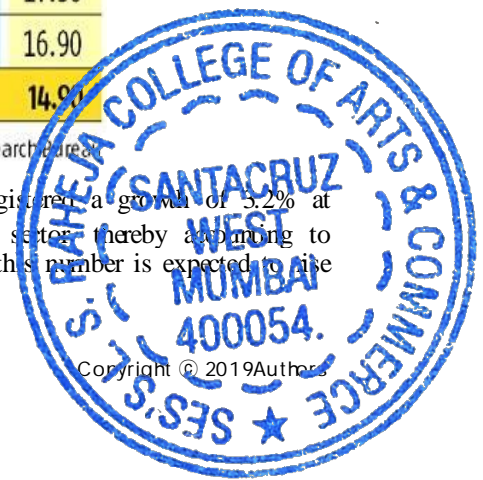
TOP TRAVEL DESTINATIONS

Global Rank	Economy	Score	DIFFERENCE FROM 2017		SCORE DIFF. FROM BENCHMARK AVG.	
			Rank	Growth (%)	Regional (%)	Global (%)
4	Japan	5.40	0.00	2.10	29.10	39.60
7	Australia	5.10	0.00	0.80	23.60	33.60
13	China	4.90	2.00	3.20	17.20	26.70
14	Hong Kong SAR	4.80	-3.00	-1.10	15.70	25.10
16	Korea, Rep.	4.80	3.00	4.70	14.90	24.30
17	Singapore	4.80	-4.00	-2.00	14.40	23.70
18	New Zealand	4.70	-2.00	1.40	14.10	23.40
29	Malaysia	4.50	-3.00	0.40	8.50	17.30
31	Thailand	4.50	3.00	2.60	8.10	16.90
34	India	4.40	6.00	5.70	6.30	14.90

Source: World Economic Forum, 2019

Compiled by BS Research Bureau

During January-November 2019, the Foreign Tourist Arrivals (FTAs) registered a growth of 3.2% at 96,69,633.41.6 million people were employed in the travel and tourism sector thereby accounting to 8% of total employment opportunities in the country in 2017. By 2028, this number is expected to rise by 2% per annum to 52.3 million jobs.





Source: World travel and tourism council

The sector accounted for 5.9% of national investment in the year 2018, with an investment of US\$ 45.7 billion. According to the information released by Department for Promotion of Industry and Internal Trade (DPIIT), the hotel and tourism industry accounted for around US\$ 12.99 billion of FDI during the period from April 2000 to June 2019.

VI. ONLINE TRAVEL AGENCIES

Social environment has changed very fast in the last two decades. The growth spurt in the IT sector has been responsible for major innovations in world economy in the new millennium. Rapid expansion of Information and communication technologies and that of internet revolutionized the world. People and businesses are evolving in the new digital world.

According to CISCO in 2006, India had only 40 million internet users. By 2018 this number rose to 405 million people and is further expected to rise to 829 million by 2021. According to Mary Meeker's internet trends report of 2019, India has 12% of world's total internet users. According to ASSOCHAM-PwC joint study, India had 468 million smartphone users and this number is expected to double to 859 million 2022. There are around 310 million social media users in the country. The competition Commission of India, have estimated the e-commerce industry to grow to 120 billion dollars in 2020. The revenue from e-commerce industry in 2007 was 39 billion dollars.

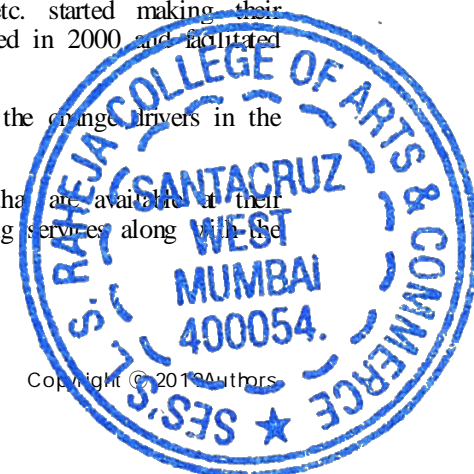
These rapid developments changed the dynamics of businesses and made it imperative for corporates to redefine their business strategies to cater to the evolving needs of their consumers and partners.

The incessantly growing tourism industry was quick to realize new growth opportunities on the digital platforms. Internet facilities, smartphone penetration, ease of electronic fund transfer, increasing e-commerce business models and rise in the household incomes are the key drivers that have added impetus to the robust online travel market in India. It provided an opportunity for the suppliers to connect with the customers far and wide.

New business avenues like Makemytrip.com, easemytrip.com, yatra.com, etc. started making their presence felt. MakeMyTrip was the early entrant in the market. It was founded in 2000 and facilitated travel and hotel bookings across domestic and international markets.

Thereby MakeMyTrip, Goibibo, Cleartrip, Yatra, etc came to be known as the change drivers in the industry and were credited to bring a new level of maturity in the industry.

Customers are now more tuned into their smartphones and prefer options that are available at their fingertips are now tuning into online travel agencies that are providing ticketing services along with the hotel accommodations options prefer to plan their travel digitally.

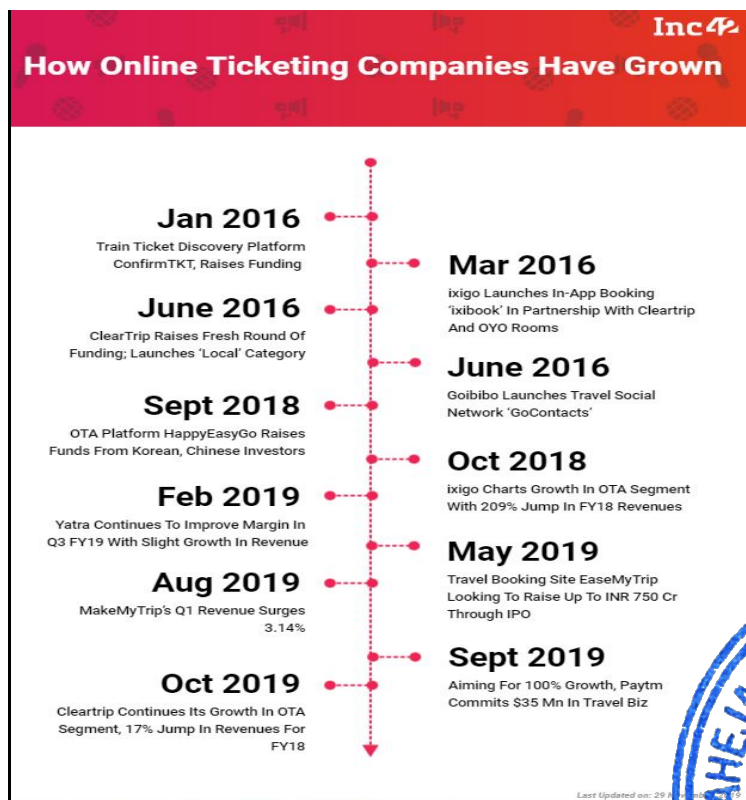




Source: *alliedmarketresearch.com*

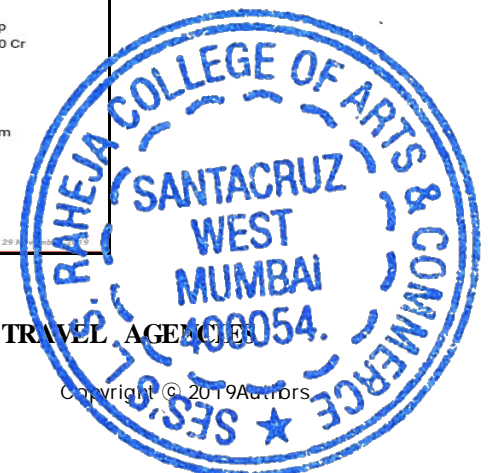
The online travel segment in India is rapidly growing. In 2014 it was 9.1 billion dollars but it's expected to rise upto 48 billion dollars by 2020 as per the Google-BCG report. According to another report by IBEF, online travel market may account for approximately 40-50% of total transactions by 2020.

The popularity of the online travel market is quite visible as we study the new market entrants as well as the investments that have been made in the landscape over the past years.



Source: *inc42.com*

VII. IMPACT OF ONLINE TRAVEL MARKET ON TRADITIONAL TRAVEL AGENCIES



Indian tour operators are working in two modes – online and offline. Traditionally, the Indian tourism industry was dominated by the small tour operators who worked offline. These traditional players had their own forte and dealt with the offline customer base through face to face interactions. However, with shifting customer platforms, survival has become very difficult for these traditional agencies. Bethapudi (2013) explored the role of internet for Indian tourism and suggested that technology upgradation for the offline players too. Online marketing tools and strategic management can enhance both business and its operations too.

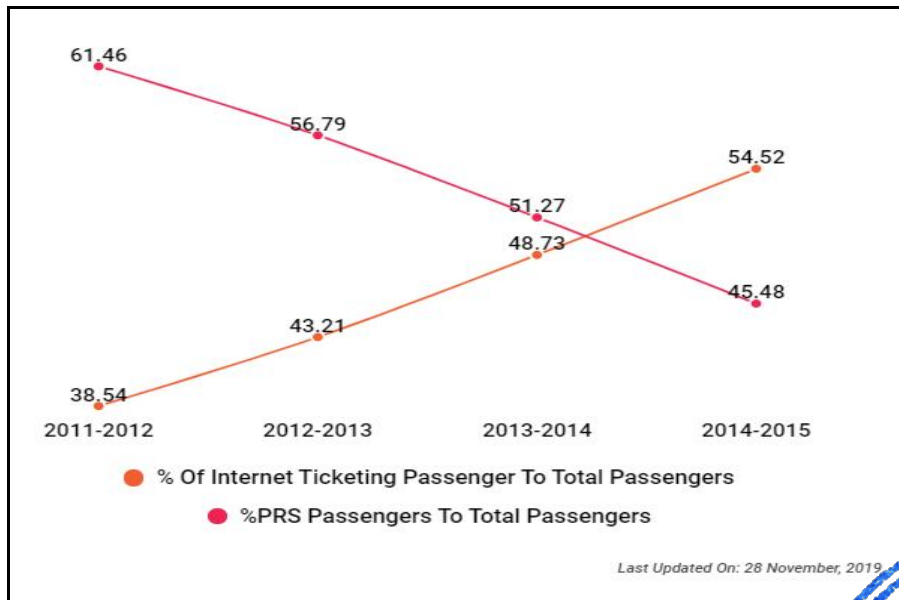
Today many tourists choose their holiday destinations, plan tours and explore online resources before they decide their travel itinerary. Customization is another driving tool for people to make their choices while deciding on a tour operator.

According to companiesinindia.net, the top five travel companies in India are as follows:

1. MakeMyTrip (Established in 2000)
2. Yatra.com (Established in 2006)
3. Thomas Cook (Established in 1881)
4. Cox & Kings (Established in 1758)
5. Goibibo (Established in 2009)

The data clearly highlights the outcomes of the changing dynamics in the industry. Out of top five ranking companies, three are online travel portals. The novel MakeMyTrip and Yatra have successfully pushed the seasoned industry players like Thomas Cook and Cox & Kings to the third and fourth position respectively.

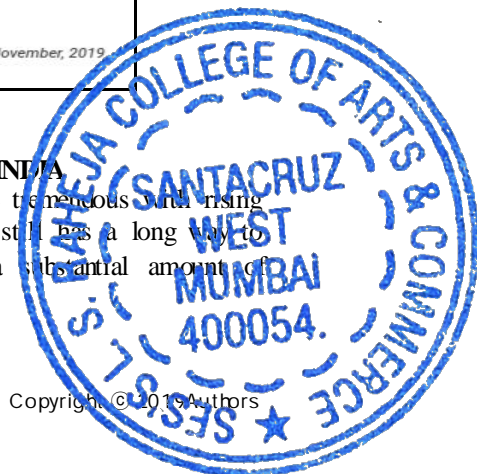
The below figure clearly indicates the market trend for e-ticketing at IRCTC, the railway booking portal.



Source: inc42.com

VIII. CHALLENGES FACED BY THE ONLINE TRAVEL MARKET IN INDIA

1. India is still a developing nation and even though the growth prospects are tremendous and rising number of internet users every year, the broadband infrastructure development still has a long way to go. Internet penetration in the country is around 35% which means a substantial amount of population has no access to the digital platforms.



2. Many Indian are don't trust online payment gateways and due to the rising number of internet frauds are sceptical to share their banking details on the internet.
3. Illiteracy is another challenge in the growth of online travel markets in India.
4. Easy entry into the market has led to the growth of online travel portals, thereby increasing competition and marginalizing profits.

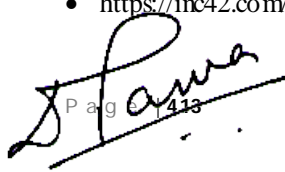
IX. CONCLUSION

The travel industry has witnessed a paradigm shift in the recent times. The ease of operations followed by the ease of travel provided by the online travel market agencies has altered the way in which consumers plan their travel. This has forced many traditional offline agencies towards digital expansion. With the growing mobile and internet users base and lower entry barriers there is a huge growth potential for online travel agencies in India. Providing innovative digital and tech-friendly services and travel solutions is the mantra for long-run success in the tourism industry. Online travel solutions provide win-win solutions for the services providers and the customers alike. While the agencies widen their market base, customers get an opportunity to compare and choose.

However, to beat the competition it will be imperative for the online travel agencies to channelize their resources to tap the customer needs, establish a brand identity and provide customized solutions for hassle-free travel experience for their customers.

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