TRENDS AND CHALLENGES IN THE SERVICE SECTOR WITH SPECIAL REFERENCE TO THE INDIAN TOURISM INDUSTRY

Ms. D. ANBU GEETHA
Lecturer, GRD Institute of Management,
GRD College of Science, Avinashi Road, Coimbatore

ABSTRACT

Service sector is the lifeline for the socio economic growth of a country. It is the largest and fastest growing sector globally with worthy contribution in terms of output and in employment creation than any other sector in the current scenario. In alignment with the global trends, Indian service sector has witnessed a major boom with noteworthy contribution in terms of both employment and national income in recent times. The activities of the service sector are quite diverse such as Trading, Transportation and Communication, Financial, Real Estate, Tourism, Business Services, Community, Social, Personal Services come within the ambit of the service industry.

Indian Tourism sector has witnessed an exponential growth in the recent years. The tourism industry is expanding due to the increase in foreign tourist’s arrivals. It is the second largest foreign exchange earner in India. The importance of tourism is not only the foreign exchange that it brings in, but it plays a significant role in employment generation in India.

Success of Tourism industry is greatly influenced by the way in which hospitality is delivered and the physical appearance and personality of the business. It is critical that these elements be communicated in the best possible manner to achieve consumer satisfaction.

Although India receives millions foreign tourists a year, it has not yet tapped its full potential having several historical tourist destination. Thailand which is a small country with limited geographic and historical attraction is able to receive several than that India does. India has full potential as a tourist destination and the India’s tourism industry is now trying to do that. This paper is an attempt to explore some of the recent trends and challenges in marketing India as an enchanting destination.

KEYWORDS

Tourist, Tourism India, Employment Generation, Economic Liberalization, Service Sector,
INTRODUCTION

The era of economic liberalisation has ushered in a rapid change in the service industry. Service Sector of Indian Economy contributes to around 55 percent of India's GDP during 2006-07. This sector plays a leading role in the economy of India, and contributes to around 68.6 percent of the overall average growth in GDP between 2002-03 and 2006-07.

There has been a 9.4 percent growth in the Indian economy during 2006-07 as against a rise of 9 percent in the same during 2006-06. During this growth in Indian economy, the service sector witnessed a rise of 11 percent in the year 2006-07 against the 9.8 percent growth in 2005-06. The service sectors of Indian economy that have grown faster than the economy are:

- Information Technology (the most leading service sectors in Indian economy).
- IT-enabled services (ITeS).
- Telecommunications.
- Financial Services.
- Community Services.
- Tourism.

There has been a 13 percent hike in the service sectors of trade, hotels, transport and communication in India's economy as compared to the 10.4 percent rise in the previous year. The financial services that comprise of banks, real estate, insurance, and business services witnessed a rise of 11.1 percent during 2006-07 against the 10.9 percent growth in the previous year. Service sectors including community, social, and personal services experienced a growth of 7.8 percent during 2006-07 as against 7.7 percent growth in the previous year.

The service sector of India has also witnessed a remarkable rise in the global market apart from the Indian market. It has experienced a rise of 2.7 percent in 2006 from that of 2 percent in 2004. The broad-based service in the trade sector has undergone a large-scale rise. A statistics concerning the growth of India's service sectors are listed below:

- The software services in Indian economy increased by 33 percent which registered revenue of USD 31.4 billion.
- Business services grew by 82.4 percent.
- Engineering services and products exports grew by 23 percent and earned revenue of USD 4.9 billion.
- Services concerning personal, cultural, and recreational had a growth of 96 percent.
- Financial services had a rise of 88.5 percent.
- Tourism, transport and insurance grew by 23 percent.
Tourism has always been a major social phenomenon of any society. It is motivated by the natural urge of every human being for new experience, adventure, education, knowledge and entertainment. In order to understand each other's cultures and values as well as to cater several other social, religious and business interests, it has resulted in development of many tourist and infrastructure facilities. This, along with the progress of proper transportation network globally, especially of airways and waterways, has encouraged people to venture out to the foreign lands. It has facilitated the trade and commerce between the different regions of a country and between the different countries. As a result, over the years, it has acquired the status of a service industry.

Tourism, being one of the largest industry, plays a key role in achieving the socio-economic goals of the development plans of a nation. It is an important service-oriented sector which has made rapid strides globally in terms of gross revenue and foreign exchange earnings. It is a composite of service providers, both public and private, which includes travel agents and tour operators; air, rail and sea transportation operators; guides; owners of hotels, guest houses and inns, restaurants and shops; etc. They are involved in meeting the diverse interests and requirements of domestic and international tourists. The tourism industry provides incentives to foster the quality of environment, generates more employment opportunities (particularly in remote and backward areas) as well as develops necessary infrastructure facilities like roads, telecom and medical services, in the economy.

In India, tourism industry holds special position as it not only have potential to grow at a high rate, but also stimulate other economic sectors through its backward and forward linkages and cross-sectional synergies with sectors like agriculture, horticulture,
poultry, handicrafts, transport, construction, etc. That is, it can provide impetus to other industries in the country and generate enough wealth to help pay off the international debt. It is the third largest net earner of foreign exchange for the country. The travel and tourism sector contributes to the national integration; preserves natural and cultural environments; as well as enriches social and cultural lives of the people. It has the capacity to create substantial job opportunities, particularly for unskilled and semi-skilled workers as well as to alleviate the poverty in the country. That's why, it has been regarded as the core sectors of the Indian economy.

TOURISM MARKETING

Tourism is an activity involving a complex mixture of material and psychological elements. The materials are accommodation, the attraction and entertainment available. The psychological factors including a wide spectrum of attitudes and expectations.

Marketing in tourism is to be understood as the systematic and co-ordinated execution of business policy by tourist undertaking which private or state, owned at local, regional, national and international levels to achieve the optional satisfaction of the needs of identifiable consumer groups and in doing so achieves an appropriate return.

MARKETING STRATEGY (MIX)

The marketing strategy, or mix should be viewed as a package of offerings designed to attract and serve the customer or visitor. The Marketing mix for tourism is given below.

A. PRODUCT

A product can be “ideas, goods or services” since tourism is primarily a service based industry, the principal products provided by tourism businesses are recreational experiences and hospitality. These are intangible products and more difficult to market than tangible products such as automobiles. This intangible nature makes quality control difficult but crucial it also makes it more difficult for potential customers to evaluate and compare offerings. In addition, instead of moving the product to the Customer, the customer must travel to the product.

Travel is a significant portion of the time and money spend in association with recreational and tourism experiences and is a major factor in people’s decisions on whether or not to visit. The factors that create a quality recreational experience often differ among people. A quality experience for one skier might include an uncrowded steep slope, to another it might be a good restaurant and a chance to socialize.

Decisions on what facilities, programs & services to provide should be based on the needs and desires of the target market. They should not be based on the preferences of
the owner / manager or necessarily on what the competition is providing. Recognize that a recreational tourism experience include five elements such as:

- Trip planning & anticipation.
- Travel to the site / area.
- Experience at the site.
- Travel back home.
- Recollection.

Business should look for ways to enlarge the quality of the overall experience during all phases of the trip.

B. PLACE

Tourism business must focus not only on servicing the customers once they arrive at the site, but also on improving travel to and from their areas. A bad experience getting to or leaving an R/T site can adversely affect a person’s travel experience. Ways to prevent include identifying attractions and support facilities along different travel routes, recommending direct & scenic travel routes etc.

C. PRICING

Price is one of the most important and visible elements of the marketing mix. When setting prices it is important to take into considerations the following:

- Business and target market objectives.
- The full cost of producing, delivering & promoting the product.
- The willingness of the target market to pay for the product or service provided.
- Prices changed by the competitors offering a similar product / service to the same target market.
- The availability and price of substitute products / services (e.g. camp grounds, motels etc. are substitutes for lodging).
- The economic climate.
- The possibility by of stimulating high profit products / services by offering related services at or below cost.

When establishing prices, R/T businesses should give attention to pricing strategies which may encourage off season and non-peak period sales, longer stays, group businesses and the sale of package plans.

D. PROMOTION
Promotion provides target audiences with accurate and timely information to help them decide whether to visit a destination or not. The information should be of importance and practical use to potential or existing visitor & also accurate. Miss representation often leads to dissatisfied customers & poor recommendations.

While developing a promotional campaign it will be necessary to make decisions regarding:

- Target audience – the group aimed at.
- Image – that which the business wants / to create or reinforce.
- Objectives – those of the promotional campaign.
- Budget – the among of money available for promotion.
- Timing – when & how promotions should appear.
- Media – which methods will be most effectively & efficiently communicate message to the target.
- Evaluation – how can the effectiveness of the promotional campaign be determined.

E.  PEOPLE

Like other industries, the tourism industry depends substantially on the managements of human resources. Tourism industry is an amalgam of different industries and therefore all the supporting industries need to assign due weightage to the management of people who bear the responsibility of accelerating the productivity of technologies used in the process. The tourism industry cannot work effectively if the travel agents, tour operators and travels guides lack world class professional excellence.

TOURISM TODAY

Given India's unique endowments of biodiversity, forests, rivers, mountains, historical places, temples and pilgrims, caves, museums, monuments and culture, the industry holds immense strength for obtaining higher growth rate.

The challenges in the sector lie in successfully preserving these in their original form, and making them accessible to domestic and international travellers. Indian government has adopted a multi – pronged approach for promotion of tourism with the objectives:

- Attract more tourist – Both foreign and domestic.
- Make their stay longer.
- Enchase the level of satisfaction.
- Offer ‘Experiences’ of a life time.
All these call for creation of new marketing strategies, offering new products and experiences.

EMERGING TRENDS IN TOURISM MARKETING

A. THEME HOLIDAYS

India is marketed as one of the enchanting destinations by highlighting the various aspects of this vibrant country in the form of theme holidays. The various themes identified for promoting India includes adventure holidays, back water holidays, beach holidays, culture holidays, eco holidays, festival and fairs holidays, honeymoon tours, museum tourism, spiritual tour and sports tour.

1. ADVENTURE TOUR

Primarily a traditional tourist destination for several decades, India has emerged as one of the most sought-after adventure destinations for discerning international travellers. Perhaps no other single country in the world offers the variety of adventure opportunities which this South Asian nation does. This diversity is absolutely fascinating – from heli-skiing in the high Himalayas to river-rafting in the white waters of the mighty Ganga.

2. ECO – TOUR

Eco-tourism is a novel section adjunct to the Indian tourism plan. It facilitates die-hard nature enthusiast to Meet Mother Nature in her chaste glory abundant with opulent bio diversities of flora and fauna. In essence – it means making as ineffectual environmental jolt as possible and assists in to uphold the native folk, thereby heartening the conservation of wildlife and habitats when sojourning a site.

This is an ideal for of tourism and tourism progress that encourages going back to natural wealth in every aspect of life. It is also the passe-partout to sustainable ecological development.

Whether it is the Eco tourism drive initiated by the green state of Kerala or advancement of Heritage Hotels by Rajasthan, all of these initiatives testify toward the increasing acceptance for Eco tourism in India.

3. SPIRITUAL TOUR

India is a land of spiritual enlightenment. This aspect of India is rightly used as competitive advantage to market India. A classical example is “India pavilion”. The theme of pavilion was the Buddhist pilgrimage in India. Multi promotional activities
undertaken by Tokyo office drew a large crowd to India. The India tourism office at Tokyo won two international awards for excellent tourism promotion.

4. **HERITAGE TOUR**

Heritage tourism is a very lucrative segment in India. It is widely believed it would emerge as the most important segment within tourism in terms of revenue generation by 2010. India has a rich cultural history and reflection of its glorious past is still visible in its numerous forts, monuments, palaces, places of worship etc. Heritage tourism itself can be further classified as colonial heritage, urban renewal, religious tourism, industrial heritage and ethnicity. The Indian government must show keen interest in preserving the heritage sites from a tourism perspective.

**B. DESTINATION PROMOTION**

1. Tourism in tandem with serious business.
2. Twinning of destinations.
3. Entertainment destinations.
4. All seasons destination.

**C. HEALTH TOURISM**

Recently, the demand for health tourism has rapidly increased worldwide. Asia has emerged as one of the favourite continents for health travel. India is fast developing itself as a hot destination for health travellers offering world-class healthcare facilities along with warm hospitality and rich cultural heritage.

Health tourism, also known as Medical Tourism, is believed to become a major driver of economic growth in India, as first world patients, driven out of their own systems by high costs and crowded conditions, look for cheaper and better options for medical care. India has proved itself to be a major destination for health tourism.

The health services can be grouped into following categories:

- Diagnostic – Health Check up.
- Preventive and Rejuvenation – Health Education, counselling, Exercises, Training in Yoga, Meditation, SPAs.
- Curative (Clinical and Surgical) – Cardiac, Organ, Transplant, Fertility, Ophthalmic, Dental, etc.
- Cosmetic – Specialized plastic surgeries or treatment for physical attraction.
- Therapy – Ancient, Modern, Alternate.

**D. CAMPIGNS**
1. “DISCOVER YOUR ROOTS” CAMPAIGN

A nation wide campaign, for creating awareness about the effects of tourism and preservation of our rich heritage and culture, cleanliness and hospitality. The aim was to rebuild confidence of foreign tourist towards India as a preferred holiday destination.

2. “INCREDIBLE INDIA” CAMPAIGN

This aggressive marketing strategy will establish the brand equity of India in the international arena with sub – brands being state tourism products. Along with the emphasis on cultural heritage, India will also be projected as a modern country with many technological achievements to its credit.

E. FOCUS IN ADVERTISING

The tourism industry now uses advertisement both Print and Television to promote India. Advertising was highly useful as its coverage is wide. The India tourism received an international acclaim when it won the “GOLD AWARD” of the PATA in the travel advertisement print category and marketing award in 2004.

F. CHANNEL OF DISTRIBUTION

The tourism industry being composite in nature the complexity in channel of distribution used to be high. The scene changed now with a shift towards fourth level of distribution. The tour operators in the channel make the entire trip easy. The traveller has to pay for a single bill for all the services that he received.

G. PACKAGED TOURS

Packaged tours are another innovative concept used in tourism marketing today. The product offering includes:

<table>
<thead>
<tr>
<th>CORE PRODUCT</th>
<th>EXPECTED PRODUCT</th>
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<tbody>
<tr>
<td>Visit to more than one Destination</td>
<td>Short Duration.</td>
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<tr>
<td></td>
<td>Good Accommodation and Food.</td>
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<table>
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<tr>
<th>AUGMENTED PRODUCT</th>
<th>POTENTIAL PRODUCT</th>
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<tr>
<td>Covers the most exiting places within the destinations.</td>
<td>Offers Experience of Life Time</td>
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<tr>
<td>Good Hospitality</td>
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Certain hot deal packages in India includes, Golden Triangle, North to South Tours, South India Delight Tour, Best of Kerala Tours, South Splendours Tours, Best of India-Nepal Tours, Desert Safari Tour, Forts and Places of Rajasthan, Mughal India Tour, Northern Highlights, Taj and Tigers, Tiger Trail, Tropical Paradise Kerala, North India Tours, South India Tours, Wildlife Tours etc.,

H. MEGA TOURISM PROJECTS

The ministry of tourism, under its large revenue gathering scheme has planned to join hand with agencies such as private sectors, joint ventures with private public partnership etc, which can act as promoters for the mega projects which include:

- Tourist Trains.
- Cruise Vessels.
- Mountain Airlines.
- Skiing Resorts and
- Golf Courses

This is after the recognition that the development of tourism infrastructure projects require very large investment that may not be possible out of the budgetary resources of government of India alone. However, in order to attract more visitors, India still needs to upgrade its airports, roads and other infrastructure to global standards. Even with the recent surge, tourist arrivals are just a mere percentage of those in such popular Asian destinations like Bangkok and Thailand.

CHALLENGES IN THE TOURISM INDUSTRY

The tourism industry is cyclical in nature and highly susceptible to macro-environmental changes. Challenges to be faced are:

- Many of the tourist site environments are unhealthy.
- Facilities and services are poor in many sites.
- There exists inadequate transportation to reach and continue the journey.
- Infrastructure facility is very poor.
- There is limited availability of tourism information at limited places.
- There are regional conflicts due to which tourism is getting affected in some areas.
- There is a lack of adequate security in some areas of the country which makes the tourists.

OVER COMING CHALLENGES
ITDC have to be enriched so that it can provide adequate facilities at tourist sites like good environment, tourism information, etc.

- Present modes of transports are getting strengthened. However, the reaching tourist spots from the nearby town/city is still a difficult one. Special attention has to be paid by the Department of tourism so that its recommendation has to be implemented by the Government at the earliest.
- The Central and state Governments, must have special attention and invest in large to develop the infrastructure for utilising the tourist spots.
- Tourism information must be updated often. The websites must give enriched informations with catchy phrases. Specific toll free numbers can be used for easy access of information by tourists.
- The Government must take action to solve security problems and regional conflicts.
- Liberalising the visa norms can be made so that more number of tourists can arrive and stay for more days.
- Involvement of private sector in the field can be made to serve the tourists better.
- Investment in HRD programmes relating to travel & tourism industry can help to promote it better.
- There can be focussed promotion of various places to get attention of the travellers by using aids like short films, photographs, etc.
- Clearly planned, focussed tour packages can be introduced which may attract the travellers.

SUPPORT ACTIVITIES

The ministry of tourism has the following to support activities so as to encourage the emerging marketing activities.

- To promote sustainable tourism development with focus on Conservation and Preservation of Heritage through participation of Panchayat Raj Institutions.
- To ensure quality services in all domains of tourism with regulation, classification and monitoring.
- To develop Infrastructure through private sector and Private-Public Partnership with Government acting as a facilitator and catalyst.
- To concentrate on development of basic infrastructure by co-ordinating all line departments.
- To create sufficient quality human resources in the field of tourism within all the states and strengthen the institutional mechanism.
- To develop and promote souvenir, handicrafts, artifacts & shopping.
- To enact proper legislation to sustain the industry and to regulate.
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- Tourism activities through Government, industry collaboration.
- To ensure the safety and security of tourists.

FUTURE SCENARIO

The real GDP growth for travel and tourism economy is expected to be 0.2 per cent in 2009 and is expected to grow at an average of 7.7 per cent per annum in the coming decade. Earning through exports from international visitors and tourism goods are expected to generate 6.0 per cent of total exports (nearly $16.9 billion) in 2009 and expected to increase to US$ 51.4 billion in 2019.

According to the Ministry of Tourism, Foreign Tourist Arrivals (FTAs) for the period from January to March in 2009 was 1.461 million. For the month of March 2009 the FTAs was 472000. The reason for the decline is attributed to the ongoing economic crisis. In spite of the short term and medium term impediment due to the global meltdown the revenues from tourism is expected to increase by 42 per cent from 2007 to 2017.

CONCLUSION

India is now chalking up one of its strongest growth charts in a long time. As the Indian economy continues to open up in an effort to integrate with the world economy, benefits of doing business with and in India are increasing. With the results, hundreds of thousands of jobs are moving to the Indian shores from the West. This brings in its wake transit travellers, business travellers, business meets and holiday seekers.

Customer satisfaction in tourism is greatly influenced by the way in which the service (hospitality) is delivered and the physical appearance and personality of the business. It is critical that these elements be communicated in the best possible manner to convince people to come and experience what your community can offer. Equally important is the ability to generate repeat business. Thus marketing becomes the method to reach potential visitors. It is a vital part of tourism management and can be done effectively and well, with sophistication & tact. The Indian tourism industry is trying to do this, which will be reflected in its enhanced contribution to the gross domestic product of the nation.

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