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# The Embassy of Iceland in India, New Delhi



ÚTFLUTNINGSRÁÐ ÍSLANDS

UTANRÍKISRÁÐUNEYTIÐ





# Opportunities for Icelandic Tourism Companies in Indian Market

Date: 5th November  
Place: Trade Council

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# Scope of Presentation

Indian Economy – General Facts

Outbound Tourism Market from India

Recommendations

Our Services



# India – Facts at a Glance

- India is the largest democracy in the world
- 10<sup>th</sup> most industrialized country
- The World's biggest back office
- World's largest skilled workforce



# Highlights of the Indian Economy

- Increased disposable income, increased wealth
- Large emerging affluent middle class
- Aggressive liberalisation and market reforms
- Strong drive for Foreign Direct Investment
- Increased overseas remittance from Indians abroad



# India Growing....

- Growing aspirations fuelled by Media Penetration
- Changing consumption basket with travel moving up quickly
- Fast growing per capita income with strong & stable currency
- Liberalized scenario with easy availability of Foreign exchange, Visas, Flight connectivity etc.





# INDIAN TOURISM AT A GLANCE

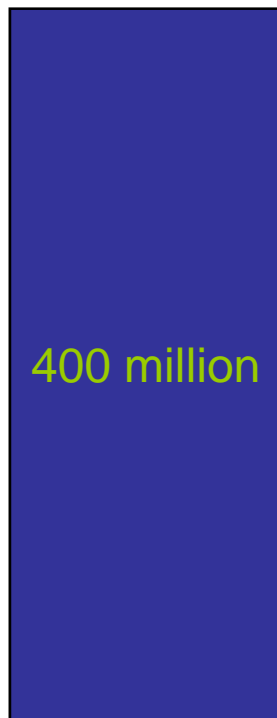
India is one of the fastest growing travel markets in the world. With more than 1.1 billion inhabitants and the GDP increasing by more than 8 percent every year, the country offers enormous potential for future growth in outbound travel

India's domestic travel market has been booming steadily over the past 15 years . It has stimulated the economic growth and boosted employment



# Size of Indian Tourism Market

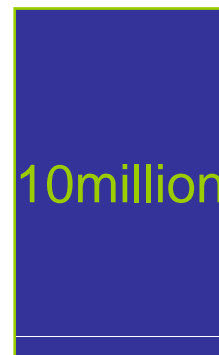
**Domestic**



50 million Outbound by 2020

16 million Outbound by 2010

**Outbound**



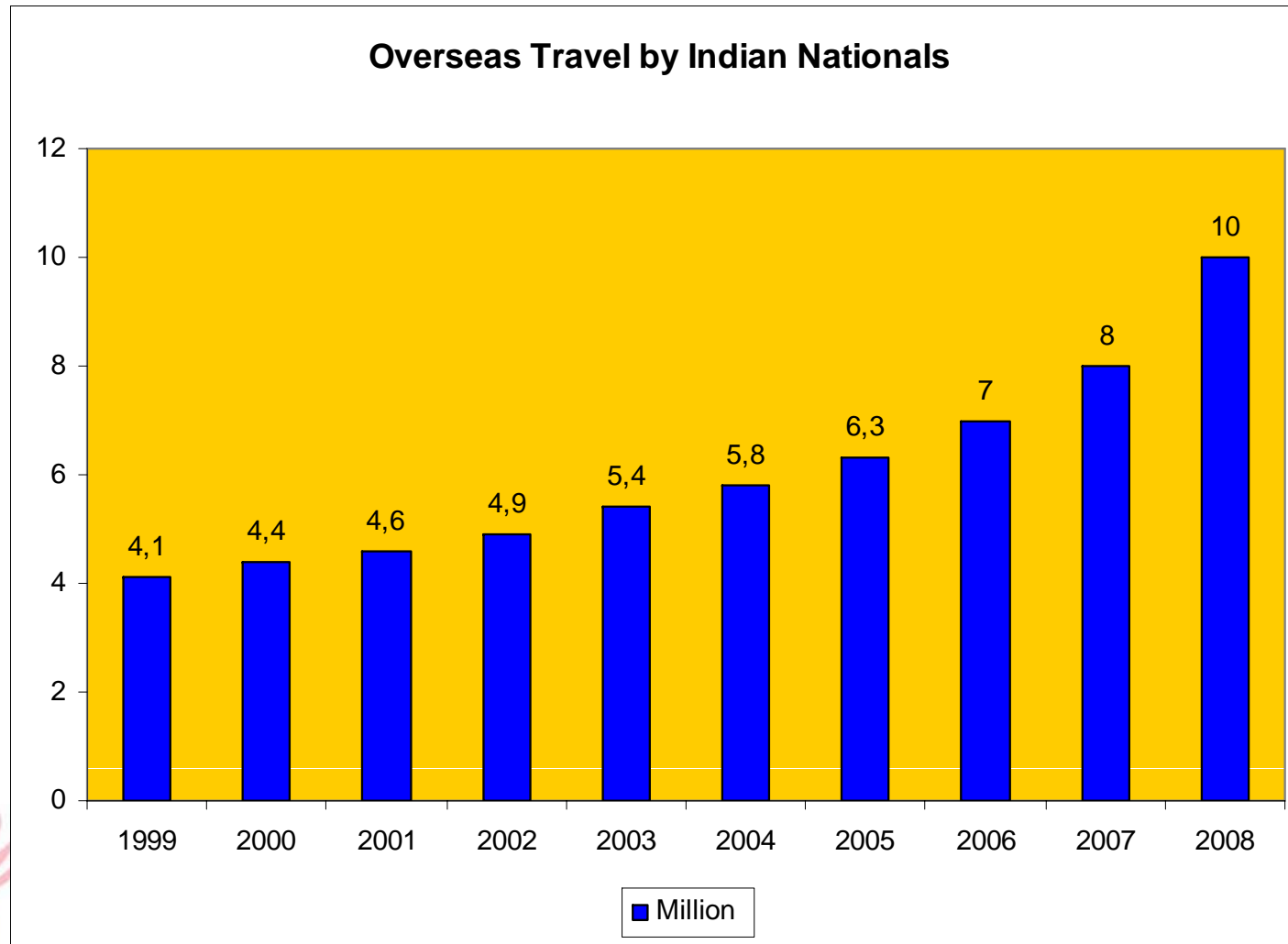
**Inbound**



Source:  
UNWTO



# Outbound Traffic





# Outbound Tourist Market in India

India is one of the fastest growing outbound tourism market with the growth rate of 11.8% per annum

Outbound tourism expenditure from India would grow by over 25.7 % between 2006 and 2011 to reach a value of US\$ 21 billion by 2011

The Indian Outbound travel market has grown from 3.7 million in 1997 to 10 million international departures in 2008.

Source: United Nation World Travel Organisation



# Key Factors for the Growth of Outbound Tourism Market from India

- Good economic performance of the country, creating a substantial disposable income
- Upper- middle income group is the largest segment
- Age group of 15- 49 to comprise of 62%of outbound travel
- Liberalisation of the civil aviation policies of the country, making air access to more destinations at cheaper fares



# Key Factors for the Growth of Outbound Tourism Market from India

- Availability of numerous holiday packages and easier bank loans
- Relaxation of foreign exchange regulations
- Liberalisation of travel documents
- Greater awareness about destinations due to marketing campaigns by increasing number of countries





# Outbound Travel Trends

## Top five Outbound Destinations for Indians

**UK**

**Switzerland**

**Australia**

**France**



**South Africa**





# Top Five Emerging Destinations

**Greece**

**Egypt**

**Morocco**

**Turkey**

**Spain**



# Key Market Segments in India

## Family travellers

- It is the most prominent market
- The trend of travelling alone has changed , children are now travelling with their parents
- Generally travel during the summer holiday season between mid April and June
- Family travellers consists of six or more people which includes the extended family, close friends or group of families



# Key Market Segments in India

## Honeymooners

- Going abroad on honeymoon is becoming increasingly fashionable in India
- Travel season is from October until March when most weddings takes place
- The upper middle class is choosing Europe for their honeymoon for the oomph factor



# Key Market Segments in India

## VFR( Visiting Friends and Relatives)

- 30 million Indians are living in various parts of the world
- Indian community is tight knit which stimulates travel from immediate members of the family as well as from friends or relatives
- UK has the largest Indian population estimated at 2.9 million
- Indians are visiting friends and relatives particularly in the United States of America, United Kingdom, Canada and Australia



# Key Market Segments in India

## VFR( Visiting friends & Relatives)

- Indian travellers stay partly with friends or relatives
- Prefer to stay at hotels within the destination for leisure
- The retired Indians are also visiting their children who are settled abroad



# Key Market Segments in India

## MICE( Meeting Incentives Conference &Exhibitions)

- Fast growing segment
- Continued globalization of India
- Incentives to workers on their good performance
- Neighbourhood destinations are offering competitive cost
- Outbound meetings segment from India is growing at about 30% per annum
- Companies are expanding their budgets
- Europe remains a popular destination for incentive travel



# Outbound Tourism from India to Nordic Countries

- The Outbound Tourist from India to Europe is increasing at a rate of 5 -7 percent per annum
- Majority of travellers go to UK, Switzerland and France
- Indian travellers to the Nordic regions is still very small
- Small number of Indians travel due to lack of tourism information
- 2500 Indian travellers visited the Nordic region as leisure travellers in 2009

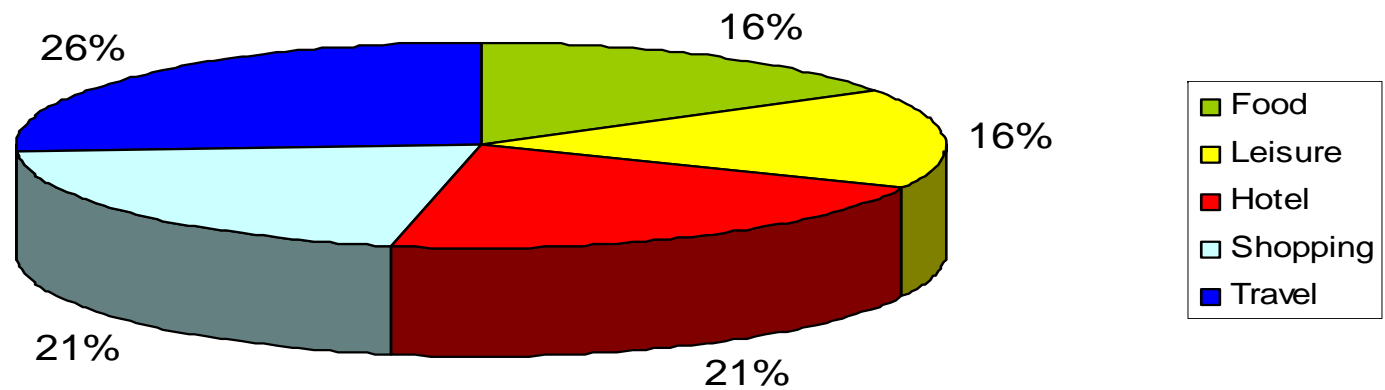


# Factors in Destination Choice

- Value for Money
- Various attractions and activities
- Food (Many Indians prefer pure vegetarian food)
- Air Connectivity
- Multiple Destinations in one trip



# What Indian Tourists Spend On



# Mode of Booking

- Indian travellers usually do not book their tickets well in advance
- Compare prices, bargain with the travel agents
- Book tickets through a combination of traditional distribution partners and online options
- The Indian traveller feels more comfortable to book the tickets off- line instead of booking them through web
- 95% of outbound travel bookings go through conventional travel agents



# NTO's Play a Major Role

- National Tourist Office(NTO) plays a major role in selling a destination
- NTO keeps the travel trade informed of the latest destinations.
- They offer new products and various ways to sell the destination through their training programmes
- Convenient for the Indian travel agents to sell the destination




## Most Pro-Active National Tourist Office(NTO)

- Singapore Tourism Board is the most pro-active tourism board in India
- Malaysia takes the second place
- Switzerland tourism board takes the third place and is known for introducing new products year after year for the Indian Outbound Market
- Australia takes the fourth place, they have two annual workshops to update the Indian travel trade
- Thailand takes the fifth place
- Scandinavian Tourism Board( STB) has set up office in India in 2007



# Recommendations

- Recognize India as a high potential source market
- Generate awareness through presence, promotions through placing advertisements in the travel focussed newspapers and magazines
- Organising familiarisation trips for travel agents which is considered a prerequisite for them to sell packages to their customers
- Pre- set all inclusive packages will be more appealing to the Indian travellers. These packages can be put together by consortium of Iceland Air and local travel agencies
- Tourism Board to set shop in India
-  Participate in Travel and Trade events which would be an ideal platform to showcase Iceland's unique characteristics





# Our Services

- Created a database of all the major tour operators in India
- Regularly updating the Indian travel companies with the information on Iceland and Embassy's activities by interacting with them on a day to day basis
- Creating opportunities for networking events with travel trade professionals





Thank You

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