

# Understanding Tourism Markets

By: Sachin Dhamija

This reference book can be useful for  
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and many more courses for Various Universities



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# Sample Preview of The Chapter

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# UNDERSTANDING TOURISM MARKETS

1

## Tourism Markets

### INTRODUCTION

Tourism accounts for a higher share of world trade than cars or oil and is the main export for many small developing countries. Department of Tourism (DoT) prepares the annual report which is used by various sections of the tourism industry for designing their marketing strategies. For instance, this data is used by hotels for arranging their resources to attract a maximum number of guests; transport operators use it to understand the diverse background of the tourists in order to design their transport. Highly labour-intensive, the sector provides vital employment for people with a wide range of skills, as well as the unskilled. To make best use of tourism for development, however, it is important to understand its volume, trends, and significance to different developing countries.

### CHAPTER AT A GLANCE

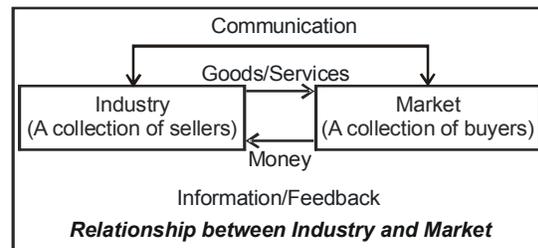
#### TOURISM MARKETS:

##### A CONCEPTUAL BACKGROUND

Tourism markets can be divided into two broad categories: tourist receiving and tourist generating. These tourists can be regional, intraregional and inter-regional. These tourists can further be divided into a business tourist, leisure tourist, pilgrim tourist, youth tourist, etc. These tourists have their own travelling

budget. Some like to stay in 5-star hotels, while some have to stay in economic class. The tourism markets are diverse in nature (heterogeneous) and not identical (homogeneous). Ample knowledge of the industry helps every segment operator to plan its strategies for smooth functioning.

A market is the world of commercial activities where goods and services are bought and sold in exchange for money. In economics, markets are buyers and sellers. For the buyers, the sellers are the market and for the sellers the buyers are the market. As per Phillip Kotler, the relationship between the two can be seen as follows:



This applies to all the major segments of the tourism industry; like hotels, transport operators, travel agents, airlines etc. to tailor the products and services according to the needs of the customers. As the product is used by the tourists, the feedback is awaited so that the suppliers can improve the product and reinforce the union.

2 / NEERAJ : UNDERSTANDING TOURISM MARKETS

The concept of market is exercised by another group of people.

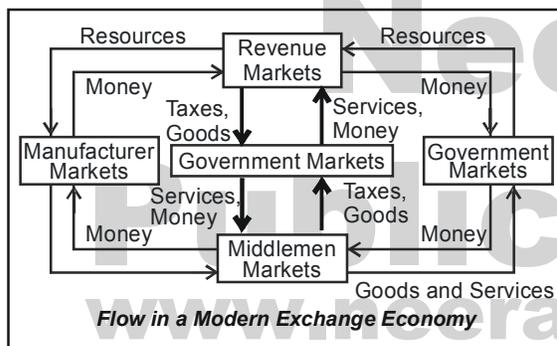
**1. Need Markets:** Tourists with special need e.g. Backpackers-18-24 years, no children, are attracted to places with adventurous activity.

**2. Product Markets:** Tourists, who are budget conscious, like the incentive tourist want value for money.

**3. Demographic Markets:** People in different age-groups prefer different places for touring. The teens like to visit adventurous places, honeymooners like to visit dreamy places, and elderly like to visit religious places or landscapes.

**4. Geographic Markets:** These are tourists of different profile who like to visit different countries every time.

In modern times, markets are abundant. As per Philip Kotler, the money flows in the economy as follows:



In the above figure, a manufacturer buys its raw material and labours from the resource market and make finished goods and sell them to the middlemen. The middlemen further sell these goods to the consumers. The consumers when get their salaries/ income, spend it on the goods and services they need. The Government also plays a dual role. Firstly, it buys goods from the resource markets and the middlemen and pays them and secondly, with the taxes that it charges on them, it provides public services.

In the modern exchange economies, every operator specializes in a particular product or service, gets paid for it and fulfils his/her requirements with that money. It is also observed, that for various sections of the tourism industry, there are various types of markets, e.g. for a hotelier, the tourists as well as the tour operators are customers. They book rooms for each of them. Hence they both are his markets.

**PROFILING TOURISM MARKETS**

Tourism market is constituted by the tourists and the amount of travel. It includes the actual and potential tourists i.e. those tourists who could travel. This can be done if nations make themselves famous for their beauty and amusement. This can be observed tourists love to travel a lot in developed countries with a booming economy rather than countries with collapsing economies. Before we get into the depth of this topic, it is imperative to understand a few terms.

**International Visitor:** A person visiting a foreign country, with a foreign passport for a purpose is an international visitor. International visitors can further be segregated into two categories:

**1. Foreign Tourists:** In context to India, it could be a person who spends a day i.e. 24 hours in India and comes for a special purpose which could be any of the following:

- (a) Leisure, recreation, medical purposes, study, visits as an incentive etc.
- (b) Corporate/Business, family  
People who come for occupation, residing and excusing, are not considered as tourists.

**2. Excursionists:** A person who visits for less than 24 hours, it would also include people who cruise by ships through India.

World Tourism Organization (WTO) provides all the data that is used by tourist markets for various purposes. The Department of Tourism (DoT) collects also Tourism Statistics from sources like:

- (a) Arrival Statistics that are collected from the Disembarkation Cards.
- (b) The extent of stay that is mentioned by the tourists on the embarkation cards at the time of departure.
- (c) The demographic data about the tourists is also derived from various means.

The data obtained from such sources helps in categorizing the tourists. For instance, 73849 Australian tourists visited India in 2003. The tourist data of Australian men and women is also available. To understand their reasons of visit, a number of analysis have to be conducted. For this, let's have a look at the world tourism markets.

**World Tourist Markets**

There are a number of aspects that should be considered to examine the flow of tourists. To name a few the travel time, the length of stay, income, sound

economic and political conditions, holiday attitude etc. are some of the aspects. The tourists' statistics, as said earlier, states that developing countries are frequently

visited by the tourists. The following table illustrates the regions visited worldwide by the tourists.

**International Tourist Arrivals Worldwide and by Regions–1993-2003 (arrivals in millions)**

Region	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>WORLD</b>											
Arrivals	515.7	550	550	597	618	627	652	687	684	703	694.0
% Annual Change	3.0	6.7	0.0	8.5	3.5	1.3	4.1	5.4	-0.5	2.7	-1.2
<b>AFRICA</b>											
Arrivals	18.5	18.9	20.0	21.8	23.2	24.9	26.2	27.4	28.3	29.1	30.5
% Annual Change	2.8	2.2	5.8	9.0	6.4	7.3	5.2	4.6	3.3	2.8	4.9
<b>AMERICAS</b>											
Arrivals	102.1	105	109	115	117	120	122	128.0	120	115	112.4
% Annual Change	-0.2	2.6	3.8	5.9	1.2	2.5	2.3	4.7	-6.1	-4.4	-2.1
<b>ASIA &amp; THE PACIFIC</b>											
Arrivals	74.7	80.7	86	93.4	93.1	93.2	103	115	121.1	131	119.1
% Annual Change	10.9	8.0	6.1	9.1	-0.3	0.1	10.1	12.4	5.0	8.4	-9.3
<b>EUROPE</b>											
Arrivals	309.9	335	322	354	371	374	381	393	391	400	401.5
% Annual Change	2.5	8.0	-3.7	9.7	4.9	0.7	1.8	3.2	-0.5	2.3	0.4
<b>MIDDLE EAST</b>											
Arrivals	10.5	11.1	14	13.3	14.3	15.1	20.5	24.0	23.6	27.6	30.4
% Annual Change	0.0	5.7	22.5	-2.2	7.5	5.6	35.8	17.1	-1.7	16.9	10.3
<b>INDIA</b>											
Arrivals	1.8	1.9	2.1	2.3	2.4	2.4	2.5	2.6	2.5	2.4	2.7
% Annual Change	-5.5	6.9	12.6	7.7	3.8	-0.7	5.2	6.7	-4.2	-6.0	14.3
<b>SHARE OF INDIA</b>	<b>0.34</b>	<b>0.34</b>	<b>0.39</b>	<b>0.38</b>	<b>0.38</b>	<b>0.38</b>	<b>0.38</b>	<b>0.39</b>	<b>0.37</b>	<b>0.34</b>	<b>0.39</b>

(In %)

Source: World Tourism Organisation

Worldwide tourism experienced a 0.6% decrease in 2001, which is somewhat less than what was feared after Sept. 11, 2001. The Americas suffered the most (6.0% decrease), followed by South Asia (4.5%), and the Middle East (down 2.5%). Europe also experienced a slight decrease of 0.7%, but it remains the world's top tourism region.

A smart marketing manager needs to know the favourite tourist destinations. The following table provides the figures of the international tourist arrivals in top 10 countries:

**International Tourist Arrivals in India from Top 10 Countries from 2006-2008**

Rank	Country	UNWTO	International Tourist Arrivals (2008)	International Tourist Arrivals (2007)	International Tourist Arrivals (2006)
		Regional Market			
1	France	Europe	79.3 million	81.9 million	78.9 million
2	United States	North America	58.0 million	56.0 million	51.0 million
3	Spain	Europe	57.3 million	58.7 million	58.2 million
4	China	Asia	53.0 million	54.7 million	49.9 million
5	Italy	Europe	42.7 million	43.7 million	41.1 million
6	United Kingdom	Europe	30.2 million	30.9 million	30.7 million
7	Ukraine	Europe	25.4 million	23.1 million	18.9 million
8	Turkey	Europe	25.0 million	22.2 million	18.9 million
9	Germany	Europe	24.9 million	24.4 million	23.5 million
10	Mexico	North America	22.6 million	21.4 million	21.4 million

**Top 22 most visited countries and their cities by estimated number of international visitors from 2007 to 2008:**

City	Country	International Visitors (millions)
Paris	France	15.6
London	United Kingdom	14.8
Bangkok	Thailand	10.84
Singapore	Singapore	10.1
New York City	United States	9.5
Hong Kong	China	7.94
Istanbul	Turkey	7.05
Dubai	United Arab Emirates	6.9
Shanghai	China	6.66
Rome	Italy	6.12
Tokyo	Japan	5.34
Seoul	South Korea	4.99
Barcelona	Spain	4.72
Madrid	Spain	4.64
Mecca	Saudi Arabia	4.5
Kuala Lumpur	Malaysia	4.4
Beijing	China	4.4
Moscow	Russia	4.1
Prague	Czech Republic	4.1
Athens	Greece	3.87
Amsterdam	Netherlands	3.66
Vienna	Austria	3.53

In 2007, international tourist arrivals grew by an estimated 6% to reach a new record figure of nearly 900 million—an astonishing achievement given that the 800 million mark was only reached two years earlier. The Middle East is emerging as a strong tourism destination with visitor numbers climbing much faster than for the world overall. In second place were Asia and the Pacific up by 10% to 185 million, followed by Africa, with +8% to 44 million. Africa confirmed its good momentum sustaining the growth of 2006, and has now averaged 7% growth a year since 2000. The Americas (+5%) did much better than last year, achieving 142 million arrivals, driven by the good results in North America as the USA doubled its growth rate. Europe, the world's largest destination region, with a share of over 50% of all international tourist arrivals, grew by 4% to reach 480 million.

As to where India is positioned, the figures are as follows:

World Tourist Arrivals (2007)	– 898 million
Tourist Arrivals in India (2007)	– 5.08 million
Percentage share of India	– 0.56%
India's rank in World Tourist Arrival	– 42nd
World Tourism Receipts	– 927 billion
Estimated Foreign Exchange Receipts in India from Tourism	– 10.73 billion

**Markets for India**

The Indian tourism market has a lot to attract the foreign tourists. It has an amalgamation of history, culture, religions, landscapes, beaches, mountains,