

**TRAVEL AND TOURISM: TRANSFORMATION IN  
INDIAN INDUSTRIAL SECTOR AND MANAGEMENT  
EDUCATION SCENE**

**Dr. R. VENKATESH\***

**ABSTRACT**

Travel and tourism industry has been gaining in importance over the last few years. The globalization process and developments in Information Technology have made it vibrant. Leisure, business, health, and heritage segments are all contributing to this phenomenon. Several states in India are competing with each other to attract tourists in large numbers. On the global scene, the industry is estimated to be the second largest in the world.

Closely allied to the travel and tourism industry is the hospitality sector with hotels of different categories catering to the requirements of the tourists. The growth of the Indian economy has made for the opening of new hotels and resorts all over the country. These include luxury segment as well. Travel agents and tour operators play a vital role in helping business travelers and leisure tourists. Foreign exchange earnings from tourism have registered a 23 percent increase touching Rs.17,000 crore.

---

\* Professor, VIT Business School, VIT Chennai, Vandalur – Kelambakkam Road, Chennai – 600 127.

Jobs in the industry exist for those who enjoy planning and helping people. In recent years, specially designed travel administration and management programmes are being made available. Here, the courses must have the right balance of theory and practice. A part of the time must be spent in internship in travel organizations and companies. Stress on team work and good customer relations is appreciated.

The air travel segment has now grown into huge proportions. The liberal policy of the Union Government in opening out the skies to private players has now made several budget airlines like Air Deccan, Spice Jet and King Fisher enter the competition to lure air travelers. Now the prospect of more private airlines flying to other countries is very much present.

Management education in India must take advantage of all these strategic transformations. Information Technology has spurred several developments in the travel and tourism industry. Business schools in the country have to enable students acquire mastery over several skill-sets.

Medical tourism has, of late, become a vital segment of the industry. Hundreds of patients from all over the country and even abroad, travel to cities with specialized medical facilities. Often, they are encouraged to combine treatment with holidaying in a relaxed atmosphere.

Heritage sites also attract increasing numbers of tourists. Here the ecology of the zones must be carefully preserved. Several institutions in India impart management education in travel

and tourism but these are not enough to accommodate all those who aspire for a career in the industry. The emerging India has, however, some advantages over the other rising star China in attracting more tourists.

There has been a tremendous change in the travel and tourism industry in the last few years. The advent of new technologies in the information and communication spheres and the globalization process has no doubt contributed to this development. One of the functional areas of management, marketing as applied to the hotel industry, may also be considered as a key player in spurring the process of change. In fact, the transport sector along with the hospitality sector determines the direction of flow of the travelers, especially when the latter consist of people in quest of enjoying holidays, currently coming under the nomenclature 'leisure travelers'. What used to be a lackadaisical area of activity some twenty years ago has now become a crucial determinant in earning large revenues for those engaged in this sector.

Another class of people who travel in order to consult specialist doctors and surgeons for undergoing major operations may be grouped under the rubric of 'health travellers'. They converge in hospitals of repute located mainly in the metropolitan cities. Consultants in these high specialty hospitals look after these patients who often stay with their attendants in hotels near the medical centres. In recent years, health tourism has also become a money spinner to enterprising individuals working in the travel, hotel, transport and medical sectors in liaison with the hospitals.

Travel and tourism has been estimated as the second largest industry in the world, and may even overtake the oil industry in a few years, according to some keen observers of the scene. “It represents the largest segment of invisible international trade and earnings.” Leisure travel is one way to improve the quality of life of people and the World Tourism Organization accorded importance to the preparation of Tourists’ Bill of Rights. A multiplier effect by tourist expenditure on the economy of the destination country has been noted ever since people started travelling.

The strategic transformation of Indian industry is very much pronounced in the case of travel and tourism. The scenario as depicted below is indeed exciting. Gujarat alone has signed MoUs with private players for a whopping Rs.40, 000 crores with the aim of setting up new hotels, motels, resorts and other tourism related infrastructure. A slew of measures has been undertaken to give further fillip to the rising arrivals of visitors to the state by the Tourism Corporation of Gujarat Ltd. (TCGL). These include privatization of the government’s tourism property, a new policy for hotel, medical and eco tourism and identification of new circuits.

Jammu and Kashmir has created 20 high powered Development Authorities to give an integrated thrust to tourism across the three regions of the state: Jammu, Kashmir and Ladakh. These authorities have been assigned the task of creating and developing good tourism infrastructure in J&K. Gulmarg is to be developed as a world class golfing, skiing, and skating destination. Road shows in China, Japan, Malaysia, South Korea and the Middle East are soon to be organized in order to attract tourists to the state.

Tourism potential was largely untapped in Arunachal Pradesh. It is a valuable asset not only to this State but to the entire north east region on account of its almost unparalleled natural beauty. But the problem of access and connectivity poses a challenge. The solution lies in building airstrips where small seater planes can land and take off. A list of 17 locations for these airstrips will be presented to the Union Ministry of Tourism. Similarly, rope way facilities to connect the hilly stretches at 15,000 feet altitude are being planned in Arunachal Pradesh. A vibrant Public Private Partnership (PPP) model to develop tourism in the State is also on the cards.

The geographical terrain in the North East region of India makes it difficult to construct a rail network and thus air and surface transport becomes the only means of connectivity between different areas here. The private sector has set up resorts, spas, tea bungalows and organized river cruises mainly in Assam, Sikkim and Meghalaya. The Welcome Heritage hotels under the ITC have seven properties in the North East. Tripura is concentrating on heritage tours and ecotourism. The rich cultural background of the tribals adds to the attraction. The Manipur Tourism Board is trying hard to draw visitors to look at its amazing flora and fauna, despite the lurking fear of insecurity among the travellers.

Kerala could attract 4.28 lakh international tourists in 2006, a growth of 24 percent over the previous year. Over 62 lakh domestic tourists travelled to the State in that year. About 10 lakh people are employed in the tourism sector which earned Rs.9000 crore. The State government's department of tourism is setting up a special cell to provide a single window for investment in tourism industry.

Taking an overall look at tourism in the country, religious related travel has always occupied a vital place in the scheme of things. Now, a strategic development in the offing is the Bihar government's plan to improve infrastructure along Buddhist sites such as Bodhgaya, Kushinagar or Nalanda. An ambitious project estimated at Rs.5000 crore will be financed by Japan. This envisages interconnecting Buddhist sites with four highways. Similarly, a seven year master plan includes new hotels, tourist facilities and necessary amenities. At present, Sarnath is the only place on the Buddhist circuit with good facilities for travelers. Only 450,000 followers of the religion visited India last year out of 360 million Buddhists the world over. Improving connectivity will make many more pilgrims visit the sites.

India is perceived as the fastest growing market in the Asia Pacific region for spending by international visitors. The hotel industry in the country is poised for a huge expansion. What may be termed as a strategic development in this sphere is the alliance forged by ITC hotels and the three-decade old multinational Starwood. This partnership will bring the latter's globally renowned premium brand 'Luxury collection' to India. According to plans, the seven existing hotels of Welcome Group (ITC's hospitality wing) will be transformed into 'The Luxury Collection' brand. The arrangement will be based on the franchise model and will cater to the needs of the discerning global traveller. In fact, the deal reflects the faith of Starwood Hotels and Resorts in Indian hospitality business.

There is no doubt that pricing will be carefully handled since it is a function of demand and supply. The season of the year, location of the hotel and size of the room etc. must be taken

into account but then “luxury comes at a price”. Indeed ITC has established its presence all across the value chain (with over 75 hospitality properties) but the collaboration with Starwood is to be at the high-end luxury sector. Thus, competition and collaboration will allow both partners to grow.

The growth of Indian economy and the increase in travel by Indians has made another luxury hotel chain Mandarin Oriental willing to open a property here. This chain already owns and operates 20 luxury properties in the major cities of the world. The scenario becomes more exciting since the New York based Hampshire Hotels and Resorts is planning to set up seven hotels in India in the next three years. Already, an allocation of 1.2 billion U.S. dollars has been made for investment in India. The brands of ‘Plaza’ and ‘Dream’ are to be used. The top brass of the company feels that the hurdle is the availability of land when it comes to opening hotels in several places in the country. Noida Development Authority has recently given permission to the company to set up a hotel in Noida before the Commonwealth Games in 2010.

The hotel industry is again an important component of tourism. It also comes into the hospitality sector which plays a vital role in keeping the travelers happy and satisfied. The occupancy of the hotels must be good for a reasonable return on investment. Several factors influence this and a research study has revealed features which contribute to high occupancy levels. These include: advantages of a good location in comparison with local competitors, a historic or romantic image in such a setting, a successful penetration of the overseas visitor market, good conference facilities, and a broad range of room facilities. Hotels with substantial marketing budgets and flexible pricing policies, those situated to meet the demand of inland

leisure tourism, also do well. However, appropriate management and marketing will overcome the hurdles of locational disadvantages, to some extent, in the matter of occupancy.

Whether people travel for leisure or business, it cannot be gainsaid that there is a lot of disposable income in their hands. Travel and Tourism industry have become big businesses and exercise much influence on the economy of the country. Travel industry covers tour operators and travel agents who organize, arrange and coordinate travel within the country and abroad. It is vital for tourism which is “concerned with encouraging, entertaining and assisting business travelers and tourists”. Travel industry includes airlines, railways, luxury bus services, cruise ships etc. transporting people to their desired destination.

According to an estimate, the tourist inflow into India rose to the level of 27.5 lakh in 2003 and was maintaining the trend. The foreign exchange earnings from tourism also registered a 23 percent increase touching Rs.17,000 crore. The country received Gold awards in the Pacific Asia Travel Association (PATA) conference. People working in tourism and travel can be grouped into two categories: those who toil behind the scene, and those who are all the while meeting people. The jobs in the industry exist for those who enjoy planning ahead and earning and for those who take interest in helping the public. The subjects covered in modules in a tourism and travel management course usually include what are the job requirements for people in this industry?

A neat and clean appearance, general knowledge including basic English, history, geography, civics etc., fashionable yet fairly conventional dress, and above all a smile on the



face and a friendly tone in the voice. Indeed, quality service to the customers can be provided by individuals who are persuasive, sensitive and adaptable. Training in travel and tourism for a long time was mostly related to tour guidance, reservation and ticketing, understanding procedures etc. In recent years, specially designed travel administration and management programmes are being offered. These provide a thorough grounding in business management with emphasis on travel and tourism sector. The knowledge and skills to understand all aspects (in totality) of travel and tourism, even cargo sector, inter-relationships between them are vital for those who work in the industry.

An important feature here is that training is not simply restricted to theory; trade-oriented skills related to travel and tourism are also provided to the students who are encouraged to develop analytical and innovative attitudes towards the industry.

There must be a suitable blend of subjects from the management stream, and travel and tourism sector with inputs from computer and information technology concepts, foreign language skills. A postgraduate course, for instance, will seek to integrate academic knowledge of management studies and applications in travel, tourism and hospitality industry.

The prospects for training and placement are indeed very exciting. Indeed a variety of channels are available for students to choose – self-teaching, home-study courses, computer-based training and class room programmes in authorized training centres all over the world. Again, the travel management professionals find jobs in companies and agencies as one out of every nine jobs in the world are being generated by the travel and tourism industry. This of

course is the result of fast increasing global and domestic travel. In the U.S. & Europe, several institutions, both public and private, have introduced tourism management studies in their academic schedule. In India also, there is growing realization that such a programme in the business management schools will be of immense use to the society. However, any academic course in tourism travel and hospitality sector must have a vital component of internship in organizations within the industry.

The focus on management, internship credits, and the years of study differentiates the U.S., European and Asian programmes. The staff trained in multicultural norms, teamwork and leadership are in great demand. It is interesting to find research in the field advancing and contributing to the academic programmes. This is crucial on account of the growing need for understanding global trends in the travel market.

It is a fact that service quality of many companies and organizations lags below customer expectations. A fundamental reason for this is the lack of commitment and skills of the front line employees who provide the interface with customers. The internal marketing strategy which treats the front line, contact staff as internal customers has been found to be effective in providing excellent service for the end customer. A core value can be taken as an emphasis not only on the intellectual and skill-based aspects of work, but also on emotional and humour aspects. Customer service when “delivered with a sense of warmth, friendliness, individual pride and company spirit” can only be at a level of excellence. The stress on team work is also helpful. Indeed, employee training is a continuous process and not a single, one-time event. This is particularly applicable in the travel and tourism industry.

No account of the strategic transformation of Indian industry can ignore the way in which the air travel sector has grown in the last few years. The government's liberal policy of opening out the skies to private players has now resulted in several budget air-lines entering the scene. These no-frills, budget air carriers include such names as Air Deccan, Spice Jet, King Fisher, Go Air, Paramount, and Sahara which has merged with Jet Airways. These private airlines have played a vital role in promoting air-mindedness among the people. The publicity gimmicks include the offer of tickets from Chennai to Bangalore for Rs.10 (The taxes may come to over Rs.1000/-). Pricing at 3 or 4 levels has become common, and these are much below what may be called the standard rates.

There are now indications that more private airlines will be enabled to fly abroad also. India's first low-cost carrier, Air Deccan, which began operations in August 2003 may become eligible to fly overseas very soon if the Union cabinet approves a proposal reducing to two years from mandatory five years' experience needed for eligibility here. King fisher Airlines and Spice Jet which began to function in May 2005 will be also eligible to fly overseas.

Business schools in India can profitably introduce marketing courses related to air travel sector as well. These can supplement the courses at present offered in marketing in general. These may form part of courses relating to marketing of travel and tourism segments. All this will be sub-areas of the functional area of management education, namely marketing. In the travel segment, whether it is surface or air transport, ticketing seems to be a vital component. Much depends on the way this activity is handled since passengers are happy with the receipt of a confirmed ticket. The induction of computers in a big way in tourist offices all over the country

has actually smoothened the process in the Indian Railways, national airlines, and private air carriers. Speed and connectivity have both improved a lot during the past three years with the result that travelers can book tickets from any one place, say Delhi, to any other in the country, say Hyderabad, sitting in an office in Chennai. All these developments demand that management education in the travel and tourism segment must have a liberal allocation of time for information technology as well. It is heartening that such a development is taking place, leading to the seamless integration of diverse components of study.

Travel and hospitality industry in the 21<sup>st</sup> century will serve in many ways to bring about global harmony. Industry leaders such as Simon Cooper, President of the Ritz Carlton Hotels, Jack Anderson, President of the Royal Caribbean and Celebrity Cruise Lines, Lord Collin Marshall, Chairman of British Airways have outlined their visions for the future, how they see their industry segments today, what changes they visualize in the next ten years, and how they intend to deal with them. The success stories give valuable insight into the working of hotel, airline, restaurant, and cruise line managers and marketing professionals.

Indeed, the managers in this industry, especially in India, are under tremendous pressure to deliver better results much faster than their competitors. Meeting today's tough challenges are not easy; it requires a complete mastery of a full array of management skills. The latter covers a wide spectrum from communicating and coaching to public speaking and managing people. The management education in this sphere must help the students hone and polish the skills they need most. Once they become professional managers, they will have to continue improving their job performance.

Industry experts point to the rising trend of trade shows and event marketing by entrepreneurs with a view to maximizing the potential of the companies. The entire go-to-market strategy is exemplified here. Setting objectives, selecting events best suited to particular marketing goals, managing all aspects of a trade show booth, and using the right metrics for measuring success are all components in such a strategy. How to make a corporate event more effective is ultimately the objective.

In this context, it is imperative for companies in the travel, tourism and hospitality industry to tackle competition by adopting imaginative and innovative measures. How to cut costs and increase revenue by taking away the market share from the competitors is certainly an integral part of the thinking in company circles. In fact, the companies must focus on utility, price, and cost aspects, create and capture new demand. Also, their overall vision will inspire entrepreneurs and employees alike. This is what is called 'Blue Ocean' strategy and the metaphor implies untapped market space and the opportunity for profitable growth.

The strategic transformation of Indian travel and tourism industry is highlighted by the growing numbers of people who visit different places in quest of health. These health travellers contribute substantially to the growth of the economy and medical tourism has acquired a significant niche in the country's industrial scene. In addition to the domestic health travellers who visit various hospitals within the country for diagnosis and treatment, thousands of patients and their attendants from other countries also come to India for medical treatment. Several reasons can be cited in favour of this international exodus. These include exorbitant cost of treatment in the country of origin and a long waiting time for the surgical procedures. Also, the

quality of service in Indian hospitals is comparable to what obtains in the West. The availability of alternate medical care like ayurveda, unani, siddha, and homeopathy is another factor. Combining treatment and a relaxed holiday during convalescence is made possible thanks to scenic locations with good facilities for accommodation and food.

The confederation of Indian Industry (CII) – McKinsey report on health care in India has estimated that the foreign patients coming to India for medical purposes will be contributing 2 billion US dollars by the year 2012. This accounts for nearly 5 percent of the entire health care delivery market. It is not surprising to find many hospitals in India are aspiring to get the coveted gold seal of quality – accreditation from the topmost U.S. agency in order to convince patients about their excellent quality of treatment and service. But in the sphere, competition from some other Asian countries has become intense and so the medical countries in India are adopting innovations to lure patients from other nations. The reduction of import duties on medical equipment has somewhat brought down the cost of infrastructure. This gesture by the Government of India is expected to enable the hospitals in India to offer world class facilities at affordable costs to patients.

In the emerging India, a significant feature of the travel and tourism industry is the way in which visits to heritage sites are being organized by travel agencies. This segment goes by the name of heritage tourism. It is true that the entire world has started evincing interest in the heritage sites of India. Closely allied to this is the factor of eco-tourism and currently, efforts are being made to start eco-friendly resorts and hotels which do not disturb the ecology of the

surrounding regions. This is especially crucial in the case of forest resorts since the flora and fauna are likely to be affected by the inundation of tourists.

The institutions seeking to impart education and training in these sectors must create a feel in the minds of the students for nature and the diversity of life in forest. Management education in this sphere must perforce enable students to cultivate the spirit of respect for all living beings. The students for their part must recognize the value of ecological balance. The lack of access to these studies is quite glaring and the educational planners should redress the situation.

There are, of course, some good institutions providing specialized courses in travel and tourism. These include School of Management Centre for Tourism Studies, Pondicherry University, Indian Institute of Tourism and Travel Management, Gwalior, Ashok Institute of Hospitality and Tourism Management, New Delhi, Kuoni Academy of Travel, New Delhi, Kerala Institute of Tourism and Travel Studies, Thiruvananthapuram, and Garware Institute of Career Education and Development, Mumbai.

India and China have been named by experts as the real powers of the future and the indications point that way. An ebullient and growing economy, vibrant industrial activity, a large reservoir of highly talented people, and vigorous efforts to improve the infrastructure all round may be taken as evidence enough. The emerging India has the added advantage of a huge pool of English knowing people as this language certainly propels the travel and tourism industry everywhere. Management education with its fascinating and myriad facets is also being influenced by developments all over the world. The Indian scene presents special features on account of the diversity of the population speaking different languages. Travel and tourism

reflects one face of the strategic transformation of Indian industry and management education in the emerging India.

**References:**

P.Wilson : Implications of Tourism in India – A survey; Indian Journal of Marketing; 1981.

Justin Thomas : Infrastructure along Buddhist sites needs urgent attention; Travel Trends Today, May 2007

Douglas Jeffrey et al : What makes for a successful Hotel? ; The Service Industries Journal, Vol. 22, No.2 (April 2002)

Jayanti Ghose : Revel in Travel; The Times of India, 19 July 2004.

Michael Verikios : Education in the tourism industry and how it works; Travel Daily News; May 30, 2007.

The Financial Express; December 14, 2006

The complete 21<sup>st</sup> century travel and hospitality marketing handbook; Pearson Prentice Hall, 2004.

The results-driven manager: presentations that persuade and motivate : a time saving guide. Harward Business School Press; 2004.

Stevens, Rugh P ; Trade show and event marketing; plan, promote and profit; Thomson Texere; 2005

Kim W.Chan, Renee Mauborgne : Blue ocean strategy ; how to create uncontested market space and make the competition irrelevant. Harvard Business School Press; 2005.

Shankari, L : Medical Tourism in the Digital Era; Advertising Express, April 2007; The Icfai University Press.