

# INDIA

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## GENERAL MARKET OVERVIEW

- **Population:** 1.176 billion. Major population centres are Mumbai (22.8 million), Delhi (23.2 million), Kolkata (16.3 million), Chennai (8.2 million) and Bangalore (7.8 million). India is the second youngest country in the world with 43% of the population below the age of 25.  
**Languages:** English (Commonly spoken in business communities), Hindi (North/West) and Tamil (South) are the 3 main languages.
- **Annual leave entitlement:** 30 days.
- Continues to be a politically stable democracy. The general elections that took place in 2009 brought the Indian National Congress party to power with a majority.
- India's economic outlook remains positive and stable. International Monetary Fund (IMF) projects India's growth forecast for 2010 to 9.5 per cent and 2011 at 8.5 per cent. Economic revival will see the Indian car industry maintain strong double digit growth at 12-13 per cent during 2010-11. The middle class (approx 300-350 million) has become increasingly affluent, mobile, internet savvy and more sophisticated in terms of what is demanded from tourism products and services, and more importantly the price they are willing to pay for it.
- An Indian Market Research Bureau study reveals the greatest desire of the Indian middle-class after buying a house is to holiday abroad.

## MARKET PROFILE

- India is classified as one of Australia's emerging markets, recording 119,900 visitors year ending June 2010 – an increase of 8% relative to the previous year. Just over 50% of these visitors were from the Holiday & VFR segments.
- India is the 11th largest market in terms of arrivals and contributed \$828 million to Australia's Total Inbound Economic Value (TIEV).
- Inbound holiday & leisure travel to Australia was significantly affected by the incidents involving Indian students in Melbourne and other parts of Australia in 2009/10. Australia's reputation as a friendly nation was seriously questioned in the Indian media and Tourism Australia pulled their planned campaigns. Most agents reported fewer enquiries for Australia during this time.
- It is expected that Australia will recover from this setback and forecasts are for numbers to grow significantly over the coming five years.
- Indian inbound tourism to Australia is forecast to grow at over 10% per annum to 2014. India is the second largest travel market in Asia after China and is one of the fastest growing travel markets in the world.
- South Australia attracted 5,900 visitors from India in the year ending June 2010, which reflects an increase of 34% from the same period in 2009. This equates to approximately 5% of total Indian visitors to Australia.
- Australia ranks relatively low in terms of being a preferred destination for India travellers. Most surveys rank Australia outside of the top 10 preferred destinations and is often somewhere Indians might consider visiting only after taking previous overseas holidays to destinations such as Europe, USA and Asia.
- There has been a noticeable growth of various travel portals and online travel services. The rise in the urban middle class, combined with access to travel-specific technology, indicates more changes to come in the future for the Indian outbound market.
- Inbound business from India is highly seasonal. Travel normally occurs from May to July. November and early December are also popular months to travel, especially for the honeymoon segment.
- The SATC will focus its marketing activity on the 'Experience Seeker' (in line with Tourism Australia's approach), specifically the middle and upper class families in the primary geographical area of Mumbai (Maharashtra State) and Delhi. Honeymooners and small incentives will be targeted as secondary markets.

- Products (tourism experiences) to promote in India will generally be within the tourism regions of Adelaide, Kangaroo Island, the Barossa, the Adelaide Hills and the Fleurieu Peninsula. This is due to their accessibility and the experiences available. The products to be promoted include:
  - o Shopping experiences, including the Central Market and shopping precincts such as Rundle Mall and Harbour Town
  - o Adelaide Oval as one of the world's best cricket grounds and the Bradman Collection
  - o Nature and wildlife on Kangaroo Island
  - o Wine in the Barossa region
  - o Food and fresh produce throughout the State
  - o Self-drive Adelaide – Melbourne
- Tourism Australia has a new team in India as of June 2010 and have embarked on a strategy to promote (among other things) self-drive and luxury lodges to the market for the first time.

## CONSUMER TRENDS

- 57% of Indian visitors to Australia are first time visitors.
- Most Indian consumers will rely on travel agents for information when planning trips to Australia. Travel agents, the internet and word of mouth have a big influence on destination choice.
- The majority of packages are booked through travel agents as the agent is key in efficient processing of the visa.
- Indian consumers have a short lead time for booking their holidays, ranging from three to six weeks on average, and have a preference for pre-planned itineraries.
- Destination awareness and preference levels for Australia already exist in our target audience, but knowledge of South Australia is low amongst both consumers and the travel trade.
- Indian families will often travel on their own or with other family friends. This segment is not interested in packaged tours. This has led to most large and medium sized travel companies spinning new divisions for FIT holidays. These divisions provide suggested itineraries, which are easily modified to suit the client's desires.
- Group package tours only make up a small percentage of travel into Australia.
- Indians spend an average of 10-12 nights abroad and approximately \$1,800 per person per leisure trip. Other than travel and accommodation, most Indians spend money on shopping for accessories, electronics, local souvenirs, perfumes and fashion.
- Top 5 activities for Indian visitors in Australia are:
  1. Eating out at a restaurant/café
  2. Shopping for pleasure
  3. Sightseeing / looking around
  4. Going to markets
  5. Going to the beach

## AIRLINES

- There is no direct air access between India and Australia.
- Singapore Airlines fly daily from Mumbai to Adelaide via Singapore. Connections to New Delhi, Kolkata, Bangalore, Hyderabad, Ahmedabad, Chennai and Kochi are also available with Singapore Airlines and Silk Air.
- Qantas has a code share agreement with Jet Airways, providing a connection to Adelaide from Delhi, Mumbai and Chennai via Singapore.
- Air India were scheduled to begin flying Delhi – Melbourne in early November but it now appears in doubt.

## COMPETITION

- The most popular destinations for the Indian consumer are Europe, USA, Africa and the Far East (including Singapore, Malaysia, Thailand and Japan).
- Asian destinations in particular have benefited from an increase in low cost carriers operating in the market.
- Most NTO's are very active in India. European and Asian countries specifically have invested considerable amounts in the market for a number of years.
- South Africa (a key competitor for Australia) has continued its investment in the market on the back of hosting the extremely successful Indian Premier League tournament earlier in 2010 and the World Cup. Recently they ran an 18 city roadshow to educate agents costing INR18million (close to AUD\$500,000).
- South American countries have also started to spend more to capture a share of the market.
- The Australia states who are most active in India are Victoria, New South Wales and Queensland who each have strong representation in the market.

## TRADE INFORMATION SUMMARY

- India has a highly fragmented distribution system with no clear definition or classification of either types of agents or their activities. Most large retail agents brochure and market their own programs with links to inbound tour operators.
- More than 90% of leisure business to Australia is handled by an Inbound Tour Operator.
- The big three operators (Thomas Cook, SOTC Kuoni and Cox & Kings) hold approximately 25% of market share. They act as both wholesalers and retailers, cater to all markets and promote and sell all major destinations around the world.
- There are also many smaller agents in India, each catering for a different segmentation of the market.
- Many online travel agents have entered the offline market as they are realising the limitations of online travel businesses in India.
- Tourism Australia's primary focus in India is with Aussie Specialist travel agents who are targeted as a priority for ongoing training and familiarisation. As of June 2010, 1,257 agents from 460 agencies were registered for the Aussie Specialist Program, of which 527 were fully qualified.
- The Australian Department of Immigration and Citizenship (DIAC) introduced a Preferred Agency Scheme with the Aussie Specialist agencies. Visa applications submitted through these agencies will be processed within 48 hours, provided the agencies screen the applicants according to DIAC's requirements. As at March 2010, there are 194 travel agents in 114 agencies under this scheme.
- The electronic lodgement service for visas is also available to nominated agents in India. Currently there are up to 20 agents in this scheme.

## KEY HIGHLIGHTS OF MARKETING ACTIVITIES IN 2009/10

### Wholesale Brochure Advertising

- SATC negotiated to advertise in wholesale brochures featuring a South Australian package and itinerary. South Australian advertisements and packages are currently featured in the following brochures: SOTC Kuoni, Thomas Cook, InOrbitz, Cox & Kings, Mercury Travel, Saltours, Strawberi Holidays and Holiday Representations.

### Indian Media Famils

- SATC hosted four media trips in 2009/10 in conjunction with the Tourism Australia International Media Hosting Program (IMHP). These visits brought a variety of print journalists to SA, including the editor of Femina Magazine – the leading female lifestyle magazine in India.
- In June 2010, the SATC independently hosted three freelance journalists to South Australia. This famil has had almost instant results with five articles valued at around AUD\$100,000 already published in various magazines and more still to come.

### ATE Agents Famil

- 12 agents from India participated in ATE 2010 in Adelaide. Around half of these agents joined various scheduled ATE famils to visit the key regions in the state.

### India Travel Mission 2010

- Vinod Advani and Martin Kaesler both attended the India Travel Mission (ITM) held in Hyderabad in August 2010. ITM is the largest in-market event run by Tourism Australia and gave access to around 75 of the key travel agents in India. The format in 2010 allowed the states to conduct 45 minute round table session with agents rather than the usual short one-on-one appointments. The longer format allowed more in depth presentation of South Australian product.

### Rainbow FM Radio Promotions

- South Australia continues to be featured in promotional segments on radio FM Rainbow in Mumbai, the only Indian FM Channel that broadcasts in English. Vinod Advani, the host, promotes South Australia's attractions and experiences to increase consumer awareness of South Australia as a tourist destination. The listenership is now pegged at one million listeners who tune into the Monday and Friday shows.

### Cox & Kings Promotion

- From June to October 2009 the SATC ran an online campaign to promote Cox & Kings travel packages to South Australia. The key component of this campaign was a South Australian microsite linked to the Cox & Kings home page. Cox and Kings have also sent out three electronic direct mailers to their high-end FIT database to direct traffic to the microsite.

### Trade Training

- **Mumbai** – Vinod Advani regularly conducts presentations on South Australia to sales and marketing staff of the key agencies in Mumbai. This includes the larger India-wide agents who have their head offices in Mumbai as well as the smaller specialist agents.
- **Delhi** – In February 2010, Vinod conducted presentations to staff of all the national travel agencies with whom the SATC advertised and included SA in their itineraries including Kuoni, Cox & Kings and Thomas Cook. He also visited a selection of the independent agents in Delhi such as Travel Oytser (sic) and Rising Star.

## KEY MARKETING PLANS FOR 2010/11

- Continue working with key trade partners as we have in previous years to get greater coverage for South Australia in wholesale programs.
- Running the next instalment of an online campaign with Cox & Kings. This will feature a new and improved micro-site linking directly from the C&K home page.
- SATC has committed to working with Thomas Cook and will advertise in their Australian brochure due out later in 2010.
- Attend the India Travel Mission 2011. Dates and details TBC.
- Continue working with radio station FM Rainbow in doing pieces to air to promote South Australia.
- Work with Tourism Australia on their International Media Hosting Program (IMHP) to get more journalists visiting South Australia.

## ACTIVE INBOUND COMPANIES IN THE REGION

- WEL Travel
- Holiday Pacific
- Australian Tour Management (ATM)
- ATS Pacific
- Experience Tours Australia (a division of AOT)
- Qantas Holidays / Tour East
- Travel Maestro

## OPPORTUNITIES FOR OPERATORS

- Participation at the Tourism Australia India Travel Mission 2011 – dates, format and other details TBC.
- Hosting of Aussie Specialists Agents and Media Familiarisation tours. Tentative itineraries would include visits to Kangaroo Island, Barossa, Adelaide Hills and Adelaide.
- Exposure of relevant products in our bi-monthly electronic newsletter that is distributed to all travel trade partners in Asia.
- Exposure of relevant products on Asia website ([www.southaustralia.com/sg](http://www.southaustralia.com/sg)).
- Participation in ATE Eastern Hemisphere 2011.

## USEFUL TIPS FOR WORKING WITH INDIA

- Be mindful of school holidays and seasonal travel patterns.
- Many Indians live a pampered and luxurious life. The average family has one maid, one cook and a driver. Labour is cheap so they often have someone to do menial tasks (eg office boys, help at airports, waiters etc).
- Service in Indian hotels and restaurants is usually excellent due to the number of staff. They do not understand 'self help' restaurants and think they are receiving bad service when they are kept waiting.
- Though they speak English quite well, they generally do not think in English. Australians can mistake this as being rude.
- There is no informal translation of 'Please' in Hindi and other main languages.
- Management staff are not usually in the office before 10.00am–10.30am and will generally work until about 7.00pm. Meetings in market should not be made prior to 10.30am at the earliest.
- If visiting India be prepared to be flexible. Meetings are frequently cancelled or rescheduled at short notice. It is also common for meetings to actually start well after the scheduled time.
- Sometimes Indians ask questions which may seem too personal and intrusive. Please remember that discussing one's family and personal life is normal among Indians.
- Try to avoid the following subjects in conversation: Pakistan, religion, rich and poor divide.
- Seniority, age and authority are respected in India, both in business and public life.
- Compared to many other cultures, relationships and feelings play a larger role in decisions in India. In general, Indians tend to take larger risks with people whose intentions they trust. Thus, your credibility and trustworthiness are critical in negotiating a deal.
- Bargaining for the price or extra concessions is normal in India. Indian negotiators expect and value flexibility in negotiations. A straightforward offer may be perceived as a rigid stand. It is advisable to build some buffers into your initial offer, which will allow for bargaining later.
- Decision making can be a long process because of the bureaucratic nature of many Indian organisations and because the decision may have to be approved by people not at the negotiating table.
- It is likely within a group of Indians there will be a variety of dietary requests. Many Indians are vegetarian and there are different types of vegetarianism common in India. When planning meals for Indian guests it is advisable to ask if they are vegetarians or non-vegetarians and for them to clarify exactly what they are unable to eat. It is also advisable to have a few varieties of vegetarian dishes available at lunch and dinner parties and to keep meat and vegetarian dishes on separate tables (if possible) and to label them. Rice is served with almost every meal.
- Be prepared for the fact that your guests will be late, since arriving punctually for a social occasion is considered bad manners. Also, some of your guests may not turn up at all even when they have promised that they will.
- Indians often prefer to eat late dinners.
- Mumbai used to be known as Bombay and many in the business community still refer to it as Bombay rather than Mumbai.