Tourism New South Wales

India Market Intelligence Update for NSW Sellers Attending ATE 2009

General Economic Overview

Economic growth is forecast at 5.7% for the financial period 2009-10 (April/March), with projected recovery to 7.1% by 2010-11. This has been assisted by stimulus measures including large rate cuts, increased government spending and duty cuts. National elections are scheduled to be held in April/May.

Outbound travel trends

There is strong competition in the market, driven by extremely low airfares, especially by European carriers for the upcoming Summer Season. For example KLM's Delhi/London for US$196 (excluding taxes) and Emirates Mumbai/London for less than US$500 return.

Airlines have withdrawn their non-profitable flights, reduced flight frequency (such as Singapore Airlines) or reschedule their flight operations. From June 2, Qantas Airways will fly to Mumbai via Singapore, rather than direct.

Secondary carriers such as Thai Airways, Cathay Pacific and Malaysian Airlines have penetrated the Australian routes with their very aggressive pricing strategy.

Currently, Singapore Airlines is in a deadlock with the boycott from the various Indian Travel Associations as a result of its zero commission approach. Singapore Airlines has countered the situation with its online airfare promotions, aggressive consumer directed airfares, as well as direct corporate partnerships.

With the massive airport developments around India, the increase in outbound travel has gone beyond the key gateway cities of Mumbai and Delhi.

Consumer Travel Trends

South East Asia is usually the first overseas destination of choice, because of familiarity and affordability, before Indian consumers progress to Europe (strong VFR ties as well as aspirational values).

Australia and the United States follow in the next category, similar to South Africa and New Zealand.

Travel to Australia was previously part of a combined trip with New Zealand but the trend of travelling to Australia as a mono-holiday destination is increasing.

Student traffic to Australia is booming. This has led to increased VFR visitation.

Key market segments in India:

- Family Travelers – generally travel during the summer holiday season between mid April and June.

- Honeymooners – a good yield segment as arranged marriage is common in India and this is the time when newly married couples get to know each other better. Holidays are also generally paid by their parents. Travel season is from October until April.

- MICE - a fast growing segment driven by economic growth until the recent economic slowdown.

  Currently, South East Asia is the most popular destination. Corporates have also moved towards nearer and cheaper holiday destinations from their previous holiday trips.

A typical Australia MICE itinerary is four to five nights stay. Sydney and Gold Coast are popular choices. Group sizes vary from 50 to 100 plus.

- Events – is a new niche segment but the popularity of cricket games (possibly Grand Prix as well) has propelled some agents to do event packages to their special corporate base.

Travel Trade Industry Trends

The Indian travel market is dominated by ITOs (approx 95% of leisure business). Majority of the ITOs have Indian-based staff to service the market.

Key national operators (25% of the market share for Australia) with large marketing budgets and outlets around India are - Thomas Cook, Kuoni/SOTC, Cox & Kings/Ezeego, Make My Trip, TUI and Mercury Travel.

In addition, there're many personalised and medium sized travel agents who play critical roles and handle customized Australian packages as well.

The trade distribution channel is quite fragmented. It is a challenge to take a three pronged approach to penetrate through senior management, product planners and front line sales staff in terms of their ability to promote and sell.

Medium size operators (20% of the market share for Australia) are either wholesalers or retailers - Free Independent Travel (FIT) or Group Independent Travel (GIT) with moderate marketing budgets.

Small operators (40% of the market share for Australia) are mostly retailers in the FIT area who copy the itineraries from the nation-wide distribution travel agents.

High proportion of family owned businesses.

Agents have indicated a trend towards more FIT oriented travel packages.

Advertising for the summer holiday seasons began in early February, with key agents undertaking aggressive advertising campaigns. Competition is very intense among the key agents, with each attempting to offer better value propositions than their competitors.

Product Development - Sydney & Surrounds Packages

More agents are now embracing the Sydney and Surrounds concept to expand Sydney beyond a three night city stay. Popular regions include the Blue Mountains, Port Stephens, the Hunter Valley and the Grand Pacific Drive.

Consumer Profile & Trends

Low cost Indian start-ups within the domestic market have resulted in a new breed of travellers who now have the opportunity to experience leisure travel.

Indian consumers are generally late bookers with just three to six weeks of Planning and most would book touring options before their departure.

The mass market still use online sources for information and price comparison (except for pure air ticket bookings and familiar destinations such as Singapore and domestic travel).

Bookings are generally made via travel agents and 28.8% use travel agents as their information source.

Increasingly affluent middle class (around 300 million people). Australia is gaining popularity as a honeymoon destination. For this market, island stays and prestigious lodges that are accessible are becoming popular.

The honeymoon market will continue to grow given India’s very young population!

Behaviours: ‘Cash rich/time poor’, bragging rights, can be demanding. Travel has moved up the list of household spending priorities.

Multi-state itinerary: Sydney, Gold Coast/Cairns and Melbourne.

Booking pattern: Short lead-time for booking, pre-planned all inclusive itinerary, predominantly booked through travel agents.

High maintenance: Sleep late, start late. Will make changes to the itinerary while they are still on the trip, transfers are very important.

Loves: icons, cricket, shopping, nightlife (discos, pubs, shows and entertainment), younger generation love soft adventure.

Meals: Vegetarian and non vegetarian

What buyers are looking for in terms of product?

- Better value-add propositions under current global conditions. Ensure that any value propositions are worked in conjunction with ITOs
- Seasoned buyers will also be looking for new product.
- Incentive itineraries and themed-dinners and gala functions.
- "Late night" restaurants (i.e. serve meals at 9pm) as Indians tend to eat late.
- New products to target family, honeymooners and incentive clients.
- Personalised touring (at reasonable rates that can cater for groups of families travelling together).
- Indian meals (vegetarian and non vegetarians), especially those that are within walking distance from city centre hotels.

- Night life (discos, pubs, shows and entertainment).
- Accommodation is of importance to agents, especially for those specialising in high-end clientele and the honeymoon segments. However, the proximity and transfer options for getting to these places must be available at reasonable cost.

Other Tips

Indians are very friendly people generally and establishing a foundation based on friendship goes a very long way.

Yahoo, MSN Hotmail and Messenger and Skype are great communication channels with Indian agents.

Engagement with agents at planning/brochuring time is critical to ensure that your product is included.

A three-pronged strategy of promoting your products to the product planners, working with the ITOs and working with the frontline sales staff is necessary.

Agents do request for brochure support. Please assess case by case and for those who do fulfill their commitments in terms of sales and promotional opportunities, your support is deemed appropriate and necessary.

Famils are very important in India – do support wholeheartedly.

Out of sight, out of mind. Especially in India where they're bombarded with visits, offers, invitations by a large number of international destinational marketers.

Value-add propositions are frequently requested. Please have enough margin to be able to offer various platforms of value add experiences/packaging to key tour operators who would like to be seen as different.