

AN INDIA ECONOMIC STRATEGY TO 2035

NAVIGATING FROM POTENTIAL TO DELIVERY



TOURISM SECTOR SNAPSHOT

indiaeconomicstrategy.dfat.gov.au



#IES2035

OVERVIEW

- An estimated 70 million Indians will travel overseas annually by 2035.
- India is one of the world's fastest growing outbound travel markets. That growth is driven by rising personal income levels, changing lifestyles, greater aviation connectivity, more affordable airfares, a proliferation of online booking platforms, and India's sizeable worldwide diaspora, attracting travellers visiting friends and relatives.
- Tourism can enhance perceptions of Australia in India as a welcoming, diverse and advanced economy, with flow-on benefits for cultural literacy and the broader bilateral relationship.
- Between 2005 and 2016, visitor arrivals from India grew by 299 per cent to reach 262,300 – almost six times faster than the growth in total inbound arrivals over the same period. Spend growth was even more impressive, increasing 350 per cent to reach \$1.2 billion in 2016.
- By 2035, the number of inbound Indian tourists will likely expand four-fold to 1.2 million annually, putting India on track to go from being Australia's eighth largest tourism market to our fourth largest. Indian tourism could be worth as much as \$9 billion annually to Australia.
- More direct flights between Australia and India are essential to building the tourism and broader economic relationship.



OPPORTUNITIES FOR PARTNERSHIP

Australia should continue to grow the number of Indian tourists visiting friends and relatives. Australia's 700,000 strong Indian diaspora and large student cohort will support travellers making repeat trips and fostering 'Australia literacy', but the average spend of tourists visiting friends and relatives diverges considerably from other travellers.

Attracting a greater share of Indian travellers and more high-value travellers will be important for sustaining the profile and scale of Australia's tourism sector.

Australia should target luxury holiday-makers and business travel niches as new growth markets. The Meetings, Incentives, Conferences and Exhibitions (MICE) travel segment is one of the most prospective.

Australia can stimulate Indian demand through tailored marketing, an 'India ready' workforce, appropriate visa settings, greater connectivity and effective brand ambassadors.

As a relatively high-cost tourist destination, Australia must compete on a value basis.

In a status-driven market, effective choices around brand ambassadors can bring immediate uplifts, including through incentivising Bollywood film production in India, sports diplomacy and leveraging successful Australian cultural exports, such as Masterchef.

In the medium to long term, opportunities will also emerge in two-way investment in tourism infrastructure.

OUTBOUND TRAVEL FROM INDIA



23 million
2017

15-18%
Annual growth

TOTAL OUTBOUND SPENDING



13%
Compound
Annual Growth
Rate by 2020

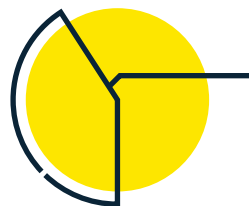
AUSTRALIA'S INBOUND MARKET



357,700
Indian arrivals
at end of 2018

8th largest
inbound market

INDIA'S OUT OF REGION TRAVEL MARKET

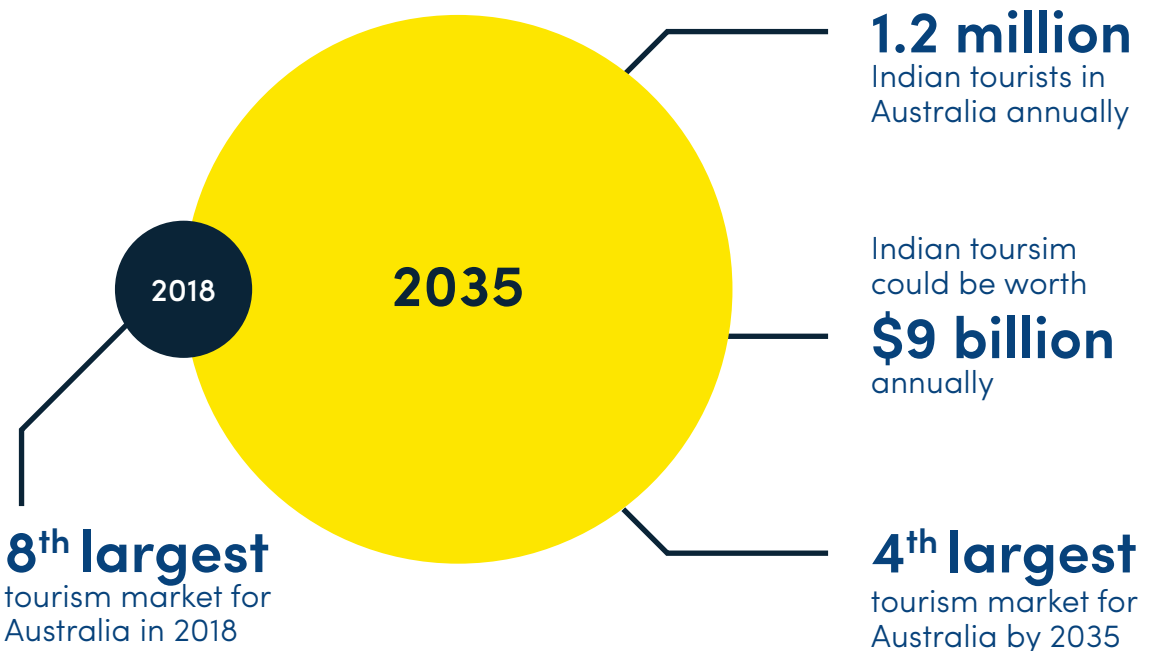


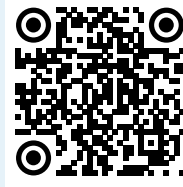
41%
High Value
Travellers

CONSTRAINTS AND CHALLENGES

- Australia is seen as a difficult long-haul destination given limited direct flights.
- The factors that are typically required to boost direct flight routes remain stagnant, including business travel on both sides, insufficient leisure traveller volumes outside seasonal surge periods (December-February and May).
- Perceptions of lengthy and variable visa processing inhibits spontaneous leisure and business travel. In general, visa processing times are a point of frustration for Indian visitors, but a number of reforms underway should be used to ensure India is a priority in streamlining processes.
- A key challenge will be developing an India literate workforce that is familiar with Indian culture, preferences and tastes.
- Australia lags key international competitors in the heavily-contested leisure segment. Australia resonates with affluent travellers but is perceived to be less prestigious than the US, France, Italy, Switzerland and the UK. Viably delivering on Indian tourists' expectations of service is another challenge.

INDIAN TOURISTS TO AUSTRALIA





EXPLORE
INDIAN STATE
ECONOMIES
IN-DEPTH

WHERE TO FOCUS

Around 85 per cent of all visitors to Australia in 2017 originated from India's 10 wealthiest states: **Maharashtra, New Delhi, Karnataka, Tamil Nadu, Andhra Pradesh, Punjab, Kerala, Gujarat, Telangana** and **West Bengal**, with visitation patterns correlated strongly to major cities with gateway airports.

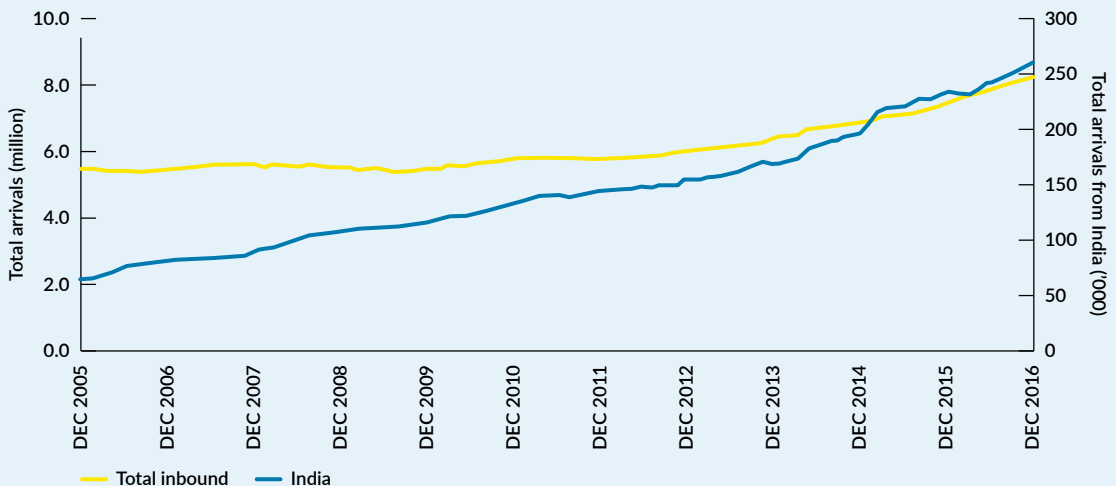
Tourism strategies for India typically focus on cities because Indian international travellers tend to be from major urban centres, with a tertiary qualification and a relatively good command of English. Cities with high numbers of outbound travellers and good connectivity offer strong prospects.

The typical Indian traveller to Australia is an affluent member of a major urban centre, as follows (ranked in terms of departures to Australia): **New Delhi, Mumbai, Bengaluru, Chennai** and **Hyderabad**.

But smaller cities like **Jaipur, Ahmedabad, Cochin** and **Amritsar** are emerging as important source markets for outbound travel from India and should be targeted in the medium to long term.

Tier one cities, as they are known, offer established markets and tier two cities offer growth potential.

VISITOR ARRIVALS IN AUSTRALIA ('000)



Source: Overseas Arrivals and Departures, ABS Cat. No. 3401.0

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SECTOR REPORT**



Australian Government



Australia-India Council

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