

Tourism Marketing

A Strategic Approach



Editors Nilanjan Ray | Dillip Kumar Das | Raj Kumar

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Edited by

Nilanjan Ray, PhD
Dillip Kumar Das, PhD
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LIST OF ABBREVIATIONS

APIs	applications programming interfaces
AVE	average variance extracted
BEDC	Burma Economic Development Corporation
CANIRAC	National Chamber of the Restaurant Industry and Seasoned Foods
CFI	comparative fit index
CLI	customer loyalty indices
EFA	exploratory factor analysis
ESA	exploratory spatial analysis
eWOM	electronic WOM
FDI	foreign direct investment
GDI	Gender Development Index
GEM	Gender Empowerment Measures
GNH	Gross National Happiness
HDI	Human Development Index
HET	Himalayan Environmental Trust
HTB	Himalayan Tourism Board
ICT	information and communication technology
IES	International Ecotourism Society
IRRA	Indian River Runners Association
JICA	Japan International Cooperation Agency
KEEP	Khedi Eco-tourism and Eco-development Promotion
KMO	Kaiser–Meyer–Olkin
MMK	Burmese Kyat
MoHT	Ministry of Hotels and Tourism
MVP	Posadas Sales Methodology
NFI	normed fit index
OPI	price optimization and inventory
RMSEA	root mean square error of approximation
ROC	receiver operating characteristic
SAATO	Sikkim Association of Adventure Tour Operators
SCM	supply chain management
SEM	structural equation modeling

SMC	squared multiple correlation coefficients
SMM	social media marketing
STDC	Sikkim Tourism Development Corporation
TAAS	Travel Agents Association of Sikkim
TLI	Tucker–Lewis index
TSC	tourism supply chain
UNWTO	United Nations World Tourism Organizations
WOM	word of mouth
WTTC	World Travel & Tourism Council

PREFACE

Marketing in tourism is to be understood as the systematic and the coordinated execution of business policy by tourist undertakings, whether private or state owned, at local, regional, national, or international levels to achieve to optimal satisfaction of the needs of identifiable consumer groups, and, in doing so, to achieve an appropriate return.

Tourism is now a booming fast-growing industry, next to the oil and jewelry industries. In the next few decades, tourism will have a potential role in different ways, such as in human resources, in the economic growth of a country, and in the improvement of wealth and productivity. The impact of tourism has great potentiality. Each and every destination has its unique culture, traditions, food habits, folklore, crafts, languages, etc., all of which would be of great interest to national and international visitors. Tourism is the largest industry worldwide in terms of employment and gross domestic product. The tourism industry has been growing rapidly as well as changing at a fast pace.

As more people are interested in spending holidays in nature, ecotourism, as well as rural tourism, has become an important segment of the tourism industry. This creates opportunities in areas characterized by natural attractions, wildlife and wilderness habitats, agriculture, farm stays, local crafts, bird watching, local cuisines, etc. Local communities may benefit in economic terms as well from ecotourism, as it creates employment opportunities and fosters commitment to conservation and sustainable development.

With the rapid growth in the tourism industry, the need for marketing is necessary and, in particular, all communications related to marketing with an objective of reaching the target audience. Organizations and companies have to be market oriented and need to pay attention to customers' needs in the future. Marketing is a way of thinking about a situation that balances the needs of tourists with services or variety of recreations available in the destinations. Various types of information should be available, such as, for example, the general geographical, historical, and cultural background of the area, the attractions, facilities and services and their costs, etc. Tourists are more likely to extend their stay in a rural area if they have sufficient

information about the destination and various activities and attractions as well.

Last but not the least, this volume is focused to present a variety of practical application tools, skills, practices, models, approaches, and strategies that are proving themselves in practice—demonstrating effectiveness while managing diversity and innovation. The overall objective and mission of this volume is to share a different pattern of research work that will provide a platform for new avenues in overall infrastructure, socio-economic conditions, and modern tourism business infrastructure. This publication also provides some recommendations and policy implications to the government as well as private agencies, including NGOs intending to promote organizational infrastructure for consistent economic development and positive social change worldwide.

This volume has mainly covered marketing aspects of tourism but also keeps in mind different allied tourism-related services like hospitality, destination infrastructure, service gaps, etc.

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I would like to thank Dr. (Prof.) Mahmood Khan for giving me the opportunity to publish this volume. I would also like to thank to my co-editors, Dr. Dillip Kumar Das and Dr. Raj Kumar, for providing the help to complete this project smoothly. I appreciate that they believed in me and provided the leadership and knowledge to make this book a reality.

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Last but not the least, I am also grateful to all the authors whose valued contributions have enriched the volume.

—Dr. Nilanjan Ray



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CHAPTER 1

GROWTH STRATEGIES: GRUPO POSADAS

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ABSTRACT

This chapter attempts to describe the growth strategy of the largest hotel company in Latin America, Grupo Posadas SA de CV, through an analysis of its evolution on the theory of resources and capabilities, identifying the competitive advantage that has positioned itself in the market against competitors, before the dynamic environment of the tourism sector, seeking competitiveness through development of integrated work teams information technologies. Likewise, the ability of the company to create a corporate culture aligned with the commitment to the interests of the same has allowed it to implement successful strategies, thus favoring its growth through brand diversification, reduction costs, and economies of scale.

1.1 INTRODUCTION

Tourism is a sector of great economic and social importance in the world. In Mexico, this sector has an important contribution to the creation of jobs, and a contribution of 8.7% of GDP (INEGI, 2012). In terms of international tourist arrivals, it refers to the country level as a leader in Latin America, recognized among the 15 countries with the highest percentage in this area, which generates an outlay of 13.9 billion dollars of revenue for Mexico (OMT, 2013).

Within the growth strategies of hotel companies are identified management contracts, centralized services, and standardization, as reservations, service evaluation systems, cost reduction, and optimization of resources, which could be summarized in distribution networks. On the other hand, it can find strategic alliances and “joint ventures,” mergers, and acquisitions, which guarantees the company a competitive continued growth, focusing on different market segments, and a large “top of mind,” that is, customer recognition of through brand loyalty (Slatery, 1991).

In developing this document, first the history of Grupo Posadas was reviewed; then the unit of analysis was performed, identifying strategies that strengthen its competitiveness in the hosting industry nationwide. Later, in the conceptual framework, a relationship was done with the theory of strategic management, concluding that information technologies are resources that guarantee the creation of competitive advantage of the company and has been the key success element in the growth strategies of the company.

The influence of information technology has become a key issue in the tourism sector, generating changes in operating companies that comprise it and the quality of services offered. This action results in an approach to customer needs and thus better services, optimizing resources, encouraging customer loyalty and recommendation, and productivity. It can be seen that in activities such as reservations and selling services via the Internet, it is through the implementation of information technologies in tourism businesses. This application creates a more dynamic interaction with customers, and gives added value to the company. Peppard (1993) defines information technology as a mechanism that facilitates the handling and information flow in a company and between companies.

1.2 BACKGROUND

A leading chain in Latin America of hosting services Grupo Posadas S.A. de C.V. currently operates 127 hotels with a total of 21,094 quarts, of which 99% are concentrated in Mexico and 1% in Texas with a focus on diversified services according to different market segments promoted through seven brands Live Aqua, Fiesta Americana, Fiesta Americana Grand, Fiesta Inn, One Hotels Fiesta Americana Vacation Club and Gamma, and renowned for its high standards in customer service, continuous innovation in the training of its human capital, creating jobs for 14,000 employees (EMIS, 2013), and a strong investment in information technology, which will be mentioned throughout this work in evolutionary chronological description of the company.

The foundation of Grupo Posadas was laid in 1967 by Gaston Azcaraga Tamayo under the name Promotora Mexicana Hotel, SA by operating the Fiesta Palace, now Fiesta Americana Reforma, registering in 1969 the merger with American Hotels, a strategy that led to Operadora Mexicana de Hoteles SA de C.V., in order to manage hotels.

Finally in 1990, after a transaction of “joint ventures” to find that the hotel management was more profitable than only operate, specifically the acquisition of Posadas de Mexico SA de CV, and it is at that moment that comes this great Mexican hotel company with 13 hotels under operation, developing own brands: “Fiesta Americana” and “Fiesta Inn.” The latter focused on the business segment and established destinations in town. The company decided to join the Mexican Stock Exchange in 1992, which defined its present name: Grupo Posadas, SA de CV.

In seeking to internationalize, Grupo Posadas decided to purchase the Caesar Park chain, buying the right of the brand in Latin America in 1998 and began its expansion in South America, but in 2012 sold these properties to a company Accor SA de C.V. focusing its operations in Mexico. Since 2002, Grupo Posadas has reached a total of 64 hotels in operation and started a process of transformation focused on the training of human capital and closer to the customer, and reducing costs through vertical integration, creating companies suppliers facilitating own processes through diversification, caring property rights which have increased the economic value of resources (Libecap, 1989).

In strengthening the sales force, a commercial advantage is created through investment in the training program Posadas Sales Methodology (MVP), improving processes in this area, and creating centralized information and operation point's sale, allowing us to know the customer's needs and as a result of this information to develop strategies to strengthen their competitive advantage steadily. It is then that consolidates the design of the technological tool Revenew Management with the objective of Price Optimization and Inventory (OPI). OPI currently operates in coordination with the Time Zero tool that focuses on developing strategies for maximizing rate and availability control. Coupled with this system in 2003, it developed the Conectum tool, a centralized platform that manages accounting and administrative transactions maximizing profitability, adding effort in 2010 create SUMMAS generating shopping savings in supplier's selection.

The centralization of inventory through a direct distribution channel, which give the opportunity to maximize revenues by understanding available inventory, was achieved in 2004, the year in which investment was also performed in a model of satisfaction considering the guest experience, involving strong campaigns of training before the restructuring policies and procedures, focusing managers in monitoring and quality assurance, where Grupo Posadas also made investment in a tool that would ensure compliance "Prometheus," the guest assessment tool "System Guest satisfaction" migrated to a virtual platform in 2008 to LINC.

In 2013, the unit of analysis created a trust with Fibra Hotel, making the sale of the own hotels, and began scanning the market as a franchisor, in order to strengthen the group's brands and distribution network, continuing the role of operator, which through centralized management and marketing created a competitive advantage fulfilling the promise of the brand in delivering guests advantage.

1.3 THEORETICAL FRAMEWORK

For analysis of growth strategies and sustainability of competitive advantage Grupo Posadas, it began with the conceptualization of strategy "...as the guideline or address given to internal resources of an organization to change, to lead, adapt and the worst to survive the environmental conditions" (Vargas-Hernández et al., 2014, p 61) related to the internal resources to the environmental conditions.

The study of the companies' growth within the markets, according to the contribution of Penrose (1959), should be focused on the analysis and identification of these internal resources. Additionally, Peng (2012) brings the tripod of the strategy to ensure the success of the company through sustained competitive advantage in the frame VRIO resources, valuable, rare, difficult to imitate, organization, noting that innovation generates higher level of competitiveness. In this sense, the approach is justified in theory of resources and capacity for this analysis.

Grupo Posadas has innovated in the process, which has brought a sustained competitive advantage and that in response to changes in the redesigned environment, resulting in continuous improvement. One of the advantages that the company has over other competitors in the same market, understood as a competitive advantage is the training and development of employees in the new designs of systems that generate a personalized service, and unlike the competition, this advantage can be identified as unique as those created and designed by Posadas. These systems used by Posadas are own developed and the property rights are recorded and registered, therefore, this advantage can be explained within the diamond framework of Porter (1987) as it is identical as follows. In an industry analysis, using Porter's five forces in [Figure 1.1](#), explained later, can be identified Grupo Posadas as competitive.

- (A) Providers, where the unit of analysis has no dependency from any service supplier of the services that Grupo Posadas provides. This is due to the vertical integration of enterprises that are responsible for securing the final service, among others like Summas and Conectum, focused on the selection of suppliers to ensure the quality of products and amenities, as well as coordination of procurement and cost reduction (Hill & Jones, 2004).
- (B) With regard to customers, the company has a strong advantage in approaching them favoring loyalty, through programs of

satisfaction like LINC and PROMETHEUS generating feedback and guarantee the company to improve its services and detect failures in a timely manner, in addition to customizing generated in DELPHOS platform, where the company can meet the customer preference in any hotel of the chain where he is located and finally reward the customer for their loyalty with the Fiesta Rewards program.

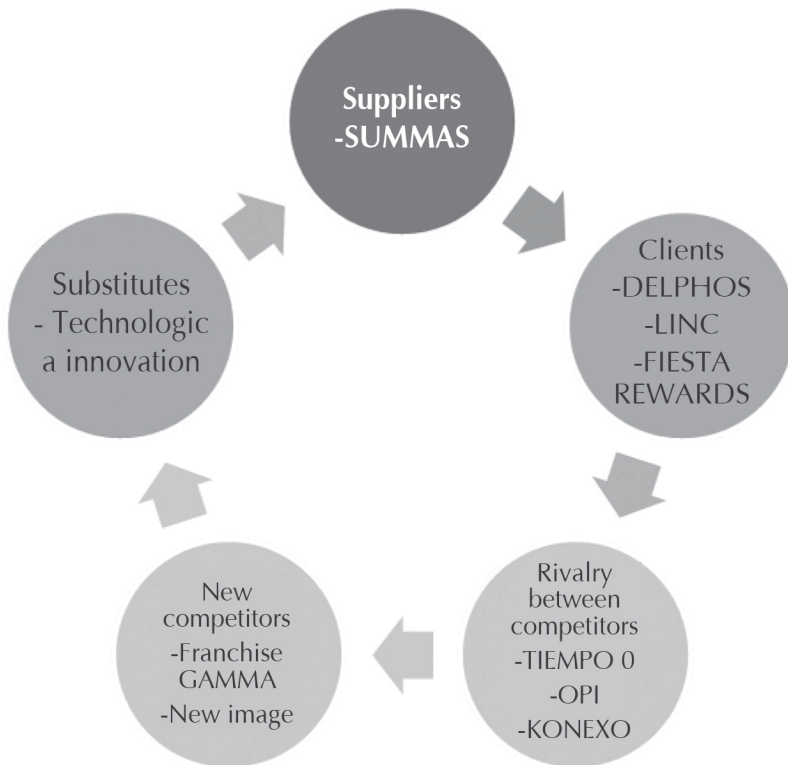


FIGURE 1.1 Diamond Porter of Grupo Posadas.

Source: Prepared.

- (C) The rivalry between competitors, where the hotel industry is very competitive, influenced by prices where the company through benchmarking remains at market prices. Also by the continued investment in the opening of new hotels in different destinations,

diversifying its products and currently has seven brands to satisfy different market niches, and the sales force, which is characterized by a rapid and efficient response to the client, using systems such as Time Zero coordinating requests with Renew-OPI that also optimize not only response time but also customer revenue, facilitated by centralizing inventory of Konexo.

- (D) The chain has created barriers to entry to potential competitors, creating GAMMA franchise offering brand guarantee backed by the “top of mind” of the company, in addition to the advantage of integrated services. And with the recent creation of a trust with FIBRAHOTEL, with which not only guarantees remodeling the properties sold but also the company has generated a large sum of capital which concluded the opening of 20 hotels in 2014 and will implement the project 40 new openings in 2017 (Posadas, 2014).
- (E) Finally, substitutes in this sector are infinite, but do not exceed the investment in information technology of the group.

Further to the five revised forces, Porter (1982) suggests three strategies to be followed by the company, which in this analysis are the following:

- (A) *Cost leadership*. Grupo Posadas remains within this struggle with their business strategies benchmarking, experience in the market, and its continued expansion through economies of scale.
- (B) *Differentiation*. The company has variety of products or brands aimed at different market segments differentiated according to the needs and preferences of customers, with personalized service and recognition of customer loyalty.
- (C) *Approach*. Geographically, the hotel chain covers about 60 cities, making sure that depending on the area where it operates the customer needs are met.

With regard to the experience of management, and the company’s success is the result of changes in the knowledge gained and the change in the ability to use that knowledge in their tasks. Using the Schumpeter (1975) framework, it is possible to identify Grupo Posadas del follows:

- (A) *Innovative*. The ability to create of the Azcárraga family through technology development by implementing interesting combinations generating service.

- (B) *Role of acquisition and exploitation of information.* The company keeps abreast of new trends, forward-looking, encouraging its creativity in innovation of products to meet different market segments.
- (C) *The role of organization and coordination of distribution of production.* The structure of the company has been shaped by the ability of managers in management.

The development of competitive advantage results from the relationship between resources and processes of an organization. In this sense, Javier Barrera, CEO of Grupo Posadas New Business highlights in the annual report that technology is the facilitator in the development of unique competitive advantages for guests because of the interaction with the distribution channels, through the use of information technologies and best practices, to promote their hotels (Posadas, 2014).

Investment in technology is the differentiator feature of Grupo Pozadas with its competitors, achieving customer satisfaction and brand recognition “Top of Mind,” efficient operational processes for determining the continuous training “know how” in developing of its functions and commitment of employees’ participation in the implementation of strategies, cost reduction, and increased productivity (Grant, 1991).

1.4 METHOD OF STUDY

The chronological analysis of the evolution of Grupo Posadas is descriptive because it tries to specify the characteristics of business growth (Hernández et al., 2010). In analyzing the strategies that positioned Grupo Posadas as the leader in the hotel industry, to find that identifying internal resources can create competitive advantage in the market and linking strategies to theories of strategic management, mainly resources and capabilities, suggesting further analysis with a special review on the influence of information technology as it has been the resource that has driven the different strategies of the company.

Finally, through empirical testing of other authors (Bakos & Treacy, 1986; Goldhar & Jelinek, 1985; Porter & Millar, 1986) claiming that the role of technology information of hosting companies allows us to understand the influence of this resource in business management.

1.5 CONCLUSION AND RESULTS

Information technology is a competitive resource for creating competitive advantages that remain over time, also influencing better management of the company, because these resources have a strong relationship with the increase in productivity in the processes of the company. This resource gives Grupo Posadas innovation capacity in the process, resulting in the creation of differentiation based on competitive advantages, strengthening the competitiveness of the company in the sector.

Also, it shows the customization capabilities and reconfiguration in business processes, extending the range of products, based on information obtained on the preferences of its customers. Finally, the theory of resources and capabilities allows knowing strengths and weaknesses of the companies, helping develop opportunities and neutralize threats, benefiting the development of strategies.

KEYWORDS

- **business administration**
- **acquisitions**
- **business economics**
- **mergers**
- **hotel industry**
- **competitive advantage**

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CHAPTER 2

DETERMINANTS OF TOURIST VISITS IN DESTINATION DEVELOPMENT: AN EMPIRICAL ANALYSIS OF SIKKIM

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ABSTRACT

Regional disparity exhibited through tourism contradicts sustainable tourism development and its practices. There are several reasons of this disparity adversely affecting tourism industry. In some cases, it is not clear as to whether this disparity has resulted in unsustainable practices or vice versa. However, various root causes were sought to identify and explain this regional disparity or destination disparity. Alpine State Sikkim is primarily known as an exotic, idyllic, multiethnic Indian hilly state since 1975 with its distinct biogeographic and sociocultural characteristics. Being one of the successful and mature alpine Indian states, tourism development in Sikkim needs research oriented efforts for development and planning. The present chapter is also dealing with important socioeconomic, ecological and cultural industry/impact variables causing region specific development and planning. So, a survey was conducted to collect the primary data in three different places of Sikkim, namely, Gangtok, Namchi, and Mangan to assess tourism development. Two sets of different questionnaires were prepared for guests and hosts to know why tourists travel and what impact variables are predominating in Sikkim. In a nutshell, this chapter has also empirically examined the tourist arrival and consequent purposes contributing to tourism impacts and resulting in destination disparity.

2.1 INTRODUCTION

Sikkim is a small hilly state, bounded by vast stretches of Tibetan plateau in the north, the Chumbi Valley, and the kingdom Bhutan in the east, the kingdom of Nepal in the west, and Darjeeling (West Bengal) in the south. The state lies between 27°04'46"N and 28°07'48"N and 88°00'58"E and 88°55'25"E covering an area of 7096 sq. km. Sikkim is famous for scenic valleys forest, snow clad mountains, magnificent Buddhist culture and heritage, and peace-loving people. Though small, the environmental, social, and cultural diversities are not so. Some scholars believe that the word Sikkim involves Nepalese dialect and it refers to a "new place" or the term has been derived from a Sanskrit word which means a "mountain crest." The people of Sikkim have ethnic diversity. This 22nd Indian state (joined Indian Union in 1975) has over 81% of the total geographical area under the administrative managerial control of the Ministry of Environment and Forest, Government of India. Over 45% of the total

geographical area of the state is under tree cover and nearly 34% of the geographical area is set aside as protected area network in the form of national park and wildlife sanctuary. The maximum summer temperature is 28°C and minimum winter temperature is 0°C. Sikkim has a variety of mineral resources including coal, limestone, iron ore, graphite, pyrite, etc. The temperature in the bottom of the valleys (up to 600 m) situated at lower elevations, particularly during summers, are similar to the monsoon type climate. The temperature starts falling between 600 m and 2000 m above sea level and the place enjoys cool temperature climatic conditions and further up (2000–3000 m) it is cold temperate climate. Arctic type of climate is found above 5000 m. A detail of geodemographic and political figure is given here in the following paragraphs.

Sikkim is ecologically a fragile region. The state has the responsibility to conserve its rich biological diversity that includes coexistence and protection of over 5000 species of angiosperm (one-third of the total national angiosperms). In the category of small states, Sikkim was among the first three best performing states in the field of law and order, health and investment scenario while, begged the first rank in the field of education. The annual rank of the state in the category of smaller states is fifth. Sikkim has recorded several significant gains in the human development indicators after merging with India as the 22nd state of Indian union. Under the measurement of HDI (Human Development Index), women of Sikkim have been given special place in GDI (Gender Development Index), GEM (Gender Empowerment Measures) calculations. Women enjoy many freedoms and have recorded significant gains in the race of overall human development. However, like in many parts of the world, they still live in an unequal world. After becoming 25th state of the Union Government of India in the year 1975, the rapid development activities ushered in a new era of tourism in Sikkim. Increased accessibility by roadways and air transport, rapid socioeconomic development, competitive advantage both from the side of the destination, and geographical proximity to tourist generating states contributed to the development of tourism in Sikkim.

2.2 REVIEW OF LITERATURE

In recent years, the term “tourism destination” is accorded with an important status in the tourism literature. Buhalis (2000) defined the term

destination as an amalgamation of tourism products offering an integrated experience to consumers, while some other scholars claimed it to be the tourist product itself that in certain markets competes with other products. Many scholars during the last 90s outlined the characteristics of a tourist destination in the context of a single district, town, city or clearly defined and contained coastal, rural, or mountain area as having a total tourist product based on a variety of resources, other economic activities either in conflict or complementary to tourism, a host community, public authorities responsible for planning the resources, and an active private sector. Howie (2003) proceeded by saying that destinations present complex challenges for management and development in that they served a broad range of the tourists' needs and the tourism-related businesses as well as the local community, local businesses, and industries. Howie (2003) further proceeded with the view that destination management plays a key role in addressing the many and sometimes conflicting issues that arise in contemporary tourism and ensures its managerial implications with a different type of direction, control, planning, and coordination. So the meaning of destination presented complex challenges for management and development in that those places essentially served a range of needs of tourists and tourism-related businesses as well as the resident community, local businesses and industries. Ritchie (1999) conceptualized it as "a package of tourism facilities and services, which like any other consumer product, is composed of a number of multi-dimensional attributes". Other authors state that all of the elements that shape a tourism destination are influenced by the role of companies' attitudes and their willingness to cooperate. Some authors (Leiper, 2000) studied the tourism destinations from the demand perspective and identifying it as a set of products, services, natural, and artificial attractions able to draw tourists to a specific place, where the geographical location is simply one of the factors in tourism system. Some studies specifically examined categories within the supply system while other still highlight the critical role played by the actors that manage tourism destinations. So, it was important to clarify and emphasize the important distinctions that existed between destination policy, planning and development (DPPD), destination management organization (DMO), and destination audit (DA). Smith (1994, p. 175) defined a tourism region as "a contiguous area that was explicitly delineated by a researcher, planner or public agency as having relevance for some aspect of tourism planning, development or analysis." So, a destination zone was

considered one type of regionalization based on an inventory of qualitative characteristics. According to Smith (1995), a destination zone is a matter of specifying the characteristics of a region and then identifying the areas that met those criteria. There was increasing competition between tourism destinations, and Smith et al. (1994: 199) adapted the work of Gunn (1979) to develop a list of criteria to define tourist destination zones. These were a set of cultural, physical, and social characteristics that created a sense of regional/destination identity, adequate tourism infrastructure, a set of attractions and potential attractions, potentiality to support tourism planning agency and accessibility. Although modern authors of tourism management sought to improve the competitiveness and sustainability of the destination, they differ fundamentally in that DPPD is essentially an intellectual process that uses information and judgment to make macro-level decisions regarding the kind of destination that stakeholders want. In the awareness that the potential competitiveness of a destination is influenced or limited by the relationships between these three forces, it is a trend to focus on the main “functions” that the last two forces—DMO and DA—play on the development of the destination. Sikkim took over as the most-favored tourist destination in Eastern India and achieved the Best Performer Award as the focus has been on creating the right infrastructure and adopting an aggressive marketing policy (Asia Intelligence Wire from FT Information, Business Line, 2009). Although started later, Sikkim managed to achieve significant gains from tourism and its Master Plan was found to be contributing well to ecotourism. Sikkim has been planning to formulate a strategy to prepare a 20-year Sustainable Development Plan and a Master Plan for Trekking. He also remarked that the marketing strategy adopted by the State was need-based and the whole idea was not only revolving around the concept to exceed the carrying capacity and equitable distribution of wealth but also to a sincere effort to equally distribute tourist traffic to all four districts in order to reduce the burden on very few circuits by developing infrastructure. The experts of Sikkim tourism projected a gradual growth of tourism-related activities till 2011 though the projected figure for domestic travelers already exceeded (Tata Consulting Report, 2005) Tourism Master Plan. But the foreign tourist arrivals did not show any significant progress compared to domestic counterparts. According to the Minister of Tourism of the State, the growing concern was the impact of the accelerated tourist flow with an ill-equipped infrastructural status. He was also concerned for receiving

more low-end budget tourists (Singh, 2003). Japan International Cooperation Agency (JICA) has asked the Forest Department of Sikkim to improve its absorption capacity otherwise the projected Rs. 357-crore loan for sustainable development of Sikkim forest recourses could be cut down by half (Atreya, 2009b). The official of JICA said that the nonavailability of geographical information such as scientific data or maps in Sikkim and poor maintenance and operation of assets are important reasons for deciding such proposal. He highlighted the noneligible financing components of JICA for the proposed project such as payment for land acquisitions, resettlement, and military components and for big constructions inside national parks besides general administration expenses, taxes and duties, compensation and other indirect items and such technical issues for reducing the funds. The JICA official also stressed the need to have private sector participation in the promotion of Sikkim Tourism. Chettri et al. (2002) explained how tourism in Sikkim was a rapidly growing industry and recorded a roughly 10-fold increase in visitors during the past two decades. The authors mentioned in their article that how the phenomenon resulted in encroachment on the forest for firewood (Rai & Sundriyal, 1997; Chettri, 2002). They mentioned that although the Government regulation in Sikkim forbade the use of firewood in remote trekking areas, yet the trekking support staff and travel agents were still continuing the use of firewood in remote trekking areas resulting in various environmental degradation including deforestation, landslides, avalanche, etc. So, the above literature review recognizes the unequal and unsustainable tourism development practices and advocates sustainable development approach for the future.

2.3 OBJECTIVES

- To examine the implication of the purpose of visit in a broader aspect of a destination.
- To list down the factors involved in the purpose of visit with respect to a destination development and management.
- To measure the future consequences of such purpose of visit with respect to an existing tourism destination and thereby to interpret sustainable tourism development policy.

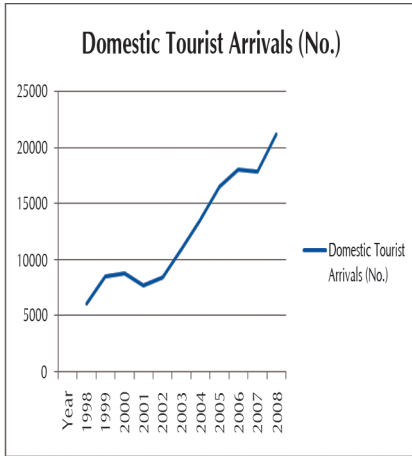
2.4 DATA SOURCES

This study was conducted using self-administered questionnaires with the consent from the Hotel managers beforehand. Pilot testing was conducted using a small convenience sample of 35 respondents from various hotels in Sikkim. Questionnaires were distributed only to those who agreed to participate in the study. For collecting the data from the primary sources, two sets of structured questionnaire made both for tourists and community members belonging to Gangtok, Namchi, and Mangan. Apart from that observation, schedules and interview methods are also followed for the above said purpose. A total of 475 customers were interviewed, and the overall response rate was 42.32% (201 completed, usable questionnaires). A total of 585 Community members of the different areas of Sikkim were also contacted and the overall response rate was 21.19% (124 completed, usable questionnaires). Besides, Economic Review of Sikkim (2006–2007), Human Development Report of Sikkim (2001), Report of the TATA Economic Consultancy on Tourism, various articles, journals, etc. have been considered as secondary data source.

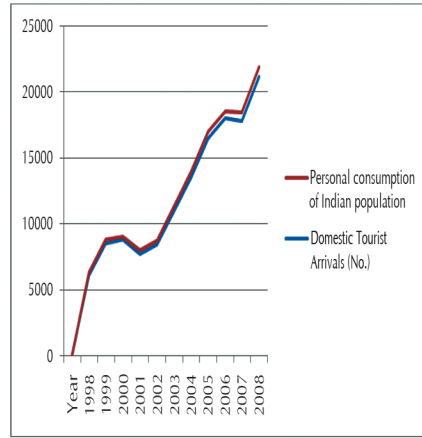
2.5 ANALYSIS

The tourist arrival is the primary empirical yardstick of counting the strength of tourism in a destination. As more than 90% of the total number of tourists visiting Sikkim is domestic, the consumption of Indian population was also taken into consideration. Over the years, an increasing trend of tourist arrivals was registered along with the phenomenal growth of personal consumption of the majority of tourists (Indian population) in Sikkim. Following table is given here under showing the tourist arrivals and its positive and significant correlation with the personal consumption.

The study has also considered another parameter, that is, purpose of visit. It is presumed from the generic tourism literature that this purpose of visit can significantly explain the activities of tourists, their typologies, possible duration of stay and level of education of tourists, interpersonal relationship of tourists, and travel intensity. All such factors contributed to the positive or/and negative impact of tourism on each destination. A conceptual model is given here under for understanding the sequence of presumptions based on which impact variables are identified.



Domestic Tourist Arrivals to Sikkim



Personal Consumption of Indian Population (as 90% Tourists are Indian Visiting Sikkim) and Their Arrival to Sikkim

FIGURE 2.1 Correlation between tourist arrivals and their personal consumption.

Source: Sikkim Tourism Development Corporation, Govt. of Sikkim and World Travel and Tourism Council (WTTC) (2011).

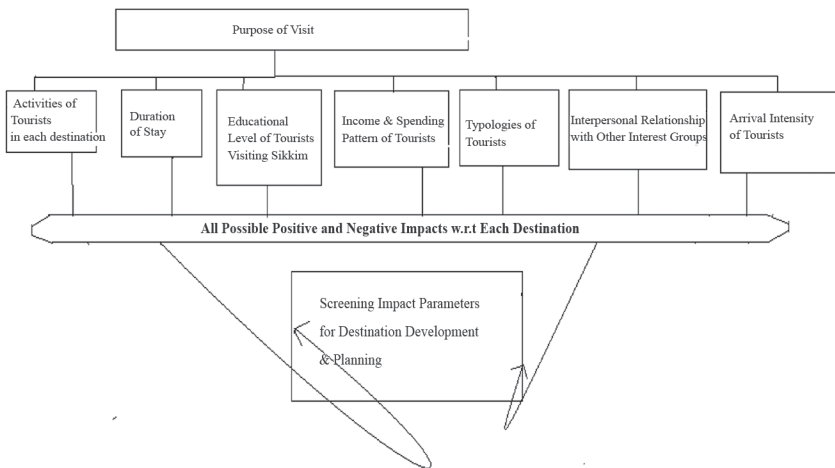


FIGURE 2.2 Relationship among purpose of visit, sources of positive and negative industry/impact variables, destination development and planning.

Also, the study was conducted by considering the proportion of tourist arrivals in the state. Studying other alpine regions, the purposes of visit were chosen for the opinion survey of tourists. Following result is given below to show the reasons for which tourists arrive at different destinations in Sikkim.

TABLE 2.1 The Purposes of Travel based on Kendall's Coefficient of Concordance.

Factor	All tourists		Domestic tourists		Foreign tourists	
	Mean of ranks	Ranks	Mean of ranks	Ranks	Mean of ranks	Ranks
Holidaying, leisure and recreation	1.64	1	1.49	1	3.09	2
Social (visiting friends and relatives, marriage, etc.)	5.89	8	5.71	7	7.28	8
Religious and pilgrimage	5.82	7	5.79	8	5.84	6
Adventure and sports	4.17	4	4.35	4	3.13	3
Providing holiday opportunity to spouse/family/attendant	4.11	3	3.76	2	6.30	7
Ecotourism	3.89	2	4.06	3	3.19	4
Rural tourism	5.47	6	5.54	6	4.28	5
Special interest	5	5	5.29	5	2.89	1

Source: Field Survey, 2009–2010.

Note: Mean of ranks as analyzed by the authors using SPSS statistical software.

The above result discloses the concentration of two or a very few purposes of visit. High concentration of leisure and recreation is resulting in unsustainable development and promotion of tourism in most of the widely popular destinations in Sikkim. Domestic tourists are largely responsible for domestically institutionalized forms of tourism development typically oriented to cheap tourist products, more price sensitivity, tourist arrivals along a very few tourist circuits resulting in deterioration of environment and ecology. Ecotourism was found to be high impact tourism followed by adventure and sports in the name of alternative

tourism development which is not a viable solution to the problem of conservatory issues of ecological, biological, sociocultural resources. Foreigners, though less in numbers, are exuberating high impact tourism with more interaction and involvement. From the purpose of visit, several other variables like volume, duration, activities, spending, and income were found. All these variables extracted from the holistic sense of the “purpose of visit” contributed to the understanding of adverse industry/impact variables by which we measured dispersion among all destinations undertaken in this study. The variables are (i) increase in the price of essential commodities; (ii) increase in the price of land; (iii) seasonal fluctuation in the economy of Sikkim; (iv) increase in investment by outsiders; (v) increase in job opportunities; (vi) the development of infrastructure; (vii) export/consumption of wine, handicrafts, handlooms, souvenir, etc.; (viii) increasing commercialization of art, craft, and culture in the state; (ix) increase in population; (x) increase in the crime rate; (xi) loss of privacy; (xii) loss of indigenous culture; (xiii) decrease in accessibility to natural resources; (xiv) decrease in the degree of freedom to enjoy local amenities; and (xv) aberration or extinction of some indigenous language and culture.

The primary data survey, specifically to verify hosts’ opinion, brought to light a new orientation as the industry/impact variables were found in the basic parameter of the purpose of visit and other presumed subsequences. Households in Sikkim were asked to explain their agreement with respect to the 15 most important interrelated and interdependent industry and/or impact variables found in the earlier question why do they visit. Interestingly, those variables were contributing to the future development and planning of tourism. The nonparametric Kruskal–Wallis rank test was used for all the 15 industry/impact variables presented to tourists as statements to be analyzed at 5-point scale. This is clearly indicating the regional disparity, that is, destination-specific importance of all such variables. A total 99 questionnaires were surveyed in three different places of Gangtok, Mangon, and Namchi. The rank indicated a very significant result of 0.000 for all three places while for Gangtok, Namchi, and Mangon, the results were 0.981, 0.146, and 0.726, respectively. The results are given here under.

Here, a distinct and surprising result is that more the mass tourists of Gangtok are satisfied, less the local community is likely to be happy. This event contradicts the conventional belief of interrelated and

interdependent satisfaction between guest and host or may be the earlier stage where the interests of all the parties are protected. It implies relatively a high degree of impacts (favorable and unfavorable) and their increasing awareness among the local people. It also implies a region-wise variation in opinion related to the distinct economic, environmental, and sociocultural issues.

TABLE 2.2 Table Showing the Regional Disparity for Industry and/or Impact Variables.

Sikkim (including all three places)		Gangtok		Namchi		Mangan	
Chi square	512.818	Chi square	22.158	Chi square	37.005	Chi square	24.050
df	98	df	38	df	29	df	29
Asymp. Sig	0.000	Asymp. Sig	0.981	Asymp. Sig	0.146	Asymp. Sig	0.726

Source: Field Survey, 2009–2010.

Note: SPSS statistical package was used for the above Kruskal–Wallis rank test.

2.6 MEASURES

More specifically, following are the measures to be considered as a part of sustainable future destination development and planning:

- Development of similar attraction features keeping in mind the channelizing of similar tourist traffic.
- Advertisement efforts should penetrate all destinations and routes or circuits.
- Zoning and architectural design, development of new circuits, possible adventure/alternative/special interest tourism potentialities should be a part of proactive destination development program.
- More financial incentives and less fiscal control to be the basis of drawing the interest of investors with an emphasis of local entrepreneurship development.
- Formation of tourism legislations and adoption of proactive rules and regulation with such legislations.

KEYWORDS

- destination
- purpose of visit
- high-impact tourism
- human development index
- domestically institutionalized forms of tourism
- Kruskal–Wallis test
- Kendall's coefficient of concordance

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KEY TERMS

Destination/Regional disparity: The conditions or facts to be unequal, as in age, rank, degree difference, etc.

Purpose of visit: A single or multiple reasons for which people travel to nonresidence.

High-impact tourism: Tourism responsible for more involvement of stakeholders and ecological, sociocultural degradations.

Human Development Index: The Human Development Index (HDI) is a composite statistic of life expectancy, education, and per capita income indicators, which is used to rank countries into four tiers of human development.

Domestically institutionalized forms of tourism: Locally or domestically grown forms generally cause high volume low profit segment of tourists.

Kruskal–Wallis test: The Kruskal–Wallis one-way analysis of variance by ranks (named after William Kruskal and W. Allen Wallis) is a

nonparametric method for testing whether samples originate from the same distribution.

Kendall's coefficient of concordance: Kendall's W (also known as Kendall's coefficient of concordance) is a nonparametric statistic. It is a normalization of the statistic of the Friedman test and can be used for assessing agreement among raters.

CHAPTER 3

RELATIONSHIP BETWEEN DESTINATION IMAGE, TOURIST SATISFACTION, AND DESTINATION LOYALTY

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ABSTRACT

The purpose of this study was to develop an integrated model to examine the theoretical and empirical evidence on the causal relationships among destination image, tourist trait, and overall satisfaction to Iranian domestic tourists' destination loyalty. Data were collected from tourists of Uremia city and analyzed utilizing a structural equation modeling approach. The results supported the proposed destination loyalty model: (1) destination image directly influenced trait of satisfaction; the findings reveal that the impact of destination image on tourist loyalty is significant. Similarly, the image has an effect on tourist loyalty, which is followed by affective image and cognitive image; (2) destination image and trait of satisfaction were both direct antecedents of overall satisfaction; and (3) overall satisfaction and trait of satisfaction in turn had direct and positive impact on destination loyalty and destination familiarity, destination image, perceived value, and tourist satisfaction all influenced Iranian domestic tourists' destination loyalty. The theoretical and managerial implications were drawn based on the study findings, and recommendations for future researchers were made.

3.1 INTRODUCTION

A plethora of studies has examined the impacts of the destination image and perceived value on tourist satisfaction (Patterson & Spreng, 1997). Most of these studies concluded that destination image and perceived value are two important antecedents of tourist satisfaction and to influence a tourist's destination choice behavior (Chen & Kerstetter, 1999; Yoon & Uysal, 2005). Customer satisfaction has been considered an essential business goal because it was assumed that satisfied customers would buy more. Studies also suggested that positive destination image and value perceptions tend to lead to favorable outcomes, such as intention to propose and revisit intentions (Faullant et al., 2008). On the other hand, a few studies examined the factors that are likely to influence tourists' destination image perceptions (Beerli & Martin, 2004; Tasci et al., 2007). However, many companies have started to attend a high customer defection despite high satisfaction ratings (Oliver, 1999; Taylor, 1998). This circumstance has prompted a number of scholars (Oliver, 1999; Reichheld, 1996) to criticize only a satisfaction study and call for a paradigm shift to the quest of loyalty

as a strategic business goal. As a result, satisfaction measurement has recently been displaced by the concept of customer loyalty, because loyalty is seen as a better predictor of actual behavior. Two of the three measures making up most Customer Loyalty Indices (CLI) are behavior based, such as “probability to repurchase the product or service” and “probability to propose a product or service to others.” The third element of a CLI is itself the satisfaction (Taylor, 1998). To understand retention of a measure loyalty which is desires a direct link to a company’s bottom line? If the tourists’ experience at, a destination is as a product, the level of loyalty can be reflected intention to revisit the destination to friends and relatives (Oppermann, 2000). A number of studies have addressed tourist loyalty in relation to travel motivation, satisfaction, service quality, and destination image (Mechinda et al., 2009; Ramkissoon & Uysal, 2011). Baloglu and McCleary (1999) and Tasci et al. (2007) suggested that a tourist destination is playing a significant role in the destination image formation process. Most of those studies utilized visits to a destination as a measure of tourists’ familiarity with a destination (Gursoy, 2001, 2011). But familiarity with a destination enables tourists to form positive or negative perceptions of a destination and helps found a destination’s attractiveness (Horng et al., 2012). Even though the role of familiarity with a destination in decision making and the destination selection process has been well founded (Gursoy, 2003), the impact and importance of familiarity on destination image and destination loyalty formation have been somewhat overlooked in tourism studies (Prentice, 2004). Furthermore, loyal customers are more likely to act as free word-of-mouth (WOM) advertising agents that informally bring networks of friends, relatives to a product/service (Shoemaker & Lewis, 1999). In fact, WOM referrals account for up to 65% of sales to new customers (Reichheld & Sasser, 1990). So loyalty becomes a fundamental strategic component for organizations. However, in the context of travel and tourism, a review of literature reveals that there has not been more investigation on tourist satisfaction; and destination loyalty (Oppermann, 2000). Therefore, it is time for practitioners and academics to conduct more studies of loyalty in order to have more knowledge of this conceptualization to understand the role of customer satisfaction in developing loyalty, the impact of other nonsatisfaction determinants of customer loyalty, and their interrelationships. Therefore, all these about customer loyalty will allow management to concentrate on customer retention. The results of such researches have shown that satisfaction,

quality/performance, and different other variables are good predictors of customer intended loyalty. The more satisfied the customers are, the more likely to encourage others to become customers. In order to retain customers, organizations must seek to satisfy them, but a further objective must be to found customer loyalty. In the tourism context, satisfaction with travel experiences contributes to destination loyalty (Bramwell, 1998; Oppermann, 2000). The degree of tourists' loyalty to a destination is reflected in their intentions to revisit the destination and in their willingness to propose it (Maroofi & Dehghan, 2012; Oppermann, 2000). Maroofi and Dehghan (2012) suggest that tourists' positive experiences of service, products, and other resources provided by tourism destinations could produce repeat visits as well as positive WOM effects to friends and/or relatives. According to customer satisfaction rule, one should not be surprised that a great deal of research has been devoted to investigating the antecedents of satisfaction (Oliver & DeSarbo, 1988; Tse & Wilton, 1988). Early researches, focused on satisfaction at the global level (Oliver, 1980). Recently, there emerged a trait-level conceptualization of the antecedents of satisfaction (Oliver, 1993). Overall satisfaction is a function of trait-level evaluations. These evaluations typically capture a significant amount of variation in satisfaction (Oliver, 1993). Overall satisfaction and trait of satisfaction are distinct, though related, constructs (Maroofi & Dehghan, 2012). This study focused on overall evaluation, trait of satisfaction, and the relationship between the two. Furthermore, previous studies (Baloglu & McCleary, 1999) showed that destination image will influence tourists in the process of choosing a destination, the subsequent evaluation of the trip and in their future intentions. A positive image deriving from positive travel experiences would result in a positive evaluation of a destination (Maroofi & Dehghan, 2012). If the destination has a positive image tourist satisfaction will improve and destination image affects tourists' behavioral intentions. The more favorable image will lead to higher probability to return to the same destination. To sum up, the following sequence could be founded: destination image—tourist satisfaction—destination loyalty. The destination image is an antecedent of satisfaction. Satisfaction in turn has a positive influence on destination loyalty. In an increasingly saturated marketplace, the success of marketing destinations should be analyzed destination loyalty, Familiarity and its interplay with tourist satisfaction and destination image. Nevertheless, the tourism studies to date have addressed and examined the constructs of image, satisfaction, and loyalty

independently (Bigne et al., 2001); studies discussing the causal relationships among destination image, Familiarity, tourist satisfaction, and destination loyalty are lacking. This study proposes an integrated approach for understanding destination loyalty and to examine the theoretical and empirical evidence on the causal relationships among destination image, familiarity, tourist satisfaction, and destination loyalty. A research model was investigated the relevant relationships among the constructs by using a structural equation modeling (SEM) approach. The empirical data for the study was collected in a major tourism destination in the state of uremia. The city has attracted people of all ages from all around the country for several decades.

3.2 LITERATURE REVIEW

3.2.1 TOURIST LOYALTY

In the marketing literature, customer loyalty has been defined in several ways (Jacoby & Kyner, 1973). The first definition of loyalty is attitudinal. Customers' beliefs about the value received lead in their overall attitude toward a product or service, such as the intention to repurchase (Fournier, 1994; Hawkins et al., 1989). The second defines loyalty as behaviors, including continued patronage and act of recommendation (Hughes, 1991; Sonmez & Graefe, 1998). An alternative conceptualization is the integration of the two views, which defines customer loyalty as the relationship between relative attitude and repeat patronage (Dick & Basu, 1994; Oliver, 1999). Tourist loyalty has been treated as an extension of customer loyalty in tourism setting (Backman & Crompton, 1991; Baloglu, 2001); that is, if destination experience is considered as a product, tourists may choose to revisit or recommend it to friends and relatives (Yoon & Uysal, 2005). Specifically, tourist loyalty has been conceptualized in one of the following approaches: behavioral loyalty, attitudinal loyalty, and composite loyalty (Jacoby & Chestnut, 1978). Behavioral loyalty focuses on the behavioral outcome, such as repeat visits. This approach usually fails to disclose the antecedent factors that affect customer loyalty (Yoon & Uysal, 2005). Attitudinal loyalty refers to tourists' psychological expression such as intention to revisit a destination or recommend to other potential tourists. The composite or combined approach of loyalty suggests the integration of both attitude and behavior (Backman & Crompton, 1991; Iwaskaki &

Havitz, 1998); that is, tourists who demonstrate behavioral loyalty toward particular destinations tend to have a positive attitude toward those destinations. At operational level, revisit intention and recommendations to others are the most commonly used measures for tourist loyalty (Alcañiz et al., 2009; Horng et al., 2012; Hung & Petrick, 2012; Oppermann, 2000). Repeat visitors represent a much desired market segment for many tourism products and destinations. They tend to stay longer at a destination, spread positive WOM, and participate in consumptive activities more intensively (Lehto et al., 2004). Repeat visitors are also cost-effective as they incur a much lower marketing costs than first-time visitors.

3.2.2 DESTINATION IMAGE

Destination image plays an important role in tourists' decision making and subsequent travel behavior (e.g., Baloglu & McCleary, 1999); consequently, they have been examined extensively in the tourism literature (Pike, 2002). Past definitions of destination image have been various, as demonstrated in [Table 3.1](#). Several attempts have been undertaken to summarize the definitions. For example, Gallarza et al. (2002) indicated that "there are almost as many definitions of image as scholars devoted to its conceptualization" by illustrating with 12 definitions (p. 60). Martin and Bosque (2008) also summarized 20 definitions of the destination image. Despite the different definitional constructions, the destination image is generally interpreted as a compilation of beliefs and impressions based on information processing from various sources over time that result in a mental representation of the attributes and benefits sought of a destination (e.g., Crompton, 1979; Gartner, 1993). There have been two major approaches in conceptualizing the destination image: three-dimensional continuum approach and three-component approach. Initially proposed by Echtner and Ritchie (1991), the first approach suggests attribute holistic, functional psychological, and communicate as the three continuums of the image. The attribute holistic continuum denotes the perceptions of destination attributes as well as holistic impressions of the place.

The functional, psychological continuum represents the distinction between directly measurable, functional components of a destination and intangible, psychological characteristics. The third continuum is indicative of both generic, common features and unique characteristics of the place. The three-component approach represents a more commonly practiced

TABLE 3.1 Definitions of Destination Image.

Author(s)	Definition
Hunt (1977)	Impressions that a person or persons hold about a state in which they do not reside
Lawson and Baud-Bovy (1977)	An expression of knowledge, impressions, prejudice, imaginations, and emotional thoughts an individual has a specific object or place
Crompton (1979)	The sum of beliefs, ideas, and impressions that a person has a destination
Echtner and Ritchie (1991)	The perceptions of individual destination attributes and the holistic impression made by the destination
Gartner (1989)	Destination images are developed by three hierarchically interrelated components: cognitive, affective, and conative
Baloglu and McCleary (1999)	An individual's mental representation of knowledge, feelings, and global impressions about a destination
Murphy et al. (2000)	A sum of associations and pieces of information connected to a destination, which would include multiple components of the destination and personal perception
Bigne et al. (2001)	The subjective interpretation of reality made by the tourist
Kim and Richardson (2003)	A total of impressions, beliefs, ideas, expectations, and feelings accumulated toward a place over time

Source: Adapted from Gallarza et al. (2002) and Martin and Bosque (2008).

theoretical perspective in imaging studies (e.g., Gartner, 1993). It holds that destination image is composed of cognitive, affective, and conative components. The cognitive component refers to the beliefs and knowledge a tourist hold of the destination attributes. The affective component is represented by the feelings or emotional responses toward the various features of a place. The conative aspect of the destination image is the behavioral manifestation from the tourists' side and can be understood as on-site consumptive behaviors. The three components represent a layered succession in image formation; that is, a tourist forms the cognitive image, based on which he/she develops the affective image and then the conative image (Chen & Phou, 2013; Gartner, 1993). The two above-mentioned frameworks have guided many destination image studies and related scale development. Recently, more and more researchers are inclined to acknowledge the role of the affective dimensions of the destination image.

Tourists' feelings and emotions toward a destination may play an important role in image formation, in addition to the physical, concrete attributes of the place. This can be manifested in the 13 identified articles where the affective image of various tourist destinations was examined. Usually at semantic-differential scales, affective image is assessed by tourists' emotional experience such as happiness and excitement evoked by the destination experience. For example, Bigne et al. (2001) measured the overall image of two destinations in Spain with one item: "how would you describe the image that you have on?" Respondents were asked to rate their overall perception on a 5-point scale anchored by "highly unfavorable-highly favorable." The treatment of overall image as a global question with unidimensional measurement makes it difficult to ascertain its underlying dimensions, which may be more than the simple sum of cognitive and affective attributes. Another perspective of the examining destination image is the concept of self-congruity, which denotes the degree of congruence between destination image and tourists' self-image (Sirgy & Su, 2000). A person's self-image consists of their actual, ideal, and social selves (Sirgy, 1985). The destination's consistent with a person's actual or ideal self-image influences previsit preferences (e.g., destination choice, Litvin & Goh, 2002) and post-visit intentions (e.g., satisfaction, revisit intention, intention to recommend, Kastenholz, 2004). Empirical studies seem to suggest that a closer match between destination image and self-image of a tourist would increase the likelihood of visitation (Sirgy & Su, 2000). Destination image can be defined as the expression of all knowledge, impressions, prejudices, and emotional thoughts an individual or group has a particular object or place (Lawson & Baud-Bovy, 1977). Destination image plays significant roles in destination choice, decision making process and in the selection of on-site activities such as lodging, attractions to visit, activities to participate in, etc. Destination image is also likely to have significant influences on post trip assessment such as perceived value, satisfaction, and future behavioral intentions (intention to revisit and willingness to recommend) (Chen & Tsai, 2007; Lee et al., 2005). Studies suggest that destination image formation is influenced by both stimulus factors and tourists' characteristics (Baloglu & McCleary, 1999). While most studies operationalized destination image either with a multi-attribute approach or nonstructured techniques, multi-attribute approach has been the most frequently used (Chi, 2012; Echtner & Ritchie, 1991, 1993). In the multi-attribute approach, tourism, image is evaluated

through a battery of attributes assessed by means of a Likert scale or a semantic differential scale, obtaining the overall image as an average or sum of the attribute scores (Bigne et al., 2001). Even though the use of a list of attributes to operationalize destination image has been criticized (Dann, 1996), there is not yet an accepted theory to replace the multi-attribute models (Pike, 2002). While the destination image construct has proven difficult to measure, consumers' overall perceptions about a destination may be either favorable or unfavorable, and it is likely to influence tourists' decision making process and their satisfaction with a destination (Chen & Tsai, 2007; Milman & Pizam, 1995). After reviewing the 23 most frequently cited destination image studies, Chon (1990) reported that the most frequently examined themes are the role and influence of destination image in tourist-buyer behavior and satisfaction. Chon's (1990) findings were confirmed by later studies' conclusions that destination image tends to play a crucial role in an individual's tourism purchase related decision making process (Chon, 1992; Hong et al., 2006; Nicoletta & Servidio, 2012; Tasci et al., 2007). Ibrahim and Gill (2005) also reported a positive correlation between destination image and customers' satisfaction: the more positive the destination image perception, the higher the customer satisfaction. There are many proposed about concepts in social and behavioral sciences from different philosophical assumptions and paradigms. Therefore, their theory and operation may not be identical and often suggest multidimensional nature. As the focus of this study is to develop and test a theoretical model, which presented the elements contributing to the building of destination loyalty: destination image, trait of satisfaction, and overall satisfaction and the interrelationships of the constructs in the model is presented below. Therefore, destination images the effect of tourists' subjective perception, consequent behavior, and destination choice (Castro et al., 2007; Echtner & Ritchie, 1991; Milman & Pizam, 1995). Tourists' behavior is expected to image that they have of destinations and the image will influence tourists in choosing process destination, the subsequent evaluation of the trip, and in their future intentions, which has been studied by various authors (Gartner, 1989; Goodall, 1988). It is believed that destinations with more positive images will be included in the process of decision making. Moreover, destination image has a positive influence on perceived quality and satisfaction. As well as images will lead to higher tourist satisfaction. In turn, the evaluation of the destination experience will influence the image and modify it (Echtner & Ritchie, 1991; Ross,

1993). Court and Lupton (1997) suggest that the image of the destination positively affects visitors' intention to revisit in the future. Kotler et al. (1996) founded the following sequence: image–quality–satisfaction. Therefore, image would affect how customers perceive quality positive image corresponds to a higher perceived quality. Perceived quality will in turn found the satisfaction of consumers (Kozak & Rimmington, 2000), because satisfaction is the result of customers' evaluation of the perceived quality. Therefore, the following hypotheses were proposed:

H1: Destination image positively influences tourist's satisfaction.

Recently, researchers started to pay attention to trait-level conceptualization of the antecedents of satisfaction (Oliver, 1993). According to Oliver (1993), satisfaction and trait of satisfaction are distinct but related constructs. Trait of satisfaction has a positive, and direct effects on overall satisfaction; and it captures a significant amount of variation in overall satisfaction (Oliver, 1993; Spreng et al., 1996). Satisfaction research in tourism and recreation has indicated that tourists' satisfaction with individual component of the destination leads to their satisfaction with the overall destination (Danaher & Arweiler, 1996; Mayer et al., 1998). It is important in tourism to distinguish overall satisfaction from satisfaction with individual traits, because the characteristics of tourism have a remarkable effect on tourist satisfaction (Seaton & Bennett, 1996). Tourists experience such as hotels, restaurants, shops, attractions, etc., and they may evaluate each element separately. Overall satisfaction with a hospitality experience is a function of satisfactions with the individual elements of all the services that make up the experience, such as accommodation, weather, natural environment, social environment, etc. (Pizam & Ellis, 1999). Therefore, the following hypotheses were proposed:

H2: Trait of satisfaction positively influences overall satisfaction.

H3: Destination image positively influences tourists' trait of satisfaction.

H4: Trait of satisfaction mediated the relationship between destination image and overall satisfaction.

Satisfaction is frequently examined concepts of modern marketing thought and practice because it is essential for the survival of any type of business (Oliver, 1997; Spreng & Chiou, 2002). There are several definitions for satisfaction (Giese & Cote, 2000). But in this study, we use the definitions satisfaction as is conceptualized as a post-purchase evaluation (Fornell, 1992). The link between satisfaction and post-purchase behavior

has been founded by prior literature (Hallowell, 1996; Rust & Zahorik, 1993). It is believed that satisfaction leads to repeat purchase and positive WOM support sedation, which are indicated a loyalty. Marketing literature has paid much attention to the relationship between customer satisfaction and loyalty, and there is a significant positive relationship between customer satisfaction and loyalty/retention (Cronin et al., 2000). If consumers are satisfied with the product/service, they are continuing to purchase and are willing to spread positive WOM. According to these studies, satisfaction is a necessity for a successful tourist destination because one of the most important predictors of customer loyalty is a satisfaction (Ozdemir et al., 2012). It tends to influence the choice of a destination, the consumption of products and services, and the decision to return (Chi, 2011, 2012). Satisfied tourists are revisiting and recommend the destination to friends and relatives compared to others (Prayag & Ryan, 2012). The more satisfied customers are repurchasing the product/service and encourage others to become customers. In the tourism industry, there are empirical evidences that tourists' satisfaction is a strong indicator of their intentions to revisit and proposed the destination to other people (Juaneda, 1996; Kozak, 2001). Satisfied tourists are returning to the same destination and are more willing to share their positive traveling experience with their friends and relatives. As WOM are a critical in tourism marketing, they are considered to be the most reliable, and are one of the most sought-after information sources for potential tourists (Yoon & Uysal, 2005). The above discussion leads to the following hypotheses:

H5: Satisfaction significantly influenced destination.

H6: Satisfaction mediated the relationship between destination image and destination loyalty.

H7: Satisfaction mediated the relationship between trait of satisfaction and destination loyalty.

3.3 METHODOLOGY

3.3.1 SURVEY INSTRUMENT

The survey instrument followed the procedures recommended by Churchill and Surprenant (1982) and DeVellis (1991) for developing a standardized

survey instrument. A number of items to measure were identified from the literature. The survey questionnaire consisted of the following sections: destination image, tourists' trait of satisfaction, satisfaction, destination loyalty, and questions designed to gather tourist demographic information and travel behavior. Regarding destination image, a combination of two structured and unstructured techniques were used in order to capture various aspects of the respondents' perceptions of a Uremia city (west of Iran) as a travel destination, content analysis of tourism literature, promotional brochures, and the employment of qualitative research techniques such as focus group sessions, unstructured personal interviews, and managerial judgment. The selected 48 destination items were rated on a 5-point Likert scale where 1 = strongly disagree and 5 = strongly agree. According to a trait of satisfaction, most of the relevant tourism literature and destination traits applicable to the Uremia situation, consisting of 29 items were found. The destination traits encompassed five domains of tourism activities: accommodation, dining, shopping, attractions, and environment. The choice of traits within each domain varied with the chosen mix of the five tourism activities. Along 5-point Likert scales, tourists were asked to evaluate their satisfaction with each tourist attracting trait (1 = very dissatisfied and 5 = very satisfied). *Satisfaction*: a number of studies have measured for satisfaction (Bolton & Lemon, 1999; Fornell et al., 1996). A single measurement of satisfaction was used in this study as empirical support. The respondents were asked to rate their satisfaction with the overall traveling experience on a 5-point Likert scale with 1 being very dissatisfied and 5 being very satisfied. *Destination loyalty*: the measurement of repeat purchasing intentions and WOM recommendations were used to indicate consumer loyalty, and were found to be a relevant measurement (Jones & Sasser, 1995). Prior research has shown that loyal customers are to repurchase a product in the future (Petrick et al., 2001; Sonmez & Graefe, 1998). It has also been suggested that loyal visitors are willing to propose the product to others (Shoemaker & Lewis, 1999). In addition, correlation has been found between consumers' repurchase intentions and significant WOM referrals (Oh, 2000). In this study, two single-item measures were used for evaluating tourist destination loyalty as the ultimate dependent construct: tourists' intention to revisit Uremia and their willingness to propose Uremia as a favorable destination to others, with 5-point Likert scale (1 = most unlikely; 5 = most likely).

3.3.2 RELIABILITY

Reliability presents the variances among a set of observed variables that measure an underlying construct (Fornell & Larcker, 1981). All reliabilities for each constructs were acceptable (above 0.798). In addition, each of the Cronbach alpha values passed the threshold value of 0.8 (Nunnally, 1978), which suggests that for each of the constructs, there is a reasonable degree of internal consistence between the corresponding indicators. Based on the results of the pilot test and feedbacks from Uremia city, the final version of the survey instrument was developed.

3.3.3 SAMPLING PLAN

The target population was all the visitors who stopped by the Uremia Welcome Center, stayed at hotels, motels, and they also visited art galleries during a 2-month survey period. The confidence interval approach was used to find the sample size (Burns & Bush, 1995) and for obtaining 95% accuracy at the 95% confidence level:

$$n = \frac{z^2(pq)}{e^2} + \frac{1.96^{(0.5^2 \times 0.5)}}{0.052} = 385$$

where z is the standard error related to choosing a level of confidence (94%); p is the estimated variability in the population (52%); $q = 1 - p$; and e is the acceptable error 74% (desired accuracy 94%). The amount of variation in the population is estimated to be 52%. Assuming a response rate of 52% and an unusable rate of 9%, a total of 961 (382/0). A two-stage sampling approach was used: first, sampling was applied for deciding on the stratum sample size, and second, systematic random sampling was used to select the survey participant within each stratum, which involved choosing every k th element after a random start.

3.3.4 DATA ANALYSIS

In testing the hypotheses we used exploratory factor analysis (EFA) to derive the underlying dimensions of the destination image and visitors'

trait of satisfaction. We develop our conceptual model in this section according to the research background and discussed. Therefore, confirmatory factor analysis and SEM were tested regarding the conceptual model that examined the antecedents of destination loyalty.

3.4 RESULTS

A total of 401 questionnaires were returned (90%). The majority of the respondents (99%) were domestic visitors from seven different Iran states. The 97% of the respondents were traveling with partners (family and friends), and vacation/leisure was quoted as the major purpose of the trip (89%). Twenty-three percent of the respondents were first-time visitors. Previous visits (47%) and WOM (40%) emerged as the two key information sources for respondents to learn about the travel destination.

3.4.1 UNDERLYING DIMENSIONS OF “DESTINATION IMAGE” AND “TRAIT SATISFACTION”

To find the basic dimension of “destination image” for analyzing patterns of correlations among the 43 image attributes the EFA was performed. Oblimin rotation Principle of factoring method was adopted because: (1) when the goal factor analysis is obtained several theoretically factors; the sloping rotation is best; (2) sloping rotation assumes that factors are correlated to each other (Hair et al., 1998). A range of cutoff criteria was used to find the number of factors derived, such as eigenvalues, the percentage of variance, common items, and factor loadings (Hair et al., 1998). Items with loadings lower than 0.4 were eliminated. A 7-factor solution with 33 variables were being retained (Table 3.2).

Only five factors had eigenvalues greater than 1.0. Both 5-factor and 7-factor solutions were analyzed, and the loadings of the 7-factor model presented a cleaner and more interpretable solution. The last two factors included in the 7-factor model also represented important aspects of the destination image. The 33 variables ranged from 0.41 to 0.86, suggesting that the variances of each original variable (from 41% to 86%) were explained by the 7-factor solution. Factor loadings of the variables ranged from 0.41 to 0.96, above the suggested threshold value of 0.30 for practical and statistical significance (Hair et al., 1998). The Cronbach alpha

TABLE 3.2 Dimensions of Destination Image.

	Eigen- value	Variance (%)	Cron- bach's α	Factor	Communi- calities
F1 Travel environment	15.49	41.77	0.88		
Safe and secure environment				0.70	0.73
Clean environment				0.65	0.73
Friendly and helpful local people				0.54	0.66
Pleasant weather				0.43	0.47
F2 Natural attractions	3.45	9.43	0.94		
Scenic mountain and valleys				-0.84	0.75
Natural attractions				-0.83	0.82
Gardens and springs				-0.77	0.77
Parks/rivers				-0.69	0.79
Caves and underground formations				-0.45	0.55
F3 Historic attractions	1.44	3.85	0.85		
Distinctive history and heritage				0.85	0.77
Vintage buildings				0.67	0.65
F4 Infrastructure	1.33	3.79	0.83		
Restaurants				-0.79	0.73
Variety of shop facilities				-0.69	0.72
Choice of accommodations				-0.54	0.53
F5 Accessibility	1.19	2.98	0.82		
Parking information				0.75	0.75
Available parking downtown				0.65	0.57
Easy access to the area				0.57	0.58
F6 Outdoor activities	0.91	2.47	0.87		
Exciting water sports/ boating, fishing				0.78	0.82
Opportunities for outdoor recreation				0.44	0.64
Good facilities for sports				0.45	0.64
F7 Price and value	0.83	2.29	0.88		
Reasonable price for food and accommodation				-0.95	0.92
Value for money				-0.73	0.74
Reasonable price for attractions and activities				-0.65	0.74

for the seven factors varied from 0.81 to 0.95, suggested high internal consistency. The seven factors were based on the core variables as: travel environment, natural attractions, historic attractions, travel infrastructure, accessibility, relaxation, and price and value seven composite variables were used as indicators for the inactive construct “destination image” in the subsequent SEM. The EFA procedure was used to verify the dimensions of tourist satisfaction. Six factors with eigenvalues above 1.0, were generated, which explained about 73% of the total variance (Table 3.3).

TABLE 3.3 Underlying Dimensions of “Attribute Satisfaction.”

	Eigen- value	Variance	Cron- bach's α	Factors	Commun- alities
F1 shopping	13.77	44.04	0.86		
Quality of merchandise				0.81	0.73
Reasonable price of merchandise				0.62	0.60
Variety of shops				0.59	0.60
Friendliness of service				0.60	0.53
F2 Lodging	1.78	5.43	0.91		
Uniqueness of lodging and facilities				0.88	0.83
Quality and cleanliness of lodging				0.80	0.74
Historic interests of lodging				0.62	0.52
Service in lodging facilities				0.52	0.72
Reasonable price of meals				0.43	0.51
Variety of lodging options				0.43	0.63
F3 Accessibility					
Availability of local parking				0.74	0.54
Travel information				0.65	0.72
Welcome center				0.61	0.61
Ease of access				0.62	0.55
F4 Attractions	1.12	3.44	0.84		
Variety of cultural sites				-0.74	0.93
Variety of natural attractions				-0.62	0.77
Variety of cultural options				-0.53	0.73
Reasonable price for sightseeing				-0.35	0.65

TABLE 3.3 (Continued)

	Eigen- value	Variance	Cron- bach's α	Factors	Communi- calities
F5 Environment	1.12	3.34	0.86		
Restful atmosphere				0.67	0.74
Cleanliness				0.64	0.78
Friendliness of local people				0.63	0.72
Safety and security					
F6 Dining	1.06	3.22	0.86		
Quality of food				0.82	0.76
Service in restaurants				0.73	0.68
Reasonable price of meals				0.61	0.61

The common items varied from 0.40 to 0.90, suggesting that the variance in each original variable was explained by the six common factors. The factor loadings for the 31 variables ranged from 0.38 to 0.92, within the threshold value suggested by Hair et al. (1998). The loadings, also showed interpretable solution: the 31 variables loaded significantly on six factors as the researchers conceptualized lodging, dining, shopping, attractions, environment, and accessibility; no variables loaded significantly on more than one factor. The Cronbach's alphas for the six factors were robust, ranging from 0.85 to 0.91, (Nunnally & Bernstein, 1994), indicating high internal consistency among the variables within each factor. Six summated scales were used for the latent variable "trait of satisfaction" in the subsequent SEM analysis.

3.4.2 THE MODEL FITS

Model fit depicts the degree to which suggested the hypothesized constructs. The χ^2 value (693.62 with 152 degrees of freedom) has a statistical significance level of 0.0. Therefore, the χ^2 value should be used as a guide rather than an absolute index of fit due to its sample size and model complexity (Anderson & Gerbing, 1982). Thus, other indices should also be evaluated. Incremental Fit Measures evaluate the incremental fit of the model compared to a null model that has no relation

among the constructs and variables. These were the comparative fit index (CFI), the Tucker–Lewis index (TLI), and the normed fit index (NFI), which were 0.94, 0.95, and 0.95, respectively. These measures were indicating support for the proposed model. Another measure to evaluate the model fit is the root mean square error of approximation (RMSEA) that provides a measure of fit that adjusts for parsimony by evaluating the discrepancy per degree of freedom in the model. The RMSEA value was a marginal 0.12. SEM was applied for testing the destination loyalty model in which seven hypotheses were developed based on a literature review. Various measures of overall model goodness-of-fit and measurement model fit were evaluated to find if the proposed conceptual model was acceptable.

3.4.2.1 MEASUREMENT MODEL

The measurement model provides latent variables in the model. The evaluation of the measurement model is a prerequisite to the evaluation of the structural model (Anderson & Gerbing, 1982). The convergent validity of the measurement scale via the following tests was examined. First, for each variable the t value related to each of the loadings was significant at the 0.01 level (Table 3.4).

The results indicated that all variables were significantly related to their constructs, verifying the relationships among educators and constructs. Second, squared multiple correlation coefficients (SMC) for the y - and x -variables were evaluated. Therefore, SMCs lie between 0 and 1. Table 3.4 revealed that the SMCs for y -variables ranged from 0.54 to 0.94 and for x -variables vary from 0.32 to 0.63, indicating high reliability (convergent validities) of the measurement model. The construct reliability (CR) and the average variance extracted (AVE) were also computed. For both CR and AVE, constructs surpassed the threshold value of 0.72 and 0.53, respectively. Therefore, the indicators for all constructs were sufficient in terms of how the measurement model was specified. To examine the discriminant validity of the measurement model, the AVE values was compared to the squared correlations between the corresponding constructs (Fornell & Larcker, 1981), and none of the squared correlations surpassed the AVE. The above tests indicated that the discriminant validity was upheld for the measurement model.

TABLE 3.4 LISREL Results for Measurement Model.

	Std	SMC	CR	AVE
Exogenous: destination image			0.92	0.51
Travel environment	0.81	0.65		
Natural attractions	0.72	0.50		
Historic attractions	0.56	0.32		
Infrastructure	0.75	0.54		
Accessibility	0.71	0.53		
Price and value	0.82	0.66		
Outdoor activities	0.71	0.51		
Endogenous: attribute satisfaction			0.92	0.62
Lodging	0.74	0.55		
Attractions	0.86	0.72		
Shopping	0.81	0.67		
Dining	0.74	0.53		
Accessibility	0.74	0.55		
Environment	0.77	0.57		
Endogenous: destination loyalty			0.91	0.61
Revisit intention	0.83	0.72		
Recommend intention	0.95	0.93		

3.4.2.2 STRUCTURAL MODEL

The hypothesized structural model was tested using LISREL and was also found to fit the data quite well; results showed all the paths proposed in the “destination loyalty” model were statistically significant and of the appropriate direction (positive): (1) destination image positively influenced overall satisfaction ($\gamma_{2,1} = 0.32$; $t = 4.08$); (2) trait satisfaction positively affected overall satisfaction ($\beta_{2,1} = 0.23$; $t = 2.81$); (3) destination image positively influenced trait satisfaction ($\gamma_{1,1} = 0.74$; $t = 11.72$); (4) overall satisfaction positively affected destination loyalty ($\beta_{3,2} = 0.74$; $t = 12.34$); and from the results of (1)–(3), it can be concluded that (5) trait satisfaction mediated the relationship between destination image

and overall satisfaction (Baron & Kenny, 1986). H1–5 proposed causal relationships among destination image trait satisfaction, overall satisfaction, and destination loyalty are not rejected. The structural model was evaluated by the SMCs for structural equations and indicated the variance in each endogenous latent variable accounted for by the antecedent variables in the relevant structural equation. The SMC for “trait satisfaction” was 0.53, indicating that 53% of the variance in a trait of satisfaction was explained by “destination image.” About 23% of the uncertainties in “overall satisfaction” were accounted for by “destination image” and “trait of satisfaction” (SMC = 0.23). “Destination image,” “overall satisfaction,” and “threats of satisfaction” explained 42% of the variance in “Destination loyalty” (SMC = 0.42).

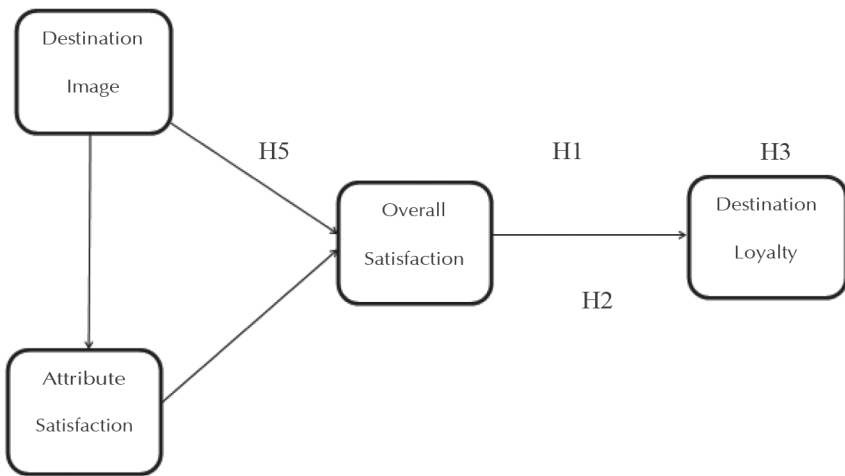


FIGURE 3.1 Theoretical “destination loyalty” model (MT).

3.4.2.3 COMPETING MODELS

Figure 3.1 shows the evolution of final approach to the model was compared the proposed theoretical model (M_T), which acted with the alternative explanations to the proposed model. In this study, two alternative models were proposed (Fig. 3.2): M_1 and M_2 . M_1 shows the path between “trait of satisfaction” and “destination loyalty.” And M_2 shows paths between “destination image” and “destination loyalty.”

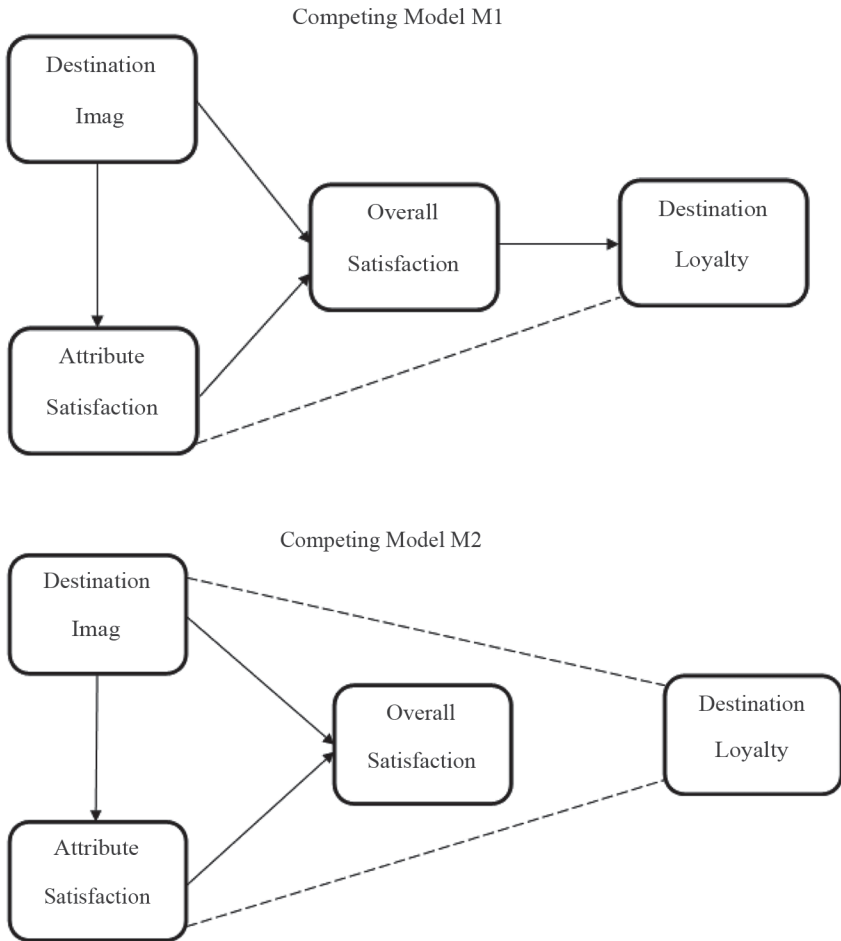


FIGURE 3.2 Competing “destination loyalty” models.

The sequential Chi-square (χ^2) difference tests (SCDTs) were performed to evaluate and there were significant differences in estimated construct covariance's (Joreskog & Sorbom, 1995). The χ^2 difference test examined the null hypotheses of no significant difference between two nested structural models (denoted as $M_1 - M_T = 0$ and $M_1 - M_2 = 0$). The difference between χ^2 statistic values ($\Delta\chi^2$) for nested models was itself distributed as χ^2 , with degrees of freedom equal to the difference in degrees of freedom for the two models (Δdf). If the null hypothesis was upheld, the more constrained model of the two would be accepted. The χ^2

difference test between M_T and M_1 ($\Delta \chi^2 = 5.51$; $\Delta df = 1$) suggested that M_1 was performing better than the theoretical model M_T ; and the χ^2 difference test between M_1 and M_2 ($\Delta \chi^2 = 0.31$; $\Delta df = 1$) suggested that M_2 was not performing better than M_1 . The results of the χ^2 difference t test the competing model M_1 to the proposed theoretical model M_T and the alternative model M_2 (saturated model). To the effect of causal relationships, it was necessary to examine the statistical parameter coefficients for the additional paths for M_1 and M_2 . The causal relationship between “trait of satisfaction” and “destination loyalty” was significant ($\beta = 0.14$; $t = -2.37$), whereas the causal path from “destination image” to “destination loyalty” was not significant ($\gamma = 0.04$; $t = 0.56$). This suggested that there should be a direct path between “trait of satisfaction” and “destination loyalty” as the competing model M_1 proposed. Therefore, the relationship of tourists’ satisfaction with various components of a destination could directly lead to their loyalty with the destination. Therefore, H6 supported the overall satisfaction on the relationship between destination image and destination loyalty, and H7 did not support the overall satisfaction on the relationship between trait of satisfaction and destination loyalty. Therefore, overall satisfaction mediated the relationship between trait of satisfaction and destination loyalty (Baron & Kenny, 1986). Another comparison, a set of goodness-of-fit measures was also compared to find the three models which had the best model fit (Table 3.5):

TABLE 3.5 Competing Models.

	MT	M1	M2
Chi-square	690.67	693.62	682.87
Degrees of freedom	152	150	149
RMSEA	0.12	0.12	0.12
RMR	0.063	0.057	0.058
GFI	0.82	0.82	0.82
CFI	0.94	0.94	0.94
NNFI	0.96	0.96	0.96
PNFI	0.81	0.80	0.80

The fit indices such as RMSEA, CFI, and PNFI were identical, indicating that the three competing models achieved the same level of model

fit. Thus, it was concluded that the competing model M_1 could be retained as a feasible alternative for acceptance. Considering the measurement for large models and large sample sizes, the final model M_1 (Fig. 3.3), not achieving the desirable levels of fitness, may represent the best available model until further research identifies improvements in theoretical relationships or the measurement of the constructs.

3.5 IMPLICATIONS

3.5.1 THEORETICAL IMPLICATIONS

The SEM analysis statistically supported significant relationships between destination image and overall satisfaction (H1), trait of satisfaction and overall satisfaction (H2), destination image and trait of satisfaction (H3), and overall satisfaction and destination loyalty (H5). The SEM analysis also confirmed the mediation role and trait of satisfaction played between destination image and overall satisfaction (H4), and the mediation role overall satisfaction played between destination image and destination loyalty (H6). The only hypothesis (H7) that was not supported overall satisfaction as a mediator, rather than a full mediator as originally proposed, between the trait of satisfaction and destination loyalty. Therefore, it can be said that tourist overall satisfaction was found by destination image and trait satisfaction, tourist trait of satisfaction was also directly influenced by destination image, and destination loyalty was in turn influenced by overall satisfaction. In addition, the newly proposed direct path from the trait of satisfaction to destination loyalty was shown to be significant; thus, trait of satisfaction was also a direct antecedent of destination loyalty. The findings confirmed that tourists' loyalty was enhanced by positive destination image and high satisfaction. The empirical results of this study providing arguable evidence that the proposed structural equation model consider simultaneously destination image, overall and trait of satisfaction, and destination loyalty. Moreover, the trait of satisfaction influenced the destination loyalty. Therefore, destination image plays an essential role in achieving the loyalty of an individual, and tourists' satisfaction must be handled proactively in order to develop it into a lasting relationship beneficial to both parties. Destination image had a positive effect on tourist satisfaction and destination loyalty. An improvement in the overall image of an individual increased to make a positive evaluation of the stay.

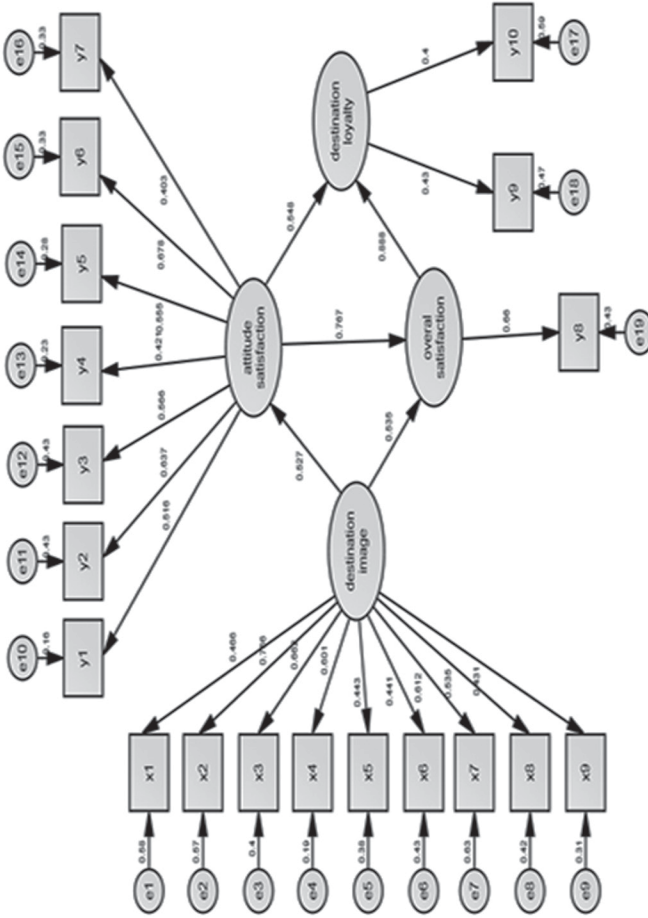


FIGURE 3.3 Results of destination loyalty model (M_1).

Notes: X1...X9: travel environment, natural attractions, entertainment and events, historic attractions, travel infrastructure, accessibility, relaxation, outdoor activities, and price and value.

Y1...Y10: Lodging, dining, shopping, attractions, activities and events, environment, accessibility, satisfaction, revisit intention, referential intention.

Values in parentheses are *t*-statistics (*t* critical value at 0.05 levels = 1.96).

Consequently, by the review of the literature, the analysis of the interrelationships as a whole confirmed the proposed model. This study confirmed the existence of the critical relationships among destination image, trait/overall satisfaction, and destination loyalty. The findings suggested that it would be useful for destination managers to make investments in their tourism destination resources, in order to continue to enhance the tourists' experiences.

3.5.2 MANAGERIAL IMPLICATIONS

Destinations today are facing vertical competitions. It is essential to understanding of why travelers are loyal to a destination and what drives the loyalty. The findings show significant managerial implications for tourism and marketers. The analyses revealed that destination image was consisting of six latent dimensions, and the trait of satisfaction had six underlying factors. These results could help destination marketers better and factors contributing to tourist satisfaction and loyalty so that they are able to deliver products and services that accommodate the tourists' needs and wants. Despite the considerable amount of studies on destination image and tourist loyalty, the multidimensional nature of the constructs and the variability across studies make it difficult to ascertain a solid linkage between the variables. Additionally, the SEM findings are providing guideline for the marketing destinations. It is a direct antecedent of the traits of satisfaction and overall satisfaction as well as a major factor in influencing destination loyalty. Therefore, destination managers must attempt to improve the image tourists hold of a destination. As an image is formed, it is difficult to change; it is important for destinations to present the right image and then maintain it. Because the image that tourists hold of a destination will affect tourists' satisfaction with the travel experiences, the WOM communication after the trips as well as the intention in the future, destination marketers should take a serious approach to manage the image. Although it is not possible to control all the elements contributing to the shaping of the image of a destination, it is possible to manipulate some of them such as advertising and promoting tourist attractions, administering service quality, providing by tourism infrastructure such as hotels, restaurants, tourist centers, etc. Similarly, the current study proposed and confirmed a framework which is more comprehensive in accounting for and testing the multiple dimensions simultaneously. Since the image is

modified by information or stimulus received by an individual, friends, or family will help to find the diversification of a detail and realistic image of a destination. Because tourists tend to rely on this image for satisfaction evaluation and destination choice decisions, all efforts should improve the experience. To conclude, tourism destinations must take care of the image that they attempt to convey and the quality of the services and products they offer, as all these will affect visitors' satisfaction and their intentions for future behavior. Moreover, destination managers should consider the role tourist satisfaction played in developing destination loyalty. It is assumed that if tourists are satisfied with their travel experiences, they are willing to revisit a destination as well as positive WOM. This study provided empirical evidence supporting this assumption: satisfaction was directly affected destination loyalty in a positive direction. Higher tourist satisfaction will lead to higher destination loyalty, which prompts tourists to visit a destination again and/or proposed the destination to others. Therefore, destination managers should focus on finding a high tourists' satisfaction level so improve sustain destination competitiveness. Since the threat of satisfaction affects destination loyalty both directly and indirectly through overall satisfaction, its measurement and improvement is critical to destination managers. The special characteristics of tourism found that many elements are involved in the formation of tourists' satisfaction, from the providers of specific services of accommodation, leisure, among others, to the tourism information offices, the local residents, etc. The situations are complicated when a single unpleasant incident leads to a negative evaluation, depending on how important the incident is to the tourist. Therefore, in order to achieve a high overall level of satisfaction, it is essential for all parties involved to have a coordination and cooperation and should be aware of the critical importance of providing quality service/product quality.

3.6 LIMITATIONS

The limitation of this research is as first, tourists who travel in different seasons may have different opinions of a destination. Therefore, tourism research findings should be taken into consideration in the interpretation stage. Therefore, future researchers could conduct similar surveys in different seasons. The survey results should be compared to identify

similarities and differences in them. In addition, the population of this study was limited to visitors of a tourist destination. Overall satisfaction and repurchase were measured by a single question. In the present study, overall image demonstrated the potential of serving as a strong proxy for the destination image. Compared to the traditional approach which treats the cognitive aspects of destination image, overall image may represent a novel and broader theoretical view and therefore deserves further scrutiny into its nature and possible underlying dimensions. The findings also provided tenable evidence that the destination image exerts different influence on the different dimensions of tourist loyalty. Destination image, trait of satisfaction and overall satisfaction was studied as antecedents to destination loyalty. Therefore, future researchers are advised to investigate additional antecedents of tourist loyalty. This may not lead to the relationships tested in the current study and to conceptual refinement and extension. In addition, since the survey was conducted by the staffs working at different local destinations such as the welcome center, hotels/motels, and shops, it was not sure that all respondents would have completed their traveling experiences with Uremia while replying to the survey. Therefore, data collected from this study were affected relationships reported. Although SEM allows one to assume causal relationships, the present study's model specification was based on previous research and theory. As a consequence, the relationships suggested by the model in this study may not represent the true causal relationships among the constructs.

KEYWORDS

- **destination image**
- **destination loyalty**
- **tourist satisfaction**
- **trait of satisfaction**
- **tourist trait**
- **Iran**

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CHAPTER 4

INTENTION TO REVISIT A TOURISM DESTINATION: AN EMPIRICAL STUDY OF BUNDELKHAND, INDIA

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ABSTRACT

As tourism industry becomes more competitive, increasing the frequency of visit to a destination becomes a strategic objective. In such a context, understanding the antecedents of revisit intention can contribute a lot in decision-making processes related to tourism product development. This chapter investigated and presented the results of role of personal characteristics of tourists and purpose of visit in predicting revisit intention for destination Bundelkhand, India. The study indicated that marital status was the only sociodemographic variable that had significant influence on the revisit intention of tourists. Travel-related variables (purpose of visit and touring as a hobby) were found to be statistically significant predictor of revisit intention.

4.1 INTRODUCTION

The landscape of tourism has undergone tremendous changes in the last few decades and continues to witness new developments. One such important development is the increased competition in the industry (WEF, 2014). The tourism destinations are vigorously competing with each other for a greater share of the tourist traffic. In order to surpass others, each destination is enhancing its competitiveness. The competitiveness of a tourism destination is reflected in the tourist traffic it attracts: one part consisting of new tourist and other part includes tourist revisiting the destination. Yoon and Uysal (2005) note that destinations can be considered as products and tourists can visit them again or recommend them to other potential tourists such as friends or family.

Although the choice of destination to visit by a tourist can be viewed as a consumer decision-making problem, it is much complicated as compared to buying decisions for other goods and services (Barsky & Nash, 2002; Oppermann, 1999; Um & Crompton, 1991). Tourists' decision-making for selecting the destination to visit may be put under "complex buying behavior," where the involvement is high and risk is also high, especially when the destination is a novel one. On the other hand, revisiting a destination signifies the loyalty of tourist toward that destination. Destination as a tourism product is bought infrequently, and, hence, there is a strong desire for novelty (Li et al., 2008; Quintal & Polczynski, 2010). Tourism destination is such a product where variety seeking behavior dominates on

the part of tourists, that is, each time they want to visit a destination, they undertake the entire process of decision-making and prefer a novel destination to already visited one. Hence, the application of generic customer loyalty models to destinations is a rather ticklish task.

Tourism has emerged as the largest service industry globally and increasingly being viewed as a wealth creator. In the coming years, it is likely to generate largest employment opportunities besides having other spillover effects (WTTC, 2014). In such a scenario, the competition is likely to further intensify among destinations to capitalize on the opportunities generated by tourism. Besides attracting new tourists, it is important that destinations promote the tourists to revisit as it significantly increases revenue and lowers cost. Increasing destination loyalty has become a strategic objective of many successful destinations. The reason is obvious—the economic impact is highly positive. The cost required to increase one unit of revenue is much lower for motivating existing tourists to revisit the destination as compared to attracting new customers to the destination (Ganesan, 1994).

Consequently, the issue of tourism destination loyalty is of prime significance for all stakeholders. The destinations must devise ways and means to encourage tourist to revisit the destination, thereby creating a niche for them. However, no conclusive results are available regarding the determinants of tourist's decision to revisit a destination. Therefore, there arises the need to explore this issue further in order to gain a better understanding of factors that govern the tourist's intention to revisit a destination. This constituted the prime motivation behind this study. Another motivation behind the study was the nature of tourism industry in Bundelkhand, India. Bundelkhand, located in Central India, has a rich treasure of tourism attractions including a World Heritage Site, yet the tourism potential has not been developed. The region remains, economically, one of the most backward regions in the country. Therefore, this study can provide useful insights to the tourism stakeholders of this region to improve their competitiveness. In this sense, this study aimed at investigating the role of sociodemographic background of tourists and purpose of visit in predicting revisit intention to Bundelkhand.

The rest of the chapter is organized as follows: [Section 4.2](#) discusses the related literature. [Section 4.3](#) delineates the methodology adopted for the study. The next section presents the empirical study results and analysis from primary data collection. The results have been presented into

two subsections. The first subsection presents the sample with sociodemographic characteristics of the respondents and travel behavior. The second subsection presents the results of logit regression. [Section 4.5](#) of the study outlines the significance and limitations of the study. The last section summarizes and concludes.

4.2 REVIEW OF LITERATURE

The intention behind visiting a tourism destination has been extensively studied (Yoon & Uysal, 2005). However, as competition is intensifying among tourism destinations, the concept of tourist loyalty has attracted a lot of attention. Tourist loyalty is manifested in revisit by tourists. Consequently, the current literature seeks to explain the revisit intention of tourists (Cole & Scott, 2004; Ha & Jang, 2009; Hui et al., 2007; Jang & Feng, 2007; Kashyap & Bojanic, 2000; Kim et al., 2009; Kozak, 2001; Li et al., 2010; Petrick & Backman, 2002; Petrick et al., 2001; So & Morrison, 2003; Um, 2006).

Tourist loyalty is understood as an extension of the concept of customer loyalty. Loyalty has been defined and measured in many different ways. According to Oliver's definition (1997), loyalty is understood from the behavioral point of view as it refers to the future product or service repeat purchase commitment, despite situational influences and marketing efforts directed at causing changes in behavior (p 392). To Berne (1997), loyalty is a promise of the individual referred to his behavior which entails future purchase likelihood or less likelihood of changing to another brand or service provider. As mentioned above, Oliver (1999) divided loyalty to four phases: cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. In practice, conative loyalty is defined as the customers' behavioral intention to keep on using the brand in the future (Pedersen & Nysveen, 2001).

At a generic level, academic approaches to customer loyalty may be grouped roughly in terms of behavioral, attitudinal, cognitive, and value-based notions (Jacoby & Chestnut, 1978). Loyalty is conceptualized from three main perspectives: behavioral, attitudinal, and compound (Bowen & Chen, 2001; Zins, 2001). Behavioral loyalty is reflected in repeat purchase, attitudinal loyalty includes recommending the service provider to others and repurchases intentions, and compound loyalty combines both components, predicting the construct better (Dimitriades, 2006; Pritchard

& Howard, 1997). As for tourist loyalty, repeat visitation is the most commonly employed intentional, behavioral measure.

Operationalizing the construct of loyalty in the tourism industry may turn out to be a complex task. Riley et al. (2001) note that the literature on loyalty demonstrates a problem in its conceptualization, to be resolved by empirical means or operational definitions, depending on the purpose of the study. Many authors directly present loyalty as the result of some models proposed for the determination of loyalty to destinations, accommodation, and other tourism products of interest; others include loyalty in behavioral intentions (Campon et al., 2013).

Revisit intention is viewed as direct extension of tourist satisfaction (Bigne et al., 2001). Tourist satisfaction can be seen as a tourist's post-purchase assessment of the destination (Oliver, 1981). Positive satisfaction has positive influence on their repurchase intentions (Gotlieb et al., 1994). Academic literature has confirmed that satisfaction is a good prediction indicator of the tourists repurchasing choices (Choi & Chu, 2001; Petrick, 2002, 2004; Tam, 2000). It has also been noted that tourists who have had a positive experience doing one activity will probably repeat it (Petrick & Backman, 2002).

Satisfaction, in addition to previous visit, has been regarded as one of the most preferred evaluation constructs to explain revisit intention (Bigne et al., 2001; Bowen & Chen, 2001; Kozak & Rimmington, 2000; Kozak, 2001a; Mazursky, 1989; Oh, 1999). Kozak (2001b) distinguished satisfaction from attitude in that the latter is a predecision construct which can be changed as a result of a satisfaction. Consequently, overall satisfaction might be an accumulated experience of a customer's expectation, purchase, and consumption experiences (Andreassen, 1995).

Past studies have suggested that perceptions of service quality and value affect satisfaction, and satisfaction furthermore affect loyalty and post-behaviors (Anderson & Sullivan, 1993; Bignie et al., 2001; Chen & Tsai, 2007; Chen, 2008; Cronin & Taylor, 1992; De Rojas & Camarero, 2008; Fornell, 1992; Oliver, 1980; Petrick & Backman, 2002; Tam, 2000). For example, the satisfied tourists may revisit a destination or recommend it to others. On the other hand, dissatisfied tourists may not return to the same destination and may not recommend it to other tourists (Reisinger & Turner, 2003).

In tourism, repeat visits have also been accepted as an important phenomenon at the level of the economy as a whole and for the individual

attraction (Darnell & Johnson, 2001). Indeed, many travel destinations rely heavily on repeat visitors (Darnell & Johnson, 2001; Gitelson & Crompton, 1984). Gitelson and Crompton (1984) classified repeat visitors into three subgroups: infrequent, frequent, and very frequent, but they did not specify the frequency of visits for each group.

Study for international repeat visits by Baloglue and Erickson (1998) showed that most international travelers to one destination are more likely to switch to another destination for their next trip, but many of them hope to revisit the same destinations in the future. However, their explanation on revisit intentions relied on superficial patterns that appeared from the data analyses and on two implicit assumptions (Schmidhauser, 1976; Woodside & MacDonald, 1994): (1) revisit intention lapses over time; and (2) the strength of revisit intention tends to be constant, once it is created.

However, repeat visits as overt behavior may just be influenced by economic, political, and temporal factors. It may reveal little about the intrinsic likeability of the destination for the tourist. Also contributing to the complex model of revisit behavior are disparate influences of a host of factors like age, income, occupation, time, cost, distance, risk, and not the least, the availability of complementary products. Pervasive persuasion of the media is becoming more and more significant in shaping customer choice in tourism than ever before. One may or may not have a favorable underlying attitude toward a destination, but one may not or may visit that destination for the simple reason that the above constraints and influences do exist at a superficial level (Butz & Goodstein, 1996).

Sociodemographic variables such as age, occupation, and income are important factors that affect the formation of the perception of tourists (Beerli & Martin, 2004). In the studies of decision-maker-specific factors, it has been found that age, gender, marital status, income, education, car ownership, and lifestyle have significant effects on the destination choice (Ankomah et al., 1996; Van Raaij & Francken, 1984). Husbands (1989) studied the relationship between the perception of tourism and sociodemographic variables. He found that only age and education level variables have significant difference on the tourism perception. In the consumer image study, it was found that in the effects of age, education, occupation, income, marital status, and sizes of the family, only age affects the process. According to Oom do Valle (2007), demographic attributes like age, gender, education, experience, and social class exercise very important influence on the destination satisfaction, and return behavior.

Age has decisive influence on consumer behavior which affects consumer interests, tastes, purchasing ability, political preferences, and investment behavior. McCleary et al. (1994) found that age was an important variable influencing choice of tourism destination. In the tourism literature research, age-based research has received more and more attention, because of the growth size and economic importance of the senior travel market. More age-based travel research has focused on the sub-segmentation, motivation, constraints, and behaviors of the senior market. Pritchard and Howard (1997) have stated that the older customers (>50 years old) have higher satisfaction and loyalty than younger group (<50 years old). Patterson (2007) also reported that younger consumers and housewives are more loyal to travel agency. Mature travelers mostly put emphasis on the behavior, attitudes, friendly, courteous, and attentive service of the service staff (Callan & Bowman, 2000).

In the travel literature, most gender-based travel studies have focused on the female travelers; women have become an increasing important market segment in the tourism and hospitality industry. Crawford-Welch (1988) investigated the similarities and differences between the two gender segments. The study found that female and male business travelers had similar consumption patterns. Weaver and Lan (1994) also found that the male and female tourist have different views on hotel selection and service use.

Zimmer et al. (1995) reported that income and education influenced destination choice of tourists when they are choosing nearby and farther away destinations. Zimmer et al. (1995) also stated that travelers who have higher education and higher income level tend to choose destination farther away from home. Weaver et al. (1994) reported that travelers under 45 years old tend to opt for novelty seeking. Sangpikul (2008) in a study of senior travelers evidenced that educational level was positively related to travelers' intentions to travel. Their findings also showed that relaxation, seeking knowledge, and novelty were more important push motives among travelers with a higher educational level. From the foregoing analysis, it is clear that while repurchase intentions of a product and/or brand are highly recognized in consumer behavior research (Gitelson & Crompton, 1984), it is difficult to measure Revisit intention to a destination, since it is a sector in which consumption is infrequent and on occasions, tourists prefer to visit new places (Bigne et al., 2001). The degree of destination loyalty is frequently reflected in tourists' intentions to revisit

the destination and in their willingness to recommend it (Chen & Tsai, 2007; Oppermann, 2000). Hence, in this study, we have used compound loyalty concept to measure tourist loyalty, that is, revisit intention and recommending the destination to others.

4.3 METHODOLOGY

The prime purpose of the study was to examine the role of personal characteristics of tourists in predicting the revisit intention to destination Bundelkhand. Specifically, the study examined the role of sociodemographic background of tourists in predicting revisit intention. Second, the study also analyzed the purpose of visit as a predictor of revisit intention.

There are several studies that have explored the area of revisit of a destination by tourists (Barroso et al., 2007; Jang & Feng, 2007; Kim et al., 2015; Kozak, 2001; Quintal & Polczynski, 2010; Sanz, 2008; Um et al., 2006; Zhang, 2012). A closer examination of these studies reveals that many antecedents have been identified. Important amongst them include destination attributes (Bigne et al., 2001; Chi & Qu, 2008; Murphy et al., 2000), motivation (Kao, 2007), and satisfaction (Hui et al., 2007; Kao, 2007; Reisinger & Turner, 2003; Truong & Foster, 2006). The survey of available literature leads to two conclusions. First, the factors that act as antecedent to revisit a destination can be put under two heads. The first category includes destination-related factors such as its attributes and image; second is tourist-related factors such as tourist satisfaction, motivation, personal characteristics, etc. Second, there is no universal list of antecedents that apply to all destinations.

Since repeat visitation to a destination is an antecedent to destination loyalty; therefore, tourist loyalty to a destination can be approached from four perspective-behavioral, attitudinal, cognitive, and value-based notions (George & George, 2004). In this study, we use the intentional behavioral approach. We operationalize “Revisit Intention” through two variables “intention to revisit a destination in near future” and “recommend it to others,” both of which are considered to be a valid measure (Boulding et al., 1993; Kozak & Rimmington, 2000; Truong & King, 2009; Valle et al., 2006; Wang & Hsu, 2010; Zeithaml et al., 1996).

Survey method was used to collect the required data. The target population was domestic tourists. A convenience sample of 208 respondents was used to study the revisit intention. All the respondents were

domestic tourists. The data were collected from four tourist spots located in Bundelkhand, India. These four tourists spot include the World Heritage Site Khajuraho, Orchha, Chitrakoot, and Jhansi. The survey was conducted during a 2-month period of March–April 2015.

A self-administered questionnaire was developed in two languages English and Hindi, based on an extensive literature review. The questionnaire was divided into two sections. First part contained questions related to personal characteristics of tourists like their age, sex, education, profession, etc. (Beerli & Martin, 2004; Quintal & Polczynski, 2011). The second part contained travel-related questions like their motive to visit the destination, intention to revisit it, and recommend the destination to others. The questions in the second part used a 5-point Likert scale from 5 = strongly disagree to 1 = strongly agree. The respondents were asked to indicate their agreement with the statements. The collected data after sorting out the invalid questionnaires were coded and cleaned. The data were analyzed using SPSS 21.0.

4.4 RESULTS AND DISCUSSION

4.4.1 SAMPLE DESCRIPTION

A total of 300 questionnaires were distributed to domestic tourists at four locations in Bundelkhand. A total of 208 questionnaires were finally included in the study. Thus, a response rate of 69% was obtained. Out of 208 respondents, 85 respondents were from Khajuraho, 57 from Orchha, 40 from Chitrakoot, and 26 from Jhansi.

The sociodemographic characteristics of tourists in this study were measured by gender, age, education, marital status, and working status, etc. The summary of sociodemographic characteristics of respondents is reported in [Table 4.1](#).

The respondents comprised males (54.8%) and the rest 45.2% were females. In terms of respondent's age, 39.90% of respondents were aged between 26 and 45 years, followed by age ranges of 46 and above (32.22%), and then age up to 25 (27.88%). The analysis of education levels of tourists showed that 46.63% of respondents held postgraduate and above degrees, 35.58% had graduate degree, while 17.79% were educated up to senior secondary level.

TABLE 4.1 Summary of Demographic Characteristics of Respondents.

	Frequency	Percentage
Gender		
Male	114	54.80
Female	94	45.20
Age		
Up to 25	58	27.88
26–45	83	39.90
46 and above	67	32.22
Educational level		
Up to 12th	37	17.79
Graduate	74	35.58
Postgraduate and above	97	46.63
Marital status		
Married	86	41.45
Unmarried	104	50.00
Others	18	08.65
Profession		
Paid employment	75	36.06
Self employed	71	34.14
Others	62	29.80

From marital status perspective, 50.0% of respondents were unmarried and 41.45% were married. There were very few (8.65%) respondents in “others” category. In terms of respondent’s working status, it was found that the majority of respondents, 36.06% were in paid employment, while 34.14% were self-employed. The remaining 29.80% tourists belonged to “others” category that included students, housewives, etc. Individual hobby also determines the revisit intension toward a destination. In this study, 62% of respondents listed touring as their hobby.

4.4.1.1 PURPOSE OF VISIT

Tourists came to Bundelkhand to devote major portion of their time to see the natural scenery, the archeological sites, historical monuments, and

pilgrimage sites. The analysis of motivation behind the visit to Bundelkhand reveals that 34.71% tourists visited Bundelkhand on pilgrimage, 28.32% visited for leisure, 14.87% for business purposes, and 7.56% for social reasons including visiting friends and relatives, attending marriages, etc. Clearly, leisure and pilgrimage were the two most important motives behind visiting Bundelkhand.

4.4.2 RESULTS OF LOGIT REGRESSION

Logistic regression was performed to assess the role of personal characteristics of tourists on the likelihood that they will revisit Bundelkhand. For this purpose, we have modeled intention to revisit Bundelkhand as a categorical outcome determined by several predictors which are discrete in nature. We have preferred logit model over General Linear Model because in case of limited dependent variables, the response values are not measured on a ratio scale, and the error terms are not normally distributed.

Let, π be a random variable denoting intention to revisit Bundelkhand that can take on two possible values:

$$\pi_i = \begin{cases} 1, & \text{if tourist intention is to revisit Bundelkhand} \\ 0, & \text{otherwise} \end{cases}$$

Now let us define that

$$\pi_i = \begin{cases} 1, & \text{with probability } p \\ 0, & \text{with probability } 1 - p \end{cases}$$

The model is given by

$$\begin{aligned} \text{logit} \{p(\pi = 1|X)\} &= F(X, \beta) \\ &= \log \{p(\pi = 1|X)/1 - p(\pi = 1|X)\} \\ &= \beta_0 + X'\beta \end{aligned}$$

where $F(\cdot)$ is the cumulative distribution function of logistic distribution; β_0 is the intercept parameter; and β is the vector of slop parameter.

Solving for p and rearranging, we get

$$p = \frac{e^{\beta_0 + X'\beta}}{1 + e^{\beta_0 + X'\beta}}$$

The model has been estimated using maximum likelihood estimation. The model contains seven independent variables, all of which are categorical. [Table 4.2](#) presents the description of variables used in the model.

TABLE 4.2 Description of Variables Used in the Study.

S. No.	Variables	Description	Reference Category
1	Gender	0 = Female 1 = Male	Female
2	Age	0 = Old-age tourists 1 = Young tourists	Old-age tourists
3	Income class	0 = High income 2 = Middle income	High income
4	Educational level	0 = Above 12th class 1 = Up to 12th	Above 12th class
5	Marital status	0 = Married 1 = Unmarried	Married
6	Working status	0 = Working 1 = Non-working	Salaried person
7	Hobby	0 = Others 1 = Touring	Others
8	Purpose of visit	0 = Others 1 = Leisure and recreation	Other than Leisure and recreation

The extended form of the model to be estimated is

$$\text{logit}[p(IRVB)] = \beta_0 + \beta_1 \text{GENDER} + \beta_2 \text{AGE} + \beta_3 \text{INCLS} + \beta_4 \text{EDUCATION} + \beta_5 \text{MARITAL} + \beta_6 \text{WRKSTS} + \beta_7 \text{HOBBY} + \beta_8 \text{PURPOSE}$$

The estimated model is shown in [Table 4.A1](#) of [Appendix A](#). There are a number of tests to determine the significance of the estimated logistic model such as LR test, R^2 measures, Hosmer–Lemeshow statistics and classification table, etc. The goodness of fit can also be determined graphically. The important fit statistics are mentioned in [Table 4.3](#).

The likelihood ratio test which is based on the difference between the likelihood ratio ($-2LL$) for the proposed model with predictors minus the likelihood ratio for base line model with only intercept terms is significant

at 5% level (Chi-square 217.843 with $p = 0.000$). One of the most important tests of goodness of fit test is Hosmer and Lemeshow test. The Hosmer and Lemeshow goodness of fit statistics is 0.557 which is greater than 0.05. Hence, we fail to reject the null hypothesis that there is no difference between observed and model predicted values, implying that the model fits the data at an acceptable level. Another standard measure of goodness of fit is R^2 . Generalization of R^2 to nonlinear model is called pseudo R^2 . We calculate three pseudo R^2 namely Cox and Snell R^2 , Nagelkerke R^2 , and Mcfadden's R^2 with values 0.216, 0.297, and 0.188, respectively.

TABLE 4.3 Model Summary.

-2 Log likelihood	Cox and Snell R^2	Nagelkerke R^2	McFadden's R^2	Hosmer and Lemeshow test		
				Chi-square	d.f.	Sig.
217.843 ^a	0.216	0.297	0.188	5.851	7	0.557

^aEstimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

Rather than using a goodness of fit statistics in discrete choice models, a simple and important way of testing the goodness of fit of the model is the proportion of cases the model has managed to classify correctly. The classification power of estimated model is depicted in [Table 4.4](#).

TABLE 4.4 Classification Table for Full Model.

	Observed IRVB	Predicted IRVB		Percentage correct
		0.00	1.00	
	0.00	47	25	65.3
	1.00	38	98	72.1
Overall percentage				69.71
Positive predictive value				79.67%
Negative predictive value				55.29%
False-rate for true D				34.72%
False-rate for classified				27.94%

The cut value is 0.500.

The classification table shows that our model correctly classified around 70% of the subjects against the 61% of the base-line model, which is a significant improvement. The sensitivity of prediction, that is, the percentage of occurrences currently predicted is 79.67%. The specificity, that is, the power to classify null occurrences correctly, is around 55.29%. The false positive for the model is 34.72% and false negative is 27.94%.

The classification power can be shown graphically through the receiver operating characteristic curve.

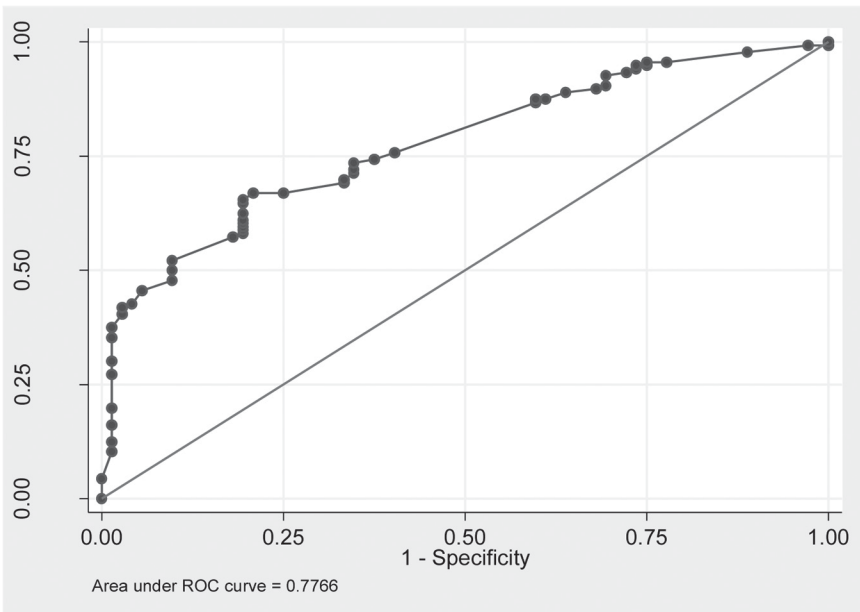


FIGURE 4.1 ROC curve of the proposed model.

The estimated coefficients along with their standard errors and tests of significance are shown in [Table 4.A1](#) of [Appendix A](#). The results clearly show that out of six sociodemographic predictors used in the model, only one of them (marital status) is significant. The other sociodemographic variables do not have statistically significant influence on the revisit intention. Interpretation of logit coefficient is not popular, instead odds ratios provide meaningful results. Odds ratio is a relative measure of effect size which allows compression of a study group with a reference group.

Among the sociodemographic variables marital status has the highest value of coefficient, but with a negative sign. It means that it is the strongest predictor of revisit intention. It has an odds ratio of 0.304. This indicates that the estimated odds of revisiting Bundelkhand for a unmarried tourist equals 0.30 times the estimated odds for a married tourist, controlling for all other factors in the model.

Further, gender and age have an odds ratio less than one while income class has an odds ratio greater than 1. Though all the three are statistically insignificant, while interpreting the sign of the coefficients it seems that females and older tourists are more likely to revisit destination Bundelkhand. Tourists from middle-income class are more likely to revisit Bundelkhand than tourist from high-income class. Tourists having only school education (up to 12th class) and are not working are more inclined to revisit Bundelkhand.

The hobby of a tourist has a significant influence on revisit intention. Tourists who have hobby of touring are more likely to revisit Bundelkhand in comparison to those, who have hobby other than touring. The purpose of visiting a tourism destination can be numerous. Important purposes of visiting a destination include relaxation and recreation, pilgrimage, self-development, nostalgia, etc. The results indicate that purpose of visit is also a significant predictor of revisit intention. The negative sign of the coefficient in this case suggests that tourist visiting Bundelkhand for recreation and leisure are less inclined to revisit it.

The logit coefficients are in log odds unit and cannot be interpreted like the marginal effect. Hence, we need to estimate the marginal effect separately for logit models. The marginal effect of the estimated model is shown in [Table 4.5](#). The analysis of [Table 4.5](#) reveals that the marginal effects for three predictors are significant at 5% level. These predictors are marital status, purpose of visit, and hobby of the tourist.

The findings that all the sociodemographic variables except for marital status were not having a statistically significant influence on the revisit intention of tourist in case of Bundelkhand are not surprising. The most important reason is that the interrelationship between sociodemographic characteristics of tourists and their intention to revisit a destination is not direct. Instead, they are moderating and mediating variables indirectly influencing the revisit intention (Ankomah et al., 1996; Cooil et al., 2007; Homburg & Giering, 2001; Mahasuweerachai & Qu, 2010; Van Raaij & Francken, 1984). Sociodemographic variables such as age, occupation,

income are important factors that affect the formation of the perception of tourists regarding a destination, which in turn influences revisit intention. Sociodemographic variables also influence the satisfaction from visit to a destination, which further has an impact on intention to revisit (Kozak, 2000, 2001).

TABLE 4.5 Marginal Effects after Logit.

$y = \text{Pr}(dv) \text{ (predict)} = 0.71335746$							
Variables	dy/dx	Std. Err.	z	$P > z $	95% Conf. interval		χ
Gender	0.027	0.075	0.37	0.712	-0.120	0.176	0.548
Age	0.131	0.164	0.80	0.423	-0.190	0.453	0.735
ICLS	0.000	0.140	0.00	0.999	-0.275	0.275	0.182
Education	-0.107	0.078	-1.38	0.166	-0.260	0.044	0.687
Marital	0.239	0.078	3.06	0.002	0.085	0.392	0.490
WRKSTS	-0.027	0.082	-0.34	0.736	-0.189	0.133	0.649
Hobby	0.223	0.124	1.79	0.074	-0.021	0.468	0.783
Purpose	-0.283	0.084	-3.36	0.001	-0.448	-0.117	0.586

Our finding that purpose of visit and hobby of tourist is a significant predictor of revisit intention is in sync with earlier studies. It is important to note that purpose to visit a destination itself varies as per sociodemographic characteristic of a tourist.

4.5 SIGNIFICANCE AND LIMITATIONS

With tourism emerging as a new driver of development, competition has intensified among destinations to attract and retain tourists. The available literature on destination research shows that retaining tourists is crucial in generating positive outcomes for the destination. Given the fact that existing studies fail to arrive at consensus about the revisit intention of tourists, this study has important theoretical and practical implications. The theoretical contribution of the study lies in adding to the present knowledge of how personal characteristics of tourists influence their intention to revisit a destination. The current literature on repeated visit to a destination is not

only devoid of consensus but is also dominated by studies pertaining to destination-related factors such as its image, attributes, ability to innovate and price. Furthermore, studies related to revisit to tourism destinations located in countries that are not highly dependent on tourism are scarce. Hence, in context of Bundelkhand, which has rich tourism resources, but have not been developed, it assumes a special significance.

The study has practical implications also. It is hoped that the results of this study will provide useful information to the different stakeholder's associated with tourism industry in Bundelkhand tour planners, planning bodies, destination management organizations, and so on. Understanding why tourists revisit a holiday destination is fundamental in developing effective tourism marketing and management strategies, as well as building travel motivation and decision-making theories (Hui et al., 2007; Lau & McKercher, 2004; Oppermann, 1997; Petrick, 2004). This study has implications for destinations that rely heavily on revisit by tourists. These destinations should make increasing the frequency of visit by tourist a strategic objective. It shall help them to develop such a branding and positioning strategy that can differentiate them from similar destinations. They can innovate to come up with new offerings by adopting a suitable market segmentation strategy based on demographic perspective. As for instance, the need of a married tourist is different from an unmarried one. Hence, this study can aid and abet destination management organizations and development actors to plan and implement effective strategic development initiatives to boost competitiveness of a destination.

In order to improve the future studies, it is pertinent to highlight some important limitations of the study. The use of convenience sampling method is an important limitation. The obtained sample therefore, cannot be regarded as a representative sample of all domestic tourists visiting Bundelkhand. In addition, in respect to the geographical size of Bundelkhand region, and the volume of domestic tourist it attracts, the sample size is relatively small. Hence, the results cannot be generalized and future study can be undertaken using a larger and representative sample.

Further, in context of studies on revisit intention to a tourism destination, the experimental and longitudinal data are more useful than cross-sectional (Chi & Qu, 2008); but this study uses neither of them. So, future studies can benefit from using experimental and longitudinal data to best capture the precise relationship among the variables.

Last but not the least, the study is mainly of exploratory nature. It postulates that personal characteristics of tourists govern their intention to revisit a tourism destination. There remains a greater scope to look for other antecedents of revisit intention. The relationship between personal characteristics and revisit intention is influenced by destination-related factors. Hence, using advanced statistical techniques, the interrelationships among the variables may be studied.

4.6 CONCLUSION

This chapter investigated and presented the results of role of personal characteristics of tourists and purpose of visit in predicting revisit intention for destination Bundelkhand, India. Using a convenience sample of domestic tourists the study used a logit model with eight categorical predictors to achieve its objective. Out of these eight independent variables related to personal characteristics of tourists, six were sociodemographic variables and two were related to travel behavior.

The study indicated that the omnibus test of model coefficient showed that full model with predictors was a significant improvement over the baseline model. The test of significance of predictors led to the result that marital status was the only sociodemographic variable that had significant influence on the revisit intention of tourists. It was further found that females and older tourists were more likely to revisit Bundelkhand. It was found that tourists who are from middle-income class, have only school education (up to 12th class), and are not working are more likely to revisit Bundelkhand. Both the travel-related variables (purpose of visit and touring as a hobby) were found to be statistically significant predictor of revisit intention.

As tourism industry becomes more competitive, increasing the frequency of visit to a destination becomes a strategic objective. More and more destinations are realizing the positive economic impact of increasing loyalty of tourists toward them. In such a context, understanding the antecedents of revisit intention can contribute a lot in decision-making processes related to tourism products development.

KEYWORDS

- **tourism destination**
- **revisit intention**
- **Bundelkhand**
- **logit regression**
- **sociodemographic variables**

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APPENDIX A

TABLE 4.A1 Results of Logistic Regression.

Number of obs. = 208
 LR Chi² (8) = 50.49
 Prob > Chi² = 0.0000
 Log likelihood = -108.921
 Pseudo R² = 0.1882

Variables	Coef.	Std. err.	z	P > z	Odds ratio
Gender	-0.136	0.368	0.137	0.712	0.873
Age	-0.001	0.689	0.000	0.999	0.999
ICLS	0.609	0.465	1.717	0.190	1.840
Education	0.554	0.428	1.675	0.196	1.741
Marital	-1.192	0.411	8.410	0.004	0.304
WRKSTS	0.137	0.410	0.111	0.739	1.147
Hobby	-0.999	0.519	3.376	0.046	0.368
Purpose	1.491	0.518	8.294	0.004	4.443
Constant	0.511	0.613	0.695	0.404	1.667

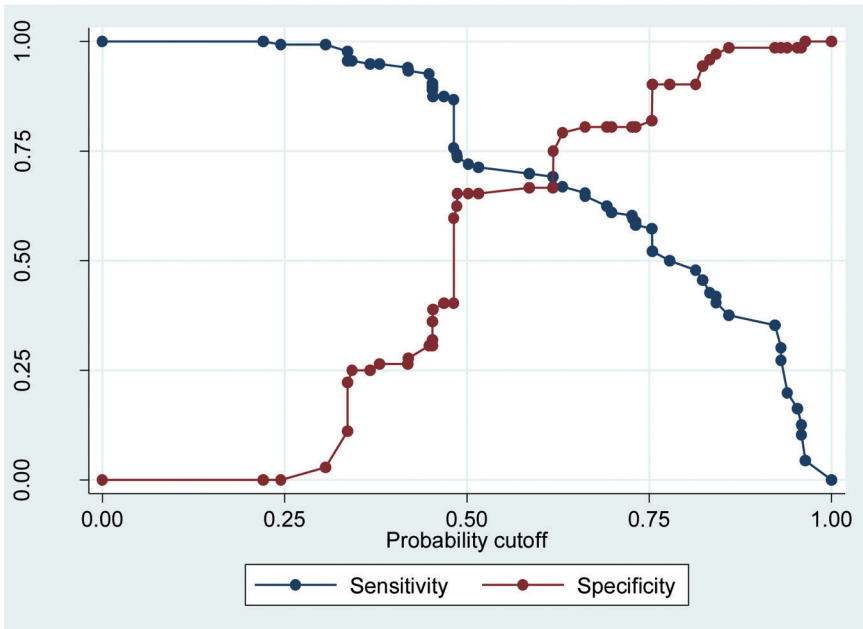


FIGURE 4.A1 Sensitivity and specificity plots.

CHAPTER 5

THE ROLE OF SERVICE MARKETING IN INDIA WITH REFERENCE TO THE TOURISM INDUSTRY

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ABSTRACT

This study tried to investigate role of service marketing in India with reference to tourism industry. Tourism industry is one of the fastest growing industries in India as well as around the world. The study concentrated on services marketing pattern and involvement of tourism in services industry with the help of classification and a wide variety of services available in Indian market. Tourism industry in India occupies a very significant place being a major contributor toward growth of Indian economy. Various initiatives have been undertaken at state level and by other organizations for ensuring creation of multiple opportunities for growth in tourism industry.

5.1 INTRODUCTION OF SERVICE SECTOR

Service sector in India as well as at global level has emerged as fastest growing sector. The services sector has been the key driver of growth for the Indian economy in the past decade, during which India has ranked among 10 fastest growing economies in the world, with average economic growth at over 7% a year, and over 8% in the last 5 years. During the 1990s, Indian services sector grew at an average annual rate of growth 9%, well ahead of the growth of industry at 5.8% per annum and that of agriculture at 3.1% per annum. The most important services in the Indian economy have been banking and financial services. They are one of the largest and most challenging sectors and hold a key to the country's overall progress. Industries and services have acted as twin engines propelling overall growth in an economy. They are attracting large inflow of capital and foreign investments into the country from all over the world. These sectors are the largest generator of employment opportunities in the country and a facilitator of trade and commerce with other countries. In other words, besides agriculture, they are the basis of almost all major policy initiatives, incentives, and schemes as well as programs and plans, both at the national and at the state level. Service has become a strong force nowadays. Of service sector, the banking services play a vital role to satisfy the varied requirements of customers, with the government on one side and the public on the other. Banks, whether they are public sector banks, private sector banks, or foreign sectors banks are highly competitive with each other. They have their own set of objectives and they work for attaining these objectives and targets.

Services sector has become imperative for many economies in the world with India also. While for the medium and long term, it is significant to go faster, the growth of industrial sector (mainly manufacturing sector) is trying to catch up with the growth of services sector and maintain a decent and secure growth of agricultural sector, which is still subject to the vagaries of nature, in the short and even medium term, the sure bet for higher growth of the Indian economy lies in further accelerating the growth of the services sector, which can be done with extensive ease compared to other sectors.

A starting point for understanding which interpretation is correct is to look more closely at what activities dominate the sector's recent growth. It differentiates three groups of services. Group I is of traditional services—consisting of retail and wholesale trade, transport, and storage, public administration and defense—which tend to be slow growing in the way of their share in GDP has fallen in more advanced countries.

Group II is a fusion of traditional and modern services consumed mainly by households—education, health and social work, hotels and restaurants, and other community, social and personal services—whose share in GDP has risen in step with per capita income. Group III is made up of contemporary services—financial intermediation, computer services, business services, communication services, legal, and technical services—whose share in GDP in the Organization for Economic Cooperation and Development countries has risen significantly faster than per capita income.

In India's case, service-sector growth is extensive across activities. But the highest growing activities are business services, communication, and banking services all of which are part of service sector. Business services include computer-related services, machinery rental, research, accounting, legal, and technical services. Computer services, which accounted for more than four-fifths of business services in 2008–2009, are the single fastest growing member of this group. Financial services include banking and insurance, with banking being the largest and fastest growing. But there are also other rapidly growing services, among them being hotels, restaurants, education, health, trade, and transport.

Eichengreen and Gupta (2010) have concluded on growth of service sector. According to them, the service sector has not only been able to generate substantial employment but also the mix of skilled–unskilled labor has become similar to that of the manufacturing sector. Therefore, the service sector is also equally responsible for the vast majority of the Indian labor moving into the modern sector.

5.2 CLASSIFICATION OF SERVICE SECTOR

Moudie and Cottam (1993), Kasper and de Vries (1999), Sessor et al. (1982), Gronroos (1991), and Lovelock (1983) focused on service sector in a useful approach due to variability or heterogeneity feature of services. However, the classification projected by Lovelock is worth mentioning because it weighs almost all significant aspects of services from the people's day-to-day life. According to this classification, the services are divided into three categories such as (1) tangible actions directed at people's bodies, (2) tangible actions directed at goods and other physical possessions, and (3) intangible actions directed at intangible assets.

TABLE 5.1 Types of Service Sector.

Sr. No.	Types of services	Examples
1	Tangible actions directed at people's bodies	Healthcare Passengers Transportation Hotels and restaurants Beauty care
2	Tangible actions directed at goods and other physical possessions	Freight transport Industrial equipment Repairs and maintenance Janitorial services Laundry and dry Cleaning Veterinary care
3	Intangible actions directed at intangible assets	Banking Legal services Accounting Securities Insurance

Table 5.1 shows different types of service sectors with examples. Therefore, a brief scenario of these sectors has been highlighted with regard

to prevailing quality assessment practices in these sectors with specific relevance to Indian organizations.

5.3 VARIETY OF SERVICES IN INDIA

- 1) **Trade** (wholesale and retail trade in commodities both produced at home (including exports) and imported, purchase and selling agents, brokers, and auctioneers).
- 2) **Hotels and restaurants** (services rendered by hotels and other lodging places, restaurants, cafes, and other eating and drinking places).
- 3) **Banking** (banks, banking departments of RBI, post office for savings bank, nonbanking financial institutions, cooperative credit societies, employees provident fund).
- 4) **Transport by other means** (road, water, air transport services incidental to transport).
- 5) **Storage.**
- 6) **Communication.**
- 7) **Insurance** (life insurance, postal life insurance, nonlife insurance).
- 8) **Dwellings, real estate**
- 9) **Business services**
- 10) **Legal services**
- 11) **Public administration, defense**
- 12) **Community services** (education, research, scientific, medical, health, religious, and other community services)
- 13) **Other services** (recreation, entertainment, radio, TV broadcast, sanitary services (Banga, 2005)).

5.4 SERVICE MARKETING

Service marketing is the provision of intangible offerings (services), whether business-to-consumer or business-to-business markets. This can be commonly found in telecommunications, tourism, air travel, health-care, financial, car rental, and professional services. A globalized business environment is that which encompasses different sovereign countries with interplay of several factors exogenous to the home environment of

a business organization and influencing decisions on resource use and capabilities.

5.5 TOURISM IN INDIAN ASPECT

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India is a potential game changer. It is a sunrise industry, an employment generator, a significant source of foreign exchange for the country, and an economic activity that helps local and host communities.

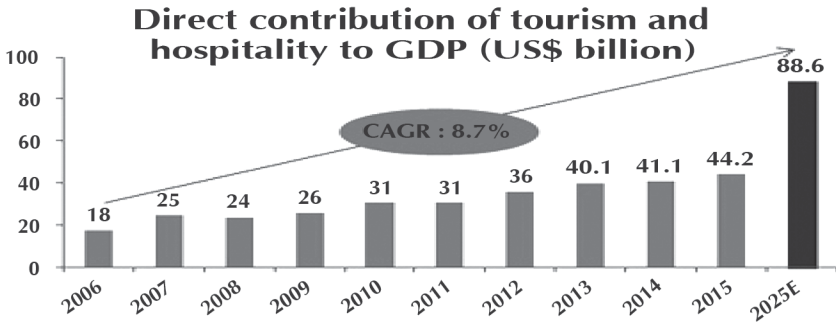
The value of the brand to the consumer, the growth in emerging markets, the importance of consumer-facing technology, and development and retention of human capital have helped shape the tourism industry over the past 5 years.

The travel and tourism sector has developed into an industry with an annual economic report (direct, indirect, and induced) of around US\$ 6.5 trillion worldwide. The global hotel industry generates approximately between US\$ 400 and 500 billion in revenue each year, one-third of that revenue is attributable to the United States.

The tourism and hospitality sector is among the top 15 sectors in India to attract the highest foreign direct investment (FDI). During the period April 2000–February 2015, this sector attracted around US\$ 7862.08 million of FDI, according to the data released by Department of Industrial Policy and Promotion (source—http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices_landing/385/3).

5.6 GROWTH OF TOURISM AND HOSPITALITY IN INDIA

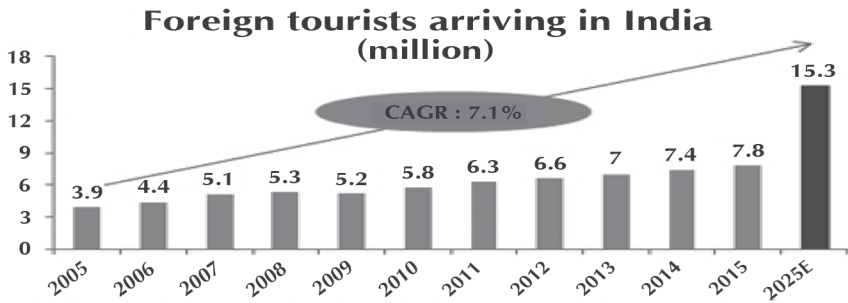
- Tourism in India accounts for 6.8% of the GDP and is the third largest foreign exchange earner for the country.
- The tourism and hospitality sector's direct contribution to GDP totaled US\$ 44.2 billion in 2015.
- Over 2006–2015, direct contribution is expected to register a CAGR of 10.5%.
- The direct contribution of travel and tourism to GDP is expected to grow 7.2% per annum to US\$ 88.6 billion (2.5% of GDP) by 2025.



Source: World Travel & Tourism Council’s Economic Impact 2015, TechSci Research.

5.7 INCREASE IN FOREIGN ARRIVALS

- Over 7.757 million foreign tourist arrivals were reported in 2015.
- Foreign tourist arrivals increased at a CAGR of 7.1% during 2005–2015.
- By 2025, foreign tourist arrivals are expected to increase to 15.3 million, according to the World Tourism Organisation.



Source: World Travel & Tourism Council’s Economic Impact 2015, Ministry of Tourism, TechSci Research. (<http://www.ibef.org>).

5.8 TOURISM MARKETING

Tourism marketing can be defined as “the systematic and coordinated efforts exerted by the National Tourist Organisations and the tourist

enterprises at international, national and local levels to optimize the satisfaction of tourists, groups and individuals, in view of the sustained tourism growth.”

Tourism industry is the largest and one of the most efficient economic activities in the world that creates highest levels of added value and directly or indirectly affects other economic and cultural activities. Many countries consider this dynamic industry as the main source of income, employment, growth in private sector, and infrastructure development (Taleghani et al., 2011). Although it can be said that tourism alone cannot lead to the development of the country, but gradually with the arrival of tourists, it creates the need to change and facilities for accommodation, transportation, and other related activities, therefore, will initiate development (Dolatabadi & Yaghoobzadeh, 2009: 15).

Travel and tourism needs to be marketed more vigorously than other products as it is an industry in which the customer has immense variety of choice and also varied motivations for travel. Tourism is a very complex industry because of its multifaceted activities which together produce the “tourist product.” It is also complex because of various subsectors that are in themselves complex industries, if considered independently. Its complexity lies in the tourism promotion in its various forms directed at large number of people in various lands of different socioeconomic structures, having different needs, expectations, and behavior patterns.

5.9 FEATURES OF TOURISM MARKETING

Since the nature of the service marketed being highly intangible and perishable a limited scope can be seen for creating and maintaining the distinctive competitive edge. Effective marketing of tourism needs constant gearing up of infrastructure to international standards and presupposes its coordination with the tourism suppliers.

- Tourism is an intangible product. In tourism, certain facilities are made available for a specific time and for a specific use.
- There is close link between production and consumption of tourist services. Since consumption once begun cannot be stopped, the risk for customer is high and his need for reliable prepurchase information is strong.

- The tourist product cannot be provided by a single enterprise. Each of the components of a tourist product is highly specialized and together makes the final product.

Tourist products can be analyzed in terms of attractions, facilities, and accessibility. Attractions are those elements in the tourist product which determine the choice of a particular tourist to visit one particular destination rather than another. Attractions could be in the form of areas of archaeological interest, historical buildings, scenic beauty, events, etc. Facilities are those elements in the tourist product which are a necessary aid to the tourist center. It complements the attractions which include accommodation, various types of entertainments, picnic sites, recreation, and so on. Accessibility is a means by which a tourist can reach the area where attractions are located.

5.10 MARKET SEGMENTATION IN TOURISM

The segmentation of tourists is usually done on the following basis:

Vacation tourist: They are the most common tourist. They are easily affected by the changes in price and influenced by aggressive marketing effort.

Business tourist: Market for these types of tourists has increased considerably. These types of tourists give least preference for price and marketing. They give more importance for exhibitions, fairs, conferences, etc.

Common interest tourist: It comprises people who make visits to their relatives, friends, for education, and pilgrimage purposes. They are also not influenced by price and promotion. The visits made are not frequent and the stay is comparatively for a short period.

Marketing mix in tourism is largely a complex group of several factors intervening to achieve the marketing “end product” which is increased effectiveness in demand output in relation to supply and marketing investment by tourist enterprises. A tourist enterprise with a combination of specific activities can decide which specific activity to use, how it is to be used, when and where to use, and what resources are to be allocated to them. The different elements in the mix may be seen as coordinating or replacing each other as compliments or substitutes.

5.10.1 PRICING

One characteristic of services that creates a problem in price determination is the high content of the intangible component. The higher the intangibility, the more difficult it is to calculate cost and the greater tendency toward nonuniform services. Another feature is that prices are subject to regulation either by the government or by trade associations. For example, international air fares are regulated by international agreement of airlines. The two methods a service organization may use to determine prices are cost based pricing and market-oriented pricing. In the former, price may be regulated by the government or industry association on the basis of cost incurred by the most efficient unit. The market-oriented pricing may be a result of competition or customer-oriented pricing. In the case of competition-oriented pricing, prices are fixed at the level which the competitor is charging or fixed lower to increase the market share. Customer-oriented pricing varies according to the customer's ability to pay.

5.10.2 PROMOTION

While designing the promotion strategy for services, it should be kept in mind that the customer relies more on subjective impressions rather than concrete evidence. The customer is likely to judge the quality of service on the basis of the performer rather than the actual service. The customer finds it difficult to evaluate its quality and value as it is difficult to sample the service before paying for it. But the methods used for promotion of services like advertising, personal selling, publicity, and sales promotion are the same used in the promotion of products.

5.10.3 TOURISM AS A PRODUCT

As a service industry, tourism comprises of several allied activities which together produce the tourist product. In the tourism product development, there are three major subindustries. They are as follows:

- tour operators and travel agents,
- accommodation sector,
- passenger transportation.

According to international estimates, a tourist spends 35% of his total expenditure on transportation, about 40% on food and lodging and the balance 25% on entertainment and shopping. Since tourism is primarily a service based industry, the principal products provided by recreation/tourism (R/T) businesses are recreational experiences and hospitality. These are intangible products and more difficult to market than tangible products. The intangible nature of services makes quality control difficult but crucial. It also makes it more difficult for potential customers to evaluate and compare service offerings. In addition, instead of moving the product to the customer, the customer must travel to the product (area/community). Travel is a significant portion of the time and money spent in association with recreational and tourism experiences and is a major factor in people's decisions on whether or not to visit your business or community.

Tourism has many components comprising the overall "travel experience." Along with transportation, it includes such things as accommodations, food and beverage services, shops, entertainment, aesthetics, and special events. It is rare for one business to provide the variety of activities or facilities tourists need or desire. This adds to the difficulty of maintaining and controlling the quality of the experience. To overcome this hurdle, tourism-related businesses, agencies, and organizations need to work together to package and promote tourism opportunities in their areas and align their efforts to assure consistency in product quality.

5.11 CHALLENGES IN THE SERVICE MARKETING AND TOURISM

The services sector is facing a number of challenges mainly on account the unique characteristics. Some of the challenges are as follows:

5.11.1 CHALLENGES OF CUSTOMER RETENTION

Service providers face the challenges of customer retention. Customers may switch over to the competitors. Therefore, a service firm needs to undertake customer satisfaction surveys and make changes in marketing mix, including introduction of new and innovative services.

5.11.2 CHALLENGES OF INTANGIBILITY

The intangibility characteristic of services creates certain challenges such as

- demonstration of services is difficult,
- prepurchase evaluation is not possible.

The service provider can overcome the above challenges through certain techniques such as

- creation of strong corporate image to develop trust and confidence among customers;
- décor—interior and exterior should give a pleasant appearance; and
- training of employees so as to improve their efficiency.

5.11.3 CHALLENGES OF INSEPARABILITY

Services cannot be easily separated from the service provider. This characteristic of services creates certain problems such as

- restricts geographical reach
- physical presence of the customer and service provider is essential.

Service providers can overcome the above problems with the help of following strategies:

- franchising agreements to overcome the problem of geographical reach
- training to the support staff to deal with certain activities.

5.11.4 PROBLEM OF PERISHABILITY

Services are highly perishable. Therefore, there is a mismatch between demand and supply. This characteristic of services poses certain challenges such as

- services cannot be kept in inventory;
- unlike goods, mass production of services is not possible.

Marketers of services can overcome the above problems by

- complimentary services during nonpeak hours;
- low pricing during the nonpeak periods or timings;
- vary the use of facilities during off-peak periods, etc.; and
- differential pricing such as Happy Hours Pricing during nonpeak hours.

5.11.5 CHALLENGES OF EMPLOYEES RETENTION

Nowadays, there is growing attrition among service-sector employees, especially in software, advertising, tourism, consultancy, media, etc. Certain level of employee turnover is good for the organization because it gives chances to talented outsiders to join the organization. However, frequent employee turnover is bad for the organizations as it increases selection and training costs, and it also affects the performance of employees.

5.12 OPPORTUNITIES IN THE TOURISM INDUSTRY

Tourism industry is the science of using opportunities and the creation of new opportunities. These opportunities can be created as a result of global change based on human income and needs. In this industry, creative managers and experts always use the opportunity and create new opportunities for departments involved in the tourism industry and investors of this sector.

Tourism marketing is as to identify and anticipate the needs of tourists and providing facilities to meet their needs and to inform and bring motivation of visit in tourists. This will provide tourist satisfaction and achieving organizational goals. Fundamental structural weaknesses in the field of tourism facilities and services, along with conceptual and principles governing theoretical thinking of the country's politicians and decision makers in this industry and providing inappropriate image in the international markets is considered the major obstacles to the development and prosperity of tourism.

KEYWORDS

- **service sector**
- **tourism industry**
- **service-sector growth**

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CHAPTER 6

COORDINATION OF TOURISM SUPPLY CHAIN MANAGEMENT

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ABSTRACT

Supply chain coordination in manufacturing sector has been the key focus of many research scholars since last four decades; however, research of tourism supply chain (TSC) management (SCM) has gained little attention. The unique characteristics of tourism sector call for special consideration to satisfy various stakeholders having divergent business objectives across different operating systems. This calls for a holistic view of the entire supply chain and not just playing in silos. The present chapter studies the important features of tourism products/services and identifies issues that are core to managing the supply chain in the tourism sector with the ultimate objective to achieve coordination of the TSC. The chapter gives an overview of current studies in tourism from the perspective of supply chain coordination and provides a coordination framework and stresses the role of information sharing for successful implementation of the coordination mechanism.

6.1 INTRODUCTION

The travel and tourism industry has huge growth potential. International tourist arrivals across the world were 1.133 billion in 2014 and are expected to grow 3–4% in 2015 (UNWTO Tourism Highlights, 2015). Supply chain management (SCM) is an integral part for achieving success in the current fierce competition. Cut-throat competition has forced the tourism sector to revise their operating strategies to achieve competitive advantage (Leonidou et al., 2013; Matovic & McCleary, 2003). The highly intangible nature of the tourism sector makes the situation even more critical. Tourism product/service offerings are perceived by customers as a series of value-added activities with different service components. So identifying ways and means to effectively manage these value added activities to meet and exceed the ultimate customer expectations would lead to sustainable competitive advantage (Crouch & Ritchie, 1999). One of the means to achieve competitive advantage is supply chain coordination (Mentzer et al., 2001).

Optimality of the total supply chain depends upon the implementation of a specific set of actions by the supply chain members (Cachon, 2003). Unfortunately, these actions are not always in the best interest of

the individual supply chain members; the supply chain members may be interested in their own profits and self-serving, ultimately leading to poor supply chain performance. This is described as bullwhip effect in traditional operations management literature (Lee et al., 2004). However, optimal performance can be achieved by a coordination mechanism (Li & Wang, 2007) so that the objectives of individual members get aligned with the overall supply chain objectives.

Supply chain coordination, especially in the context of manufacturing, is a highly researched topic in the realm of operations management (e.g., Thomas & Griffin, 1996). However, there are very few studies that deal with the coordination of supply chain in the context of the tourism sector (Zhang et al., 2009). Tourism industry is characterized by the presence of a large number of actors at different levels of the value chain, a high level of intangibility, value-conscious customers and variations in terms of regulations, fluctuations of demand (e.g., Thomas & Griffin, 1996). The actors vary in size, functionality, location, and level of autonomy. All these characteristics make it difficult to achieve coordination.

The main focus of this chapter is to study the concept of coordination of supply chain in the tourism industry in order to enhance service quality, reduce cost, and improve the entire supply chain performance. The supply chain coordination mechanism and the role of information sharing are also presented. More specifically, the study tries to answer the following questions related to TSC coordination in the tourism industry:

- What is the importance of TSC coordination?
- What is the nature of objectives of different business stakeholders of the TSC and how does it affect the overall TSC?
- How can coordination be achieved in the environment of demand uncertainty?
- How can the bullwhip effect be minimized in TSCM?

Subsequent parts of the chapter have been organized in different sections. [Section 6.2](#) gives a conceptual background on TSC research, with special focus on TSC coordination. [Section 6.3](#) presents the conflicting objectives of different business stakeholders of TSC and how this affects the overall TSC coordination. [Section 6.4](#) describes the coordination mechanism. [Section 6.5](#) sums up the study and gives managerial and research implications.

6.2 CONCEPTUAL BACKGROUND OF TSC RESEARCH

TSCM is a relatively new topic in the realm of tourism sector. [Figure 6.1](#) shows the SCM research categorization.

Because of the space limitation, the detail theoretical support of the framework is omitted; instead the brief taxonomy of the literature is shown in [Table 6.1](#).

6.3 TSC COORDINATION

Tourism sector is highly dependent on the coordination game. As the nature of the service is highly intangible, special care is needed to bundle the various service products like accommodation, transportation, dining, to deliver the final tourism product/service. According to Song (2012), “Coordination is a pattern of decision making and communication among a set of interrelated players who perform tasks to achieve goals such as maximizing their utilities or the overall profit of the supply chain” (p 50). Coordination requires that each player view himself/herself as an integral part of the supply chain and be able to visualize the impact of his/her actions on other supply chain members. Previous studies prove that coordination leads to cost reduction, larger profits, and higher performance (e.g., Corbett & de Groote, 2000; Jeuland & Shugan, 1983; Weng, 1995).

To survive and excel in the fierce competition, many tourism firms have implemented a coordination strategy (Buhalis & Laws, 2001; Sinclair & Stabler, 1997). The ways and means to implement supply chain coordination ranges from various contractual agreements to horizontal/vertical integration of the business. For example, the vertical integration of European tour operators with the worldwide tour operators and hotels (Theuvsen, 2004). Published literature reveals that the focus of supply chain coordination was toward full integration of the business processes (Gómez et al., 1991; Lafferty & Fossen, 2001). However, full integration is a very tedious task. It increases fixed costs and reduces flexibility of operations (Simchi-Levi & Zhao, 2003). Coordination mechanism via contractual arrangements between individual supply chain firms in TSC is a lucrative area for research.

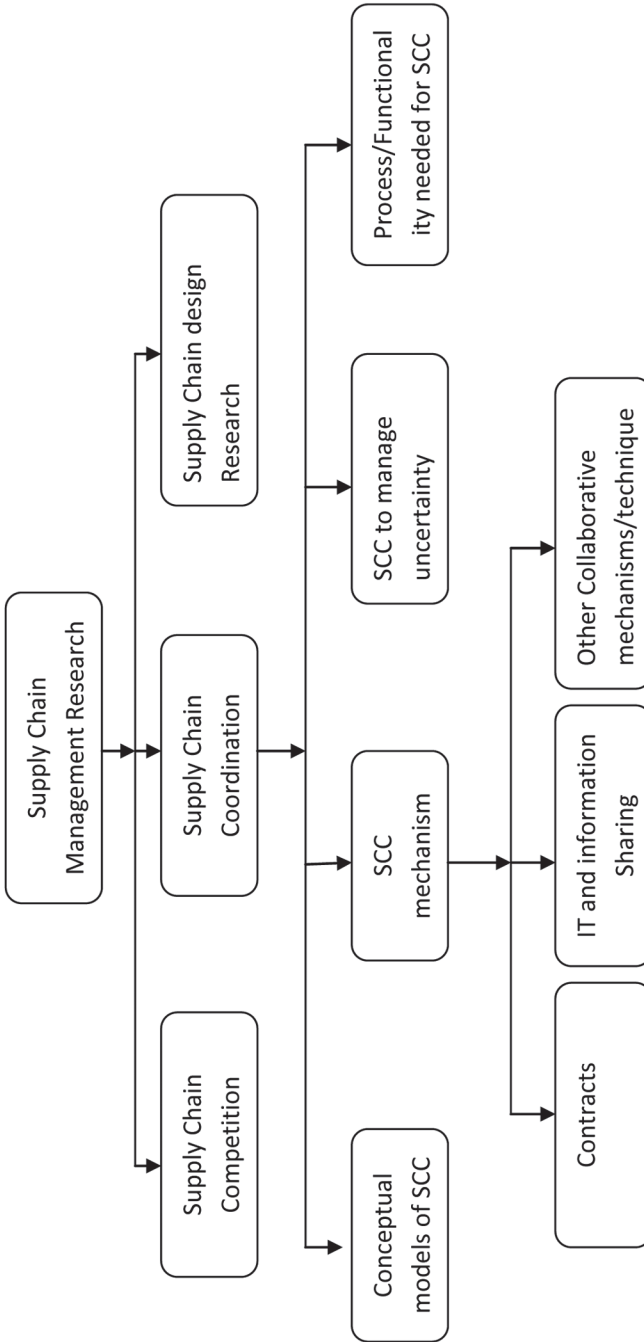


FIGURE 6.1 SCM research classification.

TABLE 6.1 Literature Review of SCC.

Sr. No.	Area	Papers
1	Conceptual models of SCC	Aust & Buscher (2014), Burgess et al., (2006), Goyaland & Deshmukh (1992), Dekker et al., (2013a), Hoyt & Huq (2000), Jaber et al., (2013), Maloni & Benton (1997), Malone & Crowston (1994), Sarmah et al., (2006), Sarmah et al. (2007), Sarmiento & Nagi (1999), Sharafali & Co (2000), Song & Yao (2013), Tayur et. al., (2012), Thomas & Griffin (1996)
2	Supply chain coordination mechanism	Arshinder et al., (2011), Aviv (2001), Barron (2007), Cao et al. (2013), Chen & Bell (2011), Ganesan (1999), Govindan & Popiuc (2014), Heydari (2014), Sadigh et al., (2012), Saha & Goyal (2015), Yinan et al., (2014)
3	Supply chain coordination to manage uncertainty	Arshinder et al., (2011), Datta & Christopher (2011), Dekker et al., (2013b), He & Zhao (2012), Hou et al., (2010), Lee et al., (2013), Mantrala & Raman (1999), Qi et al., (2004), Serel (2007), Tang & Musa (2011), Xiao & Qi (2008), Yao et al., (2008), Zimmer (2004), Zsidsin & Smith (2005)
4	Processes/Functionality needed by SC members for supply chain coordination	Barron (2007), Croson et al., (2014), Gan et al., (2011), Govindan & Popiuc (2014), Gurnani (2001), Huiskonen & Pirttila (2002), Huq et al., (2006), Jaber et al., (2013), Ouyang (2003), Payan & Tan (2015), Stank et al., (1999), Shih et al., (2012), Stock et al., (2000), Yinan et al., (2014)
5	Contracts for supply chain coordination	Araneda-Fuentes et al., (2015), Becker-Peth & Thonemann (2015), Chen & Sun (2015), Chiu et al., (2015), Ghosh & Shah (2015), Hauand Li (2008), Krishnan et al., (2004), Mantrala & Raman (1999), Padmanabhan & Png (1997), Palsule-Desai (2013), Saha & Goyal (2015), Seifert et al., (2012), Tsay (1999), Yao et al., (2008), Zhou & Wang (2009), Xu et al., (2014), Inderfurth & Clemens (2014)
6	IT and information sharing for supply chain coordination	Chow et al., (2014), Fang et al., (2014), Fin (2006), Liu et al., (2005), Han & Dong (2015), Li et al., (2012), McAfee (2002), Sanders (2008), Prajogo & Olhager (2012), Schmidt (2015), Soliman & Youssef (2001), Swaminathan & Tayur (2003), Vickery et al., (2003), Voigt (2014), Wu (2015), Yan & Pei (2011), Zissis et al., (2015)
7	Various other collaborative mechanism for supply chain coordination	Arshinder et al., (2011), Aviv (2001), Boctor et al., (2004), Chen & Chen (2005), Ganesan (1999), Haq & Kannan (2006), Jayaraman & Pirkul (2001), Yao & Chiou (2004), Zhang et al., (2013)

6.3.1 ISSUES IN TSC COORDINATION

As the supply chain members are rational human beings, they are motivated by self-interest. As they work to achieve their own objectives, their actions lead to creation of hindrances for other supply chain members to achieve their own objectives. This situation is known as “conflict.” This conflict is the primary reason for the breakdown of communication and creates barricades for TSC coordination. Bastakis et al. (2004) explained this conflict situation with the example of Corfu. Corfu has lost attraction for European tourists partially as a result of the conflict between small and medium-sized tourism enterprises and the large integrated tour operators. The small and medium-sized tourism enterprises were acting as agents for large integrated tour operators. The agency relations broke down completely and price war started between them, leading to loss for the ultimate supply chain. How the conflicting objectives impair the total supply chain performance has been mathematically proved by Song et al. (2009) using the one-to-one relationship of a theme park and a single tour operator (Hong Kong Disneyland and one tour operator).

6.3.2 INFORMATION ASYMMETRY

Information asymmetry is another big impediment in achieving supply chain coordination. This leads to creation of the bullwhip effect and results into poor supply chain performance. Individual supply chain members have access to certain information say, market demand, consumer preferences, etc. These players consider such information as business secrets and do not share this valuable information with other supply chain partners. For example, tour agents or operators may increase their short-term sales by giving discounts or doing heavy promotion at the local level. If this temporary hike in demand is not conveyed to upstream players, they might treat this rise in demand as real increase and invest in capacity building just to satisfy the temporary demand spike. When tour operators discontinue the discount or promotional activities, demand will fall back and the upstream players get a higher shock due to the decrease in capacity utilization. Information asymmetry in TSCM is as shown in [Figure 6.2](#).

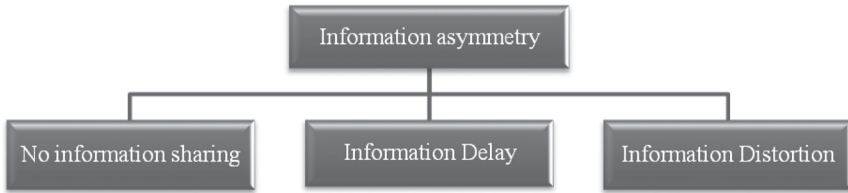


FIGURE 6.2 Information asymmetry categorization.

Lack of trust is the main reason for lack of information sharing among supply chain partners. Information delay generally results from time lag. Time lag is the time required by the supply chain members for collecting, coding, analyzing, storing, and transferring information. Information distortion is also a time lag effect. The difference here is that information passes through various supply chain members and the original message gets deviated/distorted owing to differing interpretations of the individual members of the supply chain.

6.3.3 INCREASE IN OPERATING COSTS

As there is a lack of information flow between the supply chain partners, operating cost of each player goes up. The lack of trust leads to increased work and duplication of work. Each member has to collect and analyze data on their own, leading to increased expenses in IT and manpower. Upstream players like hotels, restaurants, theme parks may incur heavy costs in terms of capacity building as a result of the information asymmetry.

6.3.4 SERVICE FAILURES

Information asymmetry also leads to loss of valuable customer base and failure of services. Often while traveling abroad on vacation; a tourist makes prior arrangements for stay, transportation, and places to visit through a tour operator. Due to information asymmetry it may not be possible to rely on the quality of advice provided by the tour operator on the selection of tour packages. A consumer will come to know about the services only when actual travel is undertaken. Thus, consumers are at substantial information disadvantage with respect to cost and other factors relating to travel, which may eventually lead to failure in the service.

6.3.5 DECISION ERRORS

Decisions taken by individual supply chain members on the basis of the poor information are bound to be non-optimal.

6.3.6 DETERIORATION OF RELATIONSHIP BETWEEN THE SUPPLY CHAIN PARTNERS

Lack of information sharing can also damage collaborative relationships amongst TSC members. In case of health/medical tourism, it becomes utmost important to both travel suppliers and the intermediaries to share detailed information about their product and services as consumer laws are very stringent in many countries. For example, Article 13 of Thailand's Procedural Act for Consumer Protection Cases, introduced in 2008, requires medical service providers to take up the responsibility for up to 10 years for any medical error that would have an adverse effect on the patient's health and life.

6.4 COORDINATION MECHANISM

Tourism sector has learnt that overall business performance can be improved by coordinating with the supply chain members through various technologies and methods (Chen et al., 2001). This section deals with various strategies that can lead to TSC coordination. [Figure 6.3](#) shows the supply chain coordination framework.

As noted above, the players in tourism are independent entities trying to maximize their own profits. So in order to coordinate TSC, a decentralized decision-making mechanism has to be evolved. This system will enable seamless a flow of information among the various supply chain partners and better informed decision-making, ultimately leading to increase in the overall supply chain performance. The coordination mechanism includes two-part tariff, quantity discounts, revenue sharing contracts, buybacks contracts, capacity exchange programs, sales rebate, and quantity flexibility. The players can opt for a single mechanism or a combination of these to coordinate the supply chain. Here, we describe a couple of coordination mechanisms to understand the full effect.

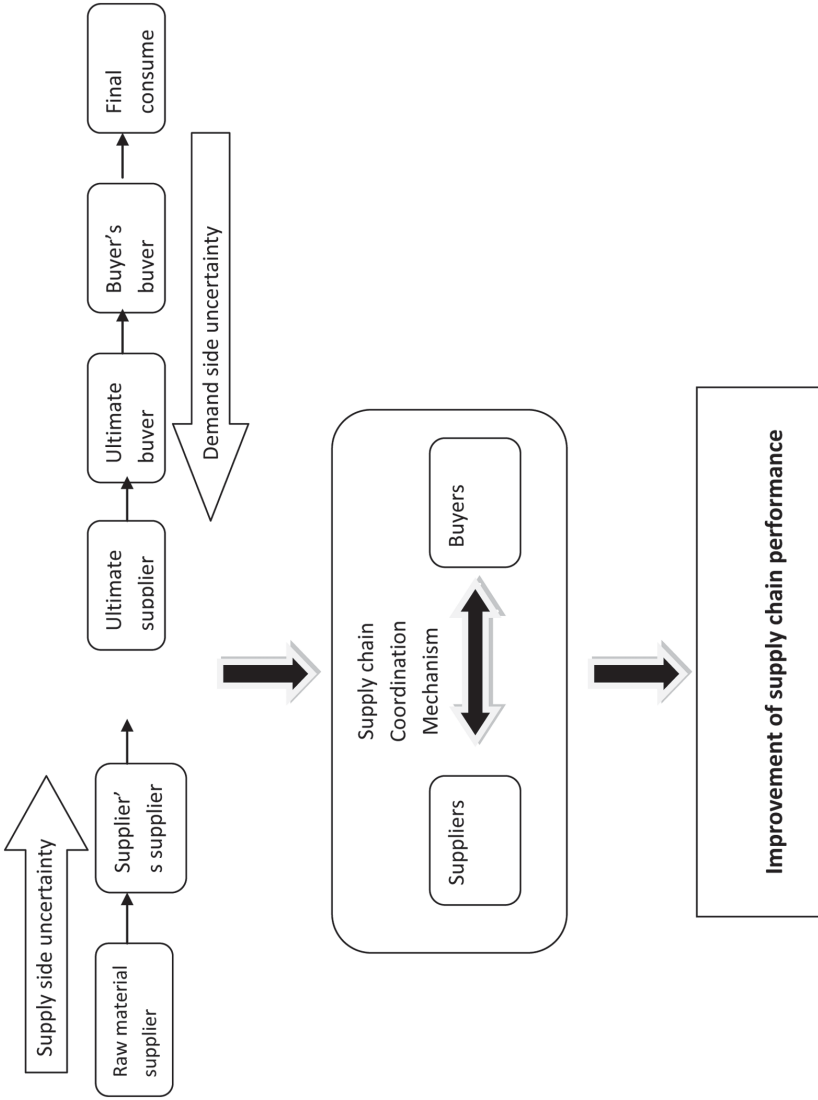


FIGURE 6.3 Framework of TSCM.

6.4.1 TWO-PART TARIFF

Two-part tariff is basically a price discrimination scheme, where the price of the product/service is made up of two parts, one fixed (lump sum charge) and the other variable (per unit charge). This technique is designed to capture maximum of consumer surplus. Generally, this kind of technique is used in the monopolistic market and competitive markets where demand is uncertain. For example, theme parks or amusement parks charge a fixed entry fee and consumers can choose rides of their own choice and pay per ride accordingly. The two-part tariff is extensively used in the tourism sector to capture maximum consumer surplus. Charging full cover charge for bar entry and per drink fees is another example of a two-part tariff.

6.4.2 SALES REBATE

This is a contract designed to reveal true information received from the supply chain members. Like any typical supply chain, the downstream players order the products/services from upstream players and the final price is decided based on the minimum threshold level. If the quantity ordered is below the threshold, the ordering party has to pay higher price. When the ordering quantity is above the threshold level, the price is reduced for the units above the threshold. For example, many tour operators organize tours for people in groups, requiring a minimum number of consumers to be part of the tour. In case the operator is unable to reach the desired number as required, he may either end up charging more from the consumers or may pay higher to the upstream suppliers.

6.4.3 QUANTITY DISCOUNTS

Quantity discount is a very widely used coordination mechanism and also a highly researched topic in management literature. The quantity discounts contract is a modification of the sales rebate contract where the threshold condition has been removed. Under quantity discounts, the ordering party pays the final price depending upon the total order quantity. [Figure 6.4](#) shows the role of quantity discounts in supply chain coordination.



FIGURE 6.4 Coordination mechanisms.

The mechanism for using quantity discounts can be very complex (Altintas et al., 2008). This type of contract has been applied and tested in many situations in order to coordinate the supply chain (e.g., Scheller-Wolf & Tayur, 1997). In the context of tourism sector, quantity discounts have been used alone and in combination with other contracts (Guo & He, 2012). For example, many tour operators provide discounts for bulk booking. Though there may not be a minimum number of consumers to qualify for discounts, there may be differential discounts based on the number of consumers.

6.4.4 CAPACITY OPTIONS

These practices are generally observed in the manufacturing sector. Manufacturers buying capacity in advance before demand materializes has been a very common practice. But in the service sectors, upstream players tend to delay the investment in advance capacity building options before actual demand is realized.

6.4.5 BUYBACK/RETURN

With these types of contract, the upstream suppliers assure the downstream players to buy back the entire remaining inventory at a discounted price. So this results in risk sharing between the channel partners. A slight modification of this contract is the “backup agreement,” where the customer

gives a forecast of his/her orders in advance and then tries to order close to or exactly as forecasted. If the customer orders less than forecasted, he/she has to pay a predetermined amount per unit of unsold inventory to the seller. These types of contract are very popular in newspapers, magazines, music, books, and fashion industry. In the case of tourism sector, buyback contracts are not so commonly used as the nature of buyback contracts is more suited to product-oriented firms.

6.4.6 QUANTITY FLEXIBILITY

Quantity flexibility option is widely used in the European automotive industry. This is a modification of the backup agreement. The only difference in quantity flexibility is that the customer is free to give orders in an interval around the forecasts. That is, the customer has the flexibility to change his/her order. In the case of tourism sector, tour operators often make bookings with hotels in advance with a prior agreement on flexibility in the number of customers visiting and staying at the respective hotels. Similarly, travel agents block a certain number of tickets with travel agencies, which may change on a daily basis depending on forecast and their past experience. Such flexibility is beneficial for the entire supply chain members for gaining capacity slack and the potential competitive edge.

6.4.7 REVENUE SHARING

Revenue sharing is a combination of the above types of contracts with addition of the element of sharing of revenue. In this type of contracts, the downstream players not only pay for the goods/services purchased but also share a predetermined percentage of the revenue with the upstream supplier. These types of contracts are successfully used in rental driven industries such as video/audio CDs, movie exhibitions, video cassettes, books, etc. It has been proved that the optimum revenue sharing contract and the buyback contract are similar, that is, the profits generated are same in both types of contracts. OYO Rooms, a budgeted hotel aggregator on an online platform in India works on the revenue sharing model with more than 3000 hotels across 140 cities in India.

6.5 CONCLUSION

Tourism supply chain coordination is a concept of decision-making and information sharing between supply chain members, to perform their roles and duties effectively to improve the overall supply chain performance. However, conflict of objectives and information asymmetry can hamper TSC coordination, ultimately degrading the overall supply chain performance. Incomplete information sharing in any form is highly discouraged as it affects the various supply chain members adversely. Supply chain coordination mechanism compels the supply chain members to reveal true information and act in the best interests of the whole supply chain. Some examples of tourism supply chain coordination mechanism are two-part tariff, quantity discounts, revenue sharing contracts, buybacks contracts, capacity exchange programs, sales rebate, quantity flexibility, etc. Supply chain managers can use these mechanisms to drive the supply chain and can devise strategies to align all the members with the supply chain.

KEYWORDS

- **tourism sector**
- **supply chain management**
- **coordination of supply chain**
- **information sharing**
- **bullwhip effect**
- **agency theory**

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KEY DEFINITIONS

SUPPLY CHAIN

A supply chain is defined as a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer” (Mentzer et al., 2001).

“The supply chain—a term increasingly used by logistics professionals—encompasses every effort involved in producing and delivering a final product, from the supplier’s supplier to the customer’s customer. Four basic processes—plan, source, make, deliver—broadly define these efforts, which include managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, and delivery to the customer” (Supply Chain Council, 1997).

“All of those activities associated with moving goods from the raw-materials stage through to the end user. This includes sourcing and procurement, production scheduling, order processing, inventory management, transportation, warehousing, and customer service. Importantly, it also embodies the information systems so necessary to monitor all of those activities” (Quinn, 1997).

SUPPLY CHAIN MANAGEMENT

“Efforts involved in producing and delivering a final product from the supplier’s supplier to the customer’s customer” (Krantz, 1996).

“All the activities involved in delivering a product from raw material through to the customer including sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, delivery to the customer, and the information systems necessary to monitor all of these activities. Supply chain management coordinates and integrates all of these activities into a seamless process. It links all of the partners in the chain including departments within an organization and the external partners including suppliers, carriers, third party companies, and information systems providers. Managers in companies across the supply chain take an interest in the success of other companies” (Lumms & Vokurka, 1999).

INFORMATION ASYMMETRY

“A situation in which one party in a transaction has more or superior information compared to another. This often happens in transactions where the seller knows more than the buyer, although the reverse can happen as well. Potentially, this could be a harmful situation because one party can take advantage of the other party’s lack of knowledge.”

BULLWHIP EFFECT

“The Bullwhip Effect is defined as the amplification of order variability along the supply chain” (Warburton, 2004).

“The bullwhip effect can be explained as an occurrence detected by the supply chain where orders sent to the manufacturer and supplier create larger variance than the sales to the end customer. These irregular orders in the lower part of the supply chain develop to be more distinct higher up in the supply chain. This variance can interrupt the smoothness of the supply chain process as each link in the supply chain will over or underestimate the product demand resulting in exaggerated fluctuations.”

SUPPLY CHAIN COORDINATION

“The act of managing dependencies between entities and the joint effort of entities working together towards mutually defined goals” (Malone & Croeston, 1993).

“Supply chain coordination (or channel coordination) aims at improving supply chain performance by aligning the plans and the objectives of individual enterprises. It usually focuses on inventory management and ordering decisions in distributed inter-company settings.”

TOURISM SUPPLY CHAIN

“A tourism supply chain is defined as a network of tourism organizations engaged in different activities ranging from the supply of different components of tourism products/services such as flights and accommodation to the distribution and marketing of the final tourism product at a specific tourism destination and involves a wide range of participants in both the private and public sectors” (Zhang et al., 2009).



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CHAPTER 7

SYNERGY OF THE TOURISM INDUSTRY WITH THE BANKING SECTOR IN INDIA: AN OVERVIEW

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ABSTRACT

Tourism is now considered as an indispensable part of a country's economy. There can be numerous reasons to travel to a particular area/city/country. The tourism industry has been gaining universal acceptance because of the jobs created and infrastructure developed. Tourism in India has grown over the years, with each region of India contributing something to its splendor and exuberance. India has diverse cultures, languages, cuisines, traditions, customs, festivals, art and crafts, etc. Though tourism in India has immense prospective to create jobs, contribute in GDP and develop infrastructure, etc., still India has vast untapped potential in tourism. To boost tourism, the banking sector has come forward and the strategic association between tourism and banking sector will definitely boost tourism in the coming years in India.

7.1 INTRODUCTION

Tourism is now considered as an indispensable part of a country's economy. There can be numerous reasons to travel to a particular area/city/country. For example, a person may travel for leisure, business, meeting friends and relatives, health and education, etc. It has been growing as an industry with global competition. The tourism industry has been gaining universal acceptance because of the jobs created and infrastructure developed. Tourism in India has grown over the years, with each region of India contributing something to its splendor and exuberance. India has diverse cultures, languages, cuisines, traditions, customs, festivals, art and crafts, etc. Though tourism in India has immense prospective to create jobs, contribute in GDP and develop infrastructure, etc., still India has vast untapped potential in tourism.

Tourism in India is broadly classified into north, west, east, and south tourism which comes under one big brand—India. The creation of niche tourism products like medical, wellness, adventure and cruise tourism, etc. has been served to widen the scope of tourism in the country. According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India ranks 11th in the Asia Pacific Region and 65th globally out of 140 economies.

As per the WTTC (World Travel & Tourism Council), the industry contributed Rs. 7642 billion and 36.7 million jobs to the Indian economy

in 2014. During 2015, the industry's GDP contribution is forecast to grow by 7.5% and employment by 1.8%. This demonstrates the sector's lasting ability to generate economic growth and creates jobs at a faster rate than the national economy, which is due to grow by 6.7% in 2015. By the end of 2015, the travel and tourism sector will contribute Rs. 821,500 crore, 7% of India's GDP, and 37.4 million jobs, almost 9% of total employment. The policies and changes implemented by the Government of India has also been instrumental in providing the necessary boost to the Indian tourism industry and attract foreign tourists in the country every year.

TABLE 7.1 Arrival of Tourists and Foreign Exchange Earnings in India.

Year	Foreign tourist arrivals (numbers)	% Change over previous year	Foreign-exchange earning (in crore)	% Change over previous year	Foreign-exchange earning (million dollars)	% Change over previous year
2010	5775,692	11.8	64,889 (P)	20.8	14,193 (P)	27.5
2011	6309,222	9.2	77,591 (P)	19.6	16,564 (P)	16.7
2012	6577,745	4.3	94,487 (P)	21.8	17,737 (P)	7.1
2013	6967,601	5.9	107,671 (R)	14.0	18,445 (R)	4.0
2014	7703,386 (P)	10.6	120,083 (P)	11.5@	19,657 (P)	6.6@

Source: Ministry of Tourism, Annual Report (2013–2014).

P, provisional; R revised; @ growth rate over Jan–Nov of previous years.

Table 7.1 exhibits the arrivals of tourists in India and foreign exchange earnings. The table shows that from 2010 the arrival of tourists in India has increased tremendously, that is, 5775,692 tourists in the year 2010 to 7703,386 number of tourists in the year 2014. But if we look upon the percentage change over the previous years, not much change is visible. This means that though the number of tourists has increased but the comparison of each year does not reflect major increase in the arrivals.

Another aspect is the foreign exchange earnings which again show an increasing trend but the percentage exhibits a fluctuating trend. The amount has increased from Rs. 64,889 crore in the year 2010 to Rs. 120,083 crore in the year 2014. The percentage change is decreasing

from 20.8% in 2010 to 19.6% in 2011 which again is increasing to 21.8% in 2012. Further, the percentage change shows a decreasing trend of 14% in 2013 to a continuous fall to 11.5% in 2014. Thus, it can be concluded that though the amount of foreign exchange is undoubtedly increasing but the comparison in percentage change does not reflect an increasing trend.

7.2 TOURISM SATELLITE ACCOUNT

It is important to know the contribution of tourism in the total economy and total jobs in the country. National Accounts measures the growth and contribution of various sectors like manufacturing, agriculture, services like insurance, banking, etc., while computing the GDP of the country. However, the National Accounts system is not able to measure the growth and contribution of tourism in GDP. This is because tourism is not an industry in the way industry is defined in the systems of National Accounts.

Tourism is a demand-based concept defined not by its output but by its use. It is only the consumption by tourists that defines the tourism economy, which is not readily available in the National Accounts. To access the specific contribution of tourism, the need for a Tourism Satellite Account thus arises. As per [Table 7.2](#), the contribution of tourism in GDP of India (in %) reflects stability. The percentage during the year 2009–2010 was 6.77% that slightly decreased to 6.76%. This trend continued in the next couple of years, whereas during the year 2012–2013, the contribution of tourism increased to 6.88%.

Steps have been taken by the Ministry of Tourism to boost tourism and subsequently enhance the employment opportunities in the country include Human Resource Development, Hunar Se Rozgar Tak, Central Financial Assistance to all States/UTs for over all development of Tourism in the country, other facilitation like E-Tourist Visa, etc. Under Human Resource Development in order to bridge the huge skill gap existing in Hospitality Industry, Ministry of Tourism has adopted a multipronged strategy to strengthen institutional infrastructure for training and education. At present, there are 21 Central Institutes of Hotel Management, 15 State Institutes of Hotel Management (SIHMs), 7 Food Craft Institutes (FCIs) and 5 Indian Institutes of Tourism and Travel Management (1 Head

Quarter and 4 Functional Centres). Apart from these, 15 new SIHMs and 15 FCIs have been sanctioned.

Looking on to the above-mentioned steps taken by the Ministry of Tourism, the contribution of tourism in the employment generation in India shows a slight increase during the first 2 years, that is, during 2009–2010, the contribution was 10.17% which increased to 10.78% during 2010–2011. During the year 2011–2012, the contribution increased to 11.49% and the increasing trend continued during the next year also (12.36%).

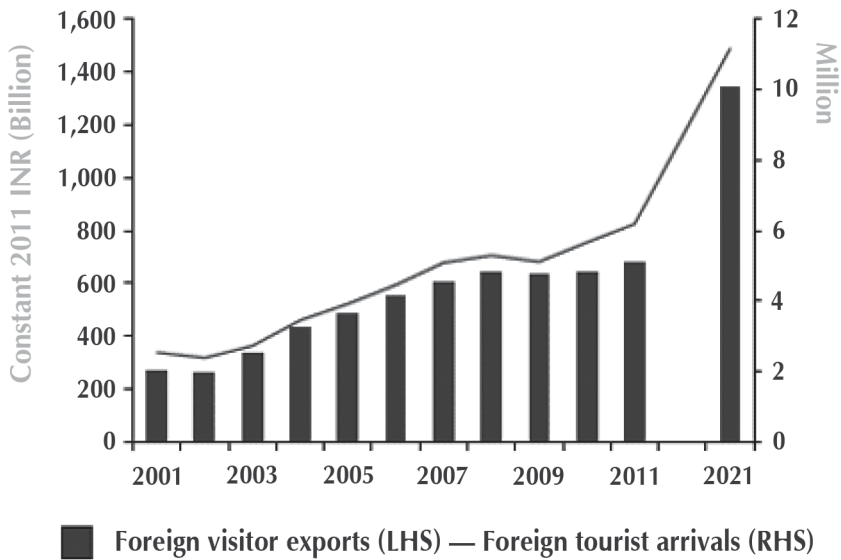
TABLE 7.2 Contribution of Tourism in GDP and Employment in India (in %).

Year	Contribution of tourism in GDP of the country (%)			Contribution of tourism in Employment of the country (%)		
	Direct	Indirect	Total	Direct	Indirect	Total
2009–2010	3.68	3.09	6.77	4.37	5.80	10.17
2010–2011	3.67	3.09	6.76	4.63	6.15	10.78
2011–2012	3.67	3.09	6.76	4.94	6.55	11.49
2012–2013	3.74	3.14	6.88	5.31	7.05	12.36

Source: Website of Ministry of Tourism, Annual Report (2013–2014).

7.3 CAPITAL INVESTMENT IN TOURISM SECTOR

Capital investments in the tourism sector include spending by all sectors directly involved in the travel and tourism industry. Spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use also form part of capital investments. Such investments lead to social development of an economy as infrastructure created for tourism purposes in areas of transportation, accommodation, etc. can also be utilized by the community in general. Capital investment in the travel and tourism sector in 2012 was INR 1761.4 billion amounting to approximately 6.2% of total investment in the Indian economy. It increased by 14.2% in 2013 and will witness further annual growth rate of 10.5% by 2023 amounting to INR 5459 billion.



7.4 FUTURE OF TOURISM INDUSTRY IN INDIA

There are several sectors in India where the worth and potential of their assets have not really been fully utilized or harnessed. The tourism sector is one of them. Tourism account for 6.8% of India's GDP and is the third largest earner of foreign exchange with earnings of \$18.13 billion in 2013. India ranks 42nd in foreign tourist arrivals as per the United Nations World Tourist Organization. If many in the world still have a picture of India being a dirty and often unsafe place, they have only half the story. There has been considerable progress since the days when India was seen as a land of beggars, snake charmers, and elephants. Admittedly, there's much we need to do to get rid of this image by enhancing levels of hygiene and security especially for women visitors, but we have been blessed with many positives. India is proud to have over 30 World Heritage Sites spread over the length and breadth of the country. They are so diverse with each site offering something unique to the tourist to savor. These can be better marketed to draw leisure tourists who wish to catch a glimpse of our varied and rich cultural history. "Incredible India" and "Atithi Devo Bhava" ("Consider the guest as God") are campaigns which have highlighted what

India has to offer. It is commendable that tourism finds a place in the “Make in India” campaign launched by the present Government under Prime Minister Narendra Modi. This comes out of recognition that this sector can in turn help alleviate poverty and enhance skill development as many jobs can be created through growth in the tourism and hospitality industry. The Government of India is also doing its best. The participation of the private firms has also increased. However, a lot needs to be done in this crucial area. We can earn a lot through tourism as well as hotel industries. Our outlook and approach would have to be professionalized, if we want to achieve concrete results in this fastest growing industry.

7.5 SYNERGY BETWEEN BANKING AND TOURISM

In the light of the above-mentioned statement, initiative by the State Bank of India in the banking sector has already been taken. The SBI and MakeMyTrip have announced strategic alliance to unlock the synergy between banking and tourism. On 30 June 2015, the country’s largest bank—the State Bank of India and MakeMyTrip.com, India’s leading Online Travel Company signed a memorandum of understanding. The memorandum identifies the areas of cooperation to expand the market for online travel services in India. This strategic association will definitely enable both partners to capitalize on the opportunity presented by India’s burgeoning internet economy that is driven by boost in adoption of e-commerce and m-commerce. The two partners seek to unlock the array of business opportunities available in this segment across various spheres, by becoming integral to all the segments of the consumers’ lifecycle. The SBI is aiming toward driving synergies between banking and various other aspects of a customer’s lifecycle including the travel segment and positioning SBI as the “go-to” bank for all the customers’ needs. MakeMyTrip is focused on expanding the travel market opportunity by driving the offline-to-online adoption in the Hotels & Packages business, and meeting the travel aspirations of Indian customers.

Travel forms an integral part of a customer’s lifecycle and comprises almost 65% of the total e-commerce market today. The alliance between SBI and MakeMyTrip aims to work toward providing value to each of the stakeholder along the entire value chain of travel and tourism business, starting from hotels, travel agents, tour operators besides the end-consumers, and

our customer-base. SBI aims at becoming a “One Stop” solution provider for the entire range of financial needs of e-commerce players as well its own customers in the market.

MakeMyTrip already command nearly 50% of the online travel market-share in India. The key lever of future growth will be offline-to-online, or rather, offline-to-mobile shift. The association with SBI, the trusted banker for millions of Indians, will help to catalyze this shift and bring closer to its target set of consumers. MakeMyTrip’s network of over 24,000 hotels, expanded service, and product portfolio of Rail & Bus bookings and technology innovations of mobile bookings in local languages will further aid its adoption in Tier 2 markets.

The levers of this alliance include:

- (a) Partnership with Personal Banking Unit for consumer facing propositions—including EMIs on purchase of holidays & international travel, customized travel products like Forex cards and travel products that inspire SBI customers to travel.
- (b) Partnership with SME & Acquiring Business: MMT suppliers, such as 2–3 star hotels, franchisees, Trade & Travel partners will get access to SBI products, loans, bank guarantees, PoS payment instruments at preferential rates.
- (c) Partnership with Cards for promoting card usage which will help in pushing the agenda of a “less cash economy.”

With increasing disposable household incomes, consumers are undertaking more frequent travels and vacations. In addition, with growth in e-commerce and smartphones, the online travel segment is expected to grow at a much faster rate. According to PhocusWright, India is forecasted to have 1 billion online users by 2030. This growth, led by one of the youngest global populations who love their smartphones, is expected to add 300 million new online shoppers in the same time frame. At the same time, India’s travel market is forecasted to grow to US\$ 27.5 Bn by 2016 (at a CAGR of 12% from 2014 to 2016), with growth of online markets at 1.5 times total market. PhocusWright also estimates MakeMyTrip’s market-share at 47%. Domestic travelers are expected to contribute around 84.7% of total tourism revenue by 2024 according to a report by Corporate Catalytic (India) Pvt. Ltd.

7.6 RECOMMENDATIONS TO ENHANCE TOURISM IN INDIA

- 1) An extensive market research and evaluation exercise may be undertaken in order to identify desired tourist destination attributes and major markets and segments. Identified tourist destinations may then be developed through flagship projects involving state governments and private sector players.
- 2) Though Tourist Police Task Force has been established by various state governments for ensuring safety and security for tourists. Special sensitization campaigns may be implemented for women tourists and to publicize these campaigns on global platforms.
- 3) PPP projects and formation of Special Purpose Vehicles for mega-tourism projects may be executed.
- 4) Key tourism circuits across the country may be identified.
- 5) Discussions with stakeholders such as state governments, local travel trade partners, etc. may increase tourism in the country.
- 6) Payment of road tax, toll, etc. while entering each state may be replaced by an integrated taxation regime.
- 7) Tourism awareness programs and workshops may be organized to enhance sensitization toward tourists and tourism destinations and for sustainable development and maintenance of tourism sites in the country.

KEYWORDS

- **tourism**
- **tourism satellite account**
- **capital investment**
- **synergy between banking and tourism sector**

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CHAPTER 8

POTENTIAL OF GEOSPATIAL MASHUPS FOR TOURISM MARKETING

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ABSTRACT

Tourism has emerged as a new form of service industry for alternative socioeconomic development of a nation. The effective management and promotion of this smokeless industry can help in significant increase in gross domestic product of any country. Tourism industry has widely adopted Web geographic information system (Web GIS) in order to improve service quality, effective information sharing, marketing strategies, and overall management. Geospatial Map Mashup is a genre of interactive and collaborative Web applications under Web 2.0. It impeccably integrates heterogeneous datasets retrieved from varied Web-based resources to craft innovative Web GIS applications. This chapter focuses on the fact that, Geospatial Mashups have a huge potential to establish an efficient technology for marketing, especially tourism marketing between the lines. The present study also highlights on the architecture and working principles of Mashup technology in context to tourism promotion and marketing. The final section of the study emphasizes on some limitations inherent to current Geospatial Mashups which need to be worked out before its wider adoption.

8.1 INTRODUCTION

Tourism is playing a vital role in global economy. Currently, this industry is one of the fastest growing industries over the world. It has some specific advantages over other industries like; it helps countries that are poor in material wealth but enriched in heritage, culture, history to utilize their unique characteristics as a revenue-generating source. It creates networks of different supporting operations like restaurants, hotels, transport services, guides, local small scale industries, and many more. This business involves many socioeconomic activities like promotion and advertising tourist spots and destinations, providing effective transport facility, fooding–lodging, entertainment, etc. which tends to encourage the overall development of infrastructures that benefits the host countries. This smokeless industry is essentially a kind of service industry; it renders service to the tourists (Chaudhuri & Ray, 2015). Information and communication is an integral part of any service industry, tourism is not an exception. Information technology breaks the geographical boundaries and share with the

global audiences. It integrates between tourism products and requirement of the tourists. Information and communication technology (ICT) can lead tourism to emerge as a new mantra for alternative economic development (Buhalis, 1998). Geographical Information System (GIS), an ICT tool has been extensively used for tourism management. The tourism industry has widely adopted GIS to provide improved service and information to the tourists. With the advancement of information and communication technologies, more and more tourists prefer Web-based source of information. The first attention among all the initial considerations about any travel issue is focused toward geographic and spatial information about the desired destination. Queries like, the geographic location of the destination, transport facilities, other amenities, any special place of attraction and many more, could be obtained using internal and external information sources. The internal sources are mainly personal experience from the tourists who have already visited the site. Initially, it was only the internal information sources. But slowly in the era of globalization the local place of interest came into global limelight. Internet played a vital role in this. Currently, online information and the virtual, digital world of GIS are the principal source of external information. Owing to the advancement of ICT, more and more potential tourists prefer internet-based information. GIS has slowly transformed into Web GIS or nowadays Cloud GIS. Development of semantic Web Technologies, Cloud Technologies and Web GIS has customized the online information which acts like a virtual personal assistance, it knows about the tourist's profile, access information through Web in order to best meet the requirements and represent information in desired format (Jovanovic & Njegus, 2013). A new term has been coined in the Web community, Web 2.0. It presents a second generation of Web-based communities, online-services, and applications. It promotes collective intelligence and the transformation of Web as platforms. Today's Web users can create online content both individually and collaboratively. Thus, the internal information sources have slowly transformed into external information source. Web GIS and Web 2.0 have both benefited from and contributed to these trends. Various online collaborative applications are helping in this new form of cartography. Mashup is one such application. This spatially aware, user-friendly technology requires little or no programming knowledge. Applications programming interfaces (APIs) can mix heterogeneous data from varied sources and integrate to generate an informative and interactive online map. Tourism industry has already

widely adopted GIS and Web GIS to improve the quality and effectiveness of its service. Now, the growth of spatial data availability has infused a strong stimulus to the management and usage of geospatial Web applications in tourism. Potential tourists are trying to collect online information about the tourist destinations. The tourists who have already visited the places can also update the online information using any online Map Mashup application. Anyone can get reliable and up-to-date information just on a click. Thus, these Mashups are an area of enormous potential and innovation. It can be manifested through new technologies, new business models, and strategic implementation of using and sharing heterogeneous data. Mashup can be carefully implemented for strategic marketing and promotion, it has a massive innovation potential for marketing as a whole. This present study will discuss about the potential of Geospatial Mashups in marketing, especially tourism marketing.

8.2 OBJECTIVES OF THE STUDY

The main objectives of the present study are

- 1) To identify the major opportunities and challenges of Geospatial Mashups in context to tourism management.
- 2) To study the potential of Geospatial Mashups in tourism marketing.
- 3) To figure out how Geospatial Mashups can be implemented as a strategic tool for promotion of less popular tourist destinations.

8.3 BACKGROUND AND LITERATURE SURVEY

The United States Geological Survey defines, “GIS as a computer hardware and software system designed to collect, manage, analyze and display geographically (spatially) referenced data”. GIS can store wide set of data but it can’t store information. That doesn’t imply that GIS can generate just colorful maps in different scales and themes, with few symbols on it. GIS has its own sophisticated analytical tools that can analyze the raw data and generate useful information that help in strategic planning and decision making. But still it was a standalone application which leads to problems like data redundancy, update anomalies and most importantly, problems in integrating heterogeneous data from different sources to

generate a common interactive Web application. In the year 1993, the Web GIS started evolving rapidly. The online static maps slowly changed to interactive dynamic maps over the World Wide Web. This is the first step of Web GIS. In the year 2007, Fajuyigbe and Balogun presented a work on Web-enabled GIS as a potential tool for sustaining tourism in western Nigeria. It discusses how a Web-based GIS was used as a potential tool for the rendering and analysis of tourism information for the efficient management, promotion and sustainability of tourism in Nigeria (Balogun et al., 2010). Recently, a new term has been coined in the Web community, Web 2.0. It presents a second generation of Web-based communities, online-services, and applications. It promotes collective intelligence and the transformation of Web as platforms. Mashup application is one of the most recent entries in the Web 2.0 category. The concept of Mashup originated in the DJ music culture where more than one music are digitally mixed together to create high-quality remix music. On the Web, a Mashup is a Web application that combines data from one or more sources into a new product that enhances the value of the source datasets (Pierce et al., 2009). The term has emerged partly as a result of the vast amount of public interest in online mapping and using geospatial technologies, mostly through mashing up online map or map applications (Li & Gong, 2008). Mashup not only depicts static information in traditional manner but also greatly fosters the collaborative update and generate together by many. The available APIs span a wide range of applications, including search engines, mapping applications, blogs, RSS aggregators, image and video sharing, social networking, information management systems, social bookmarking, and wikis (Anderson, 2007). Zaragoza (Saragossa in English) is one of the cultural heritage centers and the fifth most populated city of Spain. The city council of Zaragoza has deployed a tourist promotional Mashup, named eZaragoza. It provides only tourism-related information for both internal and external entities. It is using Linked Data, a public data set as the core database. The whole application is built on a Mashup platform called, EzWeb where application components exchange information among them. This Mashup approach has proven useful in order to build end-user applications for exploring rich datasets of Linked Data. Reusability is possible at two complimentary layers (Tejo-Alonso et al., 2010). Now, from the tourism point of view, the tourists collect information about the popular tourist sites and then travel in search of cultural, ecological, or modern tourism aspect. There are many locations or even

countries which are sated with numerous ecologically or culturally attractive and significant tourist sites. But many of those locations are barely explored.

Fajuyigbe et al. (2007) itemized those problems as follows:

- It is a time consuming, hectic, and expensive work to update existing graphical tourist guides and maps.
- Lack of digital online information for tourism amenities and destinations. There is hardly any comprehensive information over the internet.
- Inadequate technology-driven approach for sustainable tourism.
- Lack of motivation for strategic marketing techniques and management.

Mashups can potentially combine any type of contents and functions over the Web, regardless of whether a formal programming interface is available. The vast majority of contents over the Web are HTML pages and photos that don't have formal APIs, but they contain a huge amount of valuable information that can be scraped and geospatially tagged or referenced and then reused to build new and value added applications. Virtually, the whole Web can be remixed, which opens the door to unlimited value-added Mashup applications (Fu & Sun, 2011). The variety of free, ready-to-use tools or, sites or, APIs offers a great potential for enterprises in marketing for their products and services using Web 2.0 Mashup technologies (Auinger et al., 2008). So, Mashup is a new way of providing Web mapping and GIS services. But on careful application, it can be used as a strategic marketing and promotional tool in any service industry, especially tourism industry, where geospatial data plays a vital role. Mashups have already been embraced by the travel and tourism industry to a great extent, the most common being the combination of Google Maps with other sources of information such as hotel locations (Reactive, 2006). Still this technology is in its nascent stage, currently only a few technology companies are providing Open APIs for online use. But it can be sensed that Geospatial Mashup has great potential to facilitate and widen the rapid development of the future Web-mapping technology in tourism promotion and management.

8.4 GLOBAL TOURISM DEMAND CONTEXT

Tourism industry has been one of the major contributors to global economy and the trend is increasing every year. United Nations World Tourism Organizations (UNWTO) recent annual report has stated that, in the year 2014 the total revenue receipts from international tourism is over *USD 1.2 trillion*. [Table 8.1](#) depicts the detailed report of international tourist arrivals and tourist receipts in the year 2014.

TABLE 8.1 International Tourist Arrivals and Receipts' 2014.

Region	International tourist arrivals	International tourist receipts (USD)
Europe	584 million (51%)	509 billion
Asia-Pacific	263 million (23%)	377 billion
Americas	182 million (16%)	274 billion
Africa	56 million (5%)	39 billion
Middle East	50 million (4%)	36 billion

Source: UNWTO.

As a result of improvements in the global economy and decrease in oil prices this year, 2015, the tourist receipts is expected to have an increase by an additional 3–4%. Thus, it is quite evident that tourism industry has a great impact in the global economy. For years, tourism brands have had high cost barriers to reach tourists. Marketing campaigns focused heavily on traditional print, television, radio, and billboard. Tour operators and travel agents served as gatekeepers for destination brands trying to reach the traveling marketplace (COMCEC Coordination Office, 2015). But with the revolution in ICT, internet, and Web technology came into play. This new era of tourism marketing has broken the barrier of traditional marketing schemes and has provided alternative to tourism business and destinations of all size with significantly less barriers in reaching the potentials tourists. These new forms of tourism marketing if implemented correctly can be cost-effective and can easily replace the traditional means to reach global target markets. Tourism demand is rapidly changing along with the popularity of the internet. Potential customers are seeking more customized marketing experiences according to their individual needs and travel behaviors. According to a current report by *COMCEC on Effective*

Tourism Marketing Strategies, there are four active elements that have significant influence on ICT-based tourism marketing, as illustrated in Figure 8.1.

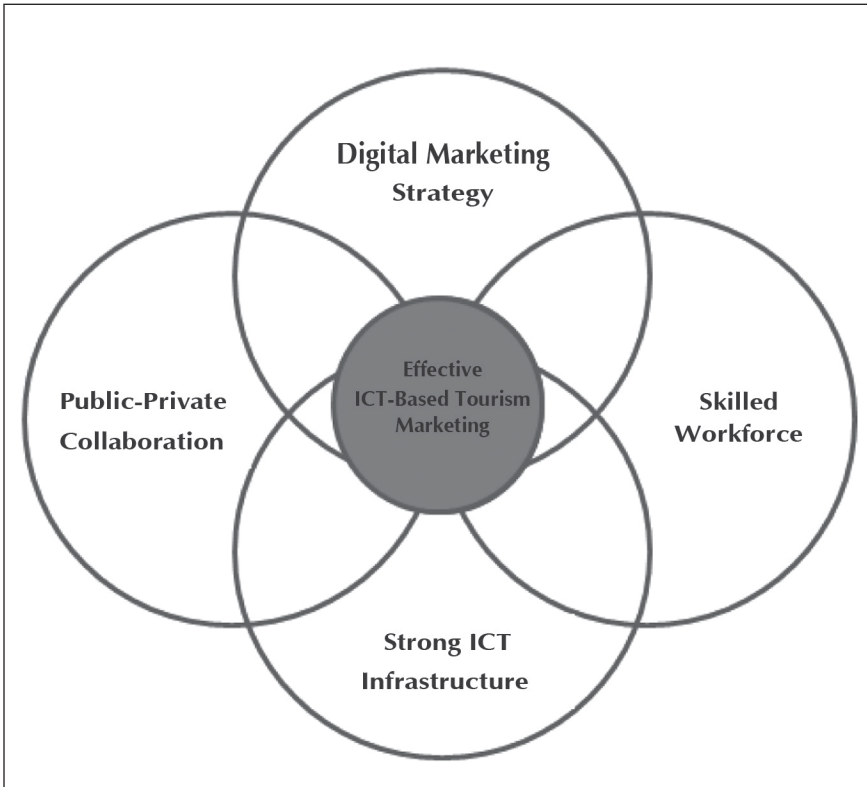


FIGURE 8.1 Key elements of ICT-based tourism marketing.

Effective ICT infrastructure is playing a vital role in the tourism industry. Within the past 10 years, the number of worldwide Internet users has more than tripled: Currently, approximately 3.17 billion consumers access the Internet with increasing ease and frequency, participating in a thriving environment of information and commerce (COMCEC Coordination Office, 2015). A comprehensive marketing framework is required to enable tourism organizations to take advantage of the new tools and capitalize on social media marketing strategies (Hays et al., 2012). To plan a strategic marketing scheme for tourism, it is initially essential to analyze

the evolution of tourism demand. In the next section, the five stages of a potential travel process have been illustrated. In 2011, Google designed this practical framework specifically for ICT-based tourism marketing.

Figure 8.2 depicts the five stages of travel process.

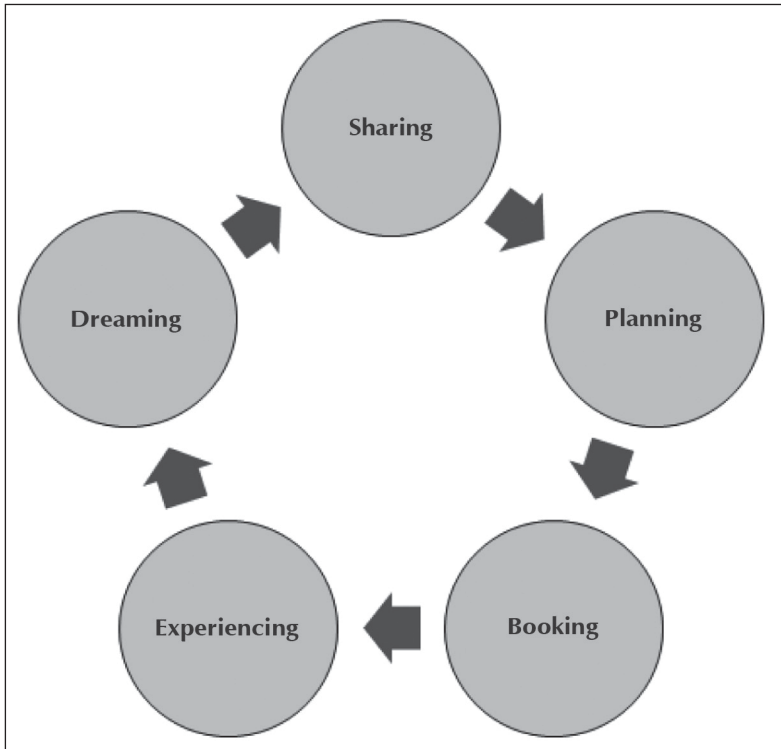


FIGURE 8.2 Five stages of travel process.

Source: Adapted from Google (2014).

8.4.1 PHASE 1—DREAMING

It is the initial stage of any travel planning. In recent past, this phase was the area of tourism marketing. ICT has guided in putting correct messaging in front of the correct potential customers. In 2011, 65% of leisure travelers and 69% of business travelers reported researching online after viewing an online advertisement (Google, 2014).

8.4.2 PHASE 2—PLANNING

In the era of Web Technology and internet, people have increasingly leaned toward on online information. They consider online information is more reliable and easy to access. Seventy-four percent of leisure travelers consider the internet their main source of travel information. The average travelers visit more than 20 travel websites before making a booking (Google, 2014).

8.4.3 PHASE 3—BOOKING

This is the most important phase for any marketers. In this phase, a potential tourist has been converted to a customer. It is found that word-of-mouth factor has influenced only 16% of the bookings, whereas 37% of travelers are influenced by Web-based information. But, this is the most critical phase for the marketers. From September 2014 SaleCycle survey, nearly 81% of potential travelers cancel their bookings online (Google, 2014).

8.4.4 PHASE 4—EXPERIENCING

Tourism marketing is an ongoing process; it doesn't end once the tourist has visited the destination. The tourism marketers should remain connected with travelers to strengthen the bondage and drive additional sales. Seventy percent of leisure travelers have used a mobile device to check travel-related information (Google, 2014).

8.4.5 PHASE 5—SHARING

Word of mouth (WOM) is still one of the most reliable from of marketing for any industry. Fifty-three percent of leisure travelers and 52% of business travelers say they share pictures of their journeys online (Google, 2014).

From the above-discussed five stages of a tourism process, it is quite evident that the potential tourists are relying more and more on digital online information. Tourism marketers have started realizing how to

frame messaging and dedicate resources to attract the potential travelers. With the improvised information and communication system destinations are becoming increasingly interchangeable to tourists. In this highly competitive world, to understand how the tourists make their decisions is definitely an essential component of successful tourism marketing, at the same time comprehensive destination competitiveness. But efficient tourism marketers understand the fact that the marketing process is not complete when the potential tourists have done the booking and have visited the tour destinations. They have to provide the best service onsite so that these tourists will share their enthusiasm and experiences with their family members or friends. Eventually, it will create opportunities for marketing messaging through WOM. In the era of Facebook and Twitter, social media plays a vital role in supporting this trend and using it to facilitate electronic WOM (eWOM). It is recorded that, 53% of leisure travelers and 52% of business travelers say they share pictures of their journeys online (Google, 2014).

8.5 ICT TOOLS AND INITIATIVES FOR TOURISM MARKETING

According to European Travel Commission and World Tourism Organization (2014), “Digital tourism marketing is most effective when it is an extension and activation of a strong brand that can be activated online and offline.” Tourism marketing is most effective when it illustrates the composite experience of a destination and not simply a laundry list of attractions and accommodations (Lagiewski & Zekan, 2006). The next section will highlight on some cost-effective and user-friendly ICT initiatives for tourism marketing.

8.5.1 BRAND STRATEGY

In any industry, a group of customers rely on the brand name. Tourism being a service industry, its brand lies in the service quality and its promise. Brand value and brand promise create positive associations between the destination or company’s quality assets and the potential tourist. ICT-based tourism marketing has an effective role in extending the brand and creating brand equity.

8.5.2 CONTENT DEVELOPMENT AND MANAGEMENT

Adequate information about a product is one of the key features of promotion and marketing. It is the main driver in tourism marketing also. The creation, aggregation and distribution of creative, fresh and engaging text, imagery and video are at the very core of successful ICT-based tourism marketing. Content-driven marketing is the most cost-efficient and effective form of marketing. However, content development is often the most burdensome component of a tourism marketing campaign. Planning ahead and thinking strategically can create long-term efficiencies in aggregating, developing, and distributing content that will be used across all ICT-based tourism marketing platforms (COMCEC Coordination Office, 2015). The four key features of a good content in context to tourism marketing are *compelling, trustworthy, efficient, and accessible*. Multimedia-based ICT applications can generate good quality digital online as well as offline contents.

8.5.3 WEBSITE MANAGEMENT

In the digital era, websites are the digital online storefronts for destinations and tourism business. Responsive and personalized design trends in website design are providing better responses in tourism marketing. However, adding a Blog to a website is an important factor in search engine optimization. Tourism website blogs are a key provider of dynamic content: 57% of companies with a blog have acquired a customer from their blog; 81% of business report that their company blog is useful to critical for their business (Anderson, 2013).

8.5.4 SOCIAL MEDIA (EWOM)

Traditional word-to-mouth marketing has transformed into eWOM. Social media is an extension of that. Any tourist will like to share their sweet tour experiences with their near and dear ones. Now, in this fast world, it is really tough to share the experiences face to face. They can share their experiences over the phone. But in that case they can't share the pictures or videos of the tour destination. Instead of sending or forwarding emails, the social media websites are providing a platform

to share their experiences over the Web with any number of audiences they prefer. At the same time, they can receive comments about their tour experiences from the uploaded photos or videos. The tourists are enjoying the comments or likes on their online shares, but unknowingly they are performing indirect marketing. So, if the tourist destination or the tour agents have provided a quality service, the social media shares are drawing the attention of future tourists for those tourist destinations. Facebook, Twitter, YouTube, Instagram etc. are few popular social websites where people can share online pictures, videos, or other digital documents. Most of the travel agencies round the globe have their social media profile pages where they maintain information about their services and update time to time with attractive digital multimedia elements or exclusive packages and offers.

8.5.5 WEB 2.0

“Web 2.0,” a new term has been introduced to the Web technology. A website is no longer a static page in the browser, but a dynamic platform where the users can generate and update their own experiences. Another important aspect of this Web as platform is, these websites provide users the access to their data through well-defined user-friendly APIs and hence encourage new uses of that data, for example, integrating personal data with other data sources. *Geospatial Mashup* is one of the most popular Web 2.0 technologies. It is a genre of interactive and collaborative Web applications under Web 2.0. It impeccably integrates heterogeneous datasets retrieved from varied Web-based resources to craft innovative Web GIS applications. Thus, providing a user-friendly platform to access up to date reliable information just on a click. At the same time, providing privilege to the users to share their local information to make it available globally over the Web.

8.6 OVERVIEW OF MASHUP TECHNOLOGY

8.6.1 MASHUP

Web GIS initiated from a basic assumption that the global geo information cannot be captured saved and customized under a single organizational

unit. The second group of authenticated end users can provide the up-to-date information and can be accessed globally. This concept of collaborative contribution for the system leads to the new avenue of Geospatial science and technology called *Geospatial Mashups*. The term “Mashup” is historically rooted in musical style compositions where recordings from different sources are combined into a new piece. On the Web, it means taking information published from multiple sources and integrating it into a new information stream (Li & Gong, 2008). In Web GIS, geomashup is being used. A geomashup is a Mashup where at least one of the contents or functions is geo-referenced. Geospatial Mashups integrate multiple data sources based on common geographic locations. Mashups carry the overlay functions. In an overlay function, information from different heterogeneous sources are merged together and represented as a single informative Mashup layer. It includes topological overlay that restructures into a single vector dataset and a graphic overlay which superimpose images or maps on top of other. Most of today’s online Mashups are graphic overlays.

8.6.2 MASHUP ARCHITECTURE

The two principal active components of Web Mashups are *Data* and *APIs*. This provides an interface to allow nonprogramers to access malleable form of data in a user-friendly environment. If the internet is thought of in superseding layers—physical (the wires), logical (the protocols), content, and social-Mashups fit between the content and social layers, changing the way in which individuals relate to content (Palfrey & Gasser, 2007). Any typical Mashup follows a 3-tier architecture following a combination of client-server and Web service model. A general Mashup architecture consists of three different active components which are logically and physically disjoint. The generic architecture has the Mashup client on the topmost view level and the physical data sources and services on the bottom level. The logical level is the intermediate level which helps in executing queries and retrieving the required data from the physical data layer. The logical execution may occur on the server or within the Web browser. [Figure 8.3](#) represents the 3-tier Mashup architecture.

Geospatial Mashups integrate multiple data sources based on common geographic locations. Mashups carry the overlay functions. In an overlay function, information from different heterogeneous sources are merged together and represented as a single informative Mashup layer. It includes topological overlay which restructures into a single vector dataset and a graphic overlay which superimpose images or maps on top of other. Most of today's online Mashups are graphic overlays. The simple architecture of Web GIS consists of a server end and client or browser end. The Mashup operation can be implemented in both ends. If the Mashup operation is performed in the server end, it is called a *Server-side Mashup* and if on the client end it is called as *Browser-side or Client-side Mashup*. Servers act as a proxy between the Web browser in the client-end and the source website that is actively participating in the Mashup process. [Figure 8.4](#) illustrates the Server-side Mashup architecture.

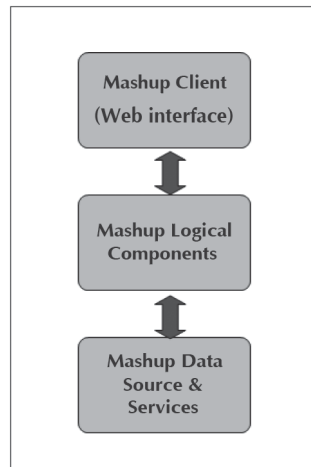


FIGURE 8.3 Three-tier Mashup architecture.

In the Server-side Mashup architecture, the Mashup Web server sends requests to different Web services, receives the responses, and merges the results. All the requests from the clients go to the server and then the server acts as a proxy to make calls to other required websites. The complete work flow in the Server-side Mashup is depicted in [Figure 8.5](#).

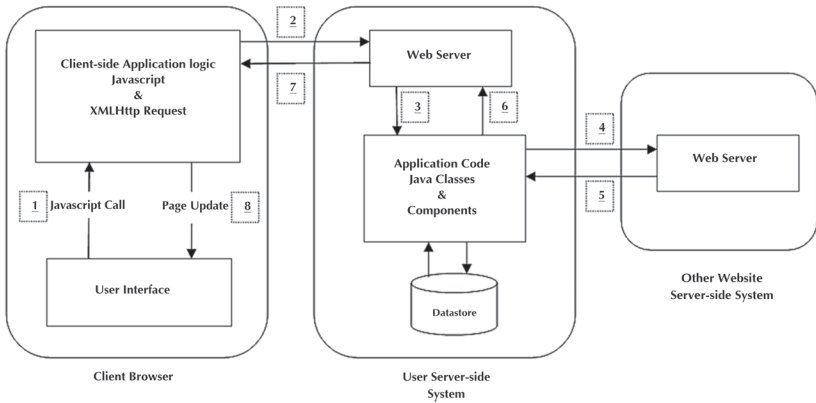


FIGURE 8.4 Server-side Mashup architecture.

Source: Adapted from java.sun.com.

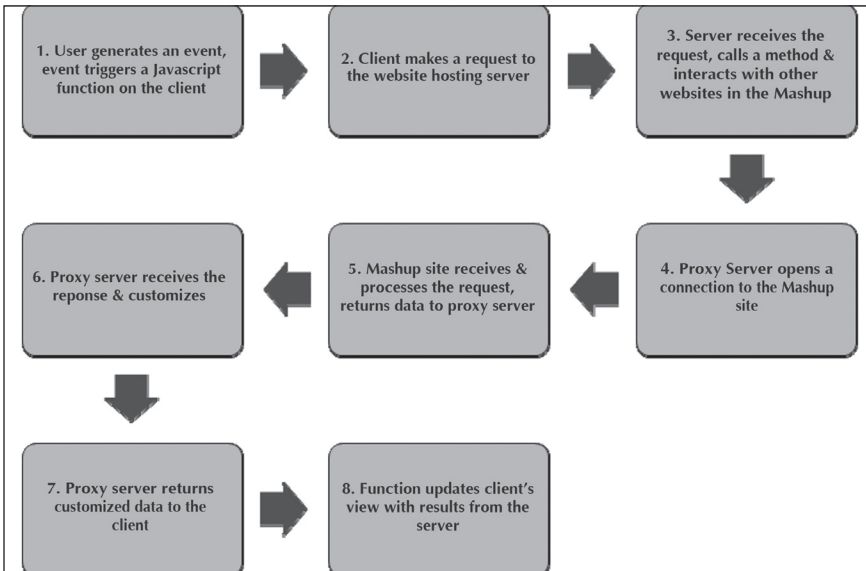


FIGURE 8.5 Server-side Mashup workflow.

In step 2, the request sent by a client is usually an Asynchronous JavaScript and XML (AJAX) request. The principal advantage of an AJAX request is that data are retrieved from the server asynchronously without reloading the existing webpage.

In the Client-side or Browser-side Mashup the Web browser sends requests to different services, receives the responses and displays the composite results. The Client-side Mashup architecture is illustrated in Figure 8.6.

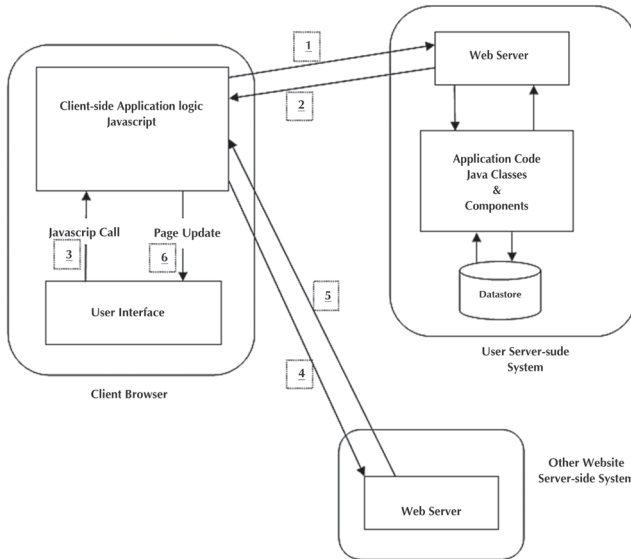


FIGURE 6 Client-side Mashup architecture.

Source: Adapted from java.sun.com.

Client-side Mashups do not use a specific server that acts as proxy but integrate different data and components with the client browser. The typical work flow in the Client-side Mashup is depicted [Figure 8.7](#).

Both the architecture has some advantages and disadvantages. The advantage of server-side Mashups is that the server has more powerful hardware and software than the browser, but these Mashups also require specialized programming tools and complex-server side programming, which includes more manual work during development and deployment. Because of this complex programming and tedious work, the original server-side Mashups were mainly limited to professional programmers. But most of the today’s Mashups are Browser or Client side. It uses mainly lightweight programming; as a result it has become easy to develop and professional GIS companies have adopted this approach as an easy and fast way to develop Web applications. ArcGIS by ESRI is one such example.

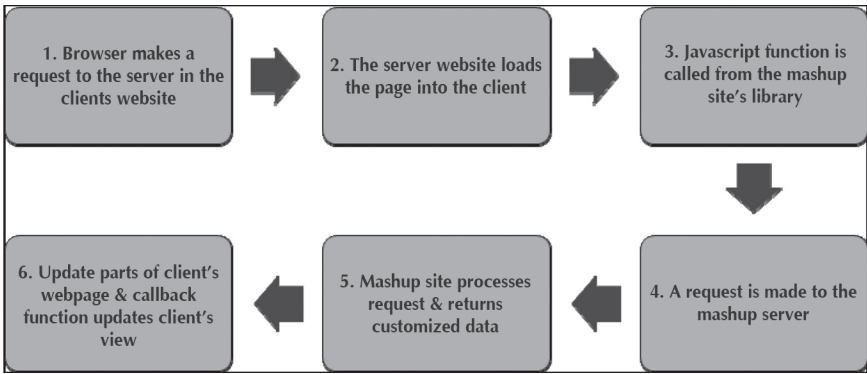


FIGURE 8.7 Client-side Mashup workflow.

8.7 GEOSPATIAL MASHUPS POTENTIAL IN MARKETING

The ability to examine data in spatial context is significantly important. A simple name or few attributes of a customer conveys very little. But if the address of the customer is depicted in an online map then that particular customer can be related to the known characteristics of the neighborhood. The geocoding process in a geospatial application will track the exact location in a map, which may lead to important marketing findings like, the economic standard of the locality, other shopping alternatives, banking facility, transport facility, etc. In this way, potential customer lists can be converted into simple dot maps and displayed as interactive maps of market penetration. A map is a static representation of data which is efficient in exploring geographical distributions and specific spatial relationships.

8.7.1 EXPLORATORY SPATIAL ANALYSIS

If the dataset is complex, then the single perspective presented by a map might not be that effective. Recently, there have been various significant efforts to use Geospatial Mashups or Map Mashups in particular to provide market analysts with spatial tools for exploring geographical markets. Geospatial Mashups can be effectively implemented as exploratory spatial tools. The greatest advantage of exploratory spatial analysis (ESA) is that, it can help in avoiding the high cost of transporting one or more specialists

or analysts to the original site. Instead the analysts can make a virtual tour just on a click and can make important analysis and assessments. Another important ESA application is in business-site selection.

In context to [Figure 8.8](#), an international restaurant owner business group wants to start a café or a restaurant near the Maldives National Museum. They seek help of one business analyst to assess the business plan. If the analyst has to travel to Maldives for the analysis then it will be really expensive and hectic. Instead, they can take help of online Web Mashups. [Figure 8.8](#) represents a satellite image generated by Google Earth and customized by ArcGIS Explorer. Both Google Earth and ArcGIS are free Web Mashups. Now, just by going through the customized satellite image the business analyst can assess that, it is not a good decision to open a new café or restaurant near the Museum, as there are already eight dining spaces in the locality. They can try on the other side of the museum where there are no dining place. This is an example of exploratory spatial analysis.

8.7.2 SITE MODELING

The analytic aspect of early Web GIS technology was only related to simple functions like calculating area, selecting and counting target objects, etc. But when the dataset turned to be complex, then the single perspective presented by a map might not be that effective. GIS developers slowly started incorporating statistical and analytical tools into the Web GIS and Geospatial Mashup applications. The four standard site analytical tools currently implemented in the Geospatial Mashups and Web GIS help in performing:

- *Analog*: This is the term given to the process of analyzing a potential site by matching it with records on existing sites; if close match is found, the attributes, particularly sales, of the matching site are assumed to be valid for the potential site (Goodchild, 1984).
- *Regression*: It means the use of regression analysis to relate the destination or any store's receipts or transactions based upon its location, transport facilities, nearby competitors, banking facilities, economic condition of the surroundings, and other positive and negative influencing factors.



FIGURE 8.8 Map Mashup application.
Source: Designed using ArcGIS Explorer, Desktop version, 2015 (ESRI).

- *Spatial interaction models*: Spatial interaction models can be used to analyze and predict consumer spatial behavior but are notoriously difficult to calibrate within standard statistical package (Goodchild, 1984).
- *Location allocation*: Location allocation is the set of techniques for searching an area for the ideal sites based upon number of central facilities.

8.7.3 VALUE-ADDED MARKETING

The term value added marketing defines the value that is added to a product or a service as a result of a particular process or the increase in value of a product or service as a result of a particular activity. In the context of marketing, the activity might be packaging or branding. The new ways of presenting products and services on the internet offer new possibilities for value-added marketing (Auinger et al., 2008). Few effective of them are as follows:

- *Mouseover-ads*: Defined keywords with more information are highlighted in any online content of a website. When the mouse is hovered on that particular keyword it displays marking information.
- *Tagvertising*: Combines traditional websites with tagging websites where anyone can book a particular tag that will later be displayed in the main tag cloud at the website (Auinger et al., 2008).
- *Geo-tagging and geo-locating*: It is the process of combining geographical information with static website content. It acts as a bridge between the online and offline world. The website www.eatolls.com contains the detailed Mashup information about the atolls of Maldives. Figure 8.9 depicts the Mashup site when the search element is Café.

Recently, a very popular application on the Web 2.0 is the online geo-tagging of photos. Any Web user can upload their personal clicks; the photos can be commented, viewed, and shared with the integrated geo-tagged portals. In the above figure, the image of a specific café is geo-tagged in the website and the other café are highlighted in the Mashup map. On click, they can provide detailed information like address, contact numbers, etc.

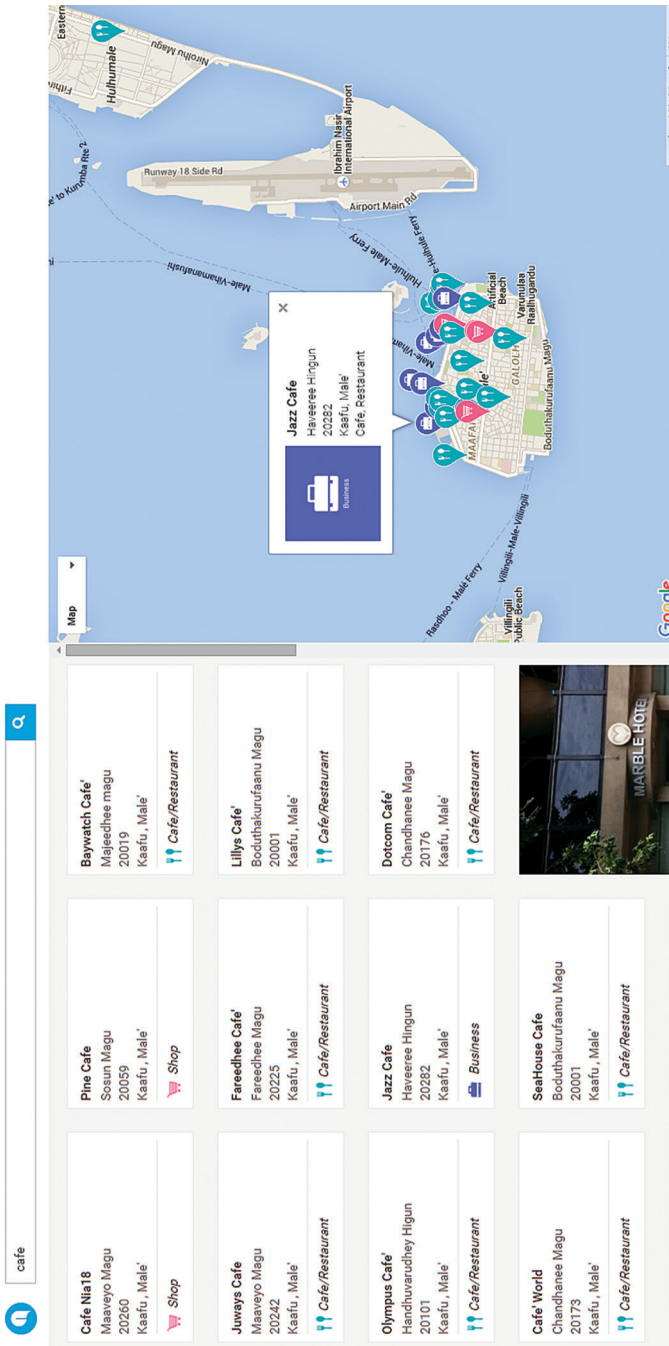


FIGURE 8.9 Example of geo-tagged website. Source: <http://www.eatolls.com>.

- *Mashup-ads*: Mashup-ads are dynamic display ads that change when the content changes. The ad takes content from a publisher's site and mashes it up with content from an advertiser's site, creating an ad relevant to the user's browsing experience. Mashup-ads not only bring content into the ad, but they can bring site functionality as well (Auinger et al., 2008).

8.7.4 WORD OF MOUTH MARKETING

It is the act of consumers sharing information to other consumers. It helps in building active, mutually beneficial consumer-to-consumer and consumer-to-marketer mutual communications. This is a chance for Web 2.0 and Mashups: "The more knowledge you share the more that people will tell others about it" (Connel & Huba, 2008). WOM has transformed into eWOM. The customers who have already availed the service and got satisfied update the specific website with their comments. The future customers got aware of the quality or other amenities and features just on a click on that website. It seems as if the first customer is sharing the information with the future ones electronically over the Web, thus it is called as eWOM. Mashup applications are providing these online user-friendly features.

8.8 GEOSPATIAL MASHUPS AND TOURISM PROMOTION

Geospatial Mashup has immense potential to facilitate and extend the rapid development of the future Web mapping technology in any business sector. [Table 8.2](#) depicts the relationship between Map Mashups and e-business in general.

Tourism being a service industry can also be customized by careful implementation of Geospatial or Map Mashups. It can be effectively applied for tourism promotion as well as for overall tourism management and development. Initially when Web 2.0 was not into play in internet technology, the main problem of this service industry was information sharing. The potential tourists have to trust the information provided by the tourism companies or agents. In some cases, information shared by the tourism councils of few locations was also not trustworthy. This information was not regularly updated or customized. The tourism agencies were

also having tough time to plan for any tourism promotion or marketing strategy. But with the introduction of Web 2.0, these problems started fading away (Ray et al., 2014). Slowly, Web GIS became one of the principal strategic decision making tool in e-business. In tourism industry, Web GIS is the information system that provides functions including visual presentation about the tourism destination, advanced analysis, etc., of digital geospatial information by processing it in an integrated manner on electronic maps of the tourist site (Chaudhuri & Ray, 2015). The initial problems that the potential tourists as well as the tourism councils and agents were having can be solved by careful application of internet based Geospatial Mashups or Map Mashups. From the tourists point of view, this internet-based channel perspective tool can provide up to date, reliable detailed information of any location in the world just on a click. On the other hand, the agents can use this channel perspective collaborative tool for promotion, strategic decision making, and overall management of tourism. *Google Earth* is one of the most popular free online Geospatial Mashup applications. [Figure 8.10](#) illustrates the user-friendliness of Google Earth Mashup application.

TABLE 8.2 Relationship between Map Mashups and e-Business.

Function	Operations
Market analysis	Location identification for setup, transport, potential customer, economic status, etc.
Operation	Buying, managing services and supplies, managing value chain, supply chain management
Marketing	Catalog sales, advertising, offering free trials, direct marketing, incentive marketing
Customer relationship management	Banking, stock trading, aggregators, online auctioneers, exchanges, turn prospects into customer

The online Mashup application provides an option to select the type of elements a potential tourist is searching for. On the left-hand side user tool panel (Layers), there are options like transportation, traffic, place categories, etc. A potential tourist before visiting the tour destination wants to find out the available amenities. He can just log into Google Earth and zoom into his planned destination. If he is interested to find out the transport facilities in the specific location he can just click on the *Traffic* or

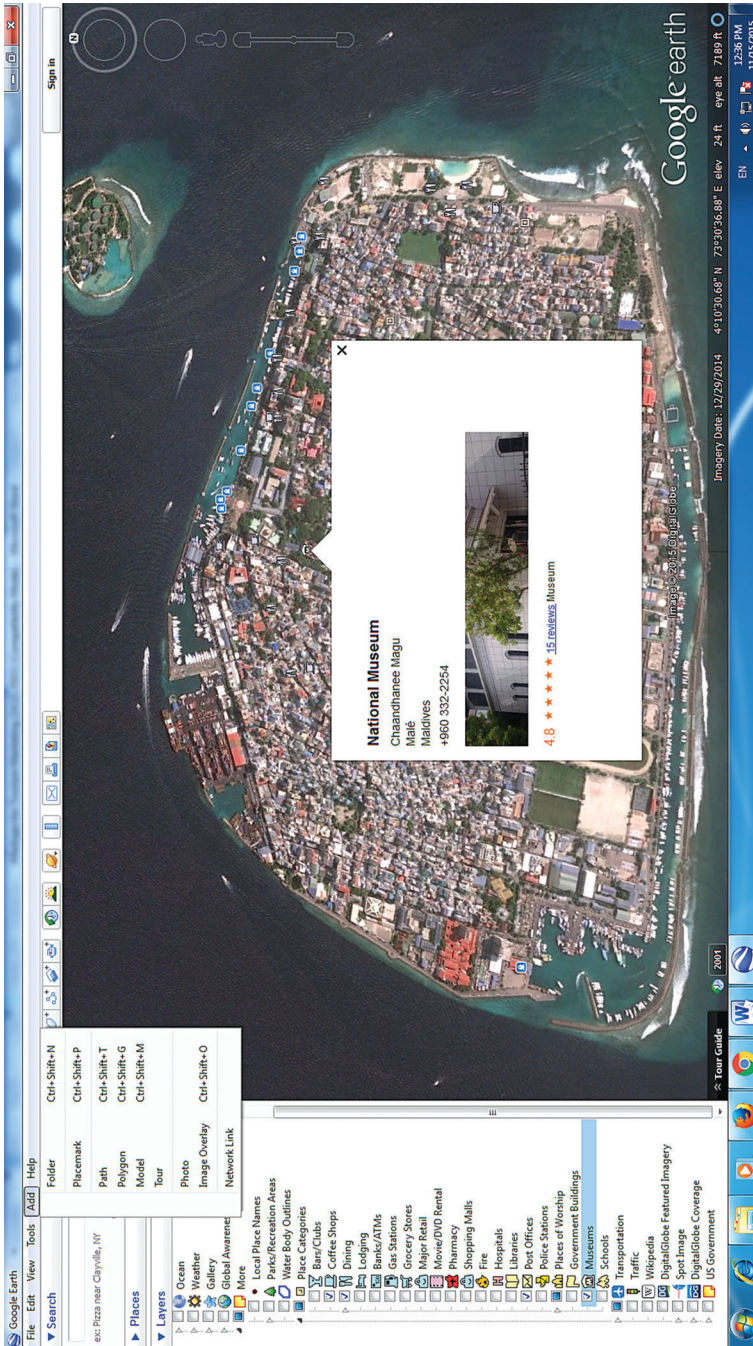


FIGURE 8.10 Google Earth Image of Maldives National Museum Area. Source: Google Earth (<https://www.google.com/maps>).

Transportation option in the user panel. It will highlight the available transportation facilities in the location. Further, if he is interested to find out more details about the available facilities, he needs to just click once more to *Place Categories*. The application will display the subcategories like: Coffee Shops, Dinning, Shopping Malls, Hospitals, Police Stations, Bank/ATMs, etc. The adjacent map will get populated with opted chosen landmarks. Finally, if the tourist wants to get more details about a particular landmark, he can just click on the icon in the Mashup map. It will pop up the detailed information. In this case, [Figure 8.10](#) is depicting the address, contact number, and even updated image of the National Museum of Maldives. Now, the question is coming who is updating all these information online. Beforehand, the destination management organizations used to maintain the informative tourism websites with location maps and other detailed information. But, it was really hectic and almost impossible to maintain every in and out detail of a tourist spot by a single organization. Those sites were not updated regularly and potential tourists might have received wrong or back dated information. But at present, Geospatial Mashup applications give the privilege of updating this information by any online logged in Web User. This is a collaborative approach where any geospatial information can be updated online and anyone can view those just on a click using Mashup applications like Google Earth. So, Geospatial Mashup is providing the platform where the users can share their local geospatial information globally. This makes the work easy for destination management organizations and tourism marketers to promote a tour destination by providing reliable detailed information online and round the clock. In this era of smart phones and tab, it becomes further easier to use the online Mashup application from anywhere and at any point of time. The destination managers act as the admin of the system. They have the right to insert, edit, update, and even delete information from the core content of the system. They can also do indexing of any destination site. For instance, the personnel of the destination management organization can choose a location in one of the towns of the destination on the map, click directly on the point on the map and add multimedia content filling a simple template (Linaza et al., 2008). But the destination managers were having tough time to update or edit all these locational information on the map single handedly. In order to avoid all these difficulties the intermediate service providers came into play in the channel perspective. The destination managers will give permission to few primary service providers, so

that they can reduce the overhead load of the admin and can maintain the information about their own services themselves and on the same level of the managers. For example the owner of a hotel mentioned in the map Mashup can fill up a predefined form designed by the destination manager. That form will contain the detailed information about his hotel including room rent, amenities, booking facilities, etc. This detailed information will be a part of the online map Mashup after admin grants permission to display. What is the advantage of having this intermediate level? The information is shared globally in the Mashup. Anyone can view the information just on a click and all the information is shared by the intermediate level users, not a headache of the admin. It can be easily assumed that the intermediate service provider like in this case the hotel owner will definitely try to provide the best and detailed information about his own hotel. This will act as a promotional tool for his business. It can be accessed by any online user from any part of the world. So using this internet based channel perspective map Mashup two important purposes are served. First the intermediate service provider level is helping to reduce the overhead load of the destination managers. At the same time the service providers can use this Mashup as a promotional tool for promoting their own business as well as promoting the tourist site by providing detailed information over the internet. Finally, the final view level users are the tourists or potential clients. They can get detailed information about any tourist site. They can generate comments about the existing Web portal information; can add new geo-spatial contents after a travel experience. The Graphical user interface is designed in such a way that any nontechnical tourist can also comment or add new information. These added new comments or information by experienced tourists will act as extra source of information for the potential tourists who are planning to make a tour in those specific tourist locations. Few websites are also providing geospatial information online in a Mashup platform. [Figure 8.11](#) represents one such website.

This particular website has categorized the search options: Café, Mosque, Island, Clinic, etc. If a potential tourist wants to get detail information about all the resorts in different islands of Maldives he just needs to click on the tab *Island* in the homepage. It will result to a Mashup geospatial map with detailed information about all the resorts in Maldives. If he wants more details about a particular resort he can click on the desired resort name. The final online Mashup result will be depicted as in [Figure 8.12](#).

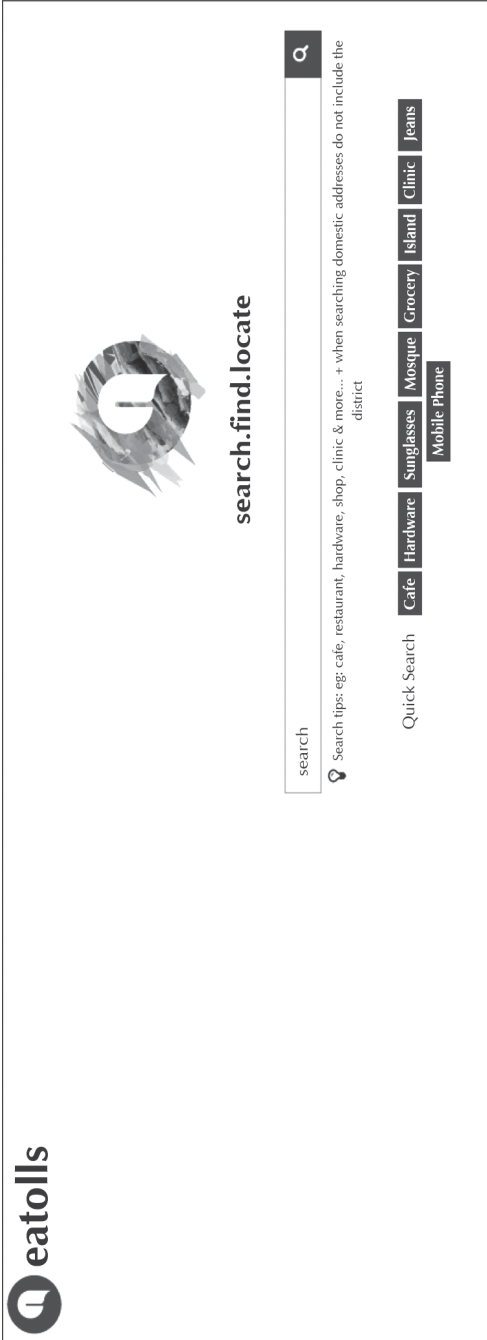


FIGURE 8.11 Example of geospatial-enabled website.
Source: <http://www.eatolls.com>.

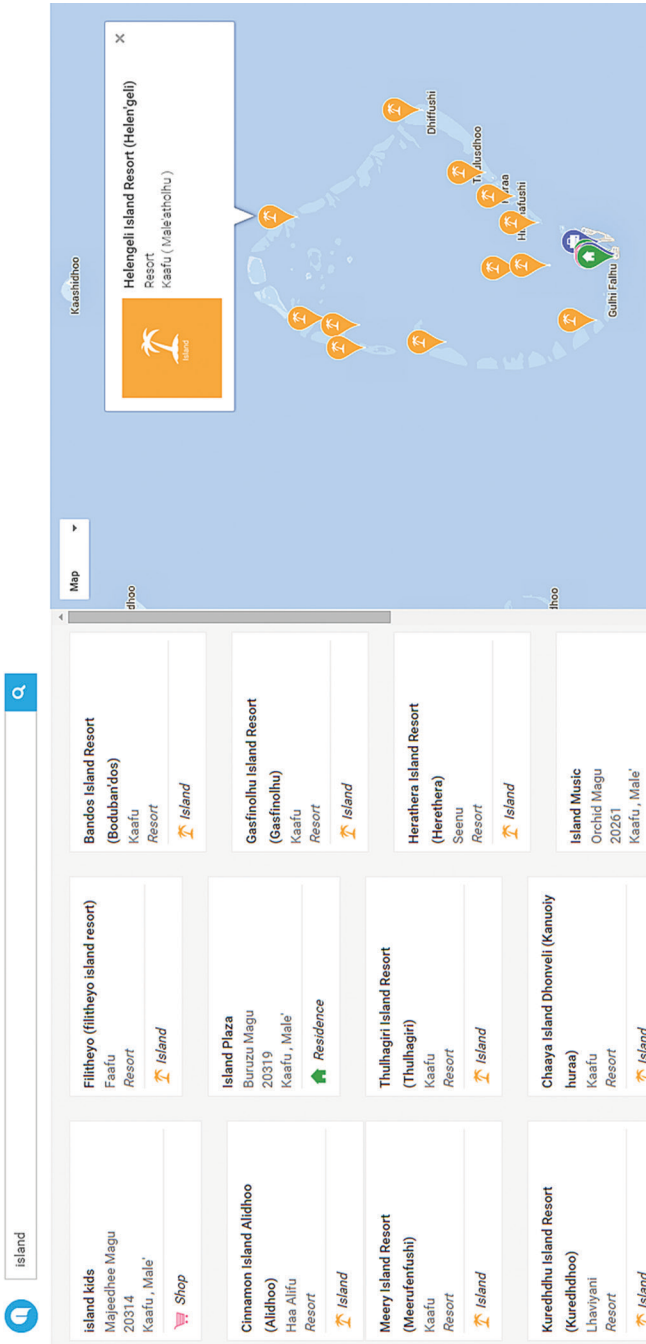


FIGURE 8.12 Example of geospatial-enabled website. Source: <http://www.eatolls.com>.

Thus, the map Mashup acts as an effective Web 2.0 tool for internet based channel perspective promotional measure in tourism development.

8.9 PROS AND CONS OF GEOSPATIAL MASHUPS

Mashups provide different opportunities for sharing data collaboratively and using information in new applications and systems. It has become an integral design pattern for Web GIS applications. The basic advantages of Mashup applications are as follows:

- *Applicability*: Mashup is providing the platform where heterogeneous data can be shared and incorporated together. So, the tools are useful for varied areas and can support a great variety of input and output data types.
- *Ease of use*: The information is shared globally in the Mashup. Anyone can view the information just on a click. On the other hand, the graphical user interface is designed in such a way that any nontechnical user can also comment or add new information.
- *Interoperability*: Different tools can be easily incorporated together in the Mashup applications. Like in QGIS (a free Web GIS software), plugin Google or Bing Maps can be easily combined.
- *Reusability and extensibility*: The uploaded modified Mashup maps are specially designed for sharing and reusing.
- *Collaboration*: This is the best feature that any online application should have. Active participation from all level of users facilitates the improvement of applications much faster than the traditional methods.

As more and more functions and applications become available over the Web and more policies and technologies favor the use of Mashups, this branch of geospatial science and technology will grow exponentially in future and will contribute in tourism industry. Like all other technologies Mashup also has few challenges and demerits. New research works are going on to address the following drawbacks of Mashups:

- *Classifying Mashups*: There are vast numbers of map Mashups available on the Web which leads to problems in identifying individual types. Understanding of what is being mashed up, that is, data, visual presentation, or underlying functionality (code) (Hinchcliffe, 2006).

- *Quality and reliability:* Using the Participatory and Collaborative Mashups anyone can publish contents over the internet. No one is authenticating the genuineness of the uploaded information. Quality can vary enormously, and if questionable sources are implicated in a chain of services, the results of uncertainty or error can be propagated over the internet. This can produce misleading and even wrong information (Goodchild, 1984).
- *Missing features and instability:* The currently available tools few are still in *beta* status. Some essential features may be missing and that may lead to serious design issue.
- *Security:* Enterprise Mashups can involve confidential information sharing over the internet, making security a key consideration.
- *Technical challenges:* Technical challenges in dealing with map Mashups are mainly related to technical incompatibility, data integration and quality assurance, interfaces and functionality, level of programming skills required, enterprise integration, etc. (Li & Gong, 2008).
- *Copyright and ownership:* While the spirit of open exchange is still the main characteristics of the Web, many websites post terms of use and retain their copyright. Copyright and terms of use can get complex when a Mashup uses multiple Web resources, or even more complex when a Mashup uses information generated by another Mashup. It is important for Mashup developers to comply with provider's terms of use to avert future disputes and to understand the impacts of copyright on their application (Fu & Sun, 2011).
- *Limited application in E-Government:* The level and application of map Mashup APIs by Government organizations holding Geospatial data is very low.

8.10 CONCLUSION

This chapter has illustrated different methods of implementing Mashups for marketing, especially tourism marketing. The benefits of Geospatial Mashups far offset its limitations and challenges. Geospatial Mashups disseminates maximum level of information to the potential tourists, at the same time allows the travel agents or organizations to promote a site having adequate features to be a popular historical, ecological, or modern tourist spot. The potential tourists can analyze demographic, economic, psychographic, market characteristics of the location over the Web just

on a click. Thus, providing support for strategic planning, collaborative information sharing, online marketing techniques, improving efficiency in tourism management and attaining competitive locational and business advantage for the tourism agencies. The variety of free, ready to use, APIs has great potential in the field of marketing. It is clear that the applications of map Mashups in providing Web-based government services and assisting organizational computing environment is not well developed. Serious research works and well-planned implementation of geospatial Mashups, especially in the domain of collaborative and interactive map Mashups for e-government services and enterprise information management will lead a long way toward strategic interactive and participatory decision making system in tourism promotion and management. Future research scope of this present chapter depicts few programmability, security, and scalability issues which require a room for future improvement. Followings are the domain of future research in Geospatial Mashups:

- Technical and social challenges in Geospatial Mashups and their solutions.
- Semantic information integration with linked data Mashups approaches.
- Quality and reliability issues in Mashup technology and their solutions.
- External data integration in linked data Mashups.
- Security issues in Map Mashups and their solutions.
- Backend coding and interface design issues and their solutions.

KEYWORDS

- GIS
- ICT
- Web 2.0
- API
- WOM
- ESA

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CHAPTER 9

COMPANIES' PERSPECTIVE ON TRUST BUILDING FACTORS: A CASE OF ONLINE TOURISM COMPANIES IN INDIA

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ABSTRACT

Survival in this fierce competition is the biggest challenge the companies are facing nowadays. So, they have to struggle hard to gain the confidence of their customers and win their hearts. Tourism industry is undergoing a major transformation as it has entered the virtual world. It is facing the biggest drawback of lack of consumer's trust in an online environment. Hence, it raises the relevance of a clear understanding of individual tourist features that builds trust both from consumer as well as companies' perspective. This chapter is an extension of research work undertaken to understand what consumers perceive about factors that build trust in an online company. This chapter will uncover the perceptions of company employees regarding the same.

9.1 INTRODUCTION

Trust is an integral part of consumers' purchasing decision. And, there is a scarcity of research on trust in consumer marketing. Trust mitigates the consumer's perception of the risks involved in a purchase situation. The higher the initial perceptions of risk, the higher the trust needed to facilitate the transaction (Mayer et al., 1995). The term "Trust" can be defined as confidence in or reliance on some quality or attribute of a person or thing, or the truth in a statement (Furman, 2009). Trust is not only difficult to define, but it is also not easy to identify the elements that encompass trust.

Trust cannot be built in a single transaction. Zhou and Tian (2010) suggested that all those who had never purchased online generally held lower general trust in online purchase than those consumers who had already conducted their first online purchase. It is built gradually on an on-going basis after several positive interactions with the web vendor.

To build trust amongst its customers, a company must first understand its customers. It helps in not only retaining the existing customer base but also in attracting the new ones without incurring much of an expenditure. This chapter is an extension of the study on perception of consumers about factors that build trust in an online environment (Phutela and Dasgupta, 2013). This study will unfold the trust building factors amongst customers as perceived by employees of the online tourism companies.

9.2 SURVEY OF LITERATURE

Sahadev and Islam (2005) highlighted that the use of internet for the purpose of communicating and transacting with customers has been growing rapidly in the worldwide tourism industry. Moreover, the internet usage also varies across countries; even within a country, there are large variations among different enterprises. Tejada and Linan (2009) in their study concluded that tourism industry is facing many new challenges in the form of intense competition and increasing costs. The same can be resolved only if the entire value chain is restructured and the service package is of good quality.

One of the major factors that can have an adverse impact on consumer's willingness to purchase online is increasing consumer's privacy concern (Brown et al., 2007). Internet enabled tourism businesses to improve their flexibility, interactivity, efficiency, and competitiveness. A key issue for all tourism business is how to evolve their companies from old economy to a new one. They pinpointed that it should be implemented in a manner to create value.

Businesses entering the virtual world are based on one firm standing namely online trust. A consumer is more likely to start or continue using a website if it meets their needs. Service providers or developers cannot rely on offering the best product or a service and ignore privacy issues (Savage, 2012). It can be stated that trust is a fundamental principle of every relationship (Corbitt et al., 2003).

Trust as described by Lewicki et al. (2003) "an individual's belief in, and willingness to act on the basis of, the words, actions and decisions of another." They asserted that trusting another individual can be grounded in the person's his/her ability (competency), integrity (adherence of principles by trustees), and benevolence (honest and open communication). That is, more presence of these characteristics in the trustees, more will be the level of trust.

As consumers inevitably become as savvy with the online services as they are with traditional products and services, being a trustworthy brand will become more important. Trust is an especially important factor under conditions of uncertainty and risk and online purchasing transactions involve more uncertainty and risk than traditional shopping (Lee and Turban, 2001). The statement was further proved by Grabner-Krauter and Kaluscha (2003) by stating that buying on the internet presents numerous

risks for consumers over and above the transaction process itself being perceived as risky, since the online consumer cannot personally inspect products or services and does not even know what the retailer will do with the personal information that is collected during the shopping process. Hence, online environment includes several distinct factors that influence brand trust (Hong-Youl, 2004). Accordingly, brand trust is affected by the following web-purchase-related factors namely: security, privacy, brand name, word-of-mouth, good online experience, and quality of information. Moreover, building e-brand trust requires a systematic relationship between a consumer and a particular web brand.

Harrison et al. (2002) suggested that there are three factors, namely, structural assurance, perceived web vendor reputation, and perceived website quality are powerful levers that vendors can use to build consumer trust, which can help in overcoming the negative perceptions people often have about safety of web environment.

Wen (2010) tested a structural equation model to explore the impact of quality of website design, traveler's intentions, and travelers' trust on their online purchase intention of travel products. The study revealed that when consumers evaluate a website design, they consider information quality, system quality, and service quality as the most important factors. The findings also confirmed that quality of website design, consumer's search intention, and consumers' trust influence their online purchase intention.

As identified by Delina and Drab (2010), initial services should be provided free of cost or at a low fee to ensure that trust is generated amongst the customers. Relational variables, that is, commitment and trust are influenced by various firm and interpersonal factors (Ahmed, 2010). The results revealed that building, protecting, and communicating a positive reputation and ensuring strong marketing competencies are important for building contractual and competence trust. As stated by Scott and Storper (2003) interaction, both formal and informal builds trust and reputation effects.

All those who had never purchased online generally held lower general trust in online purchase than those consumers who had already conducted their first online purchase (Zhou & Tian, 2010). They further stressed that, security is perceived to be the most significant predictor of initial trust in an online vendor for those who have not yet purchased online even once and those who have purchased even once, the most influential factor is reference power. Dimensions of internet purchase attitudes include: risk reduction, flexibility, convenience, and trendiness. The customer's

perception about the website usability also increases his loyalty toward websites that they visit (Flavian et al., 2006).

E-service quality (e-SQ) is very crucial for online purchases and generating loyalty for the website amongst its customers (Sigala & Sakellariadis, 2004). e-SQ is a crucial factor that can significantly determine customer satisfaction, purchase, loyalty, and retention through a website. Dimensions of trust as identified by Chen and Dhillon (2003) include: competence, integrity, and benevolence. Bedi and Banati (2006) concluded in their research study that a good website design will attract more attention of the users and it will lead to greater user satisfaction and increased intention to use.

There is a strong influence of online consumer reviews on trust-building process with regard to quality, quantity, proportion of negative/positive online consumer reviews as well as consumers' purchasing intentions as stated by Ozturkcan and Gursoy (2014). Jarvenpaa et al. (1999) emphasized that trust plays a critical role in stimulating consumer purchases over the internet. He highlighted that culture may also affect the antecedents of consumer trust, that is, consumers in different cultures might have differing expectations of what makes a web merchant trustworthy.

To summarize, if the customers start trusting the online tourism company, their satisfaction level increases and they become loyal toward the company. At the same time, they also recommend others to go for the same.

Previous studies highlight the increasing importance of digitization of tourism industry, thereby leading to the sector's growth. But, the growth of this digitization is different in different economies. The variability in its acceptability is also significant because of the varying cultures and trust levels.

9.3 OBJECTIVES OF THE STUDY

Since this is the extension of the researcher's previous work on analyzing consumer's perception about trust building factors in a tourism website, the study revealed that the websites of the online-tourism companies are attractive with an impressive layout and design, providing easy navigation, etc (Phutela and Dasgupta, 2014). But, at the same time, the websites are not providing up-to-date information, personalized services, and effective refund policies. Further, the customers are attracted toward online tourism

because of promotional offers and schemes, easy availability, and price competitiveness. The objective was to study their perceptions about how their customers perceive about consumer trust building in their websites. This piece of work will try to identify the gap as to what the customers perceive and what the employees perceives about their customers' trust building elements in a website.

9.4 METHODOLOGY

In order to completely understand the practices, currently adopted by the online tourism companies in India, 30 employees of recognized online tourism companies were being interviewed by the researcher to gain insights. The responses were carefully scrutinized to have a better understanding of employees' perception of consumer trust building factors.

9.5 ANALYSIS AND DISCUSSIONS OF THE STUDY

The results of the study indicate the following:

9.5.1 PRESENCE OF OFFLINE STORES

Virtual world is not a very widely accepted phenomenon in India, as stated by the employees of online tourism companies. They added further that the acceptance of the same is justified provided the offline stores are also present. Moreover, traditional stores play a better role in reaching to the semiurban audience as well as handling the problems more effectively. The reason justified for this was that they are able to provide more customized or personalized solutions to their customers, which creates delight amongst them.

9.5.2 REASONS FOR SURFING TOURISM WEBSITES

A very astonishing result gained from this analysis was that most of the customers visiting tourism websites do not purchase tour packages online. Twenty-five out of 30 employees are of the same opinion that less than

20% of the website surfers simply visit the website not with the objective of purchasing! They prefer to either compare tour packages with other online companies or gather information from the website or planning tours some time later.

9.5.3 ISSUES CONSIDERED WHILE DESIGNING WEBSITE

As far as the employees of the online tourism companies are concerned, they design the tourism website very carefully. While designing the same, they consider few important mantras (as they stated), namely

- attractive website with a good layout and design,
- easy navigation for various types of consumers,
- good functioning of website with no/very less breakdown, and
- faster processing so that customer do not lose interest in the website.

Consideration of these factors can definitely help in attracting new customers as well as not losing the existing ones.

9.5.4 PURCHASE OF TOUR PACKAGES

As the number of the customers purchasing or planning tours online is not at all impressive, various strategies are adopted by the concerns to encounter them. Deals, whatsoever they may be, are very helpful in achieving this objective. It may be in the form of seasonal offers, discounts, personalized schemes, corporate offers, etc. They are very effective in playing their role. Another important consideration is that of responding quickly to the customers. These important motivating forces are helpful to the company.

9.5.5 TRUST-BUILDING FACTORS AMONG TOURISTS

Building trust among its customers is the most difficult challenge for an organization. It can be built over the passage of time, but effort should be from the very first transaction with the company. So, in order to build trust, the employees were in the favor of provision of good services along with prompt reply to their queries.

9.5.6 SATISFACTION AMONG TOURISTS

Although the tourists are quite satisfied with the companies' services provision (Phutela & Dasgupta, 2015), but any type of improvement would be highly appreciated. Also, employees perceive that tailor made/personalized packages can also be beneficial for the companies in enhancing the satisfaction level of its customers.

9.5.7 GENERATION OF CUSTOMER LOYALTY

Satisfied customers are profitable for the company (Wen, 2010), and loyalty garnishes it further. Loyal customers not only give repeated sales but also attract more customers for the company. As per the employees, most of their customers are loyal to their company. The reason for their retention with the company is offer or promotional deals.

Hence, the information derived from the company's representatives has given many insights to the researcher with respect to how trust can be built amongst its customers. This information can be further comprehended and results compared with those of customer's viewpoint for filling the gap.

9.6 FINDINGS OF THE STUDY

Employees of the online tourism companies were also interviewed in order to understand as to what they perceive about consumer trust building in their websites. Following are the important findings of this part of the study. To facilitate better reach and handle problems effectively, online tourism companies also maintain offline stores. They believe that their offline presence help them in building more trust than having only online presence. Not even 20% of the customers actually purchase tourism packages online as the most common reason for the customers visiting the websites is to compare tour packages with other online tourism companies, followed by gathering information as well as planning tours later.

Company employees believe that care is taken while designing a good and attractive website where it is easy for the customer to navigate the website and functions well with lesser processing time. As per the employees' perceptions promotional deals along with quick response to queries are important factors that motivate the customers to purchase from

online tourism companies. Employees are of the opinion that mostly the customers are loyal to their company and in order to retain them some kind of offers are given to the customers. Offers are in the form of good discounts and seasonal offers. Offers act as an important platform for securing repeated offers from the existing customers, which they get very often.

Employees were of the opinion that the improvement in services and provision of tailor made packages can also enhance the satisfaction level of the customers. While keeping the perceptions of Indian customers in mind, employees feel that provision of good service and prompt reply to their queries can help in building trust amongst their customers.

9.7 CONCLUSION

This study enhances the current body of knowledge on employees' beliefs of online companies with special reference to understanding of consumer trust in online tourism companies. This study can be further explored and studied in context of other industries. Also, the research work will be beneficial for the academicians for undergoing research of virtual world by understanding their perceptions and shopping orientations better.

KEYWORDS

- **consumer trust**
- **company's perspective**
- **e-tourism**
- **factors**
- **satisfaction**

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CHAPTER 10

ROLE OF THE MARKETING MIX (7Ps) ON THE DEVELOPMENT OF RURAL TOURISM: EVIDENCE FROM KAMARPUKUR, WEST BENGAL, INDIA

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ABSTRACT

Marketing plays a vital role to develop the rural tourism and encourage the tourists to visit the rural destination and involve the rural people to enhance their socioeconomic condition as well. The purpose of this study is to explore three research questions about marketing strategies, about marketing tools, and integrated promotional strategies in general and in this particular destination. There is a great scope of rural tourism because every village has its unique art, culture, folklore, heritage, lifestyle, and so on. Due to lack of proper marketing practices, rural tourism has been facing different problems to pursue parallelly with the mainstream entrepreneurs. So creation of tourist interest is necessary for promoting rural tourism. This chapter attempts to emphasize the role of marketing for development of rural tourism destination at Kamarpukur in particular and overall marketing practices in general.

10.1 INTRODUCTION

Tourism is now a booming, fast-growing industry next to the oil and jewelry industries. In the next few decades, tourism will have a potential role in different fields like human resource, economic growth of a country, and improve the wealth and productivity. Impact of tourism on rural India has a great potentiality, because each and every village has its unique culture, traditions, food habit, folklore, craft, languages, etc., all of which would be of great interest to the national and international visitors.

Tourism has various dimensions in various aspects like economic, social, demographic, technological, geographical, cultural, natural, and so many fields. The attractions of tourists are also growing on the above-stated types of dimensions. Tourism now has also emphasized on the rural areas. In the context of socioeconomic objectives, it is necessary to take vital steps which are constructive and positive. Rural tourism is a dynamic sector in local economics where farming, forestry, or other traditional activities sustain the importance. The obvious and rapid development of rural tourism gains deserved attention from social science.

Rural parts generally have the following kinds of products available, namely, historical, heritage, natural based, medication based, religious based, cultural based, and manmade, which have got a great potential with respect to development of tourism. Also if certain constraints are removed,

these could be developed to their fullest extent and there are certain great examples and certainly few countries where will-showing public and political will of these things have been made possible. Rural tourism has remained neglected in India for a variety of factors like lack of infrastructure, civic amenities, lack of publicity, and peoples' ignorance in accessibility to tourist location. As a result, tourists from home country and overseas countries prefer to visit urban tourist sites. Therefore, in India, we observe that there is tourist congestion in urban, religious, and historical sites and simultaneously innumerable tourist sites remain unknown and unnoticed in the rural belts of our country. This chapter has observed that a tourist site, which was, once located in extreme rural location has come to limelight due to its historical importance or publicity by the local government and they have developed into a tourist village with variety of improvements in civic amenities, road and rail connection, hospitality, and cottage industry. Successful rural tourism development is certainly impossible without good knowledge and assessment of its environment and research-based marketing solutions.

10.2 SURVEY OF LITERATURE

Kaul (1985) points out that one of the reasons for travel has been the desire to widen one's knowledge and understanding about other peoples, places, and countries and study their culture, customs, ways of life, and heritage and satisfy one's curiosity about them. As per Scheme of Rural Tourism, "any form of tourism that showcases the rural life, art, culture, heritage at rural location thereby benefiting the local community economically and socially as well as enabling interaction between tourists and locals." Krippendorf has defined marketing in tourism as follows:

"Marketing in tourism is to be understood as the systematic and the coordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national or international level to achieve to optimal satisfaction of the needs of identifiable consumer groups and in doing so to achieve an appropriate return."

According to Kotler et al. (2002), any place that is able to clearly communicate its distinctiveness can compete in tourism, as long as it consistently offers something attractive and remains accessible.

According to Beeton (2004), "Branding has become a central element of tourism destinations, with image being the singular most significant

element of brand, which needs to be very seriously considered in the context of rural tourism. Therefore it is a salient feature to look at the images presented by the popular mass media and consider how they relate to tourism in general and more specifically in rural tourism.”

From the point of view of advertising, Middleton and Clarke (2001) stated “one classic communication tool used by marketing managers as part of marketing campaigns to develop awareness, understanding, interest and motivation amongst a target audience.” Tradition-marketing concepts are the focus on the product, but the concepts have been transit to customers’ satisfaction (Kuo & Hua, 2003). From the point of view of promotion, Huang and Tsai (2002) mention that the sales for tourism industry is via surveys, analysis, and forecast of the tourism market, tourism-product design, packaging, and pricing; further promote tourism commodities, trading techniques, documents, or transfer service through value-added upgrade to explore, and expand and meet the travel consumer goods or travel to the tourist demand business services. Zeithaml (1988) mentions that from the consumer’s point of view, price is a consumer to get a product to be abandoned or the price of sacrifice. “Price” is affecting the profitability of companies the most important factor, which is one of factors considered for the consumer decision-making.

10.3 OBJECTIVES OF THE STUDY

The main objectives of the study are as follows:

- 1) To study different pattern of 7Ps elements at Kamarpukur.
- 2) To identify vital factors each elements of 7Ps.
- 3) To study the tourists satisfaction in the context of 7Ps components.

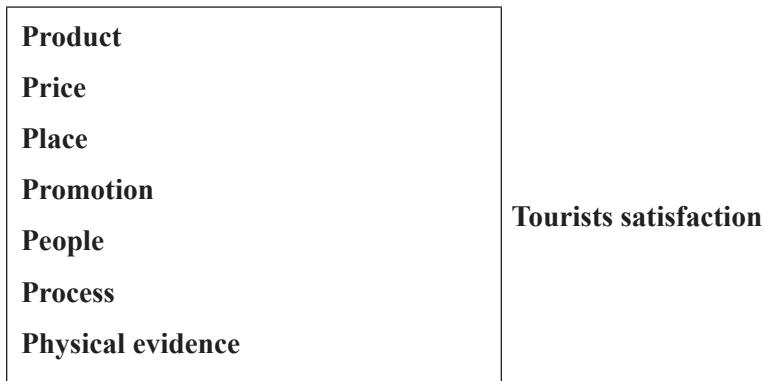
10.4 METHODOLOGY

This chapter is organized as follows. The first part provides an overview of rural tourism and its impact in a general conceptual framework. The second part of this study discusses about different models of marketing framework in the context of rural tourism promotion in particular. This study also provides an analysis of rural tourism promotion through three marketing promotional strategies. Sources of secondary data collected

were reports, articles, publications, and other documents and websites. In order to gather information in the context of marketing with special reference to 7Ps concept, a survey of questionnaire was used with ordinal scale. The sample size was restricted to 150 respondents and 78 questionnaires were distributed for analysis the potentialities of 7Ps elements. The conclusion discussed about the data collected from diverse sources to draw a meaningful solution and figure out suggestion for promotion of rural tourism marketing.

10.5 DATA ANALYSIS

10.5.1 IMPACT OF MARKETING MIX ELEMENTS ON TOURIST SATISFACTION



7Ps classifications of Tourism Elements Available at Kamarpukur.

Product	Cultural assets, agricultural products, scenic value, handicraft
Price	Revenue oriented, room price, price of food, and beverages
Promotion	Fairs and trade show, exhibitions, brochures, advertising, PR cell, television, and radio
Place	Availability on demand, parking facilities
Physical evidence	Water bodies, rest house, availability of guide, attractive guest house, good room service facilities, pleasant atmosphere
Process	Administration, easy booking
People	Politeness, responsible skilled personnel, rapid willingness, and attentiveness to the customer

For analysis of the gathered data, a 5-point Likert scale was used: the range of ordinal scale starting from very good—5 (more than 80%), good—4 (more than 60% but less than 80%), satisfactory—3 (more than 40% but less than 60%), average—2 (more than 20% but less than 40%), unsatisfactory—1 (20% and less). The following diagram depicts that the highest score in service marketing mix elements, that is, 7Ps belong to product, price, place, promotion, people, process, and physical evidence.

From the point of view of the product, five parameters were selected to analyze this dimension of marketing mix. The score of scenic value is high due to it is a vital rural tourism product as per respondents and the lowest score belongs to other rural tourism elements available at Kamarpukur. A few respondents complained about sometimes they were deprived from various allied or auxiliary tourism elements from host communities (see [Table 10.1](#)).

TABLE 10.1 Rank and Score of Product.

Parameters	Score	Ranking
Other rural tourism elements	3.0	4
Cultural values	3.3	3
Scenic value	3.7	1
Handicrafts	3.5	2

In the context of price (see [Table 10.2](#)), four parameters were selected. Among these parameters, room price is very nominal or low according to the respondents. In order to accommodate the tourists for their brief stay at Kamarpukur, Ramakrishna Mission runs two big guesthouses. There are private hotels and restaurants at Kamarpukur who take care of large number of tourists. Transportation cost is comparatively high as per respondents. Most of the respondents shared their view in the context of handicraft that the price of handiwork at Kamarpukur and outside Kamarpukur is quite same. Low prices would easily and quickly attract clients, but this is an inefficient way to seek for sustained success in the market (Kotler et al., 2003; Vitkienė, 1998).

From the point of view of places in 7Ps context, five parameters were selected. Among these parameters, car parking facilities were given highest score and communication facilities were given the lowest score.

Kamarpukur gets overcrowded at the time of celebration or on festive occasions; however, tourists who came with their cars, found it easy to park. Different recreational facilities are available at Kamarpukur according to respondents like meditation hall, yoga center, indoor game center, bird watching, cycle riding, fishing, and so on. On the other hand, communication facilities and availability on demand services are not so satisfactory due to lack of updated technological application, and easy accessibility of different forms of tourism services also scores low too. Some respondents depict that when they want to move from one destination to another tourist destination, sometimes monopoly attitude exist in the service providers like rickshaw puller, taxi/cab, etc (see [Table 10.3](#)).

TABLE 10.2 Rank and Score of Price.

Parameters	Score	Ranking
Food	4.0	2
Room price	4.2	1
Transportation cost	3.5	4
Handicraft price	3.6	3

TABLE 10.3 Rank and Score of Place.

Parameters	Score	Ranking
Easy accessibility	3.6	3
Car parking	4.5	1
Communication facilities	3.1	5
Recreational facilities	4.2	2
Availability on demand services	3.3	4

In the context of promotion of marketing mix dimension, four elements were selected. Among the four parameters, PR cell has the highest score and publications has the lowest score. According to respondents, public relation plays a very vital role in the promotional activity of any tourist destination. At Kamarpukur, well-executed PR cell may be established with the support of the Ramakrishna Math as per respondents. Respondents

have agreed that fairs and trade shows or quality *brochures* carry more weightage than publications. According to them, fairs and trade shows or *brochures* have stronger impact in their minds compared to any publication. Good-quality *brochures* on the villages of Kamarpukur as a spiritual and rural destination may be produced containing detailed tourism information regarding accommodation, prices travel, schedules, attractions, for tourists in the villages, and the pattern of different activities available including auxiliary and ancillary services through illustrations, roadmap, and graphic design of the cover and the layout of the *brochures* (see [Table 10.4](#)).

TABLE 10.4 Rank and Score of Promotion.

Parameters	Score	Ranking
Fairs and trade shows/brochures	3.5	2
Advertising	3.4	3
PR cell	4.1	1
Publications	3.2	4

Physical evidence is one of the vital elements. Attractive environment of meditation belongs to highest score and lowest score belongs to availability of guide. Rural recreation and room service facilities were satisfactory. According to respondents at Kamarpukur, guide is necessary for providing assistance, information, cultural, historical, and contemporary heritage interpretation to people on organized tours, individual clients, educational establishments at religious and historical sites, and other significant interest (see [Table 10.5](#)).

TABLE 10.5 Rank and Score of Physical Evidence.

Parameters	Score	Ranking
Rest house	3.2	4
Guide	2.0	5
Room service facilities (lighting, bath, etc.)	3.9	2
Attractive environment of meditation	4.3	1
Rural recreations	3.7	3

In the process, dimension has three parameters. Among them, highest score belongs to easy booking and lowest score belongs to government sanctions. Most of the government officials agreed to offer their full support to the safety and security of the community development subject to government sanction of the requisite fund (see [Table 10.6](#)).

TABLE 10.6 Rank and Score of Process.

Parameters	Score	Ranking
Personnel participation to care guest	3.8	2
Easy booking	3.9	1
Govt. sanctions	3.1	3

According to the point of view of people score ranking in this dimension, Ramakrishna Mission belongs to highest score and local community belongs to lowest score. A survey on possible community development was conducted on four elements namely, Ramakrishna Mission, local community, local government, and tourist pilgrims. All the respondents of Ramakrishna Mission were found to be involved in the effective utilization of rural human resource and organizing the available funds. Respondents in the local community showed a keen interest for direct involvement in community development. Respondents in the local government agreed to offer their full support to the safety and security of the community subject to government sanction of the requisite fund. Respondents of the tourist pilgrims were found to be regular-dedicated visitors who directly participated in community building by rendering various services like one who was a doctor offered treatment to the sick, while the teacher tutored. The community also economically benefits highly from the visits of these tourist pilgrims, as the pilgrims indulge themselves in lavish local purchases of the indigenous handicrafts (see [Table 10.7](#)).

TABLE 10.7 Rank and Score of People.

Parameters	Score	Ranking
Local community	3.5	4
Local government	3.6	3
Ramakrishna Mission	3.9	1
Willingness to help by host community/tourist pilgrims	3.8	2

10.6 DISCUSSIONS

Implementation of marketing philosophy has different advantages. Management realize first the consumer needs (i.e., here the needs of the tourists) of particular tourism products and services. These products may be architectural resources, natural resources, cultural resources, food, accessibility, accommodation, transportation, etc. The classical approach of marketing is to produce the goods/services and sell to consumers. This concept no longer exists in tourism industry. Marketing in tourism industry is a difficult task and challenging too. Different tourism product/services available in urban tourist destination which are easy to accessible but at rural tourism destination; it is very complex task to satisfy consumers, due to different needs, tasks, attitudes, expectation, and patterns of behaviors.

From the above study, the following issues clearly emerge:

- The above empirical study revealed that advertisement in magazine and general books aren't a novelty anymore; however, they are often in wrong place and hard to see. Again, the potential of TV commercials has not been exploited yet, and it would be very useful (J). A promotional leaflet received by mail is relatively cheap promotion (Konciute, 2002). But in this study area, WOM is a useful promotional medium. According to respondents, they got information on this particular destination from acquaintances, relatives, colleagues, etc. They also received very little information from advertisement in magazine and tourism office. Ramakrishna Mission annually publish booklets containing detail information and distribute to potential tourists through trade and fair show and Ramakrishna Mission office for better service quires.
- In the context of product dimension quality of rural tourism, allied or auxiliary elements available in the study area should improve by providing proper infrastructure. It has been observed that modern culture and fashion exploit the rural culture. Most of the respondents are eager to enjoy the rural traditional culture and rituals, but they are deprived from particular enjoyment.
- It has been observed that Ramakrishna Mission Kamarpukur contributes to a different product portfolio. Its strategic objective is to develop marketable products based on the strength of tourists' inflow.

- Pricing policy revealed that in the study area, there is no existence of discount system or rebate system. It is an evidence of the price of services and products are fixed. It has been observed that price of food, room price, and price of the handicrafts are fixed. But transportation costs sometimes fluctuate. Respondents argued that product/services should be meaningful with its price.
- From the point of view of place, guests are overall satisfied but promotional activities should improve to capture the target audience. There is no such attractive advertisement for promotion. Ramakrishna Mission participate different handicraft fair or trade show, but this strategy is not sufficient for promotion.
- From the point of view of physical evidence and process, this study clearly explained that Kamarpukur has a large space to provide an abundance of natural amenities and open place. The open space afforded by guests gives the opportunity for full utilization of their holiday trip. It is an ideal destination for rural tourism according to respondents. Implementation of successful process requires a systematic approach through service quality, task analysis, etc. It has been also observed that Ramakrishna Mission follows a strict management process in all activities which help to provide better services.
- In the context of people, the above study reveals that local community has economically benefited highly from the visits of tourist pilgrims as well as the stakeholders community development participation. Local handicraft artisans are benefited by their lavish purchase of handicraft.
- It has been observed that there is no such channel intermediaries for capturing the target market in the study area.

In the context of promotion of marketing mix dimension, four elements were selected. Among four parameters, PR cell has the highest score and publications have the lowest score. According to respondents, public relation plays a very vital role in the promotional activity of any tourist destination. At Kamarpukur, well-executed PR cell may be established with the support of the Department of Tourism West Bengal as per respondents. Respondents have agreed that fair and trade shows or quality *brochures* carry more weightage than publications. According to them, fair and trade shows/*brochures* have stronger impact in their minds compared to any

publication. Good-quality brochures on the villages of Kamarpukur as a spiritual destination may be produced containing detailed tourism information regarding accommodation, prices, travel schedules, attractions for tourists in the villages, and the pattern of different activities available including auxiliary and ancillary services through illustrations, roadmap, and graphic design of the cover and the layout of the *brochures*.

10.7 MAJOR CHALLENGES IN PROMOTING TOURISM IN KAMARPUKUR

- To increase advertisement expenditure.
- To create a strong and positive image about areas of Bengal in general and Kamarpukur in particular.
- Effectively positioning the destination in front of both domestic as well as foreign tourist.
- To increase the duration of stay of the tourists at various destination.
- Training of youth and NGOs, VCCs, SHGs operating in these areas.
- To preserve of the villages the preservation and development of local.
- To maintain the drainage system, garbage disposal system, sanitation, and hygiene system.
- To promote the states culture and tradition in the NRI market.
- How effective documentation can be prepare in form of brochures, cards, websites, etc. for depicting the site attractions, which leads to marketing the sites among both domestic as well as foreign tourists.
- A vital aspect of the tourism scheme was to check the migration of the artisans from the village. To tackle the problem of migration, the artisans in different categories like stone carvers, pot makers, wood carvers, painters, weavers, etc. have been given trainings and exposure sits. Their product has been effectively promoted via different means and they have been taught about product diversification and demand of market that has ultimately enhanced their income and stopped the migration.

10.8 CONCLUSION

In conclusion, we can say that the rural tourism potentials of West Bengal in particular and India in general is very vast and varied. Effective

marketing strategies are the key for the promotion of rural tourism in any country and India has no exception to it. With the rapid growth in the tourism industry, the need for marketing is necessary and in particular all communications related to marketing with an objective of reaching the target audience. Organizations and companies have to be market oriented and pay exact attention to customers' needs in future (Walker et al., 2001). Marketing is a way of thinking about a situation that balances the needs of tourists with services or variety of recreations available in the destinations. Various types of information should be available the general geographical, historical, and cultural background of the area, the attractions, facilities and series and their costs, etc. that are available. Target customer, that is, here tourists are more likely to extend their stay in a rural area, if they have sufficient information about destination and various activities and attractions as well. In this chapter, at Kamarpukur as a rural tourism destination as well as overall marketing point of view in the context of marketing mix was investigated. These controllable different marketing mix dimensional factors help to plan and recognize as well as implementation marketing strategies to develop Kamarpukur as a model rural tourism destination. Rural tourism is expected to emerge as an important key factor for sustainable human development including poverty alleviation, employment generation, environmental regeneration, and development of remote areas and empowerment of women, if proper marketing or promotional activities are carried out.

KEYWORDS

- **rural tourism**
- **7Ps marketing mix**
- **tourism marketing**
- **tourism culture**
- **tourism challenges**
- **tourism impact**
- **rural tourism development**

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CHAPTER 11

TOURISM MARKETING IN NAGALAND: AN ANALYTICAL APPROACH

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ABSTRACT

In every nook and corner of the country, tourism industry has been contributing significantly in augmentation of the socio-economic growth and employment generation. With its enormous potential, the industry is anticipated to add about 7.8% of gross domestic product annually during the current decadal span of 2013–2023. Undoubtedly, the tourism sector has started gearing up its tempo of growth due to the prevalence and constant improvement of infrastructural growth in terms of transportation and communication, science and technology, commerce and trade prosperity, etc., worldwide. The tourism-industrial growth obviously entails creation of many other ancillary services such as transportation, hotels and restaurants, etc. and promotion of tourists' visits within and outside a region. Tourism marketing is therefore a systematic and coordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national, or international level to achieve the optimal satisfaction of the needs of identifiable consumer groups, and in doing so, to achieve an appropriate return. In tourism marketing, all managerial activities are to be efficiently performed by a service provider or an organization for ensuring timely delivery of its quality service. Be it domestic or foreign, one cannot move from one place to another without adequate conveyance arrangements. Keeping in view, any country has to make efforts immensely for having good road connectivity in order to provide an immense pleasure of travel to the tourists, taking their diverse needs into consideration. India's attention on this fantastic industry is, thus, inevitable and a must to cope with the dynamic global business environment which is highly volatile. A scientific enquiry into the phenomenon of tourism marketing in the State Nagaland has, therefore, become a need of the hour.

The purpose of this paper is to present a brief account on tourism in India and its importance, to analyze the role of Transport Service Marketing and its impact on tourism industry, and to suggest remedial measures for improvement of Tourism Marketing in the State of Nagaland.

11.1 INTRODUCTION

Tourism is considered as a social phenomenon all over the world. Usually, travel takes-place among the people for several purposes which include

religious interests, business interests, education, leisure, etc. The primary thirst for new knowledge and experience has become stronger with the advance of science and technology. Thus, Tourism industry has been contributing significantly in augmentation of the socioeconomic growth and employment generation. With its enormous potential, the industry is anticipated to add about 7.8% of gross domestic product annually during the current decadal span of 2013–2023. There have several factors which act as drivers behind increase in Tourist Traffic like increasing purchasing power of the middle class people, road connectivity, changing lifestyle, dynamic global economic environment, etc. Tourism is of several kinds namely, rural tourism, adventure tourism, wellness tourism, eco-tourism, cruise tourism, medical tourism, and so on. In India, adding to this list, tourism is also classified as North Indian Tourism, East Indian Tourism, West Indian Tourism, and South Indian Tourism. Each part of India differs from the rest of the world. In our country, Tourism has acquired a brand as Indian Tourism.

From a bird's eye view, tourists' expenditure becomes major revenue for a particular region or country. In due course of time, this potential, if tapped wisely and timely by the region or country, it would be facilitating to lubricate the wheels of the economy in a better way to compete with other counterparts economically in the current dynamic competitive environment. Tourism marketing is therefore a systematic and coordinated execution of business policy by tourist undertakings whether Private or State owned at local, regional, national, or international level to achieve the optimal satisfaction of the needs of identifiable consumer groups, and in doing so to achieve an appropriate return.

Undoubtedly, the tourism sector has started gearing up its tempo of growth due to the prevalence and constant improvement of infrastructural growth in terms of transportation and communication, science and technology, commerce and trade prosperity, etc. worldwide. The tourism industrial growth obviously entails creation of many other ancillary services such as transportation, hotels and restaurants, etc. and promotion of tourists' visits within and outside a region. Amongst them, the transport services can be considered as the prime and foremost need for development of tourism. None can move for any purpose without conveyance arrangement. Without Transport Services, the process of Tourism Development will come to a standstill, and therefore, ensuring proper transport services becomes the primary requirement, in addition to all other

essential infrastructure for any country. Good Transport service has therefore viewed to have an enormous potential of attracting the Tourists not only domestically but globally.

11.2 RATIONALE FOR THE STUDY

In tourism marketing, all managerial activities are to be efficiently performed by a service provider or an organization for ensuring timely delivery of its quality service. Be it domestic or foreign, one cannot move from one place to another without adequate conveyance arrangements. Keeping in view, any country has to make efforts immensely for having good road connectivity in order to provide an immense pleasure of travel to the tourists, taking their diverse needs into consideration. India's attention on this fantastic industry is, thus, inevitable and a must to cope with the dynamic global business environment which is highly volatile.

North East India is comparatively a backward region. It has a tremendous potential to boost its growth through Tourism industry owing to its biodiversity richness. Employment and Income generation opportunities can be augmented by marketing of tourism products and services. Tourism marketing development assists the growth of several ancillary services such as transport services, hotels and restaurants, etc. Moreover, availability of good infrastructure in terms of road, rail, air connectivity, accommodation, recreational amenities, etc. in the region also attracts the tourists. A scientific enquiry into the phenomenon of Tourism marketing in the State Nagaland of North East India has, therefore, become a need of the hour.

11.3 OBJECTIVES OF THE STUDY

The primary objectives of the study are as follows:

- To present a brief account on tourism in India and its importance.
- To analyze the role of transport service marketing and its impact on tourism industry, and
- To suggest remedial measures for improvement of tourism marketing in the State of Nagaland.

11.4 LITERATURE REVIEW

On tourism marketing, there are several research studies being carried out throughout the world from time to time. Some of the literatures reviewed during the current study are presented as under:

Duarah and Mili (2013) have investigated into Tourism Potential in North East India whose study concluded that there is a need for image improvement, infrastructure upgradation, community participation, etc. for promotion of Tourism in the region.

Sunildro (2015) has undertaken a study on Indian Tourism Industry and found that the Indian Tourism Industry has huge potential for growth with its various natural and historic sites which are considered as the best in the world. Further, it has also highlighted certain bottlenecks hindering the Tourism growth which include lack of security, safety, publicity, and projections.

Suresh Kumar Singh and Ibohal Meitei (2015) have studied about the Tourism potential of Manipur whose study revealed that the brand image of the destination has become an indispensable aspect for successful tourism. It has been suggested further that proper brand positioning with the use of reliable brand ambassador can be useful for making the State an attractive health tourism destination.

11.5 MAGNITUDE AND POTENTIAL OF TOURISM IN INDIA

Tourism is one of the significant service sectors contributing over 6.2% of GDP. The industry has the potential of extending employment generation for more than 8.7% in India. Tourism marketing has been gaining importance to face the global competitive economic environment. Reportedly, the foreign exchange earnings have increased from 11.39 billion dollars to 14.19 billion dollars during 2009–2010. The foreign and domestic tourists' arrival has also crossed 5.58 and 650 million in 2009, respectively. With its potential, the industry can accelerate its efficiency of tourism products and services at affordable rates. In the words of Krippendort, 'tourism marketing is to be understood as the systematic and coordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national, or international level to achieve the optimal satisfaction of the needs of identifiable consumer groups, and in

doing so, to achieve an appropriate return. Marketing plays a vital role in any business. In tourism, the marketing involves all the managerial activities of a service firm or an organization, taking the customers' needs into consideration. Marketers of Tourism service analyze the needs and want of the consumers for devising appropriate strategies to satisfy them. Hence, marketers segment their markets, based on the characteristics of the customers, to meet their specific needs profitably, even in tourism marketing.

11.6 TRANSPORT SERVICE AND TOURISM MARKETING IN NAGALAND

Transport service is one of the significant ancillary services to promote Tourism Industry. In the absence of essential conveyance facility, movement of the tourists from one place to another is not feasible. When travel to far off places is contemplated, the conveyance requirement is a primary one for any traveler. Good transport facility, be it road, railways, or airways, will surely attract the tourists toward any region irrespective of their tourism potentials. Huge potential of Tourism Development may even go unnoticed by the tourists in the absence of adequate transport services to reach a particular region. This primary need of Transport may have to be paid due attention by our country in general and the State of Nagaland in particular, to seize the opportunities of Tourism Marketing for achieving the broader goals of economic development in the long run.

The status of national highways and roads in the State of Nagaland has been shown in [Table 11.1](#).

[Table 11.1](#) reveals that there are 12 kinds of roads falling under 5 National Highways in the State of Nagaland. The analysis further highlights that 49.84% of the National Highways under NH (NPWD), followed by 21.73% which comes under BRO. Likewise, SH and MDR share 19.36% and 9.07% of the total length of 1157.13 km, respectively in the state.

Amongst the roads, the Chizami–Meluri–Kiphire–Tuensang–Mokokchung road ranks first by sharing 28.17%, followed by Kohima–Wokha–Mokokchung–Amguri which is scoring 2nd rank in order. Further, 3rd and 4th ranks are shared by the Kohima–Chakhabama–Chizami road, and the Chakhabama–Zunheboto road, respectively. The Mon–Tamlu–Merangkong road secures 5th rank whereas the Kohima–Dimapur road comes under 6th rank. Similarly, the Phek–Pfutsero, and Longleng–Changtongya

TABLE 11.1 National Highways and BRO in Nagaland 2012–2013 (in km).

Sl. No.	Name of road	NH No.	NH (NPWD)	Under BRO.	SH	MDR	Total Length	%	*Progressive total (NH-wise)	%	*Rank
1	2	3	4	5	6	7	8	9	10	11	12
1	Kohima-Dimapur	29	1.80	74.00	-	-	75.80	6.55	-	-	VI
2	Jotsoma-Bypass	29	-	11.00	-	-	11.00	0.95	-	-	X
3	Kohima-Mao Gate	29	-	32.00	-	-	32.00	2.77	-	-	VIII
4	Dimapur-Kohima Link Road	29	2.00	9.39	-	-	11.39	0.98	130.19	11.25	IX
5	Kohima-Wokha-Mokokchung-Amguri	61	240.00	-	-	-	240.00	20.74	240.00	20.74	II
6	Kohima-Chakhabama-Chizami	150	-	125.00	-	-	125.00	10.8	125	10.8	III
7	Chizami-Meluri-Kiphire-Tuensang-Mokokchung	155	326.00	-	-	-	326.00	28.17	326	28.17	I
8	St.John School-Assam Gate-Railway Overbridge	36	6.94	-	-	-	6.94	0.6	6.94	0.6	XI
9	Chakhabama-Zunheboto	-	-	-	118.00	-	118.00	10.2	-	-	IV
10	Longleng-Changtongya	-	-	-	32.00	-	32.00	2.77	-	-	VIII
11	Phek-Pfutsero	-	-	-	74.00	-	74.00	6.4	-	-	VII
12	Mon-Iamlu-Merangkong	-	-	-	-	105.00	105.00	9.07	329.00	28.44	V
# No.	-	-	576.74	251.39	224.00	105.00	1157.13	100.00	1157.13	100.00	-
Total	-	-	(49.84)	(21.73)	(19.36)	(9.07)	-	-	-	-	-

Source: Statistical Handbook of Nagaland (2014).

*Calculated figures.

#Figures in parentheses indicate percentage.

roads fall under 7 and 8th ranks, respectively. Likewise, the Dimapur–Kohima Link Road, Jotsoma–Bypass, and St. John School–Assam Gate–Railway Over bridge roads are scoring the lowest ranks in order.

The results of the analysis are shown in [Figure 11.1](#)

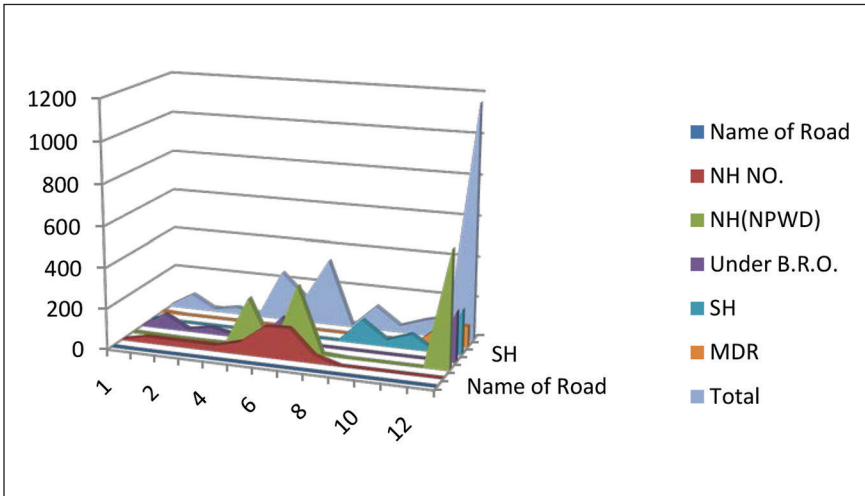


FIGURE 11.1 National Highways and BRO in Nagaland 2012–2013.

In addition to the private sectors engaged in transport services, the State Government has also been extending the conveyance service at comparatively affordable rates to the domestic and foreign tourists. The status of Nagaland State Transport Service during 2010–2014 is shown in [Table 11.2](#).

[Table 11.2](#) depicts the status of Nagaland State Transport service in Nagaland during the period 2010–2014 that indirectly reveals the role of the State Government in developing the Tourism Industry through developing the infrastructure in terms of road connectivity, manpower, etc.,. It indicates the efficiency of the Government in monitoring the Transport Service, and in turn, the impact of the Transport Service of Tourism Marketing can also be measured therefrom. Taking the period, 2010–2011 as a base period, the data on the Transport Service has been compared with the period, 2013–2014. Accordingly, the trend on the length of road covered by the NST has decreased from 12,677 km to 12,455 km. However, the average number of passengers or tourists handled daily has

TABLE 11.2 Nagaland State Transport Service during 2010–2014.

Sl. No.	Items	2010-11	2011-12	2012-13	2013-14	* Overall Trend	*Nature of relative intensity
1	2	3	4	5	6	7	8
1	Length of routes covered by NST (km)	12,677	12,700	12,455	12,455	Decreasing	Fluctuating
2	Average Number of Passengers Handled Daily	4807	4887	4807	4912	Increasing	Fluctuating
3	Average Quantity Luggage Handled Daily (Qtls)	13.50	13.85	11.01	12.15	Decreasing	Steady
4	Number of Employees	1050	1050	1050	1050	No Change	Constant
5	Number of Vehicle	227	249	223	212	Decreasing	Fluctuating
6	Revenue Earned (Rs. in Lakhs)	1155	1302	1137	1226	Increasing	Moderate
7	Gross Capital Investment (Rs. in Lakhs)	1155.45	662.25	625	65	Decreasing	Extreme

Source: Statistical Handbook of Nagaland (2014).

*Observed Indicators.

increased from 4807 to 4912. Notably, the average quantity of the luggage handled daily has decreased sharply from 13.5 quintals to 12.15 quintals during the period.

As far as the manpower is concerned, the trend is constant during the period; 2010–2014 as it is obvious from the number of employees under NST is only 1050. The number of vehicles also has decreased from 227 to 212. Remarkably, the revenue earned from the Transport service has increased from 1155 lakhs to 1226 lakhs comparatively but the Gross capital Investment has declined drastically from 1155.45 lakhs to mere 65 lakhs only.

The results of the analysis are shown in [Figure 11.2](#).

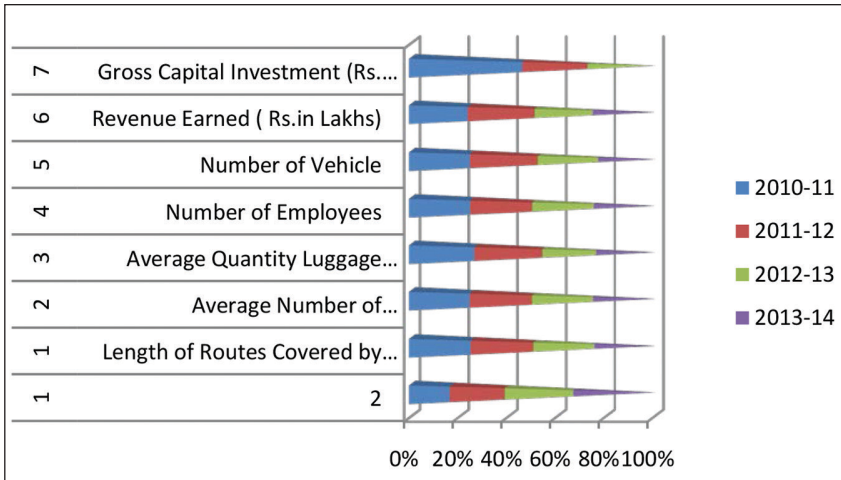


FIGURE 11.2 Nagaland State Transport Service during 2010–2014.

11.7 INFRASTRUCTURE CONNECTIVITY IN NAGALAND

The existing infrastructure-connectivity—air, rail, and road—in the State of Nagaland is as follows:

11.7.1 BY AIR

In Nagaland, Dimapur is the only airport which is connected with Guwahati and Calcutta by biweekly air service. It is also connected by Air to Delhi.

11.7.2 BY RAIL

Dimapur is the important Railhead in Nagaland which is on the main line of North-Eastern Frontier Railway. It is directly connected to Guwahati which, in turn, is directly connected to all the major places in India. Dimapur is connected to Delhi by several trains, including Rajdhani Express.

11.7.3 BY ROAD

Kohima is 390 km away from Guwahati. It can be reached by bus from Dimapur on NH-39. There are buses from Dimapur to Kohima every hour. Local transport is available by Mini Coaches and unmetered taxis suited most for traveling within the state. The total length of roads in Nagaland is 9860 km, which includes National highways, State highways, District roads and Village roads. More than 900 villages in the State are linked by roads. The major national highways running through the State of Nagaland are given in [Table 11.3](#), which is supplementing the data furnished in [Table 11.1](#).

TABLE 11.3 List of Major Highways in Nagaland.

Highway	Major Routes	Districts Served	Towns Touched
NH-61	Kohima, Wokha, Mokokchung, Amguri	Kohima, Wokha, Zunheboto, Mokokchung	Kohima, Tseminyu, Wokha, Mokokchung, Changtongya, Tuli
NH-39	Dimapur, Imphal Road	Dimapur, Kohima	Dimapur, Chiimukedima, Medziphema, Kohima
NH-39	Army Bypass Near Zulza	Dimapur, Kohima	Dimapur, Chiimukedima, Medziphema, Kohima
NH-36	Dimapur, Diphu Road (Assam Border)	Dimapur	Dimapur

Source: NER Data Bank (NEDFI).

11.8 FINDINGS OF THE STUDY

The following are the findings emerged out of the current study:

- There are 12 kinds of roads falling under 5 National Highways in the State of Nagaland. The analysis further highlights that 49.84% of the National Highways under NH (NPWD), followed by 21.73% which comes under BRO. Likewise, SH and MDR share 19.36% and 9.07% of the total length of 1157.13 km respectively, in the State.
- Amongst the roads, the Chizami-Meluri-Kiphire-Tuensang-Mokokchung road ranks first by sharing 28.17%, followed by Kohima-Wokha-Mokokchung-Amguri which is scoring 2nd rank in order. Further, 3rd and 4th ranks are shared by the Kohima-Chakhabama-Chizami road, and the Chakhabama-Zunheboto road, respectively.
- The Mon-Tamlu-Merangkong road secures 05th rank whereas the Kohima-Dimapur road comes under 6th rank. Similarly, the Phek-Pfutsero, and Longleng-Changtongya roads fall under 7th and 8th ranks respectively. Likewise, the Dimapur-Kohima link road, Jotsoma-Bypass, and St. John School-Assam Gate-Railway over bridge roads are scoring the lowest ranks in order.
- The status of Nagaland State Transport service in Nagaland during the period 2010-2014 that indirectly reveals the role of the State Government in developing the Tourism Industry through developing the infrastructure in terms of road connectivity, manpower, etc. It indicates the efficiency of the government in monitoring the Transport Service and in turn, the impact of the Transport Service of Tourism Marketing can also be measured therefrom.
- Taking the period, 2010-2011 as a base period, the data on the Transport Service has been compared with the period, 2013-2014. Accordingly, the trend on the length of road covered by the NST has decreased from 12,677 to 12,455 km. However, the average number of passengers or tourists handled daily has increased from 4807 to 4912. Notably, the average quantity of the luggage handled daily has decreased sharply from 13.5 to 12.15 quintals during the period.
- As far as the manpower is concerned, the trend is constant during the period, 2010 -2014 as it is obvious from the number of employees

under NST is only 1050. The number of vehicles also has decreased from 227 to 212. Remarkably, the revenue earned from the Transport service has increased from 1155 to 1226 lakhs comparatively but the Gross capital Investment has declined drastically from 1155.45 lakhs to mere 65 lakhs only.

11.9 LIMITATIONS AND SCOPE OF THE STUDY

This study has used only secondary data. Primary data is expected to yield better results. Only road connectivity has been taken for the current study. No air or rail transport is discussed in this current study. It does not focus on other ancillary services of Tourism marketing such as hotel and restaurants, logistic supports etc., other than Transport Services. Data on entire State of Nagaland has been used covering 11 districts, namely, Kohima, Mokokchung, Wokha, Dimapur, Zunheboto, Mon, Peren, Kiphire, Longleng, Phek, and Tuensang. Rather, individual districts' potential in terms of their contribution toward the overall growth of Tourism Marketing in Nagaland has not been discussed in detail. The Vision and Mission of the Government of Nagaland toward Tourism Development in the State are kept outside the purview of the study.

Taking these limitations, more in-depth research studies can be undertaken by using both primary and secondary data for more reliable results. Such studies, if carried out, are anticipated to help the policy makers and Government for formulating suitable strategies to promote Tourism Marketing through improving Transport Services in Nagaland. Thus, this present study provides a direction and enhances the scope for future research studies on Tourism Marketing.

11.10 SUGGESTIONS AND RECOMMENDATIONS

Based on the findings of the study, the following suggestions are put forth:

- Proper maintenance of the existing National Highways may be contemplated by the Central/State Government on priority basis.
- New National Highways may be created to facilitate the movement of the domestic and foreign tourists.

- State government may also make more efforts to assess the existing road connectivity available and initiate remedial measures for improvement of the prevailing conditions of highways.
- Appropriate policies on Tourism Marketing and Infrastructure, especially of Transport Services, may be formulated and constantly monitored for timely measures for correction.
- More transport facilities may be made available, by ensuring public–private partnership in setting up transport agencies, at affordable rates.
- The Transport facilities may be promoted not only by road, but it may also try to extend it in terms of rail and air as well.

11.11 SUMMARY AND CONCLUSION

Tourism involves movement of the people from one place to another for several purposes. Such travel will become next to impossible for any tourist without conveyance facility. Hence, a good transport facility in any region does stimulate the minds of the people to travel which, in turn, gives birth to Tourism Marketing. Tourism Industry needs multifarious infrastructural facilities, including the Transport Services, for its growth and development. There is no doubt, in the long run, it ultimately leads to the socio-economic development of any country worldwide. The Industry contributes substantially to economic development significantly since many ancillary services grow simultaneously like transport services, hotels etc. Indirectly, it augments the employment opportunities and income level of the people gradually at micro level and guarantees the wellbeing of an entire society at macro level. Based on the backdrop of this knowledge on Tourism Marketing, it is apparent that transport services play a key role amongst all other essential ancillary services. Without these invaluable services, the attraction of domestic and foreign tourists toward a particular region may not be very high in spite of possessing a marvelous and unique tourism potential for development. On this front, the State of Nagaland in North Eastern Region has been identified as a prospective region for Tourism Marketing and Development. However, the Transport services available in the State have been found to be inadequate to meet the actual needs of the customers (Tourists). Therefore, remedial measures such as proper maintenance of the existing highways, railways, and airways, creation of new transport connectivity etc., in addition to enhancement in all other

supplementary services become very essential to succeed in this endeavor. Designing appropriate policies on Tourism Development, Marketing through improvement of Transport Services, and Infrastructure Development will certainly attract more tourists domestically and globally toward the State of Nagaland. Last but not the least, it can be inferred the present study that the impact of Transport Services on Tourist Marketing in the State appears to be high and therefore Suitable Tourism Marketing Mix can alone satisfy the tourists (consumers) profitably in future.

KEYWORDS

- **tourism industry**
- **tourism marketing**
- **transport service marketing**
- **socioeconomic growth**
- **employment generation**

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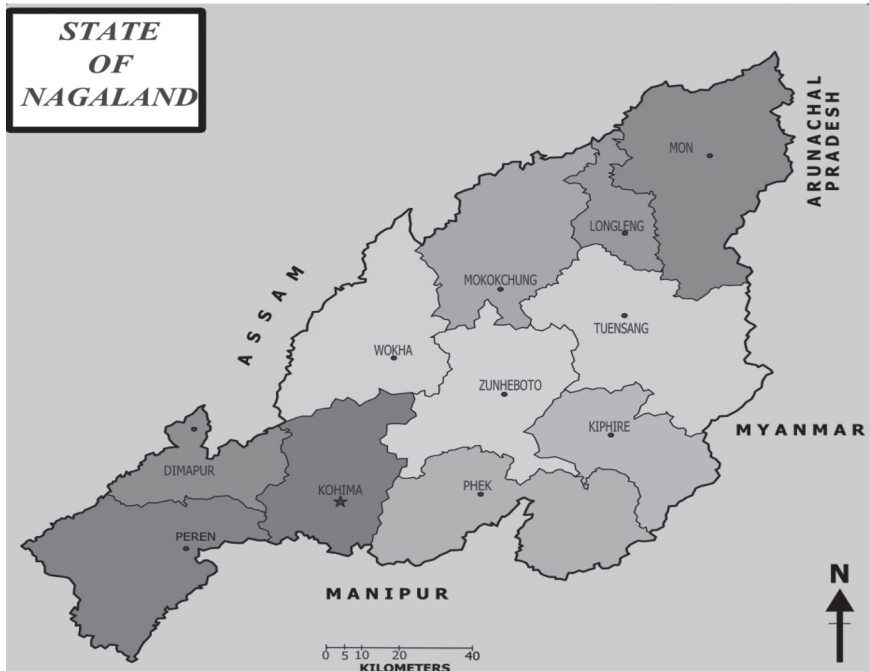
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APPENDIX I

STATE OF NAGALAND



Source: Tourism Master Plan for North Eastern Region, Tata Consultancy Services, Vol. II, C6–20.

APPENDIX II

SOME TOURIST ATTRACTIONS IN MOPUNGCHUKET VILLAGE OF NAGALAND



Source: Tourism Master Plan for North Eastern Region, Tata Consultancy Services, Vol. II, C6-20.



Source: Tourism Master Plan for North Eastern Region, Tata Consultancy Services, Vol. II, C6-20.



Source: Tourism Master Plan for North Eastern Region, Tata Consultancy Services, Vol. II, C6-20.



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CHAPTER 12

PROMOTION OF ECOTOURISM IN THE STATE WITH SPECIAL REFERENCE TO NATIONAL PARK AND WILDLIFE SANCTUARIES OF SIKKIM

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ABSTRACT

Ecotourism is not only the fastest growing branch of the travel industry, but it has also been hailed as a hopeful new approach to both preserving fragile and threatened wild areas. It is about creating and satisfying a hunger for nature, about exploiting tourism's potential for conservation and development and about averting its negative impact on ecology, culture, and esthetics. Tourism is one of the mainstays of the mountain and hill economy and Sikkim is second to none in this regard. The mighty Khangchendzonga offers brilliant mountain scenery, healthier, and invigorating climate. This chapter deals with the promotion and development of ecotourism in the state of Sikkim with special emphasis on wildlife sanctuaries and national parks. This chapter also focuses on the benefits provided through ecotourism to the local communities in the state of Sikkim.

12.1 MAJOR OBJECTIVES

The major objectives of the study include the following:

- 1) To study the ecotourism potentials of the state of Sikkim.
- 2) To analyze the concept and principles of ecotourism.
- 3) To study various wild life sanctuary and national parks of Sikkim.
- 4) To study the role played by the state government to promote ecotourism in the state.
- 5) To discuss the role of ecotourism with special emphasis on local community.

12.2 REVIEW OF LITERATURE

In recent years, the term "tourism destination" is accorded with an important status in the tourism literature. Buhalis (2000) defined the term destination as an amalgamation of tourism products offering an integrated experience to consumers, while Bieger (2000) claimed it to be the tourist product itself that in certain markets competes with other products. Davidson and Maitland (1997) outlined the characteristics of a tourist destination in the

context of a single district, town, city, or clearly defined and contained coastal, rural, or mountain area as having a total tourist product based on a variety of resources, other economic activities either in conflict or complementary to tourism, a host community, public authorities responsible for planning the resources, and an active private sector. The interactions between capitalist systems, localities, and regions (the local–global linkages) defined the regions and its processes of economic development. According to Franch and Martini (2002, p. 5) destination management should be the strategic, organizational, and operative decisions taken to manage the process of definition, promotion, and commercialization of the tourism product [originating from within the destination], to generate manageable flows of incoming tourists that are balanced, sustainable, and sufficient to meet the economic needs of the local actors involved in the destination. In addition, they provided service elements (such as awareness and promotion) with the characteristics of public goods, which were not offered by private suppliers, as already explained above. Howie (2003) proceeded by saying that destinations present complex challenges for management and development in that they served a broad range of the tourists' needs and the tourism-related businesses as well as the local community, local businesses, and industries. Hu and Ritchie (1993) conceptualized it as “a package of tourism facilities and services, which like any other consumer product, is composed of a number of multi-dimensional attributes.” Other authors All of the elements that shape a tourism destination are influenced by the role of companies' attitudes and their willingness to cooperate (de Araujo & Bramwell, 2002; Fyall et al., 2000). Howie (2003) further proceeded with the view that destination management plays a key role in addressing the many and sometimes conflicting issues that arise in contemporary tourism and ensures its managerial implications with a different type of direction, control, planning, and coordination. So the meaning of destination presented complex challenges for management and development in that those places essentially served a range of needs of tourists and tourism-related businesses as well as the resident community, local businesses, and industries. Some authors (Leiper et al., 2000) studied the tourism destinations from the demand perspective and identifying it as a set of products, services, natural, and artificial attractions able to draw tourists to a specific place, where the geographical location is simply one of the factors in tourism system.

12.3 INTRODUCTION

Only a few years back, the word “ecotourism” didn’t exist in the dictionary. There have been some natural travelers for quite a long time in the history. But their experiences were not meager to produce any significant socioeconomic benefits to the places they visited, nor do their activities seem to be intended as a tool for conserving natural area, native culture or endangered species. But with the advent of the technology, the popularity of nature and travel documentaries on television, and the interest in the conservation and environmental matters, ecotourism is becoming a phenomenon characteristic of the beginning of the 21st century.

Ecotourism is a complex and multidisciplinary phenomenon. As a logical component of sustainable development, it requires a multidisciplinary approach, careful planning and strict guidelines and regulations that will guarantee sustainable operation. Governments, private enterprises, local communities, and nongovernmental organizations all have an important role to play. “Ecotourism is responsible travel to natural areas that conserves the environment and sustains the wellbeing of local people.”

12.4 PRINCIPLES OF ECOTOURISM

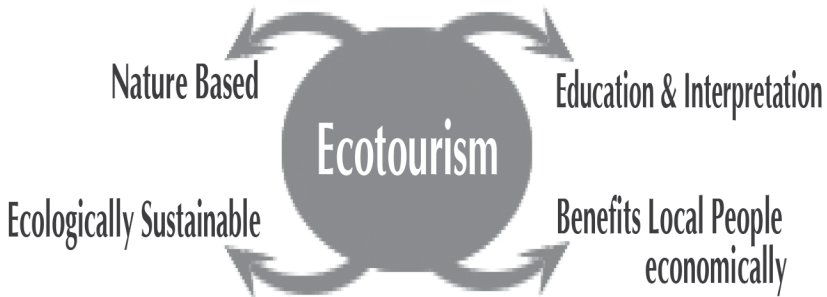
Ecotourism is about uniting conservation, communities, and sustainable travel. This means that those who implement, participate in, and market ecotourism activities should adopt the following ecotourism principles:

- minimize physical, social, behavioral, and psychological impacts;
- build environmental and cultural awareness and respect;
- provide positive experiences for both visitors and hosts;
- provide direct financial benefits for conservation;
- generate financial benefits for both local people and private industry;
- deliver memorable interpretative experiences to visitors that help raise sensitivity to host countries’ political, environmental, and social climates;
- design, construct, and operate low-impact facilities; and
- recognize the rights and spiritual beliefs of the Indigenous People in your community and work in partnership with them to create empowerment.

12.5 WORLD TOURISM ORGANIZATION ON ECOTOURISM

According to UNWTO, ecotourism can be conceptualized as
Any tourism program that is

- (a) nature based,
- (b) ecologically sustainable,
- (c) where education and interpretation is a major component, and
- (d) where local people are benefited.



12.6 BRIEF PROFILE OF ECO TOURISM STATUS IN SIKKIM

The snowy winter and cooler summer serve to invite many tourists to this tiny hilly state. Sikkim is a place where fusion of culture is distinctly visible. Sikkim has great beauty ranging from the mountains and multitude of rivers and lakes, which are considered as the sine-qua-non of ecotourism. Sandwiched in the hills and mountain, Sikkim has now started gaining importance as a major ecotourist destination. It has everything which a tourist can dream of as a land of fairs and festivals, snow-clad mountains, holy lakes and peaks, religious centers, hot springs, trekking, water-rafting, pleasant valleys flora and fauna, and so on.

Sikkim, one of the smallest state in the northeast India and the second smallest state in the country, lies between 27.50° and 28.10°N and 88.40° and 88.580°E longitude. Spread across an area of just 7096 sq. km, this state has a varied terrain climate and altitude resulting in a wide range of biodiversity. Three foreign countries surround it—Nepal in the west, Bhutan in the east, Tibet and China in the north, and West Bengal in the

south. Till the middle of 1970s, Sikkim was under the monarchy government when the 35th Amendment Act made it an associate State of Indian Union and finally on 16th of May 1975 (38th Amendment Act), it was made a full-fledged state of India. Since then, there has been a constant flow of tourist in Sikkim, which has played, great roles in boosting up the economy of the state.

Sikkim is a hilly state traversed by rivers and mountains that define its boundaries. Two principal mountain ranges—Singalila on the western border that marks its boundaries with Nepal and the Chola on the eastern border with Tibet. A low altitude range Panglakha marks the boundary between Sikkim and Bhutan. Most of the peaks above (20,000 ft) are on the western border of Sikkim (Khangchendzonga—28,168 ft; Kabru—20,000 ft; Sinolchu, Pandim, Simvo). Paunhri peak (22,000 ft) is the highest point on the eastern border of the State. Another mountain ridge separate Teesta and Rangit valley, which include the peaks like Tendong (8660 ft) and Maenam (10,612 ft). Glaciers are too many in Sikkim, important of which are the Zemu glaciers (largest in state), Rathong, and Lonak glaciers. Mountain ranges are incomplete without passes, so numerous passes are found in the huge mountain range of Sikkim, the most important of which are Nathu La (La meaning Pass) (14,140 ft), Jelep La (14,350 ft), Chiwabhanjang (10,300 ft).

TABLE 12.1 Flora and Fauna of Sikkim.

Type	Number
Mammals	144 species
Birds	550 species
Butterflies and moths	650 species
Reptiles	33 species
Frogs	16 species
Orchids	550 species, 95 genera
Rhododendrons	36 species, 45 varieties
Flowering plants	Over 4000 species
Ferns and allies	300 species
Conifers	9 species
Medicinal plants	Not enumerated

Source: Economic Survey 2006–07, Govt. of Sikkim.

12.7 PROMINENT NATIONAL PARKS AND WILDLIFE SANCTUARIES

The Sikkim Himalaya, one of the hot spots of biodiversity, has rhododendrons forming a major dominating group. The conservation initiatives of the government are highly commendable, where large areas have been set aside as protected areas. There is one biosphere reserve, two national parks, and six wildlife sanctuaries.

TABLE 12.2 Sanctuaries in Sikkim.

Name of sanctuary and location	Size of the sanctuary
Shingba Rhododendron Sanctuary, North Sikkim	43.00 sq. km
Fambong Lho Wildlife Sanctuary, East Sikkim	51.76 sq. km
Kyongnosla Alpine Sanctuary, East Sikkim	31.00 sq. km
Moinam Wildlife Sanctuary, South Sikkim	34.35 sq. km
Barsey Rhododendron Sanctuary, West Sikkim	104.00 sq. km
Pangolakha Wildlife Sanctuary, East Sikkim	208.00 sq. km

Source: Sikkim Tourism Development Corporation (STDC) (2014).

12.7.1 KHANGCHENDZONGA NATIONAL PARK

Khangchendzonga National Park (KNP) named after Mt. Khangchendzonga, the third highest peak in the world was notified in the year 1977 with an area of 850 sq. km. Owing to its rich biodiversity, this area was later extended to 1784 sq. km in 1997 on account of its intact continuous tract of mountain land reserved for conservation of native wildlife with many rare and endangered species. On 7 February 2000, the Ministry of Environment and Forests, Government of India notified KNP as a Biosphere Reserve with a total area of 2192 sq. km in accordance with the concepts of UNESCO/MAB program. Khangchendzonga is a unique mountain ecosystem falling within three different International boundaries of India, Nepal, and China (Tibetan Autonomous Region) housing a large variety of flora and fauna. There is a great variation in elevation, microclimate, landscape, habitat, and vegetation types together with rich ethnocultural diversity and the socioeconomic attributes of the people living in and around this unique mountain ecosystem.

A wide variety of woody tree species, shrubs, lichens, epiphytes, and mosses have enriched the valley. Among the woody trees, *Quercus* (Oak) and *Castanopsis* (Chestnut) are few among the dominant species of temperate region whereas *Abies densa* (Silver Fir) and *Rhododendrons* are the dominant species in the subalpine zones. There are some pure patches of *Castanopsis* at temperate region and *Magnolia* (Ghoge Champ) at subalpine areas. The area is equally rich in *Rhododendrons* in their shape, size, and color. It shelters the *Rhododendron arboretum* (Guransh) at temperate conditions to small *Rhododendron setosum* (Sunpati) and *Rhododendron anthopogon* (Sunpati) Apart from these, the area is equally rich in other flowering plants such as a wide variety of *Primula*, *Meconopsis*, *Aconitum* (Bikh, Bikhma), *Potentialla*, *Bistorta*, and *Gjentiana* which provide an additional charm to the alpine meadows.

About 10 species of Bamboos (*Dendrocalamus* spp. and *Arundanaria* spp.) are used by the communities for house construction and local handicrafts. A number of wild plants such as *Rhus semialata* (Bhalayo), *Litsae citrate*, *Juglans regia* (Okhar), *Machilus edulis* (Kaula), *M. odoratissima*, *Bassia butyraea* (Chiuari), *Girardinia palmate* (Allo Sisnu), *Laportea terminalis* (Patle Sisnu), and *Tupistra nutans* are eaten in different ways by the villagers. Apart from these, about seven edible varieties of mushrooms, numerous *Diplazium* spp. (Ningro) and *Dioscorea* (Ban Tarul) are also found recorded from in the area.

About 29 species of widely used medicinal plants are recorded from the area. *Artemisia vulgaris* (Titepate), *Eupatorium adenophorum* (Banmara), *Hydrocotyle asiatica* are widely used for different purposes and are not marketed. On the other hand, *Aconitum* spp. (Bikh, Bikhma), *Berginia liglata* (Pakhan-bhed), *Heracleum nepalense* (Chimphing), *Litsae citrate* (Siltimbur), *Oroxylum indicum* (Totala) are openly extensively marketed in the local markets. *Picrorhiza kurrooa* (Kutki), *Piper longum* (Pipla), *Orchis latifolia* (Panch-amli), *Rubia cordifolia* (Manjito) are even exported to the local agents. Most of these species are also used by the local practitioners (Bijuwa and Baidya) as herbal medicines.

It is also a source of varieties of natural attractive materials in the form of decoratives. Roots of plants, dry flower, capsules, dry mushrooms, cones of conifers, leaves of fern, fern shoots, and seeds of different plant form decoratives of all designs and types.

12.7.2 FAMBONG LHO WILDLIFE SANCTUARY (EAST SIKKIM)

Fambong Lho Wildlife Sanctuary is located about 25 km from Gangtok town. The famous Rumtek Monastery is located at the southeastern boundary. This sanctuary covers an area of about 5200 ha above the road between Singtam and Dikchu with the highest point at a place called Tinjure at 2749 m, where a wooden observation tower of the Forest Department exists. The snowy ranges of Khangchendzonga are clearly visible from Golitar, the buffer area of the sanctuary toward northwest. This Sanctuary's elevation starts from 1524 m and the highest peak Tinjurey, a triangular hilltop is at 2749 m. The ridge connects Fambong Lho peak and Ragorathai peak. The main vegetation is Oak (*Quercus* sp.), Katus (*Castanopsis* sp.), Champ (*Michelia* sp.), Kawlo (*Machilus* sp.), Kimbu (*Morus* sp.), thick bamboo forests, ferns, and a lone fir *Tsug dumosa* at Tinjurey. This sanctuary is the home of Himalayan Black Bear, Red Panda, Civet cat, and many varieties of butterflies. The Binturong or Bear-Cat is a rare civet reported from here. Many varieties of Birds found in this region includes Satyr Tragopan, Kalij Pheasant, Hill Partridges, Brown Wood Owl, Collared Scops Owl, Yellowbilled Blue Magpie, Black Eagle, Green Pigeon, Slatyeaded Parakeet, Yellowbacked Sunbird, Collared Broadbill, Maroon Oriole Orangebellied Chloropsis, Redtailed Minla, Nepal Tree Creeper, Bulbuls, Laughing Thrushes, Titmice, etc. Entry to sanctuary is permitted by the Chief Wildlife Warden, Government of Sikkim, Gangtok.

12.7.3 SHINGBA RHODODENDRON SANCTUARY (NORTH SIKKIM)

Shingba Rhododendron Sanctuary at a distance of about 137 km from Gangtok covering an area of 43 sq. km is located near Yumthang in north Sikkim and contains a vast variety of rhododendrons. The sanctuary is bounded on its southern periphery by the Yakchey La and on the northern periphery by the Yumthang Valley known for its alpine meadow and hot springs. Shingba Rhododendron Sanctuary is hemmed on the east by the high rugged Chuba-Sagochen mountain ranges and on the west by part of Chomzomei Tso extending up to Lava pass. The picturesque Yumthang Chu (river) flows through the sanctuary, which is known for its unique

abundance of Rhododendron trees and shrubs, 40 species/varieties of which are recorded from Sikkim alone. *Rhododendron neivium*—the State Tree occurs only in this sanctuary which is also rich in ground flora such as primulas, potentillas, gentians, saxifrages, poppies, and aconites. When in blossom, the rhododendrons provide a riot of color to this small park. One can also find silver fir, spruce, larch, juniper, maple, and rhododendron shrubs and trees festooned with trailing lichens.

The fauna here consists of the Serow, Goral, Red Panda, Himalayan Black Bear, Weasels, Martens and Common Langur. There seem to be two races of Musk Deer: one gray with white specks in the alpine region and one with a dark ashy coat in the fir and rhododendron forest. Blood Pheasant and Common Hill Partridge, etc. also found here. The beautiful and highly endangered Spotted Linsang or Tiger-Civet (*Prionodon pardicolor*) has been reported from here. Brown Trout were introduced into Yumthang Chu at Phunyi in 1978 and have been flourishing since. Lachung is the last frontier village before reaching the sanctuary. There is a Forest Rest House here as well as one at Yumthang.



12.7.4 MAENAM WILDLIFE SANCTUARY (SOUTH SIKKIM)

Maenam Wildlife Sanctuary is located in south Sikkim above the town of Ravangla which is 26 km by road from Namchi and 65 km from Gangtok via Singtam and covers an area of about 36.34 sq. km with its highest point being at Maenam. This sanctuary located at an altitude of about 10,600 ft above sea level shelters Red Panda, Goral, Serow, Barking Deer, Marbled-Cat, Leopard-Cat, Civet-Cats, Blood Pheasant, Common Hill Partridge, Magpies, Black Eagle, Blue-necked Pitta, Sunbirds, and many other animals of the temperate forest. Some of the birds seen here are Kalij Pheasant, Ashy Woody pigeon, Broad billed Warbler, Pygmy Wren Babbler, Hoary throated Barwing, Firetailed Myzornis, Rufous-breasted, and Maroon-backed Accentors, dark breasted and pink browed Rosefinches. Flowers clamor over trees while mosses, fern, and creepers more reckless and ambitious climb the soaring trunks. A small hermitage containing the image of Guru Padmasambhava nestles here.

BARSEY RHODODENDRON SANCTUARY (WEST SIKKIM)

The Barsey Rhododendron Sanctuary lies in the south west corner of the West Sikkim district. Spreading over 104 sq. km, across the razor sharp Singalila Range, which forms the natural international border with Nepal. In the south, the Rambong Khola separates it from West Bengal. There are three points of entry, Hilley, Dentam, and Soreng. Tourists generally prefer Hilley, since it is approachable by road. The bridle path from Hilley to Barsey already exists and is a favorite amongst tourists especially during the Rhododendron flowering season. The faunal value of Barsey Rhododendron Sanctuary includes Leopard cat, Marbled Cat Himalayan Yellow Throated Marten, Common Otter, Himalayan Palm Civet, Canidae Wild dog, Indian fox, Jackal, Himalayan Langur, Crimson Horned Pheasant, Monal Pheasant, Kaleej Pheasant, Crestless Porcupine, Rufous Tailed Hare, Chinese Pangolin, Flying squirrel, Giant squirrel, Himalayan Mouse Hare. The Barsey Rhododendron Sanctuary spans over the razor sharp Singalila Range. The climate is wet and cold favoring the spread of the dominant genus Rhododendron. July is the wettest month, with the average annual precipitation being in excess of 250 cm. The reaches above 2500 m receive regular snowfall in winter. Clear skies can be experienced only

from November to May. A beautiful Tourist Trekker's hut exists in Barsey, amidst the Rhododendron forests at 10,000 ft, commanding a glorious view of the Singalila range.

12.8 BENEFITS OF ECOTOURISM PROVIDED TO THE LOCAL COMMUNITY AS WELL AS TOURISTS

The major benefits of ecotourism provided to the local communities and the tourists include the following:

- (a) Facilitate self-employment opportunities for the economically disadvantaged people in ecotourism enterprises.
- (b) Encourage supply of goods and services to tourism enterprises by the economically disadvantaged people.
- (c) Facilitate direct sales of local goods and services to visitors by the economically disadvantaged people (informal economy).
- (d) Encourage establishment and running of tourism enterprises by the economically disadvantaged people—for example, micro-, small-, and medium-sized enterprises or community based enterprises (formal economy).
- (e) Prepare and provide training materials production, repairing, and maintenance of including training manuals, text books, and adventure equipment's, training courses.
- (f) Provide technical capacity building for FEWMD staff as well as tourism department tour operators, CBO, NGO, frontline staff within the state to understand the clear of FEWMD as well as various stakeholders meaning of ecotourism as an activity supported including STDC, EDC, JFMC, PSS and monitored by FEWMD to be driven by Panchayat, CBO.
- (g) Identify village level CBO's engaging on ecotourism activities and provide necessary communities including home stay owners, capacity building to them; youth and women's groups who wish to engage on ecotourism activities.
- (h) Identify and review the existing regulations and by-laws and other regal issues training and capacity building are specific related village level ecotourism activities. Themes such as environmental education, Support CBO to clarify those issues prior to home

- stay management, waste management, commence the ecotourism activities, computing, finance, ecotourism program.
- (i) Plan certificate courses for nature designing, interpretation, risk management, interpreters and ecotourism guides for trekking, cooking local cuisine, guides for trekking, bird watching, fauna and flora photography bird watching, fauna and flora photography, and other activities; angling, rafting, religious monuments.
 - (j) Identify low season income generation languages; activities to complement ecotourism such as handicraft souvenirs, food, and fruit processing.

12.9 DO'S AND DON'TS AT PARKS AND SANCTUARIES

Certain code of conduct has been framed to maintain the sustainability of these parks and sanctuaries. Visitors are requested to follow the following Code for Conservation:

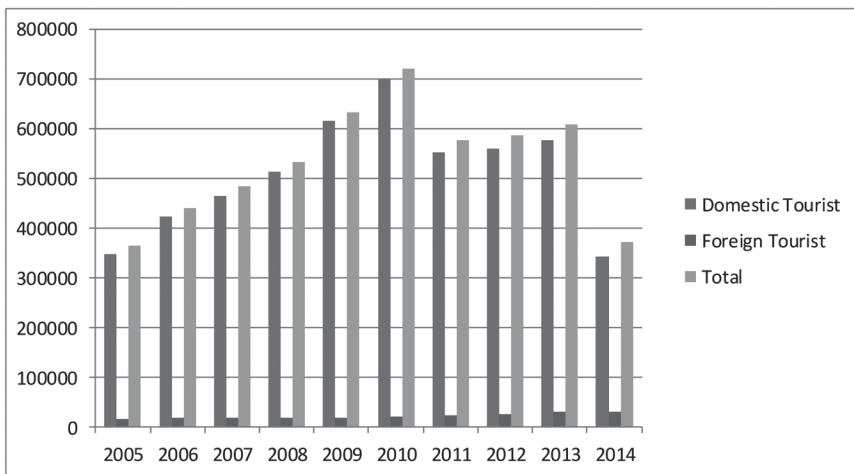
- leave only footprints, take only photographs high-altitude vegetation is frail;
- avoid trampling, follow trails, and do not pick plants or flowers;
- do not disturb wildlife or its habitat;
- do not buy endangered animal or plant products;
- use kerosene or bottled gas for cooking, heating, and lighting, avoid using firewood. Ensure that you and your staff are properly equipped with warm clothes and fuel. Carrying plastics within the sanctuary is banned.
- avoid littering;
- bring all your garbage back;
- carry out all batteries;
- keep all pollutants away from streams and lakes;
- do not give treats to village children; it only encourages begging;
- respect the sanctity of holy rivers and historical sites: no smoking, drinking, or loud talks;

- Educate yourself about the ecology, customs, manners, and culture of Sikkim, specially the adjoining villages; and
- Support local conservation programs and local community level organizations.

12.10 TOURIST ARRIVALS TO SIKKIM

Year	Domestic tourist	Foreign tourist	Total
2005	347,650	16,518	364,168
2006	421,943	18,049	439,992
2007	465,204	17,837	483,041
2008	512,373	19,154	531,527
2009	615,628	17,730	633,358
2010	700,011	20,757	720,768
2011	552,453	23,945	576,398
2012	558,538	26,489	585,027
2013	576,749	31,698	608,447
2014	341,627 Till Sept.	31,215 Till Sept.	372,842 Till Sept.

Source: Dept. of Tourism, Govt. of Sikkim.



12.11 ROLE OF STATE GOVERNMENT, INTERNATIONAL BODIES, AND NGOs

The state government including the international organizations especially JICA (Japan India Co-operating Agency) and NGOs have taken the following initiatives to promote and develop ecotourism in Sikkim.

- Training of local tourist Guides.
- Orientation to the local driver about tourism and their role in hospitality.
- Cooks training.
- Lodge-home stay management training.
- English-speaking training.
- Tourism sensitization to the monks and lamas of the monastery.
- Porters training.
- Trail development around villages.
- Interpretation signs along trails and sites/viewpoints.
- Handicraft and handloom promotion for tourists.
- Information brochure.
- Cultural program promotion.
- Viewpoint beautification.
- Marketing activities.
- Development of a Code of Conduct.
- Awareness programs at grass hood level to convince the villagers regarding long-term benefits of conservation of the forest.
- Environmental Education program for the school children.
- Formation and strengthening of the Pani-panchayats in the villages adjoining. Branches of SPSS have also been opened in the adjoining villages also strengthening the local NGO's, clubs, and active youth.
- Conservation of the water sources and lakes by carrying out plantation activities and soil and moisture conservation works.
- Lobbying to ban illicit felling of trees, forest encroachment, and grazing.
- Transfer of low-cost rural technology livelihoods and hence reduce dependence on forests.

ACTIVITIES ALSO INCLUDE:

- Training in ecotourism services, for example, for guides, lodge-owners, cooks, porters;
- Supporting new community ecotourism enterprises—vegetable growing, indigenous foods, and fuel-wood-saving equipment hire for treks, short-guided treks;
- Developing marketing strategies for community-based ecotourism activities and travel agent operation.
- Conducting market research and developing new ecotourism products, for example, off-season activities.

POLICY-MAKING IN CONSERVATION AND ECOTOURISM INCLUDE:

Scientific and participatory monitoring of project activities and impacts:

- applied research in conservation and ecotourism;
- sharing of research and monitoring findings among policy-makers, communities, and the private sector; and
- promoting public–private sector dialog through workshops, exchanges, and policy review.

12.12 SUSTAINABLE TOURISM ISSUES IN SIKKIM

A Process of Environmental Planning to protect environment of Sikkim to be initiated with the existing projects and programs. Based on an impact assessment and other important documents showing the ecological, economic, social, and political future impacts, a Code of Ethics needs to be prepared for the State and this Code of Ethics for tourism in the state will ultimately signify the legislation for tourism in Sikkim. Following is the document covering the areas of future tourism legislation for Sikkim (Exhibit 12.1):

EXHIBIT 12.1 Sustainability Issues Relevant for Sikkim.

-
- Illicit felling
 - Wildlife poaching including NTPC and medicinal plants
 - Biopiracy
 - Poaching incidences by Assam Rifles and GREF
 - Lack of awareness
 - Plantation in private lands
 - Firewood and fodder demand
 - Increasing demand for medicinal plants
 - Demand for wild edibles (ferns, nettles, roots, tubers fruits, flowers, etc.)
 - Landslide control
 - Requirement of seedlings
 - Alternative energy
-
-
- Requirement of LPG
 - Requirement for biogas
 - Livelihood issues
 - Ecotourism enterprise
 - Lack of capacity
 - Lack of publicity
 - Improvement of trekking trails
 - Agriculture and horticulture development
 - Decline in soil fertility
 - Requirement for food preservation and processing technologies
 - Increased introduction of exotic/hybrid flora for commercial purposes; no state level gen bank.
 - Animal husbandry initiatives
 - Husbandry of high yielding livestock (local and exotic/hybrid)
 - Decline in yak breeds
 - Decline in indigenous sheep varieties
 - Mules for army and tourists, employment potential, especially during road blocks
 - Improvement of existing breed of livestock for more meat, milk, etc. to decrease the existing pressure on forests
 - Need for better marketing of milk products from temperate and trans-Himalayas where yak, goat, sheep and cow population occurs
 - Lack of cheese processing plant in livestock dominated areas of trans-Himalayas

EXHIBIT 12.1 *(Continued)*

- Micro-enterprise development
 - Revival/protection of indigenous handicrafts and handloom
 - Infrastructure development
 - Communication problems, damage to environment in trans-Himalayas
 - Essential services
 - Health issues in remote areas encompassing nutritive foods including traditional diet, medicinal plants conserving the use, traditional medicinal systems, diverse agricultural produce, foods, from the wild
 - Improvement of drinking water source
 - Cultural and traditional knowledge conservation
 - Reduction of vehicular emissions
 - Efficient garbage management
 - Biodiversity conservation
-

Source: Sikkim Biodiversity Strategy and Action Plan.

12.13 SUGGESTIONS AND RECOMMENDATIONS

- Environmental planning should be based on the rules and regulations of the Ministry of Environment and Forest, and other international/national/state-level organizations like International Ecotourism Society (IES), Himalayan Environmental Trust (HET), Indian River Runners Association (IRRA), Himalayan Tourism Board (HTB), Travel Agents Association of Sikkim (TAAS), Sikkim Association of Adventure Tour Operators (SAATO), etc. and have proper coordination with the public sector and private sectors.
- Greater cooperation/coordination/integration and collaboration should be established between Sikkim Tourism Development Corporation (STDC) and all industrial representatives, for example, TAAS, SAATO etc. or giant industry houses like Reliance, Hyatt etc. Cooperation should also be extended with registered NGOs and eco-clubs in the matter of alternative tourism development and community benefits.
- Ecotourism project in Assam Lingzey (near Gangtok) run by project KEEP (Khedi Eco-tourism and Eco-development Promotion) local residents offer rooms in their homes for home-stays and

work as guides for trekkers traversing the Khedi route and for day-long hikes through the village and neighboring areas. By involving visitors in their traditional way of life, the project encourages the local Bhutia people to retain the traditional features of their homes, local customs, and sensitizes village inhabitants and visitors to the importance of environmental preservation.

- The State government has now proposed to support at least one tourist center in each Gram Panchayat Unit in the state.
- The Himalayan Centre for Adventure Tourism is being established at Chemchey Village. The center will further boost the activities of Government in the adventure tourism sector. This will also add a new facet of “mountain tourism” in the overall tourism development interventions in the State. Three more peak which are below 20,000 ft, namely, Brum Khangtse, Lama Angden, and Frey peak have been opened for alpine expeditions in 2005.
- A range of new tourist attractions including 135-ft statue of Guru Padmasambhava at Samdruptse, South Sikkim and Tashi View Point, East Sikkim, Water Garden, Martam, East Sikkim, development of seven sisters water fall at Menronggong in North Sikkim, construction of tourist complex/trekking camp at Yuksam and development of Rock Garden at Rimbi, West Sikkim has been constructed to promote ecotourism in the state.
- Setting up of a Task Force on Environment headed by Director of the Centre for Science and Environment has been appointed. This Task Force will not only critically evaluate the actions taken by the Government on the environmental front but would also provide a road map for the sustainable development project in the State.
- State’s forest cover has increased from 42.3% in 1991 to 45.97% in 2005–2006. Adoption and enforcement of the Forest, Environment, and Wildlife Policy in 1999 has been ensured. This has been a very significant step taken to protect its environment and conserve forests and wildlife. Sikkim is perhaps the first State in the country to adopt this all-encompassing policy.
- Grazing for domestic and semidomestic animals in reserve forest areas has been restricted in many places of the state, even at political risk.

- Ban on the use of nonbiodegradable products like plastic bags to protect the environment has increased but expected to receive threats from increased tourism-related activities.
- Protection of cultural ecology of the Mount Kanchenjunga by banning climbing expeditions to this revered mountain.
- Closing down of shooting range in the fragile region of north district.
- The State Government has launched the Green Mission which invited and encouraged people to plant trees on the roads, vacant lands, nearby gardens, etc. to plant trees and other foliage. People have overwhelmingly responded to these missions.
- Specifically for ecotourism development in the state following initiatives are being completed during the 10th Plan period.
 - (a) Rock Garden at Changaon, Namchi, South Sikkim,
 - (b) Ecotourism Park at Rapdentse, Gyalshing, West Sikkim,
 - (c) Creation of Jureli Dara Park, Sombaria, West Sikkim,
 - (d) Kumrek Picnic Spot, Rangpo, East Sikkim,
 - (e) Forest House at Sombaria, West Sikkim,
 - (f) Inspection hut at Phurchachu, Reshi, West Sikkim,
 - (g) Himalayan Zoological Park.
- Sikkim has taken up aggressive marketing strategy in India and abroad to promote Sikkim as a brand name and the “Ultimate Eco Tourism Destination.”

12.14 CONCLUSION

Considering the wide geographical and biological diversity, the scope of ecotourism in Sikkim is very high. If the resources are tapped successfully, we can transform the face of ecotourism industry in Sikkim. What actually needed is careful planning and a target oriented approach. Ecotourism in Sikkim has flourished because of the immense biodiversity that exists nowhere else in the world. It must, however, be realized that there is immense potential still to be tapped in terms of making optimum use of the valuable natural resources. Well-managed ecotourism can be hugely beneficial for biodiversity. There are some factors that have promoted ecotourism in Sikkim to a great extent. However, Sikkim’s full potential is yet to be realized and in the future years the country can expect to reap some great rewards. Looking at the tremendous potential the ecotourism

industry offers in the field of its employment generation and foreign exchange earnings capacity, it is the time that government pays urgent attention to the needs of the ecotourism industry. It is believed that by 2020, tourism industry would be a single biggest industry in the world. In this way, the ecotourism in Sikkim requires to be developed by amending laws for attaining the objectives of sustainability.

KEYWORDS

- **sustainable tourism**
- **biosphere reserve**
- **STDC**
- **EDC**
- **TAAS**
- **SAATO**

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CHAPTER 13

EXAMINATION OF TOURISM FACTORS AFFECTING TOURISTS' SATISFACTION: EVIDENCE FROM THIMPHU, BHUTAN

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ABSTRACT

Tourism is one of the fastest growing industries in the world. It has become one of the vital factors of economic and social benefits to the society. This chapter identifies the impact of tourism in Bhutan and different motivational factors which may directly or indirectly influence the tourist satisfaction. The primary objective of this chapter is to study the growth, development, and emergence of tourism potentials in Bhutan, in particular, as well as to analyze the tourist inflow pattern and also examine the existing and future requirement in the motivational point of view. For the fulfillment of the purposed objective, data for the study were collected through prestructured questionnaire. The sample size was restricted to 100 tourists. Targeted population of this research work is the tourists visiting Bhutan in the month of April, May, June, October, and November. Information gathered about tourists' motivational factors depends on 20 components. This study is relevant for balancing the demand and supply of tourism motivational requirement indicators which can offer better tourism service excellence in Bhutan. It will also play a vital role in terms of policy implication and to analyze the impact for attaining sustainable tourism development in Bhutan.

13.1 INTRODUCTION

Tourism is defined by the World Tourism Organization (NSCB, 2004) as the act of traveling for the purpose of recreation and the provision of services for this act. Currently, this industry is one of the fastest growing industries all over the world. This smokeless, dynamic industry is basically a kind of service industry as it renders service to the tourists and all other supporting industries related to tourism, like hotel industry, transport industry, etc. This business involves many socioeconomic activities like promotion and advertising tourist spots and destinations, providing effective transport facility, fooding–lodging, entertainment, etc. At the same time, when the tourism industry is flourishing it helps in socioeconomic development of those tourist destinations. Tourism industry is also an employment-oriented sector. It is estimated that hotel and catering sector provide more than 10% of the total employment generated by the tourism industry. It also helps in strengthening the economical status of the country by earning foreign currencies without exporting national wealth. So, it is

obvious that if this industry becomes more effective and efficient, it will definitely be the major source of revenue and will take a leading role in the overall economic development of the nation.

13.2 BHUTANESE TOURISM

Tourism destinations generally have the following kinds of products available, namely, historical, cultural, natural-based, architectural-based, and biodiversity-based. Tourist motivation has been influenced by variety of factors like tourism infrastructure, civic amenities, publicity, and peoples' ignorance in accessibility to the tourist locations. As a result of this, tourists from home country and overseas countries prefer to visit specially urban and easily accessible tourist sites. It has tremendous potential for growth due to peoples' interest for travel and to explore nature and religious sites. Bhutan is a small land-locked kingdom situated in the Himalayan Mountains between Bhutan and China. It has enjoyed the reputation as one of the most pristine and exclusive travel destinations in the world. This country of rolling hills and towering crags certainly exudes charm. Like timeless images from the past, the travelers encounter the full glory of this land of Gross National Happiness (GNH). Tourism in Bhutan began in the year 1974. From the initial days still now, "High Value–Low Impact" is the unique policy Bhutan's tourism. The fact that the resources on which the country's tourism is based are limited implies that tourism must be environmentally and ecologically friendly, socially and culturally acceptable, and economically viable. Tourism in Bhutan is expected to play a key role in the country's economic growth, human resource, culture, wealth of the country in terms of foreign exchange earnings, etc. Simultaneously, it has a direct bearing on local culture, socioeconomic pattern of life, traditions, food habit, language, values, and ethics of the local people due to frequent visits of national and international tourists in attractive tourist destinations. People love to visit this culturally enriched Himalayan country to have a flavor of pilgrimage, cultural heritage, and nature and last but not the least to get a flavor of GNH in their daily monotonous life. In this process, the tourists from all parts of the world not only rejuvenate from these visits but also directly contribute for the growth of the local economy in terms of hospitality industry, handicraft industry, and secondary occupation as tourists guide, carriers, etc. Bhutan received 6582 tourists on an average since 1998. Tourism industry in this country has always been

accredited in a list of top 10 revenue agencies, ranking fourth from the list in the financial year 2002–2003. But, within the government, there is tension between a desire to maintain policies of cultural preservation and to embrace the employment and other economic opportunities related to tourism. There are concerns that allowing more tourists in will change what makes Bhutan an appealing destination for travelers, namely the “the untouched destination.” But proper policy implication and balancing the demand and supply of tourism motivational requirement indicators will help in raising revenue and will help in promoting the country’s unique culture and tradition to the outside world.

13.2.1 OBJECTIVES

Major objectives of this present study are as follows:

- To discuss the present scenario of Bhutanese tourism.
- To identify the major tourism impact factors of Bhutan.
- To figure out and analyze the factors.

13.2.2 SURVEY OF LITERATURE

Motivation is the driving force, which compels an individual to take action (Schiffman & Kanuk, 2004). This implies that motivation moves a person to do something (Ryan & Deci, 2000). Motivations are thus the basis of all behavior (Fodness, 1994), including traveling. Tourist motivation, therefore, can be defined as “the global integrating network of biological and cultural forces which gives value and direction to travel choices, behavior, and experience” (Pearce et al., 1998). To understand motivation in tourism is to understand what motivates tourists to choose a certain destination. Pearce et al. (1998) defined tourist motivation “as the global integrating network of biological and cultural forces which gives value and direction to travel choices, behavior and experience” (cited by Allan R. Rhodes Espinoza). Prebensen (2007) has written in her research regarding travel motivations, “once an individual has the right motivation to travel, the type of holiday and destination is often decided based on his/her perception or value of the various options in the marketplace” (p. 3). She furthermore states that “people then go on holiday for many reasons and they

participate in the 'production' of the holiday in various ways". Motivation in a tourism context thus answers the question of what stimulates a person to travel. The answers will represent main factors, which influence the tourist to purchase a particular tourism product. The answers can be split into three groups: leisure, or business purposes, or both. John and Susan (1999) describe six main factors that motivate people to travel to a certain destination: physical, emotional, personal, personal development, status, and cultural. Specifically, individuals who have either one or some or all of those six motives would choose a destination where can satisfy such motivations. For instance, physical motive is the motive for relaxation; emotion motive might be the motive of nostalgia or longing for a certain place or enjoy the romance, etc. Personal motivation could be the need of visiting friends and relatives or making new friends. Personal development motive might be the motive of increasing knowledge. Motive for status includes the desire to obtain something such as exclusivity or fissionability. And cultural motivation might be the motive of discovering new cultures. According to Ray et al. (2012) in the context of tourism impact stated that tourism in Bhutan is expected to play a key role in the country's economic growth, human resource, culture, wealth of the country in terms of foreign exchange earnings, etc. Simultaneously, it has a direct bearing on local culture, socioeconomic pattern of life, traditions, food habit, language, values, and ethics of the local people due to frequent visits of national and international tourists in attractive tourist destinations. Cha and McCleary (1995) studied travel motivations of international tourists and found that individuals traveling alone looked for novelty. Travel experience and adventure factors, when at the same time, they were motivated by luxury and relaxation. The study further noted that motives for Japanese overseas pleasure travel included feeling at home away from home. Escaping from daily routine and doing nothing at all. They not only looked for knowledge factors such as seeing and experiencing a foreign destination, traveling to historical sites, and experiencing different lifestyles, but also engaged in activities such as sports participation and sports watching. Overseas tourists also looked for thrills or excitement. Daring and adventure some, and safe and secure travel. Motives for these factors were labeled as "adventure." In addition, the study found that the effect of both tourist's age and levels of education on travel motivations was significantly different among international tourists (Cha & McCleary, 1995). Ray and Das (2011a,b) state that fair, festivals, art, exhibition religious

retails, and performance and presentation attract tourists for special travel invitation and story of arrangements. Fair, culture, and music are the individual areas of culture which can draw a large number of tourists and provide opportunities for socioeconomic exchange and cultural heritage.

13.2.3 METHODOLOGY OF THE STUDY

Data for the purposed study have been collected from the primary source through pre-structured questionnaire. The questionnaires include information on their name, sex, age, country, and occupation. Based on objective, 20 questions are developed and to make the analysis more transparent, the sample size was restricted to 100 tourists. Survey method is used to get the information on the basis of 20 parameters in the context of Bhutan tourism. This method is quick and inexpensive and also accurate. Primary data are collected using a predetermined personally administered questionnaire. The questionnaire is designed to capture sample characteristics and the objectives. It has a mix of quantities and qualitative feedbacks. For the quantitative feedbacks, a 5-point Likert scale ranging from 1 to 5 is used, where 1 is the less satisfied and 5 is the most satisfied. Collected data have been analyzed by Kaiser–Meyer–Olkin (KMO) and Bartlett’s Test for factor analysis. The **KMO measure of sampling adequacy** is a statistic that indicates the proportion of variance in your variables that might be caused by underlying factors. High values (close to 1.0) generally indicate that a factor analysis may be useful with data. If the value is less than 0.50, the results of the factor analysis probably won’t be very useful. The KMO measure of sampling adequacy is a statistic for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. The concept is that the partial correlations should not be very large if distinct factors are expected to emerge from factor analysis (Hutcheson & Sofroniou, 1999). A KMO statistic is computed for each individual indicator, and their sum is the KMO overall statistic. KMO varies from 0 to 1.0. A KMO overall should be 0.60 or higher to proceed with factor analysis (Kaiser & Rice, 1974), though realistically it should exceed 0.80, if the results of the principal components analysis are to be reliable. If not, it is advisable to drop the individual indicators with the lowest individual KMO statistic values, until KMO overall rises above 0.60. **Bartlett’s test of sphericity** tests the hypothesis that your correlation matrix is an identity matrix, which would indicate that your variables

are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with data. Initial communalities are, for correlation analyses, the proportion of variance accounted for in each variable by the rest of the variables. Extraction communalities are estimates of the variance in each variable accounted for by the factors in the factor solution. Small values indicate variables that do not fit well with the factor solution and should possibly be dropped from the analysis.

13.2.4 TOURISM FACTORS IN BHUTAN

This present study has been analyzed on the basis of following factors (sub-factors, please see Appendix):

Exploratory factor analysis followed by principal component analysis and varimax with Kaiser normalization processes were performed to reduce data and to observe whether the different items were properly loaded under several components or not. Sincere observation was taken on rotated component matrix where factor loading was taken place in order to take decision about whether regrouping of several items are possible or not. The eigenvalues, percentage of variance, cumulative percentage, Cronbach's test, KMO measure for sampling adequacy and Barlett's test of sphericity were also conducted for the purpose of this study.

TABLE 13.1 KMO and Bartlett's Test.

Kaiser–Meyer–Olkin measure of sampling adequacy		0.757
Bartlett's test of sphericity	Approx. Chi-square	1220.451
	df	190
	Sig.	0.000

According to Kaiser and Cerny (1979), the high shared variance and relatively low uniqueness in variance are indicated by the KMO measure for sampling adequacy (0.757). The rotated component matrix table, [Table 13.3](#), shows that the values of all the 20 items are greater than 0.5 which strongly support the recommendation of Nunnally and Bernstein (1994) about the factor loading and cross-loading. So, [Table 13.3](#) established that all the factors are properly loaded under three components. It is clear to

TABLE 13.2 Total Variance Explained.

Component	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.099	65.496	65.496	13.099	65.496	65.496	5.703	28.515	28.515
2	1.267	6.337	71.832	1.267	6.337	71.832	5.500	27.502	56.017
3	1.049	5.245	77.077	1.049	5.245	77.077	4.212	21.060	77.077
4	0.776	3.879	80.956						
5	0.603	3.017	83.973						
6	0.538	2.691	86.664						
7	0.395	1.973	88.636						
8	0.377	1.884	90.520						
9	0.311	1.553	92.073						
10	0.278	1.392	93.465						
11	0.262	1.308	94.773						
12	0.251	1.257	96.030						
13	0.187	0.935	96.965						
14	0.149	0.746	97.711						
15	0.148	0.738	98.450						
16	0.102	0.510	98.959						
17	0.066	0.330	99.290						
18	0.055	0.276	99.566						
19	0.045	0.227	99.793						
20	0.041	0.207	100.000						

Extraction method: principal component analysis

TABLE 13.3 Component Matrix.^a

	Component		
	1	2	3
VAR00001	0.552	0.138	-0.152
VAR00002	0.337	-0.363	0.554
VAR00003	0.677	0.362	0.072
VAR00004	0.637	0.189	0.152
VAR00005	0.733	-0.312	0.024
VAR00006	0.495	0.077	0.644
VAR00007	0.290	0.535	-0.381
VAR00008	0.521	0.493	0.047
VAR00009	0.698	0.042	-0.481
VAR00010	0.627	-0.517	0.129
VAR00011	0.664	-0.190	0.055
VAR00012	0.701	0.137	-0.040
VAR00013	0.713	0.334	0.296
VAR00014	0.651	0.221	0.142
VAR00015	0.641	-0.039	0.248
VAR00016	0.559	0.699	0.162
VAR00017	0.739	0.741	-0.485
VAR00018	0.513	-0.257	0.673
VAR00019	0.590	-0.500	0.739
VAR00020	0.641	0.774	-0.028

extraction method: principal component analysis

^a5-Components extracted.

understand that under the first component, that is, **service efficiency** 12 factors—VAR00001, VAR00003, VAR00004, VAR00005, VAR00008, VAR00009, VAR00010, VAR00011, VAR00012, VAR00013, VAR00014, VAR00015 are properly loaded; **convenient service**—VAR00007, VAR00016, VAR00017, and VAR00020, four factors are loaded under the second component; and other four factors, that is, **tangibles & assured service**—VAR00002, VAR00006, VAR00018, VAR00019 are loaded under the third component.

TABLE 13.4 Dimensions Name.

Variable name
VAR00001 Instant service (on demand)
VAR00002 Strongly positive service attitude
VAR00003 Always be willing to help tourists
VAR00004 Treat pilgrimage with politely
VAR00005 Neat & clean internal environment
VAR00006 Comfortable waiting rooms
VAR00007 Admission procedure is simple
VAR00008 Staff appearance is well dressed
VAR00009 Visual appealing physical facilities
VAR00010 Visual appealing recreational facility
VAR00011 Reasonable cost and price
VAR00012 Communicate and interact with pilgrimage to understand their needs
VAR00013 Professional knowledge and ability to guide tourists
VAR00014 Give individual attention to customers
VAR00015 Have convenient operating hours for all tourists
VAR00016 Understand the specific needs of tourists
VAR00017 Establish relationship with tourists with interaction
VAR00018 Carry out what they promise
VAR00019 Service personnel respect individual privacy
VAR00020 Personnel can serve tourists with constant cordiality

The service delivery in demand is neutral in Bhutan as per respondents that the service is neither slow nor very fast. The tourists are happy and agree that Bhutan has got strong positive service attitude which is obliging in flourishing tourism industry in the country. And most of the respondents agree that the local people are always willing to help them. Tourists visting Bhutan agree that Bhutanese treat pilgrimage with politeness and having comfortable waiting rooms. Neat and clean internal environment also contributes in attracting the tourists to visit this country. It is very important that the entry procedure to visit the country should be made simple, so that more tourists can visit the country. Most of the

tourists strongly agree that hotel staffs are well dressed. Moreover, tourists are also attracted toward visual appealing physical facilities. Tourism business is highly fluctuating. Due to natural calamity, terrorism, seasonality, this business suffers a lot. So financial support is necessary to sustain the occupation of people who are involved in tourism-related business. The community people reveal that out of 90 families only 12.5% of the respondents are getting financial support from different banks/cooperatives in terms of loan, whereas 87.5% is not getting any financial support to help in sustaining their occupation. Adequate safety measures are one of the important factors for a successful tourism operation in any destination. Since tourists are coming from alien places, they are more prone to be cheated. So they are more concerned about the safety and security of the destination they are going to visit. When respondents are asked about whether adequate safety measures provided to the tourists, 65% reveals that the safety and security measures are adequate in Bhutan, whereas 35% of the respondents are of negative view, that is, they are of the opinion that the security measures are not adequate in these places. Recreational facilities like gym, sauna, etc. are of vital importance for some of the tourists. Bhutan has visually appealing recreational facilities as per tourists' response. Tourists feel that there are not much issues related to the cost and prices are high and not flexible, it depicts that prices are fixed. Communication and interaction with tourists is also vital issue to understand their needs and tourists agrees that the Bhutanese guides have good communication and interaction skills. Maximum respondents agreed to easy and cheap availability of trained, knowledgeable, and interactive tourist guides. Timing and well-planned tours will make tourists want to visit the country time and again. They also agreed that tour agents have convenient operating hours for all tourists. Maximum respondents agreed that they are satisfied with basic needs. Overall host and guest relationship is quite better. Locals are polite which helps to maintain good relationship with tourists through proper interaction. Lastly, it is very important that everything right from the very start and tourists do agree that personnel are performing what they want and fulfilling their requirements well right from the first time. Bhutan's tourism is ever growing with increasing inflow of tourists every year subsequently contributing to country's revenue. However, there are problems associated with tourism in Bhutan that might affect the sustainability of the industry in the long run, if they are not attended now.

13.3 CONCLUSION AND RECOMMENDATIONS

Bhutan's tourism is ever growing with increasing inflow of tourists every year subsequently contributing to country's revenue. However, there are problems associated with tourism in Bhutan that might affect the sustainability of the industry in the long run, if they are not attended now. Below are some of recommendations based on the survey.

Some hotels may need to be upgraded both in terms of infrastructure and capacity development to deliver quality service, so as to remain competitive within the regions.

Few tourists expressed that Bhutan only focused on culture and nature and lack urban life styles. So, we suggest it to come up with different entertaining services like live music facilities, screening international films, better discotheques, etc. Proper public toilets and restrooms along highways as it become very inconvenient during travel times. The tourists suggested that they don't have a reasonable cost and pricing policy given the fact that only tour operators, hoteliers, and other suppliers are deriving huge margin of profit as of now. So, it is important that we look into this issue seriously and provide immediate services with supplementary services.

As per respondents, guides are well informed and can sincerely answer what tourists ask them; sometimes lack of qualified manpower, lack of knowledge of the destination arise problematic situation. Its boom time for travel and tourism sector in Bhutan. Bhutan is replete with business and tourism potential. The travel and tourism sector has entered a take-off stage and it is going to scale a great height in near future. It is growing every day, every month, and every year with a steady pace. Both the growth promise must not lead to mindless complacency. At a time when expansion looks assured in the travel and tourism sector, it calls for some hard thinking. Has Bhutan realized its optimum potential in the sector? Has the government done enough in promoting travel and tourism, particularly tourism in Bhutan? What are its priorities? Has the private sector made adequate contribution to the travel and tourism in the east? Has the center extended a helping hand in this regard?

It does not need any serious analysis to say that despite their immense potential, West Bengal do not figure prominently in the tourism map of Bhutan. Internationally, Bhutan is yet to make a true mark. The number of domestic and foreign tourists visiting Bhutan has been on the rise in the last few years. The rising trend may yield some satisfaction.

KEYWORDS

- **Bhutan tourism**
- **tourism Impact**
- **tourism factors**
- **KMO & Bartlett's test**

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CHAPTER 14

DEVELOPING PROMOTIONAL STRATEGY OF ECOTOURISM IN HIMALAYAN STATE: SIKKIM, INDIA

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ABSTRACT

This study focuses on developing promotional strategy of ecotourism in the popular hill-based natural destination of Sikkim that will result in more tourist inflow in the state and improve socioeconomic life of the local communities. This chapter begins with the meaning and importance of ecotourism and its impact on the tourism business, local societies, and environment of the tourism zone of Sikkim. To conduct this study, qualitative interviews were conducted with tourists, tourism service providers, and local communities. Findings of this study reveal that promotion through electronic media as well as e-promotion like Incredible India campaign, regulation of protected areas, legislation, and government programs play an important part in the development of sustainable ecotourism in the study area. Nature education, development of business concepts, and nature protection are the important points of findings. Role of the government and local communities are also highlighted here. These findings are used to suggest implications for policy-makers and practitioners.

14.1 INTRODUCTION

Development of ecotourism and its promotion in hill-based natural destinations of Sikkim may increase tourist inflow in the state and improve socioeconomic life of the local communities. This chapter begins with the meaning and importance of ecotourism and its impact on the tourism business, local societies, and environment of the tourism zone of Sikkim. This study reveals that promotion through electronic media as well as e-promotion as per Incredible India campaign, regulation of protected areas, legislation, and government programs play an important role for sustainable ecotourism in the study area. Nature education, development of business concepts, and nature protection are the important points of findings. Government and local communities also play a crucial role.

Hill-based ecotourism is more labor intensive than tourism in the plains, because it requires more number of support staff (like porters, mountain guides, and animal owners) to accompany trekking groups or mountaineering tours, and to carry supplies up to remote and high altitude

tourism destinations in the mountains which are normally not connected by road or air.

Sikkim, the virgin Himalayan state is geographically diverse due to its location in the lap of the Himalayas. The world's third highest peak Kanchendzonga is located in Sikkim's border with Nepal. Sikkim is a popular tourist destination due to its culture, scenery, biodiversity, and the climate ranges from subtropical to high alpine. It also has the only open land border between India and China. Though the world's third highest peak is situated here, but the majority of the tourists are confused about its location. They think that Sikkim is placed in some remote corner of the country. This is perhaps because of lack of promotion, though it has huge potential for tourism and is full of natural resources.

Sikkim is a small tiny state of India in the lap of the great Himalayas. It is called the land of magnificent splendor because of its high rise mountains, mesmerizing waterfalls, lush green tea gardens, and dense forest. For years, Sikkim has attracted tourist attention especially because of the cool climate it offers.

Sikkim is situated between Nepal, China (Tibet), Bhutan, and West Bengal. It is the least populous state in India and the second smallest state after Goa in total area, covering approximately 7096 km². Sikkim's capital and largest city is Gangtok. According to legend, the Buddhist guru *Padmasambhava* visited Sikkim in the 8th century AD, introduced Buddhism and started the era of Sikkim's monarchy. Sikkim's *Namgyal* dynasty was established in 1642. The kingdom witnessed frequent raids and territorial losses to Nepalese invaders over the next 150 years. In the 19th century, it joined itself with British India, ultimately becoming a British territory. In 1975, a referendum abolished Sikkim's monarchy and the territory was merged with India. Sikkim's economy is largely dependent on agriculture and tourism. Sikkim's official languages are *Nepali, Lepcha, Tamang, Limbu, Newari, Rai, Gurung*, etc.

The crowning glory of Sikkim is Mt. Kanchendzonga, the third highest mountain in the world, with magnificent snow and ice scenery. It is often regarded as the abode of their guardian deity *Dzo-nga*. The unspoiled natural beauty has made certain regions in Sikkim ideal for trekking. These mountains, which form an intrinsic part of the lives of the people

of Sikkim, also offer adventure to the allocentric tourists. It is the ultimate paradise for botanist and plant lovers, adventure lovers, the unrivalled trekking trails offers vacant forest, rhododendron-covered hill sides, remote monasteries, glaciers, high passes, silk routes, magnificent mountain views, beautiful snow-capped Himalayas, the natural bed of flowers, indigenous culture and joyous festivals, and the countless varieties of flora and fauna. Two main rivers, the Teesta and the Rangit, make it a perfect holiday destination for nature lovers.

14.2 OBJECTIVES

- 1) To understand the importance of ecotourism in Sikkim.
- 2) To study the significance of Sikkim for promotion of ecotourism from national and international perspective.
- 3) To promote responsible and community-based ecotourism.
- 4) To find out suitable promotional tools for the development of ecotourism in Sikkim.

14.3 METHODOLOGY

To achieve knowledge about promotion of ecotourism in mountain region, and some of the issues and impacts related with this study, extended conversations were made with the tourists, service providers, and local communities. Here, the researcher tried to contact with every stakeholder because they represent a diversity of issues. This study was conducted using self-administered questionnaires. For collecting the data from primary sources, two sets of structured questionnaires were made both for tourists and local people including local service providers. Apart from that, observations, interviews, and discussions were made with different stakeholders to collect primary data. Secondary data were collected from different sources like, website of Department of Tourism & Civil Aviation, Government of Sikkim, relevant books, journals, and brochures, etc.



FIGURE 14.1 Tourism map of Sikkim.

14.4 ECOTOURISM

Ecotourism is a dynamic and effective instrument that integrates “ecology” with “economy” for the benefit of both. Ecotourism provides benefits to local residents, environment, and visitors. UNWTO defines ecotourism as “tourism that involves travelling to relatively undisturbed natural areas with the specified object of studying, admiring and enjoying the scenery and its wild plants and animals, as well as any existing cultural aspects (both of the past or the present) found in these areas.”

According to the International Ecotourism Society (TIES)—“Responsible travel to natural areas which conserves the environment and which provides benefits to local communities while ensuring enriched experiences for visitors can be termed as ecotourism.”

Ecotourism has many benefits to any society. Some of the major benefits are as follows:

- 1) Increases income and employment for the local residents.
- 2) Generates foreign exchange for the country.
- 3) Encourages dispersed rural development.
- 4) Stimulates rural infrastructure development.
- 5) Provides funds for natural resources conservation.
- 6) Encourages ethnic and eco-friendly food.
- 7) Increases awareness of environmental issues.
- 8) Attracts desirable tourists.

14.5 ECOTOURISM IN SIKKIM

The Himalayan state, “Sikkim” offers ideal destinations for rest, loneliness, adventure, recreation, as well as scenic beauty. The state was the hidden land for many years, and only in 1975, it came into the scenario after it became the 22nd state of India. The interior state, “Sikkim” is spread across 7096 sq. km and is located in the north east region of India which shares three international borders, with Nepal to the west, Bhutan to the east, and Tibet (autonomous region of China) to the north and east. Only the Indian state of West Bengal lies to the south of Sikkim.

Sikkim is a wholly hilly state, with one-third of its area lying above 3000 m, of which a large portion is covered by snow-capped peaks, glaciers, and alpine forest. Mt. Kanchendzonga, the third highest peak of the world (8586 m) is admired as the state’s guardian deity. Sikkim has over 47% of area covered with dense forest, which is the highest in the country. Sikkim’s protected area network of around 2183 sq. km is the largest in the country which includes one national park and seven wildlife sanctuaries.

Sikkim has a number of versatile products to offer for serious nature lovers, like orchid watching, butterfly watching, botanical and zoological excursions, and nature walks. Sikkim’s wealth of biodiversity that includes some of the most mysterious species of flora and fauna can attract researchers, students, and high-value tourism.

Sikkim has been bestowed with natural drainage system. Its two main rivers are *Teesta* and *Rangit*. They originate in the north from *Teesta Khangshu* glacier and in the west from *Rathong* glacier and are flowing

down by numerous other streams. Sikkim has rich variety of flora and fauna. The cold high altitude areas of the state are home to the snow leopard, blue sheep, Tibetan argali, Tibetan gazelle, and Tibetan wild ass, etc. In temperate zone, wild animals like musk deer, Asiatic black bear, Himalayan Tahr, and goral, etc. can be seen. The state animal of Sikkim is the red panda. Apart from that the state has recorded 574 species of birds and 689 species of butterflies. The state has also recorded floral diversity of around 4458 numbers of flowers, rhododendrons, and orchids.

Rhododendrons are abundantly found in the alpine and temperate areas of Sikkim and are an important member of the biodiversity of Sikkim. Rhododendrons of 35 different types grow in the state. The orchids of Sikkim are one of the most colorful varieties of flora in the state. There are more than 600 kinds of orchids available here. The fauna of Sikkim is as varied as the flora of the state. Important animals of Sikkim are the yak, the barking deer, and the red panda.

14.6 ECOTOURISM DESTINATIONS OF SIKKIM

The Himalayan state, Sikkim has four districts. These are East district, West district, North district, and South district. Each district has beautiful ecotourism destinations with plenty of natural resources with diverse types of flora and fauna. The various valleys are the main regions where Sikkim alpine flowers bloom in their resplendent glory. The mountain treks are the best ways to watch these flowers. Alpine flowers at Sikkim bloom for a very short period in the monsoon that lasts for a little over a month, but fills the entire region with such beauty during that time, that the number of tourists from across the world keeps steadily increasing every year. The *Dzongri* trek is one of the most popular treks for the people who are interested in the scenic beauty of mainly alpine flowers. However, the alpine valley of *Yumthang* in North Sikkim is probably the best place for watching the Sikkim alpine flowers. Other places are *Singalila*, *Yambong*, *Arehlungchok*, and *Yumesamdong*.

14.6.1 EAST DISTRICT

Gangtok: Gangtok is the capital of Sikkim and a popular hill resort of north eastern India. It is known for its scenic beauty and panoramic views

of the Kanchendzonga. Majority of the local residents of Gangtok are employed directly and indirectly in the tourism industry, especially in hotel, restaurant business, tourist transport, mountain guide, etc.

Other popular tourist attractions in East district are as follows:

- The Research Institute of *Tibetology*.
- *Enchey* Monastery.
- *Hanuman Tok*, a temple from where snowy peaks of Kanchenjunga can be seen.
- *Tashi* view point offers an amazing view of the Kanchenjunga snowy range.
- Government Institutes of Cottage Industries.
- Himalayan zoological park.
- *Zuluk La*, the silk route.

14.6.2 WEST DISTRICT

- **Pemayangtse Monastery** with snow-capped mountains and valleys of dense forest. The monastery is over 300 years old and situated at an elevation of over 6500 ft with several statues including *padmasambhava*.
- **Pelling** is located in the foothills of Kanchendzonga. The *sanga-choling* monastery here attracts tourist from all over the country.
- **Kechopari Lake** which is situated at an altitude of about 6000 ft.
- **Phurchachu Reshi Hot Spring** which has medicinal value as it contains sulfur and can cure some skin diseases. There are many trekker's huts for the convenience of the tourists.

14.6.3 NORTH DISTRICT

- **Gurudongmar Lake**, located at 17,100 ft only 5 km south of the Chinese border, is one of the highest lakes located north east of the Kanchendzonga range. The lake becomes frozen during winter months.
- **Lachung**, which is a picturesque village in northern Sikkim is inhabited by the *Lachungpa* community. Snow-capped peaks and historic *Lachung Gompa* Monastery are the main attractions here.

- **Yumthang**, which is at an altitude of 12,000 ft and is situated about 135 km away from Gangtok in North Sikkim. It is well known for its hot springs.
- **Lachen**, located in the North district of Sikkim is popular for panoramic view of the Himalayan mountains and wildlife.
- **Chopta valley**, the relatively unexplored and untouched region is located in north east Sikkim. Rich in alpine trees, orchids, and rhododendrons, enthralling lakes and rivers—adds to the beauty of the valley.
- **Thangu valley** is situated at a distance of 30 km from *Lachen* and is a very beautiful place with lush greenery. An annual yak race is organized in this region and is quite popular with tourists.

14.6.4 SOUTH DISTRICT

- **Namchi**, which is situated about 78 km from Gangtok, is famous for Buddhist monastery and is a popular biodiversity hotspot. It is also renowned for housing the world's largest statue of *padma-sambhava*, the patron saint of Sikkim. Artificially made *Chardham* is also attracting huge numbers of Hindu pilgrimage tourists.
- **Ravongla and Maenam Bhaledunga** are famous for uphill tourist spot, International Buddhist center, *Maenam* wildlife Sanctuary (which is at an altitude of about 10,600 ft). Rhododendron and small bamboo trees, mosses, and ferns are unique here.

14.7 PROMOTING ECOTOURISM IN SIKKIM

The tourist market is governed by the laws of demand supply consumption, and distribution of products and tourist services. The tourist market is also a seasonal market, and consumption of tourism is a seasonal consumption. This is one of the major problems of the tourist markets. So, basic marketing strategies and specific promotional techniques must be designed to increase the numbers of tourists to a specific location. The purpose of creating a marketing plan is to clearly show what steps will be undertaken to achieve the marketing goal. This might include a description of its competitors, demands for the product or service, and the strengths and weaknesses from a market standpoint of both the business and competitors.

Because environmental conditions are a critical resource for tourism, a wide-range of climate-induced environmental changes will have profound effects on tourism at the destination and regional level. Changes in water availability, biodiversity loss, reduced landscape, altered agricultural production, increased natural hazards, landslides, and damage to infrastructure, will all impact tourism to varying degrees in the mountain region.

The opening of *Mansarovar Yatra* through the *Nathula* Pass in Sikkim has also expanded possibilities for attracting more tourists. Lonely Planet's recognition for Sikkim as the top region in India to visit in 2014 was helpful in attracting tourists in the state. However, marketing and publicity efforts of Sikkim both at national and international levels have been minimal. Here, the private sector has taken a lead role to promote Sikkim as a tourist destination (See 14.1 and 14.2).

The study has analyzed a number of issues relating to the formulation of strategy for the development of a Himalayan destination.

14.8 FINDINGS

- 1) Promoting low impact tourism for the state would be suitable for maintaining sustainability. Sikkim may be promoted as a prime destination of nature and culture-based tourism to domestic and international tourists.
- 2) Unique tourism products of Sikkim are hiking, trekking, mountain biking, nature walk, bird watching, rural home-stay, organic farming holiday, meditation, monastery, cultural and religious tours, etc.
- 3) Nature friendly trekking trails, adequate and appropriate signage, development of accurate and informative trekking maps are essential for promoting ecotourism destinations of Sikkim.
- 4) Set up high quality interpretation centers to enhance visitor knowledge on local culture and biodiversity in the districts. These interpretation centers shall also be hubs for the sale of local handicraft products and organic products, etc.
- 5) Mass construction of hotels in Sikkim is a matter of concern. It must be controlled through promoting of green certification and standards.

TABLE 14.1 Domestic Tourist Arrival in Sikkim.

Month	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Jan	14,245	17,887	22,286	24,035	30,395	40,160	42,314	28,560	30,292	28,824
Feb	16,100	18,550	23,465	26,098	35,883	48,420	50,652	29,642	31,278	19,830
Mar	26,100	41,593	47,465	51,018	55,965	60,560	62,438	45,231	48,102	24,597
Apr	43,702	61,084	70,684	76,539	85,669	87,172	89,238	65,341	69,054	63,730
May	70,744	80,052	86,448	99,625	108,778	116,641	124,323	120,212	131,804	92,199
Jun	30,480	32,912	34,025	35,172	63,905	68,236	69,784	65,673	68,205	85,763
July	13,760	17,268	19,462	22,010	26,992	27,021	29,540	18,628	17,161	19,472
Aug	14,382	20,628	21,428	22,628	35,826	37,180	38,964	35,294	7713	11,875
Sep	22,738	25,028	25,295	26,910	41,285	53,624	13,943	12,678	20,115	25,478
Oct	35,396	39,834	43,218	49,456	44,865	59,582	9682	42,390	50,461	75,025
Nov	33,480	35,899	38,215	43,018	43,720	48,764	8326	39,602	42,836	53,275
Dec	26,523	31,208	33,213	35,864	42,345	52,651	13,249	55,287	59,728	62,350
Total	347,650	421,943	465,204	512,373	615,628	700,011	552,453	558,538	576,749	562,418

Source: Department of Tourism and Civil Aviation, Govt. of Sikkim.

TABLE 14.2 Foreign Tourist Arrival in Sikkim.

Month	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Jan	721	789	866	910	696	984	1436	1904	873	4145
Feb	1082	1262	1286	1106	1053	1320	1065	2406	1247	3803
Mar	2280	1981	2225	2406	2184	2605	2423	3199	2524	5211
Apr	2198	3124	2386	2411	2544	3036	2615	3939	4895	2855
May	1351	1445	1058	1857	1335	1593	2875	2058	1312	4927
Jun	611	488	631	393	429	830	643	1152	804	3939
July	372	471	549	453	646	680	553	1282	563	2496
Aug	625	741	811	864	846	979	873	1048	2579	1429
Sep	991	1372	1230	1330	1275	1678	1415	1432	3942	2410
Oct	3053	2961	3106	3386	2925	2780	4286	4486	5292	8906
Nov	2313	2198	2471	2867	2406	2410	3323	2300	3210	5537
Dec	921	1217	1218	1171	1391	1862	2438	1283	4457	3517
Total	16,518	18,049	17,837	19,154	17,730	20,757	23,945	26,489	31,698	49,175

Source: Department of Tourism and Civil Aviation, Govt. of Sikkim.

- 6) Connectivity is the major problem for promoting tourism in the state.
- 7) Automated Teller Machines are not adequate in some parts of Sikkim.

14.9 SUGGESTIONS

For the development and promotion of nature-based tourism or ecotourism in Sikkim, following points must be taken care of:

- 1) Tourist facilitation centers at important tourist towns and entry points of Sikkim may be developed and training may be given to the staff for information dissemination to tourists and receiving feedback and complaints from them.
- 2) Prepare interpretation/information materials with proper maps and make these available at all tourist information centers.
- 3) Promote annual meets at national and international level related to nature-based activities (birding/butterflies/orchids, and other flora and fauna) to attract interested visitors.
- 4) Develop tourism dignity and respect to local cultures so that they enhance the tourism experiences and build pride and confidence among local communities. Training may be given to local youth as nature guides.
- 5) To minimize negative social, economic, and environmental impacts of mass tourism; promote sustainable and community-based tourism.
- 6) Preserving local culture, art, handicrafts, monuments, and other natural and man-made tourism resources and protect them from over commercialization and over exploitation.
- 7) Involvement of local communities in all stages of tourism development is essential. Encourage proactive participation and involvement of all stakeholders including government bodies, private sectors, tourism organizations, local communities, NGOs, and youth clubs, etc.
- 8) Promote environmental awareness, conservation, and sustainable use of natural resources.
- 9) Create a marketing cell within the Tourism Department with the exclusive responsibility of working toward promotion of tourism in Sikkim.

- 10) Diversify tourism products to attract high value tourists through adventure tourism, rural tourism, wildlife and birding, and religious tourism that focus on enhancing visitor experience.
- 11) E-promotion is extremely essential. Create a strong online presence for Sikkim Tourism through websites, mobile applications, and social media, especially in Facebook with well researched and up to date information.
- 12) Create portals for booking of hotels and transport services with facilities for online payment.
- 13) Enhance participation in National and International Travel and Tourism trade marts with a clear strategy and planning.

14.10 CONCLUSION

Lastly, it is concluded that ecotourism is a type of tourism involving exploration or travel to relatively undisturbed natural areas with the specified objective of studying, admiring, and enjoying the natural scenery and its wild plants and animals, as well as the existing culture of indigenous community. As the topic of this project is “Promoting ecotourism in Sikkim,” it goes without saying that Sikkim has immense potential for ecotourism related activities. For promoting or developing the ecotourism in Sikkim, government of Sikkim has been taking meticulous efforts. Sikkim is said to be a virgin state because of unexplored places, so it is of no doubt that in the future too ecotourism activities in Sikkim will reach a top level. As tourist want to go close to the nature and want to experience the nature’s beauty, perhaps, ecotourism activities can fulfill this beautiful experience for the tourist by exploring the unexplored places.

Development of an effective marketing mix to maximize its tourism potential is the key area of discussion here. Understanding of perception and attitudes of the local people and public representatives is also important. A professionally designed and sustained long-term campaign supported by adequate high-quality publicity materials and a wide media presence are necessary. In alignment with the national policy of *Swadesh darshan*, local people of Sikkim may be motivated to travel in rural areas of the state. E-promotion can be an important marketing tool to create a strong online presence for Sikkim tourism through websites, mobile applications, and social media, especially in Facebook with well researched and up to date information. Government should also foster the development

of community-based tourism products by providing marketing training, financial, and mentoring support.

KEYWORDS

- **ecotourism**
- **responsible tourism**
- **community awareness**
- **socioeconomic impact**
- **e-promotion**

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CHAPTER 15

ROLE OF SOCIAL MEDIA MARKETING IN THE TOURISM INDUSTRY

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ABSTRACT

There are various platforms offered by the social media networks such as Facebook, LinkedIn, YouTube, and Twitter for the marketing of products and services for the tourism industry. Social network offers media technologies that can facilitate online planning, organizing, and functionality, monitoring and controlling perspectives, wherein the data gathered can be used to develop their product and services mix for customer satisfaction. The tourism industry can market themselves in social media and networking. Tourism industry can use social media to engage customers and clients in dialogue to identify and analyze their needs. With the help of these networking sites, tourism industry can interface with the consumers before, during, and after the product and services mix experience. Social media is dynamic and young and the objective for corporations to invest and participate in social media platform is to offer an alternative mode of communication and also it helps to cultivate long-term relationships with their guests. Such promotional mix campaigns and new information can be spread through social media tools. Thus, social media is relatively new and the advantages are abundant such as it is efficient, effective, and affordable; it is viral and has the potential to spread and establish brand awareness quickly and far; and it is said to be able to develop link baits, attention, and massive amounts of traffic. However, the purpose of this chapter is to evaluate the effects of social media marketing tools in the tourism and hospitality industry.

15.1 INTRODUCTION

The emergence of Web 2.0 allows one with unlimited amount of things the individual can do on the internet these days. The individual is not just restricted to e-mails or passively absorbing the static information that is available on the web pages when browsing. It used to be one-way but now the web is the platform where people can share information, hold a decent dialogue, build both social and business connections.

There are various platforms provided by the social media such as Facebook, LinkedIn, YouTube, and Twitter to the marketers to market the various offerings of tourism industry. Social network offers various media technologies that can facilitate online functionality and monitoring

perspectives, wherein the data gathered can be used to develop their services for valuable customer satisfaction, to create the ultimate destination brand. The tourism industry can market themselves in social media and networking. Tourism industry can use social media to attract targeted customer segments and clients, engage in dialogue and recognize their needs. Through these sites, industry can interact and record consumer's views and perceptions before, during, and after using their offerings. Social media is relatively new and the advantages are abundant such as it is affordable, it is viral and has the potential to spread destination brand awareness quickly and far; and it is said to be able to develop link baits, attention, and massive amounts of traffic.

Social media has recently been adopted by a small group of organizations' integrated marketing plans, thereby infusing a mix of advertisement, public relations, their sales promotion to produce a customer focused message. With the evolution of platforms such as LinkedIn, Facebook, Twitter, and YouTube, we have the opportunity for exceptional access to the guest (Lanz et al., 2010). Since social media is available to anyone with an internet connection, it should be a platform that can be recommended to the tourism industry to increase their brand awareness and facilitate direct feedback from their customers.

A business that understands the advantage of social media is well aware that social media is essential in developing new business in the current competitive and online driven marketplace. Marketing is an important aspect for any company involved in business. As such, it is a competitive world out there, and social media marketing (SMM) is the "new kid in town," and it can reach out to the people accessing these social media platforms regularly. Communication is essential for any corporation and business, therefore either they change the way information is conveyed or be prepared to lose some of the audience. It is imperative for marketing managers to continuously find a solution to appeal to new and keep current consumers (Schneider, 2009). Social network is the ideal platform for communication that applies perfectly with marketing in the virtual world. Social networks are groups of individuals who prefer to communicate with one another through a preferred site based on the profile created for themselves (Laudon & Traver, 2007). However, the purpose of this chapter is to evaluate the role of social media, in the hospitality industry, to create India as a destination brand in the international arena.

15.2 OBJECTIVES

Following are the objectives of the chapter:

1. To understand Social Media Marketing Concept.
2. To analyze the Benefits of Social Media Marketing.
3. To understand Implementation path of Social Media Strategy.

15.3 LITERATURE REVIEW

SMM tools may be interpreted in different ways depending on who is looking at it and what approach one takes. In general, it relies on internet and web-based tools and services to enable anyone with the ability to publish information—be it data, audio, or video—on the Web (Computer Economics, 2010). The hospitality industry has yet to identify the effectiveness of marketing through the use of social media. There is an abundance of advantages such as low cost investment, direct customer communication, brand communication, and it also acts like a verbal evidence theory that people tend to believe when compared to commercial advertising (Hailey, 2010). Direct communication is one of the concepts that this manuscript will elaborate on. Direct communication allows for a two-way communication with the customers and social media. This communication medium promotes honesty and transparency. It can be considered a social vehicle and a platform for communication to take place in a virtual environment. For example, one such company is Danish butter brand Lurpak which launched a website called Bake Club. It is a platform for baking fans to connect online with other fellow baking enthusiasts. In addition, it enables Lurpak to connect with its consumers and hence the site allows Lurpak to build brand knowledge (Labbrand Consulting, 2010). Such opportunities are also known as brand communication.

The tourism industry is very slow to gain momentum toward technology and is reputed to be reluctant to adopt technological advances. Therefore, the industry has no leverage on the power of social media and integrates it with their marketing initiatives. With consumers becoming more immune to conventional advertising and communication channels, the tourism industry should turn to social media (such as LinkedIn, Facebook, Twitter) as a means of reaching out to their audience.

As Eva Abreu, the founder and publisher of NJ Social Media, has stated that Social Media has become very much a part of everybody's everyday life. For the technology sophisticated users, social media is an alternative platform for them to enhance their knowledge and widen their network of connection. While for the non-technological sophisticated users, they can learn from those who are experienced in the IT aspect. However, those who do not make an effort to be involved will be regarded as obsolete (Abreu, 2010).

The tourism industry also fears social media because they think that it could be detrimental to employee productivity or even fear that social media has the potential to damage the company's reputation. While social media engagement is essential to a business branding and communication, it can also work against a business if used inappropriately. However, a social media policy can be developed to educate and provide better understanding for their employees to keep within a certain parameters and implications of their participation. Nevertheless, there is a need to explore and discover if social media can become the new "tool" for effective branding and marketing purposes.

Social media is considered by some as just a tool. It is a tool for connection and a medium for broadcasting. These social media tools are recommended to be used in the way they are designed. For example, Twitter and Facebook are used as a marketing machine while YouTube functions more as a public relations tool since it is a video sharing website. In addition, LinkedIn is a professional networking tool; it is a site for business minded professionals to keep track of their contacts.

According to Mowat (2010), the adoption of social media tools such as Twitter, Facebook, and LinkedIn has opened up a variety of avenues and opportunities to listen to the tourist. Owning a website is a form of marketing strategy; there has been a significant increase in marketing over the internet these days. While social media is fairly new to most, the question on every business' mind is as follows: is social media a distraction or a revenue generator?

15.4 SOCIAL MEDIA MARKETING CONCEPT

SMM may be described as the act of using social networks, online communities, blogs or any other internet form of media for marketing. "It is the umbrella term for the wide variety of tools and applications that give the

Web its social capabilities” (Miletsky, 2010). These tools are inclusive of familiar social networks like Facebook, Twitter, LinkedIn, and YouTube. The goal of SMM is to gain brand awareness and interaction with the customers to talk about a specific business (Csutoras, 2008). SMM concepts and techniques basically consist of:

1. increase brand awareness of services,
2. increase sales,
3. educate and inform customers,
4. improve customer service, and
5. monitor brand reputation.

Social marketing provides visibility and awareness for the brand; this is the awareness that is essential to convert potential customers to loyal customers eventually. The secret is to create a thematic content that can lead to an effective marketing campaign. This move will generate brand awareness and the brand will be at the top of the mind of consumers if they decide to buy the product or services. While traditional media keeps customers informed, social media goes a step further by keeping the customers stimulated and involved. When a company gets their customers involved and engaged, it leads to lasting working relationships with organizations. The level of customer support increases with the use of social media since it is personal and interactive. In the event of an unfortunate situation, social media may serve as a catalyst to turn this situation into an opportunity for a company to extend their services and go the extra mile to reverse the negative feeling.

Reputation management is a construe component of online activity for organizations with plenty of internet users, especially their customers. Whereas some organizations utilizing the internet are cautious to project themselves in a way that suits specific audiences, other internet users embrace a more open approach. For instance, a report by Deloitte titled “Tourism 2015” states that social media and new technology trends are playing the key role over the next 5 years toward the growth in the tourism industry. With millions of consumers having internet access around the globe, these numbers are expected to increase by 50% in year 2016 (Deloitte, 2010). Nevertheless, the growth of social media can be positive for consumers but it can either be bad news or an opportunity for tourism operators.

15.5 BENEFITS OF SOCIAL MEDIA MARKETING

The tourists, who travel frequently, place their emphasis on reviews by consumers more so than on the ratings awarded by established organization, such as AAA and Forbes. It is also surprising to find that people were likely to post both favorable and unfavorable reviews (Tourism Industry, 2010). Nielsen states that 57% of customers will research for online reviews before making a purchase of a product or service (The Nielsen Company, 2010) and with the growing trend toward SMM; it is now reflected as an item in some marketing budgets. These individuals in tourism should always keep in mind the benefits of social media. With the advancement of technology, social media is and will be very much a part of our daily lives. Online marketing can take place in several social media platforms, and that should be taken into consideration for the marketing strategy of a hotel. Each hotel is different and must be treated accordingly, so a blend of social media tools such as Twitter, Facebook, YouTube, and corporate blogs should be used if necessary.

15.6 SOCIAL MEDIA NETWORKS CONTRIBUTION

According to Burson-Marsteller Fortune Global 100 Social Media Study 2010, majority of global companies adopt a minimum of one source related to social media platform. To a certain extent, 79% of the top 100 companies in the Fortune Global 500 index are found to be applying at least one social media platform (as shown in [Fig. 15.1](#)): Twitter, Facebook, YouTube or corporate blogs (Burson-Marsteller, 2012).

Burson-Marsteller (2012) compiled a report and stated that there are some international companies that acknowledge the value of engaging in social media. Within the cluster of social media platforms, Twitter is the preferred media tool among Fortune Global 100 companies, with two-thirds (65%) having a presence on the social network, with at least one-half reaching audiences through Facebook (54%) and YouTube (50%). One-third maintains corporate blogs. Some of the very same organizations also see the value in the frequency and sustained engagement. The vast majority with active Twitter accounts (82%) has tweeted in the past week, and at a high volume of an average of 27 tweets each (as shown in [Fig. 15.2](#)). Fifty-nine percent have posted on their Facebook fan pages, 68% posted YouTube videos and 36% updated their blog site

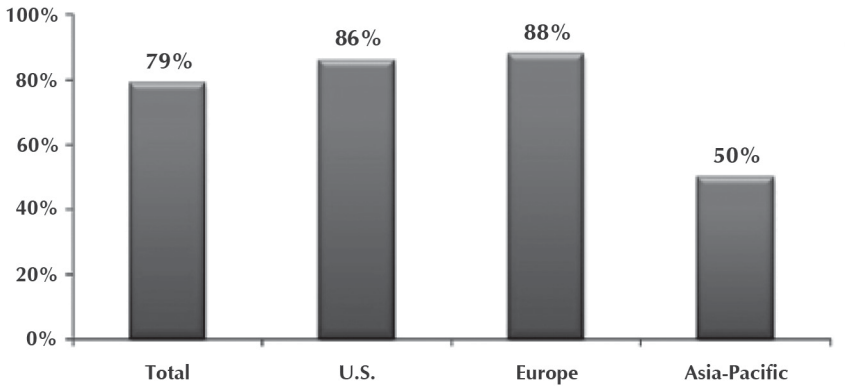


FIGURE 15.1 Global companies using at least one social media platform.

Source: Adapted from Burson-Marsteller Fortune Global 100 Social Media Study (2012).

(Burson-Marsteller, 2012). If tourism industry is not engaging in any of the social media activities like tweeting, linking, or having an active blog, it just means that they are missing out on the huge opportunity in digital marketing. To stay competitive in the digital world, the hotel has to be engaged or be involved with their intended audience by participating in online discussions, hospitality forums, podcasts, RSS feeds, and hotel review commentary while increasing awareness and building relationships with both new and loyal customers.

Social Media site	Frequency of Activity	Percent with Activity	# of posts
Twitter	Past week	82%	27 tweets
Facebook	Past week	59%	3.6 posts
YouTube	Past month	68%	10 videos
Blog	Past month	36%	7 blog posts

FIGURE 15.2 Frequency and volume of social media participation.

Source: Adapted from Burson-Marsteller Fortune Global 100 Social Media Study (2012).

15.7 IMPLEMENTATION OF SOCIAL MEDIA STRATEGY

Tourism corporates who plan to use Social Media need to have the ground work established and carried out strategically to engage the potential

customers to the business. While social media is not costly to set up compared to traditional marketing tools, there is still a need for a concrete plan to execute the process and determine the measurable in terms of brand loyalty and ROI (Whalen, 2014).

A social media strategy plan may comprise of some of these following questions and factors which an organization should pay attention to

- What is the main purpose? Is the objective meant for awareness, loyalty or sales driven?
- What kind of relationship is to be established with the customers?
- Establish if the customers utilizes any form of social media.
- What do the customers use social media for? As a blogger, information seeking or a contributor to feedback and complaints.
- Determine the metrics to be used to measure brand loyalty and ROI.

Among the above-mentioned factors, measuring the metrics for success of social media is often not done by organizations. Based on a 2009 Mzinga and Babson Executive Education study, it is known that at least 80% of professionals do not take into account the ROI for their social media programs for their company (Dash, 2010). The metrics can be measured quantitatively and qualitatively, so as to collect both the “concrete” numbers and anecdotal evidence (feedbacks, comments, pictures, etc.) to give a holistic and accurate perspective to social media strategy.

The importance of social media is still growing and could well become an essential mode of communication toward interacting with the customer, and players of the industry can take advantage of this trend and rip the benefits in terms of online placement and revenue. The tourism industry may question itself on why to introduce social media and what could the benefits of the social media elements entitle; the results below are gathered from various independent sources in the tourism industry.

The experience of being online enables a more open and direct form of interaction with the customers. Both parties can also reply to any questions or feedback and be engaged in a two-way communication. It is an effective way to spread a piece of information by word of mouth through the social network—hence becoming an advocate toward an organization’s message or cause within the social and reaching the areas that cannot be reached on some occasions.

According to Jake Hird, a Senior Research Analyst for E-Consultancy, taking 50 million as the benchmark, radio achieved that number of listeners in 38 years. Television reached the same number of viewers in 13 years. The internet took 4 years and iPod only required 3 years to reach the same number of users. Comparatively, in less than 9 months, Facebook managed to reach 100 million users, while 1 billion iPod applications were downloaded in the same time frame (Hird, 2009).

The revolution of digital communication is overwhelming and as such, the ever-increasing social media tools can only get better and embracing this phenomenal change will lead a business to build a long-term strategic business asset. Traditional marketing should not be abandoned nor should one jump onto the social media wagon to create a profile immediately; but it is imperative to have a strategic plan on the usage and implementation of social media and this could well save some marketing dollars on advertisement. It is obvious that a hotel can save money, build and grow a network along with enhancing the relationship with the customers. It is also an excellent way to provide better client service and a long-term investment with the customers (Tassava, 2010).

15.8 SUGGESTIONS

The Web 2.0 world gives opportunity to a regular consumer the freedom of speech and asserts their opinion, where companies have to keep their message transparent. Since information is readily accessible through the internet while on the move, it is important that companies maintain an effective and transparent internet marketing campaign.

Traditional marketing has become less effective and consumers prefer information of a product from a non-biased source so they can arrive at a decision on a company's products or services. Social Media may be defined as web applications, tools, software, or websites that can connect individuals and companies. Some of the most popular social media sites are Facebook, Twitter, and YouTube. These sites provide the possibility for individuals to connect electronically with other individuals who may have similar interests, read each other's opinions, and to form their own decisions based on what they read from these "communities." Just as in the non-virtual world, companies must find ways to maintain visibility and have customers practice viral marketing.

Social media is not only about connecting people and exchange of opinions. It can play a vital role in marketing, messaging, and customer interaction. Social media together with the hospitality industry can make a great pair. Nevertheless, it is unfortunate that very few industry players actually know how to make that happen. As a result, the strategies for social media undertaken by the players are full of mistakes, which results in countless number of missed opportunities.

One common mistake that they tend to make is insufficient social media visibility for the property. Social media is new in the tourism industry and there are occasions when hotels hide the social media presence without realizing the non-intended action. It defeats the purpose of how social media is meant to impact a business. The property may have Twitter and Facebook account, but without any indication, these guests may not even have known the property has a social media account. Therefore having visibility or some form of in-house literature to inform the tourist of the social media presence, would be an advantage to encourage the existing customers to join the business' social media network.

Some corporate websites have social media widgets that are either non-existent or the icons are too small for the eyes of the customers. However, if widgets are not placed strategically, be it too small or barely noticeable, then it also defeats the purpose. This hinders the effectiveness of social media. Social media is about connecting with the customers and enabling a two-way conversation, and widgets should be placed at the strategic location on the website.

Dr. Nielsen a user advocate, has conducted a research in this area. He has found that eye tracking visualizations show that users often read web pages in an F-shaped pattern: two horizontal stripes followed by a vertical stripe (Nielsen, 2006). A widget or content that is placed within the F-shaped pattern on a webpage will be effective.

Surfing the internet can be fun and informative. It is a platform for dialogue to take place between the customers and a brand. While most players want to maintain a corporate image, on the other hand, the tweets tend to lose the essence of fun. A tweet which does not spark any interest in the twitter sphere environment loses the connection of the social media community. Followers may not necessarily enjoy reading informative tweets and to add some light-hearted tweets helps to bond on a different level. Occasional quizzes or contests can be added in the tweets to create an element of fun during an update of tweets.

Finally to set up a social media account can be a simple and linear task. However, securing an account does not finalize the marketing of the social media component nor can it generate revenue. What it requires is consistent updates and to reiterate what social media is all about. One must not forget about socializing and the same principle applies for all social media accounts; a stagnant account is no different from leaving the account to collect dust.

Setting up and running SMM can be significantly less expensive than advertising buys, traditional public relations (PR), and big trade shows. However, if a company suffers from time poverty, then social media may be an additional cost. Time can be a scarce commodity for an organization and social media campaigns may need investment of time. Social media campaigns are far from a project where an organization will pay and wait for the results. For a social media strategy to be successful, daily web monitoring is a necessity. The company needs to comment on related blog posts and be in touch with the online influences on a personal basis. In order for a social media campaign to produce the expected results, it is recommended that 25% of the time of the marketing department is dedicated to this task.

Currently, social media has a strong presence in the tourism field. Tourists and potential future targets tourists are influencing and are influenced by each other in the virtual environment especially through the usage of online reviews. Having social media strategies, tactics, and even a department dedicate to these tasks appears no longer to be a product enhancer but rather a product qualifier. The player needs to take social media seriously and not ignore it in the hope that it will go away.

15.9 CONCLUSION

The tourism industry was one of the product leaders in understanding the value of the web site and most importantly the value of search engine optimization (SEO). As a natural result, the tourism industry embraced the possibilities of social media. The industry websites in their infancy stages were understood by marketers as the equivalent of a brochure in an online environment. At the moment, social media is still evolving and its potential in this industry still remains to be seen.

Social media is an integral part of the real-time search algorithm. It creates a real connection between companies and customers; that

connection creates a trend for purchase intensity. Ongoing connection and relationship with the guests will eventually turn them into ambassadors and a volunteer marketing army. The property needs to ensure that social media is an integral part of the overall marketing plan. Should the budget and resources become limited, then social media domain needs to be monitored in an effective manner. Tourism players, who want stay ahead of the curve, need to invest today in the media that is fast emerging as the future of internet marketing (Aggarwal, 2010).

In this time and age, it is not how social media can be used to attract customers, but instead how the customers are using social media to locate the source and then decide on the outcome. Social media is a form of “social validation.” When customers do not have sufficient information to make independent decisions, it would lead to information being sourced externally through friends and family or external parties. The most valuable social validation occurs through viral marketing when individuals that one trusts recommend a product.

KEYWORDS

- **social media**
- **destination brand**
- **customer satisfaction**
- **perception**
- **hospitality**

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CHAPTER 16

DEVELOPMENT OF TOURISM IN MYANMAR

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ABSTRACT

Tourism is playing a vital role in global economy. This service industry has some specific advantages over the others. It helps countries those are poor in material wealth but enriched in heritage, culture, and history, to utilize their unique characteristics as a revenue-generating source. Republic of the Union of Myanmar, also known as Burma, is a Southeast Asian sovereign nation. Currently, Myanmar is in the process of emerging as a popular tourist destination. International tourists are keen to experience the ample wealth of natural diversity, cultural heritage, spiritual values, and candid hospitality. This will play a vital role in earning foreign revenue and help in generating employment in the various sectors of the country. The present study highlights the detailed account of the development of tourism industry and emphasizes on the initiatives taken by the Ministry of Hotels and Tourism to promote tourism in the country. In the final section of this chapter, it has been depicted that, Geospatial Mashup can be implemented as a strategic marketing tool to facilitate and promote tourism development in Myanmar.

16.1 INTRODUCTION

Republic of the Union of Myanmar is one of the neighboring countries of India in the east. It has an area of 676,577 sq. km, extending 1931 km in the north–south and 925 km in the east–west (Myanmar Tourism Statistics, 2015). This sovereign nation is bordered in the north and northeast by China, in the east by Laos and Thailand, in south by the Bay of Bengal and the Andaman Sea and in the west by Bangladesh and India. Myanmar is called the legendary “Golden Land.” This Southeast Asia’s largest beautiful country is a destination for discerning travelers to explore and experience the mystical charms of the East in all its diversity-rich archaeological sites, glittering pagodas, wealth of cultures, colorful festivals and arts. Myanmar is also blessed with an awe-inspiring range of natural sights—idyllic landscape, lush fertile plains, vast virgin jungles, majestic snow-capped mountains, pristine beaches washed by crystal clear waters, fragrant pine trees, and sunflowers bathed in abundant sunshine (www.myanmar-tourism.org, 2015). Myanmar has a wide range of natural diversity; the snow-capped mountain in Putao; Inle

Lake in the Shan state which is famous for its floating villages; Ngapali beach located in Rakhine state which is ranked as the world's 8th best beach by TripAdvisor; and Mergui Archipelago consisting of 800 islands located in the southern part of Myanmar. Beside these, the country has the charming capital city of Yangon, the temple city of Bagan, the cave housing in Pindaya, the amazing Golden Rock in Mon state and many more. All these simple but charming realities are beckoning tourists from far and wide to this Southeast Asian country. As a result, it contributes a glorious sense of happiness and proves to be a heavenly getaway from the world of worries. No wonder then that the tourists started flocking in large numbers to this land bestowed with ample wealth of natural diversity, cultural heritage, and spiritual values. But above of all, the country is providing all the warmth and comforts exuded by traditional Burmese hospitality to the tourists. It is one of the most exotic countries in the world—a land of astounding beauty and charm that moved the famous English author Rudyard Kipling to pen these apt words: “quite unlike any land you will ever know” (www.myanmar-tourism.org, 2015). Tourism can definitely play a vital role in strengthening the economy of this developing nation by earning foreign revenue and creating employment in different sectors of the country.

16.2 STUDY AREA

Myanmar is bordered in the north and northeast by China, in the east by Laos and Thailand, in south by the Bay of Bengal and the Andaman Sea and in the west by Bangladesh and India. The map (Fig. 16.1) depicts the country's location in Southeast Asia. The country is broadly divided into four topographic regions: a mountainous area in the north and west, the Shan Highlands in the east, central Myanmar bounded by the Salween and the Irrawaddy River and the fertile delta and lower valley regions in the south. Myanmar consists of 14 administrative provinces (Fig. 16.2); 7 states (namely, Kachin, Kayah, Kayin, Chin, Mon, Rakhine, and Shan) 7 regions (namely, Yangon, Mandalay, Ayeyarwaddy, Sagaing, Magway, Bago, and Tanintharyi); and one Union Territory region (Nay Pyi Daw). All seven states are mountainous, whilst the regions are mainly plain areas with the exception of Sagaing, Bago, and Tanintharyi regions. All these 14 provinces are further divided into 67 districts.



FIGURE 16.1 Map of study area (global position).

Source: www.un.org.



FIGURE 16.2 Map of study area (administrative).

Source: www.5starmyanmar.com.

The current population of the country is approximately 51 million (Myanmar Tourism Statistics, 2015). According to the UN, the annual population rate of change for 2005–2010 was expected to be 1.2%. The projected population for the year 2025 was 59,002,000. The population density was 75 per sq. km. Agriculture is the largest sector of the economy, contributing 54.6% to Gross Domestic Product GDP in 2005 and employing about 70% of the labor force (Myanmar Political Geography, 2015).

16.3 IMPORTANCE OF TOURISM

Tourism is the only service industry where a country can earn foreign revenue without exporting any item outside the nation. Currently, this industry is one of the fastest growing industries all over the world. Tourism has some specific advantages over other industries like; it helps countries that are poor in material wealth but enriched in heritage, culture, and history to utilize their unique characteristics as a revenue-generating source. It creates networks of different supporting operations like restaurants, hotels, transport services, guides, local small scale industries, and many more. This business involves many socioeconomic activities like promotion and advertising of tourist spots and destinations, providing effective transport facility, fooding–lodging, entertainment, etc. which tends to encourage the overall development of infrastructures that benefits the host countries. This smokeless industry is essentially a kind of service industry; it renders service to the tourists (Chaudhuri & Ray, 2015). The direct contribution of travel and tourism to global GDP was USD 2364.8 billion, that is, 3.1% of total GDP in 2014 and is forecast to rise by 3.7% in 2015, and to rise by 3.9% per annum, from 2015 to 2025, to USD 3593.2 billion, that is, 3.3% of total GDP in 2025 (World Travel and Tourism Council [WTTC], 2015). In 2014, travel and tourism directly supported 105,408,000 jobs globally, that is, 3.6% of total employment over the globe. This is expected to rise by 2% in 2015 and rise by 2% per annum to 130,694,000 jobs, that is, 3.9% of total employment in 2025 (WTTC, 2015) (Figs. 16.3 and 16.4).

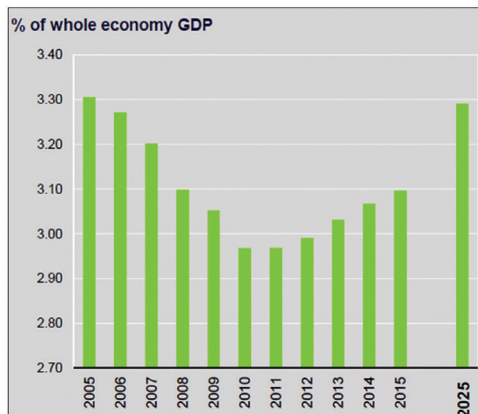


FIGURE 16.3 Direct contribution of travel and tourism in GDP.

Source: WTTC (2015).

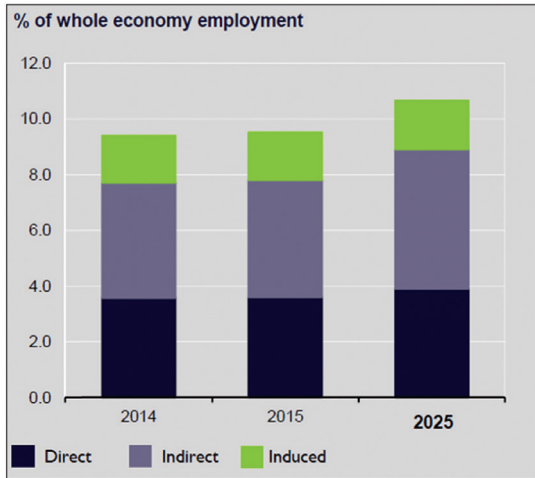


FIGURE 16.4 Direct contribution of travel and tourism in employment.

Source: WTTC (2015).

16.4 TOURISM IN MYANMAR

In the period of high colonialism (1870–1940) of Southeast Asia, tourism was introduced in Myanmar. During post Burma’s independence (1948), in the nascent union the agency of Union of Burma Airways formed the Tourist Information Service (TIS). In 1961, TIS was incorporated into Tourist Burma under Burma Economic Development Corporation (BEDC) (Tucker, 2001). The TIS and Tourist Burma merged to form the Hotel and Tourism Corporation under the Ministry of Trade in 1978 (Aung, 2008). After this there was an era of political turmoil within the country. The international turnaround for tourism in Myanmar reflects the general policy reorientation in response to the reforms in Myanmar since the elections in November 2010. Slowly, Myanmar has gained a new momentum of success and has significantly strengthened friendly relations with the international community. Taking this opportunity, the Ministry of Hotels and Tourism (MoHT) of the Republic of the Union of Myanmar has placed considerable emphasis on developing and managing tourism in sustainable and responsible ways in line with the Government’s reform strategies and economic liberalization (Myanmar Tourism Master Plan, 2013). According to a report by the WTTC, on the Economic Impact 2015 in Myanmar, the direct contribution of travel and tourism to GDP was 1347.4

billion Burmese Kyat (MMK), that is, 2.2% of total GDP in 2014, and is forecast to rise by 6.8% in 2015; and to rise by 8.4% per annum, from 2015 to 2025, to 3212.2 billion MMK, that is, 2.7% of total GDP in 2025 (WTTC, 2015). In the same report, WTTC has highlighted how tourism is contributing in creating employment in the country. In 2014, the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, was 4% of total employment, that is, approximately 1134,500 jobs. This is expected to rise by 2.9% in 2015 to 1167,000 jobs and rise by 5.6% per annum to 2003,000 jobs in 2025, that is, approximately 6% of total jobs (WTTC, 2015). Currently, Myanmar stands 99th out of 184 countries in terms of relative importance of travel and tourism's total contribution to GDP. In order to ensure effective management of the tourism sector of the country and for the benefit of the nation and its people, the MoHT has designed the strategic programs in the form of a long-term implementation framework (2013–2020). The ministry is trying to follow the strategic plan and promoting Myanmar as a popular tourist destination over the globe.

16.4.1 TOURISM POTENTIAL IN MYANMAR

Republic of the Union of Myanmar is the largest country on mainland Southeast Asia; sharing borders with India, Bangladesh, China, Laos, and Thailand. The country has a long coastline, with access to major Indian Ocean shipping lanes. New deep-sea ports are also coming up. Myanmar has existing well-established trade channels links Myanmar to India, China, Japan, Thailand, Singapore, and Malaysia. The flight connectivity with the neighboring countries as well as with other foreign countries is impressive (Figs. 16.5 and 16.6). In July 2010, the country had 69 airports. Myanmar has 1920 km cross-border standard gauge railway track; besides having total 27,000 km of paved and unpaved land road. River waterways and large harbors in Yangon and Sittwe provide standard communication facilities even for large commercial vessels.

In 2010, the total number of hotels or guest houses in Myanmar was only 691, but in 2014 the number increased to 1106. To meet the demands of the increasing number of visitors per year, the number of hotels and guesthouses together landed to a number of 1279 in 2015 (Myanmar Tourism Statistics, 2015).

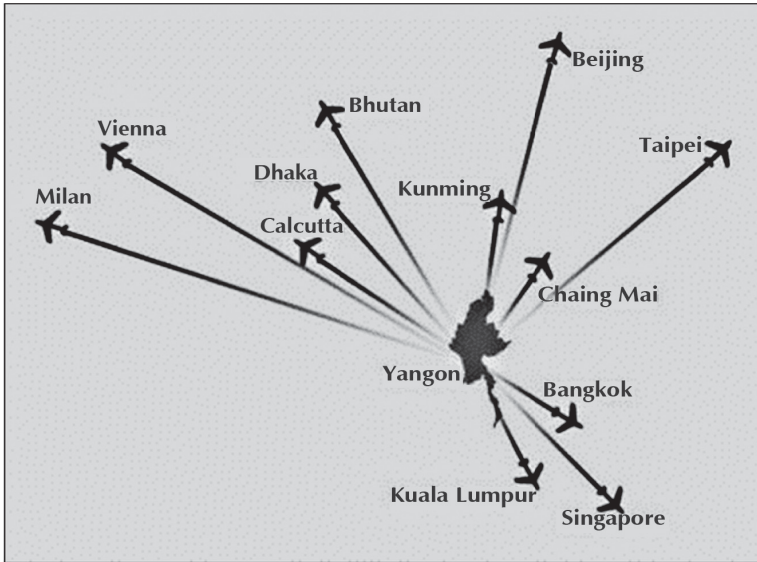


FIGURE 16.5 International flights (outbound).

Source: www.myanmarbravo-int.com.

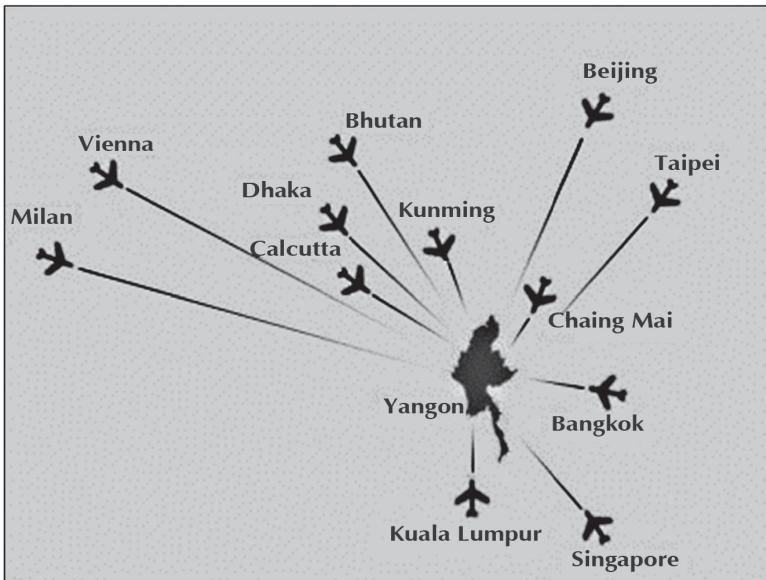


FIGURE 16.6 International flights (inbound).

Source: www.myanmarbravo-int.com.

Strong tourism potential: landscapes encompass Himalayan Range, tropical forests, pristine beaches, off-shore islands, and extensive inland waterways. Ethnic variety and associated cultural architecture, artifacts and events have significant tourist potential (Myanmar Tourism Master Plan, 2013). The country embodies the poetry of nature, natural beauty of the country not only lies in the majestic snow-capped mountains but also in invigorating climate, lively rivers, archipelago consisting of 800 islands, fresh water lakes, caves and sea beaches which form the landscape of this wonderland. The tourist attraction also lies in the architectural and cultural heritage of the country; the royal capital of Mandalay, religious centers of Amarapura, temple city of Bagan, ancient city of Mrauk U, the golden rock, and the prestigious and gorgeous capital city of Yangon. Besides the rich natural and cultural resources, the country celebrates some colorful festivals throughout the year, which can also be a major cause of tourist attraction. Htamane (Harvest), Water festival, Waso, Thadingyut (Light), and Tazaungdai are few famous festivals celebrated throughout the country during different times of the year. Myanmar is indeed blessed with abundant natural resources, rich in cultural and architectural heritage, spiritual values and is providing all the warmth and comforts exuded by traditional Burmese hospitality for the tourists. MoHT in the Myanmar Tourism Master Plan (2013–2020) have categorized the tourism destinations with their unique attraction features (Table 16.1).

TABLE 16.1 List of Potential Tourist Destinations in Myanmar.

Type of tourism	Destinations
Cultural and creative tourism	Kyaington, Pyin Oo Lwin, Hsipaw, Mrauk U, Hpa-an, Hakha, Nat Ma Tuang, and Loikaw
Nature-based tourism	Inle, Bagan, Ngapali, and emerging destinations (Ngwesaung, Chaungtha, Kyaington, Kawthaung, and Myeik Archipelago)
Adventure and experiential tourism	Inle, Bagan, and emerging destinations (Kyaington, Pyin Oo Lwin, Hakha, Nat Ma Tuang, Putao, Loikaw, and Myeik Archipelago)
Cruise tourism and yachting	Yangon, Bagan-Mandalay, Ayeyawady
MICE tourism	Nay Pyi Taw, Yangon, Mandalay, and Ngapali

Source: Ministry of Hotels and Tourism.

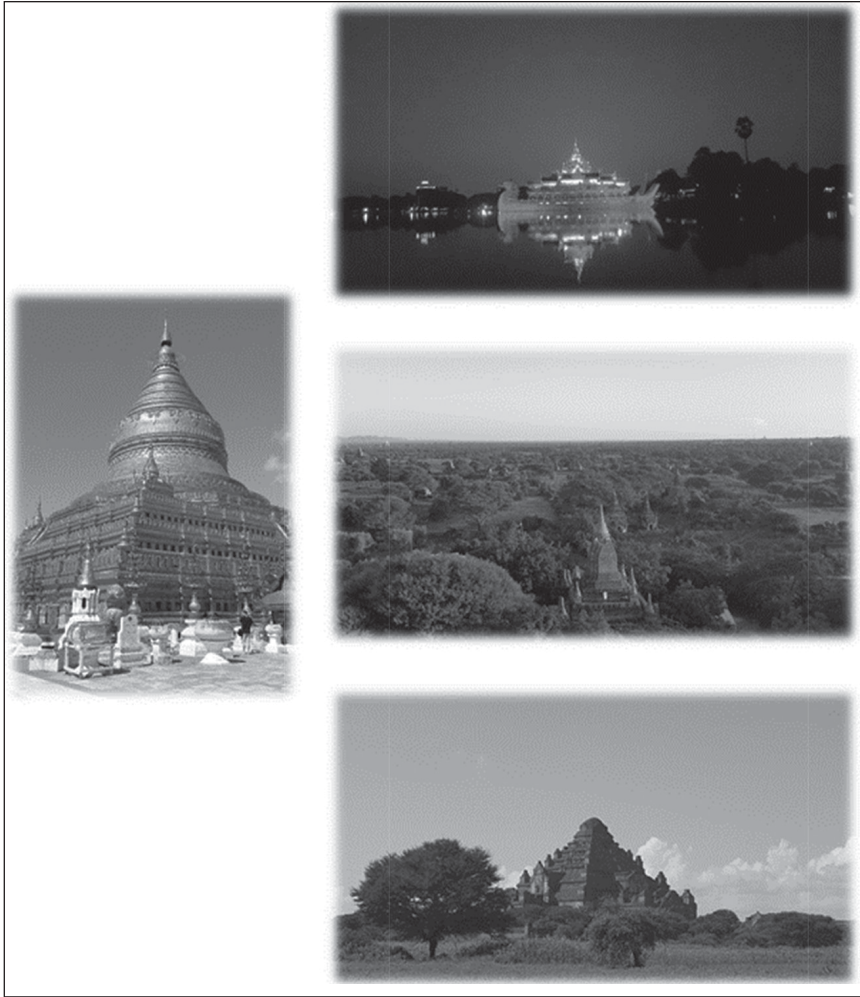


FIGURE 16.7 Few place of interest in Myanmar.

Photo Courtesy: P. Yamin.

16.4.2 TOURIST ARRIVAL TRENDS

Figure 16.8 depicts the different types of tourists coming to Myanmar in 2015. Out of the total tourists in Myanmar, 24% are foreign independent tourists and 18% are packaged tours.

It shows that the number of foreign independent tourists is higher than packaged tours in Myanmar. Business travelers (17%) also play a vital role in contributing to the tourism sector of the country.

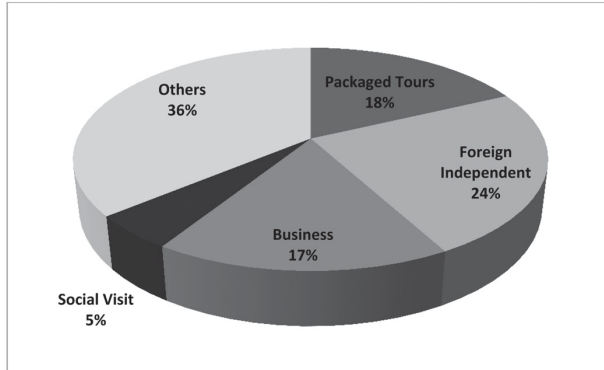


FIGURE 16.8 Types of tourists (2015).

Source: Myanmar Tourism Statistics (2015).

A significant number of tourists visit Myanmar for adventure sports like yachting or ballooning. [Figure 16.9](#) shows that majority of the travelers come for riverine cruises (56%). Ballooning over mainly the temple city of Bagan also attracts travelers; they make up 41% of all the visitors. Remaining 3% basically come for yachting tour in the rivers of Myanmar.

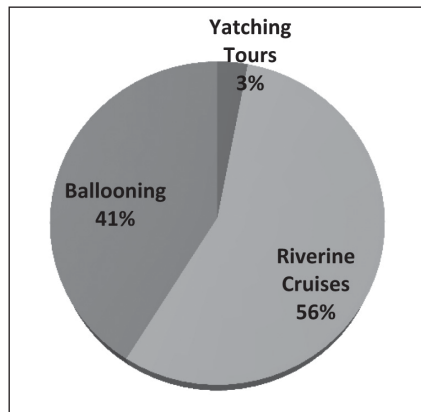


FIGURE 16.9 Tourist arrivals for special tours (2015).

Source: Myanmar Tourism Statistics (2015).

Tourist arrival in Myanmar has been steadily increasing over the past 5 years. [Figure 16.10](#) depicts the same. According to Myanmar Tourism Statistics, the total number of foreign tourists in 2014 was 1131,624, it increased by a steady rate of 15% and reached to 1301,583 in the next year, 2015. So, it is quite evident that Myanmar is slowly becoming a popular tourist destination in Southeast Asia.

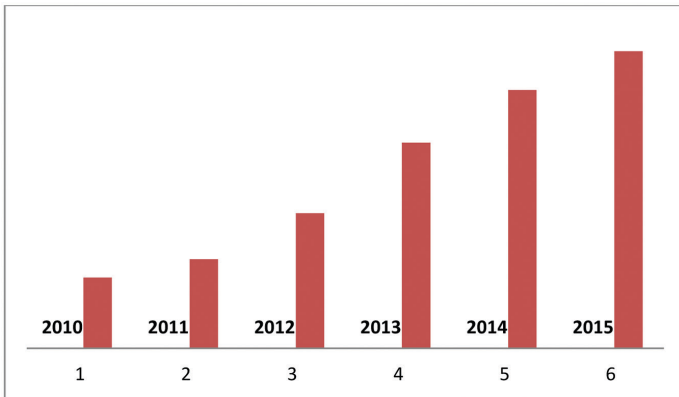


FIGURE 16.10 Tourist arrival trend.

Source: Myanmar Tourism Statistics (2015).

At the same time, tourists from all around the globe have started opting for this pristine tourist destination. [Figure 16.11](#) depicts the distribution of the tourists from different continents.

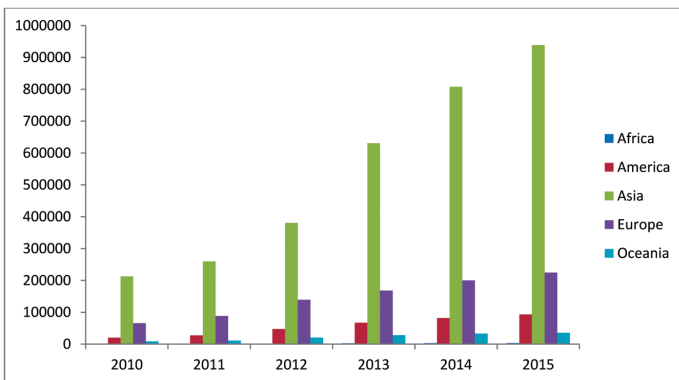


FIGURE 16.11 Tourist arrival trend from different continents.

Source: Myanmar Tourism Statistics (2015).

Annual international tourist arrival to Myanmar shows the largest tourist source market is Asia, followed by West Europe and North America.

16.5 TOURISM DEVELOPMENT IN MYANMAR

Tourism in Myanmar has already been introduced without any formal legislation. But, tourism initiated in Myanmar and saw its peak in the 1920s when the famous Irrawaddy Flotilla Company was active as a water transport body in the country. Since independence in 1948, due to civil war during the parliamentary era (1948–1962) the country's tourism sector has never been developed. Later on from 1962 to 1988, closed-door policy by the socialist regime also acted as a barrier for tourism to bloom in Myanmar. It continued till 2011, as there was no structured responsible tourism policy for the country; independent travelers used to find their travels were being restricted due to the country's internal security problems. Though tourism in Myanmar was not that much popular till 2011, still the interim government was trying to take initiatives to make tourism as an alternate source of revenue. In 1961, TIS was incorporated into Tourist Burma under Burma Economic Development Corporation (BEDC) (Tucker, 2001). The TIS and Tourist Burma merged to form the Hotel and Tourism Corporation under the Ministry of Trade in 1978 (Aung, 2008). But all these initiatives were not that much effective to popularize tourism as an alternate source of economy. The recent international turnaround for tourism in Myanmar reflects the general policy reorientation in response to the reforms in Myanmar since the elections in November 2010 (Thett, 2012). In a statement dated 20th May 2011, the current government acknowledged that "It is essential to strike the right balance between commercial and societal consideration although such a balance is often difficult to achieve in a developing country like "Burma" (Thett, 2012). Things are changing in Myanmar. For the last couple of years now the country has been experiencing greater political transparency. This is also having a direct impact on the tourism sector. Taking this opportunity, the Ministry of Hotels and Tourism (MoHT) of the Republic of the Union of Myanmar has placed considerable emphasis on developing and managing tourism in sustainable and responsible ways in line with the government's reform strategies and economic liberalization (Myanmar Tourism Master Plan, 2013). The ministry has closely collaborated with the Government of Norway, the Asian Development Bank (ADB) and

the internal stakeholders. The ministry has drafted a Tourism Master Plan (2013–2020). The principal goal of the master plan is to develop tourism as an alternate source of economy, maximize its contribution to national employment while ensuring the social and economic benefits, and equality of tourism. MoHT has decided that this master plan will be used as a framework to shape the future of tourism in Myanmar. It specifically defines a clear vision, strategic plans, and a long-term implementation blueprint (2013–2020) which is undoubtedly required to strengthen tourism in Myanmar. Strong demand to visit Myanmar and current trends suggest that visitor arrivals will continue to rise sharply. Figure 16.12 presents visitor forecasts for conservative, mid-range, and high-growth scenarios, drawing on regional experience in the GMS. These data include all land and air arrivals and assume steady 13% year-on-year growth for the conservative scenario; 20% annual growth from 2013–2015, moderating to 15% from 2016 onward for the mid-range scenario; and 40%–45% annual growth from 2013–2015, moderating to 20% from 2016 to 2020, for the high-growth scenario (Myanmar Tourism Master Plan, 2013).

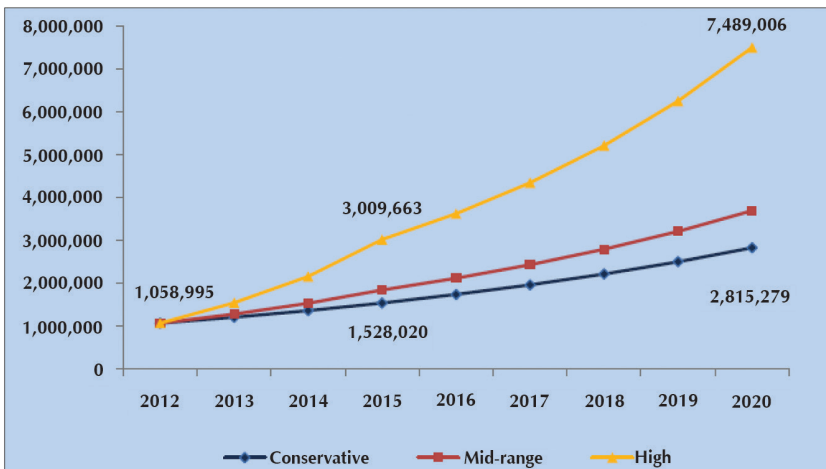


FIGURE 16.12 Visitor forecasts, 2013–2020.

Sources: Asian Development Bank estimates; Ministry of Hotels and Tourism.

Keeping these aims in view, MoHT is approaching strategically to develop tourism as an alternate source of economy in Myanmar. The effect is quiet positive. By the end of November 2015, the number of tourist

arrivals reached more than 4.2 million. MoHT estimates that the number will rise to 5 million by April 2016. Myanmar attracted 2.64 billion USD foreign investments in 47 projects in the sector of hotels and tourism in 2015, which was only 1.14 billion USD in 36 projects in 2011. In 2010, the total number of hotels or guest houses in Myanmar was only 691, but in 2014 the number increased to 1106. To meet the demand of the increasing number of visitors per year the number of hotels and guest houses together land to a number of 1279 in 2015 (Myanmar Tourism Statistics, 2015). At the same time standard of tourist transportation, tour guides, tourist security, and upgrading existing tourist destinations has been regularly scrutinized. Besides, MoHT is developing opportunities for wider participation of the private organizations as well as developing and encouraging national and international investment opportunities. [Figure 16.13](#) depicts how foreign investments in hotels have been following a positive trend. The change is from 2010 to 2015.

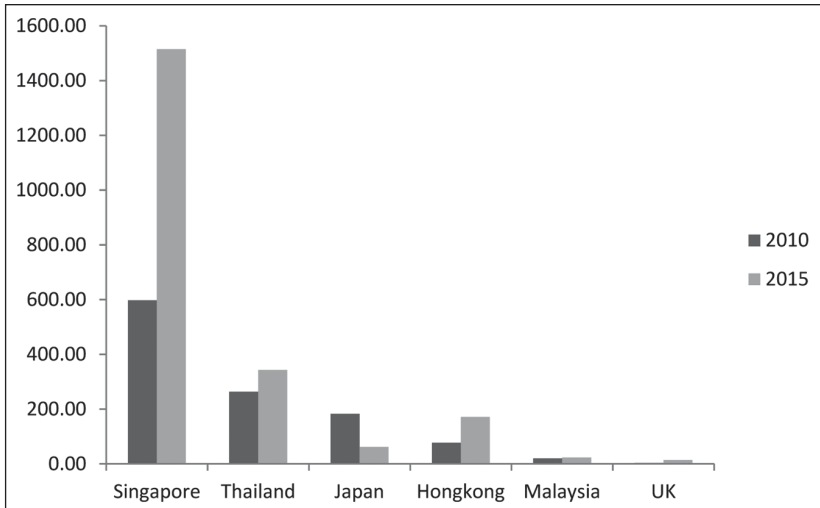


FIGURE 16.13 Foreign investment in hotel industry (country wise).

Source: Myanmar Tourism Statistics (2015).

Besides the increase in investment amount by the existing investors, few other new countries like Vietnam, Korea, Luxembourg, and UAE also started investing from 2012 to 2013. Even in terms of the number of local tourism companies the number has increased from 640 to 1906. The

increase is approximately 198%, which is quite impressive. So, from the above data, it is evident that definitely there is investment from foreign companies but the local companies are also trying to invest more and get involved with this smokeless industry. Meanwhile, the government has developed 17 new hotel zones in Nay Pyi Taw, Yangon, Mandalay, and Bago regions. This is creating opportunities to improve the GDP of the country at the same time creating employment scope within the country. According to a report by the WTTC on the Economic Impact 2015 in Myanmar, the direct contribution of travel and tourism to GDP was 1347.4 billion Burmese Kyat (MMK), that is, 2.2% of total GDP in 2014, and is forecast to rise by 6.8% in 2015, and to rise by 8.4% per annum, from 2015 to 2025, to 3212.2 billion MMK, that is, 2.7% of total GDP in 2025 (WTTC, 2015). In the same report, WTTC has highlighted how tourism is contributing in creating employment in the country. In 2014, the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, was 4% of total employment, that is, approximately 1134,500 jobs. This is expected to rise by 2.9% in 2015 to 1167,000 jobs and rise by 5.6% per annum to 2003,000 jobs in 2025, that is, approximately 6% of total (WTTC, 2015). [Figures 16.14](#) and [16.15](#) depict the positive effect of tourism in the GDP of the country as well as the employment for the youths of Myanmar.

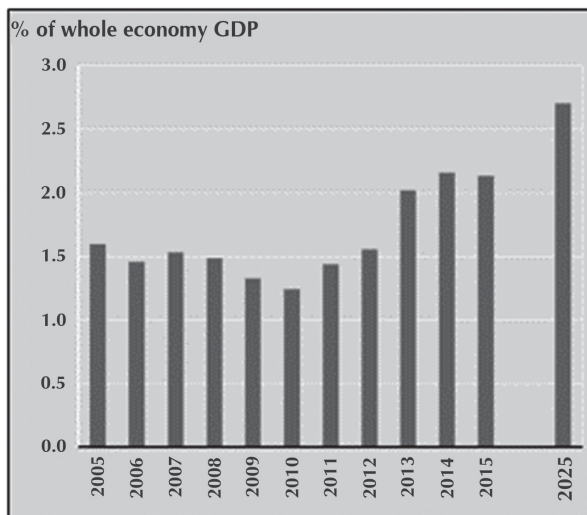


FIGURE 16.14 Direct contribution of travel and tourism to GDP.

Source: WTTC (2015).

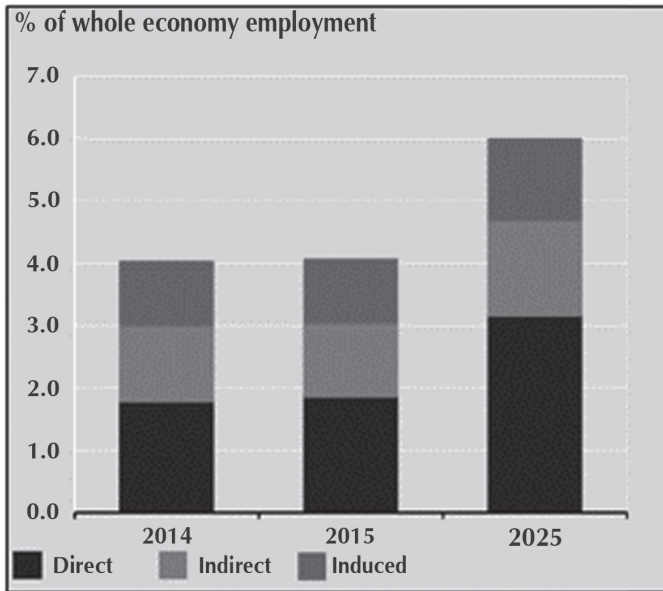


FIGURE 16.15 Direct contribution of travel and tourism to Employment.

Table 16.2 depicts the estimated direct tourism employment in Myanmar, 2012–2020. Thus, there is a need to develop and implement a wide-ranging national plan for tourism-related human resource development.

TABLE 16.2 Direct Tourism Employment in Myanmar (2012–2020).

Subsector	Conservative			High	
	2012	2015	2020	2015	2020
Accommodation	44,055	63,668	84,458	125,403	224,670
Food and beverage	146,850	212,225	281,528	418,009	748,901
Recreation and entertainment	29,370	42,445	56,306	83,602	149,780
Transportation services	58,740	84,890	112,611	167,204	299,560
Travel services	14,685	21,223	28,153	41,801	74,890
Total	293,700	424,450	563,056	836,018	1497,801

Source: Myanmar Tourism Master Plan (2013).

MoHT has designed the principal organizational structure for effective and efficient implementation of tourism policies in the country (Fig. 16.16).

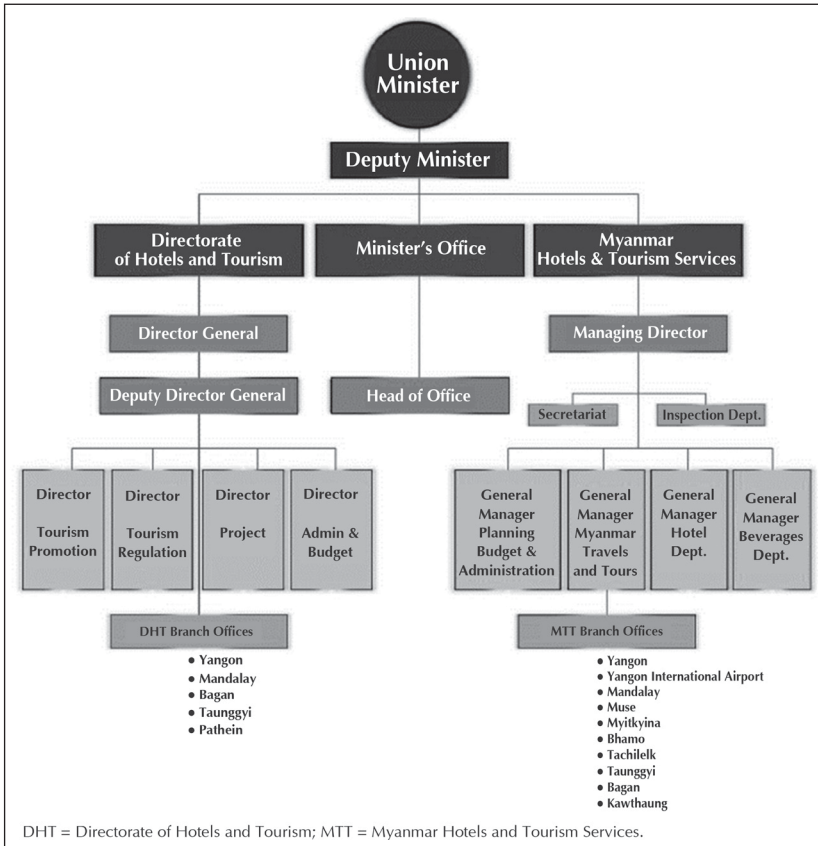


FIGURE 16.16 Organizational framework of the Ministry of Hotels and Tourism, Myanmar.

Source: Ministry of Hotels and Tourism (2012).

Under the close scrutiny of MoHT, following tourism policy activities are moving in the positive direction. According to MoHT Tourism Master Plan (2013–2020), there are broadly six strategic programs for tourism development in Myanmar. They can be broadly classified as follows with their respective objectives in brief (Myanmar Tourism Master Plan, 2013) (Table 16.3).

TABLE 16.3 Objectives of Myanmar Tourism Master Plan, 2013.

Program No.	Strategy	Objectives
1	Strengthen the institutional environment	A Tourism Executive Board will be established Strengthen data system Develop systems to provide tourist safety and consumer protection Establish Governing body to judge the standard of tourism service
2	Build human resource capacity and promote service quality	Develop multi-stakeholder partnerships Develop and deliver comprehensive human resource development
3	Strengthen safeguards and procedures for destination planning and management	Design and implement innovative destination planning Promote green technologies Develop community involvement Improve tourism and climate change adaptation strategies
4	Develop quality products and services	Strengthen Supply Chain Management Develop Ecotourism Management Strategy Implement innovative tourism product development strategies
5	Improve connectivity and tourism-related infrastructure	More investment in tourism-related infrastructure Less restrictions for foreign tourists Develop transport facilities—both domestic and international aviation
6	Build the image, position and of tourism Myanmar	Place effectively and efficiently Myanmar in the global tourism map Develop strategic marketing map including niche market actions Create national awareness—especially among the youths

The report also emphasizes on seven cross-cutting themes. These themes will ensure the use of tourism to make Myanmar a better place to live in, to provide more employment and greater business opportunities for all our people, to contribute to the conservation of our natural and

cultural heritage, and to share with us our rich cultural diversity (Myanmar Tourism Master Plan, 2013). The cross-cutting themes include:

- **Gender equality**
Both male and female members will have equal economic, employment, decision-making skills and training opportunities.
- **Environmental sustainability**
Green technology should be practiced to embrace environmental safeguard.
- **Partnerships**
Public and private partnerships should be developed.
- **Innovative financing**
Micro-contribution, appropriate taxation, and public–private partnerships for innovative financing should be initiated.
- **Regional cooperation**
Enhanced regional cooperation and enhanced efficiency of tourism-related infrastructure investments should be developed especially among other destinations of the Association of Southeast Asian Nations (ASEAN).
- **Ensure access for disabled people**
Special care should be taken for people having disabilities.
- **Consultation and participation**
Information sharing, fair participation, and ethnic inclusiveness should be promoted among all the stake holders.

According to the world's foremost advocate of responsible tourism, Professor Harold Goodwin at the International Centre for Responsible Tourism, "Responsible tourism is about taking responsibility for achieving sustainable development through tourism (...), it is about identifying economic, social and environmental issues which matter locally and tackling them." In short, it is about creating better places for people to live in and better places to visit (Thett, 2012). If all the above strategies and cross-cutting themes of MoHT Tourism Master Plan (2013–2020) is considered it is significantly matching with the above statements of Professor Goodwin.

In 2012, MoHT in collaboration with Hanns Seidel Foundation in Myanmar published “Myanmar Responsible Tourism Policy.” They realized the fact that the rapid tourism development might succeed in boosting this sector and creating smooth and effective economic development, but it might fail in long-run success for sustainable tourism in the country. The vision of Myanmar Responsible Tourism policy is “We intend to use tourism to make Myanmar a better place to live in, to provide more employment and greater business opportunities for all our people, to contribute to the conservation of our natural and cultural diversity.” This vision is supported by nine aims:

- Tourism is a national priority sector.
- Broad-based local social-economic development.
- Maintain cultural diversity and authenticity.
- Conservation and enhancement of the environment.
- Compete on product richness, diversity, and quality-not just price.
- Ensure health, safety, and security of our visitors.
- Institutional strengthening to manage tourism.
- A well trained rewarded work-force.
- Minimizing unethical practices.

In terms of the growing number of visitors, Myanmar welcomes the tourists from all around the globe and will continue to review the visa policy to expedite smooth and effective access to this beautiful country. In the awareness of responsible and sustainable tourism, Myanmar will carefully monitor expansion of the sectors and encourage practicing quality tourism that are consistent with regional, state, and national development objectives. Value and yield will take preference over simply increasing the quantity of annual visitors. Hence, it will be emphasized to achieve a balance between the demand and need to ensure the well-being of the host communities and protection of the country’s natural and cultural heritage. After implementing most of the tourism policies in Myanmar, in June 2014 Myanmar Centre for Responsible Business conducted a survey for the tourists traveling in Myanmar. The survey was conducted for four months; total number of responses was 139. It was basically conducted to identify the positive and negative impact of tourism on this developing nation of Southeast Asia. The findings are depicted as in [Figures 16.17](#) and [16.18](#).

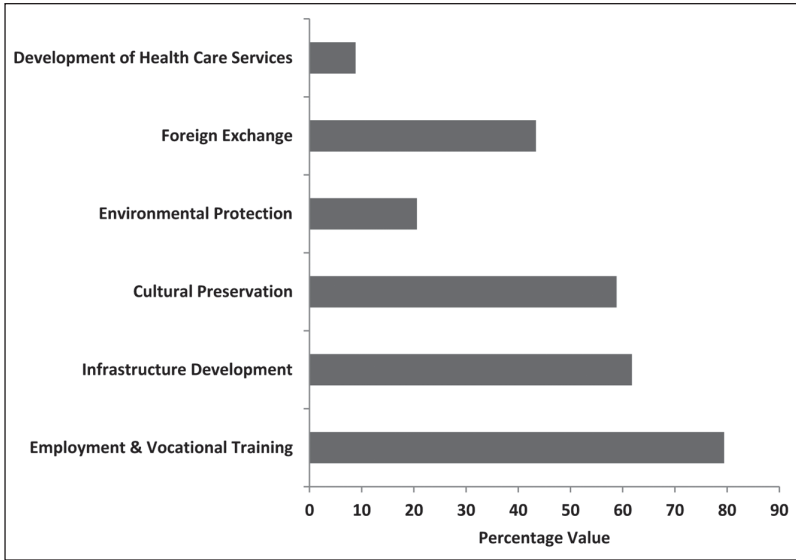


FIGURE 16.17 Positive impacts of tourism in Myanmar.

Source: Myanmar tourism sector wide impact assessment (2015).

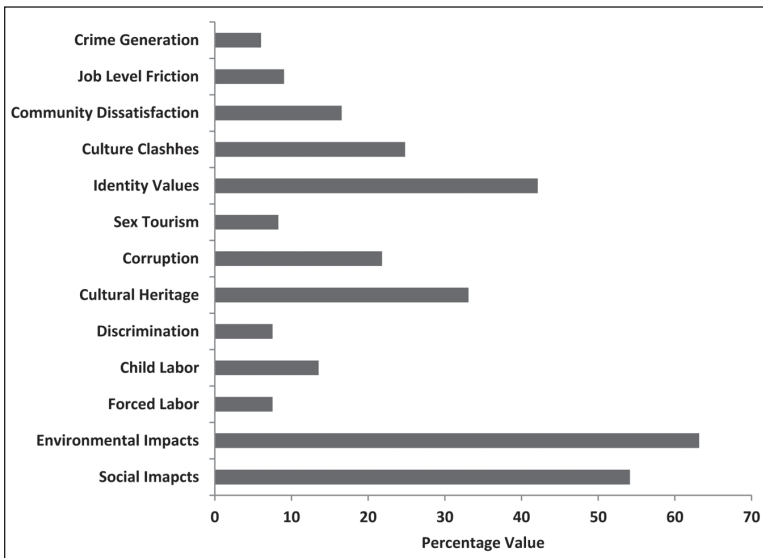


FIGURE 16.18 Negative impacts of tourism in Myanmar.

Source: Myanmar tourism sector wide impact assessment (2015).

The data were then mathematically divided into five broad sections (both positive and negative):

- Environmental impacts
- Social impacts
- Cultural impacts
- Impacts on labor rights
- Facilities for tourists.

Ministry of Hotel and Tourism in joint collaboration with Myanmar Tourism Federation are earnestly working to strengthen the positive impacts and trying to get rid of the negative ones by implementing responsible tourism policy, best practices for foreign visitors, implementing the strategies mentioned in the 2013 Master plan of MoHT, trying to develop community involvement in tourism policy and trying to get more foreign investments. Tourism development is definitely a national priority. It contributes to develop alternate economy, strengthen GDP, improve employment scopes, contributes to rural development, and evenly spread social and economic benefits throughout the country.

16.6 CONCLUSION

16.6.1 CHALLENGES

Things are changing in Myanmar. For the last couple of years Myanmar has been experiencing better political transparency. It definitely has an impact on the tourism sector, which is evident from the number of tourists to the country which has been more than double in the past few years. But, at the same time, there are unavoidable constraints and risks that should also be carefully taken care of. Government of Maldives is continuing to support investment in people and infrastructure, to allow the country to maximize its benefits from tourism and avoid negative impacts. GOM will strengthen measures to prevent, respond to, and recover from natural disasters, for the benefit of all of Myanmar's people, and to build confidence among visitors and investors (Myanmar Tourism Master Plan, 2013). The principal constraints of tourism in Myanmar to be a center of excellence in responsible tourism are:

- Lack of skilled labor and tourism professionals
 - Acute shortage of managers and skilled workers.
 - Brain drain.
 - Poorly structured training.
 - Variable quality of private training.
 - Lack of practical or hands-on training.
 - Inadequacy of government-run training.
 - Geographical concentration of training in urban areas.
 - Lack of good trainers.
 - Lack of language training.
- Limited Infrastructure—Transport, electricity, telecommunication, etc.
- Limited number of international standard hotels or guest houses.
- Limited capital investment.
- Maintaining macro-economic stability.
- Increasing vulnerabilities under loose monetary, fiscal conditions.
- Lack of community participation in tourism.
- Lack of destination management.
- Lack of online promotional measures, marketing strategies in the global tourism market.

16.6.2 FUTURE TOURISM—STRATEGIC MEASURES

16.6.2.1 STRATEGIC MEASURES FOR OVERCOMING LACK OF SKILLED LABOR

On April 2014, in a case study by the Union of Myanmar Travel Association suggested few strategic measures to handle the constraint of lack of skilled labor in the tourism sector of the country. They designed a modular approach as the solution:

Model 1: Create partnerships with international institutions in order to develop tailored curricula for training and access experienced trainers.

Model 2: Provide in-house training and develop a training of trainers program.

Model 3: Develop into an industry body that facilitates relevant private sector organizations that build capacity in travel and tourism.

Model 4: Engage with government, specifically MoHT, to enhance existing programs and to find new programs based on member inputs and industry needs.

Model 5: Developing a hybrid of Model 1 and Model 2, providing training in the areas of widespread interest while establishing partnerships with international organizations to provide training in areas where specific technical skills are required and local expertise is lacking (Pompa & Bissinger, 2014).

16.6.2.2 STRATEGIC MEASURES FOR INFRASTRUCTURE AND FINANCIAL ISSUES

The strategic solutions under this field lie in the hand of the government of the country. The country's tourism department should:

- Strengthen institutional capacity to manage tourism.
- Encourage small and medium enterprises by tax relaxation.
- Encourage foreign investment with financial tie-up.
- Minimize unethical practices.
- Legal implementation and qualification of local stakeholders.
- Bottom-up inclusive approach in tourism development projects.
- Responsible quality management.

16.6.2.3 STRATEGIC MEASURES FOR COMMUNITY PARTICIPATION IN TOURISM

Members of the community, even those who are not directly involved in tourism, often gain some form of benefit. Community-based tourism can create jobs both directly and indirectly as well as additional income for the local population and provide further training opportunities like language, service, restaurant and hotel business, and guiding for community members. It strengthens the social and organizational structure within the community and can help strengthen cultural identity and preserve cultural heritage (Myanmar Tourism Master Plan, 2013). Community participation definitely plays a vital role in tourism promotion in any country. Myanmar government and MoHT should work together for mass awareness of the benefit of community-based tourism.

16.6.2.4 STRATEGIC MEASURES FOR DESTINATION MANAGEMENT

MoHT in the Myanmar Tourism Master Plan (2013–2020) has categorized the tourism destinations with their unique attraction features (Table 16.1). That is a strategic measure for destination management. But with the span of time there will be potential tourist destinations. These destinations with their unique features can itself draw more travelers both domestic and foreign. Table 16.4 depicts the existing popular tourist destinations and the potential (upcoming) tourist destinations categorized based upon the seven states, seven regions of Myanmar and a Union Territory (Table 16.4). This destination management helps in attracting potential tourists.

TABLE 16.4 Upcoming Potential Tourist Destinations in Myanmar.

No.	States and regions	Popular tourist destination	Potential tourist destination
1	Kachin State	Origin of the Ayeyarwaddy river (Myitkyina) Inndawgyi Wildlife sanctuary Khakaborazi Mountain Putao	World War II Fort
2	Kayah State	Taungwe Pagoda (Loikaw)	Padaung Village also known as Long-neck villages Kyet Limestone cave
3	Kayin State	Mount Zwegabin BayinNyi Caves Sadan Caves	Kyauk Kalap Hpa-An
4	Chin State	Mount Victoria	Rih Lake also known as heart shaped lake
5	Mon State	Golden Rock (Kyaikhtiyo) Beginning place of the Death Railway (Thanbyuzayat) Setse Beach	Gaungsae Island also known as Shampoo Island Bilu Island Khayone Cave at Kyaikmayaw
6	Rakhine State	Ngapali Beach Archaeological site of Wethali (MraukOo) Shitthaung Temple Mrauk U	Sittwe Munaung Island Ramree Island

TABLE 16.4 (Continued)

No.	States and regions	Popular tourist destination	Potential tourist destination
7	Shan State	Inle Lake Pindaya Cave Htansan cave Kalaw	Lashio Hot spring Modern Sawbwa's residence (The place where twilight over Burma book based on)
8	Yangon Region	Shwe Dagon Pagoda General Aung San Museum City Circular Train BogyokeAung San Market Aung San Su Kyi House and NLD head office	Letkokone Beach Coco Islands
9	Mandalay Region	Mandalay Palace Shwe In Bin Monestry U Bain bridge Mandalay Hill PyinOoLwin(Maymyo) Peik Chin Myaung Cave Mount Popa Bagan Inwa(Ava)	NA
10	Ayeyarwady Region	Ngwesaung Beach Chaungtha Beach Maw Tin Son	MeinmahlaIsland Wildlife Sanctuary Elephant Camp Thameehla Island
11	Sagaing Region	Sagaing Hill Min Kon Glocke Mount Saramati Naga Hills	Thanboddhay Pagoda Cruise along Ayeyarwaddy river Bodhi Tataung Pagoda Soon U Ponya shin Pagoda
12	Magway Region	Mann ShweSettaw Pagoda	NA
13	Bago Region	Kanbawzathadi palace Archaeological sites	NA

TABLE 16.4 (Continued)

No.	States and regions	Popular tourist destination	Potential tourist destination
14	Tanintharyi Region	Maung Magan Beach Kawthaung Mergui Archipelago	Lampi Island where Salone Festival is held; also known as sea-gypsy festival 115 Island also known as Honeymoon Island Tha Htay Island
15	Nay Pyi Daw Union Territory		Mountains surrounding the city

16.6.2.5 STRATEGIC PROMOTIONAL AND MARKETING MEASURES

The traditional mode of marketing in hardcopy or banner is obsolete in the modern era of information and communication technology. The internet is more and more emerging as a handy tool of traveling for the tourist industry. It presents a perfect platform that brings products and services to the customer. IT and the internet have transformed distribution of tourism product to form an electronic market place where access to information is instantly achievable. Principals and consumers continue to experience unprecedented interactivity. The dramatic ongoing development of the internet has resulted in the re-engineering of the entire production and distribution process for tourism products (Ray et al., 2014). However, web-based tourist information system provides not only online brochures, but also provides both value and services. Information technology is having a big effect on all sectors of tourism. Tourists have problems to find what they are looking for, especially in reference to the geographic position of the object and its surroundings. In most cases, it is not satisfying to find a nice hotel without a reference to restaurants, sights or event locations located nearby (Duran et al., 2004). In this regard, Google Earth is playing a vital role to smoothen the online search of any potential tourist by providing the option for filtering the search operation. In [Figure 16.19](#), depicts the Google Earth snapshot of Yangon region in Myanmar. But, the image highlights only the specific elements of search, namely, in the left hand side panel of Google Earth the option “Layers” is playing the trick. In this search example only the railway track, park/recreation areas and

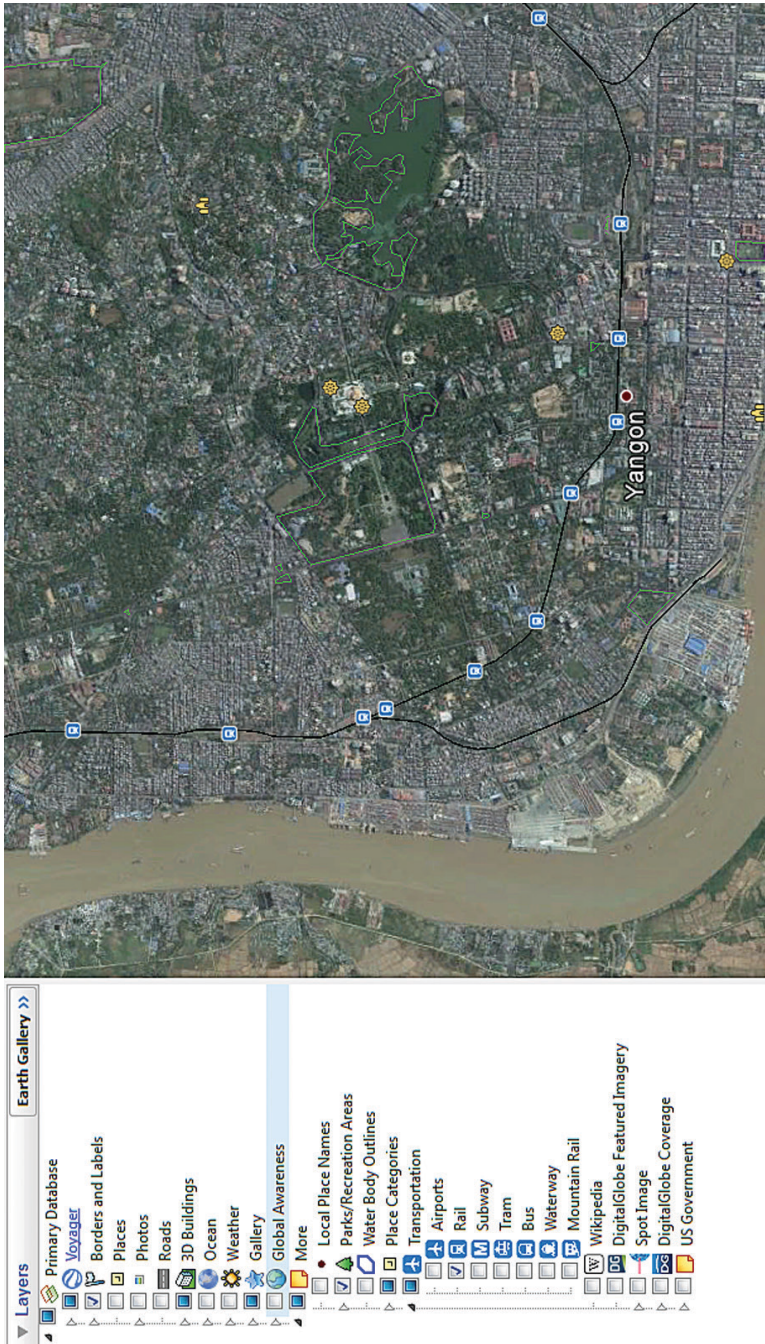


FIGURE 16.19 Google Earth image of Yangon region, Myanmar.
Source: Google Earth (<https://www.google.com/maps>).

the place of worship (under Place and Categories) have been opted for. So the search becomes easy for any online potential tourist. This application is called Public Participation Geographic Information System (PPGIS) or Geospatial Mashup Application. This Mashup service is providing detailed information about a location in a collaborative manner.

The basic information is required by a potential tourist to visit any tourist location. Initially, the tourists have to depend on the information provided by the travel agents about a location. The agents used to provide the information over telephonic conversation or sharing documents over email. The information may not be up-to-date and the tourists have to solely trust the agents. The tourists could have viewed the aerial imagery maps over the internet, but those maps don't provide detail information about the roads, hotels, place of interest, and transport facilities available, etc. But now with the detailed Geospatial Mashup services over any Web GIS application, the tourists can collect every in and out detail information about their place of choice. They have to just browse the internet, run the online Web GIS application and run a query. They will receive detailed information about the location. Another great advantage in this Participatory or Collaborative Mashups is that, the globally accessible geomashups are always up-to-date; they contain the most recent information about the location. Even if the tourists, while visiting those tourist sites, find something is not matching with the Mashup information over the internet, they can customize those global information with the updated one. This will be beneficial for other potential tourists. These are the benefits of updating information of those locations which are already established as tourist spots. Now, if some entrepreneur or travel agency wants to project a new location as a tourist spot, they can perform initial research work to analyze whether their local area can be a potential tourist location or not.

First and foremost they have to find out whether that particular location has any cultural, ecological, or modern tourism component or not. If it is there, they can update that information using the Mashup option in Web GIS application. Next, they have to update other facilities like, transport, hotels, cafe, health services, etc. even internet facilities available or not. That means, the locations which can be potential tourist spots can slowly come into limelight just by some simple initiatives taken by locals. One such online application provided by Google is <http://editor.giscloud.com> where the end users can update and create map online contributing detailed information about their locality or any other place of interest.

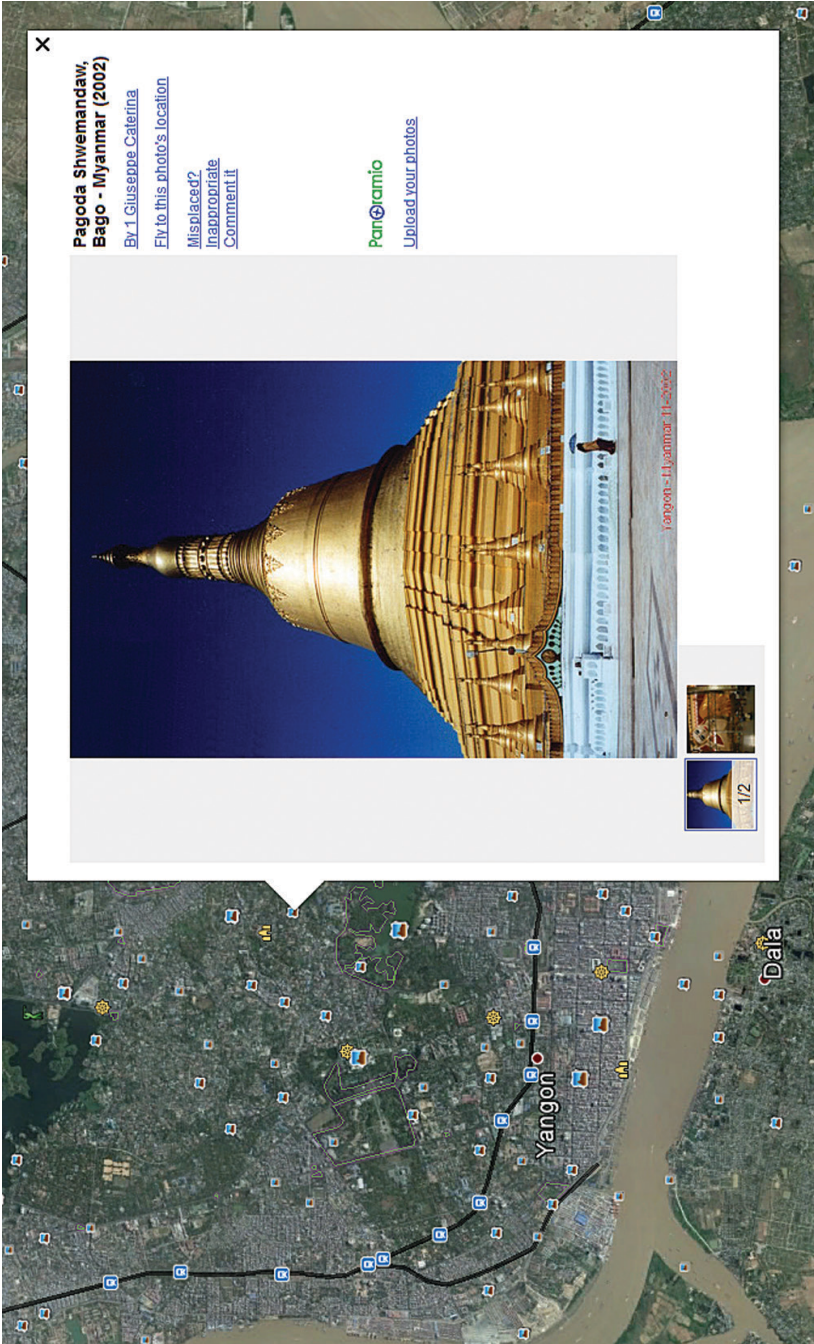


FIGURE 16.20 Google Earth Mashup of Pagoda Shwemandaw, Bago, Myanmar.

Source: Google Earth (<https://www.google.com/maps>).

They don't need any government intervention. In this way, the Geospatial Mashups popularize hundreds of new cultural, ecological or modern tourist locations. Careful and effective application of PPGIS helps in resolving three constraints, destination management, community participation, and awareness in tourism and online marketing and promotion of tourist destinations. The locals can even add their photographs and brief information about the location or site in the Mashup application (Fig. 16.20). That helps in online auto-marketing.

Tourism sector is a very intricate industry, covering a wide range of economic activities over different states and regions of Myanmar, and depend on substantial investments in human capital. In this respect, strong coordination and effort are required from the government, the private sector, civil society, public community, and development partners to jointly navigate the successful implementation and monitoring the Master Plan (2013–2020). All should join hands in implementing this Master Plan to effectively and resourcefully accelerate the industry growth. The Master Plan marks an important milestone for the systematic development of Myanmar's tourism sector. Careful and effective implementation of the strategies and cross-cutting themes will help to accomplish responsible tourism in Myanmar. Tourism will flourish as an alternate source of economy by contributing positively in GDP and solving unemployment issues. This will help in overall social and economic development of the country.

KEYWORDS

- **MoHT**
- **GDP**
- **WTTC**
- **responsible tourism**
- **GoM**

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CHAPTER 17

PRODUCT DIVERSIFICATION IN THE RESTAURANT INDUSTRY AS A COMPETITIVE ADVANTAGE

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ABSTRACT

In this research, product diversification is analyzed in the restaurant industry, mainly in the Strong House Restaurant (Casa Fuerte Restaurant) as the restaurant industry is competitive and companies are constantly on the move, where the objective is to study the strategies based on diversification product with the same production line at a horizontal integration with the same quality and service, which seeks covers more niche market and create a competitive advantage with other company, from the point of view of the theory of institutions theory based on resources and capabilities and the theory of industry, also called tripod, as it applies to this industry and main mind this company, where the result is that the company product diversification has had a competitive advantage.

17.1 INTRODUCTION

The restaurant industry in Mexico is one of the most important economic sectors where large numbers of jobs are created and it provides a large percentage of gross domestic product in Mexico (Fig. 17.1). The restaurant industry is in a constant movement: in and out competitors in the market structure in perfect competition, since it has no barriers to entry and exit to the market, where the industry consists of many companies, although in different forms and quality products.

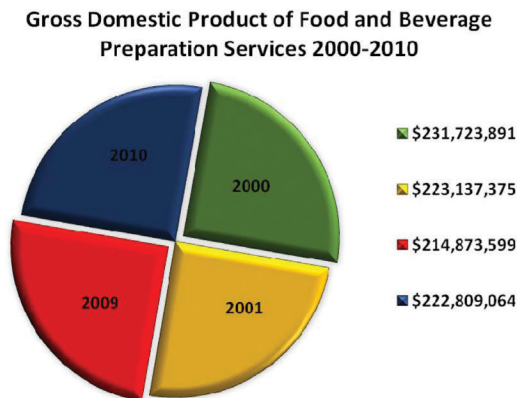


FIGURE 17.1 Gross Domestic Product of food and beverage preparation services.

Source: Economic census 2000, 2001, 2009, 2010 INEGI.

Speaking of the restaurant industry is done from a position established gorditas (a popular food) to the most elegant and distinguished restaurant, all these forming where they compete for industry cover a niche in the market, of course it is obvious that the economic conditions of Mexican society will delimiting the market depended on their economic situation.

The study of the restaurant market called Casa Fuerte, competing for a niche market, is aimed at people of middle economic strata and higher where prices are not very high, but not very accessible to the general population. It is a restaurant of Mexican food, which is located in the town of Tlaquepaque Jalisco. It has only one branch; has more than 20 years in the market and in that time has won a great reputation; and has positioned itself as one of Tlaquepaque favorite restaurants, for its quality and service.

The purpose of this chapter is to analyze the evolution of the restaurant Casa Fuerte, who has put in place that position, where diversification of products is a great tool to have a competitive advantage with its direct competition; it is located in the center Tlaquepaque. As the theory based on resources and capabilities, industry theory and the theory of institutions used as a framework, the restaurant has been designed facing the challenges that arose along the way and its strategy for the management and use of resources they have appropriated an important niche market.

17.2 BACKGROUND

In the search for competitive advantage, companies must find the right to compete in the market and more in a market structure of perfect competition, where a bad decision can put out easily from the market strategies. Casa Fuerte restaurant has struggled over twenty years to follow the preference of its guests. Throughout all this time, those in charge of the decisions have had to design appropriate measures to improve and look at what the market is demanding. Based on strategies of quality and service which are indispensable accompanied by a diversification of products, to taste the most demanding palates of diners, that has preserved the taste and prestige of the restaurant for years.

17.3 THEORETICAL FRAMEWORK

To analyze the evolution of firms, it is necessary to consider the theory of industry, a theory based on resources and capabilities and a theory of institutions where the strengths are determined and skills that business has to fight in the industry against its direct and indirect competitors. The use of resources and capabilities of the company to meet the challenges as they come and institutions play an essential role in the development of the company, because institutions are the designers of rules of the game of companies in the industry and the utilization of their resources.

17.3.1 THEORY INDUSTRY

The theory of industry is about a group of companies that form a single market where goods and services are produced. The industry is a group of firms or companies that produce goods and/or services similar to each other (Peng, 2012). These services or products satisfy the same basic need of consumers (Hill & Jones, 2004). In the production of similar goods and services in market structures, where market competition can occur in many companies, a few or one where there is no competition with other company directly, but its task is to retain its niche where it is the sole supplier of a product or service.

Companies that make an industry are in constant motion, trying to find the right market to move their competitors and looking likely barriers to their competitor in a business strategy where the objective is to maximize their benefits and minimize its costs. But when firms are in an industry, they are seeking greater participation in the market where they can increase their profits. Knowing a firm is necessary first to know where the market structure is to make strategic decisions. For this, it is necessary to establish the various markets where industries interact.

1. *Perfect competition*: In this market there are many companies where there are no barriers to entry or exit of firms, their products are homogeneous, technology used is the same, there is perfect information, and the price is determined by the market and its benefits tend to zero.
2. *Monopoly* in this market is formed by a single but large company. There are major barriers to market entry, there is no perfect

information that has production scale, determines the price where marginal costs equal marginal revenue, and institutions protect it with patents.

3. *Oligopoly*. In this market there are a few but large companies. This market is analyzed from a duopoly where two firms interact. In this market, there are barriers to entry and exit of firms, companies compete for quantity and price, where they can collude to share the market.
4. *Monopolistic competition*. In this market there are many companies, barriers to entry are minimal. In the short term they act as a monopoly, but in the long term act as perfect competition. In this market there is a product differentiation where products are similar but not homogeneous. There is perfect information.

The structures of the industries are determined by the organizations and their performance. The goal of industrial organizations is to help policy makers to better understand how firms compete and to properly regulate them (Peng, 2012). In a market where there are monopolies or oligopolies, these companies get a greater profit, which is the purpose of the firms to be more competitive and to obtain better profits. The companies within an industry and the market in which they operate need to know their strengths at the industry level. For an industry to be more attractive, the force level and its effects depend a great deal on the economic sector (Spulber, 2005). Industries become attractive as their profitability increases in the market.

For the analysis of target industries two questions need to be answered. What market characteristics are important determinants of profitability and the firm? And what actions can be strategically taken to improve the performance of the company? (Saloner et al., 2001). These questions are an essential part in determining how attractive the company is at present and what can be done in the future. To answer these questions it is necessary to use the five forces framework (Peng, 2012):

1. Intensity of rivalry among consumers.
2. The threat of potential entry.
3. The bargaining power of suppliers.
4. The bargaining power of buyers.
5. The threat of substitutes.

To analyze the industries based on the above questions, it is necessary to know the companies that are part of the markets and how they behave in the pursuit of their objectives; and strategies of these organizations; and how they can affect this industry. Knowing the market industry is necessary to quantify the likely entry of new industries to the market. The power to negotiate with suppliers and buyers is a key strategy for any organization to determine their market strategies. Substitute products surrounding the industry and their characteristics can influence the strategies of the company to achieve profitability in the industry.

A key proposal in the performance of a firm depends critically on the degree of competitiveness of these five forces within an industry (Peng, 2012).

Actions that affect a high degree of rivalry are as follows:

1. Frequent price wars.
2. Proliferation of new products.
3. Intense advertising campaign
4. Actions-reactions competition and high cost, such as accepting coupons from all its competitors.

The competitiveness of companies is subject to certain situations facing groups of companies where prices, new products, advertising and competencies are based on the resources and capabilities that companies have to determine those strategies. With these strategies, the maximum benefits are acquired. Competition in an industry is an elementary part in the development of products where a more concentrated industry could have fewer competitors. When companies are of similar size, there is a greater influence on supply and demand. When there are leading industries, these have a great influence on the market share. For the remaining firms, it becomes an intense rivalry that is reflected in the deterioration of the company by the high costs of acting desperately with the company leader.

For the game of competitiveness between companies, it is necessary to consider a number of strategies to help them make better decisions within organizations. Leadership of a company is essential and forms part of a strategy where low prices and low costs are its main objectives. The production of different items which will generate consumer satisfaction with their different characteristics, but this will can generate long-term problem for companies unable to sustain the costs of these products is an approach to a certain type of customers (Peng, 2012).

In a growth market, innovation can create a new barrier to new markets. There are three types of innovation: product innovation, process innovation, and innovation in transactions (Spulber, 2005). Innovation of industries is an essential tool in the development and growth of its production where it can lead to better profits. The innovation of businesses is looking for new ways to streamline the production process, with the set of resources and capabilities they have.

17.3.2 THEORY BASED ON RESOURCES AND CAPABILITIES

The resource-based theory and skills becomes a strategic management approach that contributes to the evolving science of organizations in which operations that can be particularly useful in dynamic business environments are operational flexibility and strategic flexibility (Mahoney, 2010). Based on the theory of resources, organizations have to implement the useful operations for their company (Fong, 2005). It should be known that operations and strategies can be carried out with the resources it has.

A company is a collection of productive resources, where the choice of the different uses of these resources over time is determined by administrative decisions (Penrose, 1959). A company is equipped with various resources that can be consumed in many possible ways, which are available to administrative, such as decision-taking strategies to use the resources available will depend on the strategies decided by administrative decision.

Companies have physical and human resources. The resources available to the company are plant, equipment, natural resources, raw materials, labor, clerical, administrative, financial, technical, and management. It may also have resources beyond the company. This whole arsenal of resources is used by the administration in making decisions for the chosen strategies for the production of goods and services for profit.

In the company, there are several factors that limit the growth either within or outside the company, and the capabilities that companies have for their organization. Market competition and the risks faced is that companies spend a part of their resources to acquire information and to make more confident decisions. In addition to the risks that companies face, also they count on obstacles in the administration of resources that may be the invisibility of resources. Those resources are not otherwise used the best and new production services where diversification comes in, which is based on strategies to make changes in production in several

economies of scale and product range, to achieve, reach, and expand new markets.

Business competition in the market is based on strategies to compete for it using each one of the abilities and the resources it has. These organizational skills, in turn, have an internal dynamic for the continued growth of the company (Chandler, 1990). In implementing the strategies those resources are required for producing goods and services. Implementing production strategies is a necessity to create a competitive advantage among companies. Technology is a critical tool in the development of new strategies, the division of labor, market diversification, and invisible assets of the companies are marketing strategies that require physical, human, and intangible resources. But also, companies have uncertainties as lack of information, which is a necessary tool for the decision to make an investment project that can be introduced into the market.

17.3.3 INSTITUTIONAL THEORY

Institutions are the rules of the game of firms in their economic development. Institutions such as the legal restriction are posed when it is structured human interactions (North, 1990). The institutions are responsible for designing the course of the interrelationships in the political, economic and social fields but to determine strategies based on the rules.

Institutions determine the exchange between markets in an industry, define public policy benefits businesses, and play an important role between the organizations; thus, the success or failure of an industry is affected by the institutions, where they can generate growth opportunities or risks of failure, due to the various restrictions that may arise for the costs of institution.

A company must take into account the influence of the strategies presented by the state and society. Institutions like the humanly raised constraints that structure human interaction (North, 1990). Companies and organizations need to know the direction of the policies of institutions and relationships where the rules of relations in political, economic, and social spheres are raised in order to determine their strategies but as based on rules proposed by the institutions.

Institutions consist of formal institutions where laws and regulations are determined and serve as a regulator that applies what the law says, and moreover it is found informal institutions which mainly are based

on culture and ethics. These institutions determine the direction of the company. The role of institutions is to make public policies that may affect or benefit companies such as reducing transaction costs, reduce uncertainty according to place contracts and relationships. These are rules of the game that may affect organizations.

Meanwhile, Porter (1990) has talked about a diamond, where the four factors that are related: firm strategy, structure and rivalry, factor endowments, related and supporting industries and domestic demand. These are factors that affect the industries or nations to and give them a competitive advantage. These are a series of strategies determined by the institutions for organizations which are related to factors that may generate an advantage, and based on those institutional strategies the organizations determine within the company their strategic decisions.

Culture is the collective programming of the mind which distinguishes the members of one group or category of people from another (Hofstede, 1997), culture is the identity that individuals have to act and make decisions that in practice are related to a group which distinguishes that identity. Moreover, ethics refers to rules, principles of behavior, and individual behavior in organizations, where it contributes to the fight against corruption is the abuse of power for personal benefit.

Property rights is an issue that innovative ideas face to preserve the value and prevent mimic their ideas, where property rights are formed and enforced by political institutions. Defending property rights impacts the performance of an economy, as a valuable resource and authority in decision-making. The decisions of public institutions that affect organizations in their strategies is delimited by the cultures and ethics that have individuals to act; the right to property is an essential element of the company that institutions should take care, that is an advantage to have patent an idea, a product, innovation, etc. Because it generates an edge with other companies and defending these rights is a priority.

17.4 INFORMATION ANALYSIS

17.4.1 THEORY OF THE INDUSTRY BASED ON RESTAURANT CASA FUERTE

The Casa Fuerte Restaurant is a family business that began in 1994 in the center of Tlaquepaque on Independencia Street No. 224-a, as a family

Mexican restaurant with the exclusive services of pure food, open from 12:00 to 20:00. In the early years the restaurant faced great challenges to be placed in one of the best restaurants in Tlaquepaque and the metropolitan area. In finding the right products for production took several experiments to design a menu with food to taste the diners, where they implemented different recipes for various products and choosing the most accepted by the people.

Advertising review of the restaurant by diners was very acceptable and mainly the most important because it lacked the financial resources to advertising the restaurant, where diners recommendation by word of mouth, it was revealing, until in the years 1998 achieved to be placed it on a very popular restaurant where even lined up for blocks to taste the exquisite dishes accompanied by their delicious margaritas and live music provided a great atmosphere. But competition in such markets as it is a perfectly competitive market, the market structure that counts no barriers to entry allowed to enter the market restaurants located in the center of Tlaquepaque, looking at the success of the restaurant Casa Fuerte. Many of its competitors were galleries that used as their restaurant and gallery installation since Tlaquepaque is characterized by national and international tourism, not only for its cuisine but also for its handicrafts.

The entry of new companies into the market directly caused a decline in sales of the Casa Fuerte Restaurant. To counteract the effects caused by the entry of new firms, Casa Fuerte Restaurant sought product differentiation to maintain customers, cover more niche market, and cover more diners' preferences. In this market competition is monopolistic as in the short-term product differentiation can act as a monopoly and one can obtain higher profits. In the long term, the competition information can imitate their products and profits tend to zero. In product differentiation in the market structure of perfect information, administrative have adopted rules that allow the cooks by keeping the trade secret, which cannot provide recipes to third parties and to preserve the secrecy and prevent the competition to replicate products.

Within the restaurant industry, there are public policies to support the industry. The National Chamber of the Restaurant Industry and Seasoned Foods (CANIRAC) is an institution of public interest, autonomous legal entity with its own equity, which is mainly composed of the restaurant companies.

The aim of the CANIRAC:

1. Represent and defend the general interests of industrial activities that constitute it.
2. Be an organ of consultation and collaboration of the state to design and implement policies, programs and instruments to facilitate the expansion of economic activity.
3. To defend the interests of member companies after expressed their request, pursuant to the statutory or its governing bodies, without restrictions other than those specified in the Act.
4. One of the strategies of the restaurant Casa Fuerte was joining the CANIRAC which seeks potential of the Mexican restaurant industry, with intelligence, attention, and manages the process, to maximize their chances in the Mexican economy.

17.4.2 RESOURCES AND CAPABILITIES OF RESTAURANT CASA FUERTE

The restaurant in terms of theory based on resources and capabilities sought to diversify products to have a competitive advantage to achieve its objectives, where the use of its resources and capabilities of the company's strategic decision was taken by the administrative to make a diversification for the same production line, with a horizontal product integration.

The strategy is to produce dishes where the same materials, same technology, and the same capital are used, where the chef recipes search sauces and flavors of different cuts of meat, with a different frame, a new presentation, and new name are searched that offers a new option diners apart from what the menu card offers. This strategy of offering new products, all weekends, holidays, and present calls "our specialties" that are presented in the center of the tables in displays, where the managers of the service (waiters) aim to offer and recommend these dishes, of course without forgetting the specialties served a la carte, with a different alternative to diners who visit repeatedly.

With the use of these resources and capabilities, the company has successfully achieved product diversification and over the years remains the favorite restaurant of Tlaquepaque, where apart from the diversification of products, offers other attractions. It offers a welcome margarita, which also has positive effects, and is the result of their resources and

capabilities available to the restaurant to gain a competitive advantage with other companies that compete directly.

17.4.3 INFLUENCE OF INSTITUTIONS IN RESTAURANT CASA FUERTE

Institutions are formed by formal and informal institutions where the rules and standards of the game are based on culture and ethics, mainly, among other institutions such as regulations. Those institutions determine the direction and future of organizations. Also are determined the results of companies where their benefits are affected by the transition costs. Those institutions arise where some profits are lost in the transition costs.

Institutions play an important role in decision making at Restaurant Casa Fuerte, where formal and informal institutions have devised strategies for the restaurant in accordance with the laws, ethics and morality which can influence the diversification of products to have a competitive advantage over the competition.

At the restaurant industry while formal institutions have led to new strategies identified in the relationship between workers and that weekend work which is more intense for having more incoming diners and the development of greater diversification of products. It is needed that workers have to work overtime for which they cannot work more than nine extra hours per week. This has caused the company to determine other strategies such as hiring staff for weekends to counteract those effects that could cause them to be fined for exploiting workers.

Production peaks that occur especially on weekends because they are made in accordance with the demand have caused costs for the company as having to hire more staff for weekends is an extra expense. This situation previously was not presented as workers with the same demand were covered by paying overtime but were less spending. All this results in less income and in recent years there has been no profit sharing.

Informal institutions are a problem that arises constantly in the restaurant as ethics and morals influence recruitment and especially service workers (waiters, garroteros, chefs, etc.) because their behavior is very unstable. Without any notice, they can quit the job. The workers have a great deal of these positions but are not very responsible employees and without warning can leave the work causing chaos; and especially in the weekends there is no control and this might affect the service. The

company has sought ways to engage more workers with their work with bonuses based on sales, loans, payroll advances, etc. which has offset this effect.

17.5 CONCLUSIONS

The market structure in the restaurant industry has caused great constant changes in the design of strategies to gain a competitive advantage with its competitors. Product diversification is a strategy that the restaurant Casa Fuerte has worked for years, where it has faced great challenges from how to design strategies appropriate for resources and capabilities which has physical and intangible resources giving the best results.

Product diversification means more effort and dedication from the worker to the owner, to search in public institutions supporting the restaurant industry a drive to counter the effects of competition and threats of company to enter the market and the threat of substitute products directly to their own products. Diversification of products in the short term is very efficient and constantly does much better as reflected in earnings.

The proper use of its resources and capabilities to produce new products is a strategy where costs are minimal as they are produced in the same production line at a horizontal integration. Only are necessary for any successful restaurant to have resources and capabilities of the chef to have a great variety of similar products and where cost is very similar also.

Formal and informal institutions have directly affected restaurant Casa Fuerte economically which is reflected in earnings. But the company has sought pear appropriate strategies which seeks counteract these effects as product diversification needs more work and to hire more staff increases spending and if these personnel is irresponsible staff can directly affect service.

Overall the restaurant has resources, tangible and integrated capabilities that have struggled to find the right people to remain on the market, which today is very competitive. The diversification of products is a strategy that benefits the restaurant but has negative and positive effects to these effects are positive and have to work constantly to keep the negative effects may not outweigh the positives and move the market. In business life is a constant struggle with competition and is dominated by companies with the best strategies.

KEYWORDS

- **diversification of products**
- **competition**
- **strategy**
- **restaurant industry**
- **competitive advantage**

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