

Digital Revolution in Indian travel and tourism industry

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ABSTRACT

Nowadays digitalization has a major impact on our day to day work and business activities, our life and the way we live. It also has a huge positive impact on various sectors and industries of India by helping it in developing and meeting the market demand and consumer expectations. The commencement of the Digital India programme has helped the country into the Union of Countries that is revamping the development of the country with the power of technology. The digitalization have not only affected our professional but also our personal lives, right from work to travel, telecommunication, shopping healthcare and education too.

India in the year 2017 has been ranked as 51st out of 63 countries in the world digital competitiveness ranking. Today technology is playing a vital role in the growth of travel industry and with the increase in internet dissemination and accessibility of smartphone has helped the Indian travel sector in expanding. The tourism and hospitality sector has begun one of the main key drivers for growth in India. The variety in culture and historical inheritance, flora and fauna and the various places with the natural beauty across the country has enriched tourism in India. Key innovations in the travel and tourism move around five important themes i.e. Artificial Intelligence (AI), Big Data, mobile applications, social media and Virtual/Augmented Reality (VR/AR). These innovations could improve travel experiences through uninterrupted and flexible communications with customers. This paper tries to discover a broad view on the financial involvement of travel in India, trends, challenges and consequences of digital travel, the role of new technologies and automation in rationalization of the business methods across the value chain.

Keywords: Artificial Intelligence (AI), Big Data, Digital innovation, Social media and Virtual/Augmented Reality (VR/AR)

OBJECTIVE OF THE PAPER

- To understand the financial impact of Indian tourism industry.
- To study digital transformation in travel.
- To study tools and technology
- To study challenges and way forward for digital travel in India

RESEARCH METHODOLOGY

- Available secondary data was extensively used for this research paper study. Various Books, articles and websites were referred.

1.1 INTRODUCTION

Travel and tourism is among the leading facility provider industry in India. The variety in culture and historical inheritance, flora and fauna and the various places with the natural beauty across the country has enriched tourism in India. This segment aims at developing and encouraging tourism, maintaining the image of India as a tourist centric destination and growing the present tourism products. Tourism in India is a great employment creator in different areas like accommodations, conveyance, attractions sites, information workplaces photography etc. It is a key basis of foreign exchange in India.

1.2. DESCRIBING THE FINANCIAL INFLUENCE OF TRAVEL & TOURISM

Travel and tourism is on the most important financial activity in most of the countries across the world this sector has significant direct financial as well as indirect and influenced impact.

1.2.1 Contribution to GDP

GDP spawned by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport facilities, as well as accommodation services, food and beverages services, retail trade and cultural sports and recreational services that deal directly with tourists. It is equal to total internal Travel & Tourism within a country subtracted by the consumptions made by those industries (including imports).

1.2.2. Direct spending impacts

Tourist exports includes expenditure within the country by foreign tourists for both business and leisure trips, spending on transport, but does not Include international spending on education

1.2.3. Government individual spending

It the spending by the government on travel & tourism services directly provided to tourists, such as cultural, recreational services likes National parks etc.

1.2.4. Direct involvement to employment

It is the total number of direct jobs within Travel & Tourism sector.

1.2.5. Total impact to employment

It includes the total number of jobs engendered directly in the Travel & Tourism sector and also the indirect and induced contributions

TRAVEL & TOURISM ECONOMIC IMPACT 2018			
ECONOMIC CONTRIBUTION	2017	2018*	2028*
Total contribution of tourism to GDP	Rs195b	Rs205.2b	Rs299.5b
Direct contribution of tourism to GDP	Rs99.8b	Rs104.7b	Rs152.4b
Capital investment	Rs17.3b	Rs18.7b	Rs29.4b
Domestic tourists spending	Rs96.2b	Rs100.4b	Rs140.7b
Foreign tourists spending	Rs72.5b	Rs76.3b	Rs127.1b
Spending on outbound travel	Rs23.6b	Rs27.1b	Rs44.3b
Leisure travel spending	Rs144.1b	Rs150.1b	Rs226.5b
Business travel spending	Rs24.6b	Rs26.6b	Rs41.2b
Direct jobs generated	497,500	517,000	638,000
Total contribution to employment	1.02m	1.07m	1.32m
Tourist arrivals	940,218	1.04m	1.67m
(All values are in constant 2017 prices and exchange rates; *estimates) (Source: WTTC)			

According to the report, the direct contribution of tourism to the GDP was Rs 99.8bn in 2017, (4% of the total GDP). This is estimate to rise by 4.9% in 2018 and then by 3.8% yearly to Rs. 152.4bn in 2028. The total contribution of the travel and tourism industry to the GDP was Rs.195 bn, 7.8 % of the GDP in 2017. This is projected to rise by 3.9 % annually to Rs. 299.5bn, or 8.2 % of the GDP, in 2028.

1.3. Digital Revolution in Travel

With the fast growing and acceptance of numerous tools, and various technologies and digital platforms the travel and tourism sector is rapidly evolving.

Customer involvement and building the strong customer dependability is the first and foremost important to run industries efficiently. These digitalization includes use of mobile applications, Social Media, Big Data analytics, Artificial Intelligence (AI) Virtual Reality (VR) and Augmented Reality (AR).

1.4. TOOLS AND TECHNOLOGIES FOR DIGITAL TRAVEL

The optimum use of technology is like revolution in the travel and tourism sector with respect to how companies deals with customers and meet their expectations. As a result, travel companies are implementing various technologies to improvise the operational efficiencies and fulfill customers' expectations, according to leading data, Analytics company.

The tools and technologies are finding many applications in the travel and tourism sector which includes mobile applications, social media, Big Data analytics, AI, machine learning, VR, and AR.

1.4.1. Mobile applications

May a times the interaction with the customers take places with the help of Mobile phone. The available statistical data shows the number of mobile phone users in India from 2013–2019.

In 2020 the number of mobile phone users in India is expected to rise to 750 million. In the same year the number of smart phone users in India is assumed to reach 401.74 million and could reach almost 424 million by 2021.

An OTA is a travel website that focusses in the sale of travel products to consumers.



Source: <https://trak.in/tags/business/2011/06/03/online-travel-agency-audience-growth-32/>

1.4.2. Big Data analytics

It is helps in structured making. It engraves customer experience, make use of dynamic pricing and channelize marketing efforts. It supports the commercial in the travel and tourism sector to take instant decisions as per the varying decision consumer demands.

1.4.3. Artificial Intelligence

AI in the form of chat bots, virtual assistants and even robots is progressively being employed across the travel industry.

In addition, digital learning makes these tools smarter over the period of time and helps to improve customer involvement.

1.4.4. Virtual Reality (VR) and Augmented reality

A panorama view of vacation could be obtained by VR. Augmented reality, or AR, is a digital technology, which changes a person's opinion of their physical environments, when viewed through a particular device. It is similar to virtual reality, but AR cannot replace the real environment, but can supplement it by coating it with the digital modules.

It has become progressively popular within the travel industry as it permits hotels and other businesses operating in this field to develop the physical environments they are essentially trying to persuade customers to visit by including local sights and hotel rooms.

1.5. CHALLENGES FOR DIGITAL TRAVEL IN INDIA

1.5.1. Lack of enabling infrastructure

Digitalization of travel is extremely smitten by factors like high speed web property, seamless digital payment solutions and a sturdy regulative and policy framework. Whereas positive strides being area unit created in every of those aspects, Asian nation still significantly lags compared to most nations globally.

1.5.2. Disintegrated payments

The issues regarding payments embody lack of integration between the available payment systems of banks, mobile wallets and merchants, high value of digital transactions and lack of facilitation of foreign currency payments.

1.5.3. Threats to data security and privacy

With increasing use of digitalization in travel and tourism particularly the expansion of mobile wallets, Unified Payments Interface (UPI), net banking and alternative such digital initiatives taken by the govt. the risks of information security ar guaranteed to rise.

Below mentioned are some more challenges:

- Incapability to offer consistent
- High taxation rates in travel industry
- Lack of experienced manpower

Below mentioned are some more opportunities:

- Alliance and merger of global companies
- Smartphone, mobile Internet dissemination
- Better tourist facilities
- Growing Indian middle class

CONCLUSION

The e-tourist visa programme initiated by Government continues to gain attraction, with the increase in the use of application. Digital solution enhancement are in the need of the flow of travel. Worldwide consumers are looking out value from their travel expenses and in India, travelling is the part of people's ambition. The travel and tourism industry needs to address evolving travel perspectives and attitudes by offering specific services for each need. The way that tourist determine, book and systematized trips is varying. In today's world digitalization is evolving at a tremendously increasing pace travel agencies have to adapt to offer a seamless online experiences. Some of the most important and urgent priorities for travel startups include increasing the efficiency, skill and software expertise.

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