



## Tourism: the service sector in India

Dr.K.Srinivas, Asst. Prof of Economics  
GDC, Cherial, Siddipet

**Abstract:** Tourist's choice of destination is a challenge to both the tourist and destination provider of tourism services. Although there have been researches on tourist expectations and perceptions of service quality in many parts of the world, very little has been conducted in tourism industry. Service quality and service sector was used and revealed that the gaps in the hotel service do exist. The study concludes by discussing and recommending some strategic issues to be implemented in order to raise positively the level of customers/tourists perceptions. Tourism is one of the prominent driving forces of the 21<sup>st</sup> century and the people working in the industry have to be creative, innovative, and enterprising. The human assets of tourism industry must be prepared to adapt to the changes posed by stiff competition. Tourism configures diverse operations ranging from tour operations, travel agencies, hotels, destinations management, developmental and promotional organizations, airlines, car rental services, rail, road, and water transportation, entertainment, cuisine, adventure, and so on. The present paper study was Tourism as a Major Component of the Service Sector in India.

**Keywords:** Tourism, Service Quality, Customers, Transportation, Service Sector.

### Introduction:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. The second-largest sub-segment of the services sector comprising trade, repair services, hotels and restaurants contributed nearly US\$ 295.7 billion or 19.2 per cent to the Gross Domestic Product (GDP) in 2015-16, while growing at 8.9 per cent year-on-year. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large. Tourism plans employment generator besides being a significant source of foreign exchange for the country. The industry is expected to generate 13.45 million jobs! Across sub-segments such as Restaurants (10.49 million jobs), hotels (2.3 million jobs), and Travel Agents/Tour Operators (0.66 million) The ministry of Tourism plans to help the industry meet the increasing

demand of skilled and trained manpower by providing hospitality education to students as well as certifying and upgrading skills of existing service providers. India has moved up 13 positions to 52<sup>nd</sup> rank from 65<sup>th</sup> in Tourism & Travel Competitive index@. Tourism Australia expects Indian tourists arrivals in Australia to increase 12 per cent year-on-year to reach 245,000 visitors during FY 2015-16, thus making India the eighth largest source market for tourism in Australia.

Tourism is a large global industry that is expanding rapidly and getting special attention particularly in developing countries. It comprises 11% of world GDP when tourism and travel related activities are included. Tourism is directly responsible for 5% of global Gross Domestic Product (GDP), 30% of the world's services exports and one in every twelve jobs, yet is often underestimated by decision makers. This has resulted in general lack of awareness of tourism's immense potential to create



jobs, stimulate economic growth and promote development, and a missed opportunity for political leaders to draw on the sector when facing economic and social challenges. Recently, however, with its capacity for job creation and its role for poverty reduction, tourism was taken as an important economic activity and developing countries have been encouraged to do better by mainstreaming tourism. Tourism is also growing fast and its share of the global economy is increasing. Critically, from a development perspective, the market share of tourism in developing countries is also increasing significantly (UNWTO, Annual Report, 2009; UNWTO, Annual Report, 2011). In recent times tour operation industry has become a major giant for the socio-economic growth and development of a nation (WTO, 2012).

This industry provides the needed services to various tourists in given locations especially locations with great tourism potentials. However, with the service industry booming across the world in the 21<sup>st</sup> century, most of the tour operation companies have been necessitated towards a service-oriented one owing to its numerous effects on tourists' satisfaction, loyalty and organisational performance. Moreover, destinations for holiday along with tourist satisfaction and tourist loyalty. In India, there has been relatively little information about a scientific model associated with these and other related variables to better predict targeting the inclusive travel market, however, have faced difficulty in designing potential travel products and services to promote travel because its market has not been segmented well using tourists' travel demand. A number of researchers have segmented the inbound inclusive travel market using various segmentation

including tour services. Tour operation companies' travel behaviours. These researchers suggest a strong need to focus on the cause and effect relationships between various sets of variables (e.g. service quality, satisfaction and loyalty) rather than just describing tour patterns or activities. This fact is evidence that additional efforts are needed to comprehensively examine effects of service quality on tourist satisfaction and their loyalty. Numerous recent studies on the linkage between service quality, tourist satisfaction and service are well conducted in the scope of tourism management literature. However, until now research has not been fully subjected to conceptual and empirical investigation the impact of service quality on tourist satisfaction and service in tourism context especially in Indian tour operation industry. Thus, the objective of this study is to analyse a conceptual framework empirically that considers the interrelationships of tourists' perceived service quality, satisfaction and loyalty in the context of Indian tour operation industry. To achieve our goals, we first draw on the academic literature to construct a theoretical model of the formation of the interrelationships of tourists' perceived service quality, satisfaction and loyalty and formulate the study hypotheses. Finally, the paper concludes with practical implications and future research directions are also suggested to stand out in the tour operation industry, good service quality has become the most significant issue for tourist satisfaction and service. In the highly competitive tour operation industry, service becomes one of the most important elements for gaining a sustainable competitive advantage in the volatile tourism marketplace. Consequently, the efforts of



serve managers and academic researchers are directed towards understanding how customers perceive the quality of service in an inclusive tour package. Visitors travelling abroad are highly likely to participate in package tours put together by tour operators. In fact, service quality is a most significant construct in understanding the tourist's decisions toward specific travel.

**Objectives:**

1. To understand the service development in tourism.
2. To study the service that impacts on tourism.
3. To examine 'why' and 'how' tourism has become a major component of the service sector.

**The Service Sector Linkages of Tourism**

Tourists are motivated to visit particular tourist attractions or destinations to fulfil their needs and desires. Therefore, the primary duty of the tourism industry is to look after and cater to the needs of the tourists during the course of their visit. The following are the very essential constituents of tourism that serve to establish its linkages as major components of the service sector.

**Transport**

It is the most essential service needed by a tourist to reach a destination. The travel needs and interests will be suggested to a travel agent or a tour operator and it is Professionally organized. Today, the travel industry is a highly developed industry with Excellent service in the different areas of transportation which includes road, rail air, and water. Tourism involves the movement of people. Consequently, the relationship between tourism and transportation is very important. In most cases, tourism

has developed in those areas where extensive transportation networks are prevailing. Tourist transportation can be defined as the means to reach the destination and also the means of movement within the destination. The major tourist services required during the journey in tourism are supplied by passenger transport which provides the means of movement at the destination. Tourism demand has stimulated the swift development of transportation. Tourists expect safe, comfortable, and fast journey to their destinations at a reasonable cost.

Tourist's choice of mode of transport is influenced by factors such as:

1. Distance and Speed
2. Safety and Comfort
3. Status and Utility
4. Competitive Pricing
5. Geographical Position and Proximity
6. Range of Services Offered

**Accommodation and Catering**

A tourist during his travel to and from the destination has to stay at some place. Therefore, accommodation is one of the primary tourist service needed at a destination. A tourist also needs to have food and beverage and there lies the role and significance of Catering. Accommodation facilities constitute one of the most important parts of tourist Supply. A hotels can be defined as a place where a prospective guest can be provided with the following.

- a) Accommodation
- b) Food & Beverage
- c) Entertainment
- d) Services

**Primary Service Sector Enterprises in Tourism Industry:**

They are directly related to tourism

- \*Accommodation establishments
- \*Food and beverage services
- \*Tourist transportation services



\*Travel agents

\*Tour operators

**Secondary Service Sector Enterprises:**

They do not depend solely on tourism for their survival but make substantial Contribution towards tourism development and promotion. They provide goods and Services the primary tourism enterprises and also directly to the tourists.

\*Local restaurants

\*Rail, air and other public health transportation services

\*Marketing, Public relations, and advertising firms

\*Beauty parlour, laundries, health parlours, foreign exchange centres, etc.

\*Manufacturers of plants and equipment's required by hotels motels, etc.

\*Construction industry

\*Automobile industry.

In tourism industry, there are two ways of differentiating services and providing unique offerings to tourists.

\*Based on tourist's preferences

\*Based on nature of services provided.

The services related to tourism include airlines, hotels, transportation, security, Entertainment, sanitation, healthcare, insurance, banking etc, and institution-based providing other amenities at the tourist places. Firms in these sectors extensively use different types of service marketing strategies in order to have excellent business prospects. They have to necessarily attend to the vital aspects of a tourism service offering such as intangibility, inseparability, variability, perish ability, ownership, complementarity, uniqueness, and parity, dominant role of intermediaries, diverse motivations, and seasonal demand.

**Phases of CRM in Tourism**

There are three phases of CRM in tourism which are as follows

First phase- Establishing new customer Relationships: In the first phase, tourism organizations need to acquire new customers/market segments or expand the customer base by promoting the destination offerings/packages/products and service leadership.

Second phase- Enriching Existing Customer Relationships: In this phase, tourism companies enrich the relationships by offering premium products/services in a cost – effective fashion.

Third phase- Retaining Customer Goodwill and Relationships: CRM in tourism focuses on maintaining on-to-one relationships with tourists. In the third phase, adaptability is the factor which is highlighted.

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**CONCLUSION**

To sum up, Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a flip to the country's overall economic and social development. Although this research provides some significant insights into service quality in Indian tour operation industry, there is still a chance to extend the findings to gain a more comprehensive understanding of the nature of tour operation industry services. The future research may be conducted by adding more service quality dimensions, cross cultural and cross sectorial nature. Moreover, a longitudinal study may provide more insights as to how relationships develop



and their effect on tourist satisfaction as well as their loyalty in tour operation industry. Thus, this study paves the way for further research that would integrate operational factors in the context of analysing improvements in service quality viz-a-viz tourist service.

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