

A STUDY ON THE MARKET POTENTIAL FOR TOURISM SERVICES IN THE STATE OF TAMILNADU

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Abstract

This paper is entitled as “A study on market potential for tourism services in the state of Tamilnadu” by giving special focus to Tamilnadu Tourism Development Corporation (TTDC). Service sector is growing at the fastest rate. Irrespective of countries, the major revenue comes from service sectors and people are ready to spend a lot for services. Among the valid services, Tourism plays a significant role. Everyone wants to make travel, when they get leisure time. And as far as Tamil Nadu is concerned, people from all the states of India and foreigners want to visit & stay holy places & hill stations of Tamil Nadu. All these factors are investigated and presented in this paper. The major objectives of the study are, to study the market potential for tourism services in the State of Tamilnadu, to compile the profile of the respondents, to exhibit the types of customer for TTDC, and to find out the most effective tour package of TTDC. Both primary and secondary data are collected. Structured questionnaires will be used to collect primary data from the employees of TTDC. The Secondary data are collected from company manuals, reports and books. The sample size is 100. The data will be analyzed by using the SPSS (Statistical Package for Social Science). Based on the results of the analysis, findings and suggestions will be derived.

Key words: *Market Potential, Preferred Package, Target segment, TTDC*

Introduction

The challenge for the marketer is to transfer the dream into the reality. It is the accepted fact that selling holiday is selling dream. It is essential that the product offered to a target market must satisfy the users. An optimal product strategy necessitates an in-depth study of the product life cycle. An amalgam of core and peripheral services need a microscopic study of different services in order to prove that the decisions related to inclusion, elimination are found productive.

Why Assess the Potential?

Generally, cultural and historic sites are established for their intrinsic values, not necessarily for their market appeals. Yet, most market research indicates that visiting cultural and historic sites is the main reason people travel and this reason is increasing in importance. Site managers should first determine what the benefits might be to their organization in undertaking a tourism assessment.

Tourism analysis can be an extremely difficult and expensive task, or it can be relatively simple, depending on the specific information required by the manager. In today's climate of fiscal restraint and highly competitive tourism markets, market analysis can be a useful tool to assist the decision-making process. An effective assessment can assist in establishing more realistic expectations of visitation levels, scale of development, and scope of visitor services and interpretation.

About TTDC

TTDC is the second largest tourism corporation in India. TTDC was incorporated during July 1971 under the Companies Act, 1956. The entire share capital of Rs.678.63 lakhs has been subscribed by the State Government. TTDC was formed with the objective of promoting tourism in Tamil Nadu by providing infrastructure facilities of transport and accommodation. To fulfill this objective, TTDC has expanded its activities into three main operations, namely, Hotels, Transport and Fairs. Hotels of TTDC are at present having seventy eight outlets. Out of the 54 hotels under the control of TTDC, two hotel units have been handed over on long term lease of 30 years during the year 1995. The Government of Tamil Nadu has already approved proposal of franchising 30 hotel units of TTDC and 7 Restaurants. Efforts are being taken to franchise these hotels on long term basis for 10 years in respect of small hotels with 5 rooms and 15 years in respect of other hotels. Tamilnadu state is located at south east of India. Due to beauty of hills, oceans, wildlife, Hindu temples of Dravidian architecture and pilgrimage sites, Tamilnadu is one of the great attractions for tourists.

Research Methodology

Research methodology is a way to systematically solve a research problem. It may be understood as a science of studying how research is done. Here the researcher explains about the methodology used for carrying out the research study. Here the researcher specifies the sampling design, population, sampling method, data collection, sources of data, and methods for analysis.

Research methodology helps to solve the current practical problems based on the situation prevailing there.

Data Collection

This study is based on both primary data secondary data. The primary data are collected through questionnaire from 100 respondents. The questionnaire was sent to the respondents through mail and the respondents had the freedom to fill the questionnaire and send it back. Secondary data has been collected through various sources such as newspapers, journals, web sites, research projects and so on.

Scope of the Study

This study will help to predict the future of Tourism industry in Tamil Nadu and through insights for delivering effective scheme/tour package in order to promote tourism. This research work will estimate the potential for tourism for the immediate future. This work will also be useful to locate the prospects for TTDC. The scope of the study will be limited with 100 respondents and the geographical scope is limited to Tamilnadu state only.

Objectives of the Study

- To study the market potential for tourism services in the state of Tamilnadu.
- To compile the profile of the respondents.
- To exhibit the types of customers for TTDC.
- To find out the most effective tour package of TTDC.
- To present the historical data with regard to the operations of TTDC.
- To make suggestions.

Research Design

Research design is purely and simply the frame work or plan for a study that guides the collection and analysis of data. Researcher followed Descriptive design for doing this research. It simply describes the states of affairs as it exists at present in the tourism industry. The questionnaire was designed in such a manner that the relevant data for the study may be traced in order to facilitate the study.

Research Approach

Survey method is the research approach.

Sampling Design

Sampling design includes sampling unit, sample size and sampling procedure.

Sampling unit

The respondents for the study are the persons who work in various branches/offices of TTDC in Tamil Nadu.

Sample size

Out of target population i.e., 1000 persons who work with TTDC, 20% of the respondents were taken as respondents and hence the sample size comes around 100.

Sampling Technique

For the purpose of selecting the sample for the study is Stratified random sampling. Here employees in 4 different regions of Tamil Nadu (East, West, North & South) form strata. From each strata, 25 respondents were selected on random basis.

Research Instrument

A questionnaire is prepared in a well-structured and non-disguised form so that it is easily understandable and easily answerable by everyone. The types of questions included in the questionnaire are both open-ended and close-ended questions.

Limitations of the Study

- Since the study is undertaken only in TTDC, generalization is not possible.
- Dynamic nature of services market (entry of new entrants with new tour packages and promotion) may have its own impact, which cannot be measured accurately.
- Unwillingness & Uncooperative nature of the respondents.
- Since the survey was conducted only among the staff of TTDC, there may be the chance for respondents' bias.

Data Analysis and Interpretations

Data analysis and interpretation is an attempt to organize and summarize data in order to increase the results in such a manner that enables the enumerator to relate critical point, with the study objectives.

Table 1: Age

S. No.	Age	No. of Respondents
1.	<20 years	05
2.	21-30 years	20
3.	31-40 years	30
4.	41-50 years	30
5.	>50 years	15
Total		100

Source: Survey data

From the above table, it is identified that equal number of respondents fall (30%) in the age group of 31-40 years and 41-50 years which is followed by 21-30 years (20%).

Table 2: Experience

S. No.	Experience	No. of Respondents
1.	<5 years	05
2.	6-15 years	20
3.	16-25 years	40
4.	26 years above	35
Total		100

Source: Survey Data

It is found out from the above table that nearly half (40%) of the respondents have got 16-25 years of experience which is followed by 26 years and above (35%).

Table 3: Target Segment

S. No.	Target Customers	No. of Respondents
1.	Tamilians	30
2.	Other state people	40
3.	Foreigner	30
Total		100

Source: Survey data

From the above table, it is identified that other state people of India (40%) availed the services of TTDC more in number which is followed by Tamilians (30%) and Foreigners (30%).

Table 4: Accompanying People

S. No.	Particulars	No. of Respondents
1.	With family	62
2.	With Friends	19
3.	With Peer group	19
Total		100

Source: Survey data

It is inferred from the table number 4, tourists want to go with their family member as per the opinion of 62% of the respondents. Equal number of respondents (19%) favoured friends and peer group.

Prefered Package

Here the idea is to know the most preferred tour package.

Table 5.1: Preferred Duration

S. No.	Days	No. of Respondents
1.	1 Day	29
2.	2 Days	47
3.	3 Days	24
Total		100

Table 5.2: Preferred type of Tour

S. No.	Type of Tour	No. of Respondents
1.	Pilgrimage	40
2.	Educational	05
3.	Local Trip	10
4.	Adventurous	25
5.	Special Tour	20
Total		100

Table 5.3: Preferred Price

S. No.	Price	No. of Respondents
1.	Economical Package	70
2.	Star Package	20
3.	Air/ Ship package	10
Total		100

Table 5.4: Preferred Destination

S. No.	Destinations	No. of Respondents
1.	Ooty	35
2.	Kodaikanal	15
3.	Muttukadu	20
4.	Mahabalipuram	30
Total		100

Source: Survey data

From the above tables, the following inferences are enlisted.

Preferred No. of Days : 2 days
 Preferred Type of tour : Pilgrimage
 Preferred Price : Economical
 Preferred Destination : Ooty

Prediction for Next One Year

Table 6.1: Enquiries

S. No.	Enquiries	No. of Respondents
1.	<20000	21
2.	20001-30000	43
3.	>30000	36
Total		100

Table 6.2: Users

S. No	Users	No. of Respondents
1.	<10000	18
2.	10001-30000	47
3.	>30000	35
Total		100

Table No. 6.3: Repeat Customers

S. No.	Repeat Customers	No. of Respondents
1.	<1000	24
2.	1001-3000	47
3.	>3000	29
Total		100

Table 6.4: Referrals

S. No.	Referrals	No. of. Respondents
1.	<1000	17
2.	1001-3000	46
3.	>3000	37
Total		100

Table 6.5: Profit (in Crores)

S No.	Profit (in crores)	No. of. Respondents
1.	< 50000000	14
2.	50000001-60000000	26
3.	60000001-70000000	38
4.	> 70000000	22
Total		100

Table 6.6: Recruiting Staff

S. No.	Recruiting Staff	No. of. Respondents
1.	<20	26
2.	21-30	34
3.	31-40	17
4.	41-50	14
5.	>50	09
Total		100

Table 6.7: Purchasing vehicles

S. No.	Vehicles	No. of. Respondents
1.	01-03	28
2.	03-05	54
3.	>05	18
Total		100

Table 6.8: New offices

S. No.	New offices	No. of. Respondents
1.	01-03	39
2.	03-05	54
3.	>05	07
Total		100

Source: Survey data

As per the opinion of majority of the respondents, for the next one year, the following predictions are made with respect to different parameters.

The number of Enquiries would be : 20001-30000
 The number of Users would be : 10001-30000
 The number of Repeat Customers would be : 1001-3000
 The number of Referrals would be : 1001-3000
 Predicted figures would be : Rs.60000001-7crores
 The expected number of Staff to be recruited : 21-30
 Number of Vehicles to be purchased : 5-10
 Number of Offices to be established : 3-5

Table 7: Suggestions

S. No.	Suggestions	No. of. Respondents
1.	Boarding& Lodging	28
2.	Qualified Guide	10
3.	Promotion	37
4.	Transport service	10
5.	Hospitality	15
Total		100

Source: Survey data

It is inferred from the above table that the most important suggestion is provision for promotion combined together (37%) which is followed by boarding & lodging (28%) and hospitality (15%).

Chi-Square Test

Table 8: Showing the Chi-Square Test

Type of Tour Origin of Tourists	Pilgrimage	Educational	Local trip	Adventurous	Special tour	Total
Tamilians	07	05	07	03	08	30
Other state people of India	23	0	03	08	06	40
Foreigners	10	0	0	14	06	30
Total	40	05	10	25	20	100

Source: Survey data

H_a: There exists a significant relationship between types of customers and tour packages.

H₀: There is no significant relationship between types of customers and tour packages.

O	E	O-E	(O-E) ²	(O-E) ² /E
7	12	-5	25	2.0833
23	16	7	49	3.0625
10	12	-2	4	0.3333
5	1.5	3.5	12.25	8.1667
0	2	-2	4	2
0	1.5	-1.5	2.25	1.5
7	3	4	16	5.3333
3	4	-1	1	0.25
0	3	-3	9	3
3	7.5	-4.5	20.25	2.7
8	10	-2	4	0.4
14	7.5	6.5	42.25	5.6333
8	6	2	4	0.6667
6	8	-2	4	0.5
6	6	0	0	0
Total				35.6291

$\Sigma [(O-E)^2/E] = 35.6291$

Calculated Value of $\chi^2 = 35.6291$

Degrees of freedom (r-1) (c-1)

r = number of rows = 3

c = number of columns = 5

= (3-1) (5-1)

= 08

Table Value = 15.507

Since the table value is less than the calculated value, the null hypothesis (H₀) is rejected.

Inference

There exists a significant relationship between types of customers and tour packages.

ANOVA Two Way Classification Method

Table 9: Showing ANOVA Two Way classification method

Nature of package Need For guide	1 day	2 days	3 days	Total
Yes	12	37	24	73
No	17	10	0	27
Total	29	47	24	100

Source: Survey data

$$\begin{aligned}
 T &= 100 \\
 \text{Correction factor} &= T^2/N = 100^2/6 = 1666.67 \\
 \text{Sum of squares between columns (SSC)} &= 29^2/2 + 47^2/2 + 24^2/2 - 1666.67 \\
 &= 86.33 \\
 \text{Sum of square, between rows (SSR)} &= 73^2/3 + 27^2/3 - 1666.67 \\
 &= 352.66 \\
 \text{Total sum of squares (SST)} &= 12^2 + 37^2 + 24^2 + 17^2 + 10^2 \\
 &= 2478 \\
 \text{SSE} &= \text{SST} - (\text{SSC} + \text{SSR}) \\
 &= 2478 - (86.33 + 352.66) \\
 &= 2039.01 \\
 \text{Degrees of freedom} &= c - 1 = 3 - 1 = 2 \\
 \text{Degrees of freedom} &= r - 1 = 2 - 1 = 1 \\
 \text{Degrees of freedom for residual} &= (c - 1)(r - 1) = 2 \times 1 = 2 \\
 \text{MSC} &= \text{SSC}/(c - 1) \\
 &= 86.33/2 \\
 &= 43.165 \\
 \text{MSR} &= \text{SSR}/(r - 1) \\
 &= 352.66/1 \\
 &= 352.66 \\
 \text{MSE} &= \text{SSE} / [(r - 1)(c - 1)] \\
 &= 2039.01 / [(2 - 1)(3 - 1)] \\
 &= 2039.01/2 \\
 &= 1019.505 \\
 \text{F1 ratio} &= \text{MSC}/\text{MSE} = 43.165/1019.505 \\
 &= 0.0423 \\
 \text{F2 ratio} &= \text{MSR}/\text{MSE} = 352.66/1019.505 \\
 &= 0.3459
 \end{aligned}$$

Between Columns

For the degrees of freedom (2, 2) at 5% level of significance, the table value is 19. The calculated value is less than that of table value, so the null hypothesis (H₀) is accepted.

Inference

Days for four programs are not varying significantly.

Between Rows

For the degrees of freedom (1,2) at 5% level of significance, the table value is 18.5128. Since the calculated value is less than the table value, the null hypothesis (H₀) is accepted.

Inference

Needs to have guides are not varying significantly.

Table 10: Showing ANOVA Two Way Classification Method

Price	Economical	Star	Air/Ship	Total
Type of tourists				
Tamilians	28	02	0	30
Other state people of India	35	05	0	40
Foreigner	07	13	10	30
Total	70	20	10	100

Source: Survey data

$$T = 100$$

$$\text{Correction factor} = T^2/N = 100^2/9 = 1111.11$$

$$\begin{aligned} \text{Sum of squares between columns (SSC)} &= 70^2/3 + 20^2/3 + 10^2/3 - 1111.11 \\ &= 688.88 \end{aligned}$$

$$\begin{aligned} \text{Sum of square, between rows (SSR)} &= 30^2/3 + 40^2/3 + 30^2/3 - 1111.11 \\ &= 300 + 533.33 + 300 - 1111.11 \\ &= 22.22 \end{aligned}$$

$$\begin{aligned} \text{Total sum of squares (SST)} &= 28^2 + 2^2 + 35^2 + 5^2 + 7^2 + 13^2 + 10^2 \\ &= 2356 \end{aligned}$$

$$\begin{aligned} \text{SSE} &= \text{SST} - (\text{SSC} + \text{SSR}) \\ &= 2356 - (688.88 + 22.22) \\ &= 1644.9 \end{aligned}$$

$$\text{Degrees of freedom} = c - 1 = 3 - 1 = 2$$

$$\text{Degrees of freedom} = r - 1 = 3 - 1 = 2$$

$$\text{Degrees of freedom for residual} = (c - 1)(r - 1) = 2 \times 2 = 4$$

$$\begin{aligned} \text{MSC} &= \text{SSC}/(c - 1) \\ &= 688.88/3 - 1 \\ &= 344.44 \end{aligned}$$

$$\begin{aligned} \text{MSR} &= \text{SSR}/(r - 1) \\ &= 22.22/3 - 1 \\ &= 11.11 \end{aligned}$$

$$\begin{aligned} \text{MSE} &= \text{SSE} / [(r - 1)(c - 1)] \\ &= 1644.9 / [(3 - 1)(3 - 1)] \\ &= 1644.9/4 \\ &= 411.225 \end{aligned}$$

$$\begin{aligned} \text{F1 ratio} &= \text{MSC}/\text{MSE} = 344.44/411.225 \\ &= 0.8376 \end{aligned}$$

$$\begin{aligned} \text{F2 ratio} &= \text{MSR}/\text{MSE} = 11.11/411.225 \\ &= 0.0270 \end{aligned}$$

Between Columns

For the degrees of freedom (2, 4) at 5% level of significance the table value is 6.9443. The calculated value is less than that of table value, so the null hypothesis (H_0) is accepted

Inference

Types of tour packages are not varying significantly.

Between Rows

For the degrees of freedom (2, 4) at 5% level of significance, the table value is 6.9443. Since the calculated value is less than the table value, therefore the null hypothesis (H_0) is rejected.

Inference

Types of tourists are not varying significantly.

Findings of the Study

- Majority of the respondents are middle agers; 30% each fall in the age group of 31-40 years and 41-50 years.
- 40% of the respondents have got 16-25 years of experience which is followed by 26 years and above (35%). So the responses given by them might be reliable.
- More than people in Tamil Nadu & Foreigners, People from other states of country utilized the services of TTDC to the greatest extent.
- Tourists want to go with their family members as per the opinion of 62% of the respondents.
- The tourists' preferences are: Preferred No. of Days- 2; Preferred Type of tour- Pilgrimage; Preferred Price - Economical & Preferred Destination - Ooty.
- Advertising is the major source of information about TTDC and its services to the target segment which is followed by promotion and internet.
- Market Potential for TTDC is predicted with respect to various parameters:

The number of Enquiries would be	: 20001-30000
The number of Users would be	: 10001-30000
The number of Repeat Customers would be	: 1001-3000
The number of Referrals would be	: 1001-3000
Predicted profit figures would be	: Rs.60000001-7crores
Expected number of Staff to be recruited	: 21-30
Number of Vehicles to be purchased	: 5-10
Number of Offices to be established	: 3-5

Suggestions

- Since majority of the respondents belong to middle age, promotion campaigns have to be designed in such a way to attract this segment and advertisements have to be given in newspapers and magazines.
- Nationwide Advertising and Promotion campaign have to be released in Print, electronic and online media.
- Different types of tour packages have to be communicated to the target audience with Price, number of days and destination components.
- According to chi-square test, it is proved that information source attracts customers and hence TTDC has to use all possible information sources in order to get more number of customers.
- Accommodation has to be provided as a value added service along with trip.
- Combinations of different modes of Transportation (Road/Rail/Air/Ship) have to be considered.
- TTDC may think of introducing attractive packages.
- Since vast majority want guide while they are in tour, qualified and multi-linguistic personalities have to be selected as guides.
- There exists a wide scope for TTDC's services in the near future, so it is the need of the hour to undertake too much promotion, own new offices in new locations, appoint too many staff and include new destinations in the tour packages.

Conclusion

A market assessment provides site managers with the information necessary for determining the tourism potential of a site. The real challenge comes with acting on that information. A realistic and long-term commitment for improving the site based on the assessment is what really matters in achieving the tourism potential and maintaining the mission of any site.

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