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# Public private partnerships in tourism- a case study of Kerala Travel Mart

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## Abstract

This paper highlights the public private partnership nature of the Kerala Travel Mart ( KTM) , a tourism trade show held in Kerala,India. The objective is to apply the theoretical framework from literature to analyse the effectiveness of the public private participatory nature of KTM. A case study approach has been adopted based on secondary data from Government records and from data compiled from KTM. KTM has been found to be a successful model for Public Private Partnership although there are some areas for improvement. This is the first such research study on the PPP nature of a collaborative venture in a destination which can be replicated by other destinations.

**Keywords** - Tourism trade show; Kerala, public private partnership; destination collaboration

## INTRODUCTION

The immense potential of the tourism sector to act as a catharsis of economic and social development has been acknowledged in national and international forums. In many countries, tourism is a significant vehicle for economic progress that generates employment, foreign exchange, tax revenues and contributes to poverty alleviation. In fact, tourism is the world's fastest growing industry, and it is expected to be world's largest industry very soon. Hence promoting tourism is a critical issue for both countries and all related firms.

Almost all the states in India have placed tourism on a priority platform, making efforts to exploit the tourism resources and potential offered by the state. Palmer and Bejou (1995) have stated that "the total

product offer of a tourism destination is complex, with both tangible and intangible dimensions. Tangibility is provided by the physical stock of hotels, visitor attractions, means of access, parking facilities etc. Intangibility is provided by the image of an area, augmented for example with historical associations. The complexity of the marketing task is compounded by the fragmented nature of the stakeholders who are responsible for components of the total offer.

Tourists may typically select among destinations on the basis of the total set of destination attributes, rendering individual firms' marketing planning of limited value if it does not relate to strategies of other suppliers in the total offer.

## **THE NEED FOR COLLABORATIVE TOURISM DESTINATION MARKETING**

Wood and Gray define collaboration as a process where a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms and structures to act or decide on issues related to that particular domain.

A scenario where there is an absence of any kind of collaboration or arrangement among tourism destination providers is a situation fraught with problems. Palmer and Bejou (1995) cite three reasons for this. Firstly, a joint promotional campaign is likely to create more impact than individual stakeholders. In an increasingly competitive environment to grab the attention of potential visitors, the ability to create higher levels of awareness may give competitive advantage to a low profile destination. By combining efforts, all organizations involved can achieve economies of scale.

Secondly, there is no fail-proof mechanism to ensure that the benefits of collective marketing efforts are shared. There is no way to exclude a non-contributing business from benefiting from the additional benefits which a promotion campaign generated.

Thirdly in the marketing planning process, stakeholders can often achieve their objectives more effectively by recognizing their inter-dependencies. Strategic planning for the private sector can be made difficult in the absence of input from the public sector, for example in respect of the latter's strategic plans for developing access roads and sewerage facilities. Alliances between the private and public sectors are particularly attractive in destination marketing, because there is usually a congruence of objectives between the two sectors-attracting more tourists can benefit not only the narrow financial objectives of tourism operators, but also the more diverse social objectives of the public sector. There has been an increasing recognition of their value in tourism marketing “.

The interdependency of organizations involved in producing and promoting the tourism destination product is a sound reason for the development of a co-marketing alliance. It is increasingly recognized and understood that the success of each organization in a market depends in part on other organizations and that two or more of them can collectively achieve more than the sum of each individuals' own efforts .

The literature on co-marketing alliances identifies a number of underlying reasons for their creation. Collins and Doorley (1991) as cited by Palmer and Bejou (1995) suggests four essential features of an alliance: joint dependency, collaboration, an impact on competitive position, and longevity of the relationship. Based on this view, “a strategic alliance is a joining together (by means of dependency and collaboration) of two or more organizations over a given time period in order to gain a competitive advantage” (Palmer and Bejou, 1995).

Although comarketing alliances have traditionally been considered the domain of private sector organizations, a growing body of research has sought to identify the antecedents of successful public-private sector alliances (Waddock 1989). The coverage, mode, and form of a collaboration will reflect the environment in which stakeholders operate.

## **PUBLIC PRIVATE PARTNERSHIP**

Public Private Partnerships (PPP) enable the public sector to benefit from commercial dynamism, the ability to raise finances in an environment of budgetary restrictions, innovation and efficiencies, harnessed through the introduction of private sector investors who contribute their own capital, skills and experience .

Partnerships between the public and the private sectors have recently come to prominence as a strategic tool for tourism development. The fragmented nature of tourism supply at destinations, combined with the need for the provision of total tourism products that satisfy the visitors'

needs calls for co-operation within tourism regions. The reasons for entering into such agreements and the nature of partnerships have been widely recognised. Among various forms of collaboration at tourism destinations, partnerships between the public and the private sectors have a well-established position. In an effort to encapsulate the term partnership, Selin and Chavez define it as 'an arrangement devoted to some common end among otherwise independent organisations.

Zapata and Hall (2011) provide us with four reasons for the growth of public private partnerships in tourism. Partnerships in destination management is a form of outsourcing of services which has emerged as an outcome of new effective forms of public administration. Second, the state, is increasingly adopting the 'relational interventionist model' and is assuming the role of initiator and convenor of collaborative arrangements that encourage the participation of the tourist industry in policy-making. Third, reduced public funding due to the deregulation processes have resulted in the privatisation of functions and services previously provided by the government.

Finally, the characteristic fragmentation and the high interdependency of the tourism industry encourages the intensification of inter-organisational relationships, which often lead to formal tourism partnerships.

## **BUILDING THE KERALA BRAND**

Kerala is the southernmost State in India and has been significantly successful in its tourism efforts, in creating a key tourism platform for the state and positioning itself competitively in the international tourist market. In 2002, the state was able to augment its tourism earnings to Rs. 705.6 crore as against Rs. 535 crore in 2001, representing an increase of 31.8 per cent. In 2003, it recorded India's highest growth in international arrivals at 26.8 per cent. In 2012, foreign tourist arrivals to Kerala

were 7.94 lakhs, a 8.28 % increase over 2011. The total earnings from tourist arrivals were Rs. 20430 crores, a 7.23% increase over previous year. These figures are much better than UNWTO's growth rate of 4% to 5 % for the world during the same period and 6 % for Asia and the Pacific. Acclaimed as India's only 'tourism superbrand', Kerala has been able to develop strengths in certain core areas of product development and infrastructure creation.

Kerala's striking achievement in tourism has been its effectiveness in selling the state abroad. This has been done through focused marketing and promotion efforts. The key highlights of Kerala's marketing strategy have been:

1. The state's focus on target international markets, Europe for example
2. Initiating focused marketing efforts directed at the media and tour operators in select markets
3. Direct interaction with the key international players on home ground.

Kerala has continuously marketed itself as a quality brand to the rest of the world. Beginning with its immensely successful brand slogan 'God's own country', the state has continued to make rigorous efforts to build and sustain its image in the world tourism market. Some of the key aspects of this brand building are indicated below:

### *Quality promotional materials*

The promotional materials are in the form of CDs, videos, presentations, brochures of the highest quality, technology and style

### *Advertising focus on source markets*

To enable value for money spent on promotion, the state has focused its advertising efforts on key source markets and identified tourist segments.

### *Participation in international fairs*

Kerala tourism participates in all the major international events related to its identified source markets.

### *Road shows*

To widen the tourism base and showcase the state to new select markets, Kerala tourism conducts several road-shows at hitherto unexplored markets in addition to the existing traditional ones

### **Creating International Platforms : Kerala Travel Mart**

In addition to formal marketing and promotional efforts, Kerala tourism has explored all avenues to place the state on an international and global platform. A major initiative is the trade show, **Kerala Travel Mart (KTM)**, wherein the state hosts tour operators and media from select international market, and buyers and sellers directly interact to close deals and packages. Trade shows are an integral part of the marketing strategy for tourism ,travel and hospitality services to exhibit,advertise and market their services.

Formed as a society in 2000 with all players as members (tour operators, travel agents,airlines, hotels), the KTM is an occasion where 'buyers' (international tour operators and the media) are 'hosted'. It is an international forum for tourism buyers and tourism sellers (resort owners,tour operators and the state) to meet in dynamic sessions where destinations are discussed and packages finalized.The biennial event(conducted during the last Thursday, Friday and Saturday of September) is the only tourism event in the sub-continent that brings together the business fraternity and entrepreneurs behind the tourism products and services that Kerala has to offer.

Besides, seminars, pre/post mart FAM (familiarisation) tours, and cultural evenings, it gives the participants a first-hand experience of the destination. It is today, one of the largest gatherings in India, designed, planned and scheduled to facilitate meetings involving Buyers, Sellers, Media, Government Agencies and others.The first KTM in 2000 hosted 450 buyers . Since then, 7 KTMs have been held.KTM 2012, the seventh edition of the

Kerala Travel Mart was successfully held in September, 2012 at Cochin.

In the words of Mr. Amitab Kant , former Secretary, Tourism , Kerala (2009) "It is a brilliant example of what private-public partnership can achieve – with the government acting as a facilitator – cum-catalyst and the trade fostering entrepreneurship in the larger interest of sustaining and building the tourism sector for the good of all."

### **TOURISM PARTNERSHIPS: CRITICAL SUCCESS FACTORS**

Prior research on partnerships between the public and the private sectors, across various economic domains, provides us with valuable insights into the behaviour of the partners and the consequences for good or bad performance. Against this background, and with the specific nature of the tourism industry in mind, the following critical success factors for tourism partnerships at destinations has been specified by Augustyn, Knowles (1999). These are :

#### **Expert preparation**

The partnership initiative, based on sound reasons, is driven by either the public or private sector. The agreement is simple, conforms to legal provisions and is based on formally established links. The partnership is organised along horizontal lines and involves both the public and the private sectors. A official body responsible for joint efforts is established.

#### **Right underlying objectives**

The objectives of partnership agreement are long-term, based upon extensive research and forecasting. They are common to all organisations entering such agreements and strike a balance between the diverse interests of the public and the private sectors. The partners respect,however,one another's identities while competing in these areas that are excluded from the agreement .

### **Developmental structure of the partnership**

The relationship is reciprocal. The partners possess and share their specific strengths, bringing together a wide range of sources of support in order to provide an integrated service. Co-ordination is crucial to link the public and private sector areas of action and prevent duplication of efforts, which contributes to maximising the benefits while minimising the costs. Effective co-ordination requires the establishment of a sufficient information system and consultation network for stakeholders.

### **Effective and efficient actions of the partnership**

Appropriate actions leading to the attainment of the partnership objectives have to be undertaken. Efficiency of the partnership is measured by the level to which the objectives of such an agreement are achieved at the lowest cost of resource utilisation. The informational benefits from social networks are crucial for the ultimate success of the partnership.

### **KERALA TRAVEL MART : AN EVALUATION**

#### **Expert Preparation**

KTM is a non-profit making charitable society established under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955, with area of operations in the state of Kerala. There is a Memorandum of Association. The registered office is in Ernakulam with an independent office and CEO. The management and control of the Society is entrusted to the Managing Committee, consisting of 21 members who are elected by the general body.

#### **Right underlying objectives**

Twenty seven objectives have been specified in the Memorandum of Association. Some of the main objectives of KTM include:

1. To promote tourism in the State of Kerala and to promote the interests of all persons engaged in activities connected with tourism.
2. To invite and organise study tours of foreign travel agents, tourism promotion agencies and travel writers to the State of Kerala with the objective of disseminating information on tourism potential.
3. To undertake tourism promotion efforts in India and abroad by conducting seminars, workshops, exhibitions, study-classes, tours and visits and publishing books, magazines, periodicals, and travelguides as well as information brochures and a range of advertisements.
4. To raise funds for carrying out the affairs of the Society through donations, membership subscription, stall rent, exhibitions, tuition fees, advertisement in souvenirs, donations, gifts, benefit shows, etc.

The management of the affairs of the Society management is carried on in accordance with the Rules and Regulations specified in the memorandum of Association.

### **Developmental Structure of the relationship**

#### **The role of government**

The Secretary Tourism of the Govt. of Kerala and the Director, Tourism of the Govt. of Kerala, the Managing Director of the Kerala Tourism Development Corporation Ltd. are ex-officio members of the Managing Committee.

The main role of Govt. of India/Kerala is that of facilitator and enabler. The Govt. of Kerala/India leverages its tourism offices all over the world to spread word about the Mart. All the major buyers are contacted by these offices. The Kerala Travel Mart opens with a grand inaugural

function ,which is arranged by the Govt. of Kerala.

Financial participation by the government of Kerala is limited to reimbursing part of the costs incurred for running the Mart. In 2012-13, government of Kerala had given Rs. 10 million .

However, far more needs to be done to conduct systematic surveys amongst customers, exhibitors and other visistors to the fair. This will provide exhaustive data for making the event more effective for all stakeholders.

### **Effective and efficient actions of the partnership**

The Kerala Travel Mart offers an opportunity for resorts, tour operators, houseboats and ayurvedic centres, among others, to showcase their products and services, and for the state to showcase its brand.

Kerala Travel Mart has held 7 trade shows since its inception in 2000 - in 2002,2004,2006,2008,2010,2012.

### **SUCCESS INDICATORS**

#### **Increase in buyers**

There has been a gradual increase in buyers from 570 in 2000 to 1158 in 2012. Though there has been a small decline in the number of buyers in KTM 2010 and 2012 , probably due to worldwide recession and consequent less spend on leisure travel globally, all the other years have shown increase in the number of buyers to KTM. The buyers are the ultimate customers of any trade show and increase in the number of buyers is an indication of a growing interest among tourism players in the destination Kerala.

The main target customers for the travel trade fair are buyers from outside Kerala. These include international and domestic buyers.

#### **Number of stalls**

One criterion for success is how the exhibitors perceive the efficiency of the fair

to their business. This is evidenced by the demand for exhibitor space at KTM. The number of stalls has grown from 160 in 2000 to 350 in 2010. This shows an increasing awareness of the importance of KTM to their business. The total exhibition area has grown from 3344 sq. Mtrs in 2000 to 6968 sqm. in 2010 to 7100 sqm. in 2012.

#### **Budget**

The budget for KTM was Rs. 4,300,00 in 2000. In 2012, the budget increased to Rs. 25million.. This reflects the increasing scale of operations of this trade fair.

Some of the objectives have not been implemented eg. To undertake or to engage consultants for tourism promotion studies , and to identify oppurtunities and threats and disseminate such information to the members.

### **CONCLUSION**

The study provides us with insight into the often highly complex matter of the performance of tourism partnerships. Drawing upon tourism and more general literature relating to collaborative agreements, critical success factors for tourism partnerships have been identified. Although close to being successful in some domains, the public private partnership of Kerala Travel Mart is characterised by the existence of a few areas for improvement. The findings based on secondary data collected from Kerala Travel Mart ,however,also indicate that the trade fair has succeeded to a great extant in some of its objectives.. The increasing number of tourists to Kerala appears to support this conclusion. However, much more needs to be done to make it as well known and a sought after trade show like World Travel Mart in London or ITB in Berlin. With more and more attractive destinations emerging both in India and abroad, Kerala is facing increasing competition as a preferred tourism destination.

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