

Public private partnership for marketing of tourism services in Karnataka

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Abstract

Tourism industry being labour intensive has potential to solve the problem of unemployment and reducing poverty. Moreover, tourism is most effective instrument for national integration, harmony and thus leading towards social transformation and upliftment of rural poor. Domestic tourism is generally thought to be up to five times that of international arrivals. The major highlights of Karnataka tourism are the following: Helping to preserve and retain our rich cultural heritage, Giving more marketing innovative promotional measures for tourism, Increase in international trade, Progress in healthcare industries, Increase in GDP making tourism industry a unifying force, Growth in hotel industry, Focus on rural tourism, Advancement with sophisticated communication network, Enriching peripheral services like developing websites for Karnataka tourism, and offering hotel, hospitality, booking tickets online etc. The concept of tourism is so complex to define though several attempts have been made by renowned writers to explain it.

In a broader sense, a public-private partnership could be described as a set of joint initiatives by the public and the private sectors (profit and non-profit), in which each participant brings some capital to provide the basis for participation in planning, decision making and the distribution of benefits. This study discuss the services marketing through PPP in Karnataka tourism, its promoting and made an attempt to market tourism by adapting the service marketing through PPP. In a more narrow sense, PPP refers to tangible cooperation activities in which the public and the private sectors combine their resources and knowledge in order to satisfy the domestic tourist as well as foreign tourist needs of their milieu.

Keywords: Tourism, Services, Marketing Strategy, PPP

1. Introduction

Tourism services all over the world currently face rapid changes due to market globalization, intensified competition and the dynamic evolution of new technologies. Moreover, it is expected that tourism will be one of the industries that will be most affected by the current recession. The long-term success of tourism services in such a fierce competitive and financially difficult environment depends not only on being able to satisfy customers' needs and desires, but to strategically respond to current global challenges.

The term public-private partnership can be defined as a form of collaboration between public sector bodies and private entities, the objective of which is to ensure funding, construction, reconstruction, management or maintenance of assets, or the provision of services. Public-private partnership is a method to introduce the private management in public services by the contractual links on long term bases between a private operator and a public authority.

Public-private partnership assure the public service totally or partially, as a function of the private found involved and asks for the private sector know how related to the efficient administration and offers of better quality public services. Using the marketing tools in promoting these services and supporting the way of offering them to high level of quality consolidates the link between public and private environment.

1.1 Public Private Partnership Concept

Public private partnerships (PPP) are arrangements between government and private sector entities for the purpose of providing public infrastructure, community facilities and

related services. Such partnerships are characterised by the sharing of investment, risk, responsibility and reward between the partners. The reasons for establishing such partnerships vary but generally involve the financing, design, construction, operation and maintenance of public infrastructure and services.

- **Partnership:** for action is formed by two or more partners joint to realize together an activity, an objective, a subject, a fact, an institution, a business. On the public-private partnership the main elements belong to the two sectors and have as aim the public interest objectives.
- **Public:** presume that it belongs to the community or to the Local/regional/ national society. This determines the obligation to be Conduct base on specific laws and regulation and it is handled by central or local authorities.
- **Private:** defines that it belong to the individual property, free initiative, market economy and it is controlled by demand and offer rule.

The public-private partnership represents the association between the two components aimed to achieve public interest objectives joining characteristics and principles of approaching from the business field, able to increase the efficiency and public sector regulation that should be more focused on the social benefits. The partnership is the opposite of opponent, fight, aggressive and it is based on Understanding, cooperation between partners to achieve common objectives.

Public Private Partnership" (PPP) Partnership between a public sector entity (Sponsoring (PPP) authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of

infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement.

PPPs provide benefits by allocating the responsibilities to the party – either public or private – that is best positioned to control the activity that will produce the desired result. With PPPs, this is accomplished by specifying the roles, risks and rewards contractually, so as to provide incentives for maximum performance and the flexibility necessary to achieve the desired results.

Some of the primary reasons for public agencies to enter into public-private partnerships include:

- a. Accelerating the implementation of high priority projects by packaging and procuring services in new ways;
- b. Turning to the private sector to provide specialized management capacity for large and complex programs;
- c. Enabling the delivery of new technology developed by private entities;
- d. Drawing on private sector expertise in accessing and organizing the widest range of private sector financial resources;
- e. Encouraging private entrepreneurial development, ownership, and operation of highways and/or related assets;
- f. Allowing for the reduction in the size of the public agency and the substitution of private sector resources and personnel.

1.2 Objectives of Public-Private Partnerships

Public private partnerships must demonstrate that the following objectives are met in a balanced way to reflect the best interests of all stakeholders:

1. To ensure government services are delivered in the most economical, effective and efficient manner,
2. To create opportunities for private sector growth and to contribute to the overall economic development of the Nation through the stimulation of competitiveness and initiative.
3. To ensure the best interests of the public, the business sector and the community are served through an appropriate allocation of risks and returns between partners.

1.3 Basic Characteristics of Public Private Partnerships

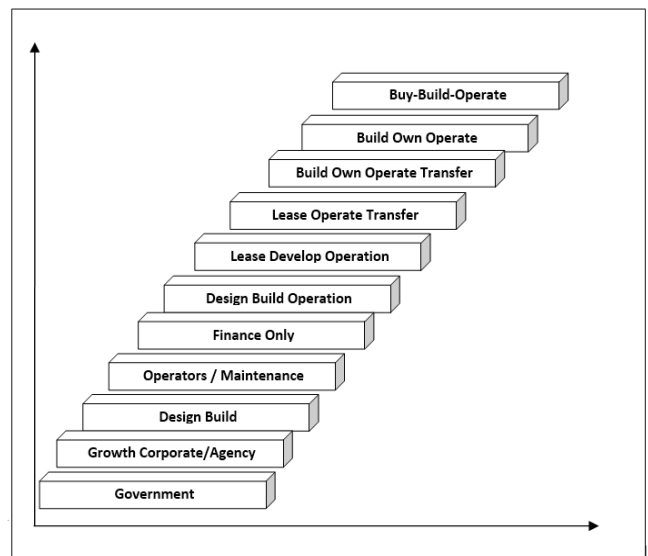
1. They are based on cooperation defined by a contract between public and private stakeholders.
2. The contributions of partners to a common goal are complementary, thus they can achieve their goals more efficiently within the framework of a public private partnership than through acting independently.
3. Each partner formulates clear goals and negotiates with the other partner within the framework of the public-private partnership.
4. The public partner does not finance the basic activities of the private partner, but rather offers support.
5. The public-private partnership must not have distortive effects on general trade and business conditions.
6. The obligations of the private partner exceed the duration of the project or the activity that formed the basis of the partnership.

7. The public-private partnership enables the private partner to achieve its economic goals (e.g. profit and penetrating new markets), while allowing the public partner to achieve political development goals (e.g. sustainability of services and poverty reduction).

1.4 Scale of Public-Private Partnerships

The options available for delivery of public services range from direct provision by a ministry or government department to outright privatization, where the government transfers all responsibilities, risks and rewards for service delivery to the private sector. Within the spectrum, public-private partnerships can be categorized based on the extent of public and private sector involvement and the degree of risk allocation. A simplified spectrum including the below models for public-private partnerships follows:

Chart No. 1



Source: www.PPP.kar.in

Source: www.pppintourism.in

1.5 Creative marketing strategies in Tourism Industry

With global international tourist arrivals reaching one billion each year, and growth only expected to increase, opportunities in the tourism industry are endless. Yet many destinations and tourism businesses fail to achieve success. Why are so many destinations struggling in a climate that is ripe for tourism? Marketing is a major part of the problem, but it is also an integral part of the solution.

Today’s traveller can virtually tour destinations at the touch of a finger, communicate with distant islands on their way to the office and plan customized adventures through simple online platforms. By failing to connect with and captivate this virtual audience, many tourism enterprises are fighting an uphill battle.

A successful tourism business requires a brand that speaks to its target markets, content that successfully generates potential clients and a level of service that listens to customers’ demands, all within ever diminishing budget constraints. It possible only with collaborating public and private partnership in delivering of quality tourism services at tourist destination in Karnataka.

1.6 Types of Tourism

i) Medical tourism

Medical tourism refers to the practice travelling from your home country (typically a greater developed country) to a lesser developed nation for medical care that is provided at a lower price. This is a fast-growing industry in India because of India's lower prices for key health care treatments (prices are typically up to 30 percent lower in India compared to the United States and the United Kingdom).

India's medical tourism industry is estimated to increase to around US\$20 billion over the next few years, and India has promoted by way of providing tourists with personal healthcare services. It is projected that the total marketplace for medical tourism will reach US\$2 billion by 2015, and this sector is expected to grow at an estimated rate of 30 percent annually until 2015. An estimated 150,000 foreign tourist's travel to India for low-priced healthcare procedures each year.

ii) Rural Tourism

Rural India has much to present to humanity as a historic civilization rich in arts, crafts and culture. Thousands of overseas tourists visit rural areas in Rajasthan, Gujarat and south India every year. Exports of local handicraft have boomed as a result, with exports from Rajasthan reaching nearly US\$1 million in 2009. India's handicrafts exports jumped 17.5 percent year-on-year between 2011 and 2012 to US\$2.7 billion. In addition, the union tourism ministry and the United Nations Development Programme (UNDP) have launched tourism projects for the development of rural tourism in India. The UNDP plans to donate US\$2.5 million to the project in addition to assisting with capacity building and increasing participation from NGOs, local communities and artisans.

iii) Adventure tourism

This sector of tourism has seen increased attention, thanks to India's vastly different geography and climate. Either on land, in water or in the air, you can enjoy whatever form of adventure you may desire. India's hilly regions present many opportunities for mountaineering, rock climbing, trekking, skiing, skating, mountain biking and safaris, and the rivers that flow from these mountains are ideal for river rafting, canoeing and kayaking. As a bonus, the ocean is not far from there and is easily accessible, providing many chances for adventure in the form of diving and snorkelling.

iv) MICE tourism

Meeting, Incentive, Conferencing and Exhibition (MICE) tourism in India offers the businessperson the latest and fastest growing type of international business tourism. This sector caters to a variety of trade meetings, international conferences and conventions, events and exhibitions, and has gradually captured the interests of major hotel brands.

Worldwide MICE tourism accumulates over US\$280 billion annually, and, of this, the Asia-Pacific region alone earns US\$60 billion. India earns about US\$4.8 billion yearly through MICE tourism. To capitalize, the Ministry of Tourism has initiated expansion in this sector by investing a total of INR 2 billion to develop the major cities in India.

2. Review of literature

The researcher has carried out a review of exhaustive literature

relating to PPP marketing of tourism services in Karnataka. An attempt has been made to summarise the important studies and works keeping in mind the relevance of the present study. Literature survey was strong based on the research on analysing of marketing services in tourism industry.

Shaheeda Banu. S (2012) in her study trends of tourism marketing in Karnataka. The tourism should not only concentrate on promoting and selling packages for foreign tourist but should also induce domestic tourists to use the services and highlighted services marketing mix concepts, its application in promoting Karnataka tourism and also made an attempt to market tourism by adapting the service marketing approach for achieving great success.

Malini, R. and Karthikeyan, R. (2006) ^[1] in their study on "Marketing Concept in Tourism Industry", suggests that the government or private organization has to take drastic steps to provide proper entertainment throughout the year to attract tourists.

Nimi Dev. R (2013) ^[2] in her study on "Marketing strategies adopted by Tourism industry in South India - a comparative study between Kerala and Tamil Nadu" is to assess the pricing strategies for supportive services of tourism industry in the states of Kerala and Tamil Nadu, to evaluate the promotional strategies adopted for promoting identified products in the states of Kerala and Tamil Nadu to evaluate the benefits from tourism to the states. She concluded the use of environmental friendly materials and proper waste management systems which have to be encouraged. Sustainability of religious and traditional values should be at the bottom of festivals. South India states are for tourism considering nature blessed products as well as culturally envisaged ones.

Ramesh H.N (2008) ^[14]: discussed the concept of Service quality and has demonstrated the model of services quality gaps: it aims to measure tourists' gap between satisfaction levels of interpretation of services and their preferences of the interpretive service in Mysore. The Indian tourists regard security and safety, as important factors for them to stay or revisit Mysore. Service quality is indeed an important driver of customer retention. Where price and safety perceptions are poor, there is potential for improving services quality to a significant increase in rate of retention.

Srinivasan (2009) ^[13]: suggested that to make the tourism a great success, one has to take advantage of the modern technology to full extent, and also attempt market tourism by adapting the service marketing approach for achieving great success in tourism industry.

Marian Moszoro (2010) ^[10]: discuss the managerial skills and knowledge transfer schemes determine an optimal shareholding structure of the PPP. Under the assumption of lower capital cost of the public partner and lower development outlays when the investment is carried out by a private investor, an optimal capital structure is achieved with both the public and the private parties as shareholders.

3. Statement of the problem

Marketing of services means the marketing of different intangible service needs of customers. This is nothing but the sale of some services. Marketing of tourism services in india: the state of foreign and domestic tourists and the related trend, the share of India in the world tourism business, the employment opportunities rendered by this industry along with the tourism business and availability of different infrastructural

facilities like hotel, transportation etc. Tourism involves travelling to relatively undisturbed or uncontaminated natural areas with specific objects of studying, admiring and enjoying the scenery and its wild flora and fauna, as well as other existing cultural and historical aspects. A visit with a motto to know these areas is nothing but tourism. Places of tourist interests are numerous and of varied nature. Marketing of Tourism services include mainly the services sold to domestic and foreign tourists.

Karnataka Tourism industry has been lacking in insufficient accommodation, infrastructure, safety and security, hygienic food problems etc., to tourists who come to state. Many places in the interior of the state are not well connected by proper roads, railways and airways. More number of national and international strategies is developed by both central and state government in attracting tourists. To increase the existing Indian and state tourism marketing share of 0.5% to 1.5% by 2017. there is more essential of Public Private collaboration and marketing of tourism, tourism department, NGO's and people may directly and indirectly involved in the process, therefore both Public and Private should properly working together with our late and first Prime Minister Mr. Nehru slogan "Welcoming the tourists and send them as a friend".

4. Objectives of the study

1. To study the importance of marketing strategy of PPP tourism in Karnataka.
2. To analyse the government tourism policies towards marketing of tourism services through PPP in Karnataka.
3. To identify the marketing problems and suggest suitable measures in effective marketing of tourism services through PPP in Karnataka.

5. Need for the study

Marketing of tourism has been gaining a substantial importance now a days, many tourists place are attracting more number of the tourists, due to tourism marketing in tourist place. The Karnataka government ministry of tourism has also taken measures to improve the tourist place through PPP in the state.

Tourism needs and expectations is one of the driving factors for the development of tourism on a whole. Tourists would always like to have value for money when they visit any tourist destination. These needs vary from region to region, tourist to tourist. The domestic and foreign tourists visiting Karnataka have different needs. Their motivation for an experience is different from each other. An average domestic tourist seeks leisure related activities followed by cultural heritage in Karnataka like Mysore, Hassan, Coorg etc.

6. Research Methodology

The research paper was carried out on the basis of secondary data. An effort will be made to collect the actual data about the "Public Private Partnership for marketing of Tourism service in Karnataka". Data is collected from the respondents working in tourism department, tourists and agencies involved in the tourism services.

The paper was based on secondary data as well Literature, reports and such other data are collected from books, journals, research papers and other published and unpublished documents of both national and international levels. Annual

reports of KSTDC, Hotel agency, both central and state government and websites are also visited.

7. Major Findings

1. The marketing strategy of Department of Tourism, Government of Karnataka is concerned, the PPP marketing strategies were on tourism products (destinations), promotion of products, pricing, distribution and people.
2. The Karnataka Tourism tie up with airport, railway, port and harbour authorities. The strategic alliance was also established under the Public Private Partnership (PPP) to develop destinations. Another strategy was rejuvenating the historical monuments like Hampi -World Heritage Centre.
3. In regard to people strategy, the Department and private combination has a long way to go in providing soft skills training of its people, significantly the socio-cultural is needed to accommodate especially for foreign tourists.
4. The KSTDC has five bases of market segmentation. They are heritage, pilgrimage, wildlife, leisure and coastal region based. It conducts package tours escorted by tour guides.
5. The opportunities for KSTDC and private players have a availability of a large potential of tourist visits into Karnataka. It make online showcasing of its products on a global scale. Can further rope in private participation for tourism infrastructure development and the growth of business.
6. The threats in front of the KSTDC are emergence sound private players, stiff competition, the entry of KSRTC into the arena of package tours. Technological advancement, spread of terrorism and Naxalism are the other deterrents for the growth of tourism in Karnataka.
7. The marketing objectives of DoT and KSTDC are satisfying tourist needs, enhancing tour frequency and occupancy rate, increasing tourists loyalty to destinations, improving tourists destination image and augmenting market share through only PPP.
8. The Karnataka Tourism including PPP as promotion - mix strategy to promote the destinations and create awareness among the general public.

8. Major Suggestions

1. Brand is a magic wand to attract tourists. In its own way Karnataka is a brand in itself in many sectors like IT, BT and Silk. The time has come for developing 'Karnataka' as a brand in tourism industry. Karnataka has potential to overtake today's brands like 'Kerala' and 'Goa'.
2. Tourists are cultural ambassadors. They come to Karnataka to take back home fascinating experiences. Local population of a tourist place transportation authorities, hoteliers, public and private players concerned with tourism have to change their mindset. It is necessary to educate to treat tourist as 'Athithis' (guests) in true Karnataka tradition.
3. Tourism is an industry of imaginations. As in many other services sector human resource play an important role in boosting tourism sector. Human resource development programmes need to be undertaken particularly to train and develop the tourist guides, travel agents, drivers, and for people manning tourist places on a priority basis.

4. It is also suggested to the Department of Tourism, Government of Karnataka including KSTDC to have in place the different categories of tourism marketing strategies such as market growth strategy, competitive strategy to competitive edge, strategy to reduce the problem of tourism seasonality and improving of hotel capacity utilization. PPP strategy which needs consideration is the strategy to maximize tourist satisfaction and also build international hotels in tourist destination.
5. Allocating of marketing resources through marketing mix strategy of Department of Tourism, Government of Karnataka involving product, place, promotion, pricing is very essential. In product component that is tour destinations, the emphasize should be given to attractions, atmosphere, facilities, package variety and accessibility. In respect of place, Automated Reservation Services, computerised reservation system, centralized reservation system are necessary to enlarge the network of the channels of distribution by involving of private agencies.
6. It is suggested to appraise product-mix, channel mix, promotion-mix, pricing-mix and public relations aspects of Department of Tourism and KSTDC on a regular interval. This enables to identify the deficiency in the performance and spells out the scope for further improvements in tourist destinations. All these will go a long way in establishing Karnataka as a brand for tourism in the global scenario.
7. The Private players and Department of Tourism must actively establish the legal contract with destination authorities for having revenue sharing model. This will ensure destinations development and maintenance on the one hand and gains to the Department of Tourism on the other.
8. In order to establish competitive advantage in tourism market, the tourism department must have strategic marketing management processes with a three pronged approach - the consumer oriented approach, the competitor oriented approach and the trade oriented approach. Hence it leads to brand of Karnataka tourism.

9. Conclusion

Recent years has seen marked increase in cooperation between the public and private sectors for the development and operation of environmental and transport infrastructure. In the European member States this is a direct result of efforts to increase the quality and efficiency of public services, in sufficient public sector financial resources to cover investment needs coupled with spending restrictions and desire to access private sector efficiencies. A long experience of private participation in the road and water sector now exists and there is a growing acceptance that Public – Private Partnerships (PPP) arrangements can be used as an additional and complimentary (to others) instrument to meet infrastructure and services needs in a wide range of sectors ranging from environmental services to health care provision or education. PPPs present a number of recognized advantages for the public sector to exploit.

Therefore PPPs should be carefully assessed in the context of the project, the public benefits and the relative giants to be achieved under various approaches. Not least the national

characteristics, individual macro-economic situations and the local policy framework must also allow and facilities PPPs.

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