Bhutan
Happiness is a place

ANNUAL REPORT

BHUTAN TOURISM MONITOR

2016

Publication of the Tourism Council of Bhutan

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FOREWORD

The Tourism Council of Bhutan is pleased to present the Bhutan Tourism Monitor (BTM) 2016 – an annual statistical publication. This important report presents the performance of the tourism industry in the year 2016, market trends over the years, and various other analysis on the key aspects that provide significant market intelligence and insights about the industry. The report also seeks to provide the tourism industry with objective information, findings and analyses to meet varied needs to support policy, marketing and commercial decisions relating to the sector.

Bhutan's tourism industry continued to grow in 2016 contributing significantly towards socio-economic development through revenue and foreign currency generation and employment creation amongst others. A total of 209,570 foreign individuals visited Bhutan in 2016 which is an increase of 35% over 2015. International arrivals grew by 9.10% to 62,773 over 2015 while arrivals from the regional market grew by 50%. A total of 54,600 international leisure arrivals was recorded in 2016 which represents a growth of 11.9% over the previous year.

Bhutan continues to gain impetus in the international tourism community as a developing tourism destination which is evident from the growing popularity resulting in increasing arrivals annually. While the growth in visitor arrivals present opportunities for further growth and benefits, it also requires us to work on proper visitor management and related interventions that would also enhance visitor experience and promote greater spread of visitation and benefits across regions and seasons. As a destination with emphasis on sustainability at the core of its development agenda, it is important that appropriate interventions are put in place to further sustainable growth and development of tourism.

To this end, it is only imperative that we continue to make concerted efforts to develop and promote sustainable tourism in Bhutan for greater benefits. For this, emphasis will be placed on better visitor management to enhance visitor experiences and spread tourism benefits to wider sections of the population through innovation, service excellence, strong and diversified product portfolio.

I would like to extend my deep appreciation to all stakeholders for your continued support and contribution to tourism in Bhutan.

Tashi Delek

Chhimmy Pem
Director

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GLOSSARY OF TERMS / DEFINITIONS

1. **Inbound tourism:** Inbound tourism comprise the activities of a non-resident visitor with the country of reference on an inbound tourism trip.

2. **Visitor / Tourist :** A visitor is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited

3. **Regional Visitors:** Nationals of India, Bangladesh and Maldives arrivals to Bhutan for leisure, official, business and VFR.

4. **International Visitor:** Nationals of all other countries (other than Regional) arrivals to Bhutan for leisure, official, business and VFR.

5. **Leisure Arrivals:** Non-resident arrivals to Bhutan for the purpose of holiday and leisure. They include both international and regional leisure arrivals.

6. **Business Arrivals:** Non-resident arrivals to Bhutan whose main purpose for a tourism trip corresponds to the business category of purpose

7. **Official Arrivals:** Non-residents arrivals to Bhutan whose main purpose for a tourism trip corresponds to professional category of purpose

8. **Others / VFR – Visiting Friends and Relatives** – Personal guests, friends and relatives of Bhutanese and expat residents of Bhutan

9. **Minimum Daily Package Price (MDPP):** The minimum rate paid ($200 per person per night during lean season and $250 per person per night during peak season) by all International Leisure Arrivals for an all-inclusive package tour to Bhutan. The minimum daily package covers all meals , a minimum of 3 star accommodation (4 & 5 star may require an additional premium), a licensed Bhutanese tour guide for the extent of the stay, all internal ground transport, camping equipment and haulage for trekking tours, all internal taxes and charges, and sustainable development fee (royalty) of $65.

10. **Gross Earnings:** Gross convertible currency earnings from international leisure arrivals only and includes royalty.

11. **Royalty:** Also termed as Sustainable Development Fee (SDF) is $ 65 of the MDPP which goes to the government coffer as direct revenue contribution which is used for social welfare of the country. It is calculated / derived as $ 65 x number of international leisure arrivals x number of nights spend in Bhutan.

12. **Tourism Expenditure** refers to the amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during tourism trips. It includes expenditures by visitors themselves, as well as expenses that are paid for or reimbursed by others

13. **Travel Group** is made up of individuals or travel parties travelling together

I EXECUTIVE SUMMARY

Globally tourism industry accounted for 10 percent of global GDP, 7 percent of total exports and one in 11 jobs across the world in 2015. International tourist arrivals reached nearly 1.2 billion during the same year. Asia and the Pacific region was reported as one of the fastest growing tourism regions in the world with 5 percent growth rate, above the 4.3 percent global average. In 2015, international tourist arrivals to the region grew by 6 percent to reach 279 million up from a mere 110 million in 2000. With 279 million arrivals, nearly one-fourth of the world's total international tourists in 2015, Asia and the Pacific are the second most visited region in the world. As of June 2016 destinations worldwide received 561 million international tourists (overnight visitors), 21 million more than in 2015, according to the latest UNWTO World Tourism Barometer. Asia and the Pacific demonstrated renewed strength this first half of 2016, receiving 9 percent more international arrivals, the highest growth across world regions.

In Bhutan, total visitor arrivals, comprised of regional and international visitors, increased to 209,570, which was growth of 35 percent over 2015. International leisure travels in 2016 increased by 11.9 percent to 54,600 individuals. There was also high number of international arrivals during summer season, which could be attributed mainly due to the Bhutan-Japan Friendship offer commemorating more than three decades of diplomatic relationship between the two countries.

More than half of international tourists (56.1%) were from the Asia/Pacific region followed by 26 percent from Europe, 16 percent from North America and rest from other regions. Tourists from China accounted for 17 percent of total visitors, followed by the United States (13%) and Japan (9%). Female visitors constituted the majority (60%). In 2016 total number of regional tourist visiting Bhutan was 146,797 of which 138,201 were Indian nationals and 8,596 were Bangladeshi nationals. Indian leisure visitors amounting to 94 percent of the total regional visitors dominated the regional tourist market. Regional visitor arrivals have increased by 50 percent over the past year 2015. Regional visitors constituted 70 percent 62.91% or 146,797 individuals, of all arrivals to Bhutan. 69 percent arrived over land and the rest arrived by air. Most regional tourists visited during May (18%), October (12%), December and June with 11%, which was similar trend to 2015.

Receipts from an international leisure tourist in 2016 increased to US$ 73.74 million, which was an increase of 4 percent from 2015 (US$ 71.05 million). International arrivals mostly used air services (93%) while regional arrivals mostly travelled via land (69%). More than half (53.2%) of the total international arrivals entered through Bangkok followed by New Delhi (25.20%) and Kathmandu (14.90%). Exit route has similar pattern Bangkok (58.9%), New Delhi (23.3%) and Kathmandu (12.8%). For regional tourists, major entry and exit routes were Phuntsholing and Paro.

In 2016, majority of international leisure travels (86%) visited Bhutan for cultural sightseeing and related activities. Most tourists travelled in group size of two individuals (21%) while rest travelled in group size of one and four (8%) and three persons (6%). The most frequented months by international leisure travels in 2016 were in October (16%) and March and November (11%).

On average tourists from top 20 international market sources has spent seven nights in Bhutan. Paro and Thimphu had almost equal number of visitors, amounting to 27 and 26 percent respectively. Punakha had the third highest proportion of total visitor with 22 percent. Paro (34.4 percent), Thimphu (25.6 percent) and Punakha (16.5 percent) together amounts to more than 76 percent of the total bed nights of 2016. Paro, Thimphu, Punakha, Wangdue, Haa, Pema Gatshel, Tsirang and Dagana also saw growth in number of bed nights from 2015.

The main source markets for international tourists in 2016 were China, which accounts for more than 17 percent of total visitors followed by United States of America, Japan, Thailand and UK making up the top five markets. Number of visitor arrivals from China decreased by 2.07 percent over previous year while there was growth in visitor arrival from all above top five listed international market sources. The United States was the second largest source market, increased by 2.13 percent. Japan was third main international market source with increase of 49.58 percent which was mainly attributed to Bhutan-Japan Friendship offer. Thailand dropped to fourth place with increase by 9.55 percent and UK in fifth place with increase of 5.31 percent. The rest of the top 10 source markets were Singapore, Germany, Malaysia, Australia and Taiwan.

II INTRODUCTION

Bhutan Tourism Monitor Report 2016 is an annual statistical publication of the Tourism Council of Bhutan presenting a comprehensive analysis of the performance of the tourism industry during the calendar year 2016. The report presents a detailed statistical breakdown of visitor arrivals, first-hand feedback from the visitors and market intelligence. Statistics pertaining to international leisure arrivals are mined from Tashel information and Management System maintained with TCB with and Immigration database. A major part of the statistics pertaining to international and regional visitor arrivals was collected through the administration of survey questionnaires at the gateways of Bhutan including Paro International Airport.

The main objective of the annual publication is to provide evidence-based findings and analysis to a wide range of tourism stakeholders that have an interest in the development, management and promotion of tourism in the country.

The report consists of four sections. The first section presents the actual statistical data of the visitor arrivals, their profile, preferences and activities and the changes compared to the previous years. The second and third section presents results based on data collected through exit surveys for international arrivals and regional arrivals respectively including their feedbacks. The fourth section presents an in-depth analysis of the top 10 major source markets for Bhutan during the year. It presents a summary of overall characteristics and the performance trends of a particular source market.

Global Tourism trends

According to Asia Tourism Trends report of 2016 (WTO & GTERC, 2016) tourism industry comprising of both international and regional tourism continues its dynamic expansion, greatly contributing to economic growth, job creation and development in nations all around the world. As per the report tourism industry today, accounts for 10 percent of global GDP, 7 percent of total exports and one in 11 jobs across the world. In 2015, international tourist arrivals reached nearly 1.2 billion. By 2030, 1.8 billion travelers are expected to cross international borders (WTO & GTERC, 2016).

Asia and the Pacific region were reported as one of the fastest growing tourism regions in the world with 5 percent growth rate, above the 4.3 percent global average. Asia and the Pacific region continue to consolidate its position as one of the fastest growing regions in the world. In 2015, international tourist arrivals to the region grew by 6 percent to reach 279 million up from a mere 110 million in 2000. With 279 million arrivals, nearly one-fourth of the world's total international tourists in 2015, Asia and the Pacific are the second most visited region in the world (WTO & GTERC, 2016).

International tourist arrivals worldwide grew by 4% between January and June 2016 compared to the same period last year. Destinations worldwide received 561 million international tourists (overnight visitors), 21 million more than in 2015, according to the latest UNWTO World Tourism Barometer. Asia and the Pacific demonstrated renewed strength this first half of 2016, receiving 9% more international arrivals, the highest growth across world regions. Growth accelerated in Asia and the Pacific with international arrivals up 9% through June, driven by robust intra-regional demand. Oceania (+10%) led growth, followed by North-East Asia, South-East Asia (both +9%) and South Asia (+7%).

According to UNWTO Tourism Towards 2030 report, number of international visitors from Asia and Pacific region was expected to increase its share of global tourism to 30 percent in 2030, accounting for an estimated 535 million international arrivals. Asia and Pacific region and in particular China, is fast becoming the main source market for many destinations within the region. Around 80 percent of international tourism in Asia is intra-regional (Kester, 2016; WTO & GTERC, 2016).

The Asia Pacific region is also a booming source market, with China being the largest outbound market in the world. The rapid economic progress of Asia Pacific region with an increase of over 5 percent in the GDP has led to an affluent middle-class possessing disposable income that has fuelled tourism growth. The changes in travel trends have been further influenced by the technological revolution and its ensuing impacts through the ascendancy of the social media, the sharing economy and other influences that have a bearing on transport such fuel-efficient carriers. These changes, especially as seen by the emergence of low cost carriers (LCCs) have democratized travel making it more affordable to a greater section of the general population (WTO & GTERC, 2016).

The other major element highlighted in the UNWTO report pertains to investment in tourism human capital development in Asia and Pacific region. One of the major challenges that Asia and Pacific region is bound to face in the light of rapid development in tourism is the shortfall in "human capital" required to cater to the growing demand. This is an issue related to policy and planning that covers intangible elements such as education, training of staff and community development, which are hard to quantify but are nevertheless vital for a healthy tourism sector. "Further investment in human capital issues is widely recognized as critical to the success of tourism in Asia and Pacific and will ensure that destinations remain competitive and sustainable," stated the UNWTO report. Public-private partnerships and stakeholder support and management are recognized as indispensable elements in the future to manage growth and sustain tourism targets (WTO & GTERC, 2016).

III STUDY DESIGN AND METHODOLOGY

A Sequential Exploratory Mixed Method approach was employed in this study. Quantitative data was collected using survey questionnaires, while qualitative data was obtained through unstructured open-ended questions. The study followed similar research design used for in Tourism Council of Bhutan's earlier exit surveys as well as exit surveys worldwide. The methodology was carefully reviewed, including past literature and survey instruments, which were modified and strengthened for operational effectiveness. A total of 10,900 visitors were randomly interviewed throughout the year 2016. This comprised of 7500 international tourists and 3400 regional tourists.

Analysis in the report is based on two data sources. Section I of this report was based on secondary data obtained from Tashel Information Management System, a database maintained by Tourism Council of Bhutan (TCB) and Immigration database. Data presented in the past annual tourism monitor reports of Bhutan were also used while making trend analysis on various variables.

Analysis of Section II and III was based on primary data collected through survey with focus on regional and international tourists, respectively. Primary data was collected using separate exit survey questionnaires for international and regional tourists comprising of both open-ended and closed-ended questions. Administered exit surveys were used as the primary survey tool as they provide richer data than un-administered or online surveys. Further it also yields higher response rates, with departing visitors generally more willing to participate in one-to-one interviews over other survey methodologies.

The data collected through the questionnaires were processed using statistical software SPSSv20.1. Separate interface was developed for regional and international exit surveys. Analysis of data by generation of tables and frequencies and cross tabulations along with graphs and charts were done using SPSS and Microsoft excel.

SECTION **1**

ANNUAL TOURISM STATISTICS

PART 1: ANNUAL VISITOR ARRIVALS STATISTICS

1.1. Overall visitor arrivals 2016 including trends for past five years

This section presents the total visitor arrivals to Bhutan during 2016 and analysis of their trends and profiles. It includes all visitor arrivals to the country for leisure / holiday, official, business and others purposes.

2016 saw unprecedented record arrivals of 209, 570 visitors to Bhutan, which includes regional and internationals arrivals. This is an increase of 35 % over the previous high of 16 % in 2015. The international arrivals recorded an increase of 35 % with regional recording 50%growth over previous year.

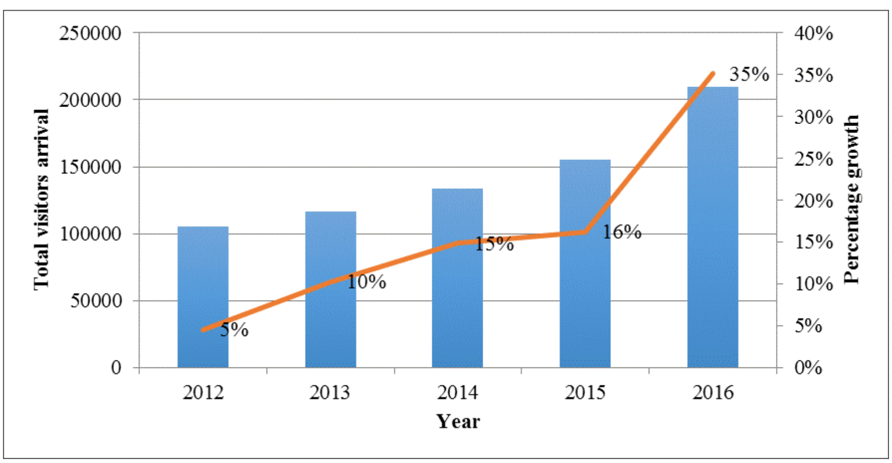


Figure 1.1 Comparison of total visitor arrival in Bhutan over the past five years

The general trend of number of visitor over the past five years has been constantly increasing as indicated by increasing percentage of growth over the past five years. Comparison to 2015, there was increase of 35 percent of total visitors in 2016, which was the highest growth percentage in the last five years.

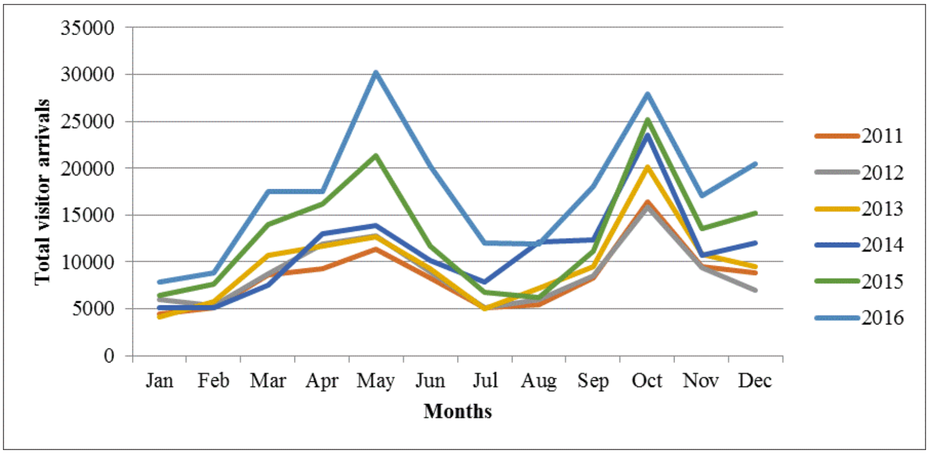


Figure 1.2 Total visitor arrivals over the past five years in different times of the year

In general, visitors tend to prefer spring (March, April and May) and autumn (September, October and November) season as depicted in figure 1.2. The trend has been similar over the past five years.

1.2. Major source markets including regional markets

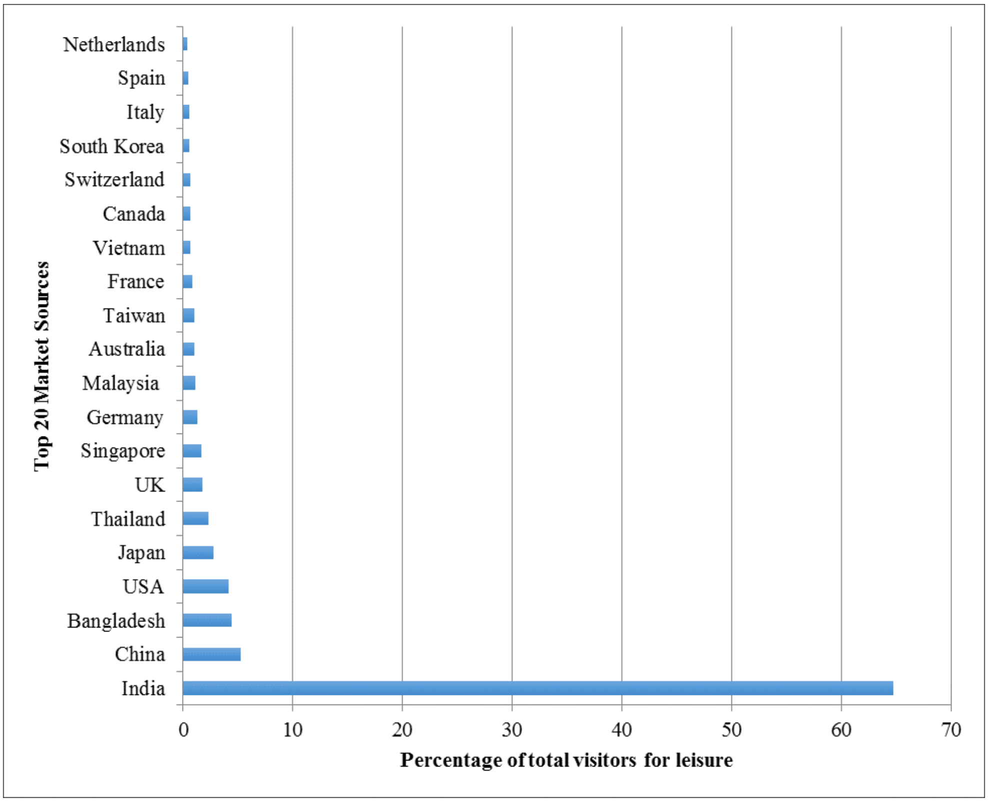


Figure 1.3 Top 20 market sources of leisure travellers

There were total of 176,654 leisure travellers to Bhutan in 2016, almost 65 percent of them were leisure visitors from neighbouring country India, China with five percent and around four percent from Bangladesh and USA.

The details of number of visitors travelling for leisure from each of those top 20 market sources are given in table 1.1. The leisure travellers from those top 20 main market sources accounts to 96 percent of total leisure tourist arrivals in Bhutan in 2016.

Table 1.1 Top 20 market sources based on total leisure travels in 2016

Sl. No.	Country	No. of visitors	Percentage of total visitors for leisure in 2016
1	India	114301	64.7
2	China	9208	5.2
3	Bangladesh	7753	4.4
4	USA	7292	4.1
5	Japan	4833	2.7
6	Thailand	4177	2.4
7	UK	3124	1.8
8	Singapore	3015	1.7
9	Germany	2297	1.3
10	Malaysia	1967	1.1
11	Australia	1818	1
12	Taiwan	1812	1
13	France	1501	0.8
14	Vietnam	1247	0.7
15	Canada	1110	0.6
16	Switzerland	1105	0.6
17	South Korea	1035	0.6
18	Italy	1024	0.6
19	Spain	787	0.4
20	Netherlands	641	0.4

1.3. Categories of arrivals

The total visitor arrivals in 2016 were further categorized based on reasons for travelling to Bhutan and mode of transport that they have used while travelling to Bhutan.

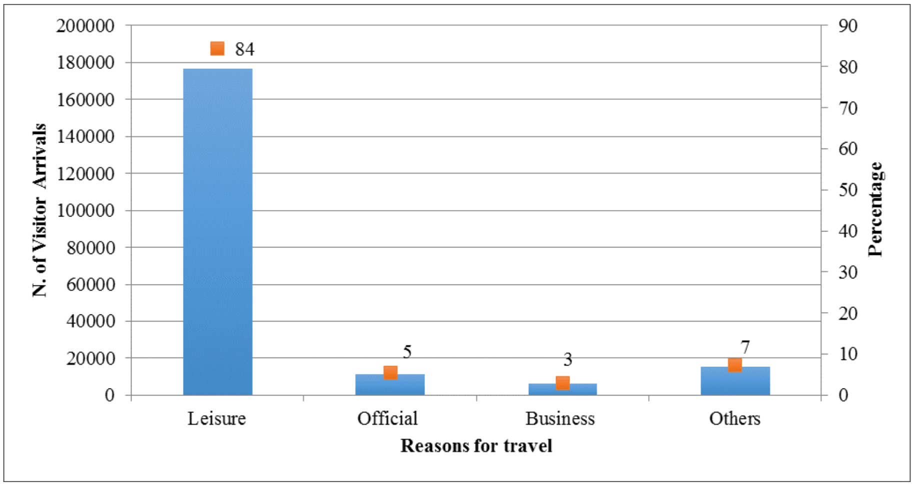


Figure 1.4 Total visitors in 2016 with main reasons for travel

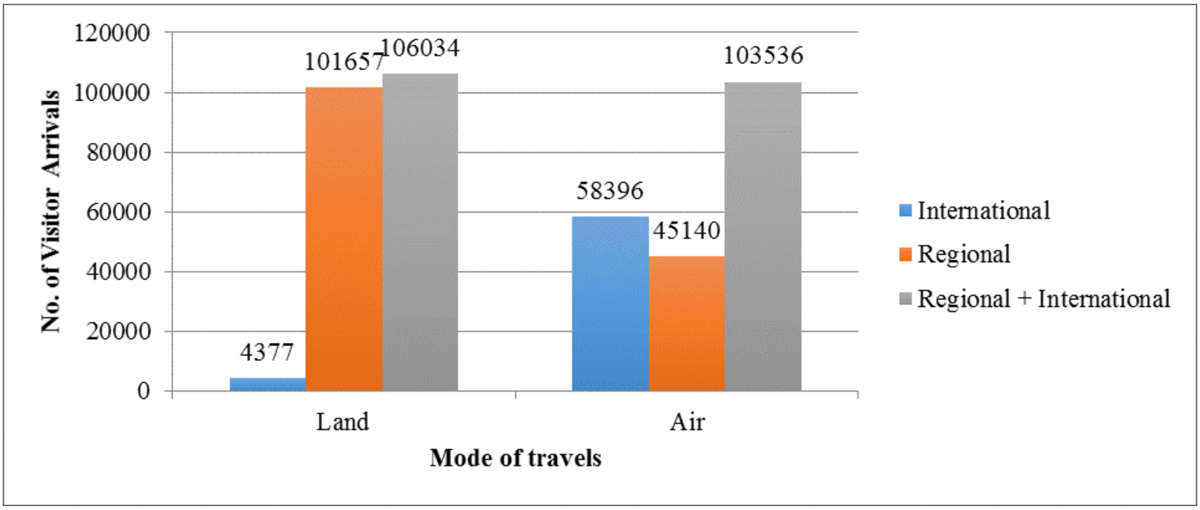


Figure 1.5 Mode of travel used by the visitor in 2016

In total, almost equal number of visitors travelled to Bhutan through land and air. However, when data was further segregated, the international visitors mostly used air travel while regional tourist entry was mainly through land.

1.4. Arrivals by Month

There were visitors travelling to Bhutan throughout the year in 2016 with highest percentage of total visitors were in the month of May (14 percent) followed by October (13 percent) as shown in figure 1.6

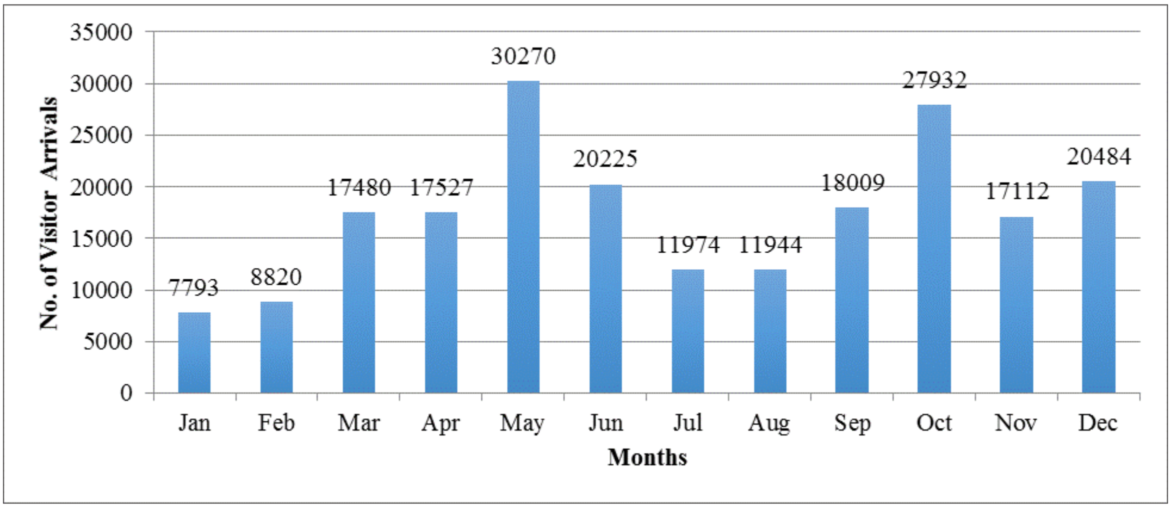


Figure 1.6 Total number of visitor arrival by month

PART II: INTERNATIONAL LEISURE ARRIVALS STATISTICS

This section of the report contains analysis of data related to international leisure arrival in 2016. A total of 54, 600 international leisure visitors have arrived in Bhutan in 2016. This is an increase of 11.9% percent from the total international leisure visitors in 2015.

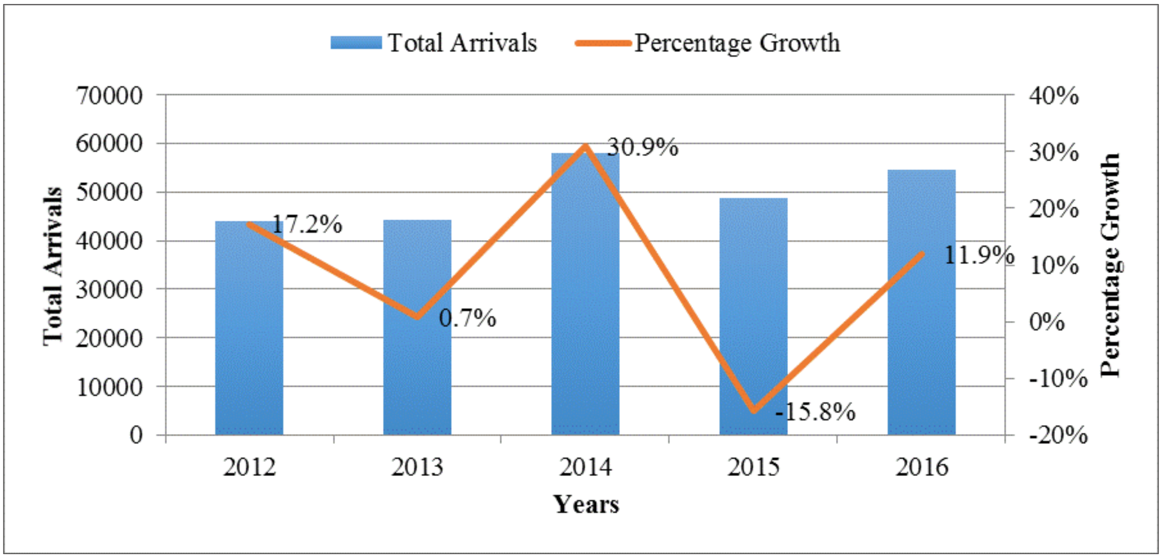


Figure 2.1 Total international leisure arrivals over the past five years

2.1. Major International Source Markets

The main source markets for international tourists in 2016 were China, which accounts for more than 17 percent of total visitors followed by United States of America, Japan, Thailand and UK making up the top five markets.

The top 20 major international sources provided in figure 2.2 accounted for almost90 percent of total international leisure arrivals in 2016. This highlights the significance of the top 20 market sources to tourism industry in Bhutan but also highlights the need to focus more on source market diversification.

Contribution from each of the all other international market was less than one percent as shown in table 2.1.

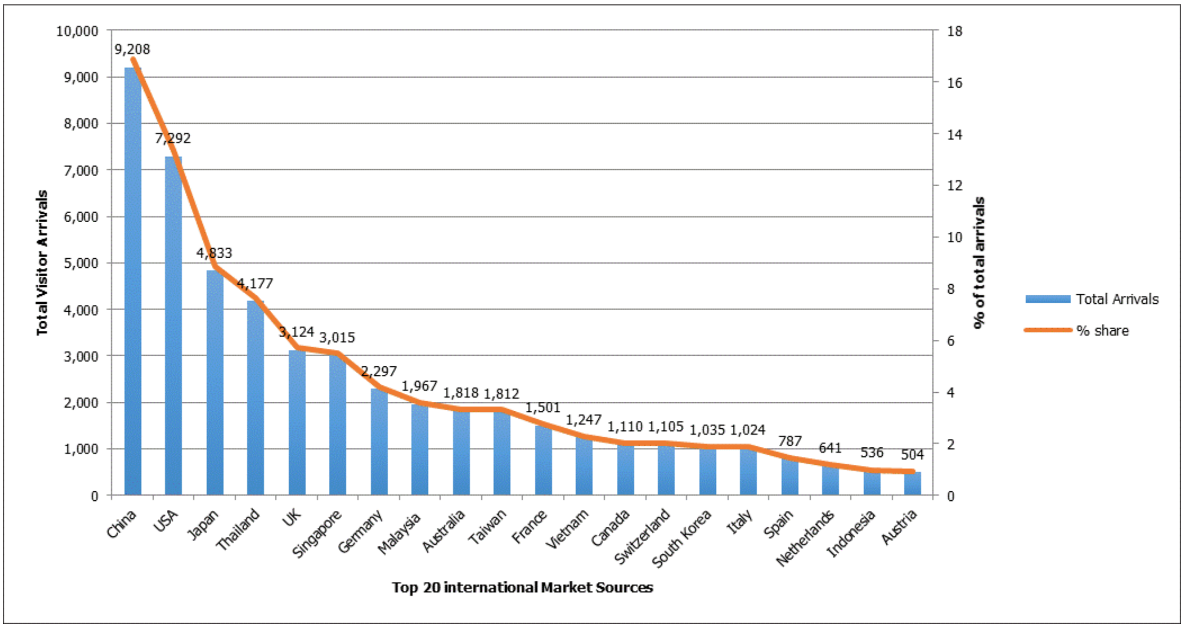


Figure 2.2 Total visitor arrivals and percentage of visitors from top 20 international market sources

Table 2.1 Percentage of visitor arrivals from international market sources excluding top 20 market sources

Country	% share	Country	% share	Country	% share
Belgium	0.84	Luxembourg	0.04	Bahrain	0.005
Philippines	0.70	Serbia	0.038	Ecuador	0.005
Brazil	0.59	Myanmar	0.037	Saint Kitts & Nevis	0.005
Poland	0.57	Brunei	0.031	Belarus	0.004
Mexico	0.56	Lebanon	0.029	Dominic Republic	0.004
Nepal	0.52	Venezuela	0.029	Ethiopia	0.004
Sweden	0.46	Lithuania	0.026	Fiji	0.004
Russia	0.45	Pakistan	0.026	Macedonia	0.004
Norway	0.43	Croatia	0.024	El Salvador	0.004
Portugal	0.41	Iran	0.024	Tanzania	0.004
Denmark	0.38	Kenya	0.024	Trinidad &Tobago	0.004
New Zealand	0.36	Laos	0.022	Uganda	0.004
Turkey	0.36	Slovenia	0.022	Zimbabwe	0.004
Czech Republic	0.36	Mauritius	0.02	Albania	0.002
Israel	0.31	Armenia	0.018	Bahamas	0.002
Argentina	0.30	Cambodia	0.018	Belize	0.002
Ireland	0.25	Estonia	0.016	Bolivia	0.002
Finland	0.23	Saudi Arabia	0.016	Comoros	0.002
Slovakia	0.16	Azerbaijan	0.015	Ghana	0.002

Ukraine	0.16	Kuwait	0.015	Cote d'Ivoire	0.002
Chile	0.13	Andorra	0.013	Kazakhstan	0.002
Hungary	0.13	Cyprus	0.013	Liechtenstein	0.002
Romania	0.12	Guatemala	0.013	Malawi	0.002
South Africa	0.10	Oman	0.013	Nigeria	0.002
Colombo	0.10	Uruguayan	0.013	Palestine	0.002
Greece	0.10	Georgia	0.009	Panama	0.002
Latvia	0.08	Malta	0.009	Qatar	0.002
Costa Rica	0.06	Morocco	0.009	Turkmenistan	0.002
Bulgaria	0.06	Egypt	0.007	Tuvalu	0.002
Iceland	0.05	Jordan	0.007	Wales	0.002
Peru	0.05	Monaco	0.007	Yemen	0.002
Sri Lanka	0.05	Mongolia	0.007	Afghanistan	0.002
UAE	0.05	Namibia	0.007		

2.2. Global Segmentation of Source Markets

More than half of total arrivals to Bhutan in 2016 were from the Asia Pacific region (56.1%), followed by Europe and America. The main markets in Asia-Pacific comprise of China, Japan, Thailand, Singapore, Malaysia, Australia, Taiwan, Vietnam, South Korea and Indonesia. The arrivals from the European Markets are mainly from UK, Germany, France, Switzerland, Italy, Spain, Netherlands and Austria. Major share of North American visitors were from US and Canada. The arrivals from South America &Caribbean, Africa and Middle East comprise of less than 3 percent.

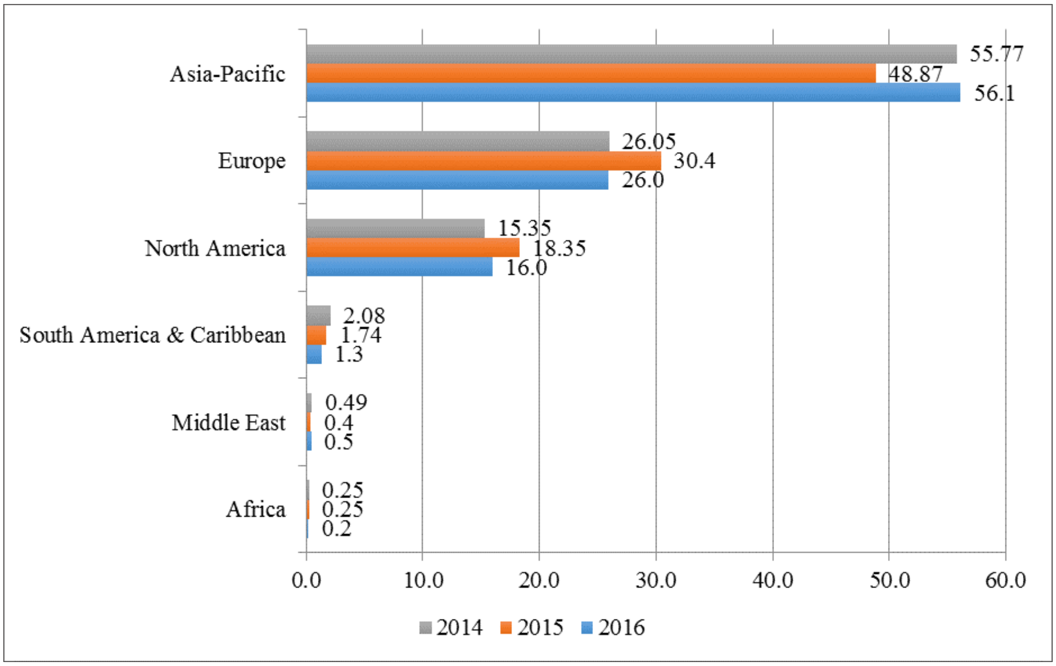


Figure 2.3 Percentage of tourist arrival over the past years

The monthly arrival of international tourists from top three global regions, namely, Asia-Pacific, Europe and North America are presented in figure 2.3. It shows that tourist from Asia Pacific regional visits Bhutan almost throughout the year with lesser number of tourists in cold winter months like December and January.

On the other hand, monthly visitor trends from Europe and North America were different to tourist from Asia-Pacific region. An inbound tourist from these regions tends to prefer their visitation during autumn months of October followed by spring month of March. Although number of visitors in the autumn months were significantly higher than in the spring months.

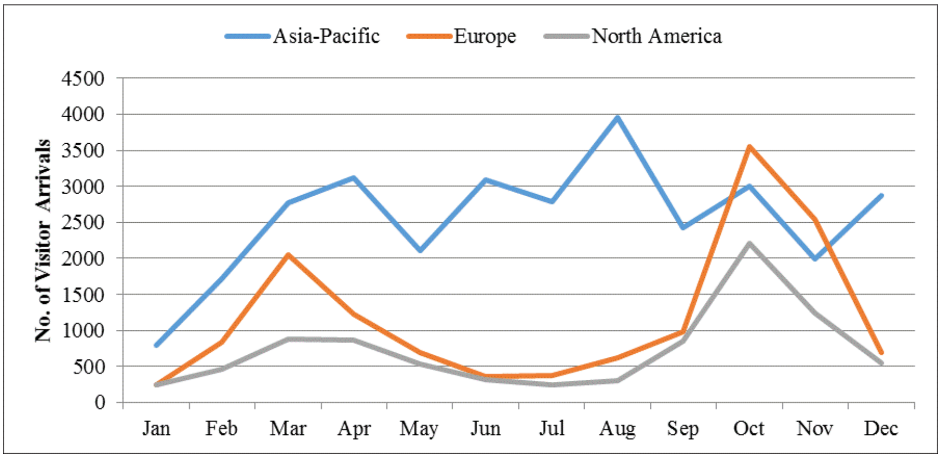


Figure 2.4 Monthly international tourist arrivals from top three regions

2.3. Major International source markets by bed-nights and number

Number of bed nights spent by international tourist has been used to determine their duration of stay in the country. An average number of bed nights by the tourists from top 20 international market sources is displayed in figure 2.5 along with total number of visitor arrivals from these market sources. On average tourists from top 20 international market sources has spent seven nights in Bhutan. An average length of stay of all international market sources also shows seven nights. However, arrivals from South Africa (53 arrivals) stayed 12 nights, Yemen (1 arrival) stayed 29 nights and Ivory Coast (1 tourist) stayed 14 nights. The average lengths of stay for the top 20 source markets are given in figure 2.5.

Figure 2.5 Number of visitor arrival with average length of stay of top 20 international market sources

2.4. Major International source market by months

As shown in figure 2.6, there was a vast variation in number of leisure arrivals by months from different regions around the globe. The number of arrivals from top 20 major international market sources seems to follow the normal trend of arrivals in Bhutan with higher number of arrivals in autumn season followed by spring season and lesser visitors during the summer and winter months as shown in figure 2.8. The details of actual number of monthly visitors from each of these 20 countries are shown in table 2.8. The general trend of monthly visitors from all international market sources is also displayed in figure 2.9, and it shows similar trends to arrival of top 20 international market sources.

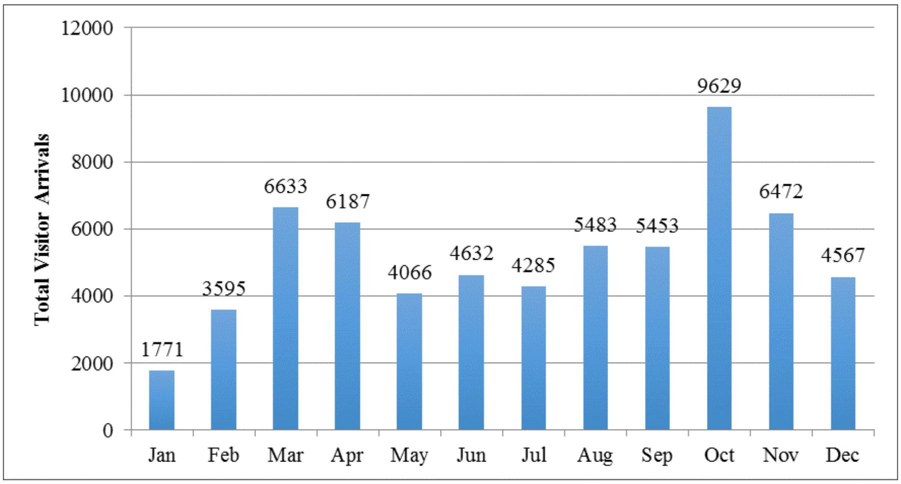


Figure 2.8 Monthly number of visitor from all the international market sources

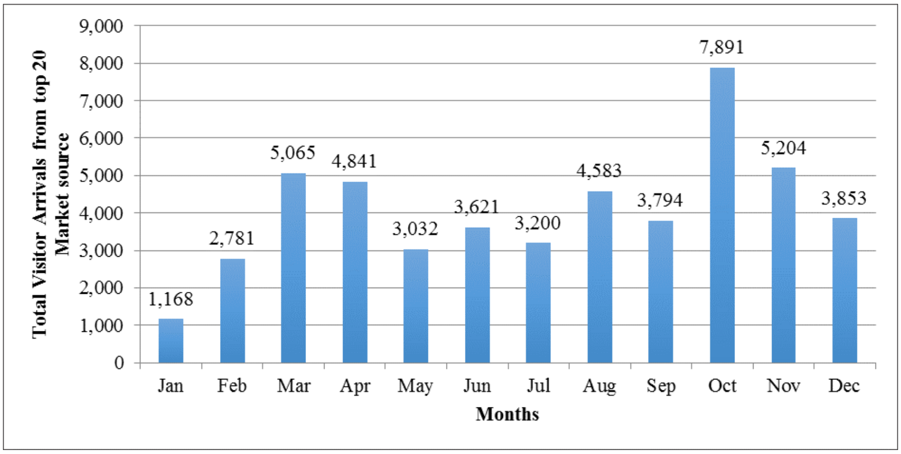


Figure 2.9 Number of visitor arrivals from top 20 international market sources

Table 2.2 Monthly visitor arrivals from top 20 market sources

Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
China	509	840	1,113	1,269	882	697	490	537	716	951	725	479	9,208
USA	196	387	736	739	429	274	181	244	716	1,894	1,072	424	7,292
Japan	40	136	258	189	110	663	997	1,682	261	152	147	198	4,833
Thailand	32	144	187	662	289	422	565	575	214	220	233	634	4,177
UK	71	200	445	279	134	73	49	74	220	907	507	165	3,124
Singa-pore	26	145	231	222	261	374	121	169	246	287	227	706	3,015
Germany	45	190	390	169	80	51	26	52	136	636	448	74	2,297
Malaysia	24	41	195	104	193	105	116	183	294	219	118	375	1,967
Australia	61	75	188	214	111	81	52	73	244	417	193	109	1,818
Taiwan	31	142	176	177	83	351	132	103	143	232	182	60	1,812
France	4	67	213	151	97	21	62	63	57	338	349	79	1,501
Vietnam	1	87	130	69	22	201	82	298	51	157	34	115	1,247
Canada	27	66	126	108	73	43	28	42	96	264	148	89	1,110
Switzer-land	21	77	150	110	60	17	51	13	93	334	136	43	1,105
South Korea	40	42	142	92	89	69	39	201	116	142	21	42	1,035
Italy	19	78	113	103	27	21	39	62	38	260	219	45	1,024
Spain	8	9	61	45	36	36	60	159	74	149	97	53	787
Nether-lands	5	25	95	81	17	21	15	23	29	156	126	48	641
Indone-sia	3	15	54	12	16	83	88	28	33	73	31	100	536
Austria	5	15	62	46	23	18	7	2	17	103	191	15	504
Total	1168	2781	5065	4841	3032	3621	3200	4583	3794	7891	5204	3853	49033

2.5. Popular Festivals

List of all the festivals visited by international tourists in 2016 and number of visitors to each of these festivals were presented in figure 2.10. More than 50 percent of visitors have witnessed Thimphu Tsechu and Paros Tshechu, thus making it the most popular local festivals among the international tourists. Festivals in Bumthang, like Jamb Lhakhang Drup and Jakar festival together with Punakha Dromchoe was the other most popular festival for the tourists.

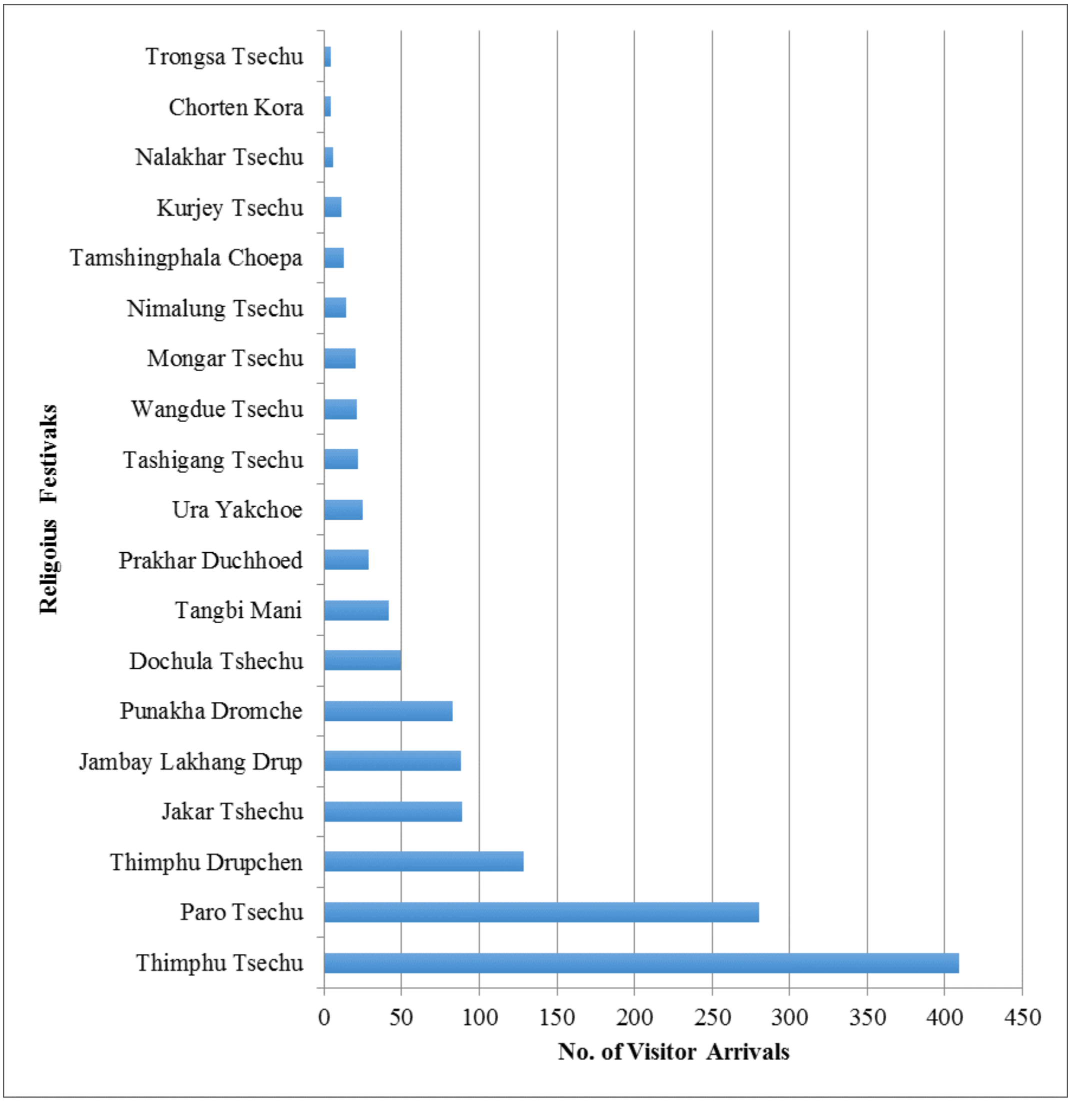


Figure 2.10 Local Religious festivals visited by tourist

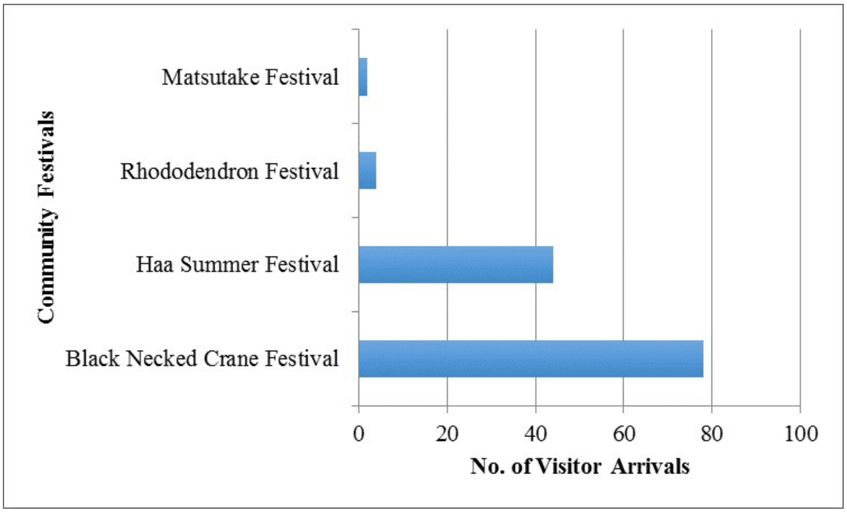


Figure 2.11 Local Community festivals visited by tourist

2.6. Popular Trek Routes

Every trekking routes used by international tourists in 2016 are given in figure 2.11. Top three trekking routes such as Druk Path Trek, Bumdrak Trek and Snowman Trek accounted for 64 percent of total trekkers in 2016.

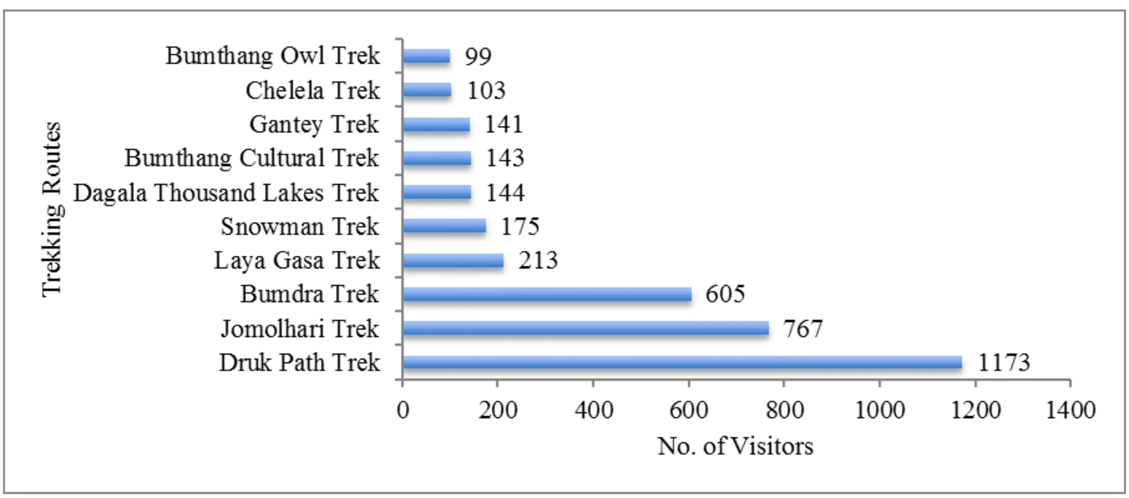


Figure 2.12 Trekking routes used in 2016

2.7. Seasonality – Arrivals by month in number and bed nights

The trend in number of monthly visitors in 2016 was very similar to the recent years. However, compared to 2015, number of visitors in summer months of 2016 was slightly higher as shown in figure 2.13. This could be attributed to Bhutan-Japan Friendship offer during June-August 2016 to mark 30 years of diplomatic relationship between Bhutan and Japan.

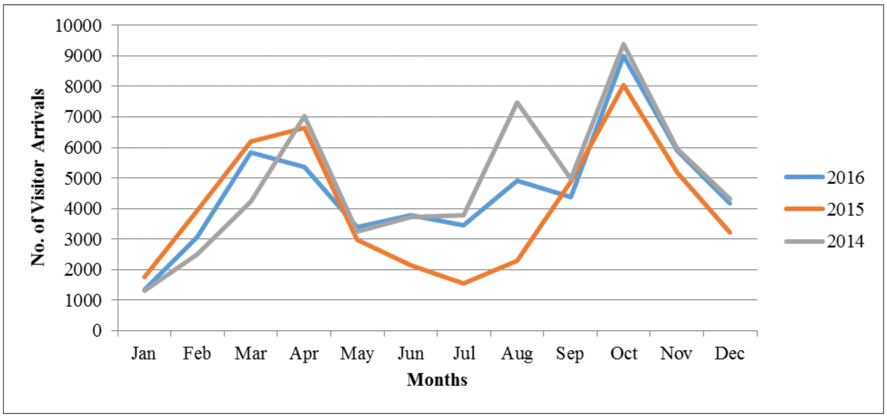


Figure 2.13 Comparison of number of visitor arrivals

2.8. Spread of Tourism – arrivals by dzongkhags in number and bed nights

Paro and Thimphu had almost equal number of visitors, amounting to 27 and 26 percent respectively. Punakha had the third highest proportion of total visitors with 22 percent. The details of total visitor arrivals to each dzongkhag are given in figure 2.14. Change in number of tourist arrival in each dzongkhags were compared to previous year was given in figure 2.15. Increase in visitor arrivals were noted in Paro, Thimphu, Punakha, Haa and Tsirang.

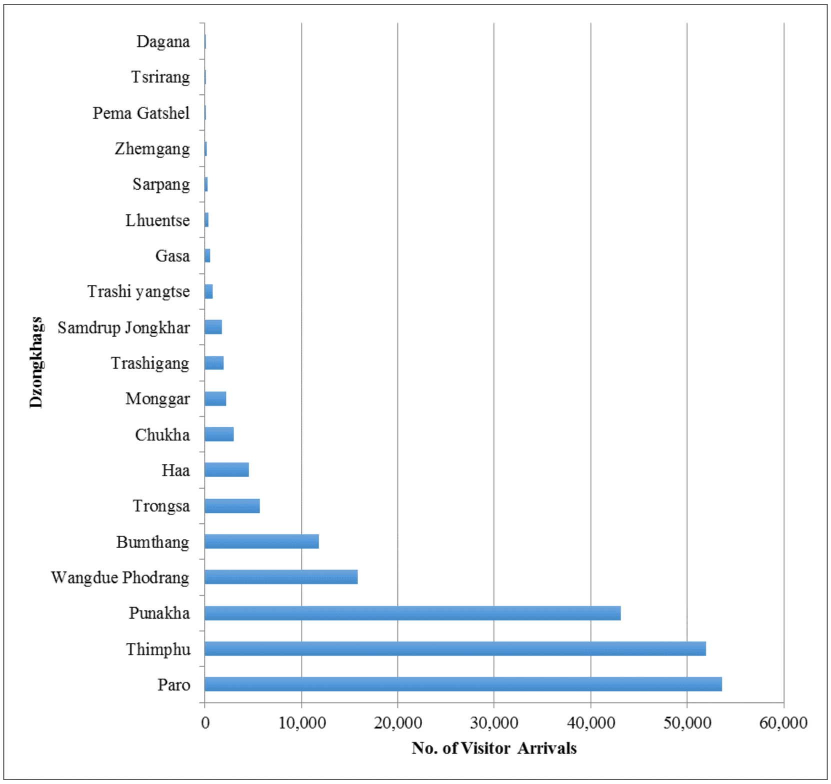


Figure 2.14 Number of visitor arrivals by dzongkhags

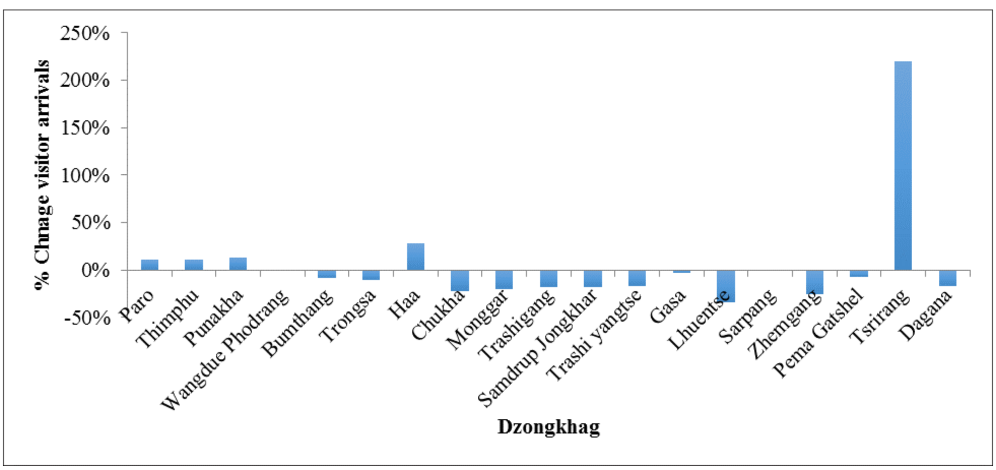


Figure 2.15 Percentage change (2015 and 2016) in number of visitors to each dzongkhag

The total bed nights spent by the tourist were unevenly distributed across the dzongkhags. Paro (34.4 percent), Thimphu (25.6 percent) and Punakha (16.5 percent) together amounts to more than 76 percent of the total bed nights of 2016. Numbers of bed nights spend in each of the dzongkhags are presented in figure 2.16. Increase in bed nights was recorded in Paro, Thimphu, Punakha, Wangdue, Haa, Pema Gatshel, Tsirang and Dagana as shown n figure 2.17.

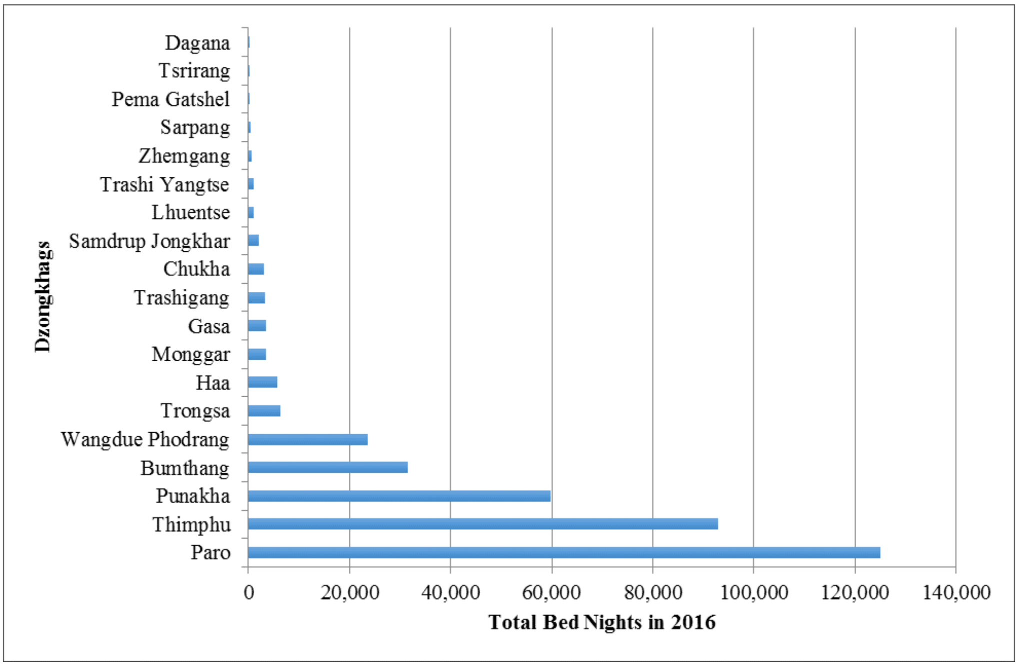


Figure 2.16 Total bed nights by dzongkhag

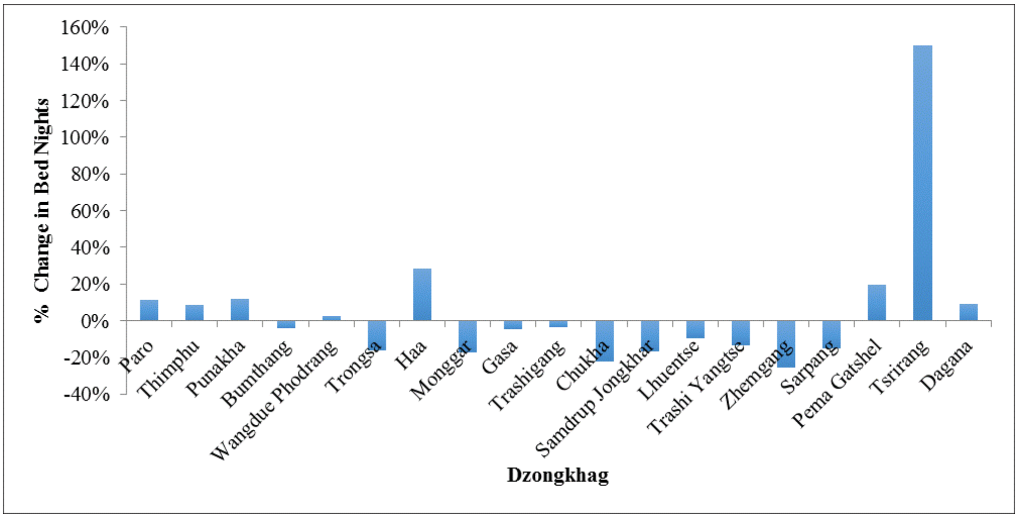


Figure 2.17 Percentage change (2015 and 2016) in total bed nights

2.9. Arrival by Purpose of visit

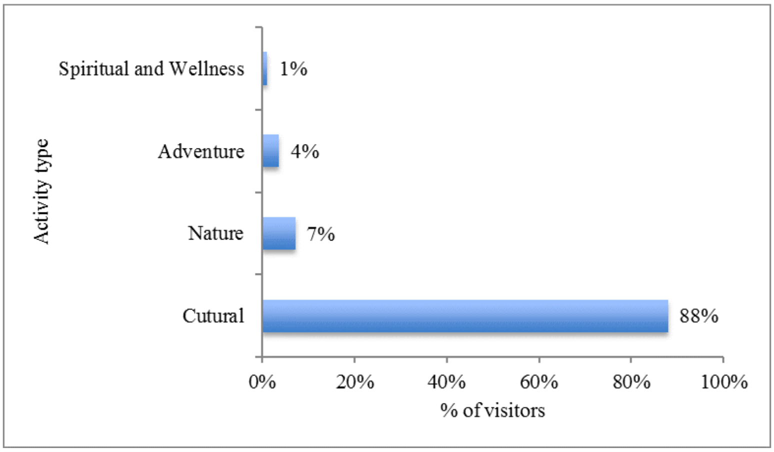


Figure 2.18 Proportion of total visitor by purpose of visit

The primary purpose of visit of majority of the tourists (86 percent) was cited as cultural. The trend was very similar to situation in 2015, where 85 percent of the total international tourists cited cultural as the main reason for visiting the country. Cultural related activities include tshechus and festivals, visiting dzongs and monuments, experiencing Bhutanese ways of life.

2.10. Arrivals by gender, age

More female (60 percent) visited Bhutan compared to only 40 percent of male tourists. In terms of age of visitors, around 53% of them are between 26 - 55age group with 12% between 56-60 years and 29% above 60 years of age.

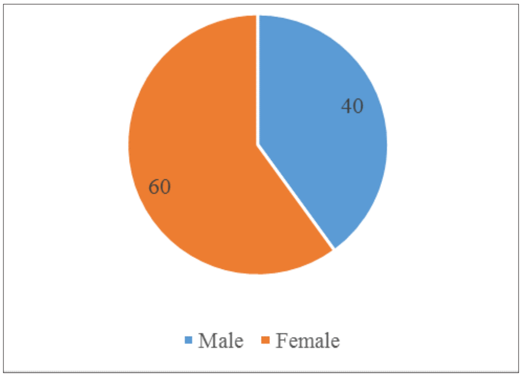


Figure 2.19 Percentage of male and female visitor arrivals

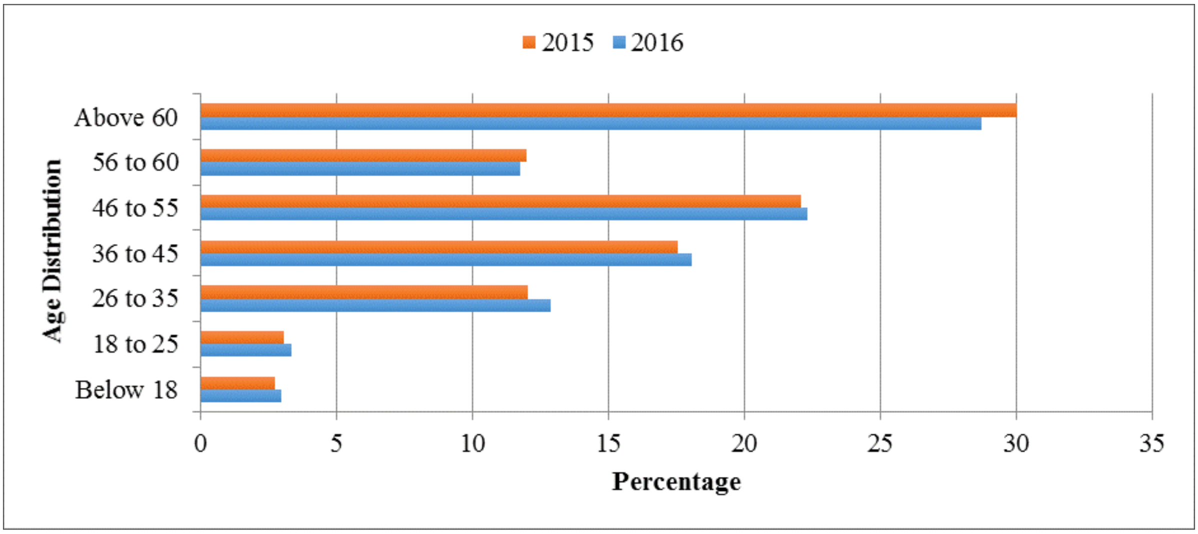


Figure 2.20 Total visitor arrivals by age

2.11. Arrivals by Road and Air Accessibility

Of the total 54600 international leisure arrivals in 2016, 93 percent of the visitors travelled via air while rest travelled via land. The monthly visitor arrivals via air and land are shown in figure 2.21.

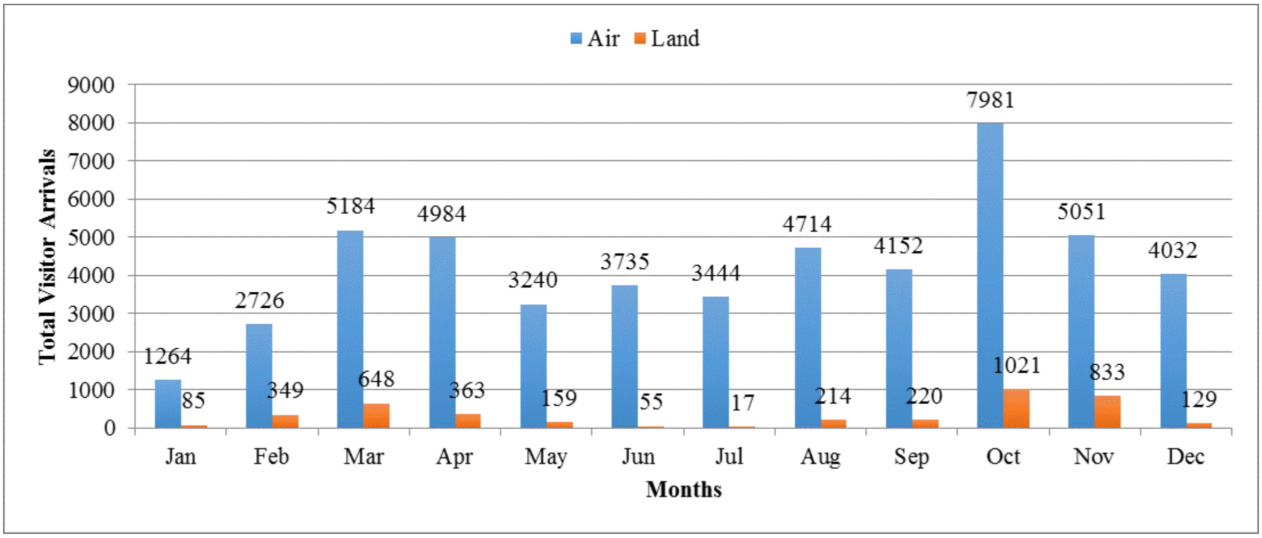


Figure 2.21 Monthly arrivals via air and land

2.12. Tour Group Size

Top 20 highest arrivals came in-group size ranging from one to 18. Group size of two persons was the majority with more than 20 percent of total arrivals, while rest came in various group sizes as shown in figure 2.21. In 2015, there were 9,868 arrivals in groups of two while in 2016 it has increased to 11,300.

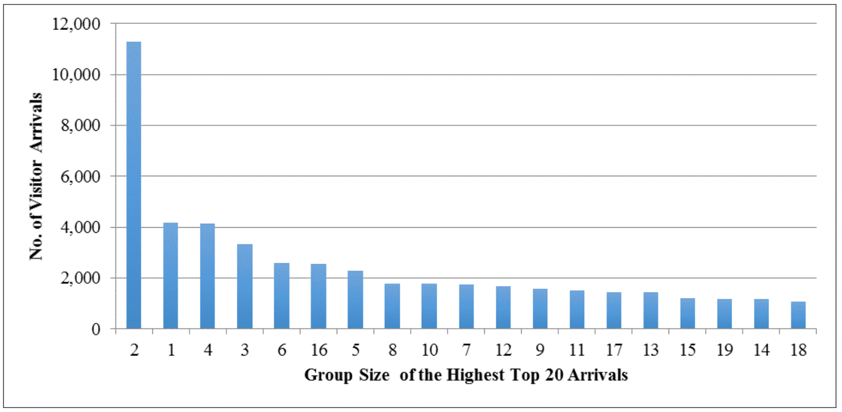


Figure 2.22 Number of visitor arrivals by group size

2.13. Tourism earnings

Gross earnings in 2016 was 73.74 million US $ of which 20.28 million US$ constitutes royalty / Sustainable Development fee Contribution to the Royal Government of Bhutan. The total earning over the months is presented in figure 2.24 with details of earning presented in table 2.4.

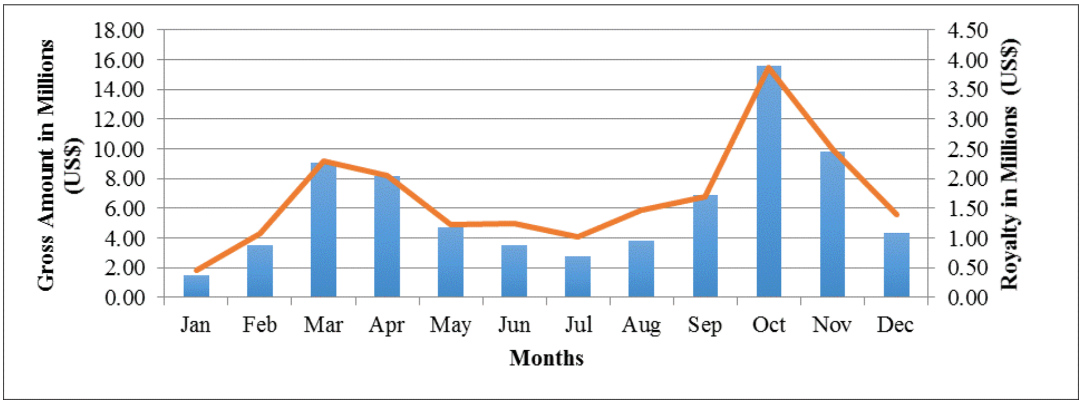


Figure 2.24 Total earning

Sl. No	Particulars of Earnings	Amount in US $ (Millions)
1	Gross Earning	73.74
2	Royalty	20.28
3	Visa Fees from tourists	2.15
4	Visa fee from FAM tourists	0.04
5	2 percent Tax Deduction at Source	1.02
6	Tour Operators' Net	49.75

Table 2.4 Details of total earnings from international tourists

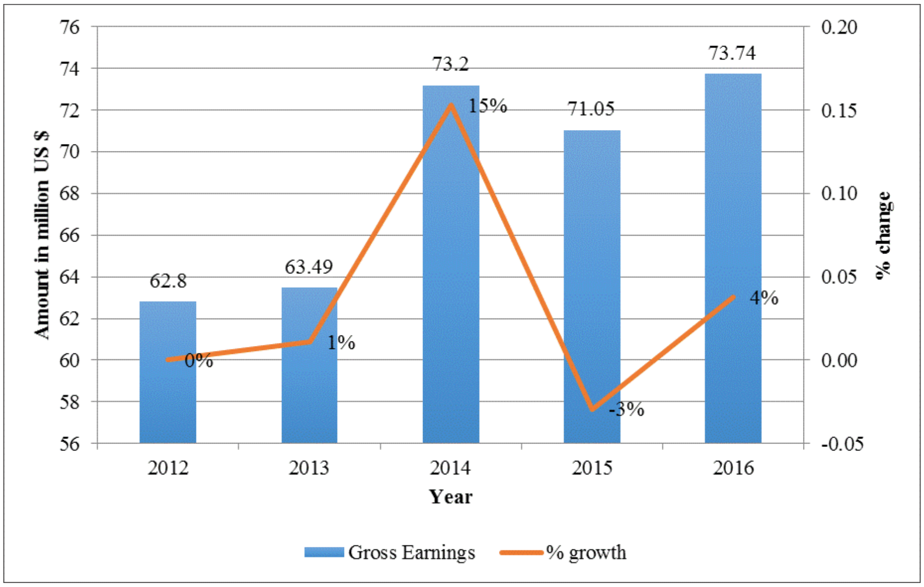


Figure 2.25 Percentage change in gross earning over the past five years

PART III - REGIONAL VISITOR ARRIVALS STATISTICS

This part of the report presents analysis of visitors from the neighboring countries like India, Bangladesh and Maldives, who has visited Bhutan citing leisure travel as their main purpose of travel.

3.1. Regional arrivals to Bhutan for 2016 and trends for past five years

The figure 3.1 given below shows that number of regional tourist arrivals visiting Bhutan over the past five years has been increasing. Similar to the monthly distribution of international tourists, number of regional tourist visiting was higher during the spring and autumn months. Analyzing the average monthly visitors from 2011 to 2016, it shows that the most regional tourist visited Bhutan in May while least number of arrivals was in February as shown in figure 3.3.

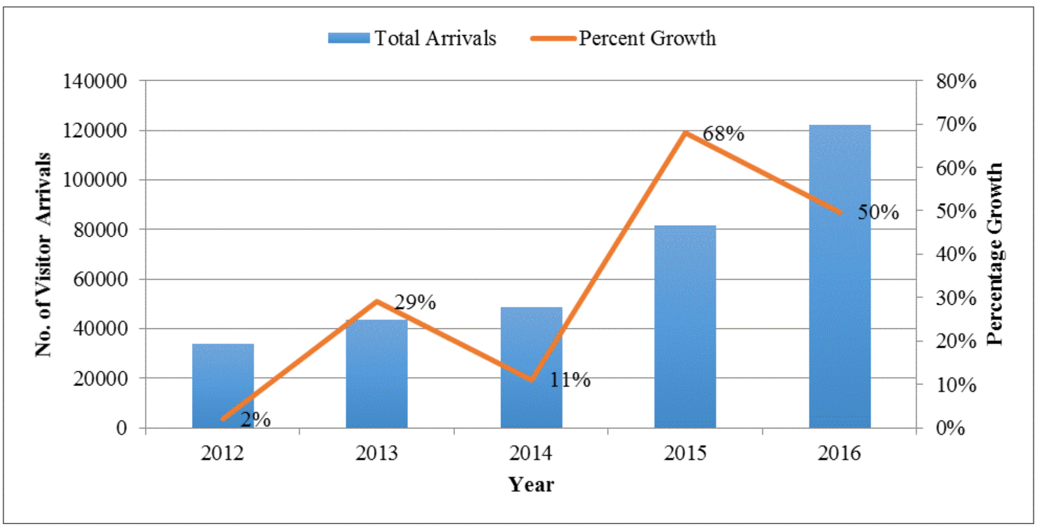


Figure 3.1 Total regional tourist arrivals over the past five years

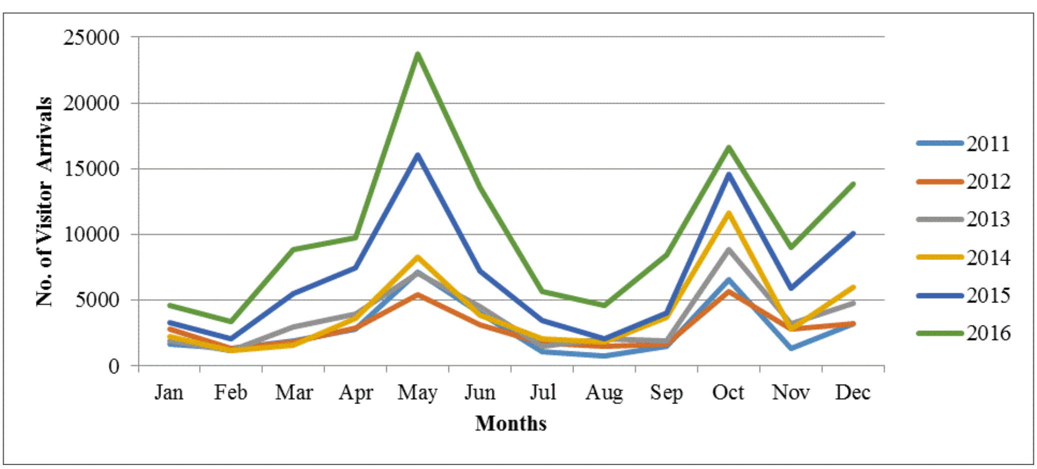


Figure 3.2 Monthly regional tourist arrivals over the past five years.

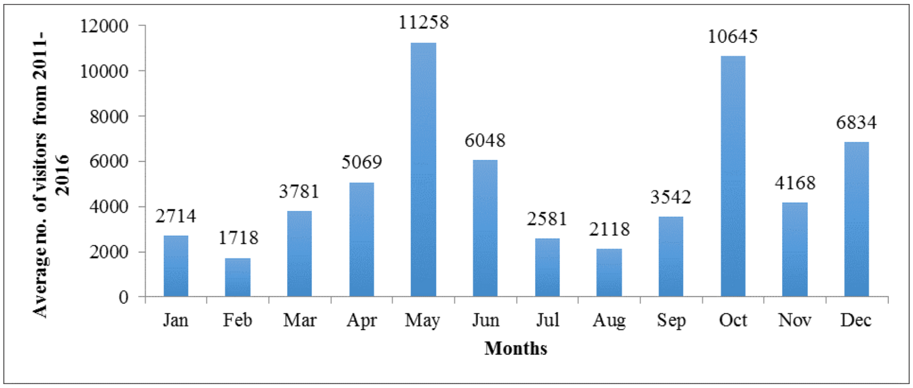


Figure 3.3 Average monthly visitors from 2011 to 2016

3.2. Regional leisure arrivals by nationality

Total of 114,301 Indians and 7,753 Bangladeshi visitors visited Bhutan in 2016. Indian visitors amounting to 94 percent of the total regional visitors dominated the regional tourist market. In 2016, highest number of regional tourists arrived in the month of May, which is more than 20 percent of total regional tourists as shown in figure 3.4. The number of tourist arrivals from two major regional sources has been further segregated by monthly arrivals in figure 3.5. Highest number of Indian visited Bhutan in May and lowest in the month of February. In case of Bangladeshis, highest number of visitation happened during July and lowest in June.

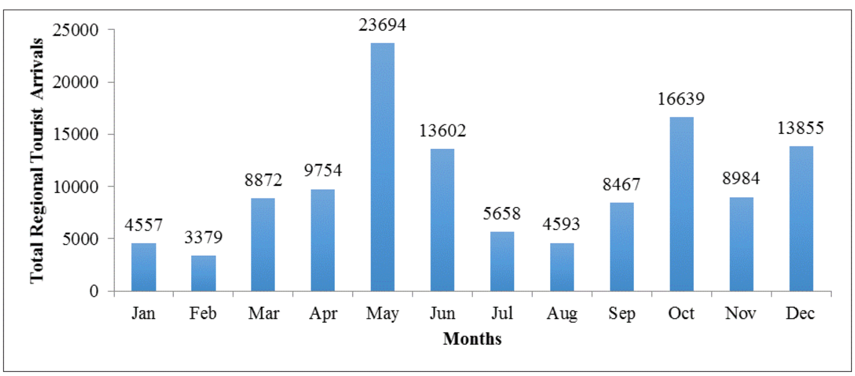


Figure 3.4 Total regional tourist arrivals in 2016

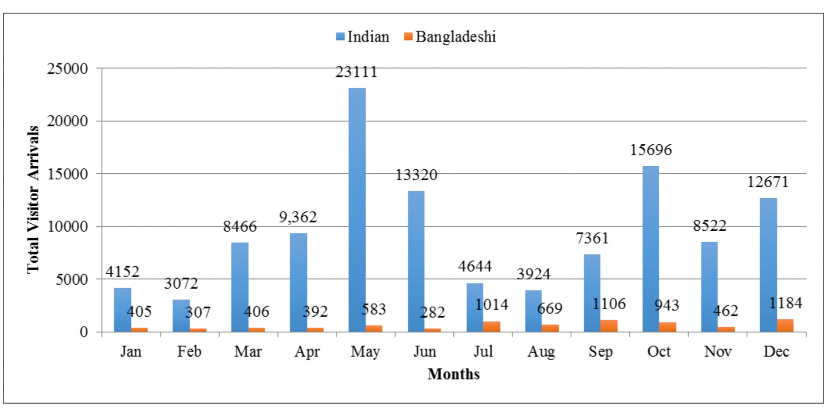


Figure 3.5 Monthly tourist arrivals from major regional source markets

3.3. Total Regional Arrivals by purpose / activity

Total of 146797 regional visitor arrivals has been recorded in 2016. Around 83 percent of them came for leisure travels while rest came for official, business or other reasons as shown in figure 3.6.

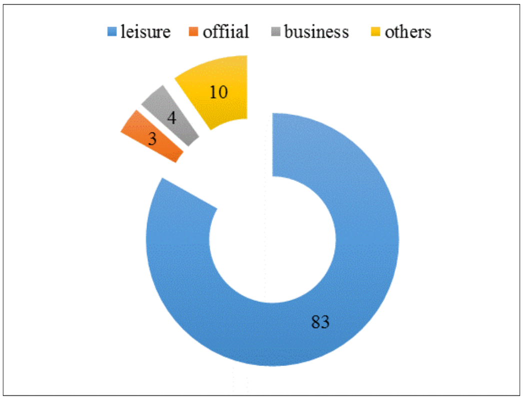


Figure 3.6 Regional tourist arrivals by purpose of visit

3.4. Leisure Arrivals by Road/Air accessibility

The monthly arrivals of regional tourist by air and land are shown in figure 3.7. In 2016, majority of regional tourists, 69 percent of them came via land while rest came by air.

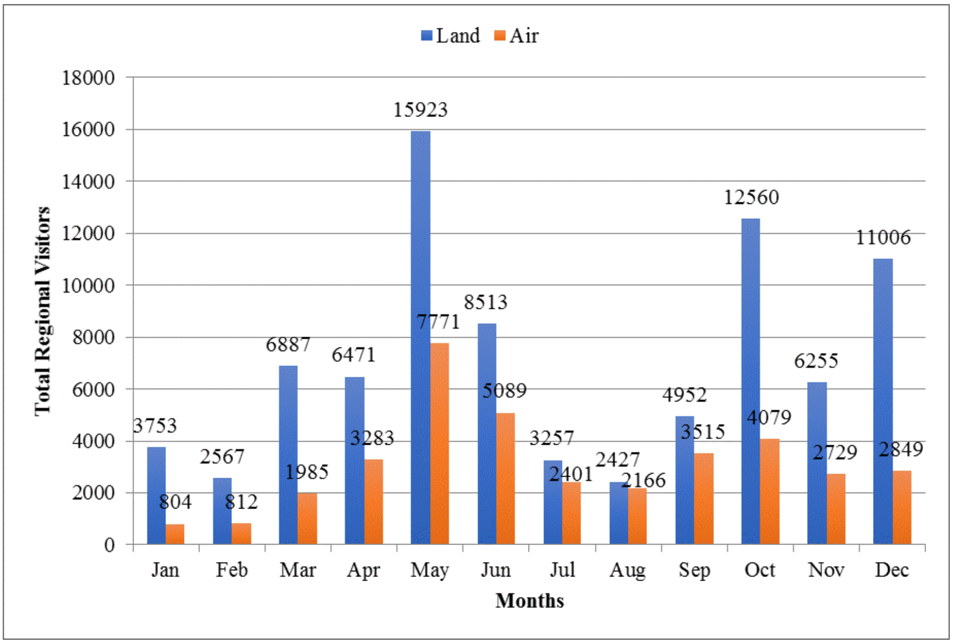


Figure 3.7 Monthly arrivals by air and land

SECTION **2**

INTERNATIONAL VISITOR EXIT SURVEY FINDINGS

The following sections presents the findings from the International visitor exit survey conducted for departing international visitors at Paro International Airport.

4.1. Demographic Characteristics

The demographic characteristics of the respondents are summarized and shown in the table 4.1. The sample consists of 51.3 percent male and 48.7 percent female respondents. Most (24.3 percent) of them are between 46 and 55 years of age. While 17.1 percent are aged above 61 years, only 9.7 percent of the total respondents are below 25 years old. In terms of educational background, 97.6 percent are educated with majority (86.6 percent) of them holding a minimum of Bachelor's degree and above. International visitors working full time constitute a major part of the sample (63.9 percent) while the second largest proportion (17 percent) comprise of retirees.

Table 2.1 Profile of international visitors as per survey

Gender	**Percent**
Male	51.3
Female	48.7
Age Group	**Percent**
Less than 18	4.2
18-25	6.5
26-35	12.4
36-45	22.2
46-55	24.3
56-60	13.3
Above 60	17.1

Educational Level	**Percent**
Doctorate (PhD)	12
Certificate	1.9
Master's Degree	37.7
Post-secondary	3.4
Bachelor's Degree	31.6
Lower secondary	2.2
Diploma	8.8
Uneducated	2.4
Employment Status	**Percent**
Working full time	63.9
Working part time	8.0
Unemployed	3.3
Student	7.7
Retired	17.1

Visitors from 92 countries from all regions of the world took part in the exit survey out of which the top 10 respondents by nationality are shown in the table below. Most (14.30 percent) of the respondents were from the United States of America, followed by Japan (10.5 percent) and Thailand (10 percent). These 10 nationalities made up 70.6 percent of the sample.

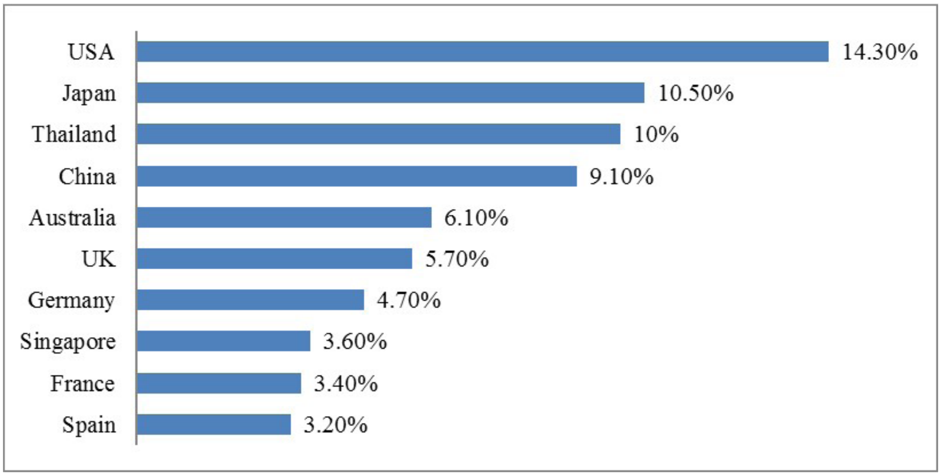


Figure 4.2 Top 10 respondents of the survey by country

4.2. Circuit Tourism

Figure 4.3.1 shows that Bhutan was the only destination for their trip to a majority (65.5 percent) of the respondents. Along with Bhutan, some of the countries visited are Nepal (15.20 percent), India (10.5 percent), Tibetan Autonomous region of China (5.9 percent), Thailand (2.7 percent) and other countries (0.2 percent) such as Cambodia, Myanmar and Vietnam as shown in figure 4.3.1.

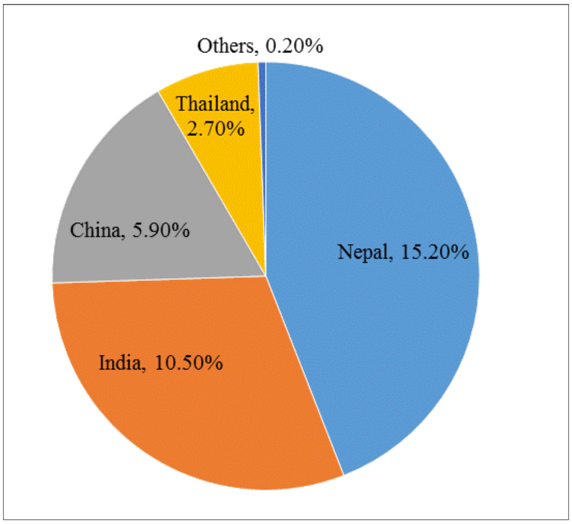


Figure 4.3 Countries visited during their trip to Bhutan

4.3. Travel Party Composition

A significant proportion (23.6 percent) of the respondents travelled with their friends to Bhutan followed by those in an organized group tour (17.4 percent), with family members (16.5 percent), spouse (15.2 percent), and business associate (8.3 percent). 13.7 percent of respondents travelled alone.

Among the major respondents by nationality, Japanese (28.5 percent) and Americans (25.16 percent) preferred tour group. Maximum number of visitors from China (39.6 percent) and United Kingdom (29.9 percent) came to Bhutan with their spouse. Those visiting alone are mostly from Thailand (29.6 percent) and Spain (23.4 percent). Most of Australians (30.8 percent) were with friends in 2016.

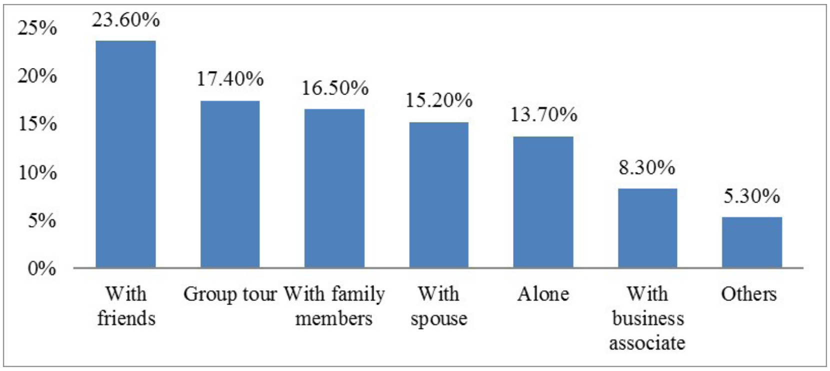


Figure 4.4 Travel Party Compositions

4.4. Length of Stay

52.93 percent of respondents spent between 1 to 6 nights in Bhutan and 44.17 percent spent 7 to 15 nights. The rest (2.9 percent) spent more than 15 nights with 0.4 percent spending more than 30 nights.

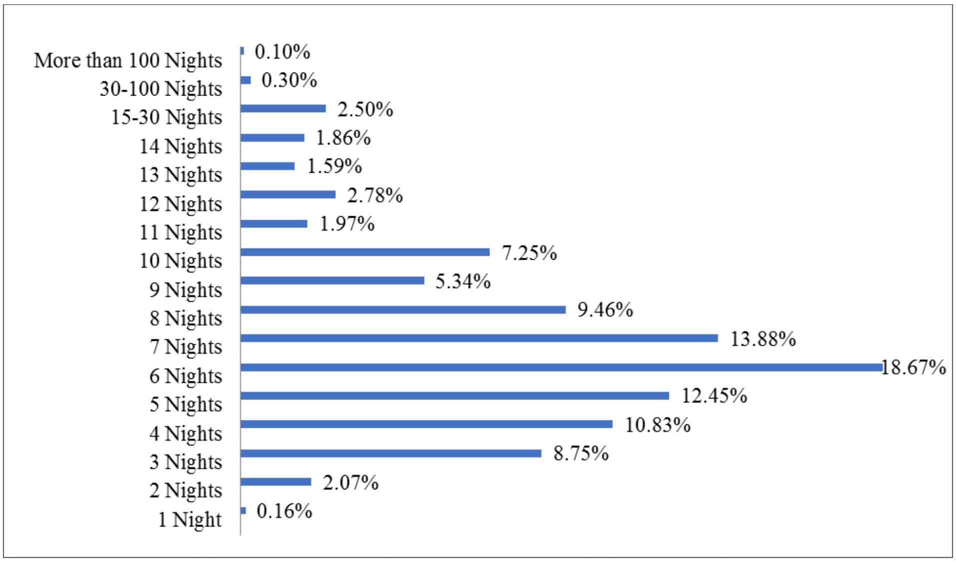


Figure 4.5 Length of stay

4.5. Purpose of Visit

90 percent of the international visitors had holiday as the main purpose to visit Bhutan. 8.3 percent visited for business and official purposes.0.9 percent came to visit their friends and relatives and 0.8 percent visited for other reasons including employment. The purpose of male visitors is 75 percent for holiday and 4.5 percent for business while 73.5 percent and 3.5 percent of females visited for holiday and education respectively. By employment status, 95.5 percent of retirees were on holidays, 11.4 percent of students visited for education and 6.05 percent of those working full time had business purposes.

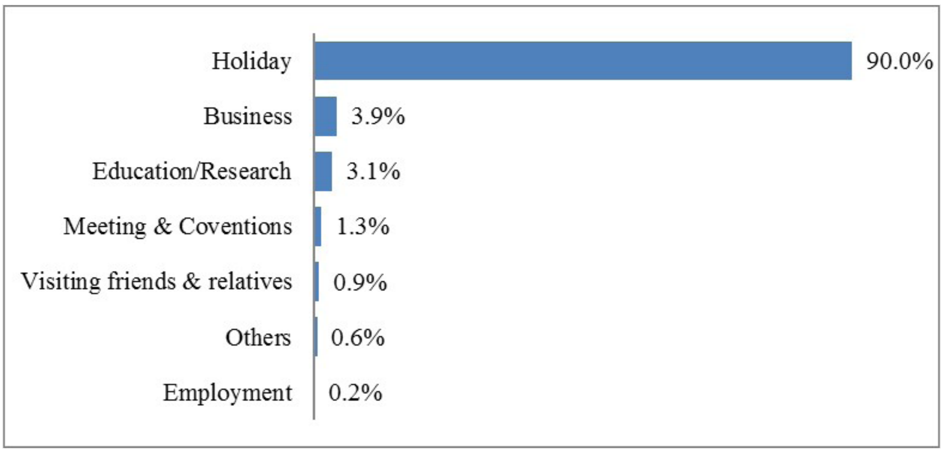


Figure 4.6 Purpose of visit

4.6. Attractions of Inspiration

Culture and traditions of Bhutan was the principal (48.2 percent) attraction that inspired them to visit Bhutan. The philosophy of GNH, adventure pursuits, nature and spiritual values of Bhutan attracted some 46.5 percent of visitors while the rest found business and educational attractiveness.

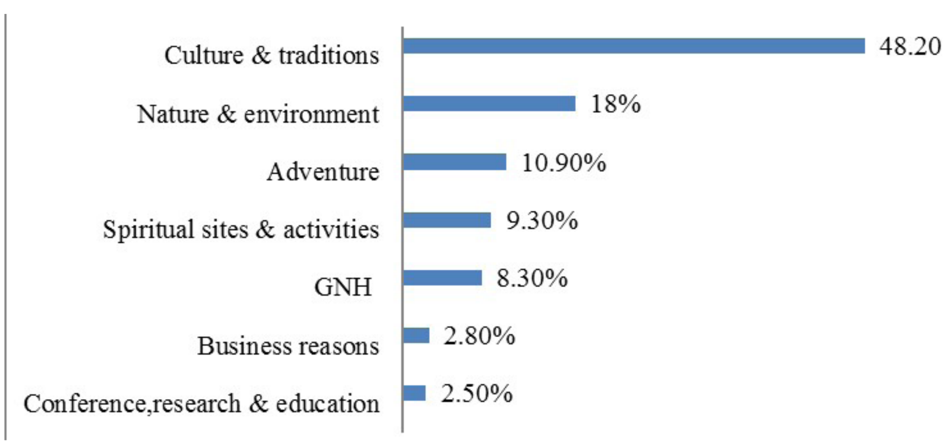


Figure 4.7 Attractions of inspiration

4.7. Reason for Travel Timing

32.10 percent of the respondents visited Bhutan during the time of their holidays. However more number of students (39 percent) followed the holiday timing. Festival timing is adhered to by 18.70 percent of the respondents with retired visitors outnumbering others at 24.5 percent.

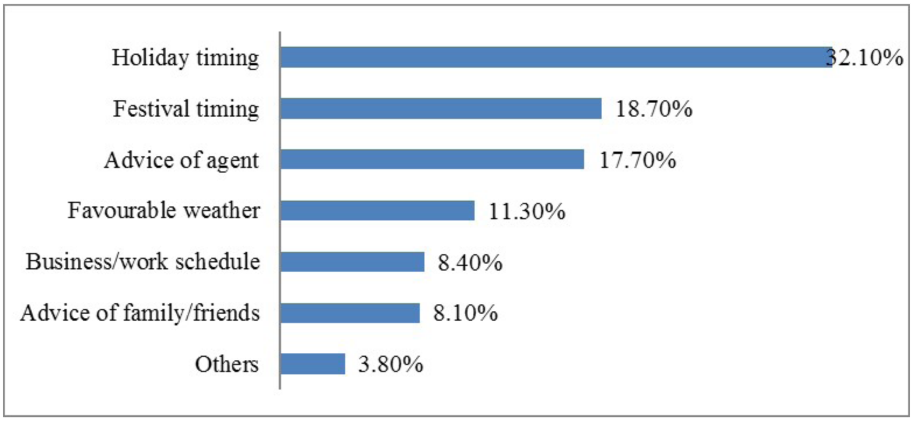


Figure 4.8 Reasons for travel timing

4.8. Out-of-pocket Spending

In 2016, additional expenses were made on accommodation, shopping, food and beverages, tipping, guide services, entertainment and donations by 38.5 percent of the respondents. Average spending on accommodation by 6.85 percent was $402.85 which is the highest among all additional expenses.6.49 percent of the visitors spent on transportation with an average of $272.The next on the list is food and beverages with $239.48 followed by shopping at $205.8.

Figure 4.10 Out-of-pocket spending in US $ on various activities

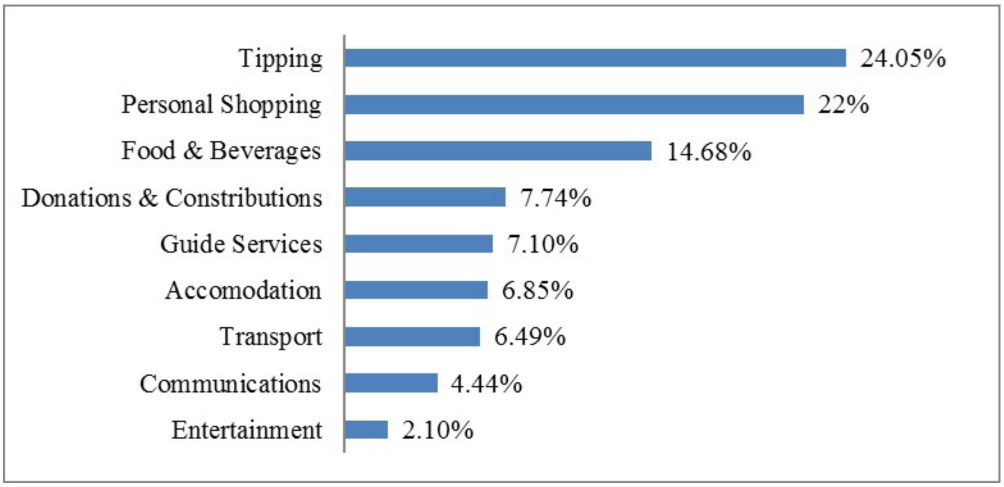


Figure 4.11 Percentage of tourist spending out-of-pocket expenditure on various activities

4.9. Vacation Time

At any given month, at least 18 percent of the respondents have a vacation time. However, the vacation time peaks in the month of July at 38.3 percent followed by months of August and June at 36 percent and 30.10 percent respectively. In terms of country specific vacation timing, most Americans (13.3 percent) travelled in the month of August where as in China the peak (14.6 percent) time is July.

Figure 4.12 Vacation timing

4.10. Value Received for Money Spent

67.75 percent of the international respondents agreed with the statement "Bhutan represents good value for money". Only 12.2 percent disagreed while 22.10 percent chose to remain neutral with their opinion. All in all, majority of the visitors in 2016 believed that it is worth spending while visiting Bhutan.

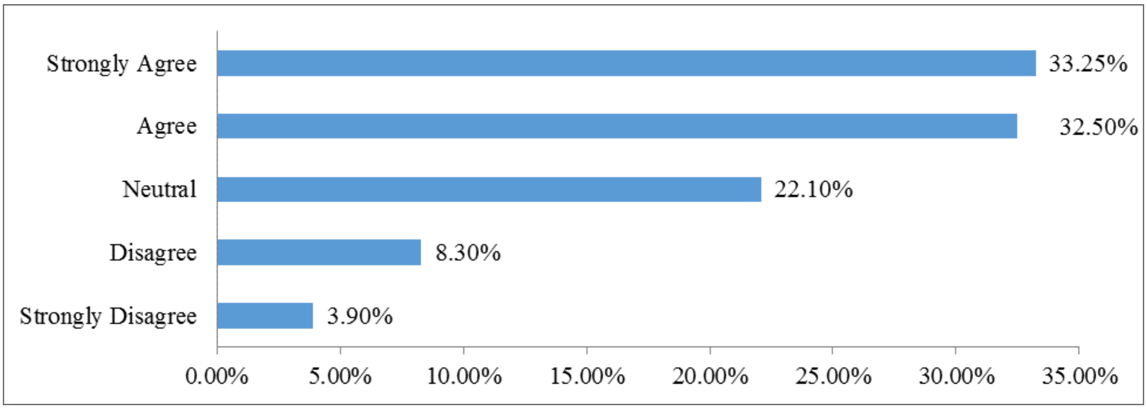


Figure 4.13 Agreement to value for money spent

4.11. Satisfaction Level

4.11.1. Satisfaction with Accommodation

On a scale of 20 percent to 100 percent satisfaction level, the accommodation score is 76.44 percent. The least contribution (74.62 percent) is made by offer and availability of local cuisine while the index is highest (77.65 percent) for quality of hotel services that provided accommodation.

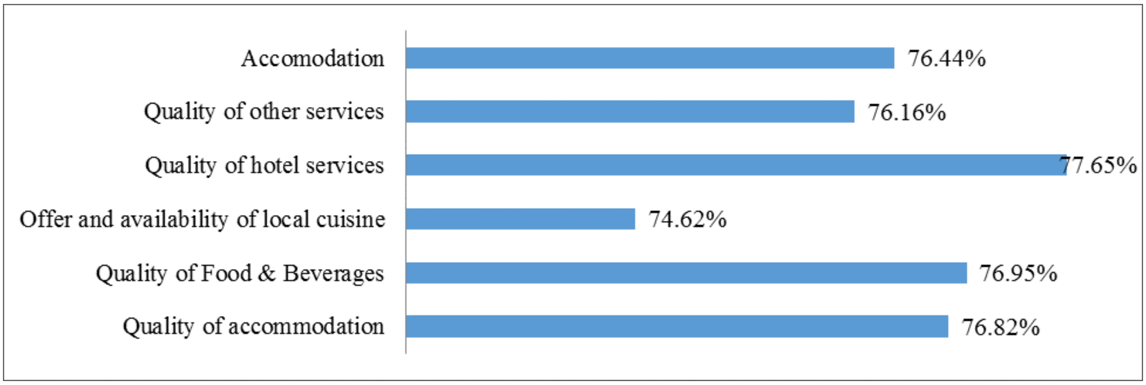


Figure 4.14 Level of satisfaction for accommodation

At disaggregated level, 66.9 percent of the respondents were satisfied with accommodation with 33 percent stating "thoroughly satisfied" and 33.9 percent "very satisfied".3.90 percent were not at all satisfied which could be mostly attributed to non-availability of local cuisine as shown by satisfaction level in figure 4.14 and services such as entertainment and wellness within the accommodation premises.

4.11.2. Satisfaction with Transportation

Driver's professionalism scored a satisfaction level of 80.78 percent, highest among all attributes. The overall transportation score is 76.65 percent with least contribution (71.94 percent) made by road and trail safety. Compared to accommodation, the transportation sector was rated slightly better.

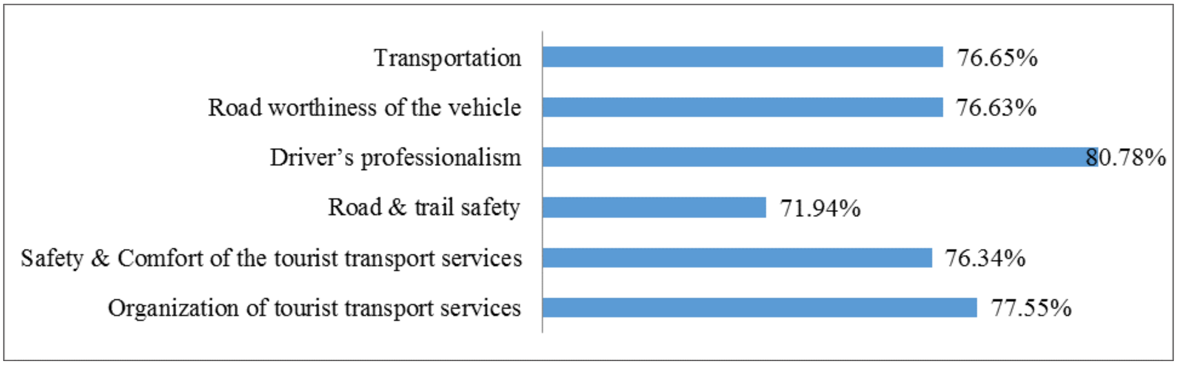


Figure 4.15 Level of satisfaction with transportation

4.11.3. Satisfaction with Customer Service

Out of four departments where visitors encounter customer care and services, shopping scored 81.2 percent) and Air services scored at 74.20 percent. The satisfaction score for customer service is 78.23 percent indicating high satisfaction levels. Customer service at hotels and restaurants scored 80 percent followed by travel agent at 77.54 percent.

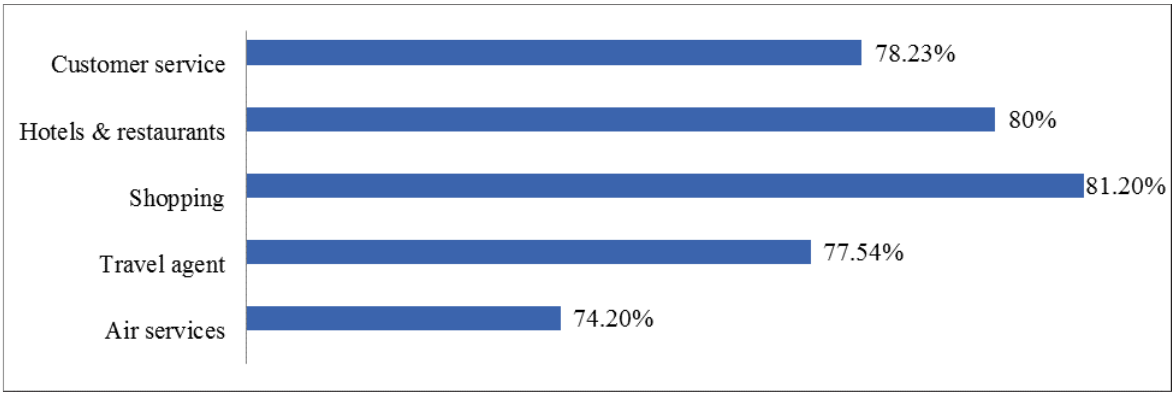


Figure 4.16 Customer service satisfactions

4.11.4. Satisfaction with Tour Guide

The satisfaction level for tour guide services is 87.30 percent.

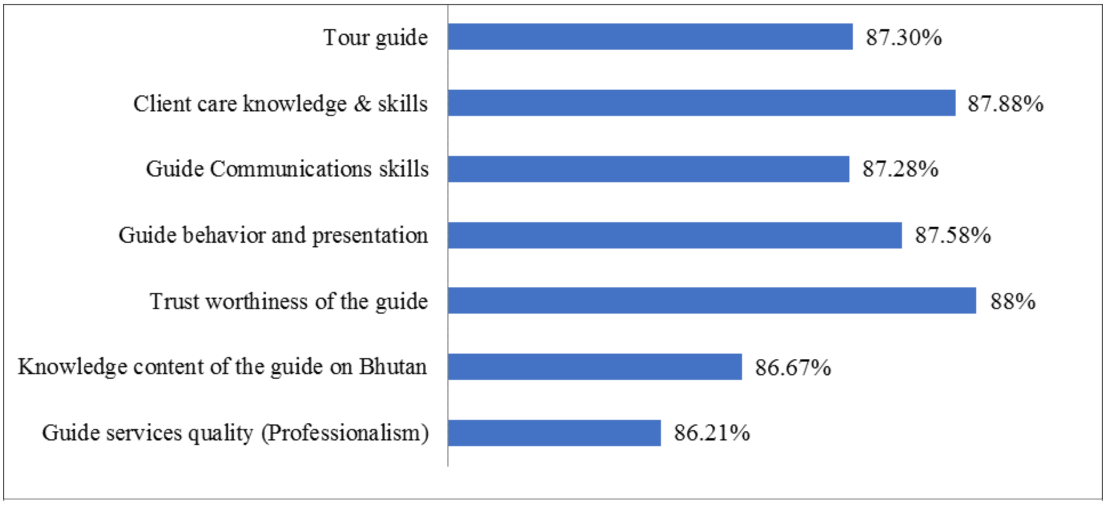


Figure 4.17 Satisfaction with tour guide service

4.11.5. Satisfaction with Organizing Trip to Bhutan

77.6 percent was the satisfaction level when it comes to organizing trip to Bhutan. Immigration security procedures scored 79.50 percent and travel amenities scored 74.90 percent.

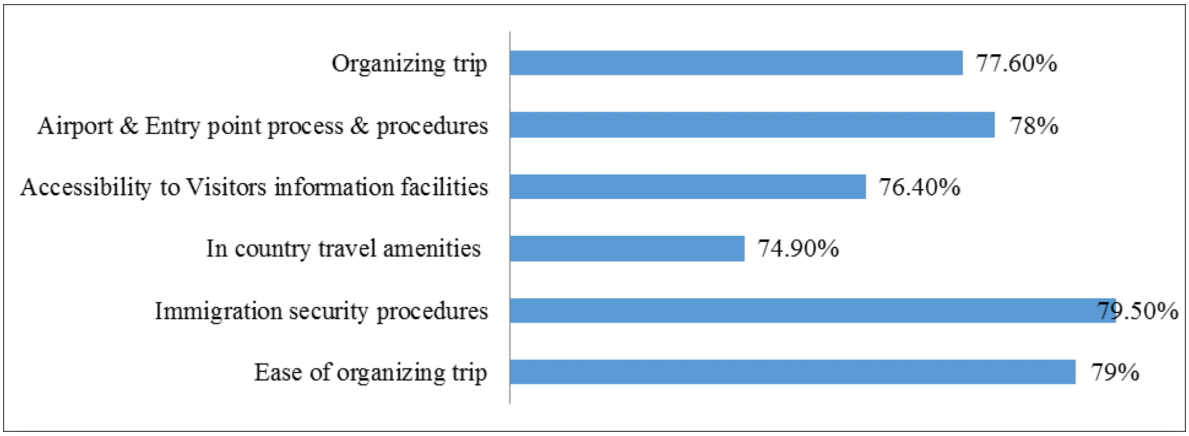


Figure 4.18 Satisfaction with overall trip organization

4.12. Awareness of the Minimum Daily Package Rate

88 percent of the respondents were aware of the minimum package rate set by the royal government. The percentage of those who were not aware was higher among first time visitors to Bhutan.

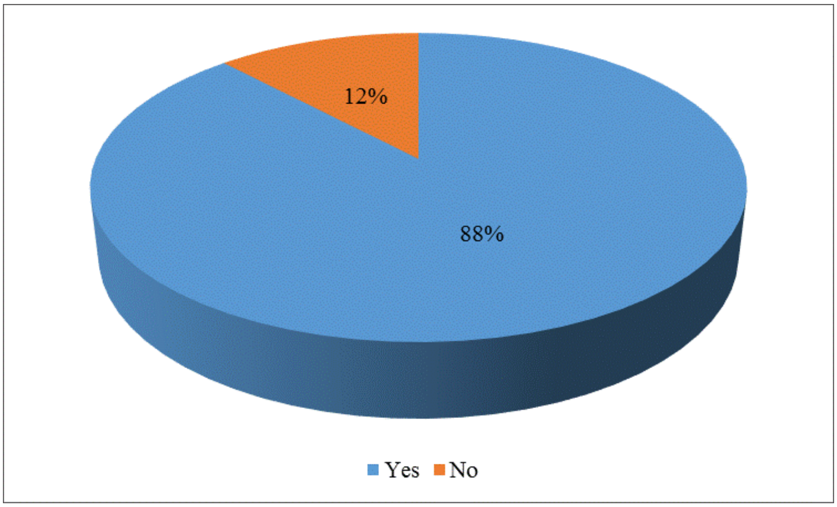


Figure 4.19 Level of awareness on minimum daily package rate

4.13. Trip Payment

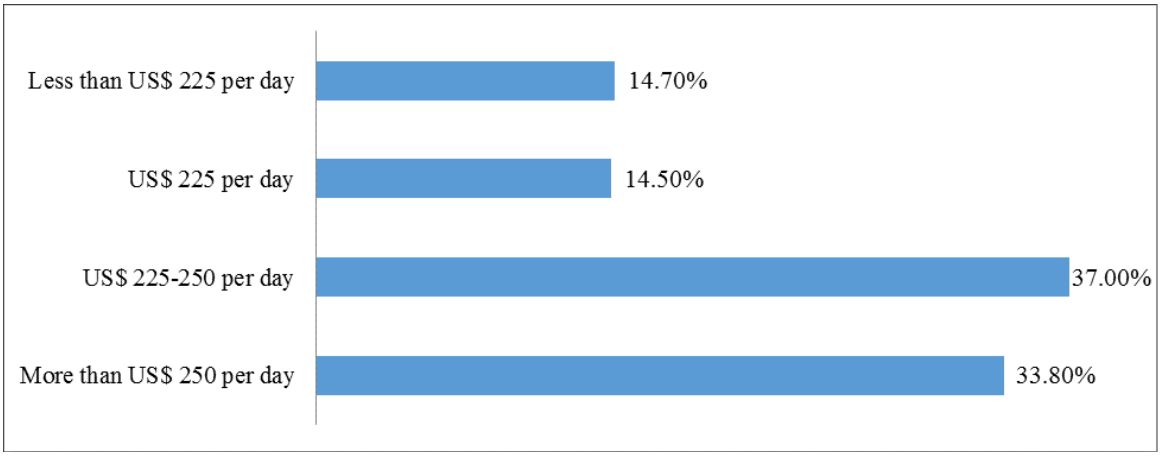


Figure 4.20 Trip payment

4.14. Point of Sale (POS) Services

76.44 percent of the respondents did not use point of sale services.

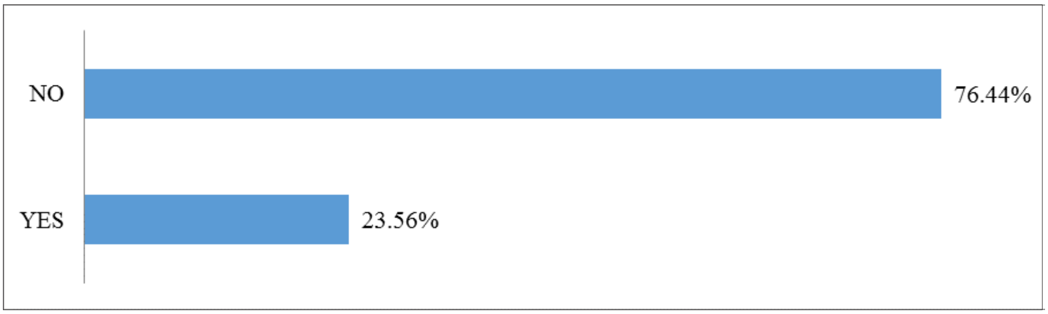


Figure 4.21 Point of Sale services

4.15. Repeat Visitation

94 percent of the respondents visited Bhutan for the first time in 2016. Five percent male and four percent female were repeated visitors. Among repeat visitors, 30.53 percent had repeated once, 27.45 percent visited twice, 14.02 percent visited thrice and a little over 5 percent visited more than 8 times. From among the major source countries, 5.8 percent of Singaporeans were repeat visitors, followed by 5.51 percent of Japanese, 4.8 percent Americans and 4.22 percent Thai tourists. Gender wise, 55.9 percent were male and 44.1 percent were female.

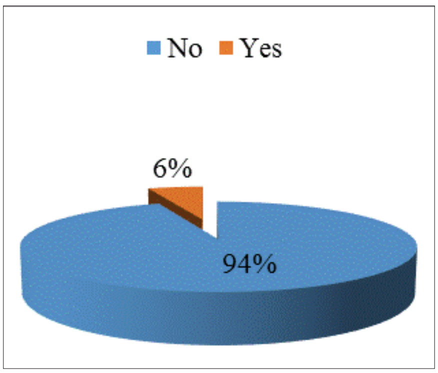


Figure 4.22 Percentage of repeat visitation

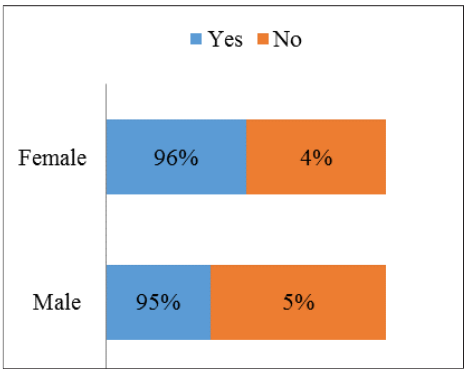


Figure 4.23 Repeat visitation by gender

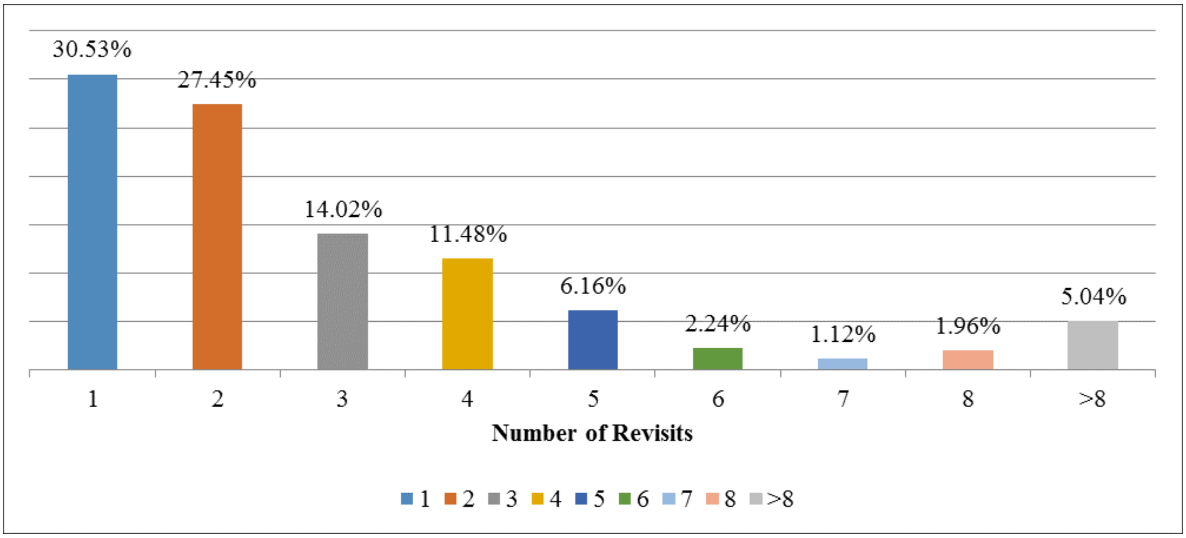


Figure 4.24 Total number of repeat visitation

4.16. Mode of Local Transportation

Most (90 percent) of the visitors travelled by the transportation provided by the travel agency. 8.10 percent used domestic air service to travel to mostly Bumthang, Gelephu and Paro and 1.90 percent used Helicopter services.

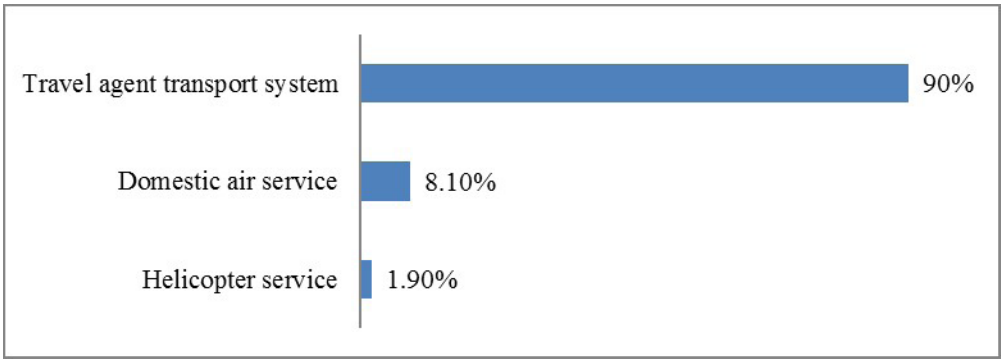


Figure 4.25 Mode of local transport

4.17. Accommodation Category

Majority (82.6 percent) of visitors chose star hotel.9.7 percent stayed in non-star hotel, 4.84 percent in lodges and 1.51 percent accommodated in home stays. Few (0.16 percent) used other types such as friends' house and family's place.

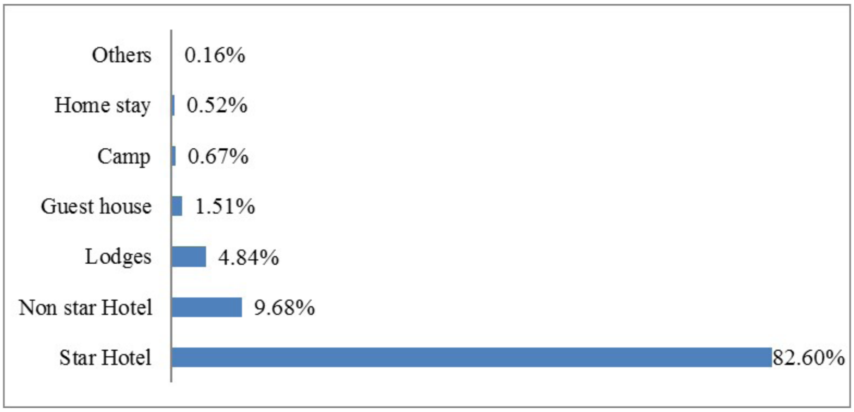


Figure 4.26 Accommodation category used

4.18. Entry and Exit Sectors

Bangkok is the major entry point for some 53.2 percent of international visitors. 25.20 percent boarded in Delhi, 14.9 percent entered through Kathmandu. Little more than 1 percent used Phuntsholing to enter Bhutan. Few (0.2 percent) others used Singapore and Dhaka.
Bangkok was the major exit point with 59 percent choosing the city. Bangkok as exit point is followed by New Delhi (23.3 percent), Kathmandu (12.8percent) and Kolkata (4.1percent). 0.5 percent chose the inland route through Bhutan's border while other exit points include Singapore, Dhaka and Bagdora for some 0.3 percent of visitors.

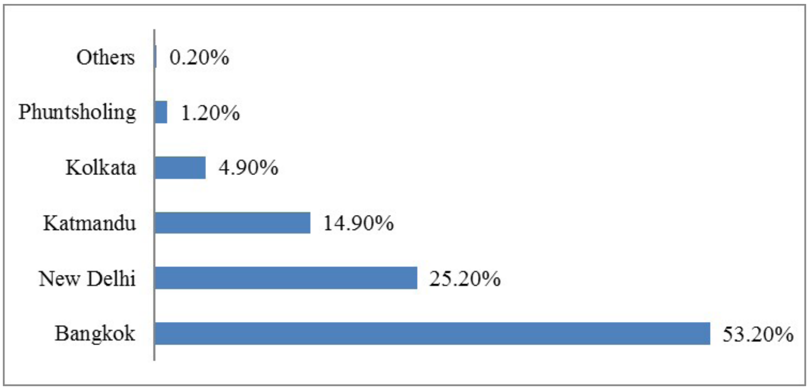


Figure 4.27 Entry routes

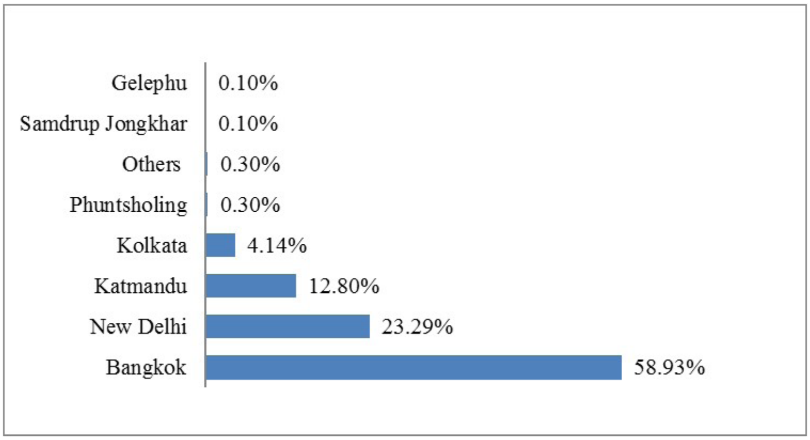


Figure 4.28 Exit routes

SECTION 3

REGIONAL EXIT SURVEY FINDINGS

Regional market source countries, namely India, Bangladesh and Maldives were sampled to gather information for this section. The findings relates to the responses gathered of the survey respondents.

5.1 Demographic Characteristics

Majority of the visitors from the region are from India with 98.1% followed by Bangladesh with 1.5%. Maldives comprised only of 0.4%. Regional tourists in 2016 were mostly male which comprise of more than 64 percent. Majority of regional tourist were younger with 57 percent of them falling within the age range of 22 to 45. About 80 percent of regional tourist has at least bachelor's degree and more than 67 percent of them have fulltime employment.26 percent of the respondents had no income that were mostly dependents like spouses and children. Details of income and marital status of regional tourists were provided in table 5.1.

Table 5.1 Demographic characteristics of regional visitors

Gender	Percent
Male	64.8
Female	35.2
Age Group	Percent
Less than 18	3.7
18-25	12.5
26-35	22.5
36-45	34.4
46-55	12.8
56-60	7.0
61 and above	7.1

Income Range	Percent
Under $ 20000	45.7
$20001-$40000	12.9
$40001-$60000	6
$60001-$80000	4.2
$80000 & Over	5.2
No Income	26

Education Level	Percent
Doctorate (PhD)	4.8
Master Degree	30.8
Bachelor Degree	43.7
Diploma	8.0
Secondary Education	12.7
Others	0.0

Employment Status	Percent
Working full time	63.7
Working part time	4.0
Unemployed	5.0
Student	17.4
Retired	9.9

Marital Status	Percent
Single	24.5
Married	73
Divorced/Separated	2.3
Others	0.2

5.2 Country of Residence

98.1% of the respondents were from India. Rest were from Bangladesh and Maldives.

Figure 5.1 Country of Residence

5.3 Type of Trip

68 percent of the visitors came through package tours while 31.8% traveled on their own. 24.5% of the regional respondent arrivals availed packages offered by Bhutanese Tour Operators as depicted in figure 5.2.1.

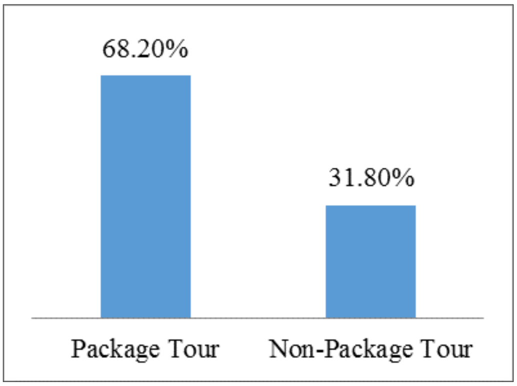


Figure 5.2.1 Type of trip

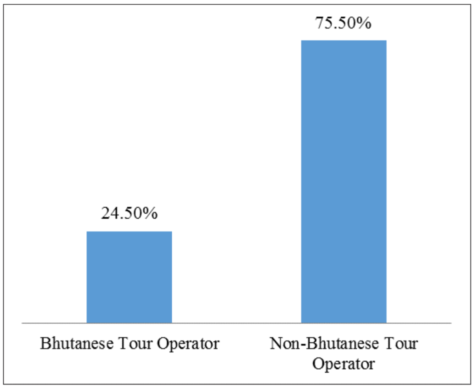


Figure 5.2.2 Package tour organizers for regional tourists

5.4 Purpose of Visit

Major portion (85 percent) of regional visitor arrivals cited coming for holiday as their main purpose of visit to Bhutan in 2016. This fact could be further augmented by the fact that majority of regional tourist visiting Bhutan has timed their travel during the holiday timings as shown in figure 5.4. Other reasons for their travel to Bhutan were business, educational purposes, meeting and conferences, visiting friends and relatives and other as shown in figure 5.3.

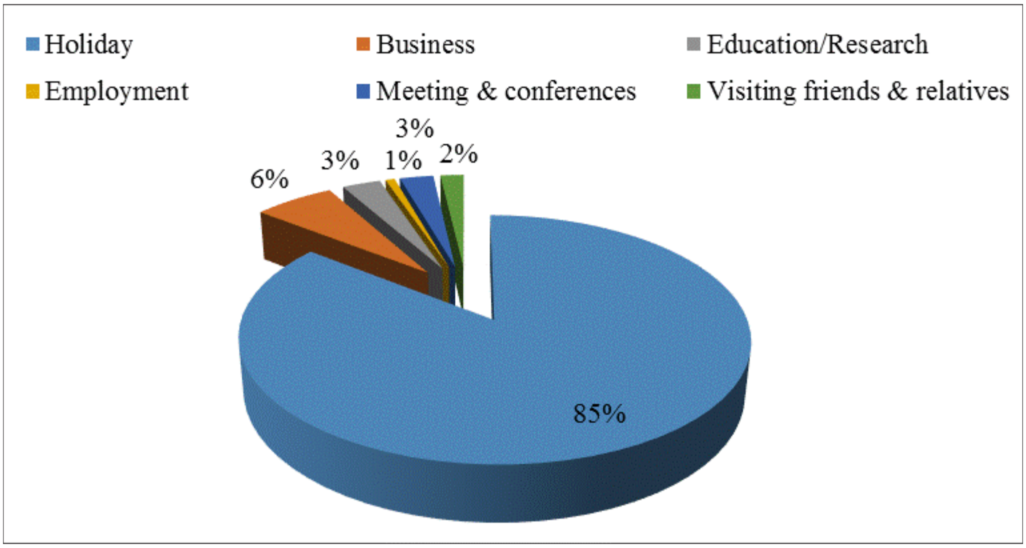


Figure 5.3 Purpose of visit

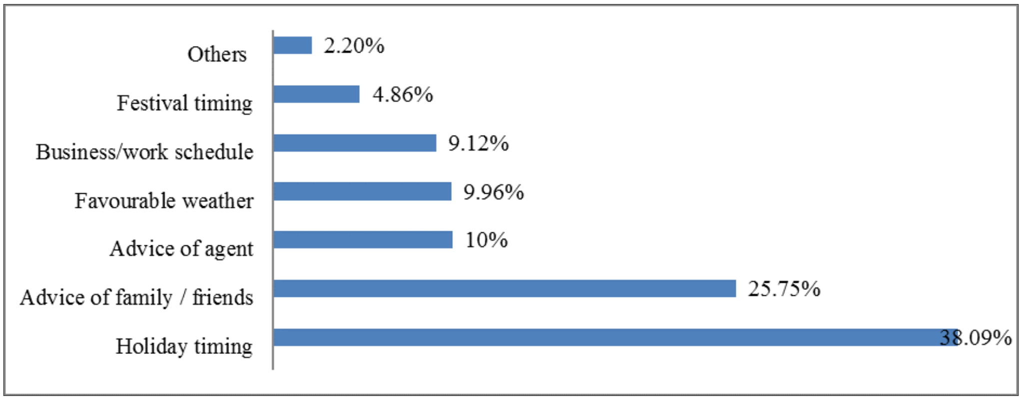


Figure 5.4 Travel Timing

5.5 Travel Party Composition

Almost 44 percent of the regional visitor arrivals in Bhutan came with their family members; while very less percentage of total visitors came with business associates or group tours as shown in figure 5.5.

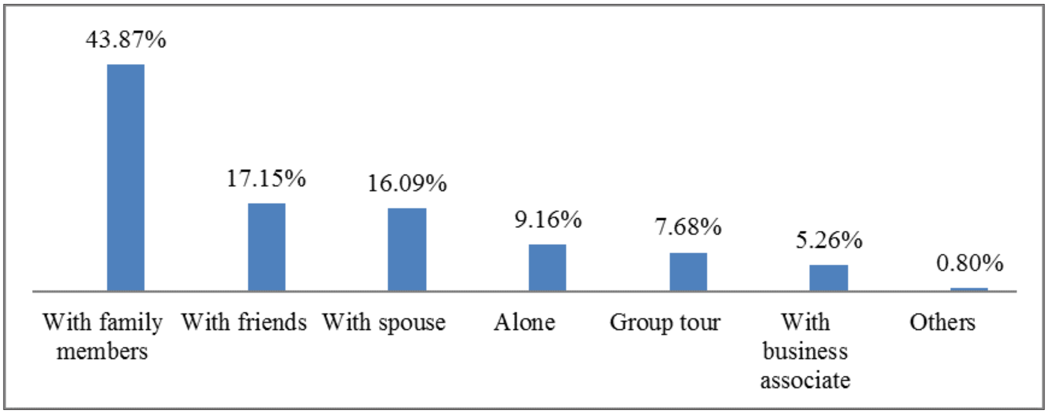


Figure 5.5 Travel party compositions

5.6 Length of Stay

The mean bed nights spent by regional tourist in Bhutan in 2016 was five nights. Around 30 percent has spent five bed nights, while majority (78 percent) of visitors has stayed in Bhutan in the range of four to seven nights.

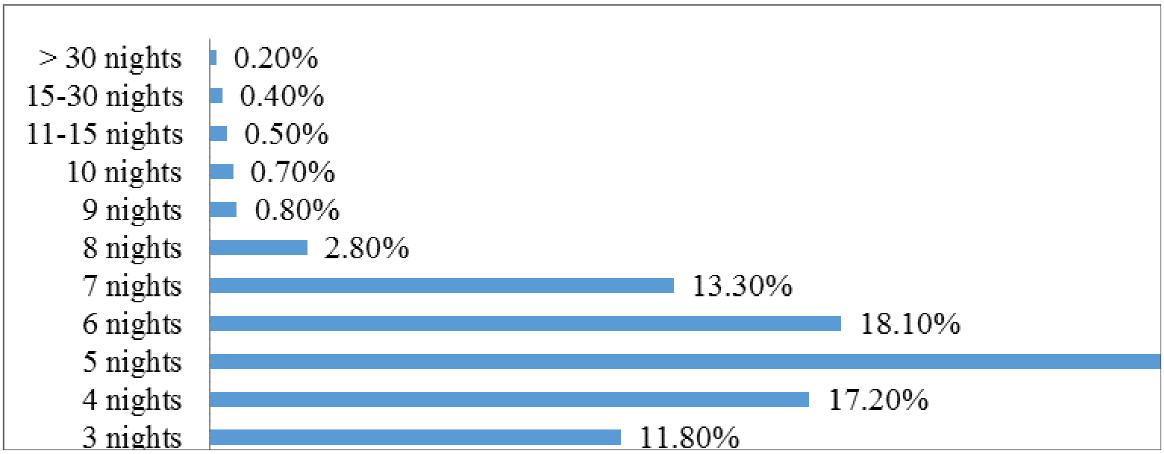


Figure 5.6 Average length of stay

5.7 Dzongkhags Visited

Thimphu dzongkhag received the highest number of regional tourists with 79 percent of the total visitor arrivals. Paro and Punakha received next higher proportion of the regional tourist with 66 percent and 42 percent respectively. Proportion of total visitor arrivals in other dzongkhags is provided in figure 5.7.

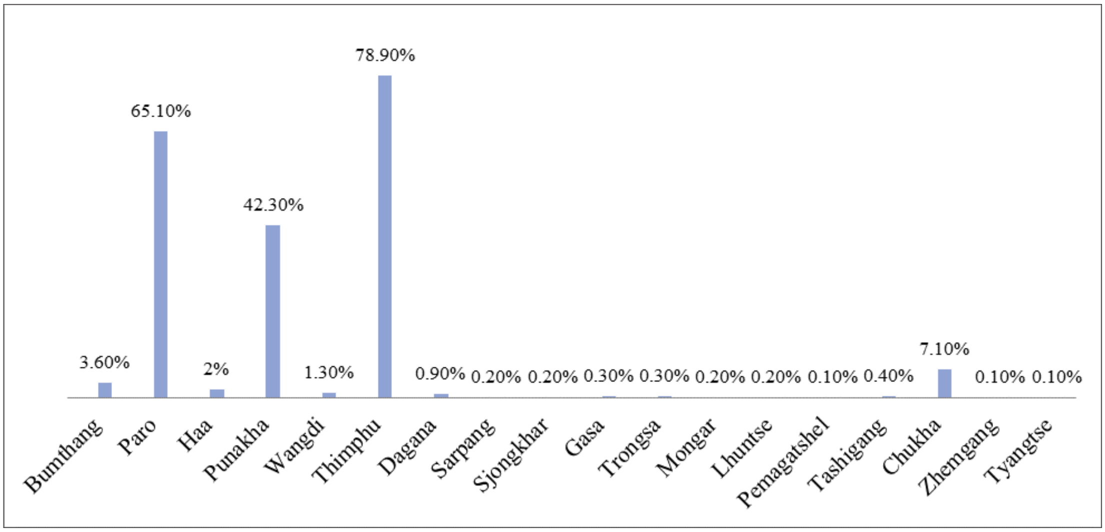


Figure 5.7 Visitor arrivals by Dzongkhags

5.8 Attractions of Inspiration

More than half (55 percent) of the regional tourist cited cultural and tradition as one of the main attraction for them. Other 24 percent has cited pristine nature and ecological diversity as the main source of attraction. Other sources of inspiration for travelling to Bhutan are shown in figure 5.8 with educational related attraction being cited as the least inspirational.

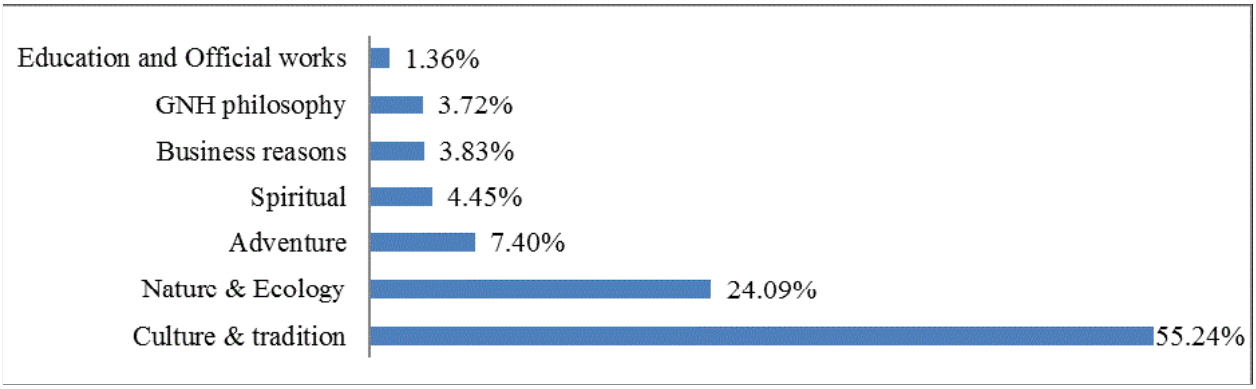


Figure 5.8 Tourist attractions as per the regional tourists

5.9. Activities Undertaken

Activities related to culture and traditions like local festivals and sightseeing has been the major engagement for 74 percent of the regional tourists. Nature related activities like trekking, rafting, botanical tours and birding was second major engagement with almost 16 percent. All together nature and cultural related activities were the main activities undertaken by 90 percent of the tourist. Proportion of engagement into other activities was less than 3 percent as shown in figure 5.10.

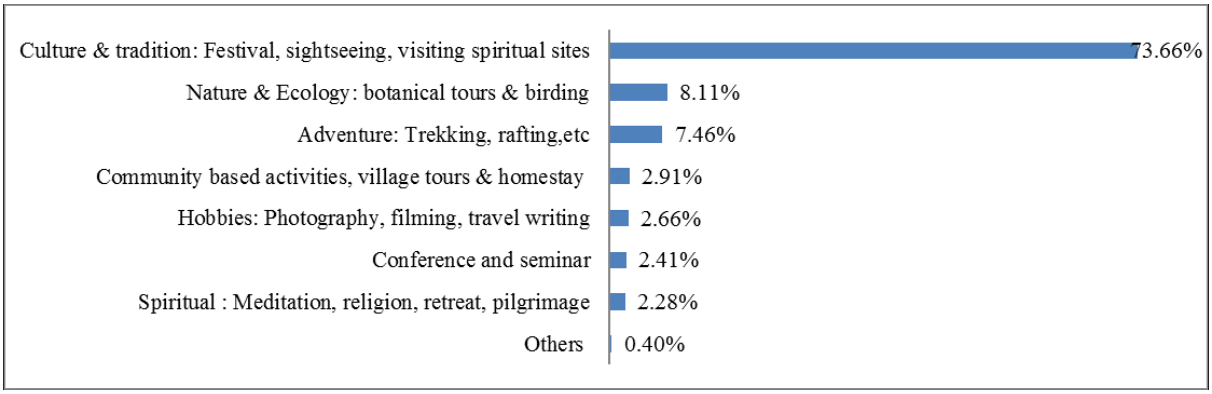
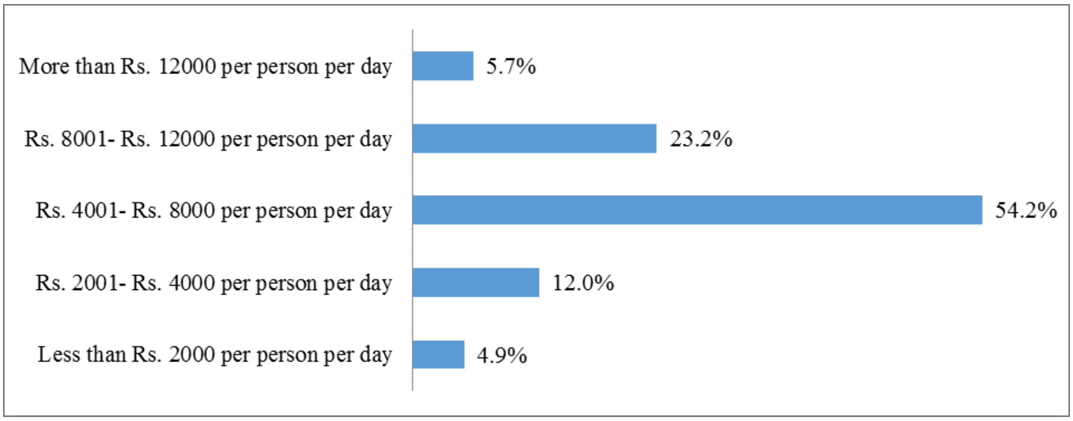


Figure 5.10 Activities undertaken during their visitation

5.10. Out-of-pocket Spending



The Figure 5.11.1 shows the range of package price paid to tour operators in 2016.

On average, regional tourists have spent Nu. 5350, besides their normal expenditure covered during the package tours. Further segregation of the data reveals that major out-of-pocket spending was on food, transport, accommodation, shopping and others as shown in figure 5.11.2

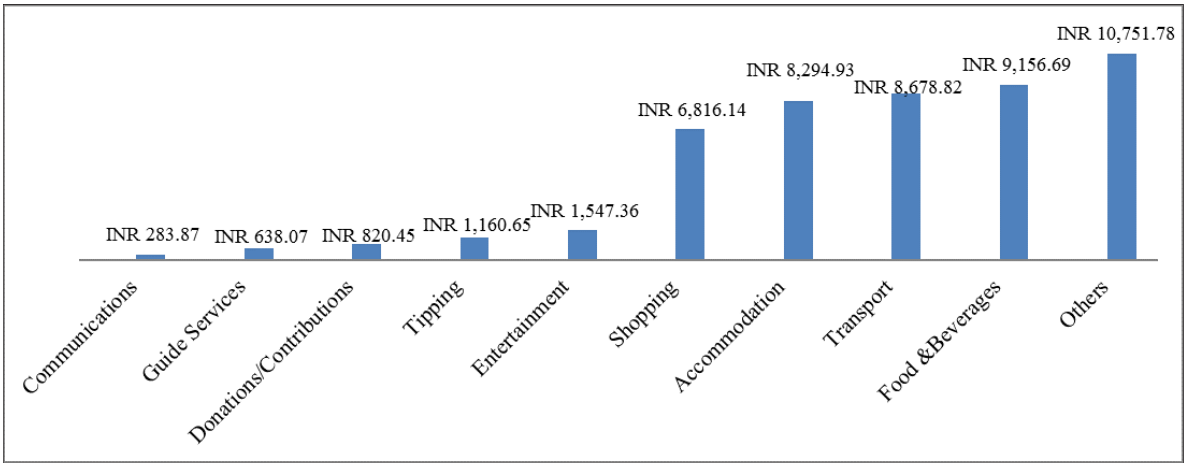


Figure 5.11.2 Average out-of-pocket spending

5.11. Satisfaction Level

Satisfaction index of the regional tourists was recorded for major attributes of the tourism industry, namely; accommodation, transportation, customer services, tour guides and trip organization. The mean overall satisfaction level of regional tourists was 82.2 percent, which signifies high level of satisfaction. The top bar in each of the figures from 5.12 to 5.16 shows the overall satisfaction index for that particular attribute and rest bars shows details of index for various other attributes.

5.11.1 Satisfaction with Accommodation

In accommodation sector, the satisfaction level on other accommodation related services like wellness, gym, spa and entertainment was low while higher level of satisfaction was accorded to quality of the accommodation.

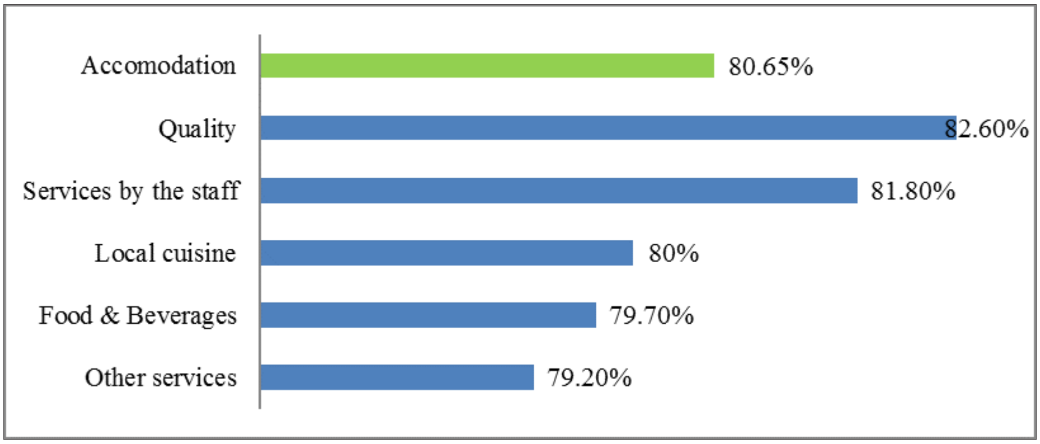


Figure 5.12 Satisfaction with accommodation services

5.11.2. Satisfaction with Transportation

The highest level of satisfaction was accorded to drivers' professionalism with 86.2 percent while lowest was given to roadworthiness of the vehicles provided to the visitors.

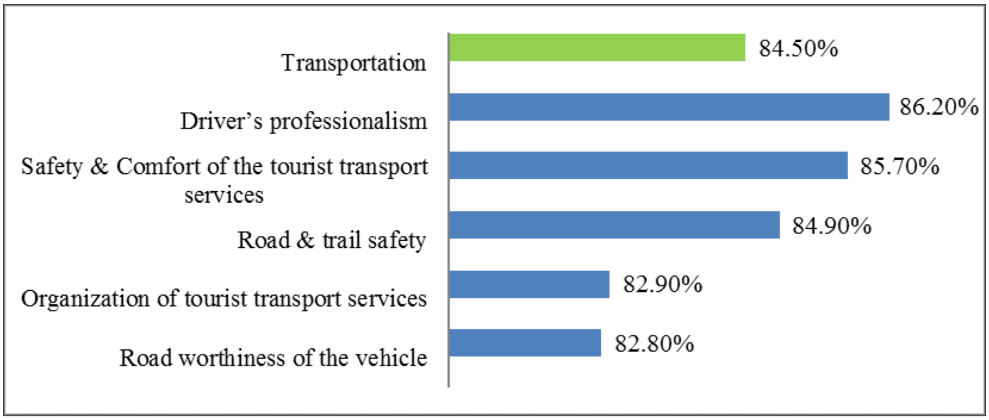


Figure 5.13 Satisfaction with transportation services

5.11.3. Satisfaction with Customer Service

Hotels and restaurants were cited to have provided high level of satisfaction to the regional tourist.

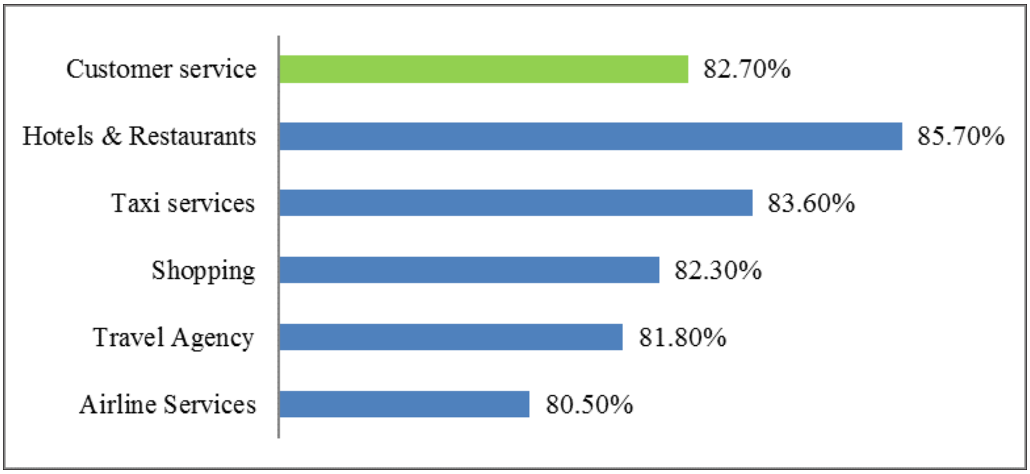


Figure 5.14 Satisfaction with customer services

5.11.4. Satisfaction with Tour Guide Services

There was high level of satisfaction for the trustworthiness of guide services used during the trip by those visiting Bhutan on packaged offer. On the other hand, there was lower level of satisfaction on the communication skills of the guides.

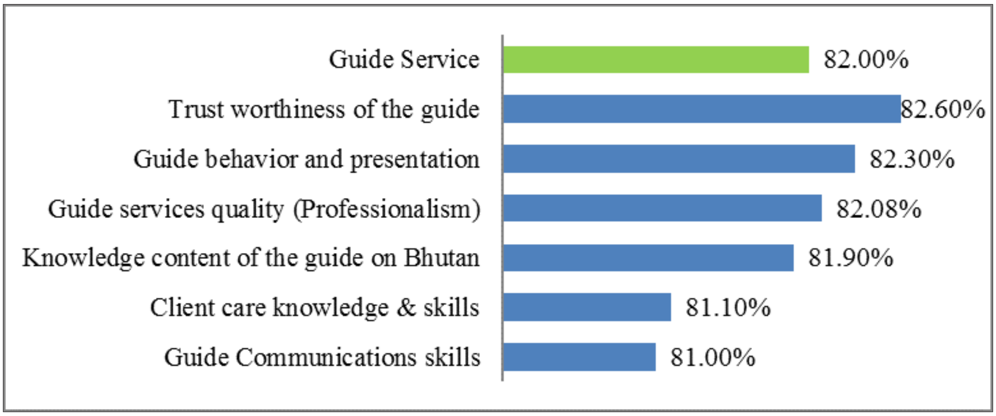


Figure 5.15 Satisfaction with tour guide services

5.11.5. Satisfaction with overall trip organization

The regional tourist seems to be highly satisfied with the immigration security procedures while there was lesser level of satisfaction to the accessibility to the visitor information centers located across the country.

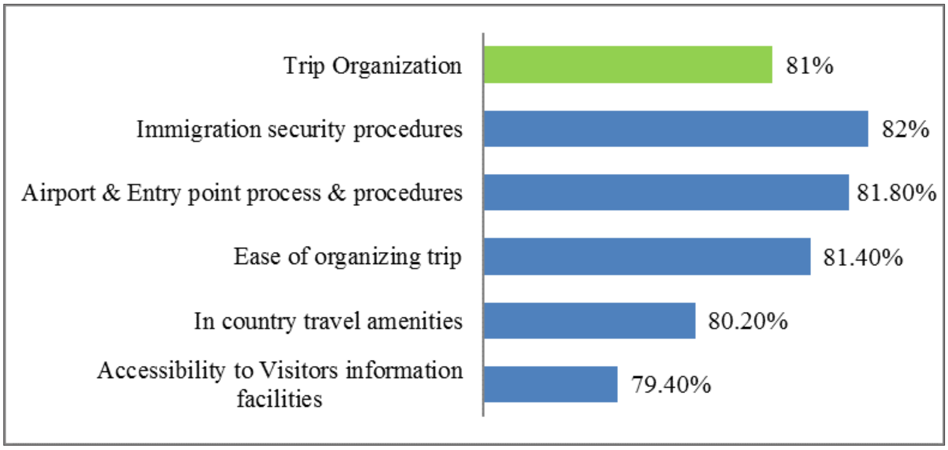


Figure 5.16 Satisfaction with overall trip organization

5.12. Choosing Accommodation

Two of the main reasons for choosing a particular accommodation by regional tourist were location of hotel and online review on accommodation, accounting to 32 and 25 percent respectively. Together these two attributes were used by more than half of the total regional arrivals in 2016. Next criteria used for choosing an accommodation were price (15 percent) followed by star ratings (12 percent) and access to modern communication facilities (8 percent) as shown in figure 5.17.

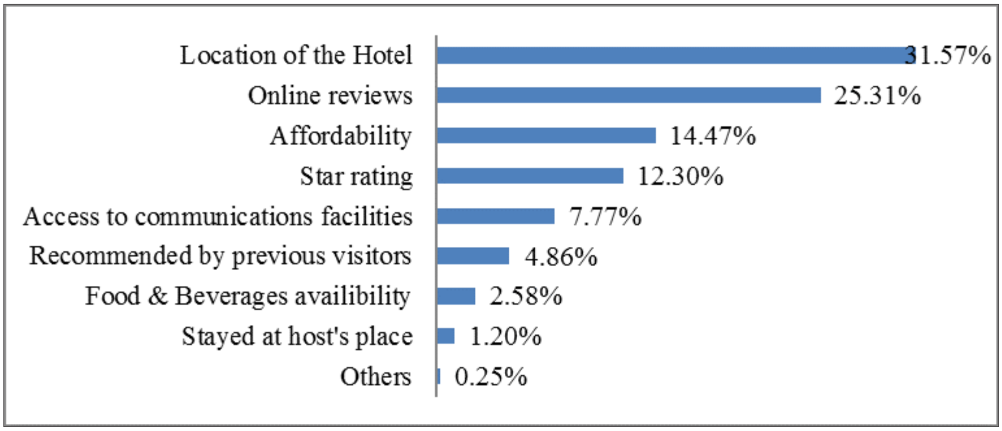


Figure 5.17 attributes of accommodation considered while choosing an accommodation

5.13. Point of Sale (POS) Services

There was high percentage (73 percent) of the regional tourists who hasn't used the POS services, which could be mainly attributed to limited availability of such services in the country.

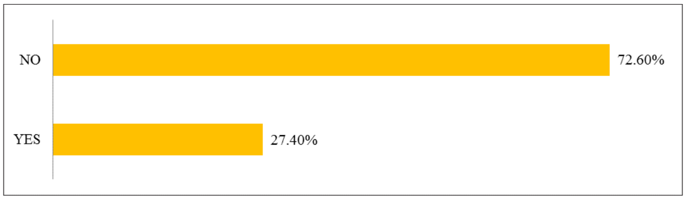


Figure 5.18 Point of sale services

5.14. Repeat Visitation

There was less repeat of visitation by regional tourists. Only close to 12 percent were repeat visitors to Bhutan.

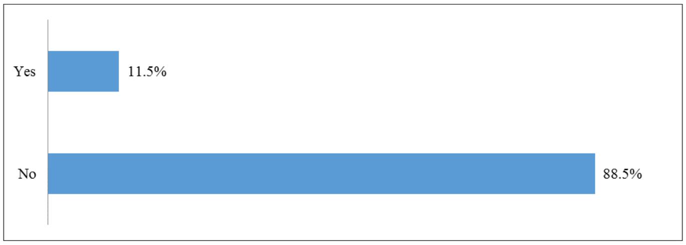


Figure 5.19 Percentage of repeat visitation

5.15. Number of Previous Visits

Of the total regional repeat visitors, 37 percent has previously visited the country only once and 29 percent has visited twice. Less percentage of regional tourists have visited Bhutan more than five times as shown in the figure 5.20.

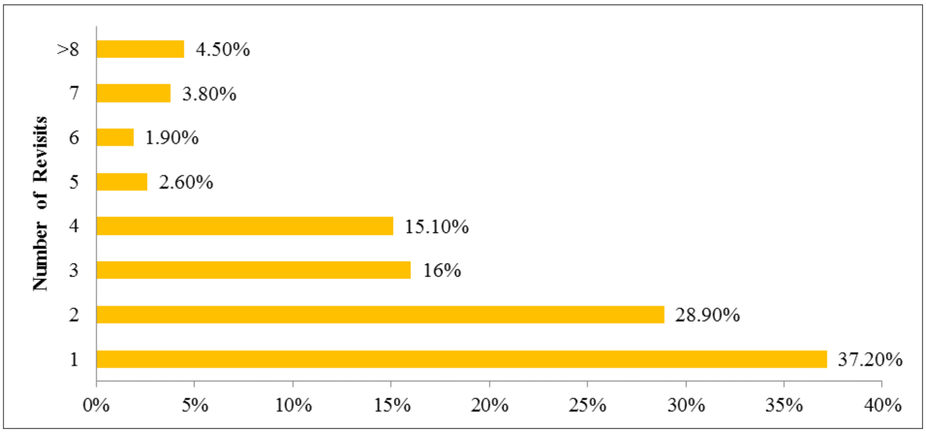


Figure 5.20 Number of previous visits

5.16. Mode of Local Transportation

The use of transportation provided by the travel agent was the highest with 46 percent, while use of tax was close to 23 percent and renting a car accounted for 18 percent. Together these three main transportation systems were used by87 percent of the total regional tourist in 2016.

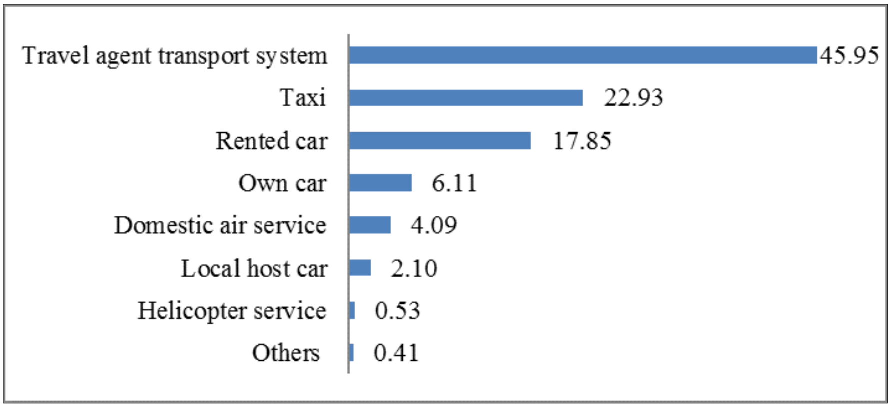


Figure 5.21 Mode of local transports used

5.17. Value Received for Money Spent

The overall score of 81 percent shows that there was high level of satisfaction among the regional tourists for the amount of money that they spent for the trip to Bhutan. There was also high level of satisfaction shown for accommodation services, food, local transportation and the package rate (average of rate offered by all operators).

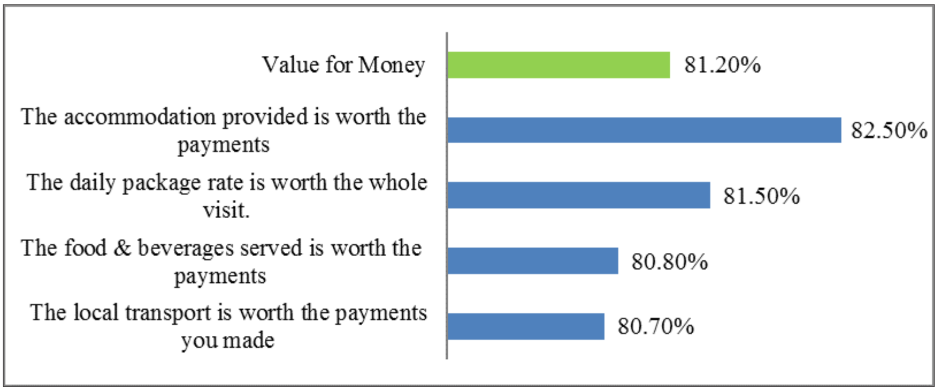


Figure 5.22 Responses on value received for money spent

5.18. Type of Accommodation

More than half of the regional tourists (52 percent) have stayed in non-star-rated hotel while 38 percent have stayed in the star-rated hotels. Around 7 percent of them have also stayed in lodges. There was minimal number of them who has stayed in home-stays, camps and guesthouses as shown in figure 5.23.

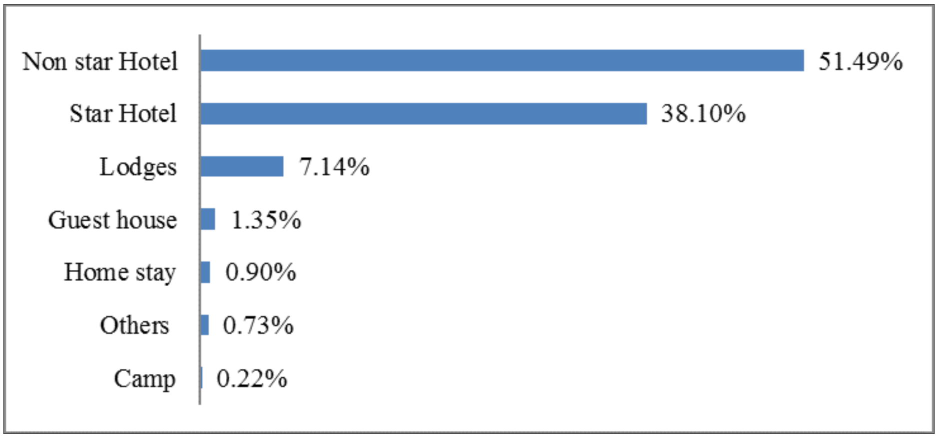


Figure 5.23 Types of accommodation used by regional tourists

5.19. Entry and Exit Sectors

Majority of the regional arrivals entered Bhutan via road entry points which constitutes 64.9% with Phuentsholing being the main entry point. Other 34.8 percent of the regional tourists came via Paro international airport. Though minimal, some have also entered country via border towns like Gelephu and Samdrup Jongkhar.

Similar to entry points, Phuntsholing was the major exit routes for 77 percent of the regional tourist while Paro had only 23 percent of regional tourists exiting via air transport as shown in figure 5.25.

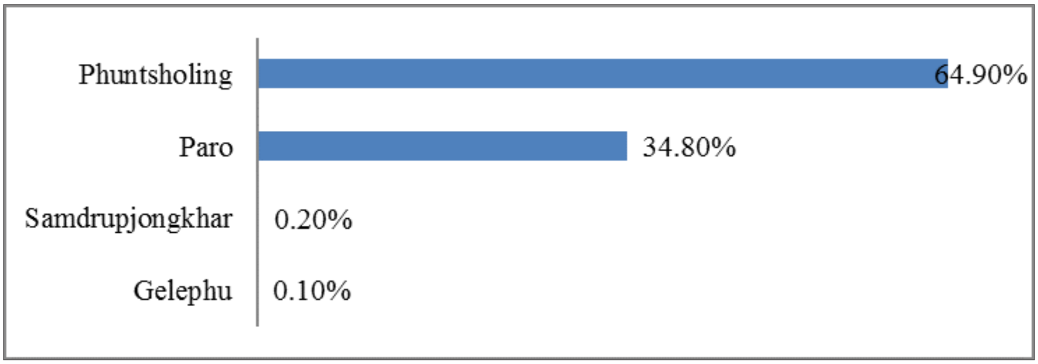


Figure 5.24 Entry routes

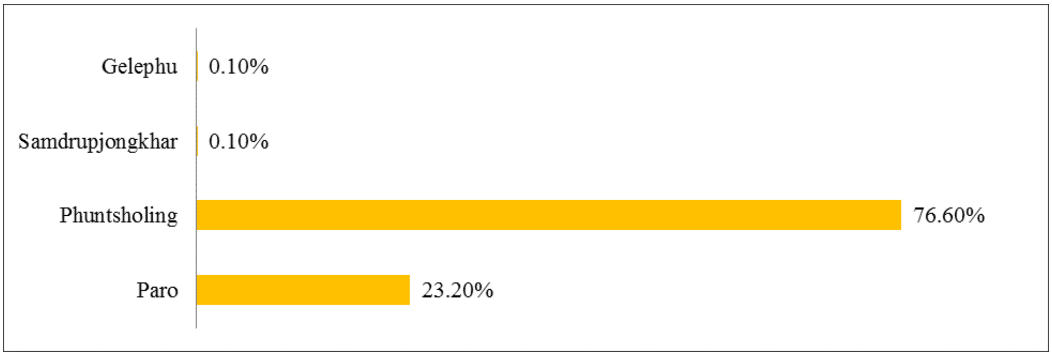


Figure 5.25 Exit routes

SECTION 4

TRENDS ON TOP 10 INTERNATIONAL SOURCE MARKETS

The final section of the report provides a country wise analysis of the top 10 international markets separately. It is a collection of findings which are summarized according to a particular source market to present various trends and patterns of behavior of a particular market.

6.1 Profile of tourists from major source markets

The highest number of international visitors in 2016 where from age group 46 to 55 and understandably the lowest number of visitor arrival were from age group below 18. China, the top global market source of Bhutan has highest number of visitors (29 percent) from age group of 46 to 55 and the lowest number of visitors (2 percent) was from age group below 18.

Top 10 Markets	Age Group						
	<18	18-25	26-35	36-45	46-55	56-60	60 Years+
USA	2.30%	4.80%	10.60%	18.20%	22.00%	15.80%	26.30%
Australia	5.90%	6.60%	13.60%	18.30%	22.90%	10.90%	21.90%
Thailand	3.80%	8.40%	12.10%	24.40%	20.90%	12.30%	18.10%
Germany	2.70%	7.40%	8.60%	18.90%	32.00%	14.50%	16.00%
UK	1.90%	3.80%	14.10%	18.40%	29.80%	11.70%	20.30%
China	1.90%	4.50%	13.40%	24.90%	28.60%	12.80%	13.90%
Japan	3.90%	7.60%	10.50%	25.50%	21.20%	13.20%	18.00%
Malaysia	4.90%	0%	14.80%	27.90%	22.10%	18.00%	12.30%
Taiwan	4.90%	2.90%	17.50%	17.50%	26.20%	13.60%	17.50%
Singapore	0.80%	5.00%	13.10%	28.80%	30.00%	15.40%	6.90%
Total	3.10%	5.90%	12.00%	22.10%	24.60%	13.60%	18.90%

Total number of international visitor arrivals was also segregated by gender and in all the top 10 international market sources there isn't much significant difference in the number of male and female as shown in figure 6.1.

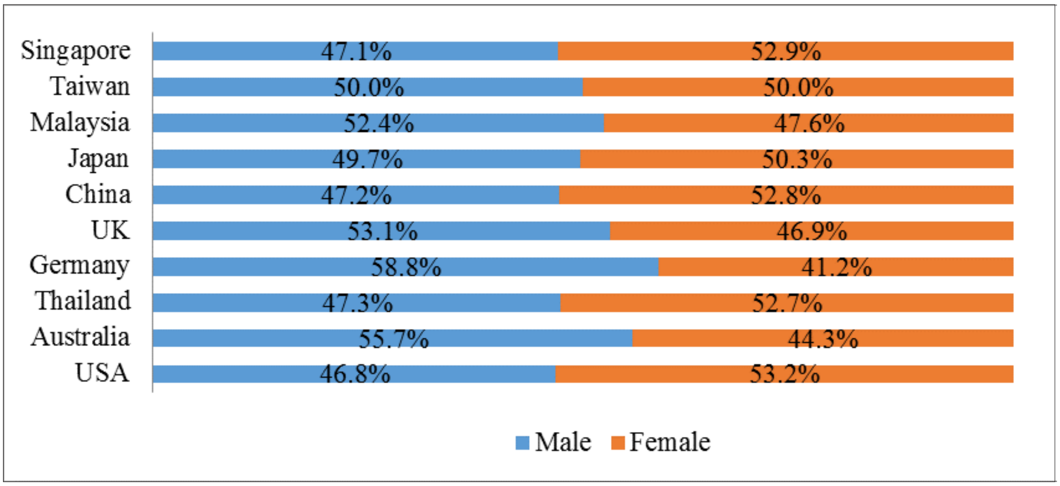


Figure 6.1 Visitor arrivals by gender

Majority of the international visitors were fulltime employees, which accounts to more than 60 percent. The retirees comprise higher proportion of visitors to Bhutan as shown in table 6.2

Table 6.2 Employment status of international visitor

Top 10 Markets	Employment status				
	Working full time	Working part time	Unemployed	Student	Retired
USA	57.00%	8.80%	2.60%	7.40%	24.20%
Australia	58.80%	8.10%	1.80%	12.20%	19.10%
Thailand	59.20%	8.50%	2.20%	10.20%	19.90%
Germany	64.20%	9.20%	4.10%	9.20%	13.30%
UK	61.20%	9.40%	4.80%	6.50%	18.20%
China	64.30%	9.10%	4.50%	5.50%	16.60%
Japan	57.50%	6.70%	5.80%	10.70%	19.30%
Malaysia	69.70%	5.70%	4.10%	4.10%	16.40%
Taiwan	67.00%	3.80%	0.90%	8.50%	19.80%
Singapore	73.50%	8.80%	3.10%	4.20%	10.40%

Among top 10 international market sources, highest percentage of travelers from UK visited the country due to aforementioned reasons. The professional development services like education, research and conference attracted the least number of visitors. Other attractions for travel and proportion of visitors from various other top 10 countries are given in table 6.3.

Top 10 Markets	Attractions					Business Reasons	Professional development
	Culture & traditions	Adventure	Nature & Ecology	Spiritual sites	GNH values		
USA	48.70%	12.30%	16.70%	9.50%	9.20%	2.10%	1.50%
Australia	50.10%	10.70%	17.20%	7.80%	6.90%	3.10%	4.00%
Thailand	47.90%	9.20%	19.40%	9.20%	8.20%	4.00%	2.20%
Germany	46.90%	8.60%	18.90%	12.30%	9.10%	3.10%	1.10%
UK	51.70%	14.20%	11.30%	10.60%	8.20%	1.70%	2.40%
China	43.80%	12.50%	21.50%	9.90%	8.80%	2.20%	1.30%
Japan	46.30%	9.30%	19.30%	10.70%	10.10%	2.60%	1.80%
Malaysia	48.80%	15.40%	17.10%	8.90%	5.70%	0.80%	3.30%
Taiwan	37.70%	13.20%	23.60%	11.30%	9.40%	0.90%	3.80%
Singapore	50.80%	10.10%	17.40%	6.60%	9.70%	2.70%	2.70%

More than 99 percent of visitors from top 10 international market sources have visited Bhutan for the first time as shown in figure 6.2. This shows that there is less percent of tourists revisiting the country.

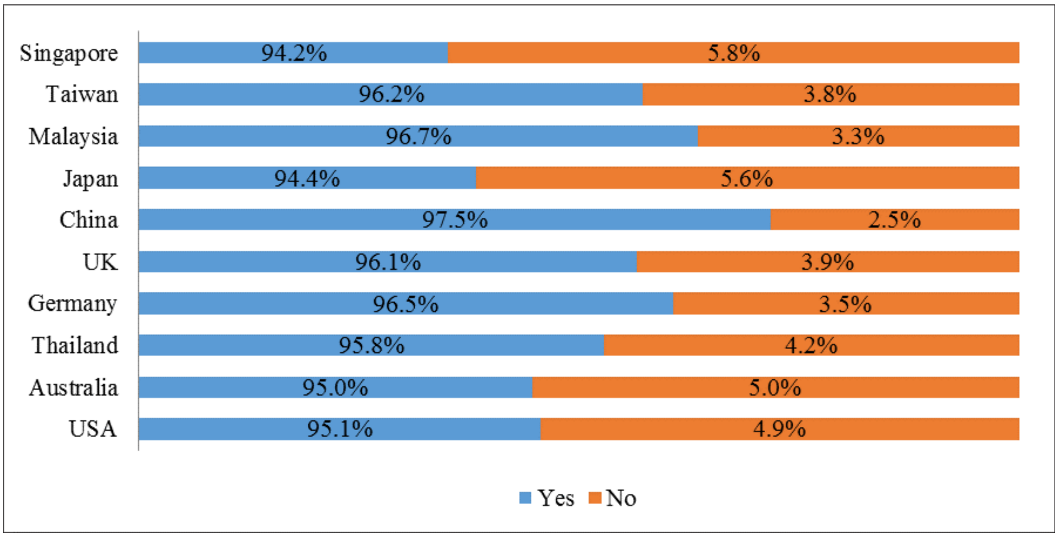


Figure 6.2 Percentage of first time visitors

6.2 Growth/Decline Rates in the Last Few Years

One of the major changes in top 10 international market sources in 2016 was that France was overtaken by Taiwan in the top 10 as shown in table 6.4. There were also some changes in the ranking order of the top 10 markets as shown in table 6.5. The change in actual number of visitors arrived from each of these countries and percentage change is presented in detail from figure 6.3 to 6.12.

Table 6.4 Growth/Decline in number of international visitors from top international market sources

Sl.No	Country	2010	2011	% change from 2010	2012	% change from 2011	2013	% change from 2012	2014	% change from 2013	2015	% change from 2014	2016	% Change from 2015
1	China	722	2923	304.85	3816	30.6	4827	26.5	8111	68	9399	15.9	9208	-2.07
2	USA	2737	6296	130.03	6102	-3.1	6997	14.7	7291	4.2	7137	-2.1	7292	2.13
3	Japan	1264	3997	216.22	7029	75.9	4035	-42.6	2707	-32.9	2437	-10	4833	49.58
4	Thailand	417	2254	440.53	3617	60.5	3527	-2.5	12105	243.2	3778	-68.8	4177	9.55
5	UK	1159	2814	142.8	2491	-11.5	2309	-7.3	2680	16.1	2958	10.4	3124	5.31
6	Singapore	380	1366	259.47	1611	17.9	2051		1720	-16.1	2587	45.2	3015	14.2
7	Germany	1320	2318	75.61	2895	24.9	2770	-4.3	2971	7.3	2498	-12.9	2297	-8.75
8	Malaysia	194	800	312.37	1312	64	2054	56.6	2067	0.6	1546	-25.2	1967	21.4
9	Australia	728	1795	146.57	1950	8.6	2062	5.7	2037	-1.2	1833	-10	1818	-0.83
10	Taiwan												1812	
11	France	776	1596	105.67	1863	16.7	1572	-15.6	1636	4.1	1563	-4.5	1501	-4.13

Table 6.5 Comparison of rankings of top 10 international markets

Sl. No.	Top 10 Ranking in 2015	Top 10 Ranking in 2016
1	China	China
2	USA	USA
3	Thailand	Japan
4	UK	Thailand
5	Singapore	UK
6	Germany	Singapore
7	Japan	Germany
8	Australia	Malaysia
9	France	Australia
10	Malaysia	Taiwan

Figure 6.3 Change in number of visitors from China

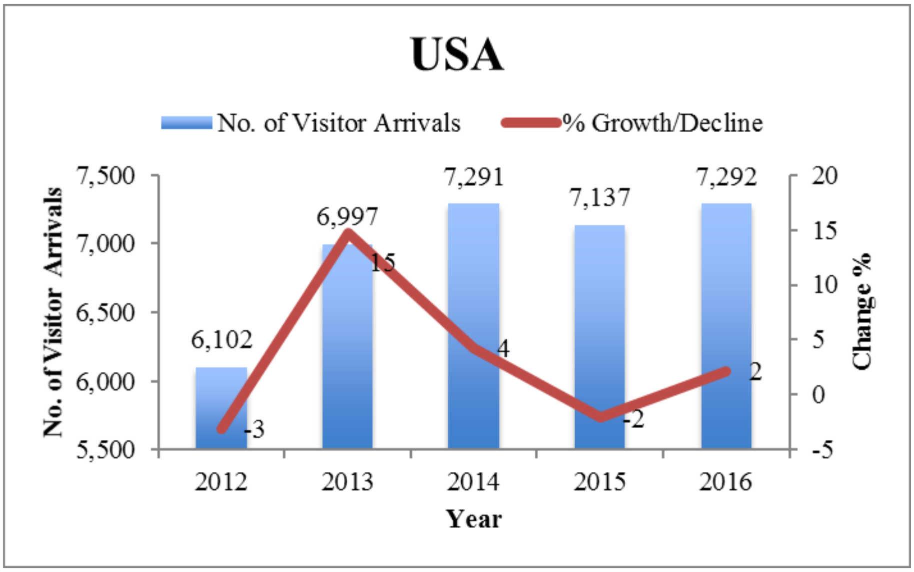


Figure 6.4 Change in number of visitors from USA

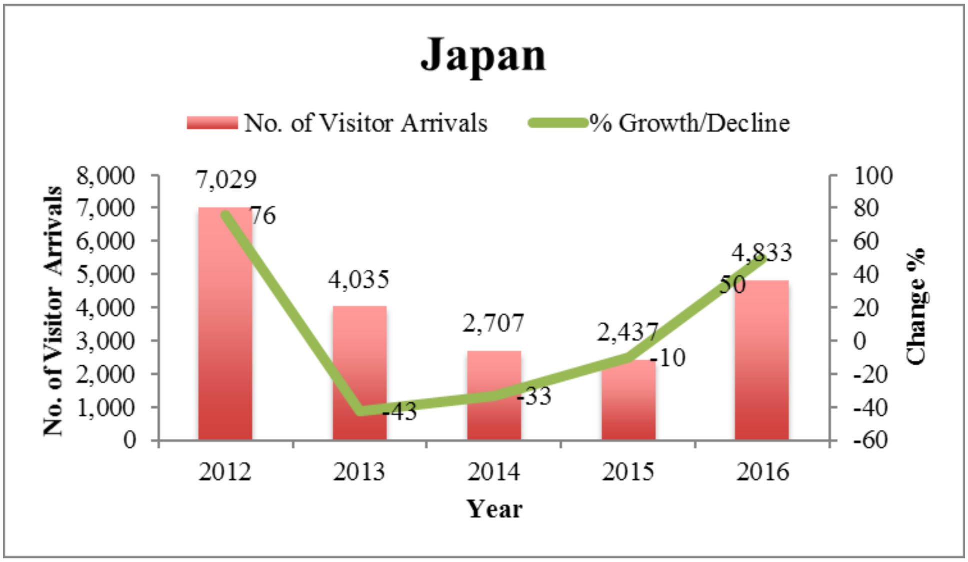


Figure 6.5 Change in number of visitors from Japan

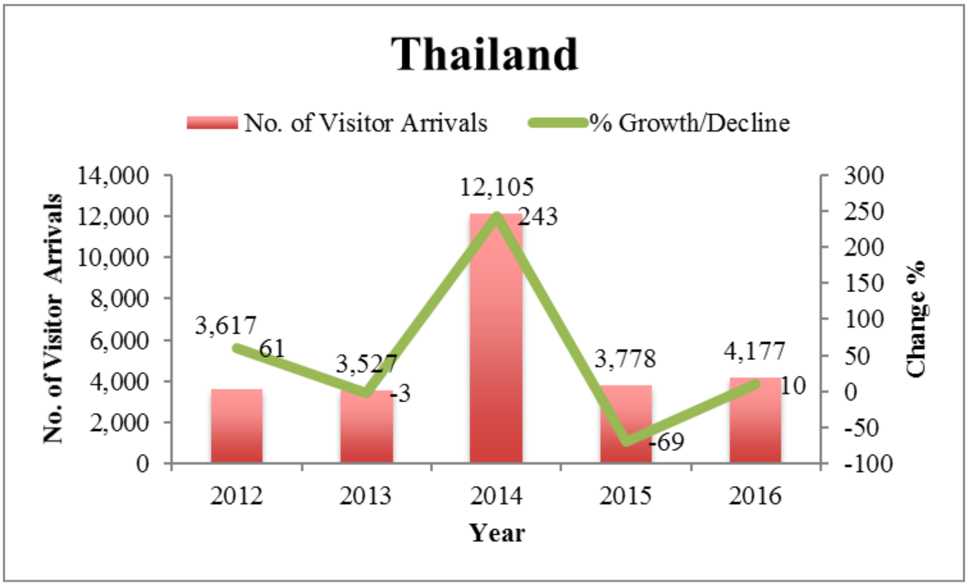


Figure 6.6 Change in number of visitors from Thailand

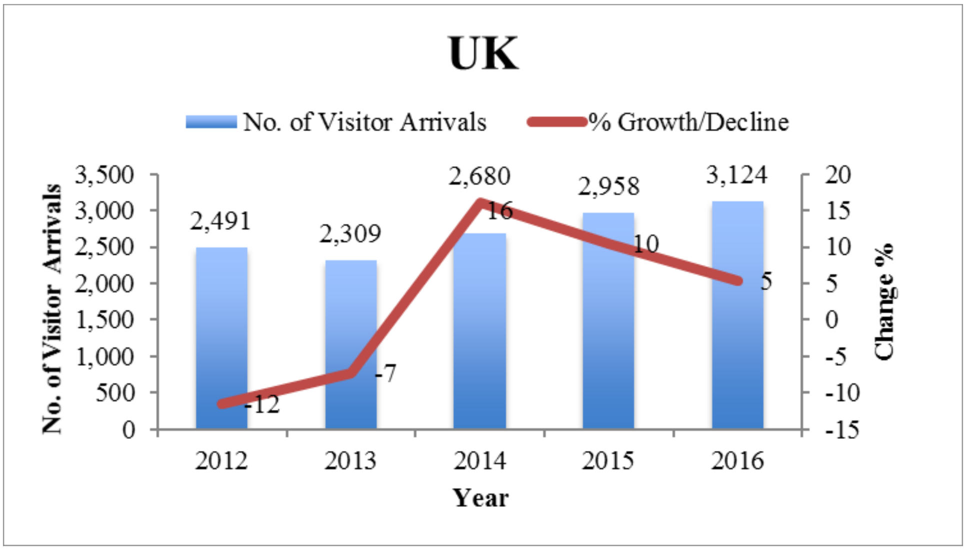


Figure 6.7 Change in number of visitors from UK

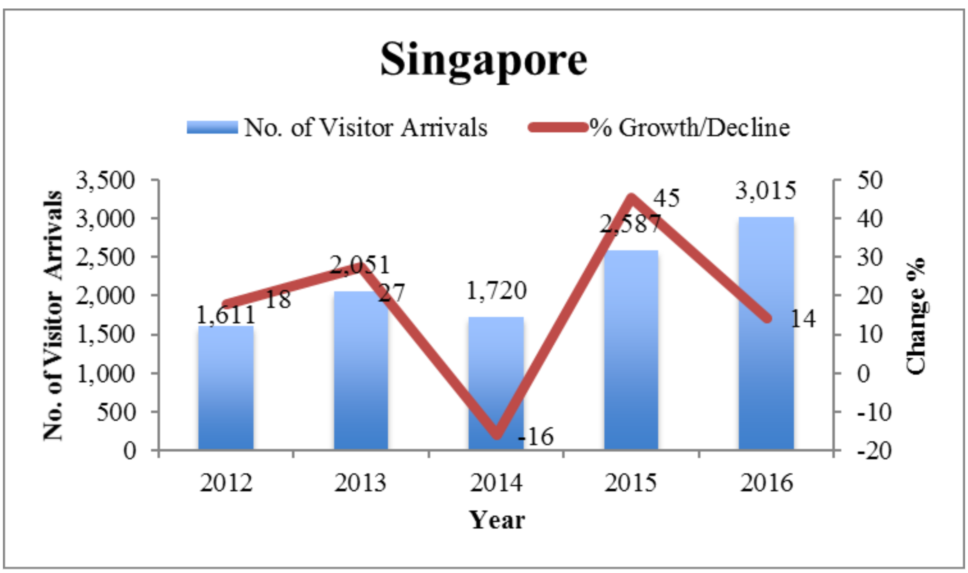


Figure 6.8 Change in number of visitors from Singapore

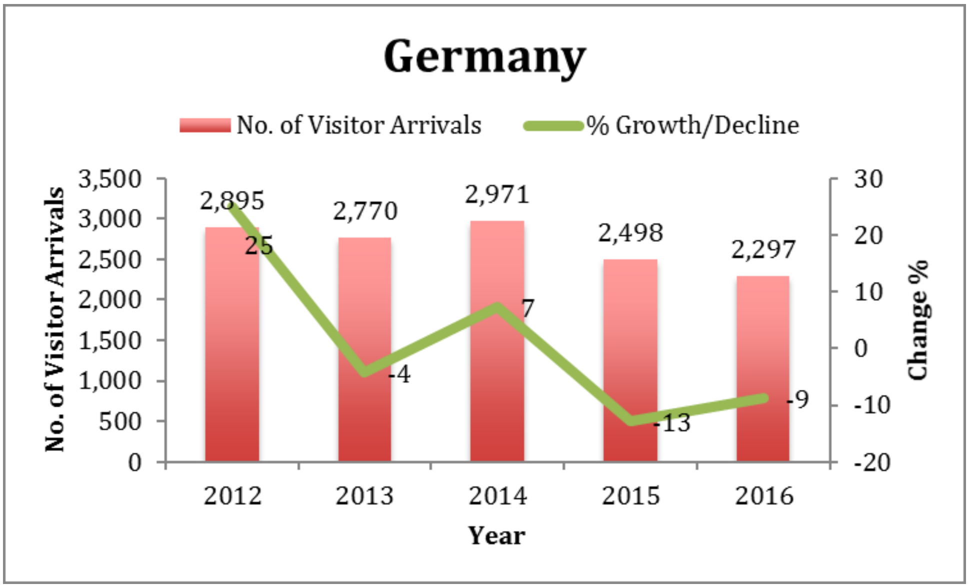


Figure 6.9 Change in number of visitors from Germany

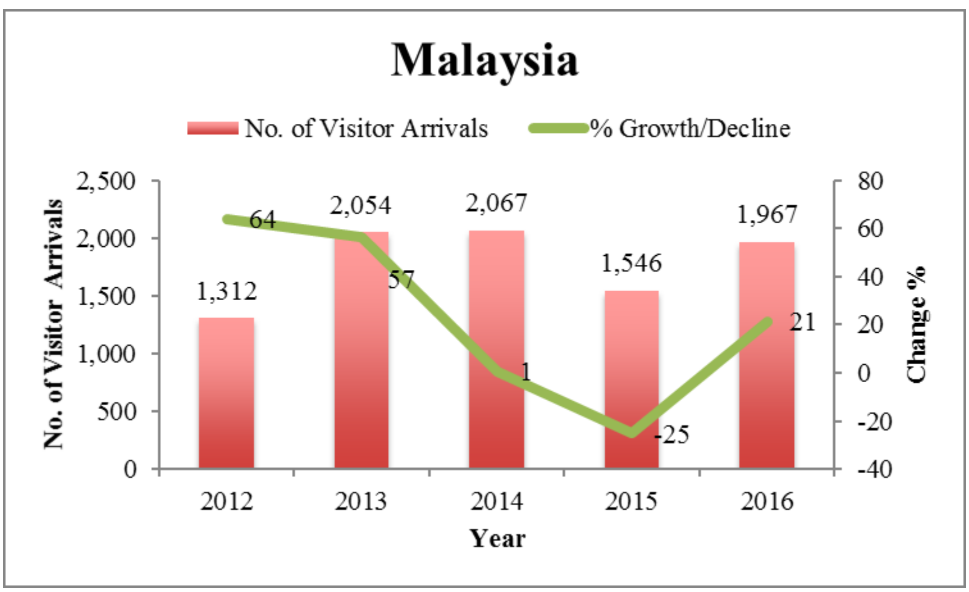


Figure 6.10 Change in number of visitors from Malaysia

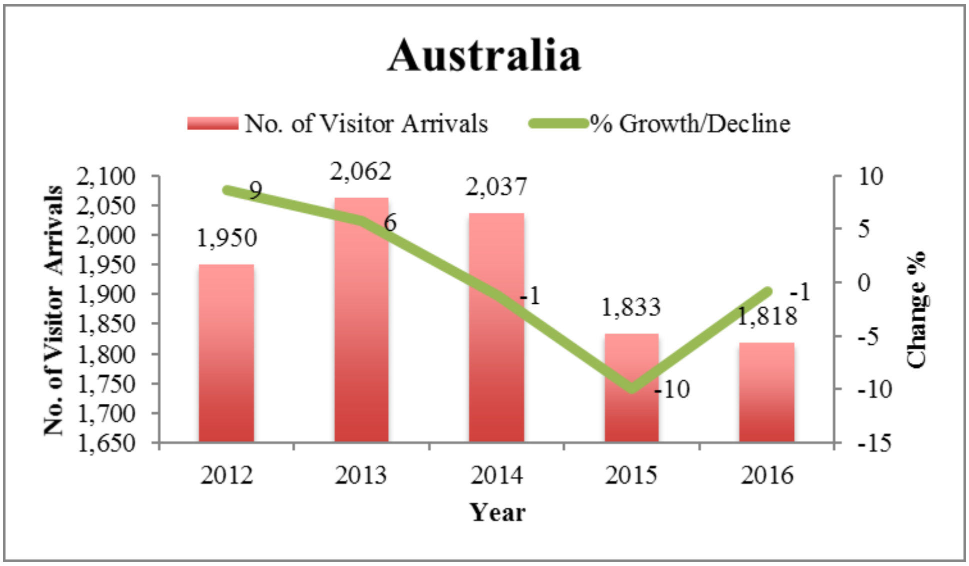


Figure 6.11 Change in number of visitors from Australia

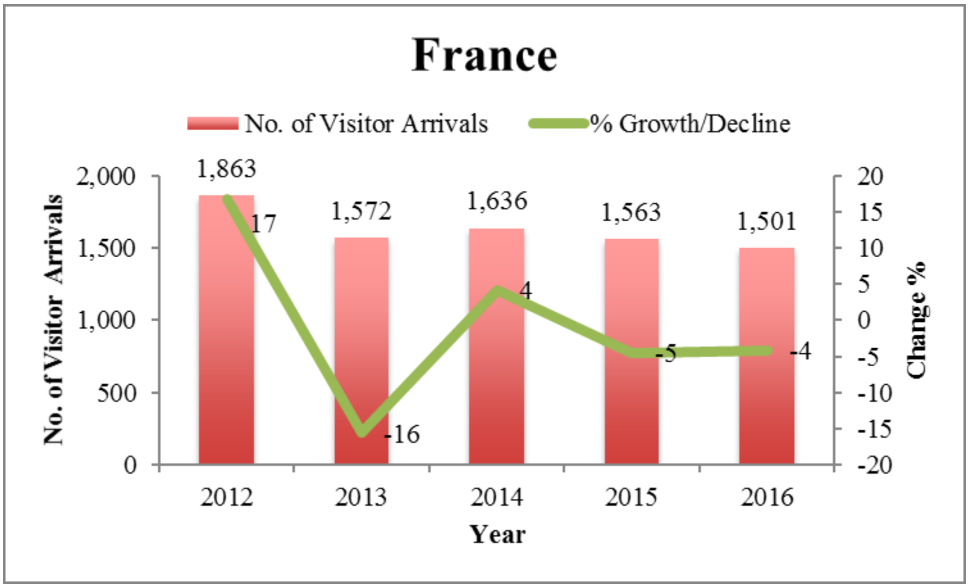
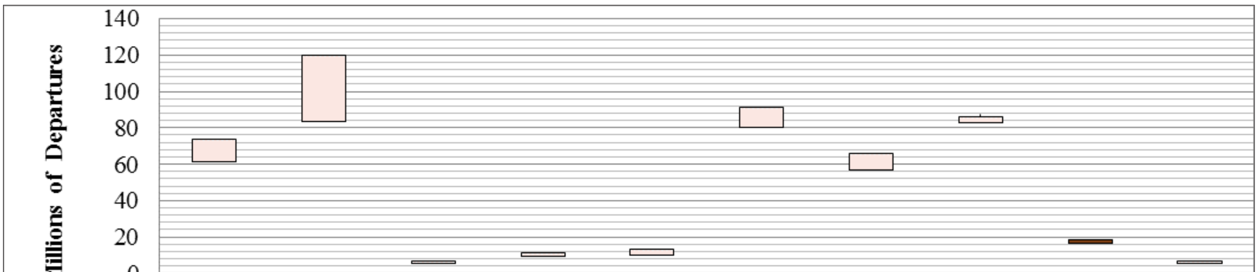


Figure 6.12 Change in number of visitors from France

6.3 Outbound Trends of Major Source Market Vis-à-vis Inbound Trends to Bhutan

Over the span of four years from 2012 to 2015, the largest departure was the Chinese outbound tourists, which grew by 37 million. Bhutan's share of Chinese outbound tourists declined over the years mainly because of increase in outbound travels from China to other destinations. Although, Bhutan as a destination is small for Japanese tourist, the percentage of their visitors remained stable.



	USA	China	Australia	Malaysia	Taiwan	Singapore	UK	Germany	Japan	Thailand
2012	61.1	83.18	5.2	9.6	10.2	80.5	56.5	82.7	18.5	5.7
2013	61.3	98.19	6	10.4	11.05	86.5	57.8	87.5	17.5	6
2014	68.2	100	6.31	10.9	11.8	89.02	60.1	83	16.9	6.4
2015	74	120	6.92	11.3	13.2	91.25	65.7	86.3	16.21	6.9

Figure 6.13 Outbound trend for Top 10 Markets

As can be noted from the following Figure 6.14, compared to other destinations, Bhutan's inbound tourist from Japan is the lowest.

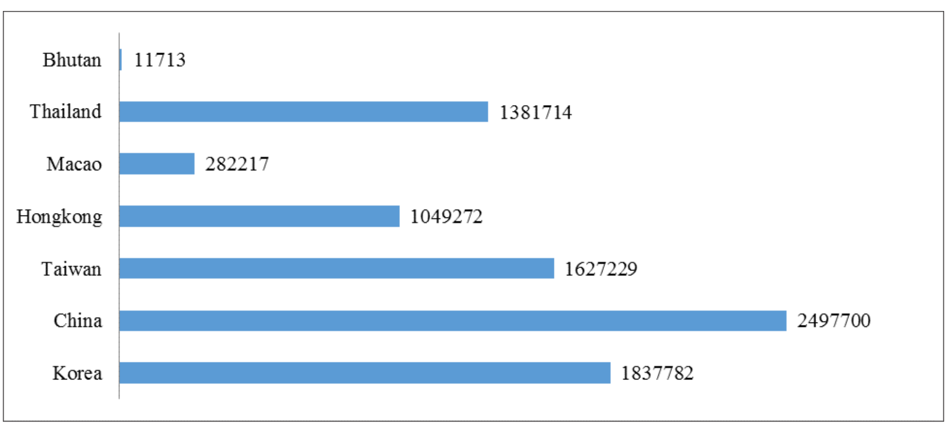


Figure 6.14 Japanese outbound destination including Bhutan

Table 6.6 shows the outbound tourists from top markets visiting Bhutan. The share of Bhutan as destination for all the markets is less than 1 percent.

Source Markets	2012	2013	2014	2015
China	0.005	0.005	0.003	0.002
USA	0.01	0.011	0.011	0.01
Japan	0.038	0.023	0.021	0.02
Thailand	0.063	0.059	0.057	0.043
UK	0.004	0.004	0.003	0.004
Singapore	0.02	0.024	0.02	0.022
Germany	0.024	0.024	0.023	0.021
Malaysia	0.04	0.031	0.061	0.021
Australia	0.024	0.024	0.024	0.019

Table 6.6 Percentage of outbound tourist from top market sources of Bhutan

The projections for travel in 2017 is very positive, according to IPK International, a global tourism consultancy company based in Germany. The research forecasts an increase in worldwide outbound trips of between 4 and 5%. IPK International sees particularly strong growth for outbound trips from Asia, with a likely rise of 6%, along with increases of about 5% for outbound trips from North, Central and South America and of 4% from Europe. The forecasts are based on IPK's World Travel Confidence Index, which is compiled annually based on the views of the survey participants about their travel intentions for the coming 12 months.

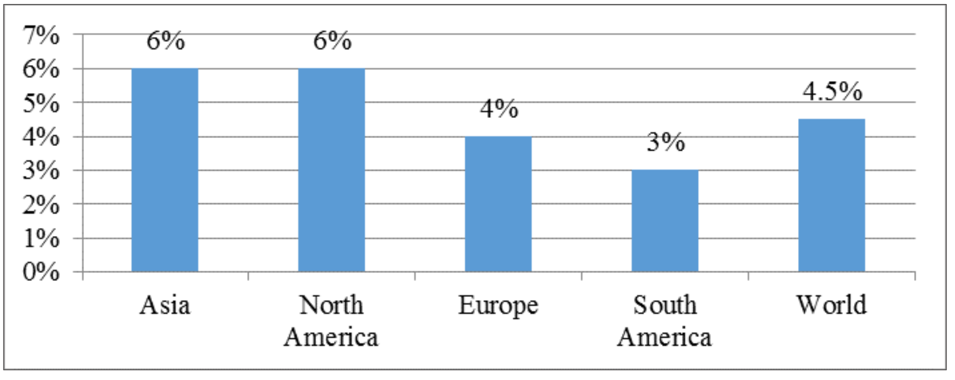


Figure 6.15 IPK's outbound Travel Forecast

Source: World Travel Monitor, 2016, IPK international

SECTION 5

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