BHUTAN TOURISM MONITOR

ANNUAL REPORT

2014

A publication of the Tourism Council of Bhutan

F FOREWORD

The Bhutan Tourism Monitor 2014 is the eleventh edition of the annual statistical publication by the Tourism Council of Bhutan, Royal Government of Bhutan. This report brings to the fore the performance of the tourism industry in the year 2014, market trends over the years and various other analysis on the key aspects that provide significant market intelligence and insights about the industry.

Improvements are continuously being made to the annual publication to enhance its value to users. New data series on topics of interest are added as and when available. A significant change in this year's report is the format of its presentation. The Bhutan Tourism Monitor 2014 is being presented in a statistical report format with more insights and analysis on the tourism trends in Bhutan.

Bhutan's tourism industry continued to grow in 2014 recording an overall growth of 14.85% over the previous year contributing significantly to the socio-economic development of the country. The Royal Government of Bhutan continues to accord high priority to the industry as a major engine for economic growth in the 11th FYP period.

Endowed with a rich living culture and pristine natural environment complemented by a development philosophy that espouses balanced growth, Bhutan continues to gain momentum as an emerging high-end destination in South-Asia. The concerted effort of the government and the tourism stakeholders together continue to attract increasing visitation to Bhutan. However, we also need to be highly mindful of the challenges confronting the tourism industry. We must continue to diversify experiences, encourage visitation to less-visited Dzongkhags and promote tourism during the summer and winter months. In going forward focus should be on enhancing the quality of service provided to the guests to ensure a high level of visit satisfaction. There is a need for effective and strengthened monitoring by all stakeholders

This report is a testament to the commitment, hard work and the co-operative spirit of everyone involved in the tourism industry. I would like to extend my deep appreciation to all stakeholders for your continued contribution to the tourism industry.

Tashi Delek

Chhimmy Pem
Director

C CONTENTS

EXECUTIVE SUMMARY

Worldwide, global tourist arrivals increased to 1,138 million in 2014 by adding a total of 51 million more tourists, a growth rate of 4.7%. The strongest growth was registered by the Americas (7%) and by Asia and the Pacific Region (5%). Inbound tourists arrivals from Asia and the Pacific Region increased to 263 million in 2014 (15%), the largest growth being recorded from North and South East Asia (both +7%).

In Bhutan, the combination of both regional and international tourist arrivals added up to 133,480 in 2014. This represented an additional 17,271 arrivals compared to 2013 implying a growth rate of 14.86%.

International tourist arrivals to Bhutan grew by 29.72% in 2014. The majority of tourists were female (60.09%) and elderly, with 31.6% aged 61 years and above and 22.4% aged 56-60 years old. More than half of the international tourists (55.77%) were from the Asia and the Pacific region. Thai tourists account for one-fifth of the total number of tourists, followed by the Chinese (14.04%) and the Americans (12.68%).

More than four-fifth of international tourists (86.34%) came to Bhutan for cultural sightseeing. The average tour group size was 12, and more than one-third of tourists (37.6%) traveled in small groups of less than 5 members. As compared to tourists from other countries, those from Thailand and Malaysia preferred travelling in large groups. A total of 72.9% and 47% of the tourists from these two countries traveled in groups comprising more than 14 members each.

About one-third of tourists visited in autumn (35.12%), 25.8% in summer, 25% in spring and 14.03% in winter. The major portion of Thai tourists (73%) visited in the past summer, propelled by the relaxation of the minimum daily package rate introduced to mark 25 years of friendship and diplomatic relations between the two countries.

International tourists spent on average 6.43 nights in Bhutan. Most stayed for 4-5 nights (43.2%), 20.6% stayed for 6-7 nights and 10.2% stayed for 8-9 nights. German tourists stayed the longest with about 65% staying more than seven nights in Bhutan.

Western districts, namely Paro, Thimphu, and Punakha received the largest number of tourists in 2014. These three dzongkhags also recorded the largest number of bed nights accounted for by international tourists. Lhuentse, Pemagatshel, Dagana and Tsirang recored the least number of bed nights in 2014.

Gross earnings from the international tourism increased to USD$73.2 million (around Nu. 4.392 billion) in 2014 from USD$63.49 million in 2013, an increase of 15.3%. It does not account for receipts from other categories of arrivals as well as airline receipts and out of pocket expenses.

More than 98% of international tourists visited Bhutan for the first time. The majority of tourists used air transport to enter and exit Bhutan.

The most popular gateway, Bangkok, was used by some 43.7% and 43.5% of tourists to enter and exit Bhutan respectively. About two-third of Chinese and Malaysian tourists entered and exited Bhutan through Kathmandu. Likewise, Bangkok and Kathmandu were very popular entry and exit points for tourists from the top ten source markets.

Regional tourists grew by 3.11% in 2014 from the previous year, growing from 63,426 in 2013 to 65,399 in 2014. In 2013, the months of January, February and July recorded the least number of arrivals whereas in 2014 the least number occurred in the months of February, March and July. In 2013, May, June and October recorded the highest number of arrivals while in 2014 it was in the months of May, October and December.

Among Bhutan's top ten source markets, the largest growth in tourist arrivals was observed among Thai tourists with a substantial 246% increase. This elevated Thailand to first place on the list of tourist arrivals by nationality. The timing of the visits indicates that the huge increase occurred largely due to the Bhutan-Thailand Friendship offer in summer.

Chinese tourists increased by 70% compared to the previous year—the second largest growth rate. Impressive growth rates were also observed among tourist arrivals from the UK (17%), Germany (8%) and France (5%) after slumping by varying degrees in the previous year.

The growth rates declined for tourists from the USA and Malaysia. The number of tourists from the USA dipped to third place from first place a year ago. This is also due to the Thai offer.

LIST OF TABLES

15 SECTION 1
ANNUAL INTERNATIONAL TOURISM STATISTICS

23 SECTION 2
ANNUAL INTERNATIONAL TOURISM STATISTICS

LIST OF FIGURES

01 TOURISM TREND ON BHUTAN

03 GLOBAL TOURISM TREND WITH SPECIFIC FOCUS ON ASIAN AND THE PACIFIC REGION

06 SECTION 1

ANNUAL INTERNATIONAL TOURISM STATISTICS

24

SECTION 2
INTERNATIONAL VISITOR EXIT SURVEY

1. INTRODUCTION

In order to provide evidence-based findings and forecasts to a complex network of stakeholders that have an interest in the development, management and marketing of tourism in the country, The Tourism Council of Bhutan (TCB) introduced an Annual Tourism Report – Bhutan Tourism Monitor in 2004 as a publication of the Research Section of the Plans and Programs Division.

Today the statistical report has grown into one of the most comprehensive in the country by providing overall measures of the performance of tourism industry based on data from current and previous years. The report presents a detailed statistical breakdown of tourist arrivals, first-hand feedback from the tourists and market intelligence, and is widely referred to by policy makers and private tourism entities for use in policy interventions, and in planning and marketing for the tourism industry.

Statistics pertaining to some aspects of the International Tourists are mined from Tashel Information Management System maintained with the TCB. A major part of statistics pertaining to the International and Regional Tourists are collected through the administration of Exit Surveys at the gateways of Bhutan including Paro International Airport.

The report also provides analysis of major source markets by their travel patterns and preferences.

a. Tourism Trend on Bhutan

Total visitor arrivals to Bhutan grew by 14.86% in 2014 compared to 2013 with an addition of 17,271 arrivals.

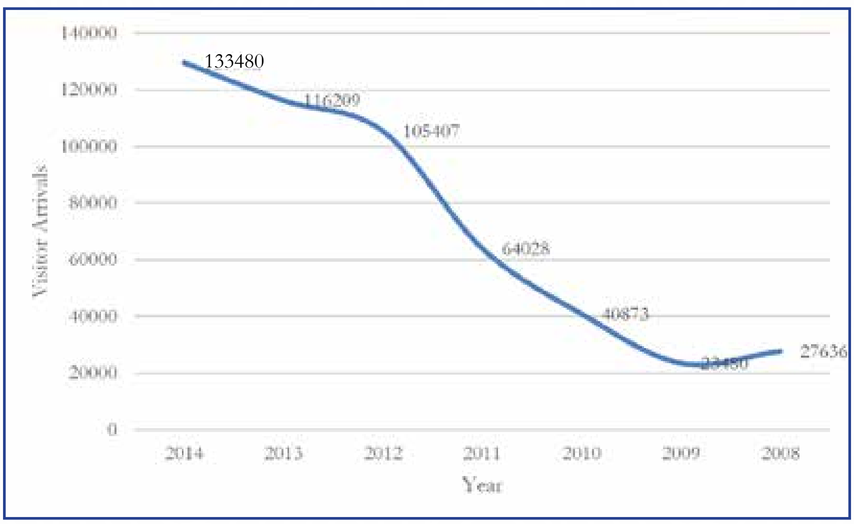


Figure a-1 Total Visitor Arrivals from 2008 to 2014

Out of a total of 68,081 international arrivals in 2014, 98% arrived by air and the remaining 2.19% arrived overland. Of those who arrived by air, 87% were tourists, 8.20% were officials, 1.71% came for business and 3.08% were others. Of those who arrived overland 25.2% were officials, 19.3% came for business, and 55.5% were others. Overall, 87% of international visitors were tourists, 8.58% were officials, 2.1% came for business and 4.22% were others.

Out of a total of 65,399 regional visitor arrivals in 2014, 6.00% arrived by air while the remaining 94% arrived overland. Of those who arrived by air, 52.93% were tourists, 19.10% were officials, 13.21% came for business and 14.76% were others. Of those who arrived overland, 75.59% were tourists, 6.09% were officials, 5.74% came for business and 12.59% were others. Overall, 74.23% of regional visitors were tourists, 6.87% were officials, 6.19% came for business, and 12.72% were others.

Altogether 133,480 arrivals were recorded in 2014 of which 79.8% were tourists, 7.74% were officials, 4.10% came for business, and 8.39% were others.

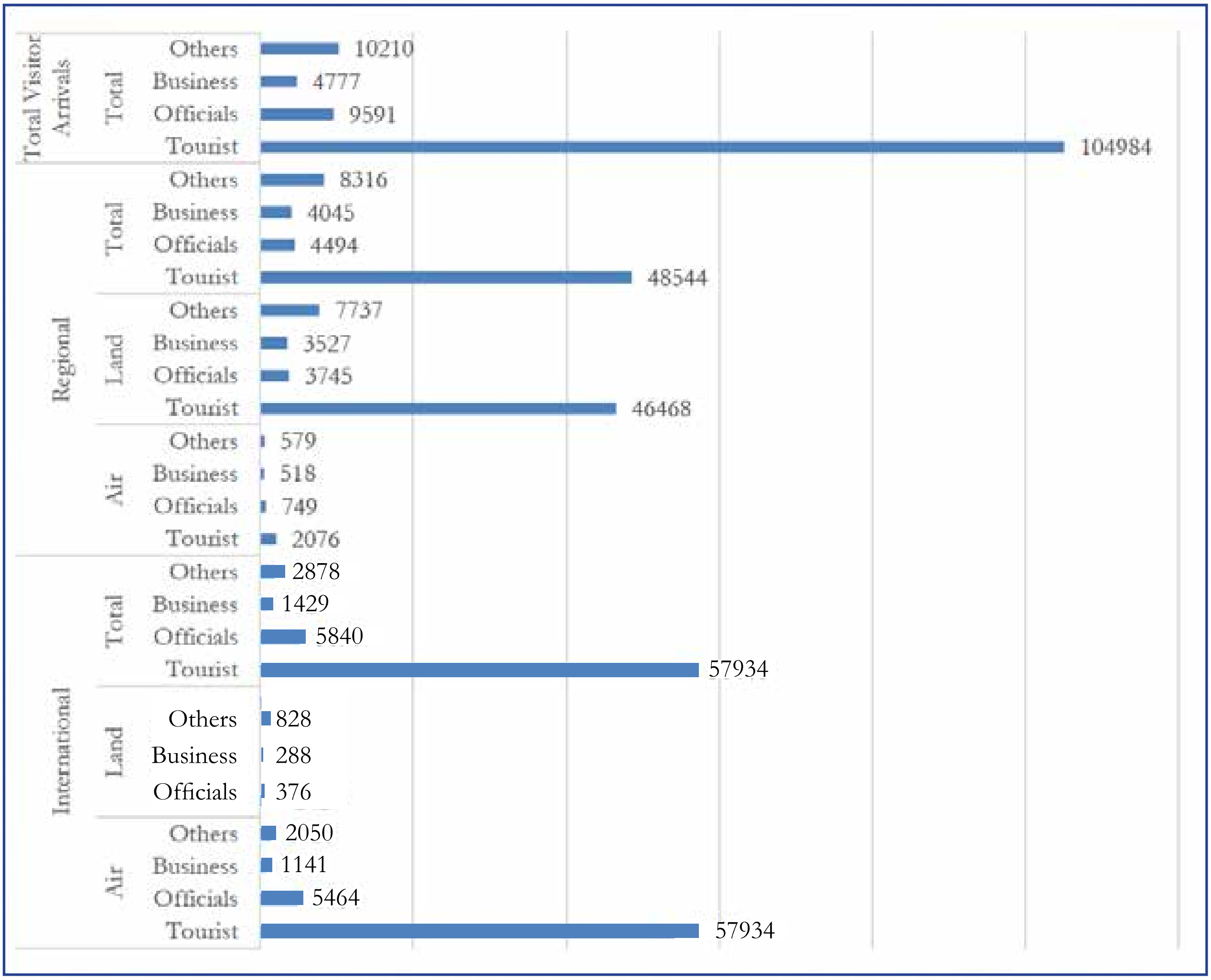


Figure a-2 Inbound Arrivals by Visitor Category

b. Global Tourism Trend with Specific Focus on Asian and the Pacific Region

The tourism industry has become one of the major players in the global economy. The World Travel and Tourism Council (2014) reports that travel and tourism's contribution to the global economy has risen to 9.5 percent of global Gross Domestic Product (seven trillion dollars) – not only outpacing the wider economy but also growing faster than other key sectors such as financial and business services, transport and manufacturing. International tourist arrivals reported by destinations around the world increased from 278 million in 1980 to 528 million in 1995, 1,017 million in 2013 and to an unprecedented 1,138 million in 2014 (UNWTO, 2015). In 2014 there were 51 million more tourist arrivals compared to 2013. The growth rate remained fairly flat and high at 4.69% compared to 4.72% in 2013, marking the fifth consecutive year in which the rate of growth has been above its long term average since the financial crisis of 2009. At the same time, UNWTO World Tourism Barometer points out that growth in receipts is expected to followed the growth in arrivals fairly closely as in recent years.

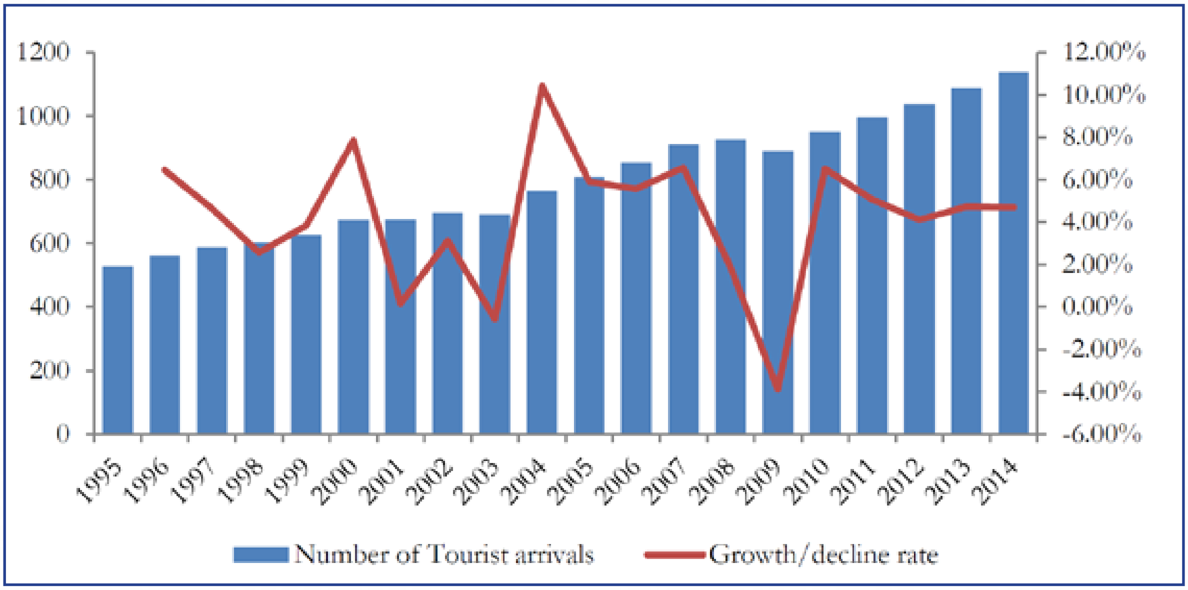


Figure b-1 Number and Growth Rates of Global Arrivals

By region, the strongest growth in 2014 was registered in the Americas (+7%) and in Asia and the Pacific Region (+5%), while Europe (+4%), the Middle East (+4%) and Africa (+2%) grew at a slightly more modest pace. By sub-region, North America (+8%) recorded the best results, followed by North-East Asia, South Asia, Southern and Mediterranean Europe, Northern Europe and the Caribbean, all increased by 7%. UNWTO forecasts international tourist arrivals to grow between 3% and 4% in 2015 with the strongest growth expected in Asia and the Americas (both 4% to 5%). Over 300 tourism experts have provided the following reasons for this optimistic forecast for 2015:

(a) Continuing demand through 2015, as the world economic situation improves;
(b) Decline of oil prices;
(c) Lower transport costs which will boost economic growth by lifting purchasing power and private demand in oil importing economies.

According to the UNWTO World Tourism Barometer, international tourist arrivals in Asia and the Pacific Region (+5%) increased by 13 million to 263 million in 2014. The best performance was recorded in North-East Asia and South-Asia (both +7%). Arrivals in Oceania grew by 6%, while growth slowed in South-East Asia (+2%) compared to previous years. Pacific Asia Travel Association (2014) forecasts that Asia Pacific destinations will receive 33 million more foreign arrivals in 2015 compared to 2014, lifting the expected total inbound volume to around 547 million by the end of the year. Asia has also been the key growth driver for the world's outbound travel market. From 2009 to 2013, the number of Asian outbound trips grew by 53%, which was twice the overall global growth rate of 22% (IPK International, 2014).

China and Japan accounted for about 50% of all Asian outbound travel. One key finding with regard to outbound travel is that a large majority of international travel takes place within the travelers' own regions with about four out of five worldwide arrivals originating from within the same region (UNTWO, 2014). In 2013, 75% of the Asian trips were made to countries in Asia according to IPK International. Based on current economic trends and travel intentions, the IPK International forecasts a further 8% growth for Asian outbound travel in 2015.

2. STUDY DESIGN AND METHODOLOGY

A Sequential Exploratory Mixed Method was employed for this study in which quantitative data was collected and analyzed followed by a collection and analysis of qualitative data. Qualitative results were used to assist in explaining and interpreting the findings of the quantitative study. Questionnaires comprised both open-ended and closed-ended questions from the International and Regional Tourist Exit Surveys were administered at the star hotels in Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar. Additionally, the surveys were also administed at the Paro International Airport and other gateways of Bhutan for a year from the start of January 2014 to the end of December 2014.

This design was chosen upon the review of past relevant literature on the conduct of exit surveys worldwide, and the questionnaires used in previous surveys were also taken into account in consultation with the research team of TCB.

a. Sampling Procedures and Sample Size Determination

A total of 12,000 visitors were randomly interviewed consisting of 7,200 international and 4,800 regional tourists. This represented a sample size of 12% of the total expected number of tourists in 2014. The expected tourist arrivals in 2014 was roughly estimated at 100,000 and the ratio of international to regional samples was 6:4.

b. Data Collection and Mining

Annual international tourists data were exclusively mined from Tashel System and annual regional tourists data were collected from the Department of Immigration, Ministry of Home and Culture Affairs. International and regional tourist data were collected through the administration of visitor exit surveys at Paro International Airport, various gateways of Bhutan and at the hotels.

Data collected through the administration of Exit Surveys were coded, cleansed and then inputted into a database. Desired data for Annual Tourism Statistics were queried from Tashel Information Management System using Structured Query Language (SQL). These two datasets were then merged into a consolidated BTM dataset.

SECTION 1
ANNUAL INTERNATIONAL TOURISM STATISTICS

International tourist arrivals to Bhutan grew at 29.72% in 2014. The growth is the highest in the last half decade, and it is remarkable to note that growth in the number of tourist arrivals increased every year as shown by Figure 1-1.

Figure 1-1 Number of Tourist Arrivals Over the Past Few Years

1.1 Tourist Profile

Among tourists who visited Bhutan in 2014, female tourists account for 60.09% and male for 39.91%. Of the total, tourists aged 61 years and above composed 31.62%, 22.35% are aged 56-60 years, 17.46% aged 46-55, 12.21% aged 36-45, 11.30% aged 26-35, and 2.6% aged 18-25.

Of the total, 9.31% are businessman, followed by 3.33% retirees, 2.79% students, 2.10% government servants, 1.59% travel and hospitality workers, 1.33% health and medical workers, 1.33% academicians and 1.24% finance people.

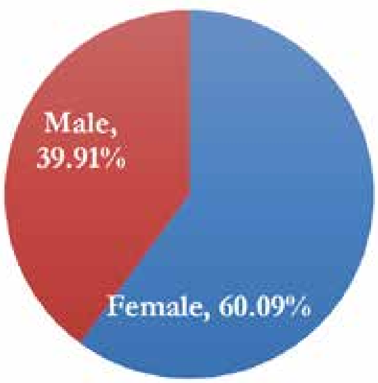


Figure 1.1-1 Composition of Tourist Arrivals by Gender

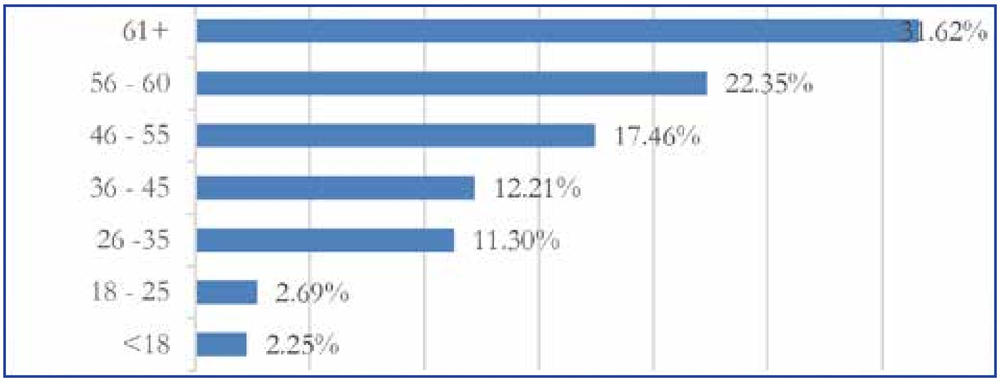


Figure 1.1-2 Composition of Tourists by Age Group

1.2 Tourists by Nationality

More than half of the tourists (55.77%) who visited Bhutan in 2014 were from Asia and the Pacific Region. About one-fourth were from Europe, 15.31% were from North America, 2.08% were from South America, 0.49% were from Middle East, and the remaining 0.25 were from Africa. Tourists from South America, Africa and the Middle East comprised less than 3% of the total. By nationality, Thai tourists accounted for one-fifth of the total tourists in 2014. The second highest number of tourists by nationality were Chinese (14.04%) followed by Americans (12.68%). Singaporean and the French tourists each accounted for nearly 3% of the total tourists in 2014.

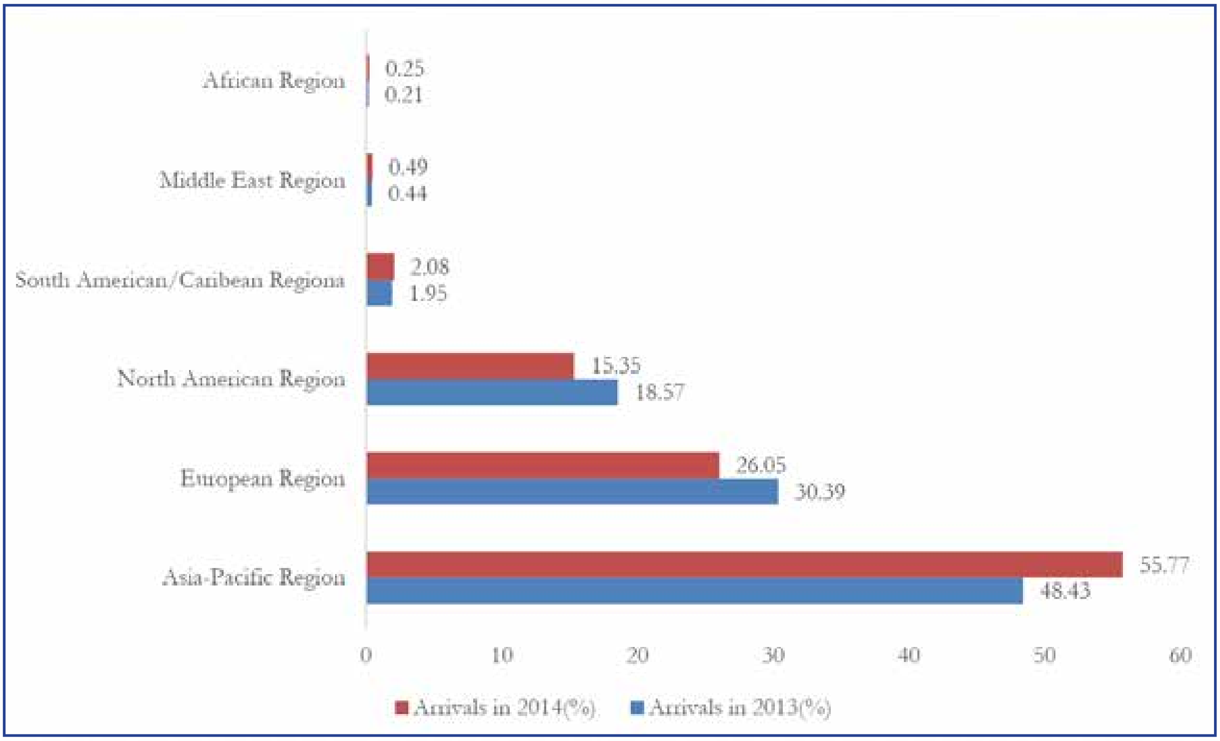


Figure 1.2-1 Tourist Arrivals by Region

1.3 Tourst Arrivals in 20 Dzongkhags

Paro, Thimphu, Punakha, Wangdue Phodrang, and Bumthang districts were the most popular destinations for tourists in Bhutan. The top four destinations are all located in the western part of the country. On the other hand, Pema Gatshal, Dagana, Tsirang and Sarpang received the fewest number of tourists in 2014. Incidentally, all of them are located in the Southern part of country. The Eastern districts also received very limited number of tourists. The Central districts, though they received far fewer tourists compared to the West, fared quite well compared to the Eastern and the Southern parts of the country. The exceptional case is Haa which received comparatively few tourists despite its location in the West. Compared to 2013, the number of tourists increased drastically in 2014, but disproportionately more in the popular districts of Paro, Thimphu and Punakha. Arrivals in Trongsa, Chukha, Haa, Mongar, Trashigang and Samdrup Jongkhar districts remained fairly flat.

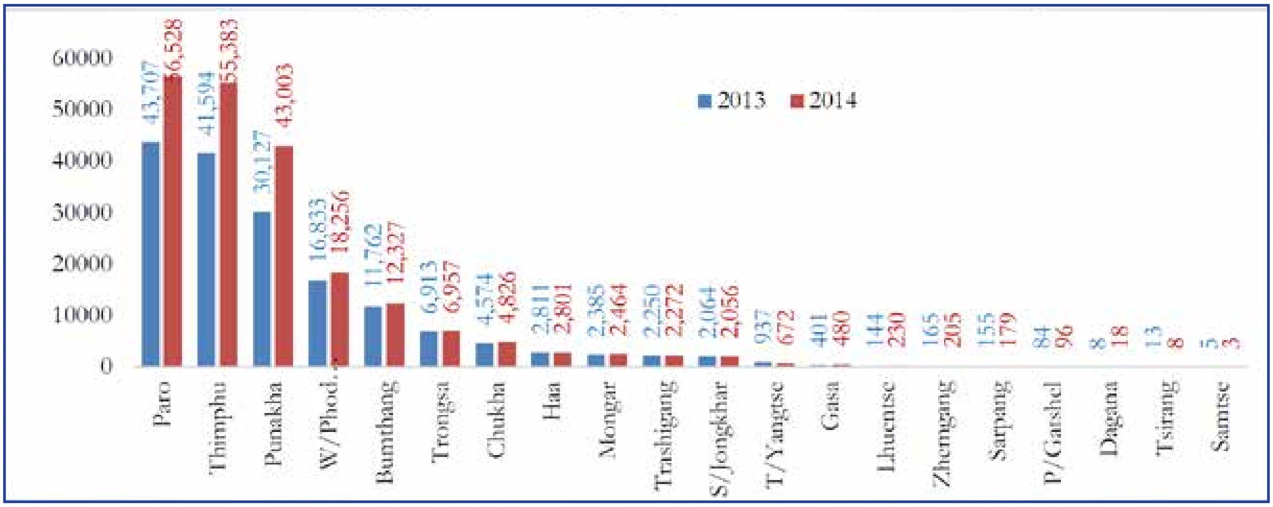


Figure 1.3-1 Tourist Arrivals by Dzongkhags in 2013 and 2014

1.4 Purpose of Visit

More than four-fifth of tourists (86.34%) visited Bhutan for cultural sight-seeing followed by 13.30 % for ‘adventure’, 0.2% for ‘Spiritual and wellness’ while nature, tshechus/festivals and trekking each attracted 0.07%, 0.05% and 0.04% of tourists respectively. More than 94% of Japanese came to Bhutan for cultural sightseeing. Similarly, 92.79% of Malaysian came for the same reason. Though with only 0.26% of the tourists, the Japanese had the highest proportion of tourists who came for festivals/tshechus. 74.8% of Americans came for cultural sightseeing followed by the British. But, Americans had the largest proportion of within-country tourists visiting Bhutan for adventure among the top ten source markets. One-fourth of Americans (25%) came for adventure, followed by the British (22.2%).

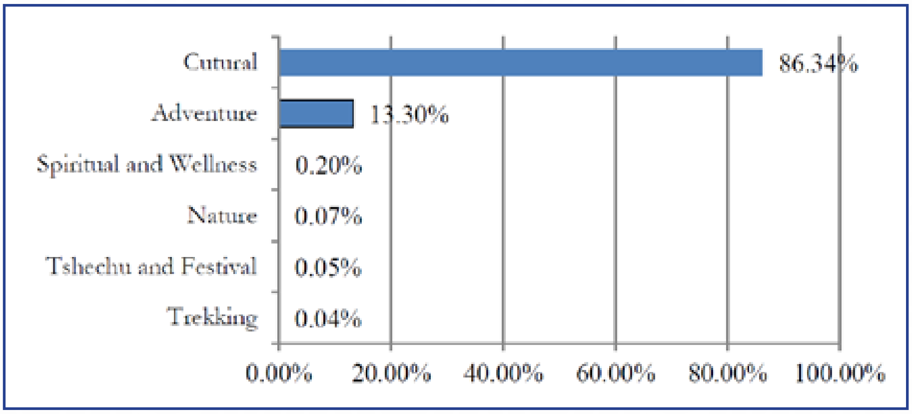


Figure 1.4-1 Tourists by Primary Purpose of Visit

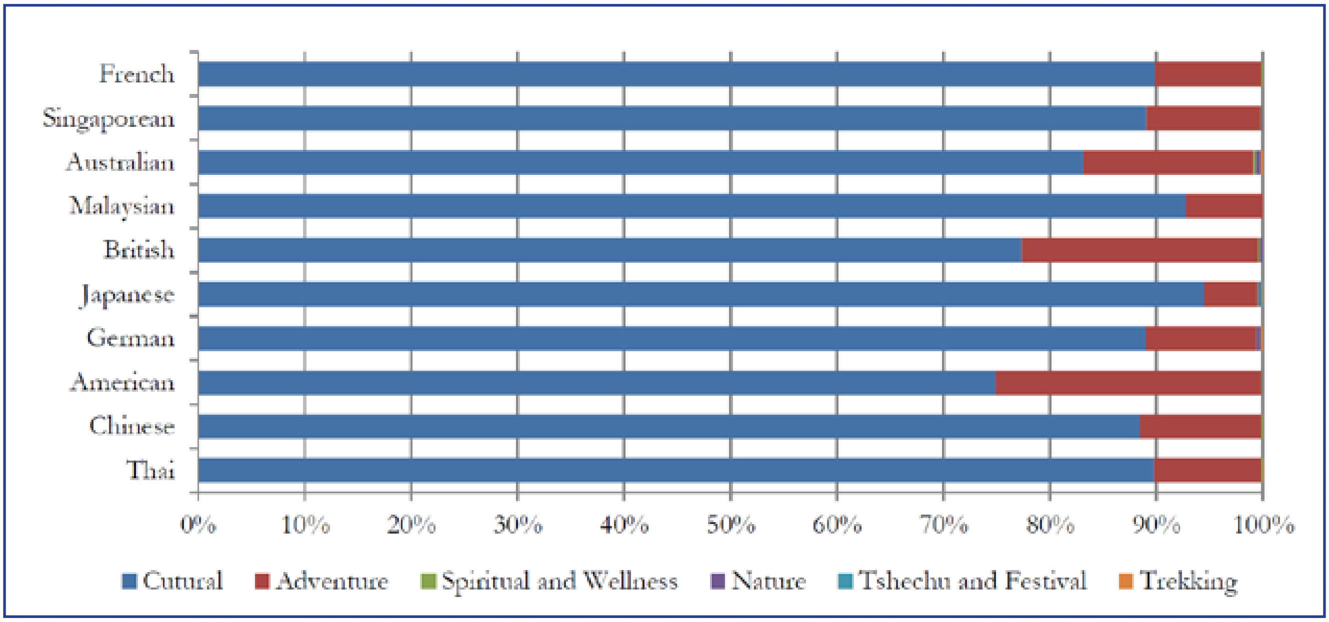


Figure 1.4-2 Tourists by Major Source Markets and Purpose of Visit

1.5 Travel Party Size

Some tourists visited alone while many visited in groups that consisted of as many as 130 members. The average group size in 2014 was 12. More than one-third of the tourists (37.6%) traveled in groups of less than 5 people each. Some 18.2% visited in groups whose size ranged between 15-19 people and 16.3% visited in groups of 5-9 people. Large groups, comprising of more than 19 people, constituted 15% of the total groups.

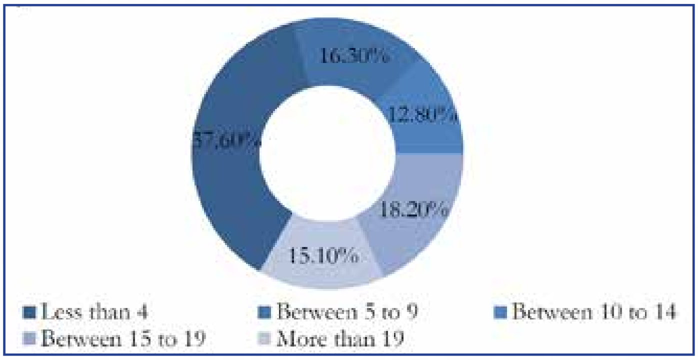


Figure 1.5-1 Tourists by Group Size

Tourists that preferred to travel in small groups of less than five people include British (60.3%), Australian (54.6%), American (52%), Singaporean (50.9%), Japanese (49%) and German (48%). On the other end, Thai and Malaysian preferred traveling in large groups. 36.4% and 36.5% of Thai tourists traveled in groups composed of 15-19 members, and 36.5% in groups of more than 19 members respectively. Likewise, more than half of the Malaysian (47%) traveled in groups of more than 14 members.

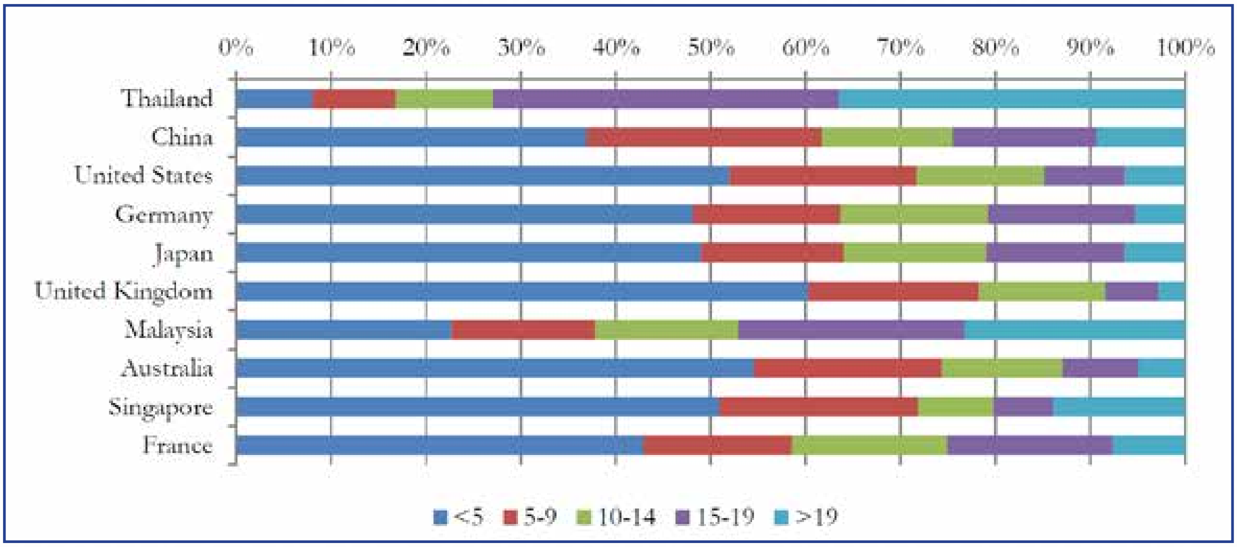


Figure 1.5-2 Tourists by Major Source Markets and Group Size

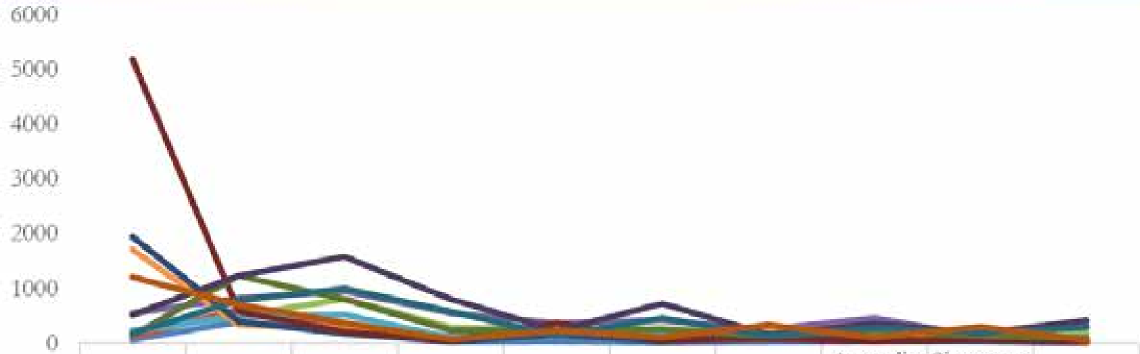
1.6 Preferred Time of Visit

On a monthly basis, most tourists visited Bhutan in October with 16.20% of tourists visiting during this month. The second highest number of tourists visited in August (12.89%) and the third in April (12.14%). The smallest proportion of tourists visited in January (2.27%) and February (4.34%). If tourists' arrival was aggregated on a seasonal basis, a little more than one-third of the tourists (35.12%) came in autumn, followed by 25.8% in summer, 25.05% in spring and 14.03% in winter. Spring and autumn seasons are considered peak tourist seasons in Bhutan. But, it is notable that tourist arrivals in summer have been as high as the peak spring season in 2014.

A major proportion of Thai tourists (73%) visited Bhutan in the summer. This was particularly because of the relaxation of tourists' daily package rate introduced for Thai nationals in commemoration of 25 years of friendship and diplomatic relations between Bhutan and Thailand. Under the Bhutan - Thailand friendship offer, the government levied Thai nationals only the daily royalty of USD$65 per person per night. Drukair and Bhutan Airlines offered a discount of 50% on airfare, while hotels offered discounts upto 50% on rates. The offer was an initiative to promote tourism throughout the year, particularly during the lean summer season. With the offer closing by the end of August, a majority 42.7% of Thai tourists visited in August. American and European tourists are very seasonal. 46.4% of Americans, 54.9% of Germans, 53.7% of British, and 49.3% of French visited in autumn season and the next highest proportion of tourists visited in spring, a yet another peak season. Majority of Australians also visited during these two peak seasons, i.e. 43.8% in autumn and 37.6% in spring. Rest of Asian tourists, from China, Japan, Malaysia and Singapore, are spread quite evenly throughout the four seasons In case of distribution across months, majority of Chinese visited in September and October, Japanese in April and August, and Malaysian and Singaporean in December.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Count	1314	2512	4240	7034	3236	3720	3789	7465	4982	9382	5952	4305
%	2.27%	4.34%	7.32%	12.14%	5.59%	6.42%	6.54%	12.89%	8.60%	16.20%	10.27%	7.43%

Figure 1.6-1 Tourist Arrivals by Month-Wise



	Thai	Chinese	American	German	Japanese	British	Malaysian	Australian	Singaporean	French
January	68	392	243	35	43	22	35	44	40	11
February	117	624	358	127	233	93	147	73	59	42
March	224	499	808	298	252	274	190	157	129	179
April	552	821	950	556	370	428	259	464	129	338
May	237	492	523	112	208	159	123	145	179	102
June	1712	345	258	51	222	63	288	61	208	10
July	1947	403	178	33	162	41	168	52	66	45
August	5183	580	216	56	376	52	88	39	71	37
September	149	1236	800	239	231	251	136	244	136	95
October	516	1234	1579	810	231	723	158	362	188	422
November	187	784	1002	580	145	464	135	283	208	292
December	1213	701	376	74	234	110	340	113	307	63

Figure 1.6-2 Tourist Arrivals by Major Source of Markets and Month-Wise

1.7 Length of Stay

Tourists visiting Bhutan in 2014 spent on average 6.43 nights. On a disaggregated basis, the majority of tourists spent between 4 to 5 nights (43.2%), followed by 20.6% who spent between 6 to 7 nights, and 10.2% between 8 to 9 nights. A significantly large proportion of Thai tourists (89%) spent 4 to 5 nights in Bhutan. Only less than 5% of Thai tourists stayed for more than 5 nights. Similarly, the duration of stay of most tourists from the Asian subcontinent is quite short. About half of the Chinese (51.1%) spent between 4 to 5 nights while 31.6% of Japanese stayed less than 4 nights, and 44.9% stayed between 4-5 nights. More than half of the Malaysian tourists (56.6%) spent between 4-5 nights. The Singaporeans and Australians stayed longest among Asian tourists. More than half of Singaporeans (56.3%) stayed between 6-7 nights, and 16.9% stayed between 8-9 nights. Almost one-fourth of Australians (24.4%) spent more than 11 nights and 17.1% spent between 10-11 nights. About 40% of Americans and 48.3% of British stayed for more than 7 nights while 26.7% of the French spent more than 11 nights, 18% spent between 10-11 nights, and in total, 58% spent more than 7 nights. Germans were the longest staying guests with 64.6% staying more than 7 nights, and 27% staying for more than 11 nights in Bhutan.

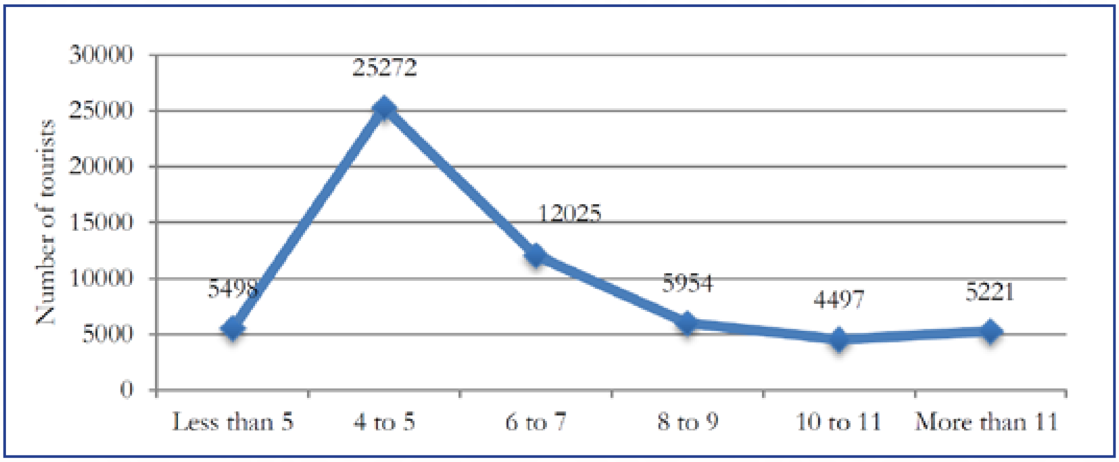


Figure 1.7-1 Length of Stay

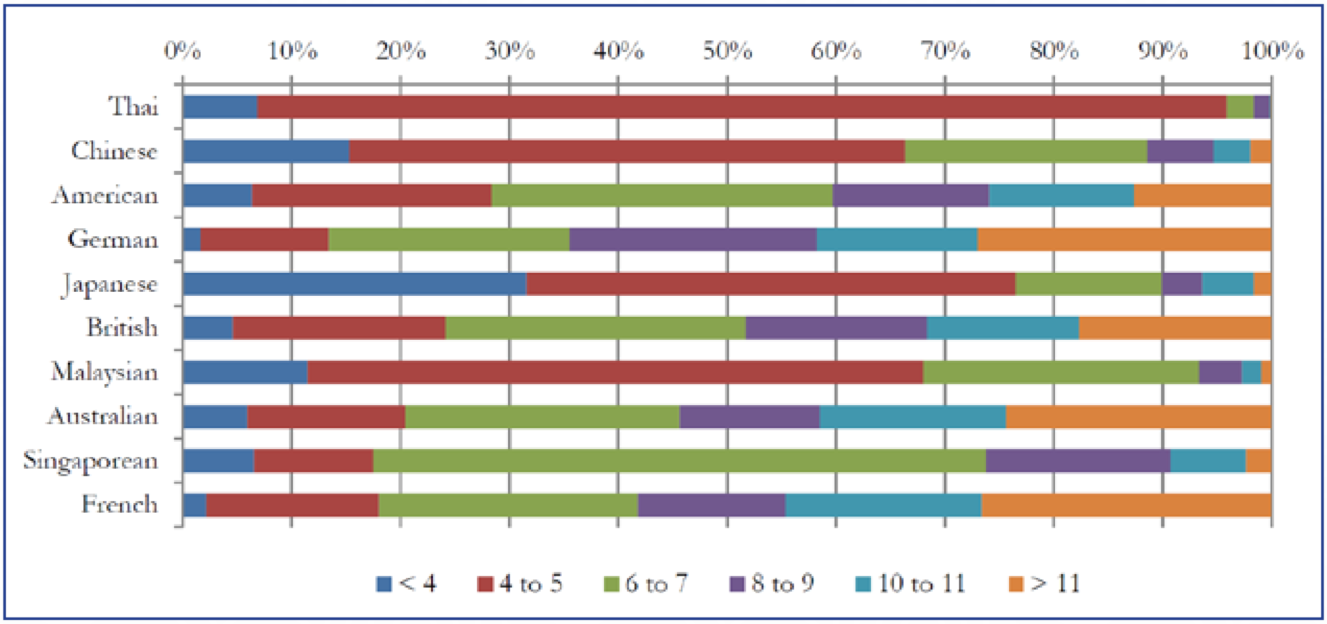


Figure 1.7-2 Length of Stay by Major Source Markets

1.8 Tourist Arrivals by Bed Nights and Dzongkhags

Paro, Thimphu and Punakha recorded the highest number of bed nights in 2014. Bed nights in Paro alone constituted about one-third (34.43%) of the total, while bed nights in Thimphu and Punakha composed 26% and 16% respectively. Although Wangdiphodrang received a higher number of tourists compared to Bumthang, the number of bed nights recorded in Bumthang (8.28%) exceeded Wangdiphodrang (6.88%). The Southern districts, namely Pema Gatshel, Dagana, Tsirang and Samtse recorded the least number of bed nights; all constituted far less than 1% of the total. From these findings, it is apparent that tourists visiting Bhutan are highly concentrated in the West, particularly in Paro, Thimphu, Punakha and Wangdiphodrang followed by the Central districts such as Bumthang and Trongsa.

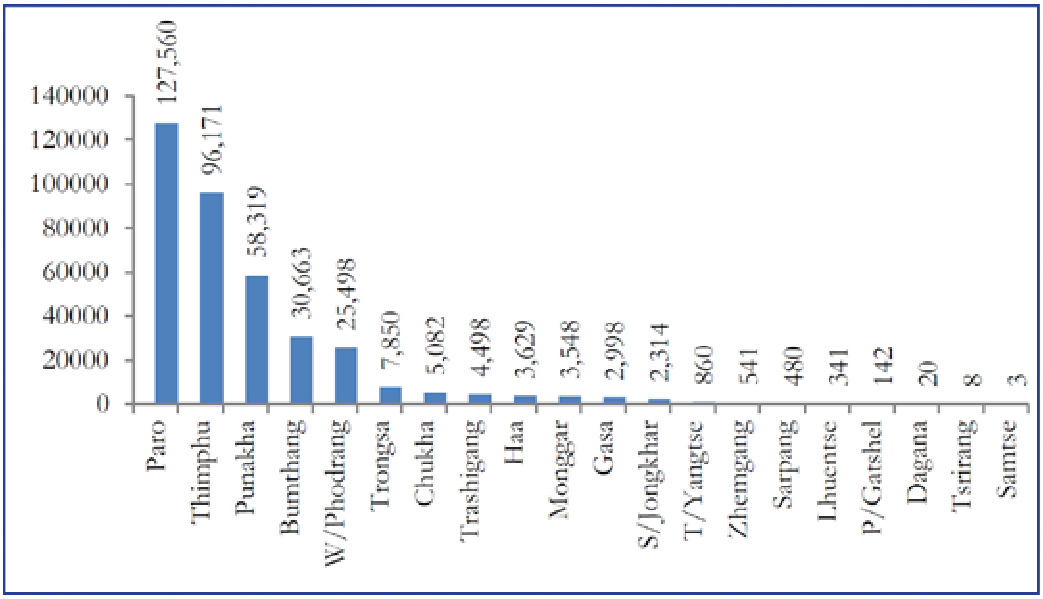


Figure 1.8-1 Tourist Arrivals by Bed Nights and Dzongkhags

Figure 1.8-1 shows the percentage change in number of bed nights from 2013 to 2014. The proportion of bed nights in the case of Thailand tourists show a startling increase of 229.23% from the previous year. This was followed by China which increased by 80.23%; Switzerland by 25.36%; British by 11.59%; Germany by 10.69%; American by 6.80%; and French by 3.05%. On the flip side, there was a significant -32.54% drop in bed nights in case of Japanese tourists, as compared to 2013, followed by Singapore and Australia which showed -22.68% and -1.85% decrease respectively. Despite the startling growth in the number of bed nights by Thai tourists, tourist from the USA continues to occupy the largest number of bed nights.

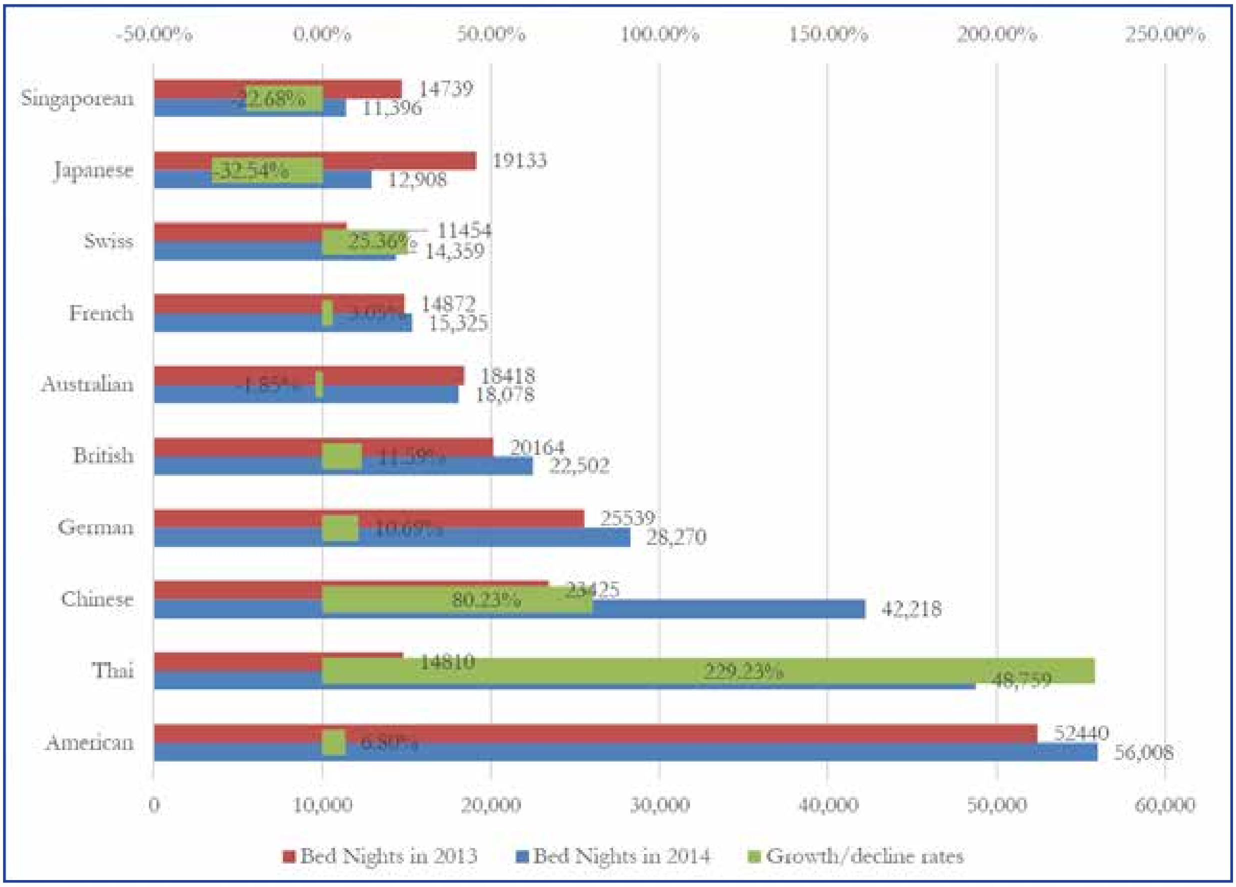


Figure 1.8-2 Change in Bed Nights by Major Source Markets

1.9 Repeat Visitation

About 98.78% of the tourists visited Bhutan for the first time. Included among the remaining 1.22% of tourists, 0.59% had made one previous visit while 0.25% had made two previous visits, 0.14%, 0.06%, 0.03% and 0.15% had made three, four, five and more than five previous visits to Bhutan respectively.

Table 1.9-I Tourists by Prevous Visits

Number of visits	Never visited	One previous visit	Two previous visit	Three previous visit	Four previous visit	Five previous visit	Six previous visit
Frequency	57753	344	145	84	35	19	87
Percent	98.8%	0.6%	0.2%	0.1%	0.1%	0.0%	0.1%

American, Japanese and Chinese tourists had the most repeat visits among tourists of the major source markets in the last five years. However, for the first time, Thai tourists were ranked number one in 2014 in terms of total visits, followed by Chinese and American tourists. While Chinese have maintained their second position, American fell from the first position in 2013 to third position in 2014. Japan for the first time was not included in the top three ranks.

Table 1.9-II Top 10 Markets by Previous Visits

	Rank									
Year	**1st**	**2nd**	**3rd**	**4th**	**5th**	**6th**	**7th**	**8th**	**9th**	**10th**
2010	American	German	Japanese	British	French	Australian	Chinese	Italian	Swiss	Dutch
2010	American	Japanese	Chinese	British	German	Thai	Australian	French	Singaporean	Canadian
2010	Japanese	American	Chinese	Thai	German	British	Australian	French	Singaporean	Malaysian
2010	American	Chinese	Japanese	Thai	German	British	Australian	Malaysian	Singaporean	French
2010	Thai	Chinese	American	German	Japanese	British	Malaysian	Australian	Singaporean	French

1.10 Popular Festivals

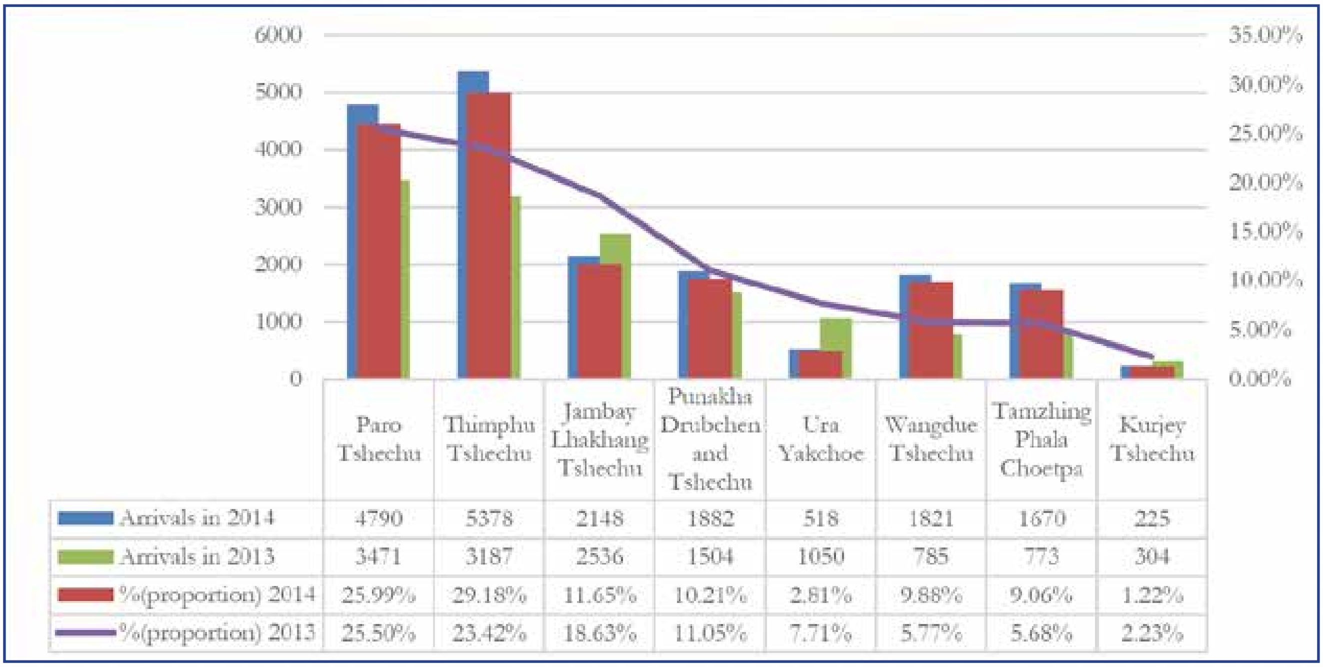


Figure 1.10-1 Tourist Arrivals by Popular Festivals

1.11 Trekkers by Route

Table 1.11-I Top 10 Markets by Number of Trekkers

Trek	No. of Trekkers in 2013	No. of Trekkers in 2014	% Change from Previous Year
Bumthang Cultural Trek	158	203	28.48%
Bumthang Owl Trek	71	111	56.34%
Chelela Trek	33	60	81.82%
Dagala Thousand Lakes Trek	85	106	24.71%
Dongla Trek	12	6	-50.00%
Druk Path Trek	873	1,222	39.98%
Dur Hot Spring Trek	9	2	-77.78%
Gangjula Trek	6	6	0.00%
Gangkar Puensum	5	13	160.00%
Gantey Trek	84	99	17.86%
Jomolhari Trek	848	799	-5.78%
Laya Gasa Trek	189	291	53.97%
Masagang Trek	4	16	300.00%
Merak-Sakteng	113	123	8.85%
Nabji Korphu Community Based Trek	24	37	54.17%
Nubtsona Pata Trek	32	19	-40.63%
Punakha Winter Trek	10	14	40.00%
Royal Manas Trek	2	39	1850.00%
Sagala Trek	143	79	-44.76%
Samtengang Trek	84	110	30.95%
Sinchula Trek	29	31	6.90%
Snowman Trek	128	107	-16.41%
Wild East Rodungla Trek	1	2	100.00%

1.12 Categories of Accommodation Providers

Tourist accommodation properties were classified into different star ratings based on the facilities and amenities in bedroom, bathroom and communal areas in conjunction with the level of maintenance, cleanliness and appearance.

Table 1.12-I Accommodation Providers by Star Category

Dzongkhag	3-Star	4-Star	5-Star	Total
Bumthang	11	2	1	14
Mongar	1	0	0	1
Paro	15	2	3	20
Phuntsholing	6	0	0	6
Punakha	2	2	2	6
S/Jongkhar	1	0	0	1
Thimphu	12	4	2	18
Trashigang	2	0	0	2
Trongsa	3	0	0	3
Wangdi Phodrang	1	1	1	3
Total	**54**	**11**	**9**	**74**

1.13 Accommodation Providers by Bed Nights

Table 1.13-I Accommodation Providers by Bed Nights and Dzongkhag

Dzongkhag	Bed Nights	%(proportion)
Paro	127,550	34.43%
Thimphu	96,157	25.95%
Punakha	58,317	15.74%
Bumthang	30,663	8.28%
Wangdue Phodrang	25,498	6.88%
Trongsa	7,850	2.12%
Chukha	5,082	1.37%
Trashigang	4,498	1.21%
Haa	3,629	0.98%
Monggar	3,548	0.96%
Gasa	2,998	0.81%
Samdrup Jongkhar	2,314	0.62%
Trashi yangtse	860	0.23%

Zhemgang	541	0.15%
Sarpang	480	0.13%
Lhuentse	341	0.09%
Pema Gatshel	142	0.04%
Dagana	20	0.01%
Tsrirang	8	0.00%
Samtse	3	0.00%
Total	**370,499**	**100.00%**

Table 1.13-II Top 10 Accommodation Providers by Bed Nights

Accommodation Provider	Bed Nights	%(proportion)
Meri Puensum Resort (Punakha)	14,386	13.77%
Olathang (Paro)	14,219	13.61%
Phuntsho Pelri (Thimphu)	11,170	10.69%
Tashi Namgey Resort (Paro)	11,163	10.69%
Tenzinling Resort (Paro)	11,039	10.57%
Damchen Resort (Punakha)	9,158	8.77%
Uma Resort (Paro)	8,951	8.57%
Zhiwaling (Paro)	8,939	8.56%
Dewachen (Wangdue Phodrang)	7,893	7.56%
Taj Tashi (Thimphu)	7,551	7.23%
Total	**104,469**	**100.00%**

1.14 Top 10 Tour Operators

The top ten operators in Table 1.14-I had a share of 29.7% of the total tourists. Norbu Bhutan Travel Private Ltd has received the largest number of tourists in 2014, followed by Bhutan Tourism Corporation Ltd and Etho Metho Tours and Treks Ltd. The first two have continued to maintain their position while the last has improved from eighth position in 2013 to third in 2014.

Table 1.14-I Bed Nights by Tour Operators

Rank	Tour Operator	Total	Percentage
1	Norbu Bhutan Travel Private Limited	27,752	7.5%
2	Bhutan Tourism Corporation Ltd.	13,188	3.6%
3	Etho Metho Tours & Treks Ltd.	9,852	2.7%
4	All Bhutan Connection	9,631	2.6%
5	Druk Asia Tours and Treks	9,594	2.6%
6	Happiness Kingdom Travels	9,393	2.5%
7	Luxury Division (BTCL)	9,232	2.5%
8	Yangphel Adventure Travel	8,510	2.3%
9	Wind Horse Tours, Treks and Expe	7,072	1.9%
10	Kingyal Tours	5,913	1.6%

1.15 International Tourism Earnings

Gross earnings from tourism in 2014 increased to USD$73.2 million (around Nu. 4.392 billion) from USD$63.49 million a year ago. It does not account for receipts from other categories of arrivals as well as airline receipts and out of pocket expenses. In relative terms, revenue increased by 15.3%. This is a huge growth compared to 2013 when gross earnings grew by only 1.1%. Earnings here refer exclusively to receipts from the international tourists' minimum daily package rate, visa fees and surcharges, as depicted in Table 1.12-I. Revenues for tour operators was USD$48.61 million. This amount includes expenses incurred for tourists' accommodation, food, transportation, and tour guides. Payments to the government treasury as royalty totaled USD$20.79 million.

Table 1.15-I Tourism Earnings in 2014

Earnings Breakdon	Earnings in USD in million
Gross earnings	73.20
Royalty	20.79
Visa fee from tourists	2.27
Visa fee from FAM tourists	0.04
Small group size surcharge	0.49
2% tax deducted at source	0.99
Tour operators' net	48.61

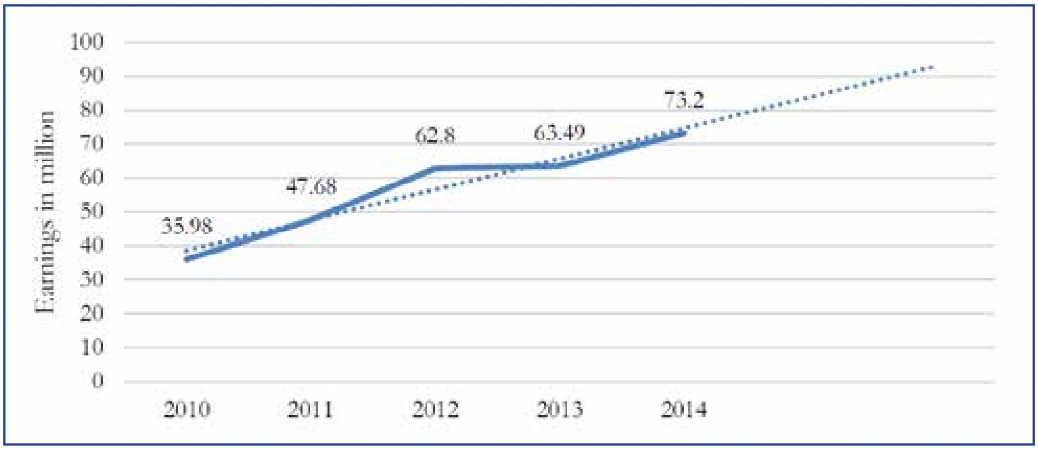


Figure 1.15-1 Earnigns from Tourism in the Past Few Years

1.16 Entry and Exit Sectors

Most tourists come by air to Bhutan as indicated by the routes in Figure 2.13-1. The figure includes the top five entry and exit gateways, which accounts for 93.41% and 92.48% of the routes used for entering and exiting Bhutan. The highest portion of tourists, totaling 43.68%, entered Bhutan through Bangkok. Another 30.75% came from Kathmandu and 8.7% from Delhi. The only alternative to air transport in Bhutan, i.e. road transport, was used by 5.92% of the tourists who entered Bhutan through Phuentsholing. A total of 4.36% of the tourists who entered Bhutan used the Paro-to-Singapore flight in 2014. A majority of tourists (43.46%) left Bhutan via the Paro-to-Bangkok flight. The second largest proportion of tourists (30.18%) exited via the Paro-to-Kathmandu flight followed by 10.03% who exited through Delhi. Road transport was used by 4.85% of tourists while 3.96% of tourists used the Paro-to-Singapore flight. The proportion of tourists exiting through Delhi is about 2% more than the proportion who entered Bhutan through Delhi.

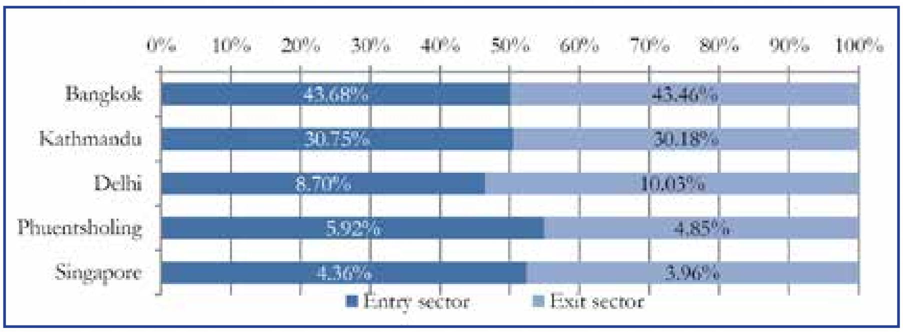


Figure 1.16-1 Tourists by Entry and Exit Sectors

A total of 99.2% of Thai tourists entered Bhutan using the Bangkok-Paro flight. A total of 73.6% of Japanese also used the same flight followed by 48.2% of Australian and 44.8% of American tourists. After Bangkok, Kathmandu was the second most popular entry point for Australians (27.1%) and Americans (23.6%) traveling to Bhutan. Similarly, about two-third of Chinese and Malaysian tourists entered through Kathmandu. As expected, 73.7% of Singaporean availed the Singapore-Paro flight and 15% entered Bhutan through Bangkok. German, British and French tourists were distributed across four major entry points of Bangkok, Kathmandu, Delhi and Phuentsholing.

Table 1.16-I Top 10 Source Markets by Entry Points

	Bangkok - Paro	Kathmandu - Paro	Delhi - Paro	Phuen-tsholing	Singapore - Paro	Kolkata - Paro	Samdrup Jongkhar	Dhaka – Paro
Thai	99.2%	0.3%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Chinese	26.0%	67.0%	2.1%	1.5%	1.0%	1.5%	0.1%	0.8%
American	44.8%	23.6%	16.8%	1.9%	2.4%	6.9%	1.1%	1.0%
German	12.8%	30.8%	17.4%	22.5%	1.9%	4.9%	8.3%	0.3%
Japanese	73.6%	8.7%	3.9%	4.5%	1.6%	3.0%	3.1%	0.8%
British	18.2%	39.7%	17.3%	10.3%	4.5%	4.5%	2.2%	1.0%
Malaysian	18.4%	66.3%	0.5%	3.4%	10.4%	0.8%	0.0%	0.0%
Australian	48.2%	27.1%	4.8%	5.3%	8.7%	1.8%	1.9%	0.9%
Singaporean	15.0%	8.6%	0.7%	0.9%	73.7%	0.6%	0.3%	0.1%
French	12.7%	21.0%	21.4%	28.0%	2.1%	5.4%	8.0%	0.6%

A total of 93.9% of Thai tourists exiting Bhutan used the Paro-Bangkok fight, and 4.9% exited through Phuentsholing. Compared to the proportion of Singaporeans who entered Bhutan via Singapore, a slightly smaller proportion (61.1%) exited using the Paro-Singapore flight; with 14.9% exiting through Bangkok and 14.2% through Phuentsholing. A total of 67.4% Chinese tourists exited Bhutan through Kathmandu and 25.7% through Bangkok. Likewise, 63.5% of Malaysian exited through Kathmandu, and 17.7% though Bangkok. Following their entry route, most Japanese exited through Bangkok (74.2%), but also exited though Kathmandu (9.5%), Samdrup Jongkhar (4.2%) and Delhi (3.8%). A large proportion of American (47.1%) and Australian (50%) tourists exited through Bangkok; but both Americans (23.8%) and Australians (25.6%) also exited through Kathmandu. About 16.4% of Americans exited via Delhi. Similar to the manner in which they entered Bhutan, European tourists used a variety of exit routes. A total of 31.6% of German exited through Kathmandu, 30.2% through Delhi, and 13.6% through Bangkok. 36.7% of British tourists exited through Kathmandu, 20% through Bangkok, 17.7% through Delhi and 9.8% through Kolkata. 30.6% of French tourists exited through Delhi, 28.8% through Kathmandu, 15.4% through Kolkata, and 13% through Bangkok.

Table 1.16-II Top 10 Source Markets by Exit Points

	Paro – Bangkok	Paro - Kathmandu	Paro - Delhi	Phuen-tsholing	Paro - Singapore	Paro - Kolkata	Samdrup Jongkhar	Paro – Bagdogra
Thai	93.9%	0.5%	0.0%	4.9%	0.0%	0.0%	0.2%	0.4%
Chinese	25.7%	67.4%	1.6%	1.8%	0.9%	1.4%	0.6%	0.0%
American	47.1%	23.8%	16.4%	2.3%	2.8%	3.7%	1.3%	0.6%
German	13.6%	31.6%	30.2%	4.7%	1.9%	9.8%	6.4%	1.1%
Japanese	74.2%	9.5%	3.8%	2.3%	1.7%	2.1%	4.2%	1.0%
British	20.0%	36.7%	17.0%	4.4%	4.3%	9.8%	4.1%	0.7%
Malaysian	17.7%	63.5%	0.3%	4.5%	10.1%	2.4%	0.4%	1.0%
Australian	50.0%	25.6%	5.1%	3.4%	8.9%	3.3%	1.6%	0.6%
Singaporean	14.9%	5.4%	2.5%	14.2%	61.1%	1.6%	0.1%	0.2%
French	13.0%	28.8%	30.6%	3.4%	2.1%	15.4%	4.3%	1.2%

SECTION 2
INTERNATIONAL VISITOR EXIT SURVEY

2.1 Demographic Characteristics

The demographic characteristics of the sample are summarized in Table 3.1-I. The sample consisted of 58.44% female and 41.56% male respondents. A majority (26.46%) of them are aged 60 years and above. More than half of them are above 45 years of age with only about 6% of them below 25 years of age. So far as education is concerned, 99.75% of them are educated, with a striking majority (89%) having a minimum of a Bachelor's degree. More than half (55%) of the respondents are married. International visitors working full-time constitute a major part of the sample (61%) but some 21.5% of the respondents were retirees. Data indicate that Bhutan is an attractive destination for international visitors who are elderly, highly educated, experienced and well settled.

Table 2.1-I Demographic Characteristics of the Respondents

Gender		
	Female	58.44%
	Male	41.56%
Age Group		
	<18	1.42%
	18-25	4.85%
	26-35	15.82%
	36-45	18.96%
	46-55	20.25%
	56-60	12.25%
	61+	26.46%
Education Level		
	Doctorate (PhD)	13.47%
	Master's Degree	39.71%
	Bachelor's Degree	35.46%
	Diploma	0.90%
	Certificate	0.51%
	Post-secondary Education	0.76%
	Lower Secondary Education	0.29%
	Some School	8.64%
	No Education	0.25%
Relationship Status		
	Not Married	41.44%
	Married	54.77%
	Divorced/Widowed/Separated	3.79%
Present Employment Status		
	Working full-time	61.23%
	Working part-time	9.53%
	Retired	21.51%

Student	4.07%
Unemployed	2.59%
Unemployed (Homemaker)	0.95%
Others	0.13%

By nationality, as depicted in Table 2.1-I, most respondents were from Thailand (20.9%) followed closely by the United States of America (19.71%). This is followed by visitors from Australia (7%), Japan (5%), Germany (4.43%) and China (3.86%). The top 15 countries, based on the proportion of respondents, represent 82.33 % of the total sample. In terms of region, exactly half of the respondents were from the Asia/Pacific region, largely due to Thailand. The North American and European regions constituted the second and third largest proportion of the sample.

Figure 2.1-1 Respondents by Major Source Countries

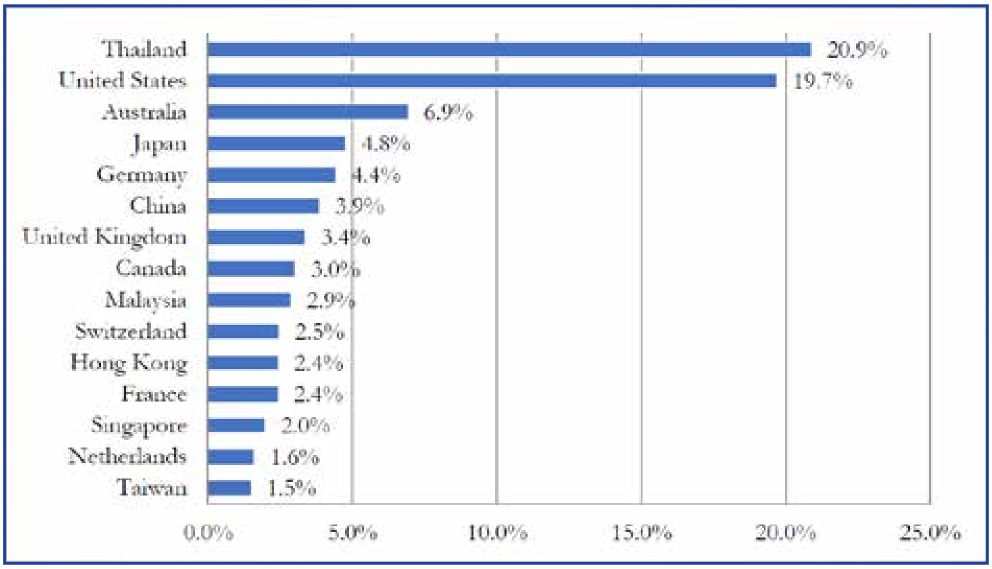
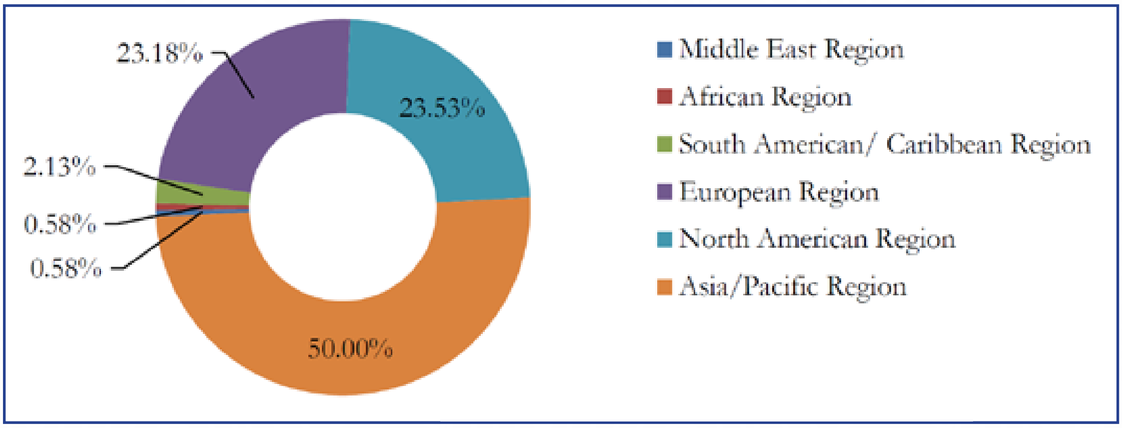


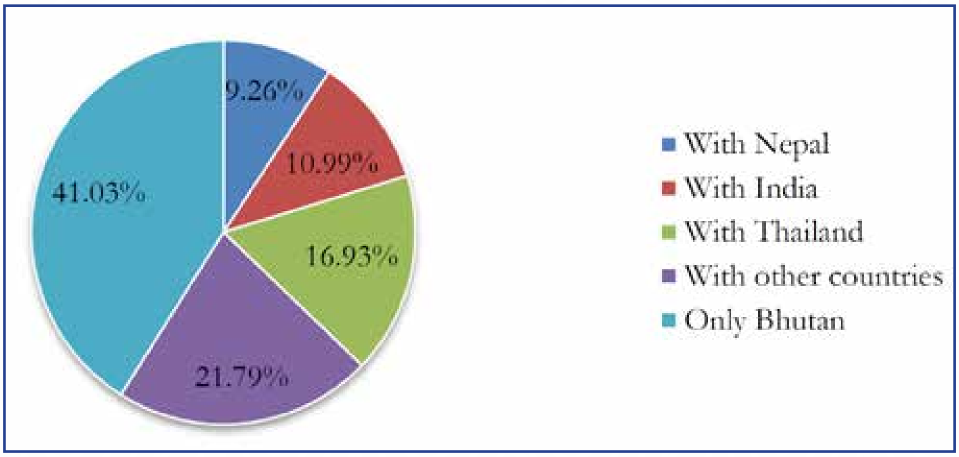
Figure 2.1-2 Respondents by Region



2.2 Circuit Tourism

Bhutan was the only destination to be visited for a majority (41%) of the respondents. As shown in Figure 3, some 16.98% visited Thailand, 10.99% India and 9.26% Nepal along with Bhutan during their trip in 2014. The high proportion of international visitors visiting only Bhutan may be a result of the high minimum daily package rate that international visitors need to pay thereby reducing their financial ability to combine trips to other countries. On the other hand, this statistic also indicates a large proportion of international visitors willing to spend a large amount of money solely to visit Bhutan.

Figure 2.2-1 Circuit Tourism



A predominant 61.7% of Thai, 44.8% of Japanese and 42% of Singaporean visitors visited only Bhutan during their trip while 18.9% of Singaporean and 20.3% of Japanese visitors also visited Thailand along with Bhutan. In total, 28% of Malaysia visited only Bhutan and 33.3% also visited Nepal; 24.8% of Australian visitors visited only Bhutan and 18.4% also visited Thailand. Chinese visitors are more diverse in terms of their trip pattern. 30.2% of them visited only Bhutan, 22.7% also visited Nepal and 18.7% also visited Thailand along with Bhutan. For the European visitors, a major proportion of British (26%) and German (23.5%) also visited India. In total 28% of French only visited Bhutan while 22.3% also visited India. 17.3% of American visitors visited Thailand and Bhutan while 14.3% visited only Bhutan.

Table 2.2-I Top 10 Source Markets by Circuit Tourism

Top 10 Source Markets	Only Bhutan	Thailand	India	Nepal	India, Nepal	Nepal, Tibet	Nepal, Thailand	Nepal, Thailand, Tibet	Cambodia, Thailand	India, Thailand	India, Nepal, Tibet
Thai	61.7%	6.0%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%	0.2%	0.0%
Chinese	30.2%	18.7%	2.9%	22.7%	0.7%	0.7%	1.4%	0.0%	0.0%	0.0%	0.0%
American	14.3%	17.3%	9.3%	4.2%	4.9%	3.2%	1.8%	3.5%	2.3%	1.3%	0.6%
German	18.5%	8.2%	26.0%	10.7%	2.2%	0.6%	1.3%	0.0%	0.3%	1.6%	0.9%
Japanese	44.8%	18.9%	3.8%	2.0%	0.3%	0.3%	1.5%	0.0%	0.3%	0.3%	0.3%
British	9.9%	7.4%	23.5%	15.2%	6.6%	1.2%	1.6%	0.0%	0.4%	0.4%	0.4%
Malaysian	28.0%	5.3%	1.9%	33.3%	0.5%	1.0%	0.0%	0.0%	0.0%	0.5%	0.0%
Australian	24.8%	18.4%	7.6%	5.6%	2.8%	3.8%	2.0%	0.4%	0.2%	0.6%	1.2%
Singaporean	42.0%	20.3%	6.3%	3.5%	0.0%	0.0%	0.7%	0.0%	0.0%	0.7%	0.0%
French	28.0%	4.6%	22.3%	5.7%	8.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.3 Travel Party Composition

More than one third of the respondents reported that they traveled in an organized tour group, followed by those who traveled with friends (20%), a spouse (18%), family members (11%) or colleagues/business associates (8%). Only 9% of the respondents traveled alone. A majority of Thai visitors (41%) came in a tour group while a major proportion of Chinese visitors (47.4%) traveled with their friends, and 40.8% of visitors from the UK traveled with their spouse. A quarter of Japanese visitors traveled alone and some 19% with colleagues/ business associates.

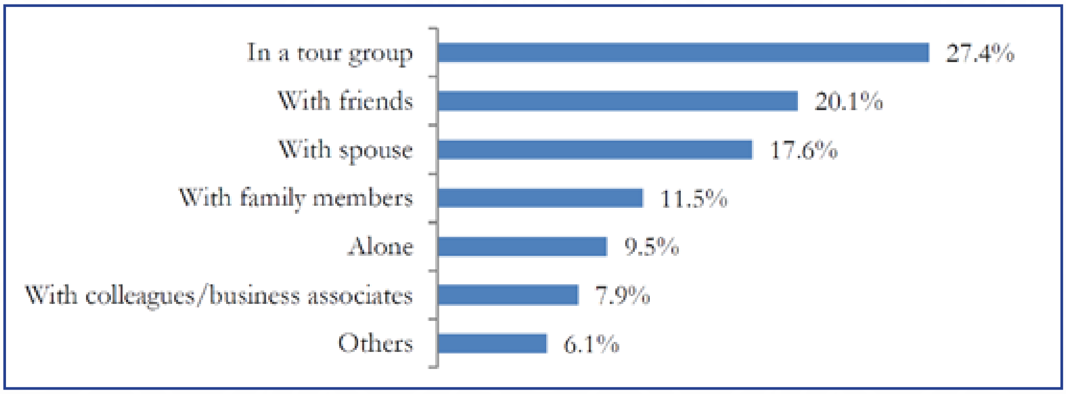


Figure 2.3-1 Respondents by Travel Companionship

2.4 Length of Stay

Slightly more than one-half of the respondents (55%) spent between one to five nights in Bhutan. At a disaggregated level, it was found that the majority (30%) spent a total of four nights. In 2014, the average stay was six nights. Only some 18.7% stayed for more than eight nights and 1.3% for more than 15 nights in 2014. The discount offered by TCB for those staying more than 8 and 15 nights respectively, designed to encourage longer stays, does not seem to be popular among international visitors.

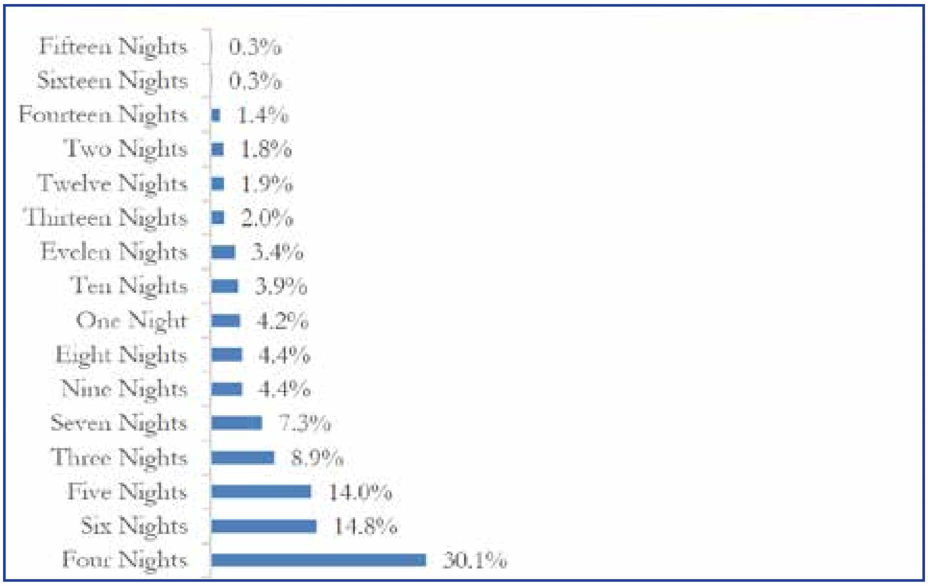


Figure 2.4-1 Respondents by Nights Spent

2.5 Purpose of Visit

Vacation was the primary reason that international visitors visited Bhutan. 80% of the respondents recorded vacation as their sole reason to visit. With its enchanting natural environment and a unique way of living, Bhutan seems to be a key leisure destination for international visitors. 5.5% of the tourist population visited for conferences, 4.7% for business, 2.7% to meet relatives/friends and 1.6% for official purposes. Gender-wise, the majority of females(83%) and males (76%) came for a vacation while 7% of the females and 6% of the males came for conference and business reasons. Country wise, a significant proportions of Japanese visitors came for 'business' (14.6%) and 'conferences' (8.1%) as compared to visitors from other major source markets. A significant proportion of respondents holding a PhD (10.8%) and a Master's Degree (8%) came to attend conferences in Bhutan. A significant number of highly educated visitors attending conferences in the country is a very encouraging sign and positive development towards achieving Bhutan's vision of becoming a knowledge-based society.

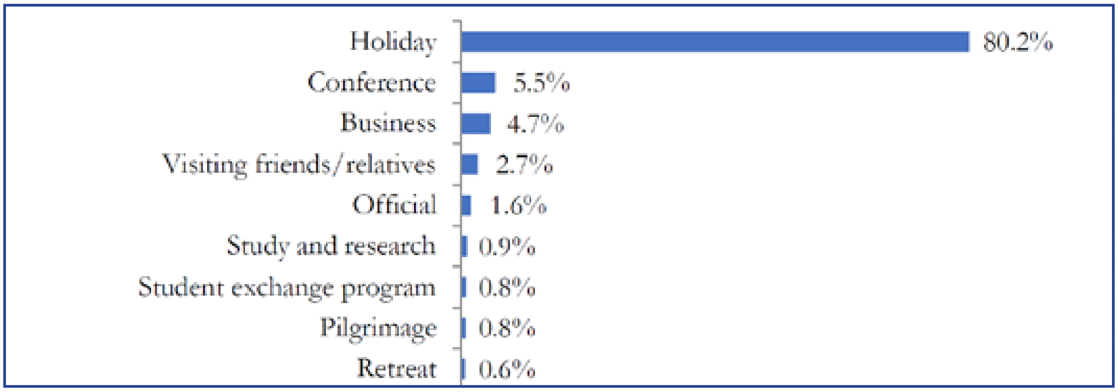


Figure 2.5-1 Respondents by Purpose of Visit

2.6 Attractions of Inspiration

Buddhist lifestyle, the Bhutan Royal Family, unique culture and festival, foothills of the Himalayas and the concept of GNH are some of the principal attractions that inspired the respondents to visit Bhutan.

2.7 Reason for Travel Timing

A significant number of respondents (33.9%) visited Bhutan during the vacation/holiday.

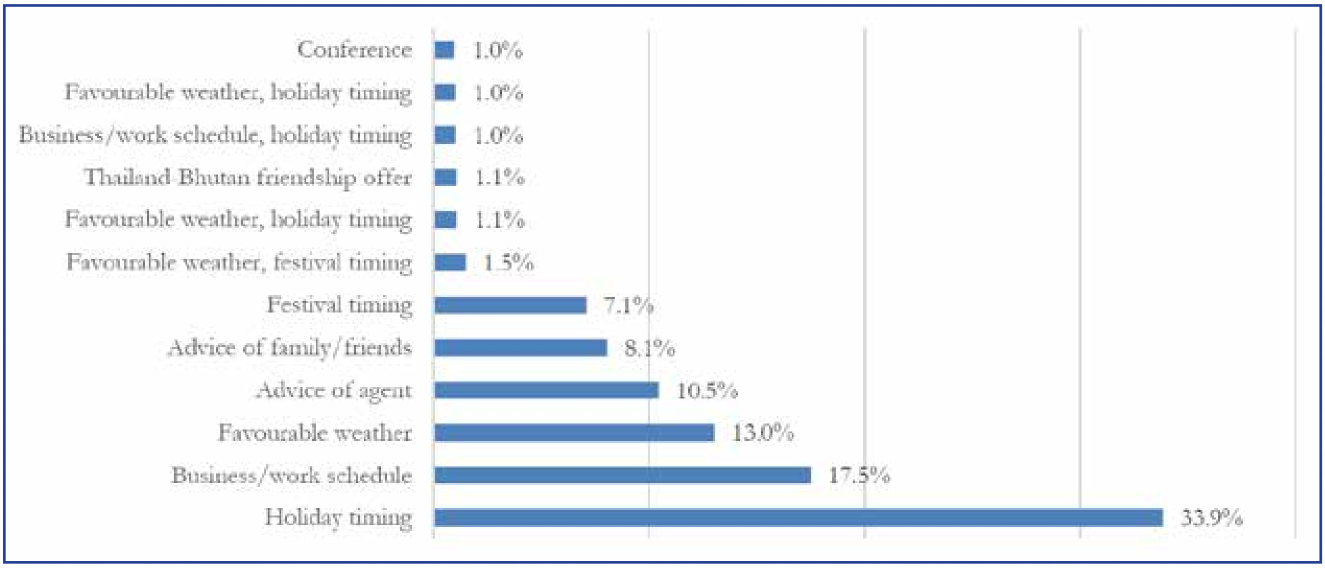


Figure 2.7-1 Respondents by Reason for Travel Timing

2.8 Duration Discount

Nearly 70% of the visitors who stayed more than 8 nights received a duration discount.

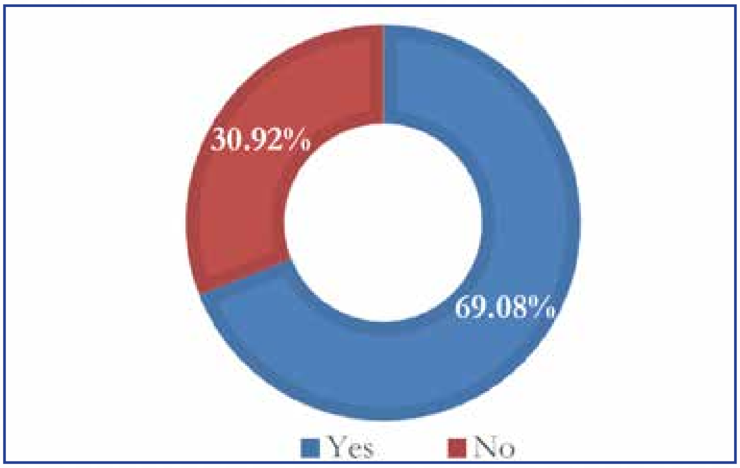


Figure 2.8-1 Visitor Arrivals by Duration Discount

2.9 Keywords

Buddhist Kingdom, development philosophy based on GNH rather than GDP, “high value, low volume” destination, Spiritual, friendly, exotic flora and fauna, were some of the recurrent keywords used to describe Bhutan.

2.10 Major Attractions

Except for 1.65% of respondents whose major attraction was trekking, visitors were attracted to Bhutan by cultural and nature-based activities, adventure/sports and other attractions like textiles, community-based activities, wellness and spa, and retreat/meditation.

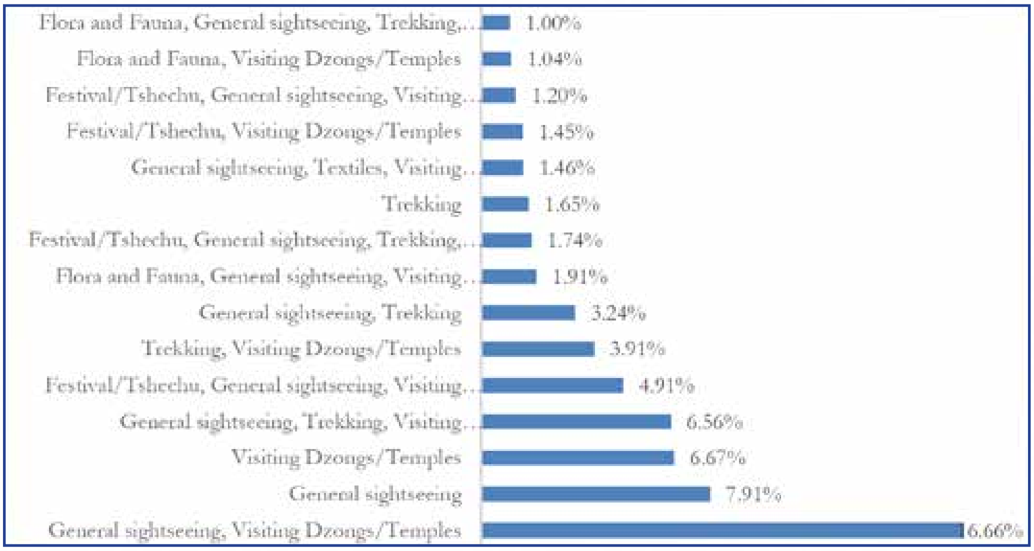


Figure 2.10-1 Respondents by Major Attractions

2.11 Out-of-pocket Spending

Although much of what is required during the trip is spent by the tour operators from the minimum daily package, 38.5% of the respondents spent additional money besides what is required by the daily package rate. Their average out-of-pocket spending was recorded at USD$930.99. A major part of it is being spent for ‘accommodation’, ‘tours and guides’ and ‘souvenirs and handicrafts shopping’ respectively. The average spending on accommodations, made by 5% of respondents, was USD$1077.78. Individually, the largest amount spent on accommodations was USD$8,700.

Country wise, visitors from the United States of America spent the most on accommodations (USD$1,816) followed by visitors from Canada (USD$1,701.11) and from Hong Kong (USD$1,645). Similarly, visitors from Hong Kong, the United States and Canada spent the most on food and beverages. They spent on average USD$195.0, USD$193.78 and USD$193.07 respectively. In total, 26.8% of respondents spent on food and beverages.

Of the 31.6% of respondents who spent on souvenirs and shopping, Americans spent the most (USD$477.15), followed by the French (USD$314.17) and the Japanese (USD$313). The average spend on tipping among 29% of respondents was USD$171.70 and the highest largest tip paid was USD$15,000. Americans, followed closely by the Swiss and the Australians gave the most in tips, paying on average USD$214.8, USD$202.02 and USD$197.42 respectively. The most spend on tours and guides was by visitors from the United States

(USD$1815.44) followed by those from Canada (USD$1,613.86) and from China (USD$963). Only 10.5% of respondents paid for tours and guides. In comparison with the tariff paying visitors, the out-of-pocket spending by non-tariff paying visitors is much lower.

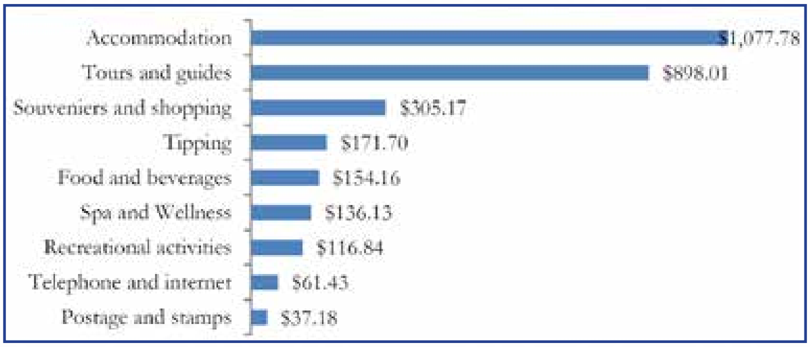


Figure 2.11-1 Tariff Paying Respondents' Out-of-pocket spending

Figure 2.11-2 Non-Tariff Paying Respondents' Out-of-pocket Spending

2.12 Vacation Time

Given that the respondents were included from almost every country, vacation time was nearly uniformly spread evenly across the year as every country's vacation time is quite different from others.

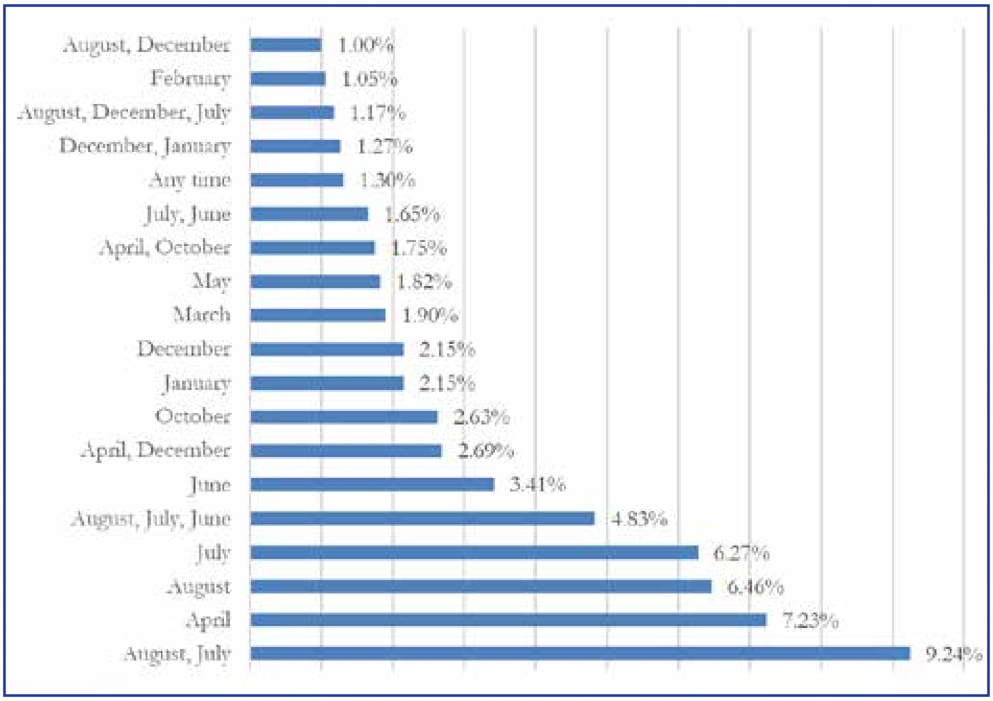


Figure 2.12-1 Respondents by Vacation Time

2.13 Value Received for Money Spent

Around 71.44% of respondents agreed that 'Bhutan represents good value for money' with some 17% responding that they 'strongly agree' with the statement while less than 1% strongly disagreed. This clearly indicates that international visitors visiting Bhutan are highly satisfied with the value they receive in Bhutan. In addition, there was no difference in the response by male and female visitors indicating that Bhutan is an equally gratifying destination for both male and female international visitors.

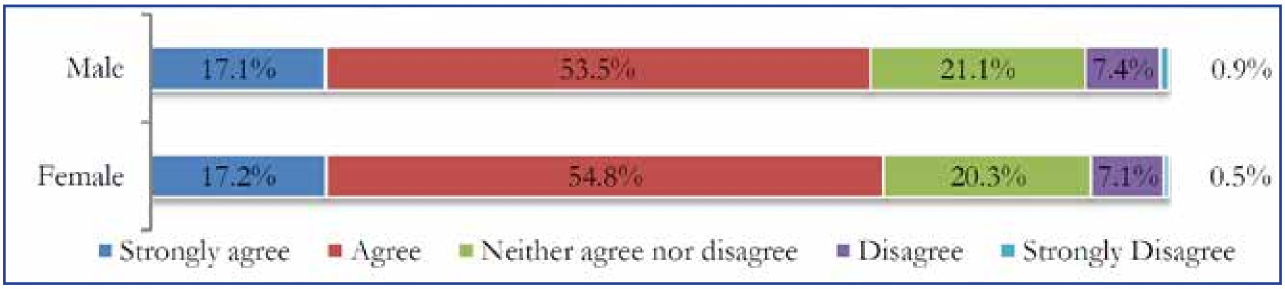


Figure 2.13-1 Bhutan's Worth vis-à-vis Money Spent

2.14 Satisfaction Level

2.14.1 Satisfaction with Accommodation

Nearly half of the visitors were ‘very satisfied’ with accommodations. In addition, 24.32% were ‘Thoroughly Satisfied’ 3.33% were ‘Slightly Satisfied’ and only 0.44% of respondents were ‘Not at all Satisfied’ with the type of accommodations provided during their stay. Those who responded ‘Slightly Satisfied’ or ‘Not at all Satisfied’ complained that doing laundry was expensive and that the rooms were cold with poor lighting and heating systems. However, those with high levels of satisfaction pointed out that the facilities were very good, rooms were clean and the staff friendly.

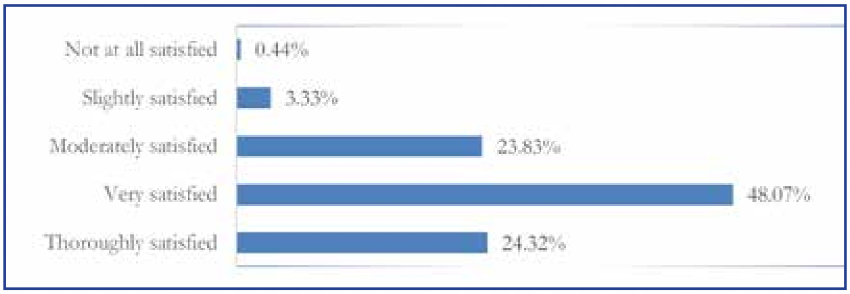


Figure 2.14.1-1 Satisfaction with Accommodation

2.14.2 Satisfaction with Restaurant

Most of the respondents expressed a high level of satisfaction with regard to the restaurants. In total, 17% indicated they were ‘Thoroughly Satisfied’ 43.9% ‘Very Satisfied’ and 30.7% ‘Moderately Satisfied’. Those who recorded within ‘thoroughly satisfied’ with restaurants were happy with the variety of food served, taste of traditional Bhutanese cuisine, and the hospitality of the service providers. Some highlighted the need to increase the varieties of food in the buffet, the variety of restaurants, and varieties of non-Bhutanese food.

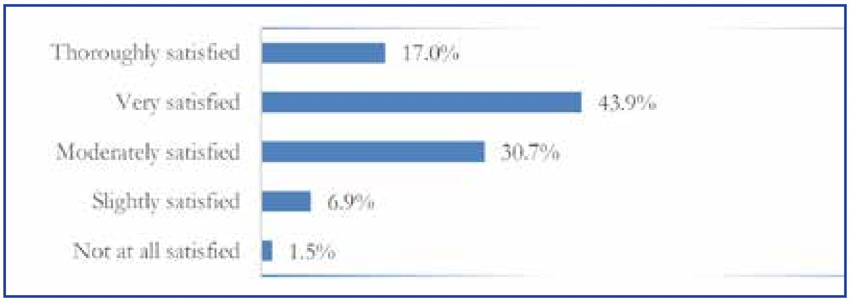


Figure 2.14.2-1 Satisfaction with Restaurant

2.14.3 Satisfaction with Transportation

About one-third of respondents recorded that they were ‘Thoroughly Satisfied’ with transportation, 41.4% ‘Very Satisfied’ and 19.3% ‘Moderately Satisfied’. Most respondents commented that the vehicles are were very good and the drivers polite and well-mannered while 4.7% were ‘Slightly Satisfied’ and 1.4% were ‘Not at all Satisfied’ with transportation. The majority of those with a low level of satisfaction complained about problems related to the current road widening project which made the highways dusty and risky, and also created a lot of traffic snarl-ups.

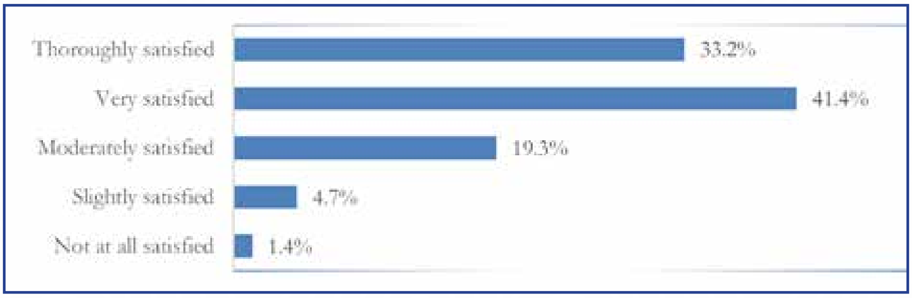


Figure 2.14.3-1 Satisfaction with Transportation

2.14.4 Satisfaction with Customer Service

A vast majority of respondents who were ‘Very Satisfied’ or ‘Thoroughly Satisfied’ with their trip attributed their high ratings to the generosity and down-to-earth attitude of the service providers. The fact that English is a commonly spoken language throughout the country is another big advantage according to many respondents.

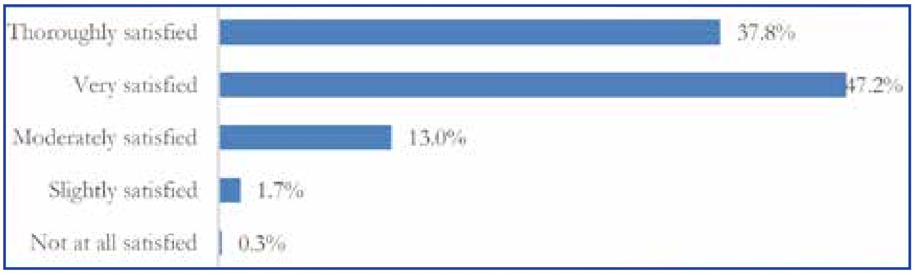


Figure 2.14.4-1 Satisfaction with Customer Service in General

2.14.5 Satisfaction with Tour Guide

Satisfaction with tour guides is exceedingly high among the international visitors. About 90% of the respondents are ‘Thoroughly Satisfied or Very Satisfied’ with tour guides. Many reported that the local tour guides were polite, proactive, and had a good sense of humour. Many also highlighted that Bhutanese guides generally possess a good command of the English language.

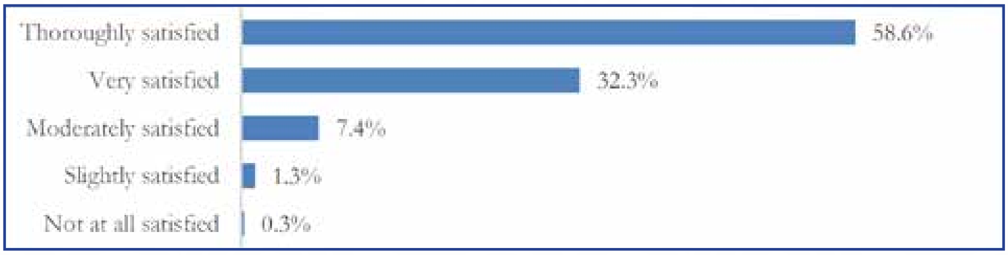


Figure 2.14.5-1 Satisfaction with Tour Guides

2.14.6 Satisfaction with Organizing Trip to Bhutan

A good proportion of visitors reported to be 'Very Satisfied' or 'Thoroughly Satisfied' with the organization of their trips. They mentioned that travel agents are very prompt, responsive and were able to arrange trips at short notice. However, those who reported a lower level of satisfaction expressed several key issues. Some of these include problems related to issuance of visa, transfer of money, flight ticketing, and obtaining of route permits.

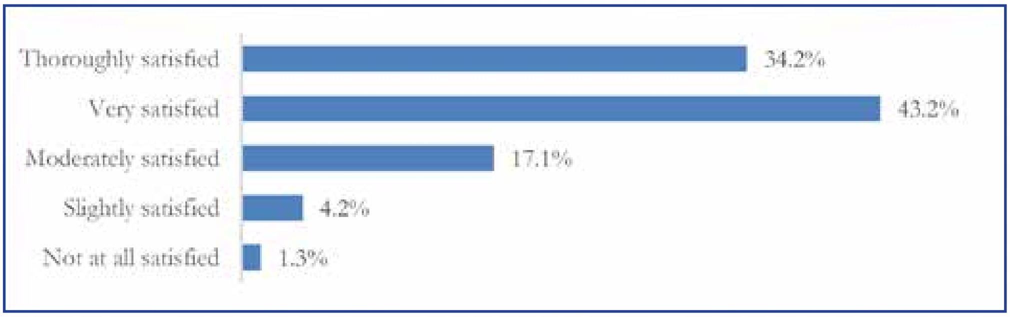


Figure 2.14.6-1 Satisfaction with Organizing Trip to Bhutan

2.15 Awareness of the Minimum Daily Package Rate

A majority (59.3%) of respondents reported that they are well aware of the daily package rate while 34.7% said that they were not. Though most of the visitors knew about it, the proportion of respondents who did not have knowledge about the daily package rate structure is quite high given the increasing number of visitors visiting Bhutan every year.

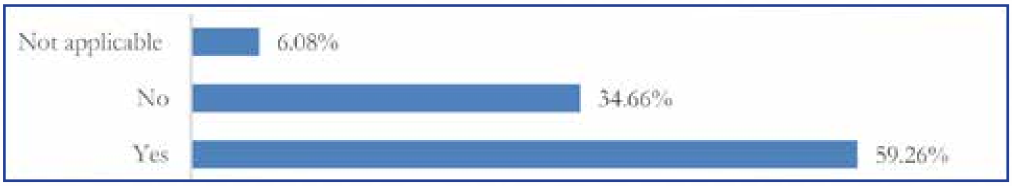


Figure 2.15-1 Minimum Daily Package Rate

2.16 Trip Payment

Approximately 35-40% of respondents paid more than the minimum daily package rate, and 15-20% of the respondents paid less than the minimum daily package rate.

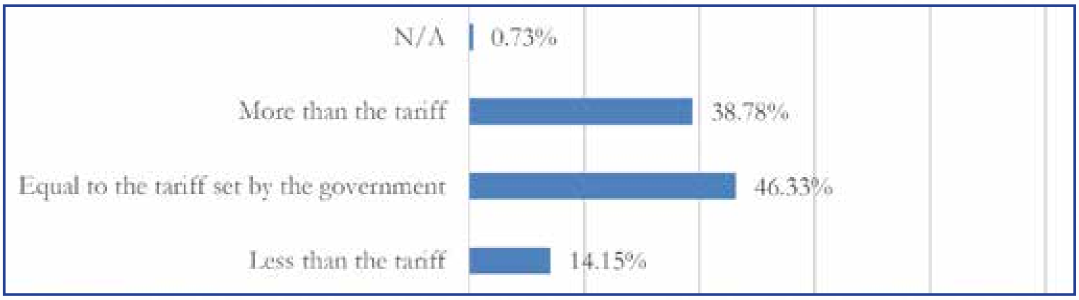


Figure 2.16-1 Respondents by Trip Payment

2.17 Point of Sale (POS) Services

About 87% of respondents did not use point of sale services.

Figure 2.17-1 Respondents by POS Services Usage

2.18 Repeat Visitation

Exactly (90%) of the respondents visited Bhutan for the first time. From those who visited Bhutan earlier, almost half of them (48%) had visited only once before. Some 20% were visiting for the second time and about 10% of them were making their third visit to Bhutan. From among the major source countries, 22.3% of Japanese visitors who responded to the survey had visited Bhutan earlier. Similarly, 13.4 % of French, 12.9% of Swiss and 11.9% of Singaporeans had also visited Bhutan earlier.

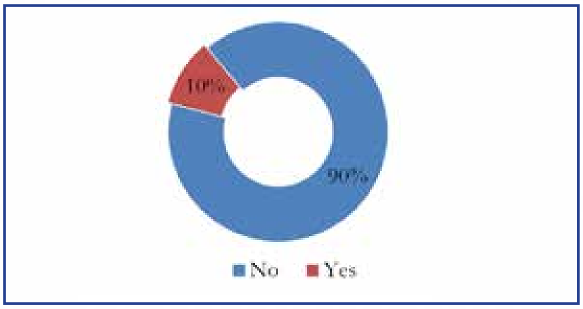


Figure 2.18-1 Respondenets by Revisits

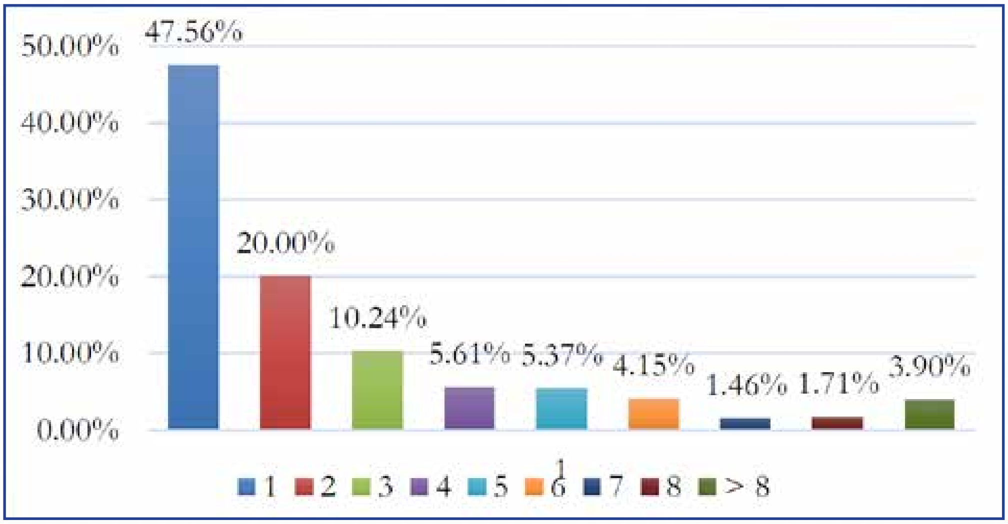


Figure 2.18-2 Respondents by Number of Revisits

2.19 Mode of Local Transportation

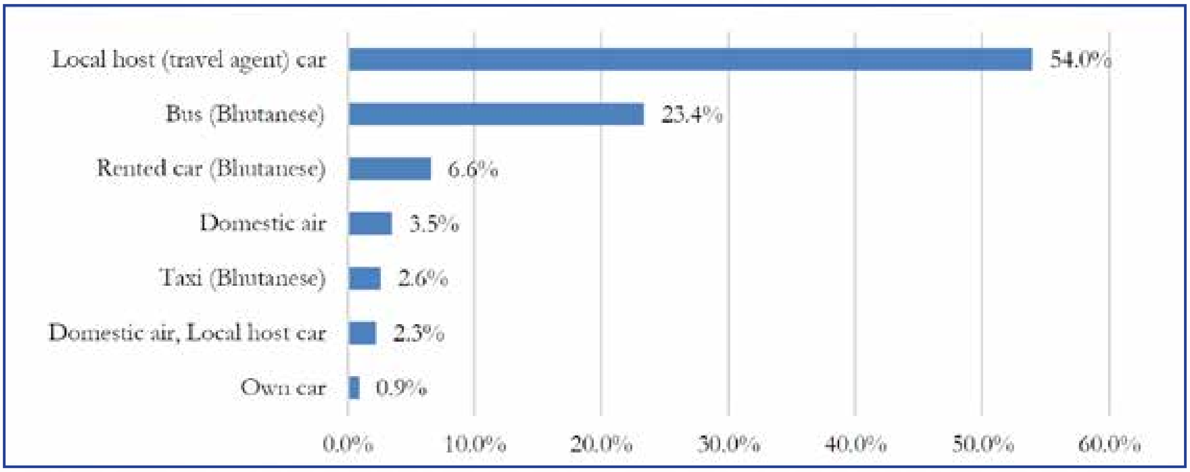


Figure 2.19-1 Respondents by Mode of Local Transportation

2.20 Accommodation Category

Hotel and resort are the two major accommodation services provided to the visitors.

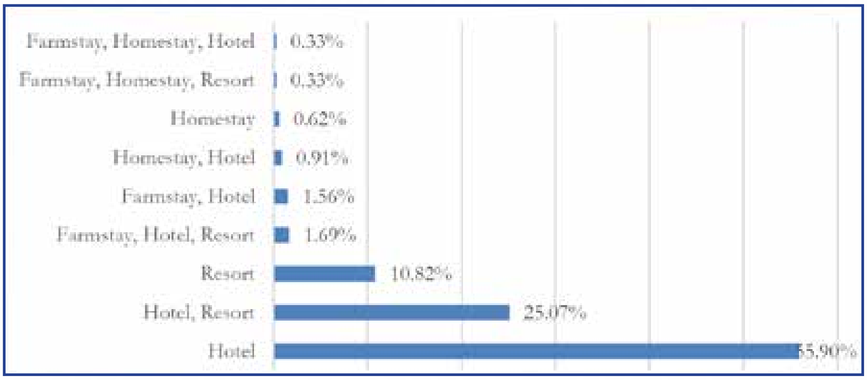


Figure 2.20-1 Respondents by Accommodation Category

2.21 Entry and Exit Sectors

Bangkok is the major entry and exist points for international tourists visiting Bhutan. While about 60% of the respondents entered Bhutan via Bangkok, the proportion of respondents existing via Bangkok is slightly more by about 4% of the entrants. In general, the entry and exit points for Bhutan are large and diverse. Besides the major ones shown in Figure 2.22-1 and 2.22-2, they also include places such as, Bagdogra, Bodh Gaya, Dhaka, Gelephu, Guwahati, Samdrup Jongkhar, Singapore, etc.

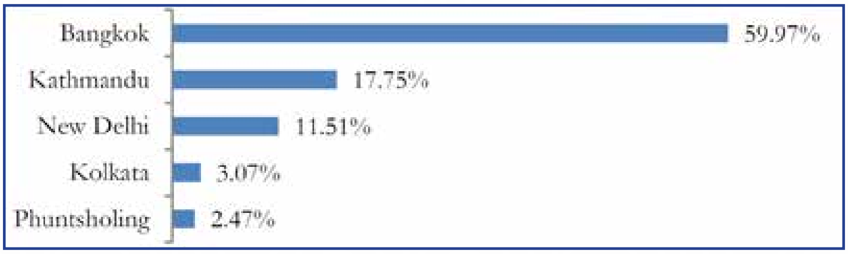


Figure 2.21-1 Entry Sector

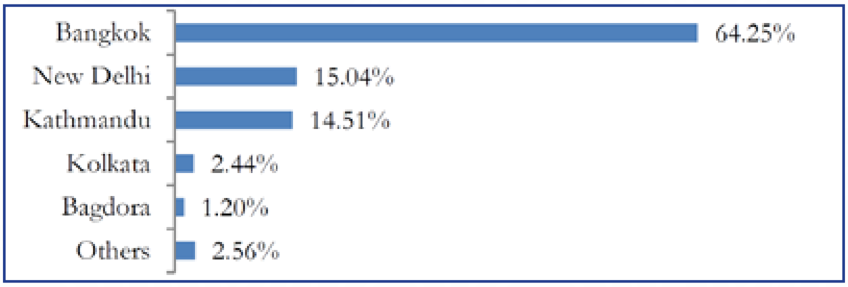


Figure 2.21-2 Exit Sector

SECTION 3
REGIONAL VISITOR EXIT SURVEY

3.1 Demographic Characteristics

The sample of regional visitors visiting Bhutan in 2014 comprised mostly of males (68%). Most (48%) were middle aged, with ages ranging from 26-45 years old, 38% were above 45 years of age. Respondents aged 25 years and below were 13% of the total respondents. A large proportion of respondents (90%) had a minimum of a Bachelor's degree while 43% had completed a Master's Degree and about 7% had a Doctoral Degree. One-third of respondents were married and, as indicated by their high academic profile, most were full-time employees (70%). About 5% were students and some 8% were retirees. Regional visitors were predominantly from India (84%). Besides India, about 16% of respondents were from Bangladesh and the rest from Maldives (0.22%).

Table 3.1-I Demographic Characteristics of the Respondents

Gender	
Female	32.18%
Male	67.82%
Age group	
< 18	3.84%
18-25	9.30%
26-35	24.87%
36-45	23.62%
46-55	18.75%
56-60	7.97%
61+	11.66%
Education Level	
Doctorate (PhD)	6.79%
Master's Degree	43.10%
Bachelor's Degree	40.11%
Diploma	1.14%
Certificate	0.18%
Upper Secondary Education	0.55%
Some School	8.12%
Relationship status	
Not married	24.93%
Married	74.52%
Divorced/Widowed/Separated	0.56%
Present employment status	
Working full-time	70.23%
Working part-time	4.79%
Retired	7.77%
Student	8.62%
Unemployed	3.94%
Unemployed (homemaker)	2.60%
Self-employed	1.23%
Others	0.82%

Country of residence	
India	84.13%
Bangladesh	15.65%
Maldives	0.22%

3.2 Type of Trip

Most of the regional visitors have come on a "package tour" as depicted in Figure 3.3.2-1. Majority of female regional visitors (65.9%) opted for tour package as compared to male visitors (46%). Male, who are generally considered to be more brave and adventurous, seem to prefer travelling on their own. Exactly half of the respondents from India have chosen to travel on a package tour in 2014. Major part of Bangladeshi visitors (66.9%) reported to have come on tour package. Out of the total respondents, 52.53% opted for package tour.

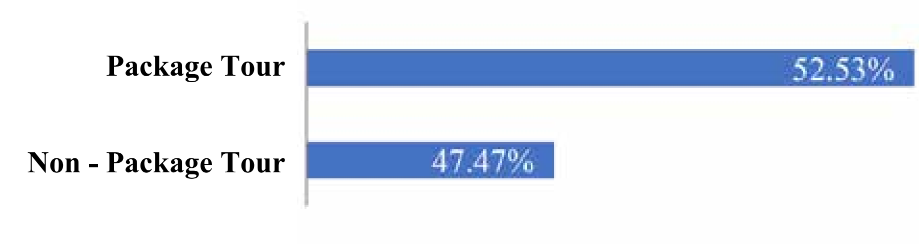


Figure 3.2-1 Visitors by Type of Trip

3.3 Circuit Tourism

Out of the total, almost half of the respondents (49.85%) are only travelling to Bhutan. This is followed by 1.55% of them who are travelling to India and Bhutan; 1.18% to Nepal and Bhutan; 0.52% to Thailand and Bhutan; 0.44% to Nepal, Thailand and Bhutan; 0.33% to Bangladesh and Bhutan; 0.30% to India, Nepal, Thailand and Bhutan; 0.15% to Nepal, Sri Lanka, Thailand and Bhutan; 0.15% to Maldives and Bhutan; 0.11% to Bangladesh, Nepal, Thailand and Bhutan and 0.11% to Nepal, Tibet and Bhutan.

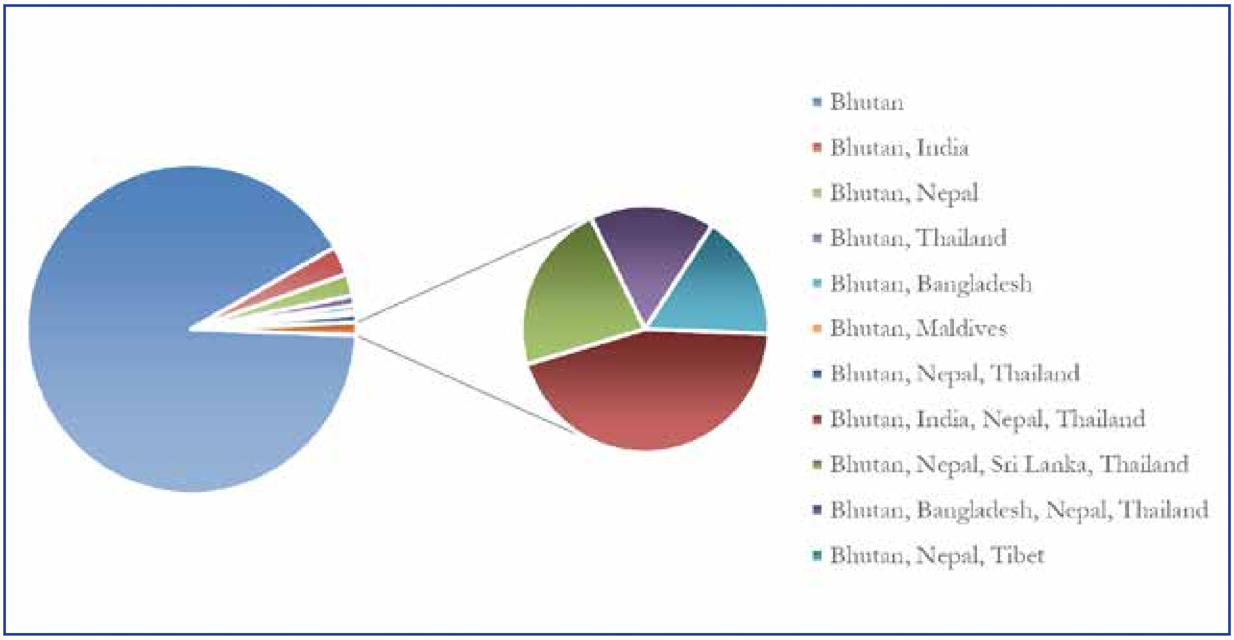


Figure 3.3-1 Visitors by Circuit Tourism

3.4 Purpose of Visit

A predominant number (70%) of respondents visited Bhutan to spend their holiday followed by those who visited for business purpose (15%) and to attend conferences (6%). A major proportion of regional visitors from Bangladesh (84.1%) came for vacation. Some 67% of Indian visitors also came for this purpose. Notably, 17% of Indian visitors came for a business purpose. As compared to males, a large proportion of female visitors (85.5%) came to spend their holiday in Bhutan. A significant percentage of male visitors (19.7%) came for business purposes compared to 5% of females. When respondents are classified based on their present employment status, full time workers (62%) turned out to have the smallest proportion of respondents visiting Bhutan for vacation compared to other groups. 20% of the full time workers visited Bhutan for business reasons.

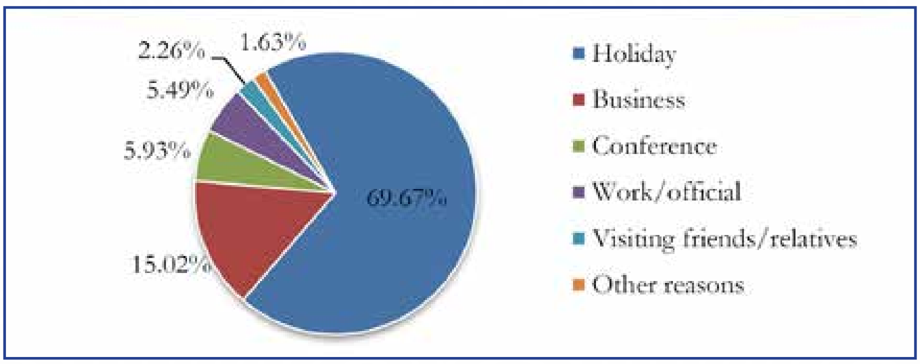


Figure 3.4-1 Respondents by Purpose of Visit

3.5 Travel Party Composition

Most regional visitors (28%) traveled with their family members. Some 21% traveled with their spouses and 13% with their friends. Those who traveled alone comprised about 15% of the total respondents. Only 7% traveled in an organized tour group, which was the most common among the international visitors.

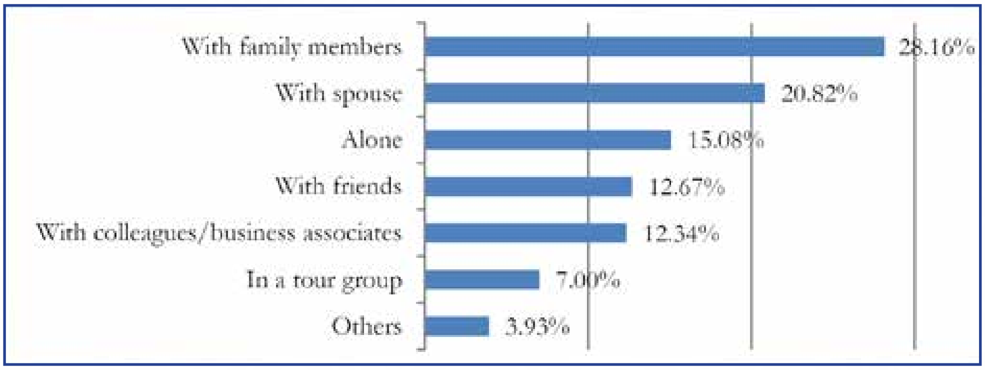


Figure 3.5-1 Respondents by Travel Companionship

3.6 Length of Stay

Regional tourist spent about 5 nights on average (mean = 4.9996) in Bhutan. A majority (21%) of the respondents stayed three nights followed by those who stayed five nights (16.38%) and six nights (17.21%). Indian visitors spent an average of 5.16 nights, while Bangladeshi and Maldivian visitors spent an average 4.16 and 5 nights respectively. Female regional visitors spent slightly more nights on average compared to males. The average nights spent in Bhutan was 5.28 for female and 4.87 for male visitors in 2014.

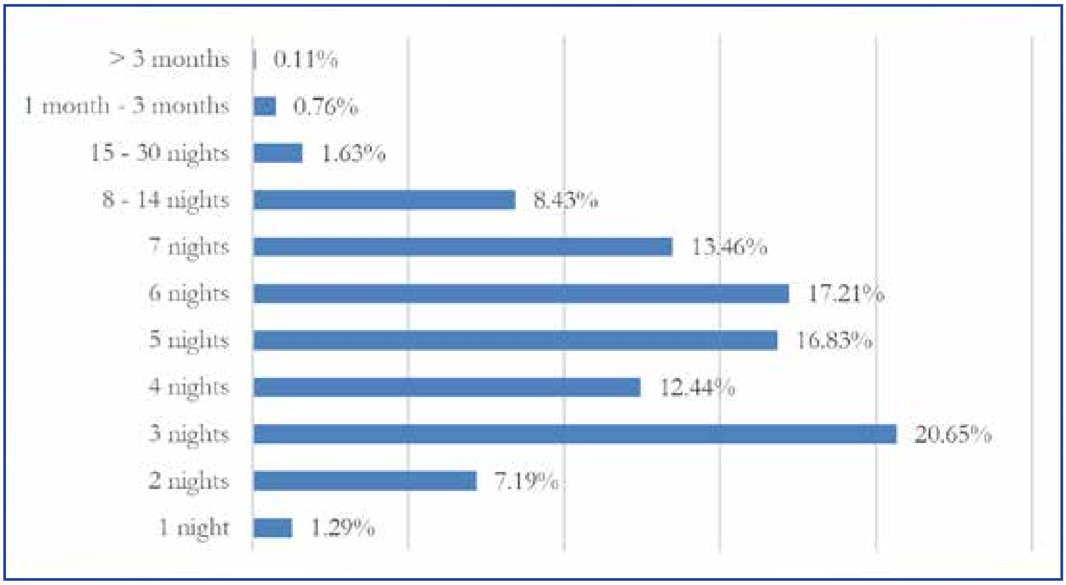


Figure 3.6-1 Respondents by Number of Nights Spent

3.7 Dzongkhags Visited

The highest proportion of regional visitors visited Paro, Punakha and Thimphu districts. Out of the total respondents, 30.51% visited just Paro and Thimphu and 9.08% visited only Thimphu. Visitors who chose to visit Haa, Paro and Punakha comprised 3.13% of all regional respondents. In addition, regional visitors who visited only Paro were (2.55%); Punakha and Thimphu (2.16%); Paro and Punakha (1.43%); Chukha, Paro and Punakha (0.85%); Only Punakha (0.73%); Bumthang, Paro & Thimphu (0.70%); Bumthang, Paro, Thimphu and Trongsa (0.54%); Haa and Paro (0.46); Paro, Thimphu and Trashigang (0.35%); Chukha and Thimphu (0.31%). The lowest percentage of visitors (0.04%) visited Zhemgang; Samdrup Jongkhar and Thimphu; Samtse and Thimphu; Sarpang, Thimphu and Tsirang; Thimphu, Trongsa and Wangdue Phodrang; Gasa, Punakha and Sarpang. Regional visitors are largely concentrated in the western districts, particularly in Thimphu, Paro and Punakha.

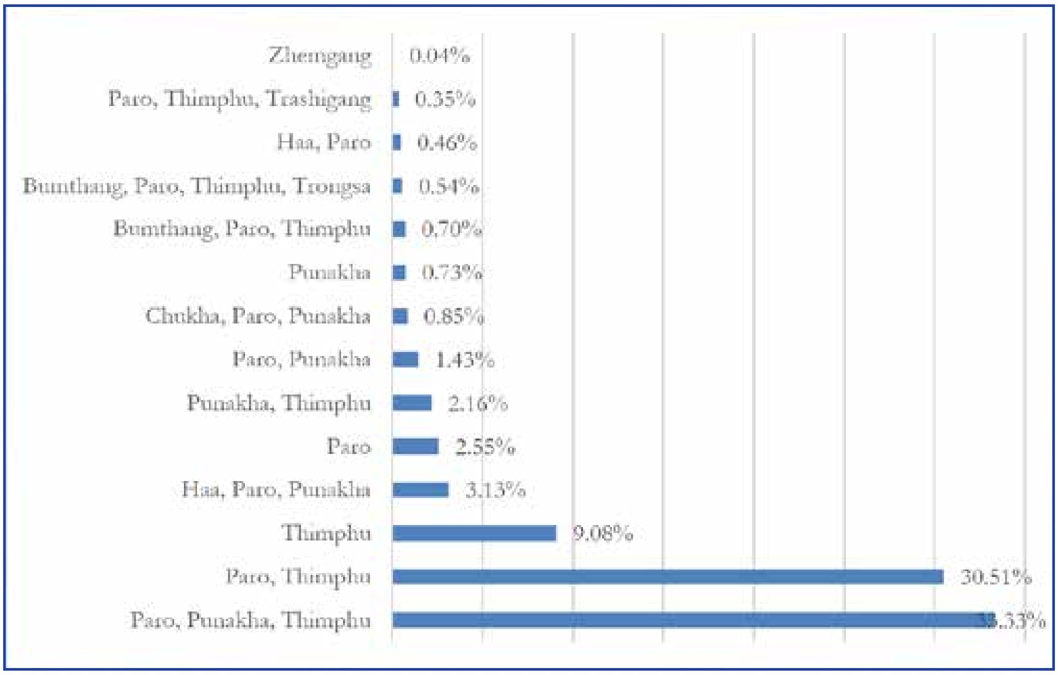


Figure 3.7-1 Respondents by Dzongkhags Visited

3.8 Attractions of Inspiration

Unique cultural heritage, scenic beauty, Tiger’s Nest, Gross National Happiness, Buddhist lifestyle, peace and tranquility, architecture, etc. are some of the main motivations behind traveling to Bhutan.

3.9 Travel Timing

The vast majority of respondents visited Bhutan during their vacation/holiday time. For 25.04% of respondent travel time was determined by their business or work schedule. There are also those for whom the weather was a factor. For some respondents travel time was decided based on the advice of family/ friends or that of a travel agent.

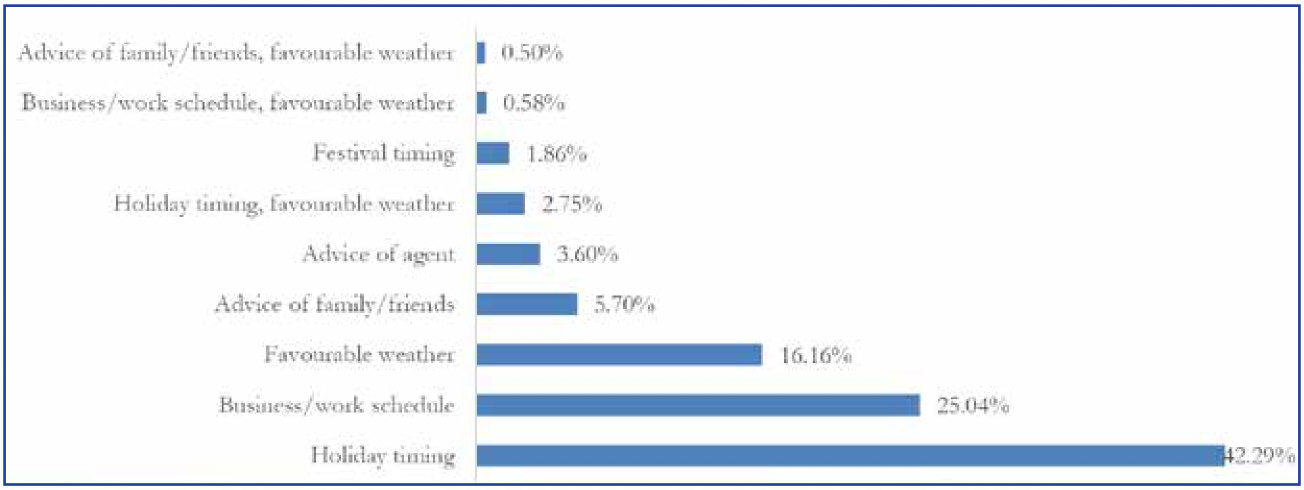


Figure 3.9-1 Respondents by Travel Timing

3.10 Keywords

Clean and green, peaceful, friendly, spiritual, happiness (GNH), unpolluted environment, and unique traditions and customs, etc. are some the most recurrent keywords the regional visitors used to describe Bhutan.

3.11 Activities Undertaken

General sight-seeing activities including visiting dzongs and temples were enjoyed by 24.63% of the regional visitors while 13.31% preferred only general sight-seeing. 9.57% spent time general sight-seeing, visiting dzongs, and trekking. 3.53% engaged in bird watching, observing flora and fauna, and sight-seeing. 3.28%

preferred visiting only dzongs and temples. 3.15% went sightseeing, kayaking/rafting, and trekking. 2.93% spent time observing flora and fauna, in general sightseeing, and visiting dzongs and temples. 2.59% spent their time in general sightseeing, viewing textiles, visiting dzongs and temples 2.00% of visitors pursuing a combination of general sightseeing, visiting dzongs and temples, and visiting spas. A small percentage of visitors (0.04%) voted for Bird Watching, Cycling/Biking, Fishing, Trekking, Visiting Dzongs/Temples, Wellness and Spa, Flora and Fauna, Motorcycling and Festival/Tshechu as their favorite activities in Bhutan.

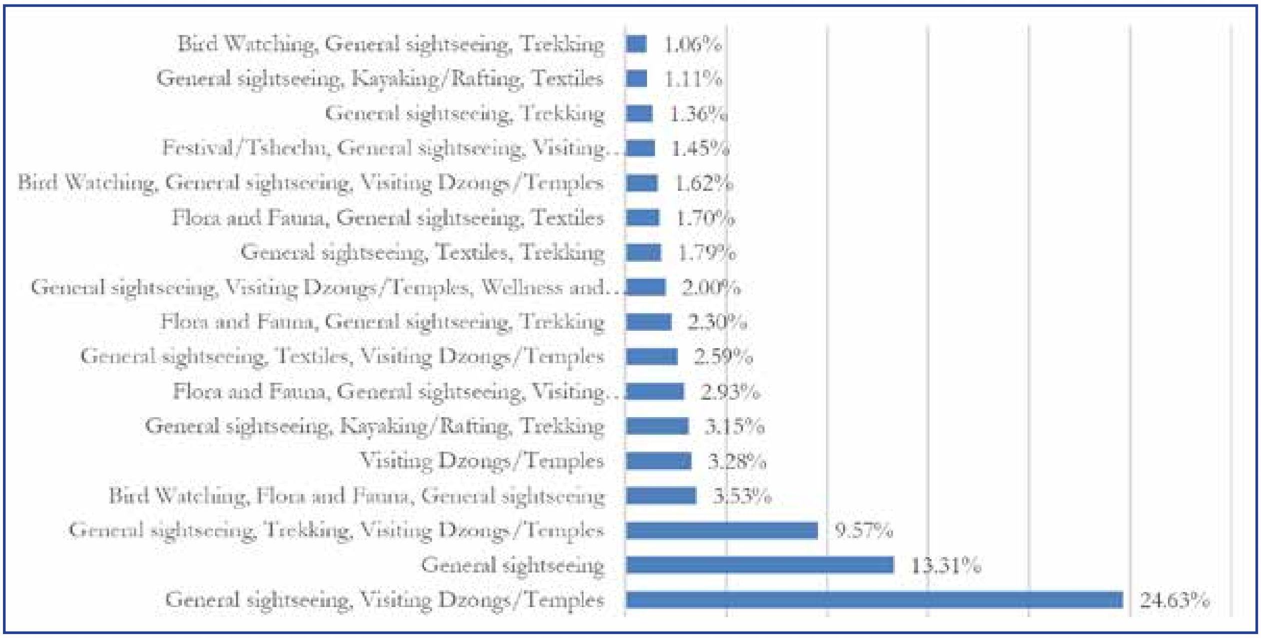


Figure 3.11-1 Respondents by Activities Undertaken

3.12 Out-of-pocket Spending

Of the total respondents, 39.2% reported the amount of their out-of-pocket expenditures in Bhutan. The average out-of-pocket spending among those who spent was recorded at INR 40,585.99. The visitors spent the most on accommodations (average INR 27,355.96) and the least on telephone and internet charges (average INR 1,261.48). 27.4% of respondents spent something on accommodations while 19.6% had telephone and internet expenses. Other major expenses were for tours and guides made by 14.8% of respondents (average INR 15,316.46), followed by expenses for food and beverages by 35.1% (average INR 8,969.20) and expenses for souvenirs and handicrafts by 24.4% (average INR 6,254.76). Regional visitors from India had the largest expenditures on accommodations (average INR 29,483.09) and tours and guides (average INR 16,445.43).

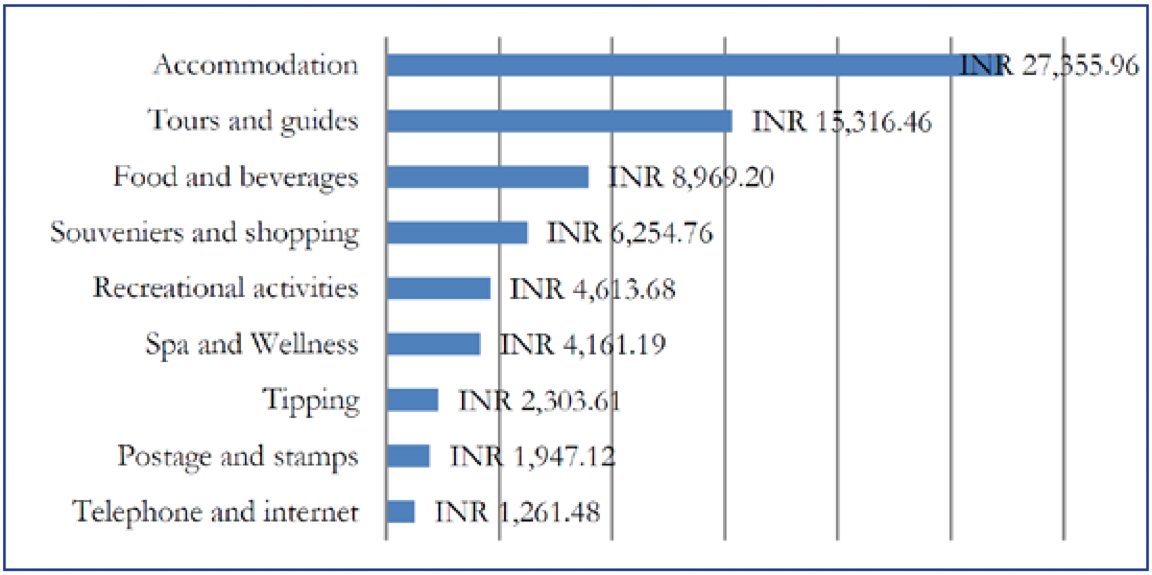


Figure 3.12-1 Average Total Spending

3.13 Satisfaction Level

3.13.1 Satisfaction with Accommodation

Similar to the international visitors, data reveal that regional visitors also have a high level of satisfaction with accommodations. Respondents who rated 'Thoroughly Satisfied' stated that hotel staff were very courteous, housekeeping was exceptionally good, rooms were spacious, clean and well ventilated.

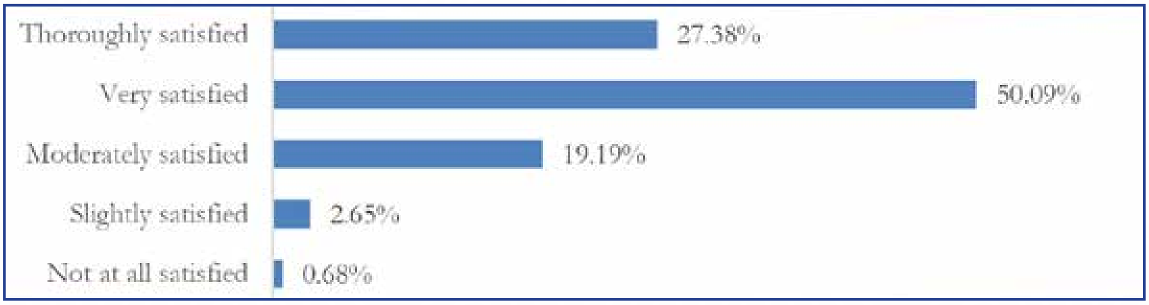


Figure 3.13.1-1 Satisfaction with Accommodation

3.13.2 Satisfaction with Restaurant

Many of the regional visitors who responded that they were 'Thoroughly Satisfied' with the restaurants (18.17%) reported that the food served to them was fresh, delicious and hygienic; service was rendered promptly, and the staff were polite and professional. Many Indians expressed their appreciation for the quality of Indian food served in restaurants throughout the country. Some respondents who were not very satisfied complained of the limited variety of cuisines available in some restaurants.

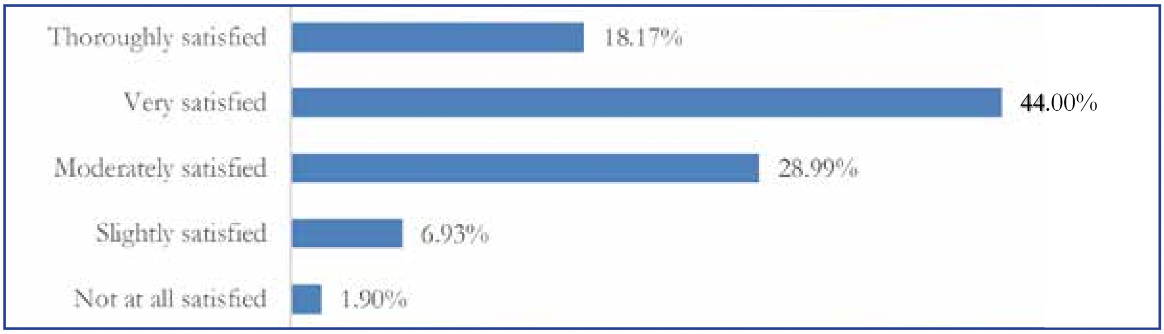


Figure 3.13.2-1 Satisfaction with Restaurant

3.13.3 Satisfaction with Transportation

Regional visitors who responded that they were 'Thoroughly Satisfied' with transportation explained that vehicles are very clean and comfortable, and drivers were well-mannered, friendly and patient. They also pointed out that transportation was not costly.

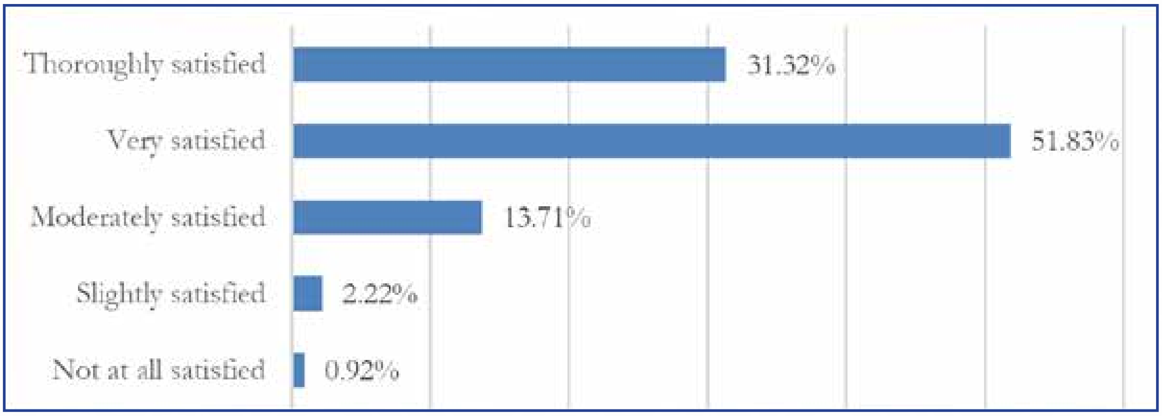


Figure 3.13.3-1 Satisfaction with Transportation

3.13.4 Satisfaction with Customer Service

Some 30.48% of respondents were 'Thoroughly Satisfied' and were 'Very Satisfied' with the customer service in Bhutan. They noted that service providers are courteous, honest and friendly. Some of those with moderate and lower levels of satisfaction pointed out that business people, especially shopkeepers and salespersons, did not show much interest in their work, spoke very little and gave little attention to the customers' queries and feedback. They also noted that products were very costly.

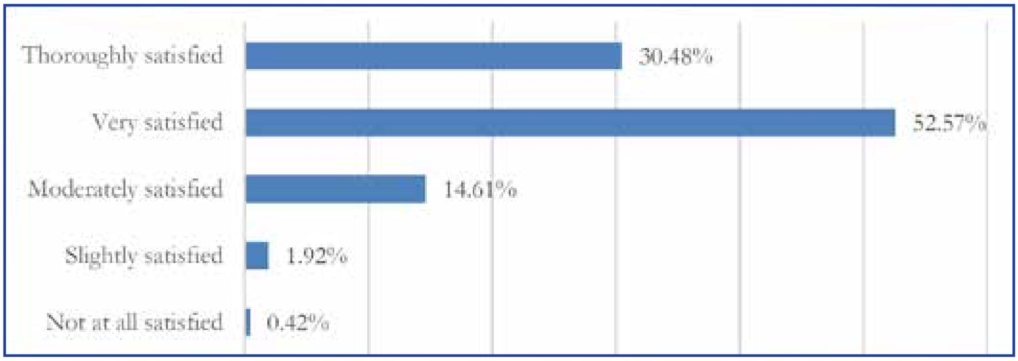


Figure 3.13.4-1 Satisfaction with Customer Service in General

3.13.5 Satisfaction with Tour Guide

Most of the respondents were 'Thoroughly Satisfied' or 'Very Satisfied' with tour guides. Many gave positive comments. They noted that tour guides were friendly, patient, well behaved, well informed and were able to manage important things on time.

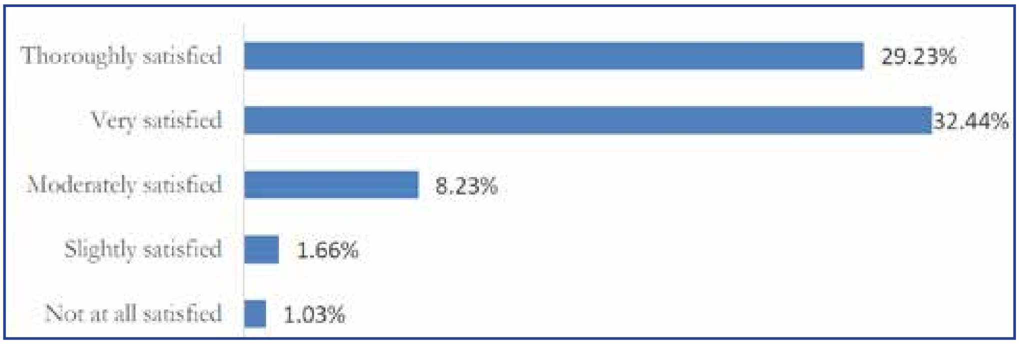


Figure 3.13.5-1 Satisfaction with Tour Guide

3.13.6 Satisfaction with Organizing Trip to Bhutan

In total, 36.63% of respondents were 'Thoroughly Satisfied' were 'Very Satisfied' were 'Slightly Satisfied' and 1.3% were 'Not at all Satisfied' with the manner in which trips were organized in Bhutan. A majority said that the organization of trips to Bhutan is an easy process, and good communication facilities in place were very helpful to them. But a few remarked that it is very difficult to find the right places to visit because there is a lack of detailed information about different places. In addition, some respondents noted that too much time is wasted in processing permits needed to visit different parts of the country.

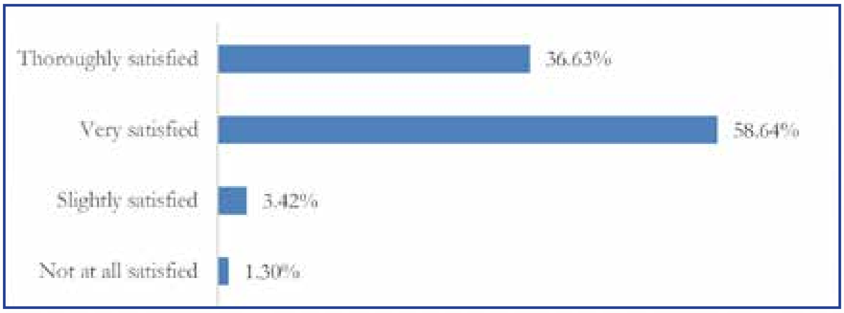


Figure 3.13.6-1 Satisfaction with Organizing Trip to Bhutan

3.14 Choosing Accommodation

For a majority of respondents, accommodations were already arranged by tour operators, however, for 14.18% of the respondents location, and for 7.42% price/rates, were determining factors in their choice of accommodations.

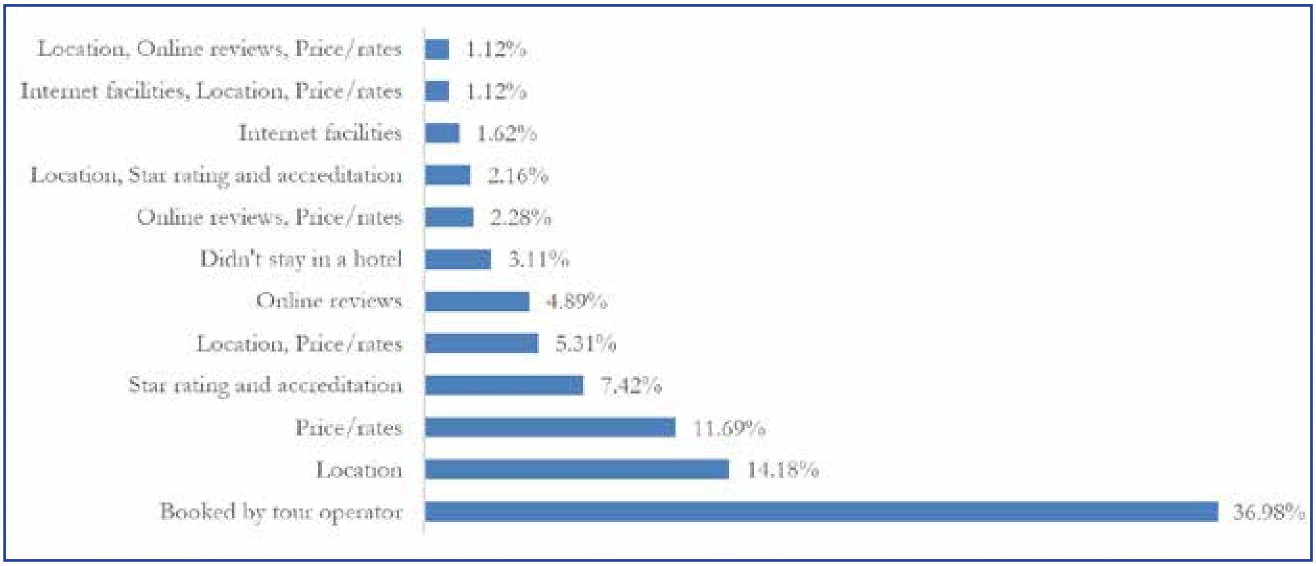


Figure 3.14-1 Respondents by the Accommodation Determinants

3.15 Point of Sale (POS) Services

91.65% of the respondents did not use POS.

3.16 Repeat Visitation

A predominant 79.76% of respondents visited Bhutan for the first time. Of the remaining 20.24% of respondents who had visited Bhutan earlier, some 35.71% of respondents were visiting for the second time, 20.90% for the third time, 11.64% for the fourth time, 7.67% for the sixth time and some 9.52% for the 11th time. So far as their intention to revisit is concerned, a vast majority of visitors (92.39%) expressed their intention to revisit Bhutan. This finding indicates that regional visitors are highly satisfied with their visit. Cases of repeat visitation and intentions of repeat visitation by gender are depicted in Figure 3.17-1 and 3.17-2. A greater proportion of male respondents (24.5%) made repeat visits to Bhutan as compared to female respondents (11.4%). In terms of intention to revisit Bhutan, both male and female respondents are equally interested in making subsequent visits to the country.

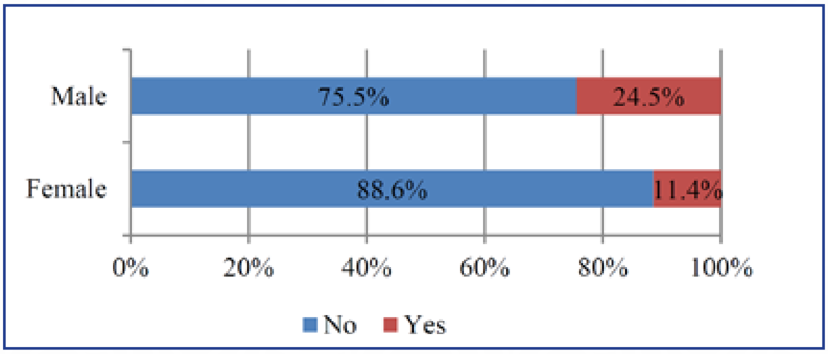


Figure 3.16-1 Repeat Visition by Gender

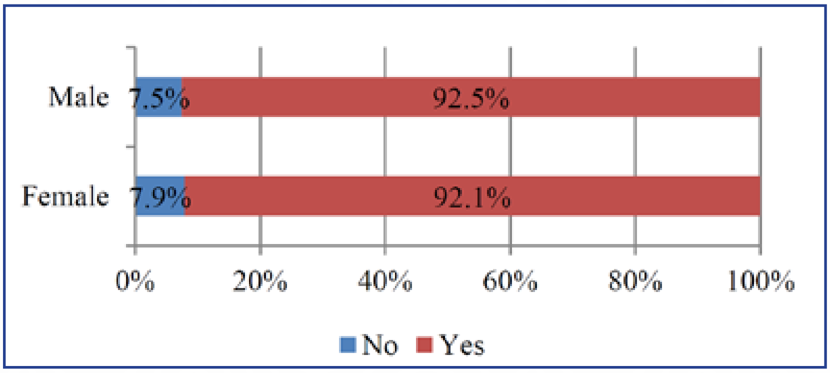


Figure 3.16-2 Intention to Revisit by Gender

3.17 Number of Previous Visits

Regional visitors who visited Bhutan for the first time made up 35.71% of respondents, second-time and thrid-time visitors made up 20.90% and 11.64% respondents respectively. On average (mean=3.246) regional visitors stayed 3 nights.

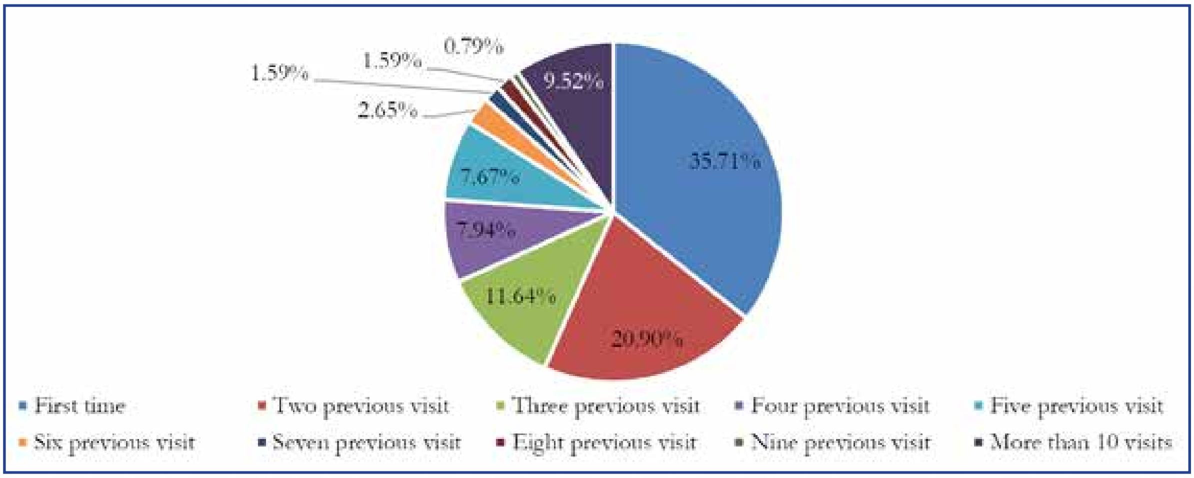


Figure 3.17-1 Respondents by Number of Previous Visits

3.18 Mode of Local Transportation

About a quarter of visitors (25.41%) opted to rent a Bhutanese car to meet their travelling needs. 19.17% of visitors traveled in a Bhutanese taxi, 17.80% in a local host's car, 17.41% in a Bhutanese or Indian bus, 3.48% on a domestic airline, 3.14% in a rented Indian car, and 1.91% in an Indian taxi.

3.19 Value Received for Money Spent

The maximum percent of visitors (58.28%) agree that Bhutan as a tourist destination represents good value for money. In addition, 20.51% of them strongly agree with the statement. On the other hand, a meager 4.65% disagree, and an insignificant 0.74% of respondents reported to strongly disagree with the statement that Bhutan represents a good value for money.

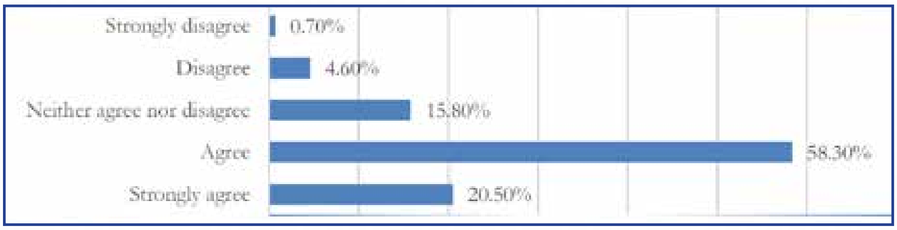


Figure 3.19-1 Respondents by Value Received for Money Spent

3.20 Destination on Visitors' Wishlist

A significant percent of regional visitors visiting Bhutan wish to visit the USA or the UK. Among the list were also Japan, Switzerland, Australia and Singapore.

3.21 Type of Accommodation

About six in every ten respondents stayed in hotels. 18.5% stayed in resorts and some 16.1% stayed in both hotels and resorts. Only about 1.8% of the respondents resided at homestays.

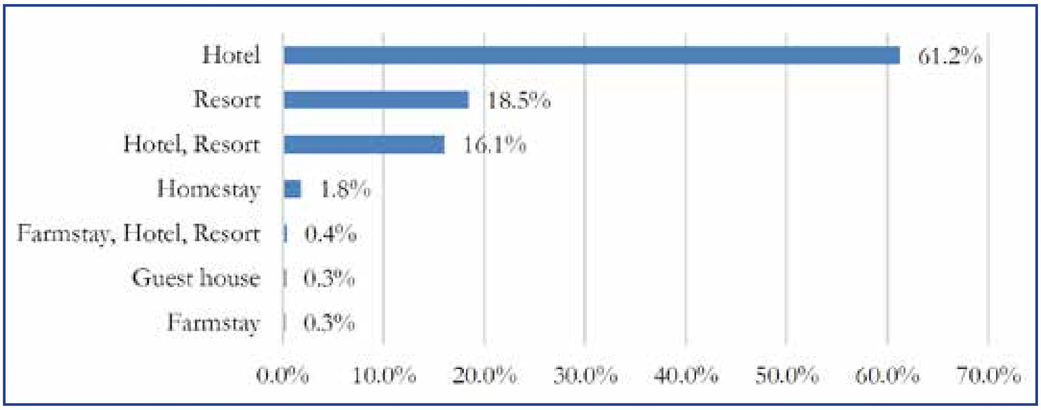


Figure 3.21-1 Type of Accommodation Used

3.22 Entry and Exit Sectors

Kolkata, New Delhi, Dhaka, Mumbai and Phuentsholing were the top five entry points for regional visitors into Bhutan. A total of 33.16%, 26.62%, 15.59%, 7.76% and 6.35% of the respondents used these entry points, respectively. A smaller percentage of visitors chose the following entry points: Kathmandu, Bangkok, Gelephu and Singapore. Similar to the previous finding, a majority of respondents chose Kolkata as their exit point. This was followed by New Delhi, Dhaka, Mumbai and Bagdorga.

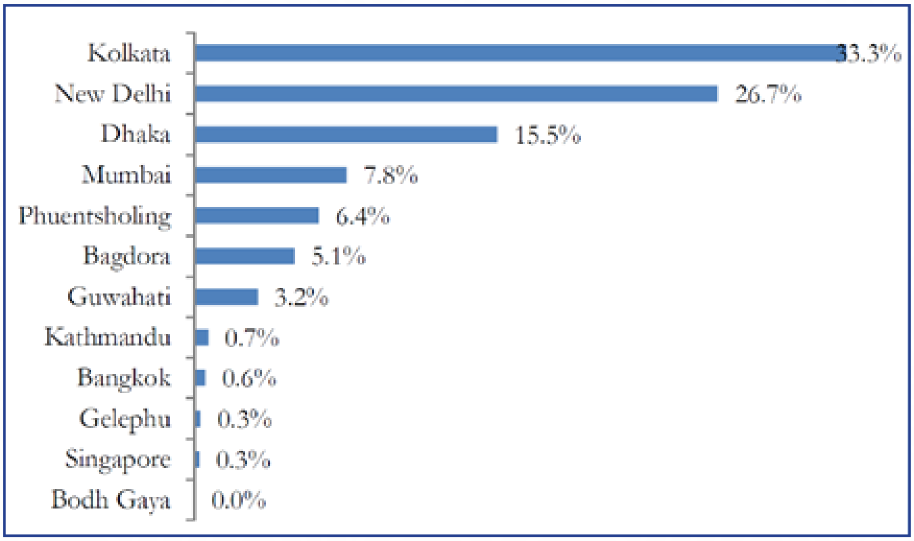


Figure 3.22-1 Respondents by Entry Sector

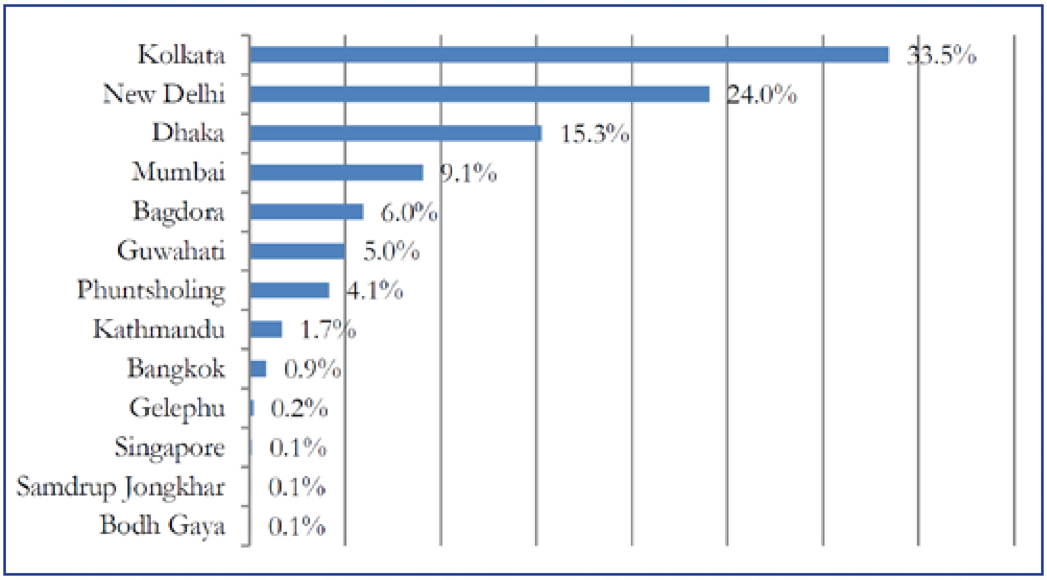


Figure 3.22-2 Respondents by Exit Sector

SECTION 4

TRENDS ON TOP 10 INTERNATIONAL SOURCE MARKETS

4.1 Profile of tourists from major source markets

Among the top ten source markets, Thailand has the highest proportion of female tourists in 2014 (70.5%) followed by Singapore (64.5%), Malaysia (63.6%) and China (62.9%). British tourists are the most balanced in gender composition with gender ratio of about 1.04, closely followed by German tourists.

Table 4.1-I Top 10 Markets by Gender

	Gender	
Top Source Markets	**% Female**	**% Male**
Thai	70.5%	29.3%
Chinese	62.9%	37.0%
American	55.6%	44.1%
German	52.2%	47.6%
Japanese	54.4%	45.5%
British	51.0%	48.9%
Malaysian	63.6%	36.2%
Australian	56.7%	43.0%
Singaporean	64.5%	35.3%
French	55.4%	44.3%

Some 9.5% of Singaporean tourists were less than 25 years old and represent the largest proportion of young tourists. On the contrary, only 2.4% of German tourists are less than 25 years old. American tourists have the largest proportion of elderly population with some 34.9% of them aged 65 years or above while 33.9% of French and 32.2% of Japanese tourists also fall in this age group. Chinese tourists composed the smallest proportion of elderly tourists aged 65 years and above (4.1%) among the top ten source markets. Most of them are aged between 36-45 years (32.6%) and 46-55 years old (28.5%).

Table 4.1-II Top 10 Markets by Age Group

	Age Group						
Top Source Markets	**<15**	**16-25**	**26-35**	**36-45**	**46-55**	**56-65**	**65+**
Thai	1.1%	3.3%	9.6%	17.4%	25.4%	29.3%	13.9%
Chinese	2.1%	3.1%	16.6%	32.6%	28.5%	12.8%	4.1%
American	2.5%	3.1%	8.8%	10.0%	15.1%	25.4%	34.9%
German	1.1%	1.3%	7.2%	11.7%	24.0%	27.7%	26.9%
Japanese	1.0%	5.9%	15.5%	16.4%	13.5%	15.5%	32.2%
British	2.6%	1.6%	9.2%	12.3%	20.5%	29.3%	24.6%
Malaysian	2.0%	3.5%	11.2%	20.5%	27.6%	25.3%	9.7%
Australian	2.3%	3.9%	11.0%	12.3%	16.5%	32.3%	21.5%
Singaporean	3.6%	5.9%	17.0%	23.8%	21.6%	19.7%	8.3%
French	1.7%	1.7%	6.1%	9.0%	16.5%	31.0%	33.9%

An overwhelming 94.9% of Thai and 94.4% of American tourists have a minimum of a Bachelor's degree. German tourists have the largest proportion of PhD (24.1%) followed by France with 22.3%. Only 59.9% of Malaysian tourists have at least a Bachelor's degree, representing the lowest percentage among the top source markets. But none of them are uneducated as shown in Table 4.1-III.

Table 4.1-III Top 10 Markets by Level of Education

	Education Level						
Top Source Markets	**Doctorate (PhD)**	**Master's Degree**	**Bachelor's Degree**	**Certificate**	**Diploma**	**Some School**	**No education**
Thai	9.4%	48.4%	37.1%	0.3%	0.6%	4.1%	0.1%
Chinese	5.4%	37.1%	48.2%	0.0%	0.7%	8.6%	0.0%
American	18.7%	39.5%	36.1%	0.1%	0.1%	5.4%	0.1%
German	24.1%	40.4%	15.4%	1.3%	0.3%	18.5%	0.0%
Japanese	13.4%	26.5%	41.0%	0.9%	0.3%	17.7%	0.3%
British	9.9%	31.3%	40.3%	1.2%	0.8%	15.6%	0.8%
Malaysian	2.9%	15.5%	41.5%	0.0%	1.9%	38.2%	0.0%
Australian	10.4%	24.4%	41.0%	1.2%	4.4%	18.0%	0.6%
Singaporean	7.0%	23.8%	52.4%	0.7%	5.6%	10.5%	0.0%
French	22.3%	48.0%	19.4%	3.4%	0.6%	6.3%	0.0%

More than three-fourth of Chinese tourists (76.3%) are full-time workers. Likewise, a large proportion of tourists from other Asian countries, such as Malaysia, Singapore, Japan and Thailand, are also full-time workers. A relatively high proportion of French and American tourists are retirees, composing 40% and 36.8% respectively. China and Thailand have the largest proportion of students (5.4% and 5.2% respectively).

Table 4.1-IV Top 10 Markets by Occupation

	Employment Status						
Top 10 Source Markets	**Working full-time**	**Retired**	**Working part-time**	**Student**	**Unemployed**	**Unemployed (homemaker)**	**Others**
Thai	63.9%	16.6%	9.5%	5.2%	2.9%	0.6%	0.3%
Chinese	76.3%	3.2%	8.3%	5.4%	4.3%	1.4%	0.4%
American	47.1%	36.8%	9.5%	3.7%	2.0%	0.5%	0.0%
German	63.6%	24.1%	5.3%	4.1%	0.9%	0.9%	0.0%
Japanese	67.2%	11.6%	9.3%	3.5%	4.9%	0.6%	0.9%
British	53.5%	25.9%	10.7%	4.9%	3.3%	1.6%	0.0%
Malaysian	69.1%	12.6%	8.2%	3.9%	2.4%	3.4%	0.5%
Australian	54.4%	27.0%	15.4%	1.8%	0.6%	0.8%	0.0%
Singaporean	67.1%	8.4%	11.2%	4.9%	3.5%	4.9%	0.0%
French	47.4%	40.0%	5.7%	4.0%	2.3%	0.6%	0.0%

4.2 Growth/Decline Rates in the Last Few Years

International tourist arrivals in 2014 have increased by 28.95% percent compared to the previous year. This is the largest growth during the last three years.

The number of Thai tourists has shown the largest growth (243%) in 2014. Tourist arrivals from Thailand rose by about four-fold with 8,578 more Thai tourists visiting Bhutan than in 2013. In 2014, the number of Thai tourists reached 12,105, a record high for a single country. The increase was significantly propelled by the Bhutan-Thailand Friendship offer as evidenced by the earlier findings. A year before the number of Thai tourists declined by 2%.

Growth in Chinese tourists (68%) is also commendable; the growth rate more than doubled compared to 2013. Most significant of all, this growth has occurred without any special stimulus such as the discount offer in Thailand or His Majesty's visit to Japan. Bhutan welcomed 3,284 more Chinese tourists in 2014. The lowest growth rate of Chinese tourists during the last few years was 26%, while seven out of ten top source markets has experienced negative growth rates at least once in the last four years.

Impressive growths were also observed among the British (16%), German (7%) and French tourists (4%). All of these markets are reviving after declining in the previous year. More particularly, tourist arrivals from the UK experienced a decline in two consecutive years. In 2014, the number of tourists from the UK rose by 371, from Germany by 201 and from France by 64. The fact that tourist arrivals increased from these European Union countries included in the top ten list of major source markets is a special point of interest.

Declining growth rates were observed among tourists from USA and Malaysia. Despite an increase of 294 tourist arrivals from USA the growth rate declined in 2014 to 4% from 15% in 2013. The total number of American tourists is the third largest. But with the massive growths in Thai and Chinese tourists, American tourist arrivals have fallen from first position in 2013 to the third position in 2014. The growth rate of Malaysian tourists declined from 57% in 2013 to 1% in 2014. This was the third consecutive year in which the growth rate of Malaysian tourists has declined. In 2014 the growth rate for Malaysia was the smallest among the top ten source markets that experienced positive growth. In total 13 more tourists from Malaysia visited Bhutan in 2014 compared to 2013.

Japanese tourist arrivals dropped by a massive 33%, followed by Singaporean 16%, and Australians by 1%. This is the second consecutive year that the number of Japanese visiting Bhutan has declined by a large number. The number of Japanese tourists decreased by 1,328 in 2014, resulting in the largest decline both in terms of the rate of growth as well as in absolute number. However, on a positive note, the decline in the rate of growth in 2014 (-33%) was not as great as in 2013 (-43%). Tourists from Singapore fell by 331 in 2014 compared to 2013.. The number of Australian tourists visiting Bhutan has remained fairly steady, with a mere decline of just 25 tourists in 2014 compared to 2013.

Table 4.2-I Tourists by Segmentation of Top 10 Source Markets

Nationalilty	2010	2011	% change from 2010	2012	% change from 2011	2013	% change from 2012	2014	% change from 2013
Thai	417	2254	440.53	3617	60	3527	-2	12105	243
Chinese	722	2923	304.85	3816	31	4827	26	8111	68
American	2737	6296	130.03	6102	-3	6997	15	7291	4
German	1320	2318	75.61	2895	25	2770	-4	2971	7
Japanese	1264	3997	216.22	7029	76	4035	-43	2707	-33
British	1159	2814	142.80	2491	-11	2309	-7	2680	16
Malaysian	194	800	312.37	1312	64	2054	57	2067	1
Australian	728	1795	146.57	1950	9	2062	6	2037	-1
Singaporean	380	1366	259.47	1611	18	2051	27	1720	-16
French	776	1596	105.67	1863	17	1572	-16	1636	4

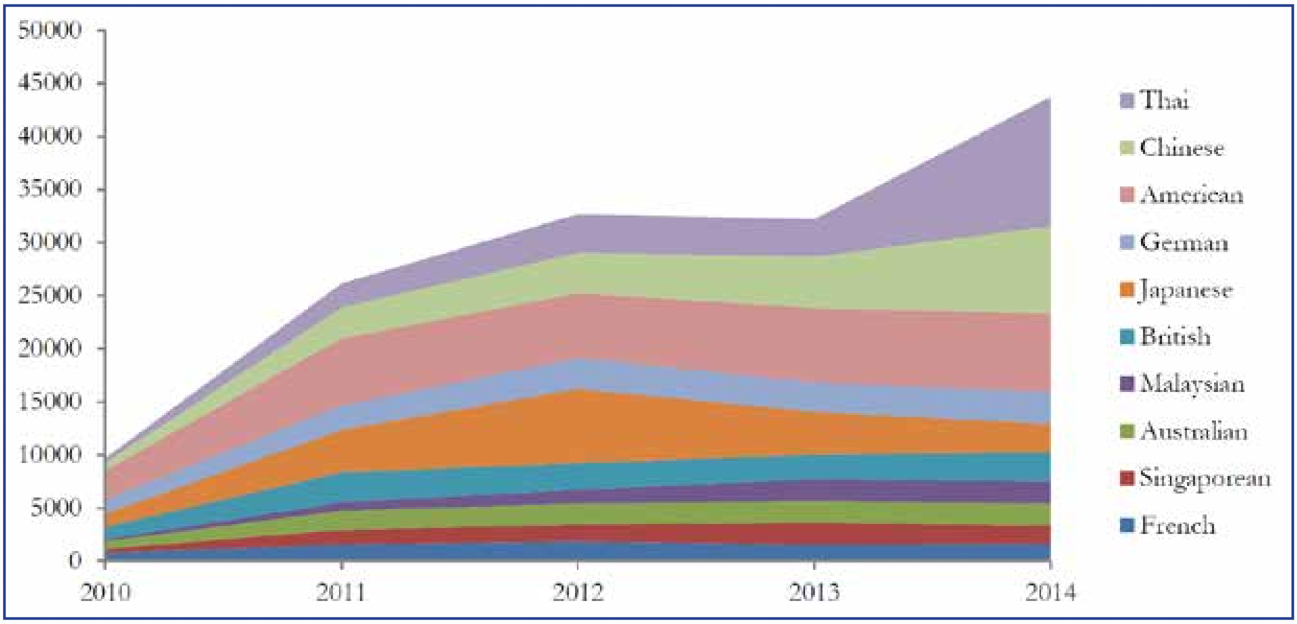
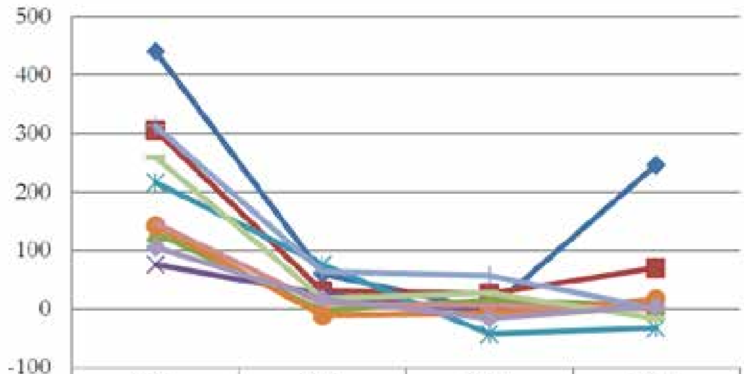


Figure 4.2-1 Growth and Decline of the Top 10 Source Markets from 2010 to 2014



	2011	2012	2013	2014
Thai	440.53	60	-2	246
Chinese	304.85	31	26	70
American	130.03	-3	15	6
German	75.61	25	-4	8
Japanese	216.22	76	-43	-33
British	142.8	-11	-7	17
Malaysian	312.37	64	57	1
Australian	146.57	9	6	-0.3
Singaporean	259.47	18	27	-16
French	105.67	17	-16	5

Figure 4.2-2 Tourist Arrivals by Major Source Market by Growth/Decline Rates

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2010							125	1082	3181	5916	3283	1238	14825
2011	792	1609	3953	4146	2427	1288	1605	2457	3847	8259	5096	2411	37890
2012	1514	1836	4394	5920	2758	2360	1604	2694	5027	8438	5093	2793	44431
2013	1047	2693	5287	5313	2677	2293	1329	2698	4644	8728	5266	2686	44661
2014	1,314	2,512	4,240	7,034	3,236	3,720	3,789	7,465	4,982	9,382	5,952	4,305	57931
Total	4685	8672	17927	22470	11124	9673	8497	16451	21751	40824	24735	13465	200274

Figure 4.2-3 Tourists Arrival by Year-Wise and Month-Wise

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

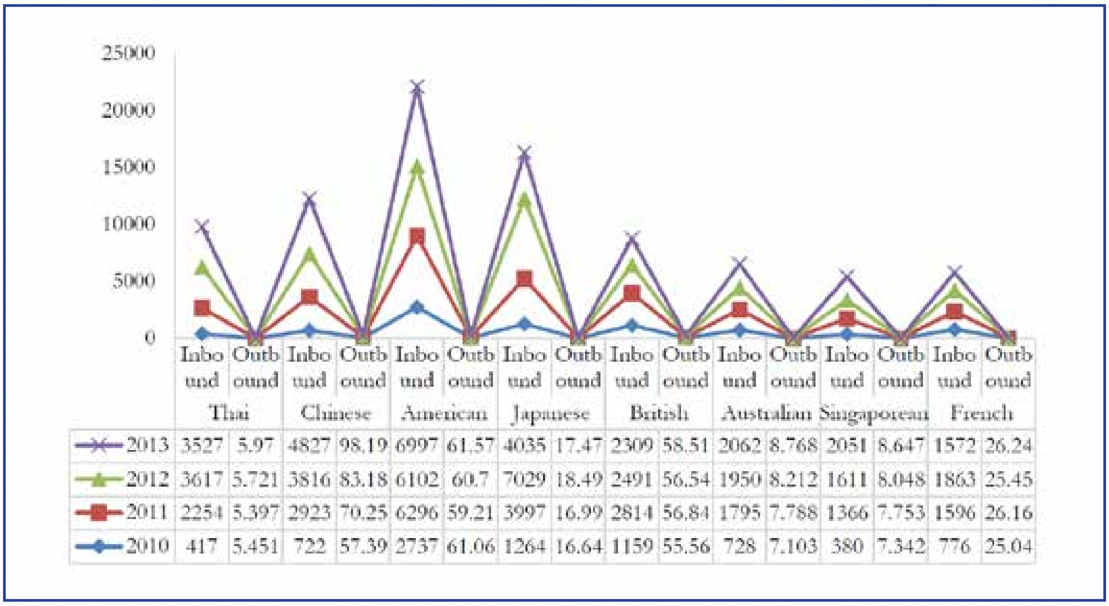


Figure 4.3-1 Outbound Trends in Million vis-à-vis Actual Inbound Figures

Only a fraction of the total outbound tourists from major source markets visited Bhutan (The World Bank, 2014). A meager 0.008% of the total Thai outbound tourists visited Bhutan in 2010. In 2011 it was 0.042%; in 2012, 0.063%; and in 2013, 0.059%.

Table 4.3-I Major Source Market by % of Inbound Tourists to Bhutan From Total Departures

Source Markets	2010	2011	2012	2013
Thai	0.008	0.042	0.063	0.059
Chinese	0.001	0.004	0.005	0.005
American	0.004	0.011	0.010	0.011
Japanese	0.008	0.024	0.038	0.023
British	0.002	0.005	0.004	0.004
Australian	0.010	0.023	0.024	0.024
Singaporean	0.005	0.018	0.020	0.024
French	0.003	0.006	0.007	0.006

The outbound figures of the 2014 year is disproportionately greater than that of the preceding years. Despite a substantial increase in the number of tourists visiting Bhutan in 2014, the number of inbound tourists to Bhutan is insignificant in comparison to the number of outbound tourists in the major source markets. According to one report, China's outbound tourists reached 100 million for the first time in 2014. Of this 100 million only

8,111 visited Bhutan in 2014. In this case, the potential market is quite large providing we have the absorptive capacity in terms of infrastructure, culture, security and environmental safeguards. Statistically, Bhutan is not featured as a major destination for any country on the list of Bhutan's major source markets.

REFERENCES

IPK International. (2014).
ITB World Travel Trends Report 2014/2015. Retrieved on 1 April 2015, from:
http://www.itb-berlin.de/media/itb/itb_dl_de/itb_itb_berlin/itb_itb_academy/ITB_2015_WTTR_Report_A4_4.pdf

Pacific Asia Travel Association. (2015).
Asia Pacific Foreign Arrivals Count to Reach 547 Million in 2015. Retrieved on 1 April, 2015, from:
http://www.pata.org/asia-pacific-foreign-arrivals-count-to-reach-547-million-in-2015/

Ratnapala, L. (2015).
Asia to Drive Strong Growth in Global Tourism. Inter Press Service News Agency. Retrieved on 1 April 2015, from:
http://www.ipsnews.net/2015/02/asia-to-drive-strong-growth-in-global-tourism/

The World bank. (2014).
International tourism, number of departures. Retrieved on 25 April 2015, from :
http://data.worldbank.org/indicator/ST.INT.DPRT

United Nations World Tourism Organization. (2015).
UNWTO World Tourism Barometer, 13. Retrieved on 1 April 2015, from:
http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/unwto_barom15_01_january_excerpt_1.pdf

UN World Tourism Organization. (2015).
UNWTO Tourism Highlights: 2014 edition. Retrieved on 1 April 2015, from:
http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/unwto_highlights14_en.pdf

World Travel and Tourism Council. (2014).
Travel and Tourism Economic Impact 2014. Retrieved on 1 April 2015, from:
http://www.wttc.org/-/media/files/reports/economic%20impact%20research/regional%20reports/world2014.pdf