Tourism Council of Bhutan
P.O. Box 126, GPO,
Thimphu, Bhutan
Tel#: +975 2 323251/323252
Fax#: +975 2 343695
Email: info@tourism.gov.bt
facebook.com/destinationbhutan
twitter@tourismbhutan
www.tourism.gov.bt

Bhutan
Happiness is a place

ANNUAL REPORT
BHUTAN TOURISM MONITOR
2015

A publication of the Tourism Council of Bhutan

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Kingdom of Bhutan

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FOREWORD

In 2015, Bhutan celebrated the 60th birth anniversary of His Majesty the Fourth *Druk Gyalpo*, the Jewel of Bhutan. To commemorate this special year,Bhutan declared 2015 as Visit Bhutan Year to allow visitors from all over the world to join in the celebrations of the Bhutanese for a much loved and revered monarch.

Bhutan remains a much admired destination throughout the global tourism industry, particularly in the high-end markets. This is attributed to the pristine state of the country's cultural and natural heritage, which attracts both an affluent and adventurous clientele; and political stability and good governance, which ensures equitable and sustainable national development.

Tourism continued to grow in 2015, registering a 16.21% increase to 155,121 arrivals. Of this, 57,537 were international visitors and 97,584 were arrivals from the regional market.

It is important to note that regional arrivals have been increasing consistently, and in 2015 constituted 62.91% of all visitors. With rising incomes and affluence in the region, this segment of visitors is an emerging potential market. To attract this segment, and continue to cater to the huge international markets, Bhutan has to ensure the sustainability and viability of local businesses, in order to encourage repeat visits and not compromise the quality of visitors' experience. As in previous years, challenges persist in diversifying experiences, opening less-visited regions, and promoting the summer and winter months.

The information presented in the Bhutan Tourism Monitor 2015, can help to inform and guide the sustainable development of our industry. As the twelfth edition of the annual statistical publication by the Tourism Council of Bhutan, Royal Government of Bhutan, the report continues to provide evidence-based findings on overall measures of the performance of the tourism industry.

I would like to extend my deep appreciation to all for your continued contributions to tourism in Bhutan.

Tashi Delek.

Chhimmy Pem
DIRECTOR

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EXECUTIVE SUMMARY

Globally, tourist arrivals in 2015 increased by 4.4% to 1.184 billion from the previous year, with 50 million more tourists visiting destinations around the world. Europe, the Americas, and the Asia/Pacific region recorded a growth of 5%, while the Middle East grew by 3%. Among the world's top source markets, China, the USA and the UK led outbound travel growth. The Asia/ Pacific region recorded 13 million more tourist arrivals in 2015 to reach 277 million, with uneven results across destinations; Oceania (+7%) and South-East Asia (+5%) led the growth, while South Asia and North-East Asia recorded an increase of 4%.

In Bhutan, total visitor arrivals, comprised of regional and international visitors,increased to 155,121. This represented a growth of 16.21% over 2014.

International tourists in 2015 dropped by 15.77% to 48,800 individuals. However, it is to be noted that 2014 saw an unprecedented number of Thai visitors, due to the Bhutan-Thailand Offer. The major earthquake in April 2015 adversely impacted international arrivals.

Almost half of international tourists (48.87%) were from the Asia/Pacific region. Tourists from China accounted for 19.26% of total visitors, followed by the United States (14.63%) and Thailand (7.74%). Female visitors constituted the majority (59.22%). 30.53% of visitors were aged 61 years and above,22.07% were aged 46-55 years, and 17.54% were aged 36-45 years.

Regional visitors constituted 62.91% or 97,584 individuals, of all arrivals to Bhutan. This represented an increase of 49.21%from 2014. 73.32% arrived over land and the remaining 26.68% arrived by air. Most regional tourists visited during May, October and December with 17.64%, 15.72% and 12.05%, respectively.

Receipts from tourism in 2015 decreased to US$ 71.04 million, a decline of 2.94% from US$73.2 million the previous year. The decline in revenue was attributed to regional events, including the bombing in Bangkok and earthquake in Nepal: both cities are the main entry/ exit points for Bhutan. 90.2% of tourists used air services to enter the country, while 9.8% used land services. 93.58% and 6.42% of visitors used air and land services, respectively, to exit Bhutan. Close to half of all visitors entered and exited Bhutan through Bangkok, followed by Kathmandu.

A majority of tourists (84.98%) visited Bhutan for cultural sightseeing and related activities. Most tourists travelled in groups of 1-4 members. The most frequented months were October, March and April, at 16.43%, 12.72% and 13.59%, respectively. Overall, 37.07% of international tourists visited Bhutan in the autumn, 32.42% visited in the spring, 18.24% in the winter, and 12.26% in the summer. International tourists spent on average 6.93 nights in the country. Tourists from 52 countries spent 1-5 nights, tourists from 34 countries spent 6-7 nights, and tourists from 21 countries spent 8-9 nights. Visitors from Australia, the UK, France and Germany spent more than 8 nights in Bhutan.

The western districts of Paro, Thimphu, Punakha and Wangdue Phodrang received the largest number of tourists. These districts also recorded the highest number of bed nights; however, they recorded a drop in both visits and bed nights when compared with 2014. In comparison, Tsirang, Sarpang, Zhemgang, Gasa, Lhuntse, Trashi Yangtse, Samdrup Jongkhar, Trashingang, Mongar, Haa, and Chukha received fewer tourists, but saw a growth from 2014.

China was the largest source market for Bhutan, constituting 19.26% of all visitors. This was a growth of 15.9% from the previous year. Chinese tourists dominated tours throughout the year except in October and November. The United States was the second largest source market, decreasing by 2.1% in 2015. Thailand dropped by 68.8% to third place,in spite of showing a substantial growth of 243% in 2014. Tourists from the UK grew by 10.4%, and Singapore by 45.2%,to capture fourth and fifth places, respectively. The rest of the top 10 source markets were Germany, Japan, Australia, France, and Malaysia.

INTRODUCTION

Bhutan Tourism Monitor 2015, an annual statistical publication of the Tourism Council of Bhutan presents a comprehensive analysis of the performance of the tourism industry during the calendar year 2015. The report presents a detailed statistical breakdown of visitor arrivals, first-hand feedback from the visitors and market intelligence. Statistics pertaining to international leisure arrivals are mined from Tashel information and Management System maintained with TCB with regional arrival and some aspect of international arrivals sourced from Department of Immigration (DOI). A major part of the statistics pertaining to International and Regional visitor arrivals is collected through the administration of Exit Surveys at the gateways of Bhutan including Paro International Airport.

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

This report--Bhutan Tourism Monitor 2015--is presented in four sections. The first section presents the actual statistical data of the visitor arrivals, their profile, preferences and activities and the changes compared to the previous years. The second and third section presents results based on data collected through exit surveys for international arrivals and regional arrivals respectively including their feedbacks. The fourth section presents an in-depth analysis of the top 10 major source markets for Bhutan during the year. It presents a summary of overall characteristics and the performance trends of a particular source market.

a. Tourism Trend in Bhutan

In 2015, total visitor arrivals to Bhutan grew by 16.21% to 155, 121 arrivals. International arrivals constituted 37.09% or 57,537 individuals while regional arrivals constitute 62.91% or 97,584 arrivals.

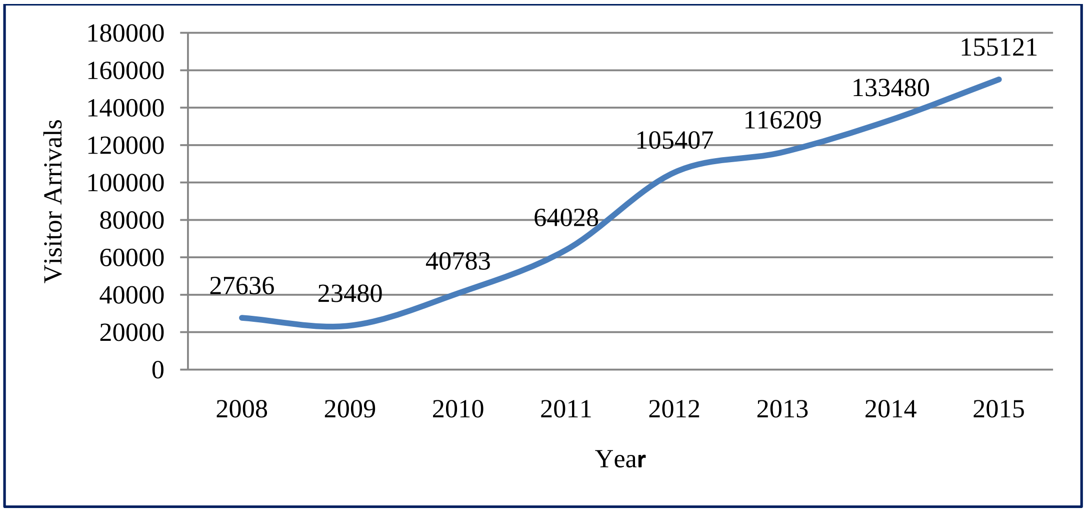


Fig. a.1. Total Visitor Arrivals (2008-2015)

90.2% of international visitors arrived by air and 9.8% arrived overland. 73.32% of regional visitors arrived over land and 26.68% arrived by air.

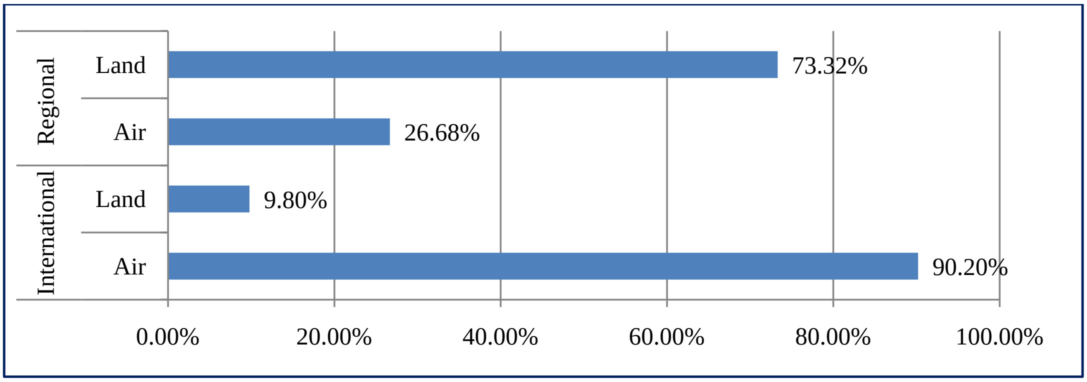


Fig. a.2. Inbound Arrivals, 2015

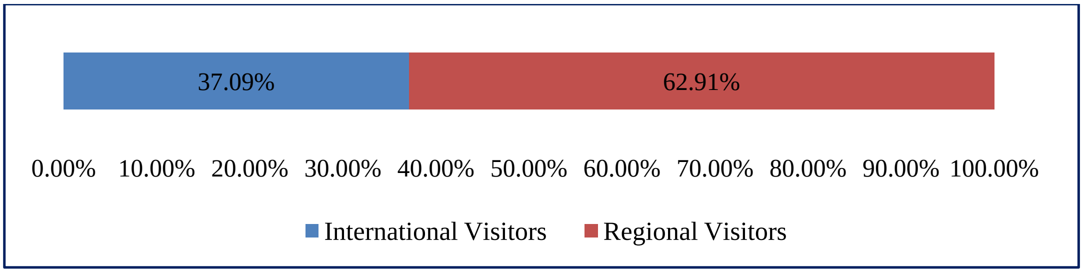


Fig. a.3. International and Regional Visitors, 2015

b. Global Tourism Trends with Focus on Asia and the Pacific

In 2015, international tourism was able to spring back into a strong position, and continue to be a key contributor in the global economy. Although slow economic growth was observed in advanced economies, along with geopolitical tension in some regions of the world, the travel and tourism sector continued to account for a large part of the global economy, estimated at US$ 7 trillion, or 9% of global GDP. At the same time, the number of international travelers continues to rise (Travel and Tourism Competitiveness Report, 2015). The World Travel and Tourism Council (WTTC) reported that travel and tourism is predicted to grow 4% annually, outpacing even global financial services, transport and manufacturing.

The overall trend in international tourism remained positive, with a 4.5% rise in outbound trips in the first eight months of 2015 (ITB World Travel, 2015). The outlook for 2016 remains optimistic, with expected growth of 4.3%.

According to UNWTO World Tourism Barometer (2015), international tourist arrivals grew by 4.4% in 2015 to reach a total of 1.184 billion. 50 million additional tourists travelled to international destinations around the world, compared to 2014. Thus, 2015 marked the sixth consecutive year of above-average growth, with international arrivals increasing by 4% or more every year. Results were strongly influenced by exchange rates, oil prices and natural and man-made crises in many parts of the world.

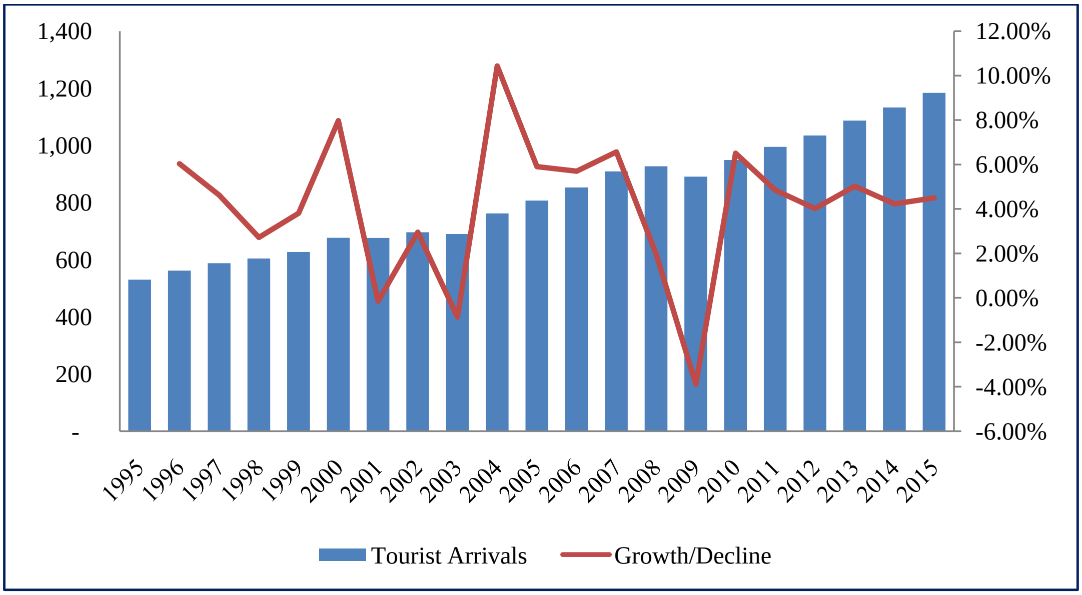


Fig. b. Global Arrivals & Rate of Growth/Decline

Europe, the Americas and the Asia/Pacific region recorded growth of 5% in 2015. Arrivals in the Middle East increased by 3%, but decreased 3% in Africa due to weak results in North Africa that accounted for a third of arrivals throughout Africa (UNWTO, 2015).As top source markets, China, the United States and the UK led outbound travel growth in 2015.

Asia and the Pacific remains a leading growth market for world travel, with growth of 5% in 2015 despite slowdown in the Chinese economy. Looking ahead to 2016, IPK predicts a 6.1% rise in Asia Pacific outbound travel, based on its Travel Confidence Index (IBT World Travel, 2015). This means that Asia and the Pacific will again outpace world travel growth in 2016 and continue to gain market share. The Asia/Pacific region (+5%) recorded 13 million more international arrivals to reach 277 million, thus increasing by 3% the region's share to almost a fifth of the global outbound travel market, with uneven results across destinations. Oceania (+7%) and South-East Asia (+5%) led the growth while South Asia and North-East Asia recorded an increase of 4% (UNWTO, 2015). Since 2007, the total number of outbound trips by travelers from the Asia/Pacific region (excluding Chinese travel to Hong Kong and Macau) increased by 65% to 170 million trips, according to World Travel Monitor figures (IBT World Travel, 2015).

According to PATA Annual Tourism Monitor 2015 (Early Edition), Asia was mostly dominated by arrivals from China and the SARs of Hong Kong and Macau, although there were some significant sub-regional variations. South Asia saw the top inbound source markets as China, India and the UK, while Southeast Asia had Singapore, China and Indonesia dominate the volume of foreign inbound arrivals. West Asia had a completely different mix of foreign arrivals in 2014, with Germany, the Russian Federation and the UK topping arrivals by volume (PATA Annual Tourism Monitor, 2015).

The UNWTO Confidence Index results showed largely positive for 2016, although slightly lower level as compared to the last two years. Therefore, based on the current trend and this outlook, UNWTO projects international tourist arrivals to grow by 4% worldwide in 2016. Region wise, growth is expected to be greater in Asia/Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The forecasts for Africa (+2% to 5%) and the Middle East (+2% to +5%) also remain positive, although with some degree of uncertainty and volatility (UNWTO, 2015).

STUDY DESIGN AND METHODOLOGY

A Sequential Exploratory Mixed Method approach was employed in this study. Quantitative data was collected using survey questionnaires, while qualitative data was obtained through unstructured open-ended questions. Qualitative data supported findings of the quantitative study.

This study followed a similar research design engaged in TCB's earlier exit surveys as well as exit surveys worldwide. The methodology was carefully reviewed and consulted with TCB, including past literature and survey instruments,which were modified and strengthened for operational effectiveness.

A total of 8,000 visitors were randomly interviewed throughout the year. This comprised of 5,000 international tourists and 3,000 regional tourists. Primary data was collected using separate exit survey questionnaires, comprised of both open-ended and closed-ended questions,for international and regional tourists. These questionnaires were administered throughout calendar 2015 by trained enumerators in a range of hotels in Thimphu, Paro and Phuentsholing, and at Paro International Airport.

Administered exit surveys were used as the primary survey tool. They provide richer data than un-administered/online surveys, with room for probing questions to uncover underlying reasons for specific behaviour. They also yield higher response rates, with departing visitors generally more willing to participate in one-to-one interviews over and above other methodologies.

Absolute data on international tourists was extracted from the Tashel database at TCB, and information on regional tourists was analysed from the Department of Immigration, Ministry of Home and Culture Affairs. Some of the preferred data for Annual Tourism Statistics was extracted from Tashel Information Management System using Structured Query Language (SQL). All datasets were then merged to carry out data interpretation and analysis.

SECTION 1

ANNUAL INTERNATIONAL TOURISM STATISTICS

International leisure arrivals to Bhutan in 2015 dropped by 15.77%, mainly owing to regional events.

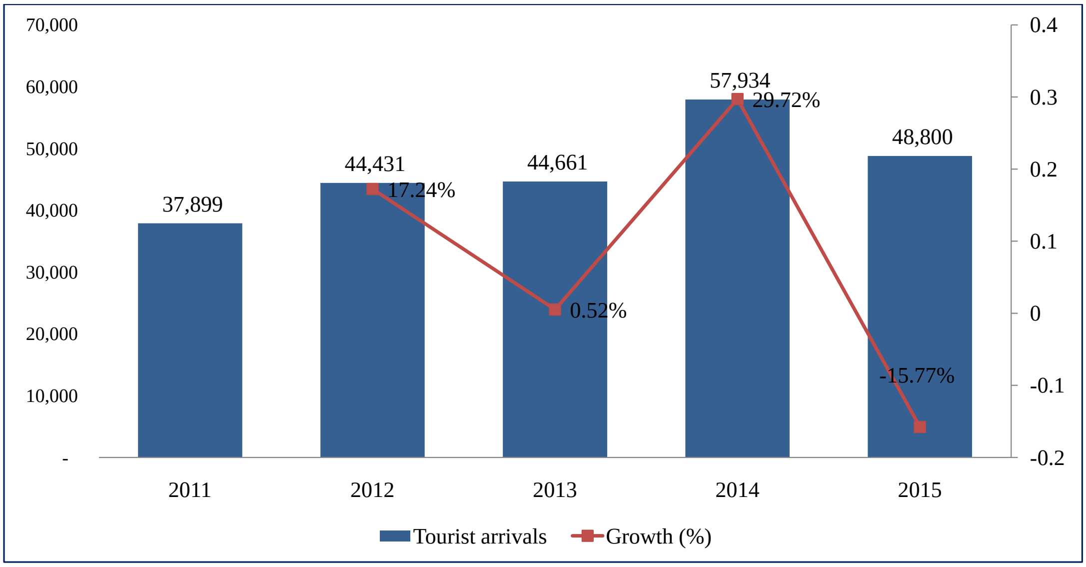


Fig. 1.1. International Leisure Arrivals (2011-2015)

1.1 Tourist Profile

Among visitors to Bhutan in 2015, 59.22% were female and 40.78% were male. 30.53% was aged 61 years and above, 22.07% was 46-55 years, 17.54% was 36-45 years, 12.02% was 26-35 years, 12.01% was 56-60 years, and 3.08% was 18-25 years. 2.74% of tourists were below 18 years.

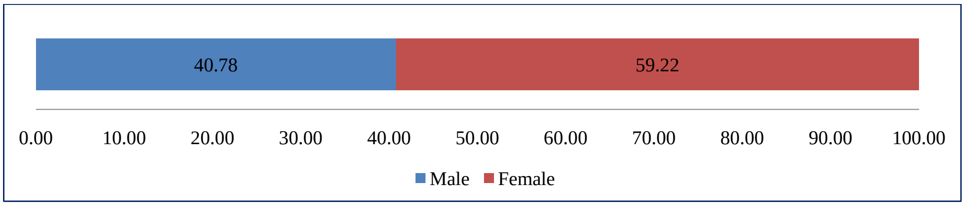


Fig. 1.1.1. Composition of Tourist Arrivals by Gender

Almost throughout the year, female tourists outnumbered males by 20%.

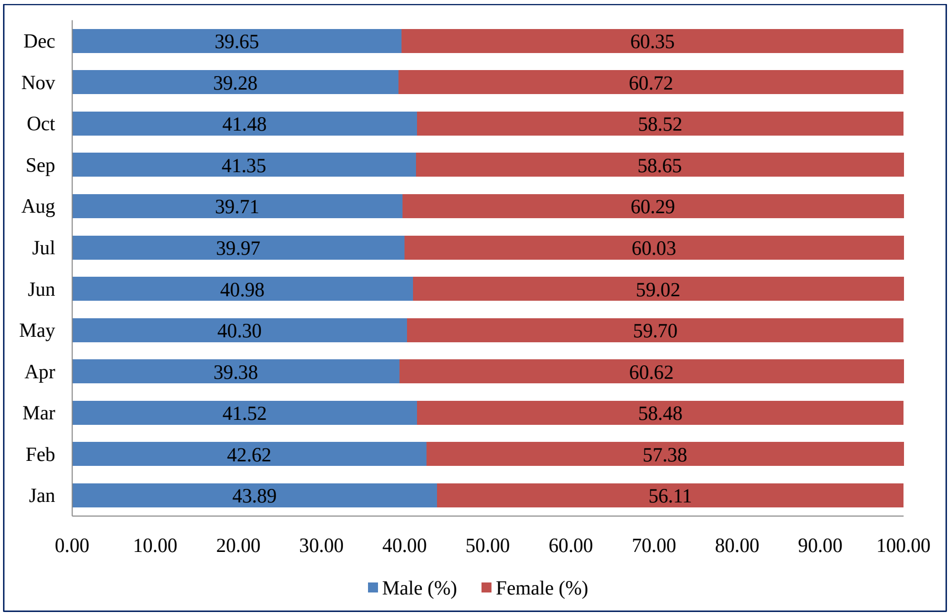


Fig. 1.1.2. Tourist Arrivals by Gender & Month

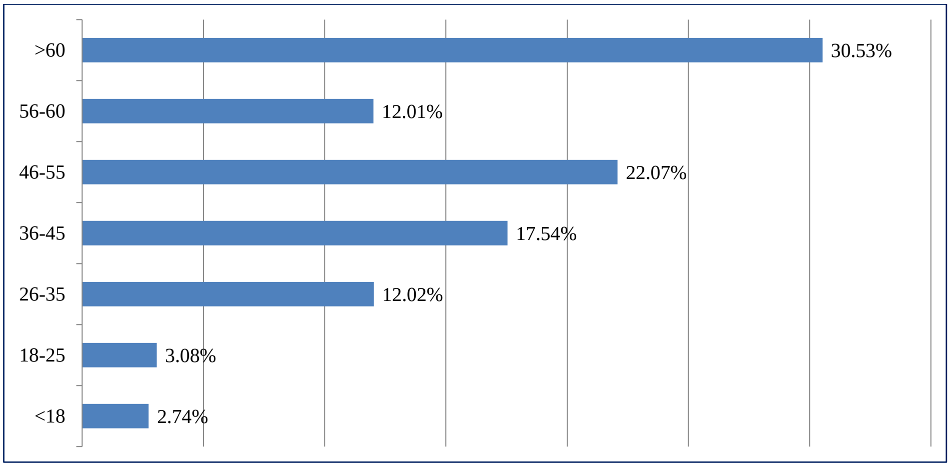


Fig. 1.1.3. Composition by Age Group

1.2 Tourists by Nationality

Close to half (48.87%) of tourists were from Asia and the Pacific. 30.40% came from Europe, 18.35% from North America, 1.74% from South America and the Caribbean, 0.40% from the Middle East, and 0.25% from Africa. Tourists from South America, Africa and the Middle East comprised less than 3% of total tourists.

Chinese visitors comprised the majority at 19.26%, followed by Americans (14.63%), Thais (7.74%), British (6.06%), Singaporean (5.3%), German (5.12%), and Japanese (4.99%).

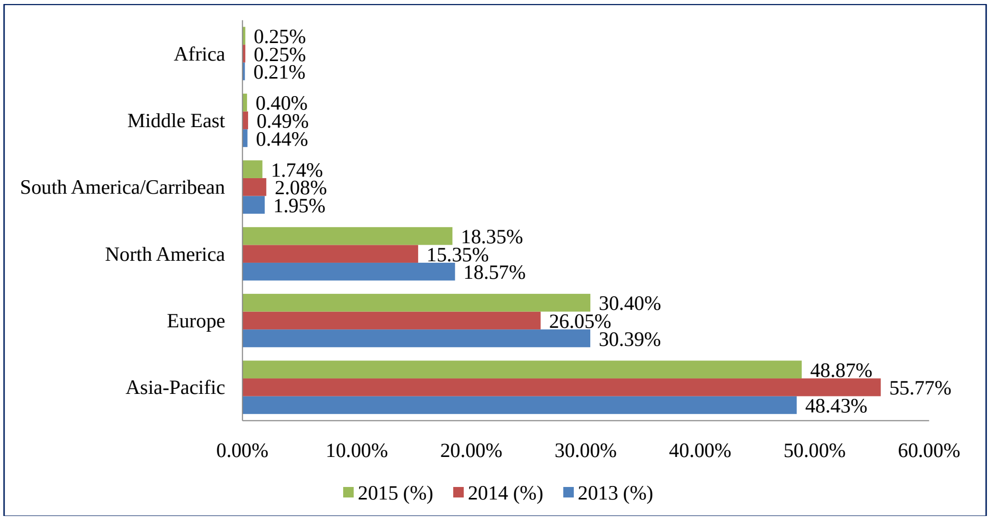


Fig. 1.2.1. Tourist Arrivals by Region

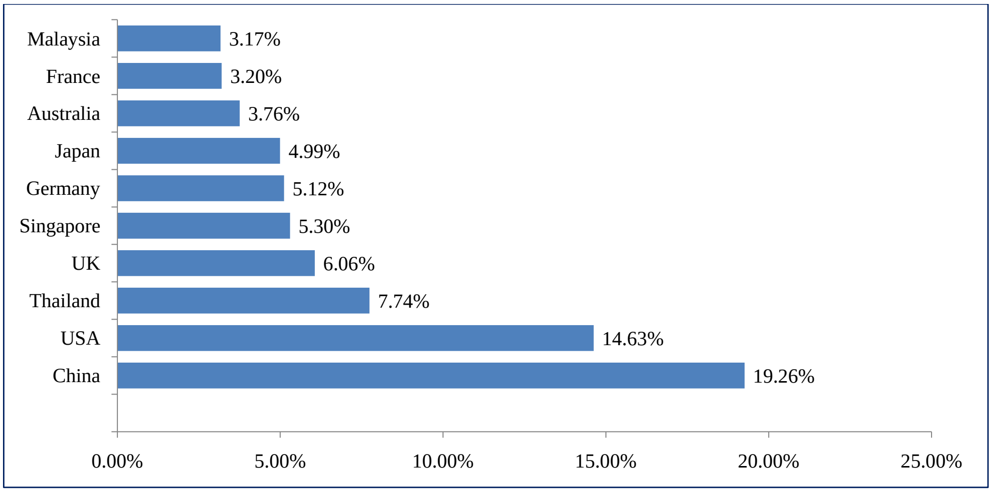


Fig. 1.2.2. Tourist Arrivals (Top 10 Countries)

1.3 Tourist Arrivals in 20 Dzongkhags

The most popular destinations were Paro, Thimphu, Punakha, Wangdue Phodrang, Bumthang and Trongsa. Haa received fewer tourists compared to other western Dzongkhags. While almost all 20 Dzongkhags received some tourists in 2015, PemaGatshel, Dagana, Tsirang and Samtse received the fewest. Compared to arrivals in 2014, most Dzongkhags experienced a decline in arrivals, with Paro, Thimphu, Punakha and Wangdue Phodrang seeing large drops. However, an increase in arrivals was observed in Tsirang, Sarpang, Zhemgang, Gasa, Lhuntse, Trashi Yangtse, Samdrup Jongkhar, Trashigang, Monggar, Haa, Chukha and Bumthang.

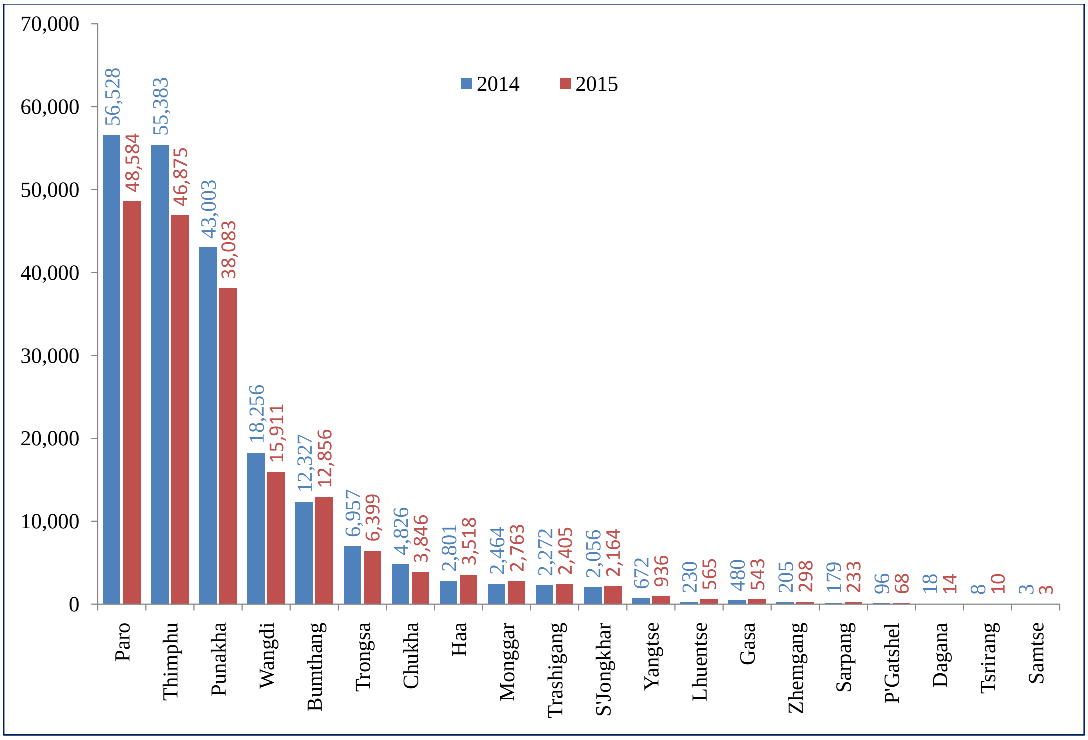


Fig. 1.3. Arrivals by Dzongkhag (2014-2015)

1.4 Purpose of Visit

84.98% of tourists visited Bhutan for cultural sight-seeing, followed by 5.79% for trekking, 3.62% for adventure, 2.68% for tshechu and festival, 1.74% for nature and 1.2% for spiritual and wellness. More than 90% of Chinese, Thais, Singaporean and Japanese visitors came to Bhutan for cultural sightseeing.

Within the top 10 source countries, the majority of Americans (40.77%) visited Bhutan for adventure tourism, followed by British (12.68%) and Chinese (11.79%). Similarly, the majority of Chinese (40.57%) came for spiritual and wellness tourism, followed by Malaysians (17.83%). Americans (31.49%) dominated the trekking category, followed by the British (18.87%). Tourists who dominated nature tourism were also from the USA (40.87%) and the UK (14.24%). Tourists from China, USA, and Thailand dominated visits for tshechus and festivals.

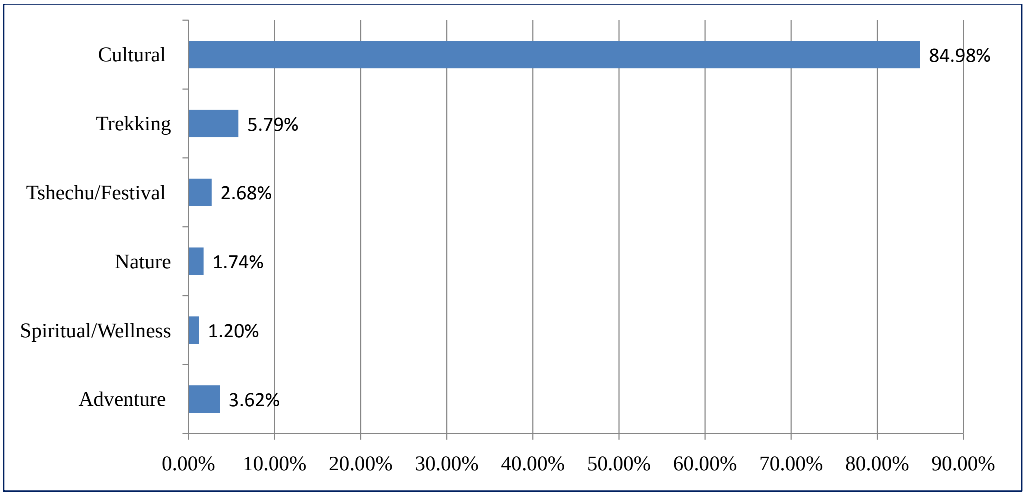


Fig. 1.4.1. Tourists by Primary Activity/Purpose of Visit

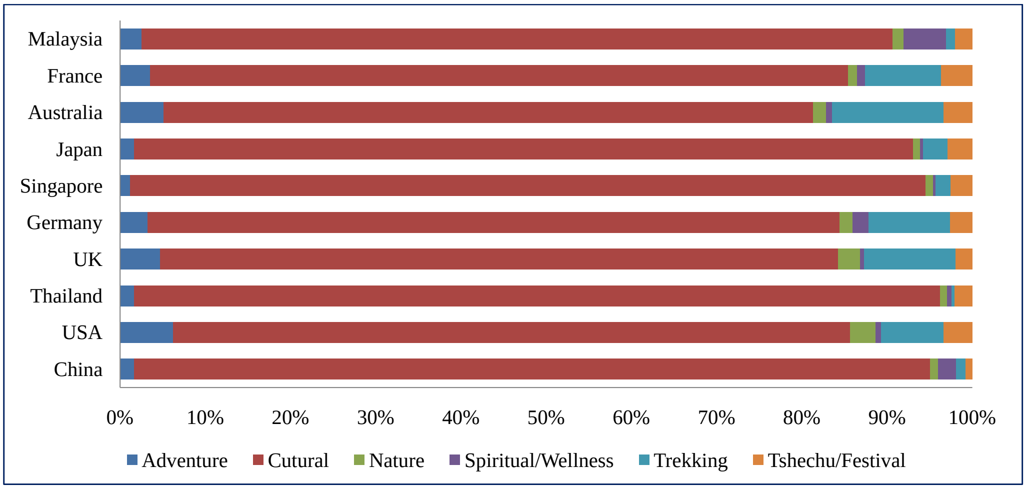


Fig. 1.4.2. Top 10 Markets &Primary Activity/Purpose of Visit

1.5 Travel Party Size

4,934 groups composed of 2 members each visited Bhutan, totaling 9,868 arrivals. This was followed by 1,030 groups with 4 members each, totaling 4,123 members; 3,394 groups with a single member; 950 groups with 3 members, totaling 2,850 arrivals; and 154 groups with 16 members, totaling 2,464 arrivals. Most visited in small groups.

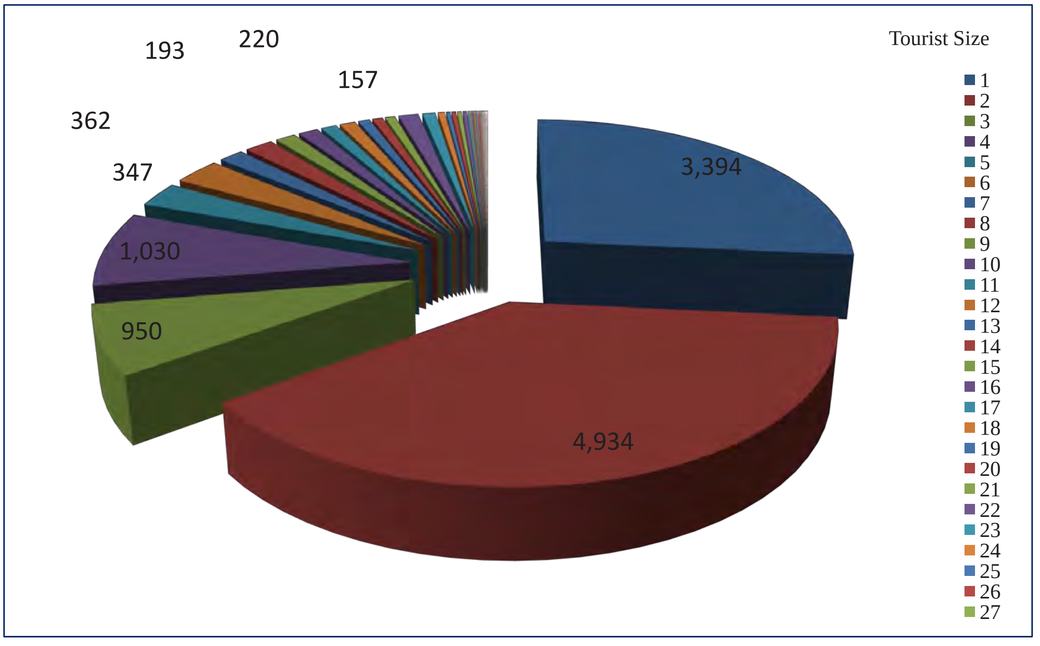


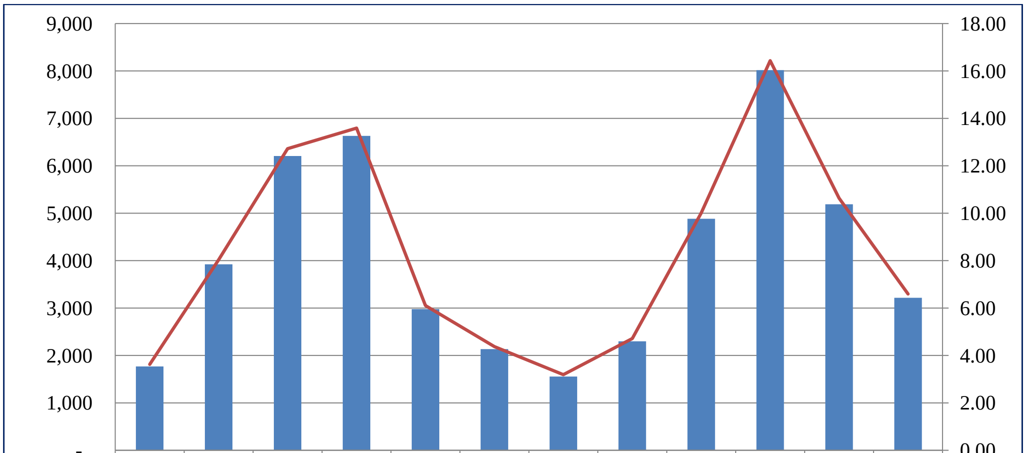
Fig. 1.5. Tourists by Group Size

1.6 Preferred Time of Visit

The majority of tourists (16.43%) visited Bhutan in October. The second highest group (13.59%) visited in April, and the third highest (12.72%) in March. The lowest population visited (3.19%) visited in July (3.19%) followed by January (3.62%). On seasonal basis, 37.07% of tourists visited in the autumn, followed by spring (32.42%), winter (18.24%), and summer (12.26%). Thus, as in previous years, spring and autumn were still the peak tourist seasons.

Month wise, Chinese dominated from January till September. 18.34% visited in January, 27.38% in February, 17.3% in March, 21.59% in April, 19.4% in May, 21.1% in June, 21.31% in July, 19.79% in August, and 19.54% in September. The majority of Chinese visitors were partly attributed to the 2018 FIFA World Cup qualifying match played in

Thimphu. Americans dominated visits in October and November (18.84% and 19.67%, respectively). December saw a majority of Singaporean visitors(21.21%).



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total	1,76	3,92	6,20	6,63	2,97	2,13	1,55	2,29	4,88	8,01	5,18	3,21
%	3.62	8.04	12.72	13.59	6.10	4.37	3.19	4.71	10.01	16.43	10.63	6.59

Fig. 1.6.1.1. Tourist Arrivals by Month (2015)

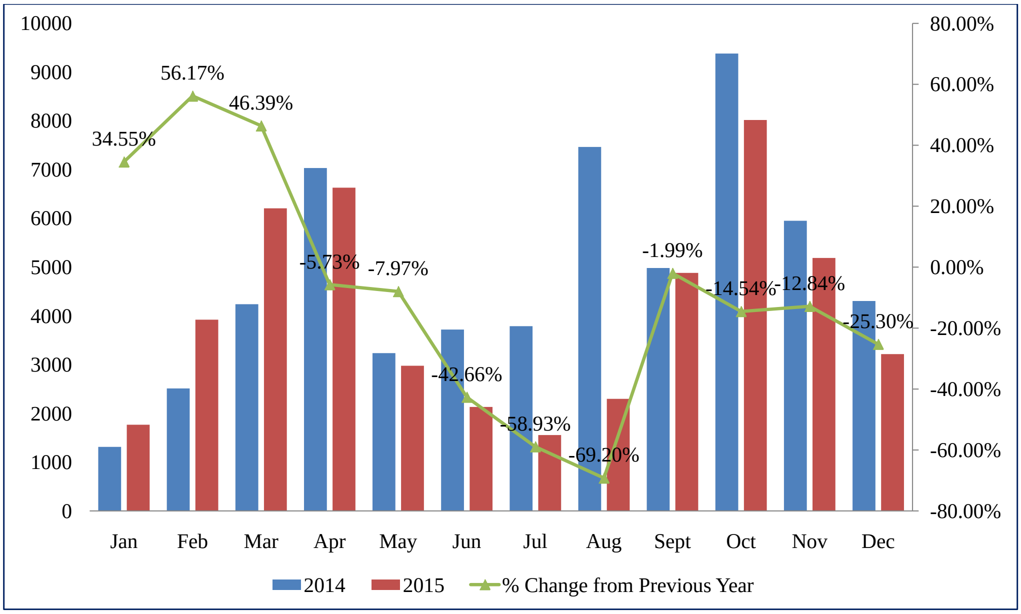
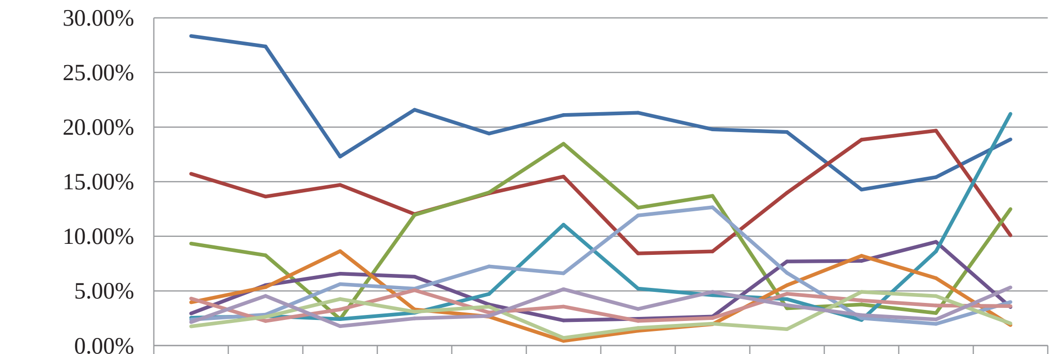


Fig. 1.6.1.2. Tourist Arrivals by Month (2014-2015)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
China	28.34	27.38	17.30	21.59	19.40	21.10	21.31	19.79	19.54	14.27	15.41	18.87
USA	15.72	13.64	14.70	12.03	13.94	15.47	8.44	8.61	13.98	18.84	19.67	10.09
Thailand	9.33	8.26	2.42	11.95	14.01	18.47	12.62	13.70	3.41	3.76	2.97	12.49
UK	2.94	5.53	6.58	6.30	3.75	2.30	2.45	2.65	7.70	7.75	9.49	3.52
Singapore	2.55	2.70	2.42	3.00	4.73	11.06	5.22	4.61	4.25	2.34	8.62	21.21
Germany	3.96	5.35	8.64	3.30	2.65	0.42	1.35	1.96	5.52	8.21	6.17	1.87
Japan	2.38	2.83	5.63	5.20	7.24	6.61	11.91	12.66	6.65	2.51	1.99	3.99
Australia	4.30	2.24	3.30	5.06	3.02	3.56	2.25	2.52	4.74	4.13	3.66	3.61
France	1.75	2.63	4.26	3.09	3.55	0.70	1.61	2.00	1.50	4.92	4.53	2.02
Malaysia	2.15	4.54	1.77	2.49	2.71	5.16	3.35	4.92	3.70	2.79	2.39	5.33

Fig. 1.6.2. Arrivals from Top 10 Markets by Month

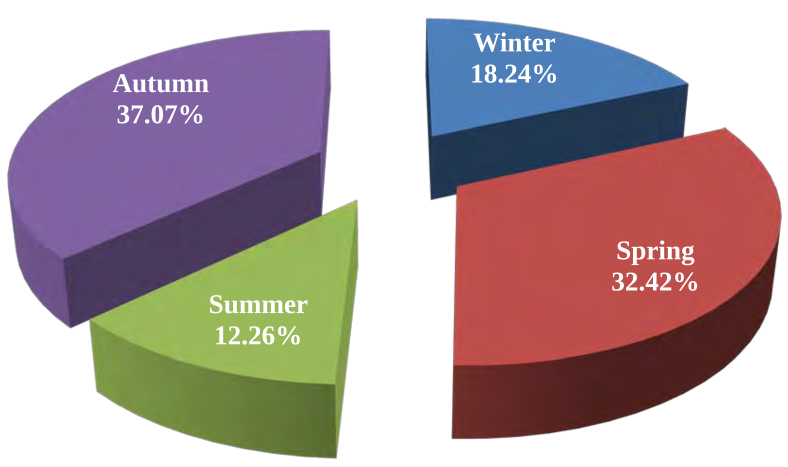


Fig. 1.6.3.Arrivals by Season

1.7 Length of Stay

Tourists spent on average 6.93 nights in Bhutan. Visitors from 52 countries spent 1-5 nights; 34 countries spent 6-7 nights; 21 countries spent 8-9 nights; and 12 countries spent more than 10 nights. Among the top 10 source markets, Australians stayed the longest (9.41 nights), followed by the British, Germans and French (8 nights). Americans spent 6.76 nights,followed by Malaysians (6.21 nights), Chinese (5.89 nights) and Singaporeans(5.69 nights). The Japanese spent 4.88 nights, and Thais spent 4.25 nights. The duration of stay of most Asian tourists is quite short, except for Malaysians who spent 6.21 nights. Japanese and Thai visitors spent on average 4 nights in Bhutan.

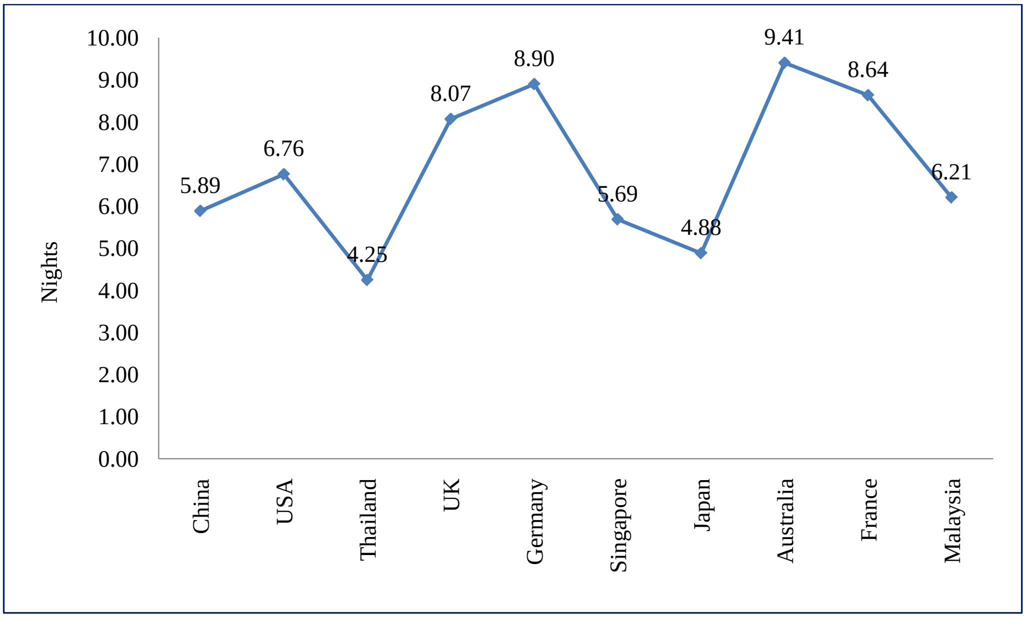


Fig. 1.7.1. Average Length of Stay by Major Source Markets

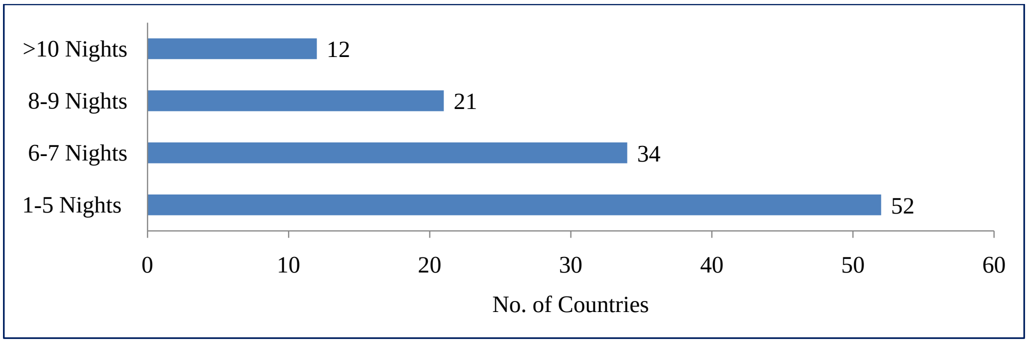


Fig. 1.7.2. Average Length of Stay by Total Number of Countries

1.8 Tourist Arrivals by Bed Nights in Dzongkhags

Paro, Thimphu, Punakha, Bumthang and Wangdue Phodrang saw the highest number of bed nights in 2015, at 32.85% of the total, 25.1%, 15.67%, 9.61%, and 6.73%, respectively. Pema Gatshel, Dagana, Tsirang and Samtse recorded the fewest tourist bed nights (less than 1%). This clearly indicated that tourism is concentrated in the west, in Paro, Thimphu, Punakha and Wangdue Phodrang, followed by Bumthang and Trongsa.

However, compared to arrivals in 2014, the Dzongkhags of Paro, Thimphu, Punakha, Wangude Phodrang and Trongsa saw a drop in 2015. Only Bumthang and Haa saw a slight increase, as was also reported by Samdrup Jongkhar, Monggar, Lhuntse, Tashi Yangtse, Zhemgang, Samtse, Dagana, Tsirang and Gasa.

Figure 1.8-3 shows the change in number of bed nights between 2014 and 2015. In the case of Singaporeans,an increase of 36.19% was observed, followed by China (23.74%), UK (10.21%), and Switzerland (2%). On the reverse side, there was a significant decline of 64.87% for Thai tourists, followed by Germans (16.85%), Japanese (9.26%), Australians(7.55%), Americans(1%) and French (0.5%). In spite of the sharp growth of Chinese tourists, Americans continued to occupy the most bed nights.

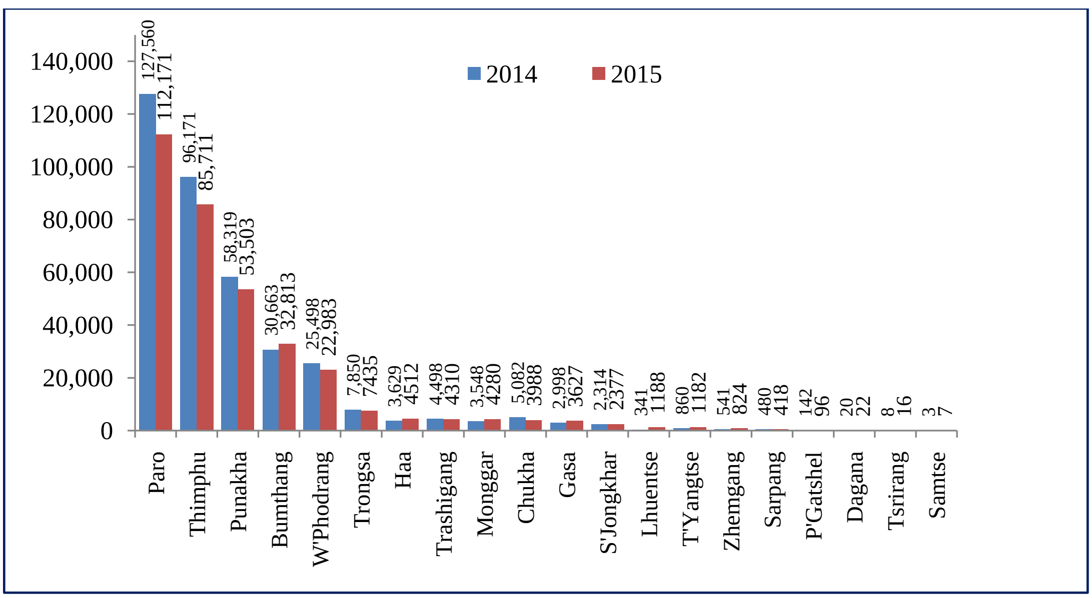


Fig.1.8.1. Tourist Arrivals by Bed Nights in Dzongkhags (2014-2015)

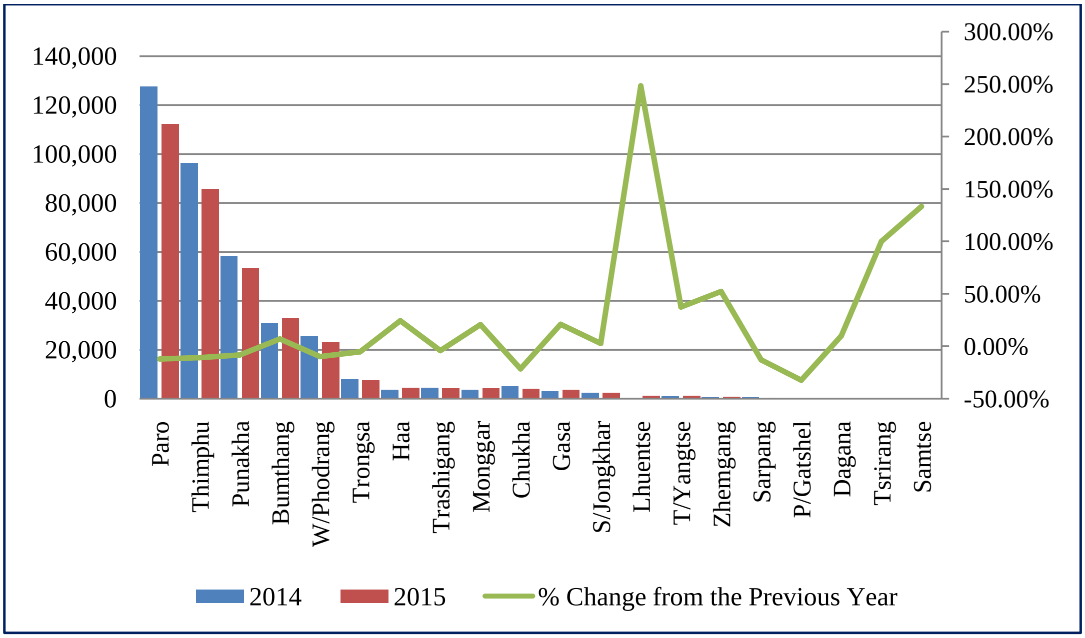


Fig. 1.8.2. Change in Tourist Arrivals by Bed Nights in Dzongkhags

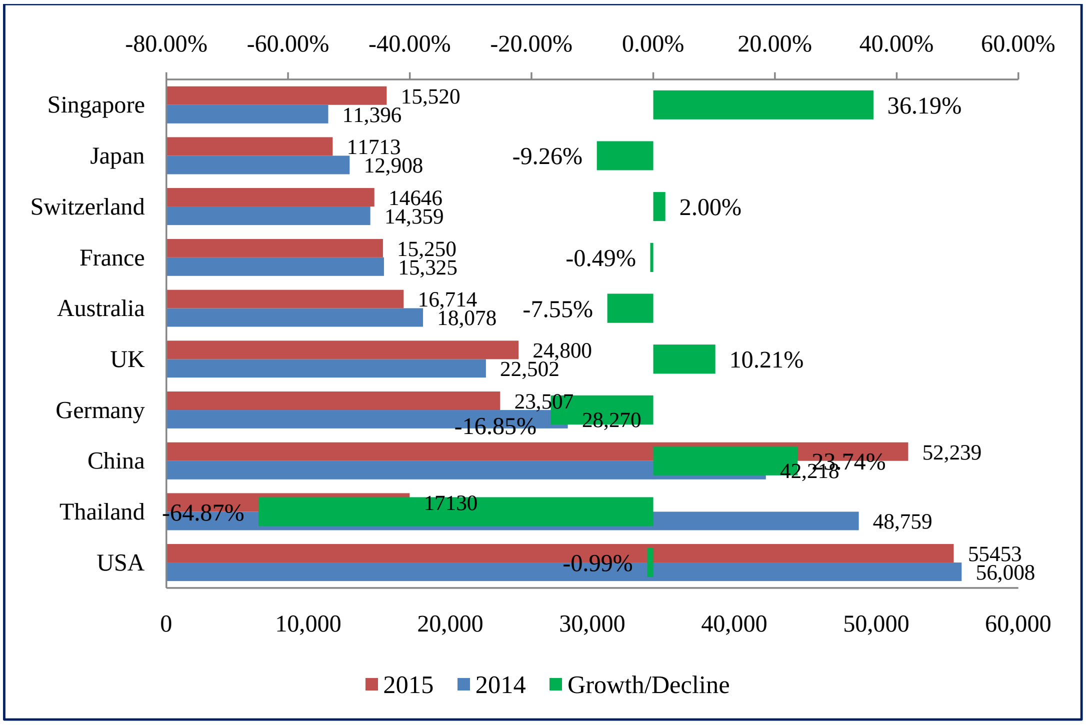
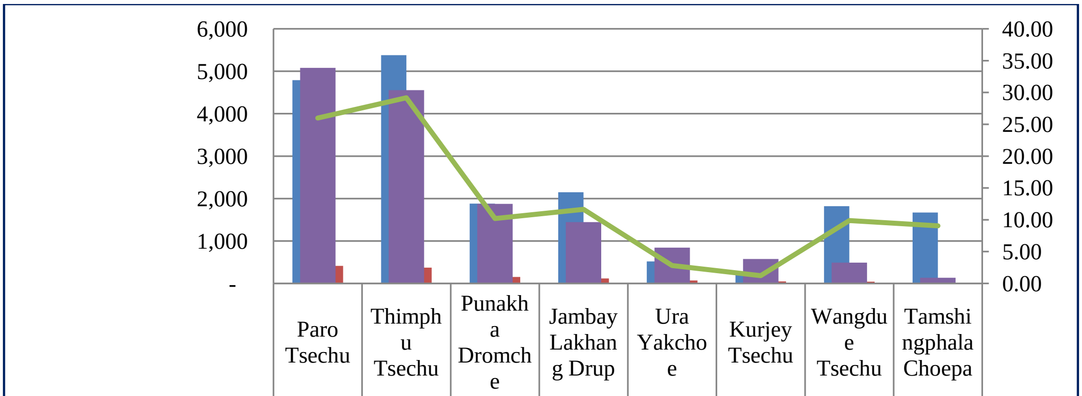


Fig. 1.8.3. Change in Bed Nights by Major Source Markets

1.9 Popular Festivals



	Paro Tsechu	Thimphu Tsechu	Punakha Dromche	Jambay Lakhang Drup	Ura Yakchoe	Kurjey Tsechu	Wangdue Tsechu	Tamshingphala Choepa
2014	4,790	5,378	1,882	2,148	518	225	1,821	1,670
2015	415	372	153	118	69	47	40	11
% proportion 2015	33.88	30.37	12.49	9.63	5.63	3.84	3.27	0.90
% proportion 2014	25.99	29.18	10.21	11.65	2.81	1.22	9.88	9.06

Fig. 1.9. Arrivals by Popular Tsechu/Festivals

1.10 Trekkers by Route

Table 1.10. Number of Trekkers

Trek Route	2014	2015	% change
Bumthang Cultural Trek	203	139	-31.53
Bumthang Owl Trek	111	79	-28.83
Chelela Trek	60	61	1.67
Dagala Thousand Lakes Trek	106	153	44.34
Dongla Trek	6	1	-83.33
Druk Path Trek	1,222	1,137	-6.96
Dhur Hot Spring Trek	2	1	-50
Gangkar Puensum	13	75	476.92
Gangtey Trek	99	127	28.28
Jomolhari Trek	799	665	-16.77
Laya Gasa Trek	291	297	2.06
Masagang Trek	16	19	18.75
Merak-Sakteng	123	88	-28.46
Nabji Korphu Trek	37	35	-5.41

Trek Route	2014	2015	% change
Nubtsona Pata Trek	19	10	-47.37
Punakha Winter Trek	14	4	-71.43
Royal Manas Trek	39	14	-64.1
Sagala Trek	79	100	26.58
Samtengang Trek	110	133	20.91
Sinchula Trek	31	48	54.84
Snowman Trek	107	149	39.25
Wild East Rodungla Trek	2	3	50

1.11 Accommodation Providers by Bed Nights

Table 1.11. Accommodation Providers by Bed Nights

Dzongkhag	Bed Nights	% Proportion
Paro	112,171	32.85
Thimphu	85,711	25.1
Punakha	53,503	15.67
Bumthang	32,813	9.61
Wangdue Phodrang	22,983	6.73
Trongsa	7,435	2.18
Haa	4,512	1.32
Trashigang	4,310	1.26
Monggar	4,280	1.25
Chukha	3,988	1.17
Gasa	3,627	1.06
Samdrup Jongkhar	2,377	0.7
Lhuentse	1,188	0.35
Trashi Yangtse	1,182	0.35
Zhemgang	824	0.24
Sarpang	418	0.12
Pema Gatshel	96	0.03
Dagana	22	0.01
Tsirirang	16	0

Dzongkhag	Bed Nights	% Proportion
Samtse	7	0
Total	**341,463**	**100**

1.12 Top 10 Accommodation Providers by Bed Nights

Table 1.12. Top 10 Accommodation Providers by Bed Nights

Accommodation Provider	Bed Nights	% Proportion
Meri Puensum Resort (Punakha)	12,948	23.02
Olathang (Paro)	9,609	17.08
Dewachen (Wangdue Phodrang)	8,593	15.28
Taj Tashi (Thimphu)	5,826	10.36
Yangkhil Resort (Trongsa)	5,648	10.04
Yu-Gharling (Bumthang)	3,925	6.98
Wangchuck (Monggar)	3,285	5.84
Druk Deotjung Hotel (Trashigang)	2,926	5.2
Lhaki Hotel (Chukha)	2,008	3.57
Mountain Lodge (Samdrup Jongkhar)	1,478	2.63
Total	**56,246**	**100**

1.13 Top 10 Tour Operators

In 2015, the top 10 tour operators of Bhutan shared 68.23% of total arrivals.

Table 1.13. Top 10 Tour Operators

Rank	Company	Bed Nights	Percentage
1	Norbu Bhutan Travel Pvt. Ltd.	26,577	19.02
2	Happiness Kingdom Travels	10,105	7.23
3	Luxury Division (BTCL)	9,979	7.14
4	Bhutan Tourism Corporation Ltd.	8,284	5.93
5	All Bhutan Connection Pvt. Ltd.	7,911	5.66
6	Druk Asia Tours and Treks	7,790	5.58

Rank	Company	Bed Nights	Percentage
7	Etho Metho Tours and Treks Ltd.	7,059	5.05
8	Yangphel Adventure Travel	6,342	4.54
9	Blue Poppy Tours and Treks	5,751	4.12
10	Gangri Tours and Treks	5,520	3.95

1.14 International Tourism Earnings

Gross earnings from tourism dropped to USD 71.04 million from USD 73.2 million in 2014, reflecting a decrease of 2.94%. Revenue for tour operators was recorded at USD 48.93 million, an increase of 1% over USD 48.61 million in 2014. These amounts include expenses incurred for accommodation, food, transportation, and tour guides. Payment to the central government as royalty (welfare levy) was USD 16.68 million.

Table 1.14. Tourism Earnings in 2015

Earnings Breakdown	USD million (2014)	USD million (2015)
Gross earnings	73.2	71.04
Royalty	20.79	18.68
Visa fee from tourists	2.27	1.91
Visa fee from FAM tourists	0.04	0.03
Small group size surcharge	0.49	0.47
2% tax deduction at source	0.99	0.99
Tour operators' net	48.61	48.93

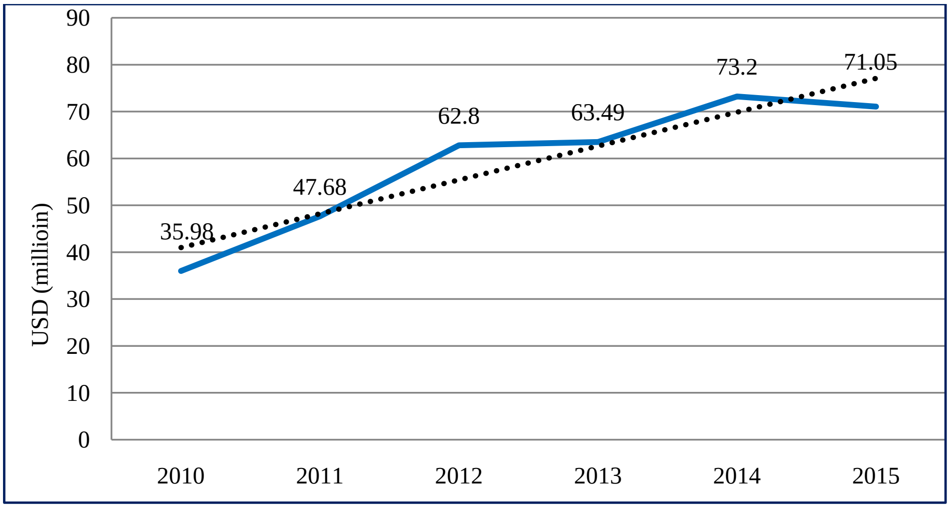


Fig.1.14.1. Earnings from Tourism (2010-2015)

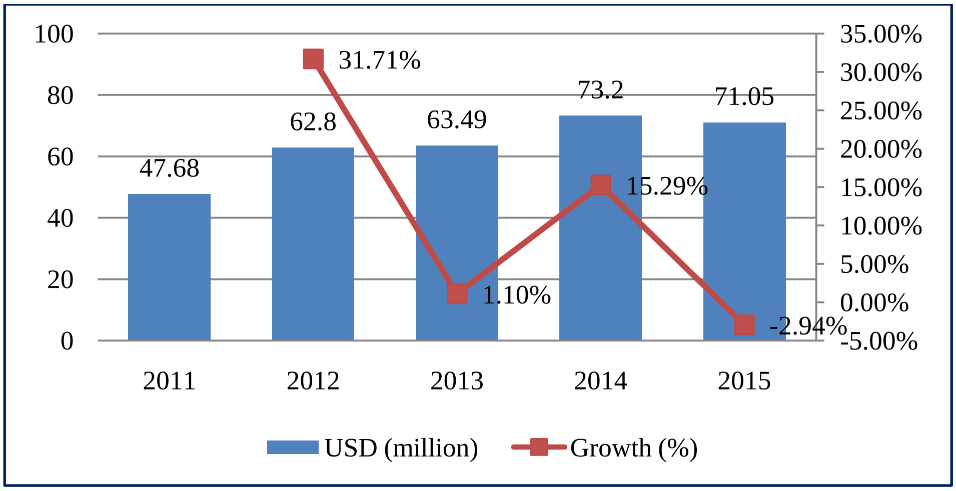


Fig. 1.14.2. Percentage Change in Earnings for Past 5 Years

1.15 Entry and Exit Sectors

More than 90% of tourists arrived by air, while 9.8% used land transportation. The highest portion of tourists entered Bhutan through the Bangkok-Paro sector (46.05%). This was followed by Kathmandu-Paro (26.22%), Delhi-Paro (12.4%), Singapore-Paro (8.4%) and Kolkata-Paro (4.66%). Among tourists who used land transport, 74.11% entered Bhutan through Phuentsholing, 24.6% through Samdrup Jongkhar, and 0.84% through Gelephu.

45.98% of visitors departed Bhutan through the Paro-Bangkok sector, followed by Paro-Kathmandu (25.02%). Among the 6.42% who left Bhutan over land, 57.9% departed through Phuentsholing, 24.6% through Samdrup Jongkhar, and 1.85% through Gelephu.

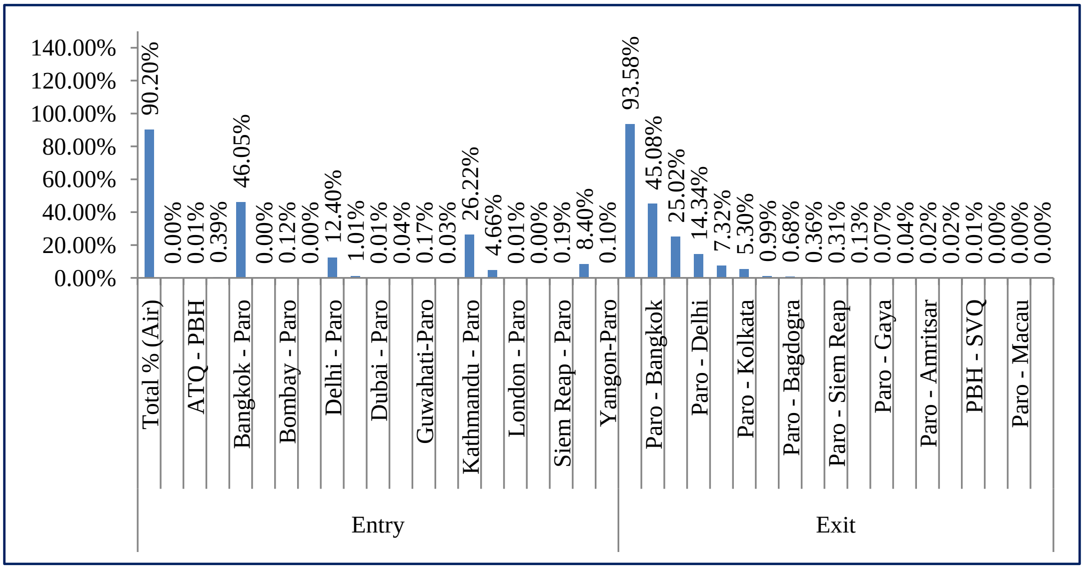


Fig.1.15.1. Entry and Exit Sectors by Air

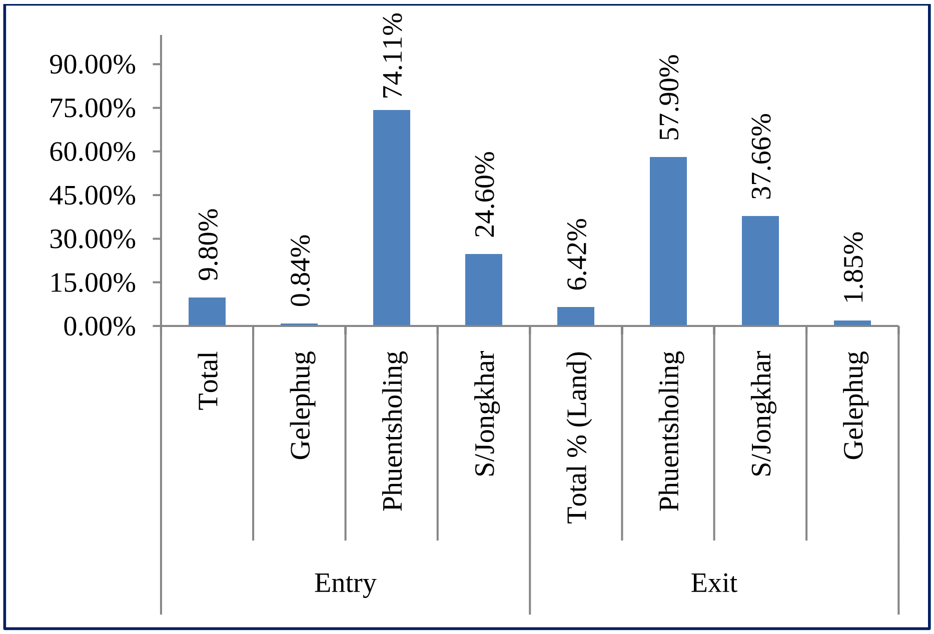


Fig. 1.15.2.Entry and Exit Sectors by Land

SECTION 2

INTERNATIONAL VISITORS EXIT SURVEY

2.1 Demographic Characteristics

The sample population was comprised of female (56.3%) and male (43.7%) respondents. The majority (27.04%) was 60 years and older. More than 60% was above 45 years old, and 6.76% was below 25 years. 33.22% had graduate-level education, followed by an undergraduate degree (32.82%), doctorate (10.24%), high school (14.13%), and other qualifications (9.59%).

Table 2.1. Demographic Characteristics of International Respondents

Gender	%
Male	43.70
Female	56.30
Age Group	
Less than 18	2.40
18-25	4.36
26-35	15.07
36-45	17.95
46-55	19.89
56-60	13.29
Above 60	27.04

Educational Level	
High School	14.13
Bachelors Degree	32.82
Masters Degree	33.22
Ph.D	10.24
Others	9.59
Employment Status	
Unemployed	2.25
Others	4.24
Student	5.38
Working part time	9.02
Retired	22.49
Working full time	56.62

International visitors working full-time constituted 56.62% of the sample. 22.49% of respondents were retired. Data from the above demographic characteristics showed that older, senior, highly educated and well-settled international visitors came to Bhutan in 2015.

As per nationalities depicted in Figure 2.1-1, most respondents were from the United States (24.6%), followed by Singapore (12.7%), Thailand (11.5%), United Kingdom (8.6%), Australia (7.7%), China (6.6%), and Germany (5.6%). The top 15 countries, based on proportion of respondents, represented 83.8% of the total sample. 36.85% of respondents were from the Asia/Pacific region, mainly from Thailand. The European and North American regions constituted the second (28.01%) and third (24.38%) largest proportions, respectively.

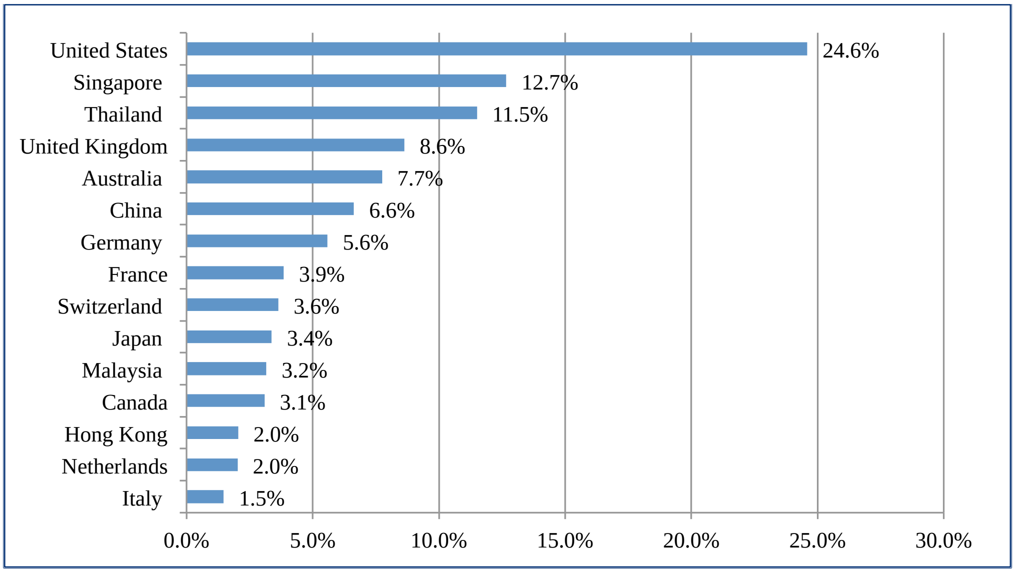


Fig. 2.1.1. Respondents by Major Source Countries

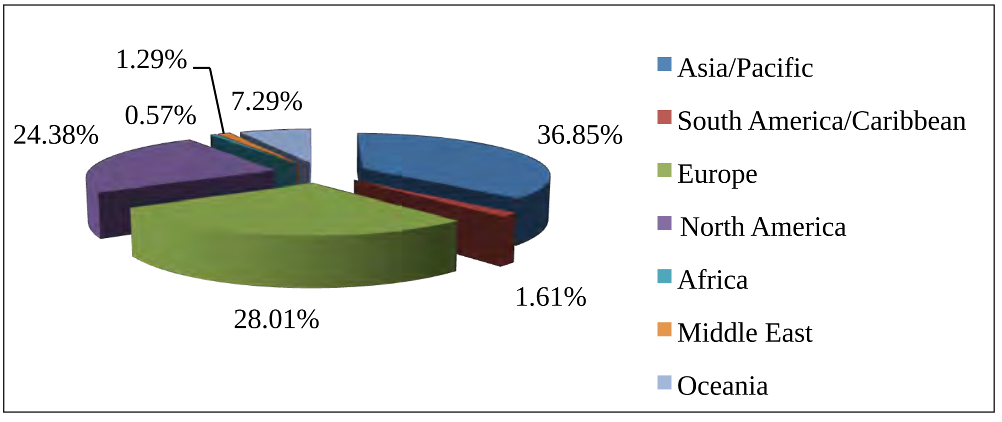


Fig. 2.1.2. Respondents by Region

2.2 Circuit Tourism

For most visitors, Bhutan was not only the country visited during their trip. After visiting Bhutan, 28.9% of respondents were visiting India, Thailand (26.6%), Nepal (22.4%), China (6.1%), Myanmar (2.7%), Cambodia (2.0%) and other countries (11.4%).

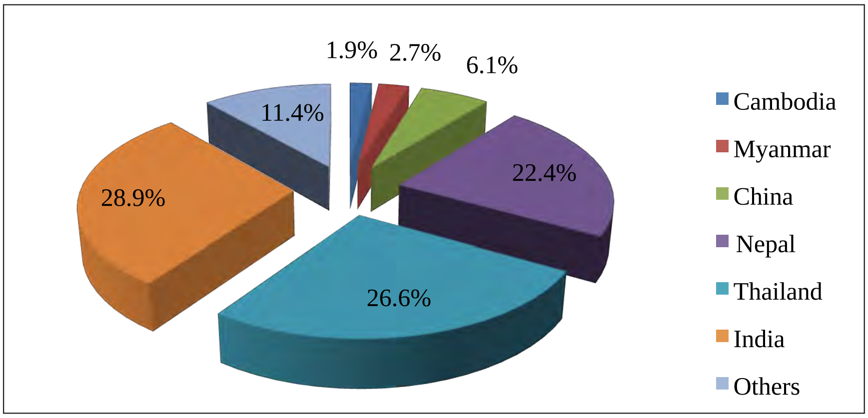


Fig. 2.2 Circuit Tourism

2.3 Travel Party Composition

Most respondents (28.9%) reported traveling in an organized-tour group, followed by traveling with friends (21.1%), spouse (20.6%), and family members (14%). 10.4% of respondents traveled alone.

Among the majority of visitors from the United States, 16.98% arrived in a tour group while 17.60% traveled with friends, 27.38% traveled with spouse, 22.19% with family members and 24.95% traveled alone. 25% of Americans traveled with other companions. 19.66% were from Thailand traveling with business associates.

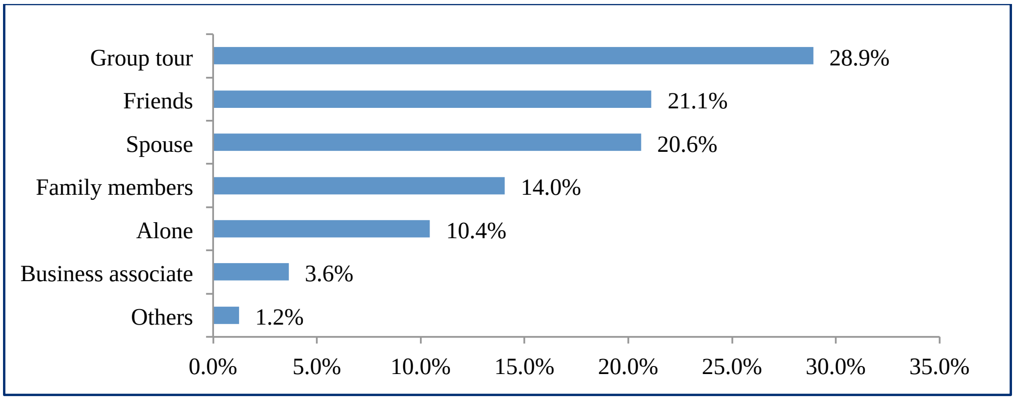


Fig. 2.3. Travel Party Composition

2.4 Length of Stay

48.8% of respondents spent between 1 to 6 nights in Bhutan. 44% of respondents spent 7 to 15 nights. At a disaggregated level, 14.8% spent 4 nights, 14.3% spent 5 nights, and 14% spent 6 nights.

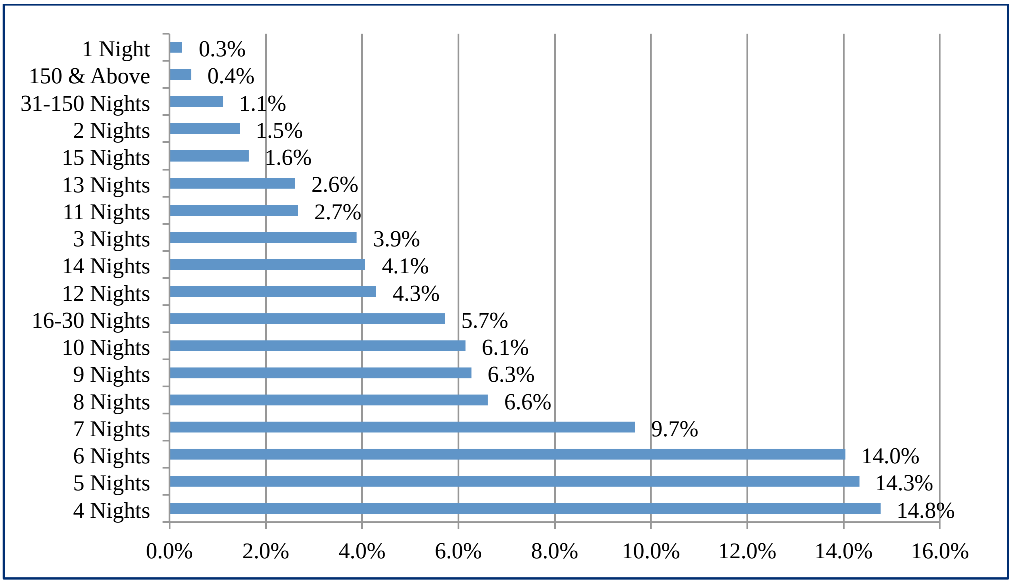


Fig. 2.4.1. Respondents by Nights Spent

10.4% of respondents availed the duration-discount offered by the government to those staying more than 8 nights. 32.1% did not avail the discount deliberately or due to ignorance. The discount was not applicable for 57.5% of respondents.

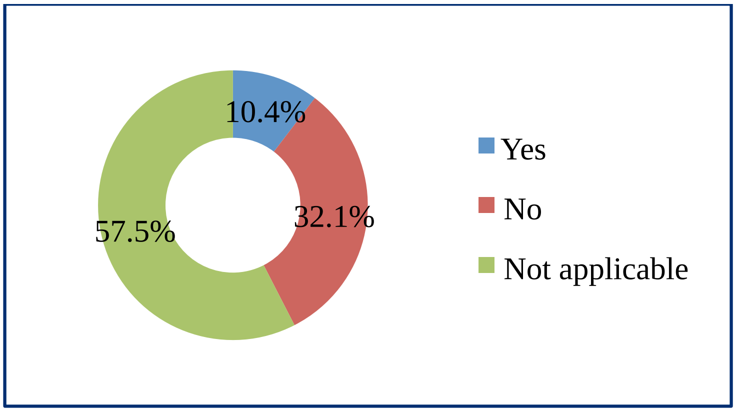


Fig. 2.4.2. Respondents by Duration Discount

2.5 Purpose of Visit

85% of international visitors cited holiday as one of the main reasons for visiting Bhutan in 2015. 7.8% visited for business and official purposes, 4.3% visited for other reasons, and 3% visited friends and relatives. Of holiday arrivals, females comprised 58% of the sample, while males comprised 42%. 60.6% of male and 39.4% of female arrivals came for business or official purposes. 28% of visitors above 60 years came for holidays, while 26% of visitors between 36-45 years came for business or official purposes. 36.6% of those who came solely on holiday had a bachelor's degree, while 43.2% of visitors on business or official purposes had a master's degree. 32.2% of those visiting relatives or friends had a master's degree.

55.5% of visitors who came on holiday were working full-time, while 24.4% were retired. 80.5% of visitors on business or official travel worked full-time. 53.7% of those visiting friends or relatives were working full-time, while 18.8% were retired. Unemployed visitors did not have any friends or relatives to visit.

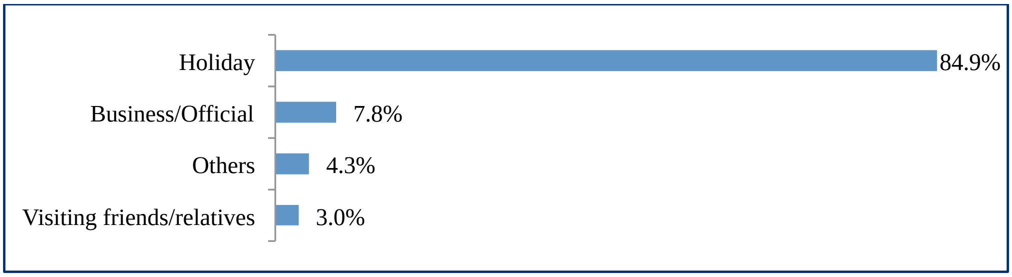


Fig. 2.5. Purpose of Visit

2.6. Attractions

Attractions that inspired visitors to Bhutan were the pristine natural environment, Buddhism, unique traditions and culture, festivals, peace, Gross National Happiness, and friendly people.

2.7 Reasons for Travel Timing

A large proportion of arrivals (29.7%) visited Bhutan during holidays and vacations. 20% of respondents preferred favorable weather for their visits. 15.2% visited because of business or work schedules, 12.1% visited on an agent's advice, and 9.6% visited on the advice of family and friends. 7.4% of respondents visited due to festival timing.

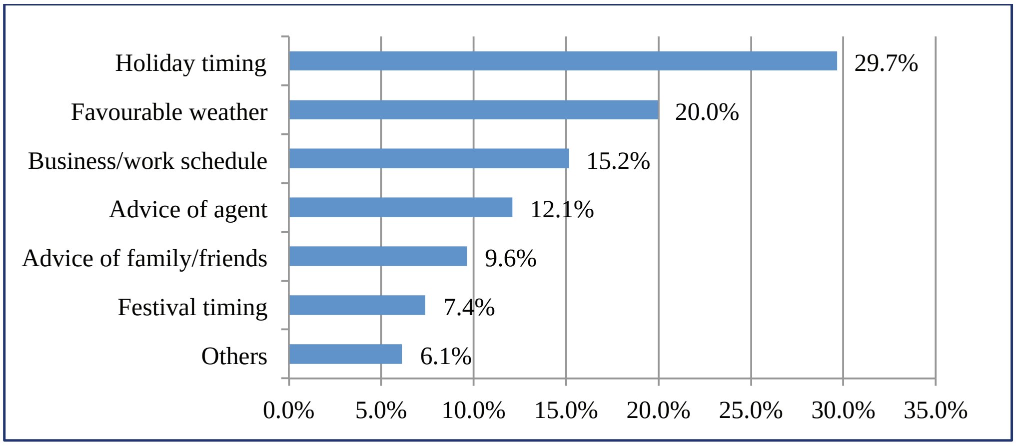


Fig. 2.7. Reasons for Travel Timing

2.8 Sources of Information on Bhutan

23% of the sample population reported learning about Bhutan from the Internet. 22.7% learned about Bhutan through word-of-mouth, 17.6% through travel publications, 11.4% through a travel agent and fair, 11% through the mass media, and 4.8% from their workplace.

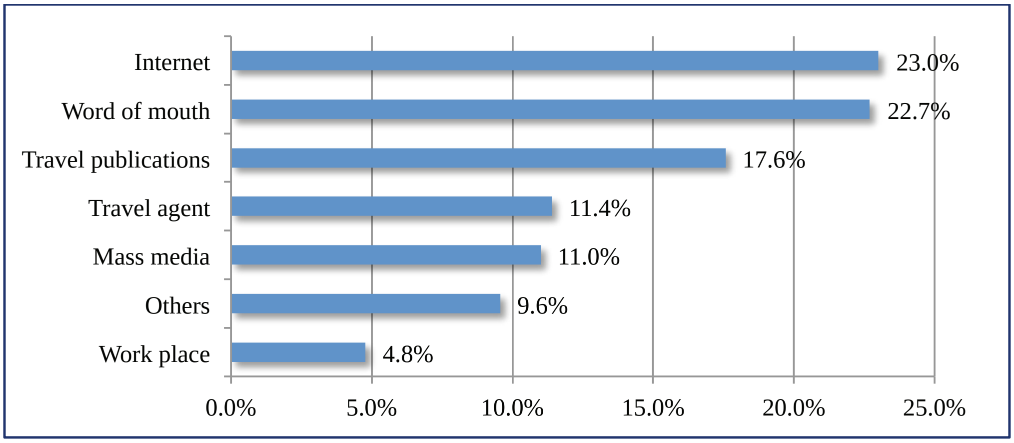


Fig. 2.8. Sources of Information on Bhutan

2.9 Activities Undertaken in Bhutan

From a range of activities and services available to visitors, 26.1% did sightseeing, 25.3% visited Dzongs and temples, and 13.3% went trekking. 7.5% attended tshechus and festivals, 5.9% participated in textile-related activities as well as flora and fauna, 4.1% did wellness and spa, and 3.6% availed community-based activities. Only less than 2% of respondents took up retreat or meditation, kayaking and rafting, motorcycling and biking, and fishing.

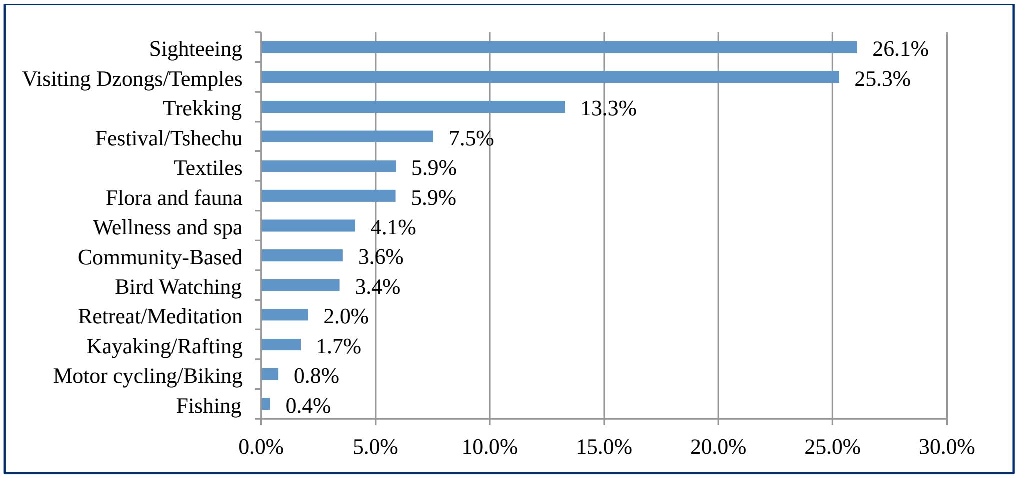


Fig. 2.9. Activities Undertaken in Bhutan

2.10 Out of Pocket Spending

Most visitors' expenses are covered under the minimum daily package rates charged by Bhutanese tour operators. In 2015 however, 41.33% of respondents spent additional money besides the daily package rate. Such expenditure was reported to be incurred on accommodation, shopping, gratuities and offering, food and beverages, entertainment, wellness activities, utilities and postage. Average spending on accommodation by 8.3% of respondents was $847.12, with the highest amount being $12,688. Average spending on shopping by 41.3% of respondents was $335. Similarly, an average of $196.98 was spent on gratuities and offering by 29.1% of respondents; $155.5 was spent on food and beverages by 31.31% of respondents; $138.21 was spent on entertainment by 4.12% of respondents; $116.75 was spent on wellness activities by 10.1% of respondents; $93.58 was spent on utilities by 3.6% of respondents; and $42.69 was spent on stamps and post cards by 16.1% of respondents.

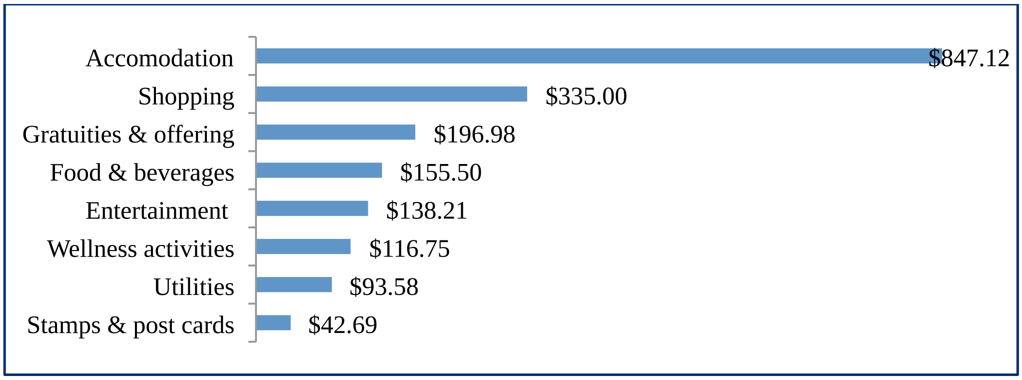


Fig. 2.10. Out of Pocket Spending

2.11 Vacation Time

Respondents' vacation time differed from one country to the other, and was found to be spread throughout the year.

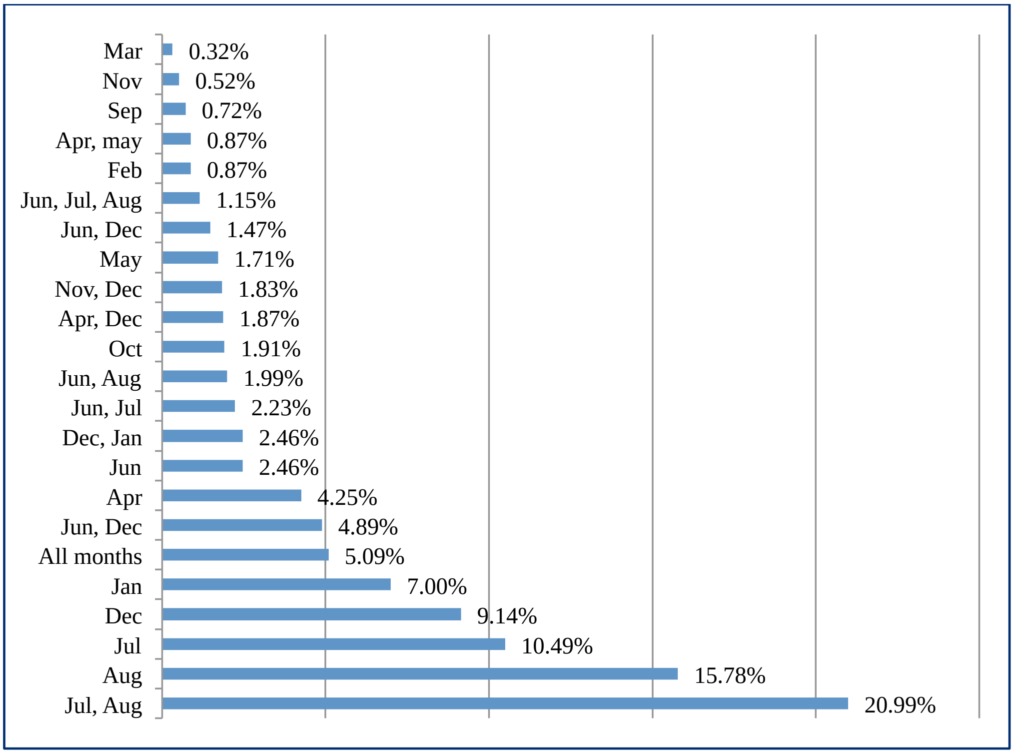


Fig. 2.11. Respondents' Vacation Timing

2.12 Value for Money

64.1% of respondents "Agreed" or "Strongly Agreed" that visiting Bhutan represented good value for money. 27.9% of respondents were neutral. Only 8% disagreed. Thus, a majority of visitors were highly satisfied with the value derived from money spent in Bhutan.

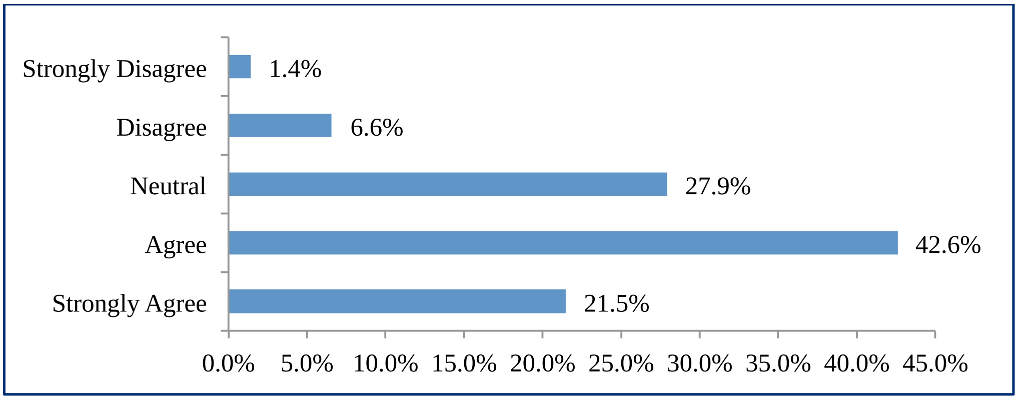


Fig. 2.12.1. Value for Money

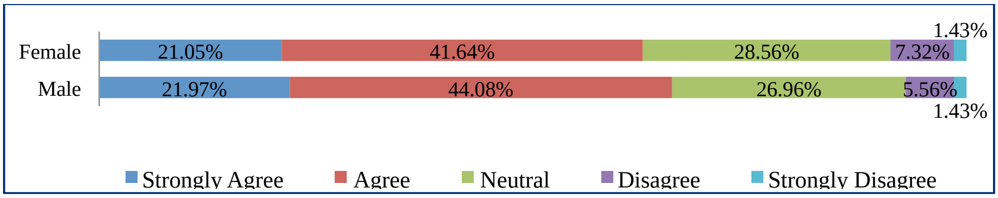


Fig. 2.12.2. Value for Money by Gender

2.13 Satisfaction Levels

2.13.1 Satisfaction with Accommodation

39.2% of respondents were "very satisfied" with accommodation services and quality. 31.8% was "thoroughly satisfied", 22.1% was "moderately satisfied", 5% was "slightly satisfied", and only 1.9% of visitors were "not at all satisfied".

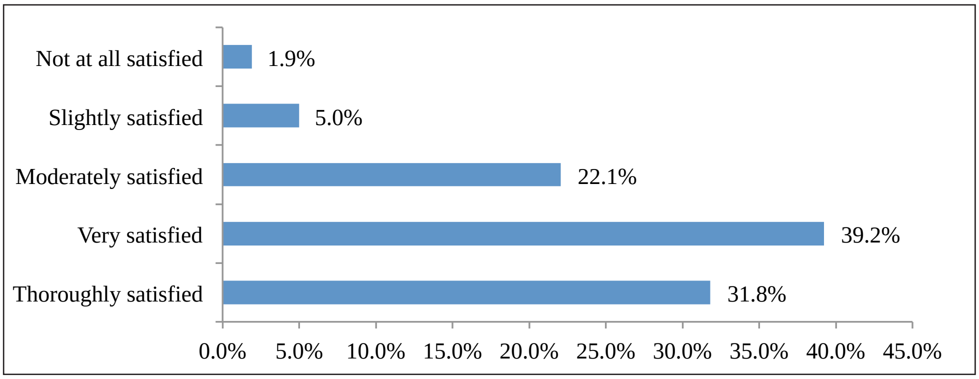


Fig. 2.13.1. Satisfaction with Accommodation

2.13.2 Satisfaction with Restaurants

A high level of satisfaction was reported (60.6%) with restaurant and service quality. 21.7% reported being "thoroughly satisfied". 28.9% of respondents were "moderately satisfied", while 2.1% was "not at all satisfied".

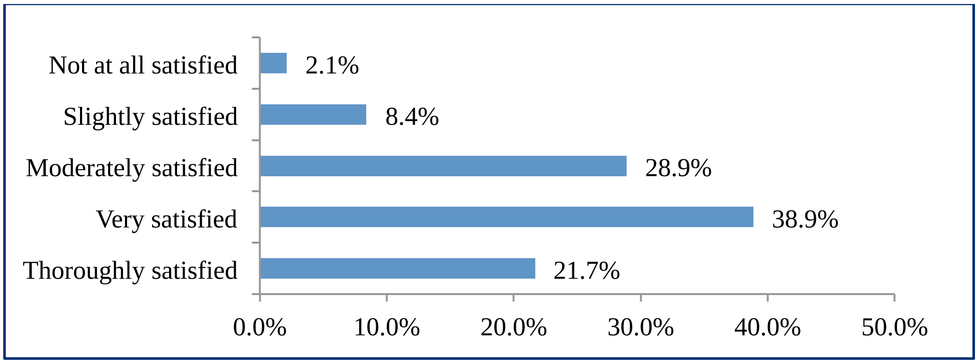


Fig. 2.13.2. Satisfaction with Restaurants

2.13.3 Satisfaction with Transportation

Most respondents expressed satisfaction with transportation and service quality. 41.9% was "thoroughly satisfied" and 33.5% was "very satisfied". 15% were "moderately satisfied", while 3.6% was "not at all satisfied" with the transportation and service quality.

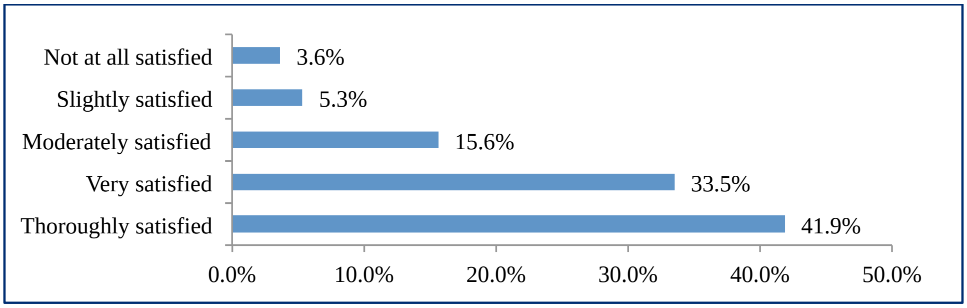


Fig. 2.13.3. Satisfaction with Transportation

2.13.4 Satisfaction with Tour Guides

A large proportion of visitors expressed great satisfaction with their tour guides and service quality, often naming particular guides and companies for outstanding service. 63% of total respondents were "thoroughly satisfied" and 23.6% were "very satisfied". Only 6.9% was "moderately satisfied" and 3.3% was "not at all satisfied", with the latter respondents often using the exit survey questionnaires to express their dissatisfaction with specific guides and/or companies.

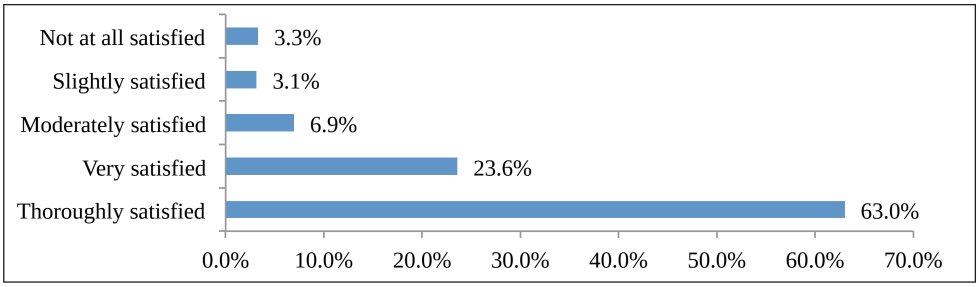


Fig. 2.13.4. Satisfaction with Tour Guides

2.13.5 Satisfaction with Trip Organization

44.4% of respondents were "thoroughly satisfied" with their trips' organisation, and 33.8% were "very satisfied". 13.4% were "moderately satisfied", and 3.5% were "not at all satisfied".

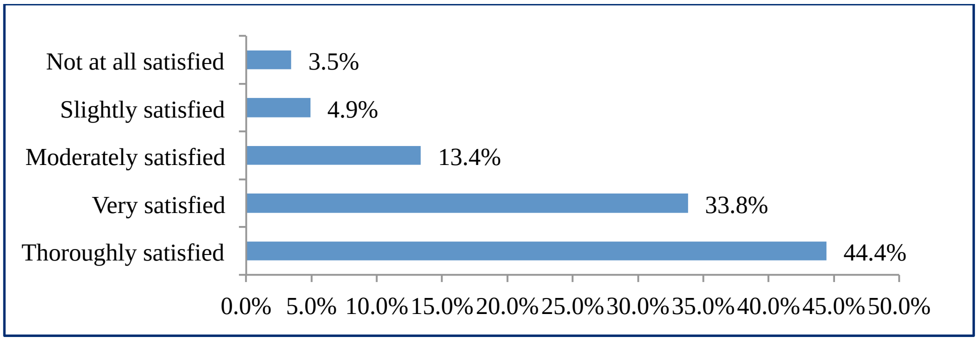


Fig. 2.13.5. Satisfaction with Organizing Trips

2.13.6. Satisfaction with Air Service

A third of total respondents stated they were "thoroughly satisfied" with air and service quality, while 37.7% were "very satisfied" and 15.5% only "moderately satisfied". 4.8% were "slightly satisfied" and 2.7% were "not at all satisfied".

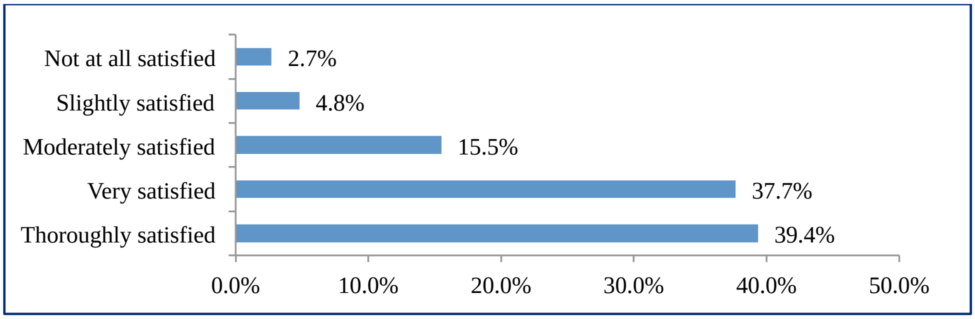


Fig. 2.13.6. Satisfaction with Air Service

2.14 Importance Levels

2.14.1 Importance of Accommodation

An overwhelming majority of respondents emphasized the importance of accommodation services and quality, with 90.4% of respondents declaring it "important" or "very important" to have good accommodation services and quality. 4.2% felt it was not "important" or "not at all important".

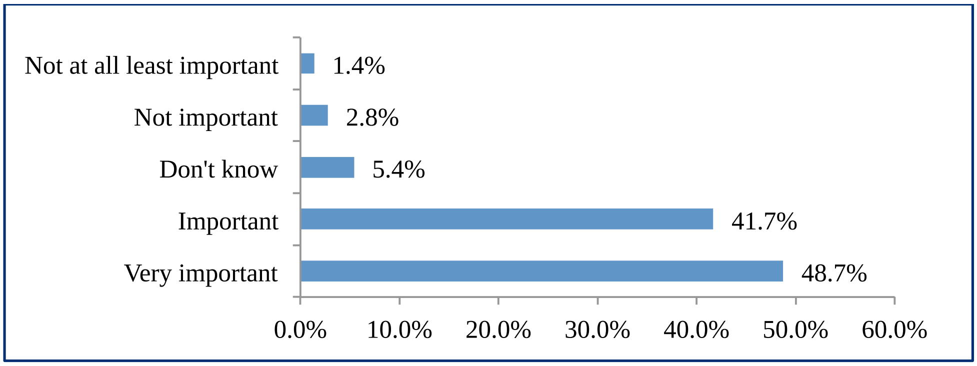


Fig. 2.14.1. Importance of Accommodation

2.14.2 Importance of Restaurants

45.8% of visitors felt restaurant services “important” and 42.1% felt it to be “very important”. 6.6% were not sure, while 5.5% felt it was “not important” or “not at all important”.

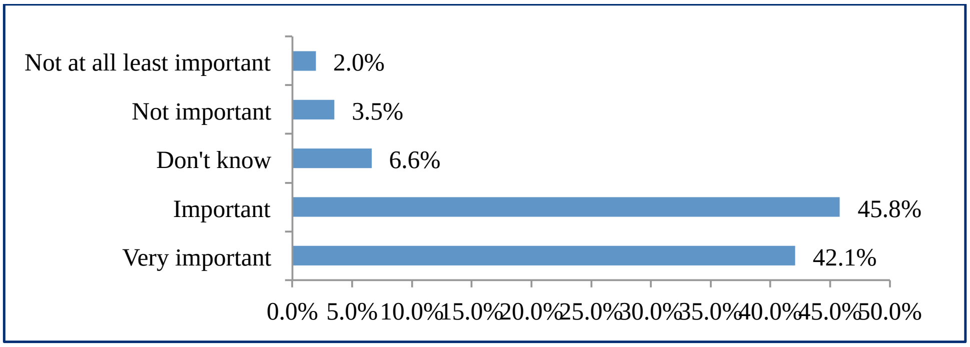


Fig. 2.14.2. Importance of Restaurants

2.14.3 Importance of Transportation

Almost half of respondents felt transportation services to be ‘very important’. 5.5% of respondents found it ‘not important’ or ‘not at all important’.

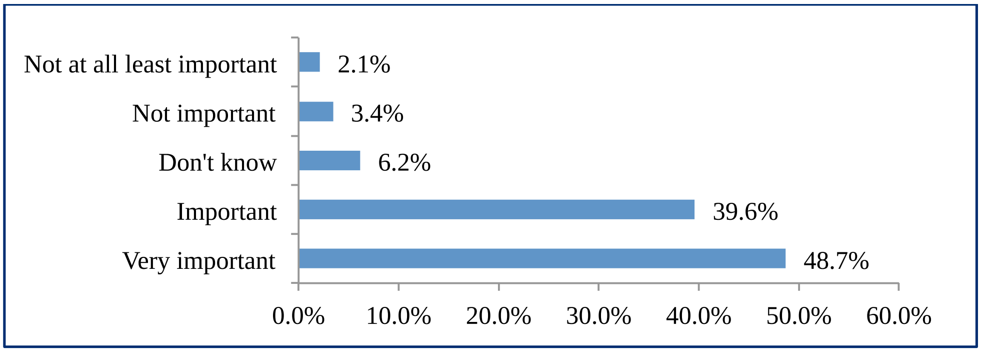


Fig. 2.14.3. Importance of Transportation

2.14.4 Importance of Tour Guides

A very large proportion (72.3%) of international visitors felt that tour guides and related quality were very important for tourism in Bhutan.

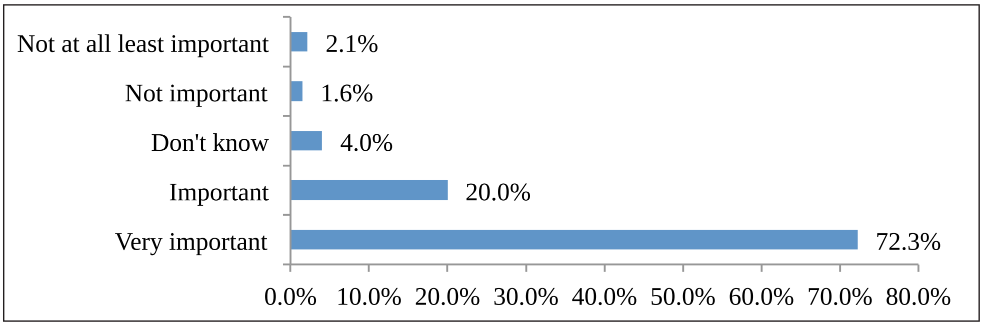


Fig. 2.14.4. Importance of Tour Guides

2.14.5 Importance of Trip Organization

Only 6.2% of visitors felt that ease of organizing a trip to Bhutan was 'not important' or 'not at all important'. Almost 87% of visitors felt it to be 'important' or 'very important'.

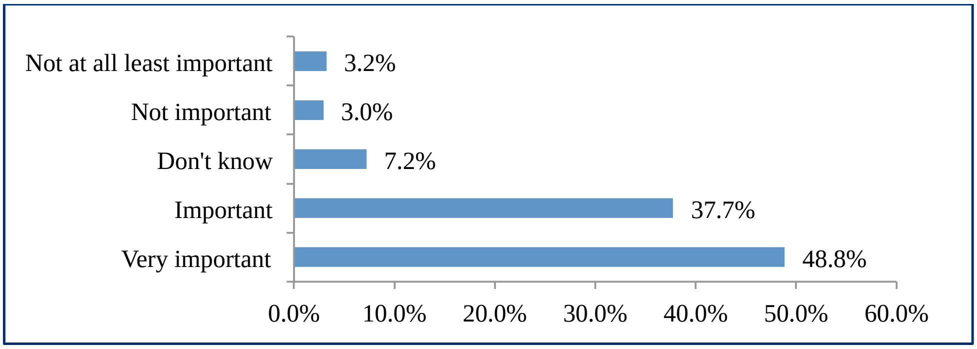


Fig. 2.14.5. Importance of Trip Organization

2.14.6 Importance of Air Service

85.3% of respondents reported air service and quality to be either 'important or 'very important'. Only 7% of respondents did not find it important.

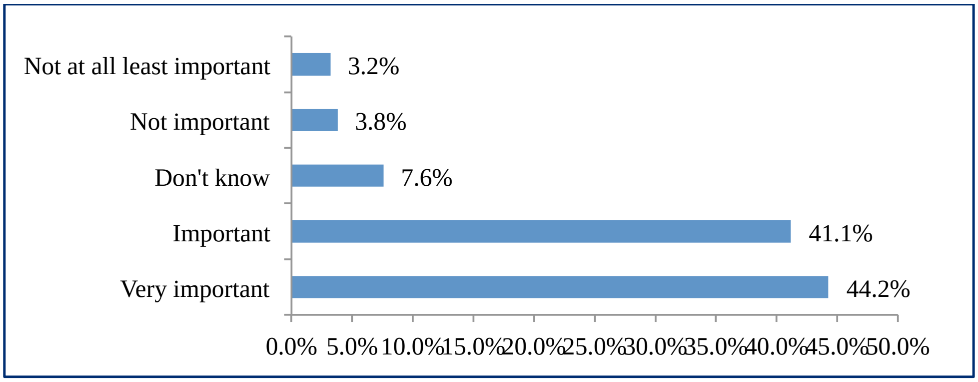


Fig. 2.14.6. Importance of Air Service

2.15 Awareness of Minimum Daily Package Rate

64% of visitors were aware of the daily minimum package rate, while 18% were not. 19% reported awareness of the various discounts available for visitors, while 57% were not aware.

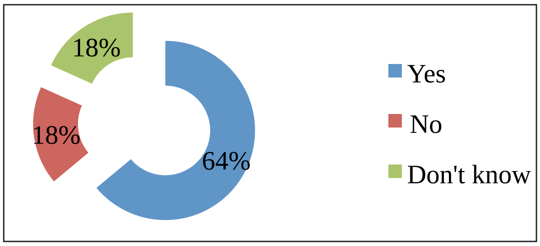


Fig. 2.15.1. Awareness of Minimum Daily Package Rate

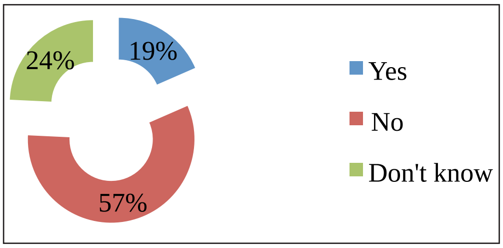


Fig. 2.15.2. Awareness of Various Discounts

Among those visitors aware of various discounts, 65% learned from their tour agent. 18% learned from Tourism Council of Bhutan's website. 17% found out from other sources.

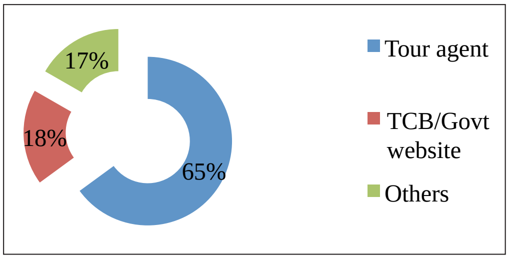


Fig. 2.15.3. Source of Information for Various Discounts

2.16 Trip Payment

30.5% of respondents paid more than the minimum rate, 24.8% paid at par, while 5.7% paid less.

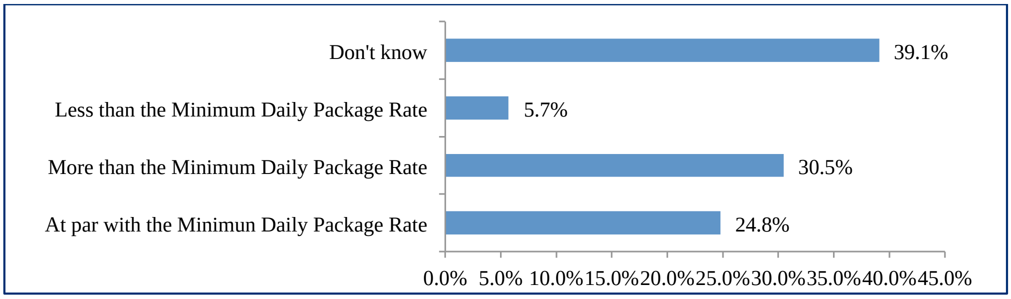


Fig. 2.16. Trip Payment

2.17 Point of Sale Services

31.4% of visitors used point of sale services such as credit and debit cards. 68.6% did not use these services due to ignorance, inconvenience, preference for cash, lack of facilities, or high service charges.

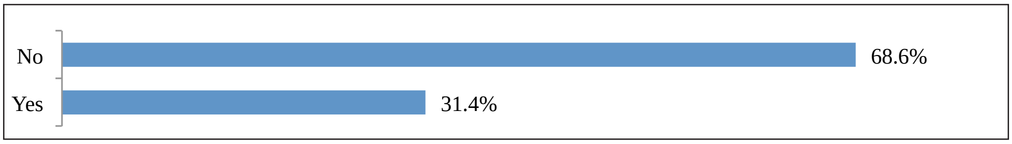


Fig. 2.17. Point of Sale Services Usage

2.18 Repeat Visitation

90% of respondents had never visited Bhutan before. Less than 10% were repeat visitors.

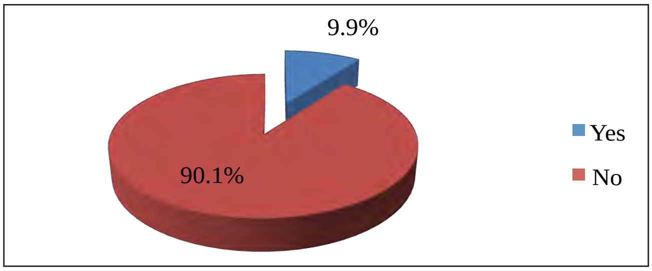


Fig. 2.18.1. Respondents by Revisits

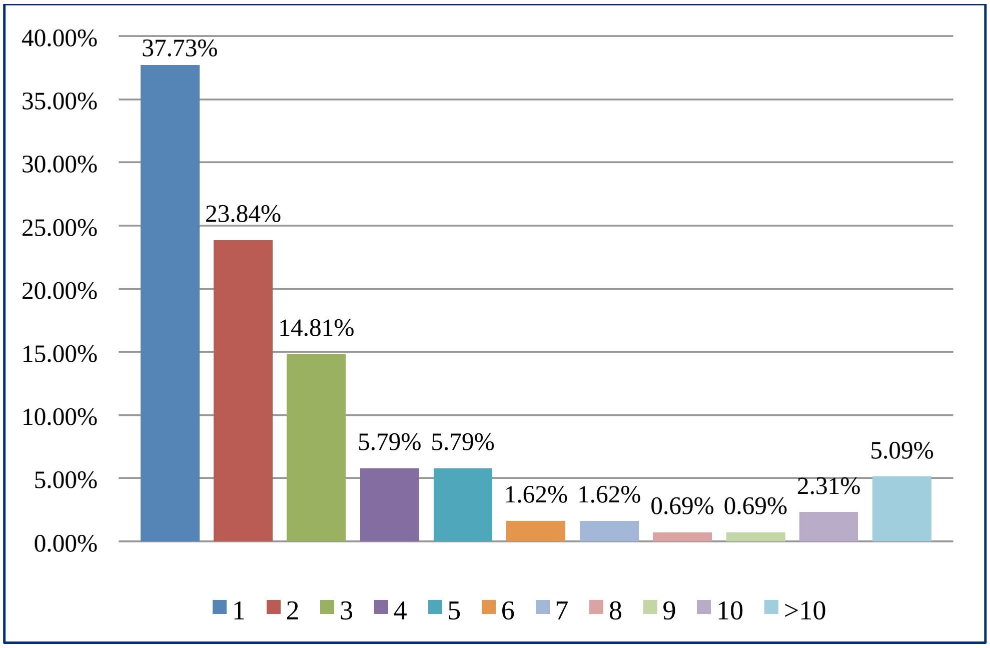


Fig. 2.18.2. Respondents by Number of Revisits

Among repeat visitors, 37.73% had visited once, 23.84% visited twice, 14.81% visited thrice, and 5.09% visited more than ten times. From among the major source countries, 17.5% of Americans were repeat visitors, followed by 13.5% of Thais, 9.24% Japanese, 6.6% Australian, 6.4% German, 6% Chinese, and 6% Singaporeans.

2.19 Mode of Local Transport

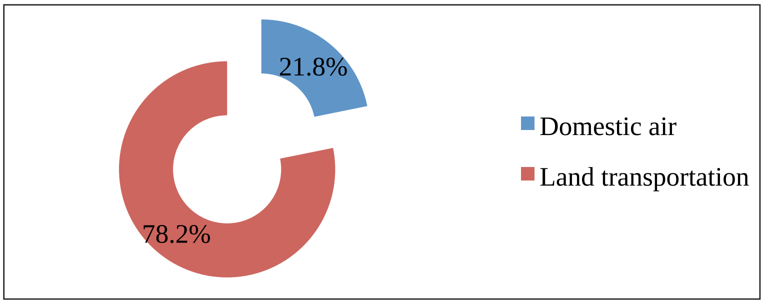


Fig. 2.19. Mode of Local Transport

2.20 Types of Accommodation

70% of visitors a hotel for accommodation. 23.6% used a resort, 2.1% used farm-stays, and 1.8% used home-stays.

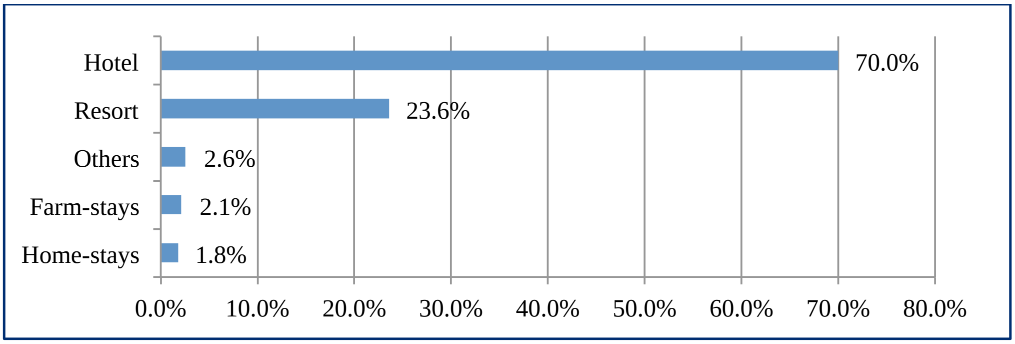


Fig. 2.20. Types of Accommodation

2.21 Entry and Exit Sectors

More than 90% of respondents entered Bhutan through Paro International Airport. 7.5% entered through Phuentsholing, 0.3% through Gelephu and 0.1% through Samdrup Jongkhar. Similarly, 90% of respondents left the country through Paro International Airport.

Fig. 2.21.1. Respondents by Entry Sector

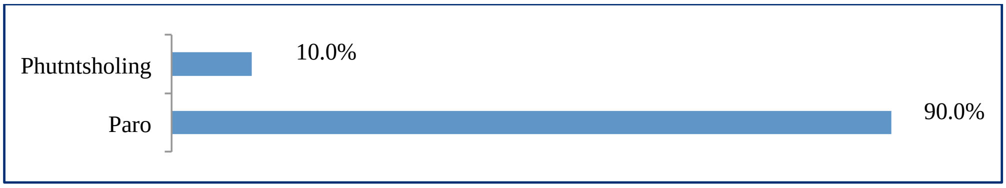


Fig. 2.21.2. Respondents by Exit Sector

2.22 Thematic Feedback

During 2015, when exit survey questionnaires were administered to 5,022 international tourists departing Bhutan, they were provided with an option to personally write out their comments, views, complaints, and suggestions relating to their visit. 5.1% of these respondents (255 visitors) provided specific comments, segregated and ranked by thematic issues as follows.

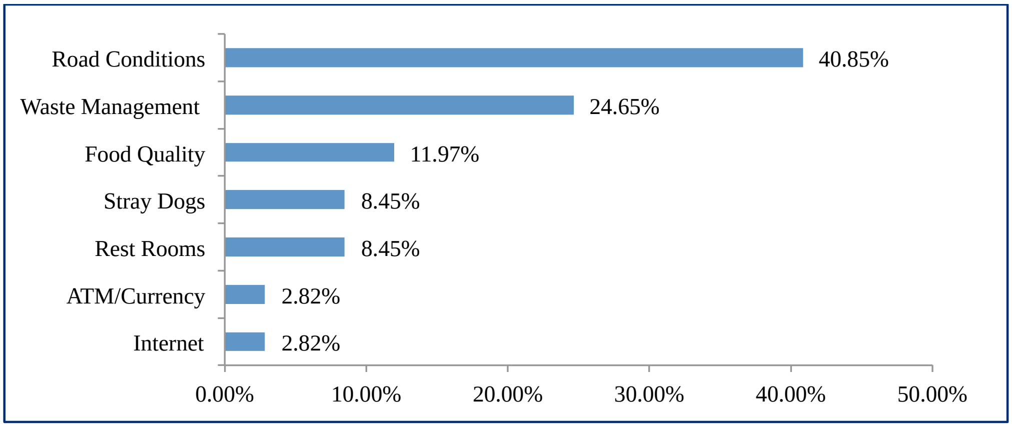


Fig. 2.22. Thematic Feedback from International Visitors

40.85% highlighted their discomfort with the condition of the national highways they travelled on and advised improving these roads at the earliest, as they posed extremely high risks to all travellers. Many felt the poor road conditions would discourage future tourism prospects, especially in a niche industry highly influenced by word-of-mouth advertisement.

Almost 25% were concerned about improper waste management, specifically littering in the environment, on trails, and in cities and villages. Many visitors appreciated the pristine natural environment of Bhutan, and were concerned for its sound, long-term management.

Almost 12% felt that food in hotels and restaurants needed to be improved, through more local and international variety, and greater exposure to local cuisines beyond the typical buffet menu. Concerns were also expressed about food hygiene.

8.45% of respondents worried about the threats posed by stray dogs on city streets, with visitors feeling unsafe while walking around.

Another 8.45% were not impressed with lack of cleanliness in public rest rooms and sanitation.

Almost 3% of respondents raised the need to improve the efficiency of Point-of-Sale services including ATMs and currency exchange counters. An equal number suggested improving Internet connectivity. For instance, a visitor was not able to maintain contact with her college students as planned due to erratic and unreliable Internet connectivity while traveling in Bhutan.

SECTION 3

REGIONAL VISITORS EXIT SURVEY

3.1 Demographic Characteristics

Demographic characteristics of sampled regional visitors from Bangladesh, India and Maldives,are presented in Table 3.1.1 by gender, age group, education level and employment status. Male regional visitors constituted 64.4% of arrivals and females constituted 35.4%. 24% of all visitors were aged between 26-35 years, 21.3% were between 36-45 years, 17.4% were between 46-55 years,11.4% were older than 60 years. 41.8% of visitors had a Master's degree, and 36.4% had a Bachelor's degree. 5.5% had a doctorate (PhD). 61% of visitors worked full-time, 13.2% were students, 11.1% reported other employment status, and 7% were retired. In comparison with international visitors, regional visitors had a younger age profile.

Table 3.1. Demographic Characteristics of Regional Respondents

Gender	%
Male	64.6
Female	35.4
Age Group	
<18	7.1
18-25	9.4
26-35	24
36-45	21.3
46-55	17.4
56-60	7.9
above 60	11.4

Education Level	
High School	9.4
Bachelor's Degree	36.4
Master's Degree	41.8
Doctorate (Ph.D)	5.5
Others	6.8
Employment Status	
Unemployed	3
Others	11.1
Student	13.2
Working part time	4.8
Retired	7
Working full time	61

3.2 Country of Residence

92.98% of regional visitors were from India,7.84% were from Bangladesh, and 0.07% came from Maldives.

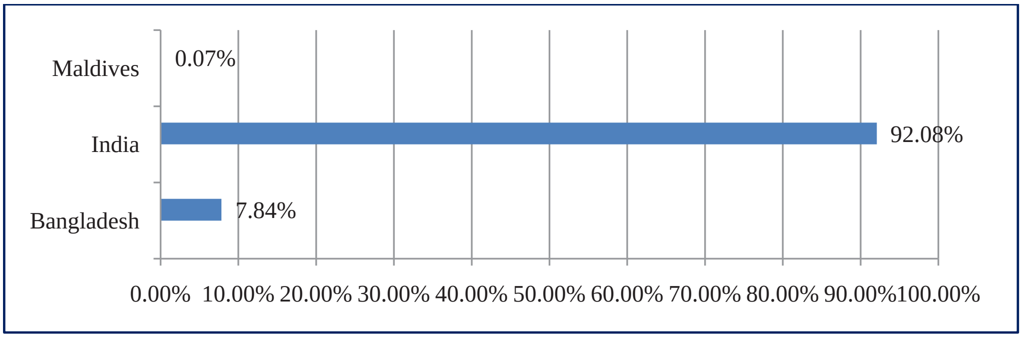


Fig. 3.2. Country of Residence

3.3 Purpose of Visit

78.2% of regional visitors were on holiday. 16.6% visited for business or official purposes, 2.1% came to meet friends and relatives, and 3% visited for other reasons. Holidaying visitors were comprised of 59.4% male and 40.6% female. Among business travellers, males (90%) outnumbered females. 43.1% of holidaying visitors were between 26-45 years old, while 41.9% of business travellers were 26-45 years as were 40.4% of tourists visiting friends and relatives. Among the holidaying cohort, 41.8% had a Master's degree, 36.1% had a Bachelor's degree. 42% of business visitors had a Master's degree and 40.5% had a Bachelor's degree. Full-time workers made up 56.5%, 87% and 50% of holidayers, business visitors and those visiting friends and relatives, respectively. 91.2% of holiday visitors were Indian. 84.9%were Indian business visitors,while 78.3% visited friends and relatives.

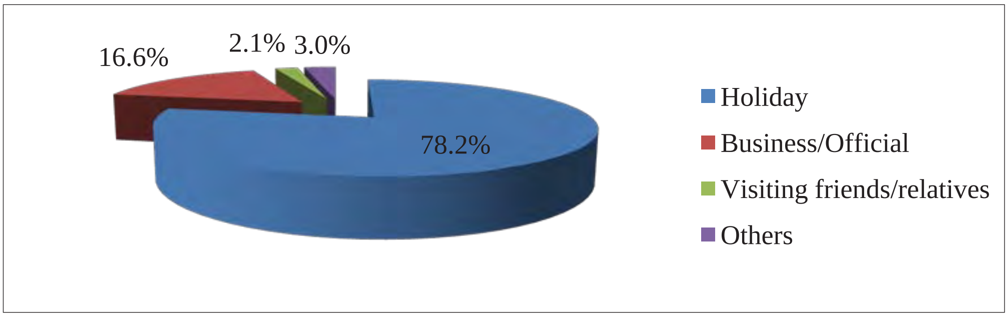


Fig. 3.3. Purpose of Visit

3.4 Type of Trip

60.8% of regional visitors were on a package tour, and 39.2% were on non-package tours.

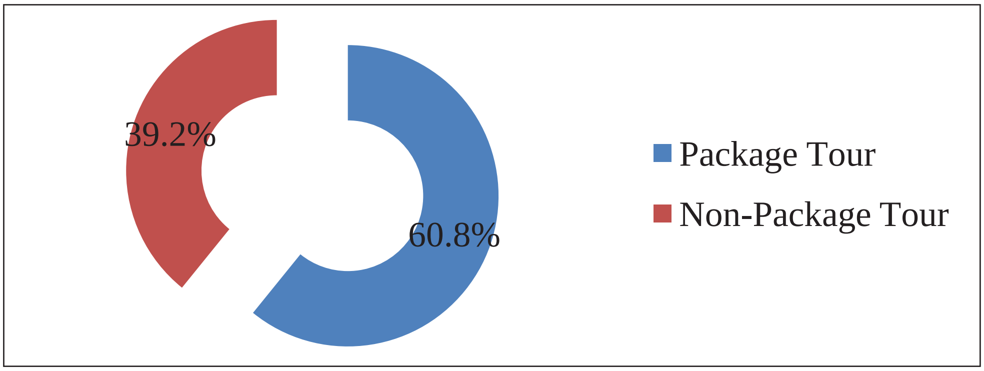


Fig. 3.4. Type of Trip

3.5 Circuit Tourism

27.57% of arrivals were visiting other countries after Bhutan. Most (57.75%) were visiting India, followed by Thailand (8.66%), Nepal (5.43%), USA (4.91%), Bangladesh (3.36%), United Arab Emirates (2.97%), China (2.58%), Singapore (2.33%), UK (2.07%), Malaysia (1.68%), Australia (1.29%), and Sri Lanka (2.33%). 1% were headed towards Sri Lanka, Hong Kong, Germany, and Canada.

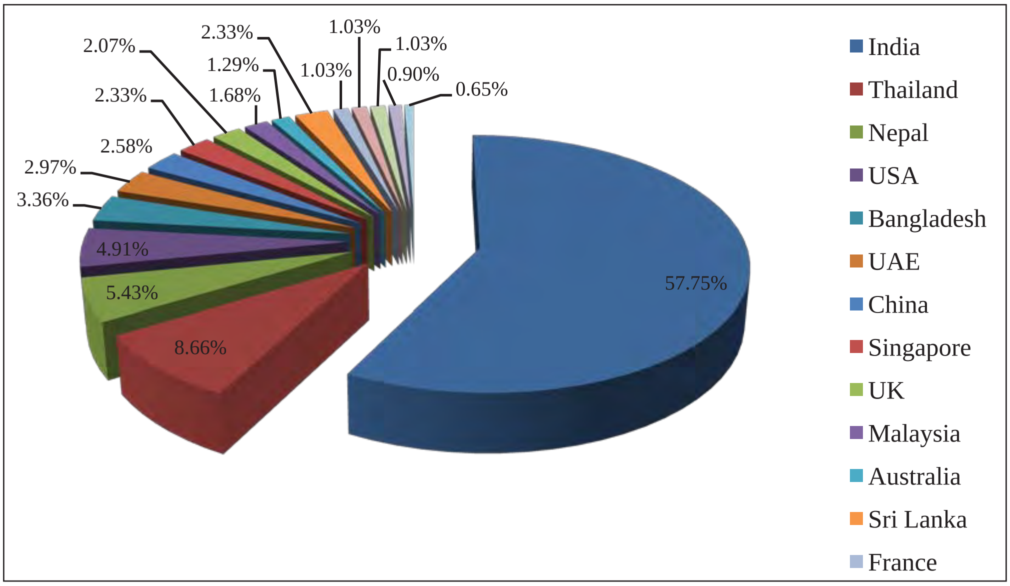


Fig. 3.5. Circuit Tourism

3.6 Travel Party Composition

The majority (36.5%) of regional visitors traveled to Bhutan with family members. 23.4% arrived with a spouse, 13.2% traveled with friends, and 13% traveled alone. 6.9% traveled in organized tour groups.

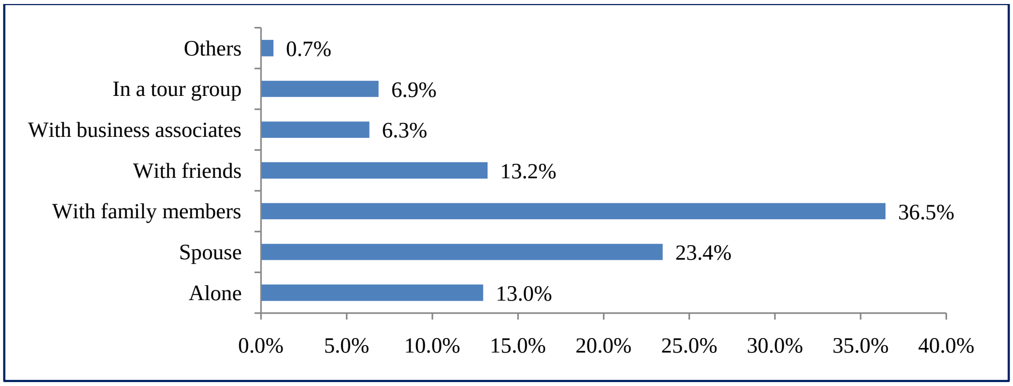


Fig. 3.6. Travel Party Composition

3.7 Primary Source of Information

36.3% of visitors first learned or heard about Bhutan through family or friends. 17.5% learned of Bhutan through holiday timing, 12.4% through business or work schedules, 11.9% because of favourable weather, and 7.7% through agents' advice.

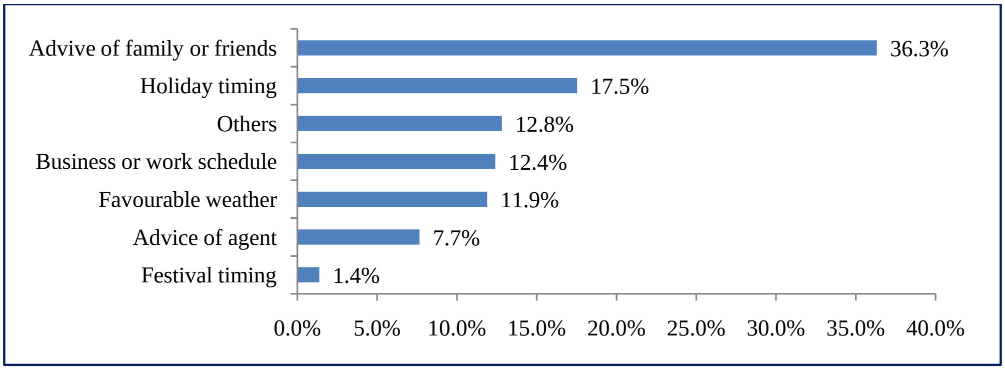


Fig. 3.7. Primary Source of Information

3.8 Attractions for Visiting Bhutan

The most cited attractions were mountains and natural beauty, Buddhism, culture and traditions, favourable weather and climate, peaceful environment,people and hospitality.

3.9 Length of Stay

Nearly half (48.29%) of regional visitors spent between 1 to 5 nights. 23.65% spent 6 nights, and 20.51% spent 7 to 10 nights. On average, visitors can be ranked on nights spent in Bhutan with Indians highest at 12.5 nights, Maldivian (3.5 nights), and Bangladeshis(4.6 nights).On average, males spent 14 nights while females spent 7.7 nights.

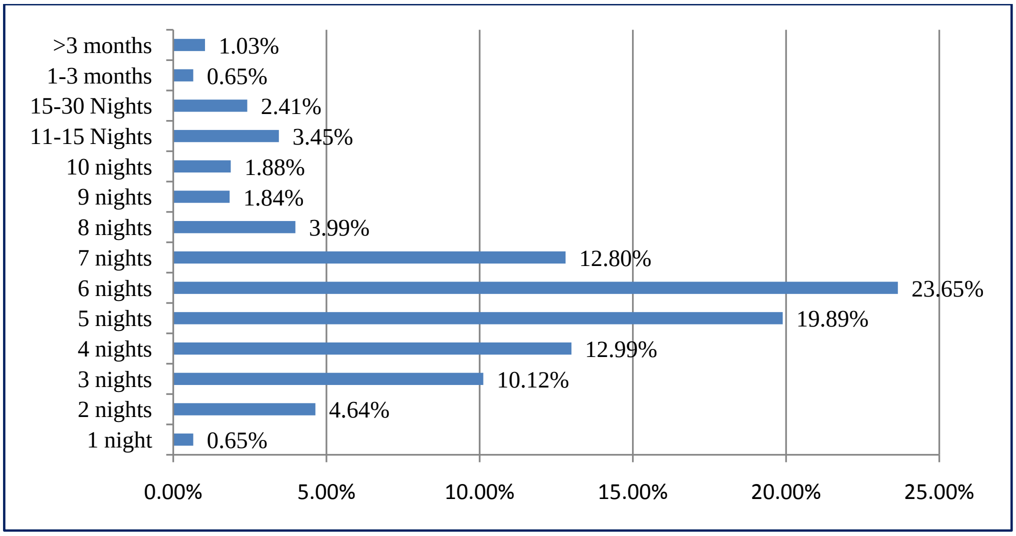


Fig. 3.9. Length of Stay

3.10 Dzongkhags Visited

43.74% of arrivals visited Paro, Thimphu and Punakha. 24.23% visited only Thimphu and Paro, 15.37% visited only Thimphu,4.3% visited Paro, Thimphu, Punakha and Wangdue Phodrang. 1.8% visited only Paro. 1.67% visited Bumthang, Paro, Thimphu and Punakha. 1.54% visited Chukha, Paro and Thimphu. 1.26% visited Paro, Bumthang and Thimphu. Less than 1% visited Tsirang (0.16%); Trongsa, Bumthang, Thimphu, Paro and Punakha (0.16%); Haa and Paro (0.12%); Thimphu, Paro and Bumthang (0.12%). Very few people visited Samdrup Jongkhar, Sarpang, Zhemgang, Mongar and Trashingang.

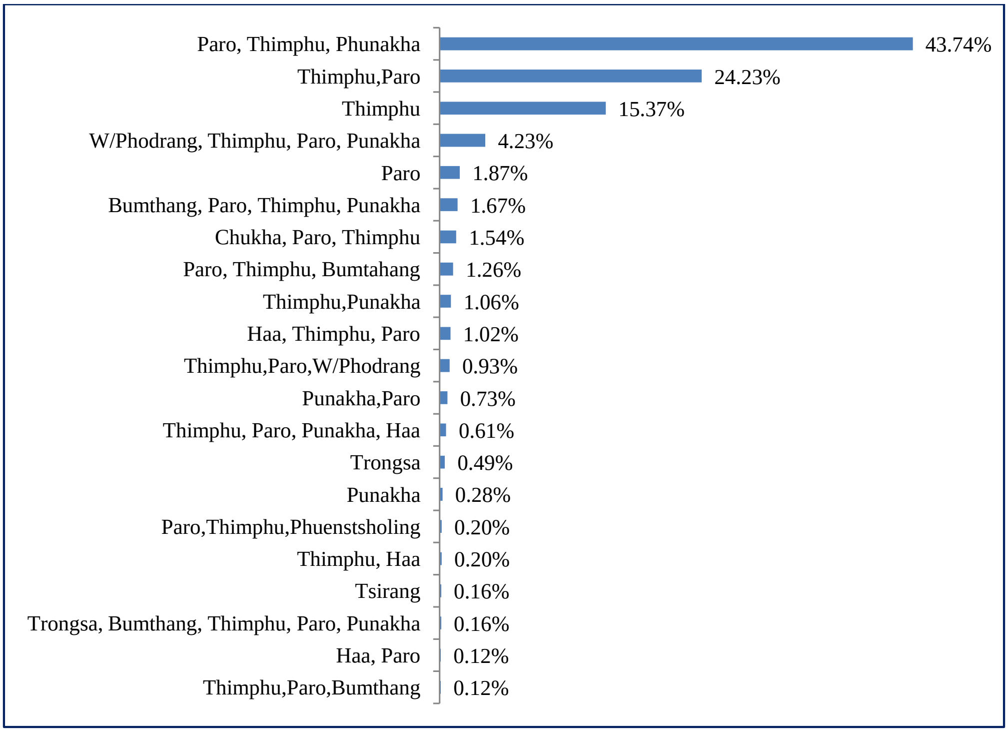


Fig. 3.10. Dzongkhags Visited

3.11 Travel Timing

37.1% of respondents visited Bhutan during their holiday time. 22.2% of respondents' travel time was determined by favourable weather. 16.6% of respondents were influenced by business or work schedules. 5.4% of respondents were advised by agents.

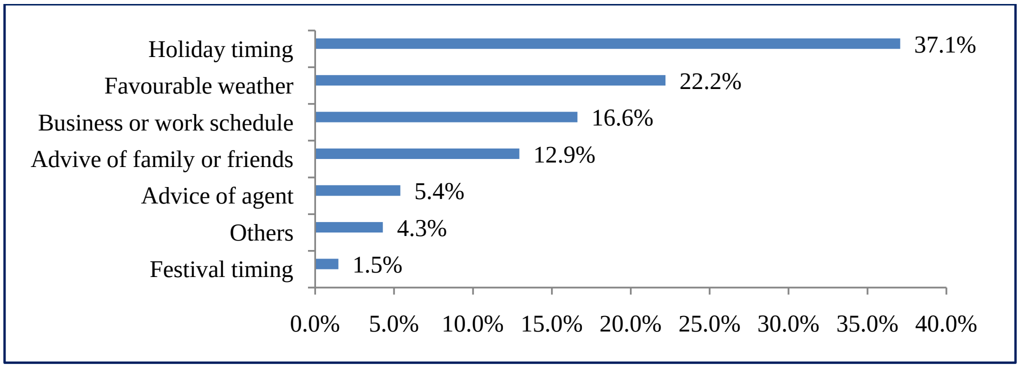


Fig. 3.11. Travel Timing

3.12 Activities Undertaken

General sightseeing was the most common activity undertaken (29.47%), followed by visits to Dzongs and temples (25.03%), trekking(12.22%), flora and fauna (6.35%), textiles (6.21%), wellness and spa (4.48%), bird watching (3.56%), kayaking or rafting (3.27%), retreat or meditation (2.18%). A tiny minority engaged in motorcycling, biking, fishing activities or community-based activities.

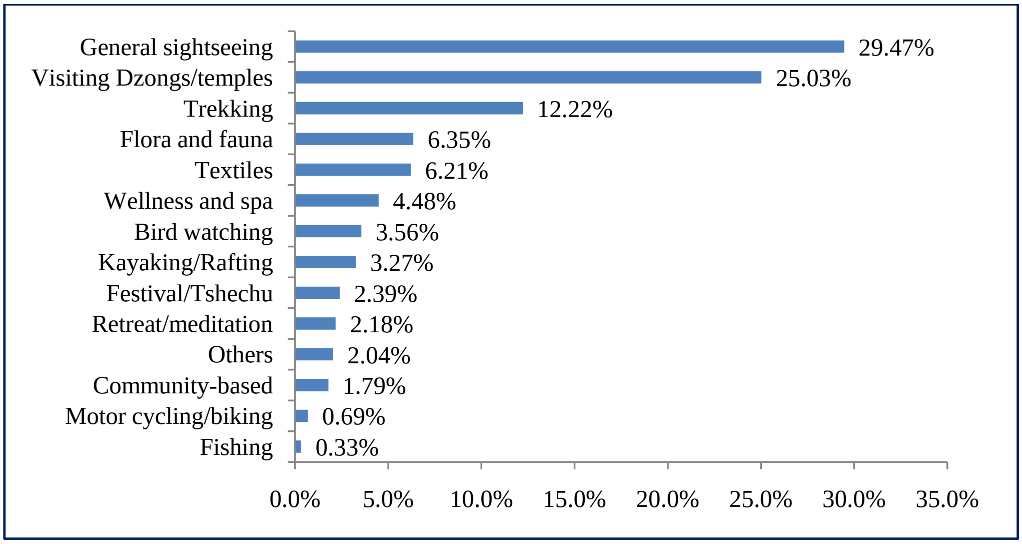


Fig. 3.12. Activities Undertaken in Bhutan

3.13 Out of Pocket Spending

38.33% of regional arrivals spent additional money on accommodation, shopping, gratuities and offering, food and beverages, entertainment, wellness activities, utilities, and postage. 25.72% of respondents spent an average of Rs.38,651.33 on accommodation, 14.35% spent Rs.18,389.45 on tour guides,38% spent Rs.12,064.30 on food and beverages,7.69% spent Rs.6,535.81 on entertainment and recreation, 27.11% spent Rs.6,519.46 on souvenirs and handicrafts, 4.45% spent Rs.5,262.55 on spa and wellness, 27.07% spent Rs.2,899.33 on tips and offerings, 17.2% spent Rs.1,259.09 on telephone and internet, and 5% spent Rs.1,058.79 on postage.

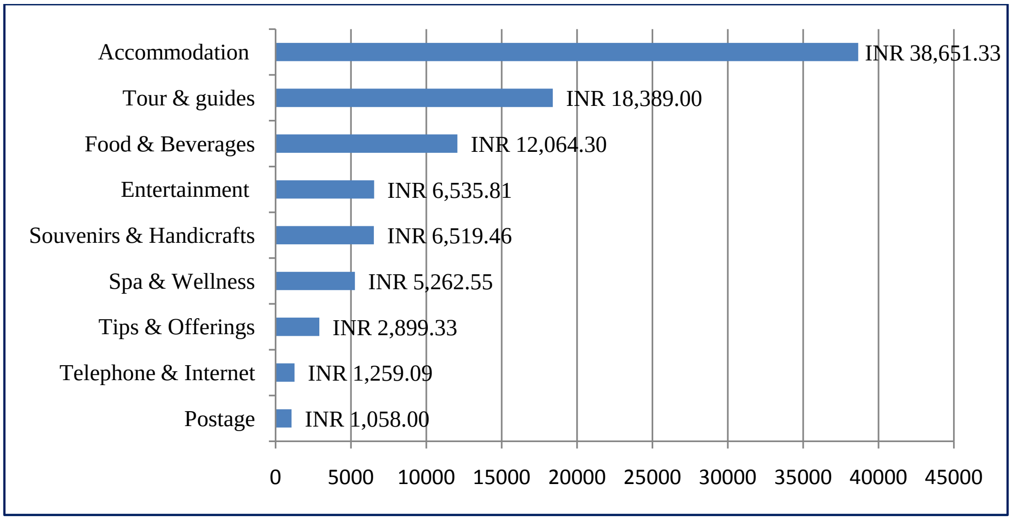


Fig. 3.13. Out of Pocket Spending

3.14 Satisfaction Levels

3.14.1 Satisfaction with Accommodation

40.72% of regional visitors were very satisfied with accommodation services and quality. 35.96% were thoroughly satisfied. Only 5.52% were 'slightly satisfied' or 'not at all satisfied'.

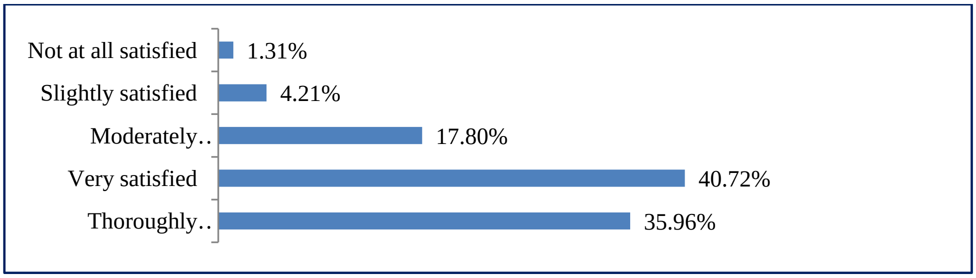


Fig. 3.14.1 Satisfaction with Accommodation

3.14.2 Satisfaction with Restaurants

59.07% of visitors were 'very satisfied' or 'thoroughly satisfied' with the quality of food and services received in restaurants. However, 29.09% were only 'moderately satisfied', and 11.84% were 'slightly' or 'not at all satisfied'.

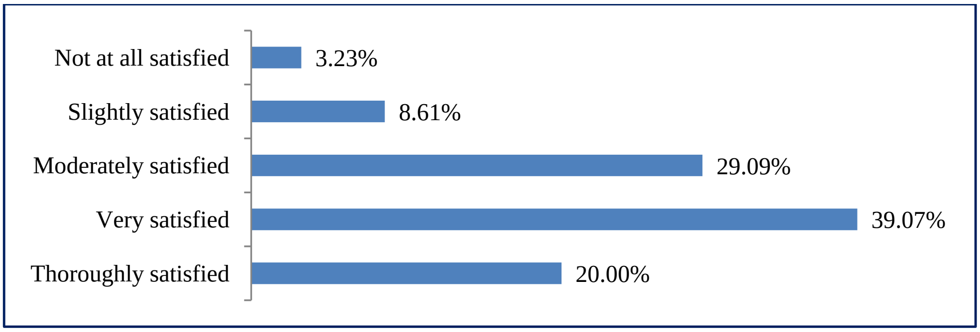


Fig. 3.14.2. Satisfaction with Restaurants

3.14.3 Satisfaction with Transportation

More than 80% of regional visitors were 'very satisfied' or 'thoroughly satisfied' with in-country transportation services and quality. Only 1.76% were 'not at all satisfied'.

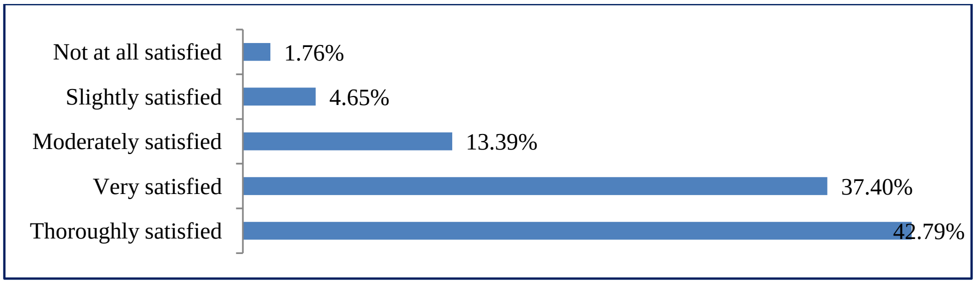


Fig. 3.14.3. Satisfaction with Transportation

3.14.4 Satisfaction with Tour Guides

31.20% of visitors were 'very satisfied' with their guide, and 48.63% were 'thoroughly satisfied'. 2.55% were 'not at all satisfied'.

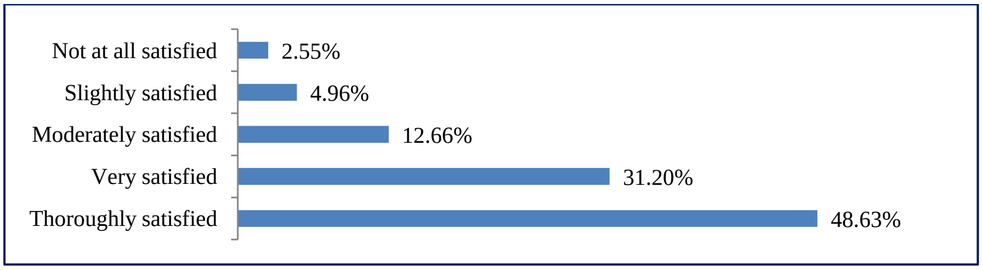


Fig. 3.14.4. Satisfaction with Tour Guides

3.14.5 Satisfaction with Trip Organization

76.47% of visitors were 'very satisfied' with the manner their trips were organized. 12.66% were 'moderately satisfied', and 2.55% were 'not at all satisfied'.

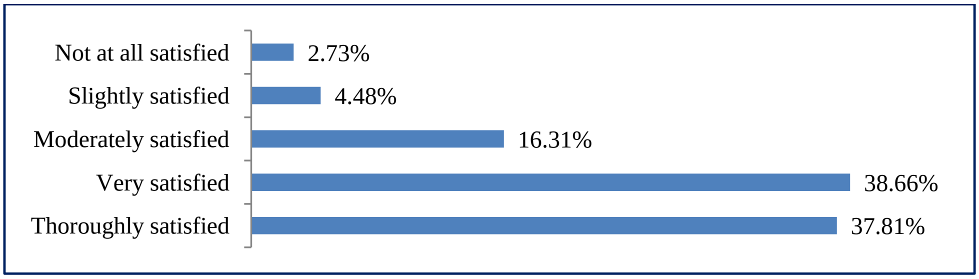


Fig. 3.14.5. Satisfaction with Trip Organization

3.15 Importance Levels

3.15.1 Importance of Accommodation

68.85% of respondents prioritized good accommodation, while 2.45% felt it to be 'not important' or 'not at all important'.

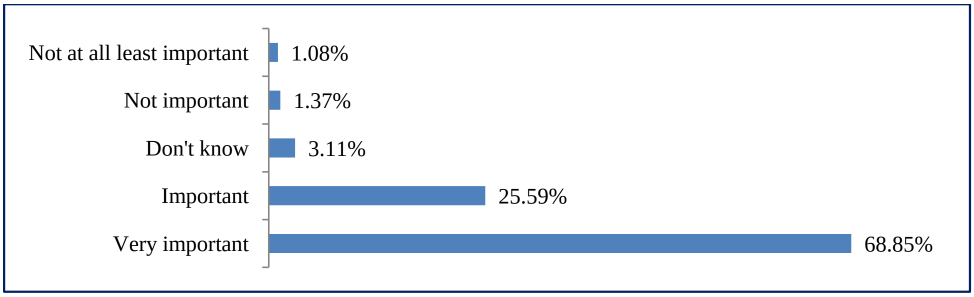


Fig. 3.15.1. Importance of Accommodation

3.15.2 Importance of Restaurants

91.23% of regional visitors felt it is 'important' or 'very important' to have a good quality of restaurant services.

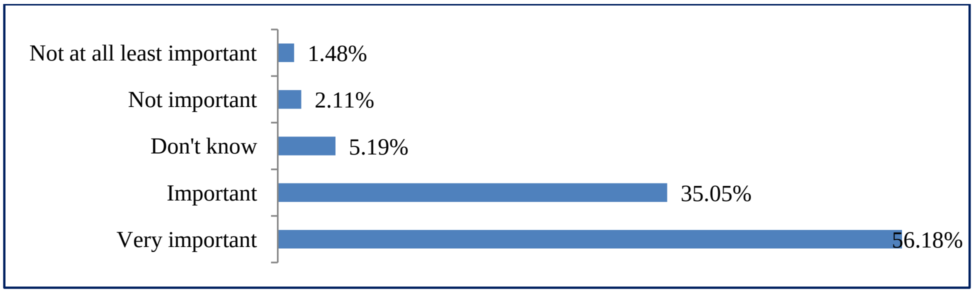


Fig. 3.15.2. Importance of Restaurant

3.15.3 Importance of Transportation

32.33% felt it 'important' to have good transport services, and 58.45% felt it is 'very important'.

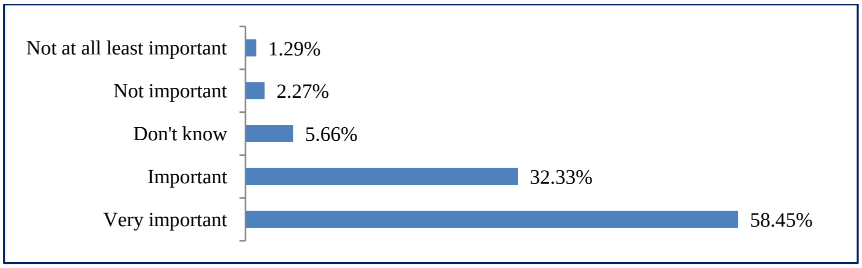


Fig. 3.15.3.Importance of Transportation

3.15.4 Importance of Tour Guides

56.15%of respondents felt it very important to have good tour guides, while 2.76% felt it was 'not at all important'.

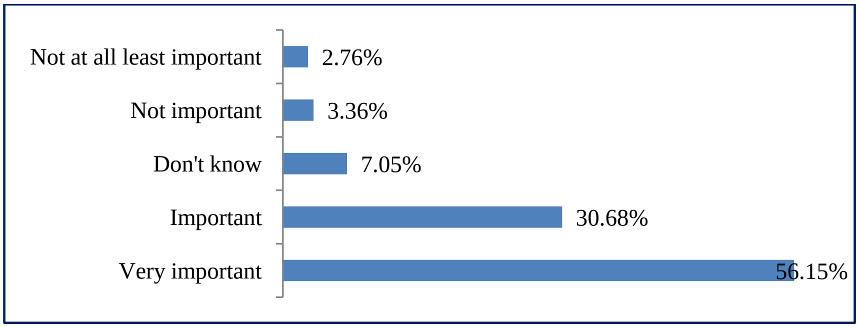


Fig. 3.15.4. Importance of Tour Guides

3.15.5 Importance of Trip Organization

86.97% of visitors deemed it important to have smooth trip organization, while 3.74% felt it is 'not at all important'.

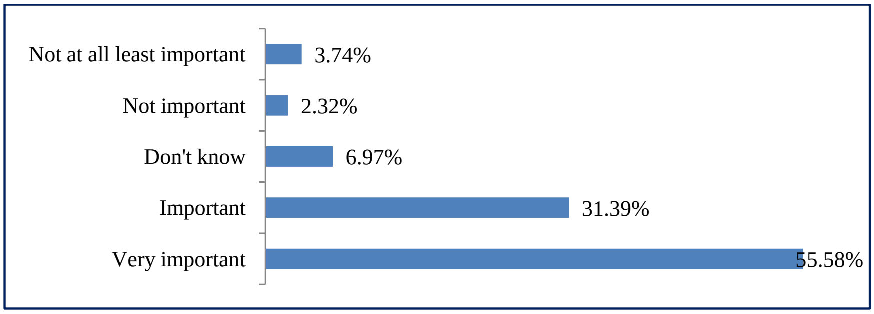


Fig. 3.15.5. Importance of Trip Organization

3.16 Choosing Accommodation

Regional visitors had varying preferences when choosing accommodation. 30.22% based their choice on location, 19.09% on pricing, 18.03% had theirs done by tour operators, 17.51% on star rating and accreditation, and 13.31% on internet facilities.

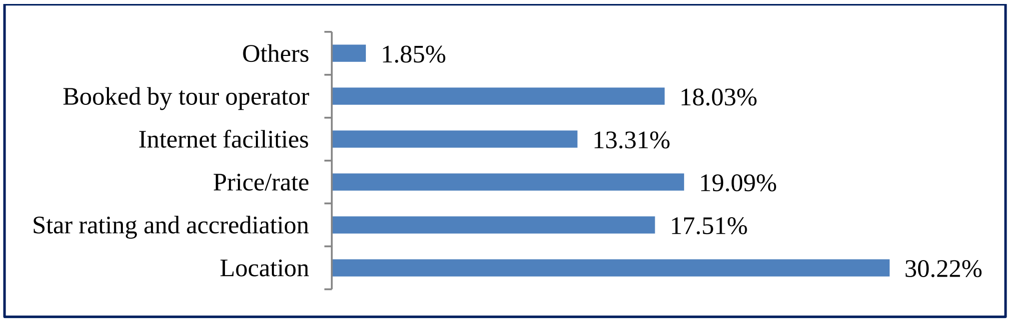


Fig. 3.16. Determinants of Accommodation

3.17 Point of Sale Services

77.18% of visitors did not use Point of Sale services, due to ignorance, lack of facilities, or preference for cash. POS was used by 22.82% of visitors.

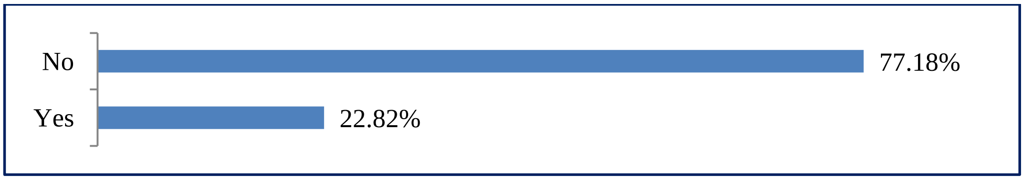


Fig. 3.17. Point of Sale Services

3.18 Repeat Visitation

83.1% of regional visitors were arriving in Bhutan for the first time. 16.9% were repeat visitors.

Fig. 3.18.1. Repeat Visitation

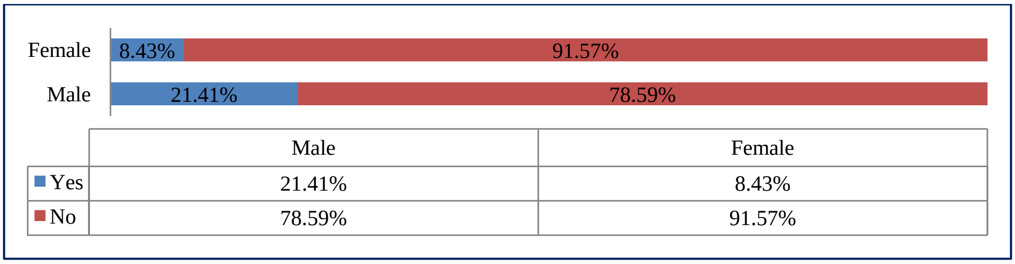


Fig. 3.18.2. Repeat Visitation by Gender

3.19 Number of Previous Visits

Those who visited Bhutan once before comprised 31.53% of respondents; 18.47% visited 2 times; 15.61% visited 3 times; and 6% visited 4 to 5 times before.

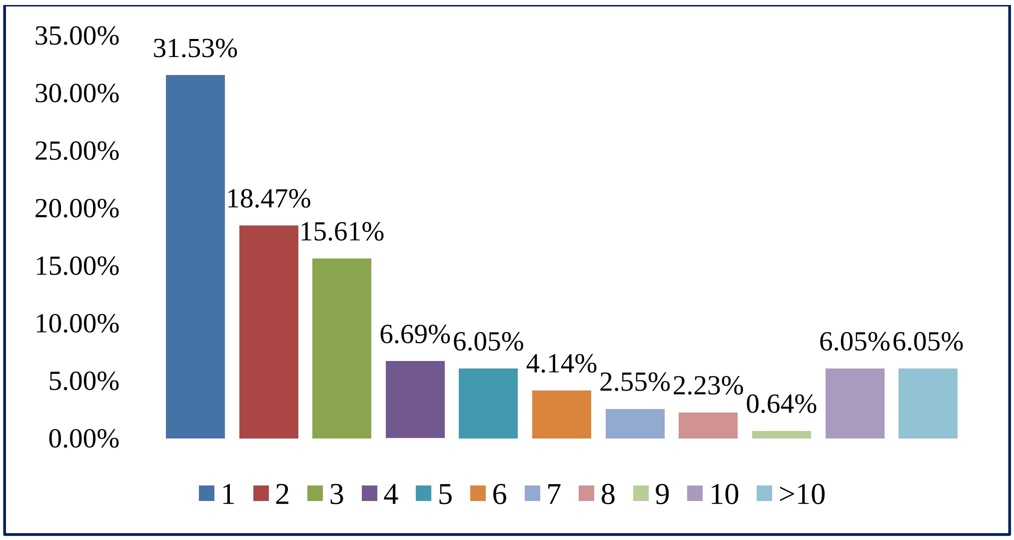


Fig. 3.19. Number of Previous Visits

3.20 Mode of Local Transport

20.55% of visitors used their local host vehicle, 20.46% used local taxis, 19.33% rented a local car, 13.76% used local buses, 11.69% used domestic air services, and 2.77% used their own vehicles inside Bhutan.

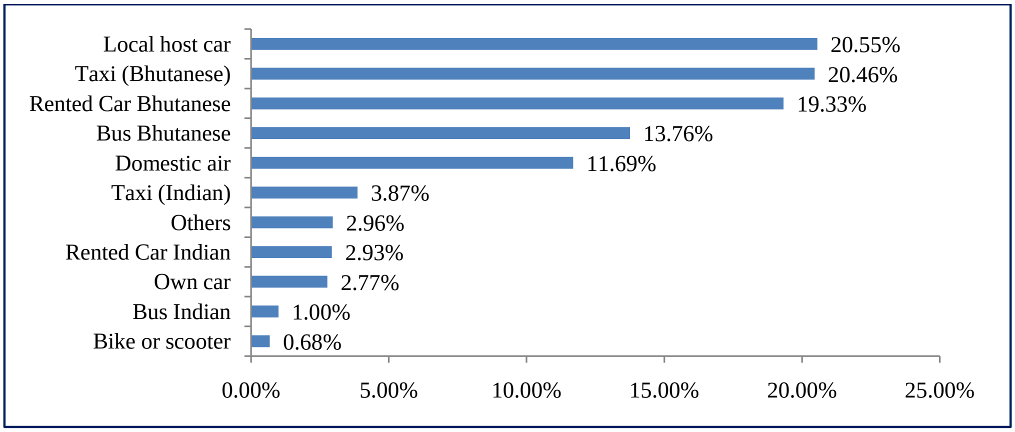


Fig. 3.20. Mode of Local Transport

3.21. Value for Money

77.05% of visitors 'agreed' or 'strongly agreed' that Bhutan represented good value for money. Only 4.48% 'disagreed', and 1.07% 'strongly disagreed'.

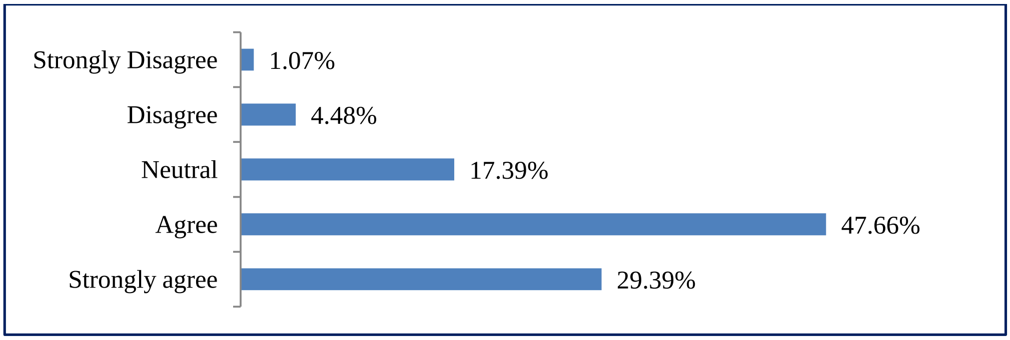


Fig. 3.21. Value for Money

3.22. Future Visits

More than 90% of regional visitors wished to return to Bhutan in the future, with both females and males similarly recording their preference.

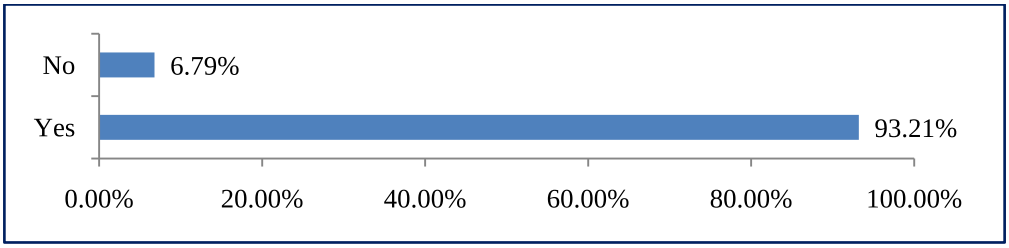
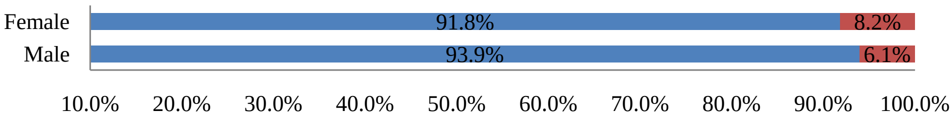


Fig. 3.22.1. Future Visits



	Male	Female
Yes	93.9%	91.8%
No	6.1%	8.2%

Fig. 3.22.2. Future Visits by Gender

3.23 Destination on Visitors' Wishlist

A large majority of visitors on the top list wished to visit USA and Australia, and also the UK, New Zealand, Thailand, Japan and Switzerland.

3.24 Accommodation in Bhutan

64.98% of visitors used hotels in Bhutan, while 29.81% stayed in resorts, and 2.82% in home-stays. Very few used farm-stays.

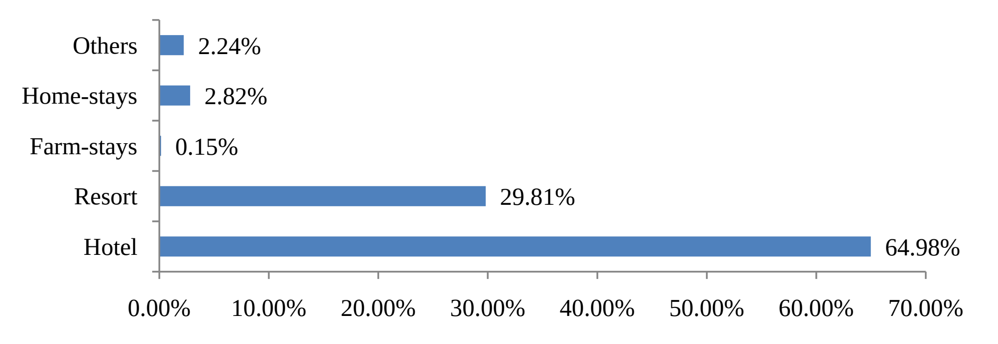


Fig. 3.24. Accommodation in Bhutan

3.25 Entry Point and Exit Sectors

73% of regional visitors entered the country through Phuentsholing. 26.68% used Paro International Airport, 0.05% used Gelephu, and 0.26% used Samdrup Jongkhar. 77.84% departed the country overland through Phuentsholing, and 22.16% left from Paro.

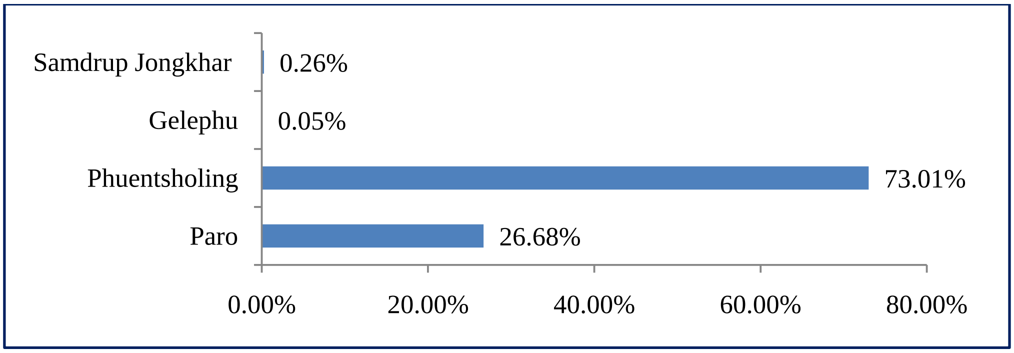


Fig. 3.25.1. Respondents by Entry Sectors

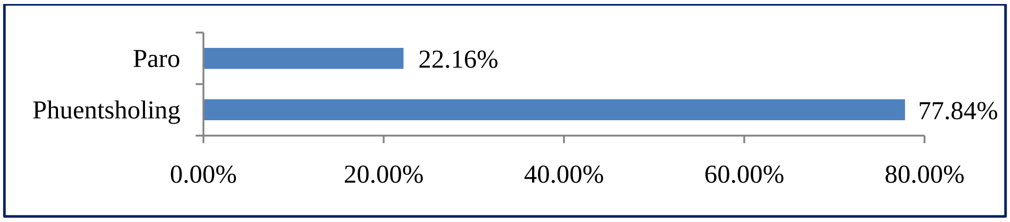


Fig. 3.25.2. Respondents by Exit Sectors

3.26 Thematic Feedback

During 2015, when exit survey questionnaires were administered to 2,807 regional tourists departing Bhutan, they were provided with an option to personally write out their comments, views, complaints, and suggestions relating to their visit. 46.6% of these respondents (1,308 visitors) provided specific comments, segregated and ranked by thematic issues as follows.

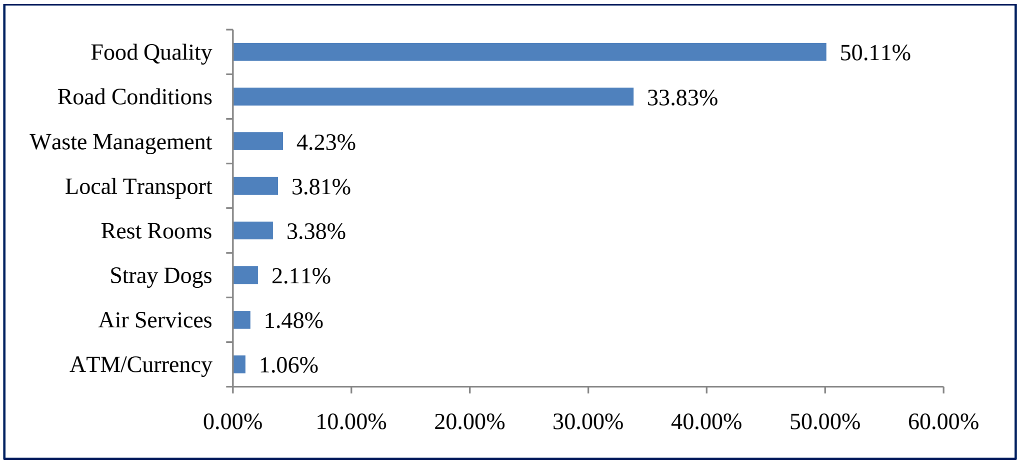


Fig. 3.26. Thematic Feedback from Regional Visitors

Half the respondents were concerned about food choices in hotels and restaurants during their visit. Besides local food, visitors wished to see quality regional food items as a choice.

33.83% were deeply worried about the terrible road conditions, as it not only posed serious risks to their lives, but also delayed their journeys on many occasions.

4.23% were worried about cleanliness and waste management in the cities and in nature.

3.81% asked for standardized local transport rates, and desired transparency in charging fares.

3.38% wished to see overall improvement of public rest rooms and sanitation services.

2.11% worried about the threats posed by stray dogs on city streets, with visitors feeling unsafe walking around.

1.48% were not happy with the frequency and high pricing of international and local air services.

1.06% of respondents raised the need to improve the efficiency of Point-of-Sale services including ATMs and currency exchange counters.

SECTION 4

TRENDS ON TOP 10 INTERNATIONAL SOURCE MARKETS

This section provides a country-wise analysis of the top 10 source markets for Bhutan. In order of ranking, the top 10 in 2015 were China, the United States of America, Thailand, the United Kingdom, Singapore, Germany, Japan, Australia, France and Malaysia.

A close examination of overall characteristics, performance trends, preferences and behaviour by visitors from these 10 countries can help to understand past behavior, emerging developments, and prepare for the future.

The majority of Chinese tourists (40.57%) visited Bhutan for spiritual and wellness tourism, followed by Malaysians (17.83%). The majority of Americans (40.77%) visited for adventure tourism, followed by the British (12.68%) and Chinese (11.79%). Americans (31.49%)

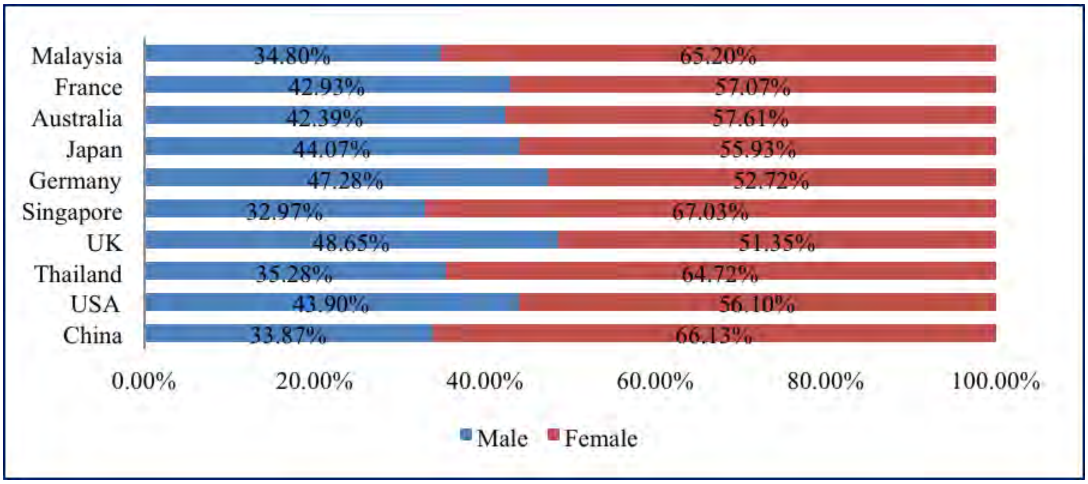


Figure 4.a Top 10 Markets by Gender

dominated the trekking category, followed by the British (18.87%). Tourists who dominated nature tourism were also from the USA (40.87%) and the UK (14.24%). Tourists from China, USA, and Thailand dominated visits for tshechus and festivals.

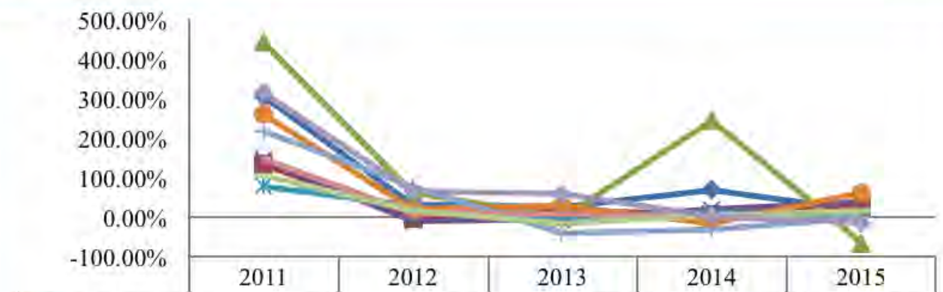
In 2015, within the top 10 source markets, more female tourists visited Bhutan as compared to males. The difference was as high as 34.05%. Similarly, most visitors from European and American regions were elderly.

Table 4.a Top 10 Markets by Age Groups

	Age Group						
Top Markets	**< 18**	**18-25**	**26-35**	**36-45**	**46-55**	**56-60**	**60+**
China	2.73%	2.85%	15.86%	30.16%	29.54%	8.14%	10.71%
USA	4.16%	3.84%	9.88%	10.77%	14.81%	11.03%	45.51%
Thailand	2.86%	4.05%	11.86%	20.14%	23.29%	13.31%	24.48%
UK	2.97%	1.86%	10.58%	11.49%	16.26%	12.81%	44.02%
Singapore	3.25%	4.10%	14.73%	19.06%	26.48%	14.34%	18.05%
Germany	1.32%	1.76%	7.89%	10.61%	26.58%	14.85%	36.99%
Japan	0.57%	3.90%	14.36%	15.22%	13.54%	6.77%	45.63%
Australia	2.45%	2.45%	11.51%	11.18%	20.51%	14.13%	37.75%
France	2.88%	1.15%	6.21%	9.34%	14.46%	12.99%	52.98%
Malaysia	2.20%	2.07%	11.25%	22.70%	28.91%	13.84%	19.02%

Table 4.b Segmentation of Top 10 Markets

Country	2010	2011	% change from 2010	2012	% change from 2011	2013	% change from 2012	2014	% change from 2013	2015	% change from 2014
China	722	2,923	304.85	3,816	30.6	4,827	26.5	8,111	68	9,399	15.9
USA	2,737	6,296	130.03	6,102	-3.1	6,997	14.7	7,291	4.2	7,137	-2.1
Thailand	417	2,254	440.53	3,617	60.5	3,527	-2.5	12,105	243.2	3,778	-68.8
UK	1,159	2,814	142.8	2,491	-11.5	2,309	-7.3	2,680	16.1	2,958	10.4
Singa-pore	380	1,366	259.47	1,611	17.9	2,051	27.3	1,720	-16.1	2,587	45.2
Germany	1,320	2,318	75.61	2,895	24.9	2,770	-4.3	2,971	7.3	2,498	-12.9
Japan	1,264	3,997	216.22	7,029	75.9	4,035	-42.6	2,707	-32.9	2,437	-10
Australia	728	1,795	146.57	1,950	8.6	2,062	5.7	2,037	-1.2	1,833	-10
France	776	1,596	105.67	1,863	16.7	1,572	-15.6	1,636	4.1	1,563	-4.5
Malaysia	194	800	312.37	1,312	64	2,054	56.6	2,067	0.6	1,546	-25.2



	2011	2012	2013	2014	2015
China	304.85%	30.55%	26.49%	68.03%	17.20%
USA	130.03%	-3.08%	14.67%	4.20%	21.88%
Thailand	440.53%	60.47%	-2.49%	243.21%	-67.10%
UK	142.80%	-11.48%	-7.31%	16.07%	35.11%
Germany	75.61%	24.89%	-4.32%	7.26%	1.25%
Singapore	259.47%	17.94%	27.31%	-16.14%	60.35%
Japan	216.22%	75.86%	-42.59%	-32.91%	-2.29%
Australia	146.57%	8.64%	5.74%	-1.21%	15.56%
France	105.67%	16.73%	-15.62%	4.07%	14.30%
Malaysia	312.37%	64.00%	56.55%	0.63%	-15.24%

Fig. 4.b Percentage Growth/Decline of Top 10 Markets (5 Years)

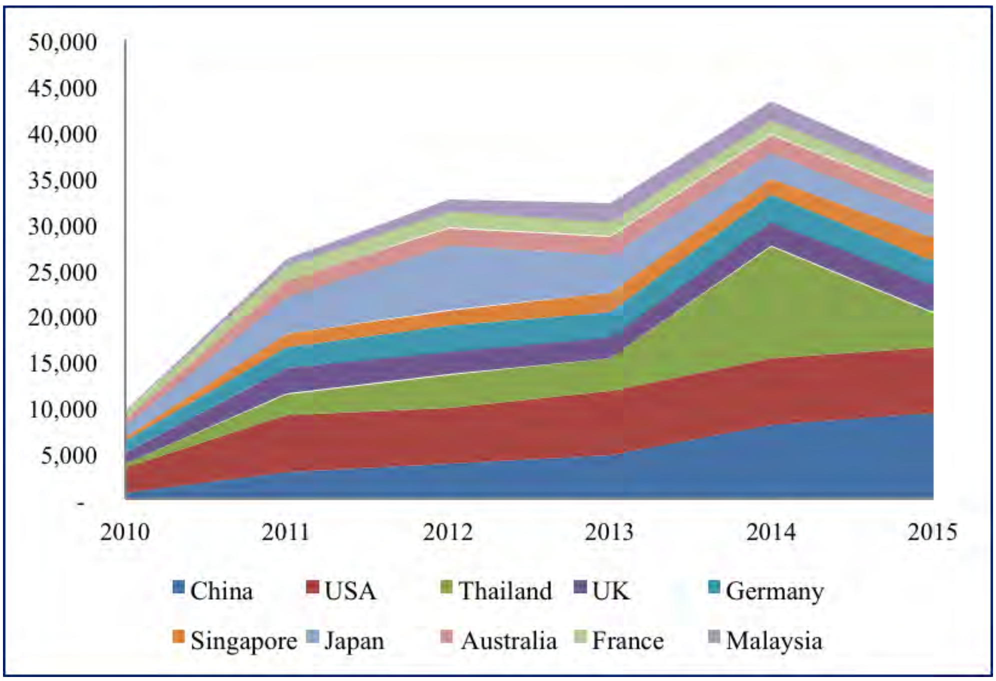
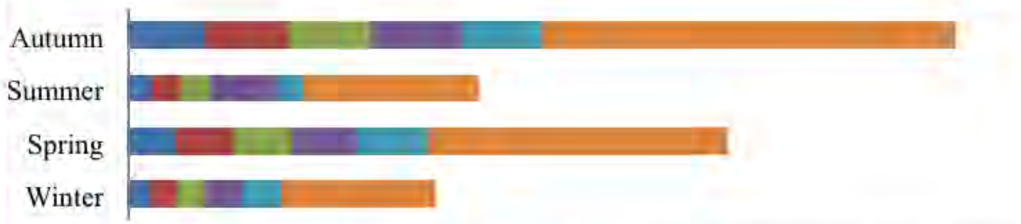


Fig. 4.c Absolute Growth/Decline of Top 10 Markets (5 Years)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2011	792	1,609	3,953	4,146	2,427	1,288	1,605	2,457	3,847	8,259	5,096	2,411	37,890
2012	1,514	1,836	4,394	5,920	2,758	2,360	1,604	2,694	5,027	8,438	5,093	2,793	44,431
2013	1,047	2,693	5,287	5,313	2,677	2,293	1,329	2,698	4,644	8,728	5,266	2,686	44,661
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	57,931
2015	1,768	3,923	6,203	6,634	2,984	2,133	1,553	2,299	4,871	8,036	5,185	3,211	48,800
Total	6,435	12,573	24,077	29,047	14,082	11,794	9,880	17,613	23,371	42,843	26,592	15,406	233,71

Fig. 4.d Arrivals by Month (2011-2015)



	Winter	Spring	Summer	Autumn
2011	4,812	10,526	5,350	17,202
2012	6,143	13,072	6,658	18,558
2013	6,426	13,277	6,320	18,638
2014	8,131	14,510	14,974	20,316
2015	8,902	15,821	5,985	18,092
Total	34,414	67,206	39,287	92,806

Fig. 4.e Arrivals by Season (2011-2015)

In the following paragraphs, trends and behavior observed among visitors from the top 10 US Dollar paying source markets will be presented.

4.1. CHINA

Chinese tourists have become one of the most important source markets for Bhutan over the last few years, and took the top position in 2015, constituting 19.3% of total arrivals. China was second in 2014. Tourist arrivals grew by 15.9% in 2015 to 9,399 individuals, up from 8,111 in 2014. While Chinese visitors streamed in throughout the year, 32.81% visited between March-May and 30.83% between September-November. Cultural sightseeing and related activities topped preferred activities for more than 90% of Chinese arrivals. Females dominated visits at 66.13%, over 33.87% for males. A large majority (30.16%) were 36-45 years old, followed by 29.54% between 46-55 years, 8.14% between 56-60 years, and 10.71% above 60 years. Over the last five years, Chinese tourists have shown continuous increase in arrivals.

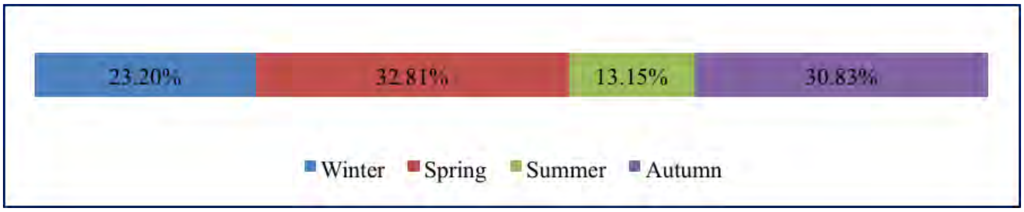


Fig. 4.1.1. Visits by Season

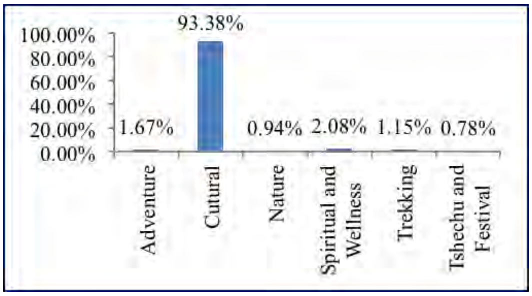


Fig. 4.1.2. Purpose of Visits

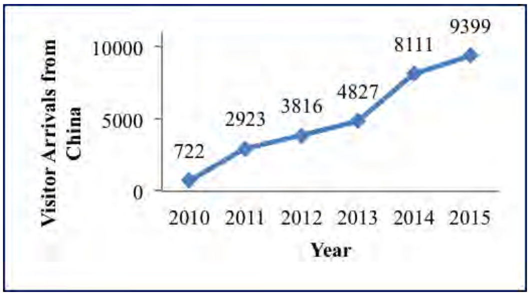


Fig. 4.1.3. Visitor Arrivals from China (2010-2015)

4.2 USA

7,137 Americans visited Bhutan in 2015, constituting 14.6% of total arrivals. It dropped 2.1% from 2014 levels when 7,291 Americans visited, to be ranked third-highest source market. Americans visited throughout the year, although a majority preferred the spring and autumn seasons. 79.5% visited for cultural sightseeing and related activities; however, they topped participation in adventure activities (6.19%). Females comprised 56.1% and males 43.9%. 45.51% were above 60 years old, followed by 18.41% aged 46-55 years, and 11.03% aged 56-60 years. 8% were 25 years and younger.

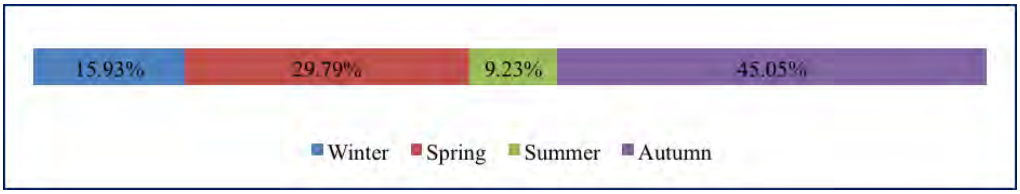


Fig. 4.2.1. Visits by Season

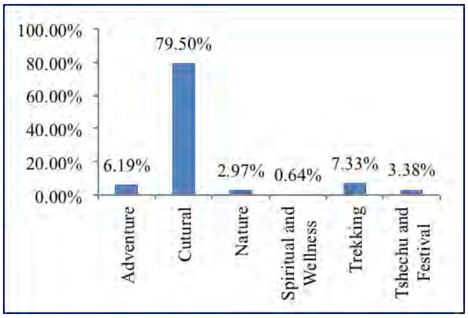


Fig. 4.2.2. Purpose of Visits

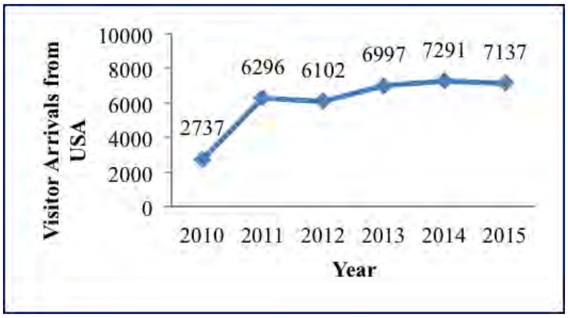


Fig. 4.2.3. Visitor Arrivals from USA (2010-2015)

4.3 THAILAND

3,778 Thai tourists visited Bhutan in 2015, constituting 7.7% of total arrivals. This was a sharp drop of 68.8% from 2014 when Thailand topped source markets. In 2015, 36.01% visited between March-May, and 23% visited during the winter season (December-February) and summer season (June-August). 94.6% visited Bhutan to explore culture and traditions. Female tourists (64.72%) dominated male tourists (35.28%). 24.48% of visitors were older than 60 years, followed by 23.29% aged 46-55 years, 20.14% aged 36-45 years, and 18.77% below 35 years.

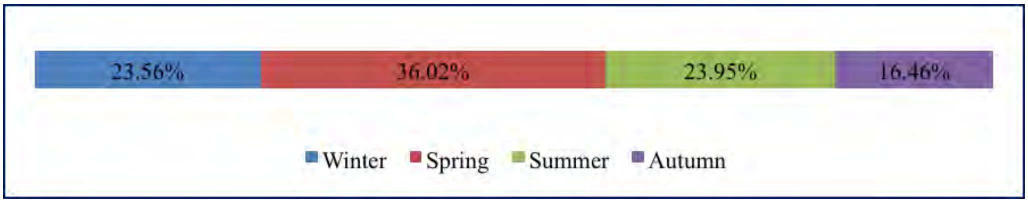


Fig. 4.3.1. Visit by Season

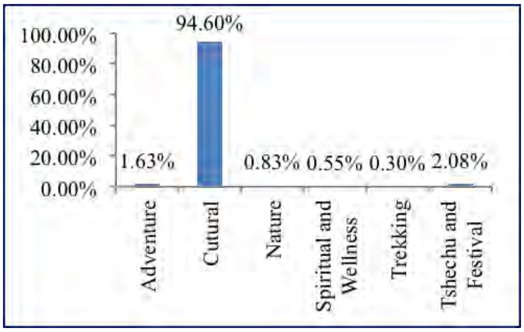


Fig. 4.3.2. Purpose of Visits

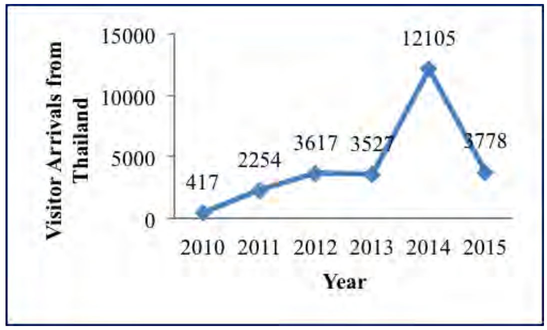


Fig. 4.3.3 Visitor Arrivals from Thailand (2010-2015)

4.4 UNITED KINGDOM

British tourists constituted 6.06% of total arrivals in 2015, with 2,958 visitors. This was an increase of 10.4% from 2014, when it was ranked sixth. More than half of British tourists visited between September-November, and 31.71% visited between March-May. 80% came to experience Bhutan's culture and traditions, while also dominating trekking activities, to make up 10% of all trekking tourists. Almost an equal number of male and female tourists visited, at 48.65% and 51.35%, respectively. 44.02% were 60 years and older. This was followed by 16.26% aged 46-55 years, and 12.81% aged 56-60 years. 15.42% were below 35 years old.

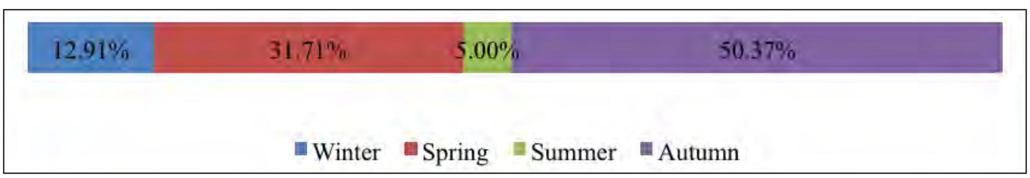


Fig. 4.4.1. Visit by Season

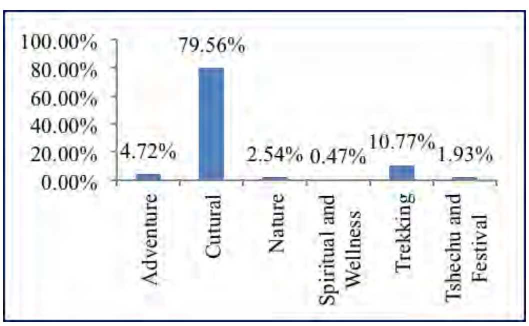


Fig. 4.4.2. Purpose of Visits

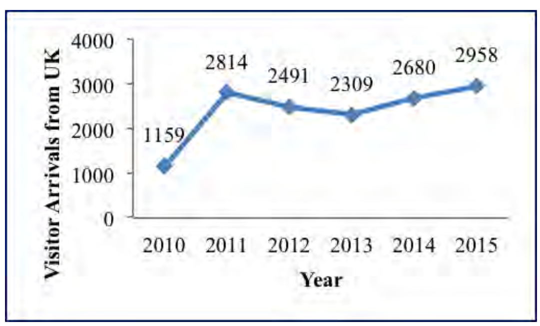


Fig. 4.4.3 Visitor Arrivals from the UK (2010-2015)

4.5 SINGAPORE

Among Asian nations, in 2015 Singapore was third highest Asian source country, constituting 5.3% of total arrivals. 2,587 Singaporeans visited Bhutan, an increase of 45.2% from 2014. In terms of seasons, 32.55% visited in the autumn, and 32.16% visited in winter. More than 90% came to experience the culture and traditions. Females constituted the majority (67.03%) over males (32.97%). 26.48% of tourists belonged to 46-55 years age category, followed by 19.06% aged 36-45 years, and 18.05% above 60 years.

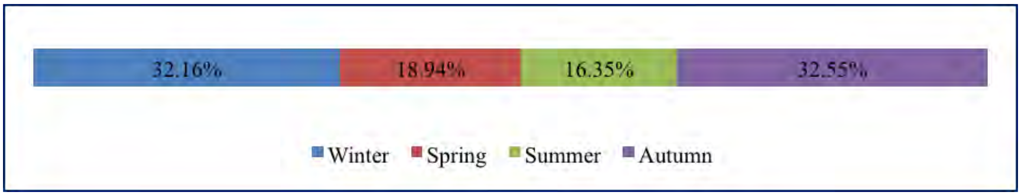


Fig. 4.5.1. Visit by Season

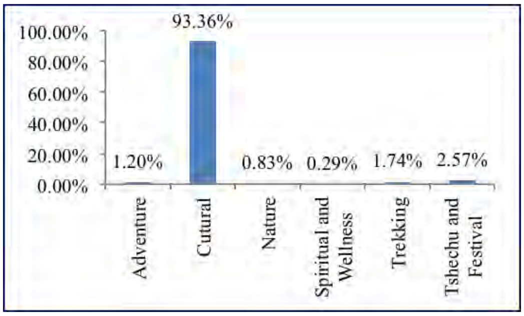


Fig. 4.5.2. Purpose of Visits

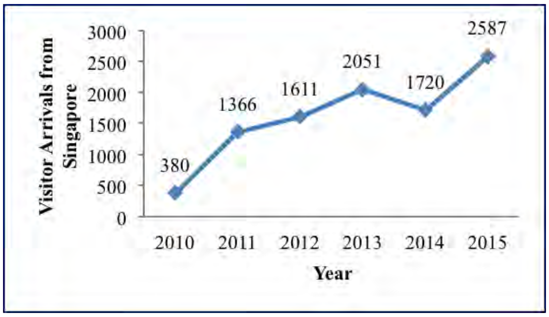


Fig. 4.5.3. Visitor Arrivals from Singapore (2010-2015)

4.6 GERMANY

2,498 Germans visited Bhutan in 2015, constituting 5.12% of total arrivals. This was a drop of 12.9% from 2014 levels. Half the German tourists visited between September-November, and 33.39% visited between March-May. Most came to experience the culture and heritage, and 10% went trekking. Almost an equal number of male and female tourists visited, at 47.28% and 52.72%, respectively. 36.99% were 60 years and older, 26.58% belonged to 46-55 years category, and 14.85% to 56-60 years. Less than 10.97% were below 35 years.

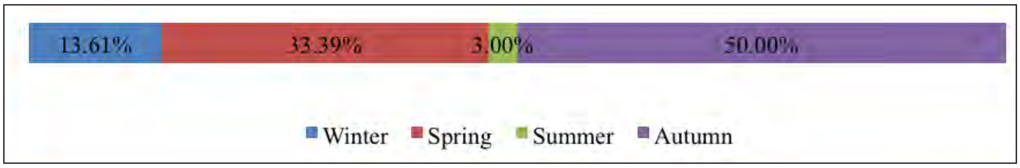


Fig. 4.6.1. Visit by Season

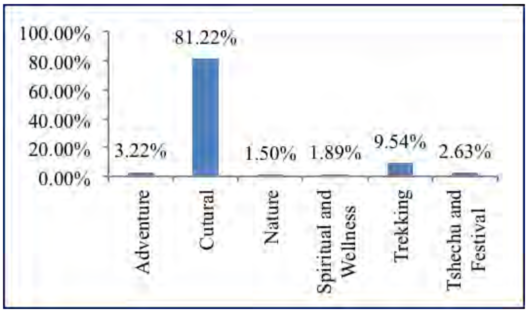


Fig. 4.6.2. Purpose of Visits

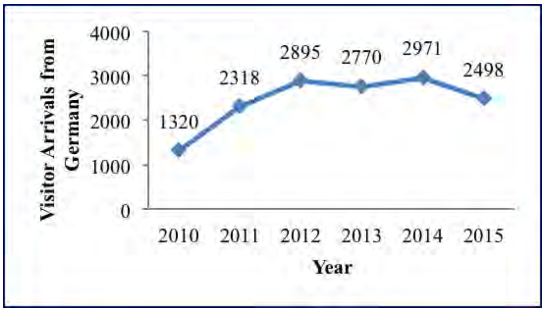


Fig. 4.6.3. Visitor Arrivals from Germany (2010-2015)

4.7 JAPAN

For many years, Japan was one of the most important Asian markets. In 2015, it was the fourth highest Asian country to visit Bhutan, after China, Thailand and Singapore. 2,437 Japanese arrivals were recorded in 2015, constituting 5% of total arrivals, and a 10% decline from 2014. 37.34% visited between March-May, 25% visited between June-August and between September-November. More than 90% visited to experience the culture and traditions. Females comprised 55.93% and males 44.07% of visitors. 45.63% were above 60 years old, 15.22% were aged 36-45 years, 14.36 between 26-35 years, and 13.54% were 46-55 years. 0.57% were below 18 years. Since 2012, a continuous decline has been observed in the number of Japanese visiting Bhutan.

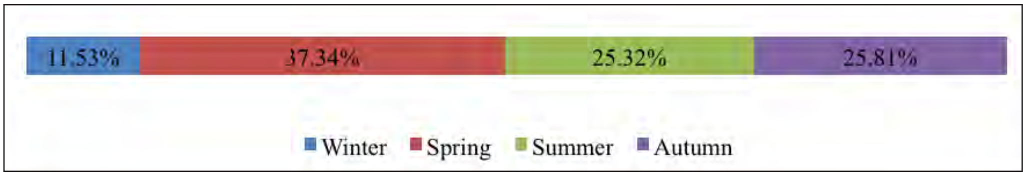


Fig. 4.7.1. Visit by Season

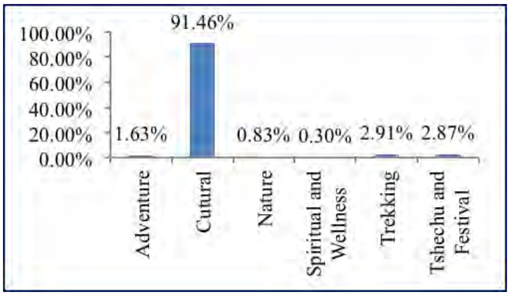


Fig. 4.7.2. Purpose of Visits

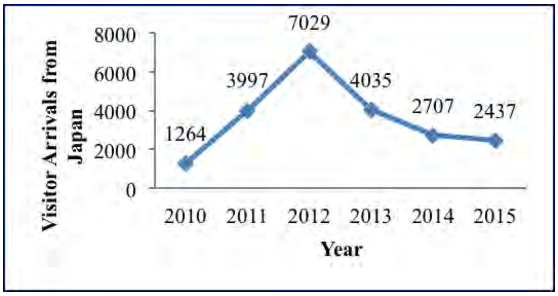


Fig. 4.7.3. Visitor Arrivals from Japan

4.8 AUSTRALIA

Australia constituted 3.76% of total international arrivals in 2015, sending 1,833 tourists. It was a drop of 10% from 2014. 41.08% Australians visited in the autumn, and 34.42% visited in the spring. Almost 77% visited to experience the culture and traditional heritage, and 13.04% went trekking. Females dominated visits, by 57.61% over 42.39% for males. A majority (37.75%) were above 60 years, followed by 20.51% aged 46-55 years, and 14.13% aged 56-60 years. A continuous decline in arrivals has been observed since 2013.

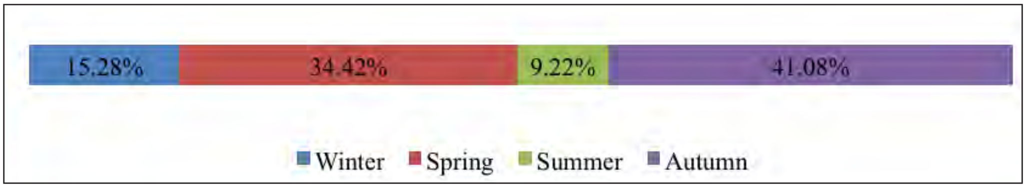


Fig. 4.8.1. Visit by Season

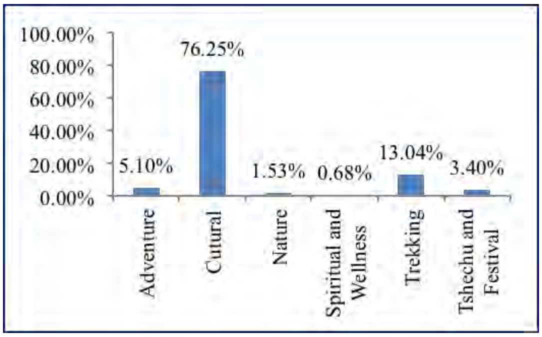


Fig. 4.8.2. Purpose of Visits

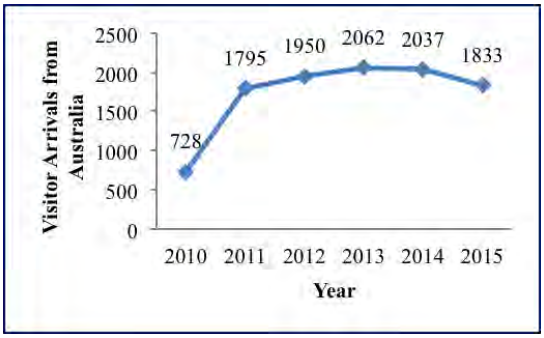


Fig. 4.8.3. Visitor Arrivals from Australia (2010-2015)

4.9 FRANCE

French tourists in 2015 constituted 3.2% (or 1,563 visitors) of total arrivals. This was a drop of 4.5% from 2015. Most visited Bhutan in the autumn and spring, while 5.5% visited in the summer season. 80% came to experience the culture and traditional heritage, while 9% went trekking. Among these visitors, females dominated with 57.07%, while males constituted 42.93%. More than half of visitors (52.98%) were above 60 years, followed by 14.46% at 46-55 years, and 12.99% at 56-60 years. 10.24% were less than 35 years old.

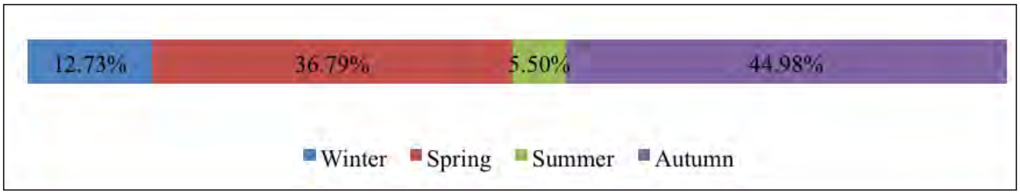


Fig. 4.9.1. Visit by Season

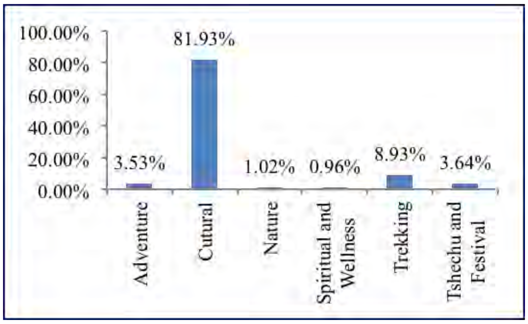


Fig. 4.9.2. Purpose of Visits

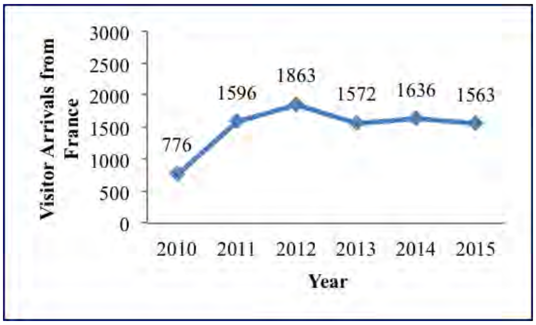


Fig. 4.9.3. Visitor Arrivals from France (2010-2015)

4.10 MALAYSIA

In 2015, Malaysia ranked 10th by total number of visitors to Bhutan, with 1,546 visitors. It was a drop of 25.2% from 2014. Although Malaysians visited throughout the year, 34.15% visited between September-November, and a quarter of them visited during December-February. The majority came to experience the culture and tradition, and 5% visited for spiritual and wellness activities. Female tourists comprised 65.20% and males comprised 34.80%. Age wise, 28.91% belonged to 46-55 years category, followed by 22.7% in 36-45 years, 19.02% above 60 years, and 13.84% aged 56-60 years. 4.27% were less than 25 years old.

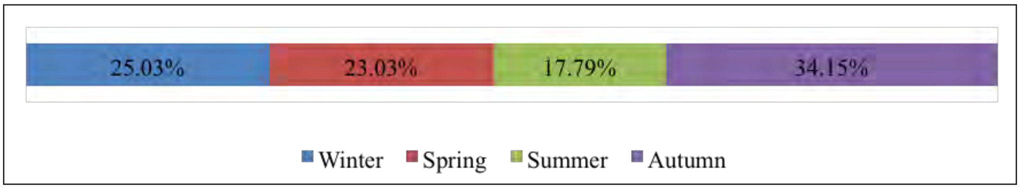


Fig. 4.10.1. Visits by Season

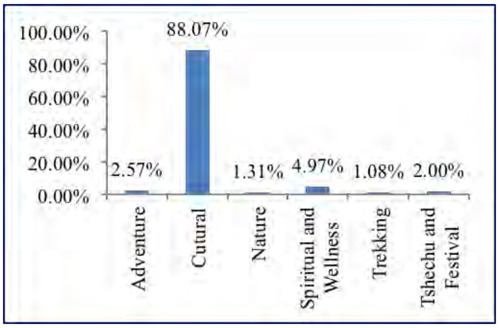


Fig. 4.10.2. Purpose of Visits

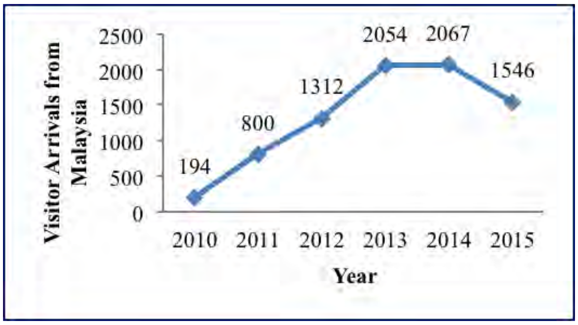


Fig. 4.10.3. Visitor Arrivals from Malaysia (201-2015)

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