

UKIBC Case Study

COX AND KING'S

Tell us about your business – its origin, offering and coverage?

Cox and King's are probably unique in this survey in terms of the length of time they have been in India, certainly 100 years, possibly 200. They are a luxury tour operator in the UK, India is the main destination for the UK market. Also in London is a company called ETM, based in Canary Wharf, which is a subsidiary of Cox and King's India which deals with tourists coming into Europe. There is increasing demand in this direction. The respective offers for the UK and Indian markets are quite distinct. The UK offering is very "top end" in India it is more accessible for the middle classes.

Tell us about your global geographical footprint.

In India there are ground handlers dealing with the global luxury market. Cox and King's now send around 250,00 travellers out of India and are closing in on half a million. Domestic Indian travel is another aspect of the business. Peter Kerkar and Anthony Good bought the company from Grimleys, but there have always been significant India operations.

When did you make your first investment in India?

Following a change in the law in 1999 Indians were for the first time allowed to take significant sums of money out of the country. Travel abroad became a real option for Indians, domestic travel had been around for a lot longer but does not have the same ability to generate revenues. Due to the fact that they were a long established and well respected name, Indians trusted Cox and King's as a travel operator.

What were the main drivers of your decisions to foray into India?

Given the base that we had in place, it would have been madness to not take advantage and start to sell holidays out of India to Indians. The main market is the middle classes who are growing year on year. Domestic demand remains strong. Education is taken very seriously in India. Whenever people want to invest in India there are skilled people to take the jobs. This is an important factor for Cox and Kings as the more educated people become, the more likely they are to want to see the world.

What was your business strategy for entering India?

This has been done by extensive spending on advertising in India. This has included advertising in the mainstream media, billboards, television and magazines. In the UK it is much more of a case of targeting particular journalists. The Indian advertising strategy is based on special offers, for example, buy a holiday, get a second free. This

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demonstrates the importance for UK companies in getting their Indian price point right. If we were to try to replicate our UK business in India Cox and Kings would be a tiny operator. Adapting the nature of your offering is a prerequisite for success in India.

What have been your biggest challenges of entering and operating in India?

Entry was a historical factor. The main challenges are the things that stop people travelling. These are security issues, particularly the escalation between India and Pakistan. Cox and Kings has India sales offices all over the country, using a franchise model, so issues of political stability are always important. The company evaluates this risk through the FCO in country teams. Travel insurance is based on Government travel advice.

Has the Indian investment met with your expectations? Please state why.

The expectations remain high because there is still so much potential for future growth in India. In terms of corporate structure, India is now the parent and the UK is the child.

What key factors would you attribute your success in India to?

Excellent insight from the individual in charge of running the India office, who has really driven the in country marketing and ensured that the finance from London is available in order to be able to respond quickly to new opportunities. She has built great teams and made some excellent new business decisions, including a very successful one stop travel portal. This is someone who took a long term view of the Indian market and insisted that they got the funding which raised their visibility in India. A business travel offering and entry into the forex market complete the Indian service offering.

What (if any) impact have you experienced as a result of the economic downturn in the UK and India?

In both the UK and India things are holding up well. In the UK top end luxury travellers are not as adversely affected by recession as the mass market. There has, however, been less consumer confidence and many have delayed booking, which impacts on cash flow. There has been an effect in India. The impact has been on the rate of growth, which still remains phenomenal compared to any other market. There are still people entering the disposable income bracket which makes these holidays a possibility.

Does your business operate in China? If so could you tell us more about how your experiences of doing business in China differ from doing business in India?

Hasnt been ruled out but no comparable information at present.

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What is your candid view on future business opportunities in India?

The luxury train, the Maharajah's express. A joint venture with the tourism arm of the Indian Railways (Indian Railways Catering and Tourism Corporation). The most luxurious train in the world to be launched in Jan 2010. This is a deal that only a company such as Cox and King's with its long history in India could pull off. Getting to the point where a deal was possible has taken a number of years, good government contacts. The first private company to partner with the Indian railways.

What advice would you give to other mid-cap businesses in the UK looking to do business in India?

Taking a long term view of the market can lead to deals such as these, patience, understanding the work culture. There have always been senior UK staff going out to India.