MARKET REPORT

HVS Monday Musings: Caravan Tourism – Discovering the Roads Less Travelled

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Caravan tourism, a well-established niche segment of experiential tourism globally, is still at a nascent stage in India. Collaborative efforts by government agencies and industry stakeholders can help this segment become a success.

Caravan or travel trailer tourism has long been a popular niche segment within experiential tourism around the world, but its appeal has surged in the post-pandemic era. Vacations at motorable destinations and caravan tourism have grown in popularity since restrictions were eased and people began to travel again as it offers people affordability, flexibility, and freedom, as well as safety, privacy, and the possibility to completely isolate oneself, all of which have become important considerations for travelers in the COVID-world.

Caravan tourism is already well-established in countries like the US, Australia, New Zealand, and parts of North America and Europe and has been one of the quickest to recover after the pandemic. Caravan holidays, for instance, contribute GBP 9.3 billion to the British economy every year, employing over 130,000 people. Meanwhile, a recent study shows that the leisure vehicle tourism market contributed around EUR 14 billion to the German economy over the last two years, with overnight stays increasing by 50% to over 10 million in 2020. Similarly, Australia's camping and caravan industry which employed 53,000 people and generated 12 million trips pre-COVID, has been bouncing back faster compared to other travel segments, with one in three Australians undertaking a caravan or camping trip in the first quarter of 2021.

The concept of caravan trips is relatively new in India and is still at a nascent stage. Although initially pitched as an inbound traveler-friendly activity, the concept of camping and backpacking to explore offbeat destinations is catching on with Indian travelers as well, thanks to the country's improving road infrastructure. As the culture of road trips, slow travel, and experiential travel gain traction, demand for caravan tourism is also expected to pick up pace in India. Caravan tourism can become a viable option at remote tourism destinations that lack quality accommodation, or in places where hotel construction is not feasible.

Lack of camping sites, infrastructure, and basic amenities, absence of standard rules and compliances across states, non-uniform designs, and lack of homogenous price points are some of the challenges that have hampered the acceptance of this segment previously. The Ministry of Tourism has introduced a 'Caravan Tourism' policy to help address some of these concerns. Moreover, in the last two years, tourism boards of some states such as Karnataka, Maharashtra, and Kerala have also introduced policies and initiatives to promote sustainable caravan tourism in their respective states, having realized the potential of this niche segment, especially in making unexplored locations into attractive tourist destinations. Some of the incentives on offer include the construction of caravan parks to park tourism campers and motor homes under public-private partnerships, the waiver of electricity charges and stamp duties, and GST refund for tour operators, etc. While these policies and initiatives are a step in the right direction, government agencies and industry stakeholders should collaborate to evaluate some of the global best practices while executing the next steps to make caravan tourism successful in the country.

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