



# Reviewing The Hotel Sector and Tourism Industry : A Critique

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## **Abstract**

*Travel and tourism is the largest service industry globally in terms of gross revenue and foreign exchange earnings. The hotel sector is one of the important components of tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. An attempt in this research paper has been made to offer concise description on the role and trends of hotel sector in tourism industry on selected aspects such as viz., attributes, employees, pricing and performance of hotels that has led to few questions such as whether the distinctiveness in hotel attributes is a key determinant of customers' intentions in choosing of hotels? What travelers considers while making choices of hotel? The authors have also explored implications of different issues such as viz., adverse socio-cultural changes, enhanced pressure and hostility, creating a sense of opposition, adverse effects on environment and, ecology as well as global challenges facing the hotel industry.*

**Keywords :** Hospitality, Tourism, Hotel Attributes, Hotel Employees, Hotel Performance.

## **Prologue**

**T**he term 'hospitality' refers to the cordial and generous reception and entertainment of guests or strangers, either socially or commercially. Indians are known over the world for their hospitality. 'Atithi devo bhavah' ('The Guest is like a God') has been main motto from ancient time (Raghubalan & Smritee Raghubalan, 2010). Accommodation is a basic need of tourism activity (David Carr, 2011). The hotel which should be the home away from home is having its primary function to accommodate those who are away from home and meet their basic needs (S. Kannan, 2005).

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## **A Brief About Travel and Tourism Industry**

Travel and tourism is the largest service industry globally in terms of gross revenue and foreign exchange earnings and employment generators in the world.

It is driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education, and entertainment. Tourism is both cause and consequence of economic development.

It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages ([www.dnb.co.in](http://www.dnb.co.in)). It is closely linked to tourism industry that has fuelled the growth of Indian Hotel Industry ([www.indialawoffices.com](http://www.indialawoffices.com)). According to the World Economic Forum's Travel and Tourism Competitiveness Report 2013, India was ranked at the 11<sup>th</sup> position in the Asia Pacific Region and on the 65<sup>th</sup> rank globally out of 140 economies that were ranked on Travel and Tourism Competitiveness Index. The travel and tourism sector had directly contributed INR 1920 Billion to India's Gross Domestic Product [GDP] in the year 2012, reflecting a Cumulative Annual Growth Rate [CAGR] of 14 per cent since 2007 which was estimated to grow at a CAGR of 12 per cent from the estimated INR 2222 billion in the year 2013 to INR 6818 billion by the year 2023. The total GDP contribution is forecasted to rise at a CAGR of 12 per cent with indirect and induced contributions forecasted to amount to INR 12939 billion and INR 3263 billion respectively by the year 2023 (KPMG Travel Tourism Sector Report, 2013).

According to the Tourism Satellite Accounting (TSA), Research released by the World Travel and Tourism Council (WTTC), the demand for travel and tourism in India has been expected to grow by 8.2 per cent between 2010 and 2019 which may place India at the 3<sup>rd</sup> position in the world. Capital Investment in India's travel and tourism sector is expected to grow at 8.8 per cent between 2010 and 2019. The capital investment in this sector is projected to become the 05<sup>th</sup> fastest growing business travel destination from 2010 through 2020 ([www.equitymaster.com](http://www.equitymaster.com)). The travel and tourism sector had supported 25 Million jobs in the year 2012 this is expected to reach figure of 31 Million jobs by the year 2023 (KPMG Travel Tourism Sector Report, 2013).

## **Components and Role of Hotels in Tourism Industry**

'Tourism is the temporary, short-term movement of people to destinations outside the places where they normally live and work, and activities during their stay at these destinations; it includes movement for all purposes, as well as day visits or excursions' ([www.tandtpublishing.co.uk](http://www.tandtpublishing.co.uk)). The tourism industry includes those sectors which enable the tourist to travel to and from the destination such as viz., travel agents, airlines, bus



companies, tour operators and rental car companies respectively. It also consists of those sectors which are part of the product at the destination such as viz., accommodation, facilities and attractions. The human component of tourism and public sector or Government Agencies, Regional Tourism Organisations, Professional Associations and Industry Training Organisations respectively ([www.wikiversity.org](http://www.wikiversity.org)).

The enormous increase in the tourism of the 21<sup>st</sup> Century has caused the hotel business to outgrow national boundaries and become global in character. The relationship between hotel and tourism can be expressed in two ways. First, it provides the basic ingredients of the total supply of the tourism sector, and second, the bulk of business demand of hotel industry comes from tourism (Pragati Mohanty, 2008). The Top ten hotel groups in the world playing an important role in Tourism industry are viz., 1-IHG , 2-Wyndham Hotel Group, 3-Marriott International,4-Hilton Hotels,5-Accor, 6-Choice, 7-Best Western, 8-Starwood Hotels and Resorts, 9-Carlson Hospitality Worldwide/Rezidor and 10-Hyatt Hotels Corp respectively ([www.ilo.org](http://www.ilo.org)).

### **Reviewing Selected Crucial Aspects of the Hotel Sector**

An attempt has been made in this part of the paper to offer comprehensive discussion on selected crucial aspects of hotel sector as follows.

#### **The Hotel Attributes**

The selection of hotel sector rests on the intangibility, inseparability, variability and perishability of services. The consumers' perception of satisfaction is crucial in the selection of hotel and to make decisions about future patronage by the guest (Bitner, 1990; Parasuraman et al., 1985). Alpert (1971) had suggested that most travelers considers cleanliness, location, room rate, security, service quality and the reputation of the hotel as key hotel attributes while making a hotel choice decision. Atkinson (1988) had found that cleanliness of accommodation, followed by safety and security, accommodation value for money, and courtesy and helpfulness of staff were the top attributes for travelers in hotel choice selection.

Sherrie Wei, Hein Ruys, Thomas E. Muller (1999) had revealed that seniors and marketing managers both considered hotel facilities to be the most important attribute followed by room furnishings. Viktor Pekar and Shiyan Ou (2007) had found that customer hotel reviews are very crucial for the hotels. Sheryl E. Kimes and James, (1990) had revealed that selecting a good site plays a crucial role in the success of a hotel. Rayka Presbury, Anneke Fitzgerald and Ross Chapman (2005) had found that hotels provide facilities not only for stay but also for meetings and conferences, recreation and entertainment.

As Cooper et al. (1996) suggested that accommodation provides an essential support

service to satisfy the wider motivation that brought the visitor to the destination. Jerry Wind, Paul E. Green, Douglas Shifflet, Marsha Scarbrough (1989) had found that the effectiveness of the study and associated processes also changed the Marriott's approach to new product development. Cary C. Countryman, and Soo Cheong Jang (2006) had found that the three atmospheric elements such as viz., color, lighting, and style were significantly related to the overall impression of a hotel lobby.

### **Employees in Hotels**

Ruth Taylor and Doug Davies (2004) had found that the mixed method of analysis approach was used to determine the extent of relationship between local accommodation providers and international chains. Tom Baum (1991) had found that the expectations that senior managers within larger corporately-oriented hotels, hold of their management trainee recruits in terms of a battery of key competences was presented. Ronan Carbery et al. (2003) had revealed that it was the more psychological, perceptual and affective variables that were most significant in explaining turnover intentions.

### **Pricing in the Hotel**

Sunmee Choi and Anna S. Mattila (2005) had revealed that customers' perceived a hotel's pricing practice to be unfair when the price they paid was higher than that for other guests for essentially the same room at the same hotel during the same period. Rama Yelkur, Eau Claire, Maria Manuela (2001) had indicated that hotels were segmenting customers online in order to differentiate between their target markets. Such segmenting should be done immediately after the customer accesses the hotel's Website so as to identify customer segments instantaneously.

### **Performance of Hotels**

Paul A. Phillips (1991) had reinforced the view that there was no one perfect performance measurement system to fit the various strategic typologies adopted by hotels as they attempt to obtain competitive advantage. Mine Haktanir and Peter Harris (2005) had documented the performance measurement practices in the hospitality management field, providing an insight into the kinds of measures used by decision-makers of an independent hotel business in Northern Cyprus. Tamer Bolat and Ozgur Yilmaz (2009) had provided strong support for the impacts of outsourcing on organisational performance. Douglas Jeffrey, Robin R.D. Barden (2000) had disclosed that analysis of daily occupancy performance resulted into effective hotel marketing. Hokey Min, et al (2008) had proposed data envelopment analysis (DEA) to measure the comparative efficiency of six luxury hotel chains in Korea, relative to prior periods and their key competitors.



### **Suggestions from the Study**

- Feedback of guests should be taken in to consideration seriously for further improvement in services to reach to the level of customer expectation.
- Staff should be trained to know the preferences of the guests by observing the activities, order placed & choices made by the guests.
- Taking utmost care of hygiene, comfortable accommodation and supply of rooms as per the choice of the guests will help in obtaining competitive advantage.

### **Issues Raised from the Study for Further Research**

Whether the atmospheric elements of color, lighting, layout, style, and furnishings that makes the physical environment of a hotel will impact overall guest perceptions and impressions or it is the overall package of trust, social bonding, personalisation, trained staff and service quality that would create guest loyal towards choosing the hotel in same tourist destination?

Is there any perfect performance measurement system to fit the various strategic typologies adopted by hotels as they attempt to obtain competitive advantage? Are we having trained employees to detect preferences of guest while they are checking in; having breakfast at the breakfast lounge and at various customers touch points?

A question arises whether pricing strategies of hotel sector should be disclosed to hotel guests or not and what pricing strategies should be used by hoteliers to provide fair price to guests.

### **Concluding Remarks**

The challenge for hotel sector is in identifying customer opinions expressed towards specific features of a product, such as service quality as it would differ from person to person with different culture and different socio-economic variables such as viz., age, income, gender, and occupation that should be considered to attract more and more number of tourists and contribute to the tourism industry and enhance their business. Lack of hygienic and uncomfortable accommodation for the tourists, and insufficient supply of rooms, hinders the growth of tourism industry ([www.trcollege.net](http://www.trcollege.net)). Indian tourism has vast potential for generating employment and earning large sum of foreign exchange besides giving a flip to the country's overall economic and social development. It has provided opportunities in diverse fields such as tours and travel circuit, hospitality and hotel sector and development of various types of tourism such as medical tourism, golf tourism and rural tourism that has also taken place. Due to changing trends in tourism industry, Indian hotel industry is likely to face challenges relating to

shortage of skilled employees retaining quality work force, shortage of rooms, intense competition, changing customer expectations, changing government policies, limited tax benefits and large part of the industry is unorganised sector without any classification (www.slide share.net). If the tourism industry wants to grow, must consider various aspects of hotel sector as there are challenges in identifying customer opinions expressed towards specific features of a product such as viz., service quality, room preference etc. that would differ from person to person having different culture and different socio-economic variables such as age, income, gender, occupation which should be considered.

It will be helpful in attracting more and more number of tourists and contribute to the tourism industry and enhance their business. In a way, more researches should be conducted on different aspects of hotel and tourism sector in near future.

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