Accommodation facilities constitute the most important item in the package of facilities offered to the tourists. The success of tourism industry depends to a great extent on the availability and quality of accommodation facilities. Modern tourists are becoming progressively conscious of greater comforts and conveniences and as such comfortable accommodation is a deciding factor for growth of tourism. The Estimates Committee of the Lok Sabha in its report for 1975-76 has stated that “since the hotels constitute the most important and, in fact, a basic element of tourism infrastructure, the various measures taken and efforts made to tourism promotion will not produce the desired results if the hotel accommodation in the country lags behind.” “Accommodation facilities are the places where tourists stop (cease to be) travellers and become guests. The level of guest satisfaction achieved by an area’s accommodation facilities will, in a large measure, determine the total success of the tourism programme.”
Numerous Types

Accommodation facilities can be of many types, viz., hotels, motels, inns, guest houses, private hotels, establishments with bed and breakfast only, holiday camps, holiday and conference centres, paying guest accommodations, choultries, youth hostels, etc. Among them hotels are the most important. Almost all foreign tourists stay in some hotel or the other. The other types of accommodation are mainly used by the domestic tourists in addition to hotels. An attempt was made during the enquiry to find out the relative importance of these different types of accommodation for the domestic tourists.

It could be seen from the table that out of 500 respondents, 323 (65%) used hotels, 134 (27%) choultries, 75 (15%) stayed with friends and relatives, and so on. Hotels being the most important type of accommodation, a large number of tourists use them. Next to hotels, come choultries because they are free or cheap. Till recently most of the pilgrim centres in India had only public choultries meant for the devotees. Now the situation has changed. The concerned authorities are providing fairly comfortable paid accommodation, which is mainly meant for the masses. A survey conducted by the Indian Statistical Institute in 1982-83 revealed that 76.8% of foreign tourists preferred hotels. The relevant figures for youth hostels, host family accommodation, rent-free places and other categories were 4.3%, 12.5%, 1.5% and 4.8%.

As majority of the foreign tourists and about 65% of the domestic tourists, as seen above, use hotels, this class of accommodation is studied in detail.

Classification of Feasibilities

With a view to maintaining standards and enforcing control, the Department of Tourism, Ministry of Tourism and Civil Aviation, Government of India, has a system of categorising the available accommodation as per certain criteria. Accordingly, the hotels...
could be either approved or unapproved. When a hotel comes in the approved list it presupposes that it is of international standard. Normally a foreign tourist would prefer only an approved hotel because it has the stamp of official recognition. This is an important aspect as far as a hotel is concerned because approval itself is sufficient advertisement. So though not at the initial stages, all the hotels above a particular standard try hard to get this recognition at least in due course. Most of the new hotels constructed as per standards stipulated by the Government automatically come in the approved list. The classification of hotels as per the above stipulations came into effect from 1963 and consequently data on hotels as per the classification are available from that year.

The number of approved hotels and the rooms therein are given for a period of time. It could be noted from the table that the number of approved hotels which stood at 186 in 1963 had come down to 166 in 1968 and to 152 in 1971 and steadily increased thereafter. It is not clear how the number of hotels could come down. The Hotel Review and Survey Committee, 1968, has also noted the reduction in the number of hotels but no explanation is given for the reduction. Perhaps it may be due to closure or sometimes due to derecognition. Yet another possible reason for the decrease could be that there might have been differences in the criteria adopted for approval over the years due to changing circumstances. However, there has been continuous increase in the number of hotel rooms. It has risen from 7,085 in 1963 to 29,332 in 1982 as seen from the table.

Over the period, the number of hotels has doubled and that of rooms more than trebled. This high rate of growth is certainly attributed to the patronage given by the Government in terms of some tax incentives and the creation of a Hotel Development Fund in 1968. During the recent years, 1978-1982, by and large the growth rates are lower, both in the number of hotels and in rooms in absolute terms. According to the Federation of Hotel and Restaurant Associations of India (FHRAI), this trend is
attributed to reduced incentives. It may be added that during 1982-83 there has been considerable increase in hotel capacity particularly due to the construction of many large hotels on the eve of the Asiad.

It would be ideal if the rate of growth in hotel capacity keeps pace with the rate of growth of tourist arrivals especially when the existing hotel infrastructure is not sufficient. Data reveals that during 1963-82, the increase in the number of hotels and rooms was about 100% and 300%. As against this, the increase in foreign tourist arrivals was 500% during the same period. This shows the wide gap between the demand for and supply of hotels.

It could be seen that throughout the period in question, there has been shortfall in hotel accommodation, which has been very acute since mid-1970s. However, by 1985, the gap between the demand for and supply of hotels, on the basis of projected room capacity and tourist arrivals is likely to be completely wiped out.

1. The foreign tourists stay in hotels for about 70% of the time of their stay in the country. (This percentage is worked out from ‘statistical evidence that the average stay is 14 days, of which 10 are in hotels.’) But, according to published evidence, the average stay of foreign tourists in India works out to 33 days in 1963, 20 days in 1968 and about 25 days each for the subsequent years. Hence, for the purpose of calculating the hotel requirement, the average stay is taken as 25 days throughout. With the assumed 70% stay in hotels the number of days of stay in hotels per tourist works out to 18 days.

2. The foreign tourist arrivals in a year is taken to be 1,000. Then the total visitor-days (foreign) for which hotel accommodation is needed works out to (1,000 x 18) 18,000,
3. It is estimated that ‘the ratio of foreign to Indian guests in 5 star hotels is 73 : 27’. In respect of other approved hotels, this ratio is likely to be lower. The survey of tourists given in data would reveal that the ratio of foreign tourists to domestic tourists staying in luxury class and medium class hotels is 249 : 164—roughly 3 : 2. We have already seen the hotel requirement for the foreign tourists alone to be 18,000. Then the total requirement of hotel accommodation would be \(18000 \times \frac{5}{3}\) visitor days. It would mean that when 18,000 beds are needed for 1,000 foreign tourists, another 12,000 beds have to be provided for the domestic tourists.

4. Normally the occupancy in approved hotels as would be seen later is 72%. If that is so, the total number of beds to be provided would be \(\frac{30000 \times 100}{72} = 41,660\) in a year.

This works out to 114 beds per day.

5. From a sample of 50 hotels, the room-bed ratio is calculated for finding out the hotel room requirement for the 114 beds. The ratio works out to 1 : 1.87. From this ratio it could be found that for 114 beds 60 rooms are required. Taking the foreign tourist arrivals for different years, the requirement of rooms is worked out for these years. The researcher is aware of the limitations in this calculation, namely, the room-bed ratio may not be truly representative for all the hotels and for all the years.

6. The estimate is conservative as we have assumed uniform demand pattern which is not very realistic.

The available figures in would give the impression that a large number of the tourists did not have any accommodation. But it is not so. Such of those who did not get accommodation in these (approved) hotels would have gone to the unapproved
hotels which are not included in the above analysis. While analysing the occupancy ratio, it would be seen that some of the hotels have an occupancy ratio well exceeding the average and it is learnt that in some hotels, which are not covered in the survey, the occupancy ratio is over 100%. This indicates that some of the rooms would have been let out to more than one customer during the day depending on the time of checking out or in extraordinary cases extra beds would have been provided.

In addition to the approved hotels, there are a large number of unapproved hotels. There are as many as 324 such hotels (as per the Hotel and Restaurant Guide: India, 1983). Perhaps, the figure would be even more as the Hotel and Restaurant Guide includes only those hotels which are members of either the FHRAI or/and the regional hotel and restaurant associations. One would think that these hotels are substandard in terms of facilities and comfort. But they are not and in fact some of them are awaiting approval by the Department of Tourism. On enquiry it was found that their applications for recognition are pending with the Government. Their recognition is a question of administrative procedures and consequent delay and not one of quality of these hotels. “According to Government sources, applications for star classification from 171 hotels are still awaiting clearance with a room capacity of 14,003.”

Even foreign tourists, who normally prefer approved hotels, stay in these hotels as “many of these hotels are clean and those who spend money from their own pockets naturally prefer inexpensive accommodation”. That is to say, inexpensiveness coupled with comparatively good services and facilities makes these hotels suitable for the middle income and low income classes of tourists—foreign and domestic. As seen already, all along the shortfall in the approved category of hotels has been partly met by these unapproved hotels. Hence while taking an inventory of hotels, it would be realistic to include these hotels also.
Many hotels are under construction or on expansion. "The Ministry of Tourism and Civil Aviation has approved another 205 hotel projects which are in various stages of completion with a room capacity of about 16,765". In Delhi alone 12 new hotels were under construction with an envisaged capacity of 4,358 rooms. Of these about 2,500 rooms were completed in 1982. The pace of construction is beset with many problems like lack of infrastructural facilities and essential inputs and inevitable bureaucracy.

By the next year, when all on-going projects would be completed, there will be about 60,100 hotels rooms, calculated as under.

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved hotel rooms</td>
<td>29,332</td>
</tr>
<tr>
<td>Unapproved hotel rooms (Awaiting classification)</td>
<td>14,003</td>
</tr>
<tr>
<td>Hotels under construction—expected to be ready by next year</td>
<td>16,765</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60,100</strong></td>
</tr>
</tbody>
</table>

These projected 60,100 hotel rooms would be just sufficient to meet the demand, at the rate of 60 rooms per 1,000 tourists, for about one million expected foreign tourists. (As noted earlier, the projected demand for hotels include an appropriate fraction of the domestic sector also.)

"The criteria for classification have been set by the Department of Tourism and include everything from the size of the room to qualifications of the staff. Initially hotels are classified into 1 star, 2 star, 3 star, 4 star and 5 star. Recently yet another class, namely 5 star deluxe, is added. 1 and 2 star hotels may be referred to as economy class used by budget tourists. 3 and 4 star hotels are referred to as middle class hotels and 5 star and 5 star deluxe hotels obviously come under luxury class.

It could be seen that 2 star hotels outnumber the other
hotels throughout. Next comes the 3 star hotels followed by 1 star. The number of 5 star and 5 star deluxe hotels lagged behind the 4 star hotels till 1979. From 1980 the same rose up. But in respect of growth, 1 star hotels have reduced in number, while the growth rate of 2 star hotels is not steady. Perhaps these could have been upgraded consequent on improved facilities. Regarding the rest, there has been significant growth though not uniform. During the 22 year period, the number of 5 star hotels has increased by 586%, 4 star hotel by 158% and 3 star hotels by 208%. The growth in hotel rooms as against the number of hotels would give a more realistic picture. It could be seen from the table that the number of rooms in 5 star hotels has increased faster than that of the other classes of hotels, followed by 3, 2 and 4 star hotels.

A considerable hotel capacity is in the unclassified category of hotels. In fact about 50% of the approved hotels and rooms during 1978-80 remained unclassified. It only signifies the inordinate delay in getting a hotel classified. A hotelier is anxious to get his hotel approved and classified as quickly as possible. It would be in the best interest of the hostellers, if this could be expedited. Things have started moving in this direction. The unclassified hotel capacity is reduced to 30% by 1984 from 50% in 1978-80.

At this stage it would be of interest to study the user pattern of the different classes of hotels. It could be noted that fewer tourists use luxury class hotels compared to medium class and economy class hotels. Only 10% of the foreign tourists use luxury hotels while about 40 and 70% of them use medium and economy classes of hotels respectively. Out of the 500 domestic tourists interviewed, only 343 used hotels of one class or the other. Of these 343, only 17 used luxury class hotels, 157 medium class hotels and 310 economy class hotels. Evidently, it could be concluded from the above, that both foreign and domestic tourists mostly favour the medium and economy class hotels. Hence the need for more of these hotels. But presently
over 30% of the hotel rooms are in the luxury hotels. However these luxury hotels are not mainly intended for the tourists. In fact their clientele are mostly from the business and Government.

Supply of and demand for each class of hotels cannot be equated. Yet, the study of the extent of the tourists getting the class of hotels of their choice would indicate the gap. As, per data the availability of different types of hotels as stated by the foreign tourists is given. (This study is not extended to domestic tourists.)

Out of 48 tourists who used luxury class hotels, 42 (85%) could get this particular accommodation in most cases as indicated by a high percentage of availability, namely 60-100%. Similarly 75% of the tourists who used medium class hotels and 70% of the tourists who used the economy class hotels were able to get the particular class of hotels of their choice to the extent of 60-100%. Such of those who do not get hotels of their choice would naturally go in for other classes of hotels within their reach. From the table it could be seen that the demand for middle and economy classes of hotels is more than the supply, indicating the need for more of such hotels.

The availability of hotel accommodation in terms of number of hotels or rooms is an important factor in the context of tourism development. Equally important is their geographical location/physical distribution. But there cannot be any hard and fast rule in this regard because normally hotels come up at places of demand and it is not realistic to expect equal distribution. However, it would be of some interest to study the existing position in India regarding the regional distribution and concentration of hotels in metropolitan cities.

The Federation of Hotel and Restaurant Associations of India (FHRAI) has divided the country into 4 regions geographically, viz., northern region covering Delhi, Uttar Pradesh, Rajasthan and all other northern States; Calcutta region covering Orissa, West Bengal, Bihar and other eastern
States and eastern Union Territories including Andaman and Nicobar Islands; western region covering Maharashtra, Gujarat, Madhya Pradesh and Goa, Diu and Daman; and southern region covering Andhra Pradesh, Karnataka, Tamil Nadu and Kerala, and the Union Territory of Pondicherry.

The more conspicuous aspects seen from the table may be highlighted here. The regional distribution of the approved hotels is lopsided with 119 hotels in the southern region, 111 in the northern region, 99 in the western region and 41 in the Calcutta region. This would give the impression that Calcutta region is very much lagging behind compared to other regions. This is so because most of the areas included in the Calcutta region, particularly Assam, Tripura, etc., are not conducive for development of infrastructural facilities. Besides there would not be enough demand for accommodation in these areas due to non-accessibility. Even basic transport facilities are being developed only now. Such developments supplemented by the extension of Vayudoot services to this region would improve the tourist flow into the region.

The southern and northern regions are better placed than the other regions in regard to hotel infrastructure. This incidentally reflects the relatively more and increased tourist traffic in these regions. The situation with reference to the northern region would be slightly better when the 12 large new hotels constructed in connection with the Asiad are also taken into account. The position is not much different with reference to the unapproved hotels.

As regards the star-wise distribution of hotels, the northern region stands first in terms of number of all categories of star hotels. With respect to 1, 2 and 3 star hotels, the northern region is followed by the southern region, western region and Calcutta region. On the other hand, the relative position of the regions is different in respect of 4, 5 and 5 star deluxe hotels. Here the northern region is followed by the western region, southern region and Calcutta region.
It is of interest to note that the southern region with the largest number of approved hotels occupies 2nd place with regard to 1, 2 and 3 star hotels and 3rd place in respect of the other star hotels. This is partially explained by the fact that almost 50% of the approved hotels in the region are yet to be classified. Similar is the situation with regard to the Calcutta and western regions also. Perhaps when the classification process is complete, the star-wise distribution of hotels would be different. It also emerges from the study that there is a case for speedier classification of hotels, once they are approved. In respect of unapproved hotels the pattern of distribution is the same.

The distribution of approved hotels in the major 4 metro cities, namely, Delhi, Calcutta, Bombay and Madras, reveals that out of a total of 128, 37 are in Delhi, 12 in Calcutta, 50 in Bombay and 29 in Madras. The relative position of the 4 cities with reference to the unapproved hotels is more or less the same. A casual look at the distribution of hotels in these four cities vis-a-vis their respective regions reveals that 33% of the approved hotels and 30% of the unapproved hotels in the northern region are in Delhi alone. The corresponding figures for Calcutta work out to 29% for both approved and unapproved hotels. Bombay accounts for 50% of approved hotels and 53% of the unapproved hotels of the western region. In the case of the southern region 29% of approved hotels and 9% of unapproved hotels are in Madras. These figures speak of the degree of concentration of hotels in these four cities. This situation should not be explained away by saying that these cities are predominant. The point of interest is that there are other cities in the different regions, but they have not grown as big as the metro cities though most of them have fairly known for the tourist attractions. So a case may be made for extra effort to decentralise the hotels in the less developed cities in the respective regions.

It is of significance to study the position of Tamil Nadu in this context. From the table it could be seen that there are 48
approved hotels, including 23 star hotels and 25 unclassified ones. In other words, 13% of the approved hotels in India and 40% of the approved hotels in the southern region are in Tamil Nadu. These figures are quite encouraging as far as Tamil Nadu is concerned. This is partly due to locational advantage as the major city in the southern region, viz., Madras, is in Tamil Nadu. This natural advantage is supplemented by the more encouraging steps taken by the Government to develop tourism.

The study is further extended with reference to total number of rooms in the four major cities to give yet another dimension to the analysis. It could be seen from data that in respect of the rooms in approved hotels, Bombay stands first with 4,054, followed by Delhi with 3,875, Madras with 2,032 and Calcutta with 1,135 rooms. It may be noted that over 50% of the rooms in the approved hotels are in these four cities, though in terms of number of hotels, these four cities together account for only about 35% of the total number of approved hotels.

It is not intended here to make out a case for equitable distribution of hotels in the different regions/cities or creation of hotels standardised capacity. The differences are bound to exist. This pattern of distribution of hotels would change in due course with the changing emphasis and with the development of new and more tourism centres.

It is of academic interest to know the ownership pattern of hotels. This is studied with reference to 364 hotels, both approved and unapproved, taken at random from 16 cities/tourist centres with eight or more approved hotels each according to the Hotel and Restaurant Guide, 1983. The data are presented as follows:

<table>
<thead>
<tr>
<th>Ownership Type</th>
<th>Number of Hotels</th>
<th>Number of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trading concerns</td>
<td>24</td>
<td>941</td>
</tr>
<tr>
<td>Partnership concerns</td>
<td>40</td>
<td>2,221</td>
</tr>
<tr>
<td>Private limited companies</td>
<td>80</td>
<td>5,444</td>
</tr>
<tr>
<td>Public limited companies</td>
<td>60</td>
<td>10,678</td>
</tr>
</tbody>
</table>

It could be noted from the table that out of 210 approved hotels with 19,801 rooms, 24 hotels with 941 rooms are owned by sole trading concerns, 40 hotels with 2,221 rooms by partnership concerns, 80 hotels with 5,444 rooms by private limited companies and 60 hotels with 10,678 rooms by public limited companies.
It is of significance to note that a large number of luxury hotels are owned by corporate undertakings while a few such hotels are owned by the non-corporate sector. In the case of 3 star and the luxury class hotels the corporate sector owns 60 while the non-corporate sector owns only 16. Out of the 12 one star hotels 3 each are owned by partnership and sole-tradership concerns, 5 by private limited companies and 1 by public limited company. The non-corporate sector owns 20 two star hotels while the corporate sector owns only 11 such hotels.

In terms of rooms, out of 25,325 (approved and unapproved taken together) 10,768 are owned by public limited companies, 6,170 by private limited companies, 5,165 by partnership and 2,123 by sole tradership. In a nutshell, in respect of approved hotels corporate sector claims a major share. In the case of unapproved hotels the non-corporate sector predominates.

This position is not due to any special treatment to the corporate sector in the matter of granting approval, but due to the fact that the corporate sector by and large are financially well off, construct hotels according to standards and stipulations for the grant of approval, while the hotels in the non-corporate sector usually are not of international standards, perhaps due to less favourable financial position.

Number of rooms per hotel is taken as the measure of size. Size of hotel depends on a host of factors such as location, class and ownership of the hotel and so on. A hotel in a metropolitan city would normally be big. Similarly higher the ‘star’ of the hotel, bigger is the size. Further, eventually hotels owned by corporate undertakings tend to be big while those owned by non-corporate undertakings tend to be small as mentioned earlier.

The average size of hotels in Bombay, Calcutta, Delhi and Madras and the all-India average are given. It could be seen that the average size of hotels in these four cities is comfortably higher than the all-India average. The table (last column) also
Principles of Hotel Management
gives the average size of hotels, star-wise. It could be seen that
the average size of 5 star hotels works out to 240 rooms, 4 star
hotels to 81 rooms, 3 star hotels to 52 rooms, 2 star hotels to
42 rooms and 1 star hotels to 33 rooms. Average size of
unclassified hotels works out to 55 rooms. The Hotel Review
and Survey Committee reported that the average size of hotels
star-wise was 170, 72, 46, 36 and 31 rooms for 5, 4, 3, 2 and
1 star hotels respectively in 1968. Over the years there has
been significant growth in the average size of 5 star hotels, i.e.,
from 170 rooms in 1968 to 240 rooms in October 1982. In the
case of other classes of hotels also the size has increased but
only marginally.

It could be seen that by and large, hotels owned by
soletraderships are small in size compared to others. The average
size of approved hotels owned by sole tradership is the lowest
with 39 rooms per hotel and is the highest for those owned by
public limited companies with 178 rooms. In the case of
partnership and private limited companies the average size
works out to 55 and 68 rooms respectively.

The average size of hotels, all hotels approved and
unapproved taken together, given in the last column reveals that
the hotels owned by the public limited companies are the biggest
with an average of 174 rooms per hotel. This figure is roughly
3 times, 4 times and 5 times the average size of hotels owned
by private limited companies, partnership and soletradership.

Fixing the hotel tariff is just like pricing any product or
service. It is beset with many problems. The price should be
affordable to the public and remunerative to the owners. In the
case of hotel industry, the problem of price fixation is more
pronounced because of the highly perishable nature of its ser-
vice, seasonal spurt and slag in the demand and unadjustability
of supply to demand in the short run. Further, the cost of
construction, operating cost, locational factors, the degree of
competition, etc., are also to be considered.
It is said that room tariff normally is not determined by market forces of supply and demand. It is true that tariff quoted by the hotels concerned has to be approved by the Department of Tourism. “But practically every year early in September hoteliers represent to the Department of Tourism for a 10 to 15% increase in their room tariff. Their applications are rubber stamped by the Department and hotel charges go up annually in early October.” Why should this be approved? The Department cannot act otherwise. The hoteliers have a better bargaining power because of sellers market prevailing in this industry due to the heavy shortage in hotel capacity.

But, if the market conditions change the pricing mechanism also would change. What has been happening in New Delhi since the Asiad is an example in question. To meet the anticipated short-term increase in demand on account of the Asiad, as many as 12 new and large hotels were constructed. But the anticipated increase in demand did not materialise. The sudden increase in the hotel capacity has changed the market condition from sellers market to buyers market. Many hotels are now selling rooms at cut rates. “Some of them like Samrat of the ITDC Chain have officially announced off-season discounts of 30% but others are doing so under the counter. Two of Delhi’s posh hotels are selling rooms to single occupants for as little as Rs. 300 against the listed tariff of Rs. 750 or Rs. 775.” This may be an isolated instance but it certainly proves the point that market forces have a definite say in price fixation, apart from regulatory measures by the Government.

The room tariff quoted by the different hotels are normally for a day. Some hotels take 24 hours’ stay as a day while in others there is a particular check-out time, usually 12.00 noon. The latter practice is certainly against the interests of the inmates. The hoteliers may have their own good reasons. However, it may be suggested that the Government would do well if it tries to maintain uniform and standardised procedure in all hotels. Incidentally this would create a better goodwill among the tourists.
It may be added that the hoteliers are seized of this matter and have made a beginning in this direction.

The room tariff are of three types, namely, the American plan, Modified American plan and European plan. “American plan includes three full meals and room. Modified American plan includes the price of the room, breakfast and dinner. No meals are included in room rates under the European plan.” The European plan is adopted in most of the unapproved hotels in India. In the case of a sample of 50 approved hotels, 20 offer all the three plans, 15 offer European plan only and the rest either the American plan and/or the Modified American plan.

These different plans are good as far as they go but in passing it may be mentioned that it would be better if the tourists are given the freedom to eat anywhere they like. The American plan and the Modified American plan give the impression that there is an element of compulsion attached to them. This should be avoided. However, in practice almost all the tourists eat from where they stay unless they are on the move.

It is important to give the freedom to the tourists because invariably most of them will be on the move on sightseeing during day time and it would be too much to expect them to come back for their noon-meal and sometimes even for the supper. Perhaps there would be some valid reasons from the point of view of the hoteliers, because they should have an assured demand to justify their investment in the restaurant section of the hotel which is not usually frequented by the general public as much as in the case of economy class hotels.

A comparison of room rates in India with those in other countries shall help in assessing the competitiveness of Indian hotels. In the case of deluxe hotels, Indian rates are the lowest. In the case of 1st class hotels Indian rates are the second lowest, the lowest being that of Colombo. Again ours are the lowest in respect of standard hotel rates and of the economy
class. This is confirmed from the survey. It was found that 385 out of 500 tourists have opined that Indian tariff is relatively lower than their own countries. About 80 have stated that the tariff is equal to theirs while about 35 stated that the tariff is higher than theirs. It could be concluded from the above that Indian hotel tariff, by and large, is lower. This is a favourable factor and could be effectively used as a promotional incentive. But care must be taken to see that we are not underquoting ourselves. In our eagerness to earn foreign exchange, are we in effect attracting and subsidising the middle and low income foreign tourists at the expense of our own people? It may be suggested that there should be a more pragmatic and realistic approach to the tariff policy.

There may be a temptation to quote lower rates thinking that it will attract more custom but in all probability it will create a psychological feeling among the international tourists that Indian hotels are of a lower standard. They may not appreciate a lower rate for better comforts and services and so as a matter of caution it is necessary to keep a watch on the tariff movements elsewhere and try to keep pace with them. It may be added that the above line of argument/suggestion has been made with respect to tariff prevailing in hotels which are frequented by foreign tourists, who are mostly relatively affluent. As regards the tariff in hotels frequented by domestic tourists, especially the middle and low income group, the need for lower and cheaper rates can rarely be overemphasised.

Apart from the listed tariff, some hotels charge sales tax, luxury tax, service charge, etc. There is no uniform code or procedure. These charges and taxes also vary from hotel to hotel. It is officially stated that in hotels which charge service charges, tipping is prohibited. But in practice how effectively this prohibition is done is anybody’s guess. In this context, it is suggested that efforts should be made to standardise the procedure and practice with respect to these sundry charges. With the practice there is a psychological inhibition in the minds
of the tourists that they are fleeced. An all-inclusive rate would certainly create better goodwill and confidence.

The user psychology and behaviour should always be kept in mind in tariff fixation. There are tourists who are extremely sensitive to price levels and for them reduced rates would be a stimulant. Yet reduction in tariff must be very cautiously done so that it does not lead to customer suspecting the quality of the hotel. Another category of tourists are willing to pay for quality though price remains the important factor. The third category is the luxury group tourists. “Service has traditionally been a distinguishing, often famous, feature of the hotel. Customers from high income brackets are attracted by the comfort and status of such establishments. Price must be used to reinforce this image rather as a competitive device. These are 'status symbols' for their guests; then they have to ensure that they remain one of the most 'expensive' hotels.” That is to say that high tariff sometimes will be a stimulant for the luxury class tourists as much as low tariff will be for budget class tourists. This is an important point to be borne in mind in making tariff policy decisions.

In passing it may be highlighted that there is need for providing enough physical comforts and services commensurate with the tariff. It is seen from the survey that out of 235 foreign tourists staying in star hotels, 152 have stated that the tariff is commensurate with the services rendered. The rest felt that though there are enough physical comforts, the services provided are not satisfactory. This certainly points out that there is greater need for trained personnel at various counters.

By occupancy ratio is meant the ratio between ‘sold rooms’ and ‘installed rooms’. It means the extent of utilisation of hotel capacity. Hence higher occupancy ratios would mean greater utilisation and vice-versa. An unduly high occupancy ratio would indicate a short supply of rooms. Hotel industry on the whole with its ‘perishable product’ and diverse demand pattern due to
time and locational factors cannot hope for 100% occupancy of all its units at all times. There are bound to be differences in occupancy ratios of different hotels for obvious reasons. Hence a study of the occupancy ratio for different types of hotels would help in ascertaining the extent of utilisation of hotel infrastructure and also in deciding upon the priority to be adopted in the development of different classes of hotels.

The all-India average occupancy ratios for different categories of approved hotels are recorded for five years for which complete data are available. It could be seen from the table that the occupancy ratios over the years have come down for almost all classes of hotels, with the exception of 2 star hotels. (No satisfactory explanation can be ascribed to the increase in the occupancy ratio of 2 star hotels. It may be quite accidental.) The average occupancy ratio for all hotels taken together has decreased from 75.8% in 1978 to 70.2% in 1982 and to 64.2% in 1983 and 65.5% in 1984.

The decrease could be attributed to increase in total capacity without corresponding increase in demand. In the four-year period the increase in foreign tourist arrivals is only 15% while the number of rooms in approved hotels has increased by 34%. Category-wise the occupancy ratio for 5 star hotels has come down from 87.3% in 1978 to 79% in 1982 and to 66.6% in 1984. The decrease in occupancy ratio of the 5 star hotels is the steepest. This could be due to substantial increase in the number of rooms, to the tune of about 170%. Considering this increased capacity, the decrease in occupancy ratio is only marginal. Similar trend is found in other classes of hotels too. In respect of unclassified hotels there is decrease in both the number of rooms and in occupancy ratio, the latter decreasing steeply. One possible reason for this steep decrease could be that most of such hotels when compared to the star hotels are in places other than the 4 major metropolitan cities where the demand for hotels is comparatively less. It could be seen that out of the 28 unclassified hotels in the northern region only 2 are in Delhi,
of the 19 in Calcutta region only 5 are in Calcutta, of the 45 in western region only 17 are in Bombay and of the 59 in southern region only 10 are in Madras.

Now certain questions pose themselves. Whether the present occupancy ratio is normal or otherwise? Whether new hotels should be commissioned or not? If yes, what class(es) hotels are to be commissioned?

Whether the present occupancy ratio is normal or not is a matter of opinion. All approved hotels in India fix room rates according to the modified Hubbert formula. Accordingly, the excess of their operating expenses over income from other sources (restaurant, etc.) has to be recovered from room income, at 60% occupancy ratio. Normally a hotel with 60% occupancy ratio would break even. The approved hotels have 65% occupancy ratio which is certainly very encouraging.

Since the demand for hotel rooms has always been on the increase, more hotels are to be developed. In doing so it should be remembered that foreign tourists prefer medium class hotels and domestic tourists prefer economy class hotels. That means emphasis should be laid on 3, 2, and 1 star hotels and economy hotels like the Janata hotels.

Accessibility refers to the relative location of a hotel with respect to the nearest city proper, railway station, bus stand, airport, etc. Normally, except the airport, all other important places, including trade centres, bus stand and railway station, are within the city. Till very recently it was thought that hotels should necessarily be within the city proper or as near as possible to the places of activity. That is why almost all the hotels, except the new ones, are located within the city proper. On an analysis of the physical location of 100 hotels, both approved and unapproved. It was found that 94 hotels were within a distance of 10 km from the downtown area, 89 hotels were within 10 km from the nearest railway station and 91 hotels were within 40 km from the nearest airport. 10 km to the railway
station/downtown or 40 km to the airport should be considered normal. Now it is clear that the already established hotels are very much within the city complex. Some of them are located even in the most congested and uncomfortable places.

Of late the trend is changing, perhaps not out of choice but out of necessity. Sufficient and convenient land for a new hotel within a city is almost a luxury today. From the tourists point of view, perhaps they will like to have sprawling hotel complex far away from the polluted, noisy and sometimes maddening atmosphere. They will like to have a comfortable hotel with clean and fresh air, extensive gardens, lawns, natural setting, etc. All these could be relatively easily provided if new hotels are located away from the already congested cities. This would initially appear to be an unwise proposition with respect to ‘sales’. But with the improved transport and communication facilities and established ‘brand image’ proximity of hotels to the heart of the city has only limited significance.

The latest thinking on this aspect is the establishment of hotels in semi-urban and rural pockets. “Land is fairly cheap in non-metropolitan areas, so hotels can be built out; they don’t have to be built up. Natural light, ventilation and renewable sources of energy can be tapped far more effectively out in the country than they can be in towns. Further such settings lend themselves to the village-hamlet atmosphere, thus attracting domestic tourism from the cities. So if these complexes are effectively planned, they can have a built-in flexibility, responding to quick changing tourist patterns, catering to a wide cross-section of travellers.” Such a hotel is referred to as condominium hotel or shortly ‘contel.’

Experts consider that there is enough and more scope for ‘contels’ in India. But the practitioners must be convinced about the new concept. A beginning in this respect is already on the anvil. It is held that with the introduction of travel circuits to develop tourism in a most integrated manner, major hotel chains
are thinking in terms of setting up their units at strategic halts so that the groups travelling under their sponsorship could be easily accommodated in their own ‘net.’ In this regard, the Tamil Nadu Tourism Development Corporation has a place of pride, in the sense that most of its hotels are located en route of its weekly conducted coach tours, providing accommodation to its clientele under one roof and at the same time getting an assured business. Thus the ‘contel’ concept is basically a strategic marketing technic. It is held that ‘contel’ could rectify the imbalances in hotel industry like too much concentration, too many luxury class hotels, too many large-sized hotels, etc.

Hotels provide a vast range of services and facilities. Though originally conceived as a place where a temporary sojourn is provided, over the years the basic feature of a hotel has changed very much. With the emergence of status-symbol consciousness, hoteliers started playing to the expectations of the public by providing a variety of facilities, some of which are highly sophisticated. The facilities provided by the chosen approved and unapproved hotels are given.

It could be seen from the table that as many as 35 distinctive facilities are provided by hotels apart from accommodation. To ensure competitiveness and to meet the user demands, hoteliers have added a host of services to the ‘basket’ they sell.

Most of the approved hotels offer varieties of facilities compared to the unapproved hotels. Precisely that is why these hotels come under the approved category. However, in certain respects the hotels have to gear up their services such as own transport facilities, tour arrangements, etc., for the benefit of the tourists. To meet the increasing demand of the business tourists, secretarial and similar services need to be extensively provided.

Normally one would think that this is the way it should be, but there are strong views against this kind of tendency of providing a host of ancillary services. The travel writers, Hugh and Collen Ganzter, opine that “A hotel is a hotel. It is not a
restaurant... not a shopping arcade... not a health club, beauty parlour, office centre or convention hall. In other words, we must return to the concept of a hotel as an inn, a hostel and a lodge... Hotels have been forced to engage numerous specialist organisations under their umbrella because their status-conscious guests wanted to be cossetted. That age is passing fast."

However, from what we see around us with respect to the nature and varieties of facilities provided by most of the modern hotels and also the attitude of the so-called elite tourists, it is doubtful whether such change would set in so sooner what is important is the attitude of the tourists and guests and not that of the hoteliers. The possible extent of change in the attitude of the tourists is anybody’s guess. After all money increases the craze for luxury. Businessman would cash such human nature.

It is but natural that in the case of industries dealing directly with people, there would certainly be complaints by the users as to the quality, range and price of facilities and services rendered. The industry should welcome users’ complaints and suggestions and try to do the maximum to eliminate their recurrence.

An attempt was made to ascertain the broad areas of users’ (foreign tourists) complaints about hotels in the country. It could be seen that poor maintenance of even available facilities was the major complaint followed by poor sanitation, lack of sufficient physical facilities and the like.

Most of these complaints are real. A day’s stay in a hotel would reveal how poorly the installed facilities are maintained. The shortcomings of Hotel. The hoteliers would do well to bestow more attention to the areas of major complaints.

**Better Quality**

The essence of the long run success of any economically based enterprise is its ability to survive and prosper, which ultimately depends upon its net profitability. The main items
provided by a hotel are rooms, food and beverages and services. The most important among this set is the service element, which determines the guest's attitude towards hotel, which ultimately affects the profitability. Hotel industry is very much a “people-industry” which produces intangibles. The service aspect particularly personalised services cannot be mechanised or automated. Quality, care, facilities are very vital than the quantity or numbers. The profitability of hoteliering firms largely impinge on the amenities and quality of its services, which is the crucial determinant of the volume of sales. If a hotel organisation aims to seek out a specific portion of the guest market and to maintain a high occupancy level, then it must pay close attentions to modifying the products and improves the quality of services it offers. In this chapter an attempt has been made to apply the service quality model in order to examine the gaps in services of the hoteliering establishments. It is tried to unravel the mysteries of why some firms are successful and others are not. Hopefully the issues raised here will stimulate the interest of both operators and researcher concerned in this type of tertiary activity.

The technology of most service organisations especially in hotel concerns, is conceived as “knowledge technology”, as opposed to manufacturing technology where output quality is physically measured. In this regard service technologies tend to consist of the ideas, goals and rationale for the methods adopted. Furthermore services do not tend themselves to physical controls relating to quality factor and therefore should rely on intangible process of controlling. In addition to produce the hotel services, the customers and the service worker must interact. This interaction process can be seen as a situation where workers not only produce the output but are simultaneously involved in delivering it as well.

The hospitality industry seems to be a relatively successful one, although in many developed countries the boom in tourism and the hotel business is over. Especially in the coming decades
it will be necessary for the industry to emphasise quality not merely quantity. The hotel industry in developing countries should actively market its product. Marketing its product is simply attuning the hospitality offer to the wishes and expectations of the potential demanding consumer of hospitality. This marketing process can only be executed if one knows the needs and expectation of the guests and what can be offered. The principal factor that determines the guest’s attitude towards a hotel is the quality of service received. Automation and mechanisation has helped in ruling out the human element in a number of industries but the human element is the determining element of the hotel business.

The architecture of a hotel, the decoration of the lobby, the furnishings of a room are examples of hotel attributes that may be the reason behind a benefit, or tangible surrogates for intangible benefits, but they are not the benefits. The benefit is what they do for the consumer e.g. gives a sense of security, a sensation of prestige, or a feeling of comfort. And the credibility of these benefits tends to diminish rapidly if an expectation is not fulfilled. Decor is soon forgotten if a room service takes an hour or so. A sense of security is not credible if slovenly characters are seen in the lobby or met on the elevator. It is this fulfilments of expectations, or lack of it, that creates the perception of deliverability for the consumer. The competing hotels may be seen as providing the same sense of security, grandeur, prestige and comfort. The tangible surrogates attributes their ability, to differentiate and at the same time, are no longer deterministic in the consumers choice of a hotel.

The definition and measurement of quality is no small matter for the growth and performance of hoteliering firms. These factors have been found to be particularly elusive with regard to services and almost undefinable at least in consistent terms, in regard to hotel services. If quality per se is ‘elusive and indistinct’ and often mistaken for impressive adjectives and not easily articulated by consumers then added intangibility of services certainly compounds the difficulty of definition and
measurement. Yet as quality measurement and improvement has become so vital to managers and marketeers of the hotel services, and when, as has been pointed out, quality is the single most important consumer trend of the coming decades then it becomes imperative, both theoretically and empirically to analyse the factors and suggest measures to improve the quality of hotel services.

The search for quality trend has prompted some researchers to begin to develop various definitions of service quality models. A basic consistency and consensus seems apparent among these numerous studies. Essentially concerns rests on largely abstract dimensions, such as perception, expectations and satisfaction. This communality leaves apparent need, at least at this stage, to debate over such a framework. Rather it gives an opportunity to test these dimensions and to seek empirical confirmation.

Empirical verification of abstractions, however is no less elusive than the definition of quality itself. It seems, in fact, that the frustrating attempts at definition may be preventing, rather than facilitating, successful efforts towards empirical confirmation. But the difference between the abstractions can be measured. For example if quality is measured vis-a-vis expectations, and perception is the level of satisfaction derived, then it seems only logical that if the difference between the two can be measured then not a definition of quality, but a measurement of its existence or non-existence can be obtained.

This measurement in fact may just, be a more significant marketing tool. It also has the advantage of being somewhat less of an abstraction, although not totally, to deal with, and this considerably eases the task. Many research investigators have termed these differences between abstractions as gaps. Others have referred to the measurements of these differences as ‘disparity analysis’. The analysis presented here is based on the service quality model. After a brief review of the conceptual
foundations of the exercise, the findings from the present study of gap analysis in hotel services are presented.

**UPKEEP OF QUALITY**

A concept called “missing service quality” was developed by Gronrops in his model. His model is based largely on the construct “image” which represents perceived service quality which in turn represents the ‘gap’ between ‘expected services’ and ‘perceived services’. He explores the use of the term quality as if it were a variable itself rather than a function of a range of resources and activities. He argues that this range includes what customers are looking for, what they are evaluating, how service quality is perceived, and in what way service quality is influenced. ‘Perceived quality’ of service is dependent on two variables—expected service and perceived service. Service quality can have two dimensions:

(i) **Technical quality**
(ii) **Functional quality**

Technical quality lends itself to somewhat objective measurement by the consumer. It is what the consumer receives as a result of his interactions with a service firm. This could be a hotel, a room, a bed, a restaurant meal, or a doctor’s prescription. Functional quality on the contrary, represents the service process or the expressive performance of the service. This quality is perceived by the customer in a very subjective manner. Together, the technical quality and functional quality of the service represents a bundle of service dimensions and create an “image”, a third quality dimension.

The “image” influence the consumer’s expectations. In fact image is a quality dimension overriding substandard technical and functional quality delivery. It is interpreted to mean that the consumers may be satisfied in spite of some deficiency in technical and functional quality in the service. Conversely, the consumers may be satisfied inspite of their presence. It is very
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difficult to measure the ‘image’. However, ‘satisfaction of consumers’ can be measured as a surrogate for ‘image’. It is a reasonable assumption if there is a disparity between satisfaction and technical and functional delivery of services.

**HOW TO IMPLEMENT?**

Thus it seems that, measuring service quality per se is not the purpose, but rather the quality in the delivery of the service is at least two and very possibly three dimensions described below. It appears at first glance to be a fine distinction but in fact it is very important one because it eases the task considerably. The elusive quality now becomes a somewhat less elusive delivery, perhaps still intangible but less abstract.

Services in the hospitality industry are classified along three different dimensions.

(a) Person related services
(b) Product related services
(c) Information related services.

It is contended that although the hotel industry provides a number of product related services e.g. car parking, laundry etc., and information related services e.g. television and radio, more importantly it provides person-related services such as rooms and meals for individuals. Person-related services are geared towards the main objective of bringing about some change of state in the customer, or to maintain an existing state, which for one reason or other he is unable to do for himself or chooses not to maintain the existing state. Accordingly a hotel provides rest, recreation and refreshment. Consumption of persons related services generally involves four elements:

(i) direct consumption of physical goods (such as food, drinks etc).

(ii) use of physical facilities (such as buildings and furnitures etc).
(iii) interaction with persons providing the services.
(iv) information about the services.

The main characteristic is that the provider and consumer are inextricably involved in the process of delivering the services. Indeed the process is frequently as much a part of the service as its outcome.

There is a similar way of defining the quality of services. There are two meanings of the term “quality”. The first relates to the particular attributes, which serve to define the nature of the service. The second usage refers to a qualifier in measuring such an attribute. The two meanings combined together gives a particular value or level of service characteristic. As an illustration it means that the menu is an attribute of a restaurant meal but the choice of menu is a qualifier, wider choice of menu is a service characteristic.

So service quality per se is so confounded in many cases that it is extremely difficult if not impossible to measure. The consumer of a particular service seeks to satisfy a somewhat hierarchical set of needs and wants partly related to the essential service and partly to subsidiary attributes. An essential purpose might be an overnight stay in a hotel. Subsidiary attributes may include accessibility, convenience of location, availability, timing and flexibility as well as interaction with those providing these service and with other customers. Customers always have the expectations as to now all these needs be met, which are in themselves rather hazy and imprecise.

When presented with the actual offering of these multiple variables, the consumers from an impression which is almost immediately compared with expectations and the resultant level of satisfaction is determined. Each customer regards various service attributes as more or less important and various service characteristics as more or less desirable. All together the consumer obtains a service experienced comprised of multitude of service transactions which he selects from an offering. Each
transaction contributes to the service experience and has characteristics relating to the whole set of transactions which is more than the sum of the individual elements, which creates an ‘overall feeling’ or ‘image’ about the firm.

There exists a considerable amount of difference in perceptions between customers and providers, usually which comes as a surprise to the management of the hotel concerned. There are various evidences that management perception of quality of service frequently differs from the perception of customers, colleagues and hotel staff even. This difference in perception is termed as ‘service gap’. Here an attempt has been made to undertake an exploratory qualitative study investigate the concept of service quality. Four different categories are investigated to gain an insight into:

(i) What managers perceive to be the key attribute of service quality?
(ii) What customers perceive to be the key attributes?
(iii) Whether discrepancies exist between these two perception?
(iv) Whether these results can be utilised to establish a general model to more efficiently explain service quality from consumers’ stand point?

The upper managerial personnel of 18 hoteliering firms, six hotels each from the High spending hotels, medium spending hotel and low spending hotels existing in the cities of Orissa are surveyed as to what they believe their customers expectations in selecting a hotel, their perception of their own hotels service delivery, what customers particularly like and dislike about their hotel and the overall fulfilments of expectations and satisfaction with their hotel in the view of customers who had spent nights there. The same questions are asked at 200 randomly selected customers staying in those hotels over a period of two weeks, during the month of January 1990. Out of 200 customers 93 were foreign tourists.
Both management and customers are asked to evaluate sixteen attributes on a 1-5 scale where 5 represents the highest rating. T-tests are used between each pair of attributes that represented a potential for service quality gaps. Mean score and significance levels are represented in data.

Four types of gaps are found as shown in the data. \( l_1 (= a_1 a_4) \) represents the gap between management’s perception of consumers expectations \((a_1)\) and consumers’ expectations \((a_4)\). \( l_2 (= a_2 a_3) \) represents the gap between consumer’s perceived service \((a_3)\) and consumer’s expectation \((a_4)\). \( l_3 (= a_2 a_4) \) represents gap between management’s perception of hotel service delivery \((a_2)\) and consumer’s perceived service \((a_3)\). \( l_4 (= a_2 a_4) \) represents management’s perception of hotel service delivery \((a_2)\) and consumer’s expectations \((a_4)\). Lastly \( l_5 (a_1 a_2) \) represents the gap between management’s perception of consumer’s expectation \((a_1)\) and management’s perception of its service delivery \((a_2)\). A service quality model has been developed here. The gaps levelled in these five propositions have definite impact on the consumers rating of service quality.

It is the gap between management perceptions of guest expectations and the expectation of the guests to determine if management actually knows what its guests expect. The survey reveals that for the most part management believes that guests expect more than the guests themselves expect. In the 10 cases where the gap is significant at \(< 0.10\), guest expectations are higher than that of management only in 5 cases. Three of these five cases, however is considered extremely critical ones where management does not realise their importance: size of room \(< 0.01\), eating/drinking options \(< 0.01\) and shops in hotel \(< 0.05\). It is to be noted that all the five critical areas are clearly intangible functional qualities. These five areas also show up repeatedly in the survey as high in the list of features that travellers, particularly the foreign tourists look for in a hotel which encourage them to return. It should also be noted that many of the attributes which management perceives as eliciting
higher consumer expectations are tangible technical qualities in character.

It is the gap between consumer expectations and their perceptions of services received effectually, i.e. what they actually get. In this case the respondents expectations exceed on 5 out of 9 attributes at a significance level (<0.10). They are not exceeded, however on attribute 5, 8, and 14, all at (< 0.05) significance. All these are critical attributes which primarily constitute the intangible functional qualities.

It measures the difference between consumers perception of delivery and what management believes they deliver i.e. managements success in carrying out what they perceive to be customer’s expectation. It is not too surprising to learn that management perceives their service delivery as being more successful than customers perceive it to be in all cases, 9 out of 16 attributes at (< 0.10) significance level. It implies therefore that the management of the high spending group and medium spending group hotels are very self-assured and complacent and very oblivious of their failings.

A subjective assessment of gap ($X_3$) is also done. Respondents of both the samples are asked open ended questions such as what do you (people) find particularly satisfying and dissatisfying about the hotel, where they stay. As multiple responses are permitted there is no significance test. However the most frequent responses and their percentages of total responses are shown in data. These findings show that the intangible are not as outstanding at the high spending group hotels as the management believes them to be. They also show that it is the intangibles at the HSG hotels which upset customers more and not the technical qualities which the management believes are upsetting.

It reflects a comparison of managements delivery to consumers expectations. The service gap pattern of $A_3$ prevails here. Management perceives their services delivery as lower
than customers expectation in only three cases. In only two of these, cleanliness and food quality are the difference is significant at (< 0.01) level. This clearly indicates a very high expectation of guests in these areas.

It measures an internal situation: Does management believe they deliver as much as they believe customers expect? In this case they clearly do believe it, with no significant exceptions.

The respondents of both the sample are asked to indicate on a 1-5 scale, whether the hotel experience is satisfying to them. Whether it meets their expectations. Customers, are asked to rate the hotel in terms of its overall ‘image’ or quality. The data shows that management once again believes that it is doing a better job of meeting customers expectations and satisfaction than the customers actually feel. It clearly indicates a major gap in service quality of sample hotels. The quality rating by the customers is good in case of H.S.G. hotels but in case of M.S.G. Hotels it is worse and it does indicate a real Jack of service quality. There is no reason for complacency from the management’s point of view. The customers of HSG hotels are not really dissatisfied with its services they are less vulnerable to competition in the hotel industry of the state especially in the event of new constructions in a nearby location of the same city. On the contrary the customers are not really satisfied with the service quality of both MSG Hotels, LSG and which are highly susceptible to competitive threats of rival firms, operating in the same locality or cluster.

Quality of services itself largely depends upon the good and effective management. Management should not be centralised or departmentalised in the same way as other tertiary activities. It is supposed to be variable and flexible. It should relate to all activities and be undertaken at all levels of the organisation. It is essentially an integrating process. And hotel industry is very much a people-industry with humane elements. Many customers need to have direct access and interaction with the working
staff. Their behaviour and attitude are an essential ingredient of the hospitality functions. They are the part of the finished product that the customer is paying for. An understanding of the pervasive influences, determining the attitude of workers within the establishment, which ultimately determines the quality of services, should therefore, form a central focus of the management. Customers satisfaction which affects the economic return of the hoteliering firm, is likely to be affected as much by the attitudes and behaviour of the staff as by the standard of accommodation and quality of food and other services.

The essential element in any hoteliering organisation’s survival and growth is its ability to generate facilities and opportunities. With increased competition, evolving technologies and changing market needs, food service and lodging concepts are becoming gradually outdated or obsolete than ever before. Attempts to adapt to these changes have resulted in a wide variety of trends: menu diversification, fast food service, computerising the front desk, audio-visual entertainments, specialised conference halls, and ceremonial lounges. Unless the firm keeps abreast of the changes in the market place and manages to generate appropriate opportunities that satisfy consumer needs and anticipate their wants, it risks losing any competitive advantage it might have enjoyed or could attain.

There are many reasons why every department of a hotel should implement GO (generating opportunities) system. The reasons why the marketing function could benefit from a GO system are outlined here:

(a) The industry is fiercely competitive. The business that is constantly identifying, assessing and choosing appropriate market opportunities is likely to become a market leader. By GO system it is able to develop a unique selling proposition which results in a competitive advantage.

(b) The markets for hotel services are highly vulnerable to
many factors. The firm has no special protection from competition, moreover shifts in technology, taste, fashion, travel, life-styles and even substitutes products or services can seriously erode a firms’ market share.

(c) There is a constant need for novelty and excitement among many customers today. Those that succeed and grow in this business are those that identify what this need means and are able to generate viable opportunities that attracts clienteles.

(d) Market opportunities need not always focus on the new and different but on refinement and improvement of the critical factors. Constant attention on the aspects that ensures improved quality, reliability and care, helps make every guest feel important, welcome, comfortable, secure and safe.

(e) These establishments suffer from irregularities of demand which are difficult to control. By creating new products or services the level of demand of new segment of customers can be brought into a better balance. It raises the frequency of visits of a customer, amount spent per visit and length of his stay.

(f) All products and services offered by a firm, regardless of how novel or unique they once were become obsolete. So there is need to update or replace the concept and facilities when or before their popularity declines and sales fall off.

(g) An attempt to revive a moribund concept, menu or facility through revision, renovation or refurbishment and so forth can help to recycle the demand. It can endure, thrive or grow only if a stream of new products or services replaces those that have been saturated in the market or are of declining importance.

Thus in hotel operations it is necessary to combine the ‘production’ element of the speedy and efficient provision of
accommodation and food and beverage with the people element of a high standard of service and an appropriate attitude and behaviour from its staff. This suggests the need for consultation and team work and for a participative style of managerial behaviour based on the effective integration of a high concern for production balanced with a high concern for customers. In order to realise the aims of the hoteliering firm, the well-trained manager is an essential asset: the professional who combines an understanding of the interlinking roles of marketing, finance and technology with a finely-tuned creative mind and service attitude. Creativity comes into play with the need for introducing services, which without increasing costs encourage guests to spend more within the hotel. The managers would discuss problems directly with the staff, allow them freedom of action within accepted terms of reference and handle difficulties in working relationships by attempting to find solutions agreed with them. A balance needs to be struck between the more easily identified financial costs and profitability and less obvious but equally important long term benefits which makes a positive contribution to the organisational effectiveness and the achievement of objectives.